COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

REPUBLIC OF KENYA

# OFFICE OF THE CONTROLLER OF BUDGET

# COUNTY BUDGET IMPLEMENTATION REVIEW REPORT

## THIRD QUARTER
## FY 2013/2014

JUNE, 2014

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**REPUBLIC OF KENYA**

**OFFICE OF THE CONTROLLER OF BUDGET**

# COUNTY BUDGET IMPLEMENTATION REVIEW REPORT

**THIRD QUARTER**

**FY 2013/2014**

**JUNE, 2014**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# FOREWORD

Kenya has undergone numerous changes following the adoption of the new Constitution in 2010. The most significant change is the introduction of the devolved system of government, which was implemented after the March 2013 general elections. The success of devolution will largely depend on appropriate management of public resources at the County level. The new dispensation also introduced the Office of the Controller of Budget under Article 228 of the Constitution of Kenya, 2010. Its mandate is to oversee the implementation of National and County budgets, and ensure that public resources are used prudently in accordance with the law.

This is the third quarter budget implementation review report for the County Governments, and covers the period July 2013 to March 2014. The report highlights the status of budget implementation by County Governments.

During the third quarter, there has been improved performance in budget execution in most Counties. Revenue collections and expenditure have almost doubled compared to the performance in the first two quarters of the 2013/14 financial year. However, some challenges were observed in the current reporting period. These include the failure by three counties to implement development activities. This poses a major risk in budget execution given that there is only three months remaining before the end of the financial year. The office observed cases of weak financial management that if not addressed may lead to misappropriation of public resources.

The Parliament, County Assemblies, the Public and other stakeholders are encouraged to participate actively in strengthening systems at the County level by providing the necessary feedback, in order to ensure that financial resources are used effectively and efficiently. County Governments are therefore encouraged to give priority to development programs to ensure service delivery to the citizenry. The Office of the Controller of Budget will continue to publish quarterly budget implementation review reports in order to provide information to the public and other stakeholders on budget implementation progress.

**Mrs Agnes N. Odhiambo**
**CONTROLLER OF BUDGET**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# TABLE OF CONTENTS

FOREWORD ..... iii

List of Figures ..... v

List of Tables ..... vi

ACRONYMS ..... vii

EXECUTIVE SUMMARY ..... viii

1.0 INTRODUCTION ..... 1

2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION ..... 3

2.1 Revenue Analysis ..... 3

2.1.1Locally Collected Revenue ..... 3

2.1.2 Funds Released to the Counties from the Consolidated Fund ..... 4

2.1.3 Funds Released to the Counties ..... 5

2.2 Funds Released to the County Operations Accounts ..... 5

2.3 Expenditure Analysis ..... 5

2.3.1 Personnel Emoluments ..... 7

2.3.2 Operations and Maintenance ..... 7

2.4 Development Expenditure ..... 14

2.5 Expenditure on Debt Repayment and Pending Bills ..... 14

2.6Monthly Expenditure ..... 14

3.0 PERFORMANCE BY THE COUNTY GOVERNMENT ENTITIES ..... 16

3.1 County Executive Services ..... 16

3.2 Individual County Summaries ..... 20

4.0 KEY CHALLENGES AND RECOMMENDATIONS ..... 117

5.0 CONCLUSION ..... 121

6.0 ANNEXES ..... 122

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# List of Figures

Figure 1: Monthly Locally Collected Revenue - July to March, 2014 ..... 4
Figure 2: Expenditure by Economic Classification (Kshs.) ..... 6
Figure 3: Monthly Expenditure by the counties– July 2013 to March, 2014 ..... 15
Figure 4: Analysis of Total Expenditure, Baringo County ..... 21
Figure 5: Analysis of Total Expenditure, Bomet County ..... 23
Figure 6: Analysis of Expenditure on Operations and Maintenance, Bomet County ..... 23
Figure 7: Analysis of Total Expenditure, Bungoma County ..... 25
Figure 8: Analysis of Total Expenditure, Busia County ..... 27
Figure 9: Analysis of Total Expenditure, Elgeyo/Marakwet County ..... 29
Figure 10: Analysis of Total Expenditure, Embu County ..... 31
Figure 11: Analysis of Operations and Maintenance, Embu County ..... 31
Figure 12: Analysis of Total Expenditure, Garissa County ..... 33
Figure 13: Analysis of total expenditure, Homa Bay County ..... 35
Figure 14: Analysis of Total Expenditure, Isiolo County ..... 37
Figure 15: Analysis of Total Expenditure, Kajiado County ..... 39
Figure 16: Analysis of Operations and Maintenances, Kajiado County ..... 39
Figure 17: Analysis of Total Expenditure, Kakamega County ..... 41
Figure 18: Analysis of Operations and Maintenance Expenditure, Kakamega County ..... 41
Figure 19: Analysis of Total Expenditure, Kericho County ..... 43
Figure 20: Analysis of Total Expenditure, Kiambu County ..... 45
Figure 21: Analysis of Total Expenditure, Kilifi County ..... 47
Figure 22: Analysis of Operations and Maintenance, Kilifi County ..... 47
Figure 23: Analysis of Total Expenditure, Kirinyaga County ..... 49
Figure 24: Analysis of Total Expenditure, Kisii County ..... 51
Figure 25: Analysis of Operations and Maintenance, Kisii County ..... 52
Figure 26: Analysis of Total Expenditure, Kisumu County ..... 54
Figure 27: Analysis of Total Expenditure, Kitui County ..... 56
Figure 28: Analysis of Operations and Maintenance, Kitui County ..... 56
Figure 29: Analysis of Total Expenditure, Kwale County ..... 58
Figure 30: Analysis of Total Expenditure, Laikipia County ..... 60
Figure 31: Analysis of Operations and Maintenance Expenditure, Laikipia County ..... 60
Figure 32: Analysis of Total Expenditure, Lamu County ..... 62
Figure 33: Analysis of Operations and Maintenance, Lamu County ..... 62
Figure 34: Analysis of Total Expenditure, Machakos County ..... 64
Figure 35: Analysis of Total Expenditure, Makueni County ..... 66
Figure 36: Analysis of Operations and Maintenance, Makueni County ..... 66
Figure 37: Analysis of Total Expenditure, Mandera County ..... 68
Figure 38: Analysis of Total Expenditure, Marsabit County ..... 70
Figure 39: Analysis of total expenditure, Meru County ..... 72
Figure 40: Analysis of Operations and Maintenance, Meru County ..... 72
Figure 41 : Migori County Expenditure Classification ..... 74
Figure 42: Analysis of Total Expenditure, Mombasa County ..... 76

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

Figure 43: Analysis of Total Expenditure, Murang'a County ..... 78
Figure 44: Analysis of Operations and Maintenance, Murang'a County ..... 78
Figure 45: Analysis of total expenditure, Nairobi City County ..... 80
Figure 46: Analysis of Total Expenditure, Nakuru County ..... 82
Figure 47: Analysis of Total Expenditure, Nandi County ..... 84
Figure 48: Analysis of Total Expenditure, Narok County ..... 86
Figure 49: Analysis of Operations and Maintenance, Narok County ..... 86
Figure 50: Analysis of Total Expenditure, Nyamira County ..... 88
Figure 51: Analysis of Total Expenditure, Nyandarua County ..... 90
Figure 52: Analysis of Operations and Maintenance, Nyandarua County ..... 90
Figure 53: Analysis of Total Expenditure, Nyeri County ..... 92
Figure 54: Analysis of Total Expenditure, Samburu County ..... 94
Figure 55: Analysis of Total Expenditure, Siaya County ..... 96
Figure 56: Analysis of Operations and Maintenance, Siaya County ..... 97
Figure 57: Analysis of Total Expenditure, Taita Taveta County ..... 99
Figure 58: Analysis of Total Expenditure, Tana River County ..... 101
Figure 59: Analysis of Operations and Maintenance, Tana River County ..... 101
Figure 60: Analysis of Total Expenditure, Tharaka Nithi County ..... 103
Figure 61: Analysis of Operations and Maintenance, Tharaka Nithi County ..... 104
Figure 62: Analysis of Total Expenditure, Trans Nzoia County ..... 105
Figure 63: Analysis of Operations and Maintenance, Trans-Nzoia County ..... 106
Figure 64: Analysis of Total expenditure, Turkana County ..... 107
Figure 65: Analysis of Total Expenditure, Uasin-Gishu County ..... 109
Figure 66: Analysis of Total Expenditure, Vihiga County ..... 111
Figure 67: Analysis of Operations and Maintenance, Vihiga ..... 112
Figure 68: Analysis of Total Expenditure, Wajir County ..... 113
Figure 69: Analysis of Total Expenditure, West Pokot County ..... 115

# List of Tables

Table 1: Analysis of Expenditure by Economic Classification (Kshs.) ..... 8
Table 2: Analysis of Operations and Maintenance Expenditure ..... 11
Table 3: Analysis of County Budgets and Expenditures July, 2013 to March, 2014 (Kshs.) ..... 18

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# ACRONYMS

| | |
|---|---|
| A.I.A | Appropriation In Aid |
| BQ | Bills of Quantities |
| CA | County Assembly |
| CBEF | County Budget and Economic Forum |
| CBK | Central Bank of Kenya |
| CBROP | County Budget Review and Outlook Paper |
| CBIRR | County Budget Implementation Review Report |
| CEC | County Executive Committee. |
| CECM-F | County Executive Committee Member for Finance |
| CFSP | County Fiscal Strategy Paper |
| CIDP | County Integrated Development Plan |
| CILOR | Contribution In Lieu Of Rates |
| COB | Controller of Budget |
| CRA | Commission on Revenue Allocation |
| CRF | County Revenue Fund |
| E-Governance | Electronic Governance |
| FIF | Facility Improvement Fund |
| G-PAY | Government Payment System |
| ICT | Information Communication Technology |
| IFMIS | Integrated Financial Management Information System |
| LAIFORM | Local Authority Integrated Financial Operations Management System |
| LATF | Local Authority Transfer Fund |
| MCA | Member of County Assembly |
| MTEF | Medium Term Expenditure Framework |
| O&M | Operations and Maintenance |
| OCOB | Office of the Controller of Budget |
| PE | Personnel Emoluments |
| PFMA | Public Finance Management Act |
| SMEs | Small and Medium Enterprises |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# EXECUTIVE SUMMARY

This is the third County Budget Implementation Review Report (CBIRR) for the Financial Year 2013/14 and covers the period July 2013 to March 2014. It provides the status of the County budget implementation, by analysing the revenue received and collected by the Counties and the expenditure against budgeted estimates. Expenditure analysis is based on the actual expenses reported during the period against the budget which is broadly disaggregated into recurrent and development activities.

On aggregate, the approved budgets for the County Governments for the Financial Year (FY) 2013/2014 amounted to Kshs. 269.1 billion comprising Kshs.165.8 billion (61.6%) for recurrent expenditure and Kshs. 103.4 billion (38.4%) for development expenditure. The recurrent expenditure includes repayment of liabilities inherited from the defunct Local Authorities of Kshs.3.8 billion. County governments were allocated Kshs.190 billion as the national shareable revenue and conditional grant of Kshs. 20 billion to finance their budgets for the FY 2013/14. Additionally, the county governments expected to raise local revenue amounting to Kshs. 61.0 billion to support the budget.

During the reporting period, the total revenue available to the county governments amounted to Kshs. 133.3 billion comprising Kshs.110.1 billion (82.6%) from the national shareable revenue, Kshs. 19.1 billion (14.3%) from local revenue sources, and balance brought forward from the previous financial year of Kshs. 4.1 billion (3.1%). According to the cash disbursement schedule approved by the Senate, the National Treasury was expected to have disbursed Kshs. 148.9 billion to the County Revenue Fund Accounts by 31st March, 2014. However, only Kshs.110.1 billion had been disbursed by the end of March 2014.

In the nine months of the FY 2013/14, the aggregate revenue raised by the county governments amounted to Kshs. 19.1 billion which was 31.3 per cent of the annual local revenue target of Kshs. 61.0 billion. There was significant improvement in local revenue collections in the third quarter where Kshs. 9.9 billion was raised compared with Kshs. 4.5 billion and Kshs. 4.7 billion raised in the first and second quarters respectively. The increase in revenue collection was attributed to renewal of Single Business Permits (SBP) revenue stream which happen between January and March.

Funds released from the County Revenue Funds to the County Operational Accounts amounted to Kshs. 110.2 billion. Counties that had the highest amount of funds released from the County Revenue Fund were Nairobi City at Kshs. 8.0 billion; Nakuru at Kshs. 4.5 billion; Machakos at Kshs. 4.1 billion; Kiambu at Kshs. 3.98 billion and Kakamega at Kshs. 3.96 billion. Those which had the least amount of funds released were Lamu at Kshs. 754.8 million, Isiolo at Kshs.1.0 billion, Tharaka Nithi at Kshs.1.1 billion, Taita-Taveta at Kshs.1.2 billion and Elgeyo/Marakwet at Kshs.1.23 billion.

The total expenditure during the period was Kshs. 86.7 billion which comprised of Kshs. 74.6 billion (86.1%) for recurrent expenditure and Kshs. 12.1 billion (13.9%) for

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 74552-00200,
NAIROBI KENYA

development expenditure. This expenditure was 78.7 per cent of the funds released and 32.2 per cent of the overall total county budgets for FY 2013/14. The recurrent expenditure was 91.5 per cent of the funds released for recurrent activities while development expenditure was 42.2 per cent of the funds released for development projects. However, the recurrent expenditure during the period represented an absorption rate of **45 per cent** of the total recurrent budget for the county governments while development expenditure translated to an absorption rate of **11.7 per cent** of the total development budget for FY 2013/14. The county governments recorded an increase in expenditure in the third quarter of the FY 2013/14 at Kshs.45.9 billion relative to Kshs. 28.4 billion spent in the second quarter and Kshs. 12.5 billion spent in the first quarter.

The Counties which had the highest expenditure in the period under review were Nairobi City at Kshs. 13 billion, Machakos at Kshs. 3.5 billion and Nakuru at 3.3 billion while those that had the least expenditure were Lamu at Kshs. 436.7 million, Isiolo at Kshs. 619.4 million, Tana River at Kshs.762.3 million, Elgeyo/Marakwet at Kshs.797.7 million and Mandera at Kshs.868.4 million.

Analysis of expenditure by economic classification shows that county governments spent Kshs. 42.9 billion (49.5%) on personnel emoluments, Kshs. 28.8 billion (33.1%) on operations and maintenance, Kshs. 12.1 billion (13.9%) on development and Kshs. 3.0 billion (3.4%) on payment of liabilities and pending bills. The total expenditure for the period under review includes Kshs. 8 billion which the county governments refunded to the national government for salaries paid to staff performing devolved functions.

County governments have made significant improvement in budget implementation in the past one year of operation. However, proper mechanisms should be put in place to address the challenges on revenue underperformance; intermittent use of the Integrated Financial Management System (IFMIS); delayed and unpredictable disbursement of funds by the National Treasury, and, delays in reimbursement of salaries paid to devolved staff paid by the National Governments. County governments also failed to comply with advisories and circulars issued by Constitutional Commissions and Independent Offices mandated to deal with affairs of county governments. For example, the circulars issued by the Salaries and Remuneration Commission (SRC) and the Transition Authority (TA) on remuneration and staff benefits, and, recruitment of ward office employees by the County Assembly has not been fully complied with. Another key challenge is the weak capacity by MCAs to legislate and oversight on public financial management.

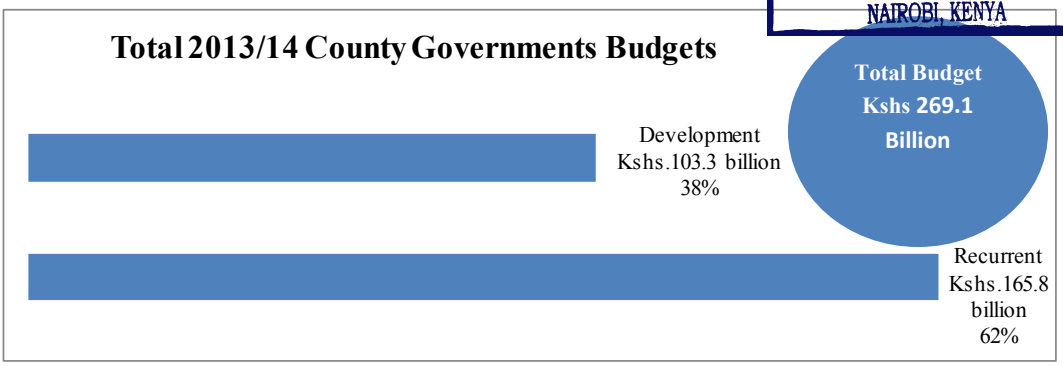
In order to address the underperformance in local revenue collection, county governments should review the local revenue collection frameworks by appointing receivers of revenue and implementing automated revenue collection systems. Additionally, devolved units should declare all their revenue collections to county governments and ensure that the same is deposited to designated collection accounts and swept regularly to respective County Revenue Fund accounts. It is also recommended that Counties should set realistic local revenue targets in the 2014/15 budget cycle. The backlog of all manual financial transactions not captured into the IFMIS should be captured to ensure that county governments comply with the legal provisions that require that financial transactions are implemented through the system prescribed by the National Treasury as stipulated

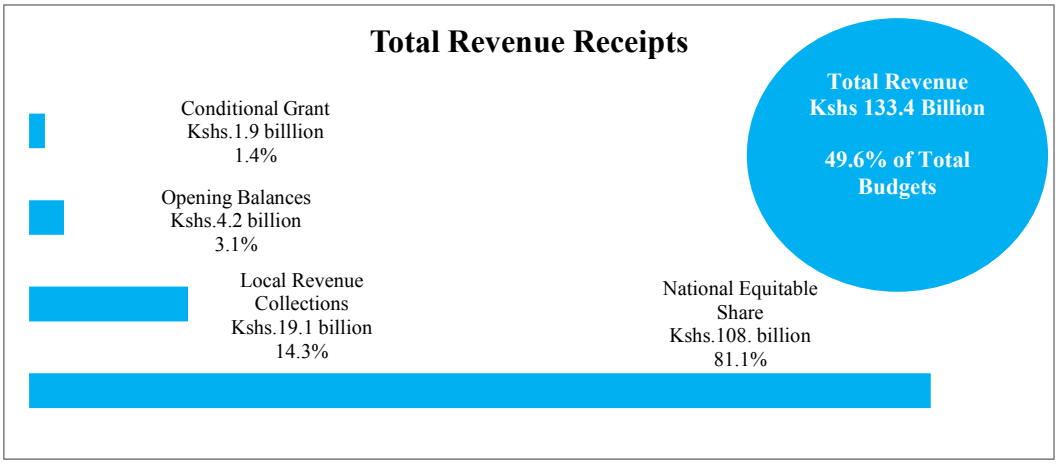
in Section 12(e) of the PFM Act, 2012 for transparent and standard financial reporting. In order to address the delays and unpredictable disbursement of the share revenue to counties, the National Treasury should adhere to the cash disbursement schedule as approved by the Senate in order avert rescheduling of planned activities by the county governments and enable them execute their budgets in a timely manner. Finally, County governments are advised to comply with all directions/circulars issued by relevant constitutional offices for prudent and responsible use of public resources as articulated in Article 201 of the Constitution of Kenya, 2010.

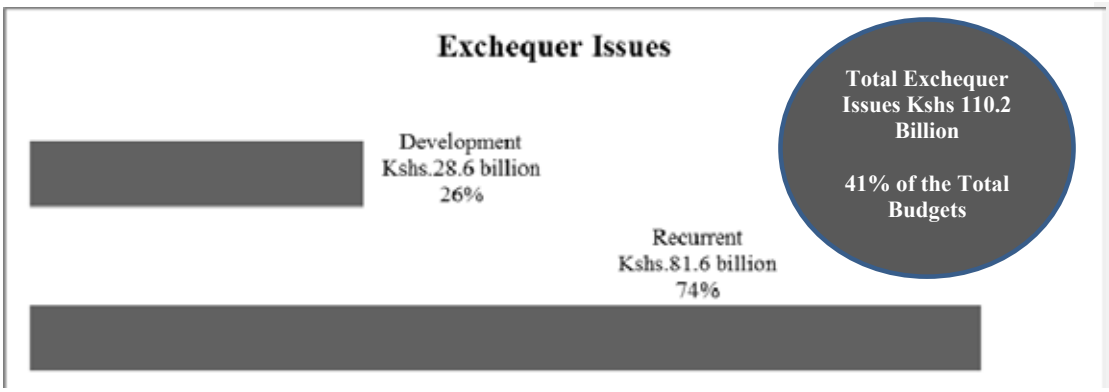
COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73551-00200
NAIROBI, KENYA

# KEY HIGHLIGHTS

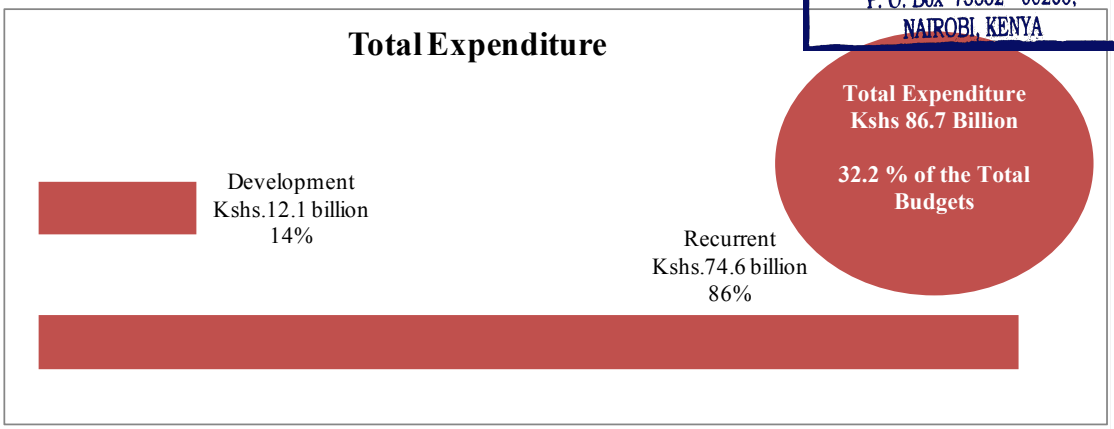
COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI KENYA

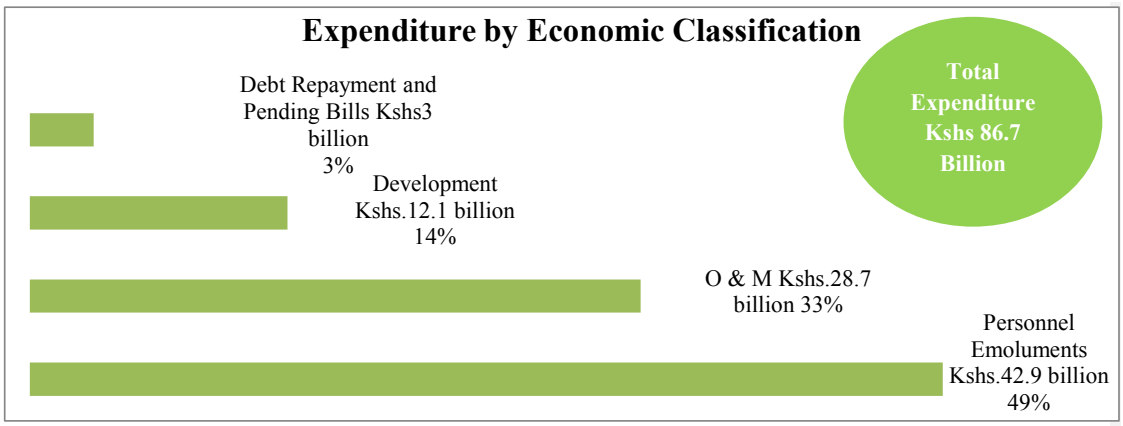


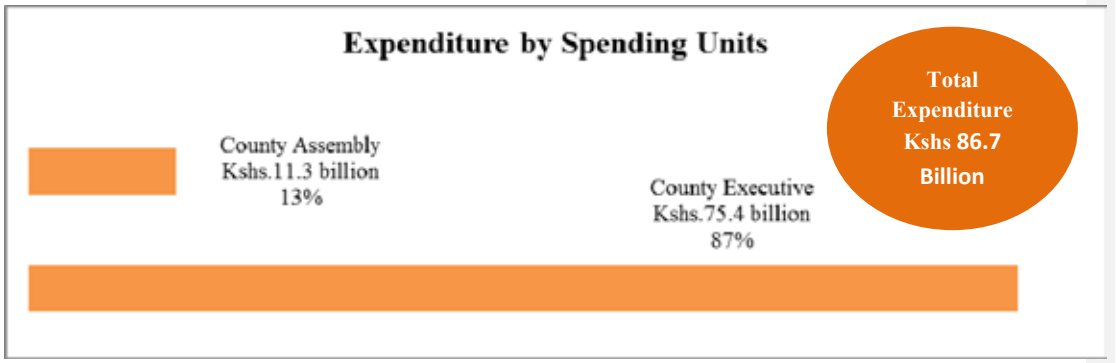



COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA



COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# 1.0 INTRODUCTION

Article 228 of the Constitution of Kenya, 2010 established the Office of the Controller of Budget (OCOB) with the mandate to oversee budget implementation of the National and County Governments, authorise withdrawals from public funds and to report on the implementation of budgets for both the National and County governments every four months. This is the fourth report by the Office of the Controller of Budget on County budget implementation since County Governments were established in March 2013.

The report presents the status of budget implementation by the Counties for the period July 2013 to March 2014. The report presents revenue raised by the counties, transfers received from the National Government and the actual expenditure during the period under review. It also identifies key issues that affected budget implementation during the review period and provides recommendations on how these can be addressed.

Significant progress was registered by counties in implementing their budgets during the third quarter of FY 2013/14. Counties started processing their own payroll from January 2014, a function that was performed by the National Government until December 2013. Most counties processed financial transactions through IFMIS and G-Pay during the third quarter of FY 2013/14. Additionally, most counties closed the multiple revenue collection accounts that they operated during the first half of the financial year. Regular sweeping of local revenues from the revenue collection accounts to the County Revenue Funds (CRF) was also reported during the period January to March 2014.

This report has been organised into five chapters with chapter one giving the basis under which the report is prepared. Chapter two focuses on revenue and expenditure by the County Governments during the period under review. One of the key sources of revenue for the Counties is the equitable share of revenue from the National Government which was projected to contribute 77 per cent of the total revenue for the Counties in the current financial year. The national sharable revenue was operationalized by the County Allocation of Revenue Act, 2013 approved by the Senate. The National Treasury with the approval of the Controller of Budget disburses this money on a monthly basis as approved by Senate. The other source of revenue for the Counties is the locally collected revenue which had been projected to fund 23 per cent of the County budgets. Collection of local revenue is dependent on the passing of the Finance Bills by the respective County Assemblies.

The second part of chapter two reviews the implementation of county budgets and discusses the expenditure by the Counties. The expenditure is broken into two; recurrent and development expenditure and is compared with the funds released into the operational accounts to fund the expenditure. Expenditure is also compared to the annual budget to determine absorption rates.

Recurrent expenditure is further disaggregated into personnel emoluments, and operations

and maintenance; the operations and maintenance sub category is similarly broken further into domestic and foreign travel, conferences, hospitality and catering, training expenses, purchase of motor vehicles, utilities, supplies and services, communication, printing advertising and information supplies, fuel and lubricants, routine maintenance as well as office and general supplies and services.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 78652 00200
NAIROBI, KENYA

Chapter three analyses the expenditure of County Government entities. Administratively, the County Governments have been divided into two: County Assembly which is the legislative arm of the county and the County Executive which implements the budget and other policies approved by the County Assembly. Expenditure for each of the two entities is reviewed separately with the aim of analysing budget implementation for the two arms of the County Government. The chapter also contains individual county summaries where budget implementation for the period under review is presented. This section discusses the budgets for each County, funds released, expenditure and challenges that were faced by the counties. The Office provides recommendations on how the identified challenges in the respective counties can be addressed.

While undertaking the oversight and reporting role, the Controller of Budget is keen to identify factors affecting the budget implementation process for the counties. Chapter four presents challenges which negatively impacted budget execution. Appropriate recommendations have also been made to individual counties for action. Finally, Chapter five provides a conclusion to the report.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# 2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION

## 2.1 Revenue Analysis

The total budgets for the County Governments in the financial year 2013/14 is estimated to be Kshs.269.1 billion comprising of Kshs.165.8 billion (61.6%) for recurrent expenditure and 103.4 billion (38.4%) for development expenditure. The recurrent expenditure includes debt repayment component of Ksh.3.8 billion. The Counties are expected to receive Kshs.190 billion as the national equitable share of revenue, conditional grant of Kshs. 20 billion and raise local revenue amounting to Kshs. 61 billion.

During the period July 2013 to March 2014, the total revenue available to the Counties amounted to Kshs.133.3 billion comprising of Kshs.110.1 billion (82.6%) from the national shareable revenue, Kshs. 19.1 billion (14.3%) raised from local revenue sources and Kshs. 4.2 billion (3.1%) as balance brought forward from the previous financial year (See Annex 1).

### 2.1.1 Locally Collected Revenue

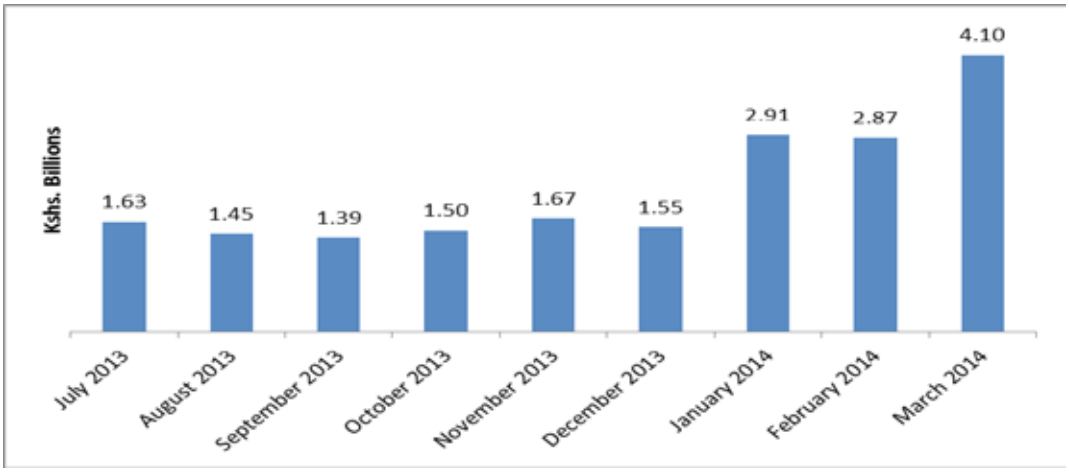
Counties had targeted to raise Kshs. 61 billion from local sources in the financial year 2013/2014 to supplement the national equitable share of revenue from the National Government. During the period under review, the cumulative revenue raised by counties amounted to Kshs. 19.1 billion which was 31.3 per cent of the annual local revenue target. There was significant improvement in local revenue collection during the third quarter of FY 2013/14 where Kshs. 9.9 billion was raised compared to the Kshs. 4.5 billion and Kshs. 4.7 billion raised in the first and second quarters respectively. The increase in local revenue collection during the third quarter was attributed to renewal of Single Business Permits (SBP) revenue stream which fell due between January and March 2014. The increase in local revenue was also credited to the passage of County Finance Bills by a number of County Assemblies. Despite the improvement in local revenue collection that was realized during the third quarter of the current financial year, the performance by Counties was still far below the total annual local revenue target. Most counties are yet to appoint receivers of revenue in accordance with section 157 (1) of the PFM Act, 2012 which may explain the reasons for low revenue collection by the Counties. There is therefore need for counties to fast track measures to enhance their local revenue collection in the remaining period of the current financial year.

Analysis of local revenue collection by counties during the period under review shows that Nairobi City County raised the highest amount at Kshs. 7.8 billion followed by Mombasa, Narok, Nakuru and Kiambu each raising Kshs.1.4 billion, Kshs.1.3 billion, Kshs.1.2 billion and Kshs.869.5 million respectively. Conversely, counties that registered the lowest amount of local revenue collection during the review period included Lamu, Tana River and Garissa which collected Kshs. 18.8 million, Kshs. 24.3 million and Kshs. 27.4 million respectively.

A review of the local revenue collection as a proportion of the annual target in the same period reveals that West Pokot County achieved the highest proportion of its annual target at 77.3 per cent followed by Homa Bay and Samburu counties which achieved 70.3 per cent and 70.1 per cent of their targets respectively. During the period, Kakamega County achieved the lowest revenue as a proportion of the annual local revenue target at 4.3 per cent. Other counties that raised low revenue as a proportion of their annual targets were Bungoma at 5.1 per cent and Embu at 13.2 per cent. In the period under review, 10 counties collected revenues that were below 20 per cent of the annual target (See Annex 2). The monthly local revenue collections trend is shown in figure 1.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

**Figure 1: Monthly Locally Collected Revenue - July to March, 2014**




***Source**: County Treasuries*

### 2.1.2 Funds Released to the Counties from the Consolidated Fund

The National Treasury was expected to disburse funds on a monthly basis to the County Revenue Fund accounts as per the cash disbursement schedule approved by the Senate. According to the schedule, the National Government was expected to have disbursed Kshs. 148.9 billion to the Counties by 31st March 2014. However, only Kshs. 110.1 billion had been disbursed by the end of March 2014. Only three counties namely Bomet, Machakos and Nairobi had received their allocation for February, 2014 with no county receiving its allocation for March, 2014 by the end of the quarter. The release of funds to the County Revenue Funds by the National Treasury was also unpredictable with counties unaware on when the next disbursement of funds would be effected. The delays in release of funds subsequently affected budget implementation by the Counties who were forced to reschedule planned activities.

The Kshs. 110.1 billion funds released to the County Revenue Fund accounts during the period translates to 56.9 per cent of the national shareable revenue. The funds released comprised of Kshs. 108.2 billion from national equitable share and Kshs.1.9 billion as conditional grant for level five hospitals.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 13552-00200,
NAIROBI, KENYA

In the period under review Nairobi City County received the highest disbursement of Kshs. 6.3 billion followed by Turkana at Kshs.4.3 billion, Kakamega at Kshs. 3.8 billion with Mandera and Nakuru receiving Kshs. 3.7 billion each. Lamu, Isiolo, Tharaka Nithi, Elgeyo-Marakwet and Taita Taveta counties received the lowest amount of disbursement at Kshs. 840.4 million, Kshs. 1.3 billion, Kshs. 1.3 billion, Kshs.1.3 billion and Kshs 1.4 billion respectively.

### 2.1.3 Funds Released to the Counties

During the period July 2013 to March 2014, the Controller of Budget approved transfer of Kshs. 110.1 billion from the Consolidated Fund to the various County Revenue Funds. The Controller of Budget further approved transfer of Kshs. 110.2 billion from different County Revenue Fund accounts to the County Operational Accounts. A detailed analysis of the funds released to counties is discussed in the following sections.

## 2.2 Funds Released to the County Operations Accounts

A total of Kshs. 110.2 billion was released by the COB from the various County Revenue Funds to the operational accounts of the Counties during the period July 2013 to March 2014. The funds released comprised of Kshs. 81 billion for recurrent expenditure, Kshs. 28.6 billion for development expenditure and Kshs. 538.7 million as conditional grant to support level 5 hospitals.

Nairobi City County had the highest amount of funds released from the County Revenue Fund to the County operational accounts in the period July 2013 to March 2014 which stood at Kshs. 8.0 billion. Other counties that had high funds released were Nakuru at Kshs. 4.5 billion, Machakos at Kshs. 4.1 billion, Kiambu at Kshs. 3.98 billion and Kakamega at Kshs. 3.96 billion. The Counties which had the least funds released were Lamu, Isiolo , Tharaka Nithi, Taita Taveta and Elgeyo-Marakwet at Kshs. 754.8 million, Kshs. 1.01 billion, 1.10 billion, Kshs. 1.21 billion and Kshs. 1.23 billion respectively.

## 2.3 Expenditure Analysis

The total expenditure by the Counties during the period July 2013 to March 2014 was Kshs. 86.7 billion which comprised of Kshs. 74.6 billion (86.1%) for recurrent expenditure and Kshs. 12.1 billion (13.9%) for development expenditure. The expenditure for the period was 78.7 per cent of the funds released and translates to an absorption rate of 32.2 per cent of the total annual county budgets. The expenditure in the third quarter of the FY 2013/14 reflects a significant improvement compared with the expenditure in the first and second quarters of the current financial year. Counties spent Kshs. 12.5 billion, Kshs. 28.4 billion and Ksh.45.9 billion in the first, second and third quarters respectively. Recurrent expenditure during the period under review represented 91.5 per cent of the funds released for recurrent activities while development expenditure represented 42.2 per cent of funds released for development projects.

During the period under review, Nairobi City, Machakos, and Nakuru, counties registered the highest expenditure at Kshs. 13 billion, Kshs. 3.5 billion, and 3.3 billion respectively. Conversely, Lamu, Isiolo and Tana River counties recorded the lowest expenditure

in absolute terms at Kshs. 436.7 million, Kshs. 619.4 million and Kshs. 762.3 million respectively. A detailed analysis of expenditure by economic classification is shown in table 1.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552 - 00200
NAIROBI, KENYA

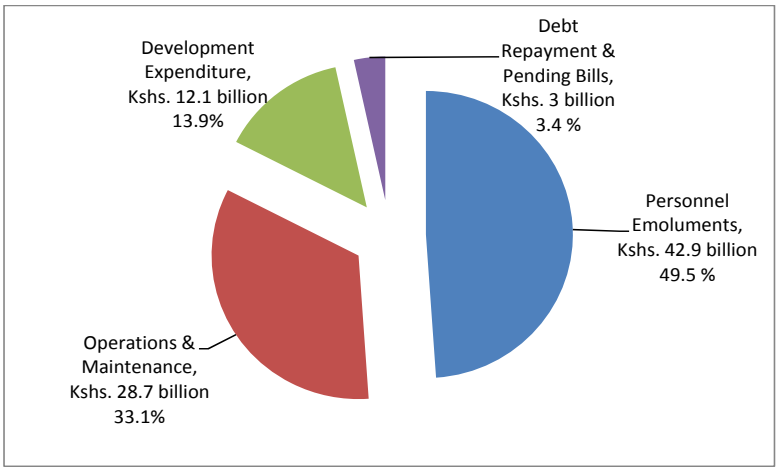
Expenditure by Nairobi City and Kericho counties exceeded the funds released during the period under review accounting for 162.4 per cent and 103.9 per cent respectively for the funds released. Kajiado and Nyamira Counties also recorded high expenditure as a proportion of funds released at 94.4 per cent and 92.2 per cent respectively. The Counties that registered the least expenditure as a proportion of funds released were Marsabit (42.2 per cent), Garissa(43.5 per cent) and Embu (49.3 per cent) (See annex 3).

Nairobi City County spent local revenue at source without the approval from the COB. conversely, Kericho County spent the balances brought forward from the FY 2012/2013 without first surrendering the balance to the County Revenue Fund as required by section 136 (2) of the PFM Act, 2012.

Analysis of expenditure as a proportion of the annual budget reveals that Nairobi City County recorded the highest absorption rate at 51.6 per cent of the annual budget. Other counties with high absorption rates during the review period were Bomet and Kericho whose expenditures were 51.2 and 47.4 of their budgets respectively. Counties that recorded low absorption rates included Mandera (16 per cent), Garissa (19.1 per cent) and Bungoma (20.9 per cent) (see annex 3).

Analysis of the expenditure by economic classification shows that counties spent Kshs. 42.9 billion (49.5%) on personnel emoluments, Kshs. 28.7 billion (33.1%) on operations and maintenance, Kshs. 12.1 billion (13.9%) on development and Kshs. 3 billion (3.4%) on debt repayment and pending bills. The expenditure for the period under review includes Kshs. 8 billion that counties refunded to the National Government for salaries paid to staff performing devolved functions. However, the counties still owe the National government a balance of Kshs.16.2 billion.

**Figure 2: Expenditure by Economic Classification (Kshs.)**




***Source**: OCOB and County Treasuries*

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552 - 00200
NAIROBI, KENYA

### 2.3.1 Personnel Emoluments

During the period July 2013 to March 2014, counties spent Kshs. 42.9 billion on personnel emoluments which translates to 49.5 per cent of total expenditure. The personnel emolument costs includes the Kshs. 8 billion that the counties reimbursed to the National Government for salaries for staff performing devolved functions.

The Nairobi City County recorded the highest expenditure in absolute terms on personnel emoluments at Kshs. 7.1 billion. Other counties that had high expenditure on personnel emoluments include Kiambu and Nakuru at Kshs. 2.3 billion and Kshs. 1.9 billion respectively. conversely, Isiolo, Lamu and Tana River counties recorded the lowest expenditure on personnel emoluments at Kshs. 253.9 million, Kshs. 260.7 million and Kshs. 266.3 million respectively.

Elgeyo Marakwet County registered the highest proportion of its expenditure on personnel emoluments as a proportion of total expenditure at 77 per cent followed by Kisumu at 72.8 per cent and Kiambu at 69.9 per cent. Turkana, Wajir and Nyamira Counties recorded the lowest proportion of their expenditure on personnel emoluments as a proportion of total expenditure at 17.1 per cent, 26.9 per cent and 27.6 per cent respectively.

### 2.3.2 Operations and Maintenance

In the first nine months of financial year 2013/2014, counties spent Kshs. 28.8 billion on operations and maintenance which accounts for 33.1 per cent of the total expenditure. Nairobi City County had the highest expenditure on operations and maintenance at Kshs. 2.2 billion. Other counties with high expenditures on this category include Nakuru and Narok at Kshs. 1.27 billion and Kshs.1.26 billion respectively. Counties which registered low expenditure on operations and maintenance include Elgeyo Marakwet, Lamu and Taita Taveta at Kshs. 133.8 million, Kshs. 175.9 million and Kshs. 234.9 million respectively.

Counties that recorded the highest proportion of their expenditure on operations and maintenance as a percentage of their total expenditure were Mandera (60.5 per cent), Tana River (59.6 per cent) and Nandi (52.7 per cent). On the other hand, Elgeyo Marakwet, Nairobi City and Kisii counties recorded the lowest proportion of their expenditure on operations and maintenance as a percentage of their total expenditure at 16.8 per cent, 17 per cent and 18.8 per cent respectively.

The highest expenditures under the operations and maintenance category were on domestic and foreign travel, purchase of vehicles and conferences, hospitality and catering which stood at Kshs. 4.6 billion, Kshs.4.1 billion and Kshs. 1.3 billion respectively as presented in table 1.

## Table 1: Analysis of Expenditure by Economic Classification (KSHS.)

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| County Name | Personnel Emoluments | Operation & Maintenance | Development Expenditure | Debt Repayment & Pending Bills | Total Expenditure |
|---|---|---|---|---|---|
| Baringo | 667,403,774 | 527,134,619 | 79,866,262 | | 1,274,404,655 |
| Bomet | 595,544,433 | 524,671,853 | 835,453,663 | | 1,955,669,949 |
| Bungoma | 824,290,004 | 840,719,557 | 181,697,975 | | 1,846,707,536 |
| Busia | 705,251,254 | 768,889,403 | 122,574,453 | | 1,596,715,110 |
| Elgeyo/Marakwet | 614,446,326 | 133,791,587 | 49,493,930 | | 797,731,843 |
| Embu | 572,983,900 | 339,734,370 | 10,798,200 | | 923,516,470 |
| Garissa | 315,533,030 | 484,431,480 | 126,045,760 | | 926,010,270 |
| Homa Bay | 862,911,932 | 627,583,423 | 231,837,726 | | 1,722,333,081 |
| Isiolo | 253,941,163 | 318,444,888 | 47,021,429 | | 619,407,480 |
| Kajiado | 802,774,655 | 506,592,122 | 100,750,951 | 15,000,000 | 1,425,117,728 |
| Kakamega | 1,256,972,539 | 587,633,945 | 917,725,216 | 13,500,000 | 2,775,831,700 |
| Kericho | 1,031,885,316 | 418,108,086 | 260,875,901 | 11,776,452 | 1,722,645,755 |
| Kiambu | 2,299,329,434 | 711,075,770 | 280,668,335 | | 3,291,073,539 |
| Kilifi | 1,239,937,904 | 751,540,560 | 366,664,504 | | 2,358,142,968 |
| Kirinyaga | 549,755,872 | 421,054,897 | 94,070,774 | | 1,064,881,543 |
| Kisii | 1,265,501,631 | 420,585,350 | 536,140,450 | 10,135,182 | 2,232,362,613 |
| Kisumu | 1,450,294,880 | 465,488,492 | 21,704,022 | 54,726,348 | 1,992,213,742 |
| Kitui | 1,037,646,747 | 491,992,859 | 107,654,589 | | 1,637,294,194 |
| Kwale | 484,028,865 | 603,982,422 | 142,225,879 | 13,990,107 | 1,244,227,273 |
| Laikipia | 669,894,885 | 471,872,224 | 122,437,803 | 11,412,394 | 1,275,617,306 |
| Lamu | 260,706,475.8 | 175,948,171 | | | 436,654,647 |
| Machakos | 1,196,298,993.00 | 888,995,441 | 1,439,187,533 | 18,322,655 | 3,542,804,622 |
| Makueni | 519,792,193 | 557,398,885 | 108,869,859 | | 1,186,060,937 |
| Mandera | 410,882,479 | 706,809,921 | - | | 1,117,692,400 |
| Marsabit | 374,443,419 | 411,202,970 | 147,148,898 | 3,774,740 | 936,570,027 |
| Meru | 1,246,486,413 | 926,782,337 | 188,695,794 | 6,020,766 | 2,367,985,310 |
| Migori | 779,998,131.31 | 845,592,576 | 169,322,810 | | 1,794,913,517 |
| Mombasa | 1,546,641,842 | 1,122,652,780 | | | 2,669,294,622 |
| Murang'a | 945,464,249 | 474,063,345 | 523,827,144 | | 1,943,354,738 |
| Nairobi City | 7,102,169,284 | 2,208,425,168 | 1,191,116,256 | 2,521,291,047 | 13,023,001,755 |
| Nakuru | 1,922,045,551 | 1,268,994,588 | 81,706,057 | 30,425,873 | 3,303,172,069 |
| Nandi | 524,384,598 | 680,193,925 | 86,186,009 | | 1,290,764,532 |
| Narok | 1,096,545,938 | 1,265,023,885 | 115,859,950 | 47,219,593 | 2,524,649,366 |
| Nyamira | 364,656,164 | 681,599,951 | 274,693,057 | | 1,320,949,172 |
| Nyandarua | 668,528,871 | 449,063,900 | 187,499,347 | | 1,305,092,118 |
| Nyeri | 958,840,911 | 381,844,634 | 375,712,059 | 51,455,136 | 1,767,852,740 |
| Samburu | 367,084,337 | 364,094,396 | 150,573,066 | | 881,751,799 |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| County Name | Personnel Emoluments | Operation & Maintenance | Development Expenditure | Repayment of Pending Bills | Total Expenditure |
|---|---|---|---|---|---|
| Siaya | 437,810,264 | 483,220,286 | 95,789,551 | | 1,016,820,101 |
| Taita/Taveta | 547,330,238 | 234,898,404 | 116,916,310 | | 899,144,952 |
| Tana River | 266,348,012 | 454,533,378 | 41,440,188 | | 762,321,578 |
| Tharaka -Nithi | 394,366,772 | 354,515,797 | 200,173,119 | | 949,055,689 |
| Trans Nzoia | 771,951,833 | 533,776,929 | 196,085,321 | 152,960,348 | 1,654,774,431 |
| Turkana | 391,294,447 | 986,988,605 | 911,220,688 | | 2,289,503,740 |
| Uasin Gishu | 1,009,091,826 | 389,191,608 | 70,116,822 | | 1,468,400,257 |
| Vihiga | 403,223,420 | 456,167,563 | 95,442,840 | | 954,833,823 |
| Wajir | 435,128,578 | 681,270,905 | 500,928,263 | | 1,617,327,746 |
| West Pokot | 485,139,105 | 329,516,298 | 186,173,890 | | 1,000,829,294 |
| **Total Expenditure** | **42,926,982,888** | **28,728,094,555** | **12,090,392,653** | **2,962,010,641** | **86,707,480,738** |
| **% of Total Expenditure** | **49.5%** | **33.1%** | **13.9%** | **3.4%** | **100%** |

***Source:*** *County Analysis by OCOB*

### 2.3.2.1 Analysis of MCAs Sitting Allowance

Counties allocated Kshs.3.2 billion for payment of sitting allowances for the Members of the County Assembly for the FY 2013/14. During the reporting period, Counties spent Kshs.1.8 billion on MCAs sitting allowances which translates to 55.2 per cent of their budgetary allocation.

Analysis of expenditure on sitting allowances for MCAs shows that there exist huge discrepancies on the payments per individual MCA across the Counties. The average sitting allowance per MCA per month ranges from Kshs. 17,219 in Isiolo County to Kshs. 262,088 in Nairobi City County as shown in table 2.

During the period July 2013 to March 2014, expenditure by some counties on MCA sitting allowances exceeded the annual budgetary allocation. Nairobi City County spent Kshs. 299.8 million on sitting allowances for MCAs against an annual budget of Kshs. 160 million which translates to absorption rate 187.2 per cent. Other Counties whose expenditure on the same was higher than the budgetary allocation were Kakamega, Kirinyaga and Narok whose absorption rates were 157.4 per cent, 110.9 per cent and 106.1 per cent respectively.

Counties that had the highest expenditure on MCAs sitting allowances were Nairobi City at Kshs. 299.6 million, Migori at Kshs. 89.2 million and Kakamega at 82.6 million. Conversely, counties that registered lowest expenditure on the same were Isiolo at Kshs. 3.1 million, Tana River at Kshs.4.5 million and Lamu at Kshs.5.5 million.

The analysis of MCAs sitting allowances for the period under review does not include Taita Taveta and Marsabit counties which did not provide the returns on the same.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 74552-00200
NAIROBI, KENYA

#### 2.3.2.2 Analysis of Expenditure on Domestic and Foreign Travel

In the financial year 2013/2014, counties allocated Kshs. 9.2 billion for domestic and foreign travel. During the period under review, the total expenditure on domestic and foreign travel by counties amounted to Kshs.4.9 billion which translate to an absorption rate of 53.1 per cent. The expenditure by Busia and Laikipia counties in this category was higher than their annual budgetary allocation. Busia County spent Kshs. 104.4 million against a budgetary allocation of Kshs.79.1 million while Laikipia County spent 122.8 million against a budgetary allocation of Kshs. 117.1 million.

During the first nine months of FY 2013/14, Machakos County registered the highest expenditure on domestic and foreign travel at Kshs. 201.7 million. Other counties with high expenditure on domestic and foreign travel were Nakuru and Kajiado at Kshs. 198 million and Kshs. 196.8 million respectively. Counties that had the lowest expenditure on this category during the period under review were Mombasa, Elgeyo-Marakwet and Isiolo at Kshs. 24.4 million, Kshs. 30.8 million and Kshs.30.83 million respectively.

#### 2.3.2.3 Analysis of Expenditure on Purchase of Motor Vehicles

Counties allocated Kshs.8.5 billion for purchase of motor vehicles in FY 2013/2014. During the period under review, the counties spent Kshs. 4.7 billion on purchase of motor vehicles which represents 54.9 per cent of their annual budgetary allocation. Expenditure on purchase of motor vehicles by four counties namely Nyeri, Tana River, Kericho and Vihiga was above the budgetary allocation for the current financial year. Nyeri County recorded absorption rate of 169.4 per cent on purchase of motor vehicles while Tana River, Kericho and Vihiga counties recorded absorption rates of 158.6 per cent, 109.2 per cent and 107.9 per cent respectively.

Machakos County registered the highest expenditure on purchase of motor vehicles during the period under review which stood at Kshs. 486.9 million. Other counties that recorded high expenditure on purchase of motor vehicles were Nairobi City and Turkana at and Kshs. 341.8 million and Kshs. 279.2 million respectively. Counties that had the least expenditure on purchase of motor vehicle during the period were Homabay at Kshs.9.9 million, Kajiado at Kshs.11.5 million and Murang'a at Kshs. 13.9 million.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## Table 2: Analysis of Operations and Maintenance Expenditure

| County | Domestic and Foreign Travels | | | Purchase of Vehicles | | | MCA Sitting Allowances | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Budgetary Allocation (Kshs. Millions) | Expenditure (Kshs. Millions) | Absorption % | Budgetary Allocation (Kshs. Millions) | Expenditure (Kshs. Millions) | Absorption % | Budgetary Allocation (Kshs. Millions) | Expenditure (Kshs. Millions) | Absorption % | No. of MCAs | Average monthly sitting allowance Per MCA (Kshs) |
| Baringo | 128.5 | 67.2 | 52.3% | 138.0 | 111.2 | 80.6% | 61.6 | 36.9 | 59.8% | 48 | 85,341 |
| Bomet | 173.0 | 69.3 | 40.1% | 176.0 | 130.6 | 74.2% | 35.7 | 11.7 | 32.7% | 35 | 37,091 |
| Bungoma | 241.2 | 105.1 | 43.6% | 80.0 | 53.7 | 67.1% | 71.7 | 19.9 | 27.7% | 63 | 35,080 |
| Busia | 79.1 | 104.4 | 132.0% | 41.0 | 20.0 | 48.8% | 99.2 | 54.9 | 55.4% | 53 | 115,172 |
| Elgeyo/ Marakwet | 58.2 | 30.8 | 53.0% | 102.0 | - | 0.0% | 37.4 | 12.4 | 33.2% | 30 | 45,905 |
| Embu | 81.6 | 68.5 | 84.0% | 236.5 | 96.2 | 40.7% | 52.6 | 20.2 | 38.3% | 33 | 67,875 |
| Garissa | 298.7 | 55.3 | 18.5% | 271.3 | 67.8 | 25.0% | 71.0 | 41.0 | 57.7% | 48 | 94,907 |
| Homa Bay | 175.2 | 50.6 | 28.9% | 149.0 | 9.9 | 6.7% | 112.5 | 83.8 | 74.1% | 63 | 147,152 |
| Isiolo | 58.9 | 30.8 | 52.3% | 92.2 | 79.8 | 86.5% | 15.6 | 3.1 | 19.8% | 20 | 17,219 |
| Kajiado | 293.0 | 196.8 | 67.1% | 56.8 | 11.5 | 20.3% | 49.6 | 13.3 | 26.8% | 41 | 35,944 |
| Kakamega | 186.3 | 157.8 | 84.7% | 237.0 | 80.9 | 34.1% | 52.5 | 82.6 | 157.4% | 86 | 100,751 |
| Kericho | 150.1 | 111.8 | 74.5% | 66.0 | 72.1 | 109.2% | 58.5 | 17.4 | 29.8% | 47 | 41,170 |
| Kiambu | 407.0 | 176.8 | 43.4% | 139.3 | 58.8 | 42.2% | 90.0 | 32.2 | 35.8% | 87 | 41,833 |
| Kilifi | 348.7 | 120.1 | 34.4% | 329.5 | 91.2 | 27.7% | - | 22.0 | 55.0% | 53 | 46,[illegible]2 |
| Kirinyaga | 122.6 | 72.7 | 59.3% | 155.5 | 89.6 | 57.6% | 15.0 | 16.6 | 110.9% | 29 | 63,736 |

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552 - 00200,
NAIROBI KENYA

| County | Domestic and Foreign Travels | | | Purchase of Vehicles | | | MCA Sitting Allowances | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Budgetary Allocation (Kshs. Millions) | Expenditure (Kshs. Millions) | Absorption % | Budgetary Allocation (Kshs. Millions) | Expenditure (Kshs. Millions) | Absorption % | Budgetary Allocation (Kshs. Millions) | Expenditure (Kshs. Millions) | Absorption % | No. of MCAs | Average monthly sitting allowance Per MCA (Kshs) |
| Kisii | 359.1 | 144.9 | 40.4% | 137.0 | 94.1 | 68.7% | 120.0 | 82.4 | 68.7% | 71 | 128,997 |
| Kisumu | 171.0 | 57.4 | 33.6% | 83.0 | 26.1 | 31.4% | 50.0 | 32.2 | 64.3% | 49 | 72,907 |
| Kitui | 280.2 | 109.5 | 39.1% | 145.1 | 103.7 | 71.5% | 93.0 | 40.5 | 43.5% | 57 | 78,902 |
| Kwale | 132.0 | 98.3 | 74.4% | 126.8 | 28.9 | 22.8% | 40.0 | 35.2 | 88.0% | 33 | 118,506 |
| Laikipia | 117.2 | 122.8 | 104.8% | 91.4 | 80.5 | 88.0% | 25.7 | 9.8 | 38.2% | 23 | 47,468 |
| Lamu | 58.2 | 36.9 | 63.4% | 57.0 | 52.5 | 92.2% | 41.6 | 5.5 | 13.3% | 20 | 30,751 |
| Machakos | 524.3 | 210.7 | 40.2% | 713.6 | 486.9 | 68.2% | 46.1 | 35.9 | 78.0% | 59 | 67,657 |
| Makueni | 304.7 | 151.3 | 49.6% | 93.0 | 37.4 | 40.2% | 50.5 | 23.5 | 46.5% | 47 | 55,507 |
| Mandera | 186.5 | 90.2 | 48.4% | 280.0 | 133.2 | 47.6% | 98.7 | 34.7 | 35.2% | 48 | 80,439 |
| Marsabit | 113.8 | 77.4 | 68.0% | 145.0 | 65.4 | 45.1% | 145.0 | - | | 33 | - |
| Meru | 183.6 | 148.1 | 80.7% | 199.5 | 152.7 | 76.5% | 117.0 | 57.1 | 48.8% | 69 | 91,972 |
| Migori | 237.1 | 188.3 | 79.4% | 685.2 | 164.2 | 24.0% | 115.0 | 89.2 | 77.6% | 64 | 154,874 |
| Mombasa | 233.4 | 24.4 | 10.5% | 109.5 | 18.7 | 17.1% | 58.8 | 43.8 | 74.5% | 45 | 108,251 |
| Murang'a | 136.2 | 111.4 | 81.8% | 20.0 | 13.9 | 69.6% | 82.8 | 26.6 | 32.1% | 51 | 57,[illegible] |
| Nairobi City | 229.8 | 55.1 | 24.0% | 470.0 | 341.8 | 72.7% | 160.0 | 299.6 | 187.2% | 127 | 262,[illegible]88 |
| Nakuru | 381.4 | 198.0 | 51.9% | 203.4 | 156.4 | 76.9% | 130.0 | 42.6 | 32.7% | 74 | 63,889 |
| Nandi | 103.4 | 88.8 | 85.8% | 205.0 | 86.2 | 42.0% | 94.8 | 31.0 | 32.7% | 48 | 71,774 |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73352 - 00200,
NAIROBI, KENYA

| County | Domestic and Foreign Travels | | | Purchase of Vehicles | | | MCA Sitting Allowances | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Budgetary Allocation (Kshs. Millions) | Expenditure (Kshs. Millions) | Absorption % | Budgetary Allocation (Kshs. Millions) | Expenditure (Kshs. Millions) | Absorption % | Budgetary Allocation (Kshs. Millions) | Expenditure (Kshs. Millions) | Absorption % | No. of MCAs | Average monthly sitting allowance Per MCA (Kshs) |
| Narok | 280.7 | 162.4 | 57.9% | 310.0 | 229.6 | 74.1% | 17.0 | 18.0 | 106.1% | 47 | 42,642 |
| Nyamira | 251.5 | 71.1 | 28.3% | 161.1 | 105.6 | 65.5% | 106.3 | 70.4 | 66.2% | 33 | 237,037 |
| Nyandarua | 196.9 | 140.2 | 71.2% | 295.7 | 90.3 | 30.5% | 62.0 | 26.0 | 42.0% | 41 | 70,503 |
| Nyeri | 150.8 | 114.9 | 76.2% | 100.0 | 169.4 | 169.4% | 60.0 | 50.5 | 84.1% | 47 | 119,277 |
| Samburu | 146.2 | 65.7 | 44.9% | 100.4 | 95.2 | 94.9% | 16.1 | 8.8 | 54.7% | 26 | 37,575 |
| Siaya | 148.3 | 80.6 | 54.4% | 165.2 | 133.2 | 80.7% | 65.4 | 23.1 | 35.3% | 48 | 53,414 |
| Taita/Taveta | 181.3 | 76.2 | 42.0% | 70.2 | 48.5 | 69.1% | - | - | - | 35 | 7,438 |
| Tana River | 199.0 | 97.3 | 48.9% | 102.3 | 162.3 | 158.6% | 33.7 | 4.5 | 13.5% | 26 | 19,382 |
| Tharaka – Nithi | 140.1 | 112.3 | 80.2% | 118.0 | 91.2 | 77.3% | 27.6 | 11.2 | 40.6% | 24 | 51,940 |
| Trans Nzoia | 133.4 | 125.9 | 94.4% | 85.0 | 62.7 | 73.8% | 159.2 | 53.5 | 33.6% | 39 | 152,443 |
| Turkana | 178.4 | 162.7 | 91.2% | 400.0 | 279.4 | 69.9% | 20.0 | 7.9 | 39.5% | 47 | 18,669 |
| Uasin Gishu | 122.3 | 82.3 | 67.3% | 288.4 | 26.6 | 9.2% | 106.2 | 77.9 | 73.3% | 44 | 196,748 |
| Vihiga | 222.9 | 99.8 | 44.8% | 30.0 | 32.4 | 107.9% | 83.2 | 23.9 | 28.7% | 39 | 68,061 |
| Wajir | 199.6 | 118.2 | 59.2% | 71.0 | 66.0 | 93.0% | 68.1 | 40.8 | 59.9% | 45 | 100,[illegible] |
| West Pokot | 109.8 | 55.6 | 50.7% | 196.4 | 70.8 | 36.0% | 120.9 | 68.7 | 56.8% | 32 | 23[illegible]4 |
| **Total** | **9,215.2** | **4,896.6** | **53.1%** | **8,528.3** | **4,678.9** | **54.9%** | **3,237.5** | **1,842** | **56.9%** | **2,227** | **82,712** |

***Source:*** *County Analysis by OCOB*

## 2.4 Development Expenditure

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

During the first three quarters of the FY 2013/2014, the County Governments spent Kshs. 12.1 billion on development activities which represents 14 per cent of the total expenditure. The development expenditure in the same period represents 42.2 per cent of the funds released for development expenditure and only **11.7 per cent** of the total annual development budgets.

Machakos County had the highest expenditure on development activities at Kshs. 1.4 billion followed by Nairobi City County at Kshs. 1.19 billion and Kakamega County at Kshs. 1.16 billion. Three counties namely Mombasa, Lamu and Mandera did not spend any funds on development during the period under review despite development funds having been released by the OCOB.

Bomet, Machakos and Turkana Counties recorded the highest proportion of expenditure on development programmes as a percentage of their total expenditure in the period July 2013 to March 2014 at 42.7 per cent, 40.6 per cent and 40 per cent respectively. Bomet County also recorded the highest absorption of development funds at 41.5 per cent of the annual development budget followed by Machakos and Turkana at 34.6 per cent and 22.9 per cent respectively. Kisumu, Embu and Nakuru counties had the lowest proportion of expenditure on development as a percentage of their total expenditure at 1.1 per cent, 1.2 per cent and 2.5 per cent respectively. Consequently, the three Counties recorded the lowest absorption rate of development budget with Kisumu at 0.88 per cent, Embu at 0.89 per cent and Nakuru at 2.8 per cent.

## 2.5 Expenditure on Debt Repayment and Pending Bills

During the first nine months of FY 2013/2014, the County Governments spent Kshs. 2.9 billion on servicing debts inherited from the defunct local authorities which represents 3.7 per cent of the total expenditure by the Counties. These liabilities include unpaid statutory payments such as pensions and taxes, payments to suppliers, electricity and servicing of bank loans among others. The Transition Authority has issued regulations on how these liabilities should be addressed in line with the provisions of Transition to Devolved Government Act, 2012.

Analysis of expenditure under this category reveals that Nairobi City County had the highest expenditure at Kshs. 2.5 billion. Other Counties that had high expenditure on servicing of debts included Trans Nzoia and Kisumu whose expenditures were Kshs. 153 million and Kshs. 54.7 million respectively.

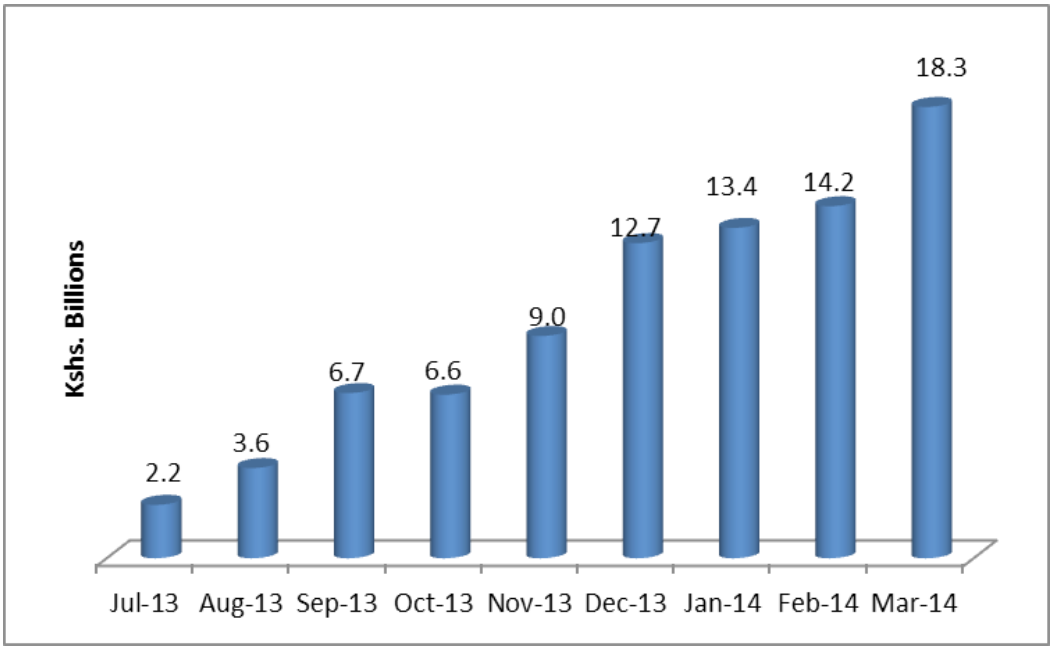
## 2.6 Monthly Expenditure

An analysis of monthly expenditure for the period July 2013 to March 2014 indicates that the expenditure by Counties has been increasing on monthly basis from a low of Kshs. 2.2 billion in July 2013 to a high of Kshs. 18.3 billion reported in March 2014. The monthly expenditure by counties has recorded an upward trend due to increase in funds released to the counties, the number of development projects being undertaken by the counties and the increased expenditure on personnel emoluments for staff performing devolved functions in the counties who have been included in the Counties' payroll. The

monthly expenditure by the Counties is presented in figure 3.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Figure 3: Monthly Expenditure by the counties– July 2013 to March, 2014**




***Source**: OCOB and County Treasuries*

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# 3.0 PERFORMANCE BY THE COUNTY GOVERNMENT ENTITIES

Article 175 of the Constitution of Kenya, 2010, stipulates the principles of devolved government as: to ensure democratic principles and separation of powers; to ensure counties have reliable sources of revenue to enable them govern and deliver services effectively.

Further, Article 176 (1) of the Constitution provides that the County Government comprises of the County Assembly and the County Executive. In addition, Article 176(2) of the Constitution provides that the two arms of the County Government shall decentralise their functions and service delivery to the extent that is efficient and practicable. This section therefore presents the analysis of the performance of the two arms of the county government based on the actual expenditure the nine months period of the FY 2013/14 compared to the approved budgets.

## 3.1 County Assembly

The legislative authority of the County is vested in, and exercised by the County Assembly. The roles of the County Assembly have been highlighted in Section 8 of the County Government Act, 2012 which includes among others approval of the County budgets in accordance with Article 207 of the Constitution, approve borrowing by the county government in accordance with Article 212 of the Constitution, approve county development planning and perform their legislative role as set out under Article 185 of the Constitution.

In the FY 2013/14, County Governments budgeted for Kshs.269.1 billion out of which County Assemblies were allocated Kshs. 31.4 billion or 11.7 per cent of the total budget. During the period under review, County Assemblies spent Kshs.11.3 billion representing an absorption rate of 35.9 per cent.

Busia, Tharaka Nithi, and Wajir County Assemblies spent the highest proportion of their budgets at 67.4 per cent, 62.5 per cent and 57.1 per cent respectively while Mandera, Kirinyaga and Taita Taveta County Assemblies reported the lowest absorption rate at 19.9 per cent, 20 per cent and 21.6 per cent respectively as shown in table 3.

## 3.2 County Executive Services

The executive authority of the County is vested in, and exercised by, a County Executive Committee. Article 183 of the Constitution provides the functions of the County Executive Committee which includes implementing National and County legislation as well as managing the functions of the County administration and its departments. Further, Sub-Article 3 requires the County Executive to provide comprehensive reports on a regular basis to the County Assembly on matters relating to the County.

The County Executive Services was allocated Kshs.237.7 billion representing 88.3 per cent of the total budget for the FY 2013/14. The total expenditure for the period July, 2013 to March, 2014 amounted to Kshs.75.4 billion representing an absorption rate of 31.7 per cent.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

Bomet, Nairobi and Machakos County Executive Services had the highest absorption rates at 52.6 per cent, 52.6 per cent and 44.7 per cent respectively. Conversely, Mandera, Garissa and Kakamega Executive Services had the lowest absorption rate at 15.4 per cent, 18.6 per cent and 19.5 per cent respectively.

Table 3 shows an analysis of county budgets and expenditure under the two arms of County Governments.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Table 3: Analysis of County Budgets and Expenditures July, 2013 to March, 2014 (Kshs.)**

| County | Total Budget | Budget of the two arms of County Governments | | Expenditure by the two arms of County Governments | | Absorption Rates | |
|---|---|---|---|---|---|---|---|
| | | County Assembly Budget | County Executive Budget | County Assembly Expenditure | County Executive Expenditure | County Assembly | County Executive |
| BARINGO | 3,744,080,566 | 582,462,772 | 3,161,617,794 | 219,248,381 | 1,055,156,275 | 37.6% | 33.4% |
| BOMET | 3,821,800,000 | 372,100,000 | 3,449,700,000 | 141,147,003 | 1,814,522,946 | 37.9% | 52.6% |
| BUNGOMA | 8,853,866,627 | 985,451,624 | 7,868,415,003 | 254,369,375 | 1,592,338,161 | 25.8% | 20.2% |
| BUSIA | 4,303,541,093 | 712,810,310 | 3,590,730,783 | 480,435,238 | 1,116,279,872 | 67.4% | 31.1% |
| ELGEYO MARAKWET | 2,603,670,555 | 328,736,215 | 2,274,934,340 | 94,469,093 | 703,262,750 | 28.7% | 30.9% |
| EMBU | 4,023,446,437 | 486,396,570 | 3,537,049,867 | 166,138,262 | 757,378,208 | 34.2% | 21.4% |
| GARISSA | 4,847,000,000 | 505,095,840 | 4,341,904,160 | 117,852,171 | 808,158,099 | 23.3% | 18.6% |
| HOMABAY | 5,314,684,836 | 1,028,343,634 | 4,286,341,202 | 470,621,071 | 1,251,712,010 | 45.8% | 29.2% |
| ISIOLO | 2,784,624,946 | 303,442,754 | 2,481,182,192 | 78,772,544 | 540,634,936 | 26.0% | 21.8% |
| KAJIADO | 3,758,180,741 | 569,643,993 | 3,188,536,746 | 247,049,999 | 1,178,067,729 | 43.4% | 36.9% |
| KAKAMEGA | 13,205,550,421 | 1,114,504,183 | 12,091,046,238 | 418,471,080 | 2,357,360,620 | 37.5% | 19.5% |
| KERICHO | 3,632,603,754 | 538,061,341 | 3,094,542,413 | 256,909,585 | 1,465,736,170 | 47.7% | 47.4% |
| KIAMBU | 9,323,002,943 | 733,584,611 | 8,589,418,332 | 354,194,709 | 2,936,878,830 | 48.3% | 34.2% |
| KILIFI | 6,701,156,247 | 817,645,535 | 5,883,510,712 | 193,977,700 | 2,164,165,268 | 23.7% | 36.8% |
| KIRINYAGA | 3,267,958,728 | 674,403,404 | 2,593,555,324 | 135,087,374 | 929,794,169 | 20.0% | 35.9% |
| KISII | 7,053,212,180 | 804,200,000 | 6,249,012,180 | 295,830,882 | 1,936,531,731 | 36.8% | 31.0% |
| KISUMU | 8,345,000,000 | 1,048,061,280 | 7,296,938,720 | 247,655,994 | 1,744,557,748 | 23.6% | 23.9% |
| KITUI | 6,548,246,241 | 714,904,769 | 5,833,341,472 | 281,787,833 | 1,355,506,361 | 39.4% | 23.2% |
| KWALE | 4,391,361,019 | 605,055,994 | 3,786,305,025 | 330,560,969 | 913,666,304 | 54.6% | 24.1% |
| LAIKIPIA | 3,314,772,184 | 530,811,280 | 2,783,960,904 | 193,031,950 | 1,082,585,356 | 36.4% | 38.9% |
| LAMU | 1,648,526,161 | 268,478,144 | 1,380,048,017 | 75,566,554 | 361,088,093 | 28.1% | 26.2% |
| MACHAKOS | 8,015,656,492 | 761,000,000 | 7,254,656,492 | 300,247,728 | 3,242,556,894 | 39.5% | 44.7% |
| MAKUENI | 5,071,201,931 | 577,500,000 | 4,493,701,931 | 291,696,878 | 894,364,059 | 50.5% | 19.9% |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| County | Total Budget | Budget of the two arms of County Governments | | Expenditure by the two arms of County Governments | | Absorption Rates | |
|---|---|---|---|---|---|---|---|
| | | County Assembly Budget | County Executive Budget | County Assembly Expenditure | County Executive Expenditure | County Assembly | County Executive |
| MANDERA | 6,987,632,929 | 880,721,416 | 6,106,911,513 | 175,604,728 | 942,087,672 | 19.9% | 15.4% |
| MARSABIT | 3,840,008,898 | 415,043,304 | 3,424,965,594 | 95,697,528 | 840,872,499 | 23.1% | 24.6% |
| MERU | 5,681,680,382 | 810,477,204 | 4,871,203,178 | 359,768,752 | 2,008,216,558 | 44.4% | 41.2% |
| MIGORI | 5,530,654,457 | 848,935,737 | 4,681,718,720 | 215,973,202 | 1,578,940,315 | 25.4% | 33.7% |
| MOMBASA | 11,686,014,896 | 855,841,396 | 10,830,173,500 | 271,313,611 | 2,397,981,011 | 31.7% | 22.1% |
| MURANGA | 5,621,869,067 | 497,556,000 | 5,124,313,067 | 164,398,453 | 1,778,956,285 | 33.0% | 34.7% |
| NAIROBI | 25,225,181,329 | 1,620,201,208 | 23,604,980,184 | 598,336,042 | 12,424,665,713 | 36.9% | 52.6% |
| NAKURU | 10,038,042,113 | 979,547,831 | 9,058,494,282 | 490,746,634 | 2,812,425,435 | 50.1% | 31.0% |
| NANDI | 3,899,794,019 | 704,040,331 | 3,195,753,688 | 296,216,795 | 994,547,737 | 42.1% | 31.1% |
| NAROK | 8,083,853,311 | 701,915,629 | 7,381,937,682 | 229,101,730 | 2,295,547,636 | 32.6% | 31.1% |
| NYAMIRA | 3,415,715,932 | 658,734,200 | 2,756,981,732 | 189,748,990 | 1,131,200,182 | 28.8% | 41.0% |
| NYANDARUA | 3,639,860,739 | 546,860,002 | 3,093,000,737 | 201,267,574 | 1,103,824,544 | 36.8% | 35.7% |
| NYERI | 4,550,415,709 | 598,654,331 | 3,951,761,378 | 258,876,272 | 1,508,976,468 | 43.2% | 38.2% |
| SAMBURU | 2,906,460,855 | 447,767,621 | 2,458,693,234 | 104,875,393 | 776,876,406 | 23.4% | 31.6% |
| SIAYA | 4,264,097,958 | 664,608,056 | 3,599,489,902 | 184,976,070 | 831,844,031 | 27.8% | 23.1% |
| TAITA TAVETA | 2,858,870,449 | 417,474,217 | 2,441,396,232 | 90,086,874 | 809,058,078 | 21.6% | 33.1% |
| TANARIVER | 3,206,097,123 | 511,164,000 | 2,694,933,123 | 128,377,670 | 633,943,908 | 25.1% | 23.5% |
| THARAKA NITHI | 2,518,590,070 | 260,281,769 | 2,258,308,301 | 162,711,552 | 786,344,137 | 62.5% | 34.8% |
| TRANS-NZOIA | 4,424,512,783 | 641,699,379 | 3,782,813,404 | 185,880,468 | 1,468,893,963 | 29.0% | 38.8% |
| TURKANA | 8,145,087,939 | 1,196,834,342 | 6,948,253,597 | 342,025,655 | 1,947,478,086 | 28.6% | 28.0% |
| UASIN GISHU | 5,727,883,679 | 573,391,967 | 5,154,491,712 | 250,477,949 | 1,217,922,308 | 43.7% | 23.6% |
| VIHIGA | 3,263,931,119 | 696,718,231 | 2,567,212,888 | 227,997,648 | 726,836,175 | 32.7% | 28.3% |
| WAJIR | 5,413,561,682 | 400,428,626 | 5,013,133,056 | 228,461,075 | 1,388,866,671 | 57.1% | 27.7% |
| WEST POKOT | 3,631,252,476 | 404,846,804 | 3,226,405,672 | 176,564,446 | 824,264,848 | 43.6% | 25.5% |
| **Total** | **269,134,214,016** | **31,396,437,854** | **237,737,776,222** | **11,274,607,483** | **75,432,873,254** | **35.9%** | **31.7%** |

## 3.3 Individual County Summaries

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

This section presents a summary of budget implementation for the period July 2013 to March 2014 for each of the 47 counties. The total amount of money released to each county is pointed out, expenditure is analysed by economic classification and the development projects implemented during the period have been identified. Challenges that impede effective budget implementation in each county are identified and appropriate recommendations are made.

**Baringo County**

The County has an approved budget of Kshs.3.7 billion comprising of Kshs. 2.6 billion (69%) for recurrent expenditure and Kshs.1.16 billion (31%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs.3.7 billion which comprises Kshs. 3.3 billion (86.7%) from the national equitable share, Kshs.497 million (10.3%) from local revenue sources and Kshs.137.4 million (3.3%) as balance brought forward from FY 2012/2013.

In the period July 2013 to March 2014, the County received Kshs. 1.82 billion as the national equitable share, collected Kshs. 129.6 million from local sources, and had Kshs. 137.4 million as balance brought forward from FY 2012/13. In the third quarter of the FY 2013/14, the County raised local revenues amounting to Kshs. 37.4 million, an improvement from Kshs. 27.6 million collected in the second quarter but a decline from Kshs. 64.5 million raised in the first quarter. The total local revenue collected during the period July 2013 to March 2014 accounted for 36.0 per cent of the annual local revenue target.

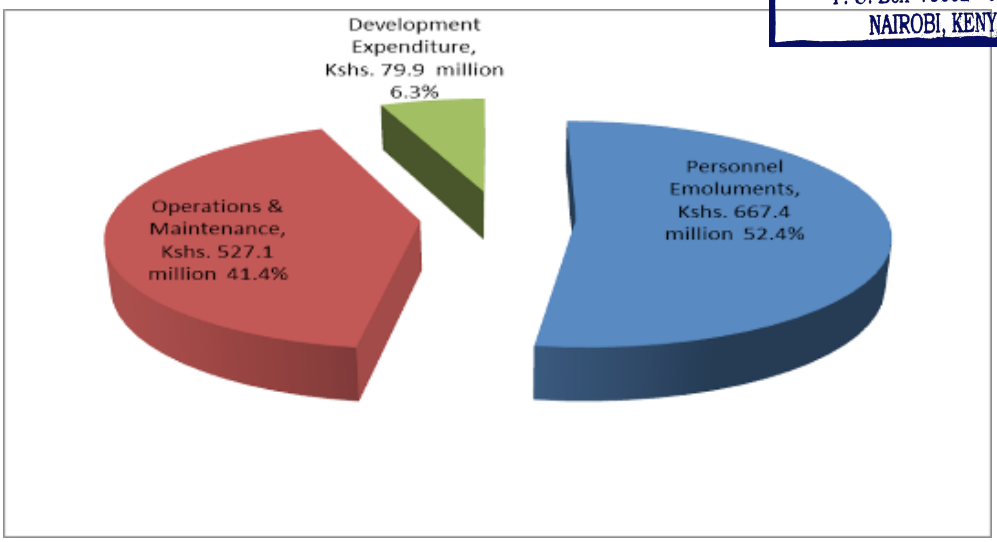
Funds released to the County during the same period amounted to Kshs. 1.9 billion of which Kshs. 1.4 billion (74.6%) was for recurrent expenditure and Kshs.483.6 million (25.4%) for development expenditure.

During the nine months period, the County spent a total of Kshs. 1.27 billion translating to 67 per cent of the total funds released. The County Executive spent Kshs 1.05 billion while Kshs, 219 million was spent by the County Assembly representing 82.8 per cent and 17.2 per cent of the total expenditure respectively. The County spent Kshs.1.2 billion (93.7%) on recurrent expenditure and Kshs.79 million (6.3%) on development activities.

An analysis of recurrent expenditure reveals that the County spent Kshs. 667.4 million on personnel emoluments which translates to 55.9 per cent of the total recurrent expenditure while Kshs. 527.1 million was spent on operations and maintenance accounting for 44.1 per cent. Personnel emoluments include Kshs. 270 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

**Figure 4: Analysis of Total Expenditure, Baringo County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source:*** *Baringo County Treasury*

The recurrent expenditure was 84.1 per cent of the funds released for recurrent activities while development expenditure accounted for 16.5 per cent of the funds released for development projects. Recurrent expenditure for the period translates to an absorption rate of **46.2 per cent** of the annual recurrent budget while development expenditure translates to an absorption rate **6.2 per cent** of the annual development budget.

Some of the development projects that the County implemented during the period under review included grading and gravelling of roads, water harvesting and distribution programmes, refurbishment and improvement of county headquarters and renovation and improvement of health facilities.

A review of operations and maintenance expenditure for the same period indicates that Kshs. 111.2 million (21.1%) was spent on purchase of motor vehicles, Kshs.67.2 million (14.6%) on travel costs and subsistence allowances, Kshs. 37.9 million (8.2%) on routine maintenance of assets, Kshs.23.3 million (5%) on Group Personal Insurance/Medical Scheme and Kshs.22.7 million (4.9%) on printing and advertising. Other operations and maintenance expenses included Kshs. 20.2 million (4.4%) spent on utilities, supplies and services, Kshs. 18.9 million (4.1%) spent on fuel oil & lubricants, Kshs.16.4 million (3.6%) on purchase of office furniture, Kshs. 12.5 million (2.7%) on training, Kshs. 10.6 million (2.3%) on conferences and hospitality and Kshs. 9.5 million (2.1%) on office and general supplies.

The County spent Kshs. 36.9 million for payment of sitting allowances to the 48 members of the County Assembly against a budget of Kshs. 61.6 million. This represents an absorption rate of 59.8 per cent and an average of Kshs. 85,341 per MCA per month.

The County had inadequate staffing in key support and technical departments which greatly hampered service delivery due to delays in procuring of services and setting up of

structures. Local revenue collection was low compared with the annual target mainly due to inadequate enforcement mechanisms. These two issues had been raised in the second quarter report, but are yet to be fully addressed.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 78652-00200
NAIROBI, KENYA

The County lacked a clear monitoring and evaluation framework to supervise development projects. There was also frequent downtime of IFMIS which was exacerbated by low capacity of the users. Capacity challenges were also noted in the use of the payroll management system.

From the challenges faced by Baringo County in budget implementation, we recommend that the County Public Service Board should fast track the audit and deployment of staff to ensure optimum staffing levels; develop clear procurement plans and link them to cash flow forecasts; and, establish an inspection and acceptance committee to enhance procurement processes. To address the challenge of low revenue collection, there is need to automate revenue collection and enhance enforcement. The County Treasury should liaise with the National Treasury to improve the IFMIS connectivity to address the frequent downtimes. Additionally, the County should undertake staff training on IFMIS and the payroll management system.

**Bomet County**

The County has an approved budget for the FY 2013/2014 of Kshs. 3.8 billion comprising of Kshs. 1.8 billion (47.4%) for recurrent expenditure and Kshs. 2.0 billion (52.6%) for development activities. This budget will be financed by Kshs 3.4 billion (90.1%) from national equitable share, local revenue amounting to Kshs.245 million (6.4%) and Kshs. 133.5 million (3.5%) being balance brought forward from FY 2012/2013.

During the period July 2013 to March 2014, the County received Kshs. 2.5 billion as the national equitable share, raised Kshs. 183.8 million from local sources, and had Kshs. 133.5 million as balance brought forward from FY 2012/13. The local revenue raised during the third quarter of FY 2013/2014 was Kshs. 75.9 million which is an improvement from Kshs. 24.1 million and Kshs. 36.6 million raised in the first and second quarters of FY 2013/14 respectively. Total local revenue raised during the period under review accounted for 55.8 per cent of the annual local revenue target.

Funds released to the County during the period under review amounted to Kshs. 2.3 billion of which Kshs1.3 billion (57.3%) was for recurrent expenditure and Kshs.979.6 million (42.7%) for development expenditure.

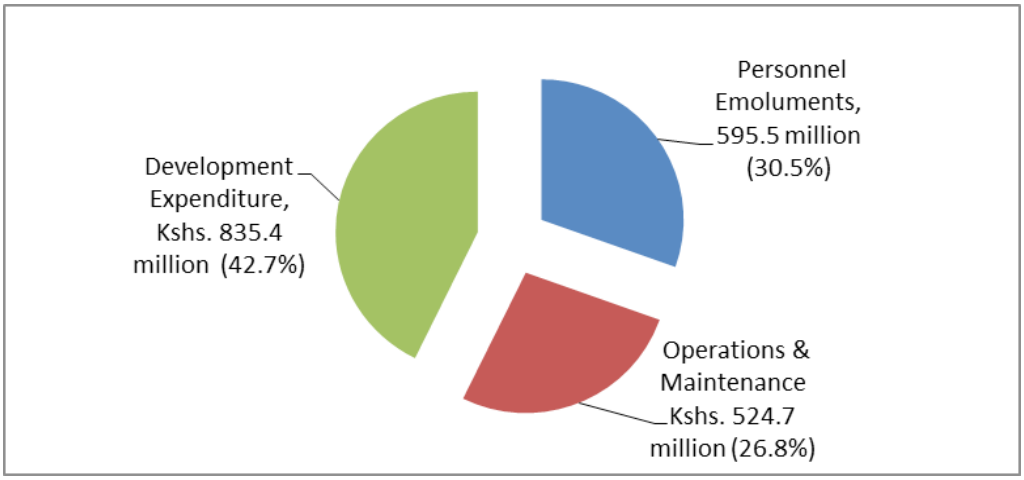
The total expenditure for the nine months of FY 2013/14 amounted to Kshs. 1.96 billion which was 85.2 per cent of the funds released. Expenditure for the County Executive was Kshs. 1.81 billion (92.8%) while the expenditure for the County Assembly was Kshs. 141.2 million (7.2%). The County spent Kshs.1.12 billion (57.3%) on recurrent activities and Kshs. 835.4 million (42.7%) on development activities. The recurrent expenditure was 85.2 per cent of the funds released for recurrent activities while development expenditure accounted for 85.3 per cent of the funds released for development projects. The recurrent expenditure for the period under review was 61.9 per cent of the annual recurrent budget

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

while development expenditure was 41.5 per cent of the annual development budget. A breakdown of the recurrent expenditure shows that the County spent Kshs. 595.6 million for personnel emoluments which constituted 53.2 per cent of the total recurrent expenditure and Kshs. 524.7 million on operations and maintenance expenditure which translates to 46.8 per cent.

Some of the development projects that the County implemented during the period under review included; grading and gravelling of roads, water harvesting and distribution programmes, refurbishment and improvement of education facilities, and, renovation and improvement of health facilities.

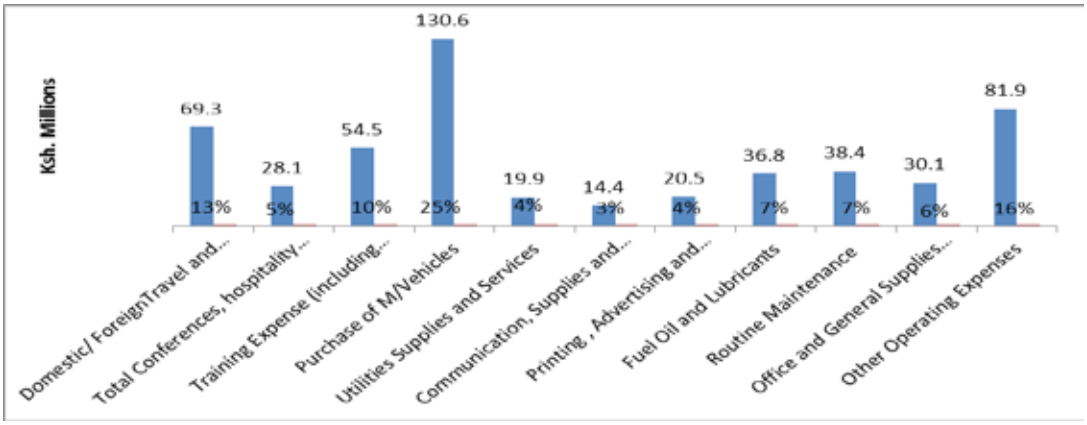
**Figure 5: Analysis of Total Expenditure, Bomet County**




***Source:*** *Bomet County Treasury*

The breakdown of operations and maintenance expenditure of Kshs. 524.7 million for the period under review is shown in figure 6.

**Figure 6: Analysis of Expenditure on Operations and Maintenance, Bomet County**




***Source:*** *Bomet County Treasury*

The County spent Kshs. 11.7 million for payment of sitting allowances to the 63 members of the County Assembly against an annual budget of Kshs. 35.7 million representing an absorption rate of 32.7 per cent and an average of Kshs. 37,091 per MCA per month.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 79552-00200
NAIROBI, KENYA

The County did not fully utilise IFMIS and G-pay systems to process financial transactions during the period under review. This challenge was raised in the half year report, but is yet to be addressed. There was also frequent access to overdraft facilities without proof of approval by the County Assembly. The overdraft issue had also been raised in the half year report. It is noteworthy that the County had initially addressed this issue but later reverted to use of overdraft in February and March 2014. We also noted that the County did not have an internal audit function. Additionally, the County charged recurrent expenditure for all County departments to one department and did not strictly adhere to budget ceilings and work plans. The County experienced delays by the County Assembly in passing crucial plans and policies such as County Integrated Development Plan (CIDP) and the County Fiscal Strategy Paper (CFSP), which are key planning documents and are necessary in the 2014/15 budget formulation process per the PFM Act 2012 framework.

The County should fully implement IFMIS and G-pay systems, establish a functional internal audit function, and ensure strict compliance with the PFM Act, 2012 and other regulations in respect to access to overdrafts. The County Assembly should ensure timely passage of the necessary County legislations on the county budget process.

**Bungoma County**

The County has an approved budget of Kshs. 8.9 billion which is composed of Kshs. 5.2 billion (58.3%) for recurrent expenditure and Kshs. 3.7 billion (41.7%) for development expenditure. This budget is to be financed by Kshs. 6.2 billion (69.2%) as national equitable share of revenue and local revenues amounting to Kshs. 2.7 billion (30.8%).

During the first nine months of FY 2013/14, the County received Kshs. 3.1 billion as the national equitable share and raised local revenues amounting to Kshs. 139.5 million. During the third quarter of FY 2013/14, local revenue raised by the County was Kshs. 60.4 million which is an improvement from Kshs. 42.9 million raised in the second quarter and Kshs. 36.2 million in the first quarter. However, the local revenue raised during the period under review was only 5.1 per cent of the annual local revenue target. This indicates that the County is unlikely to achieve the target for the local revenue for financial year 2013/14 which may affect implementation of planned activities.

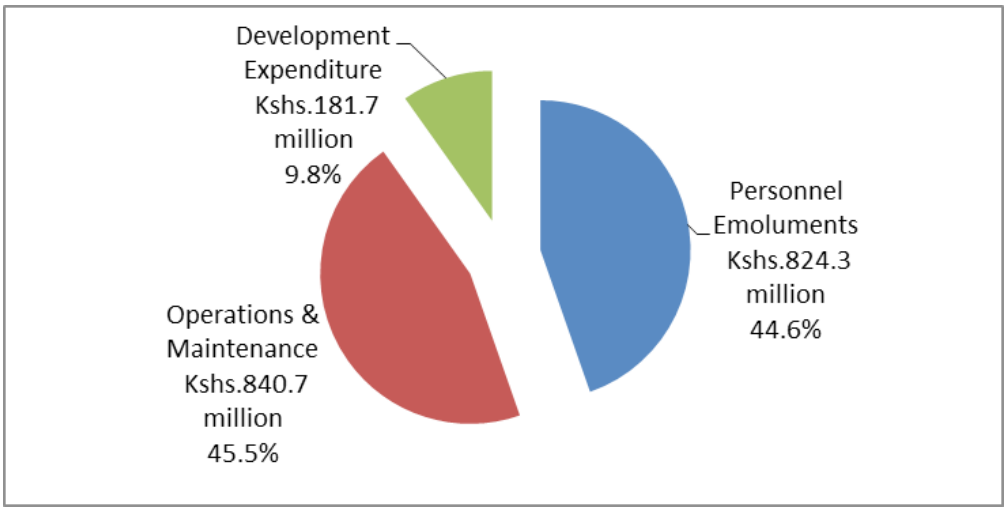
During the period under review, funds released to the County amounted to Kshs. 2.8 billion out of which Kshs. 2 billion (71.8%) was for recurrent expenditure and Kshs. 793.8 million (28.2%) was for development activities.

In the period July 2013 to March 2014, the County spent a total of Kshs. 1.8 billion which was 65.7 per cent of the funds released. The County Executive spent Kshs 1.6 billion while Kshs. 254.4 million was spent by the County Assembly which represent 86.2 per cent and 13.8 per cent respectively. Total expenditure during the review period consisted of Kshs.1.7 billion (90.2%) on recurrent expenditure and Kshs.181.7 million (9.8%) on

development activities. The recurrent expenditure included Kshs. 824.3 million (49.5%) spent on personnel emoluments costs and Kshs. 840.7 million (50.5%) on operations and maintenance. The expenditure for the review period excludes salaries paid to officers at the MCA ward offices which could not be established by the time of finalizing this report.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

**Figure 7: Analysis of Total Expenditure, Bungoma County**




***Source**: Bungoma County Treasury*

The recurrent expenditure during the period under review was 82.5 per cent of the funds released for recurrent activities while development expenditure accounted for 22.9 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review accounted for 32 per cent of the annual recurrent budget while development expenditure was only 4.9 per cent of the annual development budget.

A breakdown of operations and maintenance expenditure for the period July 2013 to March 2014, reveals that Kshs105.1 million (12.5%) was spent on domestic and foreign travel, Kshs. 93.7 million (11.2%) on conferences, hospitality and catering, Kshs. 63.8 million (7.6%) on office and general supplies, Kshs. 53.7 million (6.4%) on purchase of motor vehicles, Kshs. 41.4 million (4.9%) on training, Kshs. 32.8 million (3.9%) on printing, Kshs. 25.9 million (3.1%) on routine maintenance of assets, Kshs. 16 million (1.9%) on fuel and lubricants, Kshs. 11.2 million (1.3%) on utility supplies and services and Kshs. 11 million (1.3%) on communication supplies and services.

The County spent Kshs. 19.9 million for payment of sitting allowances to the 63 County Assembly members against a budget of Kshs. 71.7 million. This represents an absorption rate of 27.7 per cent and an average of Kshs. 35,080 per MCA per month.

The County operated two revenue collection accounts during the first half of FY 2013/14 and was not regularly sweeping the local revenue to the County Revenue Fund. During the third quarter, the County closed down one of the revenue collection account and started sweeping local revenue to the County Revenue Fund on weekly basis. However, there were challenges in imprest management. At the time of writing the report, the outstanding

imprest was over Kshs. 48 million. The County Assembly spent Kshs. 27 million to set up county representative ward offices contrary to Transitional Authority Circular advising against setting up of such offices. In addition, the budget that has been uploaded on IFMIS is different from the one approved by the County Assembly.

COUNTY ASSEMBLIES FORUM (CAF)
P.O.Box 76352-00200
NAIROBI KENYA

Availability of working space has remained a challenge in the County though the County has acquired some offices for its Executive Committee Members. Other challenges that were experienced by the County were the frequent downtime of the G-Pay system and inadequate personnel in the Accounting Department, especially accountants. The County performed poorly on local revenue collection, a trend that was experienced during the first half of the financial year. By the end of the third quarter of FY 2013/2014, local revenue collection by the County was only 5.1 per cent of the annual target.

It is recommended that the County enhances local revenue collection to enable it realize its revenue targets. Imprest management should be monitored with a view of ensuring that there is prudent management of funds. The County Treasury should liaise with the National Treasury and the Central Bank to address the G-Pay connectivity challenges. There is need for the County to adhere to advisories by TA when establishing new offices. The County should undertake human resource audit to ensure that it has optimum number of officers in all departments.

**Busia County**

The County has an approved budget of Kshs. 4.3 billion for FY 2013/2014 comprising of Kshs. 2.6 billion (60.3%) for recurrent expenditure and Kshs. 1.7 billion (39.7%) for development expenditure. The budget will be financed through national equitable share amounting to Kshs. 3.67 billion (84.3%), Kshs. 632.4 million (14.5%) from local revenues and Kshs. 51 million (1.2%) as balance brought forward from FY2012/2013.

In the period July 2013 to March 2014, the County received Kshs. 1.9 billion as the national equitable share, collected Kshs. 199.2 million from local sources, and had Kshs. 51.1 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised Kshs. 88.3 million in local revenues, which is an increase from Kshs. 47.7 million raised in the second quarter and Kshs. 63.1 million in the first quarter. The local revenue collected during the period under review was 31.5 per cent of the annual local revenue target.

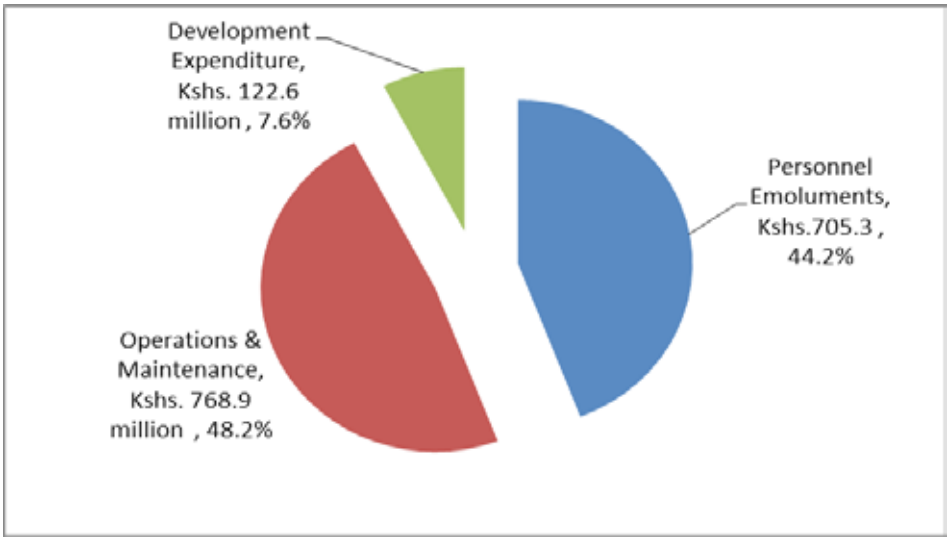
The funds released to the County during the period under review amounted to Kshs. 2.1 billion of which 1.5 billion (69.8%) was for recurrent expenditure while 635 million (30.2%) was for development expenditure.

In the period under review, the County spent a total of Kshs.1.6 billion which is 75.9 per cent of the funds released to the County. The County Executive spent Kshs. 1.1 billion while the County Assembly spent Kshs. 480.4 million which representing 69.9% and 30.1% of the total expenditure respectively. The County spent Kshs.1.47 billion (92.3%) on recurrent activities and Kshs.122.6 million (7.7%) on development activities. A review of the recurrent expenditure reveals that the County spent Kshs. 705.2 million on personnel emoluments which translates to 47.8 per cent of the recurrent expenditure and

Kshs. 768.9 million for operations and maintenance expenditure which represents 52.2 per cent of the total recurrent expenditure. Expenditure on personnel emoluments costs included Kshs. 114 million reimbursed to the National government for salaries paid to staff performing devolved functions for the period of July to December 2013.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

**Figure 8: Analysis of Total Expenditure, Busia County**




***Source**: Busia County Treasury*

The recurrent expenditure for the County during the review period was 100.4 per cent of the funds released for recurrent activities while development expenditure accounted for 19.3 per cent of the funds released for development projects. The over expenditure on recurrent activities is as a result of the County Assembly spending Kshs. 10 million meant for development activities on recurrent activities. Overall, the recurrent expenditure for the period under review was 55.2% of the annual recurrent budget while development expenditure was 7.1% of the annual development budget.

The County implemented a number of development projects during the period under review such as maintenance of County roads, construction of slaughter house, perimeter wall, and construction of car sheds, expansion of a water projects, supply of the I.C.U machine for the County hospital, and, purchase of tractors.

Analysis of operations and maintenance expenditure for the period under review indicates that Kshs. 158 million (20.5%) was spent on office and general supplies, Kshs. 104.3 million (13.6%) on domestic and foreign travels, Kshs. 80.7 million (10.5%) on training, Kshs. 74 million (9.6%) on MCA car loans, Kshs. 24 million (3.1%) on routine maintenance of assets, Kshs. 23.9 (3.1%) million on printing and advertising, Kshs. 23.3 million (3.0%) on conferences and hospitality, Kshs. 20 million (2.6%) on purchase of motor vehicles, Kshs.14.4 million (1.9%) on utilities supplies and services, Kshs. 11.3 million (1.5%) on fuel and lubricants and Kshs. 9.8 million on communication supplies

and services.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The County Assembly spent Ksh. 54.9 million for payment of sitting allowances for the 53 members of the County Assembly against a budget of Kshs. 99.2 million. This represents an absorption rate of 55.4% and an average of Kshs. 115,172 per MCA per month.

The County had human resource constraints during the period under review, a challenge that was also mentioned in the half year report. There has been delay in the preparation and approval of key policy documents in the budget making process such as the County Integrated Development Plan (CIDP) and the County Fiscal Strategy Paper (CFSP) for FY 2014/15. Additionally, the County is yet to establish the County Budget and Economic Forum and an Internal Audit committee to oversee the smooth running of the County operations. The salaries of staff previously belonging to the defunct local authorities are still being charged in one vote. The County purchased a vehicle for the speaker of the County Assembly which does not conform to the guidelines issued by the Salaries and Remuneration Commission.

The County should conduct a human resource audit and identify need for more staff and training needs to enhance service delivery. The County should adhere to the budget timelines in preparation of key policy document for budget implementation. There is need for the County to establish the County Budget and Economic Forum and an Internal Audit Committee. The County should ensure that salaries are charged to the departments where employees render their services. Finally, guidelines by SRC should be fully complied with.

**Elgeyo/Marakwet County**

The County has an approved budget of Kshs. 2.6 billion. This amount comprises of Kshs. 1.82 billion (70%) for recurrent expenditure and Kshs. 785 million (30%) for development expenditure. This budget will be financed through national equitable share amounting to Kshs. 2.39 billion (91.9%), local revenues amounting to Kshs. 85 million (3.3%) and a balance of Kshs. 126.6 million (4.8%) brought forward from FY 2012/13.

In the period July 2013 to March 2014, the County received Kshs. 1.34 billion as the national equitable share, collected Kshs. 38.3 million from local sources, and had Kshs. 123.2 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenues amounting to Kshs. 17.1 million which is an improvement from Kshs. 10.8 million raised in the second quarter and Kshs. 10.4 million in the first quarter. The local revenue collected during the period under review of FY 2013/14 accounted for 45 per cent of the annual local revenue target.

The total amount released to the County during the period amounted to Kshs. 1.23 billion of which, Kshs. 964.9 million (78.5%) was for recurrent expenditure while Kshs. 263.5 million (21.5%) was for development expenditure.
During the period July 2013 to March 2014, the County spent a total of Kshs.797.7 million which was 64.9 % of the total funds released. Expenditure by the County Executive amounted to Kshs. 703.1 million while the County Assembly spent Kshs. 94.5 million

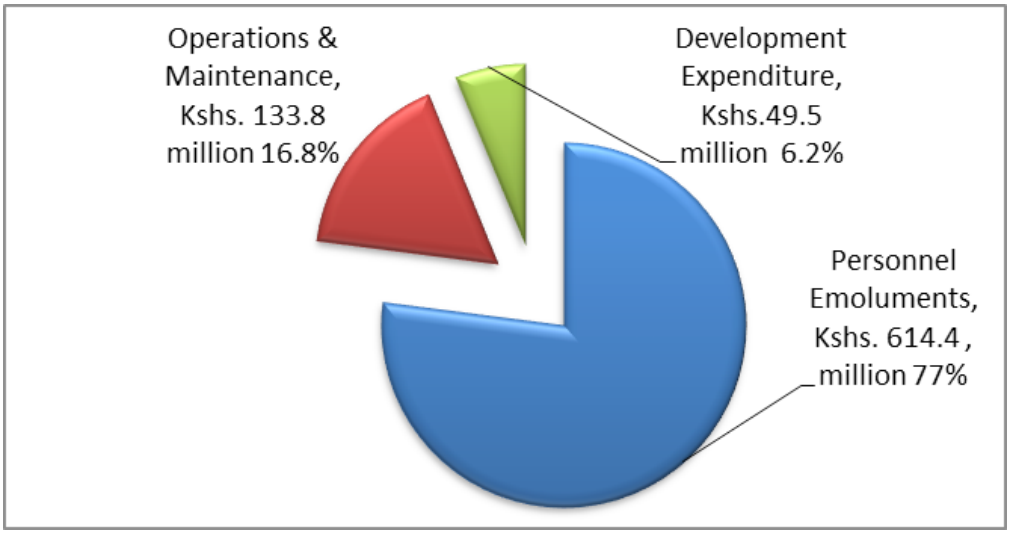
COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

which represent 88.2 per cent and 11.8 per cent of the expenditure during the review period respectively. The County spent Kshs.748.2 million (93.8%) on recurrent expenditure and Kshs.49.5 million (6.2%) on development activities. Recurrent expenditure accounted for 77.5 per cent of the funds released for recurrent activities while development expenditure accounted for 18.8 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review was 41.1 per cent of the annual recurrent budget while development expenditure was only 6.3 per cent of the annual development budget.

A breakdown of recurrent expenditure reveals that the County spent Kshs. 614.4 million on personnel emoluments which translates to 82.1 per cent of the total recurrent expenditure while Kshs. 133.8 million was spent on operations and maintenance accounting for 17.9 per cent of the recurrent expenditure.

Some of the development programmes implemented during the period under review included opening and grading of roads, promotion of tourism and development, promotion of primary health care, irrigation works, rehabilitation of water schemes, and promotion of the dairy and agricultural sector among others.

**Figure 9: Analysis of Total Expenditure, Elgeyo/Marakwet County**




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

Analysis of operations and maintenance expenditure indicates that Kshs. 37.4 million (27.4), Kshs. 30.8 million (23%) was spent on domestic and foreign travel, 10.6 million (7.9%) on insurance costs and Kshs. 5.8 million (4.3%) on office and general supplies and Services. The County spent Kshs. 12.4 million on payment of sitting allowances to the 30 members of the County Assembly against a budget of Kshs. 37.4 million, representing an absorption rate of 33.2 per cent and an average of Kshs. 45,905 per MCA per month.

The County faced several challenges during the period under review that included: poor

connectivity of IFMIS and G-pay which affected timely processing of payments and low uptake of development funds due to delays in the preparation of procurement plans. Local revenue collections remained low as the County achieved only 45 per cent of the annual local revenue target in the first nine months of the year. It is unlikely that the County will achieve its annual target in local revenue collection, which may affect implementation of some planned activities due to funding constraints.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200,
NAIROBI, KENYA

The County should liaise with the National Treasury to address the IFMIS and G-Pay connectivity issues. Additionally, the County should expedite its procurement process to improve absorption of development funds, as well as consider adopting an automated system to improve local revenue collections.

**Embu County**

The County has an approved budget for FY 2013/14 of Kshs. 4.02 billion which comprises of a recurrent expenditure allocation of Kshs. 2.81 billion (70%) and development allocation of Kshs. 1.21 Billion (30%). The budget will be financed through Kshs.3.4 billion (83.6%) as national shareable revenue and local revenues totalling to Kshs. 659.1 million (16.4%).

During the period July 2013 to March 2014, the County received Kshs. 1.72 billion as the national equitable share, generated local revenues amounting to Kshs. 87.1 million and had a balance of Kshs. 68.3 million brought forward from FY 2012/13. An analysis of quarterly local revenue collections shows that the local revenue has been on a declining trend from the first quarter where Kshs. 35.4 million was raised to Kshs.27.2 million during the second quarter and Kshs. 24.5 million in the third quarter. The local revenue collected constituted 13.2 per cent of the annual target for the current financial year.

Funds released to the County during the first nine months of FY 2013/14 amounted to Kshs. 1.87 billion of which 1.36 billion (72.8%) was for recurrent expenditure, Kshs. 363.9 million (19.4%) for development expenditure, and, Kshs.145.5 million (7.8%) as conditional grant for level five hospital.

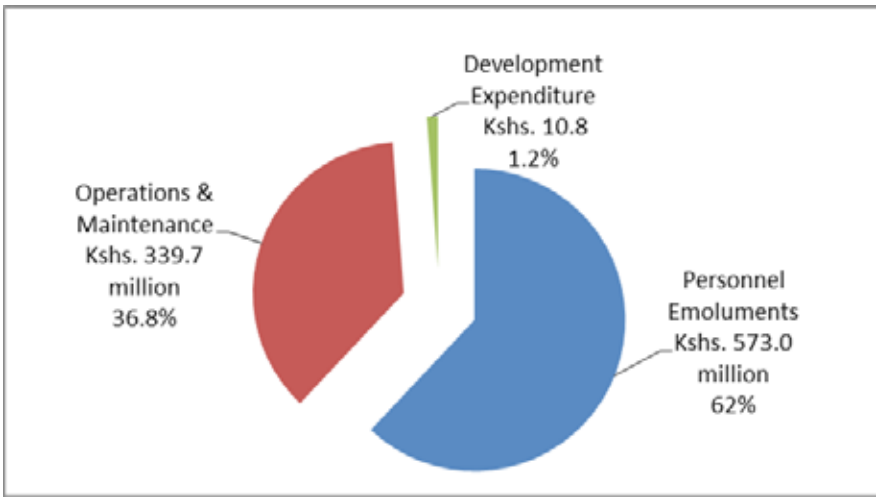
The total expenditure during the period under review amounted to Kshs. 923.5 million which translates to 49.3 per cent of the funds released. This expenditure comprised of Kshs. 757.4 million (82%) by the County Executive, and Kshs. 166.1 million (18%) by the County Assembly. The County spent Kshs. 912.7 million (98.8%) on recurrent expenditure and Kshs. 10.8 million (1.2%) on development activities. The recurrent expenditure was 60.5 per cent of the total funds released for recurrent activities while development expenditure accounted for 3 per cent of the funds released for development activities. However, the recurrent expenditure for the period under review was 32.4 per cent of the annual recurrent budget while development expenditure was only 0.9 per cent of the annual development budget.

Analysis of recurrent expenditure reveals that Kshs. 573.0 million (63.3%) was spent on personnel emoluments while Kshs. 339.7 million (37.2%) was spent on operations and

maintenance.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

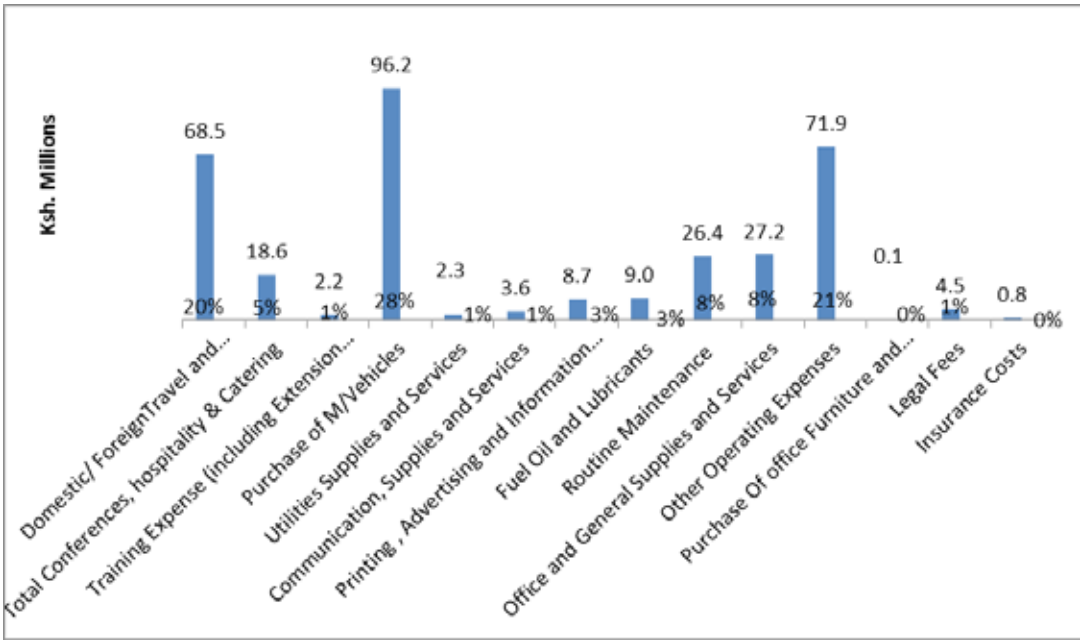
**Figure 10: Analysis of Total Expenditure, Embu County**




***Source**: Embu County Treasury*

Detailed analysis of the operations and maintenance expenditure is shown in figure 11.

**Figure 11: Analysis of Operations and Maintenance, Embu County**




***Source**: Embu County Treasury*

The County spent Kshs. 20.2 million on payment of sitting allowances for the members of the County Assembly against a budget of Kshs. 52.6 million. This represents an absorption rate of 38.3 per cent and an average of Kshs. 67,875 per MCA per month.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73851-00200
NAIROBI, KENYA

The County had initially not factored personnel emoluments relating to the devolved functions in the initial budget although this was subsequently corrected through a revised budget. The County Government owes the national government Kshs. [illegible] billion that was incurred on payment of salaries for staff performing devolved functions between July and December 2013. The entire amount is expected to be reimbursed in the last quarter of FY 2013/14.

There were several challenges that affected budget implementation during the period under review which included delay in the approval of the supplementary budget, huge gap in local revenue collection against the annual target, and, low absorption of development funds due to absence of a robust annual procurement plan resulting in low absorption of development funds. The court cases arising from the Governor's impeachment has also had negative impact on budget implementation.

The County should fast track approval of the supplementary budget as well as enactment of the County Finance Act to give the County the legal instrument for enforcement of collection of fees and charges. In addition, the County executive departments should prepare work-plans to form the basis of a robust annual procurement plan. These measures will improve the absorption rate of the development funds.

**Garissa County**

The County has an approved budget of Kshs. 4.8 billion which is composed of Kshs. 3.2 billion (67.6 per cent) for recurrent expenditure and Kshs. 1.6 billion (32.4 per cent) for development expenditure. The annual revenue for the County Government for FY 2013/14 is projected at Kshs. 4.8 billion which comprises of Ksh.4.2 billion (87.1%) as the National equitable share, Ksh. 150 million (3.1%) from local revenues and conditional grant of Ksh.475 million (9.8%).

In the period July 2013 to March 2014, the County received Kshs. 2.5 billion as the national equitable share and collected Kshs. 27.5 million from local sources. In the third quarter of FY 2013/14, the County raised local revenues amounting to Kshs. 11.2 million which is an improvement from Kshs. 9.1 million raised in the second quarter and Kshs. 7.2 million in the first quarter. The total local revenue collected during the period under review of FY 2013/14 accounted for 18.2 per cent of the annual local revenue target.

Funds released to the County during the period amounted to Kshs. 2.1 billion of which Kshs. 1.7 billion (80.2%) was for recurrent expenditure and Kshs. 422.7 million (19.8%) for development expenditure.

During the period under review, the County spent a total of Kshs. 926 million which was 45.8 per cent of the funds released, and 19.1 per cent of the annual budget. The County spent Kshs. 799.9 million (86.4%) on recurrent expenditure and Kshs. 126 million (13.6%) on development activities. The recurrent expenditure was 46.8 per cent of the funds released for recurrent activities while development expenditure accounted for 29.8 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review was 24.4 per cent of the annual recurrent budget

while development expenditure was 8 per cent of the annual development budget.

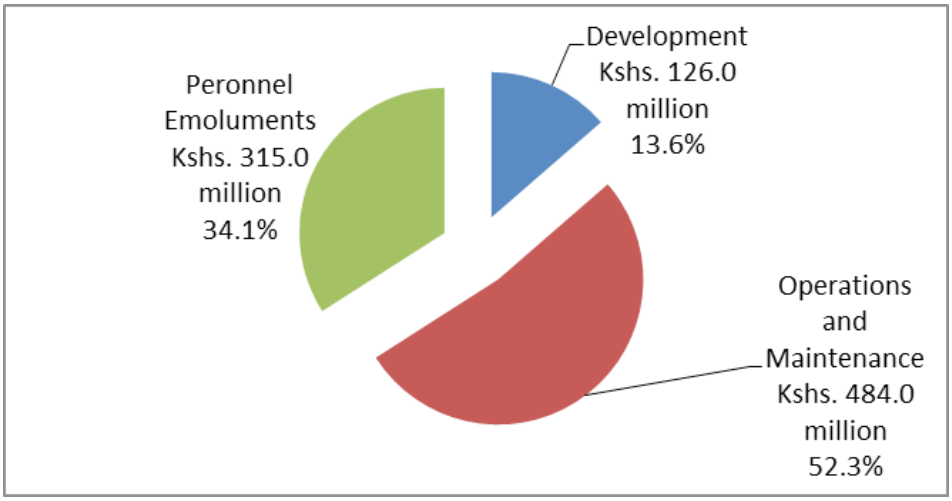
COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The County Executive spent Kshs. 808.2 million while Kshs. 117.9 million was spent by the County Assembly which represent 87.3 per cent and 12.7 per cent of total expenditure respectively.

Analysis of recurrent expenditure reveals that the County spent Kshs. 315.5 million on personnel emoluments which translates to 39.4 per cent of the total recurrent expenditure while Kshs. 484.4 million was spent on operations and maintenance accounting for 60.6 per cent of the total recurrent expenditure. The personnel emoluments include Kshs. 80 million that was reimbursed to the National Government for salaries paid to staff transferred from the National Government.

Some of the development projects that the County implemented during the period under review were; construction of water pans and dams at Kshs. 60 million, rehabilitation of County Executive offices for expansion Kshs.27 million, and, purchase of ambulances at Kshs 40 million.

**Figure 12: Analysis of Total Expenditure, Garissa County**




***Source: Garissa County Treasury***

A review of operations and maintenance expenditure indicates that Kshs. 67.7 million (13.8%) was spent on purchase of motor vehicles, Kshs. 55.3 million (11.3%) on domestic and foreign travel, Kshs 15.5million (3.2%) on training, Kshs. 14.7 million (3%) on routine maintenance and Kshs. 12.8 million (2.6%) on office and general supplies. Other operations and maintenance expenses included: Kshs. 34 million (7%) spent on fuel, oil & lubricants; Kshs.3 million (0.6%) on utility supplies and services; Kshs. 29 million (5.9%) on conferences, hospitality and catering; Kshs. 22million (4.5 %) on printing, advertising and information supplies & services; and Kshs. 234 million (48.1%) on other operations and maintenance expenses.

The County spent Kshs. 41 million for payment of sitting allowances for the 48 members of the County Assembly against a budget of Kshs. 70 million. This represents absorption rate of 58.6 per cent and an average of Kshs. 94,907 per MCA per month.

COUNTY ASSEMBLIES FORUM (CAF)
P.O.Box 73552-00200
NAIROBI, KENYA

The delay in the completion of procurement processes affected uptake of development funds for the period under review. In addition, IFMIS and G-Pay connectivity issues coupled with user capacity challenges affected processing of financial transactions via the systems. Revenue collections in the period were also low compared to the annual target.

In order to address the above challenges, the County should liaise with the National Treasury to address connectivity issues and staff capacity challenges in IFMIS and G-Pay usage. There is also need for the procurement process to be completed in time to ensure that development projects are implemented as planned. The County should also adopt strong mechanisms to improve local revenue collections such as automation of revenue collection.

**Homa Bay County**

The County has an approved budget of Kshs.5.3 billion composed of Kshs. 3.2 billion (59.9%) for recurrent expenditure and Kshs.2.1 billion (40.1%) for development expenditure. The annual revenue for the County is projected at Kshs.5.3 billion comprising Kshs. 4.1 billion (77.5%) from the national equitable share, Kshs.140 million (2.6%) from local revenue sources and Kshs. 2.5 million (0.05%) as balance brought forward from FY 2012/13.

In the period July 2013 to March 2014, the County received Kshs. 2.3 billion as the national equitable share, collected Kshs. 98.9 million from local sources, and had Kshs. 133.5 million as balance brought forward from the previous financial year. In the third quarter of FY 2013/14, the County raised Kshs. 39.4 million in local revenue, which is an improvement from Kshs. 28.2 million raised in the second quarter, and Kshs. 31.3 million in the first quarter. The cumulative local revenue collected in the period July 2013 to March 2014 accounted for 70.3 per cent of the annual local revenue target. Funds released to the County in the same period totalled Kshs.2.3 billion of which Kshs. 1.6 billion (67.3%) was for recurrent expenditure while Kshs.755 million (32.7%) for development expenditure.

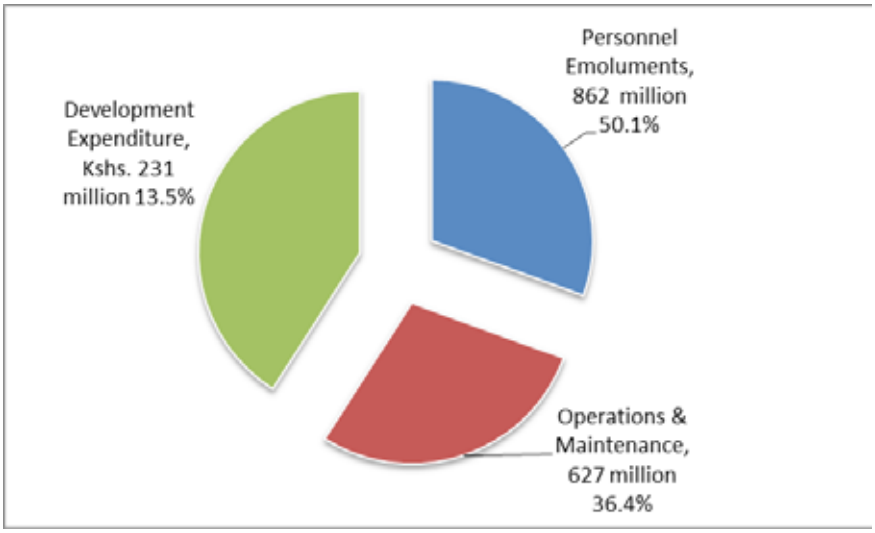
During the period under review, the County spent a total of Kshs. 1.7 billion which was 74.6 per cent of the funds released. The County Executive spent Kshs. 1.3 billion while the County Assembly spent Kshs. 470.6 million translating to 73.1 per cent and 26.9 per cent respectively. The County spent Kshs.1.5 billion (86.5%) on recurrent expenditure and Kshs. 231 million (13.5%) on development activities. The recurrent expenditure was 95.9 per cent of the funds released for recurrent activities while development expenditure accounted for 30.7 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review was 46.8 per cent of the annual recurrent budget while development expenditure was 10.9 per cent of the annual development budget.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 78552-00200
NAIROBI, KENYA

Some of the development projects implemented during the period under review included grading of 12 km road in each ward at Kshs. 14.8 million, installation of water supply and sewerage within the county at Kshs. 5 million, acquisition of land at Kshs. 3.89 million, construction of County HQ offices at Kshs. 20.3 million and purchase of tractors, and chicken projects in all wards at Kshs. 125 million.

An analysis of recurrent expenditure reveals that the County spent Kshs. 862 million on personnel emoluments which translates to 58 per cent of the total recurrent expenditure while Kshs. 627 million was spent on operations and maintenance accounting for 42 per cent. The personnel emoluments include Kshs. 150 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

**Figure 13: Analysis of total expenditure, Homa Bay County**




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

The County spent Kshs. 27 million for payment of sitting allowances for the 63 Members of the County Assembly during the period under review against a budget of Kshs.112.5 million. This expenditure represents an absorption rate of 24 per cent and an average of Kshs. 147,152 per MCA per month.

During the period under review, the county experienced IFMIS and G-Pay connectivity challenges which led to delays in processing of transactions. In addition, there was low absorption of development funds due to delay in the approval of procurement plans.

There is need for the County to ensure timely approval of development plans and commitment letters from suppliers in order to improve absorption of development funds. The County should liaise with the National Treasury and the Central Bank of Kenya to address the connectivity issues of IFMIS and G-Pay to ensure all transactions are processed through the systems.

**Isiolo County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The County has an approved budget of Kshs. 2.78 billion composed of Kshs. 1.74 billion (63%) for recurrent expenditure and Kshs.1.04 billion (37%) for development expenditure. The annual revenue for the County government is projected at Kshs. 2.78 billion comprising Kshs. 2.4 billion (87%) from the national equitable share, Kshs. 360 million (13%) from local revenue sources and Kshs. 5.9 million (0.02%) as balance brought forward from FY2012/13.

In the period July 2013 to March 2014, the County received Kshs. 1.3 billion as the national equitable share and collected Kshs.100.9 million from local sources. The County raised local revenues amounting to Kshs. 28.0 million in the third quarter of FY 2013/14 which is an improvement from the Kshs. 25.4 million raised in the second quarter but a decline compared to Kshs. 47.5 million collected in the first quarter. The total local revenue collected during the period under review accounted for 37 per cent of the annual local revenue target.

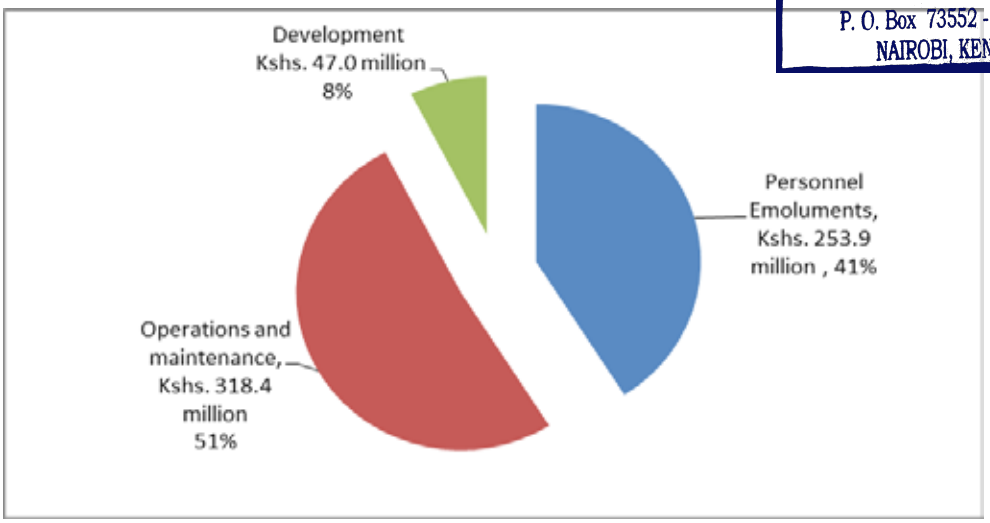
Funds released to the County during the period under review amounted to Kshs. 1.1 billion of which Kshs. 941 million (89%) was for recurrent expenditure and Kshs.119 million (11%) for development expenditure.

During the period under review, the County spent a total of Kshs. 619 million representing 58 per cent of the funds released. The County Executive spent Kshs. 540.6 million while Kshs. 78.8 million was spent by the County Assembly which represents 87 per cent and 13 per cent respectively. The County spent Kshs. 572 million (87.3%) on recurrent expenditure and 47 million (12.7%) on development activities. The recurrent expenditure for the period under review was 54 per cent of the funds released for recurrent activities while development expenditure was 40 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review represented an absorption rate of 33 per cent of the annual recurrent budget while development expenditure was 5 per cent of the annual development budget.

A breakdown of recurrent expenditure reveals that the County spent Kshs. 254 million on personnel emoluments which translates to 44 per cent of the total recurrent expenditure while Kshs. 318 million was spent on operations and maintenance accounting for 66 per cent of the expenditure. The personnel emoluments does not include Kshs. 251 million that was due to the National government for salaries paid to staff performing devolved functions.

**Figure 14: Analysis of Total Expenditure, Isiolo County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source:*** *Isiolo County Treasury*

A review of operations and maintenance expenditure for the period July 2013 to March 2014, indicates that Kshs. 79.6 million (25%) was spent on purchase of motor vehicles, Kshs. 30.8 million (10%) on domestic travels, Kshs 3.7 million on training (1%), Kshs. 32.3 million (10%) on fuel and Kshs. 19.1 million (6%) on conferences and hospitality supplies. Other operations and maintenance expenses included Kshs. 4 million (1%) spent on utilities, Kshs.4.7 million (1.5%) on routine maintenance of assets, Kshs.5.3 million (2%) on printing, advertising and information supplies & services, and Kshs. 135 million spent on other categories of operations and maintenance.

The County spent Kshs. 3.1 million for payment of sitting allowances for the 20 members of the County Assembly during the period under review against a budget of Kshs. 15.6 million. This expenditure translates to an absorption rate of 20 per cent and an average of Kshs. 17,219 per MCA per month. However, the County Assembly did not submit the expenditure that was recorded manually to the Controller of budget, leading to under reporting on this expenditure.

Staff capacity especially in the County Treasury and Procurement Department has resulted in low absorption of development funds. Further, local revenue collections remain low and this is likely to affect execution of planned activities. The County Assembly is yet to adopt IFMIS and the G-Pay system and has continued to use the manual accounting system which is susceptible to errors and misuse.

There is need for capacity building of the new staff especially in the procurement department to enhance their skills and knowledge in government procedures and budget execution. This measure will also address low absorption of funds especially for development activities. Necessary measures should be instituted to ensure that the County Assembly implements the IFMIS systems to enhance accountability in financial management. Proper mechanisms should be put in place to improve local revenue collection and also ensure planned activities are executed.

**Kajiado County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The County has an approved budget of Kshs 3.8 billion composed of Kshs 2.5 billion (66.9%) for recurrent expenditure and Kshs. 1.2 billion (33.1%) for development expenditure. The annual revenue for the County is projected at Kshs. 3.8 billion comprising of Kshs. 3.2 billion (85.4%) from the national equitable share, Kshs. 517 million (13.7%) from local revenue sources and Kshs. 38.3 million (1.0%) as balance brought forward from the 2012/13 financial year.

In the period July 2013 to March 2014, the County received Kshs. 1.58 billion as the national equitable share, collected Kshs. 209.5 million from local sources, and had Kshs. 38.3 million as balance brought forward from FY 2012/13. Local revenue collections in the third quarter of FY 2013/14 amounted to Kshs.101.74 million which is a commendable improvement from Kshs.42.9 million collected in the second quarter and Kshs. 64.9 million in the first quarter. The total local revenue collected during the period under review accounted for 40.5 per cent of the annual local revenue target. Funds released to the County in the same period amounted to Kshs. 1.51 billion of which Kshs. 1.3 billion (89.1%) was for recurrent expenditure and Kshs. 164.5 million (10.9%) for development expenditure.

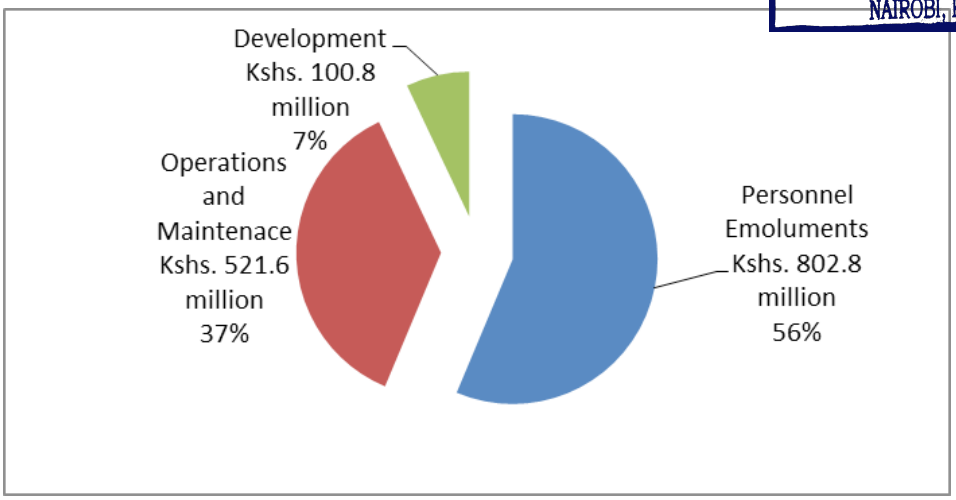
During the nine month period of FY 2013/14, the County spent a total of Kshs. 1.4 billion which translated to 96.1 per cent of the funds released. The County Executive spent Kshs. 1.2 billion, while Kshs. 247.1 million was spent by the County Assembly representing 82.5 per cent and 17.3 per cent respectively. The County spent Kshs. 1.3 billion (92.9%) on recurrent expenditure and Kshs. 100.8 million (7.1%) on development activities. The recurrent expenditure represented 98.4 per cent of the funds released for recurrent activities while development expenditure accounted for 61.3 per cent of the funds released for development projects. Recurrent expenditure for the period under review translated to an absorption rate of 52.6 per cent of the annual recurrent budget while development expenditure was 8.1 per cent of the annual development budget.

Some of the development projects that the County implemented during the period under review included: equipping a demonstration farm borehole at Kshs. 4.6 million, Ntinyika Water Project at Kshs. 4.0 million, construction of Oloirimirimi Primary School at Kshs. 3.9 million, levelling Ngong dumpsite at Kshs.1.1 million, and repair of feeder road to the Ngong dumpsite at Kshs. 1.8 million.

Analysis of recurrent expenditure reveals that the County spent Kshs. 802.8 million on personnel emoluments which translates to 60.62 per cent of the total recurrent expenditure while Kshs. 521.6 million was spent on operations and maintenance accounting for 39.4 per cent. The personnel emoluments included Kshs. 164.6 million reimbursed to the National Government for salaries paid to staff performing devolved functions.

**Figure 15: Analysis of Total Expenditure, Kajiado County**

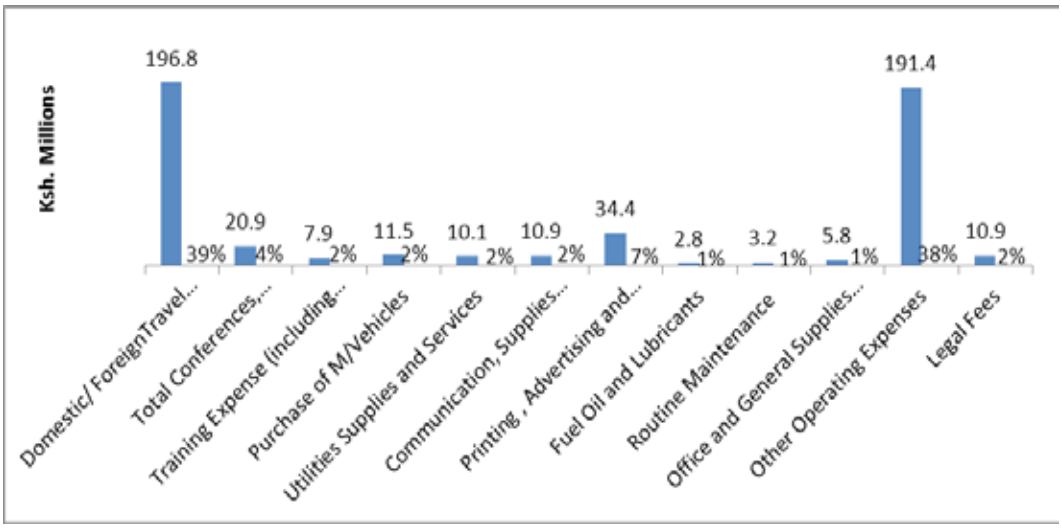
COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source:*** *Kajiado County Treasury*

A summary of operations and maintenance expenditure for the period July 2013 to March 2014 is depicted in figure 16.

**Figure 16: Analysis of Operations and Maintenances, Kajiado County**




***Source:*** *Kajiado County Treasury*

The County spent Kshs.13.3 million for payment of sitting allowances for the 41 members of the County Assembly against a budget of Kshs. 49.6 million. This expenditure represents an absorption rate of 26.8 per cent and an average of Kshs. 35,944 per MCA per month.

There was delay in the preparation and approval of key policy documents such as County Integrated Development Plan, County Fiscal Strategy paper, and the Debt Management

Strategy Paper. The County also experienced low absorption of funds as a result of delays in procurement and the lack of capacity. These challenges have negatively affected budget implementation.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73652-00200
NAIROBI, KENYA

There is need for the County Government to fast-track the preparation and approval of key policy documents that are necessary in the budget implementation process. The County Treasury should build the necessary capacity in the procurement unit as well as other affected departments to improve execution of planned activities.

**Kakamega County**

The County has an approved budget of Kshs. 13.2 billion composed of Kshs. 6.1 billion (46.2%) for recurrent expenditure and Kshs. 7.1 billion (53.8%) for development expenditure. The annual revenue for the FY 2013/14 comprises Kshs. 7.3 billion (55%) as equitable share from the National government, Kshs. 3.5 billion (26.5%) from own revenues plus donor inflows and Kshs. 2.4 billion (18.5%) in form of conditional grants

In the period July 2013 to March 2014, the County received Kshs. 3.95 billion (94.6%) as the national equitable share, collected Kshs. 150 million (3.6%) from local sources, and had Kshs. 75.2 million (1.8%) as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenues amounting to Kshs. 47.5 million which is a decline from Kshs. 63.9 million raised in the second quarter and a slight improvement from Kshs. 39.3 million in the first quarter. Total local revenue collected during the period under review accounted for 4.3 per cent of the annual target.

Funds released to the County in the first nine months of the current financial year amounted to Kshs. 4.0 billion of which Kshs. 2.3 billion (58%) was for recurrent expenditure while Kshs. 1.7 billion (42%) for development expenditure.

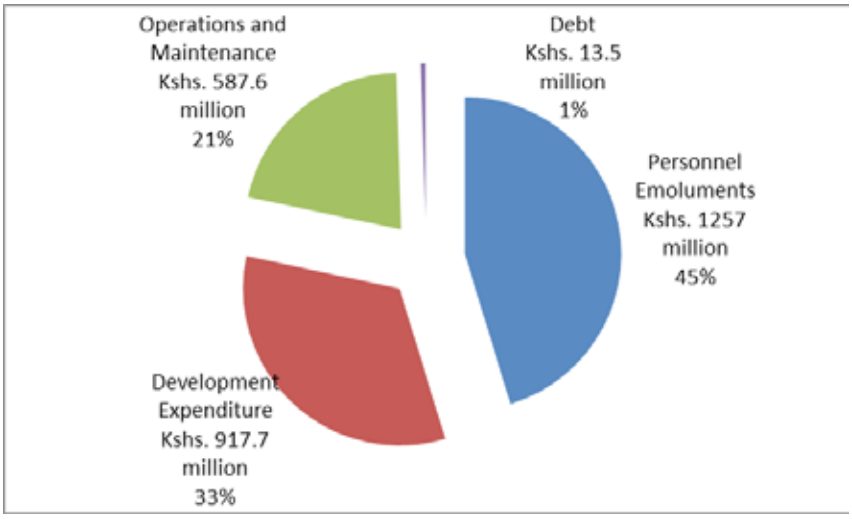
In the same period, the County spent a total of Kshs. 2.8 billion, or 70 per cent of the total funds released. The County Executive spent Kshs 2.4 billion while Kshs. 418 million was spent by the County Assembly representing 85.0 per cent and 15.0 per cent of the total expenditure respectively. The County spent Kshs. 1.9 billion (66.7%) on recurrent expenditure and Kshs. 917 million (33.3%) on development activities. The recurrent expenditure was 81.0 per cent of the funds released for recurrent activities while development expenditure accounted for 55.2 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review translated to an absorption rate of 30.5 per cent of the annual recurrent budget while development expenditure was 12.9 per cent of the annual development budget.

Some of the development projects that the County implemented during the period under review included murraming of 14 County roads at Kshs.126 million, Secondary Education infrastructure support at Kshs. 100 million, construction and equipping of 12 polytechnics at Kshs. 60 million, and various projects at Kakamega General Hospital at Kshs. 174 million.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

Analysis of recurrent expenditure reveals that the County spent Kshs. 1.2 billion on personnel emoluments which translates to 46.8 per cent of the total recurrent expenditure while Kshs. 587.6 million was spent on operations and maintenance accounting for 21.2 per cent. The personnel emoluments included Kshs. 457 million reimbursed to the National Government for salaries paid to staff performing devolved functions.

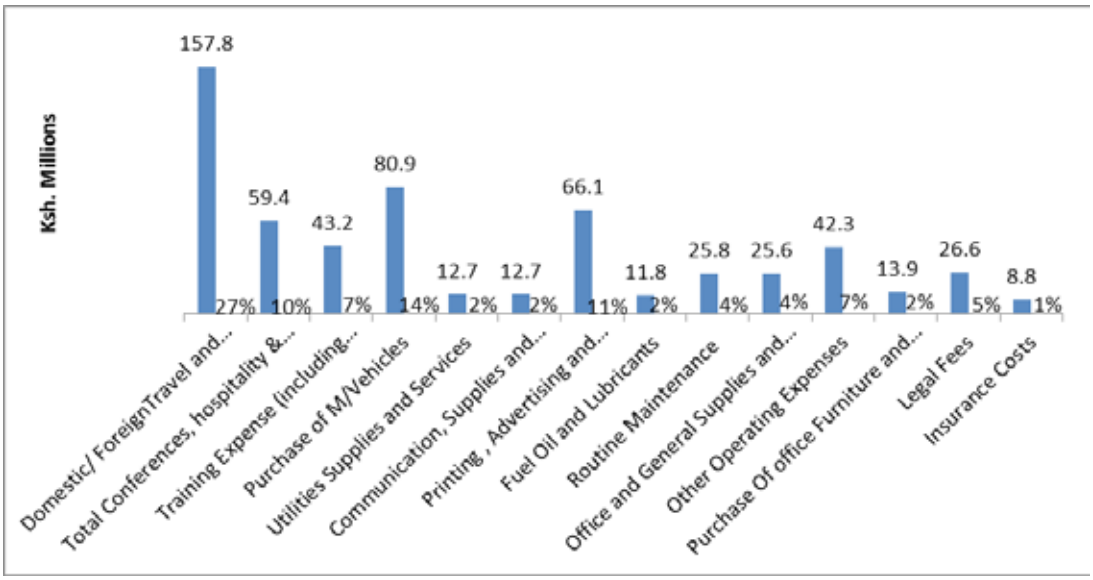
**Figure 17: Analysis of Total Expenditure, Kakamega County**




***Source:*** *Kakamega County Treasury*

A summary of operations and maintenance expenditure for the County is shown in figure 18.

**Figure 18: Analysis of Operations and Maintenance Expenditure, Kakamega County**




The County spent Kshs. 82.6 million for payment of sitting allowances to the 86 members

of the County Assembly against a budget of Kshs.52.5 million. This expenditure represents an absorption rate of 157 per cent and an average of Kshs. 106,751 per month.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 7352-00200
NAIROBI, KENYA

Some of the challenges faced by the county in budget implementation included: a) delays in preparation and submission of departmental procurement plans to the County Treasury that affected uptake of development funds; b) slow roll out of IFMIS and G-Pay coupled with poor network connectivity; and c) delay in enacting the County Finance Act, which affected local revenue collections.

In order to address the budget implementation challenges identified: the County must establish a robust revenue collection system to enhance local revenue collections, adopt stringent expenditure control to rationalize expenditure on catering and hospitality services, travelling costs, maintenance and fuel expenses among other non-core areas, liaise with the National Treasury to address connectivity issues of IFMIS and G-Pay, and ensure proper planning especially in procurement.

**Kericho County**

The County has an approved budget of Kshs. 3.6 billion composed of Kshs. 2.4 billion (67%) for recurrent expenditure and Kshs. 1.2 billion (33%) for development expenditure. The annual revenue for the County Government for the FY 2013/14 is projected at Kshs. 3.6 billion which comprises Kshs. 3.3 billion (91%) from the national equitable share and Kshs. 338.7 million (9%) from local revenue sources.

In the period July 2013 to March 2014, the County received Kshs. 1.5 billion as the national equitable share and also collected Kshs. 209.3 million from local sources, and Kshs. 85 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenues amounting to Kshs. 104.5 million which is a significant improvement from Kshs. 61.5 million raised in the second quarter and the Kshs. 42.4 million collected in the first quarter. The total local revenue collected during the period under review accounted for 61.8 per cent of the annual local revenue target. Funds released to the County during the period amounted to Kshs. 1.65 billion of which Kshs. 1.16 billion (70%) was for recurrent expenditure and Kshs. 496 million (30%) for development expenditure.

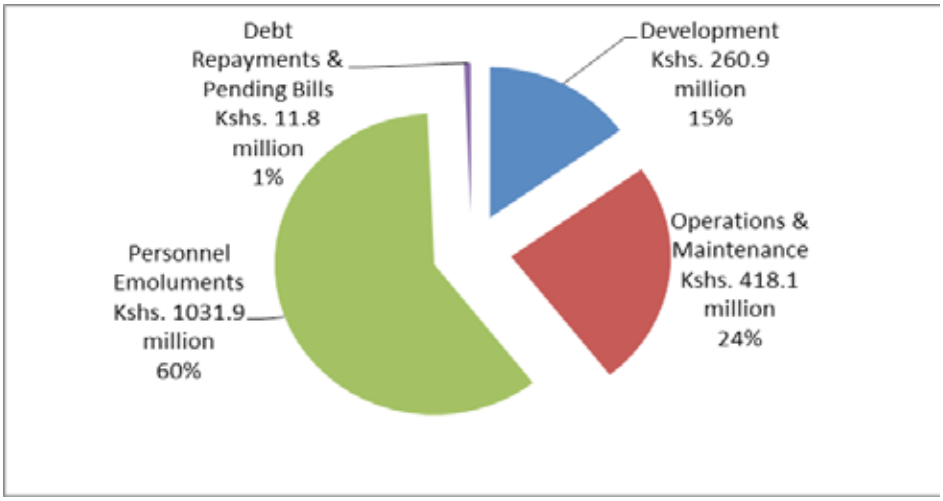
During the nine month period of FY 2013/14, the County spent a total of Kshs. 1.72 billion which was 104 per cent of the funds released. The County Executive spent Kshs 1.5 billion while Kshs. 256.9 million was spent by the County Assembly which represent 85.1 per cent and 14.9 per cent respectively. The County spent Kshs. 1.4 billion (85%) on recurrent expenditure and Kshs. 260.9 million (15%) on development activities. The recurrent expenditure was 125% per cent of the funds released for recurrent activities while the development expenditure was 53 per cent of the funds released for development activities. However, the recurrent expenditure for the period under review was 60 per cent of the annual recurrent budget while development expenditure was 22 per cent of the annual development budget. Some of the development projects that the County implemented during the period under review included construction of 200 km of County access roads at Kshs. 141 million, extension and rehabilitation of sewerage trenches in

Kericho town at Kshs. 18.7 million, East Coast Fever vaccination of livestock programme at Kshs. 21 million, establishment of museum cultural centre at Kshs. 5.5 million, and installation of internet network systems at Kshs. 7 million.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200,
NAIROBI, KENYA

A breakdown of recurrent expenditure reveals that the County spent Kshs. 778.9 million on personnel emoluments which translates to 45 per cent of the total recurrent expenditure while Kshs. 418 million was spent on operations and maintenance accounting for 24 per cent. Kshs. 253 million was paid to the National Government for salaries for staff performing devolved functions.

**Figure 19: Analysis of Total Expenditure, Kericho County**




***Source: Kericho County Treasury, 2014***

Analysis of operations and maintenance expenditure for the County government for the period July 2013 to March 2014, indicates that Domestic and foreign travel, subsistence and other transportation costs stood at Ksh. 111.8 million(27%); purchase of motor vehicles at Ksh.72 million (17%); other operating expenses(assorted) at Ksh. 43.6 million (10%); routine maintenance of other assets Ksh. 30.5 million (7%); conferences, hospitality and catering services Ksh. 28.9 million (7%), printing, advertising and information supplies and services Ksh. 26.9 million (6%); fuels ,oils and lubricants Ksh. 22.8 million (5%) and purchase of office furniture , general equipment including household furniture at Ksh. 21.9 million (5%).

The County spent Kshs. 17.4 million for payment of sitting allowances to the 47 members of the County Assembly during the period under review against a budget of Kshs. 58.5 million representing an absorption rate of 29.8 per cent and an average of Kshs. 41,170 per MCA per month.

The County experienced difficulties in the operationalization of IFMIS due to inadequate staff capacity. In addition, lack of departmental cash flow projections led to underfunding of departmental operations and activities. Local revenue collection was affected by the delayed enactment of the County Finance Act. The County is yet to prepare a Debt

Management Strategy Paper to manage payments of outstanding debts inherited from the defunct local authorities.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The County should liaise with the National Treasury to build the capacity of its staff on the usage of IFMIS as well as ensure that IFMIS, G-Pay and IPPD are installed at the County Assembly. Departmental cash flow projections should also be prepared by the Treasury before initiating cash requisitions from the Exchequer. A Debt Management Strategy Paper should be prepared to assist in the validation of payment of outstanding debts inherited from the former local authorities. Finally, the County Finance Act, 2014 should be operationalised in order to facilitate local revenue collections.

**Kiambu County**

The County has an approved budget of Kshs. 9.3 billion composed of Kshs. 6.5 billion (69.8%) for recurrent expenditure and Kshs. 2.8 billion (31.2%) for development expenditure. The annual revenue for the County Government for the FY 2013/14 is projected at Kshs. 9.32 billion which comprises Kshs. 5.5 billion (58.7%) from the national equitable share, Kshs. 367 million (3.9%) for level five hospital, Kshs. 437.6 million (4.7%) for donor funded projects and Kshs. 3.1 billion (32.8%) from local revenue sources.

In the period July 2013 to March 2014, the County received Kshs. 3.3 billion as national equitable share, collected Kshs. 869.5 million from local sources, and had Kshs. 290.8 million as balance brought forward from FY 2012/13. In the third quarter of the current financial year, the County collected local revenue amounting to Kshs. 483 million which is an improvement from Kshs. 182 million collected in the second quarter and Kshs. 204 million in the first quarter. Total local revenue collected during the period accounted for 28.4 per cent of the annual local revenue target, while total funds released to the County during the period under review amounted to Kshs. 3.97 billion of which Kshs. 3.5 billion (87.4%) was for recurrent expenditure and Kshs. 497 million (12.6%) for development expenditure.

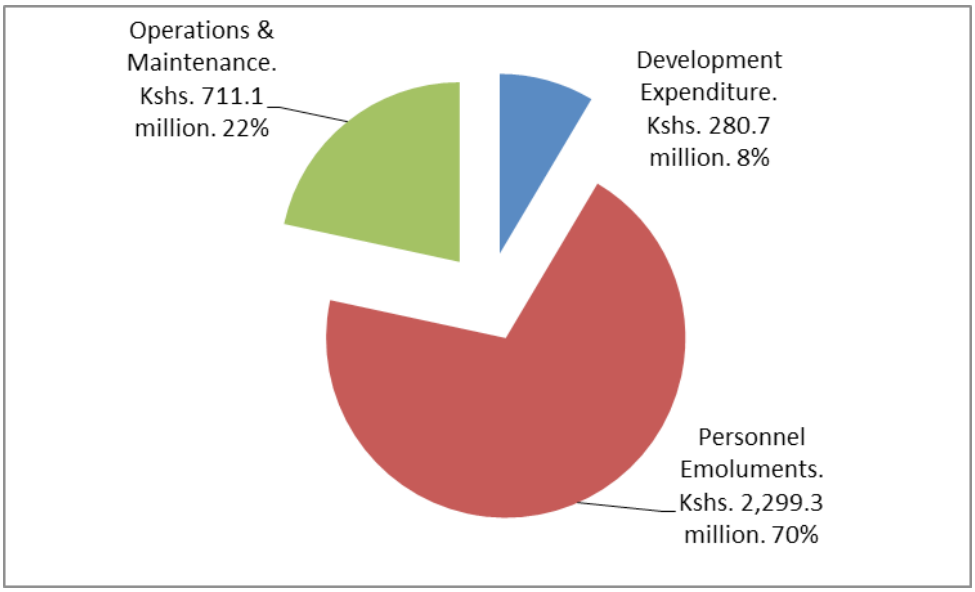
During the nine months period, the County spent a total of Kshs. 3.3 billion which was 82.8 per cent of the funds released. The County spent Kshs. 3.01 billion (92%) as recurrent activities and Kshs. 280.7 million on development activities. The County Executive spent Kshs 3.0 billion while Kshs. 341 million was spent by the County Assembly translating to 89.6 per cent and 11.4 per cent of the total expenditure respectively. The recurrent expenditure was 70.1 per cent of the funds released for recurrent activities while development expenditure accounted for 52.7 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review was 37.4 per cent of the annual recurrent budget while development expenditure was 9.3 per cent of the annual development budget.

Some of the development projects that the County implemented during the period under review included: grading and gravelling of roads at Kshs. 107.8 million; construction, renovation, improvement of health facilities and purchase of dental equipment at Kshs. 22.0 million; water harvesting, rehabilitation and distribution programmes at Kshs. 3 million; and refurbishment and improvement of education facilities at Kshs. 5.1 million.

A breakdown of recurrent expenditure reveals that the County spent Kshs. 1.5 billion on personnel emoluments which translates to 55 per cent of the total recurrent expenditure while Kshs. 968.1 million was spent on operations and maintenance accounting for 36 per cent.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200,
NAIROBI, KENYA

**Figure 20: Analysis of Total Expenditure, Kiambu County**




***Source:*** *Kiambu County Treasury*

Analysis of operations and maintenance expenditure indicates that Kshs. 58.7 million (6.1%) was spent on purchase of motor vehicles, Kshs. 176.8 million (18.2%) on domestic and foreign travels, Kshs. 25.1 million (2.8%) on training, Kshs. 49.0 million (7.5%) on routine maintenance, and Kshs. 50.3 million (7.7%) on office and general supplies. Other operations and maintenance expenses included Kshs. 38.4 million (5.9%) spent on fuel oil & lubricants, Kshs.31.8 million (3.6%) on utility supplies and services, Kshs. 46 million (5.2%) on conferences, hospitality and catering, Kshs. 53.9 million (6.2%) on printing, advertising and information supplies & services and Kshs. 106.8 million (12.2%) spent on other operations and maintenance expenses.

The County spent Kshs. 32.2 million for payment of sitting allowances for the 87 Members of the County Assembly during the period under review against a budget of Kshs. 90 million. This represents an absorption rate of 35.8 per cent and an average of Kshs. 41,103 per MCA per month.

The County absorbed about 1,200 staff from the National Government performing devolved functions and inherited another 3,750 staff from the defunct local government resulting in a wage bill which is 40 per cent of the annual budget. The high wage bill is likely to constrain the available resources to fund other programmes. The low performance in local revenue collection could be attributed to the use of manual system which is

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552-00200,
NAIROBI, KENYA

susceptible to errors. The uptake of funds especially for development programs remains low. The delay in the appointment of accounting officers affected budget implementation at the department level forcing the County Treasury to transact budget activities on behalf of other Departments.

The County should continue liaising with National Government to develop a policy on staff rationalization. In addition, there is need to automate revenue collection to improve efficiency and reporting. This should be fast-tracked to improve performance of local revenue collection, which is critical in funding the budget. There is also need to develop procurement plans at department level that are consistent with the annual cash flow projection to improve uptake of development funds.

**Kilifi County**

The County has an approved budget of Kshs. 6.7 billion composed of Kshs. 4.6 billion (69%) for recurrent expenditure and Kshs. 2.1 billion (31%) for development expenditure. The annual revenue for the FY 2013/14 is projected at Kshs. 6.7 billion which comprises Kshs. 5.8 billion (85%) from the national equitable share, Kshs. 735 million (11%) from local revenue sources and Kshs. 144 million (2%) as balance brought forward from the previous financial year.

In the period July 2013 to March 2014, the County received Kshs. 3.1 billion as the national equitable share, collected Kshs. 330.7 million from local sources, and had Kshs. 144 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenues amounting to Kshs. 170 million which is an improvement from Kshs. 82.9 million raised in the second quarter and Kshs. 77.8 million in the first quarter. The local revenue collected during the period under review accounted for 44 per cent of the annual local revenue target. Funds released to the County during the period under review amounted to Kshs. 3.1 billion of which Kshs. 2.2 billion (70.8%) was for recurrent expenditure and Kshs. 959 million (30.9%) for development expenditure.

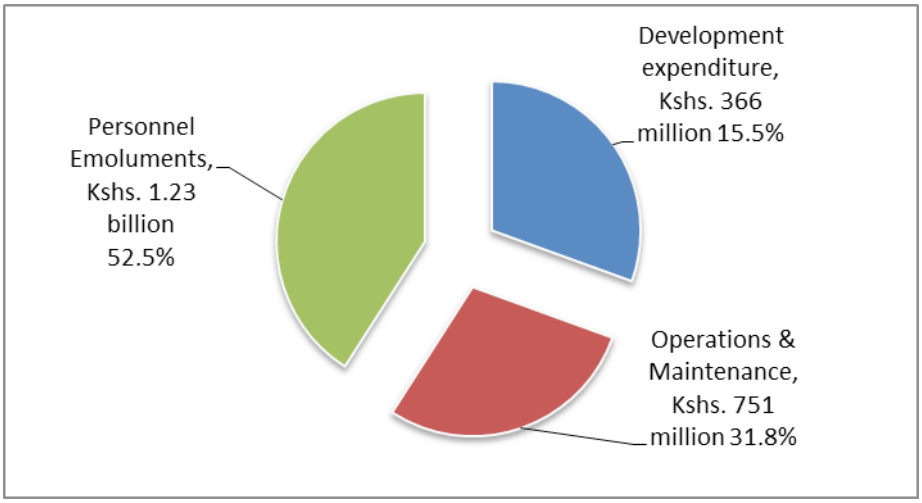
During the nine month period of FY 2013/14, the County spent a total of Kshs. 2.4 billion which was 75.8 per cent of the funds released. The County Executive spent Kshs. 2.2 billion while Kshs. 193 million was spent by the County Assembly which represent 92 per cent and 8.2 per cent respectively. The County spent Kshs. 2.0 billion (84.5%) on recurrent expenditure and Kshs.366 million (15.5%) on development activities. The recurrent expenditure was 70.8 per cent of the funds released for recurrent activities while development expenditure accounted for 15.5 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review was 47.6 per cent of the annual recurrent budget while development expenditure was 17.5 per cent of the annual development budget.

Some of the development projects that the County implemented during the period under review included the purchase of Governor's house at Kshs. 152 million, refurbishment of non- residential building for County Assembly at Kshs. 14.9 million, and water services at Kshs. 1.5 million.

Analysis of recurrent expenditure reveals that the County spent Kshs. 1.2 billion on personnel emoluments which translates to 52 per cent of the total recurrent expenditure while Kshs. 751 million was spent on operations and maintenance accounting for 31 per cent. The personnel emoluments include Kshs. 292 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552-100200,
NAIROBI, KENYA

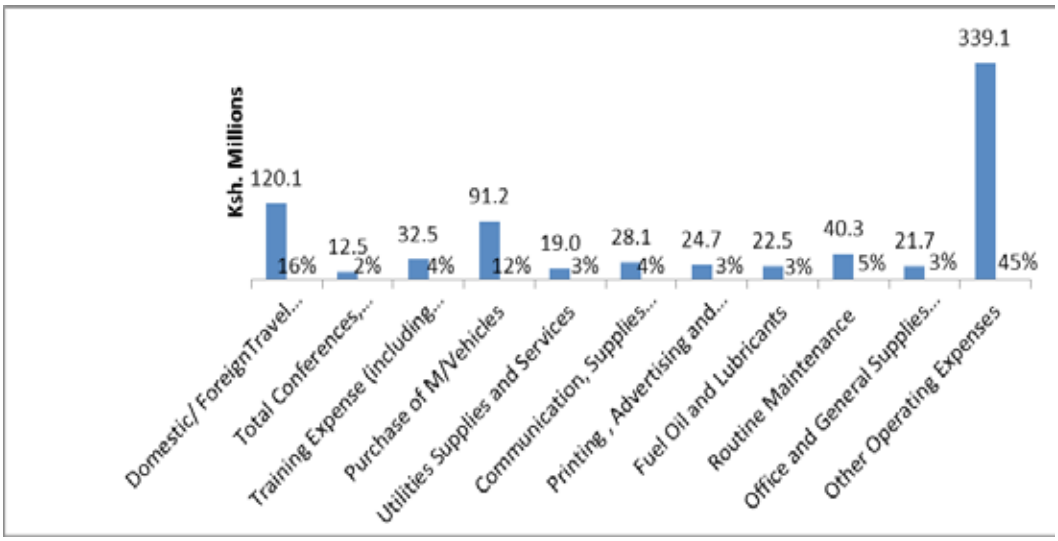
**Figure 21: Analysis of Total Expenditure, Kilifi County**




***Source:*** *Kilifi County Treasury*

A summary of operations and maintenance expenditure for the County government for the period is shown in figure 22.

**Figure 22: Analysis of Operations and Maintenance, Kilifi County**




***Source:*** *Kilifi County Treasury*

The County reallocated Kshs. 22 million from the domestic travel vote and spent the funds on sitting allowances for the 53 members of the County Assembly at an average of Kshs. 46,122 per MCA per month. This expenditure was irregular because it had not been factored in the budget. This matter is being addressed by the County Treasury.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

There is inadequate capacity in the County Treasury to undertake timely preparation of expenditure returns which led to delay in reporting on budget implementation. In addition there were connectivity problems of IFMIS and G-PAY which affected processing of financial transaction through the systems. The Country development plans, namely CIDP and the CFSP are yet to be approved.

The County Treasury should build the necessary capacity to ensure timely preparation and submission of financial reports. This will ensure proper monitoring of budget execution. In addition, the County should ensure that development plans (CIDP and CFSP) are approved in time so as to enable timely budget implementation. It will be necessary to also liaise with the National Treasury to address connectivity problems of IFMIS and G-Pay.

**Kirinyaga County**

The County has an approved budget of Kshs. 3.0 billion composed of Kshs. 2.1 billion (70%) for recurrent expenditure and Kshs. 0.9 billion (40%) for development expenditure. The annual revenue for the County Government is projected at Kshs. 3.0 billion which comprises of Kshs. 2.6 billion (84%) from the national equitable share, Kshs.437 million (14%) from local revenue sources and Kshs. 58 million (2.0%) as balance brought forward from the previous financial year.

In the period July 2013 to March 2014, the County received Kshs. 1.5 billion as the national equitable share, collected Kshs. 146 million from local sources, and had Kshs. 58 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 93.9 million, an improvement from Kshs. 22.6 million raised in the second quarter and Kshs. 29.5 million in the first quarter. Total local revenue collected during the period under review of FY 2013/14 accounted for 33.4 per cent of the annual local revenue target. Funds released to the County during the period under review amounted to Kshs. 1.5 billion of which Kshs.1.1 billion (73.8%) was for recurrent expenditure while Kshs.393.5 million (26.1%) for development expenditure.

During the nine month period of FY 2013/14, the County spent a total of Kshs. 1.1 billion which was 70.6 per cent of the funds released. The County Executive spent Kshs. 850.5 million while Kshs. 214.4 million was spent by the County Assembly which represent 80 per cent and 20 per cent respectively. The County spent Kshs. 970.8 million (87.2%) on recurrent expenditure and Kshs. 94.1 million (23.9%) on development activities. The department of Environment and Natural Resources accounted for 98 per cent of development expenditure. The recurrent expenditure was 87.2 per cent of the funds released for recurrent activities while development expenditure accounted for 23.9 per cent of the funds released for development projects. However, the recurrent expenditure

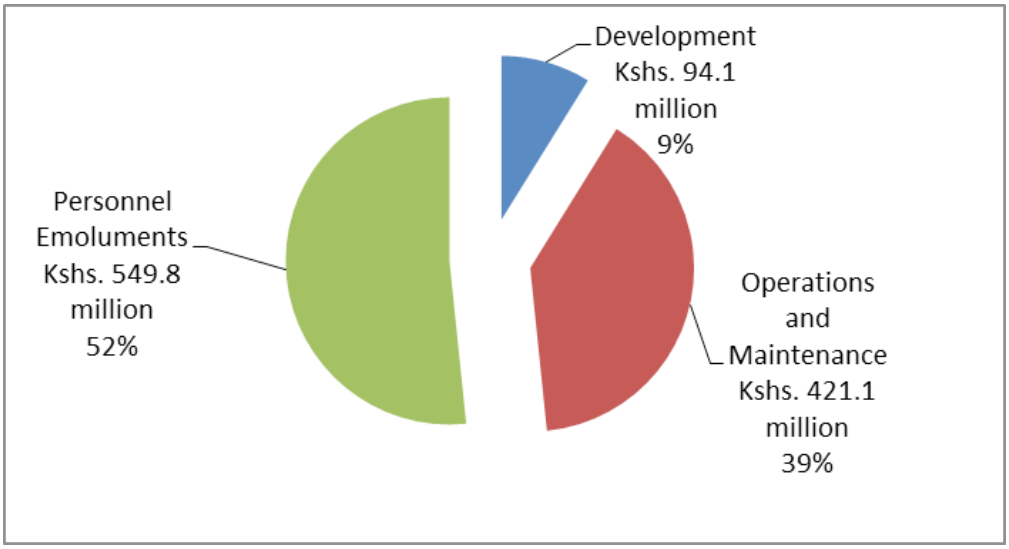
for the period under review was 49.9 per cent of the annual recurrent budget while development expenditure was 10.3 per cent of the annual development budget.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 79352 - 00200,
NAIROBI, KENYA

Analysis of recurrent expenditure reveals that the County spent Kshs. 549 million on personnel emoluments which translates to 56 per cent of the total recurrent expenditure while Kshs. 421 million was spent on operations and maintenance accounting for 43.4 per cent.

Some of the development projects that the County implemented during the period under review included: grading, gravelling of roads and improvement of markets and other infrastructure at a cost of Kshs. 12.4 million; water harvesting and distribution programmes at Kshs. 81.5 million; and, renovation and improvement of health facilities at Kshs. 0.2 million.

**Figure 23: Analysis of Total Expenditure, Kirinyaga County**




***Source:*** *Kirinyaga County Treasury*

A review of operations and maintenance expenditure for the County government for the period July 2013 to March 2014, indicates that Kshs. 89.6 million (21%) was spent on purchase of motor vehicles, Kshs. 72.6 million (17%) on domestic and foreign travels, Kshs. 30.9 million (7%) on training, Kshs. 19.7 million (5%) on routine maintenance and Kshs. 35.2 million (8%) on office and general supplies. Other operations and maintenance expenses included Kshs. 14.8 million (4%) spent on fuel oil & lubricants, Kshs. 21.9 million (5%) on utility supplies and services, Kshs. 18.4 million (4%) on conferences, hospitality and catering, Kshs. 12.9 million (3%) on printing, advertising and information supplies & services and Kshs. 68.3 million (16%) on other operations and maintenance expenses.

The County spent Kshs. 16.6 million on payment of sitting allowances for the 29 members of the County Assembly during the period under review against a budget of Kshs. 15 million. This represents an absorption rate of 111 per cent and an average of Kshs. 63,736 per MCA per month. The difference was charged on the salary vote of the County Assembly which is for paying salaries.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 78552 - 00200
NAIROBI, KENYA

During the period under review, personnel emoluments accounted for over 50 per cent of the total expenditure. The high wage bill is likely to limit availability of resources to fund other programmes. The County did not have effective internal control mechanisms to monitor expenditure. There was also low absorption of development funds. In addition, local revenue collections were low, accounting for 33 per cent of the annual target. If this trend continues, some planned programmes will not be funded in the current financial year.

The County should liaise with the National Government to develop a policy on staff rationalization. The capacity of the internal audit function needs to be strengthened to enhance effective financial controls. There is need to build capacity especially in procurement and project management to improve absorption of development funds. The County should also consider automating revenue collection in addition to target setting, proper supervision and control of receipt books to improve revenue collection.

**Kisii County**

The County has an approved budget of Kshs.7.0 billion composed of Kshs. 4.2 billion (60.2%) for recurrent expenditure and Kshs. 2.8 billion (39.8%) for development expenditure. The budget will be financed by Kshs. 5.8 billion (82.6%) from the national sharable revenue, Kshs. 1.2 billion (17.1%) from local revenue sources and Kshs. 22.9 million (0.3%) as balance brought forward from FY 2012/13.

During the period July 2013 to March 2014, the County received Kshs. 3.0 billion as the national equitable share of revenue, collected Kshs. 171.8 million from local sources and had Kshs. 22.9 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 87.3 million which is a significant improvement from Kshs. 40.6 million collected in the second quarter, and Kshs. 43.9 million in the first quarter. Total local revenue collected during the period under review accounted for 14.2 per cent of the annual local revenue target.

Total funds released to the County during the period under review amounted to Kshs. 3.2 billion whereby Kshs. 2.1 billion (65.8%) was for recurrent expenditure while Kshs. 1.1 billion (34.2%) was for development expenditure.

Total expenditure for the nine months of FY 2013/14 amounted to Kshs. 2.2 billion which was 70.7 per cent of the funds released. The County Executive spent Kshs. 1.9 billion while the County Assembly spent Kshs. 295 million representing 86.8 per cent and 13.2 per cent respectively. Similarly, the County spent Kshs. 1.7 billion (76.0%) on recurrent expenditure and Kshs. 536 million (24.0 %) on development activities.

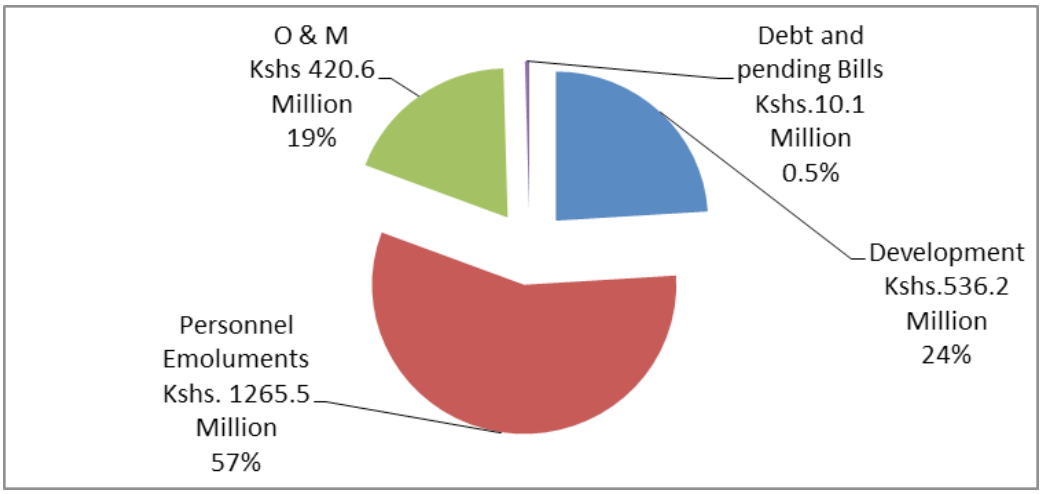
COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 78552-00200
NAIROBI, KENYA

The recurrent expenditure represented 81.7 per cent of the funds released for recurrent activities while development expenditure accounted for 49.6 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review was 41.3 per cent of the annual recurrent budget while development expenditure was 18.2 per cent of the annual development budget.

Analysis of recurrent expenditure reveals that the County spent Kshs. 1.3 billion (57%) on personnel emoluments, Kshs. 420.6 million (19%) on operations and maintenance while Kshs. 10.1 million (0.5%) was spent on debt repayments. Personnel emoluments included Kshs. 382.5 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

Some of the development projects the County implemented during the period under review included: grading and gravelling of roads at Kshs. 58.4 million, purchase of plant and machinery at Kshs. 71.9 million, construction of county offices at Kshs. 20.9 million, purchase of motor vehicles at Kshs. 94.1 million and purchase of drugs for health facilities at Kshs. 38.3 million.

**Figure 24: Analysis of Total Expenditure, Kisii County**

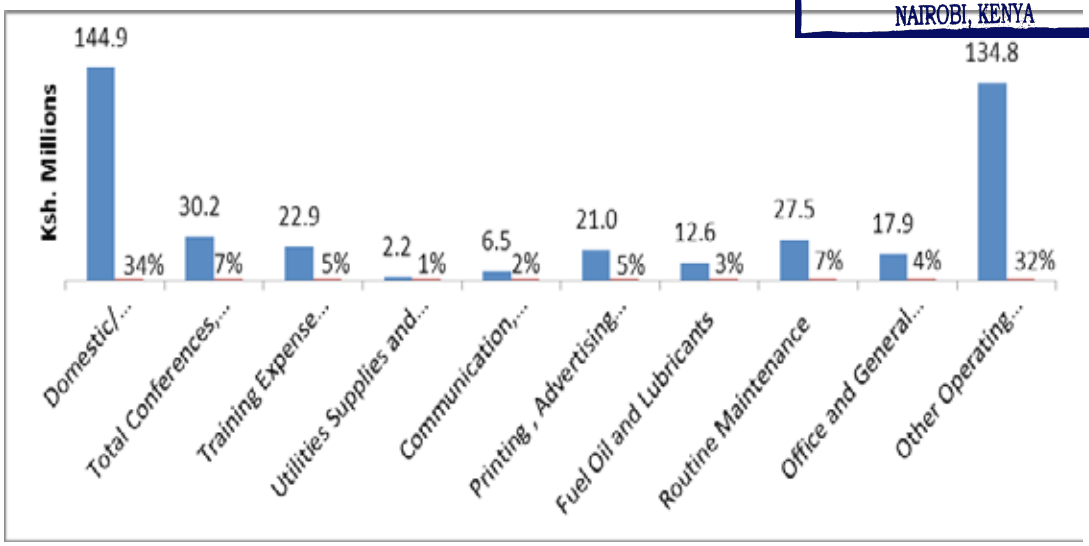



***Source:*** *Kisii County Treasury*

A summary of the operations and maintenance expenditure for the period under review is depicted in figure 25.

**Figure 25: Analysis of Operations and Maintenance, Kisii County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source:*** *Kisii County Treasury*

The County spent Kshs. 82.4 million on payment of sitting allowances for the 71 members of the County Assembly against a budget of Kshs.120 million. This represents an absorption rate of 68.7 per cent and an average of Kshs. 128,997 per MCA per month.

The low uptake of development funds remain a major challenge since only 18 per cent of the annual development budget had been absorption by the end of the third quarter. Low local revenue collection also remains an impediment to budget execution. As at the end of March 2014, the County had only collected 14 per cent of the annual target of Kshs.1.2 billion which, if not addressed, will negatively affect the implementation of planned projects and programmes.

The County should also endeavour to improve on the absorption of development funds. This can be achieved by having effective procurement plans in place for all the departments. The County should also put measures in place to seal the leakages in revenue collection to ensure that adequate funds are available to implement all planned activities.

**Kisumu County**

The County has an approved budget of Kshs. 8.3 billion comprising of Kshs. 5.8 billion (69.9 %) for recurrent activities and Kshs. 2.5billion (29.7%) for development expenditure. This budget will be financed by Kshs. 4.9 billion (58.3%) from the national equitable share and Kshs. 3.4 billion (41.0%) from local revenue sources.

In the period July 2013 to March 2014, the County received Kshs. 2.6 billion as national equitable share of revenue, collected Kshs. 466.7 million from local sources, and had Kshs. 179.5 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 256.3 million which is a

significant improvement from Kshs. 101.8 million raised in the second quarter and Kshs. 108.5 million in the first quarter. The total local revenue collected was 13.7 per cent of the annual local revenue target.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

Total funds released for the period was Kshs. 2.39 billion comprising of Kshs. 1.96 billion (81.9%) for recurrent activities and Kshs. 431.0 million (18.1%) for development programmes.

During the nine months period of FY 2013/14, the County spent a total of Kshs. 1.99 billion representing 83.5 per cent of the funds released. The County Executive spent Kshs. 1.74 billion while the County Assembly spent Kshs. 247.7 million which represent 87.6 per cent and 12.4 per cent respectively. The County spent Kshs. 1.97 billion (98.9%) on recurrent expenditure and Kshs. 21.7 million (1.1%) on development activities.

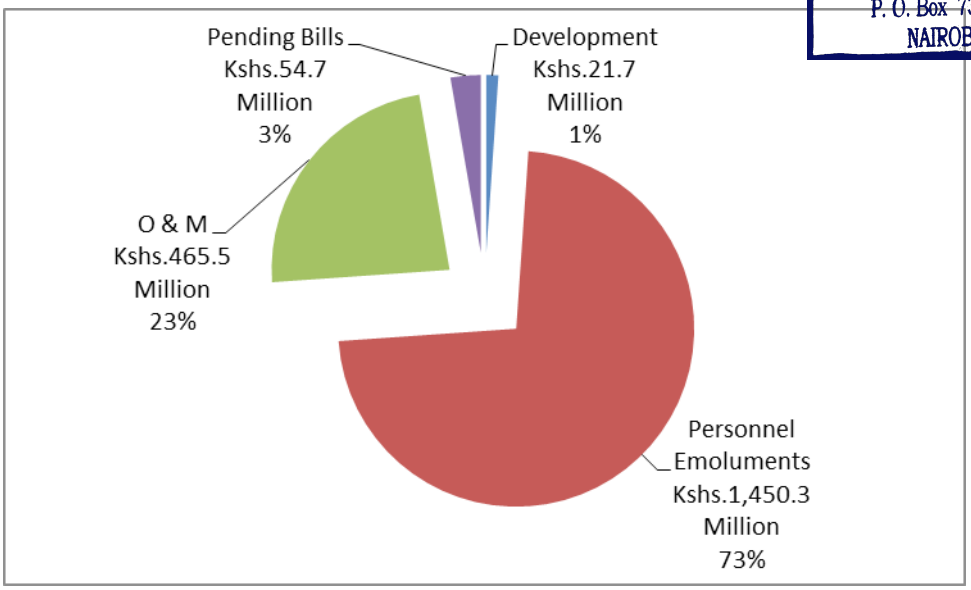
The recurrent expenditure was 100.7 per cent of the funds released for recurrent activities while development expenditure accounted for only 5.0 per cent of the funds released for development projects. Recurrent expenditure was higher than funds released for recurrent expenditure due to spending of local revenue at source which occurred during the first half of the financial year. Total recurrent expenditure for the period under review was 33.6 per cent of the annual recurrent budget while development expenditure was only 0.9 per cent of the annual development budget.

Analysis of recurrent expenditure reveals that the County spent Kshs. 1.45 billion (73%) on personnel while Kshs. 465.5 million (23%) was spent on operations and maintenance. The personnel emoluments costs include Kshs. 418.7 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

Some of the development projects that the County implemented during the period under review included: grading, gravelling and culvert installation of Namba Ong'eche – Bonde Kakoko primary access road (Kshs 1.06 million), renovation of Moi stadium (Kshs. 8.1 million), and purchase of camp site facilities (Kshs 12.5 million).

**Figure 26: Analysis of Total Expenditure, Kisumu County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source**: Kisumu County Treasury*

Further analysis of operations and maintenance costs indicate that: Kshs. 57.4 million (12.3%) was spent on travelling and subsistence, Kshs. 42.7 million (9.2%) on routine maintenance expenses, Kshs. 27.8 million (5.9%) on printing, adverting & information services, Kshs. 26.9 million (5.8%) on training and Kshs. 26.1 million (5.6%) on purchase of motor vehicles. Other operations and maintenance expenses included Kshs. 23.8 million (5.1%) spent on fuel oil & lubricants, Kshs. 22.2 million (4.8%) on rents & rates, Kshs. 16.8 million (3.6%) on conferences, hospitality and catering, Kshs. 10.3 million (2.2 %) on office and general supplies and Kshs. 181.7 million (39.0%) spent on other operations and maintenance expenses.

The County spent Kshs. 32.2 million on payment of sitting allowances to the 49 members of the County Assembly during the period under review against a budget of Kshs. 50.0 million. This represents an absorption rate of 64.4 per cent and an average of Kshs. 72,907 per MCA per month.

Key issues observed during monitoring of the budget implementation included low uptake of development funds, low revenue collections partly due to non-remittance of revenue by devolved entities into County Revenue Fund, and inadequate capacity especially in the procurement and revenue sections. Devolved units operate various collection accounts that are not reported to the County Treasury. These challenges had been raised in the first and second quarter reports but have not yet been addressed. Other challenges that have been identified are the inadequate human capacity and lack of exchequer control unit within the County Treasury.

The OCOB recommends freezing of all accounts operated by devolved entities and the auditing of revenues collected since the entities came under the control of the County

Government. Further, the County should put in place measures to ensure that revenue collections are deposited in the CRF as per Section 109 (2) of the PFM Act, 2012. The County should also increase capacity in procurement and project management so as to improve uptake of development funds. In addition, the County should consider staff training and the secondment of skilled staff from the National Government in order to enhance its human resource base.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200,
NAIROBI, KENYA

**Kitui County**

The County has an approved budget of Kshs. 6.5 billion which comprises of Kshs. 3.7 billion (56.7%) for recurrent expenditure and Kshs. 2.8 billion (43.3%) for development expenditure. The budget will be financed by Kshs.5.84 billion (89.1%) as national sharable revenue, Kshs. 445 million (6.8%) from local revenue sources and Kshs. 176.6 million (2.7%) as balance brought forward from the previous FY2012/13.

In the period July 2013 to March 2014, the County received Kshs. 2.9 billion as the national equitable share of revenue, collected Kshs. 178.6 million from local sources, and had Kshs. 176.6 million as balance brought forward from FY 2012/13. In the third quarter of F/Y 2013/14, the County raised local revenue amounting to Kshs. 75.4 million which is an improvement from Kshs. 44.3 million raised in the second quarter and Kshs. 58.9 in the first quarter. The local revenue collected during the period under review accounted for 40.1 per cent of the annual local revenue target.

Funds released to the County during the period amounted to Kshs. 2.3 billion of which Kshs. 1.9 billion (83.5%) was for recurrent expenditure while Kshs. 371.4 million (16.5%) was for development expenditure.

In the period under review, the County spent a total of Kshs. 1.6 billion which was 72.6 per cent of the funds released. The County Executive spent Kshs. 1.4 billion while Kshs. 281.8 million was spent by the County Assembly which represent 82.8 per cent and 17.2 per cent respectively. The County spent Kshs. 1.5 billion (93.4%) on recurrent expenditure and Kshs. 107.7 million (6.6%) on development activities.

The recurrent expenditure was 81.2 per cent of the funds released for recurrent activities while development expenditure accounted for 28.8 per cent of the funds released for development projects. Total recurrent expenditure for the period was 41.2 per cent of the annual recurrent budget while development expenditure was 3.8 per cent of the annual development budget.

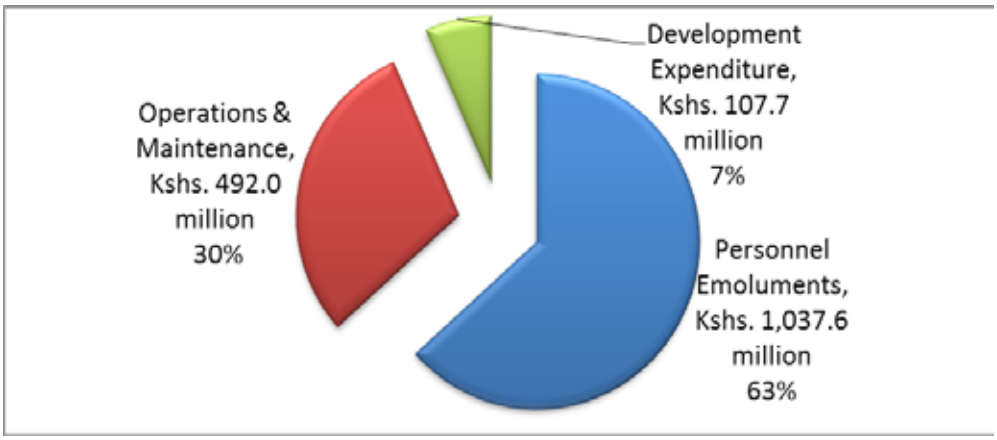
Analysis of recurrent expenditure reveals that the County spent Kshs. 1.0 billion (67.8%) on Personnel Emoluments and Kshs. 492.0 million (32.2%) on operations and maintenance. The personnel emoluments include Kshs. 247.6 million that was reimbursed to the National government for salaries paid to staff performing devolved functions.

Some of the development projects that the County implemented during the period under review included: bursaries to the needy under the pro-poor program at Kshs. 33.2 million,

street lighting project at Kshs.22.3 million, floor finishing and external works at the County Assembly at Kshs. 18.3 million, and purchase of two trucks at Kshs.7.3 million, among others.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73532-00200
NAIROBI, KENYA

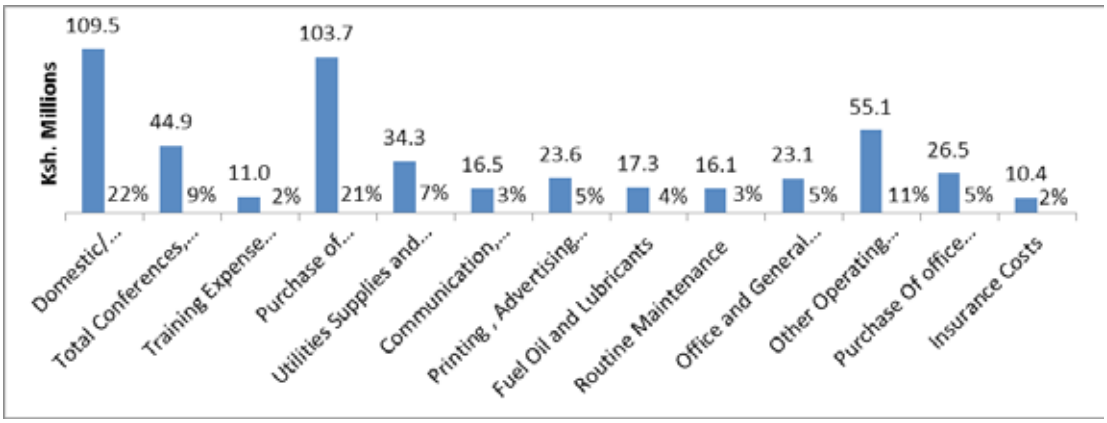
**Figure 27: Analysis of Total Expenditure, Kitui County**




***Source**: Kitui County Treasury*

Analysis of operations and maintenance expenditure for the County government for the period July 2013 to March 2014 is shown in figure 28.

**Figure 28: Analysis of Operations and Maintenance, Kitui County**




***Source**: Kitui County Treasury*

The County spent Kshs. 40.5 million for payment of sitting allowances for the 57 members of the County Assembly against a budget of Kshs. 93 million. This represents an absorption rate of 43.6 per cent and an average of Kshs. 78,902 per MCA per month.

The County had estimated to receive revenue from LATF and donor funds under the

Kenya Municipal programme which did not happen. This will negatively affect the implementation of budgeted activities due to the likely deficit. As reported in the second quarter, it has also been observed that various budgeted items have been overspent compared to the amount of exchequer issued. For instance, the Office of the Governor spent 116 per cent of the funds released. Additionally, the county has maintained low absorption of development funds at 3.8 per cent during the period under review. Preparation and approval of various statutory documents like CIDP and CFSP as specified in the PFM Act, 2012 has been delayed which may affect the FY 2014/15 budget preparation.

COUNTY ASSEMBLIES FORUM (CAF)
P.O.Box 73552-00200
NAIROBI, KENYA

The County should consider adopting an automated system to improve local revenue collection. More emphasis should be put on core projects and activities in the remaining period of the financial year in order to improve absorption of development funds. Strong controls should be established to ensure funds are used for the purpose they were requested to resolve the problem of overspending of departmental exchequer issues. The County Executive and County Assembly should aim at meeting the timelines in preparation and approval of various statutory documents as specified in the PFM Act, 2012.

**Kwale County**

Kwale County has an approved budget of Kshs. 4.4 billion composed of Kshs. 2.9 billion (65.3%) for recurrent expenditure, Kshs. 1.5 billion (34.7%) for development expenditure. The county intends to finance its budget with Kshs.3.7 billion (85%) from the national equitable share, Kshs. 427 million (10%) from local revenue collections and Kshs. 216 million (5%) as balance brought forward from FY 2012/13.

During the nine months period, the County received Kshs. 2.1 billion as the national equitable share of revenue, collected Kshs. 127.8 million from local revenue sources and had Kshs. 215.6 million as balance brought forward. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 68.6 million which is an improvement from Kshs. 28.4 million raised in the second quarter and Kshs. 30.8 million in the first quarter. The local revenue raised during the period under review was 30 per cent of the annual local revenue target.

The total funds released to the County during the period under review was Kshs. 2.3 billion consisting of Kshs. 1.4 billion (58.7%) for recurrent activities and Kshs. 963 million (4.3%) for development projects.

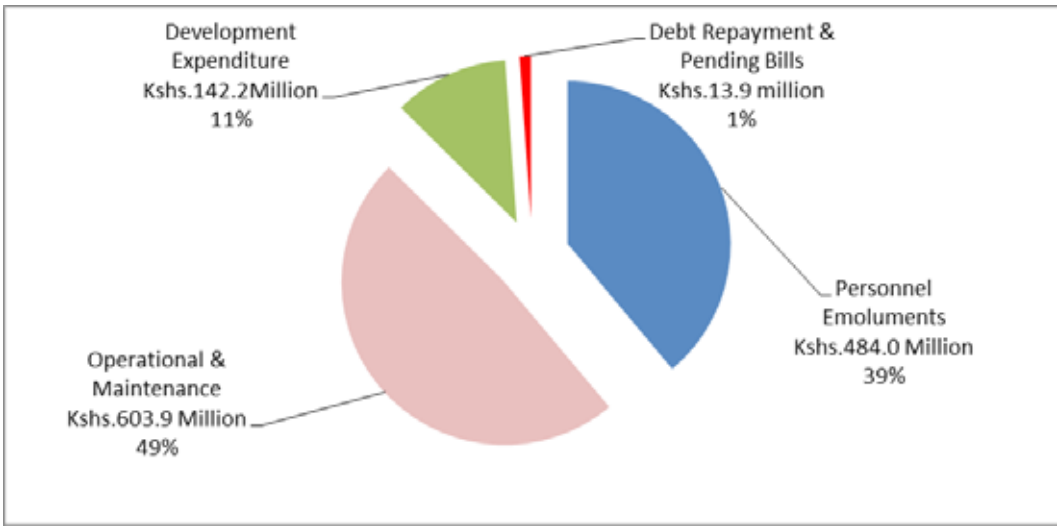
In the period under review, the County spent a total of Kshs. 1.2 billion which was 53 per cent of the funds released. The County Executive spent Kshs. 913.6 million, while the County Assembly spent Kshs. 330.6 million which represent 73 per cent and 27 per cent of total expenditure respectively. The County's total expenditure comprised of Kshs. 1.1 billion (88.6%) for recurrent expenditure and Kshs. 142.2 million (11.4%) on development activities. Recurrent expenditure was at 80.4 per cent of the funds released for recurrent activities while development expenditure accounted for 14.8 per cent of the funds released for development projects. However, the recurrent expenditure for the period was 38.4 per cent of the annual recurrent budget while development expenditure was 9.3 per cent of the annual development budget.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200,
NAIROBI, KENYA

Analysis of recurrent expenditure reveals that the County spent Kshs. 484 million on personnel emoluments which translates to 44 per cent of the total recurrent expenditure while Kshs. 604 million was spent on operations and maintenance, accounting for 55 per cent of the total recurrent expenditure. The personnel emoluments include Kshs. 289.7 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

Some of the development projects that the County implemented during the period under review included; a food security program of Kshs.122.3 million, Kshs.7.4 for purchase of medical supplies, and Kshs. 8 million for land resource mapping.

**Figure 29: Analysis of Total Expenditure, Kwale County**




*Source: Kwale County Treasury*

Analysis of operations and maintenance expenditure for the County reveals that Kshs. 98.3 million (17.3%) was spent on domestic & foreign travels, Kshs. 36.7 million (6.5%) on office furniture & general equipment, Kshs. 31.8 million (5.6%) fuel, oil & lubricants, Kshs. 28.9 million (5.1%) on purchase of motor vehicles, Kshs. 24.3 million (4.3%) routine maintenance of assets. Other operations and maintenance expenses included; Kshs. 21.8 million (3.8%) spent on printing, advertising & information supplies, Kshs. 11.8 million (2.1%) on conferences and hospitality, Kshs. 9.5 million (1.7%) on utilities supplies and services, Kshs. 9.3 million (1.6%) on communication supplies and services and Kshs. 5.3 million (0.9%) on training.

The County spent Kshs. 35.2 million for payment of sitting allowances for the 33 MCAs against a budget of Kshs. 40 million. This represents an absorption rate of 88 per cent and an average of Kshs. 118,506 per MCA per month.

As reported in the second quarter, the County was not using the IFMIS system by December 2013. This has now been addressed and the system is in use as from January 2014. Currently, most of the transactions are captured through IFMIS even though, the County staff lack capacity to generate complete financial reports from the system.

Manual financial reporting is done alongside the automated system, which has led to inconsistencies and delay in reporting. The County also experienced low absorption of development funds during the period under review.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 7359-00200,
NAIROBI, KENYA

The County Treasury should liaise with the National Treasury to build the capacity of IFMIS and G-Pay systems users on how to generate financial reports. The County Treasury should also ensure timely reporting to the OCOB to facilitate timely monitoring of budget execution. The County should develop strategies to improve absorption of development funds.

**Laikipia County**

The County has an approved budget of Kshs.3.3 billion which is composed of Kshs. 2.3 billion (70.3%) for recurrent expenditure, Kshs. 962 million (29.04%) for development expenditure and Kshs. 20 million (0.6%) for debt repayment. The county expects to fund the budget through Kshs. 2.7 billion (83.2%) from the national equitable share, Kshs. 479 million (14.5%) from local revenue sources and Kshs. 78 million (2.4%) as balance brought forward from FY2012/13.

In the period July 2013 to March 2014, the County received Kshs. 1.4 billion as the national equitable share, collected Kshs. 178.8 million from local sources, and had Kshs. 78 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 87.7 million which is an improvement from Kshs. 37.8 million raised in the second quarter and Kshs. 53.1 million in the first quarter. Total local revenue raised during the period under review accounted for 32 per cent of the annual local revenue target.

Funds released to the County during the period amounted to Kshs. 1.5 billion of which Kshs. 1.1 billion (72.4%) was for recurrent expenditure while Kshs.415.2 million (27.5%) for development expenditure.

During the nine months period of FY 2013/14, the County spent a total of Kshs. 1.3 billion which was 85 per cent of the funds released. The County Executive spent Kshs. 1.1 billion while County Assembly spent Kshs. 193 million which represent 85 per cent and 15 per cent respectively. The County spent Kshs. 1.2 billion (90%) on recurrent expenditure and Kshs. 122.4 million (10%) on development activities.

The recurrent expenditure was 106.0 per cent of the funds released for recurrent activities while development expenditure accounted for 29.5 per cent of the funds released for development projects. The recurrent expenditure for the period under review was higher than the funds released due to spending of local revenue at source which occurred in the first two weeks of the month of July, 2013. Total recurrent expenditure for the period under review was 49 per cent of the annual recurrent budget while development expenditure was 12.7 per cent of the annual development budget.

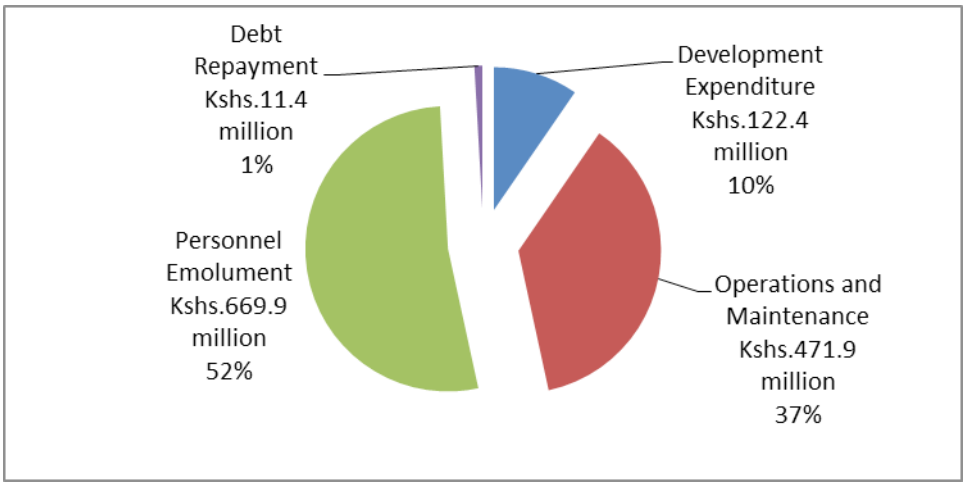
Analysis of the recurrent expenditure reveals that the County spent Kshs. 669 million on personnel emoluments which translates to 52 per cent of the total recurrent expenditure

while Kshs. 471.8 million was spent on operations and maintenance accounting for 36 per cent of the total recurrent expenditure. The County has however not reimbursed to the National Government Kshs. 325.7 million for salaries paid to staff performing devolved functions.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

Some of the development projects that the County implemented during the period under review included; grading and gravelling of roads at Kshs.67.5 million, refurbishment and improvement of education facilities at Kshs.11.0 million, and purchase of milk coolants at Kshs.12.0 million.

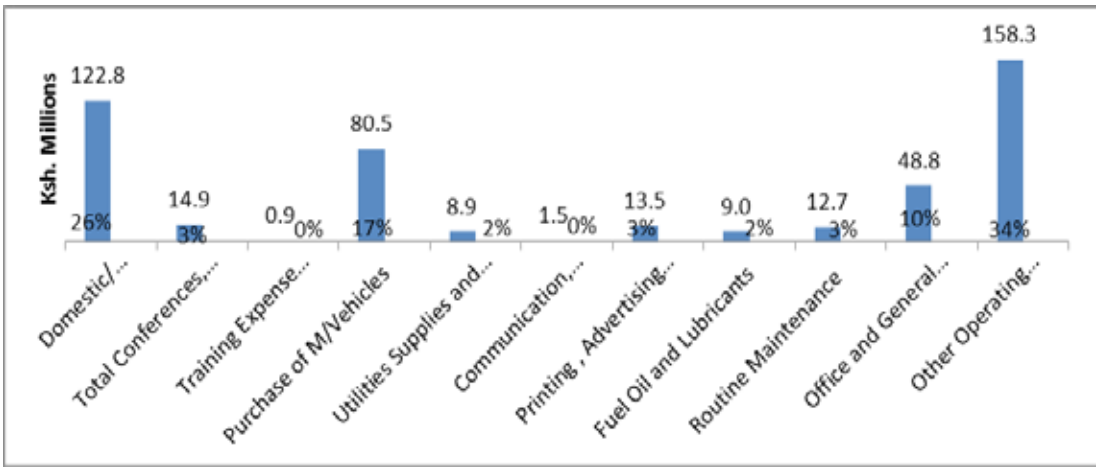
**Figure 30: Analysis of Total Expenditure, Laikipia County**




***Source**: Laikipia County Treasury*

Further analysis of the operations and maintenance expenditure by the County government for the period under review is shown in figure 31.

**Figure 31: Analysis of Operations and Maintenance Expenditure, Laikipia County**




***Source**: Laikipia County Treasury*

In the nine months period, the County spent Kshs. 9.8 million on payment of sitting allowances for the 23 members of the County Assembly against a budget of Kshs. 25.7 million. This represents an absorption rate of 38 per cent and an average of Kshs. 47,464 per MCA per month.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 7351-00200,
NAIROBI KENYA

There has been delay in uploading the supplementary budget on the IFMIS, which may lead to erroneous charging of expenses based on the initial budget. We however, noted that some items of recurrent nature such as purchase of vehicles, vans, official furniture, and furnishing of ward offices have been classified as development items in the revised budget. There is need to correctly classify these expenditures. The low revenue collection which is currently 32 per cent of the annual target means that some budgeted activities will not be funded.

The County Treasury should liaise with the IFMIS Secretariat to ensure the Supplementary Budget is uploaded. The County government should follow regulations contained in the PFM regarding classification of expenditure items. Additionally, the County should review the performance of local revenue collections with a view of taking strong measures to improve collections in the remaining period of the FY 2013/14.

**Lamu County**

The County has an approved budget of Kshs. 1.6 billion composed of Kshs. 1.1 billion (69.6%) for recurrent expenditure and Kshs.500.5 million (30.4%) for development expenditure. The annual revenue for the County Government for the FY 2013/14 is projected at Kshs. 1.6 billion which comprises Kshs. 1.5 billion (94.9%) from the national equitable share and Kshs. 86.1 million (5.1%)from local revenue sources.
In the period July 2013 to March 2014, the County received Kshs. 960.4 million as the national equitable share of revenue, collected Kshs. 18.7 million from local sources, and had Kshs .63.3 million as balance brought forward from FY 2012/13. In the third quarter of F/Y 2013/14, the County raised local revenue amounting to Kshs. 9.8 million which is an improvement from Kshs. 3.9 million raised in the second quarter and Kshs. 5.1million in the first quarter. Total local revenue collected in the period under review accounted for 21.7 per cent of the annual local revenue target.

Funds released to the County during the period under review amounted to Kshs. 754.0 million of which Kshs. 555.0 million (73.6%) was for recurrent expenditure and Kshs. 199.8 million (26.4%) was for development expenditure.

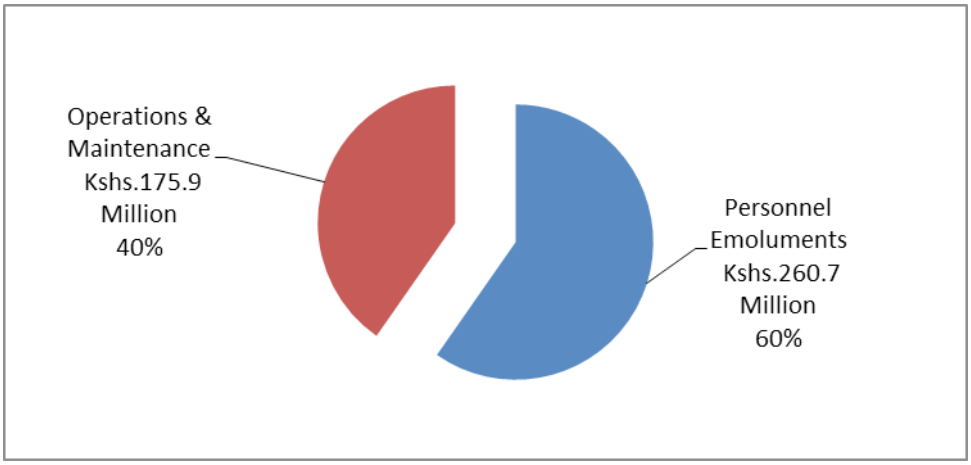
In the period under review, the County spent a total of Kshs. 436.7 million which was 57.9 per cent of the funds released. The County Executive spent Kshs. 361.1 million while the County Assembly spent Kshs. 75.6 million which represent 82.7 per cent and 17.3 per cent respectively.

The reported expenditure was all on recurrent activities and represents 39.6 per cent of the recurrent budget and 27.3 per cent of the total annual budget. Expenditure was 78.6 per cent of the total funds released for recurrent activities.

Analysis of recurrent expenditure reveals that the County spent Kshs. 260.7 million (60%) on personnel emoluments and Kshs. 176.0 million (40%) on operations and maintenance. The personnel emoluments include Kshs.73.99 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200,
NAIROBI, KENYA

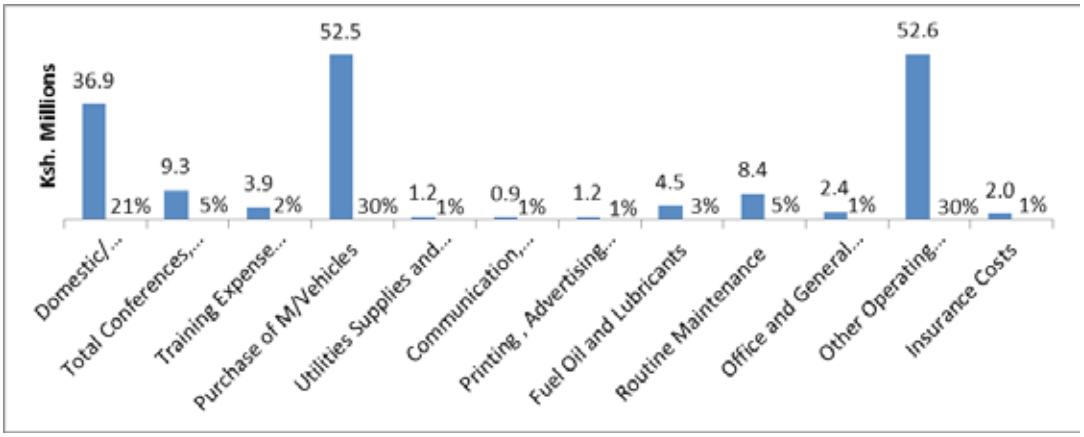
**Figure 32: Analysis of Total Expenditure, Lamu County**




***Source**: Lamu County Treasury*

Analysis of operations and maintenance expenditure by the County government is shown in figure 33.

**Figure 33: Analysis of Operations and Maintenance, Lamu County**




***Source**: Lamu County Treasury*

The County spent Kshs. 5.5 million for payment of sitting allowances for the 20 members of the County Assembly against a budget of Kshs. 41.6 million. This represents an absorption rate of 13.3 per cent and an average of Kshs. 30,751 per MCA per month.

The major challenge during the period under review was inadequate human resource

capacity in most departments which hampered implementation of planned programs. In addition, there is inadequate office space making it difficult for County staff to deliver public service effectively. As reported in the previous reports, the County has not reported expenditure on development activities to date.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 17852 - 00200,
NAIROBI, KENYA

The County should review the human resource requirements and build the necessary capacity to improve budget execution. The County should fast-track the on-going renovations of the old offices to create adequate office space for the staff. Most importantly, there is need for the County to come up with measures to ensure that development activities are undertaken in the remaining period of the financial year.

**Machakos County**

Machakos County has a budget of Kshs. 8.0 billion comprising of Kshs. 3.8 billion (48%) for recurrent expenditure and Kshs. 4.2 billion (52%) for development expenditure. The total revenue for FY 2013/14 was estimated at Kshs. 8.0 billion comprising of Kshs. 5.5 billion (68.8 %) from the national equitable share and Kshs. 2.5 billion (31.2%) from local sources.

During the nine months period of the FY 2013/14, the County received Kshs. 3.3 billion from the national equitable share of revenue, collected Kshs. 866 million from local sources and had a balance of Kshs. 77 million brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County collected local revenue amounting to Kshs. 454 million which is an improvement from Kshs. 243 million raised in the second quarter and Kshs. 168 million in the first quarter. The local revenue collected during the period under review represents a performance rate of 45.5 per cent of the annual local revenue target.

As at the end of the third quarter, the funds released to the County amounted to Kshs.4.1 billion whereby Kshs. 2.5 billion (61.0%) was for recurrent expenditure while Kshs. 1.6 billion (39.1%) was for development expenditure.

In the period under review, the County spent a total of Kshs. 3.5 billion which was 86.2 per cent of the funds released. The County Executive spent Kshs. 3.2 billion while the County Assembly spent Kshs. 300 million which represent 91.5 per cent and 8.5 per cent of total expenditure respectively. Similarly, the County spent Kshs. 2.1 billion (59.4%) on recurrent expenditure and Kshs. 1.4 billion (40.6%) on development activities.

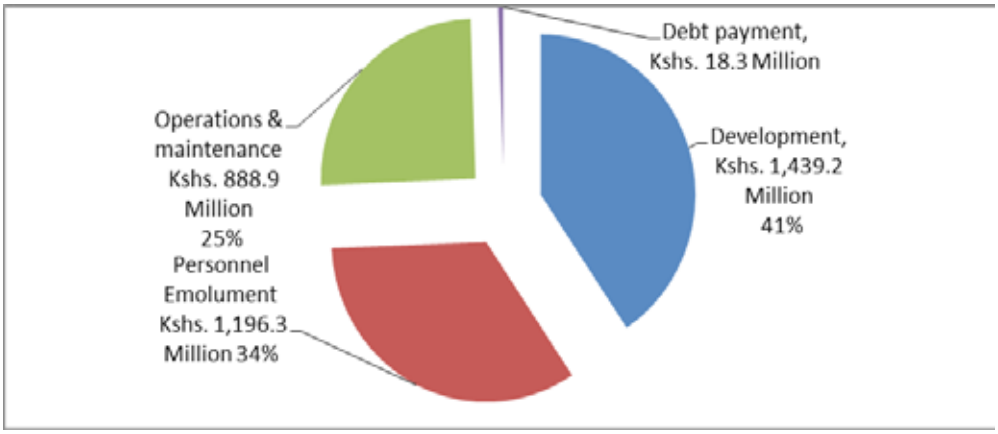
The recurrent expenditure was 84 per cent of the funds released for recurrent activities while development expenditure accounted for 89.7 per cent of the funds released for development projects. Total recurrent expenditure for the period under review was 54.6 per cent of the annual recurrent budget while development expenditure was 34.6 per cent of the annual development budget.

Analysis of recurrent expenditure reveals that the County spent Kshs. 1.19 billion (34%) on personnel emoluments while Kshs. 888.9 million (25%) was spent on operations and maintenance. The personnel emoluments include Kshs. 225 million that was reimbursed

to the National Government for salaries paid to staff performing devolved functions.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Figure 34: Analysis of Total Expenditure, Machakos County**




***Source**: Machakos County Treasury*

A review of operations and maintenance expenditure in the period under review indicates that; Kshs. 210 million (23%) was spent on domestic and foreign travels, Kshs. 64 million (7.3%) on training, Kshs. 44 million (9.0%) on routine maintenance and Kshs. 14 million (1.6%) on office and general supplies. Other operations and maintenance expenses included; Kshs. 63 million (7.1%) spent on fuel oil & lubricants, Kshs. 25 million (2.8%) on utility supplies and services, Kshs.73.9 million (8.3%) on conferences, hospitality and catering, Kshs. 41 million (4.6%) on printing, advertising and information supplies & services and Kshs. 21 million (2.4%) spent on communications supplies services, Kshs. 263 million (29.6%) were spent on other operation and maintenance activities.

The County spent Kshs. 35.9 million on payment of sitting allowances for the 59 Members of the County Assembly against an annual budget of Kshs.46 million. This represents an absorption rate of 78 per cent and an average of Kshs. 67,657 per MCA per month.

Some of the development projects that the County implemented during the period under review included; purchase of security cars and other vehicles amounting to Kshs. 486.9 million, grading and gravelling of roads at Kshs. 426.5 million, water harvesting and distribution programmes Kshs. 104.9 million, refurbishment, and improvement of education facilities at Kshs. 53.1 million. Other development activities undertaken include renovation and improvement of Machakos level 5 hospital and other health facilities and services across the County at Kshs. 144.8 million.

During the period under review local revenue collection was low compared to the annual target, which could affect implementation of budgeted activities for the remaining period of FY 2013/14. The County Government has also delayed in enacting necessary legislation for the County structures such as legislations to rationalize collection of revenues, and regulations for the management of 'grant transfers' in the county such as the bursary fund.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73553 - 00200,
NAIROBI, KENYA

The OCOB recommends that the Machakos County Government should build on the capacity of the County Treasury to collect and monitor revenue collections, which can be through providing adequate resources to the concerned departments to enable them achieve the set revenue targets. The County Assembly should enact legislation for effective and efficient execution and monitoring of 'grant transfers to other sectors' for enhanced accountability and transparency in the use of public funds.

**Makueni County**

The County has a budget of Kshs. 5.1 billion which consists of Kshs. 3.1 billion (61%) for recurrent expenditure and Kshs. 2.0 billion (39%) for development expenditure. The budget will be financed by Kshs. 4.8 billion (91.8%) from the national equitable share, Kshs. 350 million (6.8%) from local revenue sources and Kshs. 72.5 million (1.4%) as balance brought forward from financial year 2012/13.

During the nine months under review, the County received Kshs. 2.4 billion as the national equitable share of revenue, collected Kshs. 116.5 million from local sources, and had Kshs. 72.5 million as balance brought forward from the FY 2012/13. In the third quarter of F/Y 2013/14, the County raised local revenues amounting to Kshs. 52.6 million which is an improvement from Kshs. 24.5 million raised in the second quarter and Kshs. 39.3 million in the first quarter. The local revenue collected during the period under review was 33.3 per cent of the annual local revenue target.

Funds released to the County during the period amounted to Kshs. 2.1 billion of which Kshs. 1.4 billion (65.4%) was for recurrent expenditure and Kshs. 740.2 million (34.6%) for development expenditure. The recurrent expenditure was 76.8 per cent of the funds released for recurrent activities while development expenditure accounted for 14.7 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review was 33.7 per cent of the annual recurrent budget while development expenditure was 5.5 per cent of the annual development budget.

During the nine months period of FY 2013/14, the County spent a total of Kshs.1.2 billion which was 55.4 per cent of the funds released. The County Executive spent Kshs. 894.4 million while County Assembly spent Kshs. 291.6 million which represent 75.4 per cent and 24.5 per cent respectively. The County spent Kshs. 1.1 billion (90.8%) on recurrent expenditure and Kshs. 108.9 million (9.2%) on development activities.

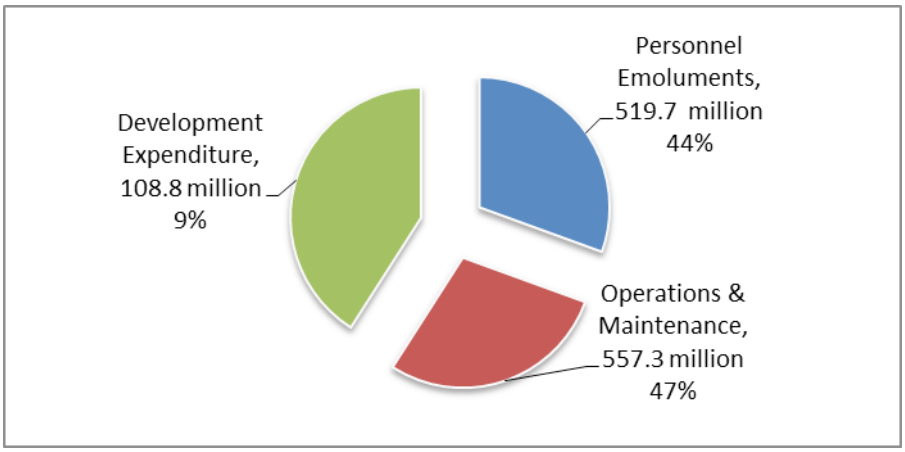
Analysis of recurrent expenditure reveals that the County spent Kshs. 519.7 million on personnel emoluments which translates to 44 per cent of the total expenditure while Kshs. 557.3 million was spent on operations and maintenance accounting for 47 per cent. The National Government was reimbursed Kshs. 9 million out of the Kshs. 247 million invoiced as salaries paid to staff performing devolved functions. The County spent Kshs. 23.4 million for payment of sitting allowances for the 47 Members of the County Assembly against a budget of Kshs. 50.5 million. This represents an absorption rate of 46 per cent and an average of Kshs. 55,507 per MCA per month.

Some of the development projects that the County implemented during the period under

review included; purchase of six ambulances and medical equipment at Kshs. 26.2 million, county-wide tree planting exercise at Kshs. 46.4 million, grading and gravelling of roads in various wards Kshs. 5.8 million, civic education programmes and bursaries Kshs. 7.6 million, construction of market sheds at Kshs. 3.7 million, and hydrological surveys at Kshs.0. 547 million among others.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 7852-00200,
NAIROBI, KENYA

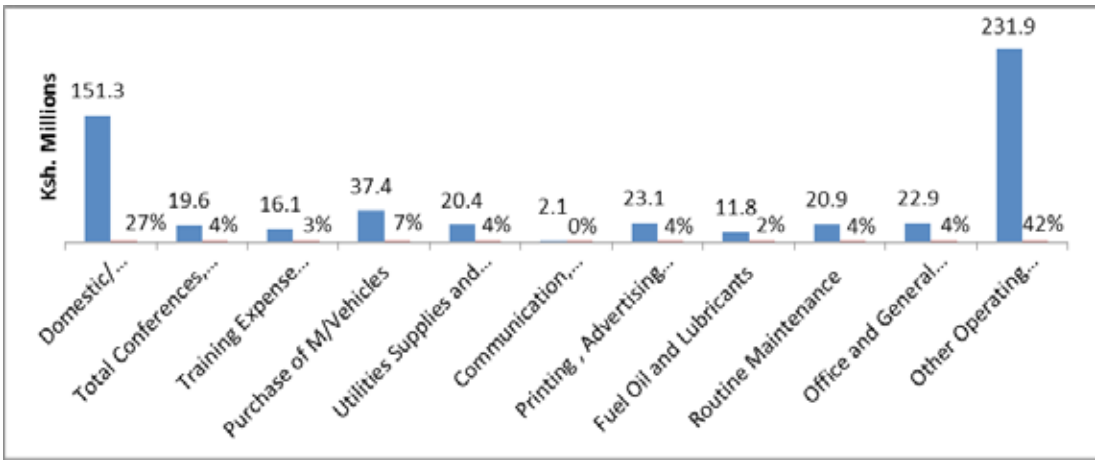
**Figure 35: Analysis of Total Expenditure, Makueni County**




***Source:*** *Makueni County Treasury*

Analysis of the operations and maintenance expenditure during the period under review is presented in figure 36.

**Figure 36: Analysis of Operations and Maintenance, Makueni County**




***Source:*** *Makueni County Treasury*

Low revenue collections which currently stand at 33 per cent of the annual target could affect financing of planned activities if not addressed by the county government. The county should automate revenue collections and build its revenue collection capacity to

ensure effective collection of local revenue.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

During the third quarter, the county utilised only Kshs. 18.4 million for development expenditure as compared to Kshs 90 million utilised in the second quarter. This low absorption of development funds might affect and delay the proposed infrastructural developments within the county. The county should develop realistic work plans and cash flow projections to improve on the absorption of development funds for the remaining period of the financial year.

**Mandera County**

The County has an approved budget of Kshs. 7.0 billion composed of Kshs. 3.0 billion (43.1%) for recurrent expenditure and Kshs. 4.0 billion (56.9%) for development expenditure. The annual revenue estimates for the County consist of the national equitable share of Kshs. 6.6 billion (90.7%), local revenue collections of Kshs. 437.4 million (6.1%), and Kshs. 230.3 million (3.2%) for donor projects.

In the period July 2013 to March 2014, the County received Kshs. 3.7 billion as the national equitable share, collected Kshs. 62.9 million from local sources, and had Kshs. 107.9 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 34.8 million which is an improvement from Kshs. 17.1 million raised in the second quarter and Kshs. 11.1 million in the first quarter. The local revenue collected during the period under review accounted for only 14.4 per cent of the annual local revenue target.

Funds released to the County during the period amounted to Kshs. 2.2 billion of which Kshs. 1.9 billion (85.4%) was for recurrent expenditure and Kshs.320 million (14.6%) for development expenditure.

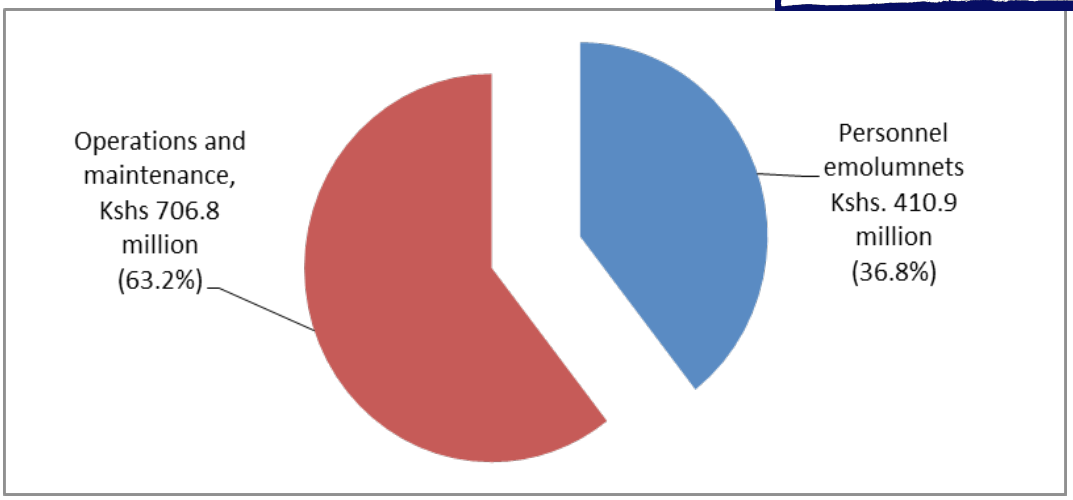
During the period under review, the County spent a total of Kshs. 1.1 billion which was 50.9 per cent of the total funds released. The County Executive spent Kshs.942.1 million while Kshs.175.6 million was spent by the County Assembly which represents 84.3 per cent and 15.7 per cent of the total expenditure respectively. All expenditures were on recurrent activities. The expenditure was 59.5 per cent of the funds released for recurrent activities while the funds released for development expenditure had not been spent. The total recurrent expenditure for the period under review was only 37.1 per cent of the annual recurrent budget.

The County has awarded a number of contracts for development projects during the period under review, however, some are yet to commence. Some of the on-going projects include construction of three executive office blocks at an estimated cost of Kshs. 30 million.

Further analysis of recurrent expenditure reveals that the County spent Kshs. 410.9 million on Personnel Emoluments which translates to 36.8 per cent of the total recurrent expenditure while Kshs. 706.8 million was spent on Operations and Maintenance accounting for 63.2 per cent. The personnel emoluments include Kshs. 109.6 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Figure 37: Analysis of Total Expenditure, Mandera County**




***Source:*** *Mandera County Treasury*

A review of operations and maintenance expenditure for the County government indicates that; Kshs. 90.2 million (13.4%) was spent on domestic and foreign travels, Kshs. 61.3 million (9.1%) on training, Kshs.48.9 million (7.3%) on utility supplies and services, Kshs. 45.6 million (6.8 %) on routine maintenance, Kshs. 133.2 million (19.8%) on purchase of motor vehicles and Kshs. 28.0 million (4.2%) on conferences, hospitality and catering, Kshs. 6.6 million (1.0%) on office and general supplies. Other operations and maintenance expenses included Kshs. 14.9 million (2.2%) spent on fuel oil & lubricants, Kshs. 11.6 million (1.7%) on printing, advertising and information supplies & services and Kshs. 226.3 million (33.7%) spent on other operations and maintenance expenses.
The County spent Kshs. 34.7 million on sitting allowances to the 48 Members of the County Assembly against a budget of Kshs. 98.7 million translating to 35.2 per cent of the annual allocation for sitting allowances and an average of Kshs. 80,439 per MCA per month.

During the period under review, OCOB noted the following challenges in budget implementation: a) low local revenue collection which may affect implementation of planned activities, b) delays in submission of financial reports which affects the completeness and timeliness of OCOB reports, and, c) sporadic security incidences. The County government must therefore, institute strong measures to enhance local revenue collection. Further, revenue estimates should be based on realistic revenue potential of the County. In order to enhance timely and complete reporting, the County should submit its financial reports to OCOB in a timely manner. There is also need for liaison with the national government to address insecurity in the County.

**Marsabit County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The County has an approved budget of Kshs. 3.8 billion composed of Kshs. 2.1 billion (56.1%) for recurrent expenditure and Kshs. 1.7 billion (43.9%) for development expenditure. The FY 2013/14 revenue is projected at Kshs. 3.8 billion which comprises Kshs. 3.8 billion (98.9%) from the national equitable share and Kshs. 44 million (1.1%) from local revenue sources.

In the period July 2013 to March 2014, the County received Kshs. 2.1 billion as the national equitable share and collected Kshs. 28.7 million from local sources. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 12.3 million which is an improvement from Kshs. 7.7 million raised in the second quarter and Kshs. 8.8 million in the first quarter. The local revenue collected during the period under review was 65 per cent of the annual target. Funds released to the County during the period amounted to Kshs. 2.2 billion of which Kshs. 1.3 billion (59.1%) was for recurrent expenditure and Kshs. 888.0 million (40.1%) for development expenditure.

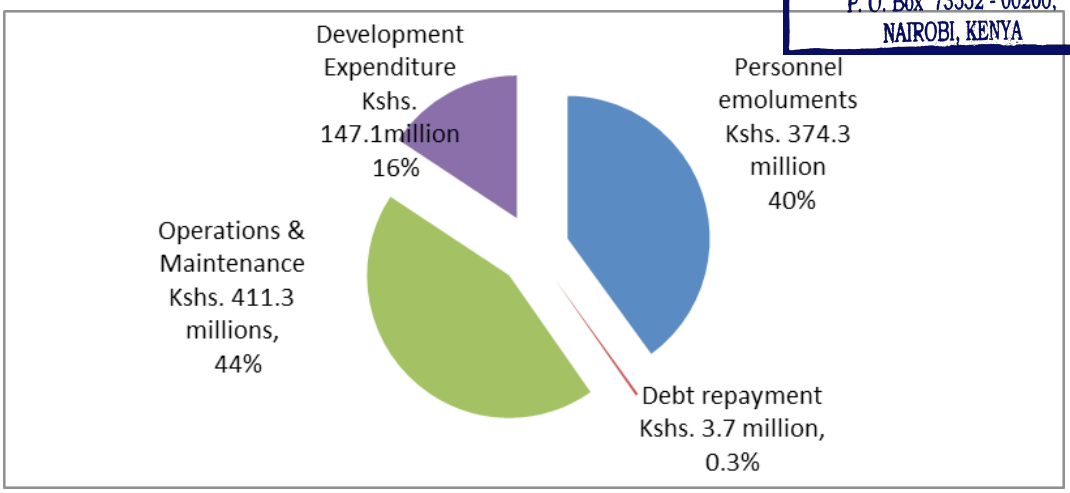
During the nine months period of FY 2013/14, the County spent a total of Kshs. 936.6 million which was 42.2 per cent of the funds released. The County Executive spent Kshs 840.9 million while Kshs. 95.7 million was spent by the County Assembly, representing 89.8 per cent and 10.2 per cent respectively of the total expenditure. The County spent Kshs. 785.6 million (83.8%) on recurrent expenditure and Kshs. 147.1 million (15.7%) on development activities. The recurrent expenditure was 67.8 per cent of the total funds released for recurrent activities while development expenditure accounted for 19.4 per cent of the funds released for development projects. However, total recurrent expenditure for the period under review was 37.3 per cent of the annual recurrent budget while development expenditure was 8.6 per cent of the annual development budget.

Further analysis of recurrent expenditure reveals that the County spent Kshs. 374.3 million on Personnel Emoluments which translates to 47.6 per cent of the total recurrent expenditure while Kshs. 411.3 million was spent on operations and maintenance accounting for 52.3 per cent of the total recurrent expenditure. The personnel emoluments include Kshs. 192.9 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions in the first half of the financial year.

Some of the development projects that the County implemented during the period under review included grading and gravelling of roads at Kshs 16.3m, purchase of certified agricultural seeds at Kshs. 13.6m, refurbishment and improvement of non-residential buildings at Kshs. 35.6 m and drilling of boreholes at Kshs. 36 million.

**Figure 38: Analysis of Total Expenditure, Marsabit County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source:*** *Marsabit County Treasury*

An analysis of operations and maintenance expenditure for the County government for the period July 2013 to March 2014, indicates that; Ksh. 77.3 million (18.7%) was spent on domestic travels, Kshs. 65.4 million (15.9%) on purchase of motor vehicles, Kshs. 44.3 million (10.7%) on office and general supplies, Kshs. 38.4 million (9.3%) on conferences and hospitality services and Kshs. 30.4 million (7.4%) on fuel, oil and lubricants. Other Operations and maintenance expenses included Kshs 13.4 million (3.4%) spent on routine maintenance of motor vehicles, Kshs. 10.1 million (2.4%) on printing, advertising and information supplies, Kshs. 3.4 million on communication and supplies among other items. The county did not provide information on expenditure on MCA sitting allowances for the period under review.

The County has made some progress towards provision of services to the people of Marsabit. However, a number of challenges continue to affect budget implementation. Absorption of development funds continues to be a major challenge with the County spending only Kshs 147.1 million (19.3%) out of the Kshs 758.4 million approved during the period under review. The IFMIS and G-Pay systems also had connectivity challenges and this affected timely reporting on budget execution. Other challenges include weak controls and poor management of imprest by the County Treasury. There was also inadequate human capacity especially in the procurement department.

The OCOB makes the following recommendations so as to improve budget implementation. First, there is need to put in place appropriate measures to fast-track implementation of development projects to spur the local economy. Secondly, the County should develop procurement plans and closely monitor development projects as highlighted in our prior reports. Thirdly, to ensure accurate reporting and transparency in public financial management, National Treasury must take necessary steps to ensure an all-time efficient and reliably functioning IFMIS and G-Pay systems. Finally, with regard to imprest management, the County Treasury should enforce government financial regulations and procedures on imprest and ensure that all outstanding imprest is fully accounted for or

recovered in a timely manner.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Meru County**

The County has an approved budget of Kshs.5.6 billion composed of Kshs. 2.7 billion (49.1%) for recurrent expenditure and Kshs.2.9 billion (50.9%) for development expenditure. The FY 2013/2014 revenue is projected at Kshs. 5.6 billion which comprises of Kshs4.9 billion (88.2%) from the national equitable share and Kshs. 658 million (11.8%) from local revenue sources.

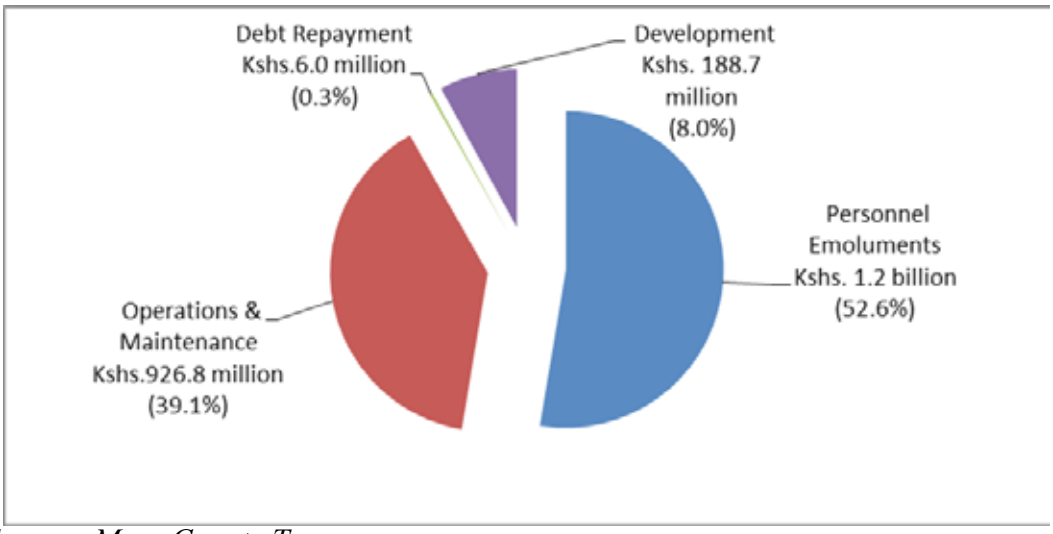
In the period July 2013 to March 2014, the County received Kshs. 2.8 billion as the national equitable share, collected Kshs. 208.0 million from local revenue sources, and had Kshs. 150 million balances brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 98.5 million which is an improvement from Kshs. 51.2 million raised in the second quarter and Kshs. 58.4 million raised in the first quarter. The local revenue collected during the period under review accounted for 31.6 per cent of the annual local revenue target. Funds released to the County during the period amounted to Kshs. 2.6 billion of which Kshs. 2.0 billion (76.6%) was for recurrent expenditure and Kshs.600.7 million (23.4 %) for development expenditure.

During the period ending 31st March 2014, the County spent a total of Kshs. 2.4 billion which was 92.2 per cent of the funds released. The County Executive spent Kshs. 2.0 billion while Kshs. 359.8 was spent by the County Assembly which represent 84.8 per cent and 15.2 per cent of their respective allocations. The County spent Kshs. 2.2 billion (92%) on recurrent expenditure and Kshs.188.7 million (8.0%) on development activities. The recurrent expenditure was 110.6 per cent of the funds released for recurrent activities while development expenditure accounted for 30.9 per cent of the funds released for development projects. The recurrent expenditure was higher than the funds released for recurrent expenditures due to spending of funds released for development projects on recurrent activities. However, the recurrent expenditure for the period under review was 78.1per cent of the annual recurrent budget while development expenditure was 6.6 per cent of the annual development budget.

Further analysis of recurrent expenditure reveals that the County spent Kshs. 1.2 billion on Personnel Emoluments which translates to 57.4 per cent of the total recurrent expenditure while Kshs. 926.8 million was spent on operations and maintenance accounting for 42.6 per cent. The personnel emoluments include Kshs. 159.9 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions. The County spent Kshs. 57.1 million for payment of sitting allowances for the 69 Members of the County Assembly against a budget of Kshs. 117.0 million translating to 48.8% per cent of the annual allocation for sitting allowances.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Figure 39: Analysis of total expenditure, Meru County**

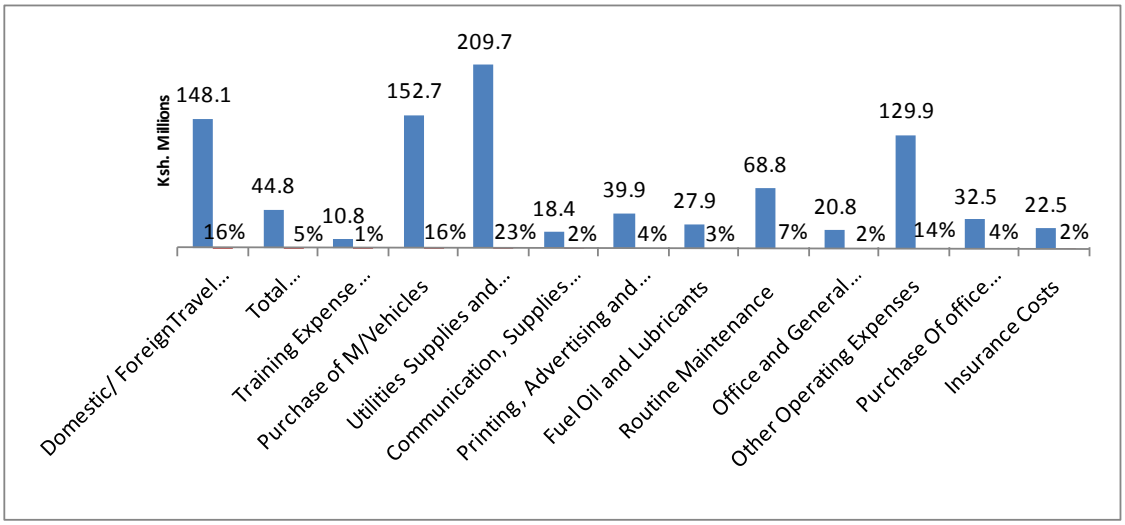



***Source**: Meru County Treasury*

Some of the development projects that the County implemented during the period under review included grading and gravelling of roads at Kshs. 50.1 million, water harvesting and distribution programmes at Kshs. 0.9 million, refurbishment and improvement of education facilities including bursaries at Kshs. 46.6 million and renovation and improvement of health facilities at Kshs. 26.6 million.

A review of operations and maintenance expenditure for the period July 2013 to March 2014 is shown in figure 40.

**Figure 40: Analysis of Operations and Maintenance, Meru County**




***Source**: Meru County Treasury*

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552 00200,
NAIROBI, KENYA

Analysis of expenditure shows that the County has exceeded the approved budget on various items. The analysis also shows that the county spent on items that were not approved in the budget. The County has a challenge of inadequate staff capacity particularly at the County Treasury which has affected timely preparation of financial reports. The County Treasury has not finalised the capture of all financial transactions into the IFMIS which affects the quality and accuracy of the financial reports submitted to the Controller of Budget. The analysis of the county's financial reports was hampered by wrong classification of budget items. The county continued to experience low local revenue collection which accounted for only 31.6 per cent of the annual local revenue target in the period under review.

In order to address the above challenges the County Treasury should ensure that expenditure is within the approved budget. The County Public Service Board should build the necessary capacity to improve budget execution. The County Treasury should ensure that all financial transactions are processed through the recommended IFMIS system and payments processed through G-Pay to improve accountability. It is recommended that departments should make formal requisitions to the County Treasury based on their work plans to improve implementation of planned programs at department level. The County Treasury should adopt the chart of accounts as guided by the National Treasury in capturing and reporting on the budget execution. Appropriate strategies should be adopted to improve revenue collection; this includes implementation of an e-revenue program to enhance revenue collection and avoid possible revenue leakages.

**Migori County**

Migori County has an approved budget of Kshs. 5.5 billion with a recurrent allocation of Kshs. 3.9 billion (70%) and development allocation of Kshs. 1.7 billion (30%). The budget is funded through Ksh.4.3 billion (76.8%) from National shareable revenue, Kshs. 491.0 million (8.8 %) for donor funded projects and Kshs. 795.4 million (14.3%) from local revenue collections.

During the nine months period, the County received Kshs. 2.4 million from the national shareable revenue, collected Kshs. 164.6 million in local revenues, and Kshs. 5.7 million balances brought forward from FY 2012/13. Analysis of the local revenue collection shows that in the third quarter, the County collected Kshs. 69.5 million which was an improvement from Kshs. 40.9 million and Kshs. 54.1 million collected in the second and first quarters respectively. The revenue collection during the nine months period represents 21 per cent of the targeted annual local revenue collections. The total funds released to the County amounted to Kshs. 2.6 billion consisting of Kshs. 1.9 billion (73.3%) for recurrent expenditure and Kshs. 685.0 million (26.7%) for development expenditure.

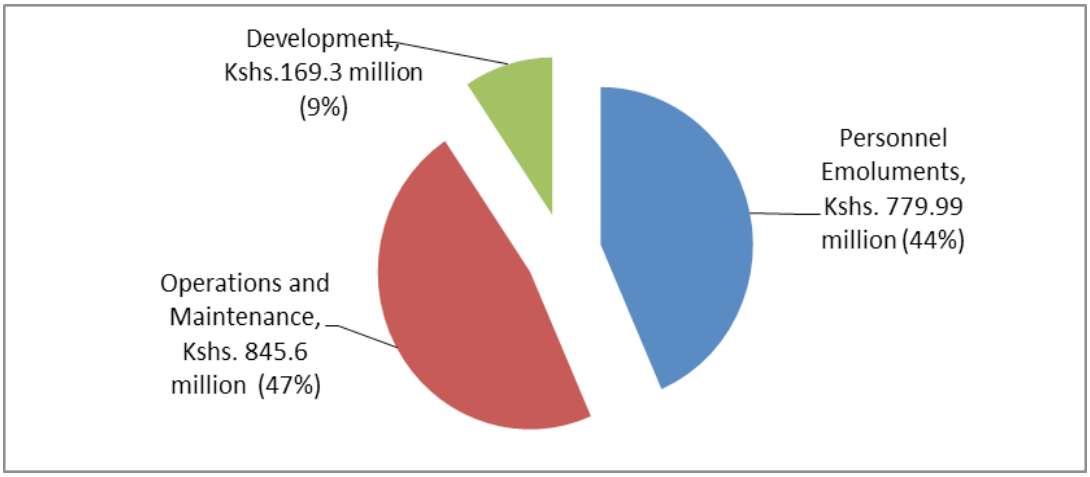
In the period under review, the total expenditure was Kshs. 1.8 billion representing 70.1 per cent of the funds released. The County Executive departments spent Kshs. 1.6 billion (88.0%) while the County Assembly spent Kshs. 216.0 million (12.0%). Analysis of the County expenditure by economic classification indicates that Kshs. 1.6 billion was spent on recurrent activities while Kshs. 169.3 million was spent on development

activities accounting for 90.6% and 9.4% of the total expenditure respectively. The recurrent expenditure was 86.7 per cent of the funds released for recurrent activities while development expenditure accounted for 24.7 per cent of the funds released for development activities. However, the recurrent expenditure for the period under review was 42.0 per cent of the annual recurrent budget while development expenditure was 10.2 per cent of the annual development budget.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200
NAIROBI, KENYA

Further analysis of the recurrent expenditure shows that the County spent Kshs. 780.0 million on personnel emoluments accounting for 48.0 per cent of the total recurrent expenditure while Kshs. 845.6 million was spent on operations and maintenance accounting for 52.0 per cent. The personnel emoluments included Kshs. 167.7 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

**Figure 41 : Migori County Expenditure Classification**




*Source: Migori County Treasury*

A review of the operations and maintenance expenditure for the County indicates that in the same period, Kshs. 188.3 million (22.3%) was spent on Domestic/Foreign Travel; Kshs.184.1 million (21.8%) on Utilities supplies and services; Kshs. 164.2 million (19.4%) on the purchase of motor vehicles; Kshs.65.5 million (7.6%) on Office General Supplies and Services; Kshs.60.9 million (7.2%) on purchase of furniture and General Equipment: Kshs.47.9 million (5.7%) on Routine maintenance and other assets; Kshs.34.6 million (4.1%) on Hospitality Supplies and services; Kshs.32.7 million (3.9%) on Fuel oil and lubricant; Kshs.24.5 million (2.9%) on Printing Advertising and information supplies and services; Kshs.19 million (2.3%) on Legal fees; Kshs.14 million (1.6%) on Training ; and Kshs. 10 million (1.2%) on Communication, Supplies & Services.

The County spent Kshs. 89.2 million for payment of sitting allowances for the 64 Members of the County Assembly against a budget of Kshs. 115.0 million representing 77.6% per cent of the annual allocation for sitting allowances which translates to Kshs. 1.4 million

per MCA for nine months.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The challenges encountered by the County during the period under review were; slow roll out, adoption and connectivity of IFMIS; lack of internal audit committee to monitor financial operations and reporting system and delay in the disbursement of the national equitable revenue by the National Treasury.

It is recommended that the county treasury in collaboration with the Directorate of IFMIS should address the challenges of connectivity and build capacity among the users. The County Treasury should adopt the standard budget and reporting formats. There is need to establish an internal audit committee to enhance effective review and quality assurance of financial operations.

**Mombasa County**

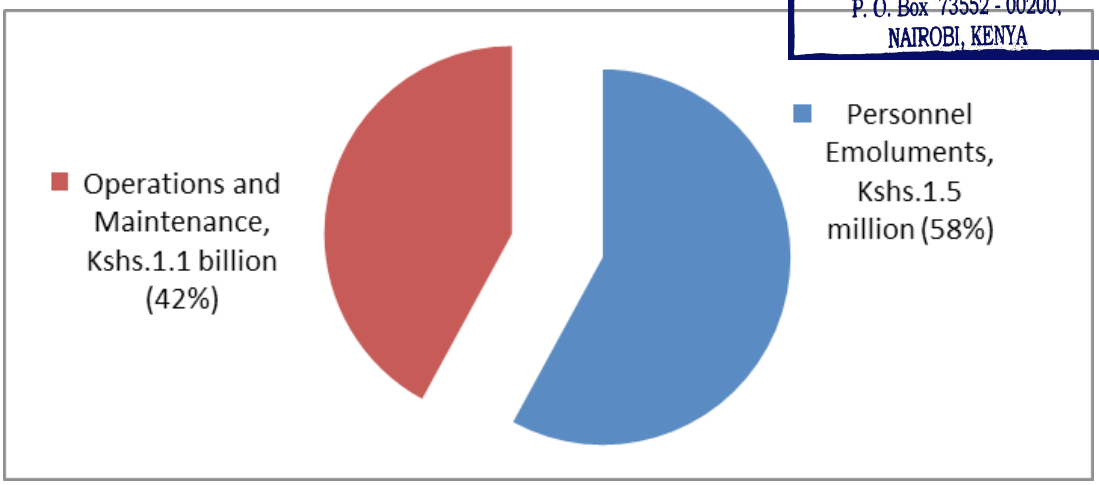
The County has an approved budget of Kshs.11.7 billion composed of Kshs. 7.0 billion (59.7%) for recurrent expenditure and Kshs.4.7 billion (40.3%) for development expenditure. The budget is to be funded through Kshs. 4.2 billion (36.1%) from the national equitable share, Kshs. 2.4 billion as donor funds and Kshs.5.1 billion (43.4%) from local revenue sources.

In the period under review, the County received Kshs.2.4 billion as national equitable share, collected Kshs. 1.4 billion from local sources, and had Kshs. 199.9 million balances brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 975.7 million which was an improvement from Kshs. 197.7 million raised in the second quarter and Kshs. 207.2 million raised in the first quarter. The local revenue collected during the period under review accounted for 27.2 per cent of the annual local revenue target. The funds released to the County during the period amounted to Kshs. 3.3 billion of which Kshs. 3.1 billion (93.5%) was recurrent expenditure and Kshs.211.4 million (6.5%) for development expenditure.

During the first nine months of FY 2013/14, the County spent a total of Kshs. 2.7 billion, which translates to 81.8 per cent of the funds released. The County Executive spent Kshs 2.5 billion while Kshs 195.4 million was spent by the County Assembly, representing 97.2 per cent and 7.3 per cent respectively. All expenditure in the county was on recurrent activities. The recurrent expenditure for the period under review was 38.3 per cent of the annual recurrent budget. Further analysis of recurrent expenditure reveals that the County spent Kshs. 1.5 billion on Personnel Emoluments which translates to 58 per cent of the total recurrent expenditure while Kshs. 1.1 billion was spent on Operations and Maintenance accounting for 42 per cent. The County is yet to reimburse Kshs. 785.8 million to the National Government for salaries paid to staff performing devolved functions.

**Figure 42: Analysis of Total Expenditure, Mombasa County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source**: Mombasa County Treasury*

A review of the operations and maintenance expenditure for the County indicates that in the period July 2013 to March 2014, Kshs. 156.6 million (14.0%) was spent on Office General Supplies and Services; Kshs.125.4 million (11.2%) on routine maintenance; Kshs. 76.2 million (6.8%) on Printing, Advertising and Information Supplies and Services; Kshs. 64.1 million (5.7%) on Utilities supplies and services; Kshs. 47.3 million (4.2%) on Conferences Hospitality and Catering; Kshs. 31.8 million (2.8%) on Communication Supplies and Services; Kshs. 24.4 million (2.2%) on Domestic/ Foreign Travel and Subsistence, and Other Transportation Costs; Kshs. 22.3 million (2.0%) Training Expense (including Extension service and Capacity Building) while Kshs. 348.6 million (31.3%) was spent on other operating costs.

The major challenges faced during the period under review included delays in financial reporting, shortfall in local revenue collections, low absorption of development funds, and high wage bill.

In order to address the challenges, the County should ensure that financial reports are prepared on monthly basis and authenticated copies availed to OCOB for monitoring budget implementation. The County should improve administration of revenue collection in order to enhance local revenue collections. Finally, the County should refund the salaries paid by the National Government to staff performing devolved functions during the period July to December 2013.

### Murang'a County

The County has an approved budget of Kshs.5.6 billion which comprises of Kshs. 2.7 billion (48.4%) for recurrent expenditure and Kshs.2.9 billion (51.6%) for development expenditure. The annual revenue for the County for the FY 2013/2014 is projected at Kshs.5.6 billion consisting of Kshs. 4.3 billion (76.9%) from the national equitable share and Kshs.1.3 billion (23.1%) from local revenue sources.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The County received Kshs. 2.2 billion as national equitable share, collected Kshs. 319.8 million from local revenue sources, and had Kshs. 112.7 million carried forward from FY 2012/13. In the third quarter of FY 2013/14, the County collected local revenue amounting to Kshs. 171.4 million which is an improvement from Kshs. 79.3 million collected in the second quarter and Kshs. 69.1 million in the first quarter. The local revenue collected during the period under review accounts for 24.6 per cent of the annual local revenue target. Funds released to the County during the period amounted to Kshs. 2.4 billion of which Kshs. 1.3 billion (54.8%) was spent on recurrent expenditure and Kshs.1.1 billion (45.2%) spent on development expenditure.

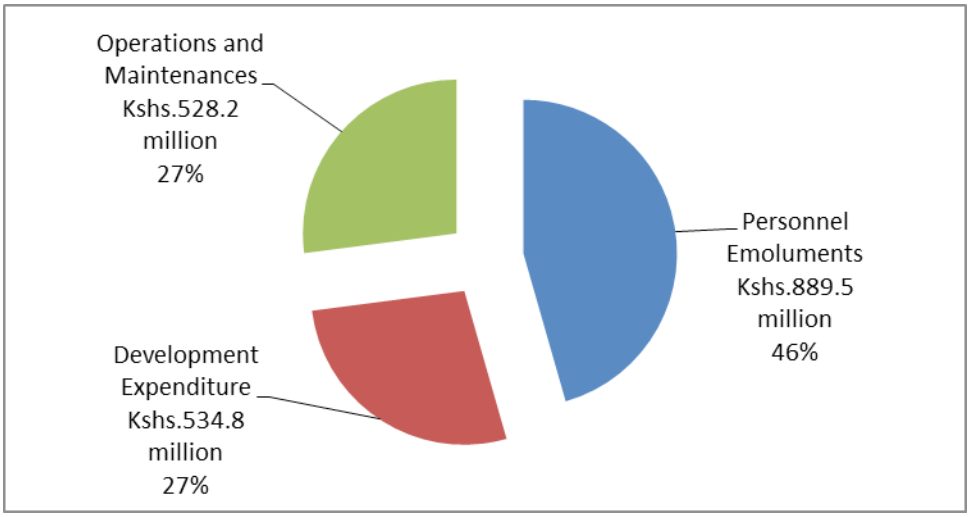
During the first nine months of FY 2013/14, the County spent a total of Kshs. 1.9 billion which was 76.8 per cent of the total funds released. The County Executive spent Kshs 1.7 billion while Kshs. 164.4 million was spent by the County Assembly representing 91.3 per cent and 8.7 per cent respectively. The County spent Kshs. 1.3 billion (71.3%) on recurrent expenditure and Kshs.523.8 million (28.7%) on development activities. The recurrent expenditure was 105.9 per cent of the funds released for recurrent activities while development expenditure accounted for 44.9 per cent of the funds released for development activities. However, recurrent expenditure for the period under review was 52.1 per cent of the annual recurrent budget while development expenditure was 18.4 per cent of the annual development budget.

Further analysis of recurrent expenditure reveals that the County spent Kshs. 889.5 million on Personnel Emoluments which translates to 62.7 per cent of the total recurrent expenditure while Kshs. 528.2 million was spent on operations and maintenance accounting for 37.3 per cent. The personnel emoluments include Kshs. 150 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions. The County also spent Kshs. 26.6 million for payment of sitting allowances for the 49 Members of the County Assembly during the same period against a budget of Kshs. 82.8 million which was 32.1 per cent of the allocations for MCAs sitting allowances.

Some of the development projects that the County implemented during the period under review include grading and gravelling of roads at Kshs. 152.7 million, Purchasing of milk cooler plants at Kshs 121.5 million and Infrastructural Land buying program of Kshs. 447.6 million.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

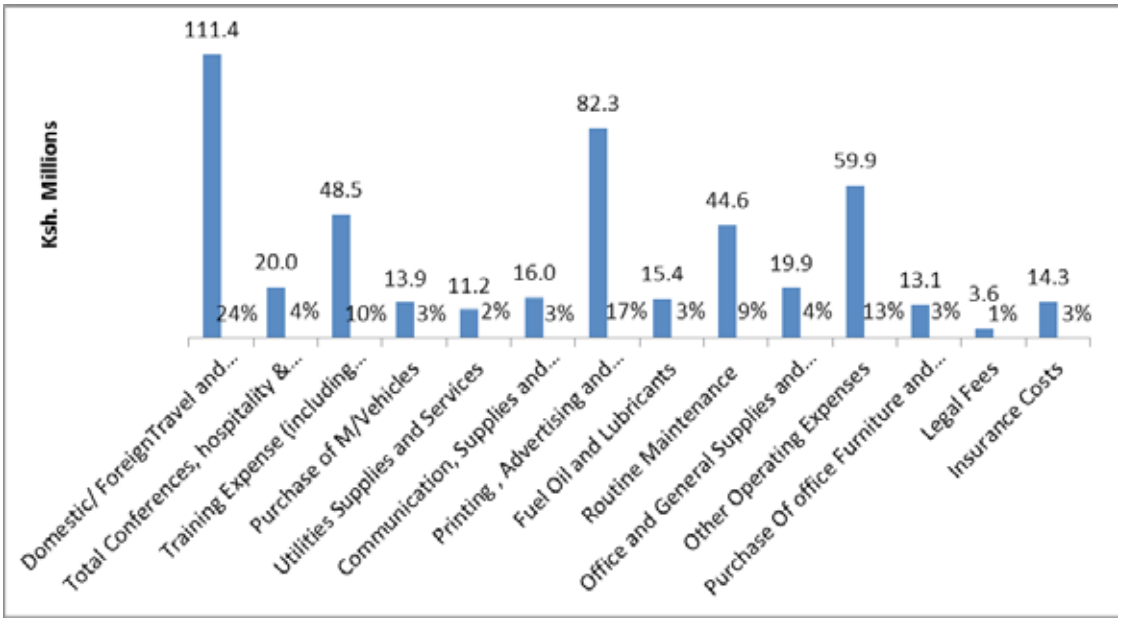
**Figure 43: Analysis of Total Expenditure, Murang'a County**




***Source:*** *Murang'a County Treasury*

A review of operations and maintenance expenditure for the County government for the period July 2013 to March 2014 is shown in figure 44.

**Figure 44: Analysis of Operations and Maintenance, Murang'a County**




***Source:*** *Murang'a County Treasury*

Challenges and issues identified in budget execution during the period were low local revenue collection; failure to regularly sweep local revenue collected to the County Revenue Fund; delayed enactment of key legislations related to PFM such as the Finance

Bill; and full implementation of IFMIS and G-Pay systems.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The IFMIS Directorate should support the County Treasury to upload its budget in the system to ensure accurate capture of financial data. The County should also automate local revenue collection in order to seal revenue leakages and improve on the existing revenue collection methods. Further, the County Executive should develop and table in the County Assembly a comprehensive Finance Bill which should harmonize and improve the County revenue sources to ensure effectiveness and efficiency in revenue collection. It is important for the County to put mechanisms to automatically sweep local revenue in commercial banks to the County Revenue Fund as required by law.

**Nairobi City County**

The total budget for Nairobi City County is Kshs. 25.2 billion out of which Kshs. 17.6 billion (69%) is for recurrent expenditure while Kshs.7.6 billion (31%) is for development expenditure. The County expects to raise revenues amounting to Kshs. 25.3 billion to finance its budget. This comprises Kshs.15.4 billion from local revenue collections, Kshs. 9.9 billion from the National equitable share, and Kshs. 370 million carried forward from the FY 2012/13.

The total revenue for the County was Kshs. 14.3 billion out of which Kshs. 6.5 billion was the National shareable revenue while Kshs. 7.8 billion was from locally collected revenues representing 45.3 per cent and 54.7 per cent of the total revenue respectively. Local revenue collection during the third quarter was Kshs. 4.4 billion, a significant improvement from Kshs. 1.3 billion and Kshs. 2.1 billion raised during the first and second quarters respectively. The Total local revenue collection represents 50.4% of the annual local revenue target. The funds released to the County during the period under review amounted to Kshs. 7.8 billion out of which Kshs. 6.3 billion (89%) was for recurrent expenditure and Kshs. 1.5 billion (19%) for development expenditure.

The total expenditure during the period under review was Kshs. 13 billion. It was observed that the County spent Kshs. 5.2 billion at source in contravention of Article 207 of the Constitution and Section 109 of the PFM Act, 2012. The County Treasury must ensure that all money raised or received on behalf of the County government is swept into the County Revenue Fund. The breach of the law has been consistently raised in previous COB reports and needs to be addressed in line with Section 95 of the PFM Act, 2012.

During the first nine months of FY 2013/2014, total recurrent expenditure stood at Kshs.11.8 billion representing 84 per cent of the total recurrent budget while development expenditure amounted to Kshs 1.2 billion representing 16 per cent of the total development expenditure. The County Executive spent Kshs. 12.4 billion (95.4%) while the County Assembly spent Kshs. 598.3 million (4.6%).

Further analysis of recurrent expenditure shows that the County spent Kshs. 7.1 billion on Personnel Emoluments and Kshs. 2.2 billion on Operations and Maintenance representing 76.3 per cent and 23.7 per cent respectively of the total recurrent expenditure. The amount due to the National government for salaries paid to staff performing devolved functions

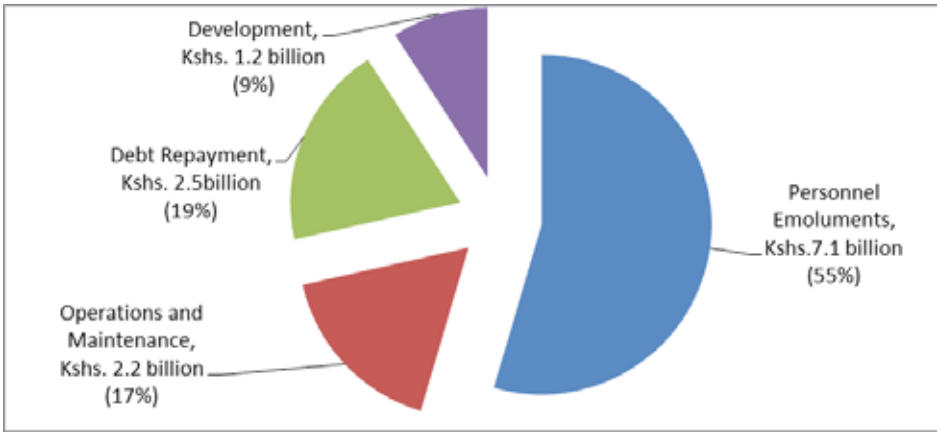
was Kshs. 2.1 billion out of which only Kshs. 200 million was reimbursed. It was also observed that the County executed considerable expenditure through imprests against the Public Procurement and Disposal Act. This saw a lot of public money spent at source without first sweeping the same into the County Revenue Fund as required by Article 207 (1) of the Constitution of Kenya, 2010.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73553-00200
NAIROBI-KENYA

Further analysis of the operations and maintenance expenditure shows that the County spent Kshs. 55.1million (2.9%) on domestic and foreign travels and subsistence allowance; Kshs. 68.5 million (3.6%) on conferences and hospitality/catering; Kshs. 341 million (17.9%) on purchase of motor vehicles, and Kshs. 49 million (2.6%) on training over the period.

The County also spent Ksh.299.6 million on sitting allowances for MCAs against the budget of Kshs. 160 million. This translates to an average of Kshs. 262,088 per month for each MCA in the nine months period.

**Figure 45: Analysis of total expenditure, Nairobi City County**




***Source:*** *Nairobi County*

The delay in the release of funds to the County as per the cash disbursement schedule impacted negatively on budget execution in the period under review. The County financial transactions were not fully processed through the IFMIS and G-pay. In order to ensure accurate reporting and transparency in public financial management, the County should ensure that all expenditures are processed through the IFMIS system. The County Treasury did not manage issuance of imprests according to government financial regulations and procedures. A large amount is still outstanding as imprests and should therefore be fully recovered from the imprest holders.

It should be noted that the second quarter of FY 2013/14 County Budget Implementation Review Report observed that the Nairobi City County did not have an Internal Audit Department. This has since been clarified and indeed the Nairobi City County has a fully operational Internal Audit Department.

**Nakuru County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The County has an approved budget of Kshs.10.0 billion composed of Kshs. 6.8 billion (68%) for recurrent expenditure and Kshs.2.9 billion (28%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs.10.0 billion which comprises Kshs. 5.9 billion (59.1%) from the national equitable share, a conditional grant of Kshs. 1.0 billion(10.2%) for level 5 hospitals and local revenue was projected to be Kshs. 3.1 billion (30.7 %).

In the period July 2013 to March 2014, the County received Kshs. 3.7 billion as the national equitable share, collected Kshs. 1.2 billion from local sources, and had Kshs. 68.4 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 644 million, which is an improvement from Kshs. 257 million raised in the second quarter and Kshs. 290 million in the first quarter. The local revenue collected during the period under review accounted for 38 per cent of the annual local revenue target. Funds released to the County during the period amounted to Kshs. 4.5 billion of which Kshs. 3.9 billion (87%) was for recurrent expenditure and Kshs.600 million (13%) for development expenditure.

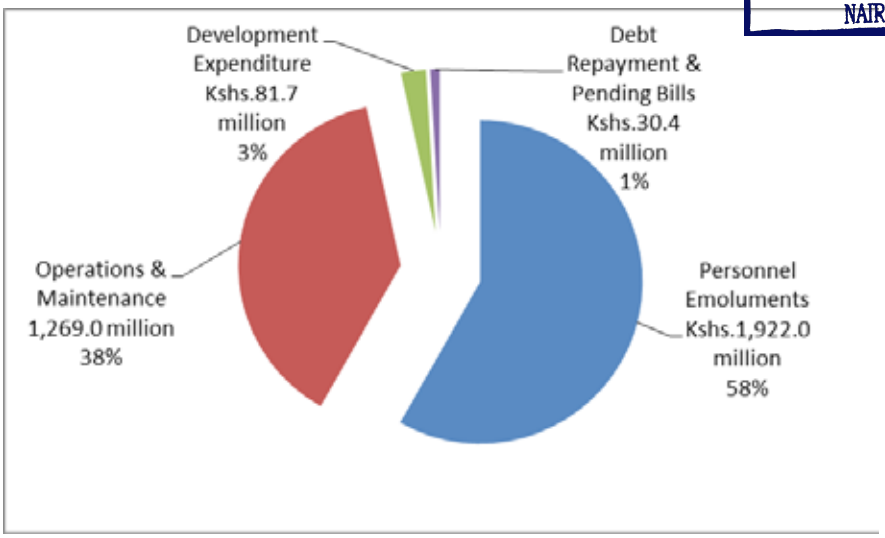
During the nine months period of FY 2013/14, the County spent a total of Kshs. 3.3 billion which was 74 per cent of the funds released. The County Executive spent Kshs 2.8 billion while Kshs.490.6 million was spent by the County Assembly which represent 85.1 per cent and 14.9 of per cent the expenditure respectively. The County spent Kshs. 3.2 billion (97.5%) on recurrent expenditure and only Kshs. 81 million (2.5%) on development activities. The recurrent expenditure was 83.1 per cent of the funds released for recurrent activities while development expenditure accounted for 13.6 per cent of the funds released for development activities. However, the recurrent expenditure for the period under review was 47.1 per cent of the annual recurrent budget while development expenditure was only 2.8 per cent of the annual development budget.

A closer review of recurrent expenditure reveals that the County spent Kshs. 1.9 billion on Personnel Emoluments which translates to 59.7 per cent of the total recurrent expenditure while Kshs. 1.3 billion that was spent on operations and maintenance accounting for 40.3 per cent recurrent expenditure. The personnel emoluments excludes Kshs. 1.3 billion yet to be reimbursed to the National Government for salaries paid to staff performing devolved functions for the period July to December.

The County also spent Kshs. 42.6 million for payment of sitting allowances for the 75 Members of the County Assembly during the period under review against a budget of Kshs. 130 million. This represents an absorption rate of 33 per cent and translates to an average of Kshs. 63,889 per month for each MCA.
The development projects that the County implemented during the period under review included renovation of a stadium Kshs.10.5 million, grading and gravelling of roads at Kshs.13.5 million, construction of storm water drain at Kshs.5.1 million, street lightening at Kshs.7.7 million and Mauche water project Kshs.2.4 million among others.

**Figure 46: Analysis of Total Expenditure, Nakuru County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source**: Nakuru County Treasury*

A review of operations and maintenance expenditure for the County government for the period July 2013 to March 2014, indicates that Kshs. 156 million (14.3%) was spent on purchase of motor vehicles, Kshs. 198 million (18%) on domestic and foreign travels, Kshs. 51 million (4.7%) on training, Kshs. 14.7 million (1.3%) on routine maintenance and Kshs. 2.9 million (0.3%) on office and general supplies. Other operations and maintenance expenses included Kshs. 35 million (3.2%) spent on fuel oil & lubricants, Kshs.35 million (3.2%) on utility supplies and services, Kshs. 52 million (4.5%) on conferences, hospitality and catering, Kshs. 97 million (8.9 %) on printing, advertising and information supplies & services and Kshs. 442 million (40.3%) spent on other operations and maintenance expenses.

The County experienced delays in the preparation and submission of departmental plans. The county further faced the challenge of declining local revenue collection exacerbated by the delay in enactment of the Finance Bill. Other challenges observed were the delay in the disbursement of funds from the National Government to the County in line with Section 14 of the County Allocation of Revenue Act, 2013 and the cash disbursement schedule. Further, the County recorded low absorption of development funds. The County is yet to capture all the manually processed transactions into the IFMIS system. This is likely to affect financial reporting.

The Office recommends that the County government should improve on its financial framework to facilitate production of timely and reliable reports to effectively monitor budget implementation. In order to enhance the absorption of funds, there is need for proper planning particularly on procurement process. This should involve timely commencement of procurement processes before the funds are released. The County should also fast-track the uploading of manual transactions into IFMIS system for accurate and reliable financial

reporting. In addition, the County Treasury should prepare annual cash-flow forecast for the subsequent periods to help in planning and control of expenditure and incomes.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Nandi County**

The County has an approved budget of Kshs.3.9 billion for the FY 2013/2014. The budget is composed of Kshs. 2.6 billion (65.8%) allocated for recurrent expenditure and Kshs.1.2 billion (34.2%) allocated for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs.3.9 billion which comprises of Kshs.3.5 billion (88.6%) from the national equitable share, Kshs.422.5 million (10.1%) from local revenue sources and Kshs. 55.2 million (1.3%) as balance brought forward from the financial year 2012/2013.

In the period July 2013 to March 2014, the County received Kshs. 2.0 billion as the national equitable share, collected a total of Kshs. 82.7 million from local sources, and had Kshs. 55.2 million brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 25.6 million, a decline from Kshs. 27.7 million raised in the second quarter and Kshs. 29.4 million in the first quarter. The local revenue collected during the period under review accounted for 19.5 per cent of the annual local revenue target.

Funds released to the County in the same period amounted to Kshs. 2.0 billion of which Kshs. 1.4 billion (70.9%) was for recurrent expenditure and Kshs.596 million (29.1%) for development expenditure.

The total expenditure for the period July 2013 to March 2014 was Kshs. 1.3 billion accounting for 63.2 per cent of the funds released. The expenditure comprised of Kshs.1.2 billion (93.3%) on recurrent activities and Kshs.86.2 million (6.7%) on development programmes. The recurrent expenditure was 70.9 per cent of the funds released for recurrent activities while development expenditure accounted for 29.1 per cent of the funds released for development projects. However, the recurrent expenditure translated to an absorption rate of 47.1 per cent of the annual recurrent budget while development expenditure represented an absorption rate of 6.9 per cent of the annual development budget.

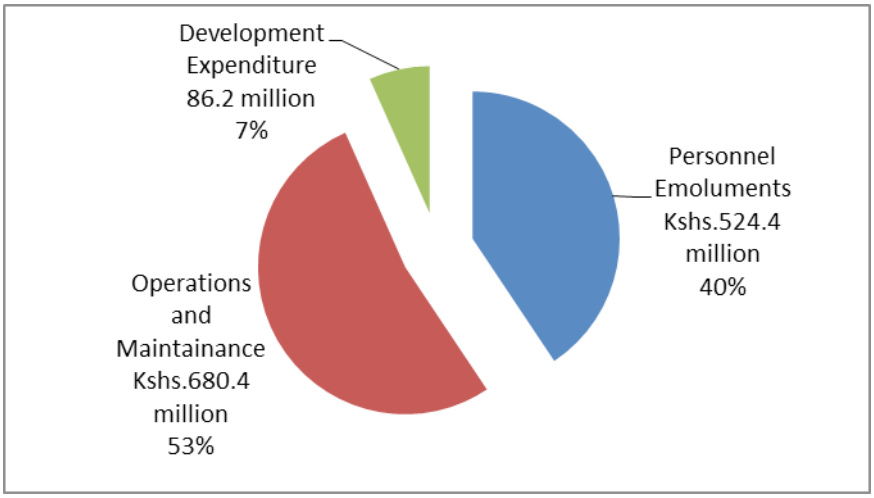
Some of the developments projects that the County implemented during the period under review included Grading/Gravelling roads approximately 450 kilometres in 30 wards at Kshs.58.9 million, Kshs.19.0 million on construction of the Governor's Complex, Kshs.5.6 million on tree planting project, and Kshs.1.1 million on Stadium and Sports Development.

Analysis of recurrent expenditure by economic classification reveals that the County spent Kshs. 524.4 million on Personnel Emoluments which translates to 43.5 per cent of the total recurrent expenditure while Kshs. 680.4 million was spent on operations and maintenance accounting for 56.5 per cent. The County Government is yet to refund Kshs.402.0 million to the National Government for salaries paid to staff performing devolved functions.

The County spent Kshs. 31.1 million for payment of sitting allowances for the 48 members of the County Assembly against a budget of Kshs. 94.8 million. This represents an absorption rate of 32.8 per cent for the period under review which translates to Kshs. 71,774 per MCA per month for the nine months.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200,
NAIROBI, KENYA

**Figure 47: Analysis of Total Expenditure, Nandi County**




***Source:*** *Nandi County Treasury*

A review of operations and maintenance expenditure for the period July 2013 to March 2014, indicates that Kshs. 88.7 million (13.1%) was spent on Domestic and Foreign travels, Kshs. 86.2 million (12.7%) was spent on Purchase of Motor Vehicles, Kshs 64.8 million (9.5%) on Training Expenses, Kshs. 32.7 million (4.8%) on Routine Maintenance, Kshs. 25.0 million (3.7%) on Conferences, Hospitality and Catering, Kshs. 24.9. million (3.7%) on Printing, Advertising and Information supplies & services, Kshs. 20.3 million (2.2%) spent on Fuel Oil & Lubricants, Kshs. 7.3million (1.1%) on Office and General Supplies, Kshs.3.3 million (0.4%) on Utility supplies and services, Kshs.3.5 million(0.5%) on commucation supplies and services and Kshs. 323.4 million (47.5%) spent on other operations and maintenance expenses.

The escalating wage bill, with personnel emolument accounting for 40.6 per cent of the total expenditure for the nine months of the FY 2013/14 is likely to affect the implementation of other key programs as substantial resources are directed towards payment of salaries. The County experienced internet connectivity challenges which hampered the operations of IFMIS and G-Pay at the County Treasury. In order to enhance the local revenue collection which is currently 19.5% of annual revenue target, the county should implementation the Finance Act and adopt e- revenue collection system. In line with good financial practices, the County should establish an Internal Audit Committee to enhance internal control mechanisms in the County. Further, the County experienced low absorption of development funds which can be attributed to delays in the preparation of procurement plans, development plans and cash flow projections which is a requisite for expenditure on development programs. These challenges had been raised in previous

County Budget Implementation Review Reports and are yet to be resolved.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

In order to contain the escalating wage bill, there is need to rationalize staff recruitment and harmonize salaries. The County should liaise with the National Government to connect the fibre optic cable to enhance internet connectivity. The County should undertake to develop or acquire an e-revenue system to improve revenue collection. There is need for the county to link development plans, procurement plans and cash flow projections to enhance the absorption of development funds.

**Narok County**

The County has an approved budget of Kshs.8.1 billion to be implemented over the FY 2013/2014. The budget comprises an allocation of Kshs. 5.7 billion (70.3%) for recurrent expenditure and Kshs.2.4 billion (29.7%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs. 8.1 billion and comprises of Kshs. 3.9 billion (47.9%) from the national equitable share, Kshs.4.2 billion (52.1%) from local revenue sources and Kshs.15.7 million as balance brought forward from the previous financial year.

In the period July 2013 to March 2014, the County received Kshs. 2.2 billion as the national equitable share, collected Kshs. 1.3 billion from local sources, and had Kshs. 15.7 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County collected local revenue amounting to Kshs. 172.2 million which is a decline from Kshs. 324.8 million raised in the second quarter and Kshs. 754.2 million in the first quarter of FY 2013/14. The local revenue collected during the period under review accounts for 29.7 per cent of the annual local revenue target.

Funds released to the County during the period under review amounts to Kshs. 3.0 billion of which Kshs. 2.5 billion (81.8%) was for recurrent expenditure and Kshs.549.3 million (18.2%) for development expenditure.

The total expenditure for the period under review was Kshs. 2.5 billion translating to 83.8 per cent of the funds released. The County Executive spent Kshs.2.3 billion while Kshs. 229.1 million was spent by the County Assembly representing 90.9 per cent and 9.1 per cent of the total expenditure respectively. The County spent Kshs.2.4 billion (95.4%) on recurrent expenditure and Kshs.115.9 million (4.6%) on development activities. The recurrent expenditure was 97.8 per cent of the funds released for recurrent activities while development expenditure accounted for 21.1 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review translates to an absorption rate of 42.4 per cent of the annual recurrent budget while development expenditure translates to an absorption rate of 4.8 per cent of the annual development budget.

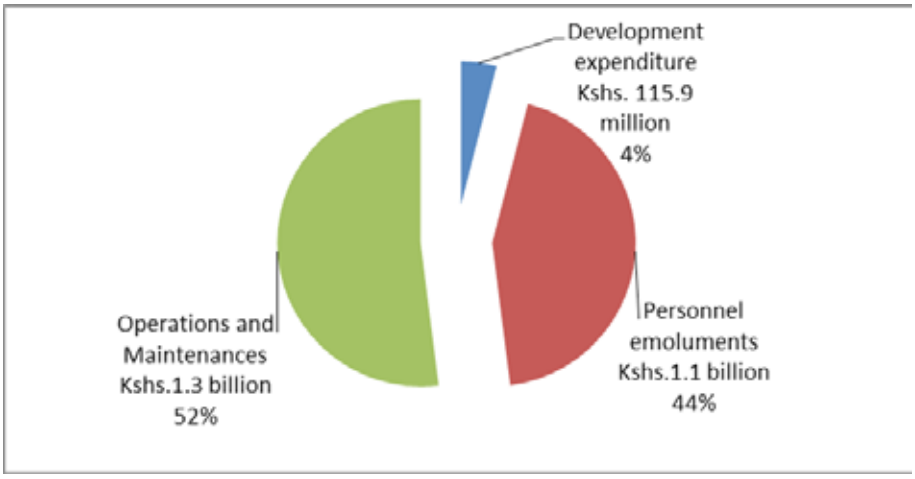
Some of the development projects that the County implemented during the period under review included grading and gravelling of roads at Kshs. 17.2 million; road construction at Kshs. 30.9 million; construction and refurbishment of livestock sale yards at Kshs. 5.5 million; repair and construction of markets Kshs. 6.1 million; water programmes at Kshs.0.5 million; refurbishment and improvement of education facilities at Kshs.10.2

million; construction and rehabilitation of cattle dips at Kshs.2.7 million; refurbishment of residential buildings at Kshs.5.7 million; refurbishment of non-residential buildings at Kshs.9.1 million; and rehabilitation and improvement of health facilities at Kshs. 0.4 million.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

Analysis of recurrent expenditure reveals that the County spent Kshs. 1.1 billion on Personnel Emoluments which translates to 45.5 per cent of the total recurrent expenditure, Kshs.1.3 billion on operations and maintenance accounting for 52.5 per cent and Kshs.47.2 million (2.0%) on debt repayment and pending bills. The personnel emoluments include Kshs. 154 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

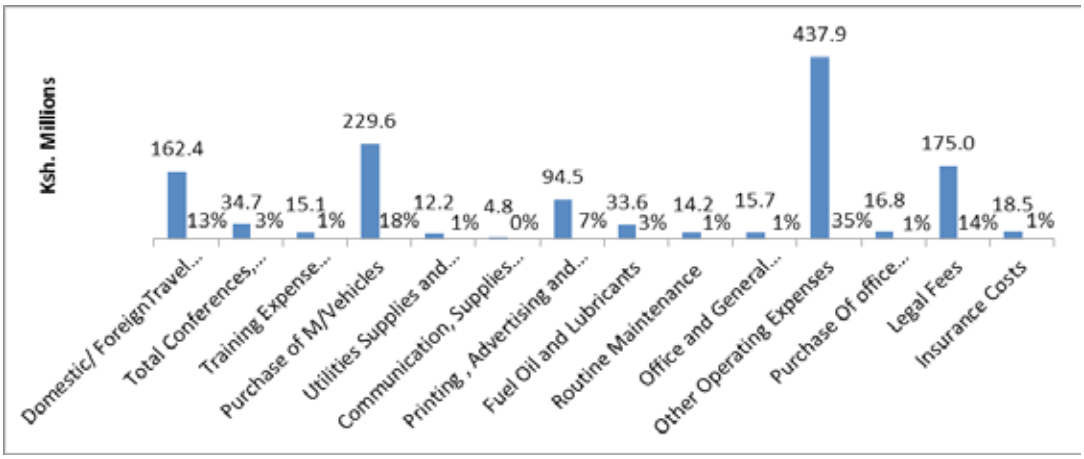
**Figure 48: Analysis of Total Expenditure, Narok County**




***Source:*** *Narok County Treasury*

A review of operations and maintenance expenditure for the period July 2013 to March 2014 is shown in figure 49.

**Figure 49: Analysis of Operations and Maintenance, Narok County**




***Source:*** *Narok County Treasury*

During the period under review, the County spent Ksh.18.1 million for payment of sitting allowances for the 49 Members of the County Assembly against a budget of Kshs. 17 million. This expenditure represents an absorption rate of 106.1 per cent, an indication that the County Assembly overspent on the item. This translates to Kshs.42,642 per month for each MCA.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73551 - 00200
NAIROBI, KENYA

The major challenges during the period under review were: human resource constraints, re-allocating development funds to recurrent activities contrary to Section 154 (1)(b) of the PFMA, 2012, under-performance of local revenue collection (29.7% of target), over expenditure of MCAs sitting allowances by Ksh.1 million, delays in preparation of key policy documents guiding the budgeting process such as County Budget Review and Outlook Paper, and delay in the establishment of Economic and Budget Forum, Other challenges highlighted in previous budget implementation review reports include the delay in the appointment of Chief Officers.

The County should adhere to Section 154 of PFM Act, 2012 which prohibit the re-allocation of funds appropriated for development expenditure to recurrent expenditure. Elaborate mechanisms should be put in place to reduce revenue leakages. The preparation of key policy documents should be completed in time to guide the budget process. There is need for the County to establish an internal audit committee to provide quality assurance to financial operations and the reporting system. There is need to build the necessary human resource capacity to facilitate budget implementation at department level.

**Nyamira County**

The County has an approved budget of Kshs.3.4 billion composed of Kshs. 1.8 billion (51.5%) for recurrent expenditure and Kshs.1.7 billion (48.5%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs.3.4 billion which comprises Kshs. 3.3 billion (97.1%) from the national equitable share, Kshs.100.0 million (2.9%) from local revenue sources.

In the period July 2013 to March 2014, the County received Kshs.1.7 billion as the national equitable share and collected Kshs. 33.2 million from local sources. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 12.9 million which is an improvement from Kshs.10.4 million raised in the second quarter but a decline from Kshs. 13.3 million collected in the first quarter. The local revenue collected during the period under review accounted for 33.2 per cent of the annual local revenue target.

Funds released to the County during the period under review amounted to Kshs.1.7 billion of which Kshs. 1.5 billion (85%) was for recurrent expenditure and Kshs.265.0 million (15%) for development expenditure.

In the same period, the total expenditure was Kshs. 1.3 billion representing 76.5 per cent of the funds released. The County spent Kshs. 1.0 billion on recurrent expenditure and Kshs.274.7 million on development activities. The recurrent expenditure was 79.2 per cent of the funds released for recurrent activities while development expenditure

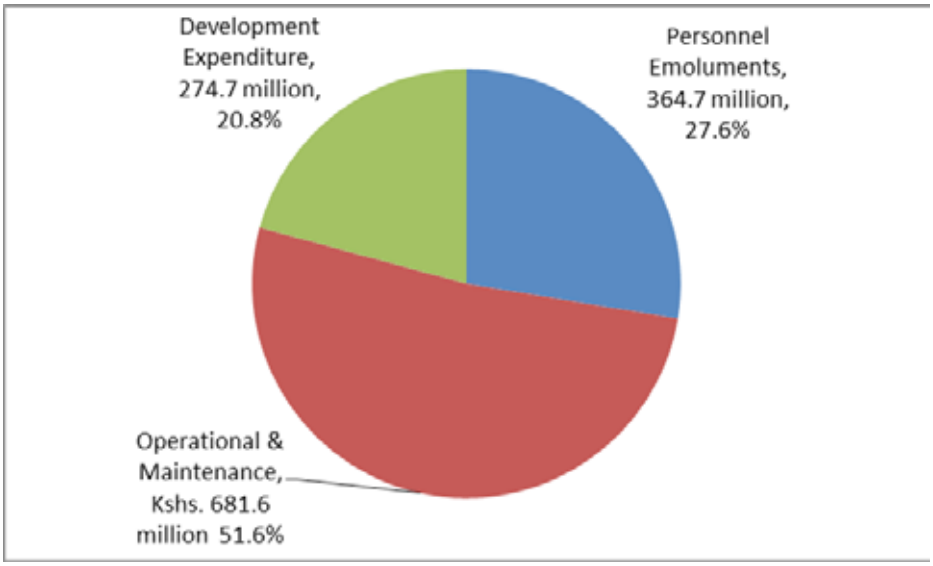
COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 78552-00200,
NAIROBI, KENYA

accounted for 20.8 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review translates to an absorption rate of 59.3 per cent of the annual recurrent budget while development expenditure translates to an absorption rate of 16.6 per cent of the annual development budget.

Some of the development projects that the County implemented during the period under review included grading and gravelling of roads at Kshs.225.7 million, water harvesting and distribution programmes at Kshs. 2.5 million, refurbishment and improvement of education facilities at Kshs.3.4 million, drilling boreholes at Kshs. 9.0 million, and apiary (Bee keeping) project at Kshs.6.0 million.

Further analysis of the recurrent expenditure reveals that the County spent Kshs. 364.7 million on Personnel Emoluments which translates to 34.8 per cent of the total recurrent expenditure while Kshs. 681.8 million was spent on operations and maintenance accounting for 65.2 per cent of the total recurrent expenditure. The personnel emoluments include Kshs. 271.96 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

**Figure 50: Analysis of Total Expenditure, Nyamira County**




***Source:*** *Nyamira County Treasury*

A review of operations and maintenance expenditure for the period July 2013 to March 2014 indicates that Kshs. 105.6 million (15.4%) was spent on purchase of motor vehicles, Kshs.71.1 million (10.4%) on domestic and foreign travels, Kshs. 32.5 million (4.7%) on training, Kshs. 24.8 million (3.6%) on conferences and hospitality. Other operations and maintenance expenses included Kshs. 8.5 million (1.2%) spent on utilities and supplies Kshs.7.7 million (1.1%) on communication, Kshs.5.1 million (0.7%) on fuel and lubricants, while general supplies accounted for Kshs. 4.2 million (0.6%).

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73658-00200
NAIROBI, KENYA

During the period under review, the County spent Kshs.70.4 million on payment of sitting allowances for the 33 Members of the County Assembly against a budget of Kshs.128.0 million. This expenditure translates to an absorption rate of 55.0 per cent which translates to Kshs. 237,037 per month for each MCA

There was an improvement in revenue collection in the third quarter compared to the second quarter. However, cumulative revenue collected from local sources in the period under review remains below the target due to continuous use of manual systems which is susceptible to revenue leakages. This challenge has been raised in the previous reports by OCOB. Further, the County has inadequate human capacity for various departments as well as limited office space which have affected budget execution.

There is need for proper revenue tracking and enforcement measures to curb revenue leakages. The County should liaise with the National Government to address staff capacity issues as well as fast-track the acquisition of additional office space for its staff to improve service delivery.

**Nyandarua County**

The County has an approved budget of Kshs.3.6 billion composed of Kshs.1.7 billion (48%) for recurrent expenditure and Kshs.1.8 billion (52%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs.3.6 billion which comprises of Kshs. 3.1 billion (86.5%) from the national equitable share, Kshs.204 million (5.6%) from local revenue sources, Kshs.284 million (7.8%) for on-going donor funded projects and Kshs. 62 million (1.7%) as balance brought forward from the previous financial year.

In the period July 2013 to March 2014, the County received Kshs. 1.4 billion as the national equitable share, collected Kshs. 82.8 million from local sources, and had Kshs. 62 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 40.3 million, an improvement from Kshs. 19.8 million collected in the second quarter and Kshs. 22.7 million in the first quarter. The local revenue collected during the period under review accounted for 40.5 per cent of the annual local revenue target.

Funds released to the County during the period amounted to Kshs. 1.6 billion of which Kshs. 1.2 billion (74.4%) was for recurrent expenditure and Kshs.408 million (25.6%) for development expenditure.

The total expenditure during the nine months period was Kshs. 1.3 billion translating to 81.6 per cent of the funds released. The County spent Kshs.1.1 billion (85.6%) on recurrent expenditure and Kshs.187.5 million (14.4%) on development activities. The recurrent expenditure was 93.9 per cent of the funds released for recurrent activities while development expenditure accounted for 29 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review translates to an absorption rate of 63.4 per cent of the annual recurrent budget while development expenditure translates to an absorption rate of 10.0 per cent of the annual development budget. The County Executive spent Kshs 1.1 billion, while Kshs. 201 million was spent

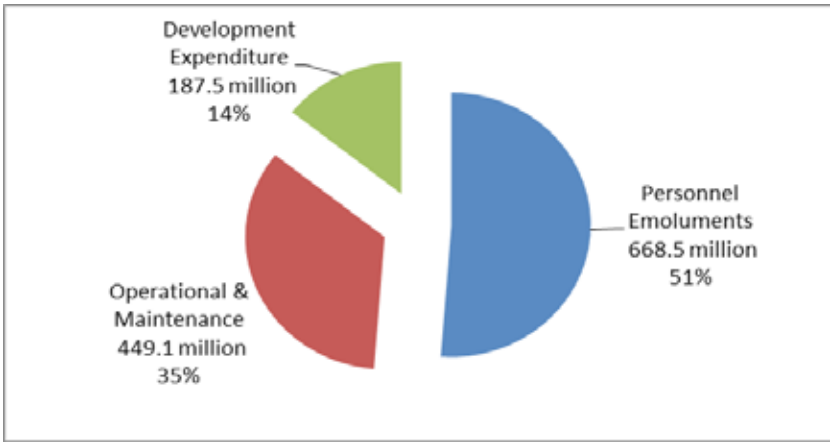
by the County Assembly which represent 84.6 per cent and 5.4 per cent of the total expenditure respectively.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The development projects implemented during the period under review included grading and gravelling of roads at Kshs. 187.5 million.

Analysis of recurrent expenditure reveals that the County spent Kshs. 668.5 million on Personnel Emoluments which translates to 59.8 per cent of the total recurrent expenditure while Kshs. 449.1 million was spent on operations and maintenance accounting for 40.2 per cent. The County has however not reimbursed to the National Government Kshs. 325.7 million for salaries paid to staff performing devolved functions.

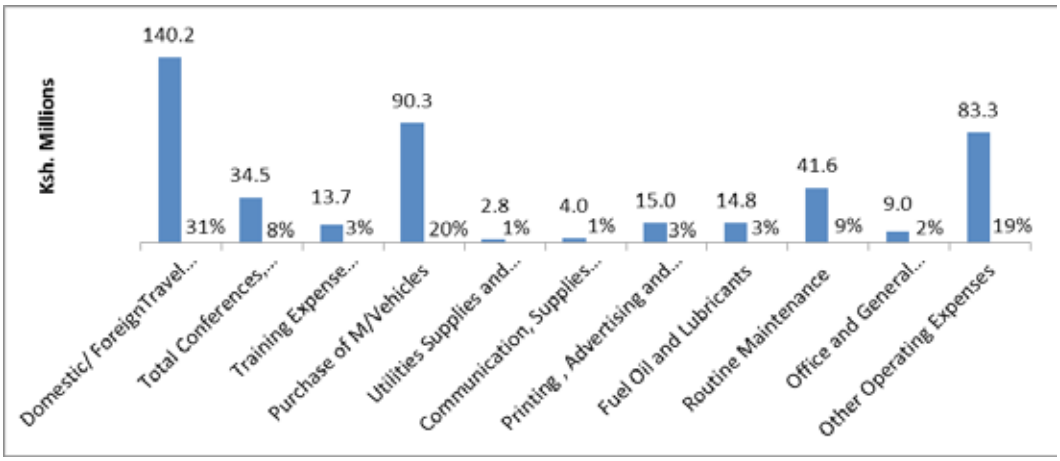
**Figure 51: Analysis of Total Expenditure, Nyandarua County**




***Source:*** *Nyandarua County Treasury*

A breakdown of operations and maintenance expenditure for the period July 2013 to March 2014 is shown in figure 52.

**Figure 52: Analysis of Operations and Maintenance, Nyandarua County**




***Source:*** *Nyandarua County Treasury*

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200,
NAIROBI, KENYA

In the same period, the County spent Kshs. 26.0 million for payment of sitting allowances for the 23 Members of the County Assembly against a budget of Kshs. 62.3 million. This expenditure represents an absorption rate of 42.0 per cent. However, the expenditure on sitting allowance translates to Kshs. 70,503 per month for each MCA for the nine month period.

There was a delay in uploading the revised budget into the IFMIS system which resulted in over-expenditure on some vote heads because expenditure was charged against the initial budget and not the supplementary budget. The supplementary budget had wrong classification of items such as purchase of vehicles, vans, official furniture, and furnishing of ward offices which were classified as development items instead of recurrent items. The delay in the enactment of the Finance Bill has resulted in low local revenue collections. This has been exacerbated by the reliance on the ineffective manual system of revenue collection inherited from the defunct local authority. The low absorption of development funds is likely to affect implementation of planned projects in the remaining period of the current financial year.

The County Treasury should liaise with the National Treasury to upload the supplementary budget into in the IFMIS to ensure that expenditure is based on the correct budget. The County should realign its votes according to Section 2 of the PFM, Act 2012 which defines recurrent and development expenditure. There is need for the County Treasury to institute measures to ensure that collected revenue is deposited in the County revenue collection account and promptly swept to the CRF in line with the PFM Act, 2012. There is need to link procurement plans, development plans and cash flow projections to improve on the absorption of development funds.

**Nyeri County**

The County has an approved budget amounting to Kshs. 4.55 billion, of which Kshs. 2.6 billion (58.0%) is for recurrent expenditure and Kshs.1.9 billion (42.0%) is for development expenditure. Based on the 2013/14 fiscal framework, the County plans to fund the budget through Kshs. 3.3 billion (71.5%) equitable share of revenue from national government, Kshs. 817.1 million (18.0%) conditional grants and Kshs. 479 million (10.5%) from local revenue.

During the first nine months of the FY 2013/14, the County received revenues totalling to Kshs.2.3 billion. This comprised of Kshs. 2.0 billion as national equitable share from National Government and Kshs.285.7 million as local revenue. The County also had Kshs.239.1 million brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs.138.5 million which is an improvement from Kshs.71.5 million raised in the second quarter and Kshs. 75.8 million in the first quarter. The local revenue collected during the period under review accounted for 59.6 per cent of the annual local revenue target.

During the period under review, Kshs.2.4 billion was released from the County Revenue Fund (CRF) to fund the budget. The funds released consisted of Kshs. 1.7 billion (70.8%) for recurrent spending and Kshs. 716.1 million (29.2%) for development expenditure.

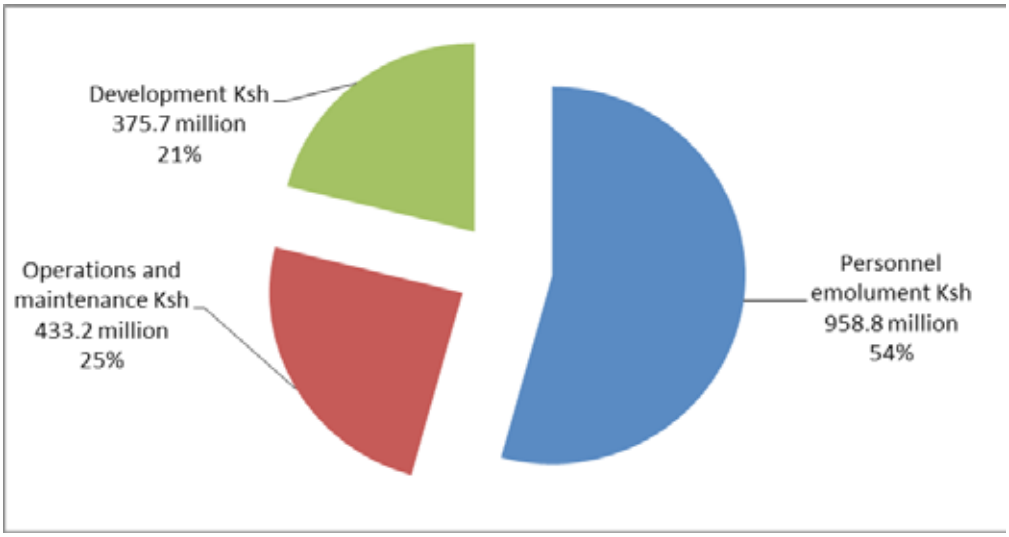
The total expenditure for the period under review was Kshs. 1.8 billion representing 72.5 per cent of the funds released. Of the total expenditure, the County Executive spent Kshs. 1.5 billion (85.4%) while the County Assembly spent Kshs. 258.3 million (14.6%). Further analysis shows that the County spent Kshs.1.4 billion (78.7%) on recurrent expenditure and Kshs. 375.7 million (21.3%) on development activities. The recurrent expenditure was 80.8 per cent of the funds released for recurrent activities while development expenditure accounted for 52.5 per cent of the funds released for development projects. However, the recurrent expenditure translates to an absorption rate of 52.8 per cent of the annual recurrent budget while the development expenditure represents an absorption rate of 19.7 per cent of the annual development budget.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

Some of the development projects implemented during the period under review included grading and gravelling of roads at Kshs.68.5 million, refurbishment and improvement of buildings at Kshs.16.7 million, and purchase of ambulances and security vehicles at Kshs.75.1 million. However, the development expenditure contained items which are classified as recurrent according to government economic classification such as purchase of motor vehicles, computers and office furniture.

Analysis of the recurrent expenditure indicates that the County spent Kshs. 958.8 million (68.9%) on personnel emoluments and Kshs.433.2 million (31.1%) on operations and maintenance. The personnel emoluments does not include Kshs. 938.8 million owed to the National Government for salaries paid to staff performing devolved functions in the first half of FY 2013/14.

**Figure 53: Analysis of Total Expenditure, Nyeri County**




***Source:*** *Nyeri County Treasury*

Further analysis of operations and maintenance expenditure indicates that Kshs. 114.8 million (30.1%) was spent on travel and subsistence allowance; Kshs. 94.2 million (24.7%) on purchase of motor vehicles, Kshs. 91.7 million (24%) on utilities supplies and

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 00200
NAIROBI, KENYA

services; and Kshs. 36.9 million (9.7%) on conferences, hospitality and catering services. Other operations and maintenance expenses included Kshs. 25.7 million (6.7%) on publishing, printing and advertisements; Kshs.20.5 million (5.4%) on office and general supplies; Kshs.17.3 million (4.5%) on routine maintenance; Kshs.15.3 million (4%) on fuel and lubricants; Kshs. 9.8 million (2.6%) on training; Kshs.2.8 million (0.8%) on communication; and Kshs. 46.6 million (12.2%) on other operational expenses.
The County spent Kshs. 50.4 million for payment of sitting allowances for the 47 Members of the County Assembly against a budget of Kshs.60 million, representing an absorption rate of 84 per cent. This translates to an average of Kshs. 119,277 for each MCA per month. Further, Kshs. 100 million was utilised to provide car loans for MCAs.

The high recurrent expenditure exacerbated by the rising wage bill as result of the large workforce coupled with high operational costs is a major challenge in implementation of programmes and projects. During the third quarter, recurrent spending accounted for 79 per cent of total expenditure. This trend could prove difficult in attaining the fiscal responsibility principles as outlined in Section 107(2) of the PFM Act, 2012. Local revenue collections during the period under review remained below target due to leakages as a result of the manual system of revenue collection. Although considerable progress has been achieved in establishing and operationalization of County departments, these new accounting units lack necessary capacity to implement departmental plans. At the end of the third quarter, most departments had not utilised their development votes.

It is important for the County to observe fiscal discipline in expenditure for the limited County resources. The County should endeavour to reduce expenditure on non-core activities and focus on priority areas. There is need to strengthen the internal audit function in order to provide assurance that County operations are efficient and effective. In order to increase revenue yield, the County should institute proper revenue tracking and enforcement measures to seal leakages. Diversification of revenue streams from the traditional sources of parking fees, business permits and land rates is recommended. In addition, enforcement needs to be strengthened by enacting the Finance Bill. Capacity building for departmental personnel in planning, budgeting and financial management is required to improve budget implementation at the department level.

**Samburu County**

The County has an approved budget of Kshs.2.9 billion which comprises of Kshs.1.9 billion (66.8%) for recurrent expenditure and Kshs.1.0 billion (33.2%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs.2.9 billion which comprises of Kshs.2.6 billion (90%) from the national equitable share and Kshs.223.5 million (7.7%) from local revenue sources and Kshs. 66.6 million (2.3%) as balance brought forward from the previous financial year.

In the period July 2013 to March 2014, the County received Kshs. 1.5 billion as the national equitable share, collected Kshs. 156.6 million from local revenue sources, and had Kshs. 66.6 million brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 36.2 million which is a decline from Kshs.75.7 million raised in the second quarter and Kshs.44.8 million in the

first quarter. The local revenue collected during the period under review accounts for 7.0 per cent of the annual local revenue target.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

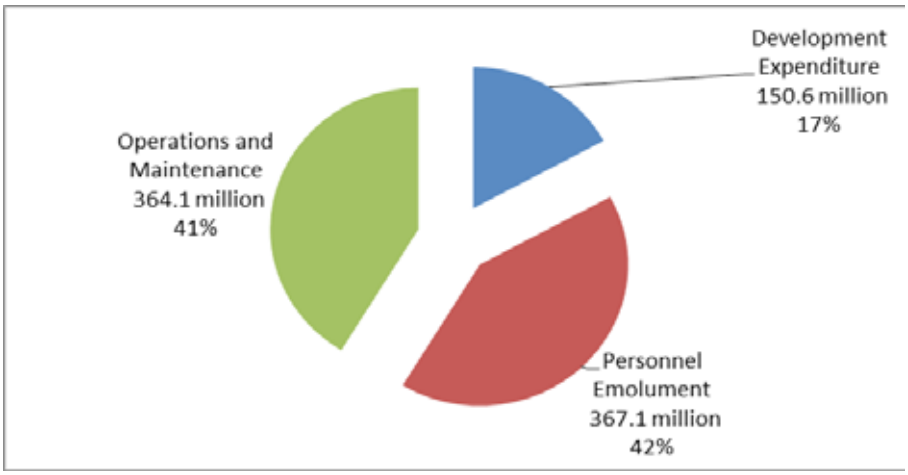
Funds released to the County during the period amounted to Kshs. 1.6 billion of which Kshs. 1.2 billion (77.3%) was for recurrent expenditure and Kshs.758.4 million (22.7%) for development expenditure.

In the nine months period, the County spent a total of Kshs. 881.8 million which was 54.0 per cent of the total funds released. The County Executive spent Kshs. 776.9 million while County Assembly spent Kshs. 104.8 million representing 88.1 per cent and 11.9 per cent respectively. The County spent Kshs.731.2 million (82.9%) on recurrent expenditure and Kshs.150.6 million (17.1%) on development activities. The recurrent expenditure was 58.6 per cent of the funds released for recurrent activities while development expenditure accounted for 41.0 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review translates to an absorption rate of 37.7 per cent of the annual recurrent budget while development expenditure translates to an absorption rate of 15.9 per cent of the annual development budget.

Some of the development projects implemented during the period under review include purchase of tractors at Kshs 82.8 million, grading and gravelling of roads at Kshs.20.5 million, Purchase of vaccines at Kshs.6.6 million and purchase of certified agricultural seeds at Kshs. 3.5million.

Further analysis of recurrent expenditure reveals that the County spent Kshs. 367.1 million on Personnel Emoluments which translates to 50.2 per cent of the total recurrent expenditure while Kshs. 364.1 million was spent on operations and maintenance accounting for 49.8 per cent. The personnel emoluments include Kshs.148.7 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

**Figure 54: Analysis of Total Expenditure, Samburu County**




***Source**: Samburu County Treasury*

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73352-00200,
NAIROBI, KENYA

A review of operations and maintenance expenditure for the county government for the same period, indicates that Kshs.95.2 million (26.2%) was spent on purchase of motor vehicles, Kshs. 65.6 million (18.0%) on domestic travels & subsistence, Kshs. 20.7 million (5.6%) on fuel, oils and lubricants, Kshs. 19.3 million (5.3%) on office and general supplies, Kshs. 15.6 million (4.2%) on routine maintenance of assets, Kshs 13.6 million (3.7%) on conferences, hospitality and catering and Kshs.12 million (3.3%) on printing and advertising services among other expenditure items.

During the period under review, the County spent Kshs. 8.8 million for payment of sitting allowances for the 26 Members of the County Assembly against a budget of Kshs.16 million.

This expenditure translates to 55.0 per cent of the total budget under this category. The analysis indicates that each MCA received an average of Kshs. 37,575 per month for the nine months.

As highlighted in the previous quarterly report, the County recorded low absorption of development funds accounting for 15.9 per cent of the annual development budget in the last nine months. The County issued huge imprest to individuals before surrender of previously held imprest. The total outstanding imprest for the period under review was Kshs.50.2 million. Further, the County Treasury carried out some transactions and payments outside IFMIS and G-Pay systems. The delay in the appointment of Chief Officers has had impact on the operations of the spending entities.

The County Treasury should provide the necessary support to spending entities to put in place proper work plans in order to improve their capacity to implement planned activities in time. Any outstanding imprest should be fully surrendered or recovered from the imprest holder. In order to ensure seamless financial reporting at the end of the financial year, the County Treasury should expedite the capturing of all financial transactions into the IFMIS.

**Siaya County**

The County has an approved budget of Kshs.4.3 billion composed of Kshs. 2.9 billion (69.1%) for recurrent expenditure and Kshs.1.3 billion (30.9%) for development expenditure. The budget is to be financed through Kshs.4.0 billion (93.2%) from the national equitable share, Kshs.153 million (3.6%) from local revenue sources and Kshs.138.7 million (3.3%) as balance brought forward from FY 2012/2013.

In the period July 2013 to March 2014, the County received Kshs. 2.0 billion as the national equitable share, collected Kshs. 71.8 million from local revenue sources, and had Kshs. 138.7 million brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 38.3 million which is an improvement from Kshs. 17.6 million raised in the second quarter and Kshs. 11.1 million in the first quarter. The local revenue collected during the period under review accounts for 46.9 per cent of the annual local revenue target.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73862-00200
NAIROBI, KENYA

Funds released to the County during the period amounted to Kshs.1.8 billion of which Kshs. 1.4 billion (77.5%) was for recurrent expenditure and Kshs.405.7 million (22.5%) for development expenditure.

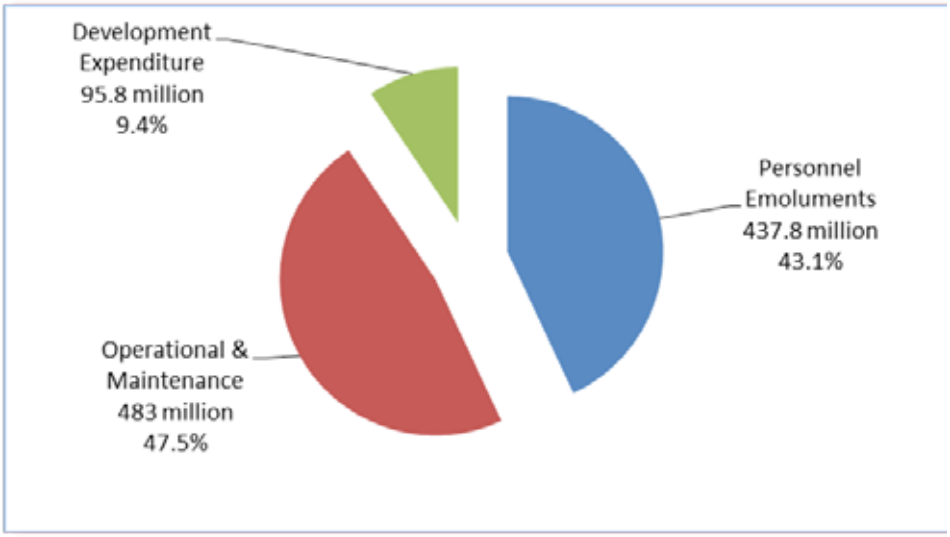
During the first nine months of FY 2013/14, the County spent a total of Kshs. 1.0 billion which was 56.4 per cent of the total funds released. The County spent Kshs.921.0 million (90.6%) on recurrent expenditure and Kshs.95.8 million (9.4%) on development activities. The recurrent expenditure was 65.9 per cent of the funds released for recurrent activities while development expenditure accounted for 23.6 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review translates to an absorption rate of 31.3 per cent of the annual recurrent budget while development expenditure translates to an absorption rate of 7.3 per cent of the annual development budget.

The County Executive spent Kshs 831.4 million while the County Assembly spent Kshs. 185.0 million representing 81.8 per cent and 18.2 per cent of the total expenditure respectively.

The development projects implemented during the period under review includes purchase of seven tractors and ploughing implements to operationalize the Agribusiness Initiative, purchase and distribution of certified seeds to farmers at a cost of Kshs.67.6 million, issuance of bursary to needy students at a cost of Kshs.28.8 million and Kshs.3.3 million for refurbishment of the County Assembly building.

Analysis of recurrent expenditure reveals that the County spent Kshs. 437.8 million on Personnel Emoluments which translates to 47.5 per cent of the total recurrent expenditure while Kshs. 483.2 million was spent on operations and maintenance accounting for 52.5 per cent. The County Government did not reimburse the National Government money paid on its behalf to staff performing devolved functions.

**Figure 55: Analysis of Total Expenditure, Siaya County**

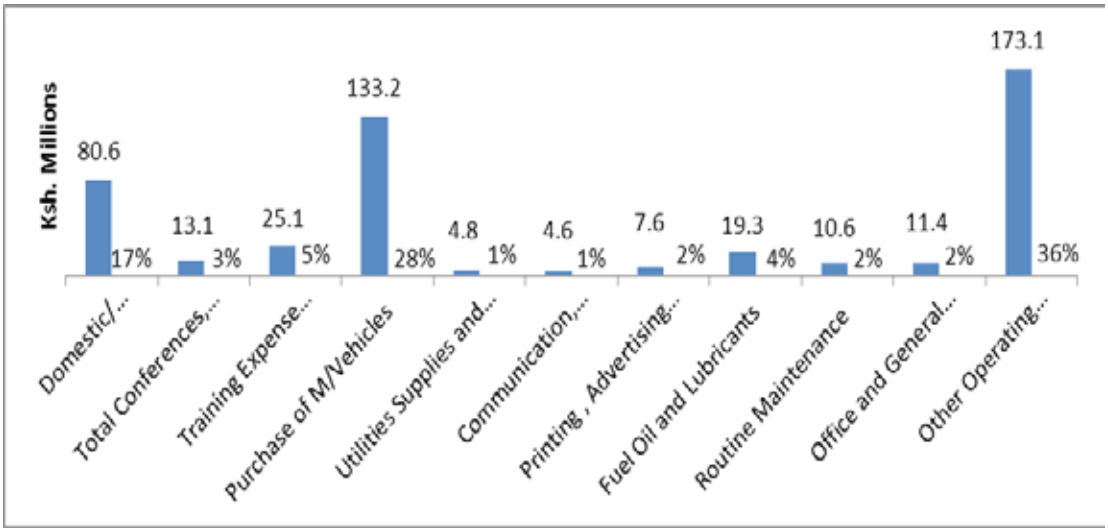



***Source**: Siaya County Treasury*

A review of operations and maintenance expenditure for the period July 2013 to March 2014 is shown in figure 56.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Figure 56: Analysis of Operations and Maintenance, Siaya County**




***Source**: Siaya County Treasury*

The County spent Kshs. 23.1 million for payment of sitting allowances for the 49 members of the County Assembly against a budget of Kshs. 65.4 million. This expenditure translates to 35.3 per cent of the total budget under this category. However, this shows that each MCA received on average of Kshs. 53,414 per month for the nine months period.

There were a number of challenges that emerged during the period under review. Fraudulent transactions were conducted on IFMIS amounting to approximately Kshs. 80 million which was paid through the G-Pay to fictitious accounts. However, this was promptly reported to Central Bank and the money recovered. Despite the swift action by Central Bank, about Kshs.4 million had been withdrawn, hence lost. As a result of the on-going investigation on the fraud, IFMIS and G-pay computers were taken by the investigating authorities and therefore affected budget execution. Poor connectivity of the IFMIS has negatively affected the recording of financial transactions. The system has been slow to cope with the volume of transactions needed to run the County government.

The County reallocated money without adhering to regulations as stipulated in section 154 of the PFM Act, 2012. This saw the County Public Service Board overspent their salaries budget by about Kshs.4.5 million. Further, the County Executive only budgeted for 6 million for its foreign travel but has spent more than the budgeted amount. Expenditure on foreign travel has been charged under domestic travel. As pointed out in the previous reports, local revenue collections as well as the absorption of development funds remain low, accounting for 46.9 per cent of annual local revenue target. If this trend continues, it will affect the implementation of planned activities.

There is need for the County Treasury to put in place strong internal control mechanisms to prevent loss of public funds. Further, the National Government should expedite the plan to connect the County to the fibre optic cable to enhance the speed of transmission of data and stabilise the connectivity of both IFMIS and G-Pay. The County should adhere to section 154 of the PFMA Act, 2012 on reallocation of funds. The County should automate revenue collection to improve local revenue collection and ensure adequate funds are available for the implementation of planned activities. The County should ensure timely preparation of procurement plans, development plans and cash flow projections to improve absorption of development funds.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 13552-00100
NAIROBI, KENYA

**Taita Taveta County**

The County has an approved budget of Kshs.2.9 billion comprising of Kshs. 2 billion (67.9%) for recurrent expenditure and Kshs.918 million (32.1%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs.2.9 billion which comprises Kshs. 2.4 billion (82.9%) from the national equitable share, Kshs. 244 million (8.4%) from local revenue sources, Kshs.194 million from equalization fund (6.6%) and Kshs. 61 million (2.1%) as balance brought forward from the previous financial year (FY 2012/2013).

In the period July 2013 to March 2014, the County received Kshs. 1.1 billion as the national equitable share, collected Kshs. 86 million from local sources, and had Kshs. 61 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 86.5 million, an improvement from Kshs. 53.6 million raised in the second quarter and Kshs.30.6 million in the first quarter. The local revenue collected during the period under review accounts for 35.5 per cent of the annual local revenue target.

Funds released to the County during the period amounted to Kshs.1.2 billion of which Kshs.1.0 billion (86.0%) was for recurrent expenditure and Kshs.169 million (14.0%) for development expenditure.

During the first nine months of FY 2013/14, the County spent a total of Kshs. 899 million which was 74.1 per cent of the total funds released. The County Executive spent Kshs. 809 million while Kshs. 90 million was spent by the County Assembly representing 90 per cent and 10 per cent of the total expenditure respectively. The County spent Kshs. 782 million (87.0%) on recurrent expenditure and Kshs.116 million (13.0%) on development activities. The recurrent expenditure was 74.9 per cent of the funds released for recurrent activities while development expenditure accounted for 69.0 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review was 40.3 per cent of the annual recurrent budget while development expenditure was 12.7 per cent of the annual development budget.

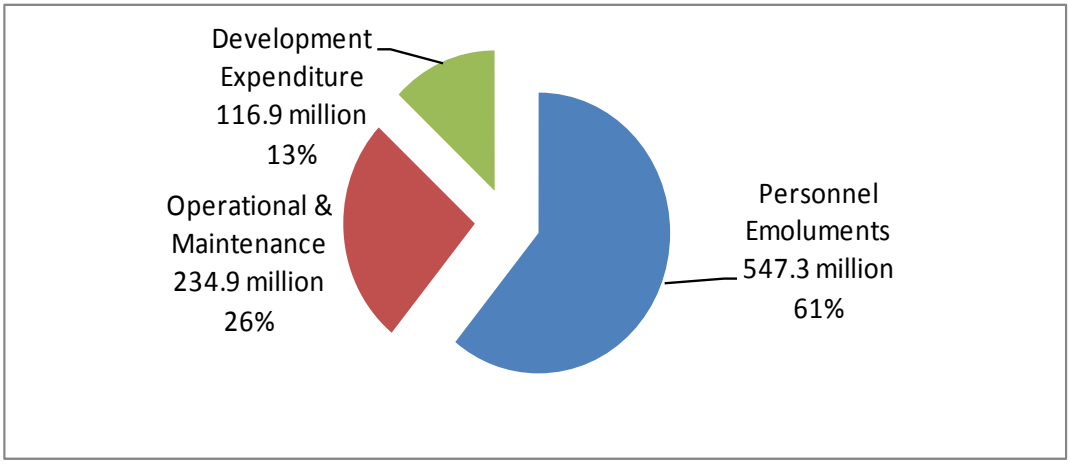
Some of the development projects that the County implemented during the period under review included purchase of tree seeds (Kshs.0.9 million), scholarships (Kshs.0.62 million), agricultural materials (Kshs.3.4 million), refurbishment of non-residential building (Kshs.2.6 million), purchase of livestock (Kshs.24 million) and equalization of

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552-00200
NAIROBI, KENYA

ward infrastructure (Kshs.9.6 million).

An analysis of recurrent expenditure reveals that the County spent Kshs. 547.2 million on Personnel Emoluments which translates to 60.9 per cent of the total recurrent expenditure while Kshs. 234 million was spent on operations and maintenance accounting for 39.1 per cent of the total recurrent expenditure. The personnel emoluments include Kshs.178 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

**Figure 57: Analysis of Total Expenditure, Taita Taveta County**




***Source:*** *Taita Taveta County Treasury*

A review of operations and maintenance expenditure for the County government for the period July 2013 to March 2014, indicates that Kshs. 76.2 million (26.9%) was spent on domestic and foreign travels, Kshs. 48.5 million (17.1%) on purchase of motor vehicles, Kshs. 1.7 million (0.7%) on training, Kshs. 7.4 million (3.0%) on routine maintenance and Kshs. 5.3 million (2.3%) on office and general supplies. Other operations and maintenance expenses included Kshs. 11.9 million (5%) spent on fuel oil & lubricants, Kshs.1.9 million (0.8%) on utility supplies and services, Kshs. 18.8million (8.0%) on conferences, hospitality and catering, Kshs. 22.7 million (9.7%) on printing, advertising and information supplies & services and Kshs. 632 million (1.7%) spent on other operations and maintenance expenses.

The County did not provide information on payment of sitting allowances for the 35 Members of the County Assembly during the period under review. There were incidences of misallocation of funds as money released for development programmes was spent on recurrent activities contrary to Section 154(1) (b) of the PFM Act, 2012. The County spent Kshs.2.1 million on food rationing before completing the tendering process as required by the Public Procurement and Disposal Act, 2005. Further, the County Treasury spent Kshs.32 million on the purchase of motor vehicle, exceeding Kshs.4.5 million released for the same expenditure. The County also spent Kshs.9.3 million on scholarships in contravention of section 116 of the PFM Act, 2012 which requires the establishment of county public fund to administer such programs. Further, Kshs.1.6 million was spent on

tourism but no request for release of such funds had been made to OCOB. The County signed contracts worth Kshs.42 million for healthcare facilities but these commitments were not included in the approved budget.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552-00200,
NAIROBI, KENYA

The low absorption of development funds in the county was highlighted in previous County Budget Implementation Review Reports. The County should undertake to harmonize development plans, work plans, procurement plans and the cash flow projections to enhance the the implementation of planned development programmes hence increased absorption of development funds.

The County should adhere to Section 154 of the PFM Act, 2012 on matters relating to reallocation of appropriated funds across budget items. Money set aside for development activities should not be used to defray recurrent activities since this contravenes the law. Further, the County Assembly should enact laws and regulations to operationalize the scholarship fund as envisioned under section 116 of the PFM Act, 2012.

**Tana River County**

The County has an approved budget of Kshs.3.2 billion which comprises of Kshs. 2.0 billion (63.2%) for recurrent expenditure and Kshs.1.2 billion (36.8%) for development expenditure. The budget will be financed through Kshs. 3.1 billion (97.3%) national equitable share of revenue and Kshs.87.3 million (2.7%) from local revenue sources

During the period July 2013 to March 2014, the County received Kshs. 1.63 billion as the national equitable share, raised Kshs. 24.3 million from local revenue sources, and had Kshs. 67.1 million as balance brought forward from FY 2012/13. The County collected local revenues amounting to Kshs. 7.8 million during the third quarter of FY 2013/14, a decline from Kshs. 8.3 million collected in the second quarter and Kshs. 8.2 million collected in the first quarter. The local revenue collected during the first nine months of FY 2013/2014 translates to 27.9 per cent of the annual local revenue target.

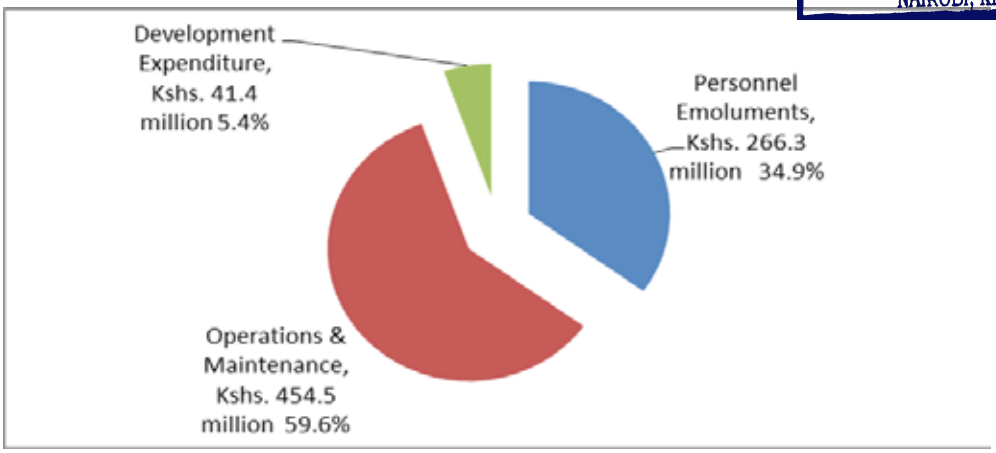
The total funds released to the County during the period under review amounts to Kshs. 1.4 billion comprising of Kshs. 911.1 million (64.8%) for recurrent expenditure and Kshs.495.5 million (35.2%) for development expenditure.

During the period under review, the total expenditure by the County amounts to Kshs. 762.3 million which represents 54.2 per cent of the funds released. The County Executive spent Kshs. 633.9 million while Kshs 128.4 million was spent by the County Assembly which represent 83.2 per cent and 16.8 per cent of the total expenditure respectively. The County spent Kshs.720.9 million (94.6%) on recurrent expenditure and Kshs.41.4 million (5.4%) on development activities.

A breakdown of recurrent expenditure indicates that the County spent Kshs. 266.6 million on personnel emoluments which translates to 36.9 per cent of the total recurrent expenditure while Kshs. 454.5 million was spent on operations and maintenance accounting for 63.1 per cent of the recurrent expenditure.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Figure 58: Analysis of Total Expenditure, Tana River County**



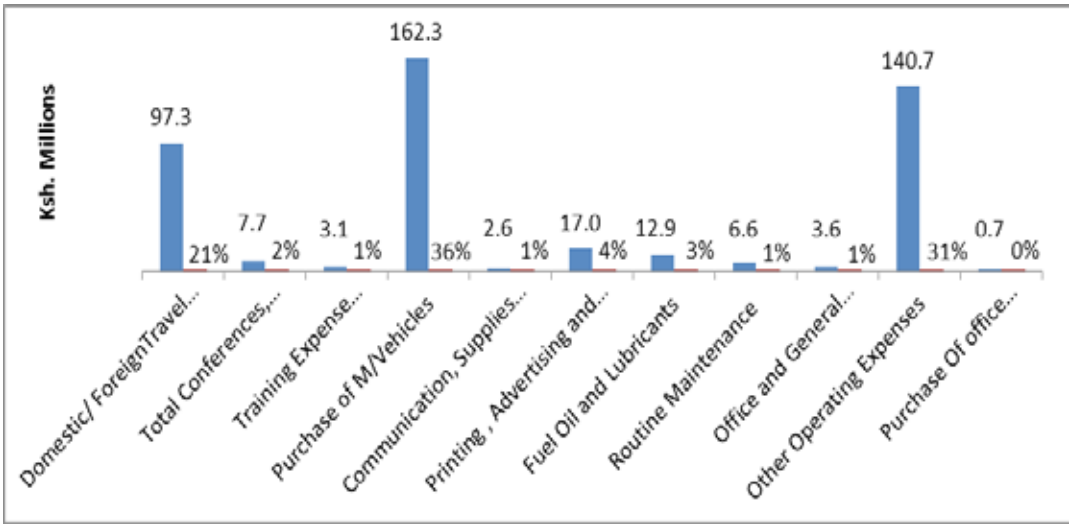

***Source:*** *Tana River County Treasury*

The recurrent expenditure for the period under review was 79.1 per cent of the funds released for recurrent activities while development expenditure accounts for 8.4 per cent of the funds released for development projects. However, the recurrent expenditure for the review period translates to an absorption rate of 35.6 per cent of the annual recurrent budget while development expenditure translates to an absorption rate of only 3.5 per cent of the annual development budget.

Some of the development projects that the County implemented during the period under review include refurbishment of buildings and fencing of the Governor's and County Assembly offices.

A review of operations and maintenance expenditure for the County for the period under review is shown in figure 59.

**Figure 59: Analysis of Operations and Maintenance, Tana River County**




***Source:*** *Tana River County Treasury*

The County spent Kshs. 4.5 million on payment of sitting allowances for the 26 Members of the County Assembly during the period under review against a budget of Kshs. 33.7 million. This translates to 13.5 per cent on the total annual budget for sitting allowances. However, the analysis shows that each MCA received an average of Kshs. 19,382 per month for the nine months period.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552 - 00200,
NAIROBI, KENYA

The County faced a number of challenges in budget implementation during the period under review which include shortage of office space and staff especially at the County Treasury which led to delay in preparation of financial reports. The County also faced the challenge of high wage bill due to staff recruitment without consideration of the human resource inventory that had been undertaken by the Transition Authority.

The County Executive should take measures to address the problem of inadequate office space facing staff in the County. The County should make use of the human resource inventory report prepared by the TA to fill key vacancies.

**Tharaka Nithi County**

The County has an approved budget of Kshs. 2.5 billion comprising of Kshs. 1.6 billion (61.4%) for recurrent expenditure and Kshs. 0.9 billion (39.6%) for development expenditure. The annual revenue for the County government for the FY 2013/2014 is projected at Kshs. 2.5 billion which comprises of Kshs. 2.4 billion (94.4%) from the national equitable share, Kshs. 84 million (3.3%) from local revenue sources and Kshs. 61.6 million (2.4%) as balance brought forward from FY 2012/2013.

In the period July 2013 to March 2014, the County received Kshs. 1.3 billion as the national equitable share, collected Kshs. 52.7 million from local sources, and had Kshs. 61.6 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County collected local revenues amounting to Kshs. 17.2 million, an improvement from Kshs. 16.3 million collected in the second quarter and a decline from Kshs. 19.7 million in the first quarter. The local revenue collected during the period under review accounts for 62.8 per cent of the annual local revenue target.

Funds released to the County during the period amounted to Kshs. 1.1 billion of which Kshs. 849.1 million (77.2%) was for recurrent expenditure and Kshs. 250.1 million (22.8%) for development expenditure.

During the nine month period of FY 2013/14, the County spent a total of Kshs. 948.4 million which was 87.0 per cent of the total funds released. The County Executive spent Kshs. 786.3 million while Kshs. 162.7 million was spent by the County Assembly representing 82.9 per cent and 17.1 per cent of the total expenditure respectively. The County spent Kshs. 748.9 million (78.9%) on recurrent expenditure and Kshs. 200.2 million (21.1%) on development activities.

The recurrent expenditure was 88.2 per cent of the funds released for recurrent activities while development expenditure accounted for 80.2 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review represented an absorption rate of 48.4 per cent of the annual recurrent budget while

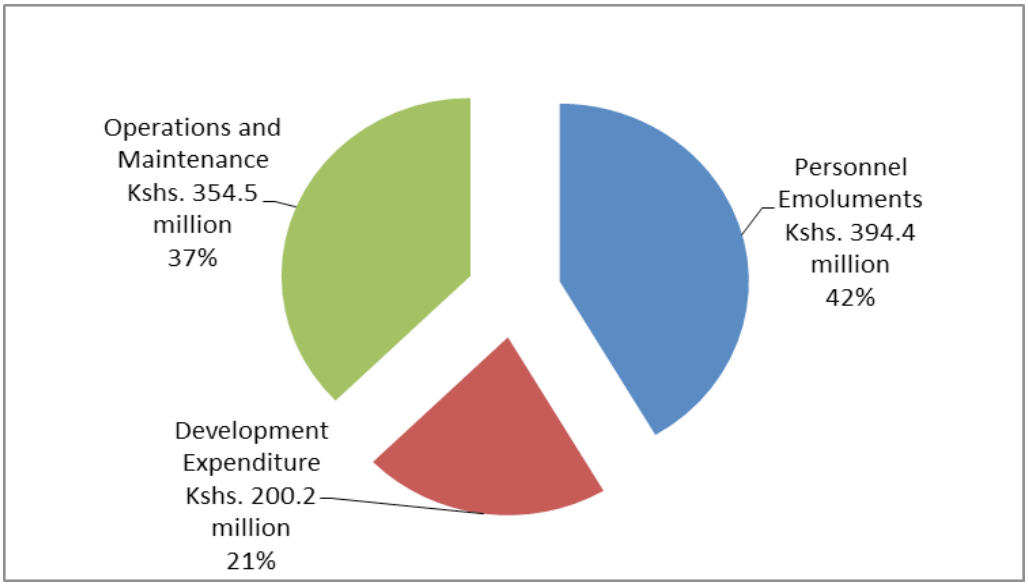
development expenditure translated to an absorption rate of 20.5 per cent of the annual development budget.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

Some of the development projects that the County implemented during the period under review included grading and gravelling of roads at Kshs. 105.25 million, water harvesting and distribution programmes at Kshs. 26.16 million, refurbishment of the County Headquarters at Kshs. 47.56 million and renovation and improvement of health facilities at Kshs. 21.2 million.

Further analysis of the recurrent expenditure reveals that the County spent Kshs. 394.4 million on personnel emoluments which translates to 52.7 per cent of the total recurrent expenditure while Kshs.354.5 million was spent on operations and maintenance accounting for 47.3 per cent. No funds were reimbursed to the National government for salaries paid to staff performing devolved functions during the period under review.

**Figure 60: Analysis of Total Expenditure, Tharaka Nithi County**

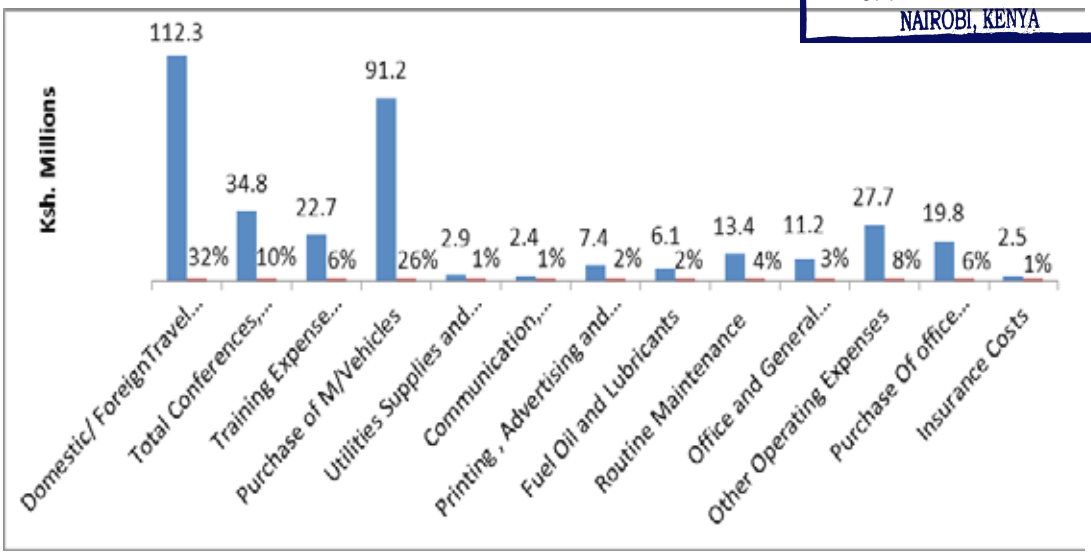



***Source: Tharaka Nithi County Treasury***

A review of operations and maintenance expenditure for the County government for the period July 2013 to March 2014 is shown in figure 61.

**Figure 61: Analysis of Operations and Maintenance, Tharaka Nithi County**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source: Tharaka Nithi County Treasury***

The County spent Kshs. 11.2 million on payment of sitting allowances for 23 members of the County Assembly during the period under review against a budget of Kshs. 27.7 million. This represents an absorption rate of 40.6 per cent. This translates to an average of Kshs. 51,940 per month for each MCA for nine months.

There is a discrepancy in the total revenue collected by the County and amounts swept into the CRF account for the period. The County has continued to maintain a large Imprest Account at the commercial bank for operations and this is not captured in the IFMIS system. This may lead to misreporting and unaccountability of public funds. The County Treasury has inadequate capacity to operate efficiently due to shortage of staff in key departments such as finance, human resources and procurement.

The County Public Service Board should put in place strategies to build the necessary human resource capacity in order to ensure efficient and prudent financial management. The County Treasury should ensure that all transactions funded through imprest account are captured into the IFMIS system. Further, the revenue collected and bank statements need to be frequently reconciled and all revenue accounted for.

**Trans Nzoia County**

The County has an approved budget of Kshs. 4.4 billion composed of Kshs. 3.1 billion (69.4%) for recurrent expenditure and Kshs.1.3 billion (30.6%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs.4.4 billion which comprises of Kshs.3.9 billion (88.6%) from the National equitable share and Kshs.501 million (11.4%) from local revenue sources.

In the period July 2013 to March 2014, the County received Kshs. 2.2 billion as the national equitable share, collected Kshs. 131 million from local sources, and had Kshs. 58.7 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County raised local revenue amounting to Kshs. 75.2 million which is an

improvement from Kshs. 23.9 million collected in the second quarter and Kshs. 32 million in the first quarter. The local revenue collected during the period under review accounted for 26.1 per cent of the annual local revenue target. Funds released to the County during the period amounted to Kshs. 2.2 billion of which Kshs. 1.5 billion (67.5%) was for recurrent expenditure and Kshs.724.2 million (32.5%) for development expenditure.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

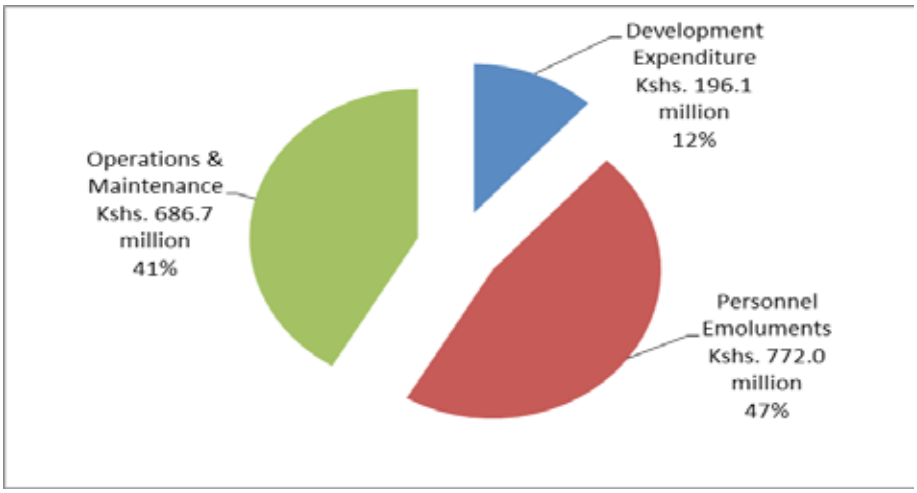
During the first nine months of FY 2013/14, the County spent a total of Kshs. 1.7 billion which was 74.3 per cent of the funds released. The County Executive spent Kshs.1.5 billion while Kshs.185.9 million was spent by the County Assembly which represents 88.8 per cent and 11.2 per cent respectively. The County spent Kshs.1.5 billion (88.1%) on recurrent expenditure and Kshs.196.1 million (11.9%) on development activities.

The recurrent expenditure was 97 per cent of the funds released for recurrent activities while development expenditure accounted for 27.1 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review translates to an absorption rate of 47.6 per cent of the annual recurrent budget while development expenditure translates to an absorption rate of 14.4 per cent of the annual development budget.

Some of the development projects that the County implemented during the period under review included grading and gravelling of roads at a cost of Kshs. 92 million, water harvesting and distribution programmes at Kshs. 4.3 million, refurbishment and improvement of education facilities at Kshs. 23.5 million.

Further analysis of recurrent expenditure reveals that the County spent Kshs. 772 million on personnel emoluments which translates to 52.9 per cent of the total recurrent expenditure while Kshs. 687 million was spent on operations and maintenance accounting for 47.1 per cent of the total recurrent expenditure. The personnel emoluments include Kshs. 364.1 million reimbursed to the National Government for salaries paid to staff performing devolved functions.

**Figure 62: Analysis of Total Expenditure, Trans Nzoia County**

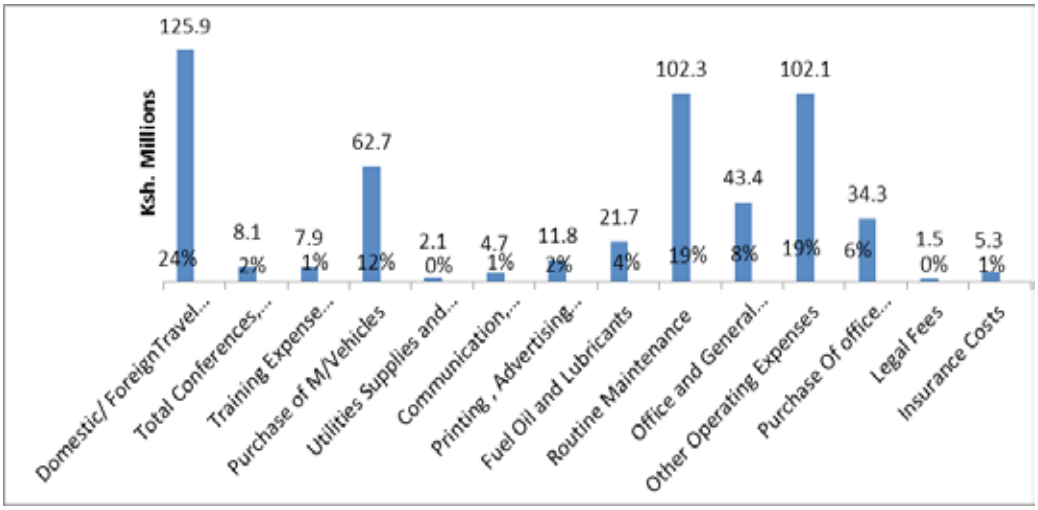



***Source:*** *Trans Nzoia County Treasury*

A breakdown of operations and maintenance expenditure for the period July 2013 to March 2014 is shown in figure 63.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Figure 63: Analysis of Operations and Maintenance, Trans-Nzoia County**




***Source:*** *Trans Nzoia County Treasury*

The County spent Kshs. 53.5 million on payment of sitting allowances for the 39 members of the County Assembly during the period under review against a budget of Kshs.159.2 million. This represents and absorption rate of 33.6 per cent. This translates to an average of Kshs. 152,443 per month for each MCA for nine months.

During the period under review, challenges faced in budget execution and reported in previous OCOB budget implementation reports included low revenue collection which is attributed to delay in appointment of revenue officers, delay in the gazettement of the Finance Bill, 2013, lack of strong enforcement in collection of land rates and delayed payment of cess. Further, the delay in the appointment of chief officers affected effective execution of the budget in the various departments.

For effective budget implementation, the County needs to hasten the process of appointing the Chief Officers to take charge of departmental budgets. The County should also designate revenue officers as well as facilitate them to enhance revenue collections In addition; the County should implement the Finance Act, 2013 which provides the legal basis for revenue collection.

**Turkana County**

The County has an approved Supplementary budget of Kshs.8.1 billion comprising of Kshs. 4.1 billion (51%) for recurrent expenditure and Kshs. 4.0 billion (49%) for development expenditure. The estimated annual revenue for the County Government for the FY 2013/2014 is Kshs. 8.1 billion which comprises of Kshs.7.7 billion (94%) from the National equitable share, Kshs. 250.0 million (3%) from local revenue sources and

Kshs.230.0 million(3%) from donor funding.

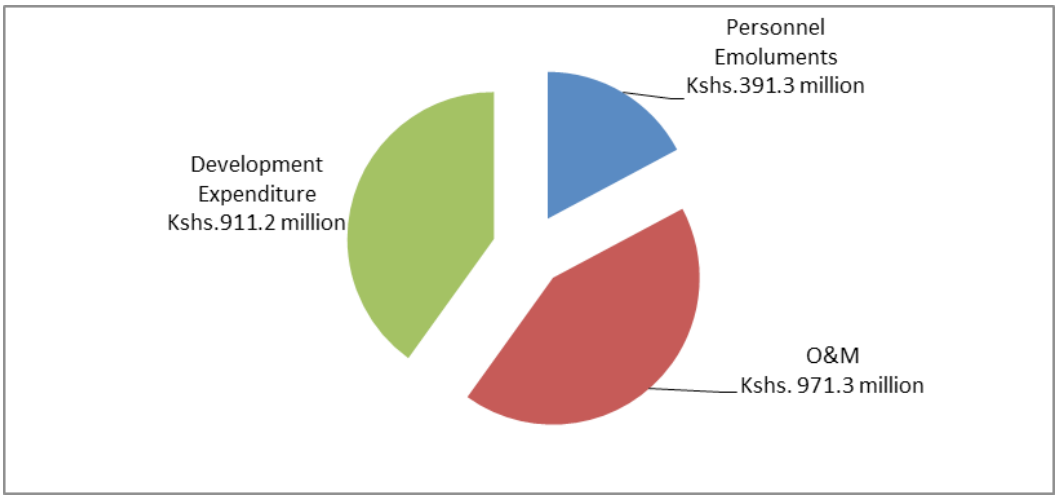
COUNTY ASSEMBLIES FORUM (CAF)
P.O.Box 73552 - 00200,
NAIROBI, KENYA

In the period July 2013 to March 2014, the County received a total of Kshs. 3.0 billion as national equitable share, collected Kshs. 99.2 million from local revenue sources. The local revenue collected accounted for only 31per cent of the annual local revenue target. During the period ending March 31st 2014, funds released to the County amounted to Kshs. 3.0 billion of which Kshs. 1.4 billion (47.6%) was for development expenditure and Kshs.1.6 billion (52.3%) for recurrent expenditure.

The expenditure incurred by the County government during the nine months was Kshs. 2.3 billion which was 77 per cent of the exchequer releases. The County spent Kshs. 911.2 million (40%) on development activities and Kshs. 1.4 billion (60%) on recurrent activities. Further analysis on recurrent expenditure reveals that the County government spent Kshs. 391.3 million on Personnel Emoluments which translates to 29 per cent of the total recurrent expenditure while Kshs. 975.0 million was spent on operations and maintenance accounting for 71 per cent of total recurrent expenditure. The County Government of Turkana received an invoice of Kshs. 94.9 million for salaries paid to staff performing devolved functions in the first quarter and Kshs. 94.9 million the second quarter of 2013/2014 financial year. A total of Kshs. 69.2 million was reimbursed to the national government in the month of December, 2013 and Kshs. 69.2 million paid in January, 2014.

The County spent Kshs. 7.9 million for payment of sitting allowances for the 47 Members of the County Assembly for the nine months against a budget of Kshs. 20 million. This shows that each MCA received an average of Kshs. 18,669 per month for the nine months.

**Figure 64: Analysis of Total expenditure, Turkana County**




***Source:*** *Turkana County Treasury*

A review of operations and maintenance expenditure for the County government in the period July 2013 to March 2014 indicates that Kshs. 279.1 million (39%) was spent on purchase of motor vehicles, Kshs.162.7 million (18%) on domestic and foreign travels,

Kshs. 32.5 million (3%) on training, Kshs. 20.4 million (2%) on routine maintenance and Kshs. 31.4 million (3%) on office and general supplies. Other operations and maintenance expenses included Kshs.45.7 million (5%) spent on fuel oil & lubricants, Kshs. 18.2 million (2%) on conferences, hospitality and catering, Kshs.8.9 million (1%) on utility supplies and services, Kshs. 23.9 million (3%) on Printing, advertising and information supplies & services and Kshs.290.9 million (32%) spent on all other operations and maintenance expenses.

COUNTY ASSEMBLIES FORUM (CAF)
P.O.Box 43552-00100
NAIROBI, KENYA

The County experienced poor connectivity of IFMIS and G-Pay systems which contributed to slow remittance of payments to providers of goods and services thereby affecting budget implementation. The County should use IFMIS and G-pay systems fully to enhance accuracy in reporting, prudent management and accountability of public funds. The County should adhere to the provisions of Section 154 of the PFM Act, 2012 on reallocation of appropriated. It is also important for the County to review the performance of the local revenue collections and adopt new strategies with a view to improve local revenue collection. The County Assembly should fast track the approval of necessary legislations to support budget.

**Uasin Gishu County**

Uasin Gishu County has an approved budget of Ksh.5.7 billion consisting of recurrent and development allocations of Kshs. 3.9 billion (66%) and Kshs. 1.9 billion (34%) respectively.

The County targeted to raise a total revenue of Ksh.5.7 billion from the national shareable revenue of Ksh.3.8 billion (66%) and local revenue collections of Ksh.1.9 billion (34%).

During the period under review, the County received Kshs.2.1 billion (78%) as the national shareable revenue, collected Kshs.417.1 million (15%) as local revenue, Kshs. 41.7 million (2%) as transfers from former councils and Kshs.146.5 million (5%) as balance brought forward from FY 2012/2013. Analysis of local revenue collection shows that the County raised Kshs. 266.9 million in the third quarter, an improvement from Kshs. 73.4 million and Kshs. 76.8 million raised in the second and first quarters respectively. The local revenue collected during the period under review accounted for 21.4 per cent of the annual revenue target.

In the period July 2013 to March 2014, the total amount of funds released to the County was Kshs. 2.2 billion out of which Kshs.1.7 billion (78.2%) was for recurrent expenditure and Kshs. 488.2 million (21.8%) for development expenditure.

In the first nine months of the FY 2013/2014 the County spent Kshs. 1.5 billion representing 65.6 per cent of the funds released. The County Executive spent Kshs. 1.2 billion while Kshs. 250.5 million was spent by the County Assembly representing 82.9 per cent and 17.1 per cent respectively. The County spent Kshs.1.4 billion (95.2%) on recurrent activities and Kshs. 70.1 million (4.8%) on development activities. The recurrent expenditure was 71.4 per cent of the funds released for recurrent activities while the development

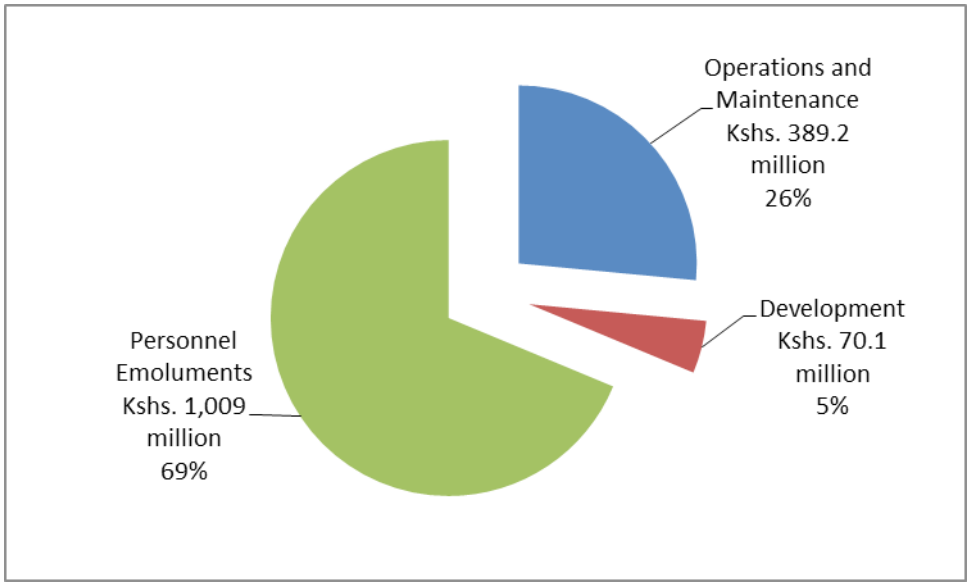
COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 13552 - 00200
NAIROBI KENYA

expenditure accounted for 9.7 per cent of the funds released for development projects/programmes. However, the recurrent expenditure for the period under review translates to an absorption rate of 37.0 per cent of the annual recurrent budget while development expenditure translates to an absorption rate of 3.6 per cent of the annual development budget.

Analysis of recurrent expenditure shows that the County spent Kshs. 1.0 billion on personnel emoluments which translates to 72.2 per cent of the annual recurrent budget while Kshs.389.1 million was spent on operations and maintenance accounting for 27.8 per cent of the annual recurrent budget. The expenditure on personnel emoluments includes Kshs. 238.2 million that was reimbursed to the National government for salaries paid to staff performing devolved functions.

The County also spent Kshs.77.9 million (17%) as sitting allowances for the 44 Members of the County Assembly during the period under review against a budget of Kshs. 104.6 million translating to 74.5 per cent of the total budget. Further analysis of the sitting allowance shows that, on average, each MCA received Kshs. 196,748 per month for the nine months.

**Figure 65: Analysis of Total Expenditure, Uasin-Gishu County**




***Source**: Uasin-Gishu County Treasury*

A review of operations and maintenance for the period under review shows that Kshs.82.3 million(18%) was spent on Domestic and foreign travels and subsistence allowances; Kshs.60.5 million (13%) on Routine maintenance/other assets; Kshs.33.2 million (7%) on conferences and hospitality/caterings; Kshs.26.6 million (6%) on Purchase of motor vehicles; Kshs.20.0 million (4%) on Utilities suppliers and services; Kshs.19.5 million (4%) on Training expenses; Kshs.15.2 million (3%) on Printing and advertising; Kshs.13.6 million (3%) on Office and General suppliers services; Kshs.6.6 million

(1%) on communication services while Ksh.111.7 million (24%) was spent on all other operations and maintenance expenses.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

During the period under review, the County experienced the following challenges: inadequate human resource capacity; weak internal audit function; issuance of imprest to persons with outstanding imprest; revenue shortfall against the targets; delay in the establishment of the County Budget and Economic Forum; delay in preparation of key policy documents to guide the FY 2014/2015 budgeting process such as the Budget Review and Outlook Paper and the Annual Development Plan; low absorption of development funds which is attributed to lengthy procurement process; and delays in submission of financial reports to OCOB for reporting purposes.

In order to improve budget implementation, it is recommended that the County Treasury should strengthen its internal audit function. There is need to adhere to PFM Act, 2012 and other financial regulations on the issuance of imprest. The need for capacity building for the County Executive and County Assembly on budgeting cannot be overemphasized. The County should enhance the implementation of development programmes/projects to improve the absorption of development funds. Further, there is need for timely reporting on budget execution.

**Vihiga County**

The County has an approved budget of Kshs. 3.3 billion comprising of 2.3 billion (69.7%) for recurrent expenditure and Kshs. 989.6 million (30.3%) for development expenditure. This budget has been financed through Kshs. 3 billion (92.8%) from the national equitable share, Kshs.234.3 million (6.3%) from local revenue sources and Kshs. 31.7 million (1.0%) balance brought forward from FY 2012/2013.

In the period July 2013 to March 2014, the County received Kshs. 1.6 billion as the national equitable share, collected Kshs. 77.5 million from local sources, and Kshs. 128.4 million balances brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County collected local revenue amounting to Kshs. 41 million which is an improvement from Kshs. 17.7 million collected in the second quarter and Kshs. 18.8 million in the first quarter. The local revenue collected during the period under review accounts for 37.9 per cent of the annual local revenue target.

Funds released to the County during the period amounts to Kshs. 1.5 billion of which Kshs. 1.2 billion (76.6%) was for recurrent expenditure and Kshs.350.9 million (23.4%) for development expenditure.

During the nine month period of FY 2013/14, the County spent a total of Kshs. 954.8 million translating to 63.6 per cent of the total funds released. The County Executive spent Kshs. 726.8 million with the County Assembly spending Kshs.228 million which represents 76.1 per cent and 23.9 per cent of the total expenditure respectively. The County spent Kshs.859.4 million (90.0%) on recurrent expenditure and Kshs.95.4 million (10.0%) on development activities. The recurrent expenditure was 74.7 per cent of the

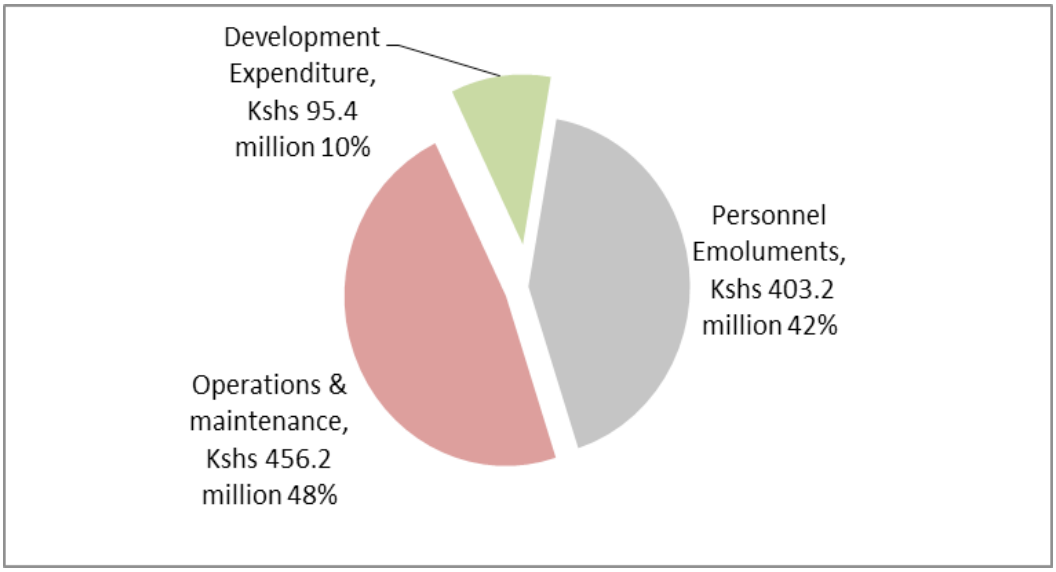
COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552 - 00200,
NAIROBI, KENYA

funds released for recurrent activities while development expenditure accounted for 27.2 per cent of the funds released for development projects. However, recurrent expenditure for the period under review was 37.8 per cent of the annual recurrent budget while development expenditure was 9.6 per cent of the annual development budget.

Further analysis of the recurrent expenditure reveals that the County spent Kshs. 403.2 million on personnel emoluments which translates to 46.9 per cent of the total recurrent expenditure while Kshs. 456.2 million was spent on operations and maintenance accounting for 53.1 per cent. The personnel emoluments do not include reimbursement to the National Government for salaries paid to staff performing devolved functions as no refunds had been refunded as at 31st March 2014.

Some of the development projects that the County implemented during the period under review include grading, gravelling and construction of culverts for roads (Kshs 38.9 million), construction of county headquarter offices (Kshs. 27.7 million), re-carpeting Luanda bus park (Kshs 18.2 million), purchase & installation of Hansard equipment (Kshs 6.6 million), construction of Isaina bridge (Kshs. 2.8 million), and rehabilitation of KMTC hostels and Egago health centre.

**Figure 66: Analysis of Total Expenditure, Vihiga County**

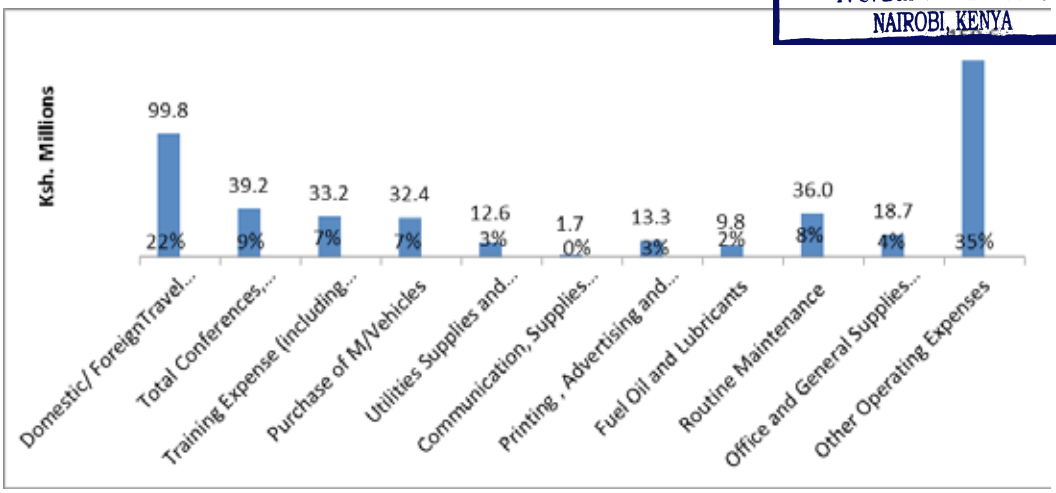



***Source:*** *Vihiga County Treasury*

A review of operations and maintenance expenditure during the period July 2013 to March 2014 is shown in figure 67.

**Figure 67: Analysis of Operations and Maintenance, Vihiga**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA




***Source:*** *Vihiga County Treasury*

The County spent Kshs. 23.9 million for payment of sitting allowances for the 39 Members of the County Assembly against a budget of Kshs. 83.2 million. This represents an absorption rate of 28.7 per cent. The expenditure translates to an average of Kshs. 68,061 per month for each MCA in the nine month period.

The County recorded low absorption of development funds during the period recording 9.6 per cent of the annual development budget. There was delay by the County Assembly to enact the requisite legislation such as the Finance Bill and the Rating Bill which affected local revenue collections. Further, full implementation of IFMIS was hampered by connectivity challenges which forced County Treasury staff to make regular trips to Kisumu to process payments. The low absorption of development funds and IFMIS connectivity challenges had also been highlighted in second quarter report.

There is need for the County Assembly to speed up the enactment of Finance Bill and other relevant bills to provide the legal framework for local revenue collection. The County should also liaise with the National Treasury to address IFMIS connectivity problems. There is need to strengthen capacity in the procurement unit to improve operational efficiency and improve the uptake of development funds.

**Wajir County**

The County has an approved budget of Kshs.5.4 billion composed of Kshs. 2.7 billion (49.8%) for recurrent expenditure and Kshs.2.72 billion (50.2%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs 5.4 billion which comprises of Kshs. 5.2 billion (97.8%) from the national equitable share, Kshs.119 million (2.2%) from local revenue sources.

In the period July 2013 to March 2014, the County received Kshs. 2.96 billion as the national equitable share and collected Kshs. 44.6 million from local sources. In the third quarter of FY 2013/14, the County collected local revenue amounting to Kshs.23.3 million

which is a significant improvement from Kshs.10.8 million raised in the second quarter and Kshs. 10.4 million in the first quarter. The local revenue collected during the period under review accounted for 37.5 per cent of the annual local revenue target.

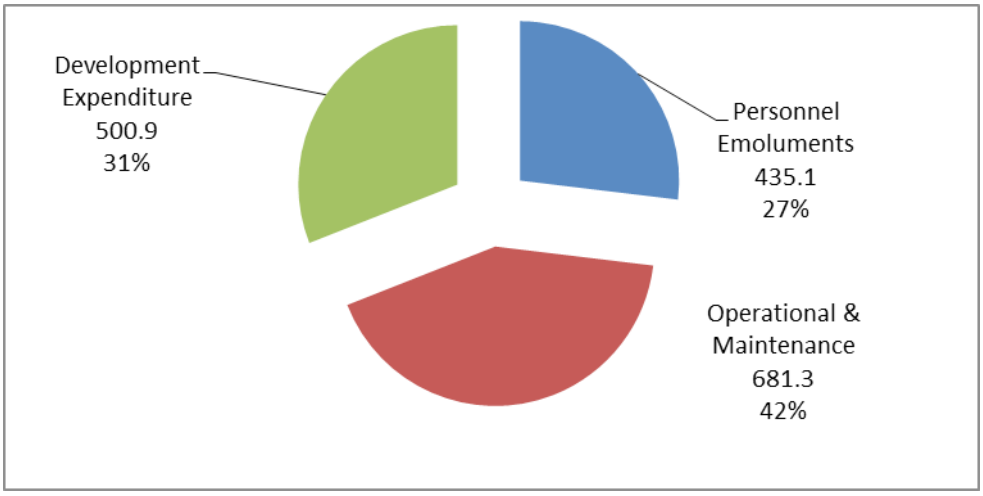
COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 78652-00200,
NAIROBI, KENYA

Funds released to the County during the period amounted to Kshs. 2 billion. This amount comprises Kshs. 1.5 billion (74.2%) released for recurrent expenditure and Kshs. 513.9 million (25.8%) for development expenditure.

During the nine month period of FY 2013/14, the total expenditure amounts to Kshs.1.6 billion which translates to 81.6 per cent of the funds released. The County Executive spent Kshs.1.4 billion while Kshs. 228.5 million was spent by the County Assembly representing 87.5 per cent and 12.5 per cent of total expenditure respectively. The County spent Kshs.1.1 billion (68.8%) on recurrent expenditure and Kshs. 500.9 million (31.3%) on development activities. The recurrent expenditure for the period was 76.1 per cent of the funds released for recurrent activities while the development expenditure represents 97.5 per cent of the funds released for development programmes. However, the recurrent expenditure translates to an absorption rate of 41.4 per cent of the annual recurrent budget while development expenditure translates to an absorption rate of 18.4 per cent of the annual development budget.

Some of the development projects implemented during the period under review include grading and gravelling of roads, drilling of boreholes, construction of water pan, water harvesting, purchase of medical equipment, construction of new health facilities, and ECD classrooms among other on-going projects.

**Figure 68: Analysis of Total Expenditure, Wajir County**




***Source:*** *Wajir county treasury*

A review of operations and maintenance expenditure for the period July 2013 to March 2014, indicates that Kshs. 118.2 million (16.7%) was spent on domestic and foreign travels,

Kshs. 66.0 million (9.3%) on purchase of motor vehicles, Kshs. 43.1 million (6.1%) on fuel, oil and lubricants, Kshs.56.6 million (8.0%) on training, Kshs.38.8 million (5.5%) on routine maintenance, Kshs. 26.3 million (3.7%) on purchase of office furniture and general equipment, Kshs.21.4 (3.0%) million on printing, advertising, and information supplies, and Kshs.18.3 million (2.6%) on conferences, hospitality and catering. The remaining Kshs.285.2 million (40.3%) was spent on all other operations and maintenance categories.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73532-00200
NAIROBI, KENYA

In the reporting period, the County spent Kshs. 40.8 million for payment of sitting allowances for the 32 Members of the County Assembly against a budget of Kshs. 68.1 million. This expenditure represents an absorption rate of 59.9 per cent. Further analysis shows that each MCA received an average of Kshs. 100,714 per month for the nine month period.

The County Treasury experienced staff capacity challenges, particularly technical staff, which affected timely preparation and submission of reliable and accurate financial reports for monitoring budget implementation. Further, the County has a backlog of transactions to be uploaded to IFMIS and this has affected the accuracy of expenditure reports submitted for budget monitoring. The low local revenue collection, which is currently 37.5 per cent of the annual local revenue target, is likely to affect implementation of planned activities.

There is need for the County to build the necessary capacity to ensure timely reporting on budget implementation. Further, the County should expedite the process of uploading all pending financial transactions into IFMIS to improve accuracy and reliability of financial reports. The County should put in place elaborate mechanisms to enhance local revenue collections.

**West Pokot County**

The County has an approved budget of Kshs.3.6 billion comprising of Kshs. 1.98 billion (54.6%) for recurrent expenditure and Kshs.1.7 billion (45.4%) for development expenditure. The annual revenue for the FY 2013/2014 is projected at Kshs.3.6 billion which comprises Kshs.3.58 billion (98.7%) from the national equitable share, Kshs.38 million (1.1%) from local revenue sources and Kshs. 8.7 million (0.2%) as balance brought forward from the previous financial year.

In the period July 2013 to March 2014, the County received Kshs. 1.4 billion as the national equitable share, collected Kshs. 29.4 million from local sources, and had Kshs. 8.7 million as balance brought forward from FY 2012/13. In the third quarter of FY 2013/14, the County collected local revenue amounting to Kshs. 8.8 million, an improvement from Kshs. 7.8 million collected in the second quarter though a decline from Kshs. 12.8 collected in the first quarter. The local revenue collected accounts for 77.3 per cent of the annual local revenue target.

Funds released to the County in the same period amounted to Kshs. 1.5 billion of which Kshs. 1.0 billion (72.0%) was for recurrent expenditure and Kshs.406.7 million (28.0%) for development expenditure.

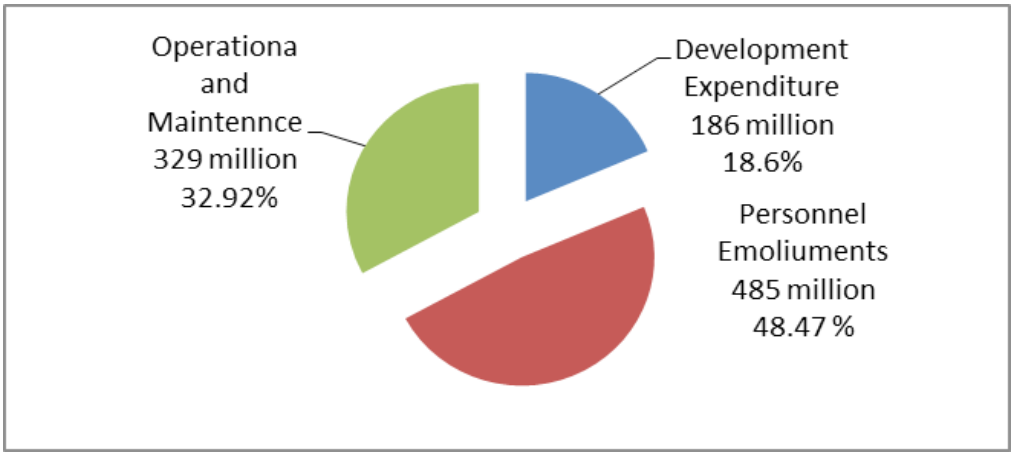
COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200
NAIROBI, KENYA

The total expenditure in the period amounts to Kshs. 1.0 billion which was 69 per cent of the funds released. The County Executive spent Kshs 824.3 million and Kshs. 176.6 million was spent by the County Assembly representing 82.4 per cent and 17.6 per cent of total expenditure respectively. The County spent Kshs.814 million (81.4%) on recurrent expenditure and Kshs.186.2 million (18.6%) on development activities. The recurrent expenditure was 78.0 per cent of the funds released for recurrent activities while development expenditure accounted for 45.8 per cent of the funds released for development projects. However, the recurrent expenditure for the period an absorption rate of 41.1 per cent of the annual recurrent budget while development expenditure represents absorption rate of 11.3 per cent of the annual development budget.

The development projects that the County implemented include grading and gravelling of roads (Kshs. 84.4 million), water harvesting and distribution programmes (Kshs.14.5 million), refurbishment and improvement of education facilities (Kshs.15 million) and renovation and improvement of health facilities at Kshs.23.7 million.

Analysis of the recurrent expenditure reveals that the County spent Kshs.485 million on Personnel Emoluments which translates to 59.6 per cent of the total recurrent expenditure while Kshs. 329 million was spent on operations and maintenance accounting for 40.4 per cent of total recurrent expenditure. The personnel emoluments include Kshs. 155.1 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

**Figure 69: Analysis of Total Expenditure, West Pokot County**




***Source:*** *West Pokot County Treasury*

A review of operations and maintenance expenditure, indicates that Kshs. 79.8 million (24.2%) was spent on purchase of motor vehicles, Kshs. 55.6 million (16.9%) on domestic and foreign travels, Kshs. 37 million (11.3%) spent on fuel oil & lubricants, Kshs. 28.8 million (8.8%) on training, Kshs. 19.7 million (6%) on conferences, hospitality and catering, and Kshs. 16.8 million (5.1%) on routine maintenance. . Other operations and maintenance expenses include Kshs.47.5 million (4.4%) on utility supplies and services,

Kshs. 8.5 million (2.6%) on office and general supplies, Kshs. 6.1 million (1.8%) on printing, advertising and information supplies & services and Kshs. 17.5 million (5.3%) spent on all other operations and maintenance expenses.

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 78532-00206
NAIROBI, KENYA

The County spent Kshs 68.7 million for payment of sitting allowances for the 32 Members of the County Assembly against a budget of Kshs. 120.8 million. This expenditure represents an absorption rate of 56.8 per cent. However, this translates to an average expenditure of Kshs. 238,564 per month for each MCA for the nine month period.

The County continues to experience staff capacity challenges since some of the newly employed staff and the employees inherited from the defunct local authorities do not have adequate technical knowledge and experience in financial matters. This has resulted in the delay in submission of expenditure reports to Office of the Controller of Budget. In order to address this challenge, the County should put in place mechanisms to continuously train staff to build the capacity especially at the Country Treasury. Further, the County can request for secondment of staff with the necessary skills from the National Government.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# 4.0 KEY CHALLENGES AND RECOMMENDATIONS

This section highlights the challenges faced by county governments in budget implementation during the nine months period. Some of the challenges discussed had been reported in the half year report but remain unresolved. This section also makes recommendations that will improve budget implementation for the remaining period of the current financial year.

## 4.1 Continued Low Revenue Collections

As reported in the half year budget implementation report, the 47 Counties had collectively targeted to collect Kshs. 67.8 billion in the FY2013/14 but only managed to collect Kshs. 9 billion. This performance was 13.2 per cent and relatively low compared to the expected target of 50 per cent at half year. During the nine months period under review, counties revised their revenue targets to Kshs. 61 billion. As at 31st March, 2014 Counties had cumulatively raised Kshs. 19 billion which is only 31.2 per cent of the revised annual target. It was expected that counties would achieve a revenue target of 75 per cent of the annual target by March 31, 2014. However, counties have continued to realize low performance in revenue collections.

With only one quarter remaining before end of the financial year, raising the remaining 68.8 per cent might not be possible which will lead to under-financing of budgeted activities. One of the reasons which the office has identified as the cause to the low revenue performance is that some counties have not appointed receivers of revenue as required by the PFM Act, 2012. This has led to only minimal effort being put in raising revenue. In other counties, the devolved functions which were previously under the National Government continued to collect revenues such as the Facility Improvement Fund (FIF), which are neither accounted to the County Governments nor paid into the County Revenue Fund. Equally, most counties are collecting revenue using manual systems that are susceptible to leakage as well as omission of potential revenue sources.

There is need for Counties to review their local revenue collection mechanisms and strategies to improve revenue collection. Local revenue targets should be based on the revenue potential from various local sources. Further, Counties should ensure that they have appointed receivers of revenue responsible for collecting and accounting for revenue in the Counties as required by Section 157 of the PFM Act, 2012.

## 4.2 Delayed and Unpredictable disbursement of funds by National Treasury

The National Treasury was expected to have disbursed Kshs.148.9 billion to various County Revenue Fund accounts by March 2014 as per the cash disbursement schedule

approved by the Senate. However, the National Treasury disbursed only Ksh. 110.1 billion by the end of March 2014. The release of funds to the County Revenue Funds by the National Treasury was also affected in an unpredictable pattern as Counties were not certain on when disbursement of funds would be done.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200
NAIROBI, KENYA

This unpredictable disbursement of the national grant by the National Treasury affected work plans for Counties as some were forced to reschedule a number of activities due to shortage of funds. This may also have contributed to the low absorption of funds especially on development activities. The National Government should disburse funds to Counties in a timely manner in line with the approved disbursement schedule and Section 14 of the County Allocation of Revenue Act, 2013.

## 4.3 Weak structures affecting development plans

Execution of budgets by the County Governments has been affected by inadequate human resource capacity and weak systems which have resulted in poor implementation of development projects. This has further resulted in the failure by counties to meet statutory deadlines with regard to preparation and approval of CIDP, CFSP, and the Finance Bills.

Inadequate infrastructural capacity, weak internal audit systems, and inadequate management information systems in budgeting and finance have resulted in poor record keeping and inadequate financial controls. This has been exacerbated by delays in the appointment of chief officers in some counties and inadequate capacity building in public finance and procurement laws and regulations for the newly recruited officers. There is need to build the necessary human resource capacity as well as improve on the existing infrastructure to improve budget execution.

## 4.4 Failure to Report on Revenue from Devolved Units

Failure to report revenue generated from services offered by devolved units such as health facilities has posed a challenge in budget implementation in County Governments. This is because the devolved units do not report to the County Governments or the National Government on how much they have realised.

It is therefore recommended that revenue generated from devolved functions should be banked in the CRF and the collections for the period to March, 2014 be reconciled and audited to reflect the exact position of revenue performance by counties.

## 4.5 Weak Performance of MCAs in legislation and oversight on Public Finance Management

According to Article 185 of the Constitution, the County Assembly has the mandate to make laws that are necessary for, or incidental to the effective performance of the functions and exercise of the powers of the County Government under the Fourth Schedule. Article 185(3) further empowers the County Assembly to exercise oversight over the County executive committee and other organs. However, this should be done while respecting the

principle of separation of power.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

In the nine month period, the capacity of County Assemblies to perform the legislative function has been inadequate as observed in most counties. For instance, crucial bills such as the finance bills, which are key in the implementation of the budget have not been enacted. Similarly, the oversight role has not been effectively performed as evidenced by inadequate reporting and subsequent scrutiny of reports by the County Assembly. The County Assemblies are required to receive reports from the County Executive in addition to those prepared by the Auditor General and the Controller of Budget for effective oversight.

## 4.6 Non-Adherence to Circulars by County Governments

The Constitution, Public Finance Management, Act, 2012, County Government Act, 2012 and the Transition to Devolved Government Act, 2012 among other pieces of legislation have given specific mandates to Government Institutions, Constitutional Commissions, and Independent Offices on the affairs of the County Governments. Institutions such as the Transition Authority, Salaries and Remuneration Commission, Auditor General, Commission on Revenue Allocation, National Treasury and the Controller of Budget among others have specific mandates over the affairs of the county governments.

The Office has observed that counties have not adhered to circulars issued by the Commissions and Independent Offices such as; SRC's circulars on the remuneration and benefits of staff especially on allowances and other benefits dated 27th May, 2013 Ref No; SRC/TS/HRCOH/3/25, advice by SRC on management of wage bill contained in the circular dated 29th July, 2013 Ref No: SRC/TS/CGOVT/3/16, and the Transition Authority Circular on hiring of ward office employees by the County Assembly dated 28th January, 2014 Ref: TA/2/1, among others.

Counties are advised to ensure full compliance with all Government circulars as failure to comply negates the principle of public finance on prudent and proper use of public resources as articulated by Article 201 of the Constitution of Kenya, 2010 and may lead to delay in the release of funds.

## 4.7 Delays in the Reimbursement of Salaries Paid to Devolved Staff by the National Government

As at the end of March 2014, Counties had reimbursed a total of Kshs. 8 billion out of the Kshs. 24.2 billion due to the National Government for salaries paid to staff performing devolved functions at the Counties. This leaves a balance of Kshs. 16.2 billion that should be paid before the end of the financial year. The Counties should reimburse the remaining balance to ease the cash flow constraints being faced by some National Government ministries.

## 4.8 Failure to capture all transactions in IFMIS

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The OCOB has noted that some Counties have a backlog of financial transactions yet to be captured in IFMIS. In addition, financial transactions are being processed manually in some Counties, which is susceptible to manipulation and errors. Connectivity issues have been cited as the reason for the partial use of IFMIS. Counties should comply with Section 12 (1) (e) of the PFM Act, 2012 which requires all public institutions to carry out their transactions through a system prescribed by the National Treasury. This will ensure transparent financial management and standard financial reporting as contemplated by Article 226 of the Constitution.

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# 5.0 CONCLUSION

The County Governments have been in operation for one year. While some measures of success have been realized in budget implementation, some challenges identified in our previous reports persist and new ones have now emerged.

Previous reports have pointed out the need for strict adherence to the principles of public finance as espoused in the PFM Act, 2012. The Office of the Controller of Budget has once again noted with concern that some counties continue to spent funds at source in contravention of section 109 (2) of the PFM Act 2012 which requires the County Treasury to ensure that all money raised or received on behalf the County Government is deposited in the CRF.

The persistent underperformance in local revenue collection has also featured prominently in previous reports. Although some counties have revised their local revenue estimates, there is need for adoption of strong measures such as automated revenue systems to improve revenue collection and hence implementation of all planned programmes. Counties that are yet to approve their Finance Bills are encouraged to do so to provide a legal basis for local revenue collection from sources such as single business permit. There is also need to fast-track the appointment of receivers of revenue among the counties affected to ensure seamless operations within the revenue collection unit.

The Office has noted that some Counties continue to use manual accounting systems in the management of public funds. Although the National Treasury has recommended that all public transactions be processed through IFMIS and G-Pay systems, some Counties have difficulties in using these systems due to either capacity challenges or connectivity problems. The National Treasury should accelerate the process of addressing connectivity issues of the systems to improve transparency and accountability in the management of public finance at county level. County Governments are encouraged to liaise with National Treasury to build the necessary capacity in the use of IFMIS and G-pay.

Counties have made significant progress in setting up the necessary structures to improve service delivery. Most significantly, they have revised their budgets to align them with provisions contained in the Constitution of Kenya 2010, PFM Act, 2012, and other regulations to enhance budget implementation. Therefore, adherence to good practises in public finance as espoused in the law will play a crucial role in the success of the devolved system. However, there is need to address persistent and emerging challenges/ issues in order to realize the benefits of devolution. The successful implementation of the devolved system will be determined by the level of commitment from all stakeholders. Counties are encouraged to ensure that there is public participation during preparation and eventual execution of budgets. This will ensure that limited resources are directed towards programmes with significant positive impact to the public.

# 6.0 ANNEXES

## Annex 1: Funds Available to the Counties in the Period July 2013 to March, 2014 (Kshs.)

| COUNTY | FUNDS RELEASED FROM CONSOLIDATED FUND TO COUNTY REVENUE FUND | LOCAL REVENUE COLLECTION | OPENING BALANCE/ BALANCE B/F | TOTAL REVENUE FOR THE QUARTER | FUNDS RELEASED FROM COUNTY REVENUE FUND TO COUNTY OPERATIONAL ACCOUNTS |
|---|---|---|---|---|---|
| Baringo | 1,818,797,800 | 129,603,327 | 137,359,041 | 2,085,760,168 | 1,903,153,717 |
| Bomet | 2,272,141,491 | 136,639,240 | 133,500,000 | 2,542,280,731 | 2,294,299,235 |
| Bungoma | 3,143,870,353 | 139,476,282 | 757,552 | 3,284,104,187 | 2,812,213,064 |
| Busia | 2,228,249,430 | 199,247,163 | 51,109,995 | 2,478,606,588 | 2,104,033,762 |
| Elgeyo/Marakwet | 1,339,526,491 | 38,267,554 | | 1,377,794,045 | 1,228,409,129 |
| Embu | 1,717,503,272 | 87,111,734 | 68,265,374 | 1,872,880,380 | 1,873,664,481 |
| Garissa | 2,467,170,322 | 27,451,262 | 108,000,000 | 2,602,621,584 | 2,130,714,814 |
| Homa Bay | 2,308,000,702 | 98,868,686 | - | 2,406,869,388 | 2,380,093,008 |
| Isiolo | 1,251,926,668 | 100,941,986 | 5,906,049 | 1,358,774,703 | 1,070,852,030 |
| Kajiado | 1,807,349,521 | 209,544,248 | 38,290,000 | 2,055,183,769 | 1,509,744,505 |
| Kakamega | 3,823,015,803 | 150,548,896 | 75,236,444 | 4,048,801,143 | 3,957,015,803 |
| Kericho | 1,845,211,005 | 209,308,264 | 27,000,000 | 2,081,519,269 | 1,657,709,039 |
| Kiambu | 3,262,979,222 | 869,541,616 | 290,875,336 | 4,423,396,174 | 3,976,530,158 |
| Kilifi | 3,047,818,750 | 330,772,165 | 144,917,631 | 3,523,508,546 | 3,154,675,810 |
| Kirinyaga | 1,449,204,450 | 146,072,366 | 58,730,028 | 1,654,006,844 | 1,507,047,64[illegible] |
| Kisii | 3,023,697,397 | 171,819,011 | 22,897,709 | 3,218,414,117 | 3,158,078,34[illegible] |
| Kisumu | 2,548,523,346 | 466,653,547 | 179,520,796 | 3,194,697,689 | 2,386,414,20[illegible] |
| Kitui | 2,976,573,506 | 178,560,079 | 176,554,186 | 3,331,687,771 | 2,254,[illegible] |
| Kwale | 2,099,413,495 | 127,765,268 | 215,726,100 | 2,442,904,863 | 2,333,[illegible] |
| Laikipia | 1,412,887,301 | 178,825,087 | 78,117,438 | 1,669,829,826 | 1,502,[illegible]7,434 |
| Lamu | 840,422,857 | 18,750,058 | 63,619,707 | 922,792,622 | 754,[illegible]784,06[illegible] |
| Machakos | 3,339,036,587 | 866,245,472 | 77,444,107 | 4,282,726,166 | 4,108,591,44[illegible] |

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552 00200,
NAIROBI KENYA

| COUNTY | FUNDS RELEASED FROM CONSOLIDATED FUND TO COUNTY REVENUE FUND | LOCAL REVENUE COLLECTION | OPENING BALANCE/ BALANCE B/F | TOTAL REVENUE FOR THE QUARTER | FUNDS RELEASED FROM COUNTY REVENUE FUND TO COUNTY OPERATIONAL ACCOUNTS |
|---|---|---|---|---|---|
| Makueni | 2,445,093,885 | 116,576,369 | 72,549,269 | 2,634,219,523 | 2,141,954,218 |
| Mandera | 3,668,130,440 | 62,986,253 | 107,884,677 | 3,839,001,370 | 2,197,084,842 |
| Marsabit | 2,125,530,983 | 28,716,453 | | 2,154,247,436 | 2,217,081,373 |
| Meru | 2,762,253,606 | 208,049,622 | 150,000,000 | 3,120,303,228 | 2,570,688,909 |
| Migori | 2,390,693,365 | 164,610,162 | 5,696,471 | 2,560,999,998 | 2,561,000,000 |
| Mombasa | 2,361,038,383 | 1,380,538,883 | 199,891,249 | 3,941,468,515 | 3,262,328,282 |
| Murang'a | 2,193,741,464 | 319,849,458 | 112,669,383 | 2,626,260,305 | 2,445,956,502 |
| Nairobi City | 6,273,805,827 | 7,783,940,092 | 188,000,000.00 | 14,245,745,919 | 8,017,556,929 |
| Nakuru | 3,660,580,419 | 1,191,426,753 | 68,402,269 | 4,920,409,441 | 4,477,695,614 |
| Nandi | 1,947,625,023 | 82,673,509 | 55,200,000 | 2,085,498,532 | 1,743,636,696 |
| Narok | 2,165,850,586 | 1,251,077,620 | 15,743,447.65 | 3,432,671,653 | 3,474,579,991 |
| Nyamira | 1,701,640,510 | 33,249,925 | | 1,734,890,435 | 1,432,244,134 |
| Nyandarua | 1,764,116,082 | 82,864,422 | 62,000,000 | 1,908,980,504 | 1,598,736,900 |
| Nyeri | 2,036,330,227 | 285,749,656 | 239,173,659 | 2,561,253,542 | 2,439,068,275 |
| Samburu | 1,454,965,805 | 156,598,328 | 66,607,633 | 1,678,171,765 | 1,646,788,916 |
| Siaya | 2,046,004,427 | 71,754,853 | 138,797,574 | 2,256,556,854 | 1,803,275,957 |
| Taita/Taveta | 1,355,552,802 | 86,589,513 | 36,014,567 | 1,478,156,882 | 1,212,031,741 |
| Tana River | 1,632,023,988 | 24,334,609 | 67,107,637 | 1,723,466,234 | 1,400,610,33[illegible] |
| Tharaka -Nithi | 1,285,103,650 | 52,720,271 | 61,592,200 | 1,399,416,121 | 1,099,135,7[illegible] |
| Trans Nzoia | 2,088,729,791 | 131,004,090 | 58,691,027 | 2,278,424,908 | 2,22[illegible] |
| Turkana | 4,292,065,452 | 99,204,712 | 188,239,000 | 4,579,509,164 | 3,00[illegible] |
| Uasin Gishu | 2,126,112,065 | 417,101,256 | 188,239,000 | 2,731,452,320 | 2,23[illegible] |
| Vihiga | 1,585,676,087 | 77,455,761 | 128,400,535 | 1,791,532,383 | 1,50[illegible] |
| Wajir | 2,962,429,220.47 | 36,546,380 | 960,683.90 | 2,999,936,284 | 1,981,30[illegible] |
| West Pokot | 1,766,827,847 | 29,360,089 | 8,679,917 | 1,804,867,853 | 1,45[illegible]322,87[illegible] |
| **Total** | **110,115,241,701** | **19,056,992,349** | **4,174,367,690** | **133,346,601,741** | **110,208,118,385** |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73532 - 00200,
NAIROBI, KENYA

## Annex 2: Annual County Revenue FY 2013/2014 and Local Revenue for July 2013 to March 2014 (Kshs.)

| County name | Equitable share | Conditional Grant | Annual Local Revenue Target | Total Budgeted Revenue | Local Revenue as at 31st march 2014 | % of Local Revenue To Annual Local Revenue Target |
|---|---|---|---|---|---|---|
| Baringo | 3,247,853,214 | 382,555,501 | 360,000,000 | 3,990,408,715 | 129,603,327 | 36 |
| Bomet | 3,442,638,623 | 272,582,727 | 245,000,000 | 3,960,221,350 | 136,639,240 | 55.8 |
| Bungoma | 6,180,666,881 | 334,595,329 | 2,753,780,000 | 9,269,042,210 | 139,476,282 | 5.1 |
| Busia | 3,412,404,160 | 266,369,417 | 632,404,257 | 4,311,177,834 | 199,247,163 | 31.5 |
| Elgeyo/Marakwet | 2,392,011,591 | 744,501,814 | 85,000,000 | 3,221,513,405 | 38,267,554 | 45 |
| Embu | 2,807,082,690 | 557,198,402 | 659,165,345 | 4,023,446,437 | 87,111,734 | 13.2 |
| Garissa | 4,221,433,714 | 475,032,960 | 150,533,326 | 4,847,000,000 | 27,451,262 | 18.2 |
| Homa Bay | 4,121,429,825 | 1,604,785,613 | 140,678,820 | 5,866,894,258 | 98,868,686 | 70.3 |
| Isiolo | 2,235,583,336 | 187,893,545 | 360,000,000 | 2,783,476,881 | 100,941,986 | 28 |
| Kajiado | 3,227,409,858 | 284,382,199 | 517,000,000 | 4,028,792,057 | 209,544,248 | 40.5 |
| Kakamega | 6,515,510,757 | 840,702,017 | 3,500,000,000 | 10,856,212,774 | 150,548,896 | 4.3 |
| Kericho | 3,295,019,652 | 317,792,977 | 338,692,707 | 3,951,505,336 | 209,308,264 | 61.8 |
| Kiambu | 5,458,860,859 | 805,578,808 | 3,058,567,275 | 9,323,002,942 | 869,541,616 | 28.4 |
| Kilifi | 5,442,533,482 | 377,885,641 | 2,064,085,271 | 7,884,504,394 | 330,772,165 | 16.0 |
| Kirinyaga | 2,587,865,089 | 242,055,751 | 437,993,243 | 3,267,914,083 | 146,072,366 | 33.4 |
| Kisii | 5,188,303,957 | 635,954,331 | 1,229,194,738 | 7,053,453,026 | 171,819,011 | 14.0 |
| Kisumu | 4,155,298,066 | 711,380,679 | 3,417,121,255 | 8,283,800,000 | 466,653,547 | 13.7 |
| Kitui | 5,315,309,832 | 519,086,118 | 713,850,291 | 6,548,246,241 | 178,560,079 | 25 |
| Kwale | 3,748,952,670 | 280,447,997 | 642,361,019 | 4,671,761,686 | 127,765,268 | 19.9 |
| Laikipia | 2,523,013,037 | 234,821,897 | 557,173,528 | 3,315,008,462 | 178,825,087 | 32 |
| Lamu | 1,500,755,101 | 99,237,004 | 86,124,909 | 1,686,117,014 | 18,750,058 | 21.8 |
| Machakos | 4,950,617,060 | 523,080,848 | 2,541,819,152 | 8,015,517,060 | 866,245,472 | 34 |
| Makueni | 4,366,239,078 | 354,912,725 | 350,000,000 | 5,071,201,931 | 116,576,369 | 33.3 |

COUNTY ASSEMBLIES FORUM (CAF)
P.O. Box 73552-00200,
NAIROBI, KENYA

| County name | Equitable share | Conditional Grant | Annual Local Revenue Target | Total Budgeted Revenue | Local Revenue as at 31st march 2014 | % of Local Revenue To Annual Local Revenue Target |
|---|---|---|---|---|---|---|
| Mandera | 6,550,232,929 | 230,310,408 | 437,400,000 | 7,217,943,337 | 62,986,253 | 14.4 |
| Marsabit | 3,795,591,041 | 272,856,567 | 44,000,000 | 4,112,447,608 | 28,716,453 | 65.3 |
| Meru | 4,749,444,426 | 758,421,849 | 658,000,000 | 6,165,866,275 | 208,049,622 | 31.6 |
| Migori | 4,269,095,295 | 490,967,787 | 795,374,867 | 5,555,437,949 | 164,610,162 | 20.7 |
| Mombasa | 3,801,758,312 | 545,817,618 | 5,074,615,602 | 9,422,191,532 | 1,380,538,883 | 27.2 |
| Murang'a | 3,917,395,470 | 404,431,503 | 1,300,000,000 | 5,621,826,973 | 319,849,458 | 24.6 |
| Nairobi City | 9,505,766,405 | 390,470,421 | 15,448,045,417 | 25,344,282,243 | 7,783,940,092 | 50.4 |
| Nakuru | 5,936,313,837 | 1,024,998,693 | 3,076,738,273 | 10,038,050,803 | 1,191,426,753 | 38.7 |
| Nandi | 3,477,901,826 | 408,946,759 | 422,472,914 | 4,309,321,499 | 82,673,509 | 19.6 |
| Narok | 3,867,590,331 | 278,791,611 | 4,216,262,980 | 8,362,644,922 | 1,251,077,620 | 29.7 |
| Nyamira | 3,038,643,767 | 278,440,754 | 100,000,000 | 3,417,084,521 | 33,249,925 | 33.2 |
| Nyandarua | 3,150,207,289 | 284,911,755 | 204,700,039 | 3,639,819,083 | 82,864,422 | 40.5 |
| Nyeri | 3,254,175,229 | 817,147,697 | 479,050,914 | 4,550,373,840 | 285,749,656 | 59.6 |
| Samburu | 2,598,153,222 | 206,938,875 | 223,550,000 | 3,028,642,097 | 156,598,328 | 70.1 |
| Siaya | 3,653,579,334 | 318,012,871 | 153,000,000 | 4,124,592,205 | 71,754,853 | 46.9 |
| Taita/Taveta | 2,420,630,003 | 205,852,212 | 244,119,909 | 2,870,602,124 | 86,589,513 | 35.5 |
| Tana River | 2,914,328,550 | 204,478,573 | 87,290,000 | 3,206,097,123 | 24,334,609 | 27.9 |
| Tharaka -Nithi | 2,294,827,946 | 139,762,124 | 84,164,893 | 2,518,754,963 | 52,720,271 | 62.6 |
| Trans Nzoia | 3,729,874,627 | 193,134,230 | 501,503,926 | 4,424,512,783 | 131,004,090 | 26.1 |
| Turkana | 7,664,402,593 | 229,995,474 | 250,000,000 | 8,144,398,067 | 99,204,712 | 39.7 |
| Uasin Gishu | 3,796,628,687 | 270,261,206 | 1,946,800,000 | 6,013,689,893 | 417,101,256 | 21.4 |
| Vihiga | 2,831,564,441 | 196,974,298 | 204,274,739 | 3,232,813,478 | 77,455,761 | 37.9 |
| Wajir | 5,290,052,179 | 357,469,372 | 119,030,873 | 5,766,552,424 | 36,546,380 | 30.7 |
| West Pokot | 3,155,049,726 | 437,777,043 | 38,000,000 | 3,630,826,769 | 29,360,089 | 77.3 |
| **Total** | **190,000,000,000** | **20,000,000,000** | **60,948,940,482** | **270,948,990,610** | **19,056,992,349** | **31.4** |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73652 - 00200,
NAIROBI KENYA

## Annex 3: Analysis of County Budgets, Funds Released, Expenditure and Absorption Rates (Kshs. Millions)

| County | Gross Estimates | | | Funds Released | | | Expenditure | | | % of Expenditure to Gross Estimates | | | % of Expenditure to Exchequer Issues | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Recurrent Estimates | Development Estimates | Total | Recurrent | Development | Total | Recurrent | Development | Total | Recurrent | Development | Total | Recurrent | Development | Total |
| Baringo | 2,584.3 | 1,159.8 | 3,744.1 | 1,419.6 | 483.6 | 1,903.2 | 1,194.5 | 79.9 | 1,274.4 | 46.2% | 6.9% | 34.0% | 84.1% | 16.5% | 67.0% |
| Bomet | 1,810.4 | 2,011.4 | 3,821.8 | 1,314.7 | 979.6 | 2,294.3 | 1,120.2 | 835.5 | 1,955.7 | 61.9% | 41.5% | 51.2% | 85.2% | 85.3% | 85.2% |
| Bungoma | 5,178.5 | 3,675.4 | 8,853.9 | 2,018.4 | 793.8 | 2,812.2 | 1,665.0 | 181.7 | 1,846.7 | 32.2% | 4.9% | 20.9% | 82.5% | 22.9% | 65.7% |
| Busia | 2,595.4 | 1,708.1 | 4,303.5 | 1,469.0 | 635.0 | 2,104.0 | 1,474.1 | 122.6 | 1,596.7 | 56.8% | 7.2% | 37.1% | 100.3% | 19.3% | 75.9% |
| Elgeyo/ Marakwet | 1,818.4 | 785.2 | 2,603.7 | 964.9 | 263.5 | 1,228.4 | 748.2 | 49.5 | 797.7 | 41.1% | 6.3% | 30.6% | 77.5% | 18.8% | 64.9% |
| Embu | 2,814.6 | 1,208.8 | 4,023.4 | 1,509.7 | 364.0 | 1,873.7 | 912.7 | 10.8 | 923.5 | 32.4% | 0.9% | 23.0% | 60.5% | 3.0% | 49.3% |
| Garissa | 3,275.7 | 1,571.3 | 4,847.0 | 1,708.0 | 422.7 | 2,130.7 | 800.0 | 126.0 | 926.0 | 24.4% | 8.0% | 19.1% | 46.8% | 29.8% | 43.5% |
| Homa Bay | 3,183.5 | 2,131.2 | 5,314.7 | 1,624.6 | 755.5 | 2,380.1 | 1,490.5 | 231.8 | 1,722.3 | 46.8% | 10.9% | 32.4% | 91.7% | 30.7% | 72.4% |
| Isiolo | 1,740.7 | 1,043.9 | 2,784.6 | 951.9 | 119.0 | 1,070.9 | 572.4 | 47.0 | 619.4 | 32.9% | 4.5% | 22.2% | 60.1% | 39.5% | 57.8% |
| Kajiado | 2,515.6 | 1,242.6 | 3,758.2 | 1,345.2 | 164.5 | 1,509.7 | 1,324.4 | 100.8 | 1,425.1 | 52.6% | 8.1% | 37.9% | 98.4% | 61.2% | 94.4% |
| Kakamega | 6,100.8 | 7,104.8 | 13,205.6 | 2,295.4 | 1,661.7 | 3,957.0 | 1,858.1 | 917.7 | 2,775.8 | 30.5% | 12.9% | 21.0% | 81.0% | 55.2% | 70.1% |
| Kericho | 2,448.6 | 1,184.0 | 3,632.6 | 1,161.8 | 495.9 | 1,657.7 | 1,461.8 | 260.9 | 1,722.6 | 59.7% | 22.0% | 47.4% | 125.8% | 52.6% | 103.9% |
| Kiambu | 6,511.9 | 2,811.1 | 9,323.0 | 3,479.5 | 497.0 | 3,976.5 | 3,010.4 | 280.7 | 3,291.1 | 46.2% | 10.0% | 35.3% | 86.5% | 56.5% | 82.7% |
| Kilifi | 4,610.6 | 2,090.6 | 6,701.2 | 2,195.1 | 959.6 | 3,154.7 | 1,991.5 | 366.7 | 2,358.1 | 43.2% | 17.5% | 35.2% | 90.7% | 38.2% | 74.7% |
| Kirinyaga | 2,278.7 | 989.2 | 3,268.0 | 1,128.5 | 378.6 | 1,507.0 | 970.8 | 94.1 | 1,064.9 | 42.6% | 9.5% | 32.6% | 86.0% | 24.8% | 70.7% |
| Kisii | 4,247.4 | 2,805.8 | 7,053.2 | 2,112.9 | 1,045.2 | 3,158.1 | 1,696.2 | 536.1 | 2,232.4 | 39.9% | 19.1% | 31.7% | 80.3% | 51.3% | 70.7% |
| Kisumu | 5,868.3 | 2,476.7 | 8,345.0 | 1,955.4 | 431.1 | 2,386.4 | 1,970.5 | 21.7 | 1,992.2 | 33.6% | 0.9% | 23.9% | 100.8% | 5.0% | 83.4% |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| County | Gross Estimates | | | Funds Released | | | Expenditure | | | % of Expenditure to Gross Estimates | | | % of Expenditure to Exchequer Issues | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Recurrent Estimates | Development Estimates | Total | Recurrent | Development | Total | Recurrent | Development | Total | Recurrent | Development | Total | Recurrent | Development | Total |
| Kitui | 3,716.1 | 2,832.1 | 6,548.2 | 1,883.2 | 371.4 | 2,254.6 | 1,529.6 | 107.7 | 1,637.3 | 41.2% | 3.8% | 25.0% | 81.2% | 29.0% | 72.6% |
| Kwale | 2,869.6 | 1,521.7 | 4,391.4 | 1,370.4 | 963.5 | 2,333.9 | 1,102.0 | 142.2 | 1,244.2 | 38.4% | 9.3% | 28.3% | 80.4% | 14.8% | 53.3% |
| Laikipia | 2,352.1 | 962.7 | 3,314.8 | 1,087.7 | 415.2 | 1,502.9 | 1,153.2 | 122.4 | 1,275.6 | 49.0% | 12.7% | 38.5% | 106.0% | 29.5% | 84.9% |
| Lamu | 1,148.1 | 500.5 | 1,648.5 | 555.0 | 199.8 | 754.8 | 436.7 | - | 436.7 | 38.0% | 0.0% | 26.5% | 78.7% | 0.0% | 57.9% |
| Machakos | 3,856.1 | 4,159.5 | 8,015.7 | 2,504.3 | 1,604.3 | 4,108.6 | 2,103.6 | 1,439.2 | 3,542.8 | 54.6% | 34.6% | 44.2% | 84.0% | 89.7% | 86.2% |
| Makueni | 3,105.1 | 1,966.1 | 5,071.2 | 1,401.7 | 740.3 | 2,142.0 | 1,077.2 | 108.9 | 1,186.1 | 34.7% | 5.5% | 23.4% | 76.8% | 14.7% | 55.4% |
| Mandera | 3,009.1 | 3,978.6 | 6,987.6 | 1,877.1 | 320.0 | 2,197.1 | 1,117.7 | - | 1,117.7 | 37.1% | 0.0% | 16.0% | 59.5% | 0.0% | 50.9% |
| Marsabit | 2,152.6 | 1,687.4 | 3,840.0 | 1,329.1 | 888.0 | 2,217.1 | 789.4 | 147.1 | 936.6 | 36.7% | 8.7% | 24.4% | 59.4% | 16.6% | 42.2% |
| Meru | 2,791.1 | 2,890.6 | 5,681.7 | 1,970.0 | 600.7 | 2,570.7 | 2,179.3 | 188.7 | 2,368.0 | 78.1% | 6.5% | 41.7% | 110.6% | 31.4% | 92.1% |
| Migori | 3,874.7 | 1,656.0 | 5,530.7 | 1,876.0 | 685.0 | 2,561.0 | 1,625.6 | 169.3 | 1,794.9 | 42.0% | 10.2% | 32.5% | 86.7% | 24.7% | 70.1% |
| Mombasa | 6,975.7 | 4,710.3 | 11,686.0 | 3,050.9 | 211.4 | 3,262.3 | 2,669.3 | - | 2,669.3 | 38.3% | 0.0% | 22.8% | 87.5% | 0.0% | 81.8% |
| Murang'a | 2,721.9 | 2,899.9 | 5,621.9 | 1,339.8 | 1,106.1 | 2,446.0 | 1,419.5 | 523.8 | 1,943.4 | 52.2% | 18.1% | 34.6% | 105.9% | 47.4% | 79.5% |
| Nairobi City | 17,625.7 | 7,599.5 | 25,225.2 | 6,541.7 | 1,475.9 | 8,017.6 | 11,831.9 | 1,191.1 | 13,023.0 | 67.1% | 15.7% | 51.6% | 180.9% | 80.7% | [illegible] |
| Nakuru | 7,141.6 | 2,896.5 | 10,038.0 | 3,875.8 | 601.9 | 4,477.7 | 3,221.5 | 81.7 | 3,303.2 | 45.1% | 2.8% | 32.9% | 83.1% | 13.6% | 73.[illegible] |
| Nandi | 2,657.4 | 1,242.4 | 3,899.8 | 1,390.9 | 352.7 | 1,743.6 | 1,204.6 | 86.2 | 1,290.8 | 45.3% | 6.9% | 33.1% | 86.6% | 24.4% | [illegible] |
| Narok | 5,681.2 | 2,402.6 | 8,083.9 | 2,796.5 | 678.1 | 3,474.6 | 2,408.8 | 115.9 | 2,524.6 | 42.4% | 4.8% | 31.2% | 86.1% | 17.1% | [illegible] |
| Nyamira | 1,763.1 | 1,652.6 | 3,415.7 | 1,167.2 | 265.0 | 1,432.2 | 1,046.3 | 274.7 | 1,320.9 | 59.3% | 16.6% | 38.7% | 89.6% | 103.6% | [illegible] |
| Nyandarua | 1,764.1 | 1,875.8 | 3,639.9 | 1,190.0 | 408.8 | 1,598.7 | 1,117.6 | 187.5 | 1,305.1 | 63.4% | 10.0% | 35.9% | 93.9% | 45.9% | [illegible] |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 76552 - 00200
NAIROBI, KENYA

| County | Gross Estimates | | | Funds Released | | | Expenditure | | | % of Expenditure to Gross Estimates | | | % of Expenditure to Exchequer Issues | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Recurrent Estimates | Develop-ment Estimates | Total | Recurrent | Develop-ment | Total | Recur-rent | Develop-ment | Total | Recur-rent | Devel-opment | Total | Recur-rent | Devel-opment | Total |
| Nyeri | 2,638.7 | 1,911.7 | 4,550.4 | 1,722.9 | 716.2 | 2,439.1 | 1,392.1 | 375.7 | 1,767.9 | 52.8% | 19.7% | 38.9% | 80.8% | 52.5% | 72.5% |
| Samburu | 1,940.5 | 965.9 | 2,906.5 | 1,261.1 | 385.7 | 1,646.8 | 731.2 | 150.6 | 881.8 | 37.7% | 15.6% | 30.3% | 58.0% | 39.0% | 53.5% |
| Siaya | 2,944.9 | 1,319.2 | 4,264.1 | 1,397.6 | 405.7 | 1,803.3 | 921.0 | 95.8 | 1,016.8 | 31.3% | 7.3% | 23.8% | 65.9% | 23.6% | 56.4% |
| Taita/ Taveta | 1,940.6 | 918.3 | 2,858.9 | 1,043.9 | 168.2 | 1,212.0 | 782.2 | 116.9 | 899.1 | 40.3% | 12.7% | 31.5% | 74.9% | 69.5% | 74.2% |
| Tana River | 2,026.6 | 1,179.5 | 3,206.1 | 911.1 | 495.5 | 1,406.6 | 720.9 | 41.4 | 762.3 | 35.6% | 3.5% | 23.8% | 79.1% | 8.4% | 54.2% |
| Tharaka -Nithi | 1,546.4 | 972.2 | 2,518.6 | 849.1 | 250.1 | 1,099.1 | 748.9 | 200.2 | 949.1 | 48.4% | 20.6% | 37.7% | 88.2% | 80.0% | 86.3% |
| Trans Nzoia | 3,062.6 | 1,361.9 | 4,424.5 | 1,503.5 | 724.2 | 2,227.7 | 1,458.7 | 196.1 | 1,654.8 | 47.6% | 14.4% | 37.4% | 97.0% | 27.1% | 74.3% |
| Turkana | 4,157.9 | 3,987.2 | 8,145.1 | 1,624.4 | 1,377.8 | 3,002.2 | 1,378.3 | 911.2 | 2,289.5 | 33.1% | 22.9% | 28.1% | 84.8% | 66.1% | 76.3% |
| Uasin Gishu | 3,781.1 | 1,946.8 | 5,727.9 | 1,749.7 | 488.2 | 2,238.0 | 1,398.3 | 70.1 | 1,468.4 | 37.0% | 3.6% | 25.6% | 79.9% | 14.4% | 65.6% |
| Vihiga | 2,274.3 | 989.6 | 3,263.9 | 1,149.8 | 350.9 | 1,500.7 | 859.4 | 95.4 | 954.8 | 37.8% | 9.6% | 29.3% | 74.7% | 27.2% | 63.6% |
| Wajir | 2,698.0 | 2,715.6 | 5,413.6 | 1,467.4 | 513.9 | 1,981.3 | 1,116.4 | 500.9 | 1,617.3 | 41.4% | 18.4% | 29.9% | 76.1% | 97.5% | 81.6% |
| West Pokot | 1,982.1 | 1,649.1 | 3,631.3 | 1,044.6 | 406.7 | 1,451.3 | 814.7 | 186.2 | 1,000.8 | 41.1% | 11.3% | 27.6% | 78.0% | 45.8% | 69.0% |
| **Total** | **165,782.4** | **103,351.8** | **269,134.2** | **81,586.8** | **28,621.3** | **110,208.1** | **74,617.1** | **12,090.4** | **86,707.5** | **45.0%** | **11.7%** | **32.2%** | **91.5%** | **42.2%** | [illegible] |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

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