OFFICE OF THE CONTROLLER OF BUDGET

REPUBLIC OF KENYA

COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER OF FY 2024/25

NOVEMBER, 2024

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FOREWORD

I am pleased to present the Financial Year (FY) 2024/25 first quarter County Governments Budget Implementation Review Report (CGBIRR) covering July 2024 to September 2024. This report provides an in-depth analysis of the budget performance of the forty-seven County Governments. It examines the receipts deposited into the forty-seven County Revenue Funds, exchequer disbursements, expenditures, and the absorption of funds against the approved budget. Additionally, it analyses receipts from facility improvement financing and expenditure by health facilities. The report also identifies key challenges that affected effective budget implementation during this period and offers recommendations to address these issues.

This report is prepared pursuant to Article 228(6) of the Constitution, which requires the Controller of Budget to submit a report on the implementation of the budgets of the National and County Governments to each House of Parliament every four months. It aligns with Section 9 of the Controller of Budget Act, 2016, which outlines the necessary content for budget implementation reports. This CGBIRR serves as an essential resource for disseminating information on budget implementation at the County government level, in accordance with Section 39(8) of the Public Finance Management Act, 2012.

The insights provided in this report are derived from financial and non-financial reports submitted to my office under Sections 166 and 168 of the Public Finance Management Act, data from the Integrated Financial Management Information System, and the approved budgets for FY 2024/25. My office's continuous monitoring further enhances the accuracy and relevance of these findings.

This report aims to inform the Parliament, County Assemblies, the Executive branch of County Governments and the public about budget implementation and improving public funds' management. I encourage all citizens and stakeholders in public finance management to engage with this report and critically assess how County Governments are utilising public resources.

The preparation of this report reflects the commitment and hard work of the staff from both my office and the County Governments, whose dedication I sincerely acknowledge and appreciate.



FCPA Dr Margaret Nyakang'o, CBS

CONTROLLER OF BUDGET

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ACRONYMS

ABDP	Aquaculture Business Development Programm
ASDSP	Agriculture Sector Development Support Programme
CAIP	County Aggregation and Industrial Parks
CARA	County Allocation Revenue Act
CGBIRR	County Governments Budget Implementation Review Report
CECMF	County Executive Committee Member for Finance
CHP	Community Health Promoters
COB	Controller of Budget
COVID-19	Corona Virus Disease
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DEV	Development
DRPNK	Drought Resilience Programme in Northern Kenya
ECDE	Early Childhood Development Education
EU	European Union
EXP	Expenditure
FIF	Facility Improvement Fund/Financing
FLLoCA	Financing Locally-Led Climate Action
FSRP	Food System Resilience Project
FY	Financial Year
ICT	Information Communication Technology
IDA	International Development Association
IDEAS	Instrument for Devolution Advice and Support
IFMIS	Integrated Financial Management Information System
IPPD	Integrated Payroll Personnel Database
KCSAP	Kenya Climate Smart Agriculture Project
KDPS	Kenya Devolution Support Programm
KeLCoP	Kenya Livestock Commercialisation Project
KISIP	Kenya Information Settlement Improvement Project
Kshs.	Kenya Shillings
KUSP	Kenya Urban Support Programm
MCA	Member of County Assembly
NARIGP	National Agricultural and Rural Inclusive Growth Project

NAVCDP	National Agricultural Value Chain Development Project
O&M	Operations and Maintenance
OCoB	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
REC	Recurrent
RMLF	Road Maintenance Fuel Levy
SME	Small and Medium Enterprises
SRC	Salaries and Remuneration Commission
THSUCP	Transforming Health Systems for Universal Health Care Project
WSDP	Water and Sanitation Development Project

EXECUTIVE SUMMARY

This is the first quarter County Governments' Budget Implementation Review Report (CGBIRR) for FY 2024/25, covering July to September 2024. The report is prepared in compliance with Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016. It provides the budget implementation status of each of the 47 County Governments during the review period by evaluating revenue and expenditure performance and, at the same time, highlighting the challenges faced by the County Governments during budget implementation and offering recommendations to address them moving forward.

The combined County Governments' budgets for FY 2024/25, as approved by the County Assemblies, amounted to Kshs.576.73 billion, with Kshs.205.33 billion (36 per cent) being allocated to development expenditure and Kshs.371.40 billion (64 per cent) allocated to recurrent expenditure. The allocation for development expenditure met the Public Finance Management (PFM) Act, 2012 requirement that at least 30 per cent of the budget be dedicated to development expenditure.

To finance the FY 2024/25 budget, the County Governments expect to receive an equitable share of the revenue raised nationally in FY 2024/25 of Kshs.380 billion; equitable share arrears for FY 2023/24 (June 2024) of Kshs.30.83 billion; Kshs.85.22 billion generated from their own revenue sources, including Appropriations in Aid (A-i-A) and Facility Improvement Fund/Financing (FIF) of Kshs.21.15 billion, and an unspent balance of Kshs.25.22 billion from the previous financial year. The County Governments Additional Allocations Bill, 2024, provides additional allocations of Kshs.55.45 billion, but was yet to be approved by Parliament as of 30th September 2024.

In the first quarter of the fiscal year 2024/25, the total funds available to County Governments amounted to Kshs.87.91 billion. This figure includes a disbursement of Kshs.32.76 billion from the equitable share of revenue raised nationally for FY 2024/25, and arrears from FY 2023/24 totalling Kshs.30.83 billion. Both amounts were withdrawn from the Consolidated Fund and deposited into the respective County Revenue Funds (CRF) accounts following approval by the Controller of Budget (CoB), per Article 206(4) of the Constitution. Additionally, the County Governments had Kshs.11.64 billion in cash balances that were brought forward from FY 2023/24, and they generated Kshs.12.68 billion from their own sources of revenue. The own source revenue included Kshs.3.97 billion from FIF and A-I-A.

The own source revenue of Kshs.12.68 billion accounted for 15 per cent of the annual local revenue target of Kshs.85.22 billion. It represented an increase of 24 per cent compared to a similar FY 2023/24 period when the County Governments cumulatively generated a total of Kshs.10.21 billion. Some counties, such as Tana River, Narok, Samburu, Garissa, and Elgeyo Marakwet, achieved a higher proportion of their local revenue collection to their respective annual revenue targets at 81 per cent, 60 per cent, 36 per cent, 27 per cent and 26 per cent respectively. The Counties that had the lowest proportion of their local revenue collection to their respective annual revenue targets included Marsabit, Kajiado, and Nyamira Counties, each attaining 9 per cent; Bungoma, Machakos, and Kericho Counties, each attaining 8 per cent; Kisumu County at 7 per cent and Bomet County at 6 per cent.

During the reporting period, the Controller of Budget authorised the withdrawal of Kshs.55.11 billion from the CRF accounts to the County Operational Accounts of the County Governments. Of this amount, Kshs.47.83 billion (87 per cent) was for recurrent activities, and Kshs.7.29 billion (13 per cent) was for development activities. This was a decline from Kshs.66.17 billion authorised in a similar FY 2023/24 period.

The County Governments incurred a total expenditure of Kshs. 55.68 billion during the reporting period, which included Kshs.48.96 billion (88 per cent) for recurrent activities and Kshs.6.71 billion (12 per cent) for development programs. The total expenditure represented an absorption rate of 10 per cent of the annual County Government budget. It showed a decline of 13 per cent compared to a similar period of FY 2023/24 when the cumulative expenditure was Kshs.67.47 billion.

During the reporting period, the County government's development expenditure amounted to Kshs.6.71 billion, translating to an absorption rate of 3 per cent of the annual development budget of Kshs.205.33 billion. This represented a decline from the 4 per cent absorption rate realised in a similar FY 2023/24 period when the County Governments' cumulative expenditure on development activities was Kshs.6.92 billion. Kirinyaga

and Busia Counties achieved higher absorption rates of their respective approved development budgets, each attaining 12 per cent, followed by Siaya and Garissa Counties, each attaining 10 per cent. Conversely, the following Counties did not report any expenditure on development programmes in the reporting period under review - Baringo, Elgeyo-Marakwet, Kajiado, Kisii, Lamu, Nairobi City, Nyandarua, Tana River, Uasin Gishu and West Pokot Counties.

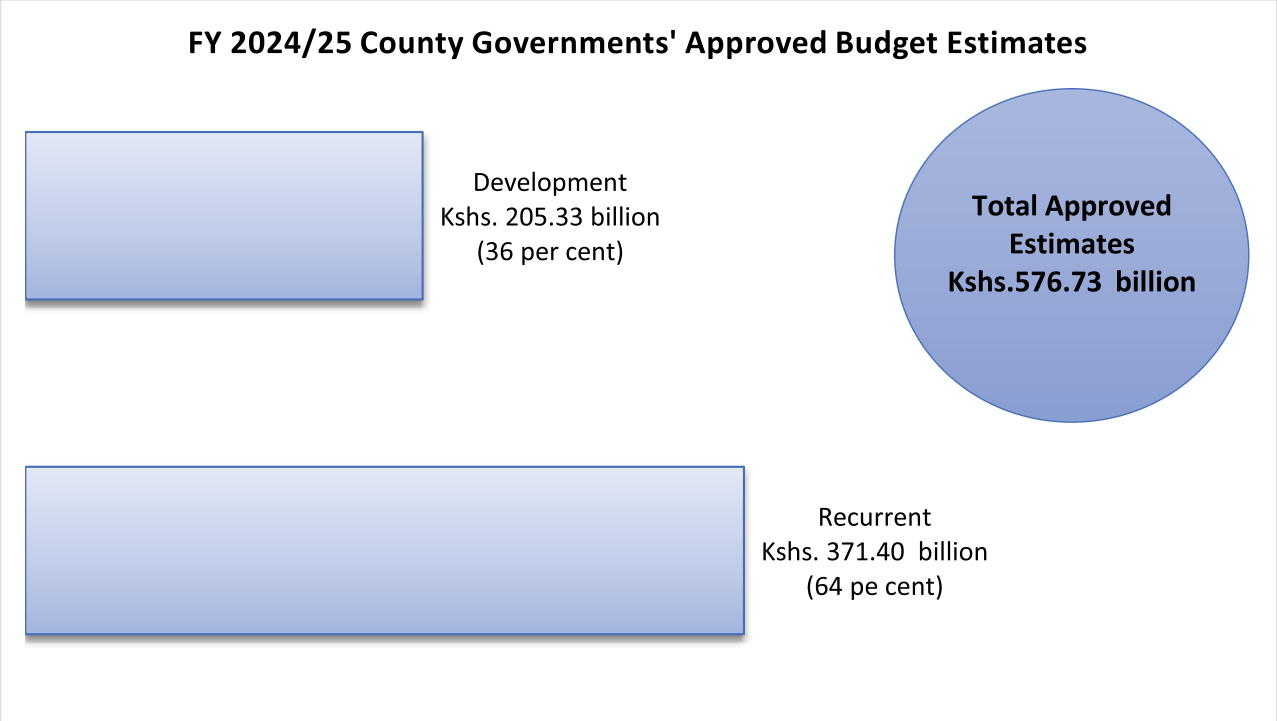
The aggregate recurrent expenditure during the period amounted to Kshs.48.96 billion, accounting for 13 per cent of the annual County government's budget for recurrent activities and a decline from 18 per cent recorded in a similar period in FY 2023/24 when expenditure for recurrent activities was Kshs.60.56 billion. The expenditure included Kshs.38.69 billion (79 per cent) for personnel emoluments and Kshs.10.28 billion (21 per cent) for operations and maintenance. Moreover, the County Assemblies incurred Kshs.290.23 million on MCAs' sitting allowances against an approved annual FY 2024/25 budget allocation of Kshs.1.88 billion, translating to 15 per cent of the budget. This was a decrease from 16 per cent realised in a similar period of FY 2023/24 when Kshs.312.98 million was incurred.

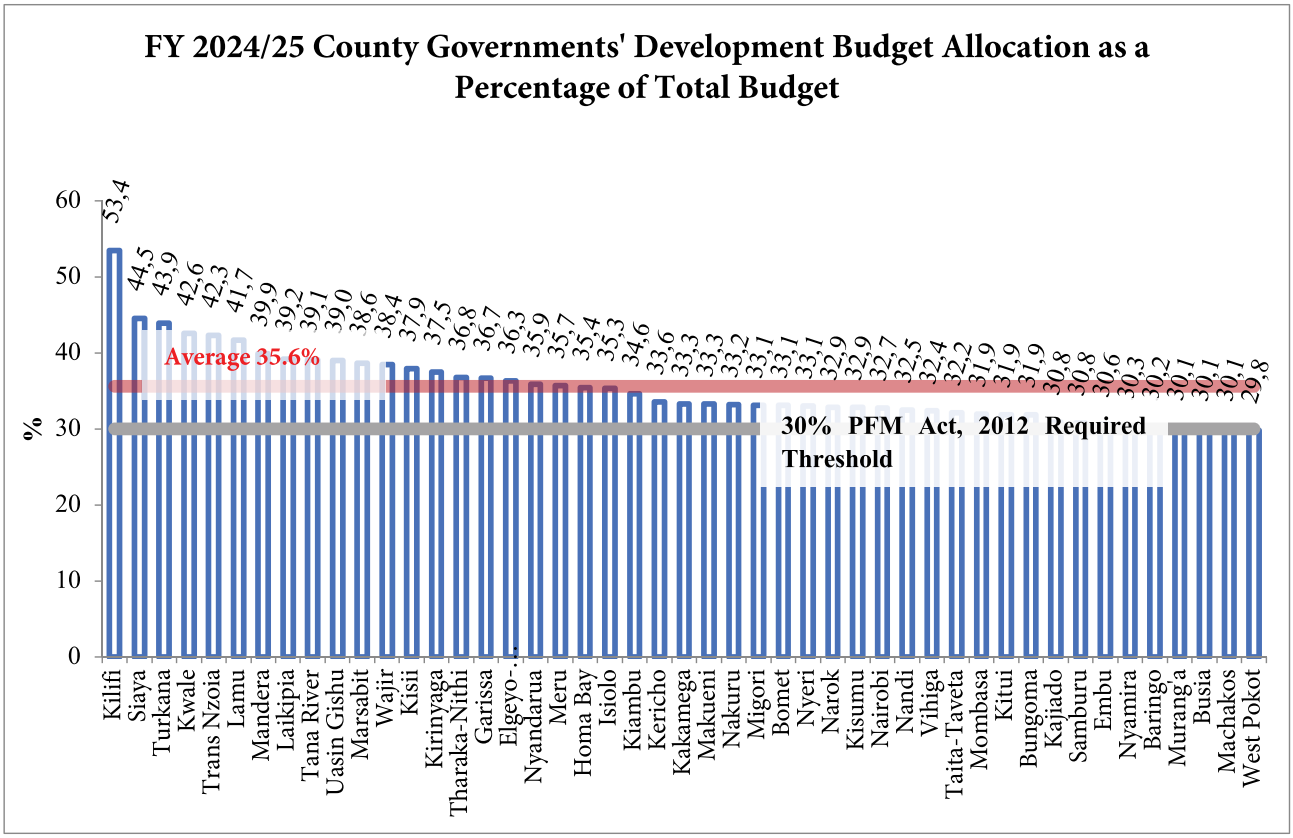
The County Governments reported outstanding pending bills of Kshs.168.62 billion, comprising Kshs.129.15 billion for recurrent activities and Kshs. 34.47 billion for development activities. The Counties with significant pending bills stock included Nairobi City at Kshs.121.06 billion, Garissa at Kshs.6.07 billion, Kiambu at Kshs.5.90 billion, Turkana at Kshs.4.78 billion, Machakos at Kshs.4.42 billion, and Mombasa at Kshs.3.93 billion.

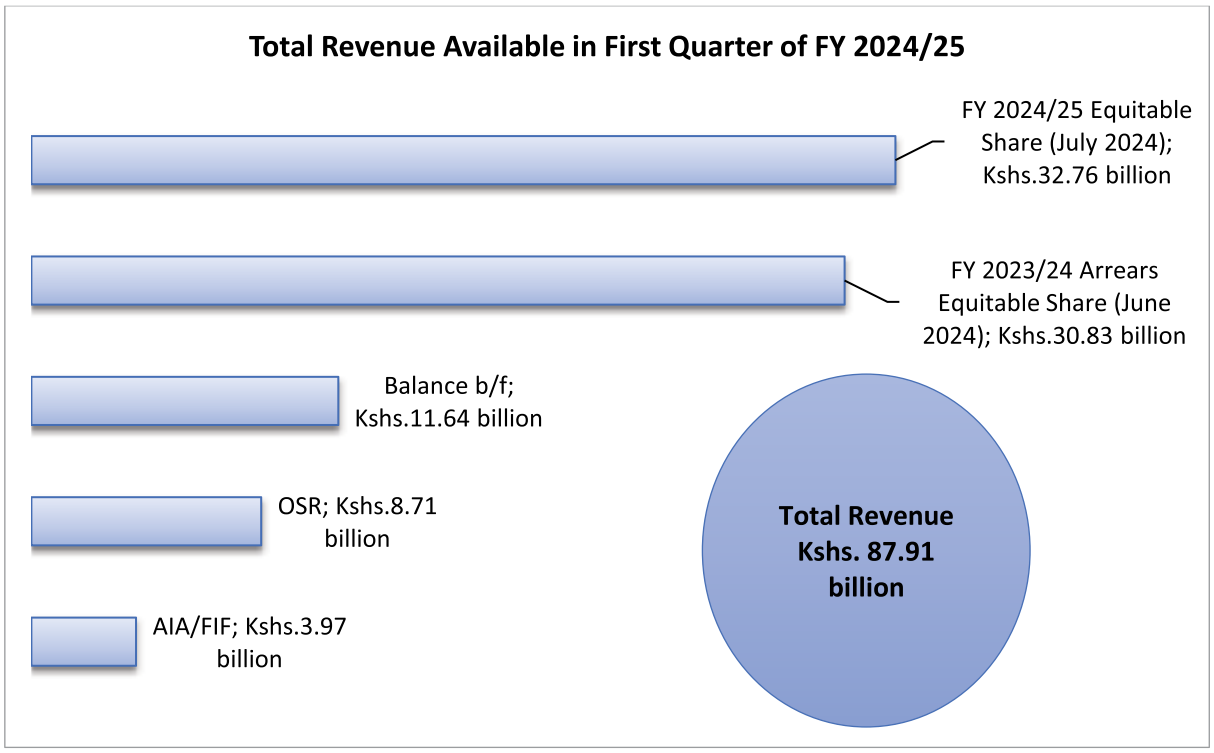
During the period, the Controller of Budget identified some challenges that hindered effective budget execution. These challenges included delays in submission of County Appropriation Acts, Budget Books and Governors Warrants for FY 2024/25 to OCoB, delays by Parliament in enacting the County Allocation of Revenue Bill 2024, delayed disbursement of the equitable share of revenue by the National Treasury, underperformance in the collection of own-source revenue, overdependence on funding from appropriations in aid and facility improvement fund/financing, a high level of pending bills, low expenditure on the development budget, and the failure of fund administrators to submit quarterly financial statements to the Controller of Budget.

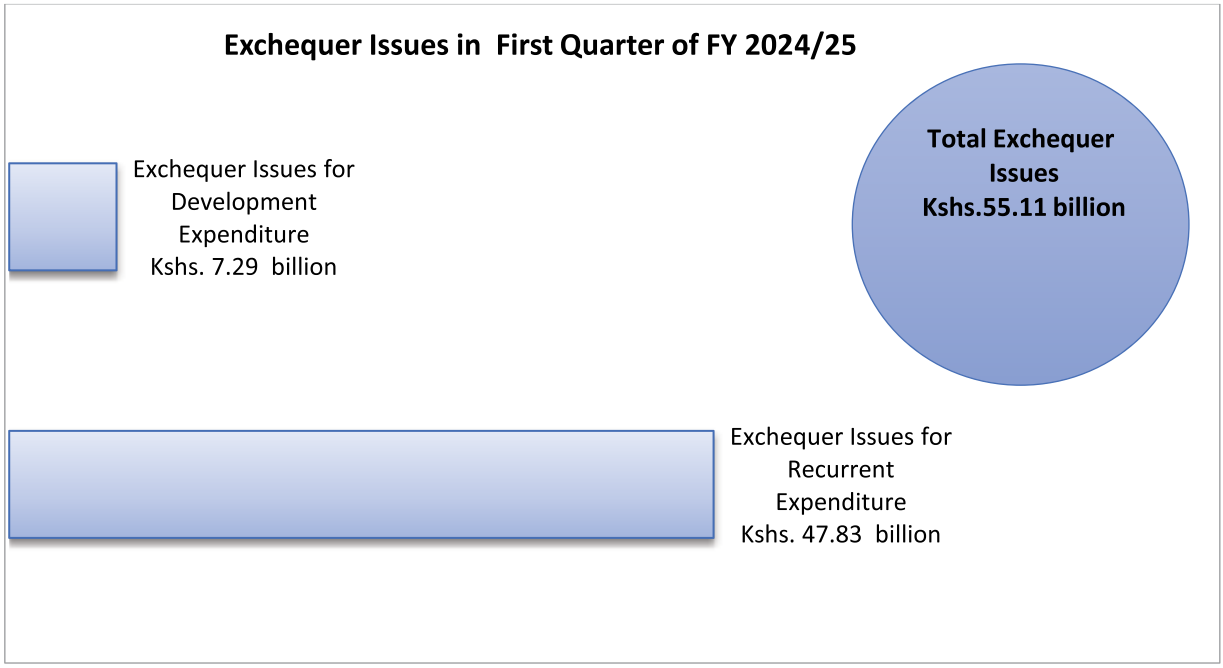
Based on the identified challenges, the Controller of Budget recommends the following actions to improve budget implementation: County Treasuries to ensure timely submission of County Appropriation Acts Governor's Warrants and Budget Books at the beginning of a financial year, Parliament to expedite the enactment of the County Allocation of Revenue Bill 2024 and the County Governments Additional Allocations Bill 2024; The National Treasury to ensure the timely disbursement of the equitable share of nationally raised revenue; County Governments to strengthen revenue collection mechanisms through improved revenue administration; County Government to diversify and increase their other revenue streams over time to reduce overdependence on appropriation in aid and facility improvement funds; public awareness campaigns, and enhanced monitoring of revenue sources; County Governments to prioritise the settlement of eligible pending bills as a first charge on the budget in accordance with applicable legal provisions; County Governments to prioritise development expenditure to meet the statutory requirement of allocating at least 30 per cent of the budget to development activities, as outlined in the Public Finance Management (PFM) Act, 2012; and Fund Administrators to comply with Section 168 of the PFM Act, 2012, and ensure the timely submission of all financial reports to the Controller of Budget.

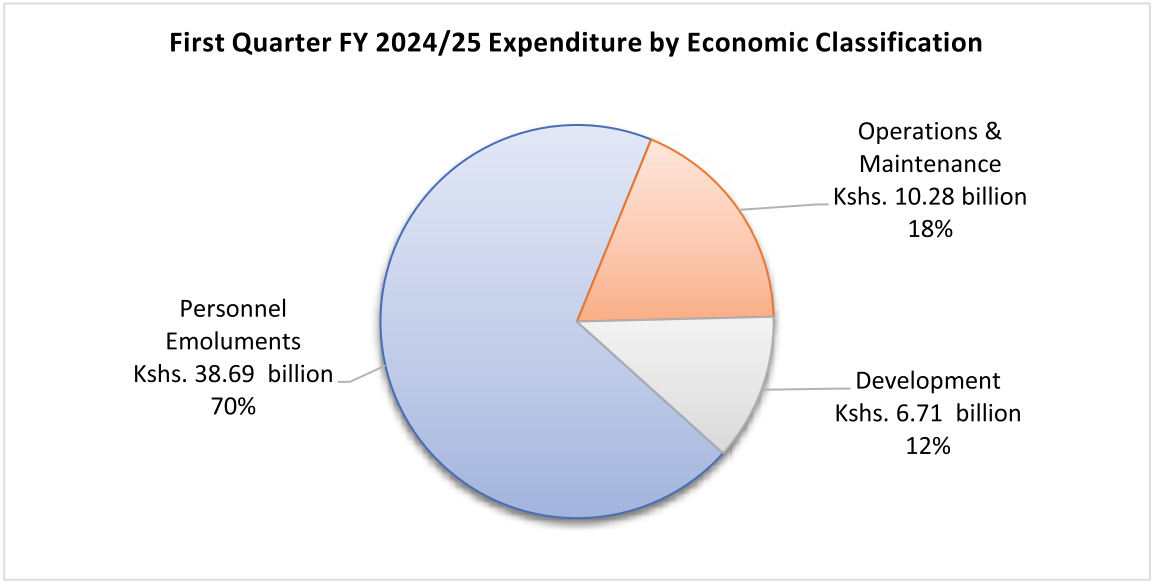
KEY HIGHLIGHTS

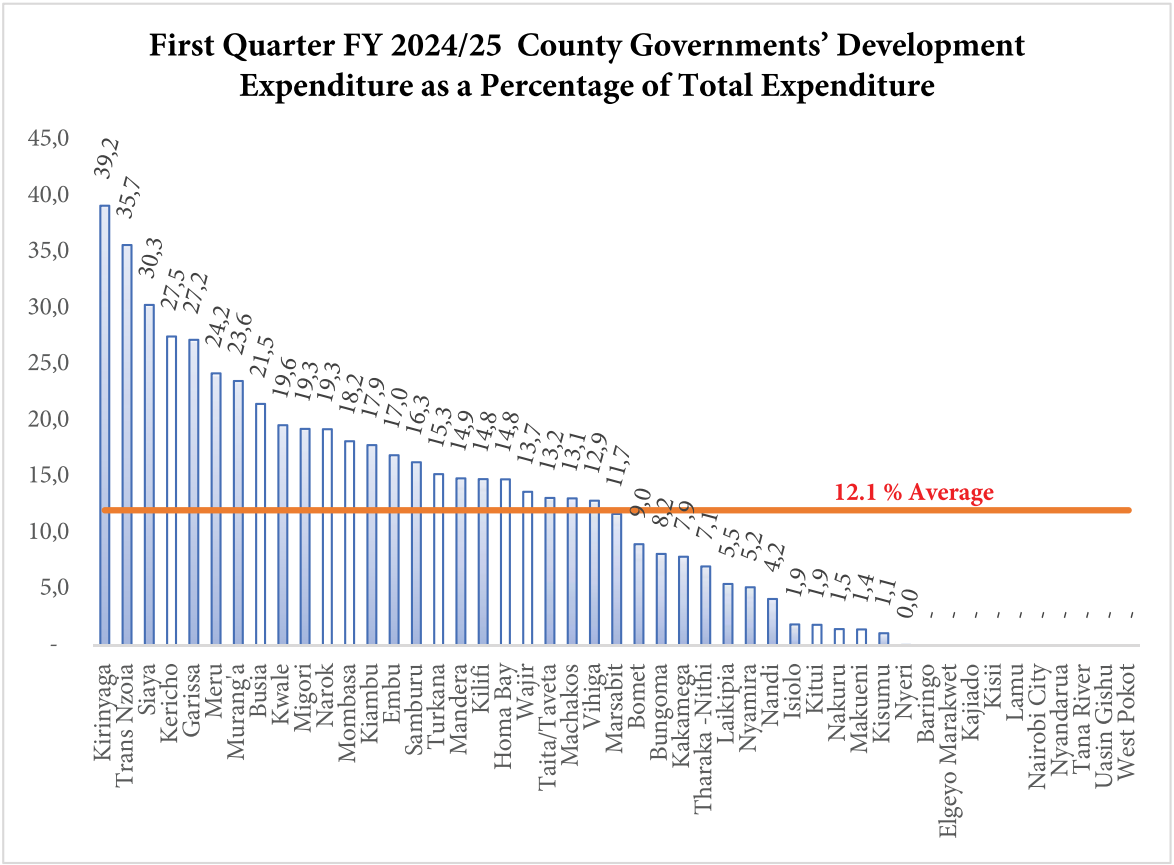





Total Revenue Available in First Quarter of FY 2024/25
FY 2024/25 Equitable Share (July 2024); Kshs.32.76 billion
FY 2023/24 Arrears Equitable Share (June 2024); Kshs.30.83 billion
Balance b/f; Kshs.11.64 billion
OSR; Kshs.8.71 billion
AIA/FIF; Kshs.3.97 billion
Total Revenue Kshs. 87.91 billion


Exchequer Issues in First Quarter of FY 2024/25
Exchequer Issues for Development Expenditure Kshs. 7.29 billion
Total Exchequer Issues Kshs.55.11 billion
Exchequer Issues for Recurrent Expenditure Kshs. 47.83 billion


First Quarter FY 2024/25 Expenditure by Economic Classification
Operations & Maintenance Kshs. 10.28 billion 18%
Personnel Emoluments Kshs. 38.69 billion 70%
Development Kshs. 6.71 billion 12%


First Quarter FY 2024/25 County Governments' Development Expenditure as a Percentage of Total Expenditure
45,0
40,0
35,0
30,0
25,0
20,0
15,0
10,0
5,0
-
12.1 % Average
39,2
35,7
30,3
27,5
27,2
24,2
23,6
21,5
19,6
19,3
19,3
18,2
17,9
17,0
16,3
15,3
14,9
14,8
14,8
13,7
13,2
13,1
12,9
11,7
9,0
8,2
7,9
7,1
5,5
5,2
4,2
1,9
1,9
1,5
1,4
1,1
0,0
Kirinyaga
Trans Nzoia
Siaya
Kericho
Garissa
Meru
Murang'a
Busia
Kwale
Migori
Narok
Mombasa
Kiambu
Embu
Samburu
Turkana
Mandera
Kilifi
Homa Bay
Wajir
Taita/Taveta
Machakos
Vihiga
Marsabit
Bomet
Bungoma
Kakamega
Tharaka -Nithi
Laikipia
Nyamira
Nandi
Isiolo
Kitui
Nakuru
Makueni
Kisumu
Nyeri
Baringo
Elgeyo Marakwet
Kajiado
Kisii
Lamu
Nairobi City
Nyandarua
Tana River
Uasin Gishu
West Pokot

1. INTRODUCTION

The Office of the Controller of Budget (OCoB) is an oversight institution established under Article 228 of the Constitution of Kenya, 2010, to oversee and report on the implementation of the budgets of the National and County Governments. Article 228 (6) of the Constitution and Section 9 of the Controller of Budget (CoB) Act, 2016, require the Controller of Budget to submit to each house of Parliament a report on the implementation of the budgets of the National and County Governments every four months. This County Governments' Budget Implementation Review Report (CGBIRR) covers the first quarter of FY 2024/25, from July to September 2024, in line with the above legal requirements.

The CGBIRR presents the status of budget implementation by the County Governments. The report analyses information on own source revenue raised, the equitable share of revenue received from nationally raised revenue, additional allocations received from the National Government and Development Partners, and the total expenditure in the first quarter of the FY 2024/25. The CGBIRR is based on quarterly financial reports submitted to the OCoB by County Treasuries in line with Sections 166 and 168 of the Public Finance Management (PFM) Act 2012, data obtained from the Integrated Financial Management System (IFMIS), and information obtained by the OCoB in the course of overseeing budget implementation.

The reporting structure is organised as follows: Chapter One serves as the introduction, while Chapter Two analyses the budget performance of the counties during the first quarter of FY 2024/25. The chapter also examines the county government's own-source revenue performance and compares actual expenditures against the budget estimates for recurrent and development expenditures. Expenditures are categorised into Compensation to Employees, Operations and Maintenance, and Development Expenditures. Additionally, a summary report on the county governments' pending bills as of September 30, 2024, is included in this chapter. The absorption rate, which measures performance, is calculated as a percentage of actual expenditure relative to the approved annual budget estimates.

Chapter Three provides a detailed report for each county. It discusses budget performance and allocations for recurrent and development expenditures, exchequer issues, own-source revenue performance, and actual expenditures. Further, it analyses the implementation of programmes and sub-programmes for each department. It also addresses the status of pending bills and presents information on development projects implemented in the first quarter of FY 2024/25.

Chapter Four summarises the key issues identified by OCoB in the Counties' budget implementation in the first quarter of FY 2024/25. It then provides recommendations to ensure effective and efficient budget implementation and promote best practices. The last chapter provides the Conclusion of this report.

2. FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST QUARTER OF FY 2024/25

2.1. Introduction

This chapter presents the financial analysis of the aggregated County budget implementation for the first quarter of FY 2024/25, covering the period from July to September 2024.

2.2. Revenue Analysis

The combined County Governments' budgets approved by the County Assemblies amounted to Kshs.576.73 billion, comprising Kshs.205.33 billion (36 per cent) allocated to development expenditures and Kshs.371.4 billion (64 per cent) to recurrent expenditures.

County Governments expect to receive an equitable share of revenue raised nationally for FY 2024/25 of Kshs.380 billion; arrears for FY 2023/24 relating to the June 2024 disbursement of Kshs.30.83 billion; Kshs.85.22 billion generated from their own revenue sources, including Appropriations in Aid (A-i-A) and Facility Improvement Financing/ Fund (FIF) of Kshs.21.15 billion, and an unspent balance of Kshs.25.22 billion from the previous financial year. The County Governments Additional Allocations Bill, 2024, provides additional allocations of Kshs. 55.45 billion, which was yet to be approved by Parliament as of 30 September 2024.

2.3. Revenue Out-turn

The total funds available to the county governments in the first quarter of FY 2023/24 amounted to Kshs.87.91 billion. This includes Kshs.32.76 billion in equitable shares of revenue raised nationally for FY 2024/25 and equitable share arrears for FY 2023/24 (June 2024) of Kshs.30.83 billion; own source revenue collection of Kshs.12.68 billion, which includes A-i-A/FIF of Kshs.3.97 billion, and the actual available cash balance brought forward of Kshs.11.64 billion.

2.4. Own-Source Revenue

During the reporting period, County Governments generated a total of Kshs.12.68 billion from their own-source revenue (OSR), which was 15 per cent of the annual target of Kshs.85.22 billion. The realised OSR is an increase compared to Kshs.10.21 billion generated in a similar period in FY 2023/24. Analysis of own-source revenue collection for July 2024 to September 2024 is shown in Table 2.1

Table 2.1: Own Source Revenue Collection in the First Quarter of FY 2024/25

County	Ordinary OSR Target (Kshs.)	FIF/ AIA Target (Kshs.)	Total Revenue Target (Kshs.)	OSR Actual Realised (Kshs.)	FIF/AIA Actual (Kshs.)	Actual Revenue (Kshs.)	Performance (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Baringo	390,719,215	149,378,181	540,097,396	48,727,894	46,773,352	95,501,246	18
Bomet	280,032,929	175,718,000	455,750,929	11,465,592	13,690,566	25,156,158	6
Bungoma	1,193,245,420	1,063,647,395	2,256,892,815	64,096,714	125,188,060	189,284,774	8
Busia	442,262,490	204,744,506	647,006,996	38,348,701	23,236,638	61,585,339	10
Elgeyo-Marakwet	105,784,971	195,000,000	300,784,971	14,633,203	64,076,293	78,709,496	26
Embu	454,377,354	498,255,343	952,632,697	71,230,216	80,048,782	151,278,998	16
Garissa	140,000,000	160,000,000	300,000,000	22,680,111	57,788,652	80,468,763	27
Homa Bay	501,737,917	981,068,740	1,482,806,657	67,312,100	158,943,021	226,255,121	15
Isiolo	271,208,180	100,000,000	371,208,180	58,339,421	12,783,569	71,122,990	19
Kajiado	1,200,000,000	370,000,000	1,570,000,000	69,995,845	73,911,904	143,907,749	9
Kakamega	1,359,000,000	841,000,000	2,200,000,000	175,996,930	142,203,819	318,200,749	14
Kericho	573,742,933	646,355,000	1,220,097,933	36,921,185	55,149,736	92,070,921	8
Kiambu	5,880,140,717	2,400,000,000	8,280,140,717	486,996,476	345,928,332	832,924,808	10

County	Ordinary OSR Target (Kshs.)	FIF/ AIA Target (Kshs.)	Total Revenue Target (Kshs.)	OSR Actual Realised (Kshs.)	FIF/AIA Actual (Kshs.)	Actual Revenue (Kshs.)	Performance (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Kilifi	1,570,795,142	400,000,000	1,970,795,142	150,033,162	81,000,000	231,033,162	12
Kirinyaga	410,451,000	200,000,000	610,451,000	47,162,708	61,529,949	108,692,657	18
Kisii	650,000,000	1,561,193,565	2,211,193,565	67,859,000	202,615,361	270,474,361	12
Kisumu	2,877,951,100	926,122,000	3,804,073,100	95,598,849	163,759,824	259,358,673	7
Kitui	249,800,000	350,200,000	600,000,000	40,029,727	72,127,600	112,157,327	19
Kwale	450,000,000	300,000,000	750,000,000	38,268,447	38,390,478	76,658,925	10
Laikipia	842,500,000	602,500,000	1,445,000,000	98,292,389	122,781,427	221,073,816	15
Lamu	160,000,000	130,000,000	290,000,000	13,463,524	21,051,772	34,515,296	12
Machakos	2,788,961,508	687,000,000	3,475,961,508	237,112,258	50,311,230	287,423,488	8
Makueni	878,322,470	176,430,000	1,054,752,470	89,977,163	75,141,054	165,118,218	16
Mandera	278,609,881	57,923,965	336,533,846	34,827,044	7,854,740	42,681,784	13
Marsabit	110,000,000	246,112,000	356,112,000	13,536,535	19,628,052	33,164,587	9
Meru	500,000,000	550,000,000	1,050,000,000	65,652,323	119,931,977	185,584,299	18
Migori	480,000,000	140,000,000	620,000,000	66,158,735	35,658,735	101,817,470	16
Mombasa	4,746,915,692	1,249,998,988	5,996,914,680	578,372,084	253,777,233	832,149,317	14
Murang'a	750,000,000	500,000,000	1,250,000,000	105,858,527	64,285,728	170,144,255	14
Nairobi City	20,060,926,033	-	20,060,926,033	1,805,380,266	382,453,485	2,187,833,751	11
Nakuru	2,226,948,048	1,880,210,000	4,107,158,048	246,138,011	354,736,499	600,874,510	15
Nandi	306,096,685	301,231,711	607,328,396	40,635,509	35,314,738	75,950,247	13
Narok	4,849,188,092	125,951,908	4,975,140,000	2,967,889,758	14,168,574	2,982,058,332	60
Nyamira	400,000,000	400,000,000	800,000,000	13,714,011	56,287,248	70,001,259	9
Nyandarua	600,000,000	250,000,000	850,000,000	45,685,815	54,281,182	99,966,997	12
Nyeri	800,000,000	836,295,125	1,636,295,125	109,993,185	129,447,356	239,440,541	15
Samburu	262,930,140	18,700,000	281,630,140	97,907,678	2,949,540	100,857,218	36
Siaya	849,363,883	194,697,423	1,044,061,306	35,625,472	104,799,663	140,425,135	13
Taita-Taveta	500,000,000	250,000,000	750,000,000	52,832,000	39,915,017	92,747,017	12
Tana River	92,673,773	3,956,827	96,630,600	77,787,747	715,385	78,503,132	81
Tharaka-Nithi	285,000,000	165,000,000	450,000,000	40,936,180	37,417,771	78,353,951	17
Trans Nzoia	368,300,000	311,700,000	680,000,000	29,100,955	58,794,404	87,895,359	13
Turkana	241,000,000	79,000,000	320,000,000	37,175,814	29,949,715	67,125,529	21
Uasin Gishu	1,318,200,000	76,800,000	1,395,000,000	140,433,272	6,804,479	147,237,751	11
Vihiga	200,000,000	140,000,000	340,000,000	26,279,107	26,291,095	52,570,202	15
Wajir	80,000,000	120,000,000	200,000,000	27,368,593	19,230,733	46,599,326	23
West Pokot	97,195,000	132,805,000	230,000,000	8,766,347	24,123,319	32,889,666	14
Total	**64,074,380,573**	**21,148,995,677**	**85,223,376,250**	**8,712,596,580**	**3,967,248,086**	**12,679,844,666**	**15**

***Source**: County Treasuries*

Analysis of own-source revenue as a proportion of the annual revenue target indicated that the following Counties had a performance of above 25 per cent of their annual target, namely Tana River County at 81 per cent, Narok County at 60 per cent, Samburu County at 36 per cent, Garissa County at 27 per cent, and Elgeyo-Marakwet at 26 per cent. County Governments whose OSR performance against the target was less than 10 per cent includes Marsabit, Kajiado, and Nyamira Counties at 9 per cent each, Bungoma, Machakos, and Kericho Counties at 8 per cent, Kisumu County at 7 per cent and Bomet County at 6 per cent. Detailed analysis of Own Source Revenue by stream for each County is provided in Chapter Three.

To enhance OSR collection, the Controller of Budget recommends that all counties conduct an assessment based on the Tax Administration Diagnostic Assessment Tool (TADAT). Based on the assessment results, counties should develop a Revenue Enhancement Action Plan (REAP). Additionally, all counties must evaluate their revenue potential and aim to achieve it over time.

For County Governments whose OSR performance in the review period is below 15 per cent of the annual target, the Controller advises the setting of realistic and attainable targets. These targets should be adjusted

according to performance during the year through the Supplementary Budget. This approach will help reduce the likelihood of accumulating pending bills. Further, the Controller of Budget advises the County Governments to put austerity measures in place to ensure that expenditures and commitments align with the available resources.

2.5. Funds Released to the Counties

2.5.1 Funds Released from the Consolidated Fund to the Counties

In the First Quarter of FY 2024/25, the COB approved the transfer of Kshs.63.60 billion as the equitable share of revenue raised nationally from the Consolidated Fund to the various CRFs as per Article 206 (4) of the Constitution of Kenya, 2010. The transferred amounts included Kshs.32.76 billion being the July 2024 disbursement, and Kshs.30.83 billion, which was in arrears from FY 2023/24. A detailed analysis of the released equitable share to each County is provided in Chapter Three.

2.5.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.55.11 billion from the County Revenue Funds to the County Operational Accounts comprising Kshs.47.83 billion (87 per cent) for recurrent expenditure and Kshs.7.29 billion (13 per cent) for development programmes. This was a decline from Kshs.66.17 billion authorised in a similar period in FY 2023/24. A detailed analysis of the funds released to each County is provided in chapter three.

2.6. Expenditure Analysis

The total expenditure by county governments in the first quarter of FY 2024/25 was Kshs.55.68 billion, representing an overall absorption rate of 10 per cent of the total Annual County Governments' Budget of Kshs.576.73 billion. This is a decrease from an absorption rate of 13 per cent reported in a similar period in FY 2023/24 when the total expenditure was Kshs.67.47 billion.

Recurrent expenditure was Kshs.48.96 billion, representing 13 per cent of the annual recurrent budget, a decline from 18 per cent reported in the First Quarter of FY 2023/24, where recurrent expenditure was Kshs.60.56 billion. Development expenditure amounted to Kshs.6.71 billion, representing an absorption rate of 3 per cent and a decline from 4 per cent in the first quarter of FY 2023/23 when total development expenditure was Kshs.6.92 billion. The analysis of expenditure by economic classification in the First Quarter of FY 2022/23 is provided in Table 2.2.

Table 2.2: Expenditure by Major Economic Classification in the first quarter of FY 2024/25

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Compensation to Employees	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	522,388,147	76,643,518	599,031,665	-	599,031,665
Bomet	660,546,607	91,333,660	751,880,267	74,655,131	826,535,398
Bungoma	866,070,069	139,609,646	1,005,679,715	89,430,384	1,095,110,099
Busia	681,346,586	516,343,544	1,197,690,130	328,587,801	1,526,277,931
Elgeyo-Marakwet	694,245,830	49,979,583	744,225,413	-	744,225,413
Embu	327,634,521	32,966,067	360,600,588	73,631,579	434,232,167
Garissa	806,204,507	338,828,427	1,145,032,934	428,611,317	1,573,644,251
Homa Bay	1,062,257,547	214,908,332	1,277,165,880	222,029,052	1,499,194,931
Isiolo	538,897,781	66,085,705	604,983,486	11,626,730	616,610,216
Kajiado	899,541,807	278,698,680	1,178,240,487	-	1,178,240,487
Kakamega	1,665,970,288	279,595,019	1,945,565,307	167,263,749	2,112,829,056
Kericho	305,084,071	75,925,636	381,009,707	144,763,620	525,773,327
Kiambu	1,152,252,662	692,379,578	1,844,632,240	401,053,880	2,245,686,120
Kilifi	1,000,847,184	357,381,968	1,358,229,152	236,462,535	1,594,691,687

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Compensation to Employees	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Kirinyaga	458,267,658	129,195,370	587,463,028	378,499,763	965,962,791
Kisii	983,807,704	45,043,100	1,028,850,804	-	1,028,850,804
Kisumu	1,430,362,599	63,741,799	1,494,104,398	16,642,083	1,510,746,481
Kitui	1,524,618,438	377,351,580	1,901,970,018	35,910,017	1,937,880,035
Kwale	1,175,750,456	188,455,115	1,364,205,571	333,217,661	1,697,423,232
Laikipia	339,678,276	140,874,248	480,552,524	27,918,557	508,471,081
Lamu	310,275,479	69,106,548	379,382,027	-	379,382,027
Machakos	1,050,606,732	234,143,987	1,284,750,719	193,932,389	1,478,683,108
Makueni	441,759,293	289,777,462	731,536,754	10,698,825	742,235,579
Mandera	1,068,987,992	240,176,145	1,309,164,137	229,159,652	1,538,323,789
Marsabit	871,197,667	90,086,719	961,284,386	127,696,730	1,088,981,116
Meru	834,345,567	72,948,331	907,293,897	290,453,193	1,197,747,090
Migori	583,835,565	135,453,118	719,288,683	172,066,772	891,355,455
Mombasa	1,016,815,239	132,249,781	1,149,065,021	255,716,067	1,404,781,088
Murang'a	442,235,411	111,389,834	553,625,245	170,720,299	724,345,544
Nairobi City	2,716,747,750	169,247,686	2,885,995,436	-	2,885,995,436
Nakuru	1,715,424,092	379,288,374	2,094,712,466	31,291,272	2,126,003,738
Nandi	813,101,011	357,099,276	1,170,200,287	50,707,406	1,220,907,693
Narok	836,542,165	1,162,436,034	1,998,978,199	477,282,567	2,476,260,766
Nyamira	552,410,285	49,798,000	602,208,285	33,000,000	635,208,285
Nyandarua	317,935,088	59,278,429	377,213,517	-	377,213,517
Nyeri	1,043,686,177	122,919,138	1,166,605,315	448,600	1,167,053,915
Samburu	475,111,171	357,459,262	832,570,433	162,499,356	995,069,789
Siaya	624,410,973	466,701,126	1,091,112,099	475,355,929	1,566,468,028
Taita-Taveta	559,737,331	140,154,604	699,891,935	106,004,767	805,896,702
Tana River	364,932,460	38,367,124	403,299,584	-	403,299,584
Tharaka-Nithi	264,863,840	90,406,007	355,269,847	26,953,005	382,222,853
Trans Nzoia	491,313,326	57,060,597	548,373,923	304,184,467	852,558,390
Turkana	1,433,072,733	344,182,729	1,777,255,462	320,387,148	2,097,642,610
Uasin Gishu	864,038,133	329,496,225	1,193,534,358	-	1,193,534,358
Vihiga	508,991,421	123,029,892	632,021,313	93,677,840	725,699,153
Wajir	841,107,252	475,579,508	1,316,686,760	209,041,623	1,525,728,383
West Pokot	549,732,477	22,651,653	572,384,130	-	572,384,130
Total	**38,688,989,367**	**10,275,828,165**	**48,964,817,532**	**6,711,581,765**	**55,676,399,297**

Source: *OCoB and County Treasuries*

A review of cumulative expenditures by economic classification showed that Kshs.38.69 billion (69 per cent) was spent on Compensation to Employees, Kshs.10.28 billion (18 per cent) on Operations and Maintenance, and Kshs.6.71 billion (12 per cent) on Development Expenditures.

2.6.1 Development Expenditure

The County Governments spent Kshs.6.71 billion on development activities, representing an absorption rate of 3 per cent of the annual development budget of Kshs.205.33 billion, a decrease from an absorption rate of 4 per cent reported in the first quarter of FY 2023/24, when development expenditure was Kshs.6.92 billion. Table 2.3 analyses County budget allocations, expenditures, and absorption rates in the period under review.

Table 2.3: County Budget Allocation, Expenditure and Absorption Rate for the First Quarter of FY 2024/25

County	Budget Estimates (Kshs. Million			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A* 100	H=E/B* 100	I=F/C* 100
Baringo	5,738.50	2,481.67	8,220.17	599.03	0	599.03	10	-	7
Bomet	6,544.32	3,235.81	9,780.13	751.88	74.66	826.54	11	2	8
Bungoma	10,621.09	4,968.36	15,589.45	1,005.68	89.43	1,095.11	9	2	7
Busia	6,510.52	2,803.20	9,313.72	1,197.69	328.59	1,526.28	18	12	16
El-geyo-Marak-wet	4,007.31	2,287.76	6,295.08	744.23	0	744.23	19	-	12
Embu	5,116.86	2,255.88	7,372.74	360.60	73.63	434.23	7	3	6
Garissa	7,259.24	4,200.99	11,460.23	1,145.03	428.61	1,573.64	16	10	14
Homa Bay	7,670.90	4,206.08	11,876.98	1,277.17	222.03	1,499.19	17	5	13
Isiolo	4,420.77	2,412.43	6,833.20	604.98	11.63	616.61	14	0	9
Kajiado	9,123.91	4,068.55	13,192.46	1,178.24	0	1,178.24	13	-	9
Kakamega	11,911.27	5,950.03	17,861.29	1,945.57	167.26	2,112.83	16	3	12
Kericho	6,123.32	3,094.80	9,218.12	381.01	144.76	525.77	6	5	6
Kiambu	15,409.91	8,164.84	23,574.75	1,844.63	401.05	2,245.69	12	5	10
Kilifi	9,966.39	11,440.10	21,406.50	1,358.23	236.46	1,594.69	14	2	7
Kirinyaga	5,050.29	3,028.88	8,079.17	587.46	378.50	965.96	12	12	12
Kisii	9,022.31	5,510.63	14,532.93	1,028.85	0	1,028.85	11	-	7
Kisumu	10,272.07	5,029.53	15,301.60	1,494.10	16.64	1,510.75	15	0	10
Kitui	8,825.08	4,131.20	12,956.28	1,901.97	35.91	1,937.88	22	1	15
Kwale	7,013.47	5,197.06	12,210.53	1,364.21	333.22	1,697.42	19	6	14
Laikipia	4,894.50	3,150.76	8,045.26	480.55	27.92	508.47	10	1	6
Lamu	3,082.74	2,206.03	5,288.78	379.38	0	379.38	12	-	7
Machakos	10,067.06	4,325.13	14,392.19	1,284.75	193.93	1,478.68	13	4	10
Makueni	7,473.75	3,723.69	11,197.44	731.54	10.70	742.24	10	0	7
Mandera	8,948.80	5,942.16	14,890.96	1,309.16	229.16	1,538.32	15	4	10
Marsabit	5,962.71	3,752.81	9,715.52	961.28	127.70	1,088.98	16	3	11
Meru	8,949.96	4,972.43	13,922.40	907.29	290.45	1,197.75	10	6	9
Migori	6,945.30	3,441.59	10,386.89	719.29	172.07	891.36	10	5	9
Mombasa	11,066.29	5,193.71	16,260	1,149.07	255.72	1,404.78	10	5	9
Murang'a	7,337.46	3,164.02	10,501.48	553.63	170.72	724.35	8	5	7
Nairobi City	29,304.73	14,259.54	43,564.27	2,886	0	2,886	10	-	7
Nakuru	14,080.28	6,991.98	21,072.26	2,094.71	31.29	2,126	15	0	10
Nandi	6,210.89	2,991.52	9,202.41	1,170.20	50.71	1,220.91	19	2	13
Narok	10,526.98	5,155.56	15,682.54	1,998.98	477.28	2,476.26	19	9	16
Nyamira	5,259.22	2,283.25	7,542.47	602.21	33	635.21	11	1	8
Nyandarua	5,439.11	3,047.36	8,486.47	377.21	0	377.21	7	-	4
Nyeri	5,858.56	2,892.44	8,751	1,166.61	0.45	1,167.05	20	0	13
Samburu	5,068.47	2,257.20	7,325.67	832.57	162.50	995.07	16	7	14
Siaya	6,073.31	4,874.83	10,948.13	1,091.11	475.36	1,566.47	18	10	14
Taita-Taveta	5,713.98	2,707.52	8,421.50	699.89	106	805.90	12	4	10
Tana River	5,669.16	3,640.34	9,309.51	403.30	0	403.30	7	-	4
Thara-ka-Nithi	4,098.68	2,383.49	6,482.17	355.27	26.95	382.22	9	1	6
Trans Nzoia	6,070.19	4,451.57	10,521.76	548.37	304.18	852.56	9	7	8
Turkana	11,085	8,675.26	19,760.26	1,777.26	320.39	2,097.64	16	4	11
Uasin Gishu	7,374.68	4,714.07	12,088.74	1,193.53	0	1,193.53	16	-	10

County	Budget Estimates (Kshs. Million			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A* 100	H=E/B* 100	I=F/C* 100
Vihiga	4,394.30	2,101.60	6,495.90	632.02	93.68	725.70	14	4	11
Wajir	8,473.39	5,286.03	13,759.42	1,316.69	209.04	1,525.73	16	4	11
West Pokot	5,363.60	2,276.94	7,640.54	572.38	0	572.38	11	-	7
Total	**371,400.62**	**205,330.61**	**576,731.23**	**48,964.82**	**6,711.58**	**55,676.40**	**13**	**3**	**10**

Source: OCoB and County Treasuries

The analysis of development expenditures reveals that the following counties did not incur any development expenditure during the review period: Baringo County, Elgeyo-Marakwet County, Kajiado County, Kisii County, Lamu County, Nairobi City County, Nyandarua County, Tana River County, Uasin Gishu County, and West Pokot County. The counties with the highest absorption rates for development expenditures were Kirinyaga County and Busia County, each achieving an absorption rate of 12 per cent, followed by Siaya County and Garissa County, each with a rate of 10 per cent. Chapter Three provides a detailed analysis of the counties' implementation of development expenditures.

2.6.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.48.96 billion, or 88 per cent of the total expenditure, on recurrent activities. This expenditure represented 13 per cent of the annual County Governments' budget for recurrent activities and was a decline from 18 per cent recorded in FY 2023/24 when expenditure stood at Kshs.60.56 billion.

The recurrent expenditure comprised Kshs.38.69 billion (79 per cent) on Compensation to Employees and Kshs.10.28 billion (21 per cent) on Operations and Maintenance (O&M) expenditure. Chapter Three provides an analysis of the recurrent expenditure by Counties.

2.6.3 Review of MCA Sitting Allowances

The County Assemblies spent Kshs.290.23 million on MCA's Sitting allowances against an approved budget allocation of Kshs.1.88 billion during the reporting period. This expenditure translated to 15 per cent of the approved MCAs sitting allowance budget, a decrease from 16 per cent in the first quarter of FY 2023/24 when Kshs.312.98 million was spent. Table 2.4 shows the budgetary allocation and expenditure on MCAs and Speakers' sitting allowances in the first quarter of FY 2024/25.

Table 2.4: MCAs Budget Allocation, Expenditure and Absorption Rate in the First Quarter of FY 2024/25

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCAs	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A*100	D	E=B/D/3
Baringo	50,784,000	12,775,979	25	46	92,580
Bomet	30,942,400	4,512,100	15	39	38,565
Bungoma	28,176,000	9,945,606	35	63	52,622
Busia	14,780,168	4,648,696	31	54	28,696
Elgeyo-Marakwet	30,221,100	7,351,772	24	34	72,076
Embu	28,599,900	2,003,300	7	31	21,541
Garissa	30,971,000	-	-	48	-
Homa Bay	45,052,800	10,238,800	23	54	63,202
Isiolo	10,503,758	1,109,800	11	18	20,552
Kajiado	51,244,800	1,018,150	2	42	8,081
Kakamega	131,153,160	10,066,083	8	89	37,701
Kericho	33,669,600	2,714,700	8	48	18,852

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCAs	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A*100	D	E=B/D/3
Kiambu	75,000,000	21,154,900	28	87	81,053
Kilifi	36,000,000	5,972,200	17	56	35,549
Kirinyaga	68,232,685	5,037,685	7	34	49,389
Kisii	65,000,710	11,360,300	17	71	53,335
Kisumu	60,748,000	12,103,668	20	48	84,053
Kitui	30,832,900	4,229,198	14	61	23,110
Kwale	18,209,661	4,306,400	24	31	46,305
Laikipia	22,968,000	825,500	4	22	12,508
Lamu	25,040,000	4,653,900	19	20	77,565
Machakos	50,000,000	10,760,100	22	61	58,798
Makueni	44,451,014	16,011,200	36	49	108,920
Mandera	41,212,400	1,391,000	3	51	9,092
Marsabit	36,100,000	6,539,000	18	33	66,051
Meru	72,243,600	5,604,700	8	70	26,689
Migori	49,296,000	8,740,200	18	60	48,557
Mombasa	30,000,000	8,592,700	29	43	66,610
Murang'a	38,937,600	5,834,337	15	48	40,516
Nairobi City	27,560,000	1,629,943	6	124	4,382
Nakuru	53,000,000	12,830,600	24	74	57,795
Nandi	27,456,000	3,549,000	13	45	26,289
Narok	35,113,760	9,247,100	26	50	61,647
Nyamira	41,184,012	-	-	38	-
Nyandarua	39,487,500	6,140,700	16	42	48,736
Nyeri	20,200,000	6,201,000	31	43	48,070
Samburu	69,149,466	6,022,542	9	25	80,301
Siaya	31,635,119	5,295,200	17	42	42,025
Taita-Taveta	36,000,000	6,399,900	18	32	66,666
Tana River	25,000,000	5,725,600	23	27	70,686
Tharaka-Nithi	31,200,000	2,734,821	9	24	37,984
Trans Nzoia	42,432,000	-	-	34	-
Turkana	30,160,850	2,035,700	7	48	14,137
Uasin Gishu	39,918,400	5,478,200	14	44	41,502
Vihiga	30,680,000	8,702,200	28	37	78,398
Wajir	43,960,800	5,426,600	12	46	39,323
West Pokot	7,250,000	4,858,100	67	33	49,072
Total	**1,881,759,163**	**291,779,180**	**16**	**2,219**	**43,830**

Source: OCoB and County Treasuries

The County Assemblies of Garissa, Nyamira, and Tans Nzoia did not report any expenditure on MCAs' sitting allowances during the period under review.

2.6.4 Pending Bills as of 30 September 2024

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

As of 30 September 2024, Counties reported outstanding pending bills, which amounted to Kshs.168.62 billion, comprised of Kshs.129.15 billion for recurrent expenditure and Kshs.34.47 billion for development expenditure, as shown in Table 2.5.

Table 2.5: Pending Bills for the Counties as of 30 September 2023

County	County Executive (Kshs.)			County Assembly (Kshs.)			Grand Total
	Recurrent	Development	Sub-Total	Recurrent	Development	Sub-Total	
Baringo	243,394,561	125,864,276	**369,258,837**	8,875,643	-	**8,875,643**	**378,134,480**
Bomet	177,579,753	756,117,473	**933,697,227**	1,271,360	82,443,124	**83,714,484**	**1,017,411,711**
Bungoma	829,898,227	725,972,719	**1,555,870,946**	27,158,184	-	**27,158,184**	**1,583,029,130**
Busia	1,310,232,841	46,755,040	1,356,987,881	-	15,292,292	15,292,292	1,372,280,173
Elgeyo-Marakwet	56,309,440	10,779,484	**67,088,924**	-	-	-	**67,088,924**
Embu	827,632,344	1,066,620,970	**1,894,253,314**	11,788,066	-	**11,788,066**	**1,906,041,381**
Garissa	1,445,447,887	4,550,833,436	**5,996,281,323**	10,830,992	62,187,682	**73,018,674**	**6,069,299,997**
Homa Bay	17,027,129	480,110,181	**497,137,310**	79,449,410	89,226,705	**168,676,115**	**665,813,425**
Isiolo	687,533,854	380,658,681	**1,068,192,535**	5,812,806	8,094,676	**13,907,481**	**1,082,100,016**
Kajiado	377,920,278	1,531,450,134	**1,909,370,412**	37,076,931	61,710,217	**98,787,148**	**2,008,157,560**
Kakamega	472,491,572	931,272,643	**1,403,764,215**	158,089,776	-	**158,089,776**	**1,561,853,991**
Kericho	70,978,931	256,626,281	**327,605,212**	-	-	-	**327,605,212**
Kiambu	3,679,225,406	2,077,046,191	**5,756,271,597**	115,685,772	30,564,131	**146,249,903**	**5,902,521,501**
Kilifi	702,473,698	1,336,157,182	**2,038,630,880**	12,346,776	-	**12,346,776**	**2,050,977,656**
Kirinyaga	340,640,033	686,720,487	**1,027,360,520**	-	-	-	**1,027,360,520**
Kisii	483,529,677	1,773,001,636	**2,256,531,313**	1,555,210	55,356,266	**56,911,475**	**2,313,442,789**
Kisumu	1,096,771,727	1,599,938,034	**2,696,709,761**	60,231,781	2,099,049	**62,330,830**	**2,759,040,591**
Kitui	293,843,290	100,133,497	**393,976,787**	-	-	-	**393,976,787**
Kwale	648,233,195	956,433,992	**1,604,667,187**	55,847,654	-	**55,847,654**	**1,660,514,841**
Laikipia	698,353,866	907,863,298	**1,606,217,163**	34,280,357	-	**34,280,357**	**1,640,497,520**
Lamu	23,815,104	25,307,490	**49,122,594**	-	-	-	**49,122,594**
Machakos	2,916,771,096	1,374,880,995	**4,291,652,090**	128,307,835	-	**128,307,835**	**4,419,959,925**
Makueni	149,015,567	187,238,858	**336,254,426**	92,971,037	-	**92,971,037**	**429,225,463**
Mandera	348,724,384	1,473,104,355	**1,821,828,739**	4,218,872	-	**4,218,872**	**1,826,047,611**
Marsabit	-	592,700,638	**592,700,638**	-	405,595,767	**405,595,767**	**998,296,404**
Meru	368,130,907	833,915,458	**1,202,046,366**	10,266,700	2,653,328	**12,920,028**	**1,214,966,393**
Migori	862,444,827	709,313,688	**1,571,758,515**	127,259,085	57,456,694	**184,715,779**	**1,756,474,294**
Mombasa	2,221,234,011	1,702,209,902	**3,923,443,913**	10,025,351	-	**10,025,351**	**3,933,469,264**
Murang'a	895,066,230	172,769,708	**1,067,835,938**	39,319,917	-	**39,319,917**	**1,107,155,855**
Nairobi City	115,774,768,297	5,314,677,553	**121,089,445,850**	-31,731,829	-	**-31,731,829**	**121,057,714,021**
Nakuru	1,271,541,547	169,508,586	**1,441,050,133**	59,200,501	-	**59,200,501**	**1,500,250,634**
Nandi	356,441,018	368,893,560	**725,334,578**	-	-	-	**725,334,578**
Narok	1,019,040,841	475,887,121	**1,494,927,963**	8,380,608	-	**8,380,608**	**1,503,308,571**
Nyamira	433,411,368	343,267,788	**776,679,156**	-	8,179,261	**8,179,261**	**784,858,417**
Nyandarua	353,347,014	781,612,105	**1,134,959,119**	91,927,519	-	**91,927,519**	**1,226,886,638**
Nyeri	88,991,912	103,656,138	**192,648,050**	23,102,009	-	**23,102,009**	**215,750,059**
Samburu	332,308,957	289,295,054	**621,604,011**	-	-	-	**621,604,011**
Siaya	409,832,504	14,675,630	**424,508,134**	-	-	-	**424,508,134**
Taita-Taveta	1,272,377,975	637,509,748	**1,909,887,723**	71,685,178	-	**71,685,178**	**1,981,572,901**
Tana River	1,170,296,619	951,046,432	**2,121,343,051**	-	-	-	**2,121,343,051**
Tharaka-Nithi	126,183,821	191,549,573	**317,733,394**	93,718,805	3,919,048	**97,637,853**	**415,371,247**
Trans Nzoia	385,702,094	503,778,507	**889,480,601**	-	-	-	**889,480,601**

County	County Executive (Kshs.)			County Assembly (Kshs.)			Grand Total
	Recurrent	Development	Sub-Total	Recurrent	Development	Sub-Total	
Turkana	773,801,372	4,002,280,523	**4,776,081,895**	3,495,280	-	**3,495,280**	**4,779,577,175**
Uasin Gishu	199,279,686	420,684,434	**619,964,120**	-	30,500,000	**30,500,000**	**650,464,120**
Vihiga	536,591,080	897,116,779	**1,433,707,859**	-	-	**-**	**1,433,707,859**
Wajir	904,445,964	593,206,826	**1,497,652,790**	143,001,537	-	**143,001,537**	**1,640,654,327**
West Pokot	317,438,740	164,797,948	**482,236,688**	29,384,754	-	**29,384,754**	**511,621,442**
Total	**147,970,520,645**	**43,595,241,032**	**191,565,761,677**	**1,524,833,878**	**915,278,238**	**2,440,112,117**	**194,005,873,794**

Source: *County Treasuries*

The Nairobi City County Executive reported that the outstanding pending bills amount to Kshs. 121.06 billion, which represents 62 per cent of the total pending bill stock. Other counties with significant outstanding pending bills include Garissa County at Kshs.6.07 billion, Kiambu County at Kshs.5.90 billion, Turkana County at Kshs.4.78 billion, Machakos County at Kshs.4.42 billion, and Mombasa County at Kshs.3.93 billion.

The OCoB recommends that the County Governments prioritise all eligible pending bills in the budget as a first charge according to Regulation 55(2)(b) of the Public Finance Management (County Governments) Regulations, 2015. Further, we urge the counties to comply with their pending bills payment plan for FY 2024/25 submitted to our office.

In their letter dated 9 May 2024, the Senate resolved that counties must settle all verified pending bills of less than one billion Kenya shillings by the end of the fiscal year 2023/24. Pending bills exceeding Kshs. one billion should be settled by the end of the fiscal year, 2024/25. The Controller of Budget reminds County Governments to adhere to the Senate resolution timelines.

3. BUDGET PERFORMANCE BY COUNTY GOVERNMENTS

3.1. County Government of Baringo

3.1.1 Overview of FY 2024/25 Budget

The Baringo County approved FY 2024/25 budget is Kshs.8,22 billion. It comprised Kshs.2.48 billion (30 per cent) and Kshs.5.74 billion (70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs. 0.67 billion (8 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.29 billion and a recurrent budget of Kshs.5.61 billion. The county government budget decreased due to decreased own source revenue projection and the non-correct capture of balance carried forward.

The Baringo County Government budget will be financed from different sources of revenue. These include Kshs.6.91 billion (84 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.453.33 million (6 per cent) as additional allocations, other revenue sources of Kshs.313.81 million (4 per cent) and Kshs.540.09 million (7 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.149.38 million (2 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.390.72 million (5 per cent) as ordinary own-source revenue. The county did not indicate a brought forward balance from FY 2023/24. A breakdown of the additional allocations is shown in Table 3.1.

3.1.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs 1.19 billion to fund recurrent and development activities. The equitable share from the national government was Kshs. 565.06 million, and the own source revenue (OSR) collection was Kshs.95.50 million. The County had a balance B/F of Kshs.531.82 million from FY 2023/24, which was the June 2024 equitable share that was disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 95.50 million indicates it included Facilities Improvement Financing (FIF) of Kshs.46.77 million and Kshs.48.73 million as ordinary OSR. Table 3.1 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.1: Baringo County, Revenue Performance in the First Quarter of FY 2024/25

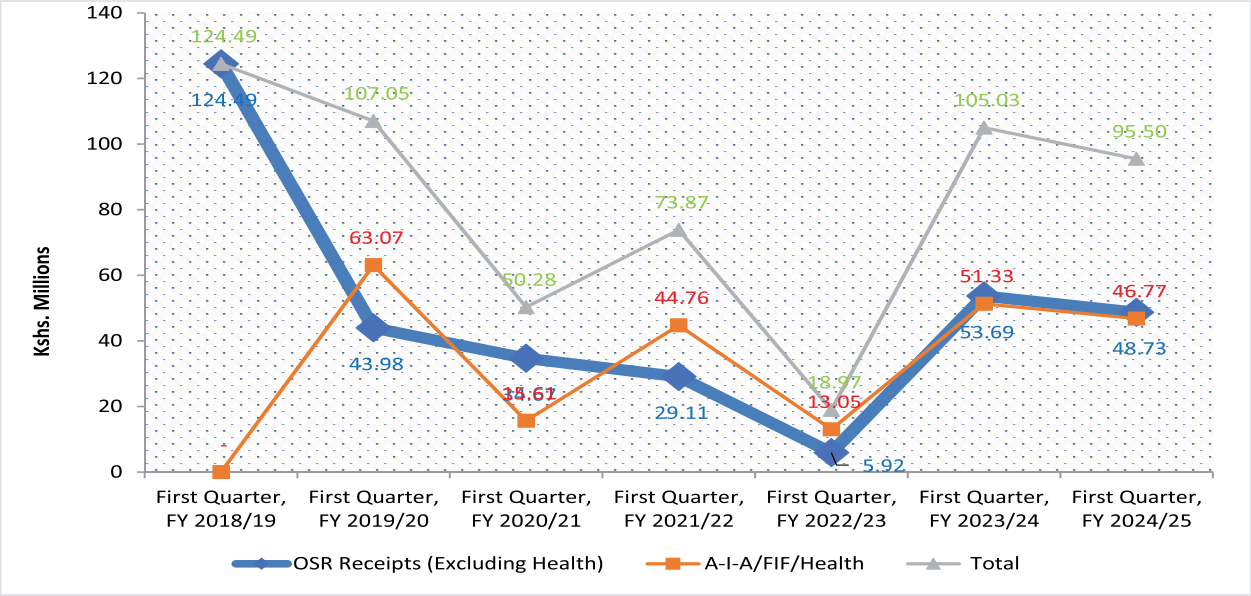
County Revenue Performance in FY 2024/25				
S/No	**Revenue**	**Annual Budget Allocation (in Kshs)**	**Actual Receipts (in Kshs.)**	**Actual Receipts as Percentage of Annual Allocation (%)**
A.	**Equitable Share of Revenue Raised Nationally**	6,912,927,952	565,060,551	8
Sub Total		**6,912,927,952**	**565,060,551**	**8**
B	**Additional allocations**			
1	DANIDA Grant to Finance Primary Healthcare in a Devolved Context	7,848,750		0
2	IDA (World Bank) Emergency Locust Response Project-ELRP	121,025,000		0
3	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	173,076,923.08		0
4	IDA (World Bank) Kenya Devolution Support Program-II (KDSP II)	37,500,000		0
5	IDA (World Bank) Credit Kenya Urban Support Project (KUSP) Urban Institutional Grant (UIG)	35,000,000		0
6	IDA (World Bank) Credit Kenya Urban Support Project (KUSP) Urban Development Grant (UDG)	18,190,995		0

County Revenue Performance in FY 2024/25				
S/No	**Revenue**	**Annual Budget Allocation (in Kshs)**	**Actual Receipts (in Kshs.)**	**Actual Receipts as Percentage of Annual Allocation (%)**
7	SWEDEN - Kenya Agricultural Business development Project (KABDP)	10,918,919		0
8	International Fund for Agricultural Development (IFAD) Loan for Kenya Livestock Commercialization Project (KeLCoP)	40,150,000		0
9	United Nations Fund for Population Activities (UNFPA)	9,620,000		0
Sub-Total		**453,330,587**	0	**0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	390,719,215	48,727,894	13
2	Balance b/f from FY2023/24	0	531,821,695	0
3	Facility Improvement Fund (FIF)	149,378,181	46,773,352	31
4	Other Revenues	313,810,000	0	0
5	Appropriation in Aid (AIA)	0	0	0
Sub Total		**853,907,396**	**627,322,941**	11
Grand Total		**8,220,165,935**	**1,192,383,492**	**15**

Source: *Baringo County Treasury*

Figure 1 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 1: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

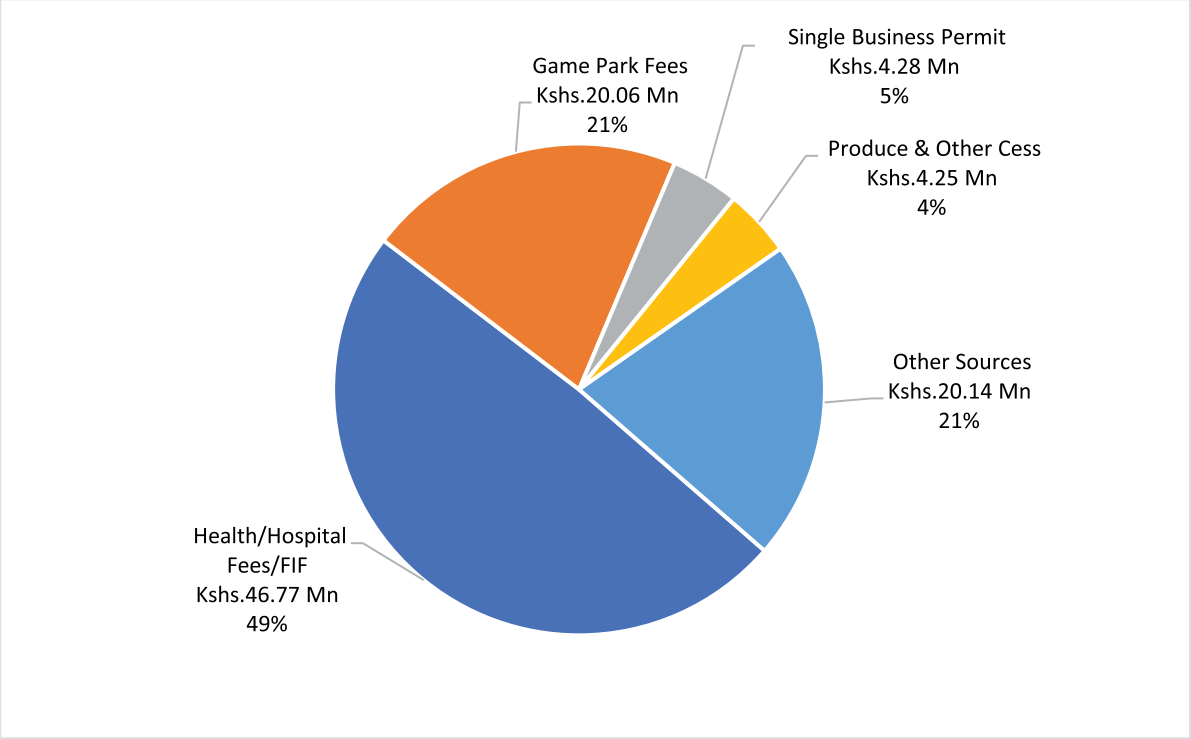


Source: *Baringo County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.95.50 million from its revenue sources, including FIF. This amount was a decrease of 10 per cent compared to Kshs.105.02 million realised in a similar period in FY 2023/24 and was 18 per cent of the annual target and 17 per cent of the equitable revenue share disbursed. The OSR does not include revenue arrears and penalties charged on fees and levies from previous financial years

The revenue streams which contributed the highest OSR receipts are shown in Figure 2.

Figure 2: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Baringo County Treasury

The highest revenue stream, Kshs.46.77 million, was from FIF, which contributed 49 per cent of the total OSR receipts during the reporting period.

Borrowing by the County

The county government did not borrow any amount during the Quarter.

3.1.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs. 660.56 billion from the CRF account during the reporting period was entirely for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.522.39 million was released towards employee compensation and Kshs.138.17 million for operations and maintenance expenditure.

As of September 30, 2024, the county government's cash balance in the CRF account was Kshs.595.62 million.

3.1.4 County Expenditure Review

The County spent Kshs.599.03 million on recurrent programmes in the reporting period. This expenditure represented 91 per cent of the total funds released by the CoB and was entirely on recurrent programmes. Expenditure on development programmes had nil absorption, while recurrent expenditures represented 10 per cent of the annual recurrent expenditure budget.

3.1.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs 378.10 billion, comprising pending payments by the county executive of Kshs. 368.23 billion and Kshs 8.87 for the county assembly.

The county executive's pending bills consist of Kshs.243.39 million for recurrent expenditures and Kshs.125.86 million for development expenditures. The Executive and Assembly did not settle any pending bills during the period. Therefore, the outstanding bills were Kshs. 378.10 million as of 30 September 2024.

3.1.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.448.93 billion on employee compensation and Kshs.63.69 million on operations and maintenance and did not report any expenditure on development activities. Similarly, the County Assembly spent Kshs. 73.46 million on employee compensation and Kshs.12.95 million on operations and maintenance, and no expenditure on development activities were reported, as shown in Table 3.2.

Table 3.2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,738,498,602**	**880,168,000**	512,626,892	86,404,773	**9**	**10**
Compensation to Employees	3,368,889,192	453,355,142	448,932,644	73,455,503	13	16
Operations and Maintenance	2,369,609,410	426,812,858	63,694,248	12,949,270	3	3
Development Expenditure	**2,481,667,333**	**0**	**0**	**0**	**0**	**0**
Total	**8,220,165,935**	**880,168,000**	**512,626,892**	**86,404,773**	6	10

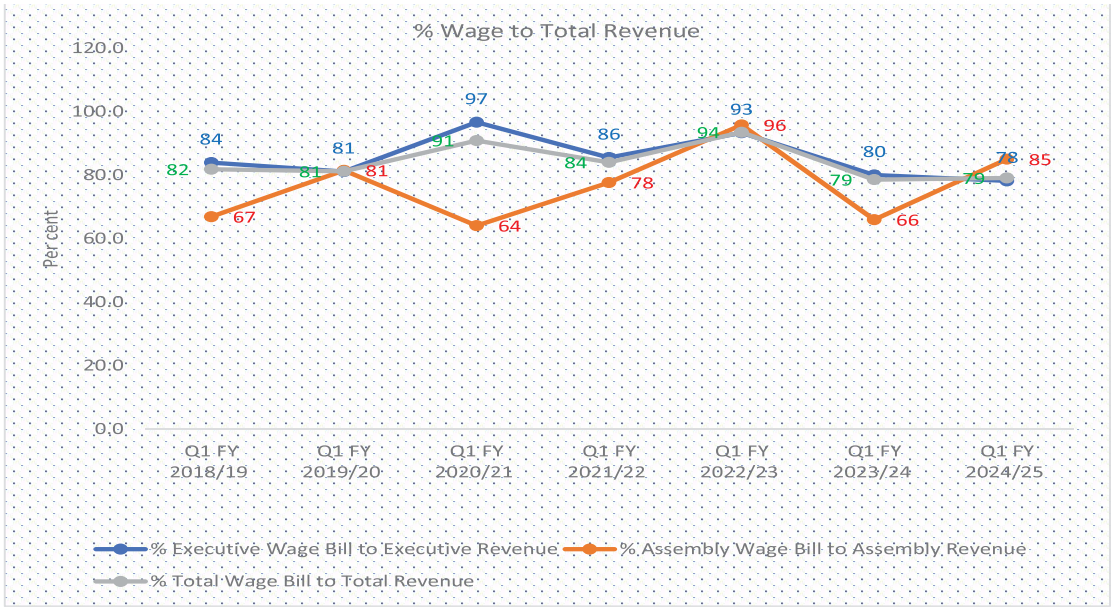
***Source**: Baringo County Treasury*

3.1.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.522.39 million, or 79.1 per cent of the available revenue of Kshs.660.56 million. This expenditure represented a decrease from Kshs.580.41 million reported in a similar period in FY 2023/24. The wage bill included Kshs.407.38 million paid to the health sector employees, translating to 78 per cent of the total wage bill.

Figure 3 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 3: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Baringo County Treasury

Further analysis indicates that PE costs amounting to Kshs.513.67 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.8,72 million was processed through manual payrolls. The manual payrolls accounted for 1.7 per cent of the total PE cost.

The County Assembly spent Kshs.12.78 million on committee sitting allowances for the 46 MCAs against the annual budget allocation of Kshs.50.78 million. The average monthly sitting allowance was Kshs.92,579.56 per MCA. The County Assembly had 25 House Committees.

3.1.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.139.25 million to county-established funds in FY 2024/25, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to cater for Emergencies (0.2 per cent of the total budget), contrary to Section 110 of the PFM Act, 2012.

Table 3.3 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.3: Performance of County Established Funds in the First Quarter of FY 2024/25

	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues as of 30th September 2024 (Kshs.)	Actual Expenditure as of 30th September 2024 (Kshs.)	Cumulative disbursements to the Fund in FY 2023/24 (Kshs)	Submission of Annual Financial Statements (Yes/No.)
1.	Baringo Executive Car Scheme Fund	12,500,000				Yes
2.	Youth and Women Fund	Not Budgeted	-	-	17,147,507	Yes
3.	Baringo Executive Mortgage Scheme fund	Not Budgeted				Yes
4.	Baringo County Emergency Fund	20,000,000	-	-	-	Yes
5.	Bursary and Scholarship Fund	94,750,000	-	-	-	Yes
6.	Community Conservancy Fund	Not Budgeted				Yes
7.	Baringo County Lake Bogoria Community Grant	Not Budgeted				Yes
8	Baringo County Older persons and Persons with serving Disability Fund	Not budgeted	-	-	-	Yes
9	County Assembly Car and Mortgage Fund	12,000,000	-	-	-	Yes
		139,250,000			17,147,507	

Source: *Baringo County Treasury*

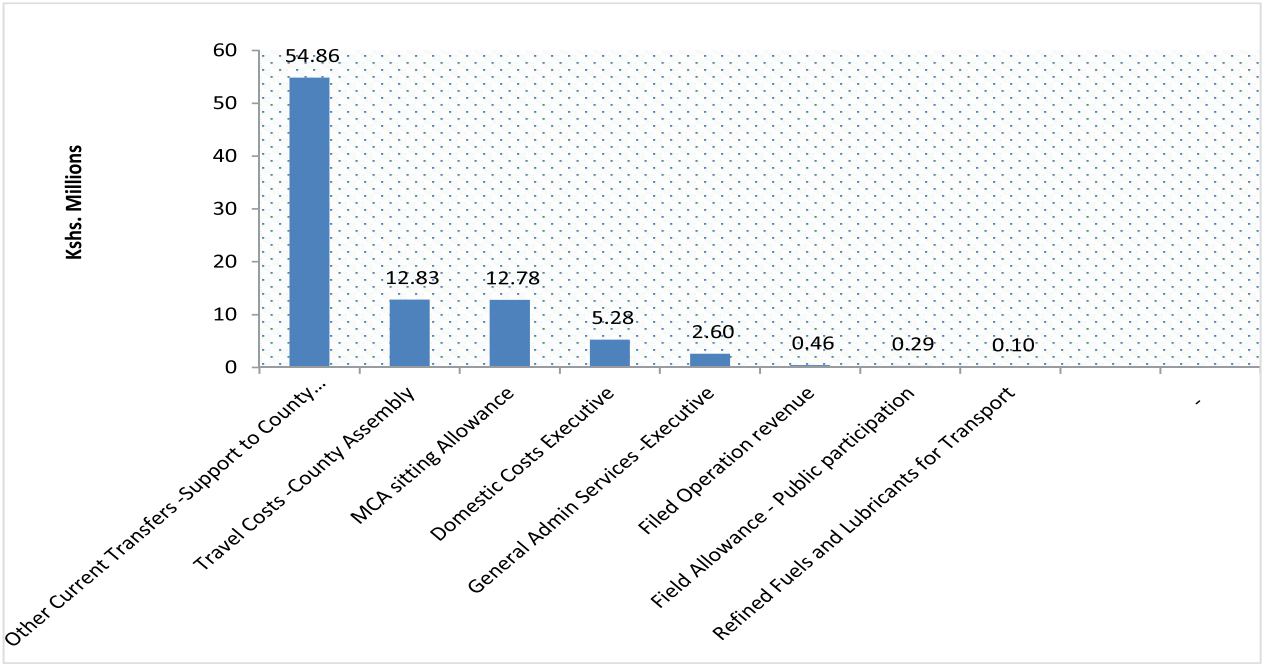
During the reporting period, the CoB received the quarterly financial reports from all Fund Administrators, as indicated in Table 3.3, which was in line with the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.1.9 Expenditure on Operations and Maintenance

Figure 4 summarises the Operations and Maintenance expenditure by major categories.

Figure 4: Baringo County, Operations and Maintenance Expenditure by Major Categories



Source: *Baringo County Treasury*

Expenditure on domestic travel amounted to Kshs.18.11 million, comprised of Kshs.12.83 million spent by the County Assembly and Kshs.5.28 million by the County Executive. The County Assembly and Executive did not record expenditures on foreign travel.

In the operations and maintenance costs, there was no expenditure on garbage collection and legal fees/Dues, arbitration and compensation payments expenditure legal fees.

3.1.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.46.77 million as FIF, which was 31 per cent of the annual target of Kshs.149.38 million. The collected amount was retained and utilised at the source in accordance with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

The expenditure by the health facilities amounted to Kshs.43.35, as shown in Table 3.4

Table 3.4: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

S/No.	Health Facility	Budget 2024/2025	Expenditure at the facility	Absorption Rate %
1	Baringo District Hospital	94,978,181	24,385,179	26
2	E/Ravine District Hospital	44,500,000	15,044,938	34
4	Marigat District Hospital	3,500,000	627,608	18
5	Chemolingot District Hospital	4,000,000	1,781,760	45
6	Mogotio Distrct Hospital	2,400,000	1,506,647	63
	TOTAL	**149,378,181**	**43,346,132**	29

Source: *Baringo County Hospital*

The Health Facility with the highest absorption rate was Mogotio.

3.1.11 Development Expenditure

In the First Quarter of FY 2024/25, the County did not report any spending on development programmes, representing a decrease of 100 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.21.95 million.

3.1.12 Budget Performance by Department

Table 3.5 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.5: Baringo County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	880.13	40	86.40	-	86.40	-	100	-	10	-
The Governor's Office	3,853.26	32.60	569.44	-	453.17	-	80	-	12	-
County Finance and Economic Planning	148.10	22.50	3.68	-	3.55	-	97	-	2	-
Roads, Transport, Energy and Public Works	60.20	285.83	-	-	-	-	-	-	-	-
Trade, Cooperatives and Industrialisation	23.45	505.40	-	-	-	-	-	-	-	-
Education and Vocational training	58.79	229.48	-	-	-	-	-	-	-	-
Health Services	515.87	248.75	-	-	54.86	-	-	-	11	-
Lands, Housing & Urban Development	62.92	48.57	-	-	-	-	-	-	-	-
Agriculture, Livestock, and fisheries management	36.28	481.15	-	-	-	-	-	-	-	-
Youth Affairs, Sports, Culture, Gender and Social services	43.09	118.95	0.38	-	0.38	-	100	-	1	-
Water and Irrigation	37.66	442.74	0.66	-	0.66	-	100	-	2	-
Environment, Tourism, Wildlife Management, Natural Resources and Mining	18.75	25.69	-	-	-	-	-	-	-	-
Total	**5,738.50**	**2,481.67**	**660.56**	**-**	**599.03**	**-**	**91**	**-**	**10**	**-**

***Source**: Baringo County Treasury*

Analysis of department expenditures shows that no Department-Recorded expenditures were made on the development budget. The Governor's office had the highest percentage of recurrent expenditures to budget, at 12 per cent, while the Departments of Roads, trade, Environment, Water, youth, Agriculture, and Land had not recorded any expenditures on both development and recurrent activities.

3.1.13 Budget Execution by Programmes and Sub-Programmes

Table 3.6 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

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

Programme	Sub-Programme	Approved Estimates 2024-25		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
County Assembly							
Office of the clerk	General Administration-Salaries	469,855,142	-	73,455,503	-	16	-
	General Administration / Support Services	238,523,366	-	6,077,870	-	3	-
	Landscaping and beautification of Speakers residential buildings	-	-	-	-	-	-
	Drilling and equipping of 2No. Water boreholes at County Assembly and Speaker residence	159,636,262	-	6,871,400	-	4	-
	Proposed Construction of Office Block II	-	30,300,000	-	-	-	-
	Equipping the Speaker's residence with furniture and other equipment	-	9,700,000	-	-	-	-
Office of the Governor and Deputy Governor	**General Administration**	-	-	-	-	-	-
	P3 Governors Office	122,329,600	-	4,241,826	-	3	-
	Office of County Secretary	166,200,000	-	-	-	-	-
	Office of County Attorney	15,500,000	-	-	-	-	-
	Digitalization Systems and Application Development	-	15,000,000	-	-	-	-
	Office of the Deputy Governor	18,609,339	-	-	-	-	-
Public Services, Administration, Devolution, & ICT	**General Administration, Salaries and Operations**	**3,447,041,927**	-	448,932,644	-	13	-
	Tiaty sub-county-West (Administration)	5,029,000	-	-	-	-	-
	Tiaty sub-county east (Administration)	4,751,000	-	-	-	-	-
	Baringo North sub-county	4,986,222	-	-	-	-	-
	Baringo Central sub-county	5,218,027	-	-	-	-	-
	Baringo South sub-county	4,984,000	-	-	-	-	-
	Mogotio sub-county	5,012,377	-	-	-	-	-
	Eldama Ravine sub-county	5,052,492	-	-	-	-	-
	Sub-County Administration-Ward offices	-	15,600,000	-	-	-	-
	Acquisition of Kabarnet Hotel	-	-	-	-	-	-
	P2: ICT Development and Management Services	**9,600,000**	2,000,000	-	-	-	-
	SP 6: Devolution Support Services	18,725,000	-	-	-	-	-
	Communication Services	**2,300,000**		-	-	-	-
	Ajira Centre Connectivity	-	-	-	-	-	-
	Installation of LAN at Mogotio and Marigat sub-county hospital		-	-	-	-	-
	Installation of CIMES Operationalization	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates 2024-25		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	Redesign of County website to include online recruitment, tourism, Town and hospital portals	-	-	-	-	-	-
Finance & Economic Planning	SP 1: General Administrative Services	**43,225,000**	-	-	-	-	-
	Accounting Services	2,000,000	-	-	-	-	-
	Supply chain Services	2,000,000	-	-	-	-	-
	Internal Audit Services	2,000,000	-	-	-	-	-
	Emergency Relief (food, medicine, blankets, cash grant, tents and other temporary shelter, etc.)	20,000,000	-	-	-	-	-
	Revenue Services Development Services	19,200,000	-	**458,800**		2	-
	Pending Bills	4,061,168	-	-	-	-	-
	P2: Economic Planning Services	**20,419,618**	-	-	-	-	-
	Revenue Infrastructure Services	-	22,500,000	-	-	-	-
P2: Economic Planning Services	P2: Economic Planning Services	**24,489,477**	-	-	-	-	-
	Budget Supply Services	6,200,000	-	-	-	-	-
	Resource Mobilization and Investment Promotion	2,000,000	-	-	-	-	-
	Monitoring and Evaluation Services	2,500,000	-	-	-	-	-
Transport and Infrustructure	SP 1: General Administrative Services	48,750,173	-	-	-	-	-
	SP 2 Public Works Development	11,450,000	-	-	-	-	-
	Rural Infrastructure Development and Footbridges	-	267,328,557	-	-	-	-
	New and maintenance of roads County-wide	-	-	-	-	-	-
	Installation of Floodlights	-	-	-	-	-	-
	Construction of Public Works	-	18,500,000	-	-	-	-
	RMLF Funds	-	-	-	-	-	-
	Culverts and Bridges	-	-	-	-	-	-
Industry, Commerce, Tourism, Cooperatives and Enterprise Development	SP 1: General Administrative Services	**5,848,989**	-		-	-	-
	P 2: Trade Development and Marketing Services	2,000,000	-	-	-	-	-
	P 4: Industrial Development and Investment	1,000,000	4,500,000	-	-	-	-
	P 5: Co-operative Development Services	2,000,000	55,600,000	-	-	-	-
	P 6: Weight and Measures, Legal Metrology	1,000,000	-	-	-	-	-
Tourism Development Services	SP 1: Tourism Development Services	**10,400,000**	-	-	-	-	-
	SP 2: Wildlife Management Services	1,200,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates 2024-25		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	Industrial Development and Investment Services	-	400,000,000	-	-	-	-
	Revenue Infrastructure Services	-	45,302,798	-	-	-	-
Education	SP 1: General Administrative Services	21,290,000	-	-	-	-	-
	Sp2 Library Services	1,500,000	-	-	-	-	-
	VTC capitation	15,000,000	-	-	-	-	-
P 3: Vocational Training Development	SP 1: Bursary and Scholarship	-	94,750,000	-	-	-	-
P 2: Early Childhood Development	SP 1: School Feeding Programme	**21,000,000**	-	-	-	-	-
	Infrastructure development	-	134,727,241	-	-	-	-
County Health Services	SP 1: General Administrative Services	**34,030,000**	-	-	-	-	-
P 2: Preventive And Promotive Health Services	SP 1: Primary Health Care Services	157,272,156	114,747,171	-	-	-	-
P 2: Curative And Rehabilitative Services	SP 1: Curative and Rehabilitative Services	324,566,962	54,858,158	-	-	-	-
	Infrastructural development	-	134,000,000	-	-	-	-
Lands and Urban Development	SP 1: General Administrative Services	**10,003,832**		-	-	-	-
Land use planning and Information management	Land Policy and Planning Services	-	17,650,000	-	-	-	-
Land use planning and Information management	Land Survey Services	-	6,200,000	-	-	-	-
Eldamaravine Town- Urban Development	SP 1: General Administration Planning and Support Services	5,154,129	-	-	-	-	-
Kabarnet Municipality Services	Infrastructure development	-	-	-	-	-	-
Housing Development and management	SP 1: General Administrative Services	6,000,000	-	-	-	-	-
Land use planning and Information management	Land Adjudication Services	-	-	-	-	-	-
Land use planning and Information management	Land adjudication and demarcation	-	15,500,000	-	-	-	-
Land use planning and Information management	Cabro parking Kabarnet Hospital Road For Waenta Enterprises Limited	-	1,724,000	-	-	-	-
General Administration, Planning and Support Services	General Administration Planning and Support Services	36,279,781	-	-	-	-	-
Kabarnet Municipality Services	Sanitation & waste management	-	-	-	-	-	-
	Urban Safety and Disaster Control Services	-	-	-	-	-	-
	Infrastructure development	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates 2024-25		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
	Urban Infrastructure development and management	-	-	-	-	-	-
Eldama Ravine Town Services	Sanitation and waste management	-	2,500,000	-	-	-	-
Eldama Ravine Town Services	Infrastructure development	-	5,000,000	-	-	-	-
Agricultural Services	General Administration and Planning	**816,616,285**	-	-	-	-	-
Livestock resources management and development	Livestock upgrading	-	61,649,800	-	-	-	-
Milk Processing Plant-Eldama Ravine	Completion of Milk Processing Plant	-	-	-	-	-	-
Kabartonjo Milk Cooling Plant	Construction of Ossen Milk Cooling Plant	-	-	-	-	-	-
Livestock Saleyards	Maintenance of Livestock Sale Yards- Emining, Loruk and Loitip	-	-	-	-	-	-
Slaughterhouses Maintainance	Maintainance of slaughterhouses and slabs	-	-	-	-	-	-
Livestock resources management and development	Livestock market and value addition	-	4,500,000	-	-	-	-
Livestock Resources management and development	Livestock disease management and control	-	25,100,000	-	-	-	-
Barwessa Slaughter House	Apiculture development	-	3,998,125	-	-	-	-
Livestock Resources management and development	Pasture Development	-	4,533,730	-	-	-	-
Crop production and management	Agriculture Training Centre Koibatek	-	36,000,000	-	-	-	-
Crop production and management	Food security initiatives	-	326,120,842.08	-	-	-	-
Crop Production & Management	Affruitation	-	19,250,000	-	-	-	-
Support to ATC Services	Support to ATC Services	-	-	-	-	-	-
Agricultural Machinery	Purchase of Tractor	-	-	-	-	-	-
Conditional Grants for provision of Fertiliser subsidy programme	Conditional Grants for provision of Fertiliser subsidy programme	-	-	-	-	-	-
IDA World Bank (KCSAP)	IDA World Bank (KCSAP)	-	-	-	-	-	-
Matching fund to IDA World Bank (KCSAP)	Matching fund to IDA World Bank (KCSAP)	-	-	-	-	-	-
SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	-	-	-	-	-	-
World Bank Emergency Locusts Project	World Bank Emergency Locusts Project	-	-	-	-	-	-
Certified pasture and maize	Provision of pastures and maize seeds	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates 2024-25		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Purchase of Mangoes, Macadamia and Coffee Seedlings	Purchase of Mangoes, Macadamia and Coffee Seedlings for Mochongoi	-	-	-	-	-	-
Cattle Dips and Animal Vaccinations	Renovations of Cattle Dips	-	-	-	-	-	-
Cooperative stores	Construction of Cooperative stores	-	-	-	-	-	-
Motor Boats	Purchase of motorboats	-	-	-	-	-	-
Fisheries development and management	Fish breeding cages at Lake Baringo and Kirandich Dam	-	-	-	-	-	-
Culture, Youth and Gender	P1: General Administration, Planning and Support Services	**16,941,000**	-	-	-	-	-
Social Services and Safety nets	Affirmative Action Initiatives	-	44,525,739	-	-	-	-
Social Services and Safety nets	Infrastructure Development	-	-	-	-	-	-
Cultural and Creative Arts Development	Culture, Heritage and Social activities	4,000,000	-	-	-	-	-
Gender development and management	Gender Development	4,700,000	-	-	-	-	-
Youth, Sports and Gender Development	SP 1: General Administrative Services	8,310,000	-	-	-	-	-
Sports Development and Management	Sports Development	7,641,453	17,850,000	-	-	-	-
Culture and Creative Arts Development	Infrastructural development	-	4,000,000	-	-	-	-
Culture and Creative Arts Development	Infrastructural development-social Halls	-	-	-	-	-	-
Gender development and management	Gender Initiatives-Women Empowerment	-	28,260,956	-	-	-	-
Youth Development and Management	Youth Initiatives	1,500,000	24,315,445	-	-	-	-
Youth Development and Management	Infrastructural development-Playing Grounds	-	-	-	-	-	-
Water and Irrigation Department	SP 1: General Administrative Services	29,655,512	-	**661,980**	-	3	-
Water resource development and supplies management	Water resource management and storage	7,700,000	**413,629,423**	**413,629,423**	-	3	-
Irrigation infrastructure development	Irrigation Infrastructure	300,000	29,112,511	-	-	-	-
Environment Administration and Planning	SP 1: General Administrative Services	**9,904,819**	-	-	-	-	-
Environmental Conservation and Management	SP1: Environmental conservation and protection	**8,150,092**	5,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates 2024-25		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
Natural Resources Conservation, Exploitation and Management	SP1: Forestry and wildlife conservation, Mining and Management	**700,000**	-	-	-	-	-
Environmental conservation and management	Solid Waste management	-	-	-	-	-	-
Environmental Conservation and Management	County climate change fund -Matching fund	-	55,000,000	-	-	-	-
Natural Resources Conservation, Exploitation and Management	Forestry and Wildlife Conservation and Man-agement	-	60,000,000	-	-	-	-
Climate Change Fund Projects	Water resource/ pasture development and supplies management	-	-	-	-	-	-
P1: Kabarnet Mu-nicipality Services	SP 1: General Administra-tion Planning and Support Services	**41,759,157**	-	-	-	-	-
	Infrastructure develop-ment	-	7,500,000	-	-	-	-
	Infrastructure develop-ment	-	18,190,995	-	-	-	-
County Public Service Board	Administration and Planning	17,922,030	-	-	-	-	-
Grand Total		**5,738,498,602**	**2,481,667,333**	**599,031,665**	-	10	-

***Source**: Baringo County Treasury*

Based on absorption rates, the sub-programmes with the highest levels of implementation were the Office of the Clerk in the Department of County Assembly, at 16 per cent, and the General Administration in the Depart-ment of Public Service, at 13 per cent of budget allocation.

3.1.14 Accounts Operated in Commercial Banks

The County government operated 292 accounts with commercial banks, 256 of which were for health centres, dispensaries and hospitals.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only ex-emption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.1.15 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 25th October 2024.

2. The county government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are mainly for sub-county Hospital and Dispensaries

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in Section 166 of the PFM Act, 2012*
2. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.2. County Government of Bomet

3.2.1 Overview of FY 2024/25 Budget

The Bomet County approved FY 2024/25 budget is Kshs.9.78 billion. It comprised Kshs.3.24 billion (33 per cent) and Kshs.6.54 billion (67 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs. 1.26 billion (15 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.39 billion and a recurrent budget of Kshs.6.13 billion.

The Bomet County Government budget will be financed from different sources of revenue. These include Kshs.7.25 billion (74 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.35 billion (14 per cent) as additional allocations, a cash balance of Kshs.725.62 million (7 per cent) brought forward from FY 2023/24, and Kshs.455.75 million (5 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.175.72 million (2 per cent) as the Facility Improvement Fund (revenue from health facilities) and Kshs.280.03 million (3 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.7.

3.2.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.44 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs. 593.12 million, Additional allocations from the national government and development partners of Kshs. 83.56 million and own source revenue (OSR) collection of Kshs. 25.16 million. Additionally, the County had a cash balance of Kshs.736.22 million from FY 2023/24. The FY 2023/24 balance includes Kshs.558.23 million of June 2024 Equitable Share disbursed in July 2024.

Analysis of the total OSR collection of Kshs.25.16 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.13.69 and Kshs.11.47 million as ordinary OSR. Table 3.7 summarises the total revenue available to the County Government during the first quarter of FY 2024/25 performance.

Table 3.7: Bomet County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	7,251,128,230	593,123,546	8
Subtotal		**7,251,128,230**	**593,123,546**	**8**
B	**Additional Allocations**			
	Road Maintenance Fuel Levy (KRB)	163,685,211	-	-
	Community Health Promoters	74,070,000	-	-
	Conditional Allocation for Libraries	950,259	-	-
	Primary Healthcare in a Devolved Context	8,482,500	-	-
	Kenya Urban Support Programme (KUSP) - UIG	35,000,000	-	-
	IDA Kenya Urban Development Grant (UDG)	18,278,289	-	-

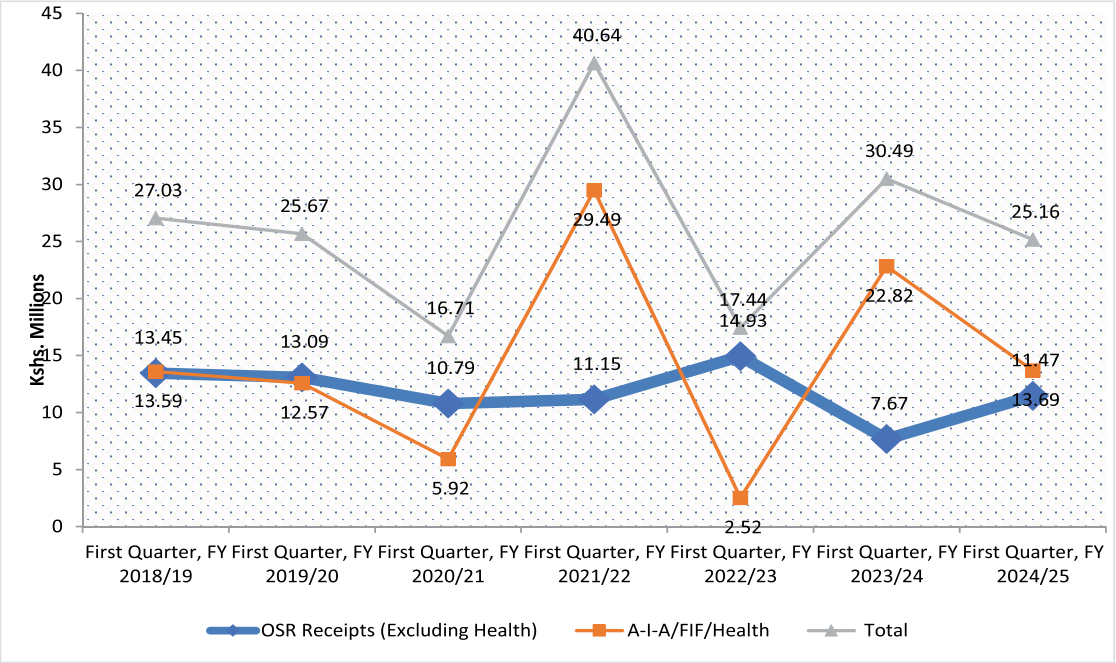
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	KDSP (Level 1)	37,500,000	-	-
	KDSP (Level 1 Grant) B/F-Recurrent	3,300,000	-	-
	WASH - Health & Water- DIG DEEP	80,000,000	-	-
	Kenya Water, Sanitation and Hygiene (K-WASH) Program	197,903,000	-	-
	Nutritional International	15,000,000	7,500,000	50
	HSSF DANIDA	20,056,500	-	-
	IDA Kenya/Climate Change Resilience Invest (CCRI) - Bal C/F	65,063,344	65,063,344	100
	Balance c/f County Contribution to FloCCA	60,000,000	-	-
	IDA Kenya/Climate Change Resilience Invest (CCRI)KfW	85,000,000	-	-
	IDA Kenya/Climate Change Resilience Invest (CCRI)	130,126,688	-	-
	IDA Kenya/Climate Change Institutional Support (CCIS)	11,000,000	11,000,000	100
	Fertiliser Subsidy Program	131,684,382	-	-
	Agriculture Sector Development Support Programme (ASDSP)	1,716,655	-	-
	Livestock Value Chain Support Project - GRANTS	57,294,720	-	-
	IDA World Bank-Value Chain NAVCDP	151,515,152	-	-
Subtotal		**1,347,626,700**	**83,563,344**	**6**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	280,032,929	11,465,592	4
	Facility Improvement Fund (FIF)	175,718,000	13,690,566	8
Subtotal		**455,750,929**	**25,156,158**	**6**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	725,624,018	736,215,350.80	101
Sub Total		**725,624,018**	**736,215,350.80**	**101**
Grand Total		**9,780,129,877**	**1,438,058,398.80**	**15**

Source: *Bomet County Treasury*

The County has yet to finalise the approval process for the governing legislation to operationalise the Facility Improvement Fund (FIF).

Figure 5 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 5: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

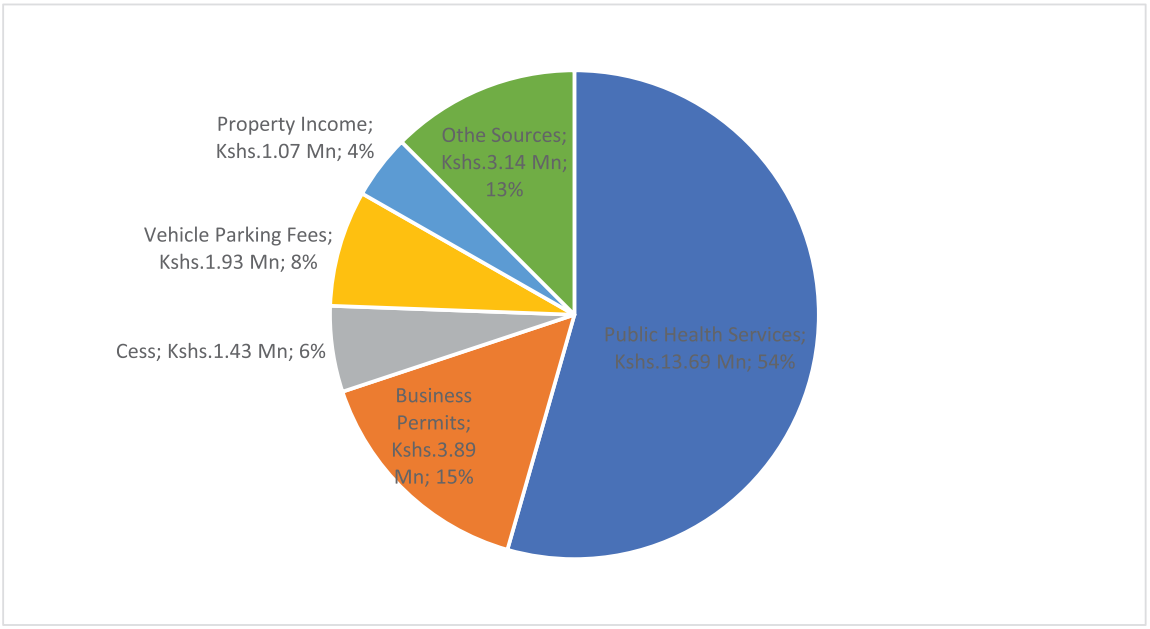


Source: *Bomet County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.25.16 million from its revenue sources, including FIF. This amount was a decrease of 17.5 per cent compared to Kshs.30.49 million realised in a similar period in FY 2023/24, which was 6 per cent of the annual target and 4.2 per cent of the equitable revenue share disbursed. The decrease in the County Own Source Revenue was attributed to the delayed disbursement of the NHIF remittances.

The revenue streams which contributed the highest OSR receipts are shown in Figure 6.

Figure 6: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Bomet County Treasury

The highest revenue stream, Kshs.13.69 million, was from Public Health Services, which contributed 54 per cent of the total OSR receipts during the reporting period.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.831.21 million from the CRF account during the reporting period, which comprised Kshs.74.66 million (9 per cent) for development programmes and Kshs.756.55 million (91 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.606.71 million was released towards employee compensation and Kshs.149.84 million for operations and maintenance expenditure.

As of 30 September, 2024, the County Government's cash balance in the CRF account was Kshs.601.29 million.

3.2.4 County Expenditure Review

The County spent Kshs.826.54 million on development and recurrent programmes in the reporting period. This expenditure represented 99.4 per cent of the total funds released by the CoB and comprised Kshs.74.66 million and Kshs.751.88 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.3 per cent, while recurrent expenditure represented 11.5 per cent of the annual recurrent expenditure budget.

3.2.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.11 billion as of 30 June 2024, comprising pending payments by the County Executive of Kshs.1.02 billion and Kshs 83.71 million for the County Assembly.

The county executive's pending bills consist of Kshs.193.12 million for recurrent expenditures and Kshs.830.77 million for development expenditures. In the reporting period, the county executive settled pending bills amounting to Kshs.90.2 million, which consisted of Kshs.15.54 million for recurrent expenditure and Kshs.74.66 million for development programmes. The County Assembly settled pending bills worth Kshs.3.24 million. Therefore, the outstanding bills were Kshs.1.02 billion as of 30 September 2024.

3.2.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.590.75 million on employee compensation, Kshs.67.41 million on operations and maintenance, and Kshs.74.66 million on development activities. Similarly, the County Assembly spent Kshs.69.8 million on employee compensation and Kshs.23.92 million on operations and maintenance, as shown in Table 3.8.

Table 3.8: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,745,862,285**	**798,458,555**	**658,158,716**	**93,721,551**	**11**	**12**
Compensation to Employees	3,491,268,219	400,387,231	590,747,235	69,799,372	17	17
Operations and Maintenance	2,254,594,066	398,071,324	67,411,481	23,922,179	3.	6
Development Expenditure	2,984,985,019	250,824,018	74,655,131	0	3	0
Total	**8,730,847,304**	**1,049,282,573**	**732,813,847**	**93,721,551**	**8**	**9**

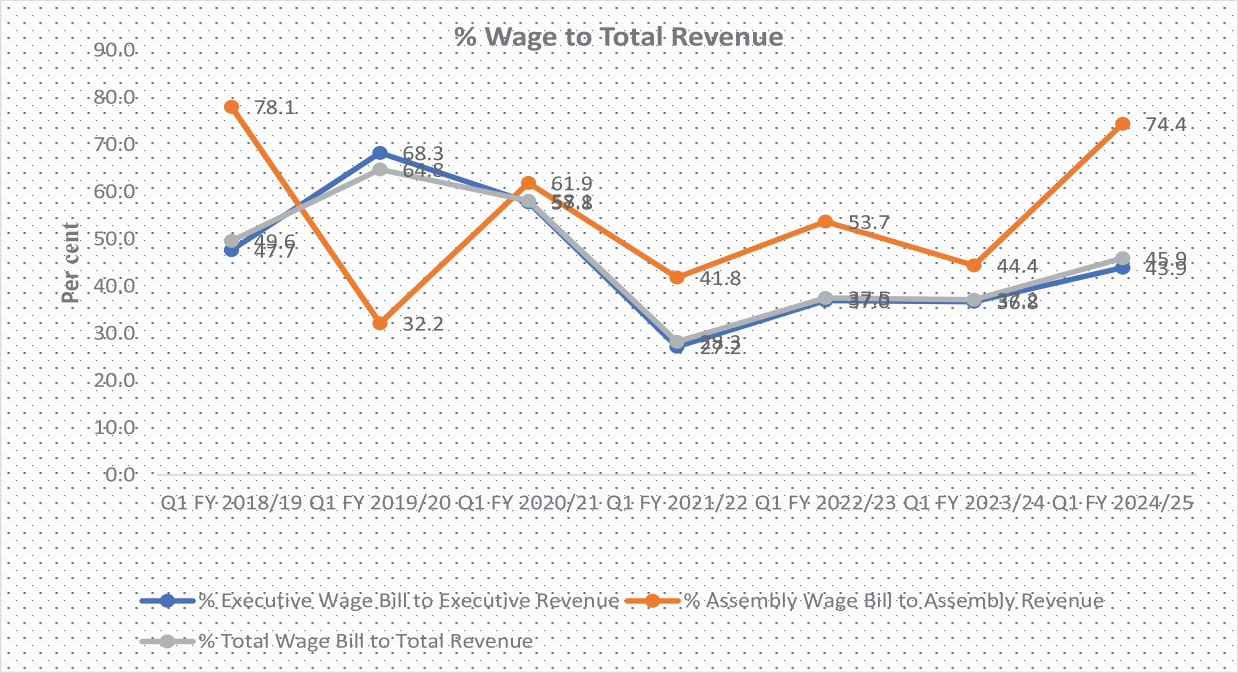
***Source**: Bomet County Treasury and Bomet County Assembly*

3.2.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.660.55 million, or 45.9 per cent of the available revenue of Kshs.1.44 billion. This expenditure represented a decrease from Kshs.909.93 million reported in a similar period in FY 2023/24. The wage bill included Kshs.291.83 million paid to the health sector employees, translating to 44.2 per cent of the total wage bill.

Figure 7 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 7: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Bomet County Treasury and Bomet County Assembly

Further analysis indicates that PE costs amounting to Kshs.633.47 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.27.08 million was processed through manual payrolls. The manual payrolls accounted for 4.1 per cent of the total PE cost.

The County Assembly spent Kshs.4.51 million on committee sitting allowances for the 38 MCAs and the Speaker against the annual budget allocation of Kshs.30.94 million. The average monthly sitting allowance was Kshs.38,565 per MCA. The County Assembly had 21 House committees.

3.2.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.130 million to county-established funds in FY 2024/25, or 1.3 per cent of the County's overall budget. Further, the County allocated Kshs.2 million to cater for Emergencies (0.02 per cent of the total budget) contrary to Section 110 of the PFM Act, 2012.

Table 3.9 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.9: Table 3.9: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25(Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Bursary Fund	130,000,000	-	-	478,585,040	Yes
	Car and Mortgage	0	-	-	124,813,880	Yes
	County Assembly Established Funds					
	Car and Mortgage	-	-	-	461,000,000	Yes
	Total	**130,000,000**	-	-	**1,064,398,920**	

Source: *Bomet County Treasury and Bomet County Assembly*

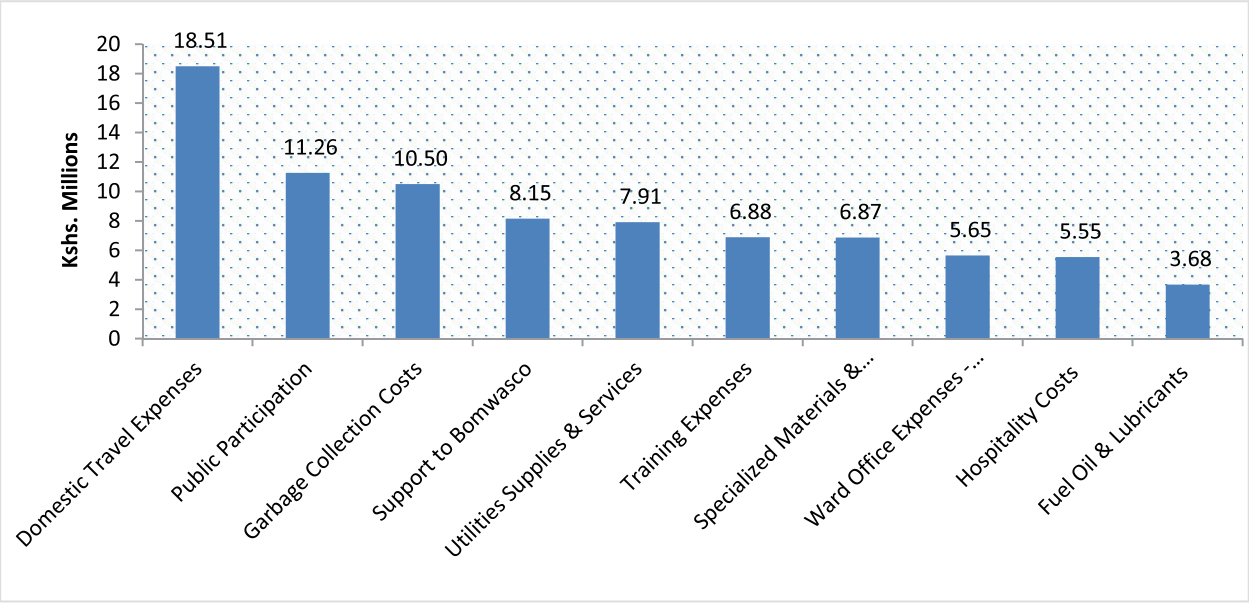
During the reporting period, the CoB received quarterly financial returns from Fund's Administrators as indicated in Table 3.9, as per the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.2.9 Expenditure on Operations and Maintenance

Figure 8 summarises the Operations and Maintenance expenditure by major categories.

Figure 8: Bomet County, Operations and Maintenance Expenditure by Major Categories



Source: *Bomet County Treasury and Bomet County Assembly*

Expenditure on domestic travel amounted to Kshs.18.51 million and comprised Kshs.11.84 million spent by the County Assembly and Kshs.6.66 million by the County Executive. Expenditure on foreign travel amounted to Kshs.992,663 by the County Executive. Spending on foreign travel is summarised in Table 3.10

Table 3.10: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	8th September-17th September 2024	Meeting on Pyrethrum Revival	United Kingdom	992,663

Source: *Bomet County Treasury*

The operations and maintenance costs include an expenditure of Kshs.10.5 million on garbage collection.

3.2.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.13.69 million as FIF, which was 8 per cent of the annual target of Kshs.175.72 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The expenditure on the health facilities amounted to Kshs.13.69, as shown in the table below;-

Table 3.11: Breakdown of expenditure by Health Facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Longisa County Hospital	90,000,000	8,641,149	10
	Sigor Sub-County Hospital	15,100,000	1,335,518	9
	Cheptalal Hospital	16,300,000	1,151,165	7
	Ndanai Dispensary	22,600,000	1,691,633	7
	Kapkoros Health centre	10,700,000	221,973	2
	Siongiroi Health Centre	2,300,000	47,784	2
	Other Health Facilities	18,718,000	601,344	3
	Total	**175,718,000**	**13,690,566**	**8**

Source: *Bomet County Treasury*

The Health Facility with the highest absorption rate was Longisa County Hospital at 10 per cent.

3.2.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.74.66 million on development programmes, representing a decrease of 82.4 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.423.35 million. Table 3.12 summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Education, Vocational Training, Youth & Sports	Construction of ECDE Classrooms	Murwongoi, Judea, Kimogoro, Nyamarenda - Chelelachbei, Silibwet, Kapkoitim and Tulwap Kipngerechi	16,291,422	16,291,422	100
2	Education, Vocational Training, Youth & Sports	Supply of ECDE learning materials	Countywide	1,855,806	1,855,806	100
3	Water Sanitation and Environment	Water Pipeline Extension	Tinet, Silibwet, Kapkwen-Kabisoge and Lugumek	10,897,432	10,897,432	100
4	Water Sanitation and Environment	Fencing of Tinet water pan in Kembu	Kembu	1,502,970	1,502,970	100
5	Water Sanitation and Environment	Desilting of Water Pans	Ndamichonik and Kipreres	4,947,550	4,947,550	100
6	Water Sanitation and Environment	Construction works for Mogombet water project rehabilitation of 50m	Mogombet	1,499,500	1,499,500	100
7	Water Sanitation and Environment	Rehabilitation of Sogoet Rising Main water project	Sogoet	1,129,500	1,129,500	100
8	Roads, Public Works and Transport	Routine Road Maintenance	Kagawet Ngocho road, Kaptebengwet Chebutusto road, Ntimama-Sigor tarmac, Arap -Mwei-Kinyose road, KCC - Chebilat road, Mengichik - Ilyo Road, Chemsa -Chemisigut road, Togomin primary road, Kapjack - Cheurit road and Masindoni - Lutan - Chepwosuiyet road	36,010,951	36,010,951	100

Source: *Bomet County Treasury*

3.2.12 Budget Performance by Department

Table 3.13 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

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

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration and Public Service	2,540.55	56	317.62	-	317.42	-	100	-	12	-
Finance, Economic Planning & ICT	260.29	240	19.02	-	19.01	-	100	-	7	-
Lands, Housing and Urban Planning	184.02	131.40	10.50	-	10.50	-	100	-	6	-
Gender, Culture and Social Services	45.65	6.97	1.70	-	1.70	-	100	-	4	-
Medical Services and Public Health	2,222.51	165	296.86	-	296.86	-	100	-	13	-
Agriculture, Livestock and Co-operatives	36.57	510.01	-	-	-	-	-	-	-	-
Water Sanitation and Environment	133.79	889.99	16.10	20.50	11.66	20.50	72	100	9	2
Education, Vocational Training, Youth & Sports	235.32	280.62	-	18.15	-	18.15	-	100	-	6
Roads, Public Works and Transport	75.79	646.19	1	36.01	1	36.01	100	100	1	6
Trade, Energy, Tourism and Industry	11.37	58.80	-	-	-	-	-	-	-	-
County Assembly	798.46	250.82	93.75	-	93.72	-	100	-	12	-
Total	**6,544.32**	**3,235.81**	**756.55**	**74.66**	**751.88**	**74.66**	**99**	**100**	**11**	**2**

***Source**: Bomet County Treasury and Bomet County Assembly*

Analysis of department expenditure shows that the Department of Education, Vocational Training, Youth & Sports recorded the highest absorption rate of development budget at 6.5 per cent, followed by the Department of Roads, Public Works and Transport at 5.6 per cent. The Department of Medical Services and Public Health had the highest percentage of recurrent expenditure to budget at 13.4 per cent, followed by the Department of Administration and Public Service at 12.7 per cent.

3.2.13 Budget Execution by Programmes and Sub-Programmes

Table 3.14 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

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

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 September, 2024 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Public Service							
Administration and Public Service	County Executive	173,180,072	-	15,509,327	-	9	0
	County PSB	23,798,200	-	1,891,700	-	8	0
	Administration/Governance	129,816,291	56,000,000	1,000,000	-	1	0
	Public Service	2,213,752,795	-	299,017,656	-	14	0
	Sub-Total	**2,540,547,358**	**56,000,000**	**317,418,683**	-	**12**	**0**
Finance, Economic Planning and ICT							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 September, 2024 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Finance	Financial Management Services	134,885,173	59,000,000	14,293,419	-	11	0
	Sub-Total	**134,885,173**	**59,000,000**	**14,293,419**	**-**	**11**	**0**
Economic Planning	Administration	59,187,995	170,000,000	4,670,400	-	8	0
	Budget Preparation & Management	7,200,000	-	-	-	0	0
	Monitoring & Evaluation Services	6,548,574	-	-	-	0	0
	Planning & Statistics	22,800,000	-	-	-	0	0
	Sub-Total	**95,736,569**	**170,000,000**	**4,670,400**	**-**	**5**	**0**
ICT	Administration	29,670,000	11,000,000	49,700	-	0	0
	Sub-Total	**29,670,000**	**11,000,000**	**49,700**	**-**	**0**	**0**
Lands, Housing and Urban Planning							
Lands, Housing and Urban Planning	Lands	16,676,000	52,000,000		-	0	0
	Urban Management	78,460,000	44,620,000	10,500,000	-	13	0
	Housing Development	3,466,000	7,000,000	-	-	0	0
	Municipality	85,420,000	27,778,289	-	-	0	0
	Sub-Total	**184,022,000**	**131,398,289**	**10,500,000**	**-**	**6**	**0**
Gender, Culture and Social Services							
Gender and Culture	Policy Development and Administrative Services	45,651,628	6,973,556	1,700,000	-	4	0
	Sub-Total	**45,651,628**	**6,973,556**	**1,700,000**	**-**	**4**	**0**
Medical Services and Public Health							
Medical Services and Public Health	Administration, Planning and Support Services	1,463,397,433	-	291,894,479	-	20	0
	Policy Development	-	-	-	-	0	0
	Health Care Financing – Transfers to Health Facilities	184,726,421	-	-	-	0	0
	Curative Services	256,287,510	-	4,967,953	-	2	0
	Preventive and Promotive Services	308,100,782	-	-	-	0	0
	Reproductive Health Services	10,000,000	-	-	-	0	0
	Health Infrastructure Development		165,000,000	-	-	0	0
	Sub-Total	**2,222,512,146**	**165,000,000**	**296,862,432**	**-**	**13**	**0**
Agriculture, Livestock and Co-operatives							
Agriculture	Administration	16,040,000	-	-	-	0	0
	Crop Management	-	309,116,189	-	-	0	0
	Food & Nutrition Security	-	46,600,000	-	-	0	0
	Sub-Total	**16,040,000**	**355,716,189**	**-**	**-**	**0**	**0**
Livestock, Fisheries & Veterinary Services	Livestock Development	-	57,394,720	-	-	0	0
	Fisheries Development	-	300,000	-	-	0	0
	Veterinary Services	-	44,000,000	-	-	0	0
	Sub-Total	**-**	**101,694,720**	**-**	**-**	**0**	**0**
Co-operative & Enterprise Development	Administration	20,530,000	52,600,000	-	-	0	0
	Sub-Total	**20,530,000**	**52,600,000**	**-**	**-**	**0**	**0**
Water Sanitation and Environment							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 September, 2024 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Water and Irrigation	Administration	77,073,100		11,664,082		15	0
	Development of Water Supply for Domestic and Commercial purposes		487,770,853		20,496,952	0	4
	Sub-Total	**77,073,100**	**487,770,853**	**11,664,082**	**20,496,952**	**15**	**4**
Waste Water management	Waste Water management		5,000,000			0	0
	Sub-Total	-	**5,000,000**	-	-	**0**	0
Environment & Natural resources	Administration	56,716,742				0	0
	Environmental and Natural Resources Protection and Conservation	-	397,223,290	-	-	0	0
	Sub-Total	**56,716,742**	**397,223,290**	-	-	**0**	**0**
Education and Vocational Training							
Education and Vocational Training	Policy Planning & General Administration	206,614,159	-	-	-	0	0
	Early Childhood Development and Education	-	272,622,911	-	18,147,228	0	7
	Youths & Sports	28,706,245	8,000,000	-	-	0	0
	Sub-Total	**235,320,404**	**280,622,911**	-	**18,147,228**	**0**	**6**
Roads, Public Works and Transport							
Roads, Public Works and Transport	Policy Planning and Administrative Services	75,792,165	500,000	1,000,000	-	1	0
	Roads Construction & Maintenance	-	537,685,211	-	36,010,951	0	7
	Development and Maintenance of other Public works	-	105,000,000	-	-	0	0
	County Transport Infrastructure	-	3,000,000	-	-	0	0
	Sub-Total	**75,792,165**	**646,185,211**	**1,000,000**	**36,010,951**	**1**	**6**
Trade, Energy, Tourism and Industry							
Trade, Energy, Tourism and Industry	Administration	11,365,000	-	-	-	0	0
	Trade Development	-	25,800,000	-	-	0	0
	Energy Development	-	27,500,000	-	-	0	0
	Tourism Development	-	2,000,000	-	-	0	0
	Industry	-	2,000,000	-	-	0	0
	Investment	-	1,500,000	-	-	0	0
	Sub-Total	**11,365,000**	**58,800,000**	-	-	**0**	**0**
The County Assembly							
County Assembly	General Administration, Human Resources and Administrative Services	349,495,416	250,824,018	63,360,152	-	18	0
	Legislative Services	332,812,584	-	7,348,561	-	2	**0**
	Oversight and Representation	116,150,555	-	23,012,838	-	20	**0**
	Sub-Total	**798,458,555**	**250,824,018**	**93,721,551**	-	**12**	**0**
Grand Total		**6,544,320,840**	**3,235,809,037**	**751,880,267**	**74,655,131**	**11**	**2**

***Source**: Bomet County Treasury and Bomet County Assembly*

Based on absorption rates, the programmes with the highest implementation levels were Oversight and Representation in the County Assembly, at 20 per cent; Water and Irrigation in the Department of Water Sanitation and Environment, at 15 per cent; Medical Services and Public Health, at 13 per cent; and Administration and Public Service, at 12 per cent of budget allocation.

3.2.14 Accounts Operated in Commercial Banks

The County government operated 17 accounts with commercial banks, of which 5 were for the County Assembly.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.2.15 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.25.16 million against an annual target of Kshs.455.75 million, representing 6 per cent of the yearly target.
2. High pending bills amounted to Kshs.1.02 billion as of 30 September 2024.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.27.08 million were processed through manual payroll, accounting for 4.1 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.3. County Government of Bungoma

3.3.1 Overview of FY 2024/25 Budget

The Bungoma County approved FY 2024/25 budget is Kshs.15.59 billion. It comprised of Kshs.4.97 billion (32 per cent) and Kshs.10.62 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.56 billion (11.1 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.76 billion and a recurrent budget of Kshs.9.27. billion. The increase in the county government budget was attributed to the rise in the County's own source revenue projection and equitable share of revenue raised nationally.

The Bungoma County Government budget will be financed from different sources. The County Governments expect to receive Kshs.11.54 billion (74 per cent) as the equitable share of revenue raised nationally, Kshs.1.79 billion as additional allocations, and generate Kshs.2.25 million (14.5 per cent) as gross own source revenue. The own-source revenue includes Kshs.1.06 billion (47.1 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.1.19 billion (52.9 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is provided in Table 3.15.

3.3.2 Revenue Performance

In the first quarter of FY 2024/25, Bungoma County received Kshs.2.06 billion to fund recurrent and development activities, comprising an equitable share of revenue raised nationally of Kshs.944.52 million, additional allocations from the national government and development partners of Kshs.26.55 million, own source revenue (OSR) collection of Kshs. 64.10 million. In addition, the County had a cash balance of Kshs. 898.96 million from FY 2023/24T. This opening balance includes Kshs.888.96 million from the June disbursement of the equitable share of revenue, which was released in July 2024.

Analysis of the total OSR of Kshs.189.28 million indicates that the amount includes Facilities Improvement Financing (FIF) of Kshs.125.18 million as FIF, a cash balance of Kshs. 1.84 billion from FY 2023/24 and Kshs.64.10 million as ordinary OSR. Table 1 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

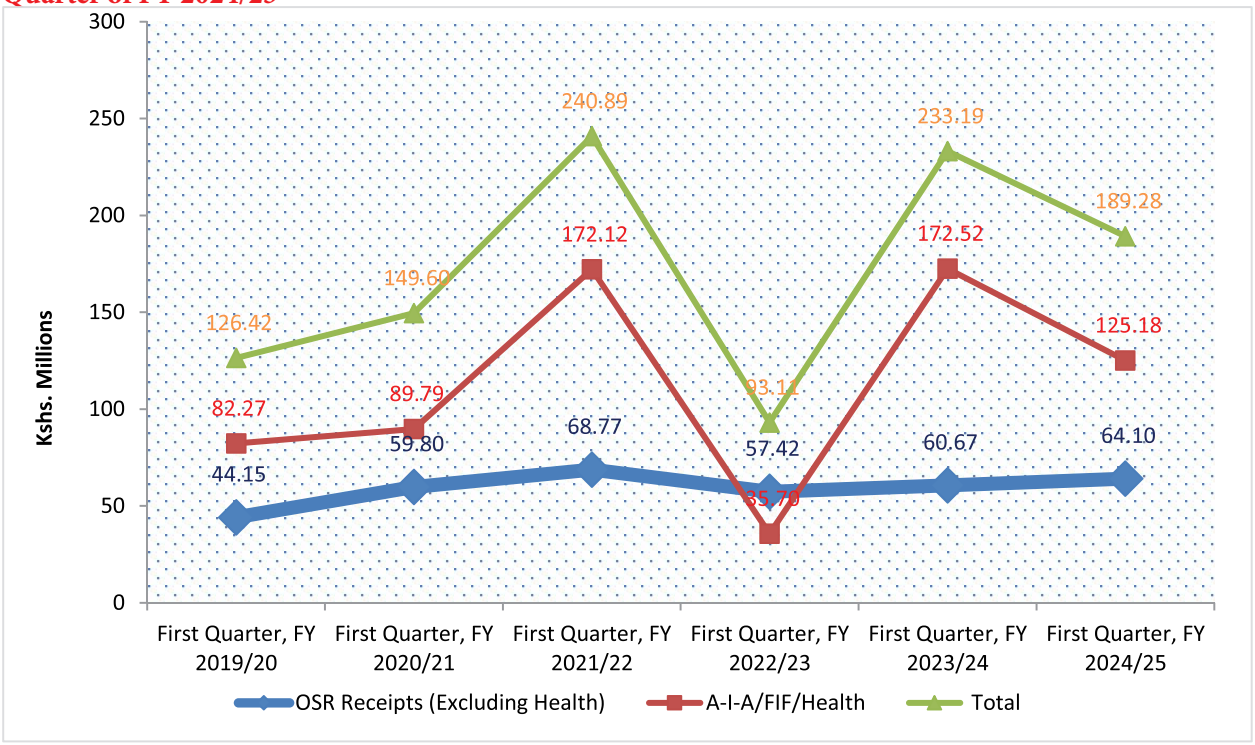
Table 3.15: Bungoma County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	11,543,041,769	944,518,607	8
Sub Total		**11,543,041,769**	**944,518,607**	**8**
B	**Additional Allocations**			
1	SHIF Reimbursement	105,600,000		0
2	UNFPA	7,400,000		0
3	Community Health Promoters	107,400,000		0
4	Rural Electrification and Renewable Energy Corporation (REREC)	45,000,000		0
5	Kenya Livestock Commercialization Project (KELCLOP)	37,950,000	15,554,305	41
6	Fuel Levy Fund	184,554,999		0
7	UNICEF	1,571,000		0
8	Danish International Development Agency (DANIDA)	13,698,750		0
9	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152		0
10	County Secretary: Kenya Devolution Support Programme- Level 1	37,500,000		0
11	Urban Support Programme(Development)	100,434,139		0
12	Urban Support Programme (Recurrent)	35,000,000		0
13	KISP II (Kenya Informal Settlement Improvement Project)	297,400,190		0
14	Finance Locally Led Climate Action Program(FLLOCA)- Water	11,000,000	11,000,000	100
15	Climate change grant	153,488,888		0
16	Water and Natural Resources I) WATER KOICA	500,000,000		0
Sub-Total		**1,789,513,118**	**26,554,305**	**1**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,193,245,420	64,096,714	5
2	Balance b/f from FY2023/24	0	898,958,689	0
3	Facility Improvement Fund (FIF)	1,063,647,395	125,188,060	12
4	Other Revenues	0	0	0
5	Appropriation in Aid (AIA)	0	0	0
Sub Total		2,256,892,815	1,088,243,463	48
Grand Total		**15,589,447,702**	**2,059,316,375**	**13**

Source: *Bungoma County Treasury*

Figure 9 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 9: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25

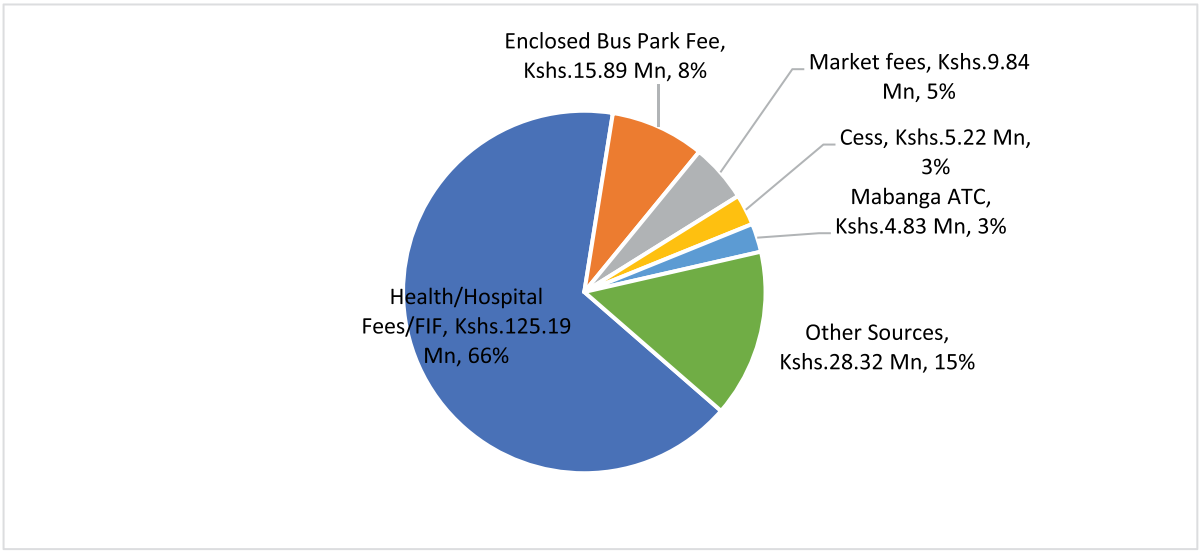


Source: *Bungoma County Treasury*

In the first quarter of FY 2024/25, the County generated a total of Kshs.189.28 million from its revenue sources, including FIF and AIA. This amount decreased by 23.2 per cent compared to Kshs.233.19 million realised in a similar period in FY 2023/24. It was 8.4 per cent of the annual target and 1.6 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 10.

Figure 10: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Bungoma County Treasury

The highest revenue stream of Kshs.125.18 million was from FIF, which contributed 66 per cent of the total OSR receipts during the reporting period.

3.3.3 Borrowing by the County

The County Government borrowed Kshs 595.12 million from commercial, the County Executive (Kshs.509.28 million), and the County Assembly (Kshs.85.84 million) to support its operations. As of 30 September 2024, the County had a short-term arrangement with the Kenya Commercial Bank, Bungoma Branch, to facilitate salary payments and avoid delays in paying salaries.

3.3.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.84 billion from the CRF account comprised Kshs.108.08 million (6 per cent) for development programmes and Kshs.1.74 billion (94 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.48 billion was released towards Employee Compensation and Kshs.149.35 million for Operations and Maintenance expenditure.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs. 955.40 million.

3.3.5 County Expenditure Review

The County spent Kshs.1.01 billion on development and recurrent programmes in the reporting period. The expenditure represented 7 per cent of the total funds released by the CoB and comprised of Kshs. 89.43 million and Kshs.1.01 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2 per cent, while recurrent expenditure represented 10 per cent of the annual recurrent expenditure budget.

3.3.6 Settlement of Pending Bills

The county government reported pending bills amounting to Kshs 2.60 billion as of 30 June 2024. This is comprised of pending expenses by the County Executive of Kshs.2.57 billion and Kshs 31.97 million for the County Assembly.

The County Executive's pending bills amount to Kshs.1.84 billion for recurrent expenditures and Kshs.725.97 million for development expenditures. In the first quarter of FY 2024/25, the County Executive settled pending bills amounting to Kshs.1.01 billion for recurrent spending. The County Assembly paid Kshs.4.81 million to settle recurrent pending bills. Hence, the outstanding bills were Kshs.1.58 billion as of 30 September 2024.

3.3.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.758.94 Million on employee compensation, Kshs.29.58 million on operations and maintenance, and Kshs.89.40 million on development activities. Similarly, the County Assembly spent Kshs.107.13 million on employee compensation and Kshs.110.03 million on operations and maintenance, as shown in Table 3.16.

Table 3.16: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,454,136,600	1,166,950,433	788,524,148	217,155,567	8	19
Compensation to Employees	6,326,673,271	505,377,748	758,940,514	107,129,555	12	21
Operations and Maintenance	3,127,463,329	661,572,685	29,583,634	110,026,012	0.9	17
Development Expenditure	4,778,360,669	190,000,000	89,430,384	-	**2**	0
Total	**14,232,497,269**	**1,356,950,433**	**877,954,532**	**217,155,567**	**6**	**16**

***Source**: Bungoma County Treasury*

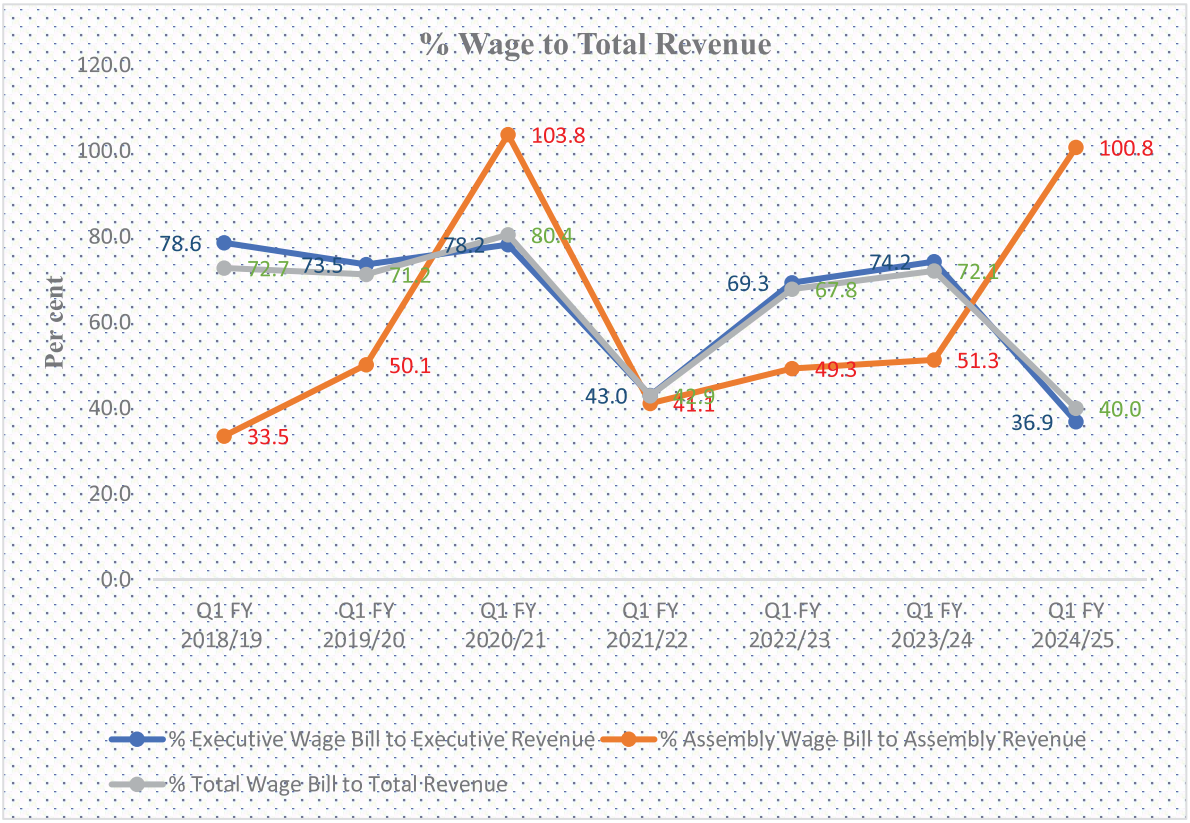
3.3.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.866.07 million, or 43 per cent of the available revenue, which amounted to Kshs.2.03 billion. This expenditure represented a decrease

from Kshs.1.49 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.431.02 million paid to health sector employees, translating to 7 per cent of the total wage bill.

Figure 11 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 11: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Bungoma County Treasury

Further analysis indicates that PE costs amounting to Kshs.857.40 million were processed through the Integrated Personnel and Payroll Database (IPPD) system. In contrast, Kshs.8.67 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost.

The County Assembly spent Kshs.9.95 million on committee sitting allowances for the 63 MCAs against the annual budget allocation of Kshs.28.18 million. The average monthly sitting allowance was Kshs.52,622 per MCA. The County Assembly has established 24 Committees.

3.3.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.395 million to county-established funds in FY 2024/25, constituting 2.6 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (0.6 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.17 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.17: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
1	County Executive Established Funds					
2	Trade Loan	30,000,000		1,061,525	129,190,287	Yes
3	Education Support Scheme	255,000,000		193,337,762	1,864,000,000	Yes
4	Disability Fund	5,000,000			7,535,256	Yes
5	Youth and Women Fund	5,000,000			75,414,500	Yes
6	Emergency Fund	100,000,000		1,191		Yes
7	County Assembly Established Funds					
8	Members Car Loan and Mortgage Fund			638,639	314,616,924	Yes
9	Employees Car Loan and Mortgage Fund			1,464,314	255,071,946	Yes
	Total	**395,000,000**		**196,503,431**	**2,645,828,913**	

Source: *Bungoma County Treasury*

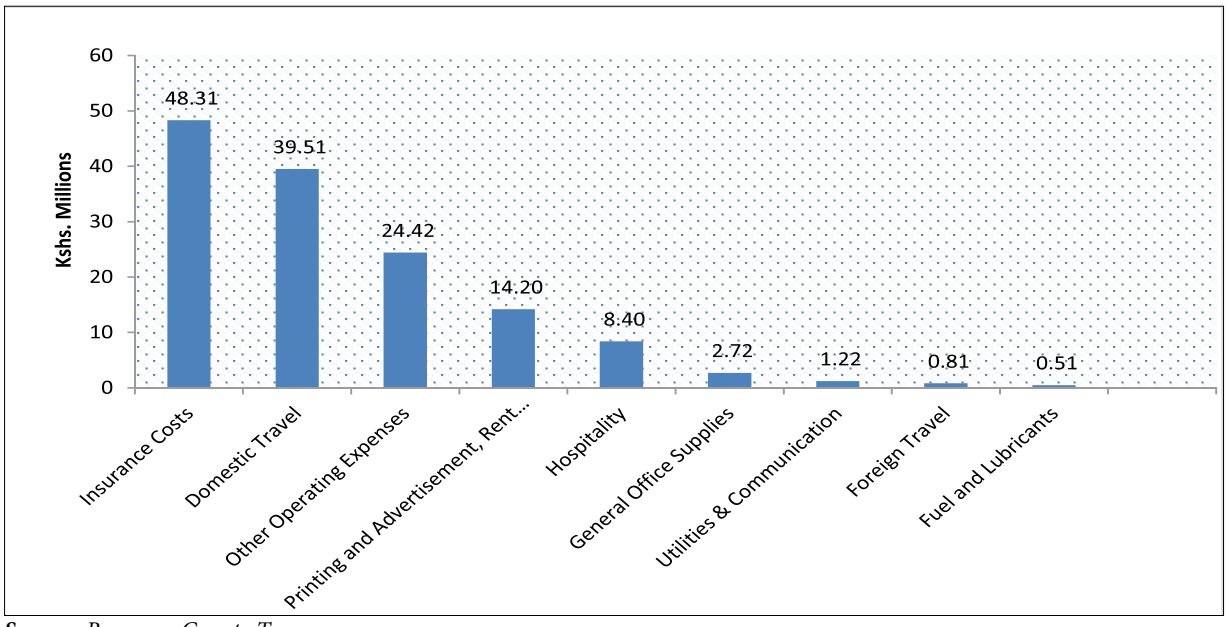
During the reporting period, the CoB did receive quarterly financial returns from the Fund Administrators of Trade Loan, Youth and Women, disability, Education support Scmene, Members car loan and Mortgage, Employees Car loan and mortgage funds, as indicated in Table 3.17, as per the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

The County Government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.3.10 Expenditure on Operations and Maintenance

Figure 12 summarises the Operations and Maintenance expenditure by major categories.

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



Source: *Bungoma County Treasury*

Expenditure on domestic travel amounted to Kshs.39.51 million and comprised Kshs.29.91 million spent by the County Assembly and Kshs.9.60 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.81 million by the County Assembly. Expenditure on foreign travel is summarised in Table 3.18

Table 3.18: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	23rd to 28th July 2024	Attendance of the 1st Africa Health Summit.	Ghana	313,705
County Assembly	5	25th to 27th September 2024	Attendance of the East African Law Society Construction Law Conference and FIDIC Conditions of Contract Workshop.	Rwanda	492,850

Source: Bungoma County Treasury and Bungoma County Assembly

The operations and maintenance costs include an expenditure of Kshs.28.89 million on garbage collection.

3.3.11 Facility Improvement Financing

During the period under review, the County reported collection of Kshs.125.18 million as FIF, which was 13 per cent of the annual target of Kshs.956.25 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities provided a report on the utilisation of the FIF during the reporting period.

The expenditure by the health facilities amounted to Kshs.125.18, as shown in Table 3.19

Table 3.19: Breakdown of Expenditure by Health Facilities in the First Quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1	Bungoma Referral Hospital	375,328,308	56,318,645	16.0
2	Webuye County Hospital	356,313,803	39,317,784	8.0
3	Kimilili Sub County Hospital	34,719,019	8,157,821	29.1
4	Naitiri Sub County Hospital	29,537,736	3,073,661	10.0
5	Chwele Sub County Hospital	26,494,123	2,910,176	19.3
6	Mt. Elgon Sub County Hospital	21,555,383	2,663,915	12.0
7	Cheptais Sub County Hospital	30,936,198	3,646,385	12.1
8	Bokoli Sub County Hospital	12,706,253	1,171,518	11.8
9	Bumula Sub County Hospital	21,225,958	2,795,851	14.3
10	Sirisia Sub County Hospital	39,973,313	4,722,504	14.5
11	Sinoko Sub County Hospital	7,458,313	409,800	9.2
Total		**956,248,407**	**125,188,060**	**13.0**

Source: *Bungoma County Treasury*

The health facility with the highest absorption rate was Kimilili Sub County Hospital, which was 29.1 per cent of the budget.

3.3.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported an expenditure of Kshs.89.43 million on development programmes, representing an increase of 88 per cent compared to a similar period in FY 2023/24 when the County spent Kshs.10.39 million. Table 3.20 summarises development projects with the highest expenditure in the reporting period.

Table 3.20: Bungoma County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture, Livestock, Fisheries and Co-operative Development	Kenya Livestock Commerliazation Project (KeLCoP)	Musikoma, Bukembe East, Kaptama and Naitiri/Kabuyefwe	37,950,000	15,554,305	
2	Tourism, Forestry, Environment, Water and Natural Resources	Climate Change Reliance Investment Grant	45 Wards	153,488,888	11,860,386	
3	Tourism, Forestry, Environment, Water and Natural Resources	Garbage Collection	45 Wards	336,000,000	28,889,623	8.6

Source: *Bungoma County Treasury*

3.3.13 Budget Performance by Department

Table 3.21 summarises departments' approved budget allocation, expenditure and absorption rate in the first three months of FY 2024/25.

Table 3.21: Bungoma County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-Operative Development	383.6	677.8	53.4	15.6	25.3		47.5	-	6.6	-
Tourism, Forestry, Environment, Water and Natural Resources	142.7	1253.5	14.4	39.9	11.8	40.8	71.2	102.2	7.6	7.2
Roads and Public works	129.1	1,226.70	14.2		6.9		48.2	-	5.3	-
Education, Science and ICT	1,470.50	161.2	317.9		95		29.9	-	6.5	-
Health and Sanitation	4,285.70	156.8	654		431.2	5,527.70	65.9	-	10.1	-
Trade, Energy and Industrialisation	88.6	328.4	5.4	52.6	2.6	48.7	47.6	92.5	2.9	14.8
Gender, Culture, Youth and Sports	98.1	77	10.4		4.7		45.7	-	4.8	-
Land, Urban and Physical Planning	53.4	125.6	5.6		2.2		39.9	-	4.2	-
Bungoma Municipality	55.9	427.3	3.7		1.7		45.3	-	3	-
Kimilili Municipality	42.7	99.1	2.9		1.3		45.1	-	3	-
Housing	52.7	59.2	1.7		1		56.5	-	1.9	-
Finance and Planning	1,139.40	155.7	123.7		89.5		72.3	-	7.9	-
County Public Service	49.9	16	2.8		1.7		61.2	-	3.4	-
Governors	700.7	14.2	67.1		43.7		65.1	-	6.2	-
D/Governors Office	61.6	190					-	-	-	-
Public Administration	699.5		104.9		70		66.7	-	10	-
County Assembly	1,167		82.16		217.2		264.3	-	18.6	-
Total	**10,621.10**	**4,968.40**	**1,464.30**	**108.1**	**1,005.70**	**89.4**	**68.7**	**82.7**	**9.5**	**1.8**

Source*: Bungoma County Treasury*

Analysis of department expenditures shows that the Department of Trade recorded the highest absorption rate of the development budget, at 15 per cent, followed by the Department of Tourism, at 7 per cent. County Assembly had the highest percentage of recurrent expenditures to budget, at 19 per cent, while the Department of Housing had the lowest, at 2 per cent.

The absorption of funds above the approved exchequers was due to some funds carried forward from the 2023/24 financial year in special purpose accounts for additional allocations in the Department of Tourism, Forestry, Environment, Water and Natural Resources. The County Assembly had overcommitted funds in the system.

3.3.14 Budget Execution by Programmes and Sub-Programmes

Table 3.22 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.22: Bungoma County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Agriculture, Livestock, Fisheries and Co-Operative Development							
Programme 1: General Administration, planning and support services		**364,277,441**	-	**25,334,219**	-	7.0	-
	S. P 1.1 Human Resource Management and Development	344,655,196	-	24,834,594	-	7.2	-
	SP 1.2 Administrative and Support Services	8,922,245	-	499,625	-	5.6	-
	SP 1.4 Sector Coordination	1,000,000	-	-	-	0.0	-
	SP 1.5 Planning and Financial Management	2,000,000	-	-	-	0.0	-
	SP 1.6 Monitoring, Evaluation, Communication, Learning and Reporting	1,800,000	-	-	-	0.0	-
	SP 1.7 Weather information	1,500,000	-	-	-	0.0	-
	SP 1.8 Leadership and Governance	1,000,000	-	-	-	0.0	-
	SP 1.10 International, National and County Celebrations	2,000,000	-	-	-	0.0	-
	SP 1.11 Sub-County Administrative Costs	1,400,000	-	-	-	0.0	-
Programme 2: Crop Development and Management		**1,700,000**	**580,695,152**	-	-	0.0	0.0
	Crop Extension and Training Services	1,200,000	-	-	-	0.0	-
	Crop Production and Productivity (Food, Industrial and Horticultural Crops)	-	326,000,000	-	-	-	0.0
	Agricultural Value Addition and Agro Processing	-	10,000,000	-	-	-	0.0
	Food Safety	500,000	-	-	-	0.0	
	Agribusiness, Marketing and Information Management		6,000,000	-	-	-	0.0
	National Agricultural Value Chain Development Programme (NAVCDP)/ NARIGP	-	151,515,152	-	-	-	0.0
	Co-Funding NAVCDP&NARIGP	-	5,000,000	-	-	-	0.0
	Ward Based Projects	-	82,180,000	-	-	-	0.0

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Programme 3: Irrigation and Drainage Development and Management		**250,000**	**12,500,000**	-	-	0.0	0.0
	Household Irrigation Technologies	250,000		-	-	0.0	-
	Agricultural Water Storage and Management	-	12,500,000	-	-	-	0.0
Programme 4: Livestock Development and Management		**10,500,000**	**57,143,050**	-	**15,554,305**	0.0	27.2
	Livestock and Veterinary Extension and Training Services	3,000,000	-	-	-	0.0	-
	Food Safety and Quality control	7,500,000	4,342,672	-	-	0.0	0.0
	Pending Bill	-	6,350,378	-	-	-	0.0
	Disease and Vector Control	-	5,000,000	-	-	-	0.0
	Animal Breeding	-	3,500,000	-	-	-	0.0
	Kenya Livestock Commercialization Project (KeLCoP)		37,950,000		15,554,305		41.0
Programme 5: Fisheries Development and Management		**350,000**	**4,700,000**	-	-	0.0	0.0
	Fisheries Extension and Training Services	350,000	-	-	-	0.0	-
	Fisheries Production and Productivity	-	4,700,000	-	-	-	0.0
Programme 6: Agricultural Institutions Development and Management		-	**14,907,100**	-	-	-	0.0
	Development and Management of Mabanga Agricultural Training Centre (ATC)	-	3,619,600	-	-	-	0.0
	Development and Management of Mabanga Agricultural Mechanization Centre (AMC)	-	3,287,500	-	-	-	0.0
	Development and Management of Chwele Fish Farm (CFF)	-	8,000,000	-	-	-	0.0
Programme 7: Cooperatives Development and Management	-	**6,500,000**	**7,825,079**	-	-	0.0	0.0
	Cooperative Governance, Advisory and Training Services	4,500,000	-	-	-	0.0	-
	Pending Bills	-	3,825,079	-	-	-	0.0
	Cooperative Infrastructural/ Financial Support Services	-	4,000,000	-	-	-	0.0
	Cooperative Audit Services	2,000,000	-	-	-	0.0	
Sub Total		**383,577,441**	**677,770,381**	**25,334,219**	**15,554,305**	**6.6**	**2.3**
Public Administration							
Programme 1: General Administration, Planning and Support Services		**570,284,296**	-	**69,713,427**	-	12.2	
	SP 1: Administration Services	70,031,635	-	50,000	-	0.1	
	SP 2: Human Resource Management and Development	223,073,211	-	69,663,427	-	31.2	
	SP 3: Security and Cleaning Services	67,179,450	-	-	-	0.0	
	SP 4: Medical Insurance	200,000,000	-	-	-	0.0	
	SP 5: Information Communication Technology	10,000,000	-	-	-	0.0	
Programme 2: Stakeholder Engagement, Civic Education and Outreach Services	-	**18,000,000**	-	-	-	0.0	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	SP 1: Civic Education	7,000,000	-	-	-	0.0	-
	SP 2: Public Participation	1,000,000	-	-	-	0.0	-
	SP 3: Commemoration of National Events	10,000,000	-	-	-	0.0	-
Programme 3: Service Delivery and Organisational Transformation		**37,500,000**	**14,191,092**	-	-	0.0	0.0
	Sp3.1Service Delivery and Organizational Transformation	-	14,191,092	-	-		0.0
	Sp3.2 Kenya Devolution Support Programme	37,500,000	-			0.0	-
Sub Total		**625,784,296**	**14,191,092**	**69,713,427**	-	11.1	0.0
Office of the County Secretary and Head Of Public Service							
General Administration, Planning and Support Services	SP 1: Administration services	52,832,404	-	275,600	-	0.5	-
Pending bills for legal Dues/Fees, Arbitration and Compensation Payments	Legal Dues	20,868,444	-	-	-	0.0	-
Sub Total		**73,700,848**	-	**275,600**	-	0.4	-
Governor's and Deputy Governor's							
Programme 1: General Administration, Planning and Support Services		**661,800,252**	-	**43,688,764**	-	6.6	-
	SP1.1:Employee Compensation	531,452,303		42,540,363		8.0	-
	SP 2: Administrative Costs	130,347,949	-	1,148,401	-	0.9	-
Programme 2: Governance and Public Relations		**100,500,828**	-	-	-	0.0	-
	SP 1: County Strategic Management	32,857,599	-	-	-	0.0	-
	SP 2: Leadership and Governance	26,595,728	-	-	-	0.0	-
	SP 6: Special Programme	41,047,501	-	-	-	0.0	-
Sub Total		**762,301,080**	-	**43,688,764**	-	5.7	-
Health and Sanitation							
PROGRAMME 1: General Administration Planning and Support Services		**3,032,940,320**	**146,320,159**	**431,159,629**	-	14.2	0.0
	SP 1. 1 Health Administrative and Support Services	153,366,917		137,600		0.1	-
	SP 1. 2. Leadership and Governance.	7,735,361	-	-	-	0.0	-
	SP 1. 6 Human Resource Management	2,871,838,042	-	431,022,029	-	15.0	-
	SP 1. 7 Infrastructural Development	-	146,320,159	-	-	-	0.0
Programme 2: Preventive and Promotive		**1,252,783,364**	**10,429,894**	-	-	0.0	0.0
	SP 2.1 Communicable and Non-communicable Disease Control	20,000,000	-	-	-	0.0	-
	SP 2.2 Community Health Strategy	5,600,000	-	-	-	0.0	-
	SP 2.3 Health Promotion	3,000,000	-	-	-	0.0	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	SP 2.6 Reproductive, Maternal, Newborn, Child, and Adolescent Health.	5,000,000	-	-	-	0.0	-
	SP 2.7 Public Health and Sanitation		10,429,894	-	-	-	0.0
	Specialised Materials and Supplies	49,935,963	-	-	-	0.0	-
	Hospital Facilities	1,169,247,401	-	-	-	0.0	-
Sub Total		**4,285,723,684**	**156,750,053**	**431,159,629**	-	**10.1**	**0.0**
Roads and Public Works							
Programme 1: General Administration, Planning, and Support Services		**129,135,678**	-	**6,859,436**	-	5.3	-
	SP1.1: Human Resource Management	88,265,741	-	6,721,836	-	7.6	-
	SP1.3: Administration Services	29,107,726	-	137,600	-	0.5	-
	SP1.4: Financial Services, Planning and Stewardship	11,762,211	-	-	-	0.0	
Programme 2: Transport Infrastructure Development and Management		-	**1,226,748,613**	-	-		0.0
	SP2.1: Construction of Roads Bridges and Drainage Works	-	1,003,702,720	-	-	-	0.0
	SP2.3: Rehabilitation of Roads, Bridges and Drainage Works RMLF	-	184,554,999	-	-	-	0.0
	Pending Bill	-	38,490,894	-	-	-	0.0
Sub Total		**129,135,678**	**1,226,748,613**	**6,859,436**	-	**5.3**	**0.0**
Environment, Tourism and Climate Change							
Programme 1: General Administration Planning and Support Services		**45,166,837**	-	**2,872,708**	-	6.4	
	SP. Human Resources Management	39,864,336	-	2,872,708	-	7.2	-
	Sp. Planning and Support Services	5,302,501	-	-	-	0.0	-
Programme 2: Protection and Conservation of the Environment	-	-	**336,000,000**	-	**28,889,623**		8.5
	SP. Waste Management and Control	-	336,000,000	-	28,889,623	-	8.6
Programme3: Climate Change Coordination and Management		**22,000,000**	**233,488,888**	**5,240,145**	**11,860,386**	23.8	5.1
	Sp. Climate Change Resilience Investment Grant	-	153,488,888	-	11,860,386	-	7.7
	Sp. Climate Change Fund	-	80,000,000	-	-	-	0.0
	SP. Climate Change Institutional Support Grant	22,000,000	-	5,240,145	-	23.8	-
Sub Total		**67,166,837**	**569,488,888**	**8,112,853**	**40,750,009**	**12.1**	**7.1**
Water and Natural Resources							
Programme 1: General Administration Planning and Support Services		**55,513,691**	-	**3,668,945**	-	6.6	-
	SP. Human Resources Management	46,092,640	-	3,531,345	-	7.7	-
	Sp. Planning and Support Services	9,421,051	-	137,600	-	1.5	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Programme 2: Water and Sanitation Development and Management		**20,000,000**	**683,989,466**	-		0.0	0.0
	SP. Borehole Development	_	26,087,637	_	_	_	0.0
	SP. KOICA Counterpart Funding	20,000,000	-	-	-	0.0	
	KOICA Grant	_	500,000,000	-	-	-	0.0
	Ward Based Projects	_	144,100,000	-	-	-	0.0
	Pending Bills Water Projects		13,801,829	-	-	-	0.0
Sub Total		**75,513,691**	**683,989,466**	**3,668,945**	-	**4.9**	**0.0**
Finance and Economic Planning							
Programme 1: General Administration, Planning and Support Services		**947,123,564**	-	**80,321,166**	-	8.5	-
	SP: Human Resource Management and Development	803,372,744	-	68,964,821	-	8.6	-
	SP: Leadership and Governance	13,471,420	-	-	-	0.0	-
	SP: Administration Support Services	118,150,197	_	11,356,345	_	9.6	-
	SP: Staff Training and Development	12,129,203	-	-	-	0.0	-
Programme 2: County Planning Management	-	**76,290,656**	-	**3,023,640**	-	4.0	-
	SP: Economic Policy and County Planning Services	19,400,764	_	290,650	_	1.5	-
	SP: Budgeting	36,465,600		2,595,390		7.1	-
	SP: Monitoring and Evaluation	10,424,292	-	-	-	0.0	-
	SP: Statistics	10,000,000	_	137,600		1.4	-
Programme 3: County Financial Service Management	-	**91,665,812**	-	**4,212,435**	-	4.6	-
	SP: Revenue Mobilisation	40,192,006		1,393,235	_	3.5	-
	SP: Accounting Services	18,335,192	_	2,517,600	_	13.7	-
	SP: Audit Services	16,614,467	_	301,600	_	1.8	-
	SP: Supply Chain Services	16,524,147	_	_	_	0.0	
Programme 4: Service Delivery and Organisational Transformation		**24,290,307**	**155,718,949**	**1,922,025**	-	7.9	0.0
	SP: Special Coordination Unit	24,290,307	_	1,922,025	_	7.9	_
	SP: Emergency Fund	_	100,000,000	-	-	-	0.0
	ICT Development	_	37,467,365	-	-	-	0.0
	Health Management System		18,251,584	-	-	-	0.0
Sub Total		1,139,370,339	155,718,949	89,479,266	-	7.9	0.0
Education and Vocational Training							
Programme 1: General Administration, Planning and Support Services		**1,207,031,111**	-	223,713,073	-	18.5	_
	SP: Human Resource Management and Development	1,197,255,254	_	94,888,473	_	7.9	_
	SP: Administrative and Support Services	9,775,857	-	-	-	0.0	_
Programme 2: Education improvement support services		**255,000,000**	-	-	-	0.0	_
	SP: Bursary and Scholarship Support Program	225,000,000	_	128,824,600	_	57.3	_
	SP: School Feeding Initiative	30,000,000	-	-	-	0.0	

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Programme 3: Early Childhood Development Education		-	**121,150,000**	-	-		0.0
	SP: Educational Materials and Library Supplies	_	23,000,000	-	-	-	0.0
	SP: Infrastructure Development	_	98,150,000	-	-	-	0.0
Programme 4: Vocational Training and Development		**8,500,000**	**40,000,000**	-	-	0.0	0.0
	SP: Administration Support Services	8,500,000	-	-	-	0.0	_
	SP: Tuitions Support Initiative	_	15,000,000	-	-	-	0.0
	SP: Infrastructure Development	_	25,000,000	-	-	-	0.0
Sub Total		**1,470,531,111**	**161,150,000**	**223,713,073**	-	**15.2**	**0.0**
County Public Service Board							
Programme 1: General Administration, Planning and Support Services		**29,029,696**	**16,018,306**	**1,698,680**	-	5.9	0.0
	SP: Administrative Services	29,029,696		1,698,680	_	5.9	_
	SP: Infrastructure Development	_	16,018,306	-	-	-	0.0
Programme 2: Human Resource Management and Development		**15,103,417**	-	-	-	0.0	_
	SP: Personnel Remuneration	11,712,720	-	-	-	0.0	_
	SP: Human Resource Development	3,390,697	-	-	-	0.0	_
Programme 3: Governance and National Values		**5,777,011**	-	-	-	0.0	_
	SP: Quality Assurance	2,060,441	-	-	-	0.0	_
	SP: Ethics Governor's and National	3,716,570	-	-	-	0.0	_
Sub Total		**49,910,124**	**16,018,306**	**1,698,680**	-	**3.4**	**0.0**
Trade, Energy and Industrialisation							
Programme 1: General Administration, Planning and Support Services		**88,614,649**	-	**2,577,905**	-	2.9	_
	SP: Human Resource Development and Management	23,422,236	_	2,440,305	_	10.4	_
	SP: Administrative, Planning and Support Services	65,192,413	_	137,600	_	0.2	_
Programme 2: Trade and Enterprise Development		-	**30,000,000**	-	**8,680,375**	_	28.9
	SP: Business Loan		30,000,000		8,680,375		28.9
Programme 3: Market Infrastructure Development and Management		-	**153,384,331**	-	-	-	0.0
	SP 3.1. Market Infrastructure	_	80,000,000	-	-	-	0.0
	SP 3.2. Ward Based Projects	_	59,467,280	-	-	-	0.0
	SP 3.3. Supplier Credit	_	13,917,051	-	-	-	0.0
Programme 4: Energy Development and Management		-	**65,033,314**	-	-	-	0.0
	SP: Energy Access	_	20,033,314	-	-	-	0.0
	REREC	_	45,000,000	-	-	-	0.0
Programme 5: Industrial Investment and Development		-	**80,000,000**	-	**40,000,000**	_	50.0
	SP: Industrial Development	_	80,000,000	_	40,000,000	_	50.0
Sub Total		**88,614,649**	**328,417,645**	**2,577,905**	**48,680,375**	**2.9**	**14.8**
Gender and Culture							

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Programme 1: General Administration, Planning and Support Services		**68,620,355**	-	**3,729,027**	-	5.4	
	SP: Human Resource Development and Management	51,289,428	_	3,608,227	_	7.0	_
	SP: Administrative, Planning and Support Services	17,330,927	_	120,800	_	0.7	
Programme 2: Cultural Development and Management		**4,000,000**	**18,164,663**	-	-	0.0	0.0
	Communities Cultural Festivals	2,000,000	-	-	-	0.0	
	Liquor and Licensing Enforcement Exercise	2,000,000	-	-	-	0.0	
	Infrastructure Development	_	18,164,663	_	_	_	0.0
Programme 3: Gender Equality and Empowerment of Vulnerable Groups		**2,500,000**	**10,000,000**	-	-	0.0	0.0
	Gender and Disability Mainstreaming	2,500,000	-	-	-	0.0	
	Women Empowerment Fund	_	5,000,000	-	-	-	0.0
	Disability Empowerment Fund	_	5,000,000	-	-	-	0.0
Sub Total		**75,120,355**	**28,164,663**	**3,729,027**	-	**5.0**	**0.0**
Youth and Sports							
Programme 1: General Administration, Planning and Support Services		**23,007,518**	-	**1,003,789**	-	4.4	_
	SP: Human Resource Development and Management	13,151,163	_	864,089	_	6.6	_
	SP: Administrative, Planning and Support Services	9,856,355	_	139,700	_	1.4	_
Programme 2: Sports Facility Development and Management		-	**48,817,068**	-	-	-	0.0
	Infrastructure Development		48,817,068	-	-	-	0.0
Programme 3: Youth Talent Development and Management		-	-	-	-	-	_
	Youth Empowerment Fund		-	-	-	-	_
Sub Total		**23,007,518**	**48,817,068**	**1,003,789**	-	**4.4**	**0.0**
Lands, Urban and Physical Planning							
Programme 1: General Administration, Planning and Support Services		**53,375,232**	-	**2,247,053**	-	4.2	_
	SP: Human Resource Development and Management	33,253,927	_	2,111,953	_	6.4	_
	SP: Administrative, Planning and Support Services	20,121,305	_	135,100	_	0.7	_
Programme 2: Land Development and Management		-	**126,790,044**	-	-	-	0.0
	SP: Land Acquisition	_	95,000,000	-	-	-	0.0
	SP: Physical and Land Use Plans	_	2,269,231	-	-	-	0.0
	SP: Auction Ring	_	2,500,000	-	-	-	0.0
	Supplier Credit	_	1,220,813	-	-	-	0.0
	Ward Based Projects	_	25,800,000	-	-	-	0.0
Sub Total		**53,375,232**	**126,790,044**	**2,247,053**	-	**4.2**	**0.0**
Housing							
Programme 1: General Administration, Planning and Support Services		**52,655,527**	-	**974,852**	-	1.9	_
	SP: Human Resource Development and Management	11,414,925	_	839,752	_	7.4	_
	SP: Administrative, Planning and Support Services	3,740,602	_	135,100	_	3.6	_

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	KUSP UIG	37,500,000	-	-	-	0.0	
Programme 2: Housing Development and Human Settlement		-	**427,299,481**	-	-	-	0.0
	SP: Housing Infrastructural Development	_	129,899,311	-	-	-	0.0
	SP: Housing Financing Services	_	297,400,170	-	-	-	0.0
Sub Total		**52,655,527**	**427,299,481**	**974,852**	-	**1.9**	**0.0**
Bungoma Municipality							
Programme 1: General Administration, Planning and Support Services		**55,949,973**	-	**1,676,783**	-	3.0	_
	SP: Human Resource Development and Management	20,242,043	_	1,676,783	_	8.3	_
	SP: Administrative, Planning and Support Services	26,957,930	-	-	-	0.0	_
	KUSP UIG	8,750,000	-	-	-	0.0	_
Programme 2: Urban Land Use, Policy and Planning		-	**16,000,000**	-	-	-	0.0
	SP: Urban Land Planning	_	16,000,000	-	-	-	0.0
Programme 3: Urban Infrastructure Development and Management		-	**80,565,924**	-	-	-	0.0
	SP: Urban Transport and Infrastructure Development		80,565,924	-	-	-	0.0
Programme 4: Urban Environment, Health, Water, Culture and Human Social Services		-	**2,500,000**	-	-	-	0.0
	SP: Urban Environment and Public Health Services	_	2,500,000	-	-	-	0.0
Sub Total		**55,949,973**	**99,065,924**	**1,676,783**	-	3.0	0.0
Kimilili Municipality							
Programme 1: General Administration, Planning and Support Services		**42,698,217**	-	**1,297,847**	-	3.0	
	SP: Human Resource Development and Management	16,317,362		1,297,847		8.0	
	SP: Administrative, Planning and Support Services	17,630,855	-	-	-	0.0	-
	KUSP UIG	8,750,000	-	-	-	0.0	
Programme 2: Urban Infrastructure Development and Management		-	**57,980,097**	-	-		0.0
	SP: Infrastructure, Housing and Public Works	-	57,980,097	-	-	-	0.0
Sub Total		**42,698,217**	**57,980,097**	**1,297,847**	-	**3.0**	**0.0**
Grand Total		**9,454,136,600**	**4,778,360,670**	**917,211,148**	**89,430,384**	**9.7**	**2.2**
County Assembly							
Programme 1: Legislation, oversight and representation	SP 1.1 Legislative Services	9,486,000	_	1,308,480	_	13.8	_
	SP 1.2 Oversight Services	133,174,590	_	26,815,291	_	20.1	_
	SP 1.3 Representation Services	7,305,000	_	1,057,414	_	14.5	_
Programme 2: General Administration, Planning and Support Services	SP 2.1 Human Resource Management and Development	681,606,228	_	140,149,328	_	20.6	_
	SP 2.2 ICT and Public Communication Services	17,800,000	-	-	-	0.0	
	SP 2.3 Management and Periodic Evaluation on Emerging Policy and Development	86,263,112	_	15,855,581	_	18.4	_
	SP.2.4 Infrastructural Development	25,606,433	190,000,000	157,500	_	0.0	_

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	SP 2.5 Workplace Efficiency and Productivity	205,709,070		31,811,973	-	15.5	-
Sub Total		**1,166,950,433**	**190,000,000**	**217,155,567**	**-**	**19.5**	**-**
Grand Total		**10,621,087,033**	**4,968,360,670**	**1,134,366,715**	**89,430,384**	**10.7**	**2.1**

***Source**: Bungoma County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Kenya Livestock Commerliazation Project (KeLCoP) in the Department of Agriculture, Livestock, Fisheries and Co-Operative Development At 41 per cent, Human Resource Development in the Department of Public Administration at 31.2 per cent, Climate Change Institutional Support Grant in the Department of Tourism, Forestry, Environment, Water and Natural Resources at 23.8 per cent, and Human Resource Development in the Department of County Assembly at 20.6 per cent of budget allocation.

3.3.15 Accounts Operated in Commercial Banks

The County government operated 300 accounts with commercial banks, 145 of which were for sub-county hospitals, 14 for level four and five hospitals, and 115 for tertiary institutions.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.3.16 Key Observations and Recommendations

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

1. Own-source revenue underperformed at Kshs.64.09 million against an annual target of Kshs.1.19 billion, representing 5.4 per cent of the yearly target.
2. The County Treasury failed to appropriate the unspent cash balance from the previous financial year, which amounted to Kshs.1.84 billion.
3. High level of pending bills which amounted to Kshs.1.58 billion as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
4. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for County Assembly, Level 4 and 5 Hospitals, Funds, Fund Accounts, Local Revenues, Vocational Training, Municipalities, Health Facilities and Dispensaries.
5. Low expenditure on development activities, which accounted for 8.1 per cent of total expenditure

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The County Treasury should prepare a Supplementary budget to appropriate the unspent cash balances from the previous financial year.*
3. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*
5. *The County should prioritise expenditure on development programmes to ensure that development expenditure is within the legal provisions.*

3.4. County Government of Busia

3.4.1 Overview of FY 2024/25 Budget

The Busia County approved FY 2024/25 budget is Kshs.9.31 billion. It comprised Kshs.2.80 billion (30 per cent) and Kshs.6.51 billion (70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs. 0.89 billion (9 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.36 billion and a recurrent budget of Kshs.6.85 billion. The decrease in the County Government budget was attributed to the decline in balance forward from FY 2023/24

The Busia County Government budget will be financed from different sources of revenue. These include Kshs.7.76 billion (83 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.902.11 million as additional allocations (10 per cent) and Kshs.647.01 million (7 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.204.74 million (2 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.442.26 million (5 per cent) as ordinary own-source revenue. A breakdown of the additional allocations includes FLLoCA – Development grant Kshs.434.10 million, National Value Chain Development Program Kshs.250 million, Kenya Climate-Smart Agriculture Project Kshs.90 million, Kenya Devolution Support Program II Kshs.37.50 million, Kenya livestock commercialisation project Kshs.33.50 million, Agriculture business development project Kshs.22.59 million, FLLoCA – CCIS grant Kshs.11 million, DANIDA Kshs.10.97 million, Nutrition International Kshs.10 million and Agricultural sector development Kshs.2.45 million.

3.4.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.55 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.635.52 billion, and its own-source revenue (OSR) collection of Kshs. 61.58 billion. Additionally, the County had a balance b/f of Kshs. 804.45 billion from FY 2023/24. FY 2023/24 balance includes Kshs.581.04 million of the June 2024 equitable share disbursed in July 2024. The County had other revenues of Kshs.52.63 million.

Analysis of the total OSR collection of Kshs. 61.59 billion indicates that it included Facilities Improvement Financing (FIF) of Kshs. 23.24 million and Kshs.38.35 million as ordinary OSR. Table 3.23 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.23: Busia County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7, 764, 601, 080	635,424,750	8
Subtotal		**7, 764, 601, 080**	**635,424,750**	**8**
B	**Additional Allocations**			
	FLLoCA – Development grant	434, 101, 083	0	0
	National Value Chain Development Program	250, 000, 000	0	0
	Kenya Climate Smart Agriculture Project	90, 000, 000	0	0
	Kenya Devolution Support Program II	37, 500, 000	0	0
	Kenya livestock commercialisation project	33, 500, 000	0	0
	Agriculture business development project	22, 585, 000	0	0
	FLLoCA – CCIS grant	11, 000, 000	0	0

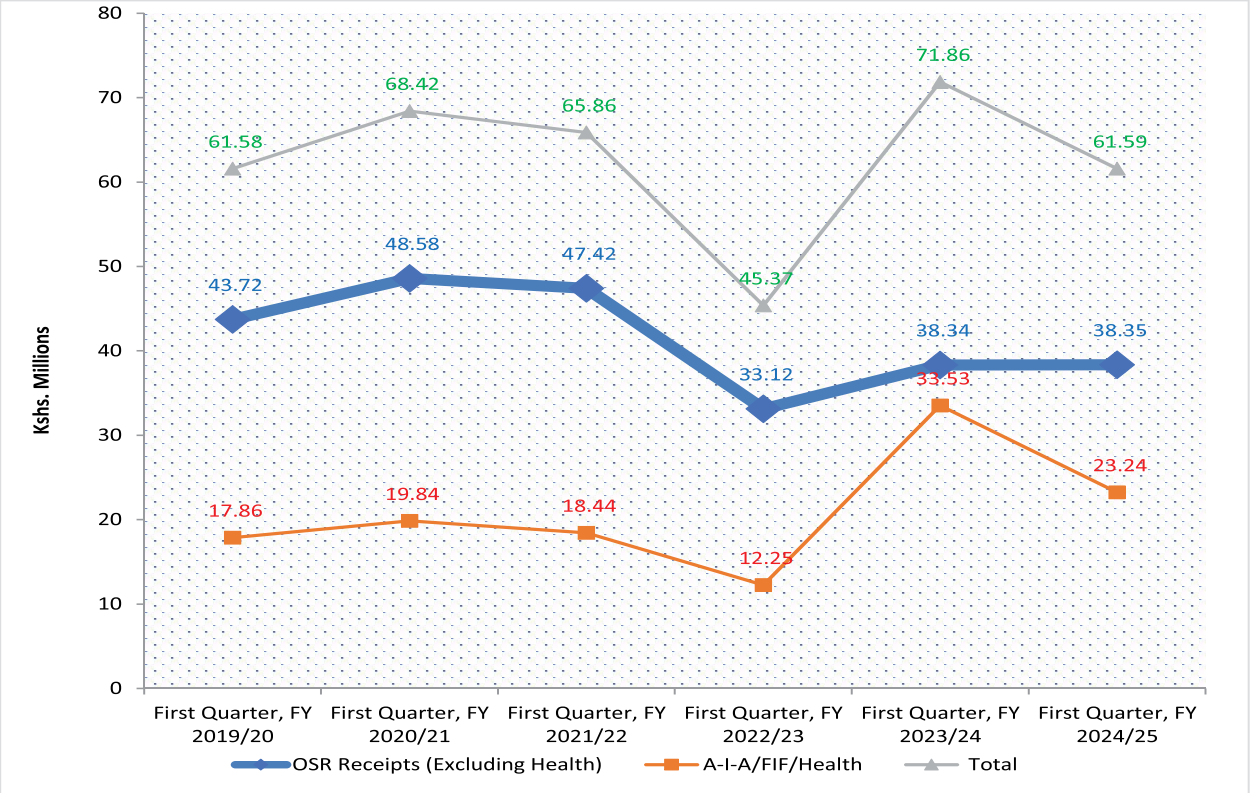
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	DANIDA	10, 972, 500	0	0
	Nutritional international	10, 000, 000	0	0
	Agricultural sector development support P.	2, 450, 905	0	0
Subtotal		**902, 110, 048**	**0**	**0**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	442, 262, 490	38, 348, 701	9
	Facility Improvement Fund (FIF)	204, 744, 506	23, 236, 638	11
Subtotal		**647, 006, 996**	**61, 585, 339**	**10**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	0	804, 449, 943	0
	Other Revenues (CAIP grant)	0	52, 631, 579	0
Sub Total		**0**	**857, 081, 522**	**0**
Grand Total		**9, 313, 718, 124**	**1,554,091,611**	**17**

Source: *Busia County Treasury*

The County has governing legislation on operating ordinary A-I-A and FIF.

Figure 13 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 13: Trend in Own-Source Revenue Collection from the FY 2018/19 to the FY 2024/25

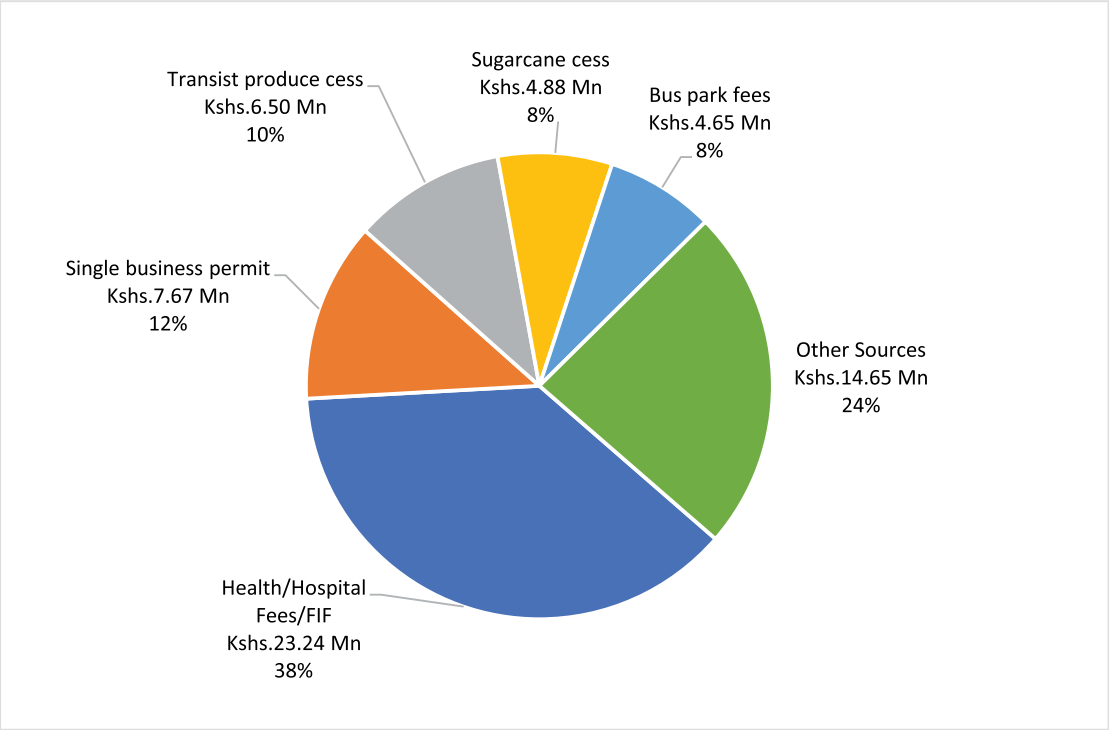


Source: *Busia County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.61.59 million from its revenue sources, including FIF. This amount was a decrease17 per cent decrease compared to Kshs.71.86 million realised in a similar period in FY 2023/24. It was 10 per cent of the annual target and 5 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 14.

Figure 14: Top Streams of Own Source Revenue in the First Quarter FY 2024/25.



Source: *Busia County Treasury*

The highest revenue stream, Kshs.23.24 million, was from health FIF, contributing 38 per cent of the total OSR receipts during the reporting period.

3.4.3 Borrowing by the County

The County government of Busia did not borrow any money during the reporting period, and it had no outstanding debt.

3.4.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.44 billion from the CRF account comprised Kshs.224.05 million (16 per cent) for development programmes and Kshs.1.21 billion (85 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.709.83 million was released towards employee compensation and Kshs.503.74 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 262 million.

3.4.5 County Expenditure Review

The County spent Kshs.1.72 billion on development and recurrent programmes in the reporting period. The expenditure represented 119 per cent of the total funds released by the CoB and comprised of Kshs.328.59 million and Kshs.1.39 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12 per cent, while recurrent expenditure represented 21.4 per cent of the annual recurrent expenditure budget.

3.4.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs 1.46 billion as of 30 June 2024, comprising pending payments by the County Executive of Kshs.1.42 billion and Kshs 40.3 million for the County Assembly.

The County Executive's pending bills consist of Kshs.1.31 billion for recurrent expenditures and Kshs. 110.36 million for development expenditures. In the reporting period, the County Executive settled pending bills

amounting to Kshs.63.6 million for development programmes. In contrast, the County Assembly settled pending bills worth Kshs.25 million for development pending bills. Therefore, the outstanding bills were Kshs.1.37 billion as of 30 September 2024.

3.4.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.645.77 million on employee compensation, Kshs.359.17 million on operations and maintenance, and Kshs.304.69 million on development activities. Similarly, the County Assembly spent Kshs.35.58 billion on employee compensation, Kshs.157.17 million on operations and maintenance, and Kshs.23.90 million on development activities, as shown in Table 3.24.

Table 3.24: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,618,822,449**	**891,698,127**	**1,004,937,169**	**192,752,961**	**18**	**22**
Compensation to Employees	3,351,399,770	451,425,104	645,765,210	35,581,376	19	8
Operations and Maintenance	2,267,422,679	440,273,023	359,171,959	157,171,585	16	36
Development Expenditure	**2,763,197,548**	**40,000,000**	**304,692,151**	**23,895,650**	**11**	**60**
Total	**8,382,019,997**	**931,698,127**	**1,309,629,320**	**216,648,611**	**16**	**23**

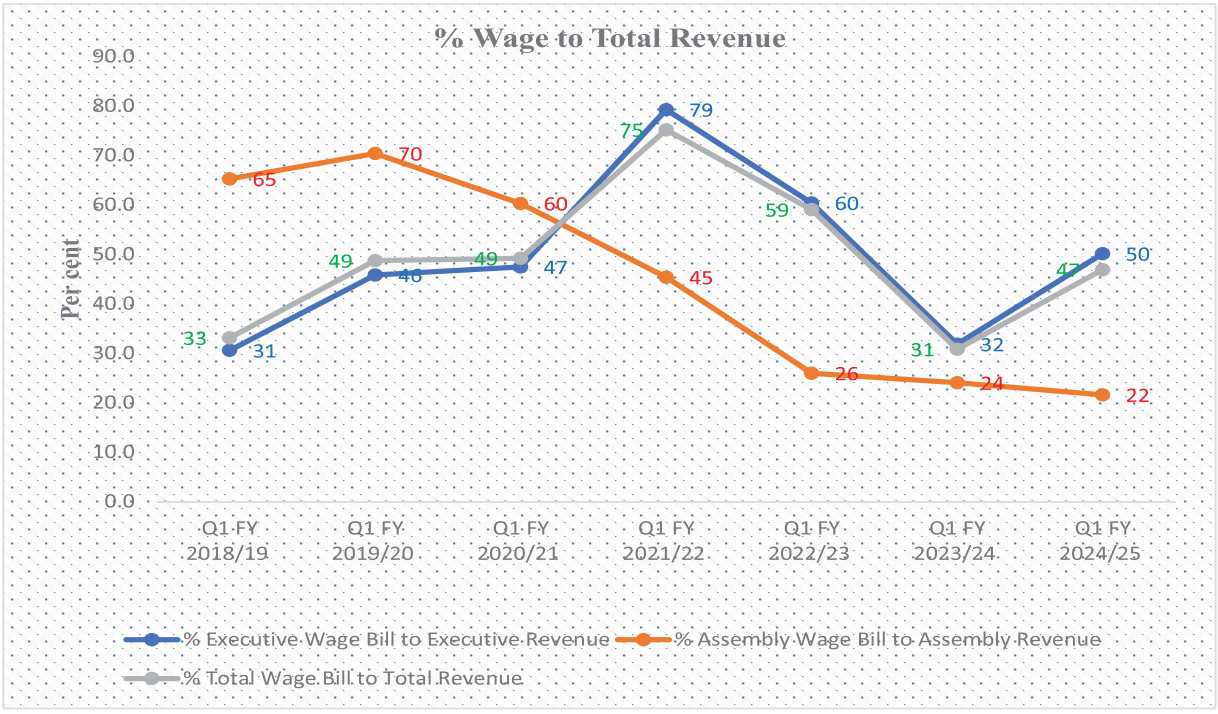
***Source**: Busia County Treasury*

3.4.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.681.35 million, or 46.9 per cent of the available revenue of Kshs.1.45 billion. This expenditure represented an increase of 5 per cent from Kshs.648.72 million reported in a similar period in FY 2023/24. The wage bill included Kshs.263.95 million paid to the health sector employees, translating to 39 per cent of the total wage bill.

Figure 15 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 15: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Busia County Treasury

Further analysis indicates that PE costs amounting to Kshs.612.96 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.68.39 million was processed through manual payrolls. The manual payrolls accounted for 10 per cent of the total PE cost.

The County Assembly spent Kshs.4.65 million on committee sitting allowances for the 53 MCAs and the speaker against the annual budget allocation of Kshs.14.78 million. The average monthly sitting allowance was Kshs.28,695.65 per MCA. The County Assembly had 18 House Committees.

3.4.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.219.80 million to county-established funds in FY 2024/25, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (0.2 per cent of the total budget).

Table 3.25 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.25: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Agriculture development fund	25, 000, 000	0	0	90, 000, 000	No
	Bursary and scholarships	136, 300, 000	0	70, 000, 000	117, 800, 000	No
	Co-operative Enterprise Fund	38, 500, 000	0	0	123, 005, 000	No
	County Executive Revolving Fund	0	0	0	222, 000, 000	No
	Emergency fund	20, 000, 000	0	0	35, 800, 000	No
	County Assembly Established Funds					
	County Assembly revolving fund	0	0	0	641, 249, 842	No
	Total	**219, 800, 000**	**0**	**0**	**1,229,854, 842**	

Source: *Busia County Treasury*

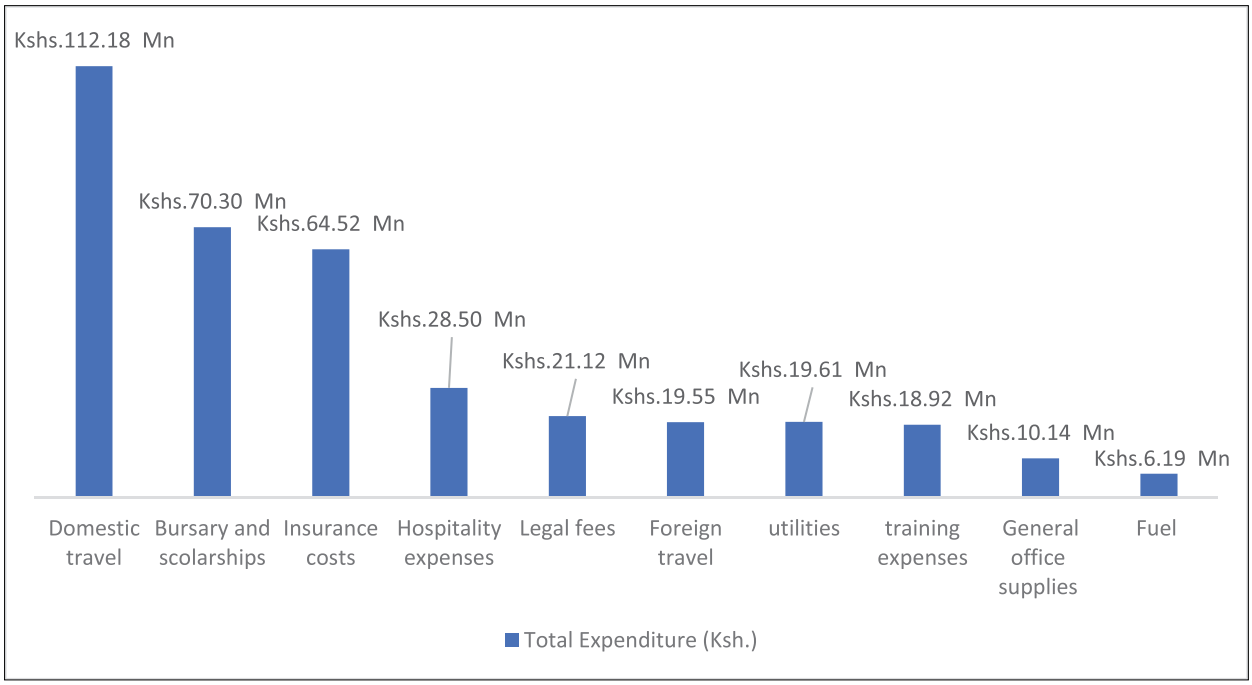
During the reporting period, the CoB did not receive quarterly financial reports from 6 Fund Administrators, as indicated in Table 3.25, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.4.10 Expenditure on Operations and Maintenance

Figure 16 summarises the Operations and Maintenance expenditure by major categories.

Figure 16: Busia County, Operations and Maintenance Expenditure by Major Categories



Source: *Busia County Treasury*

Expenditure on domestic travel amounted to Kshs.112.29 million and comprised Kshs.63.81 million spent by the County Assembly and Kshs.48.48 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.55 million and comprised Kshs.10 million by the County Assembly and Kshs.9.55 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.26

Table 3.26: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	14	22nd - 28th August 2024	A workshop on governance	Dubai	5, 992, 308
County Executive	6	13th to 21st October 2024	Rainwater harvesting	China	3, 075, 680
County Executive	3	22nd to 28th August 2024	Conference on HIV/AIDS	Ontario, Canada	1, 503, 397
County Executive	1	4th to 8th October 2024	12th World Urban Forum	Cairo, Egypt	634, 983
County Executive	1	22nd to 30th September 2024	79th UN General Assembly	New York, USA	685, 100
					11, 887, 468

Source: Busia County Treasury and Busia County Assembly

The operations and maintenance costs include an expenditure of Kshs.21.12 million on legal fees/dues, arbitration and compensation payments, and legal fees.

3.4.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.23.24 million as FIF, which was 11.3 per cent of the annual target of Kshs.204.74 million. The collected amount was remitted to CRF per the Facility Improvement Financing Act 2023. The County has developed regulations to operationalise the FIF Act of 2021.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

The expenditure by the health facilities amounted to Kshs.8, 159, 843 as shown in the Table 3.27

Table 3.27: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Busia Referral hospital	70, 048, 432	4, 487, 361	6
	Khunyangu Sub-County hospital	22, 681, 996	1, 133, 982	5
	Alupe Sub-County hospital	16, 595, 825	470, 000	3
	Sio port Sub-County hospital	8, 949, 532	202, 000	2
	Nambale Sub-County hospital	15, 103, 647	320, 000	2
	Port Victoria Sub-County Hospital	30, 368, 757	1, 000, 000	3
	Teso North Sub-County Hospital	16, 423, 794	524, 000	3
	Matayos SCH Headquarters	1, 789, 528	50, 000	3
	Lupida SCH Headquarters	1, 789, 528	50, 000	3
	Amukura SCH Headquarters	1, 789, 528	25, 000	1
	Bumala SCH Headquarters	1, 789, 528	50, 000	3
	Mukhobola SCH Headquarters	1, 789, 528	50, 000	3
	Angurai SCH Hospital	1, 789, 528	0	0
	Total	**190, 909, 151**	**8, 159, 843**	**4.3**

Source: *Busia County Treasury*

The Health Facility with the highest absorption rate was Busia Referral Hospital at 6 per cent.

3.4.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.328.59 million on development programmes, representing an increase of 204.3 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.107.98 million. Table 3.28 summarises the development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Purchase of land for ward offices	County wide	27, 703, 000	21, 772, 000	100
2	Health	Repair & re-installation works of oxygen plant	County referral hospital	4, 497, 900	4, 497, 900	80

Source: *Busia County Treasury*

3.4.13 Budget Performance by Department

Table 3.29 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.29: Busia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock	280.18	690.04	50.15	53.91	79.66	188.17	159	349	28	27

Department	Budget Allocation (Kshs. 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, cooperative, Tourism & Industry	83.36	109.62	18.5	54.13	1.26	54.29	6.8	100.3	2	50
Education & vocational training	721.34	114.04	132.78	0	190.69	0	144	0	26	-
Finance & economic planning	736.22	9	120.88	0	171.56	0	142	0	23	-
Youths, sports, culture, gender, arts	174.42	38.3	39.33	0	20.04	0	50.9	0	12	-
Transport, roads & Public works.	157.7	524.6	11.7	3	3.77	15.08	32.2	503.4	2	3
Public service management	581.27	-	71.98	-	123.06	-	171	-	21	-
Lands, housing & urban development	145.73	74.25	10.69	0	13.17	0	123	0	9	-
Water, environment, irrigation	136.13	786.05	14.14	81.32	9.56	33.07	67.6	40.7	7	4
Health and sanitation	2,051.87	378.3	483.05	6.7	289.86	14.08	60	210.2	14	4
Public service board	119.31	-	18.92	-	12.61	-	66.6	-	11	-
Office of the Governor	296.33	28	80.36	0	69.19	0	86.1	0	23	-
County Assembly	891.7	40	139.96	25	192.75	23.9	138	95.6	22	60
County Attorney	85.49	-	13.1	-	20.05	-	153	-	24	-
Strategic partnerships & digital econ	48.08	6	8.05	0	0.46	0	5.7	0	1	-
	6,510.72	**2,803.20**	**1,213.57**	**224.05**	**1,197.69**	**328.59**	**98.7**	**146.7**	**18**	**12**

***Source**: Busia County Treasury*

Analysis of department expenditure shows that the Department of County Assembly recorded the highest absorption rate of development budget at 60 per cent, followed by the Department of Trade, Investments Co-operatives at 50 per cent. The Department of Agriculture, livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 28 per cent, while the Department of Strategic Partnerships and Digital Economy had the lowest at 1 per cent.

3.4.14 Budget Execution by Programmes and Sub-Programmes

Table 3.30 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

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

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Smart agriculture							
Programme 1.		**281, 770, 906**	-	**79, 659, 254**	-		
General administration & support services	SP. 1. General administration & support services.	281, 770, 906	-	79, 659, 254	-	28	-
Programme 19.		-	**690, 036, 465**	-	**188, 167, 937**		
	SP. 1. Production Productivity & Probability	-	242, 100, 000	-	52, 423, 743	-	22
	SP. 2. Market development	-	32, 000, 000	-	-	-	-
	SP. 3. Farm resource organisation & manage	-	9, 000, 000	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	SP. 4. NAVCDP grant	-	250, 000, 000	-	75, 928, 739	-	30
	SP. 5. Kenya agriculture BDP grant	-	95, 000, 000	-	41, 587, 455	-	44
	SP. 6. Aquaculture business development prog	-	23, 436, 465	-	11, 372, 000	-	49
	SP. 7. Kenya livestock commercialisation prog	-	38, 500, 000	-	6, 856, 000	-	18
	Subtotal	**281, 770, 906**	**690, 036, 465**	**79, 659, 254**	**188, 167, 937**	**28**	
Department of Trade, Cooperatives, Tourism and Industry							
Programme 1. Policy General administration		**83, 356, 894**	**-**	**1, 255, 600**	**-**		
	SP. 1. General administration & support service	83, 356, 894	-	1, 255, 600	-	2	
Programme 10.		**-**	**56, 120, 000**	**-**	**34, 293, 610**		
	SP. 1. MSME promotion	-	3, 000, 000	-	-	-	
	SP. 2. Market modernisation & development	-	53, 120, 000	-	34, 293, 610	61	
Programme 11.		**-**	**5, 000, 000**	**-**	**-**	**-**	
	SP. 1. Weights and measures	-	5, 000, 000	-	-	-	
Programme 13		**-**	**48, 500, 000**	**-**	**20, 000, 000**		
	SP. 1. Cooperative development	-	48, 500, 000	-	20, 000, 000	41	
	Subtotal	**83, 356, 894**	**109, 620, 000**	**1, 255, 600**	**54, 293, 610**	**29**	
Department of Education and Vocational Training.							
Programme 1. General admin & support services		**721, 344, 017**	**-**	**190, 691, 229**	**-**		
	SP. 1. General administration & support service	721, 344, 017	-	190, 691, 229	-	26	
Programme 2. ECDE		**-**	**41, 640, 000**	**-**	**-**	**-**	
	SP. 4. ECDE Infrastructure development	-	33, 100, 000	-	-	-	
	SP. 5. ECDE learning materials	-	3, 540, 000	-	-	-	
	SP. 6. Inclusive education for disabled learners	-	5, 000, 000	-	-	-	
Programme 3.		**-**	**72, 400, 000**	**-**	**-**	**-**	
	SP. 2. VTCs infrastructure development	-	72, 400, 000	-	-	-	
	Sub-Total	**721, 344, 017**	**114, 040, 000**	**190, 691, 229**	**-**	**23**	
Department of Finance and Economic Planning							
Programme 1. General admin, policy & support services		**736, 223, 114**	**-**	**171, 561, 015**	**-**		
	SP. 1. General administration & support service	736, 223, 114	-	171, 561, 015	-	23	
Programme 2.		**-**	**5, 000, 000**	**-**	**-**	**-**	
	SP. 4. Resource mobilisation	-	5, 000, 000	-	-	-	

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 10.		-	**4, 000, 000**	-	-	-	
	SP. 1. Statistics	-	4, 000, 000	-	-	-	
	Sub-Total	**736, 223, 114**	**9, 000, 000**	**171, 561, 015**	-	**23**	
Department of youths, culture, Sports and social services							
Programme 1. General admin & support services		**174, 222, 448**	-	**20, 037, 506**	-	-	
	SP. 1. General administration & support service	174, 222, 448	-	20, 037, 506	-	12	
Programme 3.		-	**2, 000, 000**	-	-	-	
	SP. 1. Youth enterprise and empowerment	-	2, 000, 000	-	-	-	
Programme 4.		-	**30, 300, 000**	-	-	-	
	SP. 3 Sports promotion & infrastructure develop	-	30, 300, 000	-	-	-	
Programme 8.		-	**5, 000, 000**	-	-	-	
	SP. 2. Tourism promotion & development	-	5, 000, 000	-	-	-	
	Subtotal	**174, 222, 448**	**38, 300, 000**	**20, 037, 506**	-	**9**	
Department of Roads, Transport and Public Works.							
Programme 1. General admin & support services		**157, 697, 446**	-	**3, 769, 713**	-		
	SP. 1. General administration & support services	157, 697, 446	-	3, 769, 713	-	2	
Programme 3.		-	**5, 000, 000**	-	-		
	SP. 3. Alternative transport development	-	5, 000, 000	-	-	-	
Programme 9.		-	**514, 900, 000**	-	**15, 082, 822**		
	SP. 1. Road infrastructure development	-	514, 900, 000	-	15, 082, 822	3	
Programme 10.		-	**9, 700, 000**	-	-		
	SP. 2. Mechanical and fabrication workshop	-	9, 700, 000	-	-	-	
	Subtotal	**157, 697, 446**	**529, 600, 000**	**3, 769, 713**	**15, 082, 822**	**3**	
Department of Public Service Management.							
Programme 4. General admin & support services.		**581, 267, 482**	-	**123, 058, 635**	-		
	SP. 1. General administration & support service	581, 267, 482	-	123, 058, 635	-	21	
	Subtotal	**581, 267, 482**	-	**123, 058, 635**	-	**21**	
Department of Lands, housing and urban development.							
Programme 1.		**145, 734, 770**	-	**13, 169, 436**	-		
	SP. 1. General administration & support services	145, 734, 770	-	13, 169, 436	-	9	-
Programme 7.		-	**24, 000, 000**	-	-		
	SP. 2. Housing development	-	20, 000, 000	-	-	-	-
	SP. 3. Housing management	-	4, 000, 000	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 17.		-	**21, 750, 000**	-	-		
	SP. 2. Land use administration and management	-	21, 750, 000	-		-	-
Programme 18.		-	**28, 500, 000**	-	-		
	SP. 1. Urban management	-	21, 000, 000	-	-	-	-
	SP. 2. Urban infrastructure development & mgt	-	7, 500, 000	-	-	-	-
	Subtotal	**145, 734, 770**	**74, 250, 000**	**13, 169, 436**	-	**9**	-
Department of Water, Environment, Irrigation, Natural Resources and Climate Change.							
Programme 1.		**136, 125, 655**	-	**9, 562, 490**	-		
	SP. 1. General administration & support services	136, 125, 655	-	9, 562, 490	-	7	-
Programme 4.		-	**230, 950, 000**	-	**13, 461, 570**		
	SP. 3. Urban water infrastructure development	-	20, 000, 000	-	-	-	-
	SP. 4. Rural water infrastructure development	-	210, 950, 000	-	13, 461, 570	-	6
Programme 6.		-	**11, 600, 000**	-	-		
	SP. 2. Afforestation and Agro- forestation	-	5, 000, 000	-	-	-	-
	SP. 3. Catchment & watershed conservation	-	6, 600, 000	-	-	-	-
Programme 7.		-	**486, 101, 083**	-	**19, 604, 007**		
	SP. 1. Climate change mitigation & resilience	-	486, 101, 083	-	19, 604, 007	-	4
Programme 8.		-	**57, 400, 000**	-	-	-	
	SP. 1. Irrigation infrastructure development	-	5, 000, 000	-	-	-	-
	SP. 2. Irrigation farmer & institution support	-	2, 000, 000	-	-	-	-
	SP. 3. Renewable energy technology	-	13, 500, 000	-	-	-	-
	SP. 4. Rural electrification	-	36, 900, 000	-	-	-	-
	Subtotal	**136, 125, 655**	**786, 051, 083**	**9, 562, 490**	**33, 065, 577**	**6**	**5**
Department of Health Services.							
Programme 1.		**2,051,873,319**	-	**289, 856, 032**	-		
	SP 1. General administration & support services	2,051,873,319	-	289, 856, 032	-	14	-
Programme 5.		-	**241, 000, 000**	-	**11, 997, 395**		
	SP. 1. Diagnostic services in the higher-level facility	-	10, 000, 000	-	4, 497, 900	-	45
	SP. 3. Infrastructure development tier 3 facilities	-	191, 000, 000	-	5, 299, 495	-	3

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	SP. 4. Ambulance and referral services	-	15, 000, 000	-	-	-	-
	SP. 5. Higher level hospital equipment	-	25, 000, 000	-	2, 200, 000	-	9
Programme 6.		**-**	**137, 300, 000**	**-**	**2, 084, 810**	**-**	
	SP. 8. Infrastructure development in tier 2 level	-	132, 900, 000	-	-	-	-
	SP. 9. Lower-level hospital equipment	-	4, 400, 000	-	2, 084, 810	-	47
	Subtotal	**2,051,873,319**	**378, 300, 000**	**289, 856, 032**	**14, 082, 205**	**13**	
Department of County Public Service Board.							
Programme 1.		**119, 308, 935**	**-**	**12, 608, 906**	**-**		
	SP. 1. General administration & support services	119, 308, 935	-	12, 608, 906	-	11	-
	Subtotal	**119, 308, 935**	**-**	**12, 608, 906**	**-**	**11**	**-**
Department of Office of the Governor.							
Programme 1.		**296, 330, 901**	**-**	**67, 608, 867**	**-**		
	SP. 1. General administration & support services	296, 330, 901	-	67, 608, 867	-	23	-
Programme 14.		**-**	**28, 000, 000**	**-**	**-**	**-**	**-**
	SP 1. Disaster preparedness	-	28, 000, 000	-	-	-	-
	Subtotal	**296, 330, 901**	**28, 000, 000**	**67, 608, 867**	**-**	**21**	**-**
Department of County Assembly.							
Programme 1.		**891, 698, 127**	**40, 000, 000**	**192, 752, 961**	**23, 895, 650**		
	SP. 1. General administration & support services	891, 698, 127	40, 000, 000	192, 752, 961	23, 895, 650	22	60
	Subtotal	**891, 698, 127**	**40, 000, 000**	**192, 752, 961**	**23, 895, 650**	**22**	**60**
Department of County Attorney.							
Programme 1.		**85, 489, 885**	**-**	**20, 050, 487**	**-**		
	SP. 1. Administration support & services	85, 489, 885	-	20, 050, 487	-	24	-
	Subtotal	**85, 489, 885**	**-**	**20, 050, 487**	**-**	**24**	**-**
Strategic Partnership and Digital Economy.							
Programme 1.		**48, 076, 677**	**-**	**462, 100**	**-**	**1**	**-**
	SP. 1. General administration & support services	48, 076, 677	-	462, 100	-	1	-
Programme 18.		**-**	**6, 000, 000**	**-**	**-**	**-**	**-**
	SP. 1. ICT	-	6, 000, 000	-	-	-	-
	Subtotal	**48, 076, 677**	**6, 000, 000**	**462, 100**	**-**	**1**	**-**
Grand Total		**6,510,720,576**	**2,803,197,548**	**1,197,690,131**	**328, 587, 801**	**18**	**12**

***Source**: Busia County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were; General administration and support services in the Department of County Assembly at 60 per cent, Lower-level hospital equipment in the Department of Health at 47 per cent, Diagnostic Services in higher-level facilities in the De-

partment of Health and Sanitation at 45 per cent and Aquaculture Business Development Programme in the Department of Smart Agriculture, livestock and Fisheries at 44 per cent of budget allocation.

3.4.15 Accounts Operated in Commercial Banks

The County government operated accounts with commercial banks, of which five were for healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.4.16 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.61.59 million against an annual target of Kshs.647 million, representing 10 per cent of the yearly target
2. Fund Administrators should have submitted quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 October 2024, reports for all 6 Funds were not submitted to the Controller of Budget
3. .There was a high level of pending bills, which amounted to Kshs.1.3 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.43.23 million were processed through the manual payroll, accounting for 6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for various operations and conditional grants.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.5. County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2024/25 Budget

The Elgeyo Marakwet county approved FY 2024/25 budget is Kshs.6.29 billion. It comprised Kshs.2.28 billion (36 per cent) and Kshs.4.01 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs. 0.5 billion (7 per cent) from the FY 2023/24

budget comprised a development budget of Kshs.2.55 billion and a recurrent budget of Kshs.4.24. billion. The county government budget decreased due to the decrease in the expected total revenue.

The Elgeyo Marakwet County Government budget will be financed from different sources of revenue. These include; Kshs.4.87 billion (77 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.12 million as additional allocations (18 per cent), and Kshs.300.78 million (5 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.195.0 million (3 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.105.78 million (2 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.31..

3.5.2 Revenue Performance

In the first quarter of FY 2024/25, the County received a total of Kshs.870.95 million to fund recurrent and development activities. The equitable share from the national government was Kshs. 408.12 million, and the own source revenue (OSR) collection was Kshs. 78.71 million. Additionally, the County had a cash balance of Kshs. 384.12 million from FY 2023/24. The balance carried forward from FY 2023/24 includes Kshs. 384.12 million of the June 2024 Equitable Share that was disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 78.71 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.64.08 million and Kshs.14.63 million as ordinary OSR. Table 3.31 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.31: Elgeyo Marakwet County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	**4,873,385,244**	**408,123,521**	**8**
Subtotal				
B	**Additional Allocations**			
	DANIDA	5,947,500	0.0	0
	Kenya Livestock Commercialization Project	40,150,000	0.0	0
	Emergency Locust Response Project	121,025,000	0.0	0
	Food Systems Resilience Project (FSRP)	173,076,923	0.0	0
	Kenya Informal Settlement Improvement Program	278,419,270	0.0	0
	County Aggregated Industrial Park	250,000,000	0.0	0
	Kenya Urban Support Program	35,000,000	0.0	0
	Kenya Devolution Support Program (KDSP)II	37,500,000	0.0	0
	Community Health Promoters	29,142,734	0.0	0
	Roads Maintenance Levy Fund(RMLF)	150,644,148	0.0	0
Subtotal		**1,120,905,575**	**0.0**	**0**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	105,784,971	14,633,203	14
	Appropriation in Aid (A-I-A)	-	-	-
	Facility Improvement Fund (FIF)	195,000,000	64,076,293	33
Subtotal		**300,784,971**	**78,709,496**	**26**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	-	384,116,256	-
	Other Revenues (provide a list)	-		

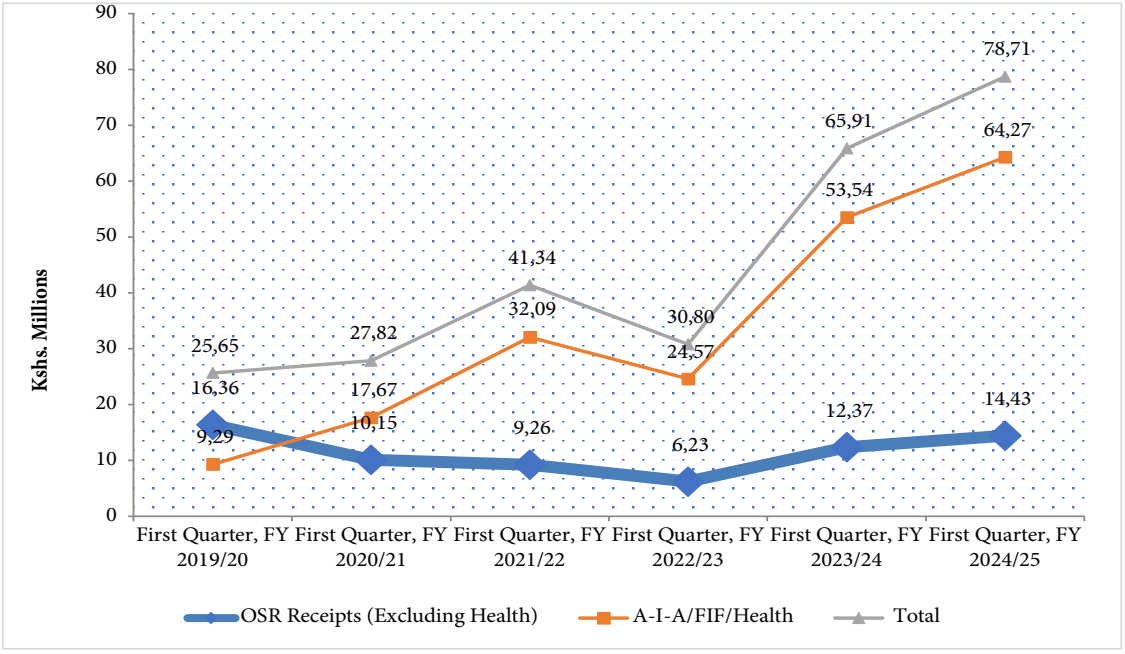
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Sub Total			**870,949,273**	**14**
Grand Total				

Source: *Elgeyo Marakwet County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 17 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 17: Trend in Own-Source Revenue Collection from the FY 2018/19 to the FY 2024/25



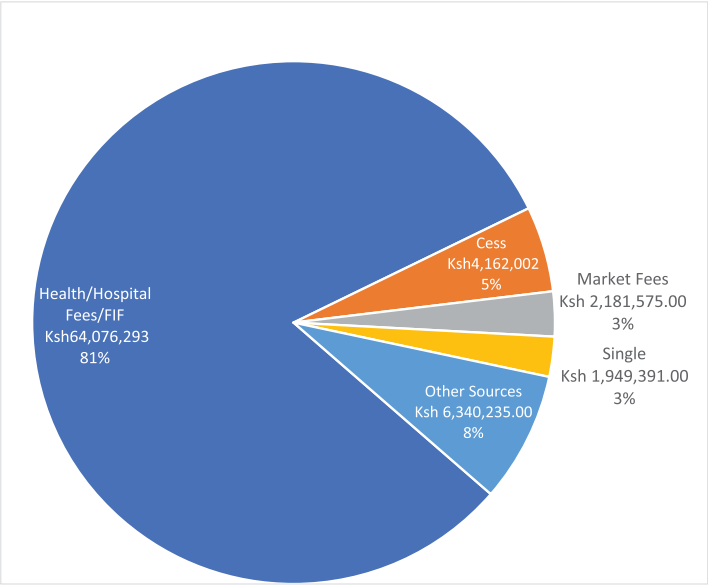
Source: *Elgeyo Marakwet County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.78.71million from its sources of revenue, including FIF. This amount was an increase of 19 per cent compared to Kshs.65.91 million realised in a similar period in FY 2023/24 and was 26 per cent of the annual target and 19 per cent of the equitable revenue share disbursed.

The increase can be attributed to the automation of revenue collection, which has improved efficiency and reduced revenue leakages.

The revenue streams which contributed the highest OSR receipts are shown in Figure 18.

Figure 18: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Elgeyo Marakwet County Treasury*

The highest revenue stream, Kshs.64.08 million, was from the Facility Improvement Fund (FIF), which contributed 81 per cent of the total OSR receipts during the reporting period.

3.5.3 Borrowing by the County

The county government did not borrow any funds during the period under review.

3.5.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.738.45 million from the CRF account during the reporting period, which comprised Kshs.738.45 million (100 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.694.25 million was released towards employee compensation and Kshs.44.20 million for operations and maintenance expenditure.

As of September 30, 2024, the county government's cash balance in the CRF account was Kshs. 384.12 million.

3.5.5 County Expenditure Review

The County spent Kshs.744.23 million on recurrent programmes in the reporting period. This expenditure represented 101 percent of the total funds released by the CoB and comprised Kshs. 744.23 million on recurrent programmes. Expenditure on development programmes represented an absorption rate of 0 per cent, while recurrent expenditures represented 19 per cent of the annual recurrent expenditure budget.

3.5.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.103.64 million as of 30th June 2024, comprising pending payments by the County Executive of Kshs. 103.64 million and none for the County Assembly.

The County Executive's pending bills consist of Kshs.92.86 million for recurrent expenditures and Kshs.10.78 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.36.55 million, which consisted of Kshs. 36.55 million for recurrent expenditures and none for development programmes, while the County Assembly had no pending bills. Therefore, the outstanding bills were Kshs.67.09 million as of 30 September 2024.

3.5.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.616.35 million on employee compensation, Kshs.8.13 million on operations and maintenance, and no expenditure on development activities. Similarly, the County Assembly spent Kshs.77.90 million on employee compensation, Kshs.41.85 million on operations and maintenance, and no expenditure on development activities, as shown in Table 3.32.

Table 3.32: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,305,437,155**	**701,876,015**	**624,482,385**	**119,743,028**	**19**	**17**
Compensation to Employees	2,759,825,493	362,135,066	616,348,173	77,897,657	22	22
Operations and Maintenance	545,611,662	339,740,949	8,134,212	41,845,371	2	12
Development Expenditure	**2,287,762,620**	-	-	-	-	-
Total	**5,593,199,775**	**701,876,015**	**624,482,385**	**119,743,028**	**11**	**17**

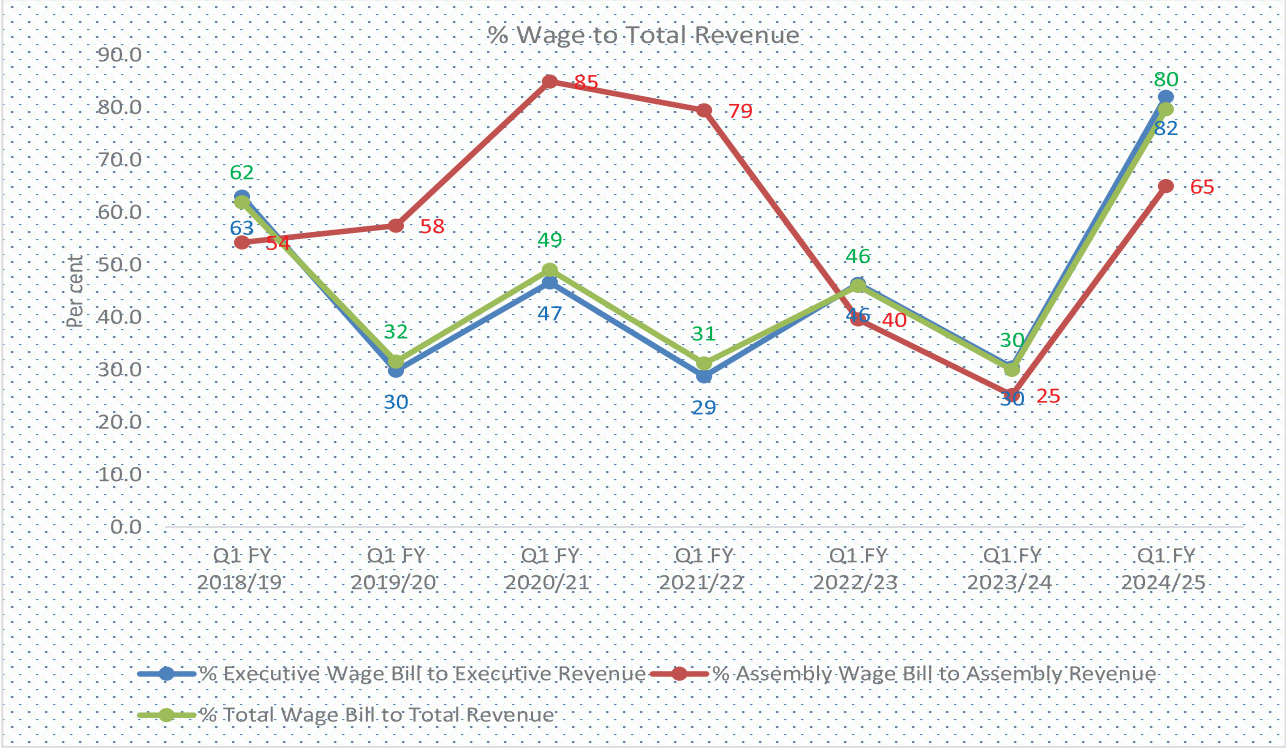
***Source**: Elgeyo Marakwet County Treasury*

3.5.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.694.25 million, or 80 per cent of the available revenue of Kshs.870.95 million. This expenditure represented an increase from Kshs.634.72 million reported in a similar period in FY 2023/24. The wage bill included Kshs.352.17 million paid to the health sector employees, translating to 51 per cent of the total wage bill.

Figure 19 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 19: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Elgeyo Marakwet County Treasury

Further analysis indicates that PE costs amounting to Kshs.592.91 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.101.3 million was processed through manual payrolls. The manual payrolls accounted for 15 per cent of the total PE cost.

The County Assembly spent Kshs.7.35 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.30.22 million. The average monthly sitting allowance was Kshs.72,076.20 per MCA. The County Assembly had 18 HousC committees.

3.5.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.101,865,154 million to county-established funds in FY 2024/25, or 2 per cent of the County's overall budget.

Table 3.33 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.33: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Elgeyo Marakwet County Education Fund	101,865,154	-	-	284,164,649	YES
	County Executive Car and Mortgage Loan Revolving Fund	-	-	-	120,000,000	Yes
	Elgeyo Marakwet County Alcoholic Drinks and Control Fund	-	-	-	4,000,000	Yes
	Emergency Fund		-	-	3,000,000	-
	County Assembly Established Funds					
	Elgeyo Marakwet County Assembly MCA's and staff Car Loan and Mortgage Fund		-		139,000,000	YES
	Elgwyo Marakwet (County Assembly) Catering Services Revolving Fund	-	-		11,000,000	YES
	Total	**101,865,154**	**-**	**-**	**561,164,649**	

Source: *Elgeyo County Treasury*

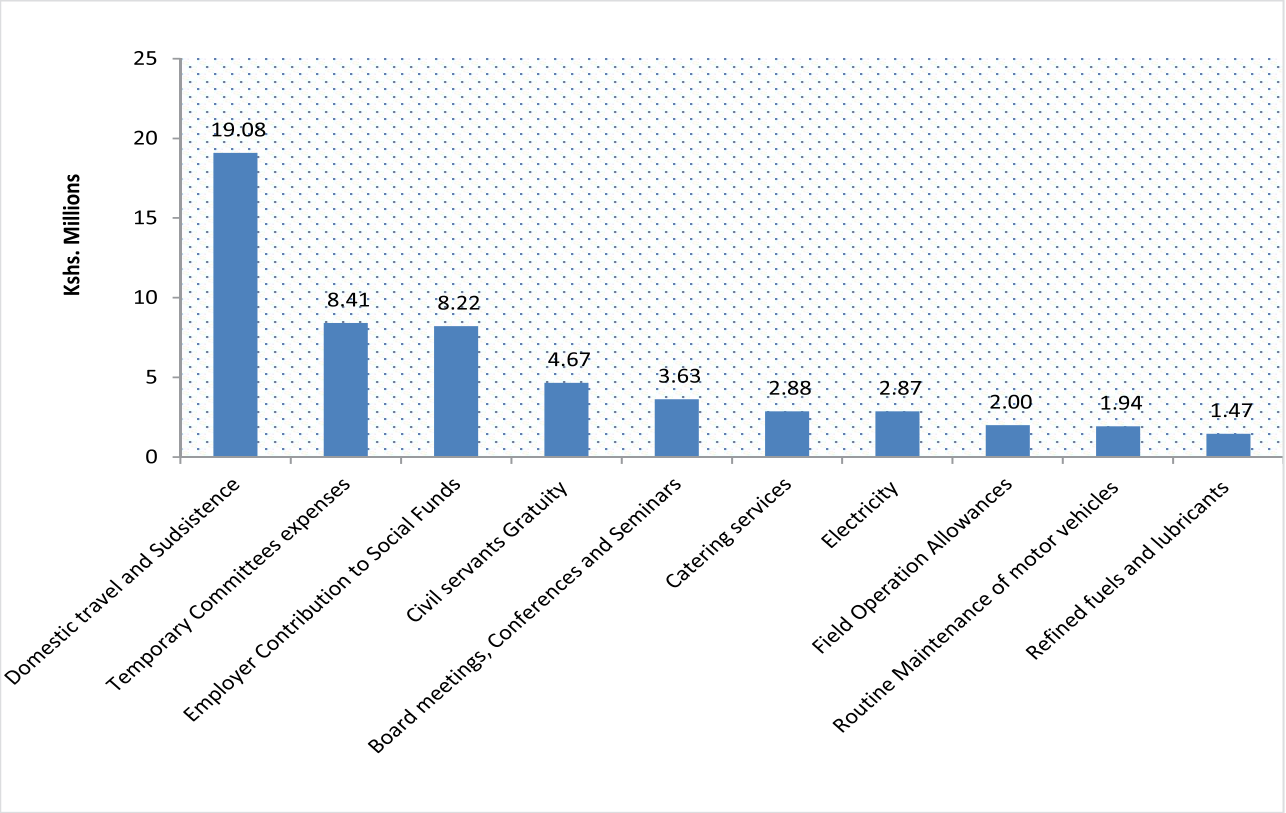
During the reporting period, the CoB received quarterly financial reports from two Fund Administrators, as indicated in Table 3.33, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.5.10 Expenditure on Operations and Maintenance

Figure 20 summarises the Operations and Maintenance expenditure by major categories.

Figure 20: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories



Source: *Elgeyo Marakwet County Treasury*

Expenditure on domestic travel amounted to Kshs.19.08 million and comprised Kshs.13.91 million spent by the County Assembly and Kshs.5.17 million by the County Executive. Both the County Executive and County Assembly did not spend any funds on foreign travel.

3.5.11 Facility Improvement Financing

During the period under review, the County reported collection of Kshs.64.08 million as FIF, which was 32.9 per cent of the annual target of Kshs.195.0 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 202 that are awaiting approval by the County Assembly.

The health facilities provided a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

The expenditure by the health facilities amounted to Kshs.64.02 as shown in the Table 3.34.

Table 3.34: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1	Iten County Referral Hospital	164,100,000	55,622,097	34
2	Kaptatakwa Sub County Hospital	2,393,000	599,100	25
3	Chebiemit Sub County Hospital	10,000,000	2,427,050	24
4	Kamwosor Sub County Hospital	5,329,000	1,720,923	32
5	Tot Sub County Hospital	2,588,000	768,000	30
6	Tambach Sub County Hospital	4,415,000	630,000	14
7	Kocholwo Sub County Hospital	1,343,000	304,500	23
8	Chesoi Health Centre	431,000	42,000	9
9	Chebororwa Sub County Hospital	2,400,000	1,152,867.50	48
10	Kapcherop Sub County Hospital	2,000,000	759,000	38
	Total	**195,000,000**		

Source: *Elgeyo County Treasury*

The Health Facility with the highest absorption rate was Cheborорwa Sub County Hospital at 48 per cent.

3.5.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending no expenditure on development programmes, representing an increase of 0 per cent compared to a similar period in FY 2023/24, when the County spent Kshs. 33.54 million.

3.5.13 Budget Performance by Department

Table 3.35 summarises departments' approved budget allocation, expenditure and absorption rate in the first three months of FY 2024/25.

Table 3.35: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	701.88	-	119.74	-	119.74	-	100	-	17	-
Office of the Governor and Executive Administration	143.96	6.3	26.7	-	26.7	-	100	-	22	-
Finance and Economic Planning	213.02	-	43.14	-	43.14	-	100	-	21	-
Agriculture, Fisheries and Livestock	146.92	426.85	32.04	-	32.04	-	100	-	22	-
Water, Environment, Natural Resources and Climate Change Management	44.38	247.45	7.95	-	7.95	-	100	-	18	-
Education and Technical Training	306.55	222.26	65.71	-	65.71	-	100	-	21	-
Health and Sanitation	1,805.56	223.39	351.92	-	357.68	-	102	-	20	-
Lands, Housing, Physical Planning and Urban Development	56.47	355.78	11.51	-	11.51	-	100	-	20	-
Roads, Public service and Transport	112.07	413.13	22.5	-	22.5	-	100	-	20	-
Tourism, Culture, Wildlife, Trade and Industry	69	279.03	13.03	-	13.03	-	100	-	19	-
Youth, Affairs, Sports, ICT and Social Services	44.84	71.98	8.01	-	8.01	-	100	-	18	-
Public Service Management and County Administration	317.25	41.58	27.71	-	27.71	-	100	-	9	-
County Public Service Board	45.38	-	8.5	-	8.5	-	100	-	19	-
TOTAL	**4,007.31**	**2,287.76**	**738.45**	**-**	**744.23**	**-**	**101**	**-**	**19**	**-**

***Source**: Elgeyo Marakwet County Treasury*

Analysis of expenditure by departments shows that no single Department recorded the absorption of development budget. The Department of the Office of the Governor and Executive Administration had the highest percentage of recurrent expenditure to budget at 22 per cent, while the Department of Public Service Management and County Administration had the lowest at 9 per cent.

The County spend expenditure above exchequers in the Department of Health and Sanitation arose because of Facility Improvement Funds that were retained and spend by the health facilities.

The allocation for recurrent expenditure for the County Assembly and Executive is within the ceilings in CARA 2024

3.5.14 Budget Execution by Programmes and Sub-Programmes

Table 3.36 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.36: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Department Office of the Governor and Executive Administration						
Programme: General Administration and support services	General Administration support	141,469,165	-	31,142,88	-	22	-
	Disaster Management, peace building and conflict resolution	1,000,000	6,300,000	-	-	-	-
	Governance	1,500,000	-	347,300	-	23	-
	Sub Total	**143,969,165**	**6,300,000**	**31,490,181**	**-**		**-**
	Department County Assembly						
Legislation and Representation	Legislation and Representation	162,973,253	-	15,997,900	-	10	-
Legislative Oversight	Legislative Oversight	133,721,050	-	21,299,864	-	16	-
	Sub-programme						
General Administration and Support Services	General Administration	405,181,712	-	82,544,264	-	20	-
	Sub-Total	**701,876,015**	**-**	**119,743,028**	**-**		**-**
	Department Finance and Economic Planning						
General administration and support services	Finance and Planning Headquarters	200,005,880	-	43,382,938	-	22	-
	Economic Planning and budgeting	2,112,408	-	368,000	-	17	-
	Accounting Services	1,529,403	-	118,000	-	8	-
	Supply chain Management	1,228,839	-	-	-	-	-
	Revenue Management Services	8,145,814	-	-	-	-	-
	Sub-Total	**213,022,344**	**-**	**43,868,938**	**-**	**-**	**-**
	Department: Agriculture, Livestock, Fisheries and Irrigation						
General Administration and support services	General administration	146,919,958	-	32,044,885	-	22	-
Crop Development	Agriculture extension and training	-	295,101,634	-	-	-	-
Crop Development	Crop Commercialization	-	23,145,819	-	-	-	-
Irrigation Development	Irrigation Development	-	10,400,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Livestock Development	Livestock extension and training	-	40,150,000	-	-	-	-
Livestock Development	Livestock Commercialization	-	29,688,734	-	-	-	-
Veterinary Services	Livestock Disease control	-	24,459,846	-	-	-	-
Veterinary Services	Breeding		3,900,000	-	-	-	-
	Sub-Total	**146,919,958**	**426,846,322**	**32,044,885**	**-**	**-**	**-**
	Department: Water, Environment and Climate Change Management						
General Administration and support services	General administration and support services	44,380,814	-	7,951,431	-	18	-
Water services	Water services	-	203,101,634	-	-	-	-
Environmental Management	Environmental management	-	500,000	-	-	-	-
Climate Change Management	Climate change management	-	43,850,000	-	-	-	-
	Sub-Total	**44,380,814**	**247,451,634**	**7,951,431**	**-**	**-**	**-**
	Education and Technical Training						
General administration and support services	General Administration and support services	306,547,124	-	65,711,801	-	21	-
	Pre-primary infrastructure development	-	63,212,000	-	-	-	-
	Pre-primary Quality control	-	24,983,042	-	-	-	-
	VTC infrastructure development	-	32,200,000	-	-	-	-
	VCT Quality control and support	-	101,865,154	-	-	-	-
	Sub-Total	**306,547,124**	**222,388,729**	**65,711,801**	**-**	**-**	**-**
	Department: Health and Sanitation						
General Administration and support services	General Administration and support services	1,805,596,625	-	352,167,182	-	20	-
	Community and Environmental health	-	131,604,000	-	-	-	-
	Health Services	-	91,784,729	-	-	-	-
	Sub-Total	**1,805,596,625**	**223,388,729**	**352,167,182**	**-**	**-**	**-**
	Department: Lands, Physical Planning, Housing and Urban Development						

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration and Support services	General Administration and support services	56,468,893	-	11,505,019	-	20	-
	Energy	-	12,862,891	-	-	-	-
	Solid waste management	-	500,000	-	-	-	-
	County public land management	-	20,450,000	-	-	-	-
	Physical planning	-	8,550,000	-	-	-	-
	Urban Infrastructure	-	313,419,270	-	-	-	-
	Sub- Total	**56,468,893**	**355,782,161**	**11,505,019**			
	Department: Roads, Public works and Transport						
General Administration and support services	General administration and support services	110,370,888	-	22,496,839	-	20	-
Roads Improvement	Rural roads work	-	412,625,131	-	-	-	-
Public works	Public works	1,050,000	500,000	-	-	-	-
Transport Services	Transport services	644,898	-	-	-	-	-
	Sub Total	**112,065,786**	**413,125,131**	**22,496,839**	**-**	**-**	**-**
Department: Co-operatives, Trade, Industry, Tourism and Wildlife							
General administration and support services	General administration and support services	68,903,947	-	13,027,075	-	19	-
	Co-operative development	-	23,904,000	-	-	-	-
	Tourism Development	-	1,920,000	-	-	-	-
	Trade and Enterprise development	100,000	253,205,493	-	-	-	-
	Sub Total	**69,003,947**	**279,029,493**	**13,027,075**	**-**	**-**	**-**
	Department: Sports, Youth Affairs, ICT and Social Services						
General Administration and support services	General administration and support services	44,836,674	-	8,010,146	-	18	-
	Sports infrastructure development	-	8,784,000	-	-	-	-
	Sports Talent promotion	-	25,208,794	-	-	-	-
	Social Empowerment	-	10,453,180	-	-	-	-
	Social protection	-	5,663,916	-	-	-	-
	Wezesha	-	21,888,000	-	-	-	-
	Sub Total	**44,846,674**	**71,997,890**	**8,010,146**	**-**	**-**	**-**
	Department: Public Service Management and County Administration						

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration and support services	General administration and support services	37,500,000	8,500,000		-	-	-
	ICT services	277,587,779	-	27,706,946	-	10	-
	County administration and Devolution	2,157,824	33,081,064	-	-	-	-
	Sub Total	**317,245,603**	**41,581,064**	**27,706,946**	**-**	**-**	**-**
	Department: County Public Service Board						
General Administration and support	General Administration and support services	45,380,222	-	8,501,943	-	19	-
	Grand Total	**4,007,313,170**	**2,287,762,620**	**744,225,414**	**-**	**-**	**-**

***Source**: Elgeyo Marakwet County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Governance in the Office of the Governor and Executive Administration at 23 per cent, General Administration and Support Services in the Office of the Governor and Executive Administration, General Administration in the Department of Agriculture, Livestock, Fisheries and Irrigation at 22 per cent, General Administration and Support Services in the Department of Finance and Economic Planning at 22 per cent, and General administration and support services in the Department of Education and Technical Training at 21 per cent of budget allocation.

3.5.15 Accounts Operated in Commercial Banks

The County government operated 155 accounts with commercial banks, of which Sub County hospitals and dispensaries operated 124.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.5.16 Key Observations and Recommendations

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

1. Use of manual payroll. Personnel emoluments amounting to Kshs.101.34 million were processed through the manual payroll, accounting for 15 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
2. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for various County Departments, and 128 accounts are for health facilities.
3. Low absorption of development funds where by the County did not spend any money on development activities.

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

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

2. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*
3. *The County Government should come up with strategies to ensure the absorption of development funds and ensure that development projects are implemented as per the approved budget.*

3.6. County Government of Embu

3.6.1 Overview of FY 2024/25 Budget

The Embu County approved FY 2024/25 budget is Kshs.7.37 billion. It comprised Kshs.2.26 billion (33 per cent) and Kshs.5.12 billion (33 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs. 579.86 million (8 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.2.63 billion and a recurrent budget of Kshs.5.32 billion. The decrease in the County Government budget was attributed to not factoring the FY 2023/24 cash balances in the budget.

The Embu County Government budget will be financed from different sources of revenue. These include Kshs.5.55 billion (73 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.824.65 million as additional allocations, Kshs.1.00 billion (14 per cent) generated as gross own source revenue. The own source revenue includes Kshs.47.37 million (1 per cent) as Appropriations-in-Aid (A-I-A), Kshs.498.26 million (7 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.454.38 million (6 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is provided in Table 3.37.

3.6.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.03 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.881.40 million, comprising Kshs.427.34 million June 2024 disbursement and Kshs.454.05 July 2024 disbursement. Also, the County received its own source revenue (OSR) collection of Kshs. 151.63 million.

Analysis of the total OSR collection of Kshs. 151.63 million indicates that it included Appropriations in Aid (AIA) for Kshs.350.02 thousand and Facilities Improvement Financing (FIF) of Kshs. 80.04 million, and Kshs.71.23 million as ordinary OSR. Table 3.37 summarises the total revenue available to the county government during the first quarter of FY 2024/25.

Table 3.37: Embu County, Revenue Performance in the First Quarter of FY 2024/25

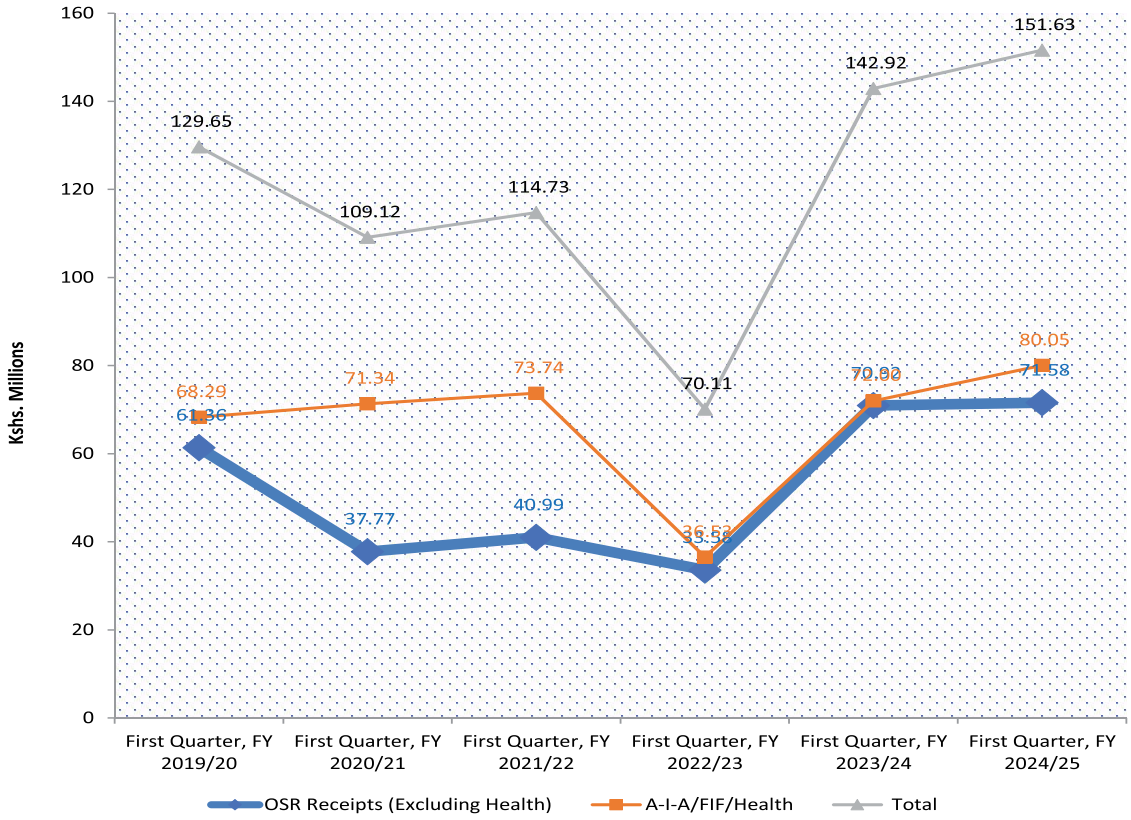
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,548,094,359	881,398,773	16
Sub Total		**5,548,094,359**	**427,344,860**	**8**
B	**Additional Allocations**			
1	Conditional Allocation for National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	0	0
2	DANIDA Grant To Finance Primary Health Care in a Devolved Context	6,630,000	0	0
3	Conditional Additional Allocation for Community Health Promoters	60,300,000	0	0
4	Financing Locally Led Climate Action(FLLoCA)-County Climate Resilience Investment(CCRI) Grant	137,500,000	0	0
5	Emergency Locust Response Project (ELRP)	104,600,000	0	0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6	Aquaculture Business Development Project(ABDP)	10,237,551	0	0
7	Kenya Devolution Support Programme II	37,500,000	0	0
8	Kenya Urban Support Programme-Urban Institutional Grants	35,000,000	0	0
9	Kenya Urban Support Programme- Urban Development Grants	52,595,562	0	0
10	Kenya Agricultural Business Development Project(KABDP)	10,918,919	0	0
11	Conditional Additional Allocation For Maintenance of County Roads From the Road Maintenance Levy Fund(RMLF)	211,127,369	0	0
12	Unspent Funds For the Youth Climate Action Fund Grant	6,724,310	0	0
Sub-Total		**824,648,863**	**0**	**0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	454,377,354	71,230,216	16
2	Balance b/f from FY2023/24	0	0	0
3	Facility Improvement Fund (FIF)	498,255,343	80,048,782	16
4	Other Revenues	0	0	0
5	Appropriation in Aid (AIA)	47,367,303	350,024	0.7
Sub Total		1,000,000,000	151,629,022	15
Grand Total		**7,372,743,222**	**1,033,027,795**	**14**

Source: *Embu County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 21 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 21: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

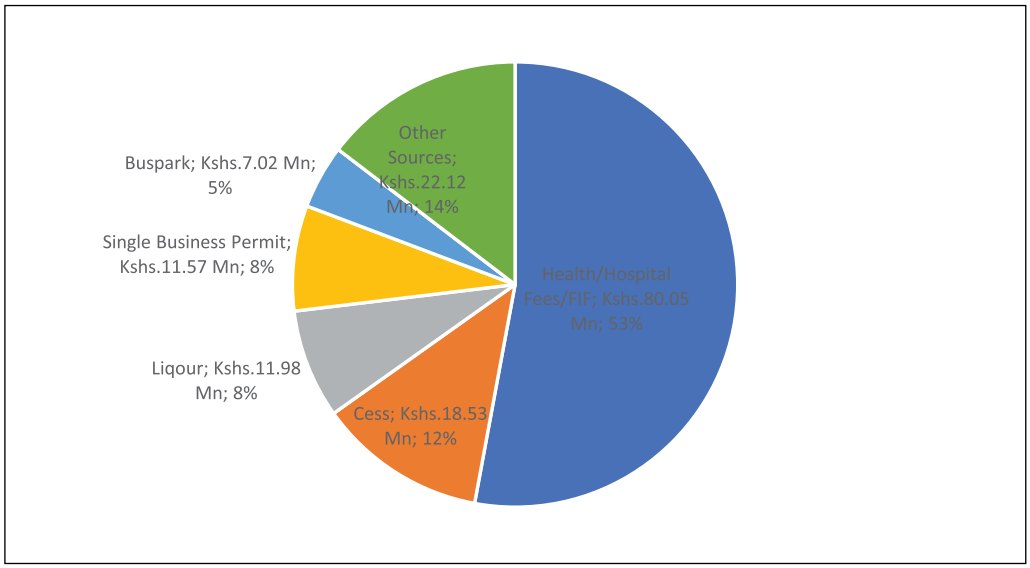


Source: *Embu County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.151.63 million from its sources of revenue, including AIA and FIF. This amount was an increase of 6 per cent compared to Kshs.142.92 million realised in a similar period in FY 2023/24, 15 per cent of the annual target, and 36 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 22.

Figure 22: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



***Source**: Embu County Treasury*

The highest revenue stream, Kshs.80.05 million, was Health/Hospital Fees/FIF, which contributed 53 per cent of the total OSR receipts during the reporting period.

3.6.3 Borrowing by the County

The County Government did not borrow any funds during the reporting period.

3.6.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.434.23 million from the CRF account during the reporting period, which comprised Kshs.73.63 million (17 per cent) for development programmes and Kshs.360.60 million (83 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.341.26 million was released towards employee compensation and Kshs.19.34 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 519.69 million.

3.6.5 County Expenditure Review

The County spent Kshs.434.98 million on development and recurrent programmes in the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised Kshs. 73.63 million and Kshs.360.60 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3 per cent, while recurrent expenditures represented 7 per cent of the annual recurrent expenditure budget.

3.6.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.2.39 billion as of 30 June 2024, comprising pending payments by the County Executive of Kshs.2.3 billion and Kshs 75.3 million for the County Assembly.

The County Executive's pending bills consist of Kshs.1.25 million for recurrent expenditures and Kshs.1.07 billion for development expenditures. The County Assembly's pending bill was Kshs.75.33 million. In the reporting period, the county executive settled pending bills amounting to Kshs.418.58 million for recurrent ex-

penditures, while the County Assembly settled pending bills worth Kshs.63.54 also for recurrent expenditures. Therefore, the outstanding bills were Kshs.1.91 billion as of 30 September 2024.

3.6.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.299.34 million on employee compensation, Kshs.16.09 million on operations and maintenance, and Kshs.73.6 million on development activities. Similarly, the County Assembly spent Kshs.28.29 million on employee compensation and Kshs.16.88 million on operations and maintenance, as shown in Table 3.38.

Table 3.38: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)		Overall Absorption
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	
Total Recurrent Expenditure	**4,410,511,228**	**706,347,072**	**315,426,641**	**45,173,949**	**315,426,639**	**45,173,949**	**7**	**6**	7
Compensation to Employees	3,091,323,281	355,952,928	315,426,641	25,838,111	299,340,392	28,294,129	10	8	10
Operations and Maintenance	1,319,187,947	350,394,144	-	19,335,838	16,086,247	16,879,820	1	5	2
Development Expenditure	2,155,884,922	100,000,000	73,631,579	-	73,631,579	-	3	0	3
Total	**6,566,396,150**	**806,347,072**	**389,058,220**	**45,173,949**	**389,058,218**	**45,173,949**	**6**	**6**	**6**

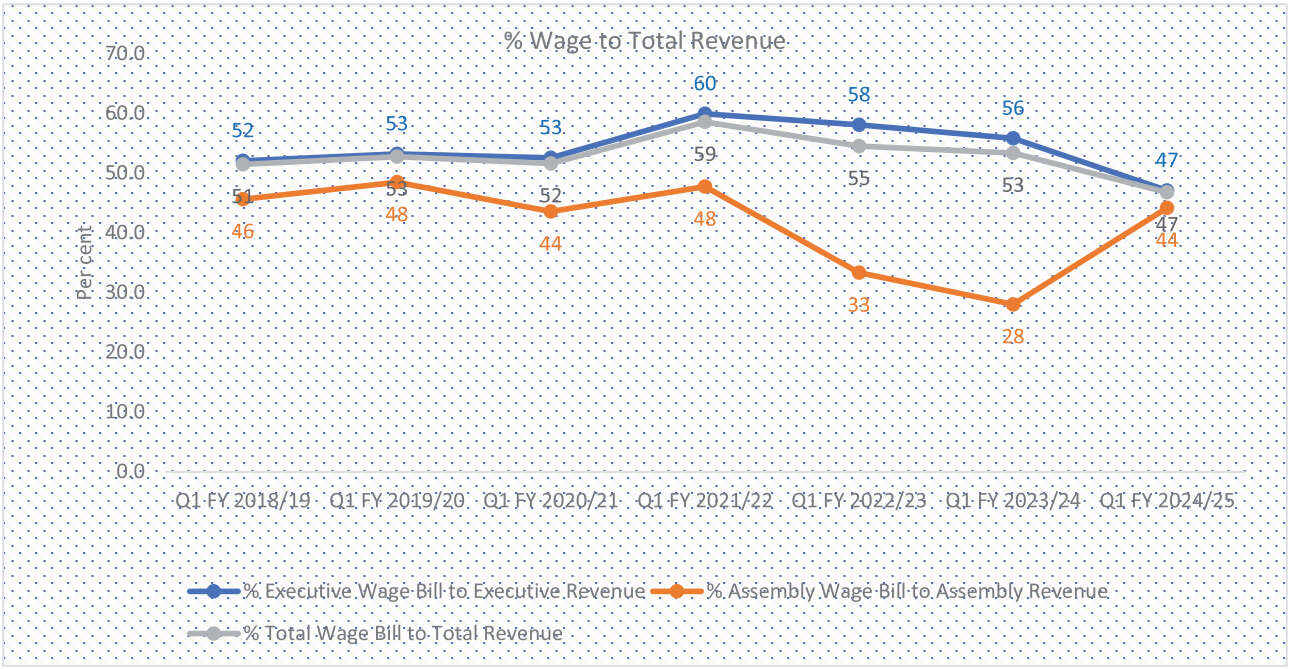
Source: *Embu County Treasury*

3.6.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.327.63 million, or 56.59 per cent of the available revenue of Kshs.578.97 million. This expenditure represented a decrease from Kshs.717.11 million reported in a similar period in FY 2023/24. The wage bill included Kshs.118.35 million paid to the health sector employees, translating to 36.12 per cent of the total wage bill.

Figure 23 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 23: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: *Embu County Treasury*

Further analysis indicates that PE costs amounting to Kshs.323.26 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.4.37 million was processed through manual payrolls. The manual payrolls accounted for 1 per cent of the total PE cost.

The County Assembly spent Kshs.2.00 million on committee sitting allowances for the 31 MCAs against the annual budget allocation of Kshs.28.60 million. The average monthly sitting allowance was Kshs.21,540 per MCA. The County Assembly had 27 House Committees.

3.6.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.307.22 million to county-established funds in FY 2024/25, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.8.00 million to the Emergency Fund (less than 1 per cent of the total budget), which is not in line with Section 110 of the PFM Act, 2012.

Table 3.39 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.39: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Vote	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30 September 2024 (Yes/No.)
i) **County Executive Established Funds**						
1	Embu County Education Support Fund	Development	105,000,000.00	0	0	Yes
2	Embu County Emergency Fund	Development	8,000,000.00	0	0	Yes
3	Embu County Climate Change Fund	Development	184,224,310.00	11,000,000.00	11,000,000.00	Yes
Sub-Total			**297,224,310.00**	**11,000,000.00**	**11,000,000.00**	
ii) **County Assembly Established Funds**						
1	County Assembly of Embu Car Loan and Mortgage (MCAs)	Recurrent	10,000,000.00	0	0	Yes
Sub-Total			**10,000,000.00**	**0**	**0**	
TOTAL			**307,224,310.00**	**11,000,000.00**	**11,000,000.00**	

Source: *Embu County Treasury*

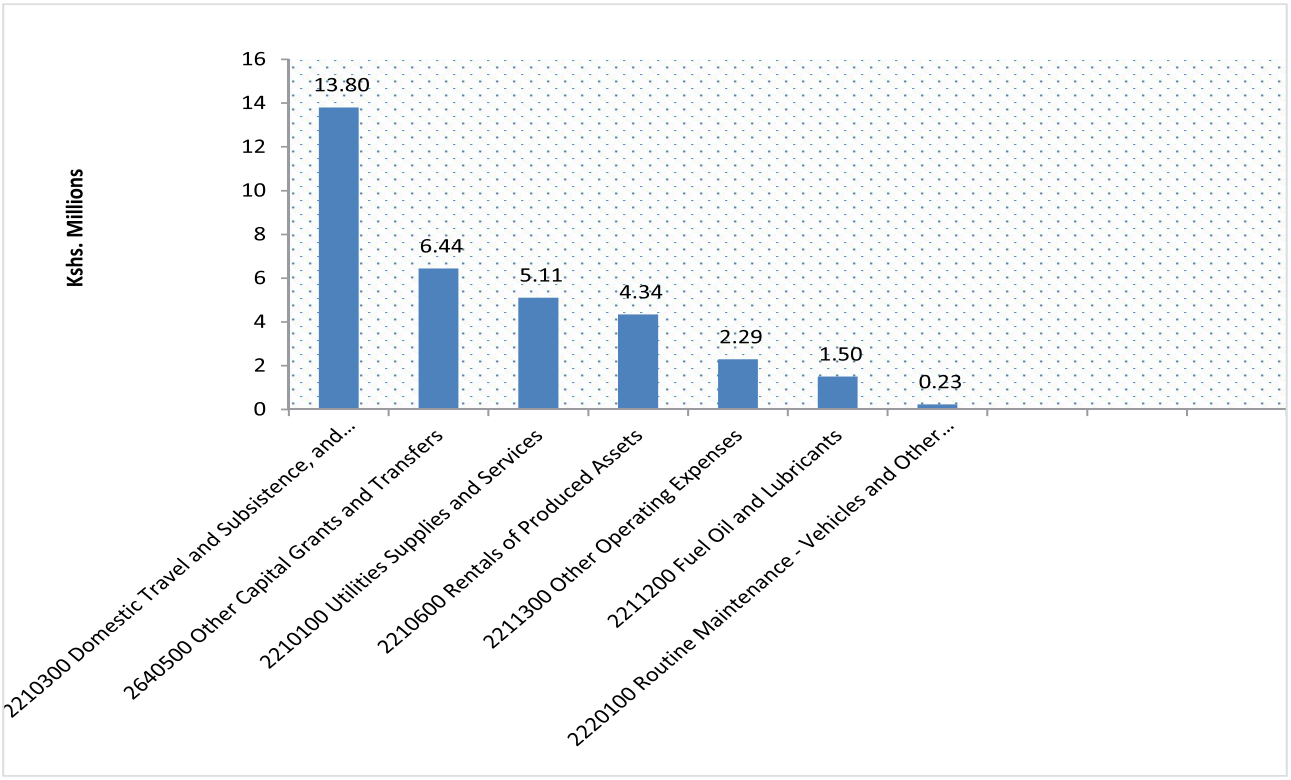
During the reporting period, the CoB received quarterly financial returns from all the Fund Administrators of all the funds indicated in Table 3.39, ***But the CoB failed to receive financial returns from the County Assembly Car Loan and Mortgage(MCAs) and Embu County Climate Change Fund.***

The County Government uses commercial bank accounts to operate some of the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.6.10 Expenditure on Operations and Maintenance

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

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



Source: *Embu County Treasury*

The County's expenditure on domestic travel amounted to Kshs.13.80 million, comprising Kshs.12.54 million spent by the County Assembly and Kshs.1.26 million by the County Executive. The County had no expenditure on foreign travel during the reporting period.

There was no expenditure on garbage collection and legal fees/dues, arbitration and compensation payments, or expenditure on legal fees for operations and maintenance costs in the reporting period.

3.6.11 Facility Improvement Financing

During the period under review, the County reported collection of Kshs.80.05 million as FIF, which was 16 per cent of the annual target of Kshs.498.26 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The health facilities provided a report on the use of the FIF during the reporting period, in accordance with Section 18 (e) of the FIF Act, 2023.

The expenditure by the health facilities amounted to Kshs.45.14 million as shown in Table 3.40

Table 3.40: Breakdown of expenditure by Health Facilities in the First Quarter of FY 2024/25

S/No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1	Medical Services-Headquarters	14,947,660	2,628,712	18
2	Embu Level 5 Hospital	329,800,000	26,025,725	8
3	Siakago Level 4 Hospital	6,878,370	1,719,593	25
4	Runyenjes Level 4 Hospital	14,322,419	3,580,605	25
5	Ishiara Level 4 Hospital	12,639,100	3,159,775	25
6	Kianjokoma Level 3 Hospital	6,691,797	1,672,949	25
7	Karurumo Level 3 Hospital	1,978,800	494,700	25

S/No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
8	Kanja Level 3 Hospital	1,629,600	407,400	25
9	Kigumo Level 3 Hospital	1,210,560	302,640	25
10	Kiambere Level 3 Hospital	698,400	174,600	25
11	Karurumo Level 3 Hospital	1,267,771	316,943	25
12	Nembure Level 3 Hospital	1,746,000	436,500	25
13	Kithimu Level 3 Hospital	1,746,000	436,500	25
14	Karau Level 3 Hospital	1,746,000	436,500	25
15	Kairuri Level 3 Hospital	2,910,000	727,500	25
16	Kibugu Level 3 Hospital	2,910,000	727,500	25
17	Dallas Level 3 Hospital	2,910,000	727,500	25
18	Kiritiri Level 3 Hospital	4,656,000	1,164,000	25
19	Hospice Dispensary	358,900	0	0
20	Gacabari Dispensary	465,600	0	0
21	Gachuriri Dispensary	814,800	0	0
22	Kabuguri Dispensary	582,000	0	0
23	Kamunyange Dispensary	671,240	0	0
24	Kangungi Dispensary	339,500	0	0
25	Karurah Dispensary	302,640	0	0
26	Kiamuringa Dispensary	970,000	0	0
27	Kirathe Dispensary	310,400	0	0
28	Machang'a Dispensary	601,400	0	0
29	Mbita Dispensary	698,400	0	0
30	Nganduri Dispensary	814,800	0	0
31	Mutuobare Dispensary	349,200	0	0
32	Gikiiro Dispensary	465,600	0	0
33	Ntharawe Dispensary	349,200	0	0
34	Ngiori Dispensary	611,100	0	0
35	Ugweri Dispensary	582,000	0	0
36	Rukuriri Dispensary	457,840	0	0
37	Mugui Dispensary	541,260	0	0
38	Mukuuri Dispensary	768,240	0	0
39	Ena Dispensary	384,120	0	0
40	Mufu Dispensary	836,673	0	0
41	Njeruri Dispensary	768,240	0	0
42	Kathanjuri Dispensary	634,380	0	0
43	Gikuuri Dispensary	203,700	0	0
44	Kigaa Dispensary	242,112	0	0
45	Gichiche Dispensary	704,220	0	0
46	Gitare Dispensary	355,990	0	0
47	Nduuri Dispensary	337,560	0	0
48	Kasafari Dispensary	659,600	0	0
49	Nyagari Hospital	395,760	0	0
50	Kanduri Dispensary	203,700	0	0
51	Gatumbi Dispensary	320,100	0	0
52	Kithunguthia Dispensary	362,780	0	0
53	Gitaraka Dispensary	455,900	0	0

S/No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
54	Kamweli Dispensary	388,000	0	0
55	Karaba Dispensary	465,600	0	0
56	Malikini Dispensary	698,400	0	0
57	Mbonzuki Dispensary	698,400	0	0
58	Makutano Dispensary	388,000	0	0
59	Makima Dispensary	970,000	0	0
60	Mbondoni Dispensary	465,600	0	0
61	Dispensary	853,600	0	0
62	Wachoro Dispensary	582,000	0	0
63	Kyenire Dispensary	620,024	0	0
64	Kiambere Dam Dispensary	733,320	0	0
65	Kathanje Dispensary	485,000	0	0
66	Kanyuambora Dispensary	756,600	0	0
67	Kamumu Dispensary	378,882	0	0
68	Ciakanthukuri Dispensary	280,524	0	0
69	Kirie Dispensary	270,630	0	0
70	Muthanthara Dispensary	227,921	0	0
71	Muchonoke Dispensary	436,500	0	0
72	Karerema Dispensary	254,625	0	0
73	Riandu Dispensary	487,231	0	0
74	Gatituri Dispensary	339,985	0	0
75	Kathangari Dispensary	814,800	0	0
76	Muchagori Dispensary	1,687,800	0	0
77	Kiriari Dispensary	349,200	0	0
78	Kathangariri Dispensary	1,687,800	0	0
79	Kangaru Dispensary	1,757,640	0	0
80	Kithungururu Dispensary	873,000	0	0
81	Karurina Dispensary	942,840	0	0
82	GK Prisons Dispensary	849,720	0	0
83	Kithegi Dispensary	931,200	0	0
84	Rukira Dispensary	837,498	0	0
85	Makengi Dispensary	1,105,800	0	0
86	Gatunduri Dispensary	873,000	0	0
87	Itabua Dispensary	232,800	0	0
88	Itonguri Dispensary	349,200	0	0
89	Kevote Dispensary	471,420	0	0
90	Public Health Office, Embu West	11,143,246	0	0
91	Public Health Office, Embu North	5,834,424	0	0
92	Public Health Office, Embu East	8,122,115	0	0
93	Public Health Office, Mbeere North	7,128,249	0	0
94	Public Health Office, Mbeere South	7,101,878	0	0
95	Public Health Office, Mwea	5,773,439	0	0
TOTAL		**498,255,343**	**45,139,641**	**9**

Source: *Embu County Treasury*

The Health Facility with the highest absorption rate was Embu Level 5 Hospital.

3.6.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.73.63 million on development programmes, representing an increase in expenditure compared to a similar period in FY 2023/24, when the County had no expenditure. Table 3.41 summarises development projects with the highest expenditure in the reporting period.

Table 3.41: Development Status for Embu County

S/No.	Sector	Project Name	Project Location		Contract Sum (Kshs.)	Amount Paid to Date (Kshs.)	Implementation Status (%)
			Ward	Sub-County			
1	Trade, Tourism, Investment, Industrial Development And Marketing	Counter Fund for The County Aggregated and Industrial Park Programme Conditional Allocation	Makima	Mbeere South	100,000,000	62,631,579	63
2	Financing Locally Led Climate Action Program	Development Of Policies and Bills For Sand Harvesting, Water, Forest And Establishment Of A Sand Fund	County Wide	County Wide	3,000,000	3,000,000	100
3	Financing Locally Led Climate Action Program	Clean Energy Promotion for Targeted Women Groups- (Distribution of Jikos Energy Saving Stoves) - In All Sub-Counties	County Wide	County Wide	10,000,000	5,000,000	50
4	Financing Locally Led Climate Action Program	Community Solar Empowerment Project for Those Not Served by Grid Energy (Distribution of Solar Energy Lights)- In All Sub-Counties	County Wide	County Wide	5,000,000	3,000,000	60

Source: *Embu County Treasury*

3.6.13 Budget Performance by Department

Table 3.42 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.42: Embu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs)		Exchequer Issues (Kshs)		Expenditure (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	262,682,650	13,000,000	18,774,252	-	28,397,746	-	151	-	11	-
County Public Service Board	35,850,883	-	2,988,468	-	1,132,288	-	38	-	3	-
Administration, Public Service, Devolution, Governance, ICT and GDU	782,734,460	4,000,000	62,938,545	-	65,734,199	-	104	-	8	-
County Assembly	706,347,072	100,000,000	45,173,949	-	45,173,949	-	100	-	6	-
Finance and Economic Planning	195,430,177	2,000,000	13,377,848		33,256,485		249	-	17	-
Trade, Tourism, Investment, Industrial Development and Marketing	32,996,815	198,722,737	1,537,383	62,631,579	-	62,631,579	-	100	-	32

Department	Budget Allocation (Kshs)		Exchequer Issues (Kshs)		Expenditure (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Blue Economy and Cooperative Development	281,874,710	213,621,730	19,549,145	-	30,372,731	-	155	-	11	-
Water, Irrigation, Environment, Climate Change and Natural Resources	38,249,126	101,920,997	2,934,042	-	-	-	-	-	-	-
Health	2,066,431,657	144,469,997	142,847,976	-	118,347,003	-	83	-	6	-
Embu Level 5 Hospital	7,331,800	90,284,000	-	-	-	-	-	-	-	-
Roads, Public Works, Energy and Transport	37,230,740	710,729,040	2,552,399	-	3,319,246	-	130	-	9	-
Education, Vocational Training Centers	394,298,561	194,600,000	40,166,612	-	25,720,586	-	64	-	7	-
Youth Empowerment and Sports, Gender, Culture, Children and Social Services	137,910,148	92,500,000	2,971,967	-	7,142,189	-	240	-	5	-
Lands, Mining Housing, Physical Planning, and Urban Development	60,022,920	107,216,549	4,788,004	-	2,004,167	-	42	-	3	-
Embu County Revenue Authority	23,500,000	31,000,000	-	-	-	-	-	-	-	-
Embu Municipality	53,966,581	67,595,562	-		-	-	-	-	-	-
Climate Change Unit	-	184,224,310		11,000,000	-	11,000,000	-	100	-	6
Total	**5,116,858,300**	**2,255,884,922**	**360,600,590**	**73,631,579**	**360,600,588**	**73,631,579**	**100**	**100**	**7**	**3**

Source: *Embu County Treasury*

Analysis of department expenditure shows that the Department of Trade, Tourism, Investment, Industrial Development and Marketing recorded the highest absorption rate of development budget at 32 per cent, followed by the Department of Climate Change Unit at 6 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 17 per cent, while the Departments of Trade Tourism Investment, Industrial Development and Marketing, Water Irrigation Environment Climate Change and Natural Resources, Embu Level 5 Hospital, Embu County Revenue Authority, Embu Municipality, Climate Change Unit had the nil expenditure in the review period.

3.6.14 Budget Execution by Programmes and Sub-Programmes

Table 3.43 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.43: Embu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (FY 2024/25)		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
OFFICE OF GOVERNOR							
General Administration Planning and Support Services	Management of County Affairs (Office of Governor)	162,564,381	8,045,209	17,574,293	0	11	0
County Leadership and Coordination	Sub-County Administration and Field Services	50,059,135	2,477,395	5,411,726	0	11	0
County Government Advisory Services	Public Sector Advisory Services (Legal, Political, and Economic Advisors)	50,059,135	2,477,395	5,411,726	0	11	0

Programme	Sub-Programme	Approved Estimates (FY 2024/25)		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Sub Total		**262,682,650**	**13,000,000**	**28,397,746**	**0**	**11**	**0**
COUNTY PUBLIC SERVICE BOARD							
General Administration Planning and Support Services	Recruitment and Selection, Career Management, HR Policy & Audit	15,057,371	0	475,561	0	3	0
General Administration Planning and Support Services	Administration of Board programmes/ Agenda	12,547,809	0	396,301	0	3	0
General Administration Planning and Support Services	Performance Management & Discipline	8,245,703	0	260,426	0	3	0
Sub Total		**35,850,883**	**0**	**1,132,288**	**0**	**3**	
ADMINISTRATION, PUBLIC SERVICE, DEVOLUTION, GOVERNANCE, ICT AND GOVERNOR'S DELIVERY UNIT							
General Administration Planning and Support Services	Service delivery and management of County Affairs	350,638,642	1,791,865	29,446,704	0	8	0
Public Service	Human Resource Development and Culture Change Management	273,360,112	1,396,949	22,956,838	0	8	0
ICT Infrastructure	ICT Infrastructure Expansion	158,735,707	811,185	13,330,657	0	8	0
Sub Total		**782,734,460**	**4,000,000**	**65,734,199**	**0**	**8**	**0**
COUNTY ASSEMBLY							
General Administration, Planning and Support Services	Administrative Services	209,996,508	29,729,932	13,430,185	0	6	0
General Administration, Planning and Support Services	Legislation, Representation and Legislative Oversight	209,996,508	29,729,932	13,430,185	0	6	0
General Administration, Planning and Support Services	Representation Services	209,996,508	29,729,932	13,430,185	0	6	0
General Administration, Planning and Support Services	County Assembly Infrastructure Improvement	76,357,549	10,810,203	4,883,395	0	6	0
Sub Total		**706,347,072**	**100,000,000**	**45,173,949**	**0**	**6**	**0**
FINANCE AND ECONOMIC PLANNING							
General Administration Planning and Support Services	Administration, Planning and Support Services	65,733,378	672,704	11,185,893	0	17	0
Economic Policy and County Planning	Economic Development Planning and Coordination	25,389,299	259,830	4,320,514	0	17	0
Revenue Management	Revenue Management Services	62,368,472	638,269	10,613,285	0	17	0
Financial Management	Control and Management of Public Finances	31,291,484	320,232	5,324,893	0	17	0
Monitoring and Evaluation	Monitoring and Evaluation of projects	7,580,067	77,573	1,289,905	0	17	0
Research and Statistics	County Database	3,067,477	31,392	521,995	0	17	0
Sub Total		**195,430,177**	**2,000,000**	**33,256,485**	**0**	**17**	**0**
TRADE, TOURISM, INVESTMENT AND INDUSTRIALISATION							
Administrative Support Services	Administrative Support Services	2,589,589	15,595,752	0	4,915,324	0	32
Trade Development and Promotion	Trade Development and Promotion	17,208,500	103,637,891	0	32,663,624	0	32
Industrial Development and Investment	Industrial Development and Investment	7,259,299	43,719,002	0	13,778,947	0	32

Programme	Sub-Programme	Approved Estimates (FY 2024/25)		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Tourism Development	Tourism Development	5,939,427	35,770,092	0	11,273,684	0	32
Sub Total		**32,996,815**	**198,722,737**	**0**	**62,631,579**	**0**	**32**
AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVE DEVELOPMENT							
Administrative Support Services	Administrative Support Services	50,829,370	38,521,575	5,476,996	0	11	0
Crop Development and Management	Crop Development and Management	57,129,357	43,296,088	6,155,836	0	11	0
Agribusiness and Information Management	Agribusiness and Information Management	51,248,687	38,839,360	5,522,179	0	11	0
Livestock Resources Management and Development	Livestock Resources Management and Development	48,357,392	36,648,161	5,210,634	0	11	0
Cooperative Development and management	Strengthening the Cooperatives	43,231,137	32,763,175	4,658,267	0	11	0
Aquaculture Development and management	Fisheries Development	31,078,767	23,553,372	3,348,818	0	11	0
Sub Total		**281,874,710**	**213,621,730**	**30,372,731**	**0**	**11**	**0**
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	3,824,913	10,192,100	0	0	0	0
Water Service Delivery	Domestic water supply	15,299,650	40,768,399	0	0	0	0
Irrigation Development	Development of Irrigation schemes	1,912,456	5,096,050	0	0	0	0
Sanitation Services	Sanitation Services	1,912,456	5,096,050	0	0	0	0
Environmental Management and Conservation	Environmental Management and Conservation	1,912,456	5,096,050	0	0	0	0
Forestry and Landscapes Conservation	Forestry and Landscapes Conservation	1,912,456	5,096,050	0	0	0	0
Climate Change Mitigation and Adaptation	Climate Change Mitigation and Adaptation	11,474,738	30,576,299	0	0	0	0
Sub Total		**38,249,126**	**101,920,997**	**0**	**0**	**0**	**0**
HEALTH							
Curative Health Services	Primary Health Care	916,797,722	84,461,016	69,188,816	0	8	0
Preventive and Promotive Health Services	Health Promotion & Disease Control	360,745,697	33,234,101	27,224,727	0	8	0
General Administration Planning and Support Services	General Administration services	290,632,895	26,774,881	21,933,460	0	8	0
Sub Total		**1,568,176,314**	**144,469,997**	**118,347,003**	**0**	**8**	**0**
EMBU LEVEL 5 HOSPITAL							
Curative Health Services	Primary Healthcare	4,968,586	61,183,311	0	0	0	0
Preventive and Promotive Health Services	Health Promotion and Disease Control	1,364,902	16,807,444	0	0	0	0
General Administration Planning and Support Services	General Administration Services	998,312	12,293,244	0	0	0	0
Sub Total		**7,331,800**	**90,284,000**	**0**	**0**	**0**	**0**
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING.							
General Administration Planning and Support Services	General Administration Services	5,584,611	106,609,356	497,887	0	9	0
Roads Development	Rural Roads Improvement and Maintenance	14,892,296	284,291,616	1,327,698	0	9	0

Programme	Sub-Programme	Approved Estimates (FY 2024/25)		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Public Works	Public Works	5,584,611	106,609,356	497,887	0	9	0
Renewable Energy Development	Streetlights and Floodlights	7,446,148	142,145,808	663,849	0	9	0
Transport and Logistics	Fleet management	3,723,074	71,072,904	331,925	0	9	0
Sub Total		**37,230,740**	**710,729,040**	**3,319,246**	**0**	**9**	**0**
EDUCATION, SCIENCE AND TECHNOLOGY							
General Administration, Planning and Support Services	General Administration and Support Services	39,429,856	19,460,000	2,572,059	0	7	0
Access and retention in ECDE centres	Access and retention in ECDE centres	157,719,424	77,840,000	10,288,234	0	7	0
Improve Quality And Relevance Of ECDE Services	Improvement Quality And Relevance of ECDE Services	39,429,856	19,460,000	2,572,059	0	7	0
Improve on Transition from pre-primary to primary school	Improve on Transition from pre-primary to primary school	39,429,856	19,460,000	2,572,059	0	7	0
Increase access and retention in Vocational training.	Increase access and retention in Vocational training.	118,289,568	58,380,000	7,716,176	0	7	0
Sub Total		**394,298,561**	**194,600,000**	**25,720,586**	**0**	**7**	**0**
YOUTH EMPOWERMENT AND SPORTS, GENDER, CULTURE, CHILDREN AND SOCIAL SERVICES							
Youth Development and Empowerment Services	Youth Development and Empowerment Services	30,069,349	20,168,312	1,557,253	0	5	0
Management and development of Sports and Sports facilities	Community Sports Programme	52,435,102	35,169,616	2,715,546	0	5	0
General Administration Planning and Support Services	General Administration services	17,626,359	11,822,468	912,846	0	5	0
Gender and Social Development	Communication mobilisation and development	8,546,407	5,732,303	442,607	0	5	0
	Social Welfare Services	8,556,461	5,739,046	443,128	0	5	0
	Gender mainstreaming and development	11,596,517	7,778,092	600,569	0	5	0
Children Services	Child Rehabilitation and Custody	3,301,801	2,214,605	170,996	0	5	0
Culture and Cultural Preservation	Cultural Preservation	5,778,151	3,875,559	299,243	0	5	0
Sub Total		**137,910,148**	**92,500,000**	**7,142,189**	**0**	**5**	**0**
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT							
General Administration and Support Services	General Administration and Support Services	5,456,629	9,746,959	182,197	0	3	0
Physical Planning	SP1.1: Physical Planning	2,728,314	4,873,479	91,098	0	3	0
Physical Planning	Survey and Spatial Planning	3,819,640	6,822,871	127,538	0	3	0
Survey and Spatial Planning	Urban Development	5,456,629	9,746,959	182,197	0	3	0
Automation of land records and operations	Automation	24,554,831	43,861,316	819,886	0	3	0
Valuation and Rating	Valuation	2,728,314	4,873,479	91,098	0	3	0
Mining	Mining	15,278,561	27,291,485	510,152	0	3	0
Sub Total		**60,022,920**	**107,216,549**	**2,004,167**	**0**	**3**	**0**

Programme	Sub-Programme	Approved Estimates (FY 2024/25)		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
EMBU COUNTY REVENUE AUTHORITY							
General Administration Planning and Support Services	General Administration Planning and Support Services	15,674,703	20,677,268	0	0	0	0
General Administration Planning and Support Services	Revenue Management Services	7,825,297	10,322,732	0	0	0	0
Sub Total		**23,500,000**	**31,000,000**	**0**	**0**	**0**	**0**
EMBU MUNICIPAL BOARD							
General Administration, Planning and Support Services	1) General Administration Services	3,394,940	4,252,315	0	0	0	0
Road Transport	1) Rural Roads Improvement and Maintenance Services	50,571,641	63,343,247	0	0	0	0
Sub Total		**53,966,581**	**67,595,562**	**0**	**0**	**0**	**0**
EMBU - FINANCING LOCALLY LED CLIMATE ACTION PROGRAM							
General Administration, Planning and Support Services	General Administration Services	0	101,323,371	0	6,050,000		6
Locally Led Climate Action Program	Environment and Natural Resource Management	0	18,422,431	0	1,100,000		6
Locally Led Climate Action Program	Urban and Rural Development	0	46,056,077	0	2,750,000		6
Locally Led Climate Action Program	Social Development and Protection	0	18,422,431	0	1,100,000		6
Sub Total		**0**	**184,224,310**	**0**	**11,000,000**		**6**
Grand Total		**4,618,602,957**	**2,255,884,922**	**360,600,588**	**73,631,579**	**8**	**3**

Source: *Embu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative Support Services, Trade development and Promotion, Industrial Development and Investment and Tourism Development in the Department of Trade Tourism Investment, Industrial Development and Marketing each at 32 per cent, Administration Planning & Support Services, Economic Development Planning & Coordination, Revenue Management Services Control & Management of Public Finances, Monitoring & Evaluation of projects, County database of the Finance and Planning Department at 17.02 per cent, Management of County Affairs (Office of Governor), Sub-County Administration and Field Services, Public Sector Advisory Services (Legal, Political, and Economic Advisors) of the Office of Governor at 10.78 per cent, and Service delivery & management of County Affairs, Human Resource Development & Culture Change Management, ICT Infrastructure Expansion of Administration, Public Service, Devolution, Governance, ICT and Governor's Delivery Unit at 8.40 per cent of budget allocation.

3.6.15 Accounts Operated in Commercial Banks

The County government operated 46 accounts with banks, of which 17 were for healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.6.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 30 October 2024.

2. The underperformance of own-source revenue at Kshs.151.6 million against an annual target of Kshs.1.00 billion, representing 15.2 per cent of the yearly target.
3. There was a high level of pending bills, which amounted to Kshs.1.91 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.
4. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assemble Car loan and Mortgage Fund and Embu County Climate Fund were not submitted to the Controller of Budget as of 15 October 2024.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.4.37 million were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The CECM Finance should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.7. County Government of Garissa

3.7.1 Overview of FY 2024/25 Budget

The Garissa County approved FY 2024/25 budget is Kshs.11.46 billion. It comprised Kshs.4.2 billion (37 per cent) and Kshs.7.26 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs. 0.76 billion (7 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.31 billion and a recurrent budget of Kshs.6.39 billion. The increase in the budget was attributed to the rise in Equitable Share from Kshs.8.2 to Kshs.8.55 billion, an increase in OSR from Kshs.230 million to Kshs.300 million, and the increase in carry forward for two months.

The Garissa County Government budget will be financed from different sources of revenue. These include; Kshs.8.56 billion (75 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.27 billion as additional allocations, a cash balance of Kshs.1.33 billion (12 per cent) brought forward from FY 2023/24, and Kshs.300 million (2.6 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.160 million (1 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.140 million (1 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.44.

3.7.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.2.35 billion to fund recurrent and development activities. The equitable share from the national government was Kshs. 701.14 million, and its own source revenue

(OSR) collection was Kshs. 80.47 million. In addition, the County had a cash balance of Kshs. 1.57 billion from FY 2023/24, including Kshs.659.9 million June 2024 disbursement disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 80.47 million indicates Facilities Improvement Financing (FIF) of Kshs. 57.79 million and Kshs.22.68 million as ordinary OSR. Table 3.44 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.44: Garissa County, Revenue Performance in the First Quarter of FY 2024/25

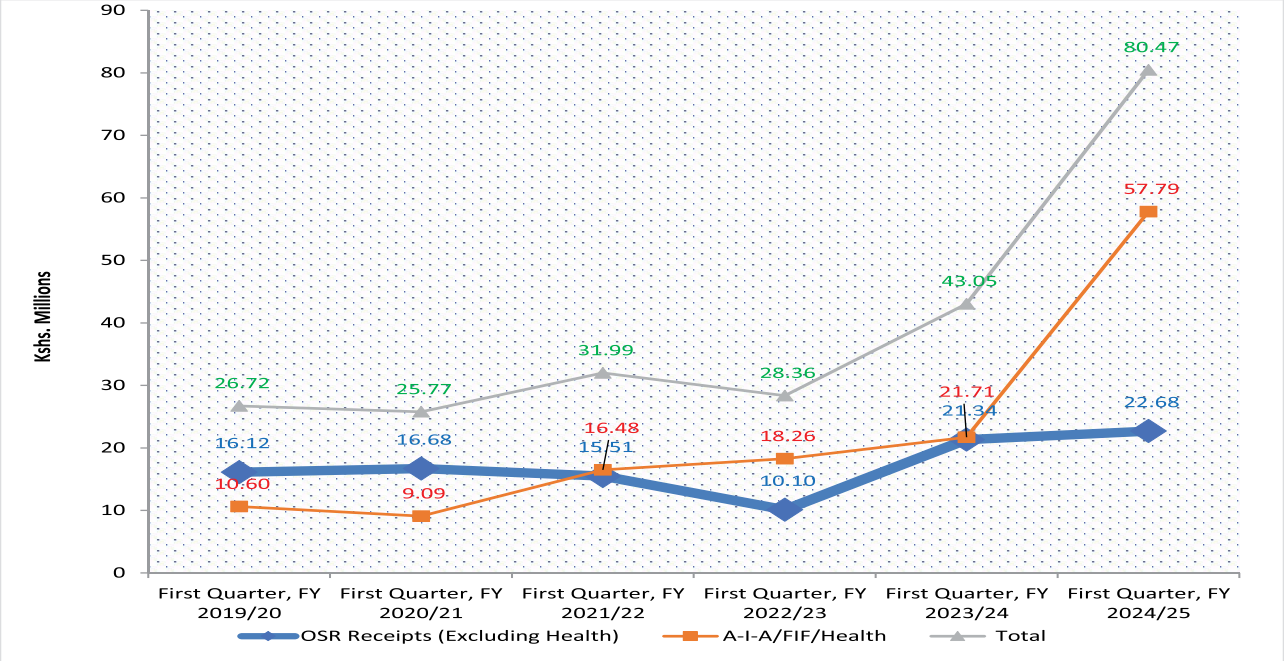
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	8,555,015,575	701,143,589	8
Subtotal		8,555,015,575	701,143,589	8
B	**Additional Allocations**			
	Framework for the management Of Food System Resilience Project – (FSRP)-IDA FOR FY 2024/2025	173,076,923	0	0
	DANIDA Grant-Primary health care in a devolved context	10,822,500	0	0
	Kenya Devolution Support Program KDSP11	37,500,000	0	0
	Kenay Urban Support Prorgam -KUSP UIG	35,000,000	0	0
	Framework for Management Of UNFPA Grant FOR GOK/UNFPA 10TH Country Programme for FY 2024/25	9,620,000	0	0
	Emergency Locust Response Project World Bank (ELRP)	142,500,000	0	0
	Water and Sanitation Development Project (World Bank) WSDP	450,000,000	0	0
	Financing locally-led climate action program (FLLoCA) County climate Institutional support (CCRI	137,000,000	0	0
	Financing locally-led climate action program (FLLoCA) County Climate Institutional support (CCIS) Grant level 1 (World Bank)	11,000,000	0	0
	Road Maintenance Levy Fund (RMLF)	188,410,093	0	0
	Conditional Grant Community Health Promoters	74,520,000	0	0
	Transfer of museum Function	2,462,567	0	0
	Mineral Royalties	621,261	0	0
Subtotal		**1,272,533,344**	**0**	**0**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	140,000,000	22,680,111	16
	Facility Improvement Fund (FIF)	160,000,000	57,788,652	36
Subtotal		300,000,000	80,468,763	**27**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	1,332,681,087	1,566,887,583	118
Grand Total		**11,460,230,006**	2,348,499,934	**21**

Source: *Garissa County Treasury*

The County has governing legislation on the operation of FIF.

Figure 25 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 25: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



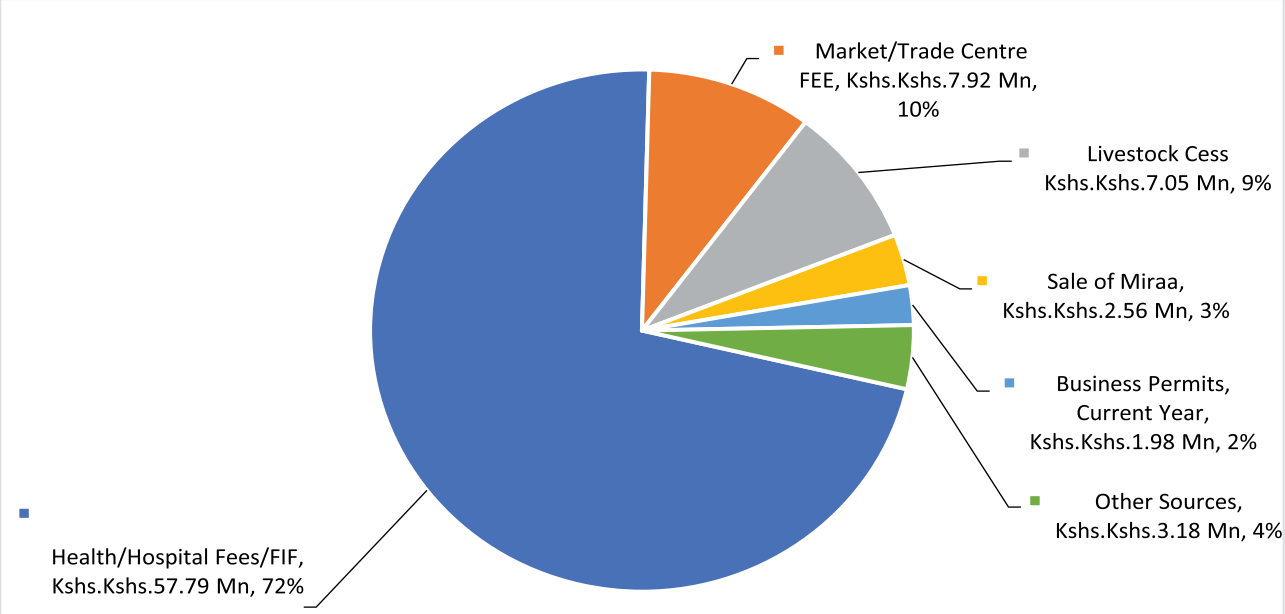
Source: *Garissa County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.80.47 million from its revenue sources, including FIF. This amount was an increase of 87 per cent compared to Kshs.43.05 million realised in a similar period in FY 2023/24, which was 27 per cent of the annual target and 12 per cent of the equitable revenue share disbursed.

The increase in OSR is attributed to the enactment of the FIF Act. The timely supply of drugs has occasioned seamless operations in health facilities, thus increasing revenue generation from user charges and public health fees. There has also been continuous engagement and follow-up with taxpayers and enhanced supervision and internal control systems in revenue collection. Also, the opening of gypsum excavation, the land registration process, and adequate staff recruitment have enhanced the ability to raise more OSR.

The revenue streams which contributed the highest OSR receipts are shown in Figure 26.

Figure 26: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Garissa County Treasury

The highest revenue stream, Kshs.57.79 million, was from Health (Hospital Fees/ FIF), which contributed 72 per cent of the total OSR receipts during the reporting period.

3.7.3 Borrowing by the County

The County Government has yet to borrow so far.

3.7.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.04 billion from the CRF account during the reporting period, which comprised Kshs.646.70 million (32 per cent) for development programmes and Kshs.1.39 billion (68 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.07 billion was released towards employee compensation and Kshs.323.37 million for operations and maintenance expenditure.

As of September 30, 2024, the County Government's cash balance in the CRF account was Kshs. 792.67 million.

3.7.5 County Expenditure Review

The County spent Kshs.1.57 billion on development and recurrent programmes in the reporting period. The expenditure represented 77 per cent of the total funds released by the CoB and comprised Kshs. 428.61 million and Kshs.1.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 10 per cent, while recurrent expenditure represented 16 per cent of the annual recurrent expenditure budget.

3.7.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs 6.11 billion as of 30th June 2024, comprising pending payments by the County Executive of Kshs. 6.0 billion and Kshs 113.82 million for the County Assembly.

The County Executive's pending bills consist of Kshs.1.45 billion for recurrent expenditures and Kshs. 4.55 billion for development expenditures. The County Executive did not settle any pending bills in the reporting period, while the County Assembly settled recurrent pending bills worth Kshs. 40.80 million. Therefore, the outstanding bills were Kshs.6.07 billion as of 30 September 2024.

3.7.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.765.41 million on employee compensation, Kshs.319.63 million on operations and maintenance, and Kshs.428.61 million on development activities. Similarly, the County Assembly spent Kshs.40.80 million on employee compensation, Kshs.19.20 million on operations and maintenance, and did not spend on development activities, as shown in Table 3.45.

Table 3.45: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,175,462,183**	**1,083,780,817**	**1,085,033,123**	**59,999,811**	**18**	**6**
Compensation to Employees	4,018,691,551	694,580,507	765,405,923	40,798,584	19	6
Operations and Maintenance	2,156,770,632	389,200,310	319,627,200	19,201,227	15	5
Development Expenditure	**3,917,987,006**	**283,000,000**	**428,611,317**	-	11	0
Total	**10,093,449,189**	**1,366,780,817**	**1,513,644,440**	**59,999,811**	15	4

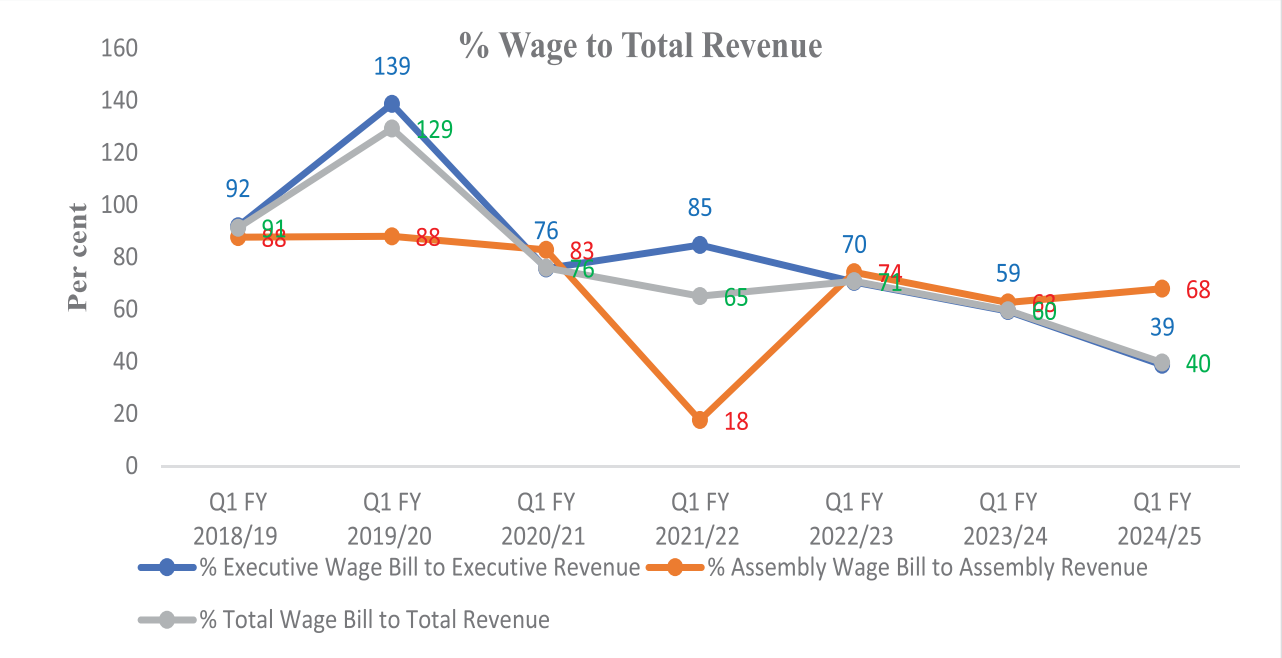
***Source**: Garissa County Treasury*

3.7.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.806.20 million, or 40 per cent of the available revenue of Kshs.2.04 billion. This expenditure represented a decrease from Kshs.1.02 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.339.90 million paid to the health sector employees, translating to 42 per cent of the total wage bill.

Figure 27 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 27: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: *Garissa County Treasury*

Further analysis indicates that PE costs amounting to Kshs.618.61 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.187.59 million was processed through manual payrolls. The manual payrolls accounted for 23 per cent of the total PE cost.

The County Assembly did not spend Kshs. 30.97 million on committee sitting allowances for the 49 MCAs against the annual budget allocation. The County Assembly had 19 House Committees.

3.7.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.130 million to county-established funds in FY 2024/25, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.60 million to the Emergency Fund (0.5 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.46 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.46: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1	Disaster Management Fund/Emergency	60,000,000	-	-	-	-
2	Bursary Fund	50,000,000	50,000,000	50,000,000		YES
3	Micro and Small Enterprises Development Revolving Fund	20,000,000	-	-	-	-
	County Assembly Established Funds					
	Total	**130,000,000**	**50,000,000**	**50,000,000**		

Source: *Garissa County Treasury*

Note: Cumulative disbursements to a fund include all monies that the county treasury has transferred to the Fund since its inception to the reporting period.

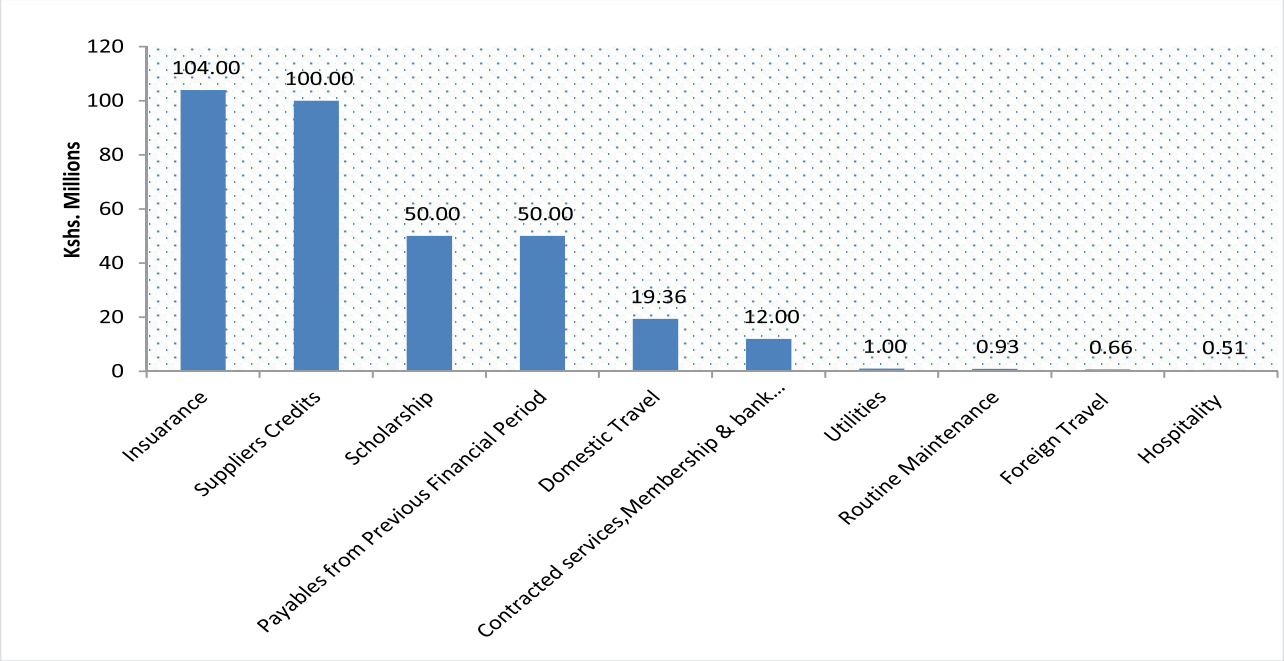
During the reporting period, the CoB did not receive quarterly financial reports from Disaster Management Fund/Emergency and Micro and Small Enterprises Development Revolving Fund Administrators, as indicated in Table 3.46, contrary to the requirement of Section 168 of the PFM Act, 2012. The administration cost of the Bursary Fund was within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.7.10 Expenditure on Operations and Maintenance

Figure 28 summarises the Operations and Maintenance expenditure by major categories.

Figure 28: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: *Garissa County Treasury*

Expenditure on domestic travel amounted to Kshs.19.36 million and comprised Kshs.17.37 million spent by the County Assembly and Kshs.1.99 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.66 million, all spent by the County Assembly. Expenditure on foreign travel is summarised in Table 3.47.

Table 3.47: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	25th to 28th August 2024	To attend the 8th International Conference on Social Science, Humanities and Education	Britain	660,828

Source: Garissa County Treasury and Garissa County Assembly

3.7.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.57.79 million as FIF, which was 36 per cent of the annual target of Kshs.160 million. The collected amount was retained and utilised at the source in

accordance with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The Health Facilities did provide a report on the utilisation of the FIF during the reporting period, according to Section 18 (e) of the FIF Act, 2023.

The expenditure by the Health Facilities amounted to Kshs.57.79 million, as shown in Table 3.48.

Table 3.48: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Cost Sharing Hospitals			
1	Garissa County Referral Hospital	120,000,000	48,537,439	40
2	Iftin	7,000,000	1,589,600	23
3	Ijara	8,000,000	2,970,590	37
4	Dadaab	7,000,000	1,179,080	17
5	Balambala	1,000,000	244,800	25
6	Hulugho	1,000,000	280,000	28
7	Modogashe	3,000,000	1,391,513	46
8	Bura	3,000,000	585,980	20
	TOTAL	**150,000,000**	56,779,002	**40**
	Public Health			
1	Dadaab	1,500,000	283,200	19
2	Fafi	1,500,000	70,500	5
3	Ijara	500,000	34,900	7
4	Balambala	500,000	13,900	3
5	Modogashe	500,000	47,300	10
6	Township	5,000,000	539,850	11
7	Hulugho	500,000	20,000	4
	TOTAL	**10,000,000**	**1,009,650**	**10**
	Grand Total	**160,000,000**	**57,788,652**	**36**

Source: *Garissa County Treasury*

The Health Facility with the highest absorption rate was Modogashe Sub-County Hospital at 46 per cent.

3.7.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.428.61 million on development programmes, representing an increase of 14 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.377.50 million. Table 3.49 summarises development projects with the highest expenditure in the reporting period.

Table 3.49: Garissa County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads, Transport and Public Works	Proposed Upgrading To Bitumen Standard Of Bulla Madina-Dobale Road	Township	39,219,844	12,000,000	-
2	Health and Sanitation	Proposed Construction of Mother and Child Hospital at Garissa Referral Hospital	Township	663,678,404	60,000,000	-

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
3	Trade, Investments and Enterprise Development	County Industrial Park		350,000,000	87,435,823	-
4	Water, Environment and Natural Resources	cf Proposed Qone-Modogashe Pipeline Project,	Lagdera	457,911,266	68,000,000	-
5	Water, Environment and Natural Resources	cf Proposed Construction of Boulragy Giraffe Sanctuary,	Township	20,000,000	20,000,000	-
6	Water, Environment and Natural Resources	cf Proposed augmentation and rehabilitation of Masalani water supply	Masalani	20,000,000	20,000,000	-
7	Water, Environment and Natural Resources	WSDP Project-World Bank(Host community)		450,000,000	98,595,330	-
8	Roads, Transport and Public Works	Proposed Installation of Solar Powered Street Lights in Lamu Road, Garissa Town	Township	22,936,680	6,000,000	-
9	Roads, Transport and Public Works	Proposed Demolition and Construction of Parking and Fencing at Qorahey Market	Township	19,467,404	7,971,943	-
10	Water, Environment and Natural Resources	Proposed Desilting At Bula Abass Water Pan	Lagdera	9,844,630	2,487,837	-

Source: *Garissa County Treasury*

3.7.13 Budget Performance by Department

Table 3.50 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.50: Garissa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock & pastoral	147.16	477.78	26.00	0.00	18.50	13.35	71.2	0.0	13	3
Culture, Gender, Youth & Sports	70.73	183.00	17.00	0.00	12.00	4.48	70.6	0.0	17	2
Roads, Transport and Public Works	84.82	450.51	17.50	25.97	11.00	31.84	62.9	122.6	13	7
Education, Information and ICT	385.51	157.10	157.00	0.00	156.50	0.00	99.7	0.0	41	0
Lands, Physical Planning and Urban Development	368.93	110.00	109.02	0.00	67.01	0.00	61.5	0.0	18	0
Finance & Economic Planning	1258.72	150.00	383.86	0.00	326.84	12.57	85.1	0.0	26	8
Health & Sanitation	2935.72	420.50	353.74	60.00	341.87	60.00	96.6	100.0	12	14
Trade, Investments and Enterprise Development	95.31	470.00	14.00	87.44	11.00	87.44	78.6	100.0	12	19
Water, Environment and Natural Resources	183.26	1472.10	42.00	473.29	14.00	187.22	33.3	39.6	8	13

Department	Budget Allocation (Kshs. 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 Affairs, Public Service and Intergovernmental Relations	589.56	12.00	197.46	0.00	124.09	0.00	62.8	0.0	21	0
County Public Service Board	55.74	15.00	11.01	0.00	2.21	0.00	20.1	0.0	4	0
Assembly	1083.78	283.00	60.00	0.00	60.00	31.71	100.0	0.0	6	11
Total	**7259.24**	**4200.99**	**1388.58**	**646.70**	**1145.03**	**428.61**	**82.5**	**66.3**	**16**	**10**

***Source**: Garissa County Treasury*

Analysis of expenditure by departments shows that the Department of Trade, Investments and Enterprise Development recorded the highest absorption rate of development budget at 19 per cent, followed by the Department of Health and Sanitation at 14 per cent. The Department of Education, Information and ICT had the highest percentage of recurrent expenditure to budget at 41 per cent, while the Department of County Public Service Board had the lowest at 4 per cent.

3.7.14 Budget Execution by Programmes and Sub-Programmes

Table 3.51 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

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

Programme	Sub-Pro gramme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Department of Agriculture, Livestock & pastoral							
Programme 1: CP1: Agriculture	CSP 1.1 Agriculture Administration & Support Services	91,576,039	233,076,923	5,000,000	13,351,028	6	6
	CSP 1.2 Crop production and value chains	1,200,000				-	
	CSP 1.3 Agricultural Mechanization Services		37,200,000				-
CP2: Livestock Pastoral Economy	Sub- CSP 2.1 Livestock Administration and Support Service	47,180,760	177,500,000	13,500,000		29	-
	CSP 2.2 Livestock Production	2,550,000				-	
	CSP 2.3 Livestock Value Chains Development	500,000					
	CSP 2.4 Veterinary Service	3,350,000	30,000,000			-	-
CP3: Fish Production	CSP 3.1 Fisheries services	200,000				-	
CP 4: Cooperatives	CSP 4.1 Cooperatives Development	600,000				-	
	Sub Total	**147,156,798**	**477,776,923**	**18,500,000**	**13,351,028**	**13**	**3**
Department Culture, Gender, Youth & Sports							
CP1. Administration and support services	CSP 1.1 Administration and Support Services	65,937,181		12,000,000		18	
CP2. Gender and social services	CSP 2.1 Social Protection,	1,025,000	76,000,000		4,475,000	-	6
	CSP 2.2 Gender and Women Empowerment						
CP3. Cultural Promotion	CSP 3.1 Promotion and preservation of culture and Heritage						

Programme	Sub-Pro gramme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Develop-ment	Recurrent	Develop-ment
CP4. Youth and Sport Development	CSP4.1 Youth development	500,000				-	
	CSP4.2 Sports & talent development	3,263,600	107,000,000			-	-
	Sub-Total	**70,725,781**	**183,000,000**	**12,000,000**	**4,475,000**	**17**	**2**
Department Roads, Transport and Public Works							
CP1: Administration and support services	CSP 1.1 Administration and Services	75,653,420	65,000,000	11,000,000	31,836,358	**15**	**49**
CP2.0 Road and transport	CSP2.1 Roads	1,667,200	341,510,083			-	-
	CSP 2.2 Transport	1,500,000				-	
CP3 Public works &housing	CSP3.1 PUBLIC WORKS	6,000,000	44,000,000			-	-
	Sub-Total	**84,820,620**	**450,510,083**	**11,000,000**	**31,836,358**	**13**	**7**
Department of Education, Information and ICT							
CP1: General Admin-istration and support services	CSP1.1 Administration and Support Services	348,193,769		156,500,000		**45**	
CP2. Education Development	CSP 2.1 E.C.D	24,234,909	157,100,000			-	-
	CSP 2.2 Vocational Training	3,001,200				-	
CP3. ICT, Informa-tion and Libraries	CSP3.1 ICT, Information and Libraries	10,082,733				-	
	Sub-programme						
	Sub-Total	**385,512,611**	**157,100,000**	**156,500,000**		**41**	-
Department Lands, Physical Planning and Urban Development							
CP 1: Administration	CSP 1.1 Urban Administra-tion & Support Services	345,967,569		67,009,850		**19**	
CP 2: Lands & physi-cal planning	CSP 2.1 Lands Services	7,000,000				-	
	CSP 2.2 Physical Planning	7,450,000	50,000,000			-	-
CP 3: Urban Devel-opment	CSP 3.1 Urban Develop-ment and Infrastructure	1,500,000				-	
	CSP 3.2 Urban Disaster and Risk Management	6,114,626	60,000,000			-	-
	CSP 3.3 Urban Sanitation Services	900,000				-	
	Sub-Total	**368,932,195**	**110,000,000**	**67,009,850**		**18**	-
Department Finance & Economic Planning							
P1: Administration and Support Services	CSP1.1 Administration and Support Services	902,682,278	150,000,000	326,840,021	12,574,749	**36**	**8**
	CSP 1.2 Special Programmes	304,910,000				-	
P2: Public Finance Management	CSP 2.1 Accounting Services	3,713,739				-	
	CSP 2.2 Budget Formulation	8,890,719				-	
	CSP 2.3 Audit Services	5,362,600				-	
	CSP 2.4 Revenue Manage-ment	9,305,000				-	
	CSP 2.5 Supply Chain Mgt	7,630,000				-	
P3: Economic planning	CSP 3.1 Planning and M&E	11,730,000				-	
	CSP3.2 Statistics and Research	4,500,000				-	
	Sub-Total	**1,258,724,336**	**150,000,000**	**326,840,021**	**12,574,749**	**26**	**8**

Programme	Sub-Pro gramme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Develop-ment	Recurrent	Develop-ment
Department of Health & Sanitation							
P1: Governance, quality assurance and support services	CSP 1.1 Administration And Support Services	2,628,768,727	420,500,000	341,873,453	60,000,000	**13**	**14**
	CSP 1.2 Health Information Systems	5,000,000				-	
	CSPS 1.3 policy Research and planning	5,000,000				-	
P2: Curative Services, Rehabilitative and Referal services	CSP 2.1 Health products and technologies	208,500,000				-	
	CSP 2.2 Rehabilitative services	11,500,000				-	
	CSP 2.3 Referal and Emer-gency Services	54,258,025				-	
P3: Preventive and promotive and RM-NCH services	Maternal, newborn, child health and nutrition services	11,075,645				-	
	Preventive and Promotive health services	11,618,450				-	
	Sub-Total	**2,935,720,847**	**420,500,000**	**341,873,453**	**60,000,000**	**12**	**14**
Department Trade, Investments and Enterprise Development							
CP1: Administration and Support Services	CSP1.1 Administration And Support Services	90,354,667	350,000,000	11,000,000	87,435,823	**12**	**25**
CSP 2.1 micro and small enterprises development	CSP 2.1 micro and small enterprises development	1,400,000	20,000,000			-	-
	CSP 2.2 Trade infrastructure and services	750,000				-	
CP3.Industrialisa-tion and Investment Programme	CSP 3.1 Industrialization and Investment Programme	1,400,000	100,000,000			-	-
CP 4: Tourism	**CSP 4.1 Tourism Devel-opment**	1,402,259				-	
	Sub-Total	**95,306,926**	**470,000,000**	**11,000,000**	**87,435,823**	**12**	**19**
Department of Water, Environment and Natural Resources							
CP1: Water Services	CSP1.1 Administration and Support Services	35,293,025	310,000,000	14,000,000	77,628,677	40	25
	CSP 1.2 Water Infrastruc-ture Development	1,100,000	785,100,000		98,595,330	-	13
CP2: Irrigation Services	CSP 2.1 Irrigation Devel-opment	12,350,000	377,000,000		11,000,000	-	3
	Sub-Total	**183,255,191**	**1,472,100,000**	**14,000,000**	**187,224,007**	**8**	**13**
Department of County Affairs, Public Service and Intergovernmental Relations							
CP1.Executive Services	CSP 1.1 Governor Oper-ations	60,400,000		8,000,000		**13**	
	CSP 1.2 Deputy Governor Operations	36,120,000		85,500,000		**237**	
	CSP 1.3County Secretary	49,656,215		6,500,000		**13**	
	CSP 1.4Operations & Sub-County Administration	254,302,589	12,000,000	5,000,000		**2**	-
	CSP 1.5Intergovernmental &public participation	56,812,430				-	
	CSP 1.6 County Attorney	28,500,000		12,000,000		**42**	
	CSP1.7 HRM DPT	86,491,478		7,094,824		**8**	
	CSP 1.8 Donor coordination	17,280,548				-	
	Sub-Total	**183,255,191**	**1,472,100,000**	**124,094,824**	-	**68**	
Department County Public Service Board							
Programme 1: Board services	CSP 1: Administration support services	55,743,617	15,000,000	2,214,975		**4**	-

Programme	Sub-Pro gramme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Develop-ment	Recurrent	Develop-ment
	Sub-Total	**55,743,617**	**15,000,000**	**2,214,975**		**4**	**-**
Department County Assembly							
General Administra-tion, Planning and Support Services	General Administration	1,083,780,817	283,000,000	59,999,811	31,714,352	**6**	**11**
	Sub-Total	**1,083,780,817**	**283,000,000**	**59,999,811**	**31,714,352**	**6**	**11**
Grand Total		**6,852,934,930**	**5,661,087,006**	**1,145,032,934**	**428,611,317**	**17**	**8**

***Source**: Garissa County Treasury*

Based on absorption rates for recurrent activities, the sub-programmes with the highest implementation levels were Administration and Support Services in the Department of Roads, Transport, and Public Works, with an absorption rate of 49 per cent, and Administration and Support Services in the Department of Trade, Investments, and Enterprise Development, with an absorption rate of 26 per cent.

For development activities, the highest levels of implementation were: Administration and Support Services in the Department of Water, Environment, and Natural Resources, with an absorption rate of 26 per cent, and Administration and Support Services in the Department of Health and Sanitation, with an absorption rate of 14 per cent of the budget allocation.

3.7.15 Accounts Operated in Commercial Banks

The County government operated 11 accounts with commercial banks, of which two were for healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.7.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The final report data was received on 5th November, 2024.
2. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Disaster Management Fund/ Emergency Fund and Micro and Small Enterprises Development Revolving Fund were not submitted to the Controller of Budget as of 15th October 2024.
3. High level of pending bills which amounted to Kshs.6.07 billion as of 30th September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.187 million were processed through manual payroll, accounting for 23 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya.

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

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

2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.8. County Government of Homa Bay

3.8.1 Overview of FY 2024/25 Budget

The County's approved budget estimate for FY 2024/25 was Kshs.11.88 billion, comprised of Kshs.4.21 billion (35 per cent) and Kshs.7.67 billion (65 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 6.4 per cent from FY 2023/24 budget estimates of Kshs.11.17 billion and comprised of Kshs.3.51 billion towards development expenditure and Kshs.7.66 billion for recurrent expenditure.

The Homa Bay County Government budget will be financed from different sources of revenue. They include; Kshs.8.44 billion (71 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.83 billion (15 per cent) as additional allocations, Kshs.128.60 million (1 per cent) as a share of equalisation funds, and Kshs.1.48 billion (13 per cent) generate as gross own source revenue. The own-source revenue includes Kshs.981.07 million as Appropriation in Aid (AIA)/Facility Improvement Fund (FIF) and Kshs.501.74 million as ordinary own-source revenue. A breakdown of the additional allocations is provided in Table 3.52

3.8.2 Revenue Performance

In the first quarter of FY 2024/25, the County received a total of Kshs.982.30 million to fund recurrent and development activities. The equitable share of the revenue raised nationally was Kshs.690.91 million. Additional allocations from the National government and development partners amounted to Kshs.65.13 million, and own source revenue (OSR) collection amounted to Kshs.226.26 million. Additionally, the County had a balance of Kshs.693.09 million from FY 2023/24. The balance carried forward from FY 2023/24 includes Kshs.650.27 million of the June 2024 Equitable Share of the revenue raised nationally that was disbursed in July 2024.

The total OSR collection of Kshs. 226.26 million includes Kshs.158.94 million as Appropriation in Aid (AIA)/ Facility Improvement Fund (FIF) and Kshs.67.31 million as ordinary own source revenue (OSR). Table 3.52 summarises the total revenue available to the county government during the first quarter of FY 2024/25 Performance.

Table 3.52: Homa Bay County, Revenue Performance in the First Quarter of FY 2024/25

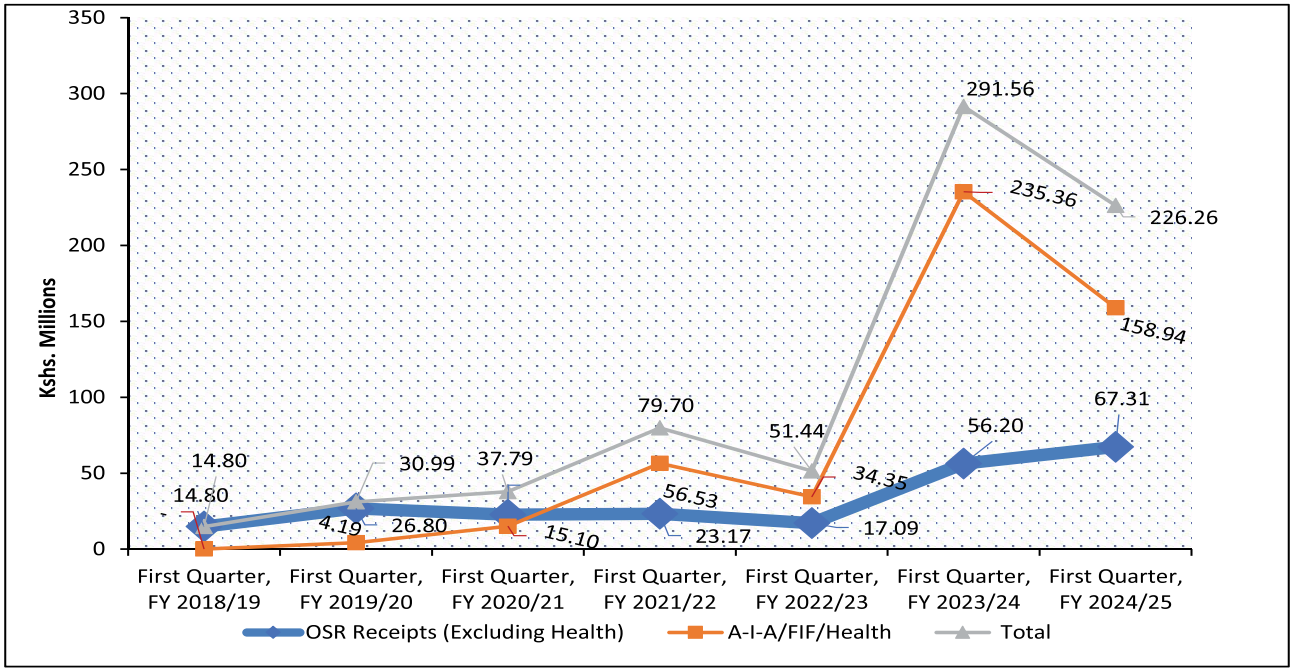
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,436,080,677	690,912,916	8
Sub Total		**8,436,080,677**	**690,912,916**	**8**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
B	**Additional Allocations**			
1	National Value Chain Development Project	151,515,152	-	-
2	Kenya Agricultural Business Development Programme (KABDP)	10,918,919	-	-
3	Aquaculture Business Development Programme (ABDP)	12,909,422	-	-
4	DANIDA	21,383,750	-	-
5	Community Health Promoters (CHP)	88,620,000	-	-
6	Financing Locally-Led Climate Actions Programme -CCRI & CCRIG) - IDA &KFW	251,984,144	-	-
7	Financing Locally-Led Climate Actions Programme -CCIS	11,000,000	11,000,000	100
8	Kenya Informal Settlements Improvement Programme(KISIP)II	987,020,992	-	-
9	Kenya Urban Support Programme (UIG)	35,000,000	-	-
10	Kenya Urban Support Prigramme (UDG)	37,861,088	-	-
11	Kenya Urban Support Programme (UDG)	16,800,000	-	-
12	Kenya Devolution Support Programme(KDSPII)	37,500,000	-	-
13	Road Maintenance Levy	177,974,496	-	-
14	County Industrial Parks Development	30,000,000	54,131,579	180
Sub-Total		**1,870,487,963**	**65,131,579**	**4**
C	**Own Source of Revenue**			
1	Ordinary Own Source Revenue	501,737,917	67,312,100	13
2	Appropriation in Aid (A-I-A)/Facility Improvement Fund (F.I.F)	981,068,740	158,943,021	16
Sub-Total		**1,482,806,657**	**226,255,121**	**15**
D	**Other sources of Revenue**			
1	Unspent balance from FY 2023/24	-	693,090,512	-
2	Share of Equalisation funds	128,603,304	-	-
Sub-Total		**128,603,304**	**693,090,512**	**539**
Grand Total		**11,876,978,601**	**1,675,390,128**	**14**

Source: *Homa Bay County Treasury*

Figure 29 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 29: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

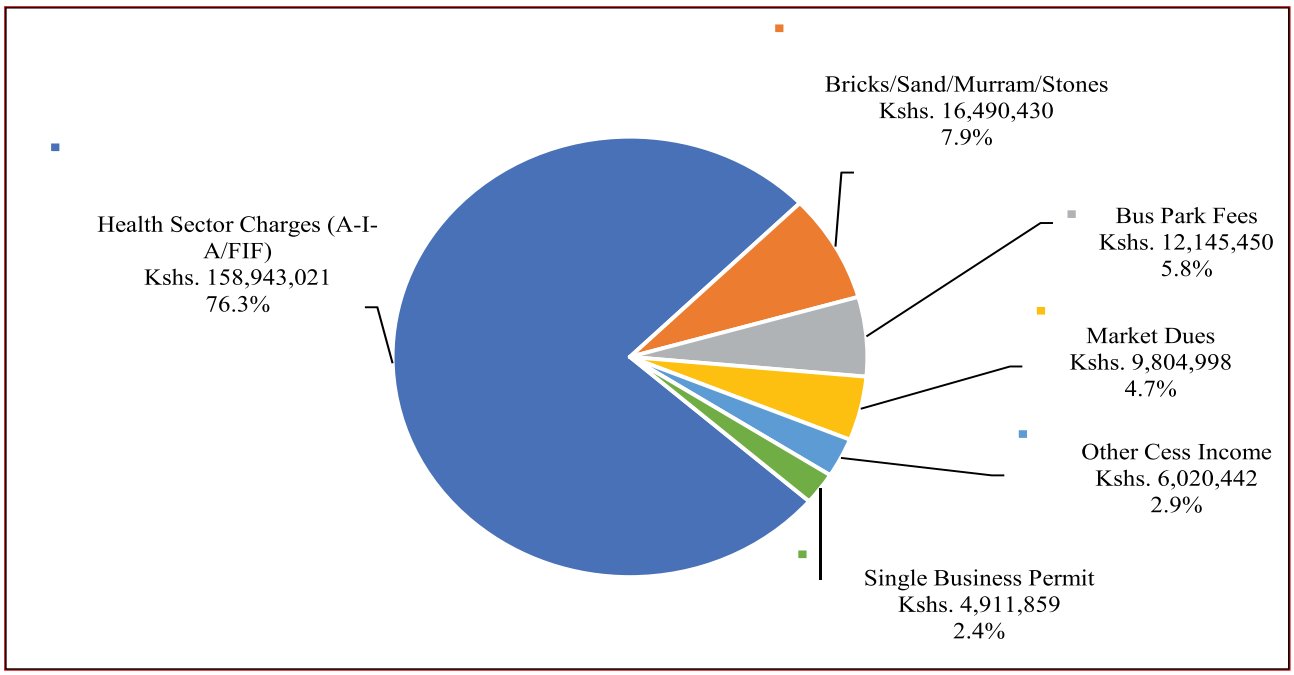


Source: *Homa Bay County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.226.26 million from its own revenue sources, including the Health Sector Appropriation in Aid (AIA)/Facility Improvement Fund (FIF). This amount was a decrease of 22 per cent compared to Kshs.291.56 million realised in a similar period in FY 2023/24, 15 per cent of the annual target, and 33 per cent of the equitable revenue share disbursed during the period.

The revenue streams which contributed the highest OSR receipts are shown in Figure 30.

Figure 30: Top Streams of Own Source Revenue in the First Quarter of FY 2024/25



Source*: Homa Bay County Treasury*

The highest revenue stream, Kshs.158.94 million, was from the Health Sector Appropriation in Aid (AIA)/Facility Improvement Fund (FIF), contributing 76 per cent of the total OSR receipts during the reporting period.

3.8.3 Borrowing by the County

The county government borrowed Kshs 473.69 million from the Kenya Commercial Bank Limited to support its operations.

The County entered an agreement with Kenya Commercial Bank Limited and Equity Bank Kenya Limited for advance payroll processing for County Executive staff at an interest of 0.5 per cent, an excise duty of 20 per cent and an interest of 1.0 per cent and an excise duty of 20 per cent, respectively. The outstanding payroll management overdraft facility from Kenya Commercial Bank Limited as of 30 September 2024 amounted to Kshs.473.69 million. There was no outstanding payroll management overdraft facility from Equity Bank Kenya Limited as of 30 September 2024.

3.8.4 Exchequer Issues

In the first quarter of FY 2024/25, the Controller of Budget approved withdrawals of Kshs.1.43 billion from the CRF account comprises Kshs.151.34 million (10.6 per cent) for development programmes and Kshs.1.28 billion (89.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer releases in the reporting period indicates that Kshs.1.06 billion was released towards employee compensation and Kshs.216.66 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 693.09 million.

3.8.5 County Expenditure Review

The County spent Kshs.1.50 billion on development and recurrent programmes during the reporting period. The expenditure represented 105 per cent of the total funds released by the CoB and comprised of Kshs.222.03 million and Kshs.1.28 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.3 per cent, while recurrent expenditure represented 16.6 per cent of the annual recurrent expenditure budget.

3.8.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.36 billion as of 30 June 2024, comprising pending payments by the County Executive of Kshs.1.19 billion and Kshs.172.58 million for the County Assembly.

The County Executive's pending bills consist of Kshs.591.66 million for recurrent expenditures and Kshs.600.60 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.695.13 million, which consisted of Kshs.574.64 million for recurrent expenditures and Kshs.120.49 million for development programmes, while the County Assembly settled pending bills amounting to Kshs.3.9 million. Therefore, the outstanding bills were Kshs.665.81 million as of 30 September 2024.

3.8.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.945.53 million on employee compensation, Kshs.151.64 million on operations and maintenance, and Kshs.222.03 million on development activities. Similarly, the County Assembly spent Kshs.116.73 million on employee compensation and Kshs.63.27 million on operations and maintenance. The County Assembly did not incur any expenditure on development activities, as shown in Table 3.53: Summary of Budget and Expenditure by Economic Classification

Table 3.53: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,643,742,480**	**1,027,160,105**	**1,097,165,880**	**180,000,000**	**16.5**	**17.5**
Compensation to Employees	5,200,133,127	460,331,366	945,527,766	116,729,781	18.2	25.4
Operations and Maintenance	1,443,609,353	566,828,739	151,638,114	63,270,219	10.5	11.2
Development Expenditure	**4,063,511,227**	**142,564,789**	**222,029,052**	-	**5.5**	**0.0**
Total	**10,707,253,707**	**1,169,724,894**	**1,319,194,931**	**180,000,00**	**12.3**	**15.4**

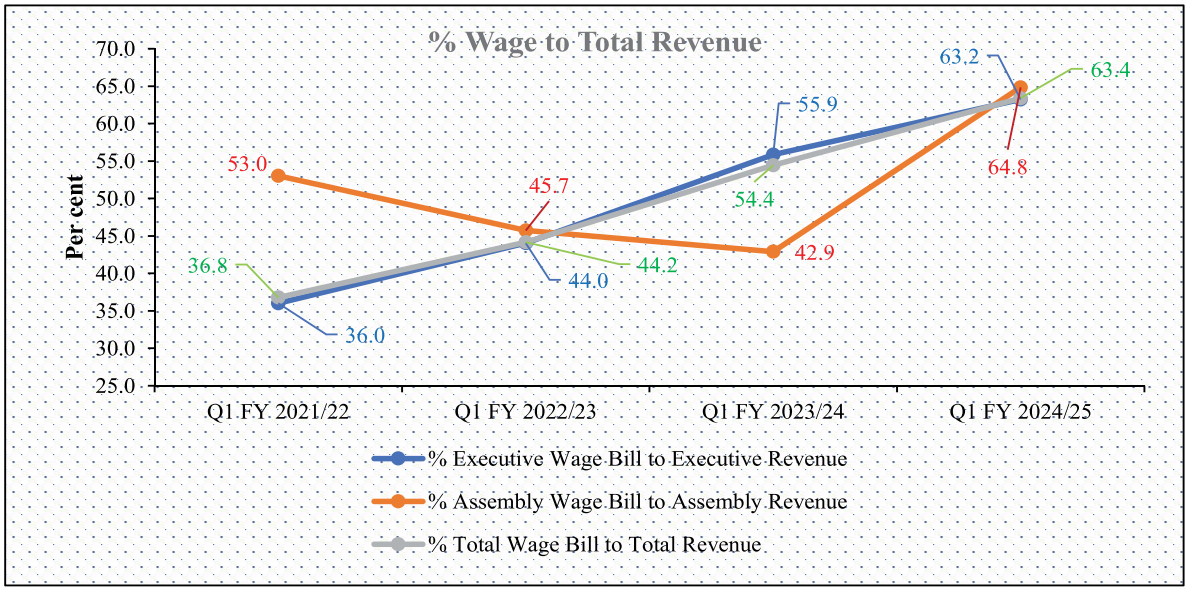
***Source**: Homa Bay County Treasury*

3.8.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.06 billion, or 63.4 per cent of the available revenue, which amounted to Kshs.1.68 billion. This expenditure represented an increase of 2.9 per cent from Kshs.888.68 million reported in a similar period in FY 2023/24. The wage bill included Kshs.390.43 million paid to health sector employees, translating to 36.8 per cent of the total wage bill. The increase in PE expenditure in the reporting period, as compared to a similar period in FY 2023/24, is attributable to the annual salary increments for various staff cadres.

Figure 31 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2021/22 to the first quarter of FY 2024/25.

Figure 31: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2021/22 to the First Quarter of FY 2024/25



Source: *Homa Bay County Treasury*

Further analysis indicates that PE costs amounting to Kshs.1.02 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.46.59 million was processed through manual payrolls. The manual payrolls accounted for 4.4 per cent of the total PE cost.

The County Assembly spent Kshs.10.24 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.45.05 million. The average monthly sitting allowance was Kshs.63,202.47 per MCA. The County Assembly has established 22 Committees.

3.8.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.338.26 million to County-Established funds in FY 2024/25, accounting for 2.8 per cent of the County's overall budget. Further, the County allocated Kshs.23 million to the Emergency Fund (equivalent to 0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.54 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.54: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in the First Quarter of FY 2024/25 (Kshs.)	Submission of Financial Statements as of 30 September 2024 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
	Homa Bay County Bursary Fund	215,000,000	25,000,000	47,004,620	YES
	Homa Bay Emergency Fund	23,000,000	-	-	YES
	Homa Bay County Car Loan and Mortgage Scheme Fund	40,263,559	-	-	YES
	Homa Bay County Alcoholic Drinks Control Fund	-	-	-	YES
County Assembly Established Funds					
	Homa Bay County Assembly Car and Loan and Mortgage Scheme Fund	60,000,000	-	-	YES
	Total	**338,263,559**	**25,000,000**	**47,004,620**	

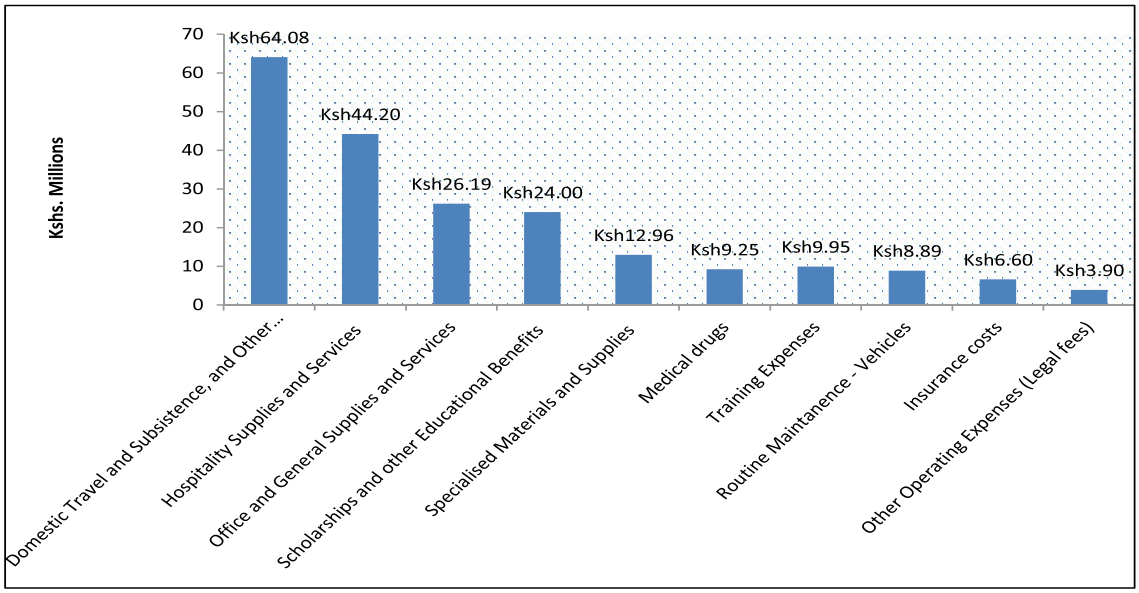
Source: *Homa Bay County Treasury*

The County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which require that County government bank accounts be opened and maintained at the Central Bank of Kenya.

3.8.10 Expenditure on Operations and Maintenance

Figure 32 summarises the Operations and Maintenance expenditure by major categories.

Figure 32: Homa Bay County, Operations and Maintenance Expenditure by Major Categories



***Source.**: Homa Bay County Treasury*

Expenditure on domestic travel amounted to Kshs.64.08 million and comprised Kshs.55.38 million spent by the County Assembly and Kshs.8.70 million spent by the County Executive. The County Entities did not incur any expenditure on foreign travel during the reporting period.

The operations and maintenance costs include an expenditure of Kshs.3.90 million on legal fees/dues, arbitration and compensation payments, and legal fees during the reporting period.

3.8.11 Facility Improvement Financing

During the period under review, the County reported collection of Kshs.158.94 million as FIF, which was 16.2 per cent of the annual target of Kshs.981.07 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023 as well as the Homa Bay County Facility Improvement Fund Act, 2023 which allowed the County health facilities to collect and retain revenue paid as user fees to defray operational, management and capital costs.

The health facilities reported using the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

The expenditure by the health facilities amounted to Kshs.123.08 million, as shown in Table 3.55

Table 3.55: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
Homa Bay County Referral Hospital	252,000,000	67,235,103	27
Rachounyo County Hospital	62,400,000	15,484,775	25
Rachounyo North S/County	36,000,000	2,435,000	7
Ndhiwa Sub County Hospital	36,000,000	4,784,362	13
Mbita Sub County Hospital	36,000,000	3,835,306	11
Kabondo Sub County Hospital	36,000,000	-	-
Rangwe Sub County Hospital	36,000,000	5,351,000	15
Suba South S/County Hospital	36,000,000	1,111,028	3
Magunga L4 Hospital	36,000,000	-	-
Kisegi L4 Hospital	24,000,000	-	-
Pala L4 Hospital	24,000,000	9,646,468	40
Tom Mboya L4 Hospital	36,000,000	-	-
Ogongo L4 Hospital	24,000,000	2,360,327	10
Makongeni L4 Hospital	36,000,000	3,977,680	11
Marindi L4 Hospital	24,000,000	-	-
Nyang'iela L4 Hospital	24,000,000	704,800	3
Othoro L4 Hospital	24,000,000	337,000	1
Miriu L4 Hospital	24,000,000	607,106	3
Ober L4 Hospital	24,000,000	-	-
Ndiru L4 Hospital	24,000,000	672,000	3
Kandiege L4 Hospital	24,000,000	1,173,200	5
Nyandiwa L4 Hospital	24,000,000	3,363,114	14
Malela L4 Hospital	24,000,000	-	-
Sena L4 Hospital	24,000,000	-	-
Public Health Revenues	12,000,000	-	-
Other Health Centres**	18,668,740	-	-
Total	**981,068,740**	**123,078,268**	**13**

***Source**: Homa Bay County Treasury*

The Health Facility with the highest absorption rate was Pala L4 Hospital.

3.8.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.222.03 million on development programmes, compared to a similar period in FY 2023/24, when the County incurred no expenditure. Table 3.56 summarises development projects with the highest expenditure in the reporting period.

Table 3.56: Homa Bay County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Trade, Industry, Tourism, Cooperative Development and Marketing	County Aggregation and Industrial Park	Rachuonyo North	30,000,000	30,000,000	100.0
2	Roads, Public Works, Transport and Infrastructure	Supply Of CAT 320GX Excavator	Transport Head office	28,779,426	14,741,379	51.2
3	Office of the Deputy Governor and Department of Agriculture and Livestock	Supply delivery and installation of High Mast Floodlights	Homa Bay Town	14,354,540	14,354,540	100.0
4	Executive Office of the Governor	Proposed Construction of Homa Bay County Headquarters at Arujo	Arujo	14,000,000	13,857,328	99.0
5	Public Health and Medical Services	Construction of Accident and emergency structure works at Homa Bay County Teaching and Referral Hospital	Homa Bay Town	13,000,000	12,307,024	94.7
6	Roads, Public Works, Transport and Infrastructure	General Routine Maintenance of Ururu Kahaya -Arunda-Arujo Kochieng Homa Bay School Road	Homa Bay Town	9,036,933	8,610,016	95.3
7	Roads, Public Works, Transport and Infrastructure	Construction of Ponge Structure	Rachuonyo South	4,800,000	4,800,000	100.0
8	Roads, Public Works, Transport and Infrastructure	Opening & upgrading of Oridi-Umoja Ndwara Maende Road	Ndhiwa	4,300,000	4,130,174	96.1
9	Roads, Public Works, Transport and Infrastructure	Routine Maintenance of Nyalkinyi - Kopiyo Road	Rangwe	3,930,660	3,930,660	100.0
10	Public Health and Medical Services	Construction of maternity ward at Ringa Health Centre Kojwach ward	Rachuonyo East	3,027,973	3,027,973	100.0

***Source**: Homa Bay County Treasury*

***Note:** The expenditures for all the projects listed in* Table 3.56 *relate to pending bills from previous financial periods, except for the County Aggregation and Industrial Park Conditional Allocation.*

3.8.13 Budget Performance by Department

Table 3.57 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2024/25.

Table 3.57: Homa Bay County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	707.58	238.94	100.79	-	100.79	-	100.0	-	14.2	-
County Public Service Board	69.46	-	14.56	-	14.56	-	100.0	-	21.0	-
County Assembly Service Board	1027.16	142.56	180	-	180	-	100.0	-	17.5	-
Homa Bay Municipal Board	29.76	48.86	4.30	-	4.30	-	100.0	-	14.5	-

Department	Budget Allocation (Kshs. Million		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Deputy Governor and Department of Agriculture and Livestock	210.48	262.54	42.61	-	42.61	-	100.0	-	20.2	-
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	153.72	95	19.33	16.11	19.15	16.11	99.1	100.0	12.5	17.0
Roads, Public Works, Transport and Infrastructure	157.39	889.97	25	32.74	25	78.28	100.0	**239.1**	15.9	8.8
Blue Economy, Fisheries, Mining and Digital Economy	90.90	93.69	15.99	2.31	15.99	4.12	100.0	**178.4**	17.6	4.4
Education, Human Capital Development and Vocational Training	1246.30	85	192.53	9.98	191.71	9.98	99.6	100.0	15.4	11.7
Public Health and Medical Services	2594.72	320	441.77	24.74	441.77	47.75	100.0	**193.0**	17.0	14.9
Lands, Physical Planning, Housing and Urban Development	82.31	1072.02	13.54	-	13.54	-	100.0	-	16.4	-
Trade, Industry, Tourism, Cooperative Development and Marketing	165.26	205.20	29	64.16	29	49.33	100.0	76.9	17.5	24.0
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	251.28	450.48	31	1.29	31	2.59	100.0	**200.6**	12.3	0.6
Governance, Administration, Communication and Devolution	440	23	82.21	-	82.21	-	100.0	-	18.7	-
Executive Office of the Governor	402.15	230	86.28	-	85.53	13.86	99.1	-	21.3	6.0
Kendu Bay Municipal Board	9.87	8	-	-	-	-	-	-	-	-
Mbita Municipal Board	9.87	8	-	-	-	-	-	-	-	-
Ndhiwa Municipal Board	9.87	8	-	-	-	-	-	-	-	-
Oyugis Municipal Board	12.83	24.80	-	-	-	-	-	-	-	-
Total	**7,670.90**	**4,206.08**	**1,278.92**	**151.34**	**1,277.17**	**222.03**	**99.9**	**146.7**	**16.6**	**5.3**

***Source**: Homa Bay County Treasury*

Analysis of expenditure by the department shows that the Department of Trade, Industry, Tourism, Cooperative Development and Marketing recorded the highest absorption rate of development budget at 24.0 per cent, followed by the Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services at 17.0 per cent. The Executive Office of the Governor had the highest percentage of recurrent expenditure to budget at 21.3 per cent. In contrast, the Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change had the lowest at 12.3 per cent.

Further analysis shows that the development expenditure for some departments exceeded the exchequer releases. These anomalies can be attributed to the fact that a substantial number of transactions may appear as having been paid at the IFMIS level, but in practice, they were awaiting funding at the CBK Internet Banking (IB) level at the time of reporting.

3.8.14 Budget Execution by Programmes and Sub-Programmes

Table 3.58 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.58: Homa Bay County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Department of Finance and Economic Planning					
General administration and support services	Staff Remuneration and Welfare Support Services	451,893,111	92,502,144	359,390,967	20.5
	General Logistics, Coordination and Asset Management Services	172,735,098	8,291,759	164,443,339	4.8
	Subtotal	**624,628,209**	**100,793,903**	**523,834,306**	**16.1**
Planning, Budgeting and Development Coordination Services	Economic planning and development coordination services	10,953,000	-	10,953,000	-
	Resource allocation services	9,393,200	-	9,393,200	-
	Public Participation Facilitation services	12,589,000	-	12,589,000	-
	Subtotal	**32,935,200**	**-**	**32,935,200**	**-**
Resource mobilisation services	External Resources Mobilization Services	-	-	-	-
	Internal Revenue Generation Services	28,486,600	-	28,486,600	-
	Subtotal	**28,486,600**	**-**	**28,486,600**	**-**
Financial management services	Accounting and Financial Reporting Services	8,859,400	-	8,859,400	-
	Supply Chain Management Services	9,592,861	-	9,592,861	-
	Audit and Advisory Services	7,072,885	-	7,072,885	-
	Emergency Management Services	234,935,539	-	234,935,539	-
	Subtotal	**260,460,685**	**65,772,711**	**260,460,685**	**-**
	Grand total	**946,510,694**	**100,793,903**	**845,716,791**	**10.6**
County Public Service Board					
General Policy, Planning and Administration Services	Policy Development Services	1,425,000	-	-	-
	Administrative Support Services	63,014,549	14,560,814	8,997,404	23.1
	Infrastructure Development Services	-	-	-	-
	Subtotal	**64,439,549**	**14,560,814**	**49,878,735**	22.6

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	2,877,854	-	2,877,854	-
	Human Resource Management and Development Services	140,000	-	140,000	-
	Establishment and abolishment of Offices	-	-	-	-
	National Performance Management Systems	-	-	-	-
	Capacity Development Services	2,000,000	-	2,000,000	-
	Subtotal	**5,017,854**	**-**	**5,017,854**	-
	Grand total	**69,457,403**	**14,560,814**	**54,896,589**	**21.0**
County Assembly Service Board					
Legislative Services	Members' Welfare Support services	247,066,059	38,999,990	208,066,069	15.8
	Legislative development and approval services	131,636,498	38,050,100	93,586,398	28.9
	Subtotal	**378,702,557**	**77,050,090**	**301,652,467**	**20.3**
Oversight and Control Services	Capacity building services	80,000,000	13,898,900	66,101,100	17.4
	Report writing services	40,000,000	15,060,500	24,939,500	37.7
	Public Participation and Education Services	20,000,000	-	20,000,000	-
	Subtotal	**140,000,000**	**28,959,400**	**111,040,600**	**20.7**
Ward Representation Services	Staff welfare support services	59,712,348	4,036,262	55,676,086	6.8
	Ward operations and maintenance	17,284,320	2,949,264	14,335,056	17.1
	Subtotal	**76,996,668**	**6,985,526**	70,011,142	9.1
Policy, Planning and Administrative Support Services	Administrative support services	272,270,879	16,371,500	255,899,379	6.0
	Financial Management Services	159,190,000	50,633,484	108,556,516	31.8
	Assembly Infrastructure Development Services	142,564,789	-	142,564,789	-
	Subtotal	**574,025,669**	**67,004,984**	**507,020,685**	**11.7**
	Grand total	**1,169,724,894**	**180,000,000**	**989,724,894**	**15.4**
Homa Bay Municipal Board					
Planning, Finance and Administrative Support Services	Policy and planning services	-	-	-	-
	Financial Management Services	6,811,419	-	6,811,419	-
	Personnel remuneration and development services	22,945,272	4,300,000	18,645,272	18.7
	Subtotal	**29,756,691**	**4,300,000**	**25,456,691**	**14.5**
Public Works and Infrastructure Improvement Services	Transport Infrastructure Improvement Services	37,861,088	-	37,861,088	-
	Environmental Management Services	5,000,000	-	5,000,000	-
	Provision for pending bills	2,000,000	-	2,000,000	-
	Subtotal	**44,861,088**	**-**	**44,861,088**	**-**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Housing and Urban Development Services	Social outreach and Engagement Services	-	-	-	-
	Neighbourhood Planning and Development Services	4,000,000	-	4,000,000	-
	Workforce development and enterprise support services	-	-	-	-
	Subtotal	**4,000,000**	**-**	-	**-**
	Grand total	**78,617,779**	**4,300,000**	**73,317,779**	**5.5**
Office of The Deputy Governor and Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	-	-	-	-
	General Administration and Support Services	210,480,293	42,609,726	167,870,567	20.2
	Subtotal	**210,480,293**	**42,609,726**	**167,870,567**	**20.2**
Crop, Land and Agribusiness Development Services	Crop Development Services	21,499,430	-	21,499,430	-
	Agribusiness Development Services	-	-	-	-
	Land Development Services	-	-	-	-
	National Agriculture Rural Inclusive Growth	-	-	-	-
	Agriculture Sector Development Support Programme	-	-	-	-
	National Value Chain Project	-	-	-	-
	Subtotal	**21,499,430**	**-**	**21,499,430**	**-**
Food Security Enhancement Services	Sub Sector Infrastructure Development Services	5,000,000	-	5,000,000	-
	Farm Input Access Services	43,000,000	-	43,000,000	-
	National Agriculture Rural Inclusive Growth	-	-	-	-
	Kenya Agriculture Business Development Programme	10,918,919	-	10,918,919	-
	National Value Chain Project	156,515,152	-	156,515,152	-
	Subtotal	**215,434,071**	**-**	**215,434,071**	**-**
Livestock Development Programme	Livestock Improvement and Development	2,000,000	-	2,000,000	-
	Livestock Infrastructure Development Services	23,605,379	-	23,605,379	-
	Livestock Health and Disease Management	-	-	-	-
	Subtotal	**25,605,379**	**-**	**25,605,379**	**-**
	Grand total	**473,019,173**	**42,609,726**	**430,409,447**	**9.0**
Department of Gender Equality and Inclusivity Youth, Sports, Talent Development, Cultural Heritage and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	83,952,751	19,150,993	64,801,758	22.8
	Policy and Planning Services	15,199,521	-	15,199,521	-
	Office Development Operations	-	-	-	-
	Subtotal	**99,152,272**	**19,150,993**	**80,001,279**	**19.3**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Cultural And Creative Sector Development Services	Creative Economy Development Services	1,557,877	-	1,557,877	-
	Cultural Development and Promotion Services	9,000,000	-	9,000,000	-
	Subtotal	**10,557,877**	**-**	**10,557,877**	**-**
Social Development and Empowerment Services	Gender Mainstreaming and Women Empowerment Services	6,604,418	-	6,604,418	-
	Youth Empowerment and Mainstreaming Services	7,632,000	-	7,632,000	-
	SGBV Control Services	6,773,000	-	6,773,000	-
	Subtotal	**21,009,418**	**17,834,761**	**21,009,418**	**-**
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	83,000,000	16,109,890	66,890,110	19.4
	Sports Management and Talent Development	35,000,000	-	35,000,000	-
	Subtotal	**118,000,000**	**16,109,890**	**101,890,110**	**13.7**
	Grand total	**248,719,567**	**35,260,883**	**213,458,684**	**14.2**
Department of Roads, Transport and Public Works and Infrastructure					
General Administration, Planning and Support Services	Human Resource and Capacity Development Services	130,541,652	25,000,000	105,541,652	19.2
	Administration Support And Staff Capacity Development Services	25,930,038	-	25,930,038	-
	Policy Planning And Field Support Services	613,500	-	613,500	-
	Monitoring Evaluation and Learning and Report Development Services	300,000	-	300,000	-
	Subtotal	**157,385,190**	**25,000,000**	**132,385,190**	**15.9**
Public works and maintenance services	Quality Control and Enforcement	-	-	-	-
	Infrastructure Development Services	33,000,000	-	33,000,000	-
	Plants, equipment and vehicle support services	35,000,000	-	35,000,000	-
	Subtotal	**68,000,000**	**-**	**68,000,000**	**-**
Road Development and Rehabilitation Services	Road Development Services	425,000,000	45,539,745	379,460,255	10.7
	Road Maintenance Services	396,974,496	32,744,724	364,229,772	8.2
	Subtotal	**821,974,496**	**78,284,469**	**743,690,027**	**9.5**
Transport Development and Rehabilitation Services	Water Transport Services	-	-	-	-
	Bus park, Motorbike and Taxi Infrastructure Services	-	-	-	-
	Air Transport Infrastructure Development Services	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**
	Grand total	**1,047,359,686**	**103,284,469**	**944,075,217**	**9.9**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Department of Blue Economy, Fisheries Mining and Digital Economy					
General Administration, Planning and Support Services	Policy Development Services	-	-	-	-
	Personnel Remuneration and Welfare Services	76,286,892	15,000,000	61,286,892	19.7
	Administrative Support Services	14,611,925	994,175	13,617,750	6.8
	Subtotal	**90,898,817**	**15,994,175**	**74,904,642**	**17.6**
Blue Economy and Fisheries Resources Development Services	Capture Fisheries and Development Services	4,500,000	-	4,500,000	-
	Aquaculture Development Services	12,909,422	-	12,909,422	-
	Blue Economy Development Services	51,281,739	4,123,395	47,158,344	8.0
	Subtotal	**68,691,161**	**4,123,395**	**14,691,122**	**6.0**
Mineral resources development and marketing services	Artisanal Mining Services	7,000,000	-	7,000,000	-
	Mineral Prospecting Services	3,000,000	-	3,000,000	-
	Subtotal	**10,000,000**	**-**	**10,000,000**	**-**
ICT And Digital Economy Development Services	ICT Infrastructure Development Services	15,000,000	-	15,000,000	-
	Digital Literacy and Skill Development Services	-	-	-	-
	Subtotal	**15,000,000**	**-**	**15,000,000**	**-**
	Grand total	**184,589,978**	**20,117,570**	**164,472,408**	**10.9**
Department of Education, Human Capital Development and Vocational Training					
General Administration and Quality Assurance Service	General administration Services	19,265,068	2,706,708	16,558,360	14.0
	Human Resources Management services	984,173,791	165,000,000	819,173,791	-
	Quality Assurance Services	8,408,000	-	8,408,000	-
	StakeholderManagement Services	920,000	-	920,000	-
	Special Needs Education Services	544,800	-	544,800	-
	Subtotal	**1,013,311,659**	**167,706,708**	**845,604,951**	**16.6**
Early Years Education (EYE) Services	EYE Teaching and learning material	13,290,000	-	13,290,000	-
	EYE Infrastructure Development Services	50,000,000	9,980,185	40,019,815	20.0
	EYE Feeding and Nutrition Services	-	-	-	
	Subtotal	**63,290,000**	**9,980,185**	**53,309,815**	**15.8**
Human Capital Development and Vocational Training	VTC Training and Learning Materials Services	3,500,000	-	3,500,000	-
	VTC Capitation Services	-	-	-	-
	Bursary and Scholarship Services	215,000,000	24,000,000	191,000,000	11.2
	Skills Development and Exhibition Shows Services	1,200,000	-	1,200,000	-
	VTC Infrastructure Development Services	35,000,000	-	35,000,000	-
	Subtotal	**254,700,000**	**24,000,000**	**230,700,000**	**9.4**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
	Grand total	**1,331,301,659**	**201,686,893**	**1,129,614,766**	**15.1**
Department of Public Health and Medical Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	17,140,000	-	17,140,000	-
	Administrative Support Services	2,264,067,453	390,433,000	1,873,634,453	17.2
	Subtotal	**2,281,207,453**	**390,433,000**	**1,890,774,453**	**17.1**
Preventive and promotive health services	Community health services	89,620,000	51,335,935	38,284,065	57.3
	Disease control services	6,000,000	-	6,000,000	-
	Facility Infrastructure improvement services	145,000,000	-	145,000,000	-
	Subtotal	**240,620,000**	**51,335,935**	**189,284,065**	**21.3**
Curative and rehabilitative health services	Routine medical health services	110,890,936	-	110,890,936	-
	Medical emergency response services	4,000,000	-	4,000,000	-
	Facility infrastructure improvement services	275,000,000	47,753,992	227,246,008	17.4
	Subtotal	**389,890,936**	**47,753,992**	**342,136,944**	**12.2**
Research and development service	Research and surveillance services	2,000,000	-	2,000,000	-
	Capacity development services	1,000,000	-	1,000,000	-
	Subtotal	**3,000,000**	**-**	**3,000,000**	-
	Grand total	**2,914,718,389**	**489,522,927**	**2,425,195,462**	**16.8**
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	69,308,719	13,536,640	55,772,079	19.5
	Operation and Maintenance Services	10,774,623	-	10,774,623	-
	General Office Infrastructure Development Services	2,230,000	-	2,230,000	-
	Subtotal	**82,313,342**	**13,536,640**	**68,776,702**	**16.4**
Lands and Physical Planning Services	County Development Planning Services	10,500,000	-	10,500,000	-
	Land Valuation and Registration Support Services	25,000,000	-	25,000,000	-
	County Land Acquisition and Management Services	6,000,000	-	6,000,000	-
	Subtotal	**41,500,000**	**-**	**41,500,000**	**-**
Housing and Urban Development Services	Housing Infrastructure Development Services	1,500,000	-	1,500,000	-
	Settlements Upgrading Services	1,029,020,992	-	1,029,020,992	-
	Urban Areas Establishment Services	-	-	-	-
	Subtotal	**1,030,520,992**	-	**1,030,520,992**	**-**
	Grand total	**1,154,334,334**	**13,536,640**	**1,140,797,694**	**1.2**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Department of Trade, Industry, Tourism, Cooperative Development and Marketing					
Trade, Cooperative and Entrepreneurship Development Services	Enterprise development and promotion services	42,000,000	-	42,000,000	-
	Cooperative development services	10,000,000	-	10,000,000	-
	Trade infrastructure and development services	109,204,927	49,325,041	59,879,886	45.2
	Subtotal	**161,204,927**	**49,325,041**	**111,879,886**	**30.6**
Tourism, Industrial and Investment Promotion Services	Value Chain Development Services	36,000,000	-	36,000,000	-
	Tourism promotion and marketing	5,000,000	-	5,000,000	-
	Investment promotion and facilitation	3,000,000	-	3,000,000	-
	Subtotal	**44,000,000**	**-**	**44,000,000**	**-**
Policy, Planning and Administrative services	Policy and plans development services	1,000,000	-	1,000,000	-
	Remuneration and welfare support services	152,867,754	29,000,000	123,867,754	19.0
	Administrative Support Services	11,391,538	-	11,391,538	-
	Subtotal	**165,259,292**	**29,000,000**	**136,259,292**	**17.5**
	Grand total	**370,464,219**	**78,325,041**	**292,139,178**	**21.1**
Department of Water Sanitation, Irrigation, Environment, Energy and Climate Change					
Water Supply and Management Services	Urban Water Supply Services	-	-	-	-
	Rural Water Supply Services	152,500,000	2,594,752	149,905,248	1.7
	Industrial Water Supply Services	-	-	-	-
	Maintenance of Water Supply Services	-	-	-	-
	Subtotal	**152,500,000**	**2,594,752**	**149,905,248**	**1.7**
Energy Services	Electrical Power Services	-	-	-	-
	Solar Power Services	8,000,000	-	8,000,000	-
	Renewable Energy Services	-	-	-	-
	Subtotal	**8,000,000**	**-**	**8,000,000**	**-**
Irrigation Development and Management Services	Irrigation Infrastructure Development and Rehabilitation Services	-	-	-	-
	Small Holder Community Irrigation Support Services	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**
Environmental Management and Forestry Development	Pollution and Waste Management services	21,000,000	-	21,000,000	-
	Forestry Development Services	-	-	-	-
	Environmental Protection Services	-	-	-	-
	Climate Change Services	-	-	-	-
	Subtotal	**21,000,000**	**-**	**21,000,000**	**-**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Climate Change Management Services	Climate Change Governance	11,000,000	-	11,000,000	-
	Climate Change Mitigation, Adaptation and Resilience Building	251,984,141	-	251,984,141	-
	Climate Resilience Investment Financing	-	-	-	-
	Subtotal	**262,984,141**	**-**	**262,984,141**	**-**
General Administrative services	Administrative Support Services	240,284,926	31,000,000	209,284,926	12.9
	Policy and Planning Services	-	-	-	-
	Debt Management Services	17,000,000	-	17,000,000	-
	Subtotal	**257,284,926**	**31,000,000**	**226,284,926**	**12.0**
	Grand Total	**701,769,067**	**33,594,752**	**668,174,315**	**4.8**
Governance and Administration, Communication and Devolution					
Governance, Administration and Devolution Services	Governance and Administration	339,495,656	74,289,385	265,206,271	21.9
	Field Coordination and Administration Services	29,400,000	7,924,990	21,475,010	27.0
	Compliance and Enforcement Services	10,634,000	-	10,634,000	-
	Devolution Support Services	37,500,000	-	37,500,000	-
	Subtotal	**417,029,656**	**82,214,375**	**334,815,281**	**19.7**
Communication and Public Engagement	County Press Services	12,120,000	-	12,120,000	-
	Media Relations	7,610,890	-	7,610,890	-
	County Visibility And Branding	7,520,000	-	7,520,000	-
	Sub total	**27,250,890**	**-**	**27,250,890**	**-**
Stakeholder, Special Projects and Disaster Management	Special Projects Services	10,320,000	-	10,320,000	-
	Public participation Coordination Services	3,600,000	-	3,600,000	-
	Disaster Prevention and Management Services	4,800,000	-	4,800,000	-
	Sub total	**18,720,000**	**-**	**18,720,000**	**-**
	Grand total	**463,000,546**	**82,214,375**	**380,786,171**	**17.8**
Executive Office of the Governor					
Governance and coordination services	Executive management and liaison services	532,819,306	85,529,610	447,289,696	16.1
	Field coordination and administration services	14,181,600	-	14,181,600	-
	Sub total	**547,000,906**	**85,529,610**	**461,471,296**	**15.6**
Strategy and service delivery improvement services	Strategy and advisory services	40,210,555	13,857,328	26,353,227	34.5
	Information and Communication Services	4,050,000	-	4,050,000	-
	Subtotal	**44,260,555**	**13,857,328**	**30,403,227**	**31.3**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Public Service Administration support services	Human resource management and development services	19,906,980	-	19,906,980	-
	Legal Services	20,978,330	-	20,978,330	-
	Performance Management Services	-	-	-	-
	Subtotal	**40,885,310**	**-**	**40,885,310**	**-**
	Grand total	**632,146,771**	**99,386,938**	**532,759,833**	**15.7**
Kendu Bay Municipal Board					
Planning, Finance and Administrative Support Services	Policy and Planning Services	1,057,052	-	1,057,052	-
	Personnel remuneration and development services	3,803,640	-	3,803,640	-
	Administration and Support Services	5,009,582	-	5,009,582	-
	Subtotal	**9,870,274**	**-**	**9,870,274**	**-**
Public Works and Infrastructure Improvements Services	Transport Infrastructure Improvements	-	-	-	-
	Public facilities improvement services	3,000,000	-	3,000,000	-
	Environmental improvement Services	-			
	Subtotal	**3,000,000**	**-**	**3,000,000**	**-**
Housing and Urban Development Services	Environmental improvement Services	3,500,000	-	3,500,000	-
	Land Use Management	1,500,000	-	1,500,000	-
	Subtotal	**5,000,000**	**-**	**5,000,000**	**-**
	Grand total	**17,870,274**	**-**	**17,870,274**	**-**
Mbita Municipal Board					
Planning, Finance and Administrative Support Services	Policy and Planning Services	3,803,640	-	3,803,640	-
	Personnel remuneration and development services	3,731,949	-	3,731,949	-
	Administration and Support Services	2,334,685	-	2,334,685	-
Public Works and Infrastructure Improvement Services	**Subtotal**	**9,870,274**	**-**	**9,870,274**	**-**
	Transport Infrastructure Improvements	3,000,000	-	3,000,000	-
	Public facilities improvement services	-	-	-	-
	Subtotal	**3,000,000**	**-**	**3,000,000**	**-**
Housing and Urban Development Services	Environmental Management Services	5,000,000	-	5,000,000	-
	Land Use Management	-	-	-	-
	Subtotal	**5,000,000**	**-**	**5,000,000**	**-**
	Grand total	**17,870,274**	**-**	**17,870,274**	**-**
Ndhiwa Municipal Board					

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Planning, Finance and Administrative Support Services	Policy and Planning Services	3,886,440	-	3,886,440	-
	Personnel remuneration and development services	3,731,949	-	3,731,949	-
	Administration and Support Services	2,251,885	-	2,251,885	-
	Subtotal	**9,870,274**	**-**	**9,870,274**	**-**
Public Works and Infrastructure Improvement Services	Transport Infrastructure Improvements	3,000,000	-	3,000,000	-
	Public facilities improvement services	-	-	-	-
	Subtotal	**3,000,000**	**-**	**3,000,000**	**-**
Housing and Urban Development Services	Environmental Management Services	5,000,000	-	5,000,000	-
	Land Use Management	-	-	-	-
	Subtotal	**5,000,000**	**-**	**5,000,000**	**-**
	Grand total	**17,870,274**	**-**	**17,870,274**	**-**
Oyugis Municipal Board					
Planning, Finance and Administrative Support Services	Policy and Planning Services	705,831	-	705,831	-
	Personnel remuneration and development services	6,556,056	-	6,556,056	-
	Administration and Support Services	5,571,733	-	5,571,733	-
Public Works and Infrastructure Improvement Services	**Subtotal**	**12,833,620**	**-**	**12,833,620**	**-**
	Transport Infrastructure Improvements	19,800,000	-	19,800,000	-
	Public facilities improvement services	-	-	-	-
	Subtotal	**19,800,000**	**-**	**19,800,000**	**-**
Housing and Urban Development Services	Environmental Management Services	5,000,000	-	5,000,000	-
	Land Use Management	-	-	-	-
	Subtotal	**5,000,000**	**-**	**5,000,000**	**-**
	Grand total	**37,633,620**	**-**	**37,633,620**	**-**
GRAND TOTAL		**11,876,978,601**	**1,499,194,931**	**10,377,783,670**	**12.6**

***Source**: Homa Bay County Treasury*

The Sub-programmes with the highest levels of budget implementation based on absorption rates were community Health Services in the Department of Public Health and Medical Services at 57 per cent; Trade infrastructure and development services in the Department of Trade, Industry, Tourism, Cooperative Development and Marketing at 45 per cent; Report writing Services in the County Assembly Service Board at 37.7 per cent and Strategy and advisory services in the Executive Office of the Governor at 35 per cent.

3.8.15 Accounts Operated in Commercial Banks

The County government operated 26 accounts with commercial banks, of which five were for the County Assembly. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which required that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and own-source revenue collection accounts.

3.8.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report.
2. Huge pending bills amounting to Kshs.665.81 million as of 30 September 2024.
3. A high wage bill, which accounted for 63.4 per cent of the County's total revenue in the first quarter of FY 2024/25 of Kshs.1.68 billion, which is above the ceiling provided by law.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for County-Established funds, salary processing and operations.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in Section 166 of the PFM Act, 2012.*
2. *The county leadership should address the situation of pending bills by ensuring that genuine bills are paid promptly within the 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 Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and own source revenue collection accounts are exempted.*

3.9. County Government of Isiolo

3.9.1 Overview of FY 2024/25 Budget

The Isiolo County approved FY 2024/25 budget is Kshs.6.83 billion. It comprised Kshs.2.41 billion (35 per cent) and Kshs.4.42 billion (65 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.50 billion (28 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.1.58 billion and a recurrent budget of Kshs.3.75 billion. The increase in the county government budget was attributed to the projection increase for additional allocations receipts and the balance b/f from FY 2023/24 due to June 2024 disbursement to be received in FY 2024/25.

The Isiolo County Government budget will be financed from different sources of revenue. These include Kshs.5.08 billion (37 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.944.53 million (14 per cent) as additional allocations, a cash balance of Kshs.438.73 million (6 per cent) brought forward from FY 2023/24, and Kshs.371.21 million (5 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.100 million (27 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.271.21 million (73 per cent) as ordinary own-source revenue.

3.9.2 Revenue Performance

In the first quarter of FY 2024/25, the County received a total of Kshs.926.27 million to fund recurrent and development activities. The equitable share from the National Government was Kshs.416.42 million, and its own-source revenue (OSR) collection of Kshs. 71.12 million. In addition, the County had a cash balance of Kshs. 438.73 million from FY 2023/24.

Analysis of the total OSR collection of Kshs.71.12 million shows that the amount included Facilities Improvement Financing (FIF) of Kshs.12.78 million and Kshs.58.34 million as ordinary OSR. Table 3.59 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

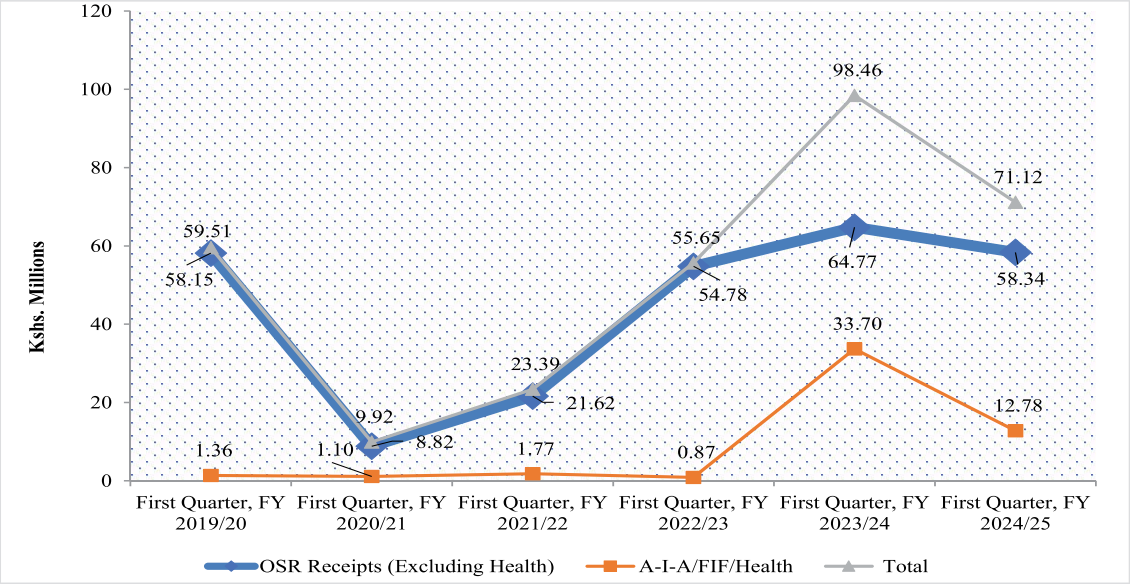
Table 3.59: Isiolo County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	5,078,735,614	416,418,503	8
Subtotal		**5,078,735,614**	**416,418,503**	**8**
B	**Additional Allocations**			
	Supplement for construction of County Head Quarter	115,350,161	-	-
	Transfer of Museum function	1,093,656	-	-
	Roads Maintenance Fuel Levy Fund	190,644,441	-	-
	Community Health promoters	21,630,000	-	-
	DANIDA	6,532,500	-	-
	Financing Locally Led Climate Action (FLLoCA)	136,000,000	-	-
	Emergency Locust Response Project ELRP (World Bank)	142,500,000	-	-
	Food Systems Resilience Project (FSRP)	173,076,923	-	-
	Kenya Agricultural Business Development Project (KABDP)-GOS	10,918,919	-	-
	Kenya Agricultural Business Development Project (KABDP)-MOALD Contribution	1,000,000	-	-
	Kenya Devolution Support Program II (KDSP II)	37,500,000	-	-
	Kenya Urban Support Program (KUSP)-UIG	35,000,000	-	-
	Kenya Urban Support Program (KUSP)-UDG	63,661,198	-	-
	United Nations Fund for Population Activities (UNFPA)	9,620,000	-	-
Subtotal		**944,527,798**	-	-
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	271,208,180	58,339,421	22
	Facility Improvement Fund (FIF)	100,000,000	12,783,569	13
Subtotal		**371,208,180**	**71,122,990**	**19**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	438,727,444	438,727,444	100
Sub Total		**438,727,444**	**438,727,444**	**100**
Grand Total		**6,833,199,036**	**926,268,937**	**14**

Source: *Isiolo County Treasury*

Figure 33 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 33: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25

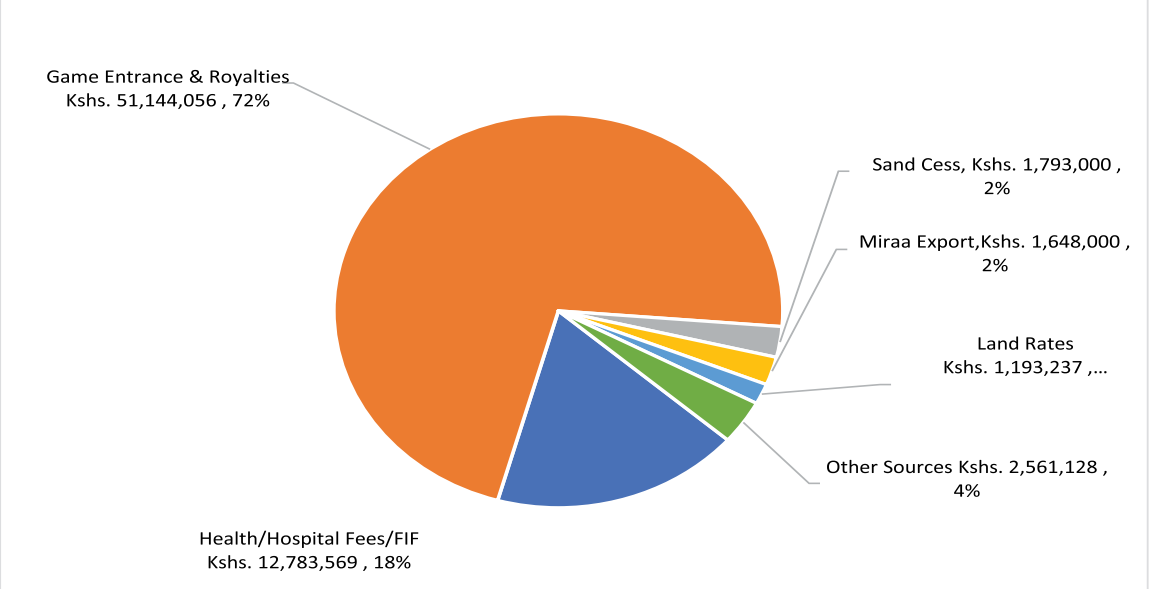


Source: *Isiolo County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.71.12 million from its revenue sources, including FIF. This amount decreased by 28 per cent compared to Kshs.98.46 million realised in a similar period in FY 2023/24 and was 19 per cent of the annual target and 17 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.14.28 million. The decrease in OSR can be attributed to the underperformance of FIF.

The revenue streams which contributed the highest OSR receipts are shown in Figure 34.

Figure 34: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Isiolo County Treasury*

The highest revenue stream, Kshs.51.14 million, was from Game Entrance & Royalties, which contributed 72 per cent of the total OSR receipts during the reporting period.

3.9.3 Borrowing by the County

The County Government did not submit a report on any borrowing during the reporting period.

3.9.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.491.12 million from the CRF account during the reporting period, which comprised Kshs.18.74 million (3.8 per cent) for development programmes and Kshs.472.27 million (96.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.375.53 million was released towards employee compensation and Kshs.96.74 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs.424.52 million.

3.9.5 County Expenditure Review

The County spent Kshs.616.61 million on development and recurrent programmes in the reporting period. The expenditure represented 125.6 per cent of the total funds released by the CoB and comprised Kshs.11.63 million and Kshs.604.98 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.5 per cent, while recurrent expenditure represented 13.7 per cent of the annual recurrent expenditure budget.

3.9.6 Settlement of Pending Bills

The County reported pending bills at the beginning of the FY 2024/25 amounting to Kshs.1.30 billion, comprising pending payments by the county executive of Kshs.1.24 billion and Kshs.56.79 million for the county assembly.

The county executive's pending bills comprised Kshs.862.69 million for recurrent expenditures and Kshs.380.66 million for development expenditures. The County executive settled pending bills amounting to Kshs.175.16 million in the reporting period, all for recurrent expenditure, while the County Assembly settled pending bills worth Kshs.42.88 million. Therefore, the County total outstanding bills were Kshs.1.08 billion as of 30 September 2024.

3.9.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.511.01 million on employee compensation, Kshs.51.09 million on operations and maintenance, and Kshs.11.63 million on development activities. Similarly, the County Assembly spent Kshs.27.88 million on employee compensation and Kshs.15 million on operations and maintenance, as shown in Table 3.60.

Table 3.60: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,864,528,721**	**556,240,773**	**562,098,491**	**42,884,995**	**15**	**8**
Compensation to Employees	1,675,662,704	290,967,571	511,012,786	27,884,995	31	10
Operations and Maintenance	2,188,866,017	265,273,202	51,085,705	15,000,000	2	6
Development Expenditure	**2,342,429,542**	**70,000,000**	**11,626,730**	-	**0.5**	**0.0**
Total	**6,206,958,263**	**626,240,773**	**573,725,221**	**42,884,995**	**9**	**7**

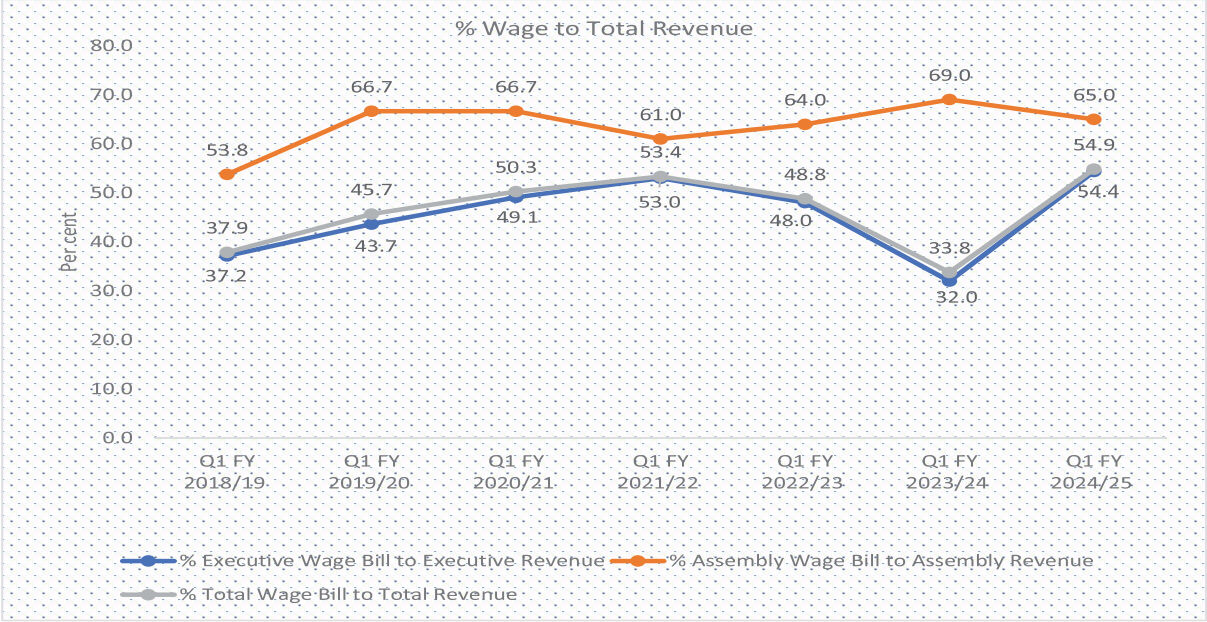
***Source**: Isiolo County Treasury*

3.9.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.538.90 million, or 58.2 per cent of the available revenue of Kshs.926.23 million. This expenditure represented an increase from Kshs.519.57 million reported in a similar period in FY 2023/24. The wage bill included Kshs.393.38 million paid to the health sector employees, translating to 73 per cent of the total wage bill.

Figure 35 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 35: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Isiolo County Treasury

Further analysis indicates that PE costs amounting to Kshs.513.87 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.10.72 million was processed through manual payrolls. The manual payrolls accounted for 2 per cent of the total PE cost.

The County Assembly spent Kshs.1.11 million on committee sitting allowances for the 18 MCAs against the annual budget allocation of Kshs.10.50 million. The average monthly sitting allowance was Kshs.20,552 per MCA. The County Assembly had 11 House committees.

3.9.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.345.06 million to county-established funds in FY 2024/25, or 5 per cent of the County's overall budget. Further, the County allocated Kshs.110 million to the Emergency Fund (1.6 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.61 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.61: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Emergency Fund	110,000,000	-	-	431,418,164	Yes
	Scholarships and Other Educational Benefits - Tertiary Education	70,000,000	-	23,213,761	Not provided	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	Isiolo County Ward Development Fund- Village Level Development Projects implementation in all wards	150,000,000	-	-	-	Not yet operational
	County Assembly Established Funds					
	Housing loans to public servants	15,060,000		-	64,500,000	Yes
	Total	**345,060,000**	**-**	**23,213,761**	**495,918,164**	

Source: *Isiolo County Treasury*

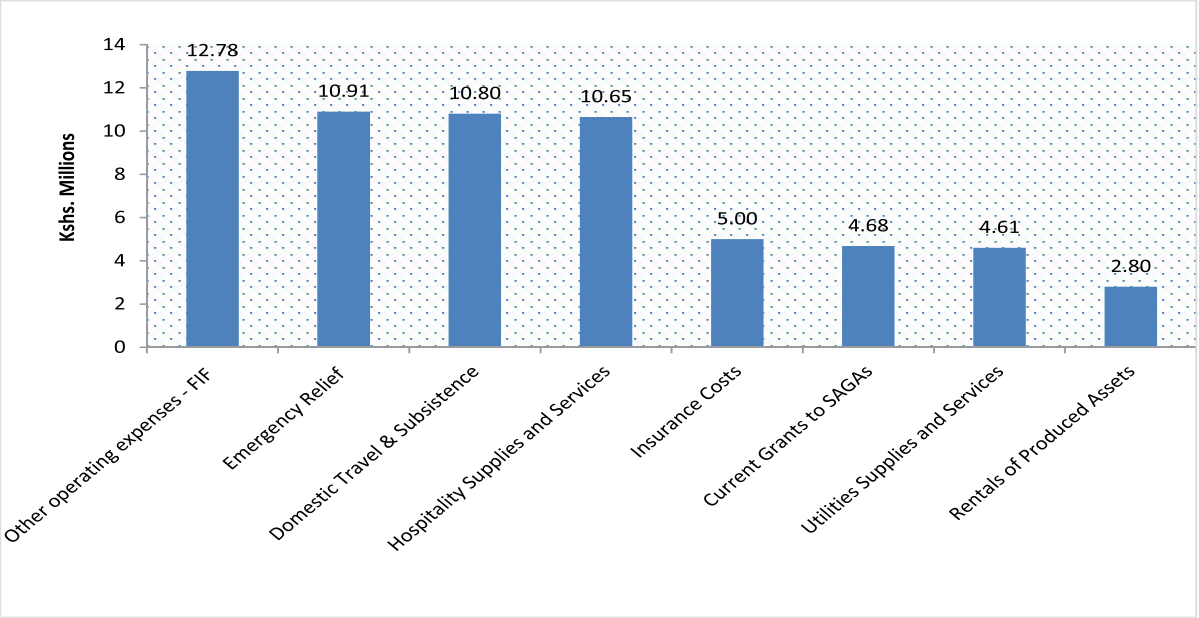
Note: Cumulative disbursements to a fund include all monies that the county treasury has transferred to the Fund since its inception to the reporting period. The Bursary fund administrator has not provided cumulative transfers to the fund since its inception.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.9.10 Expenditure on Operations and Maintenance

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

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



Source: *Isiolo County Treasury*

Expenditure on domestic travel amounted to Kshs.10.80 million, comprised of Kshs.4.86 million spent by the County Assembly and Kshs.5.95 million by the County Executive. The County did not report expenditure on foreign travel during the reporting period.

The "*Other Operating Expenses*" are the Appropriation In Aid (AIA) related expenditure incurred under the FIF. The County did not provide information on expenditures in garbage collection and Legal fees/Dues, arbitration and compensation payments expenditure legal fees.

3.9.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.12.78 million as FIF, which was 12.8 per cent of the annual target of Kshs.100 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.9.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.11.63 million on development programmes, representing a decrease of 87.6 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.93.72 million. The County Treasury did not provide a report on the development project financed by the Kshs.11.63 million development expenditure.

3.9.13 Budget Performance by Department

Table 3.62 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

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

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	556.24	70	42.88	-	42.88	-	100.0	-	8	-
County Executive Sector	465.52	-	45.84	-	3.11	-	6.8	-	0.7	-
Finance, Economic Planning, Special Programs, Revenue and Cohesion	495.65	680.46	99,87	-	65.73	-	65.8	-	13	-
Lands & Physical Planning, Housing & Urban Planning and Roads & Infrastructure	56.25	340.64	4.96	-	1.05	2.35	21.1	-	2	0.7
Agriculture & Irrigation, Livestock & Veterinary Services and Fisheries Development	175.08	363.57	22.10	-	0.95	-	4.3	-	0.5	-
Education, Vocational Youth, Sports Gender & Social Services	341.61	110.52	32.74	-	70.82	2.18	216.3	-	21	2
Tourism and Wildlife, Trade Co-operative and Enterprise Development	666.26	176.50	60.98	-	1.63	-	2.7	-	0.2	-
Water, Energy, Environment, and Natural Resources	83.67	305.94	7.79	11	0.67	2.17	8.6	19.7	0.8	0.7
Health services	1,494.58	111.75	151.98	7.74	400.53	4.93	263.5	63.7	27	4
Municipal Administration	85.91	253.04	3.12	-	4.81	-	153.9	-	6	-
Total	**4,420.77**	**2,412.43**	**472.27**	**18.74**	**592.20**	**11.63**	**125.4**	**62.0**	**13**	**0.5**

***Source**: Isiolo County Treasury*

The analysis of department expenditure shows that the Department of Health Services recorded the highest absorption rate of development budget at 4.4 per cent, followed by the Department of Education, Vocational Youth, Sports Gender & Social Services at 2.0 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 26.8 per cent, while the Department of Tourism and Wildlife, Trade Co-operative and Enterprise Development had the lowest at 0.2 per cent.

The analysis shows instances of fund diversion by the County government, as evidenced by over 100 per cent of actual expenditure on approved exchequer issues. The County Treasury should address this issue by institutionalising better internal control mechanisms.

The allocation for recurrent expenditure for the Assembly and the Executive is within the ceilings in CARA, 2024.

3.9.14 Budget Execution by Programmes and Sub-Programmes

Table 3.63 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
Legislative service	Legislative service	556,240,773	0	42,884,995	0	7.7	∞
Infrastructure support	Infrastructure support	0	70,000,000	0	-	∞	0.0
	Sub Total	**556,240,773**	**70,000,000**	**42,884,995**	**0**	**7.7**	**0.0**
County Executive Sector							
County Governance and Coordination Affairs	County Governance	76,081,860		660,043		0.9	∞
	General Administration Planning & Support Services	232,572,763		1,313,160		0.6	∞
Human Resources Mgt & Deployment	General Administration Planning & Support Services	30,541,500		0		0.0	∞
	Human Resource Planning & Development	8,645,000		100,000		1.2	∞
	Board Operation & Management	10,255,000		133,600		1.3	∞
	Board Operation & Management	5,100,000		0		0.0	∞
Prudent use of Financial Resources	General Administration Planning & Support Services	0		0		∞	∞
	Efficiency Monitoring & Community Engagement	18,853,898		50,000		0.3	∞
Legal & Legislative Services	Legal Services	32,475,000		0		0.0	∞
	Legislative Services	8,323,738		0		0.0	∞
Management of County Affairs	Personnel Services	0	-	-	-	∞	∞
	Partnerships Intergovernmental& NGO Coordination	5,950,000		100,000		1.7	∞
	Sub-Total	**428,798,759**	**0**	**2,356,803**	**0**	**0.5**	**∞**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Finance, Economic Planning, Special Programs, Revenue and Cohesion							
Public financial management	Audit Services	1,552,500	115,350,161	702,400		45.2	0.0
	Supply Chain Management Services	13,816,372	-	394,800	-	2.9	∞
	Accounting Services	319,775,798	426,112,652	108,819,665		34.0	0.0
Disaster Preparedness Prevention Response & Recovery	General Administration Planning & Support Services	7,100,000	-	0		0.0	∞
	Coordination Training & Capacity Development	4,610,000	-	111,200		2.4	∞
	Disaster Risk Awareness Preparedness & Management	31,400,000	110,000,000	10,905,000		34.7	0.0
	Social Protection	20,350,000	-	0	-	0.0	∞
Economic Planning and Coordination ion	Monitoring and Evaluation	19,169,668	24,000,000	5,928,706	-	30.9	0.0
	Budget Formulation & Coordination	17,831,730	5,000,000	135,700	-	0.8	0.0
	Monitoring & Evaluation	8,573,814	-	0		0.0	∞
Cohesion and Peace Building	Administrative and Civic Education Services	11,176,734	-	1,646,705		14.7	∞
	Peace and Cohesion	11,755,266	-	1,040,000		8.8	∞
	Violent Extremism Prevention	2,220,000	-	0		0.0	∞
Revenue Enhancement	General Administration Planning & Support Services	12,071,000	-	3,589,671		29.7	∞
	Source Revenue Enhancement	3,143,000	-	0	-	0.0	∞
ICT and E-Government services	ICT Innovation and Enterprises	9,600,000	-	2,461,370		25.6	∞
	County Government Public Image Improvement	1,500,000	-	0		0.0	∞
	E-Government Services	0	-		-	∞	∞
	Sub-Total	**495,645,882**	**680,462,813**	**135,735,217**	**0**	**27.4**	**0.0**
Lands & Physical Planning, Housing & Urban Planning and Roads & Infrastructure							
Land Survey and land use planning	County land planning and spatial development	21,735,137		87,848		0.4	∞
	Land Use Planning	0	38,000,000	0	2,350,000	∞	6.2
	Land Survey & Mapping	0	10,000,000	0	-	∞	0.0
Roads & Infrastructure	Road Improvement	15,128,190	-	518,200		3.4	∞
	Routine Roads Maintenance	0	292,644,441	0	-	∞	0.0
Planning and Survey of Urban Areas	Administration and Planning Services	7,950,000	-	344,000		4.3	∞
	Housing Development	0	-	0		∞	∞
	Urban Development	0	-		-	∞	∞

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Public Works & Infrastructure	General Administration Planning & Support Services	11,431,660	-	96,100		0.8	∞
	Routine Roads Maintenance	0	-		-	∞	∞
	Sub-Total	**56,244,987**	**340,644,441**	**1,046,148**	**2,350,000**	**1.9**	**0.7**
Agriculture & Irrigation, Livestock & Veterinary Services and Fisheries Development							
Sustainable Crop Development & Agricultural Land Use	General Administration Planning & Support Services	43,583,116		348,300	-	0.8	∞
	Irrigation Schemes	3,834,634	2,500,000	0	-	0.0	∞
	Crop Development & Management	0	317,576,923	0	-	∞	0.0
	Agribusiness & Market Development	0	21,918,919	0	-	∞	0.0
Livestock Production	General Administration Planning & Support Services	95,640,763	-	192,676	-	0.2	∞
	Marketing & Value Addition	0	12,576,148	-	-	∞	0.0
	Breeds Improvement & Livestock Risk Mgt	0	-	-	-	∞	∞
	Livelihood Diversification	0	-	-	-	∞	∞
Value Addition	Livestock Diseases & Pests Control	19,800,000	-	0	-	0.0	∞
	Diagnostics & Laboratory Services	3,025,000	-	0	-	0.0	∞
	Veterinary Public Health Services	900,000	2,000,000	0	-	0.0	0.0
Fisheries Development	General Administration & Support Services	8,299,764	-	410,500	-	4.9	∞
	Aquaculture Technology Development & Innovation Transfer	0	2,500,000	0	-	∞	0.0
	Fish Safety Assurance Value Addition & Marketing	0	4,500,000	0	-	∞	∞
	Sub-Total	**175,083,277**	**363,571,990**	**951,476**	**0**	0.5	0.0
Education, Vocational Youth, Sports Gender & Social Services							
Provision of education and training services	General Administration & Support Services	176,651,285	38,338,443	364,100	-	0.2	0.0
	ECDE Retention	26,000,000	-	0		0.0	∞
	Education Support Services	70,000,000	-	0	-	0.0	∞
	Quality ECDE Services	1,376,000	-	0	-	0.0	∞
	ECDE Access	0	-		-	∞	∞

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Youth, Sports and Gender	Sports Performance & Management	18,462,451	29,590,000	326,500	-	1.8	0.0
	General Administration Planning & Support	0	-	0	-	∞	∞
	Youth Development	7,295,165	-	0	-	0.0	∞
	Sports Facilities Development	0	-	-	-	∞	∞
Culture and social services	Administration & Support Services	23,879,199	12,000,000	30,000	-	0.1	0.0
	Arts & Culture Development	570,000	1,093,567	100,000	-	17.5	∞
Gender Mainstreaming	Gender-Based Violence & Harmful Practices	1,532,784	-	0		0.0	∞
	Women Empowerment	0	-	0	-	∞	∞
	Child Protection	0	19,000,000		-	∞	0.0
Disability Empowerment	PWDs Social-Economic Empowerment	4,900,000	-	0	-	0.0	∞
Cultural and Arts Empowerment	TVET Access & Retention	9,220,957	6,000,000	0	-	0.0	0.0
	VTC Quality Development	1,719,843	4,500,000	0	2,175,000	0.0	48.3
	Secondary & Tertiary Education Support	0	-		-	∞	∞
	Sub-Total	**341,607,684**	**110,522,010**	**820,600**	**2,175,000**	**0.2**	**2.0**
Tourism and Wildlife, Trade Co-operative and Enterprise Development							
Tourism Promotion	Tourism Promotion and Marketing	103,920,882	-	210,000		0.2	∞
	Tourism Development	0	5,000,000	0	-	∞	0.0
	Wildlife Protection	0	3,500,000	0	-	∞	0.0
Trade development and promotion	Entrepreneurship and business management training	0	6,500,000	0	-	∞	0.0
	General Administration & Support Services	8,970,876	-	100,000	-	1.1	∞
	Co-operative Development & Management	5,040,705	-	84,000	-	1.7	∞
	Development of new market stalls	0	-	0	-	∞	∞
Peace and Unity Building Initiatives	General Administration Planning & Support Services	500,759,650	-	1,112,674	-	0.2	∞
	County Administration	0	-	0	-	∞	∞
	Public Service Productivity & Reforms	2,787,000	-	765,000	-	27.4	∞
	Performance Management Framework	0	4,000,000	0	-	∞	∞
	Devolved Units	71,500,800	157,500,000	71,200	-	0.1	∞

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Civic Education & Public Participation	General Administration Planning & Support Services	5,118,000	-	0	-	0.0	∞
	Civic Education	3,230,000		46,100		1.4	∞
	Public Participation	1,410,000	-	0		0.0	∞
	Customer Service	595,000		0		0.0	∞
	Sub-Total	**703,332,913**	**176,500,000**	**2,388,974**	**0**	**0.3**	**0.0**
Water, Energy, Environment, and Natural Resources							
Water Supply and Storage Services	Procurement of survey equipment's & accessories	39,708,596		117,085		0.3	∞
	Rural Water Supply & Storage Services	0	117,440,000	0	-	∞	0.0
	Rural Water Services Governance	1,050,000	-	0	-	0.0	∞
	Adaptive Capacity to Natural Disaster	7,218,919	-	0		0.0	∞
Climate Change Mitigation & Adaptation	General Administration & Support Services	27,489,836	-	80,400		0.3	∞
	Enabling Legal & Implementation Frameworks	0	-	0		∞	∞
	Inclusive Climate Resilience	600,000	-	183,200		30.5	∞
	Climate Smart Practices	0	180,000,000	0	**2,172,300**	∞	1.2
Conservation of Environment & Natural Resources	Administration and Support Services	0	-	0		∞	∞
Energy services	Sustainable Natural Resources Exploitation	3,600,000	2,000,000	96,100	-	2.7	0.0
	Environmental Conservation	0	-	0		∞	∞
	General Administration & Support Services	4,000,000	-	196,100		4.9	∞
	Green Energy Promotion	0	6,500,000	0		∞	0.0
	Renewable Energy Technologies	0	-	0	-	∞	∞
	Sub-Total	**83,667,351**	**305,940,000**	**672,885**	**2,172,300**	**0.8**	**0.7**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Health Services							
Health Curative Services	Administration Support Services	-		-		∞	∞
	Human Resource Management	652,615,510		302,847,100		46.4	∞
	Monitoring & Evaluation	2,402,000		33,600		1.4	∞
	Quality Assurance & Standards	2,473,116		0		0.0	∞
	Curative and Rehabilitative Health Services	43,110,939	6,000,000	0	-	0.0	∞
	Curative Infrastructure Support	0	32,000,000		-	∞	0.0
	Pharmaceutical & Pharmaceutical Commodities	237,680,329	15,000,000	0		0.0	0.0
Health Preventive and Promotive Services	Preventive and Promotive Health Services	0	19,620,000		4,929,430	∞	25.1
	Human Resource Management	0	-	0		∞	∞
	Primary Health Care	374,433,877	36,632,500	92,927,396	-	24.8	0.0
	Nutrition	4,427,392	2,500,000	42,400	-	1.0	0.0
	Community Health Services	40,360,000	-	4,680,000		11.6	∞
	Communicable Diseases Control	17,076,044	-	0		0.0	∞
	Public Health Emergency Coordination	20,000,000	-	0	-	0.0	∞
FIF	FIF	**100,000,000**	-	12,783,569		12.8	∞
	Sub-Total	**1,494,579,207**	**111,752,500**	**413,314,065**	**4,929,430**	**27.7**	**4.4**
Town Administrator							
Municipal Administration	General Administration and Planning	71,328,500		4,811,924		6.7	∞
	Infrastructural Development	0	63,661,198	0	-	∞	0.0
	Municipality Amenities	8,200,000	104,000,000	0	-	0.0	0.0
	Municipal Disaster Management	6,390,161	-	0	-	0.0	∞
	Municipal Transport Services & Management	0	85,374,590	0	-	∞	0.0
	Sub-Total	**85,918,661**	**253,035,788**	**4,811,924**	**-**	**5.6**	**0.0**
Grand Total		**4,421,119,494**	**2,412,429,542**	**604,983,087**	**11,626,730**	**13.7**	**0.5**

***Source**: Isiolo County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were; Human Resource Management in the Department of Health Services at 46 per cent, Disaster Risk Awareness Preparedness & Management in the Department of Finance, Economic Planning, Special Programs, Revenue and Cohesion at 35 per cent, Inclusive Climate Resilience in the Department of Water, Energy, Environment, and Natural Resources at 31 per cent, and General Administration Planning & Support Services in the Department of Finance, Economic Planning, Special Programs, Revenue and Cohesion at 31 per cent of budget allocation.

3.9.15 Accounts Operated in Commercial Banks

The County government operated 11 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.9.16 Key Observations and Recommendations

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

1. The late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The County Assembly report was received on 16 October 2024, while the County Executive report was received on 30 October 2024.

2. The underperformance of own-source revenue at Kshs.71.12 million against an annual target of Kshs.371.21 million, representing 19.2 per cent of the yearly target

3. High level of pending bills, which amounted to Kshs.1.08 billion as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.10.72 million were processed through the manual payroll, accounting for 2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Fund administration, Revenue collection and additional allocations operations.

6. Failure by the Health facilities to provide a report on the utilisation of the FIF during the period contrary to Section 18 (e) of the FIF Act, 2023.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining part of the financial year. Further, compliance with the payment plan should be enforced.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*
6. *The county leadership should monitor the utilisation of FIF by health facilities and the submission of quarterly financial statements as provided by law.*

3.10. County Government of Kajiado

3.10.1 Overview of FY 2024/25 Budget

The Kajiado County approved FY 2024/25 budget is Kshs.13.19 billion. It comprised Kshs.4.07 billion (31 per cent) and Kshs.9.12 billion (69 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.60 billion (14 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.55 billion and a recurrent budget of Kshs.8.04 billion. The increase in the county government budget was attributed to the increased balance brought forward from FY 2023/24.

The Kajiado County Government budget will be financed from different sources of revenue. These include Kshs.9.29 billion (70 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.2.26 billion (17 per cent) as additional allocations, and Kshs.1.64 billion (14 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.70 million (4 per cent) as a Liquor fund, Kshs.370 million (23 per cent) as a Facility Improvement Fund (revenue from health facilities), and Kshs.1.20 billion (73 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.64.

3.10.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.54 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs. 1.37 billion, Additional allocations from government and development partners were Kshs. 11.0 million, and its own-source revenue (OSR) collection was Kshs. 143.91 million. In addition, the County had a cash balance of Kshs. 6.68 million from FY 2023/24. Included in the equitable share of revenue raised nationally is Kshs.664.02 million for June 2024, which was disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 143.91 million indicates that it included Appropriations in Aid (AIA) of Kshs.73.91 million and Facilities Improvement Financing (FIF) and Kshs.70.0 million as ordinary OSR. Table 3.64 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.64: Kajiado County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	9,293,272,951	1,369,535,240	14.7
Subtotal		**9,293,272,951**	**1,369,535,240**	**14.7**
B	**Additional Allocations**			
	Aggregated Industrial Park	250,000,000		
	DANIDA- Level 2 and 3	7,308,000		
	DANIDA -Level 1 grants	2,588,250		
	Water Alliance (UNICEF)	10,000,000		
	Nutritional International	20,000,000	5,000,000	25
	Community Health Promoters	50,070,000		
	AFD-Kenya Informal Settlement Improvement Project	180,626,011		
	Kenya Urban Support Programmes (KUSP-UIG)	35,000,000		
	IDA-National Agricultural Value Chain Development Project (NAVCDP)	151,515,152		

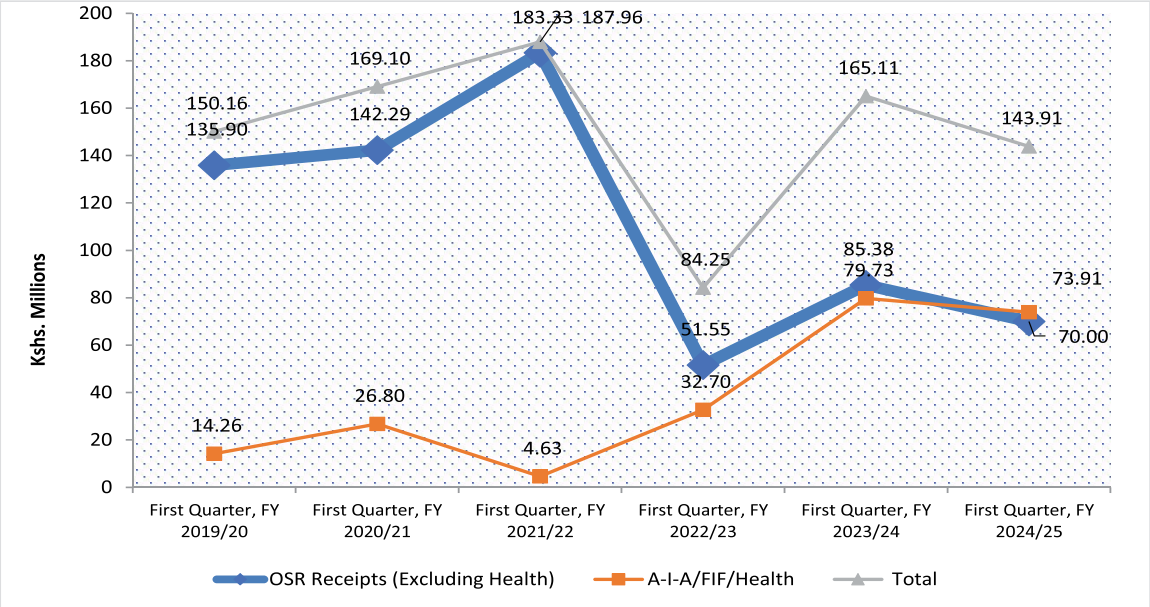
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	Kenya Agricultural Business Development (KADSP)	10,918,919		
	Aquaculture Business Development Project(ABDP-IFAD Contribution)	10,509,643		
	Financing of Locally Led Climate Actions (FLLoca)	137,511,456	11,000,000	8.0
	Second Kenya Devolution Support Programme (KSDP II)	37,500,000		
	Road Maintenances Levy	307,376,319		
	Kenya Urban Support Programmes -Municipalities	227,801,862		
	Mineral Extraction Royalties	820,464,118		
Subtotal		**2,259,189,730**	**16,000,000**	**0.7**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	1,200,000,000	69,995,845	5.8
	Appropriation in Aid (A-I-A)	-		
	Facility Improvement Fund (FIF)	370,000,000	73,911,904	20.0
Subtotal		**1,570,000,000**	**143,907,749**	
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	0	6,679,313	0.0
	Other Revenues (provide a list)	70,000,000	-	-
Sub Total		**70,000,000**	**6,679,313**	**9.5**
Grand Total		**13,192,462,681**	**1,536,122,302**	**11.6**

Source: *Kajiado County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 37 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 37: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

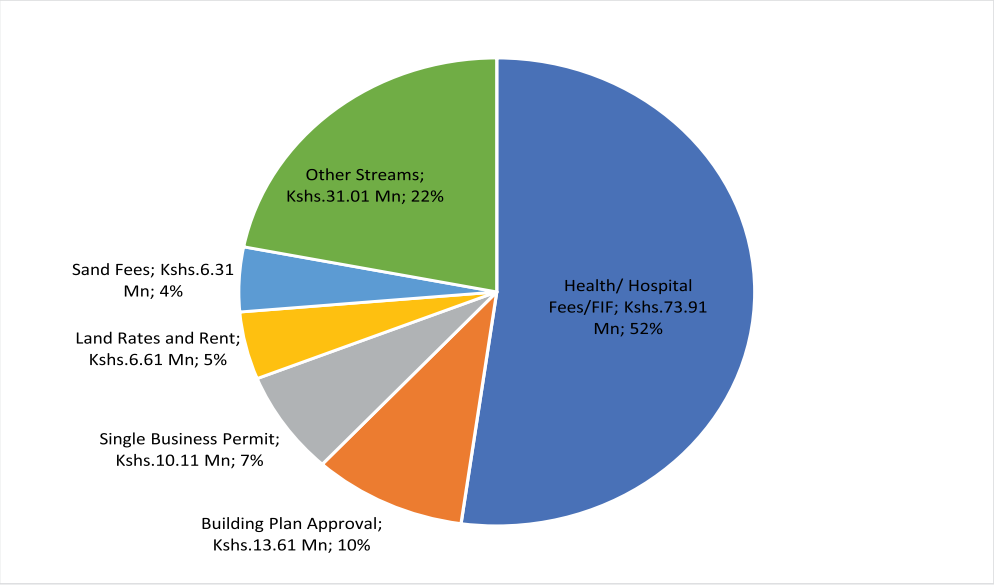


Source: *Kajiado County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.143.91 million from its revenue sources, including AIA and FIF. This amount a decreased by 13 per cent compared to Kshs.165.11 million realised in a similar period in FY 2023/24, which was 9 per cent of the annual target and 11 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 2.

Figure 38: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Kajiado County Treasury*

The highest revenue stream, Kshs.73.91 million, was from Health/ Hospital Fees/ FIF (mention the stream), contributing 52 per cent of the total OSR receipts during the reporting period.

3.10.3 Borrowing by the County

There was no short-term borrowing during the period under review.

3.10.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.19 billion from the CRF account comprised Kshs.11 million (0.8 per cent) for development programmes and Kshs.1.18 billion (99 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.903.52 million was released towards employee compensation and Kshs.278.02 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 717.13 million.

3.10.5 County Expenditure Review

The County spent Kshs.1.18 billion on development and recurrent programmes in the reporting period. This expenditure represented 99 per cent of the total funds released by the CoB and was entirely on recurrent programmes. Recurrent expenditures represented 13 per cent of the annual recurrent expenditure budget.

3.10.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.2.46 billion as of 30 June 2024, comprising pending payments by the County Executive of Kshs.2.29 billion and Kshs.166.03 million for the County Assembly.

The County Executive's pending bills consist of Kshs.758.86 million for recurrent expenditures and Kshs.1.53 billion for development expenditures. The County Assembly's bills comprised Kshs.61.71 million for development activities and Kshs.104.32 million for recurrent activities. In the reporting period, the County Executive

settled pending bills amounting to Kshs.380.94 million, which was entirely for recurrent expenditures. In contrast, the County Assembly settled recurrent pending bills worth Kshs.67.24 million. Therefore, the outstanding bills were Kshs.2.01 billion as of 30 September 2024.

3.10.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.844.44 billion on employee compensation, Kshs.213.24 million on operations and maintenance, and no expenditure on development activities. Similarly, the County Assembly spent Kshs.55.10 million on employee compensation, Kshs.65.46 million on operations and maintenance, and reported no development expenditure during the period under review, as shown in Table 3.65.

Table 3.65: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,175,135,936**	**948,771,770**	1,057,683,326	120,557,161	**12.9**	**12.7**
Compensation to Employees	4,752,052,036	341,250,000	844,444,727	55,097,080	17.8	16.1
Operations and Maintenance	3,423,083,900	607,521,770	213,238,599	65,460,081	6.2	10.8
Development Expenditure	3,863,554,975	205,000,000	-	-	0.0	0.0
Total	**12,038,690,911**	**1,153,771,770**	**1,057,683,326**	**120,557,161**	8.8	10.4

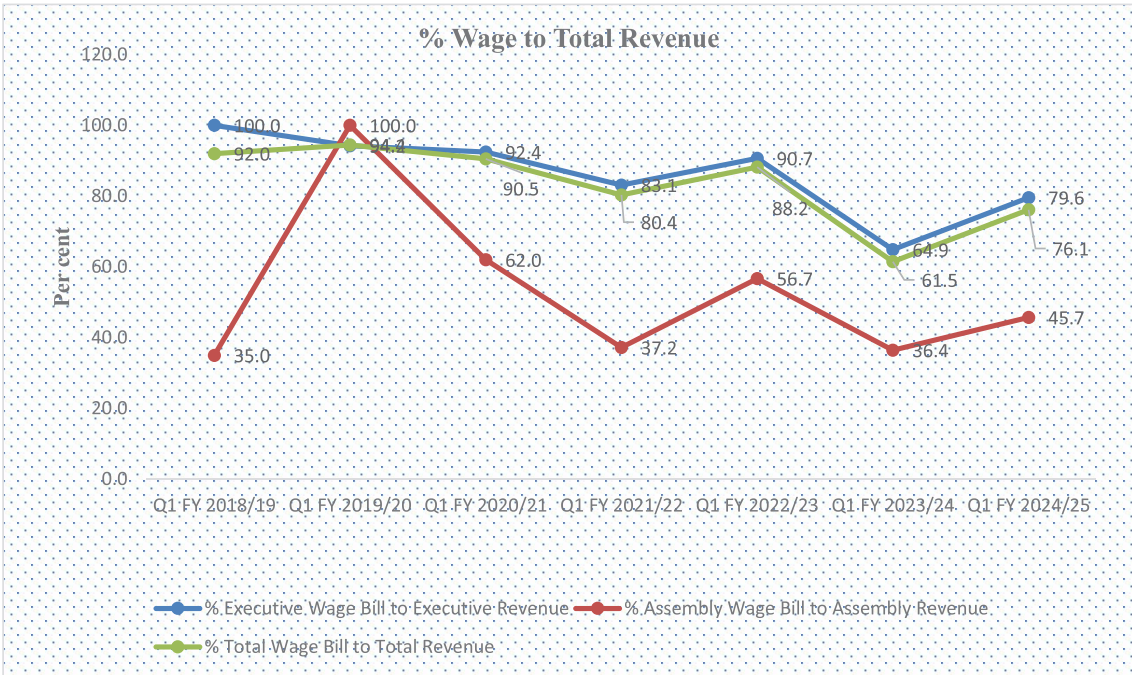
***Source**: Kajiado County Treasury*

3.10.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.899.54 million, or 58.4 per cent of the available revenue of Kshs.1.54 billion. This expenditure represented an increase from Kshs.812.5 million reported in a similar period in FY 2023/24. The wage bill included Kshs.367.59 million paid to the health sector employees, translating to 41 per cent of the total wage bill.

Figure 39 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 39: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Kajiado County Treasury

Further analysis indicates that PE costs amounting to Kshs.869.01 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.30.54 million was processed through manual payrolls. The manual payrolls accounted for 3.4 per cent of the total PE cost.

The County Assembly spent Kshs.1.02 million on committee sitting allowances for the 42 MCAs against the annual budget allocation of Kshs.51.24 million. The average monthly sitting allowance was Kshs.24,242 per MCA. The County Assembly had 19 House Committees.

3.10.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.361 million to county-established funds in FY 2024/25, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.150 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.66 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.66: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Educational/ Scholarship Fund	200,000,000	70,000,000	970,000,000	18,807,097	yes
	Executive Car and Mortgage Fund	30,000,000	-	250,247,500	0	Yes
	Youth and Sport Fund	15,000,000	-	90,000,000	0	Yes
	Disability Fund	10,000,000	-	78,000,000	0	Yes
	Liquor Fund	10,000,000	-	-	-	No
	Women Empowerment Fund	20,000,000	-	-	-	No
	Kajiado Investments Authority	20,000,000	-	25,000,000	0	Yes
	County Assembly Established Funds					
	MCA's Car loan and Mortgage	56,000,000	-	384,500,000	-	No
	Total	**371,000,000**	**70,000,000**	**1,797,747,500**	**18,807,097**	

Source: *Kajiado County Treasury*

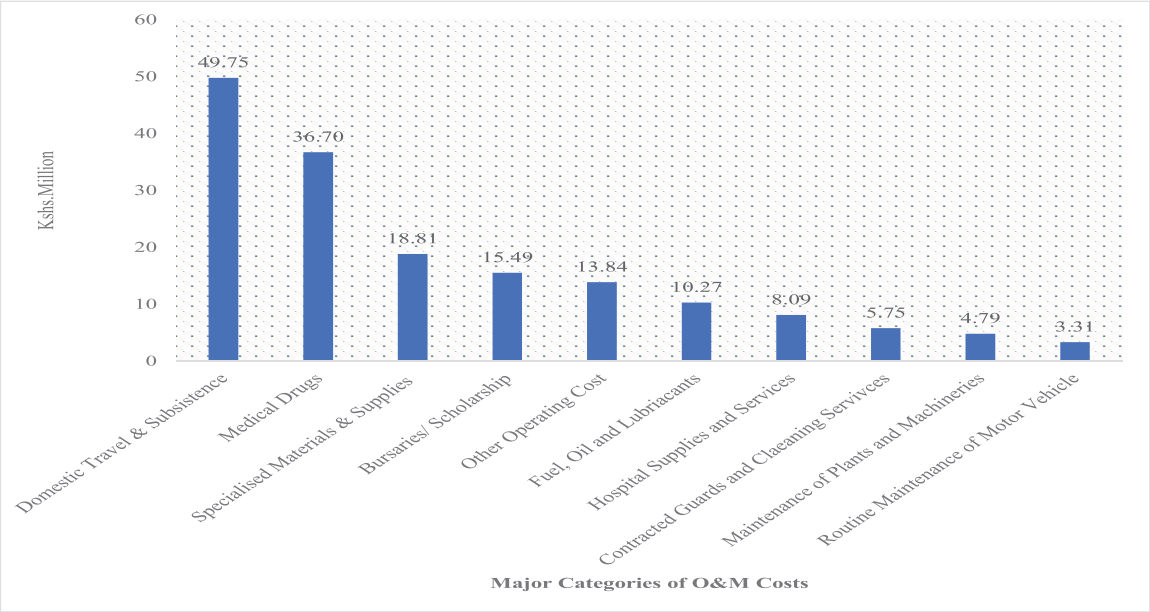
During the reporting period, the CoB did not receive quarterly financial reports from the Emergency Fund Administrators, Liquor Fund, Women Empowerment Fund, and MCA's Car Loan and Mortgage Fund, as indicated in Table 3.66 contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.10.10 Expenditure on Operations and Maintenance

Figure 40 summarises the Operations and Maintenance expenditure by major categories.

Figure 40: Kajiado County, Operations and Maintenance Expenditure by Major Categories



Source: *Kajiado County Treasury*

Expenditure on domestic travel amounted to Kshs.49.75 million and comprised Kshs.24.75 million spent by the County Assembly and Kshs.25 million by the County Executive. No foreign travel expenditure was incurred by the County Executive or the County Assembly for the period under review.

3.10.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.73.91 million as FIF, which was 20 per cent of the annual target of Kshs.370 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.70.97 million, as shown in Table 3.67

Table 3.67: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Kajiado County Referral Hospital	58,565,082	22,448,510	38%
	Loitokitok Sub County Hospital	38,621,542	15,137,402	40%
	Ngong Sub County Hospital	37,700,112	9,524,883	25%
	Kitengela Sub County Hospital	54,740,513	15,968,441	29%
	Ongata Rongai Sub County Hospital	30,956,345	6,914,328	22%
	Management team	79,912,588	-	0.0%
	Public Health	70,000,000	-	0.0%
	Total	**370,000,000**	**69,993,564**	**18.9%**

Source: *Kajiado County Treasury*

The Health Facility with the highest absorption rate was Loitokitok Sub County Hospital.

3.10.12 Development Expenditure

In the First Quarter of FY 2024/25, the County Government did not incur any development expenditures, compared to a similar period in FY 2023/24, when the County spent Kshs.153.13 million.

3.10.13 Budget Performance by Department

Table 3.68 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

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

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	251.20	0	12.92	0	12.92	0	100.0	-	5.1	-
County Public Service Board	134.82	0	16.34	0	16.34	0	100.0	-	12.1	-
Medical Service and Public Health	3,164.02	98.10	460.88	0	460.88	0	100.0	-	14.6	-
Water, Irrigation, Environment and Natural Resource	185.30	302.01	22.70	11	22.70	0	100.0	-	12.2	-
Roads, Transport, Public Works and Energy	198.61	944.08	26.97	0	26.97	0	100.0	-	13.6	-
Public Service Administration and Citizen Participation	1,225.74	0	100.75	0	100.31	0	99.6	-	8.2	-
County Treasury	923.05	857.98	136.65	0	136.65	0	100.0	-	14.8	-
Lands, Physical Planning and Urban Development	159.12	408.43	16.04	0	16.04	0	100.0	-	10.1	-
County Assembly	948.77	205	120.56	0	120.56	0	100.0	-	12.7	-
Education, Youth and Sport	860.42	131.70	158.28	0	158.28	0	100.0	-	18.4	-
Gender, Cooperative, Culture, Tourism and Wildlife Management	199.09	0	13.19	0	13.19	0	100.0	-	6.6	-
Agriculture, Livestock, Veterinary Service and Fisheries	295.07	242.26	38.29	0	38.29	0	100.0	-	13.0	-
Trade, Industries and Enterprise Development	222.16	512	28.69	0	28.69	0	100.0	-	12.9	-
Kajiado Municipality	70.40	76	7.21	0	6.51	0	90.3	-	9.2	-
Ngong Municipality	100.70	225	11.11	0	10.01	0	90.1	-	9.9	-
Office of the County Attorney	141.98	0	5.13	0	5.13	0	100.0	-	3.6	-
Kitengela Municipality	43.44	66	5.82	0	4.78	0	82.1	-	11.0	-
Total	9,123.91	4,068.55	1,181.53	11	1,178.24	0	99.7	-	12.9	-

***Source**: Kajiado County Treasury*

Analysis of department expenditures shows that entire County Departments incurred no development expenditures during the period under review. The Department of Education, Youth and Sport had the highest percentage of recurrent expenditures to budget, at 18 per cent. In contrast, the Department of Office of the County Attorney had the lowest, at 4 per cent.

Budget Execution by Programmes and Sub-Programmes

Table 3.69 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of the Governor and Deputy Governor							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	127,027,549	-	11,379,813	-	9	0
Coordination Devolution Service	County Executive	39,810,000	-	-	-	0	0
	Intergovernmental Relation	23,468,000	-	-	-	0	0
	County Advisory	19,465,828	-	-	-	0	0
	Special Programs	20,720,000	-	-	-	0	0
	Information, Communication and Technologies	20,711,000	-	1,543,435	-	7.5	0
	Sub Total	**251,202,377**	**-**	**12,923,248**	**-**	**5.1**	**0**
County Public Service Board							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	134,820,567	-	16,343,577	-	12.1	0
	Sub-Total	**134,820,567**	**-**	**16,343,577**	**-**	**12.1**	**0**
Department of Medical Service and Public Health							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	2,744,241,305	-	392,432,220	-	14.3	0
Curative and Rehabilitative	Hospital Service	16,460,500	98,100,000	4,224,780	-	25.7	0
	Health Products and Technologies	200,276,176	-	48,851,953	-	24.4	0
	Emergency Responses	6,582,400	-	1,825,786	-	27.7	0
Public Health and Sanitation	Reproductive Maternal	56,769,977	-	6,438,693	-	11.3	0
	Communicable and Non-Communicable disease	4,609,000	-	87,837	-	1.9	0
	Primary Health Care	97,823,500	-	3,867,600	-	4	0
	Disease Surveillance and Response	3,185,400	-	470,140	-	14.8	0
	Environmental Health	34,066,962	-	2,681,500	-	7.9	0
	Sub Total	**3,164,015,220**	**98,100,000**	**460,880,509**	**-**	**14.6**	**0**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of Water, Irrigation, Environment and Natural Resource							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	126,821,397	-	17,729,262	-	14	0
Water Service	Water Service	26,300,000	302,011,456	3,651,500	-	13.9	0
	Storm Water Management	6,236,148	-	-	-	0	0
	Sanitation Service	3,400,000	-	-	-	0	0
Environment and Natural Resources	Environmental	9,280,000	-	1,314,584	-	14.2	0
	Natural Resources	3,900,000	-	-	-	0	0
	Climate Change	9,358,000	-	-	-	0	0
	Sub Total	**185,295,545**	**302,011,456**	**22,695,346**	-	**12.2**	**0**
Department of Roads, Transport, Public Works and Energy							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	164,352,911	-	21,733,947	-	13.2	0
Public Works and Infrastructure	Roads	12,800,000	769,076,319	2,358,678	-	18.4	0
	Energy	7,586,000	25,000,000	1,589,838	-	21	0
	Fire Fighter	6,200,000	-	1,283,800		20.7	0
	Transport	3,273,600	-	-	-	0	0
	Public Works	4,400,000	150,000,000	-	-	0	0
	Sub Total	**198,612,511**	**944,076,319**	**26,966,263**	-	**13.6**	**0**
Department of Public Service, Administration and Citizen Participation							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	967,005,839	-	94,079,108	-	9.7	0
Public Service and Administration	County Administration	7,952,545	-	729,200	-	9.2	0
	County Inspectorate	5,713,116	-	904,000	-	15.8	0
Human Resource Management and Development	Human Resource	191,688,202	-	2,380,820	-	1.2	0
Citizen Participation	Citizen Participation	13,831,255	-	1,828,400	-	13.2	0
	Social Protection	3,087,315	-	385,000	-	12.5	0
	Disability Mainstreaming	22,079,973	-	-	-	0	0
	Control of Alcohol and Substance Abuse	12,049,804	-	-	-	0	0
	County Organization	2,329,974	-	-	-	0	0
	Sub Total	**1,225,738,023**	-	**100,306,528**	-	**8.2**	**0**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of County Treasury							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	834,834,184	857,982,317	134,590,569	-	16.1	0
Public Finance Management	Budget Coordination and Management	10,300,000	-	1,947,280	-	18.9	0
	Accounting Service	8,710,000	-	31,500	-	0.4	0
	Supply Chain Management	28,200,000	-	-	-	0	0
	Internal Audit	7,750,002	-	-	-	0	0
	Revenue Collection/ Resource Mobilisation	14,533,094	-	84,000	-	0.6	0
Economy Policy Coordination	Economic Planning	8,500,000	-	-	-	0	0
	Monitoring and Evaluation	10,225,000	-	-	-	0	0
	Sub Total	**923,052,280**	**857,982,317**	**136,653,349**	-	**14.8**	**0**
Department of Lands, Physical Planning and Urban Development							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	90,385,971	-	15,146,513	-	16.8	0
Land Policy and Planning	Physical Planning	5,810,000	408,427,873	770,000	-	13.3	0
	Lands Survey and Mapping	5,350,000	-	-	-	0	0
	Lands Administration	5,387,170	-	-	-	0	0
Urban Development and Management	Urban Development	46,182,438	-	119,000	-	0.3	0
	Housing	6,007,500	-	-	-	0	0
	Sub Total	**159,123,079**	**408,427,873**	**16,035,513**	-	**10.1**	**0**
County Assembly							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	632,537,070	205,000,000	97,629,571	-	15.4	0
Legislation, Representation and Oversight	Legislation, Representation and Oversight	316,234,700	-	22,927,590	-	7.3	0
	Sub Total	**948,771,770**	**205,000,000**	**120,557,161**	-	12.7	0
Department of Education, Youth and Sport							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	775,390,518	32,000,000	146,038,103	-	18.8	0
Early Childhood Development	Early Childhood	44,933,000	99,700,000	1,973,488	-	4.4	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Technical and Vocational	Technical and Vocational Training	4,611,298	-	960,200	-	20.8	0
Youth and Sports	Sport Training and Competition	35,487,735	-	9,311,894	-	26.2	0
	Sub Total	**860,422,551**	**131,700,000**	**158,283,685**	-	**18.4**	**0**
Department of Gender, Cooperative, Culture, Tourism and Wildlife							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	101,205,360	-	10,100,217	-	10	0
Gender Mainstreaming	Gender Mainstreaming	15,792,190	-	1,394,400	-	8.8	0
Arts and Culture	Cultural Heritage	6,180,373	-	-	-	0	0
	Cultural Activities	3,702,291	-	-		0	0
Local Tourism and Wildlife	Local Tourism Promotion and Wildlife Management	57,511,212	-	1,694,654	-	2.9	0
Cooperative Development	Cooperative Development	14,702,090	-	-	-	0	0
	Sub Total	**199,093,516**	-	**13,189,271**	-	**6.6**	**0**
Department of Agriculture, Livestock, Veterinary Service and Fisheries							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	198,979,633	-	31,375,092	-	15.8	0
Crop Production	Crop Development	7,483,340	-	950,000	-	12.7	0
	Agricultural Mechanization Services	7,217,947	-	-		0	0
	Agricultural Training Centre	5,545,866	-	-	-	0	0
	Plant Disease Control	3,845,499	-	-	-	0	0
	Agri-Business and Market Development	3,935,499	-	467,849	-	11.9	0
Irrigation	Irrigation Service	12,258,990	-	2,455,000	-	20	0
Livestock Resources	Animal Husbandry	7,278,088	10,000,000	682,571	-	9.4	0
	Livestock Market	433,624	181,515,152	-	-	0	0
	Veterinary Service	2,909,462	-	386,000	-	13.3	0
	Demonstration Farm Kajiado	3,122,441	-	970,000	-	31.1	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Animal Disease Control	38,975,736	17,000,000	-	-	0	0
Fisheries	Fisheries	3,087,674	33,741,858	1,000,000	-	32.4	0
	Sub Total	**295,073,799**	**242,257,010**	**38,286,512**	-	**13**	**0**
Department of Trade, Investment and Enterprise Development							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	178,662,794	-	27,877,363	-	15.6	0
Trade Development	Trade Development	41,751,774	512,000,000	813,200	-	1.9	0
	Enterprise Development	1,749,902	-	-	-	0	0
Cooperative Enterprise Development	Cooperative Development	-	-	-	-	0	0
	Sub Total	**222,164,470**	**512,000,000**	**28,690,563**	-	**12.9**	**0**
Department of Kajiado Municipality							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	59,484,130	-	6,506,531	-	10.9	0
Urban Infrastructure	Urban Infrastructure	4,541,500	76,000,000	-	-	0	0
Environmental Management and Public Health	Environmental Management and Public Health	6,369,500	-	-	-	0	0
	Sub Total	**70,395,130**	**76,000,000**	**6,506,531**	-	**9.2**	**0**
Department of Ngong Municipality							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	85,376,381	-	10,009,568	-	11.7	0
Urban Infrastructure	Urban Infrastructure	3,548,194	225,000,000	-	-	0	0
Environmental Management and Public Health	Environmental Management and Public Health	11,780,000	-	-	-	0	0
	Sub Total	**100,704,575**	**225,000,000**	**10,009,568**	-	**9.9**	**0**
County Attorney							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	141,980,491	-	5,133,747	-	3.6	0
	Sub Total	**141,980,491**	-	**5,133,747**	-	**3.6**	**0**
Department of Kitengella Municipality							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	36,596,802	-	4,779,116	-	13.1	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Urban Infrastructure	Urban Infrastructure	2,680,000	66,000,000	-	-	0	0
Environmental Management and Public Health	Environmental Management and Public Health	4,165,000	-	-	-	0	0
	Sub Total	**43,441,802**	**66,000,000**	**4,779,116**	-	**11**	**0**
Grand Total		**9,123,907,706**	**4,068,554,975**	**1,178,240,487**	-	**12.9**	**0**

***Source**: Kajiado County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were Fisheries in the Department of Agriculture, Livestock, Veterinary Service and Fisheries at 32 per cent, Demonstration Farm in the Department of Agriculture, Livestock, Veterinary Service and Fisheries at 31 per cent, Sports Training and Competition in the Department of Education, Youth and Sport at 21 per cent, and Technical and Vocational Training at 20 per cent of budget allocation.

3.10.14 Accounts Operated in Commercial Banks

The County government operated 50 accounts with the commercial banks, of which seven were for healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.10.15 Key Observations and Recommendations

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

1. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 24 October 2024.
2. The underperformance of own-source revenue at Kshs.143.91 million against an annual target of Kshs.1.57 billion, representing 9.2 per cent of the yearly target.
3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 October 2024, the reports for the Emergency Fund, Liquor Fund, Women Empowerment Fund, and MCA's Car Loan and Mortgage Fund had yet to be submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.2.01 billion as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.30.54 million were processed through manual payroll, accounting for 3.4 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are mainly for County Health facilities, Established Funds and Conditional grants for various departments' office operations and Activities.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.11. County Government of Kakamega

3.11.1 Overview of FY 2024/25 Budget

The Kakamega County approved FY 2024/25 budget is Kshs.17.86 billion. It comprised Kshs.5.95 billion (33 per cent) and Kshs.11.91 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.07 billion (6 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.87 billion and a recurrent budget of Kshs.11.92 billion. The increase in the budget was attributed to the rise in national shareable revenue.

The Kakamega County Government budget will be financed from different sources of revenue. These include; Kshs.13.41 billion (75 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.15 billion as additional allocations, a cash balance of Kshs.1.10 billion (6 per cent) was brought forward from FY 2023/24, and Kshs.2.2 billion (12 per cent) was generated as gross own source revenue. The own-source revenue includes Kshs.841 million (5 per cent) as Facility Improvement Fund (revenue from health facilities and public health services) and Kshs.1.36 billion (8 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.70.

3.11.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.2.75 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.1.1 billion, and the own source revenue (OSR) collection of Kshs.318.20 million. In addition, the County had a balance of Kshs.1.34 billion from FY 2023/24. It is worth noting that the equitable share for June 2024 of Kshs.1.03 billion for FY 2023/24 was disbursed in July 2024 and was factored under balance B/F from FY2023/24

Analysis of the total OSR collection of Kshs. 318.20 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.142.20 million and Kshs.176 million as ordinary OSR. Table 3.70 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.70: Kakamega County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	13,411,030,188	**1,097,574,932**	**8**
Sub Total		**13,411,030,188**	**1,097,574,932**	**8**
B	**Additional Allocations**			
1	Kenya Agricultural Business Development (KABDP)	10,918,919	-	0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	DANIDA Grant - Primary Health Care	16,038,750	-	0
3	Aquaculture Business Development Project (ABDP)	24,417,125	-	0
4	Kenya Livestock Commercialization Project (KELCLOP)	33,550,000	-	0
5	Kenya Urban Support Programme (KUSP) UIG	35,000,000	-	0
6	Kenya Devolution Support Programme (KDSP II)	37,500,000	-	0
7	Kenya Informal Settlement Improvement Project (KISIP II)	110,000,000	-	0
8	Kenya Urban Support Programme (KUSP) UDG	120,740,969	-	0
9	Community Health Promoters Project	127,500,000	-	0
10	National Agricultural Value Chain Development Project (NVCDP)	151,515,152	-	0
11	Roads Maintenance Levy Fund	235,244,397	-	0
12	County Aggregation and Industrial Park Programme	250,000,000	-	0
Sub-Total		**1,152,425,312**	**0**	**0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,359,000,000	175,996,930	13
2	Balance b/f from FY2023/24	1,097,839,415	1,336,144,540	122
3	Facility Improvement Fund (FIF)	841,000,000	142,203,819	17
Sub Total		3,297,839,415	1,654,345,289	50
Grand Total		**17,861,294,915**	**2,751,920,221**	**15**

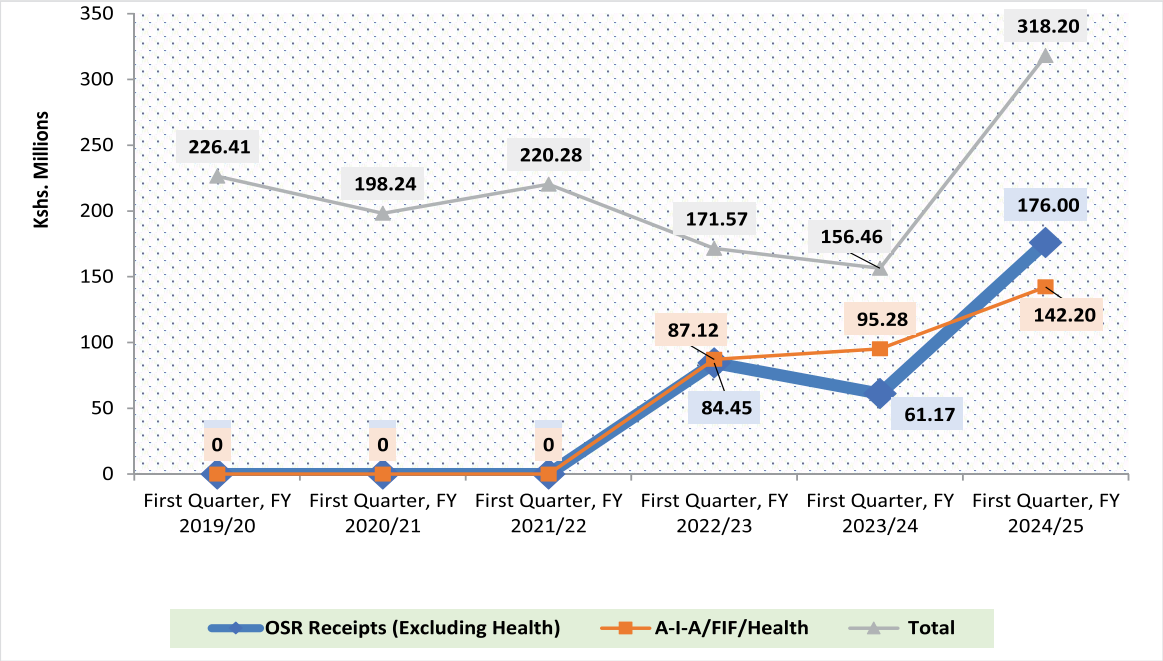
Source: *Kakamega County Treasury*

From the balance carried forward from FY 2023/24, which amounts to Kshs.1.34 billion, Kshs.1.1 billion was paid into the Consolidated Revenue Fund (CRF) Account per Section 109 (6) of the Public Finance Management (PFM) Act 2012. Kshs. 303.13 million was retained in the Special Purpose Accounts.

The County has governing legislation on the operation of ordinary FIF.

Figure 41 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 41: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25



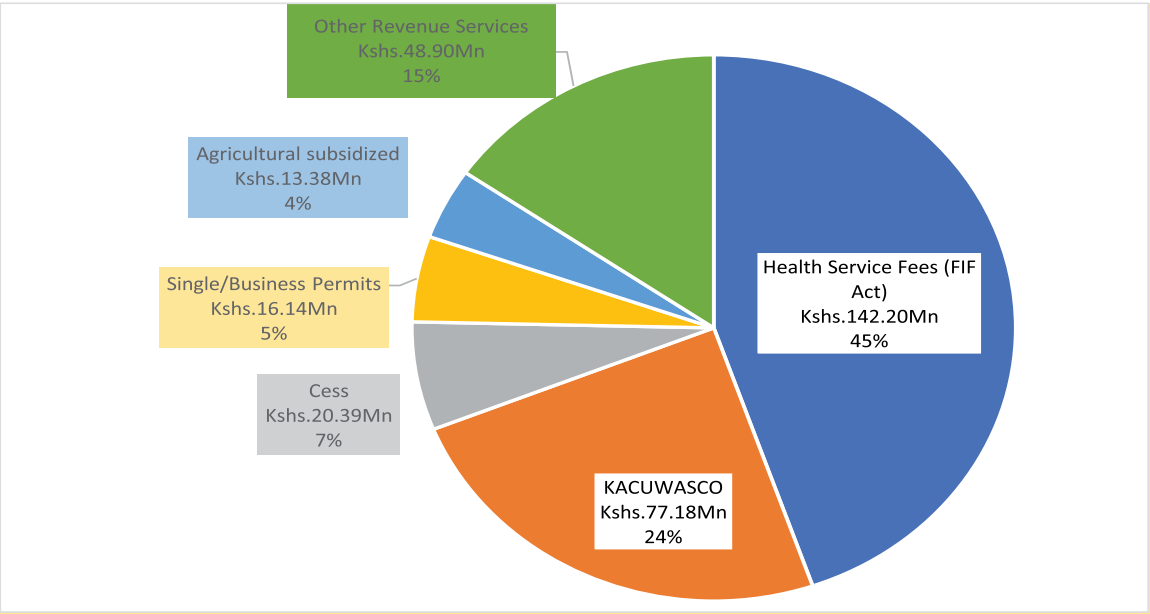
Source: *Kakamega County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.318.20 million from its revenue sources, including FIF. This amount was an increase of 103 per cent compared to Kshs.156.46 million realised in a similar period in FY 2023/24, which was 15 per cent of the annual target and 15 per cent of the equitable revenue share disbursed.

The increase in own-source revenue (OSR) by 103.4 per cent was attributed to the funds raised by various County corporations and companies. These include the Kakamega County Urban Water and Sewerage Company, Kakamega County Rural Water and Sewerage Company, Kakamega Dairy Development Corporation, and Micro Finance. Additionally, the County has harnessed the collection of Hospital fees.

The revenue streams which contributed the highest OSR receipts are shown in Figure 42.

Figure 42: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Kakamega County Treasury*

The highest revenue stream of Kshs.142.20 million was from Health Services Revenue collected under the FIF Act, contributing to 45 per cent of the total OSR receipts during the reporting period.

3.11.3 Borrowing by the County

The County did not report any borrowed amounts as of 30 September 2024. However, both arms of the Government have each signed a renewable salary Memorandum of Understanding (MoU) with commercial banks to manage monthly salary payments.

3.11.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.2.10 billion from the CRF account comprised Kshs.289.50 million (14 per cent) for development programmes and Kshs.1.81 billion (86 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.21 billion was released towards employee compensation and Kshs.604.13 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 258.13 million.

3.11.5 County Expenditure Review

The County spent Kshs.2.10 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.9 per cent of the total funds released by the CoB and comprised Kshs.153.50 million and Kshs.1.95 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3 per cent, while recurrent expenditure represented 16 per cent of the annual recurrent expenditure budget.

3.11.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.56 billion as of 30 September 2024, comprising pending payments by the County Executive of Kshs.1.40 billion and Kshs.158.09 million for the County Assembly.

The County Executive's pending bills consist of Kshs.472.49 million for recurrent expenditures and Kshs.931.27 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.281.73 million, which consisted of Kshs. 71.35 million for recurrent expenditures and Kshs.210.38 million for development programmes, while the County Assembly settled pending bills worth Kshs.17.84 million.

3.11.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.1.62 billion on employee compensation, Kshs.260.02 million on operations and maintenance, and Kshs.167.26 million on development activities. Similarly, the County Assembly spent Kshs.46.13 million on employee compensation and Kshs.19.58 million on operations and maintenance, as shown in Table 3.53: Summary of Budget and Expenditure by Economic Classification 2.

Table 3.71: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**10,428,544,007**	**1,482,723,167**	**1,879,857,717**	**65,707,590**	**18.0**	**4.4**
Compensation to Employees	6,200,518,400	711,492,447	1,619,839,056	46,131,232	26.1	6.5
Operations and Maintenance	4,228,025,607	771,230,720	260,018,661	19,576,358	6.1	2.5
Development Expenditure	5,950,027,741	-	153,494,006		2.6	0
Total	**16,378,571,748**	**1,482,723,167**	**2,033,351,723**	**65,707,590**	**12.4**	**4.4**

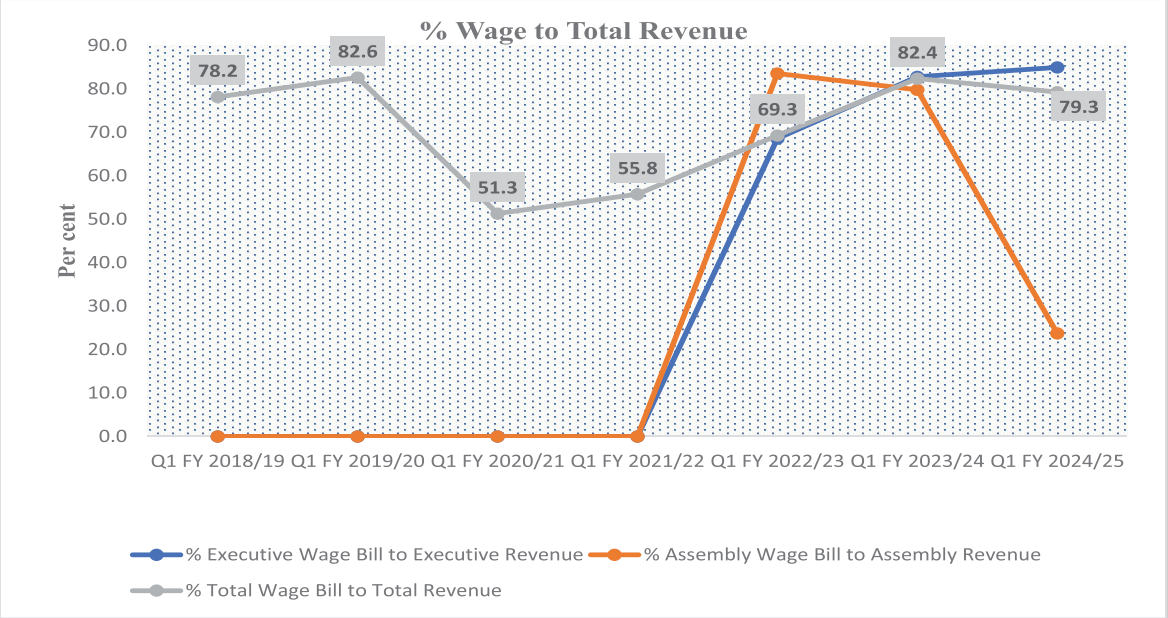
***Source**: Kakamega County Treasury*

3.11.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.67 billion, which was 47 per cent of the available revenue of Kshs.3.55 billion. This expenditure represented an increase from Kshs.1.54 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.742.81 million paid to the health sector employees, translating to 45 per cent of the total wage bill.

Figure 43 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 43: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Kakamega County Treasury

Further analysis indicates that PE costs amounting to Kshs.1.57 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.96.90 million was processed through manual payrolls. The manual payrolls accounted for 6 per cent of the total PE cost. The manual payroll of Kshs.91.41 million comprises Kshs.5.5 million for the County Assembly and Kshs.85.91 million for the County Executive. The manual payroll includes stipends for Community Health Promoters and County Youth and Women Empowerment Program workers.

The County Assembly spent Kshs.10.10 million on committee sitting allowances for the 89 MCAs against the annual budget allocation of Kshs.134.68 million. The average monthly sitting allowance was Kshs. 37,700 per MCA. The County Assembly had 26 House Committees.

3.11.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.831.72 million to county-established funds in FY 2024/25, or 5 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (0.6 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.72 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.72: Performance of County Established Funds in the First Quarter of FY 2024/25

No	Name of the Fund	Approved Budget Allocation in FY23/24 (Kshs)	Exchequer Issues (Kshs)	Reported Actual Expenditure (Kshs)	Cumulative disbursements to the Fund to date (Kshs)	Submission of Annual FS as of 30.06.2024 (Yes/No)
	County Executive Established Funds					
1	Maternal child health & family planning (Imarisha Fund)	80,000,000	-	-	-	Yes: Being wound up
2	Kakamega County Agricultural Farm Input Fund	4,000,000	-	-	-	Yes: Being wound up
3	Kakamega County Small Scale Trade Development fund	-	-	1,065	-	Yes: Being wound up
4	Kakamega County Investment Development Agency	28,000,000	-	2,871,741	-	Yes
5	Kakamega County Microfinance Corporation	12,700,000	-	1,318,572	-	Yes
6	Mumias Municipality	80,478,227	-	2,382	-	Yes
7	Kakamega County Facility Improvement Fund	-	-	158,216,682	-	Yes
8	Kakamega Revenue Agency	60,000,000	-	132,894,441	-	Yes
9	County Executive Car Loan and Mortgage	-	-	233,812	-	Yes
10	Kakamega Dairy Development Corporation	20,000,000	-	8,711,726	-	Yes
11	County Education - Bursary Fund	180,000,000	-	3,524,100	-	Yes
12	Kakamega County Emergency Fund	100,000,000	-	61,105,652	-	Yes
13	Kakamega Municipality	266,543,429	-	0	-	No
	County Assembly Established Funds					
13	County Assembly Car Loan and Mortgage	-	-	883,255	-	Yes
Grand Total		**831,721,656**	**-**	**883,255**		

Source: *Kakamega County Treasury*

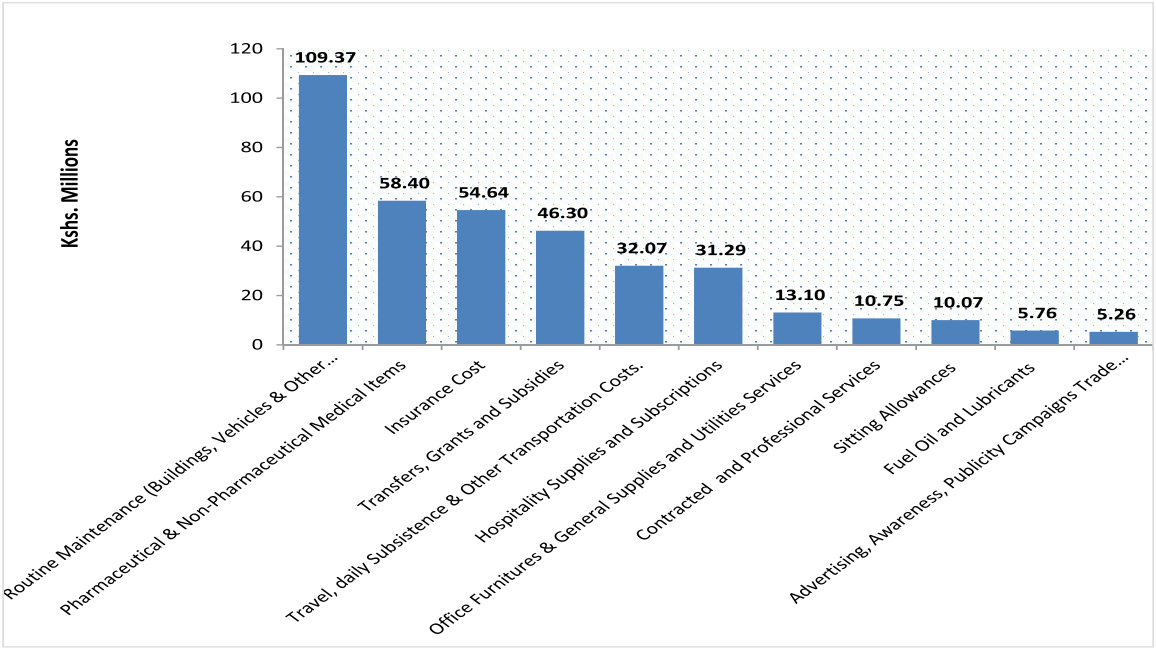
As indicated in Table 3.72, the CoB did not receive quarterly financial reports from Kakamega Municipality Fund Administrators during the reporting period, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County Government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.11.10 Expenditure on Operations and Maintenance

Figure 44 summarises the Operations and Maintenance expenditure by major categories.

Figure 44: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: *Kakamega County Treasury*

Expenditure on domestic travel amounted to Kshs.31.21 million and comprised Kshs.13.15 million spent by the County Assembly and Kshs.18.06 million by the County Executive. Expenditure on foreign travel amounted to Kshs.854,689 spent by the County Executive. Expenditure on foreign travel is summarised in Table 3.73.

Table 3.73: Summary of Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel Kshs.
County Executive	1	17th to 28th August 2024	To represent the County in the FEASSSA Term 2 East African games in Uganda	Uganda	854,689

Source: Kakamega County Treasury

3.11.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.142.20 million as FIF, which was 17 per cent of the annual target of Kshs.841 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2022. The health facilities provided a report on the utilisation of the FIF during the reporting period.

The expenditure by the health facilities amounted to Kshs.158.22 million, but a breakdown of expenditure by facilities was not provided.

3.11.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.153.50 million on development programmes, representing a decrease of 3 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.158.12 million. Table 3.74 summarises development projects with the highest expenditure in the reporting period.

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

No	Project Name	(Location of the Project)	Contract Sum (Kshs.)	Actual Expenditure to date (Kshs.)
1	Maintenance and improvement of roads	Various	707,957,457	42,661,283
2	10Km in Mumias west	Mumias west		31,861,804
3	Murram Shitirire and Malava Tumbeni bitumen road	Malava	319,688,430	30,319,848

No	Project Name	(Location of the Project)	Contract Sum (Kshs.)	Actual Expenditure to date (Kshs.)
4	Mahiakalo Nyayo tea zone	Lurambi	468,229,351	16,006,430
5	Maintenance and improvement of roads	Mumias East	4,050,000	4,644,640
6	Equipping of County Eye Hosp	Lurambi	28,000,000	1,000,000
7	Equipping other Health facilities	All sub-counties		27,000,000
Grand Total				**153,494,005**

Source: *Kakamega County Treasury*

3.11.13 Budget Performance by Department

Table 3.75 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.75: Kakamega County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,482.7	-	194.2	-	65.7	-	33.8	-	4.4	-
Agriculture, Livestock, Fisheries and Co-operatives	95.7	845.4	13.1	20.5	1.3	-	10.1	-	1.4	-
County Public Service Board	15.1	-	3.5	-	2.4	-	69.5	-	16.1	-
Education, Science & Technology	413.5	459.0	3.1	-	3.9	-	127.6	-	0.9	-
Finance and Economic Planning	500.4	56.0	113.8	-	40.7	-	35.8	-	8.1	-
Health Services	1,361.2	486.5	161.6	28.0	71.0	28.0	43.9	100	5.2	5.8
ICT, E-government & Communication	35.1	100.0	3.5	-	6.4	-	185.0	-	18.3	-
Lands, Housing, Urban Areas and Physical Planning	280.4	394.7	71.9	-	39.9	-	55.5	-	14.2	-
Office of the Governor	295.0	10.0	28.1	-	6.8	-	24.3	-	2.3	-
Public Service and Administration	6,857.3	110.5	1,126.8	-	1,598.2	-	141.8	-	23.3	-
Roads, Public Works and Energy	48.8	1,625.0	7.8	115.0	-	125.5	-	109.1	-	7.7
Social Services, Youth & Sports	424.2	412.8	79.8	95.0	98.8	-	123.8	-	23.3	-
Trade, Industrialization & Tourism	48.5	604.7	2.5	-	10.5	-	426.8	-	21.6	-
Water, Environment and Natural Resources	53.4	845.4	1.9	31.0	-	-	-	-	-	-
Total	**11,911**	**5,950**	**1,811**	**289**	**1,946**	**167**	**107.4**	**53.0**	**16.3**	**2.6**

Source*: Kakamega County Treasury*

Analysis of expenditure by departments shows that the Department of Roads, Public Works and Energy recorded the highest absorption rate of development budget at 8 per cent followed by the Department of Health Services at 6 per cent. The Department of Social Services, Youth & Sports and the Department for Public Service and Administration had the highest percentage of recurrent expenditure to budget at 23 per cent. At the

same time, the Department of Roads, Public Works and Energy and the Department for Water, Environment and Natural Resources did not spend on recurrent budget. The allocation for recurrent expenditure for the Assembly and the Executive is within the ceilings in CARA, 2024.

3.11.14 Budget Execution by Programmes and Sub-Programmes

The budget execution by programmes and sub-programmes report in the First Quarter of FY 2024/25 was not submitted in the designated template.

3.11.15 Accounts Operated in Commercial Banks

The County government operated 44 accounts with commercial banks, of which five were for healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.11.16 Key Observations and Recommendations

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

1. Own-source revenue underperformed at Kshs.318.20 million against an annual target of Kshs.2.20 billion, representing 14.5 per cent of the yearly target.
2. The County did not adhere to the schedule for their Exchequer requests during the first three months of FY 2024/25, resulting in some departments spending more than their approved requisitions.
3. The Fund Administrator of Kakamega Municipality failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012.
4. There was a high level of pending bills, which amounted to Kshs.1.56 billion as of 30 September 2024. The County settled pending bills worth Kshs.299.57 million in the County Treasury.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.96.90 million were processed through the manual payroll, accounting for 5.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.
7. The County Treasury should improve its reporting of budget expenditures under programs and sub-programs across all departments in accordance with the PBB.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The County Treasury should adhere to the Exchequer Schedules they submitted when actualising expenditure.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be adhered to.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

7. *The County should build capacity for PBB reporting across all departments.*

3.12. County Government of Kericho

3.12.1 Overview of FY 2024/25 Budget

The Kericho County approved FY 2024/25 budget is Kshs.9.22 billion. It comprised Kshs.3.09 billion (34 per cent) and Kshs.6.12 billion (66 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.0.31 billion (3 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.2.94 billion and a recurrent budget of Kshs.5.97. billion. The increase in the County Government budget was attributed to the rise in the Equitable Share of Revenue Raised Nationally.

The Kericho County Government budget will be financed from different sources of revenue. These include Kshs.6.96 billion (76 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.04 billion (11 per cent) as additional allocations and Kshs.1.22 million (13 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.646.36 million (53 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.573.74 million (47 per cent) as ordinary own-source revenue. Additional allocations Comprise of Kshs.169.75 million as Routine Maintenance Fuel Levy Fund, Kshs.250 million as County Aggregated Industrial Parks, Kshs.45.69 million as County health promoters, Kshs.8.23 million as DANIDA FUND, Kshs.37.5million as Kenya Devolution Support Project 11 (world bank), Kshs.35 million Kenya Urban Support Program UDG (SIDA), Kshs.11.0 million as FLOCCA Grants to support climate change CCIs, Kshs.203.39 million as FLOCCA Grants to support climate change CCIR, Kshs.68.75 million as FLLOCA Grants to Support Climate Change CCIR (UNSPENT DONOR), Kshs.151.52 million as IDA National Agricultural Value Chain Development Project (NAVCDP) and Kshs.10.92 million as SWEDEN Kenya Agricultural Business Development Project (KABDP).

3.12.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.20 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs. 1.1 billion, and the own source revenue (OSR) collection was Kshs.92.07 million. In addition, the County had a balance of Kshs. 536.25 million from FY 2023/24, the June 2024 Equitable Share disbursed in July 2024.

Analysis of the total OSR collection of Kshs.92.07 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.55.15 million and Kshs.36.92 million as ordinary OSR. Table 3.76 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.76: Kericho County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	6,962,657,506	569,766,044	8
Sub Total		**6,962,657,506**	**569,766,044**	**8**
B	**Additional Allocations**			
1	Routine Maintenance Fuel Levy Fund	169,758,085	0	0
2	County Aggregated Industrial Parks	250,000,000	0	0
3	County health promoters	45,690,000	0	0
4	DANIDA FUND	8,287,500	0	0
5	Kenya Devolution Support Project 11 (World Bank)	37,500,000	0	0
6	Kenya Urban Support Program UDG (SIDA)	43,550,249	0	0
7	Kenya Urban Support Program UIG (SIDA)	35,000,000	0	0
8	FLOCCA Grants to Support Climate Change CCIs	11,000,000	0	0
9	FLOCCA Grants to Support Climate Change CCIR	203,392,898	0	0

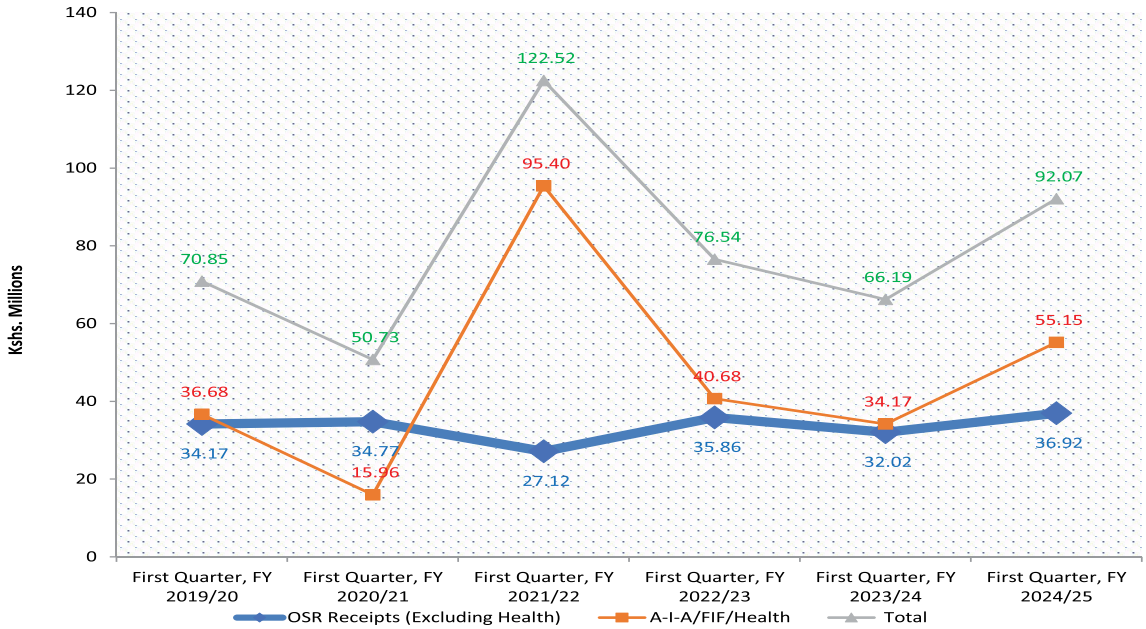
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
10	FLLOCA Grants to Support Climate Change CCIR (UNSPENT DONOR)	68,750,000	0	0
11	IDA National Agricultural Value Chain Devt Project (NAVCDP)	151,515,152	0	0
12	SWEDEN Kenya Agricultural Business Dev't Project (KABDP)	10,918,919	0	0
Sub-Total		1,035,362,803	0	**0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	573,742,933	36,921,185	6
2	Balance b/f from FY2023/24	0	536,250,393	0
3	Facility Improvement Fund (FIF)	646,355,000	55,149,736	9
4	Other Revenues	0	0	0
5	Appropriation in Aid (AIA)	0	0	0
Sub Total		1,220,097,933	92,070,921	8
Grand Total		**9,218,118,242**	1,198,087,358	**13**

Source: *Kericho County Treasury*

The County does not have governing legislation on the operation of ordinary A-I-A and FIF.

Figure 45 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 45: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

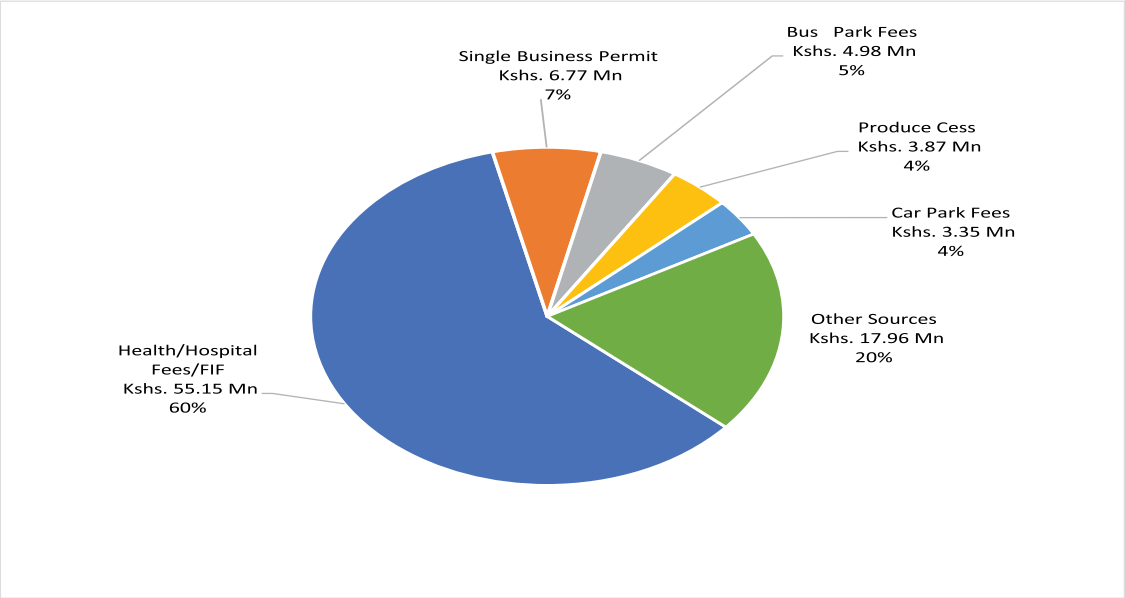


Source: *Kericho County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.92.07 million from its sources of revenue, including AIA and FIF. This amount was an increase of 28.1 per cent compared to Kshs.66.19 million realised in a similar period in FY 2023/24. It was 7.6 per cent of the annual target and 8.3 per cent of the equitable revenue share disbursed. The increase in OSR can be attributed to proper staff placement in the Revenue Directorate and also to the County Government piloting revenue automation.

The revenue streams which contributed the highest OSR receipts are shown in Figure 46.

Figure 46: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Kericho County Treasury*

The highest revenue stream, Kshs.55.15 million, was from the Facility Improvement Fund (FIF), which contributed 60 per cent of the total OSR receipts during the reporting period.

3.12.3 Borrowing by the County

The County Government of Kericho did not borrow any funds during the first quarter of FY 2024/25.

3.12.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.551.74 million from the CRF account during the reporting period, which comprised Kshs.166.71 million (30 per cent) for development programmes and Kshs.385.03 billion (70 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.305.08 million was released towards employee compensation and Kshs.79.94 million for operations and maintenance expenditure.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs. 664.26 million.

3.12.5 County Expenditure Review

The County spent Kshs.525.77 million on development and recurrent programmes in the reporting period. This expenditure represented 95.3 per cent of the total funds released by the CoB and comprised Kshs.144.76 million, and Kshs. 381.01 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5 percent, while recurrent expenditure represented 6 percent of the annual recurrent expenditure budget.

3.12.6 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills amounting to Kshs.526.21 million, and these pending payments are entirely for the County Executive.

The County Executive's pending bills consist of Kshs.143.09 million for recurrent expenditures and Kshs.383.12 million for development expenditures. The County Executive settled pending bills amounting to Kshs.198.60 million in the reporting period, which consisted of Kshs.72.11 million for recurrent expenditure and Kshs.126.49 million for development programmes. Therefore, the outstanding bills were Kshs.327.61 million as of 30 September 2024.

3.12.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.269.99 million on employee compensation, Kshs.38.64 million on operations and maintenance, and Kshs.144.76 million on development activities.

Similarly, the County Assembly spent Kshs.35.10 billion on employee compensation, Kshs.37.29 million on operations and maintenance, and no development activities, as shown in Table 3.77.

Table 3.77: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,278,739,309**	**844,575,901**	**312,645,083**	**72,381,323**	308,628,384	72,381,323	**6**	**9**
Compensation to Employees	3,449,028,480	412,190,287	269,989,022	35,095,049	269,989,022	35,095,049	8	9
Operations and Maintenance	1,829,710,829	432,385,614	42,656,061	37,286,274	38,639,362	37,286,274	2	9
Development Expenditure	3,004,632,138	90,170,894	166,709,635	-	144,763,620		5	0
Total	**8,283,371,447**	**934,746,795**	**479,354,718**	**72,381,323**	**453,392,004**	**72,381,323**	6	8

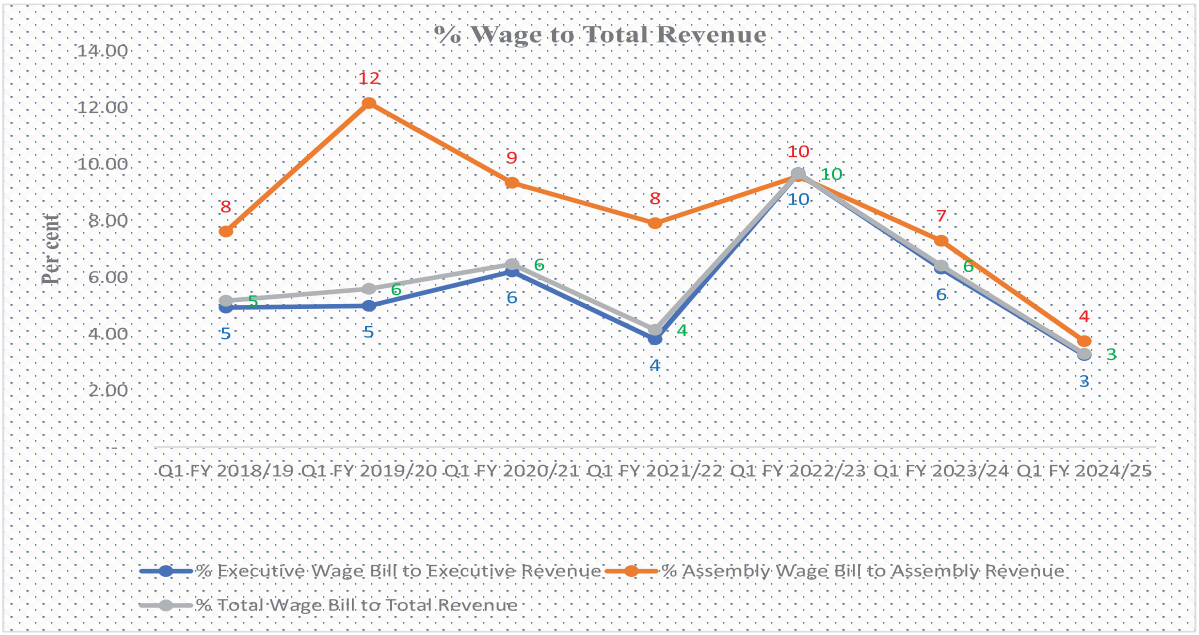
***Source**: Kericho County Treasury*

3.12.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.305.08 million, or 26 per cent of the available revenue of Kshs.1.20 billion. This expenditure represented a decrease from Kshs.572.23 million reported in a similar period in FY 2023/24. The wage bill included Kshs.145.12 million paid to the health sector employees, translating to 48 per cent of the total wage bill.

Figure 47 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 47: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Kericho County Treasury

Further analysis indicates that PE costs amounting to Kshs.296.47 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.8.62 million was processed through manual payrolls. The manual payrolls accounted for 3 per cent of the total PE cost.

The County Assembly spent Kshs.2.71 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.33.67 million. The average monthly sitting allowance was Kshs.18,852.08 per MCA. The County Assembly had 24 House Committees.

3.12.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.45.26 million to county-established funds in FY 2024/25, or 0.5 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (0.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.78 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.78: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation 2024/25 (Kshs.)	Exchequer Issue 2024/25 (Kshs.)	Actual Expenditure for 2024/25 (Kshs.)	Cumulative Disbursement to the Fund in FY 2024/25 (Kshs.)	Submission of Financial Statement (Kshs.)
	County Executive Established Funds					
1	Kericho County Emergency Fund	10,000,000	-	-	329,200,113	Ongoing
2	Kericho County Exe Staff Mortgage	20,000,000	-	-	216,318,000	Ongoing
3	Kericho County Exe Car Loan	-	-	-	44,780,000	Ongoing
4	Kericho County Bursary Fund	-	-	-	1,323,334,096	Ongoing
5	Kericho County Enterprise Fund	-	-	-	87,000,000	Ongoing
	County Assembly Established Funds					
1	Staff Car Loan & Mortgage Fund	15,261,268	-	-	131,427,453	Not provided
2	Mca's Car Loan & Mortgage Fund	0	-	-	179,914,540	Not provided

Source: *Kericho County Treasury*

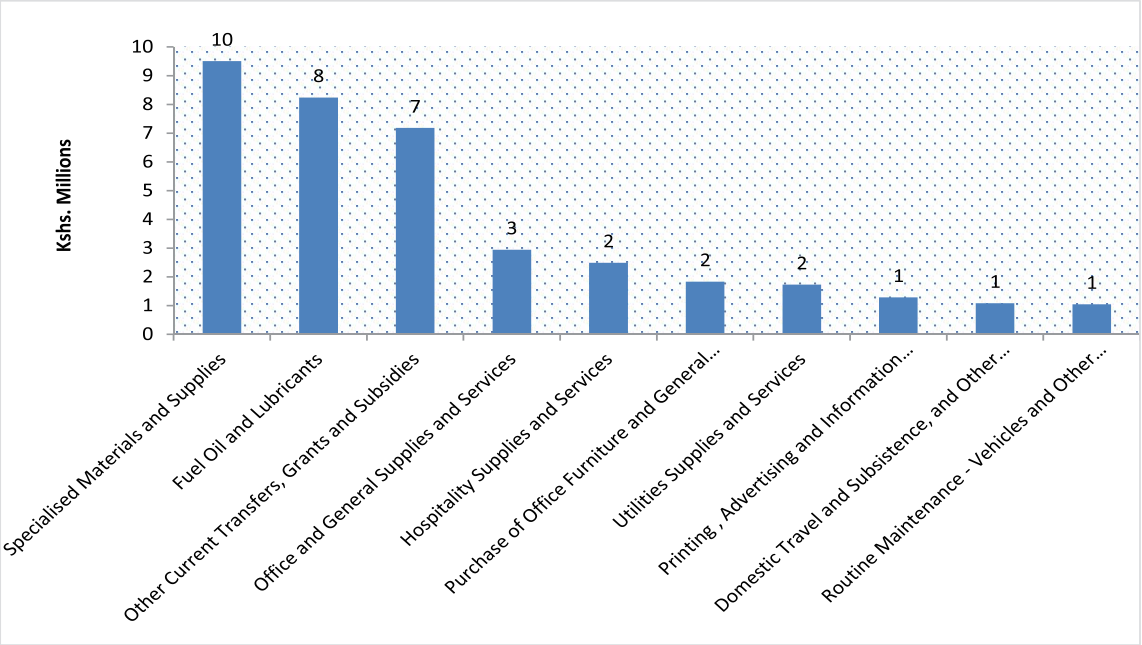
During the reporting period, the CoB did not receive quarterly financial reports from Kericho County Fund Administrators, as indicated in Table 3.78, contrary to the requirement of Section 168 of the PFM Act, 2012

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.12.10 Expenditure on Operations and Maintenance

Figure 48 summarises the Operations and Maintenance expenditure by major categories.

Figure 48: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: *Kericho County Treasury*

Expenditure on domestic travel amounted to Kshs.15.36 million and comprised Kshs.14.27 million spent by the County Assembly and Kshs.1.09 million by the County Executive. There was no Expenditure on foreign travel by the Executive and Assembly during the review period.

Also, in the operations and maintenance costs, there is no expenditure on garbage collection and Legal fees/ Dues, arbitration and compensation payments expenditure legal fees.

3.12.11 Facility Improvement Financing

The County has, however, not developed regulations to operationalise the FIF Act of 2023.

3.12.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.144.76 million on development programmes, compared to a similar period in FY 2023/24, when the County did not report any expenditure on development. The table summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Project Title	Department	Location of the project	Source of Funds	Estimated/ Budgeted Value of the Project	Exchequer Issues (Kshs)	Expenditure (Kshs.)	Absorption %	Implementation Status
1	Rehabilitation and construction of Kimologit water supply	Finance And Economic Planning	Kamasian	GOK	186,289,133	123,529,011	13,178,969	66	Ongoing
2	Construction of Maize Mill at Kedowa	Finance And Economic Planning	Kedowa/ Kimugul	GOK	13,044,433	8,720,254	8,720,254	67	Ongoing
3	Proposed Refurbishment and Construction of Shops and Stalls at Litein Town	Trade, Industrialisation, Cooperative Management, Tourism And Wildlife	Litein	GOK	6,298,206	6,298,206	6,298,206	100	Complete
4	Tulwapmoi Water Project	Water, Energy, Environment, Forestry And Natural Resources	Chilchila Ward	GoK	4,942,296	4,942,296	4,942,296	100	Complete

S/No.	Project Title	Department	Location of the project	Source of Funds	Estimated/ Budgeted Value of the Project	Exchequer Issues (Kshs)	Expenditure (Kshs.)	Absorption %	Implementation Status
5	Kiptere/Simbamoo Water Project	Water, Energy, Environment, Forestry And Natural Resources	Sigowet Ward	GoK	4,934,854	4,934,854	4,934,854	100	Complete
6	Fortenan-Koisagat Water Supply	Water, Energy, Environment, Forestry And Natural Resources	Chilchila Ward	GoK	4,860,209	4,860,209	4,860,209	100	Complete
7	Cherire Solarization Water Project	Water, Energy, Environment, Forestry And Natural Resources	Sigowet Ward	GoK	4,245,136	4,245,136	4,245,136	100	Complete
8	Ainabon Water Project Phase 11	Water, Energy, Environment, Forestry And Natural Resources	Kipchebor Ward	GoK	3,985,528	3,985,528	3,985,528	100	Complete
9	Enhancement of Ngendalel, Kalyet, Masibun and Simchorwet water project	Water, Energy, Environment, Forestry And Natural Resources	Kipkelion Ward	GoK	3,866,000	3,866,000	3,866,000	100	Complete
10	Chepkoinik Kirukto Water Project	Water, Energy, Environment, Forestry And Natural Resources	Kapsoit Ward	GoK	3,834,636	3,834,636	3,834,636	100	Complete

Source: *Kericho County Treasury*

3.12.13 Budget Performance by Department

Table 3.80 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.80: Kericho County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Services	844,575,901	90,170,894	72,381,323	-	72,381,323	0	100	-	8.6	-
Public Service & Administration	397,487,233	20,950,340	25,622,106	-	25,776,578	-	100.6	-	6.5	-
Office of the Governor & Deputy Governor	149,275,697	-	8,580,958	-	8,010,876	-	93.4	-	5.4	-
County Public Service Board	82,743,700	-	2,657,137	-	2,617,137	-	98.5	-	3.2	-
Finance & Economic Planning	324,173,400	33,984,012	23,033,908	21,899,222	19,444,112	21,899,222	84.4	100.0	6.0	64.4
Health Services	2,879,100,068	247,639,775	157,389,639	-	154,900,639	13,146,395	98.4	-	5.4	5.3
Agriculture, Livestock & Cooperative Development	168,039,917	447,542,427	12,700,725	18,754,136	14,215,813	20,440,665	111.9	109.0	8.5	4.6

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Libraries, Culture & Social Services	758,172,528	201,657,498	45,204,827	2,698,584	47,165,267	2,433,854	104.3	90.2	6.2	1.2
Public Works, Roads & Transport	94,808,742	755,155,412	4458998	9,497,408	4,458,998	9,988,173	89.2	105.2	4.7	1.3
Trade, Industrialization, Innovation, Tourism &Wildlife	63,659,087	364,856,453	4,997,002	6,298,206	5,197,662	6,298,206	50.8	100.0	8.2	1.7
Water, Energy, Natural Resources & Environment	160,994,615	502,332,222	10,238,595	84,066,440	10,318,060	46,897,630	73.0	55.8	6.4	9.3
Land, Housing & Physical Planning	129,158,060	190,513,999	14,143,294	20,191,353	13,905,351	20,191,353	-	100.0	10.8	10.6
Information Communication Youth Affairs, Sports& E-Government	71,126,262	40,000,000	3,617,894	3,304,286	2,617,892	3,468,123	72.4	105.0	3.7	8.7
Strategic Intervention Phase 1	-	100,000,000	-	-	-	-	-	-	-	-
Strategic Intervention Phase 2	-	100,000,000	-	-	-	-	-	-	-	-
Total	**6,123,315,210**	**3,094,803,032**	**385,026,406**	**166,709,635**	**381,009,707**	**144,763,620**	**80.2**	**86.8**	**6.2**	**4.7**

***Source**: Kericho County Treasury*

Analysis of department expenditure shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 64 per cent, followed by the Department of Land, Housing & Physical Planning at 11 per cent. The Department of Land, Housing & Physical Planning had the highest percentage of recurrent expenditure to budget at 10.8 per cent, while the Department of County Public Service Board had the lowest at 3 per cent. The Allocation for recurrent expenditure for both the Assembly and the Executive is within the ceilings in CARA, 2023

3.12.14 Budget Execution by Programmes and Sub-Programmes

Table 3.81 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

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

Programme	Sub-Programme	Approved Original Budget Estimates FY 2024/25 (Kshs.)			Actual Expenditure 24 July - 24 September (Kshs.)		Absorption Rate %	
		Recurrent	Development	Gross	Recurrent	Development	Rec	Dev
County Coordination Services	County Coordination Services	149,275,697	-	149,275,697	8,010,876	-	5.0	
		149,275,697	**-**	**149,275,697**	**8,010,876**	**-**	**5.0**	
DEPARTMENT: FINANCE AND ECONOMIC PLANNING								
Administration, Planning and Support Services.	Administration Services.	267,873,400	-	267,873,400	10,398,906	-	4.0	0.0

Programme	Sub-Programme	Approved Original Budget Estimates FY 2024/25 (Kshs.)			Actual Expenditure 24 July - 24 September (Kshs.)		Absorption Rate %	
		Recurrent	Develop-ment	Gross	Recurrent	Development	Rec	Dev
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	33,200,000	33,984,012	67,184,012	4,890,986	-	15.0	0.0
Public Finance Management	Budget Formulation, co-odination and management	16,750,000	200,000,000	216,750,000	2,336,420	21,899,222	14.0	11.0
Audit Services	County Audit	6,350,000	-	6,350,000	1,817,800	-	29.0	
		324,173,400	**233,984,012**	**558,157,412**	**19,444,112**	**21,899,222**	**6.0**	**9.0**
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES								
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	50,298,002	-	50,298,002	-	-	0.0	
Crop Development and Management	Agriculture Extension Services	60,708,413	333,847,764	394,556,177	8,662,226	19,440,705	14.0	6.0
Livestock Resource Management and Development	Livestock Disease Management and Control.	-	76,765,387	76,765,387	-	999,960		1.0
Livestock Resource Management and Development	Livestock Production and Extension Services	37,919,501	-	37,919,501	5,170,987	-	14.0	
Fisheries development	Management and Development of Capture Fisheries	7,400,131	5,650,000	13,050,131	193,400	-	3.0	0.0
Cooperative development and management	Cooperative Advisory & Extension Services.	11,713,870	31,279,276	42,993,146	189,200		2.0	
		168,039,917	**447,542,427**	**615,582,344**	**14,215,813**	**20,440,665**	**8.0**	**5.0**
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT								
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	147,738,287	25,000,000	172,738,287	10,318,060	-	7.0	0.0
Water supply services	Rural Water Supply	13,256,328	477,332,222	490,588,550	-	46,897,630	0.0	10.0
		160,994,615	**502,332,222**	**663,326,837**	**10,318,060**	**46,897,630**	**6.0**	**9.0**
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES								
General Administration & Planning Services.	Policy Development and Administration	557,680,800	21,421,054	579,101,854	46,364,917	-	8.0	0.0
Basic Education	Early Childhood Development Education	197,391,728	101,236,444	298,628,172	516,700	1,781,254	0.0	2.0
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	3,100,000	13,000,000	16,100,000	283,650	-	9.0	0.0
Youth development and empowerment services	Youth Development (YP) Training	-	66,000,000	66,000,000	-	652,600		1.0
		758,172,528	**201,657,498**	**959,830,026**	**47,165,267**	**2,433,854**	**6.0**	**1.0**
DEPARTMENT: HEALTH SERVICES								
Curative Health	Administration and Planning	1,556,587,353	137,741,103	1,694,328,456	91,450,319	-	6,0	0.0
Curative Health	Hospital(curative)Services	-	-	-	-	-		

Programme	Sub-Programme	Approved Original Budget Estimates FY 2024/25 (Kshs.)			Actual Expenditure 24 July - 24 September (Kshs.)		Absorption Rate %	
		Recurrent	Development	Gross	Recurrent	Development	Rec	Dev
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,322,512,715	109,898,672	1,432,411,387	63,450,320	13,146,395	5.0	12.0
		2,879,100,068	**247,639,775**	**3,126,739,843**	**154,900,639**	**13,146,395**	**5.0**	**5.0**
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING								
Administration and support services	General Administration and Planning	86,480,578	110,550,249	197,030,827	11,652,126	15,000,000	13.0	14.0
Housing Development and Human Resource	Housing Development	9,879,309	23,106,250	32,985,559	843,700	2,203,750	9.0	10.0
Land policy and planning	Development Planning and Land Reforms	27,145,730	17,001,700	44,147,430	1,275,125	-	5.0	0.0
Land policy and planning	Land Use Planning	5,652,443	39,855,800	45,508,243	134,400	2,987,603	2.0	7.0
		129,158,060	**190,513,999**	**319,672,059**	**13,905,351**	**20,191,353**	**11.0**	**11.0**
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT								
Transport Management and Safety	General Administration Planning and Support Services	85,212,784	-	85,212,784	4,458,998	-	5.0	
Infrastructure, Roads and Transport	Rehabilitation of Road	3,400,000	717,155,412	720,555,412	-	9,988,173	0.0	1.0
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	6,195,958	38,000,000	44,195,958	-	-	0.0	0.0
		94,808,742	**755,155,412**	**849,964,154**	**4,458,998**	**9,988,173**	**5.0**	**1.0**
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT								
Trade development and investment	Fairtrade Practices and Consumer Protection (weight & measures)	19,160,892	353,856,453	373,017,345	2,789,686	6,298,206	15.0	2.0
Trade development and investment	Administrative and Support Services.	37,725,234	2,000,000	39,725,234	2,133,942	-	6.0	0.0
Tourism development and marketing	Local Tourism Development.	6,772,961	9,000,000	15,772,961	274,035	-	4.0	
		63,659,087	**364,856,453**	**428,515,540**	**5,197,663**	**6,298,206**	**8.0**	**2.0**
DEPARTMENT: ICT AND E-GOVERNMENT								
Information & Communication Service	News and Information Services	71,126,262	-	71,126,262	2,617,892	-	4.0	0.0
Information & Communication Service	ICT and BPO development services	-	40,000,000	40,000,000	-	3,468,123	0.0	9.0
Youth development and empowerment services	Youth Development (YP) Training	-	-	-	-	-	0.0	
		71,126,262	**40,000,000**	**111,126,262**	**2,617,892**	**3,468,123**	**4.0**	**9.0**
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD								
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	82,743,700	-	82,743,700	2,617,137	-	3.0	
		82,743,700	**-**	**82,743,700**	**2,617,137**	**-**	**3.0**	

Programme	Sub-Programme	Approved Original Budget Estimates FY 2024/25 (Kshs.)			Actual Expenditure 24 July - 24 September (Kshs.)		Absorption Rate %	
		Recurrent	Develop-ment	Gross	Recurrent	Development	Rec	Dev
DEPARTMENT: PUBLIC SERVICE MANAGEMENT								
Administration of Human Resources and Public Service	General Admin-istration, Plan-ning and Support Services	300,473,380	20,950,340	321,423,720	19,741,200	-	7.0	0.0
Administration of Human Resources and Public Service	Human Resource Development	97,013,853	-	97,013,853	6,035,378	-	6.0	
		397,487,233	**20,950,340**	**418,437,573**	**25,776,578**	-	**6.0**	**0.0**
County Executive Grand Total		**5,278,739,309**	**3,004,632,138**	**8,283,371,447**	**308,628,384**	**144,763,620**	**6.0**	**5.0**
Speaker's office	Speaker's office	443,287,077	-	443,287,077	35,895,049	-	16.0	0
Clerk's Office	Clerk's Office	389,701,188	90,170,894	479,872,082	35,425,456		27.0	0
County Assembly Service Board	County Assembly Service Board	11,587,636	-	11,587,636	1,060,818	-	13.0	0
Total Expenditure	**Total Expendi-ture**	**844,575,901**	**90,170,894**	**934,746,795**	**72,381,323**	-	**0.13**	0
GRAND TOTAL		**6,123,315,210**	**3,094,803,032**	**9,218,118,242**	**381,009,707.05**	**144,763,620.35**	**0.19**	0.05

***Source**: Kericho County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: County Audit in the Department of Finance & Economic Planning at 29 per cent, Clerk in the Department of Clerks Office at 27 per cent, Fair Trade Practices and Consumer Protection (weight & measures) in the Department of Trade, Industrialization, Innovation, Tourism &Wildlife at 15 per cent, and Agriculture Extension Services at 14 per cent of budget allocation.

3.12.15 Accounts Operated in Commercial Banks

The County government operated 25 accounts with commercial banks out of which, 12 were for County Funds.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.12.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 4 November 2024.
2. Own-source revenue underperformed at Kshs.92.07 million against an annual target of Kshs.1.22 Billion, representing 7.6 per cent of the yearly target.
3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 October 2024, the reports for the Kericho County Emergency Fund, Kericho County Executive Staff Mortgage Fund, Kericho County Executive Car Loan, Car loans for MCA'S, and Car loans/Mortgage for Staff Fund were not submitted to the Controller of Budget.
4. There is a high level of pending bills, which amounted to Kshs.327.61 million as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.8.62 million were processed through the manual payroll, accounting for 2.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.13. County Government of Kiambu

3.13.1 Overview of FY 2024/25 Budget

The County's approved FY 2024/25 budget is Kshs.23.57 billion, comprising Kshs.8.16 billion (35 per cent) and Kshs.15.41 billion (65 per cent) allocation for development and recurrent programs, respectively. The approved budget estimates represented an increase of 2 per cent compared to the previous financial year when it was Kshs.23.21 billion and comprised of Kshs.6.97 billion towards development expenditure and Kshs.16.25 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.35 billion (52 per cent) as the equitable share of revenue raised nationally, Kshs.3.25 billion (14 per cent) as additional allocations, and generate Kshs.8.28 billion (35 per cent) as gross own source revenue. The own-source revenue includes Kshs.2.40 billion (10 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.5.88 billion (25 per cent) as ordinary own-source revenue. There was no reported cash balance brought forward from FY 2023/24. A breakdown of the additional allocations is provided in Table 3.82

3.13.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.2.02 billion as an equitable share of the revenue raised nationally, Kshs.52.63 million as additional allocations, and Kshs.832.92 million as own-source revenue (OSR). The raised OSR includes Kshs.345.93 million as FIF and Kshs.486.99 million as ordinary OSR. Included in the equitable share of the revenue raised nationally is Kshs .978.20 million for June 2024, which was disbursed in July 2024.

As shown in Table 3.82, the total funds available for budget implementation during the period amounted to Kshs.3.88 billion.

Table 3.82: Kiambu County, Revenue Performance in the First Quarter of FY 2024/25

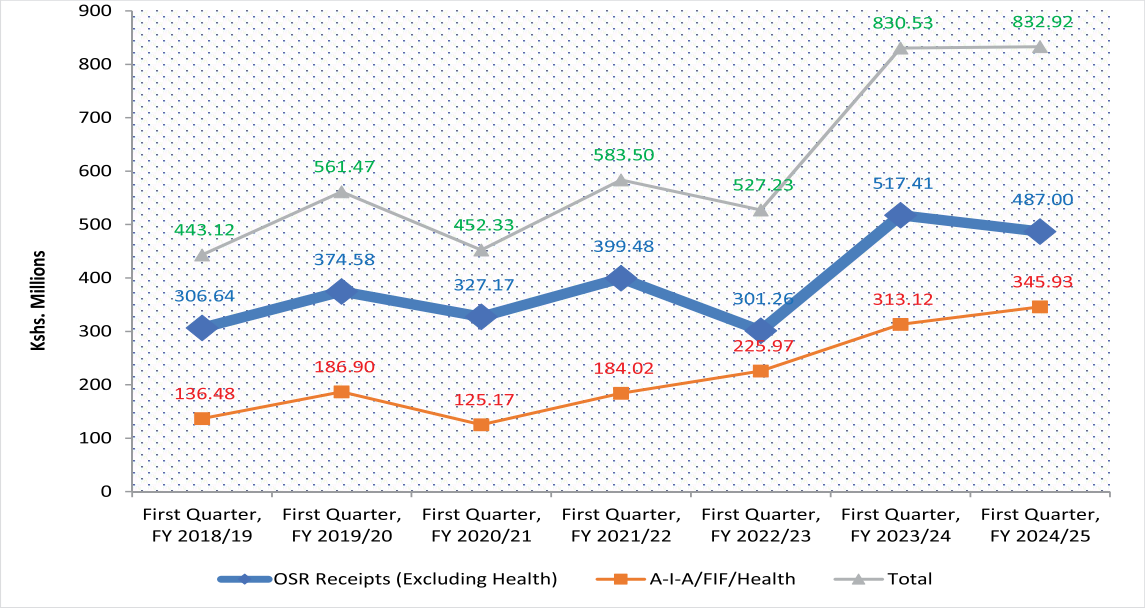
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	12,345,835,662	2,017,546,153	16.3
Sub Total		**12,345,835,662**	**2,017,546,153**	**16.3**
B	**Additional Allocations**			
1	Industrial Park & Aggregate Centre Grant	0	52,631,579	0
2	Court Fines	5,697,644	0	0
3	Mineral Royalties	532,558	0	0
4	IDA (World Bank) National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	0	0
5	DANIDA Grant - Primary Health Care Devolved	14,527,500	0	0
6	Road Maintenance Fuel Levy Fund	335,429,530	0	0
7	Community Health Promoters	94,680,000	0	0
8	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)-Urban Development Grant (UDG)	1,658,136,816	0	0
9	IDA (World Bank) FLLoCA - County Climate Resilience Investment Grant	125,000,000	0	0
10	IDA (World Bank) credit - Kenya Devolution Support Project (KDSP) - Level II	37,500,000	0	0
11	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)-Urban Institutional Grant (UIG)	35,000,000	0	0
12	SIDA -Kenya Agricultural Business Development Project (KABDP)	11,819,919	0	0
13	World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)	759,543,092	0	0
14	Aquaculture Business Development Project ABDP	19,395,531	0	0
Sub-Total		**3,248,777,742**	**52,631,579**	**1.6**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	5,880,140,717	486,996,476	8.3
2	Facility Improvement Fund (FIF)	2,400,000,000	345,928,332	14.4
3	Other Revenues	0	0	0
4	Appropriation in Aid (AIA)	0	0	0
Sub Total		**8,280,140,717**	**832,924,808**	**21.9**
Grand Total		**23,874,754,121**	**2,903,102,540**	**16.3**

Source: *Kiambu County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF, known as the Kiambu County Health Services Act of 2019.

Figure 49 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 49: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

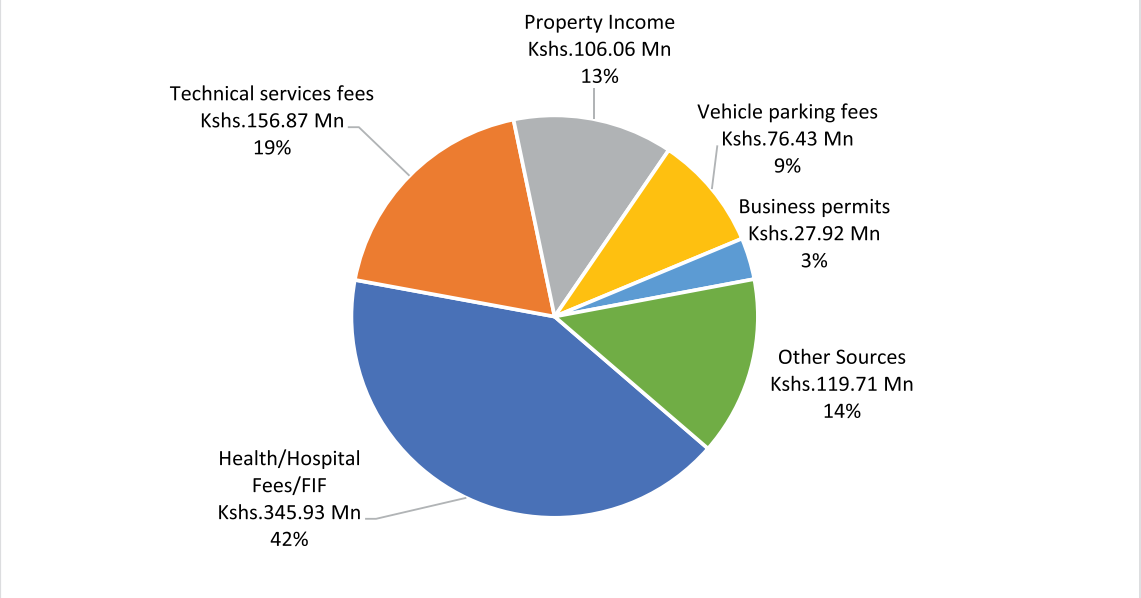


Source: *Kiambu County Treasury*

In the first quarter of FY 2024/25, the County generated a total of Kshs.832.92 million from its own sources of revenue, including FIF and AIA. This amount represented an increase of 0.3 per cent compared to Kshs.830.53 million realised in a similar period in FY 2023/24. This was 8 per cent of the annual target and 41.3 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.25.3 million.

The revenue streams which contributed the highest OSR receipts are shown in Figure 50.

Figure 50: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Kiambu County Treasury*

The highest revenue stream, Kshs.345.93 million, was from FIF, contributing 42 per cent of the total OSR receipts during the reporting period.

3.13.3 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.345.93 million as FIF, which was 14.4 per cent of the annual target of Kshs.2.4 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed the Health Services Act of 2019 and guidelines for operationalising the FIF Act.

3.13.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.2.17 billion from the CRF account comprised Kshs.232.40 million (11 per cent) for development programmes and Kshs.1.94 billion (89 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.56 billion was released towards Employee Compensation and Kshs.380.61 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2024 was Kshs.828.98 million.

3.13.5 Borrowing by the County

No borrowing was reported during the period under review.

3.13.6 County Expenditure Review

The County spent Kshs.2.25 billion on development and recurrent programmes in the reporting period. The expenditure represented 103.6 per cent of the total funds released by the CoB and comprised of Kshs.401.05 million and Kshs.1.84 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.9 per cent, while recurrent expenditure represented 12 per cent of the annual recurrent expenditure budget.

3.13.7 Settlement of Pending Bills

At the beginning of FY 2024/25, the County Executive reported a stock of pending bills amounting to Kshs.6.39 billion, comprising of Kshs.4.07 billion for recurrent expenditure and Kshs.2.32 billion for development activities. In the first three months of FY 2024/25, the County settled pending bills amounting to Kshs.631.62 million, consisting of Kshs.389.79 million for recurrent expenditure and Kshs.241.83 million for development programmes. Therefore, as of the end of the first quarter of FY 2024/25, the outstanding amount was Kshs.5.76 billion.

The County Assembly reported outstanding pending bills of Kshs.161.82 million as of 30th September 2024.

3.13.8 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.05 billion on employee compensation, Kshs.657.77 million on operations and maintenance, and Kshs.401.05 million on development activities. Similarly, the County Assembly spent Kshs.101.02 million on employee compensation, Kshs.34.61 million on operations and maintenance, and nil expenditure on development activities, as shown in Table 3.83.

Table 3.83: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**14,052,498,504**	**1,357,416,186**	**1,708,999,275**	**135,632,965**	**12.2**	**10.0**
Compensation to Employees	7,702,584,301	607,931,941	1,051,229,265	101,023,397	13.6	16.6
Operations and Maintenance	6,349,914,203	749,484,245	657,770,010	34,609,568	10.4	4.6
Development Expenditure	8,054,839,430	110,000,000	401,053,880	-	0.0	0.0
Total	**22,107,337,934**	**1,467,416,186**	**2,110,053,155**	**135,632,965**	**9.5**	**9.2**

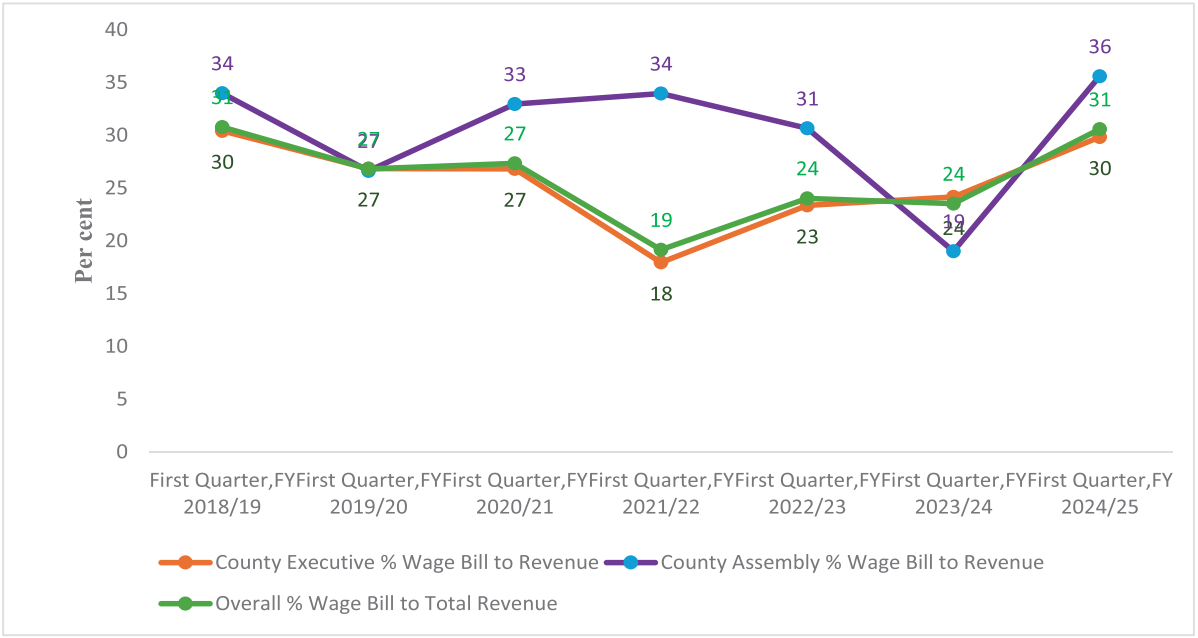
***Source**: Kiambu County Treasury*

3.13.9 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, employee compensation expenditures amounted to Kshs. 1.15 billion, which represents 40 per cent of the available revenue of Kshs. 2.90 billion. This expenditure decreases from Kshs. 1.76 billion reported during the same period in FY 2023/24. The wage bill included Kshs. 995.45 million paid to health sector employees, accounting for 87 per cent of the total wage bill. The 35 per cent decrease in the wage bill is primarily due to unpaid salaries and benefits for September 2024, which was attributed to delays in the release of the equitable share of revenue raised nationally.

Figure 51 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 51: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source**: Kiambu County Treasury*

Further analysis indicates that PE costs amounting to Kshs.1.07 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system. In contrast, Kshs.85.78 million was processed through manual payrolls, which accounted for 7 per cent of the total PE cost.

The County Assembly spent Kshs.21.15 million on committee sitting allowances for the 87 MCAs against the annual budget allocation of Kshs.75 million. The average monthly sitting allowance was Kshs.81,053 per MCA. The County Assembly has established 23 Committees.

3.13.10 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.2.95 billion to county-established funds in FY 2024/25, constituting 13 per cent of the County's overall budget. Further, the County allocated Kshs.50 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012.

Table 3.84 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.84: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements
	County Executive Established Funds					
1.	Kiambu Alcoholic Drinks Control Fund	70,000,000	0	15,630,891	0	Yes
2.	Kiambu County Education Bursary Fund	200,000,000	0	1,728,883	0	Yes
3.	Kiambu County Emergency Fund	50,000,000		10,950	0	Yes
4.	Kiambu County Executive Car Loan & Mortgage Scheme Fund			85,782	0	Yes
5.	Kiambu County Jiinue Fund	50,000,000		1,382,342	0	Yes
6.	Kiambu County Facility Improvement Fund	2,200,000,000	0	250,446,032	0	Yes
7.	Kiambu County Climate Fund	377,754,776	0	5,818,080	0	Yes
	County Assembly Established Funds					
8.	Kiambu County Assembly Car Loan & Mortgage Scheme Fund	0	-	3,104,489	0	Yes
9.	Kiambu County Assembly Staff Mortgage Scheme Fund	-	-	1,640	0	Yes
	Total	**2,947,754,776**	**0**	**278,209,089**	**0**	

Source: *Kiambu County Treasury*

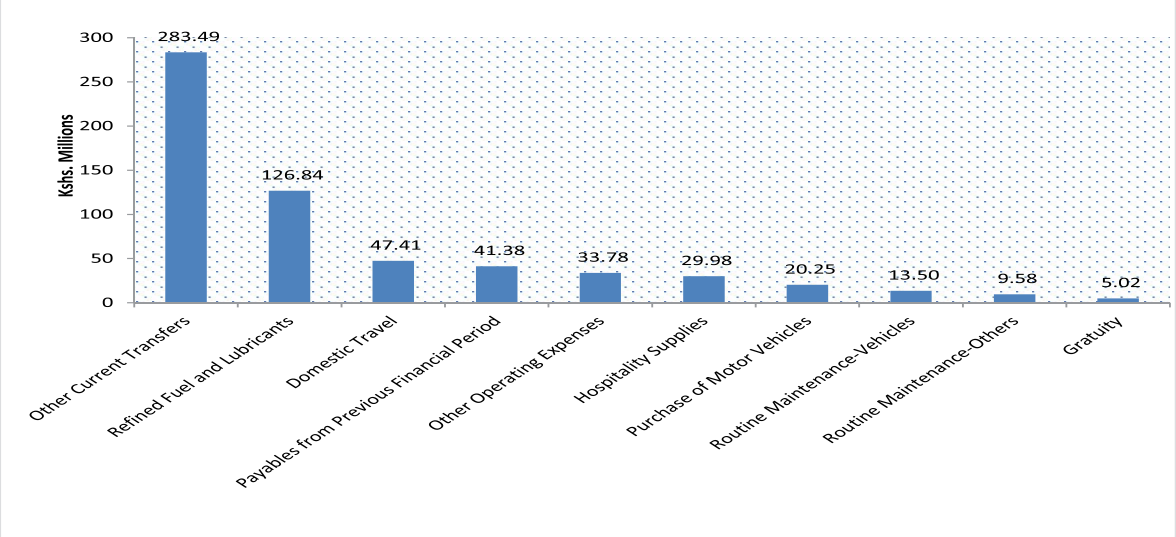
During the reporting period, the CoB received quarterly financial returns from the Fund Administrators of all funds, as indicated in Table 3.84.

The County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.13.11 Expenditure on Operations and Maintenance

Figure 52 summarises the Operations and Maintenance expenditure by major categories.

Figure 52: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kiambu County Treasury*

Expenditure on domestic travel amounted to Kshs.47.41 million and comprised of Kshs.31.96 million spent by the County Assembly and Kshs.15.45 million by the County Executive. No expenditure on foreign travel was incurred during the reporting period. Other operating expenses include Kshs.12.95 million in Management Fees and Kshs.7.22 million in Bank Charges.

3.13.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported an expenditure of Kshs.401.05 million on development programmes, representing an increase of 126 per cent compared to a similar period in FY 2023/24 when the County spent Kshs.177.78 million. Table 3.85 summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads, Transport, Public Works & Utilities	Payables from previous financial years	All Wards	364,175,588	123,667,451	21
2	Trade and Markets	Payables from the previous period	ALL	55,000,000	36,391,078	66
3	Health	Construction of a level IV Hospital at Gachororo Health Centre	Juja ward	196,699,815	32,000,000	80
4	Culture and Social Services	Payables from previous Financial Period-Others		41,683,533	25,705,780	62
5	Roads, Transport, Public Works & Utilities	Proposed Rehabilitation of various bus parks within Kimabu County	All Wards	125,000,000	20,550,821	100
6	Health	Construction of a level IV Hospital at Karuri level IV hospital	Karuri ward	180,734,625	20,000,000	60
7	Health	Construction of Ndenderu Wangunyu Level 3 Hospital	Ndenderu ward	50,000,000	13,772,507	80
8	Health	Construction of a level III Hospital at Kiawaroga	Limuru East ward	42,480,230	10,745,330	50
9	Health	Construction of a level III Hospital at Kahawa Sukari	Kahawa Sukari	43,813,600	9,972,378	100
10	Health	Construction of a level III Hospital at Ndumberi	Ndumberi ward	41,913,760	9,539,786	60

Source: Kiambu County Treasury

3.13.13 Budget Performance by Department

Table 3.86 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.86: Kiambu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,357.42	110	135.63	-	135.63	-	100	-	10	-
County Executive	485	-	28.55	-	62.43	-	219	-	13	-
County Public Service Board	90.09	-	8.07	-	5.90	-	73	-	7	-
Finance, ICT & Economic Planning	1,508.12	271	161.38	-	191.81	-	119	-	13	-
Water, Environment and Natural Resources	500.73	601.89	95.02	15.54	91.03	38.23	96	246	18	6

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	7,039.81	715.46	951.44	47.60	915.42	122.13	96	257	13	17
Roads, Transport and Public Works	771.10	1,724.15	142.87	104.41	138.87	144.22	97	138	18	8
Administration and Public Service	1,009.38	75	133.41	-	114.27	-	86	-	11	-
Agriculture, Crop Production & Irrigation	510.88	713.22	64.54	7.83	44.35	9.03	69	115	9	1
Education, Culture and Social Services	1,401.52	637.84	132.87	21.08	88.47	31.61	67	150	6	5
Youth and Sports	174.55	170	9.06	12.37	10.84	12.37	120	100	6	7
Lands, Physical Planning and Housing	402.52	2,833.11	46.92	-	38.48	2.18	82	-	10	0
Trade, Tourism, Industry and Co-operative	158.81	313.18	26.25	23.56	7.12	41.29	27	175	4	13
Total	**15,409.91**	**8,164.84**	**1,936.01**	**232.40**	**1,844.63**	**401.05**	**95**	**173**	**12**	**5**

***Source**: Kiambu County Treasury*

Analysis of expenditure by departments shows that the Department of Health Services recorded the highest absorption rate of its development budget at 17 per cent, followed by the Department of Trade, Tourism, Industry & Co-operatives at 13 per cent. The Department of Water, Environment and Natural Resources had the highest percentage of recurrent expenditure to budget at 18 per cent. In contrast, the Department of Trade, Tourism, Industry & Co-operatives had the lowest at 4 per cent.

The allocations for the County Executive and County Assembly's recurrent budgets are within the recommended ceilings per CARA 2024.

3.13.14 Budget Execution by Programmes and Sub-Programmes

Table 3.87 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.87: Kiambu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent e	Development
COUNTY ASSEMBLY							
Legislation and oversight	Legislation and oversight	688,434,245	-	76,869,075	-	11	-
General Administration Planning and Support Services	General Administration Planning and Support Services	524,310,941	110,000,000	44,520,680	-	8	0
Representation services	Representation services	144,671,000	-	14,243,210	-	10	-
	Sub Total	**1,357,416,186**	**110,000,000**	**135,632,965**	**-**	10	0
COUNTY EXECUTIVE							
Leadership & Coordination of County Admin & Departments	General Administration and Support Services	411,430,000	-	58,623,528	-	14	-
	Public awareness and Institutional Strengthening	24,070,000	-	125,000	-	1	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent e	Development
	Legal services	49,500,000	-	3,678,295	-	7	-
	Sub Total	**485,000,000**	-	**62,426,823**	-	13	-
COUNTY PUBLIC SERVICE BOARD							
Leadership and Administration of Human Resources and Development in County Public Service	Human Resource development and management services	90,090,972	-	**5,903,325**	-	7	-
	Sub Total	**90,090,972**	-	**5,903,325**	-	7	-
FINANCE & ECONOMIC PLANNING							
Public Finance Management and Economic Policy & Strategy	Budget	14,955,200	-	948,583	-	6	-
	Revenue	393,500,000	5,000,000	33,202,930	-	8	0
	Accounting	62,500,000	-	17,234,830	-	28	-
	Internal Audit	10,387,800	-	974,192	-	9	-
	Economic Planning	11,157,000		602,410		5	-
General Administration and support services	General Administration and support services	1,000,616,154	5,000,000	131,548,057	-	13	0
ICT Services	ICT services	15,000,000	261,000,000	7,300,000	-	49	0
	Sub Total	**1,508,116,154**	**271,000,000**	**191,811,002**	-	13	0
WATER, ENVIRONMENT, ENERGY & NATURAL RESOURCES							
Water and environment administration	Administration, Planning & Support Services	500,725,926	-	91,032,888	-	0	-
Water	Water Resource Management and Sanitation	-	174,252,369	-	38,231,439	-	22
Natural Resources	Natural Resources, Forest Conservation and Management	-	10,000,000	-	-	-	0
Environment	Environment and Solid Waste Management	-	44,883,260	-	-	-	0
Renewable Energy and Climate Change	Climate Change Mitigation &Adaptation	-	372,754,777	-	-	-	0
		500,725,926	**601,890,406**	**91,032,888**	**38,231,439**	0	6
HEALTH SERVICES							
Health Services	Curative	1,200,000,000	715,461,755	1,819,580	122,126,018	0	17
	Preventive and Promotive	959,107,042	-	291,370,778	-	0	-
	Pharmaceuticals	120,000,000	-	-	-	-	-
	Administration and Support	4,760,698,635	-	622,228,864	-	0	-
	Sub Total	**7,039,805,677**	**715,461,755**	**915,419,222**	**122,126,018**	0	17

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent e	Development
ROADS, TRANSPORT, PUBLIC WORKS & UTILITIES							
Maintenance of Roads, Bridges, Transport, Construction and Maintenance	General administration and support services	771,101,084	-	138,873,487	-	0	-
	Construction of road and civil works	-	1,724,148,358	-	144,218,272	-	8
	Sub Total	**771,101,084**	**1,724,148,358**	**138,873,487**	**144,218,272**	0	8
ADMINISTRATION & PUBLIC SERVICE							
General Administration Planning and Support services	General Administration Planning and Support services	924,882,896	35,000,000	112,828,708	-	0	0
Human Resource Management & Development Services	Human Resource Management & Development	54,500,000	-	1,436,800	-	0	-
Alcoholic Fund	Alcoholic Drinks Control & Rehabilitation	30,000,000	40,000,000	-	-	-	0
	Sub-Total	**1,009,382,896**	**75,000,000**	**114,265,508**	**-**	0	0
AGRICULTURE, LIVESTOCK AND CO-OPERATIVE DEVELOPMENT							
Agriculture, Livestock and Co-Operative Development	General Administration, Planning and Support Services	426,762,458	-	42,688,730	-	0	-
	Crop Development, Irrigation and Marketing Services	806,000	431,835,070	-	9,026,100	-	2
	Livestock and Fisheries Management and Development	46,308,780	276,383,074	108,178	-	-	0
	Co-operative Development and Management	37,000,000	5,000,000	1,555,055	-	-	0
	Sub Total	**510,877,238**	**713,218,144**	**44,351,963**	**9,026,100**	-	1
EDUCATION, GENDER, CULTURE& SOCIAL SERVICES							
Pre-primary edu, Promotion of Culture and Social Services	PrePrimary education and youth polytechnics services	380,140,000	607,835,695	1,214,380	31,611,633	0	5
	Gender, Culture and Social Services	36,130,000	30,000,000	325,000	-	0	0
	General administration and support services	985,248,957	-	86,930,727	-	0	-
	Sub Total	**1,401,518,957**	**637,835,695**	**88,470,107**	**31,611,633**	0	5
YOUTH AFFAIRS, SPORTS & COMMUNICATION							
Youth Affairs, Sports and Communication	Youth Affairs	11,000,000	-	455,000	-	4	-
	Sports	53,500,000	-	2,620,900	-	5	-
	Communication	17,000,000	-	132,000	-	1	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent e	Development
	General Administration	93,052,827	-	7,636,248	-	8	-
	Youth Empowerment	-	40,000,000	-	-	-	0
	Improvement of Sports Infrastructure	-	130,000,000	-	12,374,340	-	10
	Sub Total	**174,552,827**	**170,000,000**	**10,844,148**	**12,374,340**	6	7
LAND, HOUSING, PHYSICAL PLANNING, MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT							
Urban Areas Development & Administration	Urban Areas Administration and Management	135,000,000	1,958,136,816	13,883,100	-	10	0
General Administration, Planning and Support Services	General administration and support services	227,518,169	-	24,598,201	-	11	-
Land Use Management, Valuation & Rating and Physical Planning	Land Administration services	40,000,000	14,428,865	-	-	-	0
Housing and Community Development	Housing Development	-	860,543,092	-	2,175,000	-	0
	Sub Total	**402,518,169**	**2,833,108,773**	**38,481,301**	**2,175,000**	10	0
TRADE, INDUSTRIALISATION, TOURISM, INVESTMENTS							
Trade, Industrialisation, Tourism, Investments	General Administration, Planning and Support Services	158,808,604	-	7,119,503	-	4	-
	Trade and Markets	-	274,000,000	-	41,291,078	-	15
	Tourism promotion and marketing	-	9,176,300	-	-	-	0
	Industrialisation	-	20,000,000	-	-	-	0
	Investment	-	10,000,000	-	-	-	0
	Sub Total	**158,808,604**	**313,176,300**	**7,119,503**	**41,291,078**	4	13
GRAND TOTAL		**15,409,914,690**	**8,164,839,431**	**1,844,632,242**	**401,053,880**	**12**	**5**

***Source**: Kiambu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: ICT Services and Accounting in the Department of Finance and Economic Planning at 49 per cent and 28 per cent, respectively, Water Resource Management and Sanitation in the Department of Water, Irrigation & Natural Resources at 23 per cent, and Trade and Markets in the Department of Trade, Industrialization, Tourism and Investments at 15 per cent of budget allocation.

3.13.15 Accounts Operated in Commercial Banks

The County government operated 292 accounts with commercial banks, of which 239 were for healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.13.16 Key Observations and Recommendations

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

1. The late submission of financial reports by the County Treasury and the County Assembly to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 28th October, 2024.
2. The underperformance of own-source revenue at Kshs.830.53 million against an annual target of Kshs.8.28 billion, representing 10 per cent of the yearly target.
3. High level of pending bills, which amounted to Kshs.5.90 billion as of 30th September 2024.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.85.78 million were processed through the manual payroll, accounting for 7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining part of the financial year. Further, compliance with the payment plan should be enforced.*

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

5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.14. County Government of Kilifi

3.14.1 Overview of FY 2024/25 Budget

The Kilifi County approved FY 2024/25 budget is Kshs.21.41 billion. This comprised Kshs.11.44 billion (54 per cent) and Kshs.9.97 billion (47 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.4.39 billion (26 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.5.42 billion and a recurrent budget of Kshs.11.59 billion.

The Kilifi County Government budget will be financed from different sources. The County Governments expect to receive Kshs.12.55 billion (58 per cent) as the equitable share of revenue raised nationally, Kshs.3.45 billion (16.1 per cent) as additional allocations, a cash balance of Kshs.3.43 billion (16.0 per cent) was brought forward from FY 2023/24, and generate Kshs.1.57 billion (7 per cent) as gross own source revenue.

3.14.2 Revenue Performance

In the first quarter of FY 2024/25, Kilifi County received a total of Kshs.4.63 billion to fund recurrent and development activities. Equitable share from the National Government of Kshs.968.74 million, own source revenue

(OSR) collection of Kshs.231.03 million. In addition, the County Government had Kshs.3.43 billion from FY 2023/24. The total OSR of Kshs.231.03 million includes Facilities Improvement Financing (FIF) of Kshs.81.0 million as FIF and Kshs.150.03 million as ordinary OSR. Table 3.88 summarises the total revenue available to the county government during the first quarter of FY 2024/25.

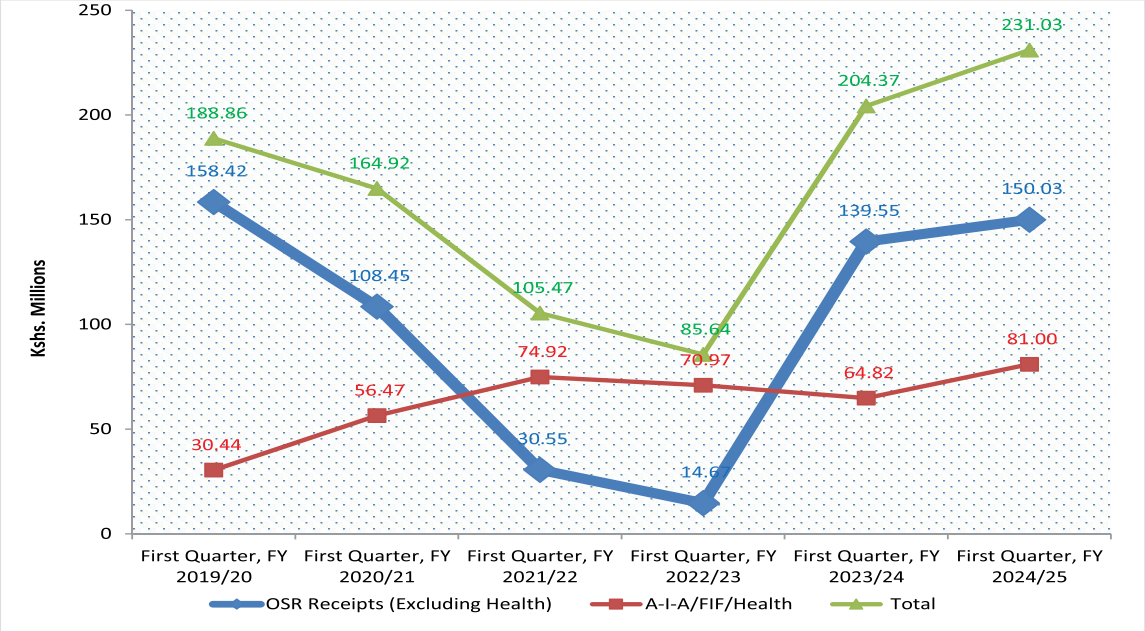
Table 3.88: Kilifi County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	12,554,603,733	968,736,043	7.7
Sub Total		**12,554,603,733**	**968,736,043**	**7.7**
B	**Additional Allocations**			
1	Aggregated Industrial Parks Programme	250,000,000	-	-
2	Kenya Devolution Support Programme KDSP-II	37,500,000	-	-
3	Kenya Urban Support Program KUSP-UIG	35,000,000	-	-
4	Community Health Promoters	90,953,531	-	-
5	Primary Healthcare in a Devolved Context	16,087,500	-	-
6	Roads Maintenance Fuel Levy	242,979,152	-	-
7	Allocation for Mineral Royalties	177,531,147	-	-
8	Water&Sanitation Development Programme (WSDP)	1,700,000,000	-	-
9	Kenya Informal Settlement and Improvement Project (KISIP)	750,000,000	-	-
10	World Bank Credit National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-
Sub-Total		**3,451,566,482**	-	**-**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,570,795,142	150,033,162	9.6
2	Balance b/f from FY2023/24	3,429,531,680	3,429,531,680	100.0
3	Facility Improvement Fund (FIF)	400,000,000	81,000,000	20.3
Sub Total		**5,400,326,822**	**3,660,564,842**	**67.8**
Grand Total		**21,406,497,037**	**4,629,300,885**	**21.6**

Source: *Kilifi County Treasury*

Figure 53 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 53: Trend in Own-Source Revenue Collection from the FY 2019/20 to the FY 2024/25

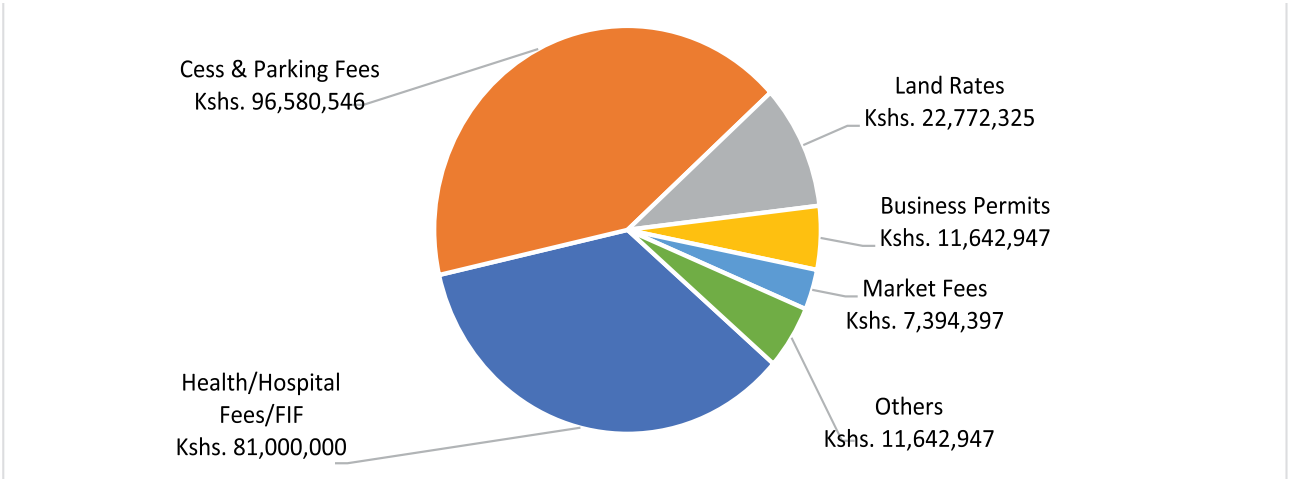


Source: *Kilifi County Treasury*

In the first quarter of FY 2024/25, the County generated a total of Kshs.231.03 million from its sources of revenue, including FIF and AIA. This amount was an increase of 13.1 per cent compared to Kshs.204.37 million realised in a similar period in FY 2023/24 and was 14.0 per cent of the annual target and 23.9 per cent of the equitable revenue share disbursed.

The increase in own-source revenues may be attributed to the ongoing automation process, resulting in low revenue leakages. Figure 54 shows the revenue streams that contributed the highest OSR receipts.

Figure 54: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Kilifi County Treasury

The highest revenue stream, Kshs.96.58 million, was from Cess and parking fees, contributing 42 per cent of the total OSR receipts during the reporting period.

3.14.3 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.60 billion from the CRF account comprised Kshs.435.92 million (27 per cent) for development programmes and Kshs.1.17 billion (73 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.806.76 million was released towards Employee Compensation and Kshs.360.93 million for Operations and Maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs.1.10 billion.

3.14.4 County Expenditure Review

The County spent Kshs.1.60 billion on development and recurrent programmes during the reporting period. The expenditure represented 99.5 per cent of the total funds released by the CoB and comprised Kshs.236.46 million and Kshs.1.36 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.1 per cent, while recurrent expenditure represented 13.6 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

The County Government reported pending bills amounting to Kshs.2.21 billion as of 30 June 2024. This is comprised of pending expenses by the county executive of Kshs.2.19 billion and Kshs.12.34 million for the county assembly.

The County Executive's pending bills amount to Kshs.858.60 million for recurrent expenditures and Kshs.1.34 billion for development expenditures. The County Executive settled pending bills amounting to Kshs.156.13 million in the first quarter of FY 2024/25, which consisted of Kshs.156.13 million for recurrent expenditure programmes. The outstanding bills were Kshs.2.05 billion as of 30 September 2024.

3.14.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.924.21 million on employee compensation, Kshs.331.86 million on operations and maintenance, and Kshs.236.46 million on development activities. Similarly, the County Assembly spent Kshs.76.64 million on employee compensation and Kshs.25.52 million on operations and maintenance, as shown in Table 3.89.

Table 3.89: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**9,014,707,006**	**951,685,828**	**1,256,071,443**	**102,157,709**	**13.9**	**10.7**
Compensation to Employees	4,670,931,793	469,068,207	924,207,245	76,639,939	19.8	16.3
Operations and Maintenance	4,343,775,213	482,617,621	331,864,198	25,517,770	7.6	5.3
Development Expenditure	**11,034,704,546**	**405,399,657**	**236,462,535**	-	**2.1**	-
Total	**20,049,411,552**	**1,357,085,485**	**1,492,533,978**	**102,157,709**	**8.8**	**7.5**

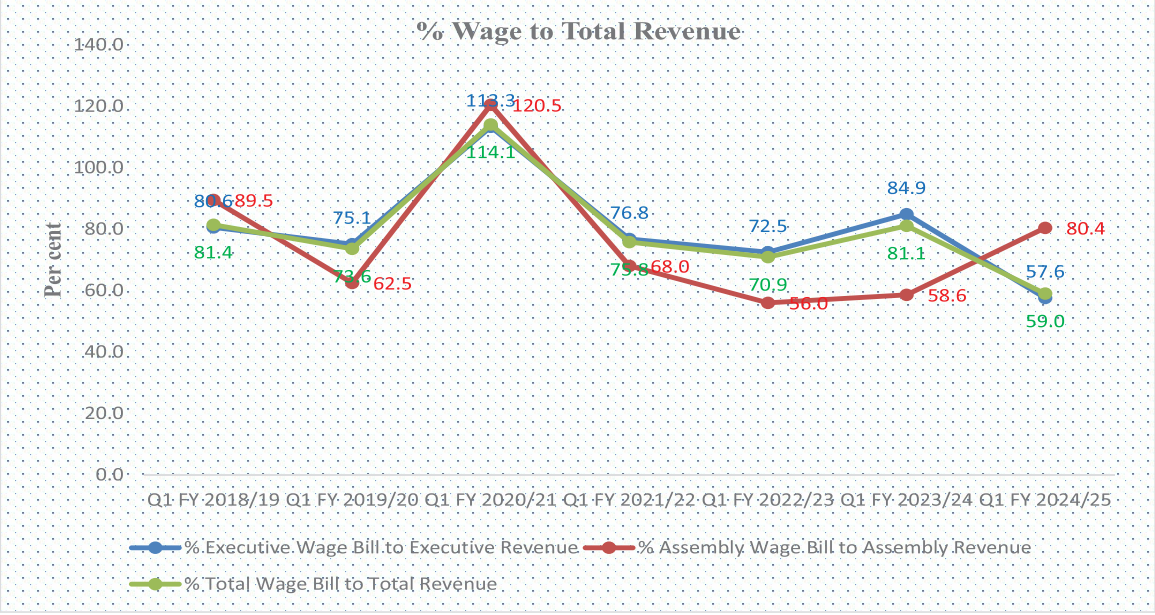
***Source**: Kilifi County Treasury*

3.14.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.0 billion, or 22 per cent of the available revenue, which amounted to Kshs.4.63 billion. This expenditure represented an increase from Kshs.810.15 million reported in a similar period in FY 2023/24. The wage bill included Kshs.403.31 million paid to health sector employees, translating to 40 per cent of the total wage bill.

Figure 55 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 55: ercentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Kilifi County Treasury

Further analysis indicates that PE costs amounting to Kshs.831.07 million were processed through the Integrated Personnel and Payroll Database (IPPD) system. In contrast, Kshs.16.99 million was processed through manual payrolls, which accounted for 2.0 per cent of the total PE cost.

The County Assembly spent Kshs.5.97 million on committee sitting allowances for the 56 MCAs against the annual budget allocation of Kshs.36.0 million. The average monthly sitting allowance was Kshs.35,548 per MCA. The County Assembly has established 23 Committees.

3.14.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.750 million to county-established funds in FY 2024/25, constituting 3.5 per cent of the County's overall budget. Further, the County allocated Kshs.250 million to the Emergency Fund (1.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.90 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.90: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1.	Emergency Fund	250,000,000	-	-	-	No
2.	Scholarship Fund	500,000,00	150,000,000	-	150,000,000	No
	Total	**750,000,000**	**150,000,000**	**-**	**150,000,000**	

Source: *Kilifi County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of all funds, as indicated in

Table 3.54: Performance of County Established Funds in the First Quarter of FY 2024/25

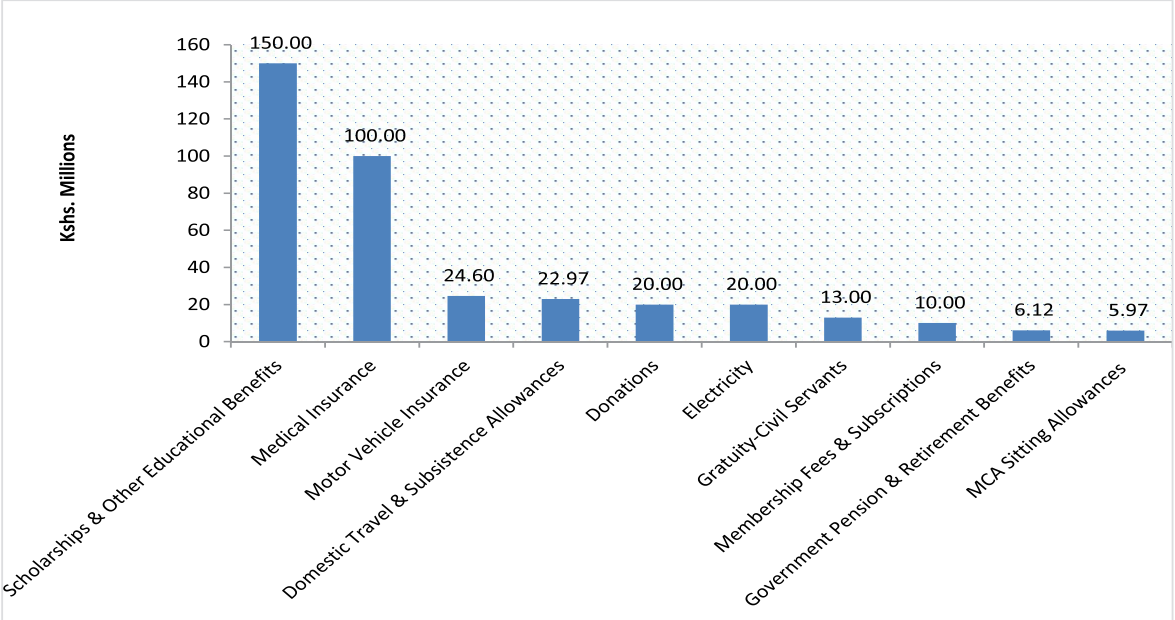
3, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.14.9 Expenditure on Operations and Maintenance

Figure 56 summarises the Operations and Maintenance expenditure by major categories.

Figure 56: Kilifi County, Operations and Maintenance Expenditure by Major Categories



Source: *Kilifi County Treasury*

Expenditure on domestic travel amounted to Kshs.22.97 million and comprised Kshs.19.99 million spent by the County Assembly and Kshs.2.97 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.69 million incurred by the County executive. Expenditure on foreign travel is summarised in Table 3.91

Table 3.91: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	12th-18th July 2024	Attending workshop partnership between EU and the Government of Kenya to advance Blue Economy in Dubai	Dubai	2,313,160
County Executive	1	9th-22nd July 2024	Attending a seminar on PPP model development management for developing countries in Shanghai, China	China	371,760

Source: Kilifi County Treasury

3.14.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.81 million as FIF, which was 20.3 per cent of the annual target of Kshs.400 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.14.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.236.46 million on development programmes, compared to a similar period in FY 2023/24 when the County did not incur any expenditure on development projects. However, the County did not provide a list of the development projects implemented during this reporting period.

3.14.12 Budget Performance by Department

Table 3.92 summarises the approved budget allocation, expenditure, and absorption rate by departments in the first three months of FY 2024/25.

Table 3.92: Kilifi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	951.69	405.40	102.16	-	102.16	-	100.0	-	10.7	-
Office of the Governor	401.88	-	53.76	-	116.29	-	216.3	-	28.9	-
County Division for Finance	1,071.97	310.80	44.64	-	44.35	-	99.3	-	4.1	-
Agriculture	259.26	334.10	35.66	-	85.28	181.03	239.1	-	32.9	54.2
Energy	1	190.31	-	-	-	-	-	-	-	-
Housing and Urban Development	15.46	1,389.42	14.19	-	-	-	-	-	-	-
County Public Service Boards	115.93	-	2.77	-	12.37	-	445.8	-	10.7	-
Public Service Management	830.09	275	-	-	192.83	-	-	-	23.2	-
County Attorney	69.85	15.43	0.24	-	0.24	-	100.0	-	0.3	-
Economic Planning	152.27	35	-	-	-	-	-	-	-	-
Livestock	24.78	72.19	-	-	1.68	10.16	-	-	6.8	14.1
Information Communication Technology	37.56	-	-	-	-	-	-	-	-	-
lands and Physical Planning	76.36	225.75	-	-	-	-	-	-	-	-
Cooperative Development	52.79	-	-	-	-	-	-	-	-	-
County Division for Resource Mobilization	277.67	40.03	-	-	-	-	-	-	-	-
County Division for Blue Economy	38.81	102.87	-	-	1.96	45.28	-	-	5.1	44.0
County Secretary	63	-	-	-	-	-	-	-	-	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Division for Water Services	137.86	2,727.86	13.55	435.92	26.85	-	198.2	-	19.5	-
County Division for Environment and Natural Resources	66.31	45.85	-	-	-	-	-	-	-	-
County Division for Climate Change	-	103	-	-	-	-	-	-	-	-
County Division for Early Childhood Education and Vocational Training	1,342.91	592.75	273.72	-	273.72	-	100.0	-	20.4	-
County Division for Health and Sanitation Services	3,210.48	858.80	425.36	-	434.35	-	102.1	-	13.5	-
County Division for Roads and Transport Services	271.44	1,752.91	23.18	-	57.55	-	248.3	-	21.2	-
County Division for Public Works	34.80	-	-	-	-	-	-	-	-	-
County Division for Gender and Social Services	69.53	208.99	6.91	-	6.91	-	100.0	-	9.9	-
Youth Affairs & Sports	72.37	910.56	-	-	-	-	-	-	-	-
Trade Development	101.61	728.55	10.14	-	-	-	-	-	-	-
Tourism Promotion	50.86	40.10	-	-	-	-	-	-	-	-
Devolution & Civic Education	92.59	56.86	-	-	1.69	-	-	-	1.8	-
Special Programs & Disaster Management	75.27	17.57	161.41	-	-	-	-	-	-	-
Total	**9,966.39**	**11,440.10**	**1,167.69**	**435.92**	**1,358.23**	**236.46**	**116.3**	**54.2**	**13.6**	**2.1**

***Source**: Kilifi County Treasury*

Analysis of department expenditures shows that the Department of Agriculture recorded the highest absorp-

tion rate of the development budget at 54.2 per cent, followed by the Department of Blue Economy at 44.0 per cent. The Department of Agriculture had the highest percentage of recurrent expenditures to budget at 32.9 per cent.

3.14.13 Budget Execution by Programmes and Sub-Programmes

Table 3.93 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

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

Programme	Sub-Programme	Approved Estimates (Kshs)		Actual Expenditure (Kshs)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
County Division for Health							
Administration	Sub-programme	3,210,484,541	858,799,504	434,346,871	-	0.13	
	Sub Total	**3,210,484,541**	**858,799,504**	**434,346,871**	**-**	**0.13**	
County Division for Public Service Management							
P1: Administration, planning and support services	SP.1.1 Administration, planning and support services	809,628,792	275,000,000	192,834,893	-	23.82	
	Sub Total	809,628,792	275,000,000	192,834,893	-	23.82	-
P2: Human Resource Development	Strategic Human Resource Development	20,463,847	-	-	-		
	Sub-Total	**20,463,847**	**-**	**-**	**-**	**-**	**-**
Grand Total		**830,092,639**	**275,000,000**	**192,834,893**	**-**	**23.82**	**-**
County Division for Special Programmes							
Special Programmes	Special Programmes	75,271,412	-	-	-		
Disaster Risk Management	Disaster Risk Management	-	17,571,130	-	-		
Grand Total		**75,271,412**	**17,571,130**	**-**	**-**		
County Division for Water Sanitation and Natural Resources							
Administration, planning and support services	Administration, planning and support services	137,862,918	-	26,853,099	-	19	
	Sub Total	**137,862,918**	**-**	**26,853,099**	**-**		
Department of Water Sanitation and Natural Resources							
Water Resources Management	Water resources management	-	2,727,855,192		-		
	Sub-Total	**-**	**2,727,855,192**	**-**	**-**		
Grand Total		**137,862,918**	**2,727,855,192**	**26,853,099**	**-**	**19**	
County Division for Lands and Physical Planning							
	Sub-programme 1.1 Administration, Planning and Support Services	18,589,444		-	-		
	Sub Total	18,589,444		-	-		
	Sub-Programme 4.1 Land use	250,000		-	-		
	Sub-Programme 4.2 Land Survey, Mapping and Valuation	250,000	-	-	-		
	Sub-Total	500,000	-	-	-		

Programme	Sub-Programme	Approved Estimates (Kshs)		Actual Expenditure (Kshs)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Recurrent	Develop-ment
	Sub-Programme 2.1: Physical Planning and Development	-	31,908,163	-	-		
	Sub-Total	-	31,908,163		-		
	Programme 3.1: Land Survey, Mapping and Valuation	-	24,529,720	-	-		
		-	24,529,720	-	-		
Grand Total		**19,089,444**	**56,437,883**	-	-	-	-
County Division of Finance							
	SP 1 Adminis-tration, Planning and Support Service	310,797,550	44,345,879	-	0		
		-	**44,345,879**	-	**0**		
County Division for Energy							
	Sub-programme 1.1 Administra-tion, Planning and Support Services	250,000	-	-	-		
	Sub Total	250,000	-	-			
	Sub Program 7.1: Alternative ener-gy technologies	-	47,577,092	-	-		
	Sub-Total	-	47,577,092	-	-		
Grand Total		**250,000**	**47,577,092**	-	-	-	-
County Division Early Childhood Education Development and Vocational Training							
	Sub-programme	**409,213,861**		**123,721,797**		**0.3**	
	Sub Total	**409,213,861**	-	**123,721,797**	-	**0.3**	
	Free Pre-Primary Education	6,065,298	269,460,715			-	
	Sub-Total	**6,065,298**	**269,460,715**			-	
	Vocational Education and Training	6,175,000	26,913,661			-	
	Sub-Total	**6,175,000**	**26,913,661**			-	
	Ward Scholarship Administration	250,000,000		150,000,000		0.6	
	Sub-Total	**250,000,000**	-	**150,000,000**		**0.6**	
Grand Total		**671,454,158**	**296,374,376**	**273,721,797**	-	**0.4**	-
County Division for Economic Planning							
	4,715,577	35,000,000	-	-			
	128,050,000	-	-	-			
	19,500,000	-	-	-			
Grand Total	**152,265,577**	**35,000,000**	-	-			
Devolution, Civic Education and Public Participation							
	General Adminis-tration, planning and support services	92,590,478	-	1,688,296	-	1.8	
	Sub Total	**92,590,478**	-	**1,688,296**	-	**2**	
	Devolution Services	-	56,864,763	-	-		
	Sub-Total	-	**56,864,763**	-	-		-
Grand Total		**92,590,478**	**56,868,763**				

Programme	Sub-Programme	Approved Estimates (Kshs)		Actual Expenditure (Kshs)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Recurrent	Develop-ment
County Division for Public Service Board							
	Administration, Planning and Support Services	80,003,904	-	12,368,526	-	15	
	Recruitment and Selection	35,926,956	-	-	-		
Grand Total		**115,930,860**	-	**12,368,526**	-	**11**	-
County Division for County Attorney							
	Administration Planning and Support Services	31,070,000		242,085		0.1	
	Legal Advisory and Legislative Drafting	3,853,600	7,716,569				
	Sub-Total	**34,923,600**	**7,716,569**	**242,085**	-		
County Division for Cooperative Development							
	Sub-Programme 1.1: Administra-tion, Planning and Support Services	52,786,261	-	1,961,119	-	3.7	
	Sub Total	**52,786,261**	-	**1,961,119**	-		
Grand Total		**52,786,261**	-	**1,961,119**	-		
County Division For Blue Economy							
	Sub-programme	9,505,900	51,435,949	848,899	35,822,341	9	70
	Sub Total	**9,505,900**	**51,435,949**	**848,899**	**35,822,341**	**9**	**70**
Programme 2	Sub-programme	9,900,369	51,435,949	800,000	9,458,068	8	18
	Sub-Total	**9,900,369**	**51,435,949**	**800,000**	**9,458,068**	**8**	**18**
Grand Total		**19,406,269**	**102,871,898**	**1,648,899**	**42,280,409**	**8**	**44**
County Division for Agriculture							
	Sub-programme	233,605,723	151,515,152	83,621,693	-	36	
	Sub Total	**233,605,723**	**151,515,152**	**83,621,693**	-	**36**	
	Sub-programme	23,991,850	182,580,856	1,653,780	180,026,646	7	99
	Sub-Total	**23,991,850**	**182,580,856**	**1,653,780**	**180,026,646**	**7**	**99**
	Sub-programme	1,661,000	2,500,000	-	998,920		40
	Sub-Total	**1,661,000**	**2,500,000**	-	**998,920**		**40**
Grand Total		**259,258,573**	**336,596,008**	**85,275,473**	**181,025,566**	**33**	**54**
County Division for Special Programmes							
	Special Pro-grammes	75,271,412	-	-	-		
	Disaster Risk Management	-	17,571,130	-	-		
Grand Total		**75,271,412**	**17,571,130**	-	-		
Department of Roads and Transport Services							
	202,013,110	135,719,087	-	57,545,386	-	42	
	201,013,110	-	876,455,525	-	-		
	Sub-Total	**135,719,087**	**876,455,525**	**57,545,386**	-		
Grand Total		**135,719,087**	**876,455,525**	**57,545,386**	-		
Office of The Governor							
	Administrative services	181,647,623		109,356,925		60.2	
	Governance and national values	19,294,685		6,936,544		35.9	
	Sub Total	200,942,308		116,293,469		57.8	
	Sub-Total	**200,942,308**		**116,293,469**		**57.8**	
Grand Total		**200,942,308**		**116,293,469**		57.9	

Programme	Sub-Programme	Approved Estimates (Kshs)		Actual Expenditure (Kshs)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
County Division for Special Programmes	Special Programmes	75,271,412	-	-	-		
	Disaster Risk Management	-	17,571,130	-	-		
Grand Total		**75,271,412**	**17,571,130**	-	-		
County Division for The County Secretary							
	Administrative services	31,500,000		-			
	Sub Total	**31,500,000**		-	-		
	Sub-Total	**31,500,000**		-	-		
Grand Total		**31,500,000**		-	-		
County Division for Sports and Talent Development	Sports and Talent Development	72,371,184	910,555,888	-	-		
Grand Total		**72,371,184**	**910,555,888**	-	-		
County Division for Livestock Development							
	Sub-programme	12,389,080	36,094,815	1,684,503	10,156,560	14	28
	Sub-Programme						
	Sub Total	**12,389,080**	**36,094,815**	**1,684,503**	**10,156,560**	**14**	**28**
Grand Total		**12,389,080**	**36,094,815**	**1,684,503**	**10,156,560**	**14**	**28**
Division of Lands and Physical Planning							
	Sub-programme 1.1 Administration, Planning and Support Services	18,589,444		-	-		
	Sub Total	18,589,444		-	-		
	Sub-Programme 4.1 Land use	250,000		-	-		
	Sub-Programme 4.2 Land Survey, Mapping and Valuation	250,000	-	-	-		
	Sub-Total	**500,000**	-	-	-		
	Sub-Programme 2.1: Physical Planning and Development	-	31,908,163	-	-		
	Sub-Total	-	31,908,163		-		
	Programme 3.1: Land Survey, Mapping and Valuation	-	24,529,720	-	-		
		-	**24,529,720**	-	-		
Grand Total		**19,089,444**	**56,437,883**	-	-	-	-
Gender and Social Services							
	Administration Services	47,097,980		6,910,049	-	15	
	Heritage Conservation Programme	5,000,000	15,000,000	-	-		
	Gender Development	17,430,000	15,000,000	-	-		
	Social Protection		178,990,976	-			
GRAND TOTAL		**69,527,980**	**208,990,976**	-	-		

Programme	Sub-Programme	Approved Estimates (Kshs)		Actual Expenditure (Kshs)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
County Division for Forestry							
	Climate Change Adaptation	-	103,000,000	-	-		-
	Sub Total	-	103,000,000	-	-		
Grand Total			**103,000,000**				
Grand Total		**11,440,104,203**	**9,966,392,834**	**1,358,229,152**	**236,462,535**	**13.63**	**2.06**

***Source**: Kiliffi County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were Administrative Services in the Department of Office of the Governor at 60.2 per cent, Governance and National Values in the Department of Office of the Governor at 35.9 per cent, Administration and Support Services in the Department of Public Service Management at 23.8 per cent, and Administration and Support Services at 15 per cent in the Department of Gender and Social Services of budget allocation.

3.14.14 Accounts Operated in Commercial Banks

The County government operated 11 accounts with commercial banks, of which two were for health facilities. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.14.15 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.231.03 million against an annual target of Kshs.1.65 billion, representing 14 per cent of the yearly target.
2. Unspent funds from FY 2023/24 were not refunded into the CRF account, which led to actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.92.
3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Ward Scholarship Fund, Emergency Fund and all the Funds ran by the County Assembly were not submitted to the Controller of Budget as of 15 October 2024.
4. As of 30 September 2024, the County had a high level of pending bills amounting to Kshs.2.05 billion. Further, the County Treasury did not adhere to the payment plan for the pending bills.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.16.99 million were processed through the manual payroll, accounting for 2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for the various County-established Funds.
7. The County government reported a development expenditure of Kshs. 236.46 million but failed to support this expenditure with a list of projects executed during this reporting period.
8. Failure to report as per the CoB Reporting templates resulted in some departments not reporting their performances in expenditures by programs and sub-programs and others omitting crucial information, i.e. submitting only program and subprograms numbers without titles, budget lines & spending, resulting in inconsistency in financial reporting.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

2. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*

3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

4. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*

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

6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

7. *The County government should ensure that reported development expenditures are supported by a list of development projects executed during the reporting period.*

8. *The County should ensure strict reporting using the recommended templates to eliminate inconsistencies in financial reporting.*

3.15. County Government of Kirinyaga

3.15.1 Overview of FY 2024/25 Budget

The Kirinyaga County approved FY 2024/25 budget is Kshs.8.08 billion. It comprised Kshs.3.03 billion (37.5 per cent) and Kshs 5.05 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.840 million (12 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.45 billion and a recurrent budget of Kshs.4.79 billion.

The Kirinyaga County Government budget will be financed from different sources of revenue. These include; Kshs.5.63 billion (70 per cent) expected as the equitable share of revenue raised nationally, Kshs.611 million as additional allocations, a cash balance of Kshs.952.94 million (12 per cent) brought forward from FY 2023/24, and Kshs.811.55 million (11 per cent) generated as gross own source revenue. The own source revenue includes Kshs.39.55 million (0.5 per cent) as Appropriations-in-Aid (A-I-A), Kshs.200 million (3 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs. 410.45 million (5 per cent) as ordinary own-source revenue and Kshs.231.55 million (3 per cent) as other Revenue. A breakdown of the additional allocations is provided in Table 3.94

3.15.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.52 billion to fund recurrent and development activities. The equitable share from the national government was Kshs.460.72 million, while its own source revenue (OSR) collection was Kshs.108.7 million. In addition, the County had a cash balance of Kshs.952.94 million from FY 2023/24.

Analysis of the total OSR collection of Kshs.110.2 million indicates that it included Appropriations in Aid (AIA) of Kshs. 1.51 million and Facilities Improvement Financing (FIF) of Kshs.61.53 million and Kshs.47.16 million as ordinary OSR. Table 3.94 summarises the total revenue available to the county government during the first quarter of FY 2024/25.

Table 3.94: Kirinyaga County, Revenue Performance in the First Quarter of FY 2024/25

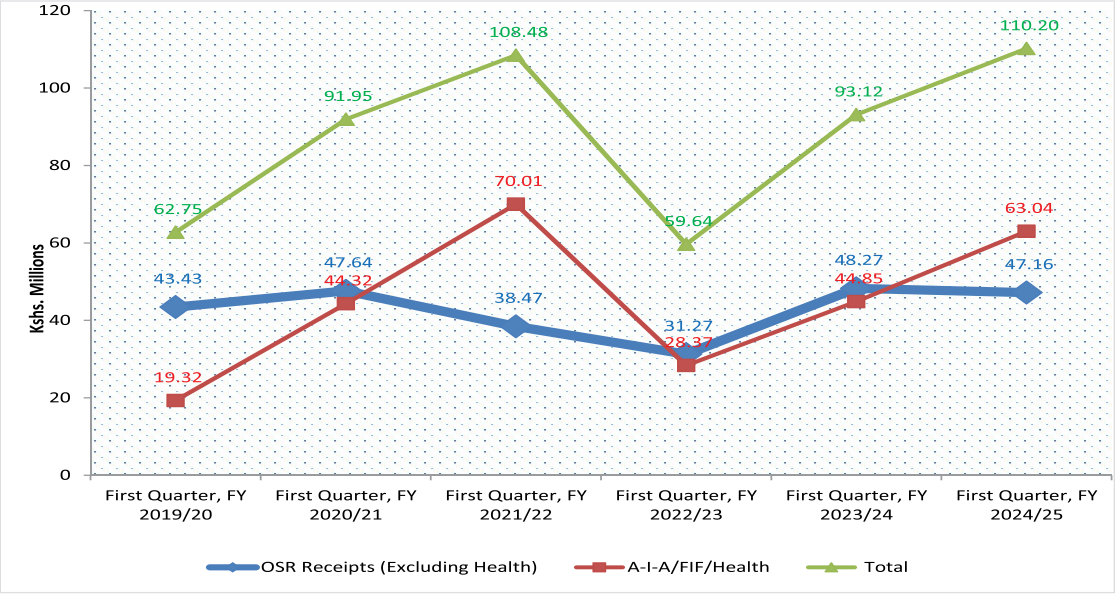
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,633,619,143	460,718,490	8
Sub Total		**5,633,619,143**	**460,718,490**	**8**
B	**Additional Allocations**			
1	Danida	6,532,500	-	-
2	IFAD	13,779,259	-	-
3	IDA (World Bank) KDSP II	37,500,000	-	-
4	IDA (World Bank) KUSP	35,000,000	-	-
5	IDA (World Bank) NAVCDP	151,515,152	-	-
6	IDA (World Bank) K-WASH	366,729,808	-	-
Sub-Total		**611,056,719**	**-**	**-**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	410,451,000	47,162,708	12
2	Balance b/f from FY2023/24	952,936,745	952,936,745	100
3	Facility Improvement Fund (FIF)	200,000,000	61,529,949	31
4	Other Revenues	231,554,333	-	-
5	Appropriation in Aid (AIA)	39,549,000	1,507,093	4
Sub Total		1,834,491,078	1,063,136,495	58
Grand Total		**8,079,166,940**	**1,523,854,985**	**19**

Source: *Kirinyaga County Treasury*

The County does not have governing legislation for operating ordinary A-I-A and FIF.

Figure 57 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 57: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25

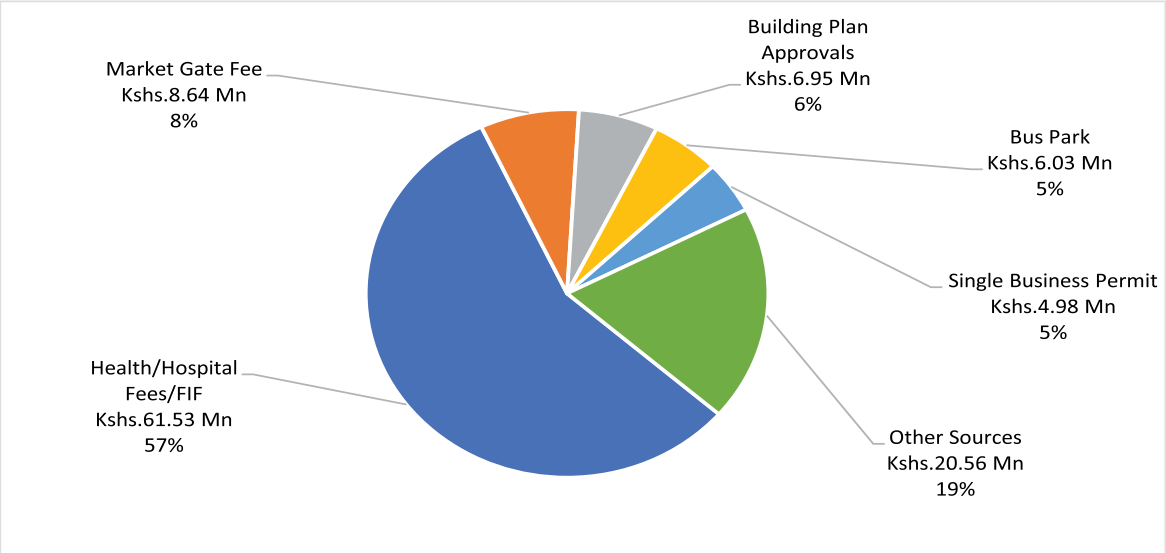


Source: *Kirinyaga County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.110.20 million from its sources of revenue, including AIA and FIF. This amount was an increase of 18 per cent compared to Kshs.93.12 million realised in a similar period in FY 2023/24 and was 17 per cent of the annual target and 24 per cent of the equitable revenue share disbursed. The decrease in OSR was attributed to non-remittance of the NHIF Refunds to the County Government of Kirinyaga.

The revenue streams which contributed the highest OSR receipts are shown in Figure 58.

Figure 58: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Kirinyaga County Treasury

The highest revenue stream, Kshs.61.53 million, was from Health/Hospital Fees (FIF), which contributed 57 per cent of the total OSR receipts during the reporting period.

3.15.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.965.97 million from the CRF account during the reporting period, which comprised Kshs.378.49 million (39 per cent) for development programmes and Kshs.587.47 million (61 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.464.19 million was released towards employee compensation and Kshs.129.19 million for operations and maintenance expenditure.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs. 554.67 million.

3.15.4 County Expenditure Review

The County spent Kshs.965.97 million on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised Kshs.378.49 million and Kshs.587.47 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13 per cent, while recurrent expenditure represented 12 per cent of the annual recurrent expenditure budget.

3.15.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.23 billion as of 30 June 2024, comprising pending payments by the county executive. The County Executive's pending bills consist of Kshs.340.64 million for recurrent expenditures and Kshs.887.56 million for development expenditures. The County Executive settled pending bills amounting to Kshs.200.84 million in the reporting period, consisting of development programmes. Therefore, the outstanding bills were Kshs.1.02 billion as of 30 September 2024.

3.15.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.405.43 million on employee compensation, Kshs.95.41 million on operations and maintenance, and Kshs.378.49 million on development activities. Similarly, the County Assembly spent Kshs.52.85 million on employee compensation and Kshs.33.78 million on operations and maintenance, as shown in Table 3.95.

Table 3.95: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,344,677,857**	**705,609,542**	**500,842,812**	**86,631,216**	**12**	**12**
Compensation to Employees	2,609,478,249	336,764,607	405,431,591	52,836,067	16	16
Operations and Maintenance	1,735,199,608	368,844,935	95,411,221	33,784,149	6	9
Development Expenditure	**2,882,037,501**	**146,842,040**	**378,499,763**	-	**13**	**0**
Total	**7,226,715,358**	**852,451,582**	**879,342,575**	**86,631,216**	**12**	**10**

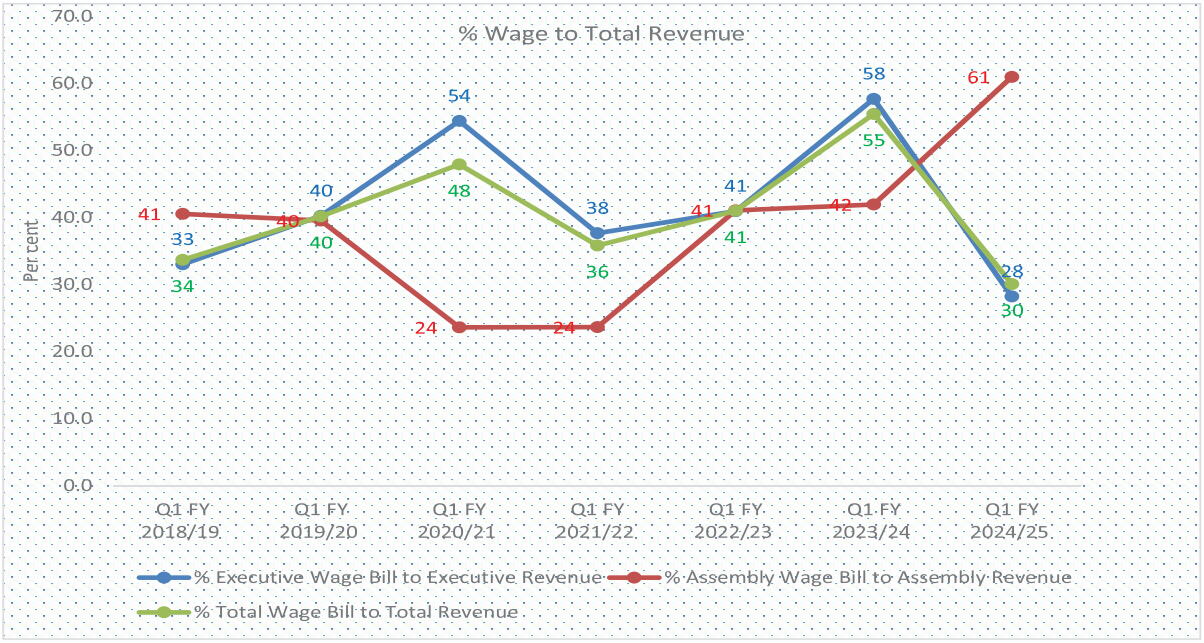
***Source**: Kirinyaga County Treasury*

3.15.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.458.27 million, or 30 per cent of the available revenue which amounted to Kshs.1.52 billion. This expenditure represented a decrease from Kshs.494.26 million reported in the first quarter of FY 2023/24. The wage bill included Kshs.218.23 million paid to health sector employees, translating to 48 per cent of the total wage bill.

Figure 59 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 59: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source:** Kirinyaga County Treasury*

Further analysis indicates that PE costs amounting to Kshs.431.34 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.26.93 million was processed through manual payrolls. The manual payrolls accounted for 5.9 per cent of the total PE cost.

The County Assembly spent Kshs.5.04 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.68.23 million. The average monthly sitting allowance was Kshs.49,389 per MCA. The County Assembly had 23 House Committees.

3.15.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.205.67 million to county-established funds in FY 2024/25, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.8 million to the Emergency Fund (4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.96 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.96: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25(Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 30 September 2024 (Kshs)	Submission of Financial Statements as of 30 September 2024 (Yes/No.)
	County Executive Established Funds					
1.	County Emergency Fund	8,000,000	-	-	-	No.
2.	County Bursary Fund	166,370,000	-	-	-	No.
3.	Executive Car Loan and Mortgage Fund	31,300,000	-	-	-	No.
	County Assembly Established Funds					
4.	County Assembly Staff Car Loans and Mortgage Fund	20,000,000	-	-	-	Yes
	Total	**225,670,000**	-	-	-	

Source: *Kirinyaga County Treasury*

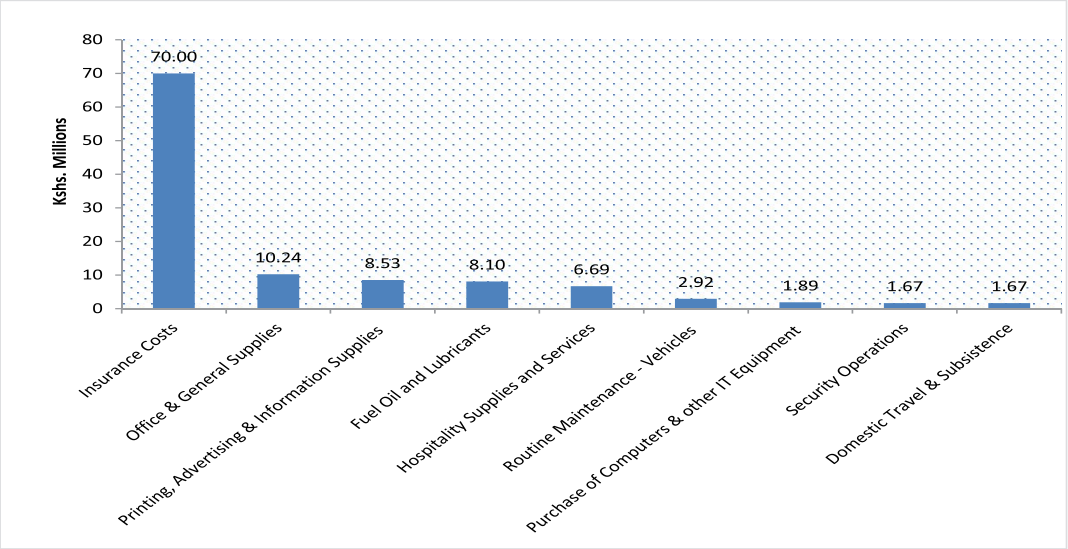
During the reporting period, the CoB did not receive the quarterly reports for the Emergency Fund, Bursary Fund and Car Loan & Mortgage Fund as of 15 October 2024, as indicated in Table 3.96 contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.15.9 Expenditure on Operations and Maintenance

Figure 60 summarises the Operations and Maintenance expenditure by major categories.

Figure 60: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: *Kirinyaga County Treasury*

Expenditure on domestic travel amounted to Kshs.1.69 million spent by the County Executive. There was no expenditure on foreign travel.

3.15.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.61.53 million as FIF, which was 31 per cent of the annual target of Kshs.200 million. The collected amount was retained and utilised at the source in accordance with the Facility Improvement Financing Act of 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

Table 3.97: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Remarks
1	Kerugoya Referral Hospital	148,000,000	-	Expenditure report was not submitted
2	Kimbimbi Hospital	25,000,000	-	Expenditure report was not submitted
3	Kianyaga Hospital	10,000,000	-	Expenditure report was not submitted
4	Sagana Hospital	9,500,000	-	Expenditure report was not submitted
5	Dispensaries	7,500,000	-	Expenditure report was not submitted
Total		**200,000,000**	**-**	

Source: *Kirinyaga County Treasury.*

3.15.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.378.49 million on development programmes, representing an increase of 42 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.158.61 million. Table 3.98 summarises development projects with the highest expenditure in the reporting period.

Table 3.98: Kirinyaga County, List of Development Projects with the Highest Expenditure

S No.	Sector	Project Name	Project Location	Amount Paid to Date (Kshs.)	Implementation Status (%)
1	Environment and Natural Resources	FLLoCCA	Countywide	122,557,925	100
2	Cooperative Development Trade and Tourism	CAIPS	Kariti Ward	52,631,579	53
3	Transport and Infrastructure	Improvement Of Various Access Roads In Gichugu (Funded By June 2024 Exchequer)	Gichugu	22,838,474	100
4	Transport and Infrastructure	Spot Improvement Of Various Access Roads In Mwea (Funded By June 2024 Exchequer)	Mwea	14,159,888	100
5	Transport and Infrastructure	Spot Improvement Of Various Access Roads In Kirinyaga Central (Funded By June 2024 Exchequer)	Kirinyaga Central	11,047,492	100

S No.	Sector	Project Name	Project Location	Amount Paid to Date (Kshs.)	Implementation Status (%)
6.	Transport and Infrastructure	SPOT IMPROVEMENT OF A2-Gakindu Primary School C73 Road Gitumbi Ngoka Gacharu Road And Kagumo Catholic Dispensary Ack Church St John Towards Full Gospel Church Njoguini Road (Funded By June 2024 Exchequer)	Kirinyaga Central	10,943,231	100
7	Transport and Infrastructure	Payment is being made for drilling and equipping boreholes in various Kirinyaga wards. (Funded By June 2024 Exchequer)	Kirinyaga Central	9,974,160	100
8	Transport and Infrastructure	Spot Improvement of Various Access Roads in Kirinyaga West Sub County (Funded By June 2024 Exchequer)	Countywide	9,769,172	100
9	Sports Culture and Social Services	Supply & Delivery of Sports Equipment and Gears (Funded By June 2024 Exchequer)	County Wide	9,392,250	100
10	Transport and Infrastructure	Proposed Supply and Delivery And Installation Testing and Commissioning of 20m High Flood Lights (Funded By June 2024 Exchequer)	Kerugoya	8,230,200	100

Source: *Kirinyaga County Treasury*

3.15.12 Budget Performance by Department

Table 3.99 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.99: Kirinyaga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	522.06	6	47.52	-	47.52	-	100	100	9.1	0
County Assembly	705.61	146.84	86.63	-	86.63	-		-	12.3	0
Finance and Economic Planning	660.64	145.76	114.88	-	114.88	-	100	-	17.4	0
Medical Services and Public Health	2,180.80	570.57	218.23	7.86	218.23	7.86	100	-	10	1.4
Education	391.84	65.83	31.02	13.17	31.02	13.17	100	-	7.9	20
Agriculture, Livestock and Fisheries	212.61	219.45	36.55	-	36.55	-	100	100	17.2	0
Gender and Youth	43.67	77.57	7.73	3.64	7.73	3.64	100	100	17.7	4.7
Sports Culture and Social Services	37.21	44.38	2.92	19.63	2.92	19.63	100	-	7.9	44.2
Cooperative Development Trade and Tourism	48.34	407.35	4.09	63.83	4.09	63.83	100	100	8.5	15.7
Environment and Natural Resources	135.88	644.63	29.76	163.29	29.76	163.29	100	-	21.9	25.3

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
Lands, Housing and Urban Development	34.47	108.53	1.24	10.89	1.24	10.89	100	-	3.6	10
Transport and Infrastructure	77.15	591.96	6.89	96.20	6.89	96.20	100	-	8.9	16.3
Total	**5,050.29**	**3,028.88**	**587.47**	**378.50**	**587.47**	**378.50**	**99.2**	**100**	**11.6**	**12.5**

***Source**: Kirinyaga County Treasury*

Analysis of expenditure by departments shows that the Department of Sport, Culture and Social Services recorded the highest absorption rate of development budget at 44.2 per cent, followed by the Department of Environment at 25.3 per cent. The Department of Environment had the highest percentage of recurrent expenditure to budget at 21.9 per cent, while the Department of Lands had the lowest at 3.6 per cent.

3.15.13 Budget Execution by Programmes and Sub-Programmes

Table 3.100 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.100: Kirinyaga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub0 Programme	Approved Estimates		Actual Payments of FY 2024025 (Ksh)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
Legislation and Oversight	Legislation and Oversight	705,609,542	146,842,040	86,631,216	0	12	0
Sub Total		**705,609,542**	**146,842,040**	**86,631,216**	**0**	**12**	**0**
County Executive							
Office of the Governor and Deputy Governor	070601 County Executive Services	335,594,668	0	46,886,787	0	14	0
County Executive Administration	070701County Executive Services	0	6,000,000	0	0	0	0
Management of County Affairs	070801 Coordination of County Functions	140,732,061	0	637,200	0	1	0
County Executive Committee Affairs	070901 Organisation of County Business	6,200,000	0	0	0	0	0
County Public Service Board	071001 Human Resource Management	14,906,040	0	0	0	0	0
Administrative Support Services	020202 ICT Governance	3,480,000	0	0	0	0	0
	020701 Government Buildings Services	2,567,000	0	0	0	0	0
	070411 Audit Committee	2,419,000	0	0	0	0	0
	070412 County Enforcement Activities	3,685,000	0	0	0	0	0
	070413 ICT Infrastructure Development Management	10,958,800	0	0	0	0	0
	070414 ICT Systems Development Management	1,522,000	0	0	0	0	0
Sub Total		**522,064,569**	**6,000,000**	**47,523,987**	**0**	**9**	**0**
Finance and Economic Planning							

Programme	Sub0 Programme	Approved Estimates		Actual Payments of FY 2024025 (Ksh)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Public Finance Management	070401 Finance Services	586,505,281	145,764,035	112,728,174	0	19	0
	070402 Revenue Services	19,300,000	0	1,500,000	0	8	0
	070404 Procurement and Supply Services	9,770,000	0	0	0	0	0
	070405 Internal Audit Services	1,718,200	0	0	0	0	0
	070408 Budget Formulation, Coordination and Management	9,054,920	0	0	0	0	0
	070409 Accounting Services	7,445,000	630,600	630,600	0	9	0
County Planning and Economic Policy Management	070501 Economic Planning Services	26,847,462	0	20,000	0	0	0
Sub Total		**660,640,863**	**146,394,635**	**114,878,774**	**0**	**17**	**0**
Medical Services and Public Health							
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,180,798,509	570,565,236	218,225,682	7,860,776	10	1
Sub Total		**2,180,798,509**	**570,565,236**	**218,225,682**	**7,860,776**	**10**	**1**
Education							
Basic Education	050101 General Administration	383,126,405	0	31,020,989	0	8	0
	050102 Free Pre0 Primary Education	6,680,000	0	0	0	0	0
State Education Function Support	050203 Tertiary Education	0	20,877,450	0	0	0	0
	050501 Pre0Primary and Child Care Services	0	44,953,602	0	13,169,736		
Technical and Vocational Training	050301 Village Polytechnique	2,038,500	0	0	0	0	0
Sub Total		**391,844,905**	**65,831,052**	**31,020,989**	**13,169,736**	**8**	**20**
Agriculture, Livestock and Fisheries							
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	0	0	0	0	0
	010105 Livestock Production Management	0	0	0	0		0
	010106 Livestock Disease Management & Control	1,200,000	0	0	0	0	0
Crop Development and Management	010202 Agricultural Extension Services	1,000,000	0	0	0	0	0
	010203 Agribusiness and Market Development	100,000	0	0	0	0	0
	010206 Land and Crop Development	5,070,000		0	0	0	0
	010207 Food Security Initiatives	400,000	0	0	0	0	0
Kamweti Agricultural Training Centre	Extension and Training	0	0	0	0		0
Fisheries Development	010402 Aquaculture Development	200,000	0	0	0	0	0

Programme	Sub0 Programme	Approved Estimates		Actual Payments of FY 2024025 (Ksh)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	543,000	0	0	0	0	0
	011001 General Administration and Planning	203,791,148	219,453,971	36,554,720	0	18	0
Sub Total		**212,609,148**	**219,453,971**	**36,554,720**	**0**	**17**	**0**
Gender and Youth							
Culture	090702 Social Welfare Services	10,687,000	0	0	0	0	0
	091201 Gender Administration Services	30,821,210	0	7,734,873	0	25	0
	091301 Gender and Social Development	1,490,000	77,571,020	0	3,637,020	0	5
Youth	090901 Youth Development and Empowerment Services	670,000	0	0	0	0	0
Sub Total		**43,668,210**	**77,571,020**	**7,734,873**	**3,637,020**	**18**	**5**
Sports Culture and Social Services							
Sports	090701 General Administration	12,721,217	0	2,924,233	0	23	0
	090801 Development of Sports and Sports Facilities	0	44,381,138	0	19,629,138		44
	091401 Management & Development of Sports and Sports Facilities	4,905,000	0	0	0	0	0
	091601Control & Campaign Against Drug & Substance Abuse	14,549,000	0	0	0	0	0
	091701 Preservation & Promotion of Heritage and Culture	248,800	0	0	0	0	0
Children Services	091101 Child Community Support Services	4,784,000	0	0	0	0	0
Sub Total		**37,208,017**	**44,381,138**	**2,924,233**	**19,629,138**	**8**	**44**
Cooperative Development Trade and Tourism							
Trade Development and Investment	030401 General Administration and Planning	2,081,700	0	0	0	0	0
	030103 Capacity Buiding for Traders and SMEs	977,000	0	0	0	0	0
	030104 promotion, Development & Growth of Trade	354,000	0	0	0	0	0
	030105 Fair Trade Practises and Consumer Protection	205,000	0	0	0	0	0
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	0	0	0	0	0
	030304 International Tourism Promotion and Marketing	310,000	0	0	0	0	0
	030305 Promotion of Industrial Development	6,268,500	0	0	0	0	0

Programme	Sub0 Programme	Approved Estimates		Actual Payments of FY 2024025 (Ksh)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	030306 Provision of Industrial Training	140,000	0	0	0	0	0
Cooperative Development and Marketing	030101 General Administration & Planning	36,867,741	407,353,872	4,085,353	63,827,255	11	16
	030405 Cooperative Advisory and Extension Services	295,000	0	0	0	0	0
	030406 Cooperative Education and Training	416,000	0	0	0	0	0
	030407 Cooperative Governance and Accountability	159,000	0	0	0	0	0
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	0	0	0	0	0
Sub Total		**48,339,441**	**407,353,872**	**4,085,353**	**63,827,255**	**9**	**16**
Environment and Natural Resources							
Water Supply Services	090101 Water and Irrigation	2,000,000	644,625,766	0	163,291,006	0	25
Energy Programme	090301 Energy Services	405,000	0	0	0	0	0
Cleaning and Waste Management	090502 Environment Management and Protection	340,800	0	0	0	0	0
	1003013960 Natural Forests Conservation	335,000	0				0
Environment Management and Protection	100401 Environment Management and Protection	16,240,000	0	11,000,000	0	19	0
Nema	090401 Waste Management Services	58,676,160	0	4,978,024	0	#REF!	0
	1001013960 General Administration Services	57,885,839	0	13,781,705	0		0
Sub Total		**135,882,799**	**644,625,766**	**29,759,729**	**163,291,006**	**22**	**25**
Lands, Housing and Urban Development							
Land and Physical Planning	010601 General Administration and Planning	30,773,028	0	1,242,395	0	4	0
	010604 County Spatial Planning	3,190,000	0	0	0	0	0
	010605 Town Zoning and Mapping	0	108,530,548	0	10,888,000		10
	010607 Survey and Mapping	505,000	0	0	0	0	0
Housing Development	010701 Improvement and Development of Human Settlements	0	0	0	0		0
Sub Total		**34,468,028**	**108,530,548**	**1,242,395**	**10,888,000**	**4**	**10**
Transport and Infrastructure							
Transport Management	020301 General Administration and Planning	61,511,285	0	6,892,078	0	11	0
Disaster Management	020401 Fire Fighting and Emergency Services	2,222,083	0	0	0	0	0

Programme	Sub0 Programme	Approved Estimates		Actual Payments of FY 2024025 (Ksh)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Roads Development Maintenance and Management	020601 Construction and Maintenace of Roads and Bridges	1,300,000	591,960,863	0	96,196,832	0	16
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	11,700,000	0	0	0	0	0
Housing Development	010701 Improvement and Development of Human Settlements	420,000	0	0	0		
Sub Total		**77,153,368**	**591,960,863**	**6,892,078**	**96,196,832**	**0**	**0**
Grand Total		**5,050,287,399**	**3,029,510,141**	**587,474,029**	**378,499,763**	**12**	**13**

***Source**: Kirinyaga County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Development of Sports & Sport facilities in the Department of Sports Culture & Social Services at 44.2 per cent, Water Supply Services in the Department of Environment &Natural Resources at 25.3 per cent, Finance Services in the Department of Finance & Economic Planning at 15.4 per cent.

3.15.14 Accounts Operated in Commercial Banks

The County government operated 12 accounts with commercial banks, five of which were for healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.15.15 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 28/10/2024, Further, the health facilities did not submit their expenditure reports for the first quarter of FY 2024/25.

2. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The Emergency Fund, Bursary Fund and Car Loan & Mortgage Fund reports were not submitted to the Controller of Budget as of 15 October 2024.

3. High level of pending bills which amounted to Kshs.1.02 billion as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

4. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.16. County Government of Kisii

3.16.1 Overview of FY 2024/25 Budget

The Kisii County approved FY 2024/25 budget is Kshs.14.53 billion. It comprised Kshs. 5.51 billion (38 per cent) and Kshs.9.02 billion (62 per cent) allocated for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs. 1.27 billion (9 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.34 billion and a recurrent budget of Kshs.8.92 billion. The increase in the County Government budget was attributed to the rise in unspent balances for FY2023/24, which was Kshs.3.49 billion.

The Kisii County Government budget will be financed from different sources of revenue. These include Kshs, which is 9.61 billion (60 per cent) expected from the National Government as the equitable share of revenue raised nationally. 783.08 million as additional allocations (5 per cent), a cash balance of Kshs.3.49 million (22 per cent) brought forward from FY 2023/24, and Kshs.2.21billion (14 per cent) generated as gross own source revenue. The own source revenue includes Kshs. 1.56 billion (10 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.650 million (5 per cent) as ordinary own-source revenue.

3.16.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.4.02 billion to fund recurrent and development activities. The equitable share from the national government was Kshs. 786.9 million and own source revenue (OSR) collection of Kshs. 270.47 million. In addition, the County had a cash balance of Kshs. 2.96 billion from FY 2023/24. Notably, the unspent balance from FY 2023/24 includes the equitable share for June 2024, which amounts to Kshs. 740.69 million, which was disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 270.47 million indicates it included Facilities Improvement Financing (FIF) of Kshs. 202.62 million and Kshs.67.86 million as ordinary OSR. Table 3.101 summarises the total revenue available to the county government during the first quarter of FY 2024/25. performance

Table 3.101: Kisii County, Revenue Performance in the First Quarter of FY 2024/25

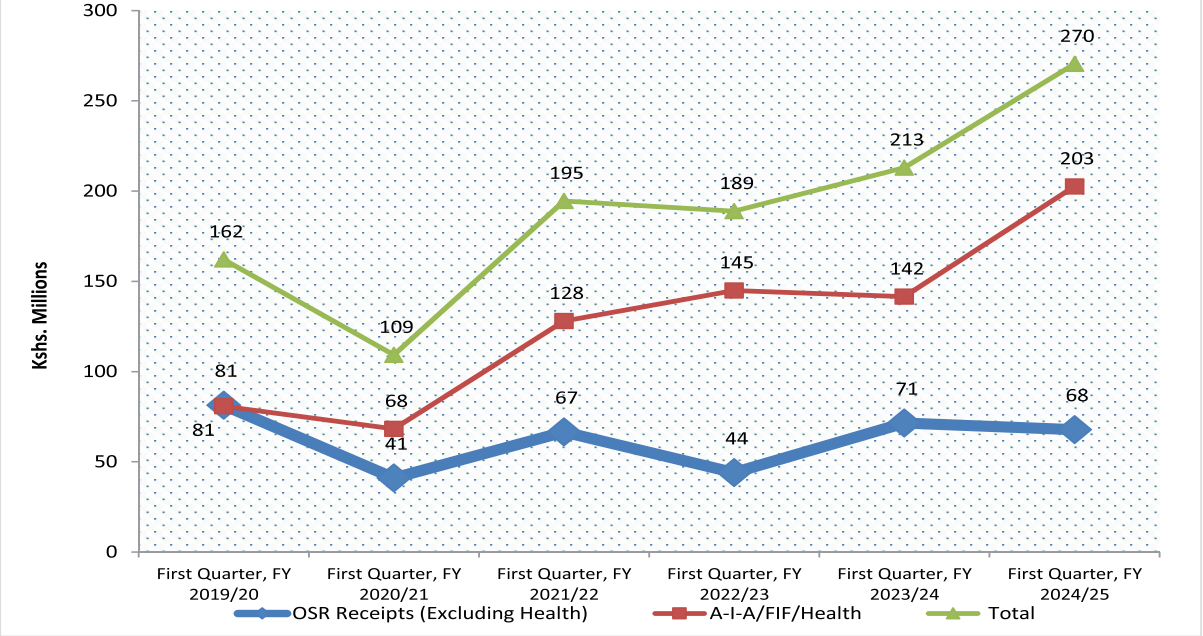
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	**9,605,604,088**	**786,980,032**	**8**
Subtotal		**9,605,604,088**	**786,980,032**	**8**
B	**Additional Allocations**			
	Aquaculture Business Development Programme	21,486,575	-	-
	DANIDA	8,856,000	-	-
	Finance for Locally-Led Climate Action Program (FLLoCA) County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
	Industrial Park	250,000,000	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	KDSP II	37,500,000	-	-
	Community Health Promoters (CHPs)	88,200,000	-	-
	Road Maintenance Levy Fund (RMLF)	179,407,700	-	-
	Institution Grant	35,000,000	-	-
	Allocation for Mineral Royalties	117,616	-	-
	National Agricultural Value Chain Development Project (NAVCD-P)-World Bank Credit	151,515,152	-	-
Subtotal		**783,083,043**	-	-
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	650,000,000	67,859,000	10
	Facility Improvement Fund (FIF)	1,561,193,565	202,615,361	13
Subtotal		**2,211,193,565**	**270,474,361**	**12**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	3,494,246,792	2,960,595,298	85
Sub Total		**3,494,246,792**	**2,960,595,298**	**85**
Grand Total		**16,094,127,488**	**4,018,049,691**	**25**

Source: *Kisii County Treasury*

Figure 61 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 61: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25

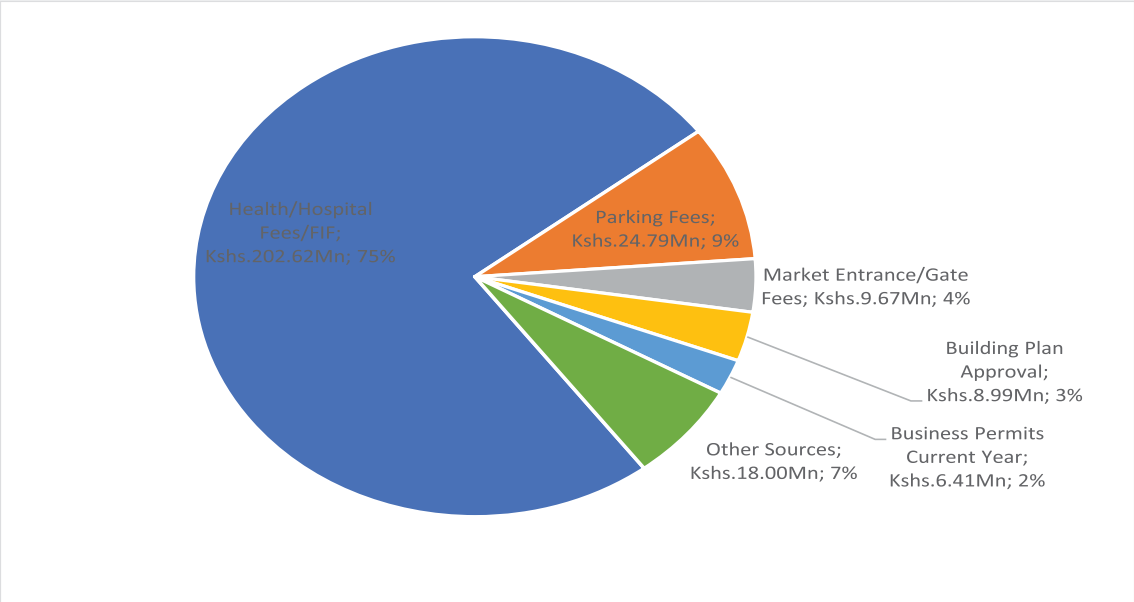


Source: *Kisii County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.270.47 million from its revenue sources, including FIF. This amount was an increase of 21 per cent compared to Kshs.213 million realised in a similar period in FY 2023/24 and was 12 per cent of the annual target and 34 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 62.

Figure 62: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Kisii County Treasury*

The highest revenue stream, Kshs.202.62 million, was from Health/Hospital Fees/FIF, contributing 75 per cent of the total OSR receipts during the reporting period.

3.16.3 Borrowing by the County

The County Government borrowed a total of Kshs. 256.27 million from Family Bank comprising of (Kshs. 229.97 million and 26.29 million for July 2024 County Executive and County Assembly net Salary, respectively.

Table 3.102: Borrowings by Kisii County in the first quarter of FY 2024/25

S/NO.	Name of Bank	Borrowing Purpose	Amount of borrowing FY 2024/25	Outstanding Balance as of 30.09.2024	Remarks
1.	Family Bank	July 2024 County Executive Net Salary	229,973,182.30	Nil	Fully Paid
2.	Family Bank	July 2024 County Assembly Net Salary	26,293,551.75	Nil	Fully Paid
Total			**256,266,734.05**		

Source: *Kisii County Treasury*

3.16.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.03 billion from the CRF account during the reporting period for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.983.81 million was released towards employee compensation and Kshs.45.04 million for operations and maintenance expenditure.

As of 30th September 2024, the County Government's cash balance in the CRF account was Kshs.2.78 billion.

3.16.5 County Expenditure Review

The County spent Kshs.1.03 billion on recurrent programmes in the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and 11.4 per cent of the annual recurrent expenditure budget. There was no expenditure on development activities during the reporting period.

3.16.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs 2.31 billion as of 30th June 2024, comprising pending payments by the County Executive of Kshs. 2.26 billion and Kshs. 56.91 million for the County Assembly.

The County Executive's pending bills consist of Kshs.483.53 million for recurrent expenditures and Kshs.1.77 billion for development expenditures. The County Executive and County Assembly did not settle any pending bills during the reporting period.

Therefore, the outstanding bills were Kshs.2.31 billion as of 30th September 2024.

3.16.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.876.88 million on employee compensation. Similarly, the County Assembly spent Kshs.106.93 million on employee compensation and Kshs.45.04 million on operations and maintenance, as shown in Table 3.103.

Table 3.103: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,897,667,648**	**1,124,637,995**	**876,879,492**	**151,971,312**	**11**	**10**
Compensation to Employees	5,877,304,081	651,402,051	876,879,492	106,928,212	15	16
Operations and Maintenance	2,020,363,567	473,235,944	-	45,043,100	-	10
Development Expenditure	**5.433,906,045**	**76,722,235**	-	-	-	-
Total	**13,331,573,693**	**1,201,360,230**	**876,879,492**	**151,971,312**	**7**	**13**

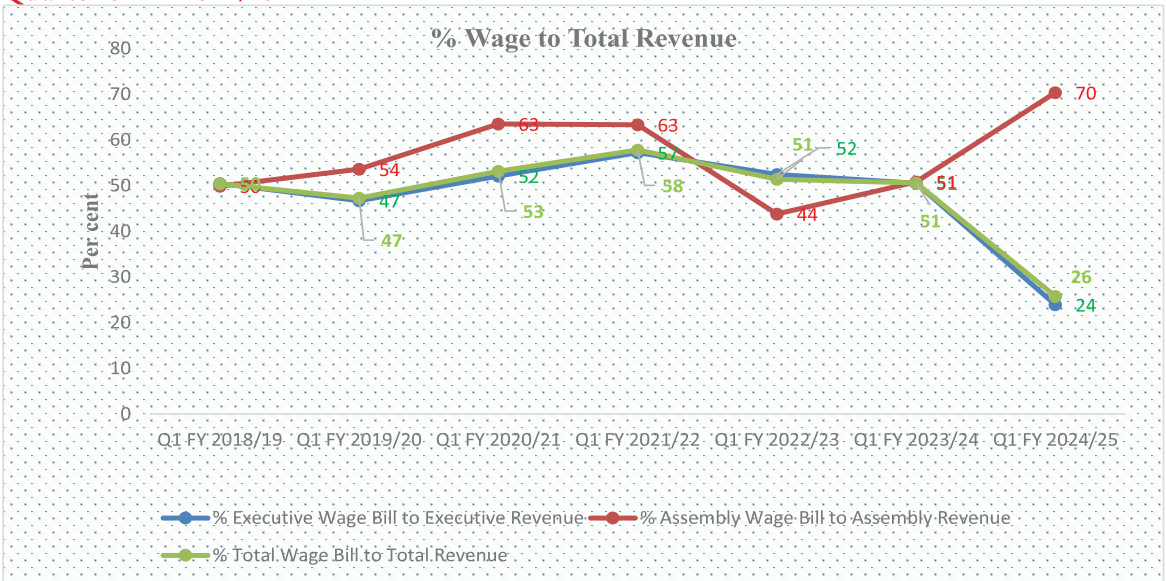
***Source**: Kisii County Treasury*

3.16.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.983.81 million, or 24.5 per cent of the available revenue of Kshs.4.02 billion. This expenditure represented a decrease from Kshs.1.36 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.459.82 million paid to the health sector employees, translating to 47 per cent of the total wage bill.

Figure 63 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 63: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source**: Kisii County Treasury*

Further analysis indicates that entire PE costs amounting to Kshs.983.81 million were processed through the Integrated Personnel and Payroll Database (IPPD).

The County Assembly spent Kshs.11.36 million on committee sitting allowances for the 71 MCAs against the annual budget allocation of Kshs.65 million. The average monthly sitting allowance was Kshs.53,334.74 per MCA. The County Assembly had 20 House committees.

3.16.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.1.85 billion to county-established funds in FY 2024/25, or 12 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.104 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.104: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Budget Allocation in FY 2024/25 (Kshs.)	Actual Expenditure as of 30th September 2024 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Absorption %	Submission of quarterly financial statements YES/NO
	County Executive					
1.	County Executive Car Loan and Mortgage (Staff) Scheme Fund	-	443,106	85,000,000	-	YES
2.	County Bursary Fund	245,000,000	1,540,000	680,000,000	1%	YES
3.	County Emergency Fund	5,000,000	-	47,000,000	0%	NO
4.	Health Fund (KTRH)	1,250,000,000	95,925,923	-	8%	YES
5.	Health Fund (FIF)	311,000,000	55,385,573	-	18%	YES
6.	Alcoholic Drinks Control fund	43,839,268	4,853,790	-	11%	YES
	County Assembly					
7.	MCAs Car Loan and Mortgage Fund	-	1,937,124	540,000,000	-	YES
	Total	**1,854,839,268**	**160,085,516**	**1,352,000,000**	**9%**	

Source: *Kisii County Treasury*

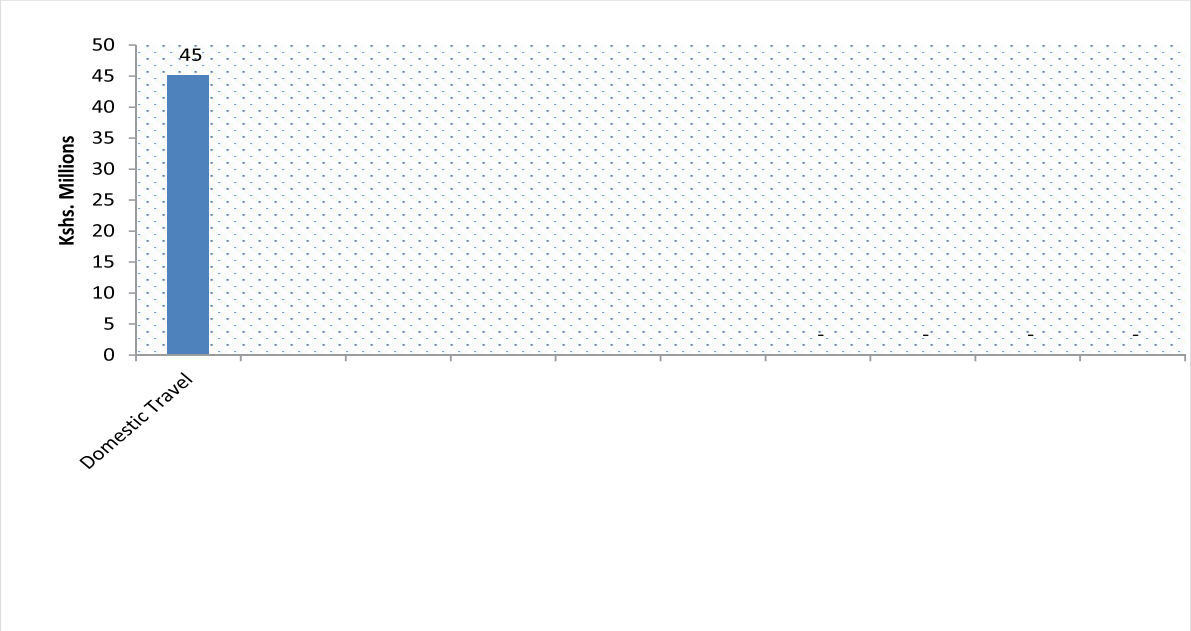
During the reporting period, the CoB did not receive quarterly financial reports from County Emergency Fund Administrators, as indicated in Table 3.104, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.16.10 Expenditure on Operations and Maintenance

Figure 64 summarises the Operations and Maintenance expenditure by major categories.

Figure 64: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisii County Treasury*

Expenditure on domestic travel amounted to Kshs.45.04 million spent by the County Assembly. There was no expenditure on foreign travel.

3.16.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.202.62 million as FIF, which was 13 per cent of the annual target of Kshs.1.56 billion. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.202.62 million, as shown in the Table 3.105-

Table 3.105: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Kisii Teaching and Referral Hospital	1,250,000,000	172,336,992	14
	Sub-County Hospitals	311,193,565	30,278,369	10
	Total	1,561,193,565	**202,615,361**	13

Source: *Kisii County Treasury*

The Health Facility with the highest absorption rate was Kisii Teaching and Referral Hospital (KTRH).

3.16.12 Development Expenditure

The County did not spend on development programmes in the First Quarter of FY 2024/25.

3.16.13 Budget Performance by Department

Table 3.106 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.106: Kisii County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive and Public Service Board	400.11	200	41.47	-	41.47	-	100	-	10	-
Administration And Stakeholder Management	613.03	43.50	77.05	-	77.05	-	100	-	13	-
Finance And Economic Planning	1,188.90	246	87.22	-	87.22	-	100	-	7	-
Agriculture And Co-operative Development	291.11	476.59	7.14	-	7.14	-	100	-	3	-
Energy, Water, Environment and Natural Resources	131.19	708.96	11.63	-	11.63	-	100	-	9	-
Education, Youth Affairs and Social Development	964.86	399.17	108.50	-	108.50	-	100	-	11	-
County Health Services	3,513.90	699.87	459.82	-	459.82	-	100	-	13	-
Lands, Physical Planning and Urban Development	230.10	239.50	13.70	-	13.70	-	100	-	6	-
Roads, Public Works and Transport	255	1,770.31	30.88	-	30.88	-	100	-	12	-
Trade Development, Industry and Tourism	85.67	423.61	11.57	-	11.57	-	100	-	14	-
Culture and Social Services	100.85	86.30	11.46	-	11.46	-	100	-	11	-
Kisii Town Urban Area	107.96	80	15.78	-	15.78	-	100	-	15	-
Ogembo Municipality	14.99	60.10	0.67	-	666.40	-	100	-	4	-
County Assembly	1,124.64	76.72	151.97	-	151.97	-	100	-	14	-
TOTAL	**9,022.31**	**5,510.63**	**1028.85**	**-**	**1,028.85**	**-**	**100**	**-**	**11**	**-**

***Source**: Kisii County Treasury*

Analysis of department expenditures shows that the Kisii Town Urban Area had the highest percentage of recurrent expenditures to budget, at 15 per cent. In contrast, the Department of Agriculture and Co-operative Development had the lowest, at 3 per cent.

3.16.14 Budget Execution by Programmes and Sub-Programmes

Table 3.107 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.107: Kisii County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly	Administration And Support Services	827,043,113	-	115,666,312	-	14	-
	Oversight and Legislative Services	297,594,882	76,722,235	36,305,000	-	12	-
	Sub Total	**1,124,637,995**	**76,722,235**	**151,971,312**	-	**14**	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Executive (Office of the Governor, Deputy Governor, County Secretary and Public Service Board	Administration, Planning and Support Services	326,700,000	200,000,000	41,469,792	-	13	-
	Office of the County Secretary	8,650,000	-	-	-	-	-
	Legal Services	42,570,000	-	-	-	-	-
	Communication Services	3,180,000	-	-	-	-	-
	Governor's Advisors, Service Delivery Unit and Efficiency Monitoring	1,260,000	-	-	-	-	-
	Chief of staff	750,000	-	-	-	-	-
	County Public Service Board	16,384,950	-	-	-	-	-
	County Liaison office	620,000	-	-	-	-	-
	Sub-Total	**400,114,950**	**200,000,000**	**41,469,792**	-	**10**	-
Administration, Corporate Services and Stakeholder Management	Administration, Planning and Support Services	540,853,683	-	70,560,942	-	13	-
	Devolved Units Services	1,400,000	33,300,000	-	-	-	-
	Human Resource Development	1,600,000	-	-	-	-	-
	Enforcement Services	8,456,000	-	-	-	-	-
	Stakeholder Management	39,303,018	-	6,490,322	-	17	-
	Public Participation and Civic Education	2,700,000	-	-	-	-	-
	Disaster Management	9,050,000	10,200,000	-	-	-	-
	Fleet Management	7,300,000	-	-	-	-	-
	Strategy Delivery & Project Management	400,000	-	-	-	-	-
	Special Programmes	1,965,444	-	-	-	-	-
	Sub-Total	**613,028,145**	**43,500,000**	**77,051,264**	-	13	-
Finance and Economic Planning	Administration, Coordination and Support Services	956,453,776	-	75,151,914	-	8	-
	Public Financial management services	85,882,512	-	-	-	-	-
	County Planning Services	146,563,712	246,000,000	12,068,974	-	8	-
	Sub-Total	**1,188,900,000**	**246,000,000**	**87,220,888**	-	**7**	-
Agriculture, Livestock, Fisheries and Co-operative Development	Administration and Support Services	111,024,568	-	-	-	-	-
	Veterinary Services	-	45,145,078	-	-	-	-
	Livestock Development	-	44,659,200	-	-	-	-
	Fisheries development	-	46,656,525	-	-	-	-
	Crop development headquarters	177,931,929	278,434,431	7,139,122	-	4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Kisii Agricultural Training Centre	300,000	48,159,006	-	-	-	-
	Co-operative Development and Management	400,000	4,500,000	-	-	-	-
	Crop development	450,000	5,532,336	-	-	-	-
	Co-operative Audit	-	-	-	-	-	-
	Monitoring and Evaluation	-	-	-	-	-	-
	Agro-processing, Value addition, and Marketing	700,000	500,000	-	-	-	-
	Engineering, Irrigation and Drainage	300,000	3,000,000	-	-	-	-
	Sub-Total	**291,106,497**	**476,586,576**	**7,139,122**	-	**3**	-
Energy, Water, Environment and Natural Resources	Energy Services	-	67,100,000	-	-	-	-
	Environment Management	18,020,000	211,950,000	-	-	-	-
	Water and sanitation services	113,166,382	429,905,963	11,629,542	-	10	-
	Sub-Total	**131,186,382**	**708,955,963**	**11,629,542**	-	**9**	-
Education, Labour and Manpower Development	General Administration and Planning Services	964,859,123	-	108,498,000	-	11	-
	Early childhood development education	-	366,804,478	-	-	-	-
	Vocational training	-	32,366,950	-	-	-	-
	Sub-Total	**964,859,123**	**399,171,428**	**108,498,000**	-	11	-
County Health Services	Medical Services	3,421,154,652	699,871,055	459,821,972	-	13	-
	public health	92,750,000	-	-	-	-	-
	Sub-Total	**3,513,904,652**	**699,871,055**	**459,821,972**	-	13	-
Lands, Physical Planning and Urban Development	Administration, planning and support services	230,100,000	-	13,699,600	-	6	-
	Urban development	-	239,503,308	-	-	-	-
	Land use services	-	-	-	-	-	-
	Sub-Total	**230,100,000**	**239,503,308**	**13,699,600**	-	6	-
Roads, Public Works, Transport and Housing	General administration and planning services	184,700,000	-	19,930,250	-	11	-
	Roads development	-	1,764,306,009	-	-	-	-
	Public works	70,300,000	6,000,000	10,948,416	-	16	-
	Sub-Total	**255,000,000**	**1,770,306,009**	**30,878,666**	-	12	-
Trade, Tourism and Industry	Administration and planning services	79,784,818	423,611,706	11,568,456	-	15	-
	Tourism development	1,113,224	-	-	-	-	-
	Weights and measures	2,775,000	-	-	-	-	-
	Markets Development	2,000,000	-	-	-	-	-
	Sub-Total	**85,673,042**	**423,611,706**	**11,568,456**	-	14	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture and Social Services	Administration and planning services	93,697,345	-	11,456,390	-	12	-
	Cultural services (Council of Elders and Cultural Activities)	1,100,000	2,000,000	-	-	-	-
	Sports development (KICOSCA Games and other Sporting Activities)	5,655,000	84,300,000	-	-	-	-
	Social Development Services (Youth, Women and PWDs)	400,000	-	-	-	-	-
	Liquor Licensing	-	-	-	-	-	-
	Betting, Lotteries and Gaming	-	-	-	-	-	-
	Sub-Total	**100,852,345**	**86,300,000**	**11,456,390**	-	**11**	-
Kisii Municipality	General administration, planning and support services	107,957,337	-	15,779,400	-	15	-
	Infrastructure development	-	80,000,000	-	-	-	-
	Sub-Total	**107,957,337**	**80,000,000**	**15,779,400**	-	15	-
Ogembo Municipality	General administration, planning and support services	14,985,175	-	666,400	-	4	-
	Infrastructure development	-	60,100,000	-	-	-	-
	Sub-Total	**14,985,175**	**60,100,000**	**666,400**	-	4	-
GRAND TOTAL		**9,022,305,643**	**5,510,628,280**	**1,028,850,804**	-	**11**	-

***Source**: Kisii County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Stakeholder Management in the Department of Administration Corporate Services and Stakeholder Management at 17 per cent, Public Works in the Department of Roads Public Works and Transport at 16 per cent, General Administration, Planning and Support Services in the Department of Kisii Municipality at 15 per cent, and Administration and planning services at 15 per cent of budget allocation.

3.16.15 Accounts Operated in Commercial Banks

The County government operated 16 accounts with commercial banks, of which three were for healthcare services.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.16.16 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.67.86 million against an annual target of Kshs.650 million, representing 10 per cent of the yearly target. 2.
2. Development funds were not absorbed during the reporting period. The annual development budget allocation is Kshs.5.51 billion.

3. High pending bills amounted to Kshs.2.31 billion as of 30th September 2024.
4. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for additional allocations and established County Funds.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

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

3. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year.*

4. The *County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.17. County Government of Kisumu

3.17.1 Overview of FY 2024/25 Budget

The Kisumu County Government approved FY 2024/25 budget is Kshs.15.30 billion. It comprised Kshs.5.03 billion (33 per cent) and Kshs.10.27 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.60 billion (12 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.19 billion and a recurrent budget of Kshs.9.51 billion. The increase in the budget was attributed to the rise in the own source revenue estimates.

The Kisumu County Government budget will be financed from different sources of revenue. These include Kshs.8.68 billion (57 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.2.15 billion (14 per cent) as additional allocations, a cash balance of Kshs.669.46 million (4 per cent) brought forward from FY 2023/24, and Kshs.3.80 billion (25 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.926.12 million (24 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.2.88 billion (76 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.108.

3.17.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.65 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.710.75 million, and additional allocations from government and development partners were Kshs.11 million, and its own source revenue (OSR) collection was Kshs.259.36 million. In addition, the County had a cash balance of Kshs.669.46 million from FY 2023/24, which includes Kshs.668.94 million June 2024 Equitable Share that was disbursed in July 2024.

Analysis of the total OSR collection of Kshs.259.36 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.163.76 million and Kshs.95.60 million as ordinary OSR. Table 3.108 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.108: Kisumu County, Revenue Performance in the First Quarter of FY 2024/25

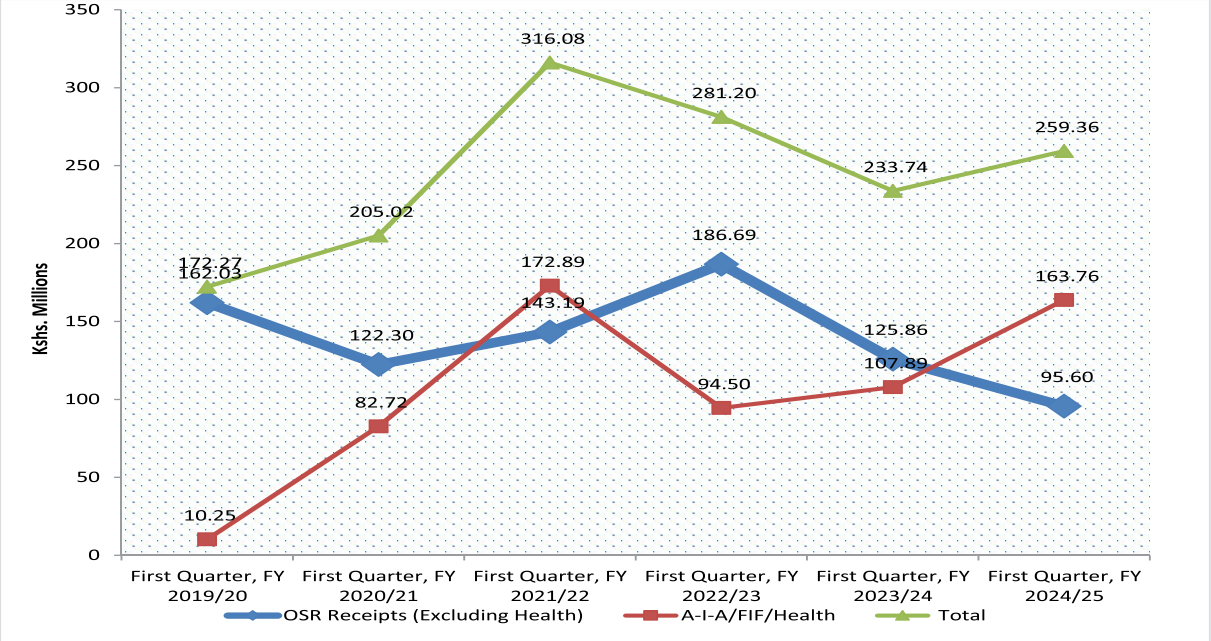
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,681,516,388	710,752,810	8
Subtotal		**8,681,516,388**	**710,752,810**	**8**
B	**Additional Allocations**			
	DANIDA	23,123,790	-	-
	Financing Locally Led Climate Action Plan (FLLOCA)	490,984,978	11,000,000	2
	KISIP	840,000,000	-	-
	IDA -World Bank Credit to Finance Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-
	Aquaculture Business Development Project (ABDP)	15,407,244	-	-
	PRACTICE	37,227,907	-	-
	Conditional Grant for Aggregated Industrial Programme	150,000,000	-	-
	Allocation for Court Fines	66,912	-	-
	KDSP	38,156,709	-	-
	Community Health Promoters	70,459,609	-	-
	Transfer of Museum Function	6,350,388	-	-
	RMLF	196,615,319	-	-
	Change-Maker	30,000,000	-	-
	KABDP	21,918,919	-	-
	KUSP	36,634,916	-	-
	Youth Polytechnics	7,516,000	-	-
	Kenya Dairy Enterprise Development	400,391	-	-
	NAVCDP	6,020,200	-	-
	Transforming Health Centre	544,976	-	-
	Equalization Fund	23,603,602	-	-
Sub Total		**2,146,547,012**	**11,000,000**	**0.5**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	2,877,951,100	95,598,849	3
	Appropriation in Aid (A-I-A)	-	-	-
	Facility Improvement Fund (FIF)	926,122,000	163,759,824	18
Sub Total		**3,804,073,100**	**259,358,673**	
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	669,458,992	669,458,992	100
	Other Revenues (provide a list)			
Sub Total		**669,458,992**	**669,458,992**	**100**
Grand Total		**15,301,595,492**	**1,650,570,475**	**11**

Source: *Kisumu County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 65 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 65: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

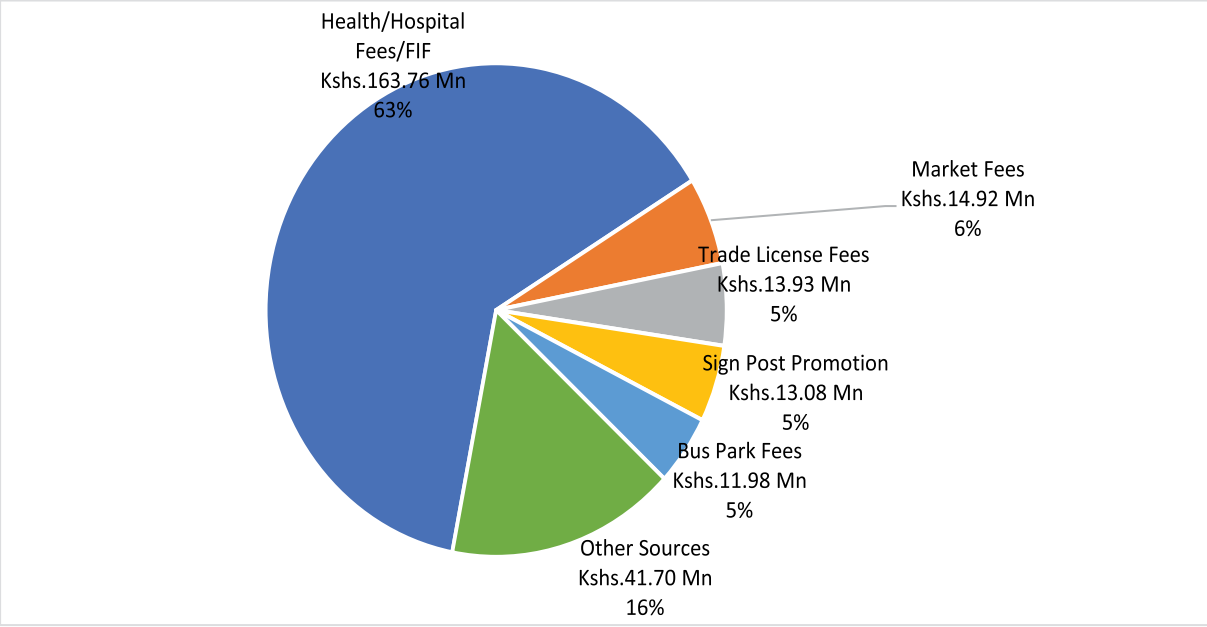


Source: *Kisumu County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.259.36 million from its sources of revenue, including AIA and FIF. This amount a decreased by 8.1 per cent compared to Kshs.280.40 million realised in a similar period in FY 2023/24. This was 6.8 per cent of the annual target and 18.8 per cent of the equitable revenue share disbursed. The OSR does not include revenue arrears and penalties charged on fees and levies from previous financial years.

The revenue streams which contributed the highest OSR receipts are shown in Figure 66.

Figure 66: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Kisumu County Treasury

The highest revenue stream, Kshs.163.76 million, was from the Health Fees/Facility Improvement Fund, which contributed 63.0 per cent of the total OSR receipts during the reporting period.

3.17.3 Borrowing by the County

The County Government (Executive) borrowed Kshs.449.50 million from Kenya Commercial Bank, which was approved by the County Executive. The borrowing was to pay salaries for the county staff whenever there is a delay in the release of cash disbursements to counties from the National Treasury. The outstanding amount as of 30 September 2024 is Kshs.449.50 million.

3.17.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.18 billion from the CRF account comprised Kshs.16.64 million (1.7 per cent) for development programmes and Kshs.1.16 billion (98.3 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.971.90 million was released towards employee compensation and Kshs.190.13 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 305.58 million.

3.17.5 County Expenditure Review

The County spent Kshs.1.51 billion on development and recurrent programmes in the reporting period. This expenditure represented 128.0 per cent of the total funds released by the CoB and comprised Kshs.16.64 million and Kshs.1.49 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.3 per cent, while recurrent expenditure represented 14.5 per cent of the annual recurrent expenditure budget.

3.17.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.3.47 billion as of 30 June 2024, comprising pending payments by the county executive of Kshs.3,32 billion and Kshs.145.31 million for the county assembly.

The County Executive's pending bills consist of Kshs.1.71 billion for recurrent expenditures and Kshs.1.62 billion for development expenditures. The County Executive settled pending bills amounting to Kshs.627.10 million in the reporting period, which consisted of Kshs.610.46 million for recurrent expenditure and Kshs.16.64 million for development programmes, while the County Assembly settled pending bills worth Kshs.82.98 million. Therefore, the outstanding bills were Kshs.2.76 million as of 30 September 2024.

3.17.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.1.39 billion on employee compensation, Kshs.18.74 million on operations and maintenance, and Kshs.16.64 million on development activities. Similarly, the County Assembly spent Kshs.38.03 million on employee compensation, Kshs.45 million on operations and maintenance, and Kshs.0 million on development activities, as shown in Table 3.109.

Table 3.109: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**9,263,446,003**	**1,008,619,656**	**1,411,076,341**	**83,028,057**	**15**	**8**
Compensation to Employees	5,132,805,090	336,490,356	1,392,334,542	38,028,057	27	11
Operations and Maintenance	4,130,640,913	672,129,300	18,741,799	45,000,000	0.5	7
Development Expenditure	**4,929,529,832**	**100,000,000**	**16,642,083**	-	**0.3**	**0**
Total	**14,192,975,835**	**1,108,619,656**	**1,427,718,424**	**83,028,057**	**10**	**8**

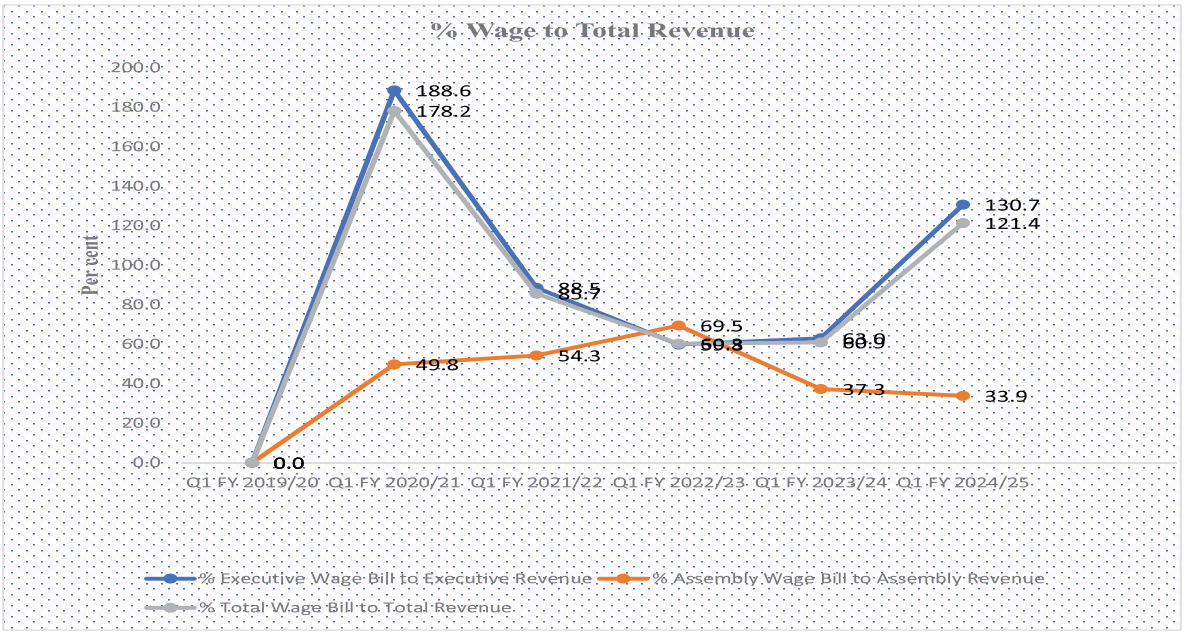
***Source**: Kisumu County Treasury*

3.17.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.43 billion, or 61.7 per cent of the available revenue of Kshs.2.32 billion. This expenditure represented an increase from Kshs.1.28 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.229 million paid to the health sector employees, translating to 16.0 per cent of the total wage bill.

Figure 67 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 67: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Kisumu County Treasury

Further analysis indicates that PE costs amounting to Kshs.1.31 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.121.75 million was processed through manual payrolls. The manual payrolls accounted for 8.4 per cent of the total PE cost.

The County Assembly spent Kshs.12.10 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.60.75 million. The average monthly sitting allowance was Kshs.84,053 per MCA. The County Assembly had 23 House Committees.

3.17.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.220 million to county-established funds in FY 2024/25, or 1.4 per cent of the County's overall budget. Further, the County allocated Kshs.150 million to the Emergency Fund (1.0 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.110 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.110: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25(Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Kisumu County Bursary Fund	205,000,000	-	-	-	No
	County Assembly Established Funds					
	Kisumu County Assembly Car Loan and Mortgage Fund	15,000,000	-	-	410,464,000	No
	Total	**220,000,000**	-	-	-	-

Source: *Kisumu County Treasury*

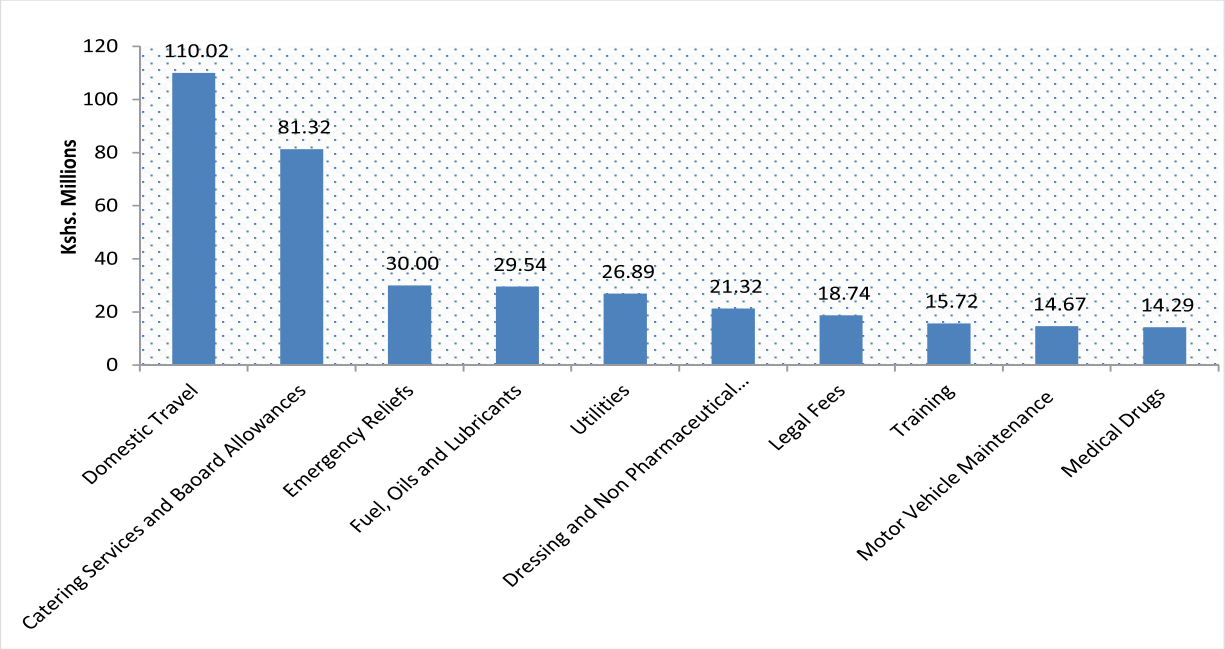
During the reporting period, the CoB did not receive quarterly financial reports from Kisumu County Bursary Fund and Kisumu County Assembly Car Loan and Mortgage Fund Administrators, as indicated in Table 3.110, contrary to the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Kisumu County Bursary and Kisumu County Assembly Car Loan and Mortgage Funds, therefore, could not be established whether they were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.17.10 Expenditure on Operations and Maintenance

Figure 68 summarises the Operations and Maintenance expenditure by major categories.

Figure 68: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisumu County Treasury*

Expenditure on domestic travel amounted to Kshs.110.02 million and comprised Kshs.64.51 million spent by the County Assembly and Kshs.45.51 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.12 million, which the County Executive incurred. Expenditure on foreign travel is summarised in Table 3.111.

Table 3.111: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	31st May to 11th July, 2024	Various Meetings	USA	2,762,740
County Executive	4	13th - 19th October, 2024	ESAMI Training	Uganda	1,336,970
County Executive	1	5th -15th September, 2024	Attend 11th C-Suite Seminar	Singapore	1,007,040
County Executive	1	8th -15th October, 2024	Attend Endless Mountain Mercy	Pennsylvania, USA	871,494
County Executive	1	1st -5th June, 2024	Official Meeting	Mauritania	759,565
County Executive	1	23rd -29th October, 2024	Attend Events for Sub-National	Colombia	601,700
County Executive	4	30 August, 2024	Thanksgiving Ceremony	(West Buganda Central) Uganda	487,567

Source: Kisumu County Treasury

The operations and maintenance costs include nil expenditure on garbage collection and Kshs.18.74 million on Legal fees/Dues, arbitration and compensation payments expenditure for legal fees.

3.17.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.163.76 million as FIF, which was 18 per cent of the annual target of Kshs.926.12 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.17.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.16.64 million on development programmes, representing a decrease of 88 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.138.63 million. Table 3.112 summarises development projects with the highest expenditure in the reporting period.

Table 3.112: Kisumu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs.)	Implementation status (%)
1	Finance, Economic Planning and ICT Services	Proposed Construction of Kisumu County Official Governor's Residence Phase 11	Kisumu Central	52,097,705	49,119,263	94.3

Source: *Kisumu County Treasury*

3.17.13 Budget Performance by Department

Table 3.113 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.113: Kisumu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Physical Planning, Lands, Housing and Urban Development	151.02	943.30	-	-	-	-	-	-	-	-
Agriculture, Livestock, Food and Fisheries	81.86	291.20	-	-	-	-	-	-	-	-
City of Kisumu	195.10		9.50	-	6.47	-	68.1	-	3.3	-
County Assembly of Kisumu	1,008.62	100	113.38	-	83.03	-	73.2	-	8.2	-
County Public Service Board	48.30	-	2.05	-	1.06	-	52.0	-	2.2	-
Education, Technical Training, Innovation and Social Service	325	213.72	-	-	-	-	-	-	-	-
Infrastructure, Energy and Public Works	112	989.23	-	-	2.95	-	-	-	2.6	-
Finance, Economic Planning and ICT Services	1,032.55	1,023.60	33.03	16.64	35.24	16.64	106.7	100.0	3.4	1.6
Trade, Tourism, Industry and Marketing	53.98	174.20	-	-	-	-	-	-	-	-
Medical Services, Public Health and Sanitation	1,212.71	123.65	-	-	-	-	-	-	-	-
Sports, Culture, Gender and Youth Affairs	93.38	43.50	-	-	7.88	-	-	-	8.4	-
Water, Environment, Natural Resources and Climate Change	83.98	615.43	11	-	1.57	-	14.2	-	1.9	-
Public Service, County Administration and Participatory Development	5,873.54	35	993.08	-	1,355.91	-	136.5	-	23.1	-
	10,272.07	5,029.53	1,162.04	16.64	1,494.10	16.64	128.6	100.0	14.5	0.3

***Source**: Kisumu County Treasury*

Analysis of department expenditure shows that the Department of Finance, Economic Planning and ICT Services recorded the highest absorption rate of its development budget at 1.6 per cent. It was the only department with a development expenditure during the period under review. The Department of Public Service, County Administration and Participatory Development had the highest percentage of recurrent expenditure to budget at 23.1 per cent, while the Departments of Physical Planning, Lands, Housing and Urban Development; Agriculture, Livestock, Food and Fisheries; Education, Technical Training, Innovation and Social Services; Trade, Tourism, Industry and Marketing; and Medical Services, Public Health and Sanitation had the lowest at 0.0 per cent.

The County Executive's recurrent expenditures are within the ceilings in CARA 2024. However, the County Assembly's recurrent expenditures exceed the ceilings due to budget allocation for the Kisumu County Assembly Car Loan and Mortgage and the balance carried over to cater for pending bills.

3.17.14 Budget Execution by Programmes and Sub-Programmes

Table 3.114 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.114: Kisumu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub - Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Physical Planning, Lands, Housing and Urban Development							
Urban Planning and Development Control	Urban Planning and Development	59,741,680	100,000,000	7,773,500	-	13.0	-
County Survey Services	County Survey Services	10,000,000	-	-	-	-	-
	Sub Total	**69,741,680**	**100,000,000**	**7,773,500**		11.1	-
Physical Planning Services	Physical Planning Services	38,364,100	-	8,151,100		21.2	-
	County Housing Management	10,000,000	-	-	-	-	-
	Sub Total	**48,364,100**	**0**	**8,151,100**		16.9	-
	Total	**118,105,780**	**100,000,000**	**15,924,600**		13.5	-
Agriculture, Livestock, Food and Fisheries							
Agriculture Productivity Improvement	Management of Stations	76,682,070	521,034,321	6,612,755	5,246,800	8.6	1.0
	Management of Agriculture Advisory Services	10,516,538	-	2,901,000	-	27.6	-
	Promotion of Crop production value Chains	1,185,100	-	-	-	-	-
	Promotion of Livestock Production Value Chains	6,740,000	-	-	-	-	-
	Development of product quality Assurance	276,500	-	-	-	-	-
	Agriculture Sector Planning and Management	102,725	-	-	-	-	
	Sub Total	**95,502,933**	**521,034,321**	**9,513,755**	**5,246,800**	10.0	1.0
Agriculture Productivity Improvement	Agriculture Credit Access	396,550	-	-	-	-	-
	Agriculture Input Access	54,350	-	-	-	-	-
	Sub Total	**450,900**	**0**	**0**	**0**	-	-
Promotion of Market Access and Products Development	Promotion of Agribusiness	133,000	-	-	-	-	-
	Promotion of Value Addition	318,750	-	91,000	-	28.5	-
	Sub Total	**451,750**	**0**	**91,000**	**0**	20.1	-
	Total	**96,405,583**	**521,034,321**	**9,604,755**	**5,246,800**	10.0	1.0
County Assembly of Kisumu							
Administration, Planning and Services	Financial Services	78,801,053	-	13,485,820.10	-	17.1	-
	Sub Total	**78,801,053**	-	**13,485,820**	-	17.1	-

Programme	Sub - Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
ICT Services	ICT Services	11,078,568	-	1,378,092	-	12.4	-
	Sub Total	**11,078,568**		**1,378,092**		12.4	-
General Administration and Services	General Administration	350,137,244	100,000,000	83,219,981.50		23.8	-
	Human Resource Development Services	185,056,884	-	46,612,986	-	25.2	-
	Sub Total	**535,194,128**	**100,000,000**	**129,832,968**	-	24.3	-
Public Financial Management	Budget Formulation and Coordination	8,442,346	-	1,689,324.30	-	20.0	-
	Sub Total	**8,442,346**	-	**1,689,324**	-	20.0	-
Legislation, Oversight and Services	Legislation and Oversight Services	156,060,629	-	29,935,858	-	19.2	-
	Policy Services (Speaker's Office)	47,344,118	-	20,571,393.70	-	43.5	-
	Sub Total	**203,404,747**	-	**50,507,252**	-	24.8	-
County Assembly Service Board	SP2 Committee Services	152,517,650	-	29,935,858	-	19.6	-
Representation and Public Participation	Representation and Public Participation	119,181,164	-	20,571,393.70	-	17.3	-
	Sub Total	**271,698,814**	-	**50,507,252**	-	18.6	-
	Total	**1,108,619,656**	**100,000,000**	**247,400,707**	-	22.3	-
County Public Service Board							
Human Resource Recruitment and Development	Human Resource Recruitment and Development	5,258,729,404	-	2,027,913,157	-	38.6	-
General Administration and Support Services	General Administration and Support Services	423,479,662	511,700,000	87,326,537	-	20.6	-
Promotion of Values and Principles	Promotion of Values and Principles	1,700,000	-	-	-	-	-
	Sub Total	**5,683,909,066**	**511,700,000**	**2,115,239,694**	-	37.2	-
Education, Technical Training, Innovation and Social Service							
Early Child Education Management	Early Child Education	253,272,500	83,600,000	755,150	-	0.3	-
	Sub Total	**253,272,500**	**83,600,000**	**755,150**	-	0.3	-
Youth Training and Development	Youth Polytechnic Services	48,500,000	7,800,000	750,200	-	1.5	-
	Youth Training Facilities	8,898,000	4,000,000	477,300	-	5.4	-
	Sub Total	**57,398,000**	**11,800,000**	**1,227,500**	-	2.1	-
Pre-Primary Policy Legislation	Pre-Primary Policy Legislation	149,144,600	-	22,385,216	-	15.0	-

Programme	Sub - Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Sub Total	**149,144,600**	**0**	**22,385,216**	-	15.0	-
Youth Training and Legislation	Youth Training and Legislation	2,160,000	118,316,000	70,200	22,256,250	3.3	18.8
	Sub Total	**2,160,000**	**118,316,000**	**70,200**	**22,256,250**	3.3	18.8
	Total	**461,975,100**	**213,716,000**	**24,438,066**	**22,256,250**	5.3	10.4
Infrastructure, Energy and Public Works							
County Roads and Public Works Management	General Administration and Planning	152,982,279	943,300,000	16,575,713	21,000,000	10.8	2.2
	Road Construction and Maintenance Services	40,000,000	760,126,000	5,390,400	-	13.5	-
	Sub Total	**192,982,279**	**1,703,426,000**	**21,966,113**	**21,000,000**	11.4	1.2
Roads General Administration and Planning	Public Works	1,750,000	150,000,000	-	-	-	-
	Mechanical Engineering Services	32,490,000	-	7,797,587	-	24.0	-
	Sub Total	**34,240,000**	**150,000,000**	**7,797,587**	**0**	22.8	-
	Total	**227,222,279**	**1,853,426,000**	**29,763,700**	**21,000,000**	13.1	1.1
Finance, Economic Planning and ICT Services							
Administration, Planning and Support Services	Administrative Services	663,900,000	923,603,602	73,305,224.60	298,934,116.20	11.0	32.4
	Sub Total	**663,900,000**	**923,603,602**	**73,305,225**	**298,934,116**	11.0	32.4
Public Financial Management	Revenue Mobilisation	75,000,000	-	23,241,249	-	31.0	-
	Assets Management	9,400,000	-	651,100	-	6.9	-
	Management of public financial Resources	16,000,000	-	3,467,000	-	21.7	-
	Budget Formulation and Coordination	53,071,709	-	8,089,328	-	15.2	-
	Sub Total	**153,471,709**	**0**	**35,448,677**	**0**	23.1	-
County Planning and Development Coordination Services	Policy Formulation and Planning	30,000,000	-	5,849,061	-	19.5	-
	Monitoring and Evaluation	23,094,200	-	3,466,374	-	15.0	-
	Statistics	10,000,000	-	1,806,693	-	18.1	-
	Sub Total	**63,094,200**	**0**	**11,122,128**	**0**	17.6	-
County Communication and ICT Services	Management of Information Systems	4,625,000	-	-	-	-	-
	Sub Total	**4,625,000**	**0**	**0**	**0**	-	-

Programme	Sub - Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Representation Services and Public Participation	Public Participation Services	9,327,600	-	1,465,490	-	15.7	-
	Sub Total	**9,327,600**	**0**	**1,465,490**	**0**	15.7	-
County Planning and Development Coordination Services	County Planning and Development Coordination Services	31,830,000	-	3,956,500	-	12.4	-
	Sub Total	**31,830,000**	**0**	**3,956,500**	**0**	12.4	-
ICT Services	ICT Services	39,000,000		13,550,716		34.7	-
	Sub Total	**39,000,000**	**0**	**13,550,716**	**0**	34.7	-
Management of County Affairs and Special Programmes	Emergency Relief, Disaster Management and Control	22,160,000	-	7,793,474	-	35.2	-
	Inter-Government Coordination and Protocol	9,827,600	-	1,623,004	-	16.5	-
	Sub Total	**31,987,600**	**0**	**9,416,478**	**0**	29.4	-
	Total	**997,236,109**	**923,603,602**	**148,265,214**	**298,934,116**	14.9	32.4
Trade, Tourism, Industry and Marketing							
General Administration and Policy-Making Services	Infrastructure Development	1,964,071	-	439,300	-	22.4	-
	Trade Support Services	1,740,000	0	29,000	-	1.7	-
	Entrepreneurial Training and Business	2,393,020	24,200,000	-	-	-	-
	Sub Total	**6,097,091**	**24,200,000**	**468,300**	**0**	7.7	-
Enterprise Development	Business Development Services	827,208	150,000,000	-	-	-	-
	Sub Total	**827,208**	**150,000,000**	**0**	**0**	-	-
Regulation and Verification of Weights	Verification and calibration of Weighing Equipment	2,625,000	-	181,500		6.9	-
	Sub Total	**2,625,000**	**0**	**181,500**	**0**	6.9	-
Tourism Development and Management	Tourism Development	3,177,337	-	18,900	-	0.6	-
	Tourism Event Management	5,588,589	-	150,700	-	2.7	-
	Sub Total	**8,765,926**	**0**	**169,600**	**0**	1.9	-
Administration, Planning and Support	Administration Planning	43,560,000	-	2,997,970	-	6.9	-
	Sub Total	**43,560,000**	**0**	**2,997,970**	**0**	6.9	-
Cooperative Development and Management	Cooperative Governance	1,925,000	-	18,900	-	1.0	-
	Policy Development	11,613,000	-	930,000	-	8.0	-

Programme	Sub - Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Sub Total	**13,538,000**	**0**	**948,900**	**0**	7.0	-
	Total	**75,413,225**	**174,200,000**	**4,766,270**	**0**	6.3	-
Medical Services, Public Health and Sanitation							
Medical and bio-medical Services	County and Sub-County Hospital Services	110,321,698	123,650,000	-	-	-	-
	Sub Total	110,321,698	123,650,000	**0**	**0**	-	-
Preventive and Promotive Health Services	Environmental Health and Sanitation	31,375,000	-	3,000,000	-	9.6	-
	Disease Surveillance	255,000	-	-	-	-	-
	Health Promotion Services	7,625,000	-	-	-	-	-
	Sub Total	**39,255,000**	**0**	**3,000,000**	**0**	7.6	-
Health Curative Services	Reproductive Health	450,000	-	-	-	-	-
	Sub Total	**450,000**	**0**	**0**	**0**	-	-
Health Sector Support Programme (DANIDA)	Health Promotion Services	32,578,766	-	12,603,790	-	38.7	-
	Sub Total	**32,578,766**	**0**	**12,603,790**	**0**	38.7	-
Jaramogi Oginga Odinga Teaching and Referral Hospital	Jaramogi Oginga Odinga Teaching and Referral Hospital	650,000,000	-	-	-	-	-
	Sub Total	**650,000,000**	**0**	**0**	**0**	-	-
Kisumu County Referral Hospital	Kisumu County Referral Hospital	59,870,067	-	-	-	-	-
	Sub Total	**59,870,067**	**0**	**0**	**0**	-	-
Routine Nutritional Survey	Routine Nutritional Survey	400,000	-	-	-	-	-
	Sub Total	**400,000**	**0**	**0**	**0**	-	-
	Total	**892,875,531**	**123,650,000**	**15,603,790**	**0**	1.7	-
Sports, Culture, Gender and Youth Affairs							
Gender and Social Development	Gender and Disability mainstreaming	5,925,000	-	-	-	-	-
	Social Development Facilities	498,000	-	-	-	-	-
	Sub Total	**6,423,000**	**0**	**0**	**0**	-	-
Sports Management and Development	Talent Development	8,240,721	-	-	--	-	-
	Sub Total	**8,240,721**	**0**	**0**	**0**	-	-

Programme	Sub - Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture and Heritage Development	Culture and Heritage	3,400,000	-	1,524,000	-	44.8	-
	Artistic Talent Development	3,345,000	-	300,000	-	9.0	-
	Sub Total	**6,745,000**	**0**	**1,824,000**	**0**	27.0	-
	Total	**21,408,721.0**	**0.0**	**1,824,000.0**	**0.0**	8.5	-
Water, Environment, Natural Resources and Climate Change							
Conservation and Management of Natural Ecosystems	Water Resources and Sewerage Services	47,200,000	-	-	-	-	-
	Sustainable Access to Safe Water	2,817,208	-	-	-	-	-
	Water Resources and Sewerage Services	5,329,763	94,400,000	627,000		11.8	-
	Sub Total	**55,346,971**	**94,400,000**	**627,000**	**0**	1.1	-
Promotion of Sustainable Land Use	Promotion of Soil and Water Management	404,250	-	124,600	-	30.8	-
	Promotion of Mechanisation	352,500	-	-	-	-	-
	Sub Total	**756,750**	**0**	**124,600**	**0**	16.5	-
Energy Production	Energy	4,200,000	79,100,000	0	-	-	-
	Climate Change	6,820,000		2,456,280	-	36.0	-
	Sub Total	**11,020,000**	**79,100,000**	**2,456,280**	**0**	22.3	-
Mining Efficiency	Mining Efficiency	385,160	-	12,000	-	3.1	-
Resource Mobilisation	Resource Mobilisation	43,940,000	-	11,540,832	-	26.3	-
	Sub Total	**44,325,160**	**0**	**11,552,832**	**0**	26.1	-
Environmental Planning and Management	Environmental Conservation of Natural Resources	275,800	-	79,600	-	28.9	-
	Solid Waste Management	4,148,760	-	512,600	-	12.4	-
	Sub Total	**4,424,560**	**0**	**592,200**	**0**	13.4	-
Pollution Control	Pollution Control	1,410,700	-	100,000	-	7.1	-
	Sub Total	**1,410,700**	**0**	**100,000**	**0**	7.1	-
	Total	**117,284,141**	**173,500,000**	**15,452,912**	**0**	13.2	-
Public Service, County Administration and Participatory Development							
Public Service, County Administration and Participatory Development	Planning and Coordination Services	86,428,211	43,500,000	3,988,849	-	4.6	-
	Planning and Administration	54,913,271	291,199,910	3,310,287	29,936,492	6.0	10.3
	Sub Total	**141,341,482**	**334,699,910**	**7,299,136**	**29,936,492.40**	5.2	8.9

Programme	Sub - Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration and Planning Services	Administration and Formulation of County Policy	20,000,000	-	3,080,200	-	15.4	-
	Development and Management of County Administrative Systems	43,927,168	-	5,505,191	-	12.5	-
	Human Resource Development Services	1,314,600	-	50,000	-	3.8	-
	Social Responsibility Including Civic and Public Engagement	6,375,000	-	-	-	-	-
	Sub Total	**71,616,768**	**0**	**8,635,391**	**0**	12.1	-
Inter-Governmental Relations, Communication and Protocol	Governor's Press Service and Communication	28,364,000	-	720,215	-	2.5	-
	Internal Auditing Services	26,500,000		10,630,499		40.1	-
	Sub Total	**54,864,000**	**0**	**11,350,714**	**0**	20.7	-
General Administration and Planning Services	Governance and Leadership	353,388,218	-	63,172,355	-	17.9	-
	Sub Total	**353,388,218**	**0**	**63,172,355**	**0**	17.9	-
	Total	**621,210,468**	**334,699,910**	**90,457,596**	**29,936,492**	14.6	8.9
	Grand Total	**10,272,065,659.0**	**5,029,529,833.0**	**2,718,741,304.0**	**377,373,658.6**	26.5	7.5

***Source**: Kisumu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were Culture and Heritage in the Department of Sports, Culture, Gender and Youth Affairs at 45 per cent, Policy Services (Speaker's Office) in the Department of the County Assembly of Kisumu at 44 per cent, Intergovernmental Relations, Communications and Protocol in the Department of Public Service, County Administration and Participatory Development at 40 per cent, and Health Promotion Services in the Department of Medical Services, Public Health and Sanitation at 39 per cent of budget allocation.

3.17.15 Accounts Operated in Commercial Banks

The County government operated 23 accounts with commercial banks, of which seven were related to funds.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.17.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 4 November 2024
2. The underperformance of own-source revenue at Kshs.259.36 million against an annual target of Kshs.3.80 billion, representing 6.6 per cent of the yearly target.
3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kisumu County Bursary Fund, Kisumu County Emergency Fund and Kisumu County Assembly Car Loan and Mortgage Fund were not submitted to the Controller of Budget as of 15 October 2024.
4. High level of pending bills which amounted to Kshs.2.76 billion as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.121.75 million were processed through manual payroll, accounting for 8.4 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. Diversion of Funds. The County Treasury diverted funds and engaged in poor budgeting practices, as shown in Table 3.113, where the total allocations and actual expenditures per department are not reconcilable with the corresponding vote books.
7. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for: Kisumu County Education Fund; Kisumu County Emergency Fund; Kisumu County Assembly MCA's and staff Car Loan and Mortgage Fund; Kisumu County Trade Fund; Kisumu County Women Youth and PWD Fund; Kisumu County Executive Car Loan and Mortgage Fund; Kisumu county Emergency Response Fund; and Kisumu Costs and Contingency Fund among others as indicated in Table 3.110.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The CECM - Finance should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
6. *The County Treasury should improve the vote book and budgetary control to ensure expenditure is within the approved budget.*
7. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.18. County Government of Kitui

3.18.1 Overview of FY 2024/25 Budget

The Kitui County approved FY 2024/25 budget is Kshs.12.96 billion. It comprised Kshs.4.13 billion (31 per cent) and Kshs.8.83 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.06 billion (9 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.58 billion and a recurrent budget of Kshs.8.31 billion. The increase in

the budget was attributed to the rise in projection for additional allocations receipts as well as the balance b/f from FY 2023/24 due to June 2024 disbursement to be received in FY 2024/25

The Kitui County Government budget will be financed from different sources of revenue. These include; Kshs.11.24 billion (87 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.11 billion (9 per cent) as additional allocations, and Kshs.600 million (4.6 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.350.2 million (58 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.249.8 million 42 per cent) as ordinary own-source revenue.

3.18.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.2.85 billion to fund recurrent and development activities. The equitable share from the national government was Kshs. 920.51 million, and the own source revenue (OSR) collection was Kshs. 112.16 million. Additionally, the County had a balance of Kshs. 1.82 billion from FY 2023/24. The balance carried forward from FY 2023/24 includes Kshs. 866.36 million of the June 2024 Equitable Share was disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 112.16 million indicates it included Facilities Improvement Financing (FIF) of Kshs. 72.13 million and Kshs.40.03 million as ordinary OSR. Table 3.115 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

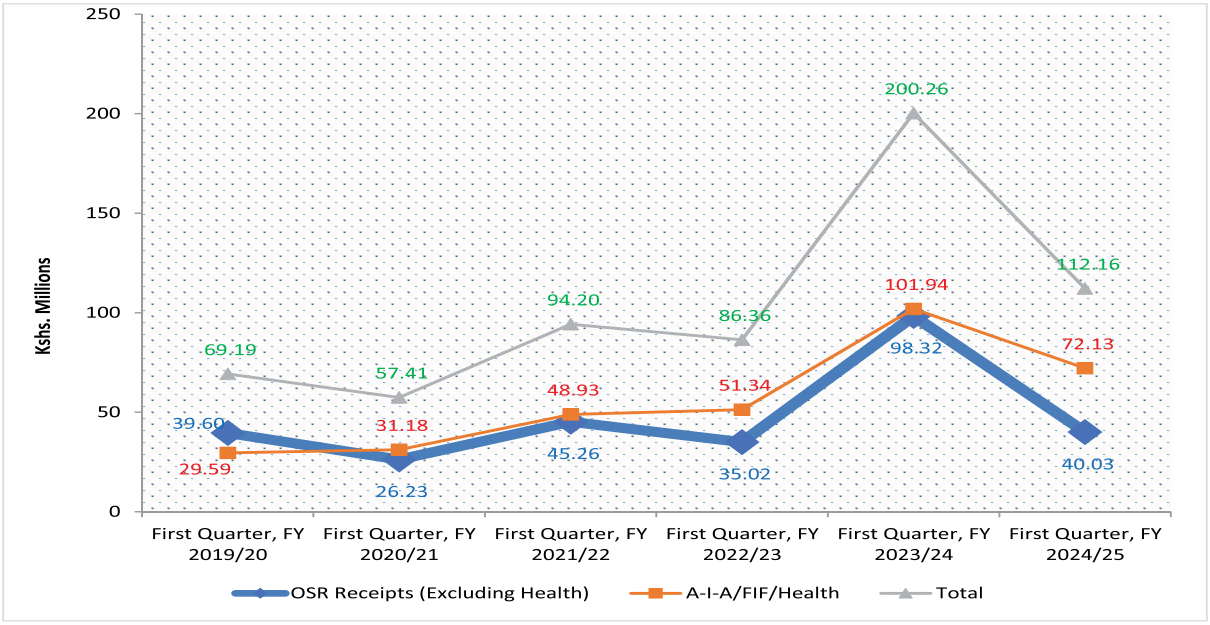
Table 3.115: Kitui County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	11,244,322,462	920,506,390	8
Sub-total		**11,244,322,462**	**920,506,390**	**8**
B	**Additional Allocations**			
	Roads maintenance fuel levy fund	445,098,850	0	0
	Kenya Devolution Support Program II (KDSP II)	37,500,000	0	0
	Emergency Locust Response Project ELRP (World Bank)	121,025,000	0	0
	National Agricultural Value Chain Development project	151,515,152	0	0
	DANIDA	13,601,250	0	0
	County aggregation and industrial park programme	250,000,000	0	0
	Community health promoters	58,050,445	0	0
	Kenya Urban Support Program (KUSP)-UIG	35,000,000	0	0
	Allocation for court fines	50,000	0	0
	Allocation for 20% share of Mineral Royalties	114,279	0	0
Sub-total		**1,111,954,976**	**0**	**0**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	249,800,000	40,029,727	16
	Facility Improvement Fund (FIF)	350,200,000	72,127,600	21
Subtotal		**600,000,000**	**112,157,327**	**19**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	-	1,816,540,156	0
Sub-total		**-**	**1,816,540,156**	**0**
Grand Total		**12,956,277,438**	**2,849,203,873**	**22**

Source: *Kitui County Treasury*

Table shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 69: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



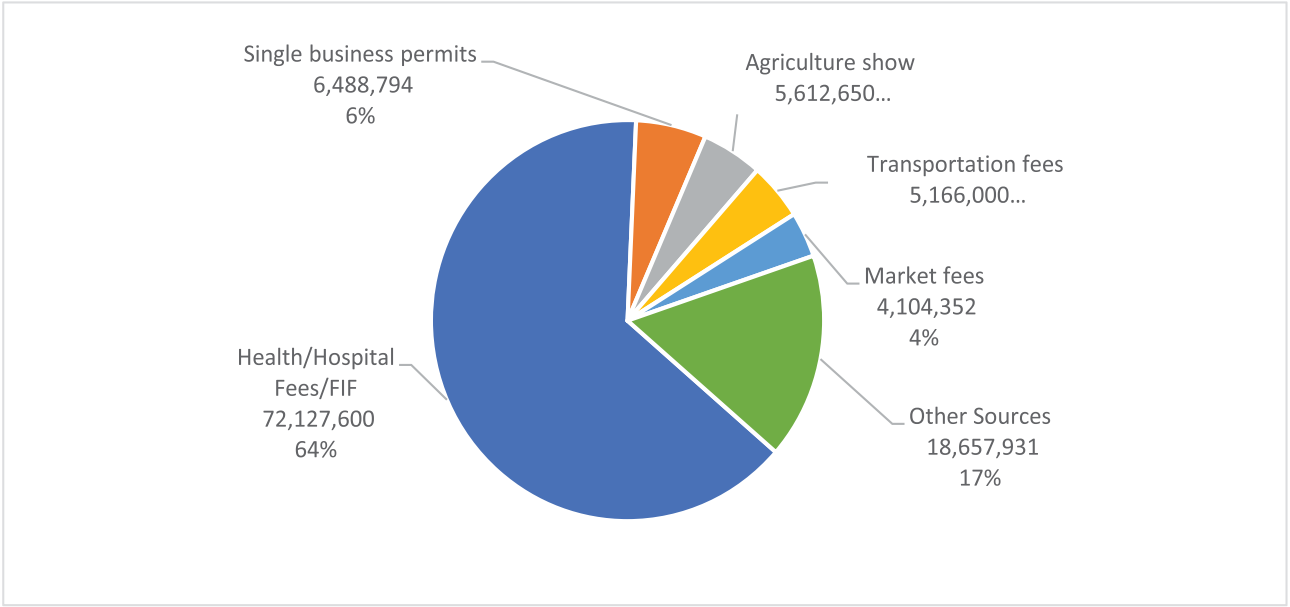
Source: *Kitui County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.112.16 million from its revenue sources, including FIF. This amount was a decrease of 44 per cent compared to Kshs.200.26 million realised in a similar period in FY 2023/24 and was 19 per cent of the annual target and 12 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.2.15 million.

The decrease in OSR can be attributed to the under performance of F-I-F

The revenue streams which contributed the highest OSR receipts are shown in Figure 70.

Figure 70: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Kitui County Treasury

The highest revenue stream, Kshs.72.13 million, was from Hospital fees (FIF), which contributed 64 per cent of the total OSR receipts during the reporting period.

3.18.3 Borrowing by the County

The county government did not submit a report on any borrowing in the reporting period.

3.18.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.94 billion from the CRF account during the reporting period comprised Kshs.35.91 million (1.8 per cent) for development programmes and Kshs.1.907 billion (98.2 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.55 billion was released towards employee compensation and Kshs.361.20 million for operations and maintenance expenditure.

As of September 30, 2024, the county government's cash balance in the CRF account was Kshs. 963.89 million.

3.18.5 County Expenditure Review

The County spent Kshs.1.94 million on development and recurrent programmes in the reporting period. The expenditure represented 99.7 per cent of the total funds released by the CoB and comprised of Kshs. 35.9 million and Kshs.1.90 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.3 per cent, while recurrent expenditure represented 66.8 per cent of the annual recurrent expenditure budget.

3.18.6 Settlement of Pending Bills

The county reported that the pending bills at the beginning of FY 2024/25 amounted to Kshs.393.98 million wholly for the county executive.

The County Executive's pending bills comprised Kshs.293.84 million for recurrent expenditures and Kshs.100.13 million for development expenditures. The County Executive did not settle pending bills during the reporting period. Therefore, the County's total outstanding bills were Kshs.393.98 million as of 30th September 2024.

3.18.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.1.45 billion on employee compensation, Kshs.218.32 million on operations and maintenance, and Kshs.35.91 million on development activities. Similarly, the County Assembly spent Kshs.74.78 million on employee compensation and Kshs.159.04 million on operations and maintenance, as shown in Table 3.116.

Table 3.116: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,762,492,749**	**1,062,587,992**	**1,668,156,282**	**233,813,736**	**21**	**22**
Compensation to Employees	5,090,857,534	468,287,168	1,449,840,065	74,778,373	29	16
Operations and Maintenance	2,671,635,215	594,300,824	218,316,217	159,035,363	8	27
Development Expenditure	**4,093,154,689**	**38,042,008**	**35,910,017**	-	**0.9**	**0**
Total	**11,855,647,438**	**1,100,630,000**	**1,704,066,299**	**233,813,736**	**14**	**21**

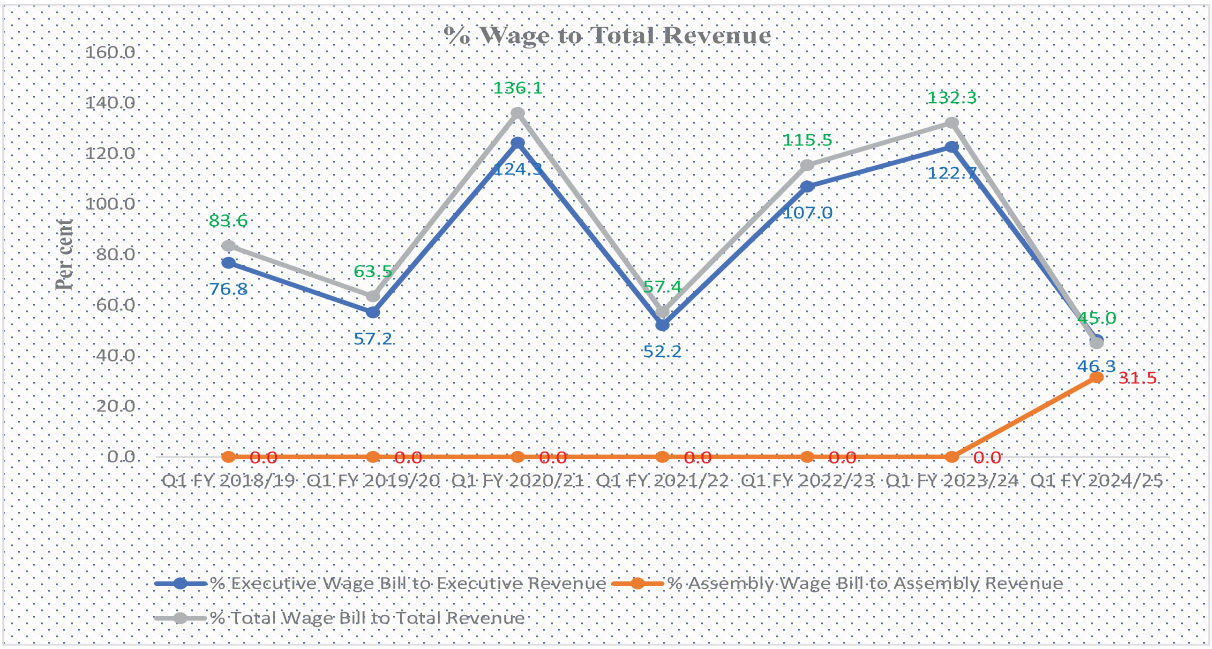
***Source**: Kitui County Treasury*

3.18.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.52 billion, or 54 per cent of the available revenue of Kshs.2.85 billion. This expenditure represented an increase from Kshs.1.32 billion reported in a similar period in FY 2023/24. The increase is attributed to ECD teachers transitioning to Permanent and pensionable. The wage bill included Kshs.1.1 billion paid to the health sector employees, translating to 72 per cent of the total wage bill.

Figure 71 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 71: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Kitui County Treasury

Further analysis indicates that PE costs amounting to Kshs.1.428 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.96.60 million was processed through manual payrolls. The manual payrolls accounted for 6 per cent of the total PE cost.

The County Assembly spent Kshs.4.30 million on committee sitting allowances for the 61 MCAs against the annual budget allocation of Kshs.30.83 million. The average monthly sitting allowance was Kshs.23,110 per MCA. The County Assembly had 22 House committees.

3.18.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.130 million to county-established funds in FY 2024/25, or 1 per cent of the County's overall budget.

Table 3.117 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.117: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Housing loans to public servants	40,000,000	-	-	40,000,000	Yes
	Empowerment funds	-	-		160,000,000	Yes
	County Assembly Established Funds					
	Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund	-	-	-	130,887,928	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	Kitui County Assembly Service Board Employees' Car Loan & Mortgage Fund	-	-	-	196,207,234	Yes
	Total	**130,000,000**	**0**		**527,095,162**	

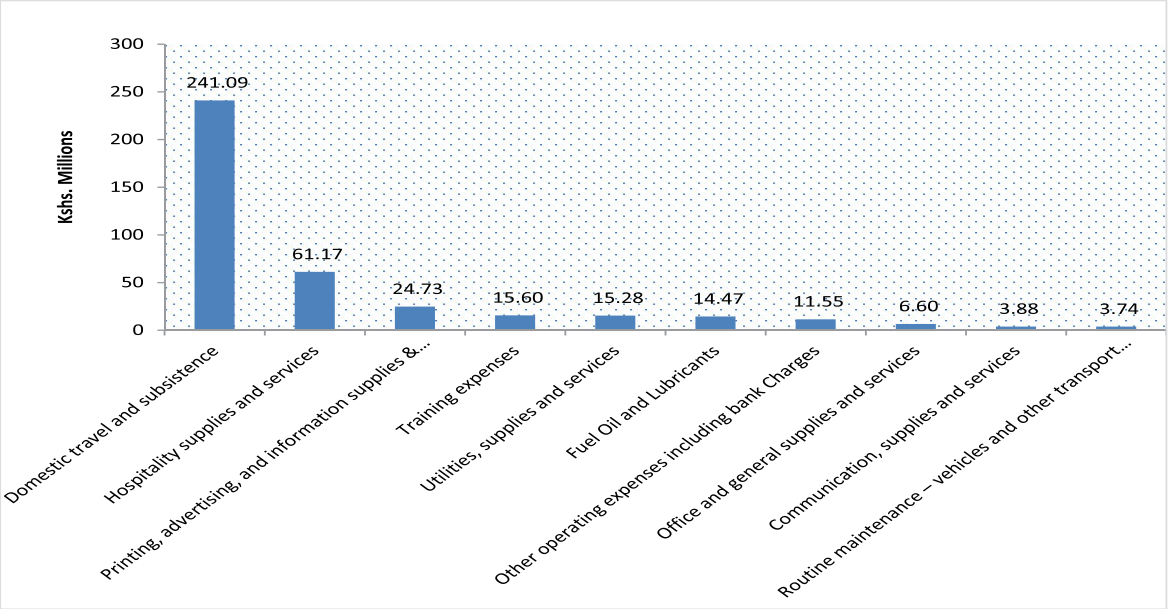
Source: *Kitui County Treasury*

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.18.10 Expenditure on Operations and Maintenance

Figure 72 summarises the Operations and Maintenance expenditure by major categories.

Figure 72: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source *Kitui County Treasury*

Expenditure on domestic travel amounted to Kshs.241.09 million and comprised Kshs.67.18 million spent by the County Assembly and Kshs.173.91 million by the County Executive. There was no expenditure on foreign travel during the reporting period.

The "*Other Operating Expenses*" are the Appropriation-In-Aid (A-I-A) related expenditures incurred under the FIF.

The County did not provide information on expenditures in garbage collection and Legal fees/Dues, arbitration and compensation payments expenditure legal fees.

3.18.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.72.13 million as FIF, which was 21 per cent of the annual target of Kshs.350.2 million. The collected amount was retained and utilised at the source in accordance with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.18.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.35.91 million on development programmes, representing a decrease of 39 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.59.15 million. Table 3.118 summarises development projects with the highest expenditure in the reporting period.

Table 3.118: Kitui County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Location	Contract Sum (Kshs.)	Amount Paid (Kshs.)	Implementation status (%)
Water and Irrigation	Payment for the electricity bill for water supply to the Masinga Treatment works.	Kitui Central	12,971,856	12,971,856	100
Water and Irrigation	Payment for the electricity bill for the water supply to the Kiambere Treatment Works.	Kitui Central	3,438,161	3,438,161	100
Water and Irrigation	Payment for the electricity bill for the water supply to the Kiambere Treatment Works.	Kitui Central	1,474,138	1,474,138	100
Water and Irrigation	Payment for the electricity bill for water supply to the Masinga Treatment works.	Kitui Central	6,879,310.35	6,879,310.35	100
Water and Irrigation	Payment for the electricity bill for water supply to the Masinga Treatment works.	Kitui Central	7,862,069	7,862,069	100
Water and Irrigation	Payment for the electricity bill for water supply to the Masinga Treatment works.	Kitui Central	2,958,409	2,958,409	100

***Source**: Kitui County Treasury*

1.1.1 Budget Performance by Department

Table 3.119 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.119: Kitui County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	1,145.58	887.76	291.03	-	291.03		100	-	25	-
Office of The Deputy Governor	152.91	41.5	25.46	-	25.17		99	-	17	-
Water & Irrigation	145.23	569.78	19.13	24.91	19.02	24.91	99	100	13	4
Basic Education ICT & Youth Development	956.47	86.96	100.26	-	100.24		100	-	11	-
Roads, Public Works and Transport	214.3	730.08	36.74	-	36.7		100	-	17	-
Health and Sanitation	3,653.50	198.67	884.46	-	884.28		100	-	24	-
Trade, industry, MSMEs, innovation and Cooperatives	191.9	531.35	24.96		24.13		97	-	13	-
Energy, Environment, Forestry, Natural & Mineral Resources	126.04	173.51	11.25	11	11.15	11	99	100	9	6
Culture, Gender, Youth, ICT, Sports & Social services	137.73	68.56	18.35	-	18.3		100	-	13	-
Finance, Economic Planning and Revenue Management	373.69	63.13	53.59	-	53.49		100	-	14	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture & Livestock	367.7	342.63	155.1	-	155.09		100	-	42	-
County Assembly	1,062.59	38.04	237.13	-	233.81		99	-	22	-
Kitui Municipality	80.2	85.46	15.56	-	15.42		99	-	19	-
Mwingi Town Administration	63.07	29.82	11.58	-	11.51		99	-	18	-
County Public Service Board	66.87	10	9.37	-	9.37		100	-	14	-
Lands, Housing & urban development	87.58	273.94	13.45	-	13.25		99	-	15	-
Total	**8,825.36**	**4,131.19**	**1,907.42**	**35.91**	**1,901.96**	**35.91**	**100**	**100**	**22**	**1**

Source: *Kitui County Treasury*

Analysis of expenditure by departments shows that the Department of Energy, Environment, Forestry, Natural and Mineral Resources has the highest absorption rate of development budget at 6.3 per cent, followed by the Department of Water and Irrigation at 4 per cent. The Department of Agriculture & Livestock had the highest percentage of recurrent expenditure to budget at 42.2 per cent, while the Department of Energy, Environment, Forestry, Natural & Mineral Resources had the lowest at 9 per cent.

3.18.13 Budget Execution by Programmes and Sub-Programmes

Table 3.120 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.120: Kitui County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
3711-Kitui - Office of The Governor							
General Administration Planning and Support Services	0701013710 P1	835,578,023	798,774,535	541,849,076	-	65	0
enforcement unit	0703023710 SP2	14,770,000	-	2,800,000	-	19	0
Human Resource Management Unit	070333710 SP 2.2	17,720,000	-	14,920,000	-	84	0
Special Programmes	0703043710 sp 2.3	8,870,000	-	-	-	0	0
records management	0703053710 Sp 2.4	12,120,000	-	-	-	0	0
Policy Development and Coordination	0703053710 sp2.5	5,600,000	-	-	-	0	0
legal and head of public Services Administration(Office of the County Secretary)	0717033710 P3	19,439,000	-	17,231,200	-	89	0
Public Communication	0717013710 SP4.1	7,020,350	-	-	-	0	0
Public Relations and Customer Care	0701023710 SP4.2	1,208,700	-	-	-	0	0
SEKEB and Intergovernmental Relations	0701033710 SP.3	46,255,194	-	37,828,019	-	82	0
Monitoring and evaluation	0707013710 SP4.4	6,879,683	-	4,435,000	-	64	0
Protocoal Unit	0707013710 SP 4.5	4,979,054	-		-	0	0
Office of the Attorney	0717033710 P5	33,006,000	-	20,526,500	-	62	0
Office of the County Attorney	0717033710 P5	41,053,000	-	16,503,000	-	40	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Develop-ment	Rec	Dev
County Government Administration and Field Services	0705013710 SP7.1	58,056,988	88,980,628	33,171,490	-	57	0
Devolution Services	0705013710 SP7.2	17,599,050	-	-	-	0	0
Cabient affairs	0709001710 SP.3	15,023,399	-	-	-	0	0
Total		**1,145,178,441**	**887,755,163**	**689,264,285**	--	**60**	**0**
Ministry of Health and Sanitation						0	0
General administration, Planning and Support Services	040113710 P1	927,358,559	2,157,207	-	-	0	0
Health Standards, Quality assessment and standards	0401033710 SP 1.2	3,000,000	-	-	-	0	0
Health policy, Planning and Financing	0402023710 SP 1.3	101,507,362	112,217,939	-	-	0	0
county Referral Services	0402013710 SP 2.1	1,370,000	-	-	-	0	0
Hospital FIF /cost sharing Refunds for 11 County Hospitals	0403033710 SP 2.2	399,656,250	10,044,000	-	-	0	0
preventive and Promotive Health Services	0403013710 SP 3.1	1,065,101,854	19,411,165	716,446,084	-	67	0
Primary Care networks	0404013710 SP 3.2	2,000,000	3,557,250	-	-	0	0
Immunisation and Disease Surveillance	0404033710 SP 3.3	3,244,170	-	-	-	0	0
Health Promotion sub-programme (HIV/AIDS and TB sub-programme	0403033710 SP 3.3	2,659,869	-	-	-	0	0
communicable diseases Control(public Health Operations-Programme)	0403013710 SP 3.4	4,042,443	-	-	-	0	0
Non Communicable Diseases prevention and control	0403023710 SP 3.5	1,681,200	-	-	-	0	0
Health and promotion	0404013710 SP 3.6	2,302,574	-	-	-	0	0
Specialised Services and Rehabilitative Services sub-programme	0404023710 SP 3.7	3,627,337	-	-	-	0	0
Curative Health Services	040201310 P4	1,135,945,814	51,287,168	1,110,302,632	-	98	0
Total	-	**3,653,497,432**	**198,674,729**	**1,826,748,716**	-	**50**	**0**
County Public Service Board							
General administration, Planning and Support Services	0701013710 p1	43,423,152	-	21,711,576	-	50	0
human resource management & development	0713013710 SP2.1	9,427,000	-	5,500,000	-	58	0
human resource	0713023710 SP2.2	8,024,200		6,221,753		78	0
Governance and County Values	0714013710 SP3	5,992,306	10,000,000	-	-	0	0
Total	-	**66,866,658**	**10,000,000**	**33,433,329**	-	**50**	**0**
County Assembly							
General administration, Planning and Support Services	0701013710 P1	383,550,294	-	191,775,147	-	50	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Develop-ment	Rec	Dev
legislative representation and oversight	0705013710 P2	679,037,698	38,042,008	339,518,849	-	50	0
		1,062,587,992	38,042,008	531,293,996	-	50	0
Kitui Municipality	-	-	-	-	-	0	0
General administration, Planning and Support Services	0201013710 P1	51,454,569	27,600,000	25,727,284	-	50	0
Control and management of Public Finance	0207023710 P.2	5,796,000	4,300,000	2,898,000	-	50	0
Planning Development and Contol, transport and infrastructure	0207013710 P.3	4,439,000	43,500,000	1,919,500	-	43	0
trade development and promotion	0207033710 P.4	3,649,000	3,000,000	1,824,500	-	50	0
environment, culture, Recreation and Community Development	0207013710 P.5	14,858,000	7,061,711	7,429,000	-	50	0
Total	-	80,196,569	85,461,711	39,798,284	-	50	0
Mwingi town Municipality							
General administration, Planning and Support Services	0201013710 P1	46,928,010	5,000,000	27,223,548	-	58	0
Government Building	0109013710 P2	7,101,543	3,819,000	-	-	0	0
Urban mobility and trans-port	0207013710 SP3.1	6,571,220	10,500,000	3,651,772	-	56	0
safety and emergency	0207023710 SP 3.2	580,000	-	-	-	0	0
urban Markets development	0207033710 SP3.3	152323	2,500,000	--	-	0	0
environmental Policy Man-agement	1001013710 P4	1,321,200	8,000,000	660,600	-	50	0
Devolution Services	0706013710 P5	417463	-	-	-	0	0
Total		**63,071,759**	**29,819,000**	**31,535,920**	-	**50**	**0**
3728-Office of the Deputy Governor			-				
General administration and planning	0701013710 P1	25,440,142	-	12,720,070	-	50	0
wildlife conservation and security	1003023710 SP. 2.1	24,204,735	2,527,261	-	-	0	0
Tourism development and promotion	0305013710 SP2.2	34,889,216	2,000,000	18,000,000	-	52	0
Tourism infrastructure Development	0305033710 SP2.3	10,955,125	17,625,547	17,024,538	-	155	0
Performance Contracting, disaster and emergency Services	0205013710 SP3.1	45,261,946	-	14,000,000	-	31	0
disaster and Emergency Services	0717013710 SP3.2	12,154,142	19,350,000	14,708,044	-	121	0
Total		**152,905,306**	**41,502,808**	**76,452,652**	-	**50**	**0**
3729-ministry of Water and Irrigation							
General administration and planning	0101013710 p1	97,342,305	-	48,671,152	24,910,017	50	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Develop-ment	Rec	Dev
Water resource Management services	0101013710 SP2.1	19,099,366	308,227,045	10,000,000	-	52	0
water Supply Infrastructure	0111013710 SP2.2	8,853,796		7,770,178	-	88	0
Irrigation Development and Management	0111023710 SP2.3	7,587,195	86,401,951	2,000,000	-	26	0
irrigation and Drainage infrastructure	0104013710 P3	12,540,586	175,151,840	4,270,293	-	34	0
Total		**145,423,248**	**569,780,836**	**72,711,623**	**24,910,017**	**50**	**4**
3730-Education Training and Skills Development							
General administration, Planning and Support Services	0501013710 P1	799,987,769	-	399,993,884	-	50	0
Primary Education	0502013710 P2	110,872,002	47,160,698	55,436,001	-	50	0
Youth training and devel-opment	0503013710 P4	24,611,660	37,796,795	11,221,421	-	46	0
Quality Assurance and Standards	0503023710 P5	20,996,342	2,000,000	11,582,580	-	55	0
Total		**956,467,773**	**86,957,493**	**478,233,886**	-	**50**	**0**
3731-Ministry Of Roads, public works and transport							
General Administration Planning and support services	0101013710 P1	162,915,312	-	81,457,656	-	50	0
Government Buildings	0109013710 SP2.1	5,609,300	9,080,000	2,804,650	-	50	0
Road transport	0110013710 SP2.2	6,281,300	586,060,120	3,140,650	-	50	0
Transport and boda boda Sectors	0203013710 P3	39,484,411	134,944,462	19,742,206	-	50	0
Total		**214,290,323**	**730,084,582**	**107,145,162**	-	**50**	**0**
3732-Ministry of Trade Industry and MSms							
General administration and support H/Qs	0301013710 P1	110,140,058		55,070,029	-	50	0
Trade development and promotion	0301013710 SP2.1	22,188,443	85,849,631	18,452,459	-	83	0
Fair Trade Practice and Consumer Protection	030323710 SP2.2	14,716,475	443,000,000	-	-	0	0
Co-operatives Development and Management	0304013710 SP3.1	28,331,629	-	22,423,484	-	79	0
Market Value Addition and Research	0304023710 SP3.2	16,515,339	2,500,000	-	-	0	0
Total		**191,891,944**	**531,349,631**	**95,945,972**	-	**50**	**0**
3733-Ministry of Energy Environment and Forestry							
General administration, Planning and Support Services	1001013710 P1	39,584,360	-	19,792,180	-	50	0
Environment Management and Protection	1002013710 SP2.1	17,238,434	500,000	11,286,826	-	65	0
waste management	1004013710 SP2.2	992178	-	-	-	0	0
Climate change Adaptation and Mitigation	1003013710 SP2.3	1,294,218	57,636,701	-	-	0	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
natural Resources Conservation and Management	0701023710 SP2.4	1,748,179	15,445,014	-	11,000,000	0	71
Environmental management and protection	100200 SP2.5	1,300,642	-	-	-	0	0
Power Transmission and Distribution	1005013710 SP3.1	9,822,841	40,000,000	5,000,000	-	51	0
Alternative Energy Technologies	1006013710 SP3.2	3,926,462	49,447,732	2,000,000	-	51	0
Community Sensitization and Awareness creation in mineral-rich areas	1007013710 SP3.3	5,760,877	2,000,000	-	-	0	0
Training and Capacity Building	1003043710 SP3.4	1,644,445	800,000	-	-	0	0
Mining Policy Development and Coordination (Operationalization of kitui county River Basins sand Utilization and Conservation act 2024)	1009013710 SP 3.5	39,500,000	7,680,287	-	-	0	0
Mineral Resources Development	1008013710 sp3.6	3,228,708	-	-	-	0	0
Total		**126,041,344**	**173,509,734**	**38,079,006**	**11,000,000**	**30**	**0**
3734-ministry of culture gender Youth ict sports and social services							
General administration and planning	0301013710 p1	74,134,585	-	37,067,292	-	50	0
youth Development Services	0506013710 SP 2.1	8,335,246	2,626,501	4,000,000	-	48	0
ICT Infrastructure Development	0505013710 SP2.2	6,122,800	2,216,000	3,229,023	-	53	0
sports	0306013710 SP2.3	17,464,600		9,201,000	-	53	0
Development and Management of Sports Facilities	0306023710 SP2.4	937,400	53,000,000	-	-	0	0
Gender	0307023710 SP 3.1	6,623,813	532,905	2,000,000	-	30	0
Cultural Conservation of Heritage	0307013710 SP3.2	9,881,100	10,185,000	4,000,000	-	40	0
Social Development and Children Services	0308013710 SP3.3	12,090,600	-	9,368,146	-	77	0
Child Community Support Services	0308023710 SP3.4	2,140,780	-	-	-	0	0
Total	-	**137,730,924**	**68,560,406**	**68,865,461**	-	**50**	**0**
3735-Ministry of Finance Economic Planning and Revenue Management					-		
General administration and planning	710013710 P1	273,097,524	63,125,000	136,558,762	-	50	0
Economic Policy and County Planning	0710013710 SP2.1	21,304,968	-	-	-	0	0
Budget Formulation coordination and Management	0712023710 SP2.2	13,329,321		-	-	0	0
Monitoring and Evaluation Services	0710023710 SP2.3	4,473,424	-	3,404,464		76	0
Resource Mobilization (Revenue Department)	0712013710 SP3.1	33,728,219	-	-		0	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Develop-ment	Rec	Dev
Audit services	0712033710 SP3.2	6,958,400	-	2,979,200	-	43	0
Financial Services	071205 SP4.5	13,985,355	-	6,992,678	-	50	0
Procurement of Goods and Management of services	0704013710 SP3.3	6,808,928	-	3,691,902		54	0
Total	-	**373,686,139**	**63,125,000**	**153,627,006**	-	**41**	**0**
3736-Ministry of Agriculture and Livestock							
general administration and planning	0101013710 P1	216,124,641		108,062,320	-	50	0
Land and Crops Develop-ment(crop Development and management)	0102013710 SP2.1	9,908,038	122,744,809	-	-	0	0
agribusiness and informa-tion management(Farm Development and Agri-business Development and management)	0103013710 SP2.2	42,954,588	167,724,258	37,126,330	-	86	0
Agricultural Extension Services and Training	0103013710 SP2.3	21,390,034	29,744,121	-	-	0	0
Fisheries Development and management	0105013710 P3	2,810,676	-	-	-	0	0
general administration and planning, and support	0101013710 P4	59,690,830	-	36,227,674	-	61	0
livestock resources diseases management and control	0106013710 SP5.1	7,359,372	11,200,000	-	-	0	0
Livestock Disease Manage-ment and Control	0106023710 SP5.2	7,431,078	11,216,683	-	-	0	0
	Total	**367,669,257**	**342,629,871**	**181,416,324**	-	**49**	**0**
3737- Lands, Infrastructure, Housing and Urban Development							
General administration planning and sports Services	0101013710 P1	64,698,840	-	32,108,470		50	0
Housing Development and Human Settlement	0107013710 P2.1	2,062,400	-	-	-	0	0
Land policy and planning	0108013710 P2.2	3,965,000	4,831,598	-	-	0	0
land survey	0108023710 P2.3	6,094,484	-	-	-	0	0
Land Adjudication	0108023710 SP2.4	5,138,800	15,800,000	-	-	0	0
Urban Development and Human Settlement	0107013710 P3	5,616,110	253,312,127	-	-	0	0
Total		**87,575,634**	**273,943,725**	**32,108,470**	-	**37**	**0**
TOTAL		**8,825,080,743**	**4,131,196,697**	**1,907,213,762**	**35,910,017**	**22**	**1**

***Source**: Kitui County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were Tourism Infrastructure Development in the Department of the Deputy Governor at 155 per cent, Curative Health Services in the Department of Health and Sanitization at 98 per cent, legal and Head of Public Services Administration (Office of the County Secretary) in the Department of the governor at 89 per cent, and human resource management Unit at 84 per cent of budget allocation.

3.18.14 Accounts Operated in Commercial Banks

The County and assembly operated a total of 13 accounts with commercial banks, 9 of which were managed by the County Executive and 4 by the County Assembly.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires

that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.18.15 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. County Assembly report were received on 31st October, 2024, while County Executive reports were received on 30th Oct, 2024.
2. The underperformance of own-source revenue at Kshs.112.56 million against an annual target of Kshs.600 million, representing 18.67 per cent of the yearly target
3. High level of pending bills amounted to Kshs.393.98 million as of 30th September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.96.60 million were processed through the manual payroll, accounting for 6.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Fund administration, Revenue collection and additional allocations operations

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.19. County Government of Kwale

3.19.1 Overview of FY 2024/25 Budget

The Kwale County approved FY 2024/25 budget is Kshs.12.21 billion. It comprised Kshs.5.20 billion (43 per cent) and Kshs.7.01 billion (57 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs. 10.97 billion (11 per cent) from the FY 2023/24 budget comprised of a development budget of Kshs.4.42 billion and a recurrent budget of Kshs.6.56 billion.

The Kwale County Government budget will be financed from different sources of revenue. These include; Kshs.8.89 billion (73 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.2.57 million as additional allocations, a cash balance of Kshs.267.28 million (22 per cent) brought forward from FY 2023/24, and Kshs.76.66 million (6 per cent) generated as gross own source revenue. The own source revenue includes Kshs.38.39 million (3 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.38.27 million (3 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is provided in Table 3.121.

3.19.2 Revenue Performance

In the first quarter of FY 2024/25, the County received a total of Kshs. 1.13billion to fund recurrent and development activities. The equitable share from the national government was Kshs. 729.65 million, additional allocations from government and development partners of Kshs.52.63 million and own source revenue (OSR) collection of Kshs.76.66 million. Additionally, the County had a balance of Kshs. 996.93 million from FY 2023/24. The balance carried forward from FY 2023/24 includes Kshs. 729.65 million of the June 2024 Equitable Share that was disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 76.66 million indicates that it included Facilities Improvement Financing (FIF) of Kshs. 38.39 million and Kshs.38.27 million as ordinary OSR. Table 3.121 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.121: Kwale County, Revenue Performance in the First Quarter of FY 2024/25

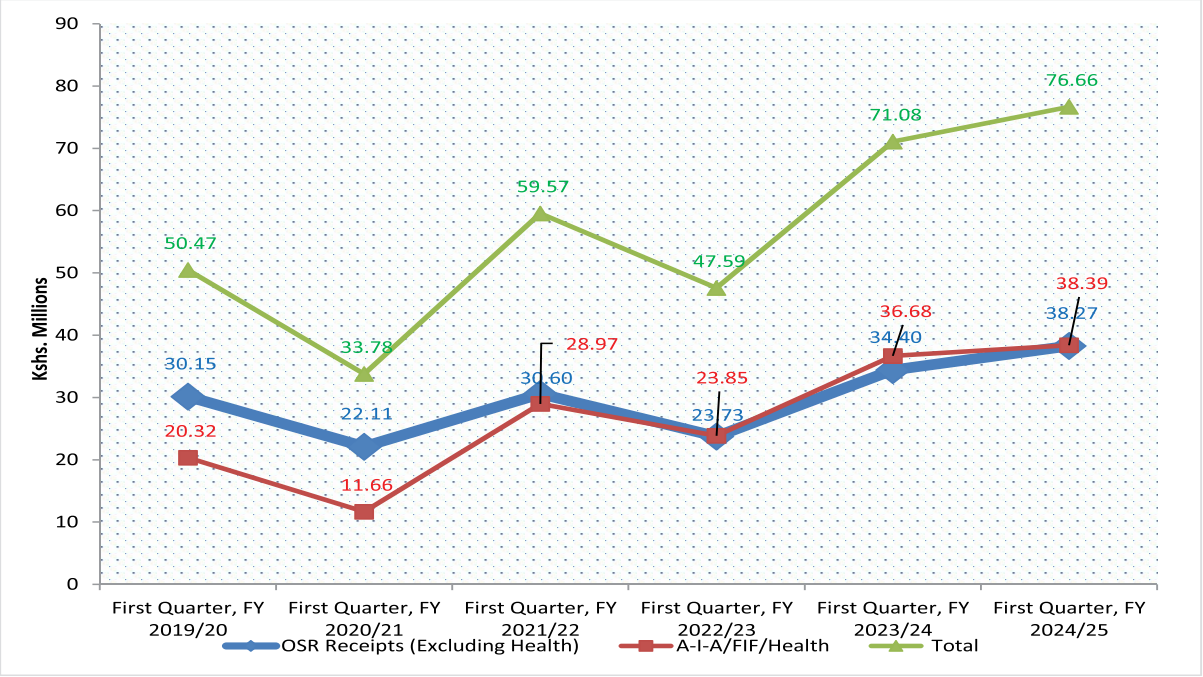
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally-	8,887,499,175	729,648,814	8
Subtotal		8,887,499,175	729,648,814	8
B	Additional Allocations			
	Community Health Promoters (CHPs) Project	52,140,000		0
	Road maintenance levy fund (RM-LF-KRB)	206,900,399		0
	Kenya Devolution Support Programme (KDSP)- Level II Grant	37,500,000		0
	County Aggregated Industrial Park Programme (CAIP)Grant	250,000,000	52,631,579	21
	Allocation for Mining Royalties (Unconditional Grant)	674,512,957		0
	Primary Healthcare in Devolved Context (DANIDA)	11,992,500		0
	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152		0
	National Agricultural Value Chain Development Project (NAVCDP)-Surplus from Exchange rate variation	4,701,951		0
	Kenya Agricultural Business Development Project (KABDP)-SIDA Grant	10,918,919		0
	Water and Sanitation Development Project (WSDP)	1,000,000,000		0
	Financing Locally Led Climate Smart Project (FlloCA)	11,000,000		0
	Kenya Informal Settlement Improvement Project KISIP II	120,188,971		0
	Kenya Urban Support Programme - UIG	35,000,000		0
	UNFPA Grant	6,660,000		0
Subtotal		2,573,030,849	52,631,579	2
C	Own Source Revenue			
	Ordinary Own Source Revenue	450,000,000	38,268,447	9
	Appropriation in Aid (A-I-A)	0	0	0
	Facility Improvement Fund (FIF)	300,000,000	38,390,478	13
Subtotal		750,000,000	76,658,925	10

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
D	Other Sources of Revenue			
	Unspent balance from FY 2023/24	0	267,278,392	0
	Other Revenues (provide a list)			
Sub Total		0	267,278,392	0
Grand Total		12,210,530,024	1,126,217,710	9

Source: *Kwale County Treasury*

Figure 73 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to First Quarter of FY 2024/25.

Figure 73: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to First Quarter of FY 2024/25

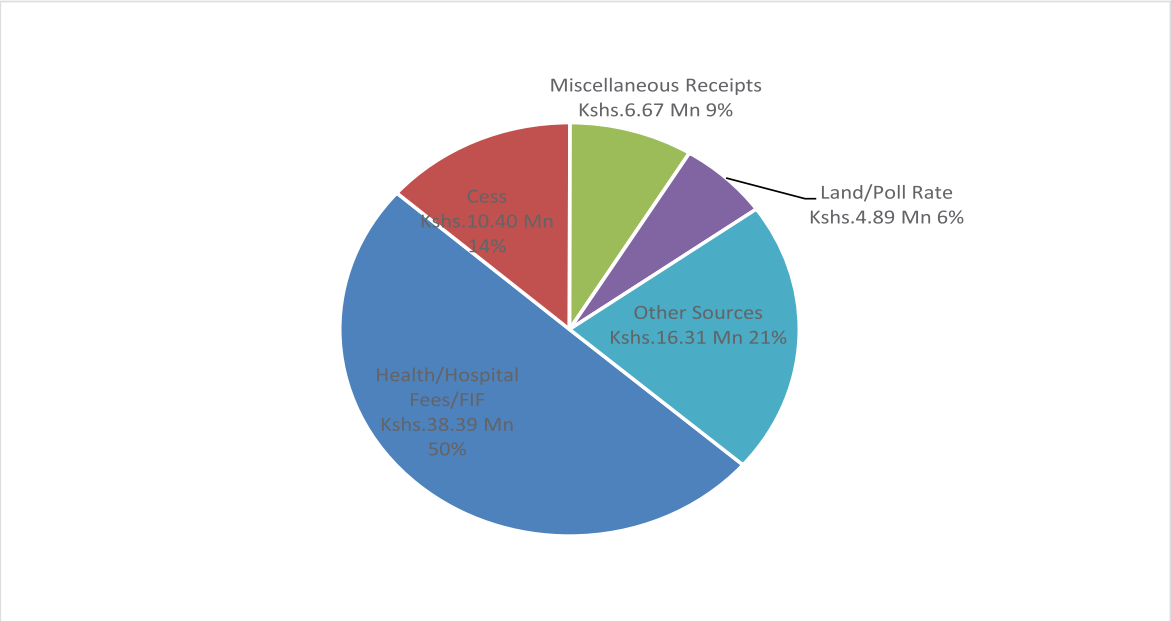


Source: *Kwale County Treasury*

In the first quarter of FY 2024/25, the County generated a total of Kshs.76.66 million from its sources of revenue, inclusive of FIF. This amount represented an increase of 8 per cent compared to Kshs.71.08 million realised in a similar period in FY 2023/24 and was 10 per cent of the annual target and 10.5 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.152.53.

The revenue streams which contributed the highest OSR receipts are shown in Figure 2

Figure 74: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Kwale County Treasury

The highest revenue stream, Kshs.38.39 million, was from Hospital fees/FIF, which contributed 50 per cent of the total OSR receipts during the reporting period.

3.19.3 Borrowing by the County

The county has not provided any information on borrowing.

3.19.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.56 billion from the CRF account during the reporting period, which comprised Kshs.282.61 million (18 per cent) for development programmes and Kshs.1.29 billion (82 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.947.92 million was released towards Employee Compensation and Kshs.334.85 million for Operations and Maintenance expenditure.

The county government had a cash balance of Kshs.822.25 million in the CRF account as on 30th September 2024.

3.19.5 County Expenditure Review

The County spent Kshs.1.70 billion on development and recurrent programmes in the reporting period. The expenditure represented 109 per cent of the total funds released by the CoB and comprised of Kshs.333.22 million and Kshs.1.36 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13 per cent, while recurrent expenditure represented 37 per cent of the annual recurrent expenditure budget.

3.19.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.2.19 billion as of 30th June 2024, comprising pending payments by the county executive of Kshs. 528.92 million.

The county executive's pending bills consist of Kshs.648.23 million for recurrent expenditures and Kshs.956.43 million for development expenditures. The County executive settled pending bills of Kshs.528.92 million for recurrent expenditure. Therefore, the outstanding bills were Kshs.1.60 billion as of 30th September 2024.

3.19.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.1.18 billion on employee compensation, Kshs.188.46 million on operations and maintenance, and Kshs.333.22 million on development activities. Similarly, the County Assembly spent Kshs.45.95 million on employee compensation and Kshs.0.11 million on operations and maintenance.

Table 3.122: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,352,445,920	342,750,648	1,318,242,616	45,962,955	39%	13
Compensation to Employees	1,824,646,173	154,306,383	1,129,798,351	45,952,105	62%	30
Operations and Maintenance	1,527,799,747	188,444,265	188,444,265	10,850	12%	0
Development Expenditure	2,477,530,205	121,000,000	333,217,661	-	13%	0
Total	**5,829,976,125**	**463,750,648**	**1,651,460,277**	**45,962,955**	**28%**	**10**

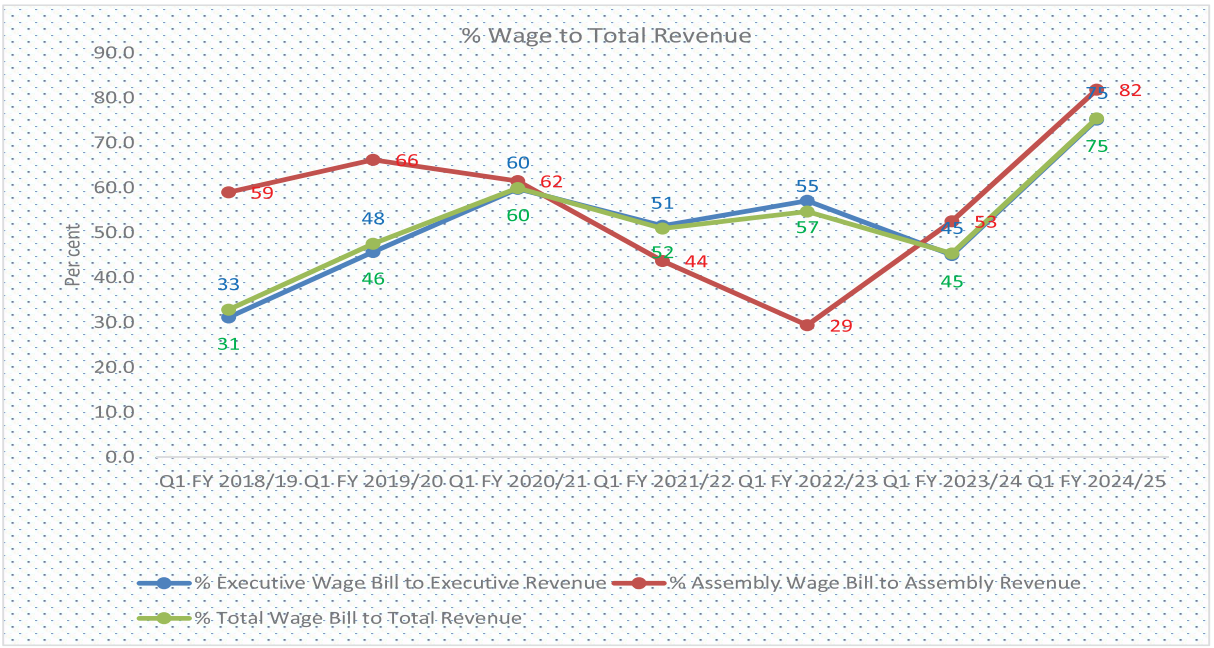
***Source**: Kwale County Treasury*

3.19.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs. 1.18 billion, or 136.88 per cent of the available revenue, which amounted to Kshs. 858.94 billion. This expenditure represented a decrease from Kshs. 1.63 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.630.16 million paid to health sector employees, translating to 54 per cent of the total wage bill.

Figure 75 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 75: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source:** Kwale County Treasury*

Further analysis indicates that the PE costs amounting to Kshs.1.18 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system.

The County Assembly spent Kshs.4.31 million on committee sitting allowances for the 31 MCAs against the annual budget allocation of Kshs.18.21 million. The average monthly sitting allowance was Kshs.46,305 per MCA. The County Assembly has established 22 Committees.

3.19.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.601 million to county-established funds in FY 2024/25, constituting 5 per cent of the County's overall budget. Further, the County allocated Kshs.5 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012.

Table 3.123 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.123: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Emergency Fund	5,000,000	-	-	10,000,000	Yes.
	Kwale County Climate Change Fund	96,000,000	-	-	139,811,728	No.
	Bursary &Scholarship Fund	500,000,000	-	55,936,681	3,456,210,000	Yes.
	Trade Revolving Fund	-	-	1,203,140	123,490,000	Yes
	Youth, Women & PWD Fund	-	-	-	52,000,000	Yes.
	County Assembly Established Funds					
	Car Loan &Mortgage Fund (County Assembly)	-	-	-	286,800,000	No.
	Total	**601,000,000**		**50,000,000**	**4,068,311,728**	

Source: Kwale *County Treasury*

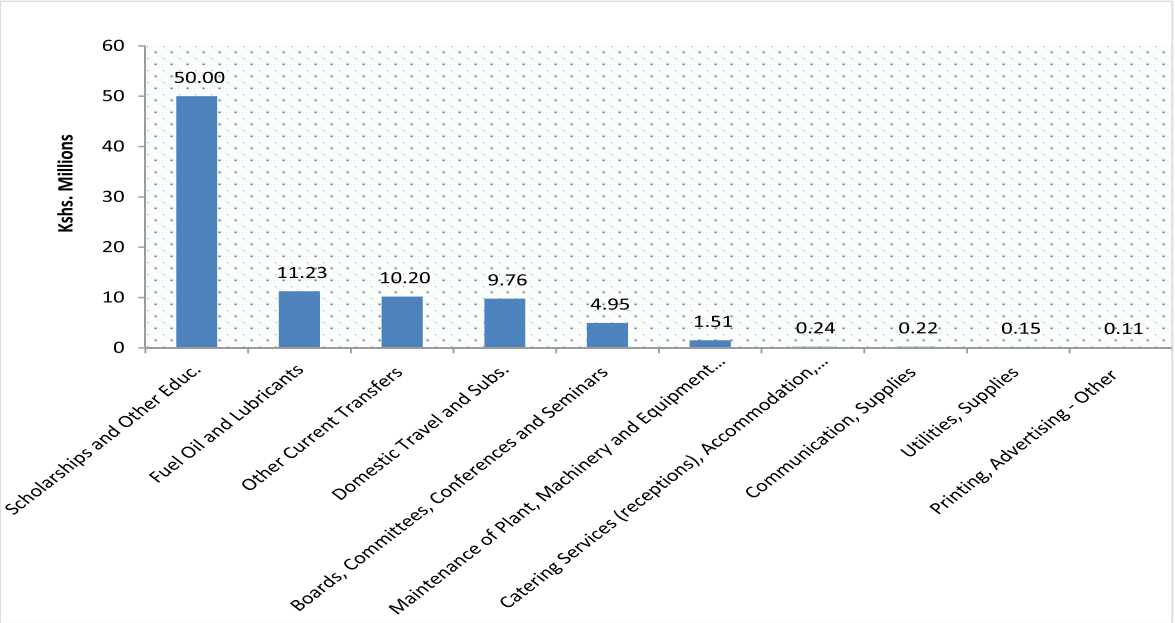
During the reporting period, the COB did not receive quarterly financial returns from the Fund Administrators of Kwale County Climate Change Fund and County Assembly Members and staff Car loan and Mortgage Fund as indicated in Table 3.123, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.19.10 Expenditure on Operations and Maintenance

Figure 76 summarises the Operations and Maintenance expenditure by major categories.

Figure 76: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: *Kwale County Treasury*

Expenditure on domestic travel amounted to Kshs.9.76 million by the County Executive. There was no Expenditure on foreign travel.

3.19.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.38.39 million as FIF, which was 13 per cent of the annual target of Kshs.300 million. The collected amount was retained and utilised at source in accordance with the Facility Improvement Financing Act, 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.19.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported expenditure of Kshs.333.22 million on development programmes, representing an increase of 47 per cent compared to a similar period in FY 2023/24 when the County spent Kshs.227.19 million. Table 3.124 summarises development projects with the highest expenditure in the reporting period.

Table 3.124: Kwale County, List of Development Projects with the Highest Expenditure

	Sector	Project Name	Project Location	Contract Sum {Kshs.}	Amount Paid To date {Kshs.}	Implementation Status {%}
1	Water Services	Water and Sanitation Project	Kwale HQ	1,000,000,000	214,830,000	21
2	Assembly	Hansard Equipment	Tsimba-Golini Ward	110,000,000	47,501,722	43
3	Kwale Municipality	Tarmacking of National Cereals and Produce Board-Godoni-Chitsanze Road Phase 3.	kwale	147,441,525	44,327,303	30
4	Community Development	Construction of kwale stadium	Tsimba/Golini	178,599,801	41,987,473	24
5	Community Development	Construction of kwale stadium phase2	Tsimba/Golini	102,429,001	14,550,862.60	24
6	Community Development	Construction of Dzirephe stadium in vanga ward	Vanga	36,977,030	14,236,632	39

	Sector	Project Name	Project Location	Contract Sum {Kshs.}	Amount Paid To date {Kshs.}	Implementation Status {%}
7	Assembly	MCA'S office Ramisi ward	Ramisi Ward	13,786,292	13,321,796	97
8	Roads	Cabro paving of Kiga-to- Mng'ongoni road in Waa/Ngo'mbeni ward	Waa Ng'ombeni/ward	18,316,881	9,858,783	54
9	Community De-velopment	Purchase of courtesy bus	Kwale HQ	12,874,130	9,500,000	74
10	Streetlights	Cabro paving of Tatu Bila - Bomani Rd in Ramisi ward	Ramisi Ward	9,530,110	9,381,537	98
11	Roads	Construction of a Fire Station at Kom-bani Phase II	Waa/Ng'ombeni Ward	8,930,509	8,930,509	100

Source: *Kwale County Treasury*

3.19.13 Budget Performance by Department

Table 3.125 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.125: Kwale County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	934.42	20	240.06	-	70.54	-	29	-	8	-
Agriculture, Livestock and Fisheries	210.09	324.3	42.61	4.7	51	47.43	120	1,009	24	15
Land, Environment, Mining and natural resources	113.51	328.12	20.14	11	17.32	-	86	-	15	-
Medical and Public Health Services	2,528.55	165.74	599.92	-	637.78	-	106	-	25	-
County Assembly	685.5	242	56.15	-	45.96	-	82	-	7	-
Trade, Investment and Co-operative Development	91.55	603.32	11.31	-	13.8	-	122	-	15	-
Community Development	113.84	234.18	11.48	52.07	14.29	56.16	125	108	13	24
Executive Services	155.09	-	27.57	-	25.44	-	92	-	16	-
Education	1,312.24	318.79	151.01	-	250.46	-	166	-	19	-
Water Services	98.55	1,418.44	17.01	214.83	22.54	214.83	133	100	23	15
Roads and Public Works	100.19	1,071.37	25.2	-	21.31	-	85	-	21	-
Tourism and ICT	63.59	25.8	7.47	-	9.14	-	122	-	14	-
County Public Service Board	85.21	15	14.1		11.76	-	83	-	14	-
Public Service & Adminis-tration	311.75	15.1	59.12	-	67.45	-	114	-	22	-
Kwale Municipality	7.82	56	2.45	-	1.09	6.06	45	-	14	11
Diani Municipality	39.72	112	2.16	-	2.16	8.75	100	-	5	8
County Attorney	61.33	-	1.26	-	0.1	-	8	-	0	-
Lunga Lunga Municipality	11.58	36.16	1.46	-	1.46	-	100	-	13	-
Kinango Municipality	4.96	40.4	1.35	-	0.24	-	18	-	5	-
Preventive Health Services	83.98	180.34	0.97	-	0.45	-	46	-	1	-
Total	**7,013.47**	**5,207.06**	**1,292.80**	**282.6**	**1,264.29**	**333.23**	**98**	**118**	**18**	**6**

Source*: Kwale County Treasury*

Analysis of expenditures by departments shows that the Department of Community Development recorded the highest absorption rate of the development budget, at 24 per cent, followed by the Department of Water Services, at 15 per cent. The Department of Medical and Public Health had the highest percentage of recurrent expenditures to budget, at 25 per cent, while the Department of Preventive Health Services had the lowest, at 0.5 per cent.

3.19.14 Budget Execution by Programmes and Sub-Programmes

Table 3.126 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.126: Kwale County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25 (Kshs.)		Actual Expenditure as at 30th Sept. 2024 (Kshs.)		Absorption Rate %	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Finance and Economic Planning							
703003061	703023060	42,172,249		8,621,850		20	
704003061	704013060	112,874,541		57,897,531		51	
	704043060	293,727,551		4,018,664		1	
	710013060	8,238,882		-		0	
710003061	711013060	2,950,000		-		0	
	710013060		10,000,000		-		0
711003061	711023060	3,010,688		-		0	
	711033060	4,237,500		-		0	
Total		**467,211,410**	**10,000,000**	**70,538,045**	**-**	**15**	0
Agriculture livestock and fisheries							
General administration and support services	102053060	87,205,712	-	50,734,006	-	5818	
Crop Production and Food Security	107013060	2,135,000	107,586,552	-	42,081,662	-	3911
Dairy and Meat Production	108023060	1,980,000	10,315,000	-	-	-	-
Fish production Management	109013060	2,085,000	12,200,000	70,211	-	337	-
Livestock Disease Control	108033060	2,091,201	17,450,000	99,800	-	477	-
Farm Land Utilization,Mechanization and Crop Storage	107033060	8,426,711	9,600,000	100,350	5,350,000	119	5573
Agricultural extension,Research and Training	107023060	1,120,000	-	-		-	
Grand Total		**105,043,623**	**157,151,552**	**51,004,367**	**47,431,662**	4856	30
Department: Environment and Natural Resources							
102003063							
	102063060 - Personnel Services	15,982,512	-	17,023,612	-	107	0
	Urban Development Support Services (102073060)	17,500,000	-	296,700	-	2	0
	General administration and support services (102053060)	10,921,633	65,594,486	-	-	0	0
	Sub Total	**44,404,145**	**65,594,486**	**17,320,312**	**-**	**39**	**0**

Programme	Sub-Programme	Approved Estimates FY 2024/25 (Kshs.)		Actual Expenditure as at 30th Sept. 2024 (Kshs.)		Absorption Rate %	
		Recurrent	Development	Recurrent	Development	Rec	Dev
105003063							
	Establishment of squatter settlement schemes (105013060)	**7,750,000**	**40,000,000**	-	-	0	0
	Identification and acquisition of land for development (105033060)	-	**4,000,000**	-	-	0	0
	Sub-Total	**7,750,000**	**44,000,000**	-	-	**0**	**0**
106003063							
	County Environmental Awareness Initiative (106023060)	**4,600,000**	**54,467,725**	-		0	0
	Sub-Total	**4,600,000**	**54,467,725**	-	-	**0**	**0**
Grand Total		**56,754,145**	**164,062,211**	**17,320,312**	-	**39**	**0**
Department Health Services							
402003064				-	-	0	0
	402023060-Operational Rural Health Facilities	4,400,000	11,000,000	-	-	0	0
	402043060-Medical Health Drugs	105,000,000	-	-	-	0	0
403003064				**637,777,088**	-		
	403023060-Operational Research	-	-	-	-		
	403013060-General Administration	73,091,777	-	7,613,890	-	1040	
	403053060-Personnel Services	977,282,197	-	630,163,198	-	6450	
	403043060-HMIS	-	-	-			
			-	**637,777,088**	-		
405003064				-	-	0	0
	405013060-Msambweni hospital	42,000,000	8,815,299	-	-	0	0
406003064				-	-	0	0
	406013060-Kinango Hospital	17,500,000	25,554,631	-	-	0	0
407003064				-	-	0	0
	407013060-Kwale Hospital	20,000,000	11,100,000	-	-	0	0
408003064							
	Tiwi Rural Health Facility						
409003064				-	-	0	0
	409013060-Samburu Hospital	12,500,000	13,900,000	-	-	0	0
410003064				-	-	0	0
	410013060-Lunga Lunga Hospital	12,500,000	12,500,000	-	-	0	0
Grand Total		**1,264,273,974**	**82,869,930**	**637,777,088**	-	**5040**	**0**
County Assembly							
704003065		**248,998,585**	**71,500,000**	**45,962,955**	-	**18**	**0**

Programme	Sub-Programme	Approved Estimates FY 2024/25 (Kshs.)		Actual Expenditure as at 30th Sept. 2024 (Kshs.)		Absorption Rate %	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	704013060 Audit Services	154,306,384	-	45,952,105	-	30	
	704043060 General Administration	94,692,202	71,500,000	10,850	-	0	0
705003065		**93,752,063**	**49,500,000**	**-**	**-**	**0**	**0**
	705013060 Oversight and legislation of county affairs	93,752,063	49,500,000	-	-	0	0
	705023060 General Administration and Support Services	-	-	-	-		
Grand Total	**Sub Total**	**342,750,648**	**121,000,000**	**45,962,955**	**-**	**13**	**0**
Trade, Investment and Co-operative Development							
301003066							
	301013060-Building capacity for traders	5,099,750	1,600,000	221,078	-	430	-
	301023060	-	-	-	-	-	-
	301043060-Enforcement of weights & measures Act	1,691,965	1,000,000	1,000	-	10	-
	Sub Total	**6,791,715**	**2,600,000**	**222,078**	**-**	**330**	**-**
302003066						-	-
	302023060-Investment publicity & promotion	3,006,000	-	12,000	-	40	-
	Sub Total	**3,006,000**	**-**	**12,000**	**-**	**40**	**-**
305003066						-	-
	305013060-Personnel services	21,632,905	-	12,809,308	-	5920	-
	305023060-Administration services	9,130,652	-	730,566	-	800	-
	Sub Total	**30,763,557**	**-**	**13,539,874**	**-**	**4400**	**-**
306003066						-	-
	306013060-Rehabilitation of existing markets	2,248,500	22,224,143	24,000	-	110	-
	306023060					-	-
	Sub Total	**2,248,500**	**22,224,143**	**24,000**	**-**	**110**	**-**
307003066						-	-
	307013060-Investment promotion	2,980,804	276,836,115	-	-	-	-
	Sub Total	**2,980,804**	**276,836,115**	**-**	**-**	**-**	**-**
TOTAL		**45,790,575**	**301,660,257**	**13,797,952**	**-**	**3010**	**-**
Community Development							
Programme 1	social services 0903013060	1,750,000	14,000,000			-	
	Community Development 0903023060	2,610,000	4,760,873	74,000		284	
	Drug and substance abuse management 0903033060	3,000,000	-	-		-	
	Subtotal	**7,360,000**	**18,760,873**	**74,000**			
Programme 2							
	Protection and promotion of positive culture and heritage 0904013060	7,855,000				-	

Programme	Sub-Programme	Approved Estimates FY 2024/25 (Kshs.)		Actual Expenditure as at 30th Sept. 2024 (Kshs.)		Absorption Rate %	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	Sub-Total	**7,855,000**				-	
Programme 3	Youth sporting talent search and development 0905013060	**4,855,000**				-	
	Sports development program 0905023060	-	98,329,013		56,155,203		5700
	Sub-Total	**4,855,000**	**98,329,013**	-	**56,155,203**	-	5700
Programme 4	Personnel Services 0906013060	21,270,721		13,115,547		6166	
	Administration Services 0906023060	15,578,133		1,096,660		704	
	Sub-Total	**36,848,854**		14,212,207		3857	
Grand Total		**56,918,854**	**117,089,886**	**14,286,207**	**56,155,203**	2510	4800
Executive services							
702003068				-		**0**	
	702013060 County Coordination Services	3,522,200		-		**0**	
704003068				-		**0**	
	704013060 Audit Services	40,425,043		25,441,100		**63**	
	704043060 General Administration	30,517,950		-		**0**	
707003068				-		**0**	
	707033060 Media and Communication Services	3,080,000		-		**0**	
Grand Total		77,545,193		25,441,100		33	
Education							
Programme 1:502003069-Administration	502023060-Personel services	350,429,408	-	200,094,968	-	57	
	502013060-Planning and Support	18,225,000	-	321,671	-	2	
	Sub Total	**368,654,408**	-	**200,416,639**	-		
Programme 2:501003069-Early Childhood Development Education	501013060-Planning and Support-ECDEs	28,466,250	-	-		0	
	501043060-Infrastructure Development	-	52,446,528	-	-		0
	Sub-Total	**28,466,250**	**52,446,528**	-	-		
Programme 3:503003069-Village polytechnic	503013060-Planning and Support-VTCs	9,000,000	-	39,200	-	0	
	503023060-Infrastructure Development	-	106,946,141	-	-		0
	Sub-Total	**9,000,000**	**106,946,141**	**39,200**	-		
Programme 4:504003069-Bursary	504013060-Scholarship	250,000,000	-	50,000,000	-	20	
	Sub-Total	**250,000,000**	-	**50,000,000**	-		
Grand Total		**656,120,658**	**159,392,669**	**250,455,839**	-		

Programme	Sub-Programme	Approved Estimates FY 2024/25 (Kshs.)		Actual Expenditure as at 30th Sept. 2024 (Kshs.)		Absorption Rate %	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Water Services							
11E+09	Construction and maintenance of water pipeline supply systems (1001023060)	25,961,065	69,385,000	15,385,871		0	0
	Construction and maintenance of water pipeline supply systems	23,312,642	61,466,227	7,154,626		0	0
	Development of Borehole water supply systems		67,767,500			0	0
	Development/Construction of Surface water supply systems		8,600,000			0	0
12E+09	Community Water Project					0	0
	Administration Services (1002023060)		502,000,000		214,830,000	0	43
TOTAL		**49,273,706**	**709,218,727**	**22,540,497**	**214,830,000**	**46**	**30**
Roads and Public Works							
Rehabilitation of Roads, Drainage and Bridges (202003071)	202013060		513,083,007		-		0
Installation of Street Lighting Facilities (203003071)	203013060		22,603,505		-		0
Administration Services (305003071)	305013060	18,890,277	-	-	-	0	0
	305023060	31,206,719	-	21,305,596		68	0
					-	**100**	-
TOTAL		**50,096,995**	**535,686,512**	**21,305,596**	**-**	**100**	**-**
Tourism and ICT							
304003072	Tourism Promotion {0304013060}	2,691,375	10,500,000	543,380	-	20	0
305003072	Personnel services {0305013060}	13,833,933	-	8,446,800	-	61	0
305003072	Admnistration services {0305023060}	11,278,231	-	150,000	-	1	0
308003072	Local area network installation and ict support {0308013060}	3,991,826	2,400,000	-	-	0	0
TOTAL		**31,795,363**	**12,900,000**	**9,140,180**	**-**	29	0
County Public Service Board							
7.06E+09							
	706013060- Human Resource Planning	18,177,500	7,500,000	1,115,260		6	0
	706023060-Transformation of service delivery in the public service	3,500,000		-		0	0
	706043060-Compensation to employees	17,925,438		10,643,655		59	0
	706053060-Human Resource Planning	1,500,000		-		0	0

Programme	Sub-Programme	Approved Estimates FY 2024/25 (Kshs.)		Actual Expenditure as at 30th Sept. 2024 (Kshs.)		Absorption Rate %	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	706063060-Staff Rationalization	1,500,000		-		0	0
TOTAL		**42,602,938**	**7,500,000**	**11,758,915**	-	28	0
Public Service and Administration							
704003074							
	Audit Services (704013060)	109,217,509		67,447,159		62	
	General Administration (704043060)	24,483,494	7,548,105			0	
	sub total	**133,701,003**	**7,548,105**	**67,447,159**		50	
708003074		-					
	County compliance and enforcement (708033060)	2,150,600				0	
	sub total	**2,150,600**				0	
712003074		-					
	Sub County Admin Msambweni (712013060)	3,600,000				0	
	Sub County Admin Lunga Lunga (712023060)	4,288,000				0	
	Sub County Admin Matuga (712033060)	3,622,500				0	
	Sub County Admin Kinango (712043060)	2,390,000				0	
	sub total	**13,900,500**				0	
713003074		-					
	County garbage and Cleaning Services (713013060)	3,100,000				0	
	sub total	**3,100,000**				0	
714003074		-					
	General Administration Livestock Development	3,024,124				0	
	sub total	**3,024,124**				0	
Grand Total		**155,876,227**	**7,548,105**	**67,447,159**		43	
Kwale Municipality							
102003078	General administration and Support services (0102053060)	3,909,444		1,091,810		28	
	Personnel Services(0102063060)		-	-	-		
‘0111003078	kwale municapility(0111013060)		28,000,000	-	6,055,678		22
		-		-	-		
		3,909,444	**28,000,000**	**1,091,810**	**6,055,678**	**28**	22
Diani Municipality							
102003076						**0**	
	0102053060-General administration and support services			2,163,260	8,745,118		
	0112013060-Diani Municipality	19,859,728		-			

Programme	Sub-Programme	Approved Estimates FY 2024/25 (Kshs.)		Actual Expenditure as at 30th Sept. 2024 (Kshs.)		Absorption Rate %	
		Recurrent	Development	Recurrent	Development	Rec	Dev
112003076		-		-	**8,745,118**	-	-
	0112013060-Diani Municipality	-	56,000,000	-	8,745,118		
TOTAL		**19,859,728**	**56,000,000**	**2,163,260**	**8,745,118**	**11**	**16**
County Attorney							
704003077						-	
	Personel services	6,723,475		-		0	
	Administration	23,942,129		96,670		0	
Grand Total		**30,665,604**	-	**96,670**	-	**0**	
Lunga Lunga Municipality							
704003078							
	102053060	5,790,842		1,458,330	-	**25**	
	102073060			-			
102003078				-	-		
	102053060		18,080,000	-		**0**	
			-	-	-		
Grand Total		**5,790,842**	**18,080,000**	**1,458,330**	-	**8**	
Kinango Municipality							
704003079							
	102053060		20,200,000	-	-	**0**	
102003079	102053060	1,240,146		235,260			
	102073060	1,240,146	-	-	-	**0**	
	TOTAL	**2,480,292**	**20,200,000**	**235,260**	-	**0**	
Health Preventive Services							
401003080							
	401033060 TB/HIV/ Malaria	-	-	-	-	-	0
	401043060 Neglected tropical diseases	-	-	-	-	-	0
	401063060 Healthcare Waste Management	-	-	-	-	-	0
	401013060 Community health strategy	-	-	-	-	-	0
	401053060 Public health Hygiene	4,294,900	-	448,000	-	1043	0
	401073060 Epidermics Control	-	-	-	-	-	0
	Sub total	**4,294,900**	-	-	-	-	0
402003080	402023060 Operational Rural facilities	2,460,000					
	Sub total	**2,460,000**					
403003080	403013060 General administration	-	-		-		0
	Sub total	-	-		-		0
408003080	408013060 Tiwi Rural Health Facility	2,100,000	7,512,410	-	-	-	0

Programme	Sub-Programme	Approved Estimates FY 2024/25 (Kshs.)		Actual Expenditure as at 30th Sept. 2024 (Kshs.)		Absorption Rate %	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	Sub total	**2,100,000**	7,512,410	-	-	-	0
412003080	412013060 Rural Health Facilies	27,137,193	82,657,945	-	-	-	0
	Sub total	**27,137,193**	**82,657,945**	-	-	-	0
413003080	413013060 Diani Health Centre	6,000,000		-	-	-	
	Sub total	**6,000,000**	-	-	-	-	
Grand Total		**41,992,093**	**90,170,355**	**448,000**	-	107	0
GRAND TOTAL		**3,506,752,308**	**2,598,530,201**	**1,264,269,544**	**333,217,661**	**15900**	**4900**

***Source**: Kwale County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration services in the Department of Roads and Public Works at 68 per cent, Personnel in the Department of Health at 65 per cent, Audit in the Department of County Executive Services at 63 per cent of budget allocation.

3.19.15 Accounts Operated in Commercial Banks

The County government operated a total of 64 accounts with commercial banks, of which seven were related to healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.19.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 31st October,2024.
2. The underperformance of own-source revenue at Kshs.76.66 million against an annual target of Kshs.750 million, representing 10.2 per cent of the yearly target.
3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all the established funds were not submitted to the Controller of Budget as of 15th October 2024.
4. High level of pending bills which amounted to Kshs.1.66 billion as of 30th September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Grants, Imprest, revenue collection, development projects retention money and Funds.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.20. County Government of Laikipia

3.20.1 Overview of FY 2024/25 Budget

The Laikipia County approved FY 2024/25 budget is Kshs.8.05 billion. It comprised Kshs.3.15 billion (39 per cent) and Kshs.4.89 billion (61 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.798.58 million (11 per cent) from the FY 2023/24 budget comprised of a development budget of Kshs.2.37 billion and a recurrent budget of Kshs.4.87 billion. The increase in the budget was attributed to the rise in recurrent balance.

The Laikipia County Government budget will be financed from different sources of revenue. These include; Kshs.5.57 billion (69.2 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.850.57 million as additional allocations, a cash balance of Kshs.159.19 million (0.0 per cent) brought forward from FY 2023/24, and Kshs.1.47 billion (18 per cent) generated as gross own-source revenue. The own source revenue includes Kshs.30.0 million (0.4 per cent) as Appropriations-in-Aid (A-I-A), Kshs.602.5 million (8 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.842.5 million (11 per cent) as ordinary own-source revenue. Table xx provides a breakdown of the additional allocations.

3.20.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.11 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.455.45 million, and its own source revenue (OSR) collection of Kshs.221.07 million. In addition, the County had a cash balance of Kshs.428.66 million from FY 2023/24.

Analysis of the total OSR collection of Kshs.221.07 million indicates that it included Appropriations in Aid (AIA) of Kshs.0.0 million and Facilities Improvement Financing (FIF) of Kshs.122.78 million and Kshs.98.29 million as ordinary OSR. Table 3.127 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.127: Laikipia County, Revenue Performance in the First Quarter of FY 2024/25

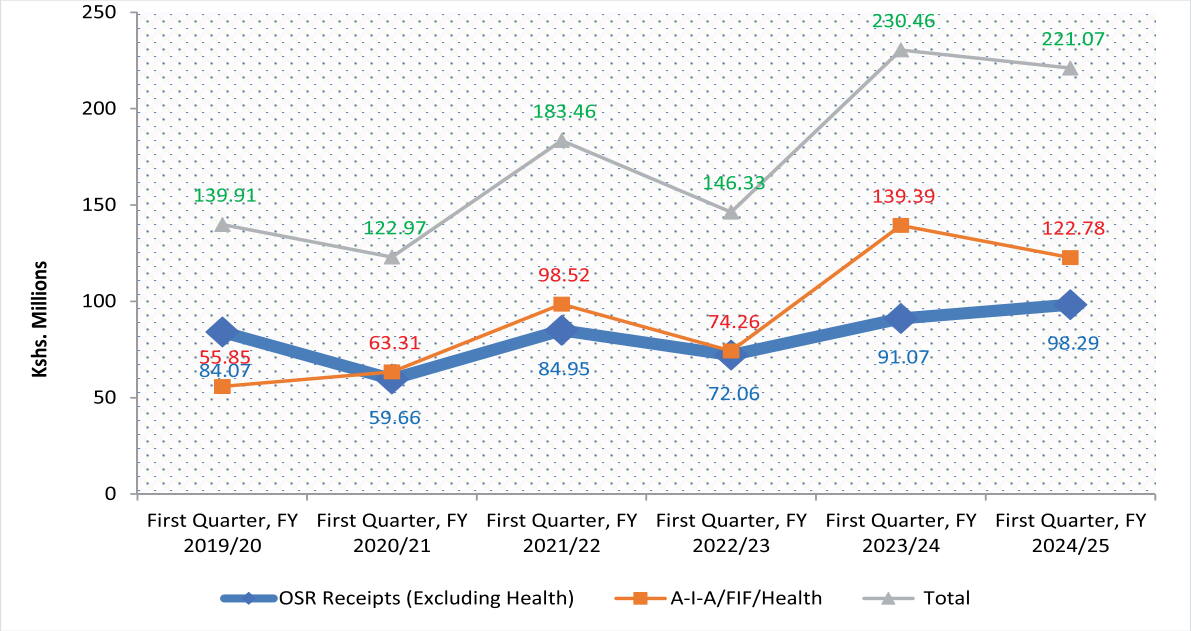
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,569,687,183	455,450,955	8
Sub Total		**5,569,687,183**	**455,450,955**	**8**
B	**Additional Allocations**			
1	Aggregated Industrial Park	250,000,000		0
2	Community Health Promoters	25,230,000		0
3	DANIDA	6,435,000		0
4	Food System Resilient Project (FSRP)	173,076,923		0
5	Kenya Agricultural Business Development Project (KABDP)	10,918,919		0
6	Kenya Devolution Support Program II	37,500,000		0
7	Urban Institution Grant	35,000,000		0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
8	Urban Development Grant	77,214,879		0
9	Fuel Levy	235,196,042		0
10	Name of Conditional Grant			0
Sub-Total		850,571,763	0	**0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	842,500,000	98,292,389	12
2	Balance b/f from FY2023/24	0	428,659,722	0
3	Facility Improvement Fund (FIF)	602,500,000	122,781,427	20
4	Other Revenues	150,000,000	0	0
5	Appropriation in Aid (AIA)	30,000,000	0	0
Sub Total		1,625,000,000	649,733,538	40
Grand Total		**8,045,258,946**	1,105,184,493	**14**

Source: *Laikipia County Treasury*

Figure 77 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 77: Trend in Own-Source Revenue Collection from the FY 2018/19 to the FY 2024/25

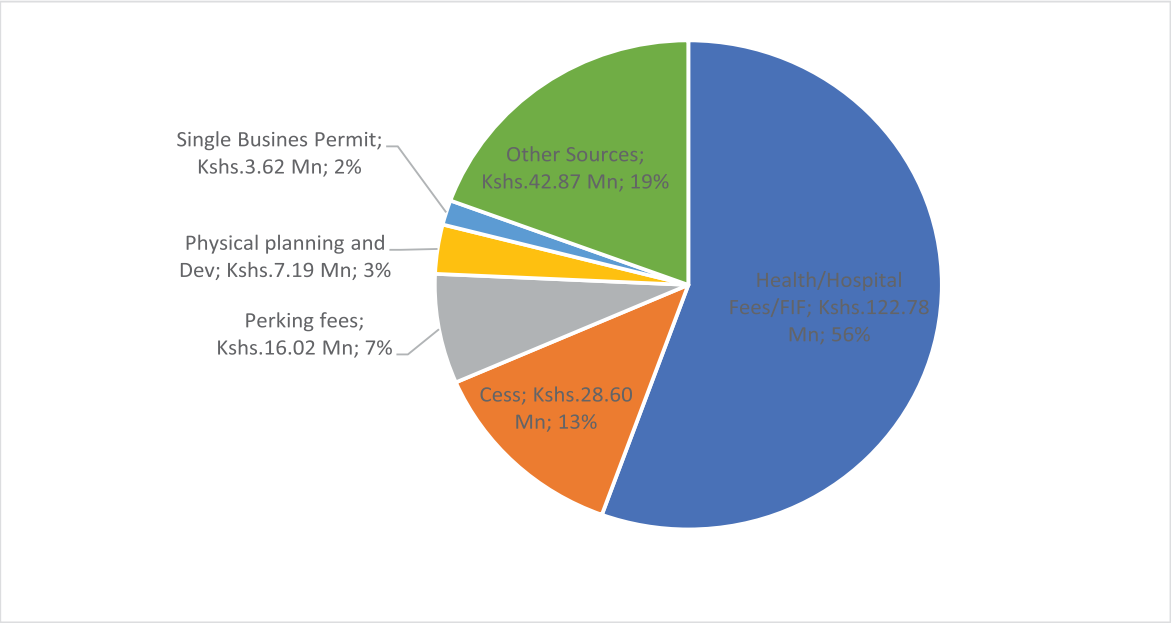


Source: *Laikipia County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.221.07 million from its sources of revenue, including AIA and FIF. This amount decreased by 4.0 per cent compared to Kshs.230.46 million was realised in a similar period in FY 2023/24, and it was 3.0 per cent of the annual target and 14.0 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.41.3 Thousand (where applicable).

The revenue streams which contributed the highest OSR receipts are shown in Figure 78.

Figure 78: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Laikipia County Treasury*

The highest revenue stream, Kshs.122.78 million, was from the Hospital/Facility Improvement Fund, which contributed 56 per cent of the total OSR receipts during the reporting period.

3.20.3 Borrowing by the County

The County Government executive did not borrow from a commercial bank during the review period. However, the County Assembly borrowed (Kshs.24.0 million) from Family Bank to support its operations.

3.20.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.465.85 million from the CRF account during the reporting period, comprised of Kshs.27.66 million (6 per cent) for development programmes and Kshs.438.19 million (94 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.313.60 million was released towards employee compensation and Kshs.124.59 million for operations and maintenance expenditures.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs.525.19 million.

3.20.5 County Expenditure Review

The County spent Kshs.508.47 million on development and recurrent programmes in the reporting period. The expenditure represented 109 per cent of the total funds released by the CoB and comprised of Kshs.27.92 million and Kshs.480.55 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.9 per cent, while recurrent expenditure represented 99 per cent of the annual recurrent expenditure budget.

3.20.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.74 billion as of 30 June 2024, comprising pending payments by the county executive of Kshs.1.69 billion and Kshs 50.02 million for the County Assembly.

The County Executive's pending bills consist of Kshs.777.74 million for recurrent expenditures and Kshs.907.86 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.79.39 million, which was entirely for recurrent activities, while the County Assembly settled recurrent pending bills worth Kshs.15.74 million. Therefore, the outstanding bills were Kshs.1.64 billion as of 30 September 2024.

3.20.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.285.66 million on employee compensation, Kshs.107.43 million on operations and maintenance, and Kshs.27.92 million on development activities. Similarly, the County Assembly spent Kshs.54.01 million on employee compensation, Kshs.33.45 million on operations and maintenance, and nil on development activities, as shown in Table 3.128

Table 3.128: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,345,784,301**	**548,716,000**	**398,182,585**	**40,011,555**	393,092,633	87,459,891	**9**	**16**
Compensation to Employees	3,464,755,593	245,000,000	292,716,435	20,887,876	285,664,209	54,014,067	8	22
Operations and Maintenance	881,028,708	303,716,000	105,466,150	19,123,679	107,428,424	33,445,824	12	11
Development Expenditure	3,072,807,714	77,950,931	27,657,559	-	27,918,557	-	0.9	0.0
Total	**7,418,592,015**	**626,666,931**	**425,840,144**	**40,011,555**	**421,011,190**	**87,459,891**	6	14

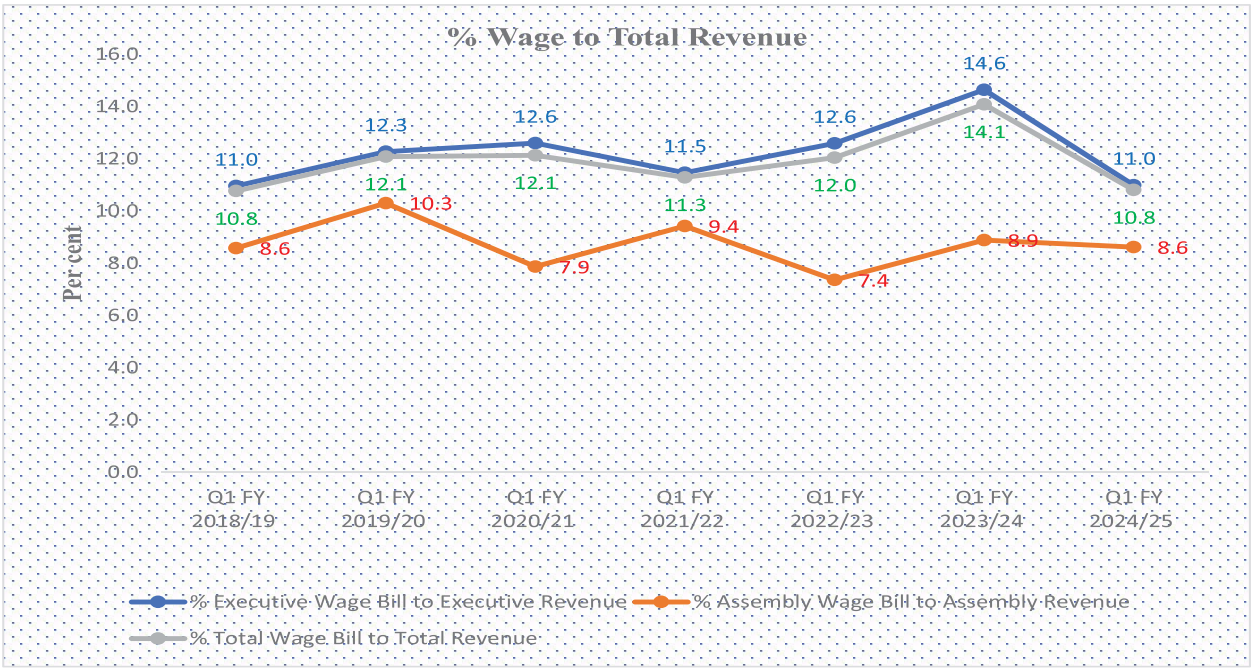
***Source**: Laikipia County Treasury*

3.20.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.339.68 million, or 30.73 per cent of the available revenue of Kshs.508.47 million. This expenditure represented a decrease from Kshs.628.73 million reported in a similar period in FY 2023/24. The wage bill included Kshs.286.34 million paid to the health sector employees, translating to 84.0 per cent of the total wage bill.

Figure 79 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 79: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source:** Laikipia County Treasury*

Further analysis indicates that PE costs amounting to Kshs.290.27 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs49.41 million was processed through manual payrolls. The manual payrolls accounted for 14.5 per cent of the total PE cost.

The County Assembly spent Kshs.0.825million on committee sitting allowances for the 22 MCAs against the annual budget allocation of Kshs.22.97 million. The average monthly sitting allowance was Kshs.37,523 per MCA. The County Assembly had 18 House Committees.

3.20.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.248.24 million to county-established funds in FY 2024/25, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.45.0 million to the Emergency Fund (0.56 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.129 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.129: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	County Executive Emergency Fund	45,0000				
	Laikipia County Development Authority	6,910,951				Yes
	Laikipia County Car Loan and Mortgage	15,000,000	-	-	-	-
	Laikipia County Education Bursary Fund	75,000,000	-			Yes
	Laikipia County Leasing Fund	106,333,000				Yes
	County Assembly Established Funds	-				Yes
	Total	**248,243,951**				

Source: *Laikipia County Treasury*

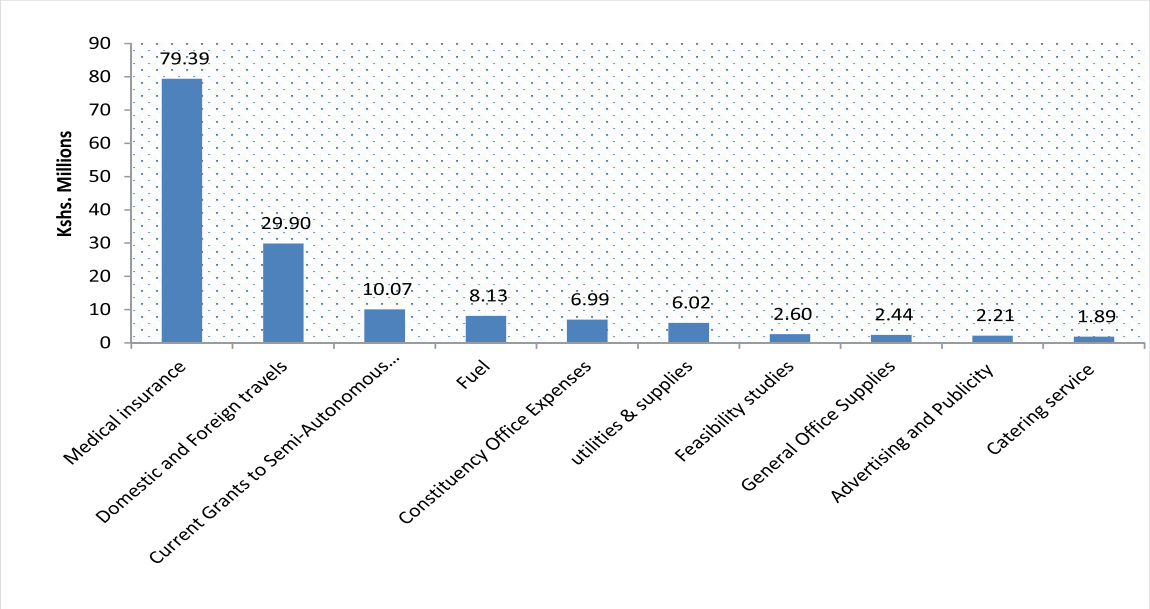
During the reporting period, the CoB received quarterly financial reports from 5 Fund Administrators, as indicated in Table 3.129, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.20.10 Expenditure on Operations and Maintenance

Figure 80 summarises the Operations and Maintenance expenditure by major categories.

Figure 80: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: *Laikipia County Treasury*

Expenditure on domestic travel amounted to Kshs.32.76 million, comprised of Kshs.9.67 million spent by the County Assembly and Kshs.10.2 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.89 million, which was entirely for the County Assembly, is summarised in Table 3.130

Table 3.130: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	31	15-22 September 2024	Training	Uganda	12,896,190

Source: *Laikipia County Treasury and County Assembly*

3.20.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.122.78 million as FIF, which was 11 per cent of the annual target of Kshs.602.5 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has developed regulations to operationalise the FIF Act of 2021.

The expenditure by the health facilities amounted to Kshs.122.7 million, as shown in the Table 3.131

Table 3.131: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1	LHS Nyahururu	230,420,000	45,000,000	19.6
2	LHS Nanyuki	331,580,000	75,000,000	22.7
3	General administration Services-	10,500,000	-	0
4	Sub county hospitals	30,000,000	2,781,427	9.3
	Total	**602,500,000**	122,781,427	20.4

Source: *Laikipia County Treasury*

The Health Facility with the highest absorption rate was LHS Nanyuki.

3.20.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.27.92 million on development programmes, representing a decrease of 88 per cent compared to a similar period in FY 2023/24, when the County

spent Kshs.235.86 million. Table 3.132 summarises development projects with the highest expenditure in the reporting period.

Table 3.132: Laikipia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Water, Environment and natural resources	Climate change	County Wide	15,000,000	10,260,998	68
2	Administration	Construction of Sub County offices	Kinamba	4,000,000	-	
3	Administration	CCTV Installation	Rumuruti	2,000,000	-	
4	Administration	Standby Generator	Rumuruti	4,000,000	-	
5	Administration	Construction of Car Parking Shades and Security lights installation	Rumuruti	5,000,000	-	

3.20.13 Budget Performance by Department

Table 3.133 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.133: Laikipia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration and Office of the Governor	3,758,000,877	19,900,000	374,557,934	-	367,055,708	-	98	-	10	-
Finance, Economic Planning and The County Treasury	156,998,355	448,910,951	12,839,133	13,657,559	17,384,933	13,657,558	135	100	11	3
Health and Sanitation	206,475,000	822,200,000	550,000	-	550,000	-	100	-	0	-
Agriculture Livestock and Fisheries	16,000,000	285,385,842	100,000	-	100,000	1,000,000	100	-	1	0
Infrastructure and Public Works	35,000,000	770,796,042	5,670,937	3,000,000	3,087,873	3,000,000	55	100	9	0
Education	97,700,000	71,910,000	1,024,200	-	1,024,200	-	100	-	1	-
Trade	13,410,000	425,890,000	770,381	-	770,381	-	100	-	6	-
Gender, Culture and Social Services	4,200,000	2,000,000	320,000	-	320,000	-	100	-	8	-
Water	17,000,000	138,600,000	2,350,000	11,000,000	2,350,000	10,268,998	100	93	14	7

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Rumuruti Municipality	2,000,000	5,000,000			-	-	-	-	-	-
Nyahururu Municipality	2,000,000	-	-	-	-	-	-	-	-	-
Nanyuki Municipality	37,000,000	82,214,879	-	-	-	-	-	-	-	-
County Assembly	548,716,069	77,950,931	40,011,555	-	87,459,891	-	219	-	16	-
Total	**4,894,500,301**	**3,150,758,645**	**438,194,140**	**27,657,559**	**480,102,986**	**27,926,556**	**110**	**101**	**10**	**1**

***Source**: Laikipia County Treasury*

Analysis of department expenditure shows that the Department of Water recorded the highest absorption rate of development budget at 7 per cent, followed by the Department of Infrastructure and Lands at 0.4 per cent. The Department of Assembly had the highest percentage of recurrent expenditure to budget at 16 per cent, while the Department of Nanyaki Nyahururu, Rumuruti Municipalities had nil expenditure. Assembly had borrowed from Family Bank to meet the cost of August salaries.

3.20.14 Budget execution by Programmes and Sub-programmes

Table 3.134 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.134: Laikipia County, Budget Execution by Programmes and Sub-Programmes

	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure Jul 2024 - September 2025		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
COUNTY: COUNTY COORDINATION, ADMINISTRATION, ICT AND PUBLIC SERVICE							
COUNTY ADMINISTRATION							
P3 General Administration and Planning	Headquarter Administration Services-0103014510	16,100,000	-	800,000		5%	
	ICT Infrastructure and Connectivity-0505014510	1,300,000	2,000,000	-		0%	0%
	County Administration - Laikipia East-0701034510	850,000	-	-	-	0%	
	County Administration - Laikipia North-0701044510	1,300,000	-	-	-	0%	
	Decentralised Services-0717014510	37,500,000	-	-	-	0%	
	County Administration - Laikipia West-0701054510	450,000	-	-	-	0%	
	Sports Promotion Services - 0902054510	8,500,000	-	-	-	0%	
	Sub Total	**66,000,000**	**2,000,000**	**800,000**	-	1%	0
COUNTY ADMINISTRATION				-	-		
General Administration and Planning	Compensation To Employees-0701064510	3,611,255,593		365,055,708	-	10%	
	Sub-Total	**3,611,255,593**	-	**365,055,708**	-	**10%**	
COUNTY ADMINISTRATION							
County Executive Committee Support	Executive Support Service-0708014510	56,000,000	-	1,200,000	-	2%	
	Legal Services-0708024510	3,045,284	-	-	-	-	
	Intergovernmental & Donor Liason-0708034510	5,000,000	-	-	-	-	
	Sub-Total	**64,045,284**	-	**1,200,000**	-	**2%**	

	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure Jul 2024 - September 2025		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
COUNTY ADMINISTRATION							
County Administration	Public Participation	2,000,000	-	-	-	-	
	County Services Delivery and Result Report	3,100,000	-	-	-	-	
	Decentralised Services		13,000,000	-	-		0
	Sub-Total	**5,100,000**	**13,000,000**	**-**	**-**	-	0
COUNTY ADMINISTRATION							
Security and Policing Support Services	Urban Facilities Management Services-0702054510	-	-	-	-		
Human Capital Management and Devolution	County Public Service Board-0722024510	6,000,000	-	450,000	-	8	
Human Capital Management and Devolution	Information and Records Management-0722034510	1,800,000	-	-	-	-	
	Sub-Total	**7,800,000**	**-**	**450,000**	**-**	6	
COUNTY ADMINISTRATION							
County Administration	Fleet-0702074510	800,000	-	-	-	-	
	Sub-Total	**800,000**	**-**	**-**	**-**	-	
COUNTY ADMINISTRATION							
Public Safety, Enforce and Disaster Management	Disaster Reduction Management-0705014510	1,224,706	1,633,000	-	-	-	0
Public Safety, Enforce and Disaster Management	Fire Services-0705024510	857,294	3,267,000	-	-	-	0
Public Safety, Enforce and Disaster Management	Enforcement And Disaster Management-0705034510	673,000	-	-	-	-	
Public Safety, Enforce and Disaster Management	Alcohol Control Committee-0705044510	245,000	-	-	-	-	
	Sub-Total	**3,000,000**	**4,900,000**	**-**	**-**	-	0
	Sub-Total	**3,758,000,877**	**19,900,000**	**367,505,708**	**-**	10	0
DEPARTMENT: FINANCE, ECONOMIC PLANNING AND THE COUNTY TREASURY							
707004510 Financial Services	707064510 County Treasury administrative services	20,000,000	-	-	-	**0**	**0**
	707084510 Financial Automation Services	800,000	-	-	-	**0**	**0**
	707074510 Laikipia County Emergency Fund	-	45,000,000	-	-	**0**	**0**
	707044510 Revenue management services	-	10,000,000	-	-	**0**	**0**
	Sub-Total	**20,800,000**	**55,000,000**	**-**	**-**	**0**	**0**
0709004510 Administration and Support Services	709014510 Generation administration and support services	72,244,143	392,000,000	7,000,000	13,657,559	**10**	**3**
	Sub-Total	**72,244,143**	**392,000,000**	**7,000,000**	**13,657,559**	**10**	**3**
0725004510 Public Finance Management Services	725014510 County Treasury Accounting and Reporting Services	4,500,000	-	-	-	**0**	**0**
	725044510 Budget Management	3,644,412	-	-	-	**0**	**0**
	725034510 Internal Audit Services	4,800,000	-	-	-	**0**	**0**

	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure Jul 2024 - September 2025		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	725024510 Supply Chain Management Services	4,500,000	-	-	-	**0**	**0**
	Sub-Total	**17,444,412**	-	-	-	**0**	**0**
0706004510 Departmental administrative services/Centralised services	706044510 Revenue collection services	**34,500,000**	-	10,069,519	-	**29**	**0**
	706054510 Budget supply services	**1,395,800**	-	-	-	**0**	**0**
	Sub-Total	**35,895,800**	-	**10,069,519**	-	**28**	**0**
0726004510 Development Planning Services	726014510 Integrated Planning Services	-	-	-	-	**0**	**0**
	726024510 Participatory Budgeting support services	-	-	-	-	**0**	**0**
	726034510 Research Statistics and Documentation services	-	-	-	-	**0**	**0**
	726064510 Strategic Partnership and Collaboration	5,000,000	1,910,951	-	-	**0**	**0**
	0726044510 Programme Monitoring and Evaluation	1,574,000	-	45,000	-	**3**	**0**
	Sub-Total	**6,574,000**	**1,910,951**	**45,000**	-	**1**	**0**
0702004510 County Administration	0702054510 Public participation	240,000	-	-	-	**0**	**0**
	Sub-Total	**240,000**	-	-	-	**0**	**0**
0721004510 Economic planning services	0721014510 Integrated Planning Services	1,600,000	-	150,000	-	**9**	**0**
	0721054510 Research Statistics and Documentation	2,200,000	-	120,414	-	**5**	**0**
	Sub-Total	**3,800,000**	-	**270,414**	-	**7**	**0**
	Totals	**156,998,355**	**448,910,951**	**17,384,933**	**13,657,559**	**11**	**0**
DEPARTMENT OF HEALTH							
CURATIVE AND REHABILITATIVE HEALTH	HEALTH PRODUCTS AND TECHNOLOGIES SUPPORT-0401014510	-	162,000,000	-	-	-	-
	HEALTH INFRASTRUCTURE DEVELOPMENT-0401034510	-	148,000,000	-	-	-	-
	EMERGENCY REFERRAL AND REHABILITATIVE SERVICE-0401074510	98,800,000	512,200,000	550,000	-	0.56	-
	402014510 ADMINISTRATION, PROJECT PLANNING AND IMPLEMENTATION SERVICES	4,000,000	-	-	-	-	-
	HUMAN RESOURCE DEVELOPMENT-0402024510	3,000,000	-	-	-	-	-
	402044510 HEALTH LEADERSHIP AND GOVERNANCE	6,000,000	-	-	-	-	-
	401054510	6,435,000	-	-	-	-	-
	PUBLIC HEALTH PROMOTION AND NUTRITION SERVICES-0405034510	25,230,000	-	-	-	-	-
	Sub Total	**143,465,000**	**822,200,000**	550,000	-	-	-

	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure Jul 2024 - September 2025		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	HUMAN RESOURCE DEVELOPMENT-0402024510	300,000	-	-	-	-	-
	401044510	9,700,000	-	-	-	-	-
	401064510	8,000,000	-	-	-	-	-
	Sub-Total	**18,000,000**	**-**	-	-	-	-
PREVENTIVE HEALTH SERVICES	COMMUNITY HEALTH STRATEGY, ADVOCACY AND SURVEILLANCE-0405044510	35,000,000	-	-	-	-	-
	FAMILY PLANNING, MATERNAL, AND CHILD HEALTH SERVICES-0405014510	2,200,000	-	-	-	-	-
	NON -COMMUNICABLE DISEASES CONTROL AND PREVENTION-0405024510	1,650,000	-	-	-	-	-
	PUBLIC HEALTH PROMOTION AND NUTRITION SERVICES-0405034510	4,910,000	-	-	-	-	-
	TB/HIV/AIDS PREVENTION AND CONTROL-0405054510	1,250,000	-	-	-	-	-
	Sub-Total	**45,010,000**	**-**	**-**	-	-	-
Grand Total		**206,475,000**	**822,200,000**	**550,000**	-	0.27	-
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES							
Headquarters	SP1 0103014510 Headquarter Administration Services	4,000,000	203,995,842	50,000	1,000,000	1%	0%
	SP1 0103024510 Headquarter Administration Services	4,000,000	-	50,000	-	1%	0
Livestock Production	SP2 0104024510 Livestock Resource Development and Management	1,350,000	16,000,000	-	-	0%	0%
Veterinary Services	SP5 0107054510 Animal Health and Disease Management	1,350,000	16,500,000	-	-	0%	0%
Fisheries Production	SP1 0110014510 Fisheries Development and Management	950,000	2,090,000	-	-	0%	0%
Crop Production & Horticulture	SP2 0117024510 Land and Crop Productivity Enhancement and Management	3,000,000	10,000,000	-	-	0%	0%
	SP4 1006044510 Climate Change Adaptation & Mitigation	1,350,000	36,800,000	-	-	0%	0%
Grand Total		**16,000,000**	**285,385,842**	**100,000**	**1,000,000**	**1%**	**0%**
	4515						
P3-0103004510-General Administration and Planning Services	SP1 Administration Services-0105014510	9,600,000	-	100,000	-	1	-
P12-0112004510 - Physical Planning and Survey	SP1-0112014510 - Survey and Planning services	2,050,000	-	-	-	-	-
	SP2-0112024510 - Land management services	-	-	-	-	-	-
P13-0113004510- Land and Housing Management	SP2 Housing Policy Development-0113024510		-	-	-	-	-

	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure Jul 2024 - September 2025		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
P14-0114004510-Public Works Service Delivery Improvement	SP4 County Building Construction Standard-0114044510	1,000,000	2,500,000	-	-	-	-
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1 Road Network improvement-0115014510	2,000,000	-	-	3,000,000	-	-
	SP3- Road network maintenance-0115034154	0	-	-	-		-
	SP4 Heavy equipment Maintenance-0115044510	-	35,000,000	-	-		-
	SP5-0115054510 - Mechanisation Services	-	90,000,000	-	-		-
	SP Urban Development-0115094510	-	10,000,000	-	-		-
P18-0118004510-Renewable /Green Energy Services	SP1 County renewable/green energy services-0118014510	20,350,000	-	2,987,873	-	15	-
Total		**35,000,000**	**137,500,000**	**3,087,873**	**3,000,000**	**16**	**-**
DEPARTMENT: EDUCATION AND LIBRARY SERVICES							
Administration and planning services							
	Administration Services - 502014510	-	-	-	-		0.0
	Headquarter Services - 502024510	2,500,000	4,700,000	800,000	-	32	
	Personnel services - 502044510	1,000,000	-		-	0	0
	Sub Total	**3,500,000**	**4,700,000**	**800,000**	**-**		**-**
Early childhood development (ECD) and childcare facilities	**Education Empowerment - 501034510**	75,000,000	-	-	-	0	0
	ECDE Infrastructure Improvement - 506014510	-	44,000,000	-	-		0
	ECDE Teacher Services - 506034510	1,500,000	-	-	-	0	0
	Children's Institutions Support Program (CEDC) - 904014510	2,700,000	3,000,000	224,200	-	8	
	Sub-Total	**79,200,000**	**47,000,000**	**224,200**	**-**		**-**
Youth, Polytechnics, Vocational Training							
	Vocational Education and Training - 511014510	14,500,000	20,210,000	-	-	0	0
	Library - 511044510	500,000	-	-	-	0	
Totals		**15,000,000**	**20,210,000**	**-**	**-**	**-**	**-**
TOTAL EDUCATION		**97,700,000**	**71,910,000**	**1,024,200**	**-**	**-**	**-**
DEPARTMENT: TRADE, TOURISM AND CO-OPERATIVE DEVELOPMENT							
P1 Administration, planning and support services							
	301014510-SP1 Administration Service	4,560,000	-	520,381	-	11%	0%
	301044510-SP2 Personnel Services	1,550,000	-	-	-	0%	0%
Sub Total		**6,110,000**	**-**	**520,381**	**-**	**9%**	**0%**

	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure Jul 2024 - September 2025		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Co-operative Development							0%
	0302034510 SP3 Research and Development	2,500,000	-	250,000	-	10%	0%
	302024510-SP2 Co-operative Revolving fund		3,000,000	-	-	0%	0%
Sub Total		**2,500,000**	**3,000,000**	**250,000**	**-**	0%	0%
Trade and Investment							
	0304014510- SP1 Market Infrastructure Development	-	20,590,000	-	-	0%	0%
	0304054510-SP5 Industrial Development and Investment Promotion	3,700,000	400,000,000	-	-	0%	0%
Sub Total		**3,700,000**	**420,590,000**	**-**	**-**	**0%**	**0%**
Tourism Development and Promotion					-		0%
	0305014510 SP1 Tourism Promotion and Marketing	1,100,000	-	-		0%	0%
	0305024510 SP2 Tourism Infrastructural Development	-	2,300,000	-	-	0%	0%
Sub Total		**1,100,000**	**2,300,000**	**-**	**-**	0%	0%
TOTAL TRADE		**13,410,000**	**425,890,000**	**770,381**	**-**	**6%**	**0**
DEPARTMENT: GENDER, CULTURE AND SOCIAL SERVICES							
Administration and planning services	Use of goods and services - 901014510	2,500,000	-	320,000	-	13	0
	Routine Maintenance - Other As - 903034510	-	2,000,000	-	-		0
	Sub Total	**2,500,000**	**2,000,000**	**320,000**	**-**		
Culture and Social Services	Cultural events promotion services - 903014510	600,000	-	-	-	**0**	**0**
	Social services infrastructure - 903034510	700,000	-	-	-	**0**	**0**
	Persons with Disability Programme - 903044510	400,000	-	-	-	**0**	**0**
	Sub-Total	**1,700,000**	**-**	**-**	**-**		
Totals		**4,200,000**	**2,000,000**	**320,000**	**-**		
TOTAL GENDER		**4,200,000**	**2,000,000**	**320,000**	**-**		
WATER, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE							
Water Development	1) 1003014510 Administrative and Planning Services	2,000,000	-	250,000	-	13%	0%
General administration and support services	1) 1003014510Administrative and Planning Services	8,000,000	-	1,000,000	-	13%	0%
Environment and Natural Resources	1006014510 Solid Waste Management	-	45,600,000	-	-	0%	0%
	1006044510 Climate Change Adaptation & Mitigation	7,000,000	93,000,000	1,100,000	10,260,998	16%	11%
TOTAL WATER		**17,000,000**	**138,600,000**	**2,350,000**	**10,260,998**	**14%**	**7%**
DEPARTMENT: NANYUKI MUNICIPALITY							
P3-0103004510-General Administration and Planning Services	SP1 0103014510 Administration Services	37,000,000	-	-	-	0	-

	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure Jul 2024 - September 2025		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1-0115014510 Road Network improvement	-	82,214,879	-	-	-	0
Total		**37,000,000**	**82,214,879**	-	-	**0**	**0**
DEPARTMENT: RUMURUTI MUNICIPALITY							
P3-0103004510-General Administration and Planning Services	SP1 0103014510 Administration Services	2,000,000	-	-	-	0	-
Total		**2,000,000**	**5,000,000**	7,000,000			
DEPARTMENT: NYAHURRU MUNICIPALITY							
P3-0103004510-General Administration and Planning Services	SP1 0103014510 Administration Services	2,000,000					
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1-0115014510 Road Network improvement	-			-	-	0
Total		**2,000,000**			-	**0**	**0**
ASSEMBLY							
General administration support services	Compensation of employees/ MCAs	281,598,262	-	45,997,476		**16%**	-
	Other recurrent expenditure	47,631,379		6,478,458.60		**0.14**	-
	County Assembly Staff Car & Mortgage Scheme	-		-		**0%**	-
	Training of staff					**0%**	-
	Subtotal	**329,229,641**		**52,475,934.60**		**16%**	-
Legislative and oversight	Other recurrent expenditure	204,635,828		34,983,956.40		**17%**	-
	Training	9,780,200		-		**0%**	
	Public participation	5,070,400				**0%**	
	Subtotal	**219,486,428**		**34,983,956.40**		**16%**	
County Assembly infrastructure services	PURCHASE OF MOTOR VEHICLES		10,373,171			**0%**	-
	REFURBISHMENT OF NON -RESIDENTIAL BUILDING-		34,519,745		-	**0%**	-
	HOUSING LOANS TO PUBLIC SERVANTS		33,058,015		-	**0%**	-
	Subtotal		**77,950,931**		-	**0%**	-
TOTAL		**548,716,069**	**77,950,931**	**87,459,891**	-	**16%**	-
Grand Total		**4,894,500,301**	**3,150,758,645**	**508,471,081**	**27,918,095**	**10**	**1**

Based on absorption rates, the sub-programmes with the highest implementation levels were General Admin in the Department of Education at 32 per cent, Revenue Services in the Department of Finance at 29 per cent, and Legislative and Oversight in the Department of Assembly at 16 per cent of budget allocation.

3.20.15 Accounts Operated in Commercial Banks

The County Government operated a total of Bank accounts with commercial banks, of which three are related to healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.20.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 28 October 2024

2. The underperformance of own-source revenue at Kshs.98.29 million against an annual target of Kshs.842.5 million, representing 11.7 per cent of the yearly target.

3. The County Treasury had a high number of pending bills, which amounted to Kshs.1.64 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.49.41 million were processed through manual payroll, accounting for 15 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*

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

5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.21. County Government of Lamu

3.21.1 Overview of FY 2024/25 Budget

The Lamu County approved FY 2024/25 budget is Kshs.5.29 billion. It comprised Kshs.2.21 billion (42.8 per cent) and Kshs.3.08 billion (58.3 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase from Kshs.4.54 billion (16.5 per cent) in the FY 2023/24 budget, which comprised a development budget of Kshs.1.54 billion and a recurrent budget of Kshs.3.0 billion. The increase in the county government budget was attributed to a rise in the equitable shareable revenue from the National Government, the revenue raised nationally, additional allocations, and improved own source revenue collection.

The Lamu County Government budget will be financed from different sources of revenue. These include; Kshs.3.36 billion (63.6 per cent) expected as the equitable share of revenue raised nationally, Kshs.1.16 billion as additional allocations, a cash balance of Kshs.478.61 million (9 per cent) brought forward from FY 2023/24, and Kshs.290 million (5.5 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.130 million (2.5 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.160 million (3 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.135.

3.21.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.06 billion to fund recurrent and development activities. The equitable share from the national Government was Kshs.275.17 million, additional allocations from government and development partners of Kshs.11 million and own source revenue (OSR) collection of Kshs.34.52 million. In addition, the County had a cash balance of Kshs.737.6 million from FY 2023/24.

Analysis of the total OSR collection from Facilities Improvement Financing (FIF) of Kshs.21.05 million and Kshs.13.46 million as ordinary OSR. Table 3.135 summarises the total revenue available to the county government during the first quarter of FY 2024/25.

Table 3.135: Lamu County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	3,362,798,128	275,178,810	8
Subtotal		**3,362,798,128**	**275,178,810**	**8**
B	**Additional Allocations**			
	Roads Maintenance Fuel Levy	134,869,251	-	-
	DANIDA Grant to Finance Primary Health Care in a Devolved Context	3,997,000	-	-
	IDA(World Bank) - Kenya Informal Settlement Improvement Project-II (KISIP II)	28,128,530	-	-
	AFD- Kenya Informal Settlement Improvement Project II (KISIP II)	282,000,000	-	-
	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	173,076,923	-	-
	IDA (World Bank) Kenya Devolution Support Program-II (KDSP II)	37,500,000	-	-
	SWEDE N - Kenya Agricultural Business Development Project (KABD P)	10,918,919	-	-
	Community Health Promoters (CHPs) Project	14,520,000	-	-
	DA (World Bank Credit: Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	20,547,228	-	-
	IDA (World Bank) Credit: Kenya Urban Support Project (KU SP)-Urban Institutional Grant (UIG)	35,000,000	-	-
	KfW(Germany Development Bank) loan for Co-Financing of FLLoCA County Climate Resilience Investment (CCRI)Grant	11,000,000	11,000,000	100
	IDA (World Bank) loan for the Financing of FLLoCA County Climate Resilience Investment (CCRI)Grant	70,000,000	-	-
	Balance brought forward FLLoCA	71,075,483	-	-
	Supplement Construction of County Headquarters	264,732,161	-	-
Subtotal		**1,157,365,495**	**11,000,000**	**1.0**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	160,000,000	13,463,524	8
	Facility Improvement Fund (FIF)	130,000,000	21,051,772	16
Subtotal		**290,000,000**	**34,515,296**	**12**

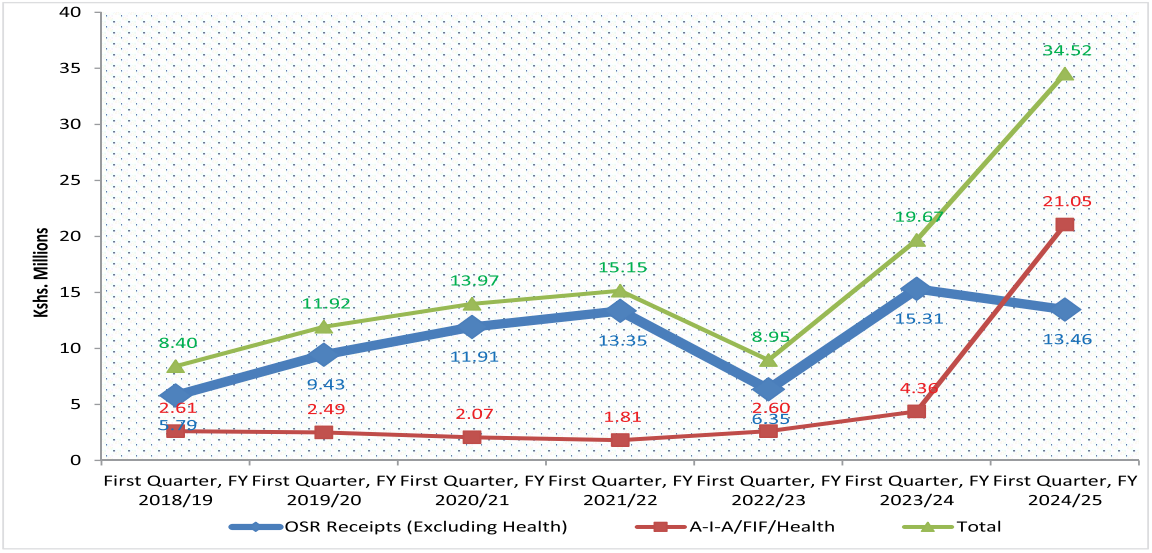
S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	737,601,786	737,601,786	100
Grand Total		**5,288,777,353**	**1,058,295,892**	**20**

Source: *Lamu County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 81 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 81: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

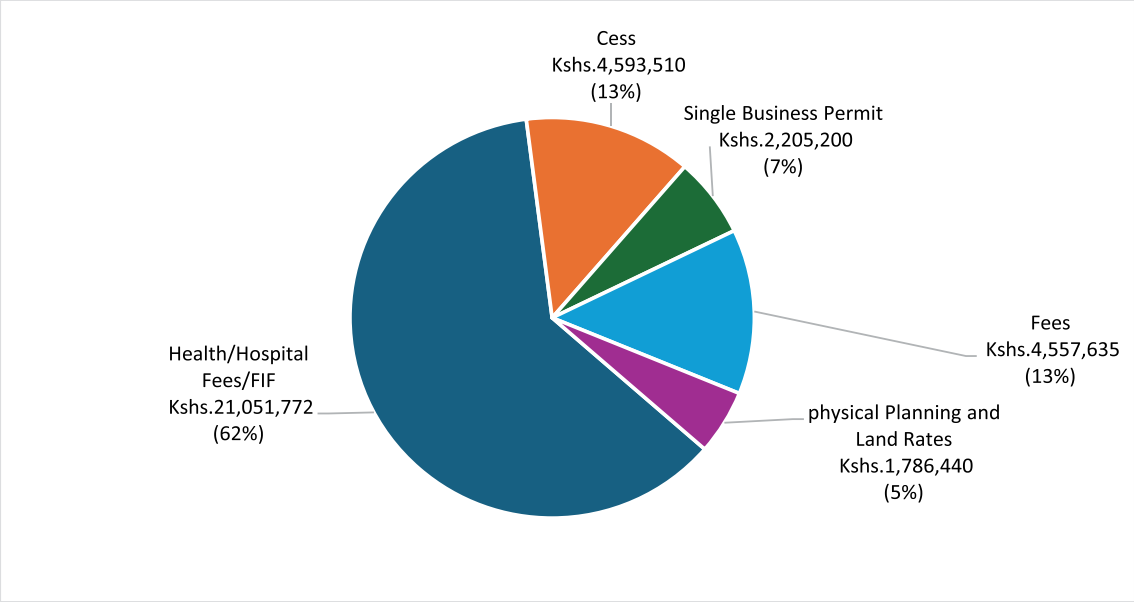


Source: *Lamu County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.34.52 million from its sources of revenue and FIF. This amount was an increase of 75.5 per cent compared to Kshs.19.67 million realised in a similar period in FY 2023/24 and was 12 per cent of the annual target and 0.4 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.2.69 million. The increase in OSR can be attributed to good governance within the revenue department, enhanced internal control measures, data gathering and mapping, especially on single business permits, and improved enforcement of revenue collection.

The revenue streams which contributed the highest OSR receipts are shown in Figure 82.

Figure 82: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Lamu County Treasury*

The highest revenue stream, Kshs.21.05 million, was from Facility Improvement Financing, which contributed 62 per cent of the total OSR receipts during the reporting period.

3.21.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.397.72 million from the CRF account during the reporting period, which comprised Kshs.11 million (2.8 per cent) for development programmes and Kshs.386.72 billion (97.2 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.310.28 million was released towards employee compensation and Kshs.76.44 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 425.29 million.

3.21.4 County Expenditure Review

The County reported an expenditure of Kshs.379.38 million on recurrent programs in the reporting period. The expenditure represented 95.4 per cent of the total funds released by the CoB and 12.8 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.49.12 million and has not paid towards pending bills. The county assembly has no pending bills.

The county executive's pending bills consist of Kshs.23.8 million for recurrent expenditures and Kshs.25.3 million for development expenditures.

3.21.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.282.37 million on employee compensation and Kshs.67.59 million on operations and maintenance. Similarly, the County Assembly spent Kshs.27.9 million on employee compensation and Kshs.1.5 million on operations and maintenance. The County did not report any expenditure on the development budget, as shown in Table 3.136.

Table 3.136: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**2,445,742,867**	**507,000,000**	**349,964,131**	**29,417,896**	**14**	**6**
Compensation to Employees	1,782,299,990	224,898,800	282,372,383	27,903,096	16	12
Operations and Maintenance	663,442,877	282,101,200	67,591,748	1,514,800	10	0.5
Development Expenditure	**2,101,534,486**	**104,500,000**	-	-	-	-
Total	**4,547,277,353**	**611,500,000**	**349,964,131**	**29,417,896**	**14**	**6**

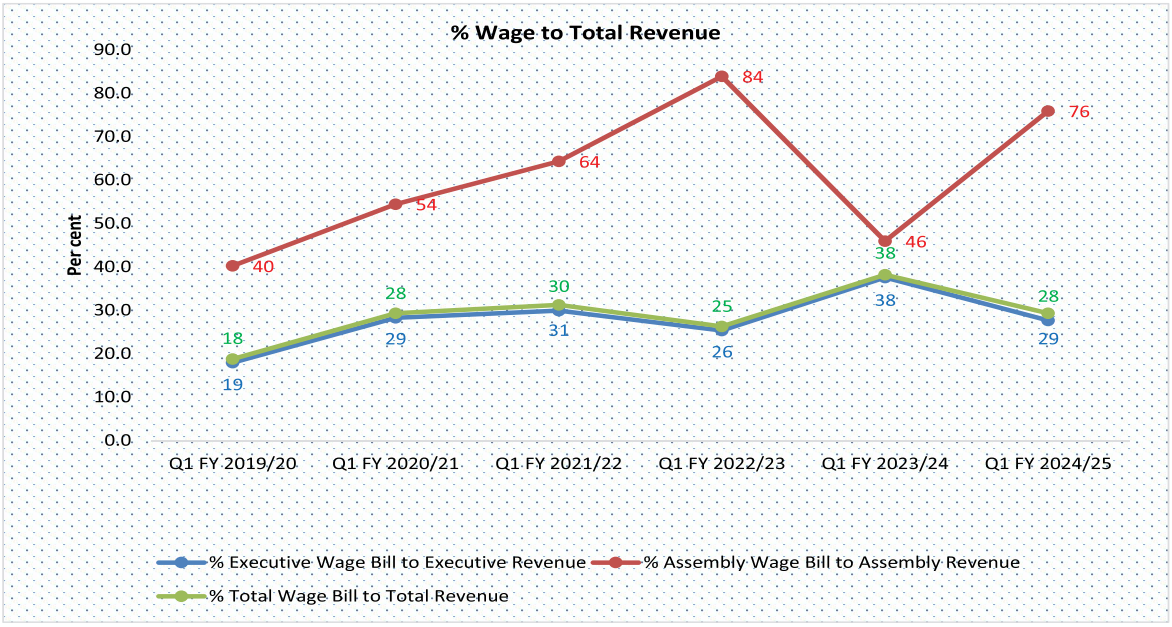
***Source**: Lamu County Treasury*

3.21.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.310.3 million, or 29.3 per cent of the available revenue of Kshs.1.06 billion. This expenditure represented an increase from Kshs.279.20 million reported in a similar period in FY 2023/24. The wage bill included Kshs.188.07 million paid to the health sector employees, translating to 60.6 per cent of the total wage bill.

Figure 83 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 83: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source:** Lamu: County Treasury*

Further analysis indicates that PE costs amounting to Kshs.270.23 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.40.04 million was processed through manual payrolls. The manual payrolls accounted for 12.9 per cent of the total PE cost.

The County Assembly spent Kshs.1.47 million on committee sitting allowances for the 20 MCAs against the annual budget allocation of Kshs.4.65 million. The average monthly sitting allowance was Kshs.77,565 per MCA. The County Assembly had 17 House committees.

3.21.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.134.51 million to county-established funds in FY 2024/25 or 2.5 per cent of the County's overall budget. Further, the County

allocated Kshs.7.8 million to the Emergency Fund (0.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.137 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.137: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Emergency Fund	7,773,006	-	-	33,800,000	Yes
	Bursary Fund	82,334,948	39,422,308	38,387,149	166,400,090	Yes
	Fisheries Revolving Fund	2,759,563	-	-	-	Yes
	Housing Fund	35,628,352	-	-	-	Yes
	Disability Fund	787,802	-	-	-	Yes
	Youth Fund	3,579,346	-	-	2,000,000	Yes
	Women Fund	1,649,158	-	-	-	Yes
Total		**134,512,175**	**39,422,308**	**38,387,149**	**202,200,090**	

Source: *Lamu County Treasury*

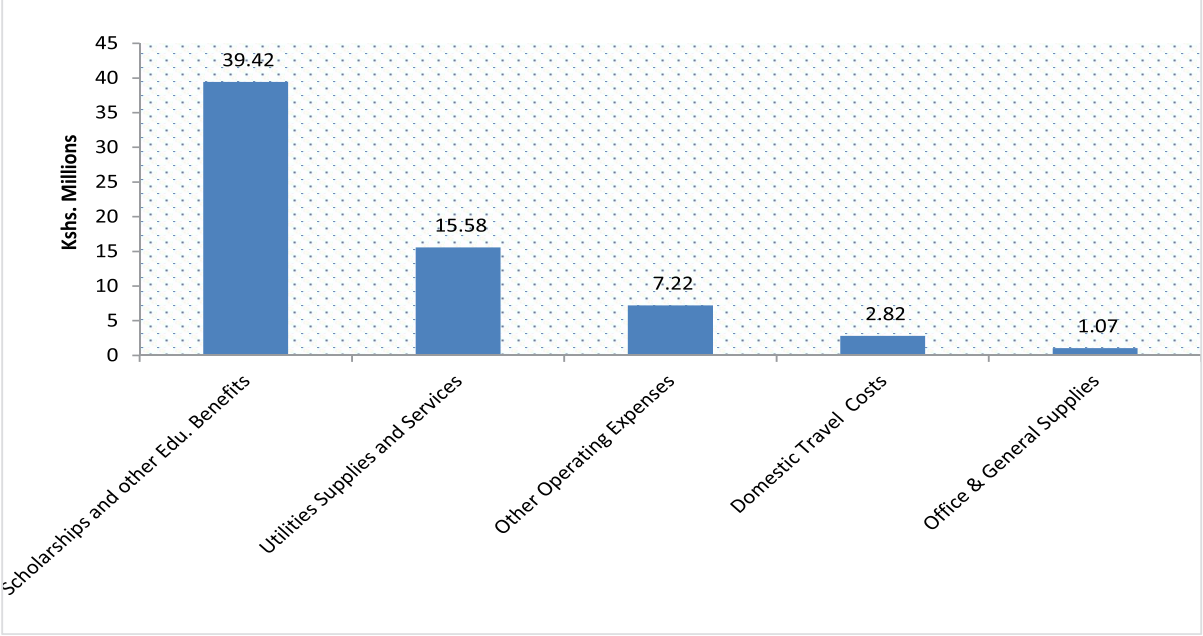
During the reporting period, the CoB received quarterly financial reports from the seven fund administrators, as indicated in Table 3.137, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.21.9 Expenditure on Operations and Maintenance

Figure 84 summarises the Operations and Maintenance expenditure by major categories.

Figure 84: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: *Lamu County Treasury*

Domestic travel expenses amounted to Kshs.2.82 million, comprised of Kshs.1.51 million spent by the County Assembly and Kshs.1.30 million by the County Executive. The other operating expenses were payments due to WIBA.

3.21.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.21.05 million as FIF, which was 16.2 per cent of the annual target of Kshs.130 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. Further, the County has regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.30 million, as shown in Table 3.138

Table 3.138: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Lamu County Referral Hospital	25,766,544	15,482,584	60
	Faza Sub County Hospital	2,198,950	966,740	44
	Mpeketoni Sub County Hospital	14,075,803	12,253,902	87
	Witu Health Centre	1,487,200	1,291,185	87
	Total	**43,528,497**	**29,994,411**	**69**

Source: *Lamu County Treasury*

The Health Facility with the highest absorption rate was the Mpeketoni sub-county hospital at 87 per cent.

3.21.11 Budget Performance by Department

Table 3.139 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.139: Lamu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	507.47	104.50	36.75	-	29.42		80	-	5.8	-
County Executive and PSM	147.08	65.80	11.53	-	11.53		100	-	7.8	-
Finance, Economy & Strategic Planning	1,813.10	10	282.98	-	282.98		100	-	15.6	-
Agriculture, Irrigation & Food Security	14	273.60	0.05	-	0.05		100	-	0.4	-
Land, Physical Planning, & Urban Development	190	377.66	0.05	-	0.36		729	-	1.9	-
Education, Technology, Gender, Youth Affairs, Sports & Social Services	100	127.12	39.79	-	39.47		99	-	39.5	-
Medical Services	224.5	202.03	2.65	-	2.65		100	-	1.2	-
Trade, Investment & Tourism	30.98	37.14	0.05	-	0.05		100	-	0.2	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Climate Change, Information, Communication, E-Government & Citizen Participation	11.32	24.49	0.03	-	0.03		100	-	0.3	-
Fisheries, Blue Economy, Livestock, Veterinary & Co-operative Development	7.07	50	0.24	-	0.24		100	-	3.4	-
County Public Service Board	10.43	-	0.10	-	0.10		100	-	1.0	-
Water & Energy	58	129.15	12.10	-	12.10		100	-	20.9	-
Public Health, Environment And Sanitation	35.09	172.74	0.05	11	0.05		100	-	0.1	-
Budget And Economic Planning	6	-	0.17	-	0.17		100	-	2.9	-
Road, Transport, Infrastructure & Public Works	6	232.44	0.05	-	0.05		100	-	0.8	-
Lamu Municipality	45.20	92.14	0.10	-	0.10		100	-	0.2	-
Devolutions, Disaster And Resource Mobilisation	47.06	307.23	0.03	-	0.03		100	-	0.1	-
Total	**3,082.74**	**2,206.03**	**386.72**	**11**	**379.38**	**-**	**98**	**-**	**12.3**	**-**

***Source**: Lamu County Treasury*

The Department of Education, Technology, Gender, Youth Affairs, Sports, and Social Services had the highest percentage of recurrent expenditure to budget, at 39.5 per cent, while the Departments of Agriculture, Trade, ICT and E-Governance, Public Health, Trade, Lamu Municipality, and Devolution had the lowest, at less than 1 per cent.

3.21.12 Budget Execution by Programmes and Sub-Programmes

Table 3.140 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.140: Lamu County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Rec	Dev
COUNTY ASSEMBLY								
		General Administration and Planning	255,997,689		29,417,896		11	0
		Legislation. Representation and Oversight	251,002,311	104,500,000			0	0
	Sub Total		**507,000,000**	**104,500,000**	**29,417,896**		**11**	**0**
COUNTY EXECUTIVE								
703003212			79,140,798	65,796,810	11,529,708		15	0
	703013210	Administration Services	79,140,798	65,796,810	11,529,708		15	0

Program	Sub Program	Description	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Rec	Dev
	Sub Total		**79,140,798**	**65,796,810**	**11,529,708**		15	**0**
FINANCE								
711003213			899,139,940	0	282,976,952.82		31	0
	711013210	Administration Services	899,139,940	0	282,976,952.82		31	0
712003213			7,407,871.50	10,000,000			0	0
	712043210	Procurement	625,000	0			0	0!
	712023210	Resource mobilisation	5,531,125	5,000,000			0	0
	712053210	Public Finance & Accounting	752,746.50	5,000,000			0	0
	712033210	Internal Audit	499,000	0			0	0
	Sub Total		**906,547,812**	**10,000,000**	**282,976,952.82**		**31**	**0**
AGRICULTURE								
116003214			7,000,000	263,995,842	**50,000**		1	0
	116013210	Agricultural Extension Research & Training	4,575,000	0	50,000		1	0
	116053210	Training & Accommodation	0	5,000,000	0	0	0	0
	116023210	Promotion of Mechanised Agriculture	0	25,000,000	0	0	0	0
	116083210	Provision of Relief seeds to vulnerable farmers	0	45,000,000	0	0	0	0
	116033210	Promotion of Agro-Processing & Value Addition Technologies	2,425,000	188,995,842	0		0	0
117003214			0	10,000,000	0	0	0	0
	117023210	Irrigated Farming	0	10,000,000	0	0	0	0
	Sub Total		**7,000,000**	**273,995,842**	**50,000**	**0**	**1**	**0**
LANDS AND PHYSICAL PLANNING								
Program	Sub Program	Description			0			
101003215			2,000,000	0	**364,350**	0	18	0
	101013210	Administration Services	2,000,000	0	364,350	0	18	0
102003215			0	67,532,644	0	0	0	0
	102023210	Physical planning	0	67,532,644	0	0	0	0
103003215			0	310,128,530	0	0	0	0
	103013210	Housing & Urban Development	0	310,128,530	0	0	0	0
104003215			7,500,000	0	0	0	0	0
	104013210	Infrastructure Development	7,500,000	0	0	0	0	0
	Sub Total		**9,500,000**	**377,661,174**	**364,350**		**4**	**0**
EDUCATION, GENDER AND SOCIAL SERVICE								
501003216			10,000,000	0	**50,000**	0	1	0
	501013210	Administration Services	10,000,000	0	50,000	0	1	0
502003216			80,000,000	32,550,000	0	0	49	0
	502013210	Promotion of Early Childhood Education	0	32,550,000	0	0	0	0
	502023210	Bursaries	80,000,000	0	39,422,308	0	49	0
503003216			0	56,100,000	0	0	0	0
	503013210	Village Polytechnics	0	31,000,000	0	0	0	0

Program	Sub Program	Description	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Rec	Dev
	503023210	Development of Sports facilities	0	5,000,000	0	0	0	0
	503043210	Youth and Sports	0	20,100,000	0	0	0	0
504003216			0	38,465,461	0	0	0	0
	504023210	Woman Empowerment	0	8,600,000	0	0	0	0
	504013210	Social Development	0	29,865,461	0	0	0	0
	Sub Total		**90,000,000**	**127,115,461**	**39,472,308**	**0**	**44**	**0**
MEDICAL SERVICE								
401003217			2,575,000	0	0	0	0	0
	401013210	Human Resource & Development	2,575,000	0	0	0	0	0
402003217			105,800,000	76,229,526	**2,650,000**		3	0
	402043210	SP4 curative Services	105,800,000	52,807,386	2,650,000	0	3	0
	402013210	Primary Health Care Services	0	1,160,000		0	0	0
	402023210	Hospital Services	0	22,262,140		0	0	0
403003217			4,100,000	125,800,000		0	0	0
	403043210	SP4 Preventive and Promotive Services	4,100,000	125,800,000		0	0	0
	Sub Total		**112,475,000**	**202,029,526**	**2,650,000**	**0**	**2**	**0**
TRADE, INVESTMENT, CULTURE AND TOURISM								
301003218			2,990,069.50	0	**50,000**	0	2	0
	301013210	Administration Services	2,990,069.50	0	50,000	0	2	0
302003218			0	2,500,000	0	0	0	0
	302023210	Promotion & Marketing	0	2,500,000	0	0	0	0
303003218			0	18,654,517	0	0	0	0
	303033210	Market development	0	18,654,517	0	0	0	0
304003218			12,500,000	0	0	0	0	0
	304013210	Cultural Festival	12,500,000	0	0	0	0	0
305003218			0	15,985,117	0	0	0	0
	305023210	SME Development	0	15,985,117	0	0	0	0
	Sub Total		**15,490,069.50**	**37,139,634**	**50,000**	**0**	**0**	**0**
ICT AND E-GOVERNANCE								
101003219			1,660,000	0	**30,000**	0	2	0
	101013210	Administration Services	1,660,000	0	0	0	2	0
202003219			750,000	0	0	0	0	0
	202023210	Communication & Citizen Participation	750,000	0	0	0	0	0
203003219			3,250,000	24,487,461	0	0	0	0
	203013210	Networking Infrastructure	3,250,000	24,487,461	0	0	0	0
	Sub Total		**5,660,000**	**24,487,461**	**30,000**	**30,000**	**1**	**0**
FISHERIES, LIVESTOCK, VETERINARY AND CO-OPERATIVE								
106003220			3,535,225	0	**240,000**	0		
	106013210	Administration, Planning and Monitoring & Evaluation	3,535,225	0	240,000	0	7	0
109003220			0	23,000,000	0	0	0	0

Program	Sub Program	Description	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Rec	Dev
	109013210	Fish farming	0	23,000,000	0	0	0	0
111003220			0	1,000,000	0	0	0	0
	111013210	Livestock Extension Services	0	1,000,000	0	0	0	0
112003220			0	26,000,000	0	0	0	0
	112013210	Veterinary Service Management	0	26,000,000	0	0	0	0
	Sub Total		**3,535,225**	**50,000,000**	**240,000**		**7**	**0**
COUNTY PUBLIC SERVICE BOARD								
709003221			3,312,500	0	**50,000**	0	2	0
	709013210	Administration Services	3,312,500	0	50,000	0	2	0
710003221			2,400,000	0	50,000	0	2	0
	710053210	Human Resource Management and Development	2,400,000	0	50,000	0	2	0
	Sub Total		**5,712,500**	**0**	**100,000**	**0**	**2**	**0**
WATER MANAGEMENT AND CONSERVATION								
105003223			29,000,000	129,145,791	**12,099,077**	0	42	0
	105013210	Water management, Conservation & Provision	29,000,000	129,145,791	12,099,077	0	42	0
	Sub Total		**29,000,000**	**129,145,791**	**12,099,077**	**0**	**42**	**0**
PUBLIC HEALTH, ENVIRONMENT AND SANITATION								
202003225			0	6,000,000	0	0	0	0
	202023210	Communication & Citizen Participation	0	6,000,000	0	0	0	0
404003225			16,040,000	166,744,059	**50,000**	0	0	0
	404023210	Public Health & licensing	14,190,000	166,744,059	50,000	0	0	0
	404013210	Waste management	1,850,000	0	0	0	0	0
501003225			1,503,130	0	0	0	0	0
	501013210	Administration Services	1,503,130	0	0	0	0	0
	Sub Total		**17,543,130**	**172,744,059**	**50,000**	**0**	**0**	**0**
BUDGET, ECONOMIC AND PLANNING								
713003227			3,000,000	0	**171,635**	0	6	0
	713023210	Budget and Economic Planning	3,000,000	0	171,635	0	6	0
	Sub Total		**3,000,000**	**0**	**171,635**	**0**	**6**	**0**
INFRASTRUCTURE, ENERGY, ROADS AND URBAN DEVELOPMENT								
101003228			3,000,000	0	50,000	0	1.6	0
	101013210	Administration Services	3,000,000	0	50,000	0	1.6	0
104003228			0	232,438,138	0	0	0	0
	104013210	Infrastructure Development	0	232,438,138	0	0	0	0
	Sub Total		**3,000,000**	**232,438,138**	**50,000**	**0**	**1.6**	**0**
MUNICIPALITY OF LAMU								
101003229			22,601,555		**100,000**	0	0	0
	101013210	Administration Services	22,601,555		100,000	0	0	0

Program	Sub Program	Description	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Rec	Dev
104003229			0	92,144,270	0	0	0	0
	104013210	Infrastructure Development	0	92,144,270	0	0	0	0
404003229			0	0	0	0	0	0
	404013210	Waste management	0	0	0	0	0	0
	Sub Total		**22,601,555**	**92,144,270**	**100,000**	**0**	**0**	**0**
DEVOLUTION, DISASTER MANAGEMENT AND RESOURCE MOBILISATION								
101003230			23,529,050	307,232,161	30,000	0	0.4	0
	101013210	Administration Services	23,529,050	307,232,161	30,000	0	0.4	0
	Sub Total		**23,529,050**	**307,232,161**	**30,000**	**0**	**0.4**	**0**
Grand Total			**3,082,742,867**	**2,206,034,486**	**379,381,926**	**0**	**12.3**	**0**

***Source**: Lamu County Treasury*

The sub-programmes with the highest levels of implementation based on absorption rates were: Bursaries in the Department of Education, gender and Social Services at 49 per cent, Water management, conservation and provision in the Department of Water and Management at 42 per cent, Administration services in the Department of Lands and Physical Planning at 18 per cent and Administration Services in the County Executive at 15 per cent of budget allocation.

3.21.13 Accounts Operated in Commercial Banks

The County government operated 40 accounts with commercial banks, five of which were for hospitals and another five for vocational training centres.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.21.14 Key Observations and Recommendations

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

1. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report. The reports were received on 29 October 2024.

2. Own-source revenue underperformed at Kshs.34.52 million against an annual target of Kshs.190 million, representing 12 per cent of the yearly target.

3. Use of manual payroll. Personnel emoluments amounting to Kshs.40.04 million were processed through manual payroll, accounting for 12.9 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

4. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.

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

4. The County *Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.22. County Government of Machakos

3.22.1 Overview of FY 2024/25 Budget

The Machakos County approved FY 2024/25 budget is Kshs.14.39 billion. This comprised of Kshs.4.33 billion (30.1 per cent) and Kshs.10.07 billion (69.9 per cent) allocated for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.1.42 billion (9.0 per cent) from the FY 2023/24 budget comprised of a development budget of Kshs.5.03 billion and a recurrent budget of Kshs.10.77 billion. The decrease in the budget was attributed to the decline in the additional allocation of Kshs.370.65 million, own source revenue of Kshs.464.67 million, Facility Improvement Fund (revenue from health facilities) of Kshs.321 million.

The Machakos County Government budget will be financed from different sources. The County Governments expect to receive Kshs.9.91 billion (68.9 per cent) as the equitable share of revenue raised nationally, Kshs.1.0 billion (7.0 per cent) as additional allocations, and generate Kshs.3.48 billion 24.1 per cent) as gross own source revenue. The own-source revenue includes Kshs.687.0 million (19.8 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.2.79 billion (80.2 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.141.

3.22.2 Revenue Performance

In the first quarter of FY 2024/25, Machakos County received Kshs.1.92 billion to fund recurrent and development activities. Equitable share from the national government of Kshs.811.52 million. Additional allocations from government and development partners of Kshs.52.63 million, own source revenue (OSR) collection of Kshs.287.42 million. In addition, the county government reported Kshs.765.61 million balances from FY 2023/24.

The total OSR of Kshs.287.42 million includes Facilities Improvement Financing (FIF) of Kshs.50.31 million as FIF and Kshs.237.11 million as ordinary OSR. Table 3.141 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.141: Machakos County, Revenue Performance in the First Quarter of FY 2024/25

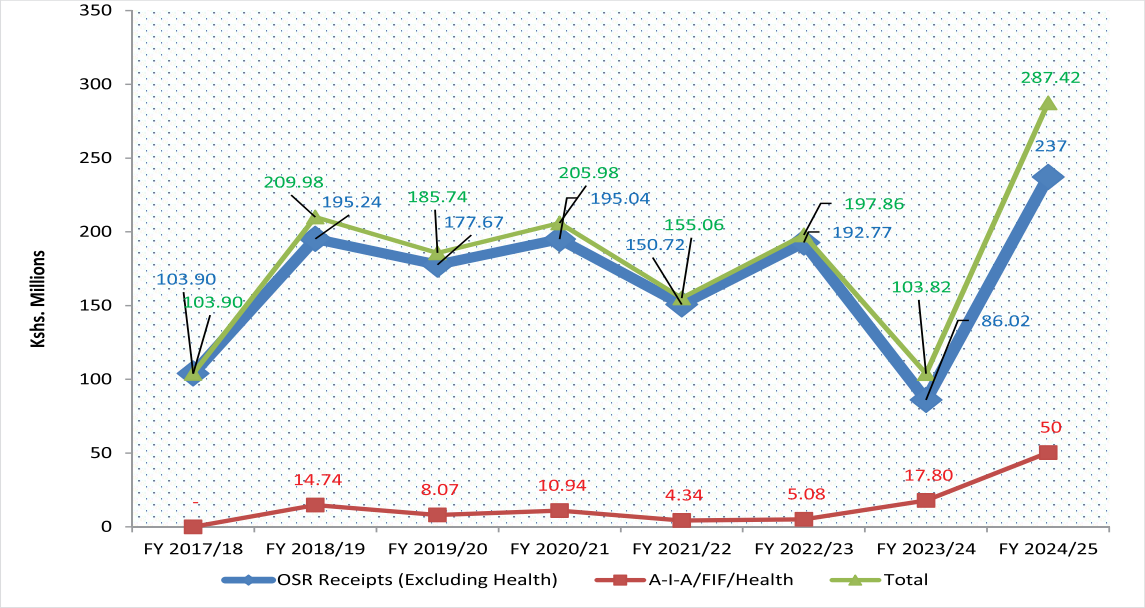
S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	9,914,003,936	811,520,101	**8**
Subtotal		**9,914,003,936**	**811,520,101**	**8**
B	**Additional Allocations**			
	Court Fines	1,617,189	-	
	Mineral Royalties	91,029	-	
	Leasing of Medical Equipment	-	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	Community Health Promoters Project	83,250,000	-	-
	Road Maintenance Fuel Levy (RMFL)	314,847,146	-	-
	Aggregated Industrial Parks Programme	-	52,631,579	-
	Fertiliser Subsidy Programme	-	-	-
	Kenya Urban Support Project-Urban Development Grant (UDG)-World Bank	90,174,566	-	-
	Kenya Urban Support Project-Urban Institutional Grant (UIG)-World Bank	35,000,000	-	-
	Kenya Devolution Support Program (KDSP II)	37,500,000	-	-
	Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-
	Primary Healthcare in Devolved Context (DANIDA)	11,943,750	-	-
	Agricultural Sector Development Support Program (ASDSP II)	-	-	-
	Emergency Locust Response Project (ELRP)	104,600,000	-	-
	Kenya Agricultural Business Development Project-Sweden	10,918,919	-	-
	Aquaculture Business Development Project (IFAD)	12,262,438	-	-
	Financing Locally Led Climate Change Action (FLLoCA) Progam- County Climate Resilience Investment- World Bank	137,500,000	-	-
	FLLoCA County Climate Institutional Support - World Bank	11,000,000	-	-
	Livestock Value Chain Support Project	-	-	-
	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-
Subtotal		**1,002,220,188**	**52,631,579**	**5**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	2,788,961,508	237,112,258	9
	Appropriation in Aid (A-I-A)	-	-	-
	Facility Improvement Fund (FIF)	687,000,000	50,311,230	7
Subtotal		**3,475,961,508**	**287,423,488**	**8**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	-	765,608,265	-
Sub Total		**-**	**765,608,265**	**-**
Grand Total		**14,392,185,632**	**1,917,183,433**	**13**

Source: *Machakos County Treasury*

Figure 85 shows the trend in own-source revenue collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2024/25.

Figure 85: Trend in Own-Source Revenue Collection from the First Quarter of FY 2017/18 to the First Quarter of FY 2024/25

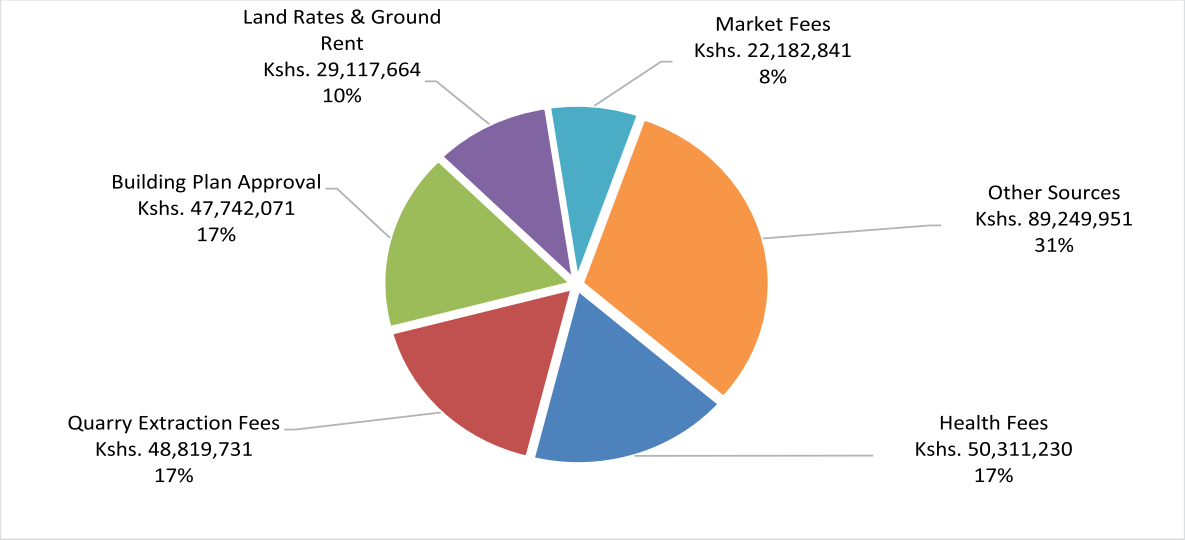


Source: *Machakos County Treasury*

In the first quarter of FY 2024/25, the County generated a total of Kshs.287.42 million from its sources of revenue, including FIF and AIA. This amount was an increase of 286.4 per cent compared to Kshs.103.82 million realised in a similar period in FY 2023/24 and was 8 per cent of the annual target and 3 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 86.

Figure 86: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Machakos County Treasury

The highest revenue stream, Kshs.50.31 million, was from Facility Improvement Facilities fees, which contributed 17 per cent of the total OSR receipts during the reporting period.

3.22.3 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.62 billion from the CRF account comprised Kshs.226.48 million (14.0 per cent) for development programmes and Kshs.1.39 billion (86.0 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.10 billion was released towards

Employee Compensation and Kshs.285.17 million for Operations and Maintenance expenditure.

As of 30 September, 2024, the county government's cash balance in the CRF account was Kshs. 299.81 million.

3.22.4 County Expenditure Review

The County spent Kshs.1.48 billion on development and recurrent programmes during the reporting period. The expenditure represented 92 per cent of the total funds released by the CoB and comprised of Kshs. 193.93 million and Kshs.1.28 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5 per cent, while recurrent expenditure represented 13 per cent of the annual recurrent expenditure budget.

3.22.5 Settlement of Pending Bills

The County Government reported pending bills amounting to Kshs 5.16 billion as of June 2024. This is comprised of pending bills from the County Executive of Kshs.5.03 billion and Kshs 128.31 million for the County Assembly.

The County Executive's pending bills amounted to Kshs.3.56 billion for recurrent expenditure and Kshs.1.47 billion for development expenditure. The County Executive settled pending bills amounting to Kshs. 742.57 million in the first quarter of FY 2024/25, which consisted of Kshs. 644.21 million for recurrent expenditure and Kshs. 98.36 million for development programmes. The County Assembly did not pay any amount to settle pending bills. Hence, the outstanding bills were Kshs.4.42 billion as of 30 September 2024.

3.22.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.995.20 million on employee compensation, Kshs.198.03 million on operations and maintenance, and Kshs.193.93 million on development activities. Similarly, the County Assembly spent Kshs.55.41 million on employee compensation, Kshs.36.11 million on operations and maintenance, and nil on development activities, as shown in Table 3.142.

Table 3.142: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,952,741,798	1,114,313,264	1,193,231,418	91,519,301	13	8
Compensation to Employees	5,811,657,649	547,124,464	995,201,690	55,405,042	17	10
Operations and Maintenance	3,141,084,149	567,188,800	198,029,728	36,114,259	6	6
Development Expenditure	4,150,730,571	174,400,000	193,932,389	-	**5**	-
Total	**13,103,472,369**	**1,288,713,264**	**1,387,163,807**	**91,519,301**	**11**	**7**

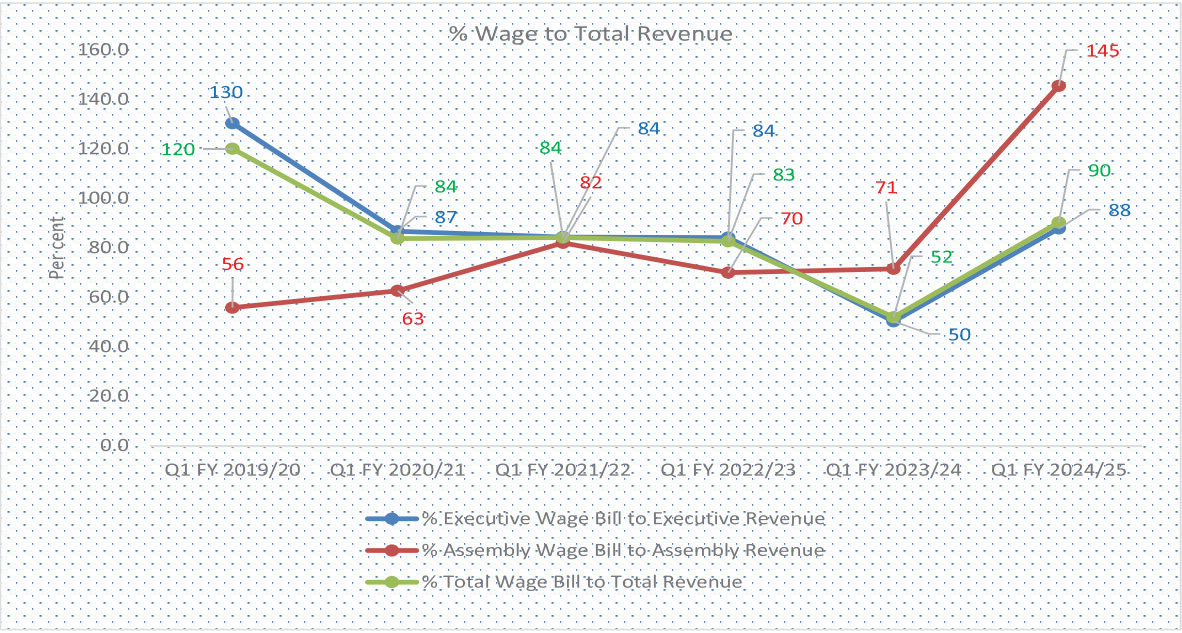
***Source**: Machakos County Treasury*

3.22.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.05 billion, or 55 per cent of the available revenue, which amounted to Kshs.1.92 billion. This expenditure represented an increase from Kshs.1.04 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.293.22 million paid to health sector employees, translating to 28 per cent of the total wage bill.

Figure 87 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2019/20 to the first quarter of FY 2024/25.

Figure 87: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25



Source: Machakos County Treasury

Further analysis indicates that PE costs amounting to Kshs.1.72 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system. In contrast, Kshs.41.32 million was processed through manual payrolls, which accounted for 2 per cent of the total PE cost.

The County Assembly spent Kshs.10.76 million on committee sitting allowances for the 61 MCAs against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.58,798 per MCA. The County Assembly has established 25 Committees.

3.22.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.303.58 million to county-established funds in FY 2024/25, constituting 2.1 per cent of the County's overall budget. Further, the County did not allocate any funds to the Emergency Fund in line with Section 110 of the PFM Act, 2012.

Table 3.143 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.143: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/ No.)
1	**County Executive Established Funds**					
2	Machakos County Education Bursary Fund	120,000,000	-	-	680,251,016	No
3	Machakos County Executive Mortgage & Car Loan Scheme	-	-	-	96,000,000	No
4	Machakos County Climate Fund	163,584,159	11,000,000	50,960,000	444,329,453	No
	County Assembly Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/ No.)
6	Machakos County Housing & Car Loan Scheme Fund - MCA	-	-	2,923,335	386,000,000	No
7	Machakos County Housing & Car Loan Scheme Fund - Staff	20,000,000	-	2,538,308	273,000,000	No
	Total	**303,584,159**	**11,000,000**	**56,422,643**	**1,879,580,469**	

Source: *Machakos County Treasury*

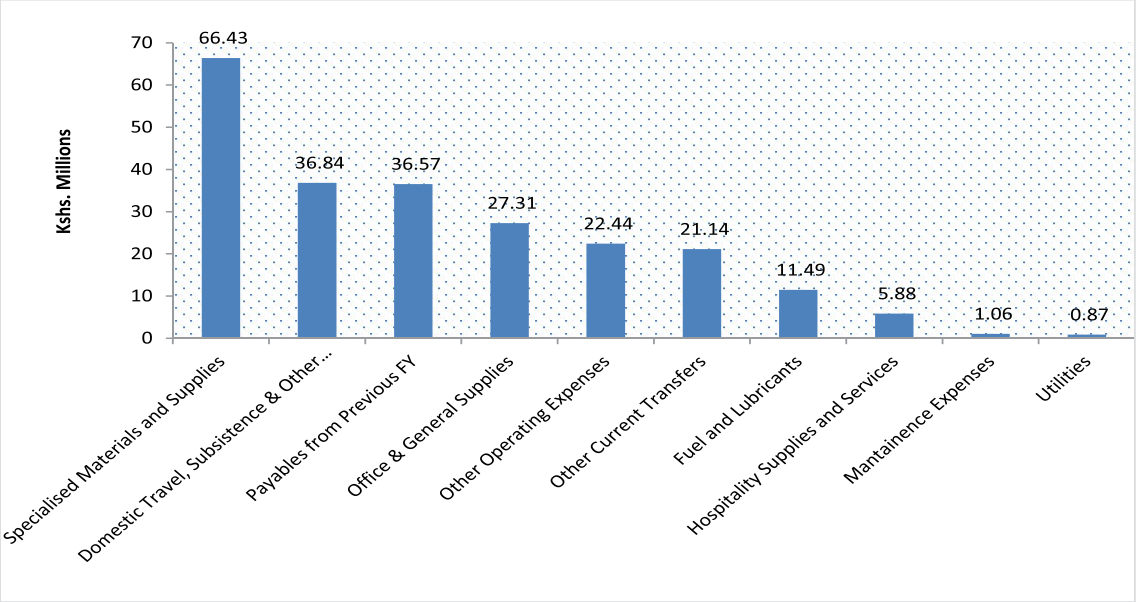
During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of five funds, as indicated in Table 3.143 contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.22.9 Expenditure on Operations and Maintenance

Figure 88 summarises the Operations and Maintenance expenditure by major categories.

Figure 88: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: *Machakos County Treasury*

Expenditure on domestic travel amounted to Kshs.36.84 million and comprised Kshs.29.14 million spent by the County Assembly and Kshs.7.70 million by the County Executive. There was no expenditure on foreign travel for either the County Assembly or the County Executive.

The operations and maintenance costs include an expenditure of Kshs.13.78 million on contracted guards and services and Kshs.9.36 million on other expenses.

3.22.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.50.31 million as FIF, which was 7 per cent of the annual target of Kshs.687.0 million. The collected amount was swept to the CRF as per the standing orders since the County has not developed regulations to operationalise the FIF Act of 2023.

3.22.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported expenditure of Kshs.193.93 million on development programmes, representing an increase of 100 per cent compared to a similar period in FY 2023/24 when the County spent nil. The table summarises development projects with the highest expenditure in the reporting period.

Table 3.144: Machakos County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health Facilities & Infrastructure Development	New Machakos Specialist Hospital Phase 1	Machakos Central Ward	1,499,885,589	112,053,613	8
2	Youth and Sports	Construction of Sports Complex	Mua Ward	1,107,250,003	69,000,000	6
3	Public Finance Management	Pending Bills payment	County Qtrs	-	49,453,174	-
4	County Electrification	County Electricity pending bills	Countywide	-	29,500,000	-
5	Health Facilities and Infrastructure Development	Phased construction of Radiology Block Accident and Emergency Complex	Matuu	93,531,310.40	22,981,374	25
6	Health Facilities and Infrastructure Development	Phased construction of Ndithini Level 4 Hospital.	Ndithini	128,999,923.96	15,280,937	12
7	Public Works	Construction of Governors Residence	Mua	44,991,549	12,054,180	27
8	County Electrification	Maintenance of streetlights & floodlights	Countywide	8,812,199	5,906,546	67
9	County Executive	Refurbishment of the Executive, kitchen, and landscaping.	Muputi/Kima Kimwe Ward	-	3,707,128	-
10	Municipality	Skip Loader	Mavoko Municipality	15,000,000	2,698,800	18

Source: *Machakos County Treasury*

3.22.12 Budget Performance by Department

Table 3.145 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.145: Machakos County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	797.35	59.83	39.35	3.71	42.16	3.16	107	85	5	5
County Public Service Board	38.01	21.8	8.68	-	10.28	-	118	-	27	-
Roads, Transport and Public Works	244.41	1,029.92	31.13	65.12	37.95	51.92	122	80	16	5
County Assembly	1,114.31	174.4	81.82	-	91.52	-	112	-	8	-
Agriculture, Food Security and Co-operative Development	276.62	521.66	42.22	-	42.85	-	102	-	16	-
Health Services & Emergency Services	4,242.64	572.72	700.63	6.23	403.91	5.32	58	85	10	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
Water, Irrigation, Environment and Climate Change	146.2	605.61	21.07	11	26.77	5.91	127	54	18	1
Finance, Economic Planning & Revenue Management	994.88	246.64	177.19	7.68	360.53	49.96	204	651	36	20
Gender, Youth, Sports & Social Welfare	144.57	400.16	24.37	46.52	22.34	-	92	-	16	-
Trade, Industry, Tourism & Innovation	157.02	130.58	35.3	12.44	20.44	10.57	58	85	13	8
Education	560.8	110.41	90.38	28.66	96.62	24.44	107	85	17	22
Lands, Urban Development, Housing & Energy	253.14	326.92	36.46	8.61	43.07	36.68	118	426	17	11
Devolution	1,010.25	117.99	95.4	36.52	80.87	5.98	85	16	8	5
Office of the County Attorney	86.85	6.51	5.45	-	5.45	-	100	-	6	-
	10,067.06	4,325.13	1,389.46	226.48	1,284.75	193.93	93	86	13	5

***Source**: Machakos County Treasury*

Analysis of department expenditures shows that the Department of Education recorded the highest absorption rate of development budget at 22 per cent, followed by the Department of Finance, Economic Planning & Revenue Management at 20 per cent. The Department of Finance, Economic Planning & Revenue Management had the highest percentage of recurrent expenditure to budget at 36.2 per cent. The Office of the Governor had the lowest at 5 per cent.

Further analysis shows expenditures on exchequer issues for the Department of Finance, Economic Planning & Revenue Management is at 650.8 per cent for development expenditure, above 100 per cent. This also applies to the Lands, Urban Development, Housing and Energy (426.3 per cent). For the recurrent expenditure, the Finance, Economic Planning & Revenue Management; Water, Irrigation, Environment and Climate Change; Roads, Transport and Public Works, County Public Service shows expenditures to exchequer issues of 203 per cent; 127 per cent; and 122 per cent, respectively. The County has yet to provide reasons for these observations.

3.22.13 Budget Execution by Programmes and Sub-Programmes

Table 3.146 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.146: Machakos County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Office of the Governor							
Coordination and Supervisory Services	Office of the Governor- Headquarters'	337,860,591	33,370,239	34,048,265	3,161,285	10.1	9.5
	Transport Services	76,477,181	-	6,889,934	-	9.0	-
	Human Resource and Administration Services	71,633,109	-	-	-	-	-
	ICT Section	52,245,915	-	436,080	-	0.8	-
	Hospitality Services Section	50,342,682	-	681,620	-	1.4	-
	Cabinet Office	19,005,239	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Develop-ment
	Office of the Deputy Governor	84,902,064	7,334,480	-	-	-	-
	Office of the County Secretary	57,791,785	19,125,340	100,000	-	0.2	-
	Office of the County Advisors	47,087,202	-	-	-	-	-
	Sub-Total	**797,345,769**	**59,830,059**	**42,155,899**	**3,161,285**	**5.3**	**5.3**
County Public Service Board							
Human Resource and Administration	Human Resource and Administration	38,013,709	21,796,931	10,279,590	-	27.0	-
	Sub- Total	**38,013,709**	**21,796,931**	**10,279,590**	**-**	**27.0**	-
Roads, Transport and Public Works							
Roads and Transport	General Adminis-tration and Support Services	198,878,309	26,506,997	37,951,909	-	19.1	-
	Road Development and Maintenance	1,505,000	834,847,146	-	47,001,798	-	5.6
	County Fleet Manage-ment	25,941,697	99,000,000	-	4,913,793	-	5.0
Public Works	County Government Buildings Services	18,080,000	69,562,236	-	-	-	-
	Sub-Total	**244,405,006**	**1,029,916,379**	**37,951,909**	**51,915,592**	**15.5**	**5.0**
County Assembly							
Representation, Oversight & Legislative	Representation, Over-sight & Legislative	1,114,313,264	174,400,000	91,519,301	-	8.2	-
	Sub-Total	**1,114,313,264**	**174,400,000**	**91,519,301**	**-**	**8.2**	-
Health							
General Administration and Support Services	General Adminis-tration And Support Services	3,539,357,190	402,222,244	295,929,540	5,315,483	8.4	1.3
Curative and Rehabilitative Health	Machakos Level 5	146,379,350	8,000,000	78,951,309	-	53.9	-
	Kangundo Level 4	46,100,000	12,000,000	8,049,560	-	17.5	-
	Matuu Level 4	38,500,000	24,000,000	2,700,000	-	7.0	-
	Kathiani Level 4	50,500,000	10,500,000	3,000,000	-	5.9	-
	Mwala Level 4	32,500,000	10,000,000	2,500,000	-	7.7	-
	Kimiti Level 4	26,500,000	6,000,000	1,099,950	-	4.2	-
	Masinga Level 4	33,600,000	3,000,000	1,100,000	-	3.3	-
	Athiriver Level 4	20,500,000	8,000,000	1,000,000	-	4.9	-
	Mutituni Level 4	20,500,000	6,000,000	1,000,000	-	4.9	-
	Ndithini Level 4	22,500,000	14,000,000	700,000	-	3.1	-
	Kalama Level 4	25,500,000	5,000,000	700,000	-	2.7	-
	Public Health	240,203,470	64,000,000	7,175,000	-	3.0	-
	Sub-Total	**4,242,640,010**	**572,722,244**	**403,905,359**	**5,315,483**	**9.5**	**0.9**
Water, Irrigation, Environment and Climate Change							
Water Resources Management	Water Resources Management	98,689,399	253,393,207	26,754,099	-	27.1	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Development and Promotion of Irrigation	Development and Promotion of Irrigation	-	9,561,724	-	-	-	-
Sewerage System and Sanitation Management	Sewerage System and Sanitation Management	5,940,000	58,300,000	-	-	-	-
General Administrative and Support Services	General administrative and Support Services	2,750,000	-	-	-	-	-
Environment and Natural Resources	Environment and Natural Resources	12,736,938	19,430,000	11,650	-	0.1	-
Climate Change	Climate Change	26,084,159	264,926,793	-	5,906,000	-	2.2
	Sub-Total	**146,200,496**	**605,611,724**	**26,765,749**	**5,906,000**	**18.3**	**1.0**
Agriculture, Food Security and Co-operative Development							
Agriculture and Food Security	General Administration and support services	227,959,626	272,619,142	42,849,577	-	18.8	-
	Crop Development and Management	1,488,004	77,721,570	-	-	-	-
	Livestock Resources Management and Development	2,823,238	16,898,232	-	-	-	-
	Fisheries Development	2,445,525	51,013,904	-	-	-	-
	Veterinary Services	3,034,794	30,858,241	-	-	-	-
	Agriculture Training Centre	7,751,763	17,850,000	-	-	-	-
Co-operative Development	Co-operative Development and Marketing	27,018,796	7,000,000	-	-	-	-
	Capacity Building to Co-operative Societies	600,000	-	-	-	-	-
	Promotion of Co-operative Marketing and Value Chain	700,000	36,000,000	-	-	-	-
	Co-operative Financial Services	950,000	-	-	-	-	-
	Promotion and Growth of Co-operative Societies	850,000	11,697,849	-	-	-	-
	Co-operative Audit Support Services	1,000,000	-	-	-	-	-
	Sub-Total	**276,621,746**	**521,658,938**	**42,849,577**	**-**	**15.5**	**-**
Finance, Economic Planning & Revenue Management							
Resource mobilisation	Revenue Management	386,066,261	51,425,522	228,202,020	2,314,771	59.1	4.5
County Treasury	Budget formulation, Coordination and Implementation	50,291,024	44,941,650	1,310,890	-	2.6	-
	Supply Chain Management Section	10,741,192	-	748,970	-	7.0	-
	Accounts Services	78,837,299	49,453,175	36,564,856	42,769,304	46.4	86.5
	Audit Section	10,112,288	2,350,000	420,000	-	4.2	-
	Human Resource Management and Support Services	239,702,500	-	93,286,765	-	38.9	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Economic Planning & External Resource Mobilization	Economic Planning and Statistical Services	58,486,392	5,000,000	-	-	-	-
	Monitoring and Evaluation	15,760,198	3,000,000	-	-	-	-
	External Resource Mobilisation	6,216,164	-	-	-	-	-
Directorate of Governors Project Delivery Unit	Directorate of Governors Project Delivery Unit	29,780,000	-	-	-	-	-
ICT	ICT General Administration and support services	42,040,289	80,466,324	-	4,876,538	-	6.1
	ICT Infrastructure	4,914,843	-	-	-	-	-
	Closed Circuit Television	1,220,000	-	-	-	-	-
	Public Communication	60,716,000	10,000,000	-	-	-	-
	Sub-Total	**994,884,450**	**246,636,671**	**360,533,501**	**49,960,612**	**36.2**	**20.3**
Gender, Youth, Sports & Social Welfare						-	-
Youth and Sports	Administrative Services	78,397,105	-	12,339,945	-	15.7	-
	Stadium Management	-	-	-	-	-	-
	Sports	-	170,000,000	-	-	-	-
	Youth Empowerment	-	63,000,000	-	-	-	-
Gender and Social Welfare	Administrative Services	59,374,710	142,158,502	10,000,000	-	16.8	-
	Digital Economy	6,800,000	25,000,000	-	-	-	-
	Sub-Total	**144,571,815**	**400,158,502**	**22,339,945**	**-**	**15.5**	**-**
Trade, Industry, Tourism & Innovation						-	-
Trade, Industry and Innovation	Headquarters & Administrative Services	21,861,140	-	-	-	-	-
	Trade and External Relations	689,166	30,008,658	-	10,569,514	-	35.2
	Small and Medium-sized Enterprises	6,500,000	44,567,311	-	-	-	-
	Industrialisation and Innovation	24,738,808	17,000,000	50,000	-	0.2	-
	Investment Promotion	23,900,000	-	-	-	-	-
Tourism Administrative & Support Services	Tourism Administrative & Support Service	52,318,360	23,000,000	20,289,382	-	38.8	-
	Heritage & Culture	1,700,000	6,000,000	-	-	-	-
	Liquor Management	7,809,818	-	99,300	-	1.3	-
	Tourism Development and Marketing	8,500,000	-	-	-	-	-
	Management of Recreational Services	4,000,000	6,000,000	-	-	-	-
	Machawood	4,000,000	4,000,000	-	-	-	-
	County Image Directorate	1,000,000	-	-		-	-
	Sub-Total	**157,017,292**	**130,575,969**	**20,438,682**	**10,569,514**	**13.0**	**8.1**
Education							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
General Administration and Support Service	Headquarter Administrative services	551,800,563	55,500,000	96,615,713	16,841,983	17.5	30.3
Basic Education	Basic Education	623,191	7,000,000	-	-	-	-
	Youth Development Services	-	-	-	-	-	-
	Vocational Training	8,380,000	47,910,378	-	7,598,787	-	15.9
	Sub-Total	**560,803,754**	**110,410,378**	**96,615,713**	**24,440,770**	**17.2**	**22.1**
Lands, Urban Development, Housing & Energy							
Lands and Physical Planning	Lands and Physical Planning	46,627,057	63,928,885	694,000		1.5	-
County Electrification	County Electrification	28,370,970	123,812,199	7,456,597	28,991,379	26.3	23.4
Housing and Urban Development	Housing and Urban Development	152,614,119	92,154,566	34,924,036	-	22.9	-
	Machakos Municipality	7,765,795	17,840,000	-	-	-	-
	Mavoko Municipality	10,200,000	17,840,000	-	2,652,269	-	14.9
	Kangundo Tala Municipality	7,560,000	11,340,000	-	5,036,858	-	44.4
	Sub-Total	**253,137,941**	**326,915,650**	**43,074,633**	**36,680,506**	**17.0**	**11.2**
Devolution							
Public Service and Performance Management	General Administration and support services	415,022,721	4,400,000	300,000	-	0.1	-
	Performance Management	2,500,000	-	-	-	-	-
	Training, Research and Development	54,176,614	-	-	-	-	-
	Human Resource Development	16,000,000	-	-	-	-	-
County Administration & Decentralised Units	General Administration and support services	322,872,243	-	80,216,013	-	24.8	-
Public participation, citizen engagement, and customer care	Civic Engagement	8,000,000	11,000,000	-	-	-	-
	Administration and Coordination	5,850,000	63,376,394	350,000	5,982,628	6.0	9.4
	Other capital grants and transfers (Equalisation fund)	-	-	-	-	-	-
	Solid Waste Management	17,020,000	-	-	-	-	-
Inspectorate, Firefighting and Emergency Services	Inspectorate Services and Management	157,206,459	39,210,733	-	-	-	-
	Emergency Services	11,600,000	-	-	-	-	-
	Sub-Total	**1,010,248,037**	**117,987,127**	**80,866,013**	**5,982,628**	**8.0**	**5.1**
Office of the County Attorney							
Legal Services	Legal Services	86,851,773	6,510,000	5,453,849	-	6.3	-
	Sub-Total	86,851,773	6,510,000	5,453,849	-	6.3	-
	GRAND TOTAL	**10,067,055,062**	**4,325,130,572**	**1,284,749,720**	**193,932,390**	**12.8**	**4.5**

***Source**: Machakos County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Account Services

in the Department of Finance, Economic Planning & Revenue Management at 87 per cent, Revenue Management in the Department of Finance, Economic Planning & Revenue Management at 59 per cent, Machakos Level 5 in the Department of Health at 54 percent, and Kangundo Tala Municipality in the department of Lands, Urban Development, Housing & Energy at 44 per cent of budget allocation.

3.22.14 Accounts Operated in Commercial Banks

The County government operated 221 accounts with commercial banks, of which 192 are related to healthcare facilities. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.22.15 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 30 October, 2024.

2. The underperformance of own-source revenue at Kshs.287.42 million against an annual target of Kshs.3.48 billion, representing 8 per cent of the yearly target.

3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the bursary Fund, car loan and mortgage Fund and Climate Change Fund were not submitted to the Controller of Budget as of 15 October 2024.

4. High level of pending bills, which amounted to Kshs.4.42 billion as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

5. Failure by fund administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided by law is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Bursary, County Executive Car Loan and Mortgage, Climate Fund, County Assembly MCA Car Loan and Mortgage, and County Assembly Staff Car Loan and Mortgage Fund were not submitted to the Controller of Budget.

6. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for 224.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.23. County Government of Makueni

3.23.1 Overview of FY 2024/25 Budget

The Makueni County approved FY 2024/25 budget is Kshs.11.19 billion. It comprised Kshs.3.72 billion (33per cent) and Kshs. 7.47 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs. 15.1 million (less than a 1 per cent increase) from the FY 2023/24 budget comprised a development budget of Kshs.3.33 billion and a recurrent budget of Kshs.7.85 billion.

The Makueni County Government budget will be financed from different sources of revenue. These include; Kshs.8.76 billion (78 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.990.05 million as additional allocations (9 per cent) and Kshs.1.44 billion (13 per cent) generated as gross own source revenue. The own source revenue includes Kshs.389.82 million (27 per cent) as Appropriations-in-Aid (A-I-A), Kshs.176.43 million (12 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.878.32 million (61 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.147.

3.23.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.62 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs. 1.39 billion, Additional allocations from government and development partners of Kshs. 10million and own source revenue (OSR) collection of Kshs. 221.41 million.

Analysis of the total OSR collection of Kshs. 221.41 million indicates it included Appropriations in Aid (AIA) of Kshs. 56.28 million and Facilities Improvement Financing (FIF) of Kshs. 75.14 million and Kshs.89.97 million as ordinary OSR. Table 3.147 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.147: Makueni County, Revenue Performance in the First Quarter of FY 2024/25

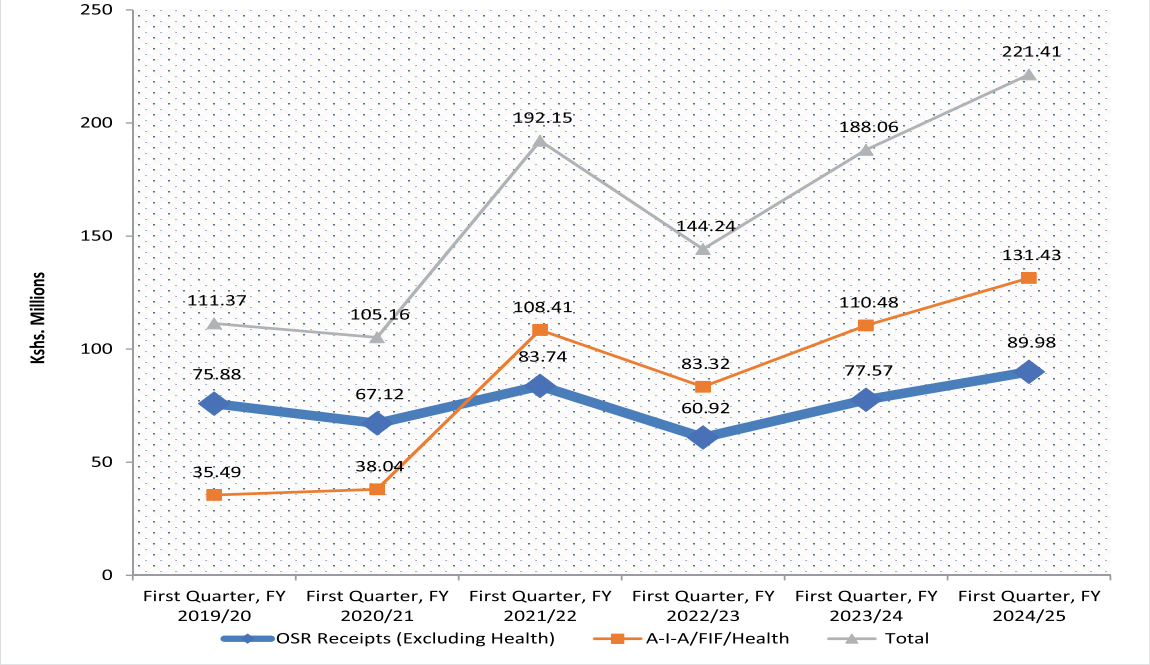
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	8,762,816,136	1,395,151,060	15.9
Sub Total		**8,762,816,136**	**1,395,151,060**	**15.9**
B	**Additional Allocations**			
1	IDA(World Bank) Credit National Agricultural Value Chain Development Project(NAVCDP)	151,515,152		0.0
2	Kenya Agricultural Business Development Project (KABDP)	10,918,919		0.0
3	KDSP-II Grant	37,500,000		0.0
4	Community Health Promoters (CHPs) Project	113,700,000		0.0
5	Nutrition International Donor funding	21,013,780	10,000,000	47.6
6	DANIDA- Primary healthcare in a devolved context	11,407,500		0.0
7	Roads Maintenance Fuel Levy	415,079,544		0.0
8	Urban Institutional Grant (UIG) - World Bank	35,000,000		0.0
9	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant	11,000,000		0.0
10	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	40,167,542		0.0
11	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Resilience Investment (CCRI) Grant	142,746,435		0.0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub-Total		**990,048,872**	**10,000,000**	**1.0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	878,322,470	89,977,163	10.2
2	Balance b/f from FY2023/24	0	0	0.0
3	Facility Improvement Fund (FIF)	176,430,000	75,141,054	42.6
4	Other Revenues	0	0	0.0
5	Appropriation in Aid (AIA)	389,825,700	56,287,837	14.4
Sub Total		**1,444,578,170**	**221,406,054**	**15.3**
Grand Total		**11,197,443,178**	**1,626,557,114**	**14.5**

Source: *Makueni County Treasury*

Figure 89 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 89: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

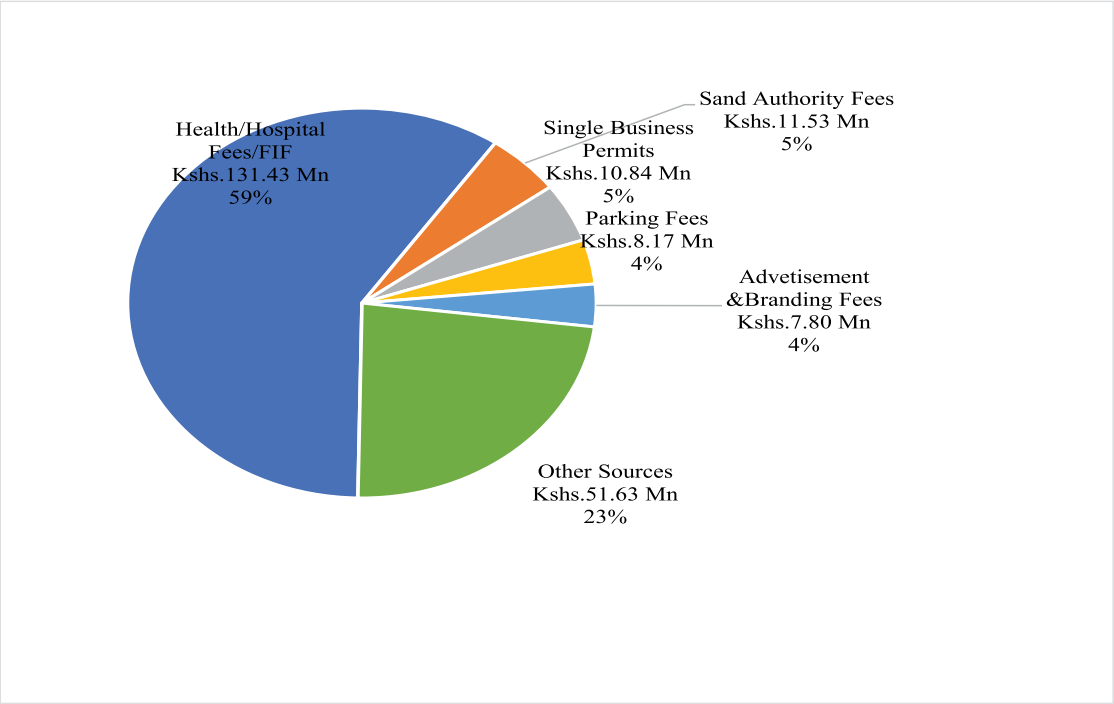


Source: *Makueni County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.221.41 million from its sources of revenue, including AIA and FIF. This amount was an increase of 18 per cent compared to Kshs.188.06 million realised in a similar period in FY 2023/24 and was 15 per cent of the annual target and 16per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.541.80 million.

The increase in OSR can be attributed to increased revenue mobilisation and enforcement. Figure 90 shows the revenue streams that contributed the highest OSR receipts.

Figure 90: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Makueni County Treasury*

The highest revenue stream, Kshs.131.42 million, was from Hospital/Health AIA/FIF, contributing to 59 per cent of the total OSR receipts during the reporting period.

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.53 billion from the CRF account during the reporting period, which comprised Kshs.47.0 million (3 per cent) for development programmes and Kshs.1.48 billion (97 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.14 billion was released towards employee compensation and Kshs.342.40 million for operations and maintenance expenditure.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs. 45.46 million.

3.23.4 County Expenditure Review

The County spent Kshs.742.23 million on development and recurrent programmes in the reporting period. The expenditure represented 49 per cent of the total funds released by the CoB and comprised of Kshs. 10.70 million and Kshs.731.53 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1 per cent, while recurrent expenditure represented 10 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs 827.43 million as of 30 June 2024, comprising pending payments by the county executive of Kshs. 686.83 million and Kshs 140.60 for the county assembly.

The county executive's pending bills consist of Kshs.499.59 million for recurrent expenditures and Kshs.187.24 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.350.57 million for recurrent programmes only. The County Assembly settled pending bills worth Kshs. 47.63 million. Therefore, the outstanding bills were Kshs.429.22 million as of 30 September 2024.

3.23.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.352.28 million on employee compensation, Kshs.193.38 million on operations and maintenance, and Kshs.10.70 million on development activities.

Similarly, the County Assembly spent Kshs.89.48 million on employee compensation, Kshs.96.40 million on operations and maintenance as shown in Table 3.148.

Table 3.148: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,924,460,976**	**789,520,871**	**574,178,131**	**125,713,804**	**12**	**16**
Compensation to Employees	4,398,705,686	386,614,540	352,279,298	89,479,995	8	23
Operations and Maintenance	2,204,409,043	484,023,626	193,377,491	96,399,971	9	20
Development Expenditure	3,691,690,283	32,000,000	10,698,825	-	**0**	**0**
Total	**10,294,805,012**	**902,638,166**	**556,355,613**	**185,879,966**	**5**	**21**

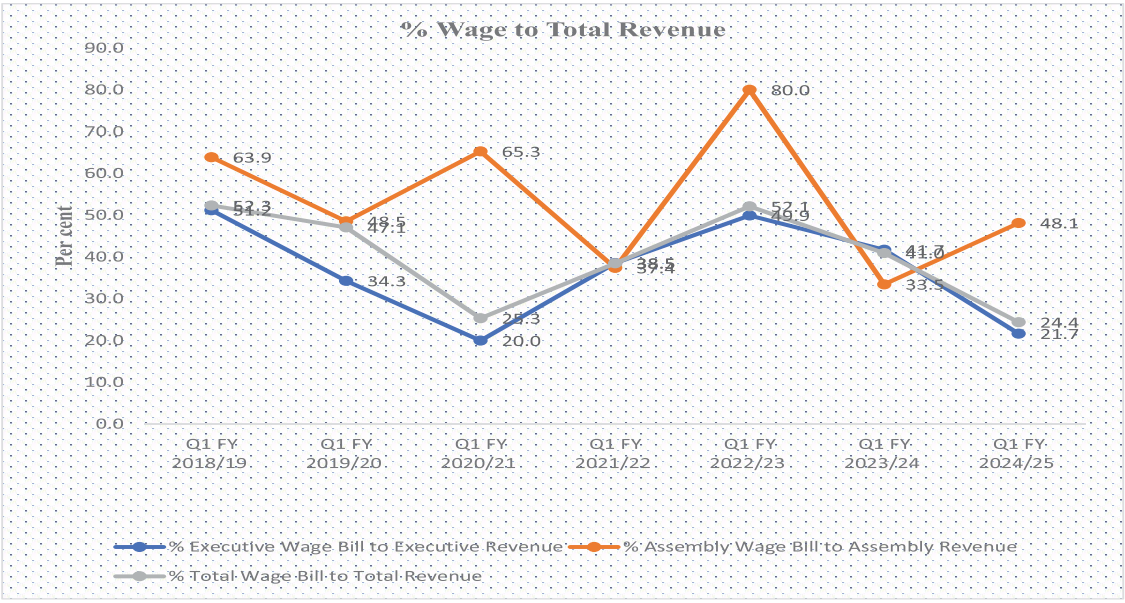
***Source**: Makueni County Treasury*

3.23.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.441.80 billion, or 27 per cent of the available revenue of Kshs.1.62 billion. This expenditure represented a decrease from Kshs.847.86 million reported in a similar period in FY 2023/24. The wage bill included Kshs.196.62 million paid to the health sector employees, translating to 45 per cent of the total wage bill.

Figure 91: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 91: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Makueni County Treasury

Further analysis indicates that PE costs amounting to Kshs.426.44 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.15.31 million was processed through manual payrolls. The manual payrolls accounted for 3 per cent of the total PE cost.

The County Assembly spent Kshs.16.01 million on committee sitting allowances for the 49 MCAs against the annual budget allocation of Kshs.44.45 million. The average monthly sitting allowance was Kshs.108,919 per MCA. The County Assembly had 24 House Committees.

3.23.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.198.92 million to county-established funds in FY 2024/25, or 1.8 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.3 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.149 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.149: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (KShs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs)	Actual Expenditure In First Quarter of FY2024/25 (Kshs.)	Submission of Financial Statements as of 30 September 2024 (Yes/No.)
	County Executive Established Funds				
1.	Makueni Emergency Fund	40,000,000	0	0	YES
2.	Makueni County Bursary Fund	144,500,000	0	0	YES
3.	Makueni County State and Public officers Car loan and Mortgages Fund	10,000,000	0	0	YES
	County Assembly Established Funds				
4	MCAs Motor Vehicle Reimbursement Fund	4,424,000	0	0	YES
	Total	**198,924,000**	**0**	**0**	

Source: *Makueni County Treasury*

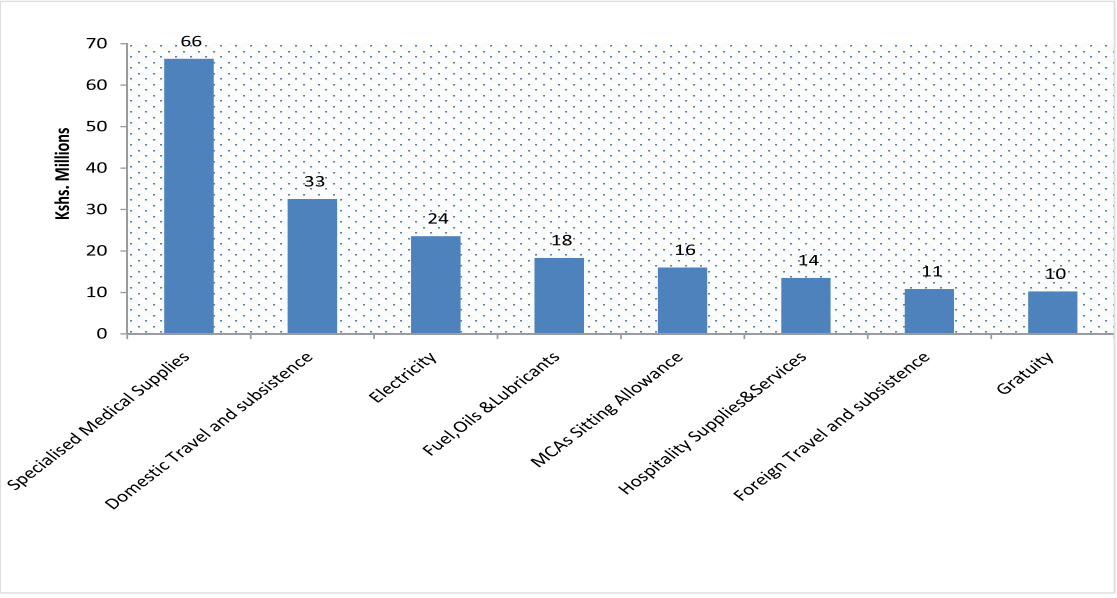
As indicated in Table 3.149, the CoB received quarterly financial reports from four Fund Administrators during the reporting period.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.23.9 Expenditure on Operations and Maintenance

Figure 92 summarises the Operations and Maintenance expenditure by major categories.

Figure 92: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: *Makueni County Treasury*

Expenditure on domestic travel amounted to Kshs.32.50 million and comprised Kshs.24.45 million spent by the County Assembly and Kshs.8.10 million by the County Executive. Expenditure on foreign travel amounted to Kshs. 8.98 million by the County Assembly. Expenditure on foreign travel is summarised in Table 3.150

Table 3.150: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of the Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs)
County Assembly	2	21 April to 25 April 2024	To attend the 3rd African Outstanding Professionals Award	Tanzania	527,460
County Assembly	6	5 April to 14 April 2024	To attend a program on driving organisational change for tomorrow's teams.	Turkey	7,985,396
TOTAL					**8,512,856**

Source: Makueni County Assembly

3.23.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.75.14 million as FIF, which was 43 per cent of the annual target of Kshs.176.43 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023.

The expenditure by the health facilities amounted to Kshs.162.03million, as shown in Table 3.151

Table 3.151: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1	Makindu SCH	243,889,199	52,818,207	22
2	Makueni CRH	67,035,494	49,863,621	74
3	Tawa SCH	45,904,370	7,006,783	15
4	Matiliku SCH	29,576,749	4,639,840	16
5	Kisau SCH	28,308,013	4,466,928	16
6	Kibwezi SCH	25,200,000	6,344,733	25
7	Kambu SCH	23,844,800	3,290,616	14
8	Sultan Hamud SCH	17,194,688	9,855,264	57
9	Emali SCH	15,600,000	2,091,525	13
10	Mukuyuni SCH	15,167,800	1,545,446	10
11	Mtito Andei SCH	14,791,168	830,498	6
12	Kalawa SCH	14,070,000	2,124,023	15
13	Mbooni SCH	10,313,697	7,508,529	73
14	Nthongoni SCH	9,024,280	1,584,649	18
15	Kilungu SCH	7,647,125	7,563,527	99
16	Mutyambua SCH	958,000	499,160	52
	Total	**568,525,384**	**162,033,349**	**29**

Source: *Makueni County Treasury*

The Health Facility with the highest absorption rate was at 99 per cent.

3.23.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.10.70 million on development programmes, representing an increase of 723 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.1.3 million. Table 3.152 summarises development projects with the highest expenditure in the reporting period.

Table 3.152: Makueni County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget	Exchequer issues	Expenditure	Absorption Rate
1	Nutrition Programme - Matching Grant	Health	County wide	24,453,292	6,966,690	6,966,690	**28**
2	Operationalisation of Kee-Mbooni Municipality	Lands, Urban Planning & Development and Environment and Climate Change	HQs	2,000,000	1,994,135	1,994,135	**100**
TOTAL				**26,453,292**	**8,960,825**	**8,960,825**	**34**

Source: *Makueni County Treasury*

3.23.12 Budget Performance by Department

Table 3.153 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.153: Makueni County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	870.64	32	185.88	-	185.88	-	100.0	-	21	0
Govern ship	538.73	-	41.10	-	21.42	-	52.1	-	4	0
County Secretary	135.17	-	14.53	-	0.67	-	4.6	-	0	0
County Attorneys Office	48.84	9.30	6.13	-	0.47	-	7.7	-	1	0
Department of Devolution, Public Participation, County Administration and Special Programmes	323.85	37.50	70.62	-	12.57	-	17.8	-	4	0
Department of Finance, Planning, Budget and Revenue	542.89	28.80	72.95	-	11.67	-	16.0	-	2	0
Department of Agriculture, Irrigation, Livestock, Fisheries and Cooperative Development	264	261.86	55.18	-	1.48	-	2.7	-	1	0
Makueni Fruit Development Authority	40.23	56.50	4.02	-	-	-	-	-	0	0
Department of ICT, Education and Internship	826.13	321.80	177.27	0.12	4.79	0.12	2.7	100.0	1	0
Department of Gender, Children, Youth, Sports and Social Services	73.36	164.82	12.85	-	0.81	-	6.3	-	1	0
Department of Health Services	3,088.84	1,062.73	715.29	12.45	461.77	6.97	64.6	55.9	1	1
Department of Trade, Marketing, Industry, Culture and Tourism	142.97	34.25	26.16	-	5.59	-	21.4	-	4	0
Department of Infrastructure, Transport, Public Works and Energy	138.74	841.26	25.99	10.53	5.59	0.53	21.5	5.0	4	1
Department of Lands, Urban Planning and Development, Environment and Climate change	85.80	336.22	14.93	23.99	1.19	3.08	8.0	12.8	1	7
Wote Municipality	72.13	54.88	17.01	-	14.29	-	84.0	-	20	0

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Emali Municipality	35.81	74.15	5.25	-	1.47	-	28.1	-	4	0
Department of Water and Sanitation	117.37	396.12	19.85	-	-	-	-	-	0	0
Sand Authority	51.59	10	6.13	-	-	-	-	-	0	0
County Public Service Board	78.17	-	11.80	-	1.69	-	14.4	-	2	0
Total	**7,475.25**	**3,722.19**	**1,482.94**	**47.10**	**731.35**	**10.70**	49.3	22.7	**10**	**1**

***Source**: Makueni County Treasury*

Analysis of expenditure by departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 0.7 per cent, followed by the Department of Department of Infrastructure, Transport, Public Works and Energy at 0.1 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 21 per cent. In contrast, the Department of Sand Authority, Department of Water and Sanitation and Makueni Fruit Development Authority had zero absorption rates of recurrent expenditure to Budget.

3.23.13 Budget Execution by Programmes and Sub-Programmes

Table 3.154 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.154: Makueni County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Land, Physical Planning & Mining							
Programme 1: General administration & planning	SP1. General administration & planning	67,101,282	-	850,000		1	
Programme 2: : Land Survey & Mapping	SP2. Land Survey & Mapping	1,250,000	32,275,000	65,740		5	0
Programme 3: Urban planning	SP3. 1 Urban planning	6,300,000	37,000,000	50,000	1,994,135.30	1	5
Programme 4: Mining mapping & development	SP4. 1 Mining mapping & development	1,500,000				0	
Programme 5: Environment management and protection	SP 5. 1 Environment management and protection	9,650,000	266,946,435	228,320	1,088,500	2	0
	Sub Total	**85,801,282**	**336,221,435**	**1,194,060**	**3,082,635.30**	**1**	**1**
Wote Municipality							
Wote Municipality	SP 1. 1 Wote Municipality	72,125,295	54,883,771	14,286,105.50		20	0
	Sub Total	**72,125,295**	**54,883,771**	**14,286,105.50**	-	**20**	**0**
Emali-Sultan Municipality							
Emali-Sultan Municipality	SP 1. 1 Emali-Sultan Municipality	35,810,241	74,145,569	1,474,360		4	0
	Sub Total	**35,810,241**	**74,145,569**	**1,474,360**	-	**4**	**0**
Sand Authority							

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
General administration & planning	SP 1.1: General Administration & Planning	51,593,879	10,000,000			0	0
	Sub Total	**51,593,879**	**10,000,000**	-	-	**0**	**0**
Health Services							
General administration & planning	SP1. 1 General administration & planning	2,645,863,449	859,862,329	367,187,443.60	-	14	0
Curative healthcare services	SP2. 1: Curative health care services	347,310,000	43,700,000	66,792,957.45	-	19	0
Preventive and promotive healthcare services	SP3. 1 Preventive and promotive healthcare services	95,670,972	159,167,072	27,788,580	6,966,690	29	4
	Sub Total	**3,088,844,421**	**1,062,729,401**	**461,768,981.05**	**6,966,690**	**15**	**1**
Infrastructure, Transport, Public works, Housing & Energy							
General administration & planning	SP1. 1 General administration & planning	96,589,279	22,100,000	191,160	530,000	0	2
Road Transport	SP2.1 : Road transport	21,751,000	724,549,094	-	-	0	0
Infrastructure development	SP3.3: Infrastructure development	1,701,000	-	-	-	0	
Energy Infrastructure & development	SP4.1:Energy Infrastructure & development	18,701,000	94,615,000	5,396,000	-	29	0
	Sub Total	**138,742,279**	**841,264,094**	**5,587,160**	**530,000**	**4**	**0**
ICT, Education and Internship							
General administration & planning	SP1. 1 General administration & planning	728,477,227	-	2,552,683.80	-	0	
Early childhood development education	SP2.1: Early Childhood Development Education	22,840,000	142,300,000	698,000	119,500	3	0
Technical training & non-formal education	SP3.3: Technical training & non-formal education	1,840,000	36,000,000	100,000	-	5	0
Support to Education and Library Services	SP4.1:Support to Education and Library Services	34,540,000	115,000,000	1,436,000	-	4	0
ICT Infrastructure & Systems Development	SP5.1:ICT Infrastructure & Systems Development	19,290,000	28,500,000	-	-	0	0
Internship, Mentorship and Volunteerism	SP6.1: Internship, Mentorship and Volunteerism	19,140,000	-	-	-	0	
	Sub Total	**826,127,227**	**321,800,000**	**4,786,683.80**	**119,500**	1	0
Trade, Industry & Cooperatives							
General administration & planning	SP1. 1 General administration & planning	119,070,000	-	4,923,116.20	-	4	
Trade development & promotion	SP2.1; Trade development & promotion	6,900,000	34,250,000			0	0

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Industrial development and promotion	SP3. 1 Industrial development and promotion	2,500,000	-	478,400	-	19	
Tourism development & promotion	SP4. 1 Tourism development & promotion	6,500,000		68,951.60		1	
Culture, Art and the Music promotion	SP5. 1 Culture, Art and the Music promotion	8,000,000		116,460		1	
	Sub Total	**142,970,000**	**34,250,000**	**5,586,927.80**	**-**	**4**	**0**
Department of Gender, Children, Youth, Sports, and Social Services							
General administration & planning	P1: General administration & planning	63,305,630.09		471,600	-	1	
Gender and Social Development	P2: Gender and Social Development	6,200,000	58,000,000	168,000	-	3	0
Sports development	P3; Sports development	3,200,000	14,400,000	-	-	0	0
Youth empowerment	P4; Youth empowerment	650,000	92,415,000	168,000	-	26	0
	Sub Total	**73,355,630.09**	**164,815,000**	**807,600**	**-**	**1**	**0**
County Attorney							
General Administration & Support Services	P1: General administration & planning	48,839,383	9,300,000	672,899	-	1	0
	Sub Total	**48,839,383**	**9,300,000**	**672,899**	**-**	**1**	0
Governorship							
General Administration & Support Services	P1: General administration & planning	538,726,380	-	21,422,365		4	
	Sub Total	**538,726,380**	**-**	**21,422,365**		**4**	
County Secretary							
Leadership & coordination of departments	SP1. 1 Leadership & coordination of departments	135,167,433		494,000		0	
	Sub Total	**135,167,433**	**-**	**494,000**		**0**	
CPSB							
Public Service Human Resource Management and Development.	SP2: Public Service Human Resource Management and Development.	78,167,260		1,694,828		2	
	Sub Total	**78,167,260**		**1,694,828**		**2**	
Finance & Socio-Economic Planning							
General Administration & Support Services	SP1: General administration & planning	389,897,666	28,800,000	2,832,400		1	0
Public financial management	SP2: Public financial management	152,988,022		8,833,440		6	
	Sub Total	**542,885,688**	**28,800,000**	**11,665,840**	**-**	**2**	**0**
Devolution, Public participation, County Administration and Special Programmes							
General Administration & Planning	SP1: General Administration & Planning	242,021,797	37,500,000	2,919,668		1	0

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Special Programs	SP2: Special Programs	23,014,800		8,676,542		38	
Public Participation	SP3: Public Participation	58,818,360		973,470		2	
	Sub Total	**323,854,957**	**37,500,000**	**12,569,680**	-	**4**	**0**
Water and Sanitation							
General administration & planning	SP1: General Administration & Planning	99,585,040.40	55,087,578	166,800		0	0
Water infrastructure Development	SP 2.1: Water harvesting and storage	6,012,986.20	108,000,000	-		0	0
	SP2: Piped water supply infrastructure	5,512,986.20	167,430,000	-		0	0
	SP.3: Groundwater development	6,262,986.20	65,600,000	-		0	0
	Sub Total	**117,373,999**	**396,117,578**	**166,800**	-	**0**	**0**
Agriculture, Irrigation, Livestock, Fisheries And Cooperative							
General administration & planning	SP1: General Administration & Planning	235,991,044	157,178,152	728,500		0	0
Land, Crop development & productivity	SP 2: Land, Crop development & productivity	3,550,000	47,680,000			0	0
Agribusiness and information management	SP3; Agribusiness and information management	10,500,000	26,418,919	750,000		7	0
Livestock Production, Management and Development	SP 4:Livestock Production, Management and Development	12,159,000	28,587,000			0	0
Cooperative Development	SP 5:Cooperative Development	1,800,000	2,000,000			0	0
	Sub Total	**264,000,044**	**261,864,071**	**1,478,500**	-	**1**	**0**
Makueni Fruit Development and Marketing Authority							
General Administration & Support Services	P1: General administration & planning	**40,229,332**	**56,499,364**			0	0
	Sub Total	**40,229,332**	**56,499,364**	-	-	**0**	**0**
County Assembly							
Legislation and Representation	SP1: Legislation and Representation	870,638,166	32,000,000	185,879,966		21	0
	Sub Total	**870,638,166**	**32,000,000**	**185,879,966**	-	21	0
Total County Budget		**7,475,252,896.09**	**3,722,190,283**	**731,536,756.15**	**10,698,825.30**	**10**	**0**

***Source**: Makueni County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Special Programs in the Department of Devolution, Public Participation, County Administration and Special Programmes at 38 per cent, Preventive and Promotive Health Care in the Department of Health Services at 29 per cent, Energy Infrastructure and Development in the Department of Infrastructure, Transport, Public Works and Energy at 29 per cent, and Youth Empowerment in the Department of Gender, Children, Youth, Sports and Social Services at 26 per cent of budget allocation.

3.23.14 Accounts Operated in Commercial Banks

The County government operated a total of 39 accounts with commercial banks, out of which 17 accounts were for County hospitals.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.23.15 Key Observations and Recommendations

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

1. Failure by the County Treasury to Budget for the balance brought forward from the FY 2023/24 in the FY 2024/25 Budget.

2. Own-source revenue underperformed at Kshs.221.41 million against an annual target of Kshs.1.44 million, representing 15 per cent of the yearly target.

3. Use of manual payroll by the County Assembly as Personnel emoluments amounting to Kshs.15.31 million were processed through the manual payroll, accounting for 3 per cent of the total County payroll cost of 441.79million. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

4. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure balances from the previous financial year are adequately budgeted for in the coming financial years.*

2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

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

4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.24. County Government of Mandera

3.24.1 Overview of FY 2024/25 Budget

The Mandera County approved FY 2024/25 budget is Kshs.14.89 billion. It comprises Kshs.5.94 billion (40 per cent) and Kshs.8.95 billion (60 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.89 billion (14.5 per cent) from the FY 2023/24 budget

comprised a development budget of Kshs.4.71 billion and a recurrent budget of Kshs.8.29 billion. The increase in the budget was attributed to the rise in equitable share allocation of Kshs.421.78 million and Kshs.993.93 increase in additional allocations.

The Mandera County Government budget will be financed from different sources of revenue. These include Kshs.12.05 billion (81 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.51 billion (10 per cent) as additional allocations, a cash balance of Kshs.986.07 million (67 per cent) brought forward from FY 2023/24, and Kshs.336.53 million (2 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.57.93 million (0.4 per cent), Facility Improvement Fund (revenue from health facilities), and Kshs.278.61 million (1.9 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.155.

3.24.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.2.01 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.988.82 million, own source revenue (OSR) collection of Kshs.42.68 million. In addition, the County had a cash balance of Kshs.986.07 million from FY 2023/24.

Analysis of the total OSR collection of Kshs.42.68 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.7.85 million and Kshs.34.82 million as ordinary OSR. Table 1 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.155: Mandera County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	12,054,974,660	988,821,290	8
Sub Total		**12,054,974,660**	**988,821,290**	**8**
B	**Additional Allocations**			
1	FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA)	286,447,747	0	0
2	Conditional Grant for Aggregated Industrial Parks Programme	250,000,000	0	0
3	Roads Maintenance Fuel Levy	192,647,255	0	0
4	Food Systems Resilience Project -(FSRP)	173,076,923	0	0
5	FLOCCA CCIR Grant FY 2023/2024 and fy 2024/25 Allocations	163,686,676	0	0
6	World Bank Emergency Locust Response Project (ELRP)	142,500,000	0	0
7	Kenya Urban Support Project (KUSP) - UDG	142,013,441	0	0
8	Kenya Devolution Support Programme 2 (KDSP II)	37,500,000	0	0
9	Kenya Urban Support Project (KUSP) - UIG	35,000,000	0	0
10	DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received)	18,653,250	0	0
11	Community Health Promoters Program	18,540,000	0	0
12	DANIDA Grant - Primary Health Care	15,746,250	0	0
13	FLOCCA County Climate Institutional Support Grant FY 2023/24 Allocations (not received)	11,000,000	0	0
14	FLOCCA County Climate Institutional Support Grant	11,000,000	0	0
15	Kenya Agricultural Business Development Project	10,918,919	0	0
16	RMLF b/f	2,271,953	0	0
17	Kenya Urban Support Project (Urban Development Grant)	1,194,559	0	0

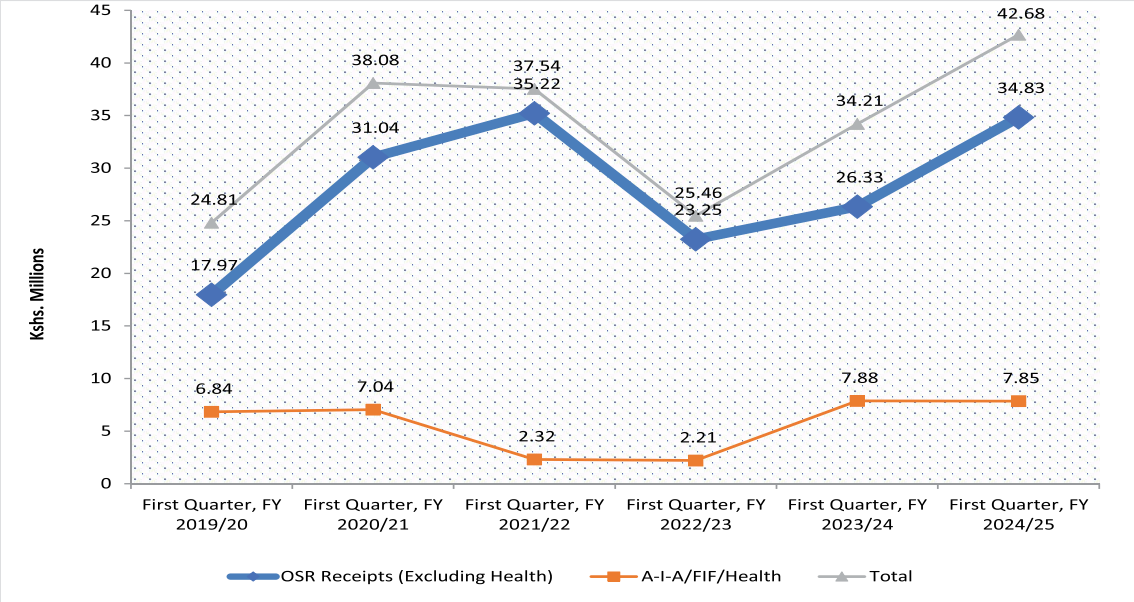
S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
18	DANIDA Grant - Primary Health Care (Balance in SPA)	1,190,001	0	0
Sub-Total		**1,513,386,974**	**0**	**0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	278,609,881	34,827,044	13
2	Balance b/f from FY2023/24	986,068,763	986,068,763	100
3	Facility Improvement Fund (FIF)	57,923,965	7,854,740	14
Sub Total		1,322,602,609	1,028,750,547	78
Grand Total		**14,890,964,243**	**2,017,571,837**	**14**

Source: *Mandera County Treasury*

The County has developed governing legislation for operating ordinary A-I-A and FIF.

Figure 93 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 93: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

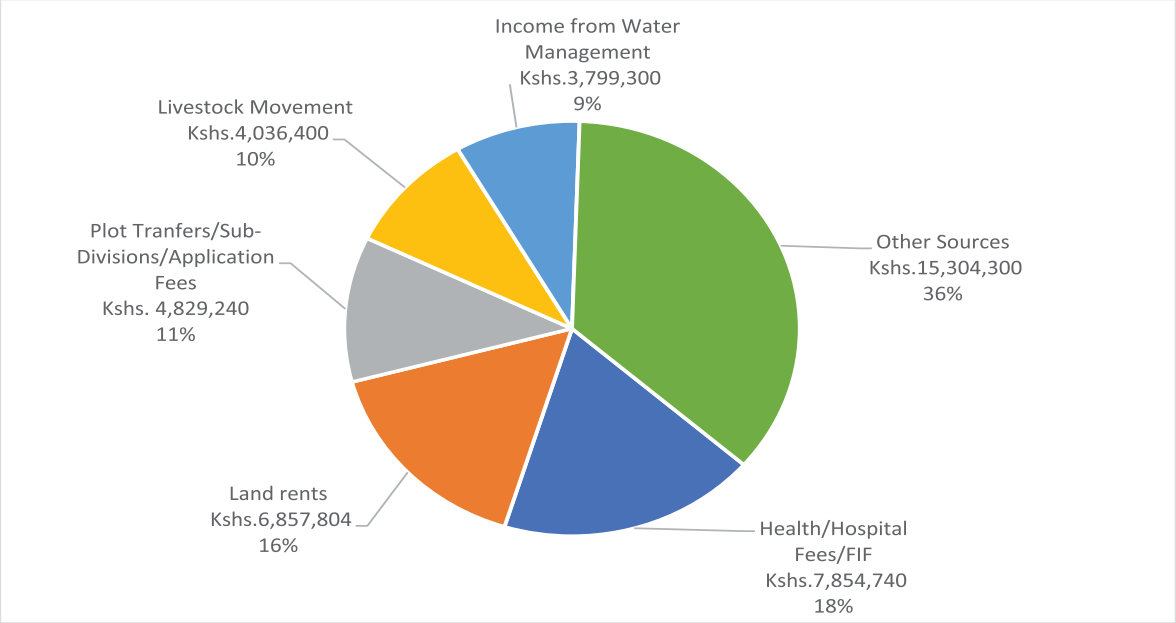


Source: *Mandera County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.42.68 million from its revenue sources, including AIA and FIF. This amount was a 25 per cent increase compared to Kshs.34.21 million realised in a similar period in FY 2023/24, which was 12.7 per cent of the annual target and 34 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 94.

Figure 94: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Mandera County Treasury

The highest revenue stream, Kshs.7.85 million, was from Hospital collections, contributing 18 per cent of the total OSR receipts during the reporting period.

3.24.3 Borrowing by the County

The county government did not report on any borrowing during the reporting period.

3.24.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.54 billion from the CRF account comprised of Kshs.229.16 million (15 per cent) for development programmes and Kshs.1.31 billion (85 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.07 billion was released towards employee compensation and Kshs.240.18 million for operations and maintenance expenditure.

As of 30th September 2024, the county government's cash balance in the CRF account was Kshs. 861.79 million.

3.24.5 County Expenditure Review

The County spent Kshs.1.54 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs. 229.16 million and Kshs.1.31 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.9 per cent, while recurrent expenditure represented 14.6 per cent of the annual recurrent expenditure budget.

3.24.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.2.23 billion, comprising pending payments by the County Executive of Kshs. 2.23 billion and Kshs.4.22 million for the County Assembly.

The County Executive's pending bills consist of Kshs.753.25 million for recurrent expenditures and Kshs.1.47 billion for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.404.53 million, which was entirely for recurrent expenditure programmes. The County Assembly did not settle any of its reported pending bills during the reporting period. Therefore, the outstanding bills were Kshs.1.83 billion as of 30 September 2024.

3.24.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.1.03 billion on employee compensation, Kshs.240.18 million on operations and maintenance, and Kshs.229.16 million on development activities. Similarly, the County Assembly spent Kshs.31.4 million on employee compensation only, as shown in Table 3.156.

Table 3.156: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,064,889,080**	**883,911,204**	**1,277,765,661**	**31,398,476**	**16**	**4**
Compensation to Employees	4,929,722,028	510,812,204	1,037,589,516	31,398,476	**21**	**6**
Operations and Maintenance	3,135,167,052	373,099,000	240,176,145	-	**8**	**0**
Development Expenditure	**5,839,742,645**	**102,421,313**	**229,159,652**	-	**4**	**0**
Total	**13,904,631,726**	**986,332,517**	**1,506,925,313**	**31,398,476**	**11**	**3**

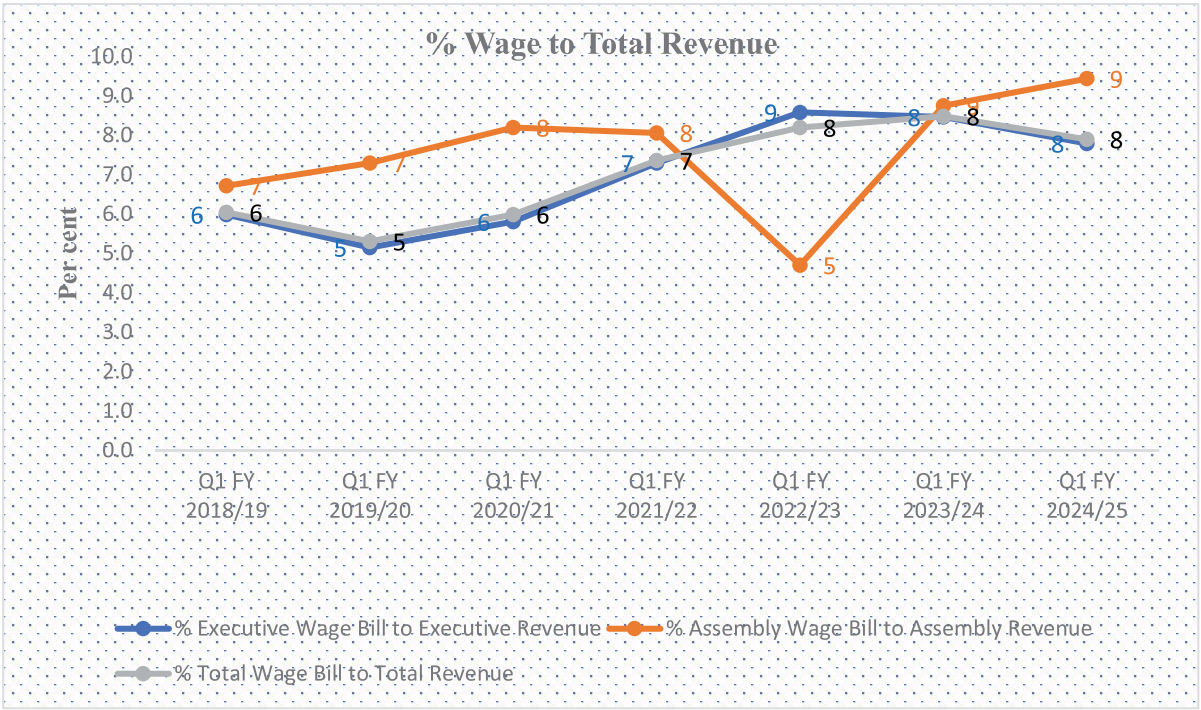
***Source**: Mandera County Treasury*

3.24.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.07 billion, or 52.9 per cent of the available revenue of Kshs.2.02 billion. This expenditure represented an increase from Kshs.767.13 million reported in a similar period in FY 2023/24. The wage bill included Kshs.359.77 million paid to the health sector employees, translating to 34 per cent of the total wage bill. The increase in wage bill is explained by the payment of salaries for May and June of FY2023/24 in the current reporting period due to delays in the disbursement of the June 2024 tranche by the National Treasury.

Figure 3 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 95: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Mandera County Treasury

Further analysis indicates that PE costs amounting to Kshs.1.04 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.15.20 million was processed through manual payrolls. The manual payrolls accounted for 1 per cent of the total PE cost.

The County Assembly spent Kshs.1.4 million on committee sitting allowances for the 51 MCAs against the annual budget allocation of Kshs.41.21 million. The average monthly sitting allowance was Kshs.9,091.5 per MCA. The County Assembly had 21 House Committees.

3.24.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.460 million to the County-established bursary fund in FY 2024/25, or 3.1 per cent of the County's overall budget. The County had no allocation for the Emergency Fund.

Table 3.157 Summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.157: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1.	Bursary program	460,000,000	135,034,734	135,034,734	1,527,034,734	YES
	Total	**460,000,000**	**135,034,734**	**135,034,734**	**1,527,034,734**	

Source: *Mandera County Treasury*

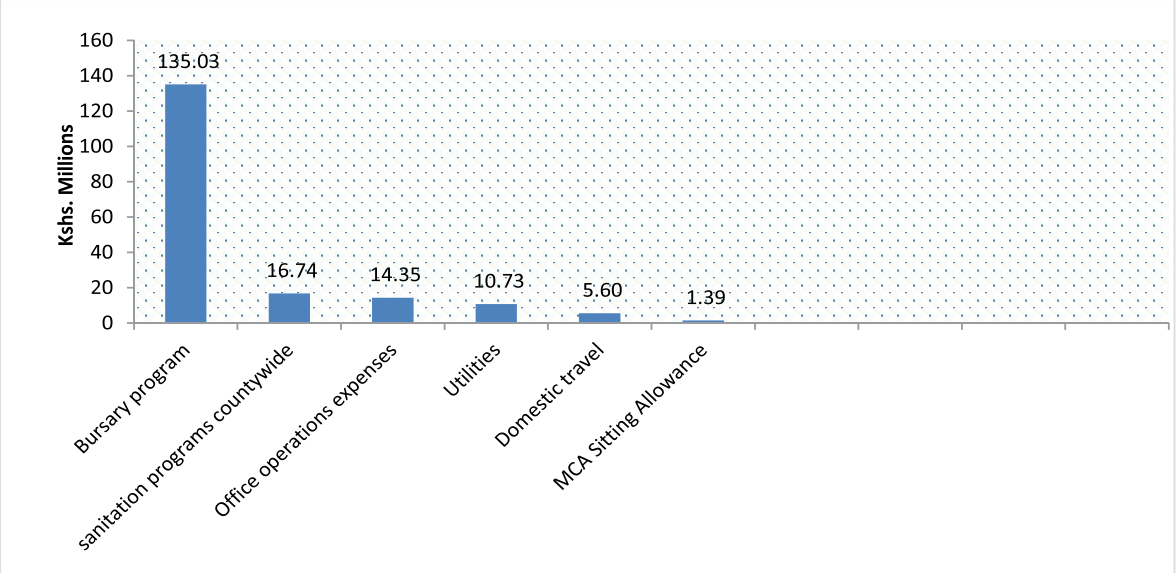
During the reporting period, the CoB received quarterly financial reports from the bursary Fund Administrators, as indicated in Table 3.157, in line with the requirement of Section 168 of the PFM Act, 2012. The Bursary Fund's administration costs were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

The County government uses commercial bank accounts to operate the above-established Fund contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.24.10 Expenditure on Operations and Maintenance

Figure 95 summarises the Operations and Maintenance expenditure by major categories.

Figure 96: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: *Mandera County Treasury*

The County Executive alone incurred Kshs.5.6 million in expenditures on domestic travel. Both arms of the Government did not spend money on foreign travel.

3.24.11 Facility Improvement Financing

During the period under review, the County reported a collection of Kshs.7.85 million as FIF, which was 13.6 percent of the annual target of Kshs.57.92 million. The collected amount was retained and utilised at source in accordance with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

There was no reported expenditure by the health facilities during the reporting period.

3.24.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.229.16 million on development programmes, an increase of 6.5 percent compared to a similar period in FY 2023/24, when the County spent Kshs.215.22 million. Table 3.158 summarises development projects with the highest expenditure in the reporting period.

Table 3.158: Mandera County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract Sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Ministry of Lands and Urban Development	Grant to Municipalities (Mandera and Elwak)	Mandera & Elwak	350,000,000	95,000,000	27
2	Ministry of water, energy, Environment and Natural Resources	Grant to the Semi-Autonomous water Companies (MADAWASCO and ELWASCO)	Mandera & Elwak	300,000,000	83,870,000	28
3	Ministry of Agriculture and Livestock	World Bank Emergency Locust Response Project (ELRP) FY 2023/2024 Allocations B/f	ALL Wards	50,289,652	50,289,652	100
	TOTAL			**700,289,652**	**229,159,652**	**33**

Source: *Mandera County Treasury*

3.24.13 Budget Performance by Department

Table 3.159 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.159: Mandera County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	883.91	102.42	31.40	-	31.40	-	100.0	-	4	-
Executive Services	501.87	-	79.82	-	79.82	-	100.0	-	16	-
Finance and Economic Planning	469.81	17	82.41	-	82.41	-	100.0	-	18	-
Agriculture, Livestock and Fisheries	349.35	644.55	37.34	50.29	37.34	50.29	100.0	100.0	11	8
Water, Energy, Environment & Natural Resources	367.71	1,880.21	45.33	83.87	45.33	83.87	100.0	100.0	12	5
Education and Human Capital Development	1,132.28	271.34	263.86	-	263.86	-	100.0	-	23	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Health Services	2,165.45	492.08	378.75	-	379.77	-	100.0	-	18	-
Lands and Urban Development	243.59	577.13	31.34	95	31.34	95	100.0	100.0	13	16
Roads, Transport and Works	294.62	915.33	39.60	-	38.58	-	97.4	-	13	-
Social Development	113.80	566.69	13.15	-	13.15	-	100.0	-	12	-
Public Service Management, Developed Units & Community Cohesion	2,007.41	-	272.29	-	272.29	-	100.0	-	14	-
County Public Service Board	77.22	12.97	14.31	-	14.31	-	100.0	-	19	-
Trade and Cooperative Development	60.55	412.45	10.06	-	10.06	-	100.0	-	17	-
Office of the County Secretary	196.29	50	9	-	9	-	100.0	-	5	-
Office of the County Attorney	84.96	-	0.50	-	0.50	-	100.0	-	0.6	-
Total	**8,948.80**	**5,942.16**	**1,309.16**	**229.16**	**1,309.16**	**229.16**	**100.0**	**100.0**	**15**	**4**

***Source**: Mandera County Treasury*

Analysis of department expenditures shows that the Department of Urban Development recorded the highest absorption rate of the development budget, at 17 percent, followed by the Department of Agriculture, at 8 percent. The Department of Education had the highest percentage of recurrent expenditures to budget, at 23 percent, while the Department of County Attorney had the lowest, at 0.6 percent.

The allocation for recurrent expenditure for both the Assembly and the Executive is within the ceilings in CARA 2024.

3.24.14 Budget Execution by Programmes and Sub-Programmes

Table 3.160 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.160: Mandera County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure
Agriculture, Livestock and Fisheries							
General Administration & Support Services	General Administration & Support Services	183,998,598	-	30,344,465	-	**16.5**	-
Livestock Resources Management and Development	Livestock-resources Management and Development	78,250,000	105,823,301	4,500,000	-	**5.8**	-
Food Security and Sustainable Agriculture	Crop Management and Development	62,900,000	427,399,967	1,500,000	50,289,652	**2.4**	**11.8**
Irrigation Development and Management	Irrigation Development and Management	24,200,000	111,325,484	1,000,000	-	**4.1**	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure
	SubTotal	**349,348,598**	**644,548,752**	**37,344,465**	**50,289,652**	**10.7**	**7.8**
Land and Urban Development							
General Administration & Support Services	General Administration & Support Services	69,153,340	-	14,596,786	-	**21.1**	-
Land Use Planning and Survey	Land Use Planning and Survey	41,550,000	48,926,640	-	-	**0.0**	-
Physical Planning housing and urban development	Physical Planning housing and urban development	4,200,000	528,208,000	-	95,000,000	**0.0**	**18.0**
Solid Waste Management	Solid Waste Management	128,684,879	-	16,740,000	-	**13.0**	-
	Sub-Total	**243,588,219**	**577,134,640**	**31,336,786**	**95,000,000**	**12.9**	**16.5**
Roads, Public Works and Transport							
General Administration & Support Services	General Administration & Support Services	156,225,616	-	36,347,877	-	**23.3**	-
Road And Air Transport Infrastructure Development	Road And Air Transport Infrastructure Development	127,491,417	876,327,815	2,231,411	-	**1.8**	-
Public Works Management	Public Works-Management	10,900,000	39,000,000	-	-	**0.0**	-
	Sub-Total	**294,617,033**	**915,327,815**	**38,579,288**	-	**13**	-
Trade and Cooperative Development							
General Administration and Planning	General Administration and Planning	42,749,748	-	10,061,288	-	**23.5**	-
Cooperative Development and Promotion	Cooperative Development and Promotion	7,400,000	15,449,789	-	-	**0**	-
Trade Development and Promotion	Trade Development and Promotion	10,400,000	397,000,000	-	-	**0**	-
	Sub-Total	**60,549,748**	**412,449,789**	**10,061,288**	-	**16.6**	-
Health Services							
General Administration and Planning	General Administration and Planning	1,525,499,284	-	359,773,335	-	**23.6**	-
Preventive, Promotive and Reproductive Health Services	Preventive, Promotive and Reproductive-HealthServices	129,523,501	209,373,070	-	-	**0.0**	-
Curative Rehabilitative and Referral Services	Curative Rehabilitative and ReferralServices	510,425,547	282,708,633	20,000,000	-	**3.9**	-
	Sub-Total	**2,165,448,332**	**492,081,703**	**379,773,335**	-	**17.5**	-
Education and Human Capital Development							

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure
General Administration and Planning	General Administration and Planning	1,009,626,588	-	262,862,951	-	**26.0**	-
Early Childhood Education	Early Childhood Education	102,650,000	248,285,210	1,000,000	-	**1.0**	-
Vocational and Technical Training Services	Vocational and Technical Training Services	15,500,000	23,049,894	-	-	**0.0**	-
Education Support Services	Education Support Services	4,500,000	-	-	-	**0.0**	-
	Sub-Total	**1,132,276,588**	**271,335,104**	**263,862,951**	-	**23.3**	-
County Executive Services							
Management of County Affairs	General Administration and Planning	501,872,333	-	79,819,376	-	**15.9**	-
	Sub-Total	**501,872,333**	-	**79,819,376**	-	**15.9**	-
Office of the County Secretary							
Policy, Leadership and Executive Coordination	Leadership and executive coordination	196,286,068	50,000,000	9,000,000	-	**4.6**	-
	Sub-Total	**196,286,068**	**50,000,000**	**9,000,000**	-	**4.6**	-
Office of the County Attorney							
Legal and Public Sector Advisory Services	Legal and advisory services	84,957,458	-	500,000	-	**0.6**	-
	Sub-Total	**84,957,458**	-	**500,000**	-	**0.6**	-
County Public Service Board							
Ethics, Governance and Public Service Values	Ethics, Governance and Public Service Values	77,217,041	12,965,500	14,307,134	-	**0.2**	-
	Sub-Total	**77,217,041**	**12,965,500**	**14,307,134**	-	**0.2**	-
County Assembly							
Legislation and Representation	Legislation and Representation	883,911,204	102,421,313	**31,398,476**	-	**3.6**	-
	Sub-Total	**883,911,204**	**102,421,313**	**31,398,476**	-	**3.6**	-
Finance and Economic Planning							
General Administration and Planning	Administration Planning	339,915,598	-	74,410,007	-	**21.9**	-
Public Finance Management	Accounting Services	4,300,000	-	-	-	-	-
	Financial Services and Report	6,000,000	-	-	-	-	-
	Internal Audit-services	2,800,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure
	Supply Chain-management Affairs	11,500,000	-	-	-	-	-
	County Asset-management system	9,700,000	-	-	-	-	-
Economic Planning and Statistics	County Economic Planning and Statistics	33,958,000	-	2,000,000	-	**5.9**	-
Revenue Collection and Enhancement	Revenue Collectionand Enhancement	43,415,000	10,000,000	6,000,000	-	**13.8**	-
ICT and E-Government Services	ICT and E-Government Services	18,220,000	6,999,408	-	-	-	-
	Sub-Total	**469,808,598**	**16,999,408**	**82,410,007**	-	**17.5**	-
County Public Service Management							
General Administration and Planning	Administration Planning	1,967,005,734	-	268,687,406	-	**13.7**	-
Devolved Governance and Enforcement Services	Devolved Governance and Enforcement Services	-	-	-	-	-	-
Civic Education and Public Participation	Civic Education and Public Participation	4,500,000	-	-	-	-	-
De-Radicalisation and Countering Violence	De-Radicalisation and Countering Violence	-	-	-	-	-	-
Community Cohesion and Conflict Management	Community Cohesion and Conflict Management	35,900,000	-	3,600,000	-	**10.0**	-
	Sub-Total	**2,007,405,734**	**-**	**272,287,406**	-	**13.6**	-
Social Development							
General Administration and Planning	Administration Planning	47,454,960	-	10,652,538	-	**22.4**	-
Women's Empowerment and Affirmative Action	Women's Empowerment and Affirmative Action	6,200,000	8,000,000	-	-	-	-
Youth Empowerment and Sports	Youth Empowerment and Sports	27,000,000	39,199,813	-	-	-	-
Culture and Gender Development Promotion	Culture and Gender Development Promotion	6,450,000	10,000,000	-	-	-	-
Disaster Preparedness and Management	Disaster Preparedness and-Management	26,700,000	509,487,878	2,500,000	-	**9.4**	-
	Sub-Total	**113,804,960**	**566,687,691**	**13,152,538**	-	**11.6**	-
Water, Energy, Environment and Climate Change							

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure	Rec. Expenditure	Dev Expenditure
General Administration and Planning	Administration Planning	172,488,370	-	39,411,087	-	**22.8**	-
Water and Sewerage Management	Water and Sewerage Management	150,220,000	1,275,182,562	5,920,000	83,870,000	**3.9**	**6.6**
Energy and Natural Resources	Energy and Natural Resources	4,700,000	30,000,000	-	-	**0**	-
Environment and Climate Change	Environment and Climate Change	40,300,000	575,029,682	-	-	**0**	-
	Sub-Total	**367,708,370**	**1,880,212,244**	**45,331,087**	**83,870,000**	**26.78943408**	**6.6**
Grand Total		**8,948,800,284**	**5,942,163,959**	**1,309,164,137**	**229,159,652**	**14.62949329**	**3.9**

***Source**: Mandera County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were General Administration in the Department of Education at 24 per cent, the Department of Trade at 23.5 per cent, and the Department of Water at 23 per cent of budget allocation.

3.24.15 Accounts Operated in Commercial Banks

The County government operated 22 accounts with commercial banks, of which seven were for County hospitals.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.24.16 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.42.68 million against an annual target of Kshs.336.53 million, representing 12.7 per cent of the yearly target.
2. High level of pending bills, which amounted to Kshs.1.83 billion as of 30th September 2024.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.15.2 million were processed through the manual payroll, accounting for 1.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

2. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*

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

3.25. County Government of Marsabit

3.25.1 Overview of FY 2024/25 Budget

The Marsabit County approved FY 2024/25 budget is Kshs.9.72 billion. It comprised Kshs.3.75 billion (38.6 per cent) and Kshs. 5.96 billion (61.4 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs. 290.87 million (3.1 per cent) from the FY 2023/24 budget comprised of a development budget of Kshs.4.32 billion and a recurrent budget of Kshs. 5.10 billion. The increase in the County Government budget was attributed to the increase in sharable revenue allocation.

The Marsabit County Government budget will be financed from different sources of revenue. These include Kshs.7.83 billion (74.9 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.35 billion as additional allocations, a cash balance of Kshs.912.18 million (8.7 per cent) brought forward from FY 2023/24, and Kshs.356.11 million (3.6 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.246.11 million (69.1 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.110.00 million (30.9 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.162.

3.25.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.59 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs. 642.6 million. Additional allocations from government and development partners were Kshs. 11.00 million, and its own-source revenue (OSR) collection was Kshs. 33.16 million. In addition, the County had a cash balance of Kshs. 912.19 million from FY 2023/24. Notably, the unspent balance from FY 2023/24 includes the equitable share for June 2024 of Kshs. 604.83 million, and was disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 33.16 million indicates it included Facilities Improvement Financing (FIF) of Kshs.19.63 million and Kshs.13.54 million as ordinary OSR. Table 3.162 summarises the total revenue available to the County Government during the first quarter of FY 2024/25. performance

Table 3.161: Marsabit County, Revenue Performance in the First Quarter of FY 2024/25

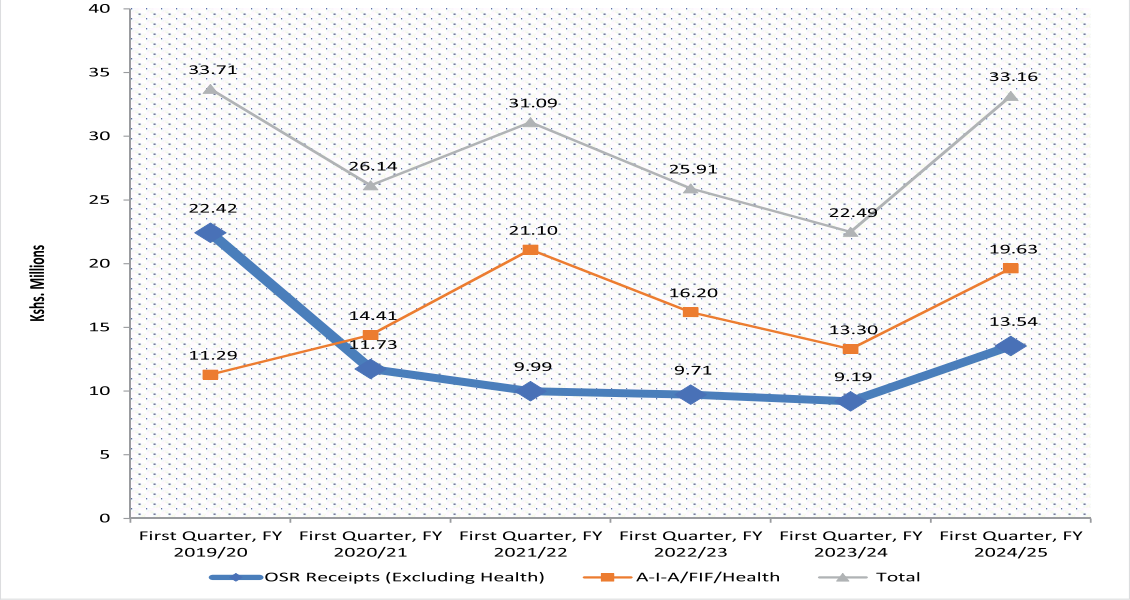
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	7,830,334,637	642,633,865	8.2
	Subtotal	7,830,334,637	642,633,865	8.2
B	**Additional Allocations**			
	DANIDA Grant - Primary Health Care in Devolved Context	10,432,500		0.0
	KDSP II	37,500,000		0.0
	World Bank- Emergency Locust Response Project (ELRP)	142,500,000		0.0
	Kenya Livestock Commercialization Project (KELCOP)	41,250,000		0.0
	Road Maintenance Levy Fund	237,670,000		0.0
	Community Health Promoters	47,074,916		0.0
	Transfer of Museum Function	2,878,080		0.0
	Food Systems Resilience Project	173,076,923		0.0
	Kenya Urban Support Programme - UIG	35,000,000		0.0
	FLLOCA - CCRI	137,500,000		0.0
	FLLOCA - CCIS	11,000,000	11,000,000	100.0

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	Sweden - Kenya Agri Business Development Programme (KABDP)	11,989,919		0.0
	DRPNK	462,435,270		0.0
	Unconditional Allocation for 20% Share of Mineral Royalties	331,285		0.0
Subtotal		**1,350,638,893**	**11,000,000**	**0.8**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	110,000,000	13,536,535	12.3
	Appropriation in Aid (A-I-A)			
	Facility Improvement Fund (FIF)	246,112,000	19,628,052	8.0
Subtotal		**356,112,000**	**33,164,587**	**9.3%**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	912,187,635	912,187,635	100.0
	Other Revenues (provide a list)			
Sub Total		912,187,635	912,187,635	100.0
Grand Total		**10,449,273,165**	**1,598,986,087**	**15.3**

Source: *Marsabit County Treasury*

Figure 97 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 97: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25

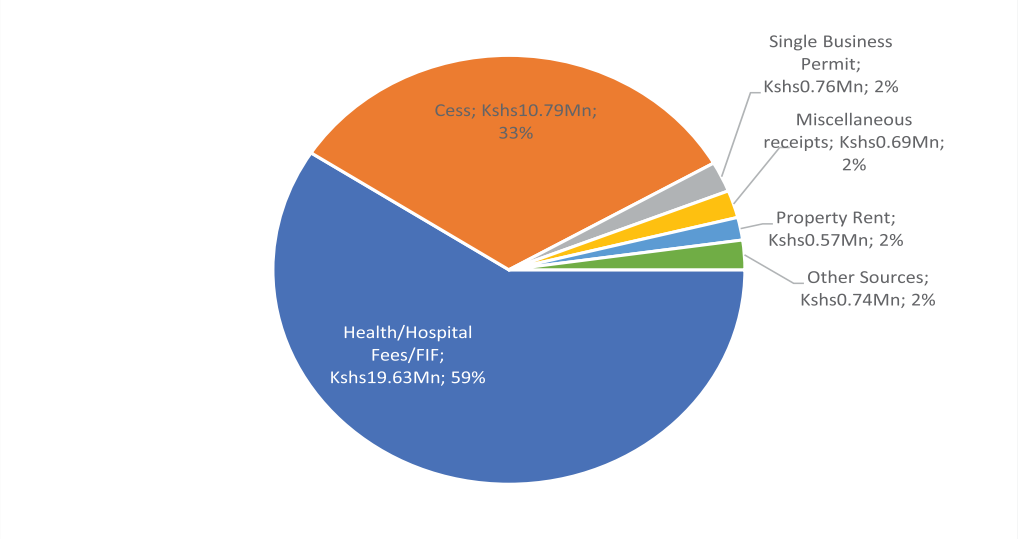


Source: *Marsabit County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.33.16 million from its revenue sources, including FIF. This amount was an increase of 32 per cent compared to Kshs.22.49 million realised in a similar period in FY 2023/24 which was 9 per cent of the annual target and 5 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 98.

Figure 98: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Marsabit County Treasury*

The highest revenue stream, Kshs.19.6 million, was from Facility Improvement Financing, which contributed 59.0 per cent of the total OSR receipts during the reporting period. Facility Improvement Financing arising from hospitals had the highest Revenue compared to other streams. This was because most people sought medical attention/referrals from the County facilities.

3.25.3 Borrowing by the County

The County Government did not report any amounts borrowed to support its operations as of 30 September 2024.

3.25.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.20 billion from the CRF account, comprising Kshs.138.14 million (11.5 per cent) for development programmes and Kshs.1.07 billion (88.5 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.871.19 million was released towards employee compensation and Kshs.195.15 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 912.18 million.

3.25.5 County Expenditure Review

The County spent Kshs.1.08 billion on development and recurrent programmes in the reporting period. The expenditure represented 90.4 per cent of the total funds released by the CoB and comprised of Kshs.127.69 million and Kshs.961.28 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.4 per cent, while recurrent expenditure represented 16.1 per cent of the annual recurrent expenditure budget.

3.25.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs 1.13 billion as of 30 June 2024, comprising pending payments by the County Executive of Kshs.700.85 million and Kshs 425.14 million for the County Assembly.

The County Executive's pending bills consist of Kshs.700.85 million for development expenditures only. In the reporting period, the County Executive settled pending bills amounting to Kshs.108.16 million for development programmes, while the County Assembly settled pending bills worth Kshs.19.54 million. Therefore, the outstanding bills were Kshs.998.29 million as of 30 September 2024.

3.25.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.822.15 million on employee compensation, Kshs.56.85 million on operations and maintenance, and Kshs.108.16 million on development activities. Similarly, the County Assembly spent Kshs.49.05 million on employee compensation, Kshs 33.23 million on operations and maintenance, and Kshs.19.53 million on development activities, as shown in Table 3.162.

Table 3.162: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,197,369,292**	**765,337,843**	**878,996,667**	**82,287,719**	**16.9**	**10.8**
Compensation to Employees	3,337,904,734	293,211,000	822,146,365	49,051,302	24.6	16.7
Operations and Maintenance	1,859,464,558	472,126,843	56,850,302	33,236,417	3.1	7.0
Development Expenditure	**3,145,366,395**	**607,442,968**	**108,157,150**	**19,539,580**	**3.4**	**3.2**
Total	**8,342,735,687**	**1,372,780,811**	**987,153,817**	**101,827,299**	**11.8**	**7.4**

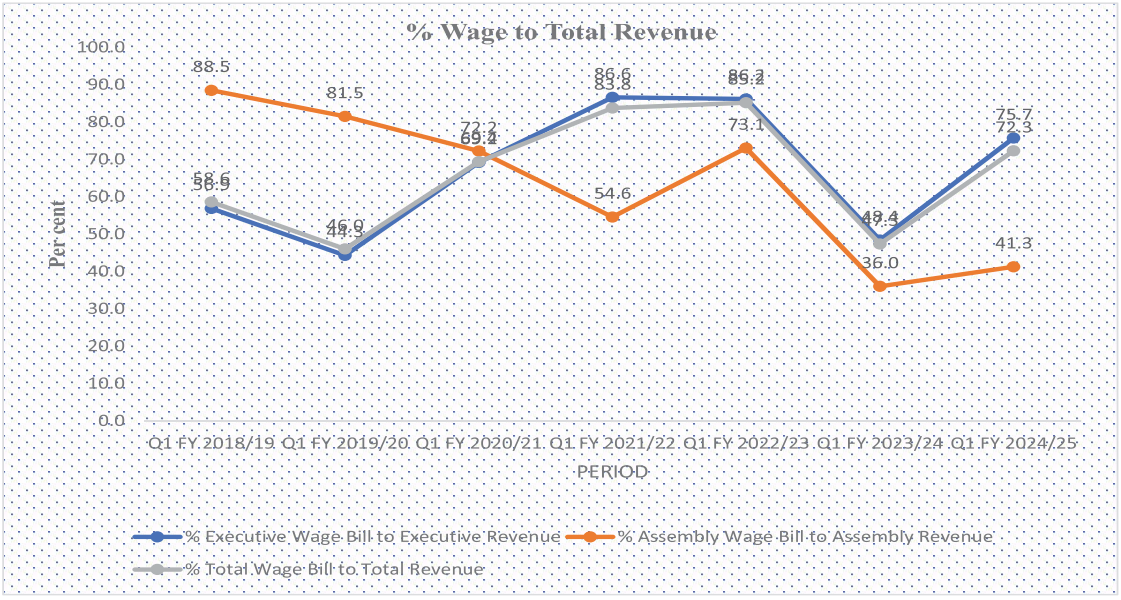
Source: *Marsabit County Treasury*

3.25.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.871.19 million, or 72.3 per cent of the available revenue of Kshs.1.20 billion. This expenditure represented an increase from Kshs.559.04 million reported in a similar period in FY 2023/24. The wage bill included Kshs.264.36 billion paid to the health sector employees, translating to 30.3 per cent of the total wage bill.

Figure 99 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25..

Figure 99: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: *Marsabit County Treasury*

Further analysis indicates that PE costs amounting to Kshs.737.55 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.133.64 million was processed through manual payrolls. The manual payrolls accounted for 15 per cent of the total PE cost.

The County Assembly spent Kshs.6.54 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.36.10 million. The average monthly sitting allowance was Kshs.66,050 per MCA. The County Assembly had 20 House committees.

3.25.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.228.00 million to County-Established funds in FY 2024/25, or 2.3 per cent of the County's overall budget. Further, contrary to Section 110 of the PFM Act, 2012, the County did not allocate any amount for the Emergency Fund.

Table 3.163 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.163: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Scholarship Fund	228,000,000	Nil	0	647,000,000	No
	Emergency Fund	Nil	Nil	0	826,999,240	No
	Car Loan and Mortgage-Executive	Nil		0	121,000,000	No
	Sub Total			0	1,594,999,240	
	County Assembly Established Funds					
	Car and Mortgage Loan Scheme for Staff	Nil	Nil	0	141,570,671	No
	Marsabit County Assembly Car Loan and Mortgage –Members	NIL	Nil	0	259,000,000	No
	Sub Total	228,000,000	Nil	0	400,570,671	
	Total	**228,000,000**	Nil	**0**	1,995,569,911	

Source: Marsabit *County Treasury*

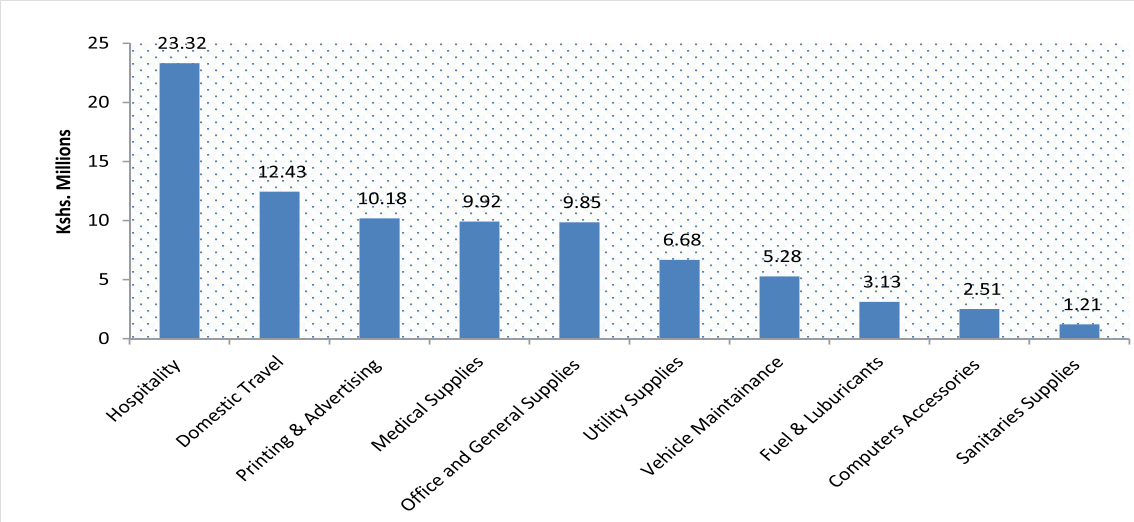
During the reporting period, the CoB did not receive any of the quarterly financial reports from all Fund Administrators, as indicated in Table 3.164, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.25.10 Expenditure on Operations and Maintenance

Figure 100 summarises the Operations and Maintenance expenditure by major categories.

Figure 100: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: *Marsabit County Treasury*

The County Assembly incurred Kshs. 12.43 million in expenditures on domestic travel, while the County Executive did not. Neither the Assembly nor the Executive incurred Expenditures on foreign travel.

3.25.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs 19.62 million as FIF, which was 8.0 per cent of the annual target of Kshs 246.11 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.19.62, as shown in Table 3.164.

Table 3.164: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Marsabit Referral Hospital	155,548,000	14,089,959	9
	Moyale Sub County Hospital	81,564,000	4,838,098	5.9%
	Kalacha Hospital	9,000,000	700,000	7.8%
	Total	**246,112,000**	**19,628,057**	**8.0%**

Source: *Marsabit County Treasury*

The Health Facility with the highest absorption rate was Marsabit Referral Hospital.

3.25.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.127.69 million on development programmes This is a 62 per cent decrease compared to a similar period in FY 2023/24 when the County spent Kshs. 334.43 million. Table 3.165 summarises development projects with the highest expenditure in the reporting period.

Table 3.165: Marsabit County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Executive	Drought Mitigation Project	County Wide	94,652,200	94,652,200	100%
2	Roads	Construction of Road	Dambala Fachana	4,897,600	4,897,600	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
3	Health	Installation of new solar panels at Kargi Health Centre	Kargi	3,680,448	3,680,448	100
4	Executive	Construction of Baraza park at Bubisa stadium		1,199,982	1,199,982	100

Source: *Marsabit County Treasury*

3.25.13 Budget Performance by Department

Table 3.166 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.166: Marsabit County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer (Kshs.)		Issues		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	765.34	607.44	88.81	29.98	82.29	19.54	93	65	11	3		
County Executive	572.44	150	171.75	-	164.49		96		29	0		
Finance & Economic Planning	332.46	737.50	69.16	108.16	69.16	108.16	100	100	21	15		
Agriculture, Livestock & Fisheries	281.11	889.45	56.25	-	38.04		68		14	0		
County Public Service Board	110	15	11.05	-	11.05		100		10	0		
Education, Skill Development, Youth & Sports	621	117.81	86.69	-	87.18		101		14	0		
County Health Services	1,848.07	239.19	412.82	-	368.46		89		20	0		
Administration, Co-ordination & ICT	575	6	49.14	-	41.04		84		7	0		
Energy, Lands & Urban Development	219	57.60	44.15	-	21.75		49		10	0		
Roads & Public Works	130	414.87	15.47	-	13.84		89		11	0		
Water, Environment & Natural Resources	220	279.05	31.84	-	28.37		89		13	0		
Trade, Industry & Enterprise Development	112.12	190	16.66	-	15.02		90		13	0		
Tourism, Culture & Social Services	135.68	48.90	12.56	-	12.56		100		9	0		
Office of the County Attorney	29.98		-	-	5.20				17			
Office of the County Secretary	10.50		-		2.84				27			
Total	**5,962.71**	**3,752.81**	**1,066.35**	**138.14**	**961.28**	**127.70**	90	92	16	3		

Source*: Marsabit County Treasury*

Analysis of department expenditures shows that the Department of Finance & Economic Planning recorded the highest absorption rate of the development budget, at 15 per cent, followed by the County Assembly, at 3 per cent. The Department of County Executive Services had the highest percentage of recurrent expenditures to budget, at 28.7 per cent, while the Department of Administration, Co-ordination and ICT had the lowest, at 7.1 per cent.

3.25.14 Budget Execution by Programmes and Sub-Programmes

Table 3.167 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.167: Marsabit County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
County Assembly							
General Administration Support Services	SP 1.1 Salaries and allowances for employees and MCAs	237,161,199	-	40,667,855	-	17	
	SP 1.2 Employer Contribution to Pension	9,550,000	-	1,639,583	-	17	
	SP 1.2 Hospitality, Catering services, donations and gifts, boards, committees, conferences and seminars	48,074,469	-	4,279,600	-	**8.9**	
	SP 1.3 Domestic payables from previous financial years	10,167,081	256,083,989	-	-	0	0
Legislature and Oversight	SP 2.1 Domestic and foreign accommodation, air travel and daily subsistence allowance	110,857,475	-	17,050,893	-	15	
	SP 2.2 ICT, Hansard and Communication Equipment	7,500,000	-	361,000	-	5	
	SP 2.3 Mortgage & Car Loans and Tax	57,407,675	-	-	-	0	
	SP 2.4 Staff Training and Development and Tuitions	37,907,263	-	-	-	0	
	SP 2.5 Public Participation		-		-		
County Assembly Infrastructure improvement	SP 3.11 Equipping of library		-		-		
	SP 3.12 Maintenance of motor vehicle	7,750,000	-	1,769,280	-	23	
	SP 3.13 Purchase of furniture and general equipment	5,366,793	-	-	-	0	
	SP 3.14 Construction of County Assembly Headquarters and modern chambers, purchase of land for speaker's residence, construction and equipping of ward offices		351,358,979	-	19,539,580		6
	SP 3.15 Improvement of ICT services		-		-		
	SP 3.16 Maintenance of plants, machinery & other assets	9,016,760	-	-		0	

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	SP 3.17 Electricity, water and sewerage and other utility charges	11,928,878	-	-		0	
	SP 3.18 Printing, advertisement and information supplies and services	33,821,371	-	2,941,200		8.7	
	SP 3.19 Rental of approved assets and hire of motor vehicles	2,200,000	-	-		0	
	SP 3.20 Insurance cost for group personal, building, motor vehicle and medical cover	31,980,382	-	-		0	
	SP 3.21 Purchase of computers, printers, general office supplies and accessories and sanitary cleaning materials	35,520,000	-	6,389,014		18	
	SP 3.22 Fuel, oil, lubricants and tyres	9,000,000	-	-		0	
	SP 3.23 Bank service commission and charges, legal fees, management fees, contracted professional charges and other operating expenses	11,350,762	-	-		0	
	SP 3.24 Ward office	46,860,000	-	4,733,328		10	
	SP 3.25 Uniform, Specialised materials and supplies	8,000,000	-	2,455,967		31	
	-SP 3.26 Membership fees and dues and subscription for international organisation	5,500,000	-	-		0	
	SP 3.28 Refurbishment of buildings	4,000,000	-	-	-	0	
	SP 3.29 Gratuity/pension	24,417,735	-	-		0	
	Sub Total	**765,337,843**	**607,442,968**	**82,287,720**	**19,539,580**	11	3
County Executive services							
Management of County Affairs	County Executive services	501,795,216		123,402,497		25	
County Cohesion and Integration	Public Sector Advisory services	30,000,000		3,680,000		12	
County Information and Communication Service	County Information and Communication Services	29,500,000		4,938,000		17	
Inter-Governmental Relations	Inter/Intra Governmental Co-ordination	6,148,784		-		0	
County Legal Services	County Legal Services	5,000,000		-		0	
Executive Infrastructure Development	Executive Infrastructure Development		150,000,000		-		0

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Sub Total	**572,444,000**	**150,000,000**	**132,020,497**	-	23	0
Finance & Economic Planning							
General administration planning and support	Financial Services	267,714,124	700,000,000	72,429,769	108,157,150	27	16
	ICT Services	7,000,000	-	1,500,000	-	21	
Economic and Financial Policy Formulation	Capacity building	-	37,500,000	-	-		0
Public Financial Management	Budget formulation, co-ordination & Management	10,000,000	-	1,466,861		15	
	Resource Mobilisation	10,000,000	-	3,797,968	-	38	
	Internal audit services	10,000,000	-	-	-		
	Supply chain services	3,000,000	-	1,500,000	-	50	
	Accounting services	19,748,034	-	5,685,400	-	29	
Economic and Financial Policy Formulation	Fiscal Policy Formulation and Management	5,000,000	-	-	-	0	
	Sub Total	**332,462,158**	**737,500,000**	**86,379,998**	**108,157,150**	**26**	**15**
Agriculture, Livestock & Fisheries							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	129,463,098	-	38,040,497	-	29	
	Livestock Policy Development and Capacity Building	122,652,928	-	-	-		
Livestock Resources Management and Development	SP3 Livestock Production and Management	-	23,300,000	-	-		0
	Livestock Products Value Addition and Marketing	-	41,250,000	-	-		
Fisheries Development and Management	Fisheries Policy, Strategy and Capacity Building	28,993,336	4,000,000	-	-		
Crop Development and Management	Lands and Crop Development	-	900,000	-	-		
	Food Security Initiatives	-	820,002,112	-	-		
	Sub Total	**281,109,362**	**889,452,112**	**38,040,497**	-	14	0
Energy, Lands & Urban Development							
Urban Development Services	Town Administration Services	2,000,000.00	43,100,000.00	-	-	0	0
	Solid Waste Management	-	14,500,000.00	-	-		0
Land and Physical Planning Services	Administration and Support services	133,892,052.00	-	21,749,427.91	-	16	
	Land Mapping &Zoning, Survey, adjudication and Physical planning	21,000,000.00	-	-	-	0	

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Urban Development Services	Administrative and support services	15,707,948.00	-	-	-	0	
	Solid Waste Management	41,400,000.00	-	-	-	0	
	Towns Facelift	5,000,000.00	-	-		0	
	Sub Total	**219,000,000**	**57,600,000**	**21,749,428**	-	10	0
County Health Services							
Preventive and Promotive Health Services	Communicable disease prevention and control		3,000,000		-		
Curative Health Services	Reduction of Communicable and Non-Communicable Diseases	-	5,000,000	-	-		0
	Referral Services	20,000,000	11,000,000	-	-	0	
	Specialised Services	20,000,000	43,988,500	-	-	0	0
	Drugs and commodities	160,000,000	-	19,175,290	-	12	
General Administration, Planning and Support Services	Health Infrastructure development	-	176,200,000	-	-		0
	Health Planning and Financing	1,638,074,916	-	345,279,870	-	21	
Maternal and child health	Integrated MCH and Family planning services	10,000,000	-	3,999,907	-	40	
	Sub Total	**1,848,074,916**	**239,188,500**	**368,455,067**	-	20	0
Administration, Co-ordination & ICT							
General administration planning and Support Services	Administration services	337,200,000	1,000,000	34,703,319	-	10	0
	Peacebuilding and conflict resolution	10,000,000	-	-			
	Disaster management and emergency response	200,000,000	-	6,340,900	-	3	
	ICT Services	-	5,000,000	-			0
Co-ordination of functions of devolved units	Co-ordination of County Government Departments	21,800,000	-	-			
Public Participation and Civic Education	Public participation	6,000,000	-	-			
	Sub Total	**575,000,000**	**6,000,000**	**41,044,219**	-	7	0
County Public Service Board							
	Administration services	73,222,670.00	-	11,425,893.00	-	16	
General administration planning and Support Services	Board Management Service	27,007,330.00	15,000,000.00	-	-	0	0
Human Resource Management and Development	Human Resource Management	6,270,000.00	-	4,895,590.00	-	78	
	Establishment, Management and Consultancy Services	3,500,000.00	-	-	-	0	
	Sub Total	**110,000,000**	**15,000,000**	**16,321,483**	-	**15**	**0**
Office of the County Attorney							
Legislation and Oversight services	Legislation and Oversight services	29,978,854	-	5,200,000	-	17	

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Sub Total	**29,978,854**	-	**5,200,000**	-	17	
Office of the County Secretary							
County Information and Communication Services	County Information and Communication Services	10,500,000.00	0	2,840,000	0	27	
	Sub Total	**10,500,000**	-	**2,840,000**	-	27	
Education, Skill Development, Youth & Sports							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	314,000,000	-	76,221,170		24	
Skills development, youth and sport	Youth Empowerment & Training	-	12,200,000	-			0
Early Childhood Development and Education	Scholarships and educational benefits	228,000,000		-		0	
Pre Pre – Primary Education	Early Childhood Development and Education	50,000,000	11,000,000	-	-	0	0
	ECD Teachers Training	15,500,000	-	5,150,270		33	
	ECD Infrastructure Development and Management	-	77,250,000	-			0
Youth Development	Youth Training and Capacity Building	4,000,000	5,000,000	1,980,000		50	0
Vocational Education and Training	Technical Trainers and Instructor Services	7,500,000	-	2,900,000		39	
	Infrastructure Development and Expansion	-	3,000,000	-			0
Sports	Sports Training and Competitions	2,000,000	1,000,000	933,500		47	0
	Development and Management of Sports Facilities	-	8,355,784	-			0
	Sub Total	**621,000,000**	**117,805,784**	**87,184,940**	-	14	0
Tourism, Culture & Social Services							
General Administration, Planning and Support Services	Financial Services	135,678,080	-	22,533,024	-	17	
Culture Services	Conservation of Culture and Heritage	-	48,900,000	-	-		0
	Sub Total	**135,678,080**	**48,900,000**	**22,533,024**	-	17	0
Roads & Public Works							
General administration planning and Support Services	General administration planning and Support Services	130,000,000.00	-	13,838,084.61	-	11	
Road Transport Infrastructure Development	Roads Infrastructure Development	-	414,870,000.00	-	-		0
	Sub Total	**130,000,000**	**414,870,000**	**13,838,085**	-	11	0
Trade, Industry & Enterprise Development							
General Administration, Planning and Support Services	Financial Services	112,121,920.00	-	15,022,609.00	-	13	

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Enterprise Development	Develop infrastructure and facilities.	-	190,000,000.00	-	-		0
	Sub Total	**112,121,920**	**190,000,000**	**15,022,609**	-	13	0
Water, Environment & Natural Resources							
Water Resources Management	Water Storage	-	20,100,000.00	-			0
	Water Supply Infrastructure Development		107,450,000.00				0
General Administration, Planning and Support Services	General Administration, Planning and Support Services	132,941,170.00	-	26,963,820.00	-	20	
Natural Resources Conservation and Management	Forests Conservation and Management	87,058,830.00	151,500,000.00	1,403,000.00	-	2	0
	Sub Total	**220,000,000**	**279,050,000**	**28,366,820**	-	13	0
Grand Total		**5,962,707,133**	**3,752,809,364**	**961,284,386**	**127,696,730**	**16**	**3**

***Source**: Marsabit County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were Human Resource Management and Development in the Department of County Public Service Board at 78 per cent, General Administration, Planning and Support Services in the Department of Agriculture, Livestock & Fisheries at 29 per cent, County Executive services in the Department of County Executive at 25 per cent and General Administration, Planning and Support Services in the Department of County Health Services at 21.1 per cent of budget allocation.

3.25.15 Accounts Operated in Commercial Banks

The County government operated ten accounts with commercial banks, of which five were for County-established Funds.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.25.16 Key Observations and Recommendations

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

1. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 25 October 2024.

2. Own-source revenue underperformed at Kshs.31.16 million against an annual target of Kshs.356.11 million, representing 9.3 per cent of the yearly target.

3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarship Fund, Emergency Fund,Car Loan and Mortgage- Executive Fund, Marsabit County Assembly Car Loan and Mortgage –Member and staff were not submitted to the Controller of Budget as of 15 October 2024.

4. High level of pending bills, which amounted to Kshs.998.29 million as of 30 September 2024

5. Use of manual payroll. Personnel emoluments amounting to Kshs.133.64 million were processed through manual payroll, accounting for 15.3 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

6. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for all the funds, development accounts and deposit retention.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

4. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*

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

6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.26. County Government of Meru

3.26.1 Overview of FY 2024/25 Budget

The Meru County approved FY 2024/25 budget is Kshs.13.92 billion. It comprised Kshs.4.97 billion (36 per cent) and Kshs.8.95 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.2.02 billion (17 per cent) from the FY 2023/24 budget, which comprised of a development budget of Kshs.3.68 billion and a recurrent budget of Kshs.8.23 billion. The increase in the budget was attributed to the rise in additional allocations by Kshs.833.05 million, the increase in Equitable Share of Revenue Raised nationally by Kshs.986.53 million, and an increase in own source revenue by Kshs.201 million.

The Meru County Government budget will be financed from different sources of revenue. These include Kshs.10.88 billion (78 per cent) expected as the equitable share of revenue raised nationally, Kshs.1.98 billion (14 per cent) as additional allocations, and Kshs.1.07 billion (8 per cent) generated as gross own source revenue. The own source revenue includes Kshs.17 million (2 per cent) as Appropriations-in-Aid (A-I-A), Kshs.550 million (52 per cent) as Facility Improvement Fund (revenue from health facilities) and, Kshs.500 million (47 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.169.

3.26.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.93 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.840.87 million; additional allocations

from the government and development partners were Kshs.65.13 million, and own source revenue (OSR) collection was Kshs.188.20 million. In addition, the County had a cash balance of Kshs.47.97 million from FY 2023/24. Also, the County had a balance of Kshs.791.41 million, which was FY 2023/24 June 2024 national shareable revenue disbursed in July 2024.

Analysis of the total OSR collection of Kshs.188.20 million indicates that it included Appropriations in Aid (AIA) of Kshs.2.61 million and Facilities Improvement Financing (FIF) of Kshs.119.93 million and Kshs.65.65 million as ordinary OSR. Table 3.168 summarises the total revenue available to the county government during the first quarter of FY 2024/25.

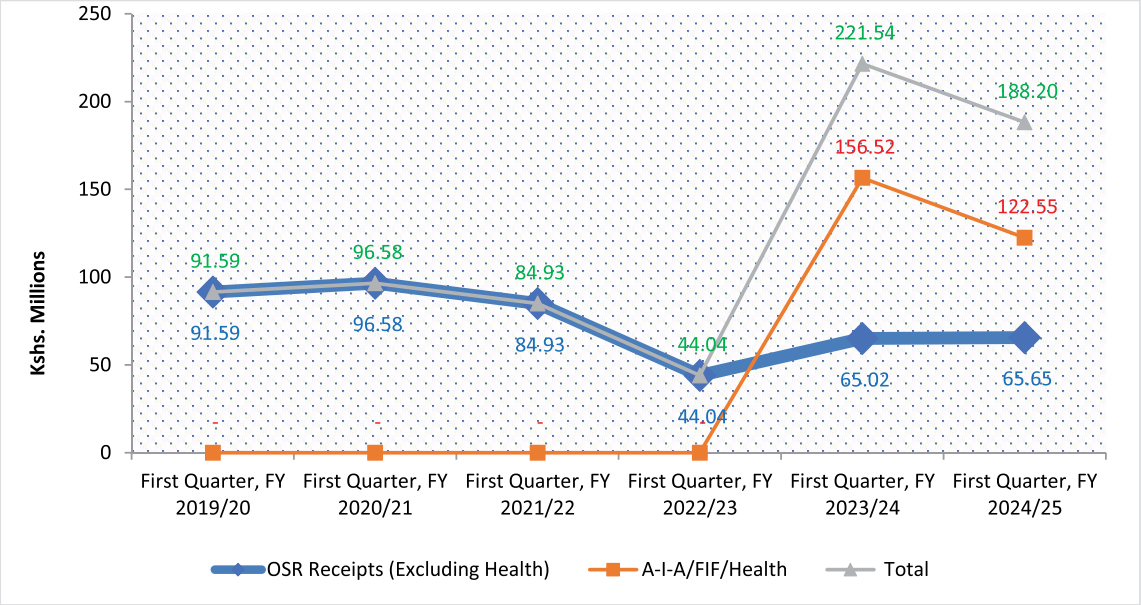
Table 3.168: Meru County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	10,879,160,115	840,873,140	8
Sub Total		**10,879,160,115**	**840,873,140**	**8**
B	**Additional Allocations**			
1	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-
2	Aquaculture Business Development Programme (ABDP)	23,306,984	-	-
3	Aggregated Industrial Parks Programme	187,500,000	-	-
4	De-risking and Value Chain Enhancement (DRIVE)	63,341,980	54,131,579	29
5	Livestock Value Chain Support Project	99,394,800	-	-
6	DANIDA Grant	12,382,500	-	-
7	World Bank Emergency Locust Responses Projects (ELRP)	104,600,000	-	-
8	Kenya Devolution Support Programme(KDSP)	37,500,000	-	-
9	Kenya Informal Settlement Programme (KISP) II	333,506,111	-	-
10	World Bank Credit Financing Locally Led Climate Action Programme (FLLoCA	188,269,899	12,500,000	7
11	Fuel Levy Fund	284,617,468	-	-
12	World Bank KUSP (Kenya Urban Support Programme)-UIG	35,000,000	-	-
13	World Bank KUSP (Kenya Urban Support Programme)-UDG	320,000,000	-	-
14	Kenya Agricultural Business Development Projects(KABDP)	10,918,919	-	-
15	Transfer to Library Services	12,902,906	-	-
16	Community Health Promoters- conditional funding	111,480,000	-	-
Sub-Total		**1,976,236,719**	**65,131,579**	**3**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	500,000,000	65,652,323	13
2	Balance b/f from FY2023/24	-	839,377,290	
3	Facility Improvement Fund (FIF)	550,000,000	119,931,977	22
4	Appropriation in Aid (AIA)	17,000,000	2,614,040	15
Sub Total		**1,067,000,000**	**188,198,339**	**18**
Grand Total		**13,922,396,834**	**1,933,580,348**	**14**

Source: Meru *County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 101 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 101: Trend in Own-Source Revenue Collection from the FY 2019/20 to the FY 2024/25

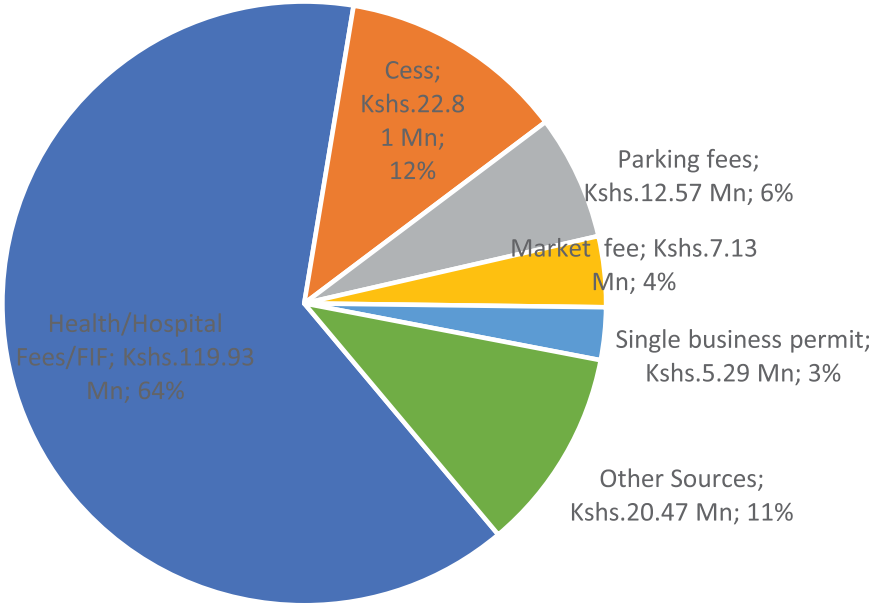


Source: *Meru County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.188.20 million from its sources of revenue, including AIA and FIF. This amount a decreased by 15 per cent compared to Kshs.221.54 million realised in a similar period in FY 2023/24 and was 18 per cent of the annual target and 12 per cent of the equitable revenue share disbursed. The decrease in OSR may be attributed to the health workers' strike.

The revenue streams which contributed the highest OSR receipts are shown in Figure 102.

Figure 102: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Meru County Treasury*

The highest revenue stream, Kshs.119.93 million, was from Health FIF, contributing 64 per cent of the total OSR receipts during the reporting period.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.14 billion from the CRF account during the reporting period, which comprised Kshs.242.48 million (21 per cent) for development programmes and Kshs.900.18 million (79 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.834.34 million was released towards employee compensation and Kshs.65.83 million for operations and maintenance expenditure.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs. 668.13 million.

3.26.4 County Expenditure Review

The County spent Kshs.1.20 billion on development and recurrent programmes in the reporting period. The expenditure represented 105 per cent of the total funds released by the CoB and comprised Kshs.907.29 million and Kshs.290.45 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6 per cent, while recurrent expenditure represented 10 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.33 billion as of 30 June 2024, comprising pending payments by the County Executive of Kshs.1.33 billion and Kshs.12.92 million for the County Assembly.

The County Executive's pending bills consist of Kshs.368.13 million for recurrent expenditures and Kshs.945.76 million for development expenditures. The County Executive settled pending bills amounting to Kshs.111.85 million for development programmes, while the County Assembly had not settled any pending bills as of 30 September 2024.

3.26.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.777.81 million on employee compensation, Kshs.72.95 million on operations and maintenance, and Kshs.290.45 million on development activities. The County Assembly spent Kshs.56.54 million on employee compensation. The County Assembly did not report any expenditure on operations and maintenance, and development activities, as shown in Table 3.170.

Table 3.169: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,936,586,667**	**1,013,378,296**	**850,754,064**	**56,539,833**	**11**	**6**
Compensation to Employees	5,077,036,181	528,636,486	777,805,734	56,539,833	15	11
Operations and Maintenance	2,859,550,486	484,741,810	72,948,331	-	3	0
Development Expenditure	**4,840,414,545**	**132,017,326**	**290,453,193**	**-**	**6**	**0**
Total	**12,777,001,212**	**1,145,395,622**	**1,141,207,257**	**56,539,833**	**9**	**5**

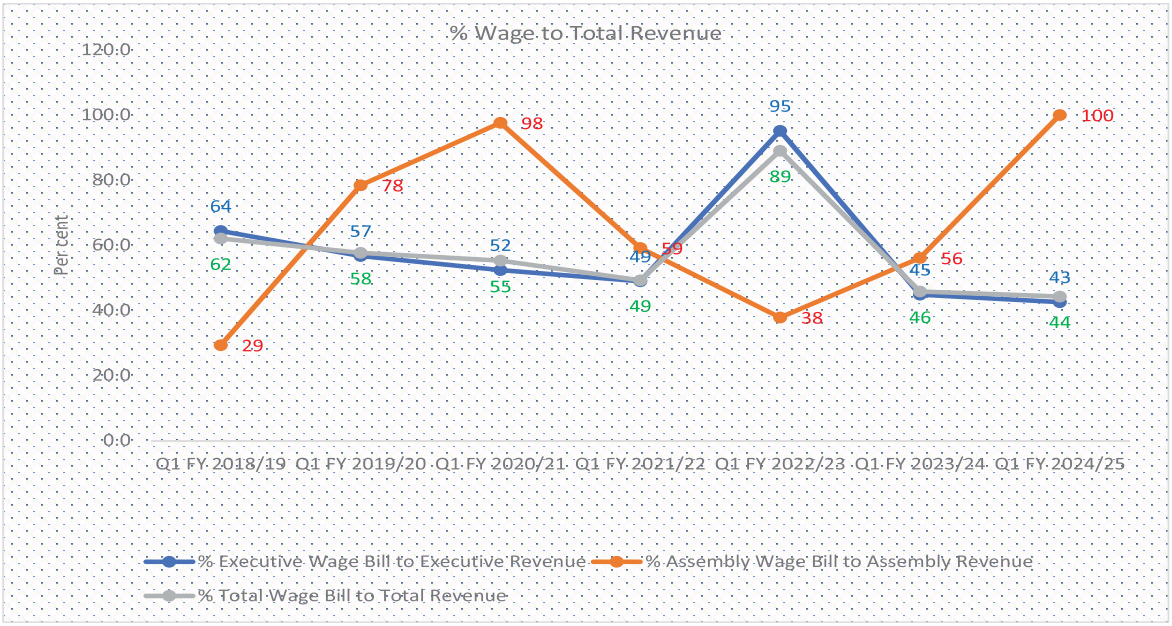
***Source**: Meru County Treasury*

3.26.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.834.35 million, or 43 per cent of the available revenue of Kshs.1.93 billion. This expenditure represented a decrease from Kshs.1.23 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.388.20 million paid to the health sector employees, translating to 47 per cent of the total wage bill.

Figure 103 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 103: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: *Meru County Treasury*

Further analysis indicates that PE costs amounting to Kshs.1.20 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.22.26 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost.

The County Assembly spent Kshs.5.6 million on committee sitting allowances for the 69 MCAs against the annual budget allocation of Kshs.72.24 million. The average monthly sitting allowance was Kshs.26,689 per MCA. The County Assembly had 27 House committees.

3.26.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.693.02 million to county-established funds in FY 2024/25, or 5 per cent of the County's overall budget. The County did not allocate funds to the Emergency Fund in FY 2024/25. However, there is an allocation of Kshs.14.10 million for Grants for the Management of Natural Disasters and Emergency Relief (food, medicine, blankets, cash grants, tents and other temporary shelter, etc.) as line items in the budget.

Table 3.170 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.170: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
County Executive Established Funds						
1.	Meru County Micro-Finance Corporation	78,758,591	10,707,597	18,977,162	Not indicated	Yes
2.	Meru County Investment and Development Corporation	21,600,000	2,160,517	5,474,169	Not indicated	Yes
3.	Meru Youth Service	10,000,000	357,524	267,853	Not indicated	Yes
4.	Meru County Revenue Board	336,660,640	40,973,626	20,049,352	Not indicated	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
5.	Education Scholarship Fund	136,000,000	-	-	Not indicated	No
6.	Meru County Executive Staff Housing	80,000,000	-	1,605,811	603,565,954	Yes
County Assembly Established Funds						
7.	County Assembly of Meru Staff Car Loan and Housing Scheme Fund	30,000,000	-	187,730	247,692,366	Yes
8.	County Assembly of Meru Members Car Loan and Housing Scheme Fund	-	-	793,833	750,300,000	Yes
	Total	**693,019,231**	**54,199,265**	**47,355,910**	**1,601,558,320**	

Source: *Meru County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Education Scholarship Fund Administrator, as indicated in

Table 3.54: Performance of County Established Funds in the First Quarter of FY 2024/25

3, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.26.9 Expenditure on Operations and Maintenance

The County reported expenditures of Kshs.72.95 million on operations and maintenance, which consisted of Health FIF Expenditures of Kshs.72 million, Transfer to ATC Kaguru of Kshs.631,620, and Transfer to Meru Youth Service of Kshs.357,524.

The County did not report any expenditure on domestic and foreign travel during the period under review.

3.26.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.119.93 million as FIF, which was 22 per cent of the annual target of Kshs.550 million. The collected amount was retained and utilised at source in accordance with the Facility Improvement Financing Act, 2023. The County has, further developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.199.93 million as shown in Table 3.171.

Table 3.171: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate(%)
1.	Meru Teaching and Referral Hospital	277,560,595	68,631,801.29	25
2.	Nyambene Level IV Hospital	122,907,531.50	18,254,247.77	15
3.	Kanyakine Sub-County Hospital	29,665,086	7,646,835	26
4.	Miathene Sub-County Hospital	29,000,000	6,461,435.71	22
5	Mutuati Sub-County Hospital	16,761,456	3,560,072	21
6	Kangeta Sub-County Hospital	2,400,273	700,566	29
7	Mikinduri Sub-County Hospital	7,221,600	2,250,634	31
8	Timau Sub-County Hospital	5,563,596	1,351,847	24

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate(%)
9	Mikumbune Sub-County Hospiatal	8,323,566	2,578,175	31
10	Githongo Sub-County Hospital	8,323,566	1,745,900	21
11	Muthara Sub-County Hospital	10,323,807	1,810,181	18
12	Kibirichia Sub-County Hospital	1,273,790	382,338	30
13	Naari Sub-County Hospital	731,078	200,120	27
14	Giaki Sub-County Hospital	1,995,731.50	725,114	36
15	Mbeu Sub-County Hospital	2,353,955	681,505	29
16	Kinoro Sub County Hospital	594,369	151,205	25
17	Public Health Offices	25,000,000	2,800,000	11
	Total	**550,000,000**	**119,931,976.77**	**22**

Source: *Meru County Treasury*

The Health Facility with the highest absorption rate was Giaki Sub-County Hospital at 36.3 per cent.

3.26.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.290.45 million on development programmes, representing an increase of 90 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.152.99 million. Table 3.172 summarises the development projects with the highest expenditure in the reporting period.

Table 3.172: Meru County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads Transport & Energy	Upgrading to Bitumen Standards of Curio Shop- Ntumburi Catholic (Gwa Kamarete)- Kwa Magiri-Kwa Eng Muruyia (Bituminous Surface (AC) Layer)	Kibirichia ward	39,510,000	39,510,000	100
2	Trade, Cooperatives & Tourism Development	The payment includes part of the Aggregation warehouse and cold storage, value-added Warehouses, Office block, Powerhouse, Amplification Work, Civil works, boundary wall, Mechanical Installation and borehole, pump house, electrical works, and materials on site.	Buuri Subcounty	500,000,000	52,631,578	11
3	Roads Transport & Energy	Upgrading to Bitumen Standards of Curio Shop- Ntumburi Catholic (Gwa Kamarete)- Kwa Magiri-Kwa Eng Muruyia (Culvert and drainage installation)	Kibirichia ward	23,490,000	23,490,000	100
4	Finance, Economic Planning & ICT	Construction of Ablution Block at Kmtc Miathene Campus	Miathene KMTC	4,446,514	8,893,027	200
6	Finance, Economic Planning & ICT	Roofing Shed at Timau Market	Timau	4,303,997	6,174,862	143
8	Finance, Economic Planning & ICT	Proposed Construction Of 48m3 High-Level Tank at Governor's Residence	Headquarter	4,992,895	4,992,895	100
10	Finance, Economic Planning & ICT	Procurement of Skip Bins	Municipality	2,484,000	2,484,000	100

Source: *Meru County Treasury*

3.26.12 Budget Performance by Department

Table 3.173 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.173: Meru County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,013.38	132.02	56.54	-	56.54	-	100	-	6	-
Office of the Governor	160.25	-	-	-	-	-	-	-	-	-
Finance, Economic Planning and ICT	928.99	240.3	53.84	48.85	-	48.85	-	100	-	20
Agriculture, Livestock & Fishery	47.72	486.41	0.63	-	0.63	-	100	-	1	-
Water, & Irrigation	43.8	549.78	11	78	-	78	-	100	-	14
Education, Technology, Gender, Culture & Social Development	257.52	195	-	-	-	-	-	-	-	-
Health Services	704.71	798.74	-	-	71.96	47.97	-	-	10	6
Lands, Physical Planning, Urban Development & Public Works	71.65	739.5	-	-	-	-	-	-	-	-
Public Service Administration & Legal Affairs	5,566.86	105	777.81	-	777.81	-	100	-	14	-
Roads, Transport & Energy	40.9	1,166.67	-	63	-	63	-	100	-	5
Trade, Investment, Industrialization, Tourism & Co-op Development	25.33	447.69	-	52.63	-	52.63	-	100	-	12
Youth Affairs & Sports	44.73	111.33	0.36	-	0.36	-	100	-	1	-
County Public Service Board	44.12	-	-	-	-	-	-	-	-	-
TOTAL	**8,949.96**	**4,972.43**	**900.18**	**242.48**	**907.29**	**290.45**	**101**	**120**	**10**	**6**

***Source**: Meru County Treasury*

Analysis of expenditure by departments shows that the Department of Finance, Economic Planning and ICT recorded the highest absorption rate of development budget at 20.3 per cent, followed by the Department of Water & Irrigation at 14.2 per cent. The Department of Public Service Administration & Legal Affairs had the highest percentage of recurrent expenditure to budget at 14 per cent, while the Departments of Office of the Governor, Finance, Economic Planning and ICT, Water & Irrigation, Education, Technology, Gender, Culture & Social Development, Lands, Physical Planning, Urban Development & Public Works, Roads, Transport & Energy, Trade, Investment, Industrialization, Tourism & Co-op Development and County Public Service Board had no recurrent expenditure.

The Department of Health Services had expenditures above the exchequer due to FIF expenditures, which were spent outside the exchequer arrangements as per FIF legislation.

3.26.13 Budget Execution by Programmes and Sub-Programmes

Table 3.174 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.174: Meru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
COUNTY ASSEMBLY OF MERU							
Legislation and Representation	Legislation & Repre-sentation	468,433,422	-	35,046,363	-	7.5	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Legislative Oversight	Legislative Oversight	218,716,758	-	8,982,794	-	4.1	-
General Admin, Planning & Support	General Administration, Planning and Support Services	326,183,116	132,017,326	12,510,675	-	3.8	0.0
Sub-Total		**1,013,333,295**	**132,017,326**	**56,539,833**	**-**	**5.6**	**0.0**
OFFICE OF THE GOVERNOR							
Headquarters	Headquarters	27,150,000	-	-	-	0.0	-
Governors Press	Governors Press	21,500,000	-	-	-	0.0	-
Monitoring and Evaluation	Monitoring and Evaluation	14,450,000	-	-	-	0.0	-
Research and Public Participation	Research and Public Participation	8,850,000	-	-	-	0.0	-
Special programmes (Fire, Rescue and Emergency Services)	Special programmes (Fire, Rescue and Emergency Services)	34,200,000	-	-	-	0.0	-
Partnership Development and External Linkages	Partnership Development and External Linkages	10,850,000	-	-		0.0	-
Delivery Unit	Delivery Unit	5,000,000	-	-	-	0.0	-
Protocol & Event Management	Protocol & Event Management	8,300,000	-	-	-	0.0	-
Office of the Deputy Governor	Office of the Deputy Governor	29,950,000	-	-		0.0	-
Sub-Total		**160,250,000**	**-**	**-**	**-**	**0.0**	**-**
FINANCE ECONOMIC PLANNING & ICT							
Headquarters	Headquarters	278,512,000	239,296,663	-	48,848,824	0.0	20.4
Meru Investment Corporation	Meru Investment Corporation	21,600,000	-	-	-	0.0	-
Meru Microfinance Corporation	Meru Microfinance Corporation	78,758,591	-	-	-	0.0	-
Meru County Revenue Board	Meru County Revenue Board	336,660,640	-	-	-	0.0	-
Procurement	Procurement	9,000,000	-	-	-	0.0	-
Internal Audit	Internal Audit	6,230,000	-	-	-	0.0	-
Budget and Policy	Budget and Policy	20,300,000	-	-	-	0.0	-
Accounts	Accounts	157,965,741	-	-	-	0.0	-
ICT Development	ICT Development	8,050,000	1,000,000	-	-	0.0	0.0
Economic Planning and Coordination Services	Economic Planning and Coordination Services	7,470,000	-	-	-	0.0	-
Administration Services	Administration Services	4,447,752	-	-	-	0.0	-
Sub-Total		**928,994,724**	**240,296,663**	**-**	**48,848,824**	**0.0**	**20.3**
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES							
General Administration	General Administration	7,379,126	352,786,092	-	-	0.0	0.0
Livestock	Livestock	7,300,000	99,394,800	-	-	0.0	0.0
Fisheries	Fisheries	1,700,000	34,225,903	-	-	0.0	0.0

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Agricultural Development	Agricultural Development	11,790,000	-	-	-	0.0	-
Animal Disease Management	Animal Disease Management	2,550,000	-	-	-	0.0	-
Agricultural Training Center(KAGURU)	Agricultural Training Center(KAGURU)	17,000,000	-	631,620	-	3.7	-
Sub-Total		**47,719,126**	**486,406,795**	**631,620**	**-**	**1.3**	**0.0**
WATER IRRIGATION ENVIRONMENT & NATURAL RESOURCES							
Water & Irrigation	Water & Irrigation	13,280,766	180,516,151	-	-	0.0	0.0
Noise pollution	Noise pollution	30,515,132	369,262,000	-	78,000,000	0.0	21.1
Sub-Total		**43,795,898**	**549,778,151**	**-**	**78,000,000**	**0.0**	**14.2**
EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT							
Administration Services	Administration Services	149,853,100	115,453,849	-	-	0.0	0.0
Early Childhood Development Education (ECDE)	Early Childhood Development Education (ECDE)	93,839,477	20,750,000	-	-	0.0	0.0
Technical and Vocation Education	Technical and Vocation Education	3,056,535	58,800,000	-	-	0.0	0.0
Village Polytechnics	Village Polytechnics	5,614,670	-	-	-	0.0	-
Library Services	Library Services	5,161,162	-	-	-	0.0	-
Sub-Total		**257,524,944**	**195,003,849**	**-**	**-**	**0.0**	**0.0**
HEALTH SERVICES							
General Administration Support And Planning	General Administration Support And Planning	12,097,383	-	-	-	0.0	-
Curative Health	Curative Health	455,015,300	798,742,133	71,959,186	47,972,791	15.8	6.0
Preventive and Promotive Health	Preventive and Promotive Health	237,598,330	-	-	-	0.0	-
Sub-Total		**704,711,013**	**798,742,133**	**71,959,186**	**47,972,791**	**10.2**	**6.0**
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS							
Lands & Housing	Lands & Housing	9,750,000	28,790,706	-	-	0.0	0.0
Physical Planning and Urban Development	Physical Planning and Urban Development	44,550,000	700,706,111	-	-	0.0	0.0
Meru Town Municipality	Meru Town Municipality	6,000,000	-	-	-	0.0	-
Maua Municipality	Maua Municipality	4,000,000	-	-	-	0.0	-
Timau Municipality	Timau Municipality	2,800,000	-	-	-	0.0	-
Public Works	Public Works	4,550,000	10,000,000	-	-	0.0	0.0
Sub-Total		**71,650,000**	**739,496,817**	**-**	**-**	**0.0**	**0.0**
PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS							
General Administration	General Administration	81,196,416	-	-	-	0.0	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Coordination of County Government Functions Sub-County	Coordination of County Government Functions Sub-County	7,036,060	-	-	-	0.0	-
County Office Accommodation Enforcement Services	County Office Accommodation Enforcement Services	27,913,943	-	-	-	0.0	-
Human Resource	Human Resource	5,411,279,181	104,997,298	777,805,734	-	14.4	0.0
Legal Representation, Advisory Services and Legislative Process	Legal Representation, Advisory Services and Legislative Process	38,832,064	-	-	-	0.0	-
Town Management & Administration	Town Management & Administration	600,000	-	-	-	0.0	-
Sub-Total		**5,566,857,664**	**104,997,298**	**777,805,734**	**-**	**14.0**	**0.0**
ROADS, TRANSPORT & ENERGY							
General Administration-Roads	General Administration-Roads	25,750,170	1,151,673,306	-	63,000,000	0.0	5.5
Infrastructure	Infrastructure	6,400,000	15,000,000	-	-		
Public Works	Public Works	8,750,000	-	-	-	0.0	-
Sub-Total		**40,900,170**	**1,166,673,306**	**-**	**63,000,000**	**0.0**	**5.4**
TRADE, TOURISM & COOPERATIVE DEVELOPMENT							
Cooperatives Development	Cooperatives Development	5,930,000	39,570,000	-	-	0.0	0.0
Tourism	Tourism	11,472,228	-	-	-	0.0	-
Trade	Trade	7,930,000	408,115,664	-	52,631,578	0.0	12.9
Sub-Total		**25,332,228**	**447,685,664**	**-**	**52,631,578**	**0.0**	**11.8**
YOUTH AFFAIRS & SPORTS							
Youth Affairs Programme	Youth Affairs Programme	5,606,422	10,463,868	-	-	0.0	0.0
Sports Development	Sports Development	19,670,000	100,870,000	-	-	0.0	0.0
Meru Youth Service	Meru Youth Service	10,000,000	-	357,524	-	3.6	-
Gender Mainstreaming	Gender Mainstreaming	9,455,000	-	-	-	0.0	-
Sub-Total		**44,731,422**	**111,333,868**	**357,524**	**-**	**0.8**	**0.0**
COUNTY PUBLIC SERVICE BOARD							
Headquarters	Headquarters	44,119,478	-	-	-	0.0	-
Sub-Total		**44,119,478**	**-**	**-**	**-**	**0.0**	**-**
Grand Total		**8,949,919,962**	**4,972,431,870**	**907,293,897**	**290,453,193**	**10.1**	**5.8**

***Source**: Meru County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were Noise pollution in the Department of Water & Irrigation at 19 per cent, Human Resources in the Department of Public Service Administration & Legal Affairs at 14 per cent, Trade in the Department of Trade, Tourism & Cooperatives Development at 13 per cent, and Health in the Department of Health Services at 10 per cent of budget allocation.

3.26.14 Accounts Operated in Commercial Banks

The County government operated 16 accounts with commercial banks, six of which were for the County Assembly.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.26.15 Key Observations and Recommendations

In overseeing and reporting on the County budget's implementation, the COB identified the following challenges that hampered effective budget implementation.

1. The underperformance of own-source revenue at Kshs.188.20 million against an annual target of Kshs.1.07 billion, representing 18 per cent of the yearly target.

2. Unspent funds from FY 2023/24 were not refunded into the CRF account, which led to actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.174.

3. Failure to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Education Scholarship Fund was not submitted to the Controller of Budget as of 15 October 2024.

4. There was a high level of pending bills, which amounted to Kshs.1.21 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.

5. Use of manual payroll. Personnel emoluments amounting to Kshs.22.26 million were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

6. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for County Executive Operations, ECDE Development Fund, Emergency Locust Response Programs, Fund to support education for needy students, Support Agricultural projects, Financing Locally Led Climate Action, Informal Settlement Improvement Project, SPA-Meru County Kenya Informal Settlement Improvement program, Meru School meals & Nutrition Program, SPA- Meru County Aggregation and Industrial Park, Hon. Members Fund Account, Staff Members Fund Account, Staff Members Fund Account, Salary Processing Account, County Assembly Retention Account, and County Assembly Operations Account

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

2. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*

3. The CEC*MF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

4. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*

5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board*

should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.

6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.27. County Government of Migori

3.27.1 Overview of FY 2024/25 Budget

The Migori County approved FY 2024/25 budget is Kshs.10.39 billion. It comprised Kshs.3.44 billion (33 per cent) and Kshs.6.95 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.350.43 million (4 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.3.07 billion and a recurrent budget of Kshs6.96 billion. The increase in the county government budget was attributed to the anticipated additional allocation of revenues from new emerging grants in the County revenue portfolio envelope.

The Migori County Government budget will be financed from different sources of revenue. These include Kshs.8.34 billion (80 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.43 billion (14 per cent) as additional allocations, Kshs.620 million (6 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.140 million (22.6 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.480 million (77 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is provided in Table 3.176.

3.27.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.56 billion to fund recurrent and development activities. The equitable share from the national government was Kshs.709.02 million, and additional allocations from government and development partners were Kshs.65.13 million, and its own-source revenue (OSR) collection was Kshs.101.82 million. In addition, the County had a cash balance of Kshs.688.43 million from FY 2023/24, which was not included in the budget. Included in the balance brought forward is Kshs.667.32 million June 2024 equitable share that was disbursed in July 2024.

Analysis of the total OSR collection of Kshs.101.82 billion indicates that it included Facilities Improvement Financing (FIF) of Kshs.35.66 million and Kshs.66.16 million as ordinary OSR. Table 3.175 summarises the total revenue available to the county government during the first quarter of FY 2024/25.

Table 3.175: Migori County, Revenue Performance in the First Quarter of FY 2024/25

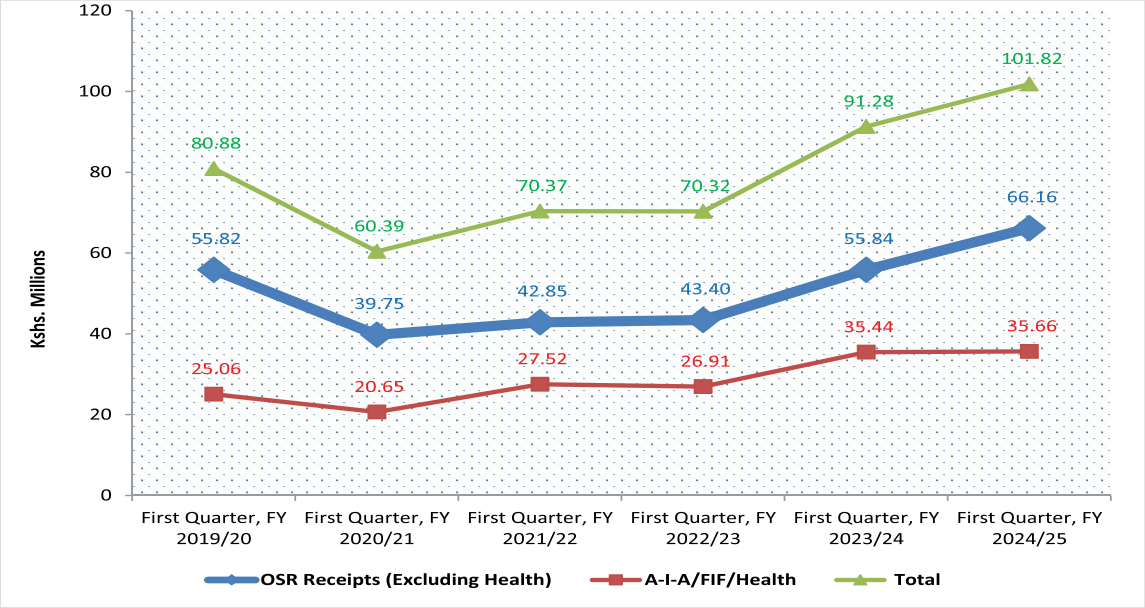
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	8,341,446,108	709,022,919	9
Subtotal		**8,341,446,108**	**709,022,919**	**9**
B	**Additional Allocations**			
1.	DANIDA Grant (Universal Healthcare in Devolved System Program)	12,358,500	-	0
2.	IDA (World Bank) Credit for National Agricultural and Rural Inclusive Growth Project (NARIGP)	5,000,000	-	0
3.	EU Grant for Instrument for Devolution Advice and Support (IDEAS)	5,706,628	-	0

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,120,452	-	0
5.	Climate Change	11,000,000	11,000,000	100
6.	A grant from National Government - Industrial Park	250,000,000	54,131,579	22
7.	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	0
8.	KABDP SIDA	10,918,919	-	0
9.	KABDP MOA&LD (GOK)	1,000,000	-	0
10.	Aquaculture Business Development Project (ABDP)	13,617,785	-	0
11.	Livestock Value Chain Support Project	14,323,680	-	0
12.	Climate Change - German Development Bank (KFW) - (FLLoCA -CCRI Grant)	200,000,000	-	0
13.	Kenya Devolution Support Program II	37,500,000	-	0
14.	Kenya Water and Sanitation (K-WASH) Program	199,874,000	-	0
15.	Urban Institutional Grant (UIG)	35,000,000	-	0
16.	Migori Municipality URB Development Grant	54,181,008	-	0
17.	Awendo Municipality URB Development Grant	16,800,000	-	0
18.	Rongo Municipality URB Development Grant	16,800,000	-	0
19.	Kehancha Municipality URB Development Grant	16,800,000	-	0
20.	Leasing of Medical Equipment	124,723,404	-	0
21.	Fertiliser Subsidy	144,621,807	-	0
22.	Allocation for Court fines	974,165	-	0
23.	Allocation for Mineral Royalties	3,125,408	-	0
Subtotal		**1,425,445,756**	**65,131,579**	**5**
C	**Own Source Revenue**			
24.	Ordinary Own Source Revenue	480,000,000	66,158,735	14
26.	Facility Improvement Fund (FIF)	140,000,000	35,658,735	26
Subtotal		**620,000,000**	**101,817,470**	**16**
D	**Other Sources of Revenue**			
27.	Unspent balance from FY 2022/23	-	688,425,652	0
Sub Total		-	**688,425,652**	0
Grand Total		**10,386,891,864**	**1,564,397,620**	**15**

Source: *Migori County Treasury*

Figure 104 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 104: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25

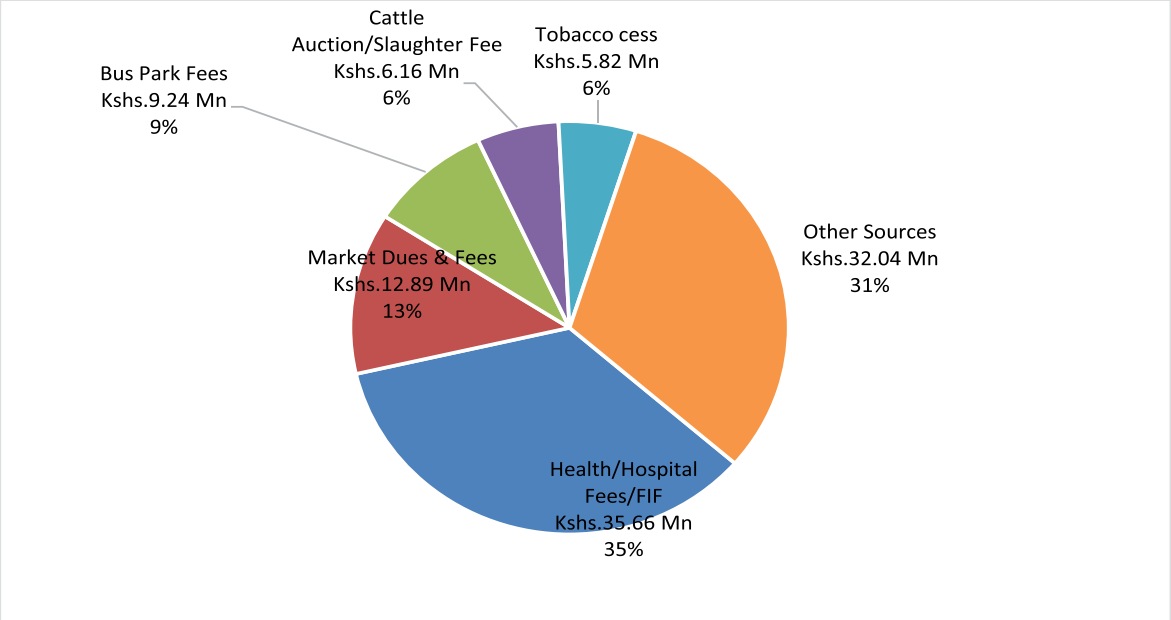


Source: *Migori County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.101.82 million from its revenue sources, including FIF. This amount was an increase of 12 per cent compared to Kshs.91.28 million realised in a similar period in FY 2023/24. This was 16 per cent of the annual target and 14 per cent of the equitable revenue share disbursed. The increase is attributed mainly to the automation of some revenue streams, such as single business permits and tax law enforcement.

The revenue streams which contributed the highest OSR receipts are shown in Figure 105.

Figure 105: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source*: Migori County Treasury*

The highest revenue stream, Kshs.35.66 million, was from Health/Hospital Fees/FIF, contributing 35 per cent of the total OSR receipts during the reporting period.

3.27.3 Borrowing by the County

The County Assembly of Migori secured an overdraft of Kshs.50 million from the Kenya Commercial Bank Ltd, Migori Branch, as a short-term credit facility at an interest rate of 3 per cent, payable within the credit facility period of one month. The short-term borrowing was sought to pay Members of the County Assembly and Staff allowances arrears for the financial year 2023/24 and finance office operations during the month of July 2024 as a result of delays in disbursement of June 2024 National shareable revenue by the National Treasury. The amount was still outstanding as of 30 September 2024.

3.27.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.1.01 billion from the CRF account comprised Kshs.195.20 million (19.3 per cent) for development programmes and Kshs.816.82 million (81 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the FY 2023/24 indicates that Kshs.583.84 million was released towards Employee Compensation and Kshs.232.99 million for Operations and Maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs.520.64 million.

3.27.5 County Expenditure Review

In the reporting period, the County spent Kshs.891.35 million on development and recurrent programmes. The expenditure represented 88 per cent of the total funds released by the CoB and comprised Kshs.172.07 million and Kshs.719.29 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5 per cent, while recurrent expenditures represented 10 per cent of the annual recurrent expenditure budget.

3.27.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.94 billion as of 30 June 2024, comprising pending payments by the County Executive of Kshs.1.76 billion and Kshs.184.72 million for the County Assembly.

The County Executive's pending bills consist of Kshs.875.34 million for recurrent expenditures and Kshs.881.38 million for development expenditures. The County Executive settled pending bills amounting to Kshs.184.96 million in the reporting period, which consisted of Kshs.12.89 million for recurrent expenditure and Kshs.172.01 million for development programs. The County Assembly did not pay any pending bills during the reporting period. Therefore, the outstanding bills were Kshs.1.76 million as of 30 September 2024.

3.27.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.507.13 million on employee compensation, Kshs.123.23 million on operations and maintenance, and Kshs.172.07 million on development activities. Similarly, the County Assembly spent Kshs.76.71 million on employee compensation and Kshs.12.22 million on operations and maintenance, as shown in Table 3.176.

Table 3.176: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,957,832,399**	**987,472,209**	**630,356,701**	**88,931,982**	**10**	**9**
Compensation to Employees	3,131,999,955	491,676,066	507,126,714	76,708,851	16	16
Operations and Maintenance	2,825,832,444	495,796,143	123,229,987	12,223,131	4	3
Development Expenditure	**3,391,587,256**	**50,000,000**	**172,066,772**	-	5	0
Total	**9,349,419,655**	**1,037,472,209**	**802,423,473**	**88,931,982**	**9**	**9**

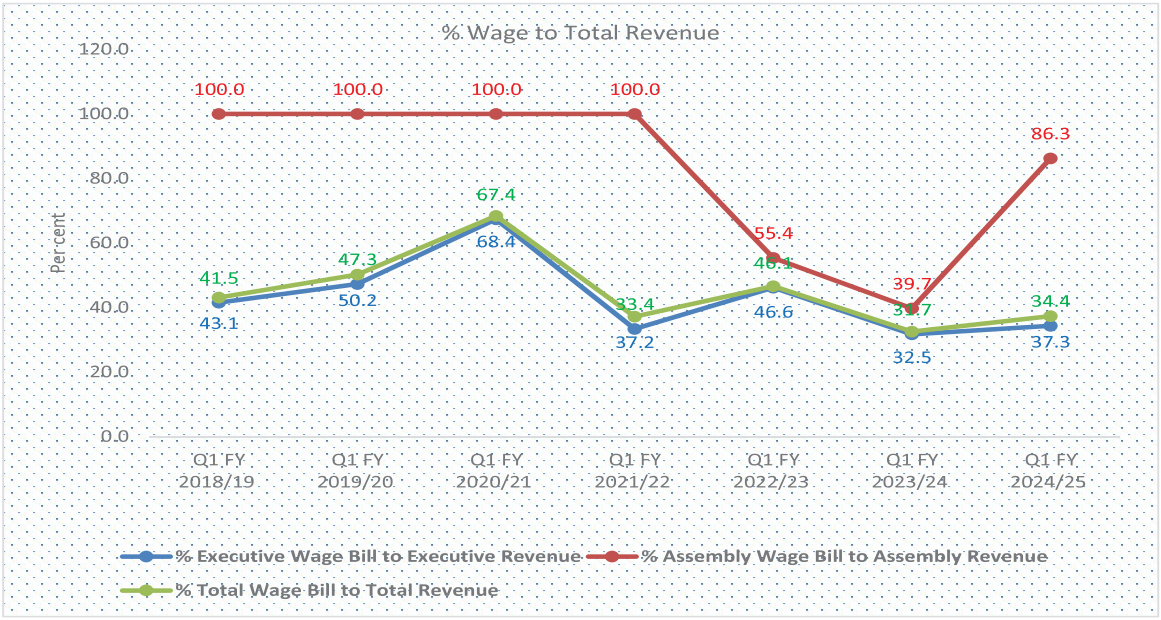
***Source**: Migori County Treasury*

3.27.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.583.84 million, or 37 per cent of the available revenue, which amounted to Kshs.1.56 billion. This expenditure represented an increase of 0.5 per cent from Kshs.580.84 million reported in a similar period in FY 2023/24. The wage bill included Kshs.241.69 million paid to health sector employees, translating to 41.4 per cent of the total wage bill

Figure 106 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 106: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source**: Migori County Treasury*

The County Assembly spent Kshs.8.74 million on committee sitting allowances for the 60 MCAs against the annual budget allocation of Kshs.49.30 million. The average monthly sitting allowance was Kshs.48,557 per MCA. The County Assembly has established 27 Committees.

3.27.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.160 million to county-established funds in FY 2024/25, constituting 1.5 per cent of the County's overall budget. Further, the County did not allocate to the Emergency Fund contrary to Section 110 of the PFM Act, 2012.

Table 3.177 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.177: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs))	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1.	Migori County Executive Car Loans & House Mortgage Fund Scheme	-	-	-	247,500,000	Yes
2.	Migori County Education Bursary Fund	120,000,000	-	-	840,000,000	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs))	Submission of Annual Financial Statements (Yes/No.)
3.	Migori County Scholarships & Educational Benefits Fund	20,000,000	-	-	279,000,000	Yes
4.	Migori County Alcoholic Drink Fund	-	-	-	2,250,318	Yes
5.	Emergency Fund	-	-	-	-	Unregulated
6.	Migori County SMEs Trade Development - Inua Biashara	-	-	-	54,000,000	Yes
	County Assembly Established Funds					
7.	Migori County Assembly Car Loans & House Mortgage Fund Scheme	20,000,000	-	-	236,000,000	Yes
	Total	**160,000,000**	**-**	**-**	**1,658,750,318**	

Source: *Migori County Treasury*

During the reporting period, the CoB received all the quarterly financial returns from the Fund Administrators, as indicated in

Table 3.54: Performance of County Established Funds in the First Quarter of FY 2024/25

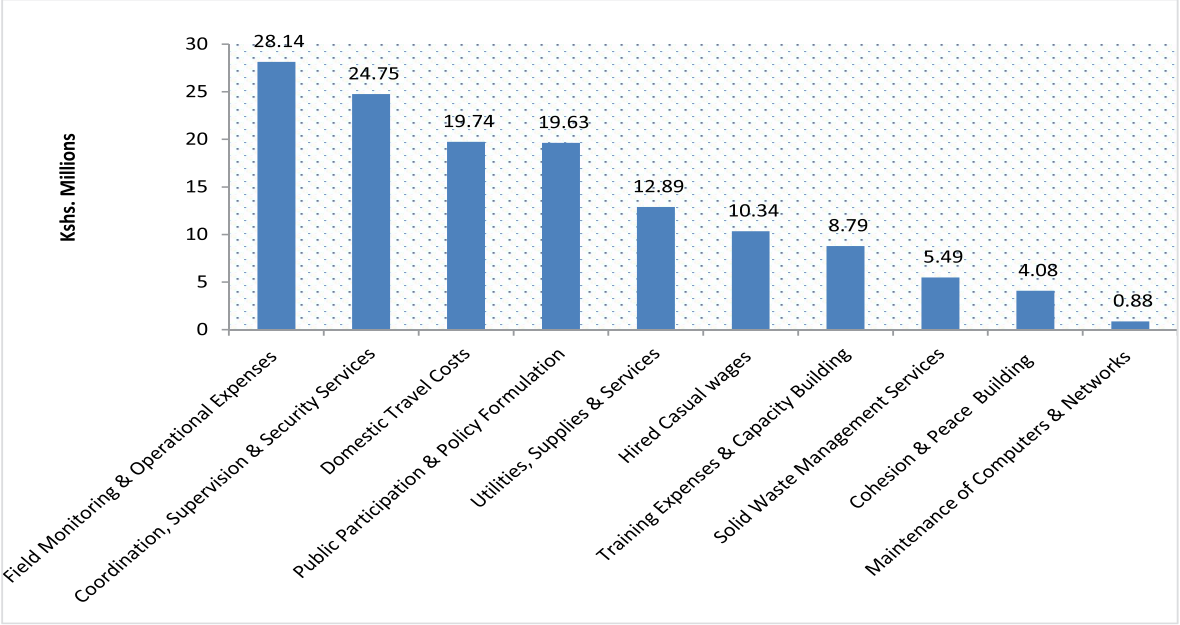
3, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.27.10 Expenditure on Operations and Maintenance

Figure 107 summarises the Operations and Maintenance expenditure by major categories.

Figure 107: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: *Migori County Treasury*

The expenditure on domestic travel amounted to Kshs.19.74 million, comprising Kshs.12.22 million spent by the County Assembly and Kshs.7.51 million by the County Executive. There was no expenditure on foreign travel. The operations and maintenance costs include an expenditure of Kshs.166,401 on garbage collection.

3.27.11 Facility Improvement Financing

During the period under review, the County reported a collection of 35.66 million Kshs as FIF, which was 25.5 per cent of the annual target of Kshs.140 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023, where 72 per cent of the collection is disbursed to the County health facilities, 20 per cent was utilised in public health & sanitation, 5 per cent was retained at Hospital Emergency Fund, and 3 per cent is spent as Health Management Board Administrative Expenses.

The expenditure by the health facilities amounted to Kshs.15.72 million, representing 11 per cent absorption. The expenditure does not include Kshs.9.96 million FIF revenues collected in September 2024, which were outstanding disbursements as of 30 September 2024 to the 16 health facilities listed in Table 3.178.

Table 3.178: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1.	Migori County Referral Hospital	-	7,336,809	-
2.	Kehancha Sub-County Hospital	-	1,561,000	-
3.	Awendo Sub-County Hospital	-	1,416,130	-
4.	Muhuru Sub-County Hospital	-	1,037,000	-
5.	Isebania Sub-County Hospital	-	825,400	-
6.	Uriri Sub County Hospital	-	782,250	-
7.	Rongo Sub-County Hospital	-	751,900	-
8.	Kegonga Sub-County Hospital	-	620,651	-
9.	Macalder Sub-County Hospital	-	499,000	-
10.	Nyamaraga Sub-County Hospital	-	307,200	-
11.	Ntimaru Sub-County Hospital	-	205,000	-
12.	Karungu Sub-County Hospital	-	172,500	-
13.	Oyani Sub County Hospital	-	58,140	-
14.	God Kwer Sub-County Hospital	-	54,000	-
15.	Ongo Sub-County Hospital	-	52,250	-
16.	Othoro Sub-County Hospital	-	39,400	-
	Total	**140,000,000**	**15,718,630**	**11.2**

Source: *Migori County Treasury*

The health FIF budget was consolidated as a one-line-item budget in FY 2024/25 approved budget under the Department of Health Medical Services. The Health Facility with the highest expenditure was Migori County Referral Hospital, followed by Kehancha Sub-County Hospital, Awendo Sub-County Hospital, and the Othoro Sub-County Hospital.

3.27.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.172.06 million on development programmes, an increase of 25 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.137.34 million. Table 3.179 summarises the development projects with the highest expenditure in the reporting period.

Table 3.179: Migori County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract Sum (Kshs)	Amount Paid to Date (Kshs)	Implementation Status (%)
1	Roads, Transport, Public Works & Infrastructural Development	Construction & Completion of Osiri Footbridge	Macalder Kanyarwanda	24,494,034	24,494,034	100 % Complete
2	Health Medical Services	Supply & Delivery of Hospital Equipment at MCRH	Headquarters	13,989,800	13,989,800	100 % Complete
3	Roads, Transport, Public Works & Infrastructural Development	Construction & Completion of Ombasa Footbridge	West Sakwa	13,110,795	13,110,795	100 % Complete
4	Health Medical Services	Renovation Works on The Kehancha Sub-County Hospital	Bukira East	9,998,982	9,998,982	100 % Complete
5	Health Medical Services	Construction of New OPD Block at Macalder Sub-County Hospital	Macalder Kanyarwanda	9,993,999	9,993,999	100 % Complete
6	Agriculture, Live-stock, Veterinary Services, Fisheries & Blue Economy	Proposed Construction of Cold Rooms	Suna Central	9,981,023	9,981,023	100 % Complete
7	Medical Services	Construction & Completion of Modern Health Products Ware-house Phase.1	Suna Central	9,978,622	9,978,622	100 % Complete
8	Trade, Tourism, Industry, Market & Co-operative Devel-opment	Construction & Completion of Ndiwa Market	North Kadem	4,799,848	4,799,848	100 % Complete
9	Health Medical Services	Completion and Fixing of Works on Inter-nal Access Roads at Awendo Sub-County Hospital	Central Sakwa	4,795,621	4,795,621	100 % Complete
10	Trade, Tourism, Industry, Market & Co-operative Devel-opment	Construction & Com-pletion of Bande Market Shade	Got Kachola	4,599,354	4,599,354	100 % Complete

Source: *Migori County Treasury*

3.27.13 Budget Performance by Department

Table 3.180 summarises the departments' approved budget allocation, expenditure, and absorption rate in the first three months of FY 2024/25.

Table 3.180: Migori County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Veterinary Services, Fish-eries & Blue Economy	244.69	532.31	30.27	22.35	26.30	22.35	86.9	100	10.7	4.2
Trade, Tourism, Industry, Market & Co-operative Development	156.11	330	11.27	15.96	11.06	15.96	98.1	100	7.1	4.8
Health Medical Services	1,592.57	354.72	287.62	61.41	277.73	52.76	96.6	85.91	17.4	14.9

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, Gender inclusivity, Social Services, Youth and Sports	518.84	100	61.42	-	56.10	-	91.3	-	10.8	-
Roads, Transport, Public Works & Infrastructural Development	150.38	770	13.15	46.30	10.15	46.30	77.2	100	6.7	6.0
Lands, Physical Planning, Housing & Urban Development	108.93	95	10.74	14.49	8.74	-	81.4	-	8.0	-
Rongo Municipality	20	26.80	0.49	-	-	-	-	-	-	-
Kehancha Municipality	21	26.80	1.90	4.39	-	4.39	-	100	-	16.4
Migori Municipality	20	64.18	-	-	-	-	-	-	-	-
Awendo Municipality	20	26.80	-	-	-	-	-	-	-	-
Environment, Natural Resources, Climate Change & Disaster Management	203.52	265.10	14.88	-	13.83	-	92.9	-	6.8	-
Finance and Economic Planning	965.01	20	137.17	4.65	117.95	4.65	86.0	100	12.2	23.2
Public Service Management, Monitoring & Evaluation & Performance Contracting	738.78	40	54.35	-	58.75	-	108.1	-	8.0	-
County Executive	551.62	140	56.69	1.50	32.38	1.50	57.1	100	5.9	1.1
County Assembly	987.47	50	88.93	-	88.93	-	100.0	-	9.0	-
Water and Energy	149.55	399.87	14.80	19.60	13.05	19.60	88.2	100	8.7	4.9
Public Health & Sanitation	368.83	200	33.14	4.56	4.32	4.56	13.0	100	-	2.3
Office of the County Attorney	128	-	-	-	-	-	-	-	-	-
Total	**6,945.30**	**3,441.59**	**816.82**	**195.20**	**719.29**	**172.07**	**88.1**	**88.15**	**10.4**	**5.0**

***Source**: Migori County Treasury*

Analysis of department expenditure shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the development budget at 23.2 per cent, followed by the Kehancha Municipality at 16.4 per cent. The Department of Health Medical Service had the highest percentage of recurrent expenditure to budget at 17.4 per cent. In contrast, two departments & four municipalities, namely Public Health & Sanitation, Office of the County Attorney, Rongo Municipality, Kehancha Municipality, Migori Municipality and Awendo Municipality respectively did not have any recurrent expenditure.

3.27.14 Budget Execution by Programmes and Sub-Programmes

Table 3.181 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.181: Migori County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
Department of County Executive							
General ad-ministration & support services	General Administration (Office of The Governor)	174,065,257	140,000,000	28,024,784	1,499,961	16.1	1.1
	Administrative services (County Secretary)	33,900,000		2,050,000		6.0	-
	Administrative services (Deputy Governor)	31,000,000		2,050,000		6.6	-
	General administra-tion services (ICT)	40,000,000		252,291		0.6	-
	Administrative & support services (Special Programs)	20,050,000	-	-	-	-	-
Governance & Administration Services	Governor's Statehouse Services	22,000,000	-	-	-	-	-
	Co-ordination and Supervision Services	16,000,000	-	-	-	-	-
	Lake Region Economic Bloc	5,000,000	-	-	-	-	-
	Council of Governors	5,000,000	-	-	-	-	-
	Liaison office - Nairobi	5,000,000	-	-	-	-	-
	Chief of Staff	5,000,000	-	-	-	-	-
	Protocol Office	5,000,000	-	-	-	-	-
	Security Services	7,000,000	-	-	-	-	-
	Communication and Press	6,000,000	-	-	-	-	-
	Political Advisor	5,000,000	-	-	-	-	-
	Economic Advisor	5,000,000	-	-	-	-	-
	Security Services	1,000,000	-	-	-	-	-
County secretary services	County secretary service.	21,600,000	-	-	-	-	-
Cohesion & Peacebuilding	Peace Building Initiatives	8,000,000	-	-	-	-	-
	Conflict management & resolution	10,000,000	-	-	-	-	-
Research & Education	Research & Education Services	2,000,000	-	-	-	-	-
Geospatial infor-mation services.	Geospatial informa-tion services	5,000,000	-	-	-	-	-
Performance management services	Performance Management services.	4,000,000	-	-	-	-	-
ICT Infrastructure	ICT infrastructure & connectivity	12,000,000	-	-	-	-	-
Communication services	Communication services	10,000,000	-	-	-	-	-
E-governance	Automation services	5,254,743	-	-	-	-	-
E-learning	Digital curriculum integration & development.	1,200,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Digital innovation	Innovation services	1,600,000				-	-
Resource Mobilisation Services	Resource Mobilisation services	12,550,000				-	-
Cohesion & Peacebuilding	Civic Education	4,900,000				-	-
	Peace Building Initiatives	12,400,000				-	-
External partnerships & affairs	External partners' relations management	55,100,000				-	-
Sub-Total		**551,620,000**	**140,000,000**	**32,377,075**	**1,499,961**	**5.9**	**1.1**
Office of the County Attorney							
General administration & support services	Finance & Administration	29,278,400	-	-	-	-	-
Legal Services	Advisory & Research services	2,900,000	-	-	-	-	-
	Staff Development	1,700,000	-	-	-	-	-
	Legal compliance services	94,121,600	-	-	-	-	-
Sub-Total		**128,000,000**	-	-	-	-	-
Department of Public Service Management, Monitoring and Evaluation and Performance Contracting							
General Administration & Support Services	Administrative Support Services (PSM)	574,727,694		52,872,841		9.2	-
	General Administration Services (PSB)	57,600,000		5,743,186		10.0	-
	Administrative Support Services (M&E)	5,400,000				-	-
	Efficient Monitoring & Evaluation	7,600,000				-	-
Human Capital Management & Development Services	Human Resource Management Services	6,355,162				-	-
Devolved Units Administration Services	Devolved Units Administration Services	17,300,000		132,500		0.8	-
	Devolved Units (Ward) Development Programme	-	40,000,000	-	-	-	-
Civic Education & Public Participation	Civic Education services	3,000,000	-	-	-	-	-
Public Communication & Records Management Services	Record management programme	1,600,000	-	-	-	-	-
Record management programme	Public Communications	1,300,000	-	-	-	-	-
Kenya Devolution Support Program II	Kenya Devolution Support Program II	37,500,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
County Security and Compliance Enforcement Services	Support and administration services	6,500,000	-	-	-	-	-
Public Service Board services	Public Service Board services	10,500,000	-	-	-	-	-
National values & principles of governance	National Values & Principles of Governance	8,900,000	-	-	-	-	-
Information & records management	Records management services	500,000	-	-	-	-	-
Sub-Total		**738,782,856**	**40,000,000**	**58,748,527**	**-**	**8.0**	**-**
Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy							
General Administration & Support Services	Administrative services	166,205,394	-	26,303,743	-	15.8	-
	Administrative services (Livestock)	8,383,562	-	-	-	-	-
	Administrative services (Vet)	7,393,362	-	-	-	-	-
	Administrative services (Fisheries)	19,131,200	-	-	-	-	-
Agricultural Policy & Planning	Policies & Legal Framework	4,963,000	-	-	-	-	-
Policies & Legal Framework	Policy & planning services (Fisheries)	1,000,000	-	-	-	-	-
Agricultural Extension services	Field extension services & support	18,441,649	-	-	-	-	-
Crop Development & Management	Crop Development	-	18,041,500		15,775,260	-	87.4
Agribusiness Development	Agribusiness Development	4,641,984				-	-
Pending Bills	Pending Bills (Agriculture)	-	6,958,500			-	-
Donor Funds	Donor Funds (Agriculture	-	428,367,806			-	-
	Donor Funds (Livestock)	-	14,323,680			-	-
	Donor Funds (Fisheries)	-	13,617,785			-	-
Livestock extension & support services	Extension services	6,640,000				-	-
Livestock market development	Market support infrastructure	-	2,000,000		1,697,328	-	84.9
Livestock enterprise development & value addition	Livestock enterprise development	-	1,000,000			-	-
Livestock breeds improvement	Livestock multiplication & upgrading	-	15,400,000		4,873,822	-	31.6

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Livestock climate change adaptation & mitigation	Livestock-focused climate risk management	-	1,600,000	-	-	-	-
Livestock disease & pest control management	Disease & pest control	1,300,000	4,000,000	-	-	-	-
	Disease surveillance		3,000,000	-	-	-	-
Livestock breeding & livestock products improvement	Breeds selection & artificial insemination	1,200,000		-	-	-	-
Veterinary public health	Meat hygiene services	375,000	1,000,000	-	-	-	-
Veterinary extension & clinical services	Extension services	600,000		-	-	-	-
Aquaculture development	Aquaculture production systems	-	5,600,000	-	-	-	-
	Fish breeding & stockings services	-	2,000,000	-	-	-	-
	Fish feeds & feeding services	-	2,400,000	-	-	-	-
Fish marketing & value addition	Fish marketing services	-	4,300,000	-	-	-	-
	Licensing services	300,000	-	-	-	-	-
Lakefront (capture) fisheries development & management	Fisheries co-management services.	2,234,695	-	-	-	-	-
Extension supports services	Extension services & support	1,635,000	-	-	-	-	-
Fish safety & quality assurance	Fish inspection services	120,000	-	-	-	-	-
	Residue monitoring & control services	130,000	-	-	-	-	-
Blue Economy	Sports fishing & recreation services.	-	-	-	-	-	-
	Cage farming services	-	-	-	-	-	-
	Fish Infrastructure development	-	4,000,000	-	-	-	-
	Search & rescue centre services.	-	4,700,000	-	-	-	-
Sub-Total		**244,694,846**	**532,309,271**	**26,303,743**	**22,346,410**	**10.7**	**4.2**
Department of Education, Gender inclusivity, Social Services, Youth and Sports							
General Administration & Support Services	General administration	278,082,195		56,103,118		20.2	-
	Quality assurance & standard services	2,006,215				-	-
Early Childhood Development Education Services	Quality assurance & standard services	11,500,000	44,500,000	-	-	-	-
	ECDE co-curriculum development	4,000,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	School feeding programme.	1,250,000	-	-	-	-	-
	Community ECD services	-	44,500,000	-	-		-
Education support services	Bursary/scholarship	146,000,000	-	-	-	-	-
Child Care Services	Child protection responsive services & caregiving support services	1,000,000	-	-	-	-	-
Youth development & empowerment	Technical, vocational, education & training	20,000,000	39,500,000	-	-	-	-
	Youth empowerment program	5,000,000		-	-	-	-
	Youth enterprise development	1,000,000		-	-	-	-
Sports Development	Sports Development Services	36,000,000	16,000,000	-	-	-	-
	Talent development Services	3,000,000		-	-	-	-
Gender Development & Equality Services	Women Empowerment	1,500,000	-	-	-	-	-
	Gender-responsive education support	1,250,000	-	-	-	-	-
	Adolescent Girls & women water, sanitation, & hygiene support services	1,300,000	-	-	-	-	-
	People with Disability (PWDs) Empowerment	3,000,000	-	-	-	-	-
Culture Development Promotion & Arts	Culture & heritage conservation	2,950,000	-	-	-	-	-
Sub-Total		**518,838,410**	**100,000,000**	**56,103,118**	**-**	**10.8**	**-**
Medical Services Department							
Planning & Administrative Support Services	Policy formulation, planning, Monitoring & evaluation, Research, & learning.	6,300,000	-	-	-	-	-
	Administration & support services	37,300,000	-	4,305,600	-	11.5	-
	Human Resource Management & Development	1,300,413,949	-	273,221,761	-	21.0	-
	Infrastructure & Health Facility Management	-	212,000,000		52,755,978	-	24.9
	Health Financing & Universal Health Coverage (UHC) co-ordination	2,460,000	-	-	-	-	-
	Standards & Quality Assurance	1,000,000		200,400		20.0	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Preventive & Promotive Health Services	Environmental health services	1,200,000	-	-	-	-	-
	Human Nutrition & Dietetics services	1,700,000	-	-	-	-	-
	HIV/AIDS management	2,000,000	-	-	-	-	-
	TB control	1,200,000	-	-	-	-	-
	Malaria Control	1,400,000	-	-	-	-	-
	Non-Communicable Diseases (NCDs	1,400,000	4,000,000	-	-	-	-
	Disease surveillance/ Emergency preparedness	950,000	-	-	-	-	-
	Maternal & Reproductive Health services	3,160,000	-	-	-	-	-
	Neonatal, Child, Adolescent & Youth health services	1,800,000	-	-	-	-	-
	Expanded Program for Immunization (Immunization	3,120,000	-	-	-	-	-
	Gender-Based Violence health services	1,200,000	-	-	-	-	-
Donor Funds	Donor Funds	-	124,723,404	-	-	-	-
Curative, Rehabilitative & Referral Services	Hospital-Level Services	-	10,000,000	-	-	-	-
	Ambulance & Referral Services	3,200,000	-	-	-	-	-
	Health Products & Technologies	74,190,996	-	-	-	-	-
	Diagnostic & Rehabilitation Services	12,580,000	-	-	-	-	-
	Health Services Management Fund	136,000,000	4,000,000	-	-	-	-
Subtotal		**1,592,574,945**	**354,723,404**	**277,727,761**	**52,755,978**	**17.4**	**14.9**
Public Health & Sanitation Department							
Planning & Administrative Support Services	Policy formulation, planning, Monitoring & evaluation, Research, & learning.	18,669,591		1,600,000		8.6	-
	Administration & support services	53,383,200		1,933,925		3.6	-
	Human Resource Management & Development	29,754,000		786,599		2.6	-
	Infrastructure & Health Facility Management		200,000,000		4,556,595	-	2.3
	Health Financing & Universal Health Coverage (UHC) co-ordination	12,000,000	-	-	-	-	-
	Standards & Quality Assurance	550,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	Community health infrastructure services (CHVs)	30,915,754	-	-	-	-	-
Preventive & Promotive Health Services	Human Nutrition & Dietetics services	3,850,000	-	-	-	-	-
	HIV/AIDS management	21,170,000	-	-	-	-	-
	TB control	8,600,000	-	-	-	-	-
	Malaria Control	9,228,000	-	-	-	-	-
	Non-Communicable Diseases (NCDs	10,630,000	-	-	-	-	-
	Disease surveillance/ Emergency preparedness	10,950,000	-	-	-	-	-
	Health promotion & education	2,800,000	-	-	-	-	-
	Maternal & Reproductive Health services	14,500,000	-	-	-	-	-
	Neonatal, Child, Adolescent & Youth health services	4,000,000	-	-	-	-	-
	Expanded Program for Immunization (Immunization)	12,270,000	-	-	-	-	-
	Gender-Based Violence health services	900,000	-	-	-	-	-
	Neglected Tropical Diseases services.	950,000	-	-	-	-	-
	Environmental Health & Sanitation Services	1,000,000	-	-	-	-	-
Curative, Rehabilitative & Referral Services	Health Products & Technologies	106,255,000	-	-	-	-	-
	Diagnostic & Rehabilitation Services	1,500,000	-	-	-	-	-
Donor Funds	DANIDA	12,358,500	-	-	-	-	-
Pending Bills	Pending Bills	2,600,000	-	-	-	-	-
						-	-
Sub-Total		**368,834,045**	**200,000,000**	**4,320,524**	**4,556,595**	**1.2**	**2.3**
Department of Environment, Natural Resources, Climate Change & Disaster Management							
General administration & support services	General administration	55,689,016	-	10,918,678	-	19.6	-
Mazingira Youth Programme	Mazingira Youth Programme	24,000,000	-	2,749,400	-	11.5	-
Environment Management & Protection	Solid Waste Management Services	17,011,000	-	166,401	-	1.0	-
Donor Funds	Donor Funds	-	220,099,573	-	-	-	-
Climate Change Adaptation & Mitigation	Climate Change	16,500,000	-	-	-	-	-
	Climate Information Services (CIS)	500,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	Climate Change legal frameworks	4,500,000	-	-	-	-	-
	Establish Grievance Redress Structures	10,700,000	-	-	-	-	-
	Strengthening Resource Management Units (CFAs and WRUAs)	5,000,000	-	-	-	-	-
	Climate Change Awareness Campaigns	10,500,000	-	-	-	-	-
	Climate Change Governance	10,500,000	-	-	-	-	-
	Facilitation of Climate change Operations	9,820,000	-	-	-	-	-
	Monitoring and Evaluation of FLLoCA Projects	5,900,000	-	-	-	-	-
	FLLoCA PIU consultative meetings	4,700,000	-	-	-	-	-
	Support climate change learning events and exhibition	5,200,000	-	-	-	-	-
Natural Resources Management & Forestry Development	Forestry development	5,800,000	-	-	-	-	-
	Natural Resources Management & Conservation	3,200,000	-	-	-	-	-
	Artisanal mining & quarry services	500,000	-	-	-	-	-
Pending Bills	Pending Bills	-	45,000,000	-	-	-	-
Disaster Management and Response	Disaster Management	10,700,000	-	-	-	-	-
	Fire Rescue Services	2,800,000	-	-	-	-	-
	-	-	-	-	-	-	-
Sub-Total		**203,520,016**	**265,099,573**	**13,834,479**	**-**	**6.8**	**-**
Department of Finance & Economic Planning							
General administration & support services	Administrative services (Accounts)	505,522,722	-	44,595,812	-	8.8	-
	Administrative services (Supply Chain)	16,020,000	-	2,490,500	-	15.5	-
	Administrative services (Planning)	42,856,562	3,500,000	7,040,505	-	16.4	-
Finance & Accounting services.	Accounting services	183,673,087	-	48,776,446	-	26.6	-
Resource Mobilisation services	Revenue mobilisation services	47,685,000	-	459,000	-	1.0	-
	Revenue board services	17,115,000	-		-	-	-
Supply chain management services	Supply chain management Services	4,419,295	16,500,000	711,200	4,646,990	16.1	28.2
Audit services	Audit services	46,118,326	-	5,479,550	-	11.9	-
	Internal Audit Committee	4,600,000	-		-	-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Economic Planning Services	Policy plans & formulation	18,000,000	-	5,884,495	-	32.7	-
Budgeting Services	Budget co-ordination & management	63,496,061	-	2,509,500	-	4.0	-
County Statistical Information Services	County statistical information system	8,500,000	-	-	-	-	-
County Budget & Economic Forum Services	County budget & economic forum services	7,000,000	-	-	-	-	-
Sub-Total		**965,006,053**	**20,000,000**	**117,947,008**	**4,646,990**	**12.2**	**23.2**
Department of Lands, Physical Planning, Housing & Urban Development							
Administrative Services	General administrative services	83,926,592	-	8,739,393	-	10.4	-
	General administrative services (Physical Planning)	16,334,756	-	-	-	-	-
Land, Rent & Rates Services	Rents & rates services	-	15,000,000	-	-	-	-
Land Survey Services	Land Survey Services	-	5,000,000	-	-	-	-
Physical Planning Services	Physical Planning Services	5,800,000	-	-	-	-	-
	Preparation Of Special area Plan-Phase I		8,000,000	-	-	-	-
	Preparation of town plans	-	24,000,000	-	-	-	-
	Completion of GIS lab	-	4,000,000	-	-	-	-
	Maintenance and civil works	-	4,000,000	-	-	-	-
	Physical Planning Services (Establishment of County Physical and Land Use Planning Consultative Forum and Liaison Committee)	1,308,000	-	-	-	-	-
External Funding	External Funding	-	35,000,000	-	-	-	-
Urban Development Services	Urban Development Services	1,557,244		-	-	-	-
Sub-Total		**108,926,592**	**95,000,000**	**8,739,393**	**-**	**8.0**	**-**
Rongo Municipality							
Administrative and Support Services	Planning, Administration, & governance services	13,280,000				-	-
	Board Activities	6,720,000				-	-
Infrastructure Development	Infrastructure development		26,800,000			-	-
Sub-Total		**20,000,000**	**26,800,000**	**-**	**-**	**-**	**-**
Kehancha Municipality							

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
Administrative and Support Services	Planning, Adminis-tration, & governance services	14,280,000				-	-
	Board Activities	6,720,000				-	-
Infrastructure Development	Infrastructure devel-opment		26,800,000		4,391,020	-	16.4
Sub-Total		**21,000,000**	**26,800,000**	-	**4,391,020**	-	**16.4**
Migori Municipality							
Administrative and Support Services	Planning, Adminis-tration, & governance services	13,280,000		-		-	-
	Board Activities	6,720,000				-	-
Infrastructure Development	Infrastructure devel-opment		64,181,008			-	-
Sub-Total		**20,000,000**	**64,181,008**			-	-
Awendo Municipality							
Administrative and Support Services	Planning, Adminis-tration, & governance services	13,280,000				-	-
	Board Activities	6,720,000				-	-
Infrastructure Development	Infrastructure devel-opment		26,800,000			-	-
Sub-Total		**20,000,000**	**26,800,000**	-	-	-	-
Department of Roads, Transport, Public Works & Infrastructural Development							
General ad-ministration & support services	Administrative services	124,724,552		10,148,939		8.1	-
	Administrative services	17,779,182				-	-
Road De-velopment, Maintenance & Management	Mechanisation service					-	-
	Community access roads		150,000,000		8,697,739	-	5.8
	Major roads		444,000,000			-	-
	Bridges & culvert services		50,000,000		37,604,829	-	75.2
	Other Infrastructure		-	-	-	-	-
	Road Maintenance Fuel Roads		100,000,000	-	-	-	-
Transport Infrastructure Management Services	Transport management services		26,000,000	-	-	-	-
Public works services	Architectural Services	2,240,000		-	-	-	-
	Quantity Surveyor's Services	1,660,000		-	-	-	-
	Mechanical & Electrical Engineering services	1,340,000		-	-	-	-
	Structural engineering services	1,916,000		-	-	-	-
	Building & construction services.	-		-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
	Mechanisation service	720,000		-	-	-	-
Sub-Total		**150,379,734**	**770,000,000**	**10,148,939**	**46,302,568**	**6.7**	**6.0**
Department of Trade, Tourism, Industry, Market & Co-operative Development							
Policy, Planning & administrative support services	Administrative support services	118,306,968	-	11,056,016		9.3	-
	Administrative support services (Co-operatives	3,100,000				-	-
Trade Promo-tion, Develop-ment & Support to SMEs	Trade development & promotion of SME services	2,000,000				-	-
	Trade infrastructure development services	-	80,000,000		15,964,035	-	20.0
	Trade regulation & information management systems	4,000,000				-	-
	Community projects	-				-	-
Legal metrology services	Legal metrology services	4,800,000				-	-
Industrial development & investment services	Industrial & enterprise development	3,700,000	250,000,000	-	-	-	-
	Investment promotion services.	2,300,000	-	-	-	-	-
Tourism Research & Development	Tourism product development	5,400,000	-	-	-	-	-
	Tourism promotion, investment & marketing	3,600,000	-	-	-	-	-
	Tourism development & investment services.	-	-	-	-	-	-
Co-operative Policy, Research Advisory	Co-operative Policy, Research Advisory	3,000,000	-	-	-	-	-
Co-operative Development & Promotion Services	Co-operative Development & Promotion Services	2,400,000	-	-	-	-	-
Co-operative Audit	Co-operative Audit	1,100,000	-	-	-	-	-
Co-operative Governance, Oversight & Compliance	Co-operative Governance, Oversight and Compliance	400,000	-	-	-	-	-
Liquor Licensing and Control	Liquor Licensing and Control	2,000,000	-	-	-	-	-
Sub-Total		**156,106,968**	**330,000,000**	**11,056,016**	**15,964,035**	**7.1**	**4.8**
County Assembly Entity							
General ad-ministration & support services	Administrative services	747,178,947		72,954,512		9.8	-
	Administrative services	28,789,750		-		-	-
Infrastructure Development	Infrastructure Development services		50,000,000			-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Rec	Dev
Pending Bills	Pending Bills	20,000,000				-	-
Oversight Management Services	Committee Management Services	125,188,740		3,754,339		3.0	-
	Representation	66,314,772		12,223,131		18.4	-
Sub-Total		**987,472,209**	**50,000,000**	**88,931,982**	**-**	**9.0**	**-**
Department of Water and Energy							
Policy, General Administration & Support Services	General administrative services	106,019,266		2,742,138	-	2.6	-
	Operation & maintenance of rural water services	799,000			-	-	-
Water supply & Management services	Urban Water Supply & sewerage services	23,000,000	20,831,998	10,307,980	-	44.8	-
	Rural Water Services	3,979,668			-	-	-
	Water Conservation, protection, & Governance		5,200,000		-	-	-
	Community water services		100,000,000		-	-	-
Pending Bills	Pending Bills		53,968,002		19,603,215	-	36.3
External Funding	Donor Funding		199,874,000			-	-
Energy Develop-ment Services	Renewable energy development	15,750,000	20,000,000			-	-
Sub-Total		**149,547,934**	**399,874,000**	**13,050,118**	**19,603,215**	**8.7**	**4.9**
Grand- Total		**6,945,304,608**	**3,441,587,256**	**719,288,683**	**172,066,772**	**10.4**	**5.0**

Source: *Migori County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were Crop Development in the Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy, at 87 per cent, followed by Market Support Infrastructure, at 85 per cent.

3.27.15 Accounts Operated in Commercial Banks

The County government operated 76 accounts with commercial banks, of which 29 were for County Hospitals.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.27.16 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.101.82 million against an annual target of Kshs.620 million, representing 16.4 per cent of the yearly target.

2. The County Treasury did not properly manage the inter-departmental vote books and had weak budgeting practices, as shown in Table 3.181. The county departments incurred expenditures over approved exchequer issues and diverted funds.

3. There was a high level of pending bills, which amounted to Kshs.1.76 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.

4. High wage bills which accounted for 37 per cent of the County total revenue in FY 2024/25 in the reporting period of Kshs.1.56 billion, which is above the ceiling provided by law.

5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are mainly for County Health facilities & Dispensaries Services and various departments' office operations and activities.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

2. *The County Treasury should improve the Vote book and budgetary controls to ensure expenditure is within the approved budget and exchequer releases.*

3. The County *Leadership should develop strategies to ensure the wage bill is within the legal limit of 35 per cent of total revenue as provided under Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015*

4. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*

5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.28. County Government of Mombasa

3.28.1 Overview of FY 2024/25 Budget

The County's approved FY 2024/25 budget is Kshs.16.26 billion, comprising Kshs.5.19 billion (31.9 per cent) and Kshs. 11.07 billion (68.1 per cent) allocated to development and recurrent programmes, respectively. The approved budget estimates represented an increase of 11 per cent compared to the previous financial year when it was Kshs.14.7 billion and comprised of Kshs.5.43 billion towards development expenditure and Kshs.9.27 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.14 billion (50 per cent) as the equitable share of revenue raised nationally, Kshs.2.12 billion as additional allocations, a cash balance of Kshs.713,176 (0.0 per cent) brought forward from FY 2023/24, and generate Kshs.6 billion (36.9 per cent) as gross own source revenue. The own-source revenue includes Kshs.1.25 billion (7.7 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.4.75 million (29.2 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is provided in Table 3.183.

3.28.2 Revenue Performance

In the first quarter of FY 2024/25, the County received a total of Kshs. 668.23 billion as its equitable share of the nationally raised revenue. Additionally, it received Kshs. 54.13 million as additional allocations, a cash balance of Kshs. 0.71 million carried over from FY 2023/24, and an equitable share balance from FY 2023/24 of Kshs. 628.92 million (June 2024), which was disbursed in July 2024. The County also raised Kshs. 832.15 million in

own-source revenue (OSR). This own-source revenue includes Kshs. 253.78 million from the Financial Inclusion Fund (FIF) and Kshs. 578.37 million from ordinary own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.18 billion, as shown in Table 3.182.

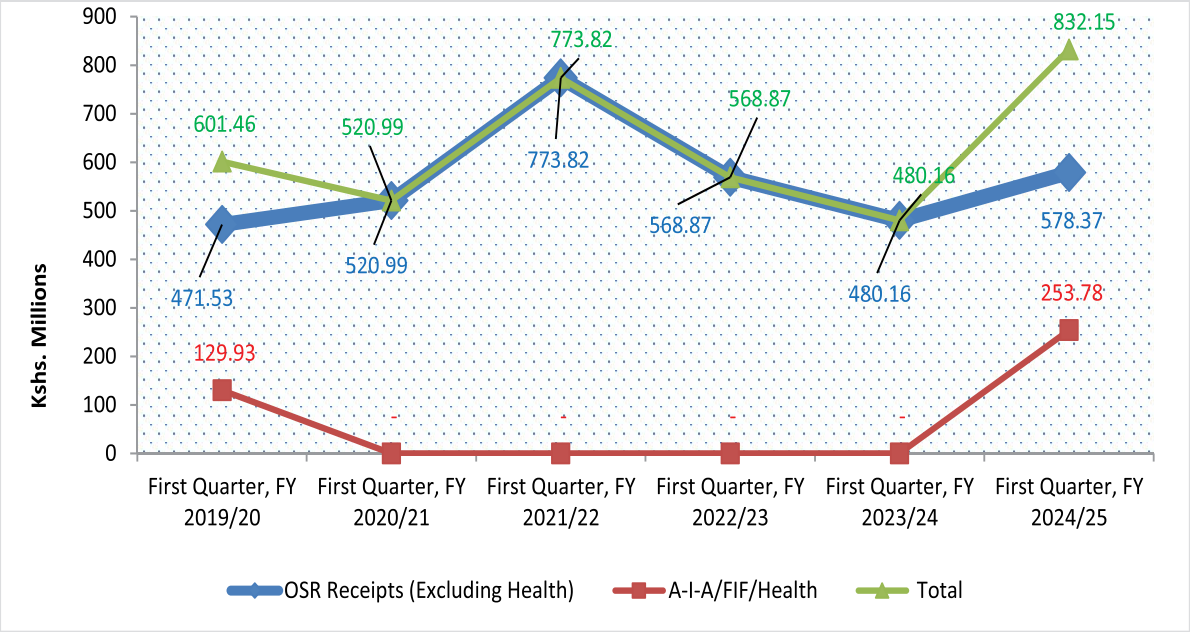
Table 3.182: Mombasa County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,141,725,357	668,229,525	8.2
Sub Total		**8,141,725,357**	**668,229,525**	**8.2**
B	**Additional Allocations**			
1	County Aggregation and Industrial Parks	0	54,131,579	0.0
2	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	10,918,919	0	0.0
3	Kenya Devolution Support Programme 2 (KDSP II)	37,500,000	0	0.0
4	Roads Maintenance Fuel Levy	130,442,752	0	0.0
5	DANIDA- Primary Health Care in Devolved System Program	10,871,250	0	0.0
6	Community Health Promoters Program	71,610,000	0	0.0
7	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	860,000,000	0	0.0
8	World Bank - Water and Sanitation Development Project	1,000,000,000	0	0.0
9	Mineral Royalties	17,042	0	0.0
Sub-Total		**2,121,359,962**	**54,131,579**	**2.6**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	4,746,915,692	578,372,084	12.2
2	Balance B/F from FY2023/24	713,176	629,635,078	88286.1
3	Facility Improvement Fund (FIF)	1,249,998,988	253,777,233	20.3
4	Other Revenues	0	0	0.0
5	Appropriation in Aid (AIA)	0	0	0.0
Sub Total		**5,997,627,856**	**1,461,784,395**	24.4
Grand Total		**16,260,713,175**	**2,184,145,499**	**13.4**

Source: *Mombasa County Treasury*

Figure 108 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 108: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

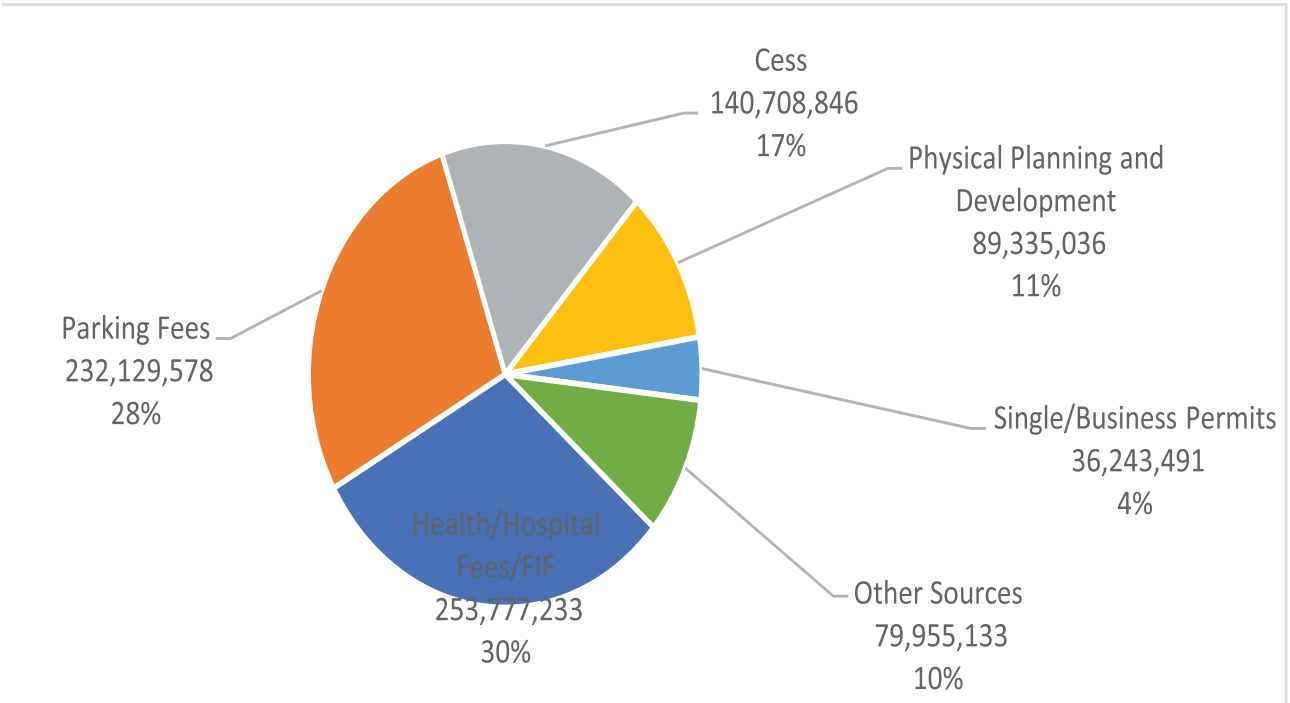


Source: *Mombasa County Treasury*

In the first quarter of FY 2024/25, the County generated a total of Kshs.832.15 million from its sources of revenue. This amount represented an increase of 73.3 per cent compared to Kshs.480.16 million realised in a similar period in FY 2023/24. This was 13.9 per cent of the annual target and 64.2 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.29.38 million.

The revenue streams which contributed the highest OSR receipts are shown in Figure109.

Figure 109: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Mombasa County Treasury*

The highest revenue stream, Kshs.253.78 million, was from FIF, contributing 30.5 per cent of the total OSR receipts during the reporting period.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.02 billion from the CRF account during the reporting period, comprising Kshs.287.53 million (14.2 per cent) for development programmes and Kshs.1.73 billion (85.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.62 billion was released towards Employee Compensation and Kshs.111.03 million for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 30th September 2024 was Kshs.897.82 million.

3.28.4 County Expenditure Review

The County spent Kshs.1.40 billion on development and recurrent programmes during the reporting period. This expenditure represented 69.5 per cent of the total funds released by the CoB and comprised Kshs.255.72 million and Kshs.1.15 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.9 per cent, while recurrent expenditures represented 10.4 per cent of the annual recurrent expenditure budget.

3.28.5 Settlement of Pending Bills

At the beginning of FY 2024/25, the County reported pending bills amounting to Kshs. 4.48 billion. This includes Kshs. 4.44 billion for the Executive and Kshs. 35.17 million for the Assembly. The pending bills for the County Executive consist of Kshs. 2.74 billion for recurrent expenditure and Kshs. 1.70 billion for development activities. The Assembly bills comprise Kshs.5.86 million for development activities and Kshs.29.31 million for recurrent activities.

In the first three months of FY 2024/25, the County Executive settled pending bills totalling Kshs. 517.13 million for recurrent activities which included Kshs. 0.0 million for development activities and Kshs. 517.13 million for recurrent activities. Meanwhile, the County Assembly settled bills amounting to Kshs. 25.14 million, which included Kshs. 5.86 million for development activities and Kshs. 19.29 million for recurrent activities.

As a result, by the end of the first quarter of FY 2024/25, the outstanding amount of pending bills was Kshs. 3.93 billion.

3.28.6 Expenditure by Economic Classification

Analysis of expenditures by economic classification indicates that the County Executive spent Kshs.979.38 million on employee compensation, Kshs.113.61 million on operations and maintenance, and Kshs.255.72 million on development activities. Similarly, the County Assembly spent Kshs.37.43 million on employee compensation and Kshs.18.64 million on operations and maintenance, as shown in Table 3.184.

Table 3.183: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**10,252,558,055**	**813,735,933**	1,092,988,021	56,076,999	**10.7**	**6.9**
Compensation to Employees	6,378,795,170	446,772,694	979,381,463	37,433,776	15.4	8.4
Operations and Maintenance	3,873,762,886	366,963,239	113,606,558	18,643,223	2.9	5.1
Development Expenditure	5,113,706,012	80,000,000	255,716,067	-	5.0	0.0
Total	**15,366,264,067**	**893,735,933**	**1,348,704,089**	**56,076,999**	**8.8**	**6.3**

***Source**: Mombasa County Treasury*

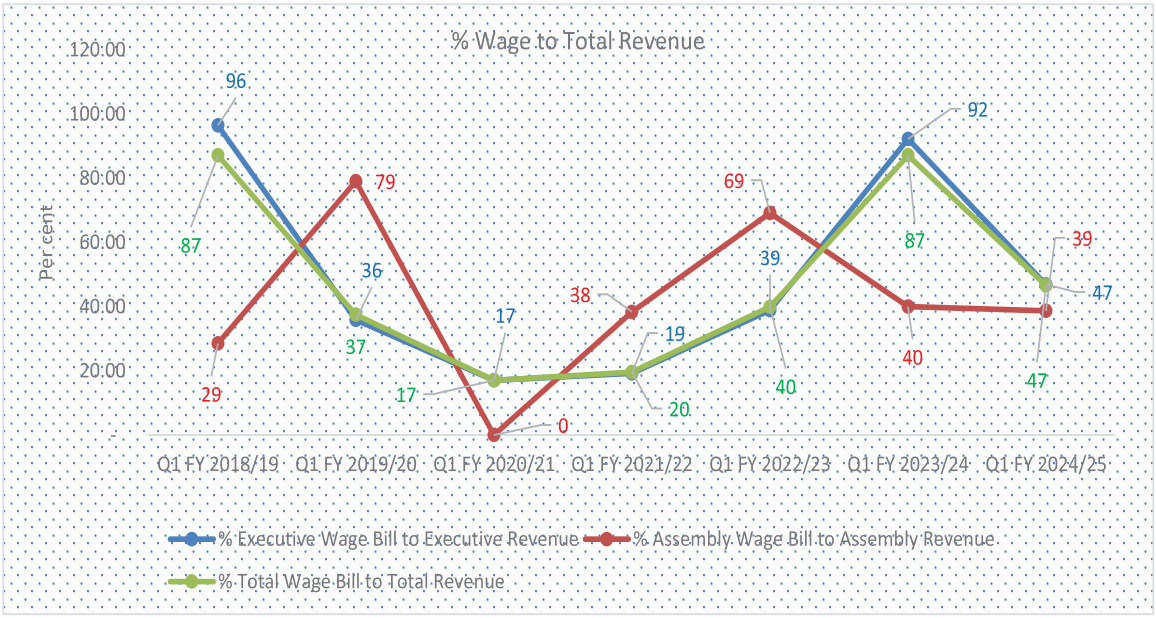
3.28.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.02 billion, or 46.55 per cent of the available revenue, which amounted to Kshs.2.18 billion. This expenditure represented a decrease from Kshs.1.56 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.503.40 million

paid to health sector employees, translating to 49.5 per cent of the total wage bill.

Figure 110 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 110: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source**: Mombasa County Treasury*

Further analysis indicates that PE costs amounting to Kshs.969.44 million were processed through the Integrated Personnel and Payroll Database (IPPD) system. In contrast, Kshs.47.37 million was processed through manual payrolls, which accounted for 5 per cent of the total PE cost.

The County Assembly spent Kshs.8.60 million on committee sitting allowances for the 43 MCAs against the annual budget allocation of Kshs.30 million. The average monthly sitting allowance was Kshs. 66,610 per MCA. The County Assembly has established 21 Committees.

3.28.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs. 548.51 million to County-Established funds in FY 2024/25, constituting 3 per cent of the County's overall budget. Further, the County allocated Kshs.30 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012.

Table 3.184 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.184: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30th September 2024 (Yes/No.)
County Executive Established Funds					
1.	Mombasa County Scholarship and Other Educational Benefits	448,508,728	0	2,459,640	Yes
2.	Grants for Management of Natural Disasters	30,000,000	0	0	No
3.	Mombasa Investment Corporation	30,000,000	0	4,594,426	Yes
County Assembly Established Funds					
3.	Car Loans and Mortgage for Members and Staff	40,000,000	0	0	Yes
	Total	**548,508,728**	**0**	**7,054,066**	

Source: *Mombasa County Treasury*

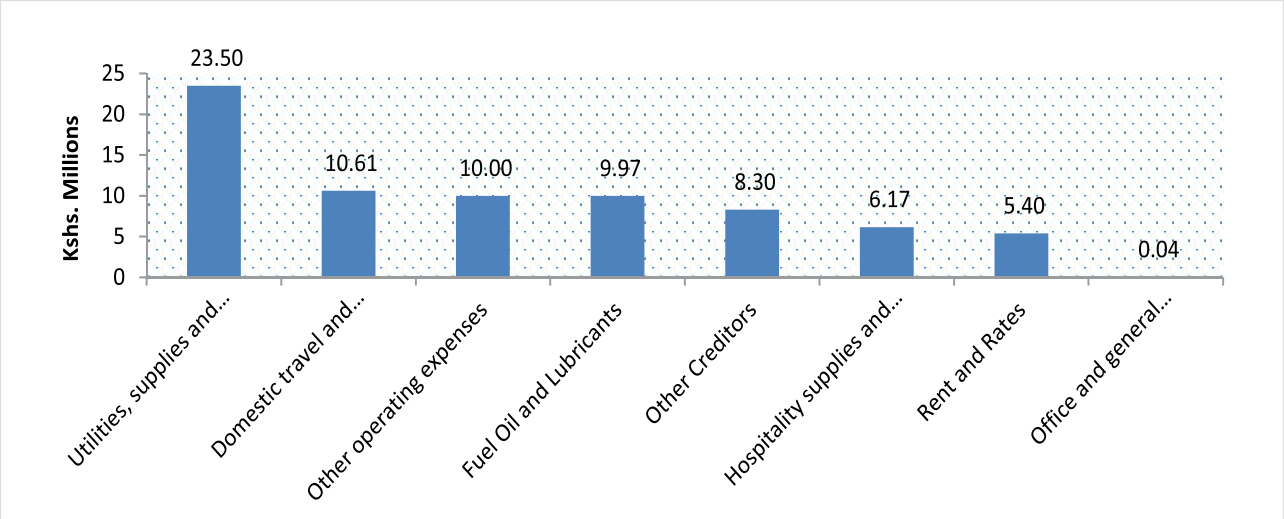
During the reporting period, the COB did not receive quarterly financial returns from the Fund Administrators of Management of Natural Disaster fund, as indicated in Table 3.185, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.28.9 Expenditure on Operations and Maintenance

Figure 111 summarises the Operations and Maintenance expenditure by major categories.

Figure 111: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: *Mombasa County Treasury*

Domestic travel expenditures amounted to Kshs.10.61 million, comprised of Kshs.1.77 million spent by the County Assembly and Kshs.8.84 million by the County Executive.

Expenditure on foreign travel amounted to Kshs.0 million and comprised Kshs.0 million by the County Assembly and Kshs.0 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.185.

Table 3.185: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	-	-	-	-	-
County Assembly	-	-	-	-	-

Source: *Mombasa County Treasury and Mombasa County Assembly*

3.28.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.253.78 million as FIF, which was 20.3 per cent of the annual target of Kshs.1.25 billion. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.28.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported expenditure of Kshs.255.72 million on development programmes, representing an increase of 132 per cent compared to a similar period in FY 2023/24 when the

County spent Kshs. 110.37 million. Table 3.186 summarises development projects with the highest expenditure in the reporting period.

Table 3.186: Development Project Status for County Government of Mombasa

Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid (Kshs)	Source of Funding (GoK/ donor)	Remarks-Implementation status (%)
Water, Natural Resources and Climate Change Resilience	8TH Disbursement for the Water and Sanitation Development Projects	Across the County	234,539,000	234,539,000	GoK	100

Source: Mombasa County Treasury

3.28.12 Budget Performance by Department

Table 3.187 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.187: Mombasa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	813,735,933	80,000,000	96,759,883	-	56,076,999	-	58.0	-	6.9	-
Public Service Board	131,692,825	10,000,000	21,466,113	-	14,368,405		66.9	-	10.9	-
Finance And Economic Planning	1,130,484,441	442,513,000	135,370,538	52,990,950	76,015,466	4,920,563	56.2	9.3	6.7	1.1
Health	4,237,316,744	600,000,000	932,978,594	-	503,396,856		54.0	-	11.9	-
Transport, Infrastructure & Public Works	736,570,444	863,542,752	127,526,865	-	80,972,582	15,494,476	63.5	-	11.0	1.8
Environment And Governance	904,465,877	247,800,000	102,738,784	-	110,460,070		107.5	-	12.2	-
Education	864,376,026	151,000,000	61,468,900	-	49,879,170		81.1	-	5.8	-
Water, Natural Resources And Climate Change Resilience	217,235,887	1,104,050,260	20,973,485	234,539,000	21,824,662	234,539,000	104.1	100.0	10.0	21.2
Public Service Administration, Youth, Gender, Social Services And Sports.	821,517,956	270,000,000	48,963,933	-	43,568,534		89.0	-	5.3	-
Tourism, Culture & Trade	458,459,660	239,500,000	58,512,100	-	48,887,684		83.6	-	10.7	-
Lands, Urban Renewal And Housing	195,073,557	1,070,000,000	39,908,400	-	22,473,766		56.3	-	11.5	-
Blue Economy, Cooperatives, Agriculture And Livestock	198,889,793	78,300,000	37,181,300	-	19,250,279		51.8	-	9.7	-
County Attorney	103,014,783	-	15,255,579	-	15,635,383		102.5	-	15.2	-
County Executive	253,460,063	37,000,000	34,283,102	-	28,485,010		83.1	-	11.2	-
Total	**11,066,293,989**	**5,193,706,012**	**1,733,387,575**	**287,529,950**	**1,091,294,865**	**254,954,038**	**63.0**	**88.7**	**9.9**	**4.9**

***Source**: Mombasa County Treasury*

Analysis of expenditure by departments shows that the Department of Water, Natural Resources and Climate Change Resilience recorded the highest absorption rate of development budget at 21.2 per cent, followed by the Department of Transport, Infrastructure and Public Works at 1.8 per cent. The Department of County Attorney had the highest percentage of recurrent expenditure to budget at 15.2 per cent, while the Department of Public Service Administration, Youth, Gender, Social Services and Sports had the lowest at 5.3 per cent.

3.28.13 Budget Execution by Programmes and Sub-Programmes

Table 3.188 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.188: Mombasa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
THE EXECUTIVE							
Programme 1	General Administration and Human Resource Planning Services	154,760,063	0	25,002,890	0	16	0
	Governor's and Deputy Governor's Affairs	49,500,000	15,000,000		0	0	0
	Protocol, Hospitality and Communication	23,000,000	20,000,000	3,482,120	0	15	0
	Governor's Advisory Council and special programs	10,000,000	0		0	0	0
	County Secretary's Affairs	9,000,000	2,000,000		0	0	0
	Cabinet affairs, Service delivery Unit, Intergovernmental and Public service Transformation	7,200,000	0				
	Sub Total	**253,460,063**	**37,000,000**	**28,485,010**	**0**	**11**	**0**
COUNTY ASSEMBLY							
Programme 2	General Administration and Planning	670,164,171	80,000,000	48,609,799	0	7	0
	Legislation, Oversight and Representation	143,571,762		7,467,200	0	5	
	Sub-Total	**813,735,933**	**80,000,000**	**56,076,999**	**0**	**7**	**0**
COUNTY PUBLIC SERVICE BOARD							
Programme 3	Administration Unit	131,692,825	10,000,000	14,368,405	0	11	0
	Sub-Total	**131,692,825**	**10,000,000**	**14,368,405**	**0**	**11**	**0**
FINANCE AND ECONOMIC PLANNING							
Programme 4	Administration Unit	731,605,778	0	75,385,493	947,129	10	0
	Financial Management Services-Accounting Unit	260,195,498	366,129,808			0	0
	Planning and Monitoring Unit	111,806,607	23,000,000			0	0
	Digital Transformation	26,876,558	53,383,192	629,973	3,973,434		
	Sub-Total	**1,130,484,441**	**442,513,000**	**76,015,466**	**4,920,563**	**7**	**1**
ENVIRONMENT & GOVERNANCE							
Programme 5	Administration, Planning and Support Services	739,535,878		110,460,070		15	0
	Environment Compliance and Enforcement	18,700,000	21,800,000			0	0
	Solid Waste Management	19,660,000	169,000,000			0	0
	Public Affairs and Empowerment Programs	108,750,000					
	County Administration and Serikali Mitaani	10,370,000	40,000,000				
	Inspectorate, Enforcement and compliance	7,450,000	17,000,000				
	Sub-Total	**904,465,878**	**247,800,000**	**110,460,070**	**0**	**12**	**0**
EDUCATION							
Programme 6	General Administration, Planning and Support Services	343,676,025	44,000,000	49,879,170		15	0
	Early Childhood Education	15,500,000	84,000,000			0	0
	Vocational Training & Education	3,000,000	12,000,000			0	0
	Child Care	3,000,000	11,000,000			0	0
	Elimu Fund	499,200,000	0			0	0
	Sub-Total	**864,376,025**	**151,000,000**	**49,879,170**	**0**	**6**	**0**
HEALTH SERVICES							

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 7	Administration Unit	3,285,636,744	178,374,932	503,396,856		15	0
	Preventive and Promotive Health services	157,680,000	27,000,000			0	0
	Curative/Clinical Health Services	132,000,000	59,625,068			0	0
	Special Programs	12,000,000	0		0	0	0
	Coast General Teaching and Referral Hospital	650,000,000	335,000,000				
	Sub-Total	**4,237,316,744**	**600,000,000**	**503,396,856**	**0**	**12**	**0**
WATER, NATURAL RESOURCES & CLIMATE CHANGE RESILIENCE							
Programme 8	Administration unit	170,042,057	1,000,000,000	21,824,662	234,539,000	13	23
	Natural Resources Management	7,443,830	2,000,000			0	0
	Sanitation Services and Management	7,700,000	0			0	0
	Water Supply and Management	12,200,000	0			0	0
	Climate Change & Renewable Energy	19,850,000	102,050,260			0	0
	Sub-Total	**217,235,887**	**1,104,050,260**	**21,824,662**	**234,539,000**	**10**	**21**
PUBLIC SERVICE ADMINISTRATION, YOUTH, GENDER, SOCIAL SERVICES & SPORTS							
Programme 9	Administration planning and support services	692,517,956	0	43,568,534		6	0
	Human Resource Management & Development	54,300,000	0			0	0
	Public Service Reforms	45,700,000	0			0	0
	Youth Affairs & Sports Development	13,400,000	270,000,000			0	0
	Gender, PWD Integration and Social Services	15,600,000	0			0	0
	Sub-Total	**821,517,956**	**270,000,000**	**43,568,534**	**0**	**5**	**0**
TOURISM, CULTURE & TRADE							
Programme 10	General Administration Planning & support services	335,649,661	0	48,887,684		15	0
	Trade Development and Markets/ Consumer Protection	13,555,000	239,500,000			0	0
	E-Licensing & Services	1,470,000	0			0	0
	Tourism Marketing and Product Development	78,885,000	0		762,029	0	0
	Cultural Affairs	8,900,000	0			0	0
	Mombasa Tourism Council	20,000,000	0			0	0
	Sub-Total	**458,459,661**	**239,500,000**	**48,887,684**	**762,029**	**11**	**0**
LANDS, URBAN RENEWAL AND HOUSING							
Programme 11	Administration planning and support services	174,023,556	20,000,000	22,473,766		13	0
	Housing Development & Management	3,450,000	10,000,000			0	0
	Urban Renewal	6,450,000	49,000,000			0	0
	Land Administration and Valuation	9,800,000	905,000,000			0	0
	Physical Planning	1,350,000	86,000,000		0	0	0
	Sub-Total	**195,073,556**	**1,070,000,000**	**22,473,766**	**0**	**12**	**0**
TRANSPORT, INFRASTRUCTURE & PUBLIC WORKS							
Programme 12	General Administration and Support Services	488,485,525		70,999,309	1,049,855	15	0
	Roads Infrastructure Development	24,069,919	654,287,752		14,444,621	0	2

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	Transportation Management	38,700,000	69,800,000			0	0
	County Public Works	1,810,000	60,000,000			0	0
	Mechanical and Electrical Services	167,255,000	4,800,000	9,973,273		6	0
	Safety, Risk and Disaster Management Services	16,250,000	74,655,000			0	0
	Sub-Total	**736,570,444**	**863,542,752**	**80,972,582**	**15,494,476**	**11**	**2**
BLUE ECONOMY, COOPERATIVES, AGRICULTURE & LIVESTOCK							
Programme 13	Administration Unit-Headquarters	130,097,194	0	19,250,279		15	0
	Crops Development	21,968,919	18,000,000			0	0
	Livestock Production	10,721,200	6,300,000			0	0
	Fisheries Development	11,850,000	13,000,000			0	0
	Veterinary Services	13,204,160	36,000,000			0	0
	Cooperative Development	11,048,320	5,000,000				
	Sub-Total	**198,889,793**	**78,300,000**	**19,250,279**	**0**	**10**	**0**
THE COUNTY ATTORNEY							
Programme 14	General Administration & Legal Services	103,014,783		15,635,383	0	15	0
	Sub-Total	**103,014,783**	**0**	**15,635,383**	**0**	15	0
Grand Total		**11,066,293,988**	**5,193,706,012**	**1,091,294,865**	**255,716,067**	**10**	**5**

***Source**: Mombasa County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were General Administration and Human Resource Planning Services in the Department of Executive at 16 per cent, Administration Unit in the Department of Health at 15 per cent, General Administration & Legal Services in the Department of County Attorney at 15 per cent, and Protocol, Hospitality and Communication at 15 per cent of budget allocation.

3.28.14 Accounts Operated in Commercial Banks

The County government operated 25 accounts with commercial banks, of which three were healthcare-related.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.28.15 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 8th November,2024.

2. The underperformance of own-source revenue at Kshs. 832.14 million against an annual target of Kshs.6.0 billion, representing 13.9 per cent of the annual target.

3. High level of pending bills which amounted to Kshs.3.93 billion as of 30th September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.47.37 million were processed through

manual payroll, accounting for 4.9 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for retention, revenue, grants and funds.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.29. County Government of Murang'a

3.29.1 Overview of FY 2024/25 Budget

The Murang'a County approved FY 2024/25 budget is Kshs.10.50 billion. It comprised Kshs.3.16 billion (30 per cent) and Kshs.7.34 billion (69.9 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.93.11 million (0.9 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.12 billion and a recurrent budget of Kshs.7.29 billion. The increase in the county government budget was attributed to the rise in the Own Source Revenue Collections Target.

The Murang'a County Government budget will be financed from different sources of revenue. These include Kshs.7.75 billion (73.8 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.863.11 million (8.2 per cent) as additional allocations, a cash balance of Kshs.614.90 million (5.9 per cent) brought forward from FY 2023/24, and Kshs.1.25 billion (11.9 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.500 million (4.8 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.750 million (7.1 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is provided in Table 3.190.

3.29.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.49 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.635.27 million, additional allocation from government and development partners were Kshs.67.63 million, and its own-source revenue (OSR) collection was Kshs.170.14 million. In addition, the County had a cash balance of Kshs.614.90 million from FY 2023/24.

Analysis of the total OSR collection of Kshs.170.14 million, which included Facilities Improvement Financing (FIF) of Kshs.64.29 million and Kshs.105.86 million as ordinary OSR. Table 3.189 summarises the total revenue

available to the county government during the first quarter of FY 2024/25 performance.

Table 3.189: Murang'a County, Revenue Performance in the First Quarter of FY 2024/25

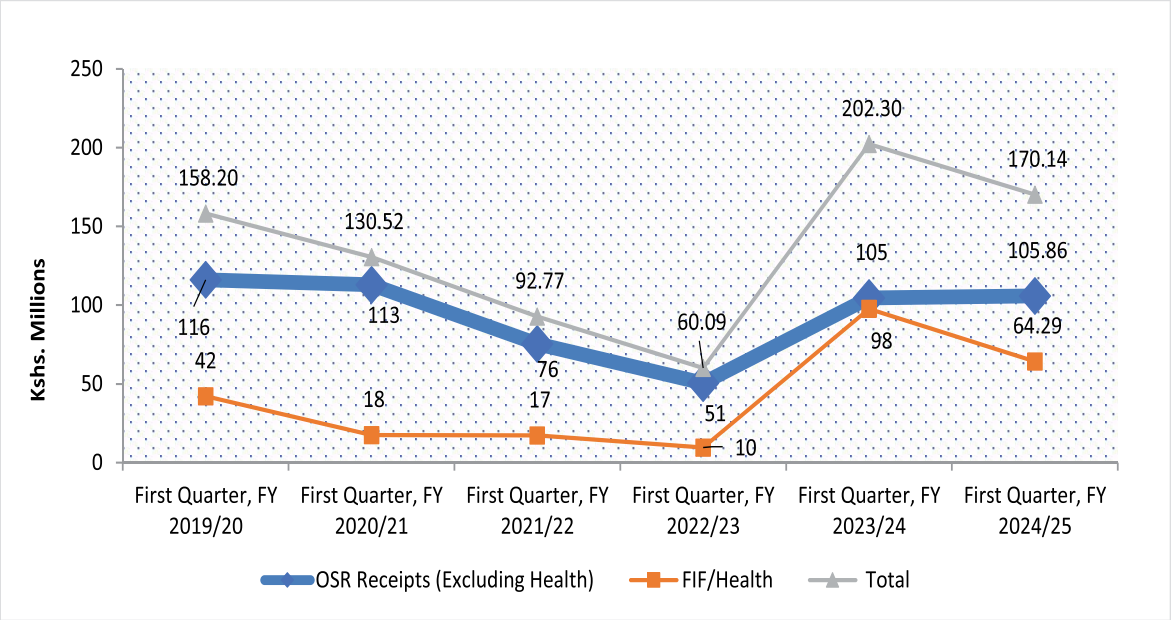
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,753,474,531	635,271,870	8.2
Sub Total		**7,753,474,531**	**635,271,870**	**8.2**
B	**Additional Allocation**			
1	Road Maintenance Fuel Levy Fund	270,941,894	0	0.0
2	Nutritional International Grant	20,000,000	15,000,000	75.0
3	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	0	0.0
4	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	37,500,000	0	0.0
5	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UIG)	35,000,000	0	0.0
6	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	70,743,658	0	0.0
7	DANIDA Grant	9,701,250	0	0.0
8	World Bank (Finance Locally-Led Climate Program (FLLoCACCA) Level 2Grant	110,729,613	0	0.0
9	Kenya Agricultural Business Development Project	10,918,919	0	0.0
10	Community Health Promoters	46,050,000	0	0.0
11	Aggregated Industrial Park	100,000,000	52,631,579	52.6
Sub-Total		**863,100,486**	**67,631,579**	**7.8**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	750,000,000	105,858,527	14.1
2	Balance B/F from FY2023/24	614,902,936	614,902,936	100.0
3	Facility Improvement Fund (FIF)	500,000,000	64,285,728	12.9
4	Other Revenues	20,000,000	0	0.0
Sub Total		1,884,902,936	785,047,191	41.6
Grand Total		**10,501,477,953**	**1,487,950,640**	**14.2**

Source: *Murang'a County Treasury*

The County does not have governing legislation for operating ordinary A-I-A and FIF.

Figure 112 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 112: Trend in Own-Source Revenue Collection from the FY 2018/19 to the FY 2024/25



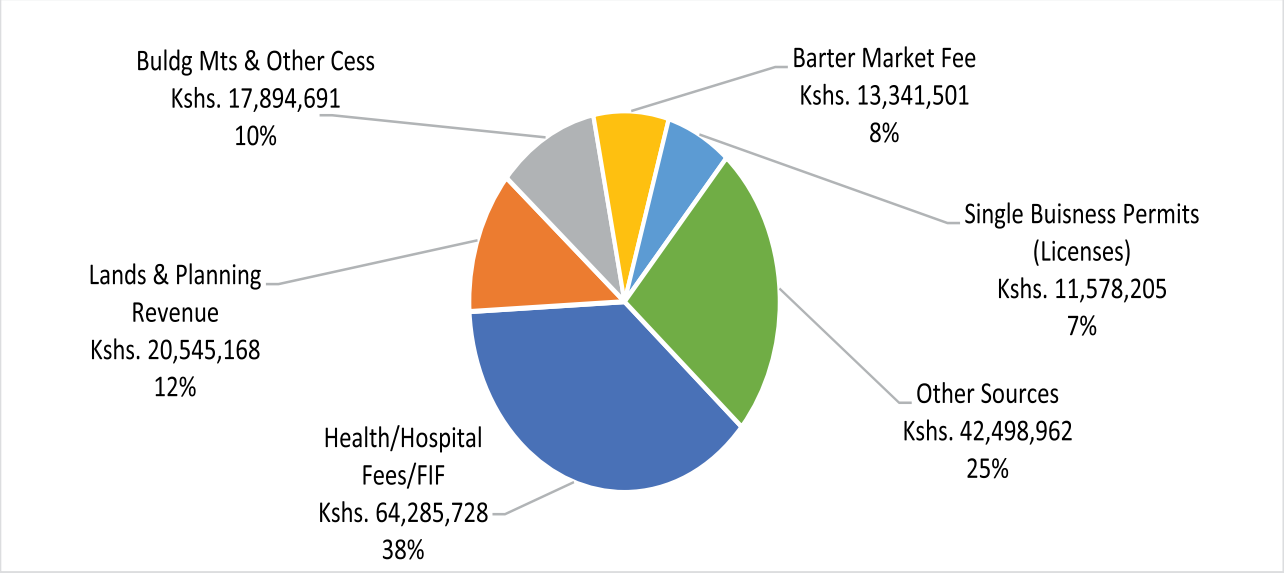
Source: *Murang'a County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.170.14 million from its revenue sources, including FIF. This amount a decreased by 18.9 per cent compared to Kshs.202.30 million, which was realised in a similar period in FY 2023/24, and it was 13.6 per cent of the annual target and 2.2 per cent of the equitable revenue share disbursed.

The decrease in OSR can be attributed to the Non-Remittance of the NHIF Refunds to the County Government of Murang'a, a source of County Revenue.

The revenue streams which contributed the highest OSR receipts are shown in Figure 113.

Figure 113: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Murang'a County Treasury

The highest revenue stream, Kshs.64.29 million, was from Health/Hospital Fees (FIF), which contributed 38 per cent of the total OSR receipts during the reporting period.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.728.62 million from the CRF account during the reporting period, which comprised Kshs.170.72 million (23.4 per cent) for development programmes and Kshs.557.90 million (76.4 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.446.51 million was released towards employee compensation and Kshs.111.39 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs.761.82 million.

3.29.4 County Expenditure Review

The County spent Kshs.724.35 million on development and recurrent programmes in the reporting period. The expenditure represented 99.4 per cent of the total funds released by the CoB and comprised of Kshs.170.72 million and Kshs.553.63 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.4 per cent of the annual development budget, while recurrent expenditure represented 7.5 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.64 billion as of 30 June 2024, comprising pending payments by the County Executive of Kshs.1.07 billion and Kshs.39.32 for the County Assembly.

The County Executive's pending bills consist of Kshs.895.07 million for recurrent expenditures and Kshs.172.77 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.501.76 million, which consisted of Kshs.431.78 million for recurrent expenditures and Kshs.69.90 million for development programmes, while the County Assembly settled pending bills worth Kshs.32.79.

Therefore, the outstanding County Government of Murang'a Eligible Pending bills were Kshs.1.11 million as of 30 September 2024.

3.29.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.379.76 million on employee compensation, Kshs.110.99 million on operations and maintenance, and Kshs.170.72 million on development activities. Similarly, the County Assembly spent Kshs.62.47 million on employee compensation, Kshs.398,728.50 on operations and maintenance, and did not incur any expenditure on development activities, as shown in Table 3.190.

Table 3.190: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,495,502,295**	**841,956,442**	**490,752,926**	**62,872,318**	**7.6**	**7.5**
Compensation to Employees	4,265,839,677	422,513,536	379,761,821.47	62,473,589.55	8.9	14.8
Operations and Maintenance	2,229,662,618	419,442,906	110,991,105	398,728.50	5.0	0.1
Development Expenditure	3,124,019,216.46	40,000,000	170,720,299	-	5.5	0.0
Total	**9,619,521,511**	**881,956,442**	**661,473,225**	**62,872,318**	**6.9**	**7.1**

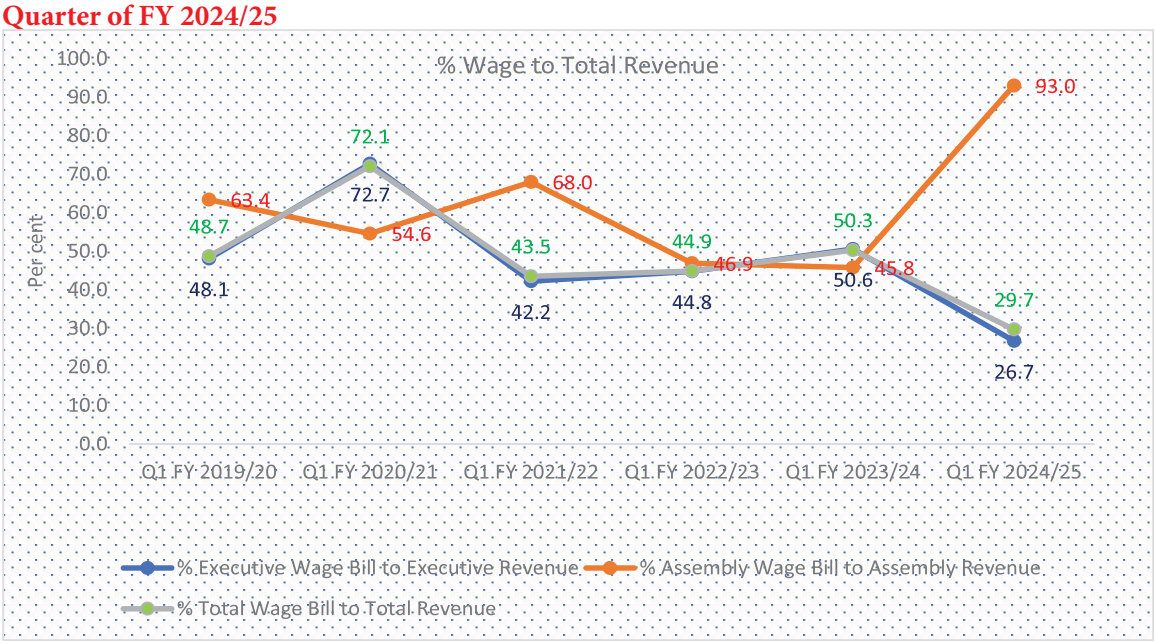
***Source**: Murang'a County Treasury*

3.29.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.442.24 million, or 30 per cent of the available revenue of Kshs.1.49 billion. This expenditure decreased from Kshs.1.05 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.157.68 million paid to health sector employees, translating to 35.7 per cent of the total wage bill.

Figure 114 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2019/20 to the first quarter of FY 2024/25.

Figure 114: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25



Source: Murang'a County Treasury

Further analysis indicates that PE costs amounting to Kshs.419.41 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.22.83 million was processed through manual payrolls. The manual payrolls accounted for 5.2 per cent of the total PE cost.

The County Assembly spent Kshs.5.83 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.38.94 million. The average monthly sitting allowance was Kshs.40,516.23 per MCA. The County Assembly had 21 House Committees.

3.29.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.577 million to county-established funds in FY 2024/25, or 6 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.191 summarises each established Fund budget allocation and performance during the reporting period.

Table 3.191: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the Fund as of 30 September 2024 (Kshs)	Submission of Financial Statements as of 31 September 2024 (Yes/No.)
	County Executive Established Funds					
1.	Murang'a County Education Scholarship Fund	235,000,000	54,270,000	25,635,220.15	905,657,950	Yes
2.	Small Traders Empowerment Program		-	-	20,000,000	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the Fund as of 30 September 2024 (Kshs)	Submission of Financial Statements as of 31 September 2024 (Yes/No.)
3.	Emergency Fund	20,000,000	-	9,902,617.50	23,000,000	Yes
4.	Youth Fund	127,000,000	-	33,153,349	135,000,000	Yes
5.	Agricultural Farm Inputs Subsidy and Incentives Fund	195,000,000	-	58,383,426	438,899,901	Yes
	County Assembly Established Funds					
6.	County Assembly Car Loan and Mortgage Fund	-	-	4,459,725	467,274,313	Yes
	Total	**577,000,000**	**54,270,000**	**131,534,337.65**	**1,989,832,164**	

Source: *Murang'a County Treasury*

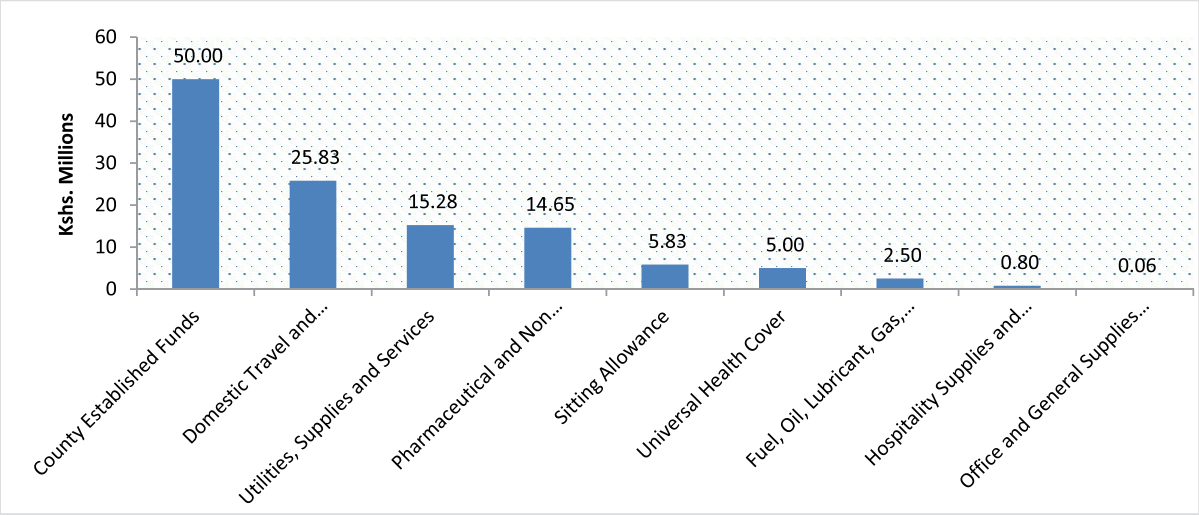
During the reporting period, the CoB received quarterly financial reports from 6 Fund Administrators, as indicated in Table 3.192, as required by Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.29.9 Expenditure on Operations and Maintenance

Figure 115 summarises the Operations and Maintenance expenditure by major categories.

Figure 115: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: *Murang'a County Treasury*

Domestic travel expenditures amounted to Kshs.22.72 million, spent entirely by the County Executive. The Executive and Assembly did not incur any foreign travel expenses during the review period.

The County didn't incur any expenditures on Legal fees/Dues, arbitration, or compensation payments in the period under review.

Murang'a County only has a fleet of lorries used for garbage collection services. The direct costs are the amounts spent on logistics, including Fuel and Wages for the loaders.

3.29.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.64.29 million as FIF, which was 12.9 per cent of the annual target of Kshs.500 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities provided a report on the utilisation of the FIF during the reporting period, which was in line with Section 18 (e) of the FIF Act, 2023.

The expenditure by the health facilities amounted to Kshs.60.80, as shown in the Table 3.192

Table 3.192: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1	Muranga County Referral Hospital	27,530,000	27,110,247	98.5%
2	Muriranjas Sub County Hospital	2,095,000	2,035,700	97.2%
3	Maragua Sub County Hospital	15,586,000	15,056,463	96.6%
4	Kirwara Sub County Hospital	8,299,000	6,712,532	80.9%
5	Kangema Sub County Hospital	5,521,248	3,865,091	70.0%
6	Kandara Sub County Hospital	2,412,219	2,400,154	99.5%
7	Kigumo Sub County Hospital	2,087,485	1,537,244	73.6%
8	Kenneth Matiba Hospital	5,371,972	2,080,834	38.7%
Total		**68,902,924**	**60,798,265**	**88.2%**

Source: *Murang'a County Treasury*

The Health Facility with the highest absorption rate was Muranga County Referral Hospital. It is also important to note that the expenditure is on an accrual basis.

3.29.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.170.72 million on development programmes, representing a decrease of 40 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.239.87 million. Table 3.193 summarises the development projects with the highest expenditure in the reporting period.

Table 3.193: Murang'a County, List of Development Projects with the Highest Expenditure

S No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount Paid to Date (Kshs.)	Implementation Status (%)
1	Agriculture, Livestock and Fisheries	Supply of Top Dressing and Planting Fertiliser to Farmers in Murang'a County under the Food Security Programme	Countywide	50,000,000	50,000,000	100
2	Agriculture, Livestock and Fisheries	Supply of Maize Seeds to Farmers in Murang'a County under the Food Security Programme	Countywide	21,502,320	21,502,320	100
3	Health and Sanitation	Nutritional International	County Wide	15,000,000	15,000,000	100
4	Water, Irrigation, Environment and Natural Resources	FLLoCCA	County wide	11,000,000	11,000,000	100
5	Agriculture, Livestock and Fisheries	Supply of Maize Seeds (Ukamezi Variety) to Farmers in Murang'a County under the Food Security Programme	Countywide	9,000,000	9,000,000	100

S No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount Paid to Date (Kshs.)	Implementation Status (%)
6	Roads, Housing and Infrastructure	Supply and delivery of materials and equipment for repair of streetlights and high masts under the County Street Lighting Programme	County Wide	4,946,669	4,946,669	100
7	Roads, Housing and Infrastructure	Grading and gravelling works of Yamungwe 21 JCT shopping centre-Kabius JCT Yamungwe sec-Catholic church and Ngaru borehole JCT access road	Mugoiri Ward	4,733,960	4,733,960	100
8	Agriculture, Livestock and Fisheries	Supply of Maize Seeds (Embu Variety) to Farmers in Murang'a County under the Food Security Programme	Countywide	4,200,000	4,200,000	100
9	Roads, Housing and Infrastructure	Renovation and construction of Kangage ECDE centres and Construction of Magoto ECDE	Kimorori/ Wempa Ward	4,140,850	4,140,850	100
10	Roads, Housing and Infrastructure	Renovation of Kirogo ECDE centre	Wangu Ward	4,064,765	4,064,765	100

Source: *Murang'a County Treasury*

3.29.12 Budget Performance by Department

Table 3.194 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.194: Murang'a County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock And Fisheries	287,014,150	515,434,071	48,963,127	84,702,320	48,963,127	84,702,320	100	100	17	16
Commerce, Trade, Industry And Tourism	64,930,706	297,300,000	2,701,415	-	2,701,415	-	100	-	4	-
County Public Service Board	35,115,881		1,656,110	-	1,656,110	-	100	-	5	-
Education & Technical Training	726,323,424	31,985,790	71,674,200	-	71,674,200	-	100	-	10	-
Energy Transport And Roads	40,729,487	1,184,941,894	3,360,809	60,017,979	3,360,809	60,017,979	100	100	8	5
Environment, Natural Resources, Water and irrigation	121,407,554	281,129,613	5,231,308	11,000,000	5,231,308	11,000,000	100	100	4	4
Finance And Economic Planning	361,008,543	46,000,000	38,561,370		38,561,370		100	-	11	-
Health And Sanitation	3,141,558,895	419,184,200	177,995,824	15,000,000	177,995,824	15,000,000	100	100	6	4
Lands, Housing & Physical Planning	29,779,031	20,300,000	1,996,560	-	1,996,560	-	100	-	7	-
Public Service Administration & Information Technology	997,082,478	40,000,000	114,374,442	-	114,374,442	-	100	-	12	-
Youth, Culture, Gender, Social Services & Special Programs	95,679,737	177,000,000	5,840,017	-	5,840,017	-	100	-	6	-
County Assembly	841,956,442	40,000,000	67,146,207	-	62,872,318		93.6	-	8	-

Devolution and External Linkages	46,000,000		-	-	-	-	-	-	-	-
Governorship, County Co-ordination And Administration	409,326,209	15,000,000	17,819,423	-	17,819,423	-	100	-	4	-
Kangari Municipality	33,500,000	10,000,000	-	-	-	-	-	-	-	-
Kenol Municipality	33,976,200	40,371,824	-	-	-	-	-	-	-	-
Murang'a Municipality	72,070,000	45,371,824	578,320	-	578,320	-	100	-	1	-
Total	**7,337,458,737**	**3,164,019,216**	**557,899,133**	**170,720,299**	**553,625,245**	**170,720,299**	**99.2**	**100**	**8**	**5**

***Source**: Murang'a County Treasury*

Analysis of department expenditure shows that the Department of Energy Transport and Roads recorded the highest absorption rate of development budget at 5 per cent, followed by the Department of Environment, Natural Resources, Water and Irrigation at 4 per cent. The Department of Agriculture, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 17 per cent, while the Departments of Devolution and External Linkages. Kangari Municipality and Kenol Municipality had nil expenditures.

3.29.13 Budget Execution by Programmes and Sub-Programmes

Table 3.196 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.195: Murang'a County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Governorship, County Coordination And Administration							
Monitoring and Evaluation	101024010 Project Co-ordination and Monitoring	84,404,600	-	1,000,000	-	1.2	
County Co-ordination	705024010 Office Administration and Support Services	97,530,000	15,000,000	573,460	-	0.6	0.0
Administration and Support	706014010 County Executive and Coordination	181,091,609	-	15,078,323	-	8.3	
Disaster Program	902044010 Disaster Response and Mitigation	19,500,000	-	672,640	-	3.4	
Communication and Information Services	203014010 Communication	26,800,000	-	495,000	-	1.8	
Sub Total		**409,326,209**	**15,000,000**	**17,819,423**	**-**	**4.4**	**0.0**
Finance And Economic Planning							
Revenue Program	108014010 Local Revenue Mobilisation	35,000,000	-	3,058,650	-	8.7	
ICT Program	703014010 Automation and Revenue System	-	-	-	-		
Financial Management Program	703024010 Budget Formulation Coordination and Management	6,850,000	-	1,500,000	-	21.9	
	703034010 Economic Planning and CIDP Review	9,600,000	-	500,000	-	5.2	
	101134010 Procurement	8,000,000	-	-	-	0.0	
	705014010 Budget	6,270,000	-	300,000	-	4.8	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	705034010 Public Participation	43,700,000	-	-	-	0.0	
	730014010 Monitoring and Evaluation	3,320,000	-	700,000	-	21.1	
Internal Audit Program	Internal Audit Program 718014010	6,000,000	-	500,000	-	8.3	
Administration and Support	706014010 General Administration Planning and Support Services	242,268,543	46,000,000	32,002,720	-	13.2	0.0
Sub Total		**361,008,543**	**46,000,000**	**38,561,370**	**-**	**10.7**	**0.0**
Agriculture, Livestock And Fisheries							
Food Security	101014010 Land and Crops Development	1,970,000	-	450,400	-	22.9	
	101024010 Promotion Food Security	2,700,000	100,000,000	-	84,702,320	0.0	84.7
	103084010 Veterinary Services	3,670,000	17,700,000	-	-	0.0	0.0
	107024010 Livestock and Fisheries Development	2,050,000	5,300,000	-	-	0.0	0.0
Administration and Support	706014010 General Administration Planning and Support Services	276,624,150	392,434,071	48,512,727	-	17.5	0.0
Sub Total		**287,014,150**	**515,434,071**	**48,963,127**	**84,702,320**	**17.1**	**16.4**
Energy Transport And Roads							
Urban Development Program	102074010 Urban Development and Support	-	317,000,000	-			0.0
Energy Development Program	103094010 Promotion of Energy & Renewable Energy Sources	6,155,000	30,000,000	-	4,946,669	0.0	16.5
Infrastructure Development Program	201014010 Construction of Roads and Bridges	26,804,487	325,941,894	3,360,809	13,916,172	12.5	4.3
	202064010 Infrastructure Development	7,770,000	512,000,000	-	41,155,138	0.0	8.0
Sub Total		**40,729,487**	**1,184,941,894**	**3,360,809**	**60,017,979**	**8.3**	**5.1**
Commerce, Trade, Industry And Tourism							
Agro Marketing	102054010 Cooperatives	4,050,000	33,000,000	-	-	0.0	0.0
Tourism Program	110014010 Tourism Development	730,706	-	-	-	0.0	
	301014010 Tourism Promotion and Marketing	-	-	-	-		
Trade Development Program	111014010 Trade & Enterprise Development	28,150,000	31,300,000	-	-	0.0	0.0
	Market Development and upgrade	-	-	-	-		
	302014010 Domestic Trade Development	-	-	-	-		
	302024010 Fair Trade and Consumer Protection	-	-	-	-		
	502034010 Industry Development Program	-	-	-	-		

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Administration and Support	706014010 General Administration Planning and Support Services	28,320,000	-	2,701,415	-	9.5	
Consumer Protection and Regulation	Consumer Protection and Regulation	1,900,000	-	-	-	0.0	
Industrialisation	Industrialisation	1,780,000	233,000,000	-	-	0.0	0.0
Sub Total		**64,930,706**	**297,300,000**	**2,701,415**	**-**	**4.2**	**0.0**
Education & Technical Training							
Ecde Programme	501034010 Early Childhood Development Education	139,000,000	12,000,000	500,000	-	0.4	0.0
	Infrastructural Work	-	-	-	-		
	ECDE Furniture	-	-	-	-		
Polytechnics Program	507014010 Revitalisation of Youth Polytechnics	16,500,000	19,985,790	500,000	-	3.0	0.0
Education Intervention Program	501054010 Motivation of Primary and Secondary School	244,000,000	-	50,000,000	-	20.5	
	509024010 Motivation of Primary and Secondary Schools	-	-	-	-		
Administration and Support	706014010 General Administration Planning and Support Services	326,823,424	-	20,674,200	-	6.3	
Sub Total		**726,323,424**	**31,985,790**	**71,674,200**	**-**	**9.9**	**0.0**
Health And Sanitation							
Infrastructure Development Program	101104010 Infrastructure Development	-	-	-	-		
	109024010 Infrastructure Improvement Services	-	-	-	-		
Alcohol Program	401014010 Alcoholic Control and Reviewing of Licences	1,710,000	-	194,400	-	11.4	
	402034010 Preventive and Promotive Care	-	105,184,200	-	15,000,000		14.3
Curative Program	402054010 Free Primary HealthCare	254,800,000	80,000,000	19,645,960	-	7.7	0.0
Nutrition International	Nutrition International (grant)	-	-	-	-		
Administration and Support	706014010 General Administration Planning and Support Services	2,885,048,895	234,000,000	158,155,464	-	5.5	0.0
Sub Total		**3,141,558,895**	**419,184,200**	**177,995,824**	**15,000,000**	**5.7**	**3.6**
Lands, Housing & Physical Planning							
Urban Development	102074010 Urban Development	-	-		-		
	103074010 Land Administration	1,000,000	-	150,000	-	15.0	
Land Policy Succession and Surveying	103014010 Land Policy and Planning	4,050,000	20,300,000	496,000	-	12.2	0.0
	103044010 Land Survey	1,300,000	-	400,000	-	30.8	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Estate Management	701034010 Public Trusts and Estates Management	-	-	-	-		
Administration and Support	706014010 General Administration Planning and Support Services	23,429,031	-	950,560	-	4.1	
Physical Planning	Physical Planning	-	-	-	-		
Digitisation of Lands	Digitisation of Lands	-	-	-	-		
Sub Total		**29,779,031**	**20,300,000**	**1,996,560**	**-**	**6.7**	**0.0**
County Public Service Board							
General Administration and support	706014010 General Administration Planning and Support Services	33,045,881	-	1,656,110	-	5.0	
National Value and Governance	National Value and Governance	2,070,000	-		-	0.0	
Sub Total		**35,115,881**	**-**	**1,656,110**	**-**	**4.7**	
Youth, Culture, Gender, Social Services & Special Programs							
Social Development Program	102054010 Cooperatives	-	-	-	-		
	901014010 Social Welfare and Vocational Rehabilitation	-	-	-	-		
	902024010 Persons Living With Disabilities	-	6,000,000	-	-		0.0
	711024010 Gender & Social-Economic Empowerment	-	-	-	-		
General Administration and Support	706014010 General Administration Planning and Support Services	49,629,737	-	3,978,667	-	8.0	
Library Services	Library Services	5,500,000	3,000,000	500,000	-	9.1	0.0
Youth Development Program	711014010 Youth Development Services	1,300,000	133,000,000	-	-	0.0	0.0
	Muranga Youth service-Youth Empowernment	-	-	-	-		
	Boda Boda Training	-	-	-	-		
	903034010 Development and Management of Sports Facilities	26,600,000	35,000,000	650,000	-	2.4	0.0
Cultural Development Program	904014010 Development And Promotion of Culture	6,700,000	-	-	-	0.0	
Social Development programme	Social Development programme	5,950,000	-	711,350	-	12.0	
	Community Sports and Talents	-	-	-	-		
Sport Development programme	Sport Development programme	-	-	-	-		
Sub Total		**95,679,737**	**177,000,000**	**5,840,017**	**-**	**6.1**	**0.0**
Environment, Natural Resources, Water and Irrigation							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Waste Management Program	101094010 Solid Waste Management	12,194,400	20,000,000	-	-	0.0	0.0
	102064010 Environmental Management & Protection	8,370,000	-	97,200	-	1.2	
FlloCA	Climate Change	-	261,129,613	-	11,000,000		4.2
Administration and Support	706014010 General Administration Planning and Support Services	91,193,128	-	5,024,509	-	5.5	
Environmental Governance	1001054010 Environmental Leadership and Governance	4,220,000	-	-	-	0.0	
Environmental Administration and Support	General Administration Planning and Support Services	-	-	-	-		
Water Development Program	1004014010 Water Supply Infrastructure	3,430,026	-	109,600	-	3.2	
Borehole Drilling and Equipping Programme	Borehole Drilling and Equipping	-	-	-	-		
Borehole Rehabilitation Programme	Borehole Rehabilitation	-	-	-	-		
ECD Water Tanks Programme	ECD Water Tanks	-	-	-	-		
Irrigation Development	1003024010 Irrigation Development	2,000,000	-	-	-	0.0	
Last Mile Water Distribution Pipelines Programme	Last Mile Water Distribution Pipelines	-	-	-	-		
Sub Total		**121,407,554**	**281,129,613**	**5,231,309**	**11,000,000**	**4.3**	**3.9**
Public Service Administration & Information Technology							
Human Resource Development Program	101064010 Human Resource Management and Development	-	-	-	-		
Administration and Support	706001410 General Administration Planning and Support Services	972,982,478	-	113,874,443	-	11.7	
ICT Program	Automation	-	-	-	-		
	Acquisition of ICT Equipment	-	-	-	-		
	Connectivity for Headquarters and devolved units (WAN/LAN)	-	-	-	-		
ICT and E-Government	ICT and E-Government	24,100,000	40,000,000	500,000	-	2.1	0.0
Sub Total		**997,082,478**	**40,000,000**	**114,374,443**	**-**	**11.5**	**0.0**
Murang'a Municipality							
Municipal Development Program	10109410 Solid Waste Management	-	-	-	-		
	101104010 Infrastructure Development	-	-	-	-		
	Urban Management	1,950,000	45,371,824	-	-	0.0	0.0
	102074010 Urban Development and Support	-	-	-	-		

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate ()	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	109024010 Other Municipalities	-	-	-	-		
	703014010 Revenue Automation	-	-	-	-		
	706014010 General Administration Planning and Support Services	70,120,000	-	578,320	-	0.8	
Public Works and Infrastructure Development	Infrastructure improvement	-	-	-	-		
Sub Total		**72,070,000**	**45,371,824**	**578,320**	**-**	**0.8**	**0.0**
Kenol Municipality							
General Administration and Planning	General Administration and Planning	33,976,200	-	-	-	0.0	
	Infrastructure Improvement	-	5,000,000	-	-		0.0
	Urban Development Grant	-	35,371,824	-	-		0.0
Sub Total		**33,976,200**	**40,371,824**	**-**	**-**	**0.0**	**0.0**
Kangari Municipality							
General Administration and Planning	General Administration and Planning	33,500,000	-	-	-	0.0	
	Infrastructure Improvement	-	10,000,000	-	-		0.0
	Urban Development Grant	-	-	-	-		
Sub Total		**33,500,000**	**10,000,000**	**-**	**-**	**0.0**	**0.0**
Devolution and External Linkages							
General Administration and Planning	General Administration and Planning	46,000,000	-	-	-	0.0	
	Infrastructure Improvement			-	-		
Sub Total		**46,000,000**	**-**	**-**	**-**	**0.0**	
County Assembly							
Legislation and representation	Legislation and representation	350,323,211	-	25,087,343	-	7.2	
Oversight	Oversight	196,169,860	-	13,972,821	-	7.1	
Administration planning and support	Administration planning and support	295,463,371	40,000,000	23,812,154	-	8.1	0.0
Sub Total		**841,956,442**	**40,000,000**	**62,872,318**	**-**	**7.5**	**0.0**
Grand Total		**7,337,458,737**	**3,164,019,216**	**553,625,245**	**170,720,299**	**7.5**	**5.4**

***Source**: Murang'a County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Promotion Food Security in the Department of Agriculture, Livestock and Fisheries at 84.7 per cent, Land Survey in the Department of Lands, Housing & Physical Planning at 31 per cent, Land and Crops Development in the Department

of Agriculture, Livestock And Fisheries at 23 per cent, and Budget Formulation Co-ordination and Management in the Department of Finance And Economic Planning at 22 per cent of budget allocation.

3.29.14 Accounts Operated in Commercial Banks

The County government operated 21 accounts with commercial banks, of which eight were for County hospitals.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.29.15 Key Observations and Recommendations

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

3. The underperformance of own-source revenue at Kshs.170.14 million against an annual target of Kshs.1.25 billion, representing 13.6 per cent of the yearly target.

4. There was a high level of pending bills, which amounted to Kshs.1.11 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.

5. Use of manual payroll. Personnel emoluments amounting to Kshs.22.83 million were processed through the manual payroll, accounting for 5.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

6. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. The County should address its own-source revenue performance to ensure the approved budget is fully financed. Ap*propriate austerity measures should be implemented to ensure expenditure commitments are aligned with available reven*ue.
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.30. County Government of Nairobi City

3.30.1 Overview of FY 2024/25 Budget

The Nairobi City County approved FY 2024/25 budget is Kshs.43.56 billion. It comprised Kshs.14.26 billion (33 per cent) and Kshs.29.3 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.28 billion (3 per cent) from the FY 2023/24 budget, which comprised development budget of Kshs.8.45 billion and a recurrent budget of Kshs.33.83 billion. The increase in the budget was attributed to the rise in FY 204/25 opening cash balances.

The Nairobi City County Government budget will be financed from different sources of revenue. These include

Kshs.20.86 billion (48 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.3 billion (3 per cent) as additional allocations, and a cash balance of Kshs.1 billion (2 per cent) brought forward from FY 2023/24, and Kshs.20.06 billion (46 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.351 million (2 per cent) as Appropriations-in-Aid (A-I-A) and Kshs.20.06 billion (98 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is provided in Table 3.196.

3.30.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.5.45 billion to fund recurrent and development activities. The equitable share from the national government was Kshs.1.71 billion and had its own source revenue (OSR) collection of Kshs. 2.26 billion. In addition, the County had a balance of Kshs1.48 billion from FY 2023/24.

Analysis of the total OSR collection of Kshs.2.26 billion indicates that it included Appropriations in Aid (AIA) of Kshs.76.49 million and Facilities Improvement Financing (FIF) of Kshs.382.45 million and Kshs.1.81 billion as ordinary OSR. Table 3.196 Summarises the total revenue available to the county government during the first quarter of FY 2024/25.

Table 3.196: Nairobi City County, Revenue Performance in the First Quarter of FY 2024/25

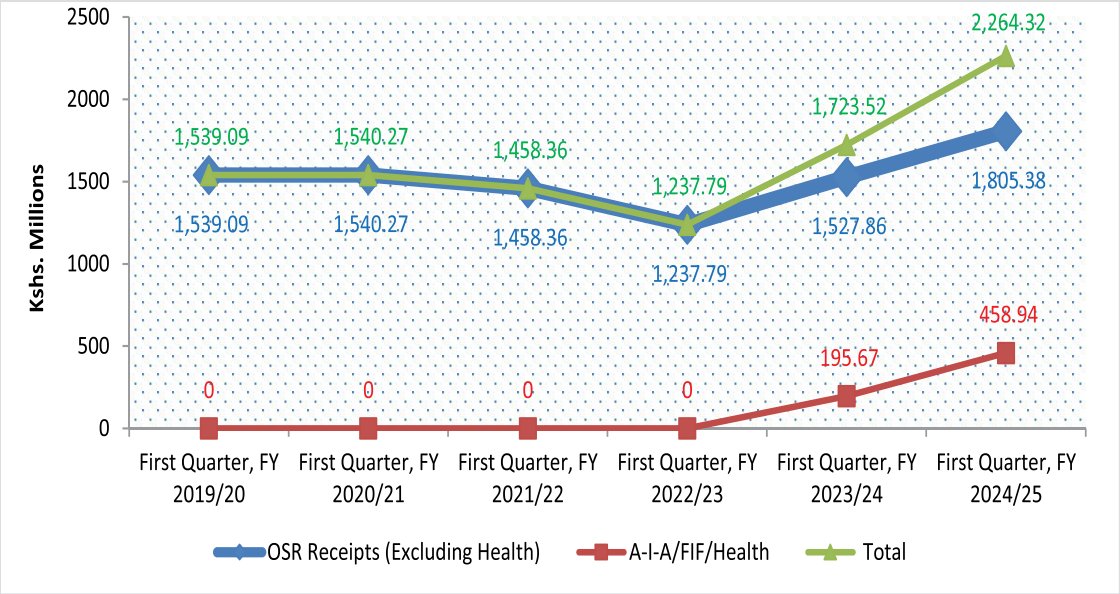
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	20,855,390,632	1,706,125,025	8
Sub Total		**20,855,390,632**	**1,706,125,025**	**8**
B	**Additional Allocations**			
1	Community Health Promoters	224,010,000	-	-
2	CAIP-County Aggregated Industrial Projects	250,000,000	-	-
3	IDA Credit--Second Kenya Devolution Support Programme KDSP II	37,500,000	-	-
4	SWEDEN-Kenya Agricultural Business Devt Project	10,918,919	-	-
5	DANIDA Grant-Primary Health Care in Devolved Context	24,521,250	-	-
6	World Bank -Kenya Informal Settlement Improvement Project II	750,000,000	-	-
Sub-Total		**1,296,950,169**	-	-
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	20,060,926,033	1,805,380,266	9
2	Balance b/f from FY2023/24	1,000,000,000	1,478,245,239	148
3	Facility Improvement Fund (FIF)	-	382,453,485	-
5	Appropriation in Aid (AIA) - Liquor Licensing Board	351,000,000	76,489,325	22
Sub Total		**21,411,926,033**	**3,742,568,314**	**18**
Grand Total		**43,564,266,834**	**5,448,693,339**	**13**

Source: *Nairobi City County Treasury*

The balance brought forward from FY2023/24 shows an actual receipt as a percentage of the annual allocation of 147.8 per cent, which is attributed to the county understating its opening cash balances.

Figure 116 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 116: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25

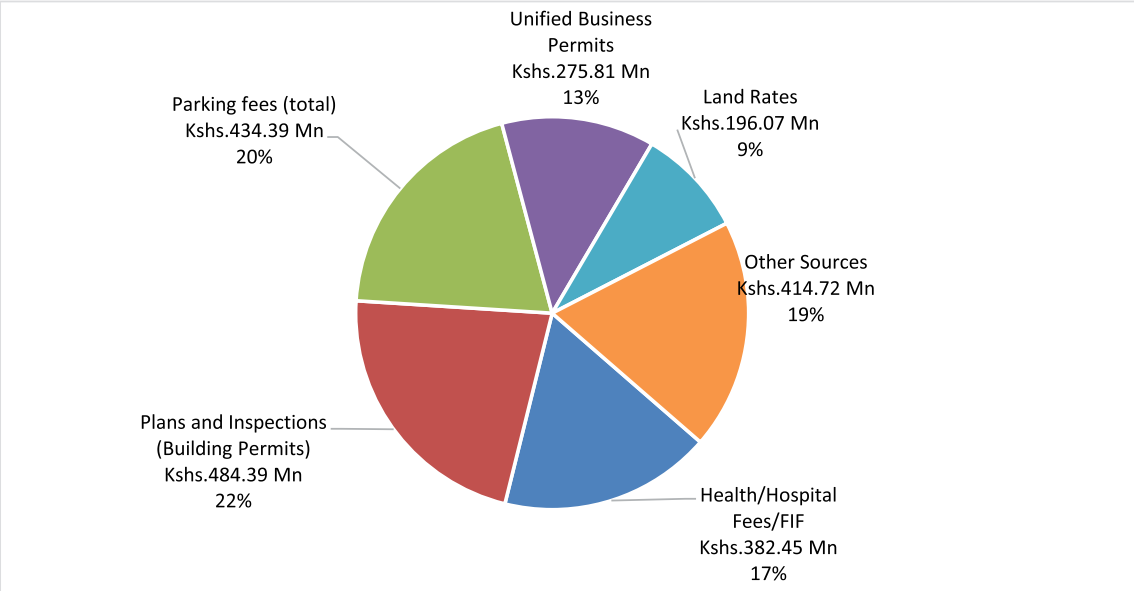


Source: *Nairobi City County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.2.26 billion from its sources of revenue, including AIA and F.I.F. This amount was an increase of 31 per cent compared to Kshs.1.72 billion realised in a similar period in FY 2023/24, and was 11 per cent of the annual target and 133 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 117.

Figure 117: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Nairobi City County Treasury

The highest revenue stream, Kshs.484.39 million, was from Plans and Inspections (Building Permits), which contributed 22 per cent of the total OSR receipts during the reporting period.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.85 billion from the CRF account during the reporting period comprised Kshs. The exchequer approvals were entirely for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates

that Kshs.2.72 billion was released towards employee compensation and Kshs.136.53 million for operations and maintenance expenditure.

As of September 30, 2024, the cash balance in the CRF account was Kshs.2.13 billion.

3.30.4 County Expenditure Review

The County spent Kshs.2.89 billion on development and recurrent programmes in the reporting period. This expenditure represented 101 per cent of the total funds released by the CoB and was entirely for recurrent programmes, representing 10 per cent of the annual recurrent expenditure budget. There was no expenditure on the development budget during the period.

3.30.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.121.78 billion as of 30th June 2024, comprising pending payments by the County Executive of Kshs.121.26 billion and Kshs.513.92 million for the County Assembly.

The County Executive's pending bills consist of Kshs.115.95 billion for recurrent expenditures and Kshs. 5.31 billion for development expenditures. In the reporting period, the county executive settled pending bills amounting to Kshs.175.37 million for recurrent expenditures, while the County Assembly settled recurrent pending bills worth Kshs.31.73 million. Therefore, the outstanding bills were Kshs.121.57 billion as of 30 September 2024.

3.30.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.2.57 billion on employee compensation and Kshs.142.49 million on operations and maintenance. Similarly, the County Assembly spent Kshs.143.11 million on employee compensation and Kshs.26.75 million on operations and maintenance, as shown in Table 3.197.

Table 3.197: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**27,379,613,750**	**1,925,111,836**	**2,716,133,464**	**169,861,972**	**10**	**9**
Compensation to Employees	17,086,188,290	992,189,321	2,573,638,568	143,109,182	15	14
Operations and Maintenance	10,293,425,460	932,922,515	142,494,896	26,752,790	1	3
Development Expenditure	**12,624,541,248**	**1,635,000,000**	-	-	**0**	**0**
Total	**40,004,154,998**	**3,560,111,836**	**2,716,133,464**	**169,861,972**	**7**	**5**

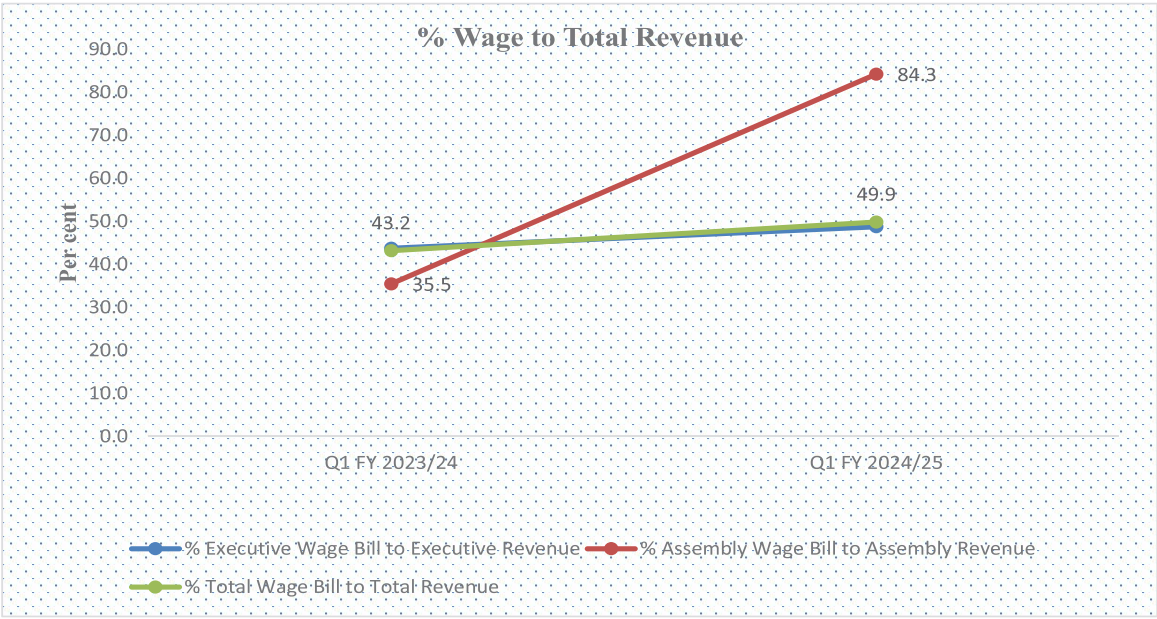
***Source**: Nairobi City County Treasury*

3.30.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.2.72 billion, or 50 per cent of the available revenue of Kshs. 5.45 billion. This expenditure represented an increase from Kshs.2.70 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.1.08 billion paid to health sector employees, translating to 40 per cent of the total wage bill.

Figure 118 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2023/24 to the first quarter of FY 2024/25.

Figure 118: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2023/24 to the First Quarter of FY 2024/25



Source: Nairobi City County Treasury

Further analysis indicates that PE costs amounting to Kshs.2.56 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.159.41 million was processed through manual payrolls. The manual payrolls accounted for 5.9 per cent of the total PE cost.

The County Assembly spent Kshs.1.63 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.27.56 million. The average monthly sitting allowance was Kshs.4,382 per MCA. The County Assembly had 26 House Committees.

3.30.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.200 million to county-established funds in FY 2024/25, or 0.5 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.198 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.198: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1.	Biashara Ward revolving fund	100,000,000	-	-	Not applicable	New Fund
	County Assembly Established Funds					
1	Car Loan & Mortgage - County Assembly	100,000,000	-	-	1,016,000,000	Yes
	Total	**200,000,000**	**-**	**-**	**1,016,000,000**	

Source: *Nairobi City County Treasury*

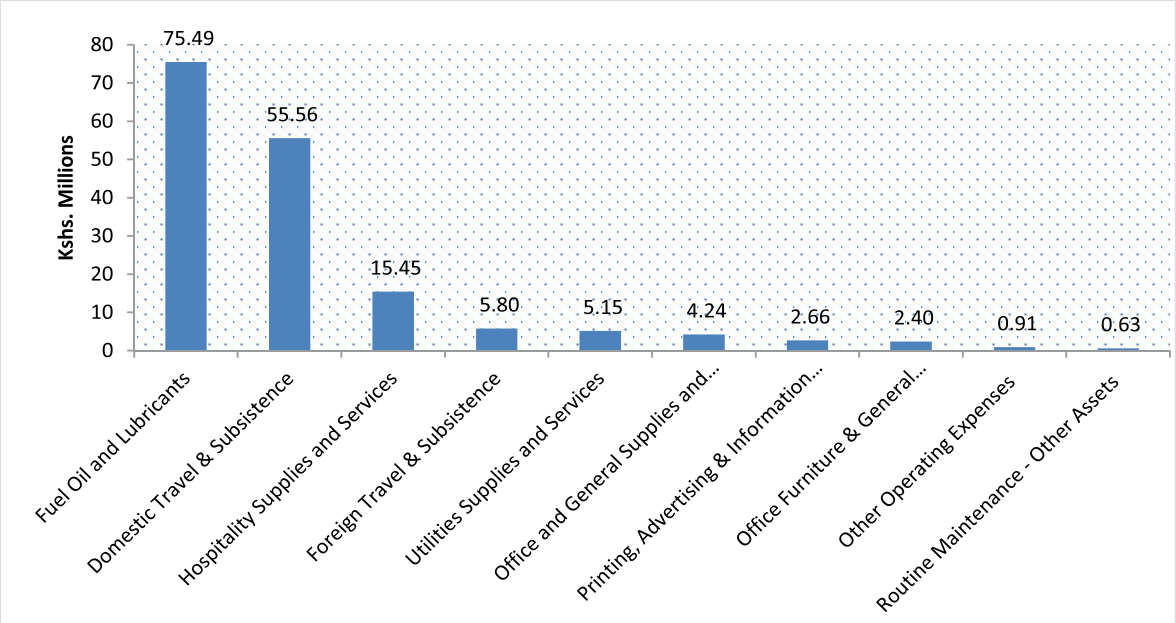
During the reporting period, the CoB received quarterly financial reports from Car Loan & Mortgage Assembly Fund Administrators, as indicated in Table 3.199, as per the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.30.9 Expenditure on Operations and Maintenance

Figure 119 summarises the Operations and Maintenance expenditure by major categories.

Figure 119: Nairobi County, Operations and Maintenance Expenditure by Major Categories



Source: *Nairobi City County Treasury*

Expenditure on domestic travel amounted to Kshs.55.56 million and comprised Kshs.25.37 million spent by the County Assembly and Kshs.30.19 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.8 million, which the County Executive incurred. Expenditure on foreign travel is summarised in Table 3.199

Table 3.199: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	29th September – 3rd October 2024	4th Forum of Mayors Cities Summit and the Housing Affordability Workshop	Geneva - Switzerland	4,651,484

Source: Nairobi City County Treasury

3.30.10 Facility Improvement Financing

During the period under review, the County reported a collection of Kshs.382.45 million as FIF. The county did not budget for the anticipated F.I.F in the approved budget for FY 2024/25. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalize the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.30.11 Development Expenditure

The County did not report any spending on development programmes in the first quarter of FY 2024/25, and likewise in FY 2023/24.

3.30.12 Budget Performance by Department

Table 3.200 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.200: Nairobi City County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	76.40	-	6.27	-	6.27	-	100	-	8	-
Finance & Economic Planning	3,293.42	120	217.94	-	217.94	-	100	-	7	-
Public Service Management	2,065.86	-	25.26	-	25.26	-	100	-	1	-
Agriculture, Livestock Development, Fisheries & Forestry	188.82	70.75	19.25	-	19.25	-	100	-	10	-
Environment, Water, Energy & Natural Resources	3,411.99	541.46	264.16	-	264.16	-	100	-	8	-
Ward Development Programmes	80	2,155	-	-	-	-	-	-	-	-
Emergency Fund	100	-	-	-	-	-	-	-	-	-
Boroughs and Public Administration	3,974.26	772	500.12	-	500.12	-	100	-	13	-
County Attorney	253.75	15	13.32	-	13.32	-	100	-	5	-
Innovation and Digital Economy	191.37	263.97	13.68	-	13.68	-	100	-	7	-
Health Wellness & Nutrition	8,175.64	2,037.89	1,134.49	-	1,105.44	-	97	-	14	-
Built Environment & Urban Planning	512.08	1,082	57.33	-	57.33	-	100	-	11	-
Mobility and Works	1,577.17	2,181.03	168.66	-	168.66	-	100	-	11	-
Talent Skills Devt & Care	2,111.37	1,574.43	153.98	-	153.98	-	100	-	7	-
Business & Hustler Opportunities	614.12	1,634	87.85	-	87.85	-	100	-	14	-
Inclusivity, Public Participation, & Citizen Engagement	232.39	120	20.35	-	20.35	-	100	-	9	-
Nairobi Revenue Authority	226.99	-	0.75	-	0.75	-	100	-	0	-
County Assembly	1,925.11	1,635	169.86	-	169.86	-	100	-	9	-
Liquor Licensing Board	294	57	-	-	-	-	-	-	-	-
Total	**29,304.73**	**14,259.54**	**2,853.28**	**-**	**2,824.23**	**-**	**99**	**-**	**10**	**-**

***Source**: Nairobi City County Treasury*

Analysis of expenditure by departments shows that the county did not report any development expenditure. The Department of Ward Development Programmes, and Liquor Licensing Board did not report any expenditure.

3.30.13 Budget Execution by Programmes and Sub-Programmes

Table 3.201 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.201: Nairobi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Delivery Unit	Approved Budget		Actuals Payments		% Absorption	
			Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
0718005310 General Administrative Services	0701010 SP.1.1 General Administration Planning and Support Services	5311000100 County Public Service Board	76,403,886		6,267,070		8.2	-
	Total 5311000000 COUNTY PUBLIC SERVICE BOARD	**5311000000 COUNTY PUBLIC SERVICE BOARD**	**76,403,886**	**-**	**6,267,070**	**-**	8.2	-

Programme	Sub-Programme	Delivery Unit	Approved Budget		Actuals Payments		% Absorption	
			Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
0701005310 Public Financial Management	0701015310 Assets Management Services	5314000800 Asset Management Department	213,000,000		-		-	-
	0701065310 sp1.6 Accounting Services	5314000200 Accounting Department	97,109,248	20,000,000	-		-	-
	0701105310 Sp10 Debt Management Services	5314001200 Debt Management	684,000,000	-	-		-	-
	0701085310 sp1.8 Resource Mobilization	5314000400 Revenue Department	225,000,000	100,000,000	-		-	-
	0718085310 Sp8 Supply Chain Management	5314000600 Procurement	153,034,372		19,558,770		12.8	-
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	5314000100 Headquarters	1,652,273,558		198,384,980		12.0	-
0731005310 P31: Economic Policy, Formulation and Budget Management	0731015310 Sp31:1 Economic Planning Formulation and Management	5314000700 Economic Planning Department	134,000,000		-		-	-
	0731025310 Sp31:2 Budget Formulation Coordination and mgt	5314000300 Budget & Expenditure Department;	125,000,000		-		-	-
		5314001100 County Budget & Economic Forum	10,000,000		-		-	-
	Total 5314000000 FINANCE & ECONOMIC PLANNING	**5314000000 FINANCE & ECONOMIC PLANNING**	**3,293,417,178**	**120,000,000**	**217,943,750**	-	6.6	-
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	5320000400 PSM Administration	413,211,203		25,263,650		6.1	-
0729005310 P29:Public Service Transformation	0729015310 Sp 29.1 Human Resource Management	5320000200 Human Resource Management (HRM)	1,598,498,578		-		-	-
	0729025310 Sp 29.2 Human Resource Development	5320000300 Human Resource Development (HRD)	16,645,300		-		-	-
		5320000800 Kenya Devolution Support Programme	37,500,000		-		-	-
	Total 5320000000 PUBLIC SERVICE MANAGEMENT	**5320000000 PUBLIC SERVICE MANAGEMENT**	**2,065,855,081**	-	**25,263,650**	-	1.2	-
0106005310 P.6 General Administration Planning and Support Services	0106015310 Sp 6.1 Administration, Planning & Support Services	5321000100 Headquarters	148,496,420		19,254,170		13.0	-
		5321000900 Agriculture Committees	162,462		-		-	-
0119005310 P.19 Urban Agriculture Promotion & Regulation	0119015310 Sp 19.1 Crop Development and Management	5321000200 Agriculture Department	22,665,393	20,000,000	-		-	-
		5321000800 Agricultural Development Support Project	4,061,559		-		-	-
	0119025310 Sp 19.2 Fisheries Development and Management	5321000500 Fisheries Department	1,502,779		-		-	-
	0119035310 Sp 19.3 Livestock Resources Management and Development	5321000300 Livestock Production Department	1,543,395	20,000,000	-		-	-
0116005310 P.10:- Animal Health, Safety and Quality Assurance	0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	5321000400 Veterinary Services Department	1,990,168	16,754,496	-		-	-
0117005310 P.11:Aforestation	0117015310 sp 11.1 Forestry Services	5321000700 Forestry Department	6,934,160		-		-	-

Programme	Sub-Programme	Delivery Unit	Approved Budget		Actuals Payments		% Absorption	
			Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
0118005310 P.18:- Food Systems and Surveillance	0118015310 Sp.18.1: Food Systems and Surveillance Services	5321000600 Food Systems	1,462,158	14,000,000	-		-	-
	Total 5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	**5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY**	**188,818,494**	**70,754,496**	**19,254,170**	-	10.2	-
0730005310 P30:Legislation, Oversight and Representation	0730015310 Sp 30.1 Legislation and Representation	5322000100 Office Of The Speaker	6,271,200	-	420,800		6.7	-
	0730025310 Sp 30.2 Oversight	5322000200 County Legislature	829,181,198	-	88,147,887		10.6	-
	0730035310 Sp 30.3 General Administration and Support Services	5322000300 Committee Services	262,929,500	-	11,521,600		4.4	-
		5322000400 County Assembly Service Board	28,866,280	-	1,273,800		4.4	-
		5322000500 Office Of The Clerk	797,863,658	1,635,000,000	68,497,885		8.6	-
		5322000000 COUNTY ASSEMBLY	**1,925,111,836**	**1,635,000,000**	**169,861,972**	-	8.8	-
1001005310 P1 General Administration & Support Services	1001015310 Sp1 General Administration & Support	5323000100 Headquarters	1,789,925,265		264,155,920		14.8	-
1002005310 P2 Environment Management and Protection.	1002045310 sp 2.4 Beautification, Recreation and Greening Services	5323000200 Parks & Open Spaces Section	15,230,848		-		-	-
	1002035310 sp 2.3 Solid waste management	5323000300 Solid Waste Management Section	1,580,430,946	400,000,000	-		-	-
	1002055310 sp 2.5 Environment Planning Management Services	5323000400 Environmental Monitoring Compliance & Enforcement	2,030,780		-		-	-
	1004055310 sp 4.5 Energy & Natural resources	5323000500 Energy & Natural resources department	17,870,862	141,460,000	-		-	-
1004005310 P4 Water Resources Management	1002055310 sp 2.5 Environment Planning Management	5323000800 Climate change and air quality	6,498,495		-		-	-
		5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	**3,411,987,196**	**541,460,000**	**264,155,920**	-	7.7	-
0214005310 P8:Ward Development	0214015310 sp 8.1 Ward Development & Administration	5325000200 Ward Development Programmes	80,000,000	2,155,000,000	-		-	-
		5325000000 WARD DEVELOPMENT PROGRAMMES	**80,000,000**	**2,155,000,000**	-	-	-	-
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	5326000100 Emergency Fund	100,000,000		-		-	-
		5326000000 EMERGENCY FUND	**100,000,000**	-	-	-	-	-
0313005310 P.13 Licensing and Fair Trade Practices	0313015310 sp 13.1 Liquor Licensing & Regulation	5327000200 Liquor Board and Sub-Committees	294,000,000	57,000,000	61,762,607		21.0	-

Programme	Sub-Programme	Delivery Unit	Approved Budget		Actuals Payments		% Absorption	
			Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
		5327000000 LIQUOR LICENSING BOARD	**294,000,000**	**57,000,000**	**61,762,607**	-	21.0	-
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support ServiceS	5329000100 Office Of County Secretary Headquarters	253,708,318	185,000,000	45,328,260		17.9	-
		5329000200 Records Management	4,900,678	20,000,000	-		-	-
		5329000300 Research Policy & Development	2,131,099	-	-		-	-
0723005310 P 23 Performance Management and Public Service Delivery	0723015310 sp 23.1 Performance Contracting management	5329000500 Reforms and Performance Contracting	5,451,669	-	-		-	-
		5329000600 Monitoring & Evaluation	3,320,894	-	-		-	-
0732005310 P32 Coordination of executive services	0732015310 Sp 32.1 Executive Office Management Services	5329000400 County Executive	173,702,210	-	22,358,570		12.9	-
		5329000700 Executive Management Office	60,923,391	-	-		-	-
		5329000800 Executive Communication	8,123,119	-	-		-	-
	0732025310 Sp 32.2 Intergovernmental Relation services	5329000900 Inter-Governmental Relations Headquarters	8,529,277	-	-		-	-
	0732035310 Sp 32.3 Donor Coordination Services	5329001000 Donor Coordination and Stakeholders Engagement	31,680,163	-	-		-	-
0733005310 P33 Coordination of boroughs and devolved units	0733015310 Sp33.1 Boroughs, Sub County Administration & coordination of devolve	5329001100 Boroughs, Sub County Administration	574,954,189	387,000,000	79,084,650		13.8	-
0724005310 P 24 Security and Safety Management	0724055310 Inspectorate	5329001300 Security and Compliance Headquarters	2,253,192,578	35,000,000	303,206,110		13.5	-
	0724015310 sp 24.1 investigative Services	5329001600 Investigation Department	50,018,859	-	6,219,090		12.4	-
0726005310 P.26 Disaster Management & Coordination	0726025310 General Administrative Services	5329001700 Disaster Mgt & Coordination Headquarters	325,075,284	-	36,910,430		11.4	-
	0726035310 P.26.3 Fire fighting and rescue services	**5329001800 Fire fighting and Rescue**	110,796,300	120,000,000	-		-	-
	0726055310 P.25.5 Ambulance Services	5329001900 Ambulance Services	9,922,415	-	-		-	-
	0726045310 P.26.4 Disaster Risk Reduction	5329002000 Disaster Risk Reduction	31,252,645	15,000,000	-		-	-
0734005310 P34 Internal Audit	0734015310 Sp34.1 Audit Services	5329002100 Audit	66,573,812	10,000,000	7,009,740		10.5	-
	5329000000 BOROUGHS AND PUBLIC ADMINISTRATION	**5329000000 BOROUGHS AND PUBLIC ADMINISTRATION**	**3,974,256,900**	**772,000,000**	**500,116,850**	-	12.6	-
0725005310 P 25 management of legal affairs	0725015310 sp 25.1 legal services	5330000100 Legal Affairs	253,746,650	15,000,000	13,320,940		5.2	-
	5330000000 COUNTY ATTORNEY	**5330000000 COUNTY ATTORNEY**	**253,746,650**	**15,000,000**	**13,320,940**	-	5.2	-

Programme	Sub-Programme	Delivery Unit	Approved Budget		Actuals Payments		% Absorption	
			Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
0215005310 P15 General Administration Planning and Support Services	0215015310 Sp1 General Administration, Planning And Support Services	5331000100 ICT Headquarters	99,537,984		13,684,500		13.7	-
0217005310 P17 Digital Economy and Start-Ups	0217015310 SP17.1 Digital Economy	5331000200 Digital Economy	3,218,468		-		-	-
	0217025310 SP17.2 E-Learning	5331000300 E-Learning Headquarters	4,249,248		-		-	-
	0217035310 SP17.3 Startups	5331000400 Startups	6,341,587		-		-	-
0218005310 P18 Smart Nairobi	0218015310 SP18.1 Smart Nairobi	5331000500 Smart Nairobi	13,809,302	263,974,624	-		-	-
0314005310 P14: ICT Infrastructure Connectivity	0314015310 Sp1 ICT Infrastructure Connectivity	5331000600 Information Security Headquarters	2,640,014		-		-	-
	0314025310 Sp14.1 Information Security	5331000700 Infrastructure	61,575,446		-		-	-
	5331000000 INNOVATION AND DIGITAL ECONOMY	**5331000000 INNOVATION AND DIGITAL ECONOMY**	**191,372,049**	**263,974,624**	**13,684,500**	-	7.2	-
0405005310 P5 Public Health	0405015310 Sp5.1 HIV/AIDS Prevention & Control Unit	5332000100 HIV/ AIDS prevention and control unit	1,624,625	-	-		-	-
	0405025310 Sp5.2 TB Control	5332000200 TB control unit	487,389	-	-		-	-
	0405035310 Sp5.3 Malaria Control & Other Communicable Diseases	5332000300 Malaria control & Other Communicable Diseases unit	2,802,477	-	-		-	-
	0405045310 Sp5.4 Environmental / Public Health	5332000400 Environmental Public Health	4,061,559	-	-		-	-
	0405055310 Sp5.5 Health Policy and Regulation	5332000500 Health Policy and Regulations	4,061,559	40,000,000	-		-	-
	0404105310 Sp 4.10 Coroner Services Unit	5332000600 Coroner Services	6,092,339	65,000,000	-		-	-
	0405075310 Sp5.7 Nairobi County Public Health Emergency Response	5332000700 Nairobi County Public Health Emergency Response	2,396,320	-	-		-	-
0406005310 P6 Health Facilities	0406015310 Sp6.1 County Referral Hospitals	5332000800 Mbagathi District Hospital	5,203,078	182,242,958	-		-	-
		5332000900 Pumwani Maternity Hospital	7,003,078	32,859,175	-		-	-
		5332001000 Mama Lucy Hospital	6,203,078	194,100,000	-		-	-
		5332001100 Mama Margaret Uhuru Kenyatta Hospital	5,284,309	262,165,646	-		-	-
		5332001200 Mutuini Hospital	2,403,078	239,839,281	-		-	-
		5332001300 Other Level 4 Hospitals		81,446,000			-	-
	0406025310 Sp6.2 Health planning and financing	5332001400 Health planning and financing	12,619,977	187,979,500	-		-	-
	0406035310 Sp6.3 Health Centres & Dispensaries	5332001500 Health centers & dispensaries	60,027,723	699,771,941	-		-	-

Programme	Sub-Programme	Delivery Unit	Approved Budget		Actuals Payments		% Absorption	
			Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
	0406045310 Sp6.4 Pumwani School of Nursing	5332001600 Pumwani Nursing School	812,312	52,482,836	-		-	-
	0406055310 Sp6.5 Health Commodities	5332001700 Health Commodities	25,000,000	-	-		-	-
0407005310 P7 medical services	0407015310 Sp7.1 Primary Health Care	5332001900 Primary Health Care	34,684,837	-	-		-	-
	0407025310 Sp7.2 Nairobi Medical Insurance	5332002000 Nairobi Medical Insurance			-		-	-
	0407035310 Sp7.3 Reproductive Health & Maternal Health (RMNCAH)	5332002100 Reproductive Health, Maternal Health (RMNCAH)	28,645,296	-	-		-	-
	0407045310 Sp7.4 Clinical Services	5332002200 Clinical Services	111,055,832	-	-		-	-
		5332002300 Non-communicable diseases	27,481,661	-	-		-	-
	0407055310 Sp7.5 Research, Quality assurance & standards unit	5332002400 Health Research	1,624,624	-	-		-	-
0408005310 P8 Wellness and Nutrition	0408015310 Sp8.1 Nutrition	5332002500 Nutrition Program Promotion	4,873,873	-	-		-	-
	0408025310 Sp8.2 Wellness	5332002600 Wellness	4,061,560	-	-		-	-
	0408015310 Sp8.1 Nutrition	5332002700 School Feeding	808,082,502	-	-		-	-
0404005310 General administration, planning and support services	0404015310 Sp4.1 Administration/Human Resource for Health	5332002800 Health, Wellness & Nutrition Headquarters	7,009,051,798		1,105,442,101		15.8	-
		5332000000 HEALTH WELLNESS & NUTRITION	**8,175,644,884**	**2,037,887,337**	**1,105,442,101**	-	13.5	-
0718005310 General Administrative Services	0106015310 Sp 6.1 Administration, Planning & Support Services	5333000100 Built Environment and Planning Headquarters	351,619,698		57,330,600		16.3	-
0121005310 P21 Urban Development & Planning	0121015310 Sp21.1 Urban Planning Compliance & Enforcement Services	5333000200 Urban Planning Compliance & Enforcement	10,153,899		-		-	-
0122005310 P22 Land Management and Property Management	0122015310 Sp22.1 Land Survey, GIS and Mapping Services	5333000500 Land Survey, GIS and Mapping	90,153,900	217,000,000	-		-	-
		5333000600 Valuation and Property Management	50,000,000	-	-		-	-
0123005310 P23 Housing Development and Building Services	0102045310 SP4 Urban Renewal 580,000,000; 0123015310 Sp23.1 Housing and Urban Renewal Services 20,000,000	5333000700 Urban Renewal and Housing Hq	8,448,045	865,000,000	-		-	-
	0123025310 Sp23.2 Building services	5333000900 Building Services Department	1,705,855		-		-	-
		5333000000 BUILT ENVIRONMENT & URBAN PLANNING	**512,081,397**	**1,082,000,000**	**57,330,600**	-	11.2	-

Programme	Sub-Programme	Delivery Unit	Approved Budget		Actuals Payments		% Absorption	
			Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
0216005310 P16:General Administration, Planning And Support Services	0216015310 Sp 16.1 General Administration, Planning And Support Services	5334000100 Mobility and Works Headquarters	1,167,595,976		94,387,253		8.1	-
0219005310 P19 Works	0219015310 Sp19.1 Road and stormwater drainage	5334000200 Roads	5,564,336	1,449,946,768	-		-	-
	0219035310 Sp19.3 Electrical engineering services	5334000300 Electrical	4,061,559	100,000,000	-		-	-
	0219045310 Sp19.4 Building works services	5334000400 Building Works	3,801,619	8,000,000	-		-	-
0220005310 P20 Mobility	0220015310 Sp20.1 Transportation	5334000500 Transport	395,127,604	488,735,000	74,268,300		18.8	-
	0220025310 Sp20.2 Traffic Management Services							
	0220035310 Sp20.3 Mechanical Engineering Services (Automotive section)	5334000600 Garage/ Transportation	1,015,390	134,350,000	-		-	-
		5334000000 MOBILITY AND WORKS	**1,577,166,484**	**2,181,031,768**	**168,655,553**	-	10.7	-
0508005310 General administration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	5335000100 Education Headquarters	1,781,860,965		126,498,530		7.1	-
0509005310 P9 Education services	0509025310 sp 9.2 Early Childhood Development Centres	5335000200 Early Childhood Development Centers	100,000,000	510,000,000	-		-	-
	0509035310 sp 9.3 Technical and Vocational Training	5335000300 Vocational Training	1,507,931	58,933,024	-		-	-
0902005310 2.1 Social Services	0902015310 General Administration & Support Services	5335000500 Social Services Headquarters	177,649,294		25,510,130		14.4	-
		5335000900 Control of Drugs and Pornography	1,303,208		-		-	-
	0902025310 Sp.2.2 Gender and Community Empowerment	5335000600 Community Development	814,504		-		-	-
	0902065310 Sp 2.6 Social welfare and care for the Aged	5335000700 Family Welfare	2,321,339		-		-	-
	0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	5335000800 Children Services	21,832,637	55,000,000	-		-	-
0903005310 P3 Youth, Talent & Sports	0903025310 Sp3.2 General Administration & Support Services	5335001000 Youth, Talent & Sport	13,515,939		1,974,360		14.6	-
	0903035310 Sp3.3 Youth Empowerment and Promotion	5335001100 Youth Affairs	2,117,714		-		-	-
	0903045310 Sp3.4 Recreational Services	5335001200 Recreation Services	1,425,384	120,000,000	-		-	-
	0903055310 Sp3.5 Development and promotion of sports	5335001300 Sports	6,304,266	825,500,000	-		-	-

Programme	Sub-Programme	Delivery Unit	Approved Budget		Actuals Payments		% Absorption	
			Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
	0903065310 Sp3.6 Promotion of Library and Information Services	5335001400 Library Services	712,692	5,000,000	-		-	-
		5335000000 TALENT SKILLS DEVT & CARE	**2,111,365,873**	**1,574,433,024**	**153,983,020**	-	7.3	-
0302005310 P2:- General Administration Planning and Support Services	5336000100 Business & Hustler Opportunities Headquarters	5336000100 Business & Hustler Opportunities Headquarters	522,944,929		87,849,100		16.8	-
0310005310 P.10 Co-operative Development and Audit Services Services	5336000201 Co-operative Development	5336000200 Co-operative Development	6,498,496		-		-	-
	5336000300 Co-operative Audit	5336000300 Co-operative Audit	4,061,560		-		-	-
0312005310 P.12 Trade Development and Market Services	5336000401 Markets Department Headquarters	5336000400 Markets Department headquarters	2,640,015	994,000,000	-		-	-
	5336000700 Trade Development Department	5336000700 Trade Development Department	42,640,013	540,000,000	-		-	-
0313005310 P.13 Licensing and Fair-Trade Practices	5336000500 Weights & Measures Services	5336000500 Weights & Measures Services	2,640,012		-		-	-
	5336000601 Trade Licensing	5336000600 Trade Licensing	2,640,015		-		-	-
	0313045310 sp 13.4 Betting & Gaming Services 25,000,000; 0316025310 P16.2 Betting & Gaming Services 29,000,000	5336000800 Micro, Small and Medium Enterprises Development	17,058,551	100,000,000	-		-	-
0316005310 P16 Business & hustler opportunities	0316015310 P16.1 Micro, Small and Medium Enterprises development	5336000900 Betting & Gaming Department	12,996,991		-		-	-
		5336000000 BUSINESS & HUSTLER OPPORTUNITIES	**614,120,582**	**1,634,000,000**	**87,849,100**	-	14.3	-
0904005310 P4 Public Participation, Citizen Engagement & Customer Service	0904015310 Sp4.1 Public Participation, Citizen Engagement & Customer Service	5337000100 Inclusivity Public Participation & Citizen Engagement Headquarters	93,709,639		20,353,632		21.7	-
		5337000200 Public Communications	10,552,133		-		-	-
		5337000300 Public Participation & Citizen Engagement	13,411,270		-		-	-
		5337000400 Customer Care Services	13,402,944		-		-	-
0905005310 P5 City Culture Arts & Tourism	0905015310 Sp5.1 City Culture Arts & Tourism	5337000800 City Culture and Art	32,226,582	100,000,000	-		-	-
		5337000900 Tourism Development	2,843,092		-		-	-
0907005310 P7 Gender and Inclusivity	0907015310 Sp7.1 Gender and Inclusivity	5337000700 Gender Mainstreaming & PLDWD	66,246,239	20,000,000	-		-	-
		5337000000 INCLUSIVITY PUBLIC PARTICIPATION,& CITIZEN ENGAGEMENT	**232,391,899**	**120,000,000**	**20,353,632**	-	8.8	-
0735005310 P35 Nairobi Revenue Authority	0735015310 Sp35.1 Nairobi Revenue Authority Services	5338000100 Nairobi Revenue Authority	226,985,199	-	750,000		0.3	-

Programme	Sub-Programme	Delivery Unit	Approved Budget		Actuals Payments		% Absorption	
			Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
		5338000000 NAIROBI REVENUE AUTHORITY	226,985,199	-	750,000	-	0.3	-
	Total Voted Expenditure	Total Voted Expenditure	29,304,725,588	14,259,541,249	2,885,995,435	-	9.8	-

***Source**: Nairobi County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Public Participation, Citizen Engagement & Customer Service in the Department of Inclusivity Public Participation,& Citizen Engagement at 21 per cent, Liquor Licensing & Regulation in the Department of Liquor Licensing Board at 21 per cent, General Administration & Support Services in the Department of Boroughs and Public Administration at 18 per cent, and Business & Hustler Opportunities Headquarters at 17 per cent of budget allocation.

3.30.14 Accounts Operated in Commercial Banks

The County Assembly operates 5 accounts with commercial banks, while the county executive did not submit a list of accounts maintained with commercial banks.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.30.15 Key Observations and Recommendations

In overseeing and reporting on the County budget's implementation, the COB identified the following challenges that hampered effective budget implementation.

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 31st October 2024.
2. Own-source revenue underperformed at Kshs.2.26 billion against an annual target of Kshs.20.06 billion, representing 11 per cent of the yearly target.
3. There was a high level of pending bills, which amounted to Kshs.121.57 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.159.41 million were processed through manual payroll, accounting for 6 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Failure to budget for the FIF. The county collected Kshs.159.41 million as FIF, which should be regularized.
6. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track *the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74*

of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.

5. *The County government should budget F.I.F as a separate revenue stream in the subsequent supplementary budget.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.31. County Government of Nakuru

3.31.1 Overview of FY 2024/25 Budget

The Nakuru county approved FY 2024/25 budget is Kshs.21.07 billion. It comprised Kshs.6.99 billion (33 per cent) and Kshs.14.08 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.2.24 billion (10 per cent) from the FY 2023/24 budget comprised of a development budget of Kshs.9.68 billion and a recurrent budget of Kshs13.63 billion. The decrease in the county government budget was attributed to a decline in the balance brought forward in the last financial year, which was Kshs.3.6 billion.

The Nakuru County Government budget will be financed from different sources of revenue. These include; Kshs.14.13 billion (67 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.83 billion as additional allocations (9 per cent), a cash balance of Kshs.1.01 billion (5 per cent) brought forward from FY 2023/24, and Kshs.4.11 billion (20 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.1.88 billion (46 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.2.23 billion (54 per cent) as ordinary own-source revenue. The additional allocations include Kshs.16.14 million for DANIDA, Kshs.37.50 million for Kenya devolution Support Programme (KDSP II), Kshs.151.52 million for World Bank National Agricultural Value Chain Development Project (NAVCDP), Kshs.234.88 million for Conditional Grant for the provision of fertiliser subsidy programme, Kshs.38.28 million for Kenya Livestock Commercialization Project (KELCOP), Kshs.35 million for Kenya Urban Support Project (KUSP) - Urban Institutional Grant, Kshs.11million for Financing Locally-Led Climate Action Program, (FLLoCA) - County Climate Institution Support (CCIS) Level I, Kshs.125 million Locally-Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant, Kshs.550 million for Kenya Informal Settlement Improvement Project II (KISIP II), Kshs.1,562 for County Allocation for 20 per cent share of mineral Royalties, Kshs.99.39 million for Community Health Promoters (CHPs) and Kshs.527.60 million for Road Maintenance Levy Fund.

3.31.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.3.85 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.2.24 billion, and its own source revenue (OSR) collection was Kshs.600.87 million. In addition, the County had a cash balance of Kshs.1.01 billion from FY 2023/24. Included in the equitable share of revenue raised nationally is Kshs. 1.09 billion for June 2024, which was disbursed in July 2024.

Analysis of the total OSR collection of Kshs.600.87 billion indicates that it included Facilities Improvement Financing (FIF) of Kshs.354.74 million and Kshs.246.14 million as ordinary OSR. Table 3.202 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.202: Nakuru County, Revenue Performance in the First Quarter of FY 2024/25

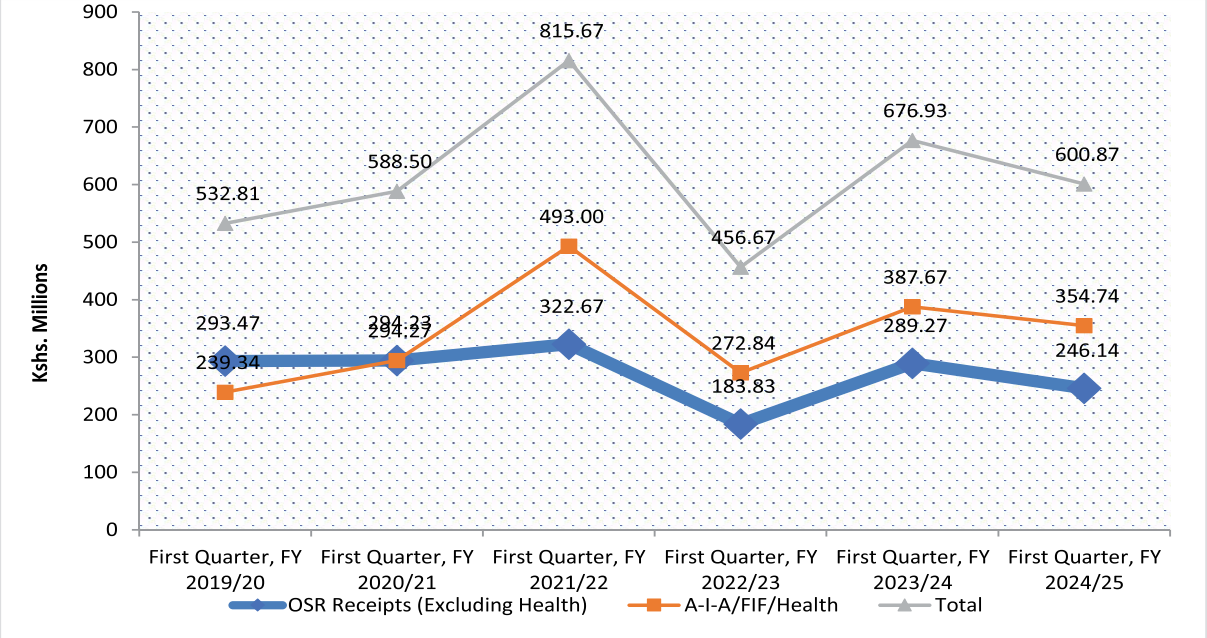
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	14,133,795,185	2,242,915,078	16
Subtotal		14,133,795,185	2,242,915,078	16

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
B	**Additional Allocations/Conditional Grants**			
	Donor Grants (DANIDA)	16,136,250	0	0
	Kenya Devolution Support Program (KDSP) II Level I	37,500,000	0	0
	World Bank National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	0	0
	Conditional Grant for the provision of fertiliser subsidy programme	234,883,209	0	0
	IFAD Conditional grant Kenya Livestock Commercialization Project (KELCOP)	38,280,000	0	0
	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Institutional Grant	35,000,000	0	0
	World Bank Grant Finance Locally-Led Climate Action Program (FLLoCA) - County Climate Institution Support (CCIS) Level I	11,000,000	0	0
	World Bank Grant Financing Locally-Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant	125,000,000	0	0
	Conditional Fund - World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)	550,000,000	0	0
	County Allocation for 20% share of mineral Royalties	1,562	0	0
	Conditional Allocation for Community Health Promoters (CHPs)	99,390,000	0	0
	Conditional Grant - Road Maintenance Levy Fund	527,595,811	0	0
Subtotal		**1,826,301,984**	**0**	**0**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	2,226,948,048	246,138,011	11
	Appropriation in Aid (A-I-A)	-	-	-
	Facility Improvement Fund (FIF)	1,880,210,000	354,736,499	19
Subtotal		**4,107,158,048**	**600,874,510**	**15**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	1,005,000,000	1,005,000,000	100
	Other Revenues (provide a list)			
Sub Total		**1,005,000,000**	**1,005,000,000**	**100**
Grand Total		**21,072,255,217**	**3,848,789,588**	**18**

Source: *Nakuru County Treasury*

Figure 120 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 120: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



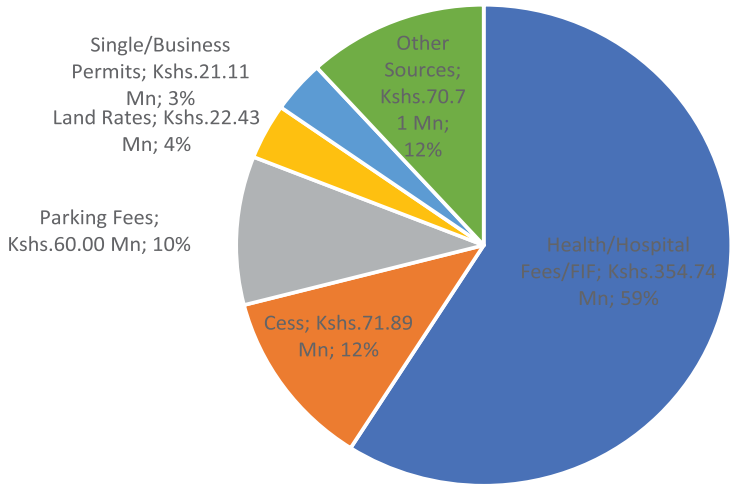
Source: *Nakuru County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.600.87 million from its revenue sources, including FIF. This amount was a decrease of 11 per cent compared to Kshs.676.93 million realised in a similar period in FY 2023/24 and was 15 per cent of the annual target and 27 per cent of the equitable revenue share disbursed. The OSR does not include revenue arrears and penalties on fees and levies from previous financial years.

The decrease in OSR can be attributed to the County's change of revenue collection strategies in the current financial year, which is meant to enhance revenue collection in the long run.

The revenue streams which contributed the highest OSR receipts are shown in Figure 121.

Figure 121: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Nakuru County Treasury*

The highest revenue stream, Kshs.71.89 million, was from Cess, contributing 12 per cent of the total OSR receipts during the reporting period.

3.31.3 Borrowing by the County

The County Government did not have any borrowings during the review period.

3.31.4 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs. 2.58 billion from the CRF account comprised Kshs.274.30 million (11 per cent) for development programmes and Kshs.2.30 billion (89 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.1.72 billion was released towards employee compensation and Kshs.588.19 million for operations and maintenance expenditure.

As of 30th September 2024, the County Government's cash balance in the CRF account was Kshs.2.36 billion.

3.31.5 County Expenditure Review

The County spent Kshs.2.13 billion on development and recurrent programmes in the reporting period. This expenditure represented 82 per cent of the total funds released by the CoB and comprised Kshs. 31.29 million and Kshs.2.09 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.4 per cent, while recurrent expenditures represented 15 per cent of the annual recurrent expenditure budget.

3.31.6 Settlement of Pending Bills

The County reported pending bills as of 30th September 2024, amounting to Kshs 1.50 billion, comprising pending payments by the County Executive of Kshs.1.44 billion and Kshs.59.20 million for the County Assembly.

The County Executive's pending bills consist of Kshs.1.27 billion for recurrent expenditures and Kshs.169.51 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.197.86 million, which were entirely for recurrent expenditure, while the County Assembly did not pay any pending bills. The outstanding pending bills included Kshs.104.57 million incurred in the review period.

3.31.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.1.59 billion on employee compensation, Kshs.354.10 million on operations and maintenance, and Kshs.71.29 million on development activities. Similarly, the County Assembly spent Kshs.126.38 million on employee compensation, Kshs.25.19 million on operations and maintenance, and there was no expenditure on development activities, as shown in Table 3.203.

Table 3.203: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**12,845,057,576**	**1,235,221,758**	**1,943,142,237**	**151,570,229**	**15**	**12**
Compensation to Employees	7,648,144,063	490,222,063	1,589,041,344	126,382,748	21	26
Operations and Maintenance	5,196,913,513	744,999,695	354,100,893	25,187,481	7	3
Development Expenditure	6,806,975,883	185,000,000	71,291,272	-	1	0
Total	**19,652,033,459**	**1,420,221,758**	**2,014,433,509**	**151,570,229**	**10**	**11**

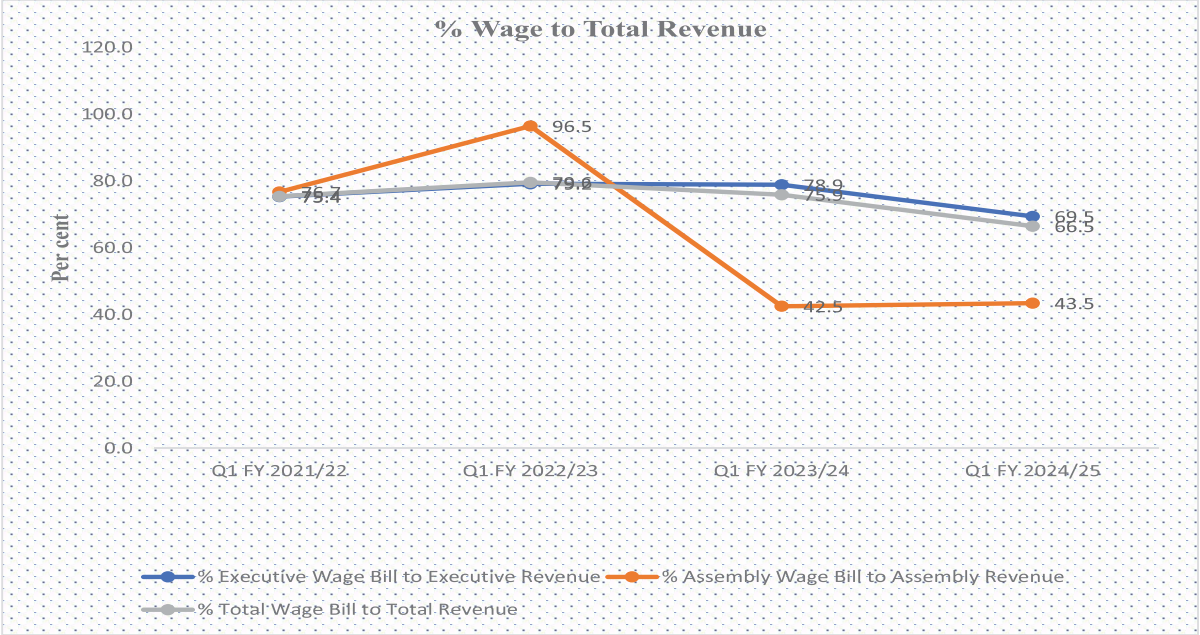
***Source**: Nakuru County Treasury*

3.31.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.72 billion, or 67 per cent of the available revenue of Kshs.2.58 billion. This expenditure represented a decrease from Kshs.1.79 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.996.98 billion paid to the health sector employees, translating to 58 per cent of the total wage bill.

Figure 122 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 122: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2021/22 to the First Quarter of FY 2024/25



***Source**: Nakuru County Treasury*

Further analysis indicates that PE costs amounting to Kshs.1.58 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.135.18 million was processed through manual payrolls. The manual payrolls accounted for 7.9 per cent of the total PE cost.

The County Assembly spent Kshs.12.83 million on committee sitting allowances for the 74 MCAs against the annual budget allocation of Kshs.53 million. The average monthly sitting allowance was Kshs.57,795.50 per MCA. The County Assembly had 23 House Committees.

3.31.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.483.71 million to county-established funds in FY 2024/25, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (0.3 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.204 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.204: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Emergency Fund	70,000,000	-	-	-	Yes
	Nakuru County Persons Living with Disability Fund	27,500,000	-	-	-	Yes
	Bursary Fund	183,000,000	-	7,191,985	-	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	Nakuru County Executive Car and Mortgage Loan	52,500,000	-	-	-	Yes
	Nakuru County Enterprise Fund	50,000,000	-	-	-	Yes
	Nakuru County Climate Change Fund	100,707,177	-			Yes
	County Assembly Established Funds					
	Nakuru County Assembly MCA Car and Mortgage Loan	-	-	13,499,178	-	Yes
	Total	**483,707,177**	**-**	**20,691,163**	**-**	

Source: *Nakuru County Treasury*

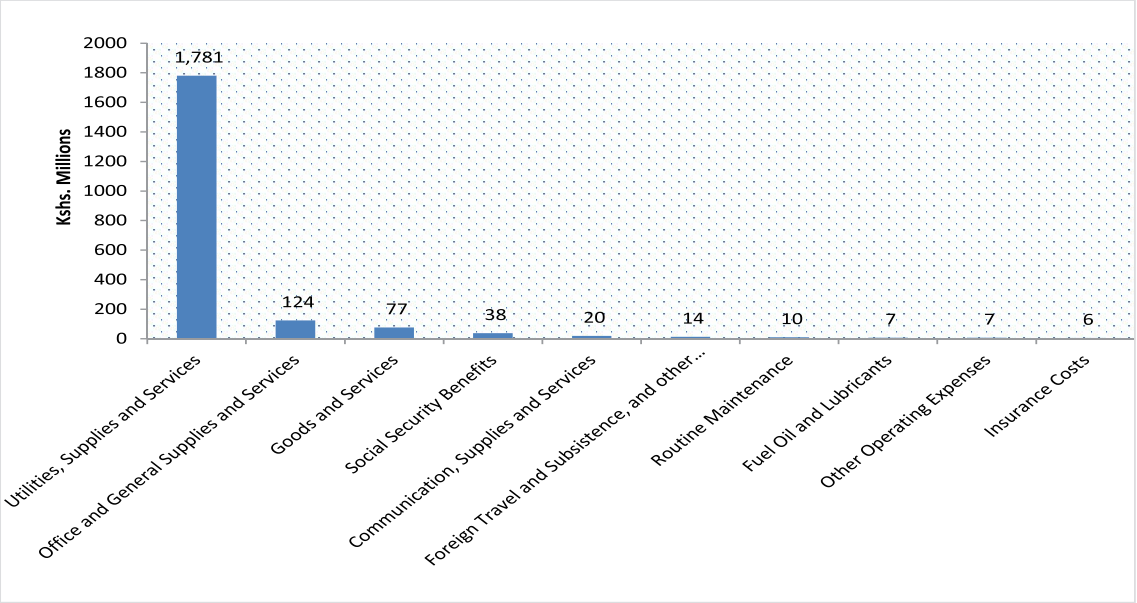
During the reporting period, the CoB received quarterly financial reports from all Fund Administrators, as indicated in Table 3.205, as stipulated in Section 168 of the PFM Act, 2012.

The County Government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.31.10 Expenditure on Operations and Maintenance

Figure 123 summarises the Operations and Maintenance expenditure by major categories.

Figure 123: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: *Nakuru County Treasury*

Expenditure on domestic travel amounted to Kshs.13.51 million and comprised Kshs.8.46 million spent by the County Assembly and Kshs.5.05 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.64 million, which the County Assembly incurred. Spending on foreign travel is summarised in Table 3.205

Table 3.205: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Nakuru	7	9th-13th September 2024	Training on Corporate Governance and Board effectiveness	London	3,564,998

Source: Nakuru County Assembly

3.31.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.354.74 million as FIF, which was 18.9 per cent of the annual target of Kshs.1.88 billion. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities did provide a report on the utilisation of the FIF during the reporting period, as per Section 18 (e) of the FIF Act, 2023.

The expenditure by the health facilities amounted to Kshs.379.39 million, as shown in the Table 3.206

Table 3.206: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Provincial General Hospital (PGH). Nakuru	990,593,242	201,121,482	20
	Naivasha District	454,039,755	80,152,570	18
	PGH Annex	95,945,806	20,635,464	22
	Njoro Sub County Hospital (SCH)	28,318,304	5,526,230	20
	Molo District	70,319,020	19,068,371	27
	Olenguruone s.c.h	17,727,718	6,353,529	36
	Mirugi Kariuki	5,579,278	1,360,390	24
	Soin s.c.h	4,338,249	1,075,563	25
	Subukia s.c.h	20,521,350	3,819,260	19
	Gilgil Hospital	77,879,013	13,988,990	18
	Kabazi s.c.h	4,301,670	730,871	17
	Keringet s.c.h	7,523,750	2,040,473	27
	Elburgon district	19,847,540	5,611,139	28
	Bondeni maternity	12,241,904	4,424,824	36
	Langa Langa	10,911,498	3,005,000	28
	Bahati hospital	60,121,903	10,476,002	17
	TOTAL	**1,880,210,000**	**379,390,158**	**20**

Source: *Nakuru County Treasury*

Bondeni Maternity and Olenguruone Sub-County Hospital had the highest absorption rates, each with a 36 per cent absorption rate.

3.31.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.31.29 million on development programmes, representing an increase of 138.9 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.13.10 million. Table 3.207 summarises the development projects with the highest expenditures in the reporting period.

Table 3.207: Nakuru County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Treasury	Kenya Devolution Support Programme Level II	County Headquarters	120,374,189	19,136,582	56
2	Health Services	Purchase of medical and dental equipment (FIF)	County Headquarters	190,000,000	10,937,530	6
3	Health Services	Rehabilitation of Buildings - (FIF)	County Headquarters	45,000,000	1,217,160	3

Source: *Nakuru County Treasury*

3.31.13 Budget Performance by Department

Table 3.209 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.208: Nakuru County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1235.22	185	286.50	4.19	151.57	0	52.9	-	12	-
Office of the Governor and Deputy Governor	379.92	48.97	40.95	0	39.85	0	97.3	-	11	-
County Treasury	1555.67	788.15	172.99	96	132.40	19.14	76.5	19.9	9	2
County Public Service Board	85.39	5	9.94	0	9.29	0	93.5	-	11	-
Health Services	6913.25	895.96	1,117.35	5	1,262.24	12.15	113.0	243.1	18	1
Infrastructure	285.18	1529.26	98.55	0	25.70	0	26.1	-	9	-
Naivasha Municipality	45.23	63	1.54	0	1.38	0	89.8	-	3	-
Office of the County Attorney	62.51	3	5.65	0	4.76	0	84.3	-	8	-
Nakuru City	84.88	59.50	5.60	0	5.18	0	92.5	-	6	-
Trade, Industry, Marketing and Tourism	240.74	198.11	26.40	0	18.44	0	69.9	-	8	-
Agriculture, Livestock and Fisheries	484.59	698.12	96.95	0	76.60	0	79.0	-	16	-
Lands, Physical Planning and Housing	187.81	736.28	28.12	75	21.04	0	74.8	-	11	-
Water, Environment, Energy and Natural Resources	311.59	834.03	58.81	94.11	51.78	0	88.0	-	17	-
Public Service, Training and Devolution	800.66	84.58	176.55	0	143.56	0	81.3	-	18	-
Education, Vocational training, ICT and E-Government	1116.54	569.55	151.40	0	125.76	0	83.1	-	11	-
Youth, Culture, Gender, Sports and Social Services.	242.04	218.48	26.94	0	25.15	0	93.3	-	10	-
Gilgil Municipality	25.26	40	0	0	0	40	-	-	-	100
Molo Municipality	23.77	35	0	0	0	0	-	-	-	-
TOTAL	**14080.28**	**6991.98**	**2,304.25**	**274.30**	**2,094.71**	**71.29**	**90.9**	**26.0**	**15**	**1**

Source: *Nakuru County Treasury*

Analysis of expenditures by departments shows that Gilgil Municipality recorded the highest absorption rate of the development budget, 100 per cent, followed by the County Treasury, which recorded 2 per cent. The Department of Health Services had the highest percentage of recurrent expenditures to budget, 18.3 per cent, while Gilgil and Molo Municipalities did not record any recurrent expenditures.

It is noted that the Department of Health Services had expenditures above the exchequer due to FIF, which is collected and spent at source as per the Act.

3.31.14 Budget Execution by Programmes and Sub-Programmes

Table 3.209 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.209: Nakuru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
DEPARTMENT OF AGRICULTURE, LIVESTOCK AND FISHERIES							
Programme 1: Administration, planning and support services	SP 1.1: Administration planning and support services	29,883,621	152,835,721	420,406.70	0	1	0
	SP 1.2: Human Resource	391,341,414	0	76,181,342.90	0	19	
Programme 2: Livestock resource management and development	SP 2.1: Livestock production and management	40,714,667	900,037	0	0	0	0
	SP 2.2: Promotion of value addition of livestock and livestock products	0	0	0	0		
	SP 2.3: Livestock extension service delivery	0	24,002,611	0	0		0
	SP 2.4: Food safety and livestock products development	0	8,110,067	0	0		0
	SP 2.5: livestock diseases management and control	0	13,377,352	0	0		0
Programme 3; Fisheries development	SP 3.1: Aquaculture development	0	0	0	0		
	SP 3.2: development of capture fisheries resources	0	0	0	0		
	SP 3.3 Fish quality assurance value addition and marketing	5,081,390	0	0	0	0	
Programme 4: Crop development and management	SP 4.1 Agriculture extension research and training		2,437,402	0	0		0
	SP 4.2 crop production and food security	17,572,537	493,567,379	0	0	0	0
	SP 4.3 farmland utilisation, conservation and mechanisation	0	0	0	0		
	SP 4.4 Agribusiness development and marketing	0	1,462,441	0	0		0
	SP 4.5 Agri-Nutrition	0	1,431,138	0	0		0
	Sub Total	**484,593,629**	**698124148**	**76,601,749**	**0**	**16**	**0**
NAIVASHA MUNICIPALITY							
Programme 1: Administration and planning and support services	SP 1.1 Administration and Planning	16,099,243	0	0		0	
	SP 1.2; personnel services	14,072,662	0	1,383,241.37		10	
	SP 1.3 financial services	0	0	0	0		

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 2; Naivasha municipal services	SP 2.1 planning and infrastructure	0	36,000,000	0	0		0
	SP 2.2 environmental management and sanitation	0	27,000,000	0	0		0
	SP 2.3 Naivasha Social Services	8,055,408	0	0	0	0	
	SP 2.4 tourism investment and trade	7,000,000	0	0	0	0	
	Sub-Total	**45,227,313**	**63,000,000**	**1,383,241.37**	**0**	**3**	**0**
PUBLIC SERVICE, DEVOLUTION, CITIZEN ENGAGEMENT, DISASTER MANAGEMENT &HUMANITARIAN ASSISTANCE							
Programme 1: Administration, planning and support service	Sub-programme 1.1(Administration service)	61,947,354	0	0	0	0	
	Sub-programme 1.2(Personal Service)	690,684,065.62	0	143,556,745.37	0	21	
	Sub-programme 1.3(Financial Service)	0	0	0	0		
	Sub-programme 1.4(Mainstream Workplace HIV/ AIDS, Alcohol & Drug Abuse Control)	1,190,011	0	0	0	0	
	Sub-programme 1.5(Rehabilitation/Construction of Sub County Offices)	0	84,577,486	0	0		0
Programme 2: human resource management and development	SP 2.1; performance contracting	11,846,067.97	0	0	0	0	
	SP 2.2 PERFORMANCE Appraisal system	11,846,067	0	0	0	0	
	SP 2.3 Staff development through capacity building and training	4,026,805.34	0	0	0	0	
Programme 3; civil education & public participation	SP 3.1 Co-ordination of public and special community programme	637,076.67	0	0	0	0	
Programme 4: Disaster management and humanitarian assistance	SP 4.1disaster management and humanitarian assistance	18,480,174.24	0	0	0	0	
	Subtotals	**800,657,621.84**	**84,577,486**	**143,556,745.37**	**0**	18	0
DEPARTMENT OF EDUCATION, VOCATIONAL TRAINING, ICT AND E-GOVERNMENT							
Programme 1: Administration, planning and support service	SP 1.1 administration and support service	48,357,875	418,812,658	197,864.05	0	0	0
	SP 1.2 Personnel service	643,746,121	0	125,560,958.60	0	20	
	SP 1.3 financial services	0	0	0	0		
Programme 2: Promotion of early childhood education and development	SP 2.1 Promotion of Early Childhood	134,712,335	0	0	0	0	
	SP 2.2 Bursaries	183,000,000	0	0	0	0	
	SP 2.3Education development	0	66,450,251	0	0		0
Programme 3: Vocational training	SP 3.1 Vocational training	83,922,834	0	0	0	0	
	SP 3.2 Vocational Training Infrastructure Development	0	81,289,894	0	0		0

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 4 Information and communication	SP 4.1 Public communication and media services	9,631,665	3,000,000	0	0	0	0
Programme 5 ICT Infrastructure Development and E-government services	SP 5.1 Network Infrastructure	13,169,794	0	0	0	0	
	5.2 Hardware and software platforms	0	0	0	0		
	5.3 E-government services	0	0	0	0		
	Sub-Total	**1,116,540,624**	**569,552,803**	**125,758,822.65**	**0**	**11**	**0**
COUNTY TREASURY							
Programme 1: Administration, planning and support services	SP 1.1 Administration services	750,697,888	458,529,634	0	0	0	0
	SP 1.2 Personnel services	552,193,677	0	132,399,270	0	24	
	SP 1.3 financial services	0	0	0	0		
Programme 2: Public Finance Management	SP 2.1 Budget formulation co-ordination and management	105,918,535	0	0	0	0	
	SP 2.2Resources mobilization	53,599,403.77	15,600,000	0	0	0	0
	SP 2.3 internal audit	15,432,885	0	0	0	0	
	SP 2.4 procurement	12,790,171.97	0	0	0	0	
	SP 2.5 public finance and accounting	14,991,459	0	0	0	0	
	SP 2.6 Debt management	4,243,493.76	280,000,000	0	0	0	0
	SP 2.7 external resources mobilisation	10,235,000	0	0	0	0	
Programme 3: Economic and financial policy formulation and management	SP 3.1 Fiscal planning	30,383,188.42	0	0	0	0	
	SP 3.2 monitoring and evaluation /statistical data management	5,187,600	0	0	0	0	
	SP 3.3 KDSP programme	0	34,017,547		#########		56
	Sub-Total	**1,555,672,303.06**	**788,147,181.12**	**132,399,270**	**#########**	**9**	**2**
NAKURU CITY							
Programme 1	SP 1.1 Administration and Support Services	33,832,848	0	0	0	0	
	SP 1.2 personnel services	33,209,943	0	5,183,750.25	0	16	
	SP 1.3 financial services	600,000	0	0	0	0	
Programme 2	SP 2.1 Infrastructure development and urban	0	59,500,000	0	0		0
	SP 2.2 Nakuru City Environments Management	824,495	0	0	0	0	
	SP 2.3 Trade markets and investments	7,000,000	0	0	0	0	
	SP 2.4 Nakuru City Social Services	9,416,848	0	0	0	0	
	Sub-Total	**84,884,134**	**59,500,000**	**5,183,750**	**0**	**6**	**0**

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
DEPARTMENT OF YOUTH, CULTURE, GENDER, SPORTS AND SOCIAL SERVICES							
Programme 1: Administration, planning and support services	SP 1.1 Administration and Support Services	20,022,713	153,653,524	0	0	0	0
	SP 1.2 Personnel services	120,930,458		25,149,472.75	0	21	
	SP 1.3 Financial services	0	0	0	0		
Programme 2 Development of social-cultural diversity, economic empowerment and responsible gaming	SP 2.1; Gender Equality and Empowerment	5,320,000	0	0	0	0	
	SP 2.2 Social Inclusion and Empowerment	38,902,800	0	0	0	0	
Programme 3 Management and development of sports, recreation and sports facilities	SP 3.1 Development and Management of Sports Infrastructure	0	58,823,107	0	0		0
	SP 3.2 Promotion of Sports Development and Recreation	49,880,000	0	0	0	0	
Programme 4: Youth empowerment and participation	SP 4.1 youth empowerment and participation	6,988,194	6,000,000	0	0	0	0
	Sub-Total	**242,044,164.81**	**218,476,631**	**25,149,472.75**	**0**	**10**	**0**
DEPARTMENT OF WATER, ENVIRONMENT,CLIMATE, ENERGY &NATURAL RESOURCES							
Programme 1 Administration	SP 1.1 Administration services	25,307,898	0	0	0	0	
	SP 1.2 Human resources	247,900,174	0	51,692,104.95	0	21	
	SP 1.3 Finance services	500,000	0	0	0	0	
Programme 2 water and sewage management	SP 2.1 Provision of water	3,455,000	603,320,148	0	0	0	0
	SP 2.2 sewerage	625,000	0	0	0	0	
Programme 3:Environment management	SP 3.1 Pollution control	0	0	0	0		
	SP 3.2 Solid Waste Management	4,177,500	0	0	0	0	
	SP 3.3 regulation	1,000,000	0	0	0	0	
	SP 3.4:Natural	1,000,000	0	0	0	0	
Programme 4 County energy, planning, regulation, operation and development	SP 4.1 County Energy Development	5,000,000	0	0	0	0	
	SP 4.2 Climate change resilience/forestry	22,627,615	230,707,177	**0**	**0**	0	0
	Sub-Total	**311,593,187**	**834,027,325**	**51,692,104**	**0**	**17**	**0**
OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR							
Programme 1 Administration, planning and support	SP;1.1 Administration and Planning	108,072,339.40	48,965,736	4,200,000	0	4	0
	SP 1.2 Personnel services	136,718,549	0	35,654,875	0	26	
Programme 2 management of county affairs	SP 2.1 county executive services	13,477,683.52	0	0	0	0	
	SP 2.2 policy direction and co-ordination	84,609,245	0	0	0	0	
	SP 2.3 county policing services	4,685,548	0	0	0	0	
	SP 2.4 leadership and governance	3,123,698	0	0	0	0	

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 3 co-ordination and supervisory services	SP 3.1 organisation of county businesses	21,427,738	0	0	0	0	
	SP 3.2 Special programmes	7,809,246	0	0	0	0	
	Sub-Total	**379,924,046.92**	**48,965,736**	**39,854,875**	**0**	**10**	**0**
OFFICE OF THE COUNTY ATTORNEY							
Programme 1 Administration, Planning and Support services	SP 1.1 Administration	15,395,000	3,000,000	0	0	0	0
	SP 1.2 Personnel services	28,471,782	0	4,761,884.39	0	17	
	SP 1.3 financial services	600,000	0	0	0	0	
Programme 2Advisory services	SP 2.1 Advisory legal services	18,043,931	0	0	0	0	
	SP 2.2 legal matters	0	0	0	0		
	Sub-Total	**62,510,713**	**3,000,000**	**4,761,884.39**	**0**	**8**	**0**
DEPARTMENT OF INFRASTRUCTURE							
Programme 1 administration, planning and support services	SP 1.1 Administration services	25,350,000	0	0		0	
	SP 1.2 Personnel services	121,124,969	0	25,701,023	0	21	
	SP 1.3 financial services	0	0	0	0		
Programme 2 infrastructure, development and maintenance	SP 2.1 Construction, rehabilitation and maintenance of road drainage and bridges	10,382,785	1,484,705,308	0	0	0	0
	SP 2.2 Rehabilitation and maintenance of transport terminus	500,000	0	0	0	0	
	SP 2.3 Maintenance & rehabilitation of county buildings	2,120,000	1,550,000	0	0	0	0
	SP 2.4 street lighting	125,700,000	43,000,000	0	0	0	0
	Sub-Total	**285,177,754**	**1,529,255,308**	**25,701,023**	**0**	**9**	**0**
DEPARTMENT OF HEALTH SERVICES							
Programme 1 administration and planning	SP 1.1 Health information systems	21,800,000	0	0	0	0	
	SP 1.2 governance and leadership	897,735,699	0	0	0	0	
	SP 1.3 Human resource management	4,033,026,658	0	887,690,037		22	
	SP 1.4 Research and development	3,500,000	0	0	0	0	
	SP 1.5 Health infrastructure and development	9,800,000	0	0	0	0	
Programme 2 health preventive and promotive services	SP 2.1 Primary Healthcare	823,325	270,824,391	0	0	0	0
	SP 2.2 environmental health and sanitation	2,100,000	0	0	0	0	
	SP 2.3 human resource	225,039,940	0	0	0	0	
	SP 2.4 Disease surveillance and emergency response	1,000,000	0	0	0	0	
	SP 2.5 Health promotive	1,000,000	0	0	0	0	
	SP 2.6 HIV programme	2,000,000	0	0	0	0	

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	SP 2.7 Nutrition	11,500,000	12,500,000	0	0	0	0
	SP 2.8 Reproductive health	1,250,000	0	0	0	0	
	SP 2.9 immunisation	2,000,000	0	0	0	0	
Programme 3 Health curative and rehabilitative services	SP 3.1 Provision of essential health services in all	1,296,505,448	612,636,956	256,715,467	12,154,690	20	2
	SP 3.2 Elimination of communicable and non-communicable diseases	2,300,000	0	0	0	0	
	SP 3.3 Human resource	401,873,533	0	117,836,485	0	29	
	Sub-Total	**6,913,254,603**	**895,961,347**	**1,262,241,990**	**12,154,690**	**18**	**1**
DEPARTMENT OF LANDS, PHYSICAL PLANNING AND HOUSING							
Programme 1: Administration, Planning, Management and Support Services	SP 1.1: Administration and Financial Services	106,622,491	0	18,969,930	0	18	
	Sp.1.2: use of goods	81,189,189	0	0	0	0	
Programme 2 Urban Development	SP 2.1: Development of urban infrastructure	0	550,000,000	0	0		0
	Sp 2.2: Urban Institution Framework	0	6,565,986	0	0		0
Programme 3: Land Use	SP 3.1: Land use	0	169,116,821	0	0		0
	SP 3.2: Survey		10,600,000	0	0		0
	Sub Total	**187,811,680**	**736,282,807**	**18,969,930**	**0**	**10**	**0**
DEPARTMENT OF TRADE, INDUSTRY, MARKETING AND TOURISM							
Programme 1 Administration planning	SP 1.1 Administration Services	20,987,370	0	0	0	0	
	SP 1.2 Personnel services	113,006,792	0	18,440,133	0	16	
Programme 2 cooperatives	SP 2.1: Management of Marketing Cooperatives	0	0	0	0		
	SP 2.2 Sacco Empowerment	25,000,000	0	0	0	0	
	SP 2.3 Cooperatives Leadership and Governance	12,270,000	0	0	0	0	
	SP 2.4 management of housing and investment cooperatives	500,000	0	0	0	0	
Programme 3: Commerce and Enterprise	SP 3.1 Business development services for SMEs	34,120,000	0	0	0	0	
	SP 3.6 consumer protection	3,600,000	0	0	0	0	
	SP 3.7 Establishment of the industrial park	0	0	0	0		
Programme 4 market	SP 4.1 Market rehabilitation & development	0	198,105,111	0	0		0
	SP 4.3 Market users' delivery services	4,830,000	0	0	0	0	
Programme 5 Tourism	SP 5.1 Promotion of local tourism	6,940,000	0	0	0	0	
	SP 5.2 Management of county tourism information centre		0	0	0		
Programme 6 alcoholic drinks and Control	SP 6.1 inspection, approval and liquor licencing	4,640,000	0	0	0	0	

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	SP 6.4 Treatment and rehabilitation of persons dependent on alcoholic drinks	300,000	0	0	0	0	
	SP 6. Management of county	2,200,000	0	0	0	0	
	SP 7.1 Cultural Development Activities	7,040,000	0	0	0	0	
	SP 7.2 Promotion of Responsible Gaming	5,300,000	0	0	0	0	
Programme 7: Development of socio-cultural diversity and promotion	**Sub-Total**	**240,744,162**	**198,105,111**	**18,440,133**	**0**	8	0
COUNTY PUBLIC SERVICE BOARD							
Programme 1: Administration and Human Resource Planning	SP 1.1 Administrative Services.	**70,492,825**	**5,000,000**	**9,291,633**	**0**	13	0
	SP 1.2 Financial Services	**2,300,000**	**0**	**0**	**0**	0	
Programme 2: Human Resource Planning and Advisory Services	SP 2.1 Human Resource Planning	**10,000,000**	**0**	**0**	**0**	0	
	SP 2.2 Provision of Human Resource Advisory Services	**2,600,000**	**0**	**0**	**0**	0	
	Sub-Total	**85,392,825**	**5,000,000**	**9,291,633**	**0**	11	0
MOLO MUNICIPALITY							
Programme 1: Administration Planning and Support Services	SP 1.1: Administration and Planning	8,258,198	-	0	0	0	
Programme 2: Molo Municipal Services	S.P 2.1: Personnel Services	3,949,400	-	0	0	0	
	SP 2.2: Environmental Management			0	0		
	SP 2.3: Trade and Tourism	7,000,000	-	0	0	0	
	SP 2.4: Social Services	4,566,000	-	0	0	0	
	Sub-Total	**23,773,598**	-	**0**	**0**	**0**	
GILGIL MUNICIPALITY							
Programme 1: Administration Planning and Support Services	SP 1.1: Administration and Planning	11,845,214	0	0	0	0	
	Sp;1.2 personnel services ;	**3,260,000**	**0**	**0**	**0**	0	
Programme 2: Gilgil Municipal Services	S.P 2.1: Planning and Infrastructure Development	**0**	**40,000,000**	**0**	**0**		0
	S.P 2.2: Environmental Management	**1,000,000**		**0**	**0**	0	
	SP 2.3: Trade and Tourism	**7,000,000**		**0**	**0**	0	
	SP 2.4: Social Services	**2,150,000**		**0**	**0**	0	
	Sub-Total	**25,255,214**	**40,000,000**	**0**	**0**	**0**	**0**
COUNTY ASSEMBLY							
Programme 1: Administration	Compensation of Employees	**193,542,726**	**0**	**46,761,617**	**0**	24	
	Use of Goods and services	**374,250,000**	**0**	**1,355,342**	**0**	0	
	Transfer to Other Government entities	**0**	**0**	**0**	**0**		
	Acquisition of Assets	**185,000,000**	**0**	**0**	**0**	0	

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Develop-ment	Rec	Dev
Programme 2: Legislative Services	Compensation of Employees	**327,028,996**	**0**	**79,621,131**	**0**	24	
	Use of goods and services	**340,400,000**	**0**	**23,832,139**	**0**	7	
	Acquisition of Assets	**0**	**0**	**0**	**0**		
	Sub-Total	**1,420,221,758**	**0**	**151,570,229**	**0**	11	
Grand Total		**14,080,279,334**	**6,991,975,883**	**2,094,712,466**	**31,291,272**	**15**	**0**

***Source**: Nakuru County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were Personnel Services in the Office of the Governor and Deputy Governor at 26.1 per cent, Compensation of Employees in the County Assembly at 24.3 per cent, Compensation of Employees in the County Assembly at 24.2 per cent, and Personnel services in the County Treasury at 24 per cent of budget allocation.

3.31.15 Accounts Operated in Commercial Banks

The County government operated 301 accounts with commercial banks, of which 195 were for County Hospitals and 70 for Vocational Training Centres.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.31.16 Key Observations and Recommendations

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

1. Own-source revenue underperformed at Kshs.600.87 million against an annual target of Kshs.4.11 billion, representing 14.6 per cent of the yearly target.

2. High level of pending bills, which amounted to Kshs.1.50 billion as of 30th September 2024.

3. Use of manual payroll. Personnel emoluments amounting to Kshs.135.18 million were processed through the manual payroll, accounting for 7.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

4. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are used for revenue collection, imprest, and operations.

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

1. The County sh*ould address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.32. County Government of Nandi

3.32.1 Overview of FY 2024/25 Budget

The Nandi County approved FY 2024/25 budget is Kshs.9.20 billion. It comprised Kshs.2.99 billion (33 per cent) and Kshs.6.21 billion (68 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.160.91 million (2 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.3.20 billion and a recurrent budget of Kshs.6.16 billion.

The Nandi County Government budget will be financed from different sources of revenue. These include Kshs.7.60 billion (83 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.972.38 million as additional allocations, and Kshs.607.32 million (4 per cent) generated as gross own source revenue. The own source revenue includes Kshs.306.10 million (3 per cent) as ordinary own source revenue, Kshs.301.23 million (3 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.17.91 million (0.2 per cent) as other revenue. A breakdown of the additional allocations is shown in Table 3.211.

3.32.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.28 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.1.21 billion, and its own source revenue (OSR) collection of Kshs.75.95 million. The County had a balance of Kshs.584.42 million, being the June 2024 Equitable Share that was disbursed in July 2024.

Analysis of the total OSR collection of Kshs.75.95 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.35.31 million and Kshs.40.64 million as ordinary OSR. Table 3.210 summarises the total revenue available to the county government during the first quarter of FY 2024/25.

Table 3.210: Nandi County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,604,787,567	620,949,993	8
Sub Total		**7,604,787,567**	**620,949,993**	**8**
B	**Additional allocations**			
1	KDSP II - World Bank	37,500,000	-	-
2	IDA (WORLD BANK). -National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-
3	Kenya Urban Support Project (KUSP)-UIG	35,000,000	-	-
4	KISIP-Kenya Informal Settlements Improvement Project	208,354,058	-	-
5	DANIDA- Primary Healthcare in a Devolved Context	8,238,750	-	-
6	Kenya Urban Support Project (KUSP)-UDG	33,993,380	-	-
7	Sweden- Kenya Agriculture Business Development Project	10,918,919	-	-
8	Nandi County HIV/AIDS Programme	15,419,690	-	-
9	Establishment of the Industrial Park-2022/2023 Balances	187,500,000	-	-
10	Road Maintenance Fuel Levy Fund	187,283,794	-	-
11	Community Health Promoters	96,660,000	-	-
Sub-Total		972,383,743	-	-

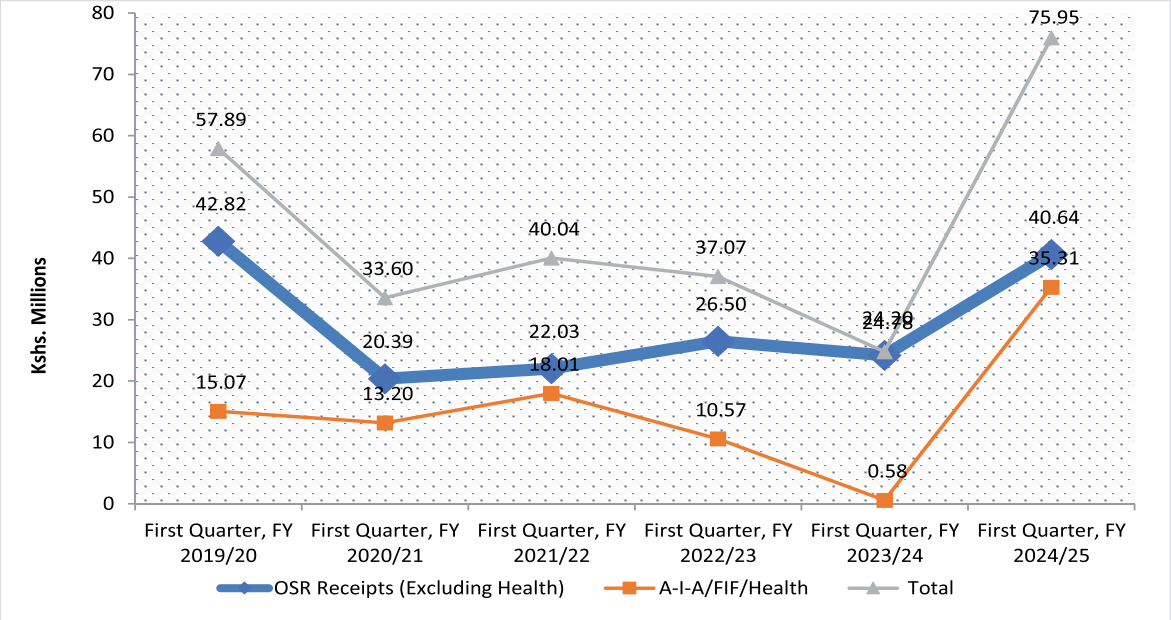
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	306,096,685	40,635,509	13
2	Balance b/f from FY2023/24	-	584,423,520	-
3	Facility Improvement Fund (FIF)	301,231,711	35,314,738	12
4	Other Revenues	17,907,661	-	-
5	Appropriation in Aid (AIA)	-	-	-
Sub Total		625,236,057	660,373,767	105
Grand Total		**9,202,407,366**	**1,281,323,760**	**13.9**

Source: *Nandi County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 124 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 124: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



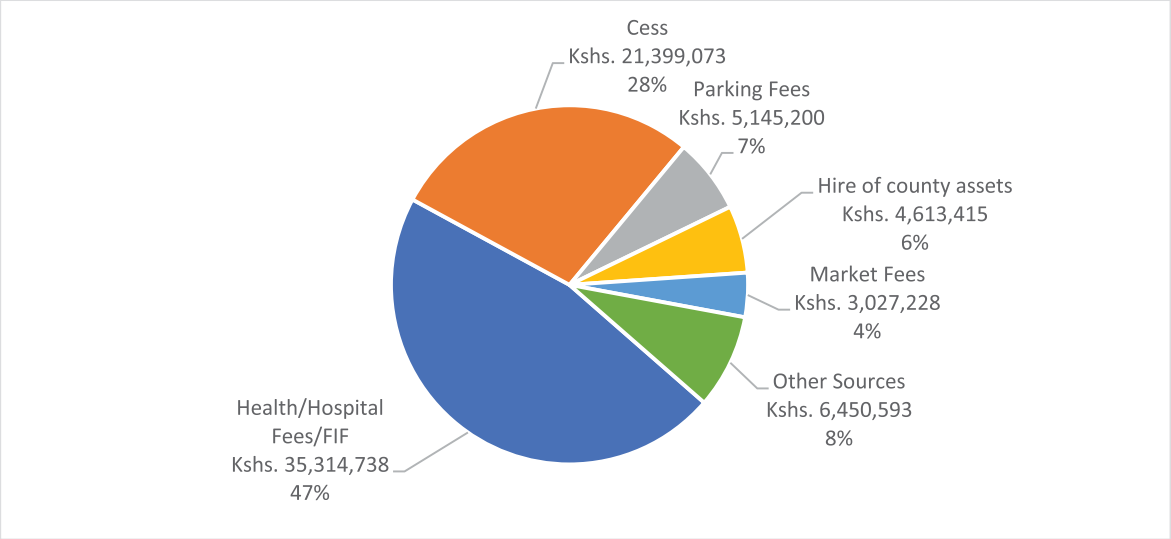
Source: *Nandi County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.75.95 million from its revenue sources, including AIA and FIF. This amount was an increase of 206 per cent compared to Kshs.24.78 million realised in a similar period in FY 2023/24. This was 13 per cent of the annual target and 6 per cent of the equitable revenue share disbursed.

The increase in OSR can be attributed to a robust collection of FIF.

The revenue streams which contributed the highest OSR receipts are shown in Figure 125.

Figure 125: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



***Source**: Nandi County Treasury*

The highest revenue stream, Kshs.35.31 million, was from Health/Hospital Fees, which contributed 47 per cent of the total OSR receipts during the reporting period.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.09 billion from the CRF account during the reporting period, which comprised Kshs.29.40 million (3 per cent) for development programmes and Kshs.1.06 billion (97 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.902.50 million was released towards employee compensation and Kshs.153.29 million for operations and maintenance expenditure.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs. 610.47 million.

3.32.4 County Expenditure Review

The County spent Kshs.1.22 billion on development and recurrent programmes in the reporting period. The expenditure represented 113 per cent of the total funds released by the CoB and comprised Kshs.50.71 million and Kshs.1.17 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2 per cent, while recurrent expenditure represented 19 per cent of the annual recurrent expenditure budget. One of the reasons the expenditure exceeded the exchequer issues due to the spending of Facility Improvement Funds (FIF) at source at the health facilities, which is in line with FIF regulations

3.32.5 Settlement of Pending Bills

The County reported that the outstanding bills totalling as of 30 June 2024 were Kshs. 612.63 million. Of this amount, Kshs. 612.63 million was owed to the County Executive, while no funds were owed to the County Assembly. As of 30 September 2024, the County Executive had outstanding bills totalling Kshs.569.33 million. This amount comprised Kshs.322.10 million for recurrent expenses and Kshs.290.52 million for development projects. During the reporting period, the County Executive settled Kshs.43.30 million in outstanding bills, including Kshs.38.20 million for recurrent expenses and Kshs.5.10 million for development programs. The County Assembly reported no outstanding bills.

3.32.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.725.10 million on employee compensation, Kshs.314.83 million on operations and maintenance, and Kshs.50.71 million on development activities. Similarly, the County Assembly spent Kshs.88 million on employee compensation and Kshs.42.27 million on operations and maintenance, as shown in Table 3.211.

Table 3.211: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,329,072,079**	**881,813,047**	1,039,932,197	130,268,090	**19.5**	**14.8**
Compensation to Employees	3,664,792,587	434,385,867	725,102,591	87,998,420	19.8	20.3
Operations and Maintenance	1,664,279,492	447,427,180	314,829,606	42,269,670	18.9	9.4
Development Expenditure	2,871,522,240	120,000,000	50,707,406	-	1.8	-
Total	**8,200,594,319**	**1,001,813,047**	**1,090,639,603**	**130,268,090**	13.3	13

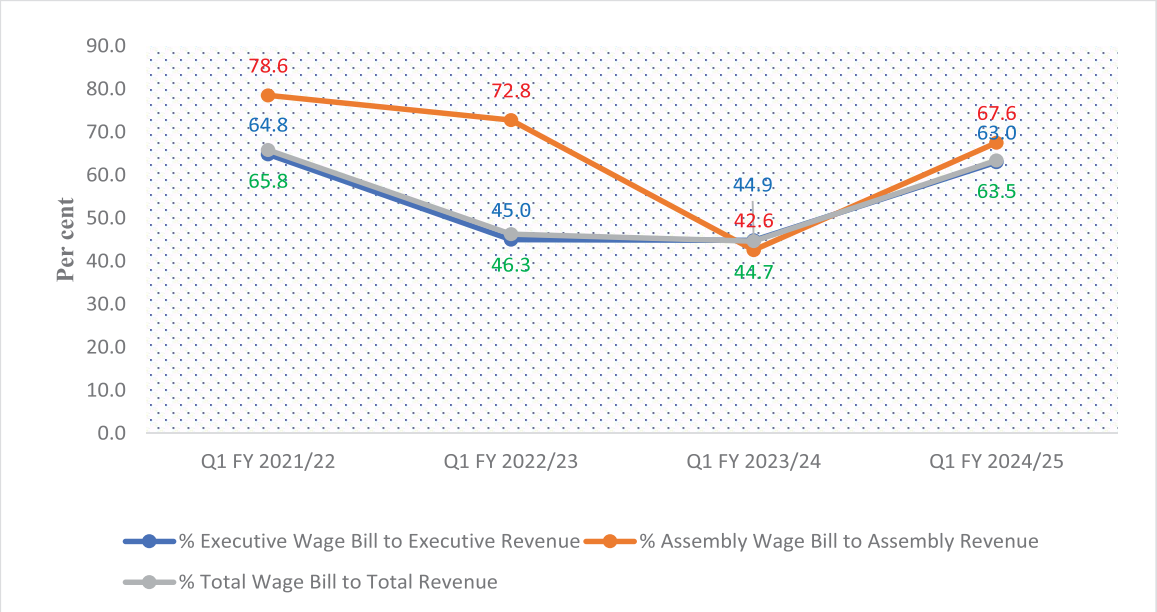
***Source**: Nandi County Treasury*

3.32.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.813.10 million, or 64 per cent of the available revenue of Kshs.1.28 billion. This expenditure represented a decrease from Kshs.916.42 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.494.03 million paid to the health sector employees, translating to 61 per cent of the total wage bill.

Figure 126 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 126: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Nandi County Treasury

Further analysis indicates that PE costs amounting to Kshs.773.16 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.39.94 million was processed through manual payrolls. The manual payrolls accounted for 5 per cent of the total PE cost.

The County Assembly spent Kshs.3.55 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.27.46 million. The average monthly sitting allowance was Kshs.26,289 per MCA. The County Assembly had 21 House Committees.

3.32.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.227 million to

County-established funds in FY 2024/25, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.57 million to the Emergency Fund (0.6 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.212 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.212: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30 September 2024 (Yes/No.)
County Executive Established Funds					
	Nandi County Executive Car Loan and Mortgage Scheme Fund	6,000,000	-	-	Yes
	Nandi County Emergency Fund	57,000,000	-	-	Yes
	Nandi County Bursary Fund	164,000,000	-	-	Yes
County Assembly Established Funds					
	Nandi County Assembly Car Loan and Mortgage Scheme Fund	-	-	-	No
	Total	**227,000,000**			

Source: *Nandi County Treasury*

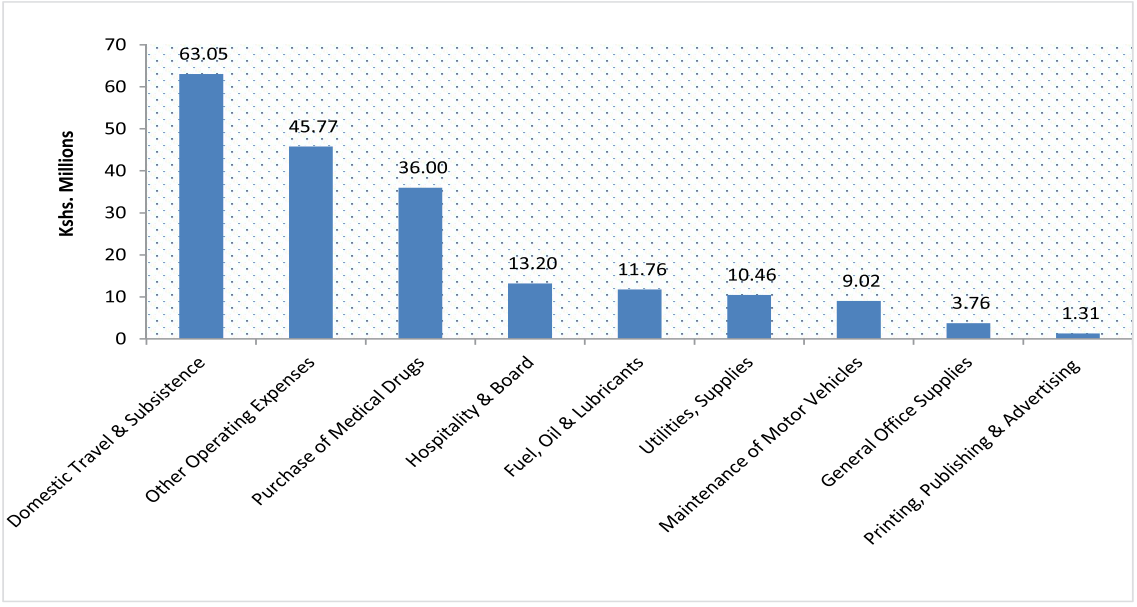
During the reporting period, the CoB did not receive quarterly financial reports from Nandi County Assembly Car Loan and Mortgage Scheme Fund Administrators, as indicated in Table 3.213, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County Government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.32.9 Expenditure on Operations and Maintenance

Figure 127 summarises the Operations and Maintenance expenditure by major categories.

Figure 127: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: *Nandi County Treasury*

A total of Kshs. 63.05 million was spent on domestic travel, with the County Assembly accounting for Kshs. 49.21 million, and the County Executive for Kshs. 13.85 million. Additionally, Kshs. 1.24 million was spent on foreign travel, entirely by the County Executive. The County Assembly did not incur any foreign travel expenses. Expenditure on foreign travel is summarised in Table 3.213

Table 3.213: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	21-August 2024	A workshop on Emergency Fire Response	United Kingdom	875,136
County Executive	1	30 August 2024	Forum on Food Systems	Rwanda	250,000

3.32.10 Facility Improvement Financing

During the period under review, the County reported a collection of 35.31 million Kshs as FIF, which was 12 per cent of the annual target of Kshs.301.23 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has not developed regulations to operationalise the FIF Act of 2023., although there exists and Nandi County FIF Act

The expenditure by the health facilities amounted to Kshs.27.42 million, as shown in the Table 3.214

Table 3.214: Breakdown of Expenditure by Health Facilities in the First Quarter of FY 2024/25

No.	Name Of The Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1.	Kapsabet County Referral Hospital	140,000,000	16,296,942	12
2.	Nandi Hills Sub-County Hospital	28,000,000	6,287,368	22
3	Meteitei Sub-county Hospital	10,150,000	1,253,260	12
4.	Kaptumo Sub-county Hospital	8,750,000	956,492	11
5.	Mosoriot Sub-county Hospital	5,600,000	1,363,037	24
6.	Kabiyet Sub-county Hospital	6,300,000	903,789	14
7.	Chepterwai Sub-county Hospital	4,200,000	362,824	9
	Total	**203,000,000**	**27,423,712**	14

Source: *Nandi County Treasury*

The Health Facility with the highest absorption rate was Mosoriot Sub-county Hospital, which absorbed 24 per cent of its budget.

3.32.11 Development Expenditure

In the first quarter of FY 2024/25, the County reported spending Kshs.50.71 million on development programmesa decrease, a 65 per cent decrease compared to a similar period in FY 2023/24, when the County spent Kshs.143.44 million. Table 3.216 summarises the development projects with the highest expenditure in the reporting period.

Table 3.215: Nandi County, List of Development Projects with the Highest Expenditure

S.No	Sector	Project Name	Project Location	Budget (Kshs)	Amount Paid to Date	Implementation Status (%)
1	Roads and Infrastructure	Construction of Cheptuingeny Culvert	Ollessos	2,000,000	1,191,682	100
2	Roads and Infrastructure	Supply of Fuel	County-wide	2,500,000	2,456,897	100
3	Roads and Infrastructure	Spot Improvement of Mulango Road	Ngechek Lelmokwo	4,000,000	3,670,259	100

Source: *Nandi County Treasury*

3.32.12 Budget Performance by Department

Table 3.216 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.216: Nandi County, Budget Allocation and Absorption Rate by Department (Kshs. Million)

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	503.69	118	81.42	4.30	114.75	4.30	140.9	100.0	23	4
Health and Sanitation	2,651.69	334.10	467.68	-	559.88	-	119.7	-	21	-
Public Service and Labour	62.66	-	-	-	-	-	-	-	-	-
County Assembly	881.81	120	130.27	-	130.27	-	100.0	-	15	-
Kapsabet Municipality	65.88	48.99	-	-	1.10	-	-	-	2	-
Office of the County Attorney	89.43	-	-	-	-	-	-	-	-	-
Finance and Economic Planning	452.90	48	72.43	-	113.36	-	156.5	-	25	-
Administration, Public Service and E-Government	363.41	30.50	56.70	6.50	38.02	-	67.0	-	11	-
Agriculture and Co-operatives Development	233.65	300.47	70	-	50.84	-	72.6	-	22	-
Sports, Youth Affairs, Culture and Heritage	126.64	42.86	-	-	0.40	-	-	-	0.3	-
Education and Vocational Training	439.72	379.81	112.62	-	113.50	-	100.8	-	26	-
Lands, Environment, Natural Resources and Climate Change	112.48	484.36	24	11	40.67	4.81	169.4	43.7	36	1
Transport, Public Works and Infrastructure Development	153.41	821.38	40.67	7.60	7.28	11.50	17.9	151.3	5	1
Trade, Tourism, Industrialization and Enterprise Development	73.53	263.05	-	-	0.14	30.10	-	-	0.2	11
Total	**6,210.89**	**2,991.52**	**1,055.79**	**29.40**	**1,170.20**	**50.71**	**110.8**	**172.5**	**19**	**2**

***Source**: Nandi County Treasury*

Analysis of expenditures by departments shows that the Department of Trade, Tourism, Industrialization and Enterprise Development recorded the highest absorption rate of the development budget at 11 per cent, followed by the Department of County Executive at 4 per cent. The Department of Lands, Environment, Natural Resources and Climate Change had the highest percentage of recurrent expenditures to budget at 36 per cent.

3.32.13 Budget Execution by Programmes and Sub-Programmes

Table 3.217 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.217: Nandi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub Programme	Description	Original Budget (Kshs)	Expenditure (Kshs)	Absorption
101003000			**1,475,235,494**	**243,027,232**	**16**
	101014410	Administration and support services	1,475,235,494	243,027,232	16
201003000			**637,765,416**	**12,090,472**	**2**
	201014410	General Administration and support services	637,765,416	12,090,472	2
202003000			**821,375,920**	**11,501,484**	**1**
	202024410	Road-works	821,375,920	11,501,484	1
301003000			**73,526,480**	**135,000**	**-**

Programme	Sub Programme	Description	Original Budget (Kshs)	Expenditure (Kshs)	Absorption
	301014410	General Administration & Support Services	73,526,480	135,000	-
302003000			**263,054,332**	**30,100,000**	**11**
	302014410	Trade Development & Promotion	263,054,332	30,100,000	11
401003000			**2,985,788,332**	**559,879,655**	19
	401014410	Health Service Delivery Administration Services	2,985,788,332	559,879,655	19
501003000			**379,810,000**	**-**	**-**
	501014410	General Administration & Support Services	379,810,000	-	-
701003000			**1,234,642,226**	**235,605,761**	**19**
	701024410	General Administration and Support Services	1,234,642,226	235,605,761	19
717003000			**48,000,000**	**-**	**-**
	717024410	Revenue Collection and Management Phase 1	48,000,000	-	-
721003000			**157,090,562**	**-**	**-**
	721014410	Administrative Support Services	157,090,562	-	-
726003000			**48,993,380**	**-**	**-**
	726024410	Infrastructure and Development	48,993,380	-	-
902003000			**75,312,182**	**400,000**	**1**
	902014410	Sports Infrastructure Development	42,860,000	-	-
	902024410	Sports Activities and Programs	32,452,182	400,000	1
725004410		**County Assembly Service Board**	**1,001,813,048**	**130,062,071**	**13**
	725014410	Personnel services	1,001,813,048	130,062,071	13
		Grand Total	**9,202,407,366**	**1,092,739,604**	**12**

Source: *Nandi County Treasury*

The sub-programmes with the highest implementation levels based on absorption rates were Health Service Delivery Administration Services, at 19 per cent, General Administration and Support Services, at 19 per cent, and Administration and Support Services, at 16 per cent of budget allocation.

3.32.14 Accounts Operated in Commercial Banks

The County government operated ten accounts with commercial banks, with one being for County health operations.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.32.15 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 31 October, 2024.

2. The underperformance of own-source revenue at Kshs.75.95 million against an annual target of Kshs.607.32 million, representing 13 per cent of the yearly target.

3. High pending bills amounted to Kshs.569.32 billion as of 30 September 2024.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.39.94 million were processed through manual payroll, accounting for 5 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*

3.33. County Government of Narok

3.33.1 Overview of FY 2024/25 Budget

The Narok County approved FY 2024/25 budget is Kshs.15.68 billion. It comprised Kshs.5.16 billion (32.9 per cent) and Kshs.10.53 billion (67 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs. 697.33 million (5 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.5.10 billion and a recurrent budget of Kshs.9.89 billion.

The Narok County Government budget will be financed from different sources of revenue. These include Kshs.9.53 billion (61 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.12 billion as additional allocations and Kshs.4.98 billion (32 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.125.95 million (3 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.4.85 billion (98 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.219.

3.33.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.3.76 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs. 781.68 million, and the own source revenue (OSR) collection was Kshs. 2.98 billion.

The total OSR collection of Kshs. 2.98 billion comprises Facilities Improvement Financing (FIF) of Kshs.14.17 million and Kshs.2.97 million as ordinary OSR. Table 3.218 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.218: Narok County, Revenue Performance in the First Quarter of FY 2024/25

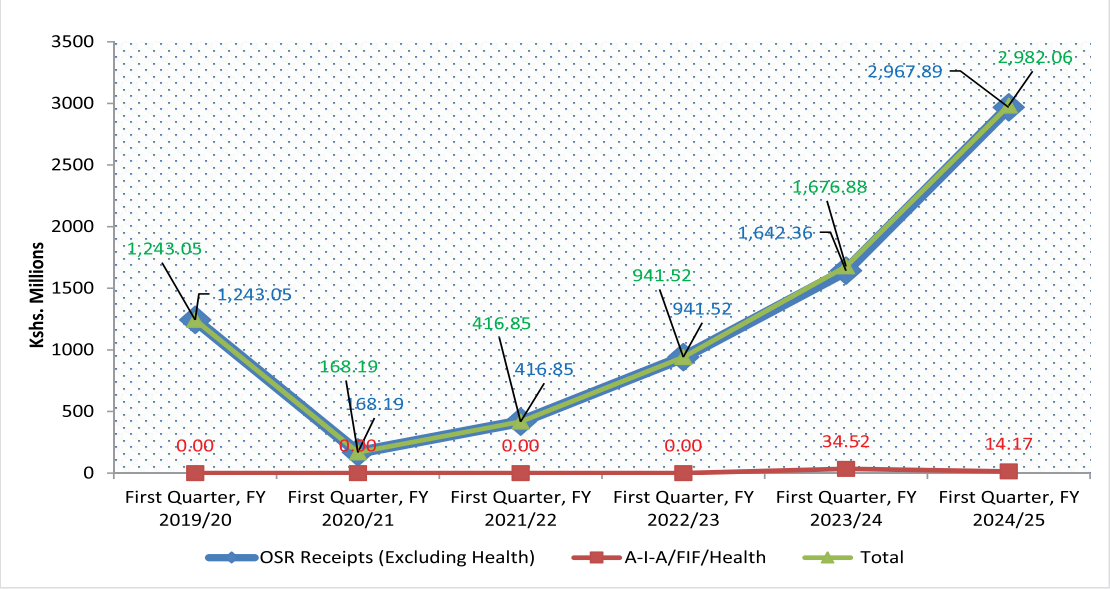
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	9,531,074,923	781,683,536	8
	Subtotal			
B	**Additional Allocations**			
	Road Maintenance Fuel Levy (RMFL)	275,190,524	-	-
	Allocation for Mineral Royalties	12,708,046	-	-
	County Aggregated Industrial Park (CAIP)	250,000,000	-	-
	World Bank Loan- NAVCDP	151,515,152	-	-
	DANIDA Grant -PHC	12,382,500	-	-
	Kenya Agricultural Business Development Project (KABDP)	10,918,919	-	-
	Kenya Devolution Support Programme (KDSPII)	37,500,000	-	-
	Kenya Urban Support Programme (KUSP II) UIG	35,000,000	-	-
	Kenya Urban Support Programme (KUSP II) UDG	71,235,901	-	-
	Financing Locally Led Climate Action (FLLoCA) Dev	131,548,362	-	-
	Financing Locally Led Climate Action (FLLoCA) Rec	11,000,000	-	-
	Community Health Promoters (CHP) Projects	49,800,000	-	-
	UNFPA	7,400,000	-	-
	Kenya Devolution Support Programme (KDSP I B/F)	68,451,638	-	-
	Subtotal	**1,124,651,042**	-	-
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	4,849,188,092	2,967,889,758	61
	Facility Improvement Fund (FIF)	125,951,908	14,168,574	11
	Subtotal	**4,975,140,000**	**2,982,058,332**	**60**
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	-	-	-
	Other Revenues (Library & Museum Services)	2,812,116	-	-
	Sub Total	**2,812,116**	-	-
Grand Total		**15,633,678,081**	**3,763,741,868**	**24**

Source: *Narok County Treasury*

The County has existing legislation governing the operation of the FIF, but it has not yet been amended to align with the Facilities Improvement Financing Act of 2023.

Figure 128 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 128: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



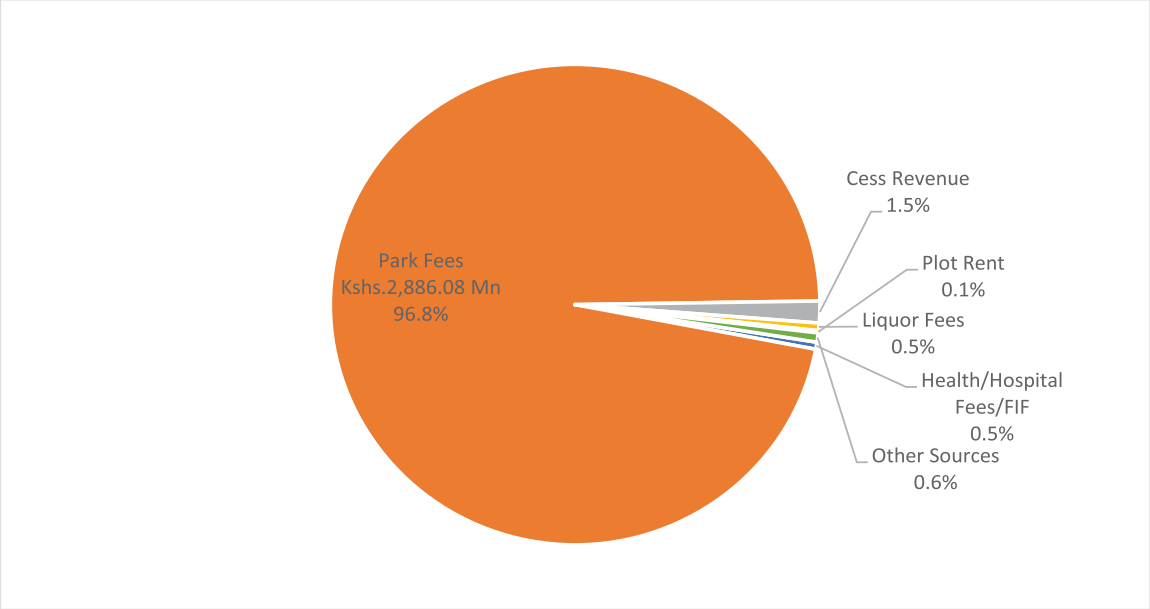
Source: *Narok County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.2.98 billion from its revenue sources, including AIA and FIF. This amount was an increase of 78 per cent compared to Kshs.1.68 billion realised in a similar period in FY 2023/24, which was 60 per cent of the annual target and 382 per cent of the equitable revenue share disbursed.

The OSR performance can be attributed to the following revenue mobilisation strategies, among others: development of a Revenue Enhancement Action Plan (REAP) covering the period between 2022 – 2027 as recommended in the Tax Administration Diagnostic Assessment Tool (TADAT) performance assessment report; Automation of other revenue outside Maasai Mara National Game Reserve; Staff re- alignment & Capacity building; Employment of new revenue collection staff as well as full implementation of County Finance policies and regulations spelt out in the Narok County Government Finance Act.

The revenue streams which contributed the highest OSR receipts are shown in Figure 129.

Figure 129: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source*: Narok County Treasury*

The highest revenue stream, Kshs.2.89 billion, was from Masai Mara Game Park Fees after the Narok County Assembly increased fees from 80 Dollars to 200 Dollars through the Finance Act, contributing to 97 per cent of the total OSR receipts during the reporting period.

3.33.3 Exchequer Issues

During the reporting period, the Controller of Budget approved withdrawals of Kshs.2.48 billion from the CRF account comprised Kshs.478.79 million (9 per cent) for development programmes and Kshs.4.73 billion (91 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.836.54 million was released towards employee compensation, Kshs.1.17 billion for operations and maintenance expenditure and Kshs.478.79 million for development programmes.

3.33.4 County Expenditure Review

The County spent Kshs.2.48 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs. 477.28 million and Kshs.2 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9 per cent, while recurrent expenditure represented 19 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs 4.29 billion as of 30th June 2024, comprising pending payments by the County Executive of Kshs.4.26 billion and Kshs 29.48 million for the County Assembly.

The County executive's pending bills consist of Kshs.1.6 billion for recurrent expenditures and Kshs.2.66 billion for development expenditures. The County executive settled pending bills amounting to Kshs.2.77 billion in the reporting period, which consisted of Kshs. 581.59 million for recurrent expenditure and Kshs.2.19 billion for development programmes, while the County Assembly settled pending bills worth Kshs. 21.10 million. Therefore, the outstanding bills were Kshs.1.50 billion as of 30th September 2024.

3.33.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.792.96 million on employee compensation, Kshs.1.14 billion on operations and maintenance, and Kshs.477.28 million on development activities. Similarly, the County Assembly spent Kshs.43.59 million on employee compensation and Kshs.20.31 million on operations and maintenance, as shown in Table 3.219.

Table 3.219: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**9,615,979,104**	**911,000,000**	1,935,083,021	63,895,178	**20**	**7**
Compensation to Employees	4,790,979,729	545,073,962	792,955,605	43,586,560	17	8
Operations and Maintenance	4,824,999,375	365,926,038	1,142,127,416	20,308,618	24	6
Development Expenditure	5,005,558,977	150,000,000	477,282,567	-	**10**	-
Total	**14,621,538,081**	**1,061,000,000**	**2,412,365,588**	**63,895,178**	**17**	**6**

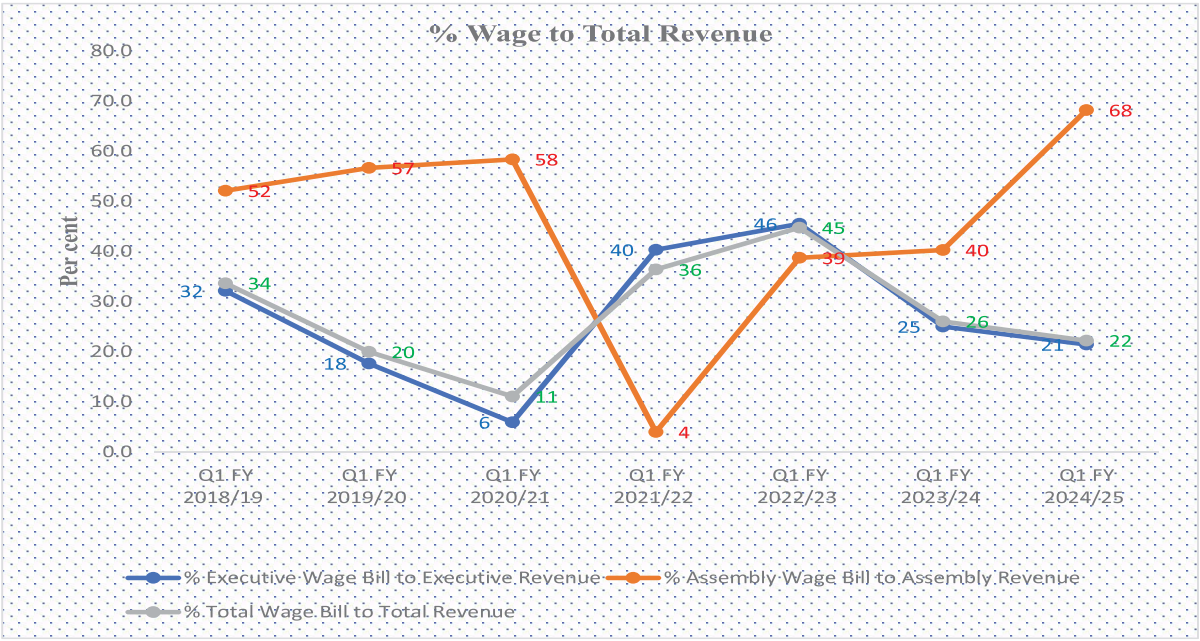
***Source**: Narok County Treasury*

3.33.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.836.54 million, or 22.2 per cent of the available revenue of Kshs.3.76 billion. This expenditure represented an increase from Kshs.832.01 million reported in a similar period in FY 2023/24. The wage bill included Kshs.386.90 million paid to the health sector employees, translating to 46 per cent of the total wage bill.

Figure 130 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 130: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: *Narok County Treasury*

Further analysis indicates that PE costs amounting to Kshs.834.59 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.1.95 million was processed through manual payrolls. The manual payrolls accounted for 0.2 per cent of the total PE cost.

The County Assembly spent Kshs.9.25 million on committee sitting allowances for the 50 MCAs against the annual budget allocation of Kshs.35.11 million. The average monthly sitting allowance was Kshs.61,647 per MCA. The County Assembly had 21 House Committees.

3.33.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.786.49 million to county-established funds in FY 2024/25, or 5 per cent of the County's overall budget. Further, the County allocated Kshs.50 million to the Emergency Fund (0.3 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.220 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.220: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	County Executive Mortgage and Car Loan	120,000,000	-	-	-	No
	Emergency Fund	50,000,000	-	-	-	No
	Narok and Kajiado Economic Bloc (NAKAEB)	30,000,000	-	-	-	No
	Bursary Fund	400,000,000	-	-	-	No
	Climate Fund	157,000,000	-	-	-	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	Liquor Fund	14,000,000	-	-	-	No
	County Assembly Established Funds					
	County Assembly Mortgage and Car Loan	15,488,000	-	-	-	No
	Total	**786,488,000**	-	-	-	

Source: *Narok County Treasury*

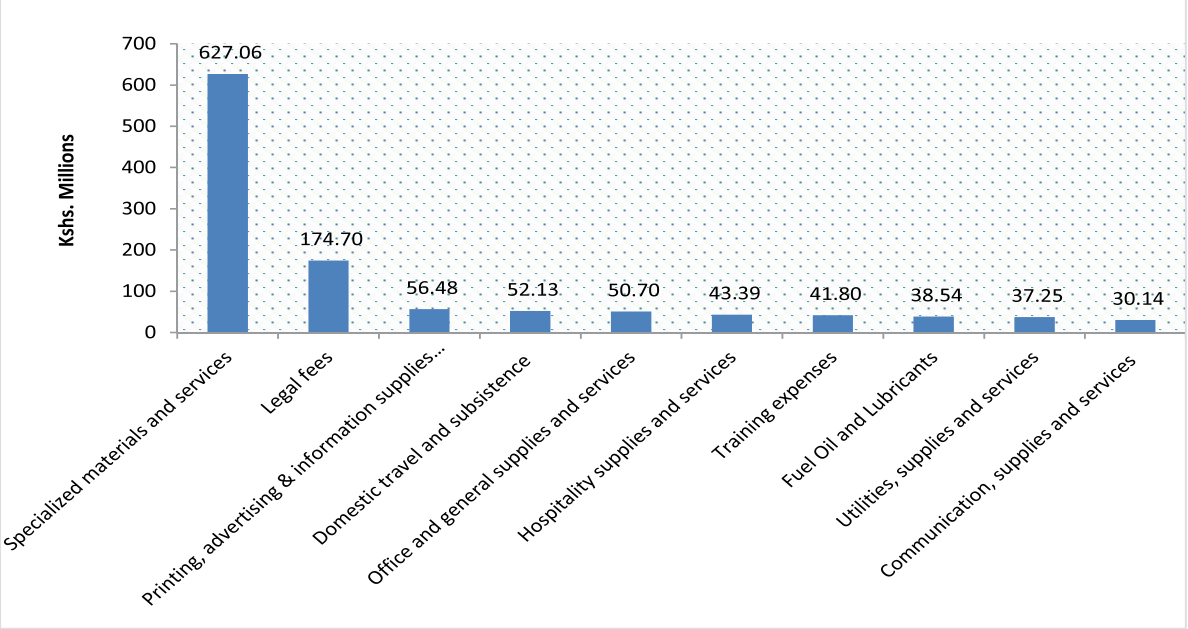
Note: Cumulative disbursements to a fund include all monies that the county treasury has transferred to the Fund since its inception to the reporting period.

During the reporting period, the CoB did not receive quarterly financial reports from 7 Fund Administrators, as indicated in Table 3.221, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.33.9 Expenditure on Operations and Maintenance

Figure 131 summarises the Operations and Maintenance expenditure by major categories.

Figure 131: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: *Narok County Treasury*

Expenditure on domestic travel amounted to Kshs.52.13 million and comprised Kshs.18.71 million spent by the County Assembly and Kshs.33.42 million by the County Executive. Expenditure on foreign travel amounted to Kshs. 3.52 million, incurred entirely by the County Executive. Expenditure on foreign travel is summarised in Table 3.222

Table 3.221: Summary of Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	23rd to 27th September	Industrial Tour	Italy and Germany	1,899,180
County Executive	2	25th to 31st August	12th World Wilderness Congress	USA	1,616,220

Source: *Narok County Treasury*

The operations and maintenance costs include an expenditure of Kshs.174.70 million on legal fees.

3.33.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.14.17 million as FIF, which was 11 per cent of the annual target of Kshs.125.95 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

Contrary to Section 18 (e) of the FIF Act, 2023, the health facilities did not provide a report on the use of the FIF during the reporting period.

3.33.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.477.28 million on development programmes, representing a decrease65 per cent decrease compared to a similar period in FY 2023/24, when the County spent Kshs.1.37 billion. Table 3.222 summarises development projects with the highest expenditure in the reporting period.

Table 3.222: Narok County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
	Ministry of Education, Sports, Culture and Social Services	Proposed construction of ECDE classrooms and staff houses at Siana ward	Siana ward	18,500,200	16,286,700	88
	Ministry of Transport and Public Works	Proposed routine maintenance of County roads-Sikirar-Olopirik road-55kms	Ilmotiook ward	16,779,400	13,925,800	82
	Ministry of Transport and Public Works	Proposed routine maintenance of County roads-Ngosuani-Naishi-Ole Moncho road-15kms	Siana ward	16,577,560	13,891,000	83
	Ministry of Health and Sanitation	Proposed drilling and equipping of boreholes in Eroret, Nairege Enkare, Sintakara, Oltang, Koja dispensary and Ole Keloi-Lot 42	Keekonyokie Ward	34,671,015	11,461,118	67
	Ministry of Transport and Public Works	Proposed routine maintenance of county roads-Koisagat-Kaboson-Arap Kaplelach road-4kms	Mogondo Ward	30,117,110	9,113,109	78
	Ministry of Transport and Public Works	Proposed routine maintenance of County roads-Oloonkabobok-Sankale road-9kms	Ildamat Ward	17,957,960	8,908,800	50
	Ministry of Environment, Water and Natural Resources	Proposed construction and fencing of Nylon water pan -Lot 52.2	Kapsasian Ward	7,456,490	7,456,490	100
	Ministry of Transport and Public Works	Proposed routine maintenance of county roads-Aitong-Endonyo-Erinka-Ilchorroi road	Mara Ward	15,787,310	6,614,710	98
	Ministry of Health and Sanitation	Proposed construction of a maternity wing at Tororet dispensary	Kilgoris Central Ward	15,674,822	4,646,821	95
	Ministry of Transport and Public Works	Proposed routine maintenance of county roads-Topoti-Narianta road-10km	Mara Ward	7,324,565	3,362,167	45

Source: *Narok County Treasury*

3.33.12 Budget Performance by Department

Table 3.223 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.223: Narok County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County assembly	223.88	37.50	63.90	-	63.90	-	100.0	-	28.5	-
County Executive	321.74	-	212.90	-	81	-	38.0	-	25.2	-
Finance & Economic Planning	1,651.60	125.11	896.73	10	368.42	10	41.1	100.0	22.3	8.0
Transport and Public Works	311.17	1,303.19	152.85	296.67	32.76	295.67	21.4	99.7	10.5	22.7
Education, Youth, Sports, Culture and Social Services	1,611.51	436	390.49	38.89	120.80	38.80	30.9	63.6	7.5	8.9
Environment Protection, Energy, Water & Natural Resources	388.39	599.50	117.15	61.01	57	61	48.7	-	14.7	10.2
Public Service Board	102.34	-	47.91	-	22.10	-	46.1	-	21.6	-
Agriculture, Livestock & Fisheries	447.04	615.42	70.27	1.89	22.45	1.80	31.9	95.3	5.0	0.3
Health & Sanitation	2,841.27	481.09	1,567.28	70.33	729	70.01	46.5	99.5	25.7	14.6
Lands Housing Physical Planning & Urban Development	227.78	307	91.34	-	25.59	-	28.0	-	11.2	-
ICT & E-Government	123.33	318	84	-	42	-	50.0	-	34.1	-
Administration And Public Services Management	916.65	150	446.22	-	185.76	-	41.6	-	20.3	-
Trade, Industry and Cooperative Development	580.11	670.25	533.79	-	226.14	-	42.4	-	39.0	-
Office of the County Attorney	93.04	-	56.02	-	22.06	-	39.4	-	23.7	-
TOTAL	**9,839.86**	**5,043.06**	**4,730.86**	**478.79**	**1,998.98**	**477.28**	**42.3**	**99.7**	**20.3**	**9.5**

***Source**: Narok County Treasury*

Analysis of expenditure by departments shows that the Department of Transport and Public Works recorded the highest absorption rate of the development budget at 23 per cent, followed by the Department of Health & Sanitation at 15 per cent. The Department of Trade, Industry and Cooperative Development had the highest percentage of recurrent expenditure to budget at 39 per cent, while the Department of Agriculture, Livestock & Fisheries had the lowest at 5 per cent.

3.33.13 Budget Execution by Programmes and Sub-Programmes

Table 3.224 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.224: Narok County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
102004610	**Crop Development and Management**	**800,070,821**	**24,333,426**	3
	Crop Productivity Improvement	800,070,821	24,333,246	3
103004610	**Livestock Resources management and development**	**214,059,898**		0
	Livestock Pests & Disease Management & Control	113,236,103		0
	Livestock Information Management	100,823,795	0	0

Program	Sub Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
104004610	**Fisheries Development and Management**	**48,328,512**	**0**	0
	Fish Products Production	48,328,512	0	0
105004610	**Land Policy and Planning**	**44,403,099**		0
	Development Planning and Land Reforms	44,403,099		0
106004610	**Housing Development and Human Settlement**	**196,692,757**	**25,589,729**	13
	Housing Development	196,692,757	25,589,729	13
107004610	**Urban Mobility and Transport**	**293,680,395**		0
	Metropolitan Planning & Infrastructure Development	293,680,395		0
201004610	**Roads Transport and Public Works**	**1,614,361,428**	**329,428,564**	20
	General Administration, Planning and Support Services	67,185,299	10,636,220	16
	Construction of Roads and Bridges	1,479,389,344	313,932,613	21
	Maintenance of Roads	67,786,785	4,859,731	7
202004610	**ICT Services**	**441,325,223**	**42,000,000**	10
	ICT Infrastructure Development	441,325,223	42,000,000	10
301004610	**General Administration and Support Services**	**699,196,845**		0
	Administrative Services	9,435,168	0	0
	Cooperative Development & Management	34,656,100		0
	Trade Development and Promotion	655,105,577		0
303004610	**Tourism Development and Promotion**	**450,913,688**	**226,142,960**	50
	Tourism Promotion and Marketing	450,913,688	226,142,960	50
306000000	**Tourism Development and Promotion**	**100,249,999**	**0**	0
	Tourism Infrastructure Development	100,249,999	0	0
401004610	**Preventive &Promotive Health Services**	**481,094,035**	**0**	0
	Health Promotion	481,094,035	0	0
402004610	**Curative Health Services**	**488,124,894**	**0**	0
	Referral Services	488,124,894	0	0
403004610	**General Administration, Planning & Support Services**	**2,353,149,416**	**799,330,069**	34
	Health Policy, Planning and Financing	2,353,149,416	799,330,069	34
502004610	**Manpower Development, Employment and Productivity Management**	**1,730,459,500**	**159,686,713**	9
	Early Child Development and Education	1,730,459,500	159,686,713	9
701004610	**General Administration, Planning and Support Services**	**2,494,774,787**	**374,820,688**	15
	Administrative Services	772,161,124	63,626,731	8

Program	Sub Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
	Coordination and Administrative Services	762,391,556	277,509,986	36
	Public Service and Field Administrative Services	857,878,831	11,581,018	1
	Board Management Services	102,343,276	22,102,953	22
702004610	**Public Finance Management**	**904,925,076**	**378,423,683**	42
	Accounting services	84,691,636	33,826,546	40
	Resource Mobilisation	466,041,607	201,228,598	43
	Budget Formulation, Coordination and Management	51,518,543	28,340,327	55
	Supply Chain Management Services	231,623,633	82,090,950	35
	Internal Audit Services	71,049,657	32,937,261	46
703004610	**Economic Policy and County Planning**	**871,784,883**	**0**	0
	Economic Planning Coordination	719,451,966	0	0
	Monitoring and Evaluation Services	152,332,917	0	0
704004610	**Legislation and Representation**	**150,000,000**	**0**	0
	County Co-ordination Services	150,000,000	0	0
901004610	**Social Development and Children Services**	**317,053,985**	**0**	0
	Gender and Youth Development	50,776,983	0	0
	Social Assistance to Vulnerable Groups	21,212,256	0	0
	Development And Promotion Of Culture	36,332,668	0	0
	Development and Management of sports facilities	31,000,000	0	0
	Sports Services	89,764,363	0	0
	Voluntary Training Services	87,967,715	0	0
1002004610	**Environment Management and Protection**	**987,888,840**	**118,009,842**	12
	Grand Total	**15,682,538,081**	**2,477,765,674**	**16**

***Source**: Narok County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were Tourism Development and Promotion, at 50 per cent; Public Finance Management in the Department of Finance & Economic Planning, at 42 per cent; and General Administration, Planning & Support Services in the Department of Health, at 34 per cent.

3.33.14 Accounts Operated in Commercial Banks

The County Treasury did not disclose the number of accounts operated in the Commercial Banks.

3.33.15 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 25th October 2024.

2. The County has existing legislation governing the operation of the FIF, but it still needs to be amended to align with the Facilities Improvement Financing Act of 2023.

3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012.

4. Use of manual payroll. The County Assembly use a manual payroll system to process personnel emoluments totalling Kshs. 1.95 million, representing 0.2 per cent of the total payroll cost. This manual payroll system is vulnerable to misuse and increases the risk of public funds being lost due to inadequate controls.

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

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

2. *The County government should amend the current FIF law to align with the Facilities Improvement Financing Act of 2023, enabling Level 1 to Level 3 public hospitals to independently collect, retain, and manage revenue generated from health services.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*

3.34. County Government of Nyamira

3.34.1 Overview of FY 2024/25 Budget

The Nyamira County approved FY 2024/25 budget is Kshs.7.54 billion. It comprised Kshs.2.28 billion (30 per cent) and Kshs.5.26 billion (70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.260.29 million (4 per cent) from the FY 2023/24 budget comprised of a development budget of Kshs.2.15 billion and a recurrent budget of Kshs.5.13 billion. The increase in the budget was attributed to the rise in cash balance brought forward from FY 2023/24.

The Nyamira County Government budget will be financed from different sources of revenue. These include; Kshs.5.52 billion (73 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.749.78 million as additional allocations, a cash balance of Kshs.469.07 million (6 per cent) brought forward from FY 2023/24, and Kshs.800 million (11 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.400 million (5 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.400 million (5 per cent) as ordinary own-source revenue. A breakdown of the additional allocation is shown in Table 3.226.

3.34.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.06 billion to fund recurrent and development activities. The equitable share from the national government was Kshs.880 million. Additional allocations from government and development partners of Kshs.65.13 million and own source revenue (OSR) collection of Kshs.70 million. In addition, the County had a cash balance of Kshs. 42.33 million from FY 2023/24.

Analysis of the total OSR collection of Kshs.70 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.56.29 million and Kshs.13.71 million as ordinary OSR. Table 3.225 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance .

Table 3.225: Nyamira County, Revenue Performance in the First Quarter of FY 2024/25

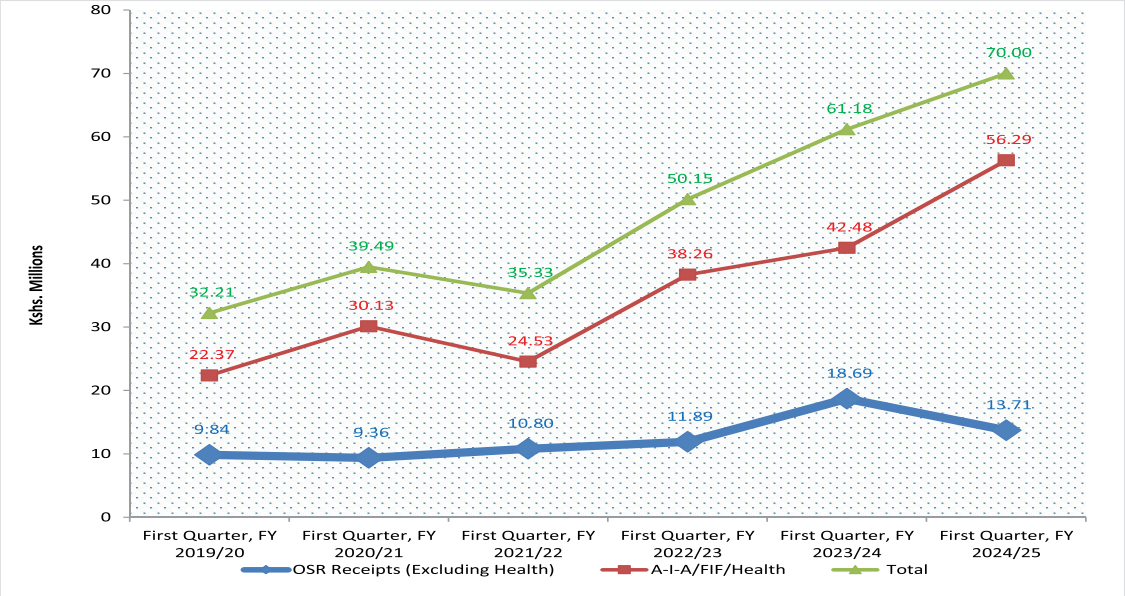
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,523,614,355	880,142,749	16
Sub Total		**5,523,614,355**	**880,142,749**	**16**
B	**Additional Allocations**			
1	Kenya Urban Support Programme (KUSP UDG)	19,817,128		0
2	Kenya Urban Support Programme (KUSP UIG)	35,000,000		0
3	DANIDA unspent 23/24	7,410,000		0
4	DANIDA 24/25 allocation	7,410,000		0
5	Kenya Agricultural business Development project(Sweden)	10,918,919		0
6	Kenya Devolution Support Program Level II	37,500,000		0
7	Kenya Second Informal Settlement Improvement (KISIP 2)	148,123,322		0
8	County Climate Resilience Support (CCRS)-World Bank	162,210,133		0
9	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152		0
10	County Climate Institutional Support (CCIS)-World Bank	11,000,000	11,000,000	100
11	Aggregated Industrial Park Programme	0	54,131,579	0
12	Road Maintenance Levy Fund	114,508,787		0
13	Community Health Promoters	44,370,000		0
Sub-Total		749,783,441	65,131,579	**9**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	400,000,000	13,714,011	3
2	Balance b/f from FY2023/24	469,068,212	42,332,334	100
3	Facility Improvement Fund (FIF)	400,000,000	56,287,248	14
4	Other Revenues	0	0	0
5	Appropriation in Aid (AIA)	0	0	0
Sub Total		1,269,068,212	539,069,471	43
Grand Total		**7,542,466,008**	1,057,607,921	**20**

Source: *Nyamira County Treasury*

The County does not have governing legislation on operating ordinary A-I-A and FIF.

Figure 132 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 132: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

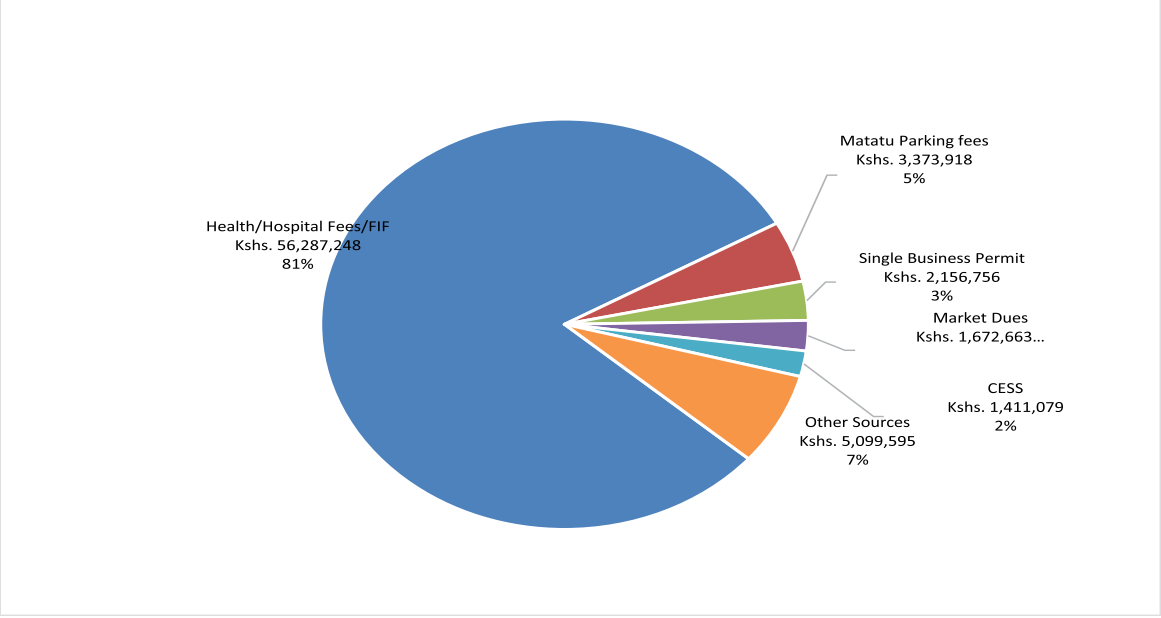


Source: *Nyamira County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.70 million from its sources of revenue, including AIA and FIF. This amount was an increase of 14 per cent compared to Kshs.61.18 million realised in a similar period in FY 2023/24 and was 9 per cent of the annual target and 8 per cent of the equitable revenue share disbursed. The increase in OSR can be attributed to stringent revenue collection measures and surveillance.

The revenue streams which contributed the highest OSR receipts are shown in Figure 133.

Figure 133: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source*: Nyamira County Treasury*

The highest revenue stream, Kshs.3.37 million, was from Matatu Parking fees, which contributed 5 per cent of the total OSR receipts during the reporting period.

3.34.3 Borrowing by the County

The county government did not borrow money during the reporting period.

3.34.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.638.47 million from the CRF account during the reporting period, which comprised Kshs.33 million (5 per cent) for development programmes and Kshs.605.47 million (95 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.555.47 million was released towards employee compensation and Kshs.50 million for operations and maintenance expenditure.

As of 30 September, 2024, the county government's cash balance in the CRF account was Kshs.332.24 million.

3.34.5 County Expenditure Review

The County spent Kshs.635.21 million on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs. 33 million and Kshs.602.21 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1 per cent, while recurrent expenditure represented 12 per cent of the annual recurrent expenditure budget.

3.34.6 Settlement of Pending Bills

At the beginning of the financial year, the County reported pending bills amounting to Kshs.812.86 million, comprising pending payments by the County Executive of Kshs. 776.68 million and Kshs 36.18 million for the County Assembly.

The County Executive's pending bills consist of Kshs.433.41 million for recurrent expenditures and Kshs.343.27 million for development expenditures. The County Executive did not settle pending bills in the reporting period, while the County Assembly settled pending bills worth Kshs.28,00 million. Therefore, the outstanding bills were Kshs.784.86 million as of 30 September 2024.

3.34.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.519.08 million on employee compensation, Kshs.50 million on operations and maintenance, and Kshs 5 million on development activities. Similarly, the County Assembly spent Kshs.33.14 million on employee compensation and Kshs.28 million on development activities, as shown in Table 3.226.

Table 3.226: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,549,455,212**	**709,762,663**	569,067,247	33,141,038	**13**	**5**
Compensation to Employees	3,033,354,665	350,792,004	519,269,247	33,141,038	17	9
Operations and Maintenance	1,516,100,547	358,970,659	49,798,000		3	0
Development Expenditure	2,097,248,133	186,000,000	5,000,000	28,000,000	0.2	15
Total	**6,646,703,345**	**895,762,663**	**574,067,247**	**61,141,038**	9	7

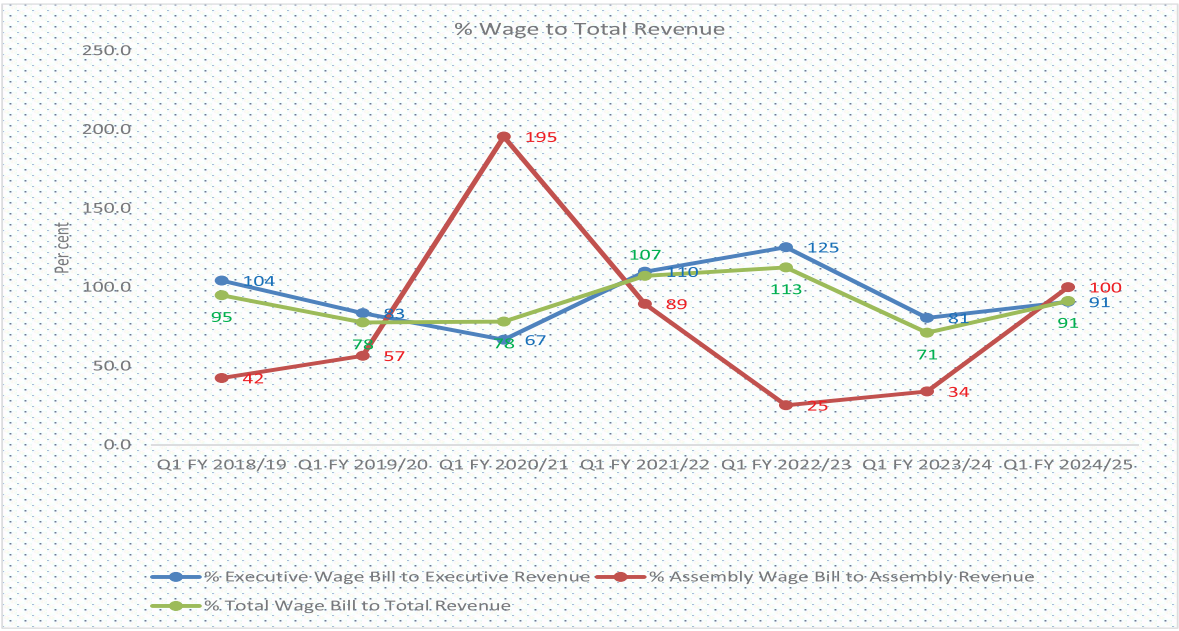
***Source**: Nyamira County Treasury*

3.34.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.552.21 million, or 37 per cent of the available revenue of Kshs.1.48 billion. This expenditure represented a decrease from Kshs.790.38 million reported in a similar period in FY 2023/24. The wage bill included Kshs.163.63 million paid to the health sector employees, translating to 30 per cent of the total wage bill.

Figure 134 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 134: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: *Nyamira County Treasury*

Further analysis indicates that all PE costs were processed through the Integrated Personnel and Payroll Database (IPPD) system.

3.34.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.432 million to county-established funds in FY 2024/25, or 6 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (0.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.227 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.227: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1.	Emergency Fund	5,000,000	-	-	146,000,000	No
2.	Health Facility Improvement Fund	400,000,00	-	-		No
3.	Education Support Fund	120,415,513	-	-	611,000,000	No
4.	Loans to traders (Revolving Fund)	-	-	-		No
5.	Car Loan & Mortgage Fund	10,000,000	-	-	147,500,000	No
	County Assembly Established Funds					
6.	Car and Mortgage Fund (Assembly)	-	-	-	431,000,000	No
	Total	**535,415,513**			**1,335,500,000**	

Source: *Nyamira County Treasury*

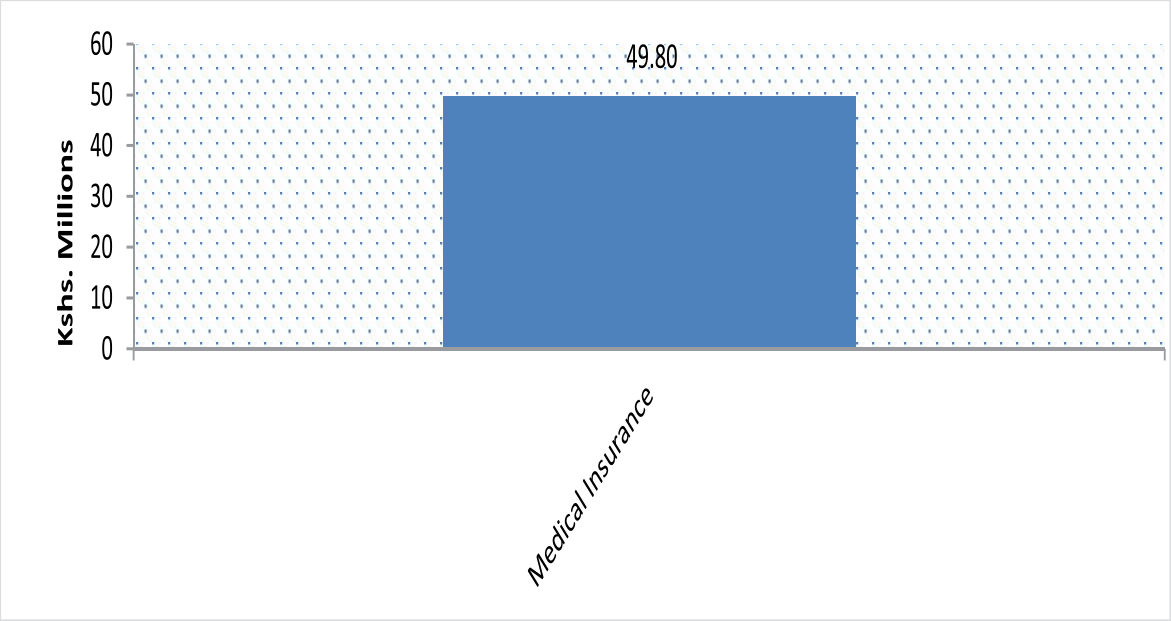
During the reporting period, the CoB did not receive quarterly financial reports from six Fund Administrators, as indicated in Table 3.228, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.34.10 Expenditure on Operations and Maintenance

Figure 135 summarises the Operations and Maintenance expenditure by major categories.

Figure 135: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyamira County Treasury*

3.34.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.56.29 million as FIF, which was 14.1 per cent of the annual target of Kshs.400 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.34.12 Development Expenditure

In the first quarter of FY 2024/25, the County reported spending Kshs.33 million on development programmes, a decrease of 83 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.194.95 million. Table 3.228 summarises development projects with the highest expenditure in the reporting period.

Table 3.228: Nyamira County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Construction of County Assembly Office Block	Nyamira Town	367,000,000	28,000,000	100
2	Agriculture, Livestock and Fisheries	IDA(World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP)	County wide		5,000,000	

Source: *Nyamira County Treasury*

3.34.13 Budget Performance by Department

Table 3.229 shows departments' approved budget allocation, expenditure and absorption rate in the first three months of FY 2024/25.

Table 3.229: Nyamira County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. million)		Exchequer Issues (Kshs. million)		Expenditure (Kshs. million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Nyamira County Assembly	709.76	186	33.14	28	33.14	28	100	100	5	15
County Executive	497.83	-	24.77	-	18.06		73	-	4	-
Finance, ICT &Economic Planning	116.79	135.85	23.28	-	18.88	-	81	-	16	-
Agriculture, Livestock and Fisheries	66.61	170.43	24.11	5,00	13.18	5	55	100	20	3
Environment, Energy, Natural Resources	60,78	214.96	20.96	-	21,72	-	104	-	36	-
Education & Vocational Training	492.95	49.4	55.48	-	55.48	-	100	-	11	-
Health Services	697.43	450.5	161.38	-	156.61	-	97	-	23	-
Lands, Housing, Physical Planning and Urban Development	80.75	134	21.26	-	10.28	-	48		13	
Water, Irrigation and Sanitation	48,30	45	0.76	-	-	-				
Roads, Transport & Public Works	118.62	487,23	15.34	-	15.34	-				
Trade, Tourism, Industrialisation & Co-operatives Development	71.91	15.8	6	-	6	-				
Sports, Gender, Cultures & Social Services	58.68	20.5	8.76	-	8.76	-				
County Public Service Board	61.12		7.23	-	7.23	-				
Public Service Management	448.31	45.5	90.93	-	90.39	-				
Nyamira Municipality Board	91.88	80.82	-	-	10.98	-				
County Attorney	25.15	4.99	-	-		-	-	-	-	-
Economic Planning, Resource Mobilization & ICT	217.89	33.55	10.7	-	15.91	-	149	-	7	-
Livestock & Fisheries Services	100.64	11	1.46	-	12.39	-	850	-	12	-
Primary Healthcare	1.22	34.6	99.9	-	107.85	-	108	-	9	-
Keroka Municipality Board	15.61	163.12	-	-	-	-	-	-	-	-
Nyamira Revenue Board	7.72	-	-	-	-	-	-	-	-	-
Nyamira Disability Board	6.22	-	-	-	-	-	-	-	-	-
Nyamira Investment Corporation	9.72	-	-	-	-	-	-	-	-	-
Nyamira Water & Sanitation Company	30	-	-	-	-	-	-	-	-	-
Total	**5,259.22**	**2,283.29**	**605.47**	**33**	**602.21**	**33**	**100**	**100**	**12**	**1**

Source: *Nyamira County Treasury*

The recurrent budget allocation for the County Executive and County Assembly are within the CARA 2024 ceilings.

3.34.14 Budget Execution by Programmes and Sub-Programmes

Table 3.230 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.230: Nyamira County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent E	Development	Rec	Dev
Nyamira County Assembly							
Policy planning, general administration and support services	General administration and support services	294,308,536	0	33,141,038	0	11	0
	Policy planning and Support services	89,065,500	0	0	0	0	0
	Infrastructure Development		186,000,000	0	28,000,000	0	15
Oversight	Oversight	43,506,030	0	0	0	0	0
Legislation and Representation	Legislation and Representation	282,882,597	0	0	0	0	0
	Sub-Total	**709,762,663**	**186,000,000**	**33,141,038**	**28,000,000**	**5**	**15**
County Executive							
General administration support services	General administration support services	292,621,030	0	18,062,458	0	6	0
	Policy development and support services	105,534,627	0		0	0	0
Governance & Coordination services	County results coordination and liaison services	33,721,880	0	0	0	0	0
	Intergovernmental & Public Relations	24,640,000	0	0	0	0	0
	Executive management and liaison services	41,316,354	0	0	0	0	0
	Sub Total	**497,833,891**	**0**	**18,062,458**	**0**	4	0
Department of Finance and Economic Planning							
Policy and planning		6,098,000	0	0	0	0	0
	Policy and planning	16,098,000	0	0	0	0	0
General administration support services		76,544,265	0		0	0	0
	Supply chain management	8,600,000	0	0	0	0	0
	General administration support services	67,944,265	0	18,877,270	0	28	0
Financial Management & Control		0	135,853,006	0	0	0	0
	Accounting and financial services	0	135,853,006	0	0	0	0
Accounting and financial services		34,150,000	0	0	0	0	0
	Audit services	7,000,000	0	0	0	0	0
	Accounting and financial services	27,150,000	0	0	0	0	0
	Sub Total	**116,792,265**	**135,853,006**	**18,877,270**	**0**	16	0
Department of Agriculture, Livestock and Fisheries							
General administration and support services	General administration and support services	64,088,643	0	13,179,619	0	21	0
	Policy and planning	517,690	0	0	0	0	0
Crop, Agribusiness		2,000,000		0		0	0
	Crop Development Services	2,000,000	170,434,071	0	5,000,000	0	3
	Sub Total	**66,606,333**	**170,434,071**	**13,179,619**	**5,000,000**	20	3
Department of Environment, Energy, Natural Resources and Mining							

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent E	Develop-ment	Rec	Dev
General administration and support services	General administration and support services	39,779,448	0	10,716,806	0	27	0
	Mineral exploration and mining promotion	0	0	0	0	0	0
	Other energy sources promotion	6,500,000	11,750,000	0	0	0	0
Environmental Protection	Pollution and waste management	3,500,000	1,000,000	0	0	0	0
	Agroforestry promotion	11,000,000	202,210,133	11,000,000	0	100	0
	Sub Total	**60,779,448**	**214,960,133**	**21,716,806**	**0**	36	0
Department of Education and ICT							
General Administration & Support Services	General Administration	475,447,178	0	55,482,641	0	12	0
	ECDE and CCC management services	4,500,000	39,400,000	0	0	0	0
	Vocational management services	13,000,000	10,000,000	0	0	0	0
	Sub Total	**492,947,178**	**49,400,000**	**55,482,641**	**0**	11	0
Department of Health							
Policy Planning and support services	Administration support services	522,776,355	0	156,606,291	0	30	0
	Medical services	168,650,000	450,500,000	0	0	0	0
	Facility infrastructural services	6,000,000	0	0	0	0	0
	Sub Total	**697,426,355**	**450,500,000**	**156,606,291**	**0**	22	0
Department of Lands, Housing and Urban Development							
General administration and support services	General administration and sup-port services	75,345,805	0	10,280,100	0	14	0
	Policy and planning	400,000	0	0	0	0	0
	Physical Planning	4,000,000	17,000,000	0	356,000	0	2
	Surveying services	0	0	0	0	0	0
Town Management and Coordination	Town Management and Coordination	1,000,000	117,000,000	0	0	0	0
	Sub Total	**80,745,805**	**134,000,000**	**10,280,100**	**0**	13	0
Department of Water, Sanitation and Irrigation							
General Administration Planning and Support Services	General administration and support services	39,297,623	0	0	0	0	0
	Major towns' water services	9,000,000	45,000,000	0	0	0	0
	Sub Total	**48,297,623**	**45,000,000**	**0**	**0**	0	0
Department of Roads, Transport and Public Works							
	Policy and planning	300,000	0	0	0	0	0
	Human resource and support services	0	0	0	0	0	0
	Administration and support services	95,521,356	0	15,337,968		16	0

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent E	Develop-ment	Rec	Dev
	Routine road maintenance and construction.	0	0	0	0	0	0
	Construction of roads and bridges	20,800,000	487,226,439			0	0
	Rehabilitation and maintenance of Roads	0	0	0	0	0	0
	Infrastructural development and fire safety	2,000,000	0	0	0	0	0
	Sub Total	**118,621,356**	**487,226,439**	**15,337,968**	**0**	13	0
Department of Trade, Tourism, Industrialization and Cooperatives Development							
General administration and support services	General administration and support services	40,158,147	0	6,002,341	0	15	0
	Policy and planning services	2,000,000	0	0	0	0	0
Trade, Cooperative & Investment				0	0	0	0
	Cooperative promotion	8,250,000	1,500,000	0	0	0	0
	Value chain and investment development	0	0	0	0	0	0
	Trade promotion	20,500,000	11,300,000	0	0	0	0
Tourism promo-tion and manage-ment				0	0	0	0
	Tourism promotion and management	1,000,000	3,000,000	0	0	0	0
	Sub Total	**71,908,147**	**15,800,000**	**6,002,341**	**0**	8	0
Department of Youths, Sports, Gender, Culture and Social Services							
General Adminis-tration, Planning, and	General administration support services	49,675,667	0	8,757,930	0	18	0
	Policy development and support services	0	0	0	0	0	0
Policy and plan-ning services		3,000,000	0	0	0	0	0
	General administration and support services	0	0	0	0	0	0
	Policy and planning services	0	0	0	0	0	0
	Mainstreaming services eg gender and youth	3,000,000	0	0	0	0	0
	Cultural promotion heritage	1,000,000	0	0	0	0	0
	Community Development	5,000,000	20,500,000	0	0	0	0
	Cultural development and promotion	0	0	0	0	0	0
	Sub Total	**58,675,667**	**20,500,000**	**8,757,930**	**0**	15	0
County Public Service Board							
	Policy and planning	0	0	0	0	0	0
Support Services			0	0	0	0	0
	Legal services	867,500	0	0	0	0	0
		0	0	0	0	0	0
	Procurement services	0	0	0	0	0	0
General adminis-tration and support services					0	0	0
	Policy and planning	2,971,500	0	0	0	0	0

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent E	Develop-ment	Rec	Dev
	General administration and support services	57,284,925	0	7,233,782	0	13	0
	Sub Total	**61,123,925**	**0**	**7,233,782**	**0**	12	0
Department of Public Administration and Coordination of Decentralized Units							
General administration and support services	Policy and planning	200,000	0	0	0	0	0
	General administration and support services	276,110,145	0	40,596,014	0	15	0
ICT		0	0	0	0	0	0
	ICT infrastructural services	0	0	0	0	0	0
Communication services			0	0	0	0	0
	Communication services	1,000,000	0	0	0	0	0
Community devel-opment and special funding				0	0	0	0
	Community development and special funding	8,500,000	37,500,000	0	0	0	0
Coordination, strategy & HR Services					0	0	0
	Human resource management	500,000	0		0	0	0
	Field coordination and Administration	1,000,000	3,000,000	0	0	0	0
	Strategy & advisory services	1,000,000	0	0	0	0	0
	Human resource development	160,000,000	5,000,000	49,798,000	0	31	0
	Sub Total	**448,310,145**	**45,500,000**	**90,394,014**	**0**	20	0
Nyamira - Municipality							
General administration and support services	General administration and support services	51,434,230	0	10,978,085	0	21	0
	Policy and planning	40,441,800	0	0	0	0	0
Infrastructural development and fire safety		0		0	0	0	0
	Infrastructural development and fire safety	0	80,817,128	0	0	0	0
	Sub Total	**91,876,030**	**80,817,128**	**10,978,085**	**0**	12	0
Office of County Attorney							
General admin-istration support services				0	0	0	0
	General administration support services	22,436,539	0	0	0	0	0
	Legal services	2,712,000	4,987,040	0	0	0	0
	Sub Total	**25,148,539**	**4,987,040**	**0**	**0**	0	0
Department of Economic Planning, Resources Mobilisation and ICT							
ICT Services	Information and communication services	5,200,000	13,000,000	0	0	0	0
General administration support services	General administration support services	164,490,616	0	15,910,243	0	10	0

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent E	Develop-ment	Rec	Dev
Economic Planning & Budgeting	Budget formulation and management	1,500,000	0	0	0	0	0
	Economic planning and coordination	46,698,400	20,546,994	0	0	0	0
	Sub Total	**217,889,016**	**33,546,994**	**15,910,243**	**0**	7	0
Department of Livestock and Fisheries Services							
General administration and support services	General administration and support services	97,126,827	0	12,391,616	0	13	0
	Policy and planning	517,690	0	0	0	0	0
Fisheries Develop-ment & promotion			0	0	0	0	0
	Aquaculture Promotion Services	1,000,000	0	0	0	0	0
						0	0
Livestock Development & promotion	Animal Health Disease and Management	1,000,000	8,000,000	0	400,000	0	5
	Livestock Products Value Addition and Marketing	1,000,000	3,000,000	0		0	0
	Sub Total	**100,644,517**	**11,000,000**	**12,391,616**	**0**	12	0
Department of Primary Healthcare							
General administration and support services	General administration and support services	1,107,780,663	0	99,903,617	0	9	0
Health Policy Plan-ning and Financing		1,500,000	0	0	0	0	0
	Health Policy Planning and Financing	1,500,000	0	0	0	0	0
Curative Health Services					0	0	0
	Facility infrastructural services	57,634,002	34,600,000		0	0	0
	Sub Total	**1,224,548,663**	**34,600,000**	**107,856,084**	**0**	9%	0
Keroka Municipality Board							
General administration and support services	Policy and planning	450,000	0	0	0	0	0
	General administration and support services	15,162,809	0	0	0	0	0
Infrastructural development and fire safety	Infrastructural development and fire safety	0	163,123,322	0	0	0	0
	Sub Total	**15,612,809**	**163,123,322**	**0**	**0**	0	0
Nyamira - Revenue Board							
General administration and support services	General administration and support services	3,622,500	0	0	0	0	0
internal Resource mobilisation	internal Resource mobilisation	4,100,000	0	0	0	0	0
	Sub Total	**7,722,500**	**0**	**0**	**0**	0	0
Nyamira Disability Board							
General administration and support services	General administration and support services	4,722,500	0	0	0	0	0
	Policy and planning	1,500,000	0	0	0	0	0

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent E	Develop-ment	Rec	Dev
	Sub Total	**6,222,500**	**0**	**0**	**0**	0	0
Nyamira - Investment Cooperation							
General administration and support services	General administration and support services	2,722,500	0	0	0	0	0
	Policy and planning services	7,000,000	0	0	0	0	0
	Sub Total	**9,722,500**	**0**	**0**	**0**	0	0
Nyamira Water & Sanitation Company							
General administration and support services	General administration and support services	2,722,500	0	0	0	0	0
Infrastructural development and fire safety	Infrastructural development and fire safety	27,277,500	0	0	0	0	0
	Sub Total	**30,000,000**	**0**	**0**	**0**	0	0
	Grand Total	**5,259,217,875**	**2,283,248,133**	**602,208,285**	**33,000,000**	11	1

***Source**: Nyamira County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Agroforestry promotion in the Department of Environment, Energy, Natural Resources and Mining at 100 per cent, Human Resource Development in the Department of Public Administration and Coordination of Decentralised Units at 31per cent, Administration support services in the Department of Health at 30 per cent, and General administration support services in the Department of Finance and Economic Planning at 28 per cent of budget allocation.

3.34.15 Accounts Operated in Commercial Banks

The County government operated 18 accounts with commercial banks, all of which were for vocational training centers.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.34.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 25 October 2024.
2. The underperformance of own-source revenue at Kshs.70 million against an annual target of Kshs.800 million, representing 9 per cent of the yearly target.
3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for Health Facility Improvement Fund, Emergency Fund, Education Support Fund, Loans to Traders (Revolving Fund), Co-operative Enterprise Development Fund, County Executive Car Loan & Mortgage Fund and County Assembly Car and Mortgage Fund were not submitted to the Controller of Budget as of 15 October 2024.
4. High level of pending bills which amounted to Kshs.784.86 million as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
5. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.35. County Government of Nyandarua

3.35.1 Overview of FY 2024/25 Budget

The Nyandarua County approved FY 2024/25 budget is Kshs.8.49 billion. It comprises Kshs.3.05 billion (36 percent) and Kshs.5.44 billion (64 percent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.274.01 million (3 percent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.81 billion and a recurrent budget of Kshs.5.4 billion.

The Nyandarua County Government budget will be financed from different sources of revenue. These include Kshs.6.14 billion (71 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.49 billion as additional allocations, a cash balance of Kshs.626.44 million (7 per cent) brought forward from FY 2023/24, and Kshs.850 million (9.8 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.250 million (2.8 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.600 million (7 per cent) as ordinary own-source revenue.

3.35.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.23 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.974.49 million, and the own source revenue (OSR) collection was Kshs.99.97 million. Additionally, the County had a balance of Kshs.626.44 million from FY 2023/24. The FY 2023/24 balance includes Kshs.472.48 million of the June 2024 equitable share disbursed in July 2024.

Analysis of the total OSR collection of Kshs.99.97 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.54.28 million and Kshs.45.68 million as ordinary OSR. Table 3.231 summarises the total revenue available to the county government during the first quarter of FY 2024/25. performance

Table 3.231: Nyandarua County, Revenue Performance in the First Quarter of FY 2024/25

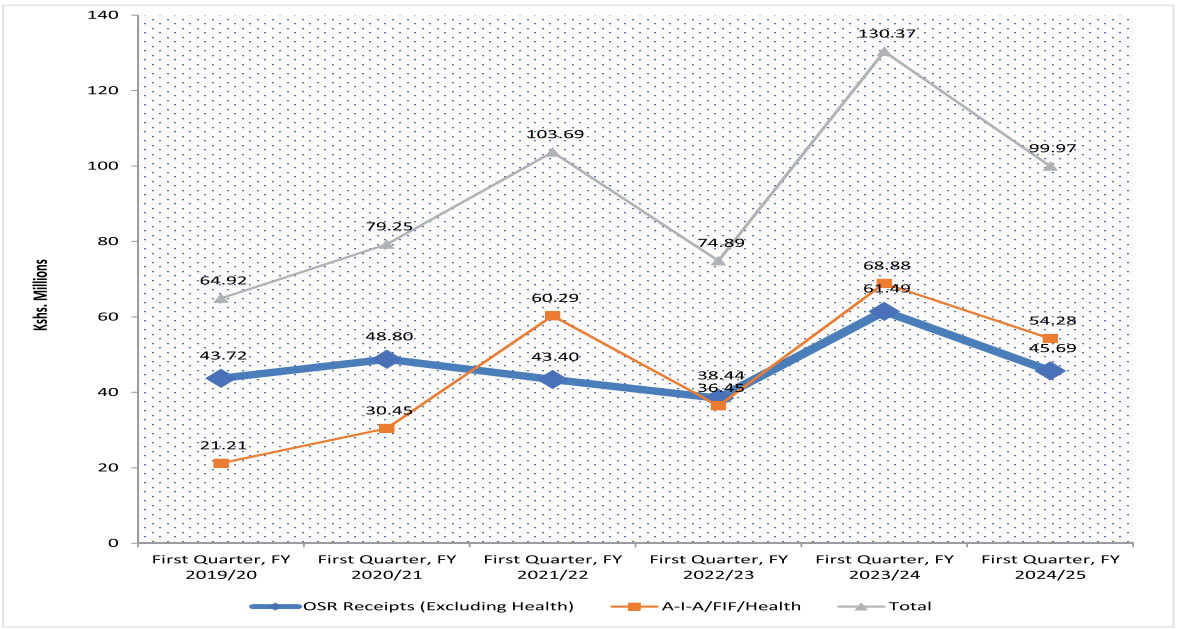
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	6,137,355,000	502,007,965	8
Sub Total		**6,137,355,000**	**502,007,965**	**8**
B	**Additional Allocations**			
1	Supplement for Construction of County Headquarters	119,000,000	0	0
2	Aggregated Industrial Parks Programme	250,000,000	0	0
3	Fertiliser Subsidy Programme	121,624,039	0	0
4	Livestock Value Chains Support Project	135,210,000	0	0
5	Transfer of Library Services	2,865,209	0	0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6	Roads Maintenance Fuel Levy	222,822,888	0	0
7	Community Health Promoters	41,610,000	0	0
8	IDA (World Bank) - National Agriculture Value Chain Development Project (NAVCDP)	151,515,152	0	0
11	DANIDA - Primary Health Care in a Devolved Context	7,507,500	0	0
12	World Bank -Kenya Informal Settlement Improvement Project- KISIP II	238,462,533	0	0
14	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Resilience Investment Grant	136,000,000	0	0
16	Kenya Development Support Program Level 2	37,500,000	0	0
17	Kenya Urban Support Project-Urban Institutional Grant	35,000,000	0	0
Sub-Total		**1,499,117,321**	0	**0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	600,000,000	45,685,815	8
2	Balance b/f from FY2023/24	626,438,759	626,438,759	100
3	Facility Improvement Fund (FIF)	250,000,000	54,281,182	22
4	Other Revenues	0	0	0
5	Appropriation in Aid (AIA)	0	0	0
Sub Total		1,476,438,759	726,405,756	
Grand Total		**9,112,911,080**	**1,228,413,721**	**14**

Source: *Nyandarua County Treasury*

Figure 136 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 136: Trend in Own-Source Revenue Collection from the FY 2018/19 to the FY 2024/25

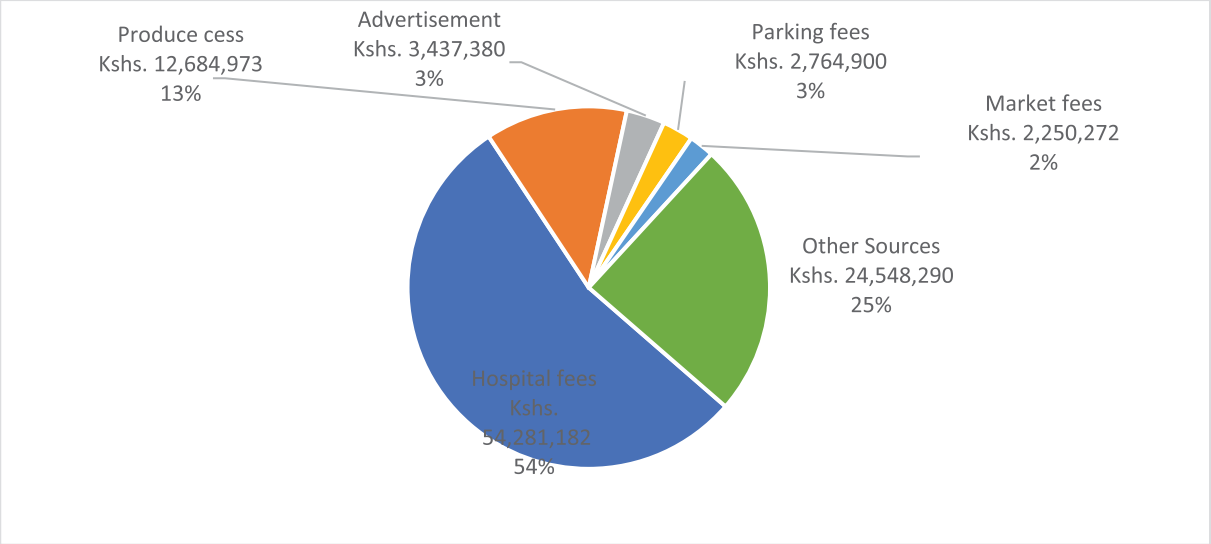


Source: *Nyandarua County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.99.97 million from its own sources of revenue, inclusive of FIF. This amount a decreased by 23 per cent compared to Kshs.130.37 million realised in a similar period in FY 2023/24 and was 12 per cent of the annual target and 10 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.2.13 million.

The revenue streams which contributed the highest OSR receipts are shown in Figure 137.

Figure 137: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Nyandarua County Treasury

The highest revenue stream, Kshs.54.28 million, was from hospital fees/FIF, contributing 54 per cent of the total OSR receipts during the reporting period.

3.35.3 Borrowing by the County

The County Treasury has an MoU with Tower Sacco to pay salaries whenever there is a delay in disbursing equitable shares.

3.35.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.507.97 million from the CRF account during the reporting period, which comprised Kshs.119.57 million (24 per cent) for development programmes and Kshs.388.39 million (76 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.317.95 million was released towards employee compensation and Kshs.70.44 million for operations and maintenance expenditure.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs. 565.75 million.

3.35.5 County Expenditure Review

The County spent Kshs.377.21 million on recurrent programmes in the reporting period. This expenditure represented 97 per cent of the total funds released by the CoB. The entire amount was spent on recurrent activities, with no development expenditure reported. Expenditure on recurrent programmes represented an absorption rate of 7 per cent of the annual recurrent expenditure budget.

3.35.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.23 billion as of 30 September 2024, comprising pending payments by the County Executive of Kshs.1.13 billion and Kshs.102.66 for the County Assembly.

The County Executive's pending bills consist of Kshs.353.35 million for recurrent expenditures and Kshs.781.61 million for development expenditures. The County Executive did not settle any pending bills during the period under review.

The County Assembly settled pending bills worth Kshs.10.74 million, so the outstanding bills were Kshs.91.93 million as of 30 September 2024.

3.35.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.255.18 million on employee compensation and Kshs.30.01 million on operations and maintenance. Similarly, the County Assembly spent Kshs.72.75 million on employee compensation and Kshs.29.25 million on operations and maintenance. Both the County Executive and County Assembly did not report any expenditure on development, as shown in Table 3.232.

Table 3.232: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,549,354,538**	**889,760,000**	285,208,295	92,005,222	**6**	**10**
Compensation to Employees	2,296,800,000	436,912,394	255,180,235	62,754,853	11	14
Operations and Maintenance	2,252,554,538	452,847,606	30,028,060	29,250,369	1	7
Development Expenditure	2,982,357,783	65,000,000	-	-	0	0
Total	**7,531,712,321**	**954,760,000**	**285,208,295**	**92,005,222**	**4**	**10**

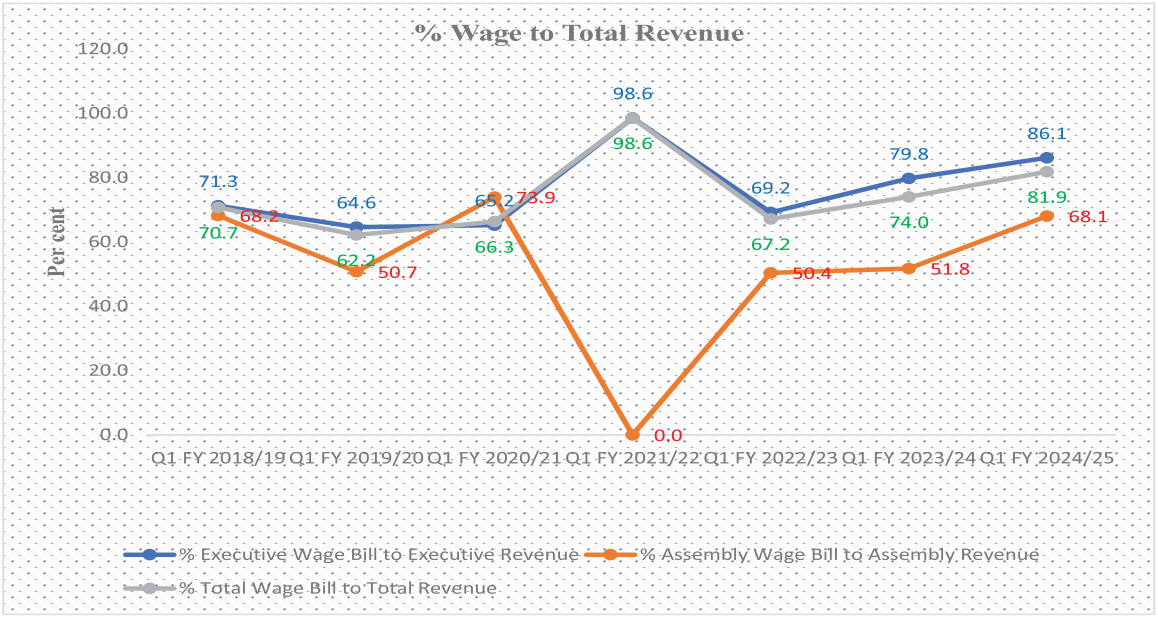
***Source**: Nyandarua County Treasury*

3.35.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.317.94 million, or 26 per cent of the available revenue of Kshs.1.23 billion. This expenditure represented a decrease from Kshs.933.02 million reported in a similar period in FY 2023/24. The wage bill included Kshs.182.45 million paid to the health sector employees, translating to 57 per cent of the total wage bill.

Figure 138 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 138: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Nyandarua County Treasury

Further analysis indicates that PE costs amounting to Kshs.290.27 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.27.66 million was processed through manual payrolls. The manual payrolls accounted for 9 percent of the total PE cost.

The County Assembly spent Kshs.6.14 million on committee sitting allowances for the 41 MCAs and the speaker against the annual budget allocation of Kshs.39.49 million. The average monthly sitting allowance was Kshs.48,736 per MCA. The County Assembly had 17 House Committees.

3.35.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.421.07 million to county-established funds in FY 2024/25, or 4.9 per cent of the County's overall budget. Further, the County allocated Kshs.50 million to the Emergency Fund (0.6 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.233 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.233: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues (Kshs)	Actual Expenditure (Kshs.)	Cumulative disbursements to the Fund as of 30 September 2024 (Kshs)	Submission of Financial Statements as of 31 September 2024 (Yes/No)
	County Executive Established Funds					
1	Emergency Fund	50,000,000	-	-		Yes
2	Executive Car & Mortgage	70,000,000	-	-		Yes
3	Bursary	194,900,000	-	-		Yes
	County Assembly Established Funds					
4	Staff Car & Mortgage	46,167,574	-	-		Yes
5	MCAs Car & Mortgage	60,000,000	-	-		Yes
	Total	**421,067,574**				

Source: *Nyandarua County Treasury*

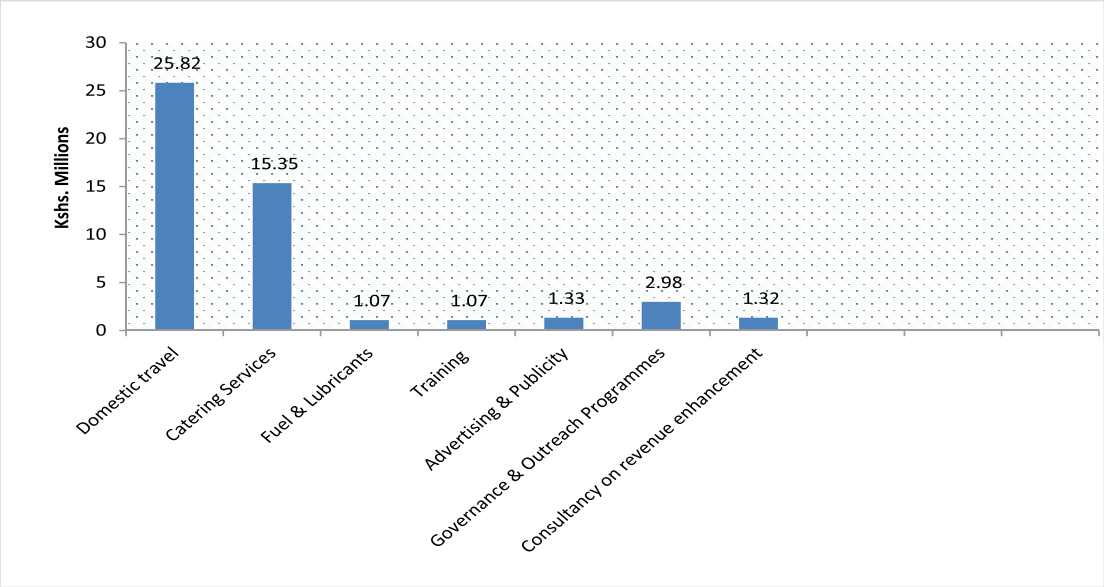
During the reporting period, the CoB receive quarterly financial reports from all the Fund Administrators, as indicated in Table 3.54, and per the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.35.10 Expenditure on Operations and Maintenance

Figure 139 summarises the Operations and Maintenance expenditure by major categories.

Figure 139: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyandarua County Treasury*

Expenditure on domestic travel amounted to Kshs.25.82 million and comprised Kshs.21.01 million spent by the County Assembly and Kshs.4.81 million by the County Executive. Expenditure on foreign travel amounted to Kshs.207,111 spent by the County Assembly. Expenditure on foreign travel is summarised in Table 3.234.

Table 3.234: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	19th to 26th May 2024	Climate leadership conference	Arusha	207,111 This is a partial payment

Source: Nyandarua County Assembly

No legal fees/dues, arbitration, compensation payments and garbage collection costs were reported during the period under review.

3.35.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.54.28 million as FIF, which was 21.7 percent of the annual target of Kshs.250 million. The collected amount was retained and utilised at source in accordance with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs. as shown in the Table 3.235

Table 3.235: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Engineer Level IV Hospital	51,853,638	48,742,480	93
	JM Kariuki	264,703,299	45,085,659	17
	Total	**316,556,937**	**93,828,139**	**30**

Source: *Nyandarua County Treasury*

The health facility with the highest absorption rate was the Engineer level IV hospital, which was 93 per cent of its budget.

3.35.12 Development Expenditure

The County did not report any expenditures on development programmes in the First Quarter of FY 2024/25.

3.35.13 Budget Performance by Department

Table 3.236 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.236: Nyandarua County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor'	120	-	4.43		4.43	-	100.0	-	3.7	-
County Secretary & Head of Public Service	60.93	-	0.58		0.58	-	100.0	-	1.0	-
Office of The County Attorney	26.85	-	0.32		0.32	-	100.0	-	1.2	-
Public Service Administration & Devolution	2,649.33	2	244.73		244.73	-	100.0	-	9.2	-
County public Service Board	25.93	-	0.20		0.20	-	100.0	-	0.8	-
Finance ,Economic Planning and ICT	544.29	118.70	6.95		6.95	-	100.0	-	1.3	-
Health Services	484.78	239.50	13.54		13.54	-	100.0	-	2.8	-
Education, Children, Gender Affairs, Culture and Social Services	169.66	65.62	5.60		5.60	-	100.0	-	3.3	-
Tourism, Co-operative Development, Trade & Industrialization	55.48	426.20	1.60		1.60	-	100.0	-	2.9	-
Youth Empowerment, Sports and Arts	55.63	15.10	0.78		0.78	-	100.0	-	1.4	-
Water, Environment, Climate Change& Natural Resources	35.34	378.83	12.72	52.26	1.73	-	13.6	-	4.9	-
Public Works, Roads, Transport, Housing & Energy	71.78	961.95	1.58		1.58	-	100.0	-	2.2	-
Lands, Physical Planning and Urban Development	33.93	329.63	1.31	67.31	1.31	-	100.0	-	3.9	-
Ol-Kalou Municipality	31.35	9.37	0.36		0.36	-	100.0	-	1.2	-
Mairo-Inya Municipality	19.04	6	0.10		0.10	-	100.0	-	0.5	-
Engineer Municipality	20.75	6.80	0.55		0.55	-	100.0	-	2.7	-
Agriculture, Livestock & Fisheries	144.28	422.65	0.85		0.85	-		-		-
County Assembly	889.76	65	92.19		92.01	-	99.8	-	10.3	-
Total	**5,439.11**	**3,047.36**	**388.40**	**119.57**	**377.21**	**-**	**97.1**	**-**	**6.9**	**-**

***Source**: Nyandarua County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of its recurrent budget at 10 per cent, followed by the Department of Public Service Administration at 9 per cent.

3.35.14 Budget Execution by Programmes and Sub-Programmes

Table 3.237 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.237: Nyandarua County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Recurrent	Develop-ment
Office of the Governor							
General administration, planning and support services	Service Delivery Coordination	72,100,000		4,432,000		6.1	
	Governor's press services and administrative support	7,260,000		-		-	
	Liaison and Intergovernmental Relations	16,740,000		-		-	
	Special Programs and Diaspora Affairs	18,500,000		-		-	
	Public Participation and Civic Education	5,400,000		-		-	
Sub Total		**120,000,000**	-	**4,432,000**	-	**3.7**	
Office of the County Secretary & Head of Public Service							
County Secretary	County Administration	47,450,000		130,000		0.3	
	Cabinet Affairs	2,500,000		150,000		6.0	
	Communication and Public Relations	5,350,000		300,000		5.6	
	County Records Management	5,630,139		-		-	
Sub Total		**60,930,139**	-	**580,000**	-	**1.0**	
Office of the County Attorney							
County Attorney Services	Legal and Public Affairs	26,850,000		320,000		1.2	
Sub Total		**26,850,000**	-	**320,000**	-	**1.2**	
Public Service & Devolution							
Human Resource Management	Payroll (Including Compensation to employees)	2,300,460,000		242,465,635		10.5	
	Human Resource Management (Including employee gratuity, pension and medical insurance)	268,610,000		350,000		0.1	
Public administration	Public Administration	43,789,921		956,400		2.2	
	Sub-County and Ward Administration	20,350,000		50,000		0.2	
	Enforcement and Compliance	16,120,000	2,000,000	908,000		5.6	
Sub Total		**2,649,329,921**	**2,000,000**	**244,730,035**	-	**9.2**	
County Public Service Board							
County Public Service Board	County Public Service Board	25,925,600		200,000		0.8	
Sub Total		**25,925,600**	-	**200,000**	-	**0.8**	
Finance, Economic Planning & ICT							

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Recurrent	Develop-ment
Public Finance Management	County Funds	314,900,000	10,000,000	-		-	
	Treasury services	68,960,100		540,000		0.8	
	Financial reporting	8,935,000		-		-	
	Revenue Collection and Administration (Including automation)	30,090,135		865,000		2.9	
	Revenue Enhancement and Monitoring	27,400,000		1,320,000		4.8	
	Supply Chain Management	10,984,500		30,000		0.3	
	Internal Audit and Risk Management	8,050,000		420,000		5.2	
	Internal Audit Committee	3,800,000		-		-	
Economic planning and development	Economic Development Planning, including KDSP	16,350,000	100,000,000	647,000		4.0	
	County Statistics and Data Bank	4,850,000		-		-	
	Monitoring and Evaluation	14,000,000		1,088,000		7.8	
	Economic Modelling and Research	2,500,000		-		-	
	County Budgeting	18,570,000		1,439,000		7.7	
	Resource Mobilisation and Debt Management	3,000,000		250,000		8.3	
ICT and E-government Services	ICT and E-government Services	11,900,000	8,700,000	350,000		2.9	
Sub Total		**544,289,735**	**118,700,000**	**6,949,000**	-	**1.3**	
Health Services							
Preventive and Promotive Services	Preventive and Promotive Services	90,420,000		13,050,000		14.4	
Curative Services	Curative Services	84,650,000		490,000		0.6	
	Health Improvement Financing (FIF)	250,000,000		-			
	Universal health care and grants	34,397,500		-		-	
General administration, planning and support services	Solid Waste and Cemeteries	25,100,000		-		-	
	Infrastructure and Equipment	217,000	239,501,090				
Sub total		484,784,500	239,501,090	13,540,000	-	2.8	
Education, Children, Gender Affairs & Culture							
Primary education	ECDE	27,394,999	42,670,943	850,000		3.1	
Youth training and development	Revitalisation of Youth Polytechnics	63,304,187	14,146,429	496,760		0.8	
Culture and library services	Development and Promotion of Culture	5,725,000	4,300,000	4,048,750		70.7	
	Library Services	2,915,000	4,500,000	55,000			
Children, Gender and Social Services	Social Services	54,030,000		-		-	

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Children and Gender Affairs	10,295,000		150,000		1.5	
General administration, planning and support services	Alcohol Drinks Control and Civic Education	6,000,000		-		-	
Sub Total		169,664,186	65,617,372	5,600,510	-	3.3	
Tourism, Co-operative Development, Trade & Industrialization							
Trade development and promotion	Financial and Trade Services	7,700,000	11,400,000	826,250		10.7	
	Nyandarua County Trade Development and Investment Authority (NCTDIA)	5,800,000				-	
Industrial development and investment	Industrial and Enterprise Development	5,600,000	403,000,000	770,000		13.8	
	Weights & Measures	4,295,000		-		-	
Co-operative development and management	Co-operative Audit Extension Services	2,370,053		-		-	
	Co-operative Development	10,320,000		-		-	
Tourism development and promotion	Tourism Infrastructure Development	19,399,747	11,800,000	-		-	
Sub Total		55,484,800	426,200,000	1,596,250	-	2.9	
Youth, Sports & Arts							
Sports	Sports Development	31,855,000	13,603,933	280,000		0.9	
Youth Affairs	Youth Affairs	15,976,824		350,000		2.2	
Arts & Theater	Arts & Theater	7,800,000	1,500,000	150,000		1.9	
Sub Total		55,631,824	15,103,933	780,000	-	1.4	
Water, Environment, Climate Change & Natural Resources							
Water Resource Development.	Water Resource Conservation and Protection, Infrastructure and flood control	19,848,400	146,443,985	350,000		1.8	
Environment	Environmental support and management	4,880,000	700,000	725,000		14.9	
	Climate change resilience	5,240,000	227,685,079	650,000		12.4	
	Natural resource	4,870,000		-		-	
Irrigation and Drainage infrastructure	Promotion of irrigation and drainage development and management	500,000	4,000,000	-		-	
Sub Total		**35,338,400**	**378,829,064**	**1,725,000**	-	**4.9**	
Transport, Energy & Public Works							
Road transport	Transport (Including fuel level, General Administration & Support Services)	28,410,000	735,411,598	950,000		3.3	
	Public Works	6,390,000	200,300,000	400,000		6.3	
Alternative energy technologies	Alternative energy technologies	29,950,000	23,240,000	100,000		0.3	

Programme	Sub-Programme	Approved Estimates		Actual expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Develop-ment	Recurrent	Develop-ment
General adminis-tration, planning and support services	Emergency Response & Preparedness	4,000,000		-		-	
Housing	Housing	3,025,000	2,999,213	127,200		4.2	
Sub Total		**71,775,000**	**961,950,811**	**1,577,200**	-	**2.2**	
Lands, Physical Planning & Urban Development							
Land policy and planning	Physical Planning	7,980,000		250,000		3.1	
	Survey and Mapping	13,375,000		150,000		1.1	
	Land Administration and Management	10,150,000	85,170,741	863,700		8.5	
Urban develop-ment	Urban development	2,425,834	244,462,533	50,000		2.1	
Sub Total		33,930,834	329,633,274	1,313,700	-	3.9	
MUNICIPALI-TIES							
Municipalities	Ol'kalou municipality	31,350,000	9,368,200	364,600		1.2	
	Engineer Municipality	20,748,000	6,000,000	550,000		2.7	
	Mairo-Inya Municipality	19,038,000	6,800,000	100,000		0.5	
Sub Total		**71,136,000**	**22,168,200**	**1,014,600**	-	**1.4**	
Agriculture, livestock & Fisheries							
Crop development and management	land and crop development	48,390,000	283,144,039	150,000		0.3	
Livestock resources management and development	livestock production and management	23,175,000	137,210,000	150,000		0.6	
	Veterinary Services	20,599,599	800,000	150,000		0.7	
Fisheries De-velopment and management	fisheries policy, strategy and capaci-ty building	2,285,000	1,500,000	100,000		4.4	
General administration, planning and support services	Agricultural Sup-port Institutions	10,000,000				-	
	General adminis-tration and Exten-sion Services	8,284,000		300,000		3.6	
	Subsidised Artifi-cial Insemination	31,550,000				-	
Sub Total		**144,283,599**	**422,654,039**	**850,000**	-	**0.6**	
County Assembly							
County Assembly	Legislative, over-sight and represen-tation	889,760,000	65,000,000	92,005,222		10.3	
Sub Total		**889,760,000**	**65,000,000**	**92,005,222**	-	**10.3**	
Grand Total		**5,439,114,538**	**3,047,357,783**	**377,213,517**	-	**6.9**	

***Source**: Nyandarua County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were Development and Promotion of Culture in the Department of Education, Children, Gender Affairs & Culture at 71 per cent, Preventive & Promotive Services in the Department of Health at 14 per cent, and Industrial & Enterprise Development at 14 per cent of budget allocation.

3.35.15 Accounts Operated in Commercial Banks

The County government has yet to provide a list of bank accounts in commercial banks.

3.35.16 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.54.28 million against an annual target of Kshs.850 million, representing 11 per cent of the yearly target.

2. There was a high level of pending bills, which amounted to Kshs.1.24 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills .

3. Use of manual payroll. Personnel emoluments amounting to Kshs.27.66 million were processed through the manual payroll, accounting for 9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

2. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*

3.36. County Government of Nyeri

3.36.1 Overview of FY 2024/25 Budget

The Nyeri County approved FY 2024/25 budget is Kshs.8,75 billion. It comprises Kshs.2.89 billion (31 per cent) and Kshs.5.86 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.702.72 million (9 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.41 billion and a recurrent budget of Kshs.5.63. billion.

The Nyeri County Government budget will be financed from different sources of revenue. These include Kshs.6.58 billion (69 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.37 billion (14 per cent) as additional allocations and Kshs.1.64 billion (15 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.836.3 million (9 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.800 million (8 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.239.

3.36.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.32 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs. 1.07 billion, with additional allocations from government and development partners of Kshs.11.00 million and the collection of Kshs' own source rev-

enue (OSR).239.44 million. The balance of Kshs.518.83 million is for the June 2024 Equitable share, which was disbursed in July 2024.

Analysis of the total OSR collection of Kshs.239.44 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.129.45 million and Kshs109.99 million as ordinary OSR. Table 3.238 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance

Table 3.238: Nyeri County, Revenue Performance in the First Quarter of FY 2024/25

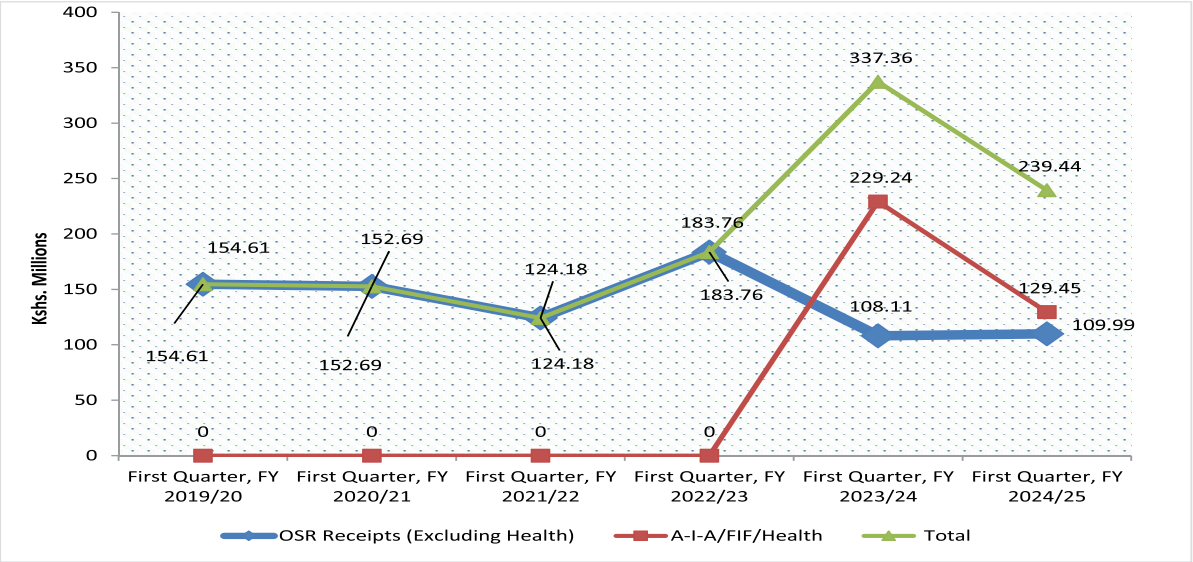
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	6,580,025,891	551,253,139	8
Sub Total		**6,580,025,891**	**551,253,139**	**8**
B	**Additional Allocations**			
1	Kenya Informal Settlement Programme (KISIP II)	365,603,076		0
2	The Danish International Development Agency (DANIDA)	8,336,250		0
3	IDA (World Bank) Credit - National Agricultural Value Chain Development Programme (NAVCDP)	151,515,152		0
4	Aquaculture Business Development Programme (ABDP)	19,315,146		0
5	Kenya Agricultural Agribusiness Development Project (KABDP)	11,918,919		0
6	Aggregated Industrial Parks Programme (CAIP)	250,000,000		0
7	IDA (World Bank) Credit - Financing Locally - Led Climate Action (FLLoCA) program - County Climate Institutional Support (CCIS) Grants	136,000,000	11,000,000	8
8	Road Maintenance Levy Fund (RMLF)	281,534,361		0
9	Kenya Development Support Program KDSP II (Level I)	37,500,000		0
10	Community Health Promoters	74,250,000		0
11	Kenya Urban Support Program, The Urban Institute Grant (KUSP UIG)	35,000,000		0
Sub-Total		1,370,972,904	11,000,000	**0.8**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	800,000,000	109,993,185	14
2	Balance b/f from FY2023/24	0	518,826,484	0
3	Facility Improvement Fund (FIF)	836,295,125	129,447,356	15
4	Other Revenues	0	0	0
5	Appropriation in Aid (AIA)	0	0	0
Sub Total		1,636,295,125	758,267,025	46
Grand Total		**9,587,293,920**	1,320,520,164	**14**

Source: *Nyeri County Treasury*

The County does not have governing legislation for operating ordinary A-I-A and FIF.

Figure 140 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 140: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



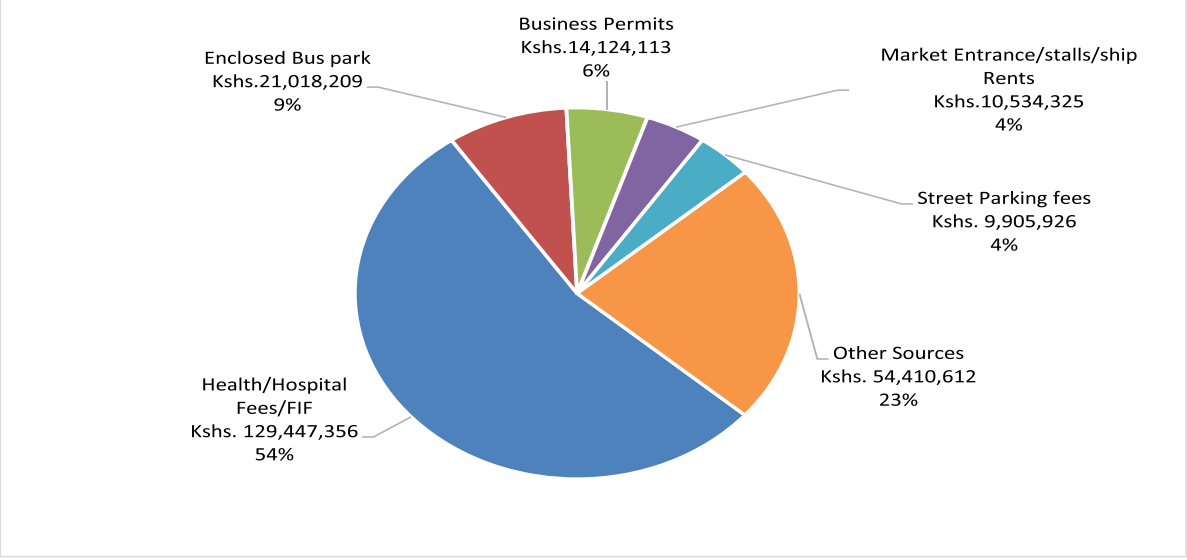
Source: *Nyeri County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.239.44 million from its own revenue sources, including AIA and FIF. This amount was a decrease of 29 percent compared to Kshs.337.36 million realised in a similar period in FY 2023/24. It was 15 per cent of the annual target and 22 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to the shift from NHIF to SHIF, which resulted in a lack of refunds from NHIF.

The revenue streams which contributed the highest OSR receipts are shown in Figure 141.

Figure 141: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Nyeri County Treasury

The highest revenue stream, Kshs.129.45 million, was from Health/Hospital Fees/FIF, which contributed 54 per cent of the total OSR receipts during the reporting period.

3.36.3 Borrowing by the County

The County did not borrow any funds during the reporting period.

3.36.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.800.66 million from the CRF account during the reporting period, which comprised Kshs.11 million (1 per cent) for development programmes and Kshs.789.66 million (99 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.682.9 million was released towards employee compensation and Kshs.106.75 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 629.57 million.

3.36.5 County Expenditure Review

The County spent Kshs.1.17 billion on development and recurrent programmes in the reporting period. The expenditure represented 150 per cent of the total funds released by the CoB and comprised Kshs.448,600 and Kshs.1.17 billion on development and recurrent programmes, respectively. The reason for this observation was that the County uses IFMIS data to report on expenditures, where some items were processed in IFMIS but were not requisitioned. Expenditure on development programmes represented an absorption rate of less than one per cent, while recurrent expenditure represented 20 per cent of the annual recurrent expenditure budget.

3.36.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.260.23 million as of 30 June 2024, comprising pending payments by the County Executive of Kshs.192.64 million and Kshs.67.59 million for the County Assembly.

The County Executive's pending bills consist of Kshs.88.99 million for recurrent expenditures and Kshs.103.66 million for development expenditures. The County Executive did not settle any pending bills, while the Assembly settled pending bills worth Kshs.44.48. Therefore, the outstanding bills were Kshs.215.57 million as of 30 September 2024.

3.36.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.984.44 million on employee compensation, Kshs.19.23 million on operations and maintenance, and Kshs.448,600 million on development activities. Similarly, the County Assembly spent Kshs.59.24 million on employee compensation, Kshs.103.69 million on operations and maintenance, and no expenditure on development activities, as shown in Table 3.239.

Table 3.239: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,052,799,490**	**805,763,061**	1,003,673,709	162,931,606	**20**	**20**
Compensation to Employees	4,127,316,632	259,167,090	984,442,824	59,243,353	24	23
Operations and Maintenance	925,482,858	546,595,971	19,230,885	103,688,253	2	19
Development Expenditure	2,742,436,244	150,000,000	448,600	-	0	0
Total	**7,795,235,734**	**955,763,061**	**1,004,122,309**	**162,931,606**	13	17.0

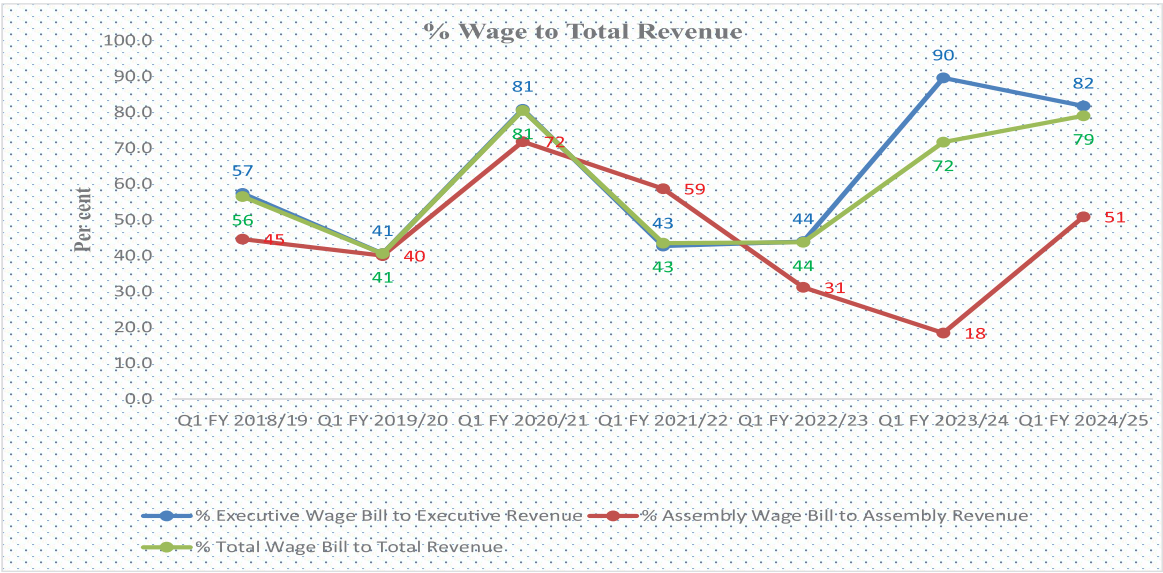
***Source**: Nyeri County Treasury*

3.36.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.04 billion, or 79 per cent of the available revenue of Kshs. 1.32 billion. This expenditure represented an increase from Kshs.636.93 million reported in a similar period in FY 2023/24. The wage bill included Kshs.440.23 million paid to the health sector employees, translating to 42 per cent of the total wage bill.

Figure 142 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 142: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Nyeri County Treasury

Further analysis indicates that PE costs amount to Kshs. 990.51 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs. 53.18 million was processed through manual payrolls. The manual payrolls accounted for 5 per cent of the total PE cost.

The County Assembly spent Kshs.6.2 million on committee sitting allowances for the MCAs against the annual budget allocation of Kshs.20.2 million. The average monthly sitting allowance was Kshs.48,067 per MCA. The County Assembly had 24 House Committees.

3.36.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.100 million to county-established funds in FY 2024/25, or 1 per cent of the County's overall budget. Further, the County maintains Kshs.20 million as an Emergency Fund (0.2 per cent of the total budget) contrary to Section 110 of the PFM Act, 2012, which allows counties to establish an Emergency Fund of up to 2 per cent of its last audited revenue in a single year to cater for any unforeseen occurrences.

Table 3.240 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.240: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1.	Elimu Fund	0	0	0	342,000,000	No
2.	Emergency Fund	0	0	0	20,000,000	No
3.	Health Fund	0	0	0	141,701,379	No
4	Enterprise Development Fund	0	0	0	40,000,000	No
5	Car Mortgage Fund (Executive)	0	0	0	100,000,000	No
	County Assembly Established Funds					
6	Car Mortgage Fund (Assembly Members)	0				

7	Car Mortgage Fund (Assembly Staff)	0	0	0	122,393,125	No
	Total	**0**			**950,094,504**	

Source: *Nyeri County Treasury*

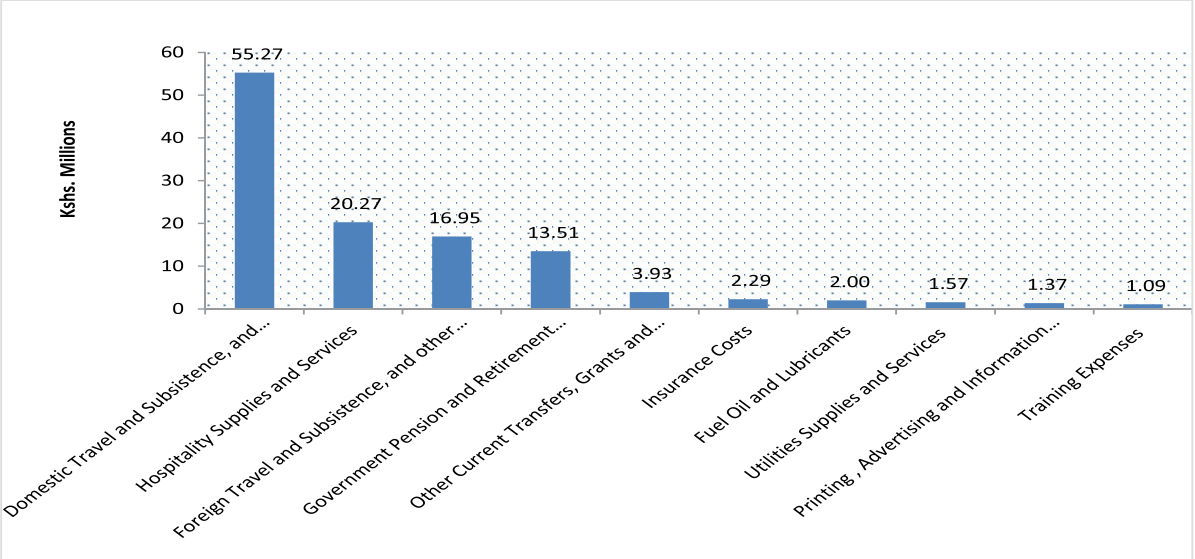
As indicated in Table 3.241, the CoB did not receive quarterly financial reports from the Fund Administrators during the reporting period, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County Government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.36.10 Expenditure on Operations and Maintenance

Figure 142 summarises the Operations and Maintenance expenditure by major categories.

Figure 143: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyeri County Treasury*

Expenditure on domestic travel amounted to Kshs.55.27 million and comprised Kshs.50.67 million spent by the County Assembly and Kshs.4,6 million by the County Executive. Foreign travel expenses amounted to Kshs.16.95 million, as incurred by the County Assembly. Expenditure on foreign travel is summarised in Table 3.241.

Table 3.241: Summary of Highest Expenditure on Foreign Travel in the First Quarter of FY 2024/25

Arm of County Government	No. of Officers who Travelled	Dates of Travel	Purpose of the travel	Destination	Total costs of Travel (Kshs.)
County Assembly	18	19th-28th May 2024	while on a study visit to the East Africa Legislative Assembly to learn some of their practices and the structure of the East African Community and its Organs.	Arusha	6,547,392
County Assembly	2	22nd-1st June 2024	while on official duties to attend leadership through the vision of developing and implementing Organizational Excellence.	Dubai	1,718,720
County Assembly	1	payment for air ticket 9th and 8th Dec 2023	while on official duties to attend a facilitation skills training course	Singapore	495,000

Arm of County Government	No. of Officers who Travelled	Dates of Travel	Purpose of the travel	Destination	Total costs of Travel (Kshs.)
County Assembly	5	payment for air ticket 19th to 27th May 2024	while on official duties to attend leadership through the vision of developing and implementing Organizational Excellence.	Dubai	1,475,000
County Assembly	8	payment for air ticket 12th to 20th May 2024	while on official duties to attend leadership through the vision of developing and implementing Organizational Excellence.	Dubai	2,320,000
County Assembly	7	payment for air ticket 19th to 25th Dec 2023	while on official duties to attend a facilitation skills training course	Singapore	3,486,000
County Assembly	2	payment for air ticket 22nd may to 1st June 2024	while on official duties to attend leadership through the vision of developing and implementing Organizational Excellence.	Dubai	905,000
Total					16,947,112

Source: Nyeri County Treasury and Nyeri

3.36.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.129.45 million as FIF, which was 16 per cent of the annual target of Kshs.836.3 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County still needs to develop regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

Table 3.242: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility
1.	County Referral Hospital	386,228,943
2.	Karatina Sub County Hospital	181,696,812
3.	Mukurwe-ini Sub- County Hospital	106,785,950
5	Othaya Sub-County Hospital	53,692,986
6	Mt. Kenya Sub Hospital	32,504,491
7	Narumoru Level 4 Hospital	53,692,986
8	Ihururu Rehabilitation Center	9,692,959
9	Rural Facilities Levels 2 &3	12,000,000
Total		836,295,127

Source: *Nyeri County Treasury*

3.36.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.448,600 on development programmes, representing a decrease of 99 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.89,25 million. Table 3.243 summarises development projects with the highest expenditure in the reporting period.

Table 3.243: TNyeri County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Water, Environment, and Climate Change	IDA (World Bank) Credit - Financing Locally - Led Climate Action (FLLoCA) program - County Climate Institutional Support (CCIS) Grants	County Wide	11,000,000	448,600	4.1

Source: *Nyeri County Treasury*

3.36.13 Budget Performance by Department

Table 3.244 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.244: Nyeri County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs)		Exchequer Issues by Q1 of FY 2024/25(Kshs)		Expenditure by Q1 of FY 2024/25 (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Executive Office of the Governor and the Deputy Governor	124.3	45.0	14.7	0.0	20.8	0.0	141	0	0	0
Office of the County Secretary	324.3	6.5	19.2	0.0	28.1	0.0	146	0	0	0
Finance, Economic Planning and ICT	535.7	10.0	38.5	0.0	63.3	0.0	164	0	0	0
Lands, Physical Planning and Urban Development	81.5	368.4	12.5	0.0	18.8	0.0	150	0	0	0
Health Services and Public Health	2,627.2	416.3	404.9	0.0	612.2	0.0	151	0	0	0
Gender, Youth, Social Services and Sports	94.1	101.3	11.5	0.0	17.7	0.0	154	0	0	0
County Public Service and Solid Waste Management	147.2	53.0	22.1	0.0	30.2	0.0	137	0	0	0
Agriculture, Livestock and Aquaculture Development	238.2	270.1	37.1	0.0	57.3	0.0	155	0	0	0
Trade, Co-operatives, Culture and Tourism	56.6	379.9	7.2	0.0	10.3	0.0	144	0	0	0
Education, Training and Devolution	553.5	85.1	81.1	0.0	108.8	0.0	134	0	0	0
Water, Environment, and Climate Change	76.4	264.7	9.1	11.0	13.8	0.4	153	0	0	0
County Assembly	805.8	150.0	116.4	0.0	162.9	0.0	140	0	0	0
County Public Service Board	42.5	6.0	5.5	0.0	8.1	0.0	147	0	0	0
Roads, Transport, Public Works, Infrastructure and Energy	92.9	651.3	9.6	0.0	14.2	0.0	148	0	0	0
County Attorney	46.3	0.0	0.2	0.0	0.0	0.0	0	0	0	
Nyeri Municipality	12.1	84.7	0.0	0.0	0.0	0.0		0	0	0
TOTAL	**5,858.56**	**2,892.44**	**789.66**	**11**	**1,166.61**	**0.45**	148	4	0	0.02

***Source**: Nyeri County Treasury*

Analysis of expenditure by departments shows that the Department of Water, Environment, and Climate Change recorded the highest absorption rate of the development budget at zero per cent. The Department of Agriculture, Livestock and Aquaculture Development had the highest percentage of recurrent expenditure to budget at 24 per cent, while the Department of County Attorney and Nyeri Municipality had the lowest at zero per cent.

The allocation for recurrent expenditure for the Assembly and the Executive is within the ceilings in CARA, 2024.

3.36.14 Budget Execution by Programmes and Sub-Programmes

Table 3.245 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.245: Nyeri County, Budget Execution by Programmes and Sub-Programmes

Department	Program	Sub-Program	Approved Estimate		Cumulative Expenditure		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
Executive Office of the Governor and the Deputy Governor	Management and Co-ordination of County Affairs	Administration, planning and support services	119,634,516	45,000,000	20,785,131	0	17	0
		Management of county affairs	4,654,565		55,600		1	
Executive Office of the Governor and the Deputy Governor Total			**124,289,081**	**45,000,000**	**20,840,731**	**0**	17	0
Office of the County Secretary	Co-ordination of County Functions and Public Service Management	Administration, planning and support services	322,224,758	6,500,000	28,115,679	0	9	0
		County publicity campaign	2,121,733		0		0	
Office of the County Secretary Total			**324,346,491**	**6,500,000**	**28,115,679**	**0**	9	0
Finance, Economic Planning and ICT	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	10,190,400		504,700		5	
		Monitoring and Evaluation	3,700,000		500,000		14	
	Executive Services	Administration and personnel services	451,409,170	10,049,590	61,594,714	0	14	0
	ICT Development	ICT Infrastructure Development	4,967,575		0		0	
	Public Finance Management	Financial Accounting	8,901,000		82,252		1	
		Internal Audit	5,859,800		176,400		3	
		Procurement Compliance and Reporting	8,102,000		0		0	
	Revenue Mobilisation	Revenue Mobilisation	42,583,436		436,470		1	
Finance, Economic Planning and ICT Total			**535,713,381**	**10,049,590**	**63,294,536**	**0**	12	0
Lands, Physical Planning and Urban Development	Housing Development and Human Settlement	Government Building	2,695,000		0		0	
	Land Policy and Planning	Land Policy Formulation	5,117,943		0		0	

Department	Program	Sub-Program	Approved Estimate		Cumulative Expenditure		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	Physical planning services	Administration and personnel services	73,658,236	368,403,076	18,767,603	0	25	0
Lands, Physical Planning and Urban Development Total			**81,471,179**	**368,403,076**	**18,767,603**	**0**	23	0
Health Services and Public Health	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,609,091,990	416,300,000	612,179,310	0	23	0
	Health Services	Community Health	550,000		56,000		10	
		Health Services	17,570,350		0		0	
Health Services and Public Health Total			**2,627,212,340**	**416,300,000**	**612,235,310**	**0**	23	0
Gender, Youth, Social Services and Sports	General Administration and Planning services	Administration and personnel services	71,690,628		17,114,974		24	
	Library Services and Disaster Management	Administration and planning services	14,247,698	76,100,000	178,624	0	1	0
	Social Development and Protection	County children's home management	3,622,000		369,323		10	
	Sports and Talents Development	Recreation and Sporting Services	4,557,500	25,200,000	0	0	0	0
Gender, Youth, Social Services and Sports Total			**94,117,826**	**101,300,000**	**17,662,921**	**0**	19	0
County Public Service and Solid Waste Management	Human resources Management	Administration Planning and Support Services	139,073,817	9,750,000	30,164,880	0	22	0
	Sanitation Management	Administrative Support Services	8,088,154	43,250,000	0	0	0	0
County Public Service and Solid Waste Management Total			**147,161,971**	**53,000,000**	**30,164,880**	**0**	20	0
Agriculture, Livestock and Aquaculture Development	Agricultural Management	Administration and planning services	224,986,066	202,749,217	53,411,195	0	24	0
	AMS Naromoru	Development Of Agricultural Land For Crop Production	1,226,000	6,500,000	613,000	0	50	0
	County Extension Services and Aquaculture Development	Administrative Support Services	2,537,734	23,900,000	0	0	0	0

Department	Program	Sub-Program	Approved Estimate		Cumulative Expenditure		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	Crop Management	County Agriculture Extension Program	1,597,437	23,000,000	0	0	0	0
	Livestock Production Management	Provision of Extension Services to Livestock farmers	1,219,940	14,000,000	0	0	0	0
	Wambugu ATC	Farm Development	6,630,000		3,315,000		50	
Agriculture, Livestock and Aquaculture Development Total			**238,197,177**	**270,149,217**	**57,339,195**	**0**	24	0
Trade, Co-operatives, Culture and Tourism	Co-operatives Management	Co-operative Development and Management	3,439,389	2,500,000	0	0	0	0
	Tourism Development	Cultural Management		1,000,000		0		0
		Promotion of Tourism	3,850,000	5,000,000	0	0	0	0
	Trade Development	Trade Promotion	49,308,501	371,400,000	10,303,965	0	21	0
Trade, Co-operatives, Culture and Tourism Total			**56,597,890**	**379,900,000**	**10,303,965**	**0**	18	0
Education, Training and Devolution	ECDE Management	ECDE Management	5,487,252		0		0	
	General administration and policy Development and implementation	Administrative Support Services	501,992,447	46,100,000	108,763,348	0	22	0
	Kenya Devolution Support Program	Promote Effective Result Based Management & Administration	42,500,000		0		0	
	Youth Training and Development	Youth Training and Development	3,563,714	39,000,000	0	0	0	0
Education, Training and Devolution Total			**553,543,413**	**85,100,000**	**108,763,348**	**0**	20	0
Water, Environment, and Climate Change	Environment and Climate Change	Environment Conservation, Protection and Management	12,847,368	251,354,584	270,200	448,600	2	0
	Water Management	Administrative Support Services	63,512,077		13,570,178		21	
		Water Services		13,345,416		0		0
Water, Environment, and Climate Change Total			**76,359,445**	**264,700,000**	**13,840,378**	**448,600**	18	0

Department	Program	Sub-Program	Approved Estimate		Cumulative Expenditure		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
County Assembly	General administration, Policy Development and implementation	Administration and planning services	805,763,061	150,000,000	162,931,606	0	20	0
County Assembly Total			**805,763,061**	**150,000,000**	**162,931,606**	**0**	20	0
County Public Service Board	General administration, Policy Development and implementation	Administration and personnel services	42,461,734	6,000,000	8,100,269	0	19	0
County Public Service Board Total			**42,461,734**	**6,000,000**	**8,100,269**	**0**	19	0
Roads, Transport, Public Works, Infrastructure and Energy	Energy Sector Development	Street Lighting		220,000,000		0		0
		Street lighting programme	18,813,160		0		0	
	General Administration and Planning services	Administration, planning and support services	74,130,844		14,244,894		19	
	Road development, maintenance and management	County access and feeder road improvement		431,334,361		0		0
Roads, Transport, Public Works, Infrastructure and Energy Total			**92,944,004**	**651,334,361**	**14,244,894**	**0**	15	0
County Attorney	General Administration and Planning services	Management of county affairs	46,292,678		0		0	
County Attorney Total			**46,292,678**		**0**		0	
Nyeri Municipality	Municipal Administration	Municipal Administration	12,090,880		0		0	
		Municipal Development		84,700,000		0		0
Nyeri Municipality Total			**12,090,880**	**84,700,000**	**0**	**0**	0	0
			5,858,562,551	**2,892,436,244**	**1,166,605,315**	**448,600**	20	0

Source: *Nyeri County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Development of Agricultural Land for Crop Production in the Department of Agriculture, Livestock and Aquaculture Development at 50 per cent, Farm Development in the Department of Agriculture, Livestock and Aquaculture Development at 50 per cent, Administration and Personnel Services in the Department of Lands, Physical Planning and Urban Development at 26 per cent, and Administration and personnel services in the Department of Gender, Youth, Social Services and Sports at 24 per cent of budget allocation.

3.36.15 Accounts Operated in Commercial Banks

The County government operated ten accounts with commercial banks, out of which five were for county-established funds.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.36.16 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.109.99 million against an annual target of Kshs.800 million, representing 14 per cent of the yearly target.

2. High level of pending bills, which amounted to Kshs. 215.75 million as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

3. Use of manual payroll. Personnel emoluments amounting to Kshs.53.18 million were processed through manual payroll, accounting for 5 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

4. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for various County activities.

5. Low absorption of development funds where the County spent only Kshs.448,600 on development activities.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*
5. The County *Government should devise strategies to absorb development funds and ensure that development projects are implemented according to the approved budget.*

3.37. County Government of Samburu

3.37.1 Overview of FY 2024/25 Budget

The Samburu County approved budget for FY 2024/25 was Kshs. 7.34 billion. It comprised Kshs.2.26 billion (31 per cent) and Kshs. 5.07 billion (69 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.199.18 million (2.6 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.48 billion and a recurrent budget of Kshs.5.05 billion. The decrease in the budget was attributed to the decline in the provisional amount intended to finance the pending bills.

The Samburu County Government budget will be financed from different sources of revenue. These include Kshs.5.81 billion (79 per cent) expected as the equitable share of revenue raised nationally, Kshs. 837.35 million

as additional allocations, a cash balance of Kshs.400 million (5 per cent) brought forward from FY 2023/24, and Kshs.281.63 million (4 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.18.7 million (0.3 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.262.93 million (4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.247.

3.37.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.04 billion to fund recurrent and development activities. The equitable share from the national government was Kshs. 475.52 million. Additional allocations from government and development partners were not received, whereas the county collected own-source revenue (OSR) of Kshs. 100.86 million. In addition, the County had a cash balance of Kshs.461.10 million from FY 2023/24.

Analysis of the total OSR collection of Kshs.100.86 million includes Kshs.97.91 million as ordinary OSR and Kshs.2.94 million for Facilities Improvement Financing (FIF) . Table 3.247 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.246: Samburu County, Revenue Performance in the First Quarter of FY 2024/25

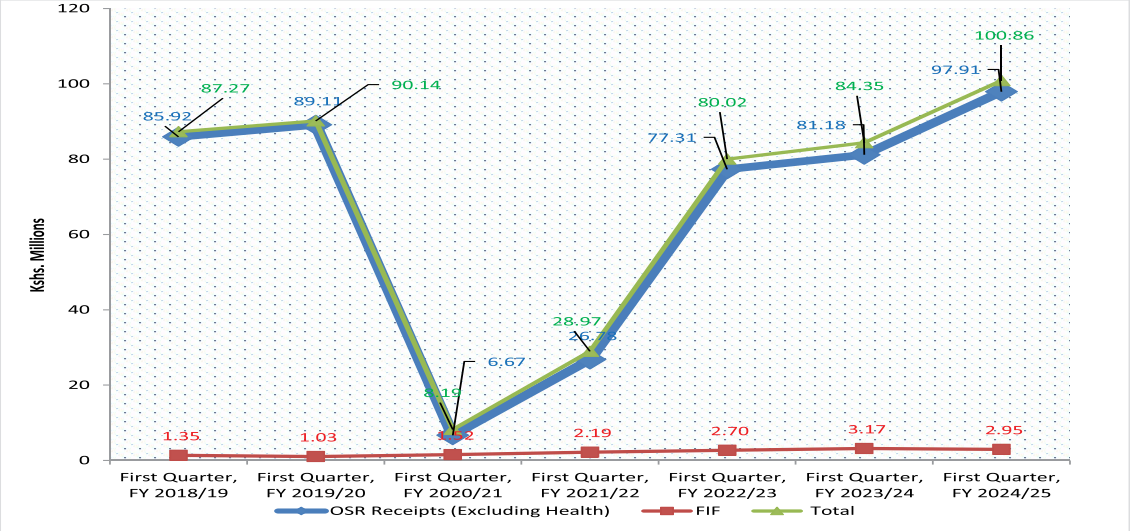
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	5,806,692,471	**475,516,562**	8
Subtotal		**5,806,692,471**	**475,516,562**	**8**
B	**Additional Allocations**			
	DANIDA (Health support funds)	7,117,500	-	-
	Mineral Royalties	17,501	-	-
	Kenya Livestock Commercialization Project (KELCLOP)	41,250,000	-	-
	Kenya Urban Support Program (Grant)-UIG	35,000,000	-	-
	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	25,375,442	-	-
	IDA (World Bank) - Credit - Food Systems Resilience Project(FSRP)	173,076,923	-	-
	Road Maintenance Levy Fund	168,450,780		-
	Community Health Promotors	46,140,000	-	-
	IDA (World Bank0 Credit- Second Kenya Devolution Support Program (KDSP II)	37,500,000	-	-
	ELRP(Locust)	142,500,000	-	-
	SWEDEN-Kenya Agricultural Business Development Project (KABDP)	10,918,919	-	-
	Finance Locally led Climate Action Program (FLLoCA)	150,000,000	-	-
Subtotal		**837,347,065**	-	-
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	262,930,140	97,907,678	37
	Facility Improvement Fund (FIF)	18,700,000	2,949,540	16
Subtotal		**281,630,140**	**100,857,218**	**36**
D	**Other Sources of Revenue**			
	Balance b/f from FY2023/24	400,000,000	461,098,111	115
Sub Total		**400,000,000**	**461,098,111**	**115**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Grand Total		**7,325,669,676**	**1,037,471,890**	**14**

Source: *Samburu County Treasury*

Figure 144 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to First Quarter of FY 2024/25.

Figure 144: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to First Quarter of FY 2024/25

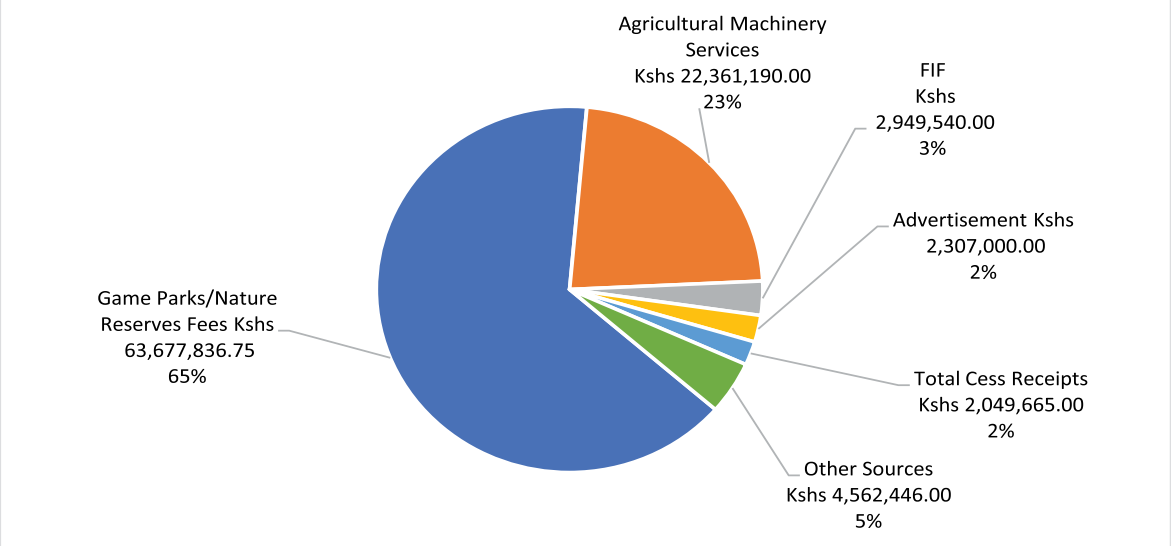


Source: *Samburu County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.100.86 million from its sources of revenue, including AIA and FIF. This amount was an increase of 20 per cent compared to Kshs.84.34 million realised in a similar period in FY 2023/24. It was 36 per cent of the annual target and 11 per cent of the equitable revenue share disbursed. The increase in OSR can be attributed to the adoption of technology in revenue collection.

The revenue streams which contributed the highest OSR receipts are shown in Figure 144.

Figure 145: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Samburu County Treasury

The highest revenue stream, Kshs.63.67 million, was from the Game Park fee, which contributed 65 per cent of the total OSR receipts during the reporting period.

3.37.3 Borrowing by the County

During the period under review, the county did not report any borrowings.

3.37.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.995.07 million from the CRF account during the reporting period, which comprised Kshs.162.50 million (16 per cent) for development programmes and Kshs.832.57 million (84 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.475.11 million was released towards employee compensation and Kshs.357.46 million for operations and maintenance expenditure.

As of September 30, 2024, the county government's cash balance in the CRF account was Kshs.124.46 million.

3.37.5 County Expenditure Review

The County spent Kshs.995.07 million on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised Kshs.162.5 million and Kshs.832.57 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7 per cent, while recurrent expenditure represented 16 per cent of the annual recurrent expenditure budget.

3.37.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.667.47 million as of 30th June 2024, wholly by the County Executive.

The County Executive's pending bills consist of Kshs.332.31 million for recurrent expenditures and Kshs.335.16 million for development expenditures. The County executive settled pending bills amounting to Kshs.45.86 million in the reporting period, which consisted only of expenditures for development programmes. The outstanding bills were Kshs.621.60 million as of 30 September 2024.

3.37.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs. 410.58 million on employee compensation, Kshs. 311.97 million on operations and maintenance, and Kshs.162.50 million on development activities. Similarly, the County Assembly spent Kshs.64.52 million on employee compensation and Kshs.45.49 million on operations and maintenance. The county assembly did not report any expenditure in development activities, as shown in Table 3.247.

Table 3.247: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,456,517,631**	**611,949,367**	**722,559,240**	**110,011,193**	**16.2**	**18.0**
Compensation to Employees	2,635,914,732	325,492,374	410,587,638	64,523,533	15.6	19.8
Operations and Maintenance	1,820,602,899	286,456,993	311,971,602	45,487,660	17.1	15.9
Development Expenditure	2,207,721,284	49,481,394	162,499,356		7.4	0.0
Total	**6,664,238,915**	**661,430,761**	**885,058,596**	**110,011,193**	**13.3**	**16.6**

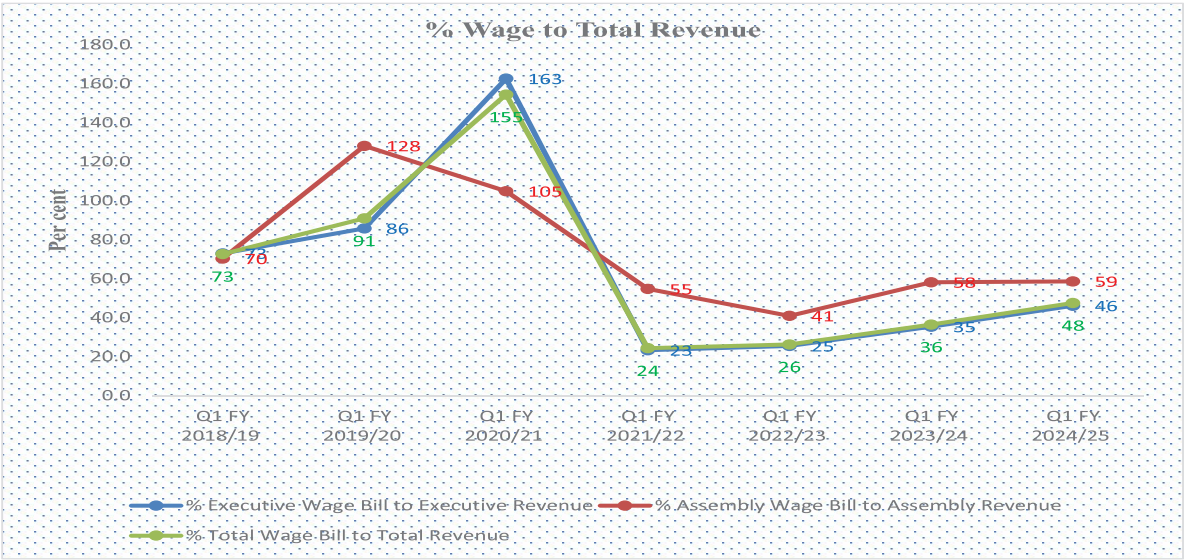
***Source**: Samburu County Treasury*

3.37.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs. 475.11 million, or 48 per cent of the available revenue of Kshs.1.04 billion. This expenditure represented a decrease from Kshs. 604.79 million reported in a similar period in FY 2023/24. The wage bill included Kshs. 284.51 million paid to the health sector employees, translating to 60 per cent of the total wage bill.

Figure 146 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 146: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: *Samburu County Treasury*

Further analysis indicates that PE costs amounting to Kshs.418.91 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.56.20 million was processed through manual payrolls. The manual payrolls accounted for 11.8 per cent of the total PE cost. However, the 2020/21 FY data was in excess of 100 percent for both the county assembly and Executive due to payments already processed but awaiting grant of credit.

The County Assembly spent Kshs.6.02 million on committee sitting allowances for the 25 MCAs against the annual budget allocation of Kshs. 69.15 million. The average monthly sitting allowance was Kshs. 80,300 per MCA. The County Assembly had 15 House committees.

3.37.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.411.4 million to county-established funds in FY 2024/25, or 6 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (0.02 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.249 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.248: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Conservancies Fund	135,000,000	-	-	-	No
	Executive Car Loan and Mortgage	72,000,000	-	-	-	No
	Bursaries and Support Services	123,400,000	-	-	-	No
	PLWD Fund	5,000,000	-	-	-	No
	Emergency Fund	20,000,000		-	-	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Assembly Established Funds					
	Assembly Car Loan and Mortgage	56,000,000	-	-	-	No
	Total	**411,400,000**				

Source: *Samburu County Treasury*

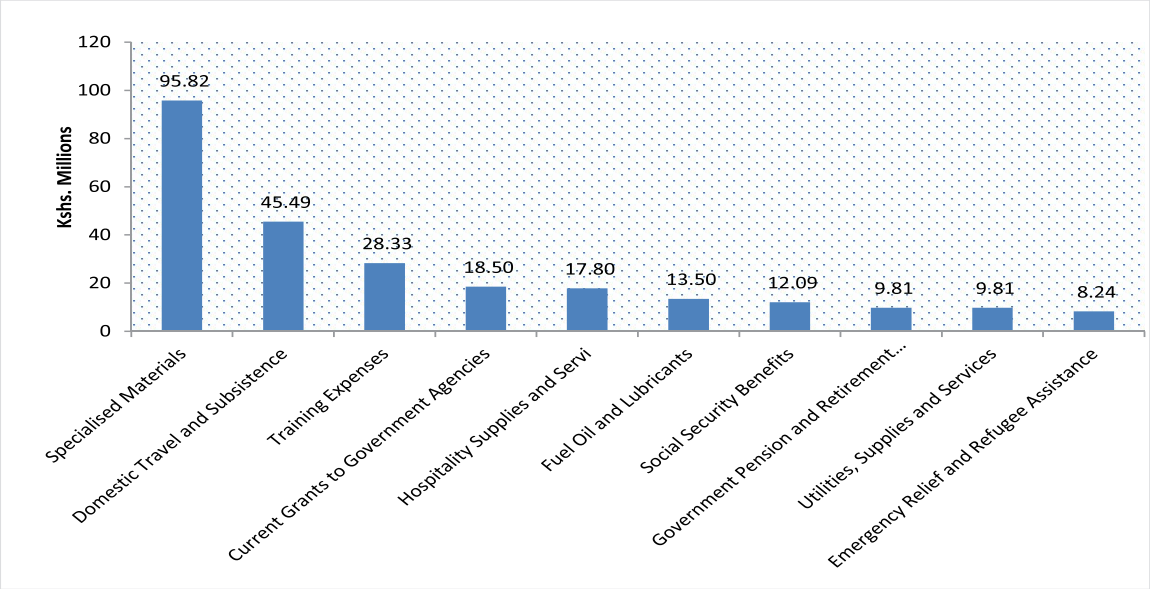
During the reporting period, the CoB did not receive quarterly financial reports from the Fund Administration of all the established Funds, as indicated in Table 3.249, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.37.10 Expenditure on Operations and Maintenance

Figure 147 summarises the Operations and Maintenance expenditure by major categories.

Figure 147: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: *Samburu County Treasury*

Expenditure on domestic travel amounted to Kshs.45.49 million, comprising Kshs.22.77 million spent by the County Assembly and Kshs.22.72 million by the County Executive. During the period under review, there was no expenditure on foreign travel.

3.37.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.2.95 million as FIF, which was 15.8 per cent of the annual target of Kshs.18.7 million. The collected amount was remitted to the County Revenue Fund. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

3.37.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.162.49 million on development programmes, representing an increase compared to a similar period in FY 2023/24, when there was no expenditure on development programmes. Table 3.249 summarises development projects with the highest expenditure in the reporting period.

Table 3.249: Samburu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Lands And Physical Planning	Payment For Consultancy Service For Valuation Roll In Maralal Municipality	Maralal	8,120,000	8,120,000	100
2	Water	Payment For Construction Of Moru Akonges Dam	Nachola	4,978,500	4,978,500	100
3	Water	Payment For Suyan Water Extension	Elbarta	2,800,010	2,800,010	100
4	Water	Drilling & Equipping Of 3no B/Holes (Leere , Naimaral & Mekewa) At Samburu North	Baawa	9,059,948	9,059,948	100
5	Public Works	Construction And Installation of Loibor Nkare Floodlights	Loosuk	2,990,000	2,990,000	100
6	Public Works	Construction And Installation Of Milimani Streetlights	Maralal	2,990,400	2,990,400	100
7	Tourism	Payment For Construction Work For Mlima Blue Rangers Camp	Angata Nanyikie	11,934,975	11,934,975	100
8	Tourism	Payment For Installation Of Solar Panels At Sera Rangers Camp	Waso	2,993,000	2,993,000	100

Source: *Samburu County Treasury*

3.37.13 Budget Performance by Department

Table 3.250 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.250: Samburu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	529.63	57.50	138.31	-	138.31	-	100.0	-	26.1	-
Finance, Economic Planning & ICT	774.83	55.50	122.27	-	122.27	-	100.0	-	15.8	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	213.89	659.25	91.69	-	91.69	-	100.0	-	42.9	-
Water, Environment, Natural Resources & Energy	179.56	332.50	33.51	133.47	33.51	133.47	100.0	100.0	18.7	40.1
Education and Vocational Training	603.81	159.80	29.11	-	29.11	-	100.0	-	4.8	-
Medical Services, Public Health & Sanitation	1,351.32	153.70	192.67	-	192.67	-	100.0	-	14.3	-
Lands, Housing, Physical Planning & Urban Development	204.25	172.38	40.75	8.12	40.75	8.12	100.0	100.0	19.9	4.7
Roads, Transport & Public Works	120.02	349.90	15.50	5.98	15.50	5.98	100.0	100.0	12.9	1.7
Tourism, Trade, Enterprise Development & Cooperatives	234.24	220	36.55	14.93	36.55	14.93	100.0	100.0	15.6	6.8
Culture, Social Services, Gender, Sports & Youth Affairs	244.97	47.20	22.21	-	22.21	-	100.0	-	9.1	-
County Assembly of Samburu	611.95	49.48	110.01	-	110.01	-	100.0	-	18.0	-
Total	5,068.47	2,257.20	832.57	162.50	832.57	162.50	100.0	100.0	16.4	7.2

Source: *Samburu County Treasury*

Analysis of expenditure by departments shows that the Department of Water, Environment, Natural Resources & Energy recorded the highest absorption rate of development budget at 40 per cent, followed by the Department of Tourism, Trade, Enterprise Development & Cooperatives at 7 per cent. The Department of Agriculture, Livestock Development, Veterinary Services & Fisheries had the highest percentage of recurrent expenditure to budget at 43 per cent. In contrast, the Department of Education and Vocational Training had the lowest at 5 per cent.

3.37.14 Budget Execution by Programmes and Sub-Programmes

Table 3.251 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.251: Samburu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
County Executive		-	-	-	-	0	
	General Administration Planning and Support Services	-	-	-	-	0	
Administration, Planning and Support Services	**Administration, Planning and Support Services**	-	-	-	-	0	
	Management of County Affairs	-	-	-	-	0	
County Executive Services	**County Executive Services**	**443,833,950**	**57,500,000**	**118,263,156**	-	27	0
	Administration and Coordination of County Affairs	-	-	-	-	0	0
	Sub County Administration	233,928,948	57,500,000	50,201,636	-	21	0
	Coordination, Supervision and Human Resource Services	153,195,448	-	50,186,127	-	33	0
	Management of County Affairs	56,709,554	-	17,875,394	-	32	0
Organisation of County Business	**Organisation of County Business**	-	-	-	-	0	0
	Public Sector Advisory Services	-	-	-	-	0	0
Economic, Social & Political Advisory Service	**Economic, Social & Political Advisory Service**	**23,905,060**	-	**6,286,108**	-	26	0
	County Policing	-	-	-	-	0	0
	General Administration Planning and Support Services	23,905,060	-	6,286,108	-	26	0
Administration of Human Resources in County Public Service	**Administration of Human Resources in County Public Service**	**61,889,274**	-	**13,761,825**	-	22	0
	General Administration Planning and Support Services	61,889,274	-	13,761,825	-	22	0
Administration Services	**Administration Services**	-	-	-	-	0	0
	Special Programs	-	-	-	-	0	0
Special Programs	**Special Programs**	-	-	-	-	0	0

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Special Programs	-	-	-	-	0	0
	Grand Total	**529,628,284**	**57,500,000**	**138,311,089**	-	26	0
Finance, Economic Planning & ICT		-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0
Administration Services	**Administration Services**	**402,370,320**	**54,500,000**	**51,572,819**	-	13	0
	System Security	374,966,826	-	50,032,219	-	13	0
	Public Finance Management	27,403,494	54,500,000	1,540,600	-	6	0
Fiscal Planning	**Fiscal Planning**	**332,355,767**	**1,000,000**	**58,252,542**	-	18	0
	Resource Mobilization	42,016,782	-	4,770,064	-	11	0
	Budget Formulation Coordination and management	101,068,085	1,000,000	45,089,576	-	45	0
	Public finance and Accounting	14,274,085	-	563,507	-	4	0
	Internal Audit	46,858,058	-	3,349,501	-	7	0
	Data Management	20,827,424	-	1,388,857	-	7	0
	Procurement	35,233,332	-	1,213,379	-	3	0
	Monitoring & Evaluation / Statistical	29,699,489	-	1,877,658	-	6	0
	Special Programs	42,378,512	-	-	-	0	0
Special Programs	**Special Programs**	**30,237,298**	-	**11,153,387**	-	37	0
	General Administration(Economic Planning and ICT)	30,237,298	-	11,153,387	-	37	0
General Administration (Economic Planning and ICT)	**General Administration (Economic Planning and ICT)**	**9,866,339**	-	**1,288,502**	-	13	0
	Grand Total	9,866,339	-	1,288,502	-	13	0
	Grand Total	**774,829,724**	**55,500,000**	**122,267,251**	-	16	0
Agriculture, Livestock Development, Veterinary Services & Fisheries		-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0
Administration, Planning and Support Services	Administration, Planning and Support Services	**62,172,503**	-	**32,461,316**	-	52	0
	Livestock Resource Management and Development	62,172,503	-	32,461,316	-	52	0
Promotion of Value Addition of Livestock and Livestock Products	Promotion of Value Addition of Livestock and Livestock Products	**78,102,168**	**414,950,000**	**34,281,024**	**133,470,981**	44	32
	Promotion of Dairy Production, Breeding and Disease control	21,359,356	414,950,000	16,412,574	133,470,981	77	32

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Livestock marketing and rangeland management	25,978,625	-	8,808,268	-	34	0
	Livestock Diseases management and Control	14,237,971	-	8,787,460	-	62	0
		16,526,216	-	272,723	-	2	0
Development of capture fisheries resources	Development of capture fisheries resources	**13,281,512**	**14,500,000**	-	-	0	0
	Crop Production and Management	13,281,512	14,500,000	-	-	0	0
Crop Production and Food security	Crop Production and Food security	**60,330,681**	**229,795,842**	**24,945,067**	-	41	0
	Agricultural Extension Research and Training	16,730,849	-	687,567	-	4	0
	Grand Total	43,599,832	229,795,842	24,257,500	-	56	0
	Grand Total	**213,886,864**	**659,245,842**	**91,687,407**	**133,470,981**	43	20
Water, Environment, Natural Resources & Energy		-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0
Administration, Planning and Support Services	**Administration, Planning and Support Services**	-	-	-	-	0	0
	Pollution control& monitoring	-	-	-	-	0	0
Administration	Administration	**37,238,257**	-	**8,265,344**	-	22	0
	Forests Conservation and Management	37,238,257	-	8,265,344	-	22	0
Forests Conservation and Management	Forests Conservation and Management	**27,750,493**	**220,000,000**	**4,921,800**	-	18	0
	Pollution control& monitoring	3,990,720	-	3,990,720	-	100	0
	Forests Conservation and Management	23,759,773	220,000,000	621,800	-	3	0
Control of soil erosion	Control of soil erosion	**12,105,726**	-	-	-	0	0
	Mining Services	5,341,246	-	-	-	0	0
	Water Catchment and Protection Services	3,283,228	-	-	-	0	0
	Environmental Management and Protection	3,481,252	-	-	-	0	0
Water and sanitation services	Water and sanitation services	**102,466,094**	**112,500,000**	**20,326,800**		20	0
	Storm water management	90,204,766	-	17,646,000	-	20	0
	Grand Total	12,261,328	112,500,000	2,680,800		22	0
	Grand Total	**179,560,570**	**332,500,000**	**33,513,944**		19	0
Education and Vocational Training		-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Administration, Planning and Support Services	Administration, Planning and Support Services	-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0
Bursary Management Services	Bursary Management Services	**214,624,245**	-	**14,712,024**	-	7	0
	General Administration Planning and Support Services	-	-	-	-	0	0
	Education & Training Services	214,624,245	-	14,712,024	-	7	0
Promotion of Early Childhood Education	Promotion of Early Childhood Education	**377,621,676**	**149,200,000**	**14,051,862**	-	4	0
	Promotion of youth empowerment	377,621,676	149,200,000	14,051,862	-	4	0
	Management and development of Sports & Sports facilities	-	-	-	-	0	0
Sports Development, Training & Competition	Sports Development, Training & Competition	-	-	-	-	0	0
	Youth Training and Development	-	-	-	-	0	0
SP1 Revitalization of Youth Polytechnics	SP1 Revitalization of Youth Polytechnics	**11,564,118**	**10,600,000**	**341,374**	-	3	0
	SP1 Revitalization of Youth Polytechnics	11,564,118	10,600,000	341,374	-	3	0
	Grand Total	**603,810,039**	**159,800,000**	**29,105,260**	-	5	0
Medical Services, Public Health & Sanitation		-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0
Administration, Planning and Support Services	Administration, Planning and Support Services	-	-	-	-	0	0
	Preventive and Promotive Health Services	-	-	-	-	0	0
Non-Communicable Disease & prevention control	Non-Communicable Disease & prevention control	**310,858,117**	**148,700,000**	**42,753,450**	**8,586,961**	14	6
	Maternal Health Services	30,478,622	-	734,740	-	2	0
	Communicable Disease Control	60,980,375	-	15,557,029	-	26	0
	Health Promotive Services	83,062,738	-	17,342,028	-	21	0
	Health curative Services	136,336,382	148,700,000	9,119,653		7	0
County Referral Services	County Referral Services	**768,665,527**	**5,000,000**	**110,158,342**	-	14	0
	Free Primary Healthcare	565,791,147	5,000,000	77,521,746	-	14	0

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Provision Of Essential Health Services In All The Levels	179,194,443	-	32,286,878	-	18	0
	General Administration Planning and Support Services	23,679,937	-	349,719	-	1	0
Health Standards and Quality Assurance Services	Health Standards and Quality Assurance Services	**271,793,198**	-	**39,756,316**	-	15	0
	Research And Development	94,436,123	-	17,201,979	-	18	0
	Health Infrastructure development	5,426,344	-	-	-	0	0
	Human Resources for health	11,461,630	-	-	-	0	0
	Health Policy, Planning & Financing	137,190,994	-	21,043,053	-	15	0
		24,478,107	-	1,511,284	-	6	0
Water Catchment and Protection Services	Water Catchment and Protection Services	-	-	-	-	0	0
		-	-	-	-	0	0
	Grand Total	**1,351,316,842**	**153,700,000**	**192,668,108**		14	0
Lands, Housing, Physical Planning & Urban Development		-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0
Administration, Planning and Support Services	**Administration, Planning and Support Services**	**92,708,636**	-	**35,113,910**	-	38	0
	Land use policy and Planning	92,708,636	-	35,113,910	-	38	0
Housing management services	**Housing management services**	**24,217,275**	**36,000,000**	**1,007,556**	**8,120,000**	4	23
	GIS Data Base creation	4,459,409	-	756,645	-	17	0
	Spatial planning	-	-	-	-	0	0
	Survey And Mapping	5,395,106	-	221,553	-	4	0
	Urban Centers Administration	14,362,760	36,000,000	29,357	8,120,000	0	23
Urban center management	**Urban center management**	**87,324,116**	**136,375,442**	**4,625,020**	-	5	0
	Urban Centers Administration	87,324,116	136,375,442	4,625,020	-	5	0
	Grand Total	**204,250,027**	**172,375,442**	**40,746,485**	**8,120,000**	20	5
Roads, Transport & Public Works		-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0
Administration, Planning and Support Services	Administration, Planning and Support Services	-	-	-	-	0	0

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	General Administration Planning and Support Services	-	-	-	-	0	0
Administrative services	Administrative services	**73,864,601**	-	**13,581,600**	-	18	0
	Design, implemetation and supervision of public buildings	58,770,593	-	13,083,900	-	22	0
	Firefighting services	10,461,652	-	-	-	0	0
	Infrastructure, Roads & Transport Services	4,632,356	-	497,700	-	11	0
Street lights management	Street lights management	**41,691,785**	**349,900,000**	**1,918,096**	**5,980,400**	5	2
	Rehabilitation of Roads, Drainage and Bridges	17,651,865	7,500,000	1,002,910	-	6	0
	Public Road transport and parking	11,359,998	-	915,186	-	8	0
	Design, supervision and rehabilitation of County Buildings	4,909,734	342,400,000	-	5,980,400	0	2
	General Administration Planning and Support Services	7,770,188	-	-	-	0	0
Administration	Administration	-	-	-	-	0	0
	Land use policy and Planning	-	-	-	-	0	0
Pollution control& monitoring	Pollution control& monitoring	-	-	-	-	0	0
	Conservation and Management of Natural Ecosystem	-	-	-	-	0	0
Storm water management	Storm water management	**4,463,388**	-	-	-	0	0
	Water and sanitation services	4,463,388	-	-	-	0	0
		-	-	-	-	0	0
	Grand Total	**120,019,774**	**349,900,000**	**15,499,696**	**5,980,400**	13	2
Tourism, Trade, Enterprise Development & Cooperatives		-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0
General administration	General administration	**54,392,694**	-	**10,673,985**	-	20	0
	Cooperatives Development and Management	54,392,694	-	10,673,985	-	20	0
SACCO members' empowerment	SACCO members' empowerment	**27,519,161**	-	**466,800**	-	2	0
	Enhance Marketing Co-operatives	-	-	-	-	0	0
	Promote Commerce and Enterprises	27,519,161	-	466,800	-	2	0

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Business Development Services for MSE's	Business Development Services for MSE's	**48,006,685**	-	**10,102,763**	-	21	0
	Promotion of Tourism and Marketing	45,611,110	-	9,920,423	-	22	0
	Tourism and Infrastructure Development	2,395,575	-	182,340	-	8	0
Establish & Management of County Tourism Information Centre	Establish & Management of County Tourism Information Centre	**67,822,325**	**191,000,000**	**12,930,665**	14,927,975	19	8
	Tourism Traning & capacity Building	5,453,588	-	161,865	-	3	0
	Trade Development and Promotion	-	-	(216,300)	-	0	0
	Domestic trade development	62,368,737	191,000,000	12,985,100	14,927,975	21	8
Market development and promotion of fair trade services	Market development and promotion of fair trade services	**19,055,620**	-	**498,400**	-	3	0
	General Administration Planning and Support Services	17,735,620	-	498,400	-	3	0
	General Administration Planning and Support Services	1,320,000	-	-	-	0	0
General Administration Planning and Support Services	General Administration Planning and Support Services	**17,447,604**	**29,000,000**	**1,875,309**	-	11	0
	General Administration Planning and Support Services	17,447,604	29,000,000	1,875,309	-	11	0
	Grand Total	**234,244,089**	**220,000,000**	**36,547,921**	**14,927,975**	16	7
Culture, Social Services, Gender, Sports & Youth Affairs		-	-	-	-	0	0
	Education & Training Services	-	-	-	-	0	0
Promotion of youth empowerment	Promotion of youth empowerment	-	-	-	-	0	0
	Management and development of Sports & Sports facilities	-	-	-	-	0	0
Sports Development, Training & Competition	Sports Development, Training & Competition	**83,900,000**	**25,700,000**	**12,180,500**	-	15	0
	Public Sector Advisory Services	83,900,000	25,700,000	12,180,500	-	15	0
Economic, Social & Political Advisory Service	Economic, Social & Political Advisory Service	**4,891,962**	-	**251,560**	-	5	0

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	General Administration Planning and Support Services	4,891,962	-	**251,560**	-	5	0
General Administration Planning and Support Services	General Administration Planning and Support Services	**69,892,891**	**21,500,000**	**9,780,019**	-	14	0
	Comunity Mobilization and Development	69,892,891	21,500,000	9,780,019	-	14	0
Comunity Mobilization and Development	Comunity Mobilization and Development	**25,953,791**	-	-	-	0	0
	Development and Promotion of Culture	7,431,030	-	-	-	0	0
	Social Welfare and Gender	3,972,761	-	-	-	0	0
	Conservation of Heritage	13,500,000	-	-	-	0	0
	Development and management for sports facilities	1,050,000	-	-	-	0	0
Development and management for sports facilities	Development and management for sports facilities	**4,530,000**	-	-	-	0	0
	General Administration Planning and Support Services	4,530,000	-	-	-	0	0
General Administration Planning and Support Services (Sports)	General Administration Planning and Support Services (Sports)	**55,802,774**	-	-	-	0	0
	General Administration Planning and Support Services	55,802,774	-	-	-	0	0
	Grand Total	**244,971,418**	**47,200,000**	**22,212,079**	-	9	0
County Executive		-	-	-	-	0	0
	General Administration Planning and Support Services	-	-	-	-	0	0
Administration, Planning and Support Services	**Administration, Planning and Support Services**	-	-	-	-	0	0
	Management of County Affairs	-	-	-	-	0	0
County Assembly						18	0
	Representation	**611,949,367**	**49,481,394**	**110,011,193**	-	24	0
	Legislative and Oversight	263,435,438	-	64,523,533	-	12	0
	County Assembly Administration	90,480,736	49,481,394	10,453,896	-	14	0
	Total	258,033,193	-	35,033,764	-		0
	Grand Total	**5,068,466,998**	**2,257,202,678**	**832,570,433**	**162,499,356**	**16**	**7**

***Source**: Samburu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Pollution control & monitoring in the Department of Water, Environment and Natural Resources at 100 per cent, Promotion of Dairy Production, Breeding and Disease control in the Department of Agriculture and Livestock at 77 per cent, Livestock Diseases management and Control in the Department of Agriculture and Livestock at 34 per cent, and Livestock Resource Management and Development at 52 per cent of budget allocation.

3.37.15 Accounts Operated in Commercial Banks

The County government operated 25 accounts with commercial banks, with two being for the Samburu Health Department.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.37.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 23rd October 2024.

2. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Conservancies, Executive Car loan and Mortgage, Bursary, People living with disability, Emergency and County Assembly Fund were not submitted to the Controller of Budget as of 15th October 2024.

3. High level of pending bills which amounted to Kshs.621.60 million as of 30th September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

4. Use of manual payroll. Personnel emoluments amounting to Kshs. 56.20 million were processed through the manual payroll, accounting for 11 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

5. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.38. County Government of Siaya

3.38.1 Overview of FY 2024/25 Budget

The Siaya County approved FY 2024/25 budget is Kshs.10.95 billion. It comprised Kshs.4.87 billion (45 per cent) and Kshs. 6.07 billion (56 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase from Kshs. 9.76 billion (12 per cent) from the FY 2023/24 budget

comprised a development budget of Kshs.3.85 billion and a recurrent budget of Kshs.5.91 billion. The increase in the budget was attributed to the rise in its own source revenue.

The Siaya County Government budget will be financed from different sources of revenue. These include Kshs.7.55 billion (69 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.698.12 million as additional allocations (6.4 per cent), a cash balance of Kshs.1.66 million (15 per cent) brought forward from FY 2023/24, and Kshs.1.04 billion (10 per cent) was generated as gross own source revenue. The own-source revenue includes Kshs.194.70 million (2 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.849.36 million (8 per cent) as ordinary own-source revenue. The additional allocations include Road maintenance levy Kshs.160.84 million, National agricultural value chain project Kshs151.52 million, Financing locally-led climate action Kshs.137 million, Community health promoters Kshs.63.81 million, Kenya urban support project II – UDG Kshs.45.22 million, Kenya devolution support program I Kshs.37.50 million, Kenya urban support project II – UIG Kshs.35 million, Kenya livestock commercialisation project Kshs.33.55 million, Agricultural business development project Kshs.13.84 million, Kenya agriculture business development project Kshs.10.92 million and DANIDA Kshs.8.92 million.

3.38.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.2.47 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs. 1.2 billion, and own source revenue (OSR) collection of Kshs. 140.42 million. In addition, the County had a cash balance of Kshs. 1.66 billion from FY 2023/24. The balance carried forward from FY 2023/24 includes Kshs.581.04 million of the June 2024 equitable share disbursed in July 2024. The County had other revenues of Kshs.52.63 million.

Analysis of the total OSR collection of Kshs. 140.42 million indicates it included Facilities Improvement Financing (FIF) of Kshs.104.8 million and Kshs.35.62 million as ordinary OSR. Table 3.252 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.252: Siaya County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	7, 545, 450, 410	617,356,654	8
Subtotal		**7, 545, 450, 410**	617,356,654	**8**
B	**Additional Allocations**			
	Road maintenance levy fund	160, 843, 154	0	0
	National Agricultural Value Chain Project	151, 515, 152	0	0
	FLLOCA -Development grant	137, 000, 000	0	0
	Community health promoters - CHPs	63, 810, 000	0	0
	Kenya Urban Support Project – UDG II	45, 218, 472	0	0
	Kenya Devolution Support Program I	37, 500, 000	0	0
	Kenya Urban Support Project – UIG II	35, 000, 000	0	0
	Kenya Livestock Commercialisation Project	33, 500, 000	0	0
	Aquaculture business development project	13, 838, 473	0	0
	Kenya agriculture business development P.	10, 918, 919	0	0
	DANIDA	8, 921, 250	0	0
Subtotal		**698, 115, 420**	**0**	**0**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	849, 363, 883	35, 625, 472	4
	Facility Improvement Fund (FIF)	194, 697, 423	104, 799, 663	54
Subtotal		**1, 044, 061, 306**	**140, 425, 135**	**14**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
D	**Other Sources of Revenue**			
	Unspent balance from FY 2022/23	1, 660, 506, 342	1, 660, 506, 342	100
	Other revenues (County aggregated industrial park Grant)	0	52, 631, 579	0
Sub Total		**1, 660, 506, 342**	**1, 713, 137, 921**	**103**
Grand Total		**10, 948, 133, 478**	2,470,919,710	23

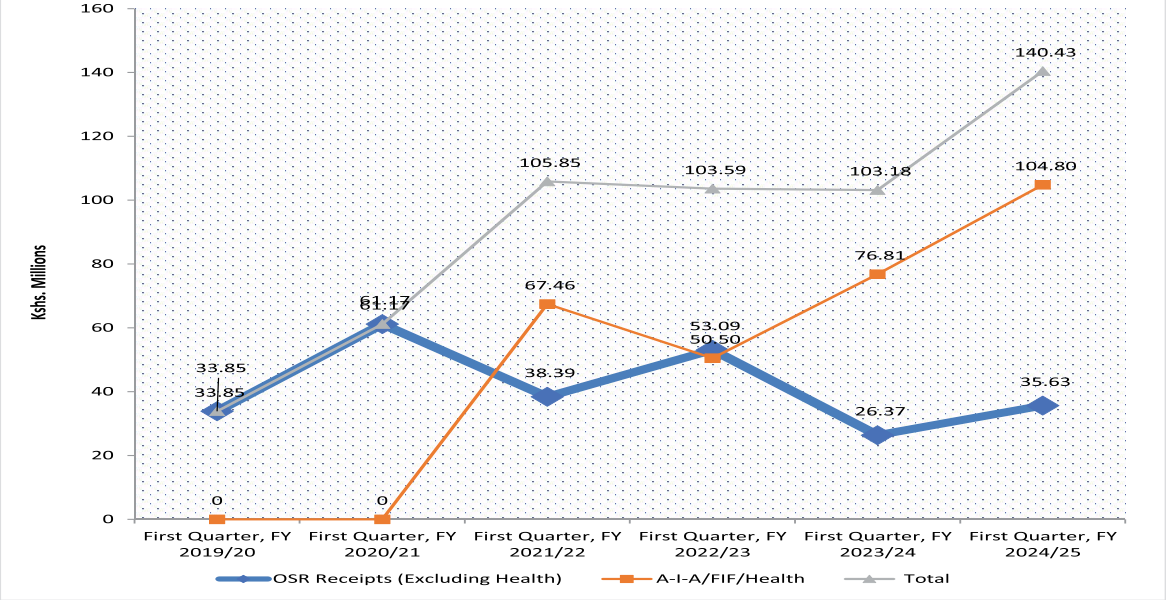
Source: *Siaya County Treasury*

The county aggregation, industrial park grant, is not captured in the budget, so the performance of other revenue sources is above 100 per cent.

The County has legislation governing the operation of FIF.

Figure 148 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 148: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

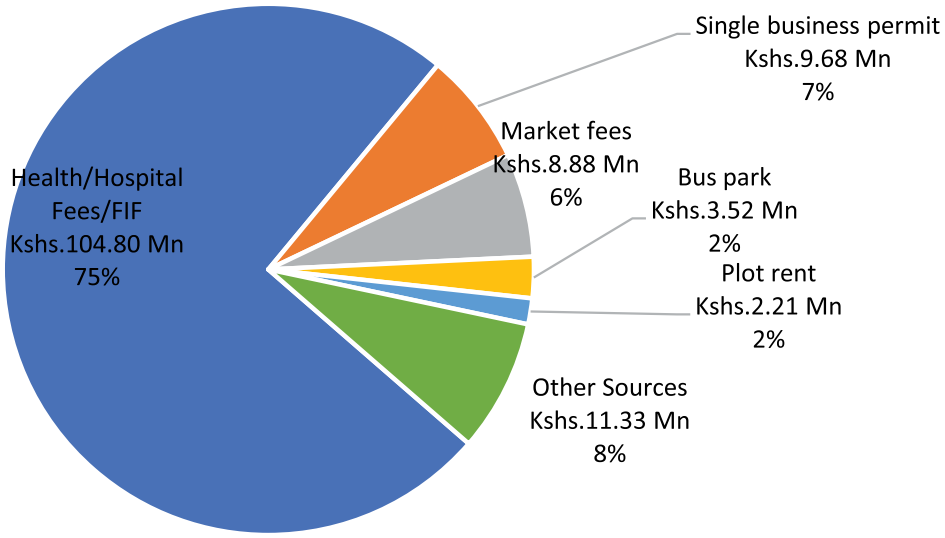


Source: *Siaya County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.140.43 million from its revenue sources, including FIF. This amount was an increase of 36.1 per cent compared to Kshs.103.18 million realised in a similar period in FY 2023/24 and was 13.4 per cent of the annual target and 11.7 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 148.

Figure 149: Top Streams of Own Source Revenue in the First Quarter FY 2024/25.



Source: Siaya County Treasury

The highest revenue stream, Kshs.104.8 million, was from the health facility improvement fund, which contributed 75.0 per cent of the total OSR receipts during the reporting period.

3.38.3 Borrowing by the County

The County did not borrow any money that came to our knowledge and was outstanding as of 30 September 2024.

3.38.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.08 billion from the CRF account during the reporting period, which comprised Kshs.243.92 million (22.6 per cent) for development programmes and Kshs.834.61 million (77 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.627.53 million was released towards employee compensation and Kshs.207.08 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 363.84 million.

3.38.5 County Expenditure Review

The County spent Kshs.1.57 billion on development and recurrent programmes in the reporting period. The expenditure represented 145.4 per cent of the total funds released by the CoB and comprised of Kshs. 475.36 million and Kshs.1.09 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.8 per cent, while recurrent expenditure represented 18.0 per cent of the annual recurrent expenditure budget.

3.38.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs 783.41 million as of 30 June 2024, comprising pending payments by the County Executive of Kshs.748.26 million and Kshs 35.15 million for the County Assembly.

The County Executive's pending bills consist of Kshs.491.72 million for recurrent expenditures and Kshs.256.55 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.323.76 million, which consisted of Kshs. 81.88 million for recurrent expenditures and Kshs.241.87 million for development programmes, while the County Assembly settled pending bills worth Kshs.35.13 million comprising Kshs.33.1 million for recurrent activities and Kshs.2.05 million for development activities. Therefore, the outstanding bills were Kshs.424.51 million as of 30 September 2024.

3.38.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.541.60 million on employee compensation, Kshs.426.78 million on operations and maintenance, and Kshs.473.31 million on development activities. Similarly, the County Assembly spent Kshs.82.81 billion on employee compensation, Kshs.39.92 million on operations and maintenance, and Kshs.2.05 million on development activities, as shown in Table 3.254.

Table 3.253: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5, 271, 958, 955**	**801, 348, 339**	**968, 378, 540**	**122, 733, 559**	**18.4**	**15.3**
Compensation to Employees	3, 511, 941, 695	357, 797, 508	541, 597, 693	82, 813, 280	15.4	23.1
Operations and Maintenance	1, 760, 017, 260	443, 550, 831	426, 780, 847	39, 920, 279	24.2	9.0
Development Expenditure	**4, 267, 286, 006**	**544, 762, 151**	**473, 309, 771**	**2, 046, 158**	**11.1**	**0.4**
Total	**9, 539, 244, 961**	**1, 346, 110, 490**	**1, 441, 688, 311**	**124, 779, 717**	**15.1**	**9.3**

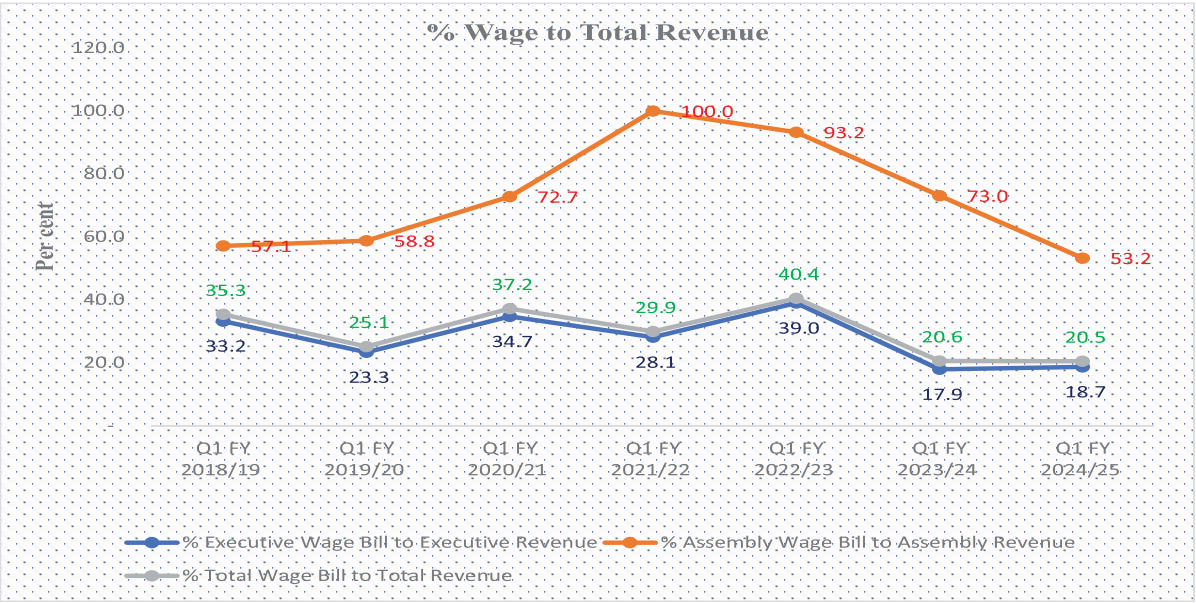
***Source**: Siaya County Treasury*

3.38.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.624.41 million, or 20.5 per cent of the available revenue of Kshs.3.05 billion. This expenditure represented an increase from Kshs.470.91 million reported in a similar period in FY 2023/24. The wage bill included Kshs.176.65 million paid to the health sector employees, translating to 28.3 per cent of the total wage bill.

Figure 150 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 150: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Siaya County Treasury

Further analysis indicates that PE costs amounting to Kshs.534.54 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.89.87 million was processed through manual payrolls. The manual payrolls accounted for 14.4 per cent of the total PE cost.

The County Assembly spent Kshs.5.30 million on committee sitting allowances for the 42 MCAs against the annual budget allocation of Kshs.31.64 million. The average monthly sitting allowance was Kshs.42,025.40 per MCA. The County Assembly had 23 House Committees.

3.38.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.126.69 million to county-established funds in FY 2024/25, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (0.6 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.254 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.254: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund in FY 2024/25 (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	County Bursary fund	90, 000, 000	0	0	751, 200, 000	No
	Co-operative development fund	20, 000, 000	0	0	0	No
	County Assembly Established Funds					
	County Assembly car loan & mortgage fund	16, 926, 237	0	0	419, 212, 000	Yes
	Total	**126, 926, 237**	**0**	**0**	**1,460,412,000**	

Source: *Siaya County Treasury*

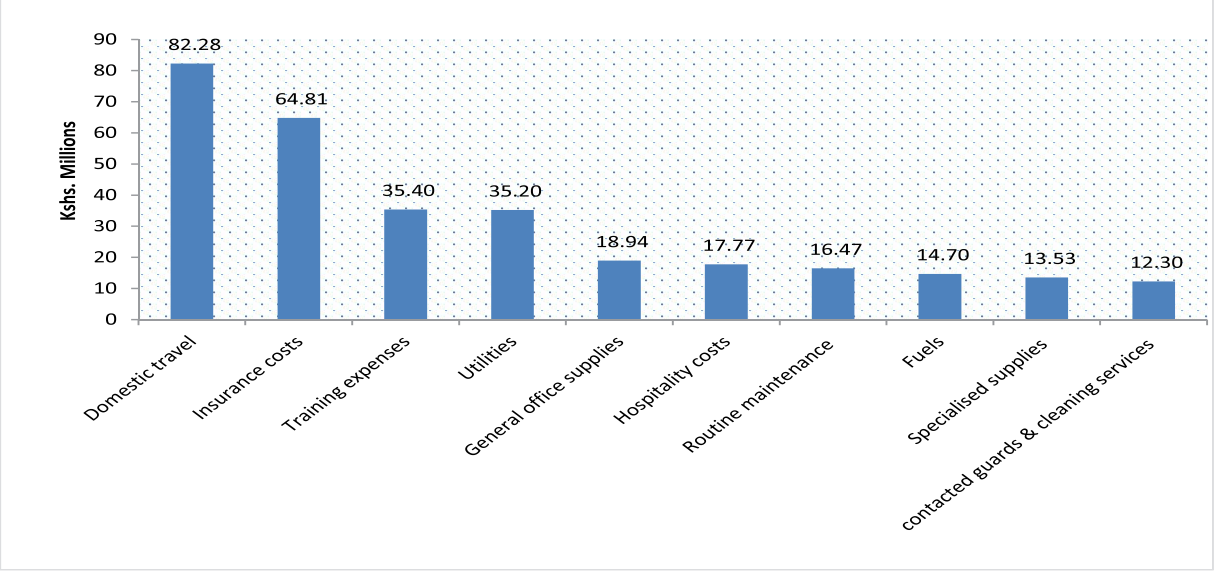
During the reporting period, the CoB did not receive quarterly financial reports from 3 Fund Administrators, as indicated in Table 3.255, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.38.10 Expenditure on Operations and Maintenance

Figure 151 summarises the Operations and Maintenance expenditure by major categories.

Figure 151: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: *Siaya County Treasury*

Expenditure on domestic travel amounted to Kshs.82.28 million, comprising Kshs. 49.51 million were spent by the County Assembly, and the County Executive spent Kshs.32.77 million. The County Executive incurred foreign travel expenses amounted to Kshs.2.60 million. Expenditure on foreign travel was a misclassification of the items charged.

The operations and maintenance costs include an expenditure of Kshs.2.30 million on legal fees/dues, arbitration and compensation payments, and legal fees.

3.38.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.104.80 million as FIF, which was 54 per cent of the annual target of Kshs.194.70 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.38.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.475.36 million on development programmes, representing an increase of 521.6 per cent compared to a similar period in FY 2023/24, the County spent Kshs.76.47 million. Table 3.256 summarises development projects with the highest expenditure in the reporting period.

Table 3.255: Siaya County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation	Equipping of health centres and dispensaries	Ugunja and Ugenya sub-counties	7, 250, 000	7, 250, 000	100
2	Agriculture and livestock	Construction perimeter wall at Siriwo rice milling plant	Usonga	2, 451, 366	2, 451, 366	100
3	Education	Construction of ECDE block at Maungo Primary School	West Asembo	2, 295, 159	2, 295, 159	100
4	Roads, public works & energy	Upgrade to bitumen standard Kabab-Siaya Central Primary School	Siaya Township	10, 857, 183	10, 857, 183	100
5	Roads, public works & energy	Construction of Siaya ATC	Siaya Township	5, 892, 606	5, 892, 606	100
6	Trade and industrial development	Construction of high mast lighting in various sites in Siaya County		36, 331, 200	36, 331, 200	100
7	Trade and industrial development	Completion of Yala market cattle ring.	Yala township	4, 036, 963	4, 036, 963	100
8	Water, environment	Drilling and equipping of 2 boreholes	Sidindi and Sango villages	6, 137, 735	6, 137, 735	100
9	Water, environment	Drilling and equipping of 2 boreholes	Ligala dispensary and Ligose Pry school.	4, 300, 000	4, 300, 000	100
10	Sports	Plumbing works at Siaya stadium	Siaya Township	3, 506, 141	3, 506, 141	100

Source: *Siaya County Treasury*

3.38.13 Budget Performance by Department

Table 3.256 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.256: Siaya County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County assembly	801.35	544.76	153.55	2.05	122.73	2.05	79.99	100.0	15.3	0.4
Finance & economic planning	864.76	58.97	308.19	0	293.28	0	95.2	0.0	33.9	0.0
Health services	2,253.34	499.21	149.10	27.54	245.33	34.98	164.5	158.0	10.9	7.0
Governorship, admin & ICT	739.42	62.78	123.30	0	223.97	0	181.6	244.5	30.3	0.0
Smart Agriculture, irrigation, food security, livestock & fisheries	336.71	411.41	30.24	20.67	15.47	32.65	51.2	172.6	4.6	7.9
Water, sanitation, environment	88.21	710.78	12.08	22.78	17.59	55.71	145.6	0.0	19.9	7.8
Education, youth affairs, gender & Social services	376.60	469.16	24.38	24.41	114.89	42.14	471.2	173.0	30.8	9.0
Lands, physical planning, housing	123.09	119.53	3.34	0	7.24	23.64	216.8	0.0	5.9	19.8
Public works, energy, roads & trans	123.55	1,194.25	5.38	86.96	29.57	150.48	550.0	173.0	23.9	12.6
Trade, enterprise & industrialisation	140.99	572.29	17.57	56	10.49	117.40	59.7	209.6	7.4	20.5
Tourism, culture, sports and arts	128.95	153.89	4.82	3.51	9.91	16.31	205.5	465.2	7.7	10.6
Siaya municipality	47.43	48.14	1.24	0	0	0	0.0	0.0	0.0	0.0
Bondo municipality	28.84	14.61	0.77	0	0.64	0	83.5	0.0	2.2	0.0
Ugunja municipality	23.06	15.04	0.66	0	0	0	0.0	0.0	0.0	0.0
	6,073.31	**4,874.83**	**834.62**	**243.92**	**1,091.11**	**475.36**	**130.7**	**194.9**	**18.0**	**9.8**

***Source**: Siaya County Treasury*

Analysis of expenditure by departments shows that the Department of Trade, Enterprise and Industrialisation recorded the highest absorption rate of development budget at 21 per cent, followed by the Department of Lands, Physical Planning and Housing at 20 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 34 per cent, followed by the Department of Education, Youth Affairs, Gender and Social Services at 31 per cent, while the Departments of Siaya Municipality and Ugunja municipality had nil expenditure.

3.38.14 Budget Execution by Programmes and Sub-Programmes

Table 3.257 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.257: Siaya County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Department County Assembly							
Programme 1.		**801, 348, 339**	**544, 762, 151**	**122, 733, 559**	**2, 046, 158**		
	SP 2. Legislation	324, 904, 421	0	48, 874, 892	0	15.1	0.0
	SP 3. Oversight	43, 100, 000	0	4, 675, 456	0	10.8	0.0
	SP 4. Staff management and development	444, 412, 838	544, 762, 151	69, 183, 211	2, 046, 158	15.6	0.4

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	Sub Total	**801, 348, 339**	**544, 762, 151**	**122, 733, 559**	**2, 046, 158**	**15.3**	**0.4**
Department of Finance and Economic Planning							
Programme 3.		**864, 756, 557**	**58, 973, 185**	**293, 277, 865**	**0**		
	SP 1. Financial services	16, 327, 000	0	1, 838, 585	0	11.3	0.0
	SP 2. Administration planning, revenue & account	659, 918, 159	58, 973, 185	283, 422, 342	0	42.9	0.0
	SP 3. Procurement	10, 754, 630	0	680, 400	0	6.3	0.0
	SP 4. Budget services	102, 239, 223	0	3, 135, 118	0	3.1	0.0
	SP 5. Internal Audit services	8, 139, 329	0	135, 800	0	1.6	0.0
	SP 6. Economic planning services	28, 772, 329	0	2, 360, 720	0	8.2	0.0
	SP 7. Economic Planning services	27, 881, 426	0	1, 654, 900	0	5.9	0.0
	S.P. 9. Public participation	8, 324, 461	0	0	0	13.8	0.0
	Sub-Total	**864, 756, 557**	**58, 973, 185**	**293, 277, 865**	**0**	**33.9**	**0.0**
Department of Health Services.							
Programme 1.		**2,253,339,757**	**0**	**245, 331, 825**	**0**		
	SP 1. General administration & planning	1,725,523,280	0	210, 073, 940	0	12.3	0.0
	SP 2. Curative healthcare services	191, 190, 963	0	25, 276, 709	0	13.2	0.0
	SP 3. Preventive, promotive & rehabilitative	114, 889, 848	0	8, 912, 500	0	7.1	0.0
	SP 5. Facility improvement fund	98, 360, 771	0	933, 447	0	9.5	0.0
	SP 6. HIV services	27, 038, 243	0	0	0	0.0	0.0
	SP 9. Nutrition services	50, 928, 536	0	135, 229	0	0.3	0.0
	SP 10. Environmental health services	45, 408, 116	0	0	0	0.0	0.0
Programme 3.		**0**	**499, 212, 470**	**0**	**34, 974, 767**		
	SP 2. Administration, planning, revenue & accounts	0	499, 212, 470	0	34, 974, 767	0	6.1
	Sub-Total	**2,253,339,757**	**499, 212, 470**	**245, 331, 825**	**34, 974, 767**	**10.9**	**6.1**
Governorship, administration and ICT							
Programme 2.		**739, 424, 604**	**0**	**223, 971, 747**	**0**		
	S.P. 1. General admin, planning & support services	286, 178, 811	0	105, 604, 850	0	36.9	0.0
	SP 2. Office of the Governor	155, 613, 129	0	48, 373, 341	0	31.1	0.0
	SP 4. County Public Service Board	61, 651, 031	0	1, 585, 750	0	2.6	0.0
	SP 5. Firefighting & disaster management	25, 825, 200	0	6, 592, 970	0	25.5	0.0
	SP 6. Sub-county administration	118, 027, 908	0	55, 305, 201	0	46.9	0.0
	SP 7. Human resource management	32, 913, 010	0	1, 202, 800	0	3.7	0.0

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	S.P. 8. Communication & public relations	36, 171, 012	0	3, 273, 600	0	8.9	0.0
	SP 9. Information technology	23, 044, 503	0	2, 033, 235	0	8.8	0.0
	Subtotal	**739, 424, 604**	**0**	**223, 971, 747**	**0**	**30.3**	**0.0**
Department of Smart agriculture, irrigation, food security, livestock and fisheries							
Programme 1.		**336, 714, 775**	**411, 410, 417**	**15, 468, 680**	**32, 974, 767**		
	SP 1. General administration	118, 050, 499	81, 541, 822	4, 485, 759	3, 870, 305	3.8	4.8
	SP 3. Veterinary services	28, 943, 305	11, 000, 000	1, 315, 870	0	4.5	0.0
	SP 4. Crop management	159, 025, 221	284, 700, 271	8, 157, 051	27, 604, 462	17.3	2.9
	SP 5. Fisheries development & management	30, 695, 750	34, 168, 324	1, 510, 000	1, 500, 000	4.9	4.4
	Subtotal	**336, 714, 775**	**411, 410, 417**	**15, 468, 680**	**32, 974, 767**	**4.6**	**8.0**
Department of Water, sanitation, environment, climate change and natural resources.							
Programme 1.		**88, 208, 148**	**710, 782, 180**	**6, 889, 797**	**55, 713, 887**		
	SP 1. General administration	44, 960, 227	0	10, 741, 198	0	23.9	0.0
	SP 2. Water services	38, 454, 007	710, 782, 180	6, 844, 797	55, 713, 887	17.8	7.8
	SP 3. Forestry	4, 793, 914	0	0	0	0.0	0.0
	Subtotal	**88, 208, 148**	**710, 782, 180**	**17, 585, 995**	**55, 713, 887**	**19.9**	**7.8**
Department of Education, youth affairs, gender and social services.							
Programme 1.		**373, 600, 166**	**267, 410, 049**	**110, 560, 012**	**33, 136, 944**		
	SP 1. General administration & planning services	351, 090, 597	0	114, 662, 958	0	32.7	0.0
	S.P. 2. ECDE programmes	7, 662, 700	173, 575, 075	0	24, 194, 631	0.0	13.9
	SP 3. Youth polytechnics & youth training	5, 246, 269	40, 783, 581	67, 200	2, 000, 000	1.3	4.9
	SP 6. Culture	0	13, 852, 050	0	0	0.0	0.0
	SP 7. Social services	9, 640, 600	39, 199, 343	160, 000	6, 942, 313	1.7	17.7
Programme 3.		**0**	**201, 750, 778**	**0**	**9, 875, 509**		
	SP. 2. Administration planning, revenue & accounts	0	201, 750, 778	0	9, 875, 509	0.0	4.5
	Subtotal	**373, 600, 166**	**469, 160, 827**	**114, 890, 158**	**42, 136, 944**	**30.8**	**24.5**
Department of Lands, physical planning, housing and urban development.							
Programme 2.		**123, 087, 776**	**119, 533, 752**	**7, 238, 208**	**23, 639, 307**		
	SP 1. Physical planning	38, 062, 776	0	2, 017, 901	0	5.3	0.0
	SP 3. Land surveying and mapping	8, 685, 000	119, 533, 752	1, 054, 300	23, 639, 307	12.1	19.8
	SP 5. Housing	58, 495, 000	0	1, 527, 430	0	2.6	0.0
	SP 6. General administration, planning & support	17, 845, 000	0	2, 638, 577	0	14.8	0.0
	Subtotal	**123, 087, 776**	**119, 533, 752**	**7, 238, 208**	**23, 639, 307**	**5.9**	**19.8**
Department of Public works, energy, roads and transport.							
Programme 1.		**123, 087, 776**	**1,194,250,065**	**9,666,158**	**150, 479, 763**		

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	SP 1. General administration services	26, 498, 680	0	11, 239, 000	0	42.2	0.0
	SP 2. Road development, maintenance & manage	92, 155, 499	1,194,250,065	17, 204, 564	150, 479, 763	18.7	12.6
	SP 3. County government building services	4, 900, 258	0	1,126, 000	0	23.0	0.0
	Subtotal	**123, 087, 776**	**1,194,250,065**	**29, 569, 564**	**150, 479, 763**	**24.0**	**12.6**
Department of Trade, enterprise and industrialisation.							
Programme 1		**140, 989, 793**	**572, 287, 035**	**10, 486, 694**	**117, 399, 587**		
	SP 1. General administration & planning S	79, 702, 930	0	9, 802, 631	0	12.3	0.0
	SP 2. Trade development & investment	8, 925, 000	298, 472, 565	274, 163	44, 769, 946	3.1	15.0
	SP 3. Promotion of fair trade practises	9, 634, 000	0	38, 400	0	4.0	0.0
	SP 5. Co-operative extension services	5, 780, 532	10, 000, 000	62, 500	0	1.1	0.0
	SP 6. Market services	4, 426, 000	263, 814, 470	0	72, 629, 641	0.0	27.5
	SP 7. Alcoholic drinks control	5, 214, 000	0	0	0	0.0	0.0
	SP 8. Industrial development	3, 730, 538	0	309, 000	0.0	8.3	0.0
	SP 9. Waste management	23, 576, 793	0	0	0	0.0	0.0
	Subtotal	**140, 989, 793**	**572, 287, 035**	**10, 486, 694**	**117, 399, 587**	**7.4**	**20.5**
Department of Tourism, culture, sports and arts.							
Programme 1.		**0**	**153, 889, 004**	**0**	**16, 311, 074**		
	SP 5. Sports	0	153, 889, 004	0	16, 311, 074	0.0	10.6
Programme 2.		**128, 946, 347**	**0**	**9, 914, 605**	**0**		
	SP 3. General administration, planning	78, 691, 818	0	6, 331, 820	0	8.0	0.0
	SP 4. Communication services	21, 854, 529	0	1,346, 000	0	6.2	0.0
	SP 5. Wildlife services	28, 400, 000	0	2, 236, 785	0	0.0	0.0
	Subtotal	**128, 946, 347**	**153, 889, 004**	**9, 914, 605**	**16, 311, 074**	**7.7**	**10.6**
Department of Siaya municipality							
Programme 2.		**47, 434, 778**	**48, 140, 671**	**0**	**0**		
	S.P. 6. General admin, planning & support services	47, 434, 778	48, 140, 671	0	0	0.0	0.0
	Subtotal	**47, 434, 778**	**48, 140, 671**	**0**	**0**	**0.0**	**0.0**
Department of Bondo municipality							
Programme 2.		**28, 841, 170**	**14, 607, 520**	**643, 200**	**0**		
	S.P. 6. General admin, planning & support services	28, 841, 170	14, 607, 520	643, 200	0	2.2	0
	Subtotal	**28, 841, 170**	**14, 607, 520**	**643, 200**	**0**	**2.2**	**0**
Department of Ugunja municipality							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 2.		**23, 060, 647**	**15, 038, 880**				
	S.P. 6. General admin, planning & support services	23, 060, 647	15, 038, 880	0	0	0.0	0.0
	Subtotal	**23, 060, 647**	**15, 038, 880**	**0**	**0**	**0.0**	**0.0**
Grand Total		**6,073,307,294**	**4,874,826,184**	**1,091,112,099**	**475, 355, 929**	**18.0**	**9.8**

***Source**: Siaya County Treasury*

Development Sub-programmes with the highest levels of implementation based on absorption rates were market services in the Department of Trade, Enterprises & Industrialisation at 28 per cent, Land Surveying and Mapping in the Department of Lands, Physical Planning and Housing at 20 cent. Recurrent sub-programmes with the highest levels of implementation based on absorption rates were Sub-County Administration in the Department of Governorship, Administration and ICT at 47 per cent, and Administration Planning, Revenue and Accounting in the Department of Finance and Economic Planning at 43 per cent of budget allocation.

3.38.15 Accounts Operated in Commercial Banks

The County Government operated 13 accounts with commercial banks, with three being for the County Assembly.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.38.16 Key Observations and Recommendations

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

1. Own-source revenue underperformed at Kshs.140.43 million against an annual target of Kshs.1.04 billion, representing 13.5 per cent of the yearly target.

2. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the bursary Fund, emergency Fund and co-operative development Fund were not submitted to the Controller of Budget as of 15 October 2024.

3. Use of manual payroll. Personnel emoluments amounting to Kshs.89.87 million were processed through manual payroll, accounting for 14 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

4. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for operations purposes and additional allocations.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.39. County Government of Taita Taveta

3.39.1 Overview of FY 2024/25 Budget

The Taita Taveta County approved FY 2024/25 budget is Kshs.8.42 billion. It comprised Kshs.2.70 billion (32 per cent) and Kshs.5.71 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.940 million (12 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.32 billion and a recurrent budget of Kshs.5.17 billion. The increase in the county government budget was attributed to the rise in equitable share.

The Taita Taveta County Government budget will be financed from different sources of revenue. These include Kshs.5.22 billion (62 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.2.03 billion (24 per cent) as additional allocations, a cash balance of Kshs.403 million (5 per cent) brought forward from FY 2023/24, Kshs.8.60 million from other revenue sources (below 1 per cent) and Kshs.750 million (9 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.250 million (33 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.500 million (67 per cent) as ordinary own-source revenue.

3.39.2 Revenue Performance

In the first quarter of FY 2024/25, the County received a total of Kshs.965.47 million to fund recurrent and development activities. The equitable share from the national government was Kshs.428.43 million, additional allocations from government and development partners of Kshs.30 million and own source revenue (OSR) collection of Kshs.92.75 million. In addition, the County had a cash balance of Kshs.414.29 million from FY 2023/24. The FY 2023/24 balance includes Kshs.403.23 million of the June 2024 Equitable Share disbursed in July 2024.

Analysis of the total OSR collection of Kshs.92.75 million indicates that it included receipts from Facilities Improvement Financing (FIF) of Kshs.39.91 million and Kshs.52.83 million as ordinary OSR. Table 3.258 summarises the total revenue available to the county government during the first quarter of FY 2024/25.

Table 3.258: Taita Taveta County, Revenue Performance in the First Quarter of FY 2024/25

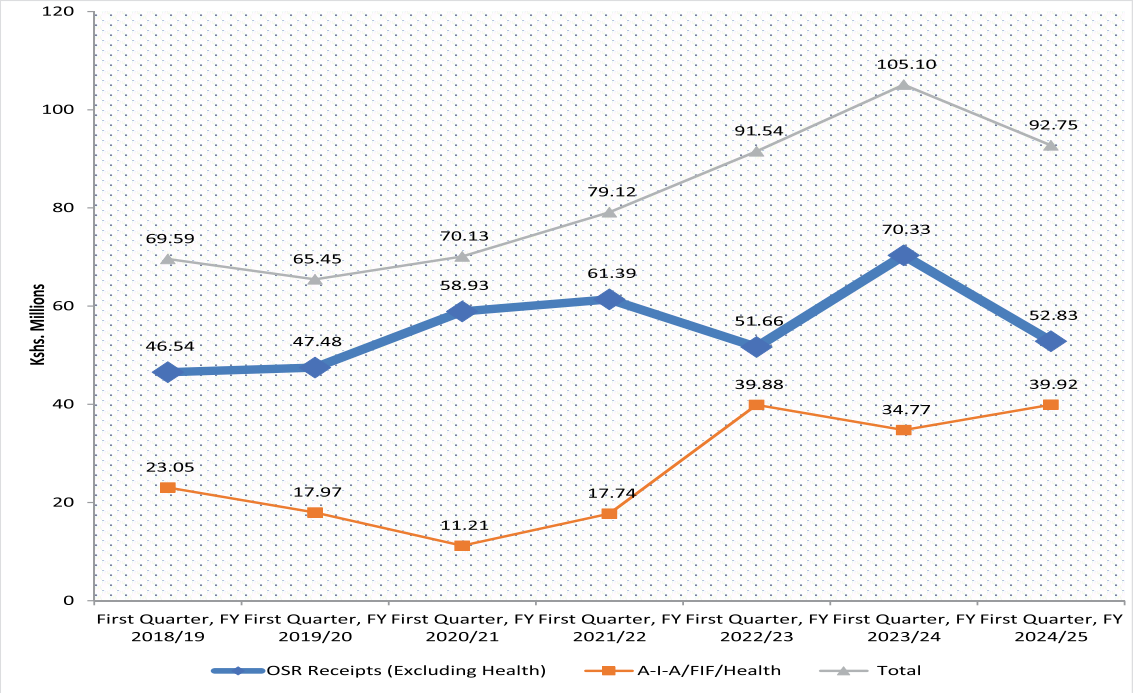
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,229,266,247	428,436,332	8
Sub Total		**5,229,266,247**	**428,436,332**	**8**
B	**Additional Allocations**			
1	Second Kenya Devolution Support Programm (KDSP II) - IDA (World Bank) Credit	37,500,000	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	Kenya Informal Settlement Improvement Project (KISIP-II)-IDA (World Bank)	190,626,011	30,000,000	16
3	IDA-WB National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-
4	DANIDA Grant - Primary Healthcare in Devolved Context - IDA (World Bank) Credit	6,532,500	-	-
5	Financing Locally Led Climate Change Action Projects	111,000,000	-	-
6	Balance B/F FY 2023/2024 FLloCCaP	105,079,402	-	-
7	Water and Sanitation Development Project - IDA (World Bank) Credit	850,000,000	-	-
8	Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG) - IDA (World Bank) Credit	35,000,000	-	-
9	Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG) - IDA (World Bank) Credit	18,278,289	-	-
10	Kenya Agricultural Business Development Project (KABDP) - SWEEDEN	10,918,919	-	-
11	Aggregated Industrial Parks Programme	250,000,000	-	-
12	Road Maintenance Fuel Levy	223,111,859	-	-
13	Community Health Promoters (CHPs) Project	41,070,000	-	-
Sub-Total		**2,030,632,132**	**30,000,000**	**2**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	500,000,000	52,832,000	11
2	Balance b/f from FY2023/24	403,000,000	414,292,501	103
3	Facility Improvement Fund (FIF)	250,000,000	39,915,017	16
4	Other Revenues	8,603,601	-	-
Sub Total		**1,161,603,601**	**507,039,518**	**44**
Grand Total		**8,421,501,980**	**965,475,850**	**12**

Source: *Taita Taveta County Treasury*

Figure 152 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 152: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

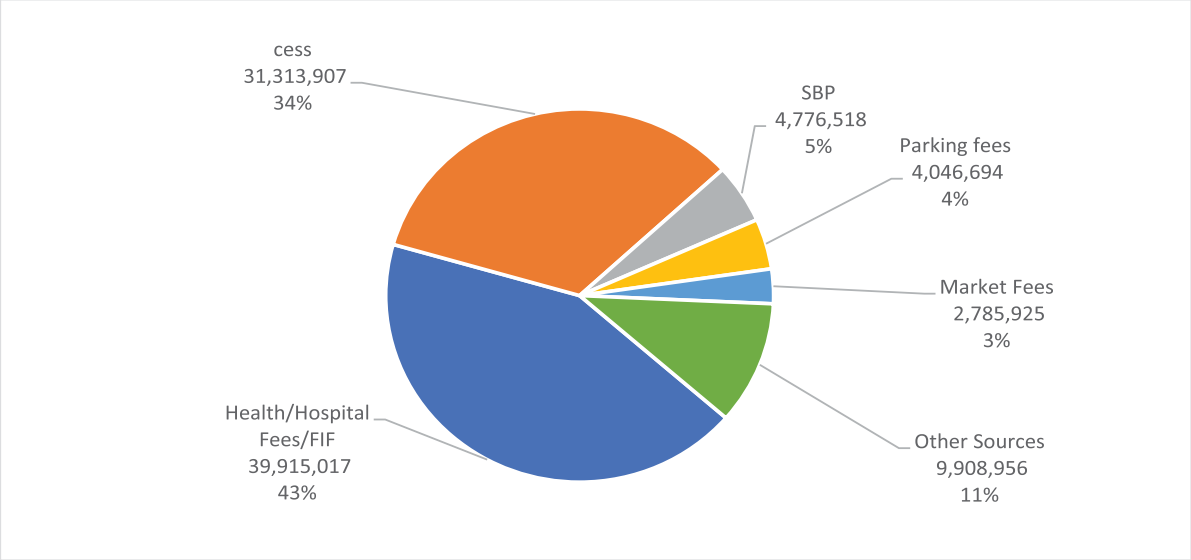


Source: *Taita Taveta County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.92.75 million from its own sources of revenue, including AIA and FIF. This amount a decreased by 13 per cent compared to Kshs. 105.10 million were realised in a similar period in FY 2023/24, and it was 14 per cent of the annual target and 22 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 153.

Figure 153: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Taita Taveta County Treasury*

The highest revenue stream, Kshs.39.91 million, was from Health/Hospital fees/FIF, which contributed 43 per cent of the total OSR receipts during the reporting period.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.805.89 million from the CRF account during the reporting period, which comprised Kshs.106.0 million (13per cent) for development programmes and Kshs.699.89 million (87 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.559.73 million was released towards employee compensation and Kshs.140.15 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs. 4.66 million.

3.39.4 County Expenditure Review

The County spent Kshs.805.89 million on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.106.0 million and Kshs.699.89 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4 per cent, while recurrent expenditure represented 12 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.2.30 billion, comprising pending payments by the County Executive of Kshs.2.17 billion and Kshs.126.22 million for the county assembly.

The county executive's pending bills consist of Kshs.1.29 billion for recurrent expenditures and Kshs.887.35 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.265.24 million in the reporting period, which consisted of Kshs.249.84 million for recurrent expenditure and Kshs.15.39 million for development programmes. In contrast, the County Assembly settled pending bills worth Kshs.54.53 million. Therefore, the outstanding bills were Kshs.1.98 billion as of 30 September 2024.

3.39.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.508.47 million on employee compensation, Kshs.65.71 million on operations and maintenance, and Kshs.106.0 million on development activities. Similarly, the County Assembly spent Kshs.51.26 million on employee compensation and Kshs.74.45 million on operations and maintenance, as shown in Table 3.259.

Table 3.259: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,924,460,976**	**789,520,871**	**574,178,131**	**125,713,804**	**11.7**	**15.9**
Compensation to Employees	3,525,901,377	263,000,000	508,473,111	51,264,220	14.4	19.5
Operations and Maintenance	1,398,559,599	526,520,871	65,705,020	74,449,584	4.7	14.1
Development Expenditure	2,637,520,132	70,000,000	106,004,767	-	4.0	0.0
Total	**7,561,981,108**	**859,520,871**	**680,182,898**	**125,713,804**	**9.0**	**14.6**

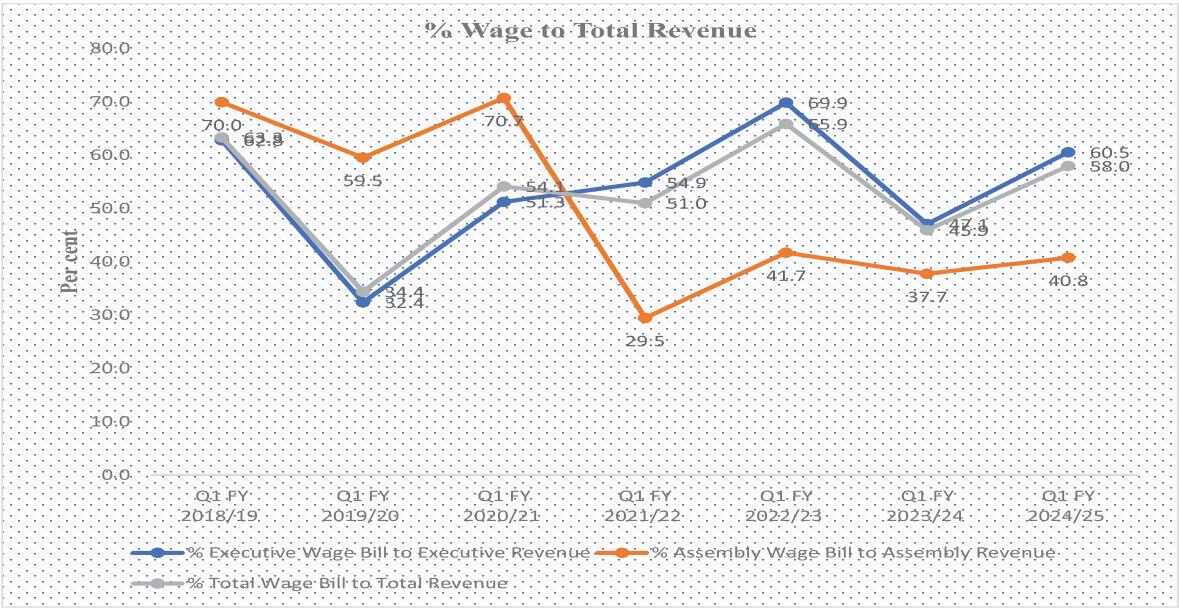
***Source**: Taita Taveta County Treasury*

3.39.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.559.74 million, or 58 per cent of the available revenue of Kshs.965.47 million. This expenditure represented a decrease from Kshs.711.52 million reported in a similar period in FY 2023/24. The wage bill included Kshs.266.76 million paid to the health sector employees, translating to 48 per cent of the total wage bill.

Figure 154 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 154: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source**: Taita Taveta County Treasury*

Further analysis indicates that PE costs amounting to Kshs.551.24 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.8.5 million was processed through manual payrolls. The manual payrolls accounted for 2 per cent of the total PE cost.

The County Assembly spent Kshs.6.39 million on committee sitting allowances for the 32 MCAs against the annual budget allocation of Kshs.36 million. The average monthly sitting allowance was Kshs.66,665 per MCA. The County Assembly had 23 House Committees.

3.39.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.270 million to County-established funds in FY 2024/25 or 3 per cent of the County's overall budget. Further, the County allocated Kshs.15 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.260 summarises each established Funds' budget allocation and performance during the reporting period.

Table 3.260: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (KShs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs)	Actual Expenditure In First Quarter of FY2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements as of 30 September 2024 (Yes/No.)
County Executive Established Funds						
1	Education Fund	240,000,000	-	-	898,764,969	Yes
2	County Emergency Fund	15,000,000	-	-	107,160,190	Yes
3	County Executive Car Loan & Mortgage Fund	15,000,000	-	-	181,140,188	Yes
County Assembly Established Funds						
4	County Assembly Car Loan& Mortgage Scheme Fund	-	-	-	321,000,000	Yes
	Total	**270,000,000**	**-**	**-**	**1,508,065,347**	

Source: *Taita Taveta County Treasury*

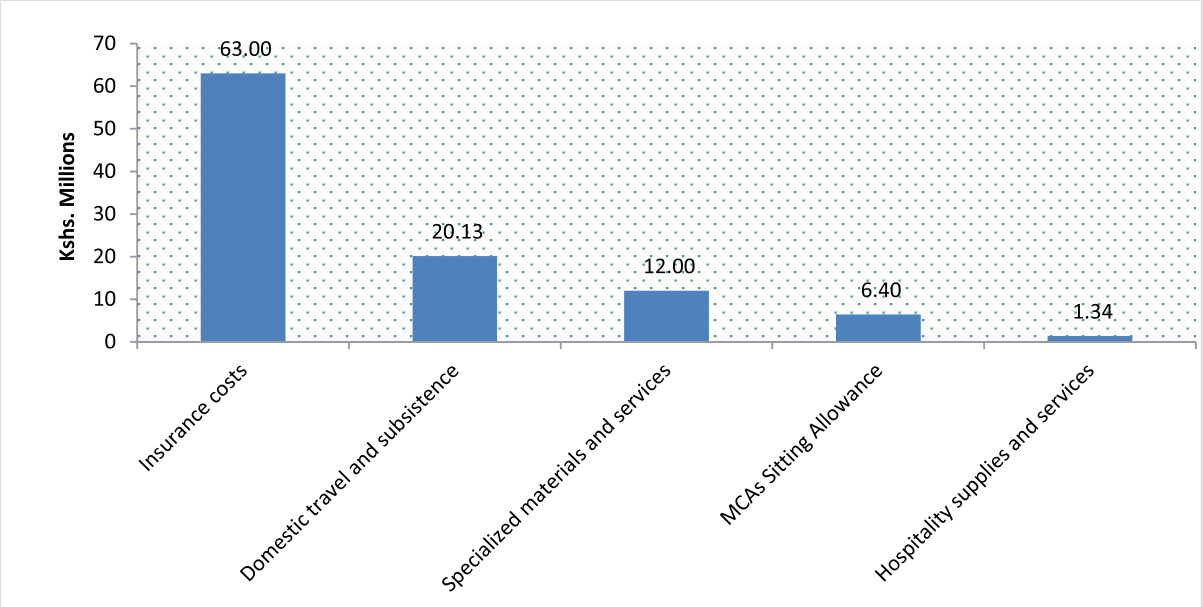
As indicated in Table 3.260, the CoB received all four fund administrators' quarterly financial reports during the reporting period.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.39.9 Expenditure on Operations and Maintenance

Figure 155 summarises the Operations and Maintenance expenditure by major categories.

Figure 155: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: *Taita Taveta County Treasury.*

The expenditure on domestic travel amounted to Kshs.20.13 million, comprised of Kshs.11.63 million spent by the County Assembly and Kshs.8.49 million by the County Executive. The County did not report any expenditure on foreign travel.

3.39.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.39.91 million as FIF, which was 16 per cent of the annual target of Kshs.250 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023.

The expenditure by the health facilities amounted to Kshs.26.84 million, as shown in Table 3.261

Table 3.261: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1.	Moi County Referral Hospital	137,212,921	16,961,210.25	12
2.	Taveta Sub County Hospital	42,029,684.33	5,550,442	13
3.	Mwatate Sub County Hospital	19,977,071	1,829,740	9
4.	Wesu Sub County Hospital	18,394,874.60	2,506,978.95	14
	Total	**217,614,550.93**	**26,848,371.20**	**12**

Source: *Taita Taveta County Treasury*

The Wesu Sub County Hospital had the highest absorption rate at 14 per cent.

3.39.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.106.0 million on development pro-

grammes, representing an increase of 23.2 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.86.05 million. Table 3.262 summarises development projects with the highest expenditure in the reporting period.

Table 3.262: Taita Taveta County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Locally Led Climate Action Programme (Climate Change) WB	Water	County wide	111,000,000	94,952,036	23,738,009	21%
2	Kenya Informal Settlement Improvement Project-World Bank	Lands	County wide	190,626,011	60,000,000	30,000,000	16%
3	WB-National Agricultural Value Chain Development Project	Agriculture	County wide	151,515,152	151,515,152	111,690,267	74%

Source: *Taita Taveta County Treasury*

3.39.12 Budget Performance by Department

Table 3.263 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.263: Taita Taveta County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	789.52	70	125.71	-	125.71	-	100	-	16	-
Public Service and Administration	512.80	-	149.63	-	149.63	-	100	-	29	-
The Governor's and Deputy Governor's Office	353.59	-	27.46	-	27.46	-	100	-	8	-
Finance and Economic Planning	316.98	210	51.93	65	51.93	65	100	100	16	31
Agriculture, Livestock and Fisheries	219.06	194.03	17.90	-	17.90	-	100	-	8	-
Water and Irrigation	137.35	1,118.40	-	11	-	11	-	100	-	1
Education and Libraries	775.38	55.80	59.28	-	59.28	-	100	-	8	-
Health	2,228	87.47	266.76	-	266.76	-	100	-	12	-
Trade, Tourism and Cooperative Development	57.68	274.50	-	-	-	-	-	-	-	-
County Public Service Board	65.54	4.50	0.91	-	0.91	-	100	-	1	-
Infrastructure and Public Works	103.60	352.66	0.05	-	0.05	-	100	-	0	-
Lands, Environment and Natural Resources	102.49	215.40	0.25	30	0.25	30	100	100	0	14
Youth, Gender, Sports, Culture and Social Services	51.97	124.75	-	-	-	-	-	-	-	-
Total	5,713.98	2,707.52	699.89	106	699.89	106	100	100	12	4

Source*: Taita Taveta County Treasury*

Analysis of expenditure by departments shows that the Department of Finance and Planning recorded the highest absorption rate of the development budget at 31 per cent, followed by the Department of Lands. En-

vironment and Urban Planning at 14 per cent. The Department of Public Administration and Service had the highest percentage of recurrent expenditure to budget at 29 per cent. At the same time, the Department of Water and Irrigation, Trade and Cooperatives and Youth, Gender and Culture and Social Services recorded a zero absorption rate.

3.39.13 Budget Execution by Programmes and Sub-Programmes

Table 3.264 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.264: Taita Taveta County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
		Default Value (Non-Departmental)	**-**	**-**	**0**
	3260		-	-	0
	101003260	Administration Planning and Support Services	-	-	0
	701003260	General Administration support services	-	-	0
	103003260	Infrastructure Development programme	-	-	0
3261000100		**County Assembly Headquarters**	**859,520,871**	**125,713,804**	**15**
	708003260	Legislation, Oversight & Representation	70,000,000	-	**0**
	701003260	General Administration support services	789,520,871	125,713,804	**16**
	702003260	County Assembly Infrastructure improvement	-	-	**0**
3262000100		**Headquarters**	**432,346,946**	**149,629,606**	**35**
	704003260	General Administration and Management of County Affairs	-	-	**0**
	701003260	General Administration support services	432,346,946	149,629,606	**35**
	3260		-	-	0
	705003260	Leadership Development Programme	-	-	0
	703003260	Decentralised Infrastructure Development Programme	-	-	0
3262000200		**Taveta Sub County Administration**	**2,120,000**	**-**	0
	701003260	General Administration support services	-	-	0
	709003260	Devolved governance	2,120,000	-	0
	705003260	Leadership Development Programme	-	-	0
3262000300		**Wundanyi Sub County Administration**	**1,850,000**	**-**	0
	701003260	General Administration support services	-	-	0
	709003260	Devolved governance	1,850,000	-	0
	703003260	Decentralised Infrastructure Development Programme	-	-	0
3262000400		**Mwatate Sub County Administration**	**1,943,000**	**-**	0
	701003260	General Administration Support Services	-	-	0
	709003260	Devolved governance	1,943,000	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
	703003260	Decentralised Infrastructure Development Programme	-	-	0
3262000500		**Voi Sub County Administration**	**2,364,000**	**-**	0
	701003260	General Administration support services	-	-	0
	709003260	Devolved governance	2,364,000	-	0
3262000600		**Taveta Town Administration**	**-**	**-**	0
	703003260	Decentralised Infrastructure Development Programme	-	-	0
	701003260	General Administration support services	-	-	0
	705003260	Leadership Development Programme	-	-	0
3262000700		**Voi Town Administration**	**-**	**-**	0
	703003260	Decentralised Infrastructure Development Programme	-	-	0
	705003260	Leadership Development Programme	-	-	0
	701003260	General Administration support services	-	-	0
3262000800		**County Policing Authority**	**-**	**-**	0
	701003260	General Administration Support Services	-	-	0
3262000900		**Human Resource Management**	**11,316,000**	**-**	0
	701003260	General Administration Support Services	11,316,000	-	0
3262001000			**20,000,000**	**-**	0
	701003260	General Administration Support Services	20,000,000	-	0
3262001100			**3,360,000**	**-**	0
	701003260	General Administration Support Services	-	-	0
	709003260	Devolved governance	3,360,000	-	0
3262001200		**Kenya Devolution Support Program**	**37,500,000**	**-**	0
	701003260	General Administration support services	37,500,000	-	0
3263000100		**Headquarters**	**278,239,987**	**27,463,620**	10
	704003260	General Administration and Management of County Affairs	-	-	0
	712003260	Special programmes & Service Delivery	9,350,000	-	0
	710003260	Leadership & Coordination of Aounty Affairs	6,250,000	-	0
	705003260	Leadership Development Programme	-	-	0
	701003260	General Administration Support Services	262,639,987	27,463,620	10
	703003260	Decentralised Infrastructure Development Programme	-	-	0
3263000200		**Office of the Deputy Governor**	**13,160,000**	**-**	0
	701003260	General Administration Support Services	13,160,000	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
	704003260	General Administration and Management of County Affairs	-	-	0
	705003260	Leadership Development Programme	-	-	0
	101003260	Administration Planning and Support Services	-	-	0
3263000300		**Special Programmes Unit**	**22,100,000**	-	0
	712003260	Special programmes & Service Delivery	22,100,000	-	0
	705003260	Leadership Development Programme	-	-	0
	704003260	General Administration and Management of County Affairs	-	-	0
	703003260	Decentralised Infrastructure Development Programme	-	-	0
3263000400		**Service Delivery Unit**	**1,200,000**	-	0
	712003260	Special programmes & Service Delivery	1,200,000	-	0
	704003260	General Administration and Management of County Affairs	-	-	0
3263000500		**Industrialisation**	-	-	0
	704003260	General Administration and Management of County Affairs	-	-	0
	703003260	Decentralised Infrastructure Development Programme	-	-	0
	705003260	Leadership Development Programme	-	-	0
3263000600		**ICT**	**8,300,000**	-	0
	701003260	General Administration support services	8,300,000	-	0
	703003260	Decentralised Infrastructure Development Programme	-	-	0
	704003260	General Administration and Management of County Affairs	-	-	0
	705003260	Leadership Development Programme	-	-	0
3263000700			**3,600,000**	-	0
	704003260	General Administration and Management of County Affairs	-	-	0
	710003260	Leadership & Coordination of county Affairs	3,600,000	-	0
3263000800			**3,870,000**	-	0
	710003260	Leadership & Coordination of County Affairs	3,870,000	-	0
	704003260	General Administration and Management of County Affairs	-	-	0
3263000900			**23,120,000**	-	0
	710003260	Leadership & Coordination of County Affairs	23,120,000	-	0
	704003260	General Administration and Management of County Affairs	-	-	0
3264000100		**Headquarters**	**190,787,852**	**51,929,700**	27
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
	701003260	General Administration Support Services	190,787,852	51,929,700	27
	707003260	Treasury Development Programme	-	-	0
3264000200		**County Emergency Fund**	**15,000,000**	**-**	0
	707003260	Treasury Development Programme	-	-	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
	701003260	General Administration Support Services	15,000,000	-	0
3264000300		**Equalisation of Wards Infrastructure**	**-**	**-**	0
	707003260	Treasury Development Programme	-	-	0
3264000400		**Planning**	**31,126,448**	**-**	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
	713003260	Public Finance Management	23,754,781	-	0
	707003260	Treasury Development Programme	-	-	0
	714003260	Economic Policy Formulation & Management	7,371,667	-	0
3264000500		**Gratuity Fund**	**-**	**-**	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
3264000700		**County Executive Administration**	**15,000,000**	**-**	0
	701003260	General Administration Support Services	15,000,000	-	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
3264000800		**Internal Audit Services**	**10,470,000**	**-**	0
	713003260	Public Finance Management	10,470,000	-	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
3264000900		**Revenue Management**	**27,000,000**	**-**	0
	713003260	Public Finance Management	27,000,000	-	0
	701003260	General Administration Support Services	-	-	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
3264001000		**Procurement**	**8,000,000**	**-**	0
	713003260	Public Finance Management	8,000,000	-	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
3264001100		**Accounting Services**	**19,600,000**	**-**	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
	713003260	Public Finance Management	19,600,000	-	0
	701003260	General Administration support services	-	-	0
3264001200		**Kenya Devolution Support Programme**	**-**	**-**	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
	701003260	General Administration Support Services	-	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
3264001300			**210,000,000**	**65,004,767**	31
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
	701003260	General Administration Support Services	210,000,000	65,004,767	31
	707003260	Treasury Development Programme	-	-	0
3265000100		**Headquarters**	**363,830,987**	**17,904,800**	5
	106003260	Crop Development	10,220,165	-	0
	102003260	Development Programme	-	-	0
	104003260	Agricultural Development Programme	-	-	0
	101003260	Administration Planning and Support Services	353,610,822	17,904,800	5
	105003260	Livestock and Fisheries Development	-	-	0
3265000200		**Livestock**	**7,382,884**	-	0
	101003260	Administration Planning and Support Services	-	-	0
	104003260	Agricultural Development Programme	-	-	0
	102003260	Development programme	-	-	0
	108003260	Livestock Production	7,382,884	-	0
	105003260	Livestock and Fisheries Development	-	-	0
3265000300		**Fisheries**	**4,577,742**	-	0
	101003260	Administration Planning and Support Services	-	-	0
	102003260	Development Programme	-	-	0
	105003260	Livestock and Fisheries Development	-	-	0
	111003260	Blue Economy Development	4,577,742	-	0
3265000400		**Veterinary**	**5,666,901**	-	0
	101003260	Administration Planning and Support Services	-	-	0
	102003260	Development Programme	-	-	0
	104003260	Agricultural Development Programme	-	-	0
	110003260	Veterinary Services	5,666,901	-	0
	105003260	Livestock and Fisheries Development	-	-	0
3265000500		**Agribusiness Project (EU Grant)**	**30,018,919**	-	0
	101003260	Administration Planning and Support Services	-	-	0
	104003260	Agricultural Development Programme	-	-	0
	106003260	Crop Development	30,018,919	-	0
	105003260	Livestock and Fisheries Development	-	-	0
	102003260	Development Programme	-	-	0
3265000600		**Kenya Climate Smart Agric Program**	-	-	0
	1001003260	Water and Irrigation Development Programme	-	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
	104003260	Agricultural Development Programme	-	-	0
	105003260	Livestock and Fisheries Development	-	-	0
3265000700		**Water**	**-**	**-**	0
	104003260	Agricultural Development Programme	-	-	0
	105003260	Livestock and Fisheries Development	-	-	0
3265000800		**Cooperative Development**	**1,617,500**	**-**	0
	304003260	Cooperatives Development	1,617,500	-	0
3266000100		**Headquarters**	**-**	**-**	0
	105003260	Livestock and Fisheries Development	-	-	0
	101003260	Administration Planning and Support Services	-	-	0
3266000300		**Veterinary**	**-**	**-**	0
	105003260	Livestock and Fisheries Development	-	-	0
	101003260	Administration Planning and Support Services	-	-	0
3266000400		**Fisheries**	**-**	**-**	0
	105003260	Livestock and Fisheries Development	-	-	0
	101003260	Administration Planning and Support Services	-	-	0
3267000100		**Headquarters**	**103,428,852**	**-**	0
	1002003260	General Administration, Support and Support Services	103,428,852	-	0
	1001003260	Water and Irrigation Development Programme	-	-	0
3267000200		**Water Services**	**881,593,292**	**-**	0
	1004003260	Water Infrastructure Development	873,943,292	-	0
	1002003260	General Administration, Support and Support Services	-	-	0
	1005003260	Sanitation Services	7,650,000	-	0
	1001003260	Water and Irrigation Development Programme	-	-	0
3267000300		**Bulk Water Project**	**-**	**-**	0
	1001003260	Water and Irrigation Development Programme	-	-	0
3267000400		**Ambulance Services**	**-**	**-**	0
	1001003260	Water and Irrigation Development Programme	-	-	0
3267000500		**Public Health and Sanitation**	**-**	**-**	0
	1001003260	Water and Irrigation Development Programme	-	-	0
3267000600		**Promotion of Primary Healthcare**	**270,729,402**	**11,000,000**	4
	1006003260	Climate Change Adaptation	268,929,402	11,000,000	4
	901003260	General administration, Planning & support	-	-	0
	1001003260	Water and Irrigation Development Programme	-	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
	1003003260	Natural Resources Support Programme	1,800,000	-	0
	1002003260	General administration, Support and Support Services	-	-	0
3268000100		**Headquarters**	**511,473,395**	**59,282,255**	12
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	0
	501003260	General Administration, Planning and Support Services	511,473,395	59,282,255	12
	1001003260	Water and Irrigation Development Programme	-	-	0
3268000200		**Polytechnics**	**12,813,600**	-	0
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	0
	501003260	General Administration, Planning and Support Services	-	-	0
	504003260	Vocational Training Centres & Homecrafts Development	12,813,600	-	0
3268000300		**Early Childhood Development**	**54,340,000**	-	0
	502003260	Early Childhood Education and Youth Training Development Programme	54,340,000	-	0
	301003260	General Administration and Support Services Programme	-	-	0
	501003260	General Administration, Planning and Support Services	-	-	0
3268000400		**Library Services**	**8,655,000**	-	0
	503003260	Library Services	8,655,000	-	0
	501003260	General Administration, Planning and Support Services	-	-	0
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	0
3268000500		**Education Fund**	**243,902,439**	-	0
	505003260	Education Fund	243,902,439	-	0
	501003260	General Administration, Planning and Support Services	-	-	0
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	0
3268000600		**Energy**	-	-	0
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	0
	501003260	General Administration, Planning and Support Services	-	-	0
3269000100		**Headquarters**	**2,065,465,955**	**266,762,850**	13
	405003260		1,500,000	-	0
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	0
	704003260	General Administration and Management of County Affairs	-	-	0
	402003260	Health Development Programme	-	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
	401003260	Administration and Support Services	1,878,215,955	266,762,850	14
	403003260	Hospitals & Specialised Health Services	182,100,000	-	0
	404003260	Preventive & Promotive Services	3,650,000	-	0
3269000200		**Wesu Hospital**	-	-	0
	401003260	Administration and Support Services	-	-	0
3269000300		**Moi Referral Hospital**	-	-	0
	401003260	Administration and Support Services	-	-	0
3269000400		**Mwatate Hospital**	-	-	0
	401003260	Administration and Support Services	-	-	0
3269000500			-	-	0
	401003260	Administration and Support Services	-	-	0
3269000600			-	-	0
	401003260	Administration and Support Services	-	-	0
3269000700			-	-	0
	401003260	Administration and Support Services	-	-	0
3269000800			-	-	0
	401003260	Administration and Support Services	-	-	0
3269000900			-	-	0
	401003260	Administration and Support Services	-	-	0
3269001000			-	-	0
	401003260	Administration and Support Services	-	-	0
3269001100			-	-	0
	402003260	Health Development Programme	-	-	0
	401003260	Administration and Support Services	-	-	0
3269001200		**Health Improvement Financing**	**250,000,000**	-	0
	401003260	Administration and Support Services	250,000,000	-	0
3270000100		**Headquarters**	**45,976,129**	-	0
	302003260	Trade Development Programme.	-	-	0
	301003260	General Administration and Support Services Programme	45,976,129	-	0
3270000200		**Trade**	**32,609,770**	-	0
	302003260	Trade Development Programme.	32,609,770	-	0
	301003260	General Administration and Support Services Programme	-	-	0
3270000300		**Sports**	-	-	0
	302003260	Trade Development Programme.	-	-	0
	301003260	General Administration and Support Services Programme	-	-	0
3270000400		**Gender**	-	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
	301003260	General Administration and Support Services Programme	-	-	0
	302003260	Trade Development Programme.	-	-	0
3270000500		**Cooperative**	**-**	**-**	0
	301003260	General Administration and Support Services Programme	-	-	0
	302003260	Trade Development Programme.	-	-	0
3270000600		**Youth Development**	**-**	**-**	0
	302003260	Trade Development Programme.	-	-	0
	301003260	General Administration and Support Services Programme	-	-	0
3270000700		**Culture**	**2,500,000**	**-**	0
	905003260	Culture Services	2,500,000	-	0
	302003260	Trade Development Programme.	-	-	0
	301003260	General Administration and Support Services Programme	-	-	0
3270000800		**Markets**	**-**	**-**	0
	301003260	General Administration and Support Services Programme	-	-	0
	302003260	Trade Development Programme.	-	-	0
3270000900			**-**	**-**	0
	302003260	Trade Development Programme.	-	-	0
	301003260	General Administration and Support Services Programme	-	-	0
3270001100		**Weights and Measures**	**-**	**-**	0
	301003260	General Administration and Support Services Programme	-	-	0
3270001200			**-**	**-**	0
	301003260	General Administration and Support Services Programme	-	-	0
	302003260	Trade Development Programme.	-	-	0
3270001300		**Liquor Control and Licensing Fund**	**-**	**-**	0
	301003260	General Administration and Support Services Programme	-	-	0
3270001400			**695,084**	**-**	0
	303003260	Tourism Development	695,084	-	0
	302003260	Trade Development programme.	-	-	0
	301003260	General Administration and Support Services Programme	-	-	0
3270001500		**Industrialisation**	**250,404,000**	**-**	0
	305003260	Industrialisation	250,404,000	-	0
3271000100		**Headquarters**	**70,041,205**	**905,300**	1
	715003260	Human Resource Planning, Management & Development	4,462,000	905,300	20
	701003260	General Administration Support Services	65,579,205	-	0
	703003260	Decentralised Infrastructure Development Programme	-	-	0
3272000100		**Headquarters**	**91,552,551**	**50,000**	0
	101003260	Administration Planning and Support Services	-	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
	203003260	Public Works, Transport & Housing	27,720,000	50,000	0
	201003260	General Administrative, Planning & Support Services	62,832,551	-	0
	204003260	Disaster & Firefighting Management	1,000,000	-	0
3272000200		**ICT**	**-**	**-**	0
	103003260	Infrastructure Development Programme	-	-	0
	101003260	Administration Planning and Support Services	-	-	0
3272000300		**Roads**	**363,211,859**	**-**	0
	201003260	General Administrative, Planning & support services	223,111,859	-	0
	202003260	Roads Infrastructure Development	140,100,000	-	0
	101003260	Administration Planning and Support Services	-	-	0
	102003260	Development programme	-	-	0
	103003260	Infrastructure Development Programme	-	-	0
3272000400		**Housing**	**500,000**	**-**	0
	102003260	Development Programme	-	-	0
	101003260	Administration Planning and Support Services	-	-	0
	203003260	Public Works, Transport & Housing	500,000	-	0
	103003260	Infrastructure Development Programme	-	-	0
3272000500		**Public Works**	**1,000,000**	**-**	0
	101003260	Administration Planning and Support Services	-	-	0
	102003260	Development Programme	-	-	0
	103003260	Infrastructure Development Programme	-	-	0
	203003260	Public Works, Transport & Housing	1,000,000	-	0
3272000600		**Defunct Local Authorities**	**-**	**-**	0
	302003260	Trade Development Programme.	-	-	0
	103003260	Infrastructure Development Programme	-	-	0
3273000100		**Headquarters**	**55,600,244**	**250,000**	0
	112003260	L& Planning Survey & Mapping	6,500,000	-	0
	101003260	Administration Planning and Support Services	49,100,244	250,000	1
	1003003260	Natural Resources Support Programme	-	-	0
	301003260	General Administration and Support Services Programme	-	-	0
	102003260	Development Programme	-	-	0
3273000200		**Mwatate Municipal Administration**	**194,872,561**	**30,000,000**	15
	114003260	Urban Development	190,626,011	30,000,000	16
	102003260	Development Programme	-	-	0
	101003260	Administration Planning and Support Services	-	-	0

Program	Sub Programme	Description	Approved Budget	Actual Expenditure	Absorption (%)
	1003003260	Natural Resources Support Programme	-	-	0
	112003260	L& Planning Survey & Mapping	4,246,550	-	0
3273000300			**3,060,000**	**-**	0
	1003003260	Natural Resources Support Programme	-	-	0
	101003260	Administration Planning and Support Services	-	-	0
	113003260	Mining	3,060,000	-	0
	102003260	Development Programme	-	-	0
3273000400			**-**	**-**	0
	102003260	Development Programme	-	-	0
	101003260	Administration Planning and Support Services	-	-	0
3273000500		**Environment and Natural Resources**	**-**	**-**	0
	1003003260	Natural Resources Support Programme	-	-	0
	101003260	Administration Planning and Support Services	-	-	0
3273000600			**64,363,289**	**-**	0
	102003260	Development Programme	-	-	0
	114003260	Urban Development	64,363,289	-	0
	103003260	Infrastructure Development Programme	-	-	0
	301003260	General Administration and Support Services Programme	-	-	0
3276000100		**Headquarters**	**174,780,316**	**-**	0
	1002003260	General administration, Support and Support Services	50,030,316	-	0
	1003003260	Natural Resources Support Programme	124,750,000	-	0
	301003260	General Administration and Support Services Programme	-	-	0
		Grand Total	**8,421,501,980**	**805,896,702**	**10**

***Source**: Taita Taveta County Treasury*

The sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Public Administration and Service at 35 per cent, General Administration and Support Services in the Department of Finance and Planning at 31 per cent, General Administration and Internal Audit in the Department of Finance and Planning at 27 per cent and Human Resource Planning and Management Services at 20 per cent of budget allocation.

3.39.14 Accounts Operated in Commercial Banks

The County government operated 37 accounts with commercial banks, nine for healthcare facilities.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires

that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.39.15 Key Observations and Recommendations

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

1. Own-source revenue underperformed at Kshs.92.75 million against an annual target of Kshs.750 million, representing 14 per cent of the yearly target.

2. High level of pending bills, which amounted to Kshs.1.98 billion as of 30 September 2024.

3. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

2. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year.*

3. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.40. County Government of Tana River

3.40.1 Overview of FY 2024/25 Budget

The Tana River County approved FY 2024/25 budget is Kshs.9.31 billion. It comprised Kshs.3.64 billion (39 per cent) and Kshs.5.67 billion (61 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.282.82 million (3 per cent) from the FY 2023/24 budget comprised of a development budget of Kshs.3.56 billion and a recurrent budget of Kshs.5.47 billion. The increase in the county government budget was attributed to the rise in unspent funds at the end of FY 2023/24.

The Tana River County Government budget will be financed from different sources of revenue. These include; Kshs.7.04 billion (75.6 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.08 billion (11.7 per cent) as additional allocations, a cash balance of Kshs.1.09 billion (11.7 per cent) brought forward from FY 2023/24, and Kshs.96.63 million (1 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.3.96 million (4 per cent) as Facility Improvement Fund (revenue from health facilities) and, Kshs.92.67 million (96 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.265.

3.40.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.76 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.577.21 million. Additional allocations from government and development partners were Kshs.11.0 million, and its own source revenue (OSR) collection was Kshs.78.50 million. In addition, the County had a cash balance of Kshs.1.09 billion from FY 2023/24, including Kshs.543.26 million in June 2024 disbursement disbursed in July 2024.

Analysis of the total OSR collection of Kshs.78.50 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.0.72 million and Kshs.77.78 million as ordinary OSR. Table 3.265 summarises the total

revenue available to the county government during the first quarter of FY 2024/25 performance.

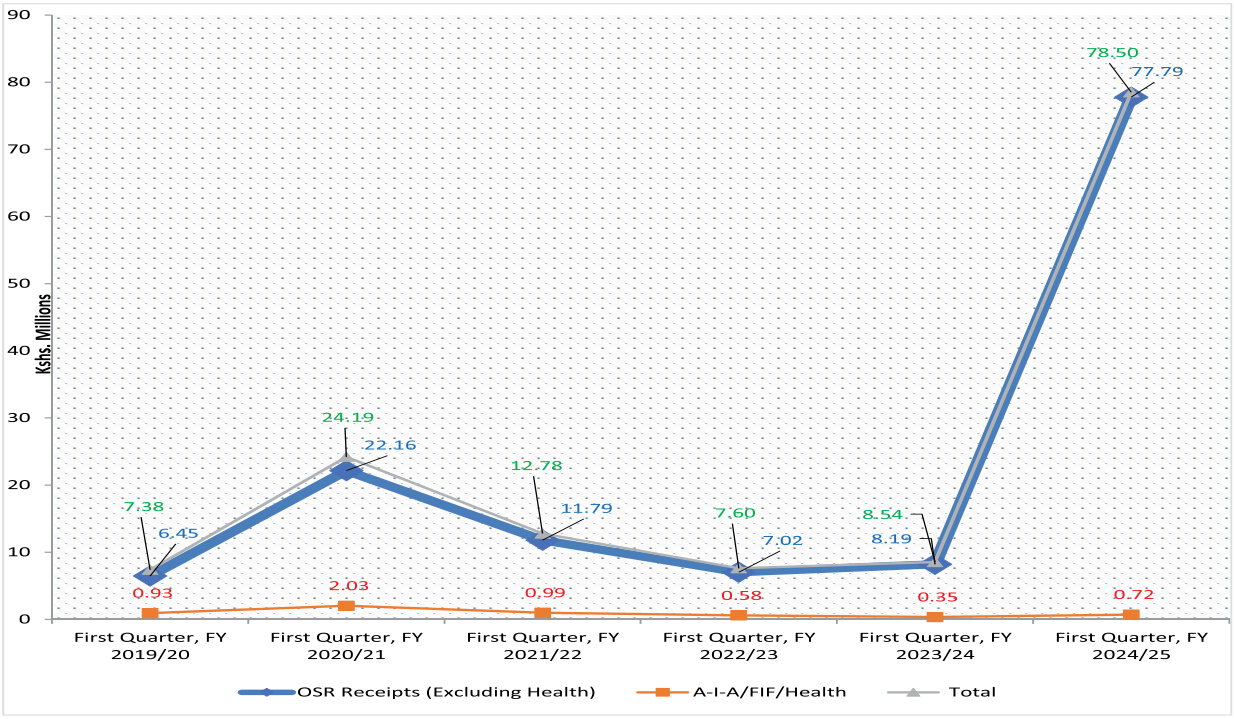
Table 3.265: Tana River County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,040,540,708	577,209,716	8
Sub Total		**7,040,540,708**	**577,209,716**	**8**
B	**Additional Allocations**			
1	Supplement for Construction of County Headquarters	95,045,250	-	-
2	Community Health Promoters (CHPs)	28,890,000	-	-
3	Road Maintenance Fuel Levy (RMFL)	192,087,922	-	-
4	Allocations for Mineral Royalties	7,500	-	-
5	DANIDA	9,018,750	-	-
6	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-
7	Food Systems Resilience Project (FSRP)	173,076,923	-	-
8	Kenya Agribusiness Development Programme	11,918,909	-	-
9	Second Kenya Devolution Support Program (KDSP II)	37,500,000	-	-
10	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	11,000,000	11,000,000	100
11	Financing Locally-Led Climate Action (FLLoCA) - County Climate Resilience Investment (CCRI)	150,000,000	-	-
12	Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)	35,000,000	-	-
13	Kenya Water Sanitation and Hygiene Program (K-WASH)	184,076,800	-	-
Sub-Total		**1,079,137,206**	**11,000,000**	**1**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	92,673,773	77,787,747	84
2	Balance b/f from FY2023/24	1,093,197,531	1,093,197,531	100
3	Facility Improvement Fund (FIF)	3,956,827	715,385	18
4	Other Revenues	-	-	-
5	Appropriation in Aid (AIA)	-	-	-
Sub Total		1,189,828,131	1,171,700,663	99
Grand Total		**9,309,506,045**	**1,759,910,379**	**19**

Source: *Tana River County Treasury*

Figure 156 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 156: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



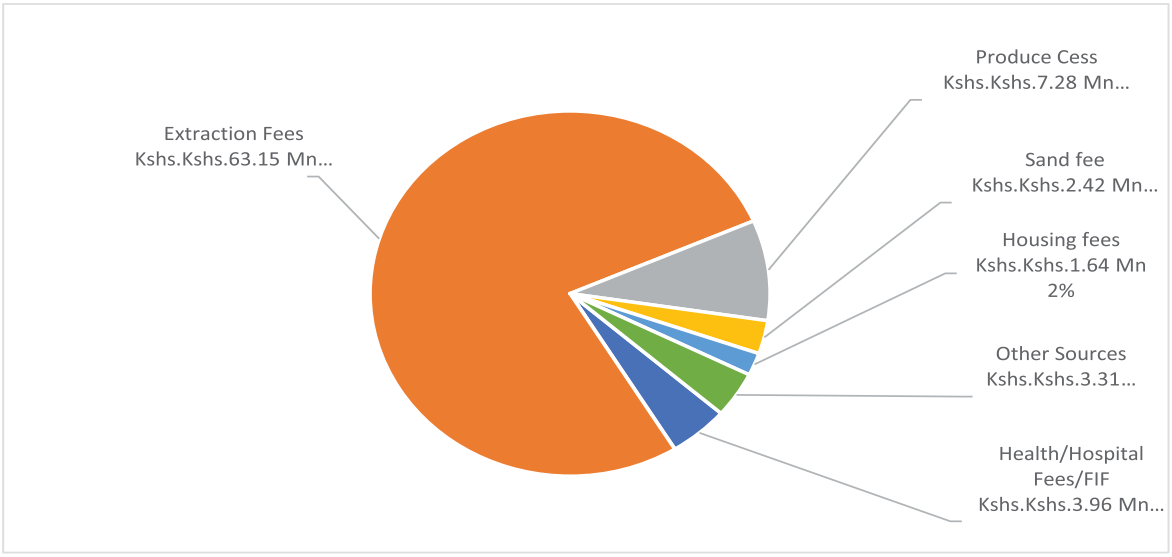
Source: *Tana River County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.78.50 million from its own sources of revenue, including AIA and FIF. This amount was an increase of 819 per cent, compared to Kshs.8.54 million realised in a similar period in FY 2023/24. This was 84 per cent of the annual target and 14 per cent of the equitable revenue share disbursed.

The increase in own-source revenue has been attributed to an increase in gypsum extraction and, hence, an increase in gypsum extraction fees.

The revenue streams which contributed the highest OSR receipts are shown in Figure 157.

Figure 157: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Tana River County Treasury*

The highest revenue stream, Kshs.63.15 million, was from gypsum extraction fees, contributing 77 per cent of the total OSR receipts during the reporting period.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.580.88 million from the CRF account during the reporting period, which comprised Kshs.126.27 million (22 per cent) for development programmes and Kshs.454.61 million (78 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.388.29 million was released towards employee compensation and Kshs.161.06 million for operations and maintenance expenditure.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs.456.99 million.

3.40.4 County Expenditure Review

The County spent Kshs.403.29 billion on development and recurrent programmes in the reporting period. This expenditure represented 60 per cent of the total funds released by the CoB and was incurred in recurrent programmes. Recurrent expenditures represented 7 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs. 2.12 billion as of 30 June 2024. These pending bills were all accumulated by the County Executive.

The County Executive's pending bills consist of Kshs.1.17 billion for recurrent expenditures and Kshs.951.05 million for development expenditures. The County executive did not settle any pending bills during the reporting period.

Therefore, the outstanding pending bills stood at Kshs.2.12 billion as of 30 September 2024.

3.40.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.303.31 million on employee compensation and Kshs.1.46 million on operations and maintenance; the County Executive did not incur any expenditure on development activities. Similarly, the County Assembly spent Kshs.61.63 million on employee compensation and Kshs.36.91 million on operations and maintenance.

Table 3.266: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,935,520,144**	**733,643,957**	**304,771,533**	**98,528,051**	**6**	**13**
Compensation to Employees	2,443,447,955	314,449,236	303,307,252	61,625,208	12	20
Operations and Maintenance	2,492,072,189	419,194,721	1,464,281	36,902,843	0.1	9
Development Expenditure	**3,366,587,232**	**273,754,712**	-	-	**0**	0
Total	**8,302,107,376**	**1,007,398,669**	**304,771,533**	**98,528,051**	4	10

***Source**: Tana River County Treasury*

3.40.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.364.93 million, or 21 per cent of the available revenue of Kshs.1.76 billion. This expenditure represented a decrease from Kshs.420.93 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.152.78 billion paid to the health sector employees, translating to 42 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.353.59 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.11.34 million was processed through manual payrolls. The manual payrolls accounted for 3 per cent of the total PE cost.

The County Assembly spent Kshs.5.73 million on committee sitting allowances for the 27 MCAs against the annual budget allocation of Kshs.25 million. The average monthly sitting allowance was Kshs.70,686 per MCA. The County Assembly had 19 House Committees.

3.40.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.545.37 million to county-established funds in FY 2024/25, or 6 per cent of the County's overall budget. Further, the County allocated Kshs.139.68 million to the Emergency Fund (2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.267 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.267: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Annual Financial Statements (Yes/No)
	County Executive Established Funds					
1.	Emergency Fund	139,682,547	69,841,273	-	69,841,273	No
2.	Disaster Risk Management Fund	139,682,547	69,841,273	-	69,841,273	No
3.	Car Loan & Mortgage Fund	90,000,000	45,000,000	-	45,000,000	No
4.	Bursary Fund	176,000,000	88,000,000	-	88,000,000	No
	County Assembly Established Funds					
5.	-	-	-	-	-	-
	Total	**545,365,094**	**272,682,546**		**272,682,546**	

Source: *Tana River County Treasury*

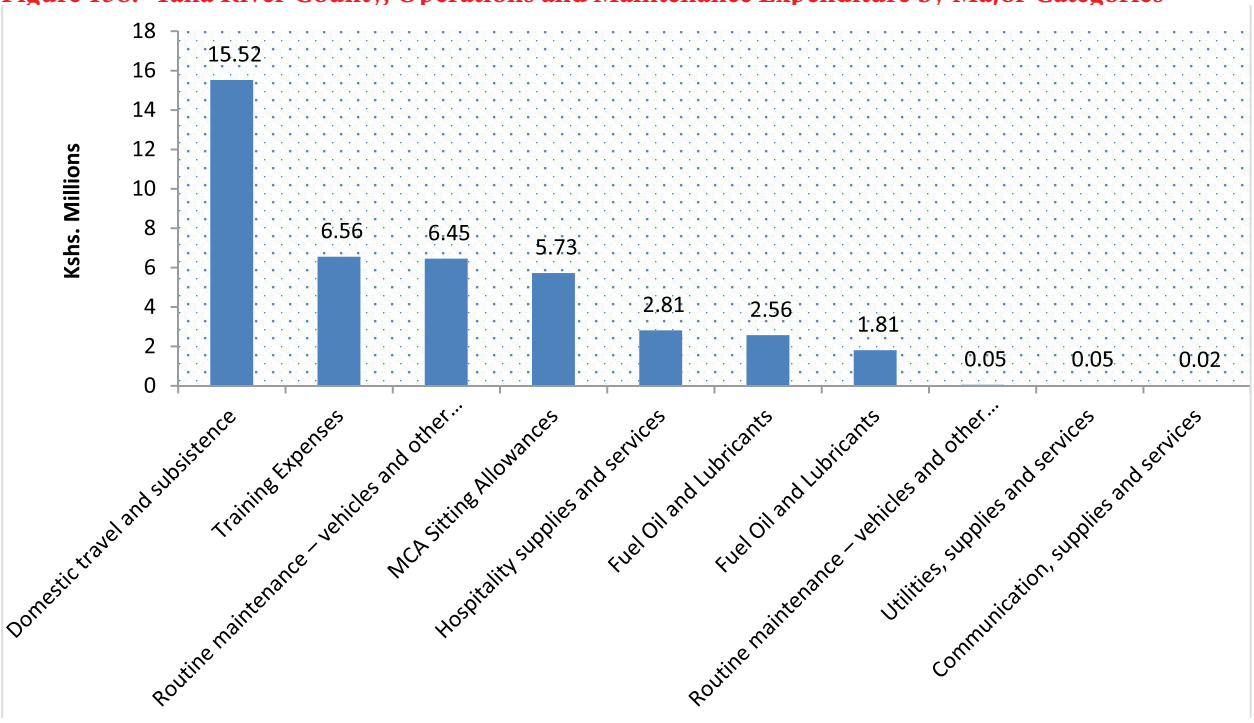
During the reporting period, the CoB did not receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.268, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.40.9 Expenditure on Operations and Maintenance

Figure 158 summarises the Operations and Maintenance expenditure by major categories.

Figure 158: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: *Tana River County Treasury*

Expenditure on domestic travel amounted to Kshs.15.52 million, comprised of Kshs.15.31 million spent by the County Assembly and Kshs.0.21 million by the County Executive. During the reporting period, there was no expenditure on foreign travel.

3.40.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.0.72 million as FIF, which was 18.1 per cent of the annual target of Kshs.3.96 million. The collected amount was retained and utilised at the source in accordance with the Facility Improvement Financing Act of 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.40.11 Development Expenditure

The County did not report any development expenditure in the First Quarter of FY 2024/25.

3.40.12 Budget Performance by Department

Table 3.268 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.268: Tana River County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	734	274	95	4	99	-	104	-	13	-
Office of The Governor and Deputy Governor	559	-	22	-	19	-	87	-	4	-
Finance and Planning	446	673	-	-	-	-	-	-	-	-
County Public Service Board	77	-	8	-	6	-	78	-	8	-
Trade, Tourism, Wildlife and Cooperative Development	51	130	-	-	-	-	-	-	-	-
Agriculture, Livestock, Fisheries and Veterinary	167	382	-	-	-	-	-	-	-	-
Culture, Gender, Youth, Sports and Social Services	107	4	-	-	-	-	-	-	-	-
Education and Vocational Training	57	268	-	-	-	-	-	-	-	-
Medical Services, Public Health and Sanitation	1,536	197	194	-	160	-	83	-	10	-
Special program	154	14	-	-	-	-	-	-	-	-
Roads, Transport, Public works, Housing and Urbanisation	70	885	-	-	-	-	-	-	-	-
Water, Energy, Mining, Forestry and Natural Resources	44	353	-	-	-	-	-	-	-	-
Public Service, Administration and Citizen Participation	1,482	20	120	-	118	-	99	-	8	-
Lands and Physical Planning	40	100	-	-	-	-	-	-	-	-
Hola Municipality	80	-	5	-	0	-	9	-	1	-
Environment and Climate Change	65	341	11	-	-	-	-	-	-	-
Total	**5,669**	**3,640**	**455**	**4**	**403**	**-**	**89**	**-**	**7**	**-**

***Source**: Tana River County Treasury*

Analysis of expenditure by departments shows that the County Assembly recorded the highest absorption rate of recurrent budget at 13 per cent, followed by the Department of Medical Services Public Health and Sanitation at 10 per cent.

3.40.13 Budget Execution by Programmes and Sub-Programmes

Table 3.269 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.269: Tana River County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Office of the Governor							
Executive Services	County leadership & coordination of CDAs	49,000,000	-	-	-	-	-
	County Government Advisory Service	49,500,000	-	-	-	-	-
	Coordination of peace and cohesion	31,758,138	-	-	-	-	-
	Sub Total	**130,258,138**	-	-	-		-
General Administration, Planning and support services	General Administration, Planning and support services	428,709,250	-	19,497,609	-	5	-
	Sub Total	**428,709,250**	-	**19,497,609**	-	-	-
	Grand Total	558,967,388	-	19,497,609	-	3	-
Finance and Economic planning							
Public Finance Management	PFM Enhancement	5,789,349	-	-	-	-	
	Economic planning and Budgeting	33,625,694	-	-	-	-	-
	Monitoring and Evaluation	17,980,523	-	-	-	-	-
	Supply chain management services	20,700,000	-	208,000	-	1	-
	Own Source revenue collection	21,620,000	-	-	-	-	-
Accounting & Finance		43,786,289	-	1,215,281	-	3	-
		12,782,110	-	-	-	-	-
	General Administration	289,627,265	-	159,072,685	-	55	-
	Development	-	673,476,870	-	-	-	-
	Sub Total	**445,911,230**	**673,476,870**	**160,495,967**	-	**36**	-
	Grand Total	**445,911,230**	**673,476,870**	**160,495,967**	-	**36**	-
County Public Service Board							
	General Administration, Planning and Support Services	68,378,300	-	5,943,264	-	9	-
		2,506,960	-	-	-	-	-
Skills and competency development	Skills and competency development	2,253,824	-	-	-	-	-
Human Resource management and development	Human Resource management and development	4,162,316	-	33,000	-	1	-
	Grand Total	**77,301,400**	-	**5,976,264**	-	**8**	-
Trade, Tourism and Co-operative Development							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Trade, weights and measures	Trade, weights and measures	24,699,849	130,000,000	-	-	-	-
Tourism promotion	**Tourism promotion**	10,899,849	-	-	-	-	-
Cooperative Development		15,000,000	-	-	-	-	-
	Grand Total	**50,599,698**	**130,000,000**	**-**	**-**	**-**	**-**
Agriculture and Rural Development							
	Development	-	227,402,521	-	-	-	-
	General Administration, Planning and Support Services	94,071,830	-	-	-	-	-
	Sub Total	**94,071,830**	**227,402,521**	**-**	**-**	**-**	**-**
Fisheries Development	**Empowerment of women and youth on fish safety and quality assurance**	**1,420,000**	**-**	**-**	**-**	**-**	**-**
	Construction of ice plant and cold storage	1,475,000	-	-	-	77	-
	Development	-	26,000,000	-	-	-	-
	General Administration, Planning and Support Services	1,687,000	-	-	-	8	-
	Sub-total	**4,582,000**	**-**	**-**	**-**	**-**	**-**
Veterinary services	**Extension services**	**1,118,500**	**-**	**-**	**-**	**93**	**-**
	Breed improvement and artificial insemination	685,000	-	-	-	58	-
	Veterinary Public Health/Abattoirs	8,182,846	-	-	-	35	-
	Leather Development Services	382,000	-	-	-	96	-
	Control Tsetse fly and Laboratory Services	2,468,872	-	-	-	-	-
	Conduct disease surveillance and carry out timely vaccination	6,404,100	36,164,181	-	-	65	-
	Sub-Total	19,241,318	36,164,181	-	-	82	-
	General Administration, Planning and Support Services	2,407,500	-	-	-	-	-
	Sub-total	21,648,818	36,164,181	-	-	-	-
	Livestock Extension Services	1,805,000	42,100,000	-	-	21	-
	Animal Husbandry	1,292,500	3,915,920	-	-	43	-
	Sub-Total	**27,153,818**	**82,180,101**	**-**	**-**	**9**	**-**
	Grand Total	**166,697,784**	**381,910,984**	**-**	**-**	**91**	**-**
Gender, Social Service and Youth Development							
	Baseline Survey for OVC	9,876,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Community Awareness creation on Child Rights and Child Protection	2,250,000	-	-	-	-	-
	Enhanced Child Participation	1,430,000	-	-	-	-	-
	Women empowerment	1,461,800	-	-	-	-	-
	Gender and Leadership	15,853,200	-	-	-	-	-
	Youth Empowerment	-	-	-	-	-	-
	county Sports leagues	7,763,447	-	-	-	-	-
	Sports equipment and support	3,759,000	-	-	-	-	-
	Sub-Total	42,393,447	-	-	-	-	-
	Culture Promotion and Development	18,350,000	3,500,000	-	-	-	-
	Empowerment/Capacity building of cultural practitioners	8,940,000	-	-	-	-	-
	Sub-Total	27,290,000	3,500,000	-	-	-	-
	General administration, support and planning	37,331,983	-	-	-	-	-
	Sub-Total	**37,331,983**	**-**	**-**	**-**	**-**	**-**
	Grand Total	**107,015,430**	**3,500,000**	**-**	**-**	**-**	**-**
Education, Vocational training and ECDE							
	ECDE quality education standards service	1,000,000	-	-	-	-	-
	ECDE Access and Retention Services	6,800,000	30,000,000	-	-	-	-
	Sub Total	7,800,000	30,000,000	-	-	-	-
	VTC quality standards training services	9,510,342	-	-	-	-	-
	Free VTC education and training	15,156,327	-	-	-	-	-
	Sub Total	24,666,669	-	-	-	-	-
	General Administration, Planning and support services	24,800,000	22,535,447	-	-	-	-
	Sub-Total	**24,800,000**	**22,535,447**	**-**	**-**	**-**	**-**
	Development	-	215,264,553	-	-	-	-
	Sub Total	**-**	**215,264,553**	**-**	**-**	**-**	**-**
	Grand Total	**57,266,669**	**267,800,000**	**-**	**-**	**-**	**-**
Health and Sanitation							
	Medical Supplies	190,650,000	88,000,000	-	-	-	-
	Medical Services	52,200,000	108,700,000	-	-	-	-
	Ambulance services	11,700,000	-	-	-	-	-
	Preventive and Promotive	27,050,041	-	-	-	-	-
	Mobile clinics	8,800,000	-	-	-	-	-
	Licensing and control of undertaking	13,045,859	-	-	-	-	-
	Sub Total	**303,445,900**	**196,700,000**	**-**	**-**	**-**	**-**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	General Administration, Planning and support services	1,232,553,936	-	-	-	-	-
	Development	-	-	-	-	-	-
	Sub Total	**1,232,553,936**	-	-	-	-	-
	Grand Total	**1,535,999,836**	**196,700,000**	-	-	-	-
Special Programme							
Drought management (Preparedness, Response, Mitigation and Recovery	Drought contingency	3,000,000	-	-	-	-	-
	Disaster Risk Management Fund	124,702,243	-	-	-	-	-
Social protection and response to other disasters	Food distribution and rations	3,032,392	-	-	-	-	-
	Sub-Total	**130,734,635**	-	-	-	-	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	23,660,608	14,257,827	-	-	-	-
	Sub-Total	**23,660,608**	**14,257,827**	-	-	-	-
	Grand Total	**154,395,243**	**14,257,827**	-	-	-	-
Roads and public works							
	Routine maintenance	3,968,466	550,000,000	-	-	-	-
	Opening of new roads	1,688,220	82,200,000	-	-	-	-
	Grading, gravelling and tarmacking	1,334,710	60,000,000	-	-	-	-
	Monitoring and Evaluation	1,843,800		-	-	-	-
	Sub-Total	**8,835,196**	**692,200,000**	-	-	-	-
	Public works and services	17,978,505	192,908,627	-		-	-
	Sub Total	**17,978,505**	**192,908,627**	-	-	-	-
	General Administration and Support Services	43,334,276	-	-	-	-	-
	Sub-Total	**43,334,276**	-	-	-	-	-
	Grand Total	**70,147,977**	**885,108,627**	-	-	-	-
Water, Environment and Natural Resources							
	Environmental Protection	7,428,041	199,909,158	-	-	-	-
	Control of Air Pollution	727,520		-	-	-	-
	Solid Waste Management	-	12,500,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Sub-Total	**8,155,561**	**212,409,158**	-	-	-	-
General administration, planning support	General administration, planning support	17,635,380	-	-	-	-	-
	Sub-Total	**17,635,380**	-	-	-	-	
Water Services	**Water Management services**	**7,564,039**	**122,050,044**	-	-	-	-
	Water Sanitation & Hygiene	8,965,375	2,549,956	-	-	-	-
	Storm Water Management	2,173,256	-	-	-	-	-
Energy Development	**Energy**	-	**16,000,000**	-	-	-	-
	Sub-Total	**18,702,670**	**140,600,000**	-	-	-	-
	Grand Total	**44,493,611**	**353,009,158**	-	-	-	-
Public service and administration							
	General Administration, support and planning	1,187,200,960	-	118,334,971	-	10	-
	Performance management system	10,200,000	-	-	-	-	-
	Human resource development	201,629,351	-	-	-	-	-
	Administration	44,700,000	15,000,000	-	-	-	-
	Enforcement	32,500,000	5,000,000	-	-	-	-
	Citizen Participation	6,100,000	-	-	-	-	-
	Sub Total	**1,482,330,311**	**20,000,000**	**118,334,971**	-	**8**	-
Grand Total		**1,482,330,311**	**20,000,000**	**118,334,971**	-	**8**	-
Lands and physical planning							
	General Administration, Planning and support services	1,044,626	-	-	-	-	-
	Physical Planning	26,064,624	57,000,000	-	-	-	-
	Survey, Mapping and GIS	6,205,000	43,000,000	-	-	-	-
	Land Administration	6,279,500	-	-	-	-	-
	Grand Total	**39,593,750**	**100,000,000**	-	-	-	-
County Assembly							
	General Administration and Support Services	733,643,957	273,754,712	-	-	-	-
	Sub-Total	**733,643,957**	**273,754,712**	-	-	-	-
	General Administration and Support Services	79,854,266	-	466,723	-	1	-
	Sub-Total	**79,854,266**	-	**466,723**	-	**1**	-
	General Administration and Support Services	64,945,550	340,823,766	466,723	-	1	-
	Sub-Total	**64,945,550**	**340,823,766**	**466,723**	-	**1**	-
Grand Total		**5,669,164,100**	**3,640,341,944**	**304,771,533**	-	**5**	-

***Source**: Tana River County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were General Administration in the Department of Finance at 55 per cent, General Administration in the Department of Public Service Administration at 10 per cent, and General Administration in the Department of Public Service Board at 9 per cent.

3.40.14 Accounts Operated in Commercial Banks

The County government operated 32 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.40.15 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report by the County Assembly of Tana River was received on 5 November 2024

2. Unspent funds from FY 2023/24 were not refunded into the CRF account, which led to actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.269.

3. There was a high level of pending bills, which amounted to Kshs.2.12 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.

4. Use of manual payroll. Personnel emoluments amounting to Kshs11.34 million were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts manage grants, Mortgages, and revenue collection.

6. The County Assembly of Tana River did not report on expenditure by programme and sub-programmes, leading to variances in expenditure by departments and expenditure by programme and sub-programmes

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

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

2. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*

3. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*

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

5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

6. *The County should adhere fully to the CoB reporting template.*

3.41. County Government of Tharaka Nithi

3.41.1 Overview of FY 2024/25 Budget

The Tharaka Nithi County approved FY 2024/25 budget is Kshs.6.48 billion. It comprised Kshs.2.38 billion (37 per cent) and Kshs.4.10 billion (63 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs. 159.98 million (3 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.52 billion and a recurrent budget of Kshs.3.80 billion.

The Tharaka Nithi County Government budget will be financed from different sources of revenue. These include Kshs.4.53 billion (70 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.50 billion (23 per cent) as additional allocations/conditional grants, a cash balance of Kshs.0 million (0.0 per cent) brought forward from FY 2023/24, and Kshs.450 million (7 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.165 million (3 per cent) as Appropriations-in-Aid (A-I-A)/Facility Improvement Fund (revenue from health facilities) and Kshs.285 million (4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.270.

3.41.2 Revenue Performance

In the first quarter of FY 2024/25, the County received a total of Kshs.908.20 million to fund recurrent and development activities. The equitable share from the national government was Kshs.372.15 million. Additional allocations from government and development partners were Kshs.0 million, and its own-source revenue (OSR) collection was Kshs.78.35 million. In addition, the County had a cash balance of Kshs.107.44 million from FY 2023/24. Also, the County had an equitable share balance for FY 2023/24 (June 2024) that was disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 78.35 million indicates that it included Appropriations in Aid (AIA)/Facilities Improvement Financing (FIF) of Kshs.37.42 million and Kshs.40.94 million as ordinary OSR. Table 3.270 summarises the total revenue available to the county government during the first quarter of FY 2024/25.

Table 3.270: Tharaka Nithi County, Revenue Performance in the First Quarter of FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	4,534,480,732	372,149,960	8
Sub Total		**4,534,480,732**	**372,149,960**	**8**
B	**Conditional Grants**			
1	Danida	6,045,000		0
2	Other Conditional Grants/CHP National Grant	29,730,288		0
3	Supplement of Construction	28,000,000		0
4	National Agricultural Value Chain Development Project (NAVCDP	151,515,152		0
5	Kenya Informal Settlement Programme	168,945,347		0
6	Emergency Locust Response Project (ELRP)	104,600,000		0
7	IDA – FLOCCA: Institutional Support	11,000,000		0
8	IDA – FLOCCA: Resilient Investment	135,000,000		0
9	WB KWASH P for R	353,808,808		0
10	Aquaculture Business Development Programme	12,810,384		0
11	Aggregated Industrial Parks Programme	250,000,000		0
12	KDSP-II	37,500,000		0
13	KUSP - UIG Grant	35,000,000		0
14	Road Maintenance Levy	161,810,687		0

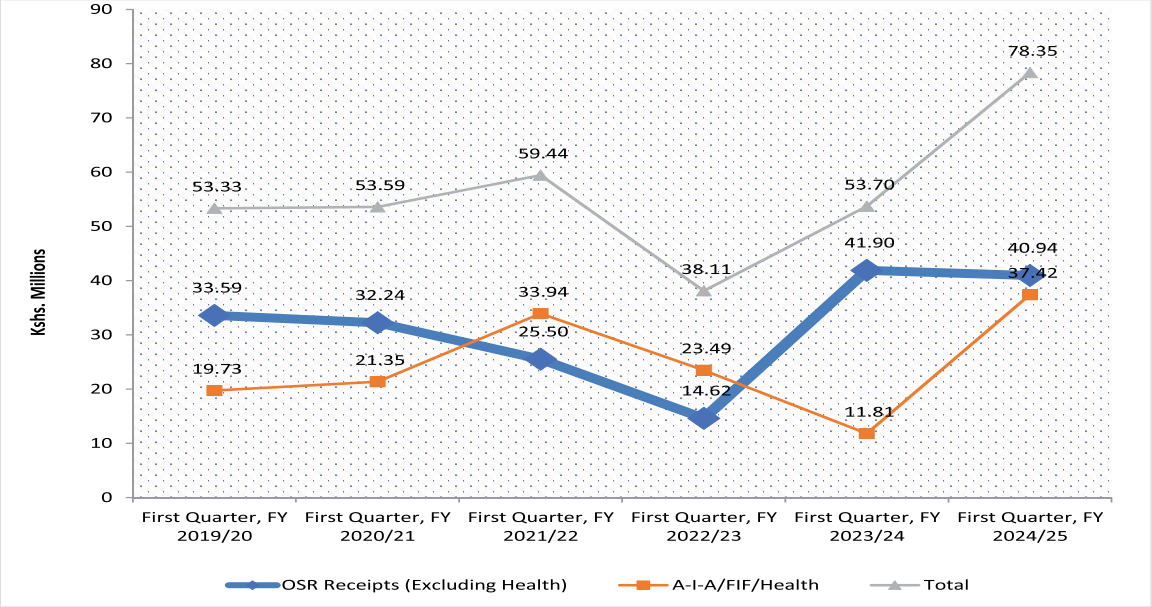
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
15	Kenya Agribusiness Development Programme (KABDP)	11,918,919		0
Sub-Total		1,497,684,585	0	**0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	285,000,000	40,936,180	14
2	Balance b/f from FY2023/24	0	457,698,745	0
3	Facility Improvement Fund (FIF)/A-in-A	165,000,000	37,417,771	23
4	Other Revenues	0	0	0
Sub Total		450,000,000	536,052,696	41
Grand Total		**6,482,165,317**	908,202,656	**14**

Source: *Tharaka Nithi County Treasury*

The county does not have governing legislation for operating ordinary A-I-A and FIF.

Figure 159 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

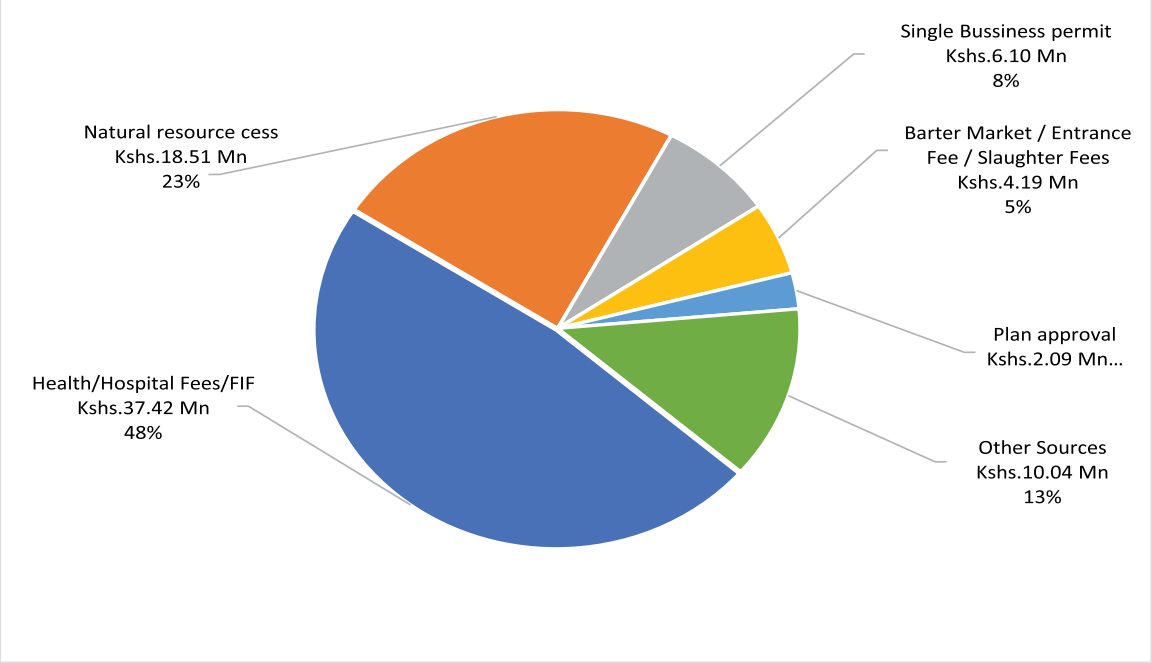
Figure 159: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: *Tharaka Nithi County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.78.35 million from its sources of revenue, including AIA and FIF. This amount was an increase of 45.9 per cent compared to Kshs.53.70 million realised in a similar period in FY 2023/24. It was 17.4 per cent of the annual target and 10.8 per cent of the equitable revenue share disbursed. The increase in OSR can be attributed to the continued sealing of areas of revenue leaks. The revenue streams that contributed the highest OSR receipts are shown in Figure 160.

Figure 160: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Tharaka Nithi County Treasury*

The highest revenue stream, Kshs.37.42 million, was from the hospital's Facility Improvement Financing, which contributed 48 per cent of the total OSR receipts during the reporting period.

3.41.3 Borrowing by the County

The county government did not borrow during the quarter.

3.41.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.410.37 million from the CRF account during the reporting period, which comprised Kshs.26.95 million (6.6 per cent) for development programmes and Kshs.383.42 million (93.4 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs. 264.86 million was released towards employee compensation and Kshs.90.41 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs.397.30 million.

3.41.5 County Expenditure Review

The County spent Kshs.382.22 million on development and recurrent programmes in the reporting period. The expenditure represented 93 per cent of the total funds released by the CoB and comprised Kshs. 26.95 million and Kshs. 355.27 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1 per cent, while recurrent expenditure represented 9 per cent of the annual recurrent expenditure budget.

3.41.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.748.14 million as of 30 June 2024, comprising pending payments by the County Executive of Kshs.611.53 million and Kshs 136.61 million for the County Assembly.

The County Executive's pending bills consist of Kshs.393.02 million for recurrent expenditures and Kshs.218.50 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.293.79 million, which consisted of Kshs. 266.84 million for recurrent expenditures and Kshs.26.95 million for development programmes, while the County Assembly settled pending bills worth Kshs.38.98 million. Therefore, the outstanding bills were Kshs.415.37 million as of 30 September 2024.

3.41.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.225.89 million on employee compensation, Kshs.90.41 million on operations and maintenance, and Kshs.26.95 million on development activities. Similarly, the County Assembly spent Kshs.38.98 million on employee compensation, Kshs.0 on operations and maintenance, and Kshs.0 on development activities, as shown in Table 3.271.

Table 3.271: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,534,387,103**	**564,292,000**	316,292,882	38,976,965	**8.9**	**6.9**
Compensation to Employees	2,294,496,131	267,807,616	225,886,875	38,976,965	9.8	14.6
Operations and Maintenance	1,239,890,972	296,484,384	90,406,007	-	7.3	0.0
Development Expenditure	2,383,486,214	55,712,325	26,953,005	-	1.1	0.0
Total	**5,917,873,317**	**620,004,325**	**343,245,888**	**38,976,965**	**5.8**	**6.3**

***Source**: Tharaka Nithi County Treasury*

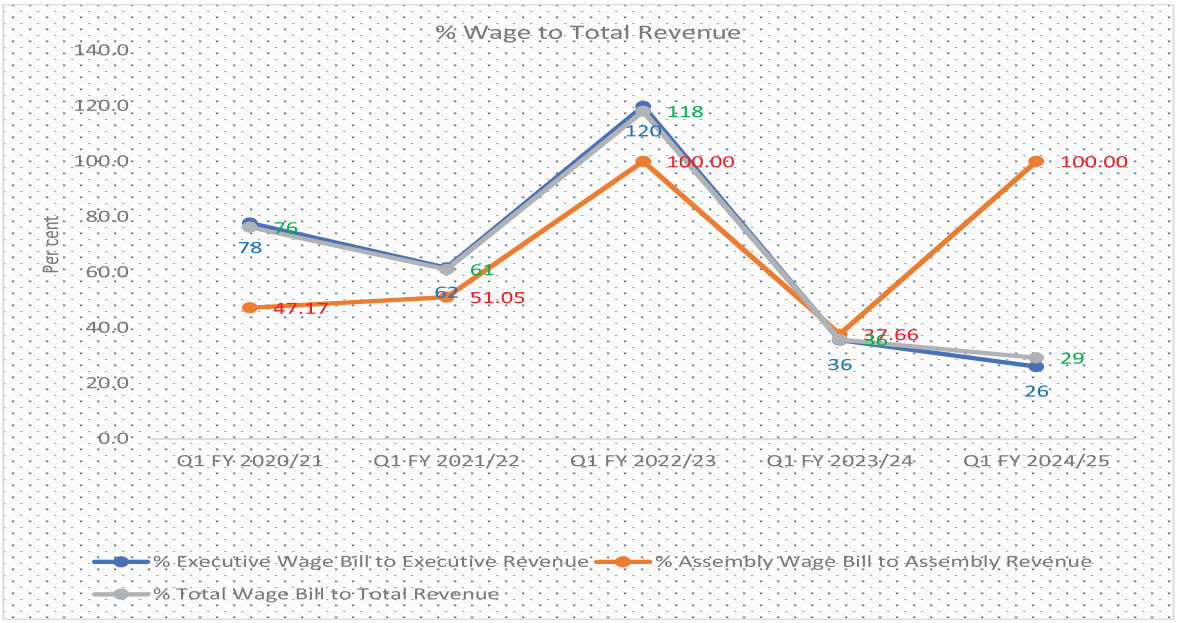
3.41.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.264.86 million, or 29 per cent of the available revenue of Kshs.908.20 million. This expenditure represented a decrease from Kshs.511.37 million reported in a similar period in FY 2023/24. The wage bill included Kshs.157.58 million paid to the health sector employees, translating to 60 per cent of the total wage bill.

The significant drop in compensation for employees (from 511.57 to 264.86 million) is because, at the end of Quarter 1 in FY 2023/24, the County had received three disbursements of equitable share, while in Quarter 1 of 2024/25, only two had been received.

Figure 161 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2020/21 to the first quarter of FY 2024/25.

Figure 161: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2020/21 to the First Quarter of FY 2024/25



Source: Tharaka Nithi County Treasury

Further analysis indicates that PE costs amounting to Kshs.247.32 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.17.54 million was processed through manual payrolls. The manual payrolls accounted for 6.6 per cent of the total PE cost.

The County Assembly spent Kshs.2.73 million on committee sitting allowances for the 24 MCAs against the annual budget allocation of Kshs.31.2 million. The average monthly sitting allowance was Kshs.37,983.63 per MCA. The County Assembly had 19 House committees.

3.41.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.88.52 million to county-established funds in FY 2024/25, or 1,37 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.272 summarises each established Fund budget allocation and performance during the reporting period.

Table 3.272: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in First Quarter of FY 2024/25(Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
County Executive Established Funds						
	Emergency Fund	10,000,000	-	-	-	Yes
	Bursary Fund	30,000,000	-	-	-	Yes
	Executive Staff Mortgage and Car Loan Scheme Fund	30,000,000	-	-	-	Yes
	Youth Empowerment Fund	-	-	-	-	Yes
County Assembly Established Funds						
	Car and Mortgage Fund	18,515,081				No
	Total	**88,515,081**				

Source: *Tharaka Nithi County Treasury*

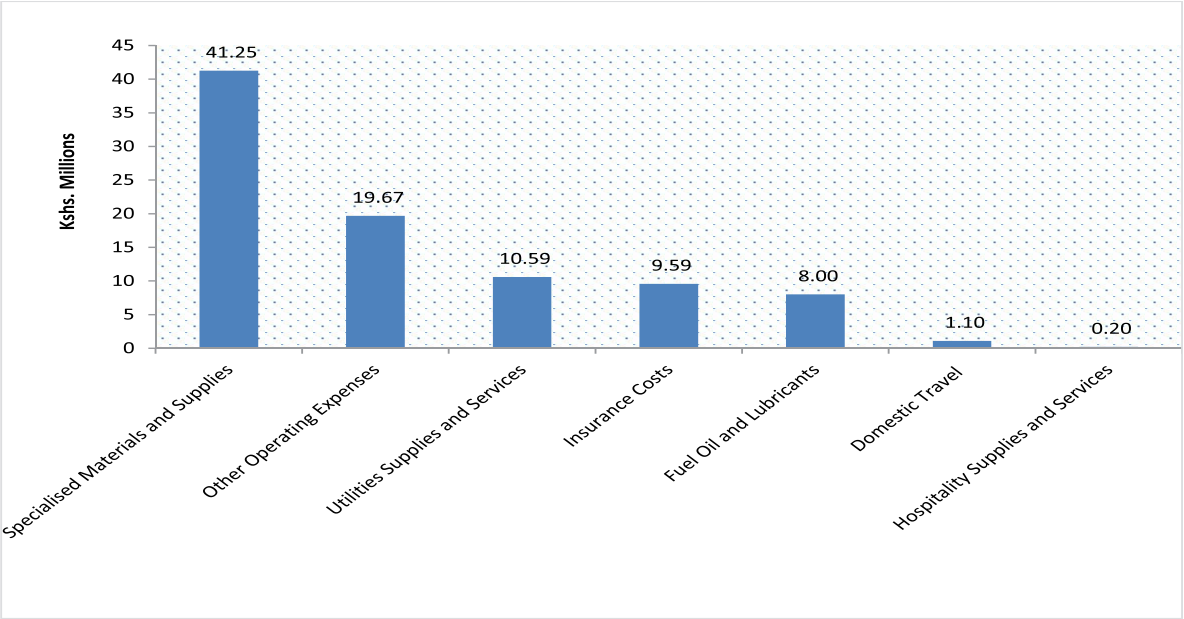
During the reporting period, the CoB received quarterly financial reports from the fund administrators of the four funds run by the County Executive. However, the CoB did not receive quarterly financial reports for the one fund the County Assembly ran. Failure to prepare a quarterly financial report violates Section 168 of the PFM Act, 2012. The administration costs of the funds whose reports were submitted were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.41.10 Expenditure on Operations and Maintenance

Figure 162 summarises the Operations and Maintenance expenditure by major categories.

Figure 162: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: *Tharaka Nithi County Treasury*

Expenditure on domestic travel amounted to Kshs.1.10 million and comprised Kshs.0 million spent by the County Assembly and Kshs.1.10 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0 million and comprised Kshs.0 million by the County Assembly and Kshs.0 million by the County Executive. Note: Both County Assembly and the County Executive did not spend any money on foreign travel

The operations and maintenance costs include an expenditure of Kshs.16.17 million on contracted guards and cleaning services and Kshs.3.50 million on Legal fees/Dues, arbitration and compensation payments expenditure legal fees.

3.41.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.37.42 million as FIF, which was 22.7 per cent of the annual target of Kshs.165 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

The data on expenditures by the health facilities were not available because, apparently, the FIF is budgeted for centrally rather than at the facility level.

3.41.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.26.95 million on development programmes, representing a decrease of 82.2 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.151.55 million. Table 3.273 summarises development projects with the highest expenditure in the reporting period.

Table 3.273: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads and Transport	Access Roads -Maintenance and Improvement	Countywide		100,000,000	19,772,005	
2	Environment and Water Services	Gatonto gravity dam	Igamban-gombe	24,045,439	24,045,439	7,181,000	40
	Total			**24,045,439**	**124,045,439**	**26,953,005**	

Source: *Tharaka Nithi County Treasury*

3.41.13 Budget Performance by Department

Table 3.274 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.274: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	564.29	55.71	38.98	-	38.98	-	100	-	7	-
Office of Governor & Deputy Governor	103.04	-	7.25	-	7.29	-	101	-	7	-
Roads, Infrastructure, Public Works & Urban Dev	218.49	698.76	20.14	19.54	18.08	19.54	90	100	8	3
Medical Services	1,580.58	149	180.05	-	157.58	-	88	-	10	-
Agriculture, Livestock, Veterinary Services, and Coop Dev	198.13	380.4	14.85	-	14.8	-	100	-	8	-
Public Admin, Intergovernmental Coordination and Devolution Affairs	157.75	10	9.97	-	9.9	-	99	-	6	-
Education & Vocational Training	234.62	30	17.3	2.53	17	2.53	98	100	7	8
Finance and Econ Planning	216.73	-	23.28	-	23.19	-	100	-	11	-
Environment, Mining and Natural Resources	33.67	146	12.48	-	11.4	-	91	-	34	-
Water Services and Irrigation	61.4	416.81	4.12	4.89	4	4.89	97	100	7	1
CPSB	34.13	-	1.44	-	1	-	70	-	3	-
Public Health and Sanitation	315.78	80	23.54	-	22.96	-	98	-	7	-
Youth and Sports	36.89	70	2.11	-	2	-	95	-	5	-
Culture and Tourism	31.2	5	8.52	-	8.5	-	100	-	27	-
Revenue and Resource Mobilisation	116.33	7	9.83	-	9.8	-	100	-	8	-
Lands, Physical Planning and Housing	51.97	50	4.12	-	4	-	97	-	8	-
Fisheries & Ecosystem Dev	21	14.81	1.04	-	1	-	96	-	5	-
Gender, Children and Social Services	28.6	10	1.55	-	1	-	65	-	4	-
Trade, Investment Promotion, Energy and Industry	52.83	260	2.84	-	2.8	-	99	-	5	-
Office of the County Sec & County Attorney	41.23	-	-	-	-	-	-	-	-	-
Grand Total	4,098.68	2,383.49	383.42	26.95	355.27	26.95	93	100	9	1

Source*: Tharaka Nithi County Treasury*

Analysis of expenditure by departments shows that the Department of Education and Vocational Training recorded the highest absorption rate of development budget at 8.4 per cent, followed by the Department of Roads, Infrastructure, Public Works & Urban Development at 2.8 per cent. The Department of Environment, Mining and Natural Resources had the highest percentage of recurrent expenditure to budget at 33.9 per cent, while the County Public Service Board had the lowest at 2.9 per cent.

The allocations for recurrent expenditure for the Assembly and the Executive are within the ceilings in CARA, 2024. There are marginal over 100% expenditures in relation to exchequer release in the office of the Governor & Deputy and at the County Assembly. The governor's office explains that not all unspent monies in the various accounts are returned to the CRF. For the assembly, it is caused by the assembly's arrangements with the local commercial banks for payments of salaries where the actual payments by the banks may not match the requests coin for coin.

3.41.14 Budget Execution by Programmes and Sub-Programmes

Table 3.275 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.275: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes

Department – Programs – Sub Programs Rec Expenditure Dev Expenditure			Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
			Rec	Dev	Rec	Dev		
Office of Governor and Deputy Governor								
	County Government Advisory Services		**54,100,800**		**3,626,000**		**6.70**	**0**
		Public Sector Advisory Services (Legal & Economic)	43,400,800		3,626,000		8.35	0
		Communication and Strategy	10,700,000		-		0	0
	County Leadership & Coordination of MDAs		**4,930,000**		**72,340**		**1.47**	**0**
		Coordination of CMAs (Office of County Secretary)	4,930,000		72,340		1.47	0
	General Admin, Planning and Support Services		**85,244,900**		**3,590,100**		**4.21**	**0**
		Management of County Affairs (Office of Governor)	61,324,900		3,590,100		5.85	0
		Coordination and Supervisory Services (Deputy Governor's Office)	23,920,000		-		0	0
	Sub - Total		**144,275,700**		**7,288,440**		**5.05**	**0**
Roads, Infrastructure, Public Works & Urban Development								
	General Admin, Planning and Support Services		**33,900,400**		**6,486,500**		**19.13**	**0**
		General Administration Services	33,900,400		6,486,500		19.13	0
	Kathwana Municipality Dev Programme		**14,000,000**		**-**		**0**	**0**
		Kathwana Urban Area Support	14,000,000		-		0	0
	Public Works and Housing Services		**4,435,000**	**78,000,000**	**-**	**-**	**0**	**0**
		Public Works Services	4,435,000	78,000,000	-	-	0	0
	Roads Transport		**88,650,000**	**431,810,687**	**11,589,795**	**19,535,532**	**13.07**	**4.52**
		Rural Roads Improvement and Maintenance Services	88,650,000	431,810,687	11,589,795	19,535,532	13.07	4.52
	Urban Dev and Admin		**77,500,000**	**188,945,347**	**-**	**-**	**0**	**0**
		Urban Admin Services	77,500,000	188,945,347	-	-	0	0
	Sub - Total		**218,485,400**	**698,756,034**	**18,076,295**	**19,535,532**	**8.27**	**2.80**
Medical Services								
	Curative and Rehabilitative Services		**136,339,528**		**29,709,480**		**21.79**	**0**
		Medical Supplies	136,339,528		29,709,480		21.79	0

Department – Programs – Sub Programs Rec Expenditure Dev Expenditure			Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
			Rec	Dev	Rec	Dev		
	General Admin Planning & Support Services		**1,406,299,066**	**114,000,000**	**127,868,665**	-	**9.09**	**0**
		General Admin Services	93,700,000	114,000,000	20,601,224	-	21.99	0
		Human resource management	1,178,199,066		94,341,526		8.01	0
		Policy, Planning, Financing and Budgeting	134,400,000		12,925,915		9.62	0
	ICT Infrastructure Development		**37,945,600**	**35,000,000**	-	-	**0**	**0**
ICT Infra-struc-ture Dev	37,945,600	35,000,000	-	-	0	0		
	Sub - Total		**1,580,584,194**	**149,000,000**	**157,578,145**	-	**9.97**	**0**
Agriculture, Livestock, Veterinary Services, & Cooperative Development								
	Cooperative Dev & Management		**3,493,683**		-		**0**	**0**
		Cooperative Development	3,493,683		-		0	0
	Crop Dev & Management		**15,729,545**	**156,515,152**	-	-	**0**	**0**
		Crops Dev, Agribusiness and Market Development	15,729,545	156,515,152	-	-	0	0
	General Admin Planning & Support Services		**107,919,212**	**205,883,511**	**14,800,000**	-	**13.71**	**0**
		Admin, Policy, Strategy and Management of Agriculture	107,919,212	205,883,511	14,800,000	-	13.71	0
	Livestock and Fisheries Resource Management and Development		**70,983,455**	**18,000,000**	-	-	**0**	**0**
		Livestock Policy Development and Capacity Building	61,571,455	5,000,000	-	-	0	0
		Veterinary Services and Disease Prevention	9,412,000	13,000,000	-	-	0	0
	Sub - Total		**198,125,895**	**380,398,663**	**14,800,000**	-	**7.47**	**0**
Public Admin, Intergovernmental Coordination & Devolution Affairs								
	General Administration, Planning and Support Services		**157,754,300**	**10,000,000**	**9,900,000**	-	**6.28**	**0**
		General Administration and Support Services	105,914,300	10,000,000	9,900,000	-	9.35	0
		Sub-County Administration and Field Services	6,900,000		-		0	0
		Human Resource Management Services	44,940,000		-		0	0
	Sub - Total		**157,754,300**	**10,000,000**	**9,900,000**	-	**6.28**	**0**
Education & Vocational Training								
	Education and Youth Training		**80,701,700**	**30,000,000**	-	**2,525,980**	**0**	**8.42**
		Promotion of Basic Education (ECDE)	53,266,065	20,000,000	-	2,525,980	0	12.63
		Youth Training and Capacity Building	27,435,635	10,000,000	-	-	0	0
	General Admin Planning and Support Services		**153,921,723**		**17,000,000**		**11.04**	**0**
		Admin Planning and Support Services	153,921,723		17,000,000		11.04	**0**
	Sub - Total		**234,623,423**	**30,000,000**	**17,000,000**	**2,525,980**	**7.25**	**8.42**
Finance & Economic Planning								
	Economic Policy and County Planning		**14,280,000**		**89,600**		**0.63**	**0**
		Monitoring and Evaluation Services	4,550,000		-		0	0

Department – Programs – Sub Programs Rec Expenditure Dev Expenditure			Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
			Rec	Dev	Rec	Dev		
		Economic Dev, Planning and Coordination Services	4,230,000		89,600		2.12	0
		County Statistics Services	5,500,000		-		0	0
	Financial Management Services		**28,500,000**		**4,000,000**		**14.04**	**0**
		Supply Chain Management Services	14,350,000		4,000,000		27.87	0
		Budget Formulation and Coordination	4,650,000		-		0	0
		Audit Services	4,550,000		-		0	0
		Accounting Services	4,950,000		-		0	0
	General Admin, Planning & Support Services		**173,949,900**		**19,101,353**		**10.98**	**0**
		Human Resource Management Services	173,949,900		19,101,353		10.98	0
	Sub - Total		**216,729,900**		**23,190,953**		**10.70**	**0**
Environment, Mining & Natural Resources								
	Environment and Natural Resources Management		**33,668,000**	**146,000,000**	**11,400,200**	-	**33.86**	**0**
		Environment and Natural Resource	33,668,000	146,000,000	11,400,200	-	33.86	0
	Sub - Total		**33,668,000**	**146,000,000**	**11,400,200**	-	**33.86**	**0**
Water Services & Irrigation								
	Environment and Natural Resources Management			**43,000,000**		**4,891,493**	**0**	**11.38**
		Water Services		43,000,000		4,891,493	0	11.38
	Water Supply Services		**61,404,323**	**373,808,808**	**4,000,000**	-	**6.51**	**0**
		Domestic Water Services	46,454,323		4,000,000		8.61	0
		Water Storage Services	4,033,000	373,808,808	-	-	0	0
		Irrigation and Drainage Services	10,917,000		-		0	0
	Sub - Total		**61,404,323**	**416,808,808**	**4,000,000**	**4,891,493**	**6.51**	**1.17**
County Public Service Board								
	General Admin, Planning and Support Services		**34,133,400**		**1,000,000**		**2.93**	**0**
		General Admin & Support Services	27,543,400		1,000,000		3.63	0
		Human Resource Management Services	6,590,000		-		0	0
	Sub - Total		**34,133,400**		**1,000,000**		**2.93**	**0**
Public Health & Sanitation								
	Preventive and Promotive Health Services		**315,782,688**	**80,000,000**	**22,958,849**	-	**7.27**	**0**
		Health Promotion and Disease Control	243,576,400	80,000,000	22,958,849	-	9.43	0
		Reproductive Maternal and Child Health Services	3,500,000		-		0	0
		Environmental Health Services	68,706,288		-		0	0
	Sub - Total		**315,782,688**	**80,000,000**	**22,958,849**	-	**7.27**	**0**
Youth & Sports								
	Sports Dev & Promotion		**36,888,800**	**70,000,000**	**2,000,000**	-	**5.42**	**0**
		County Football League and Clubs Development	4,030,000		-		0	0
		Athletics Championships and Other Games	2,448,000		-		0	0

Department – Programs – Sub Programs Rec Expenditure Dev Expenditure			Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
			Rec	Dev	Rec	Dev		
		Talent Search and Promotion	30,410,800	70,000,000	2,000,000	-	6.58	0
	Sub - Total		**36,888,800**	**70,000,000**	**2,000,000**	**-**	**5.42**	**0**
Culture & Tourism								
	Culture, Arts & Social Services		**28,125,000**	**5,000,000**	**8,500,000**	**-**	**30.22**	**0**
		Culture and Arts Promotion	28,125,000	5,000,000	8,500,000	-	30.22	0
	Tourism Dev & Promotion		**3,075,000**		**-**		**0**	**0**
		Tourism Promotion & Infrastructure Dev	1,073,280		-		0	0
		Miss Tourism Tharaka Nithi	2,001,720		-		0	0
	Sub - Total		**31,200,000**	**5,000,000**	**8,500,000**	**-**	**27.24**	**0**
Revenue & Resource Mobilisation								
	Financial Management Services		**13,759,500**		**-**		**0**	**0**
		Resource Mobilisation and Management	13,759,500		-		0	0
	Resource Mobilisation		**102,574,700**	**7,000,000**	**9,800,000**	**-**	**9.55**	**0**
		Revenue Administration	102,574,700	7,000,000	9,800,000	-	9.55	0
	Sub - Total		**116,334,200**	**7,000,000**	**9,800,000**	**-**	**8.42**	**0**
Lands, Physical Planning & Housing								
	Land Policy and Planning		**51,965,000**	**50,000,000**	**4,000,000**	**-**	**7.70**	**0**
		Physical Planning Services	44,793,000	50,000,000	4,000,000	-	8.93	0
		Land admin & management	7,172,000		-		0	0
	Sub - Total		**51,965,000**	**50,000,000**	**4,000,000**	**-**	**7.70**	**0**
Fisheries & Ecosystem Development								
	Livestock and Fisheries Resource Management and Dev		**21,000,000**	**14,810,384**	**1,000,000**	**-**	**4.76**	**0**
		Fisheries Dev & Promotion	21,000,000	14,810,384	1,000,000	-	4.76	0
	Sub - Total		**21,000,000**	**14,810,384**	**1,000,000**	**-**	**4.76**	**0**
Gender, Children & Social Services								
	Gender and Youth Empowerment		**28,600,000**	**10,000,000**	**1,000,000**	**-**	**3.50**	**0**
		Gender, Youth and Women Empowerment	28,600,000	10,000,000	1,000,000	-	3.50	0
	Sub - Total		**28,600,000**	**10,000,000**	**1,000,000**	**-**	**3.50**	**0**
Trade, Investment Promotion, Energy & Industry								
	Energy Resource Development & Management		**37,101,880**	**10,000,000**	**2,800,000**	**-**	**7.55**	**0**
		Energy Resource Development & Management	37,101,880	10,000,000	2,800,000	-	7.55	0
	Industrial Dev & Investment		**15,730,000**	**250,000,000**	**-**	**-**	**0**	**0**
		Industrial Development	6,230,000	250,000,000	-	-	0	0
		Consumer Protection & Fair Trade Practices	9,500,000		-		0	0
	Sub - Total		**52,831,880**	**260,000,000**	**2,800,000**	**-**	**5.30**	**0**
County Assembly								
	General Admin, Planning & Support Services		**294,947,308**	**55,712,325**	**21,257,157**	**-**	**7**	**0**
		Office of the Clerk	294,947,308	55,712,325	21,257,157	-	7	0
	County Legislation Services		**269,344,692**	**0**	**17,719,808**	**-**	**6.58**	**0**

Department – Programs – Sub Programs Rec Expenditure Dev Expenditure			Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
			Rec	Dev	Rec	Dev		
		County Legislation Services	197,859,773	0	17,719,808	-	8.96	0
		Coordination Services (Office of the Speaker)	15,600,000	0				
		Procedure and Oversight Services (Committees)	55,884,919		-		0	0
	Sub - Total		**564,292,000**	**55,712,325**	**38,976,965**	-	6.91	0
Grand Total			**4,098,679,103**	**2,383,486,214**	**355,269,847**	**26,953,005**	**8.67**	**1.13**

***Source**: Tharaka Nithi County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Environment and Natural Resource management in the Department of Environment, Mining & Natural Resources at 33.9%, Culture and Arts promotion in the Department of Culture and Tourism at 32.2 per cent, Supply Chain Management Services in the Department of Financial Management Services at 27.9% per cent of budget allocation.

3.41.15 Accounts Operated in Commercial Banks

The County government operated a total of 11 accounts with commercial banks, with five being operated by the health sector and two by the County Assembly.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.41.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 22 October and 25 October 2024 from the County Executive and County Assembly respectively.

2. The County is understating its revenue target/revenue potential or has set an easily achievable target. The revenue target in the 2023/24 FY was Kshs.450 million and the County collected 452 million, just over 100%. In 2024/25, the target remains Kshs.450 million. Unless the County is in an economic depression, the revenue should be expected to progressively register marginal growth in the collection of own source revenue.

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

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

2. *The County should review its own-source revenue target setting process to ensure the target set is challenging but reasonably achievable so that approved budget remains fully financed. Appropriate austerity measures should also be implemented to ensure expenditure commitments are aligned with available revenue.*

3.42. County Government of Trans Nzoia

3.42.1 Overview of FY 2024/25 Budget

The Trans Nzoia County approved FY 2024/25 budget is Kshs.10.52 billion. It comprised Kshs.4.45 billion (42 per cent) and Kshs.6.07 billion (58 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.336.60 million (3 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.4.35 billion and a recurrent budget of Kshs.5.83 billion. The increase in the budget was attributed to the rise in its own source revenue target and National Shareable revenue.

The Trans Nzoia County Government budget will be financed from different revenue sources. These include Kshs.7.80 billion (74 per cent) expected as the equitable share of revenue raised nationally, Kshs.1.44 billion as additional allocations, a cash balance of Kshs.599.98 million (6 per cent) brought forward from FY 2023/24, and Kshs.680 million (7 per cent) generated as gross own source revenue.

The own-source revenue includes Kshs.311.70 million (3 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.368.30 million (4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations: Kshs.8.87 million as DANIDA Grant (Universal Healthcare in Devolved System Program), Kshs.39.05 million as International Fund for Agricultural Development Loan (IFAD), Kshs.10.92 million as Kenya Agricultural Business Development Project (KABDP), Kshs.149.50 million as Roads Maintenance Fuel Levy, Kshs.621.83 million as Kenya Informal Settlement Programme II (KISIP II), Kshs.151.52 million as National Value Chain Development Programme (NAVCDP), Kshs.35 million as Kenya Urban Support Programme -UIG II, Kshs.131.28 million as Kenya Urban Support Programme -UDG, Kshs.12.34 million as Museum Grant, Kshs. 37.50 million as IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level II Grant", Kshs.11 million as IDA - FLLoCA (County Climate Institutional Support) Grant, Kshs.149.73 million as IDA - FLLoCA (County Climate Resilient Investment) Grant, Kshs.84.65 million as KFW - FLLoCA (County Climate Resilient Investment) Grant.

3.42.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.39 billion to fund recurrent and development activities. The equitable share from the national government was Kshs.637.48 million. Additional allocations from government and development partners were Kshs.63.63 million, and its own source revenue (OSR) collection was Kshs.87.90 million. In addition, the County had a cash balance of Kshs.599.98 million from FY 2023/24.

Analysis of the total OSR collection of Kshs.87.90 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.58.79 million and Kshs.29.10 million as ordinary OSR. Table 3.276 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.276: Trans Nzoia County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	7,798,593,372	637,484,907	8
Subtotal		**7,798,593,372**	**637,484,907**	**8**
B	**Additional Allocations**			
1	DANIDA Grant (Universal Healthcare in Devolved System Program)	8,872,500	-	-
2	International Fund for Agricultural Development Loan (IFAD)	39,050,000	-	-
3	Kenya Agricultural Business Development Project (KABDP)	10,918,919	-	-
4	Roads Maintenance Fuel Levy	149,496,401	-	-
5	Kenya Informal Settlement Programme II (KISIP II)	621,834,073	-	-

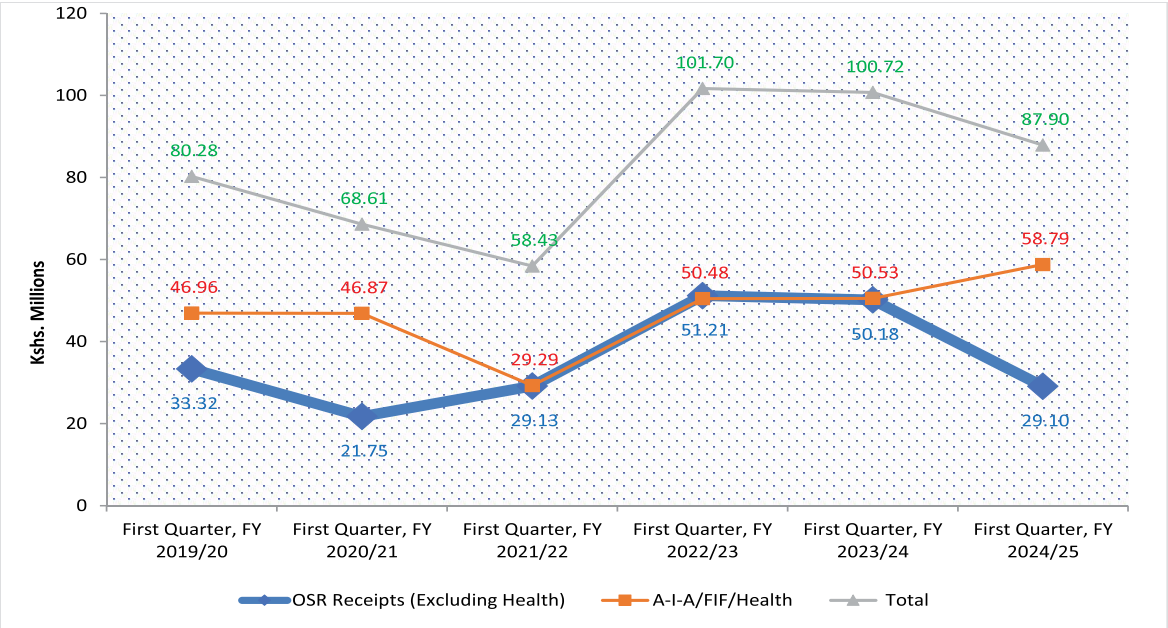
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
6	National Value Chain Development Programme (NAVCDP)	151,515,152	-	-
7	Kenya Urban Support Programme -UIG II	35,000,000	-	-
8	Kenya Urban Support Programme -UDG	131,267,528	-	-
9	Museum Grant	12,343,968	-	-
10	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level II Grant"	37,500,000	-	-
11	IDA - FLLoCA (County Climate Institutional Support) Grant	11,000,000	11,000,000	100
12	IDA - FLLoCA (County Climate Resilient Investment) Grant	149,730,885	-	-
13	KFW - FLLoCA (County Climate Resilient Investment) Grant	84,651,450	-	-
14	Aggregated Industrial Parks Programme	-	52,631,579	-
Subtotal		**1,443,180,876**	**63,631,579**	**4**
C	**Own Source Revenue**			
1	Ordinary Own Source Revenue	368,300,000	29,100,955	8
2	Facility Improvement Fund (FIF)	311,700,000	58,794,404	19
Subtotal		**680,000,000**	**87,895,359**	**13**
D	**Other Sources of Revenue**			
1	Unspent balance from FY 2023/24	599,985,795	599,985,795	100
Sub Total		**599,985,795**	**599,985,795**	**100**
Grand Total		**10,521,760,043**	**1,388,997,640**	**13**

Source: *Trans Nzoia County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 163 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 163: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25

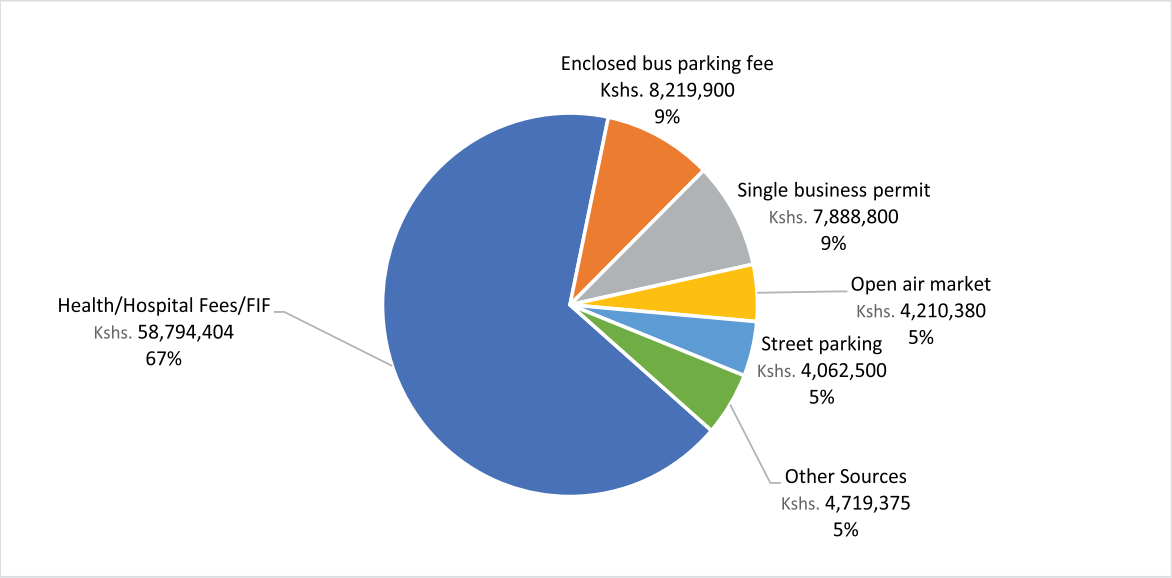


Source: *Trans Nzoia County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.87.90 million from its own sources of revenue, including AIA and FIF. This amount a decreased by 12.7 per cent compared to Kshs. 100.72 million were realised in a similar period in FY 2023/24, and it was 12.9 per cent of the annual target and 13.8 per cent of the equitable revenue share disbursed. The decrease in OSR can be attributed to the change in the revenue collection system and the nurses' strike during the reporting period.

The revenue streams which contributed the highest OSR receipts are shown in Figure 2.
Figure 164: Top Streams of Own Source Revenue in the First Quarter FY 2024/25

Figure 164: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25



Source: *Trans Nzoia County Treasury*

The highest revenue stream, Kshs.58.79 million, was from Hospital Fees, which contributed 67 percent of the total OSR receipts during the reporting period.

3.42.3 Borrowing by the County

The County did not report any borrowing during the reporting period.

3.42.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.05 billion from the CRF account during the reporting period, which comprised Kshs.390.45 million (37.2 per cent) for development programmes and Kshs.658.62 million (62.8 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.561.18 million was released towards employee compensation and Kshs.97.43 million for operations and maintenance expenditure.

As of 30 September 2024, the county government's cash balance in the CRF account was Kshs.295.73 million.

3.42.5 County Expenditure Review

The County spent Kshs.852.56 million on development and recurrent programmes in the reporting period. The expenditure represented 81 per cent of the total funds released by the CoB and comprised Kshs.304.18 million and Kshs.548.37 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7 per cent, while recurrent expenditure represented 9 per cent of the annual recurrent expenditure budget.

3.42.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.1.28 billion as of 30 June 2024; the pending payments were only for the county executive; hence, there were no pending bills of the county assembly.

The county executive's pending bills consist of Kshs.799.23 million for recurrent expenditures and Kshs.483.13 million for development expenditures. In the reporting period, the county executive settled pending bills amounting to Kshs.392.87 million, which consisted of Kshs.97.43 million for recurrent expenses and Kshs.295.44 million for development programmes. Thus, outstanding pending bills as of 30 September 2024 were Kshs.889.48 million.

3.42.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.481.23 million on employee compensation, Kshs.57.06 million on operations and maintenance, and Kshs.304.18 million on development activities. Similarly, the County Assembly spent Kshs.10.08 million on employee compensation, as shown in Table 3.278.

Table 3.277: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,346,041,759**	**724,153,000**	**648,535,594**	**10,080,500**	**10**	**1**
Compensation to Employees	3,425,645,619	349,574,274	481,232,826	10,080,500	14	3
Operations and Maintenance	1,920,396,140	374,578,726	57,060,597	-	3	-
Development Expenditure	**4,340,915,284**	**110,650,000**	**304,184,467**	-	7	-
Total	**9,686,957,043**	**834,803,000**	**842,477,890**	**10,080,500**	**9**	**1**

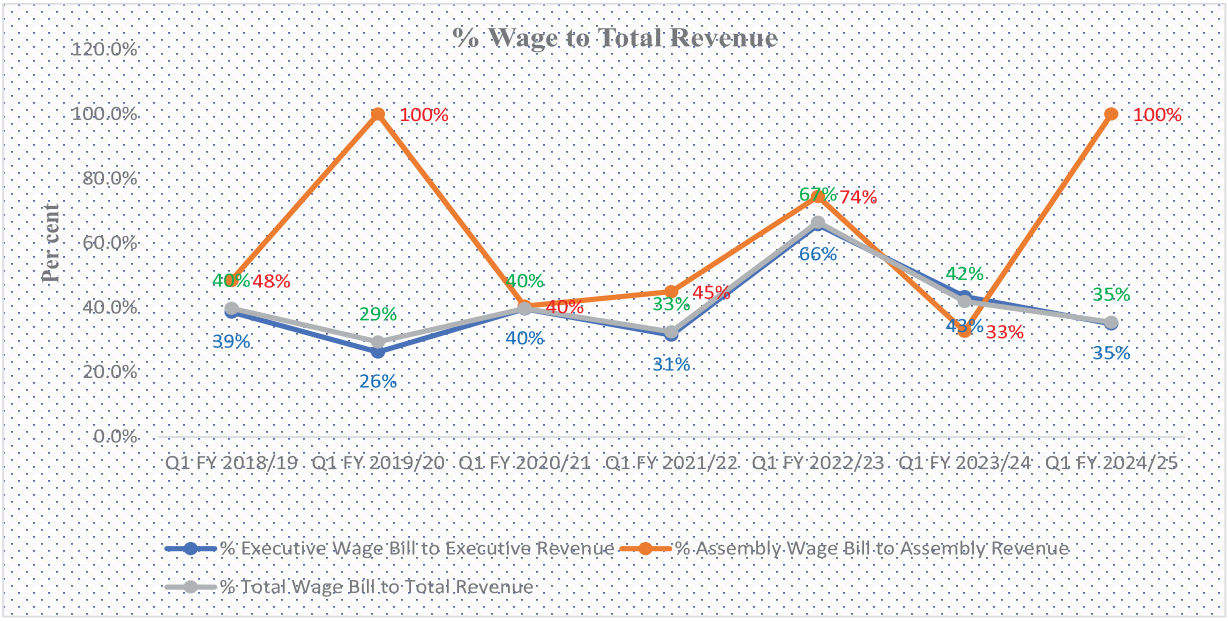
***Source**: Trans Nzoia County Treasury*

3.42.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.491.31 million, or 35 per cent of the available revenue of Kshs.1.38 billion. This expenditure represented a decrease from Kshs.1.41 billion reported in a similar period in FY 2023/24. The wage bill included Kshs.289.75 million paid to the health sector employees, translating to 59 per cent of the total wage bill.

Figure 165 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 165: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



***Source:** Trans Nzoia County Treasury*

The entire expenditure by the County Assembly during the reporting period was on payment of salaries.

3.42.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.258.76 million to county-established funds in FY 2024/25, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.0 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.278 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.278: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Car Loan and Mortgage	50,000,000	-	-	Not provided	No
	Elimu Bursary Fund	125,000,000	-	-	891,000,000	No
	Nawiri Fund	20,000,000	-	-	84,000,000	No
	Emergency Fund	40,000,000	-	-	Not provided	No
	County Assembly Established Funds					
	Car Loan and Mortgage Scheme Fund (Members and Staff	23,758,258	-	-	289,979,954	N0
	Total	**258,758,258**	**-**	**-**	**1,264,979,954**	

Source: *Trans Nzoia County Treasury*

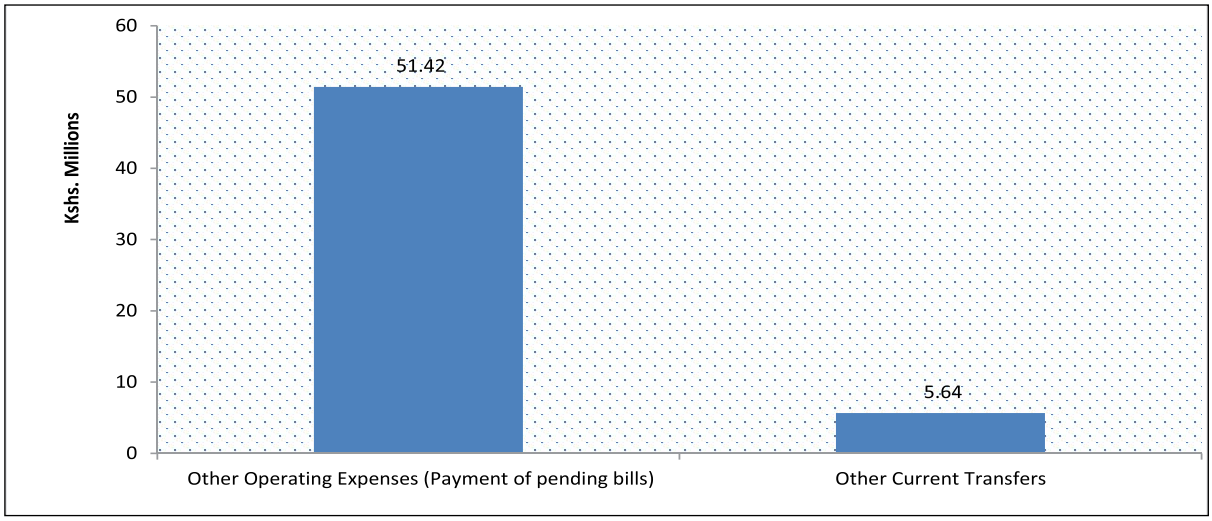
During the reporting period, the CoB did not receive quarterly financial reports from the Fund Administrators of all established Funds, as indicated in Table 3.280, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.42.10 Expenditure on Operations and Maintenance

Figure 166 summarises the Operations and Maintenance expenditure by major categories.

Figure 166: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: *Trans Nzoia County Treasury*

The expenditure on operations and maintenance was Kshs.57.06 million, of which Kshs.51.42 was spent on paying pending bills and Kshs.5.64 million as 'other current transfers. There was no expenditure on domestic and foreign travel during the reporting period. The other operating expenses were majorly for pending bills which were paid during the reporting period

3.42.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.58.79 million as FIF, which was 18.9 per cent of the annual target of Kshs.311.70 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023. The County has, however, developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.34.89 million, as shown in the Table 3.279

Table 3.279: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	Wamalwa Kijana TRH	239,400,000	27,953,732	12
	Endebess	26,000,000	447,200	2
	Kapsara	6,000,000	844,802	14
	Matunda	6,000,000	690,660	12
	Cherangany	8,000,000	1,285,933	16
	Saboti	9,000,000	1,700,000	19
	Tom Mboya	3,000,000	103,353	3
	Tulwet	800,000	429,068	54
	Bikeke	800,000	115,551	14
	Public Health	7,200,000	-	-
	Total	**311,700,000**	**34,895,068**	**11**

Source: *Trans Nzoia County Treasury*

The Health Facility with the highest absorption rate was Tulwet at 54 per cent.

3.42.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.304.18 million on development programmes, representing an increase of 14 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.265.86 million. Table 3.280 summarises development projects with the highest expenditure in the reporting period.

Table 3.280: Trans Nzoia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	PSM	Proposed Construction of Trans Nzoia Headquarters	Trans Nzoia Headquarters	498,835,545	279,990,881	42
2	Public works	routine maintenance of the roadblock-Matunda-Nyasi road in Nabiswa ward	Nabiswa ward	6,646,347	6,646,347	100
3	PSM	Construction of administrative offices in Kwanza sub-county	Kwanza Sub-county	7,978,210	6,643,830	80
4	Agriculture	Supply and delivery of acaricides	County Hqs	4,968,380	4,968,380	100
5	Agriculture	Supply and delivery of amitraz in 5litres	County Hqs	4,946,800	4,946,800	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
6	Public works	Supply and delivery of fuel and lubricants	County Hqs	4,500,000	4,500,000	100
7	Public works	Routine maintenance of muthoni waitaluk ECDE road	Waitaluk Ecde road	3,691,760	3,691,760	100
8	Public works	Routine maintenance of the Kapchepsir junction-Mosbei-Kugut junction road in the Kaplamai ward	Kaplamai ward	3,615,557	3,615,557	100
9	Public works	Routine maintenance of Kolongolo Maili Kumi Road	Maili Kumi road	3,539,300	3,539,300	100
10	Public works	Routine maintenance of Kapkarwa road	Kapkarwa road	3,514,410	3,514,410	100

Source: *Trans Nzoia County Treasury*

3.42.13 Budget Performance by Department

Table 3.281 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.281: Trans Nzoia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture	243.94	321.1	27.07	-	27.08	-	100	-	11	-
Livestock	5.28	119.97	-	-	-	-	-	-	-	-
Trade, Commerce	44.62	92.28	6.13	-	6.11	-	100	-	14	-
Water, Environment and Natural Resources	69.51	478.04	10.96	11	11.08	12.01	101	109	16	3
Public Works	107.89	103.43	12.81	-	12.6	-	98	-	12	-
Roads, Transport and Infrastructure	23.9	575.14	-	-	-	-	-	-	-	-
Health Corporate	2,302.55	162.97	331.03	-	289.76	-	88	-	13	-
Lands and Housing	61.97	746.61	7.03	-	2.55	-	36	-	4	-
Municipality Board of Kitale	20.72	212.38	0.65	-	0.15	-	23	-	1	-
Gender, Sports, Culture	161.52	335.69	7.53	-	6.11	-	81	-	4	-
Governance	209.71	38.82	3.82	-	3.47	-	91	-	2	-
PSM	602.73	249.03	54.02	28.32	53.92	24.15	100	85	9	10
CPSB	62.2	10.5	0.11	-	0.11	-	100	-	0	-
Education and ICT	668	159.25	69.58	-	36.74	-	53	-	6	-
Finance	609.23	728.72	116.55	351.13	87.4	268.03	75	76	14	37
Economic Planning	30.33	7	-	-	-	-	-	-	-	-
County Attorney	121.95	-	1.25	-	1.23	-	99	-	1	-
County Assembly	724.15	110.65	10.08	-	10.08	-	100	-	1	-
Total	**6,070.19**	**4,451.57**	**658.62**	**390.45**	**548.37**	**304.18**	**83**	**78**	**9**	**7**

Source*: Trans Nzoia County Treasury*

Analysis of department expenditures shows that the Department of Finance recorded the highest absorption rate of the development budget, at 37 percent, followed by the Department of Public Service Management (PSM), at 10 per cent. The Department of Water, Environment, and Natural Resources had the highest percentage of recurrent expenditures to budget, at 16 per cent, while the Department of Livestock, the Department of Roads, Transport and Infrastructure, and the Department of Economic Planning did not report any expenditure.

3.42.14 Budget Execution by Programmes and Sub-Programmes

Table 3.282 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.282: Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Budget FY 2024/25		Actual Q1 Expenditure FY 2024/25		Absorption %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock		**249,215,280**	**441,064,718**	**27,076,608**	-	**10.9**	-
Crop Development		-	**441,064,718**	-	-		-
	Crop Diversification		321,099,639		-		-
	Post-harvest management and value addition		119,965,079		-		-
Administrative and Support Services		**249,215,280**	-	**27,076,608**	-	**10.9**	
	Administrative and Support Services	249,215,280		27,076,608		10.9	
Trade, Commerce and Industry		**44,619,504**	**92,280,000**	**6,113,710**	-	**13.7**	-
Medium and small Enterprises		-	**92,280,000**	-	-		-
	Medium and small Enterprises		92,280,000		-		-
Administrative and Support Services		**44,619,504**	-	**6,113,710**	-	**13.7**	
	Administrative and Support Services	44,619,504		6,113,710		13.7	
Water, Environment and Natural Resources		**69,511,861**	**478,039,329**	**11,080,639**	**12,006,571**	**15.9**	**2.5**
Environment management and protection		-	**478,039,329**	-	**12,006,571**		**2.5**
	Waste Management		478,039,329		12,006,571		2.5
Administrative and Support Services		**69,511,861**	-	**11,080,639**	-	**15.9**	
	Administrative and Support Services	69,511,861		11,080,639		15.9	
Public Works		**107,894,296**	**103,427,938**	**12,598,428**	-	**11.7**	-
Road Construction and Road Maintenance		-	**103,427,938**	-	-		-
	Maintenance of Roads		103,427,938		-		-

Programme	Sub-Programme	Approved Budget FY 2024/25		Actual Q1 Expenditure FY 2024/25		Absorption %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administrative and Support Services		**107,894,296**	-	**12,598,428**	-	**11.7**	
	Administrative and Support Services	107,894,296		12,598,428		11.7	
Roads and Infrastructure		**23,900,000**	**575,135,712**	-	-	-	-
Administrative and Support Services		**23,900,000**	**575,135,712**	-	-	-	
	Administrative and Support Services	23,900,000	575,135,712	-	-	-	-
Health Services		-	-	-	-		
Administrative and Support Services		-	-	-	-		
	Administrative and Support Services	-	-	-	-		
Lands, Housing and Urban Planning		**61,966,726**	**746,607,634**	**2,550,319**	-	**4.1**	-
Administrative and Support Services		**61,966,726**	**746,607,634**	**2,550,319**	-	**4.1**	-
	Administrative and Support Services	61,966,726	746,607,634	2,550,319	-	4.1	-
Gender, Sports, Culture and Tourism		**161,516,309**	**335,692,556**	**6,109,216**	-	**3.8**	-
Cultural development and promotion		-	**335,692,556**	-	-		-
	Culture development		335,692,556		-		-
Administrative and Support Services		**161,516,309**	-	**6,109,216**	-	**3.8**	
	Administrative and Support Services	161,516,309		6,109,216		3.8	
Public Service Management		**602,729,518**	**249,025,000**	**53,915,164**	**24,147,975**	**8.9**	**9.7**
Infrastructure Development		-	**249,025,000**	-	**24,147,975**		**9.7**
	Supervision and Management of Projects		249,025,000		24,147,975		9.7
Administrative and Support Services		**602,729,518**	-	**53,915,164**	-	**8.9**	

Programme	Sub-Programme	Approved Budget FY 2024/25		Actual Q1 Expenditure FY 2024/25		Absorption %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Administrative and Support Services	602,729,518		53,915,164		8.9	
Education and ICT		**667,997,575**	**159,251,863**	**36,735,189**	-	**5.5**	-
Vocational Training Development		-	**159,251,863**	-	-		-
	Vocational Training Development		159,251,863		-		-
Administrative and Support Services		**667,997,575**	-	**36,735,189**	-	**5.5**	
	Administrative and Support Services	667,997,575		36,735,189		5.5	
Finance		**609,229,731**	**728,724,218**	**87,396,195**	**268,029,921**	**14.3**	**36.8**
Administrative and Support Services		**609,229,731**	**728,724,218**	**87,396,195**	**268,029,921**	**14.3**	**36.8**
	Supervision and Management of Projects		728,724,218		268,029,921		36.8
	Administrative and Support Services	609,229,731		87,396,195		14.3	
Governance		**209,709,141**	**38,820,571**	**3,471,486**	-	**1.7**	-
Infrastructure Development		-	**38,820,571**	-	-		-
	Supervision and Management of Projects		38,820,571		-		-
Administrative and Support Services		**209,709,141**	-	**3,471,486**	-	**1.7**	
	Administrative and Support Services	209,709,141		3,471,486		1.7	
County Public Service Board		**62,204,964**	**10,495,000**	**109,573**	-	**0.2**	-
Governance and County Values		-	**10,495,000**	-	-		-
	Infrastructure Development		10,495,000		-		-
Administrative and Support Services		**62,204,964**	-	**109,573**	-	**0.2**	
	Administrative and Support Services	62,204,964		109,573		0.2	
Health Corporate		**2,302,550,904**	**162,972,217**	**289,755,964**	-	**12.6**	-

Programme	Sub-Programme	Approved Budget FY 2024/25		Actual Q1 Expenditure FY 2024/25		Absorption %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administrative and Support Services		**2,302,550,904**	**162,972,217**	**289,755,964**	-	**12.6**	-
	Preventive Health Services		162,972,217		-		-
	Administrative and Support Services	2,302,550,904		289,755,964		12.6	
Economic Planning		**30,334,500**	**7,000,000**	-	-	-	-
County Research and Development Planning		-	**7,000,000**	-	-		-
	County Development Planning Services		7,000,000		-		-
Administrative and Support Services		**30,334,500**	-	-	-	-	
	Administrative and Support Services	30,334,500		-		-	
Municipality Board of Kitale		**20,716,324**	**212,378,528**	**151,443**	-	**0.7**	-
Administrative and Support Services		**20,716,324**	**212,378,528**	**151,443**	-	**0.7**	-
	Administrative and Support Services	20,716,324	212,378,528	151,443	-	0.7	-
County Attorney		**121,945,126**	-	**1,229,489**	-	**1.0**	
Administrative and Support Services		**121,945,126**	-	**1,229,489**	-	**1.0**	
	Administrative and Support Services	121,945,126	-	1,229,489	-	1.0	
County Assembly		**724,153,000**	**110,650,000**	**10,080,500**	-	**1.4**	-
Administrative and Support Services		**724,153,000**	**110,650,000**	**10,080,500**	-	**1.4**	-
	Administrative and Support Services	724,153,000	110,650,000	10,080,500	-	1.4	-
	Grand Total	**6,070,194,759**	**4,451,565,284**	**548,373,923**	**304,184,467**	**9.0**	**6.8**

***Source**: Trans Nzoia County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were Supervision and Management of Projects in the Department of Finance, at 37 per cent, Administrative and Support Services in the Department of Water, Environment and Natural Resources, at 16 per cent, and Administrative and Support Services, at 14 per cent of budget allocation.

3.42.15 Accounts Operated in Commercial Banks

The County government operated nine accounts with commercial banks, five of which were for County-es-

tablished Funds: the County Car Loan and Mortgage Fund, Elimu Bursary, Nawiri Fund Ukombozi Social Empowerment Programme, and Assembly Car Loan and Mortgage.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.42.16 Key Observations and Recommendations

In overseeing and reporting on the County budget's implementation, the COB identified the following challenges that hampered effective budget implementation.

1. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 24 October 2024.

2. Own-source revenue underperformed at Kshs.87.90 million, representing 12.9 per cent of the yearly target, against an annual target of Kshs.680 million.

3. Unspent funds from FY 2023/24 were not refunded into the CRF account, which led to actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.283.

4. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Car Loan and Mortgage, Elimu Bursary, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) funds were not submitted to the Controller of Budget as of 15 October 2024.

5. There was a high level of pending bills, which amounted to Kshs.889.48 million as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.

6. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.43. County Government of Turkana

3.43.1 Overview of FY 2024/25 Budget

The Turkana County approved FY 2024/25 budget is Kshs.19.76 billion. It comprised Kshs.8.68 billion (44 per cent) and Kshs.11.08 billion (56 per cent) allocation for development and recurrent programmes, respectively.

The budget estimates represent an increase of Kshs.2.54 billion (15 per cent) from the FY 2023/24 budget comprised of a development budget of Kshs.7.05 billion and a recurrent budget of Kshs.10.17billion. The increase in the budget was attributed to the rise in its own source revenue.

The Turkana County Government budget will be financed from different sources of revenue. These include Kshs.13.65 billion (69 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.34 billion (7 per cent) as additional allocations, a cash balance of Kshs.4.45 billion (23 per cent) brought forward from FY 2023/24, and Kshs.320 million (2 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.79 million (25 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.241 million (75 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is provided in Table 3.284.

3.43.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.2.37 billion to fund recurrent and development activities. The equitable share from the national government was Kshs. 1.12 billion, and the own source revenue (OSR) collection was Kshs.67.13 million. Additionally, the County had a balance of Kshs.1.19 billion from FY 2023/24. The balance carried forward from FY 2023/24 includes Kshs. 1.05 billion of the June 2024 Equitable Share disbursed in July 2024.

The total OSR collection of Kshs.67.13 million includes Facilities Improvement Financing (FIF) of Kshs.29.95 million and ordinary OSR of Kshs.37.18 million. Table 3.284 summarises the total revenue available to the County Government during the first quarter of FY 2024/25. Performance.

Table 3.283: Turkana County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	13,653,200,352	1,117,235,488	8
Subtotal		**13,653,200,352**	**1,117,235,488**	**8**
B	**Additional Allocations**			
	Roads Maintenance Fuel Levy	251,956,760	-	-
	Community Health Promoters	58,167,956	-	-
	DANIDA (Primary Health Care)	16,233,750	-	-
	ELRP (Emergency Locust Response Project)	142,500,000	-	-
	DRPNK (Drought Resilience Programme)	319,534,140	-	-
	UNFPA (United Nations Fund for Population Services)	5,920,000	-	-
	K-WASH WORLD BANK PROGRAMME	300,965,240	-	-
	(KDSP II) Kenya Devolution Support Programme II	37,500,000	-	-
	Urban Institutional Grant (UIG)	35,000,000	-	-
	ESRP (Food System Resilience Programme	173,076,923	-	-
Subtotal		**1,340,854,769**	**-**	**-**
C	**Own Source Revenue**			
	Ordinary Own Source Revenue	241,000,000	37,175,814	55
	Appropriation in Aid (A-I-A)	0	-	-
	Facility Improvement Fund (FIF)	79,000,000	29,949,715	45
Subtotal		**320,000,000**	**67,125,529**	**21**

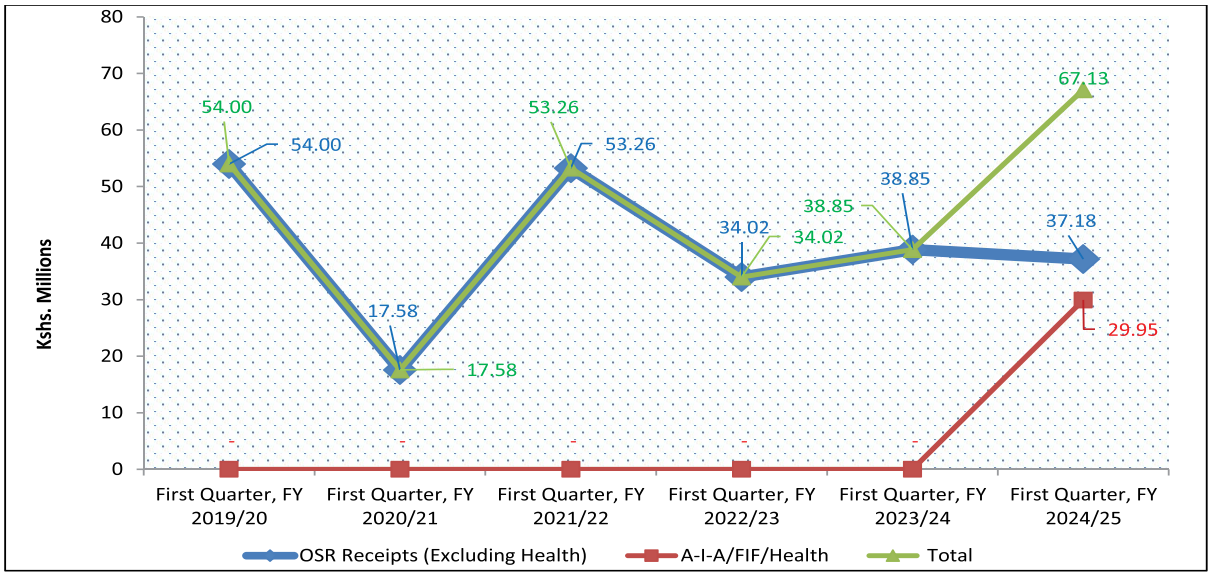
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
D	**Other Sources of Revenue**			
	Unspent balance from FY 2023/24	4,446,202,659	1,189,891,122	27
Sub Total		**4,766,202,659**	**1,257,016,651**	**24**
Grand Total		**19,760,257,780**	**2,374,252,139**	**12**

Source: *Turkana County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 167 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 167: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25



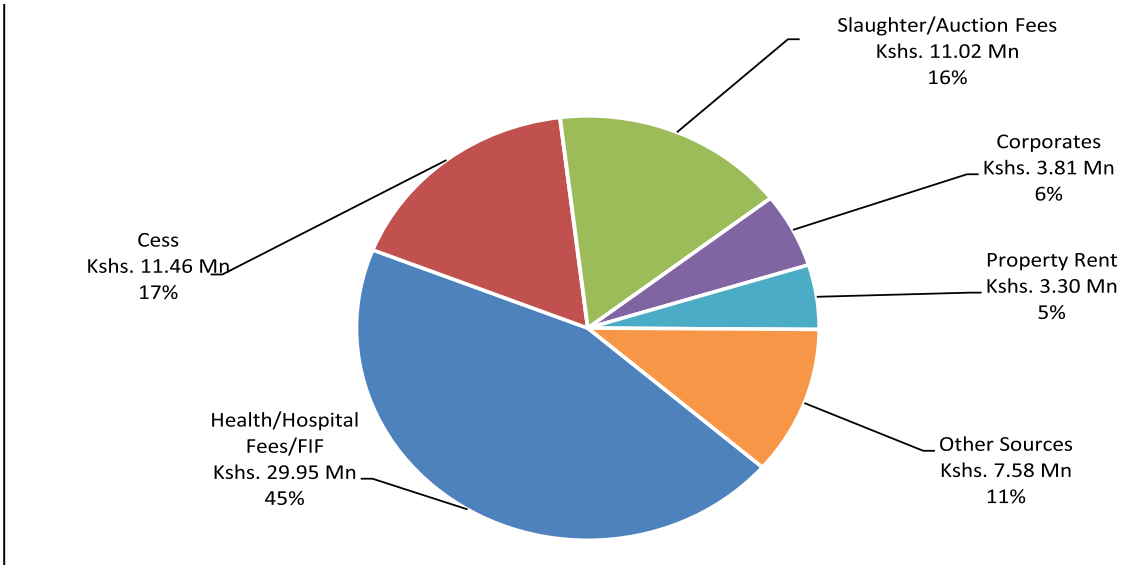
Source: *Turkana County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.67.13 million from its sources of revenue, including AIA and FIF. This amount was an increase of 73 per cent compared to Kshs.38.85 million realised in a similar period in FY 2023/24, which was 21 per cent of the annual target and 6 per cent of the equitable revenue share disbursed.

The increase can be attributed to collection from the Facility Improvement Fund (FIF), which was not previously collected.

The revenue streams which contributed the highest OSR receipts are shown in Figure 168.

Figure 168: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: *Turkana County Treasury*

The highest revenue stream, Kshs.29.95 million, was from the Facility Improvement Fund (FIF), which contributed 45 per cent of the total OSR receipts during the reporting period.

3.43.3 Exchequer Issues

In the first quarter of FY 2024/25, the Controller of Budget approved withdrawals of Kshs.1.47 billion from the CRF account comprising Kshs.244.18 million (17 per cent) for development programmes and Kshs.1.23 billion (83 per cent) for recurrent programmes. Analysis of the recurrent exchequer releases in the reporting period indicates that Kshs.1.01 billion was released towards employee compensation and Kshs.216.93 million for operations and maintenance expenditure.

As of September 30, 2024, the County Government's cash balance in the CRF account was Kshs.1.29 billion.

3.43.4 County Expenditure Review

The County spent Kshs.2.10 billion on development and recurrent programmes in the reporting period. This expenditure represented 142 per cent of the total funds released by the CoB and comprised Kshs.320.39 million and Kshs.1.78 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9 per cent, while recurrent expenditures represented 16 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.4.79 billion as of 30th June 2024, comprising pending payments by the County Executive of Kshs.4.78 billion and Kshs.18 million for the County Assembly.

The County Executive's pending bills consist of Kshs.773.80 million for recurrent expenditures and Kshs.4 billion for development expenditures. The County Executive settled pending bills amounting to Kshs.320.39 in the reporting period, while the County Assembly settled pending bills amounting to Kshs.14.50 million. Therefore, the outstanding bills were Kshs.4.46 billion as of 30th September 2024.

3.43.6 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.1.34 billion on employee compensation, Kshs.317.65 million on operations and maintenance, and Kshs.320.39 million on development activities. Similarly, the County Assembly spent Kshs.93.30 million on employee compensation and Kshs.26.53 million on operations and maintenance. The County Assembly did not incur any expenditure on development activities, as shown in Table 3.284.

Table 3.284: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**10,189,306,063**	**895,691,617**	**1,657,431,646**	**119,823,816**	**16.3**	**13.4**
Compensation to Employees	4,868,800,000	515,756,599	1,339,777,479	93,295,254	27.5	18.1
Operations and Maintenance	5,320,506,063	379,935,018	317,654,167	26,528,562	6.0	7.0
Development Expenditure	**8,505,316,714**	**169,943,385**	**320,387,148**	-	**3.8**	**0.0**
Total	**18,694,622,777**	**1,065,635,002**	**1,977,818,794**	**119,823,816**	**10.6**	**11.2**

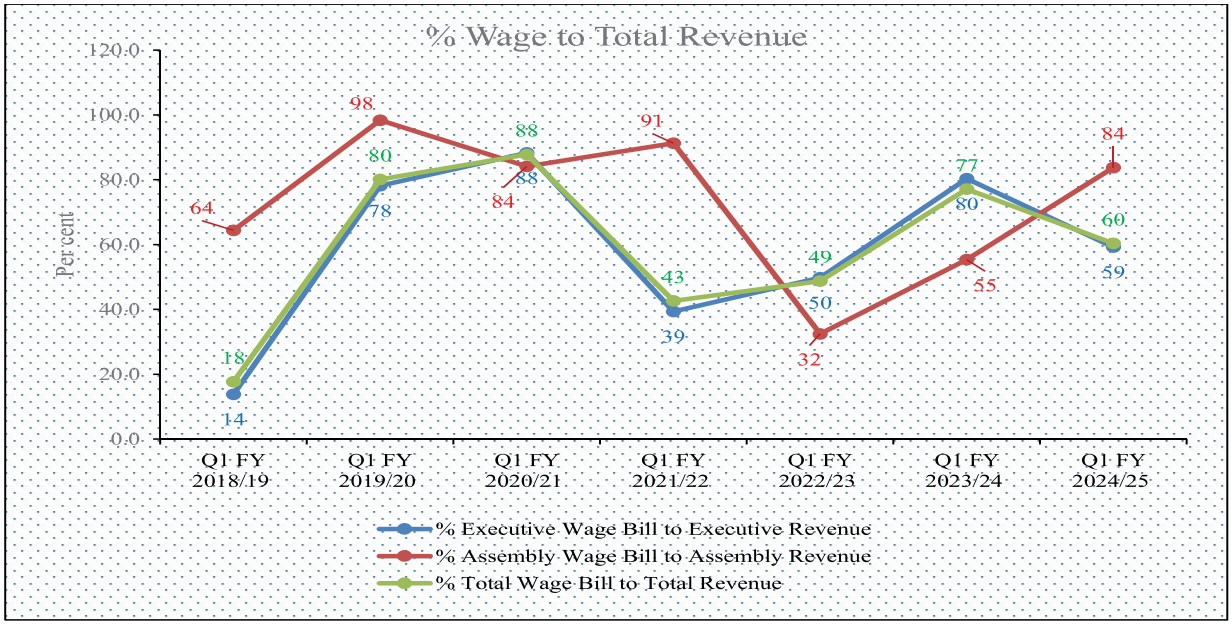
***Source**: Turkana County Treasury*

3.43.7 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.1.43 billion, or 60 per cent of the available revenue of Kshs.2.37 billion. This expenditure represented an increase of 61 per cent from Kshs.891.27 million reported in a similar period in FY 2023/24. The wage bill included Kshs.589.41 million paid to the health sector employees, translating to 41 per cent of the total wage bill.

Figure 169 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 169: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Turkana County Treasury

Further analysis indicates that PE costs amounting to Kshs.1.43 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system. No PE costs were processed through manual payrolls during the reporting period.

The County Assembly spent Kshs.2.04 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.30.16 million. The average monthly sitting allowance was Kshs.14,137 per MCA. The County Assembly had 21 House Committees.

3.43.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval

from the County Executive Committee and the County Assembly. The County allocated Kshs.765 million to county-established funds in FY 2024/25, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (0.5 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.285 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.285: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in the first Quarter of FY2024/25 (Kshs.)	Cumulative Disbursement to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
		A	B	C	D	E
	Turkana County Emergency Fund	100,000,000	-	-	1,192,388,667	Yes
	Turkana County Biashara Fund	-	-	-	360,325,320	Yes
	Turkana County Youth and Women Empowerment Fund	-	-	-	425,000,000	Yes
	Turkana County Education and Skills Development Fund	535,000,000	-	-	3,264,245,499	Yes
	Turkana County Cooperative Enterprise Development Fund	-	-	-	96,251,070	Yes
	Turkana County Climate Change Fund	120,000,000	-	-	120,000,000	Yes
	Turkana County Water Service Fund	10,000,000	-	-	94,334,986	Yes
	Turkana County Car Loan and Mortgage Fund	-	-	-	200,822,217	Yes
	Turkana County COVID Fund	-	-	-	606,674,113	Yes
	Total	**765,000,000**	-	-	**6,360,041,872**	

Source: *Turkana County Treasury*

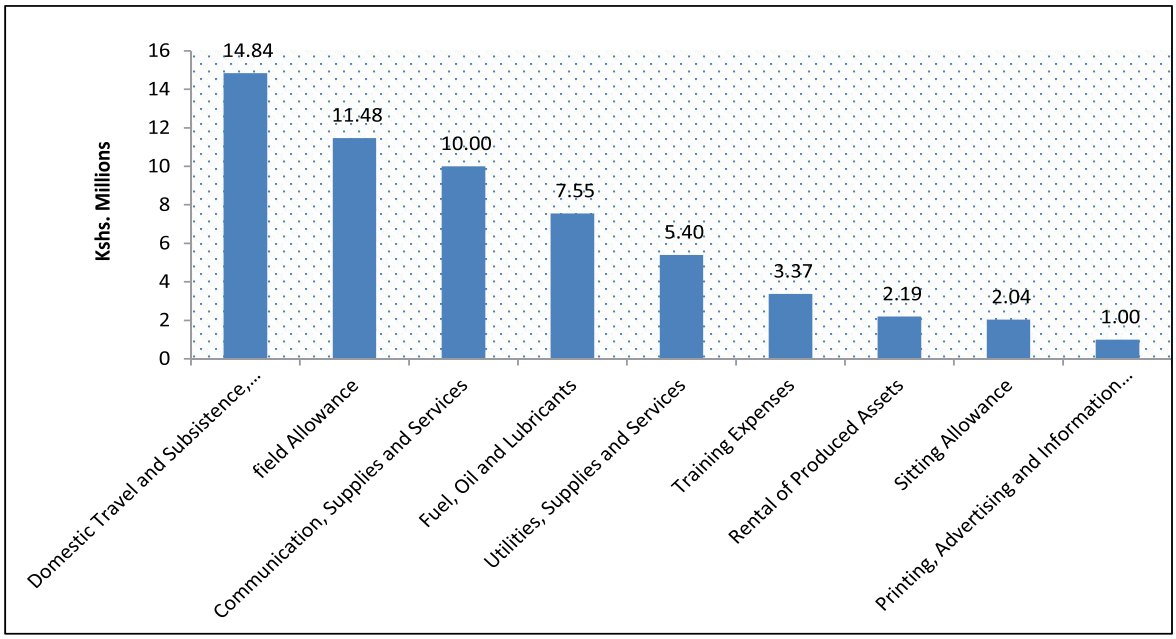
During the reporting period, the CoB received quarterly financial reports from the nine Fund Administrators, as indicated in Table 3.287, as required by Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.43.9 Expenditure on Operations and Maintenance

Figure 170 summarises the Operations and Maintenance expenditure by major categories.

Figure 170: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: *Turkana County Treasury*

The expenditure on domestic travel amounted to Kshs.14.84 million, which was solely incurred by the County Executive. There was no Expenditure on foreign travel.

3.43.10 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.29.95 million as FIF, which was 37.9 per cent of the annual target of Kshs.79 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023, enacted by the National Assembly. We note that the County has yet to develop regulations to operationalise the FIF Act of 2023. The County, however, uses the National Regulations.

The health facilities reported using the FIF during the reporting period, per Section 18 (e) of the FIF Act, 2023.

The expenditure by the health facilities amounted to Kshs.15.31 million, as shown in the Table 3.287

Table 3.286: Breakdown of Expenditure by Health Facilities in the First Quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate(%)
	LCRH	331,625,363	15,309,229	4.6
	Total	**331,625,363**	**15,309,229**	**4.6**

Source: *Turkana County Treasury*

3.43.11 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.320.39 million on development programmes, an increase compared to a similar period in FY 2023/24, when the County did not incur any development expenditure. This amount was used for payment of pending bills.

3.43.12 Budget Performance by Department

Table 3.287 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.287: Turkana County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	434.29	51	26.07	-	11.47	-	44.0	-	3	-
Office of the Deputy Governor	27.40	-	2.57	-	-	-	-	-	-	-
Finance and Economic Planning	1,098.87	4,013.28	151.36	244.18	175.91	205.29	116.2	84.1	16	5
Water Services, Environment and Mineral Resources	77.15	811.17	4.17	-	1.45	-	34.8	-	2	-
Health & Sanitation Services	1,074.33	603.80	-	-	11.55	-	-	-	11	-
Trade, Gender and Youth Affairs	58.09	124	1.93	-	0.30	-	15.1	-	0.5	-
Education, Sports and Social Protection	746.65	483.50	0.40	-	979.10	-	244.8	-	0.1	-
Public Services, Decentralized Administration & Disaster Management	5,920.66	41.55	928.21	-	1.34	-	144.6	-	23	-
Infrastructure, Transport and Public Works	88.67	568.66	0.67	-	0.12	-	181.0	-	0.1	-
Agriculture Pastoral Economy and Fisheries	122.75	979.52	1.91	-	6.31	88.82	329.9	-	5	9
Tourism, Culture and Natural Resources	182.90	544.41	2.66	-	4.03	16.82	151.4	-	2	3
Lands, Energy, Housing and Urban Areas Management	83.20	76.50	-	-	-	-	-	-	-	-
Turkana County Assembly	895.69	169.94	111.42	-	119.82	-	107.5	-	13	-
Turkana County Public Service Board	122.16	-	-	-	0.94	-	-	-	0.8	-
Office of the County Attorney	76.65	-	-	-	-	-	-	-	-	-
Lodwar Municipality Board	55.40	207.98	-	-	-	9.45	-	-	-	5
Kakuma Municipality	20.19	-	-	-	-	-	-	-	-	-
Total	**11,085**	**8,675.26**	**1,230.76**	**244.18**	**1,777.26**	**320.39**	**144.4**	**131.2**	**16**	**4**

***Source**: Turkana County Treasury*

Analysis of department expenditures shows that the Department of Agriculture Pastoral Economy and Fisheries recorded the highest absorption rate of the development budget, at 9 per cent, followed by the Department of Finance and Economic Planning, at 5 per cent. The Department of Public Services, Decentralized Administration & Disaster Management had the highest percentage of recurrent expenditures to budget, at 23 per cent.

Further analysis shows that expenditures for most departments exceeded exchequer issues. The anomalies can be attributed to the fact that a substantial number of transactions may appear to have been paid at IFMIS, but in practice, they are awaiting funding at the CBK Internet Banking (IB) level. The anomaly can also be attributed to the adoption of an accrual basis of accounting in which payments and expenses are credited and debited when earned or incurred.

3.43.13 Budget Execution by Programmes and Sub-Programmes

Table 3.288 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.288: Turkana County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2024/25

Program	Sub Program	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Absorption Rate (%)
Office of the Governor				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	276,006,832	11,467,743	4.2
Governor's Security and Protocol	Security protocol and procedures	3,627,586	-	-
	Performance Contracting	7,255,172	-	-
	Efficiency Monitoring	14,162,068	-	-
Intergovernmental Relations	Intergovernmental Relations	7,255,170	-	-
	Inter-County Performance Review Forum	5,441,378	-	-
Donor/ Investor engagement	Public-Private Partnership Initiative	4,534,482	-	-
	Political and Intergovernmental Advisory Services	4,534,482	-	-
	Legal Advisory Services	4,534,482	-	-
	Security and cross-border Advisory Services	1,360,344	-	-
	Oil And Gas Advisory Service	1,360,344	-	-
	Gender and Partnership Advisory Services	1,360,344	-	-
	Special Interest groups	1,360,344	-	-
	Climate Change advisory services	1,360,344	-	-
	Education and youth Advisory services	1,360,344	-	-
	Culture, Arts and Heritage advisory services	1,360,344	-	-
	Tracking of Flagships projects	7,255,170	-	-
	Governor's Transformative Agenda	3,627,584	-	-
Governors Press Service	Governors Press support	3,285,233	-	-
	Governor's Visibility and Branding	7,000,000	-	-
	Media Liaison	500,000	-	-
	Public Address Unit	4,500,000	-	-
Security and Peace Building	Resettlement Infrastructural Programme	51,000,000	-	-
	Cross Border Peace Dividends Programme	19,640,172	-	-
	County Peace Building and Conflict Management Committees	34,986,610	-	-
	Internal Peace Building and Conflict Management Programme	16,621,478	-	-
	Sub - Total	**485,290,307**	**11,467,743**	**2.4**
Office of the Deputy Governor				
General Administration, Planning and Support Services	General Admin Planning and Support	14,852,331	-	-

Program	Sub Program	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Absorption Rate (%)
Public Communications, Media Relations and Information Management	Media Partnerships and Stakeholder Engagement	1,981,780	-	-
	County Publicity and Branding	2,500,000	-	-
	Public Access to Information	534,110	-	-
	Communication Research and Development	1,100,000	-	-
Resource Mobilisation	Resource Mobilisation	2,776,932	-	-
	Public Private Partnerships	1,800,000	-	-
	Donor and Partner Coordination	1,850,000	-	-
	Sub - Total	**27,395,153**	-	-
Office of the County Attorney				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	14,229,030	-	-
Legal Services	Litigation	32,858,066	-	-
	Government Agreements and Contracts	4,984,450	-	-
	Legal Audit and Compliance	6,949,550	-	-
Research And Legislative Drafting	Legislation	7,030,564	-	-
	Policy and Legal Briefs	5,171,612	-	-
Capacity Building	Training of Legal Counsel	1,529,566	-	-
	Legal Training and Awareness	3,892,316	-	-
	Sub - Total	**76,645,154**	-	-
Finance and Economic Planning				
General Administration, Planning and Support Services	General Administration Services	4,696,744,068	369,792,923	7.9
	General Administration - Economic planning	35,000,000	-	-
	County Headquarters Offices	20,000,000	-	-
Revenue Collection Systems	Awareness and Campaigns on Revenue.	6,150,836	-	-
	Revenue Forecast and Revenue Budget Preparation	4,930,564	-	-
	Revenue Automation	8,700,000	-	-
	Revenue Governance	1,644,669	-	-
	Revenue Infrastructure	11,000,000	-	-
Accountability and Transparency	Consultation Services	3,600,000	-	-
	Financial Reporting and Assurance	3,800,000	400,000	10.5
	Tax Management and Statutory Deductions	3,800,000	300,000	7.9
	Modern Fencing	100,000,000	-	-
Social and Financial Security	Assurance and Insurance of Assets	4,340,000	-	-
	Liability and Debt Management	1,700,000	-	-
	Turkana SACCO Seed Capital	3,800,000	-	-
County Statical Unit	Software, Database and Tools	58,000,000	305,200	0.5
	Public Participation and access to information	16,224,124	-	-
	Support to Audit Committees	3,800,000	-	-
Planning and Policy Formulation	Planning and Policy Formulation	32,569,682	10,000,000	30.7
Monitoring and Evaluation	Field Visits and Data Collection	2,500,000	154,000	6.2
	Training and Development	3,100,000	-	-
	Devolved Monitoring and Evaluation	3,500,000	250,000	7.1

Program	Sub Program	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Absorption Rate (%)
Budgetary Supply	Budget Formulation, Co-ordination and Management	22,500,000	-	-
	Public Participation in Budgeting	11,800,000	-	-
	County Budget and Economic Forum	48,000,000	-	-
	Accountability in Resource Allocation	4,948,106	-	-
	Sub - Total	**5,112,152,049**	**381,202,123**	**7.5**
Water Services, Environment and Mineral Resources				
General Administration and Support	General Administration and Support	28,245,152	1,451,240	5.1
K-WASH World Bank Programme	K-WASH World Bank Programme	400,965,240	-	-
Water Supply and Storage	Water Infrastructure	404,550,000	-	-
	Water Resource Management	10,150,000	-	-
	Water Governance Planning and Coordination	30,000,000	-	-
	Emergency Response and Drought Mitigation	14,400,000	-	-
	Sub - Total	**888,310,392**	**1,451,240**	**0.2**
Health and Sanitation Services				
General administration, Planning and support services	Health Facilities	22,500,000	-	-
	General Administration, Planning and Support Services - Medical Services	121,000,000	2,380,195	2.0
	General Administration, Planning and Support Services - Preventive and Promotive Services	554,909,831	121,298	-
Support to Health Programs	HIV & AIDS, including community-based HIV interventions	1,500,000	-	-
	TB and Leprosy	1,500,000	-	-
	NTDs (neglected tropical diseases)	1,000,000	-	-
	Child Health	500,000	-	-
	Reproductive health	2,960,000	-	-
	Gender-Based Violence care	2,150,000	-	-
	EPI/outreaches	2,000,000	-	-
	Adolescent Youth Repro. Health	500,000	-	-
	Maternal and Neonatal Health	1,500,000	-	-
	Rural Health Facilities Support	500,000	-	-
Medical Services	Laboratory Services	3,000,000	-	-
	Blood Transfusion Services	1,500,000	-	-
	Rehabilitative Services	800,000	-	-
	Referrals and Emergency Services	32,000,000	-	-
	Radiology Services	200,000	-	-
	Dental Services	500,000	-	-
	Clinical Services	1,300,000	-	-
	Nursing Services	1,700,000	-	-
	Sub county Health Facilities Support	2,800,000	-	-
	Ophthalmic Services	1,000,000	-	-
	Malaria	1,000,000	-	-
	Mental Health	500,000	-	-
	Biomedical Engineering	500,000	-	-
	UHC Turkana	300,000	-	-
Lodwar County And Referral Hospital	LCRH Operations and Support Services	444,186,086	111,046,521	25.0

Program	Sub Program	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Absorption Rate (%)
Medical Supplies	Medical Supplies	309,975,942	-	-
	Health Management	1,700,000	-	-
Policy, Planning, Monitoring and Evaluation	Health Information Management	1,350,000	-	-
	Quality Assurance	250,000	-	-
	Electronic Medical Records	800,000	-	-
	Research and Development	400,000	-	-
	Policy and Planning	800,000	-	-
	Health Partners Coordination	1,400,000	-	-
	Monitoring and Evaluation of Health	800,000	-	-
Community Health Services	Community Health Services	1,400,000	-	-
	Community Nutrition	3,350,000	-	-
	MIYCN and Emergency Nutrition	1,500,000	-	-
Public Health	Food safety	300,000	-	-
	School Health	250,000	-	-
	Disease Surveillance Response	1,050,000	-	-
	Alcohol and Substance Abuse	2,500,000	-	-
Level 6 Hospital	Turkana Level 6 Hospital	146,500,000	-	-
	Sub - Total	**1,678,131,859**	**113,548,014**	**6.8**
Trade, Gender and Youth Affairs				
General Administration and Support Services	General Administration Gender and Youth	6,567,576	25,000	0.4
	General Administration Trade and Cooperatives	14,127,578	150,000	1.1
Trade Development and Promotion	Market Infrastructure Development	27,800,000	-	-
	Industrial Development and Investments	1,750,000	11,510	0.7
	Biashara Fund	900,000	25,000	2.8
	Trade Promotion	3,350,000	-	-
	Fair Trade and Consumer Protection Services	1,800,000	-	-
Co-operative Development and Management	Co-operative Marketing, Value Addition, Surveys & Research	2,000,000	-	-
	Co-operative Education, Training, Exchange and Ushirika Day Celebration	3,600,000	-	-
	Strengthening of Key Dormant Co-operative Societies	1,410,000	-	-
	Formulation of Cooperative Policy and Legal Framework	1,600,000	-	-
	Cooperative Development Fund	90,000,000	-	-
	Cooperative Ethics Governance and Audit Support	250,000	-	-
Promotion of Gender Equality and Empowerment	Gender Empowerment and advocacy	4,100,000	-	-
	Gender Mainstreaming and Coordination	2,980,000	-	-
	Legal Compliance and Redress	1,700,000	-	-
	Promotion of Gender Equality and Empowerment	3,743,811	-	-
Youth Affairs Development	Youth Coordination and Representation	4,700,000	-	-
	Youth and Women Fund	-	-	-
	Youth Capacity Building & Training	5,200,000	84,643	1.6
	Youth Talent Development	4,500,000	-	-
	Sub - Total	**182,078,965**	**296,153**	**0.2**
Education, Sports and Social Protection				

Program	Sub Program	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Absorption Rate (%)
General Administration and Support Services	Turkana Education and Skill Development Fund	535,000,000	-	-
	General Administration Services	28,253,683	-	-
	General Administration ECDE & Social Protection	19,474,501	260,649	1.3
	General Administration Sports and Vocational Training	7,484,499	260,649	3.5
Early Childhood Education	School Feeding	250,000	-	-
	Infrastructure Development	477,000,000	-	-
Social Protection Programs/ Affirmative Action	ECDE Governance	3,900,000	-	-
	Turkana County Persons with Disability Development	22,300,000	-	-
	Marginalised and Minority groups support	4,460,000	-	-
	Child Care and Protection	19,000,000	-	-
County Library Services	Library Governance	1,970,070	-	-
	Library Infrastructure	5,000,000	-	-
	Training and Development	2,002,400	457,800	22.9
	Co-Curricular Activities	22,600,000	-	-
Sports and arts programme	Construction of sports Stadia	14,450,000	-	-
	Sports Infrastructure	67,000,000	-	-
	Sub - Total	**1,230,145,153**	**979,098**	**0.1**
Public Services, Decentralized Administration and Disaster Management				
General Administration, Planning and Support Services	General Administration, Planning and Support Services-Public Service	5,298,919,999	1,341,898,877	25.3
Human resource management	Payroll administration	1,300,000	-	-
	Digitisation and Automation	5,240,000	-	-
	Human Resource Management and Development	4,700,000	-	-
	GHRIS Module	1,300,000	-	-
	County performance management	2,800,000	-	-
Decentralised Services	Sub County Administration Support Programme	19,000,000	-	-
	Ward Administration Support Programme	18,000,000	-	-
	Village Administration Support Programme	33,099,154	-	-
Governance and Public Participation	Civic education Programme	3,000,000	-	-
	Public Participation and access to information	10,700,000	480,714	4.5
Disaster risk management	Stakeholders Coordination and Support Programme	800,000	-	-
	Disaster Risk Management	2,600,000	-	-
	Disaster Preparedness Mitigation & Response	553,700,000	-	-
Inspectorate services	Enforcement & Coordination Services	4,000,000	-	-
	County Inspectorate Training Institute	3,000,000	-	-
	Sub - Total	**5,962,159,153**	**1,342,379,591**	**22.5**
Infrastructure, Transport and Public Works				
General Administration and Support Services	General Administration- Infrastructure and Transport	31,917,050	60,649	0.2
	General Administration- Public works	16,748,103	60,649	0.4

Program	Sub Program	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Absorption Rate (%)
Develop and maintain roads	Roads Maintenance Levy Fund (RMLF)	251,956,760	-	-
	Designing & Construction of Roads and Bridges	328,400,000	-	-
Develop and Maintain Staff	Roads Safety initiatives	14,400,000	-	-
	Government Structures/Buildings	13,900,000	-	-
	Sub - Total	**657,321,913**	**121,298**	**-**
Agriculture, Pastoral Economy and Fisheries				
General Administration and Support Services	General Administration and Support Services-Agriculture and Land Reclamation	14,404,000	-	-
	General Administration Livestock Development	14,800,000	-	-
	General Administration Fisheries & Aquaculture	16,000,000	121,298	0.8
Agriculture Programme	Agriculture Sector Development	34,800,000	651,200	1.9
	DRNKP/KfW	346,444,140	26,910,000	7.8
	Fish Market Infrastructure and Sustainable Management	60,906,460	5,536,585	9.1
	Livestock Breed Improvement	143,500,000	-	-
Food System Resilience Project	Food System Resilience Project	173,076,922	-	-
Revival of Turkana Fishermen Cooperative	Policy Formulation, Research and Development	155,839,817	-	-
Emergency Locust Response Project	Emergency Locust Response Project	142,500,000	61,911,740	43.4
	Sub - Total	**1,102,271,339**	**95,130,823**	**8.6**
Tourism, Culture and Natural Resources				
General Administration	General Administration Tourism Culture and Heritage	13,400,000	1,237,897	9.2
	General Administration Environment and Climate Change	9,350,000	-	-
	General Administration Energy Mining and Natural Resources	7,350,000	-	-
Tourism Development and Promotion	Tourism Destination Marketing	2,200,000	-	-
	Tourism Product Development and Promotion	2,100,000	201,600	9.6
	Tourism Infrastructure Development	4,000,000	-	-
	Tourism Research and Development	2,200,000	202,488	9.2
Culture, Arts, Heritage Development, promotion and preservation	Ushanga Initiative	2,700,000	-	-
	Culture Promotion and Preservation	4,300,000	292,500	6.8
	Turkana Cultural Festivals	40,000,000	975,100	2.4
Heritage Promotion	Heritage Development Promotion and Preservation	1,200,000	-	-
	Turkana Cultural Education and Research Centre	2,200,000	-	-
	lokiriama Culture and Peace Accord	30,895,154	-	-
	Ataa Nayeche Commemoration	35,000,000	1,000,000	2.9
Environmental Governance Compliance Conservation Protection and Management	Environmental Governance and Compliance	6,000,000	-	-
Climate Change Adaptation Resilience and Mitigation	Climate Change Institutional Governance and Administration	4,500,000	-	-

Program	Sub Program	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Absorption Rate (%)
Financing Locally-Led and Departmental Programmes Climate Actions	Financing Locally-Led and Departmental Programmes Climate Actions	500,109,357	16,820,183	3.4
Energy Development Programme	Renewable Energy Development	12,300,000	121,298	1.0
	Streetlighting	1,100,000	-	-
	Energy Efficiency and Conservation	12,000,000	-	-
Mining Development	Sustainable Exploitation of Mineral Resources	9,450,000	-	-
Oil and Gas	Sustainable Utilisation of Oil and Gas	3,450,000	-	-
Forest Conservation and Management	Forestry Development and Governance	18,500,000	-	-
	Prosopis Management and Nature-Based Value Chains Promotion	1,000,000	-	-
Wildlife Management and Conservation	Wildlife Governance and Community Services	2,000,000	-	-
	Sub - Total	**727,304,511**	**20,851,066**	**2.9**
Lands, Energy, Housing and Urban Areas Management				
General Administration and Support Services	General Administration Lands and Physical Planning	15,670,678	-	-
	General Administration Urban and Municipalities	9,844,507	-	-
Physical Planning Services	County Spatial Plan	40,847,000	-	-
	Policy Formulation	1,570,000	-	-
	Development Control	1,470,000	-	-
	Land Governance	5,323,000	-	-
	Planning Services	1,100,000	-	-
Lands Survey	Land and Property Valuation Services	2,700,000	-	-
	Spatial Infrastructure	1,000,000	-	-
	Land Registration	12,100,000	-	-
	Land Policy and Management	970,000	-	-
Urban Development	Urban Services	4,000,000	-	-
	Urban Governance	19,500,000	-	-
	Urban Infrastructure	7,000,000	-	-
	Fire Services	1,600,000	-	-
Kenya Urban Support Programme	Urban Institutional Grant	35,000,000	-	-
	Sub - Total	**159,695,185**	**-**	**-**
Turkana County Public Service Board				
General Administration, Planning and Support Services	General Administration	43,333,255	593,655	1.4
	Human Resource Management	21,520,116	-	-
	County Public Service Governance	11,009,162	346,500	3.1
	County Internship Programme	46,292,618	-	-
	Sub - Total	**122,155,151**	**940,155**	**0.8**
Kakuma Municipality Board				
General Admin Planning and Support Services	General Admin Planning and Support Services	11,380,000	-	-
	Municipal Planning	2,000,000	-	-
	Municipal Services	2,500,000	-	-
	Municipal Infrastructure	1,500,000	-	-
	Research, Development and Extension Services	1,000,000	-	-
Kenya Urban Support Programme	Urban Development Grant	1,807,567	-	-

Program	Sub Program	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Absorption Rate (%)
	Sub - Total	**20,187,567**	-	-
Lodwar Municipality Board				
General Admin Planning and Support Services	General Admin Planning and Support Services	229,728,928	9,451,490	4.1
	Municipal Infrastructure	4,200,000	-	-
	Research, Development and Extension Services	3,200,000	-	-
	Municipal Planning	5,900,000	-	-
	Municipal Services	20,350,000	-	-
	Sub - Total	**263,378,928**	**9,451,490**	**3.6**
Turkana County Assembly				
General Administration and Planning	Construction of Buildings	40,000,000	-	-
	General Administration	109,943,385	-	-
Headquarters	General Administration and Planning	915,691,616	119,823,816	13.1
	Sub Total	**1,065,635,001**	**119,823,816**	**11.2**
	Grand Total	**19,760,257,780**	**2,097,642,610**	**10.6**

***Source**: Turkana County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Emergency Locust Response Programme in the Department of Agriculture, Pastoral Economy and Fisheries at 43 per cent; Planning and Policy Formulation in the Department of Finance and Economic Planning at 31 per cent; General Administration, and Planning and Support Services in the Department of Public Services, Decentralized Administration and Disaster Management at 25 per cent of its budgetary allocation.

3.43.14 Accounts Operated in Commercial Banks

The County Government operated 26 accounts with commercial banks. Three were for the County Assembly. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.43.15 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.67.13 million against an annual target of Kshs.320 million, representing 21 per cent of the yearly target.
2. High level of pending bills, which amounted to Kshs.4.46 billion as of 30th September 2024.
3. The county government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
3. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.44. County Government of Uasin Gishu

3.44.1 Overview of FY 2024/25 Budget

The Uasin Gishu County approved FY 2024/25 budget is Kshs.12.09 billion. It comprised Kshs.4.71 billion (39 per cent) and Kshs.7.37 billion (61 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs. .45 million (0.5 per cent) from the FY 2023/24 budget, comprised of a development budget of Kshs. 4.06 billion and a recurrent budget of Kshs.8.09 billion.

The Uasin Gishu County Government budget will be financed from different sources of revenue. These include Kshs.8.77 billion (73 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.93 billion as additional allocations, and Kshs.1.40 billion (12 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.76.8 million (0.6 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.1.32 billion (10.9 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.291.

3.44.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.59 billion to fund recurrent and development activities. The equitable share from the National Government was Kshs.1.39 billion. Additional allocations from government and development partners of Kshs.52.63 million and own source revenue (OSR) collection of Kshs.147.24 million. The County had a balance of Kshs.674.09 million from FY 2023/24, a June equitable share disbursed in July 2024.

Analysis of the total OSR collection of Kshs.147.24 million indicates that it included Facilities Improvement Financing (FIF) of Kshs.6.80 million ordinary OSR. Table 3.290 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.289: Uasin Gishu County, Revenue Performance in the First Quarter of FY 2024/25

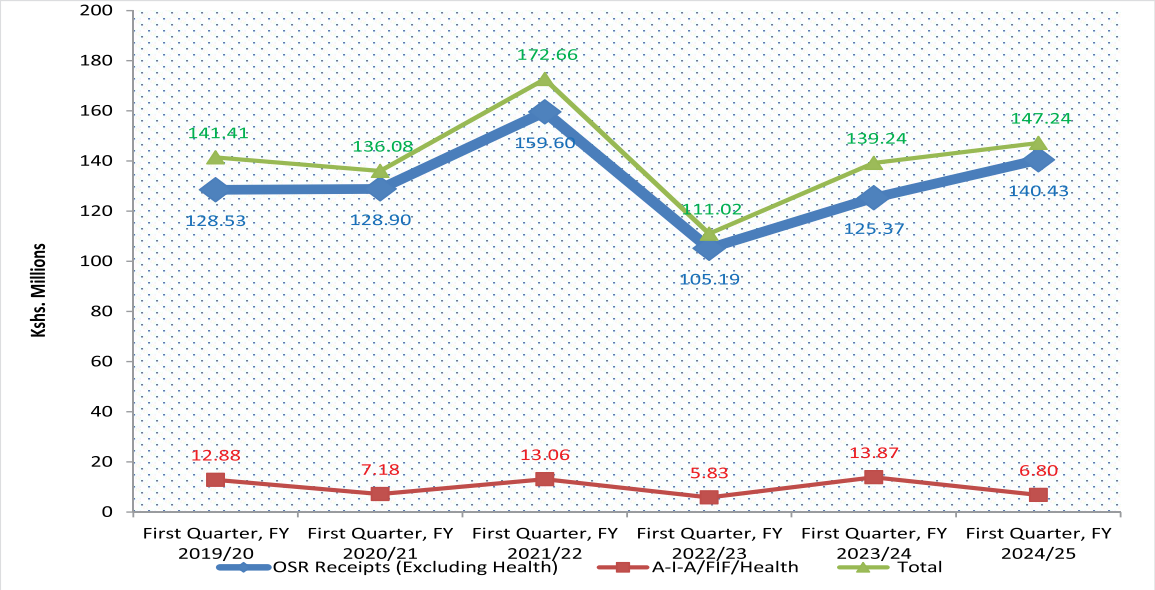
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	8,766,325,224	716,216,174	8
Sub Total		**8,766,325,224**	**716,216,174**	**8**
B	**Additional Allocations**			
1	County Aggregated Industrial Park	0	52,631,579	0
2	DANIDA	9,750,000		0
3	WB- KUSP	420,055,948		0
4	WB-KDSP	37,500,000		0
5	WB-IDA NAVCDP	151,515,152		0
6	Kenya Agricultural Business Development Project (KABDP)	10,918,919		0
7	Road Maintenance Fuel Levy (RMLF)	245,361,740		0
8	Community Health Promoters (CHP)	61,980,000		0
9	WB-KISSIP II	990,000,000		0
10	20% share of minerals Royalties	376,383		0
Sub-Total		**1,927,458,142**	**52,631,579**	**3**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,318,200,000	140,433,272	11
2	Balance b/f from FY2023/24	0	674,085,809	0
3	Facility Improvement Fund (FIF)	76,800,000	6,804,479	9
4	Other Revenues	0	0	0
5	Appropriation in Aid (AIA)	0	0	0
Sub Total		**1,395,000,000**	**821,323,560**	**11**
Grand Total		**12,088,783,366**	**1,590,171,313**	**13**

Source: *Uasin Gishu County Treasury*

The county does not have governing legislation for operating ordinary A-I-A and FIF.

Figure 171 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 171: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25

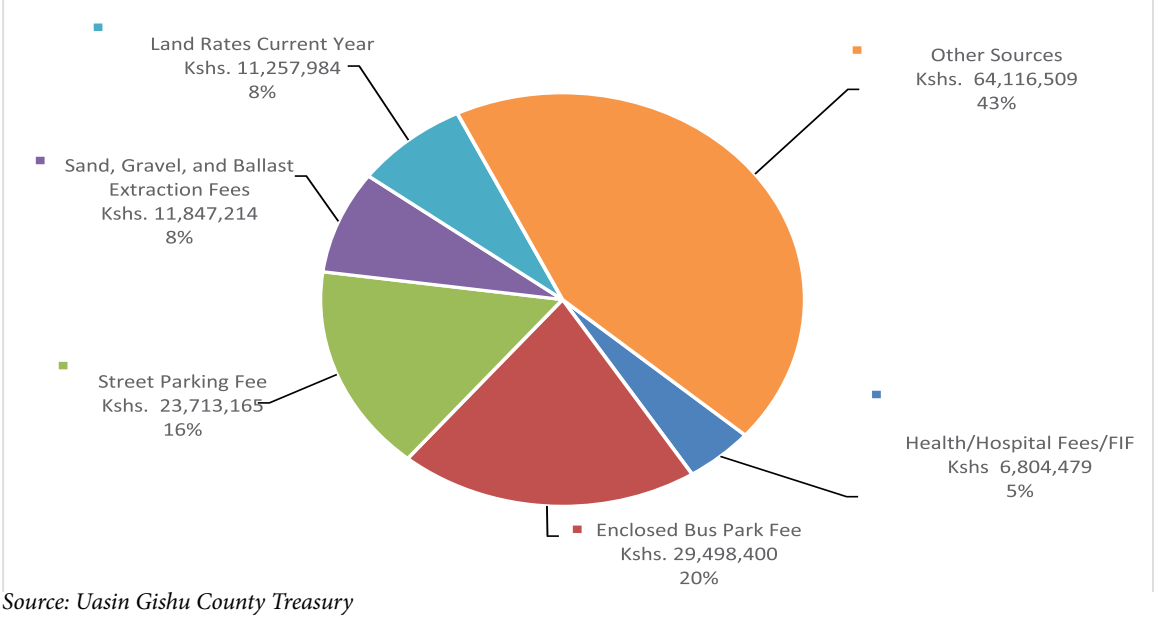


Source: *Uasin Gishu County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs. 147.24 million from its sources of revenue, including AIA and FIF. This amount was an increase of 5.4 per cent compared to Kshs.139.24 million realised in a similar period in FY 2023/24. It was 11 per cent of the annual target and 11 per cent of the equitable revenue share disbursed. The increase can be attributed to increased monitoring of revenue collection systems.

The revenue streams which contributed the highest OSR receipts are shown in Figure 172.

Figure 172: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Uasin Gishu County Treasury

The highest revenue stream, Kshs.29.50 million, was from an enclosed Bus park, which contributed 20 per cent of the total OSR receipts during the reporting period.

3.44.3 Borrowing by the County

The County Government did not borrow from financial institutions during the reporting period.

3.44.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.08 billion from the CRF account during the reporting period for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs. 870 million was released towards employee compensation and Kshs.337.96 million for operations and maintenance expenditure.

The County Government did not factor in a cash balance in the CRF account as of 30 September 2024.

3.44.5 County Expenditure Review

The County spent Kshs.1.08 billion on recurrent programmes in the reporting period, which represented 99.9 per cent of the total funds released by the CoB.

3.44.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs.716.31 million as of 30 June 2024, comprising pending payments by the County Executive of Kshs.673.81 million and Kshs 42.5 million for the County Assembly.

The County Executive's pending bills consist of Kshs.253.13 million for recurrent expenditures and Kshs.420.68 million for development expenditures. The County Executive settled pending bills amounting to Kshs. 53.85 million for recurrent expenditure, while the County Assembly settled pending bills worth Kshs. 12 million on development programs. Therefore, the outstanding bills were Kshs.650.46 million as of 30 September 2024.

3.44.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.798.66 million on employee compensation, Kshs.278.16 million on operations and maintenance, and no expenditure on development activities. Similarly, the County Assembly spent Kshs.65.37 million on employee compensation, Kshs.51.34 million on operations and maintenance and nothing on development activities, as shown in Table 3.290.

Table 3.290: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)		Overall Absorption (%)	Overall Expenditure as a Percentage of Revenue (%)
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly		
Total Recurrent Expenditure	**7,374,717,042**	**805,657,536**	**1,084,042,944**	**123,925,904**	**1,076,825,699**	**116,708,659**	**14.6**	**14.5**	**14.6**	**75.06**
Compensation to Employees	4,659,339,207	438,223,168	798,663,593	71,342,206	798,663,593	65,374,540	17.1	14.9	17.0	54.34
Operations and Maintenance	2,715,377,835	367,434,368	285,379,351	52,583,698	278,162,106	51,334,119	10.2	14.0	10.7	20.72
Development Expenditure	4,714,066,324	60,000,000	-	-	-	-	-	-	-	-
Total	**12,088,783,366**	**865,657,536**	**1,084,042,944**	**123,925,904**	**1,076,825,699**	**116,708,659**	**8.9**	**13.5**	**9.2**	**75.06**

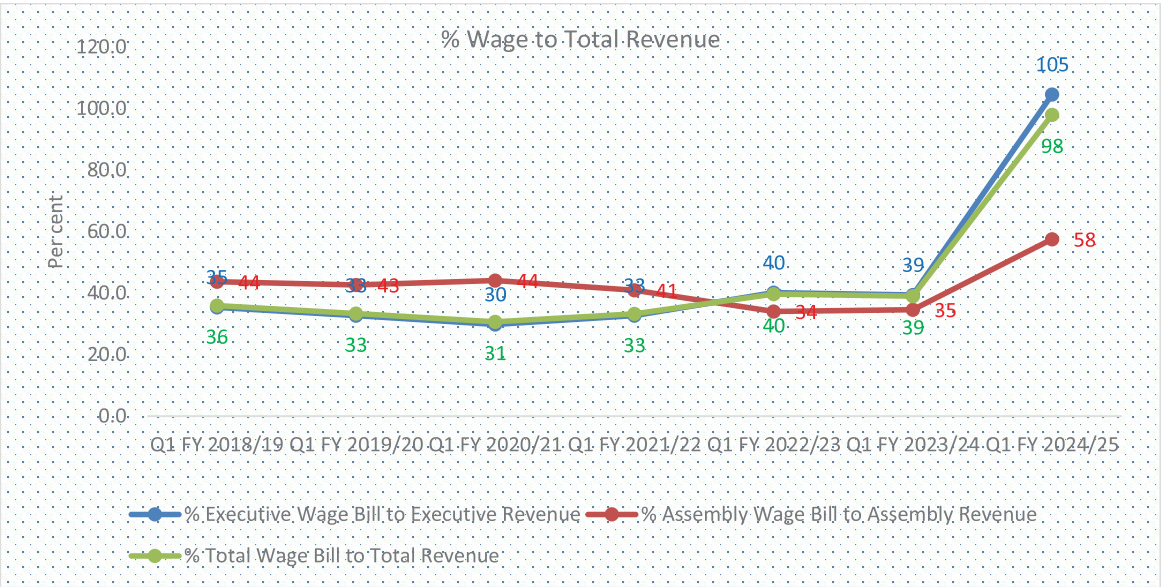
***Source**: Uasin Gishu County Treasury*

3.44.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs. 864.03 million, or 54 per cent of the available revenue of Kshs. 1.59 billion. This expenditure represented an increase from Kshs.702.59 million reported in a similar period in FY 2023/24. The wage bill included Kshs.254.51 million paid to the health sector employees, translating to 30 per cent of the total wage bill. The increase is occasioned by the employment of ninety (90) Early Child Teachers (ECD) by the County Government of Uasin Gishu and a Court case reinstating 25 support staff in the Department of Health.

Figure 173 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 173: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Uasin Gishu County Treasury

Further analysis indicates that PE costs amounting to Kshs.798.68 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.65.36 million was processed through manual payrolls. The manual payrolls accounted for 8 per cent of the total PE cost.

The County Assembly spent Kshs.5.48 million on committee sitting allowances for the 44 MCAs against the annual budget allocation of Kshs.39.92 million. The average monthly sitting allowance was Kshs.124,504 per MCA. The County Assembly had 24 House Committees.

3.44.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs. 315.91 million to county-established funds in FY 2024/25, or 2.6 per cent of the County's overall budget. Further, the County allocated Kshs.35.0 million to the Emergency Fund (0.3 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.291 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.291: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements
	County Executive Established Funds					
1	Uasin Gishu County Emergency Fund-Governor	35,000,000	-	-	-	No
2	Uasin Gishu Couty Enterprise Development Fund	-	-	-	517,771,435	Yes
3	Uasin Gishu County Inua Biashara Fund{(trade)	20,000,000	-	-	120,814,711	Yes

4	Uasin Gishu County Bursary and Skills Development Support Fund	176,000,000	-	-	184,207,362	Yes
5	Car Loan & Mortgage - County Executive (Governor)	25,000,000	-	-	-	No
6	Uasin Gishu TVET Fund	40,000,000	-	-	325,382,015	Yes
	County Assembly Established Funds					
1	Car Loan & Mortgage - County Assembly	19,908,000	-	-	-	No
	Total	**315,908,000**	-	-	**1,148,175,523**	

Source: *Uasin Gishu County Treasury*

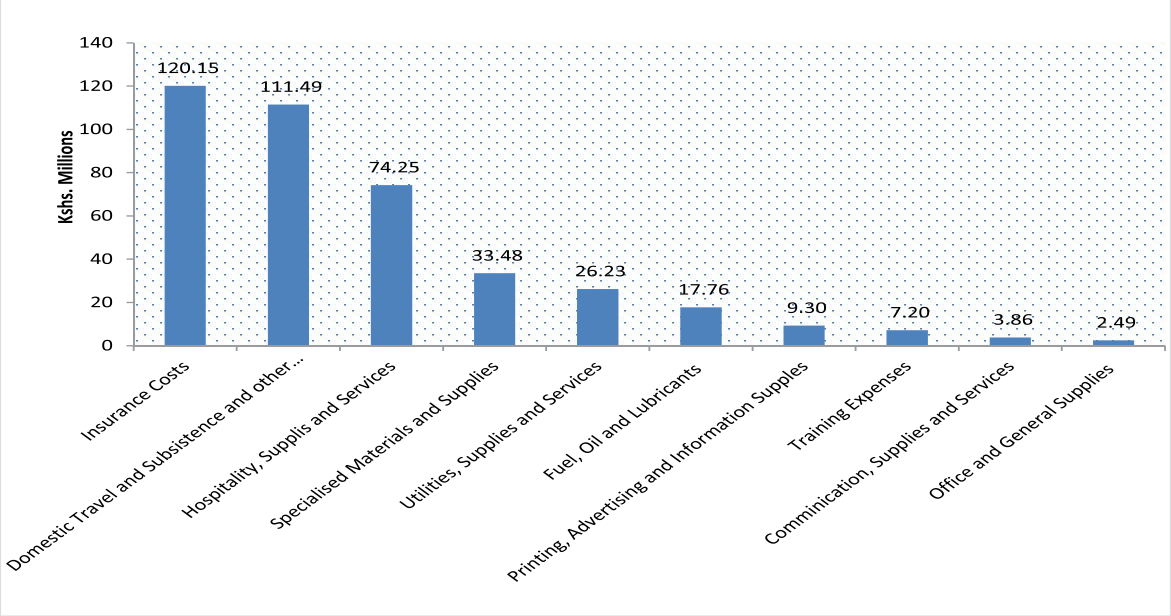
During the reporting period, the CoB did not receive quarterly financial reports from 3 Fund Administrators, as indicated in Table 1.3, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.44.10 Expenditure on Operations and Maintenance

Figure 174 summarises the Operations and Maintenance expenditure by major categories.

Figure 174: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: *Uasin Gishu County Treasury*

The expenditure on domestic travel amounted to Kshs.111.49 million, comprising Kshs. 91.0 million spent by the County Assembly and Kshs. 20.49 million by the County Executive. There was no Expenditure on foreign travel.

3.44.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs. 6.80 million from the Department of Health, which was 0.4 per cent of the annual target of Kshs. 76.8 million. The collected amount was swept to the County Revenue Fund account. The County has yet to develop a facility improvement fund Act.

3.44.12 Development Expenditure

In the First Quarter of FY 2024/25, the County did not record spending on development programmes, representing a decrease of 100 per cent compared to a similar period in FY 2023/24, when the County spent Kshs.440.86 million.

3.44.13 Budget Performance by Department

Table 3.292 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.292: Uasin Gishu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	826	60	124	-	117	-	94	-	14	-
Governor's Office	110	-	13		13	-	100	-	12	-
Finance	392	-	45	-	45	-	100	-	12	-
Public Service Management	867	-	178	-	178	-	100	-	21	-
ICT, E-Government and Innovation	64	26	13	-	13	-	100	-	21	-
Roads, Transport and Public Works	588	770	91	-	91	-	100	-	15	-
Clinical Services	1,604	240	269	-	269	-	100	-	17	-
Agriculture, Livestock and Fisheries	226	343	40	-	40	-	100	-	18	-
Trade, Industry, Investment and Tourism	69	128	7	-	7	-	100	-	10	-
Education and Vocational Training	627	144	80	-	80	-	100	-	13	-
County Public Service Board	64	-	17	-	17	-	100	-	26	-
Economic Planning	115	-	42	-	42	-	100	-	36	-
Administration and Devolution	170	110	32	-	32	-	100	-	19	-
Youth and Sports Development	201	117	26	-	26	-	100	-	13	-
Co-operatives and Enterprise Development	60	17	4	-	4	-	100	-	7	-
Livestock Development and Fisheries	48	125	8	-	8	-	100	-	17	-
Eldoret Municipality	169	515	8	-	8	-	100	-	5	-
Promotive and Preventive Health	515	75	24	-	24	-	100	-	5	-
Energy, Environment, Climate Change and Natural Resources	49	204	31	-	31	-	100	-	63	-
Partnership, Liaison and Linkages	53	-	-	-	-	-	100	-	0	-
Gender, Social Protection and Culture	148	31	-	-	-	-	100	-	0	-
Housing and Urban Development	78	1,012	28	-	28	-	100	-	36	-
Lands and Physical Planning	114	81	2	-	2	-	100	-	2	-
Water, Irrigation and Sanitation	210	716	-	-	-	-	-	-	-	-
Office of the County Attorney	66	-	3	-	3		100	-	4	-
Total	**7,431**	**4,714**	**1,084**	-	**1,077**	-	**99**	-	**15**	-

***Source**: Uasin Gishu County Treasury*

Analysis of expenditure by departments shows that the Department of Energy, Environment, Climate Change and Natural Resources recorded the highest absorption rate of the recurrent budget at 63.3 per cent, followed by the Department of Economic Planning at 36.3 per cent. Budget Execution by Programmes and Sub-Programmes

Table 3.293 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.293: Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Rec	Dev
Governor's Office								
	110014310	SP1.1 Administrative support services	110,182,319	-	12,539,524	-	11	-
		Grand Total	110,182,319	-	12,539,524	-	11	-
Finance								
	701054310	internal audit services	7,461,310	-	3,137,000	-	42	-
	701034310	Accounts services	2,561,310	-	781,300	-	31	-
	701014310	Finance services	379,560,410	-	28,141,689.45	-	7	-
	701044310	Procurement and supply services	2,661,310	-	728,700	-	27	-
		Grand Total	392,244,340	-	32,788,689.45	-	8	-
Public Service Management								
	504014310	Administration And Support Services	866,611,766	-	178,006,517.65	-	21	-
		Grand Total	866,611,766	-	178,006,517.65	-	21	-
ICT and E-Government								
	201034310	Staff Online Management System (Online Help Desk System)	-	24,000,000	-		-	-
	216014310	SP ICT Services	63,506,559	-	13,331,400	-	21	-
	707014310	Ward Development Services	-	2,000,000	-	-	-	-
		Grand Total	63,506,559	26,000,000	13,331,400	-	21	-
Roads, Transport and Infrastructure								
	204014310	Capital roads investments	588,413,328	310,361,740	90,659,997.40		15	-
	204024310	Plants and Machinery	-	70,000,000	-		-	-
	707014310	Ward Development Services	-	389,723,825	-		-	-
		Grand Total	588,413,328	770,085,565	90,659,997.40	-	15	-
Health Services								
	110014310	SP1.1 Administrative support services	30,000,000	-	-	-	-	-
	407024310	Health Services	-	240,000,000	-	-	-	-
	504014310	Administration And Support Services	1,573,720,748	-	268,601,952.50	-	17	-
		Grand Total	1,603,720,748	240,000,000	268,601,952.50	-	17	-
Agriculture Livestock and Fisheries								
	118034310	SP Post-harvest Management Services	225,523,285	-	40,250,000	-	18	-

Program	Sub Program	Description	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Rec	Dev
	304014310	Promoting Agri-business investments by value addition Processing	-	333,515,152	-	-	-	-
	707014310	Ward Development Services	-	9,000,000	-	-	-	-
		Grand Total	225,523,285	342,515,152	40,250,000	-	18	-
Trade, Co-operatives, Tourism, Wildlife								
	110014310	SP1.1 Administrative support services	68,539,837	-	6,914,160	-	10	-
	301014310	Ultra-modern Wholesale market with cold storage go-down	-	25,000,000	-	-	-	-
	311014310	Tourism Promotion and Marketing	-	40,000,000	-	-	-	-
	707014310	Ward Development Services	-	63,179,000	-	-	-	-
		Grand Total	68,539,837	128,179,000	6,914,160	-	10	-
Education, Social, Cultural, Youths and Sports								
	202044310	Administrative and Support Services	626,806,634	-	80,000,000	-	13	-
	510014310	SP Vocational Training Services	-	65,000,000	-	-	-	-
	707014310	Ward Development Services	-	79,250,113	-	-	-	-
		Grand Total	626,806,634	144,250,113	80,000,000	-	13	-
County Public Service Board								
	110014310	SP1.1 Administrative support services	63,645,936	-	16,598,740	-	26	-
		Grand Total	63,645,936	-	16,598,740	-	26	-
County Assembly								
	0	Default - Non Programmatic	-	-	8,474,300	-	-	-
	706044310	Administration And Support Services	825,565,536	60,000,000	123,925,904	-	15	-
		Grand Total	825,565,536	60,000,000	132,400,204	-	16	-
Economic Planning								
	702014310	Budget and Economic Affairs services	64,085,896	-	22,727,065	-	35	-
	702024310	Central planning and M&E services	51,000,000	-	19,034,960	-	37	-
		Grand Total	115,085,896	-	41,762,025	-	36	-
Administration and Devolution								
	105014310	Office Accommodation	-	110,379,850	-	-	-	-
	110014310	SP1.1 Administrative support services	132,308,210	-	30,610,080	-	23	-
	709014310	Kenya Devolution Support	37,500,000	-	1,045,636	-	3	-
		Grand Total	169,808,210	110,379,850	31,655,716	-	19	-
Youth, Sports & Development								
	504014310	Administration And Support Services	5,000,000	-	-	-	-	-
	513014310	SP Youth Empowerment	-	50,000,000	-	-	-	-

Program	Sub Program	Description	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Rec	Dev
	513024310	SP Youth Development	196,065,220	-	25,534,070	-	13	-
	707014310	Ward Development Services	-	67,100,000	-	-	-	-
		Grand Total	201,065,220	117,100,000	25,534,070	-	13	-
Co-operatives and Enterprise Development								
	305014310	Standard weighbridge	60,215,854	-	4,064,200	-	7	-
	707014310	Ward Development Services	-	16,500,000	-	-	-	-
		Grand Total	60,215,854	16,500,000	4,064,200	-	7	-
Livestock Development and Fisheries								
	101034310	Breeding services	-	90,000,000	-	-	-	-
	110014310	SP1.1 Administrative support services	48,148,410	-	8,375,291.50	-	17	-
	707014310	Ward Development Services	-	35,275,000	-	-	-	-
		Grand Total	48,148,410	125,275,000	8,375,291.50	-	17	-
Eldoret Municipality								
	110014310	SP1.1 Administrative support services	110,510,093	-	8,375,291.50	-	8	-
	123014310	SP Urban Development and Management Services	58,278,617	50,000,000	-		-	-
	514014310	Sports Facilities	-	465,055,948	-	-	-	-
		Grand Total	168,788,710	515,055,948	8,375,291.50	-	5	-
Promotive and Preventive Health								
	405014310	Health Infrastructure	-	20,000,000	-	-	-	-
	504014310	Administration And Support Services	515,176,243	-	23,670,670	-	5	-
	707014310	Ward Development Services	-	54,900,000	-	-	-	-
		Grand Total	515,176,243	74,900,000	23,670,670	-	5	-
Energy Environment Climate Change and Natural Resources								
	214014310	SP Energy Services	-	55,000,000	-	-	-	-
	215054310	SP Afforestation, Re-Afforestation and Agroforestry	-	10,000,000	-	-	-	-
	215044310	SP Climate Change Services	-	60,000,000	-	-	-	-
	504014310	Administration And Support Services	48,598,038	-	30,776,800	-	63	-
	707014310	Ward Development Services	-	79,000,000	-		-	-
		Grand Total	48,598,038	204,000,000	30,776,800	-	63	-
Partnership Liaison and Linkages								
	114014310	SP Partnership, liaisons and Linkages	53,474,235	-	112,000	-	-	-
		Grand Total	53,474,235	-	112,000	-	-	-
Gender Social Protection and Culture								
	110014310	SP1.1 Administrative support services	71,117,619	-	-	-	-	-

Program	Sub Program	Description	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Rec	Dev
	506014310	Social Welfare and Community Development	-	20,000,000	-	-	-	-
	511014310	SP Culture and Heritage Services	69,100,000	-	170,200	-	-	-
	512024310	SP Social Protection & Safety Nets	8,000,000	-	-	-	-	-
	707014310	Ward Development Services	-	10,600,000	-	-	-	-
		Grand Total	148,217,619	30,600,000	170,200	-	-	-
Housing and Urban Development								
	122014310	SP Housing Development Services	-	22,000,244	-	-	-	-
	123014310	SP Urban Development and Management Services	-	990,000,000	-	-	-	-
	306014310	Administration And Support Services	78,397,619	-	28,240,840	-	36	-
	707014310	Ward Development Services	-	-	-	-	-	-
		Grand Total	78,397,619	1,012,000,244	28,240,840	-	36	-
Lands and Physical Planning								
	124014310	SP Land Management and Administration Services	57,049,119	-	1,997,410	-	4	-
	504014310	Administration And Support Services	57,049,119	25,000,000	-	-	-	-
	707014310	Ward Development Services	-	55,800,000	-	-	-	-
		Grand Total	114,098,238	80,800,000	1,997,410	-	2	-
Water, Irrigation and Sanitation								
	707014310	Ward Development Services	-	266,425,452	-	-	-	-
	901014310	Drilling of boreholes	209,782,767	-	-	-	-	-
	1001014310	Water Supply Development	-	450,000,000	-	-	-	-
		Grand Total	209,782,767	716,425,452	-	-	-	-
County Attorney								
115004339			65,538,491	-	-	-	-	-
		Grand Total	65,538,491	-	-	-	-	-
		Grand Total	**7,431,155,838**	**4,714,066,324**	**1,076,825,699**	**-**	**14**	**-**

***Source**: Uasin Gishu County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative and support services in the Department of Energy Environment Climate Change and Natural Resources at 63 per cent, Internal Audit services in the Department of Finance at 42 per cent and Central Planning and Monitoring services in the Department of Economic Planning at 37 per cent of budget allocation.

3.44.14 Accounts Operated in Commercial Banks

The County government operated a total of 16 accounts with commercial banks, with eight being for funds, i.e. TVET Fund, Inua Biashar Fund, Inua Biashara Repayment Account, Enterprise Development account, Emergency Fund, Bursary Fund, Staff and Mortage Loan Repayment and Staff and Mortgage Loan account.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.44.15 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.147.24 million against an annual target of Kshs.1.4 billion, representing 11 per cent of the yearly target.

2. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 October 2024, the reports for the Uasin Gishu County Emergency Fund-Governor Fund, Car Loan & Mortgage—County Executive, and Car Loan & Mortgage—County Assembly Fund were not submitted to the Controller of Budget.

3. Use of manual payroll. Personnel emoluments amounting to Kshs.65.34 million were processed through the manual payroll, accounting for 7.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

4. There is a high level of pending bills, which amounted to Kshs. 650.46 million as of 30 September 2024.

5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. The County should address its own-source revenue performance to ensure the approved budget is fully fina*nced. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

3.45. County Government of Vihiga

3.45.1 Overview of FY 2024/25 Budget

The Vihiga County approved FY 2024/25 budget is Kshs.6.5 billion. It comprised Kshs.2.1 billion (32 per cent) and Kshs.4.4 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs. 0.18 billion (3 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.2.2 billion and a recurrent budget of Kshs.4.5 billion.

The Vihiga County Government budget will be financed from different sources of revenue. These include Kshs.5.3 billion (82 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.815.2 million as additional allocations and Kshs.340 million (5 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.140 million (2 per cent) as Appropriations-in-Aid (A-I-A)/Facility Improvement Fund (revenue from health facilities) and Kshs.200 million (3 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.295.

3.45.2 Revenue Performance

In the first quarter of FY 2024/25, the County received a total of Kshs.952.6 million to fund recurrent and development activities. The equitable share from the National Government was Kshs. 869.1 million. Additional allocations from government and development partners were Kshs. 31 million, and its own source revenue (OSR) collection was Kshs. 52.6 million.

Analysis of the total OSR collection of Kshs. 52.6 million indicates that it included Appropriations in Aid (AIA)/Facilities Improvement Financing (FIF)of Kshs.26.3 million and Kshs.26.3 million as ordinary OSR. Table 3.295 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

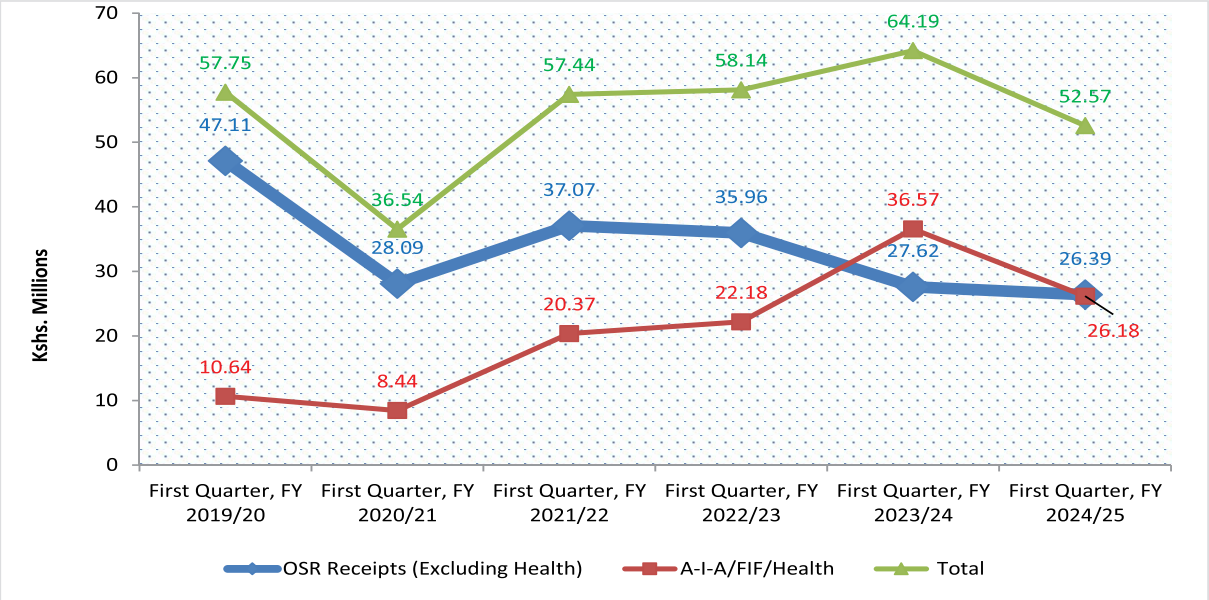
Table 3.294: Vihiga County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,340,712,256	447,697,285	8
Subtotal		5,340,712,256	447,697,285	8
B	Additional Allocations			
	Road Maintenance Fuel Levy	104,335,372		
	Community Health Promoters (CHPS)	33,984,188		
	Primary Health Care in Developed Context Programme (DANIDA)	7,166,250		
	Aggregated Industrial Parks Programme	250,000,000		
	National Agriculture Value Chain Development Projects (NAVCDP)	151,515,152		
	Kenya Devolution Support Programme - KDSP II (GRANT)	37,500,000		
	Kenya Urban Support Programme - UIG Grant	35,000,000		
	Nutrition International	10,000,000		
	FLLoCA KFW/IDA (CCRI)	162,765,059	31,000,000	19
	Kenya Agricultural Business Development Project(KABDAP)	11,918,919		
	FLLoCA KFW/IDA (CCIS)	11,000,000		
Subtotal		815,184,940	31,000,000	4
C	Own Source Revenue			
	Ordinary Own Source Revenue	200,000,000	26,279,107	13
	Appropriation in Aid (A-I-A)			
	Facility Improvement Fund (FIF)	140,000,000	26,291,095	19
Subtotal		340,000,000	52,570,202	16
D	Other Sources of Revenue			
	Unspent balance from FY 2023/24		421,362,153	
	Other Revenues (provide a list)			
Sub Total			421,362,153	
Grand Total		6,495,897,196	952,629,640	15

Source: *Vihiga County Treasury*

Figure 175 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 175: Trend in Own-Source Revenue Collection from the FY 2018/19 to the FY 2024/25 from the First Quarter of FY 2018/19 to First Quarter of FY 2024/25

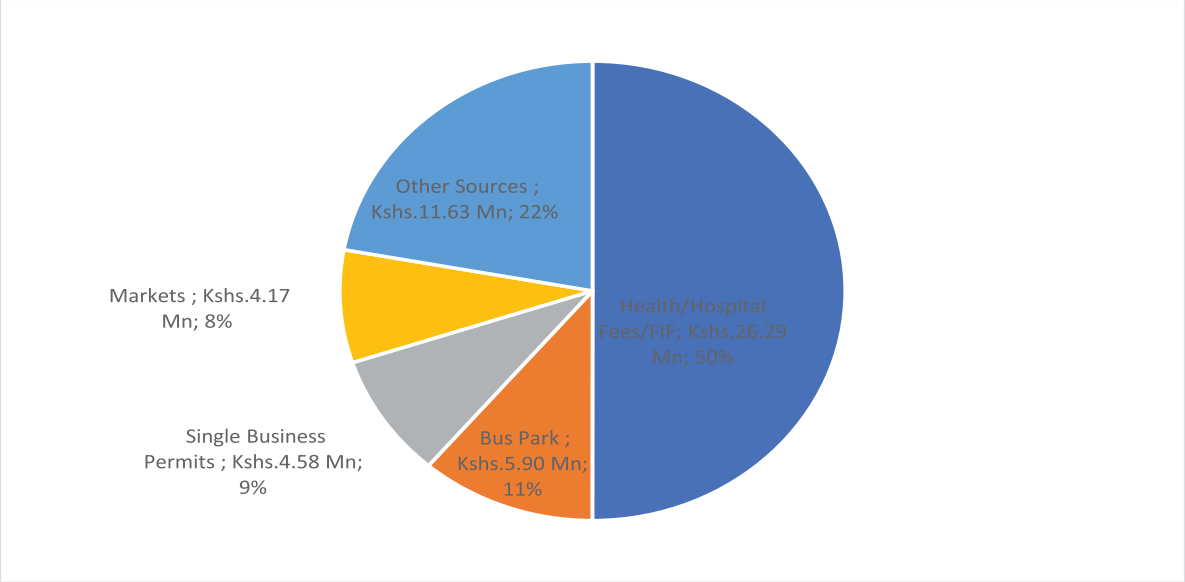


Source: *Vihiga County Treasury*

During the first quarter of FY 2024/25, the County generated a total of Kshs.52.6 million from its revenue sources, including AIA and FIF. This amount was a decrease of 18 per cent compared to Kshs.64.2 million realised in a similar period in FY 2023/24. It was 15 per cent of the annual target and 6 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 176.

Figure 176: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Vihiga County Treasury

The highest revenue stream, Kshs.26.3 million, was from Hospital fees/FIF, which contributed 50 per cent of the total OSR receipts during the reporting period.

3.45.3 Borrowing by the County

The County Government did not borrow funds from any institution during the reporting period.

3.45.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.914.3 million from the CRF account during the reporting period, which comprised Kshs.107.9 million (12 per cent) for development programmes and Kshs.806.4 million (88 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.596.1 million was released towards employee compensation and Kshs.210.3 million for operations and maintenance expenditure.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs. 27.7 million.

3.45.5 County Expenditure Review

The County spent Kshs.725.7 million on development and recurrent programmes in the reporting period. This expenditure represented 76 per cent of the total funds released by the CoB and comprised Kshs. 93.7 million and Kshs.632 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5 per cent, while recurrent expenditures represented 14 per cent of the annual recurrent expenditure budget.

3.45.6 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills amounting to Kshs.1.51 billion, which was entirely for the County Executive.

The County Executive's pending bills consist of Kshs.538.42 million for recurrent expenditures and Kshs.972.95 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.77.66 million, which consisted of Kshs.1.8 million for recurrent expenditure and Kshs.75.8 million for development programmes.

Therefore, the outstanding bills were Kshs.1.43 billion as of 30 September 2024.

3.45.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.455 million on employee compensation, Kshs.113 million on operations and maintenance, and Kshs.93.7 million on development activities. Similarly, the County Assembly spent Kshs.54 million on employee compensation, Kshs.9.8 million on operations and maintenance, and non-on development activities, as shown in Table 3.295.

Table 3.295: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,669,627,779**	**724,667,651**	568,291,012	63,730,301	**16**	**9**
Compensation to Employees	2,639,018,739	531,780,180	455,055,616	53,935,805	17	10
Operations and Maintenance	1,030,609,040	192,887,471	113,235,396	9,794,496	11	5
Development Expenditure	2,076,202,417	25,399,349	93,677,840	-	**5**	0
Total	**5,745,830,196**	**750,067,000**	**661,968,852**	**63,730,301**	12	**9**

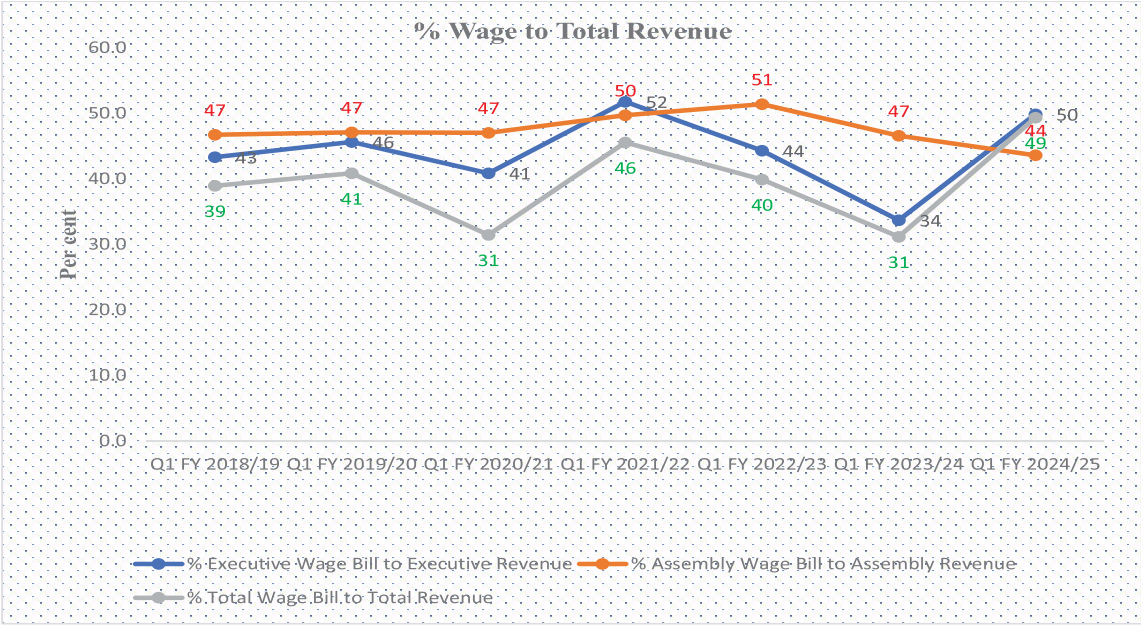
***Source**: Vihiga County Treasury*

3.45.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.509 million, or 54 per cent of the available revenue of Kshs.952.6 million. This expenditure represented a decrease from Kshs.520 million reported in a similar period in FY 2023/24. The wage bill included Kshs.316.4 million paid to the health sector employees, translating to 62 per cent of the total wage bill.

Figure 177 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2017/18 to the first quarter of FY 2024/25.

Figure 177: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Vihiga County Treasury

Further analysis indicates that PE costs amounting to Kshs.482.3 million were processed through the Integrated Personnel and Payroll Database (IPPD) system while Kshs.26.7 million was processed through manual payrolls. The manual payrolls accounted for 5 per cent of the total PE cost.

The County Assembly spent Kshs.8.7 million on committee sitting allowances for the 37 MCAs against the annual budget allocation of Kshs.30.7 million. The average monthly sitting allowance was Kshs.26,132 per MCA. The County Assembly had 18 House Committees.

3.45.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.510 million to county-established funds in FY 2024/25, or 8 per cent of the County's overall budget. Further, the County allocated Kshs.19.2 million to the Emergency Fund (0.3 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.297 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.296: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the Fund as of 31 March 2024 (Kshs)	Submission of Financial Statements as of 31 March 2024 (Yes/No.)
	County Executive Established Funds					
1	Emergency Fund	19,224,644	0	0	0	N/A
2	Bursary Fund	80,000,000	0	0	1,016,743,412	Yes
3	Youth Startup Fund		0	0	0	N/A
4	Sports Fund	13,000,000	0	4,132,886	65,000,000	Yes
5	Trade and Enterprise Fund	500,000	0	403,010	59,977,000	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the Fund as of 31 March 2024 (Kshs)	Submission of Financial Statements as of 31 March 2024 (Yes/No.)
6	Co-operative Enterprise Fund	3,500,000	0	0	0	N/A
7	Climate Change/FLLoCA Fund	253,765,059	31,000,000	16,243,088	119,000,000	
8	Car-loan and Mortgage Fund	0	0	1,344,266	70,000,000	Yes
9	FIF Fund	140,000,000		11,613,171	0	Yes
	County Assembly Established Funds					
1	Car-loan and Mortgage	0	0		200,000,000	
	Total	**509,989,703**				

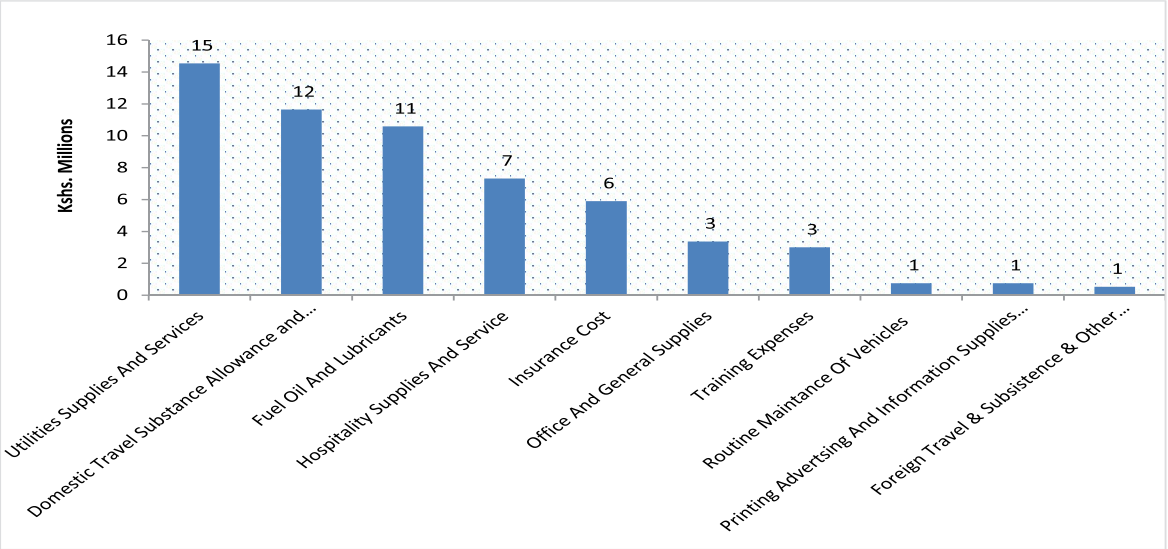
Source: *Vihiga County Treasury*

The CoB received quarterly financial reports from all fund administrators during the reporting period, as indicated in Table 3.298. The County government uses SPA accounts held at CBK to operate the above-established Funds.

3.45.10 Expenditure on Operations and Maintenance

Figure 178 summarises the Operations and Maintenance expenditure by major categories.

Figure 178: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: *Vihiga County Treasury*

Expenditure on domestic travel amounted to Kshs.28.6 million and comprised Kshs.17 million spent by the County Assembly and Kshs.11.6 million by the County Executive. There was no expenditure on foreign travel during the reporting period.

3.45.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.26.3 million as FIF, which was 19 per cent of the annual target of Kshs.140 million. The collected amount was retained and utilised at the source per the Facility Improvement Financing Act of 2023.

The expenditure by the health facilities amounted to Kshs. 11.61 million, as shown in Table 3.297

Table 3.297: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
	VCRH	80,000,000	11,613,171	14.5
	Total	80,000,000	11,613,171	14.5

Source: *County Treasury*

The Health Facility with the highest absorption rate was Vihiga County Referral Hospital.

3.45.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.93.7 million on development programmes, a 53 per centa decrease compared to a similar period in FY 2023/24, when the County spent Kshs.198.7 million. Table 3.298 summarises the development projects with the highest expenditure in the reporting period.

Table 3.298: Vihiga County, List of Development Projects with the Highest Expenditure

No.	Sector/Department	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
	Environment Water Energy, Natural Resources and Climate Change	Construction of Kegondi Spring water conservation and reticulation project	West Sabatia	12,097,795.15	0	Ongoing
		Construction of Vigina spring water conservation and reticulation project	Izava/Lyaduywa	14,442,824.43	0	Ongoing
		Construction of the Kayila spring water conservation and reticulation project	Luanda South	16,200,000	0	Ongoing
		Augmentation of Ebukhaya water project	Central Bunyore	21,990866.35	0	Ongoing
		Construction of Ekamanji Resilient Water Project	Luanda Township	12,598,740	0	Ongoing
		Construction of Mutave-Jepsis bridge	Tambua	13,158,344	0	Ongoing
		Construction of the Mwala-Kaptik water project	Shiru	22,337,766	0	Ongoing
		Restoration of 70 acres of Maragoli Hills Forest Ecosystem	South Maragoli	9,380,224	0	Ongoing

Source: *Vihiga County Treasury*

3.45.13 Budget Performance by Department

Table 3.299 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.299: Vihiga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	259,011,183	-	37,187,902		26,875,795		72	-	10	-
Finance and Economic Planning	315,677,700	194,222,151	56,807,860	8,957,915	49,478,798	4,773,545	87		16	-
Agriculture, Livestock and Fisheries	152,303,595	193,934,071	25,701,816		17,780,611	-	69	-	12	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	1,420,808,968	138,200,000	277,036,396		223,376,677	17,846,411	81	-	16	13
Education, Science, Technical and Vocational Training	376,945,177	158,718,632	110,648,850	7,844,356	9,692,851	8,637,366	9	110	3	5
Gender, Culture, Youth, Sports and Social Services	84,686,094	34,986,918	9,552,124		2,378,744	-	25	-	3	-
Commerce, Tourism and Co-operatives	61,722,225	418,782,323	12,863,572		4,582,075	-	36	-	7	-
County Public Service Board	50,812,039	-	7,693,688		8,926,299		116	-	18	-
Environment, Water, Energy and Natural Resources	139,529,715	427,364,941	32,476,979	40,052,128	31,742,392	8,024,330	98	20	23	2
Transport, Infrastructure and Communication	100,468,606	454,918,921	19,619,029	51,019,015	9,704,275	50,211,819	50	98	10	11
Physical Planning, Lands and Housing	122,369,471	39,574,460	14,772,828		6,016,744	-	41	-	5	-
Administration and Co-ordination of County Affairs	560,793,006	15,500,000	98,576,497		176,044,479		179	-	31	-
County Attorney	24,500,000	-	3,546,500		1,691,273	4,184,370	48	-	7	-
County Assembly	724,667,651	25,399,349	99,936,122		63,730,301		64	-	9	-
Total	**4,394,295,430**	**2,101,601,766**	**806,420,161**	**107,873,414**	**632,021,314**	**93,677,840**	**78**	**87**	**14**	**5**

***Source**: Vihiga County Treasury*

Analysis of department expenditure shows that the Department of Health Services recorded the highest absorption rate of development budget at 13 per cent, followed by the Department of Transport, Infrastructure and Communication at 11.0 per cent. The Department of Administration and Co-ordination of County Affairs had the highest percentage of recurrent expenditure to budget at 31 per cent, while the Department of Education, Science, Technology and Vocational Training had the lowest at 3 per cent.

3.45.14 Budget Execution by Programmes and Sub-Programmes

Table 3.300 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.300: Vihiga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Administration, Planning and Support Service		**945,872,006**	**528,942,946**	**80,996,206**	**8,415,486**	**23**	**7**
	Administrative Service	936,258,606	528,942,946	80,641,476	8,415,486	24	7
	Research and Development	9,613,400		354,730	-	4	!
Livestock Development and Management		**5,041,000**	**29,820,002**	-		-	-
	Veterinary Services and Extension	4,541,000	3,500,000	-		-	-
	Livestock Extension	500,000	8,000,000	-		-	-
	Value Chain Development		18,320,002	-		!	-
Fisheries Development and Management		**3,541,000**	**14,000,000**	-		-	-
	Promotion of Fish Farming	3,541,000	14,000,000	-		-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Crop Development and Management		**7,950,000**	**4,500,000**	-		-	-
	Crop Extension	1,824,000		-		-	!
	Food Security Initiatives	6,126,000	4,500,000			-	-
Co-operatives Development		**26,037,300**		**917,130**		**4**	**!**
	Co-operative Development Services	26,037,300		917,130		4	!
Land Survey and Mapping Services		**4,482,600**	**20,000,000**	**957,600**		**21**	**-**
	Land Survey and Mapping	4,482,600	20,000,000	957,600		21	-
1 Urban and Physical Planning and Housing Services		**34,343,111**	**16,549,346**	2,053,300		6	-
	Urban and Physical Planning	719,000	9,549,346	-		-	-
	Housing Development	5,162,400	7,000,000	-		-	-
	Vihiga Municipality {KUSP}	28,461,711		2,053,300		7	!
Administration, Planning and Support Service		**86,518,384**	**56,517,579**	**7,593,420**		**9**	**-**
	Administrative Service	86,518,384	56,517,579	7,593,420		9	-
Transport Management		**9,823,443**	**147,879,239**	**-**	**59,829,751**	**-**	**40**
	Transport System Management	812,600	-	-	59,829,751	-	!
	Mechanical Services	9,010,843	-	-		-	!
	Roads Maintenance	-	147,879,239	-		!	-
Administration, Planning and Support Service		**43,178,814**	**154,391,780**	**1,169,448**	**5,531,395**	**3**	**4**
	Administrative Service	43,178,814	154,391,780	1,169,448	5,531,395	3	4
Public Finance Management		**7,471,012**	**-**	**-**	**-**	**-**	**!**
	ICT Printing press	7,471,012	-	-		-	
Trade Development and Investment		**32,138,440**	**44,000,000**	**1,807,432**		6	-
	Market Development and Management	32,138,440	44,000,000	1,807,432		6	-
Tourism Development		**6,146,880**	**4,000,000**	**1,014,200**		16	-
	Tourism Promotion and Branding	6,146,880	4,000,000	1,014,200		16	-
Administration, Planning and Support Service		**1,148,674,761**	**186,961,483**	**252,801,941**	**6,582,189**	**22**	**4**
	Administrative Service	33,275,141	186,961,483	10,670,908	6,582,189	32	4
	Human Resource Management and Development	1,115,399,620	-	242,131,033		22	
Promotive and Preventive Healthcare Services		**59,710,000**	**-**	**1,002,280**		**2**	
	Public Health Services	550,000	-	-		-	
	Community Health Strategy	53,594,000	-	-		-	
	Reproductive Healthcare	5,050,000	-	1,002,280		20	
	Disease Surveillance and Emergency	516,000	-	-		-	
Curative And Rehabilitative Health Services		**121,584,000**	**83,886,040**	**19,243,936**		**16**	**-**
	Medical services	14,780,000	-	-		-	
	Drugs and Other Medical Supplies	106,804,000	-	19,243,936		18	
	County referral services	-	83,886,040	-			-
Child and Maternal Health Care		**5,038,060**		**-**		-	
	Nutrition Services	5,038,060				-	

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Administration, Planning and Support Service		**75,864,028**	**53,661,504**	**6,631,570**		**9**	-
	Administrative Service	75,864,028	53,661,504	6,631,570		9	-
Vocational Education and Training		**218,838,400**	**30,000,000**	**6,139,994**		**3**	-
	Youth Polytechnic Development	218,838,400	30,000,000	6,139,994		3	-
Early Childhood Development		**188,094,500**	**34,000,000**	**64,871,260**		34	-
	ECD Development	188,094,500	34,000,000	64,871,260		34	-
Administration, Planning and Support Service		**1,067,725,464**	**526,854,813**	**165,988,242**		**22**	-
	Administrative Service	1,045,659,764	513,854,813	164,816,102		23	-
	County Administration	22,065,700	13,000,000	677,940		3	-
	County Radio Information Services	17,529,200		494,200		3	
Public Finance Management		**30,112,000**		**10,000,000**		**33**	
	Public Finance Management	1,000,000		-		-	
	Accounting Services	1,000,000		-		-	
	Budget Formulation Co-ordination	1,143,000		-		-	
	Resource Mobilisation	24,362,000		10,000,000		41	
	Budget Expenditure Management	2,607,000		-		-	
Audit Services		**4,336,600**		**614,170**			
	Audit Services	4,336,600		614,170		14	
County Planning Services		**600,000**		**-**		**-**	
	Co-ordination of Policy Formulation and Plans	600,000		-		-	
Management and Administration of County Services		**15,566,400**	**1,500,000**	**1,143,800**		**7**	-
	County Executive	7,437,100	-	494,800		7	
	County Secretary	8,129,300	1,500,000	649,000		8	-
Administration, Planning and Support Service		**45,982,520**	**29,737,034**	**1,973,785**		**4**	-
	Administrative Service	45,982,520	29,737,034	1,973,785		4	-
903004860		**36,604,000**	**51,400,000**	**772,400**		**2**	-
	Promotion of Sports	18,739,000	35,400,000	-		-	-
	Promotion of Culture and Heritage	12,865,000	12,000,000	772,400		6	-
	Recreation and Arts	5,000,000	4,000,000	-		-	-
904004860		**13,403,945**	**5,000,000**	**-**		**-**	-
	Social Protection	2,612,945	5,000,000	-		-	-
	Gender, Children, Youth and People with Disability	10,791,000	-	-		-	
Administration, Planning and Support Service		**100,977,562**	-	-		-	
	Administrative Service	100,977,562	-	-		-	
1003004860		**13,665,000**	**51,500,000**	**842,800**	**13,319,019**	**6**	**26**
	Water Supply Management	9,830,000	50,500,000	842,800	13,319,019	9	26
	Waste Water Management	3,835,000	1,000,000	-		-	-

Programme	Sub-Programme	Approved Estimates FY 2024/25		Actual Expenditure as of 30 September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
1004004860		**12,535,000**	**15,000,000**	**3,346,400**		**27**	-
	Environmental Protection and Conservation	12,535,000	15,000,000	3,346,400		27	-
1005004860		**4,910,000**	**11,500,000**	**140,000**		**3**	-
	Farm Forest Management	3,310,000	7,500,000	140,000		4	-
	Natural Resources management	1,600,000	4,000,000	-		-	-
	GRAND TOTAL	**4,394,295,430**	**2,101,601,766**	**632,021,314**	**93,677,840**	**14**	**6**

***Source**: Vihiga County Treasury*

Based on absorption rates, the sub-programmes with the highest implementation levels were Resource mobilisation in the Department of Finance and Economic Planning at 41 per cent, ECDE Development in the Department of Education at 34 per cent, administrative services in the Department of Administration and Co-ordination of County affairs at 32 per cent, and Environmental Protection and Conservation at 27 per cent of budget allocation.

3.45.15 Key Observations and Recommendations

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

1. The high level of pending bills amounted to Kshs.1.433 billion as of 30 September 2024.

2. Use of manual payroll. Personnel emoluments amounting to Kshs.26.7 million were processed through manual payroll, accounting for 5.3 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

3. There were delays in submission of returns from the County Assembly which impacted negatively in the development of this report.

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

1. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
2. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*
3. *The County Assembly should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*

3.46. County Government of Wajir

3.46.1 Overview of FY 2024/25 Budget

The Wajir County approved FY 2024/25 budget is Kshs.13.76 billion. It comprised Kshs.5.29 billion (38.4 per cent) and Kshs.8.47 billion (62 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.23 billion (10 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.27 billion and a recurrent budget of Ksh.8.26 billion. The increase in the County Government budget was attributed to the June exchequer carried forward into the year.

The Wajir County Government budget will be financed from different sources of revenue. These include

Kshs.10.21 billion (74 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.84 billion (13 per cent) as additional allocations, a cash balance of Kshs.926.26 million (7 per cent) brought forward from FY 2023/24, and Kshs.200 million (2 per cent) generated as gross own source revenue. The own-source revenue is Kshs.120 million (0.9 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.80 million (0.6 per cent) as ordinary own-source revenue. The Breakdown of additional allocations is shown in Table 3.303.

3.46.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.1.69 billion to fund recurrent and development activities. The equitable share from the national government was Kshs. 837.56 million, and the own source revenue (OSR) collection was Kshs. 46.6 million. Additionally, the County had a balance of Kshs.808.6 million from FY 2023/24. The FY 2023/24 balance includes Kshs.788.3 million of the June 2024 Equitable Share disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 46.6 million indicates it included Facilities Improvement Financing (FIF) of Kshs. 19.23 million and Kshs.27.37 million as ordinary OSR. Table 3.301 summarises the total revenue available to the county government during the first quarter of FY 2024/25 performance.

Table 3.301: Wajir County, Revenue Performance in the First Quarter of FY 2024/25

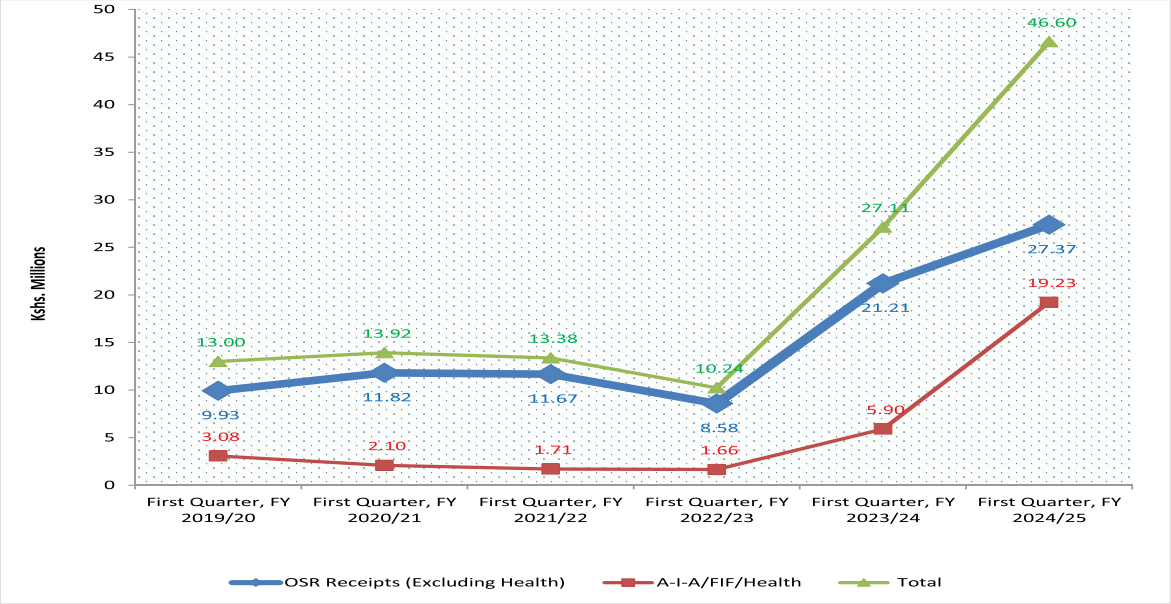
County Revenue Performance in FY 2024/25				
S/No	**Revenue**	**Annual Budget Allocation (in Kshs)**	**Actual Receipts (in Kshs.)**	**Actual Receipts as Percentage of Annual Allocation (%)**
A.	**Equitable Share of Revenue Raised Nationally**	10,214,592,219	837,560,796	8
Sub Total		**10,214,592,219**	**837,560,796**	**8**
B	**Additional Allocations**			
1	**Conditional Grant From the National Government**			0
2	Ministry of Investments, Trade and Industry Conditional Grant for Industrial Park	250,000,000		0
3	Transfer of Museum Function	2,244,060		0
4	Community Health Promoters (CHPs)	60,810,000		0
5	Road Maintenance Fuel Levy	251,017,318		0
6	**Total**	**564,071,378**		0
7	**Conditional allocations to County Governments from Loans and Grants from Development Partners**			0
8	Kenya Devolution Support Programme ii	37,500,000		0
9	DANIDA to Finance Universal Healthcare	13,162,500		0
10	Food System Resilience Project	173,076,923		0
11	World Bank for Kenya Informal Settlement Improvement Project	488,615,663		0
12	Kenya Urban Support Programme UDG	72,942,053		0
13	Kenya Urban Support Programme UIG	35,000,000		0
14	Agricultural Business Development Project (KABDP)	10,918,919		0
15	Financed Locally-Led Climate Action Program (FLLoCA)	170,416,290		0
16	World Bank for Emergency Locust Response Project	142,500,000		0
17	World Bank for Water and Sanitation Development Project	700,000,000		0
		1,844,132,348		
Sub-Total		**2,408,203,726**	0	**0**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	80,000,000	27,368,593	34
2	Balance b/f from FY2023/24	926,621,902	808,578,527	87
3	Facility Improvement Fund (FIF)	120,000,000	19,230,733	16
4	Other Revenues	0	0	0
5	Appropriation in Aid (AIA)	0	0	0
Sub Total		1,126,621,902	855,177,853	75
Grand Total		**13,749,417,847**	**1,692,738,649**	**12**

Source: *Wajir County Treasury*

The County has a governing legislation on the operation of FIF.

Figure 179 shows the trend in own-source revenue collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.

Figure 179: Trend in Own-Source Revenue Collection from the First Quarter of FY 2019/20 to the First Quarter of FY 2024/25.



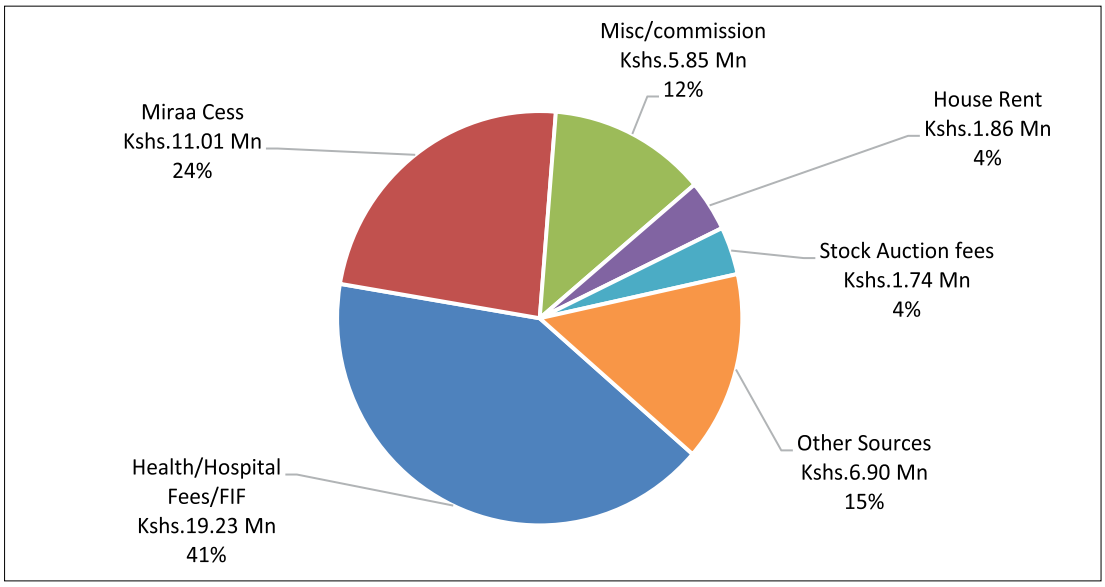
***Source: Wajir** County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.46.6 million from its revenue sources, including AIA and FIF. This amount was an increase of 70 per cent compared to Kshs.27.37 million realised in a similar period in FY 2023/24, which was 23 per cent of the annual target and 6 per cent of the equitable revenue share disbursed.

The increase in OSR can be attributed to enhanced revenue collection measures and migration from cash payments to mobile payments for most of the revenue streams.

The revenue streams which contributed the highest OSR receipts are shown in Figure 179.

Figure 180: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: Wajir County Treasury

The highest revenue stream, Kshs.19.23 million, was from the Facility Improvement Fund, which contributed 41 per cent of the total OSR receipts during the reporting period.

3.46.3 Borrowing by the County

The County Government has not forwarded evidence of borrowing to support its operations.

3.46.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.520.6 million from the CRF account during the reporting period, which comprised Kshs.209.04 million (40 per cent) for development programmes and Kshs.311.56 million (60 per cent) for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.311.56 million was released towards employee compensation.

The County Government had a cash balance of Kshs.1,151,334,049 in the CRF account as of 30th September 2024.

3.46.5 County Expenditure Review

The County spent Kshs.1.53 billion on development and recurrent programmes in the reporting period. This expenditure represented 293 per cent of the total funds released by the CoB and comprised Kshs. 209.04 million and Kshs.1.32 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4 per cent, while recurrent expenditures represented 16 per cent of the annual recurrent expenditure budget.

The County's total expenditure exceeded the exchequer available from CoB. In the period under review, the county utilised an extended overdraft facility from Kenya Commercial Bank and is awaiting regularisation from the exchequer release. The balancing figure from the CoB release was received after the quarter, which explains the overspend.

3.46.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs1.85 billion as of 30th June 2024, comprising pending payments by the County Executive of Ksh.1.71 billion and Kshs.143 million for the County Assembly.

The County Executive's pending bills consist of Kshs.904.45 million for recurrent expenditures and Kshs.802.25 million for development expenditures. In the reporting period, the County Executive settled pending bills amounting to Kshs.209.04 million for development programmes, while the County Assembly did not make payments during the period. Therefore, the outstanding bills were Kshs.1.64 billion as of 30 September 2024.

3.46.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.781.34 million on employee compensation, Kshs.475.58 million on operations and maintenance, and Kshs.209.04 million on development activities. Similarly, the County Assembly spent Kshs.59.77 million on employee compensation and had nil expenses on operations and maintenance, as shown in Table 3.302.

Table 3.302: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,480,778,225**	**992,609,870**	**1,256,916,470**	**59,770,290**	**17**	**6**
Compensation to Employees	4,377,202,254	696,778,788	781,336,962	59,770,290	18	9
Operations and Maintenance	3,103,575,971	295,831,082	475,579,508	-	15	0
Development Expenditure	5,286,029,752	-	209,041,623	-	4	0
Total	**12,766,807,977**	**992,609,870**	**1,465,958,093**	**59,770,290**	12	6

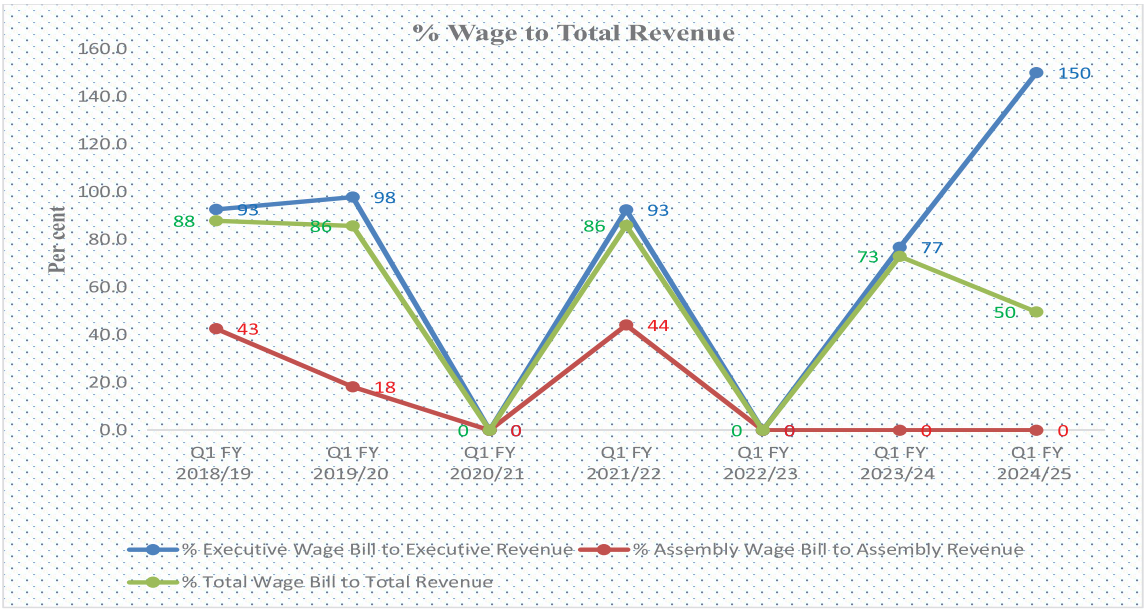
***Source**: Wajir County Treasury*

3.46.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs.841.12 million, or 50 per cent of the available revenue of Kshs.1.69 billion. This expenditure represented an increase from Kshs.732.8 million reported in a similar period in FY 2023/24. The wage bill included Kshs.370.4 million paid to the health sector employees, translating to 44 per cent of the total wage bill. The increase in wage bill represented an increase of 15 per cent attributed to newly recruited Health workers who reported in July.

Figure 180 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 181: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: Wajir County Treasury

Further analysis indicates that PE costs amounting to Kshs.835.79 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.5.3 million was processed through manual payrolls. The manual payrolls accounted for 0.6 per cent of the total PE cost. In the period, the wage bill exceeded available revenue due to a delay in budget approval, which affected timely requisitions from COB.

The County Assembly spent Kshs.5.43 million on committee sitting allowances for the 46 MCAs against the annual budget allocation of Kshs.43.96 million. The average monthly sitting allowance was Kshs.39,323.16 per MCA. The County Assembly had 21 House Committees

3.46.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.315.43 million to county-established funds in FY 2024/25, or 0.8 per cent of the County's overall budget. Further, the County's allocation of Kshs.200 million to the Emergency Fund (2 per cent of the total budget) is in line with Section 110 of the PFM Act, 2012.

Table 3.303 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.303: Performance of County Established Funds in the First Quarter of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Quarter of FY 2024/25 (Kshs.)	Actual Expenditure in First Quarter of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
	Emergency Fund	200,000,000	0	0	0	No
	Wajir County Climate Fund	75,000,000	0	0	0	No
	Disability Fund	40,343,000	0	0	0	No
	Total	**315,343,000**				

Source: *Wajir County Treasury*

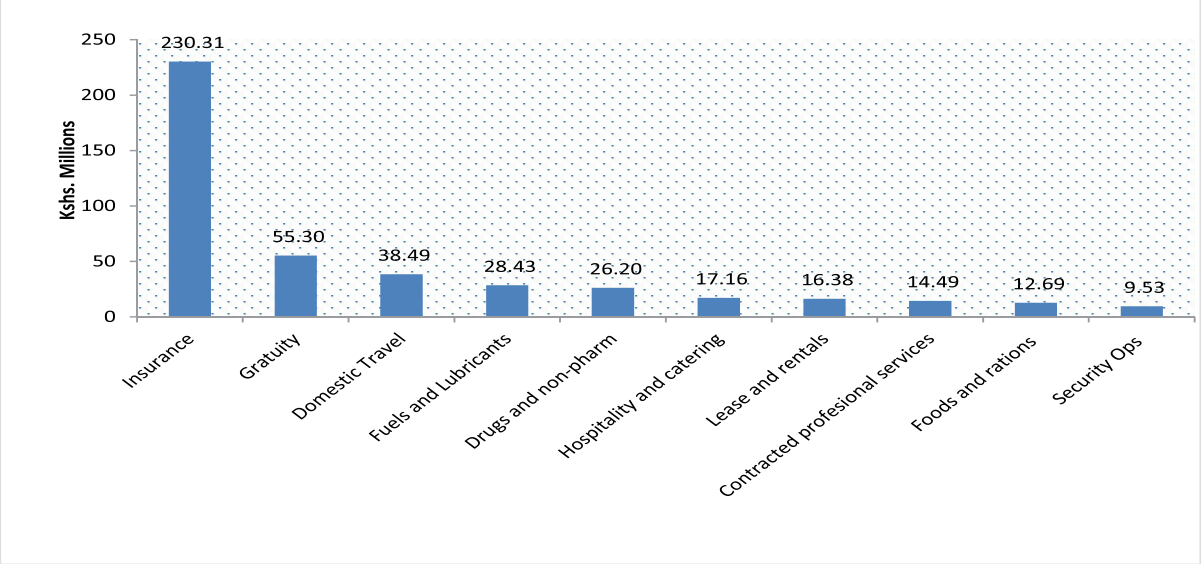
During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated in Table 3.305, contrary to the requirement of Section 168 of the PFM Act, 2012.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.46.10 Expenditure on Operations and Maintenance

Figure 182 summarises the Operations and Maintenance expenditure by major categories.

Figure 182: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: *Wajir County Treasury*

The County Executive spent Kshs. 38.49 million on domestic travel, but the county did not report expenditures on foreign travel in the period under review.

A review of the expenditure returns reveals that no expenditure was incurred on garbage collection Legal fees/ Dues, arbitration and compensation payments expenditure legal fees.

3.46.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.19.23 million as FIF, which was 16 percent of the annual target of Kshs.120 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The Health Facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

3.46.12 Development Expenditure

In the First Quarter of FY 2024/25, the County reported spending Kshs.209 million on two development projects, a significant improvement compared to a similar period in FY 2023/24, when the County did not incur development expenditure. Table 3.304 details the two development projects.

Table 3.304: Wajir County, List of Development Projects

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads	Maintenance of Wajir town tarmac roads (phase 2)	Wajir Town		108,336,808.00	
2	Roads	Construction of Accidents & Emergency at Wajir County Referral Hospital 6th payment.	Wajir Town		100,704,815.00	
					209,041,623.00	

Source: ***Wajir*** *County Treasury*

3.46.13 Budget Performance by Department

Table 3.306 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.305: Wajir County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
The County Executive	575.32	-	17	-	203	-	1,195	-	35	-
The County Assembly	999.61	-	-	-	60	-	-	-	6	-
Finance & Economic Planning	677.25	-	20	-	25	-	125	-	4	-
Roads, Transport and Public Works	225.65	547	9	108	39	108	436	100	17	20
Water Resources Development	278.81	1,273	-	-	4	-	-	-	2	-
Energy, Environment and Natural Resources	97.14	507	5	-	3	-	70	-	3	-
Public Health, Medical Services and Sanitation	2983.49	799	120	101	671	101	559	100	23	13
Education, Youth, Gender and Social Services	793.19	254	42	-	217	-	518	-	27	-
Agriculture, Livestock and Fisheries Development	250.13	465	17	-	2	-	10	-	1	-
ICT, Trade, Industrialization and Co-operative Development	188.05	474	12	-	1	-	6	-	0	-
Lands, Housing and Physical Planning	107.6	702	3	-	2	-	72	-	2	-
Public Service, Labour and Decentralized Unit	1009.43	48	50	-	81	-	163	-	8	-
County Public Service Board	72.27	-	4	-	1	-	26	-	1	-
Wajir Municipality	222.45	218	13	-	8	-	62	-	4	-
Total	**8,480**	**5,286**	**312**	**209**	**1,317**	**209**	**423**	**100**	**16**	**4**

Source*: Wajir County Treasury*

Analysis of department expenditure shows that the Department of Roads Transport and Public Works recorded the highest absorption rate of the development budget at 20 per cent, followed by the Department of Public Health Medical Services and Sanitation at 13 per cent. The Department of County Executive had the highest percentage of recurrent expenditure to budget at 35 per cent, while the Department of ICT, Trade, Industrialization and Cooperatives Development had the lowest at 0.4 per cent.

3.46.14 Budget Execution by Programmes and Sub-Programmes

Table 3.307 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.306: Wajir County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Department: County Executive (Office of the Governor)							
Coordination and Supervisory Services	Coordination and Supervisory Services	575,324,269.00	-	203,105,678.00	0	35	-
	Sub Total	575,324,269.00	-	203,105,678.00	0	35	-
Department: Finance and Economic Planning -							
Public Finance Management	Budget Management Services	27,245,804.00	-	-	0		-
	County Accounting Services	332,198,186.26	-	24,611,900.00	0	7	-
	County Revenue Collection and Resource Mobilization	85,446,122.40		-	0	-	-
	Internal Audit Management Services	27,112,731.29	-	-	0	-	-
	County Supply Chain Management	146,854,611.00	-	-	0	-	-
Economic Planning Services	County Integrated Development Planning	58,392,238.83	-	-	0	-	-
	Sub-Total	677,249,693.78	-	24,611,900.00	0	4	
Department: Agriculture, Livestock and Veterinary Services							
Livestock management Services	Livestock Production Services	57,860,033.80	6,000,000.00	0	0		-
	Veterinary Services	76,965,680.30	4,500,000.00	156,780.00	0	0	-
Food Production Services	Food Production Services	60,443,017.19	422,906,842.08	1,189,008.00	0	2	-
Irrigation Management Services	Irrigation Management Services	15,648,703.40	31,129,900.00	654,900.00		4	-
Alternative Livelihood management	Alternative Livelihood management	39,213,323.00		0	0	0	-
	Sub-Total	250,130,757.69	464,536,742.08	2,000,688.00	-	1	-
Department: Health Services							
Curative, rehabilitative and Emergency services	Curative and rehabilitative services	930,358,692.20	694,399,598.82	0	100,704,815.65	0	15
	Emergency Referral Services	39,978,510.00		0	0		-
General Administration and Support Services	General Administration and Support Services	1,811,896,358.40	-	670,684,982.20	0	37	-
Public Health	Reproductive Maternal Neonatal Child Health	27,543,891.50	2,000,000.00	0	0	0	-
	Primary Health Care	164,081,540.00	102,331,030.00	0	0	0	-
	Special Programme	7,000,000.00		0	0		--
	Health Research	2,636,000.00		0	0		
	Sub-Total	2,983,494,992.10	798,730,628.82	670,649,428.20	100,704,815.65	22	13

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Department: Roads, Transport, Public Works and Housing							
County Roads and Transport management	Construction of County Roads	1,400,000.00	109,320,000.00	0	108,336,807.35		99
	maintenance and Rehabilitation of county roads	137,150,000.04	437,517,318.00	38,841,976.50	0	28	-
	county Transport Services	87,100,000.00		0	0		
	Total	225,650,000.04	546,837,318.00	38,841,976.50	108,336,807.35	17	20
Department: Water Services							
Water Services	Water Supplies Overhaul and Maintenance Services	158,631,266.00	979,688,641.00	2,988,966.00	-	2	-
	General Administration, Planning and Support Services	111,360,483.92	-	-	-		-
	Infrastructure development services	8,814,250.00	293,582,180.00	1,000,567.00	-	11	-
	Total	278,805,999.92	1,273,270,821.00	3,989,533.00	-	1	-
Department: Energy, Environment and Climate Change							
Energy development services	Energy development services	3,940,000.00	73,308,800.00	-	-		-
Environmental Conservation Services	Climate Change	14,296,482.00	418,832,580.00	2,066,789.00	-	14	-
	Environmental Conservation Services	7,200,000.00	9,912,300.00	898,706.00	-	12	--
Natural Resource Management	Natural Resource Management	1,700,000.00	4,500,000.00	-	-	-	-
General Administration and Support Services	General Administration and Support Services	70,000,000.02	-	-	-	-	
	Total	97,136,482.02	506,553,680.00	2,965,495.00	-	3	-
Department: Public Service, Special Programs and County Administration							
Human Resources Management and decentralised services	Human Resources Management and decentralised services	180,440,794.65	-	-	-	-	-
Service Delivery and Performance Management	Service Delivery and Performance Management	47,070,582.20	-	-	-	-	-
Decentralised unit and Town admin	Decentralised unit and Town admin	427,762,773.28	16,800,000.00	81,008,996.00	-	-	-
Special Programs	Disaster Management & Humanitarian Coordination	210,993,986.14	-	-	-	-	-
	Conflict Prevention, Management and Resolution	30,336,983.58	21,000,000.00	-	-	-	-
	Intergovernmental Relations	69,403,509.98	-	-	-		
	Public Participation Services	27,308,984.82	10,000,000.00	-	-	-	-
	Governance and Ethics	16,108,416.20	-	-	-	-	-
	Total	1,009,426,030.85	47,800,000.00	81,008,996.00	-	-	-
Education, Youth, Gender And Social Services							
Sports promotion and development	Sports promotion and development	26,203,211.80	85,500,000.00	-	-	-	-
Early Childhood Education Development Services	Early Childhood Education Development Services	536,139,852.40	140,404,229.00	141,709,900.00	-	26	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th September 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Social Services, Culture, Heritage and Library Services	Promotion of Social Service, Culture and Heritage Services	113,061,231.02	4,000,000.00	46,090,090.00		41	
	Child Protection Services	28,300,000.00				0	
Gender and Woman Empowerment	Gender and Woman Empowerment	30,919,278.60	16,956,500.00	5,670,099.00		18	-
Vocational Training Services	Infrastructural development	58,567,486.00	7,000,000.00	23,888,909.00		41	-
	Sub Total	793,191,059.82	253,860,729.00	217,358,998.00	-	27	-
ICT, Trade, Industrialization, Co-operative Development							
Trade Services	Business Support & Investment Services	15,429,728.00	7,500,000.00			-	-
Co-operatives Services	Capacity Building Services	2,200,000.00	2,700,000.00			-	-
ICT Infrastructure Services	ICT Infrastructure Improvement & Enhancement Services	88,171,463.20	13,500,000.00	1,097,128.00		1	-
Industrialisation and Investment Services	Investment and Industry Services	2,400,000.00	450,686,870.00			0	
General administration, Planning and Support Services	General administration, Planning and Support Services	79,852,490.43	-			0	
	Sub Total	188,053,681.63	474,386,870.00	1,097,128.00	-	1	-
Lands and Spatial Planning							
Land Policy and Physical Planning	Urban Physical Planning Services	69,700,258.40	590,477,229.30	2,008,996.00		3	-
	Urban Development Management	35,000,000.00	-			0	
Housing Services	Housing Services	1,600,000.00				0	
Public Works Services	Public Works Services	1,300,000.00	111,681,680.80			0	
	Sub-Total	107,600,258.40	702,158,910.10	2,008,996.00	-	2	-
County Public Service Board							
County Public Service Board Services	Coordination and Supervisory	72,264,999.90	-	989,098.00	-	1	
	Sub-Total	72,264,999.90	-	989,098.00	-	1	
Municipality							
Urban Development Services	Urban Development Services	222,449,999.92	217,894,053.00	8,165,609.00		4	-
	Sub-Total	222,449,999.92	217,894,053.00	8,165,609.00	-	4	-
County Assembly							
County Assembly Services	County Assembly services	992,609,870.00	-	59,770,290.48		6	
		8,473,388,095.08	**5,286,029,752.00**	**1,316,563,814.18**	**209,041,623.00**	**16**	**4**

***Source**: Wajir County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Promotion of Social Service, Culture and Heritage Services and Infrastructural Development in the Department of Education, Gender, Youth and Social Services 41 per cent, General Administration and Support Services in the Department of 37 per cent, and Coordination and Supervisory Services at 35 per cent of budget allocation.

3.46.15 Accounts Operated in Commercial Banks

The County government operated 18 accounts with commercial banks, two of which were related to healthcare services: Universal Health Account and Wajir Couty Primary Health Care.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.46.16 Key Observations and Recommendations

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

1. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Wajir County Revolving Fund, Wajir County Climate Fund and Disability Fund were not submitted to the Controller of Budget as of 15th October 2024.
2. The high number of pending bills amounted to Kshs.1.64 billion as of 30 September 2024. Further, the County Treasury did not adhere to the payment plan for the pending bills.
3. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya
4. Delay in budget approval affected the timely release of funds from COB and overall absorption.

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

1. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
2. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
3. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash*
4. *The County Executive should ensure the budget is approved in time.*

3.47. County Government of West Pokot

3.47.1 Overview of FY 2024/25 Budget

The West Pokot County approved budget for FY 2024/25 was Kshs. 7.64 billion. It comprised Kshs. 2.28 billion (30 per cent) and Kshs. 5.36 billion (70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs. 74.44 million (1 per cent) from the FY 2023/24 budget comprised a development budget of Kshs. 2.29 billion and a recurrent budget of Kshs. 5.42. billion. The decrease in the budget was attributed to the decline in budget allocation.

The West Pokot County Government budget will be financed from different sources of revenue. These include Kshs.6.68 billion (87 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs. 694.14 million as additional allocations, a cash balance of Kshs.40.47 million (0.5 per cent) brought forward from FY 2023/24, and Kshs.230 million (3 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.132.81 million (2 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.97.20 million (1 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.307.

3.47.2 Revenue Performance

In the first quarter of FY 2024/25, the County received Kshs.643.13 billion to fund recurrent and development activities. The equitable share from the national government was Kshs. 558.78 million. Additional allocations from government and development partners of Kshs. 11 million and own source revenue (OSR) collection of Kshs. 32.89 million. Additionally, the County had a balance of Kshs. 525.91 million from FY 2023/24, the June 2024 Equitable Share disbursed in July 2024.

Analysis of the total OSR collection of Kshs. 32.89 million indicates it included Facilities Improvement Financing (FIF) of Kshs. 24.12 million and Kshs. 8.77 million as ordinary OSR. Table 3.307 summarises the total

revenue available to the county government during the first quarter of FY 2024/25. performance

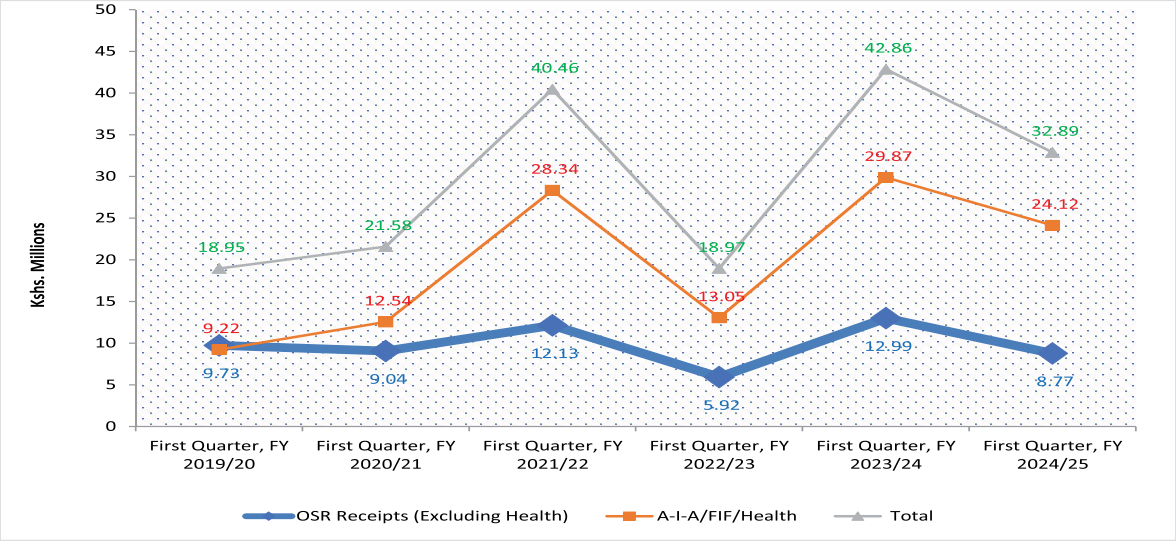
Table 3.307: West Pokot County, Revenue Performance in the First Quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,675,933,239	558,778,644	8
Subtotal		**6,675,933,239**	**558,778,644**	**8**
B	**Additional Allocations**			
1	DANIDA	7,702,500	0	0
2	Community Health Promoters	60,706,194.24	0	0
3	Emergency Locust Response	121,025,000	0	0
4	Road Maintenance Fuel Levy	163,127,206.27	0	0
5	FLLOCA (CCRI &CCIS GRANT)	96,000,000	11,000,000	11
6	KUSP -UIG	35,000,000	0	0
7	KDSP II	37,500,000	0	0
8	Food Systems Resilience Project (FSRP)	173,076,923	0	0
	TOTAL	**694,137,824**	**11,000,000**	**2**
C	**Own Source Revenue**			
9.	Ordinary Own Source Revenue	97,200,000	8,766,347	9
10.	Appropriation in Aid (A-I-A)	-	-	-
11.	Facility Improvement Fund (FIF)	132,800,000	24,123,319	18
Subtotal		230,000,000	**32,889,666**	14%
D	**Other Sources of Revenue**			
12.	Unspent balance from FY 2023/24	40,465,999	566,375,318	
13.	Other Revenues (provide a list)		0	
Sub Total		270,465,999	**566,375,318**	
Grand Total		7,640,537,061.51	**1,169,043,628**	15

Source: *West Pokot County Treasury*

Figure 183 shows the trend in own-source revenue collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25.

Figure 183: Trend in Own-Source Revenue Collection from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25

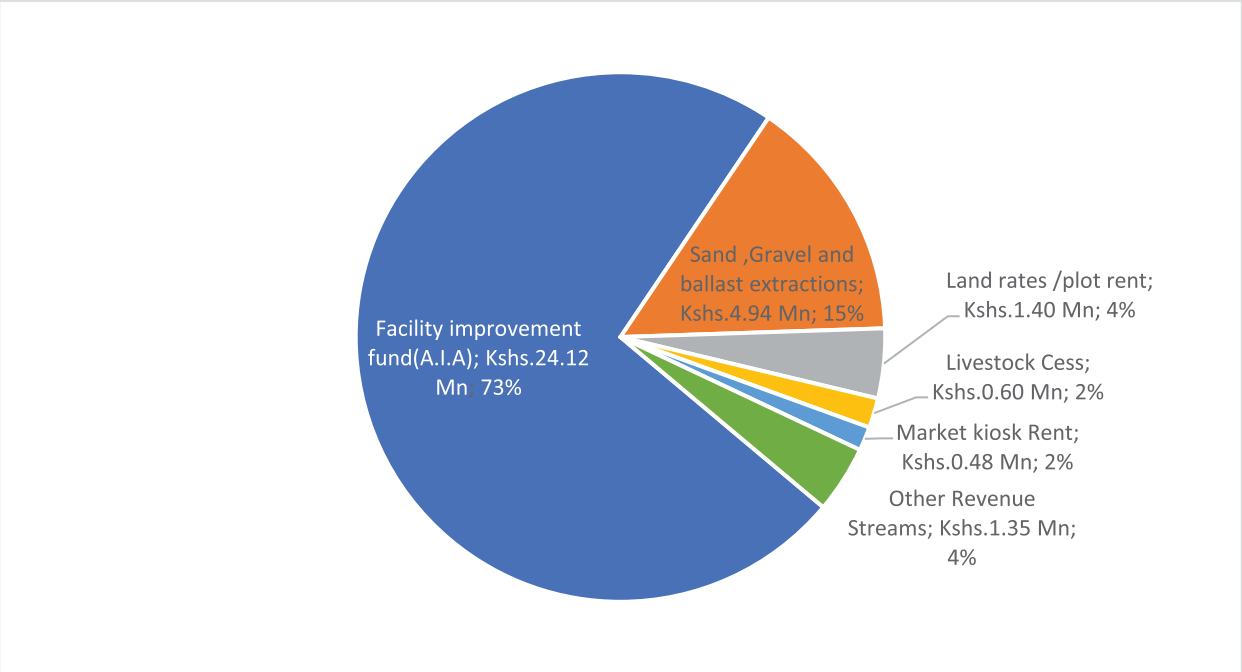


Source: *West Pokot County Treasury*

During the first quarter of FY 2024/25, the County generated Kshs.32.89 million from its own sources of revenue, including FIF. This amount was an increase of 30 per cent compared to Kshs. 42.86 million was realised in a similar period in FY 2023/24, 14 per cent of the annual target, and 0.49 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 184.

Figure 184: Top Streams of Own Source Revenue in the First Quarter FY 2024/25



Source: West Pokot County Treasury

The highest revenue stream, Kshs.24.12 million, was from the Facility Improvement fund, which contributed 73 per cent of the total OSR receipts during the reporting period.

3.47.3 Borrowing by the County

The County Government had not reported any borrowings during the review period.

3.47.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.572.38 million from the CRF account, which was entirely for recurrent programmes in the first quarter of FY 2024/25. Analysis of the recurrent exchequers released in the first three months of FY 2024/25 indicates that Kshs.549.73 million was released towards employee compensation and Kshs.22.65 million for operations and maintenance expenditures.

As of 30 September 2024, the County Government's cash balance in the CRF account was Kshs. 577.18 million.

3.47.5 County Expenditure Review

The County spent Kshs 572.38 million on recurrent programmes in the reporting period. This expenditure represented 100 per cent of the total funds released, which were for recurrent programmes. Expenditure on recurrent programmes represented 11 per cent of the annual recurrent expenditure budget.

3.47.6 Settlement of Pending Bills

The County reported pending bills amounting to Kshs 515.78 million, comprising pending payments by the County Executive of Kshs.486.38 million and Kshs 29.38 million for the County Assembly.

The County Executive's pending bills consist of Kshs. 321.59 million for recurrent expenditures and Kshs. 164.80 million for development expenditures. The County Executive settled pending bills amounting to Kshs.4.15 million in the reporting period for recurrent activities. The County Assembly did not pay any pending bills in the review period. Thus, the outstanding pending bills as of 30 September 2024 were Kshs. 511.62 million.

3.47.7 Expenditure by Economic Classification

During the first quarter of FY 2024/25, the County Executive spent Kshs.486.16 million on employee compensation and Kshs.11.15 million on operations and maintenance. Similarly, the County Assembly spent Kshs.63.57 million on employee compensation and Kshs.11.51 million on operations and maintenance, as shown in Table 3.308.

Table 3.308: Summary of Budget and Expenditure by Economic Classification.

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,684,103,140	683,604,778	497,308,830	75,075,300	11	**11**
Compensation to Employees	3,062,120,987	301,659,605	486,162,390	63,570,087	16	16
Operations and Maintenance	1,621,982,152	381,945,172	11,146,439	11,505,213	1	1
Development Expenditure	2,226,513,629	50,423,039	-		-	0.0
Total	6,910,616,769	734,027,817	497,308,829	75,075,300	8	**8**

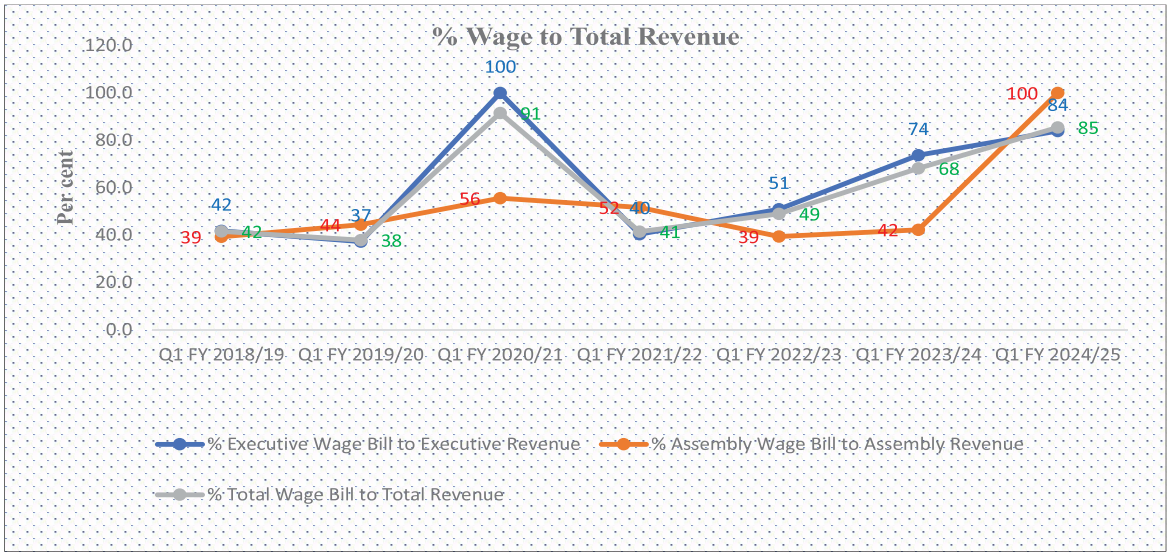
***Source**: West Pokot County Treasury*

3.47.8 Expenditure on Employees' Compensation

In the first quarter of FY 2024/25, expenditure on employee compensation was Kshs. 549.73 million, or 85 per cent of the available revenue of Kshs. 572.38 million. This expenditure decreased from Kshs. 529.6 billion reported in a similar period in FY 2023/24. The wage bill included Kshs. 241.23 million paid to the health sector employees, translating to 44 per cent of the total wage bill.

Figure 185 shows the trend of personnel expenditures as a percentage of total revenue from the first quarter of FY 2018/19 to the first quarter of FY 2024/25.

Figure 185: Percentage of Wage Bill to Total Revenue from the First Quarter of FY 2018/19 to the First Quarter of FY 2024/25



Source: West Pokot County Treasury

Further analysis indicates that PE costs amounting to Kshs. 549.73 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while no amounts were processed through manual payrolls. Manual payrolls accounted for zero per cent of the total PE cost.

The County Assembly spent Kshs. 4.86 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.7.25 million. The average monthly sitting allowance was Kshs.49,071 per MCA. The County Assembly had 33 House Committees.

3.47.9 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. In FY 2024/25, the County Allocated Kshs.766.85 million to County-Established funds and Kshs.5 million to the Emergency Fund (0.06 per cent of the total budget).

Table 3.309 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.309: Performance of County Established Funds in the First Quarter of FY 2024/25

Name of the Fund	Approved Budget Allocation in FY 2024/25	Exchequer Issues in FIRST QUARTER FY 2024/25	Actual Expenditure in First Quarter FY 2024/25	Cumulative disbursements to the Fund in the First Quarter of FY 2024/25	Submission of Annual Financial Statements (Yes/No.)
Cooperative Development Fund	12,045,940	-	260,000	1,797,189	Yes
Car loan and Mortgage Fund	-	-	15,300,000	9,831,000	Yes
Bursary Fund	610,000,000	-	2,135,000	-	Yes
FIF	104,800,000	-	-	-	Yes
Emergency Fund	5,000,000	-	-	-	No
West Pokot Staff Car Loan & Mortgage					
	731,845,940		**17,695,000**	**11,628,189**	

Source: *West Pokot County Treasury*

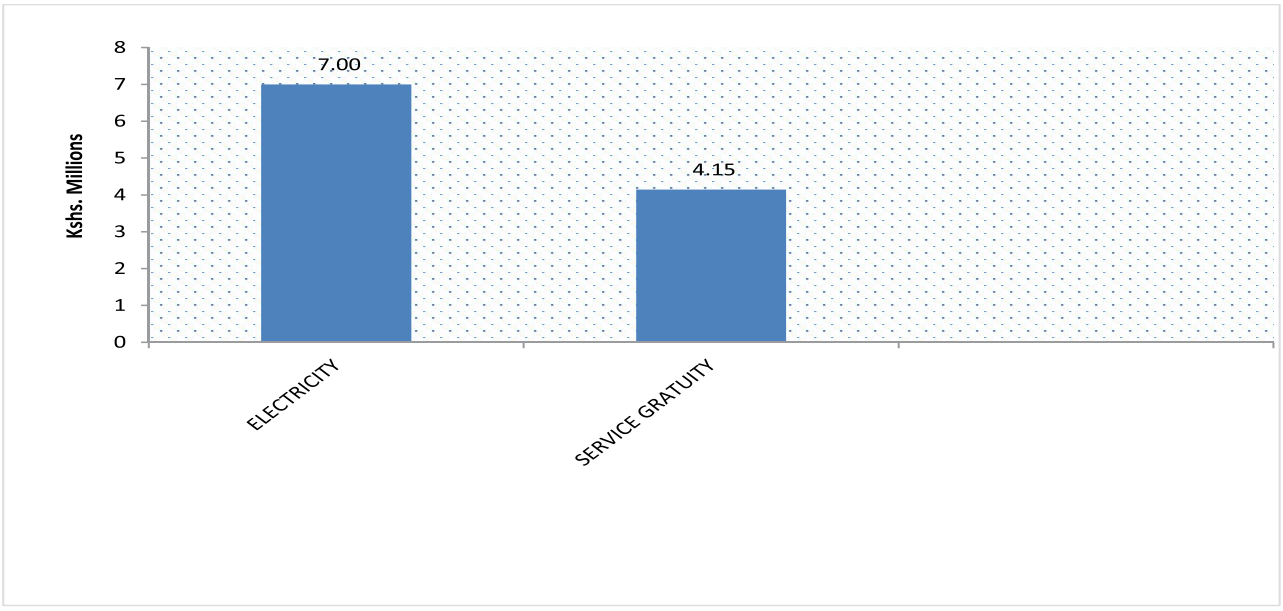
As indicated in Table 3.311, the CoB received quarterly financial reports from fund administrators during the reporting period.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya.

3.47.10 Expenditure on Operations and Maintenance

Figure 186 summarises the Operations and Maintenance expenditure by major categories.

Figure 186: Actual FIF as a percentage of the total OSR



Source: *County Treasuries*

During the review period, the County Executive and Assembly had no reported domestic and foreign travel expenditure.

Also, there was no reported expenditure on garbage collection, legal fees/dues, arbitration, and compensation payments expenditure legal fees.

3.47.11 Facility Improvement Financing

During the period under review, the County reported collecting Kshs.24.12 million as FIF, which was 18 per cent of the annual target of Kshs.132.80 million. The collected amount was not retained and utilised at the source, contrary to the Facility Improvement Financing Act of 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The health facilities did not provide a report on the utilisation of the FIF during the reporting period, contrary to Section 18 (e) of the FIF Act, 2023.

There was no expenditure on the health facility reported during the period-

Table 3.310: Breakdown of expenditure by health facilities in the first quarter of FY 2024/25

S/No	Name of Health Facility	Approved Budget for The Facility	Actual Expenditure for The Facility	Absorption Rate
1	Kapenguria Referral Hospital	76,980,000	-	0
2	Kacheliba Sch	14,200,000	-	0
3	Chepareria Sch	14,200,000	-	0
4	Sigor Sch	14,200,000	-	0
	Total	**119,580,000**	**-**	**0**

Source: *West Pokot County Treasury.*

3.47.12 Development Expenditure

The County reported that it did not incur expenditures on development programmes in the first quarter of FY 2024/25.

3.47.13 Budget Performance by Department

Table 3.311 summarises the approved budget allocation, expenditure and absorption rate by departments in the first three months of FY 2024/25.

Table 3.311: West Pokot County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	463,060,000	33,000,000	32,229,150	-	32,229,150	-	100	-	7	-
Finance and Economic Planning	296,766,066	6,000,000	23,821,324	-	23,821,324	-	100	-	8	-
Public Works, Transport and Infrastructure	111,652,976	328,527,206	17,132,568	-	17,132,568	-	100	-	15	-
Health and Sanitation	2,026,973,033	188,597,285	243,609,564	-	243,609,564	-	100	-	12	-
Education and Technical Training	490,068,348	703,710,000	78,424,765	-	78,424,765	-	100	-	16	-
Agriculture and Irrigation	110,213,395	439,801,923	10,301,438	-	10,301,438	-	100	-	9	-
Livestock, Fisheries and Veterinary Services	166,504,939	34,600,000	8,568,180	-	8,568,180	-	100	-	5	-
Trade, Industrialization, Energy and Cooperative Development	74,042,912	57,999,999	11,771,768	-	11,771,768	-	100	-	16	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Housing, Physical Planning and Urban Development	157,322,216	52,200,000	24,270,872	-	24,270,872	-	100	-	15	-
Water, Environment, Natural Resources and Climate Change	94,332,554	246,477,216	14,192,370	-	14,192,370	-	100	-	15	-
Youths Affairs, Sports, Tourism, Culture and Social Services.	83,660,670	95,600,000	7,858,541	-	7,858,541	-	100	-	9	-
County Public Service Management, ICT and Decentralized Units	548,184,030	-	21,506,750	-	21,506,750	-	100	-	4	-
Special Programmes	57,184,784	40,000,000	3,621,541	-	3,621,541	-	100	-	6	-
County Assembly	683,634,469	50,423,039	75,075,300	-	75,075,300	-	100	-	11	-
Total	**5,363,600,393**	**2,276,936,668**	**572,384,130**	**-**	**572,384,130**	**-**	**100**	**-**	**11**	**-**

***Source**: West Pokot County Treasury*

Analysis of department expenditures shows that the Department of Education and Technical Training and the Department for Trade, Industrialization, Energy and Cooperative Development had the highest recurrent absorption rates, each 16 per cent.

3.47.14 Budget Execution by Programmes and Sub-Programmes

Table 3.312 summarises the budget execution by programmes and sub-programmes in the First Quarter of FY 2024/25.

Table 3.312: West Pokot County, Budget Execution by Programmes and Sub-Programmes

Programme Sub-Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
County Executive	General Administration Planning and Support Services	463,060,000	33,000,000	32,229,150	-	7	-
Finance and Economic Planning	General Administration Planning and Support Services	296,766,066	6,000,000	23,821,324	-	8	-
Public Works, Transport and Infrastructure	General Administration Planning and Support Services	111,652,976	328,527,206	17,132,568	-	15	-
Health and Sanitation	General Administration Planning and Support Services	2,026,973,033	188,597,285	243,609,564	-	12	-
Education and Technical Training	General Administration Planning and Support Services	490,068,348	703,710,000	78,424,765	-	16	-

Programme Sub-Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Agriculture and Irrigation	General Administration Planning and Support Services	110,213,395	439,801,923	10,301,438	-	9	-
Livestock, Fisheries and Veterinary Services	General Administration Planning and Support Services	166,504,939	34,600,000	8,568,180	-	5	-
Trade, Industrialization, Energy and Cooperative Development	General Administration Planning and Support Services	74,042,912	57,999,999	11,771,768	-	16	-
Lands, Housing, Physical Planning and Urban Development	General Administration Planning and Support Services	157,322,216	52,200,000	24,270,872	-	15	-
Water, Environment, Natural Resources and Climate Change	General Administration Planning and Support Services	94,332,554	246,477,216	14,192,370	-	15	-
	Water Resources Management Sub Programme 2.1 Water Supply Services			2,233,000	-	2	
Youths Affairs, Sports, Tourism, Culture and Social Services.	General Administration Planning and Support Services	83,660,670	95,600,000	7,858,541	-	9	-
County Public Service Management, ICT and Decentralized Units	General Administration Planning and Support Services	548,184,030	-	21,506,750	-	4	-
Special Programmes	General Administration Planning and Support Services	57,184,784	40,000,000	3,621,541	-	6	-
County Assembly	General Administration Planning and Support Services	683,634,469	50,423,039	75,075,300	-	11	-
TOTAL		**5,363,600,392**	**2,276,936,668**	**572,384,129**	-		

***Source**: West Pokot County Treasury*

Based on absorption rates, the sub-programmes with the highest levels of implementation were the General Administration Planning and Support Services within the Department of Trade, Industrialisation, Energy and Cooperative Development and the Department of Education and Technical Training, both achieving 16 per cent of their budget allocation. Additionally, the General Administration Planning and Support Services in the Department of Public Works, Transport and Infrastructure, and the Department of Lands, Housing, Physical Planning and Urban Development reached 15 per cent of their budget allocation.

3.47.15 Accounts Operated in Commercial Banks

The County government operated four accounts with commercial banks: the revenue account, County Roads, Works and Transport Account, Operations and Imprest Account, and Suspense Account.

This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.47.16 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 25 October 2024.

2. The underperformance of own-source revenue at Kshs.32.89 million against an annual target of Kshs. 230 million, representing 14 per cent of the yearly target.

3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 October 2024, the report for the Emergency Fund was not submitted to the Controller of Budget.

4. High level of pending bills, which amounted to Kshs. Five hundred eleven million as of 30 September 2024. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

5. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

4. *The County leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*

5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

4. KEY OBSERVATIONS AND RECOMMENDATIONS

4.1. Introduction

This section highlights issues that affected budget implementation and reporting in the first quarter of FY 2023/24 and provides recommendations to address the challenges. The cross-cutting challenges included;

4.2. Delay in Submission of County Appropriation Acts, Budget Books, and Governors' Warrants for FY 2024/25 to the OCoB

According to Article 207 of the Constitution, funds may be withdrawn from a county government's revenue fund as authorised by an Act of Parliament, county legislation, or an appropriation outlined in county law. Section 131 of the Public Finance Management (PFM) Act 2012 also mandates that the County Executive Committee member for finance ensure the approved budget estimates are prepared and published. Further, Regulation 20 of the PFM (County Governments) Regulation 2015 states that the Governor's warrant shall be transmitted to the CoB by the County Executive Committee Member to authorise withdrawals per Article 228 of the Constitution. This is expected to happen before the commencement of a new financial year on 1st July.

Observation: All county governments submitted their Appropriation Acts, Governor's Warrants, and approved budgets late, with the last submission made on September 5th, 2024, as detailed in Annex II. The late submission of budget documents resulted in a delay in implementing the FY 2024/25 budgets, including exchequer requisitions.

Recommendation: *We recommend that the County Governments ensure the timely submission of their Appropriation Acts, Governor's Warrants, and Budget Books at the beginning of the financial year – 1st July. This will facilitate the prompt commencement of budget implementation, including exchequer requisitions.*

4.3. Delay by the Parliament to enact the County Allocation of Revenue Bill 2024 and County Governments Additional Allocations Bill 2024

Section 191 (1) of the PFM Act states that each year when the Budget Policy Statement is introduced, the Cabinet Secretary shall submit to Parliament a Division of Revenue Bill and a County Allocation of Revenue Bill, which specifies each county's share of the revenue raised nationally and any other allocations to counties.

Observation: The President's decision not to sign the Finance Bill 2024 into law meant that certain revenue-raising measures within the bill would not be implemented. This negatively impacted expected revenue and led to the withdrawal of the County Allocation of Revenue Bill 2024. The County Allocation of Revenue Bill 2024 was published in the Kenya Gazette Supplement No. 95 on May 3, 2024. The Senate passed the bill with amendments on June 11, 2024, and it was received by the National Assembly on June 18, 2024. However, the bill was later referred back to the Senate for reconsideration on July 10, 2024, and will now be reviewed by both the Senate and the National Assembly.

The bill allocates Kshs. 380 billion to County Governments, which is a reduction of 5 per cent from the Kshs. 400.12 billion allocated in the Division of Revenue Act 2024. The revised bill also includes FY 2023/24 arrears of Kshs. 30.83 billion, bringing the total allocation to Kshs. 410.83 billion. Additionally, the County Government's Additional Allocation Bill is awaiting approval, with FY 2024/25 estimates set at Kshs. 55.45 million. As of September 30, 2024, both bills had yet to be approved by Parliament.

Recommendation*: The OCoB advises Parliament to expedite the enactment of the County Allocation of Revenue Bill 2024 and the County Governments' Additional Allocations Bill 2024.*

4.4. Delay by the National Treasury to disburse the Equitable Share of Revenue raised nationally.

Predictability and timely release of funds are necessary elements for the effective implementation of budgets.

Observation: As of 30 September 2024, the National Treasury had disbursed Kshs.32.76 billion as the equitable share for FY 2024/25 (July 2024) and an additional Kshs.30.83 billion relating to arrears from FY 2023/24 (June 2024 disbursement). By the end of the first quarter, the County Governments had not received the August and September 2024 disbursements, thereby hindering budget implementation.

Recommendation: *The National Treasury should ensure the timely disbursement of the equitable share of revenue raised nationally.*

4.5. Under-Performance in Own-Source Revenue Collection

Article 209 (3) of the Constitution empowers County Governments to levy property rates, entertainment taxes, and any other taxes authorised by an Act of Parliament.

Observation: County Governments collectively generated Kshs.12.67 billion as own-source revenue (OSR) in the first quarter, achieving just 15 per cent of the annual target of Kshs.85.22 billion. This underperformance has resulted in budget shortfalls, thereby impeding the full execution of planned activities.

Recommendation*: County Governments should strengthen revenue collection mechanisms through improved revenue administration. Counties are encouraged to explore innovative methods to broaden the revenue base and minimise revenue leakages.*

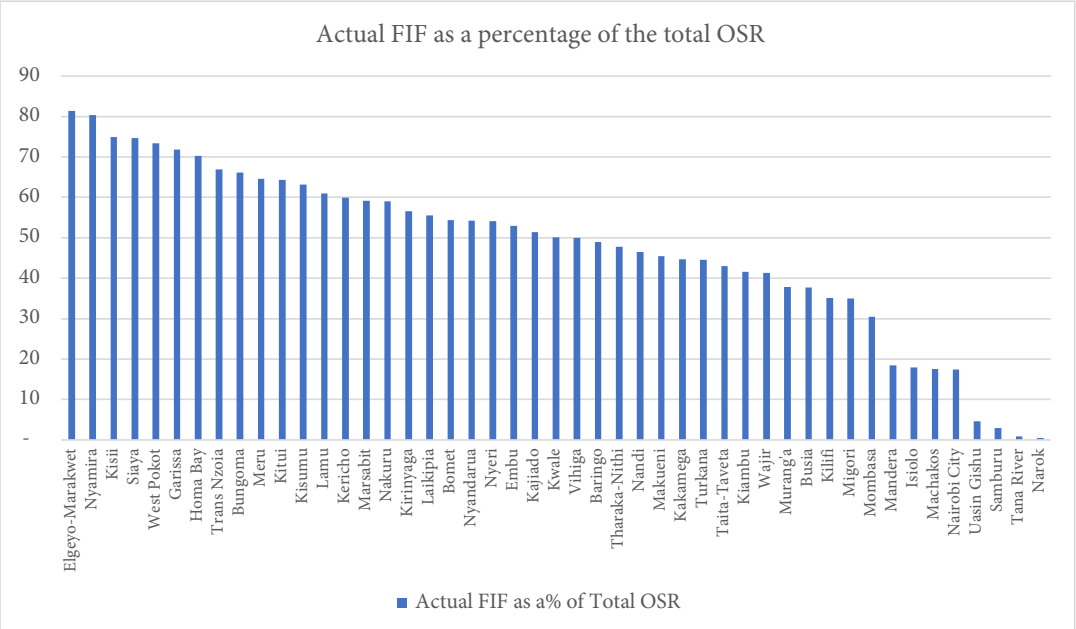
4.6. Overdependence on Funding from Appropriations and Facility Improvement Funds

Section 107(2)(f) of the PFM Act, 2012 states that in managing the county government's public finances, the County Treasury shall ensure the fiscal risks are managed prudently.

Observation: In the first quarter of FY 2023/24, we observed that FIF revenue accounted for more than 50 per cent of the total revenue for 26 counties. This can be attributed to enhancements to health facilities, including better service provision and an adequate supply of medicine, which resulted in an increase in the uptake of health services in these county governments over time.

While the growth in FIF is commendable, it raises the risk of overdependence on a single revenue stream.

Figure 187: Figure 186: Actual FIF as a percentage of the total OSR



Source: *County Treasuries*

Recommendation: We recommend that the counties develop strategies to diversify and increase their other revenue streams over time, thus reducing the risk associated with relying solely on one funding source.

4.7. High Level of Pending Bills

Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015, stipulates that "*debt service payments shall be a first charge on the County Revenue Fund, and the Accounting Officer shall ensure this is done to the extent possible to prevent the County Government from defaulting on its debt obligations.*" Additionally, Regulation 55(2)(b) of Public Finance Management (County Governments) Regulations 2015 requires that finalised and signed contracts are budgeted for before the Accounting Officer of a County Government entity undertakes new projects.

Observation: As of 30 September 2024, counties reported outstanding pending bills totalling Kshs.192.25 billion, comprising Kshs.147.93 billion in recurrent expenditure and Kshs.44.32 billion in development expenditure. The accumulation of pending bills hinders service delivery and disrupts business operations.

***Recommendation**: The accumulation of pending bills negatively impacts public service delivery and disrupts business operations. County governments are advised to prioritise the settlement of eligible pending bills as a first charge to their budgets in compliance with the law. Also, we request the County Governments to adhere to the Senate resolution communicated through their 9 May 2024 letter, mandating that all verified pending bills to be cleared by FY 2024/25.*

4.8. Low Expenditure on Development Budget

Section 107(2)(b) of the Public Finance Management (PFM) Act, 2012, requires that, over the medium term, at least 30 per cent of County Governments' budgets must be allocated to development expenditures.

Observation: During the reporting period, County Governments spent Kshs.6.71 billion on development activities, representing an absorption rate of 3 per cent against the annual development budget of Kshs.205.33 billion. Analysis of development expenditure as a proportion of the approved annual development budget revealed that ten County Governments did not report any expenditure on development programmes.

***Recommendation**: County Governments must prioritise development expenditure to meet the statutory requirement that at least 30 per cent of the budget be allocated to development activities, in line with the Public Finance Management (PFM) Act, 2012. Robust project planning, monitoring, and implementation mechanisms should be adopted to improve the absorption rate of development funds to enhance the country's development.*

4.9. Failure by Fund Administrators to Submit Quarterly Financial Statements to the Controller of Budget

Section 168 of the Public Finance Management (PFM) Act, 2012, requires Fund Administrators to prepare and submit quarterly financial statements for each Fund to the County Treasury, with a copy submitted to the Controller of Budget within 15 days after the end of each quarter.

Observation: Several Fund Administrators failed to submit quarterly financial statements to the Controller of Budget contrary to Section 168 of the PFM Act, 2012, undermining accountability and transparency in the management of public funds.

***Recommendation**: Fund Administrators should comply with Section 168 of the Public Finance Management (PFM) Act, 2012, and ensure timely submission of all financial reports. This will enhance accountability, strengthen fiscal discipline, and improve transparency in fund management.*

4.10. Use of Manual Payroll Processing

One of the resolutions of the third National Wage Bill Conference was that all institutions should migrate their payrolls to the Human Resource Information System – Kenya by 30 June 2025. Further, the use of manual, multiple and stand-alone payroll systems is to cease

Observation: Personnel emoluments amounting to Kshs.2 billion, representing 5 per cent of the total payroll cost, were processed through manual payroll systems, that is, outside the Integrated Payroll and Personnel Database. Reliance on manual payroll systems is susceptible to misuse and increases the risk of public funds being lost due to inadequate controls.

Recommendation: *County governments should process their payroll through the prescribed payroll system to enhance efficiency, ensure accuracy, and mitigate potential risks associated with manual processing.*

5. CONCLUSION

The County Governments Budget Implementation Review Report is prepared and published per Article 228(6) of the Constitution. This article mandates the Controller of Budget (CoB) to submit a report on implementing budgets for the National and County Governments to each House of Parliament every four months. This report presents an overview of the budget implementation status for the first quarter of FY 2024/25, including an analysis of revenue performance and expenditures against annual targets. It also highlights key challenges faced by county governments during this period.

For FY 2024/25, the combined budgets of county governments amount to Kshs.576.73 billion. This total includes Kshs. 205.33 billion (36 per cent) allocated for development expenditure and Kshs.371.40 billion (64 per cent) for recurrent expenditure. During the reporting period, County Governments collected Kshs.12.68 billion in own source revenue, representing 15 per cent of the annual target of Kshs.85.22 billion. This revenue collection shows an improvement compared to Kshs.10.21 billion generated during the same period in FY 2023/24.

The equitable share of revenue raised nationally and transferred to County Revenue Funds for the financial year was Kshs.32.76 billion. Additionally, equitable share arrears for FY 2023/24 (June 2024 disbursement) amounting to Kshs.30.83 billion was transferred. The cash balance available from FY 2024/25 was Kshs.11.64 billion. Overall, the County Governments had a total of Kshs.87.91 billion available for spending during the first three months of FY 2024/25. The total expenditure was Kshs.55.68 billion, representing an absorption rate of 10 per cent of the annual budget of Kshs.576.73 billion. Of this, recurrent expenditure amounted to Kshs.48.96 billion, which was 13 per cent of the annual recurrent budget. Development expenditure totaled Kshs. 6.71 billion, representing an absorption rate of 3 per cent.

Key challenges that negatively affected budget implementation during this reporting period included delays in the enactment of the County Allocation of Revenue Bill 2024 and the County Governments Additional Allocations Bill 2024, underperformance in own source revenue collection, a high level of pending bills, low expenditure on development programs, failure by fund administrators to submit quarterly financial statements to the Controller of Budget, and the continued use of manual payroll processing. The report provides recommendations to address these challenges.

The Office of the Controller of Budget recommends that the County Executive and the County Assembly implement the recommendations in chapter four of this report to enhance budget implementation.

6. ANNEXES

Annex I: Analysis of FIF as a Component of OSR

County	OSR Target	AIA Target	OSR Actual	AIA Actual	Total Actual	Actual FIF as a% of Total
Baringo	390,719,215	149,378,181	48,727,894	46,773,352	95,501,246	49
Bomet	280,032,929	175,718,000	11,465,592	13,690,566	25,156,158	54
Bungoma	1,193,245,420	1,063,647,395	64,096,714	125,188,060	189,284,774	66
Busia	442,262,490	204,744,506	38,348,701	23,236,638	61,585,339	38
Elgeyo-Marakwet	105,784,971	195,000,000	14,633,203	64,076,293	78,709,496	81
Embu	454,377,354	498,255,343	71,230,216	80,048,782	151,278,998	53
Garissa	140,000,000	160,000,000	22,680,111	57,788,652	80,468,763	72
Homa Bay	501,737,917	981,068,740	67,312,100	158,943,021	226,255,121	70
Isiolo	271,208,180	100,000,000	58,339,421	12,783,569	71,122,990	18
Kajiado	1,200,000,000	370,000,000	69,995,845	73,911,904	143,907,749	51
Kakamega	1,359,000,000	841,000,000	175,996,930	142,203,819	318,200,749	45
Kericho	573,742,933	646,355,000	36,921,185	55,149,736	92,070,921	60
Kiambu	5,880,140,717	2,400,000,000	486,996,476	345,928,332	832,924,808	42
Kilifi	1,570,795,142	400,000,000	150,033,162	81,000,000	231,033,162	35
Kirinyaga	410,451,000	200,000,000	47,162,708	61,529,949	108,692,657	57
Kisii	650,000,000	1,561,193,565	67,859,000	202,615,361	270,474,361	75
Kisumu	2,877,951,100	926,122,000	95,598,849	163,759,824	259,358,673	63
Kitui	249,800,000	350,200,000	40,029,727	72,127,600	112,157,327	64
Kwale	450,000,000	300,000,000	38,268,447	38,390,478	76,658,925	50
Laikipia	842,500,000	602,500,000	98,292,389	122,781,427	221,073,816	56
Lamu	160,000,000	130,000,000	13,463,524	21,051,772	34,515,296	61
Machakos	2,788,961,508	687,000,000	237,112,258	50,311,230	287,423,488	18
Makueni	878,322,470	176,430,000	89,977,163	75,141,054	165,118,218	46
Mandera	278,609,881	57,923,965	34,827,044	7,854,740	42,681,784	18
Marsabit	110,000,000	246,112,000	13,536,535	19,628,052	33,164,587	59
Meru	500,000,000	550,000,000	65,652,323	119,931,977	185,584,299	65
Migori	480,000,000	140,000,000	66,158,735	35,658,735	101,817,470	35
Mombasa	4,746,915,692	1,249,998,988	578,372,084	253,777,233	832,149,317	30
Murang'a	750,000,000	500,000,000	105,858,527	64,285,728	170,144,255	38
Nairobi City	20,060,926,033	-	1,805,380,266	382,453,485	2,187,833,751	17
Nakuru	2,226,948,048	1,880,210,000	246,138,011	354,736,499	600,874,510	59
Nandi	306,096,685	301,231,711	40,635,509	35,314,738	75,950,247	46
Narok	4,849,188,092	125,951,908	2,967,889,758	14,168,574	2,982,058,332	0
Nyamira	400,000,000	400,000,000	13,714,011	56,287,248	70,001,259	80
Nyandarua	600,000,000	250,000,000	45,685,815	54,281,182	99,966,997	54
Nyeri	800,000,000	836,295,125	109,993,185	129,447,356	239,440,541	54
Samburu	262,930,140	18,700,000	97,907,678	2,949,540	100,857,218	3
Siaya	849,363,883	194,697,423	35,625,472	104,799,663	140,425,135	75
Taita-Taveta	500,000,000	250,000,000	52,832,000	39,915,017	92,747,017	43
Tana River	92,673,773	3,956,827	77,787,747	715,385	78,503,132	1
Tharaka-Nithi	285,000,000	165,000,000	40,936,180	37,417,771	78,353,951	48
Trans Nzoia	368,300,000	311,700,000	29,100,955	58,794,404	87,895,359	67
Turkana	241,000,000	79,000,000	37,175,814	29,949,715	67,125,529	45
Uasin Gishu	1,318,200,000	76,800,000	140,433,272	6,804,479	147,237,751	5
Vihiga	200,000,000	140,000,000	26,279,107	26,291,095	52,570,202	50

County	OSR Target	AIA Target	OSR Actual	AIA Actual	Total Actual	Actual FIF as a% of Total
Wajir	80,000,000	120,000,000	27,368,593	19,230,733	46,599,326	41
West Pokot	97,195,000	132,805,000	8,766,347	24,123,319	32,889,666	73
Total	**64,074,380,573**	**21,148,995,677**	**8,712,596,580**	**3,967,248,086**	**12,679,844,666**	**31**

Source: County Treasuries

Annex II: Submission of Appropriation Acts, Governors Warrant and Budget Books to OCoB

S/NO	COUNTY	F/Y 24/25 BUDGET SUBMISSION DATES
1	Baringo	29.07.2024
2	Bomet	28.08.2024
3	Bungoma	15.07.2024
4	Busia	01.08.2024
5	Elgeyo Marakwet	22.08.2024
6	Embu	05.08.2024
7	Garissa	26.07.2024
8	Homabay	29.07.2024
9	Isiolo	22.08.2024
10	Kajiado	30.07.2024
11	Kakamega	02.08.2024
12	Kericho	14.08.2024
13	Kiambu	19.07.2024
14	Kilifi	02.08.2024
15	Kirinyaga	16.08.2024
16	Kisii	16.08.2024
17	Kisumu	01.08.2024
18	Kitui	17.07.2024
19	Kwale	31.07.2024
20	Laikipia	06.08.2024
21	Lamu	29.07.2024
22	Machakos	31.07.2024
23	Makueni	30.07.2024
24	Mandera	08.08.2024
25	Marsabit	24.07.2024
26	Meru	05.09.2024
27	Migori	30.07.2024
28	Mombasa	06.08.2024
29	Murang'a	30.07.2024
30	Nairobi	23.07.2024
31	Nakuru	28.07.2024
32	Nandi	29.07.2024
33	Narok	26.07.2024
34	Nyamira	16.08.2024
35	Nyandarua	08.08.2024
36	Nyeri	05.08.2024
37	Samburu	06.08.2024
38	Siaya	13.8.2024

S/NO	COUNTY	F/Y 24/25 BUDGET SUBMISSION DATES
39	Taita Taveta	15.07.2024
40	Tana River	19.08.2024
41	Tharaka Nithi	30.07.2024
42	Trans Nzoia	06.08.2024
43	Turkana	26.07.2024
44	Uasin Gishu	06.08.2024
45	Vihiga	26.07.2024
46	Wajir	08.08.2024
47	West Pokot	16.08.2024

Source: *County Treasuries & OCoB*

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