



THE REPUBLIC OF KENYA

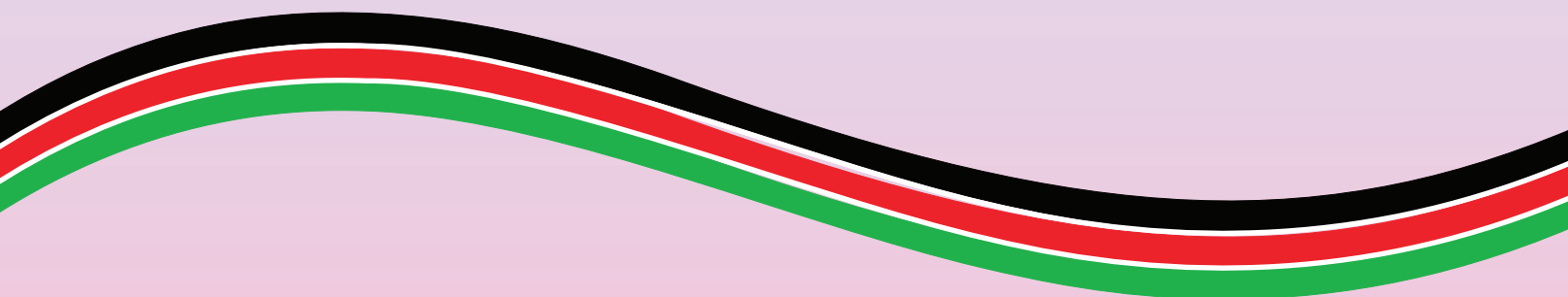
OFFICE OF THE CONTROLLER OF BUDGET



COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

**FOR THE
FY 2019/20**

SEPTEMBER, 2020





**THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET**



**COUNTY GOVERNMENTS
BUDGET IMPLEMENTATION REVIEW REPORT**

**FOR THE
FY 2019/20**

SEPTEMBER, 2020

FOREWORD

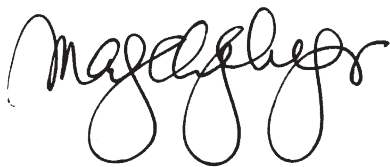
I am pleased to present the Annual County Governments Budget Implementation Review Report (CBIRR) for the Financial Year (FY) 2019/20. The report has been prepared in fulfilment of Article 228 (6) of the Constitution of Kenya, 2010 and the Controller of Budget Act, 2016, which require the Controller of Budget (COB) to submit to both Houses of Parliament a report on the implementation of budgets of both National and County Governments every four months.

The report presents the status of the budget implementation by the 47 County Governments in the FY 2019/20. It covers the period July 2019 to June 2020. The County budgets were implemented at a time when the global economy and social environment was adversely affected by the Novel Coronavirus Disease (COVID-19). Kenya recorded its first COVID-19 case on March 13, 2020, prompting the government to institute measures to curb its spread. It is my sincere hope that the measures taken by the stakeholders both in the public and private sectors will mitigate the effects of the pandemic.

The report is based on the approved budgets and financial reports submitted by respective County Governments and further informed by data generated from the Integrated Financial Management Information System (IFMIS). The report presents an analysis of the release of funds to the County Governments, performance on own-source revenue collections by each county, and review of actual expenditure against the budget allocations. The key issues that hampered the effective implementation of the FY 2019/20 budget have been identified and appropriate recommendations made to enhance future budget execution.

The CBIRR is disseminated to the wider public in line with Section 39(8) of the Public Finance Management Act, 2012 (PFM) which requires the Controller of Budget to ensure that the public has access to information on budget implementation. Through the quarterly release of CBIRRs, the Office of the Controller of Budget (OCOB) aims at promoting openness in the use of public funds and calls on the readers of the report to engage in the budget process and interrogate whether public funds are utilized efficiently and effectively.

I acknowledge the contributions from the staff of the OCOB and County Treasuries for their support in preparing this report.



Dr. Margaret Nyakang'o
CONTROLLER OF BUDGET

TABLE OF CONTENTS

FOREWORD.....	II
ACRONYMS	XII
EXECUTIVE SUMMARY	XIV
KEY HIGHLIGHTS.....	XVI
1 INTRODUCTION	1
2 FINANCIAL ANALYSIS OF COUNTY GOVERNMENTS PERFORMANCE IN FY 2019/20	2
2.1 Introduction	2
2.2 Revenue Analysis	2
2.3 Expenditure Analysis.....	5
3 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FY 2019/20.....	12
3.1 Introduction	12
3.2 County Government of Baringo	12
3.3 County Government of Bomet	20
3.4 County Government of Bungoma.....	33
3.5 County Government of Busia.....	41
3.6 County Government of Elgeyo Marakwet.....	50
3.7 County Government of Embu	59
3.8 County Government of Garissa	66
3.9 County Government of Homa Bay	74
3.10 County Government of Isiolo	84
3.11 County Government of Kajiado.....	94
3.12 County Government of Kakamega.....	103
3.13 County Government of Kericho.....	113
3.14 County Government of Kiambu	120
3.15 County Government of Kilifi	127
3.16 County Government of Kirinyaga.....	135
3.17 County Government of Kisii	142
3.18 County Government of Kisumu	149
3.19 County Government of Kitui	157
3.20 County Government of Kwale.....	166
3.21 County Government of Laikipia.....	175
3.22 County Government of Lamu	183
3.23 County Government of Machakos	189
3.24 County Government of Makueni	196
3.25 County Government of Mandera.....	205
3.26 County Government of Marsabit	211
3.27 County Government of Meru.....	217
3.28 County Government of Migori	225
3.29 County Government of Mombasa	239
3.30 County Government of Murang'a	245
3.31 County Government of Nairobi City	252

3.32	County Government of Nakuru	264
3.33	County Government of Nandi.....	272
3.34	County Government of Narok.....	279
3.35	County Government of Nyamira	288
3.36	County Government of Nyandarua.....	296
3.37	County Government of Nyeri.....	303
3.38	County Government of Samburu	310
3.39	County Government of Siaya	318
3.40	County Government of Taita Taveta	326
3.41	County Government of Tana River	332
3.42	County Government of Tharaka Nithi.....	341
3.43	County Government of Trans Nzoia	349
3.44	County Government of Turkana	356
3.45	County Government of Uasin Gishu	369
3.46	County Government of Vihiga.....	377
3.47	County Government of Wajir	385
3.48	County Government of West Pokot	393
4	KEY CHALLENGES AND RECOMMENDATIONS	401
4.0	Introduction	401
4.1	High Expenditure on Personnel Emoluments	401
4.2	Under-performance in Own Source Revenue Collection	401
4.3	Low Expenditures on the Development Budget.....	401
4.4	Delays in the Submission of Financial Reports to the Controller of Budget.....	401
4.5	High Level of Pending Bills.....	402
4.6	Use of Own- Source Revenue and Weak Budgetary Control	402
4.7	Utilisation of COVID-19 Funds in the FY 2019/20.....	402
5	CONCLUSION	403
	ANNEXES	404
	ANNEX I: ANALYSIS OF PERCENTAGE OF PERSONAL EMOLUMENTS TO AVAILABLE REVENUE FOR EACH COUNTY	404

LIST OF TABLES

Table 2-1:	Conditional Grants as per the CARA, 2019.....	2
Table 2-2:	Own Source Revenue Collection for FY 2019/20.....	3
Table 2-3:	Expenditure by Economic Classification for FY 2019/20.....	5
Table 2-4:	County Budget Allocation, Expenditure and Absorption Rate for FY 2018/19	7
Table 2-5:	MCAs Budget Allocation, Expenditure and Absorption Rate in the FY 2019/20	9
Table 2-6:	Pending Bills for the Counties as of June 30th, 2020	10
Table 3-1:	Baringo County, Revenue Performance in FY 2019/20.....	12
Table 3-2:	Summary of FY 2019/20 Expenditure by Economic Classification	14
Table 3-3:	Baringo County, List of Development Projects with the Highest Expenditure in FY 2019/20	15
Table 3-4:	Baringo County, Budget Performance by Department for FY 2019/20	16
Table 3-5:	Baringo County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	17
Table 3-6:	Bomet County, Revenue Performance in FY 2019/20	20
Table 3-7:	Summary of FY 2019/20 Expenditure by Economic Classification	21
Table 3-8	Bomet County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	22
Table 3-9:	Bomet County, Budget Performance by Department for FY 2019/20.....	23
Table 3-10:	Bomet County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	24
Table 3-11:	Bungoma County, Revenue Performance in FY 2019/20.....	33
Table 3-12:	Summary of FY 2019/20 Expenditure by Economic Classification	35
Table 3-13:	Bungoma County, List of Development Projects with the Highest Expenditure in FY 2019/20	36
Table 3-14:	Bungoma County, Budget Performance by Department for FY 2019/20	36
Table 3-15:	Bungoma County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	37
Table 3-16:	Busia County, Revenue Performance in FY 2019/20.....	41
Table 3-17:	Summary of FY 2019/20 Expenditure by Economic Classification	43
Table 3-18:	Busia County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	44
Table 3-19:	Busia County, Budget Performance by Department for FY 2019/20.....	44
Table 3-20:	Busia County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	45
Table 3-21:	Elgeyo Marakwet County, Revenue Performance in FY 2019/20.....	50
Table 3-22:	Summary of FY 2019/20 Expenditure by Economic Classification	52
Table 3-23:	Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure in FY 2019/20	53
Table 3-24:	Elgeyo Marakwet County, Budget Performance by Department for FY 2019/20	53
Table 3-25:	Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	54
Table 3-26:	Embu County, Revenue Performance in FY 2019/20	59
Table 3-27:	Summary of FY 2019/20 Expenditure by Economic Classification	61
Table 3-28:	Embu County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	62
Table 3-29:	Embu County, Budget Performance by Department for FY 2019/20.....	62
Table 3-30 :	Embu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	63
Table 3-31:	Garissa County, Revenue Performance in FY 2019/20.....	67
Table 3-32:	Summary of FY 2019/20 Expenditure by Economic Classification	68
Table 3-34:	Garissa County, Budget Performance by Department for FY 2019/20	70
Table 3-35:	Garissa County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	70
Table 3-36:	Homa Bay County, Revenue Performance in FY 2019/20.....	75
Table 3-37:	Summary of FY 2019/20 Expenditure by Economic Classification	76
Table 3-38:	Homa Bay County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	77
Table 3-39:	Homa Bay County, Budget Performance by Department for FY 2019/20.....	78
Table 3-40 :	Homa Bay County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	79
Table 3-41:	Isiolo County, Revenue Performance in FY 2019/20	84
Table 3-42:	Summary of FY 2019/20 Expenditure by Economic Classification	85
Table 3-43:	Isiolo County, List of Development Projects with the Highest Expenditure in FY 2019/20	86
Table 3-44:	Isiolo County, Budget Performance by Department for FY 2019/20.....	87
Table 3-45 :	Isiolo County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	88
Table 3-46:	Kajiado County, Revenue Performance in FY 2019/20	94
Table 3-47:	Summary of FY 2019/20 Expenditure by Economic Classification	96

Table 3-48:	Kajiado County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	97
Table 3-49:	Kajiado County, Budget Performance by Department for FY 2019/20.....	98
Table 3-50 :	Kajiado County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	99
Table 3-51:	Kakamega County, Revenue Performance in FY 2019/20.....	103
Table 3-52:	Summary of FY 2019/20 Expenditure by Economic Classification	105
Table 3-53:	Kakamega County, List of Development Projects with the Highest Expenditure in FY 2019/20	106
Table 3-54:	Kakamega County, Budget Performance by Department for FY 2019/20	107
Table 3-55 :	Kakamega County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	108
Table 3-56:	Kericho County, Revenue Performance in FY 2019/20.....	113
Table 3-57:	Summary of FY 2019/20 Expenditure by Economic Classification	115
Table 3-58:	Kericho County, List of Development Projects with the Highest Expenditure in FY 2019/20	116
Table 3-59:	Kericho County, Budget Performance by Department for FY 2019/20	116
Table 3-60 :	Kericho County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	117
Table 3-61:	Kiambu County, Revenue Performance in FY 2019/20.....	120
Table 3-62:	Summary of FY 2019/20 Expenditure by Economic Classification	122
Table 3-63:	Kiambu County, List of Development Projects with the Highest Expenditure in FY 2019/20	123
Table 3-64:	Kiambu County, Budget Performance by Department for FY 2019/20	123
Table 3-65 :	Kiambu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	124
Table 3-66:	Kilifi County, Revenue Performance in FY 2019/20.....	128
Table 3-67:	Summary of FY 2019/20 Expenditure by Economic Classification	129
Table 3-68:	Kilifi County, List of Development Projects with the Highest Expenditure in FY 2019/20	130
Table 3-69:	Kilifi County, Budget Performance by Department for FY 2019/20	131
Table 3-70 :	Kilifi County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	132
Table 3-71:	Kirinyaga County, Revenue Performance in FY 2019/20	135
Table 3-72:	Summary of FY 2019/20 Expenditure by Economic Classification	137
Table 3-73:	Kirinyaga County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	138
Table 3-74:	Kirinyaga County, Budget Performance by Department for FY 2019/20.....	138
Table 3-75 :	Kirinyaga County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	139
Table 3-76:	Kisii County, Revenue Performance in FY 2019/20.....	142
Table 3-77	Summary of FY 2019/20 Expenditure by Economic Classification	144
Table 3-78:	Kisii County, List of Development Projects with the Highest Expenditure in FY 2019/20	145
Table 3-79:	Kisii County, Budget Performance by Department for FY 2019/20	146
Table 3-80 :	Kisii County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	147
Table 3-81:	Kisumu County, Revenue Performance in FY 2019/20.....	149
Table 3-82:	Summary of FY 2019/20 Expenditure by Economic Classification	151
Table 3-83:	Kisumu County, List of Development Projects with the Highest Expenditure in FY 2019/20	152
Table 3-84:	Kisumu County, Budget Performance by Department for FY 2019/20	152
Table 3-85:	Kisumu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	153
Table 3-86:	Kitui County, Revenue Performance in FY 2019/20.....	158
Table 3-87:	Summary of FY 2019/20 Expenditure by Economic Classification	159
Table 3-88:	Kitui County, List of Development Projects with the Highest Expenditure in FY 2019/20	160
Table 3-89:	Kitui County, Budget Performance by Department for FY 2019/20	161
Table 3-90 :	Kitui County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	162
Table 3-91:	Kwale County, Revenue Performance in FY 2019/20.....	166
Table 3-92:	Summary of FY 2019/20 Expenditure by Economic Classification	167
Table 3-93:	Kwale County, List of Development Projects with the Highest Expenditure in FY 2019/20	169
Table 3-94:	Kwale County, Budget Performance by Department for FY 2019/20	169
Table 3-95:	Kwale County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	170
Table 3-96:	Laikipia County, Revenue Performance in FY 2019/20	175
Table 3-97:	Summary of FY 2019/20 Expenditure by Economic Classification	177
Table 3-98:	Laikipia County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	178
Table 3-99:	Laikipia County, Budget Performance by Department for FY 2019/20.....	178
Table 3-100:	Laikipia County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	179
Table 3-101:	Lamu County, Revenue Performance in FY 2019/20.....	183

Table 3-102:	Summary of FY 2019/20 Expenditure by Economic Classification	184
Table 3-103:	Lamu County, List of Development Projects with the Highest Expenditure in FY 2019/20	185
Table 3-104:	Lamu County, Budget Performance by Department for FY 2019/20	186
Table 3-105 :	Lamu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	187
Table 3-106:	Machakos County, Revenue Performance in FY 2019/20	190
Table 3-107:	Summary of FY 2019/20 Expenditure by Economic Classification	191
Table 3-108:	Machakos County, List of Development Projects with the Highest Expenditure in FY 2019/20	192
Table 3-109:	Machakos County, Budget Performance by Department for FY 2019/20	193
Table 3-110 :	Machakos County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	194
Table 3-111 :	Makueni County, Revenue Performance in FY 2019/20	197
Table 3-112:	Summary of FY 2019/20 Expenditure by Economic Classification	198
Table 3-113:	Makueni County, List of Development Projects with the Highest Expenditure in FY 2019/20	200
Table 3-114:	Makueni County, Budget Performance by Department for FY 2019/20	200
Table 3-115 :	Makueni County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	201
Table 3-116:	Mandera County, Revenue Performance in FY 2019/20	206
Table 3-117:	Summary of FY 2019/20 Expenditure by Economic Classification	207
Table 3-118:	Mandera County, List of Development Projects with the Highest Expenditure in FY 2019/20	208
Table 3-119:	Mandera County, Budget Performance by Department for FY 2019/20	209
Table 3-120 :	Mandera County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	210
Table 3-121:	Marsabit County, Revenue Performance in FY 2019/20	211
Table 3-122:	Summary of FY 2019/20 Expenditure by Economic Classification	213
Table 3-123:	Marsabit County, List of Development Projects with the Highest Expenditure in FY 2019/20	214
Table 3-124:	Marsabit County, Budget Performance by Department for FY 2019/20	215
Table 3-125 :	Marsabit County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	215
Table 3-126:	Meru County, Revenue Performance in FY 2019/20	218
Table 3-127:	Summary of FY 2019/20 Expenditure by Economic Classification	219
Table 3-128:	Meru County, List of Development Projects with the Highest Expenditure in FY 2019/20	220
Table 3-129:	Meru County, Budget Performance by Department for FY 2019/20	221
Table 3-130 :	Meru County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	222
Table 3-131:	Migori County, Revenue Performance in FY 2019/2020	225
Table 3-132:	Summary of FY 2019/20 Expenditure by Economic Classification	227
Table 3-133:	Migori County, List of Development Projects with the Highest Expenditure in FY 2019/20	228
Table 3-134:	Migori County, Budget Performance by Department for FY 2019/20	228
Table 3-135 :	Migori County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	229
Table 3-136:	Mombasa County, Revenue Performance in FY 2019/20	239
Table 3-137:	Summary of FY 2019/20 Expenditure by Economic Classification	240
Table 3-138:	Mombasa County, List of Development Projects with the Highest Expenditure in FY 2019/20	241
Table 3-139:	Mombasa County, Annual Budget Performance by Department for the FY 2019/20	242
Table 3-140:	Mombasa County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	243
Table 3-140:	Murang'a County, Revenue Performance in FY 2019/20	246
Table 3-142:	Summary of FY 2019/20 Expenditure by Economic Classification	247
Table 3-143:	Murang'a County, List of Development Projects with the Highest Expenditure in FY 2019/20	248
Table 3-144:	Murang'a County, Budget Performance by Department for FY 2019/20	249
Table 3-145 :	Murang'a County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	249
Table 3-146:	Nairobi City County, Revenue Performance in FY 2019/20	253
Table 3-147:	Summary of FY 2019/20 Expenditure by Economic Classification	254
Table 3-148:	Nairobi City County, List of Development Projects with the Highest Expenditure in FY 2019/20	255
Table 3-149:	Nairobi City County, Budget Performance by Department for the First Nine Months of FY 2019/20	256
Table 3-150 :	Nairobi City County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	257
Table 3-151:	Nakuru County, Revenue Performance in FY 2019/20	264
Table 3-152:	Summary of FY 2019/20 Expenditure by Economic Classification	266
Table 3-153:	Nakuru County, List of Development Projects with the Highest Expenditure in FY 2019/20	267
Table 3-154:	Nakuru County, Budget Performance by Department for FY 2019/20	267
Table 3-155 :	Nakuru County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	268

Table 3-156:	Nandi County, Revenue Performance in FY 2019/20	272
Table 3-157:	Summary of FY 2019/20 Expenditure by Economic Classification	274
Table 3-158:	Nandi County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	275
Table 3-159:	Nandi County, Budget Performance by Department for FY 2019/20.....	276
Table 3-160 :	Nandi County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	276
Table 3-161:	Narok County, Revenue Performance in FY 2019/20	280
Table 3-162:	Summary of FY 2019/20 Expenditure by Economic Classification	281
Table 3-164:	Narok County, List of Development Projects in FY 2019/20	283
Table 3-163:	Narok County, Budget Performance by Department for FY 2019/20.....	283
Table 3-165 :	Narok County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	284
Table 3-166:	Nyamira County, Revenue Performance in FY 2019/20	288
Table 3-167:	Summary of FY 2019/20 Expenditure by Economic Classification	290
Table 3-168:	Nyamira County, List of Development Projects with the Highest Expenditure in FY 2019/20	291
Table 3-169:	Nyamira County, Budget Performance by Department for FY 2019/20.....	292
Table 3-170 :	Nyamira County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	293
Table 3-171:	Nyandarua County, Revenue Performance in FY 2019/20	296
Table 3-172:	Summary of FY 2019/20 Expenditure by Economic Classification	298
Table 3-173:	Nyandarua County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	299
Table 3-174:	Nyandarua County, Budget Performance by Department for FY 2019/20.....	299
Table 3-175 :	Nyandarua County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	300
Table 3-176:	Nyeri County, Revenue Performance in FY 2019/20.....	303
Table 3-177:	Summary of FY 2019/20 Expenditure by Economic Classification	305
Table 3-178:	Nyeri County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	306
Table 3-179:	Nyeri County, Budget Performance by Department for FY 2019/20.....	306
Table 3-180 :	Nyeri County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	307
Table 3-181:	Samburu County, Revenue Performance in FY 2019/20.....	310
Table 3-182:	Summary of FY 2019/20 Expenditure by Economic Classification	311
Table 3-183:	Samburu County, List of Development Projects with the Highest Expenditure in FY 2019/20	313
Table 3-184:	Samburu County, Budget Performance by Department for FY 2019/20	313
Table 3-185:	Samburu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	314
Table 3-186:	Siaya County, Revenue Performance in FY 2019/20.....	319
Table 3-187:	Summary of FY 2019/20 Expenditure by Economic Classification	320
Table 3-188:	Siaya County, List of Development Projects with the Highest Expenditure in FY 2019/20	321
Table 3-189:	Siaya County, Budget Performance by Department for FY 2019/20	322
Table 3-190 :	Siaya County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	323
Table 3-191:	Taita Taveta County, Revenue Performance in FY 2019/20.....	326
Table 3-192:	Summary of FY 2019/20 Expenditure by Economic Classification	328
Table 3-193:	Taita Taveta County, List of Development Projects with the Highest Expenditure in FY 2019/20	329
Table 3-194:	Taita Taveta County, Budget Performance by Department for FY 2019/20	330
Table 3-195 :	Taita Taveta County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	330
Table 3-196:	Tana River County, Revenue Performance in FY 2019/20.....	332
Table 3-197:	Summary of FY 2019/20 Expenditure by Economic Classification	334
Table 3-198:	Tana River County, List of Development Projects with the Highest Expenditure in FY 2019/20	335
Table 3-199:	Tana River County, Budget Performance by Department for FY 2019/20	335
Table 3-200 :	Tana River County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	336
Table 3-201:	Tharaka Nithi County, Revenue Performance in FY 2019/20	341
Table 3-202:	Summary of FY 2019/20 Expenditure by Economic Classification	342
Table 3-203:	Tharaka Nithi County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	343
Table 3-204:	Tharaka Nithi County, Budget Performance by Department for FY 2019/20.....	344
Table 3-205 :	Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	345
Table 3-206:	Trans Nzoia County, Revenue Performance in FY 2019/20.....	349
Table 3-207:	Summary of FY 2019/20 Expenditure by Economic Classification	351
Table 3-208:	Trans Nzoia County, List of Development Projects with the Highest Expenditure in FY 2019/20	352
Table 3-209:	Trans Nzoia County, Budget Performance by Department for FY 2019/20	352

Table 3-210 :	Trans Nzoia County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	353
Table 3-211:	Turkana County, Revenue Performance in FY 2019/20.....	356
Table 3-212:	Summary of FY 2019/20 Expenditure by Economic Classification	358
Table 3-213:	Turkana County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	359
Table 3-214:	Turkana County, Budget Performance by Department for FY 2019/20.....	359
Table 3-215 :	Turkana County, Budget Execution by Programmes and Sub-programmes in FY 2019/20.....	360
Table 3-216:	Uasin Gishu County, Revenue Performance in FY 2019/20	369
Table 3-217:	Summary of FY 2019/20 Expenditure by Economic Classification	370
Table 3-218:	Uasin Gishu County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	371
Table 3-219:	Uasin Gishu County, Budget Performance by Department for FY 2019/20.....	372
Table 3-220 :	Uasin Gishu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	373
Table 3-221:	Vihiga County, Revenue Performance in FY 2019/2020.....	378
Table 3-222:	Summary of FY 2019/20 Expenditure by Economic Classification	379
Table 3-223:	Vihiga County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	380
Table 3-224:	Vihiga County, Budget Performance by Department for FY 2019/20.....	381
Table 3-225 :	Vihiga County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	381
Table 3-226:	Wajir County, Revenue Performance in FY 2019/20	385
Table 3-227:	Summary of FY 2019/20 Expenditure by Economic Classification	387
Table 3-228:	Wajir County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	388
Table 3-229:	Wajir County, Budget Performance by Department for FY 2019/20.....	388
Table 3-230:	Wajir County, Budget Execution by Programmes and Sub-programmes.....	389
Table 3-231:	West Pokot County, Revenue Performance in FY 2019/20	393
Table 3-232:	Summary of FY 2019/20 Expenditure by Economic Classification	395
Table 3-233:	West Pokot County, List of Development Projects with the Highest Expenditure in FY 2019/20.....	396
Table 3-234:	West Pokot County, Budget Performance by Department for FY 2019/20.....	396
Table 3-235 :	West Pokot County, Budget Execution by Programmes and Sub-programmes in FY 2019/20	397

LIST OF FIGURES

Figure 2-1:	Expected Sources of Budget Financing in FY 2019/20.....	2
Figure 3-1:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	13
Figure 3-2:	Baringo County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	15
Figure 3-3:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	21
Figure 3-4:	County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	22
Figure 3-5:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	34
Figure 3-6:	Bungoma County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	35
Figure 3-7:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	42
Figure 3-8:	Busia County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	43
Figure 3-9:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	51
Figure 3-10:	Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	52
Figure 3-11:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	60
Figure 3-12:	Embu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	61
Figure 3-13:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	68
Figure 3-14:	Garissa County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	69
Table 3-33:	Garissa County, List of Development Projects with the Highest Expenditure in FY 2019/20	69
Figure 3-16:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	76
Figure 3-17:	Homa Bay County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	77
Figure 3-18:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	85
Figure 3-19:	Isiolo County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	86
Figure 3-20:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	95
Figure 3-21:	Kajiado County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	97
Figure 3-22:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	105
Figure 3-23:	Kakamega County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	106
Figure 3-24:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	114
Figure 3-25:	Kericho County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	115
Figure 3-26:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	121
Figure 3-27:	Kiambu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	122
Figure 3-28:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	129
Figure 3-29:	Kilifi County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	130
Figure 3-30:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	136
Figure 3-31:	Kirinyaga County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	137
Figure 3-32:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	143
Figure 3-33:	Kisii County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	145
Figure 3-34:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	150
Figure 3-35:	Kisumu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	151
Figure 3-36:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	159
Figure 3-37:	Kitui County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	160
Figure 3-38:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	167
Figure 3-39:	Kwale County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	168
Figure 3-40:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	176
Figure 3-41:	Laikipia County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	177
Figure 3-42:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	184
Figure 3-43:	Lamu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	185
Figure 3-44:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	191
Figure 3-45:	Machakos County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	192
Figure 3-46 :	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	197
Figure 3-47:	Makueni County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	199
Figure 3-48:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	207
Figure 3-49:	Mandera County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	208
Figure 3-50:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	212
Figure 3-51:	Marsabit County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	214

Figure 3-52:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	219
Figure 3-53:	Meru County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	220
Figure 3-54:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	226
Figure 3-55:	Migori County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	227
Figure 3-56:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	240
Figure 3-57:	Mombasa County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	241
Figure 3-58:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	247
Figure 3-59:	Murang'a County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	248
Figure 3-60:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	253
Figure 3-61:	Nairobi City County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	255
Figure 3-62:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	265
Figure 3-63:	Nakuru County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	266
Figure 3-64:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	273
Figure 3-65:	Nandi County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	275
Figure 3-66:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	281
Figure 3-67:	Narok County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	282
Figure 3-68:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	289
Figure 3-69:	Nyamira County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	291
Figure 3-70:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	297
Figure 3-71:	Nyandarua County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	298
Figure 3-72:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	304
Figure 3-73:	Nyeri County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	305
Figure 3-74:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	311
Figure 3-75:	Samburu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	312
Figure 3-76:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	320
Figure 3-77:	Siaya County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	321
Figure 3-78:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	327
Figure 3-79:	Taita Taveta County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	329
Figure 3-80 :	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	333
Figure 3-81:	Tana River County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	334
Figure 3-82:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	342
Figure 3-83:	Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	343
Figure 3-84:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	350
Figure 3-85:	Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	351
Figure 3-86:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	357
Figure 3-87:	Turkana County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20	358
Figure 3-88:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	370
Figure 3-89:	Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	371
Figure 3-90:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	379
Figure 3-91:	Vihiga County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	380
Figure 3-92:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	386
Figure 3-93:	County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	387
Figure 3-94:	Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20	394
Figure 3-95:	West Pokot County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20.....	395

ACRONYMS

ADP	Annual Development Plan
A-I-A	Appropriations in Aid
ASDSP	Agriculture Sector Development Support Programme
CA	County Assembly
CARA	County Allocation of Revenue Act
CBEF	County Budget and Economic Forum
CBIRR	County Budget Implementation Review Report
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee
CFSP	County Fiscal Strategy Paper
CECM-F	County Executive Committee Member for Finance
CIDP	County Integrated Development Plan
COB	Controller of Budget
COVID-19	Coronavirus Disease 2019
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DRPNK	Drought Resilience Programme in Northern Kenya
ECDE	Early Childhood Development Education
ERP	Enterprise Resource Planning
EU	European Union
FAO	Food and Agriculture Organization
FIF	Facility Improvement Fund
FY	Financial Year
IB	Internet Banking
ICT	Information Communication Technology
IDA	International Development Association
IDEAS	Instruments for Devolution Advice and Support
IFMIS	Integrated Financial Management Information System
IPPD	Integrated Payroll Personnel Database
KASP	Kenya Agricultural Support Programme
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Programme
KRB	Kenya Roads Board
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Project
LREB	Lake Region Economic Bloc
MCA	Member of County Assembly
NARIGP	National Agricultural and Rural Inclusive Growth Project
O&M	Operations and Maintenance
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
RMLF	Road Maintenance Levy Fund
SME	Small and Medium Enterprise
SRC	Salaries and Remuneration Commission
THSUC	Transforming Health Systems for Universal Health Care
UHC	Universal Health Care
UIB	Urban Integrated Plan

UDG	Urban Development Grant
UIG	Urban Institutional Grants
WB	World Bank
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This is the Annual County Budget Implementation Review Report (CBIRR) for the FY 2019/20 and has been prepared in fulfilment of Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act 2016. It covers the period from July 2019 to June 2020 and presents information on budget implementation by each of the 47 County Governments by analysing revenue and expenditure performance against the annual budget estimates. Expenditure is based on financial reports submitted by County Governments and those generated from the Integrated Financial Management System (IFMIS).

The approved aggregate budget estimates for the 47 County governments in amounted to Kshs.499.62 billion and comprised of Kshs.187.98 billion (37.6 per cent) allocated to Development Expenditure and Kshs.311.63 billion (62.4 per cent) for Recurrent Expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget must be allocated for development programs. To finance the budgets, county governments expected to receive Kshs.316.5 billion as the equitable share of revenue raised nationally, Kshs.22.9 billion as total conditional grants from the National Government, Ksh.39.09 billion as total loans and grants from Development Partners, generate Kshs.54.9 billion from own revenue sources, and utilize Kshs.51.23 billion cash balance from FY 2018/19.

In the FY 2019/20, the total funds available to the County Governments amounted to Kshs.411.96 billion. This amount consisted of Kshs.286.78 billion as the equitable share of revenue raised nationally, Kshs.29.19 billion as conditional grants disbursed by the National Treasury, Kshs.8.98 billion from the Road Maintenance Fuel Levy Fund, Kshs.51.23 billion cash balance from FY 2018/19, and Kshs.35.77 billion raised from own sources. Disbursements by the National Treasury excluded releases towards Leasing of Medical Equipment, Supplement for Construction of County Headquarters, and Road Maintenance Fuel Levy, which is administered directly by the respective National Government Ministries, Departments and Agencies (MDAs). During the reporting period, Counties received a further Kshs.5 billion from the National Government through the Ministry of Health (MOH) for COVID-19 intervention, Kshs.2.36 billion from the National Government through (MOH) for allowances for Front Line Health Care Workers, and Kshs.350 million from DANIDA as grant support for Level 2 and 3 Health Facilities.

The revenue out-turn of Kshs.35.77 billion generated by the county governments was 65.2 per cent of the annual target of Kshs.54.9 billion, a decrease compared to Kshs.40.30 billion generated in FY 2018/19, which was 74.8 per cent of the annual target. During the year, only five counties namely; Homa Bay, Taita Taveta, Machakos, Lamu and Bomet exceeded their annual targets. On the contrary, counties that recorded performance of less than 50 per cent against annual targets were Meru, Nandi, Busia, Siaya, Wajir, Kajiado, and Kisii.

The Controller of Budget authorised withdrawals of Kshs.392.53 billion from the County Revenue Funds to the County Operational Accounts of the County Governments for budget execution. The total expenditure by County governments in the FY 2019/20 was Kshs.383.79 billion and represented an absorption rate of 76.8 per cent of the total annual County Government's Budgets. The absorption rate was a decline from 77.9 per cent attained in the FY 2018/19 where total expenditure was Kshs.376.43 billion.

Recurrent Expenditure was Kshs.279.27 billion, representing 89.6 per cent of the annual recurrent budget, and a decline from 90.4 per cent reported in FY 2018/19. Development Expenditure amounted to Kshs.104.51 billion, representing an absorption rate of 55.6 per cent, and a reduction from 57.8 per cent attained in the FY 2018/19 when total Development Expenditure was Kshs.107.44 billion. Expenditure by economic classification showed that Kshs.17.83 billion (44.8 per cent) was spent on Personnel Emoluments, Kshs.107.44 billion (28 per cent) on Operations and Maintenance, and Kshs.104.51 billion (27.2 per cent) on Development Expenditure.

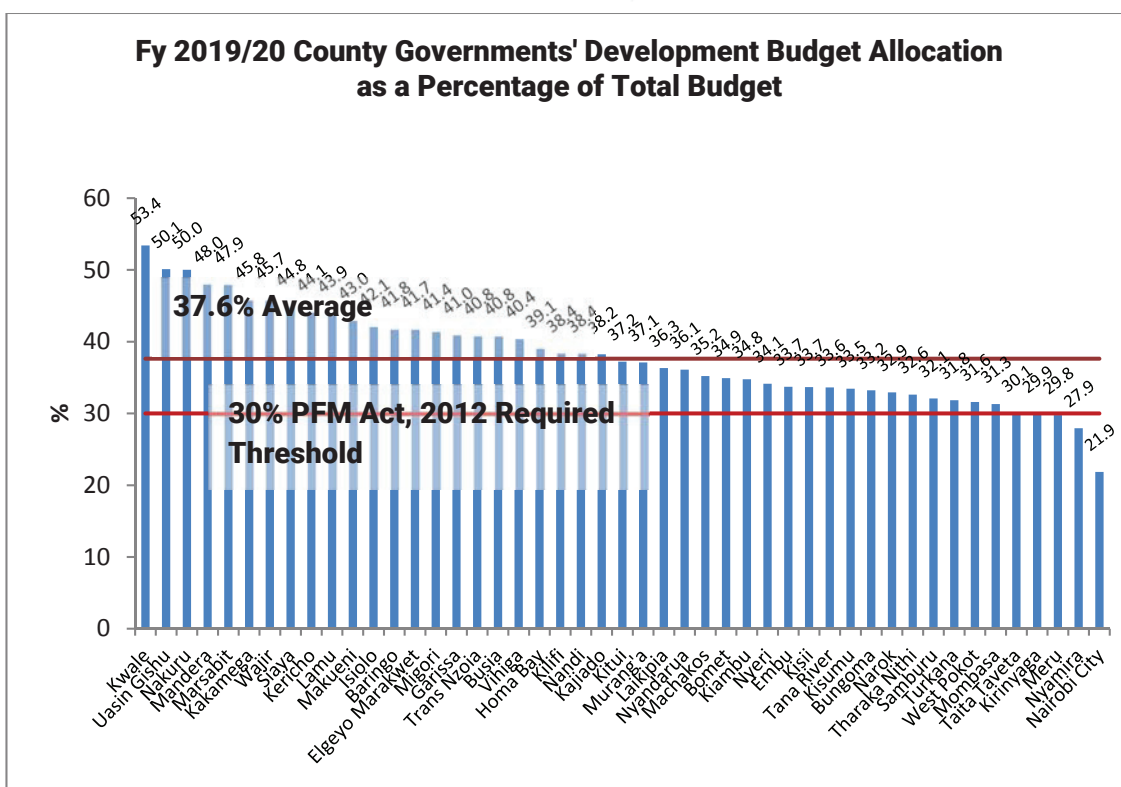
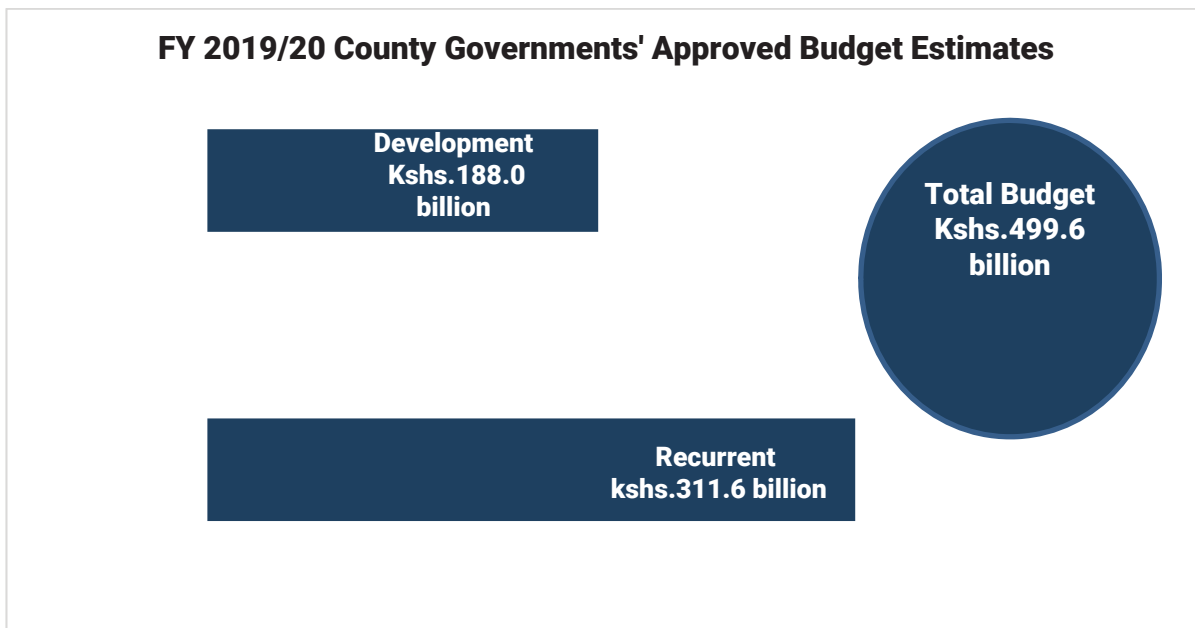
Analysis of development expenditure as a proportion of approved annual development budget showed that Murang'a, Isiolo, Mandera and Marsabit Counties attained the highest absorption rates at 85.7 per cent, 79.7 per cent, 79.7 per cent and 79 per cent respectively. Conversely, Laikipia, Nandi, Nakuru and Nairobi City Counties reported the lowest absorption rate of their development budget at 39.3 per cent, 39 per cent, 37.4 per cent, and 6.9 per cent respectively.

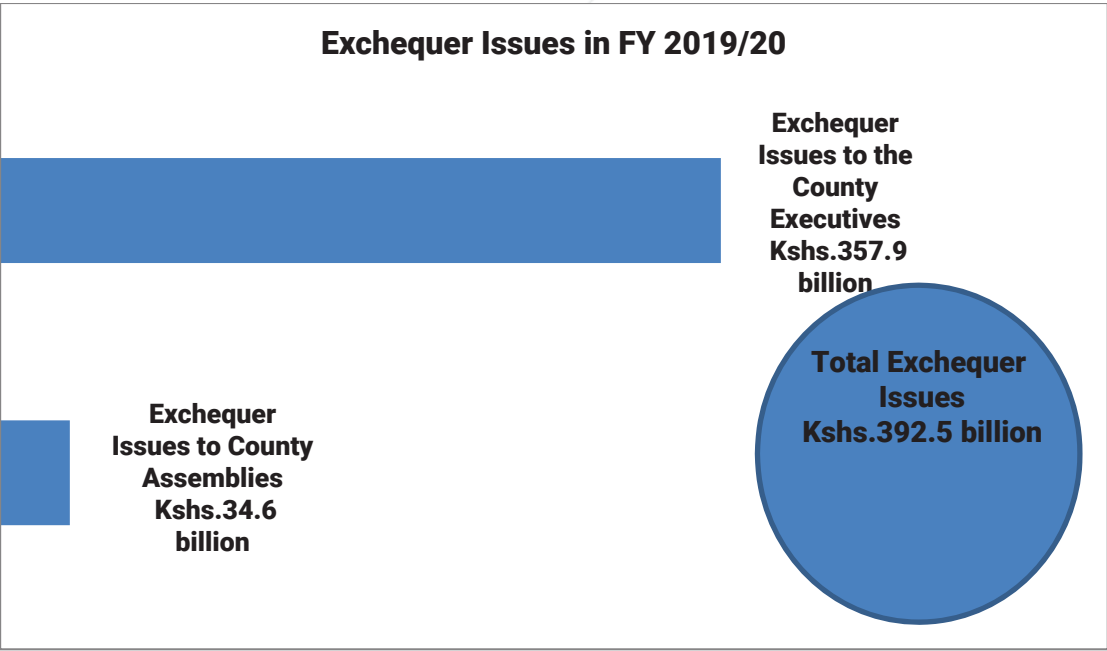
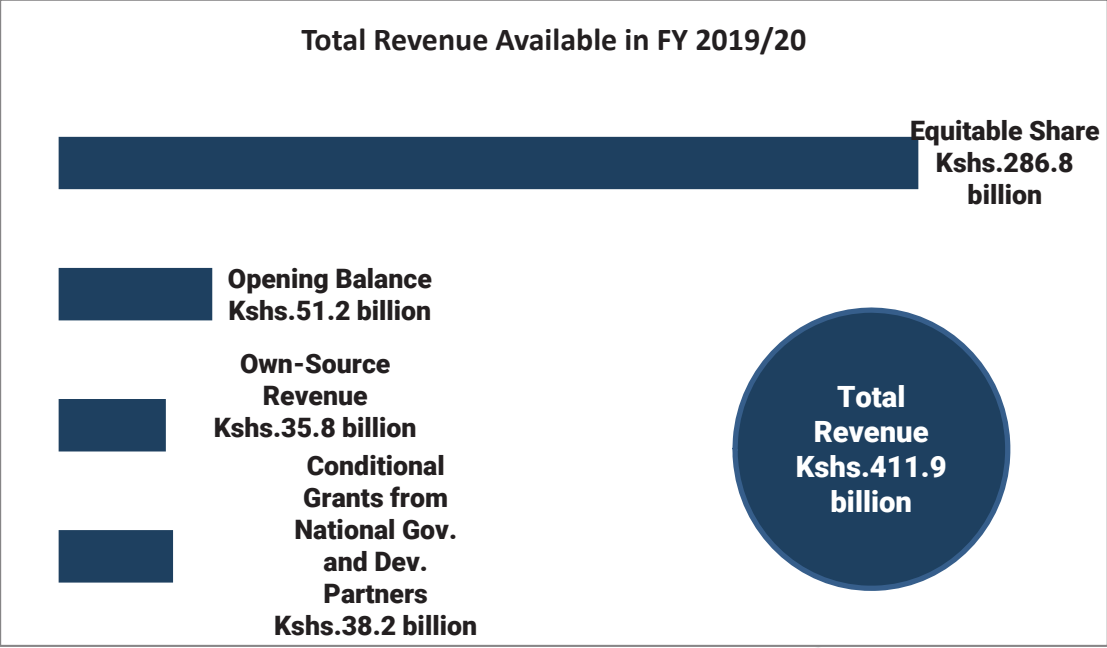
The County Governments spent an aggregate of Kshs.171.83 billion on Personnel Emoluments during the period, representing 44.8 per cent of total expenditure. Expenditure on personal emoluments represented 41.7 per cent of total available revenue of Kshs.411.96 billion. Only eleven Counties, namely; Mandera, Kwale, Nakuru, Lamu, Narok, Tana River, Uasin Gishu, Kilifi, Nyandarua, Marsabit and Kericho reported Personnel Emoluments expenditure that was within the maximum allowed limit of 35 per cent of their total revenue in FY 2019/20.

This report has identified challenges which hampered effective budget execution during the reporting period. They included; high expenditure on Personnel Emoluments which amounted to Kshs.171.83 billion and represented 44.8 per cent of total expenditure in FY 2019/20, under-performance in own-source revenue collection which represented 65.2 per cent of the annual target, low Expenditure on the development programmes which represented an absorption rate of 55.6 per cent of the annual development budget, delays in submission of financial reports to the OCOB by County Treasuries, high level of Pending Bills which amounted to Kshs.113.85 billion as of 30th June 2020, Weak budgetary controls and use of revenue at source, and slow utilization of COVID-19 Funds by County Governments.

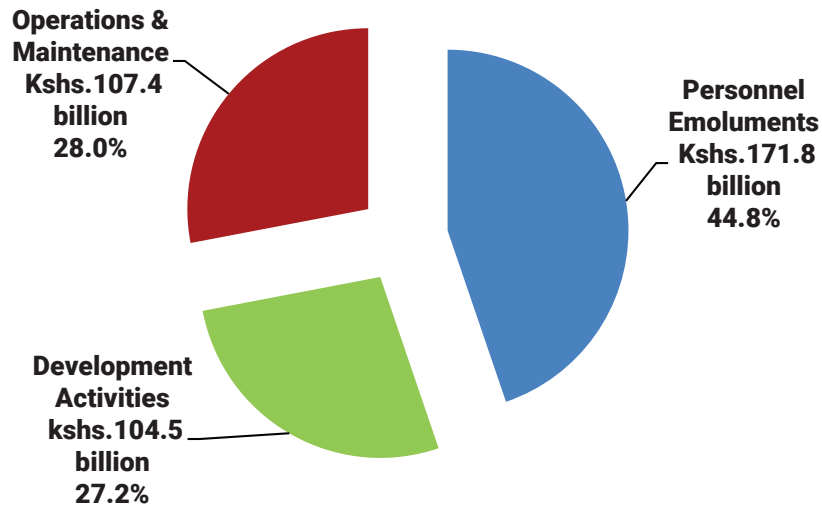
To address these challenges, the OCOB recommends that the Counties should ensure expenditure on Personnel Emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015, while County Treasuries should develop and implement measures to enhance own source revenue collection to ensure the budget is fully financed. In order to address the low expenditure of development budget, Counties should develop and implement strategies for ensuring expenditure on development activities complies with Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012. Further, County Treasuries should develop capacity to ensure that, reports on financial and non-financial performance are submitted to the Controller of Budget on time and to ensure pending bills are prioritized as a first charge in the budget implementation cycle for the FY 2020/21 before embarking on new financial commitments. The County Governments should enhance vote book and budgetary controls to ensure that expenditure is within the approved budget and also ensure that all revenue is banked intact into the CRF in line with the law. Finally, County Governments should ensure the COVID-19 grants are factored in the FY 2020/21 budget estimates to facilitate utilization of these funds in line with the guidelines by the Ministry of Health and DANIDA.

KEY HIGHLIGHTS

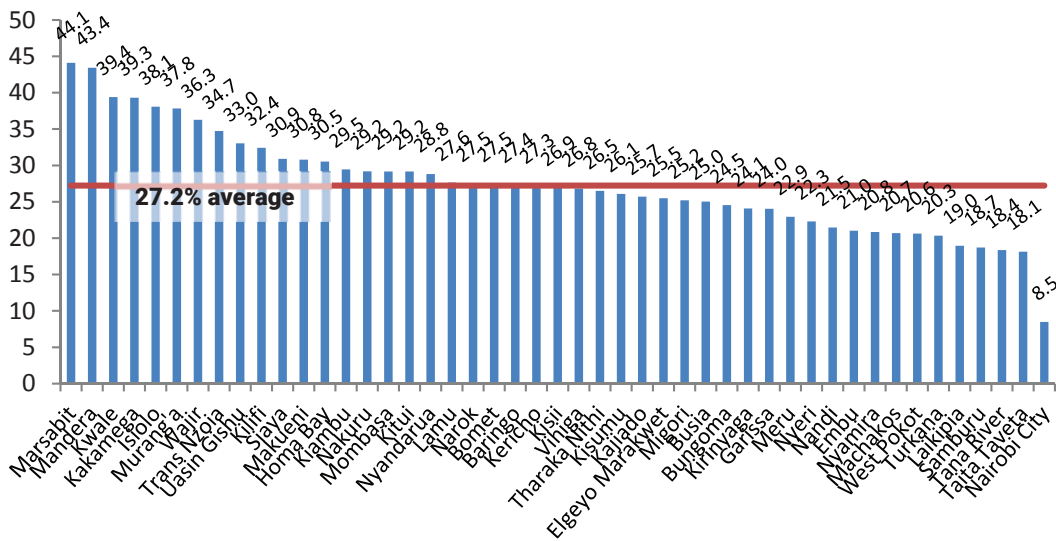




Expenditure by Economic Classification in FY 2019/20



FY 2019/20 Development Expenditure as a Percentage of Total Expenditure



1 INTRODUCTION

The Office of the Controller of Budget (OCOB) is established under Article 228 of the Constitution of Kenya, 2010 to among other functions, oversee and report on the implementation of the budgets of both the National and County governments to each House of Parliament every four months.

This County Budget Implementation Review Report (CBIRR) is therefore prepared in conformity with Article 228 (6) of the Constitution and Section 9 of the Controller of Budget Act, 2016. The report presents a review of budget execution by the 47 County Governments for the financial year FY 2019/20. It analyses information on own-source revenue, disbursements received from the National Government and Development Partners, the expenditure, and the key challenges encountered in budget execution during the financial year (FY) 2019/20.

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

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

Chapter three presents individual County performance and covers information on budget allocation and financing, exchequer issues, expenditure, and observations made by the OCOB in budget implementation during the reporting period. The key challenges and recommendations that affected budget implementation by the County Governments during the financial year are presented in Chapter four. Chapter five provides a conclusion.

2 FINANCIAL ANALYSIS OF COUNTY GOVERNMENTS PERFORMANCE IN FY 2019/20

2.1 Introduction

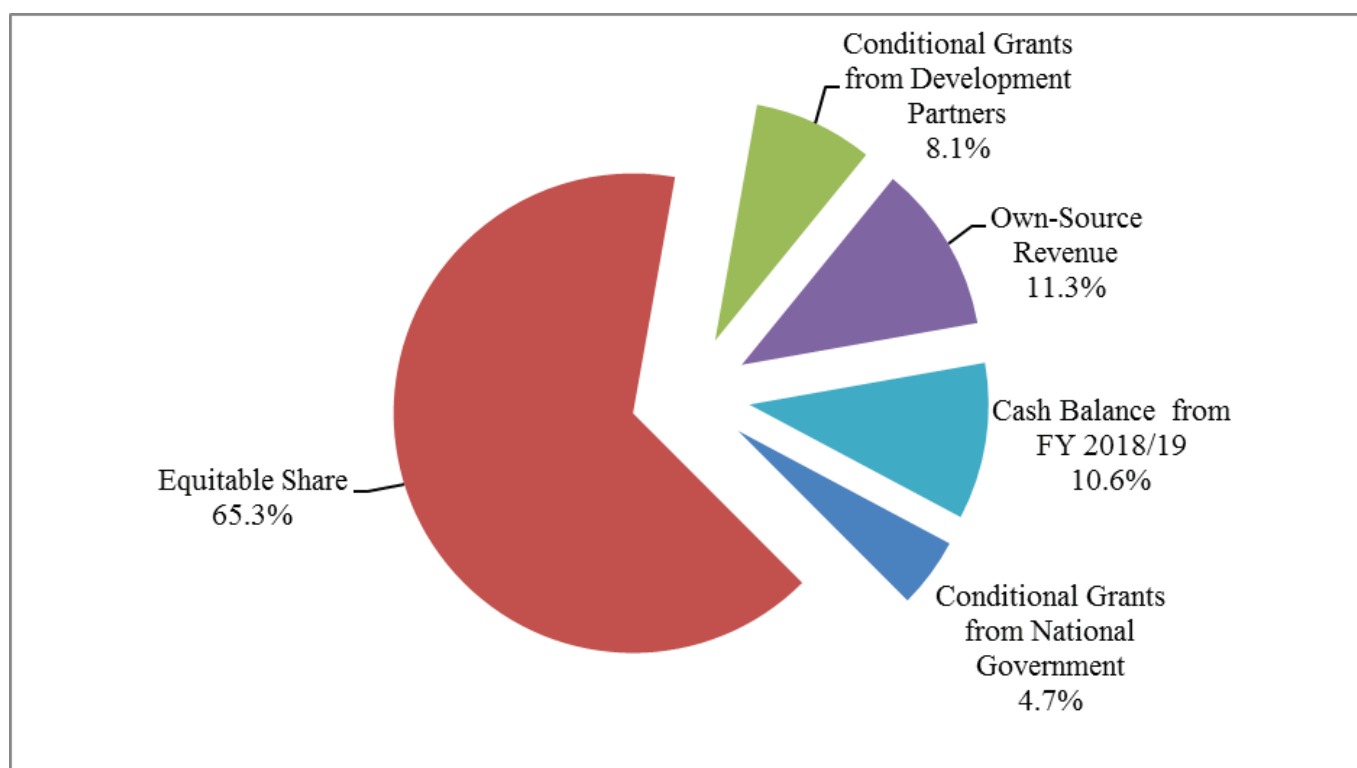
This chapter presents the status of budget implementation in aggregated terms by County Governments in the FY 2019/20.

2.2 Revenue Analysis

In FY 2019/20, the combined county governments' budgets approved by the County Assemblies amounted to Kshs.499.62 billion and comprised of Kshs.311.63 billion (62.4 per cent) allocated to Recurrent Expenditure and Kshs.187.98 billion (37.6 per cent) for Development Expenditure.

To finance the budgets, County Governments expected to receive Kshs.316.5 billion as the equitable share of revenue raised nationally, Kshs.22.9 billion as total conditional grants from the National Government, Ksh.39.09 billion as total loans and grants from Development Partners, generate Kshs.54.9 billion from own revenue sources, and utilize Kshs.51.23 billion cash balance from the FY 2018/19. Figure 2-1 shows the expected sources of budget financing in FY 2019/20.

Figure 2-1: Expected Sources of Budget Financing in FY 2019/20



Source: County Treasuries

The breakdown of conditional grants as per the CARA, 2019 is shown in Table 2-1.

Table 2-1: Conditional Grants as per the CARA, 2019

S/No.	Grants Contained in CARA, 2019	Annual CARA, 2019 Allocation (Kshs.)
Conditional grants from the National Government		
1	Leasing of Medical Equipment	6,200,000,000
2	Level 5 Hospitals	4,326,000,000
3	Road Maintenance Fuel Levy Fund	8,984,062,500
4	Compensation of User Fee Foregone	900,000,000
5	Rehabilitation of Village Polytechnics	2,000,000,000
6	Construction of County Headquarters	485,152,184

S/No.	Grants Contained in CARA, 2019	Annual CARA, 2019 Allocation (Kshs.)
	Sub Total	22,895,214,684
	Conditional grants from the Development Partners	
7	Transforming Health Systems for Universal Car Project (World Bank),	2,994,247,736
8	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	7,232,719,940
9	IDA (World Bank)- Kenya Climate Smart Agriculture Project (KCSAP),	3,643,298,670
10	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) “Level 1 grant”,	1,410,000,000
11	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)	11,464,702,500
12	DANIDA for Universal Healthcare in Devolved System Program	986,583,544
13	EU for Instruments for Devolution Advice and Support (IDEAS)	492,698,583
14	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	3,500,000,000
15	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) “Level 2 grant”	4,890,000,000
16	Sweden-Agricultural Sector Development Support Programme (ASDSP) II	849,626,237
17	EU for Water Tower Protection and Climate Change Mitigation and Adaption Programme (WATER)	880,000,000
18	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)-Urban Institutional Grants (UIG)	396,000,000
19	German Development Bank (KfW)-Drought Resilience Programme in Northern Kenya (DRPNK)	350,000,000
	Sub Total	39,089,877,210
	Grand Total	61,985,091,894

Source: CARA, 2019

2.2.1 Revenue Out-turn

The total funds available to the County Governments in the FY 2019/20 amounted to Kshs.411.96 billion, which consisted of Kshs.286.78 billion as equitable share of revenue raised nationally, Kshs.29.19 billion as conditional grants disbursed by the National Treasury, Kshs.51.23 billion cash balance from FY 2018/19, and Kshs.35.77 billion raised from own sources. The Kenya Roads Board disbursed a total of Kshs.8.98 billion to Counties from the Roads Maintenance Fuel Levy Fund for as a conditional grant for maintenance of County roads. Disbursements by the National Treasury exclude conditional grants for Leasing of Medical Equipment and Supplement for Construction of County Headquarters, which are managed directly by the respective Ministries, Departments and Agencies (MDAs).

During the reporting period, Counties received a further Kshs.5 billion from the National Government through the Ministry of Health (MOH) for COVID-19 intervention, Kshs.2.36 billion from the National Government through (MOH) for allowances for Front Line Health Care Workers, Kshs.350 million from DANIDA as a grant support Level 2 and 3 Health Facilities to fight the pandemic.

2.2.2 Own- Source Revenue

The aggregate annual own source revenue target for counties was Kshs.54.9 billion compared to the actual collection of Kshs.35.77 billion, which was 65.2 per cent of the target. This was a decrease compared to Kshs.40.30 billion generated in FY 2018/19, which was 74.8 per cent of the annual revenue target. Analysis of own-source revenue collection for the period July 2019-June 2020 is shown in Table 2-2.

Table 2-2: Own Source Revenue Collection for FY 2019/20

County	Own Source Revenue (OSR) Target for FY 2019/20 (Kshs. Million)			FY 2019/20 Actual OSR Collection (Kshs. Million)			% of Collection Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Actual OSR	Actual AIA	Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Baringo	393.42	-	393.42	301.66	-	301.66	76.7
Bomet	200.92	-	200.92	201.51	-	201.51	100.3
Bungoma	441.57	477.53	919.10	310.98	466.48	777.46	84.6
Busia	504.50	-	504.50	225.83	-	225.83	44.8
Elgeyo Marakwet	79.50	70.40	149.90	75.82	56.14	131.96	88
Embu	920.00	-	920.00	509.65	-	509.65	55.4

County	Own Source Revenue (OSR) Target for FY 2019/20 (Kshs. Million)			FY 2019/20 Actual OSR Collection (Kshs. Million)			% of Collec- tion Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Actual OSR	Actual AIA	Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Garissa	150.00	-	150.00	109.92	-	109.92	73.3
Homa Bay	117.33	60.26	177.59	118.50	156.09	274.60	154.6
Isiolo	170.86	-	170.86	122.08	-	122.08	71.4
Kajiado	1,579.25	-	1,579.25	616.80	-	616.80	39.1
Kakamega	1,666.14	-	1,666.14	1,180.81	-	1,180.81	70.9
Kericho	711.64	-	711.64	473.73	-	473.73	66.6
Kiambu	3,540.85	-	3,540.85	2,466.26	-	2,466.26	69.7
Kilifi	1,100.00	-	1,100.00	788.78	-	788.78	71.7
Kirinyaga	480.00	-	480.00	374.74	-	374.74	78.1
Kisii	870.00	-	870.00	333.15	-	333.15	38.3
Kisumu	1,438.48	-	1,438.48	804.35	-	804.35	55.9
Kitui	600.00	-	600.00	408.29	-	408.29	68.0
Kwale	325.00	-	325.00	254.45	-	254.45	78.3
Laikipia	1,006.88	-	1,006.88	727.96	-	727.96	72.3
Lamu	100.00	-	100.00	108.91	-	108.91	108.9
Machakos	1,160.78	-	1,160.78	1,376.17	-	1,376.17	118.6
Makueni	655.24	-	655.24	465.94	178.55	644.48	98.4
Mandera	183.56	-	183.56	124.96	-	124.96	68.1
Marsabit	170.00	-	170.00	126.71	-	126.71	74.5
Meru	705.00	120.00	825.00	383.30	-	383.30	46.5
Migori	450.00	-	450.00	305.69	-	305.69	67.9
Mombasa	4,733.39	-	4,733.39	3,260.01	-	3,260.01	68.9
Murang'a	960.00	-	960.00	580.30	-	580.30	60.4
Nairobi City	17,002.49	344.65	17,347.14	8,523.45	191.62	8,715.07	50.2
Nakuru	2,100.00	1,000.00	3,100.00	1,354.76	1,196.45	2,551.21	82.3
Nandi	628.82	-	628.82	283.19	-	283.19	45.0
Narok	2,397.37	-	2,397.37	2,345.48	-	2,345.48	97.8
Nyamira	250.00	-	250.00	185.57	-	185.57	74.2
Nyandarua	630.00	-	630.00	379.48	-	379.48	60.2
Nyeri	1,000.00	-	1,000.00	664.86	-	664.86	66.5
Samburu	267.03	-	267.03	215.67	-	215.67	80.8
Siaya	420.00	-	420.00	179.43	-	179.43	42.7
Taita Taveta	230.00	-	230.00	296.04	-	296.04	128.7
Tana River	66.00	-	66.00	64.47	-	64.47	97.7
Tharaka Nithi	350.00	-	350.00	270.15	-	270.15	77.2
Trans Nzoia	500.00	-	500.00	356.08	-	356.08	71.2
Turkana	180.00	-	180.00	176.23	-	176.23	97.9
Uasin Gishu	900.00	-	900.00	779.33	-	779.33	86.6
Vihiga	192.09	-	192.09	148.20	-	148.20	77.2
Wajir	150.00	-	150.00	60.42	-	60.42	40.3
West Pokot	130.32	20.00	150.32	65.42	41.76	107.18	71.3
Total	52,808.43	2,092.84	54,901.27	33,485.49	2,287.09	35,772.58	65.2

Source: County Treasuries

During the period under review, the Nairobi City County generated the highest amount of own-source revenue at Kshs.8.72 billion, followed by Mombasa and Nakuru at Kshs.3.26 billion and Kshs.2.55 billion respectively. Counties that generated the lowest amount were West Pokot, Tana River and Wajir at Kshs.107.18 million, Kshs.64.47 million and Kshs.60.42 million respectively.

Analysis of own-source revenue as a proportion of the annual revenue target indicates that five counties namely; Homa Bay, Taita Taveta, Machakos, Lamu and Bomet exceeded their annual targets. On the contrary, counties that recorded below 50 per cent against annual targets were Meru, Nandi, Busia, Siaya, Wajir, Kajiado, and Kisii.

2.2.3 Funds Released to the Counties from the Consolidated Fund

In the FY 2019/20, the Controller of Budget (COB) approved transfers of Kshs.315.97 billion from the Consolidated Fund to the various County Revenue Funds (CRFs) as per Article 206 (4) of the Constitution. A detailed analysis of the equitable share and conditional grant releases to each county is provided in chapter three.

2.2.4 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.392.53 billion from the County Revenue Funds to County Operational Accounts of the County Governments. The transfers comprised of Kshs.357.91 billion (91.2 per cent) to the County Executives and Kshs.34.62 billion (8.8 per cent) to the County Assemblies. A detailed analysis of the funds released to each county is provided in chapter three.

2.3 Expenditure Analysis

The total expenditure by County governments in the FY 2019/20 was Kshs.383.79 billion representing an absorption rate of 76.8 per cent of the total annual County Government's Budgets. The absorption rate was a decline from the 77.9 per cent attained in the FY 2018/19 where total expenditure was Kshs.376.43 billion.

Recurrent Expenditure was Kshs.279.27 billion, representing 89.6 per cent of the annual recurrent budget, and a decline from the 90.4 per cent reported in FY 2018/19. Development Expenditure amounted to Kshs.104.51 billion, representing an absorption rate of 55.6 per cent, and a reduction from 57.8 per cent attained in the FY 2018/19 when total Development Expenditure was Kshs.107.44 billion. The analysis of expenditure by economic classification in FY 2019/20 is provided in Table 2.3.

Table 2-3: Expenditure by Economic Classification for FY 2019/20

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	3,241,991,027	1,351,600,873	4,593,591,900	1,730,082,709	6,323,674,608
Bomet	2,636,577,702	1,868,584,752	4,505,162,454	1,707,434,400	6,212,596,854
Bungoma	4,905,798,383	3,255,619,433	8,161,417,816	2,654,443,416	10,815,861,232
Busia	3,119,054,881	1,941,803,866	5,060,858,747	1,690,389,977	6,751,248,724
Elgeyo Marakwet	2,438,471,224	798,038,431	3,236,509,655	1,106,741,477	4,343,251,132
Embu	3,026,937,327	1,050,799,587	4,077,736,914	1,085,731,653	5,163,468,567
Garissa	4,532,998,204	1,837,059,202	6,370,057,406	2,015,262,919	8,385,320,325
Homa Bay	3,368,948,799	1,625,114,254	4,994,063,053	2,194,200,877	7,188,263,930
Isiolo	1,740,331,065	1,388,583,883	3,128,914,947	1,923,382,319	5,052,297,266
Kajiado	3,052,185,155	2,318,145,324	5,370,330,479	1,859,244,242	7,229,574,721
Kakamega	5,138,942,856	2,461,211,336	7,600,154,192	4,924,447,648	12,524,601,840
Kericho	2,724,763,932	2,003,699,532	4,728,463,464	1,771,426,538	6,499,890,001
Kiambu	7,191,684,571	3,371,631,860	10,563,316,431	4,411,326,515	14,974,642,946
Kilifi	4,129,384,383	3,523,767,608	7,653,151,991	3,671,474,045	11,324,626,036

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Kirinyaga	2,364,685,781	1,255,960,685	3,620,646,466	1,149,069,552	4,769,716,018
Kisii	4,911,563,254	1,989,047,896	6,900,611,150	2,543,615,752	9,444,226,902
Kisumu	4,544,509,923	2,196,323,658	6,740,833,581	2,379,771,374	9,120,604,955
Kitui	4,653,204,054	2,439,033,707	7,092,237,761	2,918,843,204	10,011,080,965
Kwale	2,981,277,034	2,413,155,521	5,394,432,555	3,505,078,744	8,899,511,299
Laikipia	2,674,300,374	1,704,654,007	4,378,954,381	1,024,659,409	5,403,613,790
Lamu	1,340,099,049	868,784,200	2,208,883,249	843,612,458	3,052,495,707
Machakos	5,598,311,988	1,905,312,132	7,503,624,120	1,958,241,219	9,461,865,339
Makueni	3,720,249,096	2,234,372,649	5,954,621,745	2,648,688,629	8,603,310,374
Mandera	3,009,055,267	3,526,475,604	6,535,530,871	5,014,786,467	11,550,317,338
Marsabit	2,533,720,963	1,471,205,406	4,004,926,369	3,161,421,289	7,166,347,658
Meru	4,950,616,175	2,340,939,051	7,291,555,226	2,170,580,879	9,462,136,105
Migori	3,045,960,112	1,891,362,537	4,937,322,649	1,662,822,547	6,600,145,196
Mombasa	4,935,727,945	2,710,167,590	7,645,895,535	3,149,567,155	10,795,462,690
Murang'a	3,558,568,049	1,047,564,159	4,606,132,208	2,804,472,261	7,410,604,469
Nairobi City	13,243,351,242	8,130,135,659	21,373,486,901	1,979,948,407	23,353,435,308
Nakuru	5,718,543,160	4,250,527,307	9,969,070,467	4,109,734,281	14,078,804,748
Nandi	3,597,229,905	1,181,650,436	4,778,880,341	1,305,206,285	6,084,086,626
Narok	3,413,821,954	4,293,507,934	7,707,329,888	2,924,036,624	10,631,366,512
Nyamira	2,944,652,098	1,624,315,836	4,568,967,934	1,203,205,988	5,772,173,922
Nyandarua	2,117,952,152	2,561,232,139	4,679,184,291	1,893,609,593	6,572,793,883
Nyeri	3,777,879,823	1,957,558,001	5,735,437,824	1,646,211,297	7,381,649,121
Samburu	2,125,470,689	1,991,207,461	4,116,678,150	947,400,314	5,064,078,464
Siaya	2,751,194,128	1,996,490,572	4,747,684,700	2,122,801,046	6,870,485,746
Taita Taveta	2,085,918,760	1,548,549,803	3,634,468,563	805,530,082	4,439,998,645
Tana River	2,331,664,500	4,330,266,796	6,661,931,296	1,497,419,056	8,159,350,352
Tharaka Nithi	1,984,194,260	1,113,013,807	3,097,208,067	1,116,271,217	4,213,479,284
Trans Nzoia	2,683,298,729	1,440,139,524	4,123,438,253	2,194,787,654	6,318,225,907
Turkana	4,630,322,711	5,210,284,064	9,840,606,775	2,511,086,677	12,351,693,452
Uasin Gishu	3,476,598,102	1,947,821,269	5,424,419,371	2,675,350,436	8,099,769,807
Vihiga	2,288,979,485	1,287,174,716	3,576,154,201	1,310,273,258	4,886,427,459
Wajir	3,919,075,045	2,211,247,288	6,130,322,333	3,488,083,359	9,618,405,692
West Pokot	2,668,406,056	1,579,570,128	4,247,976,184	1,103,205,262	5,351,181,446
Total	171,828,471,371	107,444,711,480	279,273,182,851	104,514,980,509	383,788,163,360

Source: County Treasuries

Counties that attained the highest expenditure in absolute terms were; Nairobi City at Kshs.23.35 billion, Kiambu at Kshs.14.97 billion, and Nakuru at Kshs.14.08 billion. The lowest expenditure was recorded by Elgeyo Marakwet, Tharaka Nithi and Lamu counties at Kshs.4.34 billion, Kshs.4.21 billion, and Kshs.3.05 billion respectively.

A review of cumulative expenditure by economic classification showed that Kshs.17.83 billion (44.8 per cent) was spent on Personnel Emoluments, Kshs.107.44 billion (28 per cent) on Operations and Maintenance, and Kshs.104.51 billion (27.2 per cent) on Development Expenditure.

2.3.1 Development Expenditure

The County governments spent Kshs.104.51 billion on development activities, representing an absorption rate 55.6 per cent of the annual development budget, which is a decline from 57.8 per cent, reported in FY 2018/19 when development expenditure was Kshs.107.44 billion. The Analysis of county budgets and expenditure in FY 2019/20 is provided in Table 2-4.

Table 2-4: Budget Allocation, Expenditure and Absorption Rate for FY 2018/19

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec Exp. Absorption Rate (%) G=D/A*100	Dev. Exp. Absorption Rate (%) H=E/B*100	Overall Absorption Rate I=F/C*100
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Baringo	4,883.87	3,501.47	8,385.35	4,593.59	1,730.08	6,323.67	94.1	49.4	75.4
Bomet	4,888.71	2,623.99	7,512.70	4,505.16	1,707.43	6,212.60	92.2	65.1	82.7
Bungoma	9,239.49	4,596.64	13,836.13	8,161.42	2,654.44	10,815.86	88.3	57.7	78.2
Busia	5,490.02	3,785.97	9,275.98	5,060.86	1,690.39	6,751.25	92.2	44.6	72.8
Elgeyo / Marakwet	3,363.64	2,409.88	5,773.52	3,236.51	1,106.74	4,343.25	96.2	45.9	75.2
Embu	4,493.62	2,286.60	6,780.22	4,077.74	1,085.73	5,163.47	90.7	47.5	76.2
Garissa	6,416.89	4,451.49	10,868.38	6,370.06	2,015.26	8,385.32	99.3	45.3	77.2
Homa Bay	5,460.29	3,509.29	8,969.58	4,994.06	2,194.20	7,188.26	91.5	62.5	80.1
Isiolo	3,318.58	2,414.52	5,733.10	3,128.91	1,923.38	5,052.30	94.3	79.7	88.1
Kajiado	6,331.75	3,920.57	10,252.32	5,370.33	1,859.24	7,229.57	84.8	47.4	70.5
Kakamega	8,353.66	7,053.40	15,407.06	7,600.15	4,924.45	12,524.60	91.0	69.8	81.3
Kericho	4,888.74	3,857.39	8,746.13	4,728.46	1,771.43	6,499.89	96.7	45.9	74.3
Kiambu	11,651.49	6,210.35	17,861.84	10,563.32	4,411.33	14,974.64	90.7	71.0	83.8
Kilifi	9,254.12	5,780.50	15,034.62	7,653.15	3,671.47	11,324.63	82.7	63.5	75.3
Kirinyaga	4,295.81	1,835.80	6,131.62	3,620.65	1,149.07	4,769.72	84.3	62.6	77.8
Kisii	8,573.55	4,352.01	12,925.56	6,900.61	2,543.62	9,444.23	80.5	58.4	73.1
Kisumu	8,129.21	4,086.75	12,215.96	6,740.83	2,379.77	9,120.60	82.9	58.2	74.7
Kitui	7,404.76	4,390.49	11,795.25	7,092.24	2,918.84	10,011.08	95.8	66.5	84.9
Kwale	6,172.38	7,073.64	13,246.02	5,394.43	3,505.08	8,899.51	87.4	49.6	67.2
Laikipia	4,567.69	2,605.42	7,173.11	4,378.95	1,024.66	5,403.61	95.9	39.3	75.3
Lamu	2,655.94	2,080.38	4,736.32	2,208.88	843.61	3,052.50	83.2	40.6	64.4
Machakos	8,634.98	4,694.67	13,329.65	7,503.62	1,958.24	9,461.87	86.9	41.7	71.0
Makueni	6,379.12	4,807.16	11,186.28	5,954.62	2,648.69	8,603.31	93.3	55.1	76.9
Mandera	6,822.77	6,295.54	13,118.31	6,535.53	5,014.79	11,550.32	95.8	79.7	88.0
Marsabit	4,347.47	4,001.05	8,348.53	4,004.93	3,161.42	7,166.35	92.1	79.0	85.8
Meru	7,897.65	3,346.00	11,243.65	7,291.56	2,170.58	9,462.14	92.3	64.9	84.2
Migori	5,696.28	4,031.04	9,727.33	4,937.32	1,662.82	6,600.15	86.7	41.3	67.9
Mombasa	9,388.96	4,281.04	13,670.00	7,645.90	3,149.57	10,795.46	81.4	73.6	79.0
Murang'a	5,549.94	3,273.48	8,823.42	4,606.13	2,804.47	7,410.60	83.0	85.7	84.0
Nairobi City	28,896.56	8,084.83	36,981.39	21,373.49	1,979.95	23,353.44	74.0	24.5	63.1
Nakuru	10,970.31	10,980.87	21,951.18	9,969.07	4,109.73	14,078.80	90.9	37.4	64.1
Nandi	5,369.54	3,350.91	8,720.45	4,778.88	1,305.21	6,084.09	89.0	39.0	69.8

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec Exp. Absorption Rate (%)	Dev. Exp. 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
Narok	8,046.49	3,951.64	11,998.13	7,707.33	2,924.04	10,631.37	95.8	74.0	88.6
Nyamira	5,045.48	1,956.50	7,001.98	4,568.97	1,203.21	5,772.17	90.6	61.5	82.4
Nyandarua	5,102.09	2,881.62	7,983.71	4,679.18	1,893.61	6,572.79	91.7	65.7	82.3
Nyeri	5,911.03	3,063.89	8,974.92	5,735.44	1,646.21	7,381.65	97.0	53.7	82.2
Samburu	4,732.65	2,235.96	6,968.61	4,116.68	947.4	5,064.08	87.0	42.4	72.7
Siaya	4,899.62	3,982.16	8,881.77	4,747.68	2,122.80	6,870.49	96.9	53.3	77.4
Taita/Taveta	3,961.66	1,702.86	5,664.53	3,634.47	805.53	4,440.00	91.7	47.3	78.4
Tana River	5,333.27	2,702.05	8,035.32	6,661.93	1,497.42	8,159.35	124.9	55.4	101.5
Tharaka-Nithi	3,448.70	1,670.37	5,119.07	3,097.21	1,116.27	4,213.48	89.8	66.8	82.3
Trans Nzoia	4,718.60	3,255.79	7,974.39	4,123.44	2,194.79	6,318.23	87.4	67.4	79.2
Turkana	10,115.90	4,726.73	14,842.63	9,840.61	2,511.09	12,351.69	97.3	53.1	83.2
Uasin Gishu	5,770.95	5,796.66	11,567.61	5,424.42	2,675.35	8,099.77	94.0	46.2	70.0
Vihiga	4,142.56	2,812.47	6,955.03	3,576.15	1,310.27	4,886.43	86.3	46.6	70.3
Wajir	6,224.00	5,244.33	11,468.33	6,130.32	3,488.08	9,618.41	98.5	66.5	83.9
West Pokot	4,393.04	2,028.76	6,421.80	4,247.98	1,103.21	5,351.18	96.7	54.4	83.3
Total	311,633.82	187,984.96	499,618.78	279,273.17	104,514.97	383,788.18	89.6	55.6	76.8

Source: OCOB and County Treasuries

Analysis of development expenditure as a proportion of the approved annual development budget shows that Murang'a, Isiolo, Mandera and Marsabit Counties attained the highest absorption rate at 85.7 per cent, 79.7 per cent, 79.7 per cent and 79 per cent respectively. Laikipia, Nandi, Nakuru and Nairobi City Counties reported the lowest absorption rate of their development budget at 39.3 per cent, 39 per cent, 37.4 per cent, and 6.9 per cent respectively. Analysis of the development projects implemented by counties is provided in chapter three.

2.3.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.279.27 billion or 72.8 per cent of the total expenditure on recurrent activities. This expenditure represents 89.6 per cent of the annual county government's budget for recurrent activities, and a decline from 90.4 per cent recorded in FY 2018/19 when expenditure stood at Kshs.269 billion.

Analysis of expenditure in absolute terms shows that Nairobi City County attained the highest expenditure on recurrent activities at Kshs.21.37 billion, followed by Kiambu and Nakuru Counties at Kshs.10.56 billion and Kshs.9.97 billion respectively. Counties with the lowest expenditure on recurrent activities included Isiolo at Kshs.3.13 billion, Tharaka Nithi at Kshs.3.1 billion, and Lamu at Kshs.2.21 billion.

2.3.3 Personnel Emoluments

In the period July 2019 to June 2020, County Governments spent Kshs.171.83 billion on personnel emoluments, representing 61.5 per cent of the total recurrent expenditure and 44.8 per cent of total expenditure, an increase from the Kshs.162.77 billion spent in FY 2018/19 when expenditure on Personnel Emoluments translated to 43.2 per cent of the total expenditure.

Expenditure on personal emoluments represented 41.7 per cent of total available revenue of Kshs.411.96 billion. Only eleven Counties, namely; Mandera, Kwale, Nakuru, Lamu, Narok, Tana River, Uasin Gishu, Kilifi, Nyandarua, Marsabit and Kericho reported Personnel Emoluments expenditure that was within the maximum allowed limit of 35 per cent of their total revenue in FY 2019/20.

2.3.4 Operations and Maintenance Expenditure

A total of Kshs.106.23 billion was spent on Operations and Maintenance (O&M) during the reporting period, which translated to 28.2 per cent of the total expenditure. Counties that reported the highest expenditure on operations and

maintenance were; Nairobi City at Kshs.9.75 billion, Turkana at Kshs.5.65 billion and Mombasa at Kshs.4.24 billion. Tharaka Nithi, Lamu, and Elgeyo Marakwet Counties reported the least expenditure at Kshs.1.15 billion, Kshs.953.08 million, and Kshs.707.69 million respectively.

2.3.5 Review of MCAs Sitting Allowances

During the reporting period, the County Assemblies spent Kshs.2.17 billion on MCAs Sitting allowances against an approved budget allocation of Kshs.2.65 billion. This expenditure translates to 82 per cent of the approved MCAs sitting allowance budget, and a decrease from Kshs.2.2 billion spent in FY 2018/19. Table 2-5 shows the budgetary allocation and expenditure on MCAs and Speakers sitting allowances in the FY 2019/20.

Table 2-5: MCAs Budget Allocation, Expenditure and Absorption Rate in the FY 2019/20

County	Budget (Kshs.)	Expenditure (Kshs.)	No. of MCA's	Absorption Rate (%)	Average monthly sitting allowance per MCA
	A	B	C	D=B/A*100	E=B/C/12
Baringo	56,018,088	51,387,353	46	91.7	93,093
Bomet	28,755,071	28,754,881	37	100	64,763
Bungoma	51,981,728	44,965,822	61	86.5	61,429
Busia	66,192,000	66,191,916	54	100	102,148
Elgeyo Marakwet	34,475,482	30,183,400	34	87.6	73,979
Embu	54,858,090	51,135,417	35	93.2	121,751
Garissa	32,024,000	31,250,100	49	97.6	53,146
Homa Bay	110,760,000	89,111,537	61	80.5	121,737
Isiolo	25,362,119	25,362,119	18	100	117,417
Kajiado	45,000,000	15,928,981	42	35.4	31,605
Kakamega	133,286,400	131,464,800	90	98.6	121,727
Kericho	56,248,800	49,560,285	48	88.1	86,042
Kiambu	104,500,000	91,789,100	93	87.8	82,248
Kilifi	55,000,000	54,029,341	56	98.2	80,401
Kirinyaga	70,438,400	42,511,200	34	60.4	104,194
Kisii	108,868,000	94,938,621	71	87.2	111,430
Kisumu	70,315,198	69,903,686	49	99.4	118,884
Kitui	70,024,015	68,167,897	55	97.3	103,285
Kwale	38,200,802	38,200,496	34	100	93,629
Laikipia	41,470,000	24,180,000	25	58.3	80,600
Lamu	16,592,000	16,195,100	19	97.6	71,031
Machakos	64,228,920	48,399,700	61	75.4	66,120
Makueni	59,536,000	59,535,000	49	100	101,250
Mandera	35,240,000	30,685,000	49	87.1	52,185
Marsabit	45,000,000	36,510,900	31	81.1	98,148
Meru	114,034,000	92,023,620	69	80.7	111,140
Migori	93,809,641	75,707,124	57	80.7	110,683
Mombasa	40,000,000	30,115,300	43	75.3	58,363
Murang'a	64,000,000	50,053,877	54	78.2	77,244
Nairobi City	102,398,400	80,062,456	124	78.2	53,805
Nakuru	73,242,000	71,153,726	79	97.1	75,057
Nandi	49,920,000	32,312,329	40	64.7	67,317
Narok	58,813,760	32,522,500	48	55.3	56,463
Nyamira	54,637,196	47,637,196	37	87.2	107,291
Nyandarua	40,466,600	40,466,600	40	100	84,305

County	Budget (Kshs.)	Expenditure (Kshs.)	No. of MCA's	Absorption Rate (%)	Average monthly sitting allowance per MCA
	A	B	C	D=B/A*100	E=B/C/12
Nyeri	50,668,800	39,075,400	45	77.1	72,362
Samburu	17,192,800	17,192,800	28	100	51,169
Siaya	43,764,890	43,163,200	43	98.6	83,650
Taita Taveta	22,721,646	21,308,300	34	93.8	52,226
Tana River	39,360,000	22,684,500	24	57.6	78,766
Tharaka Nithi	17,114,070	17,114,070	21	100	67,913
Trans Nzoia	62,853,600	26,450,424	40	42.1	55,105
Turkana	71,904,000	19,272,800	48	26.8	33,460
Uasin Gishu	37,689,000	37,689,000	48	100	65,432
Vihiga	77,126,400	46,089,700	39	59.8	98,482
Wajir	19,375,200	19,375,200	46	100	35,100
West Pokot	21,788,328	19,537,700	34	89.7	47,887
Total	2,647,255,444	2,171,350,474	2,242	82.0	80,707

Source: County Treasuries

2.3.6 Pending Bills as of 30th June 2020

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

As of June 30, 2020, Counties reported accumulated pending bills amounting to Kshs.113.85 billion. Table 2-6 shows the pending bills as at 30th June 2020.

Table 2-6: Pending Bills for the Counties as of June 30th, 2020

County	Development Pending Bills (Kshs.)	Recurrent Pending Bills (Kshs.)	Total Pending Bills (Kshs.)
Baringo	31,133,052	47,524,551	78,657,603
Bomet	599,800	635,988	1,235,788
Bungoma	12,541,615	48,828,689	61,370,304
Busia	665,515,450	507,085,633	1,172,601,083
Elgeyo/Marakwet	62,552,253	9,200,711	71,752,964
Embu	955,322,854	863,342,502	1,818,665,357
Garissa	770,022,707	106,940,748	876,963,455
Homa Bay	640,106,337	52,786,576	692,892,913
Isiolo			
Kajiado	1,200,000,000	312,060,210	1,512,060,210
Kakamega	693,059,861	664,741,063	1,357,800,924
Kericho	275,251,400	135,240,325	410,491,725
Kiambu	2,713,699,397	1,798,419,635	4,512,119,032
Kilifi	523,896,944	611,527,362	1,135,424,306
Kirinyaga			
Kisii	852,391,006	247,024,258	1,099,415,265
Kisumu	136,162,907	187,281,641	323,444,548
Kitui	8,701,268	3,645,500	12,346,768
Kwale	2,655,824,414	184,395,850	2,840,220,264
Laikipia	1,599,189,900	280,776,800	1,879,966,700
Lamu	178,320,839	57,651,278	235,972,117
Machakos	278,946,650	64,533,954	343,480,604

County	Development Pending Bills (Kshs.)	Recurrent Pending Bills (Kshs.)	Total Pending Bills (Kshs.)
Makueni	244,091,673	37,477,667	281,569,339
Mandera	-	-	-
Marsabit			
Meru	1,555,911,189	427,566,220	1,983,477,409
Migori	622,091,133	707,709,169	1,329,800,302
Mombasa			
Murang'a	393,484,140	155,778,970	549,263,110
Nairobi City	1,333,796,040	77,366,652,713	78,700,448,753
Nakuru	484,385,838	145,874,818	630,260,656
Nandi	138,686,274	122,378,283	261,064,557
Narok	245,991,440	226,666,680	472,658,120
Nyamira	20,251,365	30,850,410	51,101,775
Nyandarua	641,819,991	219,472,868	861,292,859
Nyeri	345,710,300	71,935,543	417,645,843
Samburu	637,877,752	100,037,463	737,915,216
Siaya	99,114,881	121,810,317	220,925,197
Taita/Taveta	427,636,258	277,830,093	705,466,352
Tana River	804,659,050	352,618,922	1,157,277,972
Tharaka –Nithi	176,961,121	202,203,937	379,165,058
Trans Nzoia	686,995,598	474,778,987	1,161,774,584
Turkana	57,179,351	219,093,515	276,272,865
Uasin Gishu	37,065,336	255,305,243	292,370,579
Vihiga	950,938,513	159,315,124	1,110,253,637
Wajir	1,695,396,397	137,879,107	1,833,275,504
West Pokot			
Total	25,853,282,294	87,996,879,323	113,850,161,617

Source: County Treasuries

Five Counties namely: Isiolo, Kirinyaga, Marsabit, Mombasa, and West Pokot did not submit information on outstanding pending bills as of 30th June 2020. While Mandera County did not have any outstanding pending bills as at 30th June 2020. Nairobi City County reported the highest pending bills of Kshs.78.7 billion which represented 69.1 per cent of the total outstanding pending bills by the County Governments.

The OCOB recommends for a special audit to be undertaken by the Office of the Auditor General to verify the veracity of the pending bills.

3 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FY 2019/20

3.1 Introduction

This chapter provides individual County budget performance for the FY 2019/20. The 47 County Governments are presented in alphabetical order.

3.2 County Government of Baringo

3.2.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.8.38 billion, comprising of Kshs.3.50 billion (41.8 per cent) and Kshs.4.88 billion (58.2 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.10 billion (60.8 per cent) being the equitable share of revenue raised nationally, Kshs.1.39 billion (16.6 per cent) as total Conditional Grants inclusive of balances brought forward, generate Kshs.393.42 million (4.7 per cent) from own sources of revenue, and the cash balance of Kshs.1.42 billion (17 per cent) from FY 2018/19. The County also expected to receive Kshs.84.34 million (1 per cent) as "other revenues" not contained in the CARA, 2019.

3.2.2 Revenue Performance

During FY 2019/20, the County received Kshs.4.66 billion being the equitable share of the revenue raised nationally, Kshs.569.42 million as total Conditional Grants, raised Kshs.301.66 million as own-source revenue, received Kshs.84.34 million as a grant for COVID-19 from National Government, and had a cash balance of Kshs.1.42 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.04 billion as shown in Table 3-1.

Table 3-1: Baringo County, Revenue Performance in FY 2019/20

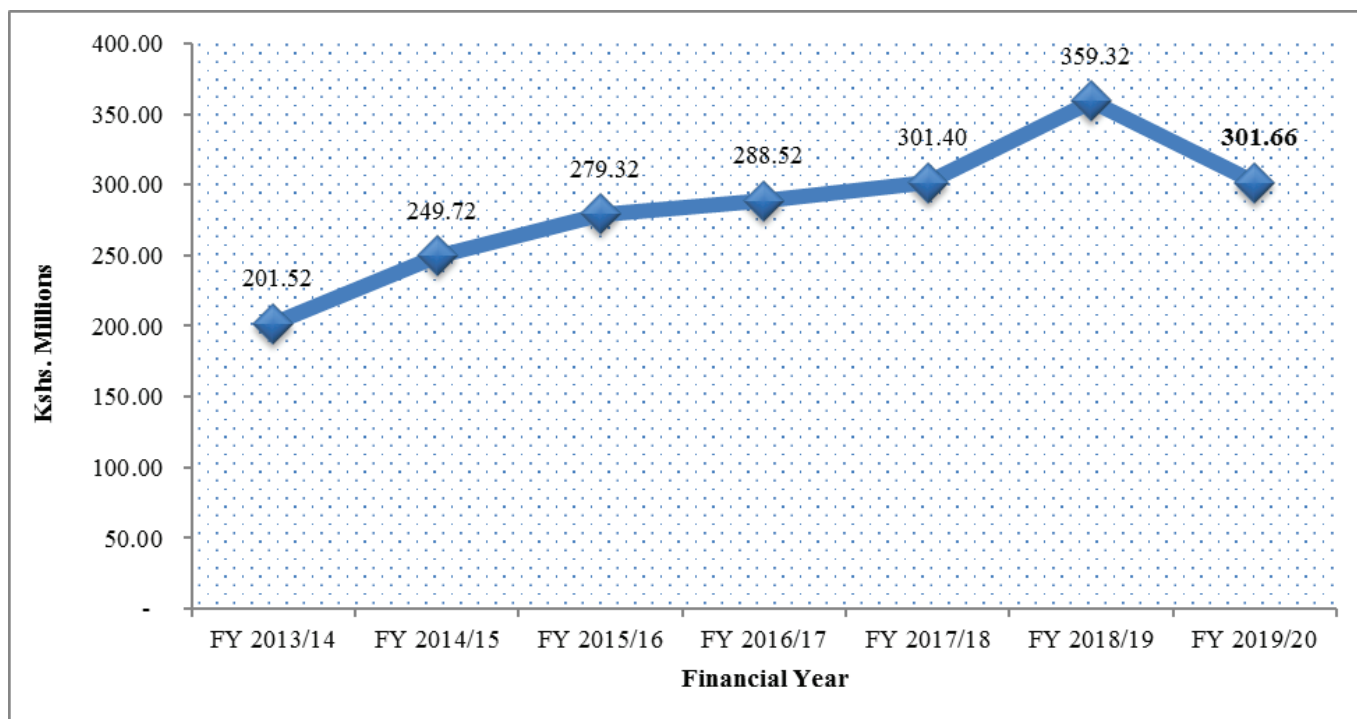
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,095,650,000	5,095,650,000	4,657,424,100	91.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone plus balances b/f	13,191,000	26,382,000	13,191,000	50.0
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund plus balances b/f	144,643,406	289,601,376	216,952,071	74.9
4.	Rehabilitation of Village Polytechnics plus balances brought b/f	24,873,298	60,478,298	24,873,298	41.1
	Sub Total	314,622,598	508,376,568	255,016,369	50.2
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB) plus balances b/f	39,175,834	58,885,745	23,252,236	39.5
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP) plus balances b/f	141,097,380	170,307,305	54,084,479	31.8
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant plus balances b/f	30,000,000	73,729,455	30,000,000	40.7
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG) plus balances b/f	52,360,500	85,261,442	37,450,261	43.9

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
9.	DANIDA Grant plus balances b/f	15,187,500	27,707,373	5,670,000	20.5
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS) plus balances b/f	21,118,210	99,872,632	-	-
11.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant balances b/f	-	290,129,742	138,074,112	47.6
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) plus balances b/f	17,586,468	25,129,702	17,072,057	67.9
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG) plus balances b/f	8,800,000	50,000,000	8,800,000	17.6
Sub Total		325,325,892	881,023,396	314,403,145	35.7
D	Other Sources of Revenue				
14.	Own Source Revenue	-	393,416,291	301,656,145	76.7
15.	Balance b/f from FY 2018/19	-	1,422,538,152	1,422,538,152	100.0
16.	Other Revenues-COVID-19 Grant	-	84,341,000	84,341,000	100.0
Sub Total		-	1,900,295,443	1,808,535,297	95.2
Grand Total		5,735,598,490	8,385,345,407	7,035,378,911	83.9

Source: Baringo County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-1.

Figure 3-1: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Baringo County Treasury

During FY 2019/20, the County generated a total of Kshs.301.66 million as own-source revenue representing a decline of 16 per cent when compared to Kshs.359.32 million realised during the same period in FY 2018/19, and accounting for 76.7 per cent of the annual target.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.14 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.49 billion (24.3 per cent) for Development programmes and Kshs.4.65 billion (75.7 per cent) for Recurrent programmes.

3.2.4 Overall Expenditure Review

A total of Kshs.6.32 billion was spent on Development and Recurrent programmes and represented 103 per cent of the total funds released from the CRF account. Expenditure by the County was above the exchequer received which suggests usage of revenue at source. The expenditure comprised of Kshs.1.73 billion and Kshs.4.59 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 49.4 per cent while that incurred on recurrent programmes represented an absorption rate of 94.1 per cent.

3.2.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.78.66 million as at June 30, 2020. These bills consisted of Kshs.31.13 million for development activities and Kshs.47.53 million for recurrent expenditure.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.24 billion was spent on Compensation to Employees, Kshs.1.35 billion on Operations and Maintenance, and Kshs.1.73 billion on Development expenditure.

Table 3-2: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,882,372,857	4,647,907,634	4,593,591,900	72.6	94.1
Compensation to Employees	3,284,081,865	3,245,703,882	3,241,991,027	51.3	98.7
Operations and Maintenance	1,598,290,992	1,402,203,752	1,351,600,873	21.4	84.6
Total Development Expenditure	3,501,472,551	1,491,381,299	1,730,082,709	27.4	49.4
Development Expenditure	3,501,472,551	1,491,381,299	1,730,082,709	27.4	49.4
Total	8,383,845,407	6,139,288,933	6,323,674,608	100	75.4

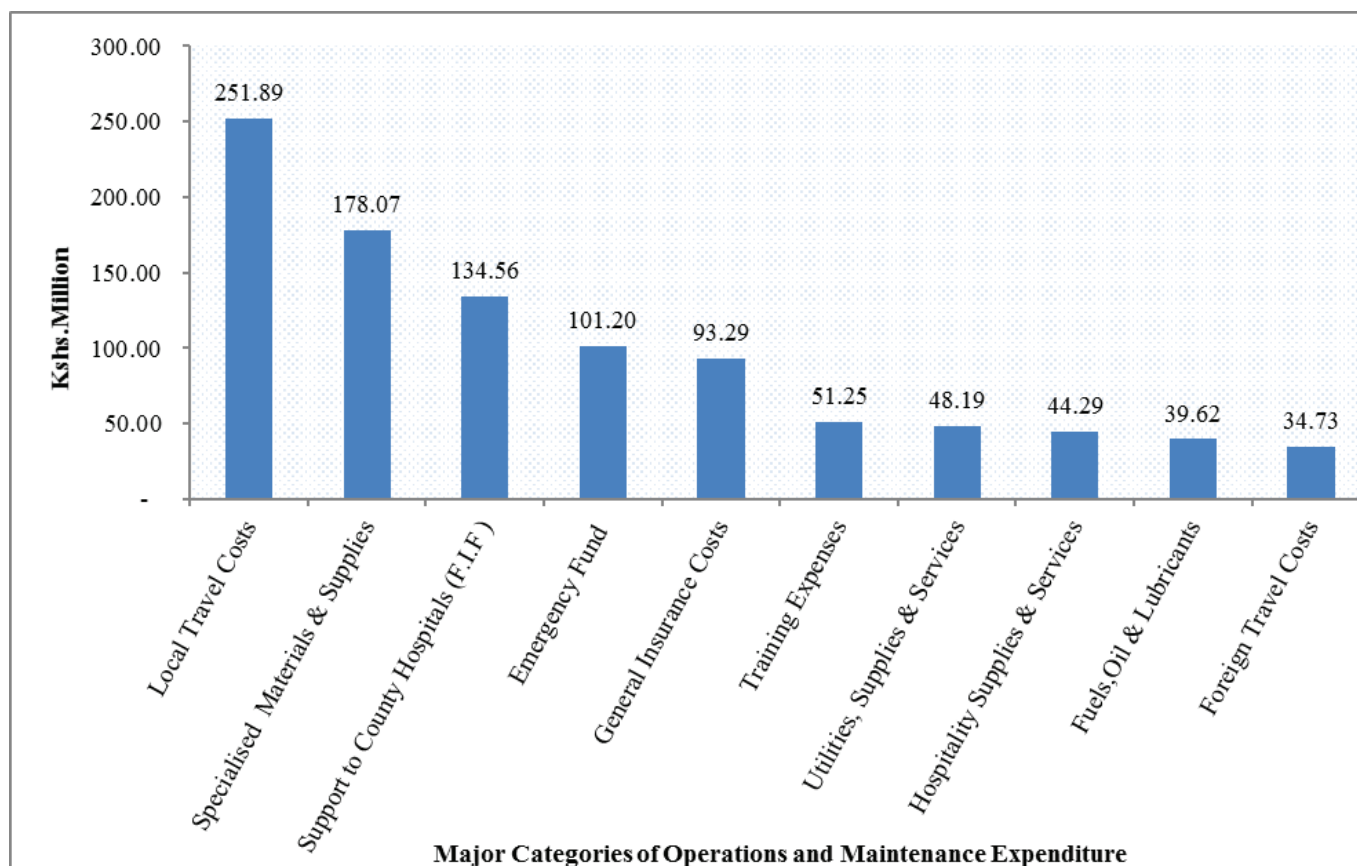
Source: Baringo County Treasury

Expenditure on Compensation to Employees was 51.3 per cent of the total expenditure for the financial year and represented an increase of 1.6 per cent compared to FY 2018/19 when the County spent Kshs.3.19 billion.

3.2.7 Analysis of Operations and Maintenance Expenditure

Figure 3-2 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-2: Baringo County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Baringo County Treasury

The County spent Kshs.51.39 million on Committee Sitting Allowances for the 45 MCAs and Speaker against the annual budget allocation of Kshs.79.22 million. The average monthly sitting allowance was Kshs.93,093 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.251.89 million and comprised of Kshs.123.69 million spent by the County Assembly and Kshs.128.20 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.34.73 million and comprised of Kshs.26.38 million spent by the County Assembly and Kshs.8.35 million by the County Executive.

3.2.8 Development Expenditure Analysis

The Development Expenditure of Kshs.1.73 billion represented 49.4 per cent of the annual development budget of Kshs.3.50 billion and represented an increase of 49.3 per cent compared to FY 2018/19 when the County spent Kshs.1.16 billion. Table 3-3 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-3: Baringo County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Purchase of Tippers, Backhoe, Excavators, Dozer, Rollers and Graders	Baringo Central	233,800,000	229,055,000	98.0
2	KCSAP Assorted Agricultural projects	Countywide	141,097,380	54,087,479	38.3
3	Water Tracking, Support and Emergency Maintenances	County wide	30,000,000	30,000,000	100.0
4	County Assembly Offices	County Assembly	20,113,822	19,544,939	97.2
5	Supply of Theatre Equipment	Kabartonjo & Chemolin-got Hospitals	20,000,000	16,603,500	83.0
6	Kenya Climate Smart Agriculture Projects	County Wide	29,209,925	16,032,234	54.9

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
7	Supervision and Maintenance of Roads	County wide	16,000,000	14,864,996	92.9
8	Upgrading of Postal House Hospital Road	Postal House Hospital Road Kabarnet Town	14,751,001	14,751,001	100.0
9	Integrated Urban Development Plans for Eldama Ravine Town	Eldama Ravine Town	13,244,764	13,244,764	100.0
10	Upgrading of Seguton Road	Seguton Road	13,095,737	13,095,737	100.0

Source: Baringo County Treasury

3.2.9 Budget Performance by Department

Table 3-4 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-4: Baringo County, Budget Performance by Department for FY 2019/20

Line Department	Budget Allocation (Kshs.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	682.49	36.08	674.32	33.64	671.14	33.58	99.5	99.8	98.3	93.1
Governor/ County Executive Services	503.35	46.54	491.47	21.37	491.76	30.41	100.1	142.3	97.7	65.3
County Treasury Services	433.41	313.73	356.64	19.93	395.35	28.86	110.9	144.8	91.2	9.2
Transport and Infrastructure	69.39	871.47	67.68	468.69	67.26	559.78	99.4	119.4	96.9	64.2
Industrialization, Commerce and Tourism	80.85	15.85	77.36	6.26	80.10	15.78	103.5	251.9	99.1	99.5
Education and ICT	352.64	224.57	289.33	66.80	284.82	62.11	98.4	93.0	80.8	27.7
Health Services	2,163.25	473.76	2,138.73	243.60	2,081.57	207.00	97.3	85.0	96.2	43.7
Lands ,Housing & Urban Development	131.32	204.42	88.59	55.99	90.61	67.19	102.3	120.0	69.0	32.9
Agriculture, Livestock, Fisheries & Marketing	260.79	470.17	259.93	180.85	236.14	294.26	90.8	162.7	90.5	62.6
Youth, Gender & Social Security Services	39.73	67.54	39.68	20.94	37.85	35.83	95.4	171.1	95.3	53.0
Water & Irrigation	127.33	761.18	127.28	365.89	119.89	382.01	94.2	104.4	94.2	50.2
Environment & Natural Resources	39.30	16.15	36.90	7.42	37.66	13.26	102.1	178.8	95.8	82.1
	4,883.87	3,501.47	4,647.91	1,491.38	4,594.15	1,730.08	98.8	116.0	94.1	49.4

Source: Baringo County Treasury

Analysis of expenditure by department shows that the Department of Industrialization, Commerce and Tourism recorded the highest absorption rate of development budget at 99.5 per cent while the Department of County Treasury Services posted the lowest at 9.2 per cent on development activities. Similarly, the Department of Industrialization, Commerce and Tourism had the highest percentage of recurrent expenditure to recurrent budget at 99.1 per cent while the Department of Lands, Housing & Urban Development registered the lowest at 69 per cent.

3.2.10 Budget Execution by Programmes and Sub-Programmes

Table 3-5 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-5: Baringo County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Default - Non-Programmatic		-	1,453,600	(1,453,600)	-
	Default - Non Programmatic	-	1,453,600	(1,453,600)	
		392,511,616	369,533,777	22,977,839	94.1
General administration	General administration, planning & support services	392,511,616	369,533,777	22,977,839	94.1
		23,000,000	192,200	22,807,800	0.8
Land Administration	Land adjudication and demarcation	23,000,000	192,200	22,807,800	0.8
		32,853,000	-	32,853,000	-
Urban Development-Eldama ravine	Support service	32,853,000	-	32,853,000	-
		451,068,736	372,671,189	78,397,547	82.6
Livestock Development and Management	General administration, planning & support services	12,800,000	6,364,681	6,435,319	49.7
	Support service	431,268,736	365,411,508	65,857,228	84.7
	Livestock Improvement, Pasture and Fodder Development	3,000,000	-	3,000,000	-
	Apiculture Development	4,000,000	895,000	3,105,000	22.4
		2,800,000	2,154,900	645,100	77.0
Agricultural Development	General administration, planning & support services	2,800,000	2,154,900	645,100	77.0
		1,300,000	1,300,000	-	100.0
Agricultural training services	General administration, planning & support services	1,300,000	1,300,000	-	100.0
		91,242,376	18,547,713	72,694,663	20.3
Other Urban Infrastructure development and management	KUSP Programme	91,242,376	18,547,713	72,694,663	20.3
		11,400,000	8,215,475	3,184,525	72.1
Crop Production and Management	Agribusiness Infrastructure Development	11,400,000	8,215,475	3,184,525	72.1
		3,000,000	660,000	2,340,000	22.0
Fisheries Development and Management	Aquaculture Development	3,000,000	660,000	2,340,000	22.0
		45,223,307	40,302,799	4,920,509	89.1
Urban Development-Kabarnet	General Administrative Services	45,223,307	40,302,799	4,920,509	89.1
		12,300,000	-	12,300,000	-
Land Use Planning	Land Planning and Development	12,300,000	-	12,300,000	-
		69,394,893	67,522,356	1,872,537	97.3
General administration	General administration, planning & support services	69,394,893	67,522,356	1,872,537	97.3
		-	-	-	-
Rural Infrastructure Development	Rural road development and management	-	-	-	-
		725,325,712	488,238,713	237,086,999	67.3
Development and Rehabilitation of rural roads and structures	Roads opening and rehabilitation	725,325,712	488,238,713	237,086,999	67.3
		80,853,448	80,242,062	611,386	99.2
General administration	General administration, planning & support services	80,853,448	80,242,062	611,386	99.2
		-	-	-	-
Tourism Development & Marketing	General administration, planning & support services	-	-	-	-
		9,852,591	5,947,189	3,905,402	60.4
Trade Development	Trade Development	9,852,591	5,947,189	3,905,402	60.4
		6,000,000	7,390,364	(1,390,364)	123.2
Industrial Development services	Industrial Dev services	-	-	-	-
	General administration, planning & support services	6,000,000	7,390,364	(1,390,364)	123.2

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
General administration		1,970,056,541	1,889,447,920	80,608,621	95.9
	General administration, planning & support services	1,970,056,541	1,889,447,920	80,608,621	95.9
Health/preventive services		-	38,890,490	(38,890,490)	-
	General administration, planning & support services	-	38,890,490	(38,890,490)	-
	Support service	-	-	-	-
Curative and Rehabilitative Services		300,152,975	81,740,447	218,412,528	27.2
	General administration, planning & support services	88,164,034	3,055,602	85,108,432	3.5
	Support service	131,914,894	-	131,914,894	-
	Support to County Hospitals (FIF)	80,074,047	78,684,845	1,389,202	98.3
Preventive and Promotive Health Services		366,806,717	210,782,503	156,024,214	57.5
	Infrastructure Development	38,900,000	16,109,187	22,790,813	41.4
	Compensation for User fees Forgone	305,506,717	184,902,402	120,604,315	60.5
	Primary Health Care	22,400,000	9,770,914	12,629,086	43.6
General administration services		281,902,357	281,058,904	843,453	99.7
	General administration, planning & support services	281,902,357	281,058,904	843,453	99.7
Early Childhood Development Education		209,647,026	63,987,078	145,659,948	30.5
	Early Childhood Development Education	-	-	-	-
	General administration, planning & support services	20,900,000	2,192,145	18,707,855	10.5
	Support service	188,747,026	61,794,933	126,952,093	32.7
Vocational Training		14,923,979	1,235,021	13,688,958	8.3
	General administration, planning & support services	14,923,979	1,235,021	13,688,958	8.3
General Administration, Planning and support services		146,143,406	68,378,692	77,764,714	46.8
	General Administration services	146,143,406	68,378,692	77,764,714	46.8
Special Programmes	Special Programmes	70,737,035	39,510,000	31,227,035	55.9
	Secondary Schools bursary	30,700,000	30,000,000	700,000	97.7
	Capitation allocation on VTC - Grant	25,594,320	9,510,000	16,084,320	37.2
	School feeding programme	14,442,715	-	14,442,715	-
P1 OFFICE OF THE CLERK		-	-	-	-
	General administration, planning & support services	-	-	-	-
General Administration, Planning and Support Services		365,127,991	346,320,957	18,807,034	94.8
	Support service	329,051,444	312,737,373	16,314,071	95.0
	General administrative services	36,076,547	33,583,584	2,492,963	93.1
General administration		314,338,252	307,516,270	6,821,982	97.8
	General administration	-	-	-	-
	General administration, planning & support services	299,038,252	293,792,295	5,245,957	98.2
	Support service	-	-	-	-
	Internal Audit Services	1,300,000	1,197,790	102,210	92.1
	Emergency Fund	14,000,000	12,526,185	1,473,815	89.5
Treasury Accounts		-	-	-	-
	General administration, planning & support services	-	-	-	-
KDS Programme		75,229,455	50,006,447	25,223,008	66.5
	General administration, planning & support services	75,229,455	50,006,447	25,223,008	66.5
Economic Planning, Budget, Monitoring and Evaluation Services		19,189,732	16,673,530	2,516,202	86.9
	Support service	4,542,550	3,432,590	1,109,960	75.6
	Monitoring and Evaluation Services	6,557,182	6,490,857	66,325	99.0
	Budget process and public participation services	8,090,000	6,750,083	1,339,917	83.4

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Revenue Services Development Services		338,385,260	40,872,995	297,512,265	12.1
	General administration, planning & support services	21,655,518	18,606,065	3,049,453	85.9
	Support service	3,000,000	2,878,000	122,000	95.9
	Infrastructural Development	313,729,742	19,388,930	294,340,812	6.2

Source: Baringo County Treasury

Based on expenditure absorption rate as shown in Table 3-5 above, the programs with the highest absorption rates were: Industrial Development Services (General Administration & Planning) at 123.2 per cent, followed by Inter and Intra-Governmental Relations (General Administration & Planning) at 115.1 per cent, Gender Mainstreaming at 106.1 per cent and Sports Development (General Administration & Planning) at 103.5 per cent of their budget allocation.

The County spent Kshs.1.45 million on “Default - Non-Programmatic” which implies that this expenditure was undertaken without a budget allocation and had not been regularised by the end of the financial year. This is an indication of a weak budgetary control practice by the County Treasury.

3.2.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds whereby the County spent Kshs.1.73 billion in FY 2019/20 out of annual development budget of Kshs.3.50 billion. The expenditure represented 49.4 per cent of the annual development target.
3. A high wage bill, which accounted for 51.3 per cent of the total expenditure in FY 2019/20 and thus constraining funding to other programmes
4. Delay in submission of financial reports to the OCOB for Car Loans and House Mortgage Fund Scheme, Bursary/Scholarships Fund, Enterprise Fund contrary to Section 168 of the PFM Act, 2012.
5. Failure to establish a County Budget and Economic Forum (CBEF) as required by Section 137 of the PFM Act, 2012 to serve as a forum for consultation on matters relating to budgeting, economic and financial matters at the County level.
6. Use of revenue at source and weak budgeting practice by the County Treasury as shown in Table 3-5 where the County incurred expenditure in excess of approved budgetary allocation.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
4. *The County Executive Committee Member for Finance should ensure timely submission of quarterly financial reports by Fund Administrators as stipulated in Section 168 of the PFM Act, 2012.*
5. *The County Executive should establish the County Budget and Economic Forum (CBEF) in line with Section 137 of the PFM Act, 2012.*
6. *The County Treasury should enhance vote book and budgetary controls to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012 and unspent balances at the close of each financial year refunded to the CRF in line with Section 136 (2) of the PFM Act, 2012.*

3.3 County Government of Bomet

3.3.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.7.51 billion, comprising of Kshs.2.62 billion (34.9 per cent) and Kshs.4.89 billion (65.1 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.51 billion (73.3 per cent) being the equitable share of revenue raised nationally, Kshs.1.10 billion (14.6 per cent) as total Conditional Grants, generate Kshs.200.92 million (2.7 per cent) from own sources of revenue, and the cash balance of Kshs.707.27 million (9.4 per cent) from FY 2018/19.

3.3.2 Revenue Performance

During FY 2019/20, the County received Kshs.5.03 billion as the equitable share of the revenue raised nationally, Kshs.745.03 million as total Conditional Grants, raised Kshs.201.51 million as own-source revenue, and had a cash balance of Kshs.707.27 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.69 billion as shown in Table 3-6.

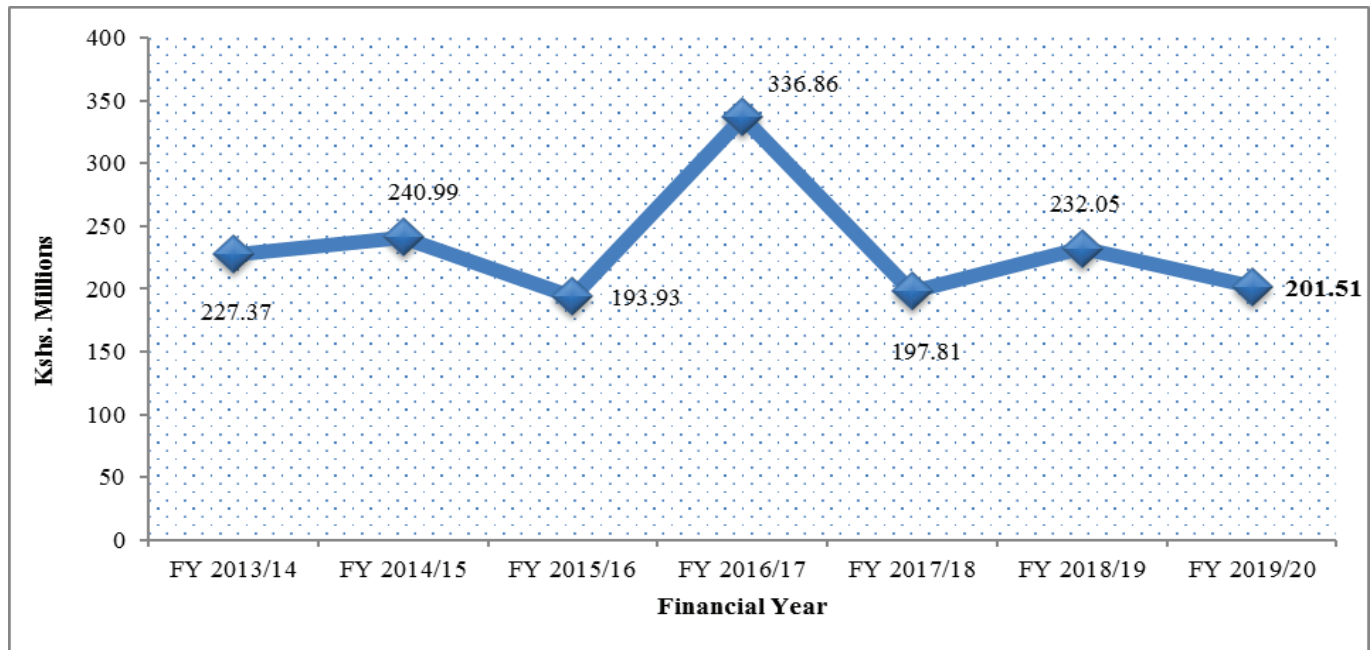
Table 3-6: Bomet County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,507,100,000	5,507,100,000	5,033,489,400	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	16,713,356	16,713,356	16,713,356	100.0
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	183,640,826	183,640,826	156,322,688	85.1
4.	Rehabilitation of Village Polytechnics	59,790,219	59,790,219	47,388,298	79.3
	Sub Total	392,059,295	392,059,295	220,424,342	56.2
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	59,476,084	59,476,084	38,459,565	64.7
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	215,200,000	215,200,000	145,106,438	67.4
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	240,534,800	240,534,800	120,399,579	50.1
8.	DANIDA Grant	23,718,750	23,718,750	23,718,750	100.0
9.	COVID-19 Grant	-	115,000,000	115,197,000	100.2
10.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	30,000,000	30,000,000	30,000,000	100.0
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,416,549	21,416,549	11,458,275	53.5
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	-	8,800,000	-
13.	Workers Allowances	-	-	31,470,000	-
	Sub Total	586,346,183	705,346,183	524,609,607	74.4
D	Other Sources of Revenue				
14.	Own Source Revenue	-	200,922,277	201,510,614	100.3
15.	Balance b/f from FY 2018/19	-	707,271,403	707,271,403	100.0
	Sub Total	-	908,193,680	908,782,017	100.1
	Grand Total	6,485,505,478	7,512,699,158	6,687,305,366	89.0

Source: Bomet County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-3.

Figure 3-3: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Bomet County Treasury

During FY 2019/20, the County generated a total of Kshs.201.51 million as own-source revenue. This amount represented a decrease of 13.2 per cent when compared to Kshs.232.05 million realised in FY 2018/19, and represented 100 per cent of the annual target.

3.3.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.49 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.73 billion (26.7 per cent) for Development programmes and Kshs.4.75 billion (73.3 per cent) for Recurrent programmes.

3.3.4 Overall Expenditure Review

A total of Kshs.6.21 billion was spent on Development and Recurrent programmes and represented 95.8 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.71 billion and Kshs.4.51 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 65.1 per cent while that incurred on Recurrent programmes represented an absorption rate of 92.2 per cent.

3.3.5 Pending Bills

The County had accumulated development-pending bills amounting to Kshs.1.24 million as of June 30, 2020.

3.3.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.64 billion was spent on Compensation to Employees, Kshs.1.87 billion on Operations and Maintenance, and Kshs.1.71 billion on Development expenditure.

Table 3-7: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,888,710,701	4,753,183,685	4,505,162,454	72.5	92.2
Compensation to Employees	2,715,038,525	2,636,577,702	2,636,577,702	42.4	97.1
Operations and Maintenance	2,173,672,176	2,116,605,982	1,868,584,752	30.1	86.0
Total Development Expenditure	2,623,988,457	1,732,553,180	1,707,434,400	27.5	65.1
Development expenditure	2,623,988,457	1,732,553,180	1,707,434,400	27.5	65.1
Total	7,512,699,158	6,485,736,864	6,212,596,854	100.0	82.7

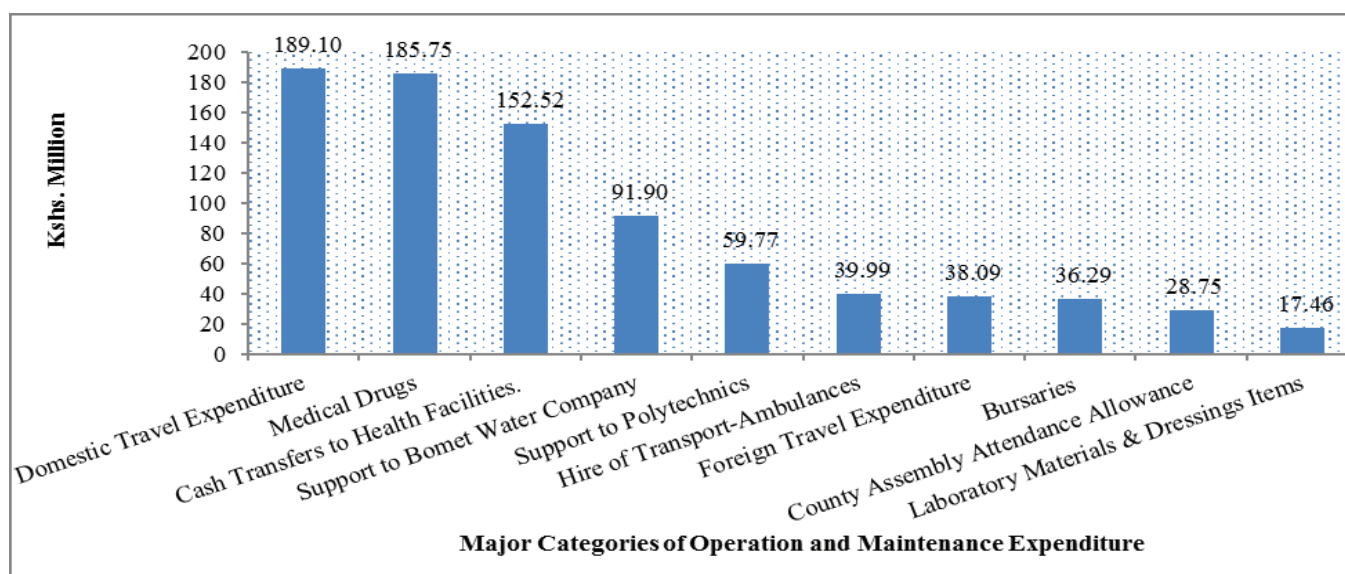
Source: Bomet County Treasury

Expenditure on Compensation to Employees was 42.4 per cent of the total expenditure for the financial year and represented an increase of 1 per cent compared to FY 2018/19 when the County spent Kshs.2.62 billion.

3.3.7 Analysis of Operations and Maintenance Expenditure

Figure 3-4 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-4: Bomet County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Bomet County Treasury

The County Assembly spent Kshs.28.75 million on Committee Sitting Allowances for the 37 MCAs and Speaker against the annual budget allocation of Kshs.28.76 million. The average monthly sitting allowance was Kshs. 64,763 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.189.10 million and comprised of Kshs.76.50 million spent by the County Assembly and Kshs.112.6 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.38.09 million and comprised of Kshs.17.10 million spent by the County Assembly and Kshs.20.98 million by the County Executive.

3.3.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.71 billion represented 65.1 per cent of the annual development budget of Kshs.2.62 billion and represented a decrease of 17 per cent compared to FY 2018/19 when the County spent Kshs 2.06 billion. Table 3-8 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-8 Bomet County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Project	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1.	Construction of Mini chamber	Bomet Town	65,596,000	52,150,526	79.5
2.	Construction of the Main Chamber	Bomet Town	478,357,128	35,331,203	7.4
3.	Revenue collection automation system	Entire Bomet	45,356,203	27,213,722	60.0
4.	Ward Office	Sigor Ward	12,921,045	12,921,045	100.0
5.	Routine Maintenance of Kiptonui Arab Kosgei-Koita Centre-Ndabibi-Kiprerres Road	Kiprerres Ward	6,375,708	6,375,708	100.0
6.	Routine Maintenance Of Kiromwok-Moitoimet-Kaptembwo-Sugutek	Merigi	6,107,214	6,107,214	100.0
7.	Merigi Ward Office	Merigi	5,271,250	5,271,250	100.0
8.	Construction of water pan and fencing	Chebunyo	3,901,480	3,901,480	100.0

S/No.	Project Name	Project	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
9.	De-silting of water pan, construction of cattle trough and fencing	Ndanai/Abosi	3,700,000	3,700,000	100.0
10.	Renovation of survey offices, valuation offices and Accounts office	Bomet Town	3,335,850	3,335,850	100.0

Source: Bomet County Treasury

3.3.9 Budget Performance by Department

Table 3-9 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-9: Bomet County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	627.61	80.00	627.25	80.00	587.48	79.99	93.7	100.0	93.6	100
County Executive	1,971.97	-	1,966.53	-	1,947.75	-	99.0	-	98.8	-
Public Service Board	17.82	-	15.37	-	14.08	-	91.6	-	79.0	-
Administration	57.75	67.61	51.86	46.71	45.69	40.28	88.1	86.2	79.1	59.6
ICT	24.25	18.50	22.43	1.39	20.73	1.39	92.4	100.0	85.5	7.5
Finance	157.10	148.11	114.18	105.99	145.94	132.57	127.8	125.1	92.9	89.5
Economic Planning	101.96	-	98.76	-	60.72	-	61.5	-	59.6	-
Lands, Housing And Urban Planning	71.89	243.33	31.80	154.36	66.98	33.15	210.6	21.5	93.2	13.6
Youth, Sports, Gender and Culture	91.28	38.30	99.70	21.53	85.06	27.84	85.3	129.3	93.2	72.7
Medical Services & Public Health	1,364.39	217.62	1,353.71	28.28	1,209.58	32.08	89.4	113.4	88.7	14.7
Education and Vocational Training	132.46	141.96	119.10	83.68	103.70	82.44	87.1	98.5	78.3	58.1
Water Sanitation and Environment	119.60	414.83	116.17	238.98	99.21	272.91	85.4	114.2	82.9	65.8
Agriculture Cooperatives and Marketing	64.54	330.30	57.44	247.86	49.32	266.38	85.9	107.5	76.4	80.6
Roads, Public Works & Transport	60.84	794.55	56.48	636.89	47.44	641.48	84.0	100.7	78.0	80.7
Trade, Energy, Tourism, Industry and Investment	25.26	128.89	22.39	86.89	21.47	96.93	95.9	111.6	85.0	75.2
Total	4,888.71	2,623.99	4,753.18	1,732.55	4,505.16	1,707.43	94.8	98.6	92.2	65.1

Source: Bomet County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 100 per cent while the Department of Information Communication and Technology (ICT) had the lowest at 7.5 per cent. The County Executive had the highest percentage of recurrent expenditure to the recurrent budget at 98.8 per cent while the Department of Economic Planning had the lowest at 59.6 per cent.

3.3.10 Budget Execution by Programmes and Sub-Programmes

Table 3-10 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-10: Bomet County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Department	Programmes	Sub Programmes	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption %
County Executive	County Executive	Compensation to employees	1,739,638,552	1,735,290,767	4,347,785	99.8
	County Executive	Use of Good and Services	232,332,675	212,462,832	19,869,843	91.4
		Sub-Total	1,971,971,227	1,947,753,598	24,217,629	98.8
Public Service Board	Public service Board					
	Public service Board	Use of Good and Services	17,822,270	14,079,205	3,743,065	79
		Sub-Total	17,822,270	14,079,205	3,743,065	79
Administration	Administration	Use of Good and Services	57,652,703	45,657,176	11,995,527	79.2
	Administration-Governance	Training Services	100,000	33,000	67,000	33
	Infrastructure Development	Purchase of Motor Vehicle(Fire Engine)	30,000,000	30,000,000	-	100
		Residential Buildings	17,000,000	9,504,993	7,495,007	55.9
		Non Residential Buildings- Offices	20,610,000	771,639	19,838,361	3.7
		Sub-Total	125,362,703	85,966,807	39,395,896	68.6
ICT Department	Program 2-ICT Services	Use of Goods and services	21,745,650		21,745,650	-
		S.P 1.1 Development of infrastructure and connectivity	7,000,000	1,387,963	5,612,037	19.8
		S.P 1.2 ICT Connectivity enhancement	4,000,000	-	-	-
		S.P 1.3 E-government services	10,000,000	-	-	-
		Sub-Total	42,745,650	1,387,963	41,357,687	3.2
Finance	Operation and Maintenance	Use of Good and Services	155,096,682	137,855,407	17,241,275	88.9
	P5 Financial Management Services	Preparation of County Valuation roll	2,000,000	2,000,000	-	100
		Automation of Revenue	13,606,861	13,605,595	1,266	100
		Pending Bills	134,500,000	129,263,665	5,236,335	96.1
		Sub-Total	305,203,543	142,869,260	162,334,283	46.8
2. Economic Planning	Economic planning Services	22 - Use of Goods and Services total	62,170,585	13,673,156	48,497,429	22
		LREB	10,000,000	9,994,000	6,000	99.9
		KDSP	30,000,000	-	-	-
	P 2- Budget Preparation	Preparation of Budget Documents	8,000,000	5,505,000	2,495,000	68.8

Department	Programmes	Sub Programmes	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption %
		Awareness and Publicity Campaigns	6,000,000	4,610,400	1,389,600	76.8
	P3 Monitoring and Evaluation					
		Monitoring services(Installation of M&E dashboard)	11,000,000	-	-	-
		Awareness and Publicity Campaigns	100,000	-	-	-
	P4 Planning and Statistics					
		County Plans	3,598,250	3,502,300	95,950	97.3
		County Statistics	3,000,000	3,000,000	0	100
		Sub-Total	133,868,835	40,284,856	93,583,979	30.1
Lands Housing and Urban Planning		Use of Goods and Services	15,568,360	14,583,439	984,921	93.7
	Infrastructure Development	Contracted Technical Services	13,749,985	1,147,385	12,602,600	8.3
		Purchase of land	15,000,000	15,000,000	-	100
		Other Infrastructure and Civil Works	12,943,613	5,412,502	7,531,111	41.8
		Engineering and Design Plans	1,637,100	1,598,650	38,450	97.7
		Non-Residential Buildings (offices, schools, hospitals)	3,000,000	-	-	-
		Sub Total	61,899,058	37,741,976	24,157,082	61
	KUSP	Training and Capacity Building of Bomet Municipal Board and Staff	1,500,000	-	-	-
		Completion of Bomet Municipal Urban Integrated Development Plan	7,000,000	-	-	-
		Kembu Integrated Development Plan	3,000,000	-	-	-
		Sigor Integrated Development Plan	3,000,000	-	-	-
		Mulot Town Integrated Plan	7,000,000	-	-	-
		County urban areas strategic plan	9,000,000	-	-	-
		County physical planning/ Development control	6,000,000	-	-	-
		Electricity	50,000	-	-	-
		Water and sewerage charges	30,000	-	-	-
		Telephone, Telex, Facsimile and Mobile Phone Services	10,000	-	-	-
		Courier and Postal Services	10,000	-	-	-
		Travel Costs (bus, railway, mileage allowances, etc.)	400,000	-	-	-

Department	Programmes	Sub Programmes	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption %
		Domestic Travel and Subs.-Others	1,225,000	-	-	-
		Publishing and Printing Services	150,000	-	-	-
		Subscriptions to Newspapers, Magazines and Periodicals	20,000	-	-	-
		Advertising, Awareness & Publicity Campaigns	400,000	-	-	-
		Trade Shows and Exhibitions	200,000	-	-	-
		Other Operating expenses- Community Participation	1,310,000	1,000,000	310,000	76.3
		Catering Services (receptions), Accommodation, Gifts, Food and Drinks	165,000	-	-	-
		Boards, Committees, Conferences and Seminars	1,350,000	-	-	-
		Gas Expenses	50,000	-	-	-
		Purchase of Uniforms and Clothing-Staff	300,000	-	-	-
		Accommodation - Domestic Travel	1,200,000	-	-	-
		Daily Subsistence Allowance	1,120,000	372,000	748,000	33.2
		Sanitary and Cleaning Materials, Supplies and Services	250,000	-	-	-
		Bank Service Commission and Charges	10,000	-	-	-
		Purchase of household and institutional appliances	150,000	-	-	-
		Sundry items	100,000	-	-	-
	KUSP	Construction of Bomet University-Chebirir-Major Estate Road to Bitumen Standard	23,422,667	-	-	-
		Improvement of Selected Silbwet Town Access Roads to Bitumen Standards.	50,000,000	-	-	-
		Construction of Additional Market Stalls and Installation of Cabro Blocks/Works in Bomet Market.	56,600,000	-	-	-
		Purchase of Farm Tractor with Skip Loader	8,000,000	-	-	-
		Preparation of Detailed Designs and Environmental Impact Reports for KUSP Projects	8,400,000	-	-	-
		Sub-Total	315,220,783	1,372,000	313,848,783	0.4

Department	Programmes	Sub Programmes	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption %
Youth Sports Gender and Culture		Use of Goods and Services total	45,070,490	14,583,439	30,487,051	32.4
	PROGRAMME 1 Policy Development and Administrative Services	Policy Development	500,000	-	-	-
		Capacity Building	1,000,000	254,800	745,200	25.5
	PROGRAMME 2 Gender, Children Services and Social Protection	SP 2.1 Training and gender empowerment	5,900,000	5,606,800	293,200	95
		Other Operating expenses	5,519,200	5,300,000	219,200	96
		SP 2.2 Social protection and children services	6,108,848	5,539,300	569,548	90.7
	PROGRAMME 3 Culture and library services	PROGRAMME 3 Culture and library services				
		SP 3.1 Cultural Development	3,120,370	731,360	2,389,010	23.4
		Training expenses-Other (budget)	3,120,370	3,090,060	30,310	99
	PROGRAMME 4 Youth and Sports Development					
		Training expenses-Other (budget)	9,500,000	3,844,900	5,655,100	40.5
		Training services	9,000,000	3,397,970	5,602,030	37.8
		SP 4.2 Sports Enhancement	3,800,000	3,800,000	-	100
		SP 4.3 Revitalization of youth programmes	9,000,000	8,932,370	67,630	99.2
		SP 4.4 Internship Programme	22,250,000	22,012,000	238,000	98.9
		Other infrastructure and Civil works	2,100,000	-	-	0
		SP 4.5 Establishment of Youth Empowerment facilities and equipment	3,591,152	2,868,500	722,652	79.9
		Sub Total	129,580,430	79,961,499	49,618,931	61.7
Medical Services and Public Health	Salaries and Wages	Compensation to Employees	614,016,181	-	-	-
	Operation and maintenance	Use of Goods and Services	58,853,899	58,837,980	15,919	100
	Programmes 4	Policy Development	732,900	-	-	-
		Transformative Health Care systems	88,329,983	55,370,813	32,959,170	62.7
		DANIDA Funds disbursements	16,713,356	16,101,837	611,519	96.3
		User fees forgone disbursements	152,818,750	152,519,788	298,962	99.8

Department	Programmes	Sub Programmes	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption %
		Cash Transfers to Health Facilities.	11,660,690	10,996,000	664,690	94.3
		Specialised Materials and Supplies -(Renal, CT-SCAN, Ophthalmic, Oncology, HDU, theatre consumables)	187,688,937	185,747,554	1,941,383	99
		Medical Drugs	22,204,000	21,788,636	415,364	98.1
		Dressings and Other Non- Pharmaceutical Medical Items -(gloves, linen, etc)	40,791,637	39,985,354	806,283	98
		Hire of Transport - ambulance service	17,896,000	17,463,975	432,025	97.6
		Laboratory Materials, Supplies and Small Equipment	525,000	-	-	-
		Community and health facility based interventions	8,259,185	7,841,850	417,335	94.9
		Communicable disease prevention and Control	2,720,000	-	-	-
		Sanitation programmes (including BIDP)	18,437,552	9,641,200	8,796,352	52.3
		Nutrition services	8,560,000	7,095,848	1,464,152	82.9
		DEVELOPMENT				
		Non-Residential Buildings (Hospitals, Health centres, dispensaries)	33,452,703	11,860,645	21,592,058	35.5
		Purchase of Medical and Dental Equipment -	22,171,489	20,221,489	1,950,000	91.2
		Leasing of medical equipment	60,972,095	26,833,614	34,138,481	44
		Procurement, Installation & commissioning of a standby generator for Longisa CRH	215,200,000	11,304,194	203,895,806	5.3
		Sub-Total	1,582,004,357	653,610,777	928,393,580	41.3
Agriculture Cooperatives and Marketing	Operation and maintenance	Use of Goods and Services sub total	21,121,113	20,041,077	1,080,036	94.9
		Veterinarian Supplies and Materials(AI)	6,000,000	5,957,960	42,040	99.3
		Disease, Vector & Pest control	9,000,000	8,153,619	846,381	90.6
		Trade shows and Exhibition	1,000,000	718,998	281,002	71.9
		Training expenses- Other	1,000,000	951,200	48,800	95.1
		KCSAP expenses	5,000,000	3,800,000	1,200,000	76
		ASDSP	21,416,549	9,700,000	11,716,549	45.3
		IDA(Word Bank) Kenya Climate Smart	215,200,000	165,078,839	50,121,161	76.7
		Purchase of Certified Crop Seeds	1,100,000	1,100,000	-	100
		Supplies for Production	12,000,000	11,475,000	525,000	95.6

Department	Programmes	Sub Programmes	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption %
		Non-Residential Buildings (offices, schools, hospitals, etc.- Satellite ATCs	4,900,000	3,338,236	1,561,764	68.1
	P3. Agribusiness - Development and marketing					
		Other current transfers-Co-funding	7,000,000	1,000,000	6,000,000	14.3
		Agricultural Materials, Supplies and Small Equipment	4,100,000	-	-	-
		Food & Nutrition Security	6,000,000	-	-	-
			7,000,000	6,494,093	505,907	92.8
		Other current transfers-Co-funding	5,000,000	1,705,971	3,294,029	34.1
		Agricultural Materials, Supplies and Small Equipment	1,400,000	-	-	-
		Food & Nutrition Security	6,400,000	1,705,971	4,694,029	26.7
		SP3.1 Cooperative development				
	P4. Livestock, Fisheries & Veterinary Services	Cooperative societies	8,100,000	8,100,000	-	100
		Purchase of Agricultural Machinery and Equipment- Value Addition				
		Other infrastructure and Civil Works -Value addition	2,700,000	852,000	1,848,000	31.6
		Other infrastructure and Civil Works -	6,500,000	6,494,093	5,907	99.9
	Programme 4	SP4.1 Livestock Development				
		Agricultural Materials, Supplies and Small Equipment	1,700,000	852,000	848,000	50.1
		SP 4.2 Fisheries Development				
		Construction of Fish pond	400,000	400,000	-	100
		Purchase of Animals and Breeding Stock	500,000	500,000	-	100
		Purchase of specialized Plant- Fisheries	58,000,000	18,024,133	39,975,867	31.1
		SP 4.3 Disease, Vector and pest control				
		Veterinarian Supplies and Materials	4,000,000	3,182,700	817,300	79.6
		SP 4.4 Veterinary services development				
		Construction of buildings	7,500,000	7,130,403	369,597	95.1

Department	Programmes	Sub Programmes	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption %	
		Refurbishment of Non-Residential Buildings-Dips and slaughter and Tea buying centres	58,104,680	56,674,025	1,430,655	97.5	
		Sub-Total	392,842,342	343,430,315	49,412,027	87.4	
Water Sanitation and Environment		Policy planning and administrative services					
		County water policy and bill	7,680,000	3,980,000	3,700,000	51.8	
		Consultancy Services for Feasibility Study to identify potential sources for the development of water Supply	33,000,000	-	-	-	
		Consultancy Services for Preparation of County Natural Resources Master Plan (EOI and Design)	15,000,000	-	-	-	
		Development of Water Supply for Domestic and Commercial purposes	33,000,000	-	-	-	
		Water supply infrastructure	257,846,082	205,376,470	52,469,612	79.7	
		BIDP Programme	45,799,000	35,000,000	10,799,000	76.4	
		water harvesting and storage	33,000,000	-	-	0	
		Spring protection	15,000,000	-	-	0	
		Drilling of boreholes	33,000,000	12,002,763	20,997,237	36.4	
		Irrigation Development	6,000,000	4,257,363	1,742,637	71	
		Irrigation infrastructure	500,000	-	-	-	
		Environmental and natural resources protection and conservation					
		Soil and water conservation	15,500,000	14,567,453	932,547	94	
		Environmental education and awareness	2,000,000	1,983,700	16,300	99.2	
		Support to Bomet Water Company (Grants)	109,600,000	91,900,000	17,700,000	83.9	
		Operation and maintenance	Use of Goods and Services	8,954,933	6,983,715	1,971,218	78
			Sub-Total	615,880,015	376,051,464	239,828,551	61.1
Education and Vocational Trainings							
	Operations and Maintenance	Use of Goods and Services	17,465,588	6,544,647	10,920,941	37.5	
		Mobilization and Awareness	1,103,521	1,103,500	21	100	
		Bursaries and Support Services	61,496,660	36,286,560	25,210,100	59	
		Development					
	Early Childhood Development and Education	Construction of ECD Classrooms	126,500,000	76,871,641	49,628,359	60.8	

Department	Programmes	Sub Programmes	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption %
		Ancillary Education Support	8,064,000	3,224,000	4,840,000	40
	Technical Vocational Educational and Training	Other Transfers(Support to Polytechnic)	59,790,219	59,766,680	23,539	100
		Sub-Total	274,419,988	183,797,028	90,622,960	67
Roads Public Works and Transport	Policy planning and administrative services	Use of goods and services	65,842,131	63,582,432	2,259,699	96.6
	Policy Development (Roads)		2,500,000	1,995,500	504,500	79.8
	Construction of Roads		521,726,484	411,015,499	110,710,985	78.8
	Overhaul of Roads (RMLF)		183,640,826	170,353,142	13,287,684	92.8
	Development and Maintenance of other Public works					
	Construction and Maintenance of Motorised Bridge		49,894,150	49,252,136	642,014	98.7
	Culvert Installation		14,000,000	-	-	-
	Foot Bridge construction		5,000,000	2,325,452	2,674,548	46.5
	Construction and equipping of Material Testing Lab		9,351,370	5,562,810	3,788,560	59.5
	Consultancy services for Construction works		3,435,483	3,435,483	0	100
	Programme 4					
			Sub-Total	855,390,444	707,522,455	147,867,989
Trade Energy Tourism Industry and Investment	Operations and Maintenance	Used of Goods and services	10,956,986	18,352,410	-7,395,424	167.5
		Maintenance Expenses - Motor Vehicle	1,804,353	1,698,725	105,628	94.1
	P1. Trade Development					
		Capacity Building of SMEs	1,790,000	940,675	849,325	52.6
		Trade Awards	1,000,000	480,000	520,000	48
		S.P 1.1 County Enterprise Fund	8,282,281	4,236,676	4,045,605	51.2
		S.P 1.2 Market Development	39,944,252	39,551,902	392,350	99
		S.P 1.3 Fair Trade And Consumer Protection Practices	1,000,000	-	-	-
	P2. Energy Development					
		S.P 2.1 Power Generation And Distribution Service_ street lights	6,200,000	2,586,717	3,613,283	41.7
		S.P 2.3 Counterpart funding Matching Funds REA	10,000,000	10,000,000	-	100

Department	Programmes	Sub Programmes	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption %
		S.P 2.4 Installation and Maintenance of street lights	26,751,458	23,509,927	3,241,531	87.9
	P3. Tourism Development	S.P 3.1 Development Of The Tourism Niche Products	9,708,367	3,835,028	5,873,339	39.5
		Total Expenditure Programme 3	9,708,367	3,835,028	5,873,339	39.5
	P4. Industry Development					
		S.P 4.3 Industrial Development And Support	13,000,000	7,767,230	5,232,770	59.7
		S.P. 4.4 . Equipping of Jua Kali sheds	14,000,000	5,438,080	8,561,920	38.8
		Sub-Total	154,146,064	122,232,397	31,913,667	79.3
County Assembly	P1 County Assembly Legislative Services	SP 1.2: Committee Services	34,055,071	34,054,361	710	100
		SP 2.2: Public Participation	56,435,025	56,432,901	2,124	100
	P2 Oversight Presentation	SP 2.1: Decentralization of Services	43,390,000	43,388,090	1,910	100
		SP 3.2: Administrative Services	453,726,882	453,609,125	117,757	100
		Sub-Total	587,606,978	587,484,477	122,501	100
		County Summary		6,805,092,180	5,545,121,498	1,259,970,682
County Assembly			707,606,978	-	-	-
	Personal emoluments		286,199,973	286,186,849	13,124	100
	Operation & maintenance		341,407,005	301,297,628	40,109,377	88.3
	Development		80,000,000	79,990,878	9,122	100
Total			7,512,699,158	6,212,596,853	1,300,102,305	82.7

Source: Bomet County Treasury

Based on expenditure absorption rate as shown in Table 3-10, the programs with the highest absorption rates were: Operations and Maintenance (Trade, Energy, Tourism, Industry and Investment) at 167.5 per cent, County Assembly Legislative Services (County Assembly) at 100 per cent, and Technical Vocational Educational and Training at 100 per cent of budget allocation.

3.3.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Failure to refund all unspent funds and weak budgetary control practice by the County Treasury as shown in Table 3-10 where the County incurred expenditure in excess of approved exchequer allocations.
3. A high wage bill, which accounted for 42.4 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section

166 of the PFM Act, 2012.

2. The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.
3. The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.

3.4 County Government of Bungoma

3.4.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.13.84 billion, comprising of Kshs.4.60 billion (33.2 per cent) and Kshs.9.24 billion (66.8 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.8.89 billion (66.3 per cent) being the equitable share of revenue raised nationally, Kshs.2.40 billion (17.8 per cent) as total Conditional Grants, generate Kshs.441.57 million (3.3 per cent) from own sources of revenue, a cash balance of Kshs.1.22 billion (9 per cent) from FY 2018/19, and raise Kshs.477.53 million (3.6 per cent) as Appropriation in Aid (A-I-A).

3.4.2 Revenue Performance

During FY 2019/20, the County received Kshs.8.13 billion as the equitable share of the revenue raised nationally, Kshs.942.10 million as total Conditional Grants, raised Kshs.310.98 million as own-source revenue, and had a cash balance of Kshs.1.22 billion from FY 2018/19. The County also received Kshs.466.78 million as A-I-A. The total funds available for budget implementation during the period amounted to Kshs.11.06 billion as shown in Table 3-11.

Table 3-11: Bungoma County, Revenue Performance in FY 2019/20

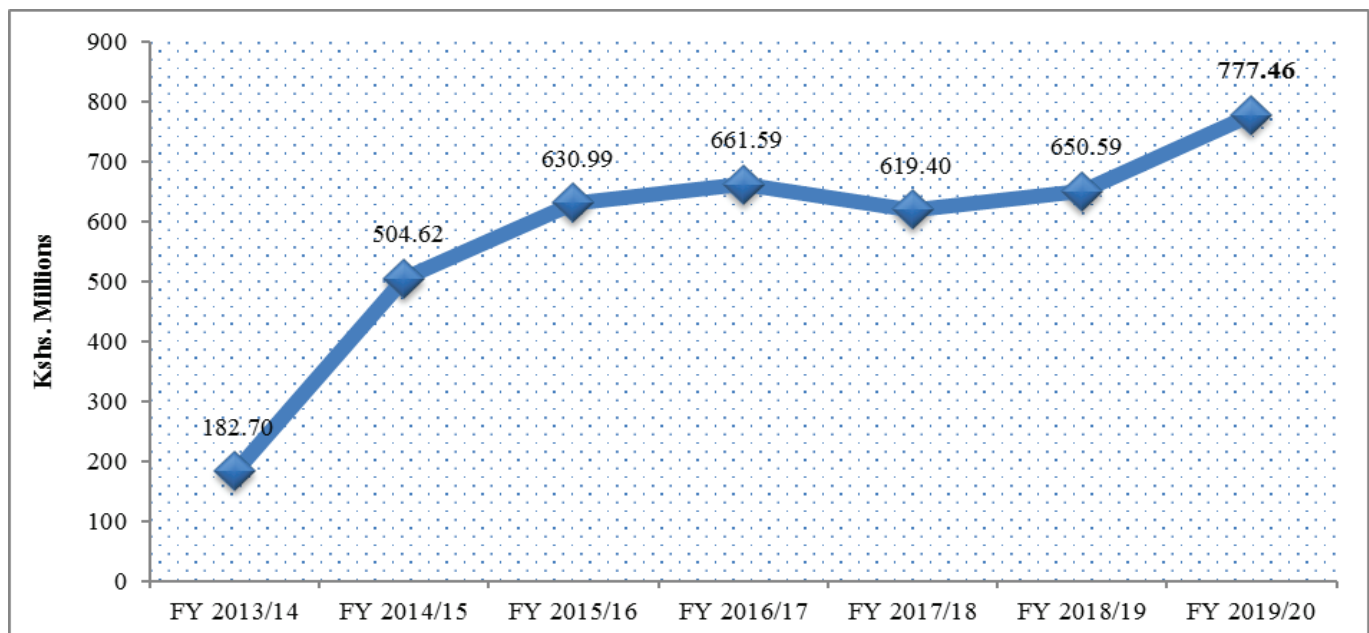
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,893,650,000	8,893,650,000	8,128,796,100	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	32,837,307	32,837,307	-	-
	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
2.	Road Maintenance Fuel Levy Fund	252,452,156	431,442,915	264,505,710	61.3
3.	Rehabilitation of Village Polytechnics	53,928,298	119,428,298	31,339,500	-
4.	Finance: COVID 19 Grant	-	213,714,000	-	-
	Sub Total	471,132,655	929,337,414	295,845,210	31.8
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	143,042,792	198,056,208	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	427,418,760	230,090,976	53.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	88,329,310	30,000,000	34.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	300,977,100	300,977,100	215,270,498	71.5
5.	DANIDA Grant	26,718,750	26,718,750	9,975,000	37.3

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	212,537,789	54,443,858	25.6
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,814,092	43,128,174	32,673,173	75.8
8.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	160,000,000	65,000,000	40.6
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
Sub Total		958,352,734	1,465,966,091	646,253,505	44.1
D	Other Sources of Revenue				
1.	Own Source Revenue	-	441,568,045	310,980,150	70.4
2.	Balance b/f from FY 2018/19	-	1,215,275,668	1,215,275,668	100.0
3.	A-I-A	-	477,529,339	466,477,712	97.7
Sub Total		-	2,134,373,052	1,992,733,530	93.4
Grand Total		10,323,135,389	13,423,326,557	11,063,628,345	82.4

Source: Bungoma County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-5.

Figure 3-5: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Bungoma County Treasury

During FY 2019/20, the County generated a total of Kshs.777.46 million which comprised of Kshs.310.98 million as ordinary own-source revenue and Kshs.466.48 million as A-I-A. This amount represented an increase of 19.5 per cent when compared to Kshs.650.59 million realised in FY 2018/19, and represented 84.6 per cent of the annual target.

3.4.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.87 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.19 billion (22.2 per cent) for Development programmes and Kshs.7.68 billion (77.8 per cent) for Recurrent programmes.

3.4.4 Overall Expenditure Review

A total of Kshs.10.82 billion was spent on Development and Recurrent programmes and represented 109.5 per cent of the total funds released from the CRF account. Expenditure by the County was above the exchequer received which suggests usage of revenue at source. The expenditure comprised of Kshs.2.65 billion and Kshs.8.16 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 57.7 per cent while that incurred on recurrent programmes represented an absorption rate of 88.3 per cent.

3.4.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.61.37 million as at June 30, 2020. These bills consisted of Kshs.12.54 million for development activities and Kshs.48.83 million for recurrent expenditure.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.4.91 billion was spent on Compensation to Employees, Kshs.3.26 billion on Operations and Maintenance, and Kshs.2.65 billion on Development expenditure.

Table 3-12: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	9,239,489,874	7,684,371,829	8,161,417,816	75.5	88.3
Compensation to Employees	4,982,088,872	4,905,798,383	4,905,798,383	45.4	98.5
Operations and Maintenance	4,257,401,002	2,778,573,446	3,255,619,433	30.1	76.5
Total Development Expenditure	4,596,639,431	2,189,343,676	2,654,443,416	24.5	57.7
Development expenditure	4,596,639,431	2,189,343,676	2,654,443,416	24.5	57.7
Total	13,836,129,305	9,873,715,505	10,815,861,232	100.0	78.2

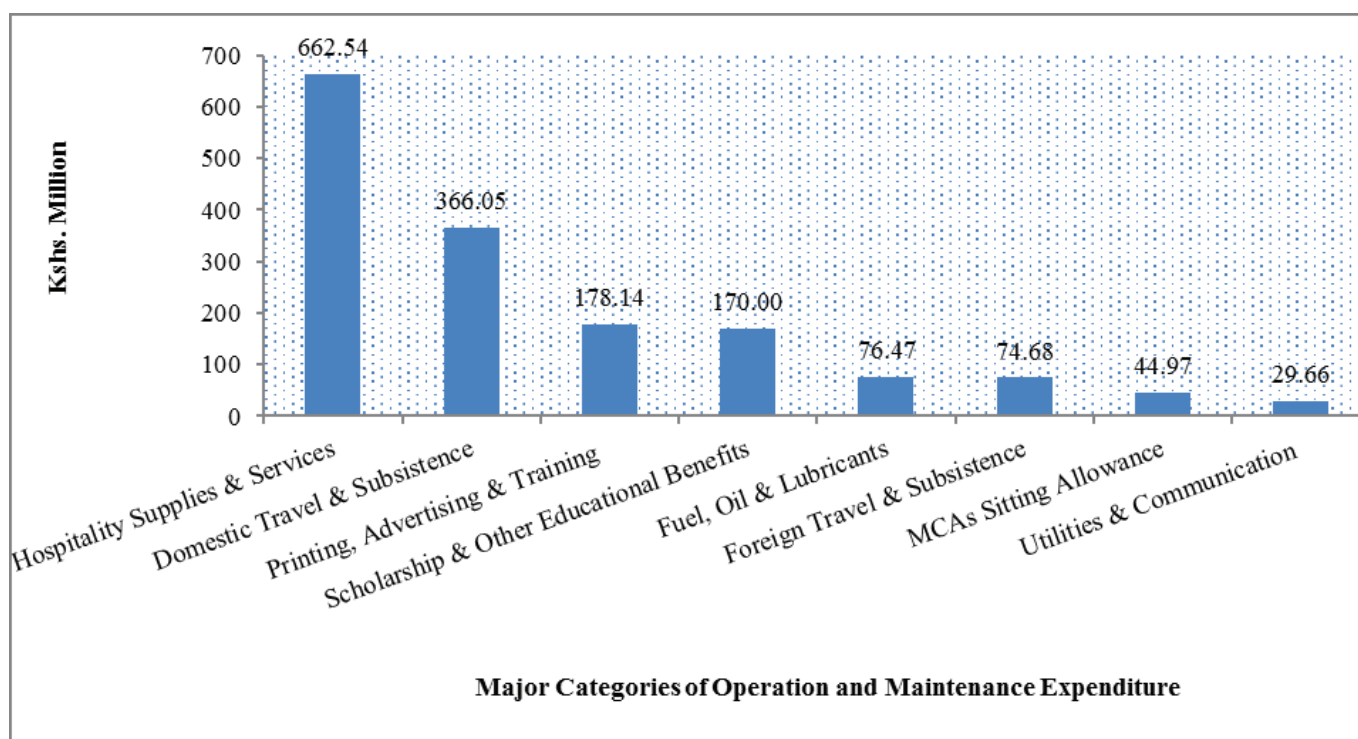
Source: Bungoma County Treasury

Expenditure on Compensation to Employees was 45.4 per cent of the total expenditure for the fiscal year and represented an increase of 11.1 per cent compared to FY2018/19 when the County spent Kshs.4.42 billion.

3.4.7 Analysis of Operations and Maintenance Expenditure

Figure 3-6 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-6: Bungoma County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Bungoma County Treasury

The County spent Kshs.44.97 million on Committee Sitting Allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.51.98 million. The average monthly sitting allowance was Kshs.61,429 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.366.05 million and comprised of Kshs.18.62 million spent by the County Assembly and Kshs.347.43 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.74.68 million and comprised of Kshs.16.88 million spent by the County Assembly and Kshs.57.80 million by the County Executive.

3.4.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.65 billion represented 57.7 per cent of the annual development budget of Kshs.4.60 billion and represented an increase of 13.2 per cent compared to FY 2018/19 when the County spent Kshs.2.34 billion. Table 3-13 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-13: Bungoma County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Purchase and delivery of certified fertilizer for Farm Input Support	All 45 wards	143,100,000	64,621,138	45.2
2	Upgrading of Misikhu - Brigadier Road	Misikhu	100,000,000	42,332,940	42.3
3	Upgrading of Kanduyi - Sang'alo Junction Dual Carriage	Kanduyi	333,002,817	320,811,323	96.3
4	Construction of Maternal/Child Ward Block at Sirisia Hospital	Sirisia Hospital	35,000,000	24,678,258	70.5
5	Construction of ECDE classroom and equipping and ward projects	All 45 Wards	275,393,901	79,092,223	28.7
6	Construction of Kanduyi stadium	Kanduyi	148,971,608	148,145,573	99.4
7	Phase two construction of Administration block	Headquarters	169,925,397	141,531,863	83.6
8	Acquisition of land	Chepkube open air market in Kanduyi sub-county	50,000,000	45,090,608	90.2
9	Supply of seven generators to seven health facilities	Bumula, Kimilili, SinokoMechimeru, Kapsokwony, Sirisia, Chwele	9,870,200	9,460,690	95.9
10	Development of VTC centres of excellence	All 45 Wards	35,000,000	1,250,000	3.6

Source: Bungoma County Treasury

3.4.9 Budget Performance by Department

Table 3-14 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-14: Bungoma County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-op Development	404.03	779.93	403.52	163.92	389.93	425.57	96.6	259.6	96.5	54.6
Tourism, Forestry, Environment Water and Natural Resource and Water	246.32	423.38	211.94	134.33	247.52	130.69	116.8	97.3	100.5	30.9
Roads and Public works	155.06	1,411.48	145.93	1,074.94	157.21	1,077.61	107.7	100.2	101.4	76.3
Education	1,183.59	411.69	1,111.63	89.65	1,108.58	117.12	99.7	130.6	93.7	28.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health and Sanitation	3,729.89	272.19	2,719.51	119.20	2,972.14	119.81	109.3	100.5	79.7	44.0
Trade, Energy and Industrialization	54.14	65.82	59.41	41.18	53.46	39.70	90.0	96.4	98.7	60.3
Lands, Urban and Physical Planning	106.79	607.64	52.36	36.79	53.18	338.95	101.6	921.4	49.8	55.8
Housing	21.16	6.44	19.76	-	20.98	6.44	106.2	0.0	99.2	99.9
Gender, Culture, County Assembly	110.95	163.97	86.60	140.18	104.45	163.61	120.6	116.7	94.1	99.8
Finance and Planning	867.66	204.93	867.65	154.75	867.63	154.75	100.0	0.0	100.0	75.5
County Public Service	1,202.40	13.82	1,074.34	5.08	1,129.84	7.50	105.2	147.5	94.0	54.2
Governors	42.73	-	40.13	-	44.24	-	110.2	0.0	103.5	-
D/Governor's office	449.12	-	352.25	-	427.65	-	121.4	0.0	95.2	-
Public Administration/ Sub County Administration	37.94	-	14.39	-	35.58	-	247.3	0.0	93.8	-
County Secretary	356.20	10.90	346.61	229.34	352.30	7.37	101.6	3.2	98.9	67.7
County Secretary	271.52	224.45	178.33	-	196.71	65.34	110.3	0.0	72.4	29.1
Total	9,239.49	4,596.64	7,684.37	2,189.34	8,161.42	2,654.44	106.2	121.2	88.3	57.7

Source: Bungoma County Treasury

Analysis of expenditure by department shows that the Department of Housing recorded the highest absorption rate of development budget at 99.9 per cent while the Department of Education had the lowest at 28.4 per cent. The Department of County Public Service works had the highest percentage of recurrent expenditure to recurrent budget at 103.5 per cent while the Department of Lands, Urban and Physical Planning had the lowest at 49.8 per cent.

3.4.10 Budget Execution by Programmes and Sub-Programmes

Table 3-15 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-15: Bungoma County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
Water and Natural Resources						
General administration, planning and support services	General administration, planning and support services	157,766,722	74,251,927	83,514,795	47.1	
Water and sewerage services management	Water and sewerage services management	65,000,000	65,000,000	-	100.0	
		96,279,340	41,019,814	55,259,526	42.6	
Forest conservation, protection and management	Forest conservation, protection and management	144,000,000	-	144,000,000	0.0	
Sub total		463,046,062	180,271,741	282,774,321	38.9	
Trade, Energy and Industrialization						
General administration, planning and support services	General administration, planning and support services	83,319,413	72,061,017	11,258,396	86.5	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Energy access and Industrial development	Energy access and Industrial development	13,793,500	13,071,000	722,500	94.8
Ward Based Projects		22,845,184	8,027,362	14,817,822	35.1
Sub total		119,958,097	93,159,379	26,798,718	77.7
Education and Planning					
General Administration, Planning, Policy Coordination and Support Services	General Administration, Planning, Policy Coordination and Support Services	1,082,875,148	1,011,969,124	70,906,024	93.5
	General Administration, Planning, Policy Coordination and Support Services	1,300,000	1,300,000	-	100.0
	General Administration, Planning, Policy Coordination and Support Services	2,000,000	2,000,000	-	100.0
Early Childhood Development and Education	Early Childhood Development and Education	500,000	500,000	-	100.0
	Early Childhood Development and Education	300,000	300,000	-	100.0
	Early Childhood Development and Education	300,000	300,000	-	100.0
	Early Childhood Development and Education	126,922,941	31,339,500	95,583,441	24.7
Vocational Education and Training		124,503,298	7,387,144	117,116,154	5.9
	Vocational Education and Training	300,000	300,000	-	100.0
		300,000	300,000	-	100.0
		12,243,545	-	12,243,545	0.0
Education Support Programme	Education Support Programme	243,726,800	170,000,000	73,726,800	69.8
Sub total		1,595,271,732	1,225,695,768	369,575,964	76.8
Environment and Tourism					
General Administration, Planning, Policy Coordination and Support Services	General Administration, Planning, Policy Coordination and Support Services	28,716,261	28,716,261	-	100.0
		3,000,000	3,000,000	-	100.0
		159,898,868	159,737,176	161,692	99.9
Tourism product development and marketing	Tourism product development and marketing	1,288,784	-	1,288,784	0.0
		3,866,351	-	3,866,351	0.0
Integrated solid waste management	Integrated solid Waste management	9,879,461	6,173,314	3,706,147	62.5
Sub total		206,649,725	197,626,751	9,022,974	95.6
Lands, Urban and Physical Planning					
General administration, planning and support services	General administration, planning and support services	128,145,955	73,933,442	54,212,512	57.7
General administration, planning and support services	General administration, planning and support services	65,037,640	65,037,640	-	100.0
General administration, planning and support services	General administration, planning and support services	521,078,910	253,150,033	267,928,877	48.6
Sub total		714,262,505	392,121,115	322,141,390	54.9
County Public Service Board					
General administration, planning and support services	General administration, planning and support services	34,148,688	35,659,368	(1,510,680)	104.4
General administration, planning and support services	General administration, planning and support services	6,185,300	6,185,300	-	100.0
Governance and National Values	Governance and National Values	2,400,000	2,400,000	-	100.0
Sub total		42,733,988	44,244,668	(1,510,680)	103.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Administration/ Sub County Administration					
General Administration, Planning and support services	General Administration, Planning and support services	354,195,499	346,297,614	7,897,885	97.8
Public participation, civic education and Outreach services	Public participation ,civic education and Outreach services	6,000,000	6,000,000	-	100.0
Service Delivery and organizational transformation	Service Delivery and organizational transformation	10,897,624	7,373,271	3,524,353	67.7
Sub total		371,093,123	359,670,885	11,422,238	96.9
Directorate Housing					
General Administration, Planning and support services	General Administration, Planning and support services	21,331,384	20,984,906	346,479	98.4
Housing development and management	Housing development and management	6,443,919	6,437,915	6,004	99.9
Sub total		27,775,303	27,422,821	352,482	98.7
Finance and Economic Planning					
General administration, planning and support services	General administration ,planning and support services	462,404,152	400,924,367	61,479,785	86.7
		446,571,931	446,571,931	-	100.0
		143,520,280	143,472,080	48,200	100.0
Economic development planning and coordination	Economic development planning and coordination	86,026,515	72,750,240	13,276,275	84.6
Monitoring & Evaluation services	Monitoring & Evaluation services	17,345,744	16,491,213	854,531	95.1
County Public Financial Management	County Public Financial Management	30,309,641	29,100,000	1,209,640	96.0
Audit Services	Audit Services	30,047,900	28,027,005	2,020,896	93.3
Sub total		1,216,226,162	1,137,336,835	78,889,327	93.5
Governor/ Deputy Governor's Office					
General Administration, Planning and support services	General Administration, Planning and support services	261,415,188	261,415,188	-	100.0
		138,909,173	133,282,779	96,250,669	95.9
County Executive Committee Affairs	County Executive Committee Affairs	22,956,484	22,956,484	-	100.0
County Strategic and Service Delivery	County Strategic and Service Delivery	6,627,827	6,627,827	-	100.0
Governance and strategic leadership	Governance and strategic leadership	47,151,184	30,046,519	17,104,665	63.7
County government advisory services	County government advisory services	10,000,000	9,215,185	192,244,661	92.2
Subtotal		487,059,856	463,543,982	23,515,874	95.2
Health and Sanitation					
General Administration, Planning, Policy Coordination and Support Services	General Administration, Planning, Policy Coordination and Support Services	3,036,545,921	2,811,232,095	225,313,826	92.6
Preventive and Promotive Health Services	Preventive and Promotive Health Services	379,654,848	155,238,923	224,415,925	40.9
Curative and Rehabilitative Health Services	Curative and Rehabilitative Health Services	361,766,693	100,000,000	261,766,693	27.6
Reproductive, Maternal, New Born and Child Health	Reproductive, Maternal, New Born and Child Health	190,613,112	24,008,466	166,604,646	12.6
Sanitation Management	Sanitation Management	25,491,544	1,477,300	24,014,244	5.8
Public health Department	Public health Department	8,008,550	-	8,008,550	-
Sub total		4,002,080,668	3,091,956,785	910,123,883	77.3
County Secretary					
General administration, planning and support services	General administration ,planning and support services	251,363,631	196,713,097	54,650,534	78.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
ICT and information management services	ICT and information management services	28,065,073	10,895,073	17,170,000	38.8
Kenya devolution development	Kenya devolution development	212,537,789	54,443,858	158,093,931	25.6
Sub total		491,966,493	262,052,028	229,914,465	53.3
Roads and Public Works					
General administration, planning and support services	General administration, planning and support services	495,444,099	404,367,642	91,076,457	81.6
General administration, planning and support services	public safety and transport operations	5,316,000	-	5,316,000	-
General administration, planning and support services	building standard and civil works	2,936,000	-	2,936,000	-
General administration, planning and support services	Transport and infrastructure development and management	1,062,847,329	830,453,443	232,393,886	78.1
Sub Total		1,566,543,428	1,234,821,085	331,722,343	78.8
Agriculture, Livestock, Fisheries, Irrigation and Co-operative Development					
General administration, planning and support services	General administration, planning and support services	488,989,146	418,633,674	70,355,471	85.6
Other Capital grants and transfers-ASDSP and NARGIP	-	514,827,731	230,090,976	284,736,755	44.7
infrastructure and civil works	-	69,022,194	65,254,459	3,767,735	94.5
Crop development and management	Crop development and management	98,155,938	94,018,138	4,137,800	95.8
Agricultural Institutions and Development	Agricultural Institutions and Development	4,275,308	3,450,000	825,308	80.7
Ward Fund projects	-	8,681,882	4,053,615	4,628,267	46.7
Sub total		1,183,952,199	815,500,863	368,451,336	68.9
Gender Youth Culture and Sports					
General Administration, Planning and support services	General Administration, Planning and support services	82,017,275	77,247,472	4,769,803	94.2
Sports and talent development & management	Sports and talent development & management	28,934,000	27,201,580	1,732,420	94.0
Infrastructure and civil works	Infrastructure and civil works	3,611,843	3,461,798	150,045	95.8
Sports Facility development and management	Sports Facility development and management	160,359,765	160,151,477	208,288	99.9
Sub total		274,922,883	268,062,328	6,860,555	97.5
County Assembly					
General administration, planning and support services	Administrative Services	550,391,156	540,198,532	10,192,624	98.1
Legislation	Legislation	30,848,646	22,486,196	8,362,450	72.9
Representation and Outreach Services	Representation	74,665,244	35,499,443	39,165,801	47.5
Oversight	Oversight Activities	211,756,638	269,441,875	(57,685,237)	127.2
General Infrastructure	Infrastructure Development	169,925,397	147,639,941	22,285,456	86.9
	Infrastructure and Civil Works	35,000,000	7,106,011	27,893,989	20.3
Sub total		1,072,587,081	1,022,371,998	50,215,083	95.3
Grand Total		13,836,129,305	10,815,859,033	3,020,270,272	78.2

Source: Bungoma County Treasury

Based on expenditure absorption rate as shown in Table 3-15, the highest-spending programs were: Oversight Activities (County Assembly) at 127.2 per cent, General administration, planning and support services (County Public Service Board) at 104.4 per cent of budget allocation.

3.4.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 45.4 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. Failure to refund all unspent funds and weak budgetary control practice by the County Treasury as shown in Table 3-14 and Table 3-15 where the County incurred expenditure over the approved exchequer allocations.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
3. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget allocation. Further, all unspent cash should be refunded in the CRF in line with Section 136 (2) of the PFM Act, 2012.*
4. *All revenues should be banked intact and be accounted for in line with section the PFM Act, 2012*

3.5 County Government of Busia

3.5.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.9.28 billion, comprising of Kshs.3.78 billion (40.8 per cent) and Kshs.5.49 billion (59.2 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.01 billion (64.8 per cent) being the equitable share of revenue raised nationally, Kshs.715.38 million (7.7 per cent) as total Conditional Grants, generate Kshs.504.5 million (5.4 per cent) from own sources of revenue, and the cash balance of Kshs.1.78 billion (19.1 per cent) from FY 2018/19. The County also expected to receive Kshs.267.39 million as "other revenues" not contained in the CARA, 2019.

3.5.2 Revenue Performance

During FY 2019/20, the County received Kshs.5.50 billion as the equitable share of the revenue raised nationally, Kshs.512.10 million as total Conditional Grants, raised Kshs.225.83 million as own-source revenue, and had a cash balance of Kshs.1.78 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.8.01 billion as shown in Table 3-16.

Table 3-16: Busia County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,013,500,000	6,013,500,000	5,496,339,000	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	16,934,085	16,934,085	16,934,085	100
2.	Road Maintenance Fuel Levy Fund	170,697,188	170,697,188	85,348,594	50
3.	Rehabilitation of Village Polytechnics	63,333,298	63,333,298	63,333,298	100
	Sub Total	250,964,571	250,964,571	165,615,977	66
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	81,106,071	81,106,071	78,863,351	97.2
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	116,993,505	116,993,505	121,686,777	104
3.	Kenya Urban Institutional Grant- Urban Institutional Grant	8,800,000	8,800,000	-	-
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
5.	DANIDA Grant	17,812,500	17,812,500	24,462,500	137.3
6.	EU Grant	80,000,000	-	-	-

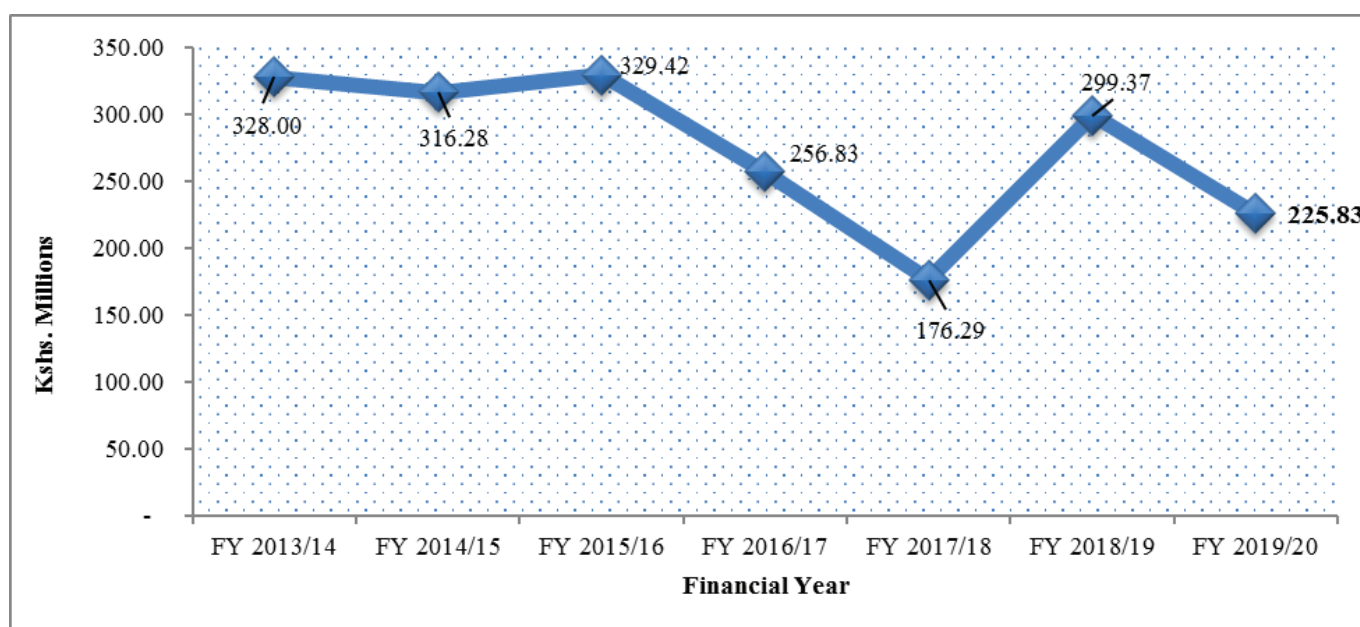
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
7.	Leasing of Medical Equipment	131,914,894	-	-	-
8.	Agricultural Sector Development Support Programme	18,267,455	28,636,183	10,378,728	56.8
9.	Kenya Urban Support project- Urban Development Grant	101,071,500	101,071,500	81,090,258	80.2
10.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (water)	80,000,000	80,000,000	-	-
Sub Total		665,965,925	464,419,759	346,481,614	52
D Other Sources of Revenue					
1.	Own Source Revenue	-	504,500,651	225,827,435	44.8
2.	Balance b/f from FY2018/19	-	1,775,199,946	1,775,199,946	100
3.	Other Revenues	-	267,397,413	-	-
Sub Total		-	2,547,098,010	2,001,027,381	78.6
Grand Total		6,930,430,496	9,275,982,340	8,009,463,972	86.3

Source: Busia County Treasury

The County received Kshs.6.65 million from DANIDA for COVID -19 pandemic which was not budgeted for raising the performance to 137.3 per cent.

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-7.

Figure 3-7: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Busia County Treasury

During FY 2019/20, the County generated a total of Kshs.225.83 million as own-source revenue. This amount represented a decrease of 24.6 per cent when compared to Kshs.299.37 million realised in FY 2018/19, and represented 44.8 per cent of the annual target. The significant decrease was attributed to the closure of markets in the entire County due to Corona Virus pandemic, which affected the collection of levies.

3.5.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.12 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.63 billion (22.8 per cent) for Development programmes and Kshs.5.49 billion (77.2 per cent) for Recurrent programmes.

3.5.4 Overall Expenditure Review

A total of Kshs.6.75 billion was spent on Development and Recurrent programmes and represented 94.8 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.69 billion and Kshs.5.06 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 44.6 per cent while that incurred on recurrent programmes represented an absorption rate of 92.2 per cent.

3.5.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.17 billion as at June 30, 2020. These bills consisted of Kshs.665.52 million for development activities and Kshs.507.09 million for recurrent expenditure.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.12 billion was spent on Compensation to Employees, Kshs.1.94 billion on Operations and Maintenance, and Kshs.1.69 billion on Development expenditure.

Table 3-17: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,490,017,008	5,492,219,338	5,060,858,747	75.0	92.2
Compensation to Employees	3,121,452,998	3,214,535,258	3,119,054,881	46.2	99.9
Operations and Maintenance	2,368,564,010	2,277,684,080	1,941,803,866	28.8	82.0
Total Development Expenditure	3,785,965,333	1,625,950,244	1,690,389,977	25.0	44.6
Development expenditure	3,785,965,333	1,625,950,244	1,690,389,977	25.0	44.6
Total	9,275,982,341	7,118,169,582	6,751,248,724	100.0	72.8

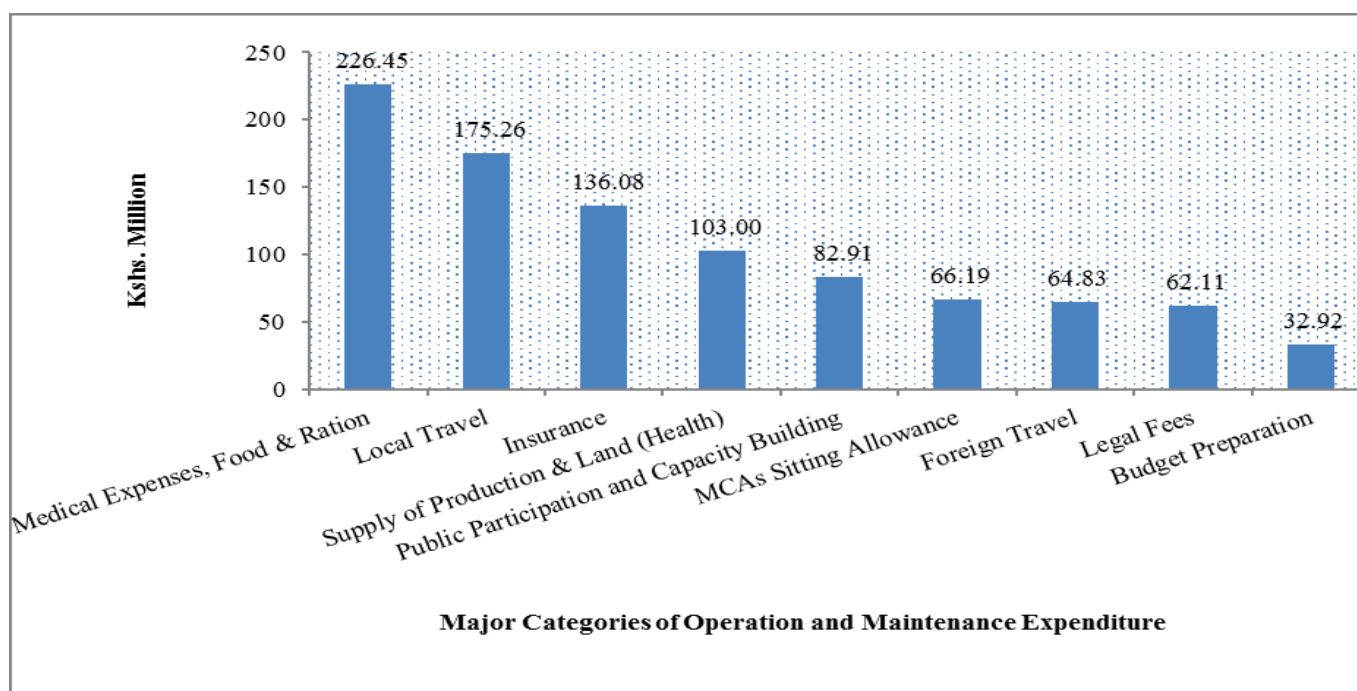
Source: Busia County Treasury

Expenditure on Compensation to Employees was 46.2 per cent of the total expenditure for the financial year and represented an increase of 11.3 per cent compared to FY 2018/19 when the County spent Kshs.2.77 billion.

3.5.7 Analysis of Operations and Maintenance Expenditure

Figure 3-8 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-8: Busia County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Busia County Treasury

The County spent Kshs.66.19 million on Committee Sitting Allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.66.19 million. The average monthly sitting allowance was Kshs.102,148 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.175.26 million and comprised of Kshs.84.77 million spent by the County Assembly and Kshs.90.49 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.64.83 million and comprised of Kshs.20 million spent by the County Assembly and Kshs.44.83 million by the County Executive.

3.5.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.69 million represented 44.6 per cent of the annual development budget of Kshs.3.78 billion and represented a decrease of 12.9 per cent compared to FY 2018/19 when the County spent Kshs.1.94 billion. Table 3-18 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-18: Busia County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Projects Name	Department	Project Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
1	Completion of Maternity & New Born Unit @ BCRH	Health and Sanitation	Burumba	50,533,680	50,533,680	100.0
2	Upgrading of Kocholya hospital access road to bitumen standards	Public Work, Roads Transport and Energy	Teso South/Teso North	28,560,034	28,560,034	100.0
3	KDSP- Fish Market	Agriculture and Animal Resources	Matayos	63,000,000	28,430,820	45.1
4	Construction of Mother and Child Hospital	Health and Sanitation	Angorom	111,305,294	25,464,660	22.9
5	Construction of major drainage structures and improvement of Machakus-Katanyu-Onyurnyur Akilunyi-Kamolo road	Public Work, Roads Transport and Energy	Teso South/Teso North	23,101,232	23,092,355	100.0
6	Solid waste management	Lands, Housing & Urban Development	county wide	22,827,279	20,791,926	91.1
7	Busia Mundika W,S (A grid Tie Solar System)	Water, Environment and natural resources	Matayos Sub County	20,000,000	19,841,139	99.2
8	Completion of Maternity Ward @Port Victoria SCRH	Health and Sanitation	Bunyala West	14,907,215	13,116,620	88.0
9	Construction of a 30 – bed medical ward @ Kocholya	Health and Sanitation	Malaba South	13,900,817	12,631,345	90.9
10	Solar lights installation	Lands, Housing & Urban Development	County Wide	10,993,800	7,022,338	63.9

Source: Busia County Treasury

3.5.9 Budget Performance by Department

Table 3-19 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-19: Busia County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock and Fisheries	222.81	671.99	260.29	418.12	215.66	364.12	82.9	87.1	96.8	54.2

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
Cooperative Development Trade and Tourism	66.99	180.09	83.74	83.83	58.73	43.22	70.1	51.6	87.7	24.0
Education and Vocational Training	426.023	228.34	452.43	195.88	373.78	57.37	82.6	29.3	87.7	25.1
Finance and Economic Planning	893.76	24.43	905.67	26.60	872.38	2,542.75	96.3	9.6	97.6	10.4
Youth, Culture, Sports, Tourism and Social services	85.82	44.95	92.72	30.35	83.28	31.55	89.8	104.0	97.0	70.2
Roads, Public works, Energy and Transport	91.46	914.35	98.35	292.23	82.29	443.64	83.7	151.8	90.0	48.5
Public Service Management	395.33	-	195.95	-	184.53	-	94.2	-	46.7	-
Lands, Housing and Urban Development	121.61	291.40	122.17	74.66	75.27	111.38	61.6	149.2	61.9	38.2
Water and Environment	118.71	556.82	143.16	140.04	117.84	235.06	82.3	167.8	99.3	42.2
Health and Sanitation	1,818.23	758.83	1,879.92	251.68	1,806.31	289.42	96.1	115.0	99.3	38.1
County Public Service Board	74.29	-	69.22	-	57.51	-	83.1	-	77.4	-
The Governorship	436.00	10.00	452.01	7.78	397.18	7.33	87.9	94.3	91.1	73.4
County Assembly	738.97	104.77	736.56	104.77	736.07	104.74	99.9	100.0	99.6	100.0
Total	5,490.02	3,785.96	5,492.22	1,625.95	5,060.86	1,690.39	92.1	104.0	92.2	44.6

Source: Busia County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 100 per cent while the Department of Cooperative Development Trade and Tourism reported the lowest at 24 per cent. The County Assembly had the highest percentage of recurrent expenditure to the recurrent budget at 99.6 per cent while the Department of Public Service Management had the lowest at 46.7 per cent.

3.5.10 Budget Execution by Programmes and Sub-Programmes

Table 3-20 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-20: Busia County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Department Of Agriculture, Livestock And Fisheries					
Cp1: General Administration And Support Services	Administrative Support Services	222,815,995	215,663,706	7,152,289	96.8
Cp2: Crop Production And Management	Csp 3.1 Input Support Services	27,000,000	27,000,000	-	100.0
	Csp 3.2: Crop Development	6,422,190	6,169,545	252,645	96.1
	Csp 3.3: Crop Protection	3,010,000	999,900	2,010,100	33.2
Cp3: Land Use And Management	Csp 2.1: Agricultural Mechanization	9,300,000	-	9,300,000	0.0
Cp4: Agricultural Training And Extension Services	Csp 4.1: Agriculture Extension Services	2,500,000	1,372,180	1,127,820	54.9
	Csp 4.2: Agricultural Training Services	364,243,690	122,179,901	242,063,789	33.5
Cp 5: Agribusiness And Agricultural Value Chain Development	Csp 5.1: Value Addition	-	-	-	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Cp 6: Agricultural Financial Support Services	Csp 6.1: Agricultural Credit Support Services	8,000,000	4,175,000	3,825,000	52.2
Cp 8: Fisheries And Aquaculture Resources Development	Csp 8.1: Aquaculture Development	5,080,000	3,056,310	2,023,690	60.2
	Csp 8.2: Fisheries Training Infrastructure Development	5,000,000	4,805,865	194,135	96.1
	Csp 8.3: Fish Value Addition And Marketing	5,000,000	3,999,600	1,000,400	80.0
	Csp 8.4: Lake Based Agriculture Parks	15,000,000	14,748,195	251,805	98.3
Cp 9: Veterinary Health Services	Csp 9.1: Veterinary Disease Control	22,562,191	15,872,717	6,689,474	70.4
	Csp 9.2: Ai Services	-	-	-	-
	Csp 9.3: Meat Inspection Services	2,000,000	2,000,000	-	100.0
Cp 10: Livestock Production And Development	Csp 10.1: Livestock Production Improvement	9,000,000	8,726,054	273,946	97.0
	Csp 10.2: Livestock Execution	-	-	-	-
Cp 11: Other Development Projects	Csp 11.1: Other Development Projects	187,878,000	149,012,196	38,865,804	79.3
Sub Totals		894,812,066	579,781,169	315,030,897	64.8
Department Of Trade, Cooperative And Industrialization					
Cp 12: General Administration And Support Services	Csp 12.1: Administrative Support Service	66,987,960	58,734,839	8,253,121	87.7
Cp 13: Trade Development And Investment	Csp 13.1: Busia County Trade And Development Fund	5,000,000	-	5,000,000	0.0
	Csp 13.2: Market Modernization And Development	46,530,017	29,797,372	16,732,645	64.0
Cp 14: Fair Trade Practices	Csp 14.1; Weights And Measures	5,000,000	-	5,000,000	0.0
Cp 15: Cooperative Development	Csp 15.1: Busia County Cooperative Enterprise Development Fund	-	-	-	-
	Csp 15.2: Revitalization Of Cotton Ginneries	-	-	-	-
	Csp 15.3: Value Addition	7,000,000	1,488,128	5,511,872	21.3
Cp 16: Other Development Projects	Csp 16.1: Other Development Projects	116,557,261	11,935,733	104,621,528	10.2
Sub Totals		247,075,238	101,956,072	145,119,166	41.3
Department Of Finance, Economic Planning And Service Delivery					
Cp 22: General Administration And Support Services	Csp 22.1: Administrative Support Services	893,755,683	872,382,215	21,373,468	97.6
Cp 23: Financial Management, Control And Development Services	Csp 23.1: Revenue Generation Services	14,892,000	-	14,892,000	0.0
Cp 24: Information And Communication Services	Csp 24.1: Ict Support Services	9,534,474	2,542,759	6,991,715	26.7
Cp 25: Other Development Projects	Csp 25.1: Other Development Projects			-	-
Sub Totals		918,182,157	874,924,974	43,257,183	95.3
Department Of Education And Vocational Training					
Cp 17: General Administration Support Services	Csp 17.1: Administrative Support Services	426,027,072	373,785,236	52,241,836	87.7

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Cp 18: Early Childhood Development Education (Basic Education)	Csp 18.1: Improvement Of Infrastructure In E.C.D.E Centers	-	-	-	-
	Csp 18.2: E.C.D.E Capitation	2,000,000	-	2,000,000	0.0
	Csp 18.3: Child Nutrition	-	-	-	-
Cp 19: Tertiary/ Vocational Training Development	Csp 19.1: Infrastructure Development	20,874,678	-	20,874,678	0.0
Cp 20: Education Support	Csp 20.1: Education Support	109,159,139	29,961,484	79,197,655	27.4
Cp 21: Other Development Projects	Csp 21.1: Other Development Projects	96,306,628	27,407,777	68,898,851	28.5
Sub Totals		654,367,517	431,154,497	223,213,020	65.9
Department Of Community Development, Tourism And Culture.					
Cp 26: General Administration Services	Csp 26.1: Administrative Support Services	85,818,745	83,282,763	2,535,982	97.0
Cp 27: Social Services	Csp 27.1: Infrastructure Development	-	-	-	-
	Csp 27.2: Community Support	-	-	-	-
Cp 28: Youth And Empowerment Development	Csp 28.1: Equipping And Operationalization Of Youth Empowerment	3,000,000	2,289,842	710,158	-
Cp 29: Promotion And Development Of Sports	Csp 29.1: Infrastructure Development	6,000,000	-	6,000,000	0.0
	Csp 29.2: Sports Promotion	-	-	-	-
Cp 30: Child Care And Protection	Csp 30.1: Rehabilitation And Custody	-	-	-	-
Cp 31: Culture Promotion And Development	Csp 31.1: Cultural Infrastructural Development	4,000,000	-	4,000,000	0.0
Cp 32: Promotion And Development Of Local Tourism In The County	Csp 32.1: Tourism Development	-	-	-	-
Cp 33: Alcoholic Drinks And Drug Control	Csp 33.1: Infrastructure Development	5,000,000	3,058,621	1,941,379	61.2
Cp 34: Other Development Projects	Csp 34.1: Other Development Projects	26,946,000	26,203,255	742,745	97.2
Sub Totals		130,764,745	114,834,481	15,930,264	87.8
Department Of Public Works, Road And Energy					
Cp 35: General Administration And Support Services	Csp 35.1: Administrative Support Service	91,461,632	76,816,327	14,645,305	84.0
Cp 36: Development And Maintenance Of Roads	Csp 36.1: Routine Maintenance Of Roads	352,373,049	97,635,663	254,737,386	27.7
	Csp 36.2: Development Of Roads	-	-	-	-
Cp 37: Building Infrastructure Development	Csp 37.1: Infrastructure Development	1,000,000	-	1,000,000	0.0
Cp 38: Energy Development	Csp 38.1 Energy Services	-	-	-	-
	Csp 38.2: Solar Energy Exploration	15,298,640	2,448,910	12,849,730	16.0
	Csp 38.3: Renewable Energy	-	-	-	-
Cp 39: Alternative Transport Infrastructure Development	Csp 39.1: Road Safety Campaign	-	-	-	-
Cp 40: Other Development Projects	Csp 40.1: Other Development Projects	545,678,623	349,034,321	196,644,302	64.0

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Sub Totals		1,005,811,944	525,935,221	479,876,723	52.3
Department Of Public Service Management					
Cp 41: General Administration And Support Services	Csp 41.1: Administrative Support Services	395,327,943	184,527,426	210,800,517	29.6
Sub Totals		395,327,943	184,527,426	210,800,517	29.6
Department Of Lands And Urban Development					
Cp 42: General Administration And Support Services	Csp 42.1: Administrative Support Services	121,611,833	75,266,317	46,345,516	61.9
Cp 43: County Land Administration And Planning	Csp 43.1: Land Use Planning	3,504,229	-	3,504,229	0.0
Cp 44: Housing Development And Management	Csp 44.1: Housing Development	1,000,000	-	1,000,000	0.0
Cp 45: County Urban Management And Development	Csp 45.1: Urban Management	245,464,079	102,962,798	142,501,281	41.9
	Csp 45.2: Urban Development		-	-	-
Cp 46: Other Development Projects	Csp 46.1: Other Development Projects	41,431,992	8,419,954	33,012,038	20.3
Sub Totals		413,012,133	186,649,069	226,363,064	45.2
Department Of Water, Environment And Natural Resources					
Cp 47: General Administration And Support Services	Csp 47.1: Administrative Support Services	118,709,400	117,844,066	865,334	99.3
Cp 48: Water Supply Services	Csp 48.1: Urban Water Supply And Sewerage	113,322,061	84,428,570	28,893,491	74.5
	Csp 48.2: Rural Water Supply	-	-	-	-
Cp 49: Environment Management And Protection	Csp 49.1 Environmental Management	121,000,000	67,180,112	53,819,888	55.5
Cp 50:Small Holder Irrigation And Drainage	Csp 50.1: Irrigation Infrastructure Development	2,000,000	630,672	1,369,328	31.5
Cp 51: Forest Development And Management	Csp 51.1: Rehabilitation And Restoration Degraded Landscape	9,984,500	-	9,984,500	0.0
Cp 52: Water Tower Protection And Climate Change Mitigation	Csp 52.1: Water Tower Protection And Climate Change Mitigation	-	-	-	-
Cp53: Other Development Projects	Csp 53.1 Other Development Projects	310,516,576	82,824,033	227,692,543	26.7
Sub Totals		675,532,537	352,907,452	322,625,085	52.2
Department Of Health And Sanitation					
Cp 54: General Administration And Support Services	Csp 54.1: Administrative Support Service	1,818,232,118	1,806,315,916	11,916,202	99.3
Cp 55: Curative Health Services	Csp 55.1: Infrastructure Development	406,622,903	188,120,174	218,502,729	46.3
	Csp 55.2: Hospital Equipment	25,957,238	8,815,517	17,141,721	34.0

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Cp 56: Preventive And Promotive Health Services	Csp 56.1: Infrastructure Development	30,292,666	2,131,897	28,160,769	7.0
	Csp 56.2: Lower Level Hospital Equipment	7,152,402	-	7,152,402	0.0
	Csp 56.3: Preventive Services	5,740,733	-	5,740,733	0.0
	Csp 56.4: Health Promotion Unit	163,106,526	52,540,289	110,566,237	32.2
Cp 57: Other Development Projects	Csp 57.1: Other Development Projects	119,953,713	37,816,788	82,136,925	31.5
Sub Totals		2,577,058,299	2,095,740,581	481,317,718	81.3
County Public Service Board					
Cp 58: General Administration And Support Services	Cp 58: General Administration And Support Services	74,290,079	57,506,457	16,783,622	77.4
Sub Totals		74,290,079	57,506,457	16,783,622	77.4
Office Of The Governor					
Cp 59: General Administration And Support Services	Csp 59.1: Administrative Support Service	436,005,887	397,181,859	38,824,028	91.1
Cp 60: Disaster Risk Management	Csp 60.1: Disaster Preparedness	-	-	-	-
Cp 61: Information Dissemination And Knowledge Management	Csp 60.1: Communication Services	10,000,000	7,338,589	2,661,411	73.4
Cp 62: Other Development Projects	Csp 62.1: Other Development Projects	-	-	-	-
Sub Totals		446,005,887	404,520,448	41,485,439	90.7
County Assembly					
Cp 63: General Administration And Support Services	Cp 63: General Administration And Support Services	738,972,660	736,069,447	2,903,213	99.6
Cp 64: Infrastructure Development	Cp 64: Infrastructure Development	104,769,135	104,741,428	27,707	99.9
Sub Totals		843,741,795	840,810,875	2,930,920	99.6
Grand Total		9,275,982,340	6,751,248,722	2,524,733,618	39.0

Source: Busia County Treasury

Based on expenditure absorption rate as shown in Table 3-20 the programs with the highest absorption rates were: Crop Production and Management at 100 per cent, Infrastructure Development at 99.9 per cent, General Administration & Support Services at 99.6 per cent, and Lake-based Agriculture Parks at 98.3 per cent of budget allocation.

3.5.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.1.69 billion in FY 2019/20 out of annual development budget of Kshs.3.78 billion. The development expenditure represented 44.6 per cent of the annual development.
3. A high wage bill, which accounted for 46.2 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. The underperformance of own-sourced revenue at Kshs.225.83 million against the annual projection of Kshs.504.5 million. The realised own source revenue represented 44.8 per cent of its annual target.

- High outstanding pending bills which amounted to Kshs.1.17 billion as at June 30, 2020

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

- The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.
- The County should identify and address issues causing delays in the implementation of development projects.
- The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.
- The County should develop and implement strategies to enhance own- source revenue performance to ensure the approved budget is fully financed
- The County Treasury should ensure finalized but unsteeted, and on-going works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3.6 County Government of Elgeyo Marakwet

3.6.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.5.77 billion, comprising of Kshs.2.41 billion (41.7 per cent) and Kshs.3.36 billion (58.3 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.3.86 billion (66.9 per cent) being equitable share of revenue raised nationally, Kshs.1.16 billion (20.1 per cent) as total Conditional Grants, generate Kshs.149.90 million (2.7 per cent) from own sources of revenue, and the cash balance of Kshs.568.31 million (9.8 per cent) from FY 2018/19. The County also expected to receive Kshs.34.67 million (0.5 per cent) as "other revenues" not contained in the CARA, 2019.

3.6.2 Revenue Performance

During FY 2019/20, the County received Kshs.3.53 billion as the equitable share of the revenue raised nationally, Kshs.652.12 million as total Conditional Grants, raised Kshs.131.97 million as own-source revenue, Kshs.11.03 million as "other revenues" and had a cash balance of Kshs.568.31 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.4.89 billion as shown in Table 3-21.

Table 3-21: Elgeyo Marakwet County, Revenue Performance in FY 2019/20

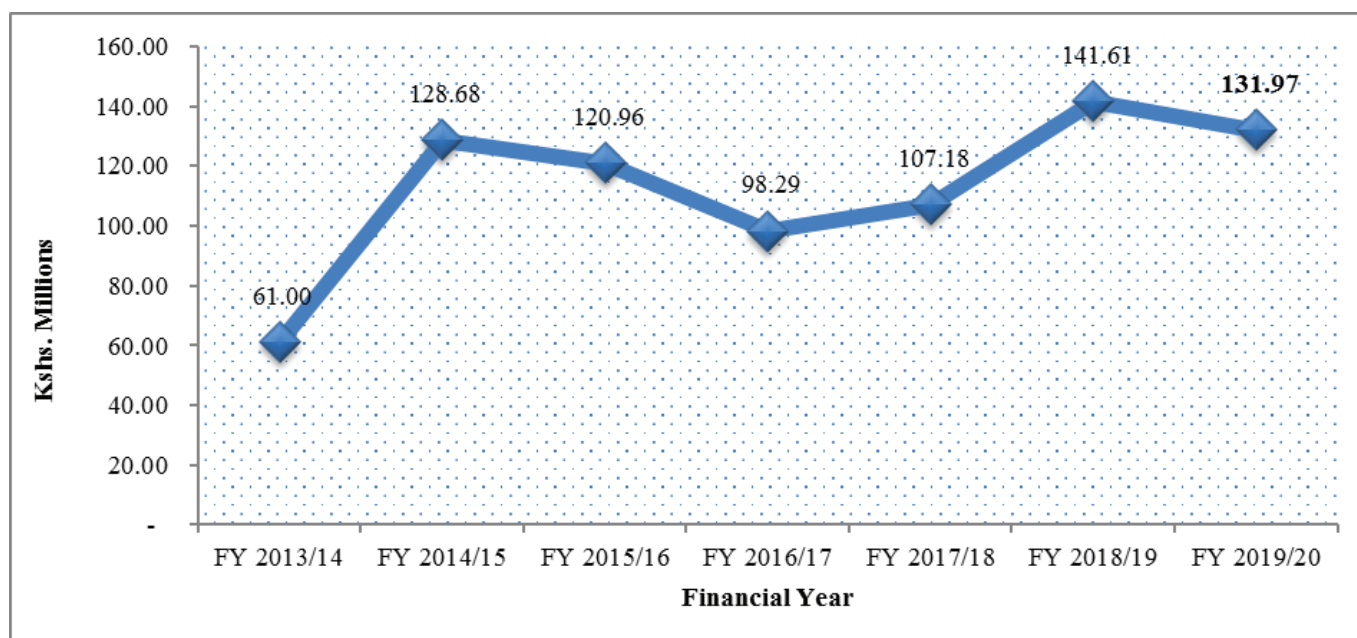
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	3,861,300,000	3,861,300,000	3,529,228,200	91.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	8,788,919	13,099,803	8,788,919	67.1
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	109,605,563	175,246,930	175,246,930	100.0
4.	Rehabilitation of Village Polytechnics	30,228,298	40,741,543	30,228,298	74.2
	Sub Total	280,537,674	361,003,170	214,264,148	59.4
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	57,353,972	33,891,972	59.1
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	118,422,545	219,784,900	104,150,751	47.4
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	237,806,514	199,253,594	83.8
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	89,802,100	143,142,447	64,229,946	44.9

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
5.	DANIDA Grant	11,250,000	11,250,000	11,250,000	100.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,632,723	36,041,661	16,277,269	45.2
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	45,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	41,200,000	8,800,000	21.4
9.	World Bank - Maternal Health	-	6,751,373	-	-
Sub Total		389,907,368	798,330,867	437,853,532	55.3
D Other Sources of Revenue					
1.	Own Source Revenue	-	149,899,750	131,965,115	88
2.	Balance b/f from FY 2018/19	-	568,313,952	568,313,952	100.0
3.	Other Revenues	-	34,670,496	10,164,152	29.3
Sub Total		-	752,884,198	56,143,159	79.8
Grand Total		4,531,745,042	5,773,518,235	4,891,789,099	94.4

Source: Elgeyo Marakwet County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-9.

Figure 3-9: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Elgeyo Marakwet County Treasury

During FY 2019/20, the County generated a total of Kshs.131.97 million as own-source revenue and Kshs.10.16 million from other revenues. The OSR amount represented a decrease of 6.8 per cent when compared to Kshs.141.61 million realised in FY 2018/19, and represented 88.0 per cent of the annual target.

3.6.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.67 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.43 billion (30.5 per cent) for Development programmes and Kshs.3.24 billion (69.5 per cent) for Recurrent programmes.

3.6.4 Overall Expenditure Review

A total of Kshs.4.34 billion was spent on Development and Recurrent programmes and represented 93.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.11 billion and Kshs.3.24 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 45.9 per cent while that incurred on recurrent programmes represented an absorption rate of 96.2 per cent.

3.6.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.71.75 million as at June 30, 2020. These bills consisted of Kshs.62.55 million for development activities and Kshs.9.20 million for recurrent expenditure.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.44 billion was spent on Compensation to Employees, Kshs.798.04 million on Operations and Maintenance, and Kshs.1.11 billion on Development expenditure.

Table 3-22: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Recurrent Expenditure	3,363,636,267	3,240,803,240	3,236,509,655	74.5	96.2
Compensation to Employees	2,448,315,643	2,445,311,509	2,438,471,224	56.1	99.6
Operations and Maintenance	915,320,624	795,491,731	798,038,431	18.4	87.2
Development Expenditure	2,409,881,967	1,425,111,411	1,106,741,477	25.5	45.9
Development Expenditure	2,409,881,967	1,425,111,411	1,106,741,477	25.5	45.9
Total	5,773,518,234	4,665,914,651	4,343,251,132	100.0	75.2

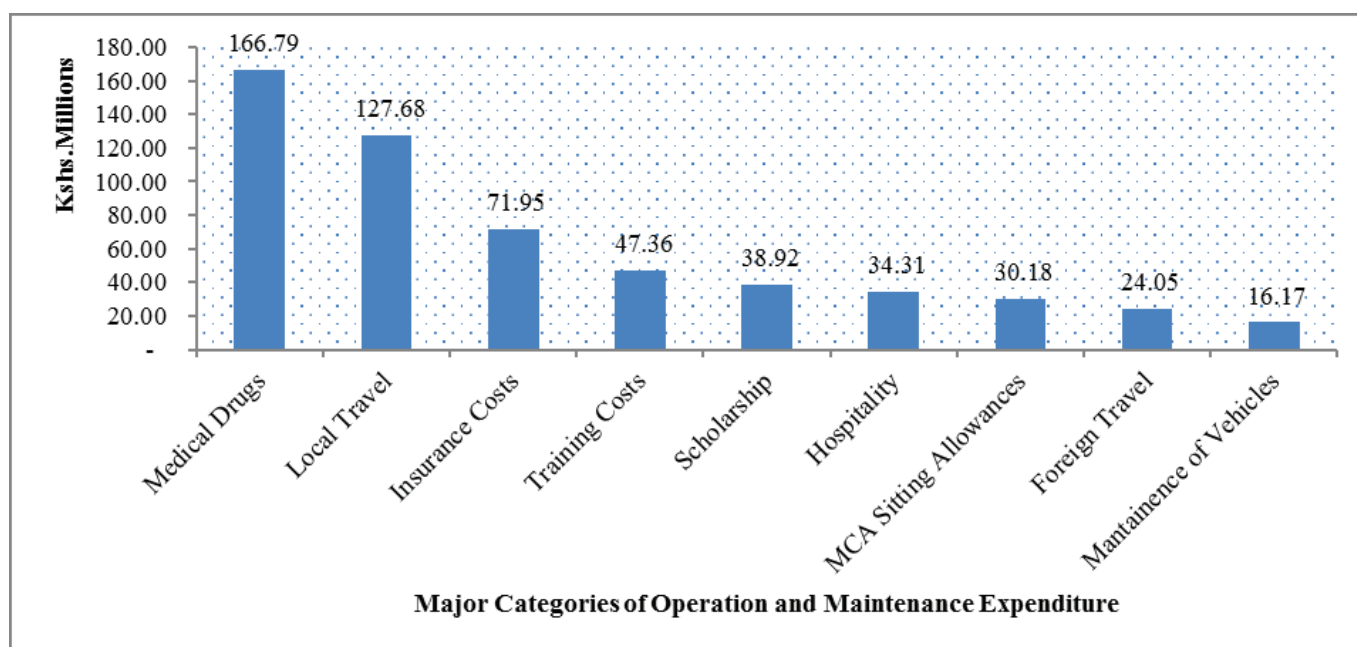
Source: Elgeyo Marakwet County Treasury

Expenditure on Compensation to Employees was 56.1 per cent of the total expenditure for the financial year and represented an increase of 2.1 per cent compared to FY 2018/19 when the County spent Kshs.2.39 billion.

3.6.7 Analysis of Operations and Maintenance Expenditure

Figure3-10 shows a summary of Operations and Maintenance expenditure by major categories.

Figure3-10: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Elgeyo Marakwet County Treasury

The County spent Kshs.30.18 million on Committee Sitting Allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.34.48 million. The average monthly sitting allowance was Kshs.73,979 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.127.68 million and comprised of Kshs.49.07 million spent by the County Assembly and Kshs.78.61 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.24.05 million and comprised of Kshs.21.11 million spent by the County Assembly and Kshs.2.95 million by the County Executive.

3.6.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.11 billion represented 45.9 per cent of the annual development budget of Kshs.2.41 billion and represented a decrease of 16.5 per cent compared to FY 2018/19 when the County spent Kshs.1.33 billion. Table 3-23 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-23: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Purchase of Ventilators	Head Quarter-Iten	9,900,000	9,900,000	100.0
2	Purchase of Ambulance (Class A1) - Basic Life Support (Single Patient Transport)	Chepkorio	9,000,000	8,640,000	96.0
3	Feasibility study, Survey and Design, Construction of intake, Treatment Plant, Storage Tanks, and Distribution Lines at Mosongo/Barsombe Water Project.	Cherangany	8,470,464	8,470,464	100.0
4	Kimowo-Kapchemurkeldet-Kimnai Road	Kapyego	7,920,000	7,913,350	99.9
5	Supply and Delivery of ECDE Furniture	All Wards	6,904,900	6,904,900	100.0
6	New CFU, Intake repairs, Pipeline	Kapsowar	6,051,950	6,051,950	100.0
7	Completion and Pipeline Extension at Kosich Water Project	Embobut	4,995,000	4,995,000	100.0
8	Roads Maintenance (Tangasir-Kiningi, Lamaon – Kaptegi-na, Chebukundi – Chepkondot, Simat- Kulwa, Tombolol – Kabelio, Chebororwa – Tabeswo, Anaippen – Kipraragoi, Kapsiliboi, Kapkures-Yatoi, Chekawai-Chemosobon-Kipketyengwo, Kapchekenya-Kapsumai-Cheptungen-Koibarak-Kapkabusien, Kameloi Nursery-Tank-Yatia and Kamuseny-Kapsaimo)	Cherangany/ Chebororwa	5,880,000	4,759,000	80.9
9	Maintenance of Ward Roads	All Wards	4,497,460	4,490,050	99.8
10	Construction of Munyek (Kwa Turji)-Alema-Songore-Molol Road	Soy South	4,410,000	4,410,000	100.0

Source: Elgeyo Marakwet County Treasury

3.6.9 Budget Performance by Department

Table 3-24 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-24: Elgeyo Marakwet County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	536.84	1.03	536.74	1.03	536.74	1.03	100	100	100	100
Office of the Governor	177.13	-	175.33	-	174.61	-	99.6	-	98.6	-
Finance and Economic Planning	290.24	-	230.22	-	226.36	-	98.3	-	80.0	-
Agriculture, and Irrigation	98.63	516.34	97.91	349.63	97.98	117.36	100.1	33.6	99.3	22.7
Education and Tech. Training	251.11	307.82	227.08	177.26	222.84	176.97	98.1	99.8	88.7	57.5
Health and Sanitation	1,507.58	438.63	1,491.12	147.42	1,499.30	156.42	100.5	106.1	99.5	35.7
Water, Lands, Environment & Climate Change	77.67	43.91	76.17	269.56	75.81	220.44	99.5	81.8	97.6	51.2
Roads, Public Works and Transport	71.36	440.19	69.54	295.92	67.25	269.89	96.7	91.2	94.2	61.3

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
Tourism, Culture, Wildlife, Trade & Industry	33.99	19.15	33.44	15.80	33.28	14.37	99.5	90.9	97.9	75.0
Youth Affairs, Sports, ICT & Social Services	39.50	123.52	33.67	82.69	33.49	79.32	99.5	95.9	84.8	64.2
Public Service Management & County Administration	138.56	35.07	134.70	24.39	134.02	23.66	99.5	97.0	96.7	67.5
County Public Service Board	39.88	-	38.81	-	38.59	-	99.4	-	96.8	-
Livestock Production, Fisheries & Cooperative Dev't	101.14	97.21	96.52	61.41	96.24	47.28	99.7	77.0	95.2	48.6
Total	3,363.64	2,409.88	3,241.26	1,425.11	3,236.51	1,106.74	99.9	77.7	97.0	45.9

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by department shows that the County Assembly and the Department of Tourism, Culture, Wildlife, Trade and Industry recorded the highest absorption rate of development budget at 100 per cent and 75 per cent respectively. The County Assembly and the Department of Health and Sanitation had the highest percentage of recurrent expenditure to recurrent budget at 100 per cent and 99.5 per cent respectively while the Department of Finance and Economic Planning had the lowest at 80 per cent.

3.6.10 Budget Execution by Programmes and Sub-Programmes

Table 3-25 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-25: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Department	Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
County Assembly						
	General administration, planning and support services	General administration, planning and support services	189,794,121	189,706,037	88,084	100.0
		General administration, planning and support services	189,794,121	189,706,037	88,084	100.0
	Legislation and representation	Legislation and representation	297,467,530	297,459,464	8,066	100.0
		Legislation and representation	297,467,531	297,459,465	8,066	100.0
	Legislative oversight	Legislative oversight	50,611,146	50,600,660	10,486	100.0
		Legislative oversight	50,611,146	50,600,661	10,485	100.0
		Sub-Total	537,872,797	537,766,161	106,636	100.0
Office of the Governor						
	Open Governance, Transparency and Accountability		57,258,413	54,126,179	3,534,494	94.5
		Open Governance, Transparency and Accountability	57,258,414	54,126,180	3,534,495	94.5
	General administration and support services		119,871,417	119,471,233	400,184	99.7
		General administration and support services	119,871,418	119,471,234	400,185	99.7
		Sub-Total	177,129,830	173,597,412	3,934,679	98.0
Finance and Economic Planning						

Department	Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
	General administration and support services	General administration and support services	166,106,386	160,180,485	5,925,901	96.4
		General administration and support services	166,106,386	160,180,485	5,925,901	96.4
	Financial Management	Financial Management	51,449,493	44,986,695	7,440,098	87.4
		Monitoring, Evaluation and reporting	15,082,200	14,276,490	805,710	94.7
		Economic Planning & Budgeting	16,815,000	15,524,963	1,290,037	92.3
		Accounting services	3,389,693	2,051,703	1,337,990	60.5
		Supply Chain Management	2,655,000	2,306,230	348,770	86.9
		Revenue Management Services	13,507,600	9,850,009	3,657,591	72.9
		General administration, planning and support services	72,682,223	20,683,832	51,998,391	28.5
		General Administration Planning and Support Services	72,682,224	20,683,833	51,998,392	28.5
		Sub-Total	290,238,102	225,851,012	65,364,390	77.8
Agriculture and Irrigation						
	General administration and support services		98,633,546	96,241,809	2,391,737	97.6
		General administration and support services	98,633,546	96,241,810	2,391,736	97.6
	Crop Development		484,716,111	95,891,022	388,825,089	19.8
		Cash Crops Development	42,029,354	24,801,778	17,227,576	59.0
		Food Crops Development	2,756,260	776,260	1,980,000	28.2
		Agricultural Extension and Training Services	439,930,497	70,312,984	369,617,513	16.0
	Soil Conservation	Soil Conservation	1,607,975	1,139,172	468,803	70.8
		Soil Conservation	1,607,975	1,139,172	468,803	70.8
	Irrigation Development	Irrigation Development	30,018,576	19,463,606	10,554,970	64.8
		Irrigation Development	30,018,576	19,463,606	10,554,970	64.8
		Sub-Total	614,976,208	212,735,609	402,240,599	34.6
Education and Technical Training						
	General administration and support services	General administration and support services	251,114,231	222,842,874	28,271,357	88.7
		General administration and support services	251,114,231	222,842,875	28,271,356	88.7
	Technical and Vocational Education and Training (TVET)	Technical and Vocational Education and Training (TVET)	135,416,611	107,483,808	27,932,803	79.4
		Technical Vocational Education & Training	135,416,611	107,483,808	27,932,803	79.4
	Pre-Primary Education	Pre-Primary Education	172,402,283	69,481,798	102,920,485	40.3
		Pre-Primary Education	172,402,283	69,481,798	102,920,485	40.3
		Sub-Total	558,933,125	399,808,481	159,124,644	71.5
Health and Sanitation						

Department	Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
	Preventive and Promotive health	Preventive and Promotive health	37,000,000	25,522,796	11,477,204	69.0
		Community and Environmental Health	36,000,000	25,522,796	10,477,204	70.9
		Communicable & Non-Communicable Disease Prevention & Control	1,000,000	-	1,000,000	0.0
	Curative and Rehabilitative Health	Curative and Rehabilitative Health	937,615,746	662,547,324	275,068,422	70.7
		Commodity management	152,993,103	149,392,759	3,600,344	97.6
		County Hospitals	388,871,202	383,149,069	5,722,133	98.5
		Primary Care Units	384,751,441	120,165,495	264,585,946	31.2
		Emergency Medical Services	11,000,000	9,840,000	1,160,000	89.5
	General administration and support services	General administration and support services	971,596,748	967,064,662	4,532,086	99.5
		General administration and support services	971,596,748	967,064,662	4,532,086	99.5
		Sub-Total	1,946,212,494	1,655,134,782	291,077,712	85.0
Water, lands, Environment & Climate Change						
	Water and Sanitation Management	Water and Sanitation Management	190,310,621	144,219,787	46,090,834	75.8
		Water Services	190,310,621	144,219,787	46,090,834	75.8
	Environmental Management and Protection	Environmental Management and Protection	51,061,177	5,694,500	45,366,677	11.2
		Environmental conservation	51,061,177	5,694,500	45,366,677	11.2
	Lands, Physical Planning and Urban Development	Lands, Physical Planning and Urban Development	189,542,446	70,524,713	119,017,733	37.2
		Lands, Physical planning and Urban Development	189,542,446	70,524,713	119,017,733	37.2
	Housing Development	Housing Development	77,665,210	75,276,856	2,388,354	96.9
			77,665,210	75,276,856	2,388,354	96.9
		Sub-Total	508,579,454	295,715,857	212,863,597	58.1
Roads, Public Works and Transport						
	General administration and support services	General administration and support services	66,747,760	62,647,295	4,100,465	93.9
		General administration and support services	66,747,760	62,647,295	4,100,465	93.9
	Road Improvement	Road Improvement	425,791,005	265,196,261	160,594,744	62.3
		Rural road Works	425,791,005	265,196,261	160,594,744	62.3
	Public works	Public works	12,600,000	3,397,717	9,202,283	27.0
		Public Works	12,600,000	3,397,717	9,202,283	27.0
	Energy	Energy	6,412,384	5,898,121	514,263	92.0
		Energy	6,412,384	5,898,121	514,263	92.0
		Sub-Total	511,551,149	337,139,394	174,411,755	65.9
Tourism, Culture, Wildlife, Trade & Industry						
	General administration and support services	General administration and support services	33,992,393	33,283,926	708,467	97.9

Department	Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
		General administration and support services	33,992,393	33,283,926	708,467	97.9
	Tourism Development	Tourism Development	9,307,248	5,522,337	3,784,911	59.3
		Tourism Development	9,307,248	5,522,337	3,784,911	59.3
	Trade and Enterprise Development	Trade and Enterprise Development	8,135,859	5,972,568	2,163,291	73.4
		Trade and enterprise development	8,135,859	5,972,568	2,163,291	73.4
	Culture and Heritage Preservation	Culture and Heritage Preservation	1,703,000	2,873,434	-1,170,434	168.7
		Culture and Heritage Preservation	1,703,000	2,873,434	-1,170,434	168.7
		Sub-Total	53,138,500	47,652,265	5,486,235	89.7
Youth Affairs, Sports, ICT & Social Services						
	Sports Development	Sports Development	12,383,640	7,849,859	4,533,781	63.4
		Sports Infrastructure Development	12,383,640	7,849,859	4,533,781	63.4
	Social Empowerment	Social Empowerment	94,241,267	57,545,320	36,695,947	61.1
		Social Empowerment	94,241,267	57,545,320	36,695,947	61.1
	Social Protection.	Social Protection.	12,780,000	12,399,500	380,500	97.0
		Social Protection	12,780,000	12,399,500	380,500	97.0
	ICT Services	ICT Services	4,120,000	1,395,050	2,724,950	33.9
		ICT Services	4,120,000	1,395,050	2,724,950	33.9
	General administration and support services	General administration and support services	39,495,075	33,486,037	6,009,038	84.8
		General administration and support services	39,495,075	33,486,038	6,067,056	84.8
		Sub-Total	163,019,982	112,675,766	50,344,216	69.1
Public Service Management and County Administration						
	General administration and support services	General administration and support services	135,963,799	132,013,615	3,950,184	97.1
		General administration and support services	135,963,799	132,013,615	3,950,184	97.1
	Public Service Management	Public Service Management	37,673,259	25,640,220	12,033,039	68.1
		Coordination of government functions	35,074,749	23,663,770	11,410,979	67.5
		Citizen participation and Civic Education	2,598,510	1,976,450	622,060	76.1
		Sub-Total	173,637,058	157,653,834	15,983,224	90.8
County Public Service Board						
	General administration and support services	General administration and support services	39,878,421	38,865,536	1,012,885	97.5
		General administration and support services	39,878,421	38,865,536	1,012,885	97.5
		Sub-Total	39,878,421	38,865,536	1,012,885	97.5
Livestock Production, Fisheries & Cooperative Development						
	General administration and support services	General administration and support services	101,141,946	96,350,717	4,791,229	95.3
		General administration and support services	101,141,946	96,350,717	4,791,229	95.3

Department	Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
	Livestock Production		63,601,363	25,105,154	38,496,209	39.5
		Livestock Production	62,215,899	24,805,276	37,410,623	39.9
		Livestock Extension and Training Services	1,385,464	299,879	1,085,585	21.6
	Cooperatives development	Cooperatives development	4,866,272	2,439,241	2,427,031	50.1
		Cooperatives development	4,866,272	2,439,241	2,427,031	50.1
	Livestock Extension and Training Services		28,741,533	19,739,574	9,001,959	68.7
		Disease Surveillance and control	19,544,773	13,006,874	6,537,899	66.5
		AI Services	9,196,760	6,732,700	2,464,060	73.2
		Sub-Total	198,351,114	143,634,686	54,716,428	72.4
	Default - Non-Programmatic	Default - Non-Programmatic	-	6,752,771	-6,752,771	-
		Default - Non-Programmatic		6,752,772	6,752,773	-
Grant Total			5,773,518,234	4,344,983,565	1,436,667,001	75.3

Source: Elgeyo Marakwet County Treasury

Based on expenditure absorption rate as shown in Table 3-25, the programs with the highest absorption rates were: Culture and Heritage Preservation at 168.7 per cent, and Legislative Oversight, Legislation and Representation at 100 per cent of budget allocation.

The County spent Kshs.6.75 million on “Default - Non-Programmatic” which implies that this expenditure was undertaken without a budget allocation and had not been regularized by the end of the financial year. This is an indication of a weak budgetary control practice by the County Treasury.

3.6.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.1.11 billion in FY 2019/20 out of annual development budget of Kshs.2.41 billion. The development expenditure represented 45.9 per cent of the annual development.
3. A high wage bill, which accounted for 56.1 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in the implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.

3.7 County Government of Embu

3.7.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.6.78 billion, comprising of Kshs.2.29 billion (33.7 per cent) and Kshs.4.49 billion (66.3 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.30 billion (62.8 per cent) being equitable share of revenue raised nationally, Kshs.1.26 billion (18.4 per cent) as total Conditional Grants, generate Kshs.920 million (13.4 per cent) from own sources of revenue, and the cash balance of Kshs.370.55 million (5.4 per cent) from FY 2018/19. The County expected to receive Kshs.80.59 million (1.2 per cent) as "COVID19 conditional grant" not contained in the CARA, 2019.

3.7.2 Revenue Performance

During FY 2019/20, the County received Kshs.3.93 billion as the equitable share of the revenue raised nationally, Kshs.961.09 million as total Conditional Grants, raised Kshs.509.65 million as own-source revenue, and had a cash balance of Kshs.370.55 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.78 billion as shown in Table 3-26.

Table 3-26: Embu County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,304,400,000	4,304,400,000	3,934,221,600	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Conditional Grants to Level-5 Hospitals	301,040,462	301,040,462	301,040,462	100.0
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	122,183,250	122,183,250	122,183,250	100.0
4.	Rehabilitation of Village Polytechnics	33,603,298	33,603,298	33,603,298	100.0
5	Compensation for User Fee Foregone	10,724,225	10,724,225	10,724,225	100.0
Sub Total		599,466,129	599,466,129	467,551,235	78.0
C	Loans and Grants from Development Partners				
1.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	210,188,882	60.1
2.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	119,892,100	119,892,100	85,751,481	71.5
3.	Transforming Health systems for Universal care Project (WB)	44,569,827	44,569,827	44,663,424	100.2
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,418,468	15,418,468	15,265,390	99.0
6.	DANIDA Grant	13,312,500	13,312,500	18,282,500	137.3
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
8.	COVID-19 Conditional Grant	-	80,587,000	80,587,000	100.0
Sub Total		581,992,895	662,579,895	493,538,677	74.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	920,000,000	509,651,141	55.4
2.	Balance B/F from FY2018/19	-	370,548,511	370,548,511	100.0
Sub Total			1,290,548,511	880,199,652	68.2

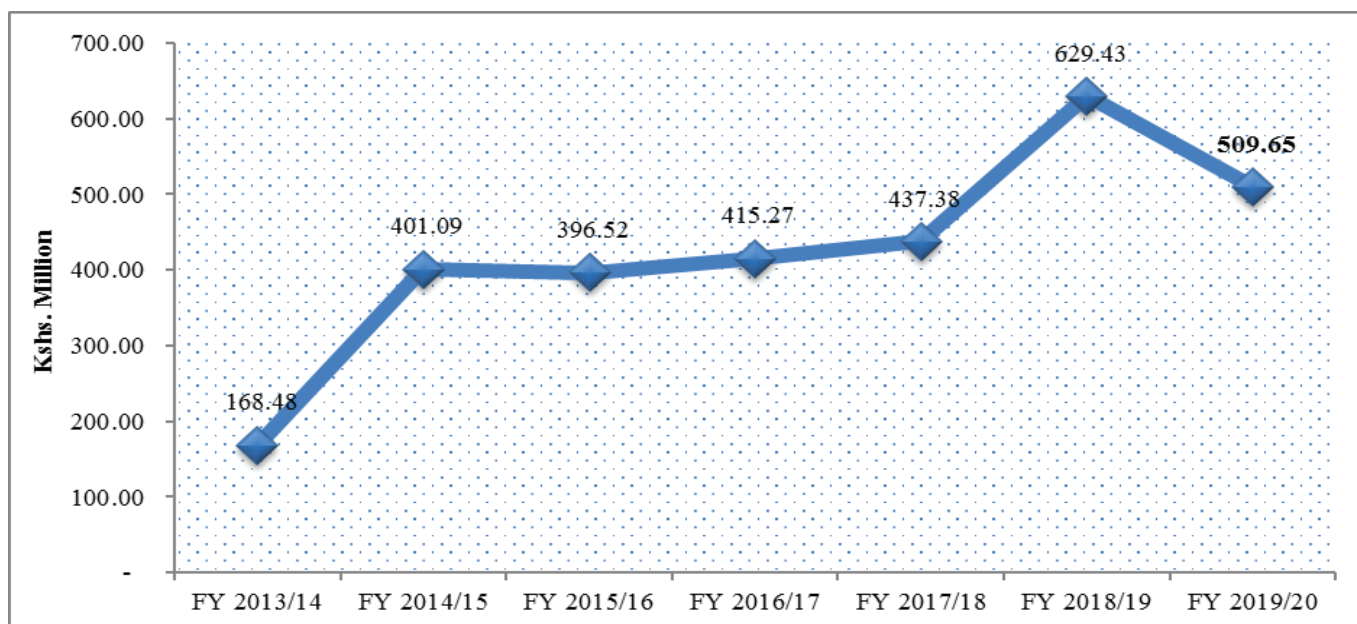
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
Grand Total		5,485,859,024	6,856,994,535	5,775,511,164	84.2

Source: Embu County Treasury

The County received higher DANIDA Grant than the amount provided in CARA 2019 as a grant towards COVID-19 pandemic.

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-11.

Figure 3-11: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Embu County Treasury

During FY 2019/20, the County generated a total of Kshs.509.65 million as own-source revenue. This amount represented a decrease of 19 per cent when compared to Kshs.629.43 million realised in FY 2018/19, and represented 55.4 per cent of the annual target.

The significant decline in own-source revenue performance is attributed to the negative impact of COVID-19 pandemic on business activities and subsequent revenue collection.

3.7.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.53 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.23 billion (22.3 per cent) for Development programmes and Kshs.4.29 billion (77.7 per cent) for Recurrent programmes.

3.7.4 Overall Expenditure Review

A total of Kshs.5.16 billion was spent on Development and Recurrent programmes and represented 93.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.09 billion and Kshs.4.08 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 47.5 per cent while that incurred on recurrent programmes represented an absorption rate of 90.7 per cent.

3.7.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.82 billion as at June 30, 2020. These bills consisted of Kshs.955.32 million for development activities and Kshs.863.34 million for recurrent expenditure.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.03 billion was spent on Compensation to Employees, Kshs.1.05 billion on Operations and Maintenance, and Kshs.1.09 billion on Development expenditure.

Table 3-27: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,493,621,638	4,292,353,109	4,077,736,914	79.0	90.7
Compensation to Employees	2,913,275,402	3,076,292,134	3,026,937,327	58.6	103.9
Operations and Maintenance	1,580,346,236	1,216,060,975	1,050,799,587	20.4	66.5
Total Development Expenditure	2,286,602,703	1,233,309,380	1,085,731,653	21.0	47.5
Development expenditure	2,286,602,703	1,233,309,380	1,085,731,653	21.0	47.5
Total	6,780,224,341	5,525,662,490	5,163,468,567	100.0	76.2

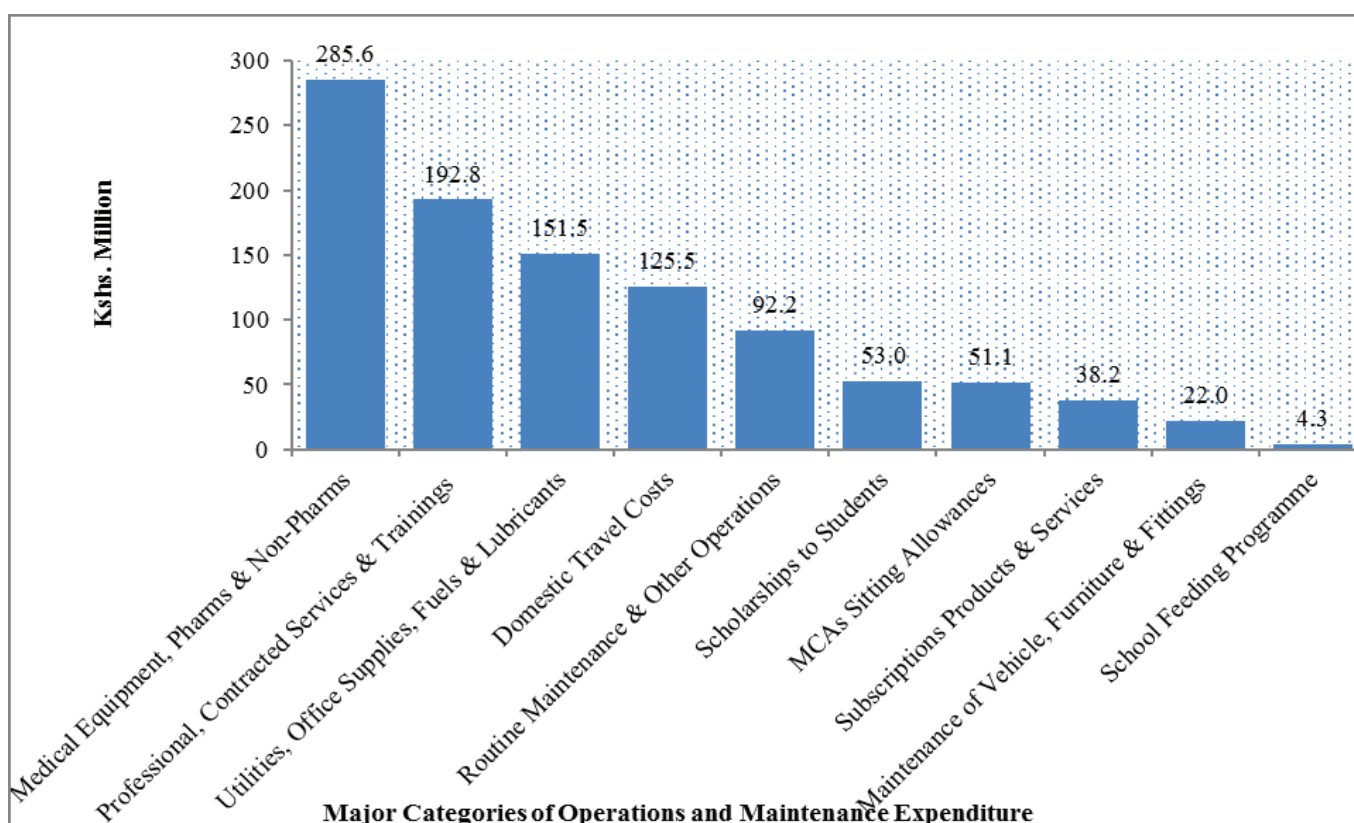
Source: Embu County Treasury

Expenditure on Compensation to Employees was 58.6 per cent of the total expenditure for the financial year and represented a decrease of 2.9 per cent compared to FY 2018/19 when the County spent Kshs.3.12 billion.

3.7.7 Analysis of Operations and Maintenance Expenditure

Figure 3-12 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-12: Embu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Embu County Treasury

The County spent Kshs.51.14 million on Committee Sitting Allowances for the 35 MCAs and Speaker against the annual budget allocation of Kshs.54.86 million. The average monthly sitting allowance was Kshs.121,751 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.125.53 million and comprised of Kshs.97.94 million spent by the County Assembly and Kshs.27.59 million by the County Executive.

3.7.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.09 billion represented 47.5 per cent of the annual development budget of Kshs.2.29 billion and represented a decrease of 20.2 per cent compared to FY 2018/19 when the County spent Kshs.1.36 billion. Table 3-28 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-28: Embu County, List of Development Projects with the Highest Expenditure in FY 2019/20

No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Office Complex	Kirimari	98,000,000	56,050,179	57.2
2	Tarmacking of 2.5 Rwika-Jeremiah Nyaga Technical Road	Mbeti South	25,609,756	32,207,329	125.8
3	Tarmacking of Runyenjs-Kigaa Road	Runyenjes Central	25,609,756	27,257,650	106.4
4	Construction of New Badea Block B	Kirimari	57,405,040	47,490,198	82.7
5	Upgrading to Bitumen Standards of Kavutiri Factory - Muchagori Market Rd	Gaturi North	27,656,051	38,293,658	138.5
7	Tarmacking Mate-Nthagaiya Road	Runyenjes Central	19,457,700	19,757,700	101.5
8	Tarmacking Of Mukuuri-Kanja Road	Kagaari North	10,197,721	15,000,000	147.1
9	Tarmacking Uchumi-Kiambuthi-Mini Inn Road	Kirimari	12,417,481	13,978,609	112.6
10	Completion of BioMedical Engineering Workshop Phase 2	Kirimari	4,000,000	13,887,829	347.2

Source: Embu County Treasury

The County spent funds above the budget provision on some vote lines (above 100%) as shown in Table 3-28. This was instigated by the requirement to settle pending bills as the first charge, while the County had not included the pending bills in the initial approved budget. The effort to regularise the payment through a Supplementary Budget did not clear all vote lines as at the close of the FY 2019/20.

3.7.9 Budget Performance by Department

Table 3-29 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-29: Embu County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	206.06	-	206.06	-	184.96	-	89.8	-	89.8	-
County Public Service Board	43.33	-	33.53	-	39.35	-	117.3	-	90.8	-
Public Service and Administration	347.62	15.21	347.62	8.00	333.50	8.00	95.9	100.0	95.9	52.6
Finance and Economic Planning	151.92	45.00	132.83	38.81	103.80	10.87	78.1	28.0	68.3	24.2
Lands, Physical Planning and Urban Development.	69.57	234.44	47.85	90.75	38.23	23.51	79.9	25.9	54.9	10.0
Investment, Industrialization, Trade And Tourism	22.80	51.45	22.80	35.90	20.81	40.73	91.3	113.5	91.3	79.2
Agriculture, Livestock, Fisheries and Co-Operative Development	272.28	403.25	272.28	213.93	242.11	15.81	88.9	7.4	88.9	3.9
Water, Environment and Natural Resources.	57.40	67.46	57.37	64.60	49.59	27.17	86.4	42.1	86.4	40.3
Health	1,910.12	248.50	1,903.44	122.60	1,841.56	59.24	96.7	48.3	96.4	23.8
Embu Level 5 Hospital	355.49	184.13	309.07	117.90	301.46	119.33	97.5	101.2	84.8	64.8
Infrastructure, Public Works and Housing	64.64	831.76	61.46	438.57	61.01	662.89	99.3	151.1	94.4	79.7
Education, Science and Technology	380.55	59.11	378.23	20.37	356.73	36.98	94.3	181.6	93.7	62.6
Youth Empowerment, Sports, Gender, Culture, Children & Social Services	19.31	46.29	19.31	25.83	10.61	25.15	55.0	97.4	55.0	54.3
County Assembly	592.52	100.00	500.50	56.05	494.01	56.05	98.7	100.0	83.4	56.1

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
Total	4,493.62	2,286.60	4,292.35	1,233.31	4,077.74	1,085.73	95.0	88.0	90.7	47.5

Source: Embu County Treasury

Analysis of expenditure by department shows that the Department of Infrastructure, Public Works and Housing recorded the highest absorption rate of development budget at 79.7 per cent while the Department of Agriculture, Livestock, Fisheries and Co-operative Development reported the lowest at 3.9 per cent. The Department of Health had the highest percentage of recurrent expenditure to recurrent budget at 96.4 per cent while the Department of Lands, Physical Planning and Urban Development had the lowest at 54.9 per cent.

3.7.10 Budget Execution by Programmes and Sub-Programmes

Table 3-30 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-30 : Embu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Office Of Governor					
General Administration Planning & Support Services	Management Of County Affairs (Office Of Governor)	123,633,521	110,978,715	12,654,806	89.7
County Leadership and Co-ordination	Sub-County Administration and Field Services	41,211,174	36,992,905	4,218,269	89.7
	Management Of County Executive Services (Office Of County Secretary)	24,726,704	22,195,743	2,530,961	89.7
County Leadership and Co-ordination	Public Sector Advisory Services (Legal, Political & Economic Advisors)	16,484,470	14,797,162	1,687,308	89.7
Sub Total		206,055,869	184,964,525	21,091,344	89.7
County Public Service Board					
Administration Of Human Resources In Public Service	Performance Management & Discipline	7,365,991	6,689,020	676,970	90.8
	Administration Of Board Programmes	10,832,339	9,836,795	995,545	90.8
	Recruitment & Selection, Career Management, Hr Policy & Audit	15,165,275	13,771,512	1,393,763	90.8
	Quality Service Delivery In The County Public Service	9,965,752	9,049,851	915,901	90.8
Sub Total		43,329,357	39,347,178	3,982,179	90.8
Public Service and Administration					
General Administration Planning & Support Services	Service Delivery and Management Of County Affairs	126,993,014	119,525,648	7,467,366	94.1
Public Service	Human Resource Development & Culture Change Management	90,709,296	85,375,463	5,333,833	94.1
	Office Infrastructure Development	145,134,873	136,600,741	8,534,132	94.1
Sub Total		362,837,183	341,501,852	21,335,331	94.1
Finance and Economic Planning					
General Administration Planning & Support Services	Administration, Planning and Support Services	32,552,981	18,956,226	13,596,756	58.2
Economic Policy and County Planning	Economic Development Planning and Coordination	30,602,113	17,820,198	12,781,915	58.2
Financial Management Services	Revenue Management Services	32,552,981	18,956,226	13,596,756	58.2
	Control and Management Of Public Finances	16,276,491	9,478,113	6,798,378	58.2

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Monitoring and Evaluation	Monitoring and Evaluation Of Projects	19,531,789	11,373,736	8,158,053	58.2
Research and Statistics	County Database and Profile	16,276,491	9,478,113	6,798,378	58.2
Kenya Devolution Support Programme	Kenya Devolution Support Programme	49,130,823	28,609,821	20,521,002	58.2
Sub Total		196,923,669	114,672,432	82,251,237	58.2
Lands, Physical Planning and Urban Development					
Land Policy and Planning	Spatial Planning and Urban Planning	72,400,289	14,703,600	57,696,689	20.3
	Survey and Land Planning	77,202,725	15,678,915	61,523,810	20.3
Environment Management & Natural Resources Conservation	Environment Management and Natural Resources Conservation	92,643,270	18,814,698	73,828,572	20.3
General Administration, Planning & Support Services	General Administration and Support Services	61,762,180	12,543,132	49,219,048	20.3
Sub Total		304,008,464	61,740,346	242,268,118	20.3
Investment, Industrialization, Trade and Tourism					
Administrative Support Services	Administrative Support Services	8,773,631	7,271,936	1,501,694	82.8
Trade Development and Promotion	Trade Development and Promotion	35,780,126	29,656,001	6,124,125	82.8
Industrial Development and Investment	Industrial Development and Investment	16,336,377	13,540,244	2,796,134	82.8
Tourism Development	Tourism Development	13,366,127	11,078,381	2,287,746	82.8
Sub Total		74,256,261	61,546,562	12,709,699	82.8
Agriculture, Livestock, Fisheries and Co-Operative Development					
Administrative Support Services	Administrative Support Services	85,058,321	32,474,606	52,583,715	38.1
Crop Development and Management	Crop Development and Management	317,090,654	121,062,747	196,027,906	38.1
Agribusiness and Information Management	Agribusiness and Information Management	87,819,589	33,528,837	54,290,753	38.1
Livestock Resources Management & Development	Livestock Resources Management and Development	118,013,209	45,056,526	72,956,683	38.1
Fisheries Development	Fisheries Development	67,553,530	25,791,413	41,762,117	38.1
Sub Total		675,535,303	257,914,129	417,621,174	38.1
Water, Environment and Natural Resources					
Water Supply and Sewerage Services	Domestic Water Supply	49,942,725	30,704,925	19,237,800	61.4
Irrigation	Provision Of Irrigation Water	47,445,589	29,169,678	18,275,910	61.4
General Administration, Planning & Support Services	General Administration and Support Services	27,468,499	16,887,709	10,580,790	61.4
Sub Total		124,856,812	76,762,311	48,094,501	61.4
Health					
Curative Health Services	Primary Health Care	1,303,684,649	1,147,976,656	155,707,993	88.0
Preventive and Promotive Health Services	Health Promotion & Disease Control	481,432,902	423,932,071	57,500,831	88.0
General Administration Planning & Support Services	General Administration Services	373,501,928	328,892,033	44,609,895	88.0
Sub Total		2,158,619,480	1,900,800,761	257,818,719	88.0
Embu Level 5 Hospital					
Curative Health Services	Primary Health Care	401,625,407	313,181,286	88,444,120	77.9
Preventive and Promotive Health Services	Health Promotion & Disease Control	82,489,271	64,323,859	18,165,412	77.9

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
General Administration Planning & Support Services	General Administration Services	55,508,131	43,284,383	12,223,748	77.9
Sub Total		539,622,809	420,789,528	118,833,281	77.9
Infrastructure, Public Works and Housing					
General Administration Planning & Support Services	General Administration Services	179,278,529	144,779,489	34,499,041	80.7
Roads Transport	Road Infrastructure and Public Works	448,196,324	361,948,721	86,247,602	80.7
Energy and Housing	Energy and Housing	268,917,794	217,169,233	51,748,561	80.7
Sub Total		896,392,647	723,897,443	172,495,204	80.7
Education, Science and Technology					
General Administration, Planning & Support Services	General Administration and Support Services	131,900,231	118,112,177	13,788,053	89.5
Quality Assurance and Standards	Quality Assurance and Standards	109,916,859	98,426,815	11,490,044	89.5
Ecde and Tertiary Education (Polytechnics)	Ecde and Tertiary Education (Polytechnics)	197,850,346	177,168,266	20,682,080	89.5
Sub Total		439,667,435	393,707,258	45,960,177	89.5
Youth Empowerment, Sports, Gender, Culture, Children and Social Services					
Policy and General Administrative Services	General Administrative Unit	6,560,046	3,576,471	2,983,576	54.5
Gender and Social Development	Communication Mobilization and Development	9,840,070	5,364,706	4,475,364	54.5
	Social Welfare Services	6,560,046	3,576,471	2,983,576	54.5
	Vocational Rehabilitation and Training	6,560,046	3,576,471	2,983,576	54.5
	Gender Mainstreaming and Development	9,840,070	5,364,706	4,475,364	54.5
Children Services	Child Rehabilitation and Custody	6,560,046	3,576,471	2,983,576	54.5
Culture and Cultural Preservation	Cultural Preservation	6,560,046	3,576,471	2,983,576	54.5
Youth Development and Empowerment Services	Youth Development and Empowerment Services	6,560,046	3,576,471	2,983,576	54.5
Management & Development Of Sport & Sport Facilities	Community Sports Programme	6,560,046	3,576,471	2,983,576	54.5
Sub Total		65,600,464	35,764,707	29,835,757	54.5
County Assembly					
General Administration Planning & Support Services	General Administration Planning and Support Services	286,817,143	260,583,594	26,233,550	90.8
Legislation	Legislation	405,701,445	289,475,941	116,225,503	71.3
Sub Total		692,518,588	550,059,535	142,459,053	79.4
Grand Total		6,780,224,341	5,163,468,567	1,616,755,774	76.1

Source: Embu County Treasury

Based on expenditure absorption rate as shown in Table 3-30, the programs with the highest absorption rates were: General Administration Planning & Support Services and Public Service in Public Service and Administration department at 94.1 per cent, General Administration Planning and Support Services in County Assembly at 90.9 per cent, Administration of Human Resources in County Public Service Board at 90.8 per cent and General Administration Planning & Support Services, County Leadership and Coordination and County Leadership and Coordination in the Office of the Governor at 89.8 per cent of budget allocation.

3.7.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.1.09 billion in FY 2019/20 out of annual development budget of Kshs.2.29 billion. The development expenditure represented 47.5 per cent of the annual development budget.
3. A high wage bill, which accounted for 58.6 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. Under-performance of own-source collection at Kshs.509.65 million against the annual projection of Kshs.920 million. The realised own source revenue represented 55.4 per cent of the annual target.
5. Weak budgeting practice by the County Treasury as shown in Table 3-28 where the County incurred expenditure above the approved budgetary allocations.
6. High pending bills which had accumulated to Kshs.1.82 billion as of June 30, 2020.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
4. *The County Treasury develop and implement strategies to enhance own source revenue performance to ensure the approved budget is fully financed.*
5. *The County Treasury should ensure compliance with existing laws on budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*
6. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.8 County Government of Garissa

3.8.1 Overview of FY 2019/20 Budget

The Approved Supplementary for FY 2019/20 was Kshs.10.87 billion, comprising of Kshs.4.45 billion (41 per cent) and Kshs.6.42 billion (59 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.7.03 billion (64.6 per cent) being equitable share of revenue raised nationally, Kshs.1.23 billion (11.3 per cent) as total Conditional Grants, generate Kshs.150 million (1.4 per cent) from own sources of revenue, and the cash balance of Kshs.2.27 billion (20.9 per cent) from FY 2018/19. The County also expected to receive Kshs.193.62 million (1.8 per cent) as “other revenues” not contained in the CARA, 2019.

3.8.2 Revenue Performance

During FY 2019/20, the County received Kshs.6.77 billion as the equitable share of the revenue raised nationally, Kshs.546.15 million as total Conditional Grants, raised Kshs.109.92 million as own-source revenue, and had a cash balance of Kshs.1.27 billion from FY 2018/19. The County also received Kshs.80.78 million as ‘other revenues’ not contained in CARA, 2019. The total funds available for budget implementation during the period amounted to Kshs.8.77 billion as shown in Table 3-31.

Table 3-31: Garissa County, Revenue Performance in FY 2019/20

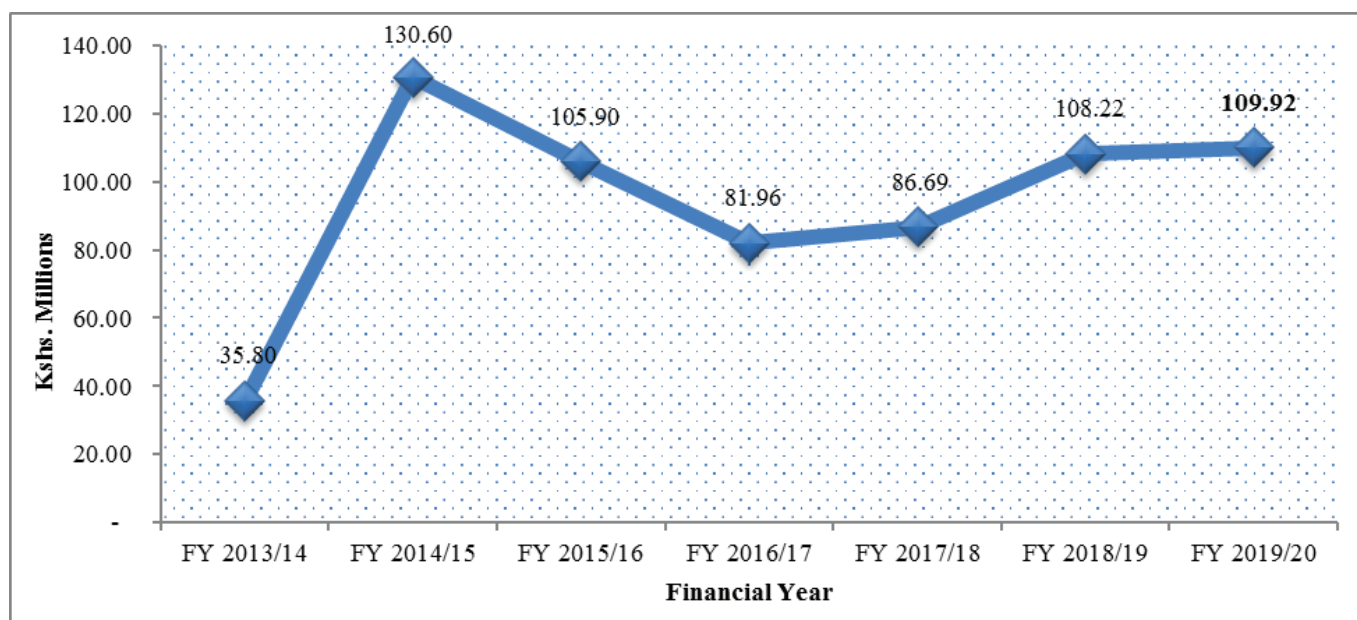
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,026,300,000	7,026,300,000	6,766,778,085	96.3

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	12,964,636	12,964,636	12,964,636	100
2	Conditional Grants to Level-5 Hospitals	344,739,884	344,739,884	344,739,884	100
3	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4	Road Maintenance Fuel Levy Fund	199,446,188	199,446,188	99,723,094	50.0
5	Rehabilitation of Village Polytechnics	20,628,298	20,628,298	20,628,298	100
Sub Total		709,693,900	709,693,900	133,316,028	18.8
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	47,421,765	47,421,765	44,643,379	94.1
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	157,422,858	157,422,858	120,911,328	76.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000.	30,000,000	30,000,000	100
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	233,506,000	233,506,000	175,812,550	75.3
5.	DANIDA Grant	20,718,750	20,718,750	28,453,750	137.3
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,520,018	20,520,018	13,010,009	63.4
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		518,389,391	518,389,391	412,831,016	79.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	150,000,000	109,915,818	73.3
2.	Balance b/f from FY 2018/19	-	2,270,378,994	1,270,378,994	55.9
3.	Other Revenues	-	193,618,992	80,784,000	41.7
Sub Total		-	2,613,997,986	1,461,078,812	55.9
Grand Total		8,254,383,291	10,868,381,277	8,774,003,941	80.7

Source: Garissa County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-13.

Figure 3-13: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Garissa County Treasury

During FY 2019/20, the County generated a total of Kshs.109.92 million as own source revenue. This amount represented an increase of 1.6 per cent when compared to Kshs.108.22 million realised in FY 2018/19, and represented 73.3 per cent of the annual target.

3.8.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.8.42 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.03 billion (24.1 per cent) for Development programmes and Kshs.6.39 billion (75.9 per cent) for Recurrent programmes.

3.8.4 Overall Expenditure Review

A total of Kshs.8.39 billion was spent on Development and Recurrent programmes and represented 99.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.02 billion and Kshs.6.37 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 45.3 per cent while that incurred on Recurrent programmes represented an absorption rate of 99.3 per cent.

3.8.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.876.96 million as at June 30, 2020. These bills consisted of Kshs.770.02 million for development activities and Kshs.106.94 million for recurrent expenditure.

3.8.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.4.53 billion was spent on Compensation to Employees, Kshs.1.84 billion on Operations and Maintenance, and Kshs.2.02 billion on Development expenditure.

Table 3-32: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,416,887,278	6,389,212,861	6,370,057,406	76.0	99.3
Compensation to Employees	4,549,962,994	4,532,998,204	4,532,998,204	54.1	99.6
Operations and Maintenance	1,866,924,284	1,706,214,657	1,837,059,202	21.9	98.4
Total Development Expenditure	4,451,493,999	2,029,259,869	2,015,262,919	24.0	45.3
Development Expenditure	4,451,493,999	2,029,259,869	2,015,262,919	24.0	45.3
Total	10,868,381,277	8,418,472,730	8,385,320,325	100.0	77.2

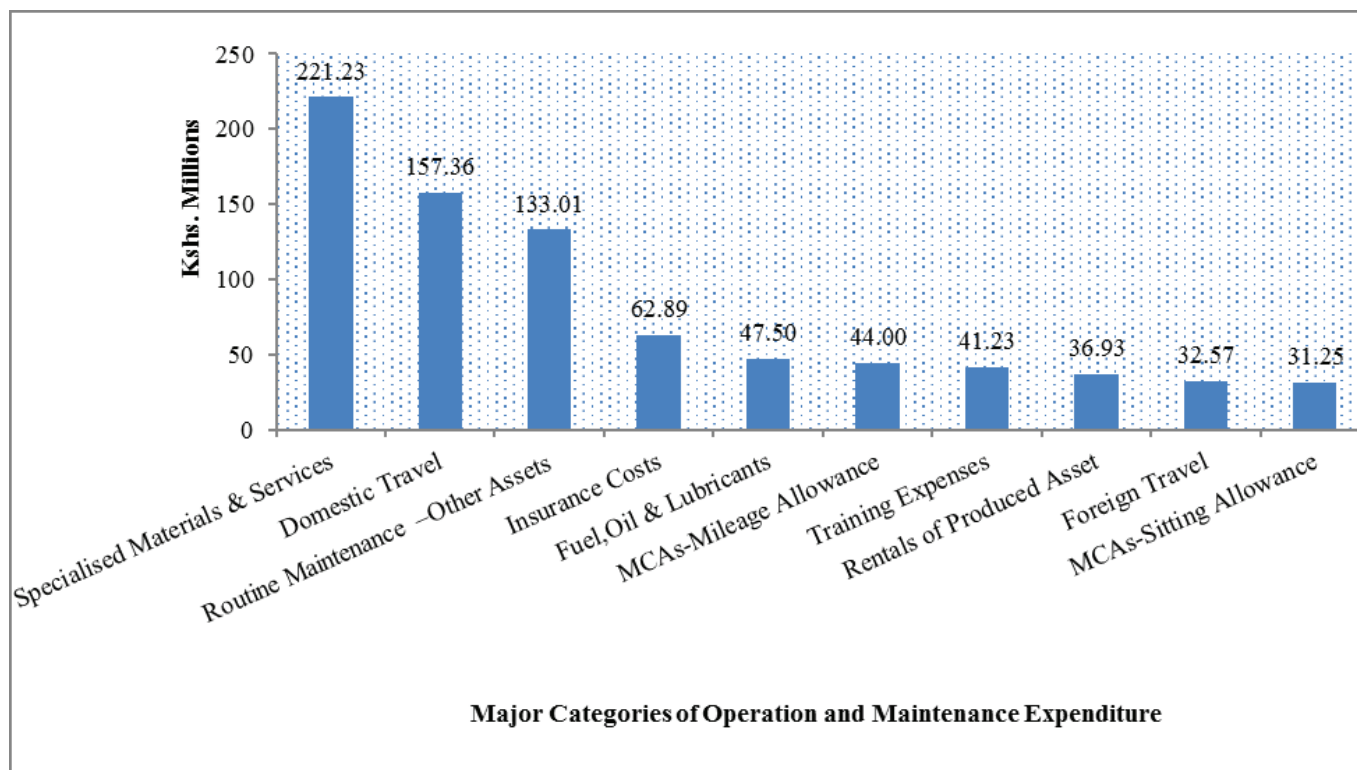
Source: Garissa County Treasury

Expenditure on Compensation to Employees was 54.1 per cent of the total expenditure for the fiscal year and represented an increase of 1.6 per cent compared to FY 2018/19 when the County spent Kshs.4.46 billion.

3.8.7 Analysis of Operations and Maintenance Expenditure

Figure 3-14 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-14: Garissa County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Garissa County Treasury

The County spent Kshs.31.25 million on Committee Sitting Allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.32.02 million. The average monthly sitting allowance was Kshs.53,146 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.157.36 million and comprised of Kshs.75.95 million spent by the County Assembly and Kshs.81.45 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.32.57 million and comprised of Kshs.7.20 million spent by the County Assembly and Kshs.25.37 million by the County Executive.

3.8.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.02 billion represented 45.3 per cent of the annual development budget of Kshs.4.45 billion and represented a decrease of 15.1 per cent compared to FY 2018/19 when the County spent Kshs.2.38 billion. Table 3-33 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-33: Garissa County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Improvement of Dagahley-Alikune Road	Dagahly	13,782,320	13,700,000	99
2	Chain-link Fence and Renovation	Garissa T/ship	11,670,410	11,670,410	100
3	Construction of 2 ECD Classrooms and Chain Link Fencing	Garissa Township	5,119,800	5,119,800	100
4	Construction of New Wildlife Drinking Pan at Danyere	Danyere	7,137,350	7,137,350	100
5	Spot Improvement of Ijara-Sangole Road	Ijara	15,760,378	15,760,378	100

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
6	Improvement of Gurufa-Shanta Abak Road	Shanta	31,546,200	31,546,200.01	100
7	Improvement of Ahmed Tukale-Shanta Abak Road	Shanta	24,200,938	24,200,938.09	100
8	Proposed Construction Chainlink Fencing, Office Block, Washrooms, Sheds And Sentry Box Of Tree Nursery At Garissa Main Nursery	Garissa Town	24,568,699	24,560,010	99.9
9	Proposed Construction of 72 No Market Stalls At Bula IFTIN	Bula Iftin	19,810,039.	19,709,000	99.9
10	Proposed Fencing of Modogashe Girls Secondary At Lagdera Sub-County For Garissa County.	Lagdera	12,799,973	12,577,904	99.9

Source: Garissa County Treasury

3.8.9 Budget Performance by Department

Table 3-34 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-34: Garissa County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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 & Cooperatives	158.18	265.94	158.11	223.36	157.90	223.29	99.9	100.0	99.8	84.0
Gender, Social Services & Sports	68.20	170.00	68.19	88.31	68.11	87.30	99.9	98.9	99.9	51.4
Roads and Transport	36.32	519.54	36.10	422.46	35.10	421.23	97.2	99.7	96.6	81.1
Education & Labour	537.18	65.63	537.01	32.39	536.67	32.31	99.9	99.8	99.9	49.2
Environment, Energy & Natural Resources	59.95	60.00	58.71	60.00	58.69	59.21	100.0	98.7	97.9	98.7
Lands, Housing and works, Urban Development	310.79	291.16	310.79	77.47	310.53	76.27	99.9	98.5	99.9	26.2
Finance & Economic Planning	953.34	401.85	953.31	401.85	952.47	401.36	99.9	99.9	99.9	99.9
Health & Sanitation	2,784.09	364.91	2,771.01	155.79	2,756.75	154.09	99.5	98.9	99.0	42.2
Trade, Enterprise Development and Tourism	95.00	-	94.76	-	94.21	-	99.4	-	99.2	-
Water & Irrigation Services	183.56	1,950.00	183.30	522.12	182.95	515.20	99.8	98.7	99.7	26.4
Executive Services	373.80	120.15	372.90	45.50	371.94	44.99	99.7	98.9	99.5	37.4
County Public Service Board	33.10	-	33.05	-	32.95	-	99.7	-	99.5	-
Municipal Board	67	242.31	66.99	-	66.81	-	99.7	-	99.7	-
County Assembly	756.40	-	745.00	-	744.96	-	100.0	-	98.5	-
Total	6,416.89	4,451.49	6,389.21	2,029.26	6,370.06	2,015.26	99.7	99.3	99.3	45.3

Source: Garissa County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 99.9 per cent, followed by the Department of Environment, Energy & Natural Resources at 98.7 per cent while the Municipal Board did not report expenditure on development activities.

3.8.10 Budget Execution by Programmes and Sub-Programmes

Table 3-35 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-35: Garissa County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Agriculture	Agriculture Department	800,000	200,000	600,000	25.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
	Crop Production and Irrigation services	800,000	200,000	600,000	25
	Administrative and support services	0	0	0	
	Administrative and support services	0	0	0	
Sp 1	Livestock Department	81,545,730	34,231,323	47,314,407	42
	Livestock production services	81,545,730	34,231,323	47,314,407	42
Sp 2	Irrigation Department	0	0	0	
	Crop Production and Irrigation services	0	0	0	
Sp3	Fisheries Department	200,000	0	200,000	0
	0 Fisheries production services	200,000	0	200,000	0
Sp4		341,281,104	169,840,345	171,440,759	50
Environment	Energy Department	1,005,000	814,830	190,170	81
	Energy and Mining	1,005,000	814,830	190,170	81
	Forest, Wildlife and Tourism	0	0	0	
	Environment and Natural Resource Management	0	0	0	
Sp1	Environment and Forestry Department	1,100,000	845,740	254,260	77
	Forest, Wildlife and Tourism	1,100,000	845,740	254,260	77
	General Administration and Support Services	0	0	0	
	Environment and Natural Resource Management	0	0	0	
Sp2	Natural Resources Department	1,100,000	462,200	637,800	42
	Environment and Natural Resource Management	1,100,000	462,200	637,800	42
Sp3	Tourism Departments	0	0	0	
	Forest, Wildlife and Tourism	0	0	0	
Sp4	Animal Disease Control	66,743,025	12,144,807	54,598,218	18
	Administration and Support Services	66,743,025	12,144,807	54,598,218	18
Roads	Roads	521,561,073	167,053,447	354,507,626	32
	Roads network and Transport services	2,017,200	1,953,900	63,300	97
	General Administration and Support Services	0	0	0	
	Roads Development Program	519,543,873	165,099,547	354,444,326	32
Sp1	Administration Department	34,306,400	6,341,930	27,964,470	18
	General Administration and Support Services	34,306,400	6,341,930	27,964,470	18
Sp2	Lands Department	-	-	-	-
	Administrative and support services	-	-	-	-
	Lands And Physical Planning Program	-	-	-	-
	Land Policy and Physical Planning Plans	-	-	-	-
Sp3	Noise pollution	-	-	-	-
	Public Works and Housing Program	-	-	-	-
Trade	Cooperative Development	-	-	-	-
	Trade And Co-Operative Development Program	-	-	-	-
Sp1	Trade Department	1,400,000	668,000	732,000	48
	Departmental service programme	-	-	-	-
	Administrative and Support Services	-	-	-	-
	Trade And Co-Operative Development Program	1,400,000	668,000	732,000	48
Sp2	Weight and Measures Department	1,350,000	650,000	700,000	48
	Departmental service programme	1,350,000	650,000	700,000	48
Sp3	Enterprise Development	-	-	-	-
	Enterprise And Investment Program	-	-	-	-
Sp4	Youth and Sports Department	-	-	-	-
	Youth And Sports Program	-	-	-	-
	Sports Promotion and Development	-	-	-	-
Sp5	Village Polytechnics	91,447,996	17,929,222	73,518,774	20
	Administrative and support Services	91,447,996	17,929,222	73,518,774	20
Sp6		802,259	-	802,259	-
	Forest, Wildlife and Tourism	-	-	-	-
	Administrative and support Services	802,259	-	802,259	-

Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Pay- ments (Kshs)	V a r i a n c e (Kshs.)	Implementa- tion Status (%)
Health	Curative and Emergency Services Department	-	-	-	-
	Curative Services	-	-	-	-
Sp1	Preventive and Promotive Health	667,013,649	246,154,290	420,859,359	37
	Preventive and Promotive Services	22,718,750	19,890,716	2,828,034	88
	Curative Services	453,414,894	190,064,788	263,350,106	42
	General Administration and Support Services	190,880,005	36,198,786	154,681,219	19
Sp2	Administration Finance and HR	2,491,994,806	1,717,041,799	774,953,007	69
	Preventive and Promotive Services	49,638,369	47,359,830	2,278,539	95
	Curative Services	68,320,000	21,540,460	46,779,540	32
	General Administration and Support Services	2,374,036,437	1,648,141,509	725,894,928	69
Education	Education Department	325,619,161	276,233,814	49,385,347	85
	ECD Program	-	-	-	--
	Youth polytechnics	24,628,298	22,469,835	2,158,463	91
	General Administration and Support Services	300,990,863	253,763,979	47,226,884	84
Sp 1	Polytechnics Department	42,912,400	24,253,330	18,659,070	57
	ECD Program	42,912,400	24,253,330	18,659,070	57
Sp2	Public Service Board and Human Resource	136,591,478	59,507,618	77,083,860	44
	ECD Program	0	0	0	--
	General Administration and Support Services	136,591,478	59,507,618	77,083,860	44
	Administration and construction works	-	-	-	-
Sp3	Research, Statistics and Information	37,682,733	2,046,674	35,636,059	5
	Departmental Programs	37,682,733	2,046,674	35,636,059	5
County Affairs	Governor's Office	170,900,000		64,784,775	62
	Administration and construction works	-	-	-	-
	County Executive Services	170,900,000	106,115,225	64,784,775	62
Sp 1	Deputy Governor's Office	34,620,000	17,224,485	17,395,515	50
	County Executive Services	34,620,000	17,224,485	17,395,515	50
Sp 2	Operations and Sub County Offices	187,262,000	157,915,472	29,346,528	84
	Departmental Programs	100,152,000	95,451,493	4,700,507	95
	County Executive Services	-	-	-	-
	Administration and construction works	87,110,000	62,463,978	24,646,022	72
Sp 3	Human Resource Department	-	-	-	-
	Administration and construction works	-	-	-	-
Sp 4	Information Department	15,500,000	6,270,300	9,229,700	40
	Construction Works	0	0	0	--
	Administration and construction works	15,500,000	6,270,300	9,229,700	40
	Departmental Programs	-	-	-	-
Sp 5	Special Program and Inter-Governmental Relations Department	-	-	-	-
	Departmental Programs	-	-	-	-
Sp 6	Street Lighting	47,356,215	23,241,300	24,114,915	49
	Administration and construction works	47,356,215	23,241,300	24,114,915	49
Sp 7		18,312,430	6,993,800	11,318,630	38
	Departmental Programs	18,312,430	6,993,800	11,318,630	38
		-	-	-	-
	Departmental Programs	-	-	-	-
Finance	Accounting Department	3,713,739	2,999,069	714,670	81
	Construction Works	0	-	-	-
	Departmental programs	3,713,739	2,999,069	714,670	81
	Water Services	0	0	0	--
Sp 1	Budgetary Department	6,280,000	4,859,664	1,420,336	77
	Departmental programs	6,280,000	4,859,664	1,420,336	77
Sp 2	Revenue Department	205,927,781	189,743,997	16,183,784	92
	Departmental programs	205,927,781	189,743,997	16,183,784	92
Sp 3	Economic Planning Department	32,786,000	16,658,582	16,127,418	51
	Departmental programs	32,786,000	16,658,582	16,127,418	51
	Town Management Services	-	-	-	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Sp 4	Supply Chain Management	4,880,000	3,602,524	1,277,476	74
	Departmental programs	4,880,000	3,602,524	1,277,476	74
Sp 5	Internal Audit Department	3,062,600	1,890,700	1,171,900	62
	Departmental programs	3,062,600	1,890,700	1,171,900	62
Sp 6	Special Program	270,940,000	123,468,081	147,471,919	46
	Administration and construction works	270,940,000	123,468,081	147,471,919	46
	Departmental Programs	-	-	-	-
Sp 7	Inter-Governmental Relations	-	-	-	-
	Departmental Programs	-	-	-	-
Sp 8	Urban Planning	521,848,000	456,684,920	65,163,080	88
	Construction Works	-	-	-	-
	Administration and Support Services and Development works	-	-	-	-
	Town Management Services	521,848,000	456,684,920	65,163,080	88
Sp 9	Operation & Sub County Administration	-	-	-	-
	Departmental Programs	-	-	-	-
	Administration and construction works	-	-	-	-
Sp 10		408,970,628	320,459,008	88,511,620	78
	Administration and construction works	408,970,628	320,459,008	88,511,620	78
	Town Management Services	-	-	-	-
Sp 11		-	-	-	-
	Administration and construction works	-	-	-	-
Sp 12		16,780,548	8,423,989	8,356,560	50
	Administration and construction works	16,780,548	8,423,989	8,356,560	50
Culture	Culture and Heritage Department	-	-	-	-
	Social and Gender Promotion Services	-	-	-	-
	Construction Works	-	-	-	-
Sp 1	Social and Gender Department	-	-	-	-
	Social and Gender Promotion Services	-	-	-	-
Sp 2	Cultural activities	83,411,832	6,070,518	77,341,314	7
		-	-	-	-
	Administration Support Services and construction works	83,411,832	6,070,518	77,341,314	7
Sp 3	Public Entertainment	1,025,000	185,000	840,000	18
		1,025,000	185,000	840,000	18
Sp 4	Liquor Licensing	-	-	-	-
		-	-	-	-
Sp 5	Cinemas	153,763,600	112,184,094	41,579,506	73
	Administration Support Services and construction works	150,000,000	110,297,094	39,702,906	74
	General Administration and Support Services	3,763,600	1,887,000	1,876,600	50
Water	Administration Department	615,056,361	209,958,242	405,098,119	34
	Water Services	615,056,361	209,958,242	405,098,119	34
	Administration and Support Services	-	-	-	-
Sp 1	Water Supply Services	1,466,000,000	496,833,161	969,166,839	34
	Water Services	1,466,000,000	496,833,161	969,166,839	34
Sp 2		-	-	-	-
	Crop Production and Irrigation services	-	-	-	-
	Water Services	-	-	-	-
Sp 3		52,500,000	39,697,200	12,802,800	76
	Crop Production and Irrigation services	2,500,000	735,321	1,764,679	29
	Water Services	50,000,000	38,961,879	11,038,121	78
Lands, Housing And Urban Devt	Urban Sanitation and Development	900,000	336,880	563,120	37
	Town Management Services	900,000	336,880	563,120	37
Sp 1	Urban Planning and Disaster Management	237,770,426	550,900	237,219,526	-
	Lands And Physical Planning Program	236,505,800	0	236,505,800	0
	Town Management Services	1,264,626	550,900	713,726	44
Sp 2	Administration and Services	287,500,000	175,121,275	112,378,726	61
	Town Management Services	287,500,000	175,121,275	112,378,726	61
Sp 3		-	-	-	-

Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Pay- ments (Kshs)	V a r i a n c e (Kshs.)	Implementa- tion Status (%)
	Town Management Services	-	-	-	-
Sp 4		6,350,000	4,499,972	1,850,028	71
	Lands And Physical Planning Program	-	-	-	-
	Town Management Services	-	-	-	-
	Land Policy and Physical Planning Plans	6,350,000	4,499,972	1,850,028	71
Sp 5		69,427,263	5,625,739	63,801,524	8
	Public Works and Housing Program	69,427,263	5,625,739	63,801,524	8
	Town Management Services	-	-	-	-
Cpsb		33,072,000	719,150	32,352,850	2
	General Administration and Support Ser- vices	33,072,000	719,150	32,352,850	2
Municipality	Town Management Boards	309,306,000	-	309,306,000	-
	Administration and Support Services and Development works	67,000,000	-	67,000,000	-
	Lands And Physical Planning Program	242,306,000	-	242,306,000	-
Grand Total		10,868,381,277	6,475,477,273	4,392,904,004	60

Source: Garissa County Treasury

Based on expenditure absorption rate as shown in Table 3-35, the programs with the highest absorption rates were: Roads Network and Transport services at 97 per cent, Preventive and Promotive Services at 95 per cent, Education at 85 per cent, and Town Management at 88 per cent of budget allocation.

3.8.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.2.02 Billion in FY 2019/20 out of the annual development budget of Kshs.4.45 billion. The development expenditure represented 45.3 per cent of the annual development.
3. A high wage bill, which accounted for 54.1 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. The discrepancy between the report on budget execution by programmes and sub-programmes which indicates total expenditure as Kshs.6.48 billion compared to Kshs.8.39 billion captured in the County's annual report.
5. High pending bills which amounted to Kshs.876.96 million as at 30th June 2020.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
4. *The County Treasury should regularly reconcile the budget documents against the IFMIS uploaded budget to ensure reports on budget implementation are credible.*
5. *The County Treasury should ensure finalized and ongoing works/contracts are be budgeted for in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.9 County Government of Homa Bay

3.9.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.8.97 billion, comprising of Kshs.3.51 billion (39.1 per cent) and Kshs.5.46 billion (60.9 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.74 billion (75.2 per cent) being equitable share of revenue raised nationally, Kshs.980.43 million (10.9 per cent) as total Conditional Grants, generate Kshs.117.33 million (1.3 per cent) from own sources of revenue, generate Kshs.60.26 million as AIA and the cash balance of Kshs.1.07 billion (11.9 per cent) from FY 2018/19.

3.9.2 Revenue Performance

During FY 2019/20, the County received Kshs.6.16 billion as the equitable share of the revenue raised nationally, Kshs.645.65 million as total Conditional Grants, raised Kshs.118.50 million as own-source revenue, generated Kshs.156.09 million as AIA, and had a cash balance of Kshs.1.05 billion from FY 2018/19. The County also received Kshs.176.29 million as “other revenues” which was not budgeted. The total funds available for budget implementation during the period amounted to Kshs.8.31 billion as shown in Table 3-36.

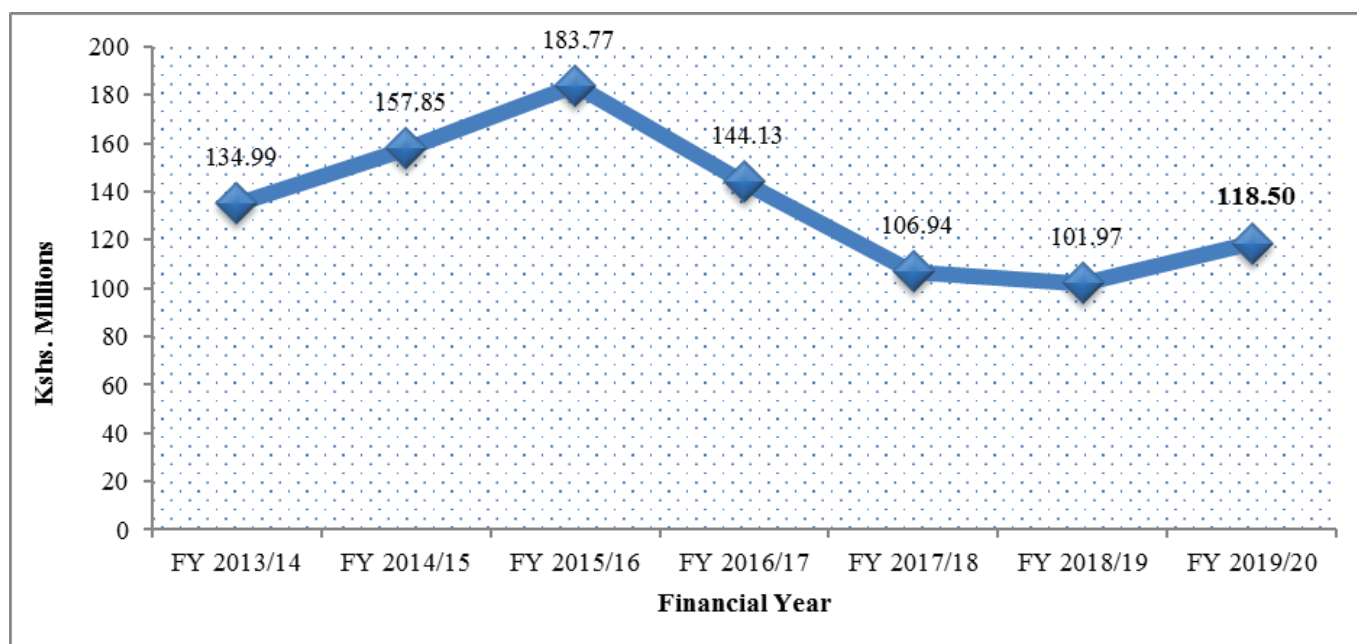
Table 3-36: Homa Bay County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,741,450,000	6,741,450,000	6,161,685,300	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	22,185,346	22,185,346	22,185,346	100.0
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	191,360,531	191,360,531	139,703,885	73.0
4.	Rehabilitation of Village Polytechnics	35,163,298	35,163,298	35,163,298	100.0
	Sub Total	380,624,069	380,624,069	197,052,529	51.8
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	53,812,849	53,812,849	47,973,189	89.2
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	248,805,986	71.1
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	119,361,500	119,361,500	85,371,975.40	71.5
5.	DANIDA Grant	19,968,750	19,968,750	19,968,750	100.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,858,004	17,858,004	7,679,002	43.0
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
	Sub Total	599,801,103	599,801,103	448,598,902.55	74.8
D	Other Sources of Revenue				
1.	Own Source Revenue	-	117,334,645	118,503,747	100.9
2.	Balance b/f from FY 2018/19	-	1,070,112,000	1,054,447,420	98.5
3.	Other Revenues	-	-	176,292,000	-
4.	A-I-A	-	60,256,879	156,091,866	259.0
	Sub Total	-	1,247,703,524	1,494,880,033	119.8
	Grand Total	7,721,875,172	8,969,578,696	8,312,671,764	92.5

Source: Homa Bay County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-16.

Figure 3-16: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Homa Bay County Treasury

During FY 2019/20, the County generated a total of Kshs.118.50 million as own-source revenue. This amount represented an increase of 16.2 per cent when compared to Kshs.101.97 million realised in FY 2018/19, and represented 100.9 per cent of the annual target.

3.9.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.09 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.86 billion (35.3 per cent) for Development programmes and Kshs.5.23 billion (64.7 per cent) for Recurrent programmes.

3.9.4 Overall Expenditure Review

A total of Kshs.7.19 billion was spent on Development and Recurrent programmes and represented 88.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.19 billion and Kshs.4.99 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 62.5 per cent while that incurred on Recurrent programmes represented an absorption rate of 91.5 per cent.

3.9.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.692.89 million as at June 30, 2020. These bills consisted of Kshs.640.11 million for development activities and Kshs.52.79 million for recurrent expenditure.

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.37 billion was spent on Compensation to Employees, Kshs.1.63 billion on Operations and Maintenance, and Kshs.2.19 billion on Development expenditure.

Table 3-37: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Recurrent Expenditure	5,460,291,696	5,233,602,284	4,994,063,052	69.5	91.5
Compensation to Employees	3,581,046,570	3,647,976,570	3,368,948,799	46.9	94.1
Operations and Maintenance	1,879,245,126	1,585,625,714	1,625,114,253	22.6	86.5
Development Expenditure	3,509,287,001	2,857,737,695	2,194,200,877	30.5	62.5
Development Expenditure	3,509,287,001	2,857,737,695	2,194,200,877	30.5	62.5
Total	8,969,578,697	8,091,339,979	7,188,263,929	100.0	80.1

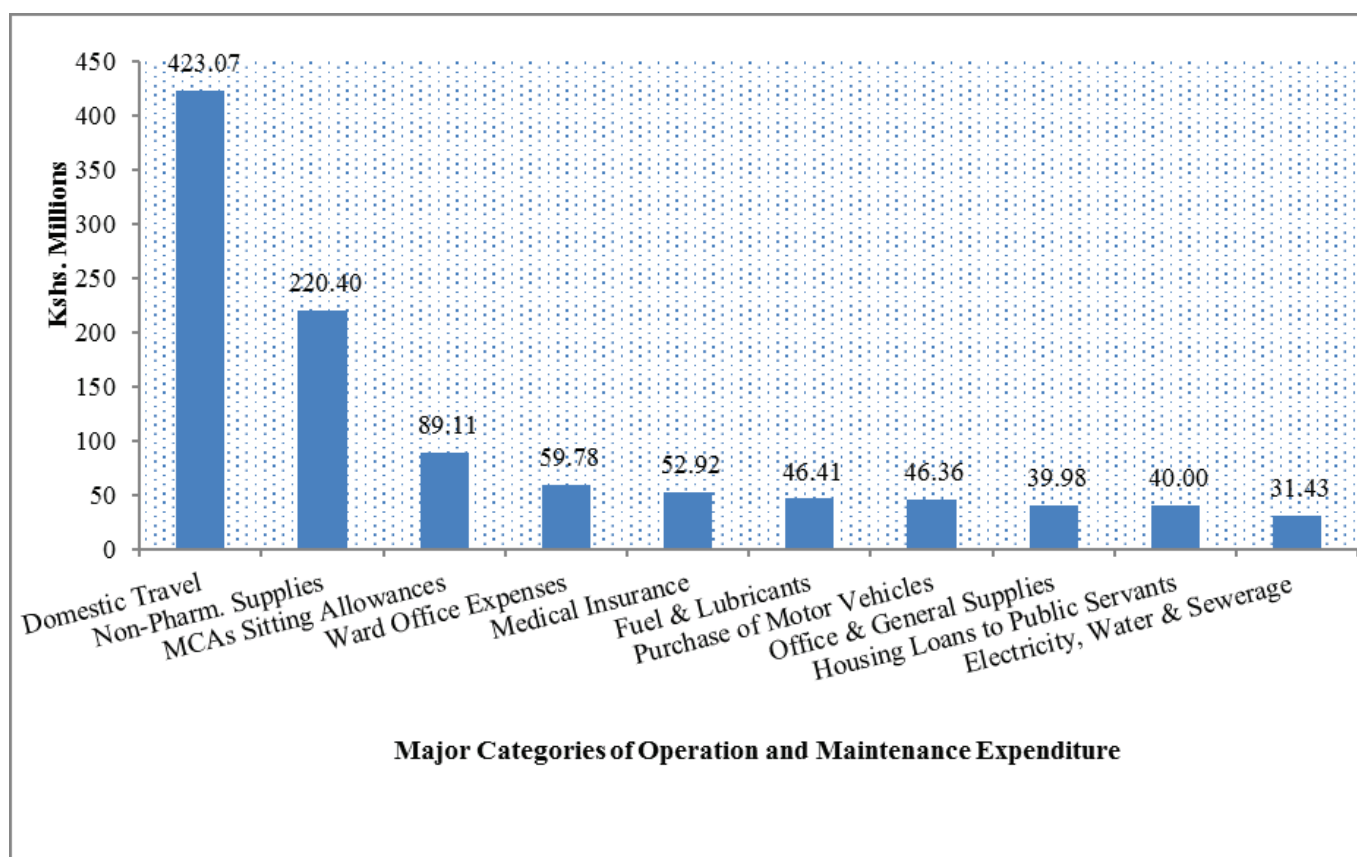
Source: Homa Bay County Treasury

Expenditure on Compensation to Employees was 46.9 per cent of the total expenditure for the financial year and represented an increase of 7.7 per cent compared to FY 2018/19 when the County spent Kshs.3.13 billion.

3.9.7 Analysis of Operations and Maintenance Expenditure

Figure 3-17 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-17: Homa Bay County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Homa Bay County Treasury

The County spent Kshs.89.11 million on Committee Sitting Allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.110.76 million. The average monthly sitting allowance was Kshs.121,737 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.423.07 million and comprised of Kshs.162.47 million spent by the County Assembly and Kshs.260.60 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.15.55 million by the County Executive.

3.9.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.19 billion represented 62.5 per cent of the annual development budget of Kshs.3.51 billion and represented an increase of 117 per cent compared to FY 2018/19 when the County spent Kshs.1.01 billion. Table 3-38 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-38: Homa Bay County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate
1	Kadongo Gendia Road		687,270,373	161,776,576	23.5
2	Construction of Homa Bay Stadium	Arujo Ward	160,329,509	130,585,872	81.4
3	Construction of Finance Office Block	Homa Bay Town	47,004,389	44,153,620	93.9
4	Upgrading of Nyakwere Market	Nyakwere	50,544,193	42,643,272	84.4
5	Construction of Animal feeds factory	Arujo Ward	45,160,064	37,268,553	82.5
6	Ramula theatre	Kabondo	28,104,770	28,104,770	100.0

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate
7	Supply, Installation, Testing and Commissioning of Solar Street Lights	Homa Bay Town, Ndhiwa, Suba North and Suba South Sub Counties	28,427,080	21,587,200	75.9
8	Establishment of produce postharvest handling facility in Kigoto, Suba South	Suba South Sub County	23,139,180	20,750,396	89.7
9	Male and Female Ward-Mbita Hospital	Kasungu	19,000,000	19,000,000	100.0
10	Perimeter Wall Fencing of Homa Bay Stadium	Arujo Ward Homa	28,000,000	18,548,551	66.2

Source: Homa Bay County Treasury

3.9.9 Budget Performance by Department

Table 3-39 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-39: Homa Bay County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Food Security	198.97	511.31	196.39	311.32	171.54	208.06	87.3	66.8	86.2	40.7
Tourism, Sports, Youth Gender, Culture and Social Services	51.58	172.04	51.02	173.00	45.02	151.54	88.3	87.6	87.3	88.1
Roads, Transport and Public Works	74.92	898.35	73.83	696.43	73.30	510.08	99.3	73.2	97.8	56.8
Energy and Mining	35.78	70.56	35.60	52.50	26.03	52.50	73.1	100.0	72.7	74.4
Education and ICT	560.23	145.41	451.23	134.32	415.01	125.82	92.0	93.7	74.1	86.5
Health Services	2,198.95	404.32	2,224.87	453.41	2,129.20	354.50	95.7	78.2	96.8	87.7
Lands, Housing, Urban Development and Physical Planning	52.16	106.40	51.75	88.00	51.75	36.65	100.0	41.7	99.2	34.4
Trade, Industry, Cooperatives and Enterprise Development	197.95	246.76	197.26	205.00	196.46	205.00	99.6	100.0	99.2	83.1
Water, Environment and Natural Resources	127.36	362.65	125.91	333.00	125.91	231.74	100.0	69.6	98.9	63.9
Finance, Economic Planning and Service Delivery	316.48	248.21	309.78	179.00	293.92	179.00	94.9	100.0	92.9	72.1
Office of the Governor	612.30	55.00	603.80	55.00	592.07	55.00	98.1	100.0	96.7	100
County Public Service Board	70.69	6.00	68.33	6.00	45.61	4.86	66.8	81.0	64.5	81.0
County Assembly	932.23	122.28	816.00	45.00	815.75	43.61	100.0	96.9	87.5	35.7
Municipal Board	30.68	160.00	27.84	125.75	12.49	35.85	44.8	28.5	40.7	22.4
Total	5,460.29	3,509.29	5,233.60	2,857.74	4,994.06	2,194.20	95.4	76.8	91.5	62.5

Source: Homa Bay County Treasury

Analysis of expenditure by department shows that the Office of the Governor recorded the highest absorption rate of development budget at 100 per cent while the Municipal Board recorded the lowest at 22.4 per cent. The Department of Lands, Housing, Urban Development and Physical Planning and the Department of Trade, Industry, Cooperatives and Enterprise Development had the highest percentage of recurrent expenditure to recurrent budget at 99.2 per cent while the Municipal Board had the lowest at 40.7 per cent.

3.9.10 Budget Execution by Programmes and Sub-Programmes

Table 3-40 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-40 : Homa Bay County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	4,000,000	-	4,000,000	0.0
	General Administration and Support Services	194,973,123	171,538,979	23,434,144	88.0
	Sub total	198,973,123	171,538,979	27,434,144	86.2
Crop, Land and Agribusiness Development Services	Crop Development Services	17,906,014	15,072,297	2,833,717	84.2
	Agribusiness Development Services	25,687,000	-	25,687,000	0.0
	Land Development Services	20,500,000	-	20,500,000	0.0
	National Agriculture Rural Inclusive Growth	319,531,000	173,544,920	145,986,080	54.3
	Agriculture Sector Development Support Programme	22,845,232	-	22,845,232	0.0
	Sub total	406,469,246	188,617,217	217,852,029	46.4
Food Security Enhancement Services	Farm Input Access Services	19,497,000	15,931,777	3,565,223	81.7
	Sub Sector Infrastructure Development Services	15,000,000	3,508,093	11,491,907	23.4
	Sub total	34,497,000	19,439,870	15,057,130	56.4
Fisheries Resources Development Services	Capture Fisheries	12,442,238	-	12,442,238	0.0
	Farmed Fish Production	10,723,800	-	10,723,800	0.0
	Sub total	23,166,038	-	23,166,038	0.0
Livestock Development Programme	Livestock Improvement and Development	15,455,200	-	15,455,200	0.0
	Livestock Products Value Addition and Marketing	27,910,000	-	27,910,000	0.0
	Livestock Health and Disease Management	3,813,000	-	3,813,000	0.0
	Sub total	47,178,200	-	47,178,200	0.0
Department of Tourism, Sports, Youth Gender, Culture and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	38,486,669	34,494,999	3,991,670	89.6
	Policy and Planning Services	2,000,000	-	2,000,000	0.0
	Sub total	40,486,669	34,494,999	5,991,670	85.2
Tourism and Culture Development Promotion Services	Tourism Development and Promotion Services	11,095,000	10,529,180	565,820	94.9
	Sub total	11,095,000	10,529,180	565,820	94.9
	Social Development and Support Services	5,000,000	-	5,000,000	0.0
	Disability Mainstreaming	4,000,000	-	4,000,000	0.0
	Sub total	9,000,000	-	9,000,000	0.0
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	153,040,250	147,660,771	5,379,479	96.5
	Sports Management and Talent Development	10,000,000	3,876,527	6,123,473	38.8
	Sub total	163,040,250	151,537,298	11,502,952	92.9
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	61,399,938	60,765,819	634,119	99.0
	Roads and Transport Services Operations	11,374,762	10,782,980	591,782	94.8
	Sub total	72,774,699	71,548,799	1,225,900	98.3
	Plant and Machinery maintenance	3,600,000	3,370,000	230,000	93.6
	Sub total	3,600,000	3,370,000	230,000	93.6

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Road Development and Maintenance Services	Road Development and Rehabilitation services	342,275,596	200,235,738	142,039,858	58.5
	Road maintenance	414,616,685	281,493,196	133,123,489	67.9
	Sub total	756,892,281	481,728,934	275,163,347	63.6
Transport Services	Bus Park Improvement Services	141,455,900	26,348,905	115,106,995	18.6
	Sub total	141,455,900	26,348,905	113,651,095	18.6
Department of Energy and Mining					
Energy Services	Electrical Power Services	11,200,000	9,887,675	1,312,325	88.3
	Solar Power Services	43,658,987	29,625,067	14,033,920	67.9
	Low Cost energy Technologies promotion Services	13,697,949	1,745,122	11,952,827	12.7
	Sub total	68,556,936	41,257,864	27,299,072	60.2
Mineral Resource Development and Marketing Services	Construction mineral development and marketing services	2,000,000	-	2,000,000	0.0
	Sub total	2,000,000		2,000,000	0.0
General Administration, Planning and Support Services	Administrative Support Services	35,088,406	26,027,331	9,061,075	74.2
	Development of Policies, Plans, Regulations and Legislations	694,149		694,149	0.0
	Sub total	35,782,555	26,027,331	9,755,224	72.7
Department of Education and ICT					
General Administration and Quality Assurance Service	General Administration Services	37,500,535	8,400,000	29,100,535	22.4
	Quality Assurance Services	522,729,773	406,605,743	116,124,030	77.8
	Sub total	560,230,308	415,005,743	145,224,565	74.1
ECDE and Vocational Training Services	ECDE Services	55,275,957	50,253,788	5,022,169	90.9
	Vocational Training Services	56,458,942	54,000,000	2,458,942	95.6
	Sub total	111,734,899	104,253,788	7,481,111	93.3
ICT Services	Information Services	1,030,700	-	1,030,700	0.0
	ICT Infrastructure Development	32,644,300	21,567,786	11,076,514	66.1
	Sub total	33,675,000	21,567,786	12,107,214	64.0
Department of Health Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	13,473,807	-	13,473,807	0.0
	Administrative Support Services	1,990,830,200	1,982,832,314	7,997,886	99.6
	Sub total	2,004,304,007	1,982,832,314	25,721,693	98.7
Preventive and promotive health services	Community health services	77,400,000	68,000,000	9,400,000	87.9
	Disease control services	47,500,000	40,500,000	7,000,000	85.3
	Sub total	124,900,000	108,500,000	16,400,000	86.9
Curative and rehabilitative health services	Routine medical health services	268,017,729	240,395,531	27,622,198	89.7
	Medical emergency response services	12,000,000	12,000,000	-	100.0
	Facility infrastructure improvement services	167,046,785	119,913,500	47,133,285	71.8
	Sub total	447,064,514	372,309,031	74,755,483	83.3
Research and development service	Research and surveillance services	26,999,567	24,312,662	2,686,905	90.0
	Sub total	26,999,567	24,312,662	2,686,905	90.0
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	32,318,070	32,173,291	144,779	99.6
	Policy development	1,534,779	1,534,779	-	100.0
	General office operations	18,310,550	18,043,176	267,374	98.5
	Sub total	52,163,399	51,751,246	412,153	99.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Lands and Physical planning	County Spatial planning	39,399,418	26,196,919	13,202,499	66.5
	Survey, Demarcation and upgrading of markets	18,000,000	10,457,396	7,542,604	58.1
	Sub total	57,399,418	36,654,315	20,745,103	63.9
	Kenya Urban Support Programme (KUSP)	49,000,000	-	49,000,000	0.0
	Sub total	49,000,000	-	49,000,000	0.0
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	171,826,059	171,669,971	156,088	99.9
	Policy Development and Implementation Services	26,123,140	24,791,519	1,331,621	94.9
	Sub total	197,949,199	196,461,490	1,487,709	99.2
	Enterprise Development and Promotion Services	7,889,893	-	7,889,893	0.0
	Trade Infrastructure Development Services	167,310,107	146,668,407	20,641,700	87.7
	Sub total	175,200,000	146,668,407	28,531,593	83.7
Industrial Development and Investment Services	Value Chain Development Services	71,557,711	58,557,711	13,000,000	81.8
	Sub total	71,557,711	58,557,711	13,000,000	81.8
Department of Water, Environment and Natural Resources					
General Administrative Services	Administrative Support Services	126,158,105	125,331,458	826,647	99.3
	Policy and Planning Services	1,200,000	581,013	618,987	48.4
	Sub total	127,358,105	125,912,471	1,445,634	98.9
Water Supply and Management Services	Urban Water Supply Services	51,845,920	-	51,845,920	0.0
	Rural Water Supply Services	260,500,000	231,735,849	28,764,151	89.0
	Sub total	312,345,920	231,735,849	80,610,071	74.2
Environmental Protection and Management Services	Pollution and Waste Management services	34,100,000	-	34,100,000	0.0
	Forestry Development Services	11,200,000	-	11,200,000	0.0
	Land Reclamation Services	5,000,000	-	5,000,000	0.0
	Sub total	50,300,000	-	50,300,000	0.0
Department of Finance, Economic Planning and Service Delivery					
General administration and support services	Staff Remuneration and Welfare Support Services	184,871,580	183,891,524	980,056	99.5
	General Logistics, Coordination and Asset Management Services	8,735,098	8,735,098	-	100.0
	Devolution and Service Delivery Support Services	41,216,648	41,216,648	-	100.0
	Sub total	234,823,326	233,843,270	980,056	99.6
Planning, budgeting and development coordination services	Economic planning and development services	108,600,200	69,874,912	38,725,288	64.3
	Resource Allocation Services	12,129,714	11,129,730	999,984	91.8
	Community Development Participation Services	30,146,160	26,833,260	3,312,900	89.0
	Sub total	150,876,074	107,837,902	43,038,172	71.5
Strategy and service delivery management services	Monitoring and evaluation services	21,986,764	17,191,658	4,795,106	78.2
	Strategy and service delivery improvement services	3,970,000	3,600,000	370,000	90.7
	Sub total	25,956,764	20,791,658	5,165,106	80.1

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Resource mobilization services	External Resources Mobilization Services	8,448,248	8,300,250	147,998	98.2
	Internal Revenue Generation Services	53,721,280	21,630,125	32,091,155	40.3
	Sub total	62,169,528	29,930,375	32,239,153	48.1
Financial Management Services	Accounting and Financial Reporting Services	12,554,530	12,400,230	154,300	98.8
	Audit and Advisory Services	8,318,740	6,324,000	1,994,740	76.0
	Emergency Management Services	70,000,000	69,000,000	1,000,000	98.6
	Sub total	90,873,270	87,724,230	3,149,040	96.5
Executive Services(Office of the Governor)					
Public service administration support services	Human resource management and development services	335,167,019	332,794,160	2,372,859	99.3
	Supply chain management services	5,559,541	392,430	5,167,111	7.1
	Legal Services	16,000,000	12,690,400	3,309,600	79.3
	Logistics, security and asset management services	23,239,948	20,963,921	2,276,027	90.2
	Performance contracting and appraisal services	7,500,000	4,200,000	3,300,000	56.0
	Sub total	387,466,508	371,040,911	16,425,597	95.8
Governance and coordination services	Executive management and liaison services	94,565,410	91,565,410	3,000,000	96.8
	Field coordination and administration services	130,266,000	129,400,000	866,000	99.3
	Sub total	224,831,410	220,965,410	3,866,000	98.3
Strategy and service delivery improvement services	Strategy and advisory services	19,739,640	19,739,640	-	100.0
	Efficiency monitoring services	20,949,760	20,949,760	-	100.0
	Information and communication services	5,950,000	5,950,000	-	100.0
	Disaster management services	8,360,600	8,360,600	-	100.0
	Sub total	55,000,000	55,000,000	-	100.0
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	2,124,900	-	2,124,900	0.0
	Administrative Support Services	51,444,305	45,614,437	5,829,868	88.7
	Facility Improvement & Capacity Strengthening Services	6,000,000	4,860,362	1,139,638	81.0
	Sub total	59,569,205	50,474,799	9,094,406	84.7
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	4,817,000	-	4,817,000	-
	Human Resource Advisory Services	8,230,000	-	8,230,000	-
	Capacity Development Services	3,295,500	-	3,295,500	-
	Sub total	16,342,500	-	16,342,500	-
Performance Management Services	Performance Contracting and Appraisal Services	783,000	-	783,000	-
	Sub total	783,000	-	783,000	-
County Assembly Service Board					
Legislative Services	Members welfare Support services	323,630,788	-	323,630,788	-
	Legislative development and approval services	53,176,569	-	53,176,569	-
	Sub total	376,807,357	-	376,807,357	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Oversight and Control Services	Capacity building services	8,000,000	-	8,000,000	-
	Report writing services	19,500,000	-	19,500,000	-
	Public participation and education services	12,081,120	-	12,081,120	-
	Sub total	39,581,120	-	39,581,120	-
Ward Representation Services	Staff welfare support services	51,619,464	-	51,619,464	-
	Ward operations and maintenance	84,000,000	-	84,000,000	-
	Sub total	135,619,464	-	135,619,464	-
Policy, Planning and Administrative	Administrative support services	234,525,916	-	234,525,916	-
	Financial management Services	145,698,720	-	145,698,720	-
	Assembly infrastructure development Services	122,283,799	-	122,283,799	-
	Sub total	502,508,435	-	502,508,435	-
Homa Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	5,000,000	-	5,000,000	-
	Administration and Support Services	19,970,791	12,485,610	7,485,181	62.5
	Sub total	24,970,791	12,485,610	12,485,181	50.0
Urban development services	Project coordination services	4,250,000	-	4,250,000	-
	Sub total	4,250,000	4,250,000	4,250,000	100.0
Other Infrastructure and Civil Works	Other Infrastructure and Civil Works	160,000,000	35,847,634	124,152,366	22.4
	Sub total	160,000,000	35,847,634	124,152,366	22.4
Grand Total		8,969,578,696	7,188,263,930	2,643,468,808	70.6

Source: Homa Bay County Treasury

Based on expenditure absorption rate as shown in Table 3-40, the programs with the highest absorption rates were: Strategy and Service Delivery Improvement Services at 100 per cent, Governance and Coordination Services at 98.3 per cent, Financial Management Services at 96.5 per cent of budget allocation.

3.9.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 46.9 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. High pending bills which amounted to Kshs.692.89 million as at 30th June 2020.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.
2. The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.
3. The County Treasury should ensure finalized and ongoing works/contracts are treated as a the first charge in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3.10 County Government of Isiolo

3.10.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.5.73 billion, comprising of Kshs.2.41 billion (42.1 per cent) and Kshs.3.32 billion (57.9 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.15 billion (74 per cent) being equitable share of revenue raised nationally, Kshs.658.74 million (11.5 per cent) as total Conditional Grants, generate Kshs.170.86 million (3 per cent) from own sources of revenue, and the cash balance of Kshs.140.5 million (3 per cent) from FY 2018/19. The County also budgeted for Kshs.521.9 million (8.1 per cent) as other revenues not contained in CARA, 2019.

3.10.2 Revenue Performance

During FY 2019/20, the County received Kshs.3.88 billion as an equitable share of the revenue raised nationally, Kshs.365.37 million as total Conditional Grants, raised Kshs.122.08 million as own-source revenue, Kshs.521.9 million from other revenue sources not contained in CARA, 2019 and had a cash balance of Kshs.140.5 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.03 billion as shown in Table 3-41.

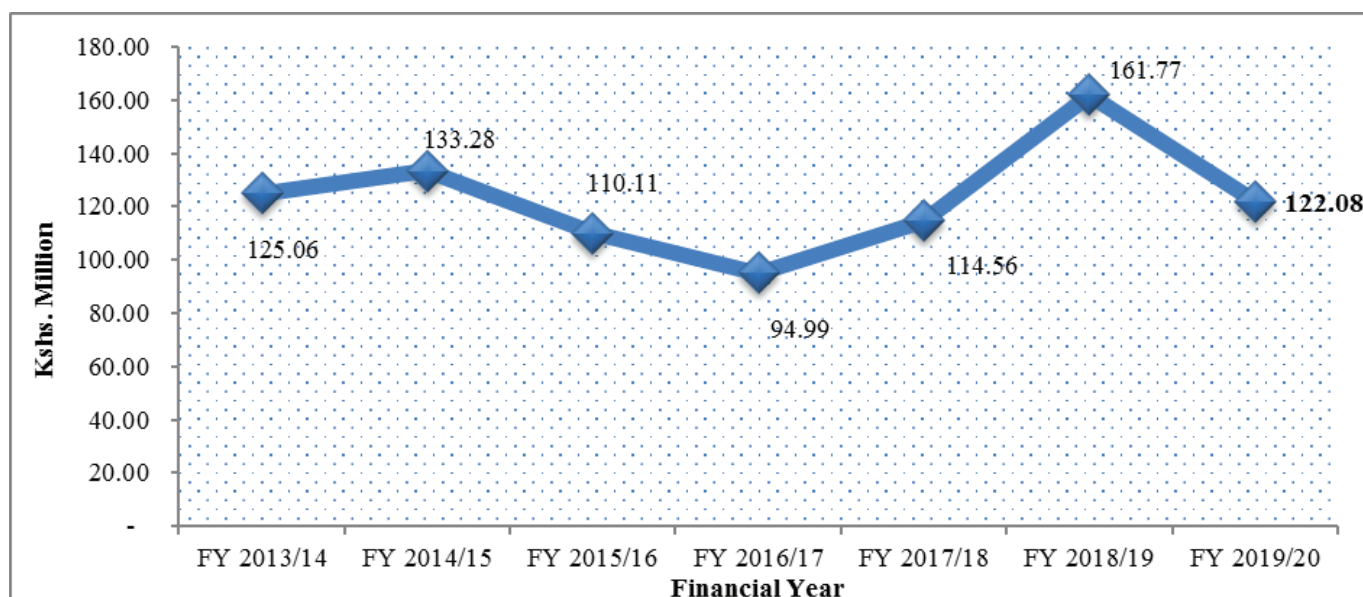
Table 3-41: Isiolo County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,154,000,000	3,876,365,400	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
2.	Compensation for User Fee Foregone	3,472,461	3,472,461	3,472,461	100.0
3.	Road Maintenance Fuel Levy Fund	120,386,438	120,386,438	90,289,828	75.0
4.	Rehabilitation of Village Polytechnics	10,833,298	10,833,298	5,416,649	50.0
	Sub Total	255,692,197	255,692,197	99,178,938	38.8
C.	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	64,373,437	64,373,437	64,373,437	100.0
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	175,648,054	170,794,330	79,408,318	46.5
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	93,968,100	93,968,100	67,209,630	71.5
9.	DANIDA Grant	11,718,750	16,572,474	4,375,000	26.4
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,540,513	18,540,513	12,020,256	64.8
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
	Sub Total	403,048,854	403,048,854	266,186,641	66.0
D.	Other Sources of Revenue				
12.	Own Source Revenue	-	170,861,337	122,076,362	71.4
13.	Balance b/f from FY 2018/19	-	140,500,000	140,500,000	100.0
14.	Other revenues	-	521,899,004	521,899,004	100
	Sub Total	-	833,260,341	784,475,366	84.2
	Grand Total	4,899,841,051	5,733,101,392	5,026,206,345	87.7

Source: Isiolo County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-18.

Figure 3-18: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Isiolo County Treasury

During FY 2019/20, the County generated a total of Kshs.122.08 million as own-source revenue. This amount represented a decrease of 24.5 per cent when compared to Kshs.161.77 million realised in FY 2018/19, and represented 71.4 per cent of the annual target.

3.10.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.05 billion from the CRF during the reporting period. This amount comprised of Kshs.1.92 billion (38.1 per cent) for Development programmes and Kshs.3.13 billion (61.9 per cent) for Recurrent programmes.

3.10.4 Overall Expenditure Review

A total of Kshs.5.05 billion was spent on Development and Recurrent programmes and represented 100 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.92 billion and Kshs.3.13 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 79.7 per cent while that incurred on Recurrent programmes represented an absorption rate of 94.3 per cent.

3.10.5 Pending Bills

The County did not provide a report on pending bills as of 30th June 2020.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.1.74 billion was spent on Compensation to Employees, Kshs.1.39 billion on Operations and Maintenance, and Kshs.1.92 billion on Development expenditure.

Table 3-42: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	3,318,576,585	3,128,914,947	3,128,914,947	61.9	94.3
Compensation to Employees	1,797,614,257	1,834,674,300	1,740,331,065	34.4	96.8
Operations and Maintenance	1,520,962,328	1,294,240,647	1,388,583,883	27.5	91.3
Total Development Expenditure	2,414,524,807	1,923,382,319	1,923,382,319	38.1	79.7
Development Expenditure	2,414,524,807	1,923,382,319	1,923,382,319	38.1	79.7
Total	5,733,101,392	5,052,297,266	5,052,297,266	100.0	88.1

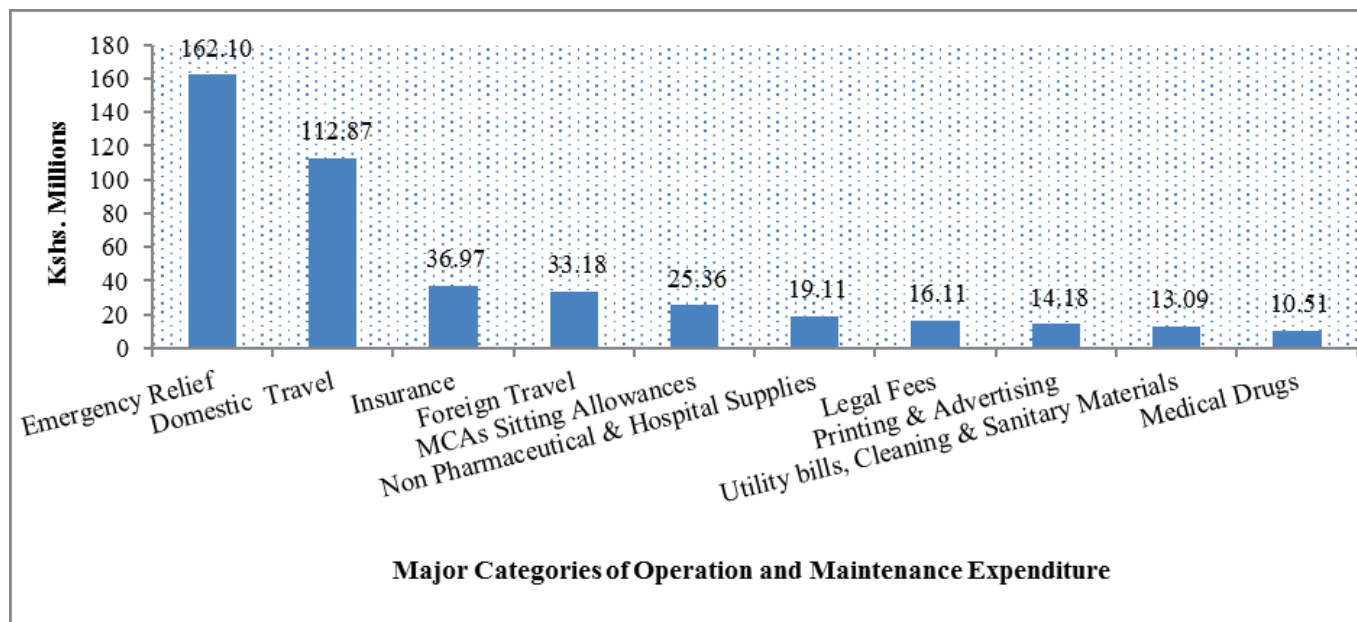
Source: Isiolo County Treasury

Expenditure on Compensation to Employees was 34.4 per cent of the total expenditure for the financial year and represented an increase of 9.4 per cent compared to FY 2018/19 when the County spent Kshs.1.59 billion.

3.10.7 Analysis of Operations and Maintenance Expenditure

Figure 3-19 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-19: Isiolo County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Isiolo County Treasury

The County spent Kshs.25.36 million on Committee Sitting Allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.25.36 million. The average monthly sitting allowance was Kshs.117,417 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.112.87 million and comprised of Kshs.28.36 million spent by the County Assembly and Kshs.84.51 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.33.18 million which was entirely incurred by the County Executive.

3.10.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.92 billion represented 79.7 per cent of the annual development budget of Kshs.2.41 billion and represented an increase of 92.7 per cent compared to FY 2018/19 when the County spent Kshs. 997.92 million. Table 3-43 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-43: Isiolo County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate %
1.	Construction of County executive headquarters	Finance	Isiolo Municipality	79,000,000	79,000,000	100.0
2.	Construction of Isiolo Market	Municipal administration	Isiolo Municipality	78,664,618	78,664,618	100.0
3.	Construction of Isiolo Stadium	Youth and Sports	Isiolo Municipality	49,946,048	49,946,048	100.0
4.	Isiolo County Assembly Chamber	County Assembly of Isiolo	County Assembly Headquarter	44,945,000	44,049,009	98.0
5.	Supply of two ambulances for Isiolo Hospital	Health services	Isiolo Municipality	18,408,425	18,408,425	100.0
6.	Construction of Health: KMTC hostels	Education and Vocational training	Isiolo Municipality	17,051,162	16,245,642	95.3
7.	Construction of Bula Pesa Bridge	Municipal administration	Bula Pesa Ward	9,383,571	9,383,571	100.0
8.	Construction of Kwa Chief Denge- Jn E187 Road.	Municipal administration	Bula Pesa Ward	7,479,426	7,479,426	100.0

S/No	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate %
9.	Isiolo County Assembly offices	County Assembly of Isiolo	County Assembly Headquarter	6,883,900	6,558,695	95.3
10.	Water Pipework project	Water and irrigation	Kinna Ward	4,550,000	4,550,000	100.0

Source: Isiolo County Treasury

3.10.9 Budget Performance by Department

Table 3-44 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-44: Isiolo County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	421.36	77.40	420.50	77.40	420.49	56.44	100.0	72.9	99.8	72.9
Office of the Governor	337.11	-	303.06	-	309.99	-	102.3	0.0	92.0	-
County Public Service Board	51.77	-	50.90	-	50.21	-	98.6	0.0	97.0	-
County Secretary	23.60	-	23.15	-	17.46	-	75.4	0.0	74.0	-
Administration and PSM	123.03	10.85	120.49	10.85	116.70	1.97	96.8	18.2	94.8	18.2
Delivery Unit	11.25	-	11.23	-	6.15	-	54.8	0.0	54.7	-
Office of the Deputy Governor	10.90	-	9.73	-	8.96	-	92.2	0.0	82.2	-
Cohesion, Intergovernmental Relations, Aid coordination, Disaster Management	58.24	-	57.43	-	56.93	-	99.1	0.0	97.7	-
Finance and Economic Planning	193.85	860.04	193.39	721.13	176.95	738.66	91.5	102.4	91.3	85.9
Special Programmes and ICT	285.25	-	229.29	-	282.84	-	123.4	0.0	99.2	-
Economic Planning	52.87	-	47.27	-	51.26	-	108.5	0.0	97.0	-
Lands and Physical Planning	23.61	17.83	22.99	13.84	21.05	12.89	91.6	93.1	89.2	72.3
Roads and Infrastructure	10.44	257.73	9.08	187.71	6.43	234.56	70.9	125.0	61.6	91.0
Public Works and Housing	25.56	-	24.88	-	17.91	-	72.0	0.0	70.1	-
Municipal Administration	84.95	290.26	84.93	164.82	62.32	193.87	73.4	117.6	73.4	66.8
Agriculture	49.53	247.80	47.87	164.27	48.37	191.19	101.1	116.4	97.7	77.2
Livestock, Veterinary and Fisheries	97.61	25.84	97.57	18.85	96.42	21.67	98.8	115.0	98.8	83.8
Education and Vocational Training	193.85	41.65	193.62	41.17	195.45	22.39	100.9	54.4	100.8	53.8
Youth and Sports	17.45	71.74	17.37	52.61	14.74	69.74	84.9	132.6	84.5	97.2
Culture and Social Services	25.00	19.80	24.83	14.00	-	-	-	-	-	-
Tourism and Wildlife Management	113.83	6.49	111.72	6.14	106.42	7.05	95.3	114.8	93.5	108.6
Trade, Industries, Co-operatives	17.55	2.00	17.42	2.00	8.43	1.90	48.4	94.8	48.0	94.8
Water and Irrigation	60.93	90.35	60.17	70.97	59.74	81.15	99.3	114.3	98.0	89.8
Environment and Natural Resources	23.74	18.43	23.48	15.50	21.35	7.32	90.9	47.3	89.9	39.7
Health Services	1,005.29	376.31	975.09	190.12	972.33	282.58	99.7	148.6	96.7	75.1
Total	3,318.58	2,414.52	3,128.91	1,923.38	3,128.91	1,923.38	100	100	94.3	79.7

Source: Isiolo County Treasury

Analysis of expenditure by department shows that the Department of Tourism and Wildlife Management recorded the highest absorption rate of development budget at 108.6 per cent. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to the recurrent budget at 100.8 per cent while the Department of Culture and Social Services did not report any expenditure during the FY 2019/20.

3.10.10 Budget Execution by Programmes and Sub-Programmes

Table 3-45 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-45 : Isiolo County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
3000			-	3,006,339	(3,006,339)	-
	0	Default - Non Programmatic	-	3,006,339	(3,006,339)	-
101003000			87,566,574	84,186,924	3,379,650	96.1
	101013510	Extension services,	-	-	-	-
	101023510	Livestock Production	86,876,574	83,496,924	3,379,650	96.1
	101063510	Capacity building,	-	-	-	-
	101073510	promotion of value addition of livestock and livestock products	-	-	-	-
	101083510	livestock infrastructure development	690,000	690,000	-	100.0
102003000			-	-	-	0.0
	102013510	infrastructure development	-	-	-	-
	102023510	extension services	-	-	-	-
	102033510	capacity building	-	-	-	-
	102043510		-	-	-	-
103003000			49,531,638	44,548,934	4,982,704	89.9
	103013510	Administration and Support Services	49,531,638	44,548,934	4,982,704	89.9
	103023510	generation of sector policy and direction	-	-	-	-
104003000			247,799,142	191,187,414	56,611,728	77.2
	104013510	Increase food productivity & output by 30.	-	-	-	-
	104023510	Enhance the accessibility of affordable inputs and credit to farmers	-	-	-	-
	104033510	Promote sustainable land use and environmental conservation	-	-	-	-
	104043510	Establishment of Demo Farms	25,540,573	19,919,886	5,620,687	78.0
	104053510	Administration Climate Change Mitigation	222,258,569	169,767,528	52,491,041	76.4
	104063510	Irrigation	-	1,500,000	(1,500,000)	0.0
	104073510	Policy Development	-	-	-	-
105003000			35,889,251	31,710,273	4,178,978	88.4
	105013510	Veterinary Support Services	35,889,251	31,710,273	4,178,978	88.4
107003000			25,556,220	19,229,079	6,327,141	75.2
	107013510	Administration and Planning Services	25,556,220	19,229,079	6,327,141	75.2
108003000			-	-	-	-
	108013510	Crop Productivity Enhancement Support	-	-	-	-

Programme	Sub- Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	108053510	Livestock Production Services	-	-	-	-
109003000			41,436,084	32,878,233	8,557,852	79.3
	109013510	County land planning and spatial development	23,610,764	19,992,433	3,618,332	84.7
	109023510	County Land Survey and Mapping	17,825,320	12,885,800	4,939,520	72.3
	109033510	land management infra-structural development	-	-	-	-
201003000			-	(1,320,000)	1,320,000	-
	201013510	Establishment of County structures, Frameworks, Policies	-	(1,320,000)	1,320,000	-
203003000			-	-	-	-
	203013510	Upgrading of Isiolo Town roads to bitumen standards	-	-	-	-
204003000			268,172,267	240,991,208	27,181,059	89.9
	204013510	Road Improvement	10,440,117	6,433,892	4,006,225	61.6
	204023510	Estate Flood lighting facilities.	257,732,150	234,557,316	23,174,834	91.0
	204033510	Bridge Infrastructure and Engineering Designs	-	-	-	-
	204043510	Roads Maintenance Emergency	-	-	-	-
205003000			-	-	-	-
	205013510	Personnel Management	-	-	-	-
	205023510	General Administration, and Support Services	-	-	-	-
206003000			237,936,200	130,320,783	107,615,417	54.8
	206013510	Control of invasive species (Mathenge)	50,000,000	36,749,850	13,250,150	73.5
	206023510	Urban Development	187,936,200	93,570,933	94,365,267	49.8
	206033510	Graveyards protection	-	-	-	-
	206043510	Garbage collection Support(truck)	-	-	-	-
	206053510	County Climate change	-	-	-	-
	206063510	Rehabilitation of Sewerage Ponds	-	-	-	-
	206073510	Installation of Hybrid Solar Pumping System in Boreholes	-	-	-	-
207003000			137,273,758	125,864,574	11,409,184	91.7
	207013510	General Administration and Planning	34,949,111	25,565,449	9,383,662	73.2
	207023510	Infrastructural Development	102,324,647	100,299,125	2,025,522	98.0
301003000			19,550,746	10,176,341	9,374,405	52.1
	301013510	Entrepreneurship and business management training	17,550,746	8,433,071	9,117,675	48.0
	301023510	Micro and Small Business Support Services	2,000,000	1,895,580	104,420	94.8
	301033510	Infrastructure support	-	(152,310)	152,310	0.0
	301043510	Development of new market stalls	-	-	-	0.0
302003000			-	-	-	0.0

Programme	Sub- Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	302013510	Verification of weighing and measuring instruments	-	-	-	-
303003000			-	-	-	-
	303013510	Co-operative training and supervision	-	-	-	-
304003000			120,318,997	113,625,270	6,693,727	94.4
	304013510	Tourism Promotion and Marketing	-	-	-	-
	304023510	Tourism Development	120,318,997	112,525,270	7,793,727	93.5
	304033510	Protection of endangered wildlife animals.	-	1,100,000	(1,100,000)	-
	304043510	Conservancy development and support	-	-	-	-
305003000			-	-	-	-
	305013510	Administration planning support services	-	-	-	-
	305023510	Personnel service	-	-	-	-
	305033510	Market Chain Development	-	-	-	-
401003000			168,153,201	147,443,393	20,709,808	87.7
	401013510	Community Health Strategy	-	-	-	-
	401023510	Preventive and Promotive Health Services	129,522,002	109,847,499	19,674,503	84.8
	401033510	Disease Surveillance And Epidemic preparedness	16,572,474	15,537,169	1,035,305	93.8
	401043510	Health communication, Promotive Services & health promotion	-	-	-	-
	401053510		22,058,725	22,058,725	(0)	100.0
	401063510	Purchase of KEPI Fridges	-	-	-	0.0
402003000			1,119,668,874	1,034,661,289	85,007,585	92.4
	402013510	Provision Of Essential Health products In all The Level	-	-	-	-
	402023510	Elimination Of Communicable & Non-Communicable Diseases	-	-	-	-
	402033510	Administration Support Services	884,746,733	871,703,798	13,042,935	98.5
	402043510	SP4 Administration Support services(Medical Services)	16,500,000	16,500,000	-	100.0
	402083510	Beyond Zero Campaigns	-	1,440,000	(1,440,000)	-
	402093510	Preventive and Promotive Services	218,422,141	145,017,492	73,404,649	66.4
403003000			93,774,226	72,810,147	20,964,079	77.6
	403013510	Curative and Rehabilitative Health Services	86,411,350	66,124,073	20,287,277	76.5
	403023510	Health Information System	-	-	-	-
	403033510	Leadership/Governance	-	-	-	-
	403043510	Human Resources for health	-	-	-	-
	403053510	Curative Infrastructure Support	7,362,876	6,686,074	676,802	90.8

Programme	Sub- Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
404003000			-	-	-	0.0
	404013510	World Bank Loan for Transforming Health System for Universal Car	-	-	-	-
501003000			183,846,531	181,465,606	2,380,926	98.7
	501013510	Administration	148,846,531	146,465,606	2,380,926	98.4
	501023510	Personnel services	-	-	-	-
	501033510	Contracted Services	35,000,000	35,000,000	-	100.0
502003000			40,815,568	25,545,211	15,270,358	62.6
	502013510	ECDE Classroom Infrastructure	30,815,568	11,561,211	19,254,358	37.5
	502023510	Vocational Training	-	-	-	0.0
	502033510	Youth Polytechnics	10,000,000	13,984,000	(3,984,000)	139.8
	502043510	Promotion of Quality Youth empowerment	-	-	-	-
	502063510	Child Rescue Centre In Isiolo	-	-	-	-
503003000			10,833,297	10,832,811	486	100.0
	503013510	Promotion of culture, arts and talents	-	-	-	-
	503023510	Education and Vocational Training Support	-	-	-	-
	503033510	Sports Youth and Gender	-	-	-	-
	503053510		10,833,297	10,832,811	486	100.0
	503103510	Construction of Youth Polytechnic	-	-	-	-
504003000			76,191,996	73,485,621	2,706,375	96.4
	504013510	Sports Academy Centre	58,742,170	58,742,170	-	100.0
	504023510	Youth and Women Empowerment	17,449,826	14,743,451	2,706,375	84.5
505003000			30,799,877	25,879,057	4,920,820	84.0
	505013510	Culture Development	30,799,877	25,879,057	4,920,820	84.0
701003000			10,899,703	8,964,758	1,934,945	82.2
	701023510	Administration and Coordination of County Affairs	-	-	-	-
	701033510	County Executive Services	10,899,703	8,964,758	1,934,945	82.2
702003000			-	-	-	-
	702033510	Capacity building induction programs	-	-	-	-
705003000			-	-	-	-
	705013510	Internet Connectivity	-	-	-	-
	705023510	E-data Storage	-	-	-	-
	705033510	ICT Training	-	-	-	-
708003000			11,254,000	6,154,692	5,099,308	54.7
	708013510	Governors Delivery Unit	11,254,000	6,154,692	5,099,308	54.7
709003000			949,196,550	818,686,138	130,510,412	86.3
	709013510	Personnel Services	78,309,950	77,854,399	455,551	99.4
	709023510	Support Services	-	200,000	(200,000)	-
	709043510	Purchase of Pool Transport	-	-	-	-
	709053510	Other Support Services	-	-	-	-

Programme	Sub- Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	709073510	ICT Infrastructure Support	-	-	-	-
	709083510	Administrative Infrastructure support	870,886,600	740,631,739	130,254,861	85.0
	709093510	Peace Dividend Projects	-	-	-	-
	709123510	Civic Education	-	-	-	-
	709143510	Economic Planning Services	-	-	-	-
	709153510	County Pensions and Retirement Services	-	-	-	-
710003000			79,614,025	75,867,015	3,747,010	95.3
	710013510	Administrative Services	79,614,025	75,138,015	4,476,010	94.4
	710033510	County Debt Management	-	-	-	-
	710063510	Accounting Services	-	729,000	(729,000)	-
711003000			52,872,119	51,262,452	1,609,667	97.0
	711013510	Monitoring and Evaluation	29,954,388	28,470,842	1,483,546	95.0
	711023510	Economic Policy and County Development Plans	7,017,731	6,968,300	49,431	99.3
	711043510	County Development Stakeholders Forums	6,900,000	6,863,660	36,340	99.5
	711053510	County Baseline Surveys on County Development Indicators	9,000,000	8,959,650	40,350	99.6
	711073510	Capacity building and Support to Departments	-	-	-	-
	711093510	County Strategic Plan and Performance Management Plan	-	-	-	-
712003000			64,168,618	62,855,413	1,313,205	98.0
	712013510	Administrative and Civic Education Services	64,168,618	62,855,413	1,313,205	98.0
	712023510	Conflict Management and Resolution	-	-	-	-
713003000			337,114,900	309,991,460	27,123,440	92.0
	713013510	County Governance	337,114,900	309,628,960	27,485,940	91.8
	713023510	Coordination Affairs	-	362,500	(362,500)	-
	713033510	Intergovernmental Services (Deputy Governor Services)	-	-	-	-
714003000			-	-	-	-
716003000			23,598,051	17,457,246	6,140,805	74.0
	716013510	Devolved Administrative Affairs	23,598,051	17,457,246	6,140,805	74.0
719003000			123,033,895	116,695,410	6,338,485	94.8
	719013510	Personnel Services	-	-	-	-
	719023510	General Administration Support Services	123,033,895	116,695,410	6,338,485	94.8
	719043510	Town Infrastructure Support Services	-	-	-	-
723003000			51,767,465	50,211,683	1,555,782	97.0
	723013510	Personnel Services	-	-	-	-
	723023510	Administration Support Services	51,767,465	50,211,683	1,555,782	97.0

Programme	Sub- Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
724003000			-	-	-	0.0
	724013510	Personnel Services	-	-	-	-
	724023510	Administration Support Services	-	-	-	-
	724033510	Fencing and Rehabilitation of Payroll Office	-	-	-	-
725003000			285,254,182	282,837,182	2,417,000	99.2
	725013510	Administration & Planning	23,755,802	21,396,302	2,359,500	90.1
	725023510	Disaster management	261,498,380	261,440,880	57,500	100.0
726003000			30,000,000	17,100,000	12,900,000	57.0
	726013510	Kenya Devolution Support	30,000,000	17,100,000	12,900,000	57.0
728003000			-	-	-	-
	728013510	Fire Control Services	-	-	-	-
	728023510	Fire Engines	-	-	-	-
901003000			-	-	-	-
	901013510	Planning and Support Services	-	-	-	-
	901023510	Cultural Tourism Promotion	-	-	-	-
902003000			27,000,000	25,000,000	2,000,000	92.6
	902013510	Youth and Women Empowerment support Services	13,000,000	11,000,000	2,000,000	84.6
	902023510	Marginalized Group Empowerment support services	8,000,000	8,000,000	-	100.0
	902033510	Empowerment Support Services	6,000,000	6,000,000	-	100.0
1001003000			60,932,949	59,737,823	1,195,126	98.0
	1001013510	Administration and Planning Support Services	60,932,949	59,737,823	1,195,126	98.0
1002003000			90,354,639	81,148,448	9,206,191	89.8
	1002013510	Procurement of survey equipment & accessories	-	-	-	-
	1002023510	Water Supply and Storage	87,854,639	78,648,648	9,205,991	89.5
	1002033510	Civil Works-Rehabilitation & development of Irrigation projects	-	-	-	-
	1002043510	Civil Works-Establishment of Dams & Pans	2,500,000	2,499,800	200	100.0
1003003000			42,170,691	28,671,079	13,499,612	68.0
	1003013510	Administration and Support Services	23,739,062	21,346,150	2,392,912	89.9
	1003023510	Environmental Conservation	18,431,629	7,324,929	11,106,700	39.7
Grand Total			5,234,346,234	4,611,169,303	623,176,931	88.1

Source: Isiolo County Treasury

Based on expenditure absorption rate as shown in Table 3-45, the programs with the highest absorption rates were: Youth Polytechnics at 139.8 per cent, Sports Academy Centre at 100 per cent, Disaster management at 100 per cent, Marginalized Group Empowerment support services at 100 per cent, Infrastructural Development at 98 per cent, and Livestock Production at 96.1 per cent.

The County spent Kshs.3 million on “Default - Non-Programmatic” which implies that this expenditure was undertaken without a budget allocation and had not been regularised by the end of the financial year. This is an indication of a weak budgetary control practice by the County Treasury.

3.10.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report on pending bills was not provided by the County.
2. Under-performance of own-source revenue collection. At the end of the period under review, the County had collected Kshs.122.08 million; representing 71.4 per cent of the annual target of Kshs.170.86 million.
3. Use of revenue at source and weak budgeting practice by the County Treasury as shown in Table 3-44 and Table 3-45 where the County incurred expenditure above approved budgetary allocations.
4. The discrepancy between the report on budget execution by programmes and sub-programmes which indicates the total approved budget as Kshs.5.23 billion compared to Kshs.5.73 billion captured in the County’s annual report.

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

1. *The County Treasury should ensure timely preparation and submission of complete financial reports in line with Section 166 of PFM Act, 2012 and the COB Act, 2016.*
2. *The County should develop and implement strategies to enhance own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*
4. *The County Treasury should regularly reconcile budget documents with IFMIS generated reports ensure all reports on budget implementation are credible.*

3.11 County Government of Kajiado

3.11.1 Overview of FY 2019/20 Budget

The County’s Supplementary Budget for FY 2019/20 was Kshs.10.25 billion, comprising of Kshs.3.92 billion (38.2 per cent) and Kshs.6.33 billion (61.8 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.42 billion (63.1 per cent) being equitable share of revenue raised nationally, Kshs.985.98 million (9.7 per cent) as total Conditional Grants, generate Kshs.1.58 billion (15.5 per cent) from own sources of revenue, and the cash balance of Kshs.1.20 billion (11.8 per cent) from FY 2018/19. The County also budgeted to receive Kshs.62.14 million as other revenue which was not contained in CARA, 2019.

3.11.2 Revenue Performance

During FY 2019/20, the County received Kshs.5.87 billion as the equitable share of the revenue raised nationally, Kshs.561.43 million as total Conditional Grants, raised Kshs.616.80 million as own-source revenue, Kshs.62.14 million as other revenues, not in CARA, 2019 and had a cash balance of Kshs.1.20 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.8.31 billion as shown in Table 3-46.

Table 3-46: Kajiado County, Revenue Performance in FY 2019/20

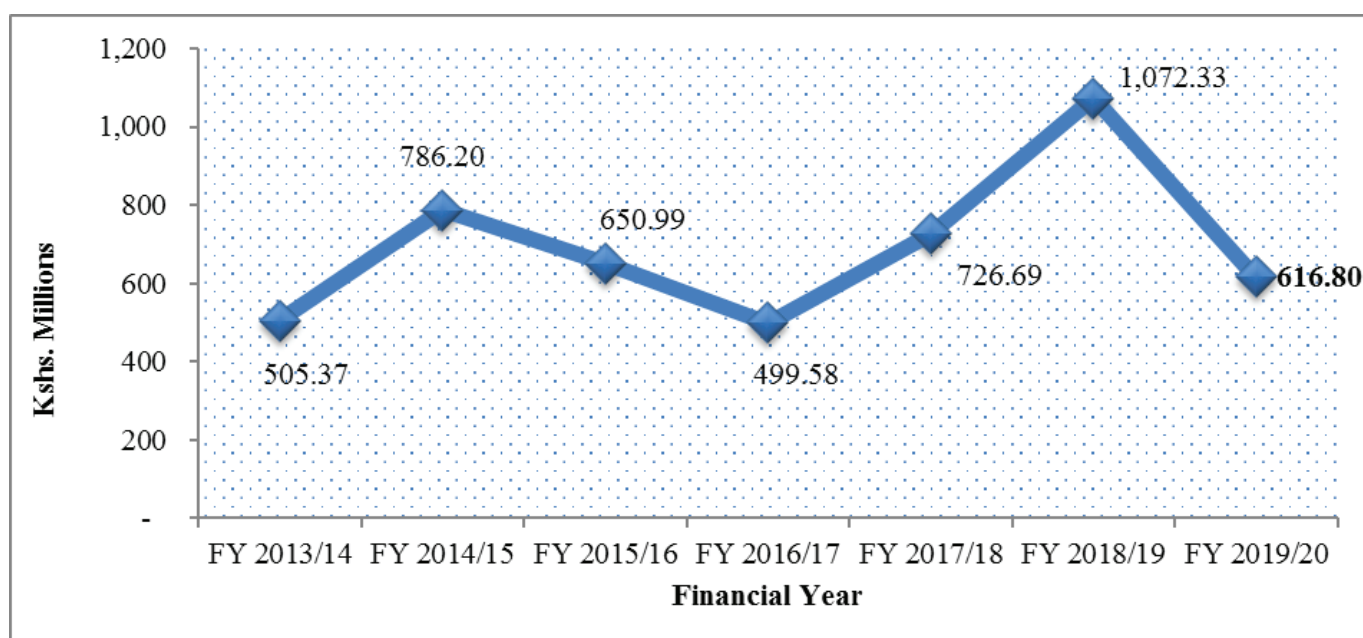
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,424,950,000	6,424,950,000	5,872,404,300	91.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	16,955,365	16,955,365	16,955,365	100
2.	Road Maintenance Fuel Levy Fund	182,376,469	182,376,469	-	-

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3.	Rehabilitation of Village Polytechnics	35,493,298	35,493,298	35,493,298	100
Sub Total		234,825,132	234,825,132	52,448,663	22.3
C	Loans and Grants from Development Partners				
4.	Transforming Health systems for Universal care Project (WB)	135,621,176	135,621,176	135,621,176	100
5.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	143,531,050	143,531,050	119,753,342	83.4
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	79,227,030	30,000,000	37.9
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	265,950,300	265,950,300	199,017,972	74.8
8.	DANIDA Grant	24,844,848	24,844,848	24,591,250	99.0
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	84,695,492	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,285,908	17,285,908	-	-
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		626,033,282	751,155,804	508,983,741	67.8
D	Other Sources of Revenue				
12.	Own Source Revenue	-	1,579,247,395	616,798,755	39.1
13.	Balance b/f from FY 2018/19	-	1,200,000,000	1,200,000,000	100
14.	Other Revenues	-	62,139,970	62,139,970	100
Sub Total		-	2,841,387,365	1,878,938,725	66.1
Grand Total		7,285,808,414	10,252,318,301	8,312,775,428	81.1

Source: Kajiado County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-20.

Figure 3-20: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Kajiado County Treasury

During FY 2019/20, the County generated a total of Kshs.616.80 million as own-source revenue. This amount represented a decrease of 42.5 per cent when compared to Kshs.1.07 billion realised in FY 2018/19, and represented 39.1 per cent of the annual target. The significant decrease was attributed to the COVID-19 Pandemic that affected revenue collection.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.07 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.55 billion (21.9 per cent) for Development programmes and Kshs.5.52 billion (78.1 per cent) for Recurrent programmes.

3.11.4 Overall Expenditure Review

A total of Kshs.7.23 billion was spent on Development and Recurrent programmes and represented 102.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.86 billion and Kshs.5.37 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 47.4 per cent while that incurred on Recurrent programmes represented an absorption rate of 84.8 per cent.

3.11.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.51 billion as at June 30, 2020. These bills consisted of Kshs.1.2 billion for development activities and Kshs. 312.06 million for recurrent expenditure.

3.11.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.05 billion was spent on Compensation to Employees, Kshs.2.32 billion on Operations and Maintenance, and Kshs.1.86 billion on Development expenditure.

Table 3-47: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,331,752,238	5,370,330,479	74.3	84.8
Compensation to Employees	3,693,954,622	3,052,185,155	42.2	82.6
Operations and Maintenance	2,637,797,616	2,318,145,324	32.1	87.9
Total Development Expenditure	3,920,566,063	1,859,244,242	25.7	47.4
Development Expenditure	3,920,566,063	1,859,244,242	25.7	47.4
Total	10,252,318,301	7,229,574,721	100	70.5

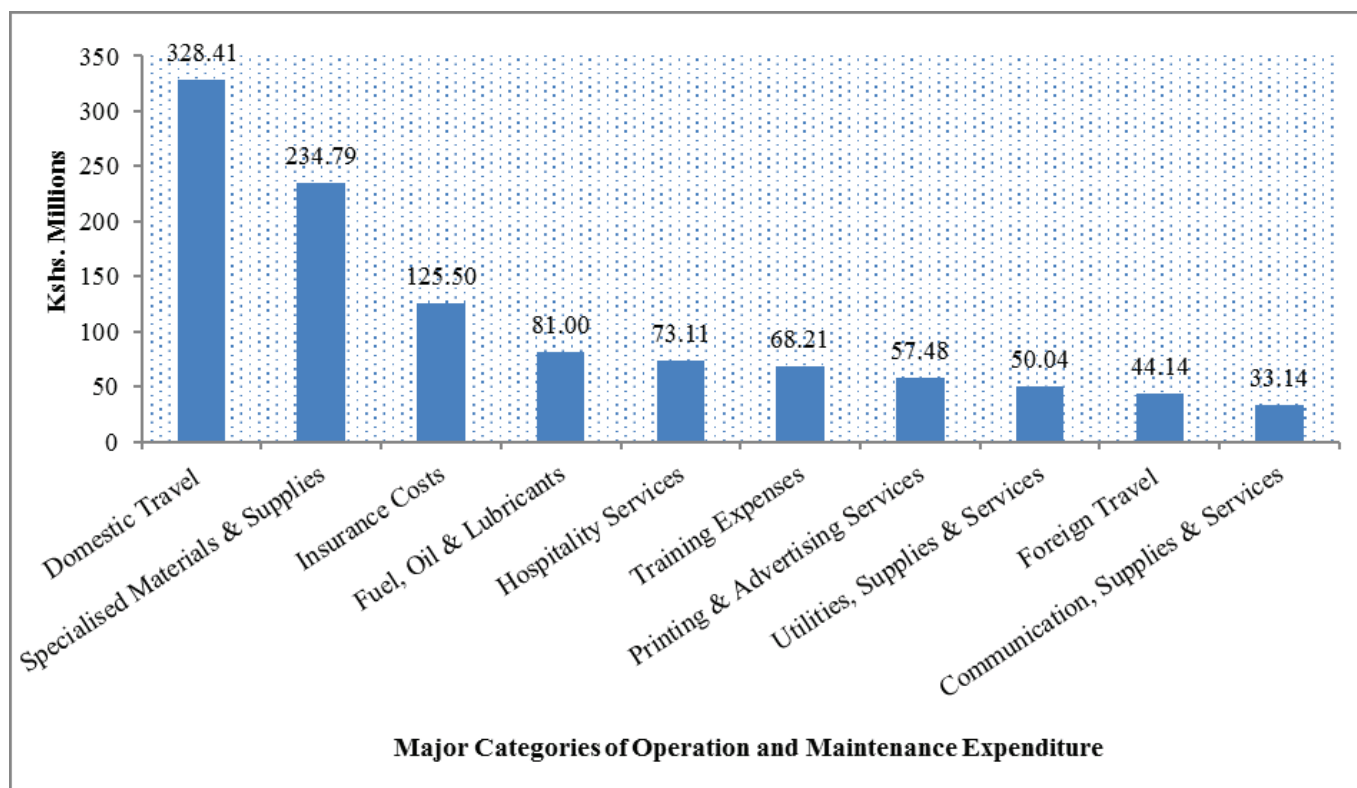
Source: Kajiado County Treasury

Expenditure on Compensation to Employees was 42.2 per cent of the total expenditure for the financial year and represented an increase of 5.5 per cent compared to FY 2018/19 when the County spent Kshs.2.89 billion.

3.11.7 Analysis of Operations and Maintenance Expenditure

Figure 3-21 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-21: Kajiado County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kajiado County Treasury

The County spent Kshs.15.93 million on Committee Sitting Allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.45 million. The average monthly sitting allowance was Kshs.31,605 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.328.41 million and comprised of Kshs.133.12 million spent by the County Assembly and Kshs.195.28 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.44.14 million and comprised of Kshs.16.32 million spent by the County Assembly and Kshs.27.82 million by the County Executive.

3.11.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.86 billion represented 47.4 per cent of the annual development budget of Kshs.3.92 billion and represented a decrease of 22.2 per cent compared to FY 2018/19 when the County spent Kshs.2.39 billion. Table 3-48 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-48: Kajiado County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Supply & Delivery of bulldozer	Kitengela	31,000,000	30,766,100	99.2
2	Construction of Kitengela Market phase II	Kitengela	40,000,000	27,845,800	69.6
3	Fence at Kajiado/Kisaju	Kaputiei North	40,000,000	24,575,760	61.4
4	conference hall and fence at county gardens	Ildamat	26,000,000	19,920,970	76.6
5	Construction of Ilasit Market	Rombo	30,000,000	16,271,436	54.2
6	Ngong Sports Complex phase II	Ngong	57,000,000	15,992,154	28.1
7	Supply, Delivery, Installation, Testing and Commissioning of Medical Equipment	Ildamat	70,000,000	15,942,668	22.8
8	Construction of Ngong Town Cabro Works	Ngong	20,000,000	15,536,321	77.7
9	Construction of Kitengela Market	Kitengela	40,000,000	14,920,755	37.3
10	OPD and Other Works at Ewangan Dispensary	Kenyawa Poka	23,000,000	14,841,661	64.5

Source: Kajiado County Treasury

3.11.9 Budget Performance by Department

Table 3-48 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-49: Kajiado County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure(Kshs.Mil-lion)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor and the Deputy Governor	283.37	-	232.74	-	206.39	-	88.7	-	72.8	-
County Public Service Board	95.43	-	77.40	-	70.21	-	90.7	-	73.6	-
Medical Services, Public Health and Sanitation	2,329.14	402.40	2,040.16	273.85	2,284.93	128.59	112.0	47.0	98.1	32.0
Water, Irrigation, Environment & Natural Resources	254.77	335.80	206.95	19.40	162.06	29.55	78.3	152.3	63.6	8.8
Roads Transport, Public Works, Housing & Energy	211.52	699.28	173.42	362.00	148.14	381.75	85.4	105.5	70.0	54.6
Public Service, Administration & Citizen Participation	462.29	1,443.22	440.54	-	371.30	1,004.45	84.3	-	80.3	69.6
Finance, Economic Planning and ICT	671.21	-	533.20	438.81	451.05	-	84.6	-	67.2	-
Lands, Physical Planning and Urban Development	140.38	10.00	150.99	-	111.19	-	73.6	-	79.2	-
Education, Youth & Sports	597.70	311.39	525.65	98.70	498.88	108.79	94.9	110.2	83.5	34.9
Gender Social Services, Culture, Tourism & Wildlife	125.47	48.50	98.53	-	89.99	-	91.3	-	71.7	-
Trade Cooperative and Enterprise Development	119.27	129.90	92.49	86.87	94.77	58.65	102.5	67.5	79.5	45.1
Agriculture, Livestock, Veterinary Services and Fisheries	333.41	154.13	279.30	67.65	241.16	137.40	86.3	203.1	72.3	89.1
-	15.56	50.00	12.08	35.76	3.12	-	25.8	-	20.1	-
Ngong Municipality	26.47	215.95	19.52	154.46	2.45	-	12.5	-	9.2	-
County Assembly	665.76	120.00	635.11	9.91	634.68	10.07	99.9	101.7	95.3	8.4
Total	6,331.75	3,920.57	5,518.07	1,547.39	5,370.33	1,859.24	97.3	120.2	84.8	47.4

Source: Kajiado County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock, Veterinary Services and Fisheries recorded the highest absorption rate of development budget at 89.1 per cent while the Department of Lands, Physical Planning and Urban Development, Gender Social Services, Culture, Tourism & Wildlife, Kajiado Municipality, and Ngong Municipality did not report expenditure on development activities. The Department of Medical Services, Public Health and Sanitation had the highest percentage of recurrent expenditure to recurrent budget at 98.1 per cent while Ngong Municipality had the lowest at 9.2 per cent.

3.11.10 Budget Execution by Programmes and Sub-Programmes

Table 3-50 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-50 : Kajiado County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
General Administration, Planning and Support Services	Sub Total	415,980,874	376,517,178	39,463,696	90.5
	Headquarters Administrative Services	-	-	-	-
	General Administration and Support Services	415,980,874	376,517,178	39,463,696	90.5
Crop and Plant Husbandry	Crop Development and Management.	-	-	-	-
	Plant Diseases Management and Control	-	-	-	-
Livestock Resources Management and Development	Sub Total	2,291,900	604,800	1,687,100	26.4
	Animal Husbandry Management	-	-	-	-
	Livestock Sale Yard and Abattoirs Development	-	-	-	-
Fisheries Development and Management	Veterinary Services	2,291,900	604,800	1,687,100	26.4
	Sub Total	3,822,078	318,100	3,503,978	8.3
	Fisheries Policy Strategy and Capacity Building	-	-	-	-
Environment Protection and Natural Resources	Fisheries	3,822,078	318,100	3,503,978	8.3
	Forestry Conservation and Management	-	-	-	-
	Air and Noise Pollution and Other Public Nuisance	-	-	-	-
Land Policy and Planning	Sub Total	98,109,900	68,628,340	29,481,560	70.0
	Land Survey	-	-	-	-
	Boundaries and Fencing Services	-	-	-	-
	Physical Planning	24,621,900	8,011,756	16,610,144	32.5
	Land Survey and Mapping	11,686,000	4,129,267	7,556,733	35.3
	Housing	-	-	-	-
		7,102,000	3,946,660	3,155,340	55.6
Animal Husbandry Livestock Resource Management and Development		54,700,000	52,540,657	2,159,343	96.1
	Sub Total	91,089,241	37,452,211	53,637,030	41.1
	Animal Husbandry	28,721,422	10,045,148	18,676,274	35.0
	County Abattoirs	1,636,100	362,340	1,273,760	22.1
	Animal Disease Control	59,864,345	26,917,323	32,947,022	45.0
Agricultural Development	Livestock Sale Yards	867,374	127,400	739,974	14.7
	Sub Total	26,622,769	6,232,632	20,390,137	23.4
	Crop Husbandry	14,587,500	4,660,630	9,926,870	31.9
	Plant Disease Control	3,059,419	43,400	3,016,019	1.4
	Agricultural Mechanization Services	6,397,500	1,358,602	5,038,898	21.2
	Demonstration Farm	1,108,200	125,000	983,200	11.3
Environment Management	Agricultural Training Centre	1,470,150	45,000	1,425,150	3.1
	Sub Total	149,604,958	46,372,227	103,232,731	31.0
	Environmental Protection	139,621,000	43,099,762	96,521,238	30.9
	Noise Pollution Management	2,500,000	974,100	1,525,900	39.0
	Control of Air Pollution	1,533,958	302,615	1,231,343	19.7
General Administration, Planning and Support Services		5,950,000	1,995,750	3,954,250	33.5
	Sub Total	865,810,349	514,022,232	351,788,117	59.4
	Headquarters Administrative Services	107,017,184	88,107,145	18,910,039	82.3
	Roads	707,276,479	393,740,683	313,535,796	55.7
	Energy	20,100,000	12,591,070	7,508,930	62.6
	Fire Fighting	9,300,000	4,503,334	4,796,666	48.4
	22,116,686	15,080,000	7,036,686	68.2	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Energy and Infrastructure	Sub Total	20,832,572	7,671,000	13,161,572	36.8
	Construction of Roads and Bridges	-	-	-	-
	Development of Energy	-	-	-	-
	Housing	20,832,572	7,671,000	13,161,572	36.8
Public Works, Transport and Housing Development	Sub Total	10,000,000	1,499,764	8,500,236	15.0
	Housing Development	10,000,000	1,499,764	8,500,236	15.0
	Fire Fighting Services	-	-	-	-
	Transport Services	-	-	-	-
Information Communication and Technology	Sub Total	-	-	-	-
	General Administration, planning and Support Services	-	-	-	-
Citizen Participation		-	-	-	-
	Media Relations	-	-	-	-
	Gender Mainstreaming	-	-	-	-
	Disability Mainstreaming	-	-	-	-
Roads and Public Works	Sub Total	14,150,000	6,694,200	7,455,800	47.3
	Public Works	14,150,000	6,694,200	7,455,800	47.3
General Administration, Planning and Support Services	Sub Total	85,504,621	76,984,256	8,520,365	90.0
	General Administration, Planning and Support Services	85,504,621	76,984,256	8,520,365	90.0
Trade and Tourism Development		-	-	-	-
	Tourism Promotion and Marketing	-	-	-	-
	Trade Development	-	-	-	-
Cooperative Development and Management	Sub Total	-	-	-	-
	Cooperative Services	-	-	-	-
Trade Development	Sub Total	163,669,463	76,434,090	87,235,373	46.7
	Trade Licensing	2,574,000	1,593,900	980,100	61.9
	Trade Development	137,378,470	62,633,779	74,744,691	45.6
	Cooperative Services and Development	17,161,592	8,500,421	8,661,171	49.5
	Enterprise Development	6,555,401	3,705,990	2,849,411	56.5
Industrialization and Local Tourism Promotion	Sub Total	-	-	-	-
	Industrialization	-	-	-	-
	Local Tourism Promotion	-	-	-	-
Culture And Local Tourism Promotion	Sub Total	8,366,156	2,942,870	5,423,286	35.2
	Local Tourism Promotion	8,366,156	2,942,870	5,423,286	35.2
General Administration, Planning and Support Services	Sub Total	2,098,494,764	1,801,926,921	296,567,844	85.9
	Health Policy, Planning & Financing	-	-	-	-
	General Administration and Support Services	2,098,494,764	1,801,926,921	296,567,844	85.9
Preventive & Promotive Health Services		-	-	-	-
	Promotion of Primary Health Care	-	-	-	-
	Licencing and Control Undertaking	-	-	-	-
	Cemetric Funeral Parlour and Crematoria	-	-	-	-
Curative Health Services	Sub Total	380,262,635	288,666,524	91,596,111	75.9
	Medical Services	380,262,635	288,666,524	91,596,111	75.9
	Ambulance Services	-	-	-	-
Curative and Rehabilitative	Sub Total	10,059,700	7,526,785	2,532,915	74.8
	Medical Supplies	-	-	-	-
	Ambulance services	10,059,700	7,526,785	2,532,915	74.8

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Public Health and Sanitation		242,721,919	186,806,097	55,915,822	77.0
	Preventive and Promotive	221,331,317	173,537,456	47,793,861	78.4
	Licensing and control of undertaking	11,358,518	7,549,670	3,808,848	66.5
	Sanitation	4,926,166	3,850,142	1,076,024	78.2
	Mobile Clinics	5,105,918	1,868,829	3,237,089	36.6
General Administration, Planning and Support Services	Sub Total	394,482,453	378,613,334	15,869,119	96.0
	Headquarters Administrative Services	394,482,453	378,613,334	15,869,119	96.0
Children and Youth Empowerment	Children and Youth Empowerment	-	-	-	-
	Early Child Development and Education	-	-	-	-
	Revitalization of Youth Polytechnics	-	-	-	-
Social Protection, Culture and Recreation	Sub Total	1,100,000	604,900	495,100	55.0
	Home craft Centres Development	1,100,000	604,900	495,100	55.0
	Control of Drugs and Pornography	-	-	-	-
	Betting and Casinos	-	-	-	-
	Museum Development	-	-	-	-
	Sports Training and Competitions	-	-	-	-
	County Parks Management	-	-	-	-
Education Support	Sub Total	479,718,451	220,193,929	237,145,414	48.1
	Pre-Primary Education	406,820,045	155,049,536	251,770,509	38.1
	Home Craft Centres	50,519,298	65,144,393	(14,625,095)	128.9
	Village Polytechnics	-	-	-	-
Social Protection and Recreation	Sub Total	11,189,554	4,540,530	6,649,024	40.6
	Control of Drugs and Pornography	4,735,654	1,952,780	2,782,874	41.2
	Liquor Licensing	6,048,700	2,384,750	3,663,950	39.4
	Betting and Casinos	405,200	203,000	202,200	50.1
	Sports Training and Competitions	-	-	-	-
General Administration and Policy Coordination	Sub Total	2,387,087,000	1,756,690,237	630,396,763	73.6
	Headquarters Administrative Services	2,346,805,000	1,744,566,899	602,238,101	74.3
	County Executive Committee	18,432,000	6,951,738	11,480,262	37.7
	ICT	-	-	-	-
	County Inspectorate	21,850,000	5,171,600	16,678,400	23.7
Executive Committee Affairs	Sub Total	-	-	-	-
	General Administrative and Executive Affairs	-	-	-	-
Public Services Coordination and Management	Sub Total	122,250,000	101,530,649	20,719,351	83.1
	Human Resource Management	122,250,000	101,530,649	20,719,351	83.1
Public Financial Management	Sub Total	244,168,840	131,003,622	113,165,218	53.7
	Budget Formulation Coordination and Management	-	-	-	-
	Audit Services	-	-	-	-
	Accounting services	-	-	-	-
	Supply Chain Management Services	63,696,000	39,754,883	23,941,117	62.4
	Fiscal and Economic Planning	28,950,008	14,905,998	14,044,010	51.5
	Budget	24,018,000	10,566,053	13,451,947	44.0
	Accounting	20,384,000	8,034,154	12,349,846	39.4
	Procurement	-	-	-	-
	Internal Audit	11,147,531	6,201,900	4,945,631	55.6
	Revenue Collection	95,973,301	51,540,634	44,432,667	53.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Economic Policy Co-ordination and Supervision	Sub Total	18,341,000	10,399,614	7,941,386	56.7
	Economic Planning Coordination Services	-	-	-	-
	Statistical Information Services	-	-	-	-
	Monitoring and Evaluation Services	18,341,000	10,399,614	7,941,386	56.7
Devolution Services	Sub Total	57,562,427	38,054,303	19,508,124	66.1
	Coordination Of Devolution Services	28,508,000	19,097,371	9,410,629	67.0
	Intergovernmental Relations	16,883,427	11,179,817	5,703,610	66.2
	County Government Advisory Service	12,171,000	7,777,115	4,393,885	63.9
Public Service, Administration and Citizen Participation	Sub Total	81,731,587	35,791,353	45,940,234	43.8
	County Administration Services	-	-	-	-
	Public Service, administration and citizen participation	-	-	-	-
	County administration	54,731,587	22,906,770	31,824,817	41.9
	county executive committee	-	-	-	-
Citizen Participation	Sub Total	-	-	-	-
	Citizen Participation	-	-	-	-
ICT, Special Programmes and Service Delivery	Sub Total	44,377,769	29,936,376	14,441,393	67.5
		32,676,151	22,704,415	9,971,736	69.5
	Special Programmes	11,701,618	7,231,961	4,469,657	61.8
Museum	Sub Total	15,168,128	9,330,460	5,837,668	61.5
	Museum	3,027,000	2,202,880	824,120	72.8
	Cultural Activities	11,981,128	6,977,580	5,003,548	58.2
	County Parks	160,000	150,000	10,000	93.8
Gender	Sub Total	118,881,471	56,879,367	62,002,104	47.8
	Gender	118,881,471	56,879,367	62,002,104	47.8
Youth Development	Sub Total	76,540,080	24,561,179	51,978,901	32.1
	Youth Development	40,000,000	3,147,000	36,853,000	7.9
	Sports Training and Competitions	16,174,380	5,113,359	11,061,021	31.6
	Gender Mainstreaming	6,492,700	3,540,020	2,952,680	54.5
	Disability Mainstreaming	13,873,000	12,760,800	1,112,200	92.0
General Administration, Planning and Support Services	Sub Total	119,064,643	102,052,796	17,011,847	85.7
	Human Resources and Support Services	-	-	-	-
	Storm Water Management Services	7,750,000	2,682,920	5,067,080	34.6
Water and Sanitation Services	Sub Total	-	-	-	-
	Sanitation Services	-	-	-	-
	Water Supply Infrastructure	-	-	-	-
Water	Sub Total	321,896,067	43,179,388	278,716,679	13.4
	Water	309,780,000	38,097,538	271,682,462	12.3
	Irrigation	12,116,067	5,081,850	7,034,217	41.9
	Storm Water Management	-	-	-	-
Headquarters Administrative Services	Sub Total	785,759,406	644,771,623	140,987,783	82.1
	Headquarters Administrative Services	242,424,296	2,448,000	239,976,296	1.0
	Headquarters Administrative Services	65,560,338	3,122,000	62,438,338	4.8
Grand Total		10,252,318,301	7,229,574,721	3,158,348,630	70.5

Source: Kajiado County Treasury

Based on expenditure absorption rate as shown in Table 3-50, the programs with the highest absorption : General Administration, Planning and Support Services, at 96.0 per cent, Public Services Coordination and Management at 83.1 per cent, and Headquarters Administrative Services at 82.1 per cent of budget allocation.

3.11.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.1.86 billion in FY 2019/20 out of annual development budget of Kshs.3.92 billion. The development expenditure represented 47.4 per cent of the annual development budget.
3. A high wage bill, which accounted for 42.2 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. The under performance of own-revenue at Kshs.616.80 million against an annual projection of Kshs.1.58 billion. The realised own- source revenue represented 39.1 per cent of its annual target.
5. High pending bills which amounted to Kshs.1.51 billion as at June 30, 2020.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
4. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
5. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.12 County Government of Kakamega

3.12.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.15.41 billion, comprising of Kshs.7.05 billion (45.8 per cent) and Kshs.8.35 billion (54.2 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.10.41 billion (67.2 per cent) being equitable share of revenue raised nationally, Kshs.2.55 billion (16.4 per cent) as total Conditional Grants, generate Kshs.1.67 billion (10.8 per cent) from own sources of revenue, and the cash balance of Kshs.520.72 million (3.4 per cent) from FY 2018/19. The County also expected to receive Kshs.341.10 million as a COVID-19 Grant.

3.12.2 Revenue Performance

During FY 2019/20, the County received Kshs.9.52 billion as the equitable share of the revenue raised nationally, Kshs.1.37 billion as total Conditional Grants, raised Kshs.1.18 billion as own-source revenue, and had a cash balance of Kshs.520.72 million from FY 2018/19. The County also received Kshs.341.10 million as COVID-19 Grant. The total funds available for budget implementation during the period amounted to Kshs.12.93 billion as shown in Table 3-51.

Table 3-51: Kakamega County, Revenue Performance in FY 2019/20

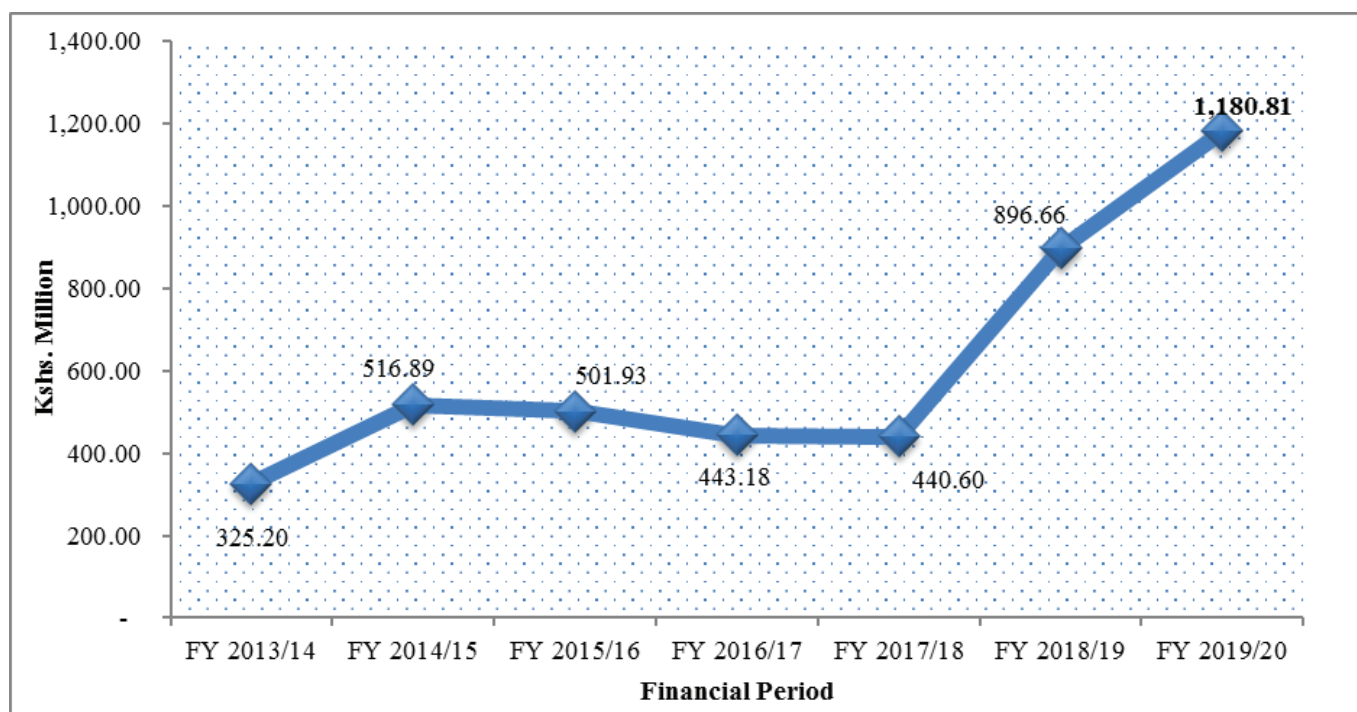
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,412,850,000	10,412,850,000	9,517,344,900	91.4

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level-5 Hospitals	427,283,237	531,967,631	427,283,234	80.3
2.	Compensation for User Fee Foregone	37,789,290	37,789,290	37,789,290	100
3.	Leasing of Medical Equipment	131,914,894	-	-	-
4.	Road Maintenance Fuel Levy Fund	295,575,656	355,776,173	295,575,656	83.1
	Rehabilitation of Village Polytechnics	76,923,298	76,923,298	76,923,328	100.0
	Sub Total	969,486,375	1,002,456,392	837,571,508	83.6
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	61,794,598	91,576,273	61,794,598	67.5
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,000,000	117,000,000	100,133,871	85.6
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	93,508,830	30,000,000	32.1
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	389,118,800	778,237,600	278,312,862	35.8
9.	DANIDA Grant	30,843,750	30,843,750	42,358,750	137.3
10.	KASP(Kenya Agricultural Support Programme	-	38,967,574	-	-
11.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	262,583,677	-	-
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,811,716	-	7,770,572	-
13.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	80,000,000	-	-
14.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	8,800,000	17.6
	Sub Total	1,706,855,239	1,542,717,704	529,170,653	34.3
D	Other Sources of Revenue				
15.	Own Source Revenue	-	1,666,143,695	1,180,810,344	70.9
16.	Balance b/f from FY 2018/19	-	520,718,397	520,718,397	100.0
17.	Other Revenues - COVID Grant	-	262,173,000	262,173,000	100.0
18.	Other Revenues - COVID Allowances	-	-	78,930,000	100.0
	Sub Total	-	2,449,035,092	2,042,631,741	83.4
	Grand Total	13,089,191,614	15,407,059,188	12,926,718,802	83.9

Source: Kakamega County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-22.

Figure 3-22: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Kakamega County Treasury

During FY 2019/20, the County generated a total of Kshs.1.18 billion as own-source revenue. This amount represented an increase of 31.7 per cent when compared to Kshs.896.66 million realised in FY 2018/19, and represented 70.9 per cent of the annual target. The increase was attributed to the creation of a Revenue Collection Agency to collect revenue for the County and automation of the revenue collection system.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.13.19 billion from the CRF account during the reporting period. This amount comprised of Kshs.5.01 billion (38 per cent) for Development programmes and Kshs.8.18 billion (62 per cent) for Recurrent programmes.

3.12.4 Overall Expenditure Review

A total of Kshs.12.52 billion was spent on Development and Recurrent programmes and represented 95.0 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.4.92 billion and Kshs.7.60 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 69.8 per cent while that incurred on Recurrent programmes represented an absorption rate of 91 per cent.

3.12.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.36 billion as at June 30, 2020. These bills consisted of Kshs.693.06 million for development activities and Kshs.664.74 million for recurrent expenditure.

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.5.14 billion was spent on Compensation to Employees, Kshs.2.46 billion on Operations and Maintenance, and Kshs.4.92 billion on Development expenditure.

Table 3-52: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	8,353,658,627	8,176,233,473	7,600,319,577	60.7	91.0
Compensation to Employees	5,165,864,053	5,157,199,187	5,138,942,856	41.0	99.5
Operations and Maintenance	3,187,794,574	3,019,034,286	2,461,376,721	19.7	77.2

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Development Expenditure	7,053,400,561	5,010,796,732	4,924,447,648	39.3	69.8
Development Expenditure	7,053,400,561	5,010,796,732	4,924,447,648	39.3	69.8
Total	15,407,059,188	13,187,030,205	12,524,767,225	100	81.3

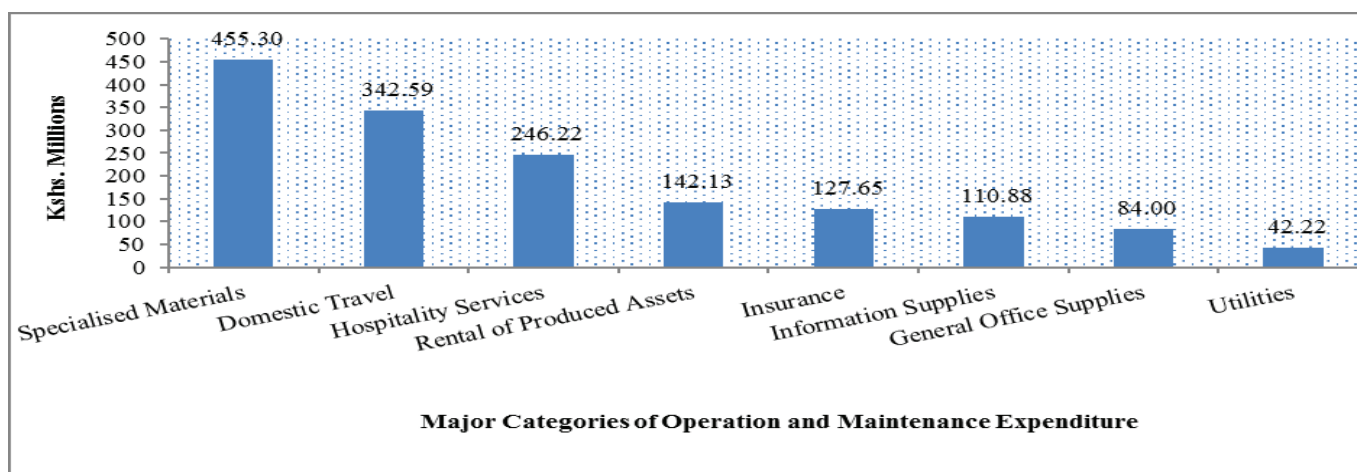
Source: Kakamega County Treasury

Expenditure on Compensation to Employees was 41 per cent of the total expenditure for the financial year and represented a marginal increase of less than 1 per cent compared to FY 2018/19 when the County spent Kshs.5.12 billion.

3.12.7 Analysis of Operations and Maintenance Expenditure

Figure 3-23 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-23: Kakamega County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kakamega County Treasury

The County spent Kshs.131.46 million on Committee Sitting Allowances for the 89 MCAs and Speaker against the annual budget allocation of Kshs.133.29 million. The average monthly sitting allowance was Kshs.121,727 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.342.59 million and comprised of Kshs.154.83 million spent by the County Assembly and Kshs.187.76 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.11.11 million and was entirely spent by the executive.

3.12.8 Development Expenditure Analysis

The Development expenditure of Kshs.4.92 billion represented 69.8 per cent of the annual development budget of Kshs.7.05 billion and represented a decrease of 1.2 per cent compared to FY 2018/19 when the County spent Kshs.4.98 billion. Table 3-53 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-53: Kakamega County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Level 5 hospital grant	Kakamega Town	531,967,631	531,304,368	99.9
2	Bukhungu Stadium	Kakamega Town	517,400,000	422,127,679	81.6
3	Bitumen Road		478,000,000	407,244,642	85.2
4	County Youth Works-Ward based	All Wards	320,000,000	310,561,597	97.1
5	Farm inputs	All Wards	638,154,240	293,258,203	46.0
6	10km per ward roads-Ward based		380,000,000	285,650,785	75.2
7	Road Levy Fund		355,776,173	279,806,993	78.6
8	Kenya Urban Support programme(KUSP)-Mumias	Mumias	412,000,000	191,152,429	46.4
9	KUSP- Kakamega	Kakamega	366,237,600	174,666,797	47.7

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
10	Construction of Kakamega County Teaching and Referral Hospital	Kakamega Town	250,000,000	155,081,657	62.0

Source: Kakamega County Treasury

3.12.9 Budget Performance by Department

Table 3-54 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-54: Kakamega County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. 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	205.12	23.98	206.72	12.49	178.04	16.16	86.1	129.4	86.8	67.4
Public Service and Administration	4,898.79	114.51	5,004.20	44.03	4,852.06	10.62	97.0	24.1	99.0	9.3
Finance & Economic Planning	370.09	-	374.30	-	185.13	-	49.5	-	50.0	-
Water, Environment & Natural Resources	38.75	548.36	34.13	406.81	30.88	259.77	90.5	63.9	79.7	47.4
Social Services, Youth and Sports	66.81	592.30	66.72	483.71	52.62	484.12	78.9	100.1	78.8	81.7
Transport, Infrastructure Public Works & Energy	22.73	1,683.68	21.13	1,348.00	19.05	1,358.04	90.1	100.7	83.8	80.7
Lands, Housing, Urban Areas and Physical Planning	217.70	881.32	212.24	318.93	131.54	406.93	62.0	127.6	60.4	46.2
Health Services	1,051.95	1,349.86	968.36	1,102.16	899.94	1,100.84	92.9	99.9	85.6	81.6
Agriculture, Livestock, Fisheries and Cooperatives	58.12	993.12	45.96	560.87	32.69	566.43	71.1	101.0	56.3	57.0
Trade, Industrialization & Tourism	55.99	232.50	48.76	132.67	31.87	128.29	65.4	96.7	56.9	55.2
Education, Science & Technology	204.86	516.92	216.64	497.82	176.26	495.33	81.4	99.5	86.0	95.8
County Public Service Board	31.76	-	27.36	-	31.62	-	115.6	-	99.6	-
ICT, E-government & Communication	64.04	116.85	46.79	103.31	26.06	97.94	55.7	94.8	40.7	83.8
County Assembly	1,066.94	-	902.93	-	952.57	-	105.5	-	89.3	-
Total	8,353.66	7,053.40	8,176.23	5,010.80	7,600.32	4,924.45	93.0	98.3	91.0	69.8

Source: Kakamega County Treasury

Analysis of expenditure by department shows that the Department of Education, Science and Technology recorded the highest absorption rate of development budget at 95.8 per cent while the Department of Public Service and Administration recorded the lowest at 9.3 per cent. The County Public Service Board had the highest percentage of recurrent expenditure to recurrent budget at absorption of the recurrent budget at 99.6 per cent while the Department of ICT, E-Government and Communication had the lowest at 40.7 per cent.

3.12.10 Budget Execution by Programmes and Sub-Programmes

Table 3-55 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-55 : Kakamega County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
4810		-	486,793,877	(486,793,877)	-
	Default - Non-Programmatic	-	486,793,877	(486,793,877)	-
Livestock Resource Management And Development		138,752,962	100,343,065	38,409,897	72.3
	Livestock resource management and Development	82,121,280	59,013,052	23,108,228	71.9
	Livestock Value Chains Development	5,000,000	1,718,571	3,281,429	34.4
	Livestock disease and pest prevention	30,631,682	14,041,143	16,590,539	45.8
	Livestock Market infrastructure Improvement	21,000,000	25,570,299	(4,570,299)	121.8
Fisheries Development		31,836,052	33,043,661	(1,207,609)	103.8
	Fisheries development	-	-	-	-
	Promotion of Fish Farming	31,836,052	33,043,661	(1,207,609)	103.8
Crop Production And Management Services		848,761,970	452,877,915	395,884,055	53.4
	Crop production and management services	9,500,000	8,079,400	1,420,600	85.0
	Horticulture Promotion and Development	675,794,396	313,830,159	361,964,237	46.4
	Farm Input Support and Subsidies	3,000,000	2,324,800	675,200	77.5
	Agricultural Extension and Research	160,467,574	128,643,556	31,824,018	80.2
Administrative, Planning And Support Services			-	-	-
	Administrative, planning and support services	-	-	-	-
Agricultural Training Services		6,816,693	3,518,573	3,298,121	51.6
	Agricultural training services	6,816,693	3,518,573	3,298,121	51.6
	Agriculture training Infrastructure development	-	-	-	-
	Kenya Climate Smart Agriculture programme	-	-	-	-
Cooperative Development And Marketing		17,512,878	9,043,000	8,469,878	51.6
	Cooperative development and marketing	17,512,878	9,043,000	8,469,878	51.6
Land Use Policy And Planning		95,925,706	44,189,920	51,735,786	46.1
	Land use policy and planning	68,347,010	24,435,365	43,911,645	35.8
	Land Administration and Planning	16,663,820	12,874,989	3,788,831	77.3
	Survey Services	10,914,876	6,879,566	4,035,310	63.0
Housing Development And Management		7,300,520	5,592,867	1,707,653	76.6

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Housing development and management	7,300,520	5,592,867	1,707,653	76.6
	Slum Upgrading	-	-	-	-
Administrative, Planning And Support Services			-	-	-
	Administrative, planning and support services	-	-	-	-
Urban Development Service		995,798,169	513,792,507	482,005,662	51.6
	Urban Transport management	843,819,600	395,539,666	448,279,935	46.9
	Social Amenities and Sanitary Services	-	-	-	-
	Urban Areas Landscape Improvement	151,978,569	118,252,841	33,725,728	77.8
Irrigation And Drainage Development		7,559,286	5,102,908	2,456,378	67.5
	Small Holder Irrigation and Drainage	7,559,286	5,102,908	2,456,378	67.5
Infrastructure, Roads And Transport Services		1,600,304,250	1,014,796,773	585,507,477	63.4
	Infrastructure, roads and transport services	675,776,173	288,703,065	387,073,108	42.7
	Infrastructure Development	47,000,000	19,932,057	27,067,943	42.4
	Road construction	877,528,077	706,161,651	171,366,426	80.5
	Transport System Management	-	-	-	-
Administrative, Planning And Support Services		2,828,972	(2,828,972)		-
	Administrative, planning and support services	-	2,828,972	(2,828,972)	-
Energy Reticulation		70,000,000	24,265,156	45,734,844	34.7
	Rural Electrification	70,000,000	24,265,156	45,734,844	34.7
Public Works Management		36,098,454	32,587,223	3,511,231	90.3
	Public works Management	36,098,454	32,587,223	3,511,231	90.3
Administration, Planning And Support Services		21,958,761	13,216,102	8,742,659	60.2
	Administration Support Services	21,958,761	13,216,102	8,742,659	60.2
	Quality Assurance	-	-	-	-
Trade Development And Investment		117,800,362	46,677,429	71,122,933	39.6
	Modern Market Infrastructure	117,800,362	46,677,429	71,122,933	39.6
Tourism Development And Marketing		27,836,437	13,340,883	14,495,554	47.9
	Tourism Promotion	-	-	-	-
	Development of Local Content Niche Tourism	27,836,437	13,340,883	14,495,554	47.9
Industrial Development And Investment		120,898,459	94,248,365	26,650,094	78.0
	Industrial Development and Promotion	67,398,459	50,946,857	16,451,602	75.6
	SME and Cottage industry development	53,500,000	43,301,508	10,198,492	80.9
Library Services			-	-	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Library Services	-	-	-	-
Preventive And Promotive Services		158,106,525	145,700,688	12,405,837	92.2
	Preventive and promotive services	-	-	-	-
	Community Health Strategy	73,858,900	71,627,600	2,231,300	97.0
	Diseases surveillance & Emergency response	5,000,000	3,383,635	1,616,365	67.7
	Nutrition service Promotion	2,000,000	1,458,160	541,840	72.9
	HIV /AIDS Control	2,000,000	1,111,500	888,500	55.6
	Maternal and child healthcare promotion	67,321,625	62,700,193	4,621,432	93.1
	TB Control	2,000,000	1,780,300	219,700	89.0
	Malaria control	1,926,000	166,000	1,760,000	8.6
	Promotion of family planning	4,000,000	3,473,300	526,700	86.8
Curative Services		2,174,322,218	1,841,853,368	332,468,850	84.7
	Curative services	936,967,631	767,951,248	169,016,383	82.0
	Community Health Strategy	1,222,354,587	1,058,902,120	163,452,467	86.6
	Disease Surveillance and Response	15,000,000	15,000,000	-	100.0
	Primary Medical Health Services	-	-	-	-
Administrative, Planning And Support Services		69,375,783	36,500,200	32,875,583	52.6
	Administrative, planning and support services	52,301,783	26,382,350	25,919,433	50.4
	Disability mainstreaming	1,000,000	681,100	318,900	68.1
	Health Data and Information Management	16,074,000	9,436,750	6,637,250	58.7
Vocational Education And Training And Development		98,998,893	59,791,706	39,207,187	60.4
	Polytechnic Support and Development	98,998,893	59,791,706	39,207,187	60.4
	Training Promotion and Development	-	-	-	-
Early Childhood Development Education Ecede		297,155,595	278,099,192	19,056,404	93.6
	ECD Infrastructure Development	175,000,000	174,731,004	268,997	99.8
	SP2 ECD education improvement and support	122,155,595	103,368,188	18,787,407	84.6
Education Support Programme		220,632,721	195,361,252	25,271,469	88.5
	General Infrastructure Support	-	-	-	-
	Education Financial Support	220,632,721	195,361,252	25,271,469	88.5
Polytechnic Improvement		105,000,000	102,662,000	2,338,000	97.8
	Polytechnic Tuition Subsidy	105,000,000	102,662,000	2,338,000	97.8

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Coordination And Supervisory Services			-	-	-
	Coordination and supervisory services	-	-	-	-
Management Of County Affairs		156,577,688	141,052,244	15,525,444	90.1
	Management of county affairs	-	(4,138)	4,138	-
	County executive services	156,577,688	141,056,382	15,521,306	90.1
Coordination And Supervisory Services		17,701,480	12,856,221	4,845,259	72.6
	Coordination and supervisory services	17,701,480	12,856,221	4,845,259	72.6
Information And Communication Services		170,612,028	118,904,245	51,707,783	69.7
	Information and communication services	170,612,028	118,904,245	51,707,783	69.7
Economic And Policy Formulation And Management Planning		39,980,412	27,071,159	12,909,253	67.7
	Economic and policy formulation and management planning	39,980,412	27,071,159	12,909,253	67.7
	County Statistics Management	-	-	-	-
Public Finance Management		294,445,054	135,421,649	159,023,405	46.0
	Public finance management	86,959,000	48,598,013	38,360,987	55.9
	Financial Accounting and Reporting	154,471,250	39,989,530	114,481,720	25.9
	Budget Formulation and management	42,415,354	38,623,866	3,791,488	91.1
	Revenue Mobilization	10,599,450	8,210,241	2,389,209	77.5
Coordination And Supervisory Services		54,819,654	41,169,411	13,650,243	75.1
	Coordination and supervisory services	37,946,773	30,062,566	7,884,207	79.2
	County Internal Audit services	16,872,881	11,106,845	5,766,036	65.8
County Assembly		1,066,936,774	745,021,160	321,915,614	69.8
	County Assembly	1,066,936,774	745,021,160	321,915,614	69.8
	Oversight and Control Services	-	-	-	-
County Public Service And Administrative Services		5,036,765,895	4,887,423,033	149,342,862	97.0
	County Administration	228,657,181	189,747,257	38,909,924	83.0
	Human Resource Management	4,808,108,714	4,697,675,776	110,432,939	97.7
	County Special Programmes	-	-	-	-
General Administration And Support Services		28,844,885	18,191,716	10,653,169	63.1
	Administrative Services	28,844,885	18,191,716	10,653,169	63.1
Alcoholics And Drinks Control		8,290,499	7,146,457	1,144,042	86.2
	Alcohol and Drug Rehabilitation Program	8,290,499	7,146,457	1,144,042	86.2
Investment Promotion		17,105,722	10,451,579	6,654,143	61.1
	Investment promotion	17,105,722	10,451,579	6,654,143	61.1
901004810		30,053,052	20,315,255	9,737,797	67.6

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Administrative Services	30,053,052	20,315,255	9,737,797	67.6
902004810		38,341,209	29,483,460	8,857,749	76.9
	Culture and Heritage Conservation	38,341,209	29,483,460	8,857,749	76.9
903004810		555,912,129	459,582,959	96,329,171	82.7
	Development of Sports facilities	517,400,000	417,518,080	99,881,921	80.7
	Promotion and Development of Sports and Talent	38,512,129	42,064,879	(3,552,750)	109.2
904004810		8,234,446	7,448,810	785,636	90.5
	Youth Disability and Gender Empowerment	8,234,446	7,448,810	785,636	90.5
905004810		-	-	-	-
	Promotion of Industrial Peace	-	-	-	-
906004810		25,702,505	21,515,127	4,187,378	83.7
	Social Development and Protection	22,503,433	19,051,163	3,452,270	84.7
	Child welfare Services	3,199,072	2,463,964	735,108	77.0
907004810		-	-	-	-
	Child Protection Support Services	-	-	-	-
908004810		866,602	708,910	157,692	81.8
	Library services	866,602	708,910	157,692	81.8
1005004810		91,382,315	15,152,457	76,229,858	16.6
	Farm Forest Resource Management	85,849,984	4,517,340	81,332,644	5.3
	Mineral Resource Management	5,532,331	10,635,117	(5,102,786)	192.2
1006004810		472,131,971	258,956,494	213,175,477	54.8
	Water Resource Supply and management	472,131,971	258,956,494	213,175,477	54.8
1007004810		23,602,174	14,830,720	8,771,454	62.8
	Environmental Protection	23,602,174	14,830,720	8,771,454	62.8
	Climate Change management	-	-	-	-
Grand Total		15,407,059,188	12,528,930,665	2,878,128,523	81.3

Source: Kakamega County Treasury

Based on expenditure absorption rate as shown in Table 3-55, the sub-programs with the highest absorption rates were: Mineral Resource Management at 192.2 per cent, Livestock Market infrastructure Improvement at 121.8 per cent, Promotion and Development of Sports and Talent at 109.2 per cent, and Promotion of Fish Farming at 103.8 per cent.

The County spent Kshs.486.79 million on “Default - Non-Programmatic” which implies that this expenditure was undertaken without a budget allocation and had not been regularised by the end of the financial year. This is an indication of a weak budgetary control practice by the County Treasury.

3.12.11 Key Observations and Recommendations

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

1. The underperformance of own revenue at Kshs.1.18 billion against an annual projection of Kshs.1.67 billion. The realised own source revenue represented 70.9 per cent of its annual target.
2. A high wage bill, which accounted for 41 per cent of the total expenditure in FY 2019/20 thus constraining

funding to other programmes.

3. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
4. High pending bills which amounted to Kshs.1.36 billion as at June 30, 2020.
5. Weak budgetary control practice by the County Treasury as shown in Table 3-54 where the County incurred expenditure above approved exchequer allocations for some programmes.

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

1. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
3. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012 and the COB Act, 2016.*
4. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget in FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*
5. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within approved budget allocation.*

3.13 County Government of Kericho

3.13.1 Overview of FY 2019/20 Budget

The County Supplementary Budget for FY 2019/20 was Kshs.8.75 billion, comprising of Kshs.3.86 billion (44.1 per cent) and Kshs.4.89 billion (55.9 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.38 billion (62.6 per cent) being the equitable share of revenue raised nationally, Kshs.830.84 million (9.7 per cent) as total Conditional Grants, generate Kshs.711.64 million (8.3 per cent) from own sources of revenue, and the cash balance of Kshs.1.67 billion (19.1 per cent) from FY 2018/19.

3.13.2 Revenue Performance

During FY 2019/20, the County received Kshs.4.92 billion as the equitable share of the revenue raised nationally, Kshs 805.99 million as total Conditional Grants, raised Kshs.473.73 million as own-source revenue, and had a cash balance of Kshs.1.67 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.87 billion as shown in Table 3-56.

Table 3-56: Kericho County, Revenue Performance in FY 2019/20

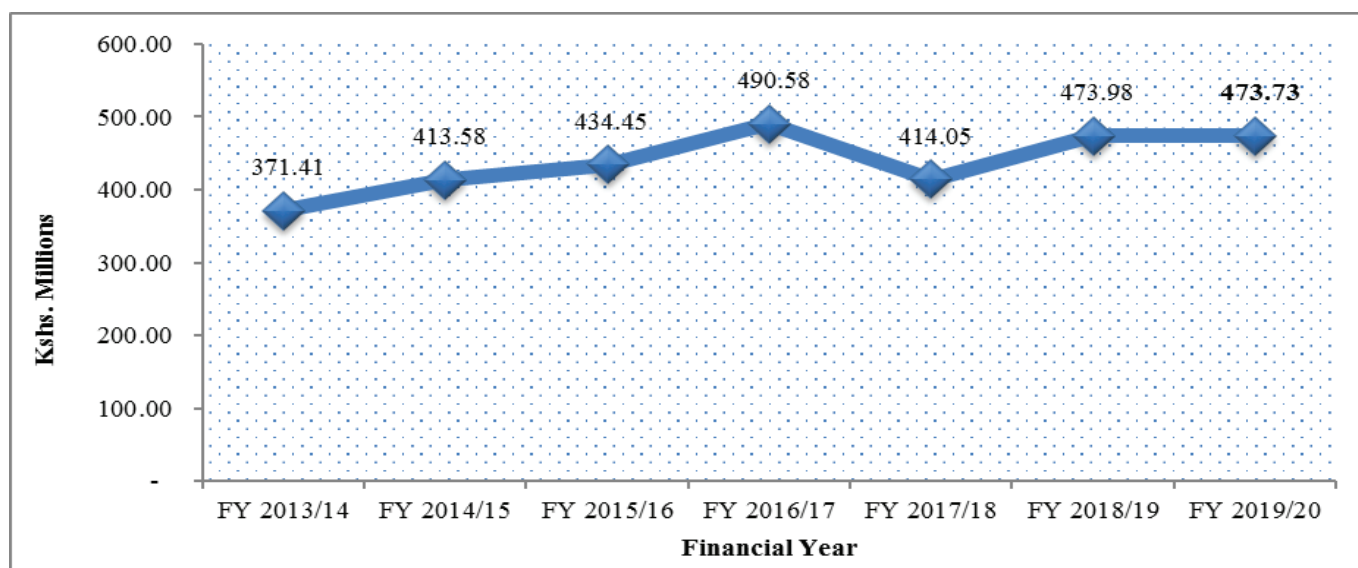
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs.)	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,380,500,000	5,380,500,000	4,917,777,000	91.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	18,048,789	18,048,789	18,048,789	100
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	152,729,063	152,729,063	152,729,062	100
4.	Rehabilitation of Village Polytechnics	29,433,298	29,433,298	29,433,298	100
5.	COVID 19 National Government Support	-	-	116,228,000	-
6.	COVID 19 Health Care Allowance	-	-	36,180,000	-
	Sub Total	332,126,044	200,211,150	352,619,149	176
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	71,544,247	71,544,247	60,339,875	84.3
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	199,459,400	204,459,400	136,534,620	66.8

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs.)	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	256,299,000	256,299,000	183,314,988	71.5
5.	DANIDA Grant	17,062,500	23,432,500	23,432,500	100.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,415,491	36,100,026	10,957,746	30.4
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
Sub Total		599,580,638	630,635,173	453,379,729	71.9
D Other Sources of Revenue					
1.	Own Source Revenue	-	711,641,000	473,728,675	67
2.	Balance b/f from FY 2018/19	-	1,670,730,626	1,670,730,626	100
3.	Other Revenues	-	152,408,000	-	-
Sub Total		-	2,534,779,626	2,144,459,302	84.6
Grand Total		6,312,206,682	8,746,125,949	7,868,235,179	90

Source: Kericho County Treasury

The trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-24.

Figure 3-24: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Kericho County Treasury

During FY 2019/20, the County generated a total of Kshs.473.73 million as own-source revenue, representing a decrease of less than 1 per cent when compared to Kshs.473.98 million realised in FY 2018/19, and represented 66.6 per cent of the annual target.

3.13.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.31 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.57 billion (35.2 per cent) for Development programmes and Kshs.4.74 billion (64.8 per cent) for Recurrent programmes.

3.13.4 Overall Expenditure Review

A total of Kshs.6.50 billion was spent on Development and Recurrent programmes and represented 88.9 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.77 billion and Kshs.4.73 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 45.9 per cent while that incurred on Recurrent programmes represented an absorption rate of 96.7 per cent.

3.13.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.410.49 million as at June 30, 2020. These bills consisted of Kshs.275.25 million for development activities and Kshs. 135.24 million for recurrent expenditure.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.72 billion was spent on compensation to employees, Kshs.2.0 billion on Operations and Maintenance, and Kshs.1.77 billion on development expenditure.

Table 3-57: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,888,735,545	4,739,845,074	4,728,463,464	72.7	96.7
Compensation to Employees	2,895,303,517	2,724,763,932	2,724,763,932	41.9	94.1
Operations and Maintenance	1,993,432,028	2,015,081,142	2,003,699,532	30.8	100.5
Total Development Expenditure	3,857,390,404	2,573,195,300	1,771,426,538	27.3	45.9
Development Expenditure	3,857,390,404	2,573,195,300	1,771,426,538	27.3	45.9
Total	8,746,125,949	7,313,040,374	6,499,890,001	100.0	74.3

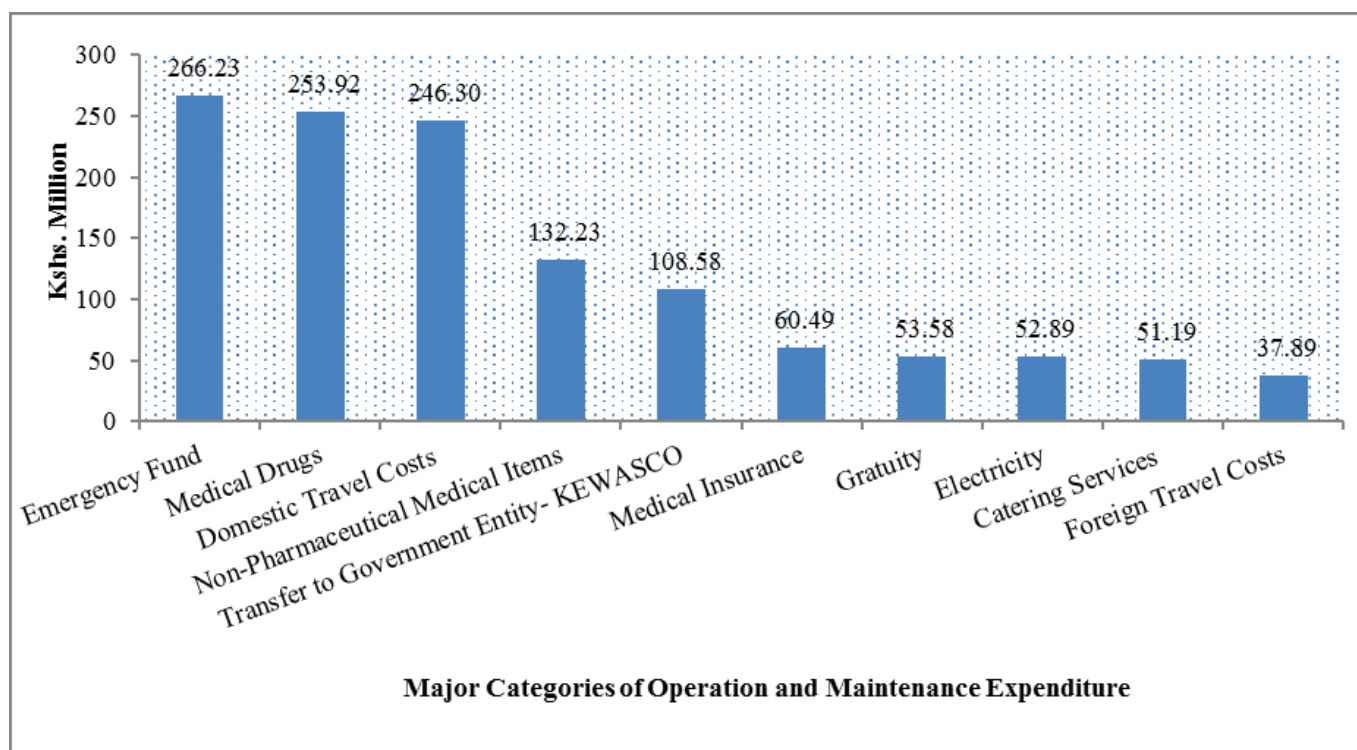
Source: Kericho County Treasury

Expenditure on Compensation to Employees was 41.9 per cent of the total expenditure for the fiscal year and represented an increase of 1.1 per cent compared to FY 2018/19 when the County spent Kshs.2.69 billion.

3.13.7 Analysis of Operations and Maintenance Expenditure

Figure 3-25 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-25: Kericho County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kericho County Treasury

The County spent Kshs.49.56 million on Committee Sitting Allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.56.24 million. The average monthly sitting allowance was Kshs.86,042 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.246.30 million and comprised of Kshs.125.94 million spent by the County Assembly and Kshs.120.36 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.37.89 million and comprised of Kshs.15.36 million spent by the County Assembly and Kshs.22.53 million by the County Executive.

3.13.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.77 billion represented 45.9 per cent of the annual development budget of Kshs.3.86 billion and represented an increase of 20.4 per cent compared to FY 2018/19 when the County spent Kshs.1.47 billion. Table 3-58 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-58: Kericho County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of drainage structures and tarmacking of minor roads in Londiani Town	Kedowa/Kimugul	57,719,159	57,719,159	100.0
2	Kericho Town Stormwater drainage	Kericho Town	138,859,917	29,820,348	21.5
3	Rehabilitation And Construction of Kimologist Water Supply	Kamasian Ward	26,465,632	26,465,632	100.0
4	Supply of bulk water to bureti	Bureti	25,000,000	25,000,000	100.0
5	Supply and delivery of assorted Medical Equipment	Level 2 and 3 facilities	24,560,300	24,560,300	100.0
6	Kipkobob Water Project	Chemosot	120,000,000	19,123,848	15.9
7	Kericho town non-motorized transport	Kericho Town	51,782,168	18,914,418	36.5
8	Purchase of Medical Equipment	KCRH – Kericho Town	13,956,000	13,956,000	100.0
9	Construction of fire station, fencing and beautification of Uhuru garden	Kericho Town	46,942,144	13,458,651	28.7
10	Compensation of KEWASCO (Toror) Land	Kapcheptoror	15,000,000	10,000,000	66.7

Source: Kericho County Treasury

3.13.9 Budget Performance by Department

Table 3-59 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-59: Kericho County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Services	690.83	32.00	690.79	11.36	690.79	11.36	100	100	100	35.5
Public Service & Administration	283.03	16.22	266.64	3.25	263.86	3.25	99.0	100	93.2	20.0
Office of the Governor & Deputy governor	165.73	-	165.08	-	165.08	-	100	-	99.6	-
County Public Service Board	72.35	-	55.54	-	49.46	-	89.1	-	68.4	-
Finance & Economic Planning	525.19	109.22	507.88	96.72	508.48	96.72	100.1	100	96.8	88.6
Health Services	2,121.41	565.49	2,135.45	470.33	2,163.74	319.75	101.3	68.0	102	56.5
Agriculture, Livestock Development & Fisheries	191.88	295.56	179.34	189.79	162.22	45.85	90.5	24.2	84.5	15.5
Education, Youth, Children, Culture & Social Services	301.46	273.44	259.45	66.55	258.12	52.17	99.5	78.4	85.6	19.1

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
Public Works, Roads & Transport	85.84	1,249.94	84.10	1,219.99	84.10	831.55	100.0	68.2	98.0	66.5
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	67.63	20.97	60.86	52.77	56.19	20.47	92.3	38.8	83.1	97.6
Water, Energy, Natural Resources & Environment	171.45	539.34	159.45	270.50	148.35	270.50	93.0	100	86.5	50.2
Land, Housing & Physical Planning	85.28	629.82	81.58	66.56	82.32	34.15	100.9	51.3	96.5	5.4
Information, Communication & E-Government	126.66	125.38	93.70	125.38	95.74	85.65	102.2	68.3	75.6	68.3
Total	4,888.74	3,857.39	4,739.85	2,573.20	4,728.46	1,771.43	99.8	68.8	96.7	45.9

Source: Kericho County Treasury

Analysis of expenditure by department shows that the Department of Trade, Industrialization, Tourism, Wildlife & Cooperative Development recorded the highest absorption rate of development budget at 97.6 per cent while the Department of Land, Housing & Physical Planning recorded the lowest at 5.4 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to recurrent budget at 102 per cent while the County Public Service Board had the lowest at 68.4 per cent. The Health Department expenditure exceeded its allocation on account of an additional allocation of Kshs.28.29 million for COVID-19 interventions but which was not regularized in the Supplementary Budget.

3.13.10 Budget Execution by Programmes and Sub-Programmes

Table 3- 60 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-60 : Kericho County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub-Programme	Approved Estimates (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementation Status (%)
		A	B	C=A-B	D=B/A*100
Governor's Office					
County Coordination Services	County Coordination Services	142,296,799	142,038,064	258,736	99.8
Public Sector Advisory Services	Economic and Social Advisory Service	23,432,859	23,041,351	391,508	98.3
Sub Total		165,729,658	165,079,415	650,244	99.6
Finance And Economic Planning					
Administration, Planning And Support Services.	Administration Services.	568,782,744	544,331,724	24,451,020	95.7
Administration, Planning And Support Services.	Monitoring Budget Implementation and Reporting	20,678,041	18,756,240	1,921,801	90.7
Public Finance Management	Budget Formulation Coordination and management	36,607,709	35,146,729	1,460,980	96.0
Audit Services	County Audit	8,346,980	6,971,157	1,375,823	83.5
Subtotal		634,415,474	605,205,850	29,209,624	95.4
Agriculture, Livestock And Fisheries					
Policy, Strategy And Management Of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	38,250,822	31,332,327	6,918,495	81.9
Crop Development And Management	Agriculture Extension Services	366,480,960	110,949,477	255,531,483	30.2

Programme	Sub-Programme	Approved Estimates (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementation Status (%)
		A	B	C=A-B	D=B/A *100
Livestock Resource Management And Development	Livestock Disease Management and Control.	9,489,873	9,196,895	292,978	96.9
Livestock Resource Management And Development	Livestock Production and Extension Services	64,287,746	51,297,175	12,990,571	79.7
Fisheries Development	Management and Development of Capture Fisheries	8,930,057	5,294,838	3,635,219	59.2
Subtotal		487,439,458	208,070,712	279,368,746	42.6
Water, Energy, Natural Resources And Environment					
Environment Policy Development And Coordination	Planning Coordination Policy and Administrative Services	176,018,570	133,503,094	42,515,476	75.8
Water Supply Services	Rural Water Supply	534,773,551	285,348,443	249,425,108	53.3
		710,792,121	418,851,537	291,940,584	58.9
Education, Youth Affairs, Children, Culture And Social Services					
General Administration & Planning Services.	Policy Development and Administration	269,755,668	226,045,854	43,709,814	83.8
Basic Education	Early Childhood Development Education	292,870,812	78,763,409	214,107,403	26.8
Gender And Social Development	Social Welfare Services/Social Infrastructure Development	12,270,000	5,481,589	6,788,411	44.6
		574,896,480	310,290,852	264,605,628	53.9
Health Services					
Curative Health	Administration and Planning	1,019,777,428	984,493,780	35,283,648	96.5
Curative Health	Hospital(curative)Services	125,537,188	129,770,517	(4,233,329)	103.3
Preventive And Promotive Health	Preventive Medicine and Promotive Health	1,541,590,204	1,369,226,783	172,363,421	88.8
		2,686,904,820	2,483,491,079	203,413,741	92.4
Lands, Housing And Physical Planning					
Administration And Support Services	General Administration and Planning	42,532,026	39,756,691	2,775,335	93.4
Housing Development And Human Resource	Housing Development	49,628,668	35,975,432	13,653,236	72.4
Land Policy And Planning	Development Planning and Land Reforms	613,817,177	33,429,272	580,387,905	5.4
Land Policy And Planning	Land Use Planning	9,125,048	7,306,186	1,818,862	80.0
		715,102,919	116,467,581	598,635,338	16.2
Public Works, Roads And Transport					
Transport Management And Safety	General Administration Planning and Support Services	39,425,059	29,823,974	9,601,085	75.6
Infrastructure, Roads And Transport	Rehabilitation of Road	1,168,291,300	757,777,103	410,514,197	64.8
Infrastructure, Roads And Transport	Maintenance of Roads and Bridges/Periodic Maintenance	128,065,562	128,052,228	13,334	99.9
		1,335,781,921	915,653,305	420,128,616	68.55%
Trade, Industrialisation, Tourism, Wildlife And Cooperative Management					
Trade Development And Investment	Fair trade Practices and Consumer Protection (weight & measures)	59,834,233	52,642,455	7,191,778	87.9
Trade Development And Investment	Administrative and Support Services.	15,387,704	10,807,066	4,580,638	70.2
Cooperative Development And Management	Cooperative Advisory & Extension Services.	13,372,940	13,209,012	163,928	98.7

Programme	Sub-Programme	Approved Estimates (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementation Status (%)
		A	B	C=A-B	D=B/A *100
Tourism Development And Marketing	Local Tourism Development.	-	-	-	-
		88,594,877	76,658,532	11,936,345	86.5
ICT And E-Government					
Information & Communication Service	News and Information Services	107,765,110	74,949,878	32,815,232	69.5
Information & Communication Service	ICT and BPO development services	144,274,635	106,444,666	37,829,969	73.7
		252,039,745	181,394,544	70,645,201	71.9
County Public Service Board					
Administration Of Human Resources And Public Service	Establishment, Appointment, Discipline and Board Management	72,353,222	49,464,934	22,888,288	68.3
		72,353,222	49,464,934	22,888,288	68.3
Public Service Management					
Administration Of Human Resources And Public Service	General Administration, Planning and Support Services	60,672,677	39,961,713	20,710,964	65.8
Administration Of Human Resources And Public Service	Human Resource Development	238,577,033	227,148,627	11,428,406	95.2
		299,249,710	267,110,340	32,139,370	89.2
County Assembly					
Legislation And Administration Of Human Resources And Public Service	Administration of Human Resources and Public Service	14,959,130	14,955,722	3,408	100
	Policy planning, general administration and support services	307,323,831	286,662,265	20,661,566	93.3
	Legislative Service and Oversight	400,542,582	400,533,334	9,248	100
Grand Total		8,746,125,948	6,499,890,001	2,246,235,947	74.3

Source: Kericho County Treasury

Based on expenditure absorption rate as shown in Table 3-60 the highest-absorbing programs were: Curative Health at 103.7 per cent, Infrastructure, Roads and Transport at 99.9 per cent, County Coordination Services at 99.8 per cent, and Cooperative development and management at 98.8 per cent of budget allocation.

3.13.11 Key Observations and Recommendations

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

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

2. The Under performance of own revenue at Kshs.473.73 million against an annual projection of Kshs.711.64 million. The realised own source revenue represented 67 per cent of its annual target.
3. Weak budgetary control practices by the County Treasury as shown in Table 3-59 and Table 3-60 where the County incurred expenditure above approved exchequer allocations.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the available cash. Further, all unspent cash should be refunded into the CRF in line with Section 136 (2) of the PFM Act, 2012.*

3.14 County Government of Kiambu

3.14.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.17.86 billion, comprising of Kshs.6.21 billion (34.8 per cent) and Kshs.11.65 billion (65.2 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.9.43 billion (52.8 per cent) being the equitable share of revenue raised nationally, Kshs.3.69 billion (20.7 per cent) as total conditional grants, generate Kshs.3.54 billion (19.8 per cent) from own sources of revenue, and the cash balance of Kshs.1.19 billion (6.7 per cent) from FY 2018/19.

3.14.2 Revenue Performance

During FY 2019/20, the County received Kshs.8.62 billion as the equitable share of the revenue raised nationally, Kshs.2.94 billion as total conditional grants, raised Kshs.2.47 billion as own-source revenue, and had a cash balance of Kshs.1.19 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.15.22 billion as shown in Table 3-61.

Table 3-61: Kiambu County, Revenue Performance in FY 2019/20

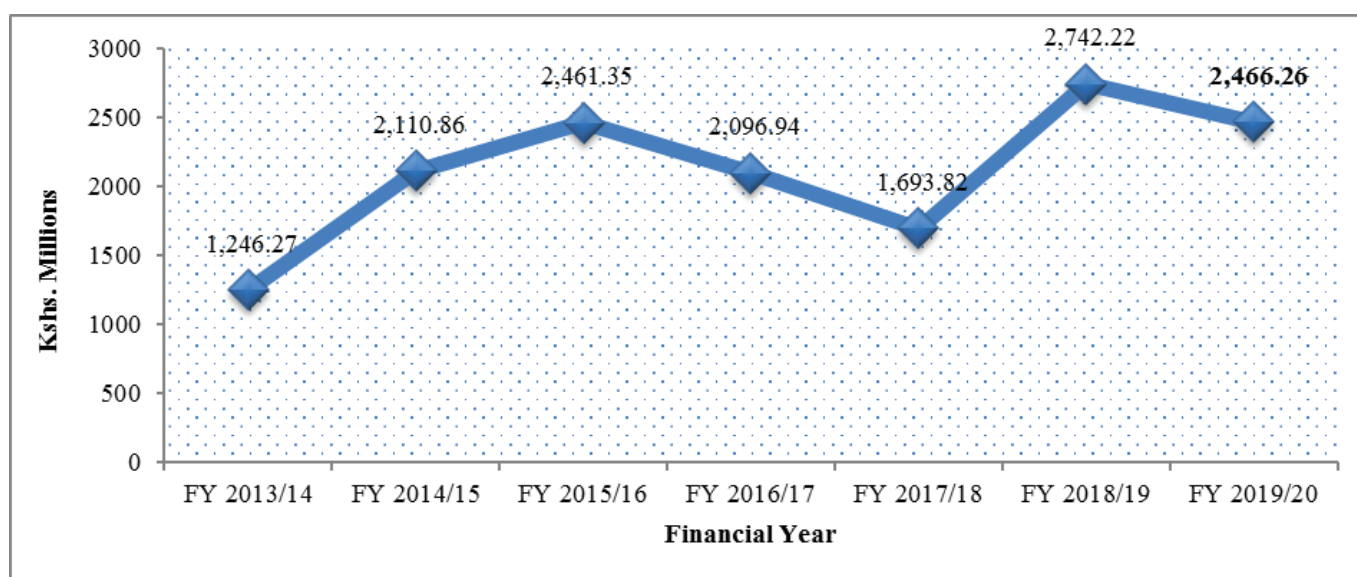
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs.)	Annual Budget Allocation (in Kshs.)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	9,431,700,000	9,431,700,000	8,620,573,800	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Conditional Grants to Level-5 Hospitals	538,716,763	538,716,763	538,716,763	100.0
2.	Compensation for User Fee Foregone	34,671,542	34,671,542	34,671,542	100.0
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	267,725,063	267,725,063	267,725,062	100.0
5.	Rehabilitation of Village Polytechnics	55,113,298	55,113,298	55,113,298	100.0
6.	COVID-19 Grant	-	185,492,000	185,492,000	100.0
	Sub-Total	1,028,141,560	1,213,633,560	1,081,718,665	89.1
C	Loans and Grants from Development Partners				
7.	Transforming Health systems for Universal care Project (WB)	80,079,440	80,079,440	80,079,440	100.0
8.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	331,195,210	331,195,210	230,751,500	69.7
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	1,885,993,000	1,885,993,000	1,348,935,361	71.5

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs.)	Annual Budget Allocation (in Kshs.)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
11.	DANIDA Grant	27,937,500	27,937,500	27,937,500	100.0
12.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	73,731,600	-	-
13.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,404,219	17,404,219	11,452,110	65.8
14.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
Sub Total		2,381,409,369	2,455,140,969	1,737,955,911	70.8
D	Other Grants				
15.	Other Loans and Grants- MSF	-	25,764,540	-	-
16.	DANIDA COVID Grant	-	-	10,430,000	-
17.	COVID-19 MOH Grant	-	-	106,635,000	-
Sub Total		-	25,764,540	117,065,000	-
E	Other Sources of Revenue				
18.	Own Source Revenue	-	3,540,846,061	2,466,256,111	69.7
19.	Balance b/f from FY2018/19	-	1,194,751,803	1,194,751,803	100.0
Sub Total		-	4,735,597,864	3,661,007,914	77.3
Grand Total		12,841,250,929	17,861,836,933	15,218,321,290	85.2

Source: Kiambu County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-26.

Figure 3-26: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Kiambu County Treasury

During FY 2019/20, the County generated a total of Kshs.2.47 billion as own-source revenue. This amount represented a decrease of 10.1 per cent when compared to Kshs.2.74 billion realised in FY 2018/19, and represented 69.7 per cent of the annual target. The decrease can be attributed to the economic effects of the COVID -19 pandemic.

3.14.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs14.81 billion from the CRF account during the reporting period. This amount comprised of Kshs.4.50 billion (30.4 per cent) for Development programmes and Kshs.10.31 billion (69.6 per cent) for Recurrent programmes.

3.14.4 Overall Expenditure Review

A total of Kshs.14.97 billion was spent on Development and Recurrent programmes and represented 101.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.4.41 billion and Kshs.10.56

billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 71 per cent while that incurred on recurrent programmes represented an absorption rate of 90.7 per cent.

3.14.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.4.51 billion as at June 30, 2020. These bills consisted of Kshs.2.71 billion for development activities and Kshs.1.8 billion for recurrent expenditure.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.7.19 billion was spent on Compensation to Employees, Kshs.3.37 billion on Operations and Maintenance, and Kshs.4.41 billion on Development expenditure.

Table 3-62: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget	Exchequer Issues	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
	(Kshs.)	(Kshs.)			
Total Recurrent Expenditure	11,651,488,203	10,308,928,942	10,563,316,431	70.5	90.7
Compensation to Employees	7,297,857,969	6,979,909,138	7,191,684,571	48	98.5
Operations and Maintenance	4,353,630,234	3,329,019,804	3,371,631,860	22.5	77.4
Total Development Expenditure	6,210,348,730	4,503,889,938	4,411,326,515	29.5	71
Development Expenditure	6,210,348,730	4,503,889,938	4,411,326,515	29.5	71
Total	17,861,836,933	14,812,818,880	14,974,642,946	100	83.8

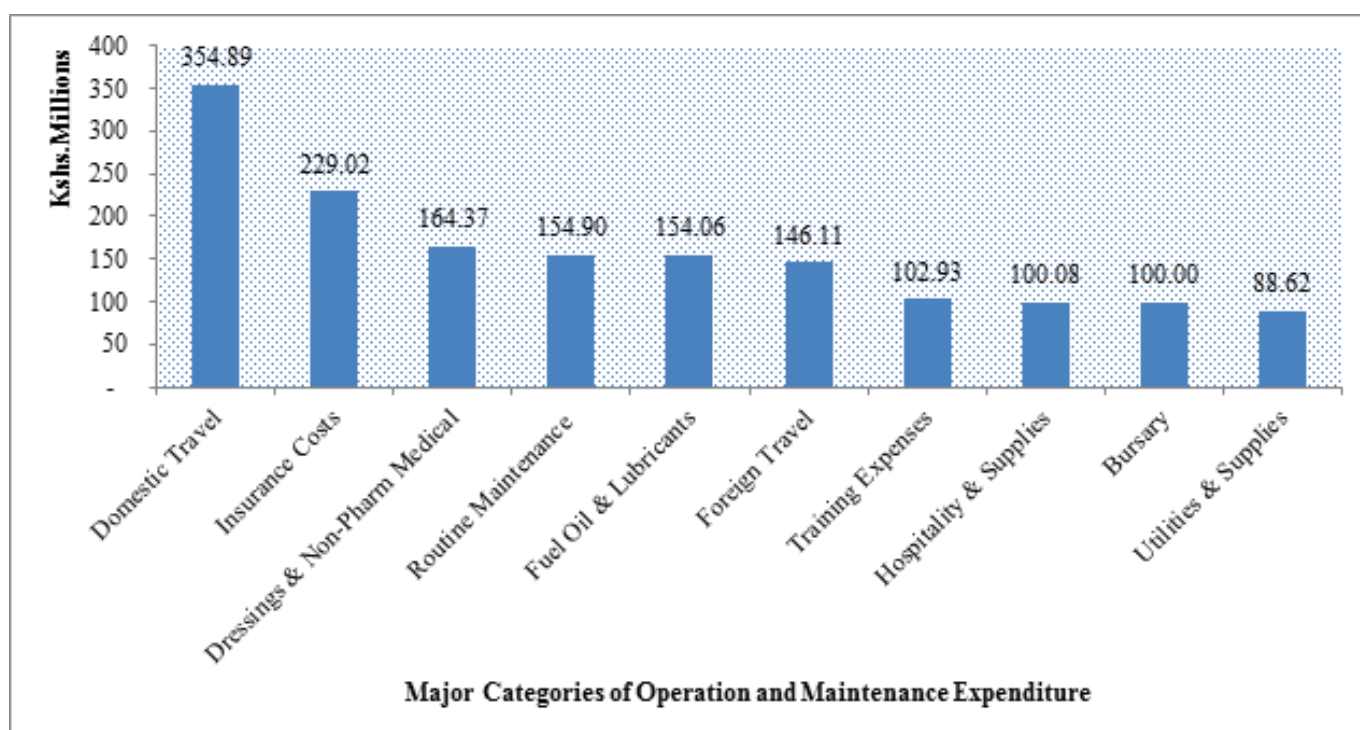
Source: Kiambu County Treasury

Expenditure on Compensation to Employees was 48 per cent of the total expenditure for the financial year and represented an increase of 6 per cent compared to FY 2018/19 when the County spent Kshs.6.78 billion.

3.14.7 Analysis of Operations and Maintenance Expenditure

Figure 3-27 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-27: Kiambu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kiambu County Treasury

The County spent Kshs.91.79 million on Committee Sitting Allowances for the 92 MCAs and Speaker against the annual budget allocation of Kshs.104.50 million. The average monthly sitting allowance was Kshs.82,248 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.354.89 million and comprised of Kshs.164.88 million spent by the County Assembly and Kshs.194.00 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.146.11 million and comprised of Kshs.98.86 million spent by the County Assembly and Kshs.47.25 million by the County Executive.

3.14.8 Development Expenditure Analysis

The Development expenditure of Kshs.4.41 billion represented 71 per cent of the annual development budget of Kshs.6.21 billion and represented a decrease of 1.9 per cent compared to FY 2018/19 when the County spent Kshs.4.5 billion. Table 3-63 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-63: Kiambu County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of 4-storeyed type medical ward block at Tigoni level 4 hospital	Tigoni/Ngecha	160,740,400	82,786,856	51.5
2	Purchase of certified seed and seedlings	All Wards	51,516,358	50,380,867	97.8
3	Construction of level 4 hospital at Githunguri health centre	Githunguri	676,000,000	39,546,042	5
4	Construction of Limuru market	Limuru sub-county	45,168,350	38,442,570	85.1
5	Construction of 4-storeyed type medical ward block at Lari sub-district hospital	Lari/Kirenga	191,807,905	32,833,222	17.1
6	Rehabilitation of Dagoretti market	Kikuyu sub-county	40,642,228	30,894,348	76.0
7	Construction of Juja sub-county offices	Juja	49,459,500	25,355,890	51.3
8	Supply of Tigoni-Gachororo 10km 4" water HDPE pipes	Kiambaa sub county	21,000,000	19,916,460	94.8
9	Proposed construction of office at Red Nova Kiambu	Kiambu, Red Nova	50,999,910	17,156,339	33.6
10	Supply and delivery of pipes and fittings to Up-lands water and sanitation company	Limuru sub-county	16,000,000	15,394,197	96.2

Source: Kiambu County Treasury

3.14.9 Budget Performance by Department

Table 3-64 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-64: Kiambu County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,160.72	34.00	996.37	-	996.37	-	100.0	-	85.8	0.0
County Executive	411.66	-	323.97	-	348.20	-	107.5	-	84.6	-
County Public Service Board	68.42	-	56.40	-	54.44	-	96.5	-	79.6	-
Finance and Economic Planning	1,755.09	408.76	1,537.02	135.21	1,596.75	224.69	103.9	166.2	91.0	55.0
Administration, Public Service & Communication	751.13	25.04	700.42	25.04	698.96	19.45	99.8	77.7	93.1	77.7

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Crop Production and Irrigation	519.49	525.32	422.59	353.34	438.75	368.06	103.8	104.2	84.5	70.1
Water, Energy, Environment and Natural Resources	298.96	246.79	285.13	126.83	281.15	80.71	98.6	63.6	94.0	32.7
Health Services	4,889.33	950.47	4,282.54	851.81	4,534.76	812.27	105.9	95.4	92.7	85.5
Education, Youth, Sports, Culture and Social Services	815.42	160.44	791.04	119.77	783.21	109.03	99.0	91.0	96.0	68.0
Youth and Sports	178.01	61.32	159.48	51.23	146.41	49.10	91.8	95.9	82.2	80.1
Lands, Physical Planning and Housing	234.57	1,939.89	216.36	1,374.45	197.40	1,399.03	91.2	101.8	84.2	72.1
Trade, Tourism, Industry and Co-operative	135.94	232.09	126.53	94.64	101.01	89.03	79.8	94.1	74.3	38.4
Roads, Transport and Public Works	432.73	1,626.24	411.08	1,371.58	385.91	1,259.95	93.9	91.9	89.2	77.5
Total	11,651.49	6,210.35	10,308.93	4,503.89	10,563.32	4,411.33	102.5	97.9	90.7	71.0

Source: Kiambu County Treasury

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 85.5 per cent while the County Assembly did not report expenditure on development activities. The Department of Education, Youth, Sports, Culture and Social Services had the highest percentage of recurrent expenditure to recurrent budget at 96.0 per cent while the Department of Trade, Tourism, Industry and Co-operative had the lowest at 74.3 per cent.

3.14.10 Budget Execution by Programmes and Sub-Programmes

Table 3-65 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-65 : Kiambu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Crop Production and Irrigation					
	General administration and support services	517,298,470	436,864,162	80,434,308	84.5
	Livestock resource management and development	59,716,466	38,717,446	20,999,020	64.8
0101004060 Crop, Livestock and Fisheries Development and Management	Fisheries Development	7,620,000	2,569,448	5,050,552	33.7
	Crop production and management	460,172,440	328,661,963	131,510,477	71.4
		1,044,807,376	806,813,019	237,994,357	77.2
Sub Total		1,044,807,376	806,813,019	237,994,357	77.2
Lands, Physical Planning and Housing					
	Planning & Housing Administration	184,571,527	155,434,175	29,137,352	84.2

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
0102004060 Land Management and Physical Planning; & Housing Development	Land Management and Physical Planning	50,879,331	44,028,822	6,850,509	86.5
		235,450,858	199,462,997	35,987,861	84.7
0105004060 Municipal Administration & Urban Development	Municipal Administration and Urban Development	1,939,012,869	1,396,965,099	542,047,770	72.0
		1,939,012,869	1,396,965,099	578,035,631	72.0
Sub Total		2,174,463,727	1,596,428,096	578,035,631	73.4
Roads, Transport and Public Works					
0201004060 Maintenance of Roads, Bridges, Land Transport, Construction & Maintenance	Construction of road and civil works	1,626,241,958	1,259,946,742	366,295,216	77.5
		1,626,241,958	1,259,946,742	366,295,216	77.5
0202004060 Administration, planning & support	General Administration and Support services	432,734,930	385,912,270	46,822,660	89.2
		432,734,930	385,912,270	46,822,660	89.2
Sub Total		2,058,976,888	1,645,859,012	413,117,876	79.9
Trade, Tourism, Industry and Co-operative					
	General administration and support services	135,944,538	101,006,643	34,937,895	74.3
	Trade, Industrial Development and Investments	160,618,180	61,864,910	98,753,270	38.5
	Tourism Development and Promotion	22,950,128	15,691,268	7,258,860	68.4
0301004060 Industrial, Investments, Tourism, Trade and Co-operative Development	Cooperative Development and promotion	10,851,744	3,020,849	7,830,895	27.8
	Enterprise Development	37,670,650	8,457,417	29,213,233	22.5
		368,035,240	190,041,087	177,994,153	51.6
Sub Total		368,035,240	190,041,087	177,994,153	51.6
Health Services					
0401004060 Curative and preventive health care services	Health curative services	848,499,051	633,904,540	214,594,511	74.7
		848,499,051	633,904,540	214,594,511	74.7
0402004060 Administration, Planning and Support Services	General Administration and Support Services	3,625,998,747	3,581,751,351	44,247,396	98.8
		3,625,998,747	3,581,751,351	44,247,396	98.8
0403004060 Preventive Health Services	Community Health Services	149,335,906	65,898,010	83,437,896	44.1
		149,335,906	65,898,010	83,437,896	44.1
0404004060 Curative and Rehabilitative Health Services	County Hospital Infrastructure	930,467,562	798,320,857	132,146,705	85.8
		930,467,562	798,320,857	132,146,705	85.8
0405004060 County Pharmaceutical Services	Pharmaceutical and Non Pharmaceutical supplies	285,492,000	267,157,547	18,334,453	93.6
		285,492,000	267,157,547	18,334,453	93.6
Sub Total		5,839,793,266	5,347,032,305	492,760,961	91.6
Education, Youth, Sports, Culture and Social Services					
0501004060 Pre-primary education, Promotion of Culture; ICT and social Services	Pre primary education and youth polytechnics services	154,180,650	107,275,048	46,905,602	69.6
		154,180,650	107,275,048	46,905,602	69.6
0502004060 General Administration and Support Services	General Administration and support Services	687,829,623	667,520,059	20,309,564	97.0
		687,829,623	667,520,059	20,309,564	97.0
0503004060 Pre-primary education, Vocational Education and Training	Early Childhood Development	123,847,738	116,505,329	7,342,409	94.1
	Vocational Training Centres	10,000,000	933,000	9,067,000	9.3

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
		133,847,738	117,438,329	16,409,409	87.7
Sub Total		975,858,011	892,233,436	83,624,575	91.4
County Assembly					
General Administration and support services	General Administration and support services	436,275,461	312,260,665	124,014,796	71.6
		436,275,461	312,260,665	124,014,796	71.6
Representation services	Representation services	144,015,268	105,221,992	38,793,276	73.1
		144,015,268	105,221,992	38,793,276	73.1
0701004060 Legislation and Oversight of County Government	Legislation and Oversight services	614,432,806	578,890,300	35,542,506	94.2
		614,432,806	578,890,300	35,542,506	94.2
Sub Total		1,194,723,535	996,372,958	198,350,577	83.4
County Executive					
	General Administration and support services	352,437,320	292,643,425	59,793,895	83.0
0702004060 Leadership and Coord of County Administration and Departments	Public Sector Advisory Services	59,224,438	55,553,130	3,671,308	93.8
		411,661,758	348,196,555	63,465,203	84.6
Sub Total		411,661,758	348,196,555	63,465,203	84.6
County Public Service Board					
0703004060 Leadership and Admin of HR management and development in County Public Service	Human Resource development and management services	68,417,805	54,444,395	13,973,410	79.6
		68,417,805	54,444,395	13,973,410	79.6
Sub Total		68,417,805	54,444,395	13,973,410	79.6
Finance and Economic Planning					
	General Administration and support services	1,897,646,117	1,576,271,556	321,374,561	83.1
	financial management services	236,131,170	220,956,525	15,174,645	93.6
0704004060 Public Finance Management and Economic Policy and Strategy	Economic planning services	30,073,566	24,214,527	5,859,039	80.5
		2,163,850,853	1,821,442,608	342,408,245	84.2
Sub Total		2,163,850,853	1,821,442,608	342,408,245	84.2
Administration, and Public Service and Communication					
	General administration and support services	727,952,728	670,761,284	57,191,444	92.1
0705004060 Admin & co-ord of county affairs, HR Dev, Management, Capacity Building	Human resource development and management	48,215,518	47,647,303	568,215	98.8
		776,168,246	718,408,587	57,759,659	92.6
Sub Total		776,168,246	718,408,587	57,759,659	92.6
Youth and Sports					
0901004060 Promotion and development of sports; Youth services	General administration and support services	178,180,802	146,411,323	31,769,479	82.2
		178,180,802	146,411,323	31,769,479	82.2
902004060 ICT Services	ICT Services	61,152,751	49,103,838	12,048,913	80.3
		61,152,751	49,103,838	12,048,913	80.3
Sub Total		239,333,553	195,515,161	43,818,392	81.7
Water, Energy, Environment and Natural Resources					
	Environmental management	45,169,300	20,892,972	24,276,328	46.3

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
1001004060 Water Resources Management, Environment Protection and Conservation	Water provision and management	201,617,492	59,815,841	141,801,651	29.7
		246,786,792	80,708,813	166,077,979	32.7
1002004060 General Administration Planning and Support Services	General Administration and Support Services	298,959,883	281,146,914	17,812,969	94.0
		298,959,883	281,146,914	17,812,969	94.0
Sub-Total		545,746,675	361,855,727	183,890,948	66.3
Grand Total		17,861,836,933	14,974,642,946	2,887,193,987	83.8

Source: Kiambu County Treasury

Based on expenditure absorption rate as shown in Table 3-65, the programs with the highest absorption rates were: Administration, Planning and Support Services (Health Services) at 98.8 per cent, Administration & Co-ordination of County Affairs, HR Development and Capacity Building (Administration, and Public Service and Communication) at 98.8 per cent, and General Administration and Support Services (Education, Youth, Sports, Culture and Social Services) 97.0 per cent of budget allocation.

3.14.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 48 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. The underperformance of own revenue at Kshs.2.47 billion against an annual projection of Kshs.3.54 billion. The realised own source revenue represented 69.7 per cent of its annual target.
4. High outstanding pending bills which amounted to Kshs.4.5 billion as at end of FY 2019/20.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
3. *The County should develop and implement strategies to enhance own -source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should ensure finalized and ongoing works/contracts are the first charge in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.15 County Government of Kilifi

3.15.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.15.03 billion, comprising of Kshs.5.78 billion (38.4 per cent) and Kshs.9.25 billion (61.6 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.10.44 billion (69.5 per cent) as the equitable share of revenue raised nationally, Kshs.2.55 billion (17 per cent) as total conditional grants, generate Kshs.1.1 billion (7.3 per cent) from own sources of revenue, and the cash balance of Kshs.936.52 million (6.2 per cent) from FY 2018/19.

3.15.2 Revenue Performance

During FY 2019/20, the County received Kshs.9.54 billion as equitable share of the revenue raised nationally, Kshs.1.29 billion as total conditional grants, raised Kshs.788.78 million as own-source revenue, and had a cash balance of Kshs.889.13 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.12.51 billion as shown in Table 3-66.

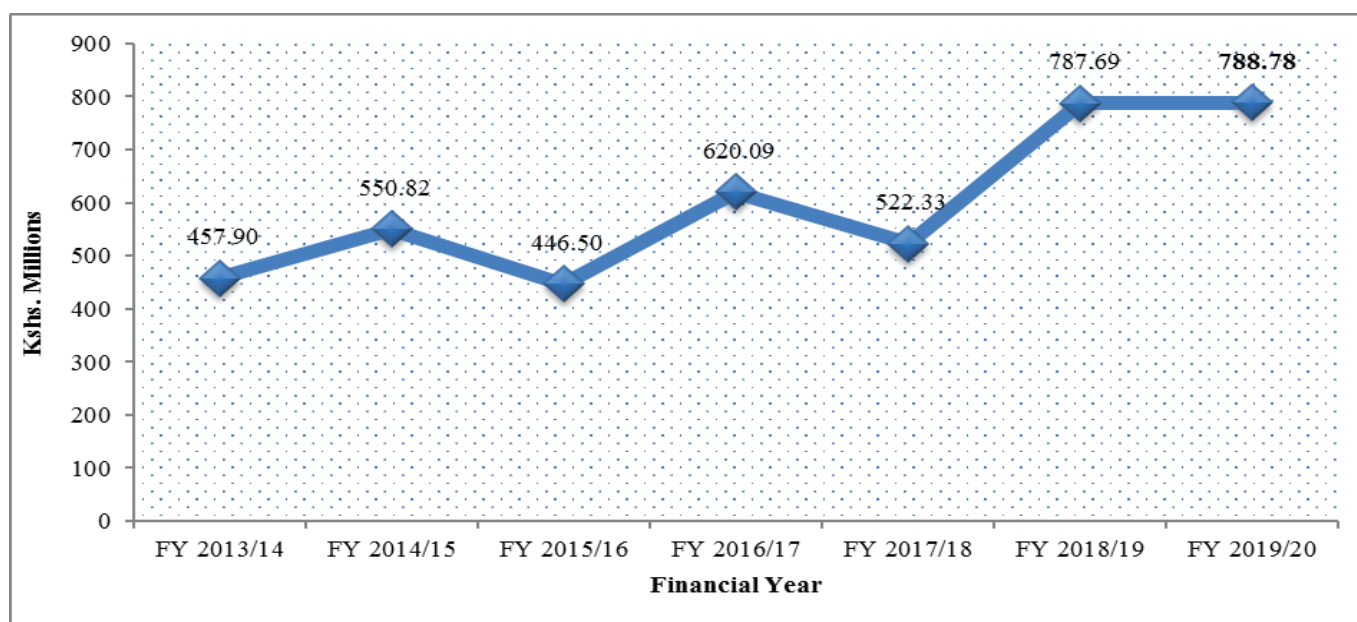
Table 3-66: Kilifi County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,444,500,000	10,444,500,000	9,546,273,000	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	26,056,268	26,056,268	25,969,864	99.7
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	320,311,580	320,311,580	296,474,063	92.6
4.	Rehabilitation of Village Polytechnics	58,863,298	58,863,298	58,863,298	
	Sub Total	537,146,040	537,146,040	381,307,225	71.0
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	137,494,851	137,494,851	118,565,287	86.2
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	204,559,883	58.5
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	32,858,910	32,858,910	30,000,000	91.3
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	330,534,500	330,534,500	245,211,097	74.2
9.	DANIDA Grant	44,850,320	44,850,320	32,343,750	72.1
10.	DANIDA Grant-COVID 19	-	-	12,075,000	-
11.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	600,000,000	600,000,000	45,015,440	7.5
12.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	153,800,563	153,800,563		-
13.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,723,695	19,723,695	12,611,847	63.9
14.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	-	-
15.	SlovakAid-Desktop Support for Vocational Training	-	1,140,000	-	-
16.	Covid 19 Response	-	296,052,000	205,947,000	69.6
	Sub Total	1,719,262,839	2,016,454,839	906,329,304	45.0
D	Other Sources of Revenue				
17.	Own Source Revenue	-	1,100,000,000	788,782,226	71.7
18.	Balance b/f from FY2018/19	-	936,521,064	889,125,696	94.9
	Sub Total	-	2,036,521,064	1,677,907,922	82.4
	Grand Total	12,700,908,879	15,034,621,943	12,511,817,451	83.2

Source: Kilifi County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-28.

Figure 3-28: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Kilifi County Treasury

During FY 2019/20, the County generated a total of Kshs.788.78 million as own-source revenue. This amount represented an increase of 0.1 per cent when compared to Kshs.787.78 million realised in FY 2018/19, and represented 71.7 per cent of the annual target.

3.15.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.11.73 billion from the CRF account during the reporting period. This amount comprised of Kshs.3.89 billion (33.2 per cent) for Development programmes and Kshs.7.65 billion (66.8 per cent) for Recurrent programmes.

3.15.4 Overall Expenditure Review

A total of Kshs.11.32 billion was spent on Development and Recurrent programmes and represented 96.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.3.67 billion and Kshs.7.65 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 63.5 per cent while that incurred on recurrent programmes represented an absorption rate of 82.7 per cent.

3.15.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.14 billion as at June 30, 2020. These bills consisted of Kshs.523.89 million for development activities and Kshs.611.53 million for recurrent expenditure.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.4.13 billion was spent on Compensation to Employees, Kshs.3.52 billion on Operations and Maintenance, and Kshs.3.67 billion on Development expenditure.

Table 3-67: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	9,254,121,776	7,835,872,297	7,653,151,991	67.6	82.7
Compensation to Employees	4,223,260,347	4,129,384,383	4,129,384,383	36.5	97.8
Operations and Maintenance	5,030,861,429	3,706,487,914	3,523,767,608	31.1	70
Total Development Expenditure	5,780,500,172	3,891,621,997	3,671,474,045	32.4	63.5
Development Expenditure	5,780,500,172	3,891,621,997	3,671,474,045	32.4	63.5
Total	15,034,621,948	11,727,494,294	11,324,626,036	100	75.3

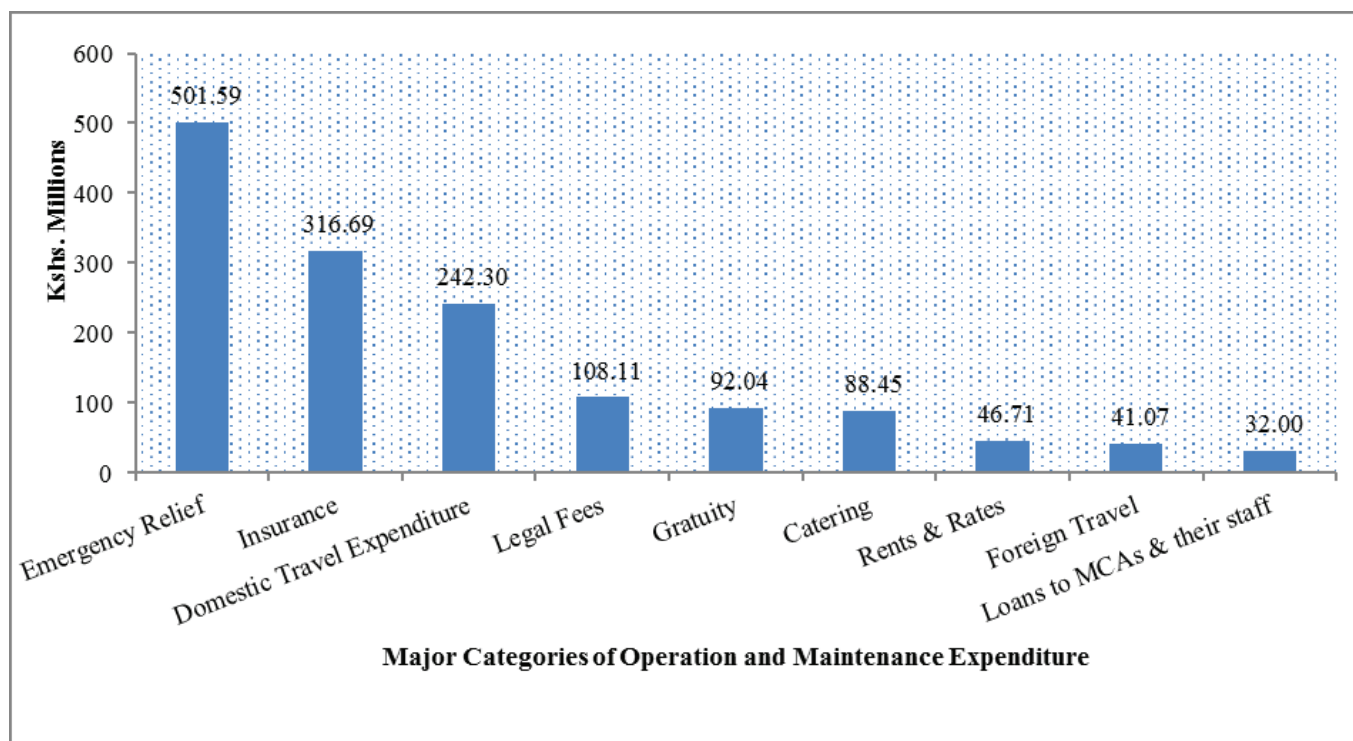
Source: Kilifi County Treasury

Expenditure on Compensation to Employees was 36.5 per cent of the total expenditure for the financial year and represented an increase of 103.4 per cent compared to FY 2018/19 when the County spent Kshs.2.03 billion.

3.15.7 Analysis of Operations and Maintenance Expenditure

Figure 3-29 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-29: Kilifi County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kilifi County Treasury

The County spent Kshs.54.03 million on Committee Sitting Allowances for the 56 MCAs and Speaker against the annual budget allocation of Kshs.55 million. The average monthly sitting allowance was Kshs.80,401 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.242.30 million and comprised of Kshs.100.29 million spent by the County Assembly and Kshs.142 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.41.07 million and comprised of Kshs.18.83 million spent by the County Assembly and Kshs.22.24 million by the County Executive.

3.15.8 Development Expenditure Analysis

The Development expenditure of Kshs.3.67 billion represented 63.5 per cent of the annual development budget of Kshs.5.78 billion and represented an increase of 2.7 per cent compared to FY 2018/19 when the County spent Kshs.3.57 billion. Table 3-68 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-68: Kilifi County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Department	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
1	Roads Maintenance Levy Fund	Roads	320,311,580	296,474,063	92.6
2	National Agricultural and Rural Inclusive Growth Project (NARIGP)	Agriculture	350,000,000	204,559,884	58.4
3	construction of Malindi beach road	Roads	130,000,000	130,000,000	100.0
4	Mbegu Fund	Trade	105,000,000	105,000,000	100.0
5	Construction of hospital complex	Health	120,056,764	97,899,540	81.5
6	Upgrading of A7(Mzambarauni/Mtwapa Health Centre road) to Bitument standard	Roads	80,139,071	80,139,071	100.0

S/No.	Project Name	Department	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
7	Completion of Mtwapa Bus Park	Roads	57,000,000	57,000,000	100.0
8	Purchase 1 Bulldozer	Agriculture	41,789,000	41,789,000	100.0
9	Agriculture Sector Development Support Project (co-funding)	Agriculture	25,223,695	30,353,079	120.3
10	Purchase of Animals and Breeding Stock	Agriculture	97,424,947	95,527,517	98.1

Source: Kilifi County Treasury

The expenditure on Agriculture Sector Development Support Project was above the approved budget as a result of contributions to the programme that were brought forward from the previous financial year.

3.15.9 Budget Performance by Department

Table 3-69 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-69: Kilifi County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	803.46	200.00	803.46	164.06	802.45	160.05	99.9	97.6	99.9	80.0
Office of the Governor	373.85	-	341.23	-	322.72	-	94.6	-	86.3	-
County Attorney	102.58	-	94.58	-	89.70	-	94.8	-	87.4	-
Finance	694.07	159.43	537.18	6.00	534.72	5.96	99.5	99.3	77.0	3.7
Economic Planning	88.46	-	30.77	-	32.41	-	105.3	0.0	36.6	-
Agriculture	308.78	518.43	281.19	318.20	279.73	316.18	99.5	99.4	90.6	61.0
Livestock	21.42	142.75	2.57	121.31	2.57	120.97	100.0	99.7	12.0	84.7
Fisheries	21.01	87.43	10.67	41.35	10.41	49.54	97.6	119.	49.6	56.7
Water And Sanitation	227.93	1,116.10	217.49	421.40	222.11	595.49	102.1	141.3	97.4	53.4
Environment & Natural Resources	60.29	1.80	47.01		53.19		113.1	-	88.2	-
Education (Sports & Youth Affairs)	933.85	515.35	827.68	325.97	844.13	300.72	102.0	92.3	90.4	58.4
ICT	69.83		49.10		34.28		69.8	0.0!	49.1	-
Medical Services	3,070.54	560.77	2,784.57	366.55	2,441.05	286.08	87.7	78.0	79.5	51.0
Public Health	613.17	25.50	274.75	18.26	323.97	14.20	117.9	77.7	52.8	55.7
Roads & Public Works	338.59	1,344.48	330.78	1,293.85	331.97	1,260.59	100.4	97.4	98.0	93.8
Lands and energy	140.13	184.85	116.70	115.53	123.93	99.24	106.2	85.9	88.4	53.7
Physical Planning & Urban Development	81.08	95.87	17.21	61.64	60.22	49.82	349.9	80.8	74.3	52.0
Gender, Culture & Social Services	141.46	236.75	110.60	175.90	135.00	172.31	122.1	98.0	95.4	72.8
Trade and Tourism	160.96	225.25	139.64	200.57	109.94	218.27	78.7	108.8	68.3	96.9
Cooperatives Development	27.48	-	23.40	-	25.51	-	109.0	0.0	92.8	-
Public Service Board	80.55	-	71.84	-	60.58	-	84.3	0.0	75.2	-
Devolution & Public Service	269.45	33.24	242.81	22.10	241.02	19.56	99.3	88.5	89.5	58.8
Disaster Management	586.27	2.50	456.54	2.50	552.16	2.50	120.9	100.0	94.2	100.0
Kilifi Municipality	19.60	96.59	11.84	69.20	11.93	-	100.8	-	60.9	-

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
Malindi Municipality	19.34	233.41	12.27	167.21	7.43	-	60.6	-	38.4	-
Total	9,254.12	5,780.50	7,835.87	3,891.62	7,653.15	3,671.47	97.7	94.3	82.7	63.5

Source: Kilifi County Treasury

Analysis of expenditure by department shows that the Department of Disaster Management recorded the highest absorption rate of development budget at 100 per cent while the Malindi and Kilifi Municipalities did not report any expenditure on development programmes. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 99.9 per cent while the Department of Livestock had the lowest at 12 per cent.

3.15.10 Budget Execution by Programmes and Sub-Programmes

Table 3-70 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-70 : Kilifi County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Attorney	Administration Planning And Support Services	102,575,000	89,699,872	12,875,128	87.4
	Sub total	102,575,000	89,699,872	12,875,128	87.4
Agriculture	Administration, Planning and Support services	629,238,583	442,624,501	186,614,082	70.3
	Food Sufficiency Initiatives	52,421,174	38,974,320	13,446,854	74.3
	Agribusiness and Information Management	30,843,467	22,965,602	7,877,865	74.5
	Irrigation and Drainage Infrastructure	114,709,604	91,345,593	23,364,011	79.6
	Sub total	827,212,828	595,910,016	231,302,812	72.0
Devolution, Public service	Disaster Management & Risk Management	210,555,500	201,179,178	9,376,322	95.5
	Public participation	8,316,700	5,759,673	2,557,027	69.3
	Sub-County And Ward Administration Services	41,264,376	27,518,162	13,746,215	66.7
	Administration, Planning and Support Services	42,557,700	26,129,275	16,428,425	61.4
	Sub total	302,694,276	260,586,288	42,107,989	86.1
Education	General administration, planning and support services	569,709,647	529,140,561	40,569,086	92.9
	Early Childhood development education	371,048,571	201,299,876	169,748,695	54.3
	Education support services	354,560,000	324,000,500	30,559,500	91.4
	Vocation Education and training	153,890,899	90,413,956	63,476,943	58.8
	Sub total	1,449,209,117	1,144,854,893	304,354,224	79.0
Environment, Forestry, Natural Resources & Wildlife	Environment management and protection	60,290,702	53,185,259	7,105,443	88.2
	Development	1,800,000	-	-	-
	Sub total	62,090,702	53,185,259	8,905,443	85.7
Economic Planning	Administration, Support and Planning Services	31,129,905	15,623,212	15,506,693	50.2
	County Fiscal Planning	35,703,250	3,160,640	32,542,610	8.9
	Statistical Information services /Monitoring	21,623,377	13,622,526	8,000,851	63.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Finance	Sub total	88,456,532	32,406,378	56,050,154	36.6
	Administration, Support and Planning Services	549,605,912	461,802,753	87,803,159	84.0
	Budget Formulation, Coordination and Management	42,614,288	22,021,291	20,592,997	51.7
	Audit Service	12,261,000	3,535,463	8,725,537	28.8
	Accounting Services	15,160,700	8,655,506	6,505,194	57.1
	Supply Chain Management	9,435,000	2,617,105	6,817,895	27.7
	Resource Mobilization & Revenue Management	64,988,457	42,045,868	22,942,589	64.7
	Development	159,428,943	5,960,854	153,468,089	3.7
Gender, Culture & Social Services	Sub total	853,494,300	540,677,986	312,816,314	63.3
	Development Planning and Land Reforms	10,020,000	1,420,000	8,600,000	14.2
	Betting Control and Lottery Policy Services	40,519,500	39,546,773	972,727	97.6
	Gender Mainstreaming	72,583,440	76,600,145	(4,016,705)	105.5
	Development and Management of Sports Facilities	23,040,000	18,659,524	4,380,476	81.0
	Conservation and Heritage	78,945,848	84,044,814	(5,098,966)	106.5
	General Administration, Planning and Support Services	153,098,245	88,040,445	65,057,800	57.5
Medical Services	Sub total	378,207,033	308,311,701	69,895,332	81.5
	Gen Medical Services	2,000,000,000	1,993,894,769	6,105,231	99.7
	Gen Public Service	1,070,544,550	447,158,076	623,386,474	41.8
	Development	560,768,227	286,075,912	274,692,315	51.0
Lands & Energy	Sub total	3,631,312,777	2,727,128,756	904,184,021	75.1
	General Administration Planning and Support services	107,779,927	95,460,793	12,319,134	88.6
	Land policy and planning	99,924,283	62,082,508	37,841,775	62.1
	Alternative Energy Technologies	117,280,252	65,624,890	51,655,362	56.0
Livestock	Sub total	324,984,462	223,168,191	101,816,271	68.7
	Administration, Planning and Support services	8,800,764	7,146,466	1,654,298	81.2
	Livestock Production and Management	106,005,022	78,747,290	27,257,732	74.3
	Livestock Value Addition and Marketing	5,400,000	7,453,207	(2,053,207)	138.0
	Food Safety and Animal Products Development	4,005,000	4,081,170	(76,170)	101.9
	Livestock Disease Management and Control	39,951,667	26,109,709	13,841,958	65.4
Office of the Governor	Sub total	164,162,453	123,537,842	40,624,611	75.3
	Intergovernmental relations	21,000,000	18,393,921	2,606,079	87.6
	Administration, planning and support services	352,849,648	304,330,421	48,519,227	86.2
County Assembly	Sub total	373,849,648	322,724,342	51,125,306	86.3
	General administration	803,455,640	802,450,180	1,005,460	99.9
	Development	200,000,000	160,046,925	39,953,076	80.0
Roads & Public Works	Sub total	1,003,455,640	962,497,105	40,958,536	95.9
	General administration, planning and support services	346,588,322	331,974,538	14,613,784	95.8
	Road Transport	1,336,477,382	1,260,594,036	75,883,346	94.3
Trade & Tourism	Sub total	1,683,065,704	1,592,568,574	90,497,130	94.6
	General Administration, Planning and Support services	160,963,075	109,943,181	51,019,894	68.3
	Trade Development and Promotion	225,250,055	218,268,319	6,981,736	96.9
	Co-operative Development and Promotion	27,478,850	25,509,757	1,969,093	92.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Disaster Management	Sub total	413,691,980	353,721,257	59,970,723	85.5
	County Secretary	17,948,122	16,765,551	1,182,571	93.4
	Administration, Planning and Support Services	566,623,938	534,204,064	32,419,874	94.3
	Human resource Management	2,020,000	1,808,415	211,585	89.5
	Strategic Human Resource Management	2,175,500	1,885,520	289,980	86.7
Water & Sanitation	Sub total	588,767,560	554,663,550	34,104,010	94.2
	General Administration, Planning and Support Services	227,930,095	222,111,670	5,818,425	97.4
	Water Resource management	1,116,098,708	595,491,834	520,606,874	53.4
	Sub total	1,344,028,803	817,603,505	526,425,299	60.8
Public Health	Health Promotion & Non combative prevention	638,666,596	338,161,463	300,505,133	52.9
	Sub total	638,666,596	338,161,463	300,505,133	52.9
County Public Service Board	General Administration	80,545,935	60,581,750	19,964,185	75.2
	Sub total	80,545,935	60,581,750	19,964,185	75.2
Physical Planning	Urban Development and Management	58,000,000	51,349,000	6,651,000	88.5
	Land Use and Planning	16,399,000	4,197,621	12,201,379	25.6
	Housing Development and Human Settlement	98,069,941	51,839,681	46,230,260	52.9
	Government Buildings	4,476,595	2,654,034	1,822,561	59.3
	Sub total	176,945,536	110,040,336	66,905,200	62.2
Fisheries	Fisheries Policy and Capacity Development	53,695,990	37,712,496	15,983,494	70.2
	Assurance of Fish Safety, Value Addition and Marketing	54,744,220	22,239,046	32,505,174	40.6
	Sub total	108,440,210	59,951,542	48,488,668	55.3
ICT	ICT Support services	69,826,139	34,279,417	35,546,722	49.1
	Sub total	69,826,139	34,279,417	35,546,722	49.1
Kilifi Municipality	ICT Support services	116,193,668	11,933,898	104,259,770	10.3
	Sub total	116,193,668	11,933,898	104,259,771	10.3
Malindi Municipality	ICT Support services	252,745,048	7,432,118	245,312,930	2.9
	Sub total	252,745,048	7,432,118	245,312,930	2.9
Grand Total		15,034,621,947	11,046,829,781	3,987,792,166	73.5

Source: Kilifi County Treasury

Based on the implementation status, the highest-spending programs were: Livestock Value Addition and Marketing at 138 per cent, Conservation and Heritage at 106.5 per cent, and Gender Mainstreaming at 105.5 per cent.

3.15.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. Further, the County Treasury failed to provide a report on outstanding pending bills as of 30th June 2020.
2. The underperformance of own-revenue at Kshs.788.78 million against an annual projection of Kshs.1.1 billion. The realised own source revenue represented 71.7 per cent of its annual target.
3. Weak budgetary control practice by the County Treasuries as shown in Table 3-68, Table 3-69 and Table 3-70 where the County incurred expenditure above the approved exchequer allocations.
4. High outstanding pending bills which amounted to Kshs.1.14 billion as of 30th June 2020

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

1. The County Treasury should ensure timely preparation and submission of financial in line with Section 166 of the PFM Act, 2012.
2. The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.

3. The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the available cash. Further, all unspent cash should be refunded to the CRF in line with Section 136 (2) of the PFM Act, 2012.
4. The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3.16 County Government of Kirinyaga

3.16.1 Overview of FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.6.13 billion, comprising of Kshs.1.84 billion (29.9 per cent) and Kshs.4.3 billion (70.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.24 billion (69.2 per cent) as the equitable share of revenue raised nationally, Kshs.683.07 billion (11.1 per cent) as total conditional grants, generate Kshs.480 million (7.8 per cent) from own sources of revenue, and had Kshs.662.04 million (10.8 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.65.40 million (1.1 per cent) as "other revenues" not contained in the CARA, 2019.

3.16.2 Revenue Performance

During FY 2019/20, the County received Kshs.3.88 billion as equitable share of the revenue raised nationally, Kshs.503.32 million as total Conditional Grants, generated Kshs.374.74 million as own-source revenue, and had a cash balance of Kshs.662.04 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.48 billion as shown in Table 3-71.

Table 3-71: Kirinyaga County, Revenue Performance in FY 2019/20

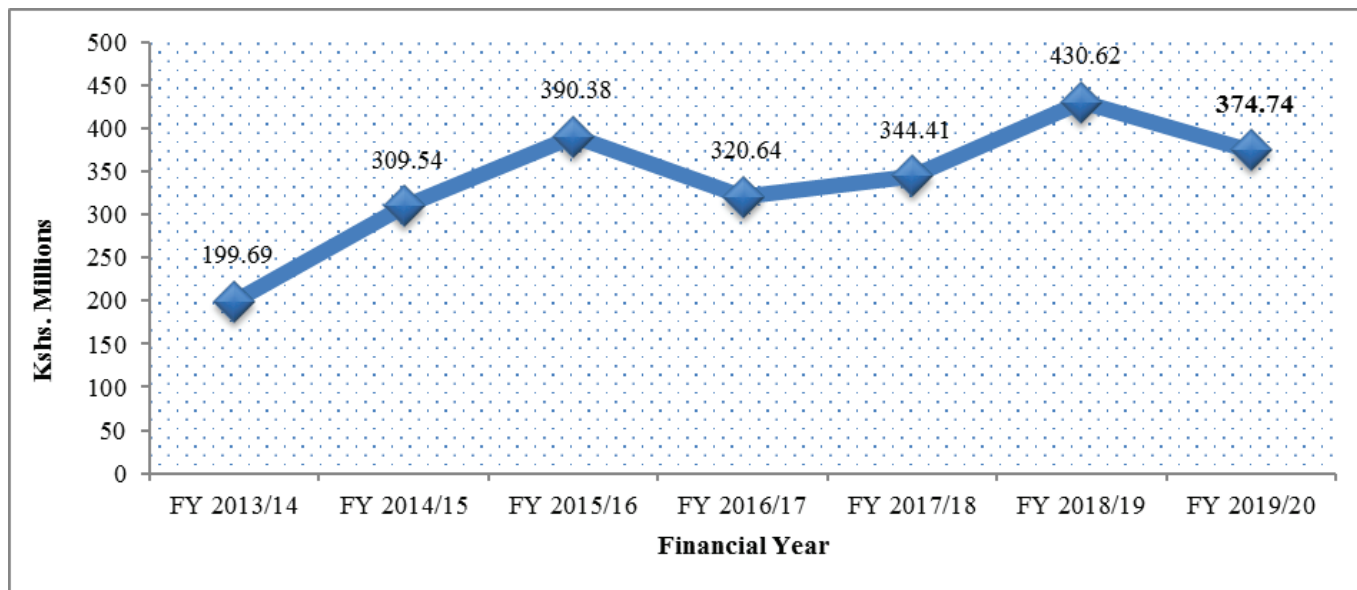
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,241,100,000	3,876,365,400	91.4
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	11,282,570	11,282,570	11,282,570	100.0
2	Road Maintenance Fuel Levy Fund	120,386,438	120,386,438	120,386,439	100.0
3	Rehabilitation of Village Polytechnics	34,503,298	34,503,298	34,503,298	100.0
	Sub Total	298,087,200	166,172,306	166,172,307	100.0
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	35,000,000	30,000,000	29,996,486	100.0
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	195,061,355	55.7
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	71,302,200	71,302,200	50,998,100	71.5
5	DANIDA Grant	12,281,250	12,281,250	12,281,250	100.0
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,513,506	14,513,306	10,006,753	68.9
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
	Sub Total	521,896,956	516,896,756	337,143,944	65.2
D	Other Sources of Revenue				
11	Own Source Revenue	-	480,000,000	374,738,723	78.1
12	Balance b/f from FY2018/19	-	662,041,117	662,041,117	100.0
13	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant Bal B/F FY 2018-19	-	41,078,830	41,078,830	100.0
14	Grants (ASDSP II)	-	6,500,000	6,500,000	100.0

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
15	Transforming Healthcare Systems for Universal Care Project (THSUCP) Roll-Over from FY 2018/2019	-	5,037,424	5,037,424	100.0
16	Grant for Youth Polytechnics (Carried forward from FY 2018/2019)	-	12,791,450	12,791,450	100.0
Sub Total		-	1,207,448,821	1,102,187,544	91.3
Grand Total		5,061,084,156	6,131,617,883	5,481,869,194	89.4

Source: Kirinyaga County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-30.

Figure 3-30: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Kirinyaga County Treasury

During FY 2019/20, the County generated a total of Kshs.374.74 million as own-source revenue. This amount represented a decrease of 15.0 per cent when compared to Kshs.430.96 million realised during the same period in FY 2018/19, and represented 78.1 per cent of the annual target.

3.16.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.02 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.16 billion (23.1 per cent) for development programmes and Kshs.3.86 billion (76.9 per cent) for recurrent programmes.

3.16.4 Overall Expenditure Review

A total of Kshs.4.77 billion was spent on Development and Recurrent programmes and represented 95.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.14 billion and Kshs.3.62 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 62.6 per cent while that incurred on Recurrent programmes represented an absorption rate of 84.3 per cent.

3.16.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.36 billion was spent on Compensation to Employees, Kshs.1.25 billion on Operations and Maintenance, and Kshs.1.14 billion on Development expenditure.

Table 3-72: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,295,813,261	3,857,530,728	3,620,646,466	75.9	84.3
Compensation to Employees	2,907,074,302	2,574,542,950	2,364,685,781	49.6	81.3
Operations and Maintenance	1,388,738,959	1,282,987,778	1,255,960,685	26.3	90.4
Total Development Expenditure	1,835,804,622	1,158,546,015	1,149,069,552	24.1	62.6
Development expenditure	1,835,804,622	1,158,546,015	1,149,069,552	24.1	62.6
Total	6,131,617,882	5,016,076,743	4,769,716,018	100.0	77.8

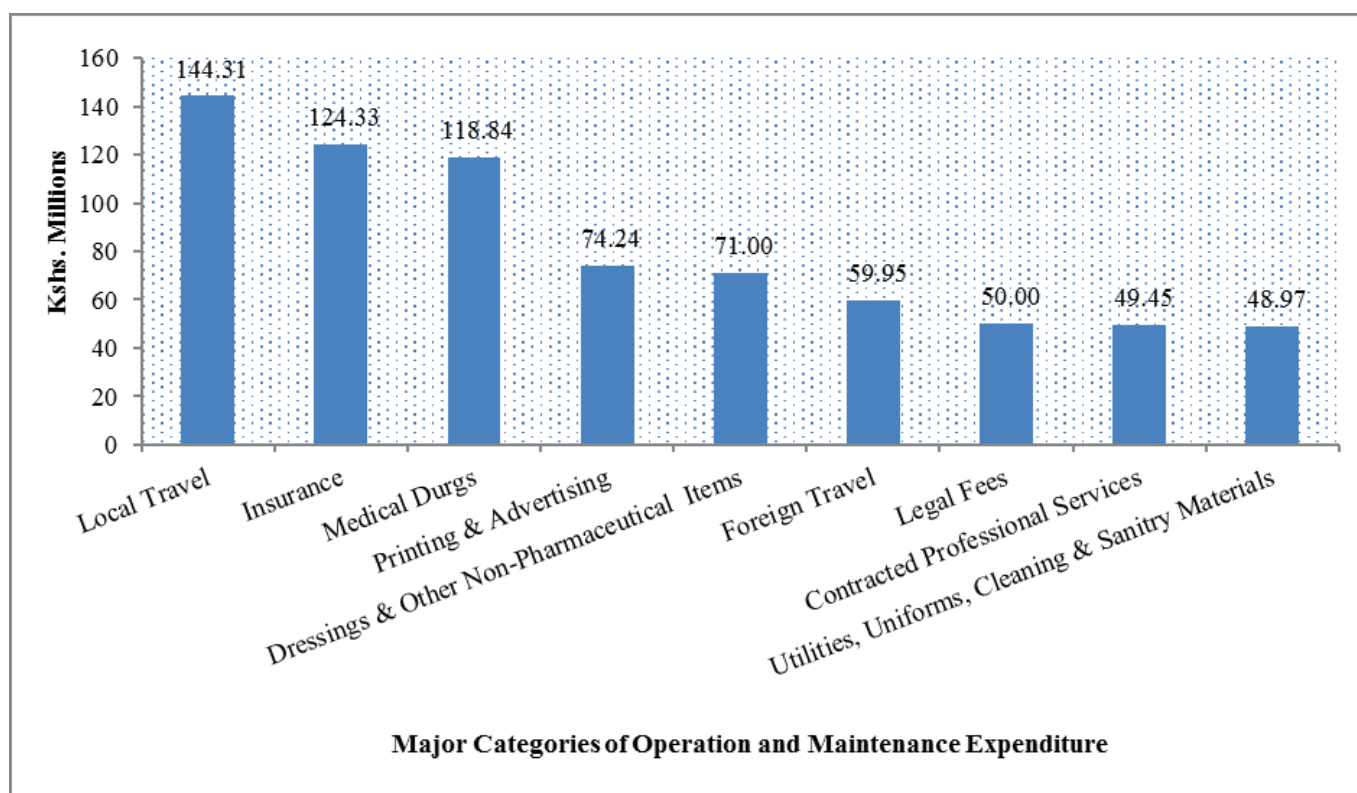
Source: Kirinyaga County Treasury

Expenditure on Compensation to Employees was 49.6 per cent of the total expenditure for the financial year and represented a decrease of 12.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.65 billion.

3.16.6 Analysis of Operations and Maintenance Expenditure

Figure 3-31 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-31: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kirinyaga County Treasury

The County spent Kshs.42.51 million on Committee Sitting Allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.70.44 million. The average monthly sitting allowance was Kshs.104,194 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.144.31 million and comprised of Kshs.95.00 million spent by the County Assembly and Kshs.49.31 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.59.95 million and comprised of Kshs.48.81 million spent by the County Assembly and Kshs.11.14 million by the County Executive.

3.16.7 Development Expenditure Analysis

The Development expenditure of Kshs.1.14 billion represented 62.6 per cent of the annual development budget of Kshs.1.84 billion and represented an increase of 0.9 per cent compared to FY 2018/19 when the County spent Kshs.1.13 billion. Table 3-73 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-73: Kirinyaga County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed Construction of 220-bed capacity medical Complex	Medical Services and Public Health	Kerugoya	322,000,000	308,932,793	308,932,793	95.9
2	Capital Grants to Semi-Autonomous Government Agencies	Agriculture, Livestock and Fisheries	All Wards	350,000,000	180,629,809	180,629,809	51.6
3	Road Maintenance Fuel Levy Fund	Transport and Infrastructure	All Wards	120,386,438	120,386,438	120,386,438	100.0
4	Pending Bills	County Executive	County Hqs	96,308,732	83,990,120	83,972,121	87.2
5	Ward Based Projects	County Executive		159,000,000	62,389,197	60,247,197	37.9
6	Capital Grants Kenya Urban Support Project (KUSP)(UDG)	Physical Planning and Housing	Capital Grants Kenya Urban Support Project (Kusp)(Udg)	71,302,200	50,998,099	50,998,099	71.5
7	Grants to Youth Polytechnics(Rehabilitation of Village Polytechniques)	Education	Grants To Youth Polytechnics(Rehabilitation Of Village Polytechniques)	34,503,298	34,503,298	34,503,298	100.0
8	Access Roads	Transport and Infrastructure	All Wards	30,292,000	28,562,740	26,999,940	89.1
9	Purchase of Specialized Plant (Supply, installation and commissioning of Incinerator)	Medical Services and Public Health	Kerugoya	23,000,000	23,000,000	23,000,000	100.0
10	Civil & Other Infrastructural works (Sagana Market)	Cooperative Development Trade and Tourism	Kariti Ward	20,000,000	19,994,080	19,994,080	100.0

Source: Kirinyaga County Treasury

3.16.8 Budget Performance by Department

Table 3-74 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-74: Kirinyaga County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	569.39	120.86	560.73	10.03	560.73	10.03	100	100	98.5	8.3
County Executive	541.24	285.31	431.71	154.33	412.27	152.17	95.5	98.6	76.2	53.3
Finance and Economic Planning	417.47	30.00	357.76	15.96	338.92	15.96	94.7	100	81.2	53.2
Medical Services and Public Health	2,018.37	404.85	1,847.53	358.62	1,711.43	358.62	92.6	100	84.8	88.6
Education	172.97	47.29	172.38	34.50	151.23	34.50	87.7	100	87.4	73.0
Agriculture, Livestock and Fisheries	224.19	488.29	191.22	221.32	166.33	221.32	87.0	100	74.2	45.3
Gender and Youth	37.16	29.70	35.40	29.39	32.04	29.39	90.5	100	86.2	99.0
Sports Culture and Social Services	38.72	12.50	37.78	-	37.44	-	99.1	-	96.7	-
Cooperative Development Trade and Tourism	52.27	69.94	38.01	42.91	35.53	42.91	93.5	100	68.0	61.4

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Environment and Natural Resources	108.47	48.93	96.75	24.35	93.12	23.31	96.3	95.7	85.9	47.6
Physical Planning and Housing	37.49	71.30	29.71	51.00	28.41	51.00	95.6	100	75.8	71.5
Transport and Infrastructure	78.07	226.83	58.54	216.13	53.18	209.85	90.9	97.1	68.1	92.5
Total	4,295.8	1,835.8	3,857.5	1,158.6	3,620.7	1,149.1	93.9	99.2	84.3	62.6

Source: Kirinyaga County Treasury

Analysis of expenditure by department shows that the Department of Gender and Youth recorded the highest absorption rate of development budget at 99.0 per cent while the Department of Sports, Culture and Social Services did not report expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 98.5 per cent while the Department of Cooperative Development, Trade and Tourism had the lowest at 68.0 per cent.

3.16.9 Budget Execution by Programmes and Sub-Programmes

Table 3-75 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-75 : Kirinyaga County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Kshs)	Variance	Absorption (%)
Legislation and Oversight	Legislation and Oversight	690,254,050	570,763,949	119,490,101	82.7
Sub Total		690,254,050	570,763,949	119,490,101	82.7
Office of the Governor and Deputy Governor	070601 County Executive Services	307,762,053	236,348,644	71,413,409	76.8
County Executive Administration	County Executive Services	285,308,732	182,693,562	102,615,170	64.0
Management of County Affairs	070801 Coordination of County Functions	187,608,830	109,027,683	78,581,147	58.1
County Executive Committee Affairs	070901 Organization of County Business	5,600,000	3,991,455	1,608,545	71.3
County Public Service Board	071001 Human Resource Management	17,311,040	13,267,151	4,043,889	76.6
Administrative Support Services	020202 Administrative Support Services	10,280,000	9,149,644	1,130,356	89.0
	070411 Audit Committee	2,600,000	2,532,672	67,328	97.4
	070412 County Enforcement Activities	3,950,000	2,717,185	1,232,815	68.8
	070413 ICT Infrastructure Development Management	4,184,000	3,807,635	376,365	91.0
	070414 ICT Systems Development Management	1,940,000	903,618	1,036,382	46.6
Sub Total		826,544,655	564,439,249	262,105,406	68.3
Public Finance Management	070401 Finance Services	368,851,532	294,261,152	74,590,380	79.8
	070402 Revenue Services	46,390,000	36,743,889	9,646,111	79.2
	070404 Procurement and Supply Services	8,126,500	6,838,897	1,287,603	84.2
	070405 Internal Audit Services	2,363,200	1,980,480	382,720	83.8
	070408 Budget Formulation, Coordination and Management	8,060,000	4,669,037	3,390,963	57.9
	070409 Accounting Services	6,255,000	5,176,205	1,078,795	82.8
County Planning and Economic Policy Management	070501 Economic Planning Services	7,428,000	5,212,508	2,215,492	70.2

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Kshs)	Variance	Absorption (%)
Sub Total		447,474,232.00	354,882,168.00	92,592,064.00	79.3
Curative and Re-habilitative Services	040301 Curative and Rehabilitative Services	2,423,221,282	2,070,053,217	353,168,065	85.4
Sub Total		2,423,221,282	2,070,053,217	353,168,065	85.4
Basic Education	050101 General Administration	164,174,229	142,822,935	21,351,294	87.0
	050102 Free Pre- Primary Education	7,980,000	7,696,790	283,210	96.5
State Education Function Support	050203 Tertiary Education	47,294,748	34,503,298	12,791,450	73.0
Technical and Vocational Training	050301 Village Polytechnics	815,000	711,870	103,130	87.3
Sub Total		220,263,977	185,734,893	34,529,084	84.3
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	55,000	250,000	18.0
	010105 Livestock Production Management	2,780,000	2,480,234	299,766	89.2
	010106 Livestock Disease Management & Control	1,300,000	1,050,470	249,530	80.8
Crop Development and Management	010202 Agricultural Extension Services	2,000,000	1,488,976	511,024	74.4
	010203 Agribusiness and Market Development	335,000	218,294	116,706	65.2
	010206 Land and Crop Development	1,331,000	1,123,180	207,820	84.4
	010207 Food Security Initiatives	400,000	399,720	280	99.9
Fisheries Development	010402 Aquaculture Development	200,000	200,000	-	100.0
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	5,910,000	5,790,567	119,433	98.0
	010601 General Administration and Planning	697,920,024	374,845,201	323,074,824	53.7
Sub Total		712,481,024	387,651,642	324,829,383	54.4
Culture	091201 Gender Administration Services	32,671,210	31,514,854	1,156,356	96.5
	091301 Gender and Social Development	32,484,000	28,779,859	3,704,141	88.6
Youth	090901 Youth Development and Empowerment Services	1,700,000	1,134,010	565,990	66.7
Sub Total		66,855,210	61,428,723	5,426,487	91.9
Sports	090801 Development of Sports and Sports Facilities	12,500,000	6,886,469	5,613,531	55.1
	091401 Management & Development of Sports and Sports Facilities	16,288,000	16,288,000	-	100.0
Social Services	090702 Social Services	5,054,000	5,054,000	-	100.0
	091601 Control & Campaign Against Drug & Substance Abuse	3,084,000	3,084,000	-	100.0
	091701 Preservation & Promotion of Heritage and Culture	334,000	334,000	-	100.0
Children Services	091101 Child Community Support Services	5,797,000	5,797,000	-	100.0
Sub Total		43,057,000	37,443,469	5,613,531	87.0

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Kshs)	Variance	Absorption (%)
Trade Development and Investment	030401 General Administration and Planning	37,063,666	30,398,584	6,665,082	82.0
	030103 Capacity Building for Traders and SME's	357,000	141,000	216,000	39.5
	030104 promotion, Development & Growth of Trade	37,670,653	35,612,327	2,058,326	94.5
	030105 Fair Trade Practices and Consumer Protection	350,000	244,500	105,500	69.9
Tourism Development and Marketing	030302 Tourism promotion and Marketing	2,257,000	437,498	1,819,502	19.4
	030304 International Tourism Promotion and Marketing	410,000	184,800	225,200	45.1
	030305 Promotion of Industrial Development	1,905,000	548,100	1,356,900	28.8
	030306 Provision of Industrial Training	1,230,000	635,300	594,700	51.7
Cooperative Development and Marketing	030101 General Administration & Planning	34,096,438	7,802,540	26,293,898	22.9
	030405 Cooperative Advisory and Extension Services	3,960,000	1,507,474	2,452,526	38.1
	030406 Cooperative Education and Training	2,450,000	635,198	1,814,802	25.9
	030407 Cooperative Governance and Accountability	283,300	155,800	127,500	55.0
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	174,200	139,000.0	35,200	79.8
Sub Total		122,207,257	78,442,121	43,765,136	64.2
Water Supply Services	090101 Water and Irrigation	48,934,000	29,704,969	19,229,031	60.7
Energy Programme	090301 Energy Services	580,000	419,700	160,300	72.4
NEMA	090502 Environment Management and Protection	50,341,600	42,515,869	7,825,731	84.5
Water	090701 General Administration & Planning	65,715,308	43,796,325	21,918,983	66.6
Sub Total		165,570,908	116,436,863	49,134,045	70.3
Land and Physical Planning	010601 General Administration and Planning	35,638,028	26,994,457	8,643,571	75.7
	010604 County Spatial Planning	655,000	477,775	177,225	72.9
	010605 Town Zoning and Mapping	71,302,200	50,998,100	20,304,100	71.5
	010607 Survey and Mapping	695,000	538,616	156,384	77.5
Estate Management	011100 Estate Management	500,000	395,584	104,416	79.1
Sub Total		108,790,228	79,404,532	29,385,696	73.0
Transport Management	020301 General Administration and Planning	62,148,285	40,139,883	22,008,402	64.6
Disaster Management	020401 Fire Fighting and Emergency Services	1,658,000	1,400,700	257,300	84.5
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	228,131,775	210,251,234	17,880,541	92.2
Government Building Services	020701 Government Building Services	3,260,000	1,630,840	1,629,160	50.0
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	9,612,535	87,465	99.1

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Kshs)	Variance	Absorption (%)
Sub Total		304,898,060	263,035,192	41,862,868	86.3
Grand Total		6,131,617,883	4,769,716,018	1,361,901,865	77.8

Source: Kirinyaga County Treasury

Based on expenditure absorption rate as shown in Table 3-75, the programs with the highest absorption rates were: Management & Development of Sports and Sports Facilities, Social Services, Control & Campaign against Drug & Substance Abuse, Preservation & Promotion of Heritage and Culture, Child Community Support Services, all at 100 per cent, of their budget allocation.

3.16.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The County failed to provide a report on pending bills status as of 30th June 2020.
2. A high wage bill, which accounted for 49.6 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012. Further, the County should ensure the report on pending bills is regularly prepared submitted to OCOB in line with the law..
2. The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.

3.17 County Government of Kisii

3.17.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.12.93 billion, comprising of Kshs.4.35 billion (33.7 per cent) and Kshs.8.57 billion (66.3 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.7.79 billion (60.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.96 billion (15.2 per cent) as total Conditional Grants, generate Kshs.870 million (6.7 per cent) from own sources of revenue, and the cash balance of Kshs.2.31 billion (17.9 per cent) from FY 2018/19.

3.17.2 Revenue Performance

During FY 2019/20, the County received Kshs.7.12 billion as equitable share of the revenue raised nationally, Kshs.1.72 billion as total conditional grants, raised Kshs.333.15 million as own-source revenue, and a cash balance of Kshs.1.22 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.10.39 billion as shown in Table 3-76.

Table 3-76: Kisii County, Revenue Performance in FY 2019/20

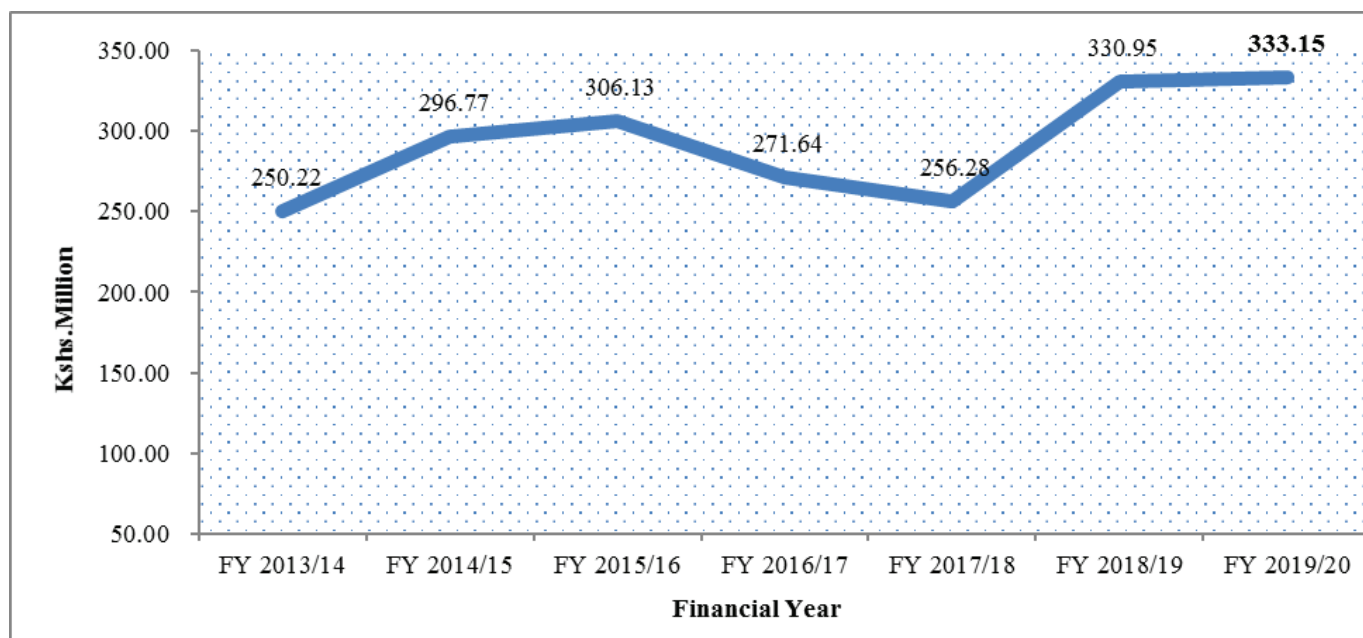
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,785,900,000	7,785,900,000	7,116,312,600	91.4
B.	Conditional Grants from the National Government				
1	Conditional Grants to Level-5 Hospitals	417,572,254	417,572,254	417,572,253	100
3	Compensation for User-Fee Foregone	26,138,997	26,138,997	26,138,997	100
4	Leasing of medical equipment	131,914,894	131,914,894	131,914,894	100
5	Road Maintenance Fuel Levy Fund	221,007,938	221,007,938	221,007,939	100
6	Rehabilitation of Village Polytechnics	74,553,298	74,553,298	74,553,298	100
	Sub Total	871,187,381	871,187,381	871,187,381	100
C	Loans and Grants from Development Partners				

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
1	Transforming Health systems for Universal care Project (WB)	44,696,901	44,696,901	44,696,901	100.0
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	206,279,125	58.9
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	164,053,800	164,053,800	117,337,642	71.5
5	DANIDA Grant	22,968,750	22,968,750	31,543,750	137.0
6	EU Grant (Instruments for Devolution Advise and Support IDEAS)	45,697,438	45,697,438	-	-
7	COVID 19 Conditional Grant	156,872,000	156,872,000	156,872,000	100.0
8	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	234,727,114	234,727,114	234,727,114	100.0
9	Agriculture Sector Development Support Program- SIDA	18,527,653	18,527,653	17,856,378	96.0
10	Aquaculture Business Development Programme (IFAD)	12,500,000	12,500,000	-	-
11	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
Sub Total		1,088,843,656	1,088,843,656	848,112,910	78.00
D	Other Sources of Revenue				
1	Own Source Revenue	-	870,000,000	333,151,175	38.3
2S	Balance b/f from FY 2018/19	-	2,309,631,924	1,217,490,660	52.7
Sub Total			3,179,631,924	1,550,641,835	48.8
Grand Total		9,745,931,037	12,925,562,961	10,386,254,726	80.4

Source: Kisii County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-32.

Figure 3-32: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Kisii County Treasury

During FY 2019/20, the County generated a total of Kshs.333.15 million as own-source revenue. This amount represented an increase of 0.6 per cent when compared to Kshs.330.95 million realised during the same period in FY 2018/19, and represented 38.3 per cent of the annual target.

3.17.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.44 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.53 billion (26.8 per cent) for Development programmes and Kshs.6.91 billion (73.2 per cent) for Recurrent programmes.

3.17.4 Overall Expenditure Review

A total of Kshs.9.44 billion was spent on Development and Recurrent programmes and represented 100 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.54 billion and Kshs.6.90 billion on Development and Recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 58.4 per cent while that incurred on recurrent programmes represented an absorption rate of 80.5 per cent.

3.17.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.10 billion as at June 30, 2020. These bills consisted of Kshs.852.39 million for development activities and Kshs.247.02 million for recurrent expenditure.

3.17.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.4.91 billion was spent on Compensation to Employees, Kshs.1.99 billion on Operations and Maintenance, and Kshs.2.54 billion on Development expenditure.

Table 3-77 Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	8,573,551,812	6,914,770,672	6,900,611,150	73.1	80.5
Compensation to Employees	5,361,125,174	4,917,967,042	4,911,563,254	52	91.6
Operations and Maintenance	3,212,426,638	1,996,803,630	1,989,047,896	21.1	61.9
Total Development Expenditure	4,352,011,149	2,530,636,388	2,543,615,752	26.9	58.4
Development Expenditure	4,352,011,149	2,530,636,388	2,543,615,752	26.9	58.4
Total	12,925,562,961	9,445,407,060	9,444,226,902	100	73.1

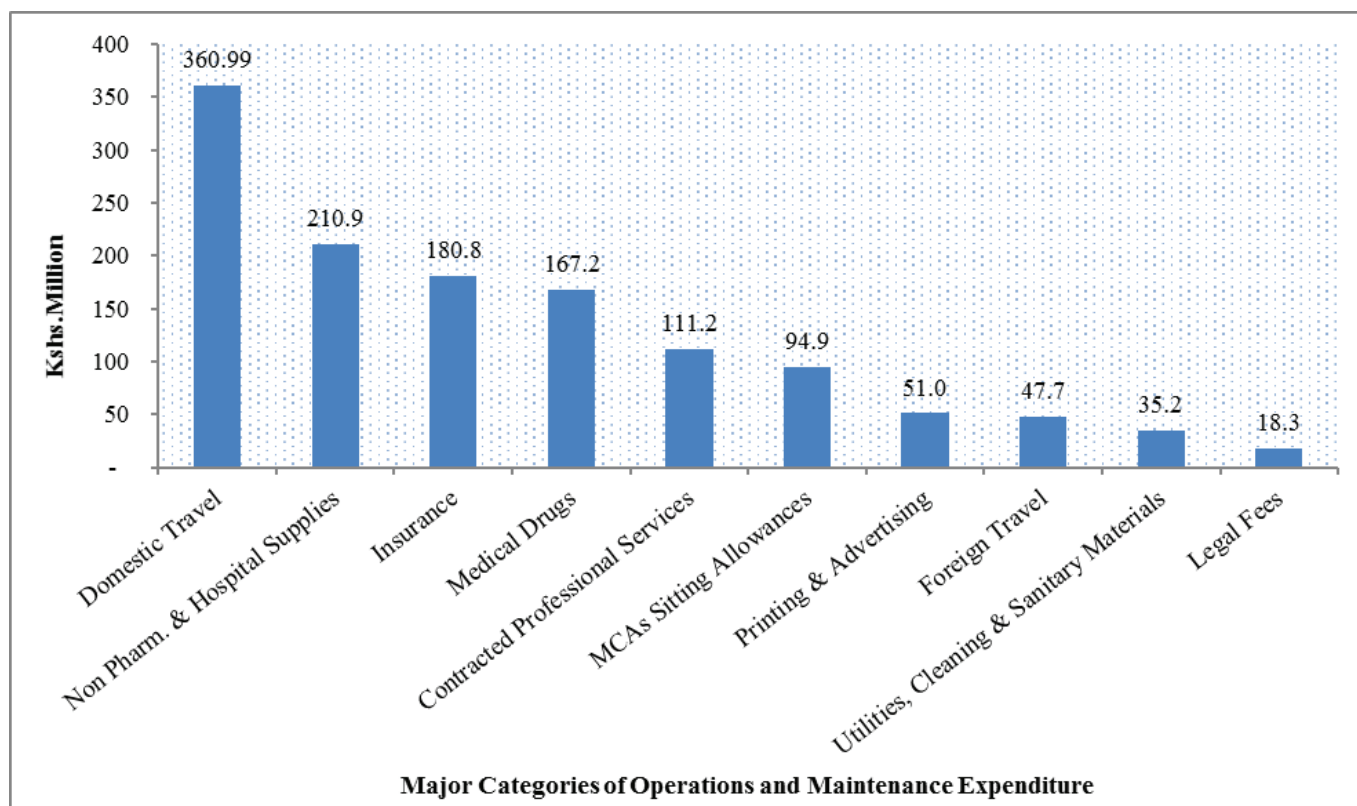
Source: Kisii County Treasury

Expenditure on Compensation to Employees was 52.0 per cent of the total expenditure for the financial year and represented a decrease of 1.19 per cent compared to FY 2018/19 when the County spent Kshs.4.97 billion.

3.17.7 Analysis of Operations and Maintenance Expenditure

Figure 3-33 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-33: Kisii County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kisii County Treasury

The County spent Kshs.94.94 million on Committee Sitting Allowances for the 70 MCAs and Speaker against the annual budget allocation of Kshs.108.87 million. The average monthly sitting allowance was Kshs.111,430 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.360.99 million and comprised of Kshs.62.83 million spent by the County Assembly and Kshs.298.16 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.47.70 million and comprised of Kshs.20.42 million spent by the County Assembly and Kshs.27.27 million by the County Executive.

3.17.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.54 billion represented 58.4 per cent of the annual development budget of Kshs.4.35 billion and represented an increase of 11.3 per cent compared to FY 2018/19 when the County spent Kshs.2.3 billion. Table 3-78 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-78: Kisii County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Mother-Child Hospital (multi-year project)	Kisii Level 6 Hospital	267,566,626	249,566,625	93.3
2	Upgrade of Marani level 4 Hospital	Marani	329,635,783	171,591,472	52.1
3	Proposed doctors plaza at KTRH	Kisii Level 6 Hospital	127,117,995	99,636,282	78.4
4	Expansion of the main stand including administration block, toilets, water reticulation, holding room, military holding room, access gate	Gusii stadium	95,000,000	54,558,285	57.4
5	Supply, delivery and installation of 170 solar streetlights	All wards	54,898,600	44,000,000	80.1
6	Supply, delivery and installation of morgue pathology equipment	Kisii Level 6 Hospital	78,934,080	43,934,080	55.7
7	Supply of drilling rig unit complete with its accessories	Kisii County Hqs	23,000,000	23,000,000	100.0

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
8	Kisii main Stage-Getare Road	Getare	35,673,982	22,999,719	64.5
9	Construction of perimeter wall phase ii at Kisii Teaching & Referral Hospital	Kisii Level 6 Hospital	22,177,000	22,032,794	99.3
10	Extension of Structured Computer Network and Telecoms Infrastructure at County Government Buildings (HQ, Health facilities, Planning, Kisii Municipality, ATC, Special programs)	Kisii County Hqs	29,706,718	21,131,721	71.1

Source: Kisii County Treasury

3.17.9 Budget Performance by Department

Table 3-79 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-79: Kisii County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	925.51	185.00	788.15	101.13	788.11	101.13	100.0	100.0	85.2	54.7
Office of the Governor and Deputy Governor	558.11	15.00	444.59	2.39	410.45	2.39	92.3	100.0	73.5	16.0
Administration, cooperate services and Stakeholder management	672.30	47.95	543.21	25.67	546.18	25.43	100.5	99.1	81.2	53.0
Finance & Economic planning	1513.60	82.67	1120.34	52.79	1097.89	52.79	98.0	100.0	72.5	63.9
Agriculture, Livestock, Veterinary & Fisheries and Co-operative development	413.18	592.09	350.76	490.98	351.70	476.71	100.3	97.1	85.1	80.5
Energy, Environment And Natural Resources	223.06	257.69	132.03	98.89	128.23	98.89	97.1	100.0	57.5	38.4
Education, Youth Affairs & Social Development	614.57	195.08	431.31	91.33	419.00	143.59	97.1	157.2	68.2	73.6
County Health Services	3046.56	1121.25	2650.44	823.54	2705.17	659.40	102.1	80.1	88.8	58.8
Lands, Physical Planning and Urban Development	103.39	138.86	86.82	105.71	84.33	105.71	97.1	100.0	81.6	76.1
Roads, Public Works, Transport and Housing	175.06	1113.21	131.04	559.09	132.62	633.14	101.2	113.2	75.8	56.9
Trade	103.45	113.85	75.63	51.20	80.98	51.20	107.1	100.0	78.3	45.0
Culture and Social Services	83.55	187.12	60.32	97.16	54.37	97.00	90.1	99.8	65.1	51.8
Kisii town	141.21	302.25	100.14	30.75	101.57	96.23	101.4	312.9	71.9	31.8
Total	8573.55	4352.01	6,914.77	2,530.64	6,900.61	2,543.62	99.8	100.5	80.5	58.4

Source: Kisii County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock, Veterinary & Fisheries and Co-operative Development recorded the highest absorption rate of development budget at 80.5 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to recurrent budget at 88.8 per cent while the Department of Energy, Environment & Natural Resources had the lowest at 57.5 per cent.

3.17.10 Budget Execution by Programmes and Sub-Programmes

Table 3-80 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-80 : Kisii County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Assembly	Office of The Speaker	32,549,787	24,229,124	8,320,663	74.4
	Representation, Legislative And Oversight Services	525,543,330	484,803,570	40,739,760	92.2
	County Assembly Service Board	552,412,270	380,203,736	172,208,534	68.8
	Sub Total	1,110,505,387	889,236,430	221,268,957	80.1
County Executive	Administration, Planning And Support Services	430,965,354	331,430,725	99,534,629	76.9
	Office Of The County Secretary	36,260,000	25,207,385	11,052,615	69.5
	Legal Services	21,600,000	18,301,517	3,298,483	84.7
	Communication Services	43,094,924	6,391,484	36,703,440	14.8
	Special Programmes	4,900,000	4,346,700	553,300	88.7
	Public Private Partnership	2,300,000	2,000,070	299,930	87.0
	Advisory Services	3,650,000		3,650,000	0.0
	County Public Service Board	30,342,000	22,426,096	7,915,904	73.9
	Sub Total	573,112,278	410,103,977	163,008,301	71.6
Administration, cooperate services and Stakeholder management	Administration, Planning And Support Services	590,950,804	505,634,755	85,316,049	85.6
	Devolved Units Services	62,645,650	31,460,625	31,185,025	50.2
	Human Resource Development	7,500,000	5,732,926	1,767,074	76.4
	Enforcement Services	11,640,000		11,640,000	0.0
	Stakeholder Management	19,108,809	7,174,277	11,934,532	37.5
	Public Participation And Civic Education	13,420,000	11,245,643	2,174,357	83.8
	Disaster Management	14,980,000	6,655,135	8,324,865	44.4
	Sub Total	720,245,263	567,903,361	152,341,902	78.8
Finance & Economic planning	Administration, Coordination And Support Services	1,257,941,209	912,591,149	345,350,060	72.5
	Pblic Financial Management Services	117,427,850	68,393,051	49,034,799	58.2
	County Planning Services	220,896,852	169,704,054	51,192,798	76.8
	Sub Total	1,596,265,911	1,150,688,254	445,577,657	72.1
Agriculture, Livestock, Veterinary & Fisheries	Administrative And Support Services	545,385,178	483,440,850	61,944,328	88.6
	Crop Development And Value Addition	133,383,337	62,867,274	70,516,063	47.1
	Livestock Development	22,000,000	15,868,753	6,131,247	72.1
	Veterinary Services	242,025,000	234,447,465	7,577,535	96.9
	Co-Operative Development And Management	2,250,000	1,125,000	1,125,000	50.0
	Fisheries Development	48,000,000	25,921,443	22,078,557	54.0
	Kisii Agricultural Training Center	12,227,550	4,741,740	7,485,810	38.8
	Sub Total	1,005,271,065	828,412,525	176,858,540	82.4

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Energy, Environment And Natural Resources	Administration And Planning Services	134,531,579	95,085,710	39,445,869	70.7
	Water And Sanitation Services	316,592,584	116,861,046	199,731,538	36.9
	Environment Management	22,000,000	11,340,046	10,659,954	51.5
	Energy Services	7,625,000	3,839,500	3,785,500	50.4
	Sub Total	480,749,163	227,126,302	253,622,861	47.2
Education, Youth Affairs & Social Development	General Administration And Planning Services	614,572,043	419,004,445	195,567,598	68.2
	Early Childhood Development Education	35,125,957	14,601,495	20,524,462	41.6
	Vocational Training	159,958,902	128,987,949	30,970,953	80.6
	Sub Total	809,656,902	562,593,889	247,063,013	69.5
County Health Services	Medical Services	4,153,362,441	3,354,372,612	798,989,829	80.8
	Public Health	14,450,000	10,199,478	4,250,522	70.6
	Sub Total	4,167,812,441	3,364,572,090	803,240,351	80.7
Lands, Physical Planning and Urban Development	Administration, Planning And Support Services	77,485,904	63,994,890	13,491,014	82.6
	Land Use Services	104,961,501	75,961,192	29,000,309	72.4
	Urban Development	59,800,000	50,077,814	9,722,186	83.7
	Sub Total	242,247,405	190,033,896	52,213,509	78.4
Roads, Public Works, Transport and Housing	General Administration And Planning Services	109,570,000	95,087,749	14,482,251	86.8
	Roads Development	1,083,370,039	627,719,823	455,650,216	57.9
	Public Works	90,133,268	38,894,915	51,238,353	43.2
	Housing Services	5,200,000		5,200,000	0.0
	Sub Total	1,288,273,307	761,702,487	526,570,820	59.1
Trade, Tourism, Cooperatives and Enterprise Development	Administration And Planning Services	190,479,806	117,097,149	73,382,657	61.5
	Tourism Development	14,271,000	6,177,823	8,093,177	43.3
	Weights And Measures	2,550,000	2,080,700	469,300	81.6
	Liquor Licensing	1,950,000	1,680,000	270,000	86.2
	Betting And Gaming	8,050,000	5,141,224	2,908,776	63.9
	Sub Total	217,300,806	132,176,896	85,123,910	60.8
Culture and Social Services	Administration And Planning Services	60,565,252	39,636,598	20,928,654	65.4
	Sports Development	173,463,443	90,274,686	83,188,757	52.0
	Cultural Services	35,437,540	21,463,915	13,973,625	60.6
	Social Development	1,200,000		1,200,000	0.0
	Sub Total	270,666,235	151,375,199	119,291,036	55.9
Kisii town	General Administration, Planning And Support Services	141,211,075	101,568,828	39,642,247	71.9
	Infrastructure Development	302,245,723	96,230,765	206,014,958	31.8
	Sub Total	443,456,798	197,799,593	245,657,205	44.6
Grand Total		12,925,562,961	9,433,724,899	3,491,838,062	73.0

Source: Kisii County Treasury

Based on expenditure absorption rate as shown in Table 3-80, the programs with the highest absorption rates were: Veterinary Services at 96.9 per cent, Representation Legislative and Oversight Services (County Assembly) at 92.2 per cent, Special Programmes at 88.7 per cent, and Administrative and Support Services at 88.6 per cent of budget allocation.

3.17.11 Key Observations and Recommendations

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

1. A high wage bill, which despite decreasing by 1.19 per cent compared to FY 2018/19 and represented 52.0 per cent of the total expenditure for the financial year.
2. High pending bills which stood at Kshs.1.10 billion as of 30th June 2020. This may have been caused by delay

in the disbursement of June 2020 equitable share by the National Treasury.

3. The underperformance of own revenue at Kshs.333.15 million against an annual projection of Kshs.870 million. The realised own source revenue represented 38.3 per cent of its annual target.

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

1. The County should develop an optimal staffing structure and devise strategies to contain expenditure on personnel costs within 35 per cent of County's total revenue in line with Regulation 25(1)(b) (County Governments) Regulations, 2015.
2. The County should ensure verified pending bills are budgeted for as a first charge in the FY 2020/21.
3. The County should develop and implement strategies to enhance own-source revenue performance so as to ensure the approved budget is fully financed.

3.18 County Government of Kisumu

3.18.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.12.22 billion, comprising of Kshs.4.09 billion (33.5 per cent) and Kshs.8.13 billion (66.5 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.84 billion (56 per cent) as the equitable share of revenue raised nationally, Kshs.1.8 billion (14.7 per cent) as total Conditional Grants, generate Kshs.1.44 billion (11.8 per cent) from own sources of revenue, and the cash balance of Kshs.1.52 billion (12.5 per cent) from FY 2018/19. The County also expected to receive Kshs.617.45 million (5.1 per cent) as "other revenues" not contained in the CARA, 2019.

3.18.2 Revenue Performance

During FY 2019/20, the County received Kshs.6.25 billion as equitable share of the revenue raised nationally, Kshs.1.39 billion as total conditional grants, raised Kshs.804.35 million as own-source revenue, had a cash balance of Kshs.1.52 billion from FY 2018/19 and received Kshs.251.35 million in other revenues, not in the CARA, 2019. The total funds available for budget implementation during the period amounted to Kshs.10.22 billion as shown in Table 3-81.

Table 3-81: Kisumu County, Revenue Performance in FY 2019/20

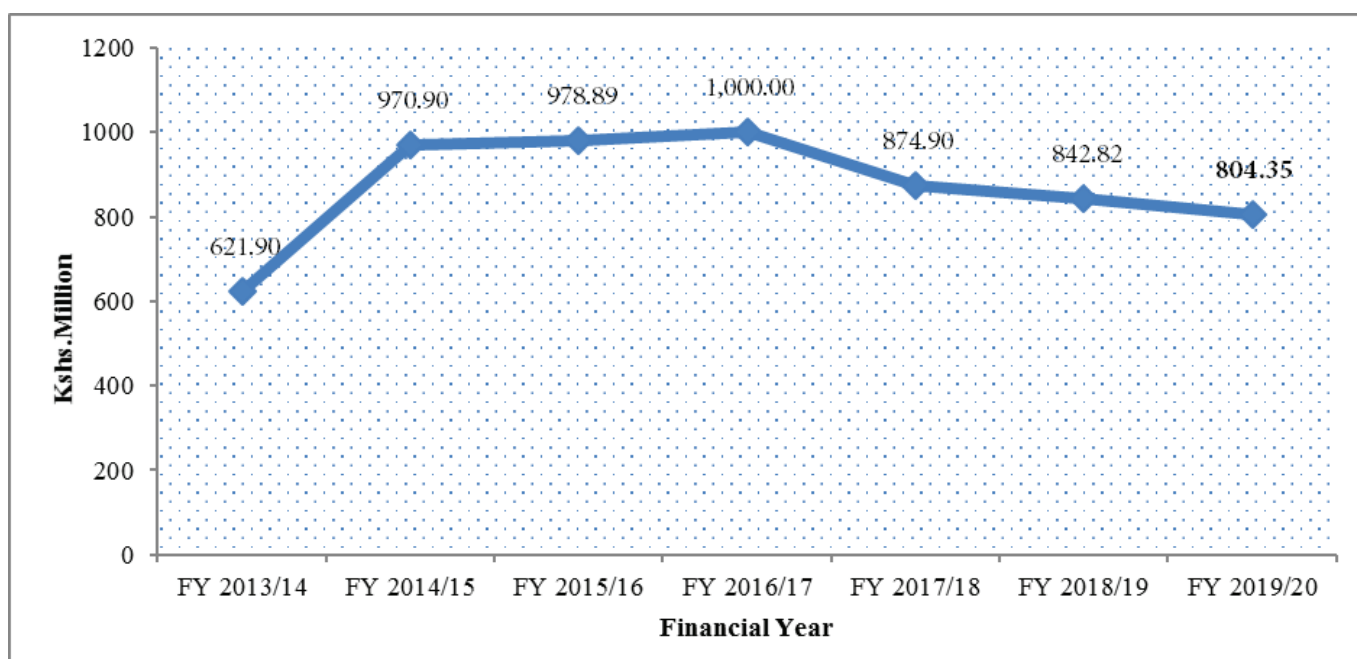
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,836,400,000	6,836,400,000	6,248,469,600	91.4
B.	Conditional Grants from the National Government				
1.	Level '5' Hospitals	369,017,341	369,017,341	369,017,341	100
2.	Road Maintenance Fuel Levy Fund	194,055,750	194,055,750	194,055,750	100
3.	Rehabilitation of Village Polytechnics	41,673,298	41,673,298	41,673,298	100
4.	Compensation for User Fee Foregone	21,299,489	21,299,489	21,299,489	100
	Sub Total	626,045,878	626,045,878	626,045,878	100
C	Loans and Grants from Development Partners				
1.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	773,573,300	773,573,300	553,289,634	71.5
2.	IDA(WB) Kenya Climate Smart Agriculture Project	118,482,110	118,482,110	105,426,127	89.0
3.	EU Grant – Instruments for Devolution Advice and Support	90,000,000	90,000,000	-	-
4.	EU – Water Tower Protection & Climate Mitigation, Adoption Programme (W-A-T-E-R)	80,000,000	80,000,000	-	-
5.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	35,082,339	100.2
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
7.	DANIDA Grant	20,625,000	20,625,000	20,625,000	100.0
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,029,227	17,029,227	11,264,613	66.1
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
Sub Total		1,173,509,637	1,173,509,637	764,487,713	65.1
D Other Sources of Revenue					
1.	Own Source Revenue	-	1,438,478,604	804,347,267	55.9
2.	Balance b/f from FY2018/19	-	1,524,076,529	1,524,076,529	100.0
3.	Other Revenues	-	617,447,720	251,345,545	40.7
Sub Total		-	3,580,002,853	2,579,769,341	72.1
Grand Total		8,635,955,515	12,215,958,368	10,218,772,532	83.7

Source: Kisumu County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-34.

Figure 3-34: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20.



Source: Kisumu County Treasury

During FY 2019/20, the County generated a total of Kshs.804.35 million as own-source revenue. This amount represented a decrease of 4.6 per cent when compared to Kshs.842.82 million realised during the same period in FY 2018/19, and represented 55.9 per cent of the annual target.

3.18.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.18 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.14 billion (23.6 per cent) for Development programmes and Kshs.7.04 billion (76.7 per cent) for Recurrent programmes.

3.18.4 Overall Expenditure Review

A total of Kshs.9.12 billion was spent on Development and Recurrent programmes and represented 99.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.38 billion and Kshs.6.74 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 58.2 per cent while that incurred on recurrent programmes represented an absorption rate of 82.9 per cent.

3.18.5 Pending Bills

The County had accumulated eligible pending bills amounting to Kshs.323.44 million as at June 30, 2020. These bills consisted of Kshs.136.16 million for development activities and Kshs.187.28 million for recurrent expenditure.

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.54 billion was spent on Compensation to Employees, Kshs.2.20 billion on Operations and Maintenance, and Kshs.2.52 billion on Development expenditure.

Table 3-82: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	8,129,207,638	7,039,105,616	6,740,833,581	72.8	82.9
Compensation to Employees	4,901,939,269	4,386,136,479	4,544,509,923	49.1	92.7
Operations and Maintenance	3,227,268,369	2,652,969,137	2,196,323,658	23.7	68.1
Total Development Expenditure	4,086,750,730	2,140,004,146	2,379,771,374	27.2	58.2
Development Expenditure	4,086,750,730	2,140,004,146	2,379,771,374	27.2	58.2
Total	12,215,958,368	9,179,110,232	9,120,604,955	100	74.5

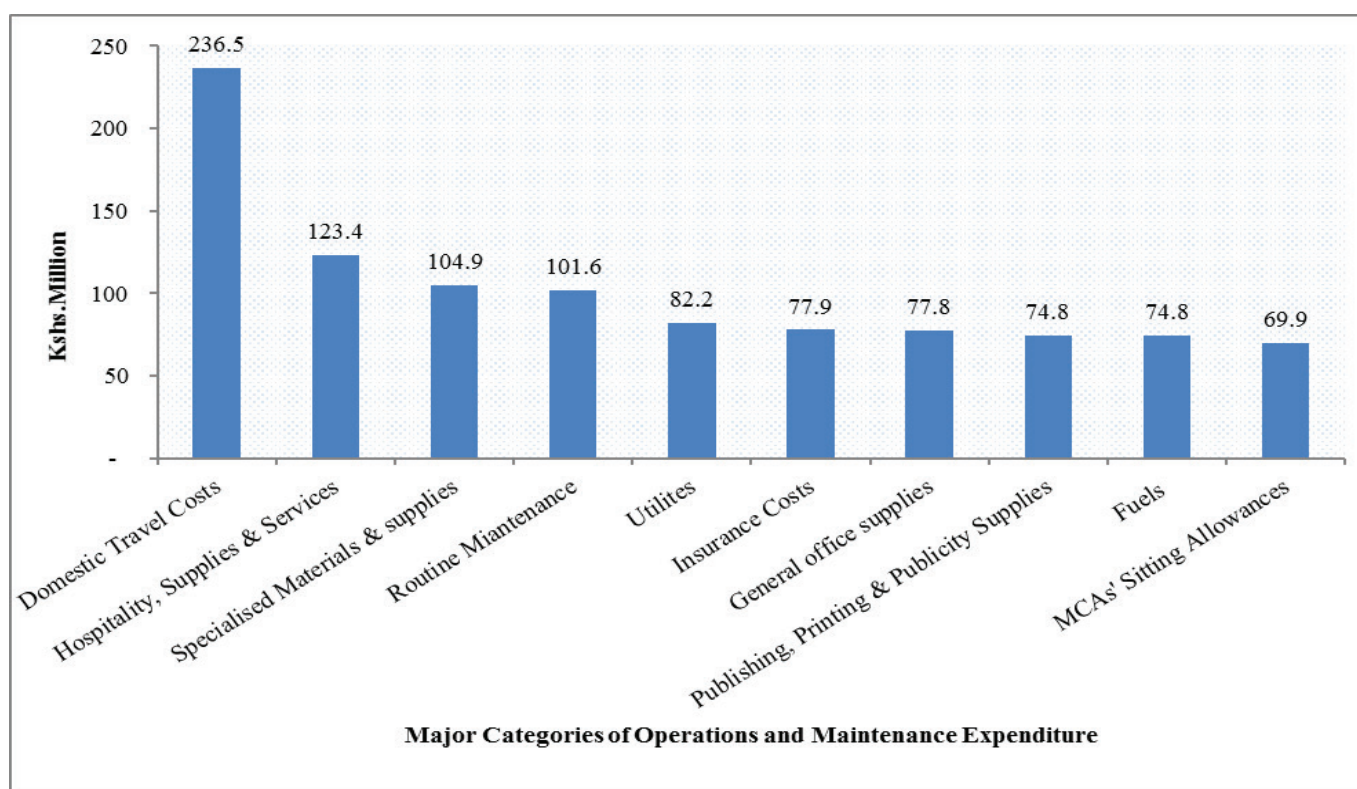
Source: Kisumu County Treasury

Expenditure on Compensation to Employees was 49.1 per cent of the total expenditure for the financial year and represented an increase of 22.4 per cent compared to FY 2018/19 when the County spent Kshs.3.71 billion.

3.18.7 Analysis of Operations and Maintenance Expenditure

Figure 3-35 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-35: Kisumu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kisumu County Treasury

The County spent Kshs.69.90 million on Committee Sitting Allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.70.32 million. The average monthly sitting allowance was Kshs.118,883 per MCA against the SRC's recommended monthly ceiling for members of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.236.50 million and comprised of Kshs.124.03 million spent by the County Assembly and Kshs.112.47 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.37.17 million and comprised of Kshs.13.51 million spent by the County Assembly and Kshs.23.66 million by the County Executive.

3.18.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.38 billion represented 58.2 per cent of the annual development budget of Kshs.4.09 billion and represented a decrease of 6 per cent compared to FY 2018/19 when the County spent Kshs.2.68 billion. Table 3-83 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-83: Kisumu County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Supply of Moto grader	County HQ	34,997,393	34,997,393	100
2	Purchase of Land	Kisumu west	32,000,000	32,000,000	100
3	Preparation of Integrated Work plan	Ahero & Maseno	15,380,556	15,380,556	100
4	Tarmacking of roads in Arina	Arina	11,628,574	11,628,574	100
5	Construction of 4 High masts	County wide	9,219,870	9,219,870	100
6	Supply and delivery of Backhoe tractor	County HQ	7,600,000	7,600,000	100
7	Rehabilitation of Kisumu Rural water supply	Kisumu Rural	6,897,453	6,897,453	100
8	Drainage, excavation and desilting of Car wash	Car wash	4,960,450	4,960,450	100
9	Desilting of Aywaya river	Obunga	3,969,984	3,969,984	100
10	Opening of drainage at Kaloleni	Kaloleni	3,990,400	3,990,400	100

Source: Kisumu County Treasury

3.18.9 Budget Performance by Department

Table 3-84 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-84: Kisumu County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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 County Administration	517.67	34.00	506.40	7.18	439.68	-	86.8	-	84.9	-
Finance and Economic Planning	1,570.45	1,731.35	1,007.80	783.86	1,149.60	1,560.67	114.1	200.8	73.2	90.2
Agriculture, Livestock and Fisheries	237.73	167.36	227.37	152.85	220.14	116.03	96.8	78.9	94.6	69.3
Education, Human Resource Development & ICT	401.59	225.64	195.93	75.03	172.49	88.84	88.0	143.7	43.0	39.4
Tourism, Culture, Arts and Sports	104.56	35.50	100.62	1.50	58.15	4.11	57.8	407.3	55.6	11.6
Physical Planning, Lands, Housing & Urban Devel.	25.45	90.23	18.93	47.38	21.82	47.38	115.3	100.0	85.7	52.5
Public Works, Roads and Transport	176.53	455.91	168.72	261.04	114.23	193.87	67.7	78.0	64.7	42.5
Health Services	3,569.18	234.55	3,310.59	129.12	3,180.19	125.32	96.1	116.6	89.1	53.4
Water, Environment and Natural Resources	78.15	228.44	61.04	19.98	46.56	117.22	76.3	586.7	59.6	51.3
Business, Co-Operatives and Markets	31.47	156.75	28.46	52.41	19.33	45.70	67.9	191.4	61.4	29.2
Energy and Industry	51.41	71.30	51.39	3.99	25.13	9.89	48.9	436.8	48.9	13.9
County Assembly	696.92	20.00	696.87	12.20	695.59	12.20	99.8	100.0	99.8	61.0
City of Kisumu	620.50	635.73	620.50	593.45	566.63	58.53	91.3	10.2	91.3	9.2
County Public Service Board	47.58	-	44.48	-	31.31	-	70.4	-	65.8	-
Total	8,129.21	4,086.75	7,039.11	2,140.00	6,740.83	2,379.77	95.8	117.8	82.9	58.2

Source: Kisumu County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 90.2 per cent while the Office of the Governor and County Administration did not report expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 99.8 per cent while the Department of Education Human Resource Development and ICT had the lowest at 43 per cent.

3.18.10 Budget Execution by Programmes and Sub-Programmes

Table 3-85 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-85: Kisumu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
General Administration And Planning Services	Planning And Coordination Services	248,892,179	223,560,837	25,331,342	89.8
	Management Of Human And Capital Resources	58,662,912	56,738,112	1,924,800	96.7
	Planning And Administration	220,226,797	214,832,362	5,394,435	97.6
	Sub Total	527,781,888	495,131,310	32,650,578	93.8
Agriculture Productivity And Output Management	Management Of Agriculture Advisory Services	8,190,257	4,732,422	3,457,835	57.8
	Promotion Of Crop And Value Chain	22,392,744	15,099,980	7,292,764	67.4
	Promotion Of Farm Forestry	302,500	110,400	192,100	36.5
	Development Of Product Quality Assurance	630,500	230,560	399,940	36.6
	Agriculture Sector Planning And Management	1,366,100	1,311,650	54,450	96
	Sub Total	32,882,101	21,485,012	11,397,089	65.3
Physical Planning And Housing	Physical Planning Services	38,775,460	27,789,616	10,985,844	71.7
	County Housing Management	1,548,886	1,299,886	249,000	83.9
	Sub Total	40,324,346	29,089,502	11,234,844	72.1
Promotion Of Sustainable Land Use	Promotion Of Soil And Water Management.	20,806,734	13,983,013	6,823,721	67.2
	Promotion Of Mechanization	736,098	567,000	169,098	77
	Sub Total	21,542,832	14,550,013	6,992,819	67.5
Agriculture Productivity Management	Agriculture Credit Access	548,250	470,600	77,650	85.8
	Agriculture Input Access	15,915,758	6,435,713	9,480,045	40.4
	Sub Total	16,464,008	6,906,313	9,557,695	41.9
Promotion Of Market Access And Product Development	Promotion Of Agribusiness	7,181,000	519,200	6,661,800	7.2
	Promotion Of Value Addition	1,330,750	1,134,500	196,250	85.3
	Sub Total	8,511,750	1,653,700	6,858,050	19.4
Revenue Generation Management	Local Revenue Mobilization	822,165,629	214,809,714	607,355,915	26.1
	Sub Total	822,165,629	214,809,714	607,355,915	26.1
Urban Planning And Development Control	Urban Planning And Development	77,998,900	69,624,669	8,374,231	89.3
	Sub Total	77,998,900	69,624,669	8,374,231	89.3
County Roads And Public Works Management	General Administration And Planning	75,350,295	40,115,612	35,234,683	53.2
	Road Construction And Maintenance Services	286,874,890	118,996,997	167,877,893	41.5
	Sub Total	362,225,185	159,112,608	203,112,577	43.9
Administration, Planning And Support Services	Administrative Services	1,289,938,329	1,105,450,005	184,488,324	85.7
	Financial Services	38,111,312	38,053,364	57,948	99.8
	Sub Total	1,328,049,641	1,143,503,369	184,546,272	86.1
Energy Production	Petroleum And Electricity	40,171,170	7,099,026	33,072,144	17.7
	Sub Total	40,171,170	7,099,026	33,072,144	17.7

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Mining Efficiency	Resource Mobilization	35,631,592	25,160,849	10,470,743	70.6
	Green Energy	973,940	572,340	401,600	58.8
	Sub Total	36,005,532	25,733,190	10,872,342	71.5
Roads General Administration And Planning	Public Works	201,841,750	89,477,140	112,364,610	44.3
	Transport Management	21,180,113	9,324,358	11,855,755	44
	Sub Total	223,021,863	98,801,498	124,220,365	44.3
ICT Services	ICT Services	3,834,600	2,892,833	941,767	75.4
	Sub Total	3,834,600	2,892,833	941,767	75.4
Communication Services	Communication Services	1,947,550	1,429,300	518,250	73.4
	Sub Total	1,947,550	1,429,300	518,250	73.4
General Administration And Policy Making	Trade Support Services	46,633,474	5,561,742	41,071,732	11.9
	Sub Total	46,633,474	5,561,742	41,071,732	11.9
Regulation And Verification Of Weights	Verification And Calibration Of Weighing Equipment	9,597,875	2,458,375	7,139,500	25.6
	Sub Total	9,597,875	2,458,375	7,139,500	25.6
Tourism Development And Management	Tourism Development	8,938,030	7,807,640	1,130,390	87.4
	Research And Product Development	1,704,100	1,569,100	135,000	92.1
	Tourism Event Management	3,370,368	2,984,871	385,497	88.6
	Tourism Standards Development	1,867,560	1,462,910	404,650	78.3
	Sub Total	15,880,058	13,824,521	2,055,5	87.1
Administration Planning And Support	Administration Planning	122,536,189	90,295,058	32,241,131	73.7
	Sub Total	122,536,189	90,295,058	32,241,131	73.7
Co-Operative Development Management	Co-operative Governance	48,866,360	17,198,885	31,667,475	35.2
	Sub Total	48,866,360	17,198,885	31,667,475	35.2
Industrial Development	Renovations And Operationalization Of Cidcs	48,587,110	19,867,365	28,719,745	40.9
	Sub Total	48,587,110	19,867,365	28,719,745	40.9
Preventive And Promotive Health Services	Environmental Health And Sanitation	140,100,399	117,091,414	23,008,985	83.6
	Community Health Strategy	560000	276,600	283,400	49.4
	Disease Surveillance	161,814,000	161,205,935	608,065	99.6
	Health Promotion Services	92,822,884	88,766,327	4,056,557	95.6
	Sub Total	395,297,283	367,340,276	27,957,007	92.9
Health Curative Services	Elimination Of Communicable And Non – Communicable Diseases	40,227,900	11,745,347	28,532,552	29.2
	Reproductive Health	2,206,583	698,800	1,507,783	31.7
	Sub Total	42,484,483	12,444,147	30,040,336	29.3
General Administration, Operational Research And Planning Services	Governance And Leadership	263,901,121	164,907,554	98,993,567	62.5
	Human Resource For Health	2,656,826,706	2,541,971,152	114,855,554	95.7
	Sub Total	2,920,727,827	2,706,878,707	213,849,120	92.7
Health Sector Support Program	Health Promotion Services	500,000	232,940	267,060	46.6
	Sub Total	500,000	232,940	267,060	46.6
Jaramogi Oginga Odinga Teaching And Referral Hospital	J.O.O Teaching And Referral Hospital	435,679,954	331,886,465	103,793,489	76.1
	Sub Total	435,679,954	331,886,465	103,793,489	76.1
Kisumu County Referral Hospital	Kisumu County Referral Hospital	26,574,850	26,574,850	0	100
	Sub Total	26,574,850	26,574,850	0	100
County And Sub – County Hospital Services	County And Sub – County Hospital Services	179,302,887	51,156,859	128,146,027	28.5
	Sub Total	179,302,887	51,156,859	128,146,027	28.5

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Early Childhood Development	Promotion Of Early Childhood Education	108,852,224	99,593,789	9,258,435	91.5
	Sub Total	108,852,224	99,593,789	9,258,435	91.5
Youth Training And Development	Youth Polytechnics	6,210,000	3,742,629	2,467,371	60.3
	Sub Total	6,210,000	3,742,629	2,467,371	60.3
Gender And Social Development	Gender And Disability Mean Streaming	1,298,000	0	1,298,000	0
	Betting Control	2,844,760	1,081,760	1,763,000	38
	Sub Total	4,142,760	1,081,760	3,061,000	26.1
Early Childhood Education Management	Early Childhood Education	11,207,200	4,206,479	7,000,721	37.5
	Sub Total	11,207,200	4,206,479	7,000,721	37.5
Sports Management And Development	Sports Management	5,922,912	4,432,862	1,490,050	74.8
	Talent Development	2,169,192	1,051,112	1,118,080	48.5
	Sub Total	8,092,104	5,483,974	2,608,130	67.8
Alcoholic Drinks	Alcoholic Drinks	8,410,000	6,423,450	1,986,550	76.3
	Sub Total	8,410,000	6,423,450	1,986,550	76.3
Pre - Primary Policy And Legislation	Pre - Primary Policy And Legislation	26,478,196	18,537,793	7,904,403	70
	Sub Total	26,478,196	18,537,793	7,904,403	70
Youth Training And Legislation	Youth Training And Legislation	3,529,202	1,323,252	2,205,950	37.4
	Sub Total	3,529,202	1,323,252	2,205,950	37.4
General Administration And Planning Services	Administration & Formulation Of County Policy	1,858,788,274	1,545,310,588	313,477,686	83.1
	General Administration	240,026,284	170,550,967	69,475,317	71.1
	Human Development Services	224,407,208	26,588,262	197,818,946	11.8
	Development & Management Of County Administrative Systems	62,523,363	51,691,441	10,831,922	82.7
	Social Responsibility Including Civic & Public Management	5,769,010	2,896,135	2,872,875	50.2
	Sub Total	2,391,514,139	1,797,037,392	594,476,746	75.1
Management Of County Affairs And Special Affairs	Inter-Government And Protocol	11502196	9,340,819	2,161,377	81.2
	Sub Total	11502196	9,340,819	2,161,377	81.2
Inter-Governmental Relations, Communication And Coordination.	Governor's Press Service And Communication	14,899,060	10,509,228	4,389,832	70.5
	Internal Auditing Services	9,614,914	7,399,364	2,215,550	77
	Sub Total	24,513,974	17,908,592	6,605,382	73.1
County Public Service Board	General Administration And Support Services	614,218,751	407,018,084	207,200,667	66.3
	Human Resource Recruitment And Development	29,220,173	23,242,931	5,977,242	79.5
	Human Resource Audit And Staff Rationalization	2,524,409	1,313,250	1,211,159	52
	Sub Total	645,963,333	431,574,265	214,389,068	66.8
Public Finance Management	Revenue Mobilisation	63,211,320	7,858,770	55,352,550	12.4
	Assets Management	37,239,000	20,200,000	17,039,000	54.2
	Management Of Public Financial Resources	1,571,300	747,300	824,000	47.6
	Budget Formulation And Coordination	68,271,927	45,249,518	23,022,409	66.3
	Sub Total	170,293,547	74,055,589	96,237,958	43.5
County Planning & Development Coordination Services	Policy Formulation And Planning	28,117,000	11,888,974	16,228,026	42.2
	Monitoring And Evaluation	12,365,441	3,250,862	9,114,579	26.3
	Sub Total	40,482,441	15,139,835	25,342,605	37.4

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
County Communication And ICT Services	Management Of Information System	2,462,719	1,130,019	1,332,700	2.6
	County Publicity And Marketing	1,751,100	1,707,325	43,775	11.4
	Sub Total	4,213,819	2,837,344	1,376,475	67.3
County Assembly Service Board	County Assembly Service Board	34,925,557	34,923,073	2,484	100
	Committee Services	197,321,266	189,112,257	8,209,009	95.8
	Representation & Public Participation	83,546,800	83,352,258	194,542	99.8
	Sub Total	315,793,623	307,387,588	8,406,034	97.3
Legislation And Oversight Services	Legislation And Oversight Services	142,208,526	142,170,902	37,624	100
	Sub Total	142,208,526	142,170,902	37,624	100
County Planning & Development Coordination Services	County Planning And Development Coordination	6,226,716	4,485,096	1,741,620	72
	Sub Total	6,226,716	4,485,096	1,741,620	72
General Administration And Planning Services	Policy Planning And Administration	28,093,850	9,954,992	18,138,858	34.4
	Sub Total	28,093,850	9,954,992	18,138,858	34.4
Conservation And Management Of Ecosystems	Water Resources & Sewerage Services	204,916,035	107,960,973	96,957,062	52.7
	Sub Total	204,916,035	107,960,973	96,957,062	52.7
General Administration And Planning Services	Policy Planning And Administration	31,677,013	18,904,787	12,772,226	59.7
	Sub Total	31,677,013	18,904,787	12,772,062	59.7
Environment Planning And Management	Environmental Quality Protection	797,740	302,500	495,240	37.9
	Environmental Conservation Of Natural Resources	72,959,910	36,284,890	36,675,020	49.7
	Solid Waste Management	678,463	210,950	467,513	31.1
	Sub Total	74,436,113	36,798,340	37,637,773	49.4
Sports And Cultural Services	Cultural Promotion Services	106,975,973	79,438,638	27,537,334	45.7
	Sub Total	106,975,973	79,438,638	27,537,334	74.3
Culture And Arts Development	Culture And Heritage Development	3,133,328	2,804,948	328,380	89.5
	Artistic Talent Development	894,711	454,062	440,649	50.7
	Sub Total	4,028,039	3,259,010	769,029	80.9
Grand Total		12,215,958,368	9,120,604,955	3,095,353,413	74.7

Source: Kisumu County Treasury

Based on expenditure absorption rate as shown in Table 3-86, the programs with the highest absorption rates were: Legislation and Oversight Services at 100 per cent, Promotion of Early Childhood Education at 91.5 per cent, and Culture and Heritage Development at 89.5 per cent.

3.18.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 49.1 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. The underperformance of own revenue at Kshs.804.35 million against an annual projection of Kshs.1.44 billion. The realised own source revenue represented 55.9 per cent of its annual target.
4. High expenditure compared to exchequer releases, especially by the Department of Energy and Industry and Water, Environment and Natural Resources, implying diversion of 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 in line with Section 166 of the PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
3. *The County should develop and implement strategies to enhance own-source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should ensure compliance with existing laws on budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*

3.19 County Government of Kitui

3.19.1 Overview of FY 2019/20 Budget

The County's Second Supplementary Budget for FY 2019/20 was Kshs.11.80 billion, comprising of Kshs.4.39 billion (37.2 per cent) and Kshs.7.40 billion (62.8 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.8.83 billion (74.9 per cent) as the equitable share of revenue raised nationally, Kshs.1.41 billion (12 per cent) as total conditional grants, generate Kshs.600 million (5.1 per cent) from own sources of revenue, and the cash balance of Kshs.526.21 million (4.5 per cent) from FY 2018/19. The County also expected to receive Kshs.425.93 million (3.6 per cent) as "other revenues" not contained in the CARA, 2019.

3.19.2 Revenue Performance

During FY 2019/20, the County received Kshs.8.07 billion as the equitable share of the revenue raised nationally, Kshs.701.73 million as total conditional grants, Kshs.120.36 million "other revenues" from National Government for COVID- 19 intervention, raised Kshs.408.29 million as own-source revenue and had a cash balance of Kshs.526.21 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.9.83 billion as shown in Table 3-86.

Table 3-86: Kitui County, Revenue Performance in FY 2019/20

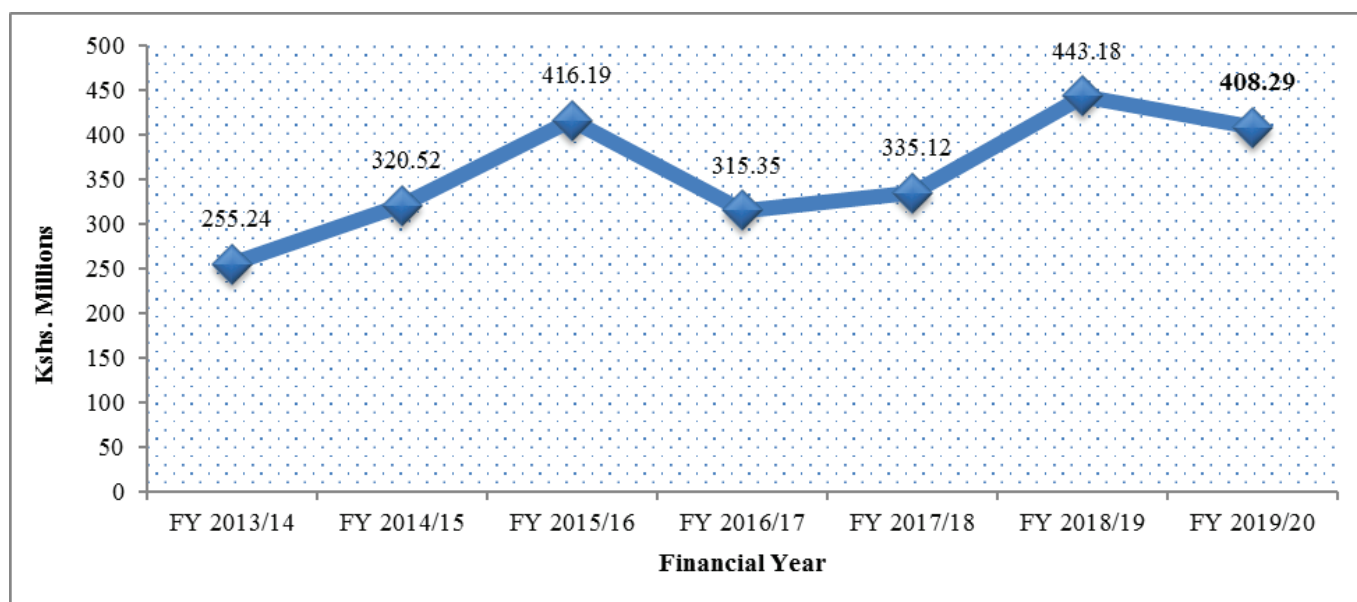
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,830,350,000	8,830,350,000	8,070,939,900	91.4
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	22,499,906	22,499,906	22,499,906	100.0
2	Leasing of Medical Equipment	131,914,894	-	-	-
3	Road Maintenance Fuel Levy Fund	250,655,344	280,638,858	187,991,508	67.0
4	Rehabilitation of Village Polytechnics	72,588,297	72,882,525	72,588,298	99.6
Sub Total		477,658,441	376,021,289	283,079,712	75.3
B.	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	129,886,088	146,059,341	103,785,962	71.1
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	384,709,261	268,608,366	69.8
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,140,998	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	232,374,200	363,132,592.00	-	-
5	DANIDA Grant	26,062,500	26,062,500	35,792,500	137.3
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,392,968	36,633,313	10,464,323	28.6
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
Sub Total		797,515,756	1,036,738,005	418,651,151	40.4
D.	Other Sources of Revenue				
1	Own Source Revenue	-	600,000,000	408,285,164	68.0
2	Balance b/f from FY2018/19	-	526,210,232	526,210,232	100.0
3	Other Revenues	-	425,929,437	120,358,000	28.3
Sub Total		-	1,552,139,669	1,054,853,396	68.0
Grand Total		10,105,524,197	11,795,248,963	9,827,524,158	83.3

Source: Kitui County Treasury

DANIDA Grant had the highest performance at 137.3 per cent as it includes Kshs.9.73 million received for COVID -19 interventions which were not provided in CARA, 2019. Other revenues include Kshs.420 million GoK Grant for Covid-19 interventions where Kshs.300 million was to be transferred directly by the Ministry of Health (National Government) to hospitals while Kshs.120 million was sent through the County Revenue Fund Account.

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-36.

Figure 3-36: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Kitui County Treasury

During FY 2019/20, the County generated a total of Kshs.408.29 million as own-source revenue. This amount represented a decrease of 7.9 per cent when compared to Kshs.443.18 million realised in FY 2018/19, and represented 68 per cent of the annual target.

3.19.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.10.04 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.81 billion (28 per cent) for Development programmes and Kshs.7.23 billion (72.0 per cent) for Recurrent programmes.

3.19.4 Overall Expenditure Review

A total of Kshs.10.01 billion was spent on Development and Recurrent programmes and represented 99.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.91 billion and Kshs.7.09 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 66.5 per cent while that incurred on Recurrent programmes represented an absorption rate of 95.8 per cent.

3.19.5 Pending Bills

The County Assembly had accumulated pending bills amounting to Kshs.12.35 million as of June 30, 2020. These bills consisted of Kshs.8.70 million for development activities and Kshs.3.65 million for recurrent expenditure. The County Executive did not submit its pending bills report to the OCOB.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.65 billion was spent on Compensation to Employees, Kshs.2.44 billion on Operations and Maintenance, and Kshs.2.92 billion on Development expenditure.

Table 3-87: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	7,404,757,790	7,226,383,986	7,092,237,761	70.8	95.8
Compensation to Employees	4,668,759,423	4,718,917,858	4,653,204,054	46.5	99.7
Operations and Maintenance	2,735,998,367	2,507,466,127	2,439,033,707	24.4	89.1
Total Development Expenditure	4,390,491,173	2,811,338,002	2,918,843,204	29.2	66.5
Development Expenditure	4,390,491,173	2,811,338,002	2,918,843,204	29.2	66.5
Total	11,795,248,963	10,037,721,988	10,011,080,965	100.0	84.9

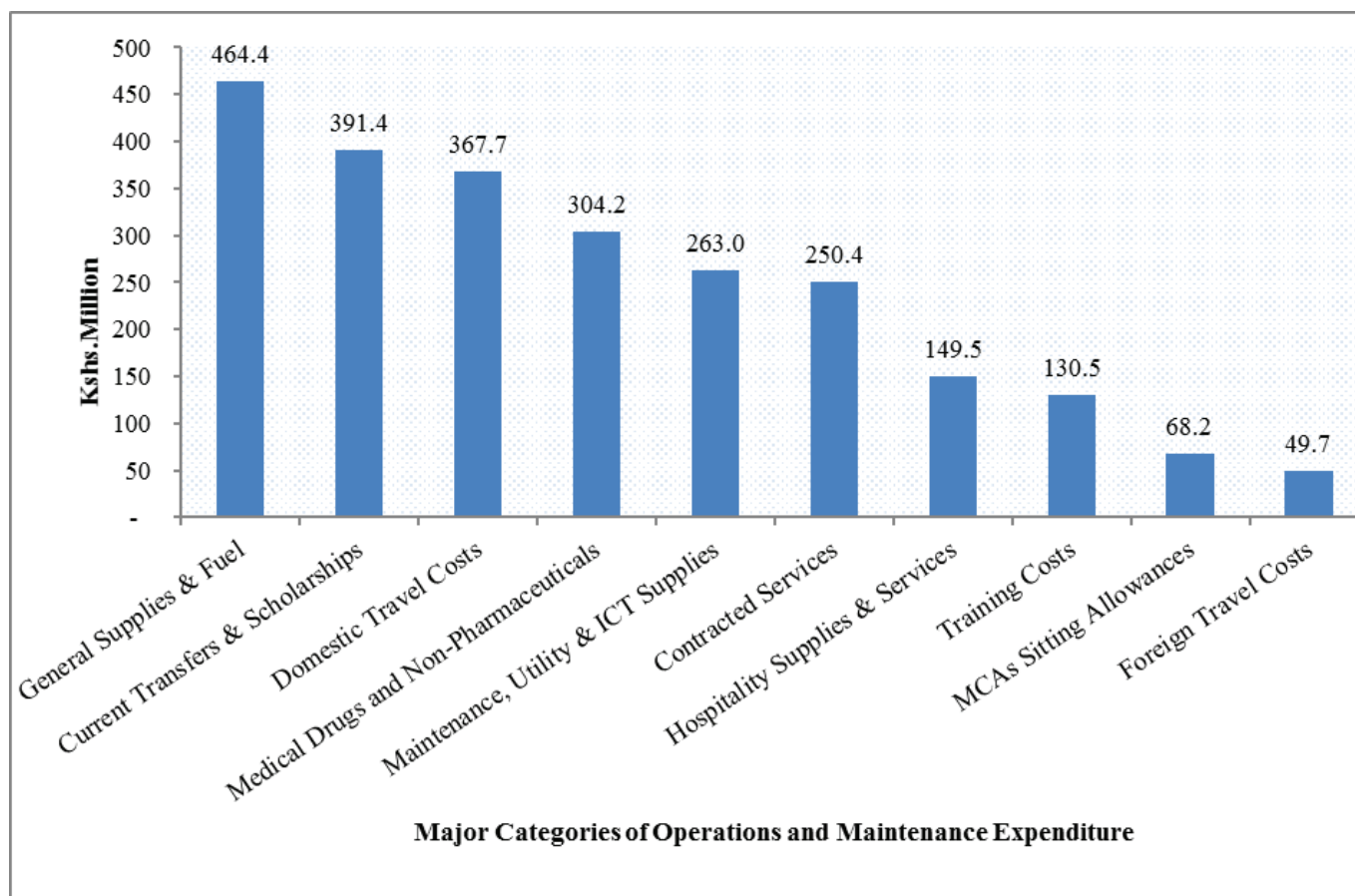
Source: Kitui County Treasury

Expenditure on Compensation to Employees was 46.5 per cent of the total expenditure for the financial year and represented an increase of 13.5 per cent compared to FY 2018/19 when the County spent Kshs.4.10 billion.

3.19.7 Analysis of Operations and Maintenance Expenditure

Figure 3-37 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-37: Kitui County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kitui County Treasury

The County spent Kshs.68.2 million on Committee Sitting Allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.70.02 million. The average monthly sitting allowance was Kshs.103,285 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.367.69 million and comprised of Kshs.110.30 million spent by the County Assembly and Kshs.257.38 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.49.67 million and comprised of Kshs.48.25 million spent by the County Assembly and Kshs.1.42 million by the County Executive.

3.19.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.91 billion represented 66.5 per cent of the annual development budget of Kshs.4.39 billion and represented a decrease of 11.1 per cent compared to FY 2018/19 when the County spent Kshs.3.30 billion. Table 3-88 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-88: Kitui County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Supply of Power to Masinga for Water treatment works	Kitui Central	72,894,928	72,894,938	100

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
2	Supply of power for Kiambere Water treatment works	Head-quarters	55,847,888	55,847,888	100
3	Supply of Production Materials for Kitui County Textile centre	Headquarters	37,489,176	37,489,176	100
4	Water pipeline phase 1 - Thuo Ndukini - waani Ki-siuni	Kitui East	28,550,511	28,550,511	100
5	Supply of installation and commissioning of stationary stone crusher plant 100-120 tons/hr capacity	Head-quarters	85,305,490	25,591,647	30
6	Upgrading of Redeemed Gospel - St Philips Kiembeni road Kiembeni- Igloos - Bituminous Standards and opposite Naivas Cabro works	Kitui Central	44,997,067	25,134,802	55.9
7	Supply and Delivery of Horticultural Seeds	Head-quarters	23,543,385	23,543,385	100
8	Rehabilitation of pipeline from Katwala well to Mbitini market	Head-quarters	18,239,036	18,239,036	100
9	Improvement to Bituminous Standard of National Oil-Naivas Road	Kitui Central	39,296,612	17,724,305	45.1
10	Maintenance of Inyuu Kamaembe - Kilingile road	Kitui East	22,350,384	16,818,618	75.2

Source: Kitui County Treasury

3.19.9 Budget Performance by Department

Table 3-89 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-89: Kitui County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	627.63	758.26	618.51	246.35	598.76	444.12	96.8	180.3	95.4	58.6
Administration and Coordination of County Affairs	404.75	7.38	401.01	5.75	394.59	7.02	98.4	122.0	97.5	95.1
Agriculture Water and Livestock Development	458.92	1,213.34	458.92	947.09	444.60	945.04	96.9	99.8	96.9	77.9
Basic Education, ICT, and Youth Development	475.01	219.09	463.95	113.77	456.93	54.50	98.5	47.9	96.2	24.9
Lands, Infrastructure, Housing and Urban Development	234.09	629.81	233.94	552.70	227.33	500.05	97.2	90.5	97.1	79.4
Health and Sanitation	3,240.24	483.14	3,163.64	322.80	3,088.37	365.67	97.6	113.3	95.3	75.7
Trade, Cooperatives and Investments	303.98	315.82	301.65	193.88	300.81	201.79	99.7	104.1	99.0	63.9
Environment and Natural Resources	98.92	132.38	89.34	61.47	86.82	67.49	97.2	109.8	87.8	51.0
Tourism, Sports and Culture	115.69	99.15	113.18	55.26	104.70	61.21	92.5	110.8	90.5	61.7
County Treasury	386.34	30.14	379.42	30.00	377.06	4.30	99.4	14.3	97.6	14.3
County Public Service Board	29.70	-	29.70	-	26.64	-	89.7	-	89.7	-
County Assembly	909.24	40.00	856.00	20.41	855.98	20.41	100.0	100.0	94.1	51.0
Kitui Municipality	58.42	440.77	57.31	250.45	69.40	234.56	121.1	93.7	118.8	53.2

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
Mwingi Town Administration	61.83	21.21	59.82	11.39	60.25	12.69	100.7	111.4	97.4	59.8
Total	7,404.76	4,390.49	7,226.38	2,811.34	7,092.24	2,918.84	98.1	103.8	95.8	66.5

Source: Kitui County Treasury

Analysis of expenditure by department shows that the Department of Administration and Coordination of County Affairs recorded the highest absorption rate of development budget at 95.1 per cent while the County Treasury had the lowest at 14.3 per cent. The Kitui Municipality had the highest percentage of recurrent expenditure to recurrent budget at 118.8 per cent while the Department of Environment and Natural Resources had the lowest at 87.8 per cent. The Kitui Municipality recurrent expenditure exceeded budget allocation to report absorption of 118.8 per cent due to movement of the budgeted amount in the supplementary budget which exceeded expenditure already incurred.

3.19.10 Budget Execution by Programmes and Sub-Programmes

Table 3-90 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-90 : Kitui County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Vote 3711 - Office of the Governor					
General Administration and Planning	701013710	1,174,275,797	835,429,849	338,845,948	71.1
	702013710	117,395,032	113,989,153	3,405,879	97.1
	704023710	8,460,281	7,863,868	596,413	93.0
	705013710	49,829,731	49,525,486	304,245	99.4
Procurement	704023710	35,928,979	36,067,158	(138,179)	100.4
Sub-total Vote 3711		1,385,889,820	1,042,875,514	343,014,306	75.2
Vote 3712 - Administration and Coordination of County Affairs					
Coordination And Administrative Services	705013710	121,424,471	117,620,727	3,803,745	96.9
	706013710	147,566,517	145,253,813	2,312,704	98.4
Coordination And Programmes Tracking	706013710	1,225,000	1,225,000	-	100.0
General Administration And Planning	701013710	141,917,282	137,505,888	4,411,394	96.9
Sub-total Vote 3712		412,133,270	401,605,428	10,527,843	97.4
Vote 3713 - Agriculture Water and Livestock Development					
Agriculture	101029999	34,075,464	28,695,812	5,379,652	84.2
	102013710	427,731,407	347,963,548	79,767,859	81.4
	103013710	115,640,395	64,398,355	51,242,040	55.7
	103023710	39,570,555	25,999,607	13,570,948	65.7
	104013710	7,567,447	6,975,378	592,069	92.2
Fisheries	105013710	1,464,888	1,025,113	439,775	70.0
General Administration and Planning	101013710	281,648,115	280,489,274	1,158,841	99.6
Livestock Production	106013710	22,281,516	9,144,083	13,137,433	41.0
	106023710	24,061,894	15,438,531	8,623,363	64.2
Water	111013710	498,003,167	405,714,070	92,289,097	81.5
	111023710	151,445,278	135,460,763	15,984,515	89.4
	111033710	68,765,702	68,331,085	434,617	99.4
Sub-total Vote 3713		1,672,255,828	1,389,635,619	282,620,209	83.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Vote 3714 - Basic Education, ICT, and Youth Development					
Basic Education	501013710	273,736,761	272,744,782	991,979	99.6
	502013710	23,976,261	21,252,775	2,723,486	88.6
General Administration And Planning	501013710	95,710,181	89,110,834	6,599,347	93.1
Training And Skills Development	503013710	166,587,981	59,805,998	106,781,983	35.9
	506013710	109,313,923	44,302,964	65,010,959	40.5
(blank)	505013710	24,776,500	24,216,033	560,467	97.7
Sub-total Vote 3714		694,101,607	511,433,386	182,668,221	73.7
Vote 3715 - Lands, Infrastructure, Housing and Urban Development					
General Administration and Planning	101013710	114,636,127	108,990,992	5,645,135	95.1
Housing	107013710	25,430,196	24,578,082	852,114	96.6
	109013710	22,860,135	22,266,935	593,200	97.4
Land Adjudication and Settlement	108023710	11,492,650	10,730,447	762,203	93.4
Physical Planning	108013710	18,984,774	16,035,945	2,948,829	84.5
Public Works	109013710	2,500,000	1,774,350	725,650	71.0
Roads, Transport and Mechanical Services	110013710	618,345,270	493,937,925	124,407,345	79.9
	203013710	38,316,659	38,262,468	54,191	99.9
Survey and Mapping	108023710	11,338,040	10,797,896	540,144	95.2
Sub-total Vote 3715		863,903,851	727,375,040	136,528,811	84.2
Vote 3716 - Health and Sanitation					
General Administration and Planning Headquarters	401013710	561,001,655	476,903,097	84,098,558	85.0
	401023710	54,483,207	54,272,747	210,460	99.6
	401033710	-	764,013	(764,013)	∞
Health Promotion and Disease Control	404013710	1,586,148	1,432,628	153,520	90.3
Medical Services	402013710	2,118,882,429	1,945,233,606	173,648,823	91.8
	402023710	11,204,218	10,157,895	1,046,323	90.7
	403023710	446,896,946	446,793,974	102,972	100.0
	404033710	26,062,500	25,588,472	474,028	98.2
Public Health	403013710	32,224,927	38,108,674	(5,883,747)	118.3
	403023710	1,799,113	1,724,756	74,357	95.9
	403033710	4,716,833	4,696,304	20,529	99.6
Rural Health Services	402033710	295,960,939	294,535,452	1,425,487	99.5
	404023710	146,059,341	136,079,388	9,979,953	93.2
	404043710	22,499,906	17,750,137	4,749,769	78.9
Sub-total Vote 3716		3,723,378,162	3,454,041,143	269,337,019	92.8
Vote 3717 - Trade, Cooperatives and Investments					
Cooperatives	304013710	285,522,995	189,505,199	96,017,796	66.4
	304023710	77,754,378	78,211,987	(457,609)	100.6
General Administration and Planning	301013710	147,278,087	125,887,976	21,390,111	85.5
Trade and Markets	301013710	29,825,440	31,344,598	(1,519,158)	105.1
	303013710	2,128,400	2,127,781	619	100.0
	303023710	77,297,436	75,526,443	1,770,993	97.7
Sub-total Vote 3717		619,806,736	502,603,984	117,202,752	81.1
Vote 3719 - Environment and Natural Resources					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Energy	1005013710	3,236,170	1,920,349	1,315,821	59.3
	1006013710	96,311,551	43,256,826	53,054,725	44.9
Environment	1002013710	18,558,967	13,846,306	4,712,661	74.6
	1003013710	7,719,037	6,210,967	1,508,070	80.5
	1004013710	5,749,822	3,747,970	2,001,852	65.2
General Administration And Planning	1001013710	46,243,819	43,117,387	3,126,432	93.2
Mineral Resources Headquarters	1003013710	18,234,322	13,058,822	5,175,500	71.6
	1003023710	10,575,554	10,125,060	450,494	95.7
	1003043710	7,639,792	7,724,690	(84,898)	101.1
	1007013710	15,188,293	9,469,333	5,718,960	62.3
	1008013710	1,835,509	1,835,440	69	100.0
Sub-total Vote 3719		231,292,836	154,313,150	76,979,686	66.7
Vote 3720 - Tourism, Sports and Culture					
Gender, Culture and Social Services	307013710	12,468,338	7,842,673	4,625,665	62.9
	307023710	11,613,142	10,781,842	831,300	92.8
	308013710	5,751,076	2,890,490	2,860,586	50.3
	308023710	1,376,100	1,343,676	32,424	97.6
General Administration And Planning	301013710	39,122,236	39,406,015	(283,779)	100.7
Tourism	305013710	7,084,321	8,122,042	(1,037,721)	114.6
	305033710	27,578,196	15,151,166	12,427,030	54.9
	1003023710	30,248,043	26,872,366	3,375,677	88.8
	306013710	20,775,006	15,339,326	5,435,680	73.8
	306023710	58,822,482	38,162,251	20,660,231	64.9
Sub-total Vote 3720		214,838,940	165,911,847	48,927,093	77.2
Vote 3721 - County Treasury					
Accounts	704013710	55,867,600	55,561,419	306,181	99.5
	712053710	12,392,500	11,884,973	507,527	95.9
Budgetary Supplies	712013710	127,575,457	120,962,341	6,613,116	94.8
	712023710	7,219,709	7,001,191	218,518	97.0
Economic Affairs	710013710	104,067,902	76,937,808	27,130,094	73.9
	710023710	12,823,480	12,839,240	(15,760)	100.1
	712023710	0	613,000	(613,000)	-
General Administration and Planning	701013710	89,906,700	88,873,754	1,032,946	98.9
Internal Audit	712033710	6,630,590	6,624,919	5,671	99.9
Procurement	704013710	0	58,250	(58,250)	-
Sub-total Vote 3721		416,483,938	381,356,895	35,127,043	91.6
Vote 3722 - County Public Service Board					
General Administration and Planning	701013710	10,809,617	8,789,452	2,020,165	81.3
	713013710	6,200,276	6,003,194	197,082	96.8
	713023710	6,931,219	6,308,984	622,235	91.0
	714013710	5,757,965	5,538,226	219,739	96.2
Sub-total Vote 3722		29,699,077	26,639,856	3,059,221	89.7
Vote 3723 - County Assembly					
General Administration and Planning	701013710	295,039,872	262,221,792	32,818,080	88.9
Legislative Department	715013710	654,199,888	614,169,860	40,030,028	93.9
Sub-total Vote 3723		949,239,760	876,391,652	72,848,108	92.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Vote 3724 - Kitui Municipality					
Environment, Culture, Recreation and Community Development	207013710	4,865,079	4,758,161	106,918	97.8
General Administration and Planning-	201013710	81,186,289	129,655,001	(48,468,712)	159.7
Planning, Development Control, Transport and Infrastructure	209013710	413,132,592	169,548,380	243,584,212	41.0
Sub-total Vote 3724		499,183,960	303,961,542	195,222,418	60.9
Vote 3725 - Mwingi Town Administration					
Environment, Culture, Recreation and Community Development	1001013710	3,615,181	3,284,472	330,709	90.9
General Administration And Planning	109013710	14,267,599	11,427,546	2,840,053	80.1
	201013710	40,007,763	38,618,834	1,388,929	96.5
	706013710	3,987,331	3,862,354	124,977	96.9
Planning, Development Control, Transport and Infrastructure	207013710	19,498,809	14,105,225	5,393,584	72.3
	207023710	1,233,295	1,207,778	25,517	97.9
	207033710	431,200	429,700	1,500	99.7
Sub-total Vote 3725		83,041,178	72,935,909	10,105,269	87.8
Grand Total		11,795,248,963	10,011,080,965	1,784,167,999	84.9

Source: Kitui County Treasury

Based on expenditure absorption rate as shown in Table 3-90, the highest-spending programs were: General Administration and Planning in the department of Kitui Municipality at 159.7 per cent, Public Health in the Department of Health and Sanitation at 118.3 per cent, Tourism in the Department of Tourism, Sports and Culture at 114.6 per cent, and, Trade and Markets in the Department of Trade, Cooperatives and Investments at 105.1 per cent of budget allocation. The programmes that performed above 100 per cent and those with negative variance balances were due to movement of already incurred budget allocation during the supplementary budget.

3.19.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The submitted Financial Report was incomplete as it did not contain information on pending bills under the County Executive.
2. A high wage bill, which accounted for 46.5 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. The Under performance of own collection at Kshs.408.29 million against an annual projection of Kshs.600 million. The realised own source revenue represented 68.0 per cent of its annual target.
4. Weak budgetary practice as shown in Table 3-89a nd Table 3-90 where the County incurred expenditure above the approved budgetary allocations.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012 and the COB Act, 2016.
2. The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.
3. The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.
4. The County Treasury should improve on vote book management and budgetary control to ensure that expenditure is within the approved budget.

3.20 County Government of Kwale

3.20.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.13.25 billion, comprising of Kshs.7.07 billion (53.4 per cent) and Kshs.6.17 billion (46.6 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.7.79 billion (58.8 per cent) as the equitable share of revenue raised nationally, Kshs.2.51 billion (20 per cent) as total conditional grants, generate Kshs.325 million (18.8 per cent) from own sources of revenue, and the cash balance of Kshs.2.48 billion (0.2 per cent) from FY 2018/19. The County also expected to receive Kshs.137.08 million (1.0 per cent) as a grant for COVID-19 interventions.

3.20.2 Revenue Performance

During FY 2019/20, the County received Kshs.7.12 billion as equitable share of the revenue raised nationally, Kshs.1.02 billion as total conditional grants, raised Kshs.254.45 million as own-source revenue, Kshs.145.48 million grants for COVID-19 interventions, and had a cash balance of Kshs.2.48 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.11.03 billion as shown in Table 3-91.

Table 3-91: Kwale County, Revenue Performance in FY 2019/20

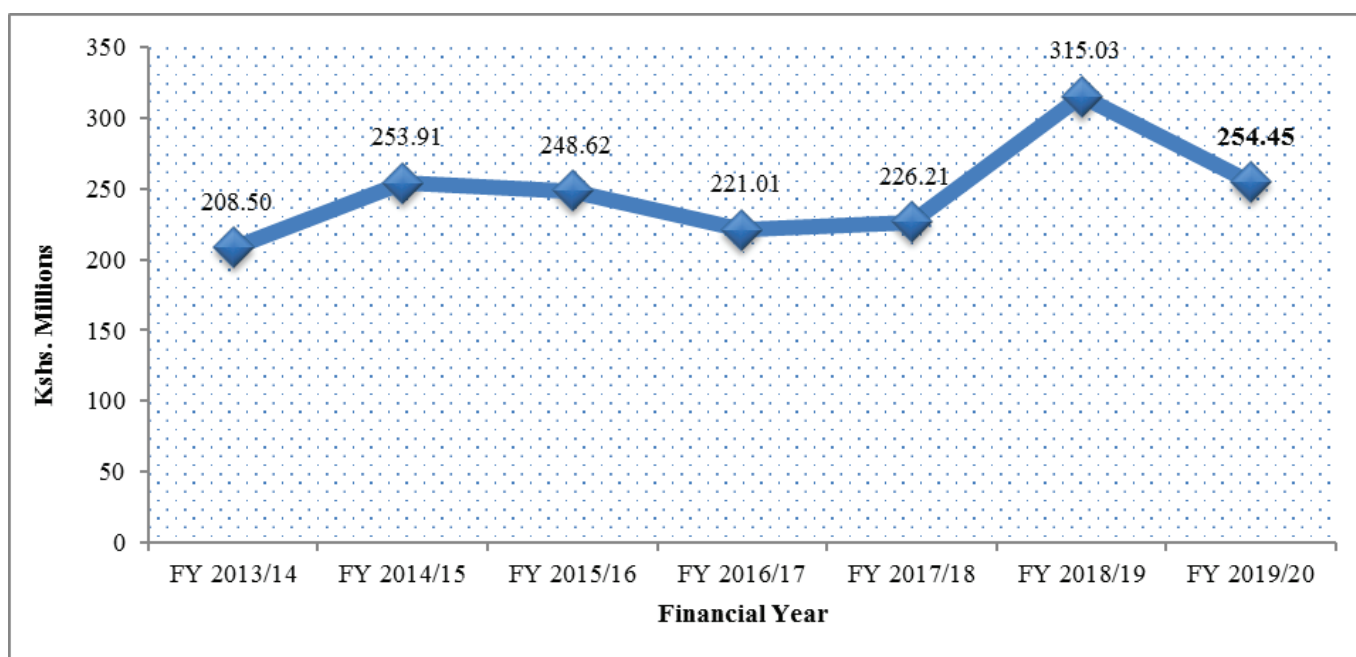
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,047,900,000	7,785,900,000	7,116,312,600	91.4
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	15,209,593	15,209,593	15,209,593	100
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	221,007,939	554,658,944	221,007,939	39.9
4	Rehabilitation of Village Polytechnics	-	74,646,131	59,793,298	-
	Sub Total	368,132,426	776,429,562	296,010,830	38.1
C	Loans and Grants from Development Partners				
5	Transforming Health systems for Universal care Project (WB)	157,706,559	232,432,564	326,779,630	140.6
6	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	237,116,882	446,856,687	241,448,671	54.0
7	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	62,970,782	30,000,000	47.6
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	35,761,940	100,000,000	35,761,940	35.8
9	DANIDA Grant	22,500,000	22,500,000	22,500,000	100.0
10	EU Grant (Instruments for Devolution Advise and Support IDEAS)	28,991,771	88,497,081	-	-
11	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	101,142,857	700,000,000	45,015,440	6.4
12	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,348,633	34,063,104	18,540,528	54.4
13	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	8,800,000	17.6
	Sub Total	641,368,642	1,737,320,218.00	728,846,208.80	42.0
D	Other Sources of Revenue				
14	Own Source Revenue	-	325,000,000	254,445,870	78.3
15	Balance b/f from FY 2018/19	-	2,484,289,495	2,484,289,495	100.0

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
16	Other Revenues- COVID -19 Conditional Grant	-	137,082,000	145,482,000	106.1
Sub Total		-	2,946,371,495	2,884,217,365	97.9
Grand Total		8,057,401,068	13,246,021,275	11,025,387,004	83.2

Source: Kwale County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-38.

Figure 3-38: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Kwale County Treasury

During FY 2019/20, the County generated a total of Kshs.254.45 million as own-source revenue, representing a decrease of 19.2 per cent when compared to Kshs.315.03 million realised in FY 2018/19, and represented 78.3 per cent of the annual target. The significant decrease was attributed to unfavourable socio-economic conditions necessitated by the measures taken to contain the COVID-19 Pandemic.

3.20.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.11 billion from the CRF account during the reporting period. This amount comprised of Kshs.3.43 million (37.6 per cent) for Development programmes and Kshs.5.69 billion (62.4 per cent) for Recurrent programmes.

3.20.4 Overall Expenditure Review

A total of Kshs.8.90 billion was spent on Development and Recurrent programmes and represented 97.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.3.51 billion and Kshs.5.39 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 49.6 per cent while that incurred on recurrent programmes represented an absorption rate of 87.4 per cent.

3.20.5 Pending Bills

The County had accumulated eligible pending bills amounting to Kshs.2.84 billion as at June 30, 2020. These bills consisted of Kshs.2.66 billion for development activities and Kshs.184.39 million for recurrent expenditure.

3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.98 billion was spent on Compensation to Employees, Kshs.2.41 billion on Operations and Maintenance, and Kshs.3.51 billion on Development expenditure.

Table 3-92: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure(K-shs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,172,382,803	5,685,501,396	5,394,432,555	60.6	87.4
Compensation to Employees	3,004,697,100	2,945,198,700	2,981,277,034	33.5	99.2
Operations and Maintenance	3,167,685,703	2,740,302,696	2,413,155,521	27.1	76.2
Total Development Expenditure	7,073,638,472	3,427,912,776	3,505,078,744	39.4	49.6
Development Expenditure	7,073,638,472	3,427,912,776	3,505,078,744	39.4	49.6
Total	13,246,021,275	9,113,414,172	8,899,511,299	100.0	67.2

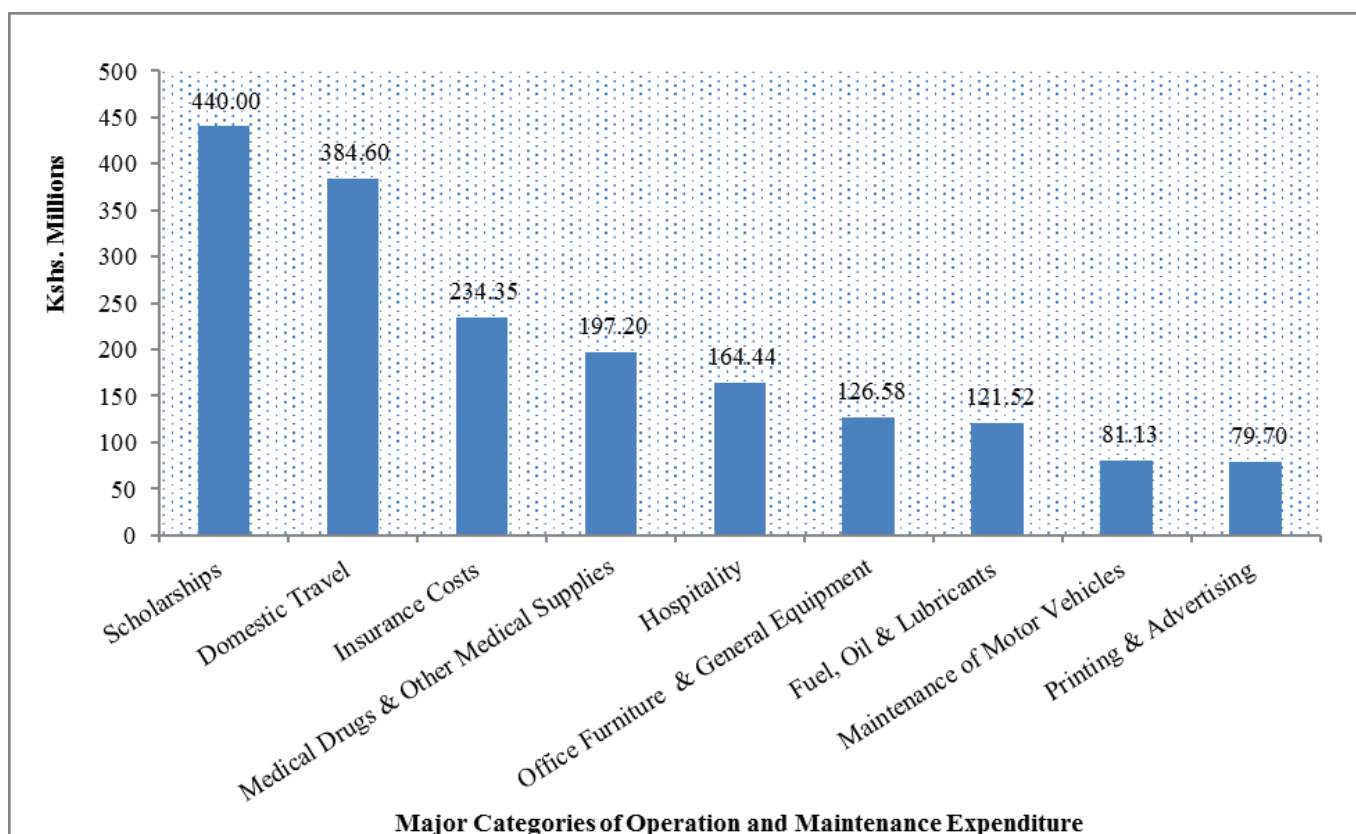
Source: Kwale County Treasury

Expenditure on Compensation to Employees was 33.5 per cent of the total expenditure for the financial year and represented an increase of 4.8 per cent compared to FY 2018/19 when the County spent Kshs.2.84 billion.

3.20.7 Analysis of Operations and Maintenance Expenditure

Figure 3-39 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-39: Kwale County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Kwale County Treasury

The County spent Kshs.38.20 million on Committee Sitting Allowances for the 33 MCAs and Speaker against the annual budget allocation of Kshs.38.20 million. The average monthly sitting allowance was Kshs.93,629 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.384.60 million and comprised of Kshs.109.92 million spent by the County Assembly and Kshs.274.67 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.29.21 million and comprised of Kshs.28.67 million spent by the County Assembly and Kshs.0.54 million by the County Executive.

3.20.8 Development Expenditure Analysis

The Development expenditure of Kshs.3.51 billion represented 49.6 per cent of the annual development budget of Kshs.7.07 billion and represented an increase of 34.3 per cent compared to FY 2018/19 when the County spent Kshs.2.61 billion. Table 3-93 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-93: Kwale County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	County Assembly Complex	Kwale	583,615,213	491,420,876	84
2	County Flagship Project 5 Kizingo Dam- Phase 1: Completion Of Earth Works And Construction Of Water Off Take System In Mackinnon Rd Ward	Kwale	66,938,370	75,457,791	112.7
3	Sport Field Levelling	Kwale	81,819,999	58,637,325	71.7
4	Technical Training College	Puma	68,200,000	58,416,747	85.7
5	Speakers Residence		58,051,340	57,351,834	98.8
6	EU Grant For Instrument For Devolution Advice And Support	Waa/ Ng'ombeni	88,497,081	47,740,391	54.0
7	Administrative Office		45,623,345	45,623,345	100
8	Water And Sanitation Project	Kwale	700,000,000	45,015,440	6.4
9	Augmentation And Expansion Of Mwanda Matumbi Pipeline (4 To 6' Diameter Including Extensions To Pemba And Lutsangani In Mwavumbo Ward	Mwavumbo Ward	40,000,000	39,996,568	100
10	Supply, Installation And Testing Of Solar Powered Pumps In 13no Boreholes In Ukunda, Kinondo, Tsimba Golini, Tiwi, Gombato, Dzombo, Waa Ngombeni, Vanga, Kubo South, Mwereni, Pongwe Kiokoneni And Ramisi Wards	Ukunda	31,861,465	31,791,495	100

Source: Kwale County Treasury

3.20.9 Budget Performance by Department

Table 3-94 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-94: Kwale County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	569.29	25.31	507.13	11.92	447.6	11.92	88.3	100.0	78.6	47.1
Agriculture, Livestock and Fisheries	200.91	773.28	201.74	456.18	188.84	433.52	93.6	95.0	94.0	56.1
Land, Environment, Mining and Natural Resources	71.24	125.29	57.27	72.11	79.46	62.54	138.7	86.7	111.5	49.9
Medical and Public Health Services	2,443.67	1,051.77	2,196.66	424.55	2,027.52	441.82	92.3	104.1	83.0	42.0
County Assembly	689.35	247.36	588.07	170.54	682.64	147.31	116.1	86.4	99.0	59.6
Trade, Investment and Co-operative Development	62.47	300.33	59.88	104.88	57.84	134.19	96.6	127.9	92.6	44.7
Social Services and Talent Management	190.85	282.88	185.86	171.09	183.04	170.31	98.5	99.5	95.9	60.2
Executive Services	142.07	120.89	135.92	51.5	108.06	51.59	79.5	100.2	76.1	42.7
Education	909.03	1,142.86	905.42	594.19	879.15	567.84	97.1	95.6	96.7	49.7
Water Services	82.21	1,793.07	80.73	798.52	81.33	792.98	100.7	99.3	98.9	44.2
Roads and public Works	166.14	966.94	157.81	434.22	149.37	559.08	94.7	128.8	89.9	57.8
Tourism and ICT	47.13	98.94	44.08	72.04	49.14	76.18	111.5	105.7	104.3	77.0

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	52.64	-	44.64	-	29.62	-	66.4	-	56.3	-
Public Service & Administration	479.88	64.7	470.31	30.52	428.68	30.08	91.1	98.6	89.3	46.5
Kwale Municipality	62	50	50	35.76	2.05	-	4.1	-	3.3	-
Diani Municipality	3.5	30	-	-	0.11	25.71	-	-	3.1	85.7
Total	6,172.38	7,073.62	5,685.52	3,428.02	5,394.45	3,505.07	94.9	102.2	87.4	49.6

Source: Kwale County Treasury

Analysis of expenditure by department shows that Diani Municipality recorded the highest absorption rate of development budget at 85.7 per cent while Kwale Municipality did not report expenditure on development activities. The Department of Land, Environment, Mining and Natural Resources had the highest percentage of recurrent expenditure to recurrent budget at 111.5 per cent while Diani Municipality had the lowest at 3.1 per cent.

3.20.10 Budget Execution by Programmes and Sub-Programmes

Table 3-95 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-95: Kwale County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Finance And Economic Planning	Budget Formulation, Coordination And Management (0703023060)	102,943,209	100,817,129	2,126,080	97.9
	General Administration (0704043060)	193,860,217	91,474,669	102,385,549	47.2
	Revenue Collection Management (0710013060)	38,731,598	35,550,612	3,180,986	91.8
	Public Finance And Accounting Services (0711013060)	14,103,632	13,629,966	473,666	96.6
	Procurement Services (0711023060)	6,285,681	5,617,013	668,668	89.4
	Risk Assurance Services (0711033060)	6,361,200	5,766,001	595,199	90.6
	Personal Services (0704013060)	232,313,828	216,657,870	15,655,958	93.3
	Total	594,599,365	469,513,259	125,086,106	79
	Agriculture, Livestock And Fisheries	General Administration And Support Services {0102053060}	835,418,045	496,402,932	339,015,113
Crop Production & Food Security {0107013060}		101,868,032	38,650,546	63,217,486	37.9
Dairy And Meat Production {0108013060}		44,476,000	21,941,645	22,534,355	49.3
Fish Production Management {0109013060}		40,304,200	20,059,263	20,244,937	49.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Livestock Disease Control {0108033060}	61,137,500	6,781,069	54,356,431	11.1
	Farm Land Utilization, Mechanization & Crop Storage {0107033060}	55,827,436	37,630,949	18,196,487	67.4
	Agricultural Extension, Research & Training. {0107023060}	34,301,000	894,941	33,406,059	2.6
	Total	1,173,332,213	622,361,345	550,970,868	53
Land, Environment, Mining And Natural Resources					
	0102053060 (General Administration And Support Services)	111,532,606	75,097,809	36,434,797	67.3
	0102063060 (Personnel Services)	29,968,149	29,965,692	2,457	100
	0104013060 (Physical Development Plans)	29,483,826	26,297,396	3,186,430	89.2
	0105013060 (Establishment Of Squatter Settlement Schemes)	4,783,353	450,020	4,333,333	9.4
	'0105033060 (Identification And Acquisition Of Land For Development)	4,000,000	-	4,000,000	-
	0106023060 (County Environmental Awareness Initiative)	16,766,599	10,185,250	6,581,349	60.8
	0111013060 (Kwale Municipality)	-	-	-	-
	0112013060 (Diani Municipality)	-	-	-	-
	Total	196,534,533	141,996,167	54,538,366	72.3
Medical And Public Health Services					
	General Administration(0403013060)	976,259,375	571,035,709	405,223,666	58.5
	M e d i c a l Drugs(0402043060))	189,752,097	185,495,792	4,256,305	97.8
	Hmis(0403043060)	5,500,000	5,403,940	96,060	98.3
	Personnel Services(0403053060)	1,511,572,240	1,511,565,623	6,617	100
	Msambweni Hospital (0405013060)	179,433,000	15,730,266	163,702,734	8.8
	Kinango Hospital(0406013060)	21,495,000	3,123,777	18,371,223	14.5
	Kwale Hospital(0407013060)	31,324,800	2,608,692	28,716,108	8.3
	Tiwi Rural Health Facility(0408013060)	4,620,000	90,600	4,529,400	2
	Samburu Hospital(0409013060)	940,000	313,230	626,770	33.3
	Lungalunga Hospital(0410013060)	15,200,000	918,380	14,281,620	6
	Public Health(0401053060)	16,950,000	5,503,059	11,446,941	32.5
	Rural Health Facilities(0412013060)	309,368,636	83,076,316	226,292,320	26.9
	Diani Health Center(0413013060)	600,000	79,510	520,490	13.3
	Other Current Transfers(0401023060)	232,432,564	86,990,319	145,442,245	37.4
Total	3,495,447,712	2,471,935,213	1,023,512,499	70.7	

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly	Audit Services ('0704013060)	147,739,825	147,225,667	514,158	99.7
	General Administration ('0704013060)	105,167,785	104,653,194	514,591	99.5
	Oversight & Legislation Of County Affairs ('0705013060)	139,810,267	138,521,064	1,289,203	99.1
	General Administration And Support Services ('0704043060)	543,988,905	439,553,522	104,435,383	80.8
	Total	936,706,782	829,953,447	106,753,335	88.6
	Trade, Investment And Co-Operative Development	Administration Services (0305023060)	11,673,723	9,965,828	1,707,895
Construction Of New Markets (0306023060)		26,627,389	6,536,206	20,091,183	24.6
Weights & Measures		9,784,000	8,942,720	841,280	91.4
Trade Development And Investment		12,947,800	12,708,757	239,043	98.2
Other Current Transfers (0306023060)		88,497,081	47,740,391	40,756,690	54
Personnel Services (0305013060)		22,934,891	22,717,328	217,563	99.1
Building Capacity Of Traders For Better Market Access (301013060)		3,381,000	2,799,316	581,684	82.8
Availing Affordable Credit To Entrepreneurs For Wealth Creation (301023060)		10,000,000	-	10,000,000	-
Industry & Enterprise Development		85,061,449	14,968,710	70,092,739	17.6
Cooperative Development		6,145,052	5,323,513	821,539	86.6
Domestic Payable-From Previous Years		85,750,306	60,328,692	25,421,614	70.4
Total		362,802,691	192,031,461	170,771,230	52.9
Social Services And Talent Management		0906023060 Administration	217,634,765	181,020,224	36,614,541
	0903023060 Community Development	102,131,613	42,953,890	59,177,723	42.1
	0904013060 Culture And Heritage	62,551,677	36,734,396	25,817,281	58.7
	0905023060 Sports And Talent Development	195,334,988	92,640,001	102,694,987	47.4
	Totals	577,653,043	353,348,511	224,304,532	61.2
Executive Services	Audit Services 704013060	73,347,729	67,776,528	5,571,201	92.4
	General Administration 704043060	184,518,036	88,939,599	95,578,437	48.2
	Legal Advisory Services 707013060	2,110,000	1,787,600	322,400	84.7
	Media And Communication Services 707033060	2,980,960	1,147,548	1,833,412	38.5
	Total	262,956,725	159,651,275	103,305,450	60.7
Education	Personnel Services (0502023060)	412,904,483	398,389,262	14,515,221	96.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Scholarship And Bursary (0504013060)	440,000,000	440,000,000	-	100
	Administration Planning Support Service (0502013060)	587,559,127	369,692,866	217,866,261	62.9
	Infrastructure Development (0503023060) And (0501043060)	575,887,131	212,343,089	363,544,042	36.9
	Youth Training Development(0503013060)	15,170,000	7,024,055	8,145,945	46.3
	Early Childhood Development (0501013060)	62,372,000	19,210,889	43,161,111	30.8
	Total	2,093,892,741	1,446,660,161	647,232,580	69.1
Water Services	Construction & Maintenance Of Water Pipeline Supply Systems (1001023060)	110,637,280	72,735,425	37,901,855	65.7
	Development Of Borehole Water Supply System (1001033060)	109,775,085	32,983,102	76,791,983	30.1
	Development/Construction Of Surface Water Supply Systems (1001043060)	173,926,520	123,648,622	50,277,898	71.1
	Community Water Project (1001063060)	49,418,099	25,652,096	23,766,003	51.9
	Personnel Services (1002013060)	27,255,693	27,225,737	29,956	99.9
	Administration Services (1002023060)	1,404,274,240	592,070,215	812,204,025	42.2
	Total	1,875,286,917	874,315,197	1,000,971,720	46.6
Roads And Public Works	Administration Services (0305023060)	484,661,583	397,084,486	87,577,097	81.9
	Rehabilitations Of Roads, Drainage And Bridges (0202013060)	835,746,378	217,220,526	618,525,852	26
	Personnel Services (0305013060)	72,298,371	71,125,945	1,172,426	98.4
	Installation Of Street Lighting Facilities (0203013060)	48,588,000	22,682,162	25,905,838	46.7
	Total	1,441,294,332	708,113,119	733,181,212	49.1
Tourism And Ict	Personnel Services {0305013060}	24,017,285	22,895,940	1,121,345	95.3
	Administration Services {0305023060}	41,653,188	25,132,780	16,520,408	60.3
	Local Area Network Installation And Ict Support {0308013060}	43,417,272	39,829,258	3,588,014	91.7
	Tourism Promotion {0304013060}	36,983,115	37,467,307	(484,192)	101.3
	Total	146,070,860	125,325,285	20,745,575	85.8
County Public Service Board	Human Resource Planning (706013060)	15,911,156	11,935,310	3,975,846	75
	Transformation Of Service Delivery In Public Service (706023060)	2,172,000	1,385,590	786,410	63.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Hr Management And Skill Development (706033060)	-	-	-	-
	Compensation To Employees (706043060)	30,800,315	13,699,974	17,100,341	44.5
	Human Resource Planning (706053060)	1,320,000	638,675	681,325	48.4
	Staff Rationalization (706063060)	2,440,000	1,958,900	481,100	80.3
	Total	52,643,471	29,618,449	23,025,022	56.3
Public Service & Administration					
	Audit Services0704013060	158,844,278	165,291,810	(6,447,532)	104.1
	General Administration0704043060	309,289,276	253,357,338	55,931,938	81.9
	County Compliance And Enforcement0708033060	13,149,000	10,805,239	2,343,761	82.2
	Sub County Admin Msambweni0712013060	7,933,000	5,662,913	2,270,087	71.4
	Sub County Admin Lungalunga0712023060	9,093,000	4,410,038	4,682,962	48.5
	Sub County Admin Matuga0712033060	15,036,000	5,223,162	9,812,838	34.7
	Sub County Admin Kinango0712043060	9,432,635	5,846,336	3,586,299	62
	County Garbage And Cleaning Services0713013060	14,687,962	7,449,790	7,238,172	50.7
	Human Resource And Planning,0714013060	7,113,000	707,450	6,405,550	10
	Total	544,578,151	458,754,076	85,824,075	84.2
Kwale Municipality					
	0111013060 (Kwale Municipality)	112,000,000	2,050,100	109,949,900	1.8
	Total	112,000,000	2,050,100	109,949,900	1.8
Diani Municipality					
	0112013060 (Diani Municipality)	33,500,000	25,828,250	7,671,750	77.1
	Total	33,500,000	25,828,250	7,671,750	77.1
Grand Total		13,899,299,536	8,911,455,315	4,987,844,221	64.1

Source: Kwale County Treasury

Based on expenditure absorption rate as shown in Table 3-95, the programs with the highest absorption rates were: County Assembly Services at 88.6 per cent, Tourism and ICT at 85.8 per cent and Public Service and Administration at 84.2 per cent of budget allocation.

3.20.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. High level of pending bills which amounted to Kshs.2,840,840,264 as of 30th June 2020.
3. Low absorption of development funds. The County spent Kshs.3.51 billion in FY 2019/20 out of annual development budget of Kshs.7.07 billion. The development expenditure represented 49.6 per cent of the annual development.
4. Weak budgeting practices by the County Treasury as shown in Table 3-93, Table 3-94 and Table 3-95 where the County incurred expenditure above the approved budgetary allocation for several Vote lines.

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

1. The County Treasury should ensure timely preparation and submission of complete financial reports in line with Section 166 of PFM Act, 2012 and the COB Act, 2012.
2. The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.
3. The County should identify and address issues causing delays in the implementation of development projects.
4. The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget.

3.21 County Government of Laikipia

3.21.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.7.17 billion, comprising Kshs.2.61 billion (36.3 per cent) and Kshs.4.57 billion (63.7 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.18 billion (63 per cent) being the equitable share of revenue raised nationally, Kshs.1.39 billion (20.9 per cent) as total Conditional Grants, generate Kshs.1.01 billion (15.2 per cent) from own sources of revenue, and the cash balance of Kshs.55.55 million (0.8 per cent) from FY 2018/19. The County budget had a hidden deficit of Kshs.546.89 million which was not corrected in the Supplementary Budget process by the County Treasury.

3.21.2 Revenue Performance

During FY 2019/20, the County received Kshs.3.82 billion as the equitable share of the revenue raised nationally, Kshs.1.0 billion as total Conditional Grants, raised Kshs.727.96 million as own-source revenue, and had a cash balance of Kshs.55.55 million from FY 2018/19, as well as Kshs.59.24 million from other revenue sources. The total funds available for budget implementation during the period amounted to Kshs.5.67 billion as shown in Table 3-96.

Table 3-96: Laikipia County, Revenue Performance in FY 2019/20

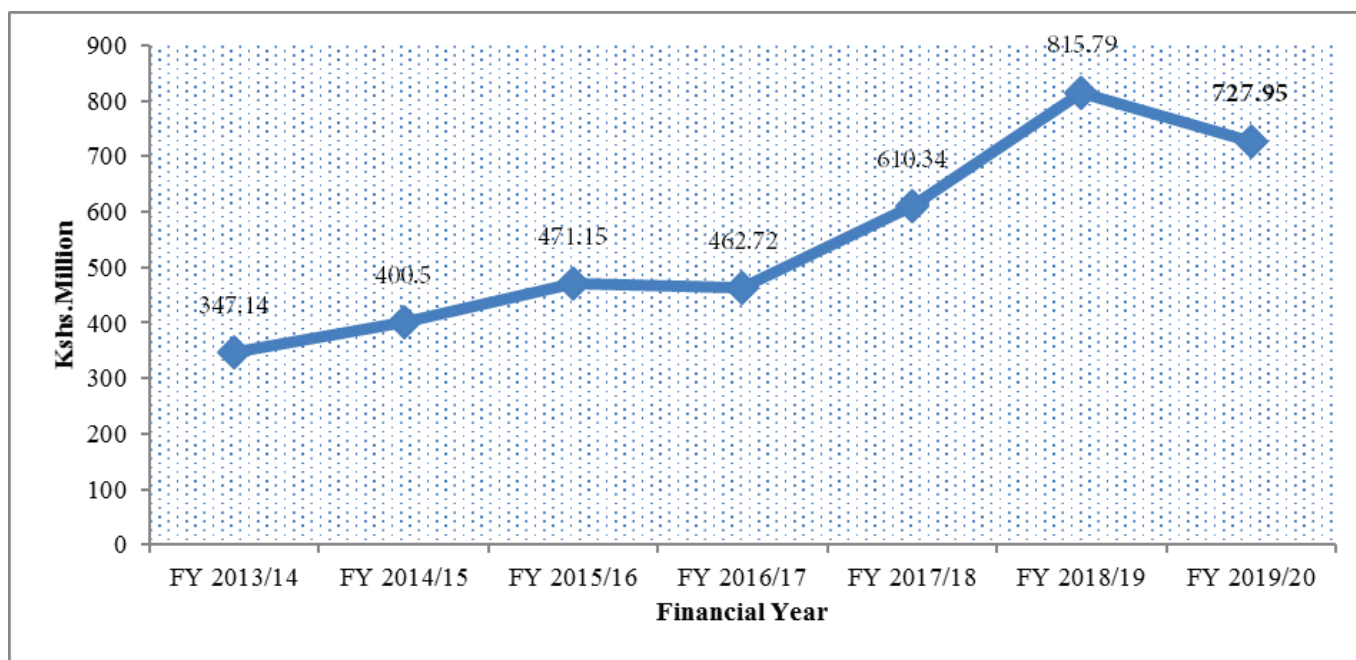
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as % of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,177,800,000	4,177,800,000	3,818,509,200	91.4
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	9,968,208	9,968,208	9,968,208	100.0
2	Leasing of Medical Equipment	131,914,894	131,914,894	131,914,894	100.0
3	Road Maintenance Fuel Levy Fund	178,468,920	178,468,920	148,821,513	83.4
4	Rehabilitation of Village Polytechnics	79,153,311	79,153,311	50,628,311	64.0
	Sub Total	399,505,333	399,505,333	341,332,926	85.4
C.	Loans and Grants from Development Partners				
5	Transforming Health systems for Universal care Project (WB)	88,228,490	88,228,490	53,777,735	61.0
6	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	236,763,388	236,763,388	139,739,315	59.0
7	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	272,699,190	272,699,190	272,699,190	100.0
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	99,783,080	99,783,080	49,783,080	49.9
9	DANIDA Grant	12,281,250	12,281,250	12,281,250	100.0
10	EU Grant (Instruments for Devolution Advise and Support IDEAS)	104,166,406	104,166,406	65,848,356	63.2
11	Sweden - Agricultural Sector Development Support Programme (ASDSP) I	37,397,616	37,397,616	24,707,385	66.1

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as % of Annual Allocation (%)
12	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	71,121,027	71,121,027	-	0.0
13	UNICEF	14,058,783	14,058,783	2,696,779	19.2
14	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	41,200,000	82.4
15	Emergency Response-COVID	-	54,654,000	54,654,000	100.0
16	DANIDA Grant-COVID	-	4,585,000	4,585,000	100.0
Sub Total		986,499,230	1,045,738,230	721,972,090	69.0
D Other Sources of Revenue					
17	Own Source Revenue	1,006,875,000	1,006,875,000	727,957,756	72.3
18	Balance b/f from FY 2018/19	-	55,545,652	55,545,652	100.0
Sub Total		1,006,875,000	1,062,420,652	783,503,408	73.7
Grand Total		6,570,679,563	6,685,464,215	5,665,317,624	84.7

Source: Laikipia County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-40.

Figure 3-40: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Laikipia County Treasury

During FY 2019/20, the County generated a total of Kshs.727.96 million as own-source revenue. This amount represented a decrease of 12.1 per cent when compared to Kshs.815.79 million realised during the same period in FY 2018/19, and represented 72.3 per cent of the annual target. The decrease in revenue collection was attributed to reduced economic activities due to the COVID-19 pandemic.

3.21.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.39 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.08 billion (20 per cent) for Development programmes and Kshs.4.31 billion (80 per cent) for recurrent programmes.

3.21.4 Overall Expenditure Review

A total of Kshs.5.4 billion was spent on Development and Recurrent programmes and represented 100.3 per cent of the total funds released from the CRF account. Expenditure by the County was above the exchequer received which suggests usage of revenue at source. The expenditure comprised of Kshs.1.02 billion and Kshs.4.38 million on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 39.3 per cent while that incurred on Recurrent programmes represented an absorption rate of 95.9 per cent.

3.21.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.88 billion as at June 30, 2020. These bills consisted of Kshs.1.6 billion for development activities and Kshs.280.77 million for recurrent expenditure.

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by Economic Classification indicates that Kshs.2.67 billion was spent on Compensation to Employees, Kshs.1.7 billion on Operations and Maintenance, and Kshs.1.02 billion on Development expenditure.

Table 3-97: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,567,688,917	4,309,087,930	4,378,954,381	81.0	95.9
Compensation to Employees	2,486,275,000	2,486,275,000	2,674,300,374	49.5	107.6
Operations and Maintenance	2,081,413,917	1,822,812,930	1,704,654,007	31.5	81.9
Total Development Expenditure	2,605,424,972	1,078,545,402	1,024,659,409	19.0	39.3
Development Expenditure	2,605,424,972	1,078,545,402	1,024,659,409	19.0	39.3
Total	7,173,113,889	5,387,633,332	5,403,613,790	100.0	75.3

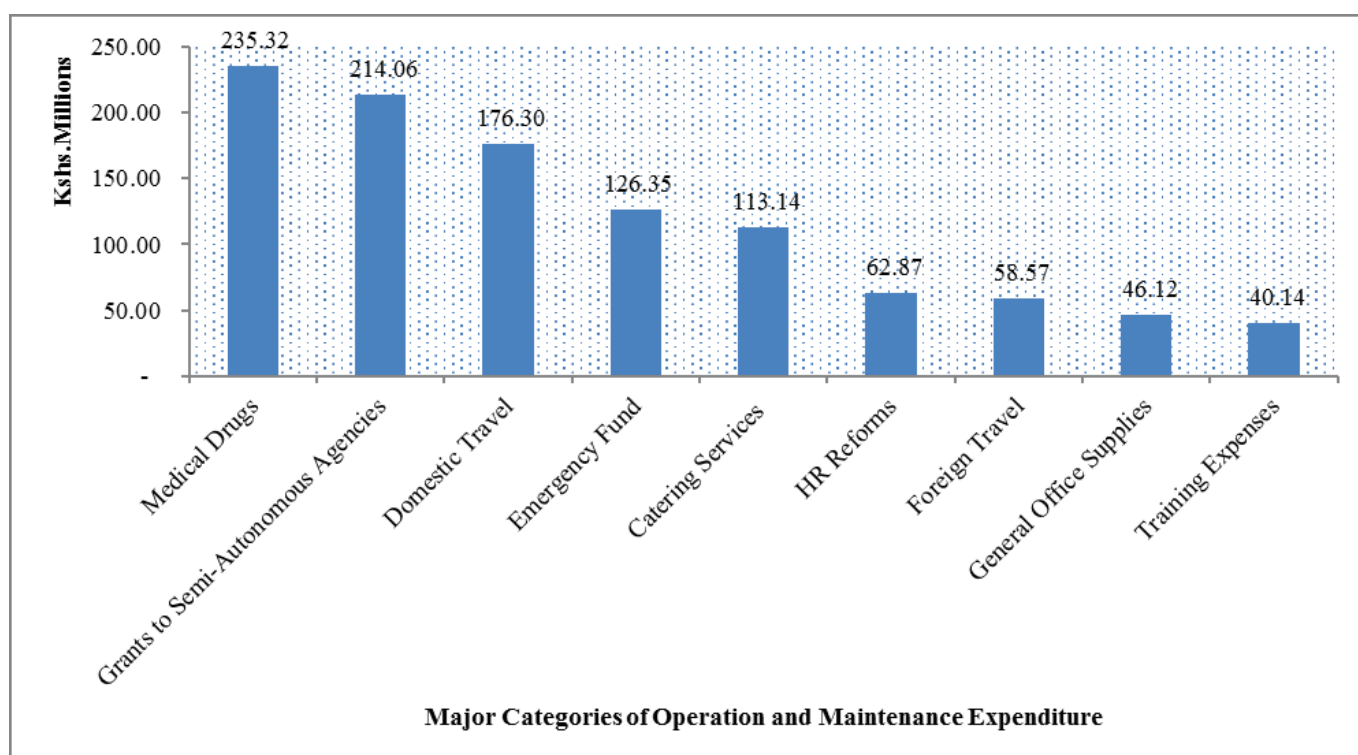
Source: Laikipia County Treasury

Expenditure on Compensation to Employees was 49.5 per cent of the total expenditure for the financial year and represented a decrease of 2.1 per cent compared to FY 2018/19 when the County spent Kshs.2.62 billion.

3.21.7 Analysis of Operations and Maintenance Expenditure

Figure 3-41 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-41: Laikipia County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Laikipia County Treasury

The County spent Kshs.24.18 million on Committee Sitting Allowances for the 25 MCAs and Speaker against the annual budget allocation of Kshs.41.47 million. The average monthly sitting allowance was Kshs.80,600 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.176.3 million and comprised of Kshs.42.61 million spent by the County Assembly and Kshs.133.69 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.58.57 million and comprised of Kshs.52.69 million spent by the County Assembly and Kshs.5.87 million by the County Executive.

3.21.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.02 billion represented 39.3 per cent of the annual development budget of Kshs.2.61 billion and represented a decrease of 75.5 per cent compared to FY 2018/19 when the County spent Kshs.1.79 billion. Table 3-98 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-98: Laikipia County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
1	Leasing of Medical Equipment	County Wide	88,500,000	83,737,134	94.6
2	Installation of Solar High Mast flood Lights in the County	County Wide	47,500,000	23,484,000	49.4
3	Building materials and precast items for smart town project at Winyumirie town	Nyahururu	12,135,959	12,135,959	100
4	Periodic maintenance of Lenana-DC Phase2	Nanyuki	16,172,567	16,169,924	100
5	Periodic maintenance of Old Market road in Nanyukii town	Nanyuki	14,876,963	13,928,878	93.6
6	Construction of Maternity block at Nyahururu	Marmanet	24,986,408	12,578,627	50.3
7	Rehabilitation of C77-Liberty Petrol-Nyaki Hotel-Agan Khan-Hospital road	Igwamiti	17,549,542	11,218,149	63.9
8	Proposed construction of Gachwero bridge in Umande	Umande	15,899,260	10,451,600	65.7
9	Periodic maintenance of Sagana Road	Nanyuki	9,684,292	9,682,456	100
10	Surgical theatre Lamuria	Lamuria	14,900,084	5,226,641	35.1
11	Periodic maintenance of ibis road	Nanyuki	5,747,985	5,061,144	88.1
12	Construction of a workshop at Salama VTC	Salama	3,767,506	3,767,506	100

Source: Laikipia County Treasury

3.21.9 Budget Performance by Department

Table 3-99 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-99: Laikipia County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration Services	2,923.68	116.73	2,927.60	77.50	2,907.28	69.52	99.3	89.7	99.4	59.6
Finance and Economic Planning	368.14	402.92	313.42	264.76	345.46	194.40	110.2	73.4	93.8	48.2
County Health & Sanitation	568.06	121.32	494.07	66.16	525.56	61.28	106.4	92.6	92.5	50.5
Agriculture, Livestock & Fisheries	51.35	435.89	28.85	163.94	20.30	145.55	70.4	88.8	39.5	33.4
Infrastructure, Physical Planning & Lands	67.81	813.21	24.98	279.40	56.59	308.20	226.6	110.3	83.5	37.9
Education, Sports & Social Services	70.34	208.63	14.14	67.63	14.25	78.14	100.8	115.5	20.3	37.5
Trade & Industrialization	21.23	159.46	14.12	23.21	19.04	23.88	134.8	102.9	89.7	15.0
Water Services	24.69	262.37	19.52	81.21	18.15	88.97	93.0	109.6	73.5	33.9
County Assembly	472.39	84.90	472.39	54.74	472.32	54.72	100.0	100.0	100.0	64.5
	4,567.69	2,605.42	4,309.09	1,078.55	4,378.95	1,024.66	101.6	95.0	95.9	39.3

Source: Laikipia County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 64.5 per cent while the Department of Trade and Industry registered the lowest absorption rate at 15 per cent. The County Assembly had the highest percentage of recurrent expenditure to the recurrent budget at 100 per cent while the Department of Education Sports & Social Services had the lowest at 20.3 per cent.

3.21.10 Budget Execution by Programmes and Sub-Programmes

Table 3-100 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-100: Laikipia County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Education, Youth & Sports					
General Administration & Planning services	Headquarter Administration Services	9,417,116	6,570,252	2,846,864	69.8
Education Empowerment	Education Empowerment Programme	50,000,000		50,000,000	0.0
Sports, Arts and Social Services	Talent Development Services	309,127	219,758	89,369	71.1
	Social and Cultural Development	7,796,054	337,191	7,458,863	4.3
Education and Training	Vocational Education and Training	3,777,793	3,420,489	357,304	90.5
	Education Empowerment		286,100	-286,100	
Financial Services	County Treasury Administrative Services	54,820,688	36,036,449	18,784,239	65.7
Sports Improvement and Support Programme	Sports Promotion Services	9,248,883	2,414,800	6,834,083	26.1
ECDE Development	ECDE Infrastructure Improvement	35,599,400	1,110,150	36,339,850	3.1
Children Support Programme	Children Institution Support Programme	12,848,207	3,514,231	11,749,095	27.4
Vocational Training development	Infrastructure Improvement	95,153,311	38,482,488	79,047,141	40.4
Sub-total		278,970,579	92,391,908	186,578,671	33.1
County Assembly					
General Administration & Planning Services	Administration services	282,800,648	282,759,533	282,800,648	100.01
Legislative & Oversight	Legislation & Oversight Services	189,587,406	189,559,843	189,587,406	100.01
Infrastructure improvement services	County Assembly Infrastructure improvement	84,896,004	54,722,985	49,038,832	89.61
Sub-total		557,284,058	527,042,361	30,241,697	94.57
County Health Services					
General Administration & Planning	Emergency Referral & Rehabilitative Services	49,272,664	26,025,825	23,246,839	52.8
	Essential Health Institutions & Services	88,228,490	85,958,700	2,269,791	97.4
	Administrative project planning and implementation services	17,274,619	16,203,032	1,071,587	93.8
	Accreditation and quality assurance	22,998,700	22,187,214	811,486	96.5
	County treasury administrative services	105,829,006	90,954,727	14,874,279	85.9
	Health infrastructure development	29,644,630	4,275,690	25,368,940	14.4
Curative & Rehabilitative Services	Strategic Health Interventions	2,701,874	1,630,014	1,071,860	60.3
	Emergency Referral & Rehabilitative Services	56,037,483	51,185,544	4,851,939	91.3
	Use of Goods & Services	3,403,748	3,395,950	7,798	99.8
	Community Health Strategy, Advocacy, and Surveillance	12,608,746	11,887,061	721,685	94.3
Preventive Health Services	Strategic Health Interventions	3,800,000	3,792,890	7,110	99.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Emergency Referral & Rehabilitative Services	940,154	626,820	313,334	66.7
	Administrative project planning and implementation services	30,083,881	29,164,414	919,467	96.9
	Community Health Strategy, Advocacy, and Surveillance	54,654,000	53,409,410	1,244,590	97.7
	Participatory Budgeting Support Services	750,000	761,300	-11,300	101.5
Nanyuki Referral Hospital	Emergency Referral & Rehabilitative Services	111,757,133	103,170,677	8,586,456	92.3
Nyahururu Referral Hospital	Emergency Referral & Rehabilitative Services	99,395,883	82,216,435	17,179,448	82.7
Sub-total		689,381,011	586,845,702	102,535,309	85.1
Infrastructure, Physical Planning & Lands					
Administration, Planning and Support Services	Administration Services	60,425,528	50,815,172	9,610,356	84.1
Physical Planning Services	Survey, Planning Services	24,453,400	1520625	22,932,775	6.2
Housing and Urban Development	Housing Improvement	2,700,000	2,684,048	15,952	99.4
Public Works Service delivery Improvement	Office Development	1,772,000	1,346,500	425,500	76.0
	Public Building and Bridges Inspectorate Services	1,607,497	1,015,600	591,897	63.2
Roads Network Improvement and Urban Development	Roads Network Improvement and Bridges	468,571,683	104,033,042	364,538,641	22.2
	Urban development	119,303,966	49,783,080	69,520,886	41.7
	Leased Equipment Operations Support	178,468,920	129,948,968	48,519,952	72.8
Renewable Energy Services	County Renewable/Green Energy Services	1,222,740	1,155,950	66,790	94.5
Financial Services	County Treasury administrative services	22,491,972	22,493,043	-1,071	100.0
Sub-total		881,017,706	364,796,028	516,221,678	41.4
Trade, Tourism & Cooperatives					
General Administration & Planning services	Administration Services-Headquarters	145,892,208	33,484,770	135,849,770	19.8
Co-operative Development and promotion	Co-operative Development and promotion	18,050,000	1,121,600	16,928,400	6.2
Tourism Promotion and Marketing	Home craft & Enterprise Development	6,050,000	949,451	5,100,549	15.7
Trade development and promotion	Trade & investments	9,700,000	6,601,208	167,085,477	68.1
	Tourism development and Promotion	1,000,000	763,278	9,000,000	76.3
Sub-total		180,692,208	42,920,307	161,214,233	21.0
County Administration Services					
Human Capital Management & Development	Compensation to employees	2,546,275,000	2,660,596,065	-114,321,065	104.5
County Administration Services	Car and mortgage -state officers	30,000,000	15,000,000	15,000,000	50.0
	County Treasury Administrative Services	124,841,486	74,807,661	50,033,825	59.9
	County Administration Services	20,115,189	20,338,096	-222,907	101.1
	County services delivery and result reporting	2,345,074	2,553,422	-208,348	108.9
	Decentralized Services	128,531,375	73,516,258	55,015,117	57.2
	Executive Support Service	49,283,448	48,715,357	568,091	98.8
	Urban Facilities Management	42,200,000	0	42,200,000	0.0
	Headquarter Administration Services	65,904,721	53,059,860	12,844,861	80.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Security & Policing Services	Disaster Reduction Management	6,500,000	3,837,656	2,662,344	59.0
	Enforcement And Disaster Management	9,326,000	6,753,892	2,572,108	72.4
	Alcohol Control Committee	1,309,896	1,207,235	102,661	92.2
	Fire Services	3,000,000	2,999,526	474	100.0
Public Participation & Civic Education	Public participation	10,774,751	13,410,198	-2,635,447	124.5
Sub-total		3,040,406,940	2,976,795,226	63,611,714	97.9
Water, Environment & Natural Resources					
Financial Services	County Treasury Administrative Services	70,840,486	55,070,161	15,770,325	77.7
Water Development	Rural Water Supply & Sanitation	177,436,995	24,303,714	153,133,281	13.7
General Administration & Support Services	Administration & Planning Services	14,019,589	11,357,081	2,662,508	81.0
	Personnel Services	6,899,100	3,891,049	3,008,051	56.4
	Strategic Project Monitoring & Intervention	2,344,268	1,507,140	837,128	64.3
Environment & Natural Resources	Solid Waste Management	7,000,000	4,689,368	2,310,632	67.0
	Human Wildlife Conflict Prevention	5,515,820	4,397,200	1,118,620	79.7
	Natural Resources Management	3,000,000	1898392	1,101,608	63.3
Sub-total		287,056,258	107,114,105	179,942,153	37.3
Agriculture, Livestock & Veterinary					
General Administrative & Planning Services	Headquarter Administration Services	34,672,191	7,091,619	27,580,572	20.5
	Agriculture Sector Extension Management	37,397,616	8,220,231	29,177,385	22.0
Crop Development	Irrigation Development and management	14,456,874	215,700	14,241,174	1.5
	Land and Crop Productivity Enhancement and Management	3,470,611	828,887	2,641,724	23.9
	Strategic Food Security Service/AMS	104,566,406	31,335,416	73,230,990	30.0
Livestock Resources Management & Development	Animal Health and Disease Management and Control	243,640,271	95,276,050	148,364,221	39.1
	Kenya Climate Smart Agriculture Programme	3,574,067	3,501,217	72,850	98.0
	Livestock Resource Development and Management	9,280,000	1,253,274	8,026,726	13.5
Fisheries Development	Fisheries Development and Management	2,200,000	810,114	1,389,886	36.8
	County Treasury Administrative Services	33,986,524	17,315,339	16,671,185	50.9
Sub-total		487,244,560	165,847,847	321,396,713	34.0
Finance & Economic Planning					
General Administration & Planning Services	Headquarter administration services	26,344,833	24,583,839	1,760,994	93.3
Administration, Planning & Support Services	Administration Services	0	3,124,605	-3,124,605	-
	Personnel Services	2,127,157	2,455,100	-327,943	115.4
General Administration & Planning Services	County Administration-Laikipia East	0	500,000	-500,000	--
Administration, Planning & Support Services	Managed Specialized Equipment	88,500,000	84,037,134	4,462,866	95.0
	Infrastructural Services	13,200,000	34,538,110	-21,338,110	261.7
	County Administration	76,644,792	112,766,386	-36,121,594	147.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Finance Management Services	Accounting and Reporting Services	144,333,922	128,660,436	15,673,486	89.1
	Internal Audit Services	8,952,336	7,807,543	1,144,793	87.2
	Revenue collection services	38,248,500	32,148,100	6,100,400	84.1
	Fleet and Logistics	2,979,400	4,255,250	-1,275,850	142.8
	Supply chain management services	7,621,200	7,125,986	495,214	93.5
Development Planning Services	Monitoring and Evaluation Services	5,454,170	6,416,792	-962,622	117.6
	Participatory Budgeting	12,834,042	13,652,060	-818,018	106.4
	Intergovernmental Relations	343,820,217	77,788,965	266,031,252	22.6
Sub-total		771,060,569	539,860,306	231,200,263	70.0
Grand Total		7,173,113,889	5,403,613,790	2,215,155,725	75.1

Source: Laikipia County Treasury

Based on expenditure absorption rate as shown in Table 3-100, the highest-spending sub-programs were: Infrastructural Services at 261.7 per cent, Fleet and Logistics at 142.8 per cent, Public Participation & Civic Education at 124.5 per cent, and Human Capital Management & Development at 104.5 per cent. The County Treasury did not give an adequate explanation as to why the expenditure for some of the programmes exceeded the budget.

3.21.11 Key Observations and Recommendations

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

1. High pending bills which amounted to Kshs.1.88 billion as at 30th June 2020.
2. The County budget for FY 2019/20 had a deficit of Kshs.546.89 million and the Supplementary Budgets did not address the deficit.
3. Low absorption of development funds. The County spent Kshs.1.02 billion in FY 2019/20 out of the annual development budget of Kshs.2.61 billion and represented a decrease of 75.5 per cent compared to FY 2018/19 when the County spent Kshs.1.79 billion. The development expenditure represented 39.3 per cent of the annual development.
4. A high wage bill, which accounted for 49.5 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
5. The Under performance in own-source revenue collections at Kshs.727.96 million against an annual projection of Kshs.1 billion. The realised own source revenue represented 72.3 per cent of the annual target.
6. Weak budgetary control practices by the County Treasury as shown in where the County incurred expenditure for some sub-programmes above the approved budget allocation.

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

1. *The County Treasury should closely monitor the pending bills from the departments and prioritize payment of eligible bills in FY 2020/21 without delay.*
2. *The County should ensure that the budget is balanced and any deficits should be addressed through the supplementary budgets. A deficit budget leads to accumulation of pending bills.*
3. *The County should identify and address issues causing delays in the implementation of development projects.*
4. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
5. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed to prevent the accumulation of pending bills.*
6. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all unspent cash should be refunded in the CRF in line with Section 136 (2) of the PFM Act, 2012.*

3.22 County Government of Lamu

3.22.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.4.74 billion, comprising of Kshs.2.08 billion (43.9 per cent) and Kshs.2.66 billion (56.1 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.2.6 billion (54.8 per cent) as the equitable share of revenue raised nationally, Kshs.544.59 billion (11.5 per cent) as total conditional grants, generate Kshs.100 million (2.1 per cent) from own sources of revenue, and the cash balance of Kshs.1.46 billion (30.9 per cent) from FY 2018/19. The County also expected to receive Kshs.32.76 million (0.7 per cent) as "other revenues" not contained in the CARA, 2019.

3.22.2 Revenue Performance

During FY 2019/20, the County received Kshs.2.37 billion as the equitable share of the revenue raised nationally, Kshs.419.7 million as total conditional grants, raised Kshs.108.91 million as own-source revenue, and had a cash balance of Kshs.1.46 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.4.41 billion as shown in Table 3-101.

Table 3-101: Lamu County, Revenue Performance in FY 2019/20

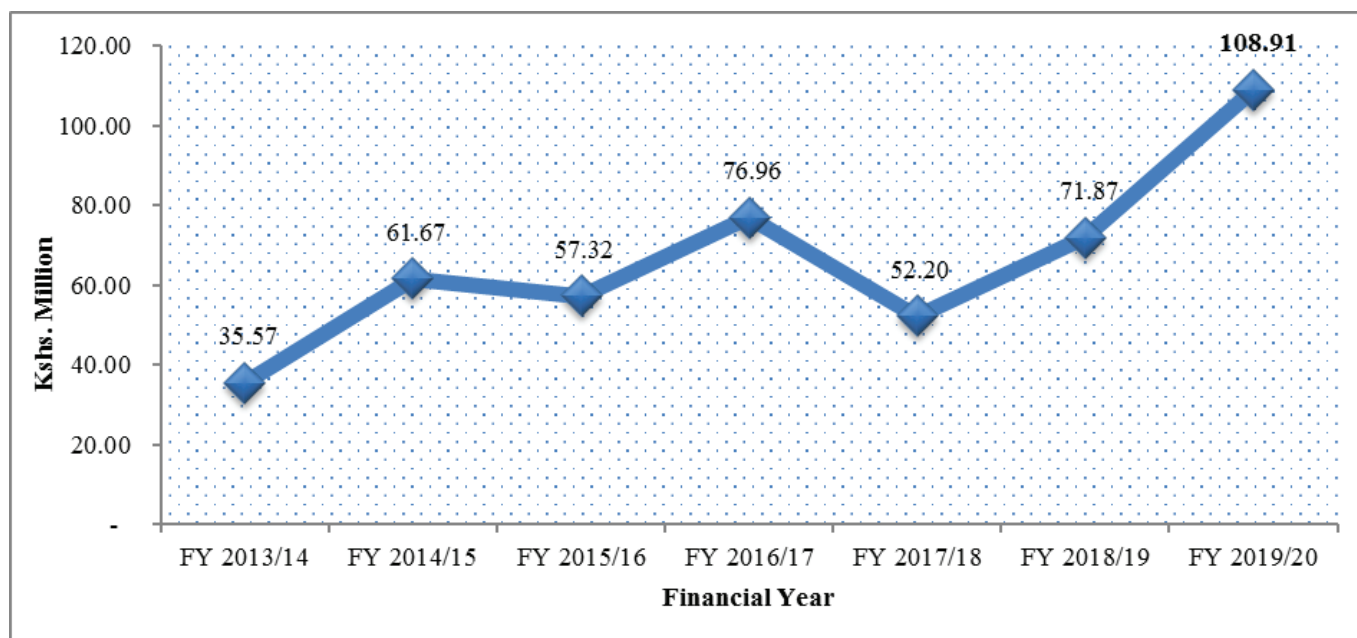
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	2,595,300,000	2,595,300,000	2,372,104,200	91.4
B.	Conditional Grants from the National Government				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	22,132,070	18.3
2.	Compensation for User Fee Foregone	2,451,034	2,451,034	2,451,034	100
3.	Leasing of Medical Equipment	131,914,894	-	-	-
4.	Road Maintenance Fuel Levy Fund	73,669,313	73,669,313	73,669,312	100
5.	Rehabilitation of Village Polytechnics	41,298,298	41,298,298	41,298,298	100
	Sub Total	370,333,539	238,418,645	139,550,714	58.5
C	Loans and Grants from Development Partners				
6.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	34,402,667	98.3
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	157,507,010	157,507,010	112,741,878	71.6
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	35,761,940	71.5
10.	DANIDA Grant	10,593,750	10,593,750	14,548,750	137.3
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,265,997	14,265,997	9,882,997	69.3
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
13.	COVID - 19 GRANT	-	-	13,682,000	-
14.	Front Line Health Workers Allowances	-	-	20,325,000	-
	Sub Total	306,166,757	306,166,757	280,145,232	91.5
D	Other Sources of Revenue				
15.	Own Source Revenue	-	100,000,000	108,906,153	108.9
16.	Balance b/f from FY 2018/19	-	1,463,672,976	1,463,672,976	100.0
17.	Other Revenues	-	32,758,653	46,923,666	143.2
	Sub Total	-	1,596,431,629	1,619,502,795	101.4
	Grand Total	3,271,800,296	4,736,317,031	4,411,302,941	93.1

Source: Lamu County Treasury

The DANIDA grant includes Kshs.3,955,000 additional support to the County for COVID-19 intervention.

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-42.

Figure 3-42: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Lamu County Treasury

During FY 2019/20, the County generated a total of Kshs.108.91 million as own-source revenue. This amount represented an increase of 34 per cent when compared to Kshs.71.87 million realised during the same period in FY 2018/19, and represented 108.9 per cent of the annual target.

3.22.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.25 billion from the CRF account during the reporting period. This amount comprised of Kshs.972.79 million (30 per cent) for Development programmes and Kshs.2.27 billion (70 per cent) for Recurrent programmes.

3.22.4 Overall Expenditure Review

A total of Kshs.3.05 billion was spent on Development and Recurrent programmes and represented 94 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.843.61 million and Kshs.2.21 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 40.6 per cent while that incurred on Recurrent programmes represented an absorption rate of 83.2 per cent.

3.22.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.235.97 million as at June 30, 2020. These bills consisted of Kshs.178.32 million for development activities and Kshs. 57.65 million for recurrent expenditure.

3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.1.34 billion was spent on Compensation to Employees, Kshs.868.78 million on Operations and Maintenance, and Kshs.843.61 million on Development expenditure.

Table 3-102: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	2,655,940,022	2,274,312,783	2,208,883,249	72.4	83.2
Compensation to Employees	1,392,467,242	1,391,570,107	1,340,099,049	43.9	96.2
Operations and Maintenance	1,263,472,780	882,742,676	868,784,200	28.5	68.8
Total Development Expenditure	2,080,377,010	972,789,948	843,612,458	27.6	40.6
Development Expenditure	2,080,377,010	972,789,948	843,612,458	27.6	40.6
Total	4,736,317,031	3,247,102,732	3,052,495,707	100.0	64.4

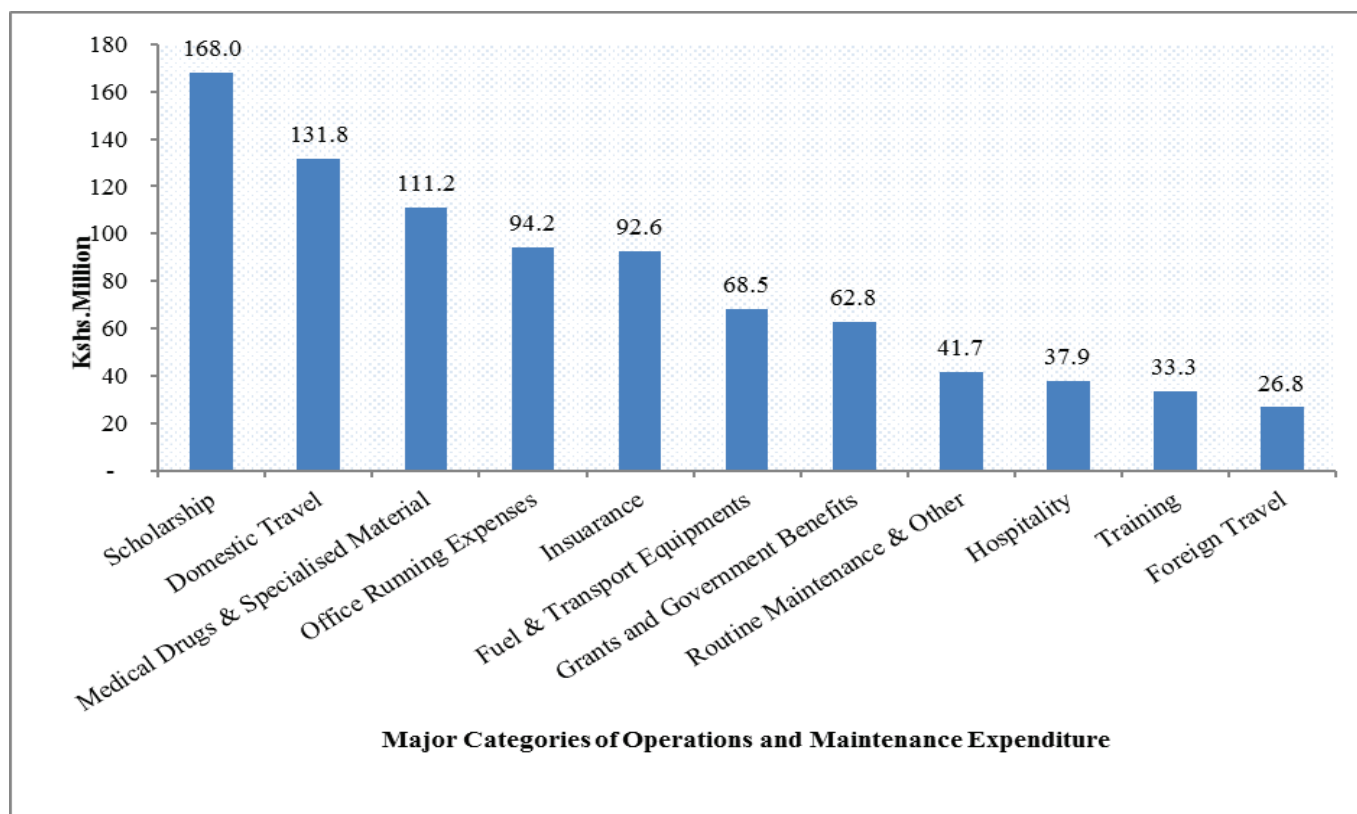
Source: Lamu County Treasury

Expenditure on Compensation to Employees was 43.9 per cent of the total expenditure for the financial year and represented an increase of 6.7 per cent compared to FY 2018/19 when the County spent Kshs.1.26 billion.

3.22.7 Analysis of Operations and Maintenance Expenditure

Figure 3-43 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-43: Lamu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Lamu County Treasury

The County spent Kshs.16.2 million on Committee Sitting Allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.16.59 million. The average monthly sitting allowance was Kshs.71,031 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.131.83 million and comprised of Kshs.45.51 million spent by the County Assembly and Kshs.86.32 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.26.76 million and comprised of Kshs.26.06 million spent by the County Assembly and Kshs.0.70 million by the County Executive.

3.22.8 Development Expenditure Analysis

The Development expenditure of Kshs.843.61 million represented 40.6 per cent of the annual development budget of Kshs.2.08 billion and represented an increase of 21.6 per cent compared to FY 2018/19 when the County spent Kshs.693.60 million. Table 3-103 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-103: Lamu County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	NHIF Indigent cover for 16,500 households	Countywide	120,000,000	120,000,000	100
2	Furniture and Fittings - HQs for Lands Departments	County HQS Hindi	90,000,000	65,351,116	72.6

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
3	Water Supply and connection - Dept of Water	Faza and kiunga	90,000,000	53,414,563	59.3
4	construction of county headquarters phase one- Dept of Executive	County headquarters	56,000,000	31,987,330	57.1
5	Opening New roads at Manda Island - Dept of Infrastructure	Shella	31,900,000	31,900,000	100
6	Construction of Women and Children hospital - Dept Medical	Bahari	80,000,000	28,296,344	35.4
7	Construction of Enforcement and Training (Command) Centers - Dept Executive	Mkomani, Shella, Hindi, Mkunumbi, hongwe, Bahari, witu, Kuinga, Faza and basuba	20,000,000	19,900,000	99.5
8	Planning, Surveying, Regularization and issuance of titles at Kihongwe settlement scheme - Dept Land	Bahari	20,000,000	17,490,480	87.5
9	Construction of Modern Market- Dept Municipality	Mkomani	48,247,400	14,374,863	29.8
10	Driving licence/coxwain - Dept Youth, Gender	Countywide	14,040,000	14,040,000	100

Source: Lamu County Treasury

3.22.9 Budget Performance by Department

Table 3-104 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-104: Lamu County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	405.00	195.00	291.41	75.33	289.21	75.33	99.2	100.0	71.4	38.6
County Executive	427.69	246.69	384.00	53.35	340.91	53.35	88.8	100.0	79.7	21.6
Finance, Economy and Strategic Planning	101.37	4.10	81.95	-	92.41	-	112.8	-	91.2	-
Agriculture & Irrigation	117.16	169.90	66.46	135.71	84.33	76.48	126.9	56.4	72.0	45.0
Land, Physical Planning	34.50	140.65	40.90	108.41	30.63	71.58	74.9	66.0	88.8	50.9
Education and Vocational Training	257.45	179.61	245.67	61.76	240.77	85.33	98.0	138.2	93.5	47.5
Medical Services	914.33	336.24	874.94	176.79	849.62	177.29	97.1	100.3	92.9	52.7
Trade, Tourism & Investment Development	26.00	27.90	21.65	22.88	22.03	22.88	101.8	100.0	84.8	82.0
Livestock, Veterinary & Cooperative Development	37.98	43.02	33.99	8.96	35.29	8.58	103.8	95.8	92.9	20.0
Public Service Board	45.22	-	28.02	26.98	38.10	0.00	135.9	-	84.3	-
Water Management & Conservation	27.04	182.67	21.17	64.51	21.42	38.27	101.2	59.3	79.2	20.9
Gender, Youth, Culture, Sports & Social Services	25.02	124.80	19.34	18.21	17.52	44.85	90.6	246.3	70.0	35.9
Public Health Sanitation and Environment	86.27	31.58	79.32	23.65	68.64	12.07	86.5	51.0	79.6	38.2
Fisheries Development	33.85	37.10	29.38	58.01	25.75	12.84	87.6	22.1	76.1	34.6
Budget & Economic Planning	19.95	-	16.22	-	15.40	0.00	95.0	-	77.2	-

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
Infrastructure and Energy	43.32	262.88	36.63	102.48	32.99	150.41	90.0	146.8	76.2	57.2
Lamu Municipality	53.79	98.25	3.25	35.76	3.86	14.37	118.8	40.2	7.2	14.6
Total	2,655.94	2,080.38	2,274.31	972.79	2,208.88	843.61	97.1	86.7	83.2	40.6

Source: Lamu County Treasury

Analysis of expenditure by department shows that the Department of Trade, Tourism & Investment Development recorded the highest absorption rate of development budget at 82 per cent while the Department of Finance, Economy and Strategic Planning did not report expenditure on development activities. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to recurrent budget at 93.5 per cent while the Lamu Municipality had the lowest at 7.2 per cent.

3.22.10 Budget Execution by Programmes and Sub-Programmes

Table 3-105 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-105 : Lamu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
County Assembly					
	General Administration and Planning	201,811,120	140,724,953	61,086,167	69.7
	Legislation, Representation and Oversight	398,188,880	148,482,418	249,706,462	37.3
	Sub total	600,000,000	289,207,371	310,792,629	48.2
County Executive					
	Headquarters	406,997,394	249,627,143	157,370,251	61.3
	Office of the Governor and Deputy Governor	240,474,344	127,314,135	113,160,209	52.9
	Public Service Management	7,175,008	4,018,360	3,156,648	56.0
	County Public Service	19,730,232	13,301,255	6,428,977	67.4
	Sub total	674,376,978	394,260,893	280,116,085	58.5
Finance, Economy and Strategic Planning					
Finance	Headquarters	105,467,686	81,950,432	23,517,254	77.7
	Sub total	105,467,686	81,950,432	23,517,254	77.7
Agriculture & Irrigation					
	Directorate of Agriculture and Extension Services	68,009,607	57,997,005	10,012,602	85.3
	Crop Management	22,936,915	21,502,364	1,434,551	93.7
	Crop Husbandry	1,967,844	1,252,000	715,844	63.6
	Agriculture Training Centres(ATC)	5,000,000	-	5,000,000	0.0
	Plant Dieses Control	189,143,122	80,065,203	109,077,919	42.3
	Sub total	287,057,488	160,816,572	126,240,916	56.0
Land, Physical Planning					
	Headquarters	24,151,163	20,718,362	3,432,801	85.8
	Housing, Urban Dev and Infrastructure	250,000	15,150	234,850	6.1
	Survey & Planning	150,746,644	81,480,270	69,266,374	54.1
	Sub total	175,147,807	102,213,782	72,934,025	58.4
Education and Vocational Training					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
	Headquarters	30,120,409	24,457,385	5,663,024	81.2
	Village Polytechnics	83,598,297	12,090,100	71,508,197	14.5
	Early Childhood Development	323,345,121	289,551,490	33,793,631	89.5
	Sub total	437,063,827	326,098,975	110,964,852	74.6
Medical Services					
	Headquarters	719,778,305	702,874,795	16,903,510	97.7
	Curative and Rehabilitative Health Dept	137,180,020	122,096,645	15,083,375	89.0
	Preventive and Promotive Health Dept	393,615,548	201,931,654	191,683,894	51.3
	Sub total	1,250,573,873	1,026,903,094	223,670,779	82.1
Trade, Tourism & Investment Development					
	Headquarters	10,244,893	8,520,772	1,724,121	83.2
	Tourism	3,096,382	2,222,299	874,083	71.8
	Culture	9,000,000	7,977,690	1,022,310	88.6
	Trade and Investment	31,554,341	26,187,732	5,366,609	83.0
	Sub total	53,895,616	44,908,493	8,987,123	83.3
Livestock, Veterinary & Cooperative Development					
	Headquarters	10,999,193	10,144,975	854,218	92.2
	Livestock Production	35,812,436	12,709,327	23,103,109	35.5
	Veterinary Services	32,178,134	19,433,646	12,744,488	60.4
	Cooperative Development	2,011,734	1,582,287	429,447	78.7
	Sub total	81,001,497	43,870,235	37,131,262	54.2
Public Service Board					
	Trade Development and Regulation	45,217,320	38,096,096	7,121,224	84.3
	Sub total	45,217,320	38,096,096	7,121,224	84.3
Water Management & Conservation					
	Headquarters	199,426,925	50,912,636	148,514,289	25.5
	Headquarters	10,286,597	8,773,767	1,512,830	85.3
	Sub total	209,713,522	59,686,403	150,027,119	28.5
Gender, Youth, Culture, Sports & Social Services					
	Headquarters	85,713,732	40,906,776	44,806,956	47.7
	Headquarters	7,254,200	5,034,201	2,219,999	69.4
	Social Services	56,848,040	16,432,490	40,415,550	28.9
	Sub total	149,815,972	62,373,467	87,442,505	41.6
Public Health Sanitation and Environment					
	Headquarters	117,855,850	80,708,882	37,146,968	68.5
	Sub total	117,855,850	80,708,882	37,146,968	68.5
Fisheries Development					
	Headquarters	70,950,222	38,581,590	32,368,632	54.4
	Sub total	70,950,222	38,581,590	32,368,632	54.4
Budget & Economic Planning					
	Economic Planning and Budgeting	19,949,480	15,404,134	4,545,346	77.2
	Sub total	19,949,480	15,404,134	4,545,346	77.2
Infrastructure and Energy					
	Headquarters	306,192,493	183,400,136	122,792,357	59.9
	Sub total	306,192,493	183,400,136	122,792,357	59.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Lamu Municipality					
	Headquarters	152,037,400	18,231,647	133,805,753	12.0
	Sub total	152,037,400	18,231,647	133,805,753	12.0
Grand Total		4,660,298,331	2,957,596,378	1,702,701,953	63.5

Source: Lamu County Treasury

Based on expenditure absorption rate as shown in Table 3-105 the programs with the highest absorption rates were: Public Service Board at 84.3 per cent, Trade, Tourism & Investment Development at 83.3 per cent, Medical Services at 82.1 per cent, and Finance, Economy and Strategic Planning at 77.7 per cent of budget allocation.

3.22.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.843.61 million in FY 2019/20 out of annual development budget of Kshs. 2.08 billion. The development expenditure represented 40.6 per cent of the annual development.
3. High outstanding pending bills which amounted to Kshs.235, 972,117 as at 30th June 30, 2020. The pending bills consisted of Kshs.178,320,839 for development activities and Kshs.57,651,277 for recurrent expenditure.
4. Discrepancy between the report on budget execution by programmes and sub programmes which indicates approved budget as Kshs.4.67 billion compared to Kshs.4.74 billion captured in the County's annual report.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County Treasury should regularly reconcile the budget documents against the IFMIS uploaded budget to ensure reports on budget implementation are credible.*

3.23 County Government of Machakos

3.23.1 Overview of FY 2019/20 Budget

The County's second Supplementary Budget for FY 2019/20 was Kshs.13.33 billion, comprising of Kshs.4.69 billion (35.2 per cent) and Kshs.8.63 billion (64.8 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.13.70 billion comprising of Kshs.7.75 billion (56.6 per cent) as equitable share of revenue raised nationally, Kshs.2.97 billion (21.7 per cent) as total Conditional Grants, generate Kshs.1.16 billion (8.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.44 billion (10.5 per cent) from FY 2018/19. The County also expected to receive Kshs.370.11 million (2.7 per cent) as "other revenues" not contained in the CARA, 2019.

3.23.2 Revenue Performance

During FY 2019/20, the County received Kshs.7.09 billion as equitable share of the revenue raised nationally, Kshs.1.71 billion as total Conditional Grants, raised Kshs.1.38 billion as own-source revenue, cash balance of Kshs.1.44 billion from FY 2018/19 and Kshs.463.42 million as other revenues towards COVID-19 intervention measures. The total funds available for budget implementation during the period amounted to Kshs.12.09 billion as shown in Table 3-106.

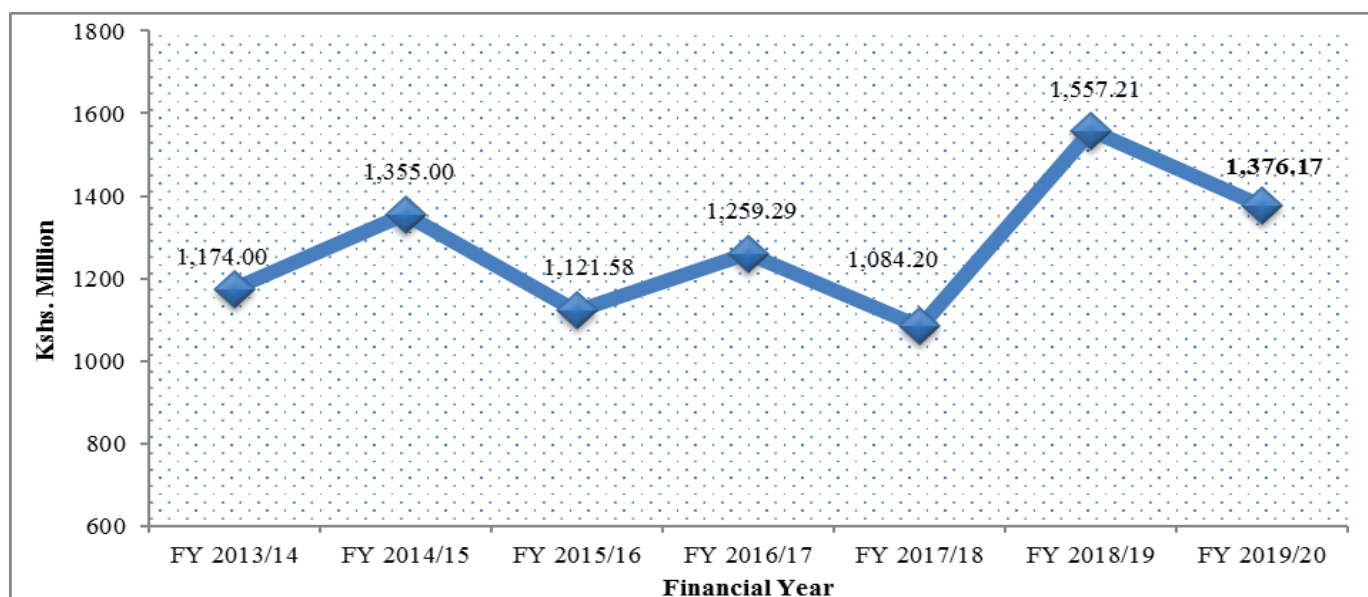
Table 3-106: Machakos County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,754,250,000	7,754,250,000	7,087,384,500	91.4
B.	Conditional Grants from the National Government Revenue				
1	Conditional Grants to Level-5 Hospitals	383,583,815	477,561,850	383,583,813	80.3
2	Compensation for User Fee Foregone	24,129,039	24,129,039	24,129,039.00	100
3	Leasing of Medical Equipment	131,914,894	131,914,894.00	-	-
4	Road Maintenance Fuel Levy Fund	220,109,531	363,636,021	220,109,531	60.5
5	Rehabilitation of Village Polytechnics	51,093,298	57,431,523	51,093,298	88.9
	Sub Total	810,830,577	1,054,673,327	678,915,681	64.4
C	Loans and Grants from Development Partners				
6	Transforming Health systems for Universal care Project (WB)	129,858,778	138,506,799	129,858,778	93.8
7	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	150,156,390	188,681,926	112,892,547	59.8
8	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	45,559,027	-	-
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	1,018,320,500	1,018,320,500	737,142,327	72.4
10	DANIDA Grant	24,843,750	24,843,750	24,843,750	100.0
13	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	53,423,784	53,423,784	30,000,000	56.2
14	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,869,663	25,554,495	-	-
16	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
	Sub Total	1,433,272,865	1,544,890,281	1,034,737,402	66.9
D	Other Sources of Revenue				
18	Own Source Revenue	-	1,160,776,900	1,376,171,810	118.6
19	Balance b/f from FY2018/19	-	1,444,946,587	1,444,946,587	100
20	COVID-19 Emergency Response	-	188,521,000	188,521,000	100
21	DANIDA Grant for COVID-19	-	-	9,275,000	-
22	Universal Health in Devolved Systems (Pilot)	-	84,033,066	168,066,136	200
23	Medical Emergency Allowances	-	97,560,000	97,560,000	100
	Sub Total	-	2,975,837,553	3,284,540,533	110.4
	Grand Total	9,998,353,442	13,329,651,161	12,085,578,116	90.7

Source: Machakos County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-44.

Figure 3-44: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Machakos County Treasury

During FY 2019/20, the County generated a total of Kshs.1.38 billion as own-source revenue. This amount represented a decrease of 11.6 per cent when compared to Kshs.1.56 billion realised in FY 2018/19, and represented 118.5 per cent of the annual target. The County surpassed the revenue target by 18.5 per cent through putting in place mechanisms that sealed loopholes and conducting revenue mobilization despite the Covid-19 effect.

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.11.38 billion from the CRF account during the reporting period. This amount comprised of Kshs.3.58 billion (31.5 per cent) for Development programmes and Kshs.7.80 billion (68.5 per cent) for Recurrent programmes.

3.23.4 Overall Expenditure Review

A total of Kshs.9.46 billion was spent on Development and Recurrent programmes and represented 83.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.96 billion and Kshs.7.50 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 41.7 per cent while that incurred on Recurrent programmes represented an absorption rate of 86.9 per cent.

3.23.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.343.48 million as at June 30, 2020. These bills consisted of Kshs.278.95 million for development activities and Kshs.64.53 million for recurrent expenditure.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.5.60 billion was spent on Compensation to Employees, Kshs.1.91 billion on Operations and Maintenance, and Kshs.1.96 billion on Development expenditure.

Table 3-107: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	8,634,977,213	7,800,255,108	7,503,624,120	79.3	86.9
Compensation to Employees	5,619,958,538	5,598,311,988	5,598,311,988	59.2	99.6
Operations and Maintenance	3,015,018,675	2,201,943,120	1,905,312,132	20.1	63.2
Total Development Expenditure	4,694,673,848	3,580,823,817	1,958,241,219	20.7	41.7
Development Expenditure	4,694,673,848	3,580,823,817	1,958,241,219	20.7	41.7
Total	13,329,651,061	11,381,078,925	9,461,865,339	100	71

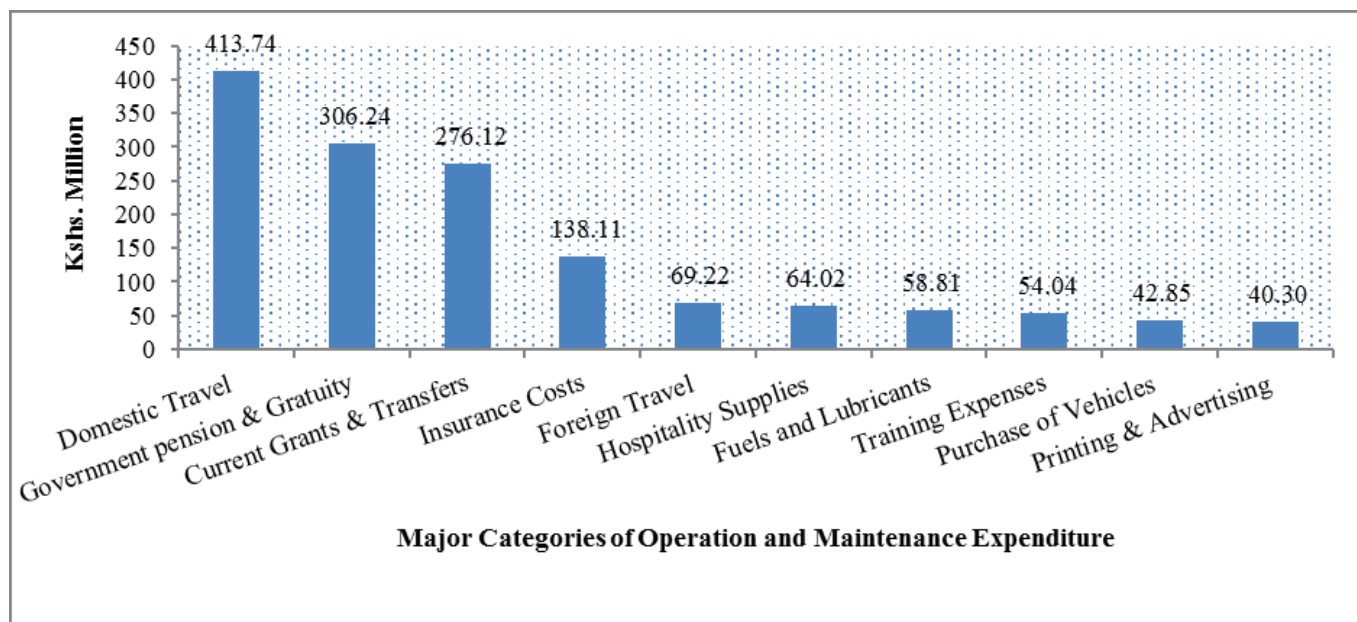
Source: Machakos County Treasury

Expenditure on Compensation to Employees was 59.2 per cent of the total expenditure for the financial year and represented a decrease of 4.4 per cent compared to FY 2018/19 when the County spent Kshs.5.86 billion.

3.23.7 Analysis of Operations and Maintenance Expenditure

Figure 3-45 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-45: Machakos County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Machakos County Treasury

The County spent Kshs.48.40 million on Committee Sitting Allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.64.23 million. The average monthly sitting allowance was Kshs.66,120 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.413.74 million and comprised of Kshs.212.35 million spent by the County Assembly and Kshs.187.89 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.69.22 million and comprised of Kshs.50.71 million spent by the County Assembly and Kshs.18.51 million by the County Executive.

3.23.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.96 billion represented 41.7 per cent of the annual development budget of Kshs.4.69 billion and represented a decrease of 36.8 per cent compared to FY 2018/19 when the County spent Kshs.3.09 billion. Table 3-108 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-108: Machakos County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Machakos County Government Offices	Transport	Machakos	244,583,388	218,276,065	89.2
2	Maintenance of Mitaboni-Ndululia Road	Transport	Various Locations	193,673,220	135,563,057	70.0
3	Construction of Miangeni Earth Dam in Kivaa Ward	Water	Masinga	106,739,411	87,332,577	81.8
4	Equipping and Reticulation of Borehole	Water	Various Locations	178,293,456	66,399,045	37.2
5	Construction of ECDE Classes	Education	Various Locations	83,602,129	62,715,592	75.0
6	Construction and Extension of Health Centres & Community Hospital	Health	Various Locations	81,467,490	48,897,368	60.0

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
7	Construction of Office Block at the New City	Transport	Machakos	60,000,000	48,054,011	80.1
8	Commissioning Of Jaw Crusher at Katangi	Trade	Yatta	26,692,479	26,692,479	100.0
9	Construction of Workshops at Vocational Training Centers	Education	Various Locations	57,431,523	25,936,070	45.2
10	Construction of Kinyui Stadium-Kangundo	Tourism	Kangundo	44,402,997	16,197,135	36.5

Source: Machakos County Treasury

3.23.9 Budget Performance by Department

Table 3-109 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-109: Machakos County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	562.71	5.42	537.37	4.23	415.14	47.30	77.3	1118.8	73.8	872.3
Finance and Economic Planning.	473.94	87.55	472.68	47.07	329.25	60.45	69.7	128.4	69.5	69.0
Public Service, Quality Management and ICT	1,356.41	6.24	722.89	25.15	3251.80	15.92	449.8	63.3	239.7	255.0
County Public Service Board	52.07	0.00	55.33	0.00	36.54	-	66.1	-	70.2	-
Roads, Transport and Public Works.	159.29	1360.80	178.83	1087.21	112.02	782.68	62.6	72.0	70.3	57.5
Health Services and Emergency Services	3540.99	734.11	3382.84	549.69	1653.27	125.74	48.9	22.9	46.7	17.1
Water, Irrigation, Environment and Natural Resources	109.79	404.34	110.03	484.83	49.90	369.23	45.3	76.2	45.4	91.3
Agriculture, Food Security and Co-operative Development.	339.55	255.47	319.34	150.66	164.90	51.89	51.6	34.4	48.6	20.3
Tourism, Youth, Sports and Culture.	109.91	85.44	140.34	45.50	82.94	63.39	59.1	139.3	75.5	74.2
County Administration and Decentralized Units.	285.98	36.05	296.55	23.37	153.69	38.21	51.8	163.5	53.7	106.0
Trade, Industrialization and Innovation	251.50	90.62	289.46	78.89	228.53	83.49	79.0	105.8	90.9	92.1
County Assembly	911.15	387.00	861.15	136.26	845.51	136.64	98.2	100.3	92.8	35.3
Education, Skills Training and Social Welfare	337.77	169.77	314.75	168.62	121.49	110.60	38.6	65.6	36.0	65.1
Energy, Lands, Housing and Urban Development.	143.94	1071.85	118.71	779.34	58.64	72.72	49.4	9.3	40.7	6.8
Total	8,634.98	4,694.67	7,800.26	3,580.82	7,503.62	1,958.24	96.2	54.7	86.9	41.7

Source: Machakos County Treasury

Analysis of expenditure by department shows that the Office of the Governor recorded the highest absorption rate of development budget at 872.3 per cent while the Department of Energy, Lands, Housing and Urban Development had the lowest expenditure at 6.8 per cent. The Department of Public Service, Quality Management and ICT had the highest percentage of recurrent expenditure to recurrent budget at 255 per cent while the Department of Energy, Lands, Housing and Urban Development had the lowest at 40.7 per cent. The absorption rate of 255 per cent by the Department of Public Service, Quality Management and ICT was due to lumping up of salaries under one department rather than respective departments during the first half while the absorption of 872.3 per cent by Office of the Governor under development activities was not explained by the County Treasury.

3.23.10 Budget Execution by Programmes and Sub-Programmes

Table 3-110 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-110 : Machakos County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Office of the Governor					
Co-ordination and Supervisory Services	Co-ordination and Supervisory Services	568,128,497.84	462,435,060	105,693,437	81.4
	Sub total	568,128,498	462,435,060	105,693,437	81.4
Finance and Revenue Management					
Revenue Management	Revenue Management	186,928,163	137,702,954	49,225,209	73.7
Financial Management	Budget Formulation, Co-ordination and Implementation	38,652,240	17,167,888	21,484,352	44.4
Supply Chain Management	Supply Chain Management	4,271,964	3,157,991	1,113,973	73.9
Accounts Services	Accounts Services	10,735,603	14,899,149	(4,163,546)	138.8
Audit Services	Audit Services	4,101,320	2,297,730	1,803,590	56.0
Human Resource Management and Support Services	Human Resource Management and Support Services	282,149,172	188,887,188	93,261,984	66.9
County Planning and Statistical Information Services	County Planning and Statistical Information Services	34,645,475	25,582,652	9,062,823	73.8
	Sub total	561,483,937	389,695,552	171,788,385	69.4
Public Service, Quality Management and ICT					
General Administration and Support Services	Support Services	1,166,547,888	3,237,025,191	(2,070,477,302)	277.5
Quality Management	Quality Management	950,000	540,360	409,640	56.9
Training, Research and Development	Human Resource Capacity Development	108,995,411	2,615,797	106,379,614	2.4
ICT Infrastructure	ICT Infrastructure	83,911,182	27,542,068	56,369,114	32.8
Closed Circuit Television (CCTV)	Closed Circuit Television (CCTV)	2,245,000	-	2,245,000	0.0
	Sub total	1,362,649,482	3,267,723,416	(1,905,073,934)	239.8
County Public Service Board					
Human Resource Administration	Human Resource Administration	52,074,133	36,544,882	15,529,251	70.2
	Sub total	52,074,133	36,544,882	15,529,251	70.2
Roads, Transport and Public Works					
General Administration and Support Services	Support Services	232,336,447	86,812,419	145,524,029	37.4
Road Development and Management	Road Development and Management	763,965,251	406,927,070	357,038,181	53.3
County Government Buildings Services	County Government Buildings Services	400,798,575	334,812,278	65,986,297	83.5
County Fleet Management	County Fleet Management	122,988,387	66,151,604	56,836,783	53.8
	Sub total	1,520,088,660	894,703,371	625,385,289	58.9
Health and Emergency Services					
General Administration And Support Services	Support Services	3,158,869,210	1,580,021,804	1,578,847,406	50.0
Preventive and Promotive Services	Preventive and Promotive Services	926,013,550	188,306,299	737,707,250	20.3
Emergency Services	Emergency Services	21,595,884	-	21,595,884	0.0
public health and community outreach	public health and community outreach	168,619,502	10,678,640	157,940,862	6.3
	Sub total	4,275,098,145	1,779,006,744	2,496,091,402	41.6
Agriculture, Food Security and Co-operative Development					
General Administration and Support Services	Support Services	166,889,829	49,272,893	117,616,935	29.5
Crop Development and Management	Crop Development and Management	178,473,607	77,861,354	100,612,253	43.6
Livestock Resources Management and Development	Livestock Resources Management	60,375,583	23,947,101	36,428,481	39.7
Fisheries Development	Fisheries Development	23,464,467	8,629,960	14,834,507	36.8
Veterinary Services	Veterinary Services	69,396,657	10,000	69,386,657	0.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture Training Centre	Agriculture Training Centre	13,413,456	1,024,390	12,389,066	7.6
Cooperative Development and Marketing	Cooperative Development and Marketing	83,008,830	56,046,875	26,961,955	67.5
	Sub total	595,022,429	216,792,573	378,229,856	36.4
Tourism, Youth, Sports and Culture					
General Administration and Support Services	Support Services	62,679,185	40,994,411	21,684,774	65.4
Heritage & Culture	Heritage & Culture Preservation	5,149,882	2,678,704	2,471,178	52.0
Liquor Management	Liquor Management	1,330,790	284,483	1,046,307	21.4
Tourism Development and Marketing	Tourism Development	8,370,405	2,033,960	6,336,445	24.3
County Image Directorate	County Beautification	32,251,697	18,135,898	14,115,799	56.2
Management and Development of Sports and Sports Facilities	Management of Sports	85,562,850	82,200,054	3,362,796	96.1
	Sub total	195,344,809	146,327,509	49,017,300	74.9
County Administration and Decentralized Units					
General Administration and Support Services	Support Services	198,455,895	141,844,314	56,611,581	71.5
Civic Engagement	Civic Engagement	39,513,850	8,116,308	31,397,542	20.5
Administration and Coordination Services	Administration and Coordination Services	21,944,074	19,395,883	2,548,192	88.4
Solid Waste Management	Solid Waste Management	10,725,513	6,126,089	4,599,424	57.1
Sanitation Management	Sanitation	2,830,000	2,700,000	130,000	95.4
Inspectorate services and Management	Inspectorate Services	48,553,554	13,716,188	34,837,366	28.2
	Sub total	322,022,887	191,898,782	130,124,105	59.6
Trade, Industrialization and Innovation					
General Administration and Support Services	Support Services	64,720,289	59,478,108	5,242,181	91.9
Trade Development	Trade Development	46,750,000	41,429,421	5,320,579	88.6
Business and Enterprise Development	Business and Enterprise Development	10,279,107	5,580,003	4,699,103	54.3
Industrialization and innovation	Industrialization and innovation	60,495,664	53,926,476	6,569,188	89.1
Machakos Investment Promotion Board	Investment Facilitation and Support	6,372,512	1,141,269	5,231,243	17.9
County Law Office	Legal Office	153,507,650	150,468,426	3,039,224	98.0
	Sub total	342,125,222	312,023,704	30,101,518	91.2
County Assembly					
Legislation and Oversight	Legislation and Oversight	1,298,145,156	982,145,823	315,999,333	75.7
	Sub total	1,298,145,156	982,145,823	315,999,333	75.7
Education, Skills Training and Social Welfare					
General Administration and Support Services	Support Services	341,872,648	157,412,364	184,460,284	46.0
Basic Education	Provision of Education Services	67,011,315	65,991,716	1,019,600	98.5
Youth Development Services	Youth Empowerment	82,251,483	6,695,603	75,555,880	8.1
Gender and Social Services	Social Protection	16,406,107	1,984,250	14,421,857	12.1
	Sub total	507,541,553	232,083,933	275,457,621	45.7
Energy, Lands, Housing and Urban Development					
General Administration and Support Services	Support Services	52,602,449	45,536,197	7,066,252	86.6
Housing and Urban Development	Land Policy and Planning	1,057,362,161	54,358,097	1,003,004,064	5.1
Energy and Natural Resources	Energy and Natural Resources	105,823,999	31,464,995	74,359,004	29.7
	Sub total	1,215,788,609	131,359,289	1,084,429,320	10.8
Water, Irrigation, Environment and Natural Resources					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Water Supply and Sewerage	Water Supply and Sewerage	310,417,474	274,572,268	35,845,206	88.5
Irrigation Schemes Development and Promotion.	Irrigation Development	149,764,626	120,555,562	29,209,064	80.5
	Development and promotion of irrigation schemes	5,562,474	126,630	5,435,844	2.3
General Administration and Support Services	Support Services	41,647,090	23,213,286	18,433,803	55.7
Environment and Natural Resources	Environment and Natural Resources	6,745,978	656,958	6,089,020	9.7
	Sub total	514,137,642	419,124,704	95,012,938	81.5
Grand Total		13,329,651,161	9,461,865,339	3,867,785,822	71.0

Source: Machakos County Treasury

Based on expenditure absorption rate as shown in Table 3-109, the programs with the highest absorption rates were: Basic Education at 98.5 per cent, County Law Office at 98 per cent, Management and Development of Sports at 96.1 per cent, and Sanitation Management at 95.4 per cent of budget allocation.

3.23.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.1.96 billion in FY 2019/20 out of annual development budget of Kshs.4.69 billion. The development expenditure represented 41.7 per cent of the annual development.
3. A high wage bill, which accounted for 59.2 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. Use of revenue at source and weak budgeting practice by the County Treasury as shown in Table 3-108 and Table 3-109 where the County incurred expenditure in excess of approved budgetary allocations.
5. Failure by the County to submit financial reports for the established county funds contrary to Section 168 of the PFM Act, 2012.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of PFM Act, 2012.
2. The County should identify and address issues causing delays in the implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
4. The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.
5. All Fund Administrators should provide quarterly financial statements for County Funds in line with Section 168 of the PFM Act, 2012.

3.24 County Government of Makueni

3.24.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.11.19 billion, comprising of Kshs.4.81 billion (43 per cent) and Kshs.6.38 billion (57 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.7.41 billion (66.2 per cent) as equitable share of revenue raised nationally, Kshs.994.75 billion (8.9 per cent) as total conditional grants, generate Kshs.655.24 million (5.9 per cent) from own sources of revenue, and had Kshs.1.69 billion (15.1 per cent) as cash balance from FY 2018/19. The County also expected to receive Kshs.438.05 million (3.9 per cent) as "other revenues" not contained in the CARA 2019.

3.24.2 Revenue Performance

During FY 2019/20, the County received Kshs.6.77 billion as equitable share of the revenue raised nationally, Kshs.801.38 million as total conditional grants (CARA, 2019), Kshs.297.02 million as other budgeted revenues (Non-CARA, 2019), Kshs.119.72 million as COVID 19 conditional allocation, Kshs.58.83 million as MOH Health COVID 19, raised Kshs.465.94 million as own-source revenue, and had a cash balance of Kshs.735 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.9.25 billion as shown in Table 3-110.

Table 3-111 : Makueni County, Revenue Performance in FY 2019/20

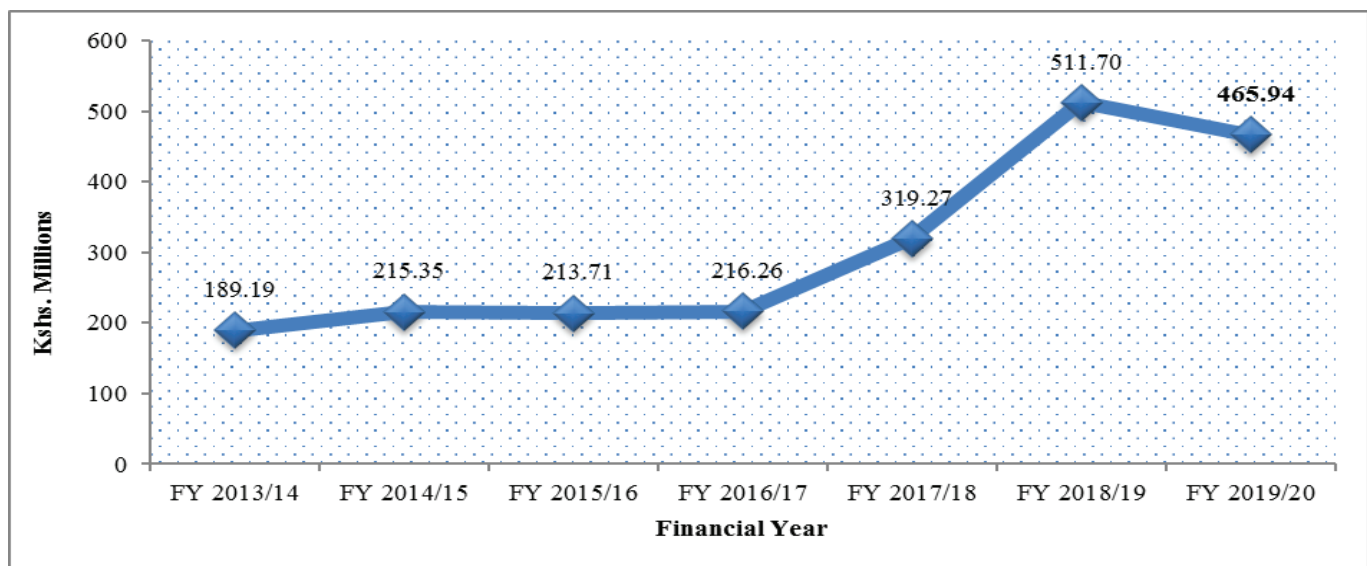
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,406,100,000	7,406,100,000	6,769,175,400	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	19,435,760	19,435,760	19,435,760	100
2.	Leasing of Medical Equipment	131,914,894			
3.	Road Maintenance Fuel Levy Fund	210,227,063	210,227,063	210,227,063	100
4.	Rehabilitation of Village Polytechnics	60,333,298	60,333,298	60,333,298	
	Sub Total	421,911,015	289,996,121	289,996,121	100
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	89,179,782	89,179,782	84,293,539	94.5
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	243,315,576	69.5
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	136,261,600	136,261,600	97,459,583	71.5
9.	DANIDA Grant	21,281,250	21,281,250	29,226,250	137.3
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	50,180,747	50,180,747	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,051,135	19,051,135	18,292,613	96
	Sub Total	704,754,514	704,754,514	511,387,560	72.6
D	Other Sources of Revenue				
12.	Own Source Revenue	-	655,235,126	465,939,456	71.1
13.	Balance b/f from FY2018/19	-	1,692,140,526	735,001,969	43.4
14.	Other Revenues (Non-CARA 2019)	-	438,052,284	297,191,253	67.8
15.	Covid-19 Conditional Grant Allocation to County Governments	-	-	119,715,000	-
16.	MOH Health Workers Salary increase due to COVID 19	-	-	58,830,000	-
	Sub Total	-	2,785,427,936	1,676,677,678	60.2
	Grand Total	8,532,765,529	11,186,278,571	9,247,236,758	88.4

Source: Makueni County Treasury

Other revenues (non-CARA, 2019) receipted in FY 2019/20 of Kshs.297.19 million is composed of Kshs.296.65 million for Kenya Devolution Support Programme “Level 2” grant and Kshs.539,520 for ICT Infrastructure development–Slovak Government Funding.

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-46.

Figure 3-46 : Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Makueni County Treasury

During FY 2019/20, the County reported a total of Kshs.465.94 million as own-source revenue. This amount represented a decrease of 8.9 per cent when compared to Kshs.511.7 million realised in FY 2018/19, and represented 71.1 per cent of the annual target.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.8.93 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.99 billion (33.4 per cent) for Development programmes and Kshs.5.94 billion (66.6 per cent) for Recurrent programmes.

3.24.4 Overall Expenditure Review

A total of Kshs.8.6 billion was spent on Development and Recurrent programmes and represented 96.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.65 billion and Kshs.5.95 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 55.1 per cent while that incurred on Recurrent programmes represented an absorption rate of 93.3 per cent.

3.24.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.281.57 million as at June 30, 2020. These bills consisted of Kshs.244.09 million for development activities and Kshs.37.48 million for recurrent expenditure.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.72 billion was spent on Compensation to Employees, Kshs.2.24 billion on Operations and Maintenance, and Kshs.2.65 billion on Development expenditure.

Table 3-112: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,379,118,239	5,940,790,323	5,954,621,745	69.2	93.3
Compensation to Employees	3,699,841,838	3,698,408,081	3,719,186,278	43.2	100.5
Operations and Maintenance	2,679,276,401	2,242,382,242	2,235,425,088	26	83.4
Total Development Expenditure	4,807,160,335	2,985,286,744	2,648,734,319	30.8	55.1
Development expenditure	4,807,160,335	2,985,286,744	2,648,734,319	30.8	55.1
Total	11,186,278,574	8,926,077,067	8,603,345,684	100	76.9

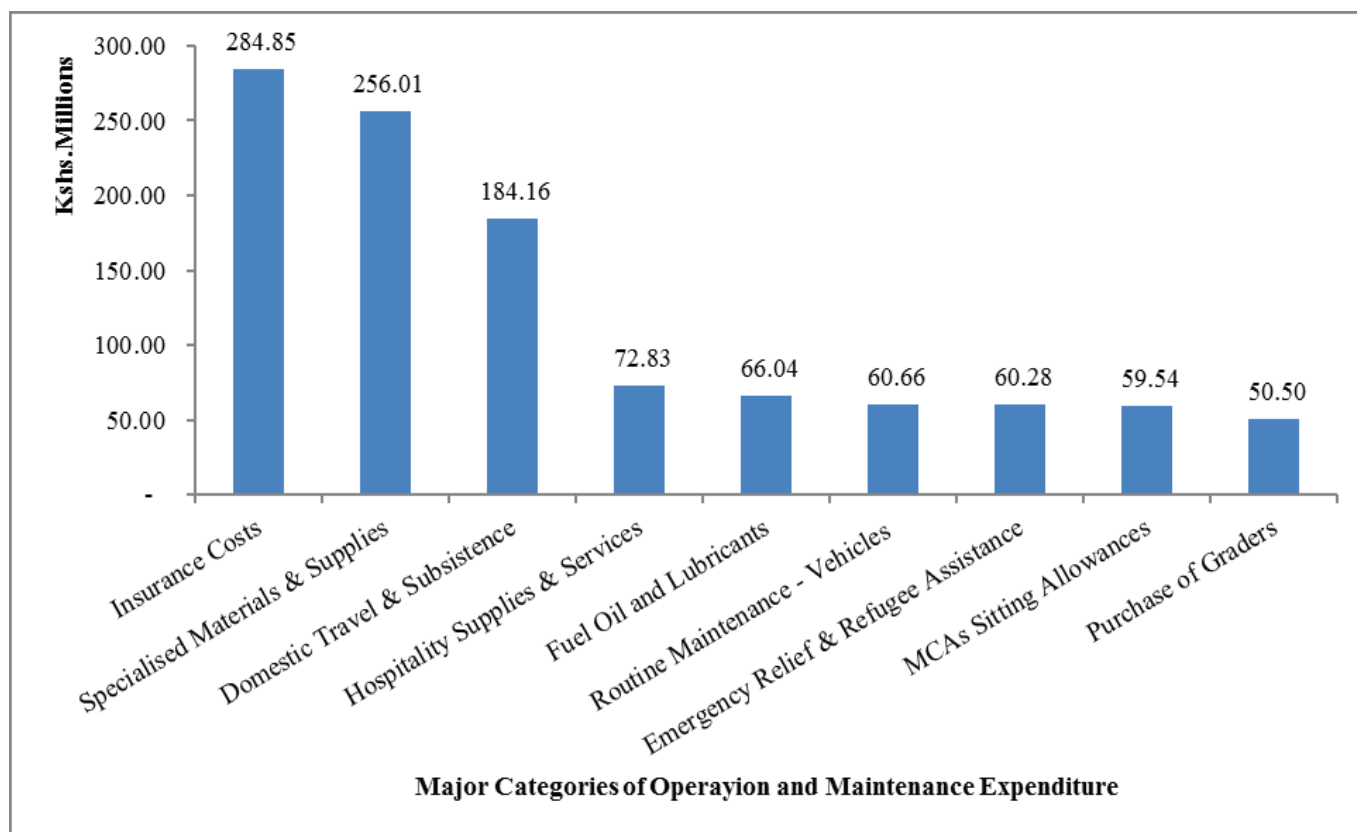
Source: Makueni County Treasury

Expenditure on Compensation to Employees was 43.2 per cent of the total expenditure for the financial year and represented an increase of 5.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.3.52 billion.

3.24.7 Analysis of Operations and Maintenance Expenditure

Figure 3-47 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-47: Makueni County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Makueni County Treasury

The County spent Kshs.59.54 million on Committee Sitting Allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.59.54 million. The average monthly sitting allowance was Kshs.101,252 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs. 184.16 million and comprised of Kshs. 88.77 million spent by the County Assembly and Kshs.95.39 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs. 25.29 million and comprised of Kshs. 13.14 million spent by the County Assembly and Kshs.12.15 million by the County Executive.

3.24.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.65 billion represented 55.1 per cent of the annual development budget of Kshs.4.81 billion and represented a decrease of 0.3 per cent compared to FY 2018/19 when the County spent Kshs.2.66 billion. Table 3-113 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-113: Makueni County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Universal health care programme	County Wide	311,402,918	268,937,674	86.4
2	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	Several Wards (20)	442,863,852	245,901,215	55.5
3	Transforming Health Systems for Universal Care Project (WB)	County Wide	155,865,040	91,214,456	58.5
4	AIA- Makueni Fruit Processing Plant	Ward - Nzau/Kilili/Kalamba. Sub-ward Kalamba	72,941,000	67,311,793	92.3
5	Construction of Thwake bridge	Kalawa	69,000,000	60,968,049	88.4
6	IDA (World Bank) credit: Kenya Urban Support Project(KUSP) - Urban Development Grant (UDG)	Wote Municipality	198,206,302	54,845,636	27.7
7	Roads upgrade programme - ward - fuel levy funding		39,209,281	34,790,055	88.7
8	EU Grant (Instruments for Devolution Advice and Support IDEAS)	Ward - Nzau/Kilili/Kalamba. Sub-ward Kalamba	62,181,847	30,236,231	48.6
9	Conditional Allocation for Development of Youth Polytechnics	County Wide.	68,067,948	30,166,548	44.3
10	Social protection (PWD, OVC, elderly)	County Wide	30,000,000	30,000,000	100.0

Source: Makueni County Treasury

3.24.9 Budget Performance by Department

Table 3-114 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-114: Makueni County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	703.98	121.24	703.97	62.33	703.97	62.33	100.0	100.0	100.0	51.4
Office of the Governor	196.51	-	195.97	-	194.56	-	99.3	-	99	-
Office of the Deputy Governor	15.52	-	13.89	-	14.97	-	107.8	-	96.5	-
County Attorney's Office	24.84	-	24.31	-	23.94	-	98.5	-	96.4	-
County Public Service Board	56.35	-	53.55	-	46.44	-	86.7	-	82.4	-
County Secretary Office	405.69	-	405.69	-	400.91	-	98.8	-	98.8	-
Devolution, Administration, Participatory Development, Youth & Public Service	279.38	94.63	263.58	69.83	274.75	66.45	104.2	95.2	98.3	70.2
Finance and Socio-Economic Planning	613.62	399.47	534.23	352.45	549.88	33.3	102.9	9.4	89.6	8.3

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Irrigation, Livestock & Fisheries Development	262.17	833.8	257.51	439.87	258.17	493.64	100.3	112.2	98.5	59.2
Water, Environment & Climate Change	224.89	1,100.47	217.16	533.13	211.41	453.28	97.4	85	94	41.2
Education and ICT	406.41	338.12	320.57	217.84	353.99	204.79	110.4	94	87.1	60.6
Health Services	2,777.42	666.44	2,585.59	547.67	2,539.65	509.69	98.2	93.1	91.4	76.5
Lands, Mining and Urban Development	60	290.77	55.04	142.84	52.27	93.88	95	65.7	87.1	32.3
Transport and Infrastructure	226.97	802.98	190.29	536.19	214.53	621.33	112.7	115.9	94.5	77.4
Trade, Industry, Tourism & Co-operatives	52.07	54.23	51.09	23.19	48.17	26.11	94.3	112.6	92.5	48.1
Gender and Social Services	73.31	104.99	68.34	59.95	66.99	83.93	98	140	91.4	79.9
Total	6,379.12	4,807.16	5,940.79	2,985.29	5,954.61	2,648.73	100.2	88.7	93.3	55.1

Source: Makueni County Treasury

Analysis of expenditure by department shows that the Department of Gender and Social Services recorded the highest absorption rate of development budget at 79.9 per cent while the Department of Finance and Socio-Economic Planning reported the lowest rate at 8.3 per cent. The County Assembly reported the highest percentage of recurrent expenditure to recurrent budget at 100 per cent while the County Public Service Board had the lowest at 82.4 per cent.

3.24.10 Budget Execution by Programmes and Sub-Programmes

Table 3-115 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-115 : Makueni County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Department	Programme/ Sub Programme	Budget Estimates FY 2019/20 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementation status (%)
The Department of Agriculture, Irrigation, Livestock & Fisheries Development	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	385,381,271	307,573,758	77,807,513	80.0
	Programme 2: Land, Crop development & productivity				-
	SP2. 1 Land, Crop development & productivity	525,251,617	306,583,350	218,668,267	58.0
	P3: Agribusiness and information management				-
	SP3. 1 Agribusiness and information management	98,807,134	76,616,248	22,190,885	78.0
	Programme 4: Livestock Production, Management and Development				-
	SP4. 1 Livestock Production, Management and Development	86,527,888	56,249,570	30,278,319	65.0
	Total Budget	1,095,967,910	747,022,926	348,944,984	68.0

Department	Programme/ Sub Programme	Budget Estimates FY 2019/20 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementa- tion status (%)
The Department of Transport and Infra- structure	Programme 1: General adminis- tration & planning			-	
	SP1. 1 General administration & planning	167,859,838	115,353,300	52,506,539	69.0
	Programme 2: Road transport			-	
	SP2. 1 Road transport	771,645,808	653,016,839	118,628,969	85.0
	P3; Infrastructure development			-	
	SP3. 1 Infrastructure development	70,709,671	57,027,597	13,682,074	81.0
	Programme 2: Energy Infra- structure & development			-	
	SP4. 1 Energy Infrastructure & de- velopment	19,732,926	10,462,651	9,270,275	53.0
	Total Budget	1,029,948,244	835,860,388	194,087,856	81.0
	The Department of Trade, Industry, Tour- ism & Cooperatives	Programme 1: General adminis- tration & planning			-
SP1. 1 General administration & planning		46,679,021	45,238,660	1,440,361	97.0
Programme 2: Trade develop- ment & promotion				-	
SP2.4; Trade marketing & promo- tion		33,243,041	11,944,165	21,298,875	36.0
P3; Industrial development and promotion				-	
SP3. 1 Industrial development and promotion		1,664,973	1,450,000	214,973	87.0
Programme 4: Tourism develop- ment & promotion				-	
SP4. 1 Tourism development & pro- motion		8,371,693	5,923,620	2,448,074	71.0
Programme 5: Cooperative de- velopment and management				-	
SP4. 1 Cooperative development and management		16,341,200	9,809,675	6,531,525	60.0
Total Budget	106,299,928	74,366,120	31,933,808	70.0	
The Department of Lands, Mining and Ur- ban Development	Programme 1: General adminis- tration & planning			-	
	SP1. 1 General administration & planning	40,996,175	39,903,028	1,093,147	97.0
	Programme 2: : Land Survey & Mapping			-	
	SP2. 1: Land Survey & Mapping	28,626,900	27,111,427	1,515,473	95.0
	P3; Urban planning			-	
	SP3. 1 Urban planning	278,527,939	77,233,982	201,293,957	28.0
	Programme 2: Mining mapping & development			-	
	SP4. 1 Mining mapping & develop- ment	2,621,971	1,899,100	722,871	72.0
Total Budget	350,772,985	146,147,536	204,625,448	42.0	

Department	Programme/ Sub Programme	Budget Estimates FY 2019/20 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementa- tion status (%)
The Department of Water, Environment & Climate Change	Programme 1: General adminis- tration & planning			-	
	SP1. 1 General administration & planning	170,935,950	135,062,429	35,873,521	79.0
	Programme 2: Water infrastruc- ture Development			-	
	SP 2.1 Water harvesting and stor- age	264,165,661	103,202,720	160,962,941	39.0
	SP 2.2.Piped water supply infra- structure	467,240,419	130,885,619	336,354,800	28.0
	SP2.3 Ground water development	293,957,196	159,043,209	134,913,987	54.0
	SP4. 1Environment management and protection	129,063,331	115,989,853	13,073,478	90.0
	Total Budget	1,325,362,556	644,183,829	681,178,727	49.0
The Department of Ed- ucation and ICT	Programme 1: General adminis- tration & planning			-	
	SP1. 1 General administration & planning	271,399,606	264,962,997	6,436,608	98.0
	Programme 2: Early childhood education			-	
	SP1. 1 Early childhood education	151,071,270	76,500,227	74,571,043	51.0
	Programme 3: Technical training & non formal education			-	
	SP1. 1 Technical training & non formal education	120,384,615	71,522,052	48,862,563	59.0
	Programme 4: Support to educa- tion			-	
	SP1. 1 Support to education	63,794,604	54,699,973	9,094,631	86.0
	Programme 5;ICT Infrastruc- ture & Systems Development			-	
	SP3. 1ICT Infrastructure & Sys- tems Development	38,021,963	20,502,335	17,519,628	54.0
	Programme 6; Youth Develop- ment support& Empowerment			-	
	SP6. 1 Youth Development	3,686,395	2,290,541	1,395,854	62.0
	Programme 7: Sports Develop- ment			-	
SP7. 1Sports Development	96,172,241	68,340,997	27,831,243	71.0	
	Total Budget	744,530,693	558,819,123	185,711,571	75.0
The Department of Health Services	Programme 1: General adminis- tration & planning			-	
	SP1. 1 General administration & planning	3,062,358,890	2,757,965,296	304,393,594	90.0
	Programme 2: Curative health care services			-	
	SP2. 1:Curative health care ser- vices	310,833,333	259,651,194	51,182,139	84.0
	Programme 3; Preventive and promotive health care services			-	
	SP3. 1Preventive and promotive health care services	70,662,182	31,729,836	38,932,346	45.0
	Total Expenditure of Vote	3,443,854,405	3,049,346,327	394,508,079	89.0

Department	Programme/ Sub Programme	Budget Estimates FY 2019/20 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementa- tion status (%)
The Department of Gender and Social Services	Programme 1: General adminis- tration & planning			-	
	SP1. 1 General administration & planning	63,890,049	61,953,499	1,936,550	97.0
	Programme 2: Gender & Social Development			-	
	SP2. 1 Gender & Social Develop- ment	114,407,864	88,966,226	25,441,638	78.0
	Total Budget	178,297,913	150,919,726	27,378,188	85.0
County Attorney's Of- fice	Programme 1: Legal & advisory services			-	
	SP1. 1 Legal & advisory services	24,836,716	23,938,486	898,231	96.0
	Total Budget	24,836,716	23,938,486	898,231	96.0
County Secretary Of- fice	Programme 1: Leadership and coordination of departments.			-	
	SP1. 1 Leadership and coordination of departments.	405,694,406	401,047,672	4,646,734	99.0
	Total Budget	405,694,406	401,047,672	4,646,734	99.0
Governship	Programme 1: General adminis- tration & planning			-	
	SP1. 1 General administration & planning	212,027,578	209,534,119	2,493,459	99.0
	Total Budget	212,027,578	209,534,119	2,493,459	99.0
Department of Devo- lution, Administration, Participatory Develop- ment, Youth & Public Service	Programme 1: General adminis- tration & planning			-	
	SP1. 1 General administration & planning	227,759,152	226,405,680	1,353,473	99.0
	Programme 2: :Public Participa- tion & Civic Education			-	
	SP2. 1: Public Participation & Civic Education	32,381,902	26,378,258	6,003,644	81.0
	Programme 3; Information and communication			-	
	SP3. 1 Information and communi- cation	2,900,000	2,262,472	637,528	78.0
	Programme 4: Enforcement and compliance			-	
	SP4. 1 Enforcement and compli- ance	35,545,449	17,671,647	17,873,802	50.0
	Programme 5: Volunteerism & mentorship			-	
	SP5. 1 Volunteerism & mentorship	14,000,000	13,911,982	88,018	99.0
	Programme 6; Youth Develop- ment support & Empowerment			-	
SP6. 1 Youth Development	61,428,709	54,565,572	6,863,137	89.0	
Total Budget	374,015,212	341,195,610	32,819,602	91.0	
County Public Service Board	Programme 1: General Adminis- tration and Planning			-	
	SP1.1 : General Administration and Planning	56,348,175	46,439,200	9,908,975	82.0
	Total Budget	56,348,175	46,439,200	9,908,975	82.0

Department	Programme/ Sub Programme	Budget Estimates FY 2019/20 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementa- tion status (%)
The Department of Finance and Socio Economic Planning	Programme 1: General administration & planning			-	
	SP1. 1 General administration & planning	799,344,245	408,494,958	390,849,286	51.0
	Programme 2: Public financial management			-	
	SP2.1 Accounting services	18,956,000	14,135,663	4,820,337	75.0
	SP2.2; Budget formulation, coordination and management	67,969,691	66,659,842	1,309,848	98.0
	SP2.3; Internal audit services	16,706,000	11,884,192	4,821,808	71.0
	SP2.4; Resource mobilization	57,206,000	46,438,067	10,767,933	81.0
	SP2.5; Supply chain management services	11,706,000	10,231,678	1,474,322	87.0
	SP2.6; Economic planning	41,206,000	25,334,603	15,871,397	61.0
	Total Budget	1,013,093,935	583,179,004	429,914,932	58.0
County Assembly	Programme: Administration				
	Sub-Programme: Oversight, Representation	703,984,929	703,970,779	14,050	100.0
	Programme: Development	121,243,084	62,326,114	58,916,969	51.4
Total		11,186,278,672	8,578,296,958	2,607,981,614	76.7

Source: Makueni County Treasury

Based on expenditure absorption rate as shown in Table 3-115, the programs with the highest absorption rates were: Leadership and Coordination of Departments Programme under County Secretary Office at 99.0 per cent; General Administration and Planning Programme under Governorship at 99.0 per cent; General Administration and Planning Programme under Department of Devolution, Administration, Participatory Development, Youth & Public Service at 99.0 per cent, and Volunteerism and Mentorship Programme under Department of Devolution, Administration, Participatory Development, Youth & Public Service at 99.0 per cent.

3.24.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 43.3 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.465.94 million against annual projection of Kshs.655.24 million. The realised own source revenue represented 71.1 per cent of its annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.

3.25 County Government of Mandera

3.25.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.13.12 billion, comprising of Kshs.6.30 billion (48 per cent) and Kshs.6.82 billion (52 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.10.22 billion (77.8 per cent) being equitable share of revenue raised nationally, Kshs.1.36 billion (10.3 per cent) as total Conditional Grants, generate Kshs.183.56 million (1.4 per cent) from own sources of revenue, and the cash balance of Kshs.1.37 billion (10.5 per cent) from FY 2018/19.

3.25.2 Revenue Performance

During FY 2019/20, the County received Kshs.9.34 billion as equitable share of the revenue raised nationally, Kshs.1.31 billion as total Conditional Grants, raised Kshs.124.96 million as own-source revenue, and had a cash balance of Kshs.1.37 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.12.16 billion as shown in Table 3-116.

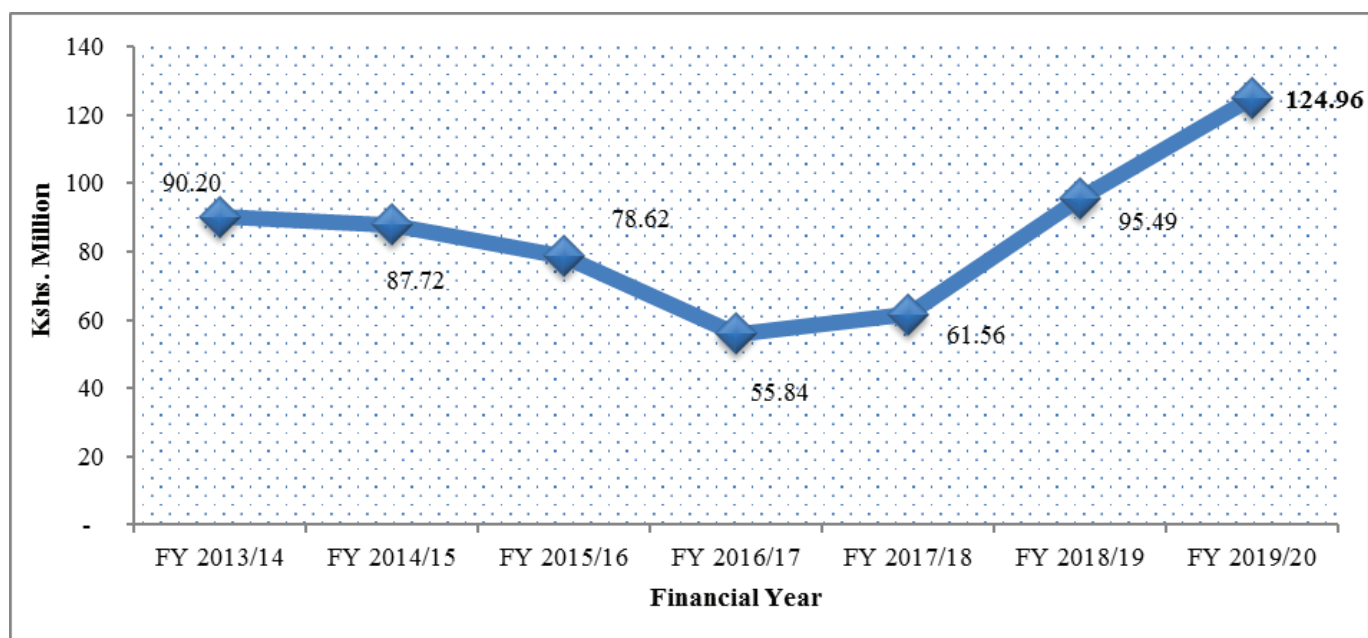
Table 3-116: Mandera County, Revenue Performance in FY 2019/20

S/No.	Revenue	Annual 2019 (Kshs)	CARA, Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,222,950,000		10,222,950,000	9,343,776,300	91.4
B.	Conditional Grants from the National Government					
1.	Compensation for User Fee Foregone	25,474,920		25,474,920	25,474,920	100.0
2.	Leasing of Medical Equipment	131,914,894		-	-	-
3.	Road Maintenance Fuel Levy Fund	290,185,219		290,185,219	290,185,219	100.0
4.	Rehabilitation of Village Polytechnics	22,113,298		22,113,298	22,113,298	100.0
5.	Agricultural Sector Development Support Program (ASDSP) (Co-finance by National Govt)	-		2,500,000	2,500,000	100.0
6.	Agricultural Sector Development Support Program (ASDSP)	-		1,300,000	-	0.0
	Sub Total	469,688,331		341,573,437	340,273,437	99.6
C	Loans and Grants from Development Partners					
7.	Transforming Health systems for Universal care Project (WB)	125,791,038		94,748,848	79,922,056	84.4
8.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	200,000,000		200,000,000	150,826,354	75.4
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level I Grant	30,000,000		30,000,000	30,000,000	100.0
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	175,819,500		175,819,500	125,752,927	71.5
11.	DANIDA Grant	30,281,250		30,281,250	41,586,250	137.3
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000		8,800,000	8,800,000	100.0
13.	Kenya Devolution Support Program b/f	-		235,542,828	235,542,828	100.0
14.	Kenya Devolution Support Program for 2018/2019 funds to be released in 2019/2020	-		58,673,488	-	0.0
15.	Kenya Urban Support Program (Conditional Grant) b/f	-		98,923,344	98,923,344	100.0
16.	Agricultural Sector Development Support Program (ASDSP)	-		22,822,072	16,435,060	72.0
17.	Kenya Devolution Support Program - Level I	-		6,100,000	6,100,000	100.0
18.	Kenya Devolution support Program (KDSP) B/F (from 17/2018)	-		14,541,146	14,541,146	100.0
19.	Kenya Urban and Institutional Grant b/f	-		41,200,000	41,200,000	100.0
20.	COVID-19 Fund from MOH	-		-	91,323,000	-
21.	Medical Workers Allowances from MOH	-		-	31,845,000	-
	Sub Total	570,691,788		1,017,452,476	972,797,965	95.6
D	Other Sources of Revenue					
22.	Own Source Revenue	-		183,559,629	124,961,836	68.1
23.	Balance b/f from FY 2018/19	-		1,374,718,639	1,374,718,639	100.0
	Sub Total	-		1,558,278,268	1,499,680,475	96.2
	Grand Total	11,263,330,119		13,140,254,181	12,156,528,176	92.5

Source: Mandera County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-48.

Figure 3-48: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Mandera County Treasury

During FY 2019/20, the County generated a total of Kshs.124.96 million as own-source revenue. This amount represented an increase of 30.9 per cent when compared to Kshs.95.49 million realised in FY 2018/19, and represented 68.1 per cent of the annual target. The increase was attributed to automation of revenue collection system in the entire County as well as land digitization in Mandera East.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.11.77 billion from the CRF account during the reporting period. This amount comprised of Kshs.5.21 billion (44.2 per cent) for Development programmes and Kshs.6.56 billion (55.8 per cent) for Recurrent programmes.

3.25.4 Overall Expenditure Review

A total of Kshs.11.55 billion was spent on Development and Recurrent programmes and represented 98.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.5.01 billion and Kshs.6.54 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 79.7 per cent while that incurred on recurrent programmes represented an absorption rate of 95.8 per cent.

3.25.5 Pending Bills

The County did not have outstanding pending bills as at June 30, 2020.

3.25.6 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.01 billion was spent on Compensation to Employees, Kshs.3.53 billion on Operations and Maintenance, and Kshs.5.01 billion on Development expenditure.

Table 3-117: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,822,774,457	6,535,530,871	56.6	95.8
Compensation to Employees	3,111,725,291	3,009,055,267	26.1	96.7
Operations and Maintenance	3,711,049,166	3,526,475,604	30.5	95.0
Total Development Expenditure	6,295,538,579	5,014,786,467	43.4	79.7
Development Expenditure	6,295,538,579	5,014,786,467	43.4	79.7
Total	13,118,313,036	11,550,317,338	100.0	88.0

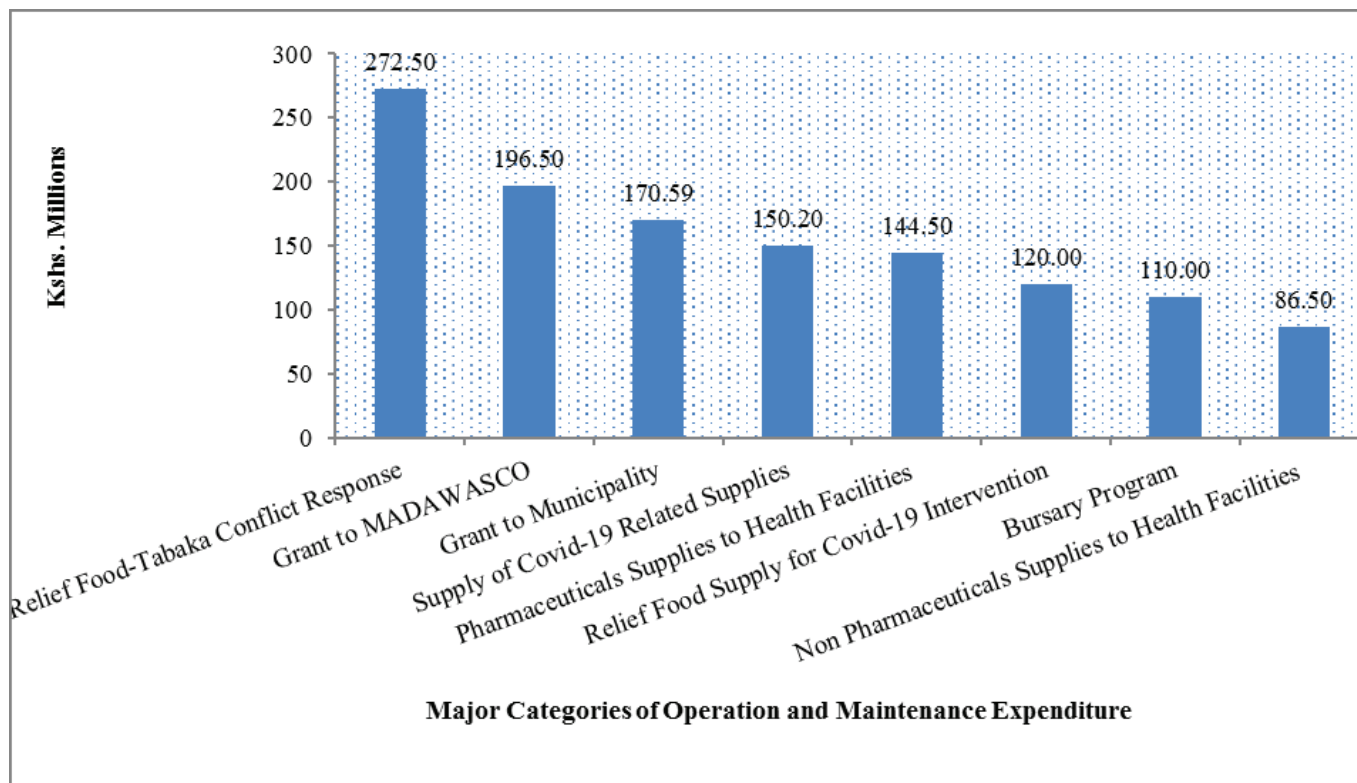
Source: Mandera County Treasury

Expenditure on Compensation to Employees was 26.1 per cent of the total expenditure for the financial year and represented an increase of 3.2 per cent compared to FY 2018/19 when the County spent Kshs.2.92 billion.

3.25.7 Analysis of Operations and Maintenance Expenditure

Figure 3-49 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-49: Mandera County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Mandera County Treasury

The County spent Kshs.30.69 million on Committee Sitting Allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.35.24 million. The average monthly sitting allowance was Kshs.52,185 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.45.64 million and comprised of Kshs.36.51 million spent by the County Assembly and Kshs.9.13 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.11.69 million and comprised of Kshs.7.15million spent by the County Assembly and Kshs.4.54 million by the County Executive.

3.25.8 Development Expenditure Analysis

The Development expenditure of Kshs.5.01 billion represented 79.7 per cent of the annual development budget of Kshs.6.30 billion and represented a decrease of 12.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.5.75 billion. Table 3-118 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-118: Mandera County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Location	Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
1	On-going Construction of the regional livestock Market	Mandera East	146,000,000	146,000,000	100
2	200,000M3 Earth Pan for irrigation and food production	Kutulo Sub-County	185,542,828	133,450,000	71.9
3	Proposed Water supply for Koromey farms irrigation infrastructure	Mandera East	128,000,000	128,000,000	100
4	Completion Phase of Rest House	Mandera East	112,398,522	112,398,522	100
5	Bush clearing of access roads throughout the county	All Wards	103,000,000	103,000,000	100

S/No.	Project Name/Description	Location	Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
6	Phase II of Elwak SME Park	Mandera South	100,000,000	100,000,000	100
7	Liability for IDP Housing		97,387,075	97,387,075	100
8	Drilling and Equipping of Boreholes	Banisa, Mandera West, Mandera North, Mandera South and Lafey	97,000,000	97,000,000	100
9	Ongoing construction of Governor's Residence	Mandera East	82,000,000	82,000,000	100
10	Mandera Teachers Training College	Mandera East	80,000,000	80,000,000	100

Source: Mandera County Treasury

3.25.9 Budget Performance by Department

Table 3-119 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-119: Mandera County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	691.83	268.83	614.35	118.83	614.21	118.83	100	100	88.8	44.2
Agriculture Live-stock and Fisheries	279.15	1,055.03	276.57	981.27	276.57	908.54	100	92.6	99.1	86.1
Education, Culture and Sports	404.67	452.14	399.28	440.16	399.28	440.15	100	100	98.7	97.3
Gender, Youth and Social Services	83.36	59.85	76.79	53.96	76.79	53.96	100	100	92.1	90.2
Finance & Economic Planning and ICT	841.07	413.37	828.65	413.37	828.65	413.37	100	100	98.5	100
Health Services	1,843.51	825.22	1,785.04	708.86	1,790.00	676.32	100.3	95.4	97.1	82.0
Trade, Investments, Industrialisation, & Cooperative Development	50.29	232.27	46.54	198.72	46.54	198.72	100	100	92.6	85.6
Lands, Housing Developments and Physical Planning	286.89	307.74	286.89	154.75	286.89	174.43	100	112.7	100	56.7
Office of the Governor and Deputy Governor	482.21	-	467.44	-	467.44	-	100	-	96.9	-
County Public Service Board	56.76	-	56.33	-	56.33	-	100	-	99.2	-
Public Service Management and Devolved Units	1,116.18	246.30	1,051.34	205.15	1,017.05	205.15	96.7	100	91.1	83.3
Public Works Roads and Transport	110.96	1,283.38	110.96	1,062.90	110.96	975.42	100	91.8	100	76.0
Water, Environment and Natural Resources	575.89	1,151.41	564.82	871.99	564.82	849.90	100	97.5	98.1	73.8
Total	6,822.77	6,295.54	6,565.00	5,209.96	6,535.53	5,014.79	99.6	96.3	95.8	79.7

Source: Mandera County Treasury

Analysis of expenditure by department shows that the Department of Finance & Economic Planning and ICT recorded the highest absorption rate of development budget at 100 per cent while the County Assembly had the lowest at 44.2 per cent. The Department of Lands, Housing Developments and Physical Planning and the Department of Public Works Roads and Transport had the highest percentage of recurrent expenditure to recurrent budget at 100 per cent while the County Assembly had the lowest at 88.8 per cent.

3.25.10 Budget Execution by Programmes and Sub-Programmes

Table 3-120 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-120 : Mandera County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Head	Sub Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
Administration & Compensation	Administration and Support Services	140,117,422	133,102,882	7,014,540	95.0
	Administration Services	3,063,517,696	2,917,361,510	146,156,186	95.2
	Sub Total	3,203,635,118	3,050,464,392	153,170,726	95.2
Administration, Planning and support services	Agricultural Infrastructure, Conservation and Research	884,573,792	705,436,171	179,137,621	79.7
	Sub Total	884,573,792	705,436,171	179,137,621	79.7
Co-operative Development Programmes	Cooperatives Agricultural Support	8,800,000	7,920,000	880,000	90.0
	Sub Total	8,800,000	7,920,000	880,000	90.0
Legislation & Oversight Services	County Assembly Administration offices	268,827,226	118,825,755	150,001,471	44.2
	Sub Total	268,827,226	118,825,755	150,001,471	44.2
Sports and Early Childhood Development Education	ECDE Infrastructure.	452,144,521	444,435,129	7,709,392	98.3
	Sub Total	452,144,521	444,435,129	7,709,392	98.3
Financial Services	Finance information systems	67,778,989	61,410,897	6,368,092	90.6
	Procurement Services	413,374,887	412,115,802	1,259,085	99.7
	Sub Total	481,153,876	473,526,699	7,627,177	98.4
General Administration and Support Services	General Administration & Support Services	626,185,628	614,881,833	11,303,795	98.2
	General Administration & Support Services	2,248,177,659	2,188,871,186	59,306,473	97.4
	Sub Total	2,874,363,287	2,803,753,019	70,610,268	97.5
Physical Infrastructure Development	Infrastructure & Equipment	307,742,294	126,258,560	181,483,734	41.0
	Infrastructure Construction, Expansion and Maintenance	825,218,229	671,436,150	153,782,079	81.4
	Infrastructure Development and Expansion	246,297,599	203,337,743	42,959,856	82.6
	Infrastructure Development and Expansion	1,288,238,366	988,681,988	299,556,378	76.7
	Sub Total	2,667,496,488	1,989,714,442	677,782,046	74.6
Livestock Agricultural Sector Support	Livestock Agricultural Sector Support	221,273,247	218,042,428	3,230,819	98.5
	Sub Total	221,273,247	218,042,428	3,230,819	98.5
Solar Energy and Environmental Services	Street lighting	44,803,360	44,803,360	0	100.0
	Environmental Protection	52,328,128	48,810,610	3,517,518	93.3
	Sub Total	97,131,488	93,613,970	3,517,518	96.4
Trade development	Trade development & Promotion	273,757,528	231,940,487	41,817,041	84.7
	Sub Total	273,757,528	231,940,487	41,817,041	84.7
Water Provision Services	Water provision services	523,565,832	511,966,067	11,599,765	97.8
	Water Storage Structures	1,101,741,987	841,420,761	260,321,227	76.4
	Sub Total	1,625,307,819	1,353,386,828	271,920,992	83.3
Youth Rehabilitation and Development	Youth Development Programmes and Policy	59,848,646	53,693,526	6,155,120	89.7
	Sub Total	59,848,646	53,693,526	6,155,120	89.7
	Grand Total	13,118,313,036	11,544,752,846	1,573,560,190	88.0

Source: Mandera County Treasury

The programs with the highest absorption rates were: Livestock Agricultural Sector Support at 98.5 per cent, Financial Services at 98.4 per cent, Sports and Early Childhood Development Education (ECDE) at 98.3 per cent of budget allocation, and General Administration and Support Services at 97.5 per cent.

3.25.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Under performance of own revenue collection at Kshs.124.96 million against annual projection of Kshs.183.56 million. The realised own source revenue represented 68.1 per cent of its annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of PFM Act, 2012.*
2. *The County should develop and implement strategies to enhance own source revenue collection performance so as to ensure the approved budget is fully financed.*

3.26 County Government of Marsabit

3.26.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.8.35 billion, comprising of Kshs.4 billion (47.9 per cent) and Kshs.4.35 billion (52.1 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.77 billion (81.1 per cent) as equitable share of revenue raised nationally, Kshs.747.06 million (8.9 per cent) as total conditional grants, generate Kshs.170 million (2 per cent) from own sources of revenue, and the cash balance of Kshs. 658.36 million (7.9 per cent) from FY 2018/19.

3.26.2 Revenue Performance

During FY 2019/20, the County received Kshs.6.19 billion as equitable share of the revenue raised nationally, Kshs.524.01 million as total conditional grants, raised Kshs.126.71 million as own-source revenue, received Kshs.59.24 million as COVID 19 grant from National Government, and had a cash balance of Kshs.658.36 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.56 billion as shown in Table 3-121.

Table 3-121: Marsabit County, Revenue Performance in FY 2019/20

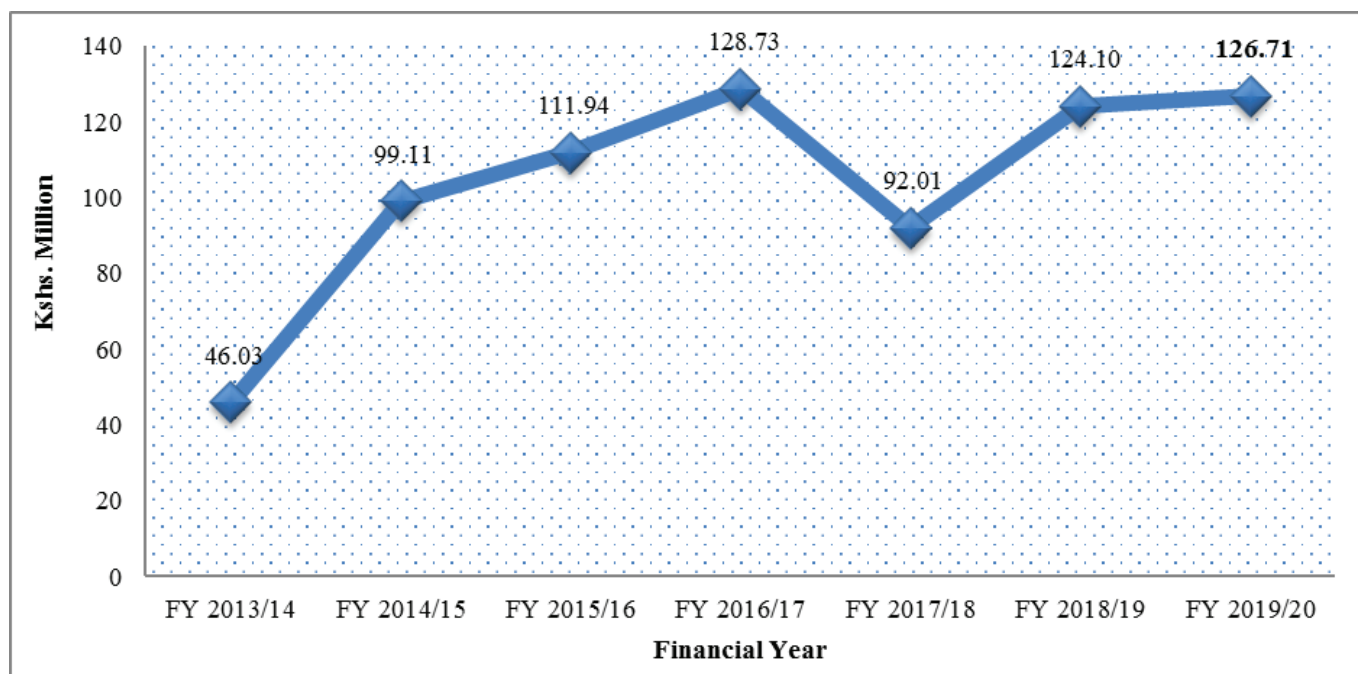
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,773,100,000	6,773,100,000	6,190,613,400	91.4
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	6,643,714	6,643,714	6,643,714	100.0
2	Leasing of Medical Equipment	131,914,894	-	-	-
3	Road Maintenance Fuel Levy Fund	192,258,938	192,258,938	192,258,938	100
4	Rehabilitation of Village Polytechnics	15,558,298	15,558,298	15,558,298	-
	Sub Total	346,375,844	214,460,950	214,460,949	100
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal Care Project (WB)	57,240,000	57,240,000	57,240,000	100
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	156,114,090	156,114,090	122,901,952	78.7
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	35,761,939.80	71.5
5	DANIDA Grant	29,133,697	29,133,697	28,711,250	98.5
6	EU Grant (Instruments for Devolution Advise and Support IDEAS)	23,851,133	23,851,133	-	-
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	22,466,188	22,466,188	21,138,490	94.0
8	Food and Agriculture Organisation(FAO) Support project	-	4,998,720	4,998,720	100
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
10	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	150,000,000	150,000,000	-	-
Sub Total		527,605,108	532,603,828	309,552,352.35	58.12
D	Other Sources of Revenue				
1	Own Source Revenue	-	170,000,000	126,705,276	74.5
2	Balance b/f from FY 2018/19	-	658,360,224	658,360,224	100
3	Ministry of Health-Medical Allowances(Covid-19)	-	-	59,239,000	100
Sub Total		-	828,360,223.55	844,304,500.30	101.9
Grand Total		7,647,080,952	8,348,525,001	7,558,931,202	90.5

Source: Marsabit County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-50.

Figure 3-50: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Marsabit County Treasury

During FY 2019/20, the County generated a total of Kshs.126.71 million as own-source revenue. This amount represented an increase of 2.1 per cent when compared to Kshs.124.1 million realised in FY 2018/19, and represented 74.5 per cent of the annual target.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.7.43 billion from the CRF account during the reporting period. This amount comprised of Kshs.3.16 billion (42.5 per cent) for Development programmes and Kshs.4.27 billion (57.5 per cent) for Recurrent programmes.

3.26.4 Overall Expenditure Review

A total of Kshs.7.17 billion was spent on Development and Recurrent programmes and represented 96.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.3.16 billion and Kshs.4 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 79 per cent while that incurred on recurrent programmes represented an absorption rate of 92.1 per cent.

3.26.5 Pending Bills

The County did not provide a status report on outstanding pending bills as of 30th June, 2020.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.53 billion was spent on Compensation to Employees, Kshs.1.74 billion on Operations and Maintenance, and Kshs.3.16 billion on Development expenditure.

Table 3-122: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,347,471,045	4,274,199,049	4,004,926,369	55.9	92.1
Compensation to Employees	2,653,826,641	2,533,720,963	2,533,720,963	35.4	95.5
Operations and Maintenance	1,693,644,404	1,740,478,086	1,471,205,406	20.5	86.9
Total Development Expenditure	4,001,053,956	3,156,008,964	3,161,421,289	44.1	79
Development Expenditure	4,001,053,956	3,156,008,964	3,161,421,289	44.1	79
Total	8,348,525,001	7,430,208,013	7,166,347,658	100	85.8

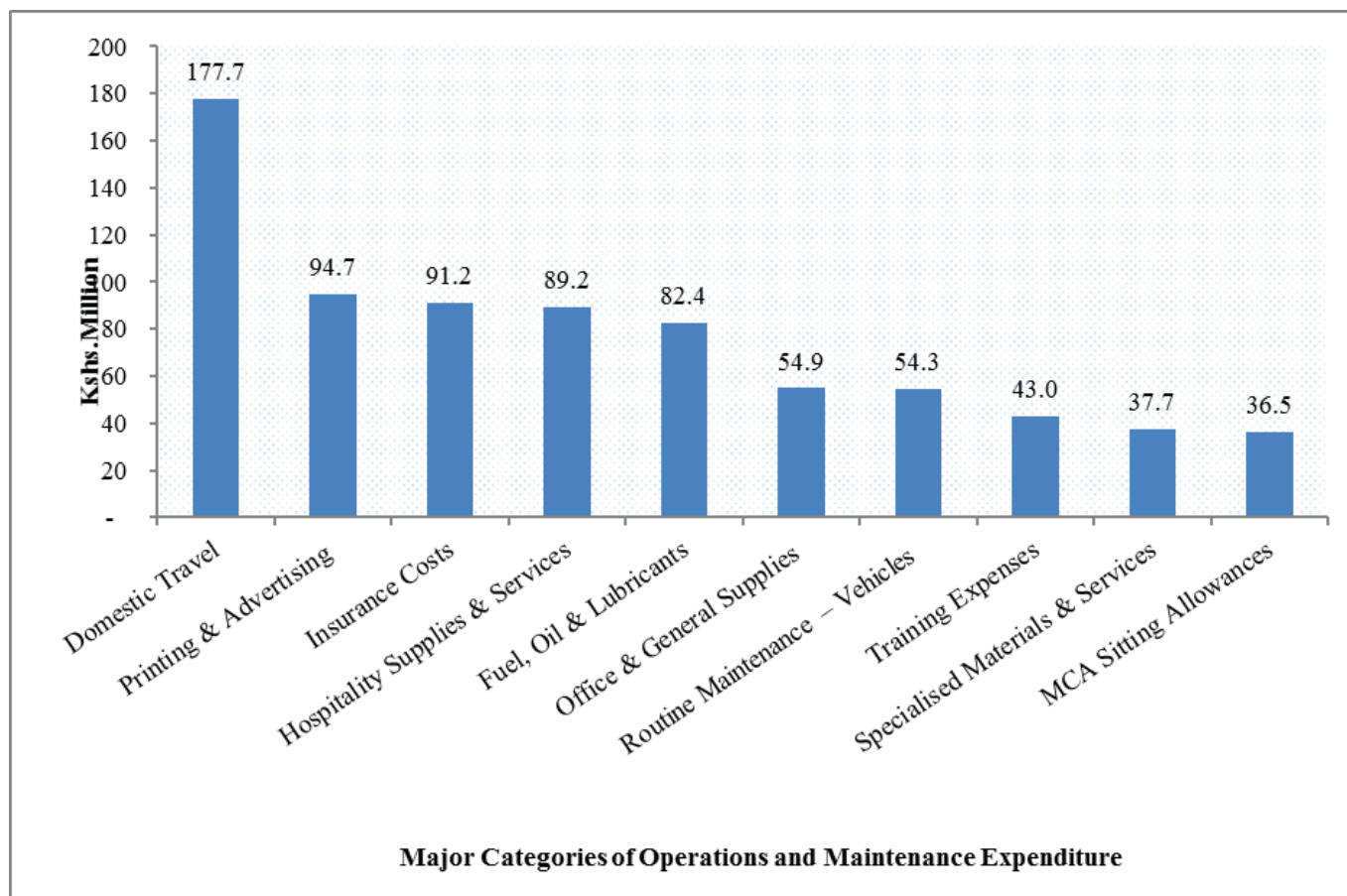
Source: Marsabit County Treasury

Expenditure on Compensation to Employees was 35.4 per cent of the total expenditure for the financial year and represented an increase of 3.8 per cent compared to FY 2018/19 when the County spent Kshs.2.44 billion.

3.26.7 Analysis of Operations and Maintenance Expenditure

Figure 3-51 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-51: Marsabit County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Marsabit County Treasury

The County spent Kshs.36.51 million on Committee Sitting Allowances for the 30 MCAs and Speaker against the annual budget allocation of Kshs.45 million. The average monthly sitting allowance was Kshs.98,147 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.177.75 million and comprised of Kshs.75.11 million spent by the County Assembly and Kshs.102.64 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.18.76 million and comprised of Kshs.9.35 million spent by the County Assembly and Kshs.9.41 million by the County Executive.

3.26.8 Development Expenditure Analysis

The Development expenditure of Kshs.3.16 billion represented 79 per cent of the annual development budget of Kshs.4 billion and represented a decrease of 12.5 per cent compared to FY 2018/19 when the County spent Kshs.3.6 billion. Table 3-123 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-123: Marsabit County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Completion of County Assembly Chamber	Marsabit	176,761,731	28,609,662	28,609,662	16.2
2	Up grading of Kargi Road	Kargi	8,000,000	8,000,000	7,801,464	97.5
3	Proposed erection and completion of dispensary block at Elle-Dimtu	Moyale	4,700,000	4,600,000	4,524,000	96.3
4	Erection & Completion of Laboratory Block at Maikona HC	Maikona	2,800,000	2,800,000	2,677,369	95.6

Source: Marsabit County Treasury

3.26.9 Budget Performance by Department

Table 3-124 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-124: Marsabit County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. 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	640.18	176.76	583.1	28.61	583.03	28.06	100	98.1	91.1	15.9
County Executive Services	535.28	808.87	533.02	544.1	496.95	743.58	93.2	136.7	92.8	91.9
Finance Management Services	452.7	654	452.7	589.61	426.09	583.29	94.1	98.9	94.1	89.2
Agriculture, Live-stock, Fisheries	197.24	508.69	197.24	289.85	176.42	186.59	89.4	64.4	89.4	36.7
County Public Service	83.06	-	79.85	-	78.22	-	98	-	94.2	-
Education Youth Affairs	300.79	183.37	300.76	71.45	294.5	165.11	97.9	231.1	97.9	90
County Health Services	1,271.51	643.53	1,271.07	643.53	1,227.02	526.14	96.5	81.8	96.5	81.8
Administration and ICT	321.91	9.2	315.45	6.2	261.94	2.92	83	47.1	81.4	31.8
Physical Planning and Development,	136.8	287.49	136.51	284.74	95.71	246.77	70.1	86.7	70	85.8
Public Works, Roads	88.47	427.25	87.83	395.46	82.43	418.29	93.8	105.8	93.2	97.9
Water, Environment	126.34	206.87	126.26	224.46	116.09	178	91.9	79.3	91.9	86
Trade and Industry	78.12	60.2	75.4	60	63.06	55	83.6	91.7	80.7	91.4
Tourism, Culture and Social Services	115.07	34.82	115	18	103.47	27.67	90	153.7	89.9	79.5
Total	4,347.47	4,001.05	4,274.20	3,156.01	4,004.93	3,161.42	93.7	100.2	92.1	79

Source: Marsabit County Treasury

Analysis of expenditure by department shows that the Department of Roads and Public Works recorded the highest absorption rate of development budget at 97.9 per cent while the County Assembly had the lowest at 15.9 per cent. The Department of Education Youth Affairs had the highest percentage of recurrent expenditure to recurrent budget at 97.9 per cent while the Department of Physical Planning had the lowest at 70 per cent.

3.26.10 Budget Execution by Programmes and Sub-Programmes

Table 3-125 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-125 : Marsabit County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Assembly Of Marsabit Operational & Oversight	Operations & Oversight	816,944,722	611,091,631	205,853,091	74.8
Physical Planning And Development	Urban Development Services	227,493,823	192,882,598	34,611,225	84.8
	Lands and Physical Planning Services	60,000,000	53,887,150	53,887,150	89.8
	General administration planning & Support Services	136,797,500	95,705,404	95,705,404	70.0
	Sub total	424,291,323	342,475,152	81,816,171	80.7

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Education	General Administration, Planning and Support Services	300,793,916	293,496,216	7,297,700	97.6
	Pre – Primary Education	54,193,175	49,987,064	4,206,111	92.2
	Youth Development	75,930,000	70,634,233	5,295,767	93.0
	Vocational Education & Training	19,058,298	14,829,996	4,228,302	77.8
	Sports	34,190,000	29,656,899	4,533,101	86.7
	Sub total	484,165,389	458,604,408	25,560,981	94.7
Executive Services	General Administration, Planning and Support Services	658,869,015	608,101,833	50,767,182	92.3
	Management of County Affairs	585,857,842	539,509,834	46,348,008	92.1
	Public Sector Advisory Services	59,000,000	53,143,979	5,856,021	90.1
	Inter/Intra Governmental	20,000,000	20,000,000	-	100.0
	County Legal Services	20,417,773	19,774,700	643,073	96.9
	Sub total	1,344,144,630	1,240,530,346	103,614,284	92.3
Administration And Ict	General administration planning and Support Services	305,409,767	248,429,781	56,979,986	81.3
	ICT infrastructure	9,200,000	2,922,000	6,278,000	31.8
	Coordination of functions of devolved Units	13,500,000	11,784,060	10,191,080	87.3
	Public Participation and Civic Education	3,000,000	1,725,800	1,074,800	57.5
	Sub total	331,109,767	264,861,641	74,523,866	80.0
Agriculture And Livestock Development	General Administration, Planning and Support Services	87,116,163	80,509,935	6,606,228	92.4
	Livestock Resources Management and Development	174,286,044	106,635,243	67,650,801	61.2
	Fisheries Development and Management	79,221,448	20,932,477	58,288,971	26.4
	Crop Development and Management	365,309,776	154,936,267	210,373,509	42.4
	Sub total	705,933,431	363,013,922	342,919,509	51.4
Health Services	Curative Health Services	207,000,000	193,349,316	13,650,684	93.4
	General Administration, Planning and Support Services	1,698,045,412	1,549,835,996	148,209,416	91.3
	Maternal and child health	10,000,000	9,979,491	20,509	99.8
	Sub total	1,915,045,412	1,753,164,803	161,880,609	91.5
County Public Service Board	General administration planning and Support Services	71,749,999	66,983,654	4,766,345	93.4
	Human Resource Management and Development	11,305,001	11,240,245	64,756	99.4
	Sub total	83,055,000	78,223,899	4,831,101	94.2
Culture And Social Services	Youth Development	10,000,000	9,540,700	459,300	95.4
	Culture Services	20,985,019	15,126,950	5,858,069	72.1
	Social Services	3,832,000	3,000,000	832,000	78.3
	General administration, planning and support services	115,067,500	103,473,703	11,593,797	89.9
	Sub total	149,884,519	131,141,353	18,743,166	87.5

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Finance And Economic Planning	General administration planning and Support Services	1,016,395,170	961,271,946	55,123,224	94.6
	Public Finance Management	45,300,000	38,100,155	7,199,845	84.1
	Economic and financial policy Formulation	10,000,000	10,000,000	-	100.0
	Sub total	1,071,695,170	1,009,372,101	62,323,069	94.2
Roads, Housing And Public Works	Road Transport Infrastructure Development	427,251,369	418,288,329	8,963,040	97.9
	Housing Development	40,240,768	35,908,862	4,331,906	89.2
	General administration planning and Support Services	48,230,401	46,520,168	1,710,233	96.5
	Sub total	515,722,538	500,717,359	15,005,179	97.1
Trade, Industry & Enterprise Development	General administration planning and Support Services	78,119,796	63,059,236	15,060,560	80.7
	Trade and Industrial Development	10,200,000	4,999,860	5,200,140	49.0
	Enterprise Development	50,000,000	50,000,000	-	100.0
	Sub total	138,319,796	118,059,096	20,260,700	85.4
Water	Water Resources Management	206,869,329	178,002,081	54,624,099	86.0
	General administration planning and Support Services	87,983,660	83,667,536	209,600	95.1
	Natural Resources Conservation and Management	38,360,315	32,422,331	475,900	84.5
	Sub total	333,213,304	294,091,948	55,309,599	88.3
Grand Totals		8,313,525,001	7,165,347,659	1,172,641,325	86.2

Source: Marsabit County Treasury

Based on expenditure absorption rate as shown in Table 3-125, the programs with the highest absorption rates were: Enterprise Development, Economic and Financial Policy Development and Maternal and Child Health at 100 per cent of budget allocation.

3.26.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. Further, the submitted report did not include the status of pending bills as of 30th June, 2020
2. Under performance of own-collection revenue collection at Kshs.126.71 million against annual projection of Kshs.170 million. The realised own source revenue represented 74.5 per cent of its annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012. Further, the County should ensure pending bills are regularly reconciled for ease of reporting to oversight institutions.
2. The County should develop and implement strategies to enhance own source revenue collection performance so as to ensure the approved budget is fully financed.

3.27 County Government of Meru

3.27.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.11.24 billion, comprising of Kshs.3.35 billion (30.0 per cent) and Kshs.7.90 billion (70 per cent) allocation for Development and Recurrent Programmes respectively.

To finance the budget, the County expected to receive Kshs.8.04 billion (71.4 per cent) being equitable share of revenue raised nationally, Kshs.1.51 billion (13.9 per cent) as total conditional grants, generate Kshs.705 million (6.3 per cent) from own sources of revenue, and the cash balance of Kshs.820.87 million (7.3 per cent) from FY 2018/19. The County also budgeted to receive Kshs.120 million (1.1 per cent) as Appropriations in Aid.

3.27.2 Revenue Performance

During FY 2019/20, the County received Kshs.7.35 billion as equitable share of the revenue raised nationally, Kshs.1.44 billion as total Conditional Grants, raised Kshs.383.3 million as own-source revenue, cash balance of Kshs.311.80 from FY 2018/19, received Kshs.76.94 million from the Ministry of Health for Health workers allowances, and Kshs.8.93 million from DANIDA as a grant for COVID-19 intervention. The total funds available for budget implementation during the period amounted to Kshs.9.57 billion as shown in Table 3-126.

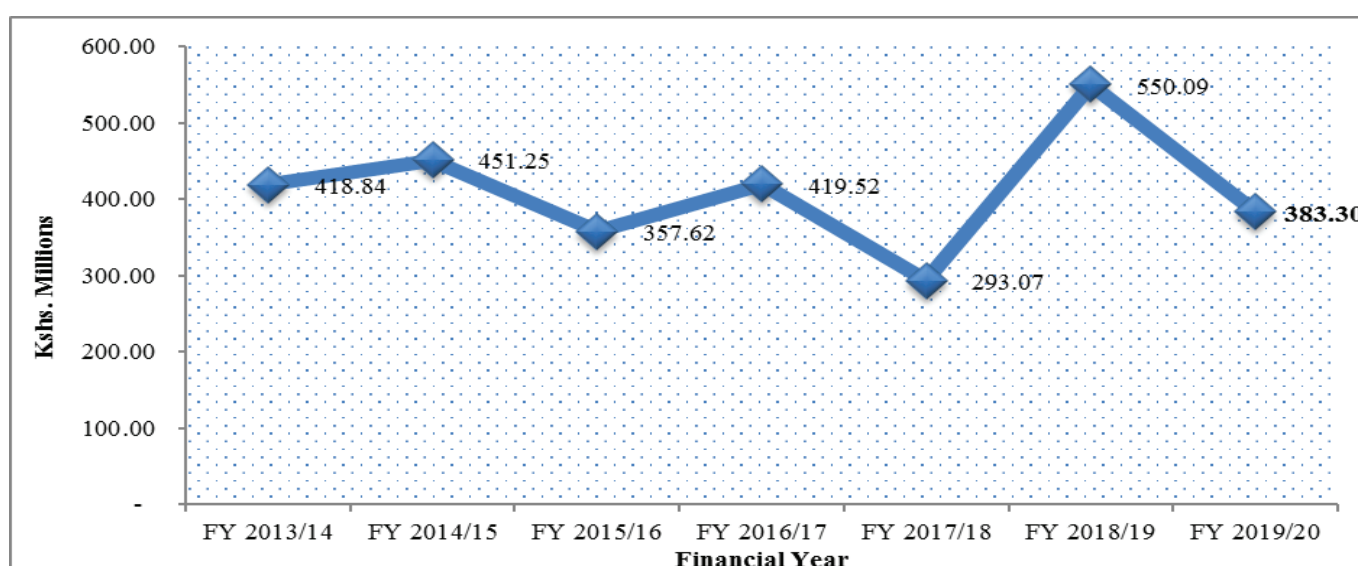
Table 3-126: Meru County, Revenue Performance in FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,039,100,000	8,039,100,000	7,347,737,400	91.4
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	373,872,832	100
2.	Compensation for User Fee Foregone	31,648,428	31,648,428	31,648,428	100
3.	Road Maintenance Fuel Levy Fund	228,195,188	228,195,188	228,195,188	100
4.	Rehabilitation of Village Polytechnics	56,568,298	56,568,298	56,568,298	100
	Sub Total	690,284,746	690,284,746	690,284,746	100
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	19,737,878	56.4
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	299,971,780	299,971,780	184,436,399	61.5
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	262,216,740	262,216,740	100
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	116,890,200	116,890,200	83,604,405	71.5
9.	DANIDA Grant	23,906,250	23,906,250	23,906,250	100
10.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP)B/F 2018-19	-	53,939,835	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,675,209	17,675,209	17,062,674	96.5
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
13.	Grants from the National Government for COVID 19 Intervention	-	50,000,000	152,886,000	305.8
	Sub Total	532,243,239	868,399,814	752,650,346	86.7
D	Other Sources of Revenue				
14.	Own Source Revenue	-	705,000,000	383,299,870	54
15.	Balance B/F from FY 2018/19	-	820,867,758	311,801,251	38
16.	A.I.A	-	120,000,000	-	-
17.	Grants from the National Government (Health Workers Allowance)	-	-	76,935,000	-
18.	Donor Funds (DANIDA) for COVID-19	-	-	8,925,000	-
	Sub Total	-	1,645,867,758	780,961,122	47.4
	Grand Total	9,261,627,985	11,243,652,318	9,571,633,615	85.1

Source: Meru County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-52.

Figure 3-52: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Meru County Treasury

During FY 2019/20, the County generated a total of Kshs.383.30 million as own-source revenue. This amount represented a decrease of 30.3 per cent when compared to Kshs.550.09 million realised in FY 2018/19, and represented 54.3 per cent of the annual target.

3.27.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.9.33 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.92 billion (20.6 per cent) for Development programmes and Kshs.7.41 billion (79.4 per cent) for Recurrent Programmes.

3.27.4 Overall Expenditure Review

A total of Kshs.9.46 billion was spent on Development and Recurrent programmes and represented 101.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.17 billion and Kshs.7.29 billion on Development and Recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 64.9 per cent while that incurred on Recurrent programmes represented an absorption rate of 92.3 per cent.

3.27.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.98 billion as at June 30, 2020. These bills consisted of Kshs.1.56 million for development activities and Kshs.427.57 million for recurrent expenditure.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.4.95 billion was spent on Compensation to Employees, Kshs.2.34 billion on Operations and Maintenance, and Kshs.2.17 billion on Development expenditure.

Table 3-127: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	7,897,653,905	7,416,842,964	7,291,555,226	77.1	92.3
Compensation to Employees	4,977,115,282	4,973,115,282	4,950,616,175	52.3	99.5
Operations and Maintenance	2,920,538,623	2,443,727,682	2,340,939,051	24.7	80.2
Total Development Expenditure	3,345,998,613	1,919,858,025	2,170,580,879	22.9	64.9
Development Expenditure	3,345,998,613	1,919,858,025	2,170,580,879	22.9	64.9
Total	11,243,652,518	9,336,700,989	9,462,136,105	100	84.2

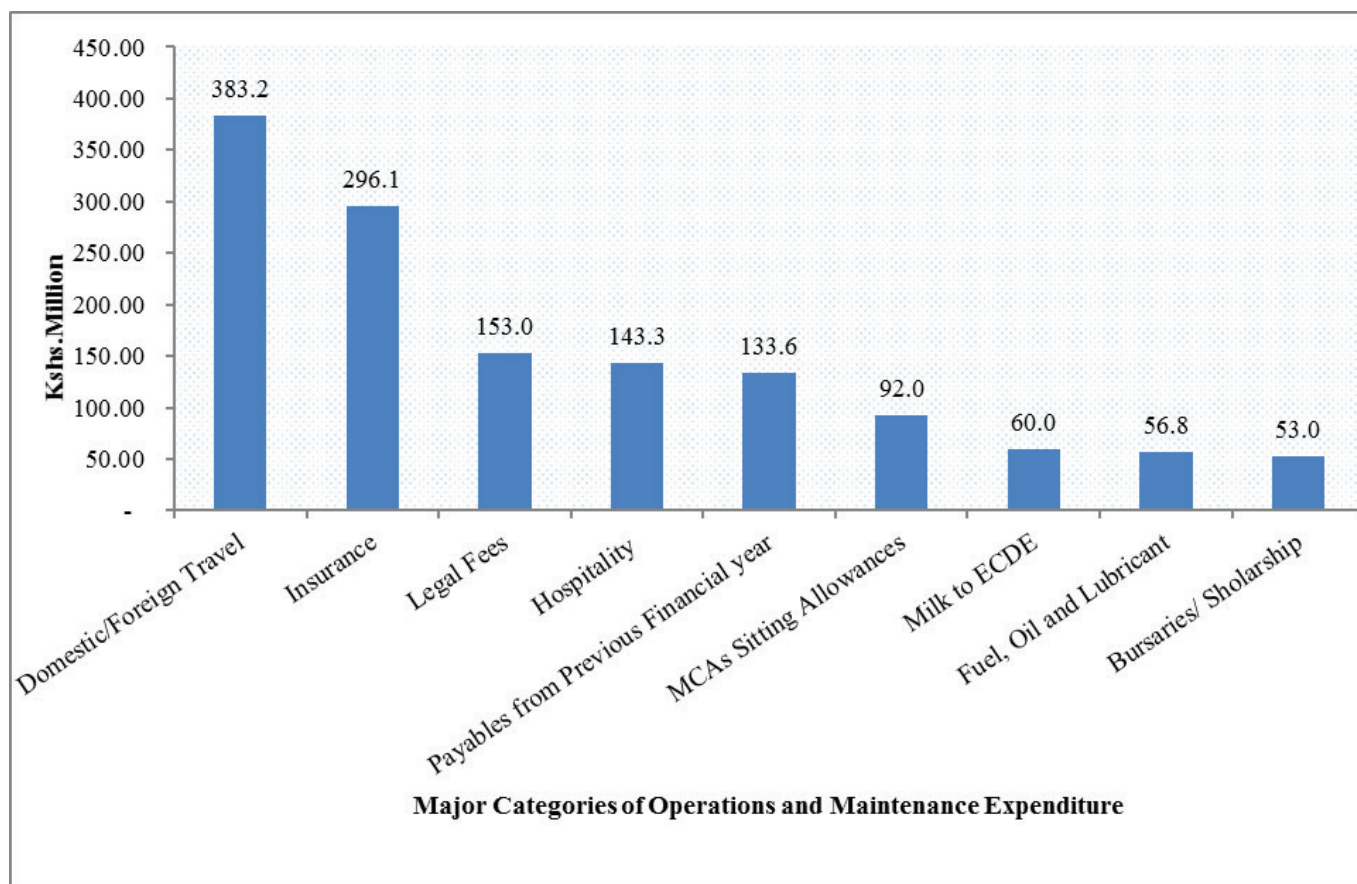
Source: Meru County Treasury

Expenditure on Compensation to Employees was 52.3 per cent of the total expenditure for the financial year and represented an increase of 6.9 per cent compared to FY 2018/19 when the County spent Kshs.4.63 billion.

3.27.7 Analysis of Operations and Maintenance Expenditure

Figure 3-53 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-53: Meru County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Meru County Treasury

The County spent Kshs.92.02 million on Committee Sitting Allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.114.03 million. The average monthly sitting allowance was Kshs.111,140 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.364.22 million and comprised of Kshs.239.18 million spent by the County Assembly and Kshs.125.04 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.18.96 million and Comprised of Kshs.8.83 million by the County Assembly and Kshs.10.13million by the County Executive.

3.27.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.17 million represented 64.9 per cent of the annual development budget of Kshs.3.35 billion and represented a decrease of 17.8 per cent compared to FY 2018/19 when the County spent Kshs.2.64 billion. Table 3-127 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-128: Meru County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Improvement and Maintenance of the road	Countywide	377,900,000	277,899,843	73.5
2	Beautification and laying of Cabro within Towns	Countywide	232,216,740	195,721,900	84.3
3	Overhaul of water supplies, Drilling of Bore-holes	Countywide	100,000,000	100,000,000	100.0

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
4	Construction of ECDE classes	Countywide	95,500,000	23,900,000	25.0
5	Construction of KMTC building	Kanyakine	30,000,000	15,000,000	50.0
6	Purchase of Macadamia and Avocado seedling	Countywide	15,000,000	14,913,555	99.4
7	Construction of the Cultural site building	Kianjai	15,000,000	14,000,000	93.3
8	Procurement of Vaccine and Vaccination Equipment	Municipality	13,000,000	13,000,000	100.0
9	Construction of Modern Kiosk within Meru County	Municipality	13,500,000	12,500,000	92.6
10	Construction of Training Hall at Kaguru ATC	Nkuene	14,000,000	10,420,000	74.4

Source: Meru County Treasury

3.27.9 Budget Performance by Department

Table 3-129 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-129: Meru County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	925.22	20.00	867.00	0.00	867.00	0.00	100	-	93.7	-
Office of the Governor	321.68	0.00	321.19	0.00	318.44	0.00	99.1	-	99.0	-
Finance, Economic Planning and ICT	780.35	42.50	716.37	0.00	644.16	0.00	89.9	-	82.5	-
Agriculture, Livestock and Fisheries Development	349.53	535.22	349.53	280.99	330.06	294.52	94.4	104.8	94.4	55.0
Water Service and Irrigation	115.12	156.30	115.12	125.65	97.42	123.32	84.6	98.1	84.6	78.9
Education, Technology, Gender and Social Development	891.91	213.83	857.09	139.22	757.31	91.52	88.4	65.7	84.9	42.8
Health Services	3,086.29	371.94	3,050.52	168.96	3,037.49	144.03	101.2	85.2	98.4	38.7
Lands, Physical Planning, Urban Development and Public Works	171.30	374.90	102.86	173.38	116.98	173.38	113.7	100.0	68.3	46.2
Public Service Administration and Legal Affairs	827.28	232.22	757.63	232.22	767.73	195.72	101.3	84.3	92.8	84.3
Road, Transport and Energy	91.28	1,141.82	81.89	630.20	76.61	944.91	93.6	149.9	83.9	82.8
Trade, Industrialization, Tourism and Co-operative Development	104.37	135.36	76.62	81.21	83.00	113.68	108.3	147.3	79.5	88.4
Youth Affairs and Sport	151.34	108.52	107.10	85.17	131.89	83.52	123.1	98.1	86.9	77.0
County Public Service Board	25.38	0.00	22.79	0.00	24.81	0.00	108.9	-	97.7	-
Environment, Wildlife and Natural Resource	56.10	13.40	41.13	2.85	38.65	0.00	94.0	-	68.9	-
	7,897.65	3,346.00	7,466.84	1,919.86	7,291.56	2,170.58	98.3	113.1	92.3	64.9

Source: Meru County Treasury

Analysis of expenditure by department shows that the Department of Trade, Industrialization, Tourism and Cooperative Development recorded the highest absorption rate of development budget at 88.4 per cent while the Department of Environment, Wildlife and Natural Resource and the Department of Finance, Economic Planning and ICT did not

report expenditure on development activities. The Office of the Governor had the highest percentage of recurrent expenditure to recurrent budget at 99.0 per cent while the Department of Lands, Physical Planning, Urban Development and Public Works had the lowest at 68.3 per cent.

3.27.10 Budget Execution by Programmes and Sub-Programmes

Table 3-130 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-130 : Meru County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Health Services					
Preventive and Promotive	Preventive services	25,652,122	25,652,122	-	100
Health Care Services	Promotive health care	-	-	-	0.0
	Sub total			-	0.0
Curative Health	Curative health care services	722,700,419	494,788,513	227,911,906	68.5
			-	-	
	Sub total			-	-
General Administration and Planning	General Administration and Planning	2,659,875,164	2,661,081,963	(1,206,799)	100.0
	Sub total			-	-
COVID 19	COVID 19	50,000,000	-	50,000,000	0.0
Office of the Governor					
Efficiency, Monitoring and Evaluation	Efficient, Monitoring and Evaluation	10,400,000	10,388,698	11,302	99.9
	Performance management and Appraisal	1,000,000	329,060	670,940	32.9
	Sub Total			-	-
Communication and Events	Communication and Events	26,150,000	26,034,775	115,225	99.6
Disaster Management, Rescue and Emergency	Disaster Management, Rescue and Emergency	14,200,000	14,199,999	1	100.0
Human Resource Management	Human Resource Management	136,800,629	136,800,628	1	100.0
General Administration, Planning and Support Services	Administration, Planning and Support Services	123,024,251	120,589,345	2,434,906	98.0
Partnership Development and External Linkages	Partnership Development and External Linkages	10,100,728	10,100,728	0	100.0
Finance, Economic Planning and ICT					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	736,840,744	589,414,532	147,426,213	80.0
Public Finance Management	Budget Coordination & Management	26,400,000	20,195,503	6,204,497	76.5
	Internal Audit	7,550,000	6,044,074	1,505,926	80.1
	Procurement Service	7,300,000	7,257,403	42,597	99.4
	Sub Total			-	-
ICT Development	ICT Development	12,339,132	5,513,767	6,825,365	44.7
Economic Planning & Coordination Services	Economic Planning & Coordination Services	13,500,000	9,861,735	3,638,265	73.0
Fleet Management	Fleet Management	18,925,000	5,870,029	13,054,971	31.0
Agriculture, Livestock and Fisheries					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	815,757,184	571,684,516	244,072,668	70.1
Agriculture Development	Agriculture Development	22,008,000	18,554,726	3,453,274	84.3
Aquaculture Development	Aquaculture Development	7,628,000	6,145,626	1,482,374	80.6
Livestock Development	Livestock Development	7,981,000	3,373,105	4,607,895	42.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Animal Disease Management	Animal Disease Management	15,628,000	13,812,724	1,815,276	88.4
County Owned Enterprise	Agricultural Training Centre	15,226,400	10,727,831	4,498,569	70.5
	Agricultural Mechanization Services	525,600	290,000	235,600	55.2
Education, Technology, Gender and Social Development				-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	807,041,929	671,970,897	135,071,032	83.3
Basic Education	Basic Education	194,501,646	90,539,144	103,962,502	46.5
Technical & Vocational Education & Training	Technical & Vocational Education & Training	68,199,983	61,265,651	6,934,332	89.8
Gender, Social Development & Children Services	Gender, Social Development & Children Services	36,000,000	25,061,455	10,938,545	69.6
			-	-	
Water and Irrigation				-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	115,120,000	97,418,475	17,701,525	84.6
Water Resource Management	Water Resource Management	156,298,074	123,316,902	32,981,172	78.9
Irrigation and drainage Infrastructure	Irrigation and drainage Infrastructure	-	-	-	-
Lands, Physical Planning, Urban Development and Public Works				-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	108,702,987	105,240,099	3,462,888	96.8
Meru Town Municipality	Meru Town Municipality	310,430,649	95,344,798	215,085,851	30.7
Spatial, Planning, Survey and Mapping	Spatial, Planning, Survey and Mapping	-	-	-	0.0
Public Works	Public Works	127,067,366	89,778,309	37,289,057	70.7
Public Service Administration and Legal Affairs				-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	52,852,589	43,596,381	9,256,208	82.5
Coordination of County Government Function	Coordination of County Government Function	14,395,000	14,394,994	6	100.0
County Enforcement Services	County Law Enforcement Service	2,530,000	1,816,054	713,946	71.8
	Conservancy Ranger Service	-	-	-	0.0
Human Resource Management	Human Resource Management	820,853,506	736,571,795	84,281,711	89.7
Legal Representation and Advisory Services	Legal Representation and Advisory Services	157,779,879	157,676,525	103,354	99.9
Town Management & Administration	Town Management & Administration	11,087,868	9,392,605	1,695,263	84.7
Road, Transport and Energy				-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	68,879,845	55,071,142	13,808,703	80.0
Electrification and Street Lighting	Electrification and Street Lighting	32,400,155	21,542,736	10,857,419	66.5
Road Transport	Road Transport	1,131,816,728	944,906,219	186,910,509	83.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Trade, Investment, Industrialization, Tourism and Cooperative Development			-	-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	51,770,110	38,153,223	13,616,887	73.7
Trade Development & Promotion	Trade Development & Promotion	145,375,669	125,481,042	19,894,627	86.3
Cooperative Development	Cooperative Development	20,000,000	16,651,623	3,348,377	83.3
Tourism Development and Promotion	Tourism Development and Promotion	22,580,000	22,369,173	210,827	99.1
Industrial Development and Investment	Industrial Development and Investment	-	-	-	0.0
Youth, Affairs and Sport			-	-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	31,200,000	27,573,152	3,626,848	88.4
Youth Affairs	Youth Affairs	77,635,925	61,319,711	16,316,214	79.0
Sport Development	Sport Development	125,019,203	101,017,253	24,001,950	80.8
Arts & Culture Development	Arts & Culture Development	26,500,000	25,499,776	1,000,224	96.2
County Public Service Board					
Human Resource Management & Development	Human Resource Management & Development	25,381,034	24,809,122	571,912	97.7
Environment, Wildlife and Natural Resource					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	44,100,000	35,249,947	8,850,053	79.9
Environmental Management and Protection	Environmental Management and Protection	25,400,000	3,396,500	22,003,500	13.4
County Assembly					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	243,944,036	195,514,138	48,429,898	80.1
Legislative and Representation	Legislative and Representation	466,240,684	458,460,962	7,779,722	98.3
Legislative Oversight	Legislative Oversight	235,035,280	213,024,900	22,010,380	90.6
Grand Total		11,243,652,518	9,462,136,105	1,781,516,413	84.2

Source: Meru County Treasury

The programs with the highest absorption rates were: Preventive and Promotive Services, Human Resource Management under Office of the Governor, Procurement Service, and Coordination of County Government Function at 100 per cent of budget allocation respectively.

3.27.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 52.2 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own-source revenue collection at Kshs.383.30 million against annual projection of Kshs.705 million. The realised own source revenue represented 54.3 per cent of its annual target.
4. Pending bills of Kshs.1.98 billion at the close of the financial year which comprised of Kshs.427.57 million for Recurrent Expenditure and Kshs.1.56 billion for Development Expenditure.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of PFM Act, 2012.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.
4. The County should ensure all eligible pending bills are included in the FY 2020/21 Budget as a first charge in line with the law.

3.28 County Government of Migori

3.28.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.9.73 billion, comprising of Kshs.4.03 billion (41.4 per cent) and Kshs.5.70 billion (58.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.77 billion (69.6 per cent) as equitable share of revenue raised nationally, Kshs.1.53 billion (15.7 per cent) as total conditional grants, generate Kshs.450 million (4.6 per cent) from own sources of revenue, and had a cash balance Kshs.804.04 million (8.3 per cent) from FY 2018/19. The County also expected to receive Kshs.173.37 million (1.8 per cent) as "other revenues" not contained in the CARA, 2019.

3.28.2 Revenue Performance

During FY 2019/20, the County received Kshs.6.19 billion as equitable share of the revenue raised nationally, Kshs.1.06 billion as total conditional grants, raised Kshs.305.69 million as own source revenue, other revenue was Kshs.195.69 million and had a cash balance of Kshs.804.04 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.8.55 billion as shown in Table 3-131.

Table 3-131: Migori County, Revenue Performance in FY 2019/2020

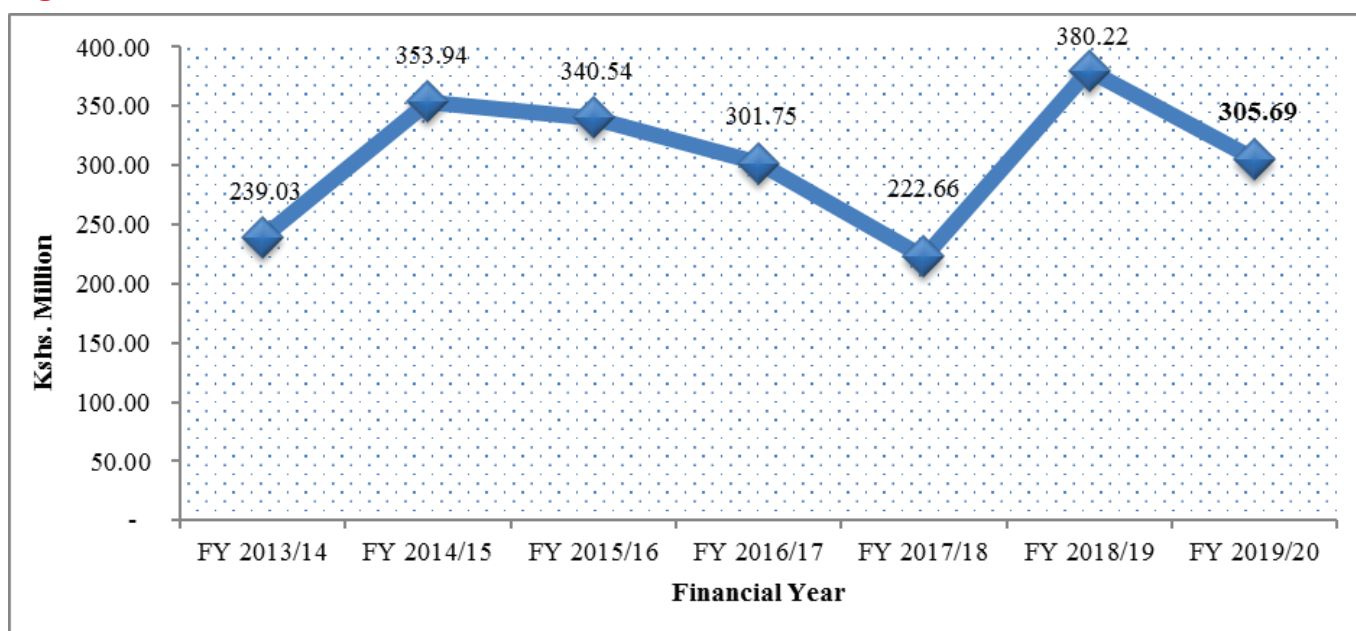
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,773,100,000	6,773,100,000	6,190,613,400	91.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	21,655,884	21,655,884	21,655,884	100
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	192,258,938	236,494,622	236,494,622	100
4.	Rehabilitation of Village Polytechnics	30,033,298	30,033,298	30,033,298	100
	Sub Total	375,863,014	420,098,698	288,178,423	68.6
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	76,811,165	76,811,165	76,811,165	100
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	209,160,983	59.76
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	518,367,800	518,367,800	370,756,760	71.5
9.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	43,668,076	43,668,076	-	-
10.	DANIDA Grant	20,062,500	20,062,500	20,062,500	100
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,805,472	17,805,472	11,652,736	65.4
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	58,800,000	100

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Sub Total		1,065,515,013	1,115,515,013	777,244,144	69.7
D Other Sources of Revenue					
13.	Own Source Revenue	-	450,000,000	305,688,447	68
14.	Balance b/f from FY 2018/19	-	804,041,864	804,041,864	100
15.	Other Revenues	-	173,371,000	195,696,000	112.8
Sub Total		-	1,427,412,864	1,305,426,310	91.4
Grand Total		8,214,478,027	9,727,326,575	8,552,662,277	87.9

Source: Migori County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-54.

Figure 3-54: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Migori County Treasury

During FY 2019/20, the County generated a total of Kshs.305.69 million as own source revenue. This amount represented a decrease of 19.6 per cent when compared to Kshs.380.21 million realised in FY 2018/19, and represented 67.9 per cent of the annual target.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.8.15 billion from the CRF account in the reporting period. This amount comprised of Kshs.2.83 billion (34.8 per cent) for development programmes and Kshs.5.31 billion (65.2 per cent) for recurrent programmes.

3.28.4 Overall Expenditure Review

A total of Kshs.6.60 billion was spent on development and recurrent programmes and represented 81 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.66 billion and Kshs.4.94 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 41.3 per cent while that incurred on recurrent programmes represented an absorption rate of 86.7 per cent.

3.28.5 Pending Bills

The County had accumulated pending bills amounting to Kshs1.33 billion as at June 30, 2020. These bills consisted of Kshs.622.10 million for development activities and Kshs.707.71 million for recurrent expenditure.

3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.05 billion was spent on compensation to employees, Kshs.1.89 billion on operations and maintenance, and Kshs.1.66 billion on development expenditure.

Table 3-132: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,696,282,706	5,312,005,167	4,937,322,649	74.8	86.7
Compensation to Employees	2,909,787,588	2,822,707,872	3,045,960,112	46.1	104.7
Operations and Maintenance	2,786,495,118	2,489,297,595	1,891,362,537	28.7	67.9
Total Development Expenditure	4,031,043,869	2,834,023,058	1,662,822,547	25.2	41.3
Development Expenditure	4,031,043,869	2,834,023,058	1,662,822,547	25.2	41.3
Total	9,727,326,575	8,146,028,225	6,600,145,196	100	67.9

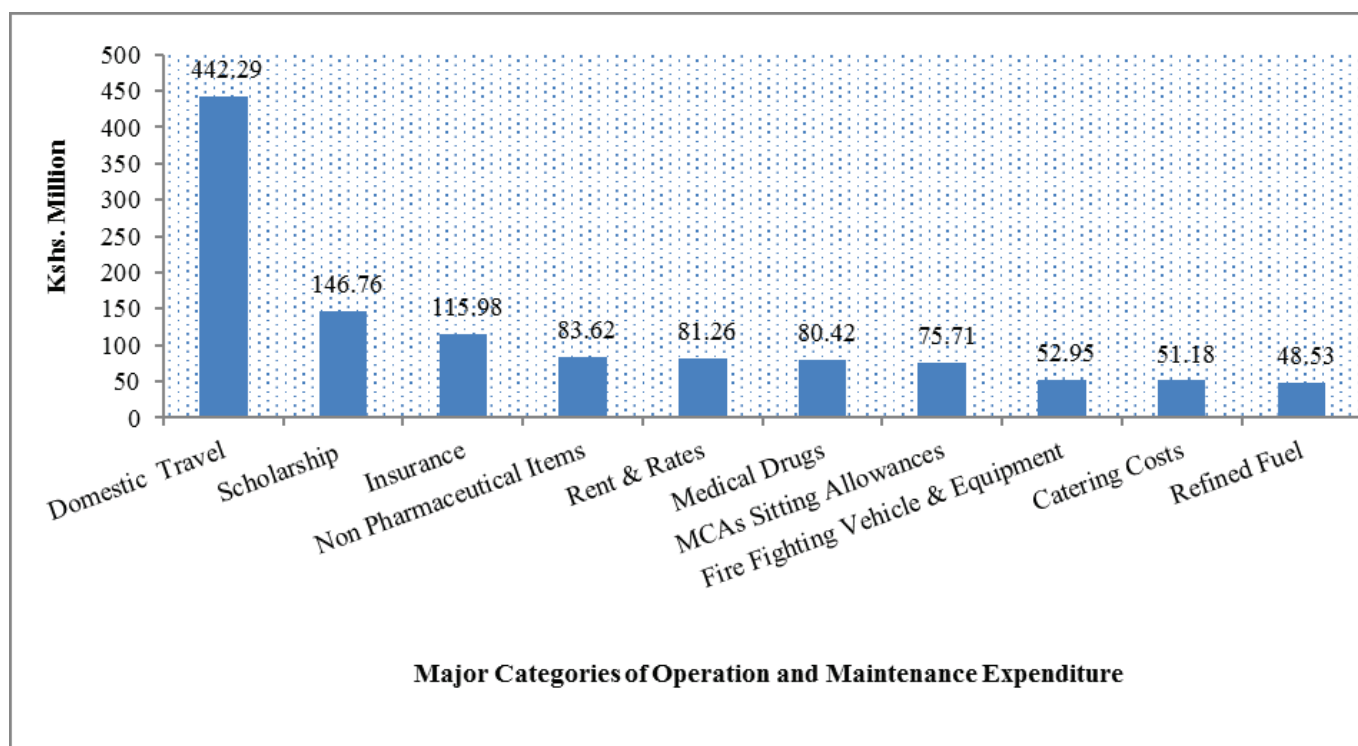
Source: Migori County Treasury

Expenditure on compensation to employees was 46.1 per cent of the total expenditure for the financial year and represented an increase of 4.2 per cent compared to FY 2018/19 when the County spent Kshs.2.92 billion.

3.28.7 Analysis of Operations and Maintenance Expenditure

Figure 3-55 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-55: Migori County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Migori County Treasury

The County spent Kshs.75.71 million on committee sitting allowances for the 57 MCAs and Speaker against the annual budget allocation of Kshs.93.80 million. The average monthly sitting allowance was Kshs.110,683 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.442.29 million and comprised of Kshs.187.77 million spent by the County Assembly and Kshs.254.53 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.59 million and comprised of Kshs.22.77 million spent by the County Assembly and Kshs.7.82 million by the County Executive.

3.28.8 Development Expenditure Analysis

The development expenditure of Kshs.1.66 billion represented 41.3 per cent of the annual development budget of Kshs.4.03 billion and represented a decrease of 9.1 per cent compared to FY 2018/19 when the County spent Kshs1.81 billion. Table 3-133 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-133: Migori County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Kiringi bridge	Suna Central	100,000,000	88,061,414	88.1
2	Construction of Maternal child and Amenity complex at the MCRH in Suna Central ward	Suna Central	53,941,740	60,914,940	112.9
3	Preparation of Migori County Spatial Plan Phase I	County wide	50,000,000	50,412,908	100.8
4	Completion and Installation of Oxygen Plant MCRH	Suna Central Ward	30,000,000	42,756,970	142.5
2	Proposed Upgrading To Bitumen Standards Of Uriri Oria (Kabwana) Road	Central Kanyamkago	150,000,000	39,087,761	26.1
6	Supervision of the county office headquarters, governor office and deputy governor residence construction.	Suna Central Ward	132,000,000	27,953,100	21.2
7	Supply of Hospital Beds to Various hospitals in County	Suna Central Ward	19,000,000	19,600,000	103.2
8	Supply and delivery of Motor Grader 180-200HP	County Headquarters	18,000,000	17,671,000	98.2
9	Access road to Mosweto-Nyamariku-Kundwi	Nyabasi West Ward	17,595,523	17,595,523	100.0
10	Access Road Miroche-Kaloch-Kokombo-Witharaga	Suna Central Ward	16,470,898	16,470,898	100.0

Source: Migori County Treasury

3.28.9 Budget Performance by Department

Table 3-134 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-134: Migori County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	186.47	501.02	185.95	306.18	161.10	96.92	86.6	31.7	86.4	19.3
County Assembly	836.83	62.09	836.83	62.09	836.83	62.09	100	100	100	100
County Executive	302.04	167.00	298.64	65.00	262.86	24.45	88	37.6	87.0	14.6
Education, Youth, Sports, Culture, Gender and Social services	406.56	197.42	234.08	147.67	381.89	81.48	163.1	55.2	93.9	41.3
Finance and Economic Planning	579.35	20.00	571.96	-	503.47	-	88.0	-	86.9	-
Health	2,029.05	547.66	1,893.48	286.16	1,671.21	203.22	88.3	71	82.4	37.1
Lands, Physical Planning And housing	117.63	616.017	114.61	452.90	90.63	83.32	79.1	18.4	77.0	13.5
Management Environment, Natural Resources and Disaster Management	198.43	6.24	192.54	6.24	151.60	5.74	78.7	92.1	76.4	92.1
Public Service Management	752.05	63.60	702.35	63.37	643.02	21.16	91.6	33.4	85.5	33.3
Roads, Transport and Public Works	89.26	1,465.17	88.11	1,129.13	61.04	844.72	69.3	74.8	68.4	57.7
Trade, Tourism and Co-operative Development	71.49	104.95	69.03	94.81	83.96	60.86	121.6	64.2	117.4	58.0
Water and Energy	127.09	279.86	124.39	220.44	89.67	178.80	72.1	81.1	70.6	63.9
Total	5,696.28	4,031.04	5,312	2,834.02	4,937.32	1,662.82	92.9	58.7	86.7	41.3

Source: Migori County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 100 per cent while the Department of Finance and Economic Planning did not report expenditure on development activities. The Department of Trade, tourism and co-operative development had the highest percentage of recurrent expenditure to recurrent budget at 117.4 per cent while the Department of Roads, Transport and Public Works had the lowest at 68.4 per cent.

3.28.10 Budget Execution by Programmes and Sub-Programmes

Table 3-135 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-135 : Migori County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Fisheries, Livestock and Veterinary					
Policy, Planning, General Administration and Support Services (Agriculture)	General administration	151,734,680	148,339,089	3,395,592	97.8
	Sub total	151,734,680	148,339,089	3,395,592	97.8
Policy, Planning, General Administration and Support Services (Fisheries)	General administration	7,184,160	2,145,824	5,038,337	29.9
	Field Extension Services and support programme	3,701,500	3,167,500	534,000	85.6
	Sub total	10,885,660	5,313,324	5,572,337	48.8
Policy, Planning, General Administration and Support Services (Livestock Development)	General administration	7,290,000	2,529,898	4,760,102	34.7
	Sub total	7,290,000	2,529,898	4,760,102	34.7
Livestock production and management	Enterprise Development And Value Addition	4,620,000	1,846,450	2,773,550	40.0
	Sub total	4,620,000	1,846,450	2,773,550	40.0
Policy, Planning, General Administration and Support Services (Veterinary Services)	General administration	6,919,000	1,537,690	5,381,310	22.2
	Field Extension Services and support programme	1,130,000	900,000	230,000	79.7
	Sub total	8,049,000	2,437,690	5,611,310	30.3
Veterinary services	Livestock disease control & management	1,950,000	437,419	1,512,581	22.4
	Veterinary public health management	616,000	200,000	416,000	32.5
	Livestock breeding services	1,330,000	-	1,330,000	-
	Sub total	3,896,000	637,419	3,258,581	16.4
Crop development and management (Agriculture)	Crop Development (Pending Bills for ongoing programmes)	20,460,001	3,958,105	16,501,896	19.4
	Sub total	20,460,001	3,958,105	16,501,896	19.4
	ASDSP Donor funding	25,000,800	21,000,000	25,000,800	84.0
	NARIGP	350,000,000	12,695,848	350,000,000	3.6
	County Donor Co-funding	24,577,346	-	24,577,346	-
	EU IDEAS County Donor funding	43,668,076	37,546,529	43,668,076	86.0
	Sub total	443,246,222	71,242,377	372,003,845	16.1
Fisheries development and management	Cage fish farming	8,000,000	-	8,000,000	-

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Ongoing programmes (Pending bills)	6,435,083	3,661,376	2,773,707	56.9
	Equipping of Opapo Fish processing plant borehole	1,400,000	-	1,400,000	-
	Sub total	15,835,083	3,661,376	12,173,707	23.1
Livestock production and management	Enterprise Development And Value Addition	8,550,000	8,550,000	-	100.0
	Purchase of breeding Sahiwal bulls	520,000	520,000	-	100.0
	Sub total	9,070,000	9,070,000	-	100.0
Veterinary services	Livestock disease control & management (pending bills)	9,489,786	8,985,281	504,505	94.7
	Construction of slaughterhouse, cattle dips and procurement of vaccines & sera	2,920,000		2,920,000	-
	Sub total	12,409,786	8,985,281	3,424,505	72.4
Governance and Executive Management	Coordination of Devolved Ministries and Departments	21,768,582	20,898,520	870,062	96.0
	Sub total	21,768,582	20,898,520	870,062	96.0
Strategy and service delivery	Legal Services	68,100,000	65,851,866	2,248,134	96.7
	Efficiency monitoring services	7,636,000	6,949,004	686,996	91.0
	Sub total	75,736,000	72,800,870	2,935,130	96.1
Strategy and service delivery	Conflict Management And Resolution	1,100,000	1,421,200	(321,200)	129.2
	Sub total	1,100,000	1,421,200	(321,200)	129.2
General Administration and Support Services	General Administration Services	96,734,000	98,589,147	(1,855,147)	101.9
	Sub total	96,734,000	98,589,147	(1,855,147)	101.9
Cohesion And Peace Building	Peace Building, Education, Advocacy And Research	3,095,000	2,835,995	259,005	91.6
	Conflict Management And Resolution	3,401,000	-	3,401,000	-
	Sub total	6,496,000	2,835,995	3,660,005	43.7
General Administration and Support Services(Deputy governor)	General Administration Services	20,063,200	19,612,742	450,458	97.8
	Sub total	20,063,200	19,612,742	450,458	97.8
Governance and Executive Management	Citizen Delivery services	3,374,000	1,049,000	2,325,000	31.1
	Sub total	3,374,000	1,049,000	2,325,000	31.1
General Administration and Support Services(County secretary)	General Administration Services	19,632,000	22,346,147	(2,714,147)	113.8
	Sub total	19,632,000	22,346,147	(2,714,147)	113.8
Kenya Devolution Support Programme	Key Result Area1: Public Finance Management	3,600,000	-	3,600,000	-

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Key Result Area2: Planning , Monitoring And Evaluation	6,900,000	-	3,600,000	-
	Key Result Area3: Performance Contracting And Human Resources Management	10,800,000	-	6,900,000	-
	Key Result Area4: Civic Education And Public Participation	5,100,000	-	6,900,000	-
	Key Result Area5: Environment And Social Safeguard	3,600,000	-	10,800,000	-
	Sub total	30,000,000	-	31,800,000	-
Information Communication Technology (General Administration and Support Services)	General Administration Services	27,133,252	23,314,699	3,818,553	85.9
	Sub total	27,133,252	23,314,699	3,818,553	85.9
Governance and Executive Management	Citizen Delivery services	132,000,000	16,356,351	132,000,000	12.4
	(Coordination of Devolved Ministries and Departments) Pending bills	10,000,000		384,000	-
	Sub total	142,000,000	16,356,351	132,384,000	11.5
Information Communication And Technology Development	ICT Infrastructure And Connectivity (Networking)	25,000,000	8,100,000	25,000,000	32.4
	Sub total	25,000,000	8,100,000	25,000,000	32.4
General Administration and Support Services	General Administration and Support Services	683,436,600	603,648,120	79,788,480	88.3
	Sub total	683,436,600	603,648,120	79,788,480	88.3
Human Capital Management And Development	Human Capital Strategy	2,000,000	1,559,300	440,700	78.0
	Information And Records Management	570,000	483,660	86,340	84.9
	Sub total	2,570,000	2,042,960	527,040	79.5
Sub County Administration Services	Devolved units Development services	10,000,000	7,983,859	2,016,141	79.8
	Sub total	10,000,000	7,983,859	2,016,141	79.8
Civic Education And Public Participation	Civic Education	4,000,000	3,534,764	465,236	88.4
	Sub total	4,000,000	3,534,764	465,236	88.4
County Security and Compliance Enforcement Services	Support and Administration Services	3,240,000	2,644,148	595,852	81.6
	Sub total	3,240,000	2,644,148	595,852	81.6
Public service Board (General Administration and Support Services)	General Administration and Support Services	39,908,120	16,026,003	23,882,118	40.2
	Sub total	39,908,120	16,026,003	23,882,118	40.2
Human Capital Management And Development	Human Capital Strategy	3,570,000	2,796,737	773,263	78.3

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Public Service Board Services	3,730,000	3,572,132	157,868	95.8
	Information And Records Management	1,600,000	770,218	829,782	48.1
	Sub total	8,900,000	7,139,087	1,760,913	80.2
General Administration and Support Services(development)	Construction/Renovation of Sub-County/Ward Admin. Offices	23,000,000	-	23,000,000	-
	Sub total	23,000,000	-	23,000,000	-
Sub County Administration Services	Devolved units Development services (Pending Bill (DEVELOPMENT))	40,604,036	21,162,208	37,266,006	52.1
	Sub total	40,604,036	21,162,208	37,266,006	52.1
General Administration and supportive Services(Education)	General Administration Services	169,110,498	203,100,884	(33,990,386)	120.1
	Sub total	169,110,498	203,100,884	(33,990,386)	120.1
Education Support Services	Bursary And Scholarship	167,856,780	146,755,980	21,100,800	87.4
	Sub total	167,856,780	146,755,980	21,100,800	87.4
Child Care Support Services	Infrastructure Development And Sanitation Improvement	7,030,000	397,490	6,632,510	5.7
	Ecde Staffing	8,780,000	537,700	8,242,300	6.1
	Sub total	15,810,000	935,190	14,874,810	5.9
Quality Management Services	Quality Assurance And Standards Services	7,000,000	1,863,450	5,136,550	26.6
	Sub County Education Office Services	1,600,000	1,315,410	301,590	82.2
	Sub total	8,600,000	3,178,860	5,438,140	37.0
General Administration and supportive Services (Sports)	General Administration Services	9,180,000	5,219,575	3,960,425	56.9
	Sub total	9,180,000	5,219,575	3,960,425	56.9
Sports and Culture Development	Sports And Talent Development	20,000,000	12,540,200	7,459,800	62.7
	Talent Development Services	5,500,000	5,500,000	-	100.0
	Sub total	25,500,000	18,040,200	7,459,800	70.8
Youth Development & Empowerment	Youth Home Craft Centres And Enterprises Services	1,500,000	983,000	517,000	65.5
	Sub total	1,500,000	983,000	517,000	65.5
Sports and Culture Development	Culture And Heritage Conservation	3,500,000	1,764,800	1,735,200	50.4
	Sub total	3,500,000	1,764,800	1,735,200	50.4
Gender and Equality Services	Women Empowerment Enterprises And Support Services	4,000,000	918,400	3,081,600	23.0
	Pwds Enterprises And Support Services	1,500,000	1,000,000	500,000	66.7

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Sub total	5,500,000	1,918,400	3,581,600	34.9
General Administration and supportive Services (development)	General Administration Services (Pending bills)	33,905,117	25,615,957	8,289,160	75.6
	Sub total	33,905,117	25,615,957	8,289,160	75.6
Child Care Support Services	Construction of ECDE Classrooms (Community Projects New)	82,482,176	38,266,429	64,198,994	46.4
	Sub total	82,482,176	38,266,429	64,198,994	46.4
Youth Development & Empowerment	Equipping of Vocational Education and Training Centres	10,000,000	-	10,000,000	-
	Completion of VETCs	18,000,000	2,810,010	15,189,990	15.6
	Sub total	28,000,000	2,810,010	25,189,990	10.0
External Funding	Rehabilitation of village polytechnics - External Funding (grant)	30,033,298	14,796,275	30,033,298	49.3
	Sub total	30,033,298	14,796,275	30,033,298	49.3
Sports and Culture Development	Migori County Modern Stadium	20,000,000	-	20,000,000	-
	Sub total	20,000,000	-	20,000,000	-
Sports and Culture Development	Culture And Heritage Conservation	3,000,000	-	3,000,000	-
	Sub total	3,000,000	-	3,000,000	-
Policy, Planning and Administrative Support Services	Administrative Support Services	45,820,872	72,302,906	(26,482,034)	157.8
	Sub total	45,820,872	72,302,906	(26,482,034)	157.8
Trade And Markets Promotion And Development	Trade Development And Promotion Of SMEs Services	13,208,590	8,781,382	4,427,208	66.5
	Regional Economic Integration	420,000	172,000	248,000	41.0
	Sub total	13,628,590	8,953,382	4,675,208	65.7
Industrial Development and Investment Services	Promotion Of Industrial Development And Investments	490,000	146,000	344,000	29.8
	Industrial Parks And Infrastructure Development	1,500,000	-	1,500,000	-
	Sub total	1,990,000	146,000	1,844,000	7.3
Cooperative development services	Cooperative Development Services And Promotion	1,320,000	180,000	1,140,000	13.6
	Cooperative Oversight And Compliance	1,416,000	731,700	684,300	51.7
	Cooperative Policy, Research And Advisory	1,080,000	267,200	812,800	24.7
	Sub total	3,816,000	1,178,900	2,637,100	30.9
Tourism Development	Tourism Promotion, Investment And Marketing	1,500,000	-	1,500,000	-

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Cradle Of Mankind Circuit	1,500,000	338,548	1,161,452	22.6
	Sub total	3,000,000	338,548	2,661,452	11.3
Trade And Markets Promotion And Development	Metrological Laboratory Services	2,340,000	685,200	1,654,800	29.3
	Sub total	2,340,000	685,200	1,654,800	29.3
Liquor Licensing and Control Services	Infrastructure Development	900,000	358,919	541,081	39.9
	Sub total	900,000	358,919	541,081	39.9
Trade And Markets Promotion And Development	Construction of Modern Markets	12,500,000	3,207,017	12,500,000	25.7
	Market development (Community Projects New)	34,128,000	32,004,619	34,128,000	93.8
	Pending Bills (Completed and ongoing projects)	44,822,406	25,656,588	19,165,818	57.2
	Sub total	91,450,406	60,868,224	65,793,818	66.6
Cooperative development services	Construction of coffee factory	6,500,000	-	6,500,000	-
	Sub total	6,500,000	-	6,500,000	-
Tourism Development	Establishment of ECO- Lodge at Thim Lich Ohinga	7,000,000	-	7,000,000	-
	Sub total	7,000,000	-	7,000,000	-
General Administration planning and support services	Administration support services	67,634,725	50,363,574	17,271,151	74.5
	Sub total	67,634,725	50,363,574	17,271,151	74.5
External Funding	Donor Funds	50,000,000	40,269,969	9,730,031	80.5
	Sub total	50,000,000	40,269,969	9,730,031	80.5
General Administration planning and support services (development)	Administration support services	15,000,000	8,077,233	15,000,000	53.9
	Sub total	15,000,000	8,077,233	15,000,000	53.9
Physical planning services	County Spatial Plan	50,000,000	42,335,675	50,000,000	84.7
	Sub total	50,000,000	42,335,675	50,000,000	84.7
Physical planning services	Pending bills	32,150,722	32,912,100	27,191,722	102.4
	Sub total	32,150,722	32,912,100	27,191,722	102.4
External Funding	KUSP - Rongo Municipality UDG Grant	165,365,100	-	165,365,100	-
	KUSP - Migori Municipality UDG Grant	133,622,292	-	133,622,292	-
	KUSP - Awendo Municipality UDG Grant	219,379,100	-	219,379,100	-
	Sub total	518,366,492	-	518,366,492	-
Housing Development Services	Sangla Housing scheme	500,000	-	500,000	-

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Sub total	500,000	-	500,000	-
Finance and Economic Planning					
General Administrative and supportive service (Accounting)	General administration planning and support services	127,228,662	106,676,773	20,551,889	83.9
	Sub total	127,228,662	106,676,773	20,551,889	83.9
Public Financial Management (accounting)	Accounting services	272,687,835	262,141,862	10,545,973	96.1
	Sub total	272,687,835	262,141,862	10,545,973	96.1
General Administrative and supportive service (audit)	General administration planning and support services	21,021,000	9,823,225	11,197,775	46.7
	Sub total	21,021,000	9,823,225	11,197,775	46.7
Public Financial Management (procurement)	Procurement services	18,600,000	14,573,003	4,026,997	78.4
	Sub total	18,600,000	14,573,003	4,026,997	78.4
General Administrative and supportive service (revenue)	General administration planning and support services	2,160,000	2,155,000	5,000	99.8
	Sub total	2,160,000	2,155,000	5,000	99.8
Public Financial Management	Resource mobilization	36,275,000	26,510,833	9,764,167	73.1
	Sub total	36,275,000	26,510,833	9,764,167	73.1
General Administrative and supportive service(planning)	General administration planning and support services	24,800,675	22,784,879	2,015,796	91.9
	Sub total	24,800,675	22,784,879	2,015,796	91.9
Economic policy and county planning	Budget coordination and management	60,583,116	57,530,964	3,052,152	95.0
	Policy and plans developments	3,000,000	-	3,000,000	-
	County statistical information services	10,000,000	1,279,970	8,720,030	12.8
	Community development	3,000,000	-	3,000,000	-
	Sub total	76,583,116	58,810,934	17,772,182	76.8
General Administrative and supportive service (development)	Construction, Maintenance of Buildings and Furnitures	15,000,000	-	15,000,000	-
	Sub total	15,000,000	-	15,000,000	-
General Administrative and supportive service (Planning)	Construction of car park, gate and VIP latrine	5,000,000	-	5,000,000	-
	Sub total	5,000,000	-	5,000,000	-
Planning and administrative support services	Health Management Informative System	1,500,000	1,210,910	289,090	80.7
	Administrative And Support Services	1,319,729,812	1,367,456,598	(47,726,786)	103.6
	Sub Total	1,321,229,812	1,368,667,508	(47,437,696)	103.6

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Preventive and Promotive Health Services	Community Health Services	43,860,680	36,318,390	7,542,290	82.8
	Sanitation and Environmental Health Services	1,000,000	427,320	572,680	42.7
	Human Nutrition And Dietetics	2,000,000	1,115,500	884,500	55.8
	Communicable Disease Control	1,000,000	-	1,000,000	-
	Hiv And Aids Management	2,000,000	-	2,000,000	-
	Disease Surveillance/ COVID 19	257,101,000	122,304,802	134,796,198	47.6
	Emergency Preparedness and Response	31,000,000	16,213,894	14,786,106	52.3
	Health Promotion	1,500,000	1,014,200	485,800	67.6
	Family& Reproductive Health	17,000,000	3,965,032	13,034,968	23.3
	Sub total	242,731,680	181,359,138	175,102,542	74.7
Curative, Rehabilitative and Referral services	Pharmaceutical and Non –Pharmaceutical Commodities	395,368,857	119,778,715	275,590,142	30.3
	Diagnostic Services	2,500,000	1,404,450	1,095,550	56.2
	Sub total	397,868,857	121,183,165	276,685,692	30.5
External Funding	Donor Funds	50,062,500	-	50,062,500	-
	Conditional Grants	21,655,884	-	21,655,884	-
	Sub total	71,718,384	-	71,718,384	-
Planning and administrative support services(development)	Administrative And Support Services	171,052,214	166,634,603	82,545,042	97.4
	Sub total	171,052,214	166,634,603	82,545,042	97.4
Infrastructure Development	Face-lifting of Health Centres and Dispensaries (COMMUNITY PROJECTS NEW)	130,796,664	-	130,796,664	-
	Purchase of Medical Equipment	10,000,000	-	10,000,000	-
	Construction of ICU Unit	20,000,000	-	20,000,000	-
	Completion of KMTC Block	8,600,000	-	8,600,000	-
	Sub total	169,396,664	-	169,396,664	-
	External Funding	Donor Funds	76,800,000	36,590,548	40,209,452
	Allocation for leasing of medical equipment (GRANT)	131,914,894	-	131,914,894	-
	Sub total	208,714,894	36,590,548	172,124,346	17.5
General administration and supportive services	General administration supportive services	77,000,810	60,161,579	16,839,231	78.1
	Sub total	77,000,810	60,161,579	16,839,231	78.1
Environment Management And Protection	Solid Waste Management Services	7,700,000	7,684,321	15,679	99.8
	Sub total	7,700,000	7,684,321	15,679	99.8
Disaster Management	Disaster Management Services	85,591,251	79,618,496	4,519,279	93.0
	Sub total	85,591,251	79,618,496	4,519,279	93.0
Environmental And Natural Resource Conservation And Management	Water Resources Conservation And Management	300,000	262,040	37,960	87.4
	Climate Change Adoption And Mitigation	540,000	428,600	111,400	79.4
	Forestry Conservation And Development	3,650,000	-	3,650,000	-
	Sub total	4,490,000	690,640	3,799,360	15.4
Natural resource conservation and management	Mining services	1,350,000	1,250,000	100,000	92.6
	Sub total	1,350,000	1,250,000	100,000	92.6

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Disaster Management	Disaster Management Services	16,300,000	2,201,681	14,098,319	13.5
	Sub total	16,300,000	2,201,681	14,098,319	13.5
Disaster Management	Construction of Modern Fire station and related infrastructure	6,243,638	5,749,936	4,744,406	92.1
	Sub total	6,243,638	5,749,936	4,744,406	92.1
Policy, General administration, planning & support Service	General administration, planning & support service	67,257,644	49,994,634	17,263,010	74.3
	Sub total	67,257,644	49,994,634	17,263,010	74.3
Road Development, Maintenance And Management (recurrent)	Road Network Improvement	22,000,000	11,047,985	10,952,015	50.2
	Sub total	22,000,000	11,047,985	10,952,015	50.2
Road Development, Maintenance and Management (development)	Design and Construction of Uriri Oria Road	153,697,821	-	153,697,821	-
	spot improvement/maintenance of roads-krb funded road works (RMLF)	306,494,622	274,515,403	281,979,219	89.6
	County Access Roads (COMMUNITY PROJECTS NEW)	262,063,759	3,075,412	258,988,347	1.2
	Pending Bills - (COMPLETED AND ONGOING PROJECTS)	436,915,075	425,045,490	191,645,907	97.3
	Construction Of Bridges And Maintenance	100,000,000	71,046,062	28,953,938	71.1
	Completion of Kiringi Bridge	100,000,000	71,046,062	28,953,938	71.1
	Sub total	1,465,171,277	844,728,430		57.7
General administration and supportive service(-speaker)	Administrative Services	131,750,000	131,750,000	-	100.0
Legislative services	Representation	25,863,160	25,860,055	3,105	100.0
General administration and supportive service (clerk)	Administrative Services	597,957,065	597,957,065	-	100.0
	Citizen Engagement	81,264,000	81,263,000	-	100.0
General administration and supportive service (development)	Construction of MCAs offices, Assembly Chambers modernization, Speaker's residence	62,094,147	62,094,147	-	100.0
	subtotal	898,928,372	898,924,267	3,105	100.0
Water supply and management services	Urban water Supply and Management Services	25,000,000	22,898,022	2,102,978	91.6
	Rural Water Services	13,446,750	8,793,266	4,653,484	65.4
	sub total	38,446,750	31,691,288	6,756,462	82.4
General administration, planning & support Service	General Administration, Policies and Legal Framework	76,736,446	46,650,649	30,085,797	60.8
	sub total	76,736,446	46,650,649	30,085,797	60.8
Alternative Energy Services	Green Energy Development	11,916,000	11,329,520	586,480	95.1
	sub total	11,916,000	11,329,520	586,480	95.1
Water supply and management services	Urban water Supply and Management Services	9,461,000	-	9,461,000	-

Sub- Programme		Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Drilling of Boreholes and Equipping various projects (COMMUNITY PROJECTS NEW)	99,498,987	95,000,000	99,498,987	95.5
	PENDING BILLS - COMPLETED PROJECTS	74,974,662	51,701,249	23,273,413	69.0
	sub total	183,934,649	146,701,249	132,233,400	79.8
General administration, planning & support Service (development)	Operation And Maintenance Of Rural Water Services	19,611,766	17,637,645	19,611,766	89.9
	sub total	19,611,766	17,637,645	19,611,766	89.9
Alternative Energy Services	PENDING BILLS - ENERGY	18,279,281	14,468,388	3,810,893	79.2
	Solar grid connection for Oyani Treatment Works (Migori Water Supply)	58,032,000	-	58,032,000	-
Sub total		76,311,281	14,468,388	61,842,893	19.0
Grand total		9,727,326,575	6,600,145,196	3,125,681,137	67.9

Source: Migori County Treasury

Based on expenditure absorption rate as shown in Table 3-135, the programs with the highest absorption rates were: Policy, Planning and Administrative Support Services at 157.8 per cent, Strategy and Service Delivery at 129.2 per cent, General administration and Support Services at 120. per cent, and Physical Planning Services at 102.3 per cent of budget allocation.

3.28.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.1.66 billion in FY 2019/20 out of annual development budget of Kshs.4.03 billion. The development expenditure represented 41.3 per cent of the annual development.
3. A high wage bill, which accounted for 46.1 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. Under performance of own-source revenue at Kshs.305.68 million against annual projection of Kshs.450 million. The realised own source revenue represented 68 per cent of its annual target.
5. Use of revenue at source and weak budgeting practice by the County Treasury as shown in Table 3-134 and Table 3-135, where the County incurred expenditure above the approved budgetary allocation.
6. High pending bills which amounted to Kshs.1.33 billion as at 30th June 2020.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County should identify and address issues causing delays in the implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
4. The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.
5. The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.

6. The County Treasury should ensure unsettled finalized and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3.29 County Government of Mombasa

3.29.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.13.67 billion, comprising of Kshs.4.28 billion (31.3 per cent) and Kshs.9.39 billion (68.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.7.06 billion (51.6 per cent) as equitable share of revenue raised nationally, Kshs.1.88 billion (13.7 per cent) as total conditional grants, and generate Kshs.4.73 billion (34.6 per cent) from own sources of revenue. The County also expected to received COVID 19 Grant of Kshs.101.17 million from the National Government and DANIDA COVID-19 Grant of Kshs.9.17 million as "other revenues" not contained in the CARA, 2019.

3.29.2 Revenue Performance

During FY 2019/20, the County received Kshs.7.06 billion as equitable share of the revenue raised nationally, Kshs.1.04 billion as total conditional grants, and raised Kshs.3.26 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.11.36 billion as shown in Table 3-136.

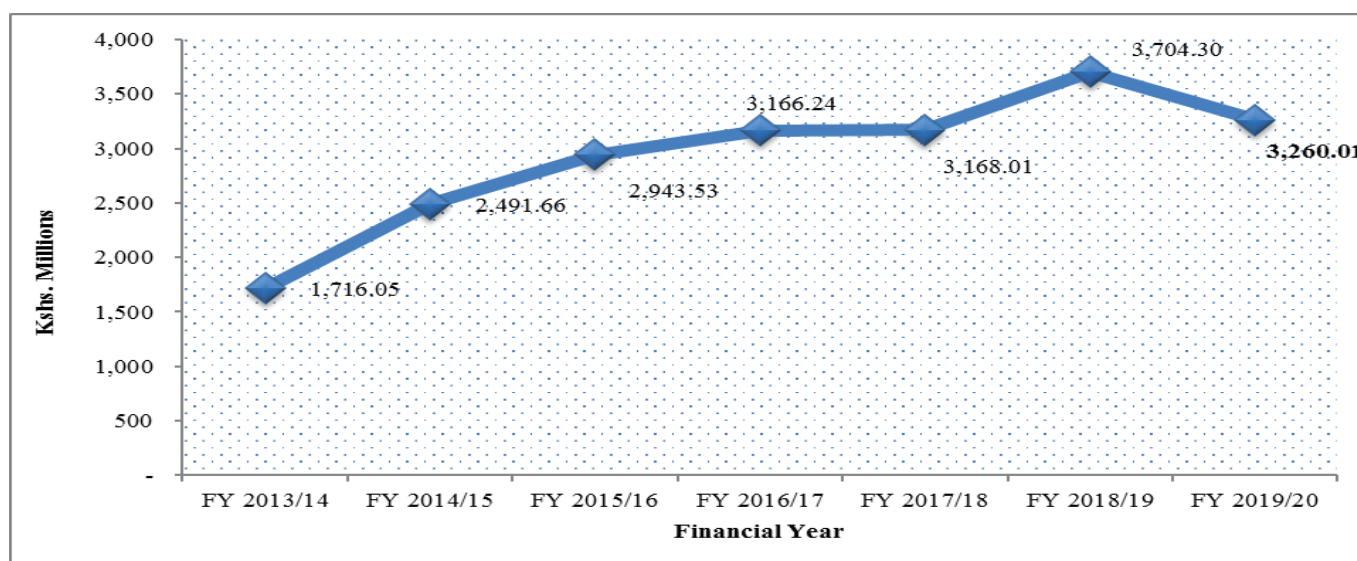
Table 3-136: Mombasa County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,057,950,000	7,057,950,000	7,057,950,000	100
B.	Conditional Grants from the National Government Revenue				
1	Conditional Grants to Level-5 Hospitals	388,439,306	388,439,306	388,439,306	100
2	Compensation for User Fee Foregone	23,385,934	23,385,934	23,385,934	100
3	Road Maintenance Fuel Levy Fund	200,344,594	200,344,594	150,258,446	100
4	Rehabilitation of Village Polytechnics	25,473,298	25,473,298	25,473,298	100
Sub Total		769,558,026	637,643,132	587,556,984	100
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	37,921,806	37,921,806	33,184,038	87.5
2	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
3	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	312,750,671	-	-
4	DANIDA Grant	24,562,500	24,562,500	24,562,500	100
5	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	1,550,000,000	522,571,420	247,584,920	47.4
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,374,963	16,374,963	9,437,481	57.6
Sub Total		1,658,859,269	944,181,360	344,768,939	36.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	4,733,391,224	3,260,008,335	68.9
2.	Other Revenues	-	296,834,284	110,338,000	37.2
Sub Total		-	5,030,225,508	3,370,346,335	67
Grand Total		9,486,367,295	13,670,000,000	11,360,622,258	83.5

Source: Mombasa County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-56.

Figure 3-56: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Mombasa County Treasury

During FY 2019/20, the County generated a total of Kshs.3.26 billion as own-source revenue. This amount represented a decrease of 12 per cent when compared to Kshs.3.7 billion realised in FY 2018/19, and represented 68.9 per cent of the annual target.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.10.48 billion from the CRF account in the reporting period. This amount comprised of Kshs.2.05 billion (19.6 per cent) for development programmes and Kshs.8.42 billion (80.4 per cent) for recurrent programmes.

3.29.4 Overall Expenditure Review

A total of Kshs.10.79 billion was spent on development and recurrent programmes and represented 103 per cent of the total funds released from the CRF account. Expenditure by the County was above the exchequer received which suggests usage of revenue at source. The expenditure comprised of Kshs.3.15 billion and Kshs.7.64 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 73.6 per cent while that incurred on recurrent programmes represented an absorption rate of 81.4 per cent.

3.29.5 Outstanding Pending Bills

The County did not avail information on outstanding pending bills as of 30th June, 2020.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.4.94 billion was spent on Compensation to Employees, Kshs.2.71 billion on Operations and Maintenance, and Kshs.3.15 billion on Development Expenditure.

Table 3-137: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	9,388,959,969	8,423,252,977	7,645,895,535	70.8	81.4
Compensation to Employees	5,532,449,012	4,935,727,945	4,935,727,945	45.7	89.2
Operations and Maintenance	3,856,510,957	3,487,525,032	2,710,167,590	25.1	70.3
Total Development Expenditure	4,281,040,031	2,052,798,738	3,149,567,155	29.2	73.6
Development expenditure	4,281,040,031	2,052,798,738	3,149,567,155	29.2	73.6
Total	13,670,000,000	10,476,051,715	10,795,462,690	100	79

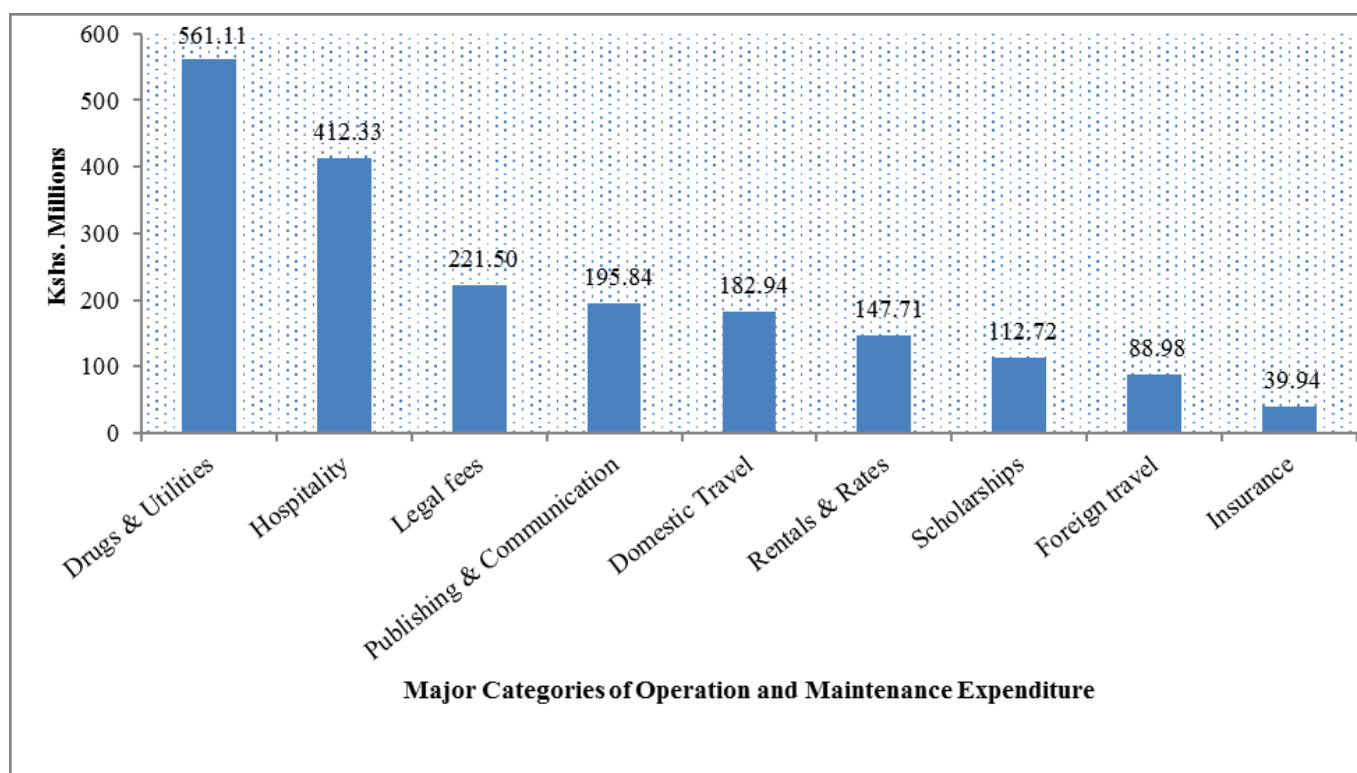
Source: Mombasa County Treasury

Expenditure on Compensation to Employees was 45.7 per cent of the total expenditure of the financial year and represented a decrease of 4.8 per cent compared to FY 2018/19 when the County spent Kshs.4.70 billion.

3.29.7 Analysis of Operations and Maintenance Expenditure

Figure 3-57 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-57: Mombasa County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Mombasa County Treasury

The County spent Kshs.30.12 million on Committee Sitting Allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs.40 million in FY 2019/20. The average monthly sitting allowance translated to Kshs.58,363 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.182.94 million and comprised of Kshs.36.69 million spent by the County Assembly and Kshs.146.26 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.88.97 million and comprised of Kshs.56.96 million spent by the County Assembly and Kshs.32.01 million by the County Executive.

3.29.8 Development Expenditure Analysis

The total development expenditure of Kshs.3.15 billion represented 73.6 per cent of the annual development budget of Kshs.4.28 billion and represented an increase of 1.2 per cent compared FY 2018/19 when the County spent Kshs.3.11 billion. Table 3-138 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-138: Mombasa County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location/Ward	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Kongowea - Makutano road	Nyali	60,237,162	23,735,666	39.4
2	Improvement Of A Section Of Simu Ya Upepo Road To Cabro Standard	Mvita	13,049,377	12,817,794	98.2
3	Cabro access road at Majengo machura	Mvita	11,350,506	10,810,006	95.2
4	Gome ECD - Construction of ECD Center at Gome primary School	Changamwe	16,556,000	10,696,400	64.6
5	Kwahola ECD - Proposed ECD Center at Kwahola Primary School	Changamwe	16,735,020	10,030,200	59.9

S/No.	Project Name/Description	Project Location/Ward	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
6	Proposed Renovations to Shika Adabu Market	Likoni	9,946,805	9,946,805	100.0
7	Kiembeni Fire Station - Improvement of access road, construction of boundary wall, levelling and gravelling.	Kisauni	24,822,937	9,898,782	39.9
8	Grading of Kashani Bombo, Florida Road	Kisauni	15,519,579	8,014,429	51.6
9	Shika Adabu ECD - Proposed construction of ECD Center at Shika Adabu Primary School	Likoni	13,715,700	7,332,175	53.5
10	Road repairs - Tudor estate road	Mvita	7,044,884	6,796,588	96.5

Source: Mombasa County Treasury

3.29.9 Budget Performance by Department

Table 3-139 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-139: Mombasa County, Annual Budget Performance by Department for the FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues in FY 2019/20 (Kshs. Million)		Expenditure FY 2019/20 (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
The Executive	297.66	-	275.38	-	163.38	0.99	59.3	-	54.9	-
Public Service Board	52.66	6.49	55.86	2	38.03	0.30	68.1	15	72.2	4.6
Finance and Economic Planning	1,830.9	705	1,830.87	74.51	1,258.1	239.3	68.7	321.2	68.7	33.9
Energy, Environment and Waste Management	463.60	289.41	451.35	139.05	343.01	119.5	76	85.9	74	41.3
Education, Information Technology and MV 2035	425.44	158.10	269.39	59.87	336.94	56.23	125.1	93.9	79.2	35.6
Health	2,859.05	468.68	2,859.05	237.21	4,042.53	109.4	141.4	46.1	141.4	23.3
Water, Environment and Natural Resources	23.61	522.57	81.46	272.50	16.8	262.6	20.6	96.3	71.1	50.2
Youth, Gender, Sports and Cultural Affairs	142.16	253.55	142.16	239.97	78	90.77	54.8	37.8	54.8	35.8
Trade, Tourism and Investments	273.99	120.43	273.99	22.69	210.7	28.2	76.9	124.5	76.9	23.4
County Planning, Land and Housing	205.40	149.15	172.13	25.40	113.9	78.7	66.2	310	55.5	52.8
Transport, Infrastructure and Public Works	405.94	1,468.7	314.92	887.07	310.07	841.59	98.5	94.9	76.4	57.3
Agriculture, Fisheries, Livestock and Co-Operatives	156.25	78.98	127.32	89.50	102.26	25.90	80.3	28.9	65.4	32.8
Devolution and Public Service Administration	1,533.7	34.20	911.33	3.05	1,259	8.48	138.2	278.4	82.1	24.8
County Assembly	718.61	25.77	658.05	-	660.9	-	100.4	-	92	-
Total	9,389	4,281	8,423.25	2,052.8	8,933.53	1,861.9	106.1	90.7	95.1	43.5

Source: Mombasa County Treasury

Department of Transport, Infrastructure and Public Works recorded the highest absorption rate of development budget at 57.3 per cent while the County Assembly did not report expenditure on development activities. The Department of Health had the highest percentage of recurrent expenditure to recurrent budget at 141.4 per cent while the Executive Unit had the lowest at 54.9 per cent. The performance above 100 per cent is attributed to spending of revenue at source.

3.29.10 Budget Execution by Programmes and Sub-Programmes

Table 3-140 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-140: Mombasa County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
3011 The Executive	Governor's Affairs & Advisory Services	119,646,728	98,596,801	21,049,928	82.4
	Deputy Governor's Affairs & External Relations	85,156,947	43,929,104	41,227,843	51.6
	Cabinet Affairs, Policy Research and Legal Services	77,469,786	19,510,515	57,959,271	25.2
	MV 2035 & E-Government	10,910,190	1,356,075	9,554,115	12.4
	Strategic Delivery Unit	4,475,400	973,324	3,502,076	21.7
3013 County Public Service Board	Administration Unit	59,151,055	38,334,844	20,816,211	64.8
3014 Finance and Economic Planning	Administration Unit	2,155,930,798	1,219,829,434	936,101,364	56.6
	Accounting Unit	216,353,379	163,502,007	52,851,372	75.6
	Planning and Monitoring Unit	163,579,324	114,049,924	49,529,400	69.7
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	375,586,386	320,567,674	55,018,711	85.4
	Waste Management	177,088,117	92,647,831	84,440,286	52.3
	Environmental Compliance and Monitoring	168,490,458	47,844,359	120,646,099	28.4
	Climate Change	29,684,120	1,407,052	28,277,068	4.7
	Energy	2,161,000	0	2,161,000	0
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	237,309,730	196,778,537	40,531,193	82.9
	Education headquarters	123,972,089	65,684,588	58,287,501	53
	Childcare	43,159,840	0	43,159,840	0
	Elimu Fund	116,595,500	112,720,000	3,875,500	96.7
	Information Technology Headquarters	62,508,429	21,808,610	40,699,819	34.9
3017 Health Services	Administration Unit	3,154,266,976	3,821,625,324	-667,358,349	121.2
	Curative/Clinical Health Services	89,460,505	158,614,802	-69,154,297	177.3
	Preventive and Promotive Services Unit	83,062,125	86,416,380	-3,354,255	104
	Special Programs	940,000	70,393,611	-69,453,611	7,488.7
3018 Water, Sanitation & Natural Resources	Administration unit	222,921,259	16,788,256	206,133,004	7.5
	Sanitation/Sewerage Services Headquarters				
	Water Supply Headquarters	323,260,623	262,545,765	60,714,858	81.2
	Natural Resources				

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
3019 Youth, Gender , Sports and Cultural Affairs	Administration Unit	102,210,046	71,160,777	31,049,269	69.6
	Youth Empowerment	34,445,688	6,540,314	27,905,374	19
	Gender Affairs and Disability Mainstreaming	17,152,900	3,060,724	14,092,176	17.8
	Sports development	199,125,116	81,635,189	117,489,926	41
	Cultural Affairs	37,560,750	6,327,195	31,233,555	16.8
	Public Recreation and Entertainment	5,216,500	0	5,216,500	0
3020 Trade, Tourism & Investment	Administration Unit	237,896,892	196,067,975	41,828,917	82.4
	Trade Development	114,890,250	34,252,159	80,638,091	29.8
	Development of Tourism	25,167,952	699,046	24,468,906	2.8
	Investment Promotion and Products Headquarters	13,838,588	6,383,124	7,455,464	46.1
	Ease of Doing Business-Headquarters	2,623,809	1,500,000	1,123,809	57.2
3021 Lands, Housing and Physical Planning	Administration Unit	186,430,723	164,382,894	22,047,830	88.2
3022 Transport, Infrastructure & Public Works	Land Management Unit	74,508,872	9,458,448	65,050,424	12.7
	Housing Development Unit	93,611,330	18,805,717	74,805,613	20.1
	Administration Unit	388,652,139	435,470,691	-46,818,553	112
	Road and Transport Unit	1,291,098,404	662,959,883	628,138,521	51.3
	Works Unit	4,220,390	499,997	3,720,393	11.8
	Transport Planning, Management and Safety	107,216,688	52,746,216	54,470,472	49.2
	Mechanical Services	57,659,191	14,880,697	42,778,494	25.8
	Safety, Risk Management and Rescue Services	25,796,049	0	25,796,049	0
3023 Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	140,591,305	100,093,361	40,497,944	71.2
	Crop Management Unit	21,531,182	5,845,339	15,685,843	27.1
	Livestock Unit	12,849,088	1,833,776	11,015,312	14.3
	Fisheries Unit-Headquarters	45,660,954	19,025,120	26,635,834	41.7
	Veterinary Services	10,166,854	682,500	9,484,354	6.7
	Cooperatives	4,427,050	673,000	3,754,050	15.2
3026 Devolution & Public Service Administration	Administration	1,340,173,302	1,152,348,073	187,825,229	86
	Devolution and public service administration	39,172,796	96,123,839	-56,951,043	245.4
	Public Service Reforms and Delivery	49,036,733	3,340,000	45,696,733	6.8
	Compliance and Enforcement	89,041,250	0	89,041,250	0
	County Administration and decentralized services	50,503,587	15,674,556	34,829,031	31
County Assembly		744,382,857	657,067,263	87,315,594	88.3
Grand Total		13,670,000,000	10,795,462,690	2,874,537,310	79

Source: Mombasa County Treasury

The programs with the highest absorption rates were: Special Programs (Health Services) at 7,488.7 per cent, Devolution And Public Service Administration (Devolution & Public Service Administration) at 245.4 per cent, and Curative/Clinical Health Services 177.3 per cent of budget allocation. The above 100 per cent absorption rate is attributed to spending of revenue at source.

3.29.11 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial returns were received on 18th August 2020 and were incomplete as it did not contain information on outstanding pending bills.
2. A high wage bill, which accounted for 45.7 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. Under performance on own-source collection revenue at Kshs.3.26 billion against annual projection of Kshs.4.73 billion. The realised own source revenue represented 68.9 per cent of its annual target.
4. Use of revenue at source and weak budgeting practice by the County Treasury as shown in Table 3-138, Table 3-139 and Table 3-140 where the County incurred expenditure above approved budgetary allocations.
5. Discrepancies in the financial reports submitted by the County Treasury. The report on Budget Performance by Department shows that total recurrent and development expenditure as Kshs.8,933.62 million and Kshs.1,861.96 million respectively which varies with the report by economic classification which indicate recurrent expenditure of Kshs.7,645.9 million and development expenditure of Kshs.3,149.57 million.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012. Further, the County should ensure report on outstanding pending bills is prepared and updated on a regular basis for ease of submission in line with the law.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.*
4. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*
5. *The County Treasury should regularly reconcile the financial reports against the IFMIS generated reports to ensure reports on budget implementation are credible.*

3.30 County Government of Murang'a

3.30.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.8.82 billion, comprising of Kshs.3.27 billion (37.1 per cent) and Kshs.5.55 billion (62.9 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.29 billion (71.4 per cent) being equitable share of revenue raised nationally, Kshs.802.91 million (9.1 per cent) as total Conditional Grants, generate Kshs.960 million (10 per cent) from own sources of revenue, and the cash balance of Kshs.525 million (6 per cent) from FY 2018/19. The County also expected to receive Kshs.236.85 million (2.7 per cent) as "other revenues" not contained in the CARA, 2019.

3.30.2 Revenue Performance

During FY 2019/20, the County received Kshs.5.76 billion as equitable share of the revenue raised nationally, Kshs.670.07 million as total Conditional Grants, raised Kshs.580.30 million as own-source revenue, and had a cash balance of Kshs.525 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.77 billion as shown in Table 3-141.

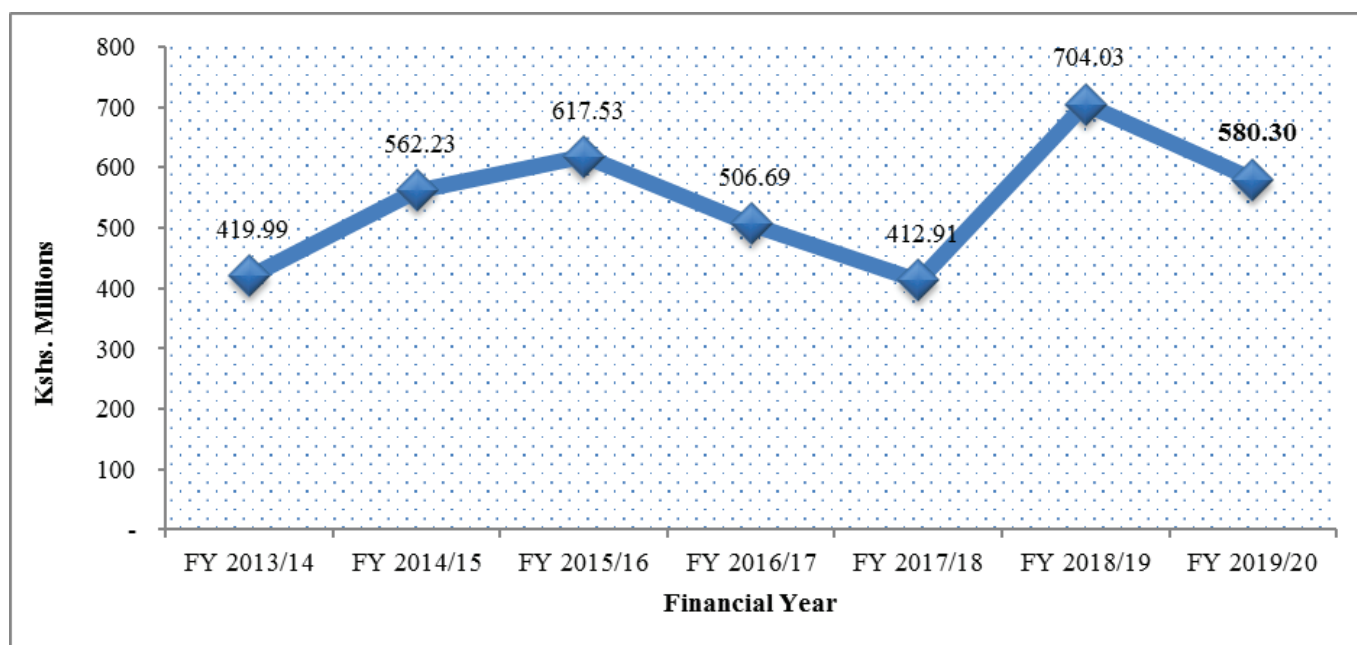
Table 3-141: Murang'a County, Revenue Performance in FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,298,350,000	6,298,596,826	5,756,691,900	91.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	20,138,691	20,138,691	20,138,691	100
2.	Leasing of Medical Equipment	131,914,894	-	-	
3.	Road Maintenance Fuel Levy Fund	178,782,844	178,782,844	178,782,844	100
4.	Rehabilitation of Village Polytechnics	83,268,298	83,268,298	83,268,298	100
Sub Total		414,104,727	282,189,833	282,189,833	100
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	76,894,209	76,894,209	77,074,190	100.2
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	307,623,650	307,623,650	208,695,938	67.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	62,437,600	62,437,600	44,657,794	71.5
5.	DANIDA Grant	18,656,250	18,656,250	18,656,250	100
6.	Sweden - Agricultural Sector Development Support Programme (ASD-SP) II	16,369,053	16,369,053	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
Sub Total		520,780,762	520,780,762	387,884,171	74.
D	Other Sources of Revenue				
1.	Own Source Revenue	-	960,000,000	580,301,431	60.4
2.	Balance b/f from FY 2018/19	-	525,000,000	525,000,000	100
3.	Other Revenues	-	236,853,910	236,853,910	100
Sub Total		-	1,721,853,910	1,342,155,341	77.9
Grand Total		7,233,235,489	8,823,421,331	7,768,921,245	88.0

Source: Murang'a County Treasury

Figure 3-58 shows the trend in own-source revenue collection from FY 2013/14 to FY 2019/20.

Figure 3-58: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Murang'a County Treasury

During FY 2019/20, the County generated a total of Kshs.580.30 million as own-source revenue. This amount represented a decrease of 17.6 per cent when compared to Kshs.704.03 million realised in FY 2018/19, and represented 60.4 per cent of the annual target.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.7.43 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.80 billion (37.8 per cent) for Development programmes and Kshs.4.63 billion (62.2 per cent) for Recurrent programmes.

3.30.4 Overall Expenditure Review

A total of Kshs.7.41 billion was spent on Development and Recurrent programmes and represented 99.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.8 billion and Kshs.4.61 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 85.7 per cent while that incurred on recurrent programmes represented an absorption rate of 83 per cent.

3.30.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.549.26 million as at June 30, 2020. These bills consisted of Kshs.393.48 million for development activities and Kshs.155.78 million for recurrent expenditure.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.56 billion was spent on Compensation to Employees, Kshs.1.05 billion on Operations and Maintenance, and Kshs.2.80 billion on Development expenditure.

Table 3-142: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,549,938,072	4,606,132,208	62.2	83
Compensation to Employees	4,200,248,149	3,558,568,049	48	84.7
Operations and Maintenance	1,349,689,923	1,047,564,159	14.1	77.6
Total Development Expenditure	3,273,483,259	2,804,472,261	37.8	85.7
Development Expenditure	3,273,483,259	2,804,472,261	37.8	85.7
Total	8,823,421,331	7,410,604,469	100	84

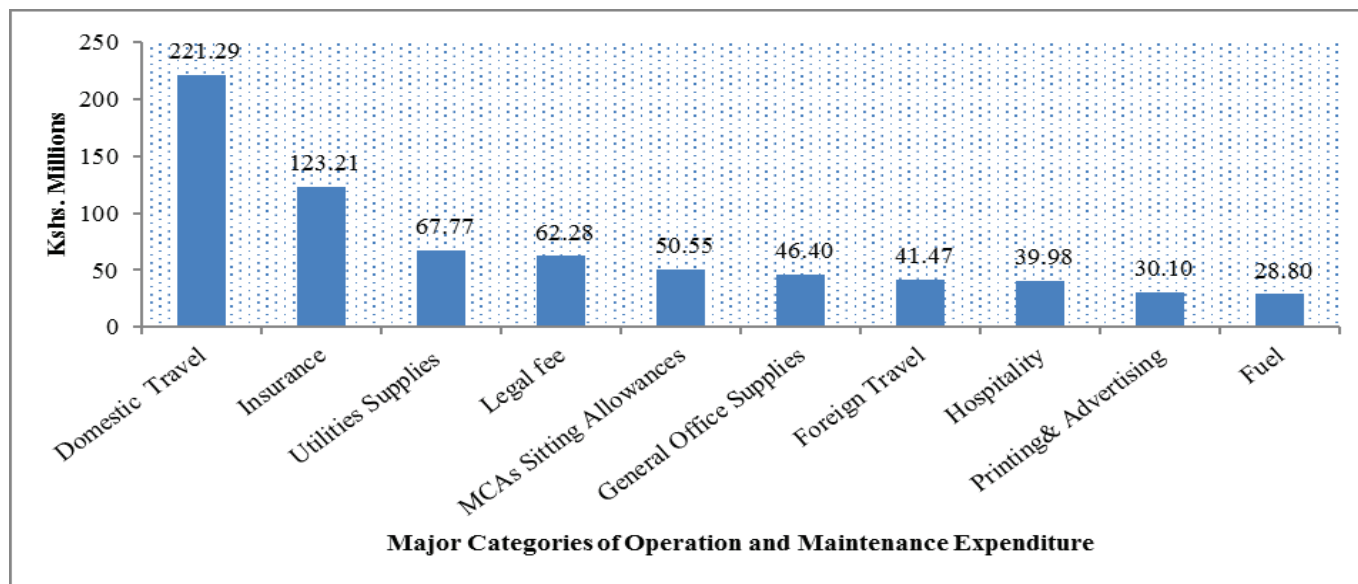
Source: Murang'a County Treasury

Expenditure on Compensation to Employees was 48 per cent of the total expenditure for the financial year and represented an increase of 3.3 per cent compared to FY 2018/19 when the County spent Kshs.3.45 billion.

3.30.7 Analysis of Operations and Maintenance Expenditure

Figure 3-59 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-59: Murang'a County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Murang'a County Treasury

The County spent Kshs.50.05 million on Committee Sitting Allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.64 million. The average monthly sitting allowance was Kshs.77,243 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.221.29 million and comprised of Kshs.125.26 million spent by the County Assembly and Kshs.95.93 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.41.47 million and comprised of Kshs.35.47 million spent by the County Assembly and Kshs.6 million by the County Executive.

3.30.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.80 billion represented 85.7 per cent of the annual development budget of Kshs.3.27 billion and represented an increase of 12.1 per cent compared to FY 2018/19 when the County spent Kshs.2.50 billion. Table 3-143 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-143: Murang'a County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Supply of Pharms and Non-Pharms Items	County Wide	1,018,924,209	988,140,516	97
2	School Feeding Programme	County Wide	100,000,000	84,133,764	84.1
3	Murang'a Cooperative Creameries Support	County Wide	68,026,574	68,026,574	100
4	Supply of Certified Seeds	County Wide	75,000,000	45,301,093	60.4
5	Supply of Fertilizer	County Wide	77,000,000	37,649,400	48.9
6	Health Infrastructure Development	County Wide	40,000,000	38,504,031	96.3
7	Avocado Value Addition	County Wide	35,000,000	34,909,759	99.7
8	Supply of Manure	County Wide	35,000,000	28,174,800	80.4
9	Medical and Other Equipment	County Wide	50,000,000	24,199,999	48.4
10	Supply And Installation of Animal Feeds Plant	County Wide	17,888,522	17,888,522	100.0

Source: Murang'a County Treasury

3.30.9 Budget Performance by Department

Table 3-144 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-144: Murang'a County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship, County Coordination And Administration	332.2	-	295.1	-	292.8	-	99.2	-	88.1	-
Finance, Information Technology and Economic Planning	278.9	16	188.5	-	188.5	-	100	-	67.6	-
Agriculture, Livestock and Fisheries	259.6	592.5	141.3	537.1	126.8	537.07	89.8	100	48.8	90.6
Energy Transport and Roads	24.7	709.5	14.9	634.6	14.9	634.60	100	100	60.2	89.4
Commerce, Trade, Industry and Tourism	24.2	230.8	17.5	221.3	17.5	221.31	100	100	72.4	95.9
Health and Sanitation	2,150.6	1,111.9	1,980.3	1,084.1	1,980	1,084.09	100	100	92.1	97.5
Lands, Housing & Physical Planning	87.4	71.9	64.5	5.6	64.5	5.61	100	100	73.8	7.8
Education & Technical Training	398.5	273.9	296.7	211.8	294.7	211.84	99.3	100	73.9	77.3
Public Service	945.7	-	883.5	-	883.5	-	100	-	93.4	-
Youth, Culture, Gender, Social Services & Special Programs	122.2	73	71.5	47.2	71.5	47.20	100	100	58.5	64.7
Environment & Natural Resources	48.9	44	29.5	10.2	29.5	10.24	100	100	60.4	23.3
County Public Service Board	46.2	-	27.0	-	27	-	100	-	58.5	-
Water & Irrigation	55.6	120	46.2	45.8	46.2	44.27	100	96.7	83.1	36.9
County Assembly	775.1	30	569.4	12	568.47	8.26	99.8	68.8	73.3	27.5
Total	5,549.94	3,273.5	4,625.9	2,809.7	4,606.13	2,804.47	99.6	99.8	83	85.7

Source: Murang'a County Treasury

Analysis of expenditure by department shows that the Department of Health and Sanitation recorded the highest absorption rate of development budget at 97.5 per cent while the Department of Finance, Information Technology and Economic Planning did not report any expenditure on development activities. The Department of Public Service had the highest percentage of recurrent expenditure to recurrent budget at 93.4 per cent while the Department of Agriculture, Livestock and Fisheries had the lowest at 48.8 per cent.

3.30.10 Budget Execution by Programmes and Sub-Programmes

Table 3-145 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-145 : Murang'a County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Cash Crop Development and Management	Land and Crops Development	3,900,000	3,830,997	69,003	98.2
	Promotion Food Security	268,569,053	268,569,053	-	100
	Sub- Total	272,469,053	272,400,050	69,003	100

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Livestock and fisheries Development	Formation of Fisheries and Co-operatives	5,000,000	3,860,000	1,140,000	77.2
	Value addition and marketing of fish products	114,173,298	93,669,238	20,504,060	82
	Local Poultry Development	2,000,000	1,845,089	154,911	92.3
	Sub- Total	121,173,298	99,374,327	21,798,971	82
Land survey, housing and administration	Land Policy and Planning	2,500,000	-	2,500,000	-
	Land Survey	1,000,000	-	1,000,000	-
	Sub- Total	3,500,000	-	3,500,000	-
Agribusiness and Information Management	Agribusiness and Market Development	4,200,000	1,777,345	2,422,655	42.3
	Sub- Total	4,200,000	1,777,345	2,422,655	42.3
Livestock Resources Management and Development	Livestock Diseases Management and Control	16,000,000	8,316,059	7,683,941	52
	Sub- Total	16,000,000	8,482,589	7,517,411	53
Land Administration and Management	Land Administration and Management	5,319,000	2,869,336	2,449,664	53.9
	Sub- Total	5,319,000	2,869,336	2,449,664	53.9
Road Transport	Construction of Roads and Bridges	19,411,500	14,829,290	4,582,210	76.4
	General Administration, Planning and Support Services	711,487,335	617,478,466	94,008,869	86.8
	Sub- Total	730,898,835	632,307,756	98,591,079	86.5
ICT Infrastructure Development	ICT Infrastructure Connectivity	5,000,000	-	5,000,000	-
	Sub- Total	5,000,000	-	5,000,000	-
Tourism Development and Promotion	Tourism Promotion and Marketing	3,300,000	3,206,414	93,586	97.2
	Sub- Total	3,300,000	3,206,414	93,586	97.2
Trade Promotion and marketing	Domestic Trade Development	230,832,114	128,840,419	101,991,695	55.8
	Sub- Total	230,832,114	128,840,419	101,991,695	55.8
Cooperative Development and Management	Governance and Accountability	3,100,000	1,558,738	1,541,262	50.3
	Co-operative Advisory Services	20,779,074	8,226,097	12,552,977	39.6
	Sub- Total	23,879,074	9,784,835	14,094,239	41
Trade Development and Promotion	Domestic Trade Development	4,600,000	4,331,960	268,040	94.2
	Fair Trade and Consumer Protection	3,100,000	2,438,347	661,653	78.7
	Sub- Total	7,700,000	6,770,307	929,693	87.9
Curative Health Services	Forensic and Diagnostics	3,000,000	1,887,310	1,112,690	62.9
	Free Primary Healthcare	381,865,209	275,993,517	105,871,692	72.3
	Sub- Total	384,865,209	277,880,827	106,984,382	72.2
Prevention Curriculum Development	Treatment and rehabilitation	3,000,000	2,794,703	205,297	93.2
	Sub- Total	3,000,000	2,794,703	205,297	93.2
Education	Early Childhood Development Education	138,500,000	79,662,095	58,837,905	57.5
	Motivation of Primary and Secondary School	26,000,000	4,553,034	21,446,966	17.5
	Sub- Total	164,500,000	84,215,129	80,284,871	
Infrastructure Development and Expansion	Technical Vocational Education and Training	67,437,600	-	67,437,600	-
	Sub- Total	67,437,600	-	67,437,600	-
Revitalization of Youth Polytechnics	Youth Training and Development	112,868,298	86,855,650	26,012,648	77
	Sub- Total	112,868,298	86,855,650	26,012,648	77
County Administrative Services	General Administration, Planning and Support Services	20,000,000	1,388,000	18,612,000	6.9
	Sub- Total	20,000,000	1,388,000	18,612,000	6.9
Legislation, Treaties and Advisory Services	Legislation, Treaties and Advisory Services	288,900,000	246,269,438	42,630,562	85.2
	Public Trusts and Estates Management	1,000,000	606,986	393,015	60.7
	Oversight	221,350,000	147,043,190	74,306,810	66.4
	Sub- Total	511,250,000	393,919,614	117,330,386	77.1

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Human Resource Management	Human Resource Management	16,198,711	5,415,810	10,782,901	33.4
	Staff Training and Capacity Building	314,123,650	238,457,106	75,666,544	75.9
	Sub- Total	330,322,361	243,872,916	86,449,445	73.8
Budget Formulation Coordination and Management	Budget Formulation Coordination and Management	4,500,000	4,399,557	100,443	97.8
	Economic Planning and CIDP Review	4,500,000	4,240,447	259,553	94.2
	Sub- Total	9,000,000	8,640,004	359,996	96
Public Participation	Public Participation	5,500,000	4,927,055	572,945	89.6
	Sub- Total	5,500,000	4,927,055	572,945	89.6
General Administration Planning and support Services	General Administration Planning and support Services	5,349,907,747	4,965,651,931	384,255,816	92.8
	Sub- Total	5,349,907,747	4,965,651,931	384,255,816	92.8
Gender & Youth Empowerment	Youth Development Services	2,100,000	1,684,000	416,000	80.2
	Gender & Socio-economic empowerment	30,000,000	16,484,861	13,515,139	54.9
	Sub- Total	32,100,000	18,168,861	13,931,139	56.6
Public Financial Management	Accounting Services	1,000,000	73,080	926,920	7.3
	Public Financial Management Reforms	11,000,000	9,988,704	1,011,296	90.8
	Sub- Total	12,000,000	10,061,784	1,938,216	83.8
Audit Services	County Governments Audit	5,449,999	4,834,011	615,988	88.7
	General Administration Planning and Support Services	6,500,000	5,757,531	742,469	88.6
	Sub- Total	11,949,999	10,591,542	1,358,457	88.6
Control and Management of Public finances	Budget implementation and Monitoring	5,300,000	5,063,510	236,490	95.5
	Sub- Total	5,300,000	5,063,510	236,490	95.5
Social Assistance to vulnerable groups	Social Assistance to vulnerable groups	78,172,926	40,080,245	38,092,681	51.3
	Persons Living With Disabilities	5,000,000	3,010,156	1,989,844	60.2
	Disaster Fund Management	9,500,000	8,893,029	606,971	93.6
	Sub- Total	92,672,926	51,983,430	40,689,496	56.1
Development and Management of Sports Facilities	Development and Management of Sports Facilities	50,052,096	29,723,791	20,328,305	59.4
	Sub- Total	50,052,096	29,723,791	20,328,305	59.4
Development And Promotion of Culture	Development And Promotion of Culture	3,213,594	834,960	2,378,634	26
	Sub- Total	3,213,594	834,960	2,378,634	26
Environmental Leadership and Governance	Environmental Leadership and Governance	18,000,000	4,111,101	13,888,899	22.8
	Sub- Total	18,000,000	4,111,101	13,888,899	22.8
Hazardous Waste	Hazardous Waste	39,600,000	14,106,282	25,493,718	35.6
	Sub- Total	39,600,000	14,106,282	25,493,718	35.6
Water Resources Management	Water Supply Infrastructure	175,610,127	30,000,000	145,610,127	17.1
	Sub- Total	175,610,127	30,000,000	145,610,127	17.1
Grand Total		8,823,421,331	7,410,604,469	1,412,816,863	84

Source: Murang'a County Treasury

Based on expenditure absorption rate as shown in Table 3-145, the programs with the highest absorption rates were: Cash Crop Development and Management at 100 per cent, Land and Crops Development at 98.2 per cent, Tourism Development and Promotion at 97.2 per cent, and Prevention Curriculum Development at 93.4 per cent of budget allocation.

3.30.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 48 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.580.30 million against annual projection of Kshs.960 million. The realised own source revenue represented 60.4 per cent of its annual target.
4. High pending bills which amounted to Kshs.549.26 million as at end of FY 2019/20.
5. Failure to establish an Internal Audit Committee to oversee operations in the County contrary to Section 155 of the PFM Act, 2012.
6. Failure by the National Treasury to disburse the equitable share of revenue raised nationally as per the Approved Disbursement Schedule during the FY 2019/20.

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

1. *The County Treasury should ensure timely preparation and submission of financial in line with Section 166 of PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.*
4. *The County Treasury should ensure unsettled but finalized and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*
5. *The County should establish an Internal audit Committee in line with Section 155 of the PFM Act, 2012.*
6. *The County Treasury should liaise with the National Treasury to ensure that allocated funds are released in a timely manner in line with the Approved Disbursement Schedule.*

3.31 County Government of Nairobi City

3.31.1 Overview of the FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.36.98 billion, comprising of Kshs.8.08 billion (21.9 per cent) and Kshs.28.9 billion (78.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.15.92 billion (43 per cent) as equitable share of revenue raised nationally, Kshs.1.16 billion (3.1 per cent) as total conditional grants inclusive of Kshs.415 million from the Road Maintenance Fuel Levy Fund allocation for FY 2018/19, generate Kshs.17 billion (46.0 per cent) from own source revenue, and Kshs.2.55 billion (6.9 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Ksh.344.65 million (1.0 per cent) as Appropriations in Aid.

3.31.2 Revenue Performance

During the FY 2019/20, the County received Kshs.11.45 billion (48.8 per cent) as equitable share of the revenue raised nationally, raised Kshs.8.52 billion (36.4 per cent) from own-source revenue, received Kshs.722.73 million (3.1 per cent) as total Conditional grants, and had a cash balance of Kshs.2.55 billion (10.9 per cent) from FY 2018/19. The County also received Ksh.191.62 million (0.8 per cent) as Appropriations in Aid. The total funds available for budget implementation amounted to Kshs.23.43 billion as shown in Table 3-146.

Table 3-146: Nairobi City County, Revenue Performance in FY 2019/20

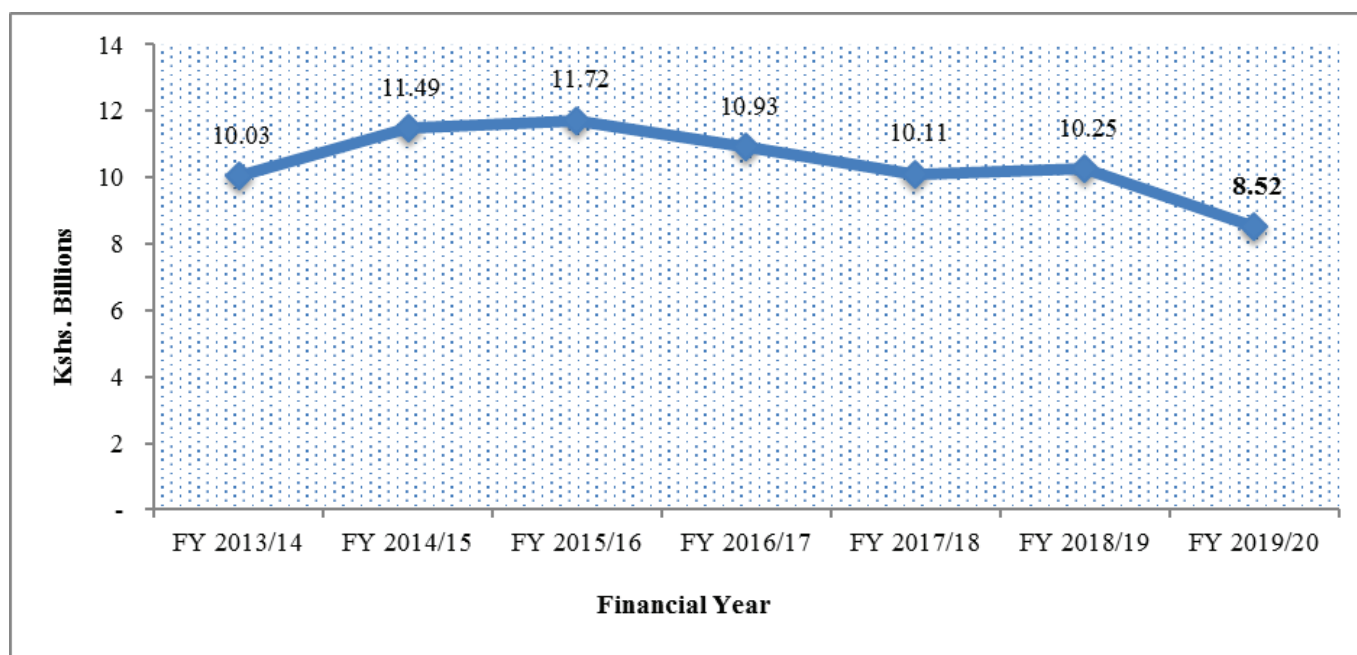
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	15,919,950,000	15,919,950,000	11,446,444,050	71.9
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	79,423,251	79,423,251	79,423,251	100
2	Leasing of Medical Equipment	131,914,894	-	-	-
3	Road Maintenance Fuel Levy Fund	451,898,344	867,745,874	415,847,530	47.9
4	Rehabilitation of Village Polytechnics	22,998,298	22,998,298	22,998,292	99.9
	Sub Total	686,234,787	970,167,423	518,269,073	53.4
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	96,359,510	96,359,510	96,359,510	100
2	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
3	DANIDA Grant	47,156,250	47,156,250	64,761,250	137.3
4	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	21,183,840	21,183,840	13,341,920	63
	Sub Total	194,699,600	194,699,600	204,462,680	105
D	Other Sources of Revenue				
1	Own Source Revenue	-	17,002,485,730	8,523,449,021	50.1
2	Balance b/f from FY 2018/19	-	2,549,433,186	2,549,433,186	100
3	A-I-A	-	344,654,947	191,617,047	55.6
	Sub Total	-	19,896,573,863	11,264,499,254	56.6
	Grand Total	16,800,884,387	36,981,390,886	23,433,675,057	63.4

Source: Nairobi City County Treasury

The DANIDA grant recorded the highest performance at 137.3 per cent due to an additional grant of Kshs.17.6 million meant for COVID-19 interventions.

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-60.

Figure 3-60: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Nairobi City County Treasury

During the FY 2019/20, the County generated a total of Kshs.8.52 billion as own-source revenue. This amount represented a decrease of 16.9 per cent when compared to Kshs.10.25 billion realised in FY 2018/19, and represented 50.1 per cent of the annual target.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.23.33 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.2.17 billion (9.3 per cent) for development programmes and Kshs.21.16 billion (90.7 per cent) for recurrent programmes.

3.31.4 Overall Expenditure Review

A total of Kshs.23.35 billion was spent on development and recurrent programmes and represented 100.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.98 billion and Kshs.21.37 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 24.5 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 74 per cent.

3.31.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.78.7 billion as at June 30, 2020. These bills consisted of Kshs.1.33 billion for development activities and Kshs.77.36 billion for recurrent expenditure.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.13.24 billion was spent on compensation to employees, Kshs.8.13 billion on operations and maintenance, and Kshs.1.98 billion on development expenditure.

Table 3-147: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	28,896,558,910	21,373,486,901	91.5	74
Compensation to Employees	14,378,175,998	13,243,351,242	56.7	92.1
Operations and Maintenance	14,518,382,912	8,130,135,659	34.8	56
Total Development Expenditure	8,084,831,978	1,979,948,407	8.5	24.5
Development Expenditure	8,084,831,978	1,979,948,407	8.5	24.5
Total	36,981,390,888	23,353,435,308	100	63.1

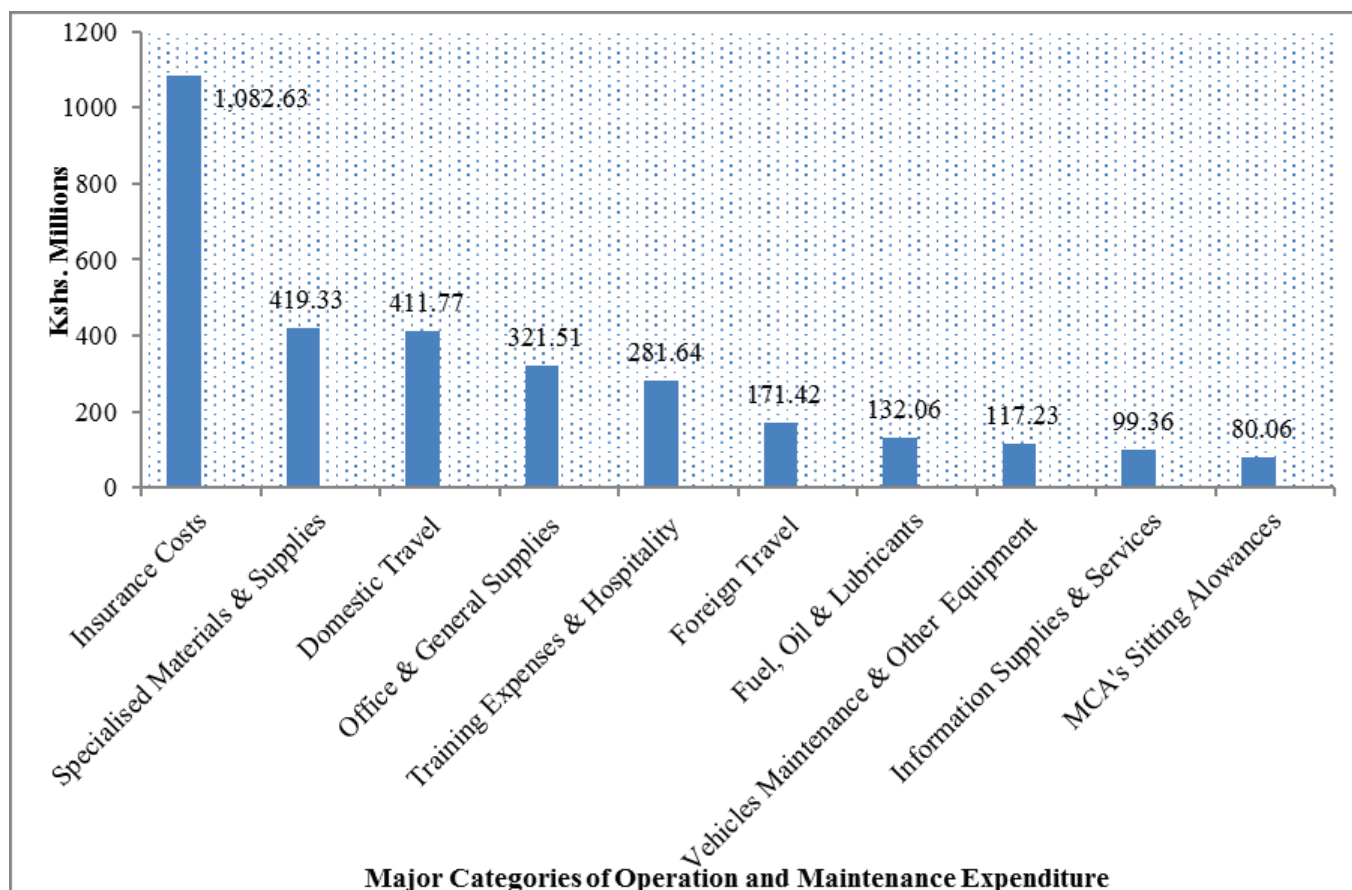
Source: Nairobi City County Treasury

Expenditure on compensation to employees was 56.7 per cent of total expenditure for the financial year and represented a decrease of 3.6 per cent compared to FY2018/19 when the County spent Kshs.13.74 billion.

3.31.7 Analysis of Operations and Maintenance Expenditure

Figure 3-61 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-61: Nairobi City County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Nairobi City County Treasury

The County spent Kshs.80.06 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.102.40 million. The average monthly sitting allowance translated to Kshs.53,805 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.411.77 million and comprised of Kshs.149.48 million spent by the County Assembly and Kshs.262.30 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.171.42 million and comprised of Kshs.91.97 million spent by the County Assembly and Kshs.79.44 million spent by the County Executive.

3.31.8 Development Expenditure Analysis

The total development expenditure of Kshs.1.98 billion represented 24.5 per cent of the annual development budget of Kshs.8.08 billion and represented a decrease of 66.4 per cent compared FY2018/19 when the County spent Kshs.5.90 billion. Table 3-148 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-148: Nairobi City County, List of Development Projects with the Highest Expenditure in FY 2019/20.

S / No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	FY 2018/2019 Road Maintenance Fund (RMF) Projects	various	415,847,530	184,680,366	44.4
2	Construction of public transport facility and Njiriris along Mumias Road	Njiriris along Mumias Road	48,858,338	48,858,338	100
3	Construction of wards at Mama Lucy Kibaki Hospital	Mama Lucy Kibaki Hospital	40,000,000	13,881,756	34.7
4	Supply and delivery of Green Houses	Various	39,000,000	25,621,632	65.7
5	Proposed Construction of Street Children Rehabilitation Centre Ruai	Ruai	20,000,000	7,519,353	37.6
6	Rehabilitation of Ngara lane	Ngara	15,589,608	15,589,608	100

S / No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
7	Part perimeter fence at Lang'ata west primary school	Lang'ata west primary school	14,068,084	14,068,084	100
8	Grading, gravelling and drainage improvement along selected roads in Komarock ward	Komarock ward	12,832,271	12,832,271	100
9	Grading, gravelling and drainage improvement of selected roads within kawangware ward	kawangware ward	11,390,299	11,390,299	100
10	Grading and gravelling along mowlem road.	Mowlem road	5,627,906	5,627,906	100
11	Renovation and painting of County Houses both Buru Buru and Harambee Flats: Cert 2	Buru Buru and Harambee Flats	2,416,321	2,416,321	100

Source: Nairobi City County Treasur

3.31.9 Budget Performance by Department

Table 3-149 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-149: Nairobi City County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. 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	52.2	-	30.1	-	30.1	-	100	-	57.6	-
Office Of Governor & Deputy Governor	5,556.5	272	4,749.2	21	4,749.2	21	100	100	85.5	7.7
ICT, E-Govt & Public Communications	192.7	373	108.5	-	108.5	-	100	-	56.3	-
Finance & Economic Planning	5,644.7	1,063.1	4,469.6	674.4	4,469.6	674.4	100	100	79.2	63.4
Health	6,214.7	323.1	5,259.4	35	5,259.4	35	100	100	84.6	10.8
Urban Planning And Lands	441.7	100.8	349.6	5	349.6	5	100	100	79.1	5
Public Works ,Transport & Infrastructure	1,109.5	2,535.3	830.2	1,094.6	830.2	863.4	100	78.9	74.8	34.1
Education, Youth Affairs, Sports, Culture & Social Services	1,636.5	247.8	871.8	30.1	871.8	60.7	100	201.9	53.3	24.5
Trade, Commerce, Tourism & Cooperatives	575.8	128	386.8	15.9	386.8	15.9	100	100	67.2	12.4
Public Service Management	1,171	20	1,045.1	-	1,045.1	-	100	-	89.2	-
Agriculture, Livestock Development, Fisheries & Forestry	345.7	79.3	203.9	35.5	203.9	35.5	100	100	59.0	44.7
County Assembly	1,410	44.7	1,303.8	-	1,303.8	-	100	-	92.5	-
Environment, Water, Energy & Natural Resources	1,650.5	230.8	1,416.1	54	1,416.1	54	100	100	85.8	23.4
Urban Renewal And Housing	108.1	60.4	84.6	-	84.6	-	100	-	78.3	-
Ward Development Programme	34.4	1,305.4	11.6	202.8	11.6	202.8	100	100	33.6	15.5
Emergency Fund	250	-	43.1	-	43.1	-	100	-	17.2	-
Liquor Licensing Board	251	52	-	-	210.2	12.3	-	-	83.7	23.6
Nairobi Metropolitan Services	2,252	1,249.1	-	-	-	-	-	-	-	-
Total	28,897	8,084.8	2,1163	2,168.2	2,1373.5	1,979.9	101	91.3	74	24.5

Source: Nairobi City County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 63.4 per cent. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 92.5 per cent. The Nairobi Metropolitan Services did not report any expenditure during the period under review.

3.31.10 Budget Execution by Programmes and Sub-Programmes

Table 3-150 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-150 : Nairobi City County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Vote Code Title	Programme Code And Title	Revised 2019/2020 FY Budget	Actual Expenditure	Variance	Absorption (%)
		Kshs.	Kshs.	Kshs.	
5311000000 County Public Service Board	0701000 P1 General Administration Planning And Support Services	52,214,502	30,061,676	22,152,826	57.6
	0701010 Sp.1.1 General Administration Planning And Support Services	52,214,502	30,061,676	22,152,826	57.6
	Total 5311000000 County Public Service Board	52,214,502	30,061,676	22,152,826	57.6
5312000000 Office Of Governor & Deputy Governor	0718005310 General Administrative Services	2,676,431,199	2,242,653,094	433,778,105	83.8
	0718015310 Sp1 General Administration & Support Services	429,153,312	355,377,149	73,776,163	82.8
	0718025310 Sp2 Sub County Administration	1,921,052,981	1,649,661,293	271,391,688	85.9
	0718075310 Sp7 County Executive	234,623,965	181,689,644	52,934,321	77.4
	0718095310 Sp9 Audit	91,600,941	55,925,009	35,675,932	61.1
	0724005310 P 24 Security And Safety Management	2,022,084,878	1,748,036,267	274,048,611	86.4
	0724055310 Inspectorate	1,961,082,477	1,693,227,760	267,854,717	86.3
	0724015310 Sp 24.1 Investigative Services	61,002,401	54,808,507	6,193,894	89.8
	P; 0726005310:Disaster Management Coordination	500,687,547	174,024,276	326,663,271	34.8
	072601510: Fire & Disaster Management	500,687,547	174,024,276	326,663,271	34.8
	0725005310 P 25 Management Of Legal Affairs	629,255,142	605,440,391	23,814,751	96.2
	0725015310 Sp 25.1 Legal Services	629,255,142	605,440,391	23,814,751	96.2
	Total 5312000000 Office Of Governor & Deputy Governor	5,828,458,766	4,770,154,029	1,058,304,737	81.8
5313000000 Ict, E-Govt & Public Communications	0207000 P1: General Administration Planning And Support Services	99,890,049	82,791,953	17,098,097	82.9
	0207010 Sp 1: General Administration, Planning And Support Services	99,890,049	82,791,953	17,098,097	82.9
	0208000 P2: Information And Communication Services	353,976,473	25,672,072	328,304,400	7.3
	0208010 Sp 2.1: News And Information Services	64,250,000	22,123,737	42,126,263	34.4
	0208030 Sp 2.3: Ict And Media Regulatory Services	8,671,373	1,912,925	6,758,448	22.1
	0208040 Sp 2.4 E-Government Services	281,055,100	1,635,410	279,419,690	0.6
	0210005310 Ict Infrastructure Development	111,800,000	-	111,800,000	-

Vote Code Title	Programme Code And Title	Revised 2019/2020 FY Budget	Actual Expenditure	Variance	Absorption (%)
		Kshs.	Kshs.	Kshs.	
	0210010 Sp1: Ict Infrastructure Connectivity	106,400,000	-	106,400,000	-
	0210035310 Sp 3:Information Security	5,400,000	-	5,400,000	-
	Total 5313000000 Ict, E-Govt & Public Communications	565,666,522	108,464,025	457,202,497	19.2
5314000000 Finance & Economic Planning	0701005310 Public Financial Management	5,667,404,491	4,274,536,625	1,392,867,865	75.4
	0701015310 Assets Management Services	272,843,720	211,590,510	61,253,210	77.6
	0701065310 Sp1.6 Accounting Services	5,032,283,397	3,853,724,649	1,178,558,748	76.6
	0701075310 Sp1.7 Budget Formulation Coordination And Mgt	113,705,010	47,534,824	66,170,186	41.8
	0701085310 Sp1.8 Resource Mobilization	125,494,700	70,626,413	54,868,287	56.3
	070115310 Debt Management Services	13,949,500	1,265,300	12,684,200	9.1
	0718085310 Sp8 Supply Chain Management	109,128,164	89,794,930	19,333,234	82.3
	0718005310 General Administrative Services	936,079,417	838,906,035	97,173,382	89.6
	0718015310 Sp1 General Administration & Support Services	936,079,417	838,906,035	97,173,382	89.6
	0719000 P3: Economic And Financial Policy Formulation And Management	104,338,463	30,499,795	73,838,668	29.2
	0719010 Sp 3.1 Fiscal Policy Formulation, Development And Management	104,338,463	30,499,795	73,838,668	29.2
	Total 5314000000 Finance & Economic Planning	6,707,822,371	5,143,942,456	1,563,879,915	76.7
	5315000000 Health	0401000 P.1 Preventive & Promotive Health Services	240,501,723	185,332,552	55,169,171
0401115310 Hiv/Aids Prevention & Control Unit		3,366,402	75,000	3,291,402	2.2
0401125310 Tb Control		1,393,700	-	1,393,700	-
0401135310 Malaria Control & Other Communicable Diseases		973,100	117,600	855,500	12.1
0401145310 Reproductive Health & Maternal Health (Rmncah)		147,860,421	145,312,152	2,548,269	98.3
0401155310 Environmental / Public Health		86,908,100	39,827,800	47,080,300	45.8
0402005310 Curative Care		567,788,679	131,394,898	436,393,781	23.1
0402065310 Sp.2.6 County Referral Hospitals		360,202,000	102,086,656	258,115,344	28.3
0402075310 Sp.2.7 Health Centres & Dispensaries		207,586,679	29,308,242	178,278,437	14.1
0404005310 General Administration, Planning And Support Services		5,729,524,146	4,977,656,049	751,868,097	86.9
0404015310 Sp4.1 Administration/Human Resource For Health		5,180,642,446	4,699,776,808	480,865,638	90.7
0404025310 Sp4.2 Health Policy, Planning & Financing		26,358,900	2,276,509	24,082,391	8.6
0404035310 Sp 4.3 Health Commodities		480,263,800	275,048,376	205,215,424	57.3

Vote Code Title	Programme Code And Title	Revised 2019/2020 FY Budget	Actual Expenditure	Variance	Absorption (%)
		Kshs.	Kshs.	Kshs.	
	0404045310 Sp 4.4 Research, Quality Assurance & Standards Unit	20,121,700	554,356	19,567,344	2.8
	0404055310 Sp 4.5 Coroner Services Unit	22,137,300	-	22,137,300	-
	Total 5315000000 Health	6,537,814,548	5,294,383,499	1,243,431,049	81.0
5316000000 Urban Planning And Lands	0106000 P 6 General Administration Planning And Support Services	213,837,689	192,306,604	21,531,085	89.9
	0106010 Sp.6.1 Administration, Planning & Support Services	213,837,689	192,306,604	21,531,085	89.9
	0114005310 P.8:Urban Planning, Compliance & Enforcement	107,193,887	11,022,588	96,171,299	10.3
	0114015310 Sp 8.1 Urban Planning	81,731,567	9,062,162	72,669,405	11.1
	0114025310 Sp 8.2 Enforcement And Compliance	25,462,320	1,960,426	23,501,894	7.7
	0115005310 P.9:Land Management	221,551,437	151,235,980	70,315,457	68.3
	0115015310 Sp 9.1 Valuation Services	43,830,300	9,559,584	34,270,717	21.8
	0115025310 Sp 9.2 Land Survey	163,733,096	139,683,828	24,049,268	85.3
	0115035310 Sp 9.3 Administrative Services	13,988,041	1,992,568	11,995,473	14.2
		Total 5316000000 Urban Planning And Lands	542,583,013	354,565,171	188,017,842
5317000000 Public Works ,Transport & Infrastructure	0207000 P1: General Administration Planning And Support Services	1,066,497,939	811,474,350	255,023,589	76.1
	0207010 Sp 1: General Administration, Planning And Support Services	1,066,497,939	811,474,350	255,023,589	76.1
	0211005310 P5:Roads,Drainage & Bridges	2,288,784,776	738,908,133	1,549,876,643	32.3
	0211015310 Sp 5.1 Construction Roads & Drainages & Maintenance	2,288,784,776	738,908,133	1,549,876,643	32.3
	0212005310 P6:Road Safety Interventions	86,720,000	51,276,355	35,443,645	59.1
	0212015310 Sp 6.1 Transport Facilities & Traffic Management	86,720,000	51,276,355	35,443,645	59.1
	0213005310 P7: Institutional Buildings & Maintenance	202,800,000	92,015,786	110,784,214	45.4
	0213015310 Sp 7.1 Public Street Lighting Installations & Maintenances	197,000,000	92,015,786	104,984,214	46.7
	0213025310 Sp 7.2 Motor Vehicle, Machinery & Plant Maintenance	5,800,000	-	5,800,000	0.0
	0213035310 Sp 7.3 Institutional Buildings Maintenance	-	-	-	-
	Total 5317000000 Public Works ,Transport & Infrastructure	3,644,802,715	1,693,674,624	1,951,128,090	46.5
5318000000 Education, Youth Affairs, Sports, Culture & Social Services	0508005310 General Administration, Planning And Support Services	1,270,471,548	668,866,733	601,604,815	52.6

Vote Code Title	Programme Code And Title	Revised 2019/2020 FY Budget	Actual Expenditure	Variance	Absorption (%)
		Kshs.	Kshs.	Kshs.	
	0508025310 Sp 8.2 General Administration & Support Services	1,270,471,548	668,866,733	601,604,815	52.6
	0509005310 P9 Education Services	184,293,748	34,951,382	149,342,366	19.0
	0509015310 Sp 9.1 Quality Assurance And Co-Curriculum	847,200	267,200	580,000	31.5
	0509025310 Sp 9.2 Early Childhood Development Centers	108,160,000	-	108,160,000	-
	0509035310 Sp 9.3 Technical And Vocational Training	75,286,548	34,684,182	40,602,366	46.1
	0902005310 2.1 Social Services	429,519,719	228,771,093	200,748,626	53.3
	0902015310 General Administration & Support Services	172,983,527	151,857,975	21,125,552	87.8
	0902025310 Sp 2.2 Gender And Community Empowerment	17,340,000	783,703	16,556,297	4.5
	0902035310 Sp 2.3 Development And Promotion Of Culture/ Heritage	21,198,440	880,300	20,318,140	4.2
	0902045310 Sp 2.4 Development And Promotion Of Sports	133,631,081	42,058,648	91,572,433	31.5
	0902055310 Sp 2.5 Youth Empowerment And Promotion	17,281,290	14,035,942	3,245,348	81.2
	0902065310 Sp 2.6 Social Welfare And Care For The Aged	26,542,960	9,892,817	16,650,143	37.3
	0902075310 Sp 2.7 Promotion Of Library And Information Services	3,515,421	377,105	3,138,316	10.7
	0902085310 Sp 2.8 Rescue And Rehabilitation Of Children Services	37,027,000	8,884,603	28,142,397	24
	Total 5318000000 Education, Affairs, Sports, Culture & Social Services	1,884,285,015	932,589,208	951,695,807	49.5
5319000000 Trade, Commerce, Tourism & Cooperatives	0301000 P.1 General Administration Planning And Support Services	408,687,118	355,661,137	53,025,981	87.0
	0301010 Sp1 General Administration Planning And Support Services	408,687,118	355,661,137	53,025,981	87
	0310005310 P.10 Co-Operative Development And Audit Services	30,225,300	8,265,817	21,959,483	27.3
	0310015310 Sp 10.1 Cooperative Development Services	22,400,000	8,030,817	14,369,183	35.9
	0310025310 Sp 10.2 Cooperative Audit Services	7,825,300	235,000	7,590,300	3
	0311005310 P.11 Tourism Promotion And Marketing	24,800,000	1,153,900	23,646,100	4.7
	0311015310 Sp 11.1 Tourism Development	24,800,000	1,153,900	23,646,100	4.7
	0312005310 P.12 Trade Development And Market Services	165,030,000	31,101,858	133,928,142	18.8
	0312015310 Sp 12.1 Trade Development	82,630,000	2,981,001	79,648,999	3.6
	0312025310 Sp 12.2 Market Services	82,400,000	28,120,857	54,279,143	34.1

Vote Code Title	Programme Code And Title	Revised 2019/2020 FY Budget	Actual Expenditure	Variance	Absorption (%)
		Kshs.	Kshs.	Kshs.	
	0313005310 P.13 Licensing And Fair Trade Practices	75,044,475	6,491,249	68,553,226	8.6
	0313015310 Sp 13.1 Liquor Licensing & Regulation	-	-	-	-
	0313025310 Sp 13.2 Weights & Measures Services	38,599,975	340,300	38,259,675	0.9
	0313035310 Sp 13.3 Trade Licensing Services	21,644,500	44,000	21,600,500	0.2
	0313045310 Sp 13.4 Betting & Gaming Services	14,800,000	6,106,949	8,693,051	41.3
	Total 5319000000 Trade, Commerce, Tourism & Cooperatives	703,786,893	402,673,961	301,112,932	57.2
	0701000 P1 General Administration Planning And Support Services	257,531,132	220,151,636	37,379,496	85.5
	0701010 Sp.1.1 General Administration Planning And Support Services	257,531,132	220,151,636	37,379,496	85.5
	0710000 P 5: Public Service Transformation	907,592,428	821,231,106	86,361,322	90.5
	0710010 S.P.5.1 Human Resource Management	833,824,480	796,832,044	36,992,436	95.6
	0710020 S.P.5.2 Human Resource Development	73,767,948	24,399,062	49,368,886	33.1
5320000000 Public Service Management	0723005310 P 23 Performance Management And Public Service Delivery	25,876,230	3,683,705	22,192,525	14.2
	0723015310 Sp 23.1 Performance Contracting Management	9,033,680	1,745,758	7,287,922	19.3
	0723025310 Sp 23.2 Governance Monitoring And Evaluation	8,862,550	1,725,348	7,137,202	19.5
	0723035310 Sp 23.3 Quality Management Systems And Iso Certification	7,980,000	212,599	7,767,401	2.7
	Total 5320000000 Public Service Management	1,190,999,790	1,045,066,447	145,933,343	87.7
	0106000 P 6 General Administration Planning And Support Services	221,295,211	198,523,916	22,771,294	89.7
	0106010 Sp.6.1 Administration, Planning & Support Services	221,295,211	198,523,916	22,771,294	89.7
	P;0119005310:Urban Agriculture Promotion & Regulation	113,762,495	4,745,494	109,017,001	4.2
5321000000 Agriculture, Livestock Development, Fisheries & Forestry	019015310: Crop Development And Management	73,630,862	3,361,223	70,269,639	4.6
	0119025310: Fisheries Development And Management	14,953,644	752,384	14,201,260	5.0
	0119035310: Livestock Resources Management And Development	25,177,989	631,887	24,546,102	2.5
	0116005310 P.10:Animal Health, Safety And Quality Assurance	55,152,413	35,741,403	19,411,010	64.8
	0116015310 Sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	55,152,413	35,741,403	19,411,010	64.8
	0117005310 P.11:Aforestation	21,396,687	-	21,396,687	-

Vote Code Title	Programme Code And Title	Revised 2019/2020 FY Budget	Actual Expenditure	Variance	Absorption (%)
		Kshs.	Kshs.	Kshs.	
	0117015310 Sp 11.1 Forestry Services	21,396,687	-	21,396,687	-
	0118015310 Food Systems And Surveillance	13,430,800	380,500	13,050,300	2.8
	0118015310 Sp18:1 Food Systems And Surveillance Services	13,430,800	380,500	13,050,300	2.8
	Total 5321000000 Agriculture, Livestock Development, Fisheries & Forestry	425,037,605	239,391,313	185,646,292	56.3
County Assembly	07220001 Legislation, Oversight And Representation	1,454,677,879	1,303,773,508	150,904,371	89.6
	07220001 Legislation, Oversight And Representation	1,454,677,879	1,303,773,508	150,904,371	89.6
	Total County Assembly	1,454,677,879	1,303,773,508	150,904,371	89.6
5323000000 Environment, Water, Energy & Natural Resources	1001005310 P1 General Administration & Support Services	509,103,119	460,656,406	48,446,712	90.5
	1001015310 Sp1 General Administration & Support Services	509,103,119	460,656,406	48,446,712	90.5
	1002005310 P2 Environment Management And Protection.	1,264,553,946	993,368,583	271,185,363	78.6
	1002035310 Sp 2.3 Solid Waste Management	1,201,937,878	979,039,314	222,898,564	81.5
	1002045310 Sp 2.4 Beautification, Recreation And Greening Services	42,171,908	9,157,669	33,014,239	21.7
	1002055310 Sp 2.5 Environment Planning Management Services	20,444,160	5,171,600	15,272,560	25.3
	1004005310 P4 Water Resources Management	107,594,031	16,113,577	91,480,454	15
	1004055310 Sp 4.5 Energy & Natural Resources	107,594,031	16,113,577	91,480,454	15
	Total 5323000000 Environment, Water, Energy & Natural Resources	1,881,251,096	1,470,138,567	411,112,529	78.1
5324000000 Urban Renewal And Housing	0102000 P.2 Housing Development And Human Settlement	72,327,355	3,143,225	69,184,130	4.3
	0102045310 Sp4 Urban Renewal	65,579,755	1,306,025	64,273,730	2
	0102055310 Sp5 Management Of Rental Housing	6,747,600	1,837,200	4,910,400	27.2
	0106000 P 6 General Administration Planning And Support Services	94,516,963	80,649,187	13,867,776	85.3
	0106010 Sp.6.1 Administration, Planning & Support Services	94,516,963	80,649,187	13,867,776	85.3
	0113005310 P.7: Building Services	1,649,350	819,750	829,600	49.7
	0113015310 Sp 7.1 Building Services Research And Information	1,649,350	819,750	829,600	49.7
	Total 5324000000 Urban Renewal And Housing	168,493,668	84,612,162	83,881,506	50.2
5325000000 Ward Development Programmes	0214005310 P8: Ward Development	1,339,799,245	214,380,517	1,125,418,728	16

Vote Code Title	Programme Code And Title	Revised 2019/2020 FY Budget	Actual Expenditure	Variance	Absorption (%)
		Kshs.	Kshs.	Kshs.	
	0214015310 Sp 8.1 Ward Development & Administration	1,339,799,245	214,380,517	1,125,418,728	16
	Total 5325000000 Ward Development Fund	1,339,799,245	214,380,517	1,125,418,728	16
5326000000 Emergency Fund	0718005310 General Administrative Services	250,000,000	43,103,000	206,897,000	17.2
	0718015310 Sp1 General Administration & Support Services	250,000,000	43,103,000	206,897,000	17.2
	5326000000 Emergency Fund	250,000,000	43,103,000	206,897,000	17.2
5327000000 Liquor Licensing Board	0313015310 Sp 13.1 Liquor Licensing & Regulation	303,000,000	222,461,144	80,538,856	73.4
	0313015310 Sp 13.1 Liquor Licensing & Regulation	303,000,000	222,461,144	80,538,856	73.4
	Total 5327000000 Liquor Licensing Board	303,000,000	222,461,144	80,538,856	73.4
	5328000100 Nairobi Metropolitan Services	3,500,697,260	-	3,500,697,260	-
	5328000000 Nairobi Metropolitan Services	3,500,697,260	-	3,500,697,260	
Total		36,981,390,888	23,353,435,309	13,627,955,579	63.1

Source: Nairobi City County Treasury.

The programs with the highest absorption rates were: Management of Legal affairs (Office of Governor & Deputy Governor) at 96.2 per cent, Administration/Human Resource for Health (Health) at 90.7 per cent and County Assembly (Legislation, Oversight and Representation) at 89.6 per cent.

3.31.11 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Low absorption of development funds in the FY 2019/2020. The County spent Kshs.1.98 billion out of annual development budget of Kshs.8.08 billion. The development expenditure represented 24.5 per cent of the annual development budget.
2. A high wage bill, which accounted for 56.7 per cent of the total expenditure in the FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.8.52 billion against annual projection of Kshs.17 billion. The realised own source revenue represented 50.1 per cent of its annual target.
4. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
5. High outstanding pending bills which amounted to Kshs.78.7 billion as at the end of the FY 2019/20.

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

1. The County Treasury should identify and address the issues causing the low absorption of development fund.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.
4. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
5. The County Treasury should ensure unsettled but finalized and outstanding works/contracts are included in the in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3.32 County Government of Nakuru

3.32.1 Overview of FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.21.95 billion, comprising of Kshs.10.98 billion (50 per cent) and Kshs.10.97 billion (50 per cent) allocation for development and recurrent programs respectively.

To finance the budget, the County expected to receive Kshs.10.48 billion (47.7 per cent) as equitable share of revenue raised nationally, Kshs.2.5 billion (11.4 per cent) as total conditional grants, generate Kshs.2.1 billion (9.6 per cent) from own source revenue, and had Kshs.5.68 billion (25.9 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Ksh.1 billion (4.6 per cent) as Appropriations in Aid and Kshs.201.07 million (0.9 per cent) which was not contained in CARA, 2019.

3.32.2 Revenue Performance

During FY 2019/20, the County received Kshs.9.58 billion as equitable share of the revenue raised nationally, Kshs.1.78 billion as total Conditional Grants, raised Kshs.1.35 billion as own-source revenue, and had a cash balance of Kshs.5.68 billion from FY 2018/19. A total of Kshs.1.2 billion was received as A-I-A while Kshs.281.75 million was received as other revenues. The total funds available for budget implementation during the period amounted to Kshs.19.86 billion as shown in Table 3-151.

Table 3-151: Nakuru County, Revenue Performance in FY 2019/20

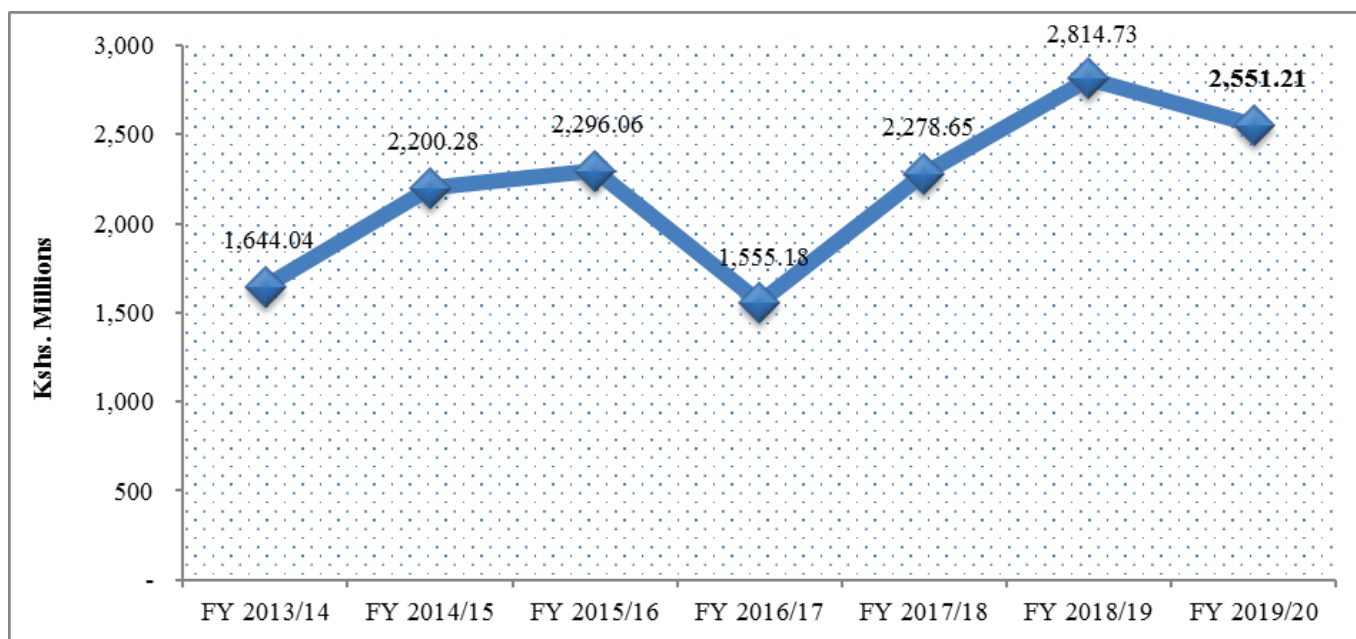
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,476,150,000	10,476,150,000	9,575,201,100	91.4
B.	Conditional Grants from the National Government Revenue				
1	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	373,872,832	100.0
2	Compensation for User Fee Foregone	38,723,265	38,723,265	38,723,265	100.0
3	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4	Road Maintenance Fuel Levy Fund	297,372,469	297,372,469	223,029,352	75.0
5	Rehabilitation of Village Polytechnics	63,063,298	63,063,298	63,063,298	100.0
Sub Total		904,946,758	904,946,758	698,688,747	77.2
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	58,346,857	58,346,857	36,621,116	62.8
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	169,848,002	48.5
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	1,084,843,300	1,084,843,300	775,922,014.6	71.5
5	DANIDA Grant	41,107,213	41,107,213	38,753,750	94.3
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,507,501	18,507,501	17,839,584	96.4
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100.0
Sub Total		1,591,604,871	1,591,604,871	1,077,784,466	67.7
D	Other Sources of Revenue				
1	Own Source Revenue	-	2,100,000,000	1,354,763,813	64.5
2	Conditional Health Grant For Covid-19 Emergency Response	-	201,073,000	201,073,000	100

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	Frontline Health Workers	-	-	80,505,000	-
4	Balance b/f from FY 2018/19	-	5,677,405,446	5,677,405,446	100
5	A-I-A	-	1,000,000,000	1,196,449,082	119.6
Sub Total		-	8,978,478,446	8,510,196,341	94.8
Grand Total		12,972,701,629	21,951,180,075	19,861,870,654	90.5

Source: Nakuru County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-62.

Figure 3-62: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Nakuru County Treasury

During FY 2019/20, the County generated a total of Kshs.2.55 billion which comprised of Kshs.1.35 billion own source revenue and Kshs.1.2 billion as A-I-A and Kshs.1.35 billion as own-source revenue. This amount represented a decrease of 9.4 per cent when compared to Kshs.2.81 billion realised during the same period in FY 2018/19, and represented 82.3 per cent of the annual target. The decrease was attributed to the reduction in business activities associated with COVID -19 pandemic.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.14.63 billion from the CRF account during the reporting period. This amount comprised of Kshs.4.79 billion (32.8 per cent) for Development programmes and Kshs.9.84 billion (67.2 per cent) for Recurrent programmes.

3.32.4 Overall Expenditure Review

A total of Kshs.14.02 billion was spent on Development and Recurrent programmes and represented 90.9 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.4.12 billion and Kshs.9.97 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 37.4 per cent while that incurred on Recurrent programmes represented an absorption rate of 90.7 per cent.

3.32.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.630.26 million as at June 30, 2020. These bills consisted of Kshs.484.39 billion for development activities and Kshs.145.87 billion for recurrent expenditure.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.5.72 billion was spent on Compensation to Employees, Kshs.4.25 billion on Operations and Maintenance, and Kshs.4.12 billion on Development expenditure.

Table 3-152: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget Ksh	Exchequer Issues (million)	Expenditure Ksh	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	10,970,306,185	9,838,241,959	9,969,070,467	70.8	90.9
Compensation to Employees	5,737,350,665	5,638,436,303	5,718,543,160	40.6	99.7
Operations and Maintenance	5,232,955,520	4,199,805,656	4,250,527,307	30.2	81.2
Total Development Expenditure	10,980,873,891	4,793,264,395	4,109,734,281	29.2	37.4
Development expenditure	10,980,873,891	8,993,070,051	4,109,734,281	29.2	37.4
Total	21,951,180,075	14,631,506,354	14,078,804,748	100	64.1

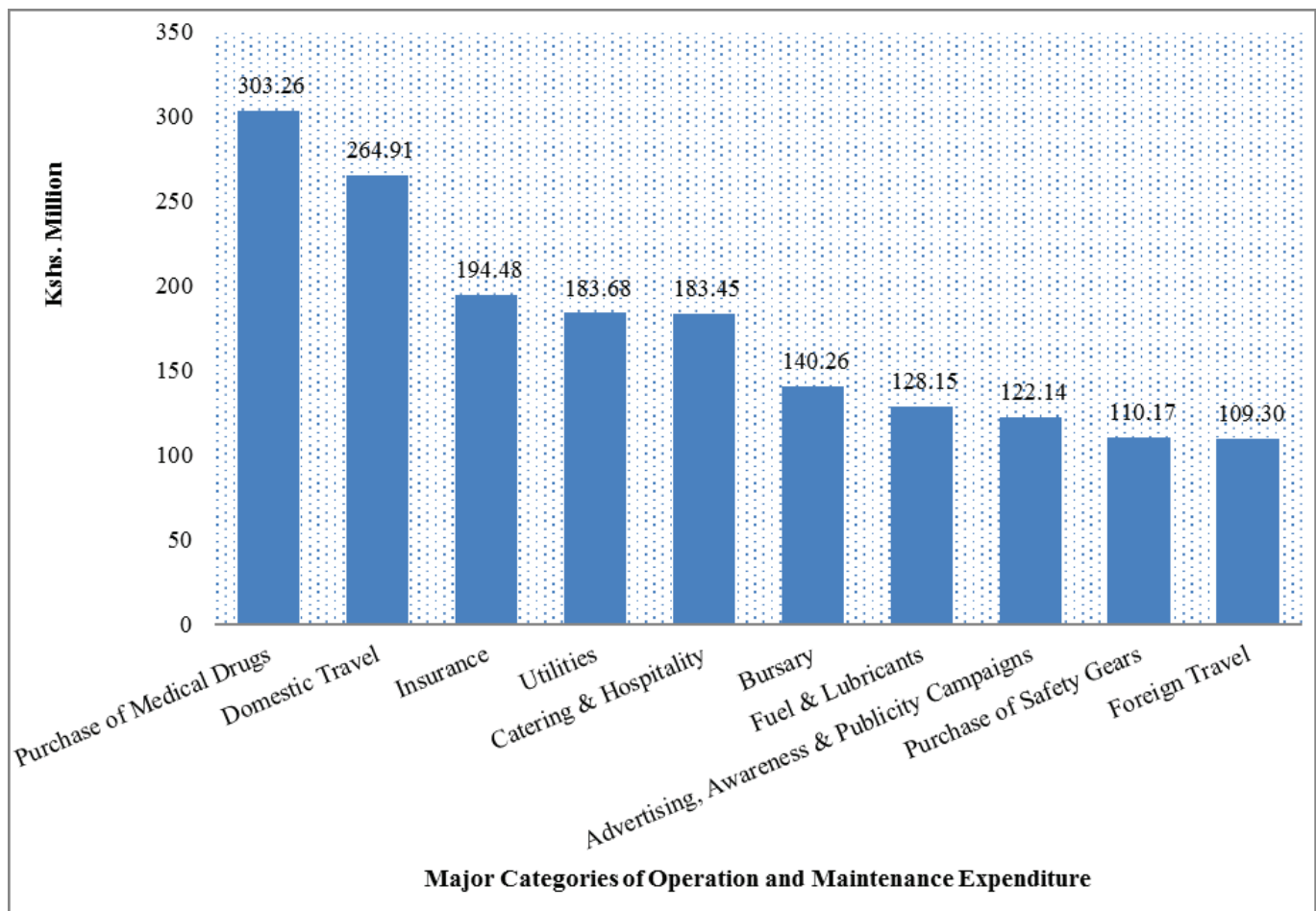
Source: Nakuru County Treasury

Expenditure on Compensation to Employees was 40.6 per cent of the total expenditure for the financial year and represented a decrease of 3.4 per cent compared to FY 2018/19 when the County spent Kshs.5.91 billion.

3.32.7 Analysis of Operations and Maintenance Expenditure

Figure 3-63 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-63: Nakuru County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Nakuru County Treasury

The County spent Kshs.71.15 million on Committee Sitting Allowances for the 79 MCAs and Speaker against the annual budget allocation of Kshs.73.24 million. The average monthly sitting allowance was Kshs.75,057 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.264.91 million and comprised of Kshs.111.7 million spent by the County Assembly and Kshs.153.2 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.109.3 million and comprised of Kshs.45.5 million spent by the County Assembly and Kshs.63.8 million by the County Executive.

3.32.8 Development Expenditure Analysis

The Development expenditure of Kshs.4.12 billion represented 37.4 per cent of the annual development budget of Kshs.10.98 billion and represented an increase of 178 per cent compared to FY 2018/19 when the County spent Kshs.1.48 billion. Table 3-153 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-153: Nakuru County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Amount Paid (Kshs.)	Absorption Rate (%)
1	Construction of buildings - outpatients complex (PGH)	Headquarter	320,372,832	320,372,832	100.0
2	Construction Of Phase II Office Block (County Assembly)	Headquarter	155,833,908	126,440,865	81.1
3	Construction of buildings - outpatients complex (FIF) -PGH	Headquarter	94,999,999	94,999,999	100.0
4	Construction of Roads in Industrial Area, Site & Service and Kabati (Naivasha UDG)	Headquarter	188,075,500	88,007,648	46.8
5	Construction of 3.6km storm water drainage in Kiamurogia and Mombasa & Kipkelion roads (Nakuru UDG)	Headquarter	169,000,000	79,788,716	47.2
6	Purchase Of Ambulances	Headquarter	59,299,908	59,299,908	100.0
7	Construction of County Treasury	Headquarter	91,185,864	54,189,963	59.4
8	Rehabilitation of Rural Road(Provision for purchase of Excavator 4No)	Headquarter	50,967,871	49,500,000	97.1
9	Purchase of medical and dental equipment (FIF)	Headquarter	47,000,000	45,905,443	97.7
10	Construction of fire station at Nakuru Old Town Hall (Nakuru UDG)	Headquarter	164,843,300	43,807,191	26.6

Source: Nakuru County Treasury

3.32.9 Budget Performance by Department

Table 3-154 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-154: Nakuru County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		FY 2019/20 Expenditure to Exchequer Issues (%)		FY 2019/20 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	963.22	278.91	919.11	234.50	925.67	228.97	100.7	97.6	96.1	82.1
Finance and Economic Planning	1,260.19	439.81	1,170.21	225.62	1,006.2	289.17	86.0	128.2	79.8	65.7
Public Service Training and Devolution	708.10	17.53	680.99	14.21	734.86	7.23	107.9	50.9	103.8	41.3
Agriculture, Livestock and Fisheries	566.58	783.02	511.14	440.94	484.85	452.66	94.9	102.7	85.6	57.8
Lands, Physical Planning and Housing	139.16	1,441.52	131.82	892.68	150.18	348.10	113.9	39.0	107.9	24.1
Office of The Governor and Deputy Governor	335.82	124.74	321	16.61	227.96	25.18	71.0	151.6	67.9	20.2
Education, ICT and E-Government	444.23	968.44	367.98	430.91	324.96	375.25	88.3	87.1	73.2	38.7
Trade, Industry Marketing and Tourism	136.94	427.22	121.49	258.85	129.19	248.15	106.3	95.9	94.3	58.1

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		FY 2019/20 Expenditure to Exchequer Issues (%)		FY 2019/20 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Youth, Culture, Sports and Social Services	263.95	172.08	223.91	95.69	280.53	59.72	125.3	62.4	106.3	34.7
Infrastructure, Roads, Public Works and Transport	376.55	2,236.92	363.76	971.29	341.96	655.37	94.0	67.5	90.8	29.3
Environment, Water, Energy and Natural Resources	293.29	1,418.45	280.40	417.21	300.64	394.35	107.2	94.5	102.5	27.8
Health Services	5,359.46	1,585.58	4,700.89	763.08	5,021.6	1,025.58	106.8	134.4	93.7	64.7
County Public Service Board	62.71	1.82	39.12	-	40.45	-	103.4		64.5	-
Nakuru Municipality	30.06	740.77	3.16	15.84	-	-	-	-	-	-
Naivasha Municipality	30.06	344.08	3.28	15.84	-	-	-	-	-	-
Total	10,970.31	10,980.9	9,838.2	4,793.3	9,969.1	4,109.73	101.3	85.7	90.9	37.4

Source: Nakuru County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 82.1 per cent, followed by the Department of Finance and Economic Planning at 65.7 per cent. The Department of Youth, Sports, Culture and Social Services had the highest percentage of recurrent expenditure to recurrent budget at 106.3 per cent. The newly created Nakuru Municipality and Naivasha Municipality did not register any expenditure in the FY 2019/20.

3.32.10 Budget Execution by Programmes and Sub-Programmes

Table 3-155 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-155 : Nakuru County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Non-programmatic		-	4,958,616	(4,958,616)	-
	Default - Non Programmatic	-	4,958,616	(4,958,616)	-
Promotion of Dairy Production, Breeding and		166,353,511	138,362,065	27,991,447	83.2
	Promotion of Dairy Production, Breeding and Disease Control	166,353,511	138,362,065	27,991,447	83.2
	Promotion of Value Addition of Livestock and Livestock Products	-	-	-	
	Promotion of Non-ruminants and Emerging livestock Enterprises	-	-	-	
	Promotion of Apiculture	-	-	-	
Promotion of Apiculture		18,655,264	11,084,250	7,571,014	59.4
	Aquaculture development	12,110,864	9,999,282	2,111,582	82.6
	Development of capture fisheries resources	-	-	-	
	Fish quality assurance, value addition and marketing	6,544,400	1,084,968	5,459,432	16.6
Extension, Research and Training		710,531,716	397,419,105	313,112,611	55.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
	Extension, Research and Training	-	-	-	
	Crop Production and Food Security	710,531,716	397,419,105	313,112,611	55.9
	Farm land utilization, Conservation and Mechanization	-	-	-	
	Agribusiness Development and Marketing	-	-	-	
Administration Services	Administration Services	575,175,662	479,723,165	95,452,497	83.4
Infrastructure for Land	Infrastructure for Land	1,384,169,522	1,212,416,188	171,753,334	87.6
Develop County Spatial Plan	Develop County Spatial Plan	7,654,167	5,522,091	2,132,076	72.1
	GIS Data Base creation	-	-	-	
	Survey and Mapping	62,572,976	10,931,513	51,641,464	17.5
Rehabilitation of Roads, Drainage and Bridges	Rehabilitation of Roads, Drainage and Bridges	2,248,981,909	1,082,301,571	1,166,680,338	48.1
	Rehabilitation and construction of Transport terminals	12,463,200	1,222,601	11,240,599	9.8
	Design, Supervision and Rehabilitation of County Buildings	3,791,400	3,046,100	745,300	80.3
	Firefighting and Emergency Services	9,590,200	7,141,641	2,448,559	74.5
Installation, Maintenance and Rehabilitation of lighting	Installation, Maintenance and Rehabilitation of lighting	102,330,000	101,986,478	343,522	99.7
		346,826,160	311,958,258	34,867,902	89.9
	Administration & Personnel	346,826,160	311,958,258	34,867,902	89.9
	System Support	-	-	-	
Functional & Technical Support Centre-Help Desk	Functional & Technical Support Centre-Help Desk	22,094,000	9,726,289	12,367,711	44.0
Networking Infrastructure	Networking Infrastructure	13,571,560	9,505,494	4,066,066	70.0
	Hardware & Software Platforms	-	-	-	
Administration and Support Services	Administration and Support Services	-	-	-	
Construction & Maintenance of Non Residential County Buildings	Construction & Maintenance of Non Residential County Buildings	4,761,482	-	4,761,482	0.0
	Installation, Rehabilitation & Maintenance of Lighting Facilities	26,000,000	4,356,300	21,643,700	16.8
Fire Fighting	Fire Fighting	16,602,898	11,602,898	5,000,000	69.9
E-Government Services	E-Government Services	-	-	-	
Education Developments	Education Developments	36,255,447	3,587,910	32,667,537	9.9
Revitalization of Youth Programme	Revitalization of Youth Programme	115,035,198	91,033,250	24,001,948	79.1
Administration Services	Administration Services	92,353,912	79,916,579	12,437,333	86.5
Enhance Marketing Co-operatives	Enhance Marketing Co-operatives	28,015,000	10,160,928	17,854,072	36.3
SACCO members' empowerment	SACCO members' empowerment	-	-	-	
Business Development Services for MSE's	Business Development Services for MSE's	13,277,313	8,344,156	4,933,157	62.8
Producer Business Groups	Producer Business Groups	-	-	-	
Consumer protection	Consumer protection	1,420,000	717,180	702,820	50.5
Rehabilitation of existing markets	Rehabilitation of existing markets	493,317,032	332,982,155	160,334,877	67.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Development of Retail and Wholesale Market in Nakuru	Development of Retail and Wholesale Market in Nakuru	-	2,494,928	(2,494,928)	
Establish & Management of County Tourism Information Centre	Establish & Management of County Tourism Information Centre	2,870,000	1,263,097	1,606,903	44.0
Community Health Strategy	Community Health Strategy	-	-	-	
Environmental Health and Sanitation Program	Environmental Health and Sanitation Program	-	-	-	
Health Promotive Services	Health Promotive Services	663,199,771	421,340,721	241,859,050	63.5
Provision of Essential Health Services in all the Levels.	Provision of Essential Health Services in all the Levels.	2,618,493,744	1,075,904,585	1,542,589,159	41.1
Health Infrastructure Development	Health Infrastructure Development	74,308,823	57,225,702	17,083,122	77.0
Human Resources for health	Human Resources for health	3,588,527,931	3,359,364,423	229,163,509	93.6
Research and Development	Research and Development	500,000	500,000	-	100.0
Administration	Administration	1,306,190,945	642,704,032	663,486,914	49.2
Promotion of Early Childhood Education	Promotion of Early Childhood Education	-	557,380	(557,380)	
Bursaries	Bursaries	-	-	-	
Promotion of Quality Youth Empowerment	Promotion of Quality Youth Empowerment	11,892,637	11,916,979.90	(24,342.90)	100.2
ICT Infrastructure and Connectivity	ICT Infrastructure and Connectivity	40,055,000	19,807,449	20,247,551	49.5
Budget Formulation Coordination and management	Budget Formulation Coordination and management	51,775,016	46,831,057	4,943,959	90.5
Resource Mobilization	Resource Mobilization	77,349,267	63,600,719	13,748,548	82.2
Internal Audit	Internal Audit	60,456,334	42,167,457	18,288,877	69.7
Procurement	Procurement	13,125,475	12,043,446	1,082,029	91.8
Public finance and Accounting	Public finance and Accounting	22,457,517	17,696,776	4,760,741	78.8
Debt Management	Debt Management	183,961,083	187,618,013	(3,656,930)	102
Fiscal Planning	Fiscal Planning	187,062,779.80	49,899,210	137,163,570	26.7
Administration Services	Administration Services	1,866,439,763	1,690,828,154	175,611,609	90.6
Financial Services	Financial Services	-	-	-	
Co-Ordination of Public and Special Community Programmes	Co-Ordination of Public and Special Community Programmes	-	-	-	
ICT Support Services	ICT Support Services	-	-	-	
Legal Service to County Government & Public	Legal Service to County Government & Public	19,816,667	18,804,377	1,012,290	94.9
Rehabilitation of Sub-County Offices	Rehabilitation of Sub-County Offices	17,525,713	7,225,713	10,300,000	41.2
Public Sector Management	Public Sector Management	26,788,457	23,691,545.25	3,096,912	88.4
Procedures and Committee Services	Procedures and Committee Services	577,403,466	395,317,139	182,086,327	68.5
County Ward Offices	County Ward Offices	-	-	-	
Hansard Services	Hansard Services	-	-	-	
Finance and Budget	Finance and Budget	664,728,377	496,917,866	167,810,512	74.8
Administration and Coordination of County Affairs	Administration and Coordination of County Affairs	287,519,156	205,611,177	81,907,980	71.5
County Planning and Development Coordination Services	County Planning and Development Coordination Services	-	-	-	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Organization of County Business	Organization of County Business	43,843,963	39,867,651	3,976,312	90.9
Economic, Social and Political Advisory Services	Economic, Social and Political Advisory Services	92,600,466	88,203,755	4,396,711	95.3
Administration	Administration	201,854,558	179,895,711	21,958,847	89.1
Pollution Control & Monitoring	Pollution Control & Monitoring	110,741,371	75,802,308.35	34,939,063	68.4
Forest Resources Management & Climate Change	Forest Resources Management & Climate Change	5,183,400	4,222,693.70	960,706	81.5
Water Provision & Drilling of Boreholes	Water Provision & Drilling of Boreholes	1,359,461,562	418,537,724	940,923,838	30.8
Water Resources & Sewerage Services	Water Resources & Sewerage Services	-	-	-	-
Rehabilitation of Council Houses	Rehabilitation of Council Houses	5,171,667	6,719,423	(1,547,756)	129.9
Housing Technology Transfer	Housing Technology Transfer	-	2,500,000	(2,500,000)	-
		145,719,830	108,696,012	37,023,818	74.6
Cultural Development Services	Cultural Development Services	-	-	-	-
Promotion of Culture, Arts and Talents	Promotion of Culture, Arts and Talents	33,025,181	9,301,165	23,724,016	28.2
Social Development Programs	Social Development Programs	45,430,445	40,388,220	5,042,225	88.9
Rehabilitation of Social Halls, Libraries, Parks and Academies	Rehabilitation of Social Halls, Libraries, Parks and Academies	67,264,204	59,006,627	8,257,577	87.7
Rehabilitation of Stadia	Rehabilitation of Stadia	-	-	-	-
Strategic Project Monitoring and intervention(Ending Drought Emergency)	Strategic Project Monitoring and intervention(Ending Drought Emergency)	34,500,000	-	34,500,000	-
Electric Fence Installation Initiative	Electric Fence Installation Initiative	-	-	-	-
	Grand Total	20,873,324,268	14,105,784,002	6,767,540,266	67.6

Source: Nakuru County Treasury

Based on expenditure absorption rate as shown in Table 3-155, the programs with the highest absorption rates were: Rehabilitation of Council Houses at 129.9 per cent, Debt Management at 102 per cent, Promotion of Quality Youth Empowerment and at 100.2 per cent, and Research and Development 100 per cent of budget allocation.

The County spent Kshs.4.96 million on “Default - Non-Programmatic” which implies that this expenditure was undertaken without a budget allocation and had not been regularized by the end of the financial year. This is an indication of a weak budgetary control practice by the County Treasury.

3.32.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.4.12 billion in FY 2019/20 out of annual development budget of Kshs.10.98 billion. The development expenditure represented 37.4 per cent of the annual development allocation.
3. Under performance of own-source revenue collection at Kshs.1.35 billion against annual projection of Kshs.2.1 billion. The realised own source revenue represented 64.5 per cent of its annual target.
4. Use of revenue at source and weak budgeting practice by the County Treasury as shown in Table 3-154 and Table 3-155 where the County incurred expenditure in excess of approved budgetary allocations.

5. Discrepancy between the report on budget execution by programmes and sub programmes which indicates total approved budget as Kshs.20,873,324,268 compared to Kshs.21,951,180,075 captured in the County's annual report and approved budget.
6. High pending bills which amounted to Kshs.630.26 million as of 30th June, 2020.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County should address own source revenue performance so as to ensure the approved budget is fully financed.*
4. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF intact into line with Section 109 (2) of the PFM Act, 2012.*
5. *The County Treasury should regularly reconcile the budget documents with IFMIS generated reports budget to ensure all reports on budget implementation are credible.*
6. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.33 County Government of Nandi

3.33.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.8.72 billion, comprising of Kshs.3.35 billion (38.4 per cent) and Kshs.5.37 billion (61.6 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.35 billion (61.3 per cent) being equitable share of revenue raised nationally, Kshs.1.13 billion (12.9 per cent) as total Conditional Grants, generate 628.82 million (7.2 per cent) from own sources of revenue, and the cash balance of 1.60 billion (18.4 per cent) from FY 2018/19. The County also expected to receive 9.95 million (0.1 per cent) as "other revenues" not contained in the CARA, 2019.

3.33.2 Revenue Performance

During FY 2019/20, the County received Kshs.4.89 billion as equitable share of the revenue raised nationally, Kshs.795.94 million as total Conditional Grants, Kshs.331.84 million cash balance from FY 2018/19, and raised Kshs.283.19 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.3 billion as shown in Table 3-156.

Table 3-156: Nandi County, Revenue Performance in FY 2019/20

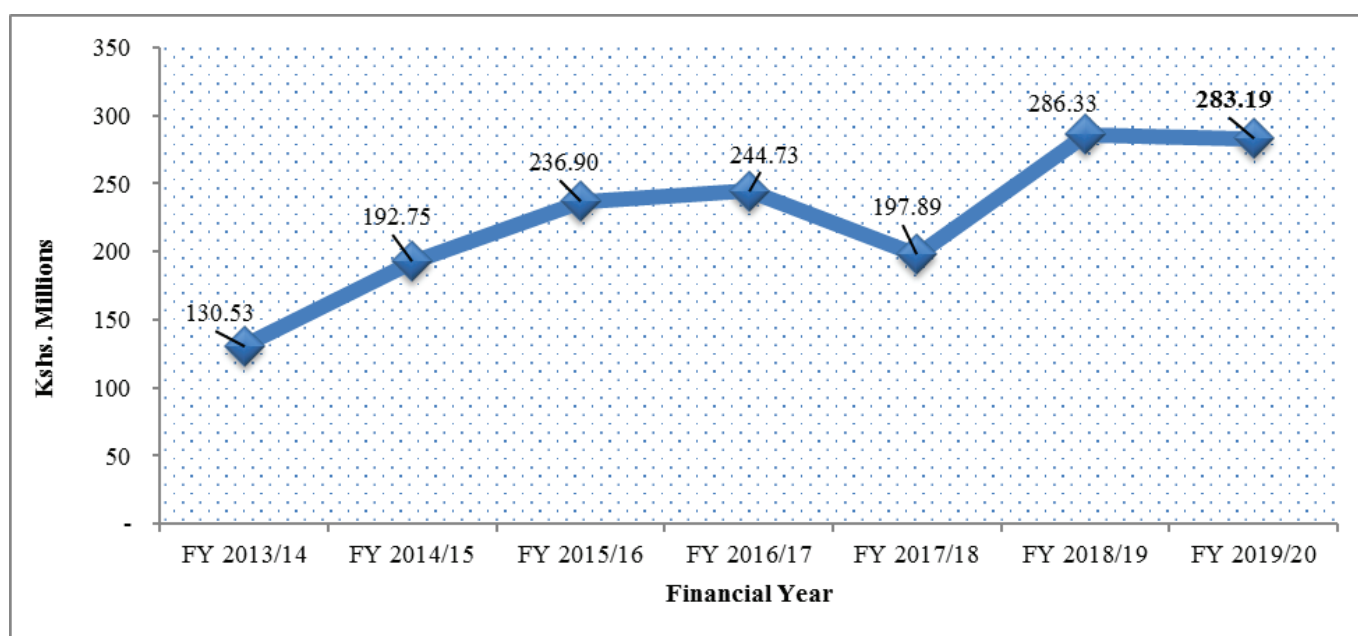
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,348,850,000	5,348,850,000	4,888,848,900	91.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	18,036,363	18,086,363	18,086,363	100
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	151,830,656	151,830,656	151,830,656	100
4.	Rehabilitation of Village Polytechnics	32,793,298	32,793,298	32,793,298	100
	Sub Total	334,575,211	202,710,317	202,710,317	100
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	46,342,186	46,342,186	44,928,998	97

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	343,929,300	343,929,300	242,399,539	70.5
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	112,682,844	112,682,844	30,000,000	26.6
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	177,231,700	177,231,700	126,762,988	71.5
5.	DANIDA Grant	22,016,250	22,016,250	22,016,250	100
6.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	80,000,000	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASD-SP) II	16,507,185	16,507,185	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
9.	Covid-19 Emergency Fund	-	118,326,000	118,326,000	100
Sub Total		807,509,465	925,835,465	593,233,775	64.1
D Other Sources of Revenue					
1.	Own Source Revenue	-	628,818,024	283,187,354	45
2.	Balance b/f from FY 2018/19	-	1,604,287,705	331,836,272	20.7
3.	Other Revenues	-	9,950,765	-	-
Sub Total		-	2,243,056,494	615,023,626	27.4
Grand Total		6,490,934,676	8,720,452,276	6,299,816,618	72.2

Source: Nandi County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-64.

Figure 3-64: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Nandi County Treasury

During FY 2019/20, the County generated a total of Kshs.283.19 million as own-source revenue. This amount represented an increase of 1.1 per cent when compared to Kshs.286.33 million realised in FY 2018/19, and represented 45 per cent of the annual target.

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.31 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.33 billion (21.1 per cent) for Development programmes and Kshs.4.98 billion (78.9 per cent) for Recurrent programmes.

3.33.4 Overall Expenditure Review

A total of Kshs.6.08 billion was spent on Development and Recurrent programmes and represented 97.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.31 billion and Kshs.4.78 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 39 per cent while that incurred on Recurrent programmes represented an absorption rate of 89 per cent.

3.33.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.261.06 million as at June 30, 2020. These bills consisted of Kshs.138.69 million for development activities and Kshs.122.38 million for recurrent expenditure.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.60 billion was spent on Compensation to Employees, Kshs.1.18 billion on Operations and Maintenance, and Kshs.1.31 billion on Development expenditure.

Table 3-157: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,369,540,058	4,977,644,109	4,778,880,341	78.5	89
Compensation to Employees	3,779,920,206	3,231,252,182	3,597,229,905	59.1	95.2
Operations and Maintenance	1,589,619,852	1,746,391,927	1,181,650,436	19.4	74.3
Total Development Expenditure	3,350,912,218	1,331,022,254	1,305,206,285	21.5	39
Development Expenditure	3,350,912,218	1,331,022,254	1,305,206,285	21.5	39
Total	8,720,452,276	6,308,666,363	6,084,086,626	100	69.8

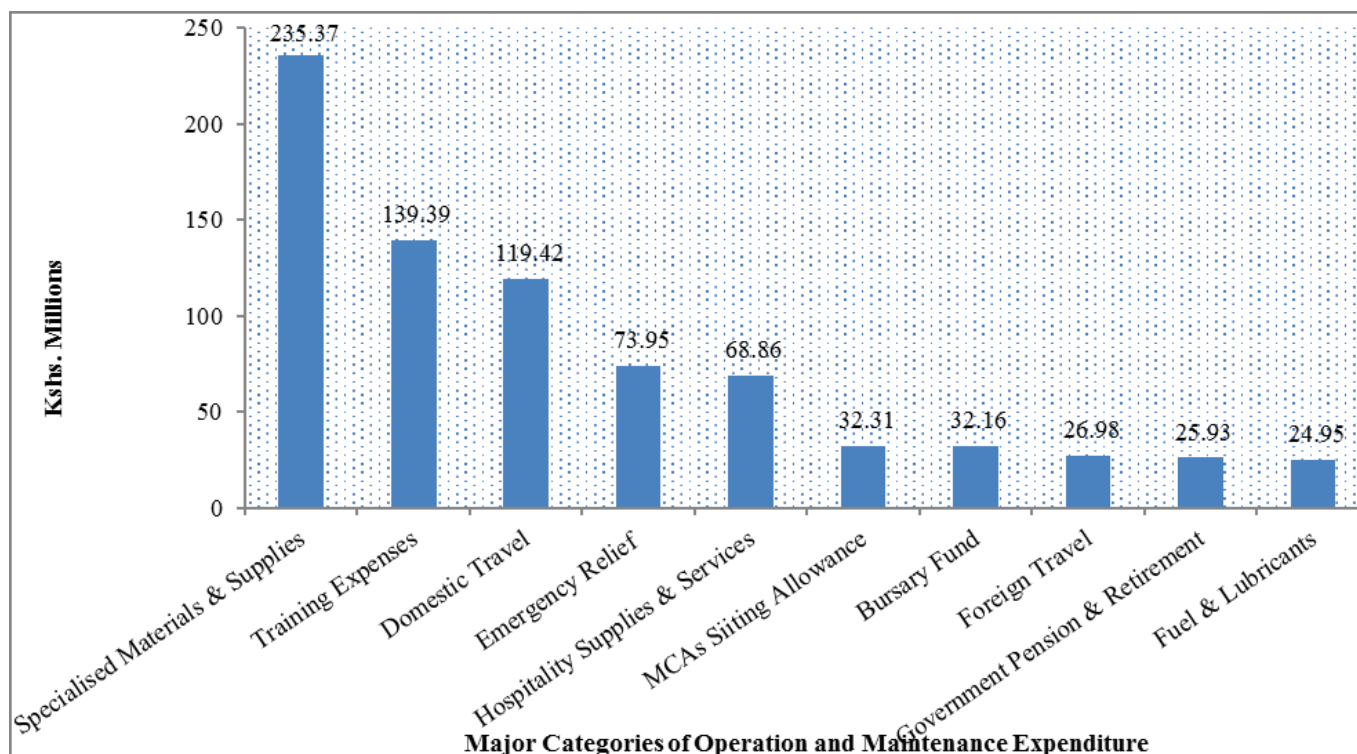
Source: Nandi County Treasury

Expenditure on Compensation to Employees was 59.1 per cent of the total expenditure for the financial year and represented an increase of 19.2 per cent compared to FY 2018/19 when the County spent Kshs.3.02 billion.

3.33.7 Analysis of Operations and Maintenance Expenditure

Figure 3-65 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-65: Nandi County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Nandi County Treasury

The County spent Kshs.32.31 million on Committee Sitting Allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.49.92 million. The average monthly sitting allowance was Kshs.67,317 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.119.42 million and comprised of Kshs.39.90 million spent by the County Assembly and Kshs.79.52 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.26.98 million and comprised of Kshs.9.94 million spent by the County Assembly and Kshs.17.04 million by the County Executive.

3.33.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.31 billion represented 39 per cent of the annual development budget of Kshs.3.35 billion and represented a decrease of 24.3 per cent compared to FY 2018/19 when the County spent Kshs1.73 billion. Table 3-158 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-158: Nandi County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Hire of excavators and Bulldozers for Road Works	County Wide	144,258,211	138,771,401	96.2
5	Spot Improvement of County Roads (RMLF)	County Wide	217,830,656	176,931,707	81.2
2	Repair and Renovation of Cattle Dips	County Wide	17,400,000	11,427,678	65.7
3	Supply of Fuel for Road Works	County Wide	45,000,000	27,562,050	61.2
5	Construction of Culverts and Bridges	Kapsabet, Kap-tumo and Kobujoi, Kosirai	20,000,000	11,013,421	55.1
6	Construction of Water Projects	County Wide	126,000,000	55,824,499	44.3
7	Construction of Kapsabet County Referral Hospital	Kapsabet	160,000,000	63,320,496	39.6
8	Construction of ECDE Centers	County Wide	57,000,000	17,144,609	30.1
9	Construction of Milk Processing Plant	Kabiyet	185,000,000	34,500,000	18.6
10	Construction and repair of Dispensaries	County Wide	232,955,791	37,192,311	16.0

Source: Nandi County Treasury

3.33.9 Budget Performance by Department

Table 3-159 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-159: Nandi County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	582.40	25.78	424.87	-	449.94	0.51	105.9	-	77.3	2
Finance and Economic Planning	437.42	45.64	377.76	23.74	422.77	24.91	111.9	105.0	96.6	54.6
Devolved Units and Special programmes	515.59	460.50	493.27	169.72	503.80	17.71	102.1	10.4	97.7	3.8
Health and Sanitation	2,381.34	566.36	2,294.24	143.81	2,107.30	218.59	91.9	152.0	88.5	38.6
Agriculture, Livestock and Fisheries	278.12	773.94	269.71	367.73	253.17	400.51	93.9	108.9	91	51.7
Tourism, Culture and Co-operative Development	33.27	41.34	30.67	17.60	24.44	11.89	79.7	67.6	73.5	28.8
Youth, Gender and Social Services	50.83	76.74	49.20	12.50	32.18	8.96	65.4	71.7	63.3	11.7
Education Research and Vocational Training	210.77	311.61	203.82	62.49	191.04	66.91	93.7	107.1	90.6	21.5
Lands, Environment and Natural Resources	68.03	301.81	66.52	108.81	37.33	117.01	56.1	107.5	54.9	38.8
Roads, Transport and Public Works	96.13	452.34	79.05	363.59	85.18	383.01	107.8	105.3	88.6	84.7
Trade and Industrial Development	41.08	94.60	40.23	2.33	21.94	9.40	54.5	404.4	53.4	9.9
Public Service and Labour	24.80	-	23.39	-	13.55	-	57.9	-	54.6	-
County Assembly	649.76	200.25	624.91	58.70	636.24	45.78	101.8	78	97.9	22.9
Grand Total	5,369.54	3,350.91	4,977.64	1,331.02	4,778.88	1,305.21	96.0	98.1	89	39

Source: Nandi County Treasury

Analysis of expenditure by department shows that the Department of Roads, Transport and Public Works recorded the highest absorption rate of development budget at 84.7 per cent while the County Executive recorded the lowest at 2 per cent. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 97.9 per cent while the Department of Trade and Industrial Development had the lowest at 53.4 per cent.

3.33.10 Budget Execution by Programmes and Sub-Programmes

Table 3-160 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-160 : Nandi County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Supplementary Budget (Kshs.)	Actual Payments (Kshs.)	Variance(Kshs.)	Absorption (%)
County Executive					
General Administration and Planning	General Administration and Planning	582,402,580	449,941,857	132,460,723	77.3
	Sub total	582,402,580	449,941,857	132,460,723	77.3
Physical Infrastructure	Construction of Governor's Offices	25,780,655	514,500	25,266,155	2
	Sub total	25,780,655	514,500	25,266,155	2
Finance and Economic Planning					
General Administration and Planning	General Administration and Planning	437,422,915	422,767,621	14,655,294	96.6
	Sub total	437,422,915	422,767,621	14,655,294	96.6

Programme	Sub- Programme	Supplementary Budget (Kshs.)	Actual Payments (Kshs.)	Variance(Kshs.)	Absorption (%)
Revenue Enhancement and Infrastructure	Revenue Collection and Management Phase 1	45,639,914	24,914,480	20,725,434	54.6
	Sub total	45,639,914	24,914,480	20,725,434	54.6
Devolved Units and Special Programmes					
Administration and Support of Human Resources	Administrative Support Services	787,041,469	503,803,939	283,237,530	64
	ICT Support Services	9,667,014	6,847,168	2,819,846	70.8
	Sub total	796,708,483	510,651,107	286,057,376	64.1
County Administrative Services	Urban Planning, Investment and Research	179,383,529	10,862,414	168,521,115	6.1
	Sub total	179,383,529	10,862,414	168,521,115	6.1
Health and Sanitation					
Health Service Delivery Administration Services	Health Service Delivery Administration Services	1,401,929,007	1,333,150,139	68,778,868	95.1
	Construction of building	397,901,930	97,003,773	300,898,157	24.4
	Sub total	1,799,830,937	1,430,153,912	369,677,025	79.5
Preventive & Promotive Health Services	Community Health Services	558,221,800	513,705,545	44,516,255	92
	Sub total	558,221,800	513,705,545	44,516,255	92
Curative Health Services	Curative Health Management Services	541,968,186	352,648,259	189,319,927	65.1
	Sub total	541,968,186	352,648,259	189,319,927	65.1
Health Sector Programme Support (DANIDA FUNDS)	County Health Facilities Support (DANIDA)	47,677,835	29,379,543	18,298,292	61.6
	Sub total	47,677,835	29,379,543	18,298,292	61.6
Agriculture, Livestock and Fisheries					
Administration and general support services	Administration and support services	278,118,698	253,169,134	24,949,564	91
	Sub total	278,118,698	253,169,134	24,949,564	91
Crop Development and Management	Land and Crops Development	384,500,000	304,675,781	79,824,219	79.2
	Value addition to Agricultural Products	6,000,000	-	6,000,000	-
	Sub total	390,500,000	304,675,781	85,824,219	78
Livestock Resources Management and Development	Livestock Production and Management	383,436,485	95,829,479	287,607,006	25
	Sub total	383,436,485	95,829,479	287,607,006	25
Tourism, Culture and Cooperative Development					
Tourism Development and Promotion	Niche Tourism Product Development and Diversification	2,094,049	947,290	1,146,759	45.2
	Sub total	2,094,049	947,290	1,146,759	45.2
General Administration and Planning	General Administration and Planning	30,224,961	23,048,542	7,176,419	76.3
	Sub total	30,224,961	23,048,542	7,176,419	76.3
Culture	Conservation of Heritage	950,000	440,300	509,700	46.3
	Development and Promotion of Culture	41,339,479	11,894,045	29,445,434	28.8
	Sub total	42,289,479	12,334,345	29,955,134	29.2
Youth, Gender and Social Services					
General Administration and Planning	General Administration and Planning	50,829,851	32,180,287	18,649,564	63.3
	Sub total	50,829,851	32,180,287	18,649,564	63.3
Sports Development	Sports Activities and Programs	69,237,355	8,958,616	60,278,739	12.9
	Sub total	69,237,355	8,958,616	60,278,739	12.9

Programme	Sub- Programme	Supplementary Budget (Kshs.)	Actual Payments (Kshs.)	Variance(Kshs.)	Absorption (%)
Gender	Gender Mainstreaming, Interventions and Development	7,500,000	-	7,500,000	-
	Sub total	7,500,000	-	7,500,000	-
Education, Research and Vocational Training					
General Administration and Planning	General Administration and Planning	209,483,239	190,238,015	19,245,224	90.8
	Sub total	209,483,239	190,238,015	19,245,224	90.8
Education	Early Child Development and Education.	209,560,919	50,315,711	159,245,208	24
	Sub total	209,560,919	50,315,711	159,245,208	24
Youth Training and Development	Revitalization of Youth Polytechnics	103,339,295	17,397,649	85,941,646	16.8
	Sub total	103,339,295	17,397,649	85,941,646	16.8
Lands, Environment and Natural Resources					
General Administration and Planning	General Administration and Planning	68,029,251	37,329,681	30,699,570	54.9
	Sub total	68,029,251	37,329,681	30,699,570	54.9
Land Adjudication	Demarcation and Survey of Community Land	25,000,000	5,000,000	20,000,000	20
	Sub total	25,000,000	5,000,000	20,000,000	20
Environmental Conservation & Protection	Forests Protection and Conservation of Swamps and Wetlands	10,600,000	-	10,600,000	-
	Sub total	10,600,000	-	10,600,000	-
Water Supply	Development of Water Catchment Areas and Distribution of Water	266,212,131	112,014,805	154,197,326	42.1
	Sub total	266,212,131	112,014,805	154,197,326	42.1
Roads, Transport and Public Works					
General Administration and Planning	General Administration and Planning	96,132,976	81,238,571	14,894,405	84.5
	Sub total	96,132,976	81,238,571	14,894,405	84.5
Road Transport	Bridges and Foot Bridges	30,000,000	22,029,235	7,970,765	73.4
	Road-Works	422,338,867	364,928,891	57,409,976	86.4
	Sub total	452,338,867	386,958,126	65,380,741	85.5
Trade and Industrial Development					
General Administration and Planning	General Administration and Planning	41,078,075	21,942,008	19,136,067	53.4
	Sub total	41,078,075	21,942,008	19,136,067	53.4
Trade Development	Trade Development and Promotion	94,600,000	9,402,655	85,197,345	9.9
	Sub total	94,600,000	9,402,655	85,197,345	9.9
Public Service and Labour					
General Administration and Planning	General Administration and Planning	24,799,559	13,546,838	11,252,721	54.6
	Sub total	24,799,559	13,546,838	11,252,721	54.6
County Assembly					
General Administration and Support Services	Administration and support Services	200,250,000	45,782,147	154,467,853	22.9
	Sub total	200,250,000	45,782,147	154,467,853	22.9
County Assembly Service Board	Personnel services	649,760,252	636,237,708	13,522,544	97.9
	Sub total	649,760,252	636,237,708	13,522,544	97.9
Default-Non Programmatic Expenditure		-	48,212,734	-	-
Grand Total		8,720,452,276	6,132,299,360	2,636,365,650	70.3

Source: Nandi County Treasury

Based on expenditure absorption rate as shown in Table 3-160, the programs with the highest absorption rates were: County Assembly Personnel Services at 97.9 per cent, Health Service Delivery Administration Services at 95.1 per cent and Community Health Services at 92 per cent of budget allocation.

The County spent Kshs.48.21 million on “Default - Non-Programmatic” which implies that this expenditure was undertaken without a budget allocation and had not been regularized by the end of the financial year. This is an indication of a weak budgetary control practice by the County Treasury.

3.33.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.1.31 billion in FY 2019/20 out of annual development budget of Kshs.3.35 billion. The development expenditure represented 39 per cent of the annual development.
3. A high wage bill, which accounted for 59.1 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. Under performance on own source revenue collection at Kshs.267.08 million against annual projection of Kshs.628.82 million. The realised own source revenue represented 45 per cent of its annual target.
5. High pending bills which amounted to Kshs.261.06 million as at June 30, 2020.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.*
5. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.34 County Government of Narok

3.34.1 Overview of FY 2019/20 Budget

The County’s Supplementary Budget for FY 2019/20 was Kshs.12 billion comprising of Kshs.3.95 billion (32.9 per cent) and Kshs.8.04 billion (67.1 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.8.04 billion (67 per cent) being equitable share of revenue raised nationally, Kshs.1.22 billion (10.1 per cent) as total Conditional Grants, generate Kshs.2.40 billion (20 per cent) from own sources of revenue, and the cash balance of Kshs.346.15 million (2.9 per cent) from FY 2018/19.

3.34.2 Revenue Performance

During FY 2019/20, the County received Kshs.7.35 billion as equitable share of the revenue raised nationally, Kshs.810.81 million as total Conditional Grants, raised Kshs.2.35 billion as own source revenue, and had a cash balance of Kshs.346.16 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.10.99 billion as shown in Table 3-161 .

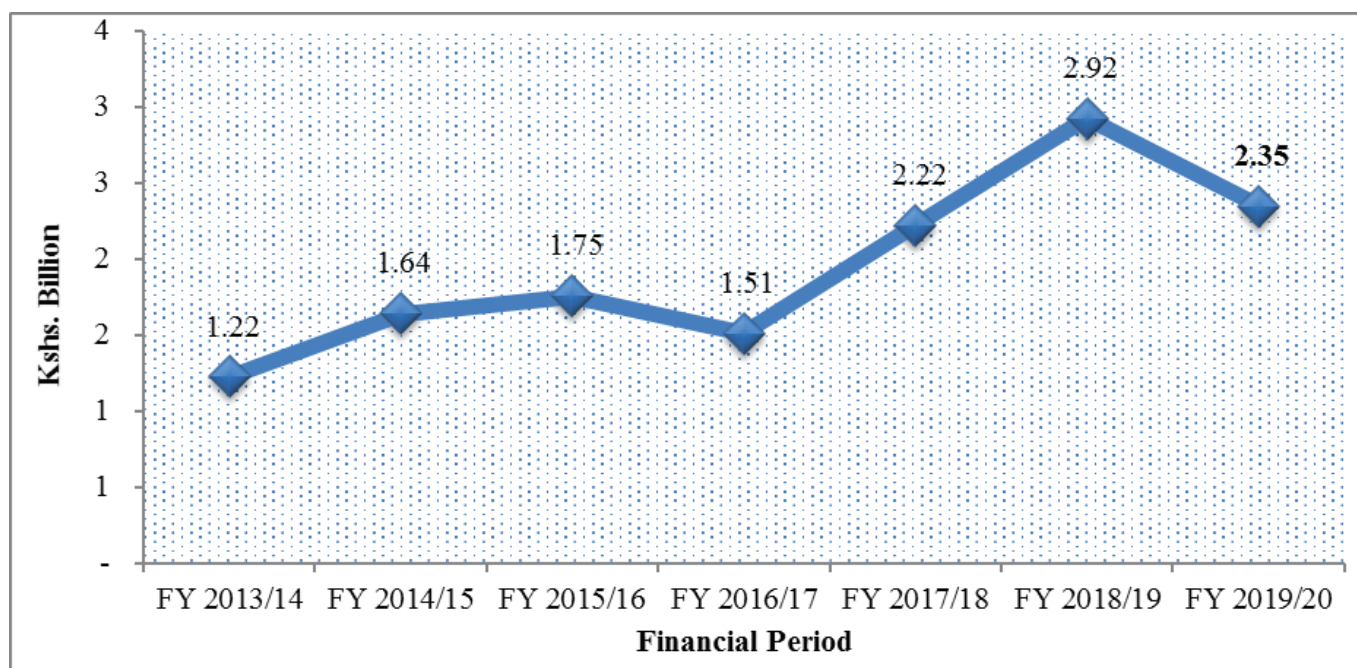
Table 3-161: Narok County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,039,100,000	8,039,100,000	7,347,737,400	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	20,595,297	20,595,297	20,595,297	100
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	228,195,188	228,195,188	228,195,188	100
4.	Rehabilitation of Village Polytechnics	19,488,298	19,488,298	19,488,298	100
5.	COVID-19	50,268,000	50,268,000	50,268,000	100
Sub Total		450,461,677	450,461,677	318,546,783	70.7
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	38,282,966	38,282,966	27,200,699	71.1
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	255,036,254	72.9
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	74,905,300	74,905,300	53,575,177	71.5
5.	DANIDA Grant	19,031,250	19,031,250	19,031,250	100.0
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	185,020,331	185,020,331	185,020,331	100.0
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,793,235	17,793,235	11,646,618	65.5
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	50,000,000	100.0
Sub Total		765,033,082	765,033,082	631,510,329	82.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	2,397,373,096	2,345,484,860	97.8
2.	Balance b/f from FY 2018/19	-	346,157,675	346,157,675	100.0
Sub Total		-	2,743,530,771	2,691,642,535	98.1
Grand Total		9,254,594,759	11,998,125,530	10,989,437,047	91.6

Source: Narok County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-66.

Figure 3-66: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Narok County Treasury

During FY 2019/20, the County generated a total of Kshs.2.35 billion as own-source revenue. This mount represented a decrease of 19.7 per cent when compared to Kshs.2.92 billion realised in FY 2018/19, and represented 97.8 per cent of the annual target. The decrease was attributed to the COVID-19 pandemic which greatly impacted on revenue collection especially from the tourism sector.

3.34.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.10.88 billion from the CRF account during the reporting period. This amount comprised of Kshs.3.17 billion (29.1per cent) for Development programmes and Kshs.7.71 billion (70.9 per cent) for Recurrent programmes.

3.34.4 Overall Expenditure Review

A total of Kshs.10.63 billion was spent on Development and Recurrent programmes and represented 97.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.92 billion and Kshs.7.71 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 74 per cent while that incurred on Recurrent programmes represented an absorption rate of 95.8 per cent.

3.34.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.472.66 million as at June 30, 2020. These bills consisted of Kshs.245.99 million for development activities and Kshs.226.67 million for recurrent expenditure.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.41 billion was spent on Compensation to Employees, Kshs.4.29 billion on Operations and Maintenance and Kshs2.92 billion on Development expenditure as illustrated below.

Table 3-162: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	8,046,487,380	7,710,614,162	7,707,329,888	72.5	95.8
Compensation to Employees	3,918,570,959	3,856,726,000	3,413,821,954	32.1	87.1
Operations and Maintenance	4,127,916,421	3,853,888,162	4,293,507,934	40.4	104
Total Development Expenditure	3,951,638,153	3,170,367,477	2,924,036,624	27.5	74
Development expenditure	3,951,638,153	3,170,367,477	2,924,036,624	27.5	74

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total	11,998,125,533	10,880,981,639	10,631,366,512	100.0	88.6

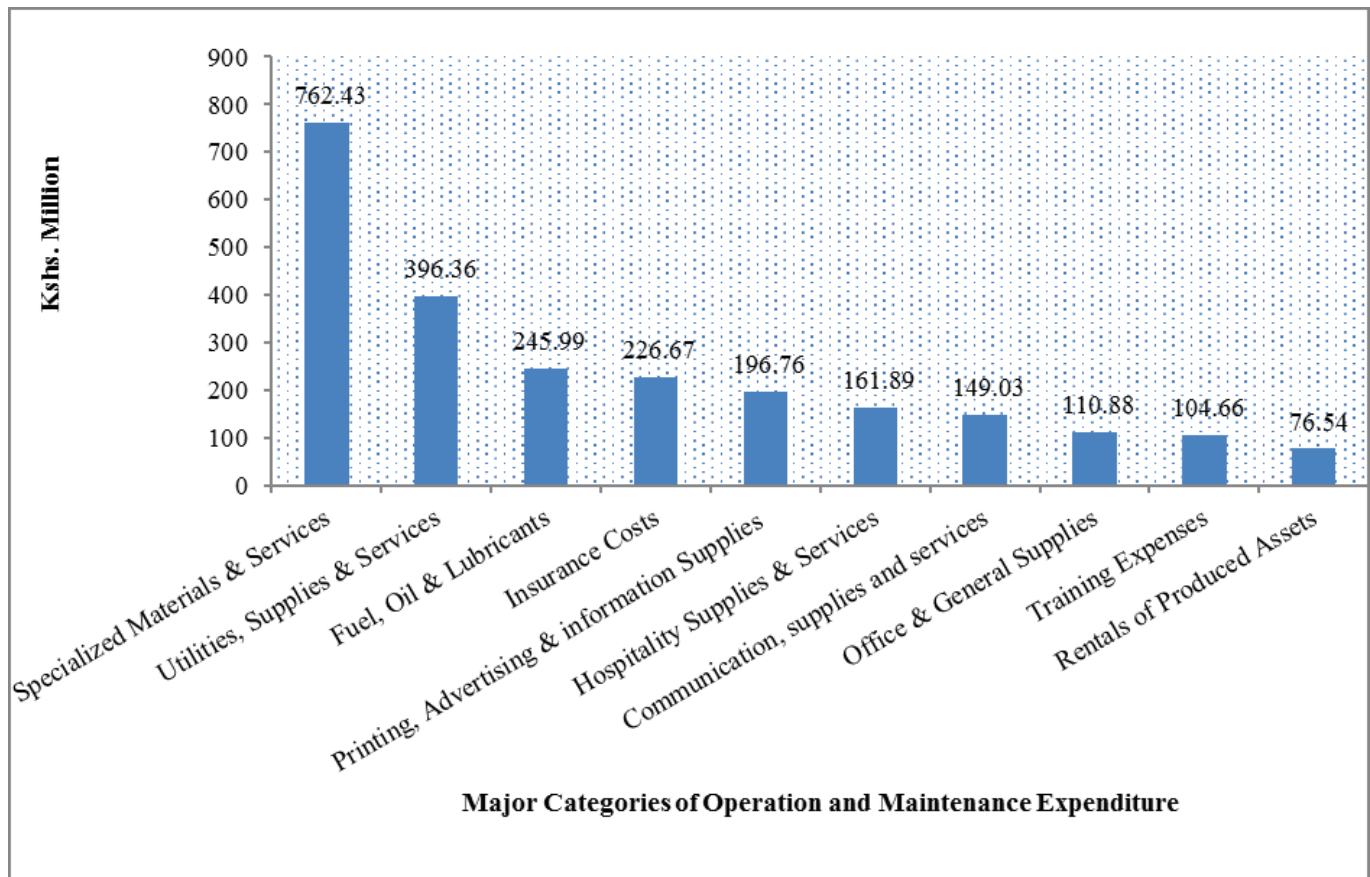
Source: Narok County Treasury

Expenditure on Compensation to Employees was 32.1 per cent of the total expenditure for the financial year and represented a decrease of 4.3 per cent compared to FY 2018/19 when the County spent Kshs.3.6 billion.

3.34.7 Analysis of Operations and Maintenance Expenditure

Figure 3-67 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-67: Narok County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Narok County Treasury

The County spent Kshs.32.52 million on Committee Sitting Allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.58.81 million. The average monthly sitting allowance was Kshs.56,463 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.146.14 million and comprised of Kshs.76.45 million spent by the County Assembly and Kshs.69.68 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.25.27 million and comprised of Kshs.2.13 million spent by the County Assembly and Kshs.23.15 million by the County Executive.

3.34.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.92 billion represented 74 per cent of the annual development budget of Kshs.3.95 billion and represented a decrease of 2.6 per cent compared to FY 2018/19 when the County spent Kshs.3.0 billion. Table 3-164 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-164: Narok County, List of Development Projects in FY 2019/20

S/No	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Upgrading of Emurua Dikirr Health Center to Hospital	Health & Sanitation	Emurua Dikirr	128,295,605	79,565,643	62.0
2	Construction of inpatient wards at Nairegie Enkare	Health & Sanitation	Narok East	48,678,281	5,000,000	10.3
3	Acquisition of drilling equipment	Water Environment and Natural Resources	Narok North	59,729,328	50,700,000	84.9
4	Upgrading of township roads	Roads & Transport	Narok North	137,570,664	51,351,196	37.3
5	Construction and upgrading of Lolgorian Health Center	Health & Sanitation	Transmara West	160,353,612	79,102,055	49.3
6	Acquisition of land(Cis Mara/il-mashariani/morijo/1303)	Lands and Housing	Narok North	25,200,000	5,125,000	20.3
7	Construction of Narok County referral Hospital	Health & Sanitation	Narok North	558,795,432	113,778,141	20.4
8	Acquisition of Graders	Roads & Transport	Narok North	153,000,000	123,000,000	80.4
9	Construction of Kirgoris Market	Trade & Industrialization	Kilgoris	19,571,820	18,614,638	95.1
10	Construction of Ololulunga Sub-county Hospital	Health & Sanitation	Narok South	95,817,258	83,500,000	87.1

Source: Narok County Treasury

3.34.9 Budget Performance by Department

Table 3-164 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-164: Narok County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. 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	709.6	15.98	707	15	706.99	15	100	100	99.6	93.9
County Executive	307.13	-	306.51	-	305.9	-	99.8	-	99.6	-
Finance & Economic Planning	982.32	409.23	828.94	130	828.99	130	100	100	84.4	31.8
County Transport, Public works and infrastructure	266.56	1,008	265.08	934.02	265	713.46	100	76.4	99.4	70.8
Education Youth Affairs, Sports Culture and Social services	1,117.14	685.74	1,060.49	499.49	1,060.5	499.49	100	100	94.9	72.8
Environment & Natural Resources	195.92	223	195.48	192	195.48	192	100	100	99.8	86.1
County Public Service Board	89.16	-	88.94	-	88.84	-	99.9	-	99.6	-
Agriculture	339.79	542.29	339.7	378.26	339.31	378.08	99.9	100	99.9	69.7
County Health and Sanitation	2,336.14	657.51	2,182.24	648.02	2,182.13	648.02	100	100	93.4	98.6
Lands, Housing, Physical Planning & Urban Development	170.49	171.29	232.23	158.58	232.2	153.35	100	96.7	136.2	89.5
Department of Tourism and wildlife	374.46	153.6	374.14	130	373.05	110.51	99.7	85	99.6	71.9
County Administration and Public service Management	1,043.11	85	1,015.45	85	1,014.96	84.13	100	99	97.3	99
Trade and Industrialization	114.68	-	114.43	-	114	-	99.6	-	99.4	-
Total	8,046.49	3,951.6	7,710.6	3,170.4	7,707.3	2,924	100	92.2	95.8	74

Source: Narok County Treasury

Analysis of expenditure by department shows that the Department of County Administration and Public service Management recorded the highest absorption rate of development budget at 99 per cent while the Department of Finance & Economic Planning reported the lowest at 31.8 per cent. The Department of Lands, Housing, Physical Planning & Urban Development had the highest percentage of recurrent expenditure to recurrent budget at 136.2 per cent while the Department of Finance & Economic had the lowest at 84.4 per cent.

3.34.10 Budget Execution by Programmes and Sub-Programmes

Table 3-165 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-165 : Narok County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Head	Program	Description	Approved Budget(Kshs.)	Actual Payments(Kshs.)	Variance(Kshs.)	Absorption (%)
4611000100		county Assembly Headquarters	241,601,982	241,601,900	82	100.0
	704004610	Legislation and Representation	241,601,982	241,601,900	82	100.0
	722004610		-	-	-	-
	725004610		-	-	-	-
4611000200		Office of the Speaker	19,620,000	19,619,999	1	100.0
	704004610	Legislation and Representation	19,620,000	19,619,999	1	100.0
	722004610		-	-	-	-
4611000300		County Assembly Administration	251,626,861	251,607,786	19,075	100.0
	722004610					
	701004610	General Administration, Planning and Support Services	251,626,861	251,607,786	19,075	100.0
4611000400		County Legislature	12,117,375	12,117,375	-	100.0
	704004610	Legislation and Representation	12,117,375	12,117,375	-	100.0
4611000500		Finance Management Services	25,604,477	23,731,146	1,873,331	92.7
	702004610	Public Finance Management				
	701004610	General Administration, Planning and Support Services	25,604,477	23,731,146	1,873,331	92.7
	722004610					
4611000600		Policy And Research	12,450,000	11,596,650	853,350	93.1
	704004610	Legislation and Representation	12,450,000	11,596,650	853,350	93.1
	724004610					
4611000700		Administrative Services	60,985,485	60,985,485	-	100.0
	701004610	General Administration, Planning and Support Services	60,985,485	60,985,485	-	100.0
4611000800		County Assembly Service Board	16,239,000	14,646,905	1,592,095	90.2
	704004610	Legislation and Representation	16,239,000	14,646,905	1,592,095	90.2
	722004610					
4611000900		Procedure And Committee Services	85,330,667	50,350,282	34,980,385	59.0
	701004610	General Administration, Planning and Support Services	85,330,667	50,350,282	34,980,385	59.0
	722004610					

Head	Program	Description	Approved Budget(Kshs.)	Actual Payments(Kshs.)	Variance(Kshs.)	Absorption (%)
4612000100		County Executive	307,128,097	126,543,109	180,584,988	41.2
	701004610	General Administration, Planning and Support Services	307,128,097	126,543,109	180,584,988	41.2
	725004610		-	-	-	
4612000200		County Executive Administration	-	-	-	
	725004610		-	-	-	
	701004610	General Administration, Planning and Support Services	-	-	-	
4612000300		County Public Service Management	-	-	-	
	701004610	General Administration, Planning and Support Services	-	-	-	
	725004610		-	-	-	
4612000400		Internal Audit	-	-	-	
	729004610		-	-	-	
4613000100		Finance & Economic Planning	249,467,445	247,356,095	2,111,350	99.2
	706004610		-	-	-	
	703004610	Economic Policy and County Planning	249,467,445	247,356,095	2,111,350	99.2
	702004610	Public Finance Management				
4613000200		Procurement	71,194,788	22,121,963	49,072,824	31.1
	702004610	Public Finance Management	71,194,788	22,121,963	49,072,824	31.1
4613000300		Revenue Management Services	92,597,518	44,081,130	48,516,388	47.6
	702004610	Public Finance Management	92,597,518	44,081,130	48,516,388	47.6
4613000400		County Treasury	761,339,886	663,367,053	97,972,833	87.1
	703004610	Economic Policy and County Planning	761,339,886	663,367,053	97,972,833	87.1
	702004610	Public Finance Management				
4613000500		Accounting Services	43,535,600	3,125,808	40,409,792	7.2
	702004610	Public Finance Management	43,535,600	3,125,808	40,409,792	7.2
4613000600		Budget Formulation, Coordination and Management	48,364,588	5,516,841	42,847,747	11.4
	702004610	Public Finance Management	48,364,588	5,516,841	42,847,747	11.4
4613000700		Internal Audit	60,584,126	28,500,950	32,083,176	47.0
	702004610	Public Finance Management	60,584,126	28,500,950	32,083,176	47.0
4613000800			64,458,803	12,681,893	51,776,910	19.7
	202004610	ICT Services	64,458,803	12,681,893	51,776,910	19.7
4614000100		Public Works And Infrastructure	1,080,792,786	1,060,477,000	20,315,786	98.1
	201004610	Roads Transport and Public Works	1,080,792,786	1,060,477,000	20,315,786	98.1
	107004610	Urban Mobility and Transport				
	202004610	ICT Services				
4614000200		Roads And Transport	116,006,611	77,217,631	38,788,980	66.6
	201004610	Roads Transport and Public Works	116,006,611	77,217,631	38,788,980	66.6
	202004610	ICT Services				

Head	Program	Description	Approved Budget(Kshs.)	Actual Payments(Kshs.)	Variance(Kshs.)	Absorption (%)
4614000300			77,763,586	35,841,629	41,921,958	46.1
	201004610	Roads Transport and Public Works	77,763,586	35,841,629	41,921,958	46.1
4615000100		Education	1,320,754,033	1,320,754,033	-	100.0
	502004610	Manpower Development, Employment and Productivity Management	1,320,754,033	1,320,754,033	-	100.0
	901004610	Social Development and Children Services				
	501004610	General Administration and policy formulation				
4615000200		Gender and Youth Affairs	362,677,471	359,850,863	2,826,608	99.2
	901004610	Social Development and Children Services	362,677,471	359,850,863	2,826,608	99.2
4615000300		Vocational Education and Training	91,640,601	76,382,000	15,258,601	83.3
	901004610	Social Development and Children Services	91,640,601	76,382,000	15,258,601	83.3
4615000400		Sports				
	901004610	Social Development and Children Services	-	-	-	-
4615000500		Arts, Culture and Heritage	6,928,869	114,800	6,814,069	1.7
	901004610	Social Development and Children Services	6,928,869	114,800	6,814,069	1.7
4615000600		Social services and Recreation	20,878,966	11,191,147	9,687,819	53.6
	901004610	Social Development and Children Services	20,878,966	11,191,147	9,687,819	53.6
4616000100		Environment Protection, Energy, Water & Natural Resources	418,920,627	347,914,907	71,005,720	83.1
	1002004610	Environment Management and Protection	418,920,627	347,914,907	71,005,720	83.1
	1001004610					
4617000100		County Public Service Board	89,158,492	32,745,715	56,412,777	36.7
	701004610	General Administration, Planning and Support Services	89,158,492	32,745,715	56,412,777	36.7
	907004610					
4618000100		Crop Production	565,809,965	564,021,946	1,788,019	99.7
	103004610	Livestock Resources management and development				
	102004610	Crop Development and management	565,809,965	564,021,946	1,788,019	99.7
	108004610					
4618000200		Livestock Production	189,669,188	118,663,365	71,005,823	62.6
	112004610					
	103004610	Livestock Resources management and development	189,669,188	118,663,365	71,005,823	62.6
4618000300		Fisheries	18,134,239	713,826	17,420,413	3.9
	104004610	Fisheries development and management	18,134,239	713,826	17,420,413	3.9
	111004610					

Head	Program	Description	Approved Budget(Kshs.)	Actual Payments(Kshs.)	Variance(Kshs.)	Absorption (%)
4618000400		veterinary Services	108,471,014	37,500,000	70,971,014	34.6
	103004610	Livestock Resources management and development	108,471,014	37,500,000	70,971,014	34.6
	112004610					
4619000100		Health- Medical Services	2,797,823,937	2,759,537,747	38,286,190	98.6
	703004610	Economic Policy and County Planning	-	-	-	-
	403004610	General Administration, Planning & Support Services	2,140,311,437	2,102,199,623	38,111,814	98.2
	401004610	Preventive & Promotive Health Services	657,512,500	657,338,124	174,377	100.0
4619000200		Public Health	195,827,943	157,647,255	38,180,688	80.5
	402004610	Curative Health Services	195,827,943	157,647,255	38,180,688	80.5
	404004610					
4620000100		Land, Housing & Survey	93,437,399	91,790,575	1,646,824	98.2
	102004610	Crop Development and management				
	106004610	Housing Development and Human Settlement	68,000,000	68,000,000	-	100.0
	101004610	General administration, planning and support services	-	-	-	-
	107004610	Urban Mobility and Transport	-	-	-	-
	105004610	Land Policy and Planning	25,437,399	23,790,575	1,646,824	93.5
4620000200		Town Management	229,114,406	227,309,438	1,804,968	99.2
	107004610	Urban Mobility and Transport	229,114,406	227,309,438	1,804,968	99.2
	105004610	Land Policy and Planning				
4620000300		ysical Planning	19,228,862	3,000,000	16,228,862	15.6
	106004610	Housing Development and Human Settlement	19,228,862	3,000,000	16,228,862	15.6
4621000100		ICT & E-Government				
	210004610					
	202004610	ICT Services	-	-	-	-
4622000100		Tourism	435,058,748	430,221,908	4,836,840	98.9
	306004610					
	303004610	Tourism Development and Promotion	435,058,748	430,221,908	4,836,840	98.9
4623000100			527,309,284	526,000,000	1,309,284	99.8
	701004610	General Administration, Planning and Support Services	442,309,284	442,000,000	309,284	99.9
	704004610	Legislation and Representation	85,000,000	84,000,000	1,000,000	98.8
			571,394,142	570,913,520	480,622	99.9
4623000200	701004610	General Administration, Planning and Support Services	571,394,142	570,913,520	480,622	99.9
4623000300			29,402,008	29,313,712	88,296	99.7
	701004610	General Administration, Planning and Support Services	29,402,008	29,313,712	88,296	99.7
4624000100			194,467,847	194,293,026	174,821	99.9
	301004610	General Administration and Support Services	194,467,847	194,293,026	174,821	99.9

Head	Program	Description	Approved Budget(Kshs.)	Actual Payments(Kshs.)	Variance(Kshs.)	Absorption (%)
4624000200			9,583,120	-	9,583,120	-
	301004610	General Administration and Support Services	9,583,120	-	9,583,120	-
4624000300			3,624,693	-	3,624,693	-
	301004610	General Administration and Support Services	3,624,693	-	3,624,693	-
4919000100		County Assembly	-	-	-	-
	401004610	Preventive & Promotive Health Services	-	-	-	-
		Grand Total	11,998,125,532	10,631,366,512	1,111,949,225	88.6

Source: Narok County Treasury

Based on expenditure absorption rate as shown in Table 3-165, the programs which reported 100 per cent absorption rates were; Housing Development and Human Settlement, Preventive & Promotive Health Services, Manpower Development, Employment and Productivity Management, and Legislation and Representation.

3.34.11 Key Observations and Recommendations

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

1. Weak budgetary control practice by the County Treasury as shown in Table 3-164 where the County incurred expenditure in excess of approved budget allocations.
2. High pending bills as of 30th June, 2020 which amounted to Kshs.472.66 million.

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

1. The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the available cash. Further, all unspent cash should be refunded into the CRF account in line with Section 136 (2) of the PFM Act, 2012.
2. The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3.35 County Government of Nyamira

3.35.1 Overview of FY 2019/20 Budget

The County's 2nd Supplementary Budget for FY 2019/20 was Kshs.7 billion, comprising of Kshs.1.96 billion (27.9 per cent) and Kshs.5.05 billion (72.1 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.81 billion (68.7 per cent) being equitable share of revenue raised nationally, Kshs.786.49 billion (11.2 per cent) as total Conditional Grants, generate Kshs.250 million (3.6 per cent) from own sources of revenue, and the cash balance of Kshs.1.15 billion (16.5 per cent) from FY 2018/19.

3.35.2 Revenue Performance

During FY 2019/20, the County received Kshs.4.39 billion as equitable share of the revenue raised nationally, Kshs.553.74 million as total Conditional Grants, raised Kshs.185.57 million as own-source revenue, and had a cash balance of Kshs.1.15 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.29 billion as shown in Table 3-166.

Table 3-166: Nyamira County, Revenue Performance in FY 2019/20

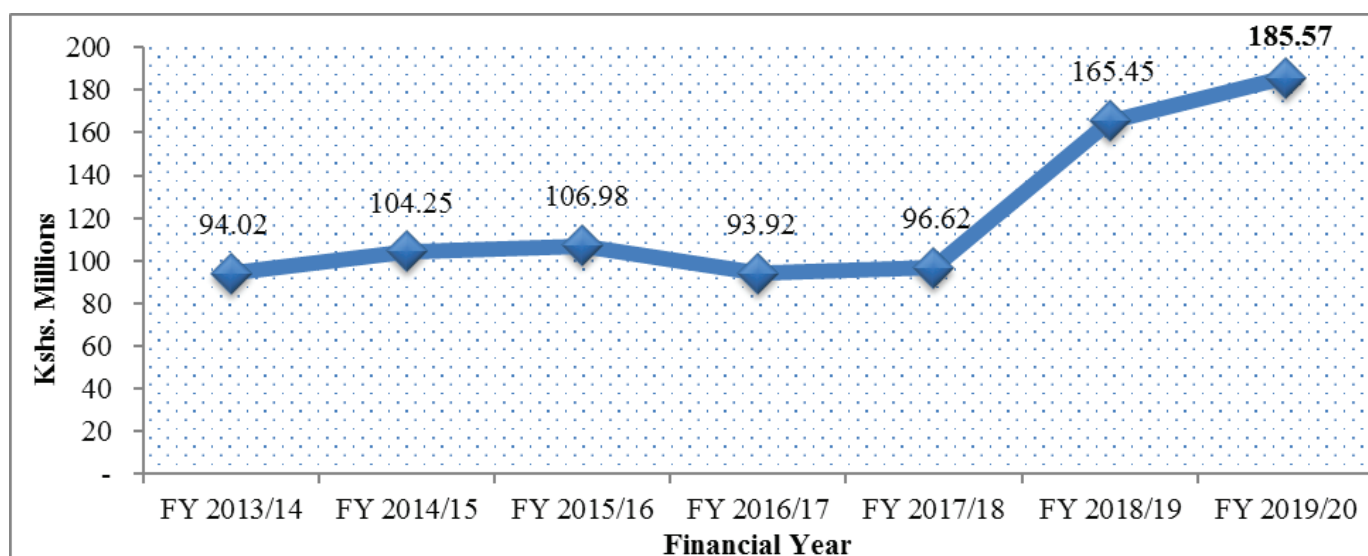
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,810,800,000	4,810,800,000	4,397,071,200	91.4
B.	Conditional Grants from the National Government				

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
1.	Compensation for User Fee Foregone	13,175,221	13,175,221	13,175,221	100
2.	Road Maintenance Fuel Levy Fund	136,557,750	136,557,750	34,139,438	25
3.	Rehabilitation of Village Polytechnics	67,068,298	67,068,298	67,068,298	100
4.	COVID 19 Support	-	-	59,702,000	-
5.	COVID 19 Support (Health Care Workers)	-	-	46,800,000	-
Sub Total		216,801,269	216,801,269	220,884,956	101.9
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	14,054,627	40.2
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	161,453,323	46.1
3.	DANIDA COVID 19	-	-	5,320,000	-
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	114,705,300	114,705,300.00	82,041,680	71.5
6.	DANIDA Grant	14,250,000	14,250,000	14,250,000	100
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,937,554	16,937,554	16,869,782.55	99.6
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000.00	100
Sub Total		569,692,854	569,692,854	332,789,413	58.4
D	Other Sources of Revenue				
1.	Own Source Revenue	250,000,000	250,000,000	185,568,749	74.2
2.	Balance b/f from FY 2018/19	1,154,682,640	1,154,682,640	1,154,682,640	100
Sub Total		1,404,682,640	1,404,682,640	1,340,251,390	95.4
Grand Total		7,001,976,763	7,001,976,763	6,290,996,959	89.8

Source: Nyamira County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-68.

Figure 3-68: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Nyamira County Treasury

During FY 2019/20, the County generated a total of Kshs.185.57 million as own-source revenue. This amount represented an increase of 12.2 per cent when compared to Kshs.165.44 million realised in FY 2018/19, and represented 74.2 per cent of the annual target.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.73 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.04 billion (18.2 per cent) for Development programmes and Kshs.4.69 billion (81.8 per cent) for Recurrent programmes.

3.35.4 Overall Expenditure Review

A total of Kshs.5.77 billion was spent on Development and Recurrent programmes and represented 100.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.20 billion and Kshs.4.56 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 61.5 per cent while that incurred on Recurrent programmes represented an absorption rate of 90.6 per cent.

3.35.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.51.1 million as at June 30, 2020. These bills consisted of Kshs.20.25 million for development activities and Kshs.30.85 million for recurrent expenditure.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.94 billion was spent on Compensation to Employees, Kshs.1.62 billion on Operations and Maintenance, and Kshs.1.20 billion on Development expenditure.

Table 3-167: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,045,477,858	4,691,860,437	4,568,967,934	79.2	90.6
Compensation to Employees	3,160,961,817	2,944,652,098	2,944,652,098	51	93.2
Operations and Maintenance	1,884,516,041	1,747,208,339	1,624,315,836	28.1	86.2
Total Development Expenditure	1,956,498,904	1,040,412,621	1,203,205,988	20.8	61.5
Development Expenditure	1,956,498,904	1,040,412,621	1,203,205,988	20.8	61.5
Total	7,001,976,762	5,732,273,058	5,772,173,922	100	82.4

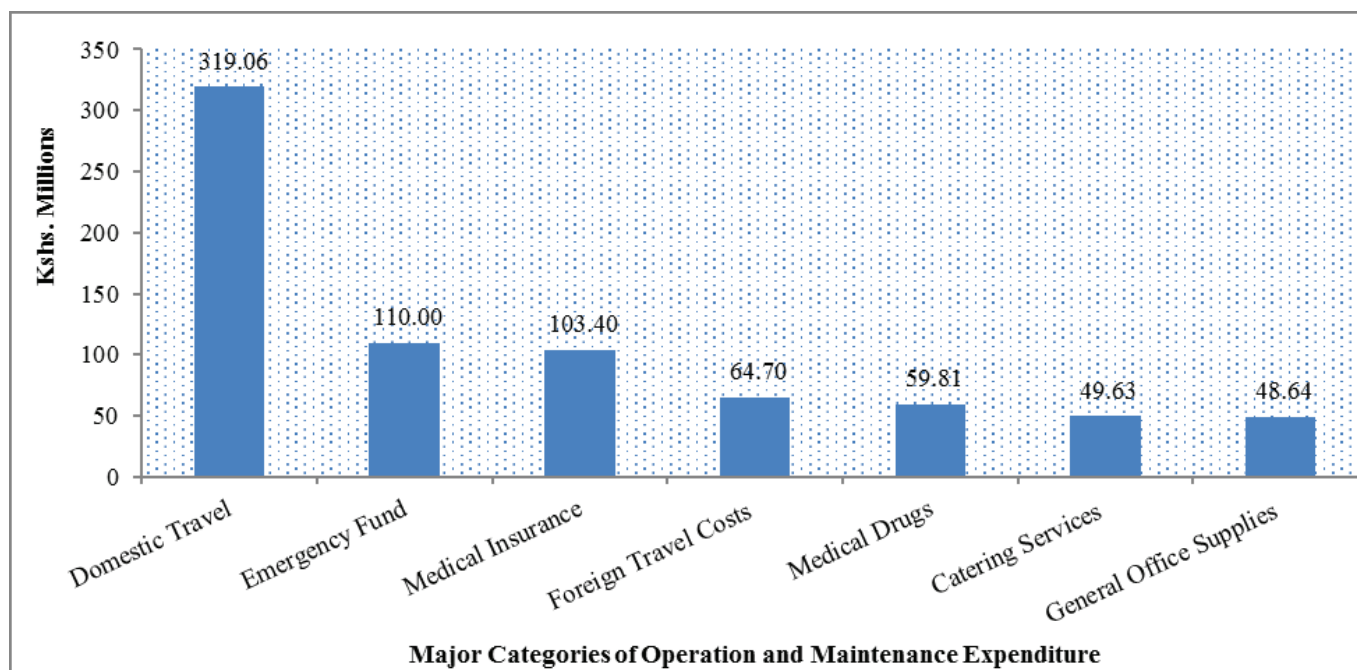
Source: Nyamira County Treasury

Expenditure on Compensation to Employees was 51 per cent of the total expenditure for the financial year and represented a decrease of 6.1 per cent compared to FY 2018/19 when the County spent Kshs.3.14 billion.

3.35.7 Analysis of Operations and Maintenance Expenditure

Figure 3-69 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-69: Nyamira County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Nyamira County Treasury

The County spent Kshs.47.63 million on Committee Sitting Allowances for the 37 MCAs and Speaker against the annual budget allocation of Kshs.54.63 million. The average monthly sitting allowance was Kshs.107,291 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.319.06 million and comprised of Kshs.101.88 million spent by the County Assembly and Kshs.217.18 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.64.70 million and comprised of Kshs.27.44 million spent by the County Assembly and Kshs.37.25 million by the County Executive.

3.35.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.20 billion represented 61.5 per cent of the annual development budget of Kshs.1.96 billion and represented an increase of 7.4 per cent compared to FY 2018/19 when the County spent Kshs.1.12 billion. Table 3-168 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-168: Nyamira County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction and completion of Nyamira County Head Quarters	Township	382,970,401	119,000,000	31.1
2	Capital Grants to Other levels of government	County wide	462,531,197	112,411,927	24.3
3	Hire of Heavy Equipment (Plant and Machinery) for Road Construction works within the County to open up various Areas under the Mechanical and Transport Fund (MTF)	County wide	73,000,000	73,000,000	100.0
4	Proposed construction and completion of manga stadium	County wide	98,421,866	36,021,584	36.6
5	Proposed supply, delivery, installation, commissioning and maintenance of Solar powered street lights in Nyamira County	County Wide	41,722,078	35,735,686	85.7
6	Headquarters Construction of Phase III of the Doctors Plaza	Headquarters	33,000,000	34,370,525	104.2
7	Construction of 6 floor Office Block for MCAs and Staff Phase II	Township	77,019,042	33,207,798	43.1

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
8	Proposed Construction and Completion of In-patient Wards with Operating Theatre at Magwagwa Health Centre	Magwagwa	64,551,976	12,629,871	19.6
9	Proposed Construction and completion of Nyabisimba water project	Bogichora	13,000,000	11,111,618	85.5
10	Proposed supply, delivery, customization, commissioning and maintenance of Revenue Collection and Management System	County wide	29,000,000	10,398,300	35.9

Source: Nyamira County Treasury

During the period under review, the County exceeded the budgeted amount in the construction of Phase III of the doctor's plaza by Kshs.1.44 million. This variation was necessitated by need to develop isolation units in preparation for COVID pandemic. We however note this variation had not been regularised by the close of the FY 2019/20.

3.35.9 Budget Performance by Department

Table 3-169 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-169: Nyamira County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	616.11	97.00	616.11	45.61	616.11	45.04	100	98.7	100	46.4
Governor's Office	486.53	0.00	483.80	0.00	464.25	0.00	96	-	95.4	-
Finance And Economic Planning	651.36	27.26	497.19	11.89	573.17	23.14	115.3	194.7	88	84.9
Agriculture, Livestock & Fisheries	167.81	483.45	167.81	216.90	166.63	208.46	99.3	96.1	99.3	43.1
Environment, Water, Mining & Natural Resources	87.11	128.04	85.96	54.43	82.05	151.16	95.5	277.7	94.2	118.1
Education & Vocational Training	648.64	81.17	483.55	68.15	452.82	72.50	93.6	106.4	69.8	89.3
Health Services	1724.39	167.14	1695.55	158.86	1633.98	146.87	96.4	92.5	94.8	87.9
Land, Housing, Physical Planning & Urban Development	69.62	177.71	69.62	124.68	67.87	146.50	97.5	117.5	97.5	82.4
Transport, Roads And Public Works	90.04	460.11	90.04	316.92	88.19	338.52	97.9	106.8	97.9	73.6
Trade, Tourism, Industrialization & Cooperatives Development	47.14	39.76	47.14	7.43	27.20	4.81	57.7	64.7	57.7	12.1
Youths, Sports, Gender, Culture & Social Services	50.19	69.72	48.56	35.54	16.95	46.67	34.9	131.3	33.8	66.9
Public Service Board	52.65	-	52.65	-	50.40	0.00	95.7	-	95.7	-
Public Service Management	287.90	-	287.90	-	285.42	0.00	99.1	-	99.1	-
Municipality	66.00	225.15	66.00	-	43.92	19.53	66.6	-	66.6	-
Total	5,045.48	1,956.50	4,691.86	1,040.41	4,568.97	1,203.2	97.4	115.6	90.6	61.5

Source: Nyamira County Treasury

Analysis of expenditure by department shows that the Department of Environment and Natural Resources recorded the highest absorption rate of development budget at 118.1 per cent while the Nyamira Municipality recorded the lowest absorption of 5.8 per cent. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 100 per cent while the Department of Youth, Sports and Culture had the lowest at 33.8 per cent.

3.35.10 Budget Execution by Programmes and Sub-Programmes

Table 3-170 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-170 : Nyamira County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub-Programme	Approved Estimates FY 2019/20 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementation Status (% Total Expenditure to Approved Estimates)
		A	B	C=A-B	D=B/A*100
Department: Governor's Office					
General Administration and Support Services	General administration support services	281,131,032	278,377,683	2,753,348	99
	Policy development and support services	205,397,655	187,011,230	18,386,424	91.1
	Sub-Total	486,528,687	465,388,914	21,139,773	95.7
Department: Finance And Economic Planning					
Information and Communication Technology Services	Information and communication services	2,700,000	1,699,300	1,000,700	62.9
	ICT infrastructural services	25,576,617	24,085,080	1,491,537	94.2
General Administration and Support Services	General administration support services	348,090,923	327,338,551	20,752,372	94
	Policy development and support services	11,591,550	11,487,440	104,110	99.1
	Supply chain management	18,785,600	18,401,750	383,850	98
Economic Planning, Budgeting and Coordination Services	Economic planning and coordination	70,884,640	38,152,120	32,732,520	53.8
	Budget formulation and management	173,393,000	170,543,670	2,849,330	98.4
County Financial Management and Control	Audit services	12,071,280	10,293,780	1,777,500	85.3
Resource Mobilization	internal Resource mobilization	15,524,022	13,769,033	1,754,989	88.7
	Sub-Total	678,617,632	615,770,724	62,846,908	90.7
Department: Agriculture, Livestock And Fisheries					
Policy Planning, General Administration and Support Services	General administration and support services	156,077,209	155,082,030	995,179	99.4
	Policy and planning	8,546,114	8,403,910	142,204	98.3
Crop, Agribusiness and Land Management Services	Crop Development Services	416,939,866	195,878,769	221,061,097	47
	Agribusiness	44,156,331	22,631,027	21,525,304	51.2
Fisheries Development and Promotion Services	Aquaculture Promotion Services	3,372,000	2,771,483	600,517	82.2
Livestock Promotion and Development	Livestock Products Value Addition and Marketing	20,258,950	15,780,325	4,478,626	77.9
	Animal Health Disease and Management	1,900,000	1,411,000	489,000	74.3
	Sub-Total	651,250,470	401,958,543	249,291,927	61.7
Department: Environment, Water, Mining & Natural Resources					
Policy Planning, General Administration and Support Services	General administration and support services	57,111,604	56,645,493	466,111	99.2
	Policy and planning	3,818,670	3,667,750	150,920	96.1
Energy and Mineral Resources Services	Other energy sources promotion	47,903,100	36,725,478	11,177,622	76.7

Programme	Sub-Programme	Approved Estimates FY 2019/20 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementation Status (% Total Expenditure to Approved Estimates)
		A	B	C=A-B	D=B/A*100
Water Supply and Management Services	Major towns water services	2,980,000	372,000.00	2,608,000	12.5
	Rural water services	80,696,097	33,620,929	47,075,168	41.7
Environmental Protection and Management Services	Pollution and waste management	7,483,996	5,262,356	2,221,640	70.3
	Agroforestry promotion	15,150,000	12,313,895	2,836,105	81.1
	Sub-Total	215,143,467	148,607,901	66,535,566	69.1
Department: Education & Vocational Training					
General Administration, Policy Planning and Support Services	General administration	42,157,493	41,025,553	1,131,940	97.3
	Planning policy	2,879,265	2,511,450	367,815	87.2
ECDE and CCC Development Services	ECDE and CCC management services	356,882,275	351,281,963	5,600,312	98.4
Vocational Development and Training Services	Vocational management services	327,893,382	260,349,782	67,543,600	79.4
	Sub-Total	729,812,415	655,168,748	74,643,667	89.8
Department: Health Services					
Preventive and Promotive Health Services	Health Promotion	425,022,327	422,241,760	2,780,567	99.4
	Communicable Disease Control	162,021,613	111,304,813	50,716,800	68.7
General Administration, Planning and Support Services	Administration support services	177,301,155	168,145,685	9,155,470	94.8
Curative Health Services	Medical services	1,088,525,247	1,068,758,068	19,767,179	98.2
	Facility infrastructural services	38,655,000	30,503,578	8,151,422	78.9
	Sub-Total	1,891,525,342	1,800,953,904	90,571,439	95.2
Department: Land, Housing, Physical Planning & Urban Development					
Policy Planning, General Administration and Support Services	General administration and support services	66,045,731	63,744,599	2,301,131	96.5
	Policy and planning	3,572,400	3,021,900	550,500	84.6
Physical Planning and Surveying Services	Physical Planning	19,441,632	4,000,475	15,441,157	20.6
	Surveying services	5,915,000	5,889,500	25,500	99.6
Housing Improvement Development	Housing Improvement Services	127,730,329	127,619,037	111,293	99.9
Management and Development of Towns	Town Management and Coordination	24,622,168	8,443,036	16,179,132	34.3
	Sub-Total	247,327,260	212,718,547	34,608,712	86
Department: Transport, Roads And Public Works					
General Administration, Planning and Support Services	Administration and support services	87,829,966	86,037,693	1,792,273	98
	Policy and planning	2,210,853	1,641,837	569,016	74.3
Roads Development and Management	Construction of roads and bridges	142,502,698	118,810,579	23,692,119	83.4
	Rehabilitation and maintenance of Roads	317,612,187	221,993,096	95,619,091	69.9
	Sub-Total	550,155,704	428,483,205	121,672,499	77.9
Department: Trade, Tourism, Industrialization & Cooperatives Development					
Policy Planning, General Administration and Support Services	General administration and support services	33,458,944	32,994,540	464,404	98.6
	Policy and planning services	2,507,706	2,287,674	220,033	91.2
Trade, Cooperative and Investment Development and Promotion	Cooperative promotion	8,575,807	7,221,770	1,354,037	84.2
	Trade promotion	40,909,447	17,015,363	23,894,084	41.4

Programme	Sub-Programme	Approved Estimates FY 2019/20 (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Implementation Status (% Total Expenditure to Approved Estimates)
		A	B	C=A-B	D=B/A*100
Tourism Development and Promotion	Tourism promotion and management	1,445,025	1,325,897	119,128	91.8
	Sub-Total	86,896,929	60,845,244	26,051,686	70
Department: Youths, Sports, Gender, Culture & Social Services					
General Administration and Support Services	General administration support services	42,192,130	41,414,329	777,801	98.2
	Policy development and support services	3,066,000	2,835,100	230,900	92.5
Promotion and Management of Sports	Community Development	56,713,224	57,611,573	(898,349)	101.6
	Cultural promotion heritage	17,942,724	15,519,850	2,422,874	86.5
	Sub-Total	119,914,078	117,380,851	2,533,227	97.9
Department: Public Service Board					
Policy Planning, General Administration and Support Services	General administration and support services	45,828,733	44,037,599	1,791,134	96.1
	Policy and planning	6,818,196	5,426,420	1,391,776	79.6
	Sub-Total	52,646,929	49,464,019	3,182,910	94
Department: Public Service Management					
Policy Planning, General Administration and Support Services	General administration and support services	270,909,971	270,403,273	506,698	99.8
	Policy and planning	7,084,300	6,404,360	679,940	90.4
General Administration and Support Services	Communication services	1,167,000	1,027,200	139,800	88
Coordination, Strategy and Human Resource Services	Field coordination and administration	2,167,500	1,949,444	218,056	89.9
	Strategy and Advisory Services	600,000	574,008	25,992	95.7
	Human resource management	3,896,000	3,595,248	300,752	92.3
	Human resource development	2,075,968	1,987,700	88,268	95.8
	Sub-Total	287,900,739	285,941,233	1,959,506	99.3
Department: Municipality					
General Administration and Support Services	General administration and support services	291,149,600	62,148,091	229,001,509	21.4
	Sub-Total	291,149,600	62,148,091	229,001,509	21.4
Department: County Assembly					
Legislation and Oversight	Policy Planning, General Administration and Support Services	270,657,583	270,657,583	-	100
	General Administration and Support Services	78,199,598	78,199,598	-	100
	Monitoring and Evaluation (Oversight)	72,289,000	72,289,000	-	100
	Legislation	291,961,329	239,999,433	51,961,896	82.2
	Sub-Total	713,107,510	661,145,614	51,961,896	92.7
Grand Total		7,001,976,762	5,965,975,538	1,036,001,224	85.2

Source: Nyamira County Treasury

Based on expenditure absorption rate as shown in Table 3-170, the programs with the highest absorption rates were: Promotion and Management of Sports at 101.6 per cent, Policy Planning, General administration and Support Services, General Administration and Support Services and Monitoring and Evaluation (Under the Legislation and Oversight Programme) at 100 per cent of budget allocation respectively.

3.35.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 51 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. Week budgetary control practice by the County Treasury as shown in Table 3-169 and Table 3-170 where the County incurred expenditure in excess of approved budget allocations.
4. Discrepancy between the report on budget execution by programmes and sub programmes which indicates total expenditure as Kshs.5.97 billion compared to Kshs.5.77 billion captured in the County's annual report.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the available cash.*
4. *The County Treasury should regularly reconcile the budget implementation reports with IFMIS generated report to ensure reports on budget implementation are credible.*

3.36 County Government of Nyandarua

3.36.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.7.98 billion, comprising of Kshs.2.88 billion (36.1 per cent) and Kshs.5.1 billion (63.9 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.87 billion (61.1 per cent) as equitable share of revenue raised nationally, Kshs.819.53 million (10.3 per cent) as total conditional grants, generate Kshs.630 million (7.9 per cent) from own sources of revenue, and had Kshs.980.23 million (12.3 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.679.85 million (8.5 per cent) as "other revenues" not contained in the CARA, 2019.

3.36.2 Revenue Performance

During FY 2019/20, the County received Kshs.4.45 billion as equitable share of the revenue raised nationally, Kshs.493.54 million as total Conditional Grants, raised Kshs.379.48 million as own-source revenue, and had a cash balance of Kshs.980.23 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.99 billion as shown in Table 3-171.

Table 3-171: Nyandarua County, Revenue Performance in FY 2019/20

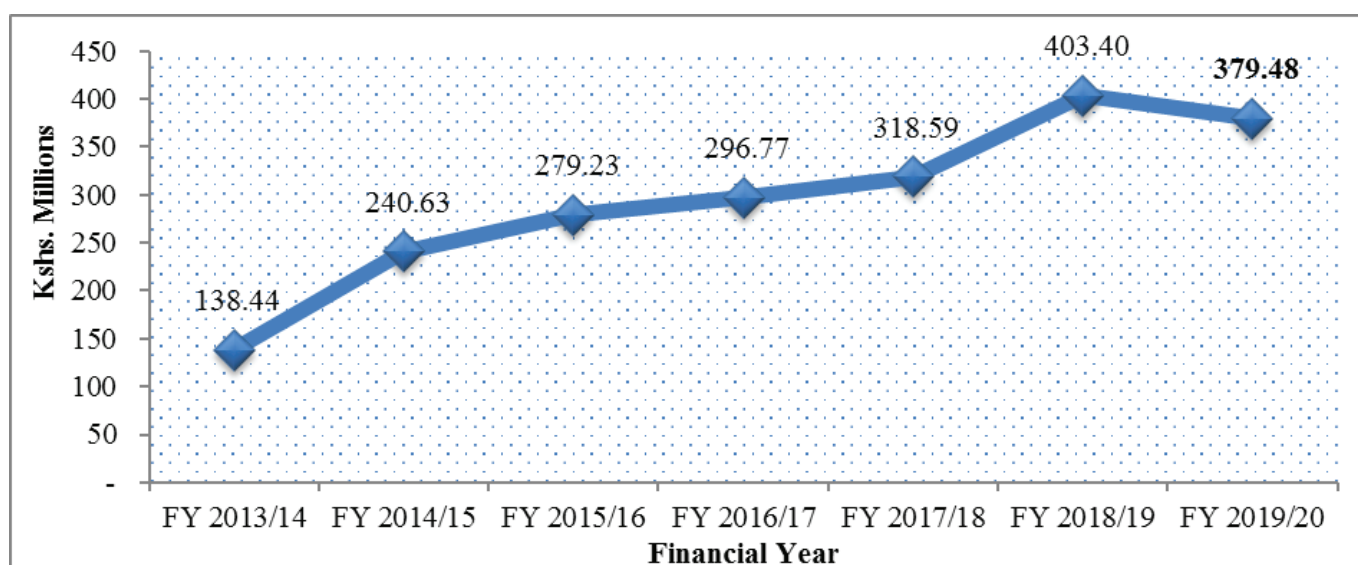
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,874,100,000	4,874,100,000	4,454,927,400	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
2.	Compensation for User Fee Foregone	12,735,922	12,735,922	12,735,922	100
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	138,354,563	138,354,563	138,354,563	100
5.	Rehabilitation of Village Polytechnics	37,983,298	37,983,298	37,983,298	100
Sub Total		441,988,677	441,988,677	189,073,783	42.8
C	Loans and Grants from Development Partners				
	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	35,000,000	100

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,268,690	117,268,690	103,261,630	88.1
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	135,543,400	135,543,400	96,945,898	71.5
9.	DANIDA Grant	14,718,750	14,718,750	14,718,750	100
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	20,223,224	20,223,224	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,987,360	15,987,360	15,739,467	98.4
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
Sub Total		377,541,424	377,541,424	304,465,745	80.6
D	Other Sources of Revenue				
13.	Own Source Revenue	-	630,000,000	379,480,630	60.2
14.	Balance b/f from FY2018/19	-	980,228,559	980,228,559	100
15.	Road maintenance levy fund b/f 2018/19	-	49,483,869	49,483,869	100
16.	Rehabilitation of village polytechnics FY 17/18	-	5,669,246	5,669,246	100
17.	Rehabilitation of village polytechnics b/f 2018/19	-	1,030,457	1,030,457	100
18.	Kenya Climate Smart Agriculture Project (KCSAP) b/f 2018/19	-	21,042,937	21,042,937	100
19.	World Bank Grant for KDSP Bal b/f	-	43,069,316	43,069,316	100
20.	World Bank Grant for KDSP - Level 1 b/f 2018/19	-	282,647,811	282,647,811	100
21.	World Bank Grant for KDSP - Level II	-	254,280,493	254,280,493	100
22.	NHC Engineer Hospital Refund	-	22,628,148	22,628,148	100
Sub Total		-	2,290,080,836	2,039,561,466	89.1
Grand Total		5,693,630,101	7,983,710,937	6,988,028,394	87.5

Source: Nyandarua County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-70.

Figure 3-70: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Nyandarua County Treasury

During FY 2019/20, the County generated a total of Kshs.379.48 million as own-source revenue. This amount represented a decrease of 6.3 per cent when compared to Kshs.403.4 million realised during the same period in FY 2018/19, and represented 60.2 per cent of the annual target.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.51 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.89 billion (29.1 per cent) for Development programmes and Kshs.4.61 billion (70.1 per cent) for Recurrent programmes.

3.36.4 Overall Expenditure Review

A total of Kshs.6.57 billion was spent on Development and Recurrent programmes and represented 101 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.89 billion and Kshs.4.68 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 65.7 per cent while that incurred on Recurrent programmes represented an absorption rate of 91.7 per cent.

3.36.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.861.29 million as at June 30, 2020. These bills consisted of Kshs.641.82 million for development activities and Kshs.219.47 million for recurrent expenditure.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.12 billion was spent on Compensation to Employees, Kshs.2.56 billion on Operations and Maintenance, and Kshs.1.89 billion on Development expenditure.

Table 3-172: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,102,091,196	4,611,725,164	4,679,184,290	71.2	91.7
Compensation to Employees	2,118,261,669	2,117,070,890	2,117,952,151	32.2	100
Operations and Maintenance	2,983,829,527	2,494,654,273	2,561,232,139	39.0	85.8
Total Development Expenditure	2,881,619,740	1,894,239,619	1,893,609,592	28.8	65.7
Development expenditure	2,881,619,740	1,894,239,619	1,893,609,592	28.8	65.7
Total	7,983,710,936	6,505,964,783	6,572,793,883	100	82.3

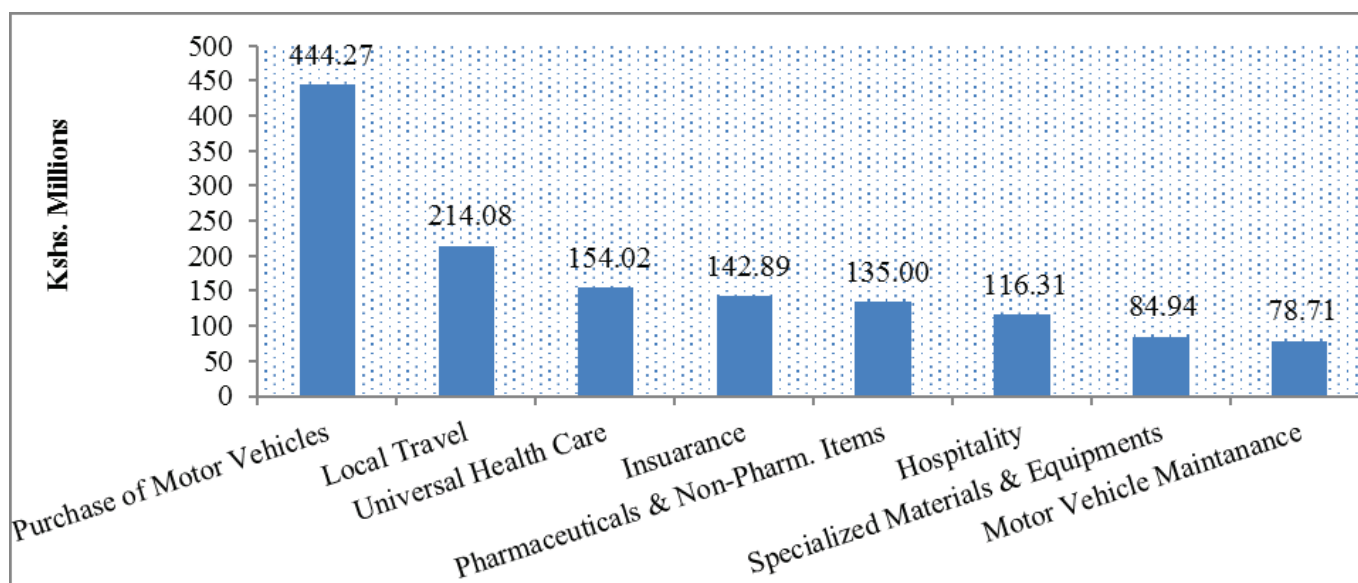
Source: Nyandarua County Treasury

Expenditure on Compensation to Employees was 32.2 per cent of the total expenditure for the financial year and represented an increase of 3.4 per cent compared to FY 2018/19 when the County spent Kshs.2.05 billion.

3.36.7 Analysis of Operations and Maintenance Expenditure

Figure 3-71 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-71: Nyandarua County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Nyandarua County Treasury

The County spent Kshs.40.47 million on Committee Sitting Allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.40.47 million. The average monthly sitting allowance was Kshs.84,305 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.214.07 million and comprised of Kshs.80.74 million spent by the County Assembly and Kshs.133.33 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.29.97 million and comprised of Kshs.21.43 million spent by the County Assembly and Kshs.6.53 million by the County Executive.

3.36.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.89 billion represented 65.7 per cent of the annual development budget of Kshs.2.88 billion and represented an increase of 16.5 per cent compared to FY 2018/19 when the County spent Kshs.1.58 billion. Table 3-173 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-173: Nyandarua County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Department	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Road Maintenance Fuel Levy Fund related projects	Transport, Energy & Public Works	138,354,563	138,354,563	100
2	Construction of an Office Block	County Assembly	140,597,659	132,012,166	93.9
3	Kenya Climate Smart Agriculture project - IDA World Bank	Agriculture Livestock & Fisheries	117,268,690	58,333,733	49.7
4	Upgrading of Municipality Roads to Motorable Level and Paving Works	Lands, Housing & Physical Planning	50,543,400	50,543,400	100
5	Construction of a Paving Block Plant	Lands, Housing & Physical Planning	35,000,000	35,000,000	100
6	Ol'Kalou Stadium- Completion of Presidential Dias	Youth, Sports and Arts	33,000,000	24,564,381	74.4
7	Upgrade of JM Kariuki hospital	Health Services	25,000,000	21,745,971	87
8	Completion of The Chambers(several constructions) Pending bills	County Assembly	18,994,066	18,994,066	100
9	Construction and completion of a Kitchen and Laundry at Engineer County Hospital	Health Services	16,200,000	16,199,296	100
10	Roads work	Transport, Energy & Public Works	13,611,200	13,611,200	100

Source: Nyandarua County Treasury

3.36.9 Budget Performance by Department

Table 3-174 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-174: Nyandarua County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office & Service Delivery	126.72	2.90	122.41	2.90	126.20	2.90	103.1	100	99.6	99.9
The County Secretary	1,967.48	-	1,954.36	-	1,964.90	-	100.5	-	99.9	-
County Attorney	41.42	1.97	41.42	1.47	41.29	1.47	99.7	100	99.7	74.7
Public Administration & ICT	44.80	3.00	44.64	-	44.80	-	100.4	-	100	-
County Public Service Board	14.75	-	14.75	-	14.75	-	100.0	-	100	-
Finance & Economic Development	979.97	12.00	743.53	-	855.42	-	115.0	-	87.3	-
Health Services	648.15	160.01	443.27	113.52	415.14	102.73	93.7	90.5	64.1	64.2

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Gender, Youth, Culture and Social Services	139.05	143.82	138.64	63.66	113.40	60.27	81.8	94.7	81.6	41.9
Industrialization Cooperatives, Trade & Enterprise Development	43.31	65.11	42.45	35.14	42.32	35.14	99.7	100	97.7	54
Youth, Sports and Arts	68.58	70.96	63.18	45.92	68.28	40.06	108.1	87.2	99.6	56.4
Water, Environment, Tourism & Natural resources	72.15	466.76	70.72	355.52	65.79	355.52	93.0	100	91.2	76.2
Transport, Energy & Public Works	79.99	1,324.57	79.97	832.96	79.40	855.38	99.3	102.7	99.3	64.6
Lands, Housing & Physical Planning	46.34	272.44	45.89	163.55	45.20	163.55	98.5	100	97.5	60
Agriculture Livestock & Fisheries	164.70	173.48	142.59	123.40	138.39	120.40	97.1	97.6	84	69.4
County Assembly	664.67	184.59	663.90	156.21	663.90	156.21	100.0	100	99.9	84.6
Total	5,102.09	2,881.62	4,611.73	1,894.24	4,679.18	1,893.61	101.5	100.0	91.7	65.7

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that the Office of the Governor recorded the highest absorption rate of development budget at 99.9 per cent. The County Public Service Board, and Public Administration and ICT had the highest percentage of recurrent expenditure to recurrent budget at 100 per cent.

3.36.10 Budget Execution by Programmes and Sub-Programmes

Table 3-175 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-175 : Nyandarua County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General administration, planning and support services	Service Delivery Unit	14,420,000	14,083,076	336,924	97.7
	Governor's Office & Investment Promotion	89,538,088	89,505,241	32,847	100
	Liaison and Intergovernmental Relations	11,103,558	11,002,060	101,498	99.1
	Civic Education and Public Participation	14,561,544	14,502,958	58,586	99.6
Sub Total		129,623,190	129,093,335	529,855	99.6
County Secretary	County Secretary-Administration	15,688,205	15,509,222	178,983	98.9
	Communication and Public Relations	11,588,144	9,922,407	1,665,737	85.6
	Cabinet Affairs	724,000	724,000	-	100
Human Resource Management	Payroll (Including Compensation to employees)	1,801,260,000	1,801,260,000	-	100
	Human Resource Management (Including employee gratuity, pension and medical insurance)	138,220,100	137,485,609	734,491	99.5
Sub Total		1,967,480,449	1,964,901,238	2,579,211	99.9
County Attorney Services	legal and public affairs	43,392,716	42,760,795	631,921	98.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub Total		43,392,716	42,760,795	631,921	98.5
Public administration	Public Administration	6,504,450	6,493,470	10,980	99.8
	sub-county and ward administration	28,964,394	27,568,124	1,396,270	95.2
	Enforcement and Compliance	5,349,000	5,253,643	95,357	98.2
ICT and E-government Services	ICT and E-government Services	6,980,600	5,480,340	1,500,260	78.5
Sub Total		47,798,444	44,795,577	3,002,867	93.7
County Public Service Board	County Public Service Board	14,750,000	14,749,457	543	100
Sub Total		14,750,000	14,749,457	543	100
Public Finance Management	County Funds	228,400,000	216,400,000	12,000,000	94.7
	County Pending Bills		-	-	-
	treasury services	629,332,254	507,659,697	121,672,557	80.7
	Financial reporting	3,725,000	3,712,260	12,740	99.7
	Revenue Collection and Administration (Including automation)	34,048,600	32,409,850	1,638,750	95.2
	Revenue Enhancement and Monitoring	15,653,825	15,650,828	2,997	100
	Supply Chain Management	7,150,000	7,150,000	-	100
	Internal Audit and Risk Management	15,020,000	14,460,407	559,593	96.3
Economic planning and development	County Budgeting	12,500,000	12,500,000	-	100
	County Statistics and Data Bank	10,701,122	10,701,100	22	100
	Monitoring and Evaluation	9,993,589	9,991,153	2,436	100
	Economic Modelling and Research	10,900,000	10,900,000	-	100
	Economic Development Planning (Including CEKEB)	14,547,812	13,887,644	660,168	95.5
Sub Total		991,972,202	855,422,939	136,549,263	86.2
Preventive and Promotive Services	Preventive and Promotive Services	12,150,000	11,791,467	358,533	97
Curative Services	Curative Services (including universal health care and grants)	627,247,365	395,144,792	232,102,573	63
General administration, planning and support services	Solid Waste and Cemeteries	10,253,000	8,204,630	2,048,370	80
	Infrastructure and Equipment	158,513,556	102,728,590	55,784,966	64.8
Sub total		808,163,921	517,869,479	290,294,442	64.1
Primary education	ECDE	146,260,626	79,280,639	66,979,987	54.2
Youth training and development	revitization of youth polytechnics	61,446,786	37,023,947	24,422,839	60.3
Gender Affairs and Social Services & youth empowerment	Gender Affairs and Social Services	69,299,613	53,179,715	16,119,898	76.7
General administration, planning and support services	Alcohol Drinks Control and Civic Education	2,736,306	2,331,410	404,896	85.2
Culture	development and promotion of culture	3,130,000	1,859,248	1,270,752	59.4
Sub Total		282,873,331	173,674,959	109,198,372	61.4
Trade development and promotion	Financial and Trade Services (excluding CEKEB, county corporation & Micro-Finance fund)	68,522,339	37,763,062	30,759,277	55.1
Industrial development and investment	Industrial and Enterprise Development (Inclusive of KDSP)	6,180,000	6,163,883	16,117	99.7
	Weights & Measures	1,820,000	1,806,350	13,650	99.3
Cooperative development and management	Cooperative advisory services	31,895,175	31,729,500	165,675	99.5
Sub Total		108,417,514	77,462,795	30,954,719	71.4
Sports	Sports Development	98,177,807	69,516,915	28,660,892	70.8

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Youth Affairs	Youth Affairs	32,695,268	30,377,908	2,317,360	92.9
Arts & Theater	Arts & Theater	8,671,892	8,437,572	234,320	97.3
Sub Total		139,544,967	108,332,395	31,212,572	77.6
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	452,314,616	354,023,238	98,291,378	78.3
Environment	environmental support and management	43,948,449	39,253,378	4,695,071	89.3
Tourism development and promotion	tourism infrastructure development	15,734,577	6,120,642	9,613,935	38.9
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	26,918,807	21,913,339	5,005,468	81.4
Sub Total		538,916,449	421,310,597	117,605,852	78.2
Road transport	Transport (Including fuel level, General Administration & Support Services)	1,195,298,202	875,327,785	319,970,417	73.2
	Public Works	146,210,400	17,555,099	128,655,301	12
Alternative energy technologies	alternative energy technologies	58,801,773	38,468,550	20,333,223	65.4
General administration, planning and support services	Emergency Response & Preparedness	4,250,000	3,424,905	825,095	80.6
Sub Total		1,404,560,375	934,776,339	469,784,036	66.6
Land policy and planning	Physical Planning	6,443,000	6,383,878	59,122	99.1
	Survey and Mapping	12,802,152	12,463,532	338,620	97.4
	Land Administration and Management	68,191,020	36,745,060	31,445,960	53.9
Housing & Urban Development	Housing & Urban Development (Kenya Urban Support Programme)	231,341,245	153,157,745	78,183,500	66.2
Sub Total		318,777,417	208,750,215	110,027,202	65.5
Crop development and management	land and crop development	252,391,283	181,247,750	71,143,533	71.8
Livestock resources management and development	livestock production and management	19,470,343	15,725,903	3,744,440	80.8
	Veterinary Services	14,735,586	14,209,706	525,880	96.4
Fisheries Development and management	fisheries policy, strategy and capacity building	4,494,250	3,396,375	1,097,875	75.6
General administration, planning and support services	Institution Support (ATCs)	19,659,392	17,522,920	2,136,472	89.1
	Agriculture Mechanization Services	5,340,958	5,072,053	268,905	95
	General administration and Extension Services	12,989,645	12,509,023	480,622	96.3
	Subsidized Artificial Insemination	9,099,850	9,099,850	-	100
Sub Total		338,181,307	258,783,580	79,397,727	76.5
County Assembly	legislative, oversight and representation	849,258,655	820,110,183	29,148,472	96.6
Sub Total		849,258,655	820,110,183	29,148,472	96.6
Grand Total		7,983,710,937	6,572,793,883	1,410,917,054	82.3

Source: Nyandarua County Treasury

Based on expenditure absorption rate as shown in Table 3-175, the programs with the highest absorption rates were: Governor's Office and Investment Promotion, Revenue Enhancement and Monitoring, Economic Modelling and Research, Monitoring & Evaluation and Subsidized Artificial Insemination all at 100 per cent, of budget allocation.

3.36.11 Key Observations and Recommendations

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

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

2. Under performance in own-source revenue collection at Kshs.379.48 million against annual projection of Kshs.600 million. The realised own source revenue represented 60.2 per cent of its annual target.
3. High pending bills which stood at Kshs.861.29 million as of 30th June, 2020. This may have been caused by delay in the disbursement of June, 2020 equitable share by the National Treasury.
4. Failure to refund unspent cash balance at the close of the previous financial year which led to total expenditure exceeding the approved exchequer issues in FY 2019/20.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.*
3. *The County should ensure pending bills are budgeted as a first charge in the FY 2020/21.*
4. *The County Treasury should ensure compliance with Section 136(2) of the PFM Act, 2012 and refund all unspent funds to the CRF account at the close of each financial year.*

3.37 County Government of Nyeri

3.37.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.8.97 billion, comprising of Kshs.3.06 billion (34.1 per cent) and Kshs.5.91 billion (65.9 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.41 billion (60.3 per cent) being equitable share of revenue raised nationally, Kshs.1.51 billion (16.8 per cent) as total Conditional Grants, generate Kshs.1.0 billion (11.1 per cent) from own sources of revenue, and the cash balance of Kshs.1.05 billion (11.8 per cent) from FY 2018/19.

3.37.2 Revenue Performance

During FY 2019/20, the County received Kshs.4.95 billion as equitable share of the revenue raised nationally, Kshs.1.35 billion as total Conditional Grants, raised Kshs.664.86 million as own-source revenue, and had a cash balance of Kshs.1.05 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.8.02 billion as shown in Table 3-176.

Table 3-176: Nyeri County, Revenue Performance in FY 2019/20

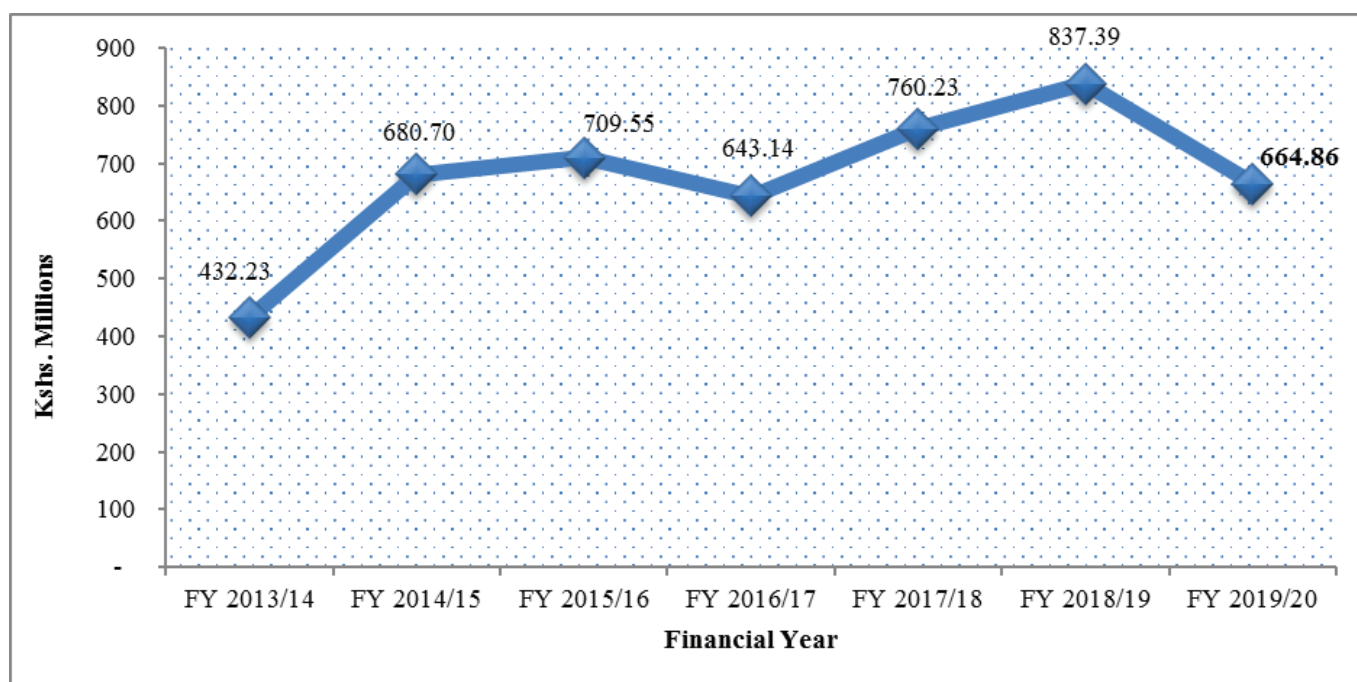
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,412,150,000	5,412,150,000	4,946,705,100	91.4
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level-5 Hospitals	407,861,272	407,861,272	407,861,272	100
2.	Compensation for User Fee Foregone	13,701,379	13,701,379	13,701,379	100
3.	Universal Health care Project (GOK)	-	159,894,390	159,894,390	100
4.	COVID -19 Grant (GOK)	-	124,390,000	124,390,000	100
5.	COVID -19 Staff Allowances (GOK)	-	-	63,150,000	-
6.	Leasing of Medical Equipment	131,914,894	-	-	-
7.	Road Maintenance Fuel Levy Fund	153,627,469	153,627,469	115,220,603	75
8.	Rehabilitation of Village Polytechnics	55,143,298	55,143,298	55,143,298	100
Sub Total		762,248,312	914,617,808	939,360,942	102.7
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	50,181,184	50,181,184	24,814,801	49.5

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	186,033,960	186,033,960	145,588,368	78.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	73,740,988	30,000,000	40.7
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	236,639,100	236,639,100	169,253,465	71.5
5.	DANIDA Grant	22,500,000	22,500,000	20,600,000	91.6
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,187,858	15,187,858	15,073,215	99.2
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
Sub Total		549,342,102	593,083,090	414,129,849	69.8
D Other Sources of Revenue					
1.	Own Source Revenue	-	1,000,000,000	664,859,880	66.5
2.	Balance b/f from FY 2018/19	-	1,055,066,786	1,055,066,786	100
Sub Total		-	2,055,066,786	1,719,926,666	83.7
Grand Total		6,723,740,414	8,974,917,684	8,020,122,557	89.4

Source: Nyeri County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-72.

Figure 3-72: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Nyeri County Treasury

During FY 2019/20, the County generated a total of Kshs.664.86 million as own-source revenue. This amount represented a decrease of 20.6 per cent when compared to Kshs.837.39 million realised in FY 2018/19, and represented 66.5 per cent of the annual target. The drop in revenue performance is mainly attributable to non-collection of hospital fees given the County was among those under UHC pilot program coupled with subdued business activities in the fourth quarter of the year from adverse effects of COVID-19 pandemic.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.7.55 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.83 billion (24.3 per cent) for Development programmes and Kshs.5.71 billion (75.7 per cent) for Recurrent programmes.

3.37.4 Overall Expenditure Review

A total of Kshs.7.38 billion was spent on Development and Recurrent programmes and represented 97.8 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.65 billion and Kshs.5.73 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 53.7 per cent while that incurred on Recurrent programmes represented an absorption rate of 97 per cent.

3.37.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.417.65 million as at June 30, 2020. These bills consisted of Kshs.345.71 million for development activities and Kshs.71.94 million for recurrent expenditure.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.78 billion was spent on Compensation to Employees, Kshs.1.96 billion on Operations and Maintenance, and Kshs.1.65 billion on Development expenditure.

Table 3-177: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,911,026,890	5,712,973,052	5,735,437,824	77.7	97
Compensation to Employees	3,789,619,336	3,777,879,823	3,777,879,823	51.2	99.7
Operations and Maintenance	2,121,407,554	1,935,093,230	1,957,558,001	26.5	92.3
Total Development Expenditure	3,063,890,794	1,833,562,946	1,646,211,297	22.3	53.7
Development Expenditure	3,063,890,794	1,833,562,946	1,646,211,297	22.3	53.7
Total	8,974,917,684	7,546,535,998	7,381,649,121	100	82.2

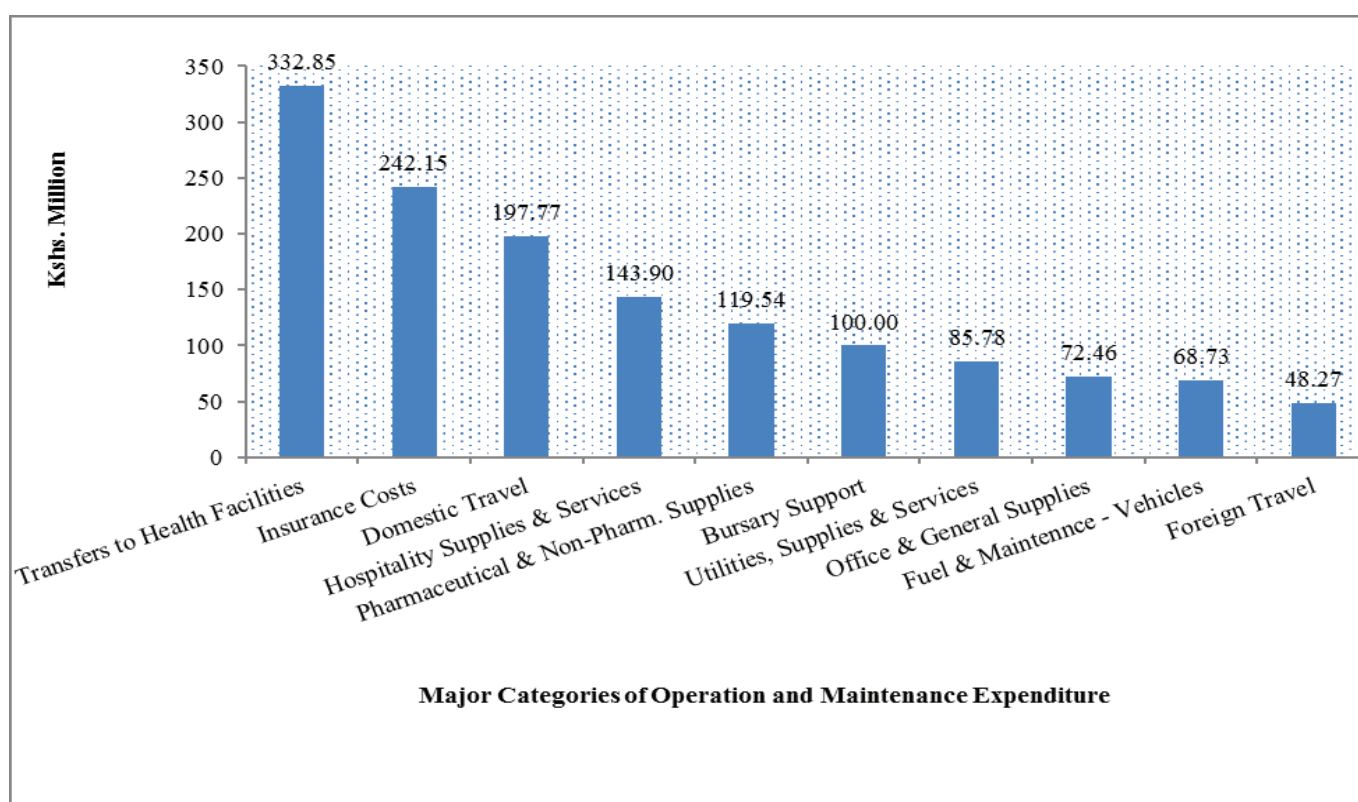
Source: Nyeri County Treasury

Expenditure on Compensation to Employees was 51.2 per cent of the total expenditure for the financial year and represented a decrease of 19.1 per cent compared to FY 2018/19 when the County spent Kshs.3.17 billion.

3.37.7 Analysis of Operations and Maintenance Expenditure

Figure 3-73 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-73: Nyeri County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Nyeri County Treasury

The County spent Kshs.39.08 million on Committee Sitting Allowances for the 45 MCAs and Speaker against the annual budget allocation of Kshs.50.67 million. The average monthly sitting allowance was Kshs.72,362 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.197.77 million and comprised of Kshs.112.81 million spent by the County Assembly and Kshs.84.96 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.48.27 million and comprised of Kshs.42.17 million spent by the County Assembly and Kshs.6.1 million by the County Executive.

3.37.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.65 billion represented 53.7 per cent of the annual development budget of Kshs.3.06 billion and represented a decrease of 12.6 per cent compared to FY 2018/19 when the County spent Kshs.1.88 billion. Table 3-178 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-178: Nyeri County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Access Roads Improvement	County-wide	499,853,639	340,843,488	68.2
2	Roads Improvement KRB Program	County-wide	444,356,023	183,404,715	41.3
3	Construction of Transport Termini (KUSP)	Rware Ward	468,161,626	211,518,262	45.2
4	Kenya Climate Smart Agriculture Project (KCSAP)	Gakawa, Thegu, Gatarakwa, Mugunda, Rugi and Mukurweini Central wards	199,142,062	164,142,134	82.4
5	Street Lighting Project	County-wide	114,578,530	83,477,399	72.9
6	Construction Naromoru Level 4 Hospital (KDSP)	Naromouru	229,776,792	77,920,319	33.9
7	Improvements Nyeri Level 5 Hospital	Rware	49,166,846	38,575,132	78.5
8	Preparation of County Spatial Plan	County-wide	33,200,000	28,456,774	85.7
9	Construction of Isolation Ward - Mt. Kenya Hospital	Rware	22,000,000	21,355,236	97.1
10	Installation - County-wide Area Network	County-wide	20,000,000	17,149,440	85.8

Source: Nyeri County Treasury

3.37.9 Budget Performance by Department

Table 3-179 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-179: Nyeri County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	157.23	-	157.15	-	151.59	-	96.5	-	96.4	-
Office of the County Secretary	328.52	5.90	327.35	5.90	313.21	5.90	95.7	100	95.3	100
Finance and Economic Planning	766.58	280.37	677.57	264.79	708.73	112.94	104.6	42.7	92.5	40.3
Lands, Physical Planning & Urbanization	54.98	638.76	53.91	314.65	53.33	321.66	98.9	102.2	97	50.4
Health Services	2,656.84	287.43	2,601.64	124.64	2,601.86	108.39	100	87	97.9	37.7
Gender and Social Services	69.90	100.06	69.89	32.24	66.26	32.33	94.8	100.3	94.8	32.3
County Public Service & Environment	68.81	-	68.31	-	67.44	-	98.7	-	98	-
Agriculture, Livestock and Fisheries	355.17	290.65	337.22	189.90	347.12	224.65	102.9	118.3	97.7	77.3

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Culture, Tourism & Cooperative Development	56.99	50.77	55.82	42.07	54.21	42.07	97.1	100	95.1	82.9
Education, Science and Technology	388.06	114.97	384.24	88.55	378.01	90.04	98.4	101.7	97.4	78.3
Water & Natural Resources	162.92	177.55	161.98	95.30	161.20	95.57	99.5	100.3	98.9	53.8
County Assembly	664.09	50.00	636.98	1.58	656.01	1.58	103	100	98.8	3.2
County Public Service Board	36.80	-	36.78	-	35.94	-	97.7	-	97.6	-
Transport, Public Works, Infrastructure & Energy	144.14	1,067.42	144.14	673.93	140.55	611.08	97.5	90.7	97.5	57.2
Total	5,911.03	3,063.9	5,712.97	1,833.6	5,735.44	1,646.2	100.4	89.8	97	53.7

Source: Nyeri County Treasury

Analysis of expenditure by department shows that the Office of the County Secretary recorded the highest absorption rate of development budget at 100 per cent while the County Assembly had the lowest at 3.2 per cent. The Department of Water & Natural Resources had the highest percentage of recurrent expenditure to recurrent budget at 98.9 per cent while the Department of Finance and Economic Planning had the lowest at 92.5 per cent.

3.37.10 Budget Execution by Programmes and Sub-Programmes

Table 3-180 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-180 : Nyeri County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Department	Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Fisheries	Agricultural Management	Administration and planning services	583,168,137	523,664,647	59,503,490	89.8
	Wambugu ATC	Farm Development	9,783,898	9,766,448	17,450	99.8
	AMS Naromoru	Development Of Agricultural Land For Crop Production	10,119,122	10,110,522	8,600	99.9
	Livestock Production Management	Provision of Extension Services to Livestock farmers	9,007,680	4,233,225	4,774,455	47.0
	Fisheries development	Administrative Support Services	12,602,885	6,704,418	5,898,467	53.2
	Veterinary services	Administrative Support Services	21,134,264	17,290,583	3,843,681	81.8
	Sub-total			645,815,986	571,769,843	74,046,143
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	46,667,146	45,684,891	982,255	97.9
	Land Policy and Planning	Land Policy Formulation	642,700,740	325,347,685	317,353,055	50.6
	Housing Development and Human Settlement	Government Building	4,370,315	3,951,921	418,394	90.4
	Sub-total			693,738,201	374,984,497	318,753,704
Transport, Public Works Infrastructure and Energy	General administration and policy Development and implementation	Administration, planning and support services	108,518,245	106,986,435	1,531,810	98.6
	Energy Sector development	Street lighting programme	157,830,794	120,396,142	37,434,652	76.3
	Roads development, maintenance and management	County access and feeder roads improvement	945,209,662	524,248,204	420,961,459	55.5
	Sub-total			1,211,558,701	751,630,781	459,927,920

Department	Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Trade, Culture, Tourism and Co-Operative Development	Tourism Development	Promotion of Tourism	16,550,334	13,903,440	2,646,894	84.0
	Trade and Co-operative Development	Trade Promotion	89,014,840	80,535,343	8,479,498	90.5
	Co-operatives	Co-operative Development	2,195,077	1,838,534	356,543	83.8
	Sub-total		107,760,251	96,277,317	11,482,934	89.3
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,944,279,712	2,710,247,679	234,032,033	92.1
Education, Sports, Science and Technology	General administration and policy Development and implementation	Administrative Support Services	439,296,200	410,792,398	28,503,802	93.5
	County Sports Development	Search and nurture talents	37,462,362	31,583,590	5,878,772	84.3
	ECDE Management	ECDE Management	3,341,250	3,137,213	204,037	93.9
	ICT Development	ICT Infrastructure Development	22,930,800	22,537,120	393,680	98.3
	Sub-total		503,030,612	468,050,321	34,980,291	93.0
Office of the Governor and Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	157,229,038	151,591,729	5,637,309	96.4
Office of the County Secretary	Coordination of County Functions and Public Service Management	Coordination of County Functions and Public Service Management	333,423,785	318,309,349	15,114,436	95.5
		Community sensitization, education and public participation	1,000,000	801,932	198,068	80.2
	Sub-total		334,423,785	319,111,281	15,312,504	95.4
Finance and Economic Planning	Executive services	Administration and personnel services	627,982,501	597,032,227	30,950,274	95.1
	Revenue Mobilization	Revenue Mobilization	50,455,000	48,260,376	2,194,624	95.7
	Public Finance Management	Financial Accounting	12,463,950	11,483,127	980,823	92.1
		Procurement Compliance and Reporting	10,500,000	9,012,550	1,487,450	85.8
		Internal Audit	10,020,000	8,697,397	1,322,603	86.8
	Economic Planning and Policy Formulation	Intergovernmental Relations	11,965,418	11,939,800	25,618	99.8
		Economic Planning and Policy Formulation	12,345,000	9,504,030	2,840,970	77
		KDSP	306,220,826	121,207,631	185,013,195	39.6
		Monitoring and Evaluation	5,000,000	4,528,270	471,730	90.6
Sub-total		1,046,952,695	821,665,409	225,287,286	78.5	
County Assembly	General administration, Policy Development and implementation	Administration and planning services	714,085,232	657,589,573	56,495,659	92.1
County Public Service Management	Human resources Management	Administration Planning and Support Services	68,808,981	67,441,191	1,367,790	98
County Public Service Board		Administration and Personnel Services	36,803,459	35,937,348	866,111	97.6

Department	Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	53,747,436	51,735,683	2,011,753	96.3
	Social development	Administration and planning services	116,211,571	46,847,924	69,363,648	40.3
	Sub-total		169,959,007	98,583,607	71,375,400	58
Water, Sewerage and Sanitation Services, Environment & Natural Resources	Water Management	Administrative Support Services	277,842,774	195,546,455	82,296,319	70.4
	Sanitation management	Administrative Support Services	34,653,010	33,613,959	1,039,051	97
	Environmental Management	Environment Conservation, Protection and Management	27,976,240	27,608,134	368,106	98.7
	Sub-total		340,472,024	256,768,547	83,703,477	75.4
Grand Total			8,974,917,684	7,381,649,121	1,593,268,563	82.2

Source: Nyeri County Treasury

Based on expenditure absorption rate as shown in Table 3-180, the programs with the highest absorption rates were: Development of Agricultural Land for Crop Production at Naromoru AMS at 99.9 per cent, Farm Development at Wambugu ATC and Intergovernmental Relations both at 99.8 per cent, Environmental Management at 98.7 per cent and Administration, Planning and Support Services in the Department of Transport, Public Works, Infrastructure and Energy at 98.6 per cent of budget allocation.

3.37.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.1.65 billion in FY 2019/20 out of annual development budget of Kshs.3.06 billion. The development expenditure represented 53.7 per cent of the annual development.
3. A high wage bill, which accounted for 51.2 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. Under performance in own-source revenue collection at Kshs.664.86 million against annual projection of Kshs.1.0 billion. The realised own source revenue represented 66.5 per cent of its annual target.
5. High pending bills which amounted to Kshs.417.65 million as at 30th June 2020.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.*
5. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.38 County Government of Samburu

3.38.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.6.97 billion, comprising of Kshs.2.24 billion (32.1 per cent) and Kshs.4.73 billion (67.9 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.62 billion (66.3 per cent) being equitable share of revenue raised nationally, Kshs.1.01 billion (14.4 per cent) as total Conditional Grants, generate Kshs.267.03 million (3.8 per cent) from own sources of revenue, and the cash balance of Kshs.1.07 billion (15.4 per cent) from FY 2018/19.

3.38.2 Revenue Performance

During FY 2019/20, the County received Kshs.4.22 billion as equitable share of the revenue raised nationally, Kshs.537.27 million as total Conditional Grants, raised Kshs.215.67 million as own-source revenue, and had a cash balance of Kshs.458.67 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.44 billion as shown in Table 3-181.

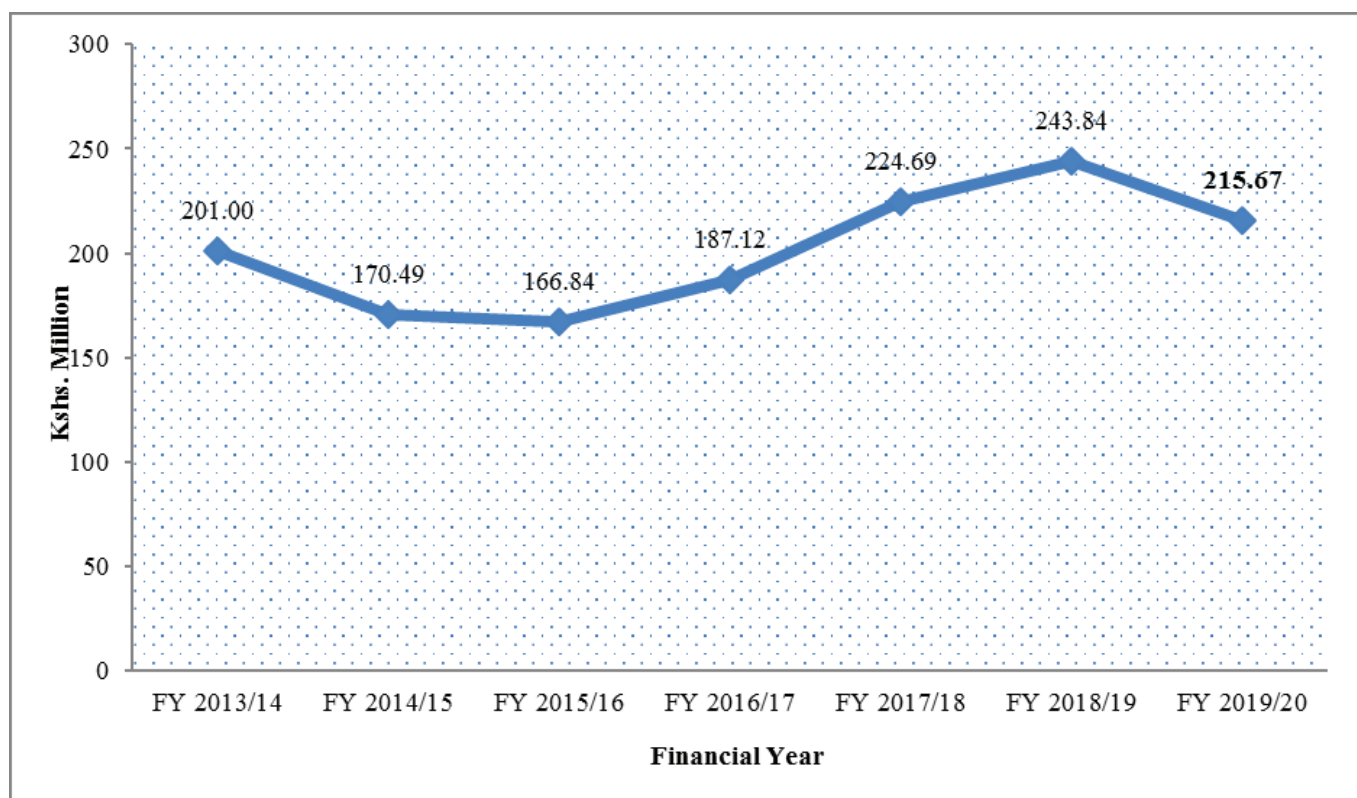
Table 3-181: Samburu County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,620,900,000	4,620,900,000	4,223,502,600	91.4
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	5,235,578	5,235,578	5,235,578	100
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	131,167,313	264,413,635	188,754,490	71.4
4	Rehabilitation of Village Polytechnics	15,483,298	15,483,298	15,483,298	100
5	COVID Grant		27,402,000	27,402,000	100
Sub Total		283,801,083	444,449,405	236,875,365	53.3
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	35,000,000	52,658,727	35,000,000	66.4
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	204,998,690	58.5
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000.00	100
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
5	DANIDA Grant	13,218,750	18,153,750	18,153,750	100
6	EU Grant (Instruments for Devolution Advise and Support IDEAS)	32,159,348	32,159,348	1,500,000.00	4.7
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,994,320	18,994,320	10,747,160.00	56.6
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		538,172,418	560,766,145	300,399,599	53.6
D	Other Sources of Revenue				
1	Own Source Revenue	-	267,032,787	215,671,286	80.8
2	Balance b/f from FY2018/19	-	1,075,459,986	458,670,372	42.7
Sub Total		-	1,342,492,773	674,341,658	50.2
Grand Total		5,442,873,501	6,968,608,323	5,435,119,223	78

Source: Samburu County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-74.

Figure 3-74: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Samburu County Treasury

During FY 2019/20, the County generated a total of Kshs.215.67 million as own-source revenue. This amount represented a decrease of 11.6 per cent when compared to Kshs.243.84 million realised in FY 2018/19, and represented 80.8 per cent of the annual target.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.22 billion from the CRF account during the reporting period. This amount comprised of Kshs.883.95 million (16.9 per cent) for Development programmes and Kshs.4.34 billion (83.1 per cent) for Recurrent programmes.

3.38.4 Overall Expenditure Review

A total of Kshs.5.06 billion was spent on Development and Recurrent programmes and represented 97 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.947.40 million and Kshs.4.12 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 42.4 per cent while that incurred on Recurrent programmes represented an absorption rate of 87 per cent.

3.38.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.737.92 million as at June 30, 2020. These bills consisted of Kshs.637.88 million for development activities and Kshs.100.04 million for recurrent expenditure.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.13 billion was spent on Compensation to Employees, Kshs.1.99 billion on Operations and Maintenance, and Kshs.947.40 million on Development expenditure.

Table 3-182: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,732,652,488	4,335,499,051	4,116,678,150	81.3	87
Compensation to Employees	2,164,570,573	1,908,247,751	2,125,470,689	42	98.2

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Operations and Maintenance	2,568,081,915	2,427,251,300	1,991,207,461	39.3	77.5
Total Development Expenditure	2,235,955,835	883,948,886	947,400,314	18.7	42.4
Development Expenditure	2,235,955,835	883,948,886	947,400,314	18.7	42.4
Total	6,968,608,323	5,219,447,937	5,064,078,464	100	72.7

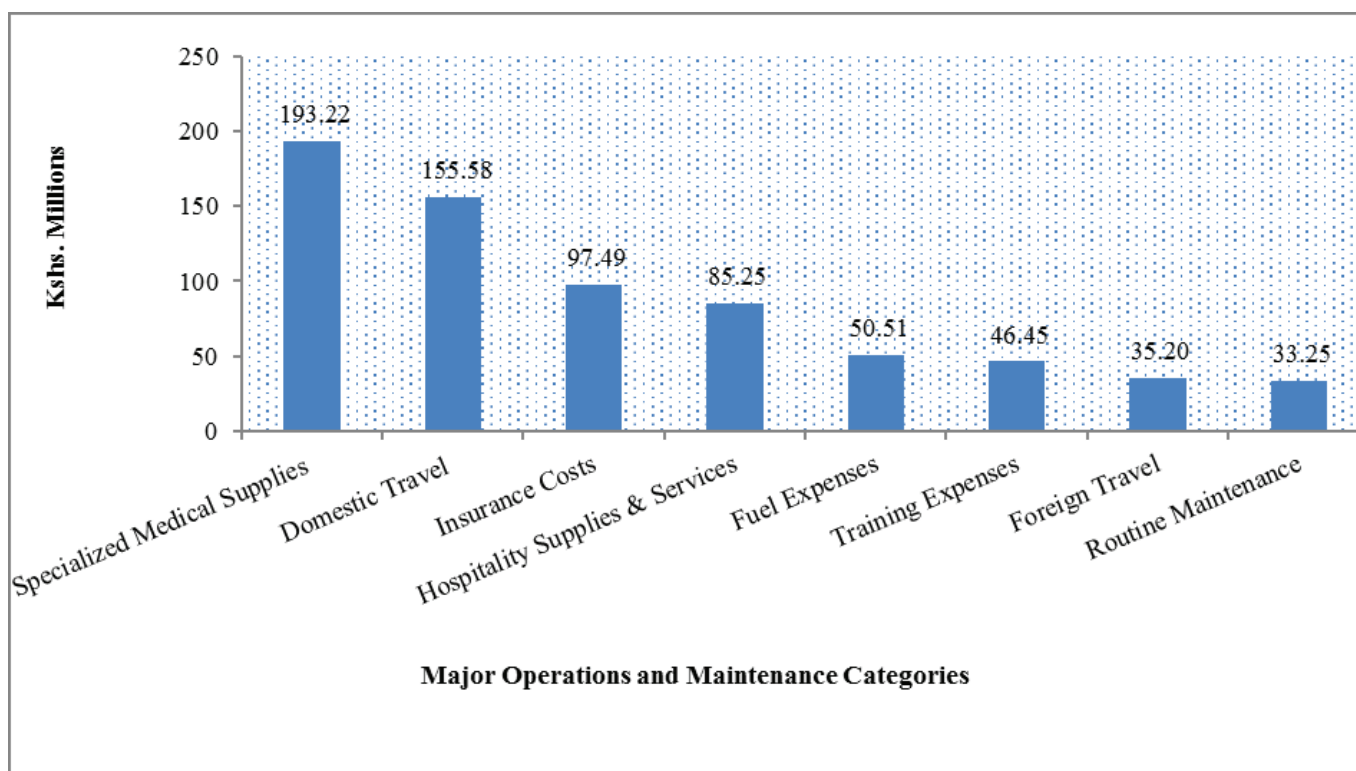
Source: Samburu County Treasury

Expenditure on Compensation to Employees was 42 per cent of the total expenditure for the financial year and represented an increase of 7.2 per cent compared to FY 2018/19 when the County spent Kshs.1.98 billion.

3.38.7 Analysis of Operations and Maintenance Expenditure

Figure 3-75 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-75: Samburu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Samburu County Treasury

The County spent Kshs.17.19 million on Committee Sitting Allowances for the 28 MCAs and Speaker against the annual budget allocation of Kshs.17.19 million. The average monthly sitting allowance was Kshs.51,169 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.155.58 million and comprised of Kshs.54.61 million spent by the County Assembly and Kshs.100.97 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.35.20 million and comprised of Kshs.19.88 million spent by the County Assembly and Kshs.15.31 million by the County Executive.

3.38.8 Development Expenditure Analysis

The Development expenditure of Kshs.947.40 million represented 42.4 per cent of the annual development budget of Kshs.2.34 billion and represented an increase of 27.2 per cent compared to FY 2018/19 when the County spent Kshs.745.01 million. Table 3-183 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-183: Samburu County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Drilling and Equipping of 35 Boreholes	Countywide	76,017,155	76,017,155	100
2	Support towards Conservancies	Countywide	63,695,215	63,695,215	100
3	Construction of Maralal Market	Maralal Municipality	50,000,000	50,000,000	100
4	Supply and delivery of Breeding Stock Camel Heifers and Bulls	Wamba	30,492,000	30,492,000	100
5	Construction of County Referral Hospital Complex	Samburu Central	25,978,400	25,978,400	100
6	Improvement of Road Poro-Loosuk-Suguta Marmar	Central	17,935,087	17,935,087	100
7	Construction of Arsim Irrigation Project Phase II	Baragoi	17,738,407	17,738,407	100
8	Improvement of Road Tuum Lonjorin	Samburu North	16,720,000	16,720,000	100
9	Purchase and delivery of Certified Seeds	Maralal	16,508,000	16,508,000	100
10	Opening of Road Marti-Nadome	Samburu North	15,522,000	15,522,000	100

Source: Samburu County Treasury

3.38.9 Budget Performance by Department

Table 3-184 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-184: Samburu County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	490.30	65.00	490.30	-	489.93	-	99.9	-	99.9	-
County Executive	480.57	12.00	416.97	-	416.97	-	100	-	86.8	-
Finance, Economic Planning & ICT	1,011.04	48.02	944.73	-	835.98	-	88.5	-	82.7	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	522.79	327.05	515.61	94.17	481.52	94.17	93.4	100	92.1	28.8
Water, Environment, Natural Resources & Energy	172.75	407.67	132.93	209.62	131.12	203.83	98.6	97.2	75.9	50
Education and Vocational Training	433.09	165.24	431.28	77.61	405.83	76.88	94.1	99.1	93.7	46.5
Medical Services, Public Health & Sanitation	1,030.65	337.91	934.47	61.86	934.47	61.86	100	100	90.7	18.3
Lands, Housing, Physical Planning & Urban Development	143.36	139.97	112.62	-	99.70	69.97	88.5	-	69.5	50
Roads, Transport & Public Works	98.08	534.20	79.35	349.63	66.68	349.63	84.0	100	68	65.4
Tourism, Trade, Enterprise Development & Co-operatives	183.92	162.89	152.27	91.06	152.27	91.06	100	100	82.8	55.9
Culture, Social Services, Gender, Sports & Youth Affairs	166.09	36.00	124.98	-	102.22	-	81.8	-	61.5	
Total	4,732.65	2,235.96	4,335.50	883.95	4,116.68	947.40	95.0	107.2	87	42.4

Source: Samburu County Treasury

Analysis of expenditure by department shows that the Department of Roads, Transport & Public Works recorded the highest absorption rate of development budget at 65.4 per cent. The County Assembly and the Department of Education had the highest percentage of recurrent expenditure to recurrent budget at 99.9 per cent and 93.7 per cent respectively.

3.38.10 Budget Execution by Programmes and Sub-Programmes

Table 3-185 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-185: Samburu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Executive					
0701004210 P1 Management Of County Affairs	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	214,993,095	171,840,752	43,152,343	79.9
	0704014210 SP2 Administration of Human Resources in County Public Service	58,474,530	49,852,685	8,621,845	85.3
	0701034210 SP3 Sub County Administration	183,516,452	160,888,092	22,628,360	87.7
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	35,589,817	34,386,865	1,202,952	96.6
	Sub total	492,573,894	416,968,394	75,605,500	84.7
Finance, Economic Planning & Ict					
0705004210 P1 General Administration Planning And Support Services	0705014210 SP1 Administration Services	761,032,456	619,455,542	141,576,914	81.4
	0705024210 SP2 ICT Services	58,663,643	15,611,021	43,052,622	26.6
	Sub total	819,696,099	635,066,563	184,629,536	77.5
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	33,823,366	21,610,025	12,213,341	63.9
	0706024210 SP2 Resource Mobilization	64,082,101	60,496,273	3,585,828	94.4
	0706034210 SP3 Internal Audit	24,006,198	19,783,258	4,222,940	82.4
	0706044210 SP4 Supply Chain Management	20,674,963	18,888,208	1,786,755	91.4
	0706014210 SP1 Budget Formulation Coordination and Management	10,975,743	9,733,682	1,242,061	88.7
	0706064210 SP6 Fiscal Planning	65,305,352	50,091,876	15,213,476	76.7
	Sub total	218,867,723	180,603,322	38,264,401	82.5
0713004210 P3 General Administration Planning And Support Services	0713014210 SP1 General Administration Planning and Support Services	7,192,574	7,192,574	-	100
	Sub total	7,192,574	7,192,574	-	100
0712004210 P4 Special Programs	0712014210 SP 1 Special Programs	13,303,222	13,115,818	187,404	98.6
	Sub total	13,303,222	13,115,818	187,404	98.6
Agriculture, Livestock Development, Veterinary Services & Fisheries					
0101004210 P1 General Administration Planning And Support Services	0101014210 SP1 Administration, Planning and Support Services	451,807,841	424,586,825	27,221,016	94
	Sub total	451,807,841	424,586,825	27,221,016	94

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0103004210 P2 Livestock Resource Management And Development	0103014210 SP1 Live-stock Policy Development and Capacity Building	15,463,500	12,871,897	2,591,603	83.2
	0103024210 SP2 Live-stock Production and Management	200,655,988	59,664,834	140,991,154	29.7
	0103034210 SP3 Live-stock Diseases Management and Control	57,422,072	9,588,365	47,833,707	16.7
	0103044210 SP4 Live-stock Marketing and Rangeland Management	8,847,855	8,082,594	765,261	91.4
	Sub total	282,389,415	90,207,690	192,181,725	31.9
0104004210 P4 Fisheries Development And Management	0104014210 SP1 Management and Development of Fisheries	9,181,970	5,715,542	3,466,428	62.3
	Sub total	9,181,970	5,715,542	3,466,428	62.3
0105004210 P3 Crop Development And Management	0105014210 SP1 Lands and Crops Development	79,681,612	45,290,260	34,391,352	56.8
	0105024210 SP2 Food Security Initiatives	26,773,445	9,887,720	16,885,725	36.9
	Sub total	106,455,057	55,177,980	51,277,077	51.8
Water, Environment, Natural Resources & Energy					
1001004210 P1 General Administration Planning And Support Services	1001014210 SP1 General Administration Planning and Support Services	188,922,246	97,469,153	91,453,093	51.6
	Sub total	188,922,246	97,469,153	91,453,093	51.6
1002004210 P2 Environmental Management And Protection	1002014210 SP1 County Environment Management	17,368,039	4,968,564	12,399,475	28.6
	1002024210 SP2 Forests Conservation and Management	6,600,988	2,417,993	4,182,995	36.6
	Sub total	23,969,027	7,386,557	16,582,470	30.8
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management	5,560,486	3,773,700	1,786,786	67.9
	1003034210 SP3 Mining Services	6,596,500	6,037,650	558,850	91.5
	1003044210 SP4 Water Catchment and Protection Services	13,534,208	1,655,266	11,878,942	12.2
	Sub total	25,691,194	11,466,616	14,224,578	44.6
1004004210 P4 Water And Sanitation Infrastructure	1004014210 SP1 Storm Water Management	6,661,343	4,601,660	2,059,683	69.1
	1004024210 SP2 Water and Sanitation Services	335,179,581	214,023,615	121,155,966	63.9
	Sub total	341,840,924	218,625,275	123,215,649	63.9
Education And Vocational Training					
0501004210 P1 General Administration Planning And Support Services	0501014210 SP1 General Administration Planning and Support Services	209,492,790	130,742,158	78,750,632	62.4
	Sub total	209,492,790	130,742,158	78,750,632	62.4
0502004210 P3 Youth Training And Development	SP 0504014210 Revitalization of Youth Polytechnics	35,450,294	30,735,478	4,714,816	86.7
	Sub total	35,450,294	30,735,478	4,714,816	86.7
0502004210 P2 Early Childhood Development And Education	0502014210 SP1 Early Childhood Development and Education	353,386,717	321,234,366	32,152,351	90.9
	Sub total	353,386,717	321,234,366	32,152,351	90.9
Medical Services, Public Health & Sanitation					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0401004210 P1 Preventive And Promotive Health Services	0401044210 SP2 Environmental & Health Promotion	121,441,604	92,707,192	28,734,412	76.3
	0402014210 SP1 Nutrition	14,039,518	14,025,207	14,311	99.9
	0401054210 SP3 Communicable Disease Control	82,983,434	82,548,946	434,488	99.5
	0401064210 SP4 Non-communicable Disease Prevention & Control	38,795,768	37,420,343	1,375,425	96.5
	0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health	60,775,090	58,268,827	2,506,263	95.9
	Sub total	318,035,414	284,970,515	33,064,899	89.6
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services	409,645,320	339,455,234	70,190,086	82.9
	0402054210 SP2 Free Primary Health Services	158,200,280	131,933,815	26,266,465	83.4
	Sub total	567,845,600	471,389,049	96,456,551	83
0403004210 P3 General Administration Planning And Support Services	0403014210 SP1 Health Infrastructure Development	296,466,715	70,409,002	226,057,713	23.8
	0403034210 SP2 Human Resource Management and Development	79,393,225	71,716,535	7,676,690	90.3
	0403044210 SP3 Monitoring and Evaluation, Research and Development	4,825,018	4,207,007	618,011	87.2
	0403054210 SP4 Health Policy, Planning & Financing	44,911,541	36,542,323	8,369,218	81.4
	0403064210 SP5 Health Standards and Quality Assurance Services	57,090,371	57,090,371	-	100
	Sub total	482,686,870	239,965,238	242,721,632	49.7
Lands, Housing, Physical Planning & Urban Development					
0101004210 P1 General Administration Planning And Support Services	0101014210 SP1 Administration, Planning and Support Services	48,956,649	27,601,350	21,355,299	56.4
	Sub total	48,956,649	27,601,350	21,355,299	56.4
0102004210 P2 Land Policy Planning And Housing	0102014210 SP1 Land Use Planning	27,210,778	10,128,165	17,082,613	37.2
	0102034210 SP2 Land Survey and Mapping	10,829,070	6,778,295	4,050,775	62.6
	0102044210 SP3 Housing Management Services	867,536	453,593	413,943	52.3
	Sub total	38,907,384	17,360,053	21,547,331	44.6
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban Centre Management	195,470,733	124,709,416	70,761,317	63.8
	Sub total	195,470,733	124,709,416	70,761,317	63.8
Roads, Transport & Public Works					
0201004210 P1 General Administration Planning And Support Services	0201014210 SP1 General Administration Planning and Support Services	86,296,721	25,470,640	60,826,081	29.5
	0201034210 SP2 Fire-fighting Services	385,786	-	385,786	-
	0201044210 SP3 Design, Implementation and Supervision of Public Buildings	19,796,380	18,017,958	1,778,422	91
	Sub total	106,478,887	43,488,598	62,990,289	40.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0202004210 P2 Roads And Public Infrastructure Development	0202014210 SP1 Construction, Rehabilitation and Maintenance of Roads and Bridges	482,298,807	361,223,703	121,075,104	74.9
	0202024210 SP2 Design, Supervision and Rehabilitation of County Buildings	10,904,542	-	10,904,542	0
	0202034210 SP3 Street Lights Management	23,956,658	7,931,548	16,025,110	33.1
	0202044210 SP4 Public Road transport and Parking	8,650,189	3,666,035	4,984,154	42.4
	Sub total	525,810,196	372,821,286	152,988,910	70.9
Tourism, Trade, Enterprise Development & Cooperatives					
0301004210 P1 General Administration Planning And Support Services	0301014210 SP1 General Administration Planning and Support Services	49,762,894	30,332,651	19,430,243	61
	Sub total	49,762,894	30,332,651	19,430,243	61
0302004210 P2 Cooperatives Development And Management	0302014210 SP1 Governance and Accountability	19,496,148	11,191,644	8,304,504	57.4
	Sub total	19,496,148	11,191,644	8,304,504	57.4
0304004210 P4 Tourism Development And Promotion	0304014210 SP1 Tourism Promotion and Marketing	207,789,402	157,398,128	50,391,274	75.8
	Sub total	207,789,402	157,398,128	50,391,274	75.8
0305004210 P5 Trade Development And Promotion	0305014210 SP1 Domestic Trade Development	49,540,959	29,186,691	20,354,268	58.9
	Sub total	49,540,959	29,186,691	20,354,268	58.9
0306004210 P6 P1 General Administration Planning And Support Services	0306014210 SP6 SP1 General Administration Planning and Support Services	20,216,256	15,219,350	4,996,906	75.3
	Sub total	20,216,256	15,219,350	4,996,906	75.3
Culture, Social Services, Gender, Sports & Youth Affairs					
0901004210 P1 General Administration Planning And Support Services	0901014210 SP1 General Administration Planning and Support Services	50,198,696	38,511,597	11,687,099	76.7
	Sub total	50,198,696	38,511,597	11,687,099	76.7
0902004210 P2 Culture And Social Services Development	0902014210 SP1 Conservation of Heritage	9,321,500	1,813,680	7,507,820	19.5
	0902024210 SP2 Development and Promotion of Culture	11,559,858	7,643,647	3,916,211	66.1
	0902034210 SP3 Social Welfare and Gender	47,050,000	19,234,580	27,815,420	40.9
	0902044210 SP4 Community Mobilization and Development	12,227,810	4,865,643	7,362,167	39.8
	Sub total	80,159,168	33,557,550	46,601,618	41.9
0903004210 P3 Promotion Of Other Sports Activities	0903014210 SP1 Development and Management of Sports Facilities	5,334,500	2,958,350	2,376,150	55.5
	Sub total	5,334,500	2,958,350	2,376,150	55.5
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	51,506,444	15,022,420	36,484,024	29.2
	Sub total	51,506,444	15,022,420	36,484,024	29.2
0904014210 P1 General Administration Planning And Support Services	0904004210 SP1 General Administration Planning and Support Services	14,894,102	12,167,650	2,726,452	81.7
	Sub total	14,894,102	12,167,650	2,726,452	81.7
County Assembly					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0707004210 P1 County Assembly Administration	0707014210 SP1 Legislative and Oversight	54,761,166	54,518,718	242,448	99.6
	0707024210 SP2 County Assembly Administration	281,730,088	216,642,762	65,087,326	76.9
	0707034210 SP3 Representation	218,805,780	218,771,137	34,643	99.9
	Sub total	555,297,034	489,932,617	65,364,417	88.2
Grand Total		6,968,608,323	5,064,078,464	1,904,529,859	72.7

Source: Samburu County Treasury

Based on expenditure absorption rate as shown in Table 3-185, the programs with the highest absorption rates were: Finance Administration at 100 per cent, Special Programs at 98.6 per cent, Agriculture Administration at 94 per cent, and Early Childhood Development and Education at 90.9 per cent of budget allocation.

3.38.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.947.40 million in FY 2019/20 out of annual development budget of Kshs.2.34 billion. The development expenditure represented 42.4 per cent of the annual development.
3. A high wage bill, which accounted for 42 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. High pending bills, which amounted to Kshs.737,915,216 as of 30th June, 2020.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.39 County Government of Siaya

3.39.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.8.88 billion, comprising of Kshs.3.98 billion (44.8 per cent) and Kshs.4.9 billion (55.2 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.79 billion (65.2 per cent) being equitable share of revenue raised nationally, Kshs.750.54 million (8.5 per cent) as total Conditional Grants, generate Kshs.420 million (4.7 per cent) from own sources of revenue, and the cash balance of Kshs.1.92 billion (21.6 per cent) from FY 2018/19.

3.39.2 Revenue Performance

During FY 2019/20, the County received Kshs.5.29 billion as equitable share of the revenue raised nationally, Kshs.495.86 million as total Conditional Grants, raised Kshs.179.43 million as own-source revenue, and had a cash balance of Kshs.1.6 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.7 billion as shown in Table 3-186.

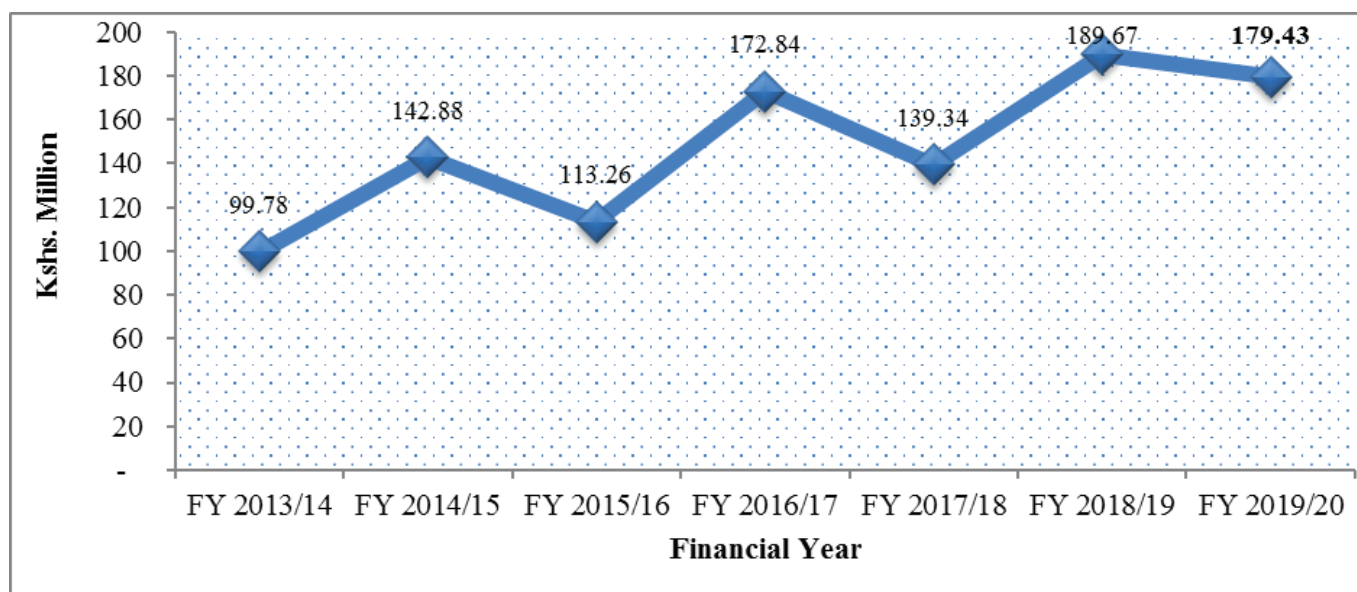
Table 3-186: Siaya County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,791,950,000	5,791,950,000	5,293,842,300	91.4
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	18,194,808	18,194,808	18,194,808	100
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	164,408,344	164,408,344	164,408,344	100
4	Rehabilitation of Village Polytechnics	40,278,298	40,278,298	40,278,298	100
Sub Total		354,796,344	354,796,344	222,881,450	62.8
C	Loans and Grants from Development Partners				
1	IDA (World Bank) credit - Kenya Climate Smart Agriculture Project (KCSAP)	142,126,290	142,126,290	115,056,163	81
2	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)	50,000,000	50,000,000	35,761,940	71.5
3	IDA (World Bank) credit - Transforming Health Systems for Universal Care Project	42,327,625	42,327,625	42,427,178	100.2
4	IDA (World Bank) credit - Kenya Devolution Support Project (KDSP) - Level 1	30,000,000	30,000,000	30,000,000	100
5	DANIDA Grant - Universal Healthcare for Devolved System Program	25,932,368	25,932,368	24,720,000	95.3
6	Sweden- Agricultural Sector Development Support Programme (ASDSP) II EU- Water Tower Protection and CI	16,561,840	16,561,840	16,218,200	97.9
7	EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)	80,000,000	80,000,000	-	-
8	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)- Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
Sub Total		395,748,123	395,748,123	272,983,480	69
D	Other Sources of Revenue				
1	Own Source Revenue	-	420,000,000	179,432,240	42.7
2	Balance b/f from FY2018/19	-	1,919,279,457	1,599,831,468	83.4
3	Other Revenues	-	-	133,561,000	-
Sub Total		-	2,339,279,457	1,912,824,708	81.8
Grand Total		6,542,494,467	8,881,773,924	7,702,531,939	86.7

Source: Siaya County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-76.

Figure 3-76: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Siaya County Treasury

During FY 2019/20, the County generated a total of Kshs.179.43 million as own-source revenue. This amount represented a decrease of 5.4 per cent when compared to Kshs.189.67 million realised in FY 2018/19, and represented 42.7 per cent of the annual target.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.7.09 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.24 billion (31.7 per cent) for Development programmes and Kshs.4.84 billion (68.3 per cent) for Recurrent programmes.

3.39.4 Overall Expenditure Review

A total of Kshs.6.87 billion was spent on Development and Recurrent programmes and represented 96.9 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.12 billion and Kshs.4.75 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 53.3 per cent while that incurred on Recurrent programmes represented an absorption rate of 96.9 per cent.

3.39.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.220.93 million as at June 30, 2020. These bills consisted of Kshs.99.14 million for development activities and Kshs.121.81 million for recurrent expenditure.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.75 billion was spent on Compensation to Employees, Kshs.2 billion on Operations and Maintenance, and Kshs.2.12 billion on Development expenditure.

Table 3-187: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,899,616,267	4,844,969,319	4,747,684,700	69.1	96.9
Compensation to Employees	2,926,638,524	2,881,499,377	2,751,194,128	40	94
Operations and Maintenance	1,972,977,743	1,963,469,942	1,996,490,572	29.1	101.2
Total Development Expenditure	3,982,157,657	2,243,695,328	2,122,801,046	30.9	53.3
Development expenditure	3,982,157,657	2,243,695,328	2,122,801,046	30.9	53.3
Total	8,881,773,924	7,088,664,647	6,870,485,746	100	77.4

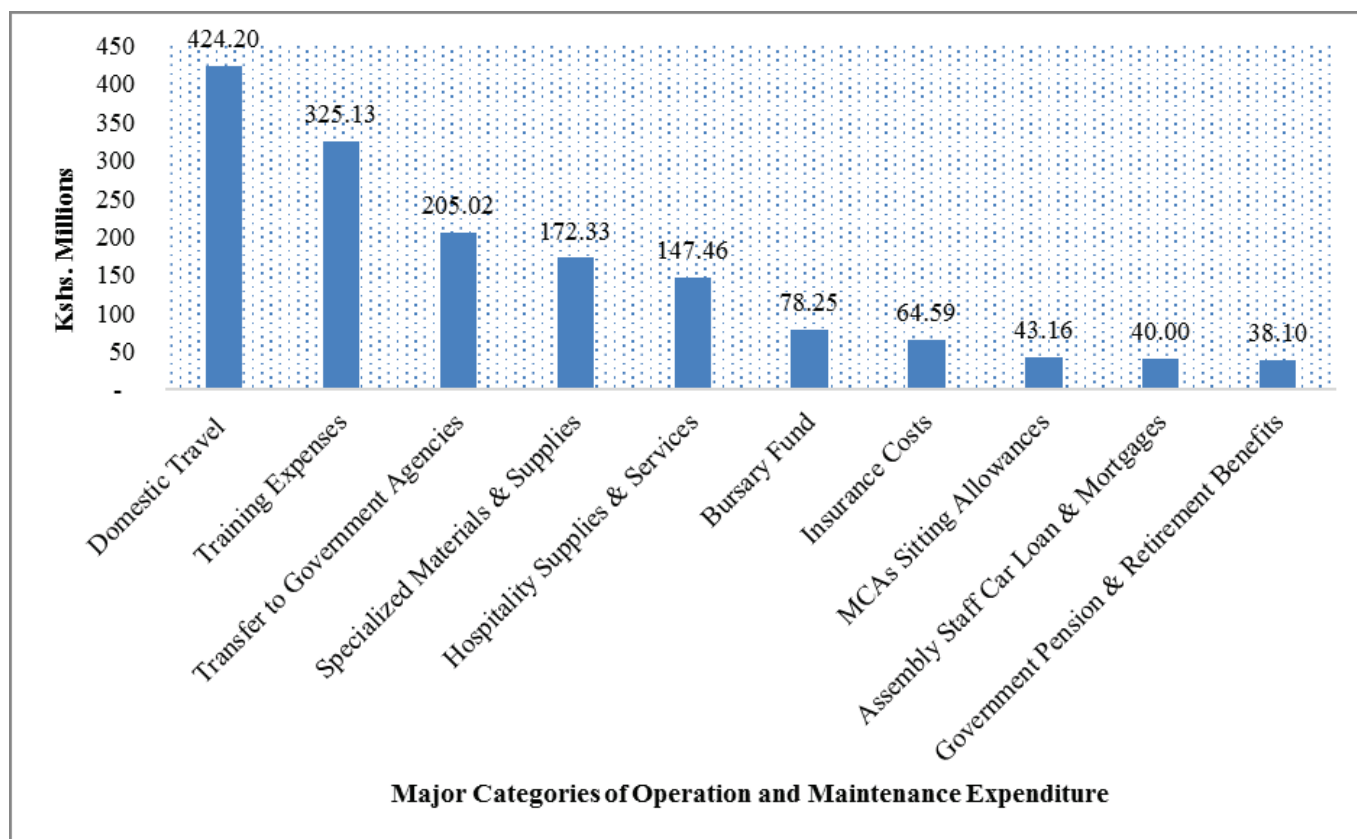
Source: Siaya County Treasury

Expenditure on Compensation to Employees was 40 per cent of the total expenditure for the financial year and represented an increase of 0.1 per cent compared to FY 2018/19 when the County spent Kshs.2.75 billion.

3.39.7 Analysis of Operations and Maintenance Expenditure

Figure 3-77 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-77: Siaya County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Siaya County Treasury

The County spent Kshs.43.16 million on Committee Sitting Allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs.43.76 million. The average monthly sitting allowance was Kshs.83,650 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.424.2 million and comprised of Kshs.109.82 million spent by the County Assembly and Kshs.314.38 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.18.72 million and comprised of Kshs.5.4 million spent by the County Assembly and Kshs.13.31 million by the County Executive.

3.39.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.12 billion represented 53.3 per cent of the annual development budget of Kshs.3.98 billion and represented an increase of 80.6 per cent compared to FY 2018/19 when the County spent Kshs.1.18 billion. Table 3-188 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-188: Siaya County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Construction of Siaya Stadium	Tourism, Culture, Sports and Arts	Siaya Township	232,000,000	154,561,508	66.6
2	Construction of Proposed County Headquarters Annex	Governance and Administration	Siaya Township	63,955,508	55,657,368	87
3	Supply And Installation Of High Masks Lights In Siaya County	Enterprise and Industrial Development	Spread across the county in all the 30 wards	35,000,000	31,279,864	89.4

S/No.	Project Name	Department	Location	Budget (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
4	Drilling and Equipping Borehole at Gendro, Ujumba Ny-aluoyo, Lilingo Kahago Farm, Jera Mkt, Got Nanga Catholic Church, Uduma & Nyawara	Water, Irrigation, Environment & Natural Resources	Ugenya	22,139,625	22,139,625	100
5	Provision Of Wide Area Network Connectivity And Internet Bandwidth	Tourism, Culture, Sports and Arts	Siaya Township	18,000,000	16,798,433	93.3
6	Drilling And Equipping Of Lweya, Lusi, Chianda And Masala Gotodiero Community Borehole	Water, Irrigation, Environment & Natural Resources	Rarieda	14,500,000	13,997,564	96.5
7	Construction of Modern Market At Ramba Market	Enterprise and Industrial Development	Siaya Township	26,057,378	12,188,088	46.8
8	Drilling And Equipping Luanda Village Borehole, Uranga Borehole, Sidindi Borehole And Omindo Pri	Water, Irrigation, Environment & Natural Resources	East Gem	10,913,280	10,913,280	100
9	Construction of Maternity Wing At Ambira Sub-County Hospital	County Health Services	Ambira	13,687,355	10,056,776	73.5
10	Preparation Of County Spatial Plan	Lands, Physical Planning, Urban Development & Housing	Siaya Township	10,000,000	10,000,000	100

Source: Siaya County Treasury

3.39.9 Budget Performance by Department

Table 3-189 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-189: Siaya County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec.	Dev	Rec.	Dev	Rec	Dev
County Assembly	746.31	588.64	706.31	151.96	705.99	151.96	100	100	94.6	25.8
Governance and Administration	569.79	77.96	569.79	57.23	563.06	55.89	98.8	97.7	98.8	71.7
Finance and Economic Planning	574.88	14.03	574.88	12.11	537.10	8.02	93.4	66.2	93.4	57.1
Agriculture, Food, Livestock & Fisheries	265.94	341.02	256.06	200.87	260.93	67.53	101.9	33.6	98.1	19.8
Water, Irrigation, Environment & Natural Resources	66.01	507.27	66.01	270.95	62.32	192.54	94.4	71.1	94.4	38
Education, Youth Affairs, Gender & Social Services	307.93	388.62	307.93	218.83	299.92	211.47	97.4	96.6	97.4	54.4
County Health Services	1,905.42	458.55	1,900.65	198.03	1,882.90	207.97	99.1	105	98.8	45.4
Lands, Physical Planning, Urban Development and Housing	142.88	150.71	142.88	53.35	130.45	34.83	91.3	65.3	91.3	23.1
Roads, Public Works, Energy and Transport	88.70	986.91	88.70	773.64	84.47	912.12	95.2	117.9	95.2	92.4
Enterprise and Industrial Development	137.60	190.60	137.60	116.97	130.88	94.70	95.1	81	95.1	49.7
Tourism, Culture, Sports and Arts	94.17	277.85	94.17	189.75	89.67	185.78	95.2	97.9	95.2	66.9
Total	4,899.6	3,982.2	4,845	2,243.7	4,747.7	2,122.8	98	94.6	96.9	53.3

Source: Siaya County Treasury

Analysis of expenditure by department shows that the Department of Roads, Public Works, Energy and Transport recorded the highest absorption rate of development budget at 92.4 per cent while the Department of Agriculture, Food, Livestock & Fisheries had the lowest at 19.8 per cent. The Departments of Governance and Administration and County Health Services had the highest percentage of recurrent expenditure to recurrent budget at 98.8 per cent while the Department of Lands, Physical Planning, Urban Development and Housing had the lowest at 91.3 per cent.

3.39.10 Budget Execution by Programmes and Sub-Programmes

Table 3-190 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-190 : Siaya County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs.)	Actual Payments in FY 2019/20 (Kshs.)	Variance (Kshs.)	Absorption rate in FY 2019/20 (%)
COUNTY ASSEMBLY					
Legislative and Representation	Legislative and Representation	290,112,839	285,865,459	4,247,380	98.5
	Sub total	290,112,839	285,865,459	4,247,380	98.5
Legislative Oversight	Legislative Oversight	81,493,460	81,150,603	342,857	99.6
	Sub total	81,493,460	81,150,603	342,857	99.6
General administration and planning support services	General administration and planning support services	963,343,340	490,928,223	472,415,117	51
	Sub total	963,343,340	490,928,223	472,415,117	51
GOVERNANCE AND ADMINISTRATION					
General administration and planning support services	General administration and planning support services	-	-	-	-
	Sub total	-	-	-	-
Coordination of devolved services	Coordination of devolved services	77,955,508	77,123,109	832,399	98.9
	Sub total	77,955,508	77,123,109	832,399	98.9
County Governance	County Governance	154,432,034	144,709,934	9,722,100	93.7
	Sub total	154,432,034	144,709,934	9,722,100	93.7
County Executive Administration	County Executive Administration	262,652,287	257,354,133	5,298,154	98
	Sub total	262,652,287	257,354,133	5,298,154	98
Human Capital Management	Human Capital Management	39,826,447	38,707,558	1,118,889	97.2
	Sub total	39,826,447	38,707,558	1,118,889	97.2
Information Communication Services	Information Communication Services	6,891,600	-	6,891,600	-
	Sub total	6,891,600	-	6,891,600	-
Monitoring and Evaluation	Monitoring and Evaluation	5,568,010	5,121,509	446,501	92
	Sub total	5,568,010	5,121,509	446,501	92
County Attorney	County Attorney	19,901,000	19,052,900	848,100	95.7
	Sub total	19,901,000	19,052,900	848,100	95.7
County Public Service Board	County Public Service Board	80,515,639	76,881,885	3,633,754	95.5
	Sub total	80,515,639	76,881,885	3,633,754	95.5
FINANCE AND ECONOMIC PLANNING					
General Administration	General Administration	419,413,023	389,000,333	30,412,690	92.7
	Sub total	419,413,023	389,000,333	30,412,690	92.7
Financial Services	Budget formulation, coordination and management	66,475,244	64,730,333	1,744,911	97.4
	Accounting Services	45,372,234	39,602,594	5,769,640	87.3
	Supply chain management services	6,119,844	5,351,972	767,872	87.5
	Revenue	21,676,862	19,187,942	2,488,920	88.5
	Audit and assurance services	6,361,924	5,604,390	757,534	88.1
	Sub total	146,006,108	134,477,231	11,528,877	92.1
Economic Planning Services	Economic Planning Services	23,488,572	21,635,831	1,852,741	92.1
	Sub total	23,488,572	21,635,831	1,852,741	92.1
AGRICULTURE, FOOD, LIVESTOCK AND FISHERIES					

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs.)	Actual Payments in FY 2019/20 (Kshs.)	Variance (Kshs.)	Absorption rate in FY 2019/20 (%)
General Administration and Planning	General Administration and Planning	426,415,035	163,349,455	263,065,580	38.3
	Sub total	426,415,035	163,349,455	263,065,580	38.3
Livestock Management and Development	Livestock Management and Development	38,154,338	33,867,280	4,287,058	88.8
	Sub total	38,154,338	33,867,280	4,287,058	88.8
Crop and Land Development	Crop and Land Development	95,128,679	87,755,013	7,373,666	92.2
	Sub total	95,128,679	87,755,013	7,373,666	92.2
Fisheries Management and Development	Fisheries Management and Development	25,573,217	24,163,031	1,410,186	94.5
	Sub total	25,573,217	24,163,031	1,410,186	94.5
Veterinary Services	Veterinary Services	21,685,522	19,323,988	2,361,534	89.1
	Sub total	21,685,522	19,323,988	2,361,534	89.1
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES					
Water Resources Development and Management	Water Resources Development and Management	532,156,185	219,277,960	312,878,225	41.2
	Sub total	532,156,185	219,277,960	312,878,225	41.2
General Administration, Planning and Support Services	General Administration, Planning and Support Services	37,507,180	32,924,662	4,582,518	87.8
	Sub total	37,507,180	32,924,662	4,582,518	87.8
Environment and Natural Resources Conservation and Management	Environment and Natural Resources Conservation and Management	3,610,241	2,652,121	958,120	73.5
	Sub total	3,610,241	2,652,121	958,120	73.5
EDUCATION, YOUTH AFFAIRS, GENDER AND SOCIAL SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	689,080,297	505,601,616	183,478,681	73.4
	Sub total	689,080,297	505,601,616	183,478,681	73.4
County Pre Primary Education	County Pre Primary Education	3,917,826	3,383,214	534,612	86.4
	Sub total	3,917,826	3,383,214	534,612	86.4
Vocational Education and Training Development	Vocational Education and Training Development	2,030,117	1,343,314	686,803	66.2
	Sub total	2,030,117	1,343,314	686,803	66.2
County Social Security and Services	County Social Security and Services	1,530,631	1,059,693	470,938	69.2
	Sub total	1,530,631	1,059,693	470,938	69.2
COUNTY HEALTH SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	2,030,264,149	1,778,873,143	251,391,006	87.6
	Sub total	2,030,264,149	1,778,873,143	251,391,006	87.6
Curative and Rehabilitative Health Care Services	Curative and Rehabilitative Health Care Services	221,765,738	200,051,941	21,713,797	90.2
	Sub total	221,765,738	200,051,941	21,713,797	90.2
Preventive and Promotive Health Services	Preventive and Promotive Health Services	111,940,000	111,940,000	-	100
	Sub total	111,940,000	111,940,000	-	100
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT AND HOUSING					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	156,706,187	51,831,579	104,874,608	33.1
	Sub total	156,706,187	51,831,579	104,874,608	33.1
Land Use Planning	Land Use Planning	129,476,489	109,466,748	20,009,741	84.5
	Sub total	129,476,489	109,466,748	20,009,741	84.5
County Land Administration and Surveying	County Land Administration and Surveying	3,984,090	2,663,590	1,320,500	66.9
	Sub total	3,984,090	2,663,590	1,320,500	66.9

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs.)	Actual Payments in FY 2019/20 (Kshs.)	Variance (Kshs.)	Absorption rate in FY 2019/20 (%)
Housing and Urban Development	Housing and Urban Development	3,414,795	1,321,072	2,093,723	38.7
	Sub total	3,414,795	1,321,072	2,093,723	38.7
ROADS, PUBLIC WORKS, ENERGY AND TRANSPORT					
Transport Infrastructure Development	Transport Infrastructure Development	1,068,733,957	992,233,107	76,500,850	92.8
	Sub total	1,068,733,957	992,233,107	76,500,850	92.8
County Government Building Services	County Government Building Services	1,210,930	749,943	460,987	61.9
	Sub total	1,210,930	749,943	460,987	61.9
General Administration, Planning and Support Services	General Administration, Planning and Support Services	5,667,255	3,610,559	2,056,696	63.7
	Sub total	5,667,255	3,610,559	2,056,696	63.7
ENTERPRISES AND INDUSTRIAL DEVELOPMENT					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	297,130,698	197,925,453	99,205,245	66.6
	Sub total	297,130,698	197,925,453	99,205,245	66.6
Trade Development and Promotion	Trade Development and Promotion	20,850,000	18,260,000	2,590,000	87.6
	Sub total	20,850,000	18,260,000	2,590,000	87.6
Fair Trade Practices and Consumer Protection Services	Fair Trade Practices and Consumer Protection Services	2,540,000	2,305,612	234,388	90.8
	Sub total	2,540,000	2,305,612	234,388	90.8
Alcoholic Drinks Control	Alcoholic Drinks Control	1,575,000	1,541,035	33,965	97.8
	Sub total	1,575,000	1,541,035	33,965	97.8
Co-operatives Development and Management	Co-operatives Development and Management	6,106,000	5,547,677	558,323	90.9
	Sub total	6,106,000	5,547,677	558,323	90.9
Market Solid Waste Management	Market Solid Waste Management	5,000,000	3,453,560	1,546,440	69.1
	Sub total	5,000,000	3,453,560	1,546,440	69.1
TOURISM, CULTURE SPORTS AND ARTS					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	74,158,651	55,592,022	18,566,629	75
	Sub total	74,158,651	55,592,022	18,566,629	75
Sports and Arts	Sports and Arts	283,837,400	210,743,950	73,093,450	74.2
	Sub total	283,837,400	210,743,950	73,093,450	74.2
Information, Communication Technology	Information, Communication Technology	6,553,450	3,957,876	2,595,574	60.4
	Sub total	6,553,450	3,957,876	2,595,574	60.4
Tourism development and Promotion	Tourism development and Promotion	7,470,000	5,160,384	2,309,616	69.1
	Sub total	7,470,000	5,160,384	2,309,616	69.1
Grand Total		8,881,773,924	6,870,485,746	2,011,288,178	77.4

Source: Siaya County Treasury

Based on expenditure absorption rate as shown in Table 3-190 the programs with the highest absorption rates were: Preventive and Promotive Health Services, Legislative Oversight, Coordination of devolved services and Legislative and Representation at 100 per cent, 99.6 per cent, 98.9 per cent and 98.5 per cent respectively of budget allocation.

3.39.11 Key Observations and Recommendations

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

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.
2. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.

3. A high wage bill, which accounted for 40 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. Under performance on own-source revenue collection at Kshs.179.43 million against annual projection of Kshs.420 million. The realised own source revenue represented 42.7 per cent of its annual target.
5. Delay by Fund Administrators to submit expenditure reports of the Car Loan and Mortgage Fund, and Bursary Fund contrary to Section 168 of the PFM Act, 2012

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

1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with the Approved Disbursement Schedule.*
2. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.*
5. *All Fund Administrators should ensure timely submission of expenditure reports in line with Section 168 of the PFM Act, 2012.*

3.40 County Government of Taita Taveta

3.40.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.5.67 billion, comprising of Kshs.1.70 billion (69.9 per cent) and Kshs.3.96 billion (30.1 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.24 billion (74.9 per cent) being equitable share of revenue raised nationally, Kshs.1.16 billion (20.5 per cent) as total Conditional Grants, generate Kshs.230 million (4.1 per cent) from own sources of revenue, and the cash balance of Kshs 32 million (0.6 per cent) from FY 2018/19.

3.40.2 Revenue Performance

During FY 2019/20, the County received Kshs.3.88 billion as equitable share of the revenue raised nationally, Kshs.551.15 million as total Conditional Grants, raised Kshs.296.04 million as own-source revenue, and had a cash balance of Kshs.79,418 from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs4.72. billion as shown in Table 3-191.

Table 3-191: Taita Taveta County, Revenue Performance in FY 2019/20

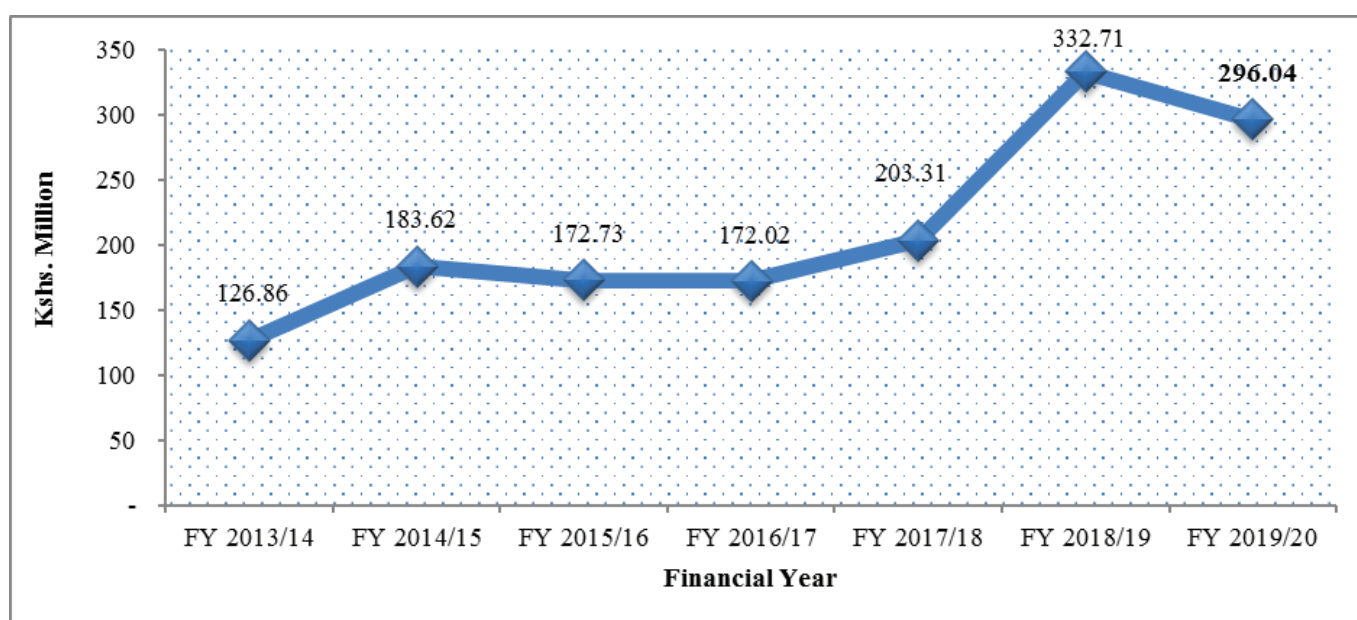
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,241,100,000	3,876,365,400	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	5,296,305	5,296,305	5,296,305	100
2.	Road Maintenance Fuel Levy Fund	146,386,438	146,386,438	147,048,631	100.5
3.	Rehabilitation of Village Polytechnics	72,010,910	72,010,910	55,638,298	77.3
4.	COVID-19 NG funding	-	37,704,000	37,704,000	100
Sub Total		223,693,653	261,397,653	245,687,234	93.99
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	56,942,903	56,942,903	56,942,903	100

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,024,000	117,024,000	104,500,024	89.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000.00	100
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	100,000,000	100,000,000	35,761,940	35.8
5.	DANIDA Grant	16,608,750	16,608,750	16,608,750	100
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	42,394,162	42,394,162	-	-
7.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	400,000,000	45,015,440	11.3
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,060,386	17,060,386	16,633,655	97.5
9.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (water)	70,000,000	70,000,000	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	-	-
Sub Total		900,030,201	900,030,201	305462711	33.9
D	Other Sources of Revenue				
1.	Own Source Revenue	-	230,000,000	296,039,121	128.7
2.	Balance b/f from FY2018/19	-	32,000,000	79,418	0.2
Sub Total		-	262,000,000	296,118,540	113
Grand Total		5,364,823,854	5,664,527,854	4,723,633,884	83.4

Source: Taita Taveta County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-78.

Figure 3-78: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Taita Taveta County Treasury

During FY 2019/20, the County generated a total of Kshs.296.04 million as own-source revenue. This amount represented a decrease of 8.3 per cent when compared to Kshs.332.71 million realised in FY 2018/19, and represented 128.7 per cent of the annual target. The significant decrease was attributed to COVID-19 pandemic which affected collection of revenue especially income from liquor licence.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.65 billion from the CRF account during the reporting period. This amount comprised of Kshs.832.94 million (17.9 per cent) for Development programmes and Kshs.3.82 billion (82.1 per cent) for Recurrent programmes.

3.40.4 Overall Expenditure Review

A total of Kshs.4.44 billion was spent on Development and Recurrent programmes and represented 95.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.805.53 million and Kshs.3.63 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 47.3 per cent while that incurred on Recurrent programmes represented an absorption rate of 91.7 per cent.

3.40.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.705.47 million as at June 30, 2020. These bills consisted of Kshs.427.64 million for development activities and Kshs.277.83 million for recurrent expenditure.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.08 billion was spent on Compensation to Employees, Kshs.1.55 billion on Operations and Maintenance, and Kshs.805.53 million on Development expenditure.

Table 3-192: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	3,961,664,586	3,817,071,184	3,634,468,563	81.9	91.7
Compensation to Employees	2,324,163,575	2,086,017,303	2,085,918,760	47	89.7
Operations and Maintenance	1,637,501,011	1,731,053,881	1,548,549,803	34.9	94.6
Total Development Expenditure	1,702,863,268	832,943,920	805,530,082	18.1	47.3
Development expenditure	1,702,863,268	832,943,920	805,530,082	18.1	47.3
Total	5,664,527,854	4,650,015,104	4,439,998,645	100	78.4

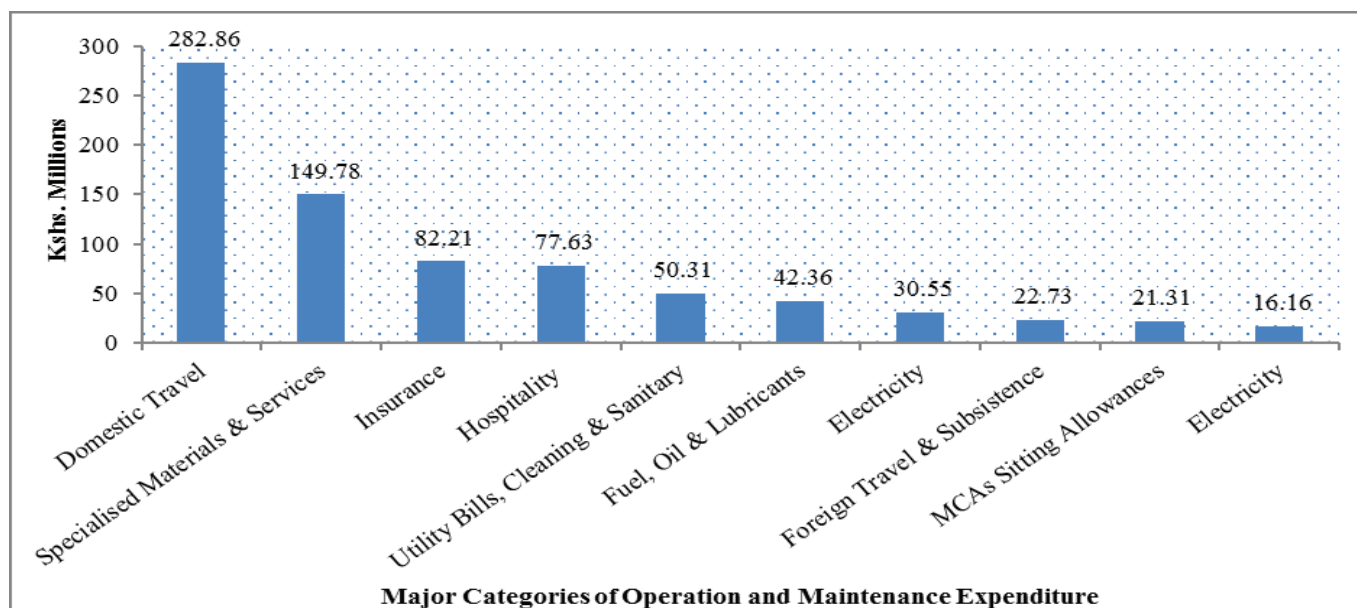
Source: Taita Taveta County Treasury

Expenditure on Compensation to Employees was 47 per cent of the total expenditure for the financial year and represented a decrease of 7 per cent compared to FY 2018/19 when the County spent Kshs.2.24 billion.

3.40.7 Analysis of Operations and Maintenance Expenditure

Figure 3-79 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-79: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Taita Taveta County Treasury

The County spent Kshs.21.31 million on Committee Sitting Allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.22.72 million. The average monthly sitting allowance was Kshs.52,226 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.282.86 million and comprised of Kshs.150.43 million spent by the County Assembly and Kshs.132.43 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.22.73 million and comprised of Kshs.17.75 million spent by the County Assembly and Kshs.4.99 million by the County Executive.

3.40.8 Development Expenditure Analysis

The Development expenditure of Kshs.870.94 million represented 47.3 per cent of the annual development budget of Kshs.1.7 billion and represented a decrease of 62 per cent compared to FY 2018/19 when the County spent Kshs.1.3 billion. Table 3-193 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-193: Taita Taveta County, List of Development Projects with the Highest Expenditure in FY 2019/20

Project Name	Department	Project Location	Project Budget (Kshs)	Project Actual Expenditure (Kshs)	Absorption Rate (%)
Completion & maintenance of access roads-Roads Levy	Public Works, Transport & Infrastructure Hq	County Wide	153,235,925	132,450,477	86.4
VTC Capitation & support programme	Youth, Sports, VTCs And social Services	County Wide	72,010,910	59,861,813	83.1
Kenya Urban Support Project, (KUSP)- Mwatate Municipality	Lands, Mining And Housing Headquarters	Mwatate	103,800,000	39,561,940	38.1
Result Based Financing (Health)	Health	County Health Facilities	74,332,958	68,042,210	91.5
Kenya Climate Smart Agriculture Program (KCSAP)	Agriculture	County Wide	128,645,560	96,193,779	74.8
Water and Sanitation Development Program (World Bank Grant)	Water, Environment and Sanitation	County Wide	400,000,000	45,015,440	11.3
County Assembly Headquarters	County Assembly	Wundanyi	45,000,000	36,530,000	81.2

Source: Taita Taveta County Treasury

3.40.9 Budget Performance by Department

Table 3-194 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-194: Taita Taveta County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	582.78	45	549	38	538.52	36.81	98.1	96.9	92.4	81.8
Devolution, Public Service and Administration	2,101.7	10	2,095.88	-	2,030.01	-	96.9	-	96.6	-
The Governor's and Deputy Governor's Office	140.98	-	137.05	-	136.71	-	99.7	-	97	-
Finance and Planning	621.28	387.25	528.29	315.58	513.09	290.43	97.1	92	82.6	75
Agriculture, Livestock and Fisheries	25.56	208.9	25.36	120.33	22.13	118.33	87.3	98.3	86.6	56.6
Water, Environment and Sanitation	30.64	498	29.13	71.54	19.15	71.54	65.8	100	62.5	14.4
Education, Libraries and ICT	96.59	-	71.25	-	70.51	-	99	-	73	-
Health	231.42	181.77	226.12	93.84	222.87	75.78	98.6	80.7	96.3	41.7
Trade, Tourism, Culture, Gender and Co-operative Development	19.03	-	14.73	-	12.79	-	86.8	-	67.2	-
County Public Service Board	8.05	-	8.05	-	7.54	-	93.7	-	93.7	-
Public Works, Transport and Infrastructure	35.26	186.14	35.26	140.26	32.09	132.45	91	94.4	91	71.2
Lands, Mining and Housing	58.95	103.80	58.95	35.76	20.80	35.76	35.3	100	35.3	34.5
Youth, Gender, Sport, Culture & Social Services	9.45	82.01	9.45	55.64	8.27	44.44	87.5	79.9	87.5	54.2
Total	3,962	1,703	3,779	871	3,634	806	96.2	92.5	91.7	47.3

Source: Taita Taveta County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 81.8 per cent followed by the Department of Finance and Planning at 75 per cent. The Office of the Governor and Deputy Governor had the highest percentage of recurrent expenditure to recurrent budget at 97 per cent while the Department of Land Mining and Housing had the lowest at 35.3 per cent.

3.40.10 Budget Execution by Programmes and Sub-Programmes

Table 3-195 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-195 : Taita Taveta County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
0	Default - Non Programmatic	-	(1,389,014)	1,389,014	-
	Administration Planning and Support Services	69,764,884	57,363,067	12,401,817	82.2
101013260	Administration Planning and Support Services	69,764,884	57,363,067	12,401,817	82.2
	Infrastructure Development programme	289,935,925	186,516,009	103,419,916	64.3
103013260	Infrastructure Development programme	289,935,925	186,516,009	103,419,916	64.3
	Agricultural Development Programme	208,900,108	157,595,399	51,304,709	75.4
104013260	Agricultural Development Programme	208,900,108	157,595,399	51,304,709	75.4
	Livestock and Fisheries Development				
105013260	Livestock and Fisheries Development				
	General Administration and support services programme	74,826,791	66,346,318	8,480,473	88.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
301013260	General Administration and support services programme	74,826,791	66,346,318	8,480,473	88.7
	Trade Development programme.	-	123,905	(13,006,000)	-
302013260	Trade Development programme.	-	123,905	(13,006,000)	-
	Administration and Support Services	231,419,398	107,290,945	124,128,453	46.4
401013260	Administration and Support Services	231,419,398	107,290,945	124,128,453	46.4
	Health Development Programme	181,767,406	101,579,780	80,187,626	55.9
402013260	Health Development Programme	181,767,406	101,579,780	80,187,626	55.9
	General Administration, Planning and Support services	90,787,649	86,398,366	4,389,283	95.2
501013260	General Administration, Planning and Support services	90,787,649	86,398,366	4,389,283	95.2
	Early childhood Education and Youth Training Development Programme				
502013260	Early childhood Education & Youth Training Development Programme				
	General Administration support services	2,692,509,275	2,572,373,962	120,135,313	95.5
701013260	General Administration support services	2,692,509,275	2,572,373,962	120,135,313	95.5
	County Assembly Infrastructure improvement	45,000,000	35,174,625	9,825,375	78.2
702013260	County Assembly Infrastructure improvement	45,000,000	35,174,625	9,825,375	78.2
	Decentralized Infrastructure development programme	10,000,000	8,908,312	1,091,688	89.1
703013260	Decentralized Infrastructure development programme	10,000,000	8,908,312	1,091,688	89.1
	General Administration and Management of County Affairs	140,981,927	128,071,612	12,910,315	90.8
704013260	General Administration and Management of County Affairs	140,981,927	128,071,612	12,910,315	90.8
	Leadership Development Programme				
705013260	Leadership Development Programme				
	General Administration, Planning, Internal Audit & Support Services	621,279,816	543,863,152	77,416,664	87.5
706013260	General Administration, Planning, Internal Audit & Support Services	621,279,816	543,863,152	77,416,664	87.5
	Treasury Development Programme	387,248,919	290,428,314	96,820,605	75.0
707013260	Treasury Development Programme	387,248,919	290,428,314	96,820,605	75.0
	Water and irrigation Development Programme	498,000,000	71,535,536	426,464,464	14.4
1.001E+09	Water and irrigation Development Programme	498,000,000	71,535,536	426,464,464	14.4
	General Administration, Support and Support Services	30,643,795	26,429,344	4,214,452	86.2
1.002E+09	General Administration, Support and Support Services	30,643,795	26,429,344	4,214,452	86.2
	Natural Resources Support Programme	91,461,960	-	-	-
1.003E+09	Natural Resources Support Programme	91,461,960	-	-	-
Grand Total		5,664,527,854	4,439,998,645	1,120,185,154	78.4

Source: Taita Taveta County Treasury

Based on expenditure absorption rate as shown in Table 3-195 the programs with the highest absorption rates were: General Administration and Management of County Affairs at 90.8 per cent, Decentralized Infrastructure Development Programme at 89.1 per cent, and General Administration, Planning, Internal Audit & Support Services at 87.5 per cent of the budget allocation.

The County spent Kshs.1.39 million on “Default - Non-Programmatic” which implies that this expenditure was undertaken without a budget allocation and had not been regularized by the end of the financial year. This is an indication of a weak budgetary control practice by the County Treasury.

3.40.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.805.53 million in FY 2019/20 out of annual development budget of Kshs.1.70 billion. The development expenditure represented 47.3 per cent of the annual development.
3. A high wage bill, which accounted for 47 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
4. High pending bills as at 30th June 2020 which amounted to Kshs.705.47 million.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.41 County Government of Tana River

3.41.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.8.04 billion, comprising of Kshs.2.70 billion (33.6 per cent) and Kshs.5.33 billion (66.4 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.86 billion (72.9 per cent) being equitable share of revenue raised nationally, Kshs.707.39 million (8.8 per cent) as total Conditional Grants, generate Kshs.66 million (0.8 per cent) from own sources of revenue, and the cash balance of Kshs.1.41 billion (17.5 per cent) from FY 2018/19.

3.41.2 Revenue Performance

During FY 2019/20, the County received Kshs.5.27 billion as equitable share of the revenue raised nationally, Kshs.616.64 million as total Conditional Grants, raised Kshs.64.47 million as own-source revenue, and had a cash balance of Kshs.1.41 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.35 billion as shown in Table 3-196.

Table 3-196: Tana River County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,855,250,000	5,855,250,000	5,268,159,249	90
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	5,682,537	5,682,537	5,682,537	100
2.	Road Maintenance Fuel Levy Fund	166,205,156	166,205,156	301,183,711	181.2
3.	Rehabilitation of Village Polytechnics	21,228,298	21,228,298	21,228,290	100
Sub Total		193,115,991	193,115,991	328,094,538	169.9
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	50,849,353	50,849,353	21,228,298	41.7
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	200,000,000	200,000,000	148,758,752	74.4

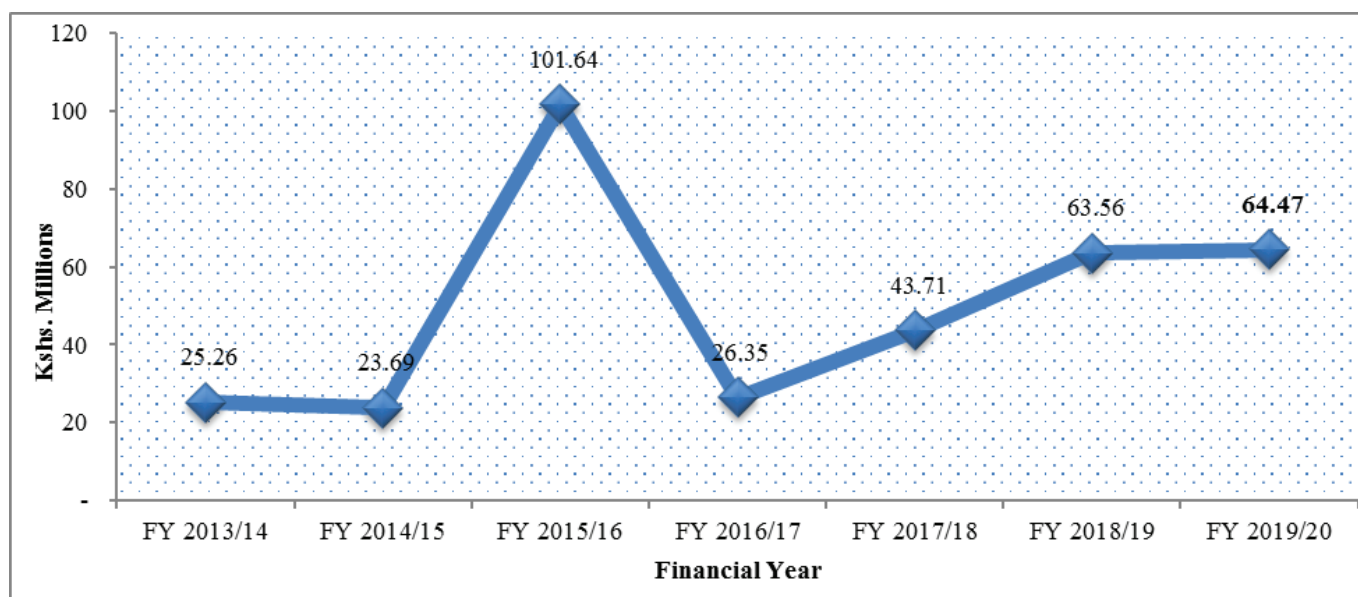
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000		-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	50,000,000	100
5.	DANIDA Grant	16,593,750	16,593,750		-
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,431,865	15,431,865		-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	1,245,700	1,245,700		-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,358,867	20,358,867	27,358,867	134.4
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	41,200,000	468.2
Sub Total		393,279,535	393,279,535	288,545,917	73.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	66,000,000	64,474,194	97.7
2.	Balance b/f from FY 2018/19	-	1,406,678,998	1,406,678,998	100
Sub Total		-	1,472,678,998	1,471,153,192	99.9
Grand Total		6,441,645,526	7,914,324,524	7,355,952,896	92.9

Source: Tana River County Treasury

The Conditional grants which had above 100 per cent performance included balances from the previous financial year which were received in the current financial year.

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-80.

Figure 3-80 : Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Tana River County Treasury

During FY 2019/20, the County generated a total of Kshs.64.47 million as own-source revenue. This amount represented an increase of 1.4 per cent when compared to Kshs.63.56 million realised in FY 2018/19, and represented 97.7 per cent of the annual target.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.7.35 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.03 billion (27.5 per cent) for Development programmes and Kshs.5.33 billion (72.5per cent) for Recurrent programmes.

3.41.4 Overall Expenditure Review

A total of Kshs.8.16 billion was spent on Development and Recurrent programmes and represented 111 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.49 billion and Kshs.6.66 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 55.4 per cent while that incurred on recurrent programmes represented an absorption rate of 124.9 per cent.

3.41.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.16 billion as at June 30, 2020. These bills consisted of Kshs.804.66 million for development activities and Kshs.352.62 million for recurrent expenditure.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.33 billion was spent on Compensation to Employees, Kshs.4.33 billion on Operations and Maintenance, and Kshs.1.49 billion on Development expenditure.

Table 3-197: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,333,271,723	5,330,029,165	6,661,931,296	81.6	124.9
Compensation to Employees	2,331,664,500	2,331,664,292	2,331,664,500	28.6	100
Operations and Maintenance	2,998,364,665	2,998,364,873	4,330,266,796	53.1	144.4
Total Development Expenditure	2,702,052,801	2,025,923,731	1,497,419,056	18.4	55.4
Development expenditure	2,702,052,801	2,025,923,731	1,497,419,056	18.4	55.4
Total	8,035,324,524	7,355,952,896	8,159,350,352	100	101.5

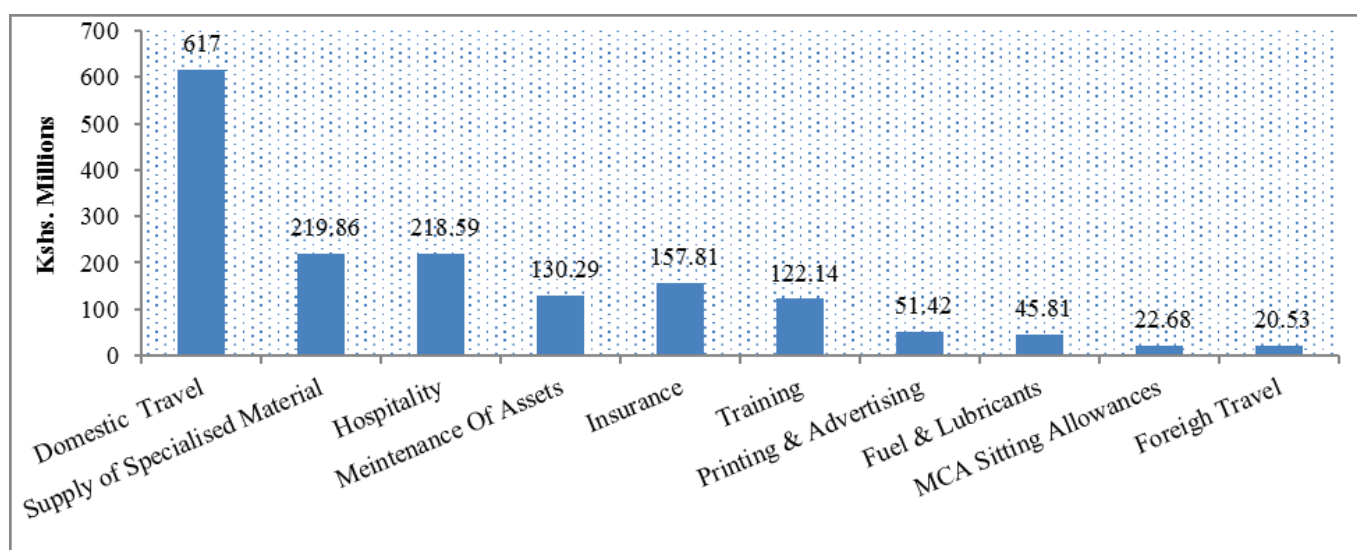
Source: Tana River County Treasury

Expenditure on Compensation to Employees was 28.6 per cent of the total expenditure for the financial year and represented an increase of 42.9 per cent compared to FY 2018/19 when the County spent Kshs.1.63 billion.

3.41.7 Analysis of Operations and Maintenance Expenditure

Table 3-81 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-81: Tana River County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Tana River County Treasury

The County spent Kshs.22.68 million on Committee Sitting Allowances for the 24 MCAs and Speaker against the annual budget allocation of Kshs.39.36 million. The average monthly sitting allowance was Kshs.78,766 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.617 million and comprised of Kshs.135.44 million spent by the County Assembly and Kshs.481.56 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.20.53 million and comprised of Kshs.6.25 million spent by the County Assembly and Kshs.14.27 million by the County Executive.

3.41.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.49 billion represented 55.4 per cent of the annual development budget of Kshs.2.70 billion and represented a decrease of 6.3 per cent compared to FY 2018/19 when the County spent Kshs.1.59 billion. Table 3-198 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-198: Tana River County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No	Project Name	Department	Location	Budget (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Greenification project	Environment	All wards	24,000,000	24,000,000	100
2	Weigh bridge installation at Hurara	Trade	Hurara, Kipini West ward	20,000,000	20,000,000	100
3	Construction of ward administrators offices	Public service administration and citizen participation	Mikinduni	9,116,045	9,116,045	100
4	Construction of Kone ECD	Education	Kone	6,000,000	6,000,000	100
5	Construction of Madogo polytechnic	Education and Vocational training	Madogo	5,914,225	5,914,225	100
6	Construction of Tumaini Vocational Training Center	Education and Vocational training	Tumaini	5,500,000	5,500,000	100
7	Renovation of Tana Delta sub county offices	Public Service Administration and Citizen Participation	Minjila	3,981,032	3,981,032	100
8	Renovation of Tana River sub county offices	Public Service Administration and Citizen Participation	Hola	3,511,076	3,511,076	100
9	Construction of Play grounds	Sports	Mikinduni	3,500,000	3,500,000	100
10	Construction of Chanani ECD	Education	Chanani	1,500,000	1,500,000	100

Source: Tana River County Treasury

3.41.9 Budget Performance by Department

Table 3-199 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-199: Tana River County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	608.79	-	608.79	-	522.24	-	85.8	-	85.8	-
County Public Service Board	50.22	-	50.22	-	36.27	-	72.2	-	72.2	-
Special Program	141.44	-	141.44	-	69.08	-	48.8	-	48.8	-
Education and Vocational Training	397.13	121.95	397.13	80	281.76	21.23	70.9	26.5	70.9	17.4
Culture, Gender, Youth, Sports and Social Services	66.48	8	66.48	-	32.79	-	49.3	-	49.3	-
Medical Services, Public Health and Sanitation	1,233.24	32.20	1,233.24	-	1,088.05	-	88.2	-	88.2	-
Agriculture, Livestock, Fisheries & Veterinary	566.70	75.73	566.70	72.13	399.97	49.88	70.6	69.2	70.6	65.9
Water, Irrigation, Environment & Natural Resources	168.15	16.0	168.15	12.69	115.94	2	69.0	15.8	69.0	12.5

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Roads, Transport, Public Works and Urbanization	119.98	747	119.98	299.29	70.26	161.37	58.6	53.9	58.6	21.6
Public Service Administration and Citizen Participation	402.47	8.41	402.47	7.76	358.06	7.71	89.0	99.4	89.0	91.7
Finance and Economic Planning	850.19	1,420.68	850.19	1,409.56	3,100.78	1,143	364.7	81.1	364.7	80.5
Trade, Tourism, Wildlife and Cooperatives	110.90	8.10	110.90	-	88.81	-	80.1	-	80.1	-
Lands and Physical Planning	78.56	3.98	78.56	3.98	49.33	3.98	62.8	100	62.8	100
County Assembly	486.49	160	483.28	139.89	443.84	108.14	91.8	77.3	91.2	67.6
Hola Municipality	52.50	100	52.50	-	4.73	-	9	-	9	-
Total	5,333.2	2,702.1	5,330	2,025	6,662	1,498	125.0	74	124.9	55.4

Source: Tana River County Treasury

Analysis of expenditure by department shows that the Department of Lands and Physical Planning recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Public Service Administration and Citizen Participation at 91.7 per cent. The Department of Finance and Economic had the highest percentage of recurrent expenditure to recurrent budget at 364.7 per cent. The overall expenditure was more than the budgeted amount due to payments of pending bills relating to previous years and use of revenue at source.

3.41.10 Budget Execution by Programmes and Sub-Programmes

Table 3-200 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-200 : Tana River County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub Programmes	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Variance %
Agriculture, Livestock and Fisheries Development	Administration, planning support services	235,242,433	184,416,713	50,825,720	78
	Administration, planning support services	235,242,433	184,416,713	50,825,720	78
	Agricultural Development project	343,709,094	251,987,793	91,721,301	73
	Dissemination of Extension messages	-	-	-	
	Agricultural Mechanization Services (AMS Garsen station)	22,362,414	8,878,811	13,483,603	40
		56,770,768	24,744,480	32,026,288	44
		3,199,468	420,750	2,778,718	13
		203,000,000	174,150,257	28,849,743	86
	Agriculture Sector Development Support Project (ASDSP)	55,885,044	42,593,495	13,291,549	76
	Food and Agriculture Organization	2,491,400	1,200,000	1,291,400	48
	Veterinary Development	45,155,260	11,743,220	33,412,040	26
	Artificial insemination (Pilot scheme)	5,069,000	1,270,800	3,798,200	25
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	6,477,379	3,002,900	3,474,479	46
	Conduct Disease Surveillance	16,431,615	5,336,320	11,095,295	33
	2,637,096	323,400	2,313,696	12	
Leather Development Service	1,254,000	281,400	972,600	22	
Livestock Development	11,351,500	3,131,825	8,219,675	28	

Programme	Sub Programmes	Approved Budget	Actual Expenditure	Variance	Variance %
	Livestock production extension services	1,000,000	-	1,000,000	
	Promotion of livestock sales	2,000,000	-	2,000,000	
		3,322,000	1,768,855	1,553,145	53
		1,078,000	271,700	806,300	25
	Milk Cooling Plant	2,158,500	601,850	1,556,650	28
	Irrigation Fodder Production	1,793,000	489,420	1,303,580	27
	Fisheries Development	16,430,101	-	16,430,101	-
	Fisheries development	16,430,101	-	16,430,101	-
	Fisheries	7,780,066	2,412,815	5,367,251	31
	Empowerment of Women and Youth on Fish Safety and Quality Assuran	5,270,066	2,081,000	3,189,066	40
	Construction of Ice Plant and Cold Storage	2,510,000	331,815	2,178,185	13
	Land Policy and Planning	61,323,513	31,271,124	30,052,389	51
	Physical Planning	52,609,335	25,232,234	27,377,101	48
	Land Survey and Mapping	5,514,178	4,229,590	1,284,588	77
	Land Administration	3,200,000	1,809,300	1,390,700	57
Roads and Public Works	Infrastructure Development programme	41,400,000	3,860,000	37,540,000	9
	Public Works	19,400,000	3,860,000	15,540,000	20
	Roads	22,000,000	-	22,000,000	-
	Administration, Planning and Support Services	83,804,971	52,377,279	31,427,692	63
	Administration, planning, Operation and Maintenance	83,804,971	52,377,279	31,427,692	63
	Public Works	321,860,203	22,746,130	299,114,073	7
	Construction	12,000,000	-	12,000,000	-
	County Headquarters	309,860,203	22,746,130	287,114,073	7
	County Roads Development	408,935,271	144,482,110	264,453,161	35
	Routine Maintenance	345,678,605	107,733,310	237,945,295	31
	Opening of New Roads	46,478,333	35,886,000	10,592,333	77
	Grading and Murruming of County Roads	16,778,333	862,800	15,915,533	5
	County Housing Development	10,980,301	3,104,626	7,875,675	28
	Housing Development	4,641,910	1,779,550	2,862,360	38
	Urbanization	6,338,391	1,325,076	5,013,315	21
	Urban Development	152,500,000	4,728,900	147,771,100	3
	Hola Municipality	152,500,000	4,728,900	147,771,100	3
Administration and Support Services	25,255,230	22,489,682	2,765,548	89	
Administration, planning & support Services	25,255,230	22,489,682	2,765,548	89	
Trade, Tourism and Wildlife and Co-operative Developments	Promotion of Trade, Tourism and Cooperative Development	93,747,783	66,321,102	27,426,681	71
	Promotion of Trade	77,365,038	61,200,156	16,164,882	79
	Promotion of Tourism	7,232,215	2,634,373	4,597,842	36
	Promotion of Cooperative Development	9,150,530	2,486,573	6,663,957	27
	Administration and Support Services	1,019,536,780	896,481,764	123,055,016	88
	Administration, planning & support Services	1,019,536,780	896,481,764	123,055,016	88
Water and Sanitation	Water Services Programme	24,200,000	-	24,200,000	
	Construction and Rehabilitation of Civil Works	24,200,000	-	24,200,000	
Medical Services	Health Services Programme	-	-	-	
	Curative and Rehabilitative	207,657,159	170,113,659	37,543,500	82
	Medical Supplies	172,228,020	152,576,400	19,651,620	89

Programme	Sub Programmes	Approved Budget	Actual Expenditure	Variance	Variance %
	Medical Services	16,965,439	10,610,133	6,355,306	63
	Ambulance Services	18,463,700	6,927,126	11,536,574	38
	Preventive and Promotive	53,871,665	13,252,522	40,619,143	25
	Preventive and Promotive	47,704,020	9,712,450	37,991,570	20
	Licensing and Control of Undertaking	6,167,645	3,540,072	2,627,573	57
	Mobile Clinics	-	-	-	-
Education and Vocational Training	Early childhood Education Development Programme	-	-	-	-
	General Administration, Planning and Support services	290,539,456	224,500,053	66,039,403	77
	General operation, Planning and support services	290,539,456	224,500,053	66,039,403	77
	Sports Services	-	-	-	-
	Sports Services	-	-	-	-
	Quality and Standard Assurance in EYE Centre	147,599,237	40,726,968	106,872,269	28
	ECDE Learning/Teaching Materials	19,392,902	11,227,946	8,164,956	58
	ECDE Furniture and Equipment Support	12,824,606	8,268,460	4,556,146	65
	ECDE Food Program	32,867,809	18,489,532	14,378,277	56
	ECDE Infrastructure	82,513,920	2,741,030	79,772,890	3
	Vocational Training Centers and Adult Education	80,939,337	36,078,392	44,860,945	45
	Youth Polytechnic Publicity Campaigns	7,603,675	5,196,700	2,406,975	68
	Annual Graduation and Rewards	10,813,674	4,353,794	6,459,880	40
	Quality and Standards Assurance	-	-	-	-
	Provision of Modern Tools and Equipment	12,044,304	3,687,600	8,356,704	31
	Subsidized Youth Polytechnic Tuition Fund (SYPT)	50,477,684	22,840,298	27,637,386	45
	ICT Infrastructure	-	-	-	-
	Administration, planning support services	897,114,836	725,419,077	171,695,759	81
	Administration, planning support services	897,114,836	725,419,077	171,695,759	81
	Finance and Economic Planning	Financial Management	1,540,160,760	1,360,929,856	179,230,904
Financial management		29,305,718	29,354,900	(49,182)	100
Financial Policy Formulation Management		-	-	-	-
Supply Chain Managements		14,762,714	12,132,977	2,629,737	82
Budget Formulation ,coordination and management		-	-	-	-
Accounting and Audit Services		2,199,500	2,161,500	38,000	98
Own Source Revenue Collection		14,114,611	9,603,471	4,511,140	68
Budget and Economic Planning		36,366,653	32,137,920	4,228,733	88
Accounting & Finance		1,431,997,074	3,821,702,015	(2,389,704,941)	267
Internal Audit		3,677,300	3,609,900	67,400	98
Monitoring and Evaluation		7,737,190	5,704,082	2,033,108	74
Economic Planning		-	-	-	-
Economic planning		-	-	-	-
Board Administration, Planning and Governance		36,932,142	31,165,291	5,766,851	84
Board Operations & Governance		36,932,142	31,165,291	5,766,851	84
		13,292,498	3,839,950	9,452,548	29
Ethics Governance and Compliance		2,782,498	1,576,000	1,206,498	57
Informatinal Communication Technology (ICT)	-	-	-	-	

Programme	Sub Programmes	Approved Budget	Actual Expenditure	Variance	Variance %
	Human Resource Management & Development	8,510,000	1,192,240	7,317,760	14
	Skills and Competence Development	2,000,000	1,071,710	928,290	54
		165,582,452	164,883,700	698,752	100
	Performance Management System	7,773,348	7,074,596	698,752	91
	Human Resource Development	157,809,104	157,809,104	-	100
		65,576,781	34,743,245	30,833,536	53
	County Administration	65,576,781	34,743,245	30,833,536	53
		13,332,420	11,653,040	1,679,380	87
	Citizen Participation	13,332,420	11,653,040	1,679,380	87
		338,544,858	273,432,382	65,112,476	81
	County Leadership & Coordination of CDAs	72,304,607	45,458,024	26,846,583	63
	County Government Advisory Service	42,883,169	40,773,229	2,109,940	95
	Coordination of Peace and Cohesion	223,357,082	187,201,129	36,155,953	84
	Administration, planning support services	86,532,153	40,319,673	46,212,480	47
	Administration, planning support services	86,532,153	40,319,673	46,212,480	47
	Social development	-	-	-	
	Social development	-	-	-	
Culture	Culture	-	-	-	
	Natural Disaster mitigation programme	72,494,563	31,400,677	41,093,886	43
	Natural Disaster mitigation programme	-	-	-	
	Drought management (Preparedness, Response and Recovery)	1,994,563	1,686,360	308,203	85
	Capacity Building	-	-	-	
	Emergency Relief (food, medicine, blankets, cash grant)	70,500,000	29,714,317	40,785,683	42
	Conflict Resolution & Peace Building	-	-	-	
		11,170,049	8,533,465	2,636,584	76
	Pocial Protection and Response to Other Disasters	-	-	-	
	Food Distribution and Rations	10,160,000	8,095,170	2,064,830	80
	Capacity Building to Response to Fire Outbreaks and Other Disaste	1,010,049	438,295	571,754	43
	Resettlement of Victims	-	-	-	
	Coordination of Activities	-	-	-	
		19,200,000	2,936,000	16,264,000	15
	Culture Promotion and Development	16,050,000	2,430,000	13,620,000	15
	Empowerment/Capacity Building of Cultural Practitioners	3,150,000	506,000	2,644,000	16
		7,200,000	2,870,600	4,329,400	40
Baseline Survey for OVC	2,700,000	1,255,600	1,444,400	47	
Community Awareness Creation on Child Rights and Child Protecti	3,050,000	1,562,320	1,487,680	51	
Enhanced Child Participation	1,450,000	52,680	1,397,320	4	
Gender, Social Services and Youth Development	9,950,000	6,505,900	3,444,100	65	
Women Empowerment	4,550,000	3,264,400	1,285,600	72	
Gender and Leadership	5,400,000	3,241,500	2,158,500	60	
County Social Protection Scheme	-	-	-		

Programme	Sub Programmes	Approved Budget	Actual Expenditure	Variance	Variance %
		9,365,000	5,497,210	3,867,790	59
	County Sports Leagues	9,365,000	5,497,210	3,867,790	59
	General Administration, Support and Support Services	88,014,622	64,884,764	23,129,858	74
	General Administration, Support and Support Services	88,014,622	64,884,764	23,129,858	74
Environment and Natural Resources Management	Environmental Management Programme	47,508,000	33,517,956	13,990,044	71
	Environmental Management Programme	-	-	-	
	Environmental Protection	44,958,000	32,764,000	12,194,000	73
	Noise Pollution Management	1,788,000	613,356	1,174,644	34
	Control of Air Pollution	762,000	140,600	621,400	19
	Forest Management	-	-	-	
		-	-	-	
	Water Management Services	37,806,774	13,456,518	24,350,256	36
	Sanitation	612,000	-	612,000	
	Storm Water Management	3,984,000	1,083,696	2,900,304	27
	Irrigation Management Services	-	-	-	
	42,402,774	14,540,214	27,862,560	34	
County Assembly administration	Administration	346,800,123	196,669,857	27,862,560	57
	Legislative Services	299,999,877	224,125,009	75,874,868	75
		646,800,000	420,794,866	226,005,134	65
	Grand Total	8,035,324,524	8,159,350,352	(124,025,828)	102

Source: Tana River County Treasury

Based on expenditure absorption rate as shown in Table 3-200, the sub-programs with the highest absorption rates were: Accounting & Finance at 266.9 per cent, Financial Management at 100.2 per cent, and Human Resource Development at 100 per cent of budget allocation.

3.41.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Use of revenue at source and weak budgeting practice by the County Treasuries as shown in Table 3-198, Table 3-199, and Table 3-200 where the County incurred expenditure in excess of approved budgetary allocations.
3. Direct spending of revenue before banking as demonstrated by incurring expenditure in excess of exchequer releases.
4. High pending bills which amounted to Kshs.1.16 billion as at June 30, 2020.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of PFM Act, 2012.
2. The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into CRF account in line with Section 109 (2) of the PFM Act, 2012.
3. The County should bank all revenue intact into the CRF account before spending in line with Section 109 (2) of the PFM Act, 2012.
4. The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3.42 County Government of Tharaka Nithi

3.42.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.5.12 billion, comprising of Kshs.3.45 billion (67.4 per cent) and Kshs.1.67 billion (32.6 per cent) allocation for Recurrent and Development programmes respectively.

To finance the budget, the County expected to receive Kshs.3.92 billion (76.7 per cent) as equitable share of revenue raised nationally, Kshs.677.73 million (13.2 per cent) as total conditional grants, generate Kshs.350 million (6.8 per cent) from own sources of revenue, and had a cash balance Kshs.41.22 million (0.8 per cent) from FY 2018/19. The County also expected to receive Kshs.125.51 million (2.5 per cent) as "other revenues" not contained in the CARA, 2019.

3.42.2 Revenue Performance

During FY 2019/20, the County received Kshs.3.58 billion as equitable share of the revenue raised nationally, Kshs.489.09 million as total conditional grants, raised Kshs.270.15 million as own-source revenue, and had a cash balance of Kshs.46.79 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.4.39 billion as shown in Table 3-201.

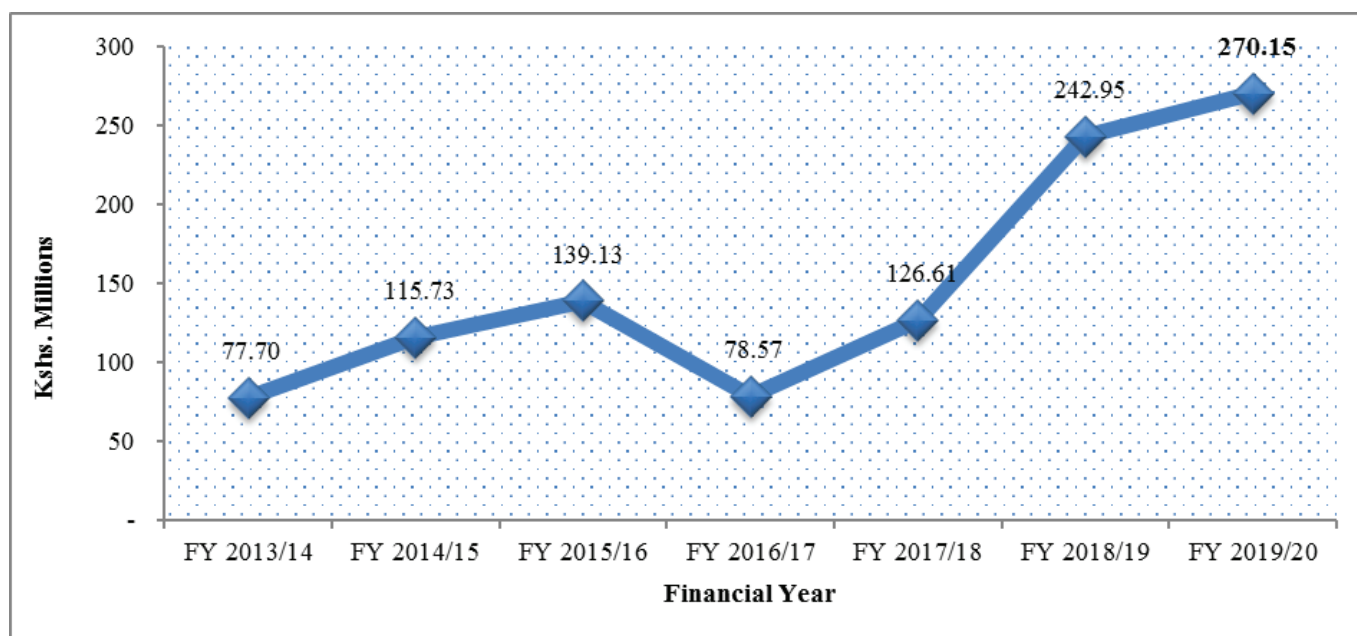
Table 3-201: Tharaka Nithi County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	3,924,600,000	3,924,600,000	3,587,084,400	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	1,152,184	1,152,184	-	-
2.	Compensation for User Fee Foregone	8,218,119	8,218,119	8,218,119.00	100
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	111,402,375	111,402,375	111,402,375	100
5.	Rehabilitation of Village Polytechnics	55,638,298	55,638,298	55,638,298	100
	Sub Total	308,325,870	308,325,870	175,258,792	56.8
C	Loans and Grants from Development Partners				
6.	Transforming Health systems for Universal care Project (WB)	40,049,752	40,049,752	40,140,278	100.2
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	152,374,180	152,374,180	129,172,132	84.8
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	68,049,846	68,049,846	35,761,940	52.6
10.	DANIDA Grant	10,875,000	14,935,000	14,935,000	100
11.	COVID-19 Conditional Grant	-	39,677,000	39,677,000	100
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,518,809	15,518,809	15,348,408	98.9
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
	Sub Total	325,667,587	369,404,587	313,834,758	85
D	Other Sources of Revenue				
14.	Own Source Revenue	-	350,000,000	270,145,494	77.2
15.	Balance b/f from FY 2018/19	-	41,225,752	46,795,450	113.5
16.	Other Revenues	-	125,517,597	-	-
	Sub Total	-	516,743,349	316,940,944	61.3
	Grand Total	4,558,593,457	5,119,073,806	4,393,118,894	85.8

Source: Tharaka Nithi County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-82.

Figure 3-82: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Tharaka Nithi County Treasury

During FY 2019/20, the County generated a total of Kshs.270.15 million as own-source revenue. This amount represented an increase of 11.1 per cent when compared to Kshs.242.95 million realised in FY 2018/19, and represented 77.2 per cent of the annual target.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.3 billion from the CRF account in the reporting period. This amount comprised of Kshs. 1.12 billion (26.2 per cent) for development programmes and Kshs.3.17 billion (73.8 per cent) for recurrent programmes.

3.42.4 Overall Expenditure Review

A total of Kshs.4.21 billion was spent on development and recurrent programmes and represented 98.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.11 billion and Kshs.3.09 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 66.8 per cent while that incurred on recurrent programmes represented an absorption rate of 89.8 per cent.

3.42.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.379.16 million as at June 30, 2020. These bills consisted of Kshs.176.16 million for development activities and Kshs. 202.20 million for recurrent expenditure. Out of these bills, Kshs.19.64 million related to eligible pending bills as per OAG report as at 30th June 2018.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.1.98 billion was spent on compensation to employees, Kshs.1.11 billion on operations and maintenance, and Kshs.1.11billion on development expenditure.

Table 3-202: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	3,448,703,125	3,172,457,226	3,097,208,067	73.5	89.8
Compensation to Employees	2,236,843,537	1,984,194,260	1,984,194,260	47.1	88.7
Operations and Maintenance	1,211,859,588	1,188,262,965	1,113,013,807	26.4	91.8
Total Development Expenditure	1,670,370,681	1,123,487,327	1,116,271,217	26.5	66.8
Development Expenditure	1,670,370,681	1,123,487,327	1,116,271,217	26.5	66.8
Total	5,119,073,806	4,295,944,553	4,213,479,284	100	82.3

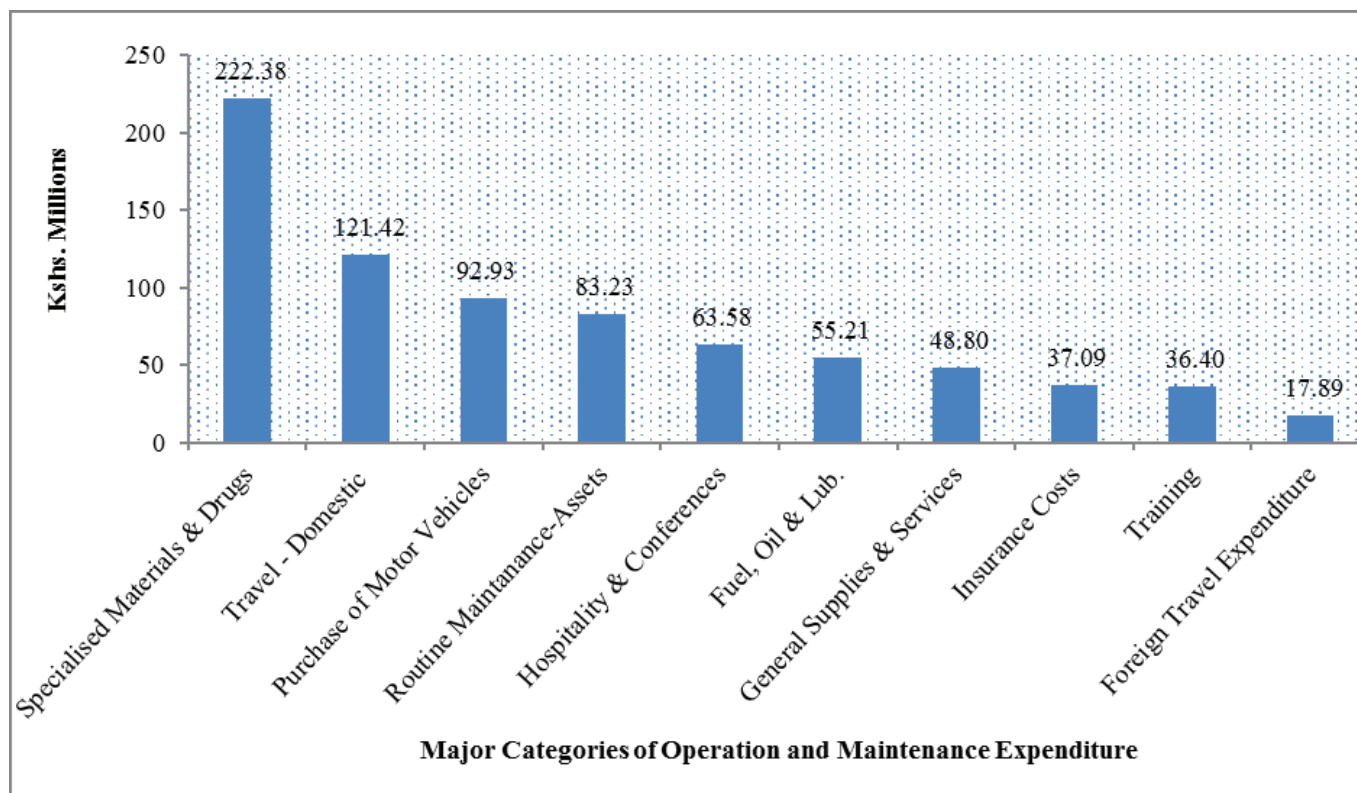
Source: Tharaka Nithi County Treasury

Expenditure on compensation to employees was 47.1 per cent of the total expenditure for the financial year and represented a decrease of 3.8 per cent compared to FY 2018/19 when the County spent Kshs.2.06 billion.

3.42.7 Analysis of Operations and Maintenance Expenditure

Figure 3-83 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-83: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Tharaka Nithi County Treasury

The County spent Kshs.17.11 million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.17.11 million. The average monthly sitting allowance was Kshs.67,913 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.121.42 million and comprised of Kshs.58.37 million spent by the County Assembly and Kshs.63.04 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.89 million and comprised of Kshs.10.60 million spent by the County Assembly and Kshs.7.27 million by the County Executive.

3.42.8 Development Expenditure Analysis

The development expenditure of Kshs.1.11 billion represented 66.8 per cent of the annual development budget of Kshs.1.67 billion and represented a decrease of 20.1 per cent compared to FY 2018/19 when the County spent Kshs.1.39 billion. Table 3-203 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-203: Tharaka Nithi County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Purchase of Farm Inputs	Countywide	20,000,000	20,000,000	100
2	Construction of ECDE Classes	Countywide	18,540,890	18,422,202	99.4
3	Construction of Governor's Residence	Igambang'ombe	42,627,875	21,369,107	50.1
4	Construction of Deputy Governor's Residence	Igambang'ombe	30,279,441	23,930,893	79.0

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
5	Construction of Kaanwa market	Mariani	14,000,000	12,968,864	92.6
6	Construction of Chogoria Stalls	Chogoria	11,600,000	11,565,425	99.7
7	Roads maintain ace Fuel Levy (RMFL GRANT)	Countywide	111,402,375	110,570,037	99.3
8	Upgrading of Kambandi-Cheera-Ruguti Road to bitumen standards	Mugwe	50,000,000	49,993,328	100
9	Upgrading of Tunyai-Gakurungu-Nthaara- Road to bitumen standards	Chiakariga	50,000,000	49,999,162	100
10	Kenya Climate Small Agriculture(KCSAP GRANT)	Countywide	152,374,180	129,172,132	84.8

Source: Tharaka Nithi County Treasury

3.42.9 Budget Performance by Department

Table 3-204 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-204: Tharaka Nithi County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. 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	403.8	10.0	351.2	6.5	351.2	6.5	100	100.	87	65.5
Office of the Governor and Deputy Governor	157.9	-	131.7	-	130.9	-	99.3	-	82.9	-
Finance and Economic Planning	306.9	81.9	271.9	35.3	271.5	34.5	99.8	97.8	88.5	42.1
Agriculture and Cooperative Development	87.9	226.4	85.6	195.0	70.4	193.9	82.3	99.5	80.1	85.7
Education and Vocational Training	159.1	82.3	159.1	67.6	152.3	66.7	95.8	98.7	95.8	81.1
Medical Services	1687.8	220.5	1613.5	117.7	1611.4	117.3	99.9	99.6	95.5	53.2
Lands, Physical Planning, Urban Development, Housing and Environment	62.3	303.4	48.9	218.2	44.8	218.0	91.7	99.9	71.9	71.8
Roads, Infrastructure, Public Works and Industry	60.0	540.2	47.9	413.2	47.4	413.2	98.9	100	78.9	76.5
Administration and Public Service	143.4	-	130.2	-	130.3	-	100.1	-	90.9	-
Trade and Resource Mobilization	96.7	-	85.6	-	76.2	-	89.1	-	78.8	-
Water Services and Irrigation	45.6	117.2	41.4	28.9	26.1	28.0	63.1	96.8	57.3	23.9
County Public Service Board	21.6	-	15.2	-	13.5	-	88.8	-	62.6	-
Livestock, Veterinary and Fisheries Development	80.5	36.0	77.3	20.2	76.2	18.7	98.6	92.2	94.7	51.8
Public Health and Sanitation	56.4	-	54.0	-	52.3	-	96.8	-	92.8	-
Energy, Information, Communication and Technology	32.8	22.5	18.7	4.8	7.3	4.7	38.9	99	22.2	21
Youth, Sports, Culture and Tourism	46.0	30.0	40.4	16.1	35.5	14.8	87.9	92	77.1	49.4
Total	3,448.7	1,670.4	3,172.5	1,123.5	3,097.2	1,116.3	97.6	99.4	89.8	66.8

Source: Tharaka Nithi County Treasury

Analysis of expenditure by department shows that the Department of Agriculture & Cooperative development recorded the highest absorption rate of development budget at 85.7 per cent while the Department of Energy, Information, Communication and Technology had the lowest at 21 per cent. The Department of Education and Vocational training had the highest percentage of recurrent expenditure to recurrent budget at 95.8 per cent while the Department of Energy, Information, Communication and Technology had the lowest at 22.2 per cent.

3.42.10 Budget Execution by Programmes and Sub-Programmes

Table 3-205 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-205 : Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES – JULY 2019 – JUNE 2020 (FY 2019/20)				
Description of Programmes and Sub-Programmes	Sum of Net Approved Estimates (Kshs.)	Sum of Total Payment and Commitments (Kshs.)	Sum of Balance (Kshs.)	Sum of Implementation Status (%)
P: Cooperative Development and Management	444,211	413,300	30,911	93.0
SP: Cooperative Development	444,211	413,300	30,911	93.0
Agriculture and Cooperatives	444,211	413,300	30,911	93.0
P: County Government Advisory Services	10,710,016	10,600,721	109,295	99.0
SP: Communication and Strategy	9,319,875	9,211,690	108,185	98.8
Office of Governor and Deputy Governor	9,319,875	9,211,690	108,185	98.8
SP: Disaster Management and Coordination	1,390,141	1,389,031	1,110	99.9
Public Service, Urban Development and Disaster Management	1,390,141	1,389,031	1,110	99.9
P: County Leadership and Coordination of MDAs	5,442,140	5,315,290	126,850	97.7
SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	5,442,140	5,315,290	126,850	97.7
Office of Governor and Deputy Governor	5,442,140	5,315,290	126,850	97.7
P: Crop Development and Management	817,009	817,010	(1)	100
SP: Crops Development, Agribusiness and Market Development	817,009	817,010	(1)	100
Agriculture and Cooperatives	817,009	817,010	(1)	100
P: Culture, Arts and Social Services	3,070,442	3,070,442	-	100
SP: Culture and Arts Promotion	2,847,942	2,847,942	-	100
Youth, Sports, Culture and Tourism	2,847,942	2,847,942	-	100
SP: Gender, PWDs and Social Services	222,500	222,500	-	100
Youth, Sports, Culture and Tourism	222,500	222,500	-	100
P: Curative and Rehabilitative Services	200,408,990	197,930,866	2,478,124	98.8
SP: Laboratory Services	32,886,858	32,548,261	338,597	99.0
Medical Services	32,886,858	32,548,261	338,597	99.0
SP: Medical Supplies	167,522,132	165,382,605	2,139,527	98.7
Medical Services	167,522,132	165,382,605	2,139,527	98.7
P: Economic Policy and County Planning	8,936,229	8,658,478	277,751	96.9
SP: County Statistics Services	2,140,173	1,944,440	195,733	90.9
Finance and Economic Planning	2,140,173	1,944,440	195,733	90.9
SP: Economic Development, Planning and Coordination Services	2,072,864	2,067,610	5,254	99.7
Finance and Economic Planning	2,072,864	2,067,610	5,254	99.7
SP: Economic Planning Coordination Services	706,500	643,800	62,700	91.1
County Public Service Board	706,500	643,800	62,700	91.1
SP: Monitoring and Evaluation Services	4,016,692	4,002,628	14,064	99.6
County Public Service Board	1,250,000	1,236,340	13,660	98.9
Finance and Economic Planning	2,766,692	2,766,288	404	100

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES – JULY 2019 – JUNE 2020 (FY 2019/20)

Description of Programmes and Sub-Programmes	Sum of Net Approved Estimates (Kshs.)	Sum of Total Payment and Commitments (Kshs.)	Sum of Balance (Kshs.)	Sum of Implementation Status (%)
P: Education and Youth Training	54,229,452	54,225,586	3,866	100
SP: Promotion of Basic Education (ECDE)	35,440,981	35,437,115	3,866	100
Education, Gender, Culture and Social Services	35,440,981	35,437,115	3,866	100
SP: Youth Training and Capacity Building	18,788,471	18,788,471	-	100
Education, Gender, Culture and Social Services	18,788,471	18,788,471	-	100
P: Energy Resource Development & Management	22,720,941	4,925,022	17,795,919	21.7
SP: Energy Resource Development & Management	22,720,941	4,925,022	17,795,919	21.7
Energy and ICT	22,720,941	4,925,022	17,795,919	21.7
P: Environment and Natural Resources Management	3,241,900	2,923,110	318,790	90.2
SP: Environment and Natural Resource	3,241,900	2,923,110	318,790	90.2
Lands, Physical Planning, Urban Development, Natural Resources	3,241,900	2,923,110	318,790	90.2
P: Financial Management Services	13,097,523	13,086,053	11,470	99.9
SP: Accounting Services	3,369,151	3,368,390	761	100
Finance and Economic Planning	3,369,151	3,368,390	761	100
SP: Audit Services	2,461,703	2,461,695	8	100
Finance and Economic Planning	2,461,703	2,461,695	8	100
SP: Budget Formulation and Coordination	4,777,598	4,777,598	-	100
Finance and Economic Planning	4,777,598	4,777,598	-	100
SP: Monitoring and Evaluation Services	704,140	693,900	10,240	98.5
County Public Service Board	704,140	693,900	10,240	98.5
SP: Supply Chain Management Services	1,784,931	1,784,470	461	100
Finance and Economic Planning	1,784,931	1,784,470	461	100
P: General Administration Planning and Support Services	2,306,000,615	1,998,215,707	307,784,908	86.7
SP: Administration Planning and Support Services	187,090,587	164,781,052	22,309,535	88.1
Education, Gender, Culture and Social Services	187,090,587	164,781,052	22,309,535	88.1
SP: Administration, Policy, Strategy and Management of Agriculture	86,677,659	69,203,337	17,474,322	79.8
Agriculture and Cooperatives	86,677,659	69,203,337	17,474,322	79.8
SP: General Administration Services	681,135,968	453,614,600	227,521,368	66.6
Agriculture and Cooperatives	226,382,448	193,936,933	32,445,515	85.7
Energy and ICT	31,292,155	6,180,049	25,112,106	19.7
Lands, Physical Planning, Urban Development, Natural Resources	5,688,165	2,045,465	3,642,700	36.0
Livestock, Veterinary and Fisheries Development	36,000,000	18,655,707	17,344,293	51.8
Medical Services	356,724,915	220,097,141	136,627,774	61.7
Roads, Infrastructure, Public Works and Industry	25,048,285	12,699,305	12,348,980	50.7
SP: HMIS Monitoring and Evaluation	652,920	152,250	500,670	23.3
Medical Services	652,920	152,250	500,670	23.3
SP: Human resource management	1,350,367,021	1,310,464,468	39,902,553	97.0
Medical Services	1,350,367,021	1,310,464,468	39,902,553	97.0
SP: Research and Development	76,460	-	76,460	0.0
Medical Services	76,460	-	76,460	0.0
P: General Administration, Planning and Support Services	715,642,172	568,097,972	147,544,200	79.4
SP: Coordination and Supervisory Services (Deputy Governor's Office)	13,614,453	13,393,754	220,699	98.4
Office of Governor and Deputy Governor	13,614,453	13,393,754	220,699	98.4
SP: General Administration and Support Services	312,694,411	223,946,216	88,748,195	71.6

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES – JULY 2019 – JUNE 2020 (FY 2019/20)				
Description of Programmes and Sub-Programmes	Sum of Net Approved Estimates (Kshs.)	Sum of Total Payment and Commitments (Kshs.)	Sum of Balance (Kshs.)	Sum of Implementation Status (%)
County Public Service Board	17,611,964	9,729,351	7,882,613	55.2
Finance and Economic Planning	81,881,906	34,500,016	47,381,890	42.1
Public Service, Urban Development and Disaster Management	120,271,915	107,265,334	13,006,581	89.2
Trade and Revenue	92,928,626	72,451,515	20,477,111	78.0
SP: Human Resource Management Services	258,199,258	226,215,048	31,984,210	87.6
County Public Service Board	24,000	-	24,000	0.0
Finance and Economic Planning	257,519,528	225,612,318	31,907,210	87.6
Public Service, Urban Development and Disaster Management	655,730	602,730	53,000	91.9
SP: Management of County Affairs (Office of Governor)	129,522,170	102,931,074	26,591,096	79.5
Office of Governor and Deputy Governor	129,522,170	102,931,074	26,591,096	79.5
SP: Sub-County Administration and Field Services	1,611,880	1,611,880	-	100
Public Service, Urban Development and Disaster Management	1,611,880	1,611,880	-	100
P: Housing Development and Human Settlement	2,942,046	2,879,452	62,594	97.9
SP: Housing Services	2,942,046	2,879,452	62,594	97.9
Roads, Infrastructure, Public Works and Industry	2,942,046	2,879,452	62,594	97.9
P: Human Resource Management and Development	1,311,250	1,221,280	89,970	93.1
SP: County Public Service Board Services	1,311,250	1,221,280	89,970	93.1
County Public Service Board	1,311,250	1,221,280	89,970	93.1
P: ICT Infrastructure Development	1,346,980	893,480	453,500	66.3
SP: ICT Infrastructure Development	1,346,980	893,480	453,500	66.3
Energy and ICT	1,346,980	893,480	453,500	66.3
P: Industrial Development and Investment	3,766,450	3,766,450	-	100
SP: Consumer Protection & Fair Trade Practices	1,584,300	1,584,300	-	100
Trade and Revenue	1,584,300	1,584,300	-	100
SP: Industrial Development	2,182,150	2,182,150	-	100
Trade and Revenue	2,182,150	2,182,150	-	100
P: Kathwana Municipality Development Programme	13,028,740	640,610	12,388,130	4.9
SP: Kathwana Urban Area Support	13,028,740	640,610	12,388,130	4.9
Lands, Physical Planning, Urban Development, Natural Resources	13,028,740	640,610	12,388,130	4.9
P: Kenya Devolution Support Programme	30,000,000	26,696,989	3,303,011	89.0
SP: Tharaka Nithi KDSP Capacity Building	30,000,000	26,696,989	3,303,011	89.0
Finance and Economic Planning	30,000,000	26,696,989	3,303,011	89.0
P: Land Policy and Planning	343,785,576	257,139,028	86,646,548	74.8
SP: Land administration & management	306,427,000	220,517,701	85,909,299	72.0
Lands, Physical Planning, Urban Development, Natural Resources	306,427,000	220,517,701	85,909,299	72.0
SP: Physical Planning Services	37,358,576	36,621,327	737,249	98.0
Lands, Physical Planning, Urban Development, Natural Resources	37,358,576	36,621,327	737,249	98.0
P: Legal Affairs	19,441,948	19,441,948	-	100
SP: Enforcement Services	-	-	-	0.0
Public Service, Urban Development and Disaster Management	-	-	-	0.0
SP: Legal Services	16,573,608	16,573,608	-	100
Public Service, Urban Development and Disaster Management	16,573,608	16,573,608	-	100

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES – JULY 2019 – JUNE 2020 (FY 2019/20)				
Description of Programmes and Sub-Programmes	Sum of Net Approved Estimates (Kshs.)	Sum of Total Payment and Commitments (Kshs.)	Sum of Balance (Kshs.)	Sum of Implementation Status (%)
SP: Public participation and Civic Education	2,868,340	2,868,340	-	100
Public Service, Urban Development and Disaster Management	2,868,340	2,868,340	-	100
P: Livestock and Fisheries Resource Management and Development	80,522,238	76,220,579	4,301,659	94.7
SP: Fisheries Development and Promotion	125,500	125,500	-	100
Livestock, Veterinary and Fisheries Development	125,500	125,500	-	100
SP: Livestock Policy Development and Capacity Building	78,889,038	74,587,379	4,301,659	94.5
Livestock, Veterinary and Fisheries Development	78,889,038	74,587,379	4,301,659	94.5
SP: Veterinary Services and Disease Prevention	1,507,700	1,507,700	-	100
Livestock, Veterinary and Fisheries Development	1,507,700	1,507,700	-	100
P: Preventive and Promotive Health Services	56,353,708	52,292,488	4,061,220	92.8
SP: Disease Surveillance	120,000	120,000	-	100
Public Health and Sanitation	120,000	120,000	-	100
SP: Environmental Health services	14,305,224	12,257,836	2,047,388	85.7
Public Health and Sanitation	14,305,224	12,257,836	2,047,388	85.7
SP: Health Promotion and Disease Control	40,612,395	39,312,902	1,299,493	96.8
Public Health and Sanitation	40,612,395	39,312,902	1,299,493	96.8
SP: HIV and AIDS Support Services	238,000	238,000	-	100
Public Health and Sanitation	238,000	238,000	-	100
SP: Nutrition Services	772,248	229,750	542,498	29.8
Public Health and Sanitation	772,248	229,750	542,498	29.8
SP: Reproductive Maternal and Child health Services	305,841	134,000	171,841	43.8
Public Health and Sanitation	305,841	134,000	171,841	43.8
P: Roads Transport	572,219,624	444,953,236	127,266,388	77.8
SP: Rural Roads Improvement and Maintenance Services	572,219,624	444,953,236	127,266,388	77.8
Roads, Infrastructure, Public Works and Industry	572,219,624	444,953,236	127,266,388	77.8
P: Sports Development and Promotion	72,482,825	46,749,619	25,733,206	64.5
SP: Athletics Championships and Other Games	618,900	618,900	-	100
Youth, Sports, Culture and Tourism	618,900	618,900	-	100
SP: County Football League and Clubs Development	2,579,065	2,579,065	-	100
Youth, Sports, Culture and Tourism	2,579,065	2,579,065	-	100
SP: Talent Search and Promotion	69,284,860	43,551,654	25,733,206	62.9
Youth,Sports,Culture and Tourism	69,284,860	43,551,654	25,733,206	62.9
P: Tourism Development and Promotion	492,739	491,750	989	99.8
SP: Miss Tourism Tharaka Nithi	283,689	282,700	989	99.7
Youth,Sports,Culture and Tourism	283,689	282,700	989	99.7
SP: Tourism Branding and Marketing	209,050	209,050	-	100
Youth,Sports,Culture and Tourism	209,050	209,050	-	100
P: Water Supply Services	162,801,984	54,060,467	108,741,517	33.2
SP: Domestic Water Services	138,533,027	51,543,217	86,989,810	37.2
Water Services and Irrigation	138,533,027	51,543,217	86,989,810	37.2
SP: Irrigation and Drainage Services	23,660,800	1,910,800	21,750,000	8.1
Water Services and Irrigation	23,660,800	1,910,800	21,750,000	8.1
SP: Water Storage Services	608,157	606,450	1,707	99.7
Water Services and Irrigation	608,157	606,450	1,707	99.7
P: County Assembly	413,816,058	357,770,800	56,045,258	86.5

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES – JULY 2019 – JUNE 2020 (FY 2019/20)				
Description of Programmes and Sub-Programmes	Sum of Net Approved Estimates (Kshs.)	Sum of Total Payment and Commitments (Kshs.)	Sum of Balance (Kshs.)	Sum of Implementation Status (%)
SP: County Assembly Services	413,816,058	357,770,800	56,045,258	86.5
Grand Total	5,119,073,806	4,213,497,733	905,576,073	82.3

Source: Tharaka Nithi County Treasury

Based on expenditure absorption rate as shown in Table 3-205, the programs with the highest absorption rates were: Crop Development Management, Industrial Development & Investment, Education & Youth training, Culture, Arts & Social Services and Legal Affairs all at 100 per cent of budget allocation.

3.42.11 Key Observations and Recommendations

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

1. A high wage bill, which accounted for 47.1 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
2. Delay by the National Treasury to disburse the equitable share of revenue raised nationally to the County which may have contributed to the accumulation of pending bills as at the end of the financial year.

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

1. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
2. The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner.

3.43 County Government of Trans Nzoia

3.43.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.7.97 billion, comprising of Kshs.3.26 billion (40.8 per cent) and Kshs.4.72 billion (59.2 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.76 billion (72.2 per cent) being equitable share of revenue raised nationally, Kshs.1.41 billion (17.6 per cent) as total Conditional Grants, generate Kshs.500 million (6.3 per cent) from own sources of revenue, and the cash balance of Kshs.309.97 million (3.9 per cent) from FY 2018/19. The County also expected to receive Kshs.6.27 million (0.1 per cent) as "other revenues" not contained in the CARA, 2019.

3.43.2 Revenue Performance

During FY 2019/20, the County received Kshs.5.26 billion as equitable share of the revenue raised nationally, Kshs.966.24 million as total Conditional Grants, raised Kshs.356.08 million as own-source revenue, and had a cash balance of Kshs.307.97 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.90 billion as shown in Table 3-206 .

Table 3-206: Trans Nzoia County, Revenue Performance in FY 2019/20

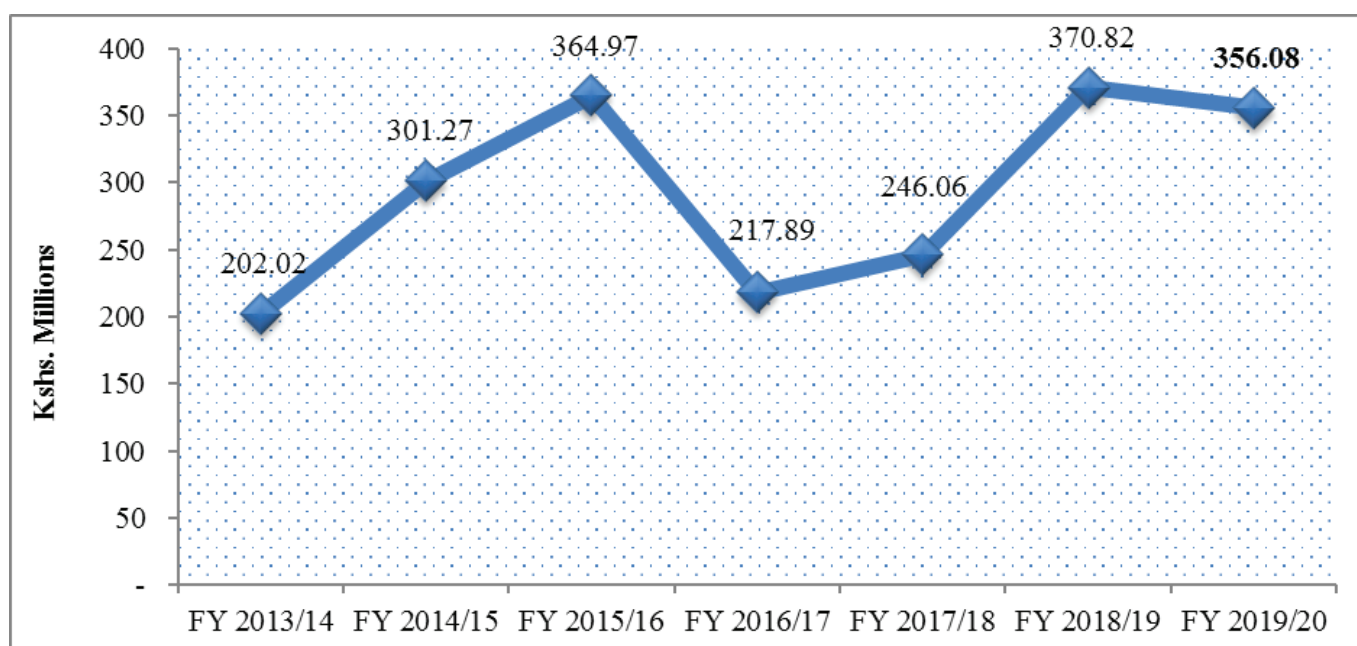
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts in the FY 2019/20 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,760,300,000	5,760,300,000	5,264,914,200	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	21,304,915	21,304,915	21,304,915	100.0
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	163,509,938	163,509,938	202,158,314	123.6
4.	Rehabilitation of Village Polytechnics	61,188,298	61,188,298	61,188,298	-
	Sub Total	377,918,045	377,918,045	284,651,527	75.3
C	Loans and Grants from Development Partners				

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts in the FY 2019/20 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Transforming Health systems for Universal care Project (WB)	36,686,728	36,686,728	36,686,728	100
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	222,439,095	63.6
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	171,723,421	125,266,760	72.9
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	299,106,900	299,106,900	213,932,859	71.5
6.	DANIDA Grant	16,781,250	16,781,250	16,871,250	100.5
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,768,813	23,903,220	16,390,678	68.57
6.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	80,000,000	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	50,000,000	100
Sub Total		838,143,691	1,028,201,519	681,587,370	66.3
D	Other Sources of Revenue				
1.	Own Source Revenue	-	500,000,000	356,077,068	71.2
2.	Balance b/f from FY 2018/19	-	307,966,778	307,966,778	100
3.	Other Revenues	-	-	6,265,000	-
Sub Total		-	807,966,778	670,308,846	83
Grand Total		6,976,361,736	7,974,386,342	6,901,461,943	86.5

Source: Trans Nzoia County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-84.

Figure 3-84: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Trans Nzoia County Treasury

During FY 2019/20, the County generated a total of Kshs.356.08 million as own-source revenue. This amount represented a decrease of 4 per cent when compared to Kshs.370.82 million realised in FY 2018/19, and represented 71.2 per cent of the annual target.

3.43.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.43 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.2 billion (34.2 per cent) for Development programmes and Kshs.4.23 billion (65.8 per cent) for Recurrent programmes.

3.43.4 Overall Expenditure Review

A total of Kshs.6.32 billion was spent on Development and Recurrent programmes and represented 98.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.19 billion and Kshs.4.12 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 67.4 per cent while that incurred on Recurrent programmes represented an absorption rate of 87.4 per cent.

3.43.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.16 billion as at June 30, 2020. These bills consisted of Kshs.687 million for development activities and Kshs.474.78 million for recurrent expenditure.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.68 billion was spent on Compensation to Employees, Kshs.1.44 billion on Operations and Maintenance, and Kshs.2.19 million on Development expenditure.

Table 3-207: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,718,598,180	4,232,824,974	4,123,438,253	65.3	87.4
Compensation to Employees	2,713,642,459	2,485,294,277	2,683,298,729	42.5	98.9
Operations and Maintenance	2,004,955,721	1,747,530,697	1,440,139,524	22.8	71.8
Total Development Expenditure	3,255,788,162	2,199,113,637	2,194,787,654	34.7	67.4
Development expenditure	3,255,788,162	2,199,113,637	2,194,787,654	34.7	67.4
Total	7,974,386,342	6,431,938,611	6,318,225,907	100.0	79.2

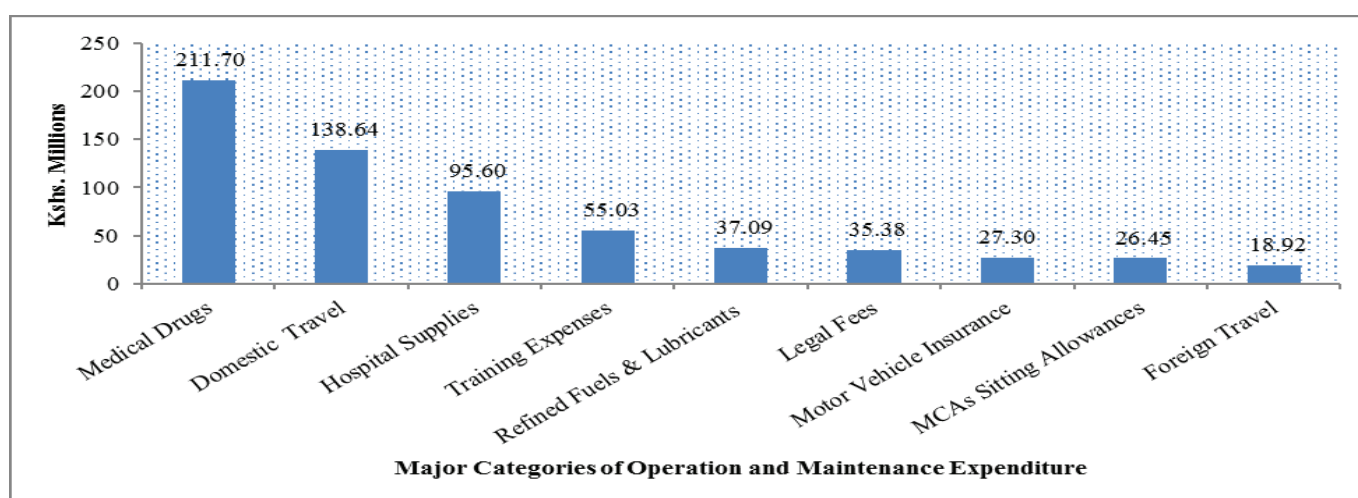
Source: Trans Nzoia County Treasury

Expenditure on Compensation to Employees was 42.5 per cent of the total expenditure for the financial year and represented an increase of 19.1 per cent compared to FY 2018/19 when the County spent Kshs.2.25 billion.

3.43.7 Analysis of Operations and Maintenance Expenditure

Figure 3-85 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-85: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Trans Nzoia County Treasury

The County spent Kshs.26.45 million on Committee Sitting Allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.62.85 million. The average monthly sitting allowance was Kshs.55,105 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.138.64 million and comprised of Kshs.83.60 million spent by the County Assembly and Kshs.55.04 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.18.92 million spent by the County Assembly.

3.43.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.19 billion represented 67.4 per cent of the annual development budget of Kshs.3.26 billion and represented a decrease of 8.8 per cent compared to FY 2018/19 when the County spent Kshs.2.40 billion. Table 3-208 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-208: Trans Nzoia County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Road Maintenance	County Wide	446,317,625	280,733,293	62.9
2.	Water Projects	County Wide	328,456,871	231,745,150	70.6
3.	Construction of Trans Nzoia County Referral Hospital (TNCRH)	TNCRH	350,444,300	219,204,474	62.6
4.	Construction of ECDE Classes	County Wide	116,541,442	62,099,018	53.3
5.	Construction of County Assembly Infrastructure	Kitale	89,000,000	21,471,667	24.1
6.	Supply of mobile driers 10 Tonnes	Kitale	20,000,000	17,195,428	86
7.	Subsized Planting Fertilizer	County Wide	25,000,000	10,065,000	40.3

Source: Trans Nzoia County Treasury

3.43.9 Budget Performance by Department

Table 3-209 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-209: Trans Nzoia County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Live-stock	253.50	621.97	222.79	383.31	202.21	417.08	90.8	108.8	79.8	67.1
Trade, Commerce and Industry	55.72	269.45	47.78	171.04	38.54	143.83	80.7	84.1	69.2	53.4
Water, Environment and Natural Resources	93.36	328.46	81.02	227.63	61.63	190.63	76.1	83.7	66.0	58
Public Works, Transport and Infrastructure	179.23	492.32	159.83	456.53	178.27	381.52	111.5	83.6	99.5	77.5
Health Services and Corporate Health	1,713.9	578.71	1,608.1	353.63	1,666.7	386.77	103.6	109.4	97.2	66.8
Lands, Housing and Physical Planning	69.68	430.55	60.44	263.83	45.30	319.29	75.0	121	65	74.2
Gender, Youth, Sports, Culture, Social Services, Children & Tourism	53.06	107.94	44.56	54.74	65.30	91.55	146.6	167.2	123.1	84.8
Governance and Public Service Management	489.49	15.08	458.58	0.58	380.18	-	82.9	-	77.7	-
County Public Service Board	50.35	4.02	46.60	-	37.45	2.30	80.4	-	74.4	57.2
Education, ECDE and Vocational Training	391.62	195.25	333.11	190.04	370.39	136.21	111.2	71.7	94.6	69.8
Finance and Economic Planning	740.57	123.04	623.89	76.32	506.40	104.15	81.2	136.5	68.4	84.6
County Assembly	628.14	89	546.09	21.47	571.09	21.47	104.6	100	90.9	24.1
Total	4,718.6	3,255.8	4,232.8	2,199.1	4,123.4	2,194.8	97.4	99.8	87.4	67.4

Source: Trans Nzoia County Treasury

Analysis of expenditure by department shows that the Department of Gender, Youth, Sports, Culture, Social Services, Children and Tourism recorded the highest absorption rate of development budget at 84.8 per cent while the Department of Governance and Public Service Management did not report expenditure on development activities. The Department

of Gender, Youth, Sports, Culture, Social Services, Children and Tourism had the highest percentage of recurrent expenditure to recurrent budget at 123.1 per cent while the Department of Lands, Housing and Physical Planning had the lowest at 65 per cent.

3.43.10 Budget Execution by Programmes and Sub-Programmes

Table 3-210 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-210 : Trans Nzoia County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
Agriculture, Livestock and Fisheries					
Livestock Breeding and Genetic Improvement	Livestock Breeding and Genetic Improvement	40,995,170	39,752,330	1,242,840	97
Crop Diversification	Crop Diversification	144,083,178	57,307,083	86,776,095	39.8
Value Addition	Value Addition	21,000,000	9,482,414	88,018,935	45.2
Co-Operative Development	Modernization of Co-Operative Societies	2,623,950	-	2,623,950	-
Sub total		208,702,298	106,541,827	178,661,820	51
Lands, Housing and Physical Planning					
Survey	Survey	60,258,730	37,633,265	22,625,465	62.5
Sub total		60,258,730	37,633,265	22,625,465	62.5
Public Works, Transport and Infrastructure					
Administrative and Support Services	Human Resource Management	179,228,484	161,419,284	17,809,200	90.1
	Machinery and Equipment	154,561,500	90,995,977	63,565,523	58.9
Road Construction	Purchase and Maintenance of Equipment of Road Works	-	-9,243,680	9,243,680	-
Road Maintenance	Maintenance of Roads	291,756,125	204,234,322	87,521,803	70
Infrastructure Development	Transport Management	15,900,000	-10,216,023	26,116,023	-64.3
	Electrification	27,100,000	35,986,461	-8,886,461	132.8
	Government Building and Stations	3,000,000	2,690,850	309,150	89.7
Sub total		671,546,109	475,867,190	195,678,919	70.9
Trade, Commerce and Industry					
Administrative and Support Services	Human Resource Management	55,724,644	36,505,664	19,218,980	65.5
Trade and Industry Development	Promotion of Enterprise and Entrepreneurship Development	223,748,317	164,409,928	59,338,389	73.5
	Trade Development and Promotion	45,700,000	7,690,200	38,009,800	16.8
Sub total		325,172,961	208,605,792	116,567,169	64.2
Health Services and Corporate Health					
Administrative and Support Services	Human Resource Management	1,713,891,483	1,578,185,497	135,705,986	92.1
Health Research and Development	Capacity Building & Training	-	100,050	-100,050	-
Public Health	Preventive Health Care Services	578,712,632	424,145,257	154,567,375	73.3
Sub total		2,292,604,115	2,002,430,804	290,173,311	87.3
Education ,ECDE and Vocational Training					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
Administrative and Support Services	Human Resource Management	391,616,371	341,492,968	50,123,403	87.2
	Supervision and Management of Projects	116,541,442	44,065,254	72,476,188	37.8
Vocational Training	Infrastructure Development	74,088,298	64,389,636	9,698,662	86.9
	Learning Materials And Equipment	3,500,000	2,299,975	1,200,025	65.7
Sub total		585,746,111	452,247,832	133,498,279	77.2
Finance and Economic Planning					
Administrative and Support Services	Human Resource Management	1,280,403,773	814,942,056	465,461,717	63.6
	Supervision and Management of Projects	24,583,400	15,836,778	8,746,622	64.4
	Infrastructure and Equipment	93,023,461	21,471,667	71,551,794	23.1
	Finance Management Services	97,495,477	75,794,689	21,700,788	77.7
Sub total		1,495,506,111	928,045,190	567,460,921	62.1
Others					
Administrative and Support Services	Default - Non Programmatic	-	3,920,750	(3,920,750)	-
	Human Resource Management	323,179,795	238,846,121	84,333,674	73.9
	Supervision and Management of Projects	689,417,620	567,610,760	121,806,860	82.3
		21,183,924	14,500,000	6,683,924	68.4
Sub total		1,033,781,339	824,877,632	208,903,707	79.8
Gender, Youth ,Sports, Culture, Social Services ,Children & Tourism					
Administrative and Support Services	Human Resource Management	53,055,145	30,027,069	23,028,076	56.6
Sports	Sports Events and Competitions	25,900,118	10,882,770	15,017,348	42
Culture	Development and Promotion Of Culture	24,690,617	18,110,352	6,580,265	73.3
Special Programmes	Special Programmes	58,467,332	48,394,221	10,073,111	82.8
Sub total		162,113,212	107,414,412	54,698,800	66.3
Water, Environment and Natural Resources					
Administrative and Support Services	Human Resource Management	93,359,375	59,755,178	33,604,198	64
	Administrative and Support Services	3,000,000	2,356,800	643,200	78.6
Water Resource Management and Storage	Water Supply Infrastructure and Sanitation	105,000,000	71,794,550	33,205,450	68.4
	Ground Water Exploitation	79,200,000	52,654,525	26,545,475	66.5
Environment Management and Protection	Waste Management	141,256,871	61,954,026	79,302,845	43.9
Sub total		421,816,246	248,515,079	173,301,167	58.9
County Assembly					
Legislative and Oversight Arm	Committee Services	152,695,006	150,688,600	2,006,406	98.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
General Administrative and Support Services	Clerking Services	103,248,800	93,510,069	9,738,731	90.6
	Human Resource Management	343,250,300	306,588,239	36,662,061	89.3
	Transport	3,050,000	1,372,000	1,678,000	45
	Maintenance Services	8,998,140	6,593,780	2,404,360	73.3
	Legal Services	4,000,000	701,000	3,299,000	17.5
	Security Services	8,026,864	8,583,644	(556,780)	106.9
	Information Services	4,870,000	3,051,039	1,818,961	62.6
Development	Infrastructural Development	89,000,000	21,471,667	67,528,333	24.1
Sub total		717,139,110	592,560,038	124,579,072	82.6
Grand Total		7,974,386,342	5,984,739,061	2,066,148,630	75

Source: Trans Nzoia County Treasury

Based on expenditure absorption rate as shown in Table 3-210, the programs with the highest absorption rates were: Electrification Services at 132.8 per cent, Security Services at 106.9 per cent, Legislative and Oversight Arm at 98.7 per cent, and Administrative and Support Services at 92.1 per cent of budget allocation.

The County spent Kshs.3.92 million on “Default - Non-Programmatic” which implies that this expenditure was undertaken without a budget allocation and had not been regularized by the end of the financial year. This is an indication of a weak budgetary control practice by the County Treasury.

3.43.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 42.5 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. Under performance in own source revenue collection at Kshs.356.08 million against annual projection of Kshs.500 million. The realised own source revenue represented 71.2 per cent of its annual target.
4. Use of revenue at source and weak budgeting practice by the County Treasury as shown in Table 3-209 and Table 3-210 where the County incurred expenditure in excess of approved budgetary allocations.
5. High pending bills which amounted to Kshs.1.16 billion as at June 30, 2020.
6. Discrepancy between the report on budget execution by programmes and sub programmes which indicates total expenditure as Kshs.5.98 billion compared to Kshs.6.32 billion captured in the County’s annual report and approved budget.

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

1. *The County Treasury should ensure timely preparation and submission of financial in line with Section 166 of PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should develop and implement strategies to enhance own source revenue performance so as to ensure the approved budget is fully financed.*
4. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*
5. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County*

Governments) Regulations, 2015.

6. The County Treasury should regularly reconcile the budget documents with IFMIS generated report to ensure all reports on budget implementation are credible.

3.44 County Government of Turkana

3.44.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.14.84 billion, comprising of Kshs.4.73 billion (31.8 per cent) and Kshs.10.11 billion (68.2 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.10.54 billion (71 per cent) as equitable share of revenue raised nationally, Kshs.1.3 billion (8.7 per cent) as total Conditional Grants, generate Kshs.180 million (1.2 per cent) from own sources of revenue, and the cash balance of Kshs.2.4 billion (16.2 per cent) from FY 2018/19. The County also expected to receive Kshs.428.43 million (2.9 per cent) as "other revenues" not contained in the CARA, 2019.

3.44.2 Revenue Performance

During FY 2019/20, the County received Kshs.9.63 billion as equitable share of the revenue raised nationally, Kshs.840.34 million as total conditional grants, raised Kshs.176.23 million as own-source revenue, had a cash balance of Kshs.2.4 billion from FY 2018/19 and Kshs.428.43 million as "other revenues" not contained in the CARA, 2019. The total funds available for budget implementation during the period amounted to Kshs.13.48 billion as shown in Table 3-211.

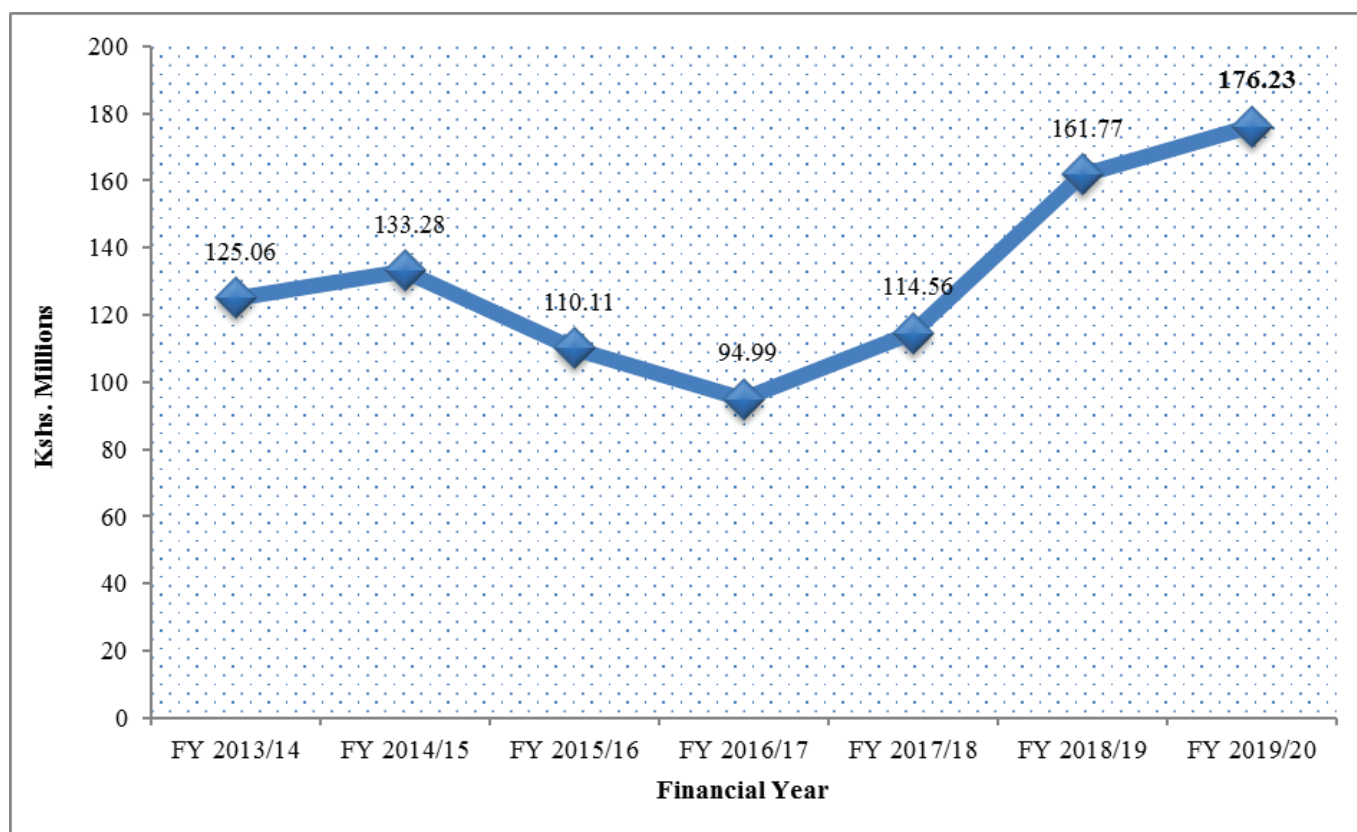
Table 3-211: Turkana County, Revenue Performance in FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,539,450,000	10,539,450,000	9,633,057,300	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	25,634,941	25,634,941	25,634,941.00	100
2.	Leasing of Medical Equipment	131,914,894	131,914,894.00	-	-
3.	Road Maintenance Fuel Levy Fund	299,169,281	299,169,281	299,169,281	100
4.	Rehabilitation of Village Polytechnics	13,893,298	13,893,298	13,893,298	-
	Sub Total	470,612,414.00	470,612,414.00	338,697,520.00	71.9
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	84,141,376	84,141,376	67,802,286	80.6
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	257,569,739	73.6
3	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	-	25,346,766	-	-
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100
5	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	95,023,200	95,023,200	67,964,279	71.5
6	DANIDA Grant	32,156,250	32,156,250	44,161,250	137.3
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	25,346,766		25,346,766	100
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	8,800,000	100
9.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	200,000,000	200,000,000	-	-
	Sub Total	825,467,592	825,467,592	501,644,320	60.77
D	Other Sources of Revenue				
1	Own Source Revenue	-	180,000,000	176,228,404	97.9
2	Balance b/f from FY2018/19	-	2,398,667,807	2,398,667,807	100
3	Other Revenues	-	428,433,330	428,433,330	100
	Sub Total	-	3,007,101,137	3,003,329,541.00	99.9
	Grand Total	11,835,530,006	14,842,631,143	13,476,728,681	90.8

Source: Turkana County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-86.

Figure 3-86: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Turkana County Treasury

During FY 2019/20, the County generated a total of Kshs.176.23 million as own-source revenue. This amount represented an increase of 8.9 per cent when compared to Kshs.161.77 million realised in FY 2018/19, and represented 97.9 per cent of the annual target.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.12.4 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.55 billion (20.6 per cent) for Development programmes and Kshs.9.85 billion (79.4 per cent) for Recurrent programmes.

3.44.4 Overall Expenditure Review

A total of Kshs.12.35 billion was spent on development and recurrent programmes and represented 99.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.51 billion and Kshs.9.87 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 53.1 per cent while that incurred on Recurrent programmes represented an absorption rate of 96.9 per cent.

3.44.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.276.27 million as at June 30, 2020. These bills consisted of Kshs.57.18 million for development activities and Kshs.219.09 million for recurrent expenditure.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.63 billion was spent on Compensation to Employees, Kshs.5.21 billion on Operations and Maintenance, and Kshs.2.51 billion on Development expenditure.

Table 3-212: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	10,158,034,218	9,851,025,159	9,840,606,775	79.7	96.9
Compensation to Employees	4,630,322,711	4,630,322,711	4,630,322,711	37.5	100.0
Operations and Maintenance	5,527,711,507	5,220,702,448	5,210,284,064	42.2	94.3
Total Development Expenditure	4,726,733,455	2,549,075,016	2,511,086,677	20.3	53.1
Development Expenditure	4,726,733,455	2,549,075,016	2,511,086,677	20.3	53.1
Total	14,884,767,673	12,400,100,175	12,351,693,452	100.0	83.0

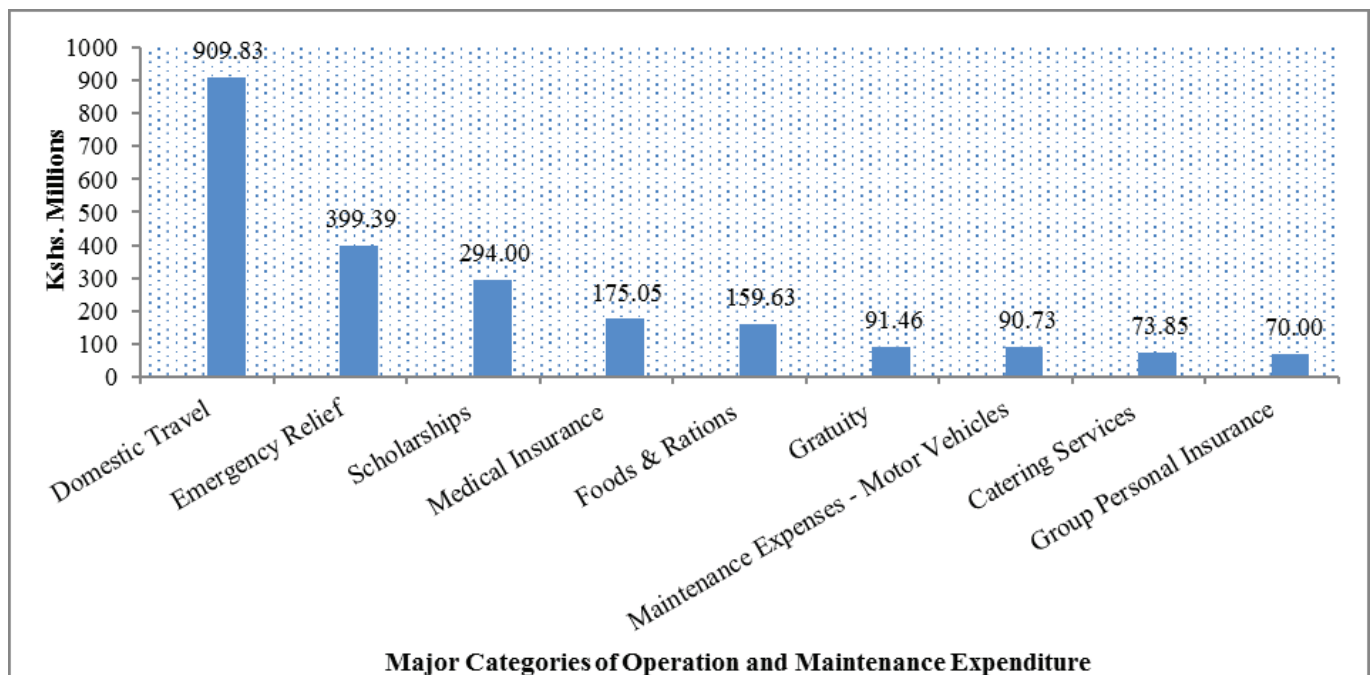
Source: Turkana County Treasury

Expenditure on Compensation to Employees was 37.5 per cent of the total expenditure for the financial year and represented an increase of 53.3 per cent compared to FY 2018/19 when the County spent Kshs.3.02 billion.

3.44.7 Analysis of Operations and Maintenance Expenditure

Figure 3-87 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-87: Turkana County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Turkana County Treasury

The County spent Kshs.19.27 million on Committee Sitting Allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.71.9 million. The average monthly sitting allowance was Kshs.33,460 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.909.83 million and comprised of Kshs.157.99 million spent by the County Assembly and Kshs.751.84 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.1.56 million and was entirely by the County Executive.

3.44.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.51 billion represented 53.1 per cent of the annual development budget of Kshs.4.73 billion and represented an increase of 49.4 per cent compared to FY 2018/19 when the County spent Kshs.1.68 billion. Table 3-213 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-213: Turkana County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of County Headquarters	Township	695,854,432	465,517,656	66.9
2	Completion of upgrading to Bitumen Standards of A1 –Ekalees Centre (E1355) Road & Selected Road Drainage Works For FY 2015-16	Frontier Eng.Ltd	287,862,120	110,312,476	38.3
3	Construction of Turkana Biashara Centre	Lodwar	132,390,490	96,645,058	73.0
4	Construction of Kotome Bridge	Baraki International Ltd	95,753,044	86,177,740	90.0
5	Construction of Nawoyaregae-Kapelbok Bridge	Naipa Building Ltd	95,062,884	85,556,596	90.0
6	Lokirama Revenue Resource Centre	Lokirama	95,894,400	83,190,308	86.8
7	Installation of Air Conditioners And Other Mechanical at County Headquarters Building	Headquarter	82,588,770	82,588,770	100.0
8	Citizen Resource Centre-Kaeris	Kaeris	34,704,636	31,234,173	90.0
9	Kakuma Resource Centre	Kakuma	33,494,796	30,145,316	90.0
10	Katilu Resource Centre	Katilu	32,759,468	29,483,521	90.0

Source: Turkana County Treasury

3.44.9 Budget Performance by Department

Table 3-214 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-214: Turkana County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governance (Office of the Governor and Liaison)	385.75	208.53	352.24	23.37	353.62	27.79	100.4	118.9	91.7	13.3
Office of the Deputy Governor	36.04	-	31.48	-	25.74	-	81.8	-	71.4	-
Finance and Planning	1,842.46	297.81	1,760.90	96.42	1,749.28	106.06	99.3	110.0	94.9	35.6
Water Services, Environment and Mineral Resources	189.98	539.07	165.34	395.67	166.03	339.89	100.4	85.9	87.4	63.1
Health & Sanitation Services	840.93	369.70	760.19	155.01	945.04	161.31	124.3	104.1	112.4	43.6
Trade, Gender and Youth Affairs	86.36	279.25	81.30	259.73	97.29	227.82	119.7	87.7	112.6	81.6
Education, Sports and Social Protection	619.63	375.56	618.55	184.36	505.58	173.96	81.7	94.4	81.6	46.3
Public Services, Decentralized Administration & Disaster Management	4,474.52	18.22	4,481.76	9.44	4,501.40	10.67	100.4	113.0	100.6	58.6

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Infrastructure, Transport and Public Works	63.53	1,004.39	57.48	468.69	64.97	460.62	113.0	98.3	102.3	45.9
Agriculture Pastoral Economy and Fisheries	200.64	1,021.21	198.91	629.59	137.31	648.38	69.0	103.0	68.4	63.5
Tourism, Culture and Natural Resources	158.97	55.79	145.73	57.19	140.66	75.25	96.5	131.6	88.5	134.9
Lands, Energy, Housing and Urban Areas Management	101.32	287.27	97.68	114.53	100.67	124.61	103.1	108.8	99.4	43.4
County Public Service Board	104.26	6.51	90.77	3.36	69.10	3.02	76.1	90.1	66.3	46.4
Office of the County Attorney	138.15	-	135.34	-	110.56	-	81.7	-	80.0	-
County Assembly	873.36	263.42	873.36	151.72	873.36	151.72	100.0	100.0	100.0	57.6
Total	10,115.90	4,726.73	9,851.03	2,549.08	9,840.61	2,511.09	99.9	98.5	97.3	53.1

Source: Turkana County Treasury

Analysis of expenditure by department shows that the Department of Tourism, Culture and Natural Resources recorded the highest absorption rate of development budget at 134.9 per cent while the Department of Finance and Planning had the lowest at 35.6 per cent. The Department of Trade, Gender and Youth Affairs had the highest percentage of recurrent expenditure to recurrent budget at 112.6 per cent, followed by the Department of Health & Sanitation Services at 112.4 per cent. The County Treasury did not provide explanation for the absorption exceeding 100 per cent which is an indication of weak budget execution practice.

3.44.10 Budget Execution by Programmes and Sub-Programmes

Table 3-215 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-215 : Turkana County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Formulation of community land policy and regulations	37,666,393	10,053,913	27,612,480	26.7
Urban Centre Mgt	1,565,000	1,260,600	304,400	80.5
Municipality Upgrade	36,101,393	8,793,313	27,308,080	24.4
Compulsory land acquisition for public utilities	14,400,000	6,740,000	7,660,000	46.8
Land acquisition for public utilities	14,400,000	6,740,000	7,660,000	46.8
Establishment and rehabilitation of public utilities in Lodwar	24,000,000	3,973,730	20,026,270	16.6
completion of recreational park	17,000,000	3,973,730	13,026,270	23.4
setting up of dumping site in Lodwar	7,000,000	0	7,000,000	-
Revival of Turkana Fishermen Co-op. society	7,000,000	0	7,000,000	-
Soil & Water Conservation	7,000,000	0	7,000,000	-
Fish market infrastructure/ fish value addition	30,194,603	12,980,114	17,214,489	43.0
Fish market infrastructure/ fish value addition	1,200,000	1,189,000	11,000	99.1
Fisheries livelihood support	20,422,683	4,542,604	15,880,079	22.2
Fisheries Extension Services	2,489,276	3,163,330	-674,054	127.1
Fisheries resource management	3,959,254	3,601,890	357,364	91.0
	800,000	400,000	400,000	50.0
Fish Farming & Aquaculture	1,323,390	83,290	1,240,100	6.3

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sustainable management of fisheries resources	53,472,578	50,451,543	3,021,035	94.4
Frame survey	46,752,267	45,127,437	1,624,830	96.5
Fish Stock assessment	1,899,940	1,269,980	629,960	66.8
Monitoring, Control and Surveillance	4,220,495	3,599,525	620,970	85.3
Resource monitoring facilities	599,876	454,601	145,275	75.8
Livestock breed improvement	24,972,758	17,350,408	7,622,350	69.5
Establish livestock Multiplication and breeding Centre.	17,000,000	14,480,800	2,519,200	85.2
Provision of Livestock Extension services	2,945,040	1,346,660	1,598,380	45.7
Livestock multiplication and breeding centre	4,500,000	995,230	3,504,770	22.1
Skills Devt	527,718	527,718	0	100.0
General Administration	687,198,201	489,046,551	198,151,650	71.2
General Administration	248,250,584	200,754,127	47,496,458	80.9
General Administration and Support Services- Pastoral Economy and	234,827,785	210,078,191	24,749,594	89.5
General Administration, Planning and Support Services - LandsGeneral Administration, Planning and Support Services - Lands	204,119,832	78,214,233	125,905,599	38.3
Agriculture Programme	60,375,901	51,507,535	8,868,366	85.3
Agribusiness and Marketing Promotion	919,518	919,505	14	100.0
Agri-nutrition/Urban & peri-urban agriculture	586,098	413,965	172,133	70.6
Smart agriculture practices (Innovations/ technologies to mitigate	797,824	627,800	170,024	78.7
Agricultural Sector Development Support Programme (ASDSP)	25,346,766	25,346,766	0	100.0
Agricultural Mechanization	10,000,000	9,947,800	52,200	99.5
Agric market Access	1,386,051	1,228,270	157,781	88.6
Agric Extension & Devt	7,480,913	6,613,960	866,953	88.4
Subsidy & Support	9,468,365	2,245,670	7,222,695	23.7
Pest Control & Mgt	4,390,366	4,163,800	226,566	94.8
Land Governance	4,580,402	2,516,259	2,064,143	54.9
Land Policies	4,580,402	2,516,259	2,064,143	54.9
	356,500,000	264,069,739	92,430,261	74.1
NARIGP	356,500,000	264,069,739	92,430,261	74.1
	206,250,000	6,250,000	200,000,000	3.0
DRNKP/KfW	206,250,000	6,250,000	200,000,000	3.0
	103,823,200	0	103,823,200	-
Urban Devt Grant	95,023,200	0	95,023,200	-
Urban Institutional Grant	8,800,000	0	8,800,000	-
Develop and maintain roads	777,039,891	97,329,940	679,709,951	12.5
Gravel rural roads	0	921,040	-921,040	-
Road Designs system and softwares	0	350,000	-350,000	-
Annual Roads Inventory and Conditional Survey (ARICS)	4,500,000	2,988,521	1,511,479	66.4
Roads Safety initiatives	2,083,294	324,800	1,758,494	15.6
Roads maintenance levy fund(RMLF)	732,056,597	59,859,895	672,196,702	8.2
Lodwar Town Road Upgrade	28,400,000	27,886,186	513,814	98.2
Roads	10,000,000	4,999,498	5,000,502	50.0
Develop and maintain staff housing and public offices	36,500,000	0	36,500,000	-
Gabioning Works	36,500,000	0	36,500,000	-
Develop and maintain other public works	12,344,064	6,768,301	5,575,763	54.8
Machinery	5,436,150	1,287,640	4,148,510	23.7
Machinery	3,802,640	2,460,221	1,342,419	64.7
Feasibility & Consultancy	830,000	1,195,200	-365,200	144.0
Capacity Building	1,750,000	1,300,000	450,000	74.3
Professional Capacity Building	525,274	525,240	34	100.0

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
eral Administration	233,705,413	142,676,138	91,029,275	61.0
ral Administration	222,539,881	140,253,058	82,286,823	63.0
General Administration- Public works	11,165,532	2,423,080	8,742,452	21.7
	2,992,827	980,332	2,012,495	32.8
Structural Services	2,992,827	980,332	2,012,495	32.8
	1,852,856	320,680	1,532,176	17.3
Electrical Services	1,852,856	320,680	1,532,176	17.3
	2,058,271	1,179,922	878,349	57.3
Building Inspectorate	2,058,271	1,179,922	878,349	57.3
	1,423,348	1,212,769	210,579	85.2
Architectural Services	1,423,348	1,212,769	210,579	85.2
Cooperative Societies Development & Performance Improvement	89,517,374	66,854,859	22,662,515	74.7
Cooperatives Development Fund	1,199,881	1,045,548	154,333	87.1
Value Addition Initiatives	299,700	299,700	0	100.0
Business Development and Training Services	1,303,580	703,180	600,400	53.9
Liquor control Programme	1,700,000	1,700,000	0	100.0
Cooperative societies development and revival programmes	184,263	114,500	69,763	62.1
Legal Metrology Services	1,099,653	925,073	174,580	84.1
Verification of traders equipment	1,434,032	1,242,000	192,032	86.6
Consumer rights education	569,768	159,954	409,814	28.1
Industrial sector support programme	538,500	538,500	0	100.0
Standards and Anti-Counterfeit Services	562,664	506,660	56,004	90.0
Market Infrastructure Development	29,000,000	15,113,434	13,886,566	52.1
Industrial Development and Investments	9,148,416	3,331,731	5,816,685	36.4
Biashara Fund	36,000,000	36,000,000	0	100.0
North Rift Economic & FCDC Blocs	6,476,917	5,174,579	1,302,339	79.9
Modern Physical Markets Infrastructure	6,517,642	3,225,413	3,292,229	49.5
Construction & Development of Modern Physical Market	1,404,400	911,000	493,400	64.9
Co-operative Marketing, Value Addition, Surveys & Research	1,457,600	1,035,090	422,510	71.0
Co-operative Education, Training, Exchange and Ushirika Day Celeb	1,112,296	274,323	837,973	24.7
Strengthening of Key Dormant Co-operative Societies	1,872,972	511,067	1,361,905	27.3
Formulation of Cooperative Policy and Legal Frame Work	670,374	493,933	176,441	73.7
eral Administration	107,591,246	99,536,330	8,054,916	92.5
ral Administration	107,591,246	99,536,330	8,054,916	92.5
Gender Promotion	14,465,694	12,193,878	2,271,816	84.3
Gender Empowerment and advocacy	8,169,550	5,228,212	2,941,338	64.0
Gender Mainstreaming and Coordination	5,806,000	6,492,082	-686,082	111.8
Legal Compliance and Redress	490,144	473,585	16,560	96.6
Youth Affairs Development	147,524,303	143,056,893	4,467,410	97.0
Youth Coordination and Representation	10,681,600	8,581,420	2,100,180	80.3
Youth Employment Scheme	2,449,813	776,073	1,673,740	31.7
Youth Rare skills	1,392,890	699,400	693,490	50.2
Youth and Women Fund	133,000,000	133,000,000	0	100.0
General Administration, Planning and support services	593,611,965	463,377,307	130,234,658	78.1
General Administration Planning and support services	592,111,965	463,377,307	128,734,658	78.3
Health Facilities	1,500,000	0	1,500,000	-
Support to Health Programs	148,823,618	81,843,214	66,980,404	55.0
Health promotion	89,120,752	43,857,522	45,263,230	49.2
Emergency preparedness & disaster response	49,543,786	36,067,092	13,476,694	72.8
mainstreaming	10,159,080	1,918,600	8,240,480	18.9

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	20,829,734	6,086,051	14,743,683	29.2
Laboratory Services	2,273,536	272,196	2,001,340	12.0
Blood Transfusion Services	1,736,250	1,193,630	542,620	68.7
Rehabilitative Services	1,916,716	1,068,000	848,716	55.7
Referrals & Emergency Services	2,484,100	305,300	2,178,800	12.3
Radiology Services	2,096,416	5,297	2,091,119	0.3
Dental Services	2,039,296	245,000	1,794,296	12.0
Clinical Services	1,878,800	431,000	1,447,800	22.9
Nursing Services	1,389,024	735,000	654,024	52.9
Rural Health Facility Support	2,158,896	1,105,800	1,053,096	51.2
Subcounty Health Facilities Support	2,856,700	724,828	2,131,872	25.4
	10,134,192	5,314,292	4,819,900	52.4
	10,134,192	5,314,292	4,819,900	52.4
	389,808,440	149,531,340	240,277,101	38.4
Medical Supplies	385,337,760	149,383,998	235,953,763	38.8
Health mgt	4,470,680	147,342	4,323,338	3.3
	44,780,941	7,208,400	37,572,541	16.1
Health Information & Mgt	6,239,079	976,500	5,262,579	15.7
Quality Assurance	1,926,040	1,044,400	881,640	54.2
Universal Health Care	36,615,822	5,187,500	31,428,322	14.2
	2,641,450	570,200	2,071,250	21.6
Rehabilitation & Treatment	570,000	0	570,000	-
Public Education & Awareness	220,000	120,000	100,000	54.5
Liquor Licensing	1,461,250	160,000	1,301,250	10.9
Training & Capacity Building	390,200	290,200	100,000	74.4
Social protection programs/ Affirmative Action	27,192,292	6,566,620	20,625,672	24.1
Construction of PWDs multi-purpose resource center	12,600,160	1,715,650	10,884,510	13.6
Marginalized and Minority groups support	1,292,393	1,444,639	-152,246	111.8
Child Rescue Centres	8,000,000	0	8,000,000	-
Child Care & Protection	5,299,739	3,406,331	1,893,408	64.3
Sports and arts programme	28,691,643	7,626,176	21,065,467	26.6
Construction of sport Stadia	8,691,643	7,626,176	1,065,467	87.7
Stadia	20,000,000	0	20,000,000	-
General Administration	751,415,489	639,751,073	111,664,416	85.1
General Administration	457,415,489	345,751,073	111,664,416	75.6
Turkana Education and Skill Development Fund	294,000,000	294,000,000	0	100.0
Vocational Training	18,771,593	15,037,710	3,733,883	80.1
Training and Development	3,147,626	2,036,560	1,111,066	64.7
Co-Cirricular Activities	1,730,669	820,450	910,219	47.4
Youth Polytechnics- Conditional	13,893,298	12,180,700	1,712,598	87.7
Public Relations	2,121,476	1,222,400	899,076	57.6
Publicity	962,016	573,750	388,266	59.6
Research and Sensitization	1,159,460	648,650	510,810	55.9
Early Childhood Education	166,991,214	57,846,802	109,144,412	34.6
School Feeding	137,682,664	48,927,773	88,754,891	35.5
Quality Improvement	7,521,070	5,031,069	2,490,001	66.9
Infrastructure Development	14,000,000	0	14,000,000	-
Support to Pre-Primary Training	7,787,480	3,887,960	3,899,520	49.9
General Administration, Planning and Support Services	5,483,319,712	4,261,908,002	1,221,411,710	77.7
General Administration Services	191,382,334	133,333,506	58,048,828	69.7
Infrust. Devt & Support Services	110,000,000	19,999,840	90,000,160	18.2
General Administration - Economic planning	83,287,226	39,336,037	43,951,189	47.2
County Headquarters Offices	65,000,000	0	65,000,000	-
Security Access Installation	5,000,000	1,870,802	3,129,198	37.4
General Admin Planning & Support	18,338,532	13,653,838	4,684,694	74.5
General Administration, Planning and Support Services-Public Ser	4,147,394,539	3,274,660,394	872,734,145	79.0

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration, Planning and Support Services-Administration	99,771,291	82,094,485	17,676,806	82.3
Integration of PWD Computing Skills	1,409,401	1,150,366	259,035	81.6
General Administration, Planning and Support Services- Office of	228,714,450	173,874,566	54,839,884	76.0
General Administration, Planning and Support Services- Liaison O	25,135,000	18,584,881	6,550,119	73.9
General Admin Planning & Support	27,575,000	23,037,348	4,537,652	83.5
Covid-19 Emergency Response Fund	480,311,939	480,311,939	0	100.0
Governor's Residence	12,256,691	7,358,868	4,897,823	60.0
Construction of Governor's residence	2,775,822	769,800	2,006,022	27.7
Documentation, communication policy and strategy	3,501,096	2,519,635	981,461	72.0
Civic Education and Public Sensitization	3,851,643	3,185,433	666,210	82.7
Production of County Newspaper and Newsletter	2,128,130	884,000	1,244,130	41.5
Donor/ Investor engagement	22,000,000	19,706,131	2,293,869	89.6
Public-Private Partnership Initiatives (PPPs)	2,200,000	1,947,780	252,220	88.5
Political and Intergovernmental Advisory Services	2,200,000	1,987,420	212,580	90.3
Legal Advisory Services	2,200,000	2,071,260	128,740	94.1
Security and cross border Advisory Services	2,200,000	1,206,370	993,630	54.8
Oil And Gas Advisory Service	2,200,000	2,200,000	0	100.0
Gender and Partnership Advisory Services	2,200,000	2,182,000	18,000	99.2
Special Interest groups	2,200,000	1,892,440	307,560	86.0
Climate Change advisory services	2,200,000	2,197,800	2,200	99.9
Education and youth Advisory services	2,200,000	2,117,780	82,220	96.3
Culture, Arts and Heritage advisory services	2,200,000	1,903,281	296,719	86.5
Security and Peace Building	198,351,370	62,965,163	135,386,208	31.7
Operationalization of peace building structures and institutions	47,151,370	42,864,235	4,287,135	90.9
Resettlement Infrastructural Programme	130,000,000	0	130,000,000	-
Cross Border peace dividends programme	21,200,000	20,100,928	1,099,073	94.8
Government Communication and Media relations	28,123,211	9,838,515	18,284,696	35.0
Acquiring & development of communication systems/equipment	12,901,626	6,871,544	6,030,082	53.3
Bills	8,000,000	0	8,000,000	-
Policies	989,161	899,161	90,000	90.9
Development and Implementation of ICT Policy and Regulations	2,187,810	2,067,810	120,000	94.5
Acquisition of Information Systems and Equipment	4,044,614	0	4,044,614	-
Revenue Collection Systems	27,974,433	9,613,659	18,360,774	34.4
Automated Revenue Collection	4,331,370	1,812,010	2,519,360	41.8
Feasibility Study on Revenue Base	910,548	793,828	116,720	87.2
Awareness and Campaigns on Revenue.	3,741,153	2,304,690	1,436,463	61.6
Motorbikes for Revenue Officers 30 No.	1,126,370	0	1,126,370	-
Strengthening Revenue Systems	6,965,000	3,664,030	3,300,970	52.6
Revenue Forecast and Revenue Budget Preparation	1,399,992	1,039,101	360,891	74.2
Completion of Lokiriama Revenue Centre	9,500,000	0	9,500,000	-
Accountability and Transparency	972,340,980	509,325,515	463,015,465	52.4
Internal Audit	9,514,319	5,553,584	3,960,735	58.4
Procurement systems	6,161,307	2,476,162	3,685,145	40.2
Assets management and Valuation of County Assets	0	0	0	
IFMIS training	19,391,480	11,031,877	8,359,603	56.9
Consultancy Services	17,448,800	2,657,850	14,790,950	15.2

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Financial Reporting/Research and Development	623,825,074	285,882,043	337,943,031	45.8
Mordern Fencing, Gate and Parking Yards for County Treasury Office	296,000,000	201,724,000	94,276,000	68.2
Social and Financial Security	21,551,643	17,115,030	4,436,613	79.4
Assurance and Insurance of Govt. Assets	5,300,000	4,851,480	448,520	91.5
Liability and Debt Management	4,251,643	3,899,280	352,363	91.7
Turkana SACCO Seed Capital	12,000,000	8,364,270	3,635,730	69.7
Planning and Policy formulation	143,543,268	61,666,702	81,876,566	43.0
Economic Policy formulation and Dissemination	11,312,836	6,529,828	4,783,008	57.7
CIDP review and Dissemination	4,793,262	1,590,500	3,202,762	33.2
Budget preparation and Dissemination	99,451,014	32,510,350	66,940,664	32.7
Preparation of Annual Plans and Reports	0	0	0	
County Budget and Economic Forums	1,500,000	0	1,500,000	-
Public Participation and Access to Information	12,483,320	10,859,400	1,623,920	87.0
Waste Management	3,840,000	2,759,290	1,080,710	71.9
County Budget and Economic forum	0	0	0	
Research & Statistics	6,864,332	5,343,050	1,521,282	77.8
Sector Plans Devt	3,298,504	2,074,284	1,224,220	62.9
Development coordination Programme	3,722,114	2,020,158	1,701,956	54.3
Donor scan/Mapping	1,348,561	1,055,571	292,990	78.3
Establishment of development committees	969,930	367,438	602,492	37.9
Training of the development committees	689,488	597,149	92,339	86.6
Formulation and Development of TCPSB Boardroom ICT Infrastructure	714,135	0	714,135	-
Monitoring and Evaluation	7,105,607	4,652,534	2,453,073	65.5
Soft wares(E-ProMIS, GIS e.t.c)	2,220,100	1,816,600	403,500	81.8
Field visits, data collection and Reporting	1,496,500	327,834	1,168,666	21.9
Training and Knowledge management	1,675,822	986,600	689,222	58.9
Devolved Monitoring and Evaluation Committees	1,713,185	1,521,500	191,685	88.8
Public Participation and Access to Information	36,894,122	34,063,098	2,831,024	92.3
Construction of Citizen Resource Centre	5,000,000	4,450,024	549,976	89.0
Web site Development	14,608,728	14,039,495	569,233	96.1
Social Budgeting and Generation of SIR Reports	3,500,000	3,500,000	0	100.0
Intergovernmental Relation	9,589,846	9,314,206	275,640	97.1
Strategy Development, Review, Support and Operationalization	4,195,548	2,759,373	1,436,175	65.8
County Statistical Unit	19,722,900	14,668,380	5,054,520	74.4
Soft wares, databases and tools	19,722,900	14,118,380	5,604,520	71.6
Capacity Development	0	550,000	-550,000	
Service Delivery- ISO Certification	16,793,389	13,244,798	3,548,592	78.9
Service Charter	3,100,000	2,956,678	143,322	95.4
Development of County Filing Systems	9,479,109	6,626,380	2,852,730	69.9
Procedure Manual and Training	4,214,280	3,661,740	552,540	86.9
County Internship Programme	28,000,000	19,615,610	8,384,390	70.1
County Internship Programme	28,000,000	19,615,610	8,384,390	70.1
Operationalization of Decentralized Units	56,454,491	40,923,257	15,531,234	72.5
Operationalization of Decentralized Units	19,673,256	16,309,668	3,363,588	82.9
Decentralized County Policy	31,211,800	23,658,689	7,553,111	75.8
Coordinated development	1,628,120	0	1,628,120	-
Policy sensitization and dissemination	3,941,315	954,900	2,986,415	24.2
Mainstream Public Sector Integrity programme & Accountability	3,792,136	3,486,807	305,329	91.9
Mainstream Public Sector Integrity programme & Accountability	572,123	557,530	14,593	97.4

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Evaluation on County Public Service Board Performance & Cus	1,105,580	1,105,580	0	100.0
Human Resource Conference & Symposium	1,079,415	810,747	268,668	75.1
Exit Meetings Per Department	1,035,018	1,012,950	22,068	97.9
Disaster Risk Reduction	1,909,058	1,192,406	716,652	62.5
Turkana County Drought and Disaster Contingency Fund (CDDCF)	594,134	562,656	31,478	94.7
Assessment and stake holder capacity mapping	814,924	629,750	185,174	77.3
Regular Assessments of Food, Flood and Conflict Security	500,000	0	500,000	-
Human resource	9,815,099	5,831,621	3,983,478	59.4
Scheme of service	1,381,610	674,385	707,225	48.8
Performance Appraisal	3,433,907	1,655,340	1,778,567	48.2
Enhancing Leadership In County Public Service	721,562	200,000	521,562	27.7
Review and Development of HR Policies	927,572	763,300	164,272	82.3
Human Resource Development/Career Progression	1,038,306	571,950	466,356	55.1
Performance Management Monitoring	815,001	642,000	173,001	78.8
Development of Database Filing System	436,357	272,666	163,691	62.5
County Public Service Pre-Retirement Sensitization	633,050	633,050	0	100.0
Evaluation of Different Cadres of Employees (Promotion, Re-Designation)	427,734	418,930	8,804	97.9
Quality management system programming	1,728,775	663,490	1,065,285	38.4
Quality Management Systems Development & Establishment	350,905	120,490	230,415	34.3
QMS Audit /Routine Inspection	444,825	440,000	4,825	98.9
Documentation/Record Management For QMS	933,045	103,000	830,045	11.0
Budgetary Supply	110,750,024	93,597,585	17,152,439	84.5
Budget Formulation, Co-ordination and Management	82,688,548	70,066,203	12,622,345	84.7
Public Participation in Budgeting	19,561,476	16,092,484	3,468,992	82.3
County Budget and Economic Forum	8,500,000	7,438,898	1,061,102	87.5
Resource Mobilization	5,728,909	5,225,189	503,720	91.2
Resource Mobilization	5,728,909	5,225,189	503,720	91.2
Governors Press Service	5,014,280	2,754,814	2,259,466	54.9
Governors Press support	5,014,280	2,754,814	2,259,466	54.9
Governance and Public participation	27,617,694	15,564,222	12,053,472	56.4
Civic education Programme	1,422,416	553,300	869,116	38.9
Public Participation and access to information	21,094,620	12,640,822	8,453,798	59.9
County Dialogue Forum	1,600,000	272,100	1,327,900	17.0
National & County Holidays	2,220,658	2,098,000	122,658	94.5
Policies Design	1,280,000	0	1,280,000	-
Disaster risk management	148,935,816	142,487,662	6,448,154	95.7
Disaster Preparedness Programmes	1,625,822	0	1,625,822	-
Disaster Mitigation Programmes	2,301,096	0	2,301,096	-
Stakeholders coordination and Support Programme	1,507,911	0	1,507,911	-
Humanitarian Relief Food Programme	142,480,439	142,487,662	-7,223	100.0
Disaster Risk Mgt	1,020,548	0	1,020,548	-
Inspectorate services	45,563,040	29,802,230	15,760,810	65.4
Inspectorate Training Institute	13,927,708	12,677,890	1,249,818	91.0
Dispute Resolution	3,160,000	1,923,650	1,236,350	60.9
Enforcement	6,661,972	5,551,410	1,110,562	83.3
Capacity Building	5,180,920	3,734,480	1,446,440	72.1
Inspectorate Services	5,132,440	2,204,920	2,927,520	43.0
Inspectorate Services Equip	11,500,000	3,709,880	7,790,120	32.3

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Human resource management	27,400,628	2,336,118,067	-2,308,717,439	8,525.8
Payroll and record management	1,240,000	2,325,079,417	-2,323,839,417	187,506.4
Human Resource Development	7,000,000	3,963,450	3,036,550	56.6
GHRIS Leave & Performance Module Implementation	3,270,300	1,240,800	2,029,500	37.9
Digitization and Automation of Human Resource Registry	2,650,000	791,500	1,858,500	29.9
Mainstreaming Public Sector Integrity Programme	2,980,000	972,000	2,008,000	32.6
County performance management	3,520,000	683,400	2,836,600	19.4
Public Service Week	3,140,000	2,053,200	1,086,800	65.4
Records Mgt	1,120,328	0	1,120,328	-
HRM	2,480,000	1,334,300	1,145,700	53.8
	17,702,000	13,224,687	4,477,313	74.7
Govt Programming	7,002,000	4,263,830	2,738,170	60.9
Community Engagement	3,500,000	2,546,760	953,240	72.8
Govt Stakeholder Engagement	3,200,000	3,189,000	11,000	99.7
Govt Transformation	4,000,000	3,225,097	774,903	80.6
General Administration	72,987,983	62,392,810	10,595,173	85.5
General Administration, Planning and Support Services	72,987,983	62,392,810	10,595,173	85.5
Tourism destination marketing and promotion	12,440,846	5,105,410	7,335,436	41.0
Tourism expos, incentives, conferences and exhibition program	3,300,001	1,766,445	1,533,556	53.5
Community Based Tourism products	2,134,535	831,845	1,302,690	39.0
Media Campaign and Promotion of Tourism Products and Programmes	7,006,310	2,507,120	4,499,190	35.8
Tourism development and Promotion	2,588,800	1,949,344	639,456	75.3
Phase II of Renovation of Tourism Infrastructure	0	502,444	-502,444	
Tourism Products	2,588,800	1,446,900	1,141,900	55.9
Culture, arts, heritage development, promotion and preservation	121,346,530	77,409,382	43,937,148	63.8
Ushanga Initiative	44,649,165	31,698,636	12,950,529	71.0
Culture Promotion and Preservation	12,295,474	10,983,616	1,311,858	89.3
Arts and Creativity Development	3,454,078	942,888	2,511,190	27.3
Heritage Promotion	14,340,530	3,943,070	10,397,460	27.5
Annual tourism and cultural festival	46,607,283	29,841,172	16,766,111	64.0
Culture development and preservation infrastructure	5,000,000	5,000,000	0	100.0
Equipment and Infrastructure Development at Ekalees Centre	5,000,000	5,000,000	0	100.0
Forestry and wildlife management development and management	28,546,638	15,555,342	12,991,297	54.5
Forestry Management and Conservation	3,230,245	2,049,657	1,180,588	63.5
Community Wildlife Conservation	12,891,530	2,740,967	10,150,564	21.3
Forestry Development Infrastructure	7,600,000	7,600,000	0	100.0
Forestry Protection	2,701,095	2,452,800	248,295	90.8
Prosopis Mgt	2,123,768	711,918	1,411,850	33.5
Turkana Water Programme	213,532,656	52,950,148	160,582,508	24.8
Construction and Desilting of Water Pans/Rock Catchment	85,292,860	9,950,860	75,342,000	11.7
Rehabilitation of Water Infrastructure	43,677,049	26,615,406	17,061,643	60.9
Drilling and Equipping of Boreholes	80,954,517	14,038,342	66,916,175	17.3
Project Coordination and Management	3,608,230	2,345,540	1,262,690	65.0
Joint planning with stakeholders	16,298,876	10,730,282	5,568,594	65.8
Technical planning and design	2,025,576	1,111,722	913,854	54.9
Drought Mitigation	14,273,300	9,618,560	4,654,740	67.4
IRRIGATION AND SCHEMES DEVELOPMENT PROGRAMME	25,596,737	14,059,806	11,536,931	54.9
Feasibility studies for irrigation systems development	25,596,737	14,059,806	11,536,931	54.9

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
TURKANA AGRICULTURE PROGRAMME	12,126,705	3,367,218	8,759,488	27.8
Farmers training	6,450,601	1,337,728	5,112,874	20.7
Establishment of farm demonstrations and trials	2,608,304	1,234,990	1,373,314	47.3
Climate Change & Adaptation	3,067,800	794,500	2,273,300	25.9
TURKANA REHABILITATION PROGRAMME	8,016,918	4,949,032	3,067,886	61.7
Construction of trapezoidal bunds, contours & micro catchment	3,001,784	1,028,200	1,973,584	34.3
Sinking of shallow wells	752,809	496,232	256,577	65.9
Artisanal Mining Equipment	2,000,000	1,800,000	200,000	90.0
Extractive Bills & Policies	2,262,325	1,624,600	637,725	71.8
General Administration and Support	441,537,509	397,206,445	44,331,064	90.0
General Administration and Support	441,537,509	397,206,445	44,331,064	90.0
	11,939,065	5,052,880	6,886,185	42.3
Oil & gas	9,357,465	3,163,720	6,193,745	33.8
Extractive Regulations & Strategies	2,581,600	1,889,160	692,440	73.2
Grand Total	13,705,851,663	11,326,619,126	2,379,232,537	82.6

Source: Turkana County Treasury

Based on expenditure absorption rate as shown in Table 3-215, the programs with the highest absorption rates were: Payroll and record Management at 187,506.4 per cent, Feasibility & Consultancy at 144 per cent, Fisheries Extension Services at 127.1 per cent, and Marginalized and Minority groups support at 111.8 per cent. The County Treasury did not provide clarification on the absorption rates above 100 per cent.

3.44.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Use of revenue at source and weak budgeting practice by the County where the County incurred expenditure in excess of approved budgetary allocations as shown in Table 3-214 and Table 3-215.
3. Discrepancy between the report on budget execution by programmes and sub programmes which indicates total approved budget as Kshs.13.71 billion compared to Kshs.14.84 billion captured in the County's annual report.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*
3. *The County Treasury should regularly reconcile the budget documents with the IFMIS generated report ensure reports all o budget implementation are credible.*

3.45 County Government of Uasin Gishu

3.45.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.11.57 billion, comprising of Kshs.5.80 billion (50.1 per cent) and Kshs.5.77 billion (49.9 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.33 billion (54.7 per cent) being equitable share of revenue raised nationally, Kshs.1.47 billion (12.7 per cent) as total conditional grants, generate Kshs.900 million (7.8 per cent) from own sources of revenue, and the cash balance of Kshs.2.87 billion (24.8 per cent) from FY 2018/19. The County also expected to receive Kshs.6.62 million (0.1 per cent) as "other revenues" not contained in the CARA, 2019.

3.45.2 Revenue Performance

During FY 2019/20, the County received Kshs.5.79 billion as equitable share of the revenue raised nationally, Kshs.1.08 billion as total Conditional Grants, raised Kshs.779.33 million as own-source revenue, and had a cash balance of Kshs.2.87 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.10.51 billion as shown in Table 3-216.

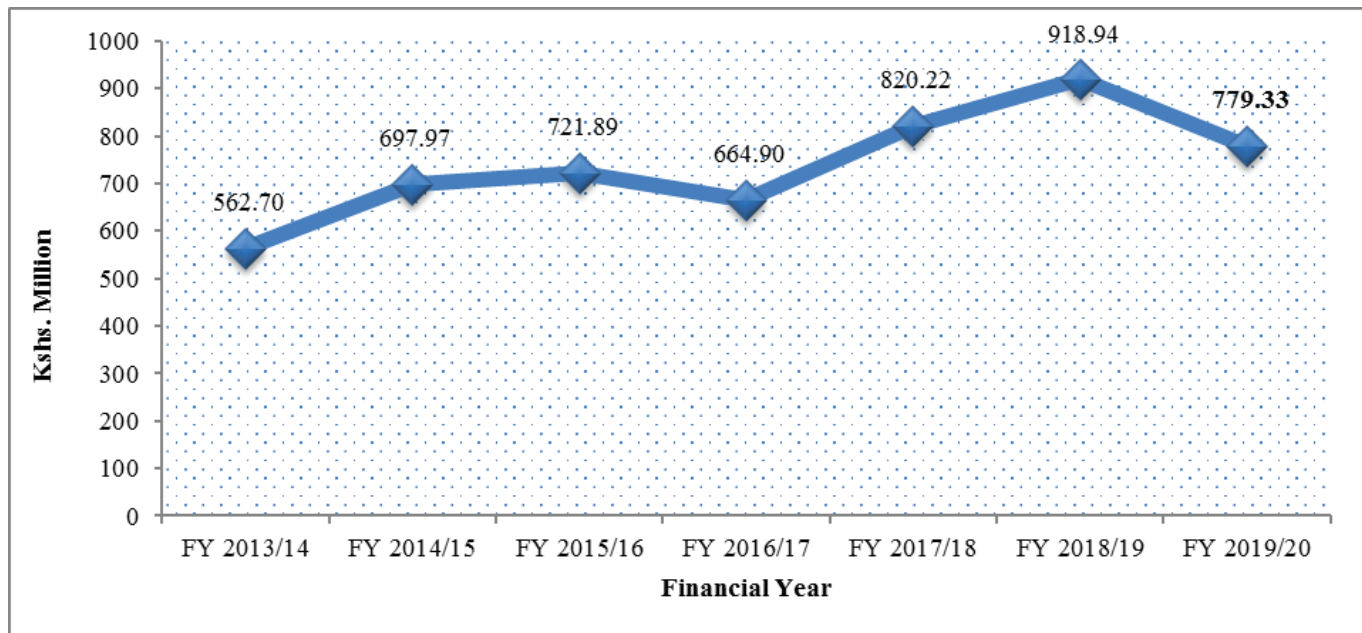
Table 3-216: Uasin Gishu County, Revenue Performance in FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,330,000,000	6,330,000,000	5,785,620,000	91.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	20,813,065	20,813,065	-	-
2.	Road Maintenance Fuel Levy Fund	179,681,250	179,681,250	179,681,250	100
3.	Rehabilitation of Village Polytechnics	57,588,298	57,588,298	57,588,298	100
	Sub Total	258,082,613	258,082,613	237,269,548	91.9
C	Loans and Grants from Development Partners				
4.	Transforming Health systems for Universal care Project (WB)	40,028,573	40,028,573	34,836,257	87
5.	IDA (WB) Credit: Kenya Climate Smart Agriculture	200,000,000	200,000,000	152,670,363	76.3
6.	IDA (WB) Credit: Kenya Climate Smart -Water	80,000,000	80,000,000	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	30,000,000	100.0
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	8,800,000	8,800,000	8,800,000	100.0
9.	EU Grant (IDEAS) -Trade	50,223,504	50,223,504	-	-
10.	DANIDA Grant	25,961,694	32,576,694	24,333,750	74.7
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,331,289	16,331,289	16,026,074	98.1
12.	COVID -19 Grants	125,173,000	125,173,000	125,173,000	100.0
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	630,147,800	630,147,800	450,706,153	71.5
	Sub Total	1,206,665,860	1,213,280,860	842,545,597	69.4
D	Other Sources of Revenue				
14.	Own Source Revenue	-	900,000,000	779,330,751	86.6
15.	Balance b/f from FY 2018/19	-	2,866,244,320	2,866,244,320	100.0
	Sub Total	-	3,766,244,320	3,645,575,071	96.8
	Grand Total	7,794,748,473	11,567,607,793	10,511,010,216	90.9

Source: Uasin Gishu County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-88.

Figure 3-88: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Uasin Gishu County Treasury

During FY 2019/20, the County generated a total of Kshs.779.33 million as own-source revenue. This amount represented a decrease of 15.2 per cent when compared to Kshs.918.94 million realised in FY 2018/19, and represented 86.6 per cent of the annual target.

3.45.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.8.34 billion from the CRF account during the reporting period. This amount comprised of Kshs.2.83 billion (34 per cent) for Development programmes and Kshs.5.51 billion (66 per cent) for Recurrent programmes.

3.45.4 Overall Expenditure Review

A total of Kshs.8.10 billion was spent on Development and Recurrent programmes and represented 97.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.68 billion and Kshs.5.42 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 46.2 per cent while that incurred on Recurrent programmes represented an absorption rate of 94 per cent.

3.45.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.292.37 million as at June 30, 2020. These bills consisted of Kshs.37.07 million for development activities and Kshs.255.31 million for recurrent expenditure.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.48 billion was spent on Compensation to Employees, Kshs.1.95 billion on Operations and Maintenance, and Kshs.2.68 billion on Development expenditure.

Table 3-217: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,770,951,125	5,506,707,051	5,424,419,371	67.0	94.0
Compensation to Employees	3,467,352,657	3,466,612,450	3,476,612,450	42.9	100.3
Operations and Maintenance	2,303,598,468	2,040,094,601	1,947,806,921	24.0	84.6
Total Development Expenditure	5,796,656,668	2,832,974,955	2,675,350,436	33.0	46.2
Development Expenditure	5,796,656,668	2,832,974,955	2,675,350,436	33.0	46.2
Total	11,567,607,793	8,339,682,005	8,099,769,807	100.0	70.0

Source: Uasin Gishu County Treasury

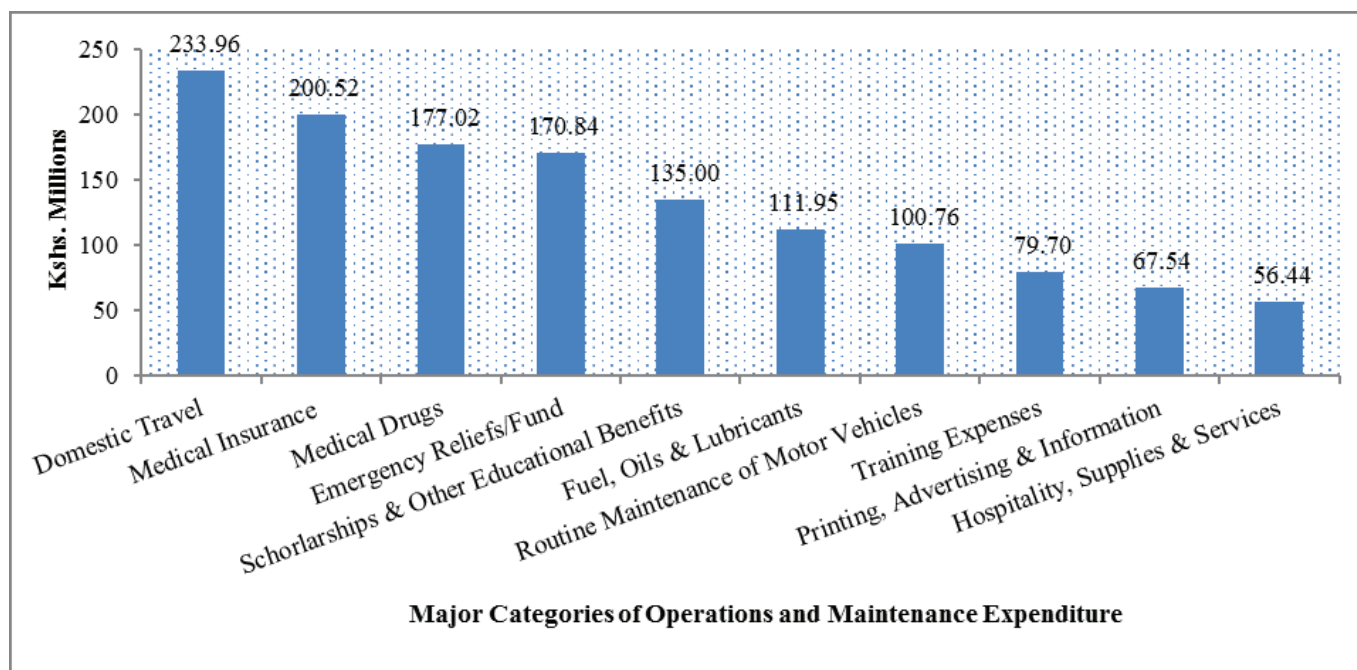
The high absorption rate for Compensation to Employees was as a result of additional nurses' allowances in respect to COVID 19 pandemic.

Expenditure on Compensation to Employees was 42.9 per cent of the total expenditure for the financial year and represented an increase of 6.1 per cent compared to FY 2018/19 when the County spent Kshs.3.28 billion.

3.45.7 Analysis of Operations and Maintenance Expenditure

Figure 3-89 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-89: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Uasin Gishu County Treasury

The County spent Kshs.37.69 million on Committee Sitting Allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.37.69 million. The average monthly sitting allowance was Kshs.65,432 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.233.96 million and comprised of Kshs.108.50 million spent by the County Assembly and Kshs.125.46 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.44.89 million and comprised of Kshs.26.50 million spent by the County Assembly and Kshs.18.39 million by the County Executive.

3.45.8 Development Expenditure Analysis

The Development expenditure of Kshs.2.68 billion represented 46.2 per cent of the annual development budget of Kshs.5.80 billion and represented an increase of 63.4 per cent compared to FY 2018/19 when the County spent Kshs.1.64 billion. Table 3-218 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-218: Uasin Gishu County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	ELDOWAS (Sewer Line)	Eldoret Municipality	-	134,441,535	-
2	Construction of ZIWA level 5 Hospital	ZIWA	142,376,397	92,616,450	65.1
3	Construction of non-motorized infrastructure (Chepkoilel Junction –Sogomo, Zion Mall-Rupa Mall-RVVTI-AIC Kaplimo-Sosiani –Oilbya-Public Works-PCEA-A104 (ACK Cathedral)-MTRH.	Eldoret Municipality	161,000,000	85,474,538.95	53.1

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
4	Improvement of Road Infrastructure at C39 (Ndalat Stage-Oldonyo Lessos Bridge, CMC Panvilla- Panvilla Miris –Pioneer Health Centre –Langas (Rexona)	Eldoret municipality	167,000,000	76,941,881	46.1
5	Improvement of road infrastructure (Posta – Toyota area –Railways –Wagon Wheel- Lands –Iten Rd-Dola –Moi Girls)	Eldoret Municipality	151,250,000	76,349,389	50.5
6	Financing small scale farmers and County proposed projects in agriculture	All Sub Counties	54,384,837	70,000,000	128.7
7	Construction of milk Coolers (Power)	All Sub Counties	88,279,444	46,554,154	52.7
8	Purchase of certified crop seeds and seedlings for farmers	All wards	21,930,951	32,294,000	147.3
9	Purchase of Vaccines (Disease control)	All wards	32,262,130	29,262,175	90.7
10	Construction of Moiben Sub-County Office	Moiben Ward	28,687,411	29,046,340	101.3

Source: Uasin Gishu County Treasury

The following projects had absorption rates above 100 per cent; Financing small scale farmers and County proposed projects in agriculture at 128.7 per cent, Purchase of certified crop seeds and seedlings for farmers at 147.3 per cent and Construction of Moiben sub County Office at 101.3 per cent. This was caused by variations in the respective departments which were not captured during the approval of the Supplementary Budget.

3.45.9 Budget Performance by Department

Table 3-219 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-219: Uasin Gishu County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs. 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	100.94	-	92.54	-	98.29	-	106.2	-	97.4	-
Finance	495.57	-	436.38	-	443.78	-	101.7	-	89.5	-
Public Service Management	810.66	26.33	795.55	12.61	770.42	14.5	96.8	115.0	95.0	55.1
ICT and E-Government	42.51	47.57	36.83	27.56	33.88	29.76	92.0	108.0	79.7	62.6
Roads, Transport, Energy and Public Works	519.75	793.61	515.07	349.6	501.41	336.52	97.3	96.3	96.5	42.4
Lands and Housing	60.56	553.49	47.67	123.13	48.29	127.27	101.3	103.4	79.7	23.0
Water, Environment, Natural Resources, Tourism and Wildlife Management	129.26	583.38	117.58	388.18	115.87	392.26	98.5	101.1	89.6	67.2
Health Services	1,945.41	594.27	1,854.37	202.54	1,818.62	105.59	98.1	52.1	93.5	17.8
Agriculture	206.94	489.68	206.4	349.11	200.61	274.07	97.2	78.5	96.9	56.0
Trade, Investment and Industrialization	15.67	286.96	14.72	81.16	13	158.03	88.3	194.7	83.0	55.1
Education, Culture and Social Services	373.14	102.92	372.81	93.49	372.41	84.92	99.9	90.8	99.8	82.5
County Public Service Board	44.85	-	28.89	-	23.28	-	80.6	-	51.9	-
County Assembly	683.01	50	682.95	-	682.89	-	100.0	-	100.0	-
Budget and Economic Planning	57.41	-	47.3	-	48.85	-	103.3	-	85.1	-
Devolution and Public Administration	60.57	209.65	40.43	169.22	47.55	166.29	117.6	98.3	78.5	79.3

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Youth and Sports Development	119.61	278.67	119.03	168.45	118.67	181.97	99.7	108.0	99.2	65.3
Cooperatives and Enterprise Development	16.51	202.19	14.8	195.8	13.79	195.8	93.2	100.0	83.5	96.8
Livestock Development and Fisheries	15.11	209.51	10.03	143.5	10.86	138.59	108.3	96.6	71.9	66.1
Physical Planning and Urban Development	46.92	87.17	46.92	65.48	44.89	66.1	95.7	100.9	95.7	75.8
Eldoret Municipality	26.57	1,281.26	26.46	463.13	17.05	403.68	64.4	87.2	64.2	31.5
Total	5,770.96	5,796.66	5,506.71	2,832.97	5,424.42	2,675.35	98.5	94.4	94.0	46.2

Source: Uasin Gishu County Treasury

Analysis of expenditure by department shows that the Department of Cooperative and Enterprise Development recorded the highest absorption rate of development budget at 96.8 per cent while the County Assembly did not report expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 100 per cent while the County Public Service Board had the lowest at 51.9 per cent.

3.45.10 Budget Execution by Programmes and Sub-Programmes

Table 3-220 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-220 : Uasin Gishu County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Programme	Sub - Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
County Assembly	Default - Non Programmatic	-	239,961,228	(239,961,228)	-
		-	239,961,228	(239,961,228)	-
Livestock Resource Management and Development	Livestock Disease Control	124,016,176	76,145,926	47,870,250	61.4
	Breeding services	3,897,460	3,297,460	600,000	84.6
	Emerging livestock production	57,034,930	48,942,672	8,092,258	85.8
	Livestock Production services	2,333,250	2,333,250	-	100.0
	Livestock Products Value Addition and Marketing	4,481,052	780,552	3,700,500	17.4
		191,762,868	131,499,859	60,263,009	68.6
Crop Development and Management	Stationary Grain Drier	17,137,000	17,231,000	(94,000)	100.5
	Diffuse Light Store	6,945,340	5,664,474	1,280,866	81.6
	Grain stores & Power supply connection to Community grain stores	15,525,000	14,704,300	820,700	94.7
	Electric Grain Moisture meters	10,281,300	10,281,300	-	100.0
	Export produce collection shades and cold storage stores	1,000,000	-	1,000,000	-
	Green House production	21,215,513	17,237,484	3,978,029	81.2
	Soil Testing	40,326,258	-	40,326,258	-
		5,500,000	-	5,500,000	-
	Agribusiness and Market Development	205,000,000	126,984,328	78,015,672	61.9
		322,930,411	192,102,886	130,827,525	59.5
Fisheries Development	Supplies for production	7,669,567	4,149,567	3,520,000	54.1
	Fisheries Production	11,695,059	4,186,099	7,508,960	35.8
		19,364,626	8,335,666	11,028,960	43.0

Programme	Sub - Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
Administration Support Services	Office Accommodation	22,721,966	12,779,564	9,942,402	56.2
	SP4 Administrative and Support Services	274,007,810	195,800,092	78,207,718	71.5
		296,729,776	208,579,656	88,150,120	70.3
Agricultural Training Services -Chebororwa	Administrative support services	54,529,952	19,923,247	34,606,705	36.5
	Training and Extension Support Services	2,182,475	1,531,650	650,825	70.2
	Livestock Production Services	19,973,950	19,973,950	-	100.0
		76,686,377	41,428,847	35,257,530	54.0
Agricultural Mechanization Services	Equipments and machineries	6,748,857	3,281,864	3,466,993	48.6
	Agricultural production	88,197,812	46,999,093	41,198,719	53.3
		94,946,669	50,280,957	44,665,712	53.0
Land Policy Management	Preparation of valuation rolls	89,515,013	65,649,117	23,865,896	73.3
	Land Banking for public use	438,146,848	52,054,957	386,091,891	11.9
	Spatial Planning	1,720,000	1,387,140	332,860	80.6
	Land administration services	2,370,000	1,338,430	1,031,570	56.5
	Land Survey	28,967,920	15,187,920	13,780,000	52.4
		560,719,781	135,617,564	425,102,217	24.2
Housing Development	Increase access to Housing	58,970,030	61,251,604	(2,281,574)	103.9
	Housing Development	761,832,599	479,836,698	281,995,901	63.0
	Estate Management	44,289,543	30,571,803	13,717,740	69.0
		865,092,172	571,660,105	293,432,067	66.1
ICT Infrastructure Development	Automation services:- health facilities, county rates & registry	23,439,575	9,550,675	13,888,900	40.7
	Development of information centres (One stop information points)	400,000	-	400,000	-
	County Press Centre	7,520,076	7,520,076	0	100.0
	Youth innovation Centre	3,998,340	2,690,340	1,308,000	67.3
		35,357,991	19,761,091	15,596,900	55.9
Administration Support Services	Administrative and Support Services	53,536,429	42,798,925	10,737,504	79.9
		53,536,429	42,798,925	10,737,504	79.9
Transport Management	Development of Mechanical workshops	468,728	431,874	36,854	92.1
		468,728	431,874	36,854	92.1
Roads Infrastructure Development	Capital roads investments	808,866,428	459,202,667	349,663,761	56.8
	Bridges and Foot Bridge				
	Borrow Pits				
	Construction of roads				
	Maintenance of Roads	799,280,101	334,815,981	464,464,120	41.9
	1,800,731,886	802,038,198	998,693,688	44.5	
Disaster Management	Development of new fire sub-stations	16,606,000	6,637,652	9,968,348	40.0
	Fire, ambulance and emergency services	7,370,048	3,874,238	3,495,810	52.6
		23,976,048	10,511,890	13,464,158	43.8
Public Works Services	Sub-County headquarters	160,925,720	153,509,767	7,415,953	95.4
		160,925,720	153,509,767	7,415,953	95.4
Disaster Response Management	ICT infrastructure development	719,996	719,996	-	100.0
		719,996	719,996	-	100.0

Programme	Sub - Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
Street Lighting Services	Street Lighting	43,182,398	24,944,968	18,237,430	57.8
		43,182,398	24,944,968	18,237,430	57.8
Trade Development and Investment	Ultra- modern Wholesale market with cold storage go-down	96,694,247	61,604,783	35,089,464	63.7
	Modern Shopping Mkt.	10,001,000	10,000,000	1,000	100.0
		106,695,247	71,604,783	35,090,464	67.1
Tourism Development and Marketing	Tourism Development Services	5,399,290	-	5,399,290	-
	Tourism Marketing Services	63,500,000	12,365,700	51,134,300	19.5
		68,899,290	12,365,700	56,533,590	17.9
Cooperative Development and Marketing	Promoting Agribusiness investments by value addition Processing	16,509,864	13,778,371	2,731,494	83.5
	Cereal warehouses.	18,005,500	5,058,325	12,947,175	28.1
	Support co-operative societies to provide credit to members	9,188,336	2,800,740	6,387,596	30.5
		43,703,700	21,637,436	22,066,265	49.5
Weights and measurements	Development of a Metrological Laboratory	193,000,000	193,000,000	-	100.0
		193,000,000	193,000,000	-	100.0
Market Services	Market Development	178,272,536	84,425,813	93,846,723	47.4
		178,272,536	84,425,813	93,846,723	47.4
Tourism and Wildlife Services	Tourism Development Services	7,973,350	1,984,350	5,989,000	24.9
		7,973,350	1,984,350	5,989,000	24.9
Curative Health Services	County health referral hospital	40,982,446	22,665,676	18,316,770	55.3
	Medical/Diagnostic Equipment's Supplies	258,150,961	28,698,700	229,452,261	11.1
		299,133,407	51,364,376	247,769,031	17.2
Administration Support Services	Administrative and Support Services	2,017,986,212	1,865,127,310	152,858,902	92.4
		2,017,986,212	1,865,127,310	152,858,902	92.4
Clinical Services	Clinical Services	25,507,573	-	25,507,573	-
		25,507,573	-	25,507,573	-
Health Infrastructure	Health Infrastructure	269,627,683	54,225,708	215,401,975	20.1
		269,627,683	54,225,708	215,401,975	20.1
Basic Education	Early Childhood Development Education	82,404,479	16,000,000	66,404,479	19.4
		82,404,479	16,000,000	66,404,479	19.4
Youth Training and Development	County polytechnic	93,103,488	80,385,134	12,718,354	86.3
	Upgrading home-craft	7,198,965	2,381,823	4,817,142	33.1
		100,302,453	82,766,957	17,535,496	82.5
Management and Development of Sports and Sports Facilities	Sports facilities	74,378,271	65,407,195	8,971,076	87.9
		74,378,271	65,407,195	8,971,076	87.9
Administration Support Services	Administration And Support Services	689,748,656	649,089,930	40,658,726	94.1
		689,748,656	649,089,930	40,658,726	94.1
Early Childhood Education and Training	ECDE Infrastructure	1,932,416	342,298	1,590,118	17.7
		1,932,416	342,298	1,590,118	17.7
Social Development Services	Social Welfare and Community Development	7,888,090	7,894,511	(6,421)	100.1
		7,888,090	7,894,511	(6,421)	100.1

Programme	Sub - Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
Public Finance Management	Finance services	440,148,191	420,555,262	19,592,929	95.5
	Accounts services	5,383,055	5,376,330	6,725	99.9
	Procurement and supply services	4,883,228	4,781,027	102,201	97.9
	internal audit services	6,599,800	6,027,270	572,530	91.3
		457,014,274	436,739,889	20,274,385	95.6
County Planning and Economic Policy	Budget and Economic Affairs services	38,907,200	35,546,275	3,360,925	91.4
	Central planning and M&E services	683,014,946	521,792,161	161,222,785	76.4
		721,922,146	557,338,436	164,583,710	77.2
Human Resource Management and Development	Training and Development	1,293,720	-	1,293,720	-
	Employee support services	2,138,472	1,069,236	1,069,236	50.0
		3,432,192	1,069,236	2,362,956	31.2
County Governance Support Services	Research and Surveys	9,880,036	8,874,841	1,005,195	89.8
	Legal Services	7,988,000	1,527,196	6,460,804	19.1
		17,868,036	10,402,037	7,465,999	58.2
Service Delivery	Registry	5,028,386	3,027,262	2,001,124	60.2
		5,028,386	3,027,262	2,001,124	60.2
Administration and Support Services	Administration And Support Services	805,157,883	766,839,507	38,318,376	95.2
		805,157,883	766,839,507	38,318,376	95.2
Kenya Devolution Support Programme	Kenya Devolution Support	79,993,473	33,085,950	46,907,523	41.4
		79,993,473	33,085,950	46,907,523	41.4
Water Supply services	Drilling of boreholes	127,052,744	114,754,037	12,298,707	90.3
	Community water supplies	80,205,076	69,994,064	10,211,013	87.3
	Dams and Water Pans Services	21,146,799	14,589,271	6,557,528	69.0
		228,404,619	199,337,371	29,067,248	87.3
Environmental Management and Protection	protection of water catchment areas	14,453,843	7,377,270	7,076,573	51.0
	waste collection and disposal	115,381,941	53,206,392	62,175,549	46.1
		129,835,784	60,583,662	69,252,122	46.7
Rural Electrification	electrification of public institution	75,777,800	630,000	75,147,800	0.8
		75,777,800	630,000	75,147,800	0.8
	Water Supply Development	271,946,861	235,220,533	36,726,328	86.5
		271,946,861	235,220,533	36,726,328	86.5
	Waste management and Disposal	56,641,100	4,542,558	52,098,542	8.0
		56,641,100	4,542,558	52,098,542	8.0
	Grand Total	11,567,607,793	8,120,236,285	3,447,371,508	70.2

Source: Uasin Gishu County Treasury

Based on expenditure absorption rate as shown in Table 3-220, the sub-programmes with the highest absorption rates were: Increase access to Housing at 103.9 per cent, Social Welfare and Community Development at 100.1 per cent, Disaster Response Management at 100 per cent, Public Finance and Management at 95.6 per cent, Public Works Services at 95.4 per cent and Youth Training & Development at 94.1 per cent of budget allocation. The Budget allocation for the County Assembly was not captured in the Budget Execution by Programmes and Sub-programmes Report.

The County spent Kshs.239.96 million on “Default - Non-Programmatic” which implies that this expenditure was undertaken without a budget allocation and had not been regularized by the end of the financial year. This is an indication of a weak budgetary control practice by the County Treasury.

3.45.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.2.68 million in FY 2019/20 out of annual development budget of Kshs.5.80 billion. The development expenditure represented 46.2 per cent of the annual development.
3. Discrepancy between the report on budget execution by programmes and sub programmes which indicates total expenditure as Kshs.8.12 billion compared to Kshs.8.10 billion captured in the County's annual report.
4. High pending bills which stood at Kshs.292,370,579 and comprised of Kshs.37,065,336 for development projects and Kshs.225,305,243 for recurrent activities.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County Treasury should regularly reconcile the budget documents with IFMIS generated reports ensure all reports on budget implementation are credible.*
4. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*

3.46 County Government of Vihiga

3.46.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.6.95 billion, comprising of Kshs.2.81 billion (40.4 per cent) and Kshs.4.14 billion (59.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.65 billion (66.9 per cent) as equitable share of revenue raised nationally, Kshs.1.69 billion (24.3 per cent) as total conditional grants, generate Kshs.192.09 million (2.8 per cent) from own sources of revenue, and utilize Kshs.422.01 million (6.1 per cent) as cash balance from FY 2018/19.

3.46.2 Revenue Performance

During FY 2019/20, the County received Kshs.3.83 billion as equitable share of the revenue raised nationally, Kshs.816.14 million as total conditional grants, raised Kshs.148.20 million as own-source revenue, and had a cash balance of Kshs.422.09 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.22 billion as shown in Table 3-221.

Table 3-221: Vihiga County, Revenue Performance in FY 2019/2020

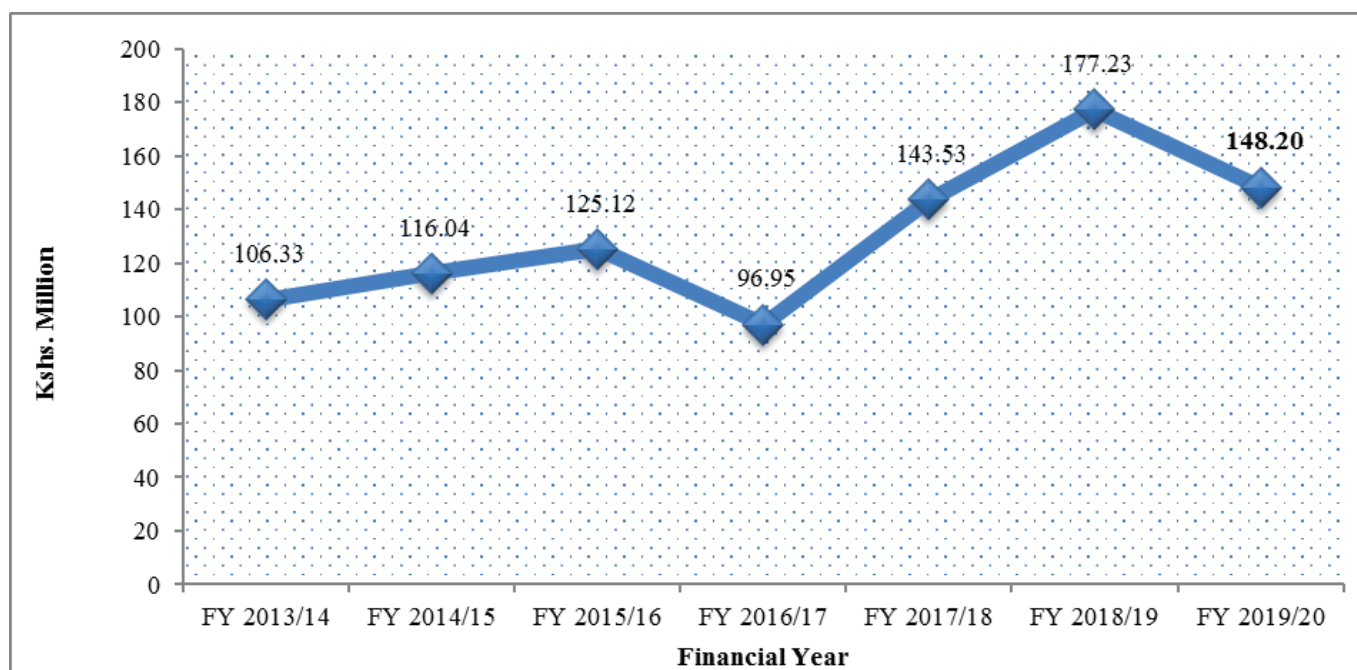
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,652,550,000	4,652,550,000	3,830,341,872	82.3
B.	Conditional Grants from the National Government Revenue				
1.	COVID 19 Support Grant- MOH	-	60,000,000	89,409,000	149.0
2.	Compensation for User Fee Foregone	12,657,201	12,657,201	12,657,201	100.0
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	170,542,168	170,542,168	132,065,719	77.4
5.	Rehabilitation of Village Polytechnics	84,402,044	84,402,044	67,743,290	80.3
	Sub Total	399,516,307	459,516,307	301,875,210	65.7
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	93,311,492	93,311,492	52,387,250	56.1
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	527,152,314	527,152,314	212,034,566	40.2
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	438,361,024	438,361,024	179,489,476	41.0
6.	DANIDA Grant	13,312,500	13,312,500	18,282,500	137.3
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	71,604,116	71,604,116	30,000,000	41.9
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	33,398,397	33,398,397	13,268,381	39.7
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	8,800,000	17.6
	Sub Total	1,227,139,843	1,227,139,843	514,262,173	41.9
D	Other Sources of Revenue				
1.	Own Source Revenue	192,085,859	192,085,859	148,199,136	77.2
2.	Balance b/f from FY 2018/19	-	422,088,828	422,088,828	100.0
	Sub Total	192,085,859	614,174,687	570,287,964	92.9
	Grand Total	6,471,292,009	6,953,380,837	5,216,767,219	75.0

Source: Vihiga County Treasury

The COVID 19 Support Grant- MOH and DANIDA Grant for 149.0 per cent and 137.3 per cent respectively were not contained in the Annual CARA, 2019 by the end of the FY 2019/20 hence the Actual Receipts as Percentage of Annual Allocation is above 100 per cent.

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-90.

Figure 3-90: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Vihiga County Treasury

During FY 2019/20, the County generated a total of Kshs.148.20 million as own-source revenue. This amount represented a decrease of 16.4 per cent when compared to Kshs.177.23 million realised in FY 2018/19, and represented 77.2 per cent of the annual target.

3.46.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.59 billion from the CRF account in the reporting period. This amount comprised of Kshs.1.53 billion (27.4 per cent) for development programmes and Kshs.4.06 billion (72.6 per cent) for recurrent programmes.

3.46.4 Overall Expenditure Review

A total of Kshs.4.89 billion was spent on development and recurrent programmes and represented 87.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.31 billion and Kshs.3.58 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 46.6 per cent while that incurred on recurrent programmes represented an absorption rate of 86.3 per cent.

3.46.5 Pending Bills

The outstanding pending bills as at June 30, 2020 amounted to Kshs.1.11 billion and comprised of Kshs.950.94 million for development activities and Kshs.159.32 million for recurrent expenditure.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.29 billion was spent on compensation to employees, Kshs.1.29 billion on Operations and Maintenance, and Kshs.1.31 billion on Development expenditure.

Table 3-222: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,142,556,704	4,060,051,680	3,576,154,201	73.2	86.3
Compensation to Employees	2,267,346,373	2,449,532,288	2,288,979,485	46.8	101.0
Operations and Maintenance	1,875,210,331	1,610,519,392	1,287,174,716	26.3	68.6
Total Development Expenditure	2,812,474,073	1,526,263,377	1,310,273,258	26.8	46.6
Development expenditure	2,812,474,073	1,526,263,377	1,310,273,258	26.8	46.6
Total	6,955,030,777	5,586,315,057	4,886,427,459	100.0	70.3

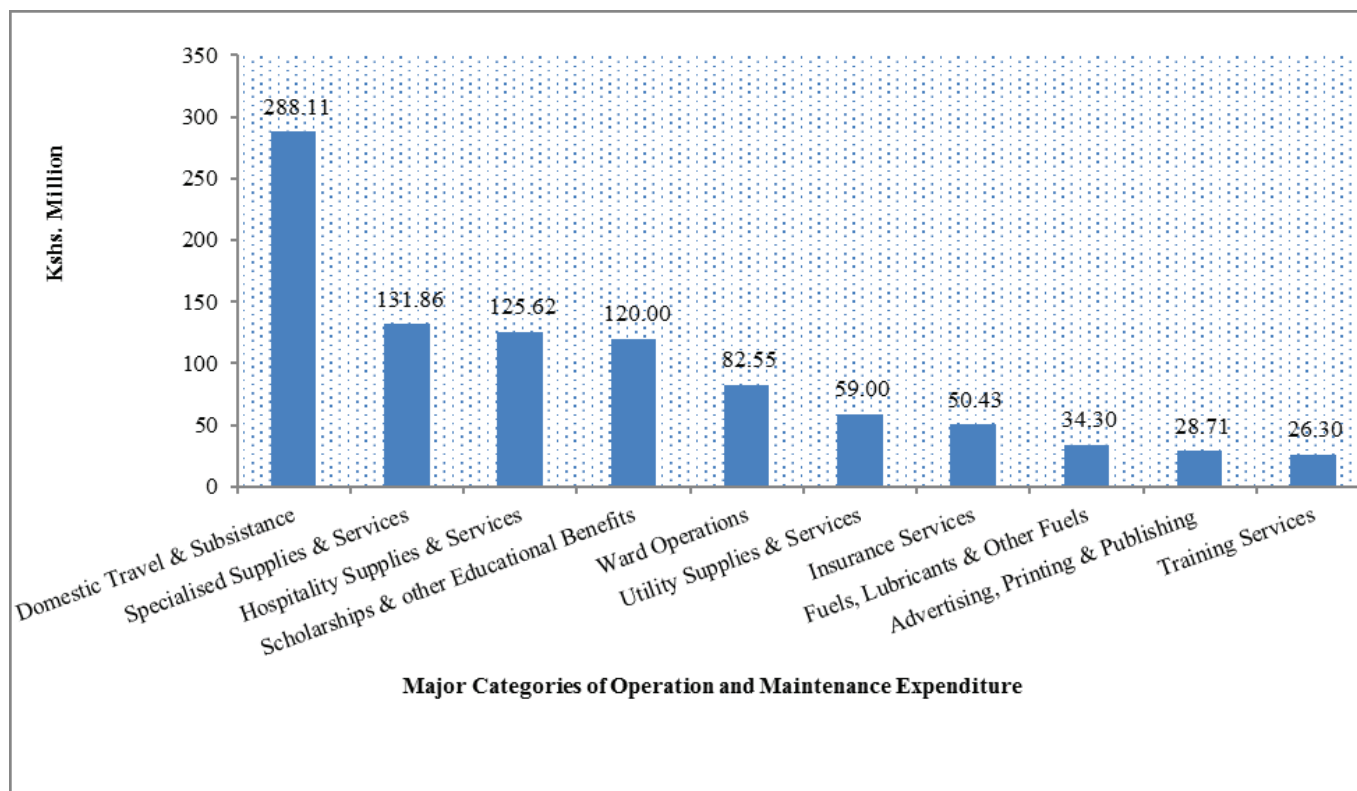
Source: Vihiga County Treasury

Expenditure on compensation to employees was 46.8 per cent of the total expenditure of the financial year and represented a decrease of 6.1 per cent compared to FY 2018/19 when the County spent Kshs.2.44 billion.

3.46.7 Analysis of Operations and Maintenance Expenditure

Figure 3-91 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-91: Vihiga County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Vihiga County Treasury

The County spent Kshs.46.09 million on committee sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs.77.13 million in FY 2019/20. The average monthly sitting allowance translated to Kshs.98,482 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.288.11 million and comprised of Kshs.92.90 million spent by the County Assembly and Kshs.195.21 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.70 million and comprised of Kshs.13.58 million spent by the County Assembly and Kshs.6.12 million by the County Executive.

3.46.8 Development Expenditure Analysis

The total development expenditure of Kshs.1.31 billion represented 46.6 per cent of the annual development budget of Kshs.2.81 billion and represented a decrease of 16.6 per cent compared to FY 2018/19 when the County spent Kshs.1.57 billion. Table 3-223 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-223: Vihiga County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/ No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate %
1	Support Grants to farmers(600 farming Groups)	Across all Five Sub counties	440,356,683	208,825,126	47.4
2	Construction of Civil Works	Across all Five Sub counties	373,192,168	184,543,901	49.5
3	Rehabilitation and Equipping of Village Poly-technics	Across all Five Sub counties	79,402,044	70,110,000	88.3
4	Rehabilitation and Renovation of Civil Works Under KUSP	Sabatia and Vihiga Sub counties	191,288,014	46,417,247	24.3

S/ No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate %
5	Construction of water springs	Across all Five Sub counties	52,500,000	25,327,820	48.2
6	Mwichio-ebututi - ilonje Road	Emukhaya Subcounty	10,593,700	10,593,700	100
7	Busali - Logemo road	Sabatia subcounty	9,709,890	9,709,890	100
8	Construction of ECD classes	Across all Five Sub counties	11,160,000	8,194,086	73.4
9	chandoro -Vigetse- kitulu Road	Vihiga Subcounty	6,926,240	6,926,240	100
10	Construction of Ebanangwe water Project	Luanda Sub County	7,500,000	6,116,085	81.5

Source: Vihiga County Treasury

3.46.9 Budget Performance by Department

Table 3-224 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-224: Vihiga County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	160.43	581.95	160.43	249.41	137.69	251.74	85.8	100.9	85.8	43.3
Physical Planning and Housing	113.79	489.91	72.59	195.99	35.83	56.79	49.4	29.0	31.5	11.6
Transport and Infrastructure	125.10	459.30	125.10	238.15	96.82	262.85	77.4	110.4	77.4	57.2
Trade, Tourism and Industry	89.11	48.94	89.11	29.81	73.77	28.44	82.8	95.4	82.8	58.1
Health Services	1,163.95	384.88	1,163.95	150.23	1,089.60	44.15	93.6	29.4	93.6	11.5
Education & Vacation Training	340.60	205.01	340.60	128.41	302.44	135.34	88.8	105.4	88.8	66.0
County Executive	203.27	5.00	202.77	0.74	213.96	-	105.5	0.0	105.3	0.0
County Assembly	621.96	20.00	597.00	9.51	535.18	13.11	89.6	137.9	86.0	65.6
Finance and Economic Planning	355.09	451.00	339.24	450.15	286.03	446.78	84.3	99.3	80.6	99.1
County Public Service Board	35.27	-	35.27	-	25.70	-	72.9	-	72.9	-
Public Services & Administration	655.81	3.40	655.81	3.07	582.53	-	88.8	0.0	88.8	-
Gender and Youth	145.19	61.98	145.19	27.61	107.72	21.40	74.2	0.0	74.2	34.5
Environment and Natural Resources	133.00	101.10	133.00	43.18	88.90	49.68	66.8	115.1	66.8	49.1
Total	4,142.56	2,812.47	4,060.05	1,526.26	3,576.15	1,310.27	88.1	85.8	86.3	46.6

Source: Vihiga County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 99.1 per cent. The County Executive had the highest absorption of recurrent budget at 105.3 per cent while the Department of Physical Planning and Housing had the lowest at 31.5 per cent.

3.46.10 Budget Execution by Programmes and Sub-Programmes

Table 3-225 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-225 : Vihiga County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Program	Sub Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
Administration, Planning and Support Service		770,301,309	413,431,401	356,869,908	53.7

	Personnel Services	-37,702,728	0	-37,702,728	0
	Administrative Service	807,804,037	413,431,401	394,372,636	51.2
	Research and Development	200,000	0	200,000	0
Livestock Development and Management		24,684,833	16,768,969	7,915,864	67.9
	Veterinary Services and Extension	16,280,357	11,779,269	4,501,088	72.4
	Livestock Extension	8,404,476	4,989,700	3,414,776	59.4
Fisheries Development and Management		8,000,000	3,244,365	4,755,635	40.6
	Promotion of Fish Farming	8,000,000	3,244,365	4,755,635	40.6
Crop Development and Management		6,501,076	3,476,858	3,024,218	53.5
	Crop Extension	6,501,076	3,476,858	3,024,218	53.5
Cooperatives Development		5,000,000	3,985,060	1,014,940	79.7
	Cooperative Development Services	5,000,000	3,985,060	1,014,940	79.7
1 Urban and Physical Planning and Housing Services		498,361,024	47,518,287	450,842,737	9.5
	Urban and Physical Planning	488,361,024	47,518,287	440,842,737	9.7
	Housing Development	10,000,000	0	10,000,000	0
Administration, Planning and Support Service		553,310,737	333,752,754	219,557,983	60.3
	Administrative Service	553,310,737	333,752,754	219,557,983	60.3
Public Finance Management		1,000,000	0	1,000,000	0
	Purchase of a trailer	1,000,000	0	1,000,000	0
Transport Management		28,302,400	24,247,658	4,054,742	85.7
	Transport System Management	11,900,000	11,899,999	1.4	100
	Mechanical Services	16,402,400	12,347,660	4,054,741	75.3
Infrastructure Development		1,785,000	1,695,000	90,000	95
	Roads Maintenance	1,785,000	1,695,000	90,000	95
Administration, Planning and Support Service		136,066,977	102,207,942	33,859,035	75.1
	Administrative Service	136,066,977	102,207,942	33,859,035	75.1
Tourism Development		1,977,264	0	1,977,264.00	0
	Tourism Promotion and Branding	1,977,264	0	1,977,264	0
Administration, Planning and Support Service		1,194,536,088	986,103,873	208,432,215	82.6
	Administrative Service	280,205,342	84,605,842	195,599,500	30.2
	Human Resource Management and Development	858,125,535	857,546,868	578,667	99.9
	Healthcare Financing	56,205,211	43,951,163	12,254,048	78.2
Promotive and Preventive Healthcare Services		29,475,181	13,537,064	15,938,117	45.9
	Public Health Services	15,777,497	9,008,064	6,769,433	57.1
	Community Health Strategy	6,402,000	953,200	5,448,800	14.9
	Health Promotion	6,465,684	3,436,200	3,029,484	53.1
	Reproductive Healthcare	340,000	0	340,000	0
	Disease Surveillance and Emergency	490,000	139,600	350,400	28.5

Curative And Rehabilitative Health Services		287,921,894	111,360,763	176,561,131	38.7
	Medical services	287,541,894	111,202,263	176,339,631	38.7
	County referral services	240,000	100,000	140,000	41.7
	Drugs and Other Medical Supplies	140,000	58,500	81,500	41.8
Child and Maternal Health Care		36,893,276	22,690,528	14,202,748	61.5
	Antenatal and Post Natal healthcare	1,800,000	100,000	1,700,000	5.6
	Antenatal and Post Natal Healthcare	1,240,000	74,771	1,165,229	6
	Maternity Services	32,473,276	21,310,057	11,163,219	65.6
	Newborn, Child and Adolescent Health	1,140,000	1,066,000	74,000	93.5
	Nutrition Services	240,000	139,700	100,300	58.2
Administration, Planning and Support Service		366,811,321	279,482,713	87,328,608	76.2
	Administrative Service	366,811,321	279,482,713	87,328,608	76.2
Vocational Education and Training		81,040,800	65,582,710	15,458,090	80.9
	Youth Polytechnic Development	81,040,800	65,582,710	15,458,090	80.9
Early Childhood Development		92,159,930	87,836,686	4,323,244	95.3
	ECD Development	92,159,930	87,836,686	4,323,244	95.3
Administration, Planning and Support Service		1,996,520,302	1,750,103,585	246,416,717	87.7
	Administrative Service	1,945,359,664	1,723,259,416	222,100,248	88.6
	County Administration	32,637,698	15,496,130	12,757,966	47.5
	County Radio Information Services	18,522,940	6,964,437	11,558,503	37.6
Public Finance Management		65,089,672	62,720,845	2,368,827	96.4
	Public Finance Management	15,939,787	15,752,430	187,357	98.8
	Accounting Services	9,652,480	8,506,025	1,146,455	88.1
	Audit Services	8,112,129	7,752,055	360,074	95.6
	Budget Formulation Coordination	9,397,403	9,327,685	69,718	99.3
	Resource Mobilization	11,804,273	11,794,495	9,778	99.9
	Budget Expenditure Management	10,183,600	9,588,155	595,445	94.2
County Planning Services		11,768,640	11,429,210	339,430	97.1
	Monitoring and Evaluation	5,536,620	5,254,965	281,655	94.9
	Coordination of Policy Formulation and Plans	6,232,020	6,174,245	57,775	99.1
Coordination and Supervisory Services		400,000	0	400,000	0
	Performance Management	200,000	0	200,000	0
	Disaster Management and Mitigation	200,000	0	200,000	0

Management and Administration of County Services		12,837,378	7,205,169	5,632,209	56.1
	County Executive	300,000	0	300,000	0
	County Secretary	5,837,378	1,929,355	3,908,023	33.1
	Legal Services	6,700,000	5,275,814	1,424,186	78.7
Legislation and Oversight		302,009,425	275,008,662	27,000,763	91.1
	Legislation and Oversight	302,009,425	275,008,662	27,000,763	91.1
Administration, Planning and Support Service		108,915,980	70,221,323	38,694,657	64.5
	Administrative Service	107,715,980	69,065,853	38,650,127	64.1
	Technical Conferences	500,000	483,150	16,850	96.6
	Elderly Fund	700,000	672,320	27,680	96
		89,703,612	54,993,570	34,710,042	61.3
	Promotion of Sports	70,783,112	41,116,870	29,666,242	58.1
	Promotion of Culture and Heritage	10,483,900	5,725,000	4,758,900	54.6
	Recreation and Arts	8,436,600	8,151,700	284,900	96.6
		9,550,000	3,403,200	6,146,800	35.6
	Social Protection	1,150,000	141,200	1,008,800	12.3
	Gender, Children, Youth and People with Disability	8,400,000	3,262,000	5,138,000	38.8
Administration, Planning and Support Service		195,447,120	121,112,341	74,334,780	62
	Administrative Service	189,947,120	121,112,340	68,834,780	63.8
	Financial Services	5,500,000	0	5,500,000	0
		23,009,870	12,212,275	10,797,595	53.1
	Water Supply Management	22,009,870	12,212,275	9,797,595	55.5
	Waste Water Management	1,000,000	0	1,000,000	0
		12,149,669	5,478,250	6,671,419	45.1
	Environmental Protection and Conservation	12,149,669	5,478,250	6,671,419	45.1
		3,500,000	0	3,500,000	0
	Farm Forest Management	2,000,000	0	2,000,000	0
	Natural Resources management	1,500,000	0	1,500,000	0
Grand Total	6,955,030,778	4,886,427,459	2,068,603,319	70.3	

Source: Vihiga County Treasury

The programs with the highest absorption rates were: County Planning Services at 97.1 per cent, Public Finance Management at 96.4 per cent, Early Childhood Development at 95.3 per cent, Legislation and Oversight at 91.1 per cent of budget allocation.

The Personnel Services sub program under the Administration, Planning and Support Service Program had an approved budget of Kshs. -37,702,728 which is irregular and should have been corrected before the close of the financial year.

3.46.11 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. A high wage bill, which accounted for 46.8 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
2. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
3. High pending bills which amounted to Kshs.1.11 billion as of 30th June, 2020.
4. Weak budgetary control practice by the County Treasury as shown in Table 3-224: and Table 3-225 where the

County incurred expenditure in excess of approved budget allocations. The Personnel Services sub program under the Administration, Planning and Support Service Program had a negative approved budget amount which is irregular and should have been corrected before the close of the financial year.

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

1. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
2. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
3. *The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included in the budget for FY 2020/21 in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County Treasury should enhance vote book and budgetary control to ensure that expenditure is within the available cash. Further, all unspent cash should be refunded into the CRF account in line with Section 136 (2) of the PFM Act, 2012.*

3.47 County Government of Wajir

3.47.1 Overview of FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.11.47 billion, comprising of Kshs.5.24 billion (45.7 per cent) and Kshs.6.22 billion (54.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.55 billion (74.5 per cent) as equitable share of revenue raised nationally, Kshs.1.15 billion (10 per cent) as total conditional grants, generate Kshs.150 million (1.3 per cent) from own sources of revenue, and had Kshs.1.63 billion (14.2 per cent) as cash balance from FY 2018/19.

3.47.2 Revenue Performance

During FY 2019/20, the County received Kshs.7.81 billion as equitable share of the revenue raised nationally, Kshs.485.13 million as total Conditional Grants, raised Kshs.60.42 million as own-source revenue, and had a cash balance of Kshs.1.63 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.10 billion as shown in Table 3-226.

Table 3-226: Wajir County, Revenue Performance in FY 2019/20

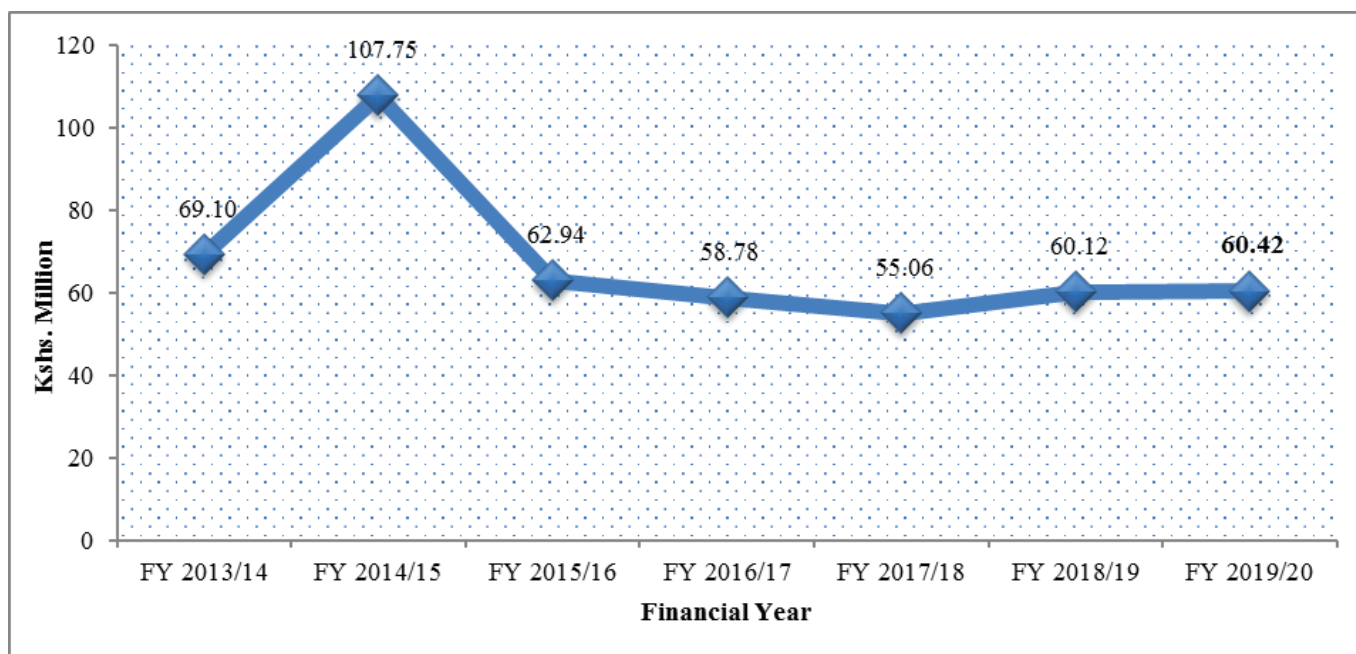
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,545,500,000	8,545,500,000	7,810,587,000	91.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	15,784,997	15,784,997	15,784,997	100
2.	Road Maintenance Fuel Levy Fund	242,569,688	242,569,688		
3.	Rehabilitation of Village Polytechnics	18,903,297	18,903,297	9,451,649	50
	Sub Total	277,257,982	277,257,982	25,236,646	9.1
C	Loans and Grants from Development Partners				
4.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	23,896,753	68.3
5.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	153,172,330	153,172,330	79,395,274	51.8
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	1,724,976	5.7
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	165,643,500	165,643,500	165,643,500	100
8.	DANIDA Grant	25,312,500	25,312,500	25,312,500	100

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
9.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	24,481,325	24,481,325	-	-
10.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	250,000,000	250,000,000	26,367,892	10.5
11.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	112,791,675	112,791,675	112,791,675	100
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	23,548,494	23,548,494	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	50,000,000	100
Sub Total		869,949,824	869,949,824	485,132,570	55.8
D	Other Sources of Revenue				
14.	Own Source Revenue		150,000,000	60,417,086	40.3
15.	Balance b/f from FY2019/20	-	1,625,621,442	1,625,621,442	100
Sub Total		-	1,775,621,442	1,686,038,528	95
Grand Total		9,692,707,806	11,468,329,248	10,006,994,744	87.3

Source: Wajir County Treasury

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-92.

Figure 3-92: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: Wajir County Treasury

During FY 2019/20, the County generated a total of Kshs.60.42 million as own-source revenue. This amount represented an increase of 0.5 per cent when compared to Kshs.60.12 million realised in FY 2018/19, and represented 40.3 per cent of the annual target.

3.47.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.9.65 billion from the CRF account during the reporting period. This amount comprised of Kshs.3.52 billion (36.5 percent) for Development programmes and Kshs.6.13 billion (63.5 per cent) for Recurrent programmes.

3.47.4 Overall Expenditure Review

A total of Kshs.9.62 billion was spent on Development and Recurrent programmes and represented 99.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.3.49 billion and Kshs.6.13 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 66.5 per cent while that incurred on Recurrent programmes represented an absorption rate of 98.4 per cent.

3.47.5 Pending Bills

The County had accumulated pending bills amounting to Kshs.1.83 billion as at June 30, 2020. The pending bills comprised of Kshs.1.68 billion for development and Kshs.137.88 million for recurrent activities respectively.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.3.92 billion was spent on Compensation to Employees, Kshs.2.21 billion on Operations and Maintenance, and Kshs.3.49 million on Development expenditure.

Table 3-227: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,224,001,439	6,130,322,333	6,127,253,999	63.7	98.4
Compensation to Employees	3,959,942,066	3,919,075,045	3,919,075,045	40.8	99.0
Operations and Maintenance	2,264,059,373	2,211,247,288	2,208,178,954	23.0	97.5
Total Development Expenditure	5,244,327,809	3,519,731,411	3,488,083,359	36.3	66.5
Development Expenditure	5,244,327,809	3,519,731,411	3,488,083,359	36.3	66.5
Total	11,468,329,248	9,650,053,744	9,615,337,358	100.0	83.8

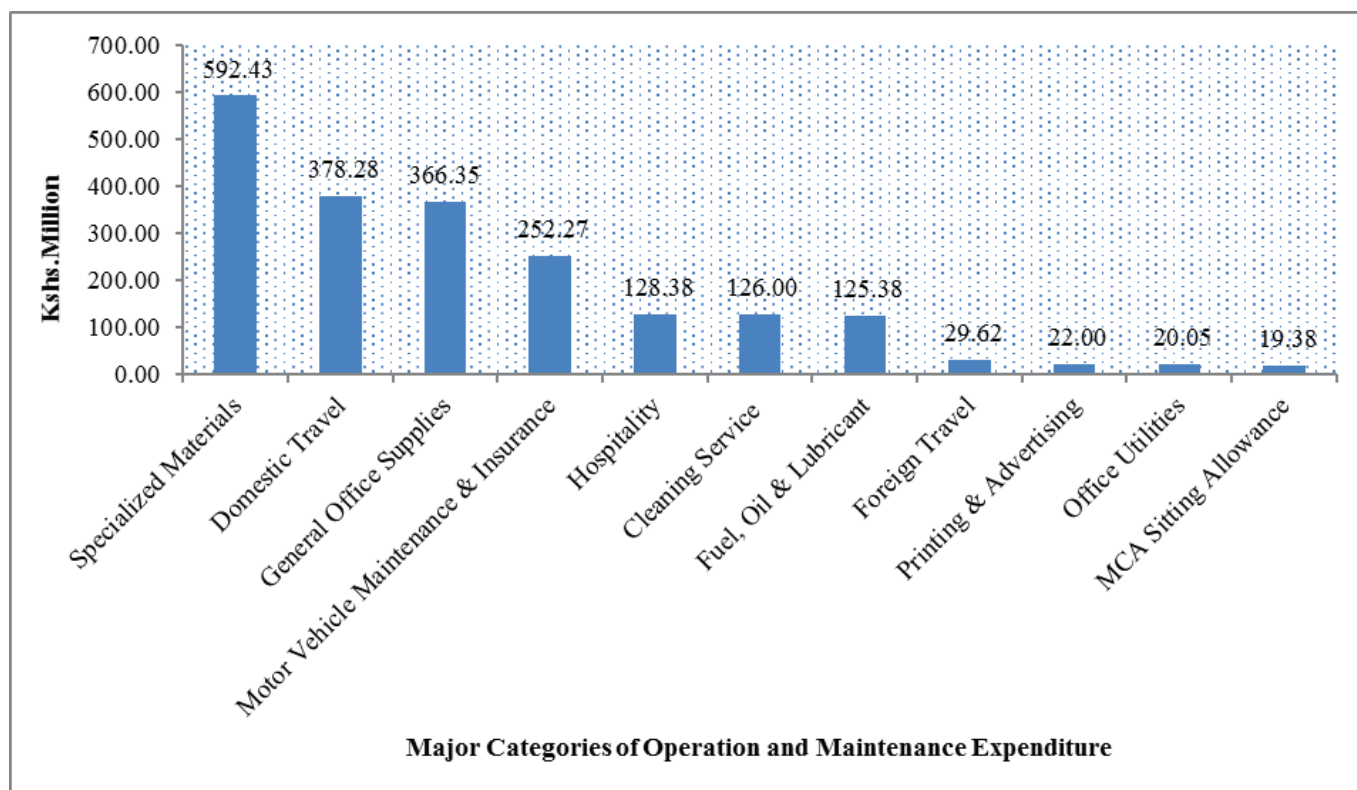
Source: Wajir County Treasury

Expenditure on Compensation to Employees was 40.8 per cent of the total expenditure for the financial year and represented an increase of 1.6 per cent compared to FY 2018/19 when the County spent Kshs.3.86 billion.

3.47.7 Analysis of Operations and Maintenance Expenditure

Figure 3-93 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-93: Wajir County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: Wajir County Treasury

The County spent Kshs.19.38 million on Committee Sitting Allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.19.38 million. The average monthly sitting allowance was Kshs.35,100 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.378.28 million and comprised of Kshs.51.98 million spent by the County Assembly and Kshs.326.3 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.29.62 million and comprised of Kshs.11.74 million spent by the County Assembly and Kshs.17.87 million by the County Executive.

3.47.8 Development Expenditure Analysis

The Development expenditure of Kshs.3.49 billion represented 66.5 per cent of the annual development budget of Kshs.5.24 billion and represented a decrease of 22.8 per cent compared to FY 2018/19 when the County spent Kshs.4.52 billion. Table 3-228 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-228: Wajir County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Gravelling of Overhaul Roads and Bridges	Various Wards	874,373,400	841,454,945	96.2
2	Rehabilitation and Renovation of H/Centres and Dispensaries	Various Wards	796,171,497	725,665,665	91.1
3	Agriculture Certified seeds and Irrigation Project	Wajir Township	527,428,821	527,428,821	100.0
4	Infrastructure and County water supply and desilting	Various Wards	546,173,400	348,433,600	63.8
5	Education polytechnic	Wajir Township	349,994,972	198,596,622	56.7
6	Completion of ongoing tarmac roads	Wajir Township	144,000,000	144,000,000	100.0
7	Environment	Wajir Township	268,992,000	127,300,000	47.3
8	Water Supplies Mega pans construction	Various Wards	160,000,000	120,500,000	75.3
9	Maintenance of Tarmac roads	Wajir Township	100,000,000	100,000,000	100.0
10	WAJWASCO Projects	Wajir Township	362,250,000	86,015,440	23.7

Source: Wajir County Treasury

3.47.9 Budget Performance by Department

Table 3-229 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-229: Wajir County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure FY 2019/20 (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	760.19	30	689.98	-	689.91	-	100.0	-	90.8	-
County Executive	471.88	-	462.59	-	462.65	-	100.0	-	98.0	-
Finance and Economic Planning	781.47	-	714.41	-	714.41	-	100.0	-	91.4	-
Agriculture and Livestock Development	211.86	527.43	209.71	337.17	209.71	337.17	100.0	100.0	99.0	63.9
Public Health, Medical Services and Sanitation	1,678.33	930.77	1,673.92	861.08	1,673.92	829.43	100.0	96.3	99.7	89.1
Roads & Transport	128.28	1,196.47	128.63	896.32	128.63	896.32	100.0	100.0	100.3	74.9
Water	258.15	886.90	304.92	857.75	304.92	857.75	100.0	100.0	118.1	96.7
Energy, Environment and Natural Resources	64.23	268.99	63.14	127.30	63.14	127.30	100.0	100.0	98.3	47.3
Public Service, Special Programs and Decentralized Unit & Town Administration	722.95	119.90	646.17	17.00	646.17	17.00	100.0	100.0	89.4	14.2

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure FY 2019/20 (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Youth, Gender and Social Services	578.94	349.99	494.45	198.60	494.45	198.60	100.0	100.0	85.4	56.7
ICT, Trade, Industrialization, Co-operative Development	212.23	108.85	211.38	39.66	211.38	39.66	100.0	100.0	99.6	36.4
Public works, Lands, Housing and Physical Planning	73.74	134.50	65.36	78.84	65.36	78.84	100.0	100.0	88.6	58.6
WAJWASCO (Wajir Water and Sewerage Company)	114.83	362.25	119.48	86.02	116.42	86.02	97.4	100.0	101.4	23.7
County Public Service Board	70.26	-	70.26	-	70.26	-	100.0	-	100.0	-
Municipality	238.47	328.27	275.92	20.00	275.92	20.00	100.0	100.0	115.7	6.1
Total	6,365.82	5,244.33	6,130.32	3,519.73	6,127.25	3,488.08	99.9	99.1	96.3	66.5

Source: Wajir County Treasury

Analysis of expenditure by department shows that the Department of Water recorded the highest absorption rate of development budget at 96.7 per cent followed by the Department of Public Health, Medical Services and Sanitation at 89.1 per cent. The Department of Water and the Municipality had the highest percentage of recurrent expenditure to recurrent budget at 118.1 per cent and 115.7 per cent respectively.

3.47.10 Budget Execution by Programmes and Sub-Programmes

Table 3-230 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-230: Wajir County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
The Executive Office					
0701003360 P1 County Executive Services	0701003360 P1 County Executive Services	471,877,059	462,653,460	9,223,599	98.0
	Sub total	471,877,059	462,653,460	9,223,599	98.0
The County Assembly					
General admin & support services(0701003710)	0715003360 P15 County Legislative Services	760,194,403	689,909,182	70,285,221	90.8
	Construction of Non-residential	30,000,000			-
	Sub total	790,194,403	689,909,182	100,285,221	87.3
Finance And Economic Planning					
0701003360 P1Kenya Devolution Support programme	0701003360 P1Kenya Devolution Support programme	142,000,000	130,000,000	12,000,000	91.5
0707003360 P7 Public Finance Management	0707003360 P7 Public Finance Management	26,428,123	11,813,899	14,614,224	44.7
0708003360 P8 Economic Planning Services	0708003360 P8 Economic Planning Services	14,455,600	9,099,000	5,356,600	62.9
0717003360 P17 General Administration and Support Services	0717003360 P17 General Administration and Support Services	598,587,221	533,568,050	65,019,171	89.1
	Sub total	781,470,944	714,406,120	96,989,995	91.4
Roads Transport And Public Works					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
0201003360 P1 Road Transport Services	0201003360 P1 Road Transport Services	1,016,469,688	856,321,615	160,148,073	84.2
0202003360 P2 Public Works and Transport Services	0202003360 P2 Public Works and Transport Services	227,390,000	86,675,210	140,714,790	38.1
0208003360 P8 General Administration and Support Services	0208003360 P8 General Administration and Support Services	78,732,455	78,732,455	-	100.0
	Sub total	1,322,592,143	1,021,729,280	300,862,863	77.3
Agriculture And Livestock Development					
1001003360 P1	1001003360 P1 ,General Administration	180,687,333	178,534,822	2,152,511	98.8
1001003361 P2	Livestock Resource management	57,588,600	57,588,600	-	100.0
1001003360 P3	Veterinary Support Services	22,900,000	22,900,000	-	100.0
1001003360 P4	Crop Development and Management	27,658,600	27,658,600	-	100.0
1001003360 P5	Fisheries Development and Management	12,128,027	12,128,027	-	100.0
1001003360 P6	Irrigation Management Service	236,734,115	46,474,262	190,259,853	19.6
1001003360 P7	Kenya Climate Smart Agriculture	175,020,320	175,020,320	-	100.0
1001003360 P8	Agriculture Sector Development support prog	26,574,387	26,574,387	-	100.0
1001003360 P9	Agriculture Sector Development support prog				
	Sub total	739,291,382	546,879,018	192,412,364	74.0
Public Health , Medical Service And Sanitation					
0401003360 P1 Curative, Rehabilitative and Referral Services	0401003360 P1 Curative, Rehabilitative and Referral Services	392,142,699	357,104,895	35,037,804	91.1
0402003360 P2 Preventive and promotive services	0402003360 P2 Preventive and promotive services	291,607,699	291,607,699		100.0
0406003360 P6 RMNCH	0406003360 P6 RMNCH	425,764,756	417,829,285	7,935,471	98.1
0407003360 P7 TB & HIV-AIDS	0407003360 P7 TB & HIV-AIDS	11,168,000	11,168,000		100.0
0408003360 P8 Health Research Services	0408003360 P8 Health Research Services	9,596,000	9,596,000		100.0
0403003360 P3 General Administration and Support Services	0403003360 P3 General Administration and Support Services	1,474,822,531	1,447,689,624	27,132,907	98.2
	Sub total	2,605,101,685	2,534,995,503	70,106,182	97.3
Water					
1001003360 P1 Water Services	1001003360 P1 Water Services	1,145,050,885	1,145,050,885	-	100.0
	Sub total	1,145,050,885	1,145,050,885	-	100.0
Energy , Environment & Natural Resources					
0206003360 P6 Energy Services	0206003360 P6 Energy Services	16,938,100	-	16,938,100	-
0207003360 P7 Environment & Natural Resource Services	0207003360 P7 Environment & Natural Resource Services	234,595,050	158,710,100	75,884,950	67.7
1002003360 P2 General Administration and Support Services	1002003360 P2 General Administration and Support Services	53,970,224	49,350,480	4,619,744	91.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
1004003360 P4 Wildlife and Tourism	1004003360 P4 Wildlife and Tourism	27,722,800	-	-	-
	Sub total	333,226,174	208,060,580	97,442,794	62.4
Public Services, Special Program And Natural Resources					
0210003360 P10 Public Participation Services	0210003360 P10 Public Participation Services	31,700,000	5,000,000	26,700,000	15.8
0701003360 P1 County Executive Services	0701003360 P1 County Executive Services	1,270,000	-	1,270,000	-
662,752,2970704003360 P4 Human Resources Management and decentralized services	662,752,2970704003360 P4 Human Resources Management and decentralized services	536,118,297	516,811,308	19,306,989	96.4
0716003360 P16 Special Programs	0716003360 P16 Special Programs	215,510,000	114,077,015	101,432,985	52.9
0713003360 P13 Environment, Beautification and Sanitation services	0713003360 P13 Environment, Beautification and Sanitation services	15,484,000	-	15,484,000	-
0714003360 P14 Engineering, Maintenance and Physical infrastructure services	0714003360 P14 Engineering, Maintenance and Physical infrastructure services	18,500,000	17,000,000	1,500,000	91.9
0720003360 P20 Service Delivery and Performance Management	0720003360 P20 Service Delivery and Performance Management	5,400,000	-	5,400,000	-
0721003360 P21 Governance and Ethics	0721003360 P21 Governance and Ethics	1,870,000	-	1,870,000	-
	Sub total	825,852,297	652,888,323	172,963,974	79.1
Education , Youth ,Gender And Social Service					
0501003360 P1 Sports promotion and development	0501003360 P1 Sports promotion and development	80,108,700	36,838,088	80,108,700	46.0
0502003360 P2 Early Childhood Education Development Services	0502003360 P2 Early Childhood Education Development Services	178,178,275	178,178,275	-	100.0
0503003360 P3 Gender, Culture and Social services	0503003360 P3 Gender, Culture and Social services	85,251,000	-	85,251,000	-
0504003360 P4 Youth polytechnics	0504003360 P4 Youth polytechnics	31,289,797	9,451,649	21,838,148	30.2
0507003360 P6 School Support and Development Services	0507003360 P6 School Support and Development Services	116,000,000	116,000,000	-	100.0
0505003360 P5 General Administration and Support Services	0505003360 P5 General Administration and Support Services	366,904,646	352,583,430	14,321,216	96.1
	Sub total	857,732,418	693,051,442	164,680,976	80.8
ICT ,Trade, Industrialization And Cooperative Development					
0209003360 P9 ICT Infrastructure Services	0209003360 P9 ICT Infrastructure Services	70,176,200	39,660,117	30,516,083	56.5
0301003360 P1 General administration, Planning and Support Services	0301003360 P1 General administration, Planning and Support Services	153,807,882	153,807,882	-	100.0
0302003360 P2 Trade Services	0302003360 P2 Trade Services	43,249,700	36,573,273	6,676,427	84.6
0304003360 P4 Co-operatives Services	0304003360 P4 Co-operatives Services	22,846,000	20,000,000	2,846,000	87.5
	Sub total	290,079,782	250,041,272	40,038,510	86.2
Public Work , Land and Housing					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
0101003360 P1 General Administration and Support Services	0101003360 P1 General Administration and Support Services	64,796,826	64,796,826	-	100.0
0109003360 P9 Government Building Services	0109003360 P9 Government Building Services	922,400	-	922,400	-
0111003360 P11 Land Policy and Physical Planning	0111003360 P11 Land Policy and Physical Planning	121,796,000	78,836,970	42,959,030	64.7
0202003360 P2 Public Works and Transport Services	0202003360 P2 Public Works and Transport Services	19,728,100	567,814	19,160,286	2.9
	Sub total	207,243,326	143,633,796	63,609,530	69.3
WAJWASCO					
1003003360 P3 WAJWASCO	1003003360 P3 WAJWASCO	477,077,493	185,859,032	291,218,461	39.0
	Sub total	477,077,493	185,859,032	291,218,461	39.0
County Public Service Board					
0718003360 P18 County Public Service Board Services	0718003360 P18 County Public Service Board Services	70,259,465	70,259,465	-	100.0
		70,259,465	70,259,465	-	100.0
Municipality					
0719003360 P19 Urban Development Services	0719003360 P19 Urban Development Services	566,739,792	295,920,000	270,819,792	52.2
	Sub total	566,739,792	295,920,000	270,819,792	52.2
Grand Total		11,483,789,248	9,615,337,357	1,870,654,262	83.7

Source: Wajir County Treasury

Based on expenditure absorption rate as shown in Table 3-230, the programs with the highest absorption rates were: Preventive and promotive services, Water Services, Early Childhood Education Development Services, and County Public Service Board Services at 100 per cent of budget allocation respectively.

3.47.11 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the FY 2019/20. The County spent Kshs.3.49 billion out of annual development budget of Kshs.5.24 billion. The development expenditure represented 66.5 per cent of the annual development
3. A high wage bill, which accounted for 40.8 per cent of the total expenditure in the FY 2019/20 thus constraining funding to other programmes.
4. Low own-sourced revenue collection at Kshs.60.42 million against annual projection of Kshs.150 million. The realised own source revenue represented 40.3 per cent of its annual target.
5. High pending bills which amounted to Kshs.1.83 billion as at June 30, 2020.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County should identify and address issues causing delays in the implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
4. The County should develop and implement strategies to enhance performance in own source revenue so as to ensure the approved budget is fully financed.
5. The County Treasury should ensure finalized but unsettled, and ongoing works/contracts are included

3.48 County Government of West Pokot

3.48.1 Overview of FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.6.42 billion, comprising of Kshs.2.03 billion (31.6 per cent) and Kshs.4.39 billion (68.4 per cent) allocations for Development and Recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5 billion (77.9 per cent) being equitable share of revenue raised nationally, Kshs.799.94 million (12.5 per cent) as total Conditional Grants, generate Kshs.130.32 million (2 per cent) from own sources of revenue, Kshs.20 million (0.3 per cent) as A.I.A. from the Department of Health, and the cash balance of Kshs.468.10 million (7.3 per cent) from FY 2018/19.

3.48.2 Revenue Performance

During FY 2019/20, the County received Kshs.4.57 billion as equitable share of the revenue raised nationally, Kshs.437.60 million as total Conditional Grants, raised Kshs.65.20 million as own-source revenue, Kshs.41.76 million as Appropriation in Aid and had a cash balance of Kshs.468.10 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.7 billion as shown in Table 3-231.

Table 3-231: West Pokot County, Revenue Performance in FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs.)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,000,700,000	5,000,700,000	4,570,639,800	91.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	12,128,484	12,128,484	12,128,484	100.0
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	141,948,188	160,456,368	141,948,188	88.5
4.	Rehabilitation of Village Polytechnics	17,313,298	39,399,992	17,313,298	43.9
	Sub Total	303,304,864	211,984,844	171,389,970	80.9
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	50,237,032	35,000,000	69.5
2.	IDA (WB) Credit Kenya Climate Smart Agriculture Project (KCSAP)	117,291,410	128,924,499	114,651,659	88.9
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	58,070,195	30,000,000	51.7
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	73,392,300	112,786,906	52,493,020.20	46.5
5.	DANIDA Grant	14,718,750	14,718,750	14,718,750	100.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,586,308	26,629,462	10,543,154	39.6
7.	EU-Water Tower Protection and Climate Mitigation and Adaptation Programme (waTER)	80,000,000	125,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	8,800,000	17.6
	Sub Total	399,283,864	587,951,940	266,206,584	45.3
D	Other Sources of Revenue				
1.	Own Source Revenue	-	130,320,184	65,201,122	50.0
2.	Balance b/f from FY 2018/19	-	468,100,331	468,100,331	100
3.	Other Revenues (COVID-19 Grant)	-	2,744,800	114,400,000	4,167.9

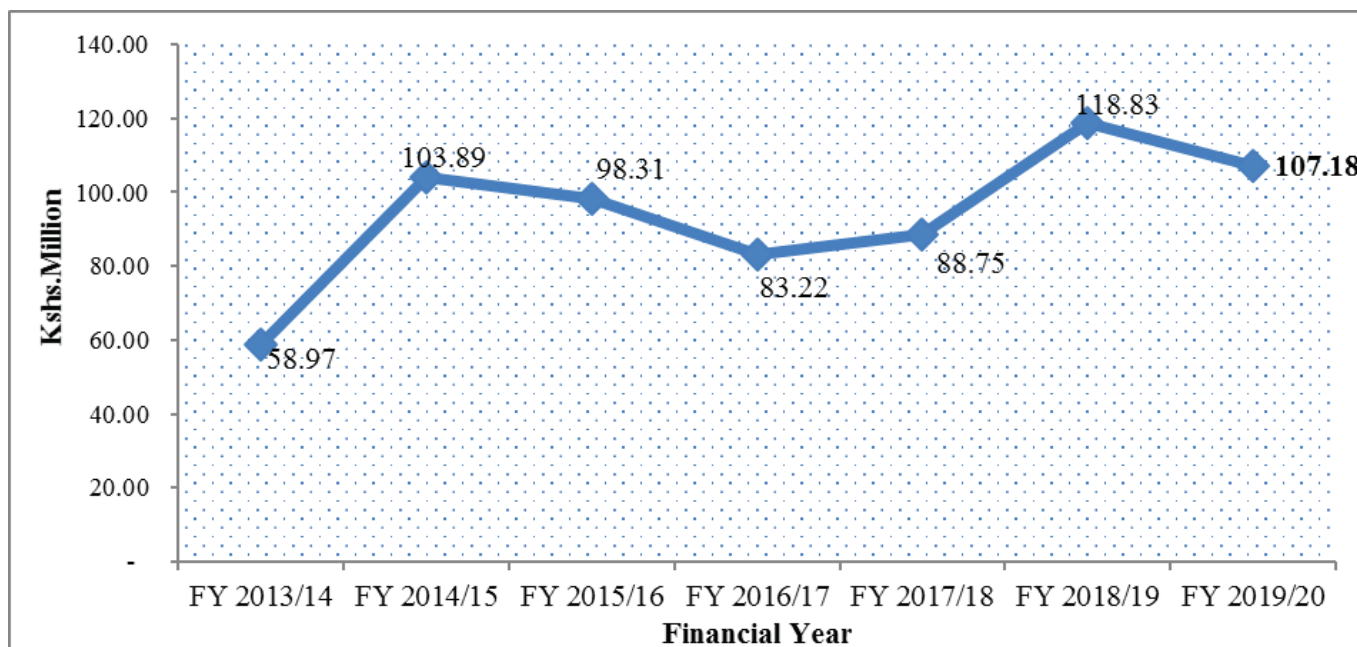
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs.)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	A-I-A	-	20,000,000	41,755,000	208.8
	Sub Total	-	621,165,315	689,456,453	111.0
	Grand Total	5,703,288,728	6,421,802,099	5,697,692,807	88.7

Source: West Pokot County Treasury

The County received Kshs.114.40 million from the National Government grant towards the COVID-19 pandemic against the Budgeted amount of Kshs.2.74 million. This grant was not contained in CARA, 2019.

The annual trend in own-source revenue collection from FY 2013/14 to FY 2019/20 is shown in Figure 3-94.

Figure 3-94: Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2019/20



Source: West Pokot County Treasury

During FY 2019/20, the County generated a total of Kshs.107.18 million as own source revenue including Appropriation in Aid of Kshs.41.76 million. This amount represented a decrease of 9.8 per cent when compared to Kshs.118.83 million realised in FY 2018/19, and represented 71.3 per cent of the annual target.

3.48.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.22 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.05 billion (20 per cent) for Development programmes and Kshs.4.18 billion (80 per cent) for Recurrent programmes.

3.48.4 Overall Expenditure Review

A total of Kshs.5.35 billion was spent on Development and Recurrent programmes and represented 101.5 per cent of the total funds released from the CRF account. Expenditure by the County was above the exchequer received which suggests usage of revenue at source. The expenditure comprised of Kshs.1.10 billion and Kshs.4.25 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 54.4 per cent while that incurred on recurrent programmes represented an absorption rate of 96.7 per cent.

3.48.5 Pending Bills

The County did not provide data on pending bills as at June 30, 2020.

3.48.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicated that Kshs.2.67 billion was spent on Compensation to Employees, Kshs.1.58 billion on Operations and Maintenance, and Kshs.1.10 billion on Development expenditure.

Table 3-232: Summary of FY 2019/20 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,393,042,081	4,175,777,503	4,247,976,184	79.4	96.7
Compensation to Employees	2,479,096,358	2,678,594,730	2,668,406,056	49.9	107.6
Operations and Maintenance	1,913,945,723	1,497,182,773	1,579,570,128	29.5	82.5
Total Development Expenditure	2,028,760,018	1,046,378,757	1,103,205,262	20.6	54.4
Development Expenditure	2,028,760,018	1,046,378,757	1,103,205,262	20.6	54.4
Total	6,421,802,099	5,222,156,260	5,351,181,446	100.0	83.3

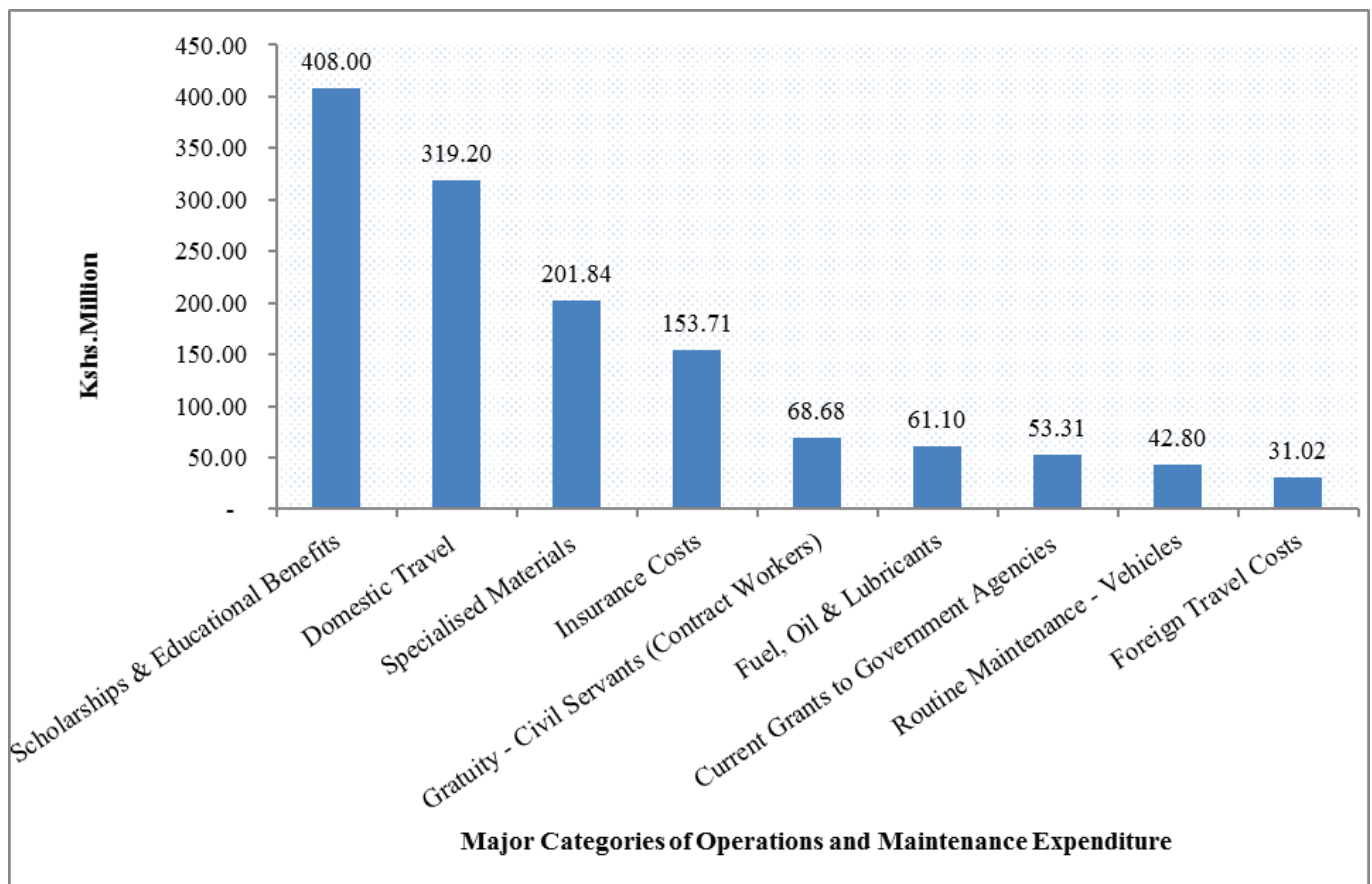
Source: West Pokot County Treasury

Expenditure on Compensation to Employees was 49.9 per cent of the total expenditure for the financial year and represented an increase of 14.2 per cent compared to FY 2018/19 when the County spent Kshs.2.34 billion.

3.48.7 Analysis of Operations and Maintenance Expenditure

Figure 3-95 shows a summary of Operations and Maintenance expenditure by major categories.

Figure 3-95: West Pokot County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: West Pokot County Treasury

The County spent Kshs.19.54 million on Committee Sitting Allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.21.79 million. The average monthly sitting allowance was Kshs.47,887 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on Domestic Travel amounted to Kshs.319.20 million and comprised of Kshs.139.55 million spent by the County Assembly and Kshs.179.64 million by the County Executive. Expenditure on Foreign Travel amounted to Kshs.31.02 million and comprised of Kshs.19.70 million spent by the County Assembly and Kshs.11.32 million by the County Executive.

3.48.8 Development Expenditure Analysis

The Development expenditure of Kshs.1.10 billion represented 54.4 per cent of the annual development budget of Kshs.2.03 billion and represented a decrease of 32.1 per cent compared to FY 2018/19 when the County spent Kshs.1.62 billion. Table 3-233 provides a summary of development projects with the highest expenditure in the financial year.

Table 3-233: West Pokot County, List of Development Projects with the Highest Expenditure in FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of New County Assembly Chambers	Kapenguria	105,815,273	58,154,338	55.0
2	Completion of County Treasury-Pending Bill Purchase of Certified seeds (Maize, Onions, Green grams, Millet, Sorghum)	All Wards	62,474,197	25,997,400	41.6
3	Purchase of New Revenue system	Kapenguria	6,500,000	25,200,000	387.7
4	Construction of Governors Office Complex	Kapenguria	22,000,000	22,568,255	102.6
5	Completion of County Treasury-Pending Bill	Kapenguria	9,147,232	9,147,232	100.0
6	Completion of Cottages	Kapenguria	8,500,000	8,500,000	100.0
7	Chepkoghin-Sostin-Mbara- Kaporo Road	Sekerr	8,000,000	7,555,312	94.4
8	Wakor-Kokwotendwo- Nyarpat Road	Weiwei	8,000,000	7,002,920	87.5
9	Kasei-Apeta-Kowur-Ombolion	Kasei	7,000,000	7,000,389	100.0
10	Ortum-Sobukwo-Embough-Sapai-Kriich-Reres	Batei	8,000,000	6,750,504	84.4

Source: West Pokot County Treasury

The County spent Kshs.25.2 million on Purchase of Revenue System compared with a budget allocation of Kshs.6.5 million. This is irregular is an indication of a weak internal control practice by the County Treasury.

3.48.9 Budget Performance by Department

Table 3-234 shows a summary of the approved budget allocation and performance by Department in the FY 2019/20.

Table 3-234: West Pokot County, Budget Performance by Department for FY 2019/20

Department	Budget Allocation (Kshs.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	454.26	22.95	443.15	12.53	449.02	23.52	101.3	187.7	98.8	102.5
Finance and Economic Planning	280.99	25.46	241.54	22.44	249.89	22.46	103.5	100.1	88.9	88.2
Public Works , Transport and Infrastructure	75.27	342.66	71.63	273.67	72.46	244.6	101.2	89.4	96.3	71.4
Health, Sanitation and Emergencies	1503.53	245.45	1482.37	180.32	1469.18	134.26	99.1	74.5	97.7	54.7
Education and Technical Training	721.35	232.33	679.06	42.6	709.49	72.16	104.5	169.4	98.4	31.1
Agriculture and Irrigation	110.29	230.11	107.55	189.65	106.06	218.6	98.6	115.3	96.2	95.0
Pastoral Economy	114.92	126.62	112.39	65.24	113.02	89.77	100.6	137.6	98.3	70.9
Trade, Industrialization, Investment and Cooperative Development	91.11	66.06	60.29	22.64	85.69	29.34	142.1	129.6	94.1	44.4
Land, Housing ,Physical Planning and Urban Development	85.49	187.07	74.8	109.66	81.1	84.66	108.4	77.2	94.9	45.3
Water Development, Environment and Natural Resources	72.26	349.46	67.01	53.2	64.53	84.75	96.3	159.3	89.3	24.3

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
Youths, Sports, Tourism, Gender and Social services	53.84	68.94	37.7	12.19	45.15	21.85	119.8	179.2	83.9	31.7
Public Service ,ICT and Decentralized Units	190.67	24.44	185.27	2.7	190.12	17.7	102.6	655.6	99.7	72.4
Special Programmes and Directorates	40.42	1.4	37.5	1.4	36.72	1.4	97.9	100.0	90.8	100.0
County Assembly	598.67	105.82	565.83	58.15	575.53	58.15	101.7	100.0	96.1	55.0
Total	4,393.04	2,028.76	4,166.07	1,046.38	4,247.98	1,103.21	102.0	105.4	96.7	54.4

Source: West Pokot County Treasury

Analysis of expenditure by department shows that the County Executive recorded the highest absorption rate of development budget at 102.5 per cent while the Department of Water Development, Environment and Natural Resources reported the lowest at 24.3 per cent. The Department of Public Service, ICT and Decentralized Units had the highest percentage of recurrent expenditure to recurrent budget at 99.7 per cent while the Department of Youths, Sports, Tourism, Gender and Social Services had the lowest at 83.9 per cent.

3.48.10 Budget Execution by Programmes and Sub-Programmes

Table 3-235 shows a summary of the budget execution by programmes and sub-programmes in FY 2019/20.

Table 3-235 : West Pokot County, Budget Execution by Programmes and Sub-programmes in FY 2019/20

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Department County Executive				
SP 1 - (General Administration ,planning and Support Services)	415,505,293	411,925,589	3,579,704	99.1
SP 2 -(County Executive affairs)	31,941,399	31,773,173	168,226	99.5
SP 3 -(County Public service Board	5,591,520	4,802,454	789,066	85.9
SP 4 -(Field Administration service)	12,237,682	12,198,330	39,352	99.7
SP 5-(Liaison and Intergovernmental service)	11,933,852	11,842,028	91,824	99.2
Sub total	477,209,746	472,541,574	4,668,172	99.0
Department Finance and Economic Planning				
SP 1(General Administration ,planning and Support Services	205,842,706	201,382,599	4,460,107	97.8
SP 2-(Treasury Accounting Services)	2,773,440	2,771,287	2,153	99.9
SP 3-(Supply Chain Management services)	3,097,816	3,095,517	2,299	99.9
SP 4-(Resource Mobilization)	7,967,000	7,838,171	128,829	98.4
SP 5-(Internal Audit services)	4,033,600	4,031,034	2,566	99.9
SP 6-(Budget Formulation services)	15,932,480	15,930,352	2,128	100.0
SP 7-(Economic Planning)	64,001,728	34,504,862	29,496,866	53.9
SP 8-(Project Management	-	-	-	-
SP 9-(Monitoring and Evaluation)	2,798,000	2,795,727	2,273	99.9
Sub total	306,446,770	272,349,549	34,097,221	88.9
Department Public Works , Transport and Infrastructure				
SP 1(General Administration ,planning and Support Services	68,664,580	67,017,457	1,647,123	97.6
SP 2(Road Transport)	190,034,388	135,322,219	54,712,169	71.2
SP 3(Public Works)	15,906,546	13,695,351	2,211,195	86.1
SP 4(Vehicle Maintenance Unit)	-	-	-	-
SP 5-(Ward Specific Projects)	143,323,537	101,023,590	42,299,947	70.5
Sub total	417,929,051	317,058,617	100,870,434	75.9
Department Health, Sanitation and Emergencies				
SP 1(General Administration ,planning and Support Services	1,278,761,133	1,264,893,236	13,867,897	98.9
SP 2-(Preventive Health Services)	102,668,287	96,652,941	6,015,346	94.1
SP 3-(Kapenguria Referral Hospital)	171,762,694	138,634,476	33,128,218	80.7

Sub- Programme	Approved (Kshs)	Budget	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
SP 4-(Kacheliba Sub county hospital)	16,584,561		15,617,041	967,520	94.2
SP 5-(Sigor Sub county hospital)	16,204,696		14,803,478	1,401,218	91.4
SP 6-(Chepareria Sub county hospital)	20,188,527		19,494,530	693,997	96.6
SP 7(Sanitation)	-		-	-	-
SP 8(Ward Specific)	142,807,368		53,344,096	89,463,272	37.4
Sub total	1,748,977,266		1,603,439,798	145,537,468	91.7
Department Education and Technical training					
SP 1(General Administration ,planning and Support Services)	349,755,124		312,548,380	37,206,744	89.4
SP 2 -(ECD Services)	25,192,510		14,768,578	10,423,932	58.6
SP 3-(Youth Vocational training)	40,775,680		38,067,778	2,707,902	93.4
SP 4-(Bursary Fund)	410,000,000		410,000,000	-	100.0
SP 5 - (Ward specific)	127,957,953		6,270,374	121,687,579	4.9
Sub total	953,681,267		781,655,110	172,026,157	82.0
Department Agriculture and Irrigation					
SP 1-(General Administration, Planning and Support Services)	102,639,563		98,451,292	4,188,271	95.9
SP 2-(Crop Development and Management)	224,012,776		214,589,373	9,423,403	95.8
SP 3-(Cash Crop Production(Special Programs)	1,042,000		1,010,990	31,010	97.0
SP 4 -(Ward specific)	12,699,300		10,613,309	2,085,991	83.6
Sub total	340,393,639		324,664,964	15,728,675	95.4
Department Pastoral Economy					
SP 1-(General Administration, Planning and Support Services)	95,674,727		93,936,110	1,738,617	98.2
SP 2 - (Livestock production and Range Management)	56,911,901		49,359,936	7,551,965	86.7
SP 3-(Livestock Disease management)	9,747,892		9,689,291	58,601	99.4
SP 4-(Fisheries Development)	1,477,600		1,471,000	6,600	99.6
SP 5-(Nasukuta Livestock Improvement Centre)	22,287,096		743,470	21,543,626	3.3
SP 6 -(Ward specific)	34,847,058		26,991,896	7,855,162	77.5
SP 7 -(Dairy Development(Special Programmes)	20,600,000		20,595,866	4,134	100.0
Sub total	241,546,274		202,787,569	38,758,705	84.0
Department Trade, Industrialization, Investment and Cooperative Development					
SP 1-(General Administration, Planning and Support Services)	57,155,155		55,817,355	1,337,800	97.7
SP 2-(Cooperative Development)	62,378,644		35,990,023	26,388,621	57.7
SP 3 - (Trade, License and Market Development)	2,688,800		2,377,411	311,389	88.4
SP 5 - (Trade Licensing and Markets)	13,278,414		13,344,820	(66,406)	100.5
SP 4-(Ward specific)	21,660,089		7,495,705	14,164,384	34.6
Sub total	157,161,102		115,025,314	42,135,788	73.2
Department Land, Housing ,Physical Planning and Urban Development					
SP 1-(General Administration, Planning and Support Services)	57,994,670		57,246,797	747,873	98.7
SP 2 -(Land Policy and Physical Planning)	1,348,800		1,225,300	123,500	90.8
SP 3-(Housing Development)	912,000		879,150	32,850	96.4
SP 4-(Urban Development)	19,684,636		1,946,839	17,737,797	9.9
SP 5-(Kapenguria Municipality)	186,705,609		101,354,190	85,351,419	54.3
SP 6-(Ward specific)	5,908,751		3,107,649	2,801,102	52.6
Sub total	272,554,466		165,759,925	106,794,541	60.8
Department Water development, Environment and Natural Resources					
SP 1-(General Administration, Planning and Support Services)	52,035,428		50,329,564	1,705,864	96.7
SP 2 -(Water Supply Services)	122,262,800		50,735,090	71,527,710	41.5

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
SP 3 -(Environment & Natural Resource Development)	132,204,800	3,934,639	128,270,161	3.0
SP 4 -(Ward Specific)	115,213,808	44,282,743	70,931,065	38.4
Sub total	421,716,836	149,282,036	272,434,800	35.4
Department Youths, Sports, Tourism, Gender and Social services				
SP 1-(General Administration, Planning and Support Services)	37,935,855	32,240,488	5,695,367	85.0
SP 2-(Tourism Development)	4,743,213	4,234,955	508,258	89.3
SP 3-(Gender, Youths and sports Development)	65,892,090	25,274,222	40,617,868	38.4
SP 4(Culture and Social Development)	4,929,719	3,441,760	1,487,959	69.8
SP 5-(Ward Specific)	9,274,200	1,800,000	7,474,200	19.4
Sub total	122,775,077	66,991,425	55,783,652	54.6
Department Public Service ,ICT and Decentralized Units				
SP 1-(General Administration, Planning and Support Services)	209,147,008	202,009,076	7,137,932	96.6
SP 2-(Human Resource)	1,208,000	1,206,319	1,681	99.9
SP 3-(Legal Services)	2,036,000	2,035,425	575	100.0
SP 4 - (Records Management)	384,000	380,323	3,677	99.0
SP 5- (Communication Services)	720,000	717,794	2,206	99.7
SP 6 - (ICT Infrastructure Connectivity)	1,616,422	1,474,288	142,134	91.2
Sub total	215,111,430	207,823,225	7,288,205	96.6
Department Special programmes and Directorates				
SP 1-(General Administration, Planning and Support Services)	19,041,867	19,041,865	2	100.0
SP 2 -(Dairy Development)	-	-	-	-
SP 3-(Cash crop production)	-	-	-	-
SP 4-(Investment and Cooperative development)	575,900	545,900	30,000	94.8
SP 5 - (Emergency and disaster response)	6,391,000	6,389,500	1,500	100.0
SP 6 -(Peace building and reconciliation)	5,818,000	5,154,946	663,054	88.6
SP 7- (Resource mobilization and Coordination)	1,350,000	1,350,000	-	100.0
SP 8(Gender and special needs)	8,640,000	5,633,515	3,006,485	65.2
Sub total	41,816,767	38,115,726	3,701,041	91.1
Department County Assembly				
SP 1-(General Administration, Planning and Support Services)	505,357,612	437,366,095	67,991,517	86.5
SP 2 -(Legislation and Representation)	160,890,796	159,306,523	1,584,273	99.0
SP 3-(Staff Affairs and development)	38,234,000	37,014,000	1,220,000	96.8
Sub total	704,482,408	633,686,618	70,795,790	90.0
Grand Total	6,421,802,099	5,351,181,450	1,070,620,649	83.3

Source: West Pokot County Treasury

Based on expenditure absorption rate as shown in Table 3-235 , the programs with the highest absorption rates were: Budget Formulation Services, Bursary Fund, Dairy Development, Trade Licensing and Markets, Legal Services General Administration, Planning and Support Services, Resource mobilization and Coordination at 100 per cent respectively.

3.48.11 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. Further, the report by the County Treasury did not contain information on pending bills as of 30th June, 2020.
2. A high wage bill, which accounted for 49.9 per cent of the total expenditure in FY 2019/20 thus constraining funding to other programmes.
3. Under performance in own-source revenue collection at Kshs.107.18 million against annual projection of Kshs.150.32 million. The realised own source revenue represented 71.3 per cent of its annual target.

4. Use of revenue at source and weak budgeting practice by the County Treasury which resulted in expenditure exceeding approved budget allocations as shown in Table 3-233 and Table 3-234.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012. Further, the County should regularly reconcile the pending bills for ease of reporting as required under the law.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should develop and implement strategies to enhance own source revenue collection so as to ensure the approved budget is fully financed.*
4. *The County Treasury should ensure compliance with laws governing budgetary controls to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*

4.0 Introduction

This section highlights the cross-cutting issues that affected budget implementation in the FY 2019/20 and makes appropriate recommendations aimed at addressing the challenges in order to enhance effective budget execution. The cross-cutting challenges included:

4.1 High Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

On aggregate, county governments spent Kshs.171.83 billion on Personnel Emoluments (PE), which accounted for 44.8 per cent of the total expenditure for the period and an increase from Kshs.162.77 billion incurred in FY 2018/19 when expenditure on Personnel Emoluments translated to 43.2 per cent of the total expenditure. Expenditure on personal emoluments represented 41.7 per cent of total available revenue of Kshs.411.96 billion. Analysis of percentage of personal emoluments to available revenue for each county is provided in annex 1. Only eleven Counties, namely; Mandera, Kwale, Nakuru, Lamu, Narok, Tana River, Uasin Gishu, Kilifi, Nyandarua, Marsabit and Kericho reported Personnel Emoluments expenditure that was within the maximum allowed limit of 35 per cent of their total revenue in FY 2019/20.

County Governments should ensure that expenditure on Personnel Emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

4.2 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to impose by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.35.77 billion, which was 65.2 per cent of the annual target of Kshs.54.9 billion. This was a decrease compared to Kshs.40.30 billion generated in FY 2018/19. This under-performance of own-source revenue collection was, partly, as a result of economic disruptions occasioned by actions taken by the government to contain the spread of the COVID-19 Pandemic which impacted all sectors of the economy.

For the future, the OCOB recommends that counties develop and implement measures to enhance own- source revenue collection in order to ensure the budget is fully financed. Such measures should include automating the revenue collection to enhance efficiency.

4.3 Low Expenditures on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012 provides that over the medium term, a minimum of thirty per cent of the County Governments budget shall be spent on Development Expenditure.

During the reporting period, County Governments incurred expenditures of Kshs.104.51 billion representing an absorption rate of 55.6 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.187.98 billion. This performance was a decline from an absorption rate of 57.8 per cent, reported in FY 2018/19 when development expenditure was Kshs.107.44 billion.

The OCOB recommends that counties prioritize implementation of development projects in order to improve the standard of living for their citizens.

4.4 Delays in the Submission of Financial Reports to the Controller of Budget

County Governments are required to prepare and submit financial reports in line with Section 166(4) and Section 168 (3) of the PFM Act, 2012 not later than one month after the end of each quarter.

During the reporting period, the OCOB noted delays in submission of annual financial reports by County Treasuries which led to late preparation of this County Budget Implementation Review Report. The delay was attributed to late disbursement of the Equitable Share of revenue by the National Treasury which occasioned extension of the cut-off date of the financial year.

The OCOB recommends that County Treasuries ensure timely preparation and submission of financial reports in line with the Law. Further, the National Treasury to ensure timely release of equitable share of revenue raised nationally so as not to affect the year end financial procedures.

4.5 High Level of Pending Bills

As at 30th June 2020, County Governments reported pending bills stood at Kshs.113.85 billion. The reported pending bills exclude Isiolo, Kirinyaga, Marsabit, Mombasa and West Pokot Counties that failed to submit pending bills reports to OCOB.

From analysis of the reports received from County Governments, pending bills may be attributed to delay in release of exchequer issues by the National Treasury and under-performance of own source revenue collection, among other reasons. The National Treasury disbursed Kshs.286.78 billion during the year against the equitable share of revenue of Kshs.316.5 billion as per CARA, 2019. The balance of the equitable share of about Ksh.26 billion, was disbursed on 5th August, 2020.

We recommend that County Governments should ensure pending bills are prioritized as a first charge in the budget implementation cycle for the FY 2020/21 before embarking on new financial commitments.

4.6 Use of Own- Source Revenue and Weak Budgetary Control

Article 207 (1) of the Constitution states that all money raised or received by or on behalf of the County Government shall be paid into the County Revenue Fund (CRF) Account, unless reasonably excluded by an Act of Parliament. Article 207(2)(b) of the Constitution requires that money can only be withdrawn from the County Revenue Fund (CRF) through an appropriation by legislation. Further, Section 109 of the Public Finance Management (PFM) Act, 2012 requires that the basis for withdrawal of funds is an Appropriation Act, a Supplementary Appropriation Act or a Vote on Account. The OCOB has issued Exchequer Requisition Guidelines for County Governments to guide the process through OCOB Circular No.8 of 2020 dated 23rd July, 2020.

Despite the above legal requirements, the OCOB noted instances where Counties incurred expenditure above approved budget allocations and approved exchequer issues. This is an indication of weak budgetary controls, failure to refund unspent funds to the CRF at the close of the financial year as required by Section 136(2) of the PFM Act, 2012, and/or use of revenue at source. The Counties where such weakness were observed were; Baringo, Bomet, Bungoma, Embu, Kakamega, Kilifi, Kitui, Kericho, Kwale, Laikipia, Machakos, Migori, Mombasa, Nakuru, Narok, Trans Nzoia, Turkana, Vihiga and West Pokot.

The OCOB recommends that County Governments should enhance vote book and budgetary controls to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF in line with the law.

4.7 Utilisation of COVID-19 Funds in the FY 2019/20

The National Government disbursed Kshs.5 billion for COVID -19 responses to the various County Revenue Fund Accounts on 4th June 2020 through the Ministry of Health and Kshs.2.36 billion on 6th July 2020 being allowances for Frontline Health Care Workers dealing with COVID-19 pandemic while Kshs.350 million was received from DANIDA on 30th June 2020 for the interventions. In addition, County Governments allocated a total of Kshs.5.39 billion to mitigate the effects of COVID-19 pandemic from their internal revenue sources.

Cumulatively, Kshs.13.1 billion was available to County Governments for COVID-19 interventions while reported expenditure was Kshs.3.43 billion and translated to an absorption rate of 26.1 per cent.

The OCOB notes that the timing of the funds release was very close to the end of the FY 2019/20 and several County Governments did not, therefore, prepare budgets for the utilization of the COVID-19 grants. It is therefore recommended that County Governments should ensure the COVID-19 grants are factored in the FY 2020/21 budget estimates to facilitate utilization of these funds in line with the guidelines by the Ministry of Health and DANIDA. Further, the Office of the Auditor General should conduct a special audit on the utilization of COVID-19 Funds to give an assurance on value for money and whether the funds were utilized as required by law.

5 CONCLUSION

This report provides information on budget implementation by County Governments in the FY 2019/20.

The aggregate budget estimates for the 47 County governments in FY 2019/20 amounted to Kshs.499.62 billion and comprised of Kshs.187.98 billion (37.6 per cent) allocated to Development Expenditure and Kshs.311.63 billion (62.4 per cent) for Recurrent Expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of budget must be allocated for development programs.

During the reporting period, County Governments spent Kshs.389.79 billion which translates to an overall absorption of 76.8 per cent which was a decline from 77.9 per cent attained in FY 2018/19 where total expenditure was Kshs.376.43 billion. A total of Kshs.279.27 billion was spent on recurrent expenditure and Kshs.104.51 billion on development activities. Development Expenditure represented an absorption rate of 55.6 per cent, and was 27.2 per cent of total expenditure in the reporting period.

The report has identified challenges which hampered effective budget execution during the reporting period. They included; high expenditure on Personnel Emoluments which amounted to Kshs.171.83 billion and represented 44.8 per cent of total expenditure in FY 2019/20, under-performance of own source revenue collection which represented 65.2 per cent of annual target, low Expenditure on the development programmes which represented an absorption rate of 55.6 per cent of the annual development budget, delays in submission of financial reports to the OCOB by County Treasuries, high level of pending Bills which amounted to Kshs.113.85 billion as of 30th June, 2020, Weak budgetary controls and use of own revenue at source before banking in the CRF, and slow utilization of COVID-19 Funds by County Governments. The report has provided appropriate recommendations on how to address these challenges in order to enhance smooth execution of the budget in the future. The office encourages all oversight institutions and officers in the County Governments to ensure implementation of these recommendations.

ANNEXES

ANNEX I: Analysis of Percentage of Personal Emoluments to Available Revenue for each County

County	Available Revenue in FY 2019/20 (Kshs. Million)					Total Expenditure by County Governments in FY 2019/20 (Kshs. Million)					Percentage of Personnel Emoluments to Total Expenditure (%) $K=F/J*100$	Percentage of Total Emoluments to Total Available Revenue (%) $L=F/E*100$
	Equitable Share	Own Source Revenue	Cash Balance from FY 2018/19	Conditional Grants	Total Available Revenue $E=A+B+C+D$	Personnel Emoluments	Operation and Maintenance	Total Recurrent Expenditure $H=F+G$	Development Expenditure	Total Expenditure $J=H+I$		
	A	B	C	D	E=A+B+C+D	F	G	H=F+G	I	J=H+I	K=F/J*100	L=F/E*100
Baringo	4,657.42	301.66	1,422.54	414.27	6,796	3,241.99	1,351.60	4,593.59	1,730.08	6,324	51.3	47.7
Bomet	5,033.49	201.51	707.27	563.19	6,505	2,636.58	1,868.58	4,505.16	1,707.43	6,213	42.4	40.5
Bungoma	8,128.80	777.46	1,215.28	1,004.32	11,126	4,905.80	3,255.62	8,161.42	2,654.44	10,816	45.4	44.1
Busia	5,496.34	225.83	1,775.20	587.07	8,084	3,119.05	1,941.80	5,060.86	1,690.39	6,751	46.2	38.6
Elgeyo/Marakwet	3,529.23	131.10	568.31	405.15	4,634	2,438.47	798.04	3,236.51	1,106.74	4,343	56.1	52.6
Embu	3,934.22	509.65	370.55	864.99	5,679	3,026.94	1,050.80	4,077.74	1,085.73	5,163	58.6	53.3
Garissa	6,422.04	109.92	1,022.38	1,112.65	8,667	4,533.00	1,837.06	6,370.06	2,015.26	8,385	54.1	52.3
Homa Bay	6,161.69	274.60	1,054.45	641.79	8,133	3,368.95	1,625.11	4,994.06	2,194.20	7,188	46.9	41.4
Isiolo	3,876.37	122.08	140.50	454.73	4,594	1,740.33	1,388.58	3,128.91	1,923.38	5,052	34.4	37.9
Kajiado	5,872.40	616.80	1,200.00	743.81	8,433	3,052.19	2,318.15	5,370.33	1,859.24	7,230	42.2	36.2
Kakamega	9,517.34	1,180.81	520.72	1,358.97	12,578	5,138.94	2,461.21	7,600.15	4,924.45	12,525	41.0	40.9
Kericho	4,917.78	473.73	1,670.73	642.63	7,705	2,724.76	2,003.70	4,728.46	1,771.43	6,500	41.9	35.4
Kiambu	8,620.57	2,466.26	1,194.75	2,633.16	14,915	7,191.68	3,371.63	10,563.32	4,411.33	14,975	48.0	48.2
Kilifi	9,546.27	788.78	889.13	1,069.08	12,293	4,129.38	3,523.77	7,653.15	3,671.47	11,325	36.5	33.6
Kirinyaga	3,876.37	374.74	662.04	497.89	5,411	2,364.69	1,255.96	3,620.65	1,149.07	4,770	49.6	43.7
Kisii	7,116.31	333.15	1,217.49	1,177.93	9,845	4,911.56	1,989.05	6,900.61	2,543.62	9,444	52.0	49.9
Kisumu	6,248.47	804.35	1,524.08	1,386.97	9,964	4,544.51	2,196.32	6,740.83	2,379.77	9,121	49.8	45.6
Kitui	8,070.94	408.29	526.21	958.93	9,964	4,653.20	2,439.03	7,092.24	2,918.84	10,011	46.5	46.7
Kwale	7,116.31	254.45	2,484.29	834.97	10,690	2,981.28	2,413.16	5,394.43	3,505.08	8,900	33.5	27.9
Laikipia	3,818.51	727.96	55.55	389.04	4,991	2,674.30	1,704.65	4,378.95	1,024.66	5,404	49.5	53.6
Lamu	2,372.10	108.91	1,463.67	353.67	4,298	1,340.10	868.78	2,208.88	843.61	3,052	43.9	31.2
Machakos	7,087.38	1,376.17	1,444.95	1,722.93	11,631	5,598.31	1,905.31	7,503.62	1,958.24	9,462	59.2	48.1
Makueni	6,769.18	644.48	735.00	783.09	8,932	3,720.25	2,234.37	5,954.62	2,648.69	8,603	43.2	41.7

County	Available Revenue in FY 2019/20 (Kshs.Million)					Total Expenditure by County Governments in FY 2019/20 (Kshs.Million)						Percentage of Personnel Emoluments to Total Expenditure (%)	Percentage of Total Emoluments to Total Available Revenue (%)
	Equitable Share	Own Source Revenue	Cash Balance from FY 2018/19	Conditional Grants	Total Available Revenue	Personnel Emoluments	Operation and Maintenance	Total Recurrent Expenditure	Development Expenditure	Total Expenditure	K=F/J*100		
	A	B	C	D	E=A+B+C+D	F	G	H=F+G	I	J=H+I			
Mandera	9,343.78	124.96	1,374.72	760.09	11,604	3,009.06	3,526.48	6,535.53	5,014.79	11,550	26.1	25.9	
Marsabit	6,190.61	126.71	658.36	497.88	7,474	2,533.72	1,471.21	4,004.93	3,161.42	7,166	35.4	33.9	
Meru	7,347.74	383.30	311.80	1,049.69	9,093	4,950.62	2,340.94	7,291.56	2,170.58	9,462	52.3	54.4	
Migori	6,190.61	305.69	804.04	967.03	8,267	3,045.96	1,891.36	4,937.32	1,662.82	6,600	46.1	36.8	
Mombasa	7,057.95	3,260.01	-	982.14	11,300	4,935.73	2,710.17	7,645.90	3,149.57	10,795	45.7	43.7	
Murang'a	5,756.69	580.30	525.00	677.04	7,539	3,558.57	1,047.56	4,606.13	2,804.47	7,411	48.0	47.2	
Nairobi City	11,446.44	8,715.07	2,549.43	745.44	23,456	13,243.35	8,130.14	21,373.49	1,979.95	23,353	56.7	56.5	
Nakuru	9,575.20	2,551.21	5,677.41	1,832.98	19,637	5,718.54	4,250.53	9,969.07	4,109.73	14,079	40.6	29.1	
Nandi	4,888.85	283.19	331.84	677.62	6,181	3,597.23	1,181.65	4,778.88	1,305.21	6,084	59.1	58.2	
Narok	7,347.74	2,345.48	346.16	669.03	10,708	3,413.82	4,293.51	7,707.33	2,924.04	10,631	32.1	31.9	
Nyamira	4,397.07	185.57	1,154.68	533.06	6,270	2,944.65	1,624.32	4,568.97	1,203.21	5,772	51.0	47.0	
Nyandarua	4,454.93	379.48	980.23	483.30	6,298	2,117.95	2,561.23	4,679.18	1,893.61	6,573	32.2	33.6	
Nyeri	4,946.71	664.86	1,055.07	1,029.39	7,696	3,777.88	1,957.56	5,735.44	1,646.21	7,382	51.2	49.1	
Samburu	4,223.50	215.67	458.67	440.04	5,338	2,125.47	1,991.21	4,116.68	947.40	5,064	42.0	39.8	
Siaya	5,293.84	179.43	1,599.83	479.65	7,553	2,751.19	1,996.49	4,747.68	2,122.80	6,870	40.0	36.4	
Taita/Taveta	3,876.37	296.04	0.08	478.95	4,651	2,085.92	1,548.55	3,634.47	805.53	4,440	47.0	44.8	
Tana River	5,351.70	64.47	1,406.68	451.31	7,274	2,331.66	4,330.27	6,661.93	1,497.42	8,159	28.6	32.1	
Tharaka - Nithi	3,587.08	270.15	46.80	434.07	4,338	1,984.19	1,113.01	3,097.21	1,116.27	4,213	47.1	45.7	
Trans Nzoia	5,264.91	356.08	307.97	780.91	6,710	2,683.30	1,440.14	4,123.44	2,194.79	6,318	42.5	40.0	
Turkana	9,633.06	176.23	2,398.67	815.00	13,023	4,630.32	5,210.28	9,840.61	2,511.09	12,352	37.5	35.6	
Uasin Gishu	5,785.62	779.33	2,866.24	959.43	10,391	3,476.60	1,947.82	5,424.42	2,675.35	8,100	42.9	33.5	
Vihiga	4,252.43	148.20	422.09	713.46	5,536	2,288.98	1,287.17	3,576.15	1,310.27	4,886	46.8	41.3	
Wajir	7,810.59	60.42	1,625.62	680.01	10,177	3,919.08	2,211.25	6,130.32	3,488.08	9,618	40.7	38.5	
West Pokot	4,570.64	107.18	468.10	432.55	5,578	2,668.41	1,579.57	4,247.98	1,103.21	5,351	49.9	47.8	
Total	286,783.59	35,771.68	51,234.55	38,171.29	411,961	171,828	107,445	279,273	104,515	383,788	44.8	41.7	

Bima House, 12th Floor
Harambee Avenue
P. O. Box 35616 - 00100 Nairobi, Kenya
Tel: +254 (0) 20 318939, 2211056
Fax: +254 (0) 20 2211920
Email: cob@cob.go.ke
Website: www.cob.go.ke

