OFFICE OF THE CONTROLLER OF BUDGET

REPUBLIC OF KENYA

COUNTY GOVERNMENTS
BUDGET IMPLEMENTATION REVIEW REPORT

FY 2024/25

AUGUST, 2025

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FOREWORD

The FY 2024/2025 County Governments Budget Implementation Review Report (CBIRR) provides a thorough analysis of the budget performance of the forty-seven County Governments. It examines various aspects, including receipts to the County Revenue Fund, issues related to the exchequer, expenditures, and funds absorption relative to the approved budget. Additionally, the report tracks pending bills and revenue arrears. It identifies key issues that hindered budget implementation during the FY 2024/2025 and offers recommendations to address these challenges.

This report is prepared per Article 228 (6) of the Constitution, which mandates the Controller of Budget to submit a report on the implementation of the budgets of the National and County Governments to each House of Parliament every four months. Furthermore, it aligns with Section 9 of the Controller of Budget Act, 2016, which outlines the required contents of budget implementation reports. The report serves as a means for the Controller of Budget to disseminate information about budget implementation at the County Government level, as stipulated in Section 39 (8) of the Public Finance Management Act, 2012.

To compile this report, financial and non-financial data were reviewed and analysed, including reports submitted to the Controller of Budget under Sections 166 and 168 of the Public Finance Management Act. It draws on data from the Integrated Financial Management Information System and the approved budgets for FY 2024/2025. Continuous monitoring of budget implementation by the Office of the Controller of Budget further enhances the findings of this report.

This report will be valuable to the Legislature and Executive branches of County Governments and the public by increasing awareness of budget implementation and improving the management of public funds. I encourage the public and other stakeholders to use this report to scrutinise how County Governments are utilising public funds.

The preparation of this report was made possible through the dedication and hard work of the Controller of Budget staff and County Government personnel, whom I would like to acknowledge and greatly appreciate.

The report is also available at https://cob.go.ke/

FCPA Dr Margaret Nyakang'o, CBS

CONTROLLER OF BUDGET

EXECUTIVE SUMMARY

This County Budget Implementation Review Report for FY 2024/25 covers July 2024 to June 2025. It is prepared in compliance with Article 228(6) of the Constitution of Kenya, 2010, and Section 9 of the Controller of Budget Act, 2016. The report reviews budget implementation for each of the 47 County Governments by assessing revenue collection and expenditure performance. It also highlights the common/crosscutting challenges encountered during budget implementation and offers recommendations for addressing these issues.

In FY 2024/25, the County Assemblies approved a combined budget for the County Governments amounting to Kshs.601.69 billion. Of this, Kshs.218.99 billion (36 per cent) was allocated to development expenditure, and Kshs.382.70 billion (64 per cent) was allocated to recurrent expenditure. The allocation for development expenditure conformed to Section 107(2)(b) of the PFM Act, 2012, which stipulated that at least 30 per cent of the budget should be allocated for development expenditure.

To fund the FY 2024/25 budgets, the County Governments expected to receive Kshs.387.43 billion as the equitable share of revenue raised nationally; Kshs.30.83 billion in arrears of the equitable share of revenue raised nationally for June 2024, relating to FY 2023/24; projected to raise Kshs.87.67 billion from own sources of revenue, which comprised Kshs.20.77 billion from the Facility Improvement Fund (FIF)/Appropriation in Aid (A-I-A) and Kshs.66.90 billion from ordinary revenue collections; and projected Kshs.24.92 billion of unspent funds carried forward from FY 2023/24. Additionally, the Counties expected to receive Kshs.70.84 billion as County additional allocations from the National Government and Development Partners.

The actual total funds available to the County Governments in FY 2024/25 amounted to Kshs.533.52 billion. These included Kshs.387.43 billion as the equitable share of revenue raised nationally, and authorised for withdrawal from the Consolidated Fund to respective County Revenue Funds (CRF) accounts by the Controller of Budget in accordance with Article 206(4) of the Constitution; Kshs.30.83 billion in arrears for June 2024, relating to FY 2023/24 equitable share of revenue raised nationally; Kshs.24.86 billion as additional allocations; Kshs.23.14 billion as cash balances brought forward from FY 2023/24; and Kshs.67.30 billion as revenue generated from own sources, which included the Facility Improvement Fund (FIF)/Appropriation in Aid (A-I-A) of Kshs.24.59 billion.

In FY 2024/25, the County Governments generated Kshs.67.30 billion from local revenue sources, accounting for 77 per cent of their cumulative annual local revenue target of Kshs.87.67 billion. This represented a 62.6 per cent increase compared to Kshs.41.40 billion realised in FY 2023/24. The following Counties exceeded their annual local revenue collection targets: Kisii at 178 per cent, Tana River at 133 per cent, Mandera and Wajir both at 123 per cent, Kirinyaga at 122 per cent, Garissa at 120 per cent, Vihiga at 117 per cent, Samburu at 110 per cent, Meru at 106 per cent, Elgeyo Marakwet at 104 per cent, and Homa Bay at 101 per cent. This increase was attributed to various factors, including underbudgeting, a complete lack of budgeting for the Facility Improvement Fund (FIF), revamped revenue streams, and the increased automation of revenue collection processes.

In contrast, some Counties recorded own-source revenue (OSR) performance of less than 70 per cent, including Nairobi City at 66 per cent, Kakamega, Kisumu, and Bungoma each at 65 per cent, Taita Taveta at 64 per cent, Isiolo at 58 per cent, Machakos at 56 per cent, Kajiado at 55 per cent, and Siaya at 47 per cent.

As of June 30, 2025, County Governments reported a total of Kshs.124.95 billion in outstanding revenue arrears. This sum encompasses ordinary OSR arrears of Kshs.112.47 billion, Kshs.7.46 billion from the Social Health Insurance Fund, and Kshs.5.01 billion from the defunct National Health Insur-

ance Fund. Nairobi City County accounted for the highest share of these arrears, totalling Kshs.63.52 billion, representing 51 per cent of the overall arrears, followed by Mombasa (Kshs.13.75 billion), Nakuru (Kshs.12.59 billion), and Kajiado (Kshs.12.09 billion).

In FY 2024/25, the Controller of Budget authorised withdrawals of Kshs.418.26 billion from the Consolidated Fund to various CRF accounts, representing the Counties' equitable share of revenue raised nationally, per Article 206(4) of the Constitution of Kenya, 2010. This amount included Kshs.30.83 billion in arrears for June 2024, relating to the FY 2023/24 equitable share of revenue raised nationally.

The Controller of Budget further authorised withdrawals of Kshs.472.15 billion from the CRF accounts to the County Operational Accounts for the County Governments in accordance with Article 207(3) of the Constitution of Kenya, 2010. Of this amount, Kshs.348.04 billion (74 per cent) was for recurrent expenditure and Kshs.124.11 billion (26 per cent) was for development expenditure. This represented an increase of 4 per cent from Kshs . 451.21 billion, authorised in FY 2023/24.

During the reporting period, County Governments allocated Kshs.470.74 billion in total expenditures, comprising Kshs.346.98 billion (74 per cent) for recurrent activities and Kshs.123.76 billion (26 per cent) for development initiatives. This resulted in an overall budget absorption rate of 78 per cent, a slight decline from the 80 per cent absorption rate recorded in the same period of FY 2023/24, when cumulative expenditures were Kshs.446.76 billion against a budget of Kshs.562.75 billion. Counties achieving the highest absorption rates included Nandi (98 per cent), Narok (90 per cent), and West Pokot, Meru, and Trans Nzoia (89 per cent). Conversely, some Counties, namely Kwale, Nakuru, Kisii, Isiolo, and Kisumu, recorded the lowest aggregate absorption rates at 68 per cent, 67 per cent, 66 per cent, 63 per cent, and 62 per cent, respectively.

Recurrent expenditures totalled Kshs.346.98 billion, representing 91 per cent of the annual budget for recurrent activities. This is consistent with the absorption rate of 91 per cent in FY 2023/24, where recurrent spending was Kshs.337.53 billion. Of the total recurrent expenditure, Kshs.220.64 billion was incurred for employee compensation, while Kshs.126.34 billion (36 per cent) was incurred for operations and maintenance.

The County Assemblies reported expenditures of Kshs.1.57 billion on MCAs' sitting allowances, equivalent to 87 per cent of the approved budget of Kshs.1.80 billion for FY 2024/25, reflecting a slight improvement from the previous fiscal year.

Development expenditures reached Kshs.123.76 billion, demonstrating a 57 per cent absorption rate of the annual development budget of Kshs.218.99 billion—a decrease from the previous year's 58 per cent. The Counties that attained the highest absorption rates of their respective approved development budgets included Nandi at 90 per cent, Trans Nzoia at 77 per cent, Narok at 74 per cent, Meru at 73 per cent, and Kericho, Mandera, and Kirinyaga each at 72 per cent. In contrast, the Counties with the lowest absorption rates of their respective approved development budgets included Machakos at 41 per cent, Kisii at 40 per cent, Elgeyo Marakwet at 39 per cent, Kiambu and Nyamira each at 37 per cent, and Nairobi City and Kisumu each at 29 per cent.

As of June 30, 2025, the outstanding stock of pending bills amounted to Kshs.183.06 billion, marking a1 per cent increase from Kshs.181.98 billion in FY 2023/24. This reduction was primarily attributable to the reconciliation of pending bills in Nairobi City County, which decreased by Kshs.39.78 billion. Significant pending bill balances were reported by Nairobi City (Kshs.86.77 billion), Kiambu (Kshs.7.89 billion), and Machakos (Kshs.6.73 billion). In contrast, Narok's pending bill data was incomplete, hindering a comprehensive assessment of compliance and progress.

In FY 2024/25, the Controller of Budget identified critical challenges impeding effective budget execution across County Governments. Key issues include significant underperformance in Own Source Revenue, where Counties missed their target of Kshs.87.67 billion by 23 per cent. High revenue arrears of Kshs.124.95 billion, exacerbating fiscal pressures. Overreliance on the Facility Improvement Fund, which accounted for over 50 per cent of OSR for many Counties, poses a risk to financial sustainability. Additionally, pending bills soared to Kshs.176.80 billion, with over half being under three years old. At the same time, development expenditures remained alarmingly low, as 23 Counties failed to meet the 30 per cent threshold.

The expenditure landscape reveals excessive spending on employee compensation, with only eight Counties staying within the 35 per cent regulatory ceiling. Furthermore, the health sector's wage bill accounts for 44 per cent of total expenditures, raising concerns about financial management. Other challenges include lapsing fund regulations, non-compliance with account opening legislation, and delays submitting mandatory financial reports.

To rectify these issues in subsequent financial years, the Controller of Budget recommends the following strategic actions for County Governments: Develop realistic strategies to expand OSR and reduce reliance on the Facility Improvement Fund; establish mechanisms to collect outstanding revenues and amend legislation to incorporate pending bills into public debt definitions, ensure enhanced fiscal accountability; adhere strictly to legal spending limits, particularly on employee compensation, and prioritize sustainable development by effectively implementing growth-oriented programmes; review and revise outdated fund regulations to prevent disruptions and halt expenditures from lapsed funds.

During FY 2024/25, monitoring and evaluation by the Controller of Budget across 36 County Governments revealed mixed project outcomes. While some initiatives progressed on schedule, others faced significant delays and contract management weaknesses. Also, challenges were observed in the procurement of medical supplies. Additionally, evaluations of equalisation-funded projects raised concerns regarding their effectiveness and ability to bridge service delivery gaps. Ultimately, the Controller of Budget's recommendations focus on cultivating fiscal responsibility and enhancing operational transparency, ensuring County Governments can navigate these challenges and drive sustainable growth for their communities.

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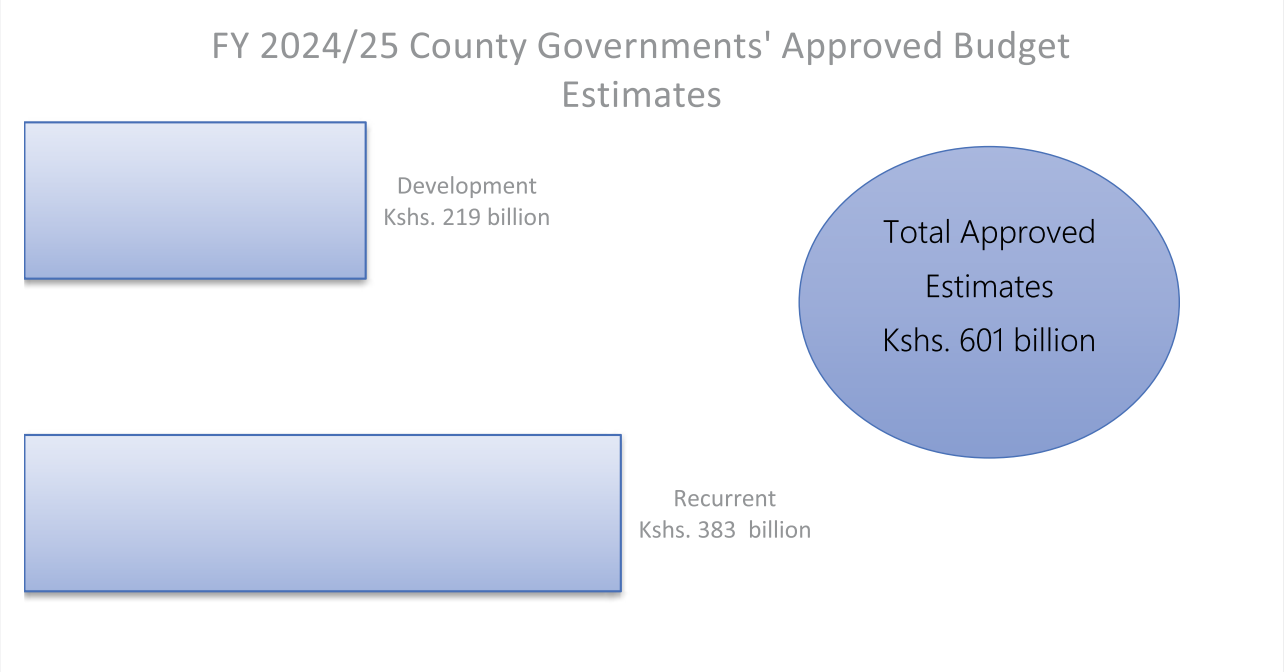
ACRONYMS

AIA	Appropriation in Aid
ASDSP	Agriculture Sector Development Support Programme
CAIP	County Aggregation and Industrial Parks
CARA	County Allocation Revenue Act
CBIRR	County Budget Implementation Review Report
CGAAA	County Governments Additional Allocation Act
CHP/V	Community Health Promoters/ Volunteers
CoB	Controller of Budget
CPF	County Pension Fund
CRF	County Revenue Fund
DANIDA	Danish International Development Agency (Primary Health Care)
Dev	Development
DRPNK	Drought Resilience Programme in Northern Kenya
ELRP	Emergency Locust Response Project
FIF	Facility Improvement Fund/ Financing
FLLoCA	Financing Locally – Led Climate Action Programme
FSRP	Food System Resilience Project
FY	Financial Year
GHRIS	Government Human Resources Information System
IB	Internet Banking
IDA	International Development Association
IDEAs	Instrument for Devolution Advice and Support
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management System
IPPD	Integrated Payroll and Personnel Database
KABDP	Kenya Agricultural Business Development Project
KDSP	Kenya Devolution Support Programme
KeLCoP	Kenya Livestock Commercialisation Project
KUSP	Kenya Urban Support Project
MCA	Member of the County Assembly
NAVCDP	National Agricultural Value Chain Development Project
NHIF	National Health Insurance Fund
O&M	Operational and Maintenance
OCoB	Office of the Controller of Budget
OSR	Own Source Revenue
PBB	Programme-Based Budget
PE	Personnel Emoluments
PFM	Public Finance Management

Rec	Recurrent
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
SPA	Special Purpose Account
UNFPA	United Nations Fund for Population Activities

KEY HIGHLIGHTS



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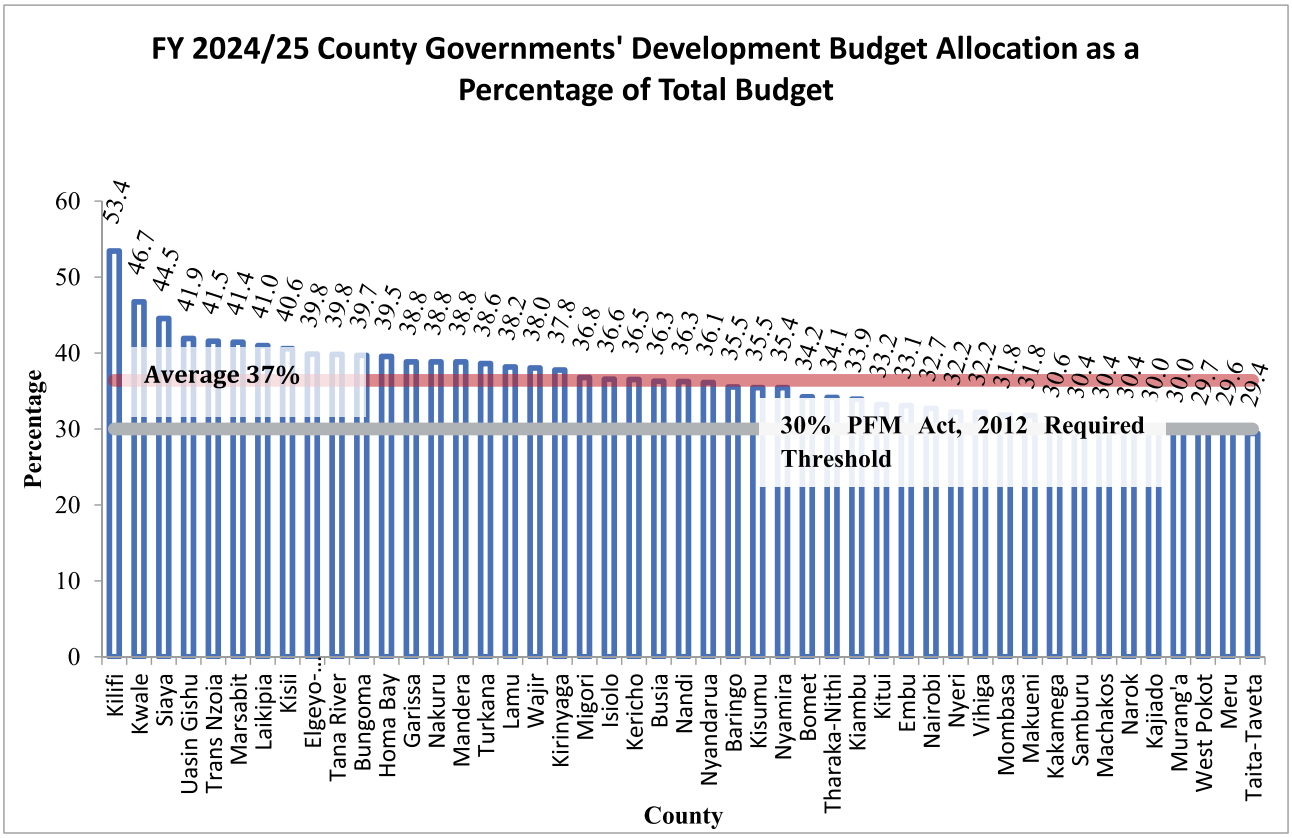

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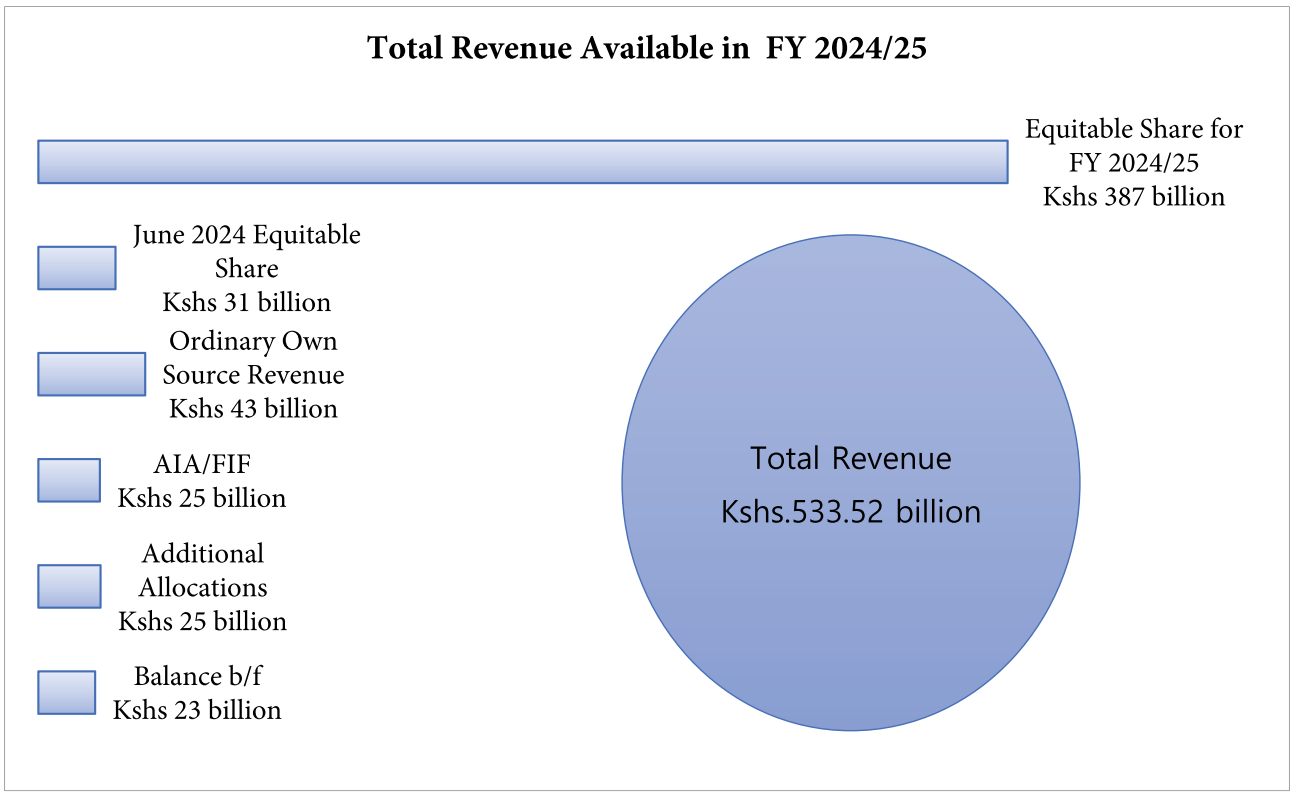

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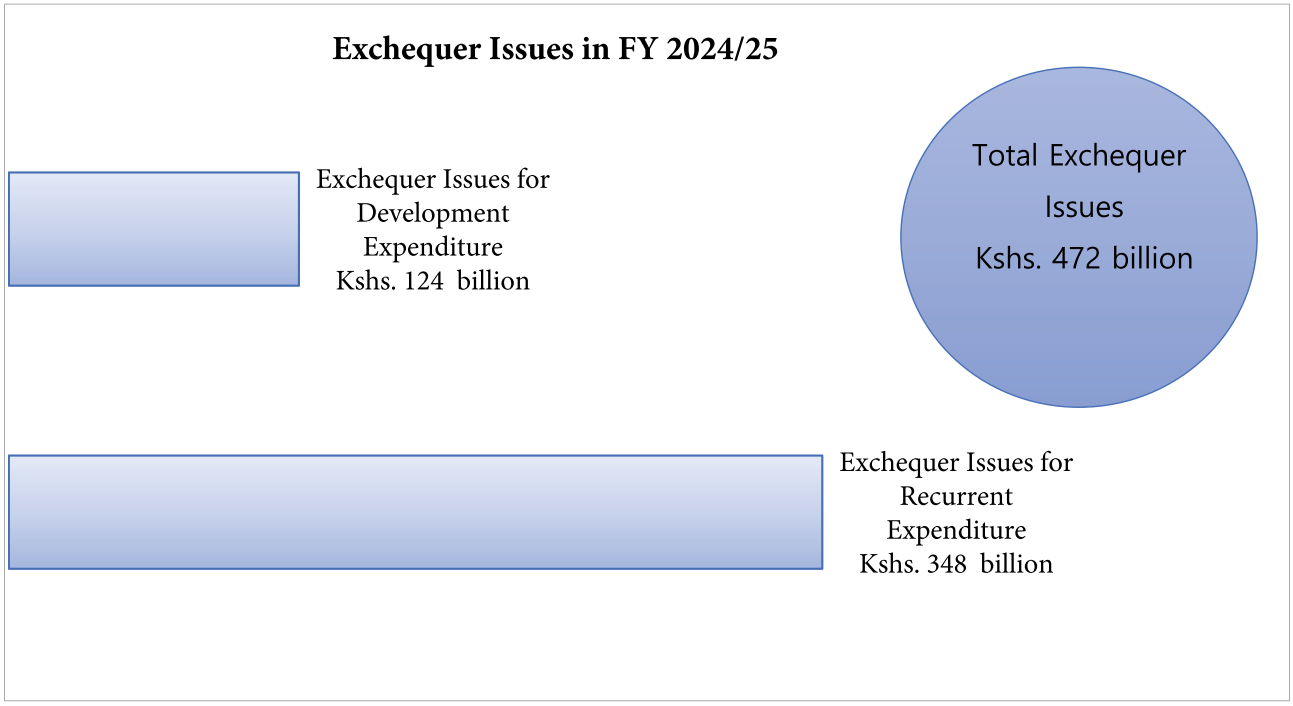

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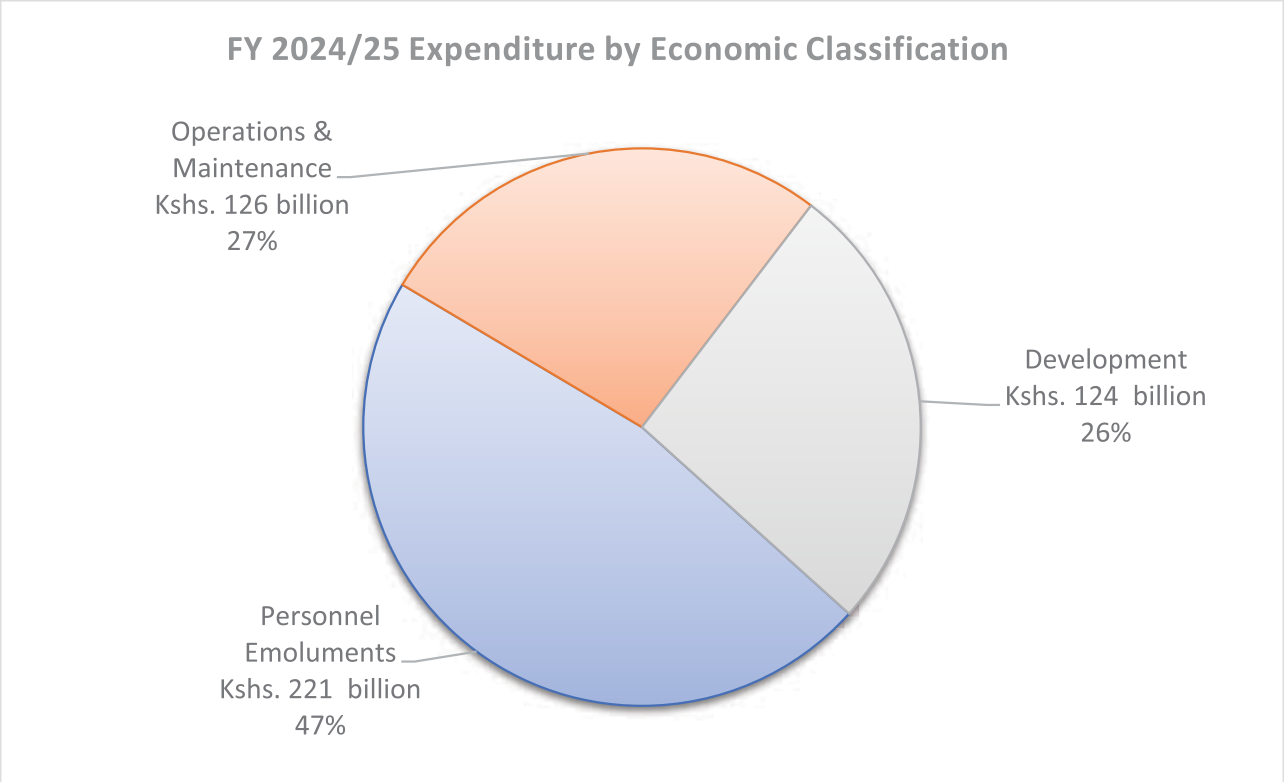

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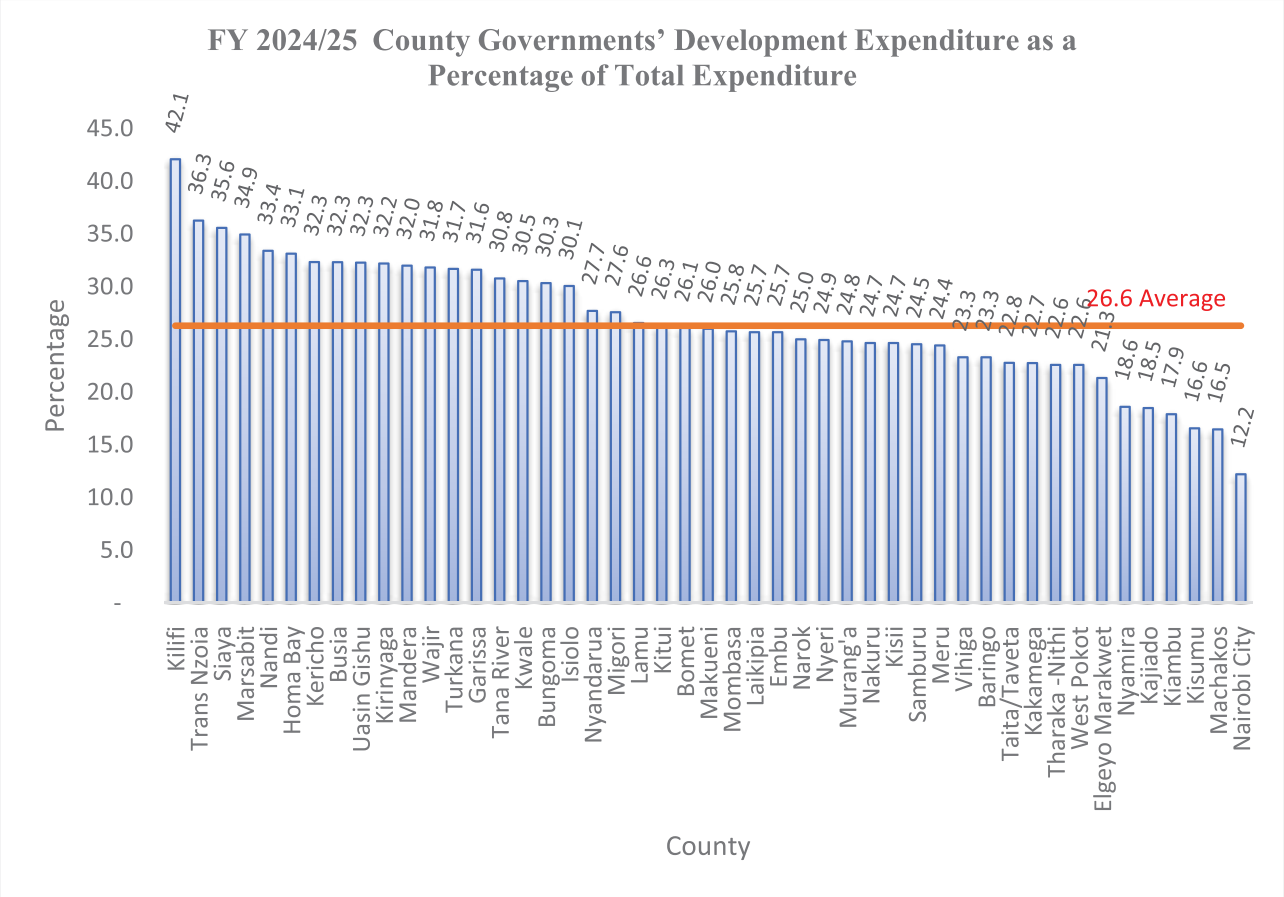

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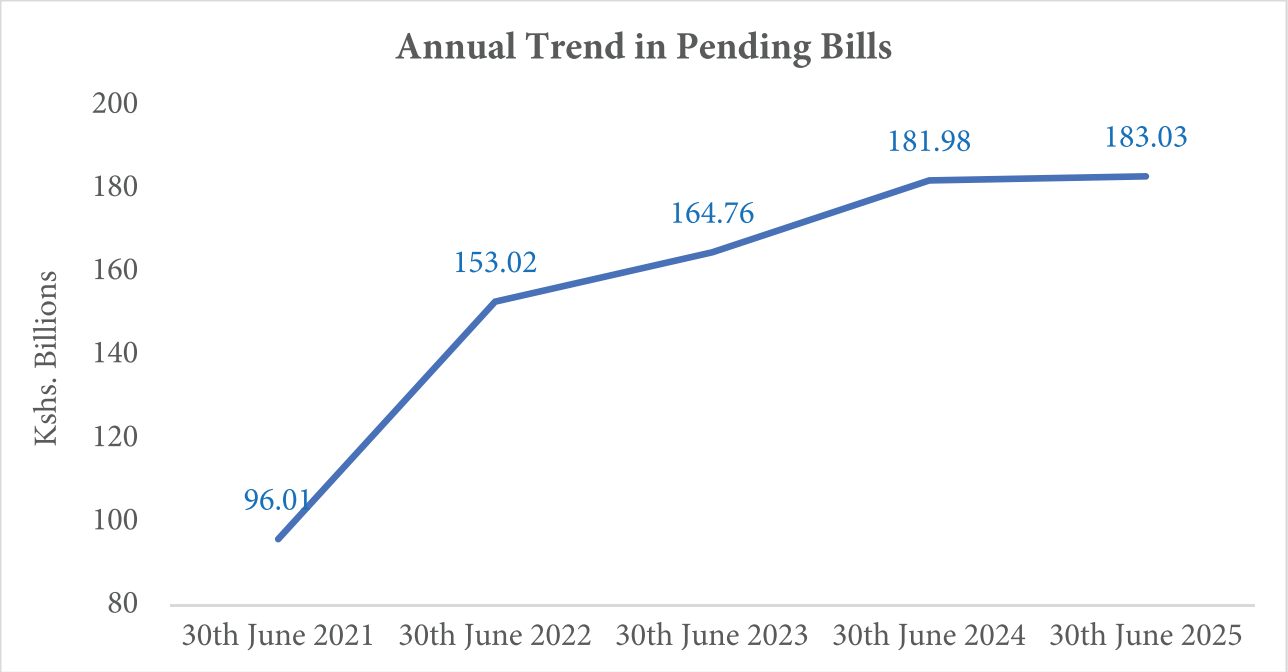

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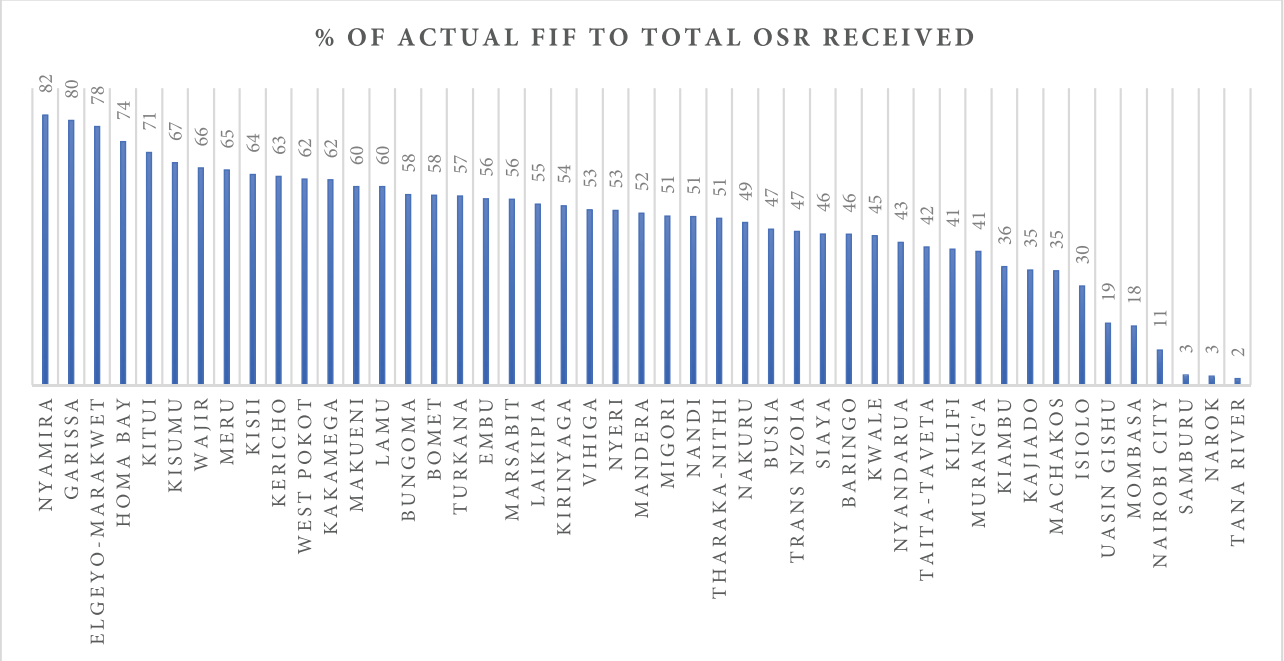

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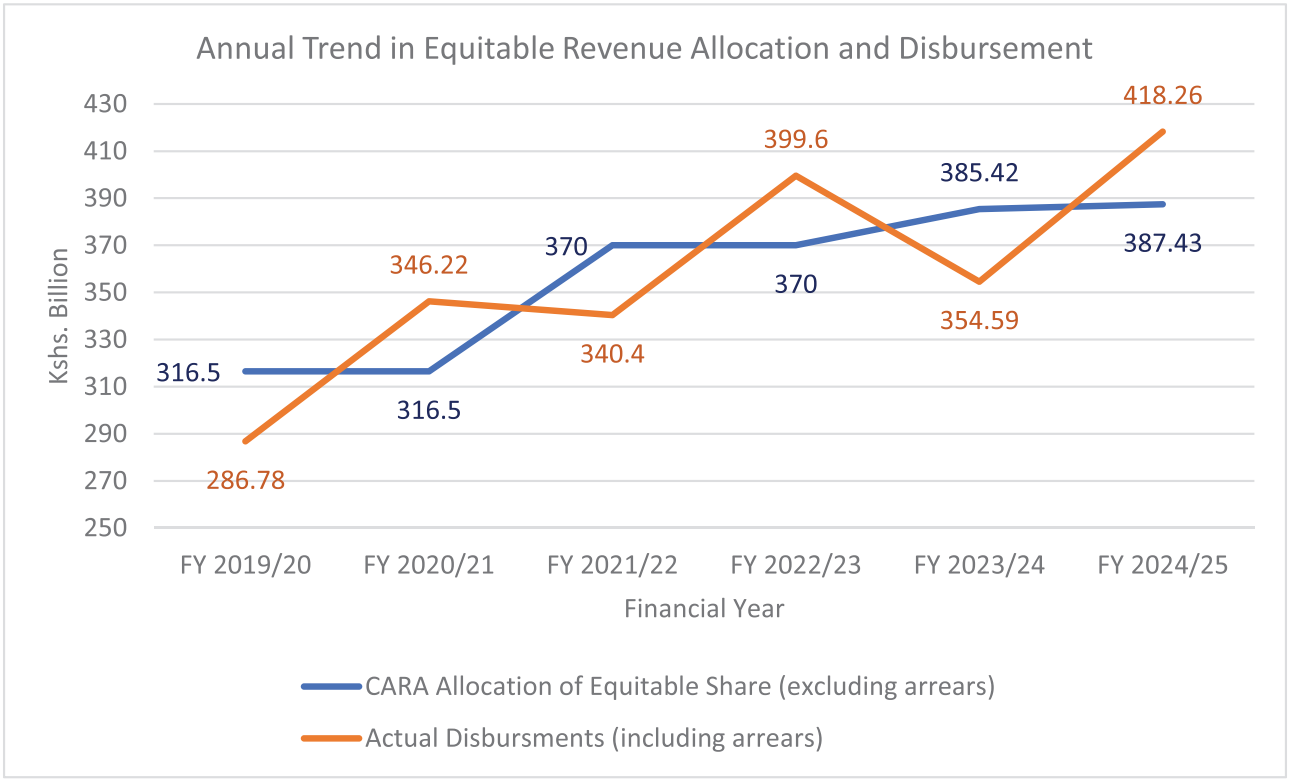
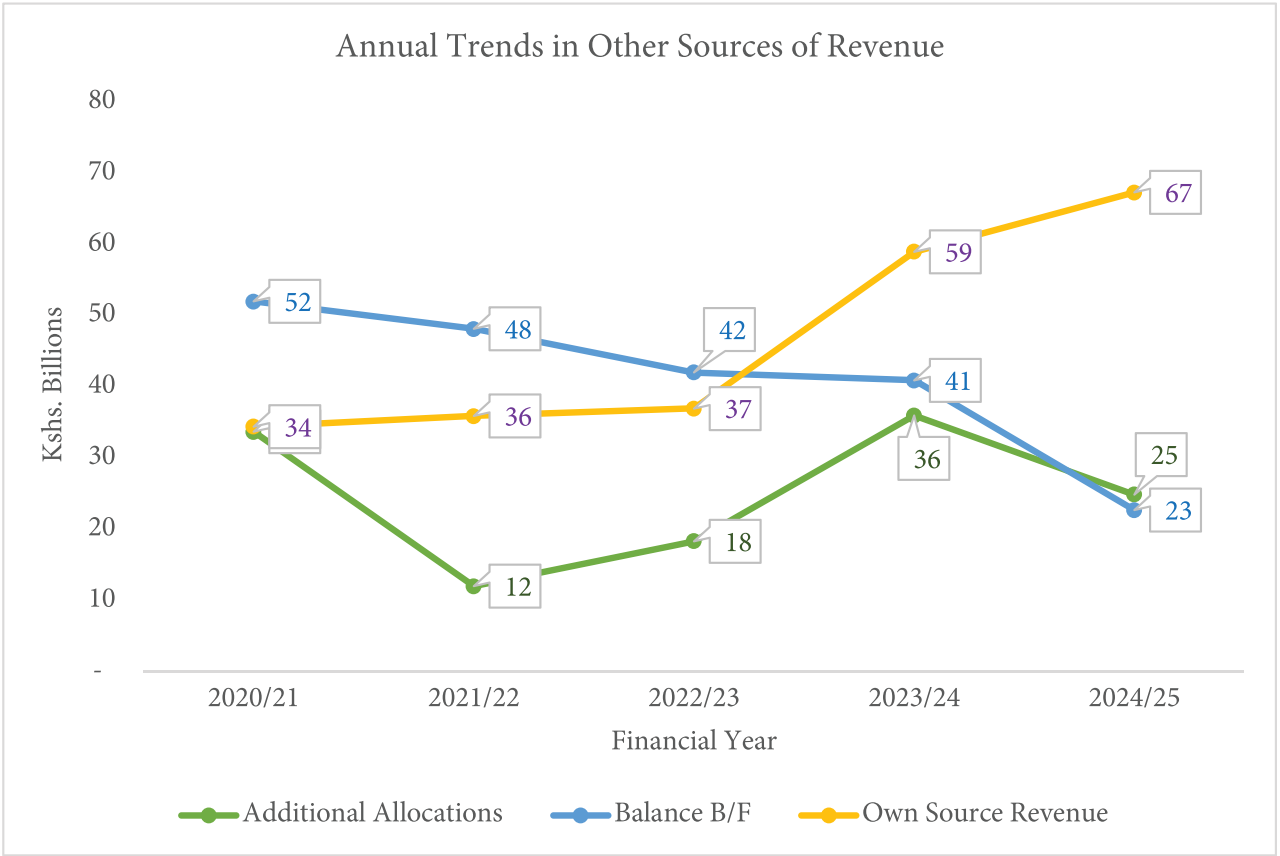
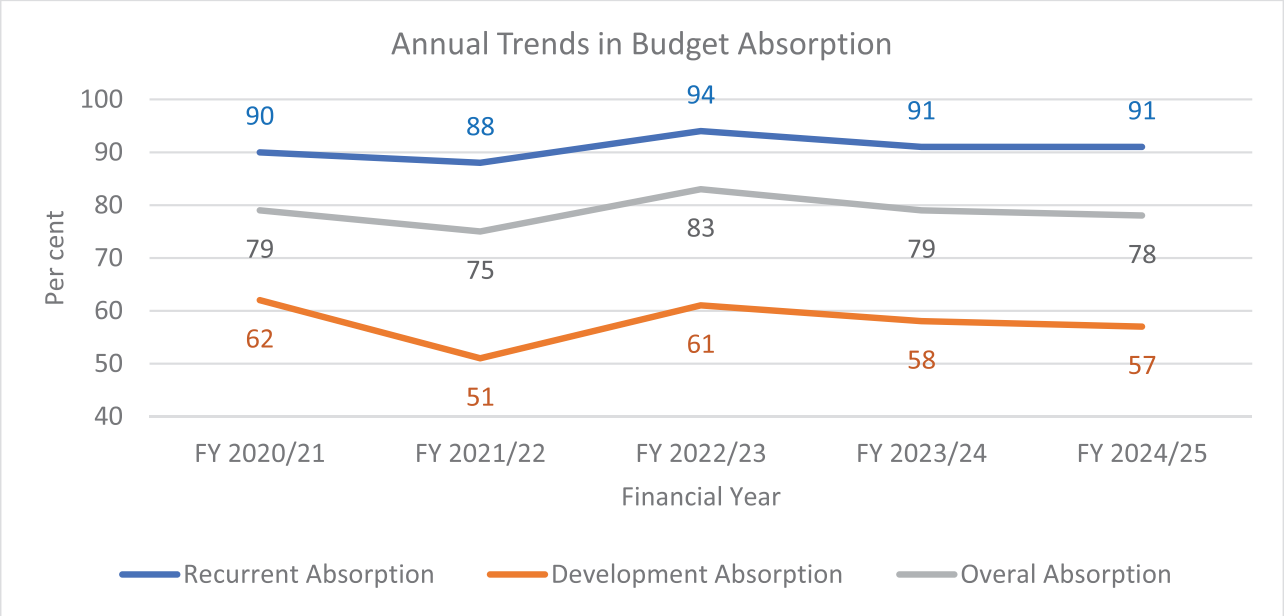


Source: County Treasuries



Source: County Treasuries



Source: County Treasuries

1. INTRODUCTION

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya to oversee and report on the implementation of budgets for the National and County Governments. According to Article 228(6) of the Constitution and Section 9 of the Controller of Budget (CoB) Act, 2016, the CoB must submit a report to each house of Parliament on budget implementation every four months.

The Annual County Budget Implementation Review Report (CBIRR) encompasses the entire twelve months of FY 2024/2025, from July 2024 to June 2025. The report analyses information on own-source revenue, transfers received from the National Government and Development Partners, and total expenditures for the FY 2024/2025. It further tracks the settlement of pending bills and revenue arrears for FY 2024/25. The CBIRR is based on financial reports submitted to the CoB by County Treasuries, in line with Sections 166 and 168 of the Public Finance Management (PFM) Act 2012, data obtained from the Integrated Financial Management Information System (IFMIS), and information gathered by the CoB during the monitoring and evaluation of budget implementation. This report utilises an absorption rate to measure performance, calculated as a percentage of actual expenditure against the approved annual budget estimates.

The report is structured into various chapters. Chapter One provides an introduction, while Chapter Two analyses the budget performance of County Governments for FY 2024/25. Chapter Two discusses County Governments' performance in generating own-source revenue, including an analysis of outstanding revenue. Chapter Two also discusses actual expenditure in comparison to budget estimates for recurrent and development costs. It also provides a summary of sub-programme performance, focusing on those that over-absorbed and those with less than 5 per cent absorption. A summary of the pending bills for the forty-seven County Governments as of June 30, 2025, is also included in this chapter. The absorption rate indicates performance and is calculated as a percentage of actual expenditure relative to the approved annual budget estimates.

Chapter Three presents a detailed report by individual Counties, discussing budget performance across recurrent and development expenditures, exchequer issues, and actual spending, which is categorised into Compensation of Employees, Operations and Maintenance, and Development Expenditure. Additionally, the Chapter analyses development projects undertaken in FY 2024/25.

Chapter Four summarises the key challenges identified by the CoB in the budget implementation process for Counties during FY 2024/25. The report also includes recommendations for enhancing effective and efficient budget implementation, as well as promoting best practices.

Chapter Five presents a summary of the monitoring and evaluation undertaken by the Controller of Budget in FY 2024/25, outlining the thematic areas addressed, key issues observed, and recommendations for areas of improvement. Chapter six concludes the report.

2. FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION FOR FY 2024/25

2.1. Introduction

This chapter presents the financial analysis of the aggregated County budget implementation for FY 2024/25, covering July 2024 to June 2025.

2.2. Revenue Analysis

The combined budgets of the County Governments, approved by the County Assemblies, amounted to Kshs.601.69 billion, comprising Kshs.218.99 billion (36 per cent) allocated to development expenditure and Kshs.382.70 billion (64 per cent) to recurrent expenditure.

Aggregately, County Governments expected to receive the equitable share of nationally raised revenue for FY 2024/25, amounting to Kshs.387.43 billion. Additionally, they expected arrears for the equitable share for FY 2023/24 (for June 2024), totalling Kshs.30.83 billion. Own Source Revenue was estimated at Kshs.87.67 billion, including Appropriations in Aid (A-i-A) and Facility Improvement Financing (FIF) of Kshs.20.77 billion and ordinary OSR of Kshs.66.90 billion. County Governments projected Additional Allocations of Kshs.70.84 billion, while the unspent balances from FY 2023/24 were projected at Kshs . 24.92 billion.

2.2.1 Revenue Outturn

The total funds available to the County Governments in FY 2024/25 amounted to Kshs.533.52 billion. This included Kshs.387.43 billion in the equitable share of revenue raised nationally for FY 2024/25 and the equitable share arrears for FY 2023/24 (as of June 2024), amounting to Kshs.30.83 billion; own-source revenue collection of Kshs.67.30 billion, which includes A-i-A/FIF of Kshs.24.59 billion, and ordinary OSR of Kshs.42.71 billion. The counties also received additional allocations for Kshs.24.86 billion, with balances brought forward from FY 2023/24 of Kshs.23.14 billion.

2.2.2 Own-Source Revenue

During the reporting period, County Governments generated a total of Kshs.67.30 billion from their own-source revenue (OSR), which was 77 per cent of the annual target of Kshs.87.67 billion. The realised OSR is an increase compared to the Kshs.41.40 billion generated in a similar period in FY 2023/24. An analysis of the own-source revenue collection from July 2024 to June 2025 is shown in Table 2.1

Table 2.1: Own Source Revenue Collection in FY 2024/25

County	Ordinary OSR Target (Kshs.Million)	FIF/ AIA Target (Kshs. Million)	Total OSR Revenue Target (Kshs. Million)	Ordinary OSR Actual Realised (Kshs.Million)	FIF/AIA Actual (Kshs. Million)	Total OSR Revenue (Kshs. Million)	Performance (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C100
Baringo	380.10	220.00	600.10	250.26	210.87	461.13	77
Bomet	255.75	227.00	482.75	156.15	211.61	367.77	76
Bungoma	1,042.46	735.47	1,777.93	485.53	663.26	1,148.79	65
Busia	467.30	229.71	697.01	266.93	239.05	505.98	73
Elgeyo-Marakwet	107.43	245.00	352.43	79.47	288.02	367.49	104
Embu	827.38	476.05	1,303.42	399.24	517.75	916.99	70
Garissa	160.00	240.00	400.00	94.72	384.15	478.87	120
Homa Bay	501.74	981.07	1,482.81	390.67	1,099.71	1,490.38	101
Isiolo	271.21	100.00	371.21	151.26	64.89	216.15	58
Kajiado	1,200.00	440.00	1,640.00	591.14	316.40	907.54	55
Kakamega	1,359.00	841.00	2,200.00	543.13	894.80	1,437.93	65
Kericho	576.24	646.36	1,222.60	396.75	682.90	1,079.65	88
Kiambu	5,450.94	1,800.00	7,250.94	3,243.45	1,816.89	5,060.34	70
Kilifi	1,570.80	400.00	1,970.80	888.26	622.11	1,510.38	77

County	Ordinary OSR Target (Kshs.Million)	FIF/ AIA Target (Kshs. Million)	Total OSR Revenue Target (Kshs. Million)	Ordinary OSR Actual Realised (Kshs.Million)	FIF/AIA Actual (Kshs. Million)	Total OSR Revenue (Kshs. Million)	Performance (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C100
Kirinyaga	430.45	218.00	648.45	362.60	431.52	794.12	122
Kisii	865.00	0.00	865.00	556.54	982.09	1,538.64	178
Kisumu	2,871.95	932.12	3,804.07	803.36	1,659.67	2,463.03	65
Kitui	264.11	754.39	1,018.50	264.11	631.30	895.42	88
Kwale	350.00	300.00	650.00	293.21	242.57	535.78	82
Laikipia	842.50	602.50	1,445.00	573.09	695.97	1,269.06	88
Lamu	120.00	130.00	250.00	92.13	139.12	231.24	92
Machakos	3,021.92	903.88	3,925.79	1,426.15	755.68	2,181.84	56
Makueni	905.18	566.26	1,471.43	512.22	773.59	1,285.80	87
Mandera	298.21	51.79	350.00	206.59	224.59	431.17	123
Marsabit	110.00	141.16	251.16	80.98	104.43	185.42	74
Meru	547.00	550.00	1,097.00	404.82	758.50	1,163.32	106
Migori	550.00	250.00	800.00	337.36	354.19	691.56	86
Mombasa	5,680.66	1,250.00	6,930.66	4,208.73	916.99	5,125.71	74
Murang'a	850.00	750.00	1,600.00	785.14	534.64	1,319.78	82
Nairobi City	20,060.93	0.00	20,060.93	11,790.75	1,398.05	13,188.79	66
Nakuru	2,448.76	1,997.21	4,445.97	1,850.14	1,797.79	3,647.92	82
Nandi	508.94	335.23	844.17	374.68	391.02	765.70	91
Narok	5,911.05	120.95	6,032.00	5,512.53	152.53	5,665.06	94
Nyamira	400.00	450.00	850.00	134.53	606.60	741.13	87
Nyandarua	600.00	250.00	850.00	370.71	282.53	653.24	77
Nyeri	800.00	836.30	1,636.30	683.88	769.20	1,453.08	89
Samburu	262.93	18.70	281.63	300.42	9.41	309.83	110
Siaya	643.39	283.95	927.34	236.84	199.84	436.68	47
Taita-Taveta	600.00	250.00	850.00	318.64	229.35	547.99	64
Tana River	149.15	3.96	153.11	199.27	3.96	203.23	133
Tharaka-Nithi	285.00	200.00	485.00	238.28	243.51	481.79	99
Trans Nzoia	368.30	311.70	680.00	288.47	251.45	539.92	79
Turkana	241.00	159.00	400.00	171.14	229.69	400.83	100
Uasin Gishu	1,395.00	79.15	1,474.15	1,010.39	233.04	1,243.44	84
Vihiga	163.51	176.49	340.00	186.47	211.39	397.86	117
Wajir	90.00	180.00	270.00	113.37	218.35	331.72	123
West Pokot	97.20	132.80	230.00	85.67	142.41	228.08	99
Total	**66,902.48**	**20,767.18**	**87,669.66**	**42,710.21**	**24,587.35**	**67,297.56**	**4,145**

***Source**: County Treasuries*

The collections received from FIF, totalling Kshs.24.59 billion, outperformed the annual target of Kshs.20.77 billion, achieving 118 per cent.

An analysis of the own-source revenue (OSR), including FIF, as a proportion of the annual revenue target indicates that 12 counties successfully reached or exceeded 100 per cent of their annual revenue targets. These counties include Kisii, with a performance of 178 per cent (Kisii County collected Kshs.982.09 million as FIF but did not have an annual target for the same), followed by Tana River at 133 per cent, Mandera and Wajir both at 123 per cent, Kirinyaga at 122 per cent, Garissa at 120 per cent, Vihiga at 117 per cent, and Samburu at 110 per cent. Meru recorded notable performances at 106 per cent, Elgeyo-Marakwet at 104 per cent, Homa Bay at 101 per cent, and Turkana, which met exactly 100 per cent of its target. Also worth noting, is that Nairobi City County failed to set an annual target for FIF despite reporting a collection of Kshs.1.34 billion.

Several factors contributed to this performance. Key among them were instances of underbudgeting or a complete lack of budgeting for the Facility Improvement Fund (FIF). Revamped revenue streams, such as gypsum extraction in Tana River and tourism revenue from the Samburu National Reserve, contributed substantially to

County revenues. Furthermore, the increased automation of revenue collection processes and improvement in local infrastructure have also bolstered revenue performance.

In contrast, nine counties reported OSR performance below 70 per cent. These include Siaya, with 47 per cent, Kajiado at 55 per cent, Machakos at 56 per cent, Isiolo at 58 per cent, Taita Taveta at 64 per cent, Bungoma and Kisumu both at 65 per cent, Kakamega also at 65 per cent, and Nairobi City, which reached 66 per cent.

For the counties that have demonstrated improvement, the Controller of Budget encourages them to set higher revenue targets for the FY 2025/26 across the performing revenue streams. This recommendation follows the June 2022 Own Source Revenue Potential and Tax Gap Study of County governments conducted by the World Bank and the Commission on Revenue Allocation.

On the other hand, for counties whose own-source revenue performance fell short of set targets in FY 2024/25, the Controller recommends that both the Executive and Assembly comprehensively review their revenue strategies. This review should focus on both long-term and short-term plans to ensure they meet their revenue objectives for FY 2025/26 while remaining cautious in their ambitions. A detailed analysis of own-source revenue by stream for each County is available in Chapter Three.

2.2.3 Revenue Arrears

As of July 1, 2025, County Governments reported revenue arrears totaling Kshs.1.57 trillion. However, by June 30, 2025, this amount had decreased significantly to Kshs.124.95 billion, primarily due to a downward reconciliation of Nairobi's revenue arrears by Kshs.1.45 trillion (see Chapter Three for details). As of June 30, 2025, the outstanding arrears included Kshs.112.14 billion (90 per cent) in ordinary OSR arrears, Kshs.12.47 billion (10 per cent) in FIF arrears (related to SHA/SHIF and defunct NHIF claims), and Kshs.331.3 (less than 1 per cent) in other revenue arrears. A detailed breakdown of the revenue arrears is presented in Table 2.2.

Table 2.2: Summary of County Governments' Revenue Arrears

County	Arrears as at 1st July 2024 (Kshs.Million)				Arrears as at 30th June 2025 (Kshs.Million)			
	Ordinary OSR	FIF	Other Revenues	Totals	Ordinary OSR	FIF	Other Revenues	Total
Baringo	168.69	67.37	-	236.06	169.18	61.35	-	230.53
Bomet	511.82	21.58	-	533.40	164.56	32.64	-	197.19
Bungoma	93.42	-	-	93.42	286.82	-	-	286.82
Busia	20.45	-	-	20.45	20.45	107.41	-	127.86
Elgeyo-Marakwet	165.95	-	-	165.95	173.12	-	-	173.12
Embu	-	378.26	-	378.26	-	183.22	-	183.22
Garissa	78.26	-	-	78.26	-	193.52	-	193.52
Homa Bay	-	-	-	-	1.04	722.24	-	723.28
Isiolo	-	49.78	-	49.78	-	21.30	-	21.30
Kajiado	11,976.93	306.38	-	12,283.31	11,955.65	129.91	-	12,085.55
Kakamega	2,435.50	-	-	2,435.50	2,435.50	-	-	2,435.50
Kericho	-	0.00	-	0.00	-	0.00	-	0.00
Kiambu	5,329.38	295.84	-	5,625.22	5,476.37	425.00	-	5,901.37
Kilifi	-	542.79	-	542.79	-	374.97	-	374.97
Kirinyaga	-	180.67	-	180.67	-	49.20	-	49.20
Kisii	546.13	61.27	288.30	895.70	620.50	76.49	330.28	1,027.28
Kisumu	-	-	-	-	-	670.42	-	670.42
Kitui	1,098.13	337.66	-	1,435.79	1,282.53	337.66	-	1,620.20
Kwale	17.72	44.94	-	62.66	34.79	124.67	-	159.46
Laikipia	940.42	-	-	940.42	1,036.91	-	-	1,036.91
Lamu	225.77	-	-	225.77	228.53	-	-	228.53
Machakos	13.78	-	-	13.78	13.78	458.25	-	472.02
Makueni	485.00	-	-	485.00	628.91	-	-	628.91
Mandera	-	303.51	-	303.51	-	159.72	-	159.72
Marsabit	-	9.93	-	9.93	-	30.24	-	30.24

County	Arrears as at 1st July 2024 (Kshs.Million)				Arrears as at 30th June 2025 (Kshs.Million)			
	Ordinary OSR	FIF	Other Revenues	Totals	Ordinary OSR	FIF	Other Revenues	Total
Meru	-	545.52	-	545.52	-	313.97	-	313.97
Migori	-	-	-	-	-	212.28	-	212.28
Mombasa	15,668.38	-	-	15,668.38	12,418.83	1,326.33	-	13,745.17
Murang'a	-	-	-	-	-	154.59	-	154.59
Nairobi	1,513,788.15	937.39	-	1,514,725.54	62,277.46	1,238.93	-	63,516.39
Nakuru	10,291.43	-	-	10,291.43	11,291.92	1,298.80	-	12,590.72
Nandi	-	216.10	-	216.10	-	77.54	-	77.54
Narok	-	77.71	-	77.71	288.62	3.81	-	292.43
Nyamira	-	808.00	-	808.00	-	255.00	-	255.00
Nyandarua	486.24	78.00	-	564.24	487.98	78.00	-	565.98
Nyeri	322.96	193.77	-	516.73	378.69	613.26	-	991.95
Samburu	-	4.23	-	4.23	-	4.23	-	4.23
Siaya	363.98	-	-	363.98	290.19	376.96	-	667.16
Taita-Taveta	-	160.04	-	160.04	-	66.33	-	66.33
Tana River	-	56.40	-	56.40	-	12.93	-	12.93
Tharaka-Nithi	91.97	23.69	-	115.66	60.06	22.13	1.01	83.20
Trans Nzoia	-	146.00	-	146.00	-	172.54	-	172.54
Turkana	11.16	-	-	11.16	12.37	26.98	-	39.36
Uasin Gishu	-	146.84	-	146.84	-	13.05	-	13.05
Vihiga	23.75	25.10	-	48.86	49.15	58.14	-	107.28
Wajir	-	172.17	-	172.17	-	39.23	-	39.23
West Pokot	53.54	-	-	53.54	62.50	-	-	62.50
Total	**1,565,208.90**	**6,190.94**	**-**	**1,571,399.84**	**112,146.40**	**12,473.27**	**331.30**	**124,950.97**

Source: *County Treasuries*

As of June 30, 2025, County Governments reported total revenue arrears of Kshs.124.95 billion. Nairobi City County had the highest arrears, amounting to Kshs.63.52 billion, which represents 51 per cent of the total revenue arrears. Mombasa County reported arrears of Kshs.13.75 billion (11 per cent), Nakuru County had Kshs.12.59 billion (10 per cent), and Kajiado County recorded Kshs.12.09 billion (10 per cent). This overall arrears situation highlights persistent challenges in revenue mobilisation, constraining liquidity, delaying service delivery, and undermining fiscal sustainability across all Counties.

2.2.4 Revenue Arrears from the Social Health Insurance Fund and the defunct National Health Insurance Fund

During the review period, County Governments reported an aggregated number of approved claims for the Social Health Insurance Fund of Kshs.19.95 billion, of which Kshs.12.54 billion was paid to the respective County health facilities, leaving a balance of Kshs.7.46 billion. Additionally, the defunct NHIF owes Kshs.5.02 billion to various County Health Facilities. Table 2.3 provides a summary of this information.

Table 2.3: Revenues and Revenue Arrears from SHIF and defunct NHIF

County	SHA/ SHIF (Kshs.Million)			NHIF (Kshs.Million)
	Approved Claims	Claims Paid	Balance	Pending Debt (Kshs.)
Baringo	247.68	223.78	23.90	74.11
Bomet	229.91	128.56	79.83	1.26
Bungoma	957.92	721.49	236.43	0.84
Busia	209.21	122.31	86.90	20.51
Elgeyo-Marakwet	182.05	96.56	85.50	34.17
Embu	378.26	274.47	100.51	82.71
Garissa	279.62	140.53	139.10	0

County	SHA/ SHIF (Kshs.Million)			NHIF (Kshs.Million)
	Approved Claims	Claims Paid	Balance	Pending Debt (Kshs.)
Homa Bay	1,470.26	1,015.05	455.21	267.04
Isiolo	49.78	45.04	4.74	16.56
Kajiado	306.38	176.48	129.91	0
Kakamega	722.22	448.90	273.32	176.82
Kericho	278.90	170.90	107.90	22.30
Kiambu	733.28	528.74	275.70	313.30
Kilifi	542.79	313.49	229.30	145.67
Kirinyaga	180.67	131.47	49.20	0
Kisii	574.12	381.71	192.41	124.12
Kisumu	1,396.13	1,061.97	334.16	336.26
Kitui	520.55	308.79	211.76	125.91
Kwale	157.44	119.27	38.18	37.69
Laikipia	70.94	70.94	-	-
Lamu	140.28	101.39	38.89	10.49
Machakos	465.98	235.12	229.52	111.18
Makueni	562.16	383.38	178.78	185.40
Mandera	303.51	184.19	119.32	40.40
Marsabit	72.68	42.43	30.24	26.01
Meru	545.52	332.88	212.64	101.33
Migori	242.15	140.56	101.59	110.69
Mombasa	1,673.44	916.99	763.93	562.41
Murang'a	308.34	153.75	154.59	0
Nairobi	850.44	548.89	301.55	937.39
Nakuru	1,525.62	639.69	885.94	412.86
Nandi	216.10	129.81	77.54	0
Narok	77.71	46.96	29.75	3.81
Nyamira	808.00	608.00	200.00	55.00
Nyandarua	335.35	122.54	212.81	0
Nyeri	597.29	388.54	208.75	231.85
Samburu	33.90	15.33	18.83	4.20
Siaya	370.92	194.26	176.66	200.30
Taita-Taveta	160.04	93.71	66.33	0
Tana River	56.40	43.47	12.93	0
Tharaka-Nithi	154.84	100.45	54.38	22.08
Trans Nzoia	146.00	76.27	69.73	102.81
Turkana	129.75	123.18	6.57	20.42
Uasin Gishu	146.84	133.77	13.07	0
Vihiga	257.31	92.36	164.92	62.65
Wajir	172.17	132.94	39.23	0
West Pokot	110.79	76.19	34.60	35.70
Total	**19,951.64**	**12,537.50**	**7,457.03**	**5,016.24**

Source: *County Treasuries*

The County Leadership are encouraged to liaise with the Social Health Authority on settlement of the arrears.

2.3. Funds Released to the Counties

2.3.1 Funds Released from the Consolidated Fund to the Counties

In FY 2024/25, the CoB approved the transfer of Kshs.418.26 billion as the equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) per Article 206(4) of the Constitution of Kenya, 2010. The transferred amounts included Kshs.30.83 billion, which was in arrears from FY 2023/24. Chapter Three provides a detailed analysis of the released equitable share to each County.

2.3.2 Funds Released to the County Operational Accounts

The CoB authorised withdrawals of Kshs.472.15 billion from the County Revenue Funds to the County Operational Accounts, comprising Kshs.348.04 billion (74 per cent) for recurrent expenditure and Kshs.124.11 billion (26 per cent) for development expenditure. This was an increase from the Kshs.451.21 billion authorised in FY 2023/24. Chapter Three provides a detailed analysis of the funds released to each County.

2.4. Expenditure Analysis

The total expenditure by County Governments in FY 2024/25 was Kshs.470.74 billion, representing an overall absorption rate of 78 per cent of the total Annual County Governments' budget of Kshs.601.69 billion. This represented a decrease from an absorption rate of 80 per cent reported in FY 2023/24, when the total expenditure was Kshs.446.76 billion against a budget of Kshs.562.75 billion.

Recurrent expenditure was Kshs.346.98 billion, representing 91 per cent of the annual recurrent budget. A similar performance, with 91 per cent recurrent expenditure absorption, was reported in FY 2023/24. Development expenditure amounted to Kshs.123.76 billion, representing an absorption rate of 57 per cent and a slight decrease from 58 per cent in FY 2023/24. Table 2.4 provides the analysis of expenditure by economic classification in FY 2024/25.

Table 2.4: Expenditure by Major Economic Classification in FY 2024/25

County	Recurrent Expenditure (Kshs.Million)			Development Expenditure (Kshs.Million)	Total Expenditure (Kshs.Million)
	Compensation to Employees	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	3,958.86	1,572.23	5,531.09	1,680.21	7,211.31
Bomet	3,752.79	2,069.18	5,821.97	2,054.41	7,876.38
Bungoma	6,313.62	2,389.37	8,702.99	3,789.78	12,492.78
Busia	3,639.95	1,980.86	5,620.81	2,684.31	8,305.12
Elgeyo-Marakwet	2,977.61	1,528.54	4,506.15	1,222.12	5,728.28
Embu	3,690.08	1,031.49	4,721.58	1,631.35	6,352.93
Garissa	4,550.47	2,223.77	6,774.24	3,130.21	9,904.45
Homa Bay	5,878.47	1,312.00	7,190.47	3,562.22	10,752.69
Isiolo	2,073.67	932.25	3,005.92	1,292.04	4,297.96
Kajiado	5,255.17	2,592.35	7,847.52	1,779.55	9,627.07
Kakamega	6,915.34	4,168.12	11,083.46	3,264.01	14,347.46
Kericho	3,770.83	1,626.38	5,397.21	2,578.83	7,976.04
Kiambu	7,882.92	5,660.19	13,543.10	2,952.47	16,495.58
Kilifi	4,644.59	4,582.45	9,227.03	6,705.07	15,932.10
Kirinyaga	2,827.76	1,692.36	4,520.13	2,146.40	6,666.53
Kisii	5,642.12	1,864.87	7,506.99	2,456.17	9,963.15
Kisumu	5,947.42	1,952.42	7,899.84	1,567.99	9,467.84
Kitui	5,485.80	3,696.65	9,182.45	3,277.21	12,459.66
Kwale	4,118.63	2,887.59	7,006.22	3,078.80	10,085.02
Laikipia	3,499.52	1,145.12	4,644.64	1,604.79	6,249.43
Lamu	1,925.32	886.55	2,811.87	1,016.59	3,828.46
Machakos	7,028.99	2,834.90	9,863.89	1,943.56	11,807.44

County	Recurrent Expenditure (Kshs.Million)			Development Expenditure (Kshs.Million)	Total Expenditure (Kshs.Million)
	Compensation to Employees	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Makueni	4,891.50	2,569.23	7,460.73	2,621.37	10,082.10
Mandera	5,027.94	3,618.09	8,646.03	4,067.14	12,713.17
Marsabit	3,913.12	1,697.94	5,611.06	3,014.55	8,625.61
Meru	5,290.73	3,511.68	8,802.41	2,844.65	11,647.06
Migori	3,743.11	3,586.70	7,329.82	2,790.61	10,120.43
Mombasa	6,935.08	2,950.68	9,885.76	3,430.47	13,316.23
Murang'a	4,642.44	2,263.52	6,905.96	2,278.76	9,184.72
Nairobi	18,302.28	11,130.82	29,433.11	4,090.36	33,523.47
Nakuru	6,466.88	5,562.47	12,029.35	3,936.02	15,965.37
Nandi	3,002.42	3,647.40	6,649.82	3,335.12	9,984.94
Narok	5,548.94	6,329.06	11,878.00	3,960.27	15,838.27
Nyamira	3,453.79	1,150.83	4,604.62	1,052.12	5,656.74
Nyandarua	2,619.69	2,484.46	5,104.14	1,955.58	7,059.73
Nyeri	4,505.89	1,432.67	5,938.56	1,973.08	7,911.64
Samburu	2,791.59	2,119.09	4,910.67	1,596.79	6,507.46
Siaya	2,709.81	2,282.17	4,991.98	2,756.67	7,748.65
Taita-Taveta	3,576.32	1,526.70	5,103.02	1,504.71	6,607.73
Tana River	2,396.22	2,245.81	4,642.02	2,063.88	6,705.90
Tharaka-Nithi	2,997.34	1,231.90	4,229.24	1,233.39	5,462.63
Trans Nzoia	3,813.38	2,097.86	5,911.24	3,363.86	9,275.11
Turkana	5,996.80	3,258.85	9,255.65	4,293.02	13,548.66
Uasin Gishu	4,826.82	2,712.06	7,538.88	3,593.32	11,132.21
Vihiga	3,117.45	1,186.09	4,303.54	1,307.41	5,610.94
Wajir	4,935.24	2,874.87	7,810.11	3,644.91	11,455.02
West Pokot	3,354.75	2,238.10	5,592.85	1,631.04	7,223.89
Total	**220,639.47**	**126,338.67**	**346,978.14**	**123,757.22**	**470,735.36**

Source: *CoB and County Treasuries*

A review of cumulative expenditures by economic classification revealed that Kshs.220.64 billion (47 per cent) was spent on Compensation to Employees, Kshs.126.34 billion (27 per cent) on Operations and Maintenance, and Kshs.123.76 billion (26 per cent) on Development Expenditures.

2.4.1 Development Expenditure

The County Governments spent Kshs.123.76 billion on development activities, representing an absorption rate of 57 per cent of the annual development budget of Kshs.218.99 billion. Table 2.5 analyses County budget allocations, expenditures, and absorption rates during the period under review.

Table 2.5: County Budget Allocation, Expenditure, and Absorption Rate for FY 2024/25

County	Budget Estimates (Kshs.Million			Expenditure (Kshs.Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A 100	H=E/B 100	I=F/C 100
Baringo	5,793.71	3,190.04	**8,983.76**	5,531.09	1,680.21	**7,211.31**	95	53	80
Bomet	6,466.84	3,364.86	**9,831.70**	5,821.97	2,054.41	**7,876.38**	90	61	80
Bungoma	10,078.61	6,625.86	**16,704.46**	8,702.99	3,789.78	**12,492.78**	86	57	75
Busia	6,864.20	3,905.95	**10,770.15**	5,620.81	2,684.31	**8,305.12**	82	69	77
Elgeyo-Marakwet	4,752.78	3,147.09	**7,899.87**	4,506.15	1,222.12	**5,728.28**	95	39	73
Embu	5,711.81	2,821.73	**8,533.54**	4,721.58	1,631.35	**6,352.93**	83	58	74

County	Budget Estimates (Kshs.Million			Expenditure (Kshs.Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A 100	H=E/B 100	I=F/C 100
Garissa	7,343.73	4,662.07	**12,005.81**	6,774.24	3,130.21	**9,904.45**	92	67	82
Homa Bay	7,939.42	5,191.15	**13,130.57**	7,190.47	3,562.22	**10,752.69**	91	69	82
Isiolo	4,317.32	2,487.73	**6,805.05**	3,005.92	1,292.04	**4,297.96**	70	52	63
Kajiado	8,949.65	3,836.83	**12,786.47**	7,847.52	1,779.55	**9,627.07**	88	46	75
Kakamega	12,243.58	5,403.21	**17,646.79**	11,083.46	3,264.01	**14,347.46**	91	60	81
Kericho	6,195.65	3,561.28	**9,756.94**	5,397.21	2,578.83	**7,976.04**	87	72	82
Kiambu	15,518.88	7,961.50	**23,480.38**	13,543.10	2,952.47	**16,495.58**	87	37	70
Kilifi	9,966.39	11,440.10	**21,406.50**	9,227.03	6,705.07	**15,932.10**	93	59	74
Kirinyaga	4,931.59	2,994.12	**7,925.71**	4,520.13	2,146.40	**6,666.53**	92	72	84
Kisii	9,009.24	6,146.12	**15,155.35**	7,506.99	2,456.17	**9,963.15**	83	40	66
Kisumu	9,885.39	5,428.94	**15,314.33**	7,899.84	1,567.99	**9,467.84**	80	29	62
Kitui	9,553.60	4,751.75	**14,305.36**	9,182.45	3,277.21	**12,459.66**	96	69	87
Kwale	7,922.61	6,953.45	**14,876.06**	7,006.22	3,078.80	**10,085.02**	88	44	68
Laikipia	5,003.70	3,475.84	**8,479.54**	4,644.64	1,604.79	**6,249.43**	93	46	74
Lamu	3,084.93	1,903.72	**4,988.65**	2,811.87	1,016.59	**3,828.46**	91	53	77
Machakos	10,874.42	4,747.75	**15,622.16**	9,863.89	1,943.56	**11,807.44**	91	41	76
Makueni	7,901.91	3,678.31	**11,580.21**	7,460.73	2,621.37	**10,082.10**	94	71	87
Mandera	8,912.27	5,655.28	**14,567.55**	8,646.03	4,067.14	**12,713.17**	97	72	87
Marsabit	6,044.95	4,273.66	**10,318.61**	5,611.06	3,014.55	**8,625.61**	93	71	84
Meru	9,226.15	3,882.80	**13,108.95**	8,802.41	2,844.65	**11,647.06**	95	73	89
Migori	7,680.60	4,466.41	**12,147.01**	7,329.82	2,790.61	**10,120.43**	95	62	83
Mombasa	11,838.09	5,521.91	**17,360.00**	9,885.76	3,430.47	**13,316.23**	84	62	77
Murang'a	7,525.45	3,218.20	**10,743.65**	6,905.96	2,278.76	**9,184.72**	92	71	85
Nairobi	29,304.73	14,259.54	**43,564.27**	29,433.11	4,090.36	**33,523.47**	100	29	77
Nakuru	14,670.26	9,310.14	**23,980.40**	12,029.35	3,936.02	**15,965.37**	82	42	67
Nandi	6,493.55	3,694.68	**10,188.22**	6,649.82	3,335.12	**9,984.94**	102	90	98
Narok	12,233.88	5,333.64	**17,567.52**	11,878.00	3,960.27	**15,838.27**	97	74	90
Nyamira	5,232.29	2,870.61	**8,102.90**	4,604.62	1,052.12	**5,656.74**	88	37	70
Nyandarua	5,607.90	3,171.86	**8,779.76**	5,104.14	1,955.58	**7,059.73**	91	62	80
Nyeri	6,101.68	2,902.36	**9,004.03**	5,938.56	1,973.08	**7,911.64**	97	68	88
Samburu	5,137.23	2,244.98	**7,382.22**	4,910.67	1,596.79	**6,507.46**	96	71	88
Siaya	6,073.31	4,874.83	**10,948.13**	4,991.98	2,756.67	**7,748.65**	82	57	71
Taita-Taveta	5,773.50	2,406.20	**8,179.70**	5,103.02	1,504.71	**6,607.73**	88	63	81
Tana River	5,521.70	3,656.02	**9,177.72**	4,642.02	2,063.88	**6,705.90**	84	56	73
Tharaka-Nithi	4,614.64	2,391.04	**7,005.68**	4,229.24	1,233.39	**5,462.63**	92	52	78
Trans Nzoia	6,111.99	4,343.03	**10,455.02**	5,911.24	3,363.86	**9,275.11**	97	77	89
Turkana	10,569.31	6,644.28	**17,213.59**	9,255.65	4,293.02	**13,548.66**	88	65	79
Uasin Gishu	8,820.74	6,359.05	**15,179.79**	7,538.88	3,593.32	**11,132.21**	85	57	73
Vihiga	4,819.13	2,286.77	**7,105.90**	4,303.54	1,307.41	**5,610.94**	89	57	79
Wajir	8,377.48	5,140.14	**13,517.62**	7,810.11	3,644.91	**11,455.02**	93	71	85
West Pokot	5,698.73	2,402.78	**8,101.51**	5,592.85	1,631.04	**7,223.89**	98	68	89
Total	**382,699.53**	**218,989.61**	**601,689.14**	**346,978.14**	**123,757.22**	**470,735.36**	**91**	**57**	**78**

Source: CoB and County Treasuries

An analysis of the development expenditures indicates that the County governments with the highest development absorption rates were Nandi (90 per cent), Trans Nzoia (77 per cent), Narok (74 per cent), Meru (73 per cent), as well as Kericho, Mandera, and Kirinyaga, all at 72 per cent.

In contrast, the counties with the lowest absorption rates were as follows: Kisii (40 per cent), Elgeyo-Marakwet (39

per cent), Kiambu and Nyamira (37 per cent), and Kisumu and Nairobi City (29 per cent). Chapter Three provides a detailed analysis of the implementation of development expenditures in these counties.

2.4.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.346.98 billion, or 74 per cent of the total expenditure, on recurrent activities, which represented 91 per cent of the annual County Governments' budget for recurrent activities.

The recurrent expenditure comprised Kshs.220.64 billion (64 per cent) on Compensation to Employees and Kshs.126.34 billion (36 per cent) on Operations and Maintenance (O&M) expenditure. Chapter Three provides an analysis of the recurrent expenditure by Counties.

2.4.3 Expenditure by Sub-Programmes

Section 12 of the Public Finance Management (PFM) Act, 2012 mandates County Governments to implement Programme-Based Budgets (PBB). The PBB aims to optimise the allocation of limited financial resources to enhance public service outcomes. A review of the financial performance of PBB, showed that the reported financial performance for some sub-programmes exceeded the budget allocations as shown in Table 2.6.

Table 2.6: Sub-Programmes with a reported overabsorption in FY 2024/25

County Name	Department	Sub Program	Recurrent absorption (%)	Development absorption (%)
Baringo	Environment, Tourism, Wildlife Services and Mining	County climate change fund		305
	Education	Bursary and Scholarship Programme		102
Bomet	Finance, Economic Planning & ICT	Flagship projects		103
	Health Services	Healthcare financing	255	
	Health Services	Curative services	147	
	Lands, Housing and Municipalities	Municipalities	131	
Bungoma	Finance and Economic Planning	Administration support services	126	
	Roads and Public Works	Construction of roads, bridges and drainage works		113
Busia	Agriculture, Livestock and Fisheries	Kenya Agriculture Business Development Project		573
	Water, Environment, Irrigation, Natural Resources and Climate Change	Afforestation and Agroforestation		202
	Trade, Cooperatives, Tourism and Industry	Cooperative development		176
	Health Services	Diagnostic services in a higher-level facility		160
Elgeyo-Marakwet	Agriculture, Livestock and Fisheries	Livestock commercialization		115
Kajiado	County Treasury	Budget coordination and management	190	
	Office of the Governor	County Executive	189	
	Public Service, Administration and Citizen Participation	Social protection	169	
Kakamega	Social Services, Youth and Sports	Child welfare services	139	
	Trade, Industrialisation and Tourism	Industrial development	136	
	Agriculture, Livestock, Fisheries and Cooperatives	Marketing and value addition	102	
Kisumu	Public Service, County Administration and Participatory Development	Resource mobilization	125	
	Public Service, County Administration and Participatory Development	Human resource recruitment and development	102	

County Name	Department	Sub Program	Recurrent absorption (%)	Development absorption (%)
Kitui	Office of the Governor	General administration, planning and support services		106
	Health and Sanitation	Primary care networks	489	
	Trade, industry, MSMEs, innovation and cooperatives	Trade development and promotion	410	
	Education, Training and Skills Development	General administration, planning and support services	103	
Kwale	Community Development, Youth and Women Empowerment and Social Services	Sports development program		103
	Public Service and Administration	County garbage and cleaning services	417	
	Finance and Economic Planning	Audit services	128	
Mombasa	Transport, Infrastructure and Public Works	County public works		196
	Water, Natural Resources and Climate Change Resilience	Natural resources management	106	
	Lands, Urban Renewal, nd Housing	Housing development & management	102	
Nairobi	Emergency Fund	General administration and support services	236	
	Finance and Economic Planning	Debt management services	231	
	County Attorney	Legal services	203	
	Environment, Water, Energy and Natural Resources	Solid waste management	160	
Samburu	County Executive	Subcounty administration		320
	Lands, Housing, Physical Planning and Urban Development	Urban centres administration		257
	Roads, Transport and Public Works	Rehabilitation of roads, drainage and bridges	104	
Vihiga	Transport and Infrastructure	Street lighting		800

N/B: For sub-programmes with merged recurrent and development cells, the absorption rate indicated is the overall absorption rate for that sub-programme.

Source: County Treasuries

On the other hand, the Controller of Budget observed that various sub-programmes had less than 5 per cent absorption rates in FY 2024/25 as summarised in Table 2.7.

Table 2.7: Sub-Programmes with reported absorption of less than 5 per cent in FY 2024/25

County Name	Department	Sub Program	Recurrent Absorption (5)	Development Absorption (%)
Bomet	Finance, ICT & Economic Planning	Medical equipment for mother and child		0
	County Assembly	Infrastructure development		0
Elgeyo-Maraskwet	Public Service Management and County Administration	General administration and support services	0	
	Public Service Management and County Administration	ICT services		0
Garissa	Trade, Investments and Enterprise Development	Trade infrastructure and services		0
	Health and Sanitation	Preventive and promotive services		0
Homa Bay	Oyugis Municipal Board	Transport infrastructure improvements	3	

County Name	Department	Sub Program	Recurrent Absorption (5)	Development Absorption (%)
Kajiado	Kajiado municipality	Urban infrastructure	0	
	Agriculture, Livestock, Veterinary Services and Fisheries	Animal husbandry	0	
	Trade, Investments and Enterprise Development	Enterprise development	0	
Kakamega	Agriculture	Promotion of fish farming	2	
	Lands	Slum upgrading	1	
	Preventive and Promotive Health	Community health strategy	0	
Kiambu	Lands, Housing, Physical Planning, Municipal Administration and Urban Development	Housing development		0
	Trade, Industrialisation, Tourism and Investment	Tourism promotion and marketing		0
Kilifi	Lands, Energy, Physical Planning and Development Control	Housing development and Human Settlement		0
Kwale	Agriculture, Livestock, and Fisheries	Value addition of livestock		0
	Industry, Trade and Investments	Construction of new markets		0
	Water and Urban Planning and Decentralised Units	Construction of surface water supply systems		0
Laikipia	Infrastructure	Housing policy development		0
	Trade	Market infrastructure development		0
Lamu	Agriculture	Irrigated farming		0
Marsabit	Agriculture, Livestock, and Fisheries	Livestock Production and Management		0
	Education, Skills Development, Youth and Sports	Youth empowerment and training		0
Nakuru	Office of the Governor and Deputy Governor	Special programmes	0	
	Health Services	Elimination of communicable diseases and non-communicable diseases	0	
	Nakuru City	City trade markets and investments	0	
Nandi	Agriculture and Co-operatives Development	Livestock production and management		0
	Lands, Physical Planning, Housing Environment, Water, Natural Resources	Lands and crops development		0
Nyamira	Education and ICT	Improved informal employment	0	
	Lands Housing and Urban Development	Land management and administration	0	0
Taita Taveta	Health	Health improvement financing	4	
	Roads	General administrative, planning and support services	0	
Tana River	Special programs	Capacity building for fire outbreaks	0	
	Water, Environment and Natural Resources	Sanitation	3	
Tharaka-Nithi	Public Administration, Intergovernmental Coordination and Devolution Affairs	Human resource management	2	
Trans Nzoia	Governance	Supervision and management of projects		0
Turkana	Health and Sanitation	Reproductive health	0	
	Health and Sanitation	Sub-county health facilities support	2	

County Name	Department	Sub Program	Recurrent Absorption (5)	Development Absorption (%)
Uasin Gishu	Health Services	Specialised health care services		0
	Housing and urban development	Ward development services		0
Vihiga	Commerce, Tourism and Cooperatives	ICT printing press	0	
	Health Services	Public health services	0	

N/B: For sub-programmes with merged recurrent and development cells, the absorption rate indicated is the overall absorption rate for that sub-programme.

Source: County Treasuries

The Controller of Budget advises the County Government to ensure that expenditures are within the approved sub-programme allocations. If a shift in priority needs to be addressed, it should be done through a Supplementary Budget, in line with Section 135 of the PFM Act 2012.

2.4.4 Review of MCA Sitting Allowances

The County Assemblies spent Kshs.1.57 billion on MCA's sitting allowances against an approved budget allocation of Kshs.1.80 billion during the reporting period. This expenditure accounts for 87 per cent of the approved MCA sitting allowance budget, an increase from 86 per cent in FY 2023/24, when the County Assemblies spent Kshs. 1.59 billion on sitting allowances. Table 2.8 shows the budgetary allocation and expenditure on MCAs' and Speakers' sitting allowances in FY 2024/25.

Table 2.8: MCA's Budget Allocation, Expenditure and Absorption Rate in FY 2024/25

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCAs	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A100	D	E=B/D/12
Baringo	50,784,000	50,456,710	99	45	93,438
Bomet	33,475,564	30,942,400	92	39	66,116
Bungoma	27,581,783	27,581,783	100	63	36,484
Busia	65,352,000	64,447,274	99	54	99,456
Elgeyo-Marakwet	30,221,100	28,106,400	93	34	68,888
Embu	30,603,200	30,603,200	100	31	82,267
Garissa	22,971,000	20,399,549	89	48	35,416
Homa Bay	45,052,800	45,052,800	100	54	69,526
Isiolo	11,703,758	8,151,588	70	19	35,753
Kajiado	19,675,194	19,675,194	100	42	39,038
Kakamega	89,107,200	72,665,258	82	89	68,039
Kericho	47,432,074	47,432,074	100	48	82,347
Kiambu	75,000,000	75,000,000	100	89	70,225
Kilifi	36,000,000	24,493,300	68	56	36,448
Kirinyaga	85,027,559	26,982,700	32	34	66,134
Kisii	65,000,710	65,000,710	100	71	76,292
Kisumu	50,540,600	50,540,599	100	48	87,744
Kitui	16,661,628	14,907,364	89	61	20,365
Kwale	21,934,300	21,691,600	99	31	58,311
Laikipia	22,968,000	8,113,300	35	22	30,732
Lamu	25,040,000	17,260,300	69	19	75,703
Machakos	50,000,000	35,341,800	71	60	49,086
Makueni	44,951,014	41,618,800	93	48	72,255
Mandera	13,551,200	10,907,800	80	51	17,823
Marsabit	36,100,000	24,389,300	68	33	61,589
Meru	60,707,100	60,707,100	100	70	72,270
Migori	30,524,000	30,274,400	99	60	42,048

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCAs	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A100	D	E=B/D/12
Mombasa	27,559,700	27,488,200	100	43	53,272
Murang'a	38,937,600	38,936,016	100	48	67,597
Nairobi	70,000,000	45,686,200	65	124	30,703
Nakuru	53,000,000	44,616,190	84	76	48,921
Nandi	27,456,000	27,455,999	100	45	50,844
Narok	41,113,760	40,613,200	99	50	67,689
Nyamira	41,184,012	33,179,773	81	36	76,805
Nyandarua	32,603,498	30,741,700	94	42	60,995
Nyeri	20,200,000	18,838,300	93	43	36,508
Samburu	26,000,000	25,789,100	99	25	85,964
Siaya	30,235,119	29,745,100	98	42	59,018
Taita-Taveta	36,000,000	23,238,700	65	32	60,517
Tana River	34,611,200	29,849,600	86	27	92,128
Tharaka-Nithi	31,200,000	31,200,000	100	24	108,333
Trans Nzoia	23,890,898	23,890,898	100	34	58,556
Turkana	30,160,850	10,870,200	36	48	18,872
Uasin Gishu	39,918,400	38,918,400	97	45	72,071
Vihiga	30,680,000	30,547,520	100	37	68,801
Wajir	31,715,300	31,715,300	100	46	57,455
West Pokot	29,884,000	29,883,738	100	33	75,464
Total	**1,804,316,121**	**1,565,947,437**	**87**	**2,219**	**58,808**

Source: CoB and County Treasuries

Sixteen County Assemblies, including Bungoma, Embu, Homa Bay, and Kajiado, absorbed 100 per cent of their sitting allowances budget.

2.4.5 Pending Bills as of 30th June 2025

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

As of June 30, 2025, County Governments reported outstanding pending bills totalling Kshs.183.03 billion. This amount includes Kshs.130.80 billion for recurrent activities, and Kshs.52.23 billion for development activities. The pending bills for the County Executive as of this date were Kshs.177.95 billion, while the pending bills for the Assemblies amounted to Kshs.5.07 billion. During the review period, Nairobi City County reported a reduction in their pending bills of Kshs.36.78 billion (for more details, see Chapter Three). As of June 30, 2025, the pending bills for Nairobi City County stood at Kshs.86.77 billion, 49 per cent of the total pending bills reported. Table 2.9 shows more details on pending bills.

Table 2.9: Pending Bills for the Counties as of 30th June 2025

County	County Executive (Kshs. Million)			County Assembly (Kshs. Million)			Grand Total (Kshs. Million)	FY 2024/25 Budget (Kshs. Million)	% of Pending Bill to Budget
	Recurrent	Development	Sub-Total	Recurrent	Development	Sub-Total			
Baringo	202.3	143.9	**346.3**	-	-	-	**346.3**	8,983.76	4
Bomet	600	857.4	**1,457.40**	20.1	45.8	**65.9**	**1,523.20**	9,831.70	15
Bungoma	2,227.50	1,368.50	**3,596.00**	14.7	-	**14.7**	**3,610.70**	16,704.46	22
Busia	1,382.30	1,258.90	**2,641.20**	620.5	-	**620.5**	**3,261.70**	10,770.15	30
Elgeyo-Marakwet	3.1	9.1	**12.1**	-	-	-	**12.1**	7,899.87	0
Embu	924.2	822.7	**1,746.90**	16.2	-	**16.2**	**1,763.10**	8,533.54	21

County	County Executive (Kshs. Million)			County Assembly (Kshs. Million)			Grand Total (Kshs. Million)	FY 2024/25 Budget (Kshs. Million)	% of Pending Bill to Budget
	Recurrent	Develop-ment	Sub-Total	Recurrent	Develop-ment	Sub-Total			
Garissa	747.2	1,677.40	**2,424.60**	116.3	45	**161.3**	**2,585.90**	12,005.81	22
Homa Bay	715.1	726.1	**1,441.30**	102.6	94.3	**197**	**1,638.20**	13,130.57	12
Isiolo	786.9	209.8	**996.7**	5.8	8.1	**13.9**	**1,010.60**	6,805.05	15
Kajiado	1,087.50	1,458.20	**2,545.70**	30.6	69.6	**100.2**	**2,646.00**	12,786.47	21
Kakamega	773.6	938.2	**1,711.90**	454.4	-	**454.4**	**2,166.30**	17,646.79	12
Kericho	661.3	1,367.00	**2,028.30**	-	53.8	**53.8**	**2,082.10**	9,756.94	21
Kiambu	4,259.90	3,352.70	**7,612.60**	244	31.2	**275.2**	**7,887.90**	23,480.38	34
Kilifi	3,820.10	5,367.40	**9,187.40**	68.2	-	**68.2**	**9,255.60**	21,406.50	43
Kirinyaga	316.2	486.7	**802.9**	-	-	-	**802.9**	7,925.71	10
Kisii	594.5	401.8	**996.3**	8.2	28.4	**36.6**	**1,033.00**	15,155.35	7
Kisumu	507.8	838	**1,345.90**	2.5	2.1	**4.6**	**1,350.50**	15,314.33	9
Kitui	173.7	56.1	**229.9**	-	-	-	**229.9**	14,305.36	2
Kwale	654.5	915.5	**1,570.00**	187.5	142.1	**329.6**	**1,899.60**	14,876.06	13
Laikipia	856.3	999.7	**1,856.00**	10.4		**10.4**	**1,866.40**	8,479.54	22
Lamu	32.1	-	**32.1**			-	**32.1**	4,988.65	1
Machakos	3,785.10	2,695.10	**6,480.10**	251.7	1.9	**253.6**	**6,733.80**	15,622.16	43
Makueni	558	98.6	**656.6**	161.5		**161.5**	**818.2**	11,580.21	7
Mandera	968.3	1,525.40	**2,493.70**		6.1	**6.1**	**2,499.80**	14,567.55	17
Marsabit	532.5	700.2	**1,232.60**	30.6	170.6	**201.2**	**1,433.80**	10,318.61	14
Meru	829.7	848.7	**1,678.40**	63.5		**63.5**	**1,741.90**	13,108.95	13
Migori	475.9	361.4	**837.2**	184.6	36.4	**220.9**	**1,058.10**	12,147.01	9
Mombasa	2,439.40	1,310.80	**3,750.10**	117.5		**117.5**	**3,867.70**	17,360.00	22
Murang'a	1,588.10	333.4	**1,921.50**	72.2		**72.2**	**1,993.70**	10,743.65	19
Nairobi	78,949.10	7,169.40	**86,118.60**	650.6		650.6	**86,769.20**	43,564.27	199
Nakuru	2,850.40	668.7	**3,519.20**	158		**158**	**3,677.20**	23,980.40	15
Nandi	476	495.7	**971.7**	-	13.5	**13.5**	**985.1**	10,188.22	10
Narok	3,962.60	2,188.90	6,151.50				6,151.50	17,567.52	35
Nyamira	218	114.2	**332.2**	-	8.2	**8.2**	**340.4**	8,102.90	4
Nyandarua	571.6	869.1	**1,440.70**	71.3		**71.3**	**1,512.00**	8,779.76	17
Nyeri	321.1	27.8	**348.9**	6		**6**	**354.9**	9,004.03	4
Samburu	35	140.6	**175.5**	46.4	9.3	**55.7**	**231.3**	7,382.22	3
Siaya	832.9	1,057.00	**1,890.00**			-	**1,890.00**	10,948.13	17
Taita-Taveta	1,364.40	653.1	**2,017.50**	38.4		**38.4**	**2,055.90**	8,179.70	25
Tana River	1,293.18	1,060.06	**2,353.25**	0		**0**	**2,353.25**	9,177.72	26
Tharaka-Nithi	468.6	176.2	**644.7**	82.9	13.9	**96.8**	**741.6**	7,005.68	11
Trans Nzoia	805.4	703	**1,508.40**			-	**1,508.40**	10,455.02	14
Turkana	43.6	1,141.50	**1,185.10**		144.3	**144.3**	**1,329.30**	17,213.59	8
Uasin Gishu	199.7	863.6	**1,063.20**	57.7		**57.7**	**1,121.00**	15,179.79	7
Vihiga	211.2	621	**832.2**			-	**832.2**	7,105.90	12
Wajir	1,324.10	2,155.00	**3,479.10**	233.5		**233.5**	**3,712.60**	13,517.62	27
West Pokot	215.3	75	**290.3**	21.5		**21.5**	**311.8**	8,101.51	4
Total	**126,645.28**	**51,308.56**	**177,953.75**	**4,149.90**	**924.60**	**5,074.50**	**183,028.75**	**601,689.11**	**30**

Source: *County Treasuries*

Several County Governments did not adhere to their scheduled payment plans for outstanding bills (refer to Chapter

Three for more details). According to Regulation 55(2)(b) of the Public Finance Management (County Governments) Regulations, 2015, County Governments must prioritise the settlement of all eligible pending bills in the budget as a first charge for the fiscal year 2025/26.

An analysis of the aged pending bills for County Governments as of June 30, 2025, revealed that the outstanding bills amount to Kshs.48.88 billion (27 per cent) under one year, Kshs.19.78 billion (11 per cent) for bills aged between one and two years, Kshs.20.34 billion (11 per cent) for bills aged between two and three years, and Kshs.85.42 billion (45 per cent) for bills older than three years. A summary of this ageing analysis is presented in Table 2.10.

Table 2.10: County Governments Pending Bills Ageing Analysis as of 30th June 2025

	Ageing analysis (Amount in Kshs. Millions)				Total (Kshs. Millions)
	Under one year	1-2 years	2-3 years	Over 3 years	
Baringo	346.27	0	0	0	**346.27**
Bomet*	1,075.63	64.56	189.93	214.21	**1,544.33**
Bungoma	1,627.37	393.55	497.03	1,093.43	**3,611.39**
Busia	1,337.77	1,070.66	277.85	575.45	**3,261.73**
Elgeyo-Marakwet	9.95	2.19	0	0	**12.14**
Embu	473.94	375.75	-	913.4	**1,763.08**
Garissa	1,106.23	371.71	310.62	797.35	**2,585.91**
Homa Bay	1,351.97	106.33	40.55	139.38	**1,638.23**
Isiolo*	423.12	209.38	249.81	114.35	**996.66**
Kajiado	791.22	824.53	366.39	663.81	**2,645.95**
Kakamega					**2,166.31**
Kericho	1,563.72	259.66	258.74	-	**2,082.11**
Kiambu	2,279.35	789.13	1,015.34	3,804.05	**7,887.88**
Kilifi	1,953.65	4,008.15	1,887.75	1,406.07	**9,255.63**
Kirinyaga	85.3	-	-	717.62	**802.92**
Kisii	652.28	__	380.67	__	**1,032.96**
Kisumu		432.49	639.91	278.08	**1,350.49**
Kitui	229.85	-	-	-	**229.85**
Kwale	1,579.41	318.96	0.39	0.84	**1,899.60**
Laikipia	212.49	269.25	882.69	501.96	**1,866.40**
Lamu	29.95	2.16	-	0	**32.11**
Machakos	2,567.66	868.04	989.5	2,306.62	**6,731.82**
Makueni	745.87	28.9	41.42	1.99	**818.17**
Mandera	1,238.72	-	1,261.04	-	**2,499.76**
Marsabit	661.13	73.69	156.77	542.19	**1,433.78**
Meru	1,218.25	118.64	156.06	248.98	**1,741.93**
Migori	391.68	204.13	342.78	119.57	**1,058.15**
Mombasa	777.87	2.55	-	3,087.23	**3,867.65**
Murang'a*	1,170.21	262.45	53.93	434.9	**1,921.49**
Nairobi	12,610.71	3,694.86	8,083.28	62,380.30	**86,769.15**
Nakuru	634.79	1,695.46	278.34	1,068.58	**3,677.16**
Nandi	982.1	-	-	3.02	**985.12**
Narok					**6,151.50**
Nyamira*		191.25	45.5	103.75	**340.5**
Nyandarua	727.46	419.07		365.48	**1,512.01**
Nyeri	265.58	64.87	4.07	20.38	**354.91**
Samburu	55.74	50.19	125.33		**231.26**
Siaya	1,636.17	110.45	86.54	56.8	**1,889.97**
Taita-Taveta	251.05	428.4	426.73	949.7	**2,055.88**
Tana River	794.6	521.1	533.14	504.4	**2,353.25**

	Ageing analysis (Amount in Kshs. Millions)				Total (Kshs. Millions)
	Under one year	1-2 years	2-3 years	Over 3 years	
Tharaka-Nithi*	352.48	165.63	56.74	162.73	**737.58**
Trans Nzoia	455.44	728.57	324.41	-	**1,508.41**
Turkana	1,312.71	12.32	3,277,460	1.03	**1,329.34**
Uasin Gishu	791.58	225.66	12.93	90.79	**1,120.96**
Vihiga	0	384.03	356.7	91.48	**832.21**
Wajir	2,013.96	30.87	11.57	1,656.24	**3,712.65**
West Pokot	99.91	1.73	0	3.88	**311.8**
Total	**48,885.14**	**19,781.32**	**20,344.45**	**85,420.04**	**182,958.36**

N/B: *Yellow-highlighted cells indicate entities that did not submit aged pending bills data for FY 2024/25. Counties marked with an asterisk (*) have discrepancies between the pending bills data submitted as of June 30, 2025, in Table 2.9 and Table 2.10.*

Source: County Treasuries

Additionally, there were discrepancies between the pending bills stock reported to the Controller of Budget as of June 30, 2025, and the trade payables reported in the County Governments' Financial Statements for June 30, 2025. For further details, refer to Annex III.

2.5. Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, mandates that County Government bank accounts should be opened and maintained at the Central Bank of Kenya. The only exceptions to this rule are bank accounts for imprest, petty cash and revenue collection.

According to Regulation 82(4) of the Public Finance Management (PFM) Act, county accounting officers are required to obtain written authorisation from the County Treasury before opening a commercial bank account. Furthermore, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, states that the County Treasury must submit a copy of the authorisation letter given to an accounting officer for opening a commercial bank account to the Controller of Budget.

As of June 30, 2025, county governments operated 5,192 accounts with commercial banks. However, the County Treasuries were yet to submit copies of the authorisation letters for opening the commercial bank accounts to the Controller of Budget, as mandated by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015. Table 2.11 summarises the number of bank accounts operating in commercial banks by County Governments.

Table 2.11: Summary of the Number of Commercial Bank Accounts Operated by County Governments

County Name	No of Accounts in commercial banks
Baringo	280
Bomet	148
Bungoma	301
Busia	57
Elgeyo-Marakwet	160
Embu	222
Garissa	26
Homa Bay	274
Isiolo	68
Kajiado	52
Kakamega	106
Kericho	245
Kiambu	75
Kilifi	Not disclosed
Kirinyaga	140
Kisii	14
Kisumu	190

County Name	No of Accounts in commercial banks
Kitui	350
Kwale	240
Laikipia	32
Lamu	37
Machakos	231
Makueni	45
Mandera	30
Marsabit	120
Meru	71
Migori	76
Mombasa	94
Murang'a	20
Nairobi	174
Nakuru	311
Nandi	10
Narok	Not disclosed
Nyamira	157
Nyandarua	119
Nyeri	32
Samburu	24
Siaya	15
Taita Taveta	37
Tana River	16
Tharaka-Nithi	16
Trans Nzoia	135
Turkana	26
Uasin Gishu	160
Vihiga	121
Wajir	111
West Pokot	24
Total	**5,476**

Source: County Treasuries

2.6. County-Established Funds

Section 116 of the Public Finance Management (PFM) Act 2012 permits County Governments to establish additional public funds, provided that these are approved by both the County Executive Committee and the County Assembly. According to Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations 2015, County Governments can create public funds with a lifespan of up to 10 years, unless the County Assembly extends this period. In the FY 2024/25, the Controller of Budget (CoB) noted, as indicated in Table 2.12, Fourty Four pieces of fund legislation that have either lapsed or are nearing lapsing in accordance with Regulation 197(1)(i) of the PFM (County Governments) Regulations.

Table 2.12: County Established Funds that have Lapsed or are nearing Lapsing

County Name	Fund Name	Year of Establishment
Bungoma	Youth Women Fund	2015
Busia	Agriculture Development Fund	2015
	County Assembly Revolving Fund	2014
	County Executive Revolving Fund	2014
Elgeyo-Marakwet	County Car and Mortgage Loan Fund (Executive)	2015

County Name	Fund Name	Year of Establishment
Embu	County Youth Trust Fund	2015
	County Education Support Fund	2015
Homa Bay	Alcoholic Fund	2015
Isiolo	Bursary Fund	2015
Kajiado	County Alcoholic Drinks Control Fund	2014
Kakamega	County Alcoholic Drinks Control Fund	2014
	County Assembly Members' Car Loan and Mortgage Fund	2014
Kiambu	County Executive Mortgage and Car Loan Fund	2015
	County Assembly Car Loan Mortgage Fund	2014
Kilifi	County Executive Car Loan and Mortgage	2012
Kirinyaga	County Assembly Car Loan Mortgage Fund (Staff)	2015
Kisii	County Bursary Fund	2014
	Health Fund(KTRH)	2014
	MCA's Car Loan and Mortgage Fund	2014
	Staff Car Loan and Mortgage Fund	2014
Kisumu	Bursary Fund	2014
	County Assembly MCAs and Staff Car Loan and Mortgage Fund	2014
Kitui	County Education Bursary Fund	2014
	County Housing and Car Loan Scheme Fund- MCA	2014
Machakos	County Education Bursary Fund	2014
Mandera	Bursary Fund	2014
Marsabit	Enterprise Fund	2014
	Car Loan Executive	2014
	Executive Mortgage	2014
	County Assembly Car Loan Mortgage Fund- Members	2014
Migori	County Education Bursary Fund	2014
	County Scholarships and Educational Benefits Fund	2014
Murang'a	County Assembly Car Loan and Mortgage Fund	2014
Nakuru	County Bursary Fund	2014
Narok	County Bursary Management Fund	2013
Nyamira	County Executive Car Loan and Mortgage	2015
Trans Nzoia	Nawiri Fund	2015
Turkana	County Biashara Fund	2014
	County Youth and Women Empowerment Fund	2014
	County Cooperative Enterprise and Development Fund	2014
	County Assembly Car Loan and Mortgage Scheme Fund- Members	2014
Uasin Gishu	County Bursary and Skills Development Support	2014
Vihiga	Education Fund	2015
Wajir	County Revolving Fund	2014

Source: *County Treasuries*

3. BUDGET PERFORMANCE BY COUNTY GOVERNMENT

3.1. County Government of Baringo

3.1.1 Overview of FY 2024/25 Budget

The Baringo County Approved Supplementary II Budget for FY 2024/25 was Kshs.8.98 billion. It comprised Kshs.3.19 billion (35.5 per cent) and Kshs.5.79 billion (64.5 per cent) for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.0.09 billion (1.0 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.19 billion and a recurrent budget of Kshs.5.61 billion. The increase in the budget was primarily attributed to growth in equitable share and own-source revenue.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally of Kshs.7.22 billion (80.0 per cent), as well as additional allocations of Kshs.1.6 billion (13.0 per cent), and Kshs.600 million (6.0 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.250.26 million (4.0 per cent) deposited into the CRF and Kshs.210.87 million (2.0 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.210.87 million (2.0 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.1.

3.1.2 Revenue Performance

The County received Kshs.7.42 billion in revenues in the review period to fund its development and recurrent activities. This amount represented a 1.5 per cent decrease compared to the amount received in FY 2023/24 of Kshs.7.53 billion. The total revenue consisted of Kshs.6.67 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners of Kshs.284.83 million and own-source revenue (OSR) collection of Kshs.461.13 billion.

The total OSR collection of Kshs.461.13 billion included Facilities Improvement Financing (FIF) of Kshs.210.87 million, and Kshs.250.26 million from other OSR sources. Table 3.1 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.1: Baringo County, Revenue Performance in FY 2024/25

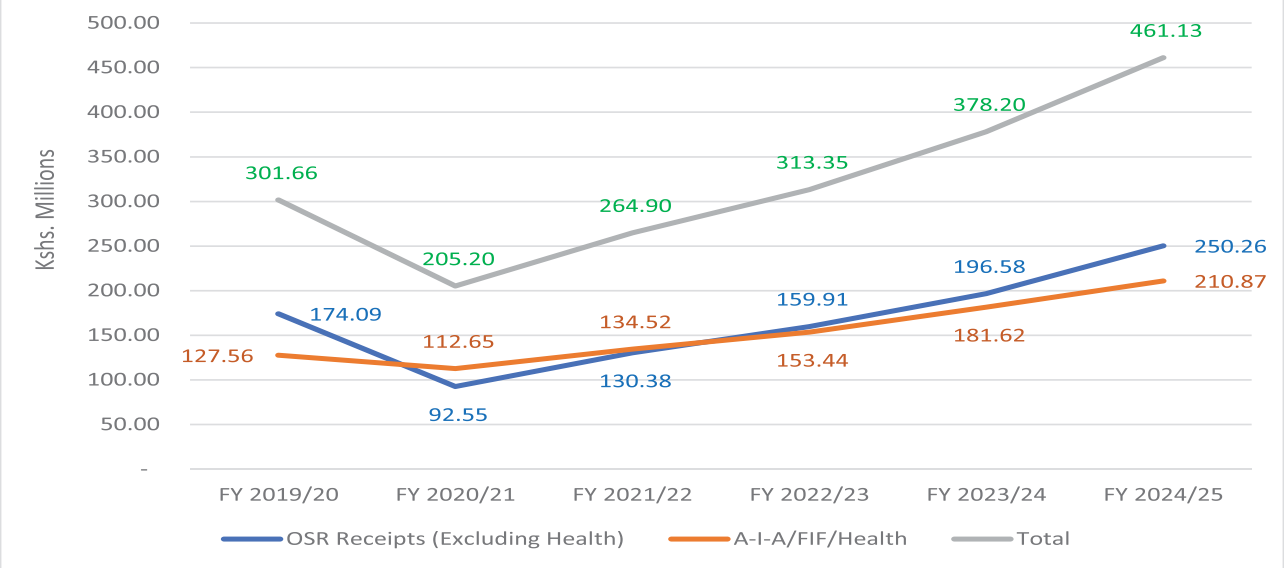
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,220,657,219	6,671,958,887	92
Sub Total		7,220,657,219	6,671,958,887	92
B	**Conditional Grants**			
1	County Aggregation and Industrial Parks (CAIP) Programme	250,000,000		-
2	Community Health Promoters (CHPs) Project	63,810,000		-
3	Basic Salaries Arrears for County Government Health Workers	19,263,318		-
4	DANIDA Grant to finance Primary Healthcare in Devolved Context	7,848,750		-
5	IDA (World Bank) Emergency Locust Response Project-ELRP	121,025,000		-
6	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	173,076,923	70,127,132	41
7	IDA (World Bank) Kenya Devolution Support Program-II (KDSP II)	37,500,000		-
8	IDA (World Bank) Credit Kenya Urban Support Project (KUSP) Urban Institutional Grant (UIG)	35,000,000	32,309,300	92
9	IDA (World Bank) Credit Kenya Urban Support Project (KUSP) Urban Development Grant (UDG)	18,190,995		-
10	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	10,918,919	39,998,624	366

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
11	International Fund for Agricultural Development (IFAD) Loan for Kenya Livestock Commercialisation Project (KeLCoP)	40,150,000	39,998,624	100
12	United Nations Fund for Population Activities (UNFPA)	9,620,000		-
13	County Aggregation and Industrial Parks (CAIP) Programme	21,782,624		-
14	Road Maintenance Fuel Levy- Roll Over	844,546	71,309,826	8,444
15	Rehabilitation of Youth Polytechnics	2,054,766		-
16	Universal Care Project - THS	407,379		-
17	SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	4,645		
18	World Bank Emergency Locusts Project	35,056,838		
19	Livestock Value Chain Support Project	11,402,752		
20	KDSP Grant Phase II	272,234		
21	DANIDA Grant Primary Health Care	9,709,060	7,848,750	81
22	FIF	29,708,459		
23	COVID Emergency - Roll over	4,220,366		
24	IDA (World Bank) credit (FLLoCA) climate-SPA-Recurrent	11,132,220	11,325,795	102
25	IDA (World Bank) credit (FLLoCA) climate-SPA-Development	239,003,641		
26	IDA (World Bank) credit (FLLoCA) climate-2024/2025	11,000,000	11,913,344	108
Sub total		1,163,003,435	284,831,395	24
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	380,097,396	250,260,568	66
2	Facility Improvement Fund (FIF)	220,000,000	210,871,019	96
Sub Total		600,097,396	461,131,587	77
Grand Total		**8,983,758,050**	**7,417,921,869**	**83**

Source: Baringo County Treasury

Figure 1 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 1: Baringo County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

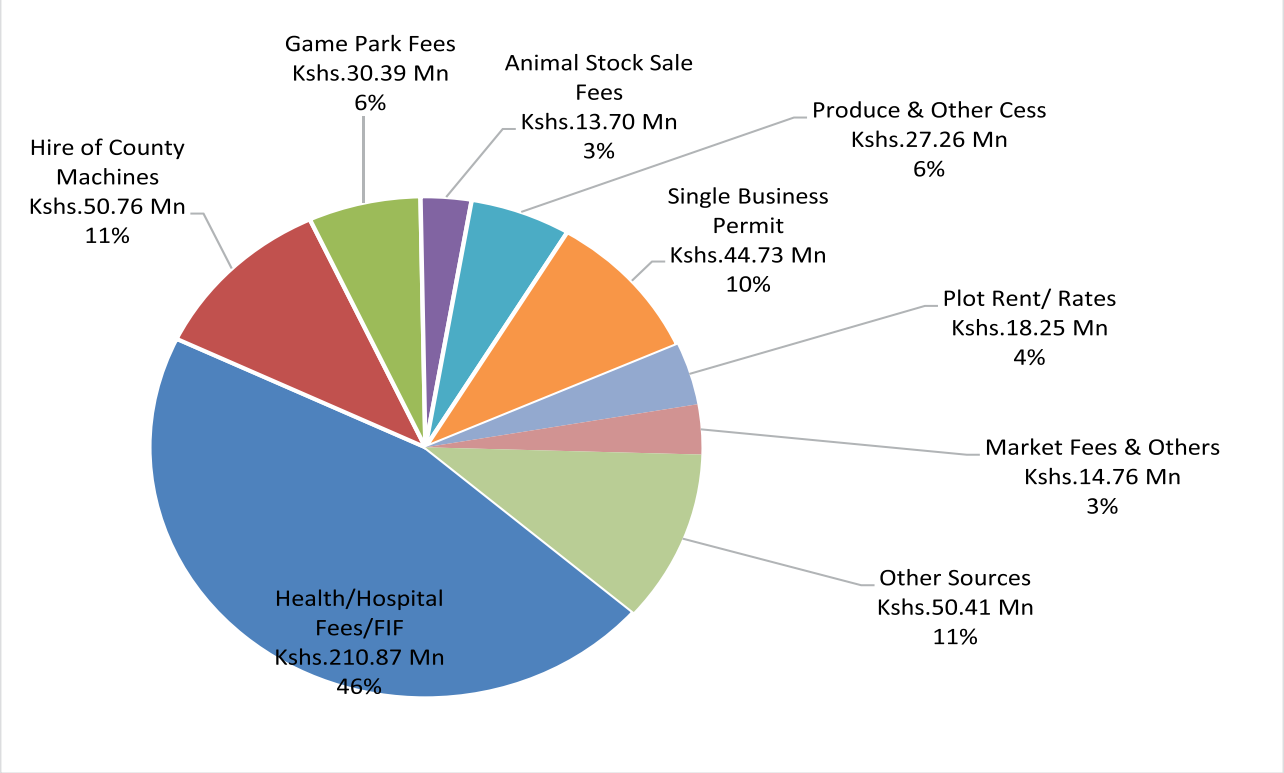


Source: *Baringo County Treasury*

During the year, the County generated Kshs.461.13 million from its revenue sources, including the FIF. This amount was an increase of 21.9 per cent compared to Kshs.378.20 million realised in a similar period in FY 2023/24, and was 76.9 per cent of the annual target and 6.4 per cent of the equitable revenue share disbursed.

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

Figure 2: Baringo County Top Own Source Revenue Streams in FY 2024/25



Source: Baringo County Treasury

As shown in Figure 2, the highest revenue stream, at Kshs 210.87 million, was from Hospital Revenue, accounting for 46 per cent of the total OSR receipts. The County Government indicated that it had automated all revenue streams.

3.1.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.236.06 million. This amount increased to Kshs.430.47 million as of 30 June 2025, indicating that the County had accumulated additional arrears. Table 3.2 presents a breakdown of the County's revenue arrears.

Table 3.2: Baringo County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Ordinary Own Sources of Revenue	168,691,179	-	36,124,143	169,180,127	301,747,163
B	Facility Improvement Fund (FIF)	67,371,095	-	-	61,348,899.15	128,719,994.15
	Sub-Total	**236,062,274**	**-**	**36,124,143**	**230,529,026.15**	**430,467,157.15**
	TOTAL	**236,062,274**	**-**	**36,124,143**	**230,529,026.15**	**430,467,157.15**

Source: Baringo *County Treasuries*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.430.47 million (100 per cent) The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include employing more officers.

3.1.4 Borrowing by the County

The County Government did not disclose any borrowing during the review period.

3.1.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.7.42 billion from the CRF account in FY 2024/25, which comprised Kshs.1.72 million (23 per cent) for development programmes and Kshs.5.68 billion (77 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.98 billion was for employee compensation and Kshs.1.73 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 20.7 per cent was for domestic travel and 1.2 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.358.44 million and included Kshs.175.69 million for the County Executive and Kshs.182.74 million for the County Assembly. The foreign exchequer totalled Kshs.22.09 million, which was entirely incurred by the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.1.40 billion.

3.1.6 County Expenditure Review

The County spent Kshs.7.21 billion on development and recurrent programmes in the reporting period. The expenditure represented 97.3 per cent of the total funds released by the CoB. It comprised Kshs.1.70 billion for development programmes and Kshs.5.50 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 53.5 per cent, while recurrent expenditure represented 95.0 per cent of the annual recurrent expenditure budget.

3.1.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.589.28 million. This amount included Kshs.475.03 billion from the County Executive and Kshs.114.45 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.234.64 million for recurrent expenditures and Kshs.240.39 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.475.03 million, comprising Kshs.234.64 million (49.4 per cent) for recurrent programmes and Kshs.240.39 million (50.6 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.114.45 million, which included Kshs.11.45 million (10.0 per cent) for recurrent activities and Kshs.103 million (90.0 per cent) for development activities. Table 3.3 provides additional details of pending bills.

Table 3.3: Baringo County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	234,639,790	234,639,790	202,316,202.88	202,316,202.88
Development	240,387,648	240,387,648	143,949,619.67	143,949,619.67
Total	**475,027,438**	**475,027,438**	**346,265,822.55**	**346,265,822.55**
County Assembly				
Recurrent	11,446,032.16	11,446,032.16	0	0
Development	103,005,438	103,005,438	22,184,466	0
Total	**114,451,470.16**	**114,451,470.16**	**22,184,466**	-
Total	**589,478,908.16**	**589,478,908.16**	**368,450,288.55**	**346,265,822.55**

Source: *Baringo County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to paying Kshs.475.03 million and Kshs.114.45 million for recurrent and development, respectively, in FY 2024/25. The County adhered to this payment plan, clearing Kshs.475.03 million for the Executive and Kshs.114.45 million for the Assembly.

Table 3.4 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.346.27 million.

Table 3.4: Baringo County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**202,316,202.88**	-	-	-	**202,316,202.88**
Recurrent Pending Bills (Goods & Services)	112,280,919.82				**112,280,919.82**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	31,668,699.85				**31,668,699.85**
Recurrent Pending Bills (Staff Claims)	-				-
Total Recurrent Pending Bills	143,949,619.67	-	-	-	**143,949,619.67**
Total Pending Bills	**346,265,822.55**	-	-	-	**346,265,822.55**
% of Total	**100%**				**100%**

Source: *Baringo County Treasury*

3.1.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.53 billion for compensation of employees, Kshs.1.46 billion for operations and maintenance, and Kshs.1.66 billion for development activities. Similarly, the County Assembly spent Kshs.431.91 million on compensation of employees, and Kshs.331.96 million on operations and maintenance, as shown in Table 3.5.

Table 3.5: Baringo County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,029,845,079.11**	**763,868,506**	**4,984,736,554.14**	**763,868,503.05**	**99.1**	**100.0**
Compensation of Employees	3,526,952,258.15	421,146,047	3,526,952,258.15	431,908,280.45	100.0	102.6
Operations and Maintenance	1,502,892,820.96	342,722,459	1,457,784,295.99	331,960,222.60	97.0	96.9
Development Expenditure	**3,190,044,464.59**	**22,632,096**	**1,658,029,152.73**		**52.0**	**0.0**
Total	**8,219,889,543.70**	**786,500,602**	**6,642,765,706.87**	**763,868,503.05**	**80.8**	**97.1**

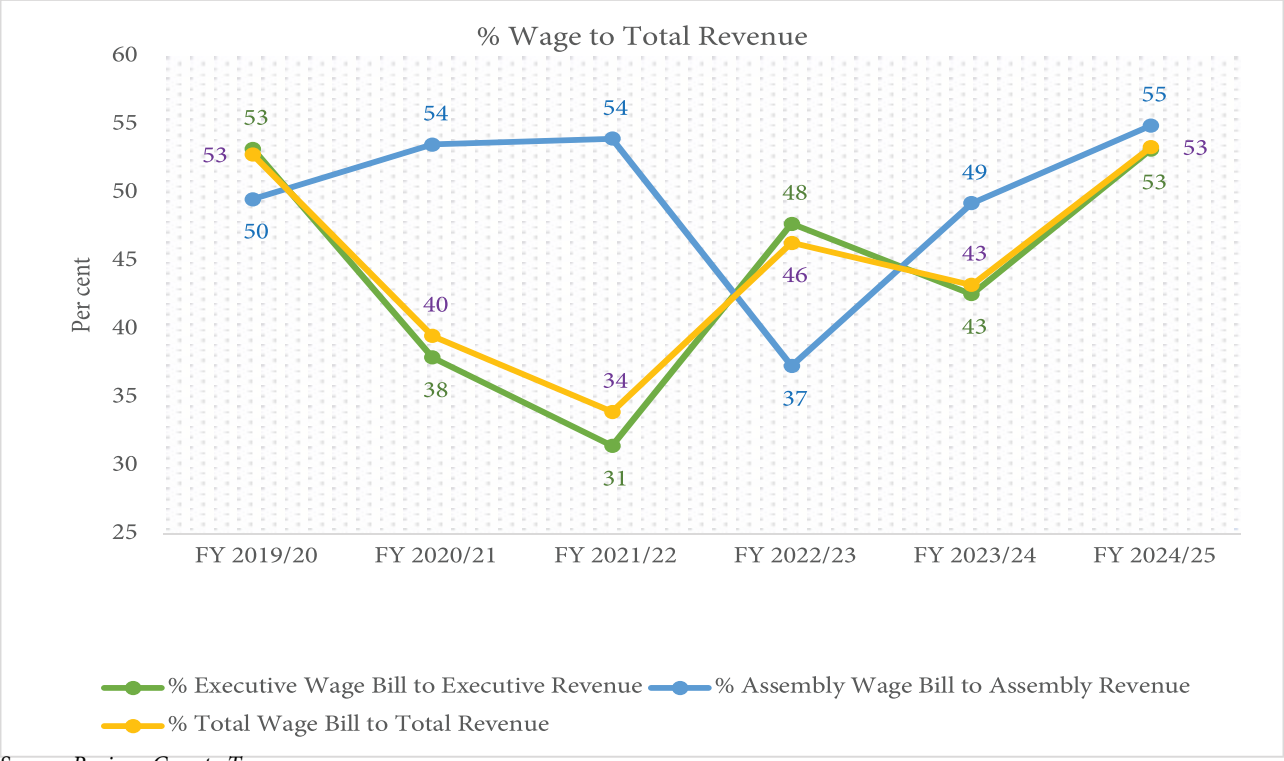
Source: *Baringo County Treasury*

3.1.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.96 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.7.42 million, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 53.4 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.65 billion reported in FY 2023/24. Of this total, Kshs.2.64 billion related to the Health Sector employees, which accounted for 67 per cent of the overall employees' compensation

Figure 3 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 3: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Baringo County Treasury

Further analysis revealed that PE costs totalling Kshs.3.96 billion were processed through the HRIS, while none were processed through manual payroll.

The County Assembly spent Kshs.50.46 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.50.78 million. The average monthly sitting allowance was Kshs.93,438.35 per MCA. The County Assembly has 25 House Committees.

3.1.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.139.50 million to County-established funds in FY 2024/25, or 1.5 per cent of the County's overall budget. Furthermore, the County allocated Kshs.20 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.6 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.6: Performance of Baringo County Established Funds in FY 2024/25

	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues as at 30 June 2025 (Kshs.)	Actual Expenditure as at 30 June 2025 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
1.	Baringo Executive Car Scheme Fund		12,500,000				No
2.	Youth and Women Fund		Not Budgeted	-	-	17,147,507	No
3.	Baringo Executive Mortgage Scheme fund		Not Budgeted				No
4.	Baringo County Emergency Fund		20,000,000	-	-	-	No
5.	Bursary and Scholarship Fund		94,750,000	-	-	-	No
6.	Community Conservancy Fund		Not Budgeted				No
7.	Baringo County Lake Bogoria Community Grant		Not Budgeted				No

	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues as at 30 June 2025 (Kshs.)	Actual Expenditure as at 30 June 2025 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
8.	Baringo County Older persons and Persons with serve Disability Fund		Not budgeted	-	-	-	No
9.	County Assembly Car and Mortgage Fund		12,000,000	6,000,000	-	6,000,000	No
	Total		**139,250,000**			**23,147,507**	

Source: *Baringo County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Fund Administrators, as indicated in Table 3.6, as required by Section 168 of the PFM Act, 2012. The administration costs of all Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of the Bursary Fund and Emergency Fund had lapsed. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of these expired funds, as they no longer have a legal basis for continued existence.

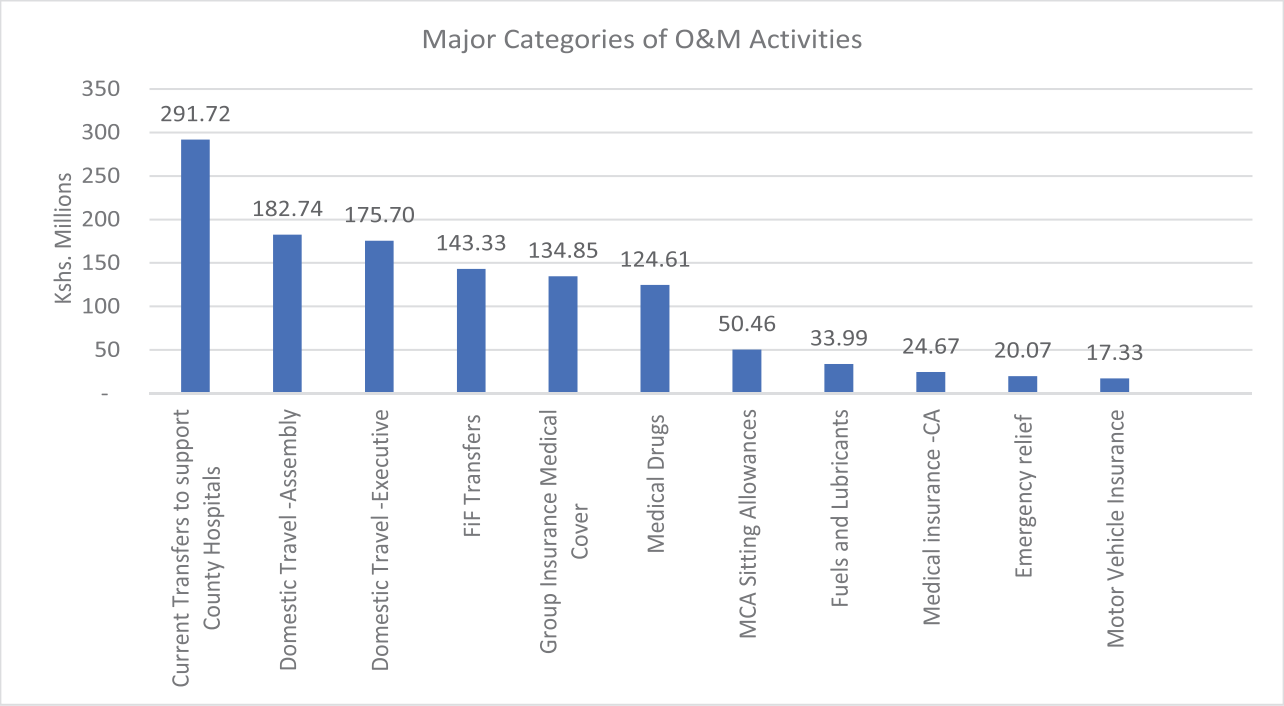
3.1.11 County Corporations

The County had no existing County Corporations.

3.1.12 Expenditure on Operations and Maintenance

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

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



Source: *Baringo County Treasury*

Expenditure on domestic travel amounted to Kshs.358.44 million and comprised Kshs.182.74 million spent by the County Assembly and Kshs.175.70 million by the County Executive. Expenditure on foreign travel amounted to Kshs.22.10 million and comprised Kshs.22.10 million by the County Assembly and no expenditure by the County Executive. Expenditure on foreign travel is summarised in Table 3.7

Table 3.7: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	2	14-24/10/2023	benchmarking exercise	Tanzania	760,552
County Assembly	6	21-27/9/2024	Training on smart Governance, harnessing technology for transparent	Dubai	3,815,968
County Assembly	3	10-16/11/2024	Training on empowering excellence in public Finance	Dubai	1,628,065
County Assembly	7	3-10/11/2024	Training on leadership and integrity workshop	Arusha	2,724,085
County Assembly	7	17-23/09/2024	Training on strengthening regional integration for peace and security	Arusha	1,921,192
County Assembly	7	30-4/09/2024	Training on strategic leadership in a political environment	Arusha	2,354,072
County Assembly	7	3-10/11/2024	Training on a peace and conflict resolution workshop	Rwanda	2,478,000
County Assembly	8	18-24/09/2024	Digital conference	Rwanda	2,424,741
County Assembly	6	11-18 May 2025	Transformative leadership	Arusha	1,863,456
County Assembly	5	28 January- 1 February 2025	Retirement planning and FM	Arusha	1,126,953
County Assembly	3	2-10/11/2024	Training on a peace and conflict resolution workshop	Rwanda	1,002,000
Total					**22,099,084**

Source: Baringo County Treasury and Baringo County Assembly

The operations and maintenance costs did not include garbage collection expenses. Conversely, Kshs.11.61 million was reported for legal fees, arbitration, and compensation payments

3.1.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.210.87 million as FIF, which was 141.2 per cent of the annual target of Kshs.149.38 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a total of Kshs.98.01 million across the two schemes, the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.8 presents a breakdown of the claims.

Table 3.8: Baringo County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	Marigat Sub-County Hospital	17,028,785	11,628,147	5,400,638	4,163,447
2	Mogotio Sub-County hospital		17,508,061	-17,508,061	9,796,154
3	Baringo County Referral Hospital	137,463,668	88,016,084	49,447,584	21,985,505
4	Kabartonjo Sub-County Hospital		43,969,152	-43,969,152	4,583,600
5	Chemolingot Sub-County Hospital	13,398,686	5,404,652	7,994,034	6,973,250
6	Eldama Ravine Sub-County Hospital	56,647,800	36,444,197	20,203,603	26,607,860
7	County Dispensaries(Total)	23,141,615	20,807,375	2,334,240	
	Total	**247,680,554**	**223,777,668**	**23,902,886**	**74,109,816**

Source: *Baringo County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.247.68 million. Of this, only Kshs 223.78 million was disbursed, resulting in a pending balance of Kshs23.9 million. Furthermore, the defunct NHIF still owes health facilities Kshs.74.11 million.

The expenditure by the health facilities amounted to Kshs.96.82 million, as shown in Table 3.9

Table 3.9: Baringo County Health Facilities Expenditure Performance in FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate(%)
1	Kabarnet Referral Hospital	83,228,802	80,736,565	97
2	E/Ravine District Hospital	42,929,578	39,107,889	91
3	Kabartonjo District Hospital	4,988,649	4,757,564	95
4	Marigat District Hospital	6,979,648	6,482,628	93
5	Chemolingot District Hospital	5,536,752	5,432,114	98
6	Mogotio District Hospital	5,714,752	5,281,989	92
	TOTAL	**149,378,181**	**141,798,749**	95

Source: *Baringo County Treasury*

3.1.14 Development Expenditure

In the review period, the County reported spending Kshs.1.66 million on development programmes, representing a decrease of 20 per cent compared to FY 2023/24, when the County spent Kshs.2.12 million. Table 3.10 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to a delay in completing the projects.

Table 3.10: Baringo County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in the first Nine Months of FY 2024/25 (Kshs.)	Cumulative Expenditure as of 31 March 2025	Implementation status (%)
1	Water and Irrigation	Lake Baringo Matching Funds	Lake Baringo	Complete	22,437,511	22,437,511	22,437,511	100
2	Health Services	Completion of the BCRH surgical block	HQ	ongoing	220,000,000	25,856,602	191,152,787	87
3	County Finance and Economic Planning	Supply Of Four Revenue Vehicles	Kabarnet Towb	Paid	21,500,000	21,500,000	21,500,000	100
4	Agriculture, livestock & and fisheries	Transfer of Kenya livestock commercialisation project funds	Various Wards	Paid and Supplied	17,244,608	17,244,608	17,244,608	100
5	Water and Irrigation	Electricity Subsidy for Kirandich	Ewalel Ward	Paid	14,500,000	14,500,000	14,500,000	100
6	Water and Irrigation	Kirandich water supply electricity bill	Ewalel Ward	Complete	6,566,724	6,566,724	6,566,724	100
7	Agriculture, livestock & and fisheries	Maoi cabro works	Maoi	Paid	5,578,731.55	5,578,731.55	5,578,731.55	100
8	Lands	Kabarnet Town, cabro repairs & replacement of utility hole covers	Kabarnet Towb	Paid	4,256,948	4,256,948	4,256,948	100
9	Education	Construction of ECD and Supply of furniture	Various Wards	Paid and Supplied	6,520,000	6,520,000	6,520,000	100
10	Roads, Transport, Public works and infrastructure	Maintenance of Sokonin Primary Feeder Roads	Ravine	Paid	2,154,470	2,154,470	2,154,470	100

Source: *Baringo County Treasury*

The County reported stalled projects as of 30th June 2025 as shown in Table 3.11.

Table 3.11: Baringo County List of Stalled Projects as of 30th June 2025

S/N	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
1	Construction Staff house at Sugut Dispensary-	Tirioko	1,999,849.00	698,146.00	1,301,703.00	50	Insecurity
2	Construction of laboratory ar Riongo Dispensary	Silale	1,458,574.00	1,050,716.00	407,858.00	90	Insecurity
3	Construction and completion of Emining theatre block	Emining	11,947,541.00	9,823,041.00	2,124,500.00	90	The contractor capacity and incapacity due road accident
4	Marigut Community Social Hall	Barwessa	3,000,000.00		2,500,000.00	5	Contract terminated due to delay by the contractor
5	ATC Guesthouse	Lembus perkerra	19,000,000.00	16,000,000.00	3,000,000.00	60	It is a phased project. Challenges of low funding
6	Proposed Construction of pitlatrine,fencing and installation of 10,000ltrs tanks and gutters at Saimo Kipsaraman Wardoffice	Saimo Kipsaraman	1,493,252.00	1,041,215.00	452,037.00	70	The contractor is behind schedule
7	Tirioko Wardoffice:Cash Transfer	Tirioko	1,000,000.00	-	997,762.00	20	The contractor is behind schedule
8	Construction of Ajira Centre at Cheplambus Phase 1	Tenges	1,989,295.20	-	1,702,439.20	90	The contractor is behind schedule
9	Construction of Youth Empowerment Centre Marigat	Marigat	13,000,000.00	5,329,956.60	7,670,043.40	40	No Budget allocation and Structural Assessment report foundation adjustment due to possible fault line.
10	Construction of Kabarnet Stadium	Kabarnet	1,167,638,590.00	47,362,304.40	1,120,276,285.60	20	Inadequate appropriation of funds
11	Construction mogotio information centre radio room, kichen, globe. Amphitheatre, integrated gate	Mogotio	54,650,000.00	26,800,000.00	27,850,000.00	50	Inadequate funding
12	Construction of kipsaraman museum with laboratory	Saimo Soi	32,280,674.00	12,460,674.00	19,820,000.00	65	Inadequate funding
13	Hospitality Centre at Marigat VTC	Marigat ward	10,000,000.00	5,000,000.00	5,000,000.00	50	Budget expunged/ contractor delay
15	Kaplop Pri ECD	kabarnet	1,100,000.00	300,000.00	800,000.00	40	Contractor declined
16	Construction of Milimani ECD	Ravine	1,200,000.00	490,000.00	710,000.00	40	Contractor declined
17	kaburwo ecd classroom	Ravine	1,200,000.00	-	1,200,000.00	0	Contractor declined
18	Chemayes ecd classroom	Tirioko	1,000,000.00	700,000.00	300,000.00	80	Contractor declined
19	Chesakam ecd classroom	Loyamorok	1,000,000.00	400,000.00	600,000.00	80	Contractor declined
20	Noswo ecd classroom	Churo	1,000,000.00	400,000.00	600,000.00	80	Contractor declined
21	Borokwo ecd classroom	Mogotio	1,000,000.00	600,000.00	400,000.00	80	Contractor declined
22	Psau ECD classroom	Tirioko	1,000,000.00	700,000.00	300,000.00	80	Contractor declined
23	Mwal ECD classroom	Tirioko	1,000,000.00	600,000.00	400,000.00	80	Contractor declined
24	Ketukoi ECD classroom	Kolowa	1,000,000.00	600,000.00	400,000.00	80	Contractor declined
26	Toplen ECDE Staff House	Silale	1,000,000.00	700,000.00	300,000.00	80	Contractor declined

Source: *Baringo County Treasury*

3.1.15 Budget Performance by Department

Table 3.12 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.12: Baringo County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	763.87	22.63	766.27	22.18	763.87	22.18	99.7	100.0	100.0	98.0
The Governor's Office	3,918.35	21.44	4,091.70	10.26	3,918.35	10.26	95.8	100.0	100.0	47.9
County Finance and Economic Planning	151.85	41.06	183.28	25.77	183.27	26.19	100.0	101.6	120.7	63.8
Roads, Transport, Energy and Public Works	59.75	511.93	57.65	417.18	57.16	417.36	99.1	100.0	95.7	81.5
Trade, Cooperatives and Industrialisation	25.25	396.36	22.65	114.68	22.37	113.90	98.8	99.3	88.6	28.7
Education and Vocational Training	60.69	253.22	55.17	113.45	54.52	113.78	98.8	100.3	89.8	44.9
Health Services	569.43	248.89	333.44	142.26	325.37	142.31	97.6	100.0	57.1	57.2
Lands, Housing & Urban Development	79	62.74	33.05	102.62	33.01	62.62	99.9	61.0	41.8	99.8
Agriculture, Livestock, and Fisheries Management	37.78	608.86	26.85	153.83	26.74	153.77	99.6	100.0	70.8	25.3
Youth Affairs, Sports, Culture, Gender and Social Services	51.49	127.87	44.94	126.87	45.21	126.12	100.6	99.4	87.8	98.6
Water and Irrigation	36.68	627.29	36.55	333	36.90	351.44	101.0	105.5	100.6	56.0
Environment, Tourism, Wildlife Management, Natural Resources and Mining	39.59	267.75	36.46	167.82	36.68	167.93	100.6	100.1	92.7	62.7
Total	**5,793.71**	**3,190.04**	**5,688.01**	**1,729.92**	**5,503.44**	**1,707.86**	**96.8**	**98.7**	**95.0**	**53.5**

***Source**: Baringo County Treasury*

Analysis of expenditure by departments shows that the Department of Youth Affairs recorded the highest absorption rate of development budget at 98.6 per cent, followed by the Department of County Assembly at 98.0 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 120.7 per cent. In comparison, the Department of Health Services had the lowest at 57.1 per cent. Finance and economic planning paid for services not budgeted for.

3.1.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 14th August 2025.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the Cooperative Fund's lifespan had lapsed, making it ineligible for further withdrawals.
iii. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.98.01 million across the two schemes—SHIF and the defunct NHIF.

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

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

ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*

iii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.2. County Government of Bomet

3.2.1 Overview of FY 2024/25 Budget

The Bomet County Approved Supplementary I Budget for FY 2024/25 was Kshs.9.8 billion. It comprised Kshs.2.36 billion (34.2) per cent) and Kshs.6.47 billion (65.8 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.3 billion (15.4 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.2.39 billion and a recurrent budget of Kshs.6.13 billion. The increase in the budget was attributed to the anticipated growth in CARA at the beginning of the 2024/25 FY and the rise in the Additional Allocations of Kshs.294.40 million and Kshs.916.87 million, respectively, in addition to the enhanced OSR target by Kshs.123.71 million.

The budget was to be financed from the various revenue sources, including the equitable share of revenue raised nationally of Kshs.7.02 billion (71 per cent), additional allocations of Kshs.1.45 million (14.8 per cent), a cash balance of Kshs.885.5 million (9 per cent) brought forward from FY 2023/24, and Kshs.482.75 million (4.9 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.260 million (3 per cent) deposited into the CRF and Kshs.227 million (2 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A was comprised Kshs.227 million (2 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.13.

3.2.2 Revenue Performance

The County received Kshs.7.7 billion in revenues in the review period to fund its development and recurrent activities. This amount was similar to the amount received in FY 2023/24 of Kshs.7.7 billion. The total revenue consisted of Kshs.6.62 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.405.3 million and own-source revenue (OSR) collection of Kshs.367.8 million. Additionally, the County had a cash balance of Kshs.728.7 million from FY 2023/24.

The total OSR collection of Kshs.367.8 million included Facilities Improvement Financing (FIF) of Kshs.211.6 million, and Kshs.156.2 million from other OSR sources. Table 3.13 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.13: Bomet County, Revenue Performance in FY 2024/25

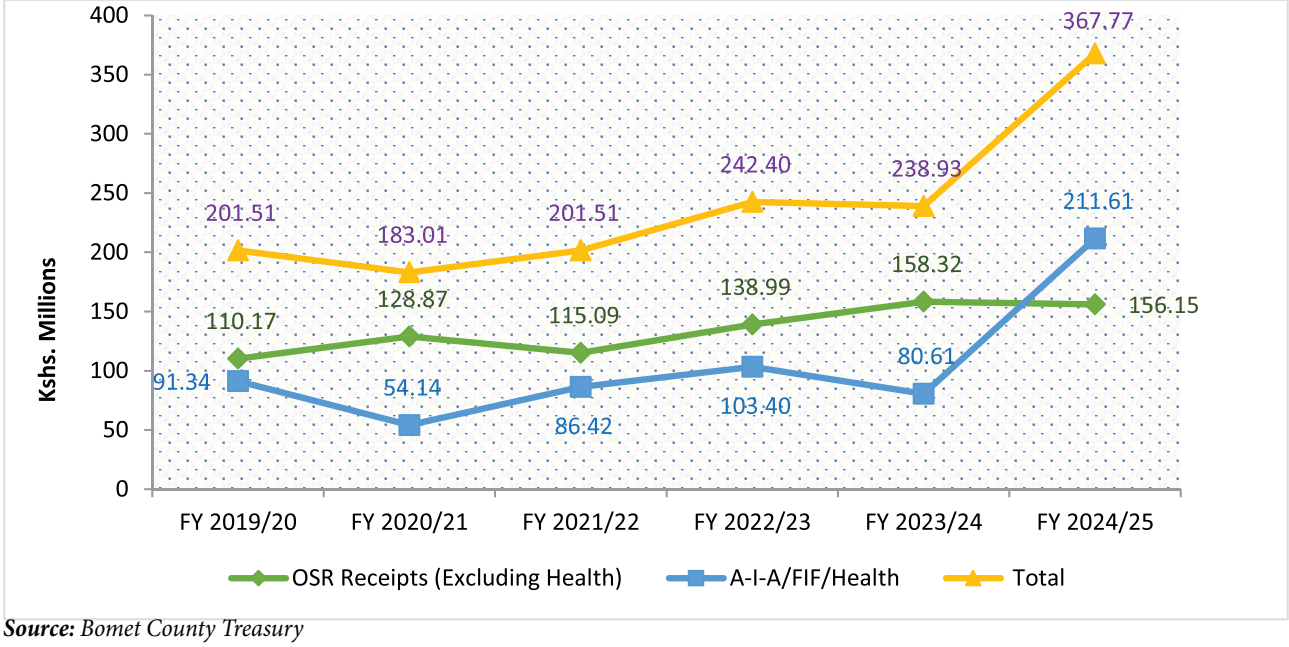
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,015,121,755	6,616,012,863	94.31
Sub Total		**7,015,121,755**	**6,616,012,863**	**94.31**
B	**Additional Allocations**			
1	Road Maintenance Fuel Levy (KRB)	163,685,210.91	-	-
2	Community Health Promoters	74,070,000	43,207,500	58.33
3	Conditional Allocation for Libraries	950,259	-	-
4	Basic Salary Arrears for County Government Health Workers	21,261,693		-
Sub Total		**259,967,162.91**	**43,207,500**	**16.62**
C	**Conditional allocations to County Governments from Loans and Grants from Development Partners**			
1	Primary Healthcare in a Devolved Context	8,482,500	7,500,000	88.42
2	Kenya Urban Support Programme (KUSP) - UIG	35,000,000	32,309,300	92.31
3	IDA Kenya Urban Development Grant (UDG)	18,278,289	-	-
4	KDSP (Level 1)	37,500,000	2,598,300	6.93
5	KDSP (Level 1 Grant) B/F-Recurrent	3,300,000	2,598,300	78.74

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6	WASH - Health & Water- DIG DEEP	80,000,000	-	-
7	Kenya Water, Sanitation and Hygiene (K-WASH) Program	197,903,000	-	-
8	Nutritional International	15,000,000	15,000,000	100
9	HSSF Danida	20,056,500	14,094,000	70.27
10	IDA Kenya/Climate Change Resilience Invest (CCRI) - BAL C/F	130,126,688	129,063,344	99.18
11	IDA Kenya/Climate Change Resilience Invest (CCRI) KfW	148,456,524	28,000,000	18.86
12	IDA Kenya/Climate Change Resilience Invest (CCRI)	130,126,688	75,000,000	57.64
13	IDA Kenya/Climate Change Institutional Support (CCIS)	11,000,000	-	-
14	Fertiliser Subsidy Program	131,684,382	-	-
15	SWEDEN-Kenya Agricultural Business Development Projects	10,918,919		-
16	Agriculture Sector Development Support Programme (ASDSP)	1,716,655	-	-
17	Livestock Value Chain Support Project - GRANTS	57,294,720	55,944,470	97.64
18	IDA World Bank-Value Chain NAVCDP	151,515,152	-	-
Sub-Total		**1,188,360,017**	**362,107,714**	
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	255,750,929	156,153,192	61.06
2	Balance b/f from FY2023/24	885,500,694	728,676,676	82.29
3	Facility Improvement Fund (FIF)	227,000,000	211,612,306.50	93.22
Sub Total		**1,368,251,623**	**1,096,442,174.50**	**80.13**
Grand Total		**9,831,700,557.91**	**8,117,770,252**	**83**

Source: *Bomet County Treasury*

The County is yet to finalise the approval process for the governing legislation to operationalise the Facility Improvement Fund (FIF). Figure 5 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 5: Bomet County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



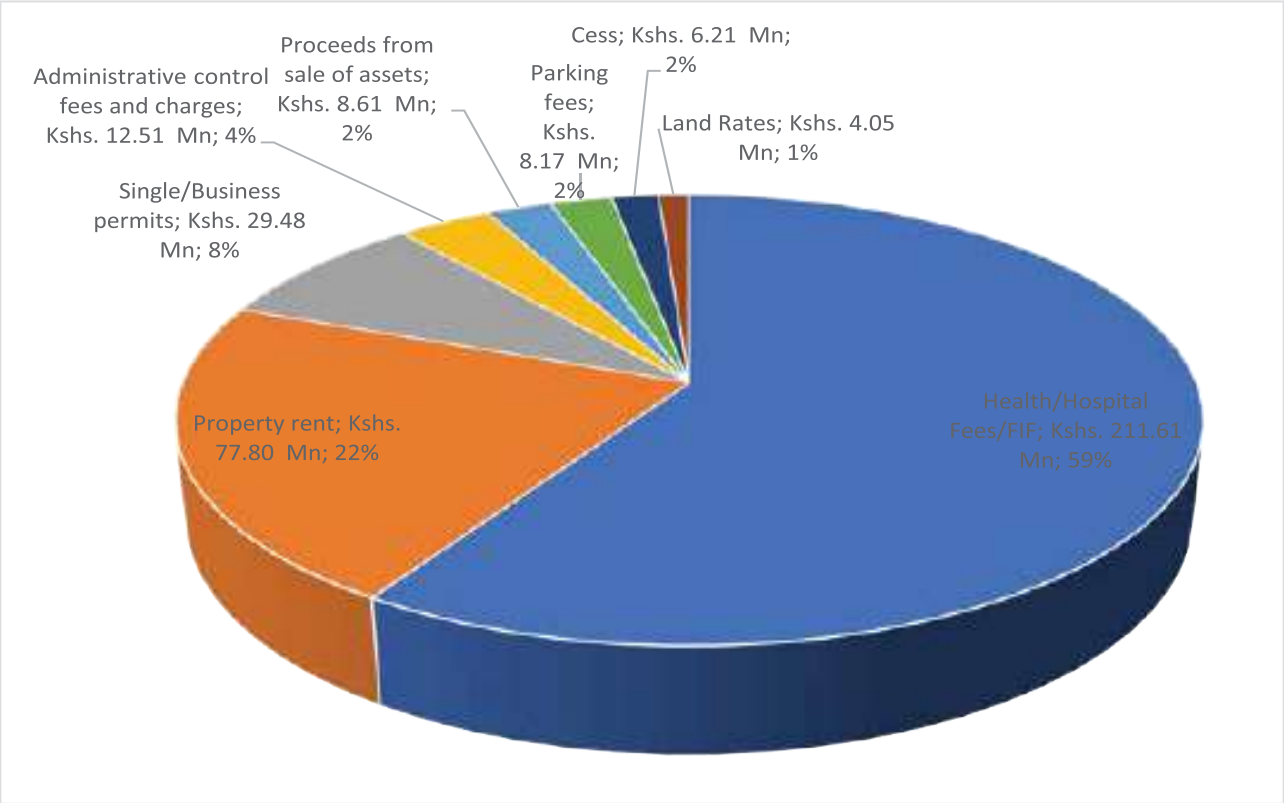
Source: *Bomet County Treasury*

During the year, the County generated Kshs.367.8 million from its revenue sources, including FIF. This amount was an increase of 54 per cent compared to Kshs.238.9 million realised in a similar period in FY 2023/24, and was 71.3

per cent of the annual target and 3.7 per cent of the equitable revenue share disbursed.

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

Figure 6: Bomet County Top Own Source Revenue Streams in FY 2024/25



Source: Bomet County Treasury

As shown in Figure 7, the highest revenue stream, at Kshs.211.6 million, was from FIF, accounting for 59 per cent of the total OSR receipts. The County Government is in the process of automating revenue collection.

3.2.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.533.4 million. This amount increased to Kshs.730.6 million as of 30 June 2025, indicating that the County had accumulated additional arrears of Kshs.197.2 million. Table 3.14 presents a breakdown of the County's revenue arrears.

Table 3.14: Bomet County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 30 June 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
1	Ordinary Own Sources of Revenue	511,815,658	-	-	164,557,607	676,373,265
2	Facility Improvement Fund (FIF)	21,580,440	-	-	32,635,842	54,216,282
	Total	**533,396,098**	**-**	**-**	**197,193,449**	**730,589,547**

Source: *Bomet County Treasuries*

3.2.4 Borrowing by the County

Bomet County did not submit borrowing records in support of its operations in the reporting period.

3.2.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.7.85 billion from the CRF account in FY 2024/25, which comprised Kshs.2.05 billion (26 per cent) for development programmes and Kshs.5.8 billion (74 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.75 billion was for employee compensation and Kshs.2 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 9.6 per cent was for domestic travel and 2.2 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.192.5 million and included Kshs.90.4 million for the County Executive and Kshs.102.1 million for the County Assembly. The foreign exchequer totalled Kshs.44.5 million, comprising Kshs.15.5 million for the County Executive and Kshs.29 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.255 million.

3.2.6 County Expenditure Review

The County spent Kshs.7.88 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.4 per cent of the total funds released by the CoB. It comprised Kshs.2.05 billion for development programmes and Kshs.5.82 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 60.9 per cent, while recurrent expenditure represented 90 per cent of the annual recurrent expenditure budget.

3.2.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.924.80 million as of 30 June 2024. This amount included Kshs.837.8 million from the County Executive and Kshs.86.96 million from the County Assembly. The pending bills from the County Executive consist of Kshs.189.9 million for recurrent expenditures and Kshs.647.9 million for development expenditures.

In FY 2024/25, the County Executive settled pending bills amounting to Kshs.369.1 million, comprising Kshs.95.4 million (26 per cent) for recurrent programmes and Kshs.273.7 million (74 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.86.9 million, which included Kshs.80.8 million (93 per cent) for recurrent activities and Kshs.6.12 million (7 per cent) for development activities. Table 3.15 provides additional details of pending bills.

Table 3.15: Bomet County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	189,923,394	95,417,647	505,465,004	599,970,751
Development	647,919,171	273,731,112	483,210,497	857,398,556
Total	**837,842,565**	**369,148,759**	**988,675,501**	**1,457,369,307**
County Assembly				
Recurrent	4,514,613	6,108,613	21,657,977	20,063,977
Development	82,443,124	80,849,124	44,213,600	45,807,600
Total	**86,957,737**	**86,957,737**	**65,871,577**	**65,871,577**

Source: *Bomet County Treasury*

The County Executive and the Assembly submitted payment plans for pending bills at the commencement of FY 2024/25, committing to pay Kshs.615 million and Kshs.83 million, respectively, in FY 2024/25. The County Assembly adhered to this payment plan, clearing Kshs.87 million, while the County Executive's settlement fell short by approximately Kshs.246 million.

Table 3.16 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.54 billion.

Table 3.16: County Bomet Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**564,059,621**	**39,867,297**	**139,815,079**	**194,505,683**	**938,247,680**
Recurrent Pending Bills (Goods & Services)	190,779,093	4,350,604	50,116,058	19,701,189	**264,946,944**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	305,975,357	20,337,896	-	-	**326,313,253**
Recurrent Pending Bills (Staff Claims)	14,819,167	-	-	-	**14,819,167**
Total Recurrent Pending Bills	511,573,617	24,688,500	50,116,058	19,701,189	**606,079,364**
Total Pending Bills	**1,075,633,238**	**64,555,797**	**189,931,137**	**214,206,872**	**1,544,327,044**
% of Total	**70%**	**4%**	**12%**	**14%**	

Source: Bomet *County Treasury*

3.2.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.39 billion for compensation of employees, Kshs.1.76 billion for operations and maintenance, and Kshs.1.8 billion for development activities. Similarly, the County Assembly spent Kshs.365.5 million on compensation of employees, Kshs.312.3 million on operations and maintenance, and Kshs.256.8 million on development activities, as shown in Table 3.17.

Table 3.17: Bomet County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,738,993,709**	**727,847,307**	**5,144,160,736**	**677,808,821**	**89.6**	**93.1**
Compensation of Employees	3,407,735,641	400,387,231	3,387,251,295	365,542,432	99.4	91.3
Operations and Maintenance	2,331,258,068	327,460,076	1,756,909,441	312,266,389	75.4	95.4
Development Expenditure	**3,114,035,524**	**250,824,018**	**1,797,628,223**	**256,781,419**	**57.7**	**102.4**
Total	**14,592,022,941**	**1,706,518,632**	**12,085,949,695**	**1,612,399,061**	**78.4**	**95.5**

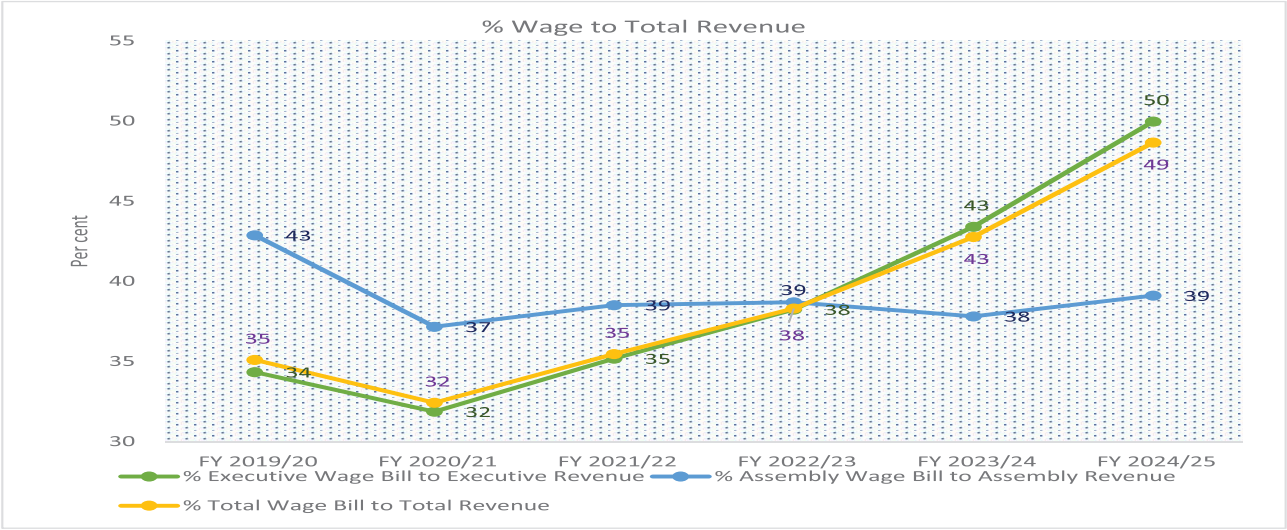
Source: *Bomet County Treasury*

3.2.9 Expenditure on Compensation of Employees

During the period under review, the spending on employee compensation totalled Kshs.3.75 billion. Therefore, the percentage of compensation for employees to revenue was 48.6 percent. This expenditure on employee compensation shows an increase compared to the Kshs.3.64 billion reported in FY 2023/24. Of this total, Kshs.1.42 billion related to the Health Sector employees, which accounted for 38 per cent of the overall employees' compensation.

Figure 8 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 7: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Bomet County Treasury

Further analysis revealed that PE costs totalling Kshs.3.66 billion were processed through the Human Resource Information System (HRIS), while Kshs.97.3 million was processed through manual payroll, which accounted for 3 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the HRIS, salaries for 114 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.18.

Table 3.18: Breakdown of Bomet County Manual Payroll

S/No.	Description of Manual Payroll	Amount Kshs.
1.	Salaries for seven staff were yet to be onboarded into UHR	12,795,000
2.	Salaries for 5 Members and the Speaker were yet to be onboarded into UHR	24,496,742
3.	Salaries for 114 casual staff	50,145,100
4.	Top-up Allowances for six security officers	2,352,000
5.	LAPTRUST/LAPFUND Pension Contributions	25,132,543
6.	Gratuity for 38 Members and Speaker of the Assembly	15,712,256
7.	Sitting Allowances, Board Sub Committee	3,840,000
8.	Interns/ Attachees	3,696,000
	Total	**138,169,641**

Source: *Bomet County Treasury*

The County Assembly spent Kshs.30.9 million on committee sitting allowances for the 39 MCAs against the annual budget allocation of Kshs.33.5 million. The average monthly sitting allowance was Kshs.66,116 per MCA. The County Assembly has 21 House Committees.

3.2.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.130 million to County-Established funds in FY 2024/25, or 1 per cent of the County's overall budget. There was no allocation to the Emergency Fund as required by Section 110 of the PFM Act, 2012.

Table 3.19 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.19: Performance of Bomet County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the FY 2024/25 (Kshs.)	Actual Expenditure in the FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of First Nine Months Financial Statements (Yes/No.)
County Executive Established Funds							
1	Bursary	2021	130,000,000	77,200,000	111,173,875	590,458,915	Yes
2	Car and Mortgage	2014	0	0	0	124,813,880	Yes
County Assembly Established Funds							
3	Car and Mortgage	2017	0	0	22,307,071	483,307,071	Yes
Total			**130,000,000**	**77,200,000**	**133,480,946**	**1,198,579,866**	

Source: *Bomet County Treasury*

During the reporting period, the CoB received the quarterly financial reports from the three Fund Administrators, as indicated in Table 3.19, as per the requirement of Section 168 of the PFM Act, 2012. The funds' administration costs were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.

3.2.11 County Corporations

The County has three Corporations, which were allocated Kshs.195.3 million in FY 2024/25. Their total annual expenditure amounted to Kshs.133 million, as shown in Table 3.20.

Table 3.20: Performance of Bomet County Corporations in FY 2024/25

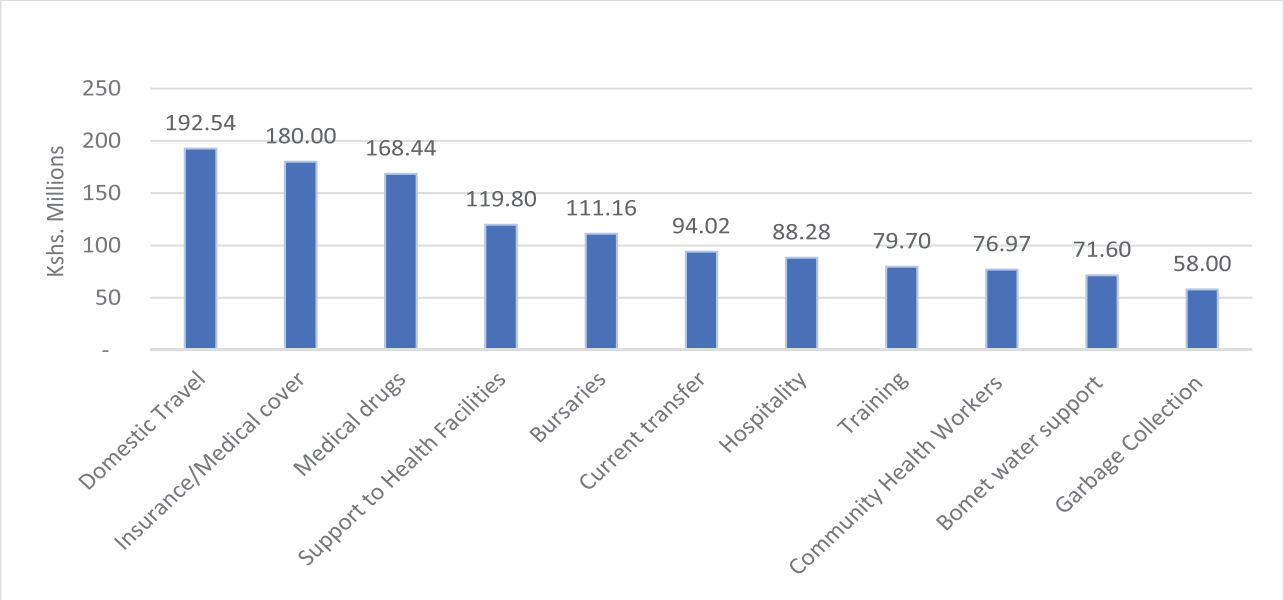
S/No.	Name of the Corporation	Parent Department	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)
1	Bomet Municipality	Lands, Housing, Urban Development and Municipalities	70,998,289	25,639,350	33,102,820
2	Sotik municipality	Lands, Housing, Urban Development and Municipalities	4,500,000	2,848,600	2,348,600
3	Bomet Water Company	Water	119,800,000	**89,056,036**	97,527,804
	Total		**195,298,289**	**117,543,986**	**132,979,224**

Source: *Bomet County Treasury*

3.2.12 Expenditure on Operations and Maintenance

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

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



Source: *Bomet County Treasury*

Expenditure on domestic travel amounted to Kshs.192.5 million and comprised Kshs.102.1 million spent by the County Assembly and Kshs.90.4 million by the County Executive. Expenditure on foreign travel amounted to Kshs.44.5 million and comprised Kshs.29 million by the County Assembly and Kshs.15.5 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.21.

Table 3.21: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	12	1st - 9th November 2024	Attending UN-Habitat Twelfth Session of the World Urban Forum	Cairo, Egypt	8,375,050
County Assembly	1	2nd - 10th November 2024	Emerging Leadership Skills for Legislative Managers	Spain	992,010

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	17	15th - 23rd Februaery 2025	38th Edition of Surakund International Mela (Fair) 2025	Surajkund - India	10,134,513
County Assembly	17	24th May - 2nd June 2025	International conference on empowering communities through e-governance	Cape Town - South Africa	9,498,427
County Executive	1	8th - 17th Sept 2024	Follow-up meeting on pyrethrum Revival	UK	992,662.50
County Executive	2	9th - 13th Sep 2024	CPSB board induction workshop	Singapore	2,134,761
County Executive	1	11th-13th September, 2024	16th ECSACONM Biennial Scientific Conference	Lesotho	287,182
County Executive	1	22nd-30th September 2024	UN General Assembly	New York, USA	767,313.55
County Executive	4	1st-8th October 2024	IPAC Annual Leadership Conference	Winnipeg, Canada	3,550,926.15
County Executive	3	4th-8th November 2024	12th World Urban Forum 2024	Cairo, Egypt	1,166,547
County Executive	2	18th-22nd November 2024	Seminar on building high performance and delivery for the organisation	Bencoolen, Singapore	1,514,240
County Executive	19	22nd-28th February 2025	[illegible] games	Kampala, Uganda	4,594,205
County Executive	2	19th-22nd March 2025	5th International Conference on the future of preventive Medicine and public health	London, UK	257,920
County Executive	1	15th-30th March 2025	New Holland Partnership to improve livestock production and agriculture in general	USA	1,360,774
County Executive	3	2nd April-3rd May 2025	Redcross Partnership Meeting	Qatar	358,150
County Executive	3	29th April-6th May 2025	Red Crescent Society	Qatar	351,616
County Executive	4	27th - 3rd May 2025	Follow-up meeting on African-Norwegian Friendship Group	Oslo, Norway	1,759,743.30

Source: Bomet County Treasury and Bomet County Assembly

Other types of expenditure under the operations and maintenance costs include Kshs.58 million on garbage collection and Kshs.14.3 million related to legal fees, dues, arbitration, and compensation payments.

3.2.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.211.6 million as FIF, which was 93 per cent of the annual target of Kshs.227 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.79.8 million across the two schemes, namely the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.22.

Table 3.22: Bomet County Health Facilities FIF Performance in FY2024/25

S/No	Level of Health Facility and number of facilities	SHA			NHIF
		Approved Claims (Kshs.)	Claims Paid (Kshs.)	Balance (Kshs.)	Pending Debt (Kshs.)
1	4 Level four Health Facilities	86,478,906	80,587,210	5,891,696	
2	22 Level three Health Facilities	75,012,137	34,555,746	18,941,629	1,264,300
3	131 Level Two Health Facilities	68,414,294	13,418,622	54,995,672	

	Total	**229,905,337**	**128,561,578**	**79,828,998**	**1,264,300**

Source: *Bomet County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.229.9 million. Of this, only Kshs.128.6 million was disbursed, occasioning a pending balance of Kshs.79.82 million. Further, the defunct NHIF still owes health facilities Kshs.1.26 million.

The expenditure by the health facilities amounted to Kshs.300.8 million, as shown in Table 3.23.

Table 3.23: Bomet County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facility (Kshs.)	Actual Expenditure of the Facility (Kshs.)	Absorption rate (%)
1.	4 Level four Health Facilities	344,944,000	258,438,408	75
2.	22 Level three Health Facilities	175,093,571	33,072,006	19
3.	131 Level Two Health Facilities	70,181,595	9,309,992	13
	Total	**590,219,166**	**300,820,406**	**51**

Source: *Bomet County Treasury*

3.2.14 Development Expenditure

In the review period, the County reported spending Kshs.2.1 billion on development programmes, representing an increase of 16.7 per cent compared to FY 2023/24, when the County spent Kshs.1.81 billion. Table 3.24 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to improved procurement processes and capacity building for user departments.

Table 3.24: Bomet County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Ksh)	Amount paid in the FY 2024/25 (Kshs.)	Cumulative Expenditure	Implementation status (%)
1	Economic Planning, Finance and ICT	Avocado Packhouse	Hq	30/06/2025	192,000,000	70,000,000	70,000,000	50
2	Health services	Construction of Kapkoros Sub-County Hospital in patient wards and theatre	Hq	30/06/2025	46,799,907	46,799,907	46,799,907	100
3	Health services	Construction of theatre, radiology and surgical wards at Sigor Sub-County Hospital	Hq	30/06/2025	45,390,506	45,390,506	45,390,506	100
4	Health services	Construction of Ndanai Sub-County Hospital inpatient wards	Hq	30/06/2025	38,889,006	38,889,006	38,889,006	100
5	Lands, Housing and Municipalities	Acquisition Of Land For ICT Hub -Mulot	Mulot	30/06/2025	31,974,000	31,974,000	31,974,000	100
6	Health services	Completion of Tegat Sub-County Hospital Radiology Unit	Hq	30/06/2025	17,551,510	17,551,510	17,551,510	100
7	Land Acquisition	Land Acquisition	Hq	30/06/2025	25,000,000	13,282,980	13,282,980	100
8	Roads, Transport & Public Works	Routine Maintenance Of Masindoni - Lutan - Chepwosuiyet Road	Siongiroi Ward	30/06/2025	9,802,963	9,802,963	9,802,963	100
9	Roads, Transport & Public Works	Routine Maintenance Of Kaptebengwet Chebutusto Road	Boito Ward	30/06/2025	9,200,360	9,200,360	9,200,360	100

S/No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Ksh)	Amount paid in the FY 2024/25 (Kshs.)	Cumulative Expenditure	Implementation status (%)
10	Roads, Transport & Public Works	Routine Maintenance Of Kagawet Ngocho Road	Mutarakwa	30/06/2025	9,160,800	9,160,800	9,160,800	100

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

The avocado pack house, under the Department of Finance and Economic Planning, is a multi-year project; hence, the low absorption of 39 per cent.

The County did not report any stalled projects during the period.

3.2.15 Budget Performance by Department

Table 3.25 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.25: Bomet County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Cooperatives	31	511	20	152	18	165	90	109	59	32
County Assembly	728	251	678	257	678	257	100	100	93	102
Finance, ICT & Economic Planning	295	183	220	110	282	113	128	103	95	62
Education, Vocational Training, Youth & Sports	234	272	178	197	180	148	101	75	77	54
Health Services	2,173	130	1,909	100	1,909	64	100	64	88	49
Lands, Housing, Urban Development And Municipalities	171	90	138	49	137	67	100	136	80	74
Public Service & Administration	2,544	56	2,410	33	2,400	37	100	111	94	66
Roads, Public Works, And Transport	70	734	65	587	65	680	100	116	92	93
Trade, Tourism, Industry, and Investment.	10	56	8	39	8	38	100	99	85	69
Water And Environment	164	1,076	132	519	132	529	100	102	80	49
Gender, Culture & Social Services	46	7	41	7	46	2	112	33	99	32
Total	**6,467**	**3,365**	**5,799**	**2,049**	**5,855**	**2,101**	101	103	-	-

Source: *Bomet County Treasury*

Analysis of expenditure by departments shows that the County Assembly recorded the highest absorption rate of development budget at 102 per cent, followed by the Department of Roads, Public Works and Transport at 93 per cent. The Department of Gender, Culture and Social Services had the highest percentage of recurrent expenditure to budget at 99 per cent, while the Department of Agriculture, Livestock and Cooperatives had the lowest at 59 per cent.

The Bomet County Assembly exceeded their allocated development expenditure by Ksh.6 million. The Assembly did not explain their reported performance's reason(s).

3.2.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 24 August 2025.
ii. Own-source revenue underperformed at Kshs.156.2 million against an annual target of Kshs.255.75 million, representing 61 per cent of the financial year target.
iii. Unspent funds from FY 2023/24 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.25.

iv. There was a high level of pending bills, which amounted to Kshs.848.91 million as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
v. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.81.09 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iv. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
v. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.3. County Government of Bungoma

3.3.1 Overview of FY 2024/25 Budget

The County's Approved Supplementary I Budget for FY 2024/25 is Kshs.16.70 billion, comprising Kshs.6.63 billion (40 per cent) and Kshs.10.08 billion (60 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented a 10 per cent increase compared to the previous financial year, when it was Kshs.15.24 billion, and comprised Kshs.5.28 billion towards development expenditure and Kshs.9.96 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.17 billion (67 per cent) as the equitable share of revenue raised nationally, Kshs.2.75 billion (16 per cent) as conditional grants, a cash balance of Kshs.963 million (6 per cent) brought forward from FY 2023/24, and generate Kshs.1.83 billion (11 per cent) as gross own source revenue. The own-source revenue includes Kshs.735.47 million (40 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.04 billion (57 per cent) as ordinary own-source revenue, and Kshs.47.96 million (3 per cent) as other Revenues. A breakdown of the additional allocations/conditional grants is provided in Table 3.26

The A-I-A comprised Kshs.735.47 million (45 per cent) as Facility Improvement Financing (revenue from health facilities). Table 3.26 shows a breakdown of the additional allocations.

3.3.2 Revenue Performance

The County received Kshs.11.17 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 9 per cent compared to the amount received in FY 2023/24 of Kshs.10.22 billion. The total revenue consisted of Kshs.11.70 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.879.64 million, as well as own-source revenue (OSR) collection of Kshs.485.53 million. Additionally, the County had a cash balance of Kshs.888.94 million from FY 2023/24.

The total OSR collection of Kshs.1.28 billion included Facilities Improvement Financing (FIF) of Kshs.793.17 million, and Kshs.485.53 million from other OSR sources. Table 3.26 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.26: Bungoma County, Revenue Performance in the FY 2024/25

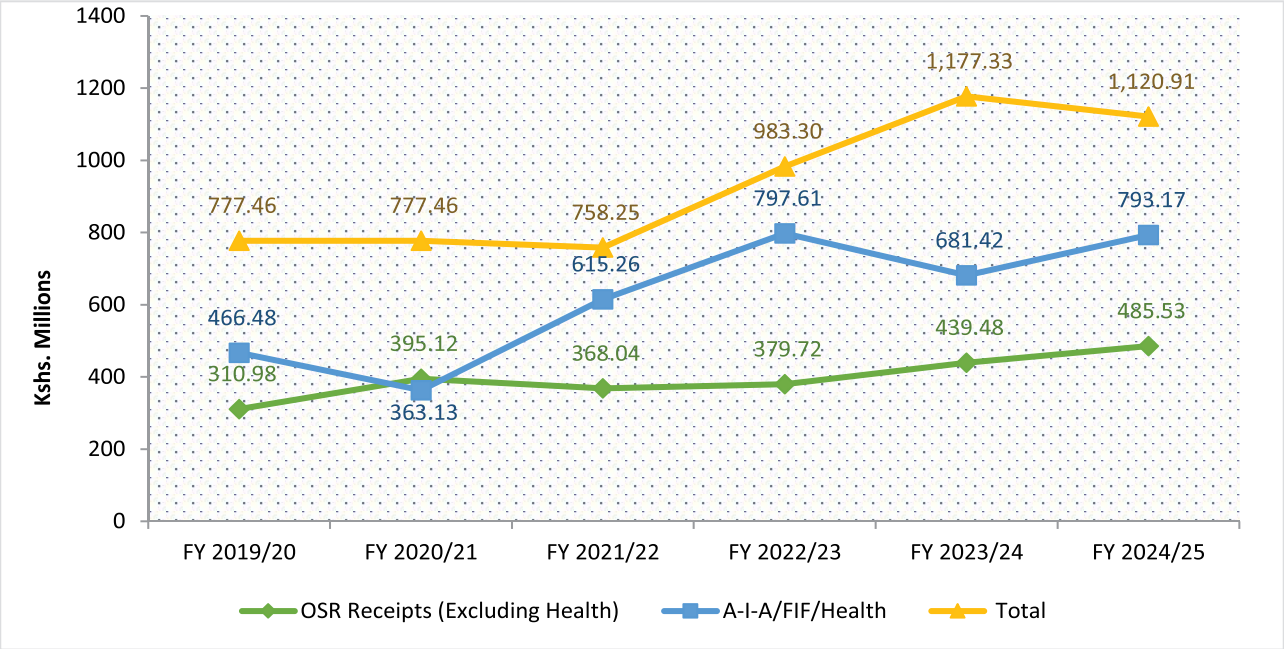
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	11,170,673,599	11,170,672,763	100
Sub Total		**11,170,673,599**	**11,170,672,763**	100
B	**Conditional Grants**			

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1	SHIF Reimbursement	105,600,000	205,451,200	195
2	Finance and Economic Planning: Equalisation Fund	58,779,835		-
3	UNFPA	7,400,000	-	-
4	Community Health Promoters	107,400,000	-	-
5	Covid 19	150,710		-
6	CBA Agreement Arrears	39,854,059		-
7	Industrial Park	194,548,890	133,368,421	69
8	Kenya Agricultural Business Development Project (KABDP)	10,918,919		-
9	Rural Electrification and Renewable Energy Corporation (REREC)	45,000,000	-	-
10	Kenya Livestock Commercialisation Project (KELCoP)	60,067,432	37,806,918	63
11	Road Levy Maintenance Fund-RLMF	184,554,999	63,910,688	35
12	UNICEF	1,571,000	-	-
13	Danish International Development Agency (DANIDA)	31,024,960	13,698,750	44
14	National Agricultural Value Chain Development Project (NAVCDP)	267,298,010	78,038,678	29
15	Agriculture: World Bank Agricultural and Rural Growth Projects	391,721		-
16	Sweden Agricultural Sector Development Support Programme (ASDSP II)	5,467		-
17	Kenya Devolution Support Programme-Level 1	37,500,000	-	
18	Kenya Devolution Support Programme-Level 2	6,753,138		
19	Lands: I) Urban Support Programme(Development)	101,880,104	-	
20	II) Urban Support Programme (Recurrent)	35,000,000	32,309,300	
21	III) KISP II (Kenya Informal Settlement Improvement Project)	390,103,177	292,128,530	
22	Finance Locally Led Climate Action Program (FLLoCA)- Water	22,000,000	-	
23	Climate Change Grant	538096118	22,923,814	
24	Water and Natural Resources I) WATER KOICA	500,000,000	-	
Sub-Total		**2,745,898,538**	**879,636,299**	**32**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,042,461,543	485,531,746	47
2	Balance b/f from FY2023/24	963,003,123	888,958,688	92
3	Facility Improvement Fund (FIF)	735,471,646	793,170,761	108
4	Other Revenues	47,956,352	365,000	1
Sub Total		2,788,892,663	2,038,110,740	73
Grand Total		**16,705,464,800**	**14,218,335,257**	**85**

Source: *Bungoma County Treasury*

The County had no governing legislation on the operation of ordinary A-I-A and FIF. Figure 9 shows the trend in own-source revenue collection from the FY 2019/20 to the FY 202425.

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

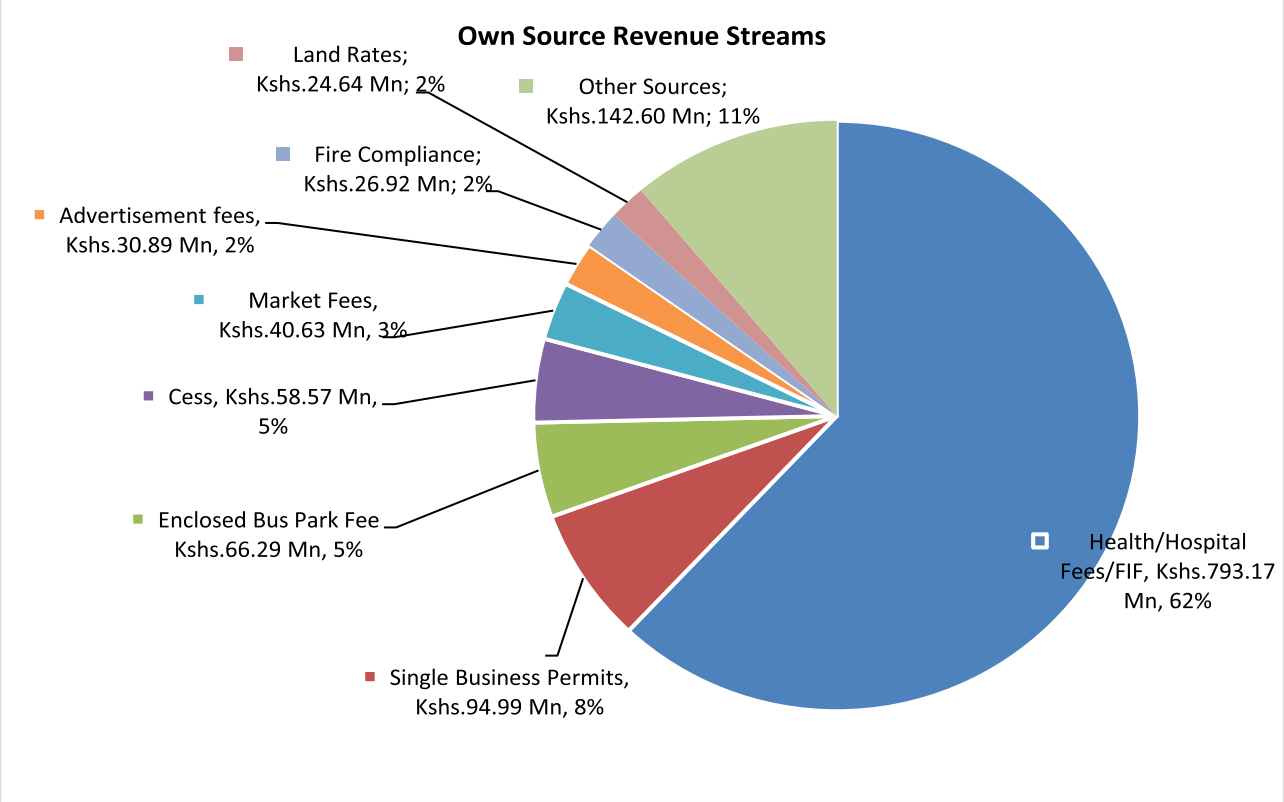


Source: *Bungoma County Treasury*

In FY 2024/25, the County generated a total of Kshs.1.12 billion from its revenue sources, inclusive of FIF and AIA. This amount represented a decrease of 4 per cent compared to Kshs.1.18 billion realised in a similar period in FY 2022/23. It was 51 per cent of the annual target and 4 per cent of the equitable revenue share disbursed during the period.

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

Figure 10: Bungoma County Top Own Source Revenue Streams in FY 2024/25



Source: *Bungoma County Treasury*

As shown in Figure 10, the highest revenue stream, at Kshs.793.17 million, was from Health /Hospital Fees/FIF, accounting for 62 per cent of the total OSR receipts. The County Government has automated 48 out of 52 revenue streams.

3.3.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.93.42 million. This amount increased to Kshs.286.82 million as of 30 June,2025, indicating that the County had accumulated additional arrears of Kshs.47.23 million. Table 3.27 presents a breakdown of the County's revenue arrears.

Table 3.27: Bungoma County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25				OSR Arrears as of 30 June 2025 (Kshs.)
			Interest and Penalties on Arrears (Kshs)	Waivers (Kshs)	Additions during the year	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	e	f=a+b-c+d-e
A	Ordinary Own Sources of Revenue						
1	Land Rates	87,152,355	146,177,76	-	39,762,964	-	273,093,045
2	Ground Rent	6,265,822		-	7,464,163	-	13,729,985
Total		**93,418,177**	**146,177,726**	-	**47,227,127**	-	**286,823,030**

Source: *Bungoma County Treasury*

As of 30th June 2025, the revenue arrears comprised the principal amount of Kshs.93.42 million (33 per cent), interest and penalties of Kshs.146.18 million (51 per cent), and additions during the year of Kshs.47.23 million (16 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include automating all revenue streams and enforcing revenue collection measures.

3.3.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.12.64 billion from the CRF account during the reporting period, which comprised Kshs.3.87 billion (31 per cent) for development programmes and Kshs.8.77 billion (69 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the FY 2024/25 indicates that Kshs.5.58 billion was released towards Employee Compensation and Kshs.3.19 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 15 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.361.43 million and included Kshs.198.15 million for the County Executive and Kshs.163.28 million for the County Assembly. The foreign exchequer totalled Kshs.34.88 million, comprising Kshs.9.84 million for the County Executive and Kshs.26.74 million for the County Assembly.

The available cash balance in the County Revenue Fund Account at the end of the FY 2024/25 was Kshs.1.74 billion.

3.3.5 Borrowing by the County

The County Government borrowed Kshs.940.85 million from a Commercial Bank, through the County Executive, to support its operations. As of 30 June, 2025, the County had a short-term arrangement with the Kenya Commercial Bank, Bungoma Branch, to facilitate salary payments and avoid delays.

3.3.6 County Expenditure Review

The County spent Kshs.12.60 billion on development and recurrent programmes in the reporting period. The expenditure represented 99 per cent of the total funds released by the CoB and comprised Kshs.3.87 billion and Kshs.8.77 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 57per cent, while recurrent expenditure represented 74 per cent of the annual recurrent expenditure budget.

3.3.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.4.51 billion as of 30 June 2024. This amount included Kshs.4.48 billion from the County Executive and Kshs.27.16 million from the County Assembly. The pending bills from the County Executive consist of Kshs.2.45 billion for recurrent expenditures and Kshs.2.03 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.2.52 billion, comprising Kshs.1.35 billion (54 per cent) for recurrent programmes and Kshs.1.17 billion (46 per cent) for development programmes. On

the other hand, the County Assembly settled pending bills worth Kshs.12.46 million, (100 per cent) for recurrent activities. Table 3.28 provides additional details of pending bills.

Table 3.28: Bungoma County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	2,451,546,080	1,346,396,315	1,122,336,860	2,227,486,625
Development	2,030,507,682	1,167,063,554	505,035,250	1,368,479,378
Total	**4,482,053,762**	**2,513,459,869**	**1,627,372,110**	**3,595,966,003**
County Assembly				
Recurrent	27,158,184	12,458,184	-	14,700,000
Development	-	-	-	-
Total	**27,158,184**	**12,458,184**	**-**	**14,700,000**

Source: *Bungoma County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan at the commencement of FY 2024/25, committing to pay Kshs.4.48 billion and Kshs.27.16 million, respectively, in FY 2024/25. However, the County did not adhere to this payment plan, as it cleared Kshs.2.51 billion for the Executive and Kshs.12.46 million for the Assembly.

Table 3.29 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.3.61 billion.

Table 3.29: Bungoma County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	505,035,250	107,555,039	455,104,124	300,784,966	1,368,479,378
Recurrent Pending Bills (Goods & Services)	181,492,110	285,996,864	41,929,637	91,062,367	600,480,977
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	940,844,751			701,581,398	1,642,426,149
Recurrent Pending Bills (Staff Claims)	-				-
Total Recurrent Pending Bills	**1,122,336,860**	**285,996,864**	**41,929,637**	**792,643,764**	**2,242,907,126**
Total Pending Bills	**1,627,372,110**	**393,551,903**	**497,033,761**	**1,093,428,730**	**3,611,386,504**
% of Total	**45**	**11**	**14**	**30**	**100**

Source: *Bungoma County Treasury*

The County should adopt IBEC's pending bills action plan tracker templates, sponsored by KDSP II, to manage, track, and report on their pending bills and their status.

3.3.8 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.88 billion on employee compensation, Kshs.1.83 billion on operations and maintenance, and Kshs.3.66 billion on development activities. Similarly, the County Assembly spent Kshs.445.09 million on employee compensation, Kshs.661.35 million on operations and maintenance, and Kshs.127.77 million on development activities, as shown in Table 3.30.

Table 3.30: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,966,033,715**	**1,112,575,196**	7,700,592,435	1,002,401,420	86	99
Compensation of Employees	5,788,752,250	465,414,148	5,872,082,968	441,537,961	101	96
Operations and Maintenance	3,177,281,465	647,161,048	1,828,509,467	560,863,459	58	102
Development Expenditure	6,379,400,666	246,455,224	3,662,013,589	127,767,959	57	52
Total	**15,345,434,381**	**1,359,030,420**	**11,362,606,024**	**1,130,169,378**	**74**	**91**

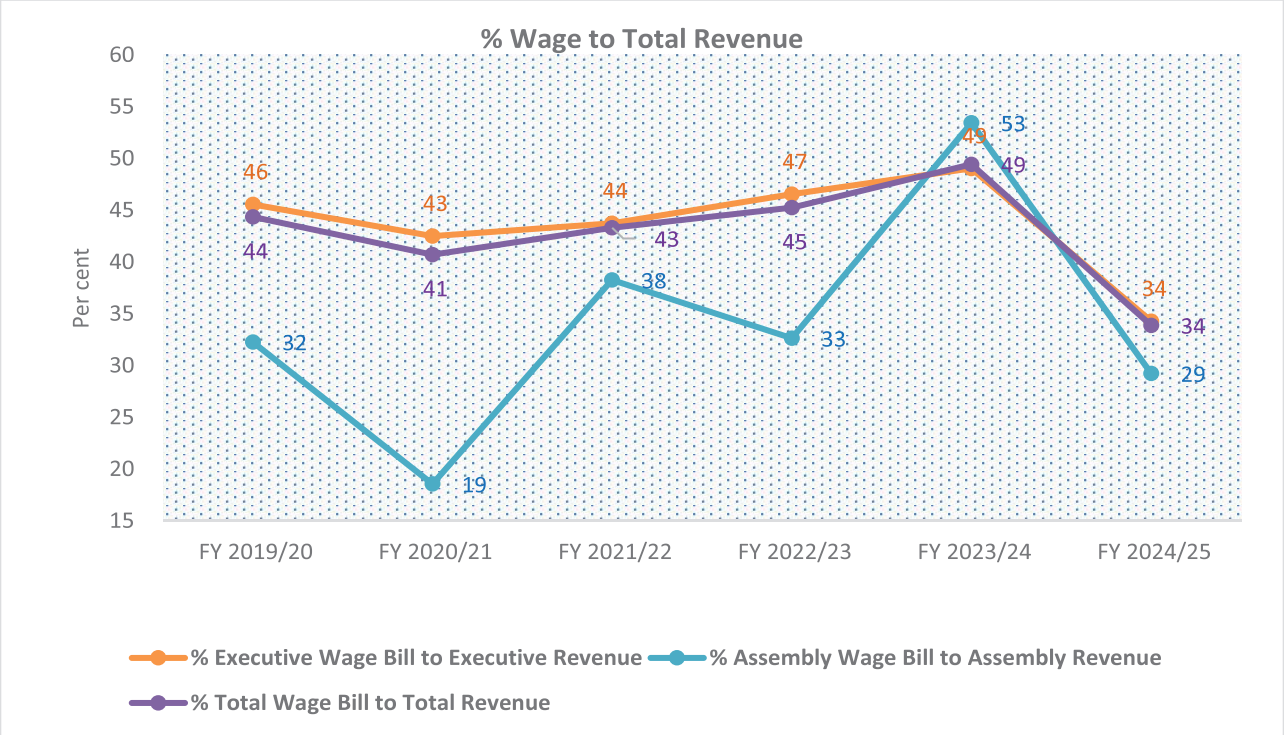
Source: *Bungoma County Treasury*

3.3.9 Expenditure on Employees' Compensation

During the period under review, expenditures on employee compensation totalled Kshs.6.31 billion. Therefore, the percentage of employee compensation to revenue was 45 per cent. This expenditure shows an increase compared to the Kshs.6.05 billion reported in FY 2023/24. Of this total, Kshs.2.73 billion related to Health Sector employees, which accounted for 43 per cent of the overall employees' compensation.

Figure 11 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 11: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Bungoma County Treasury*

Further analysis revealed that PE costs totalling Kshs.6.03 billion were processed through the Human Resource Information System (HRIS), while Kshs.284.68 million was processed through manual payroll, which accounted for 5 per cent of the total PE cost.

The manual payrolls comprised salaries for 699 casual staff, salaries for 3,850 Community Health Promoters, salaries for 135 ward staff yet to be onboarded into the HRIS, Salaries for 135 ward Staff paid outside HRIS, salaries for board members and sitting allowances, one staff member on top-up allowance for security personnel, three staff members on Speakers partisan, and 15 staff members on casual terms in the County Assembly, as shown in Table 3.31.

Table 3.31: Breakdown of Bungoma County Manual Payroll

S/No.	Description of Manual Payroll	Amount Kshs.
1	Salaries for 699 staff were not onboarded into HRIS, but were onboarded	168,667,791
2	Salaries for 3850 Casual staff (The amounts relate to Community Health Promoter paid as a stipend of (Kshs.2,500)	80,550,000
3	Salaries for 135 ward Staff paid outside the Human Resource Information System (HRIS)	28,080,000
4	Salaries for 15 Casual Staff	2,652,840
5	Salary for 1 Board member and Sitting Allowances	2,778,000
6	Top-up Allowances for one security officer	466,200
7	Speaker's 3 Partisan Staff	775,380
8	Salary for 15 Interns	710,000
Total		**284,680,211**

Source: *Bungoma County Treasury and Bungoma County Assembly*

The County Assembly spent Kshs.27.58 million on committee sitting allowances for the 63 MCAs against the annual budget allocation of Kshs.27.58 million. The average monthly sitting allowance was Kshs.36,484 per MCA. The County Assembly has established 24 Committees.

3.3.10 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.356.78 million to County-established funds in FY 2024/25, constituting 2 per cent of the County's overall budget. Further, the County allocated Kshs.100.00 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.32 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.32: Performance of County Established Funds in the FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25(Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/245(Kshs.)	Cumulative disbursements to the Fund in FY 2024/25 (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1	Scholarships and Other Educational Benefits	225,000,000	-	219,345,121	1,865,000,000	Yes
2	Trade Loan	30,963,496	10,000,000	2,501,640	138,890,287	Yes
3	Women Empowerment Fund	820,016	-	-	-	No
4	Disability Empowerment Fund	-	-	-	-	No
5	Youth Empowerment Fund	-	-	-	-	No
6	Emergency Fund	100,000,000	92,791,739	13,023,077	343,178,905	Yes
	County Assembly Established Funds					
Employees' Car Loan and Mortgage Scheme Fund		-	-	3,551,615	267,533,706	Yes
1	MCAs' Car Loan and Mortgage Scheme Fund	-	-	3,578,638	319,193,258	Yes
Total		**356,783,512**	**102,791,739**	**242,000,091**	**2,933,796,156**	

***Source**: Bungoma County Treasury and Bungoma County Assembly*

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of Youth, Women, and Disability funds, as indicated in Table 3.32, as per the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of the Trade Loan Fund, Education Support Scheme, and Youth and Women Fund had lapsed. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of these lapsed funds, as they no longer have a legal basis for continued existence.

3.3.11 County Corporations

The County has one County Corporation, which was allocated Kshs.363 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.176.49 million, as shown in Table 3.33.

Table 3.33: Performance of Bungoma County Corporations in FY 2024/25

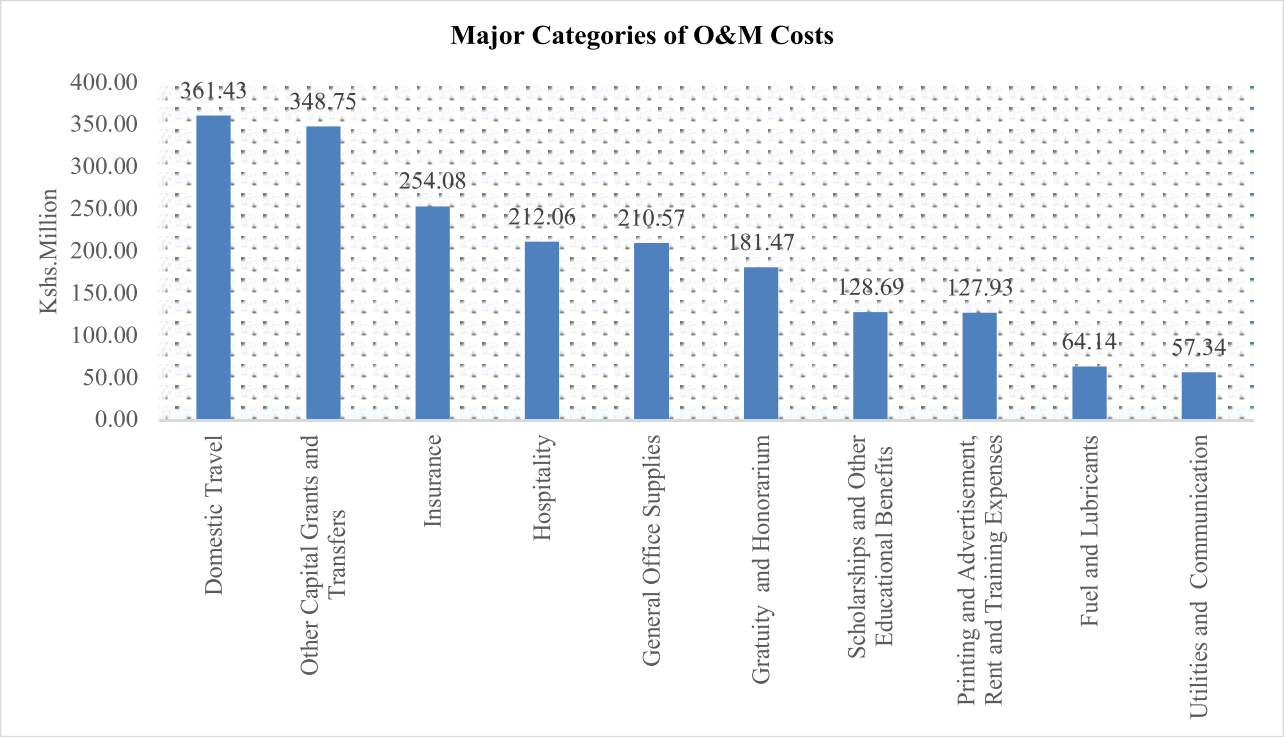
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25	Revenue collected in the FY 2024/25 (Kshs.)	Actual Expenditure in First Nine Months of FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1.	Bungoma Water and Sewerage Plc-BWASCO	363,004,832	-	213,755,690	176,486,619	-
	Total	**363,004,832**	**-**	**213,755,690**	**176,486,619**	-

***Source**: Bungoma County Treasury*

3.3.12 Expenditure on Operations and Maintenance

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

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



Source: *Bungoma County Treasury*

Expenditure on domestic travel amounted to Kshs.361.43 million and comprised Kshs.163.28 million spent by the County Assembly and Kshs.198.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.34.88 million and comprised Kshs.25.04 million by the County Assembly and Kshs.9.84 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.34

Table 3.34: Summary of Highest Expenditure on Foreign Travel as of 30 June 2025

Arm of County Government	No. of Officers Travelled	Date Travelled	Purpose of the Travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	53	23 February 2025	EALASCA Games	Uganda- Kampala	5,895,495
	2	21th October 2024	Capacity Building Programme Organised by the Eastern and Southern African Management Institute (ESAMI)	Dubai	2,616,440
	2	10 February 2025	Corporate Governance and Board Competence Programme.	Hilton Garden-Dubai	1,327,290
County Assembly	89	22 February 2025 to 28 th February 2025	Participation in EALASCA Games	Uganda	21,978,624
	5	25th September 2024 to 27th September 2024	Attendance of the East African Law Society Construction Law Conference and FIDIC Conditions of Contract Workshop	Rwanda	1,683,135
	1	8th December 2024 to 13th December 2024	Attendance at the Leadership Masterclass Committee Meeting.	Singapore	679,056
	1	23rd July to 28th July 2024	Attendance at the 1st Africa Health Summit	Ghana	356,229
	2	22nd February 2025 to 1st March 2025	Attendance of Corporate Leadership for Effective Governance for Board Members of County Assemblies	Tanzania	342,624

Source: *Bungoma County Treasury and Bungoma County Assembly*

The operations and maintenance costs include an expenditure of Kshs.239.41 million on garbage collection and Kshs.13.23 million on Legal fees/Dues, arbitration and compensation payments.

3.3.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.793.17 million as FIF, which was 108 per cent of the annual target of Kshs.735.47 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs.236.43 million, including Kshs.236.42 million from the Social Health Insurance Fund (SHIF) and Kshs.0.84 million outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.35 presents a breakdown of the claims.

Table 3.35: Bungoma County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF (Kshs.Million)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	1 Level 5 Hospitals	311,358,964	196,461,560	114,897,405	841,049
2	10 Level 4 Hospital	396,563,183	319,581,678	76,981,505	-
3	173 Level 1,2, &3 Hospital	250,000,000	205,451,200	44,548,800	-
Total		**957,922,147**	**721,494,438**	**236,427,710**	**841,049**

Source: *Bungoma County Treasury*

In FY 2024/25, health facilities recorded approved claims from the approved claims under the SHIF totalled Kshs.957.92 million, yet actual disbursements amounted to Kshs.721.49 million, resulting in an outstanding balance of Kshs.236.43 million. Further, the defunct NHIF still owes health facilities Kshs.0.84 million.

The expenditure by the health facilities amounted to Kshs.969.89 million, as shown in Table 3.36.

Table 3.36: Bungoma County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One Level 5 Hospital	227,604,883	334,899,816	147
2.	Ten Level 4 Health Facilities	400,466,763	438,920,470	110
3.	173 Level 1,2, &3 Hospital	107,400,000	196,066,550	183
Total		**735,471,646**	**969,886,836**	**132**

Source: *Bungoma County Treasury*

3.3.14 Development Expenditure

In FY 2024/25, the County reported spending Kshs.3.79 billion on development programmes, an increase of 22 per cent compared to FY 2023/24, when the County spent Kshs.3.11 billion. The Table 3.37 summarises development projects with the highest expenditure in the reporting period.

Table 3.37: Bungoma County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract Sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Roads and Public Works	Upgrading of Rural Roads - (Miskhu Bragidier Road)	Misikhu	26 March 2026	378,000,000	377,196,376	377,196,376	98
2	Agriculture, Livestock, Fisheries and Cooperative Development	Farm Input Support – Fertiliser for 500 Beneficiaries per Ward	45 Wards	Completed	270,000,000	269,880,730	269,880,730	100
3	County Assembly of Bungoma	Debating Chambers	Township	13 March 2026	399,734,190	114,820,897	114,820,897	29
4	Trade and Industrialisation	Completion of Kamukuywa Market	Kamukuywa	26 June 2025	191,353,576	112,580,307	112,580,307	59
5	Bungoma Municipality	Construction of Modern Market Stalls and Bus-Park	Bungoma Municipality	26 June 2025	91,500,000	85,302,705	85,302,705	93

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract Sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
6	Agriculture, Livestock, Fisheries and Cooperative Development	Farm Input Support – Maise Seed for 500 Beneficiaries per Ward	45 Wards	Completed	69,835,752	69,672,072	69,672,072	100
7	Finance and Economic Planning	Purchase of ICT Networking Communication Equipment	Head Quarters	30 June 2025	37,467,365	37,467,000	37,467,000	100
8	Education, Science and ICT	Supply and Delivery of ECDE Learning Materials	45 Wards	31 May 2025	23,000,000	21,091,386	21,091,386	92
9	County Public Service	Construction of Office Block	Township	30 June 2026	52,497,283	11,756,148	11,756,148	40
10	Gender and Culture	Construction of Multi-purpose Hall in Cultural Centre	Sang'alo	22 June 2024	11,164,663	11,000,000	11,000,000	99

***Source**: Bungoma County Treasury*

3.3.15 Budget Performance by Department

Table 3.38 summarises the approved budget allocation, expenditure and absorption rate by departments in the FY 2024/25.

Table 3.38: Bungoma County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Cooperative Development	372.46	808.86	368.25	597.99	350.98	589.05	95	99	94	73
Tourism, Forestry, Environment	179.91	859.27	160.75	270.17	160.68	459.95	100	170	89	54
Water and Natural Resources	79.29	689.68	66.82	158.59	67.46	158.35	101	100	85	23
Roads and Public Works	130.88	1,647.10	113.61	1,133.53	109.02	1,127.25	96	99	83	68
Education, Science and ICT	1,384.96	294.69	1,325.89	125.06	1,310.16	116.77	99	93	95	40
Health	3,805.78	251.05	3,069.82	215.48	3,054.02	107.26	99	50	80	43
Sanitation	1.25	8.43					-	-	-	-
Trade, Energy and Industrialisation	77.94	589.85	65.32	382.35	58.82	275.22	90	72	75	47
Gender, Culture, Youth and Sports	115.65	187.47	90.79	106.51	91.27	106.51	101	100	79	57
Land, Urban and Physical Planning	50.48	90.76	50.11	96.80	22.61	101.89	45	105	4	112
Bungoma Municipality	55.92	216.57	47.48	458.50	46.48	452.50	98	99	83	209
Kimilili Municipality	42.68	52.66	27.62	5.97	25.25	4.50	91	75	59	9
Housing	83.02	431.21	63.51	46.72	63.00	45.65	99	98	76	11
Finance and Planning	1,173.49	206.60	1,077.78	119.22	109.66	91.34	10	77	9	44
County Public Service	44.56	11.76	41.28	11.76	32.66	11.76	79	100	73	100
Governor's	427.18		437.14		412.98		94	-	97	-
D/Governor's Office	29.77		27.26		25.14		92	-	84	-
Public Administration	834.94	33.44	727.48	12.31	738.88	14.01	102	114	88	42
County Secretary	67.61		20.24		20.12		99	-	31	-
Sub County Administrators	8.27		14.93		14.45		97	-	175	-
County Assembly	1,112.58	246.46	1,002.40	127.76	1,106.43	127.77	110	100	99	52
Total	**10,078.61**	**6,625.85**	**8,798.51**	**3,868.72**	**7,820.06**	**3,789.78**	**89**	**98**	**74**	**57**

***Source**: Bungoma County Treasury*

Analysis of expenditure by departments shows that the Department of Bungoma Municipality recorded the highest absorption rate of development budget at 209 per cent, followed by the Department of Land, Urban and Physical Planning at 112 per cent. The Department of Sub-County Administrators had the highest percentage of recurrent

expenditure to budget at 175 per cent, while the Department of Land, Urban and Physical Planning had the lowest at 4 per cent.

The absorption of funds above the approved exchequers was due to some funds carried forward from the 2023/24 financial year in special-purpose accounts for additional allocations in the Department of Bungoma Municipality and Land, Urban and Physical Planning. The Governor's Office and the Sub-County Administrators had overcommitted funds in the system.

3.3.16 Key Observations and Recommendations

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

i. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 28 July 2025.
ii. The underperformance of own-source revenue at Kshs.485.53 million against an annual target of Kshs.1.04 billion, representing 47 per cent of the annual target.
iii. Failure by fund administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided by law is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Women's Fund, Disability Empowerment Fund and Youth Empowerment Fund were not submitted to the Controller of Budget.
iv. High level of pending bills, which amounted to Kshs.3.61 billion as of 30 June 2025. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
v. High wage bills accounted for 44 per cent of the County's total revenue in FY 2024/25, which is above the ceiling provided by law.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.284.68 million were processed through the manual payroll, accounting for 5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iv. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
v. *The County Leadership should develop strategies to ensure the wage bill is within the legal limit of 35 per cent of total revenue as provided under Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
vi. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.*

3.4. County Government of Busia

3.4.1 Overview of FY 2024/25 Budget

The Busia County Approved Supplementary Budget I for FY 2024/25 was Kshs.10.77 billion. It comprised Kshs.3.91 billion (36 per cent) and Kshs.6.86 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.567.12 Million (6 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.36 billion and a recurrent budget of Kshs.6.85 billion. The increase in the budget was primarily attributed to growth in Equitable share, conditional allocations and an increase in balances from FY 2023/24.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.7.51 billion (70 per cent), additional allocations of Kshs.977.63 million (9 per cent), and a cash balance of Kshs.1.58 billion (15 per cent) brought forward from FY 2023/24, and Kshs.697 million (6per cent)

generated as own-source revenue. The own-source revenue comprised Kshs.467.31 million (4 per cent) deposited into the CRF and Kshs 229.71 (2 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.229.71 million (2 per cent) as the Facility Improvement Fund (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.39.

3.4.2 Revenue Performance

The County received Kshs.9.94 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 8 per cent compared to the amount received in FY 2023/24 of Kshs.9.18 billion. The total revenue consisted of Kshs.7.51 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.338.46 million, as well as own-source revenue (OSR) collection of Kshs.505.98 million. Additionally, the County had a cash balance of Kshs.1.58 billion from FY 2023/24.

The total OSR collection of Kshs.505.98 million included Facilities Improvement Financing (FIF) of Kshs.239.05 million, and Kshs.266.93 million from other OSR sources. Table 3.39 summarises the total revenue available to the County Government during FY 2024/25.

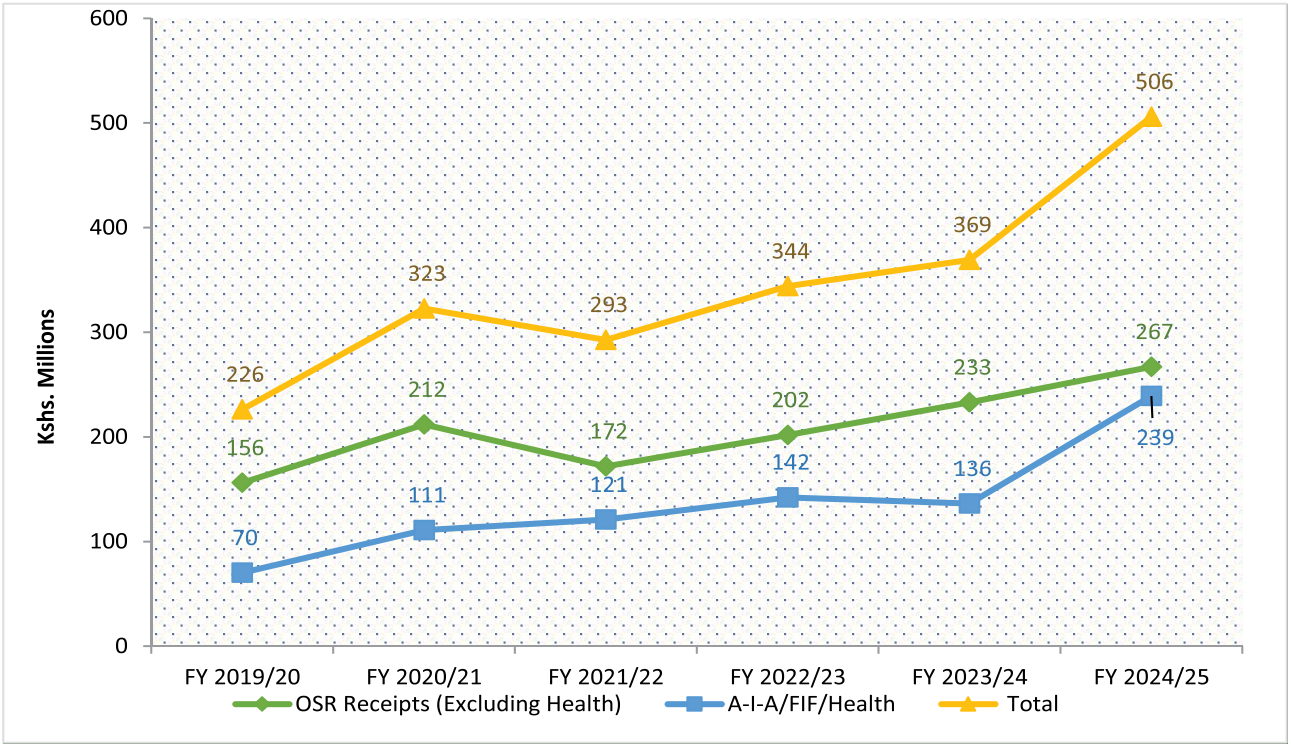
Table 3.39: Busia County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally -**	7,514,935,582	7,514,935,582	100
Sub total		**7,514,935,582**	**7,514,935,582**	**100**
B	**Additional Allocations**			
1	FLloCA – Development grant	217, 000, 100	-	-
2	National value chain development project	250, 000, 000	84, 575, 472	34
3	County-aggregated industrial park	250, 000, 000	133, 368, 421	53
4	Kenya urban support program - urban development grant	76, 464, 543	-	-
5	Fuel levy fund	-	45, 520, 243	-
6	Kenya devolution support program II	37, 500, 000	-	-
7	Kenya urban support program – urban institutional grant	35, 000, 000	32, 309, 300	92
8	Kenya livestock commercialisation project	33, 550, 000	33, 423, 508	100
9	County Equalisation Fund	17, 919, 656	-	-
10	Kenya agricultural business development project	10, 918, 919	-	-
11	FLloCA – Institutional support grant	11, 000, 000	-	-
12	DANIDA	9, 690, 000	9, 262, 500	96
13	Nutrition international	6, 000, 000		
Sub total		**977, 628, 778**	**338, 459, 444**	**35**
C	**Own Source Revenue**			
1	Ordinary Own Source Revenue	467, 301, 361	266, 927, 390	57
2	Facility Improvement Fund (FIF)	229, 705, 635	239, 051, 236	104
Sub total		**697, 006, 996**	**505, 978, 626**	**73**
D	**Other Sources of Revenue**			
	Unspent Balance from FY 2023/24	1,580,577,382	1,580,577,382	100
Sub-Total		**1,580,577,382**	**1,580,577,382**	**100**
Grand Total		**10,770,148,738**	**9,939,951,034**	**92**

Source: *Busia County Treasury*

The County has governing legislation on the operation of FIF.Figure 13 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 13: Busia County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

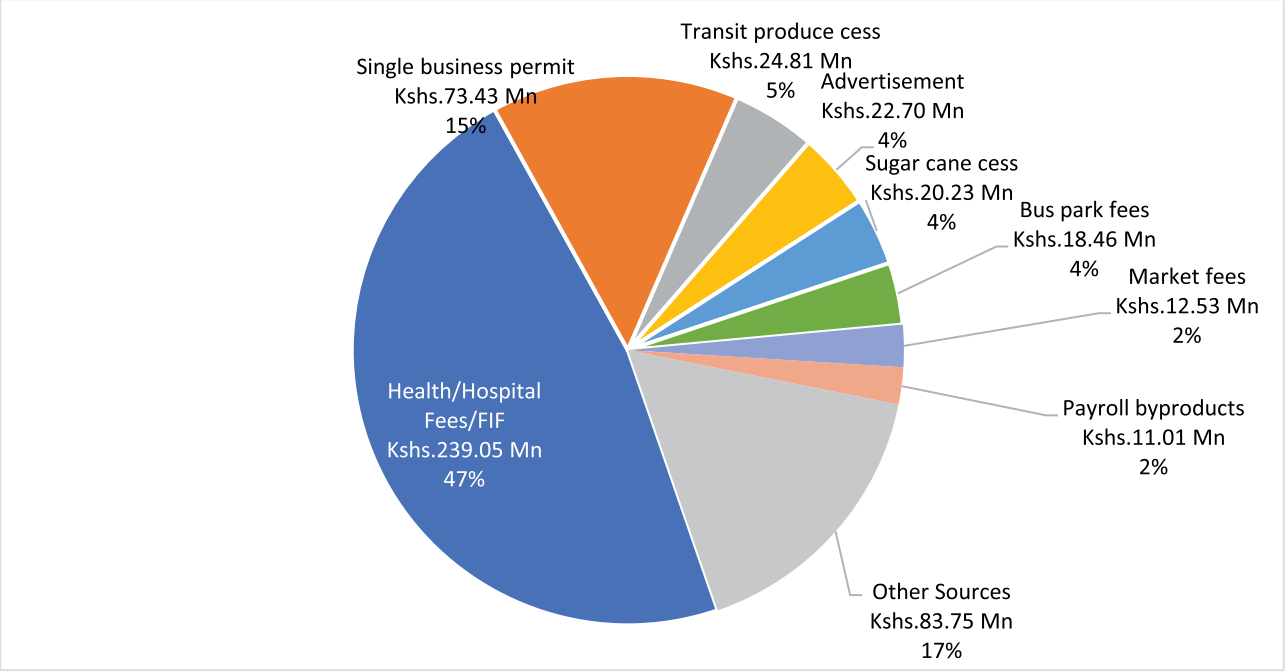


Source: *Busia County Treasury*

During the year, the County generated Kshs.505.98 million from its revenue sources, including FIF. This amount was an increase of 37 per cent compared to Kshs.369.23 million realised in a similar period in FY 2023/24, and was 72 per cent of the annual target and 7 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to an improvement in FIF. Figure 14 shows the revenue streams that contributed the highest OSR receipts.

Figure 14: Busia County Top Own Source Revenue Streams in FY 2024/25.



Source: *Busia County Treasury*

As shown in Figure 14, the highest revenue stream, at Kshs.239.05 million, was from FIF, accounting for 47per cent of the total OSR receipts.

3.4.3 Revenue Arrears

The County reported revenue arrears of Kshs.107.41 million as of 30th June 2025, which includes Kshs.86.90 million for the Social Health Insurance Fund and Kshs.20.51 million for the defunct NHIF.

3.4.4 Borrowing by the County

The County Government of Busia did not disclose any borrowing during the FY 2024/25 to the Controller of Budget.

3.4.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.8.79 billion from the CRF account in FY 2024/25, which comprised Kshs.1.97 billion (22 per cent) for development programmes and Kshs.6.82 billion (78 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.94 billion was towards employee compensation and Kshs.2.88 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 9 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.252.47 million and included Kshs.151.82 million for the County Executive and Kshs.99.65 million for the County Assembly. The foreign exchequer totalled Kshs.70.88 million, comprising Kshs.55.61 million for the County Executive and Kshs.15.27 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.303.4 million.

3.4.6 County Expenditure Review

The County spent Kshs.8.31 billion on development and recurrent programmes in the reporting period. The expenditure represented 94 per cent of the total funds released by the CoB. It comprised Kshs.2.68 billion for development programmes and Kshs.5.62 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 69 per cent, while recurrent expenditure represented 82 per cent of the annual recurrent expenditure budget.

3.4.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.2.25 billion as of 30 June 2024. This amount included Kshs.2.21 billion from the County Executive and Kshs.40.00 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.1.51 billion for recurrent expenditures and Kshs.698.72 million for development expenditures. The pending bills for the County Assembly consisted Kshs.40.00 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.683.33 million, comprising Kshs.652.37 million (26 per cent) for recurrent programmes and Kshs.30.97 million (74 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.25.00 million, which was (100 per cent) for development activities. Table 3.40 provides additional details of pending bills.

Table 3.40: Busia County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	1,509,831,245	652, 366, 645	524, 879, 084	1, 382, 343, 684
Development	698,720,381	30, 972, 674	591, 152, 235	1, 258, 899, 942
Total	**2, 208, 551, 626**	**683, 339, 319**	**1, 116, 031, 319**	**2, 641, 243, 626**
County Assembly				
Recurrent	0	0	620, 481, 377	620, 481, 377
Development	40, 000, 000	40, 000, 000	0	0
Total	2, 248, 551, 626	**723, 339, 319**	**1, 736, 512, 696**	3, 261, 725, 006

Source: *Busia County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to paying Kshs.184.05 million and Kshs.3.3 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.183.59 million for the Executive and Kshs.25.00 million for the Assembly.

Table 3.41 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.3.26 billion.

Table 3.41: County of Busia Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive.					
Development Pending Bills	591,152,235	317,983,854	58,434,914	291,328,942	1,258,899,945
Recurrent pending bills					
Goods and services	524,879,084	368,234,512	207,548,938	281,645,130	**1,382,343,684**
Salaries and statutory deductions	0	0	0	0	**0**
Staff claims	**0**	0	0	0	**0**
Total recurrent pending bills	**524,879,084**	**368,234,512**	**207,548,938**	**281,645,130**	**1,382,343,684**
Total pending bills (Executive)	**1,116,031,319**	**686,218,365**	**266,019,872**	**572,974,072**	**2,641,243,628**
% 0f Total	**42.2 %**	**26.0 %**	**10.0 %**	**21.7 %**	**100 %**
County Assembly					
Development pending bills					
Recurrent Pending Bills (Goods & Services)	**20, 405, 793**	**4, 297, 490**	**5,734, 779**	**2,476,638**	**32,914,700**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	**190, 927, 605**	**359,504,151**	**6,907,086**	**0**	**556,528,842**
Recurrent Pending Bills (Staff Claims)	**10, 403, 495**	**20, 635,340**	**0**	**0**	**31, 037, 835**
Total Recurrent Pending Bills	**221,735,893**	**384,436,981**	**11,831,865**	**2,476,634**	**620,481,376**
Total Pending Bills (Assembly)	**221,735,893**	**384,436,981**	**11,831,865**	**2,476,634**	**620,481,376**
% of Total	**35.7 %**	**62 %**	**2 %**	**%**	**100%**

Source: *Busia County Treasury*

3.4.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.28 billion for compensation of employees, Kshs.1.61 billion for operations and maintenance and Kshs.2.65 million for development activities. Similarly, the County Assembly spent Kshs.362.48 million on compensation of employees, Kshs.368.15 million on operations and maintenance, and Kshs.37.69 million on development activities, as shown in Table 3.42.

Table 3.42: Busia County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,059,946,400**	**804,254,206**	**4,890,179,327**	**730,632,285**	**81**	**91**
Compensation of Employees	3,538,044,053	416,783,913	3,277,471,007	362,483,379	93	87
Operations and Maintenance	2,521,902,347	387,470,293	1,612,708,320	368,148,906	64	95
Development Expenditure	**3,863,748,132**	**42,200,000**	**2,646,618,479**	**37,690,660**	**68**	**89**
Total	**9,923,694,532**	**846,454,206**	**7,536,797,806**	**768,322,945**	**76**	**91**

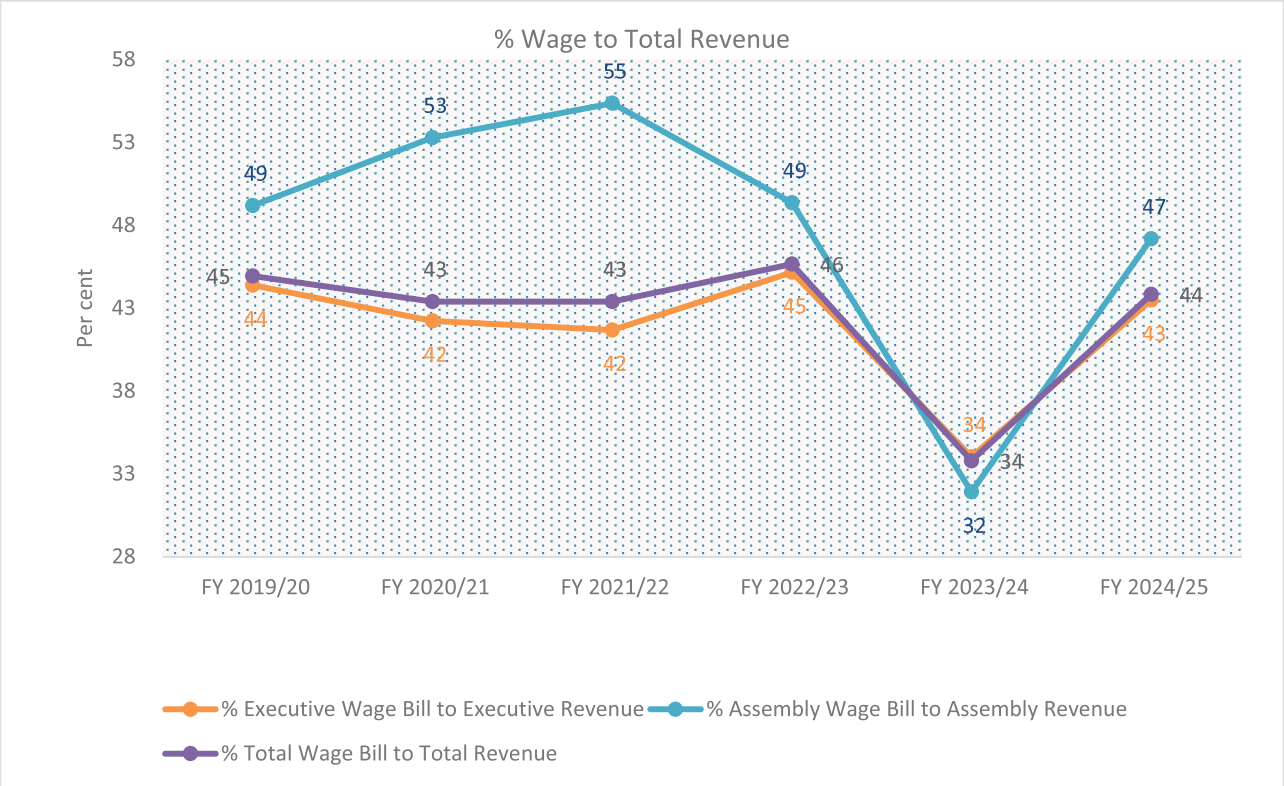
Source: *Busia County Treasury*

3.4.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.64 billion. Therefore, the percentage of compensation of employees to revenue was 44 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.84 billion reported in FY 2023/24. Of this total, Kshs.1.77 billion related to the Health Sector employees, which accounted for 49 per cent of the overall employees' compensation.

Figure 15 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 15: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Busia County Treasury*

Further analysis indicated that PE costs amounting to Kshs.3.28 billion was processed through the Human Resource Information System (HRIS) while Kshs.359.63 million was processed through manual payroll, which accounted for 10 per cent of the total PE cost.

The manual payrolls comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), salaries for casuals, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, LAPTRUST/LAPFUND Pension, and stipends for community health workers. Contributions are shown in Table 3.43.

Table 3.43: Breakdown of Busia County Manual Payroll

S/No.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	124, 488, 153
2	Salaries for casual staff	104, 738, 619
3	Top-up Allowances for Security Officers	348,600
4	LAPTRUST/LAPFUND Pension Contributions	16,879,485
5	Gratuity for contract staff	47, 470, 288
6	Community health workers	65, 700, 000
Total		**359, 625, 145**

Source: *Busia County Treasury*

The County Assembly spent Kshs.64.45 million on committee sitting allowances for the 53 MCAs and the Speaker, against the annual budget allocation of Kshs.65.35 million. The average monthly sitting allowance was Kshs.99,445.70 per MCA. The County Assembly has 19 House Committees.

3.4.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.84.1 million to County-Established funds in FY 2024/25, or 0.8 per cent of the County's overall budget. Further, the County allocated Kshs.15.00 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.44 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.44: Performance of Busia County Established Funds in FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds					
1	Agriculture development fund	20, 000, 000	0	0	90, 000, 000	No
2	Bursaries and scholarships	25, 600, 000	0	0	117, 800, 000	No
3	Cooperative enterprise fund	38, 500, 000	0	0	123, 005, 000	No
4	County Executive Revolving Fund	0	0	0	222, 000, 000	No
	County Assembly Established Funds					
1	County Assembly revolving fund	0	0	0	641, 249, 842	No
Total		**84, 100, 000**			**1,229,854, 842**	

Source: *Busia County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated in Table 3.44, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of all **the Fund** had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.4.11 County Corporations

The County has one County Corporation, which were allocated Kshs.15 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.13.5 million, as shown in Table 3.45.

Table 3.45: Performance of Busia County Corporations in FY 2024/25

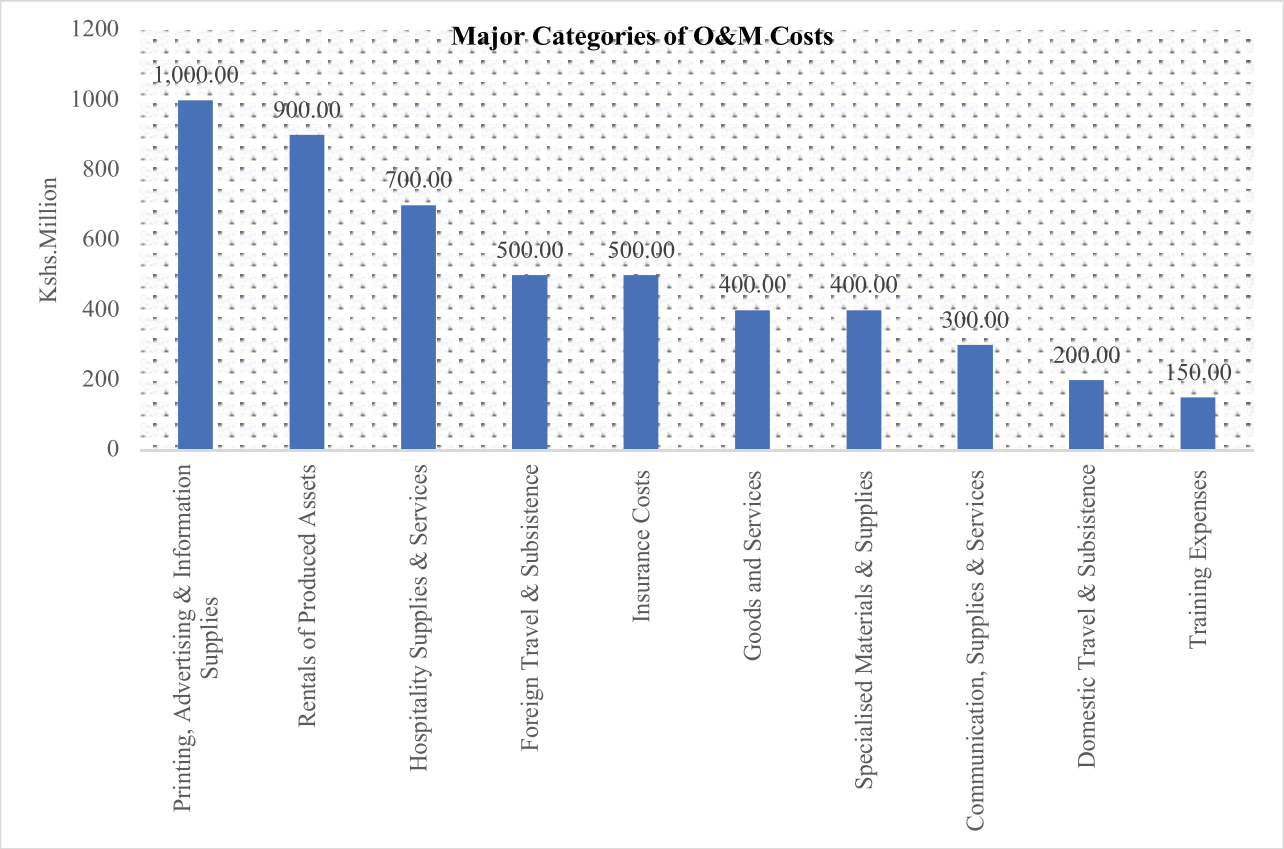
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since inception (Kshs.)
	Busia Water & Sewerage Company	15,000,000	0	13,500,000	0
Total		15,000,000	0	13,500,000	0

Source: *Busia County Treasury*

3.4.12 Expenditure on Operations and Maintenance

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

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



Source: *Busia County Treasury*

Expenditure on domestic travel amounted to Kshs.215.58 million and comprised Kshs.111.86 million spent by the County Assembly and Kshs.103.72 million by the County Executive. Expenditure on foreign travel amounted to Kshs.49.60 million and comprised Kshs.14.68 million by the County Assembly and Kshs.34.92 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.46.

Table 3.46: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Officers Travelled	Date travelled	Purpose of the travel	Destination	Travel Costs (Kshs.)
County Assembly	14	26-30 August 2024	Training on effective administrative skills	Dubai	5,992,308
County Assembly	2	23 Feb-1st Mar 2025	Training on effective governance	Arusha	595,888
County Assembly	24	22 February- 1 March 2025	EALASCA Festival	Kampala	8,555,319
County Assembly	1	2-13 June 2025	113 session on the International Labour Conference	Geneva	774,008
County Executive	6	5th – 10th August 2024	Workshop on safety & security, Cape Town	Cape Town	2, 251, 780
County Executive	4	22nd -28th August 2024	International conference on HIV/ AIDS	Canada	2, 009, 106
County Executive	3	22nd - 30th September	79th UN General Assembly	New York	1, 302, 726
County Executive	3	3rd – 8th October 2024	9th African Nutrition Conference	Accra	957, 696
County Executive	1	4th to 8th October 2024	12th World Urban Forum	Cairo	634, 983
County Executive	6	13th -21st October 2024	Rainwater harvesting	China	3, 075, 681
County Executive	2	22 October 2024	2nd Coronation Anniversary of Emorimor	Uganda	537, 000
County Executive	1	16 November 2024	Attending the global freight summit	Dubai	592, 368
County Executive	5	17th - 21st November 2024	Chamber of Commerce summit	Dubai	2, 962, 437
County Executive	1	9th – 13th December 2024	Strong cities 5th global summit	Cape Town	626, 035

Arm of County Government	Officers Travelled	Date travelled	Purpose of the travel	Destination	Travel Costs (Kshs.)
County Executive	4	12th – 18th February 2024	Benchmark & experience sharing	Ethiopia	1, 870, 195
County Executive	14	23rd – 28th February 2025	Attending EALASCA Festivities	Kampala	2, 492, 533
County Executive	10	11th – 14th March 2025	42nd African Corporate Governance Summit	Cape Town	6, 739, 863
County Executive	5	10th – 15th March 2025	Benchmark on medical waste management	Accra	1, 283, 950
County Executive	3	28th – 30th April 2025	10th our ocean conference	South Korea	1, 062, 652
Total					**45,468,528**

***Source**: Busia County Treasury and Busia County Assembly*

Other types of expenditure under the operations and maintenance costs Kshs.46.42 million related to legal fees, dues, arbitration, and compensation payments.

3.4.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.239.05 million as FIF, which was 104 per cent of the annual target of Kshs.229.71 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs.107.41 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.47 presents a breakdown of the claims.

Table 3.47: Busia County Health Facilities FIF Performance in FY2024/25

No	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	33 Level 2 Hospitals	10,396,015	6,454,532	3,941,483	108,900
2	11 Level 3 Hospitals	18,357,448	6,753,287	11,604,161	176,000
3	4 Level 4 hospitals	85,225,980	49,986,604	35,239,376	14,644,816
4	1 referral hospital	95,229,695	59,114,365	36,115,330	5,580,450
	Total	**209,209,138**	**122,308,788**	**86,900,350**	**20,510,166**

***Source:** Busia County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Authority and Social Health Insurance Fund totalling Kshs.209.21 million. Of this amount, only Kshs.122.31 million was disbursed, leaving a pending balance of Kshs.86.90 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.20.51 million.

The expenditure by the health facilities amounted to Kshs.106.69 million, as shown in Table 3.48.

Table 3.48: Busia County Health Facilities Expenditure Performance in FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1.	Busia Referral Hospital	74, 159, 348	67, 009, 817	90
2.	Khunyangu Sub-County Hospital	14, 237, 650	8, 236, 000	58
3.	Alupe Sub-County Hospital	15, 038, 025	6, 529, 758	43
4.	Sio port SubCounty hospital	8, 025, 032	1, 850, 732	23
5.	Nambale Sub-County Hospital	12, 022, 615	6, 634, 704	54
6.	Port Victoria Sub-County Hospital	18, 139, 656	9, 214, 672	51
7.	Teso North Sub-County Hospital	14, 902, 794	6, 677, 446	45
8.	Matayos SCH Headquarters	1, 581, 482	70, 054	4
9.	Lupida SCH Headquarters	1, 614, 000	60, 000	4
10.	Amukura SCH Headquarters	1, 549, 528	83, 766	5

No.	Name of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
11.	Bumala SCH Headquarters	1, 687, 528	160, 000	9
12.	Mukhobola SCH Headquarters	1, 669, 072	50, 000	3
13.	Angurai SCH Hospital	1, 643, 350	117, 000	7
	Total	**166, 270, 080**	**106, 693, 949**	**64**

Source: *Busia County Treasury*

3.4.14 Development Expenditure

In the review period, the County reported spending Kshs.2.68 billion on development programmes, representing an increase of 34 per cent compared to FY 2023/24, when the County spent Kshs.2.00 billion. Table 3.49 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to increased absorption of conditional grants and improved use of IFMIS in capturing expenditure.

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

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	status (%)
1	Roads	Upgrading to bitumen standards, Bukiri junction – Tahumba Road	Samia sub-County	17.12.2025	484,603,541	329,998,274	329,998,274	70
2	Trade	County-aggregated industrial park	Nasewa Matayos	21.05.2025	448,960,875	307,325,557	307,325,557	75
3	Water	Sisenye water project, Port Victoria-Rwambwa water supply	Sisenye, Port Victoria	09.08.2025	149,840,886	45, 502, 008	45,502,008	40
4	County assembly	Purchase of land	34 Wards	30.06. 2025	34,284,000	34,284,000	34,284,000	100
5	Roads	Routine maintenance of roads	Teso South Sub-County	30.06.2025	30,859,655	30,859,655	30,859,655	100
6	Lands	Construction of parking slots & pathways	Busia municipality	30.06.2025	27,000,000	27,000,00	27,000,000	100
7	Health	Commissioning of medical equipment, medical furniture & medical plant	Amukura hospital	30.06.2025	25,209,000	25,209,000	25,209,000	100
8	Environment	Acquisition of solid waste tippers	County HQ	30.06.2025	21,000,000	21,000,000	21,000,000	100
9	Health	Refurbishment of Sio Port Hospital	Sio Port	30.06.2025	7,191,000	7,191,000	7,191,000	100
10	Agriculture	Supply & delivery of farm tractor spare parts	County HQ	30.06.2025	4,637,780	4,637,780	4,637,780	100

Source: *Busia County Treasury*

The County report did not provide a list of stalled development projects as of 30 June 2025.

3.4.15 Budget Performance by Department

Table 3.50 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

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

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock	251.20	863.56	251.20	595.28	239.21	838.72	95	141	95	97

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, cooperative, Tourism & industry	98.91	404.82	98.91	236.48	45.29	223.89	46	95	46	55
Education & vocational training	649.92	184.56	649.92	28.30	578.39	122.37	89	432	89	66
Finance & economic planning	764.37	45.64	764.37	0	526.56	0	69	0	69	0
Youths, sports, culture, gender, arts	232.65	43.37	232.65	0	172.33	41.77	74	0	74	99
Transport, roads & Public works.	156.17	753.74	156.17	620.40	107.03	682.47	69	110	69	91
Public service management	649.74	-	649.74	-	432.93	-	67	-	67	-
Lands, housing & urban development	226.46	209.00	226.46	65.59	150.12	88.15	66	134	66	42
Water, environment, and irrigation	151.65	866.21	151.65	258.33	110.89	457.80	73	177	73	53
Health and sanitation	2,243.31	461.39	2,198.50	121.16	2,107.00	182.80	96	151	94	40
Public service board	120.30	-	120.30	-	119.07	-	99	-	99	-
Office of the Governor	374.05	26.45	374.05	2.00	227.29	8.66	61	433	61	33
County Assembly	804.25	42.20	804.25	42.00	730.63	37.69	91	90	91	89
County Attorney	82.26	-	82.26	-	55.61	-	68	-	68	-
Strategic partnerships & digital economy	58.96	6.00	58.96	0	18.46	0	31	0	31	0
Total	**6,864.20**	**3,905.95**	**6,819.39**	**1,969.57**	**5,620.81**	**2,684.31**	**82**	**136**	**82**	**69**

Source: *Busia County Treasury*

Analysis of expenditure by departments shows that the Department of Youth, Sports, Culture, Gender and Arts recorded the highest absorption rate of development budget at 99 per cent, followed by the Department of Smart Agriculture, Livestock and Fisheries at 97 per cent. The Department of County Public Service Board also had the highest percentage of recurrent expenditure to budget at 99 per cent, while the Department of Strategic Partnerships and Digital Economy had the lowest at 31 per cent.

3.4.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 21 August 2025.
ii. Own-source revenue underperformed at Kshs.266.93 million against the target of Kshs.467.30 million, representing 57 per cent of the financial year target.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of all the Funds had lapsed, making them ineligible for further withdrawals.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 July 2025, the reports for all the Funds had not been submitted to the CoB
v. There was a high level of pending bills, which amounted to Kshs.2.04 billion as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills. The County Executive did not provide their pending bills report in the prescribed format.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.359.63 million for staff not onboarded into HRIS and casual staff were processed through manual payroll, accounting for 10 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

vii. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.107.41 million across the three schemes—SHA, SHIF, and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
v. *The County Leadership should ensure that genuine pending bills are paid promptly.Further, compliance with the Pending Bills Action Plan should also be enforced.*
vi. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vii. *The County Treasury should ensure compliance with the approved programme and sub-programmes during budget implementation.*
viii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.5. County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2024/25 Budget

The Elgeyo Marakwet County Gross Approved Supplementary I Budget for FY 2024/25 is Kshs.7.90 billion. It comprises Kshs.3.15 billion (39.8 per cent) and Kshs.4.75 billion (60.2 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase in Kshs.1.11 billion (16.3 per cent) from the FY 2023/24 budget that comprised a development budget of Kshs.2.55 billion and a recurrent budget of Kshs.4.24 billion. The County's Net Approved budget is Kshs.6.29 billion, which consists of Kshs.4.00 billion for recurrent and Kshs.2.29 billion for development.

The budget was to be financed from the following revenue sources: the equitable share of revenue raised nationally, of Kshs.4.83 billion (61.1 per cent), additional allocations of Kshs.1.56 billion (19.8 per cent), a cash balance of Kshs.1.15 billion (14.6 per cent) brought forward from FY 2023/24, and Kshs.357.43 million (4.5 per cent) generated as gross own-source revenue. The own-source revenue includes Kshs.5.0 million less than 1 per cent as Appropriations-in-Aid (A-I-A), Kshs.245.0 million (3.1 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.107.43million (1.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.51.

3.5.2 Revenue Performance

The County received Kshs.6.82 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 32.7 per cent compared to the amount received in FY 2023/24 of Kshs.5.14 billion. The total revenue consisted of Kshs.4.83 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.471.43 million, and own-source revenue (OSR) collection of Kshs.370.93 million. Additionally, the County had a cash balance of Kshs.1.15 billion from FY 2023/24.

The total OSR collection of Kshs.370.93 million included Facilities Improvement Financing (FIF) of Kshs.288.02 million, and Kshs.82.91 million from other OSR sources. Table 3.51 summarises the total revenue available to the County Government during FY 2024/25.

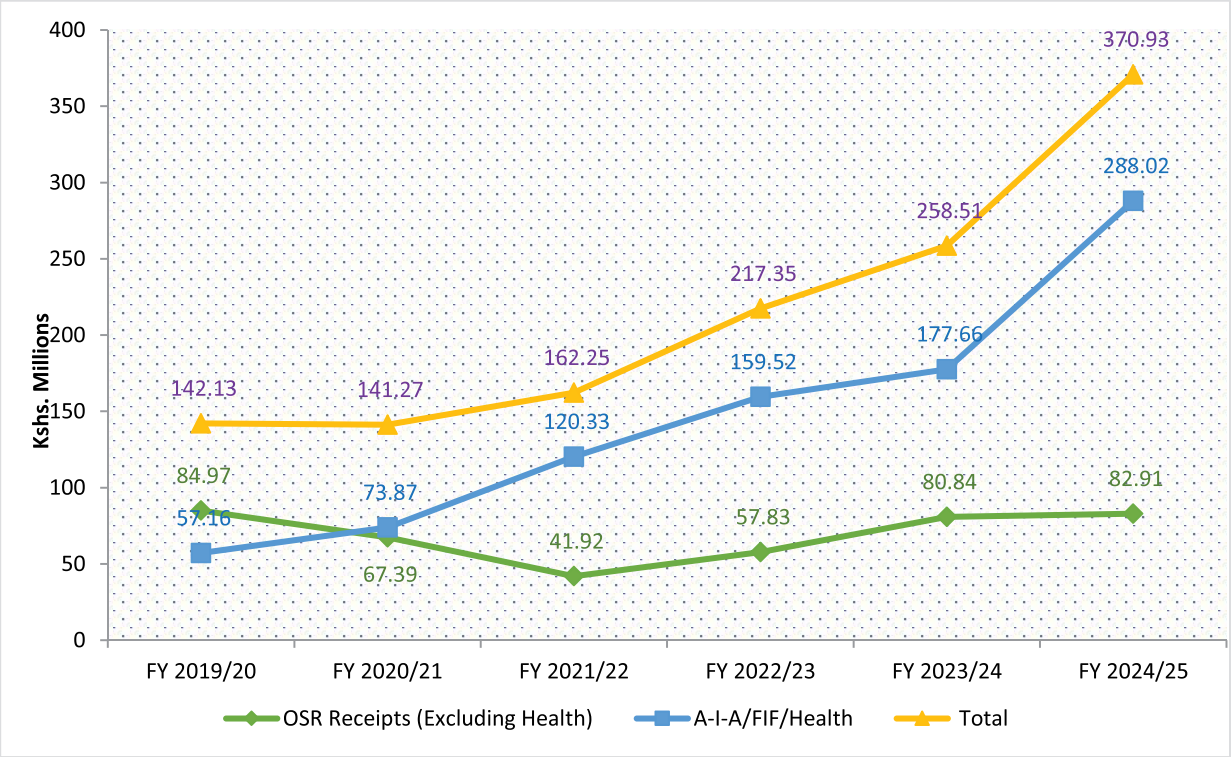
Table 3.51: Elgeyo Marakwet County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	4,826,732,019	4,826,732,152	100
Sub Total		**4,826,732,019**	**4,826,732,019**	**100**
B	**Conditional Grants**			
1	DANIDA	5,947,500	5,947,500	100
2	Kenya Climate Smart Agriculture Program	10,918,919	-	-
3	Kenya Livestock Commercialisation Project	40,150,000	39,998,624	100
4	Emergency Locust Response	121,025,000	-	-
5	Food Systems Resilience Project (FSRP)	173,076,923	70,127,132	41
6	Financing Locally Led Climate Action (FloCCA)	180,000,000	10,293,610	6
7	Kenya Urban Support Programme (KUSP)-UDG	18,278,289	-	-
8	Nutrition International	477,400	-	-
9	Kenya Informal Settlement Improvement Program II	261,751,540	260,000,000	99
10	IFAD-Kenya Informal Settlement Improvement (KISIP-II)	239,000,000	-	-
11	County Aggregated Industrial Park	250,000,000	-	-
12	Kenya Urban Support Programme	35,000,000	32,309,300	92
13	KDSP-II	37,500,000	-	-
14	Community Health Promoters	37,200,000	-	-
15	RMLF	150,644,148	52,755,391	35
Sub-Total		**1,560,969,719**	**471,431,557**	**30**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	107,429,871	79,472,083	74
2	Balance b/f from FY2023/24	1,154,737,550.00	1,154,737,550	-
3	Facility Improvement Fund (FIF)	245,000,000	288,021,595	118
4	Other Revenues	-	-	-
5	Appropriation in Aid (AIA)	5,000,000	3,439,561	69
Sub Total		1,512,167,421	370,933,239	25
Grand Total		**7,899,869,159**	6,823,834,498	**86**

Source: *Elgeyo Marakwet County Treasury*

FIF collection surpassed the budgeted figures, resulting in a 118 per cent performance. The County has not yet developed regulations on the workings of FIF and AIA. Figure 17 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 17: Elgeyo Marakwet County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

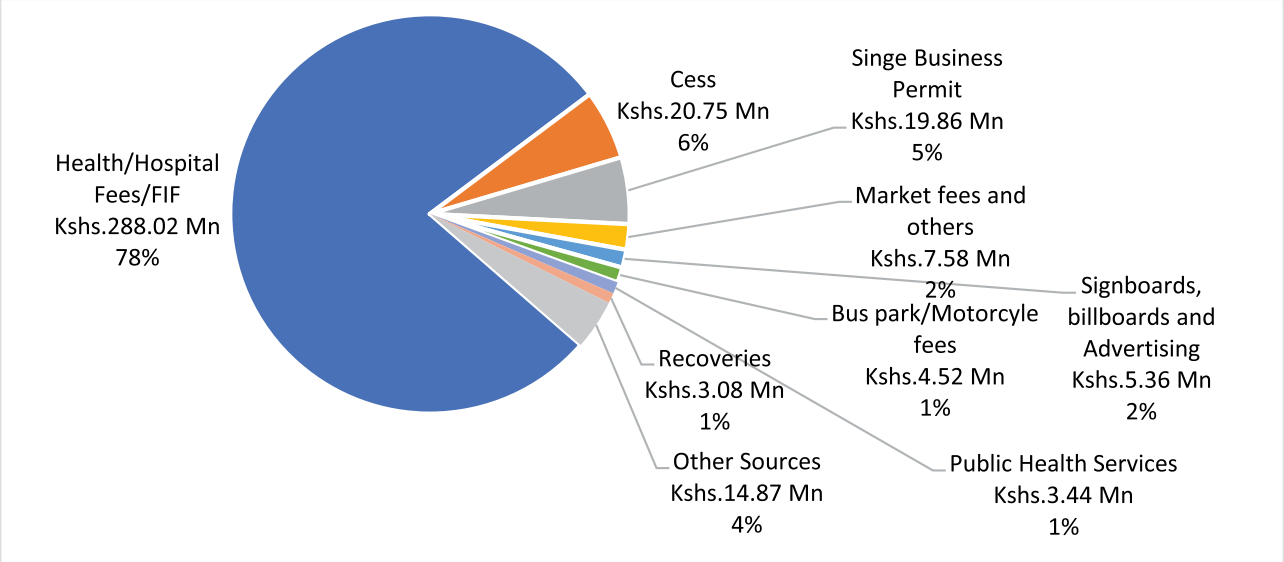


Source: *Elgeyo Marakwet County Treasury*

During the year, the County generated Kshs.370.93 million from its revenue sources, including FIF. This amount was an increase of 43.49 per cent compared to Kshs.258.51 million realised in a similar period in FY 2023/24, and was 25 per cent of the annual target and 0.47 per cent of the equitable revenue share disbursed. The OSR included revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.3.22 million.

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

Figure 18: Elgeyo Marakwet County Top Own Source Revenue Streams in FY 2024/25



Source: Elgeyo Marakwet County Treasury

As shown in Figure 18, the highest revenue stream, at Kshs.288.02 million, was from FIF, accounting for 78 per cent of the total OSR receipts. The County Government has automated 10 out of 18 revenue streams.

3.5.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.165.95 million. This amount increased to Kshs.173.12 million as of 30 June 2025, indicating that the County had accumulated additional arrears of Kshs.7.17 million. Table 3.52 presents a breakdown of the County's revenue arrears.

Table 3.52: Elgeyo Marakwet County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Ordinary Own Sources of Revenue	165,951,304		3,217,291	10,387,039	173,121,052
Total		165,951,304		3,217,291	10,387,039	173,121,052

Source: Elgeyo Marakwet *County Treasury*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.173.12 million (100 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include;

- Instituting legal actions as provided in the National Rating Act on recovery of outstanding rates;
- Sensitisation of land and plot owners on the need to pay the outstanding rates;
- Denying defaulters business permits to businesses operating in the premises on lands with outstanding rates
- Carrying out RRI on the collection of land rates and plot rent.

3.5.4 Borrowing by the County

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

3.5.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.5.82 billion from the CRF account in FY 2024/25, which comprised Kshs.1.40 billion (24 per cent) for development programmes and Kshs.4.42 billion (76 per cent) for re-current programmes. Analysis of the recurrent exchequers released indicates that Kshs.2.98 billion was towards employee compensation and Kshs.1.44 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 84.2 per cent was for domestic travel and 15.8 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.127.60 million and included Kshs.64.61 million for the County Executive and Kshs.62.99 million for the County Assembly. The foreign exchequer totalled Kshs.23.86 million, comprising Kshs.4.95 million for the County Executive and Kshs.18.91 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.1.02 billion.

3.5.6 County Expenditure Review

The County spent Kshs.5.81 billion on development and recurrent programmes in the reporting period. The expen-diture represented 99 per cent of the total funds released by the CoB. It comprised Kshs.1.22 billion for development programmes and Kshs.4.59 billion for recurrent programmes. Expenditure on development programmes represent-ed an absorption rate of 38.8 per cent of the annual development budget, while recurrent expenditure represented 94.8 per cent of the annual recurrent expenditure budget.

3.5.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.103.64 million, which came from the County Executive. The County Assembly reported nil pending bills. The pending bills from the County Executive consisted of Kshs.92.86 million for recurrent expenditures and Kshs.10.78 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.101.44 million, comprising Kshs.92.86 million (91.5 per cent) for recurrent programmes and Kshs.8.58 million (8.5 per cent) for development programmes.

Table 3.53 provides additional details of pending bills.

Table 3.53: Elgeyo Marakwet County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	92,857,123	92,857,123	3,076,122	3,076,122
Development	10,779,484	8,585,135	6,874,261	9,068,610
Total	**103,636,607**	**101,442,258**	**9,950,383**	**12,144,732**

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

The County executive submitted a pending bill payment plan and committed to paying Kshs.103.64 million in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.101.44 million for the Executive.

Table 3.54 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.12.14 million.

Table 3.54: Elgeyo Marakwet County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**6,874,261**	**2,194,349**	**0**	**0**	**9,068,610**
Recurrent Pending Bills (Goods & Services)	3,035,375				**3,035,375**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	40,747				**40,747**
Recurrent Pending Bills (Staff Claims)					**0**
Total Recurrent Pending Bills	3,076,122	0	0	0	**3,076,122**
Total Pending Bills	**9,950,383**	**2,194,349**	**0**	**0**	**12,144,732**
% of Total	**81.9**	**18.1**			**100**

Source: *Elgeyo Marakwet County Treasury*

3.5.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.63 billion for compensation of employees, Kshs.1.26 billion for operations and maintenance, and Kshs.1.22 billion for development activities. Similarly, the County Assembly spent Kshs.349.02 million on compensation of employees and Kshs.270.39 million on operations and maintenance, as shown in Table 3.55.

Table 3.55: Elgeyo Marakwet County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,110,283,567**	**642,494,863**	**3,886,743,602**	**619,408,401**	**95**	**96**
Compensation of Employees	2,715,345,124	366,308,668	2,628,595,541	349,017,870	97	95
Operations and Maintenance	1,394,938,443	276,186,195	1,258,148,061	270,390,531	90	98
Development Expenditure	**3,147,090,729**	-	**1,222,123,106**	-	**39**	-
Total	**7,257,374,296**	**642,494,863**	**5,108,866,708**	**619,408,401**	**70**	**96**

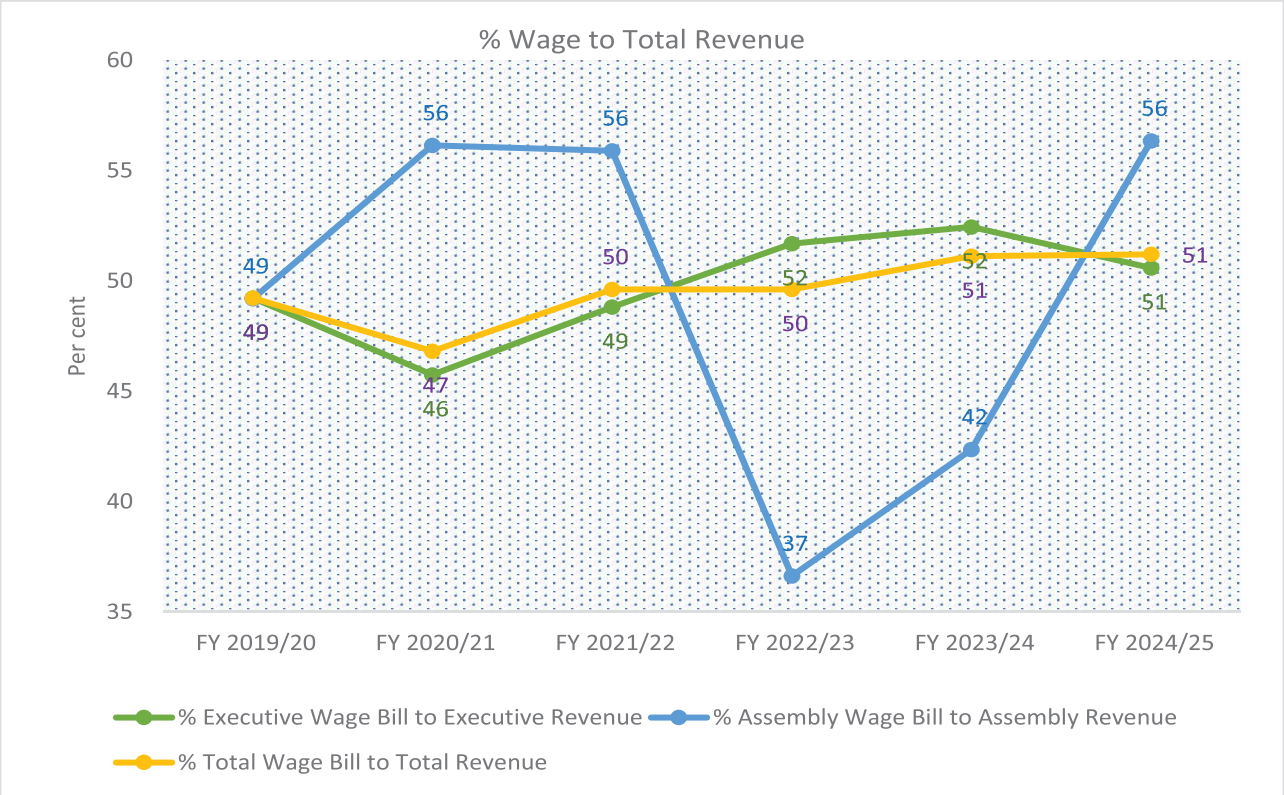
Source: *Elgeyo Marakwet County Treasury*

3.5.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.2.98 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.5.82 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 51 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.73 billion reported in FY 2023/24. Of this total, Kshs.1.34 billion related to the Health Sector employees, which accounted for 46 per cent of the overall employees' compensation

Figure 19 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 19: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Elgeyo Marakwet County Treasury

Further analysis revealed that PE costs totalling Kshs.2.52 billion were processed through the Human Resource Information System (HRIS) and Kshs.458.68 million was processed through manual payrolls, which accounted for 15 per cent of the total PE cost. The manual payroll comprised salaries for 931 staff not onboarded into the Human Resource Information System (HRIS).

The County Assembly spent Kshs.28.11 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.30.22 million. The average monthly sitting allowance was Kshs.68,888 per MCA. The County Assembly has 18 House Committees.

3.5.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.107.01 million to County-Established funds in FY 2024/25, or 1.3 per cent of the County's overall budget. Further, the County allocated Kshs.3.0 million to the Emergency Fund (0.04 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.56 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.56: Performance of Elgeyo Marakwet County Established Funds in FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in First Half of FY 2024/25 (Kshs.)	Actual Expenditure in First Half of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1	Elgeyo Marakwet County Education Fund	104,099,874	-	104,099,874	643,706,836	Yes
2	County Executive Car and Mortgage Loan Revolving Fund	-	-	-	120,000,000	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in First Half of FY 2024/25 (Kshs.)	Actual Expenditure in First Half of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No.)
3	Elgeyo Marakwet County Alcoholic Drinks and Control Fund	-	-	-	4,000,000	NO
4	Emergency Fund	3,000,000	-	-	3,000,000	-
	County Assembly Established Funds					
1	Elgeyo Marakwet County Assembly MCA's and staff Car Loan and Mortgage Fund		-		139,000,000	YES
2	Elgwyo Marakwet (County Assembly) Catering Services Revolving Fund	-	-		11,000,000	YES
	Total	**107,099,874**	-	-	**816,606,962**	

Source: *Elgeyo Marakwet County*

During the reporting period, the CoB did not receive quarterly financial reports from The Elgeyo Marakwet Alcoholic Drinks Control Fund, as indicated in Table 3.56, contrary to the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Elgeyo Marakwet Alcoholic Control Fund were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of **the Elgeyo Marakwet County Education Fund, the County Executive Car and Mortgage Loan Fund and the Elgeyo Marakwet County MCA's and Staff Car Loan and Mortgage Fund** had lapsed.

However, the CoB approved requests for withdrawals to support the operations of the Elgeyo Marakwet County Education Fund.

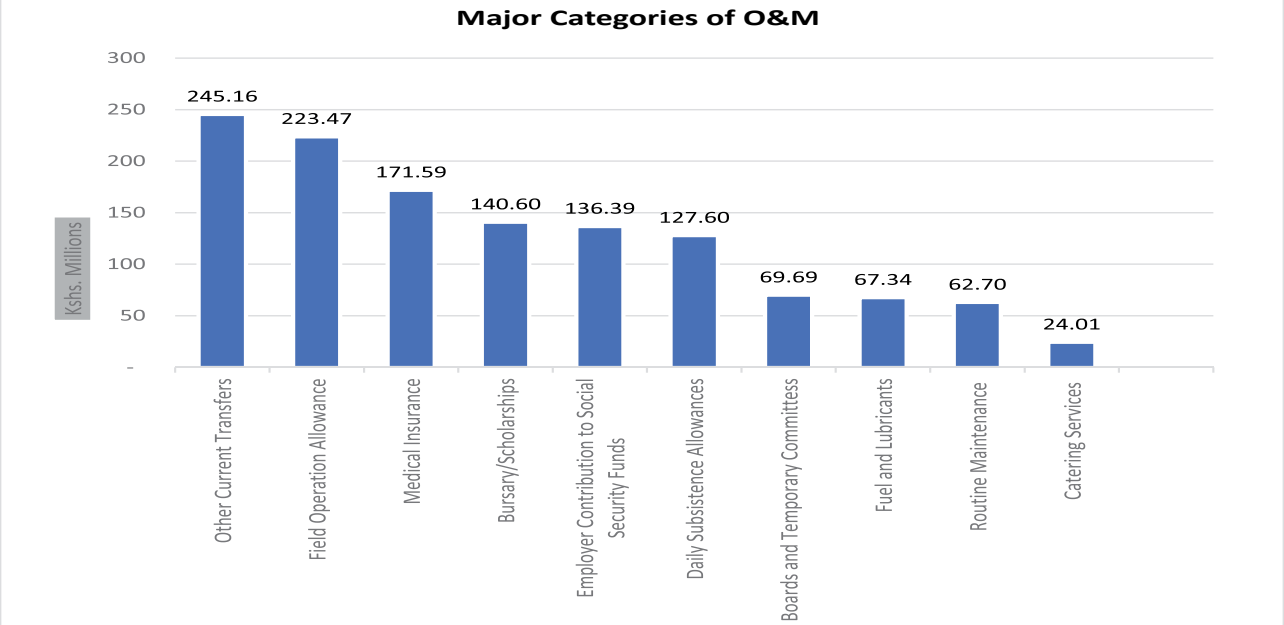
3.5.11 County Corporations

The County did not establish any corporations during the period under review.

3.5.12 Expenditure on Operations and Maintenance

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

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



Source: *Elgeyo Marakwet County Treasury*

Expenditure on domestic travel amounted to Kshs.127.60 million and comprised Kshs.62.99 million spent by the County Assembly and Kshs.64.61 million by the County Executive. Expenditure on foreign travel amounted to Kshs.23.86 million and comprised Kshs.18.91 million by the County Assembly and Kshs.4.95 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.57.

Table 3.57: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	4	30th April-11th May,2025	Attending a CIC Higher Education graduation through the Pepea programme and exploring new partnerships with new schools	Melbourne, Australia	4,950,573
County Assembly	14	7th -12th October,2024	Attending a Benchmarking visit to the East African Legislative Assembly (EALA)	Arusha	4,443,185
County Assembly	12	1st – 7th December,2024	Attending a Benchmarking Visit to the Tanzania Agriculture Research Institute	Arusha	3,812,867
County Assembly	2	15th -22nd November,2024	Attending the East African County and Local Government Association Annual Assembly	Kampala	333,649
County Assembly	1	7th -14th December,2014	Training on Effective Leadership and Management Committees	Singapore	878,442
County Assembly	2	27th December2024- 3rd January,2025	Attending Management Training on Corporate Governance, Strategic Management and Best Practices	Dubai	1,126,626
County Assembly	15	25th January – 2nd February 2025	Attending Tourism Committee study tour to Rwanda Co-operation	Rwanda	4,884,846
County Assembly	3	6th -14th Januaru,2025	Management training on Corporate Governance, Strategic Management and Best Practices	Dubai	1,731,942
County Assembly	1	20th -27th January,2025	Training on Leadership as a service	Singapore	788,888
County Assembly	1	27th February- 5th March,2025	Training on the Legislative for Effective Oversight	Ethiopia	370,808
County Assembly	1	9th – 16th March,2025	ICPAK Leadership Summit	Dubai	542,125

Source: Elgeyo Marakwet County Treasury and Elgeyo Marakwet County Assembly

Other types of expenditure under the operations and maintenance costs include Kshs.3.07 million related to legal fees, dues, arbitration, and compensation payments.

3.5.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.288.02 million as FIF, which was 118 per cent of the annual target of Kshs.245.0 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs. in the reporting period. 119.66 million across the two schemes, namely the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.58.

Table 3.58: Elgeyo Marakwet County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF (Kshs.Million)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	e.g. Twenty Level 5 Hospitals	133,267,404	70,509,956	62,757,448	15,059,110
2	e.g. Fifteen Level 4 Hospitals	16,914,485	9,184,380	7,730,105	3,496,650
3	Seven Level 3	31,872,990	16,861,520	15,011,470	15,609,917
	Total	182,054,879	96,555,856	85,499,023	34,165,677

Source: *Elgeyo Marakwet County Treasury*

In FY 2024/25, health facilities recorded approved claims under the Social Health Insurance Fund (SHIF) that totalled Kshs.182.05 million, yet actual disbursements amounted to Kshs.96.56 million, resulting in an outstanding balance of Kshs.85.50 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.34.16 million.

The expenditure by the health facilities amounted to Kshs.281.05 million, as shown in Table 3.59 .

Table 3.59: Elgeyo Marakwet County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One Level 5 Hospital	194,000,000	214,929,285	110.7
2.	Two Level 4 Health Facilities	18,510,000	21,440,587	115.8
3.	Seven Level 3 Health Facilities	32,490,000	44,679,021	137.5
	Total	**245,000,000**	**281,048,893**	**114.7**

Source: *Elgeyo County Treasury*

3.5.14 Development Expenditure

In the review period, the County reported spending Kshs.1.22 billion on development programmes, representing an increase of 3.2 per cent compared to FY 2023/24, when the County spent Kshs.1.26 billion. Table 3.60 summarises the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to a delay in the completion of projects.

Table 3.60: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Health and Sanitation	Chepkorio Health Centre	Chepkorio ward	30 June,2025	6,394,820	6,394,820	6,394,820	100
2	Health and Sanitation	Kapcherop Sub-County Hospital	Sengwer Ward	30 September, 2024	18,401,037	18,401,037	18,401,037	100
3.	Health and Sanitation	Purchase of an Ambulance	Tambach Eard	10 June,2025	7,000,000	7,000,000	7,000,000	100
4	Roads, Transport and Public Works	Purchase of Grader	Tambach ward	30 June,2025	19,300,000	19,300,000	19,300,000	100
5	Roads, Transport and Public Works	Purchase of Grader	Kabiemit Ward	30 June,2025	21,300,000	21,300,000	21,300,000	100
6.	Education and Technical Training	Construction of Kayego VCT	Kapyego Ward	16 April,2025	16 July,2025	3,999,130	3,999,130	100

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
7.	Education and Technical Training	Administration Block, Equipment, and Chesongoch VTC	Endo Ward	4 October,2025	7 October,2025	4,497,470	4,497,470	100
8	Agriculture, Livestock and Fisheries	Construction of the farmers' store at Kamagut	Kamariny ward	3 February,2025	30 June,2025	3,997,200	3,997,200	100
9.	Agriculture and Fisheries	Muskut Milk Cooling Plant	Soy North	15 March,2025	31 May,2025	2,417,400	2,417,400	100
10.	Water and Environment	Supply of pipes at Cheminya Dam	Kaptarakwa Ward	12 March,2025	June 30th, 2025	5,989,950	5,989,950	100

Source: *Elgeyo County Treasury*

The County reported two stalled development projects as of 30 June 2025, with an estimated value of Kshs.98.74 million, of which Kshs.60.79 has already been paid. However, the National Government has taken over one of the projects, Kamariny Stadium, and the Contractor is currently on site. The stalled projects are shown in Table 3.61.

Table 3.61: Elgeyo Marakwet County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Kamariny Stadium	Kamariny Ward	46,000,000	46,000,000	-	5%	Lack of adequate Funding
Governor's Official Residence	Kamariny ward	52,739,516	14,787,937	37,951,581	5%	Court Order

Source: Elgeyo Marakwet County Treasury

3.5.15 Budget Performance by Department

Table 3.62 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.62: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department.

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	642.49	-	619.41	-	619.41	-	100	-	96.4	-
Governor/County Executive services	156.43	-	156.63	-	153.32	-	97.9	-	98.0	-
Finance and economics planning	262.70	-	262.82	-	258.18	-	98.2	-	98.3	-
Agriculture, Livestock, Fisheries	242.71	441.69	239.43	191.80	226.83	189.10	94.7	98.6	93.5	42.8
Environment and Water	60.49	672.60	60.34	316.13	59.92	404.17	99.3	127.8	99.1	60.1
Education,	454.99	124.82	451.88	84.69	446.66	80.68	98.8	95.3	98.2	64.6

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health and Sanitation	2,050.39	275.16	1,786.26	136.93	1,951.72	167.75	109.3	122.5	95.2	61.0
Land, Housing & Urban Development	61.16	659.61	61.22	353.43	60.73	112.13	99.2	31.7	99.3	17.0
Public works, Transport and Infrastructure	222.51	401.37	223.11	272.57	218.08	225.29	97.7	82.7	98.0	56.1
Trade, Tourism Department	83.68	524.05	83.75	22.79	80.79	22.98	96.5	100.8	96.5	4.4
Youth Sports, Culture & Art	109.03	36.35	108.88	19.88	103.30	19.88	94.9	100.0	94.7	54.7
ICT & Public Service	360.80	11.43	318.02	0.13	282.36	0.13	88.9	100.0	78.3	
County Public Service Board	45.38	-	45.22	-	44.83	-	99.1	-	98.8	-
Grand-Total	**4,752.77**	**3,147.09**	**4,416.98**	**1,398.35**	**4,506.15**	**1,222.12**	**102.0**	**87.4**	**94.8**	**38.8**

Source: *Elgeyo Marakwet County Treasury*

Analysis of expenditure by departments shows that the Department of Education and Technical Training recorded the highest absorption rate of development budget at 64.6 per cent, followed by the Department of Health and Sanitation at 61 per cent. The Department of Lands, Housing and Urban Development had the highest percentage of recurrent expenditure to budget at 99.3per cent, while the Department of Public Service, Administration, Devolution and E-Government had the lowest at 78.3 per cent.

The expenditure above 100 per cent is due to funds that were rolled over from 2023/24 and which were retained in Special Purpose Accounts for Conditional grants.

3.5.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 30 July 2025
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the County Executive Car and Mortgage Revolving Fund, the Elgeyo Marakwet Education Bursary Fund, and the County Assembly Staff Car Loans and Mortgage Fund had lapsed, making them ineligible for further withdrawals.
iii. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.85.5 million across the three schemes—SHA, SHIF, and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.6. County Government of Embu

3.6.1 Overview of FY 2024/25 Budget

The Embu County Approved Supplementary I Budget for FY 2024/25 was Kshs.8.53 billion. It comprised Kshs.2.82 billion (33 per cent) and Kshs.5.71 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.580.94 billion (7 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.2.63 billion and a recurrent budget of Kshs.5.32 billion. The increase in the budget was primarily attributed to the growth in Own Source Revenue and Equitable Share.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.5.80 billion (68 per cent), additional allocations of Kshs.1.00 billion (12 per cent), a cash balance of Kshs.188.00 million (2 per cent) brought forward from FY 2023/24, and Kshs.1.55 billion (18 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.827.38 billion (10 per cent) deposited into the CRF and Kshs.243.68 million (3 per cent) as Appropriations-in-Aid (A-I-A). The A-I-A comprised only Kshs.476.05 million (6 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.63.

3.6.2 Revenue Performance

The County received Kshs.7.26 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 7 per cent compared to the amount received in FY 2023/24 of Kshs.6.80 billion. The total revenue consisted of Kshs.5.80 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.357.74 million, as well as own-source revenue (OSR) collection of Kshs.399.24 million. Additionally, the County had a cash balance of Kshs.188.00 million from FY 2023/24.

The total OSR collection of Kshs.1.11 billion included Facilities Improvement Financing (FIF) of Kshs.517.75 million, and Kshs.399.24 million from other OSR sources.

Table 3.63 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.63: Embu County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,797,241,692	5,797,242,036	100
Sub Total		**5,797,241,692**	**5,797,242,036**	**100**
B	**Additional Allocations**			
1	Conditional Allocation for National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	39,281,206	26
2	DANIDA Grant To Finance Primary Health Care in a Devolved Context	6,630,000	5,635,500	85
3	Conditional Additional Allocation for Community Health Promoters	37,603,527	0	0
4	Financing Locally Led Climate Action (FLLoCA)-County Climate Resilience Investment (CCRI) Grant	137,500,000	9,804,145	7
5	Financing Locally Led Climate Action (FLLoCA)-County Climate Institutional Support (CCIS) Grant	11,000,000	11,000,000	100
6	Emergency Locust Response Project (ELRP)	104,600,000	0	0
7	Aquaculture Business Development Project (ABDP)	10,237,551	0	0
8	Kenya Devolution Support Programme II	37,500,000	0	0
9	Kenya Urban Support Programme-Urban Institutional Grants	35,000,000	32,309,300	92
10	Kenya Urban Support Programme- Urban Development Grants	52,595,562	0	0
11	Kenya Nutrition Support Grant	5,000,000	0	0

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
12	Unconditional Allocations to County Governments from Court Fines and Mineral Royalties	2,142	0	0
13	Chinese Government Grant	2,700,000	0	0
14	KCB VTC Scholarship Grant	12,500,000	0	0
15	Conditional Grant for Aggregated Industrial Parks Programme	186,000,000	186,000,000	100
16	Conditional Additional Allocation for Maintenance of County Roads from the Road Maintenance Levy Fund (RMLF)	211,127,369	73,706,112	35
Sub-Total		**1,001,511,303**	**357,736,263**	**36**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	827,376,039	399,241,664	48
2	Balance b/f from FY2023/24	187,997,315.00	187,997,315.00	100
3	Facility Improvement Fund (FIF)	476,048,899	517,750,696	109
4	Other Revenues	0	-	0
5	Appropriation in Aid (AIA)	243,367,303.41	985,050.00	0
Sub Total		**1,734,789,556**	**1,105,974,725**	**64**
Grand Total		**8,533,542,551**	**7,260,953,024**	**85**

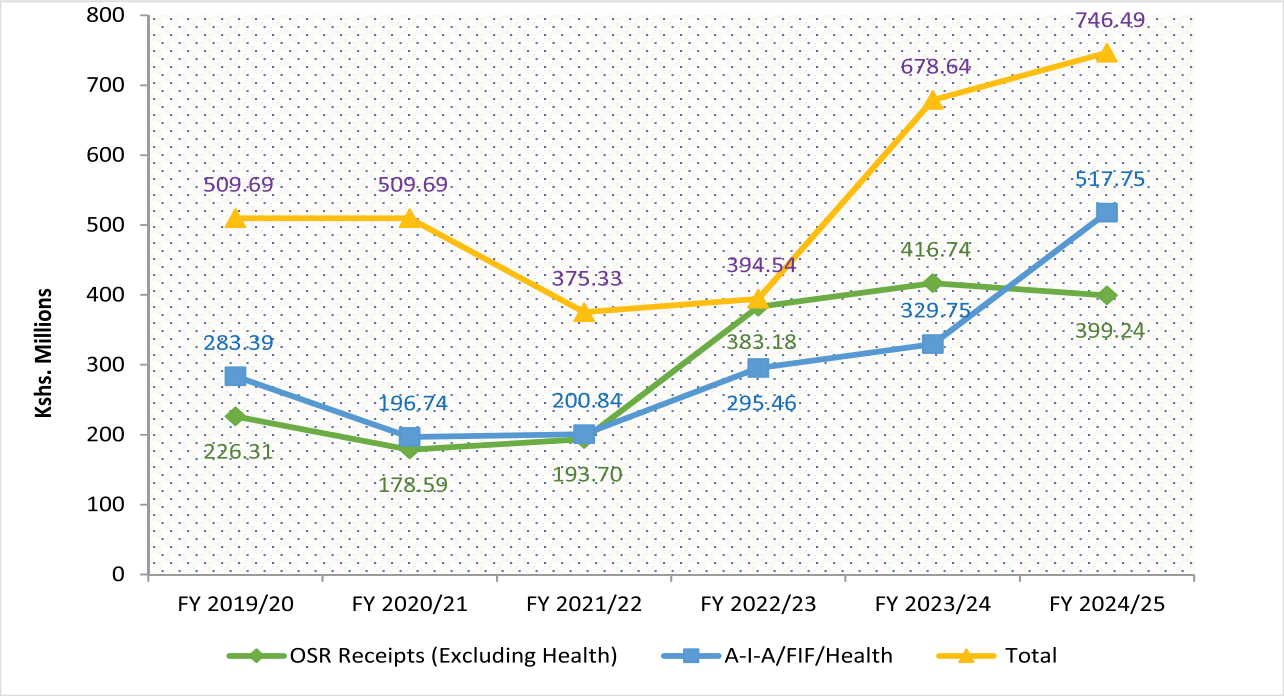
Source: *Embu County Treasury*

The County exceeded the Facility Improvement Fund (FIF) annual target of Kshs.476.05 million by collecting Kshs.517.75 million, representing a 7 per cent surplus and achieving 107 per cent of the annual target.

Explanations for performances below 75 per cent: Due to multiple additional allocations being either undisbursed or only partially disbursed, the overall disbursement rate fell below 75%. These underperforming revenue sources and additional allocations include Conditional Allocation for the National Agricultural Value Chain Development Project (NAVCDP), Conditional Additional Allocation for Community Health Promoters, Financing Locally Led Climate Action (FLLoCA) – County Climate Resilience Investment (CCRI) Grant, Emergency Locust Response Project (ELRP), Aquaculture Business Development Project (ABDP), Kenya Devolution Support Programme II, Kenya Urban Support Programme – Urban Development Grants, Kenya Nutrition Support Grant, Unconditional Allocations to County Governments from Court Fines and Mineral Royalties, Chinese Government Grant, KCB VTC Scholarship Grant and Conditional Additional Allocation for Maintenance of County Roads from the Road Maintenance Levy Fund (RMLF). The cumulative disbursement rate across these allocations remained below 75%, indicating significant shortfalls in expected funding.

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 21 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 21: Embu County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



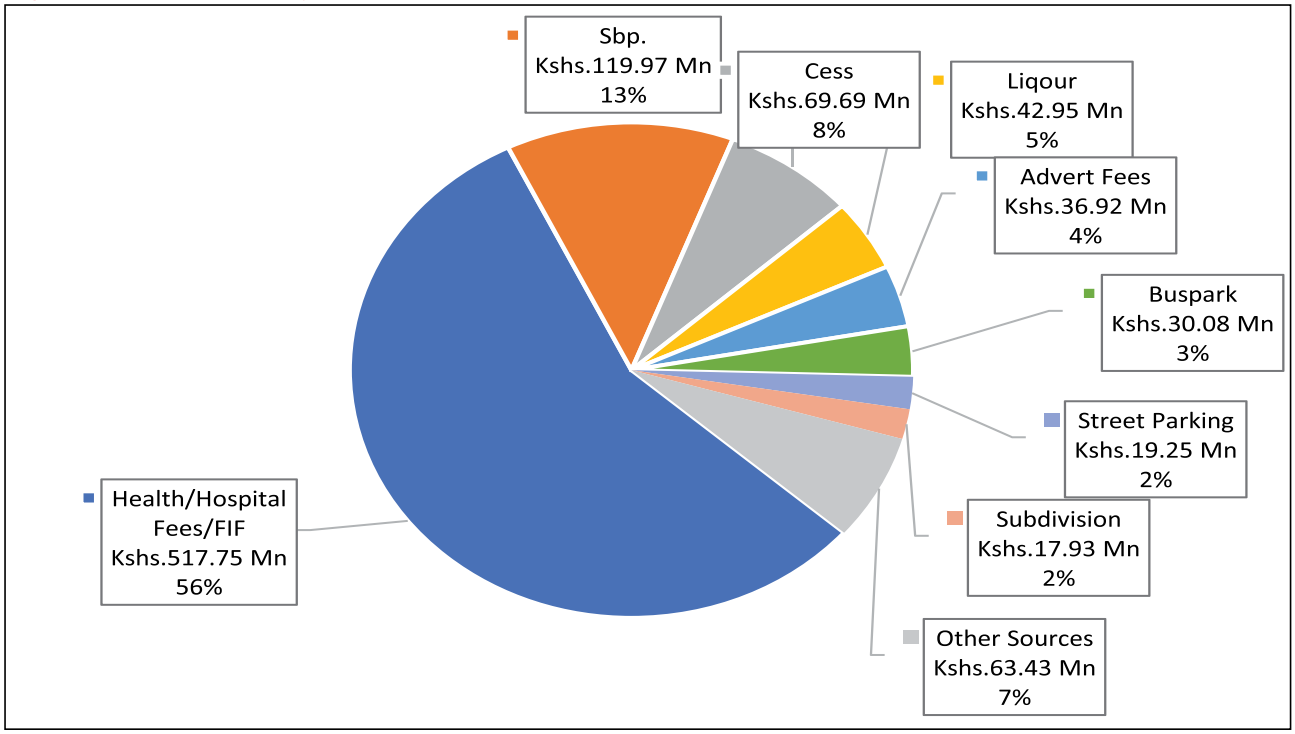
Source: *Embu County Treasury*

The County generated Kshs.917.98 million during the year from its revenue sources, including FIF. This amount was an increase of 23 per cent compared to Kshs.746.49 million realised in a similar period in FY 2023/24, and was 59 per cent of the annual target and 16 per cent of the equitable revenue share disbursed.

The increase in FIF can be attributed to various strategies put in place by the County that include Establishment and Operationalization of the Facility Improvement Fund (FIF), Regular procurement and distribution of drugs and non-pharmaceutical commodities to ensure uninterrupted service delivery, Strengthening of Internal Controls that includes enhancing financial and administrative controls to improve accountability, transparency, and efficiency, Staff Motivation, Mindset Transformation, and Teamwork by promoting positive behavioural change, improving staff morale, and fostering a culture of collaboration and collective responsibility.

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

Figure 22: Embu County Top Own Source Revenue Streams in FY 2024/2025



Source: *Embu County Treasury*

As shown in Figure 22, the highest revenue stream, at Kshs.517.75 million, was from Health/Hospital Fees/FIF, accounting for 56 per cent of the total OSR receipts. The County Government has automated 20 out of 22 revenue streams.

3.6.3 Borrowing by the County

The County did not disclose any borrowings in FY 2024/25.

3.6.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.6.51 billion from the CRF account in FY 2024/25, which comprised Kshs.1.48 million (23 per cent) for development programmes and Kshs.5.03 billion (77 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.69 billion was towards employee compensation and Kshs.1.34 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 14 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.193.48 million and included Kshs.47.23 million for the County Executive and Kshs.146.25 million for the County Assembly. The foreign exchequer totalled Kshs.18.18 million, comprising Kshs.5.55 million for the County Executive and Kshs.12.63 million for the County Assembly. As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.62.05 million.

3.6.5 County Expenditure Review

The County spent Kshs.6.22 billion on development and recurrent programmes in the reporting period. The expenditure represented 96 per cent of the total funds released by the CoB. It comprised Kshs.1.63 billion for development programmes and Kshs.4.59 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 58 per cent, while recurrent expenditure represented 80 per cent of the annual recurrent expenditure budget.

3.6.6 Settlement of Pending Bills

The County reported pending bills totalling Kshs.2.39 billion as of 30 June 2024. This includes Kshs.2.31 billion from the County Executive and Kshs.75.33 million from the County Assembly. The pending bills from the County Executive consist of Kshs.1.25 billion for recurrent expenditures and Kshs.1.07 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.02 billion, comprising Kshs.681.29 million (67 per cent) for recurrent programmes and Kshs.342.41 million (33 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.75.33 million, all under recurrent activities. Table 3.64 provides additional details of pending bills.

Table 3.64: Embu County Pending Bills as of 30 June 2025

Vote	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	1,246,212,500	681,287,597	257,799,994	822,724,897
Development	1,066,620,970	342,405,017	199,968,701	924,184,654
Total	**2,312,833,470**	**1,023,692,615**	**457,768,695**	**1,746,909,550**
County Assembly				
Recurrent	75,328,071	75,328,071	16,167,194	16,167,194
Development	-	-	-	-
Total	**75,328,071**	**75,328,071**	**16,167,194**	**16,167,194**
Grand Total	**2,388,161,541**	**1,099,020,686**	**473,935,889**	**1,763,076,745**

Source: *Embu County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.843.02 million and Kshs.75.33 million, respectively, in FY 2024/25. The County adhered to this payment plan, clearing Kshs.1.02 billion for the Executive and Kshs.75.33 million for the Assembly.

Table 3.65 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.76 billion.

Table 3.65: Embu County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing Analysis (Amount in Kshs.)				Total
	Under One Year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**199,968,701**	**223,508,552**	-	**500,707,401**	**924,184,654**
Recurrent Pending Bills (Goods & Services)	154,322,731	152,237,183	-	412,687,720	**719,247,634**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	119,644,457	-	-	-	**119,644,457**
Recurrent Pending Bills (Staff Claims)	-	-	-	-	-
Total Recurrent Pending Bills	**273,967,188**	**152,237,183**	-	**412,687,720**	**838,892,091**
Total Pending Bills	**473,935,889**	**375,745,734**	-	**913,395,121**	**1,763,076,745**
% of Total	**27%**	**21%**	**0%**	**52%**	**100%**

***Source**: Embu County Treasury*

A significant portion of the pending bills are over three years old. During the verification exercise, most of these historical bills were found to be ineligible for settlement. This ineligibility was mainly due to insufficient supporting documentation or failure to meet established criteria.

As a result, the affected bills have not been cleared to date. Furthermore, they have not been included in any of the current or previous budget cycles. This exclusion is intended to allow for further scrutiny and validation before any financial commitment is made. Therefore, the settlement of these pending bills remains deferred, pending the outcome of ongoing verification efforts.

3.6.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.31 billion for compensation of employees, Kshs.666.20 million for operations and maintenance, and Kshs.1.62 billion for development activities. Similarly, the County Assembly spent Kshs.379.79 million on compensation of employees, Kshs.365.29 million on operations and maintenance, and Kshs.8.25 million on development activities, as shown in Table 3.66

Table 3.66: Embu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,490,681,114**	**745,083,672**	**4,286,345,247**	**745,073,812**	**3,976,497,208**	**745,079,193**	**89**	**100**
Compensation to Employees	3,310,297,100	379,791,039	3,310,297,100	379,791,039	3,310,297,100	379,787,182	100	100
Operations and Maintenance	1,180,384,014	365,292,633	976,048,147	365,282,773	666,200,108	365,292,011	56	100
Development Expenditure	**2,807,728,866**	**14,000,000**	**1,468,365,490**	**8,248,880**	**1,623,099,927**	**8,248,880**	**58**	**59**
Total	**7,298,409,980**	**759,083,672**	**5,754,710,737**	**753,322,692**	**5,599,597,135**	**753,328,073**	**77**	**99**

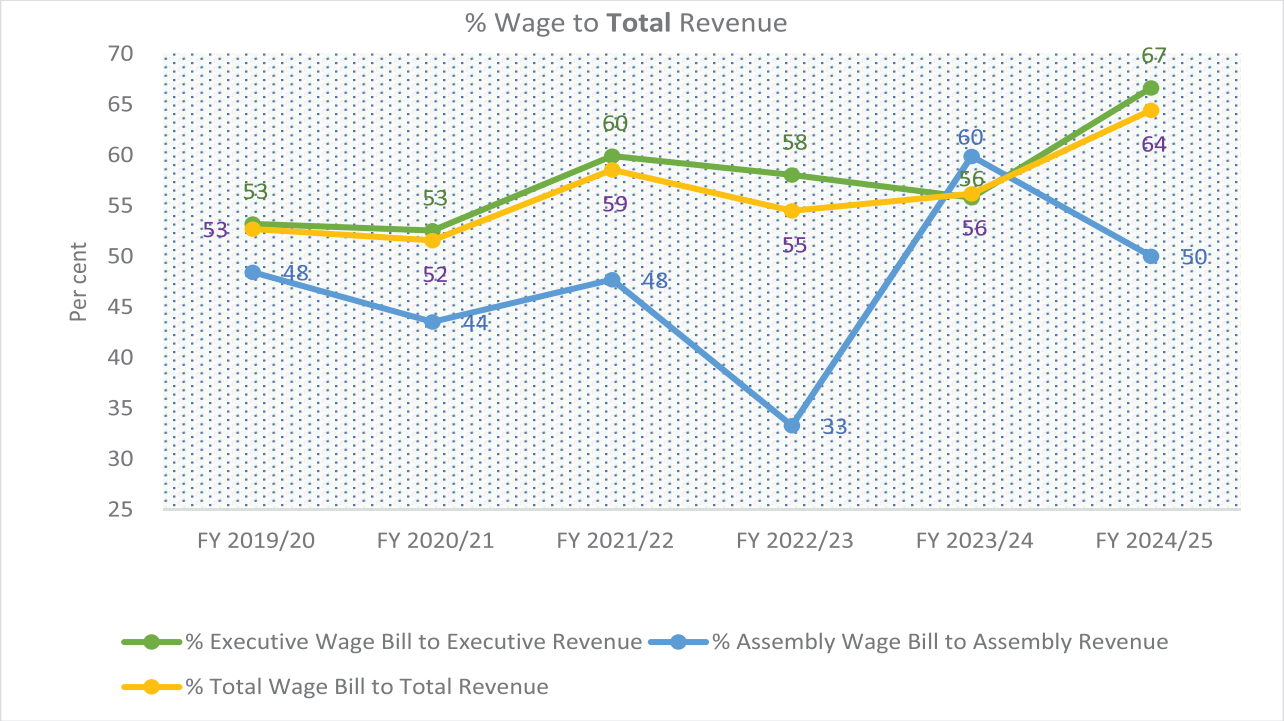
***Source**: Embu County Treasury*

3.6.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.69 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.8.53 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 43 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.51 billion reported in FY 2023/24. Of this total, Kshs.1.50 billion related to the Health Sector employees, which accounted for 41 per cent of the overall employees' compensation.

Figure 23 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 23: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Embu County Treasury*

Further analysis revealed that PE costs totalling Kshs.3.55 billion were processed through the Human Resource Information System (HRIS), while Kshs.129.87 million was processed through manual payroll, which accounted for 4 per cent of the total PE cost.

The manual payrolls comprised salaries for top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.67

Table 3.67: Breakdown of Embu County Manual Payroll

S/No.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	1,048,791.07
2	Top-up Allowances for security officers	15,503,437.00
3	LAPTRUST/LAPFUND Pension Contributions	21,691,982.35
4	Gratuity for contract staff	91,622,144.56
Total		**129,866,354.98**

Source*: Embu County Treasury*

The County Assembly spent Kshs.30.60 million on committee sitting allowances for the 31 MCAs against the annual budget allocation of Kshs.30.60 million. The average monthly sitting allowance was Kshs.82,267 per MCA. The County Assembly has 27 House Committees.

3.6.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.307.17 million to County-Established funds in FY 2024/25, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.8.00 million to the Emergency Fund (less than 1 per cent of the total budget), which is not in line with Section 110 of the PFM Act, 2012. Table 3.68 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.68: Performance of Embu County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Embu County Education Support Fund	1-January-2015	-	-	-	-	Yes
2	Embu County Youth Trust Fund	24-April-2015	-	-	-	52,700,000	Yes
3	Embu County Climate Change Fund	1-January-2020	299,169,310	36,000,000	36,000,000		Yes
4	Embu County Emergency Fund	25-March-2020	8,000,000	8,000,000	8,000,000	-	Yes
Sub-Total			**307,169,310**	**44,000,000**	**44,000,000**	**52,700,000**	
County Assembly Established Funds							
1	County Assembly of Embu Car Loan and Mortgage (MCAs)	March 2014 (Revised in 2022)	-	-	-	-	Yes
2	County Assembly of Embu Car Loan and Mortgage (Staff)	11 February 2019 (Revised in 2022)	-	-	-	-	Yes
Sub-Total			-	-	-	-	
Total			**307,169,310**	**44,000,000**	**44,000,000**	**52,700,000**	

Source: *Embu County Treasury*

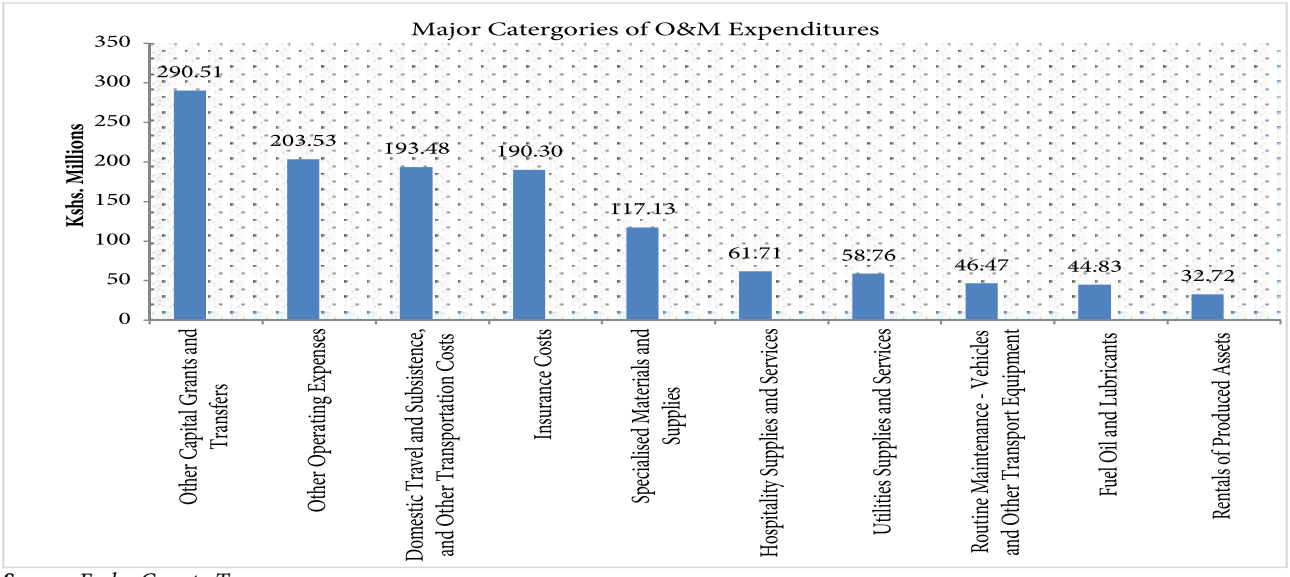
During the reporting period, the CoB received quarterly financial reports from 6 Fund Administrators, as indicated in Table 3.68, as required by Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the Embu County Youth Trust Fund, the Embu County Education Support Fund and the County Assembly of Embu Car Loan and Mortgage (MCAs) had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.6.10 Expenditure on Operations and Maintenance

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

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



Source: *Embu County Treasury*

A total of Kshs.203.53 million was spent under Other Operating expenses. A breakdown of the specific items includes Boda Boda Summit, CASA games, KICOSCA, Public Participation, Investors Conference, etc.

Expenditure on domestic travel amounted to Kshs.193.48 million and comprised Kshs.146.25 million spent by the County Assembly and Kshs.47.23 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.18 million and comprised Kshs.12.66 million by the County Assembly and Kshs.5.56 million by the County Executive.

Expenditure on foreign travel is summarised in Table 3.69.

Table 3.69: Summary of Expenditure on Foreign Travel in FY 2024/25

S/No.	Arm of County Government	No. of Officers Travelled	Dates Travelled	Purpose of the Travel	Destination	Total Costs of the Travel (Kshs.)
1	County Executive	3	11th to 22nd November 2024	COP29 to be held in Baku, Azerbaijan	Baku in Azerbaijan	2,978,500
2	County Executive	1	23rd to 28th February 2025	Participating in the East Africa Local Authorities Sports and Cultural Association (EALASCA) in Uganda	Uganda	746,348
3	County Executive	3	12th to 16th May 2025	Dissemination of the International Centre for Local Democracy (ICLD) Municipal Partnership Project, Norrköping, Sweden	Sweden	1,629,565
4	County Executive	1	30th June to 3rd July 2025	4th International Conference on Financing and Development, Seville, Spain	Spain	200,311
5	County Assembly Of Embu	41	9-13/9/2024	Legislative Competences Training by Centre for Parliamentary Studies	Arusha	12,625,181
TOTAL						**18,179,905**

***Source**: Embu County Treasury and Embu County Assembly*

The operations and maintenance costs include an expenditure of Kshs.10.52 million on Legal fees/Dues, arbitration and compensation payments. There is no incurred expenditure for garbage collection.

3.6.11 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.517.75 million as FIF, which was 109 per cent of the annual target of Kshs.476.05 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.183,22 million in the reporting period across the two schemes, namely the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.70.

Table 3.70: Embu County Health Facilities FIF Performance in FY2024/25

S/No.	Level of Health Facility and Number of Facilities	SHIF/SHA			NHIF
		Approved Claims (Kshs.)	Claim Paid (Kshs.)	Balance (Kshs.)	Pending Debt (Kshs.)
1	One Level Five Hospital	293,358,857.50	203,228,931.00	90,129,926.50	69,154,981.00
2	Three Level Four Health Facilities	22,119,302.55	11,736,171.75	10,383,130.80	11,696,360.00
3	Thirteen Level Three Facilities	38,621,296.30	35350164	0	1,192,070.00
4	Eighty-Seven Level Two Facilities	24157379	24157379	0	665,116.00
TOTAL		**378,256,836**	**274,472,646**	**100,513,057**	**82,708,527**

***Source:** Embu County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) that totalled Kshs.378.26 million. Yet, actual disbursements amounted to Kshs.274.47 million, resulting in an outstanding balance of Kshs.100.51 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.82.71 million.

The expenditure by the health facilities amounted to Kshs.476.05 million, as shown in Table 3.71.

Table 3.71: Embu County Health Facilities Expenditure Performance in FY 2024/25

S/No.	Level of Health Facility and Number of Facilities	Approved Budget for the Facility (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
1	One Level 5 Hospital	315,101,341	315,101,341	100
2	Three Level 4 Hospitals	32,331,699	32,331,699	100
3	Thirteen Level 3 Hospitals	30,670,241	30,670,241	100
4	Seventy-One Level 2 Hospitals	40,570,984	40,570,984	100
5	Six Public Health Offices	43,093,167	43,093,167	100
6	One Medical Services-Headquarters	14,281,467	14,281,467	100
TOTAL		**476,048,899**	**476,048,899**	**100**

Source: *Embu County Treasury*

3.6.12 Development Expenditure

In the review period, the County reported spending Kshs.1.63 billion on development programmes, representing an increase of 3 per cent compared to FY 2023/24, when the County spent Kshs.1.59 billion. Table 3.72 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the timely implementation of the budget and the full disbursement of all exchequer releases due within the financial year.

Table 3.72: Embu County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location		Expected Date of Completion of the Project	Contract Sum (Kshs.)	Total Funding in the FY 2024/25 (Kshs.)	Expenditure in FY 2024/25 (Kshs.)	Cumulative Project Expenditure as of 30 June 2025 (Kshs.)	Percentage (%) of Completion
			Ward	Sub-County						
1	Trade, Tourism, Investment, Industrial Development and Marketing	Conditional Allocation For the County Aggregated and Industrial Park Programme	County Wide	County Wide	30-Jun-25	500,000,000	500,000,000	500,000,000	500,000,000	85.0
2	Embu Level 5 Hospital	Completion Of Badea Block B	Kirimari	Manyatta	30-Jun-25	184,530,615	46,420,314	33,594,853	182,956,252	99.1
3	Trade, Tourism, Investment, Industrial Development and Marketing	Relocation Of Runyenjes Market	Runyenjes Central	Runyenjes	30-Jun-25	25,000,000	25,000,000	25,000,500	25,000,500	100.0
4	Education, Science and Technology	Capitation For Youth Polytechnics	County Wide	County Wide	30-Jun-25	25,000,000	25,000,000	24,999,988	24,999,988	100.0

S/No.	Sector	Project Name	Project Location		Expected Date of Completion of the Project	Contract Sum (Kshs.)	Total Funding in the FY 2024/25 (Kshs.)	Expenditure in FY 2024/25 (Kshs.)	Cumulative Project Expenditure as of 30 June 2025 (Kshs.)	Percentage (%) of Completion
			Ward	Sub-County						
5	Water Environment and Natural Resources	Development Of Borehole - Drilling Of New Boreholes, Equipping, Solarisation And Water Distribution- One Borehole In Each Of The Wards - Mavuria, Nthawa, Kagaari South, Makima, Mwea, Kyeni South And Muminji	Mavuria, Nthawa, Kagaari South, Makima, Mwea, Kyeni South And Muminji	County Wide	30-Jun-25	28,500,000	28,500,000	20,706,386	20,706,386	72.7
6	Lands, Physical Planning and Urban Development	Development Of County Spatial Plan	Kirimari	Manyatta	30-Jun-25	20,000,000	20,000,000	19,999,990	19,999,990	100.0
7	Roads, Public Works, Energy and Transport	Proposed Remodelling and Partitioning Of Moi Stadium VIP Lounge	Kirimari	Manyatta	30-Jun-25	19,000,000	19,000,000	18,859,860	18,859,860	99.3
8	Roads, Public Works, Energy and Transport	Upgrading To Bitumen Standards of Gikuuri-Nthagaiya Road	Kagaari South	Runyenjes	30-Jun-25	16,000,000	16,000,000	15,134,520	15,134,520	94.6
9	Embu County Revenue Authority	Purchase Of Revenue System	County Wide	County Wide	30-Jun-25	30,000,000	30,000,000	11,619,146	11,619,146	38.7
10	Health	Upgrading Of Gategi Health Centre To Level 4 Hospital	Makima	Mbeere South	30-Jun-25	15,000,000	15,000,000	10,000,000	10,000,000	66.7

Source: *Embu County Treasury*

The County did not report any stalled development projects as of 30 June 2025.

3.6.13 Budget Performance by Department

Table 3.73 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.73: Embu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	292.20	19.93	289.53	19.93	284.16	19.93	98	100	97	100
County Public Service Board	35.85	-	34.88	-	34.43	-	99	-	96	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service and Administration	1,004.26	2.45	966.40	-	950.40	-	98	-	95	-
County Assembly	745.08	14.00	745.07	8.25	745.08	8.25	100	100	100	59
Finance and Economic Planning.	255.22	9.05	255.22	9.04	253.96	9.04	100	100	100	100
Trade, Tourism, Investment and Industrialisation	40.63	500.34	40.63	395.43	37.01	462.62	91	117	91	93
Agriculture, Livestock, Fisheries and Cooperative Development	275.46	223.77	204.22	52.43	243.14	48.46	119	92	88	22
Water Environment and Natural Resources	41.25	134.27	41.25	90.47	39.19	92.24	95	102	95	69
Health	1,370.07	156.29	1,667.00	43.61	1,206.82	43.61	72	100	88	28
Embu Level 5 Hospital	380.94	100.51	24.83	67.07	24.11	57.90	97	86	6	58
Infrastructure, Public Works and Housing.	76.64	895.06	76.64	480.52	62.67	496.67	82	103	82	56
Education, Science and Technology	395.10	166.48	395.10	109.97	388.34	102.21	98	93	98	61
Youth Empowerment and Sports and Gender Empowerment	118.21	107.71	118.21	66.16	116.52	56.19	99	85	99	52
Lands, Physical Planning and Urban Development & Water	63.52	126.02	63.52	73.05	62.88	76.64	99	105	99	61
Embu County Revenue Authority (ECRA)	35.40	31.00	22.70	13.16	33.74	12.62	149	96	95	41
Embu Municipal Board	70.37	71.26	70.37	27.37	70.37	27.37	100	100	100	38
Climate Change Unit	35.57	263.60	15.85	20.16	35.57	117.60	225	584	100	45
Total	**5,235.76**	**2,821.73**	**5,031.42**	**1,476.61**	**4,588.39**	**1,631.35**	**91**	**111**	**88**	**57.8**

Source: *Embu County Treasury*

Analysis of expenditure by departments shows that the Department of the Office of the Governor recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Finance and Economic Planning at 99 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 100 per cent. In comparison, the Department of Embu Level 5 Hospital had the lowest at 6 per cent.

3.6.14 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received after 8 August 2025
ii. Own-source revenue underperformed at Kshs.399.24 million against an annual target of Kshs.827.38 million, representing 48 per cent of the financial year target.
iii. Unspent funds from FY 2023/24 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.73.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the

lifespan of the Youth Fund had lapsed, making them ineligible for further withdrawals.

v. High level of pending bills, which amounted to Kshs.1.76 billion as of 30 June 2025.

vi. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.183.22 million across the two schemes—SHIF and the defunct NHIF.

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

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

ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

iii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*

iv. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*

v. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*

vi. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.7. County Government of Garissa

3.7.1 Overview of FY 2024/25 Budget

The Garissa County Approved Supplementary I Budget for FY 2024/25 was Kshs.12.01 billion. It comprised Kshs.4.66 billion (39 per cent) and Kshs.7.34 billion (61 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Ksh.1.31 billion (12 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.4.31 billion and a recurrent budget of Kshs.6.39 billion. The increase in the budget was primarily attributed to several factors: the rise in Equitable Share from Kshs.8.25 billion to Kshs.8.29 billion, the increase in OSR from Kshs.230 million to Kshs.400 million, the increase in Conditional Grants from Kshs.1.48 billion to Kshs.1.59 billion, and the increase in carry forward for two months from Kshs.0.63 billion to Kshs.1.48 billion.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.8.29 billion (69 per cent), a cash balance of Kshs.1.83 billion (15 per cent) from FY 2023/24, and Kshs.400 million (3 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.160 million (1 per cent) deposited into the CRF and Kshs.240 million (2 per cent) as Appropriations-in-Aid (A-I-A) spent at source as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.74.

3.7.2 Revenue Performance

The County received Kshs.10.67 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 17 per cent compared to the amount received in FY 2023/24 of Kshs.9.16 billion. The total revenue consisted of Kshs.8.28 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.432.14 million, as well as own-source revenue (OSR) collection of Kshs.478.87 million. Additionally, the County had a cash balance of Kshs.1.48 billion from FY 2023/24.

The total OSR collection of Kshs.478.87 million included Facilities Improvement Financing (FIF) of Kshs.384.15 million, and Kshs.94.72 million from other OSR sources. Table 3.74 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.74: Garissa County, Revenue Performance in FY 2024/25

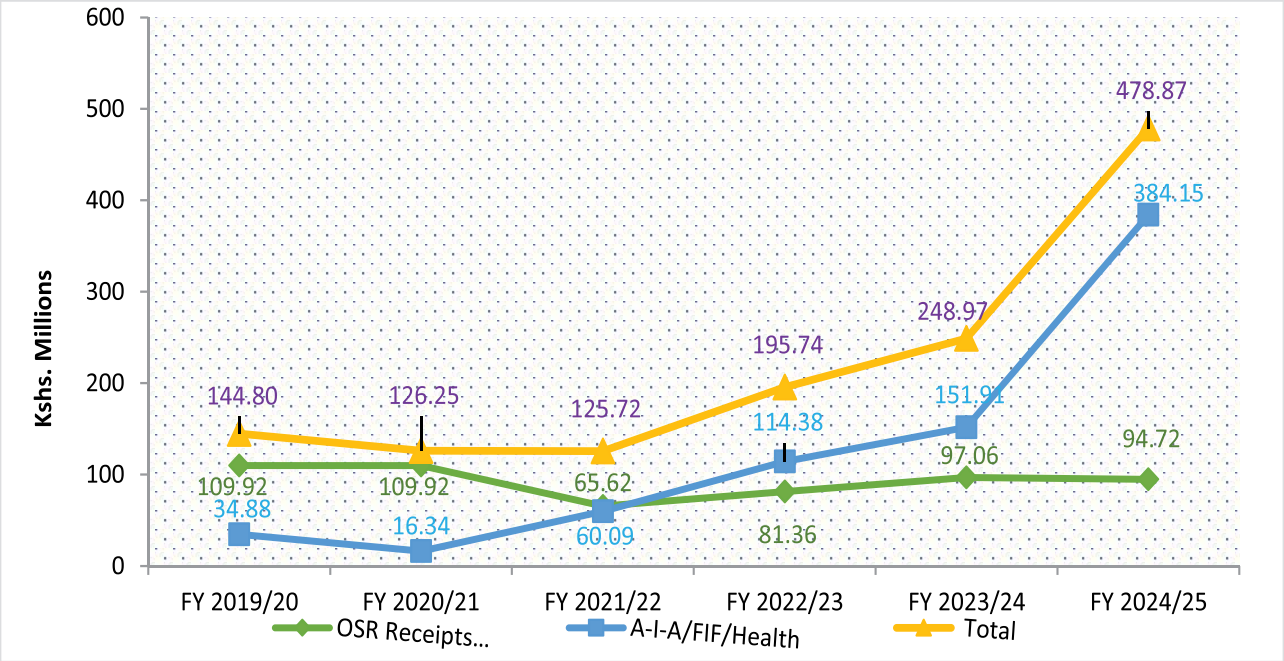
S/No	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	8,290,447,365	8,276,686,506	100

S/No	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
Sub Total		**8,290,447,365**	**8,276,686,506**	**100**
B	**Conditional Grants**			
1	Water and Sanitation Development Project (World Bank) WSDP	450,000,000	307,883,056	68
2	Kenya Urban Support Prorgam -KUSP UDG	342,462,888		-
3	Framework for the management of Food System Resilience Project – (FSRP)-IDA FOR FY 2024/2026	173,076,923	70,127,132	41
4	County Aggregation and Industrial Parks (CAIP)	105,263,158	-	-
5	Road Maintenance levy fund (RMLF)	188,410,092.97	-	-
6	Emergency locust response project, World Bank (ELRP)	142,500,000	-	-
7	Financing locally led climate action program (FLLoCA), County climate Institutional support (CCRI	137,000,000	-	-
8	Kenya Urban Support Programme -KUSP UIG	105,000,000	32,309,300	31
9	Conditional Grant Community Health Promoters (CHPs)	74,520,000		-
10	Kenya Devolution Support Program-II (KDSP II)	37,500,000	0	-
11	Basic Salary Arrears for County Government Health Workers	32,981,339	0	-
12	Financing locally led climate action program (FLLoCA), County climate Institutional support (CCIS), Grant level 1 (World Bank)	11,000,000	11,000,000	100
13	Sweden- Kenya Agricultural Business Development (KABDP)	10,918,919	-	-
14	DANIDA Grant-Primary health care in a devolved context	10,822,500	10,822,500	100
15	UN Fund for Population Activities (UNFPA) 10TH Country Programme for FY 2024/25	9,620,000	-	-
Sub-Total		1,831,075,820	432,141,988	24
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	160,000,000	94,722,928	59
2	Balance b/f from FY2023/24	1,484,282,378.90	1,484,282,378.85	100
3	Facility Improvement Fund (FIF)	240,000,000	384,147,940	160
Sub Total		**1,884,282,378.90**	**1,963,153,247**	**104**
Grand Total		**12,005,805,563.82**	**10,671,981,741**	**89**

Source: *Garissa County Treasury*

The County has governing legislation on the operation of FIF. Figure 25 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

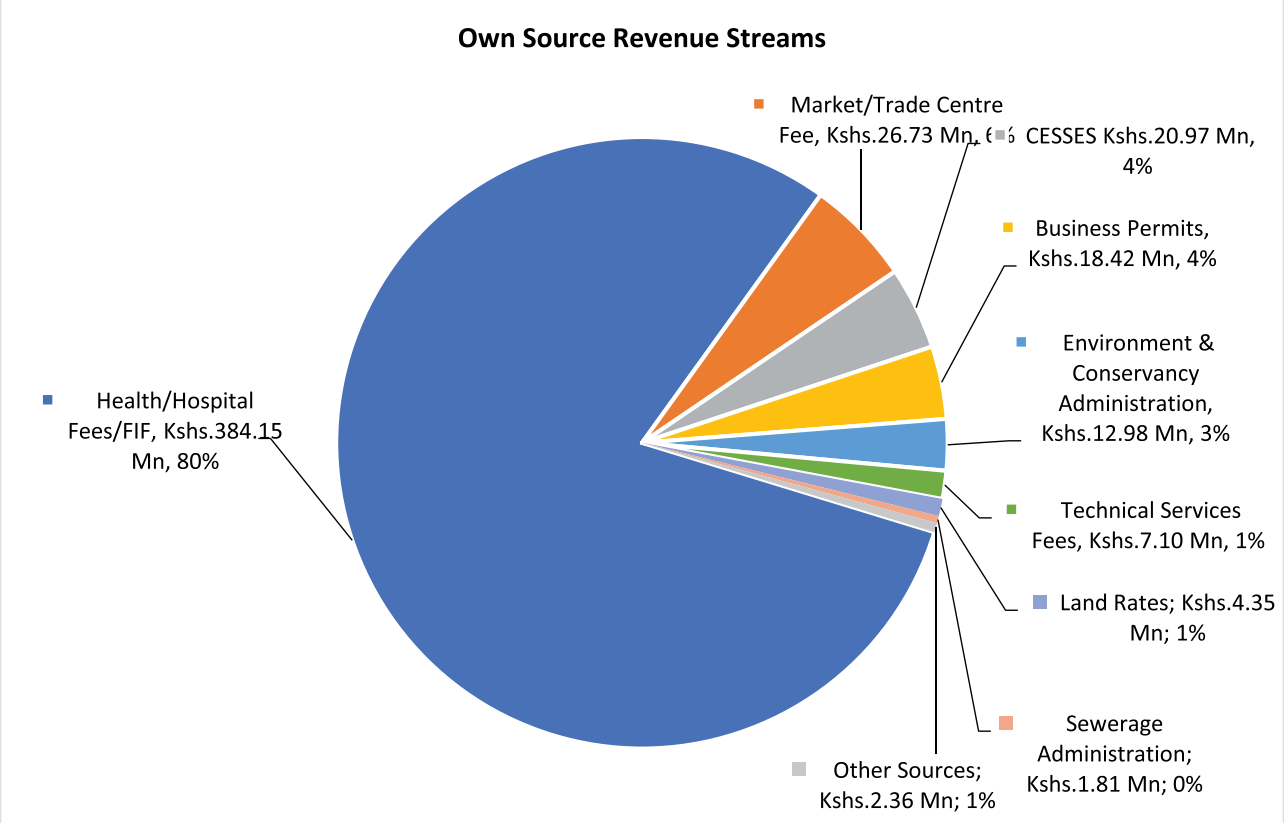
Figure 25: Garissa County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



Source: *Garissa County Treasury*

During the year, the County generated Kshs.478.87 million from its revenue sources, including FIF. This amount was an increase of 92 per cent compared to Kshs.484.97 million realised in a similar period in FY 2023/24, and was 120 per cent of the annual target and 6 per cent of the equitable revenue share disbursed. The revenue streams which contributed the highest OSR receipts are shown in Figure 26.

Figure 26: Garissa County Top Own Source Revenue Streams in FY 2024/25



Source*: Garissa County Treasury*

As shown in Figure 26, the highest revenue stream, at Kshs.384.15 million, was from Health/Hospital Fees/FIF, accounting for 80 per cent of the total OSR receipts. The County Government has not automated any revenue streams. The increase in OSR is attributed to the enactment of the FIF Act, and the timely supply of drugs that occasioned seamless operations in the health facilities, thus increasing revenue generation from user charges and public health

fees. There has also been continuous engagement and follow-up with taxpayers. Also, recruiting adequate staff has enhanced the ability to raise more OSR.

3.7.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.78.26 million. This amount increased to Kshs.193.52 million as of 30 June 2025, indicating that the County had reduced its arrears by Kshs.23.84 million and accumulated additional arrears of Kshs.139.10 million. Table 3.75 presents a breakdown of the County's revenue arrears.

Table 3.75: Garissa County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
B	Facility Improvement Fund (FIF)	78,260,540	576,300	23,260,590	139.096,755	193,520,405
Total		78,260,540	576,300	23,260,590	139.096,755	193,520,405

Source: Garissa *County Treasuries*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.193.52 million (100 per cent).

3.7.4 Borrowing by the County

The County government did not report any borrowing during the review period.

3.7.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.10.07 billion from the CRF account in FY 2024/25, which comprised Kshs.3.13 million (31 per cent) for development programmes and Kshs.6.94 billion (69 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.4.85 billion was for employee compensation and Kshs.2.09 billion for operations and maintenance expenditures.

The operations and maintenance exchequer analysis indicates that 9 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.197.31 million and included Kshs.64.92 million for the County Executive and Kshs.132.38 million for the County Assembly. The foreign travel exchequer totalled Kshs.6.33 million, comprising only the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.798.95 million.

3.7.6 County Expenditure Review

The County spent Kshs.9.90 billion on development and recurrent programmes in the reporting period. This expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.3.13 billion for development programmes and Kshs.6.77 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 67 per cent, while recurrent expenditure represented 92 per cent of the annual recurrent expenditure budget.

3.7.7 Settlement of Pending Bills

As of 30 June 2025, the County reported pending bills totalling Kshs.2.59 billion. This amount included Kshs.2.42 billion from the County Executive and Kshs.161.26 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.747.21 million for recurrent expenditures and Kshs.1.68 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.23 billion, comprising Kshs.106.00 million (9 per cent) for recurrent programmes and Kshs.1.12 billion (91 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.113.20 million, which included Kshs.54.82 million (48 per cent) for recurrent activities and Kshs.58.38 million (52 per cent) for development activities. Table 3.76 provides additional details of pending bills.

Table 3.76: Garissa County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	691,844,913	106,000,000	161,361,117	747,206,030
Development	1,998,306,899	1,124,181,650	803,315,313	1,677,440,562
Total	**2,690,151,812**	**1,230,181,650**	**964,676,430**	**2,424,646,592**
County Assembly				
Recurrent	70,722,376	58,379,576	103,920,039	116,262,839
Development	62,187,682	54,821,460	37,635,112	45,001,334
Total	**132,910,058**	**113,201,036**	**141,555,151**	**161,264,173**

Source: *Garissa County Treasury*

Table 3.77 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.2.59 billion.

Table 3.77: Garissa County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	840,950,425	359,366,222	238,000,000	284,125,249	1,722,441,896.15
Recurrent Pending Bills (Goods & Services)	174,579,073	12,342,800	72,621,067	513,223,846	772,766,785.63
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	90,702,083	-	-	-	90,702,083.00
Recurrent Pending Bills (Staff Claims)	-	-	-	-	-
Total Recurrent Pending Bills	265,281,156	12,342,800	72,621,067	513,223,846	863,468,868.63
Total Pending Bills	1,106,231,581	371,709,022	310,621,067	797,349,095	**2,585,910,764.78**
% of Total	**43%**	**14%**	**12%**	**31%**	**100%**

Source: *Garissa County Treasury*

The County's pending bills as of 30 June 2025 show that 31 per cent of the pending bills are over 3 years, 12 per cent aged between 2 and 3 years, 14 per cent aged between 1 and 2 years, while 43 per cent of the pending bills were of under one year. The County treasury is expected to pay the pending bills based on the FIFO basis and ensure compliance with the Pending Bills Action Plan. However, Salary Arrears and pending Statutory Deductions are exceptions and should be prioritised for payment.

3.7.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.95 billion for compensation of employees, Kshs.1.95 billion for operations and maintenance, and Kshs.2.97 billion for development activities. Similarly, the County Assembly spent Kshs.603.27 million on compensation of employees, Kshs.269.70 million on operations and maintenance, and Kshs.155.36 million on development activities, as shown in Table 3.78.

Table 3.78: Garissa County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,368,497,045**	**975,235,453**	**5,901,271,588**	**872,968,372**	93	90
Compensation of Employees	4,317,196,227	643,700,000	3,947,199,797	603,273,057	91	94
Operations and Maintenance	2,051,300,818	331,535,453	1,954,071,791	269,695,315	95	81
Development Expenditure	4,469,073,066	193,000,000	2,974,845,851	155,364,908	67	80
Total	**10,837,570,111**	**1,168,235,453**	**8,876,117,439**	**1,028,333,280**	82	88

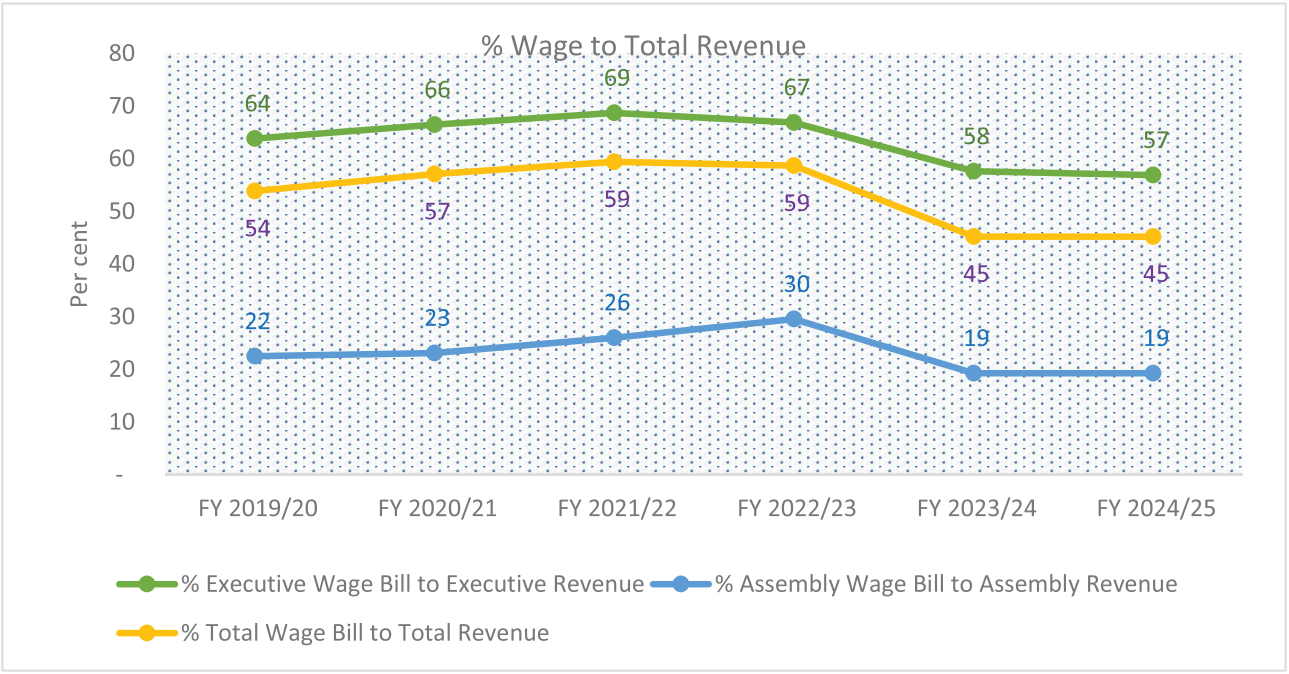
Source: *Garissa County Treasury*

3.7.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.4.55 billion. Therefore, the percentage of compensation of employees to revenue was 43 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.4.03 billion reported in FY 2023/24. Of this total, Kshs.2.09 billion related to the Health Sector employees, which accounted for 46 per cent of the overall employees' compensation. The increase in compensation to employees was due to several factors: annual increment payment adjustments, the recruitment of 30 new chief officers, the recruitment of 200 ECD teachers, and the impact of the Universal Health Care programme (UHC), which now fully compensates volunteers whom the national government previously compensated.

Figure 27 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 27: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Garissa County Treasury*

Further analysis revealed that PE costs totalling Kshs.4.08 billion were processed through the Human Resource Information System (HRIS), while Kshs.470.07 million was processed through manual payroll, which accounted for 10 per cent of the total PE cost.

The manual payroll comprised salaries for 733 staff not onboarded into the Human Resource Information System (HRIS), salaries for 481 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.79.

Table 3.79: Breakdown of Garissa County Manual Payroll

S/No.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	315,210,625.3
2	Salaries for casual staff	131,364,000.0
3	Top-up Allowances for Security Officers	18,666,859.0
4	LAPTRUST/LAPFUND Pension Contributions	4,832,000.0
Total		**470,073,484**

Source*: Garissa County Treasury*

The County Assembly spent Kshs.20.40 million on committee sitting allowances for the 48 MCAs including the Speaker against the annual budget allocation of Kshs.22.97 million. The average monthly sitting allowance was Kshs.35,415.88 per MCA. The County Assembly has 19 House Committees.

3.7.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.110 million to Coun-

ty-Established funds in FY 2024/25, or 0.9 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.3 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.80 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.80: Performance of Garissa County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Disaster Management Fund/ Emergency	2014	40,000,000	39,969,431	39,969,431	724, 969,431	No
2.	Bursary Fund	2014	50,000,000	50,000,000	50,000,000	625,000,000	No
3.	Micro and Small Enterprises Development Revolving Fund	2015	20,000,000	0	0	40,000,000	No
Total			**110,000,000**	**89,969,431**	**89,969,431**	**1,409,969,431**	

Source: *Garissa County Treasury*

During the reporting period, the CoB received quarterly financial reports from all Fund Administrators, although they had submitted earlier during the requisition period, as indicated in Table 3.80. This contradicts the requirement of Section 168 of the PFM Act, 2012. The County had disclosed their administration costs of the Funds, which were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that no regulations establishing a fund had lapsed.

3.7.11 County Corporations

The County has one County Corporation, which was allocated Kshs.98 million in FY 2024/25. Their total annual expenditure amounted to Kshs.98 million, as shown in Table 3.81.

Table 3.81: Performance of Garissa County Corporations in FY 2024/25

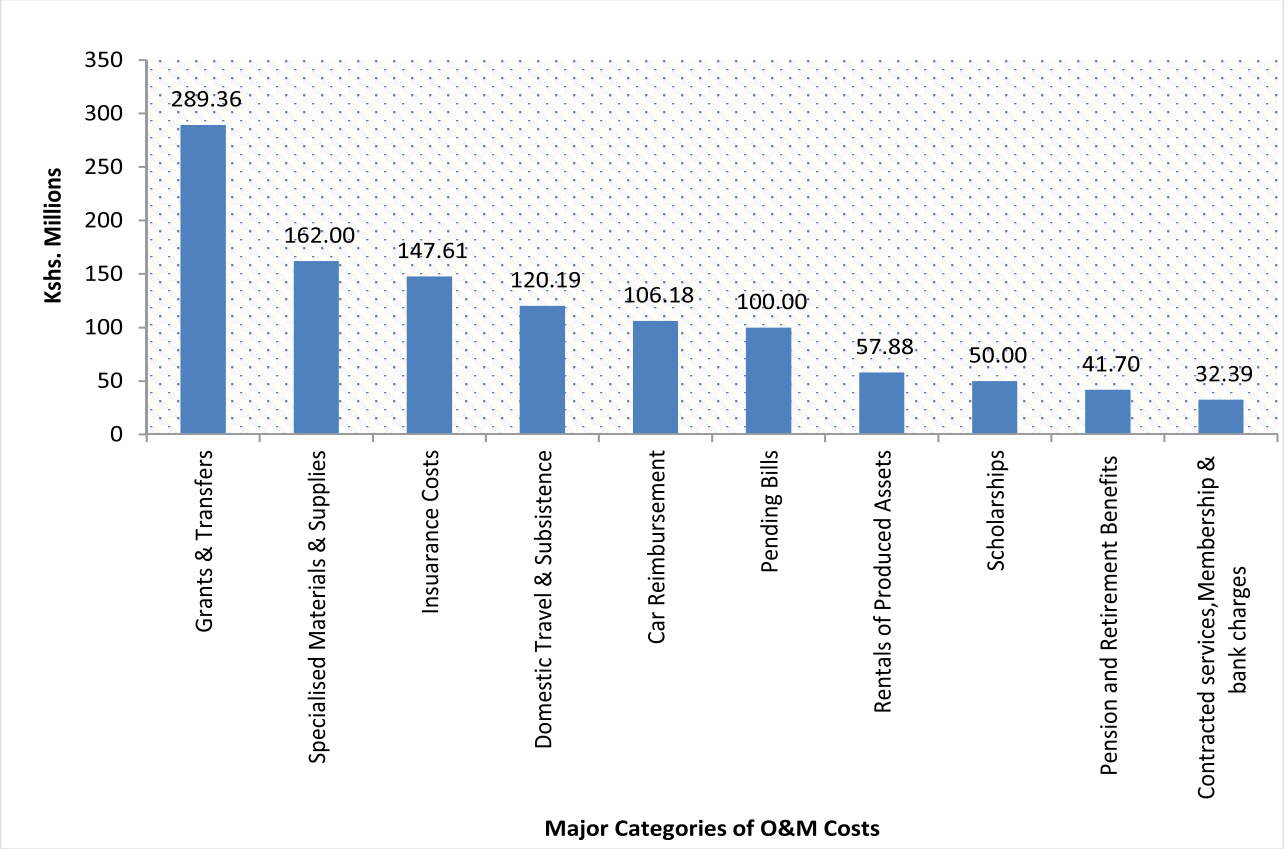
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1	Garissa Water and Sewerage Company	98,000,000	98,000,000	98,000,000	345,000,000
	Municipalities				
2	Garissa Municipality	24,000,000	20,000,000	20,000,000	48,000,000
3	Dadaab Municipality	6,000,000	4,500,000	4,500,000	10,000,000
4	Modogashe Municipality	6,000,000	4,500,000	4,500,000	10,000,000
5	Bura Municipality	6,000,000	4,500,000	4,500,000	10,000,000
6	Masalani Municipality	6,000,000	4,500,000	4,500,000	10,000,000
	Municipality Total	**48,000,000**	**38,000,000**	**38,000,000**	**88,000,000**
Total		**146,000,000**	**136,000,000**	**136,000,000**	**433,000,000**

Source: *Garissa County Treasury*

3.7.12 Expenditure on Operations and Maintenance

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

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



Source: *Garissa County Treasury*

Expenditure on domestic travel amounted to Kshs.197.31 million and comprised Kshs.132.38 million spent by the County Assembly and Kshs.64.92 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.33 million and comprised Kshs.6.33 million by the County Assembly only. Expenditure on foreign travel is summarised in Table 3.82.

Table 3.82: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	25th to 28th August 2024	To attend the 8th International Conference on Social Science, Humanities and Education	Britain	1,982,484
County Executive	5	23rd September - 4th October 2024	Attend a training by ESAMI on the role of the Legislature in influencing Government policy.	Dubai UAE	3,753,611

Source: *Garissa County Treasury*

Other types of expenditure under the operations and maintenance costs include Kshs.35.70 million on contracted Professional Services and Kshs.38.68 million related to legal fees, dues, arbitration, and compensation payments.

3.7.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.384.15 million as FIF, which was 160 per cent of the annual target of Kshs.240 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed Kshs.139.10 million in the reporting period across the two schemes, namely the Social Health Insurance Fund (SHIF). They had nil outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.83.

Table 3.83: Garissa County Health Facilities FIF Performance in FY2024/25

S/No	Level of Health Facility and number of facilities	SHIF (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	Sixty-eight Level 2 & 3 Hospitals	32,800,270	7,939,486.95	24,860,783.05	0
2	Seven Level 4 Hospitals	68,858,983	35,391,921.60	33,467,061.40	
3	One Level 5 Hospital	177,965,620	97,196,709.00	80,768,911.00	
Total		279,624,873	140,528,117.55	139,096,755.45	

Source: *Garissa County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Authority (SHA) later on was called Social Health Insurance Fund (SHIF) amounting to Kshs.279.62 million. Of this, only Kshs.140.53 million was disbursed, occasioning a pending balance of Kshs.139.10 million. Further, the health facilities did not owe the defunct National Health Insurance Fund (NHIF).

The expenditure by the health facilities amounted to Kshs.277.25 million, as shown in Table 3.84.

Table 3.84: Garissa County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	Sixty-eight Level 2 & 3 Hospitals	32,800,270.00	36,736,302.40	112
2.	Seven Level 4 Hospitals	68,858,983.00	66,104,623.68	96
3.	One Level 5 Hospital	177,965,620.00	174,406,307.60	98
	Total	**279,624,873.00**	**277,247,233.68**	**99**

Source: *Garissa County Treasury*

3.7.14 Development Expenditure

In the review period, the County reported spending Kshs.3.13 billion on development programmes, representing an increase of 62 per cent compared to FY 2023/24, when the County spent Kshs1.93 billion. Table 3.85 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the County prioritising ongoing/carry-forward projects from FY 2023/24.

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

S/No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Water, Environment and Natural	Proposed rehabilitation of the Masalani water Project	Masalani	Completed	38,808,000	7,500,000	35500000	100%
2	Water, Environment and Natural	Proposed construction of Madina water pan 25,000 m^3	Lagdera Sub-County Garissa County	Completed	11,780,270	2400000	2400000	100
3	Roads, Transport and Public Works	Proposed construction of stadium and pavilion	Township	20-12-2025	187,800,000	36971184	36971184	20

S/No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
4	Roads, Transport & Public Works	Proposed construction of the terminal building at Garissa airstrip	Township	15-11-2025		41,700,000	41,700,000	40
5	Roads, Transport and Public Works	Proposed upgrading to the bitumen standard of Bulla Madina-Burburis road	Township	10-10-2025	93,060,017	9,306,017	9,306,017	10
6	Water, Environment and Natural Resources	Proposed Qone-Modogashe pipeline project	Lagdera	completed	457,911,266	90,000,000	387,675,890	100
7	Trade, Tourism, Investment and Industrialisation	County Aggregated Industrial Park	Township	12-12-2025	490,600,000	1260,000,000	380,000,000	80
8	Health and Sanitation	Proposed Construction of Mother and Child Hospital,	Township	05-02-2026	663,678,404	161,0000000	221,000,000	40
9	County Assembly	Purchase, installation and commissioning of a Hansard system	County Assembly	30TH JULY 2025	26,929,226	26,929,225	26,929,225	100%
10	County Assembly	Proposed Construction of Chambers at the County Assembly offices	Garissa Township	30TH JUNE 2025	51,811,724	20,000,000	45,941,032.30	90

Source: *Garissa County Treasury*

The County reported four stalled development projects as of 30 June 2025, with an estimated value of Kshs.244.88 million, of which Kshs.38.65 has already been paid. The stalled projects are shown in Table 3.86.

Table 3.86: County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Construction of Health Headquarters	Township	46,563,339.60	38,652,052	7,911,287.6	90	Lack of concurrence on variation
Construction of a dispensary block at Gedilun Sangailu	ijara	5,673,942	-	5,673,942	30	The Contractor deserted the site

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Construction and Equipping of Cancer Centre	Township	222,289,475	-	222,289,475	5	The Contractor deserted the site
Construction of Maternity at Bura	Township	9,013,440	-	9,013,440	20	The Contractor deserted the site
Total		**283,540,196.60**	**38,652,052**	**244,888,144.60**		

Source: Garissa County Treasuries

3.7.15 Budget Performance by Department

Table 3.87 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.87: Garissa County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Pastoral	150.66	444.10	148.63	130.92	138.60	130.92	93	100	92	29
Culture, Gender, Youth and Sports	68.26	102.00	63.86	99.77	62.77	99.77	98	100	92	98
Roads, Transport and Public Works	84.82	618.61	77.02	364.91	77.02	364.91	100	100	91	59
Education, Information and ICT	413.51	106.80	413.40	10.39	403.58	10.39	98	100	98	10
Lands, Physical Planning and Urban Development	438.93	396.86	420.25	45.92	420.25	45.92	100	100	96	12
Finance and Economic Planning	1,075.73	200.00	1,032.43	49.48	993.76	49.48	96	100	92	25
Health and Sanitation	3,116.70	457.90	2,906.43	389.22	2,906.43	389.22	100	100	93	85
Trade, Investments and Enterprise Development	95.31	449.80	87.90	312.00	87.90	312.00	100	100	92	69
Water, Environment and Natural Resources	212.29	1,663.40	211.99	1,545.30	208.89	1,545.30	99	100	98	93
County Affairs, Public Service and Intergovernmental Relations	658.53	12.60	651.28	12.00	550.42	12.00	85	100	84	95
County Public Service Board	53.74	17.00	53.74	14.93	51.66	14.93	96	100	96	88
County Assembly	975.24	193.00	872.95	155.36	872.97	155.36	100	100	90	80
Total	**7,343.73**	**4,662.07**	**6,939.88**	**3,130.21**	**6,774.24**	**3,130.21**	98	100	92	67

Source: *Garissa County Treasury*

Analysis of expenditure by departments shows that the Department of Culture, Gender, Youth and Sports recorded the highest absorption rate of development budget at 98 per cent, followed by the Department of County Affairs, Public Service and Intergovernmental Relations at 95 per cent. The Department of Water, Environment and Natural Resources had the highest percentage of recurrent expenditure to budget at 98 per cent, while the Department of County Affairs, Public Service and Intergovernmental Relations had the lowest at 84 per cent.

3.7.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 11 August 2025.
ii. The underperformance of Ordinary own-source revenue at Kshs.94.72 million against an annual target of Kshs.160 million, representing 59 per cent of the financial year target
iii. There was a high level of pending bills, which amounted to Kshs.2.59 billion as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.470.07 million for 733 staff not onboarded into HRIS and 481 casual staff were processed through manual payroll, accounting for 10 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. In the FY2024/25 reporting period, health facilities were owed a total of Kshs.139.10 million across the two schemes—SHIF and the defunct NHIF.
vi. Stalled Projects: The County reported four stalled projects valued at Kshs.283.54 million, of which Kshs.38.65 million has been paid. However, due to various reasons, these projects have stalled and thus have not achieved their intended objectives.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
v. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*
vi. *The County should focus on completing the projects as long as they are feasible to ensure value for money and the achievement of the intended objectives.*

3.8. County Government of Homa Bay

3.8.1 Overview of FY 2024/25 Budget

The Homa Bay County Approved Supplementary II Budget for FY 2024/25 was Kshs.13.13 billion. It comprised Kshs.5.19 billion (40 per cent) and Kshs.7.94 billion (60 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.96 billion (18 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.3.51 billion and a recurrent budget of Kshs.7.66 billion.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally of Kshs.8.82 billion (67 per cent), additional allocations of Kshs.2.47 billion (19 per cent), share of equalisation funds of Kshs.260.21 million (2 per cent), a cash balance of Kshs.98.55 million (1 per cent) brought forward from FY 2023/24, and Kshs.1.48 billion (11 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.501.74 million to be deposited into the CRF and Kshs.981.07 million as Facility Improvement Fund (revenue from health facilities) spent at source. A breakdown of the additional allocations is shown in Table 3.88.

3.8.2 Revenue Performance

The County received Kshs.11.65 billion in revenues in the review period to fund its development and recurrent activities. This amount represented a 30 per cent increase compared to the amount received in FY 2023/24 of Kshs.8.97 billion. The total revenue consisted of Kshs.8.82 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.1.19 billion, share of equalisation funds of Kshs.56.45 million and own-source revenue (OSR) collection of Kshs.1.49 billion. Additionally, the County had a cash balance of Kshs.98.55 billion from FY 2023/24.

The total OSR collection of Kshs.1.49 billion included Facilities Improvement Financing (FIF) of Kshs.1.1 billion, and Kshs.390.67 million from other OSR sources. Table 3.88 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.88: Homa Bay County, Revenue Performance in FY 2024/25

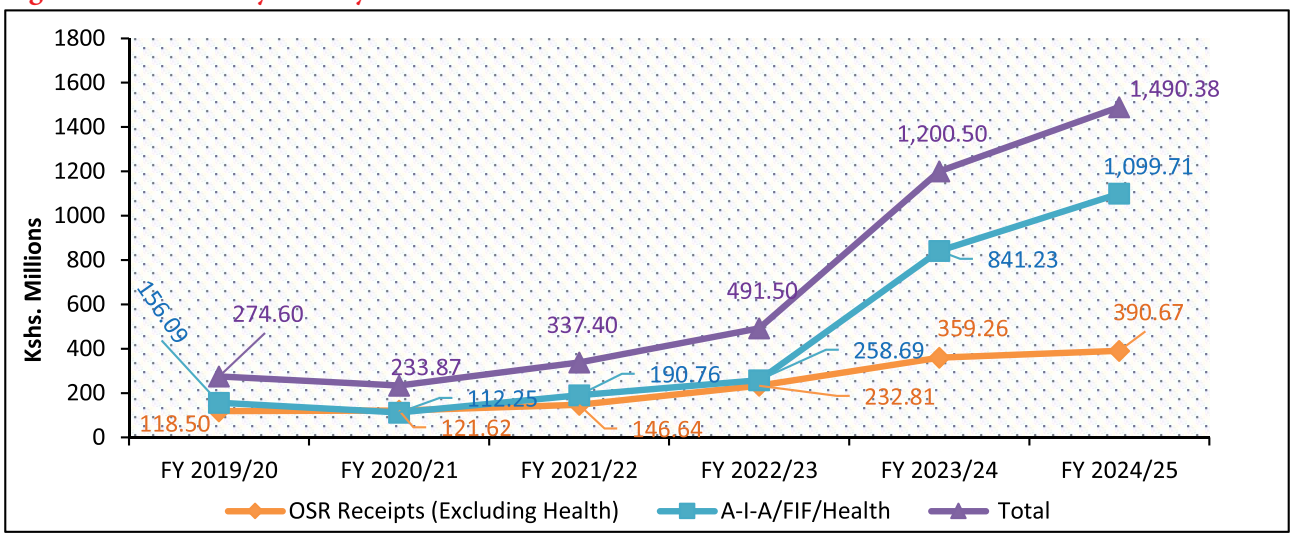
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	8,820,550,663	8,820,550,663	100
Sub-Total		**8,820,550,663**	**8,820,550,663**	**100**
B.	**Additional Allocations**			
1	National Value Chain Development Project (NAVCDP)	283,930,558	86,525,422	30
2	DANIDA	10,383,750	10,383,750	100
3	Financing Locally-Led Climate Actions Programme -CCRI&CCRIG) IDA &KFW	573,687,741	21,300,000	4
4	Financing Locally-Led Climate Actions Programme -CCIS	11,000,000	11,000,000	100
5	Kenya Informal Settlements Improvement Programme (KISIP)II	1,165,598,126	857,020,992	74
6	Kenya Urban Support Programme (UIG)	35,000,000	32,309,300	92
7	County Industrial Parks Development	156,881,737	106,923,076	68
8	Road Maintenance Levy	92,000,000	61,056,106	66
9	Kenya Urban Support Programme (UDG)	37,861,088	-	-
10	Kenya Urban Support Programme (UDG)	16,800,000	-	-
11	Kenya Devolution Support Programme (KDSPII)	37,500,000	-	-
12	Community Health Promoters (CHP)	88,620,000	-	-
13	National Agriculture and Rural Inclusive Growth Project (NARIGP)	953,633	-	-
14	Kenya Agricultural Business Development Programme (KABDP)	10,918,919	-	-
15	Aquaculture Business Development Programme (ABDP)	12,909,422	-	-
16	Community Health Promoters (CHP)Arrears FY 2023/2024	26,419,251	-	-
Sub-Total		**2,560,464,225**	**1,186,518,646**	**46**
C.	**Own Source of Revenue**			
1	Ordinary Own Source Revenue	501,737,917	390,674,039	78
2	Appropriation in Aid (A-I-A)/Facility Improvement Fund (F.I.F)	981,068,740	1,099,705,825	112
Sub-Total		**1,482,806,657**	**1,038,693,905**	**101**
D.	**Other sources of Revenue**			
1	Unspent balance from FY 2023/24	98,545,349	98,545,349	100
2	Share of Equalisation funds	260,206,608	56,445,345	22
Sub-Total		**358,751,957**	**154,990,694**	**43**
Grand Total		**13,222,573,502**	**11,652,439,866**	**88**

Source: *Homa Bay County Treasury*

It is worth noting that the County Assembly enacted the Homa Bay County Facility Improvement Fund Act, 2023, which allowed the County health facilities to collect and retain revenue paid as user fees to defray operational, management, and capital costs.

Figure 29 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 29: Homa Bay County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

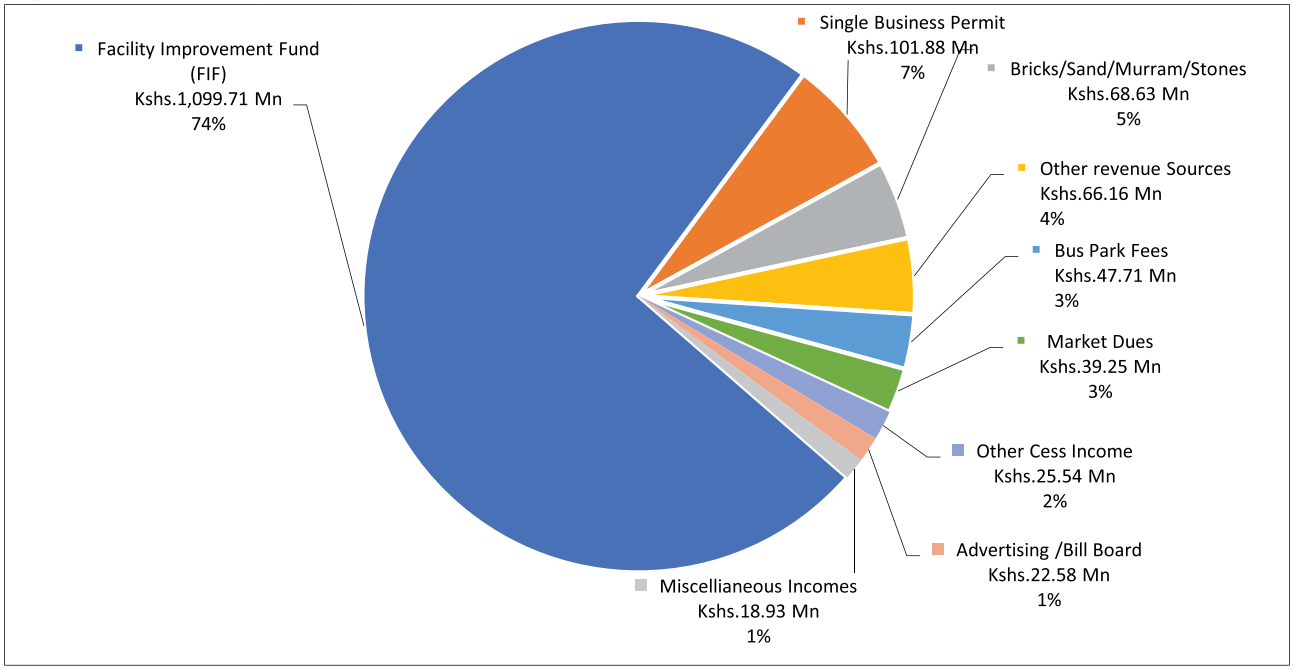


Source: *Homa Bay County Treasury*

During the year, the County generated Kshs.1.49 billion from its revenue sources, including FIF. This amount was an increase of 24 per cent compared to Kshs.1.20 billion realised in a similar period in FY 2023/24, and was 101 per cent of the annual target and 17 per cent of the equitable revenue share disbursed.

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

Figure 30: Homa Bay County Top Own Source Revenue Streams in FY 2024/25



Source: *Homa Bay County Treasury*

As shown in Figure 30, the highest revenue stream, at Kshs.1.10 billion, was from the Facility Improvement Fund (F.I.F), accounting for 74 per cent of the total OSR receipts. The County Government has automated all the revenue streams.

It is worth noting that the County Assembly enacted the Homa Bay County Facility Improvement Fund Act, 2023, which allowed the County health facilities to collect and retain revenue paid as user fees to defray operational, management, and capital costs.

3.8.3 Revenue Arrears

At the beginning of the financial year, the County had no outstanding revenue arrears. However, as of 30 June 2025, it had accumulated additional arrears of Kshs.723.28 million. Table 3.89 presents a breakdown of the County's revenue arrears.

Table 3.89: Homa Bay County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Ordinary Own Sources of Revenue	-	-	-	1,038,410	**1,038,410**
B	Facility Improvement Fund				722,244,769	**722,244,769**
Total		-	-	-	**723,283,179**	**723,283,179**

Source: *Homa Bay County Treasury*

3.8.4 Borrowing by the County

The County government borrowed Kshs.478.66 million from Kenya Commercial Bank (K) Limited to support its operations. The County agreed with Kenya Commercial Bank (K) Limited for the Payroll Management Overdraft facility at an interest rate of 0.5 per cent and an excise duty of 10 per cent on the interest the bank charges. As of 30 June 2025, the outstanding payroll management overdraft facility from Kenya Commercial Bank (K) Limited amounted to Kshs.478.66 million.

We also note that the County Government of Homa Bay entered into a tenant purchase agreement, on 6 May, 2024, with the County Pension Fund (CPF) for the construction of the Homa Bay County Headquarters and ancillary facilities, i.e. the Ampitheatre and the Ushuru Centre. The total project cost of Kshs.820 million, with a monthly repayment of Kshs.17,250,000 over a period of four years.

3.8.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.10.48 billion from the CRF account in FY 2024/25, which comprised Kshs.3.29 billion (31 per cent) for development programmes and Kshs.7.19 billion (69 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.5.88 billion was towards employee compensation and Kshs.1.31 billion for operations and maintenance expenditure.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.104.16 million.

3.8.6 County Expenditure Review

The County spent Kshs.10.75 billion on development and recurrent programmes in the reporting period. This expenditure represented 103 per cent of the total funds released by the CoB. It comprised Kshs.3.56 billion for development programmes and Kshs.7.19 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 69 per cent, while recurrent expenditure represented 91 per cent of the annual recurrent expenditure budget.

3.8.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.39 billion as of 30 June 2024. This included Kshs.1.19 billion from the County Executive and Kshs.203.72 million from the County Assembly. The pending bills from the County Executive consist of Kshs.591.66 million for recurrent expenditures and Kshs.599.75 million for development expenditures. The pending bills from the County Assembly consist of Kshs.138.85 million for recurrent expenditures and Kshs.64.86 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.952.95 million, comprising Kshs.537.81 million (56 per cent) for recurrent programmes and Kshs.415.13 million (44 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.66.44 million, which included Kshs.56.10 million (84 per cent) for recurrent activities and Kshs.10.34 million (16 per cent) for development activities. Table 3.90 provides additional details of pending bills.

Table 3.90: Homa Bay County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	591,663,580	593,906,992	708,512,139	715,143,978

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
Development	599,753,140	425,476,618	573,230,797	726,116,763
Total	**1,395,132,251**	**1,019,383,610**	**1,281,742,936**	**1,441,260,741**
County Assembly				
Recurrent	138,854,984	56,096,330	42,394,820	102,635,854
Development	64,860,547	10,341,928	39,819,450	94,338,069
Total	**203,715,531**	**66,438,258**	**82,214,270**	**196,973,923**

Source: *Homa Bay County Treasury*

The County Executive submitted a pending bills payment plan. We note that they have consistently settled pending bills of varying amounts with each tranche of the equitable share of revenue raised nationally as per the plan. In contrast, the County Assembly did not submit its pending bills payment plan. Table 3.91 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.64 billion.

Table 3.91: Homa Bay County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**631,382,463**	**67,063,446**	**34,776,000**	**87,232,914**	**820,454,823**
Recurrent Pending Bills (Goods & Services)	478,659,467	39,263,556	5,778,078	52,148,209	575,849,310
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	229,452,331				229,452,331
Recurrent Pending Bills (Staff Claims)	12,478,200				12,478,200
Total Recurrent Pending Bills	**720,589,998**	**39,263,556**	**5,778,078**	**52,148,209**	**817,779,841**
Total Pending Bills	**1,351,972,461**	**106,327,002**	**40,554,078**	**139,381,123**	**1,638,234,664**
% of Total	**83**	**6**	**2**	**9**	**100**

Source: *Homa Bay County Treasury*

3.8.8 Expenditure by Economic Classification

The County Executive incurred Kshs.5.42 billion for compensation of employees, Kshs.856.89 million for operations and maintenance, and Kshs.3.44 billion for development activities. Similarly, the County Assembly spent Kshs.460.51 million on compensation of employees, Kshs.465.10 million on operations and maintenance, and Kshs.119.30 million on development activities, as shown in Table 3.92.

Table 3.92: Homa Bay County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,013,428,846**	**925,698,569**	**6,264,855,272**	**925,611,453**	**89**	**100**
Compensation of Employees	5,424,754,890	460,594,416	5,417,964,158	460,507,300	98	100
Operations and Maintenance	1,588,673,956	465,191,269	846,891,114	465,104,153	58	100
Development Expenditure	**4,919,651,210**	**271,500,333**	**3,444,922,557**	**119,301,431**	**70**	**44**
Total	**11,933,080,056**	**1,197,198,902**	**9,709,777,830**	**1,044,912,884**	**81**	**87**

Source: *Homa Bay County Treasury*

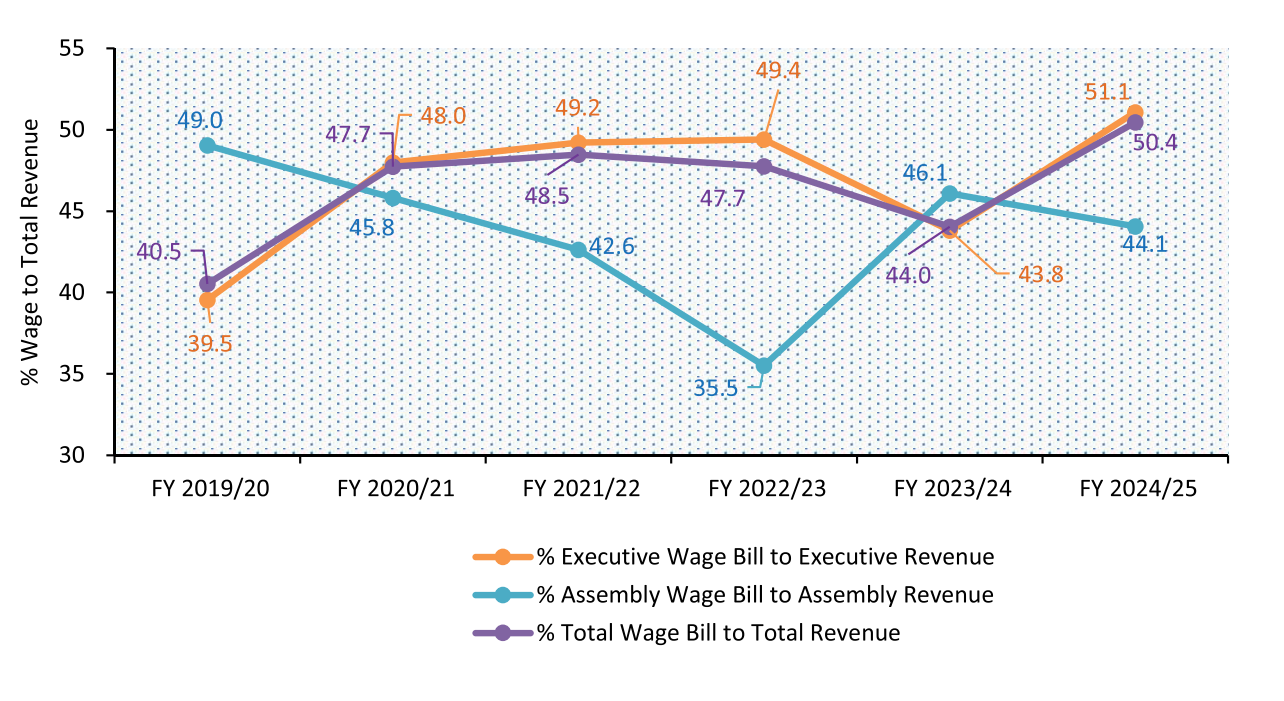
3.8.9 Expenditure on Compensation of Employees

During the period under review, expenditure on employee compensation totalled Kshs.5.88 billion, accounting for 50 per cent of the available revenue, which was Kshs.11.65 billion. The total revenue, excluding earnings from ex-

tractive natural resources such as Bricks/Sand/Murram/Stones is Kshs.11.53 million. Therefore, the percentage of employee compensation to this adjusted revenue was 51 per cent. This expenditure on employee compensation showed an increase of 34 per cent from Kshs.4.39 billion reported in the same period in FY 2023/24. Of this total, Kshs.2.23 billion was allocated to Health Sector employees, which accounted for 39 per cent of the overall employees' compensation. The increase in PE expenditure in the reporting period, as compared to the same period in FY 2023/24, is attributable to the annual salary increments for various staff cadres.

Figure 31 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 31: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



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

Further analysis revealed that PE costs totalling Kshs.5.72 billion were processed through the Human Resource Information System (HRIS), while Kshs.153.95 million was processed through manual payroll, which accounted for 3 per cent of the total PE cost.

The manual payrolls comprised salaries for the County Assembly staff who were yet to be onboarded into the Government Human Resource Information System (HRIS), as well as housing levy remittance, NITA remittance, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.93.

Table 3.93: Breakdown of Homa Bay County Manual Payroll

S/No.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for the County Assembly staff who were yet to be onboarded into HRIS	38,234,766
2	LAPTRUST/LAPFUND Pension Contributions	24,435,486
3	Gratuity for contract staff	84,772,858
4	Housing Levy Remittance/NITA Remittance	6,502,144
Total		**153,945,254**

Source: Homa Bay County Treasury

The County Assembly spent Kshs.45.05 million on committee sitting allowances for the 54 MCAs against the annual budget allocation of Kshs.45.02 million. The average monthly sitting allowance was Kshs.69,526 per MCA. The County Assembly has 22 House Committees.

3.8.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.336.70 million to

County-Established funds in FY 2024/25, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.34.94 million to the Emergency Fund (0.3 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.94 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.94: Performance of Homa Bay County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds				
1	Homa Bay County Bursary Fund	2015	215,000,000	124,000,000	128,754,620	Yes
2	Homa Bay Emergency Fund	2016	34,935,539	12,000,000	11,403,250	Yes
3	Homa Bay County Car Loan and Mortgage Scheme Fund	2016	85,263,559	74,000,000	74,000,000	Yes
Homa Bay County Alcoholic Drinks Control Fund		2015	1,500,000	1,500,000	1,395,557	Yes
		County Assembly Established Funds				
1	Homa Bay County Assembly Car Loan and Mortgage Scheme Fund	2016	60,242,804	-	-	No
	Total		**336,699,098**	**211,500,000**	**215,553,427**	

Source: *Homa Bay County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Homa Bay County Assembly Car Loan and Mortgage Scheme Fund Administrator, as indicated in Table 3.94, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Homa Bay County Bursary Fund, Homa Bay Emergency Fund and Homa Bay County Car Loan and Mortgage Scheme Fund were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespans of the Homa Bay County Bursary Fund and the Homa Bay County Alcoholic Drinks Control Fund are nearing expiration, thus necessitating a timely review and extension of these public funds to prevent operational disruptions. The two established funds will expire on 31 December 2025.

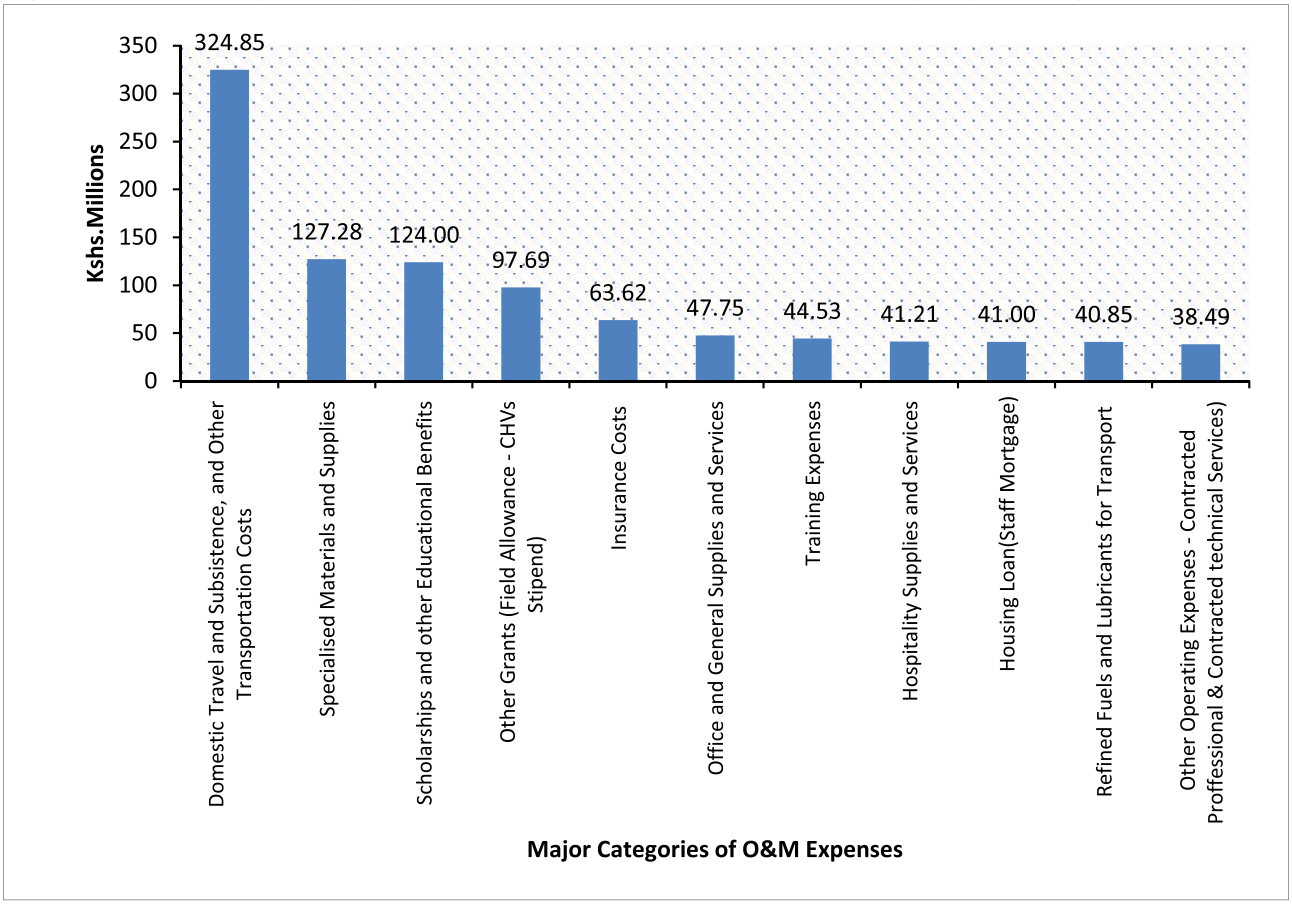
3.8.11 County Corporations

The County Government of Homa Bay has one County Corporation, the Homa Bay County Water and Sanitation Company Limited. We note that the County did not allocate or incur any expenditure on the Corporation in FY 2024/25.

3.8.12 Expenditure on Operations and Maintenance

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

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



Source: *Homa Bay County Treasury*

Expenditure on domestic travel amounted to Kshs.324.85 million and comprised Kshs.261.06 million spent by the County Assembly and Kshs.63.79 million spent by the County Executive. The County Entities did not incur any expenditure on foreign travel during the reporting period.

The operations and maintenance costs include Kshs.14.11 million spent on Legal fees/Dues, arbitration, and compensation payments during the reporting period.

3.8.13 Facility Improvement Financing

In FY 2024/25, the County reported collection of Kshs.1.1 billion as FIF, which was 112 per cent of the annual target of Kshs.981.07 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023, as well as the Homa Bay County Facility Improvement Fund Act, 2023, which allowed the County's health facilities to collect and retain revenue paid as user fees to defray operational, management, and capital costs.

In the reporting period, health facilities were owed a combined total of Kshs.1.74 billion across the two schemes, the SHIF and outstanding debts from the defunct NHIF. Table 3.95 presents a breakdown of the claims Table 3.95.

Table 3.95: Homa Bay County Health Facilities FIF Performance in FY 2024/25

S/No	Level of Health Facility and Number of Facilities	SHIF/ SHA (Kshs.Million)			NHIF (Kshs.Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	One Level 5 Hospital	317,440,308	214,336,639	103,103,669	84,387,280
2	23 Level 4 Hospitals	1,152,820,939	800,714,989	352,105,950	182,647,870
Total		**1,470,261,247**	**1,015,051,628**	**455,209,619**	**267,035,150**

Source: *Homa Bay County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF totalling Kshs.1.47 billion, yet actual disbursements amounted to Kshs.1.02 billion, resulting in an outstanding balance of Kshs.455.21 million. Further, the defunct NHIF still owes health facilities Kshs.267.04 million.

The expenditure by the health facilities amounted to Kshs.950.19 million, as shown in Table 3.96.

Table 3.96: Homa Bay County Health Facilities Expenditure Performance in FY 2024/25

Name of the Health Facility	Approved Budget for the Facility (Kshs)	Cumulative Receipts from the Facility (Kshs)	Actual Expenditure of the Facility (Kshs)	Absorption rate (%)
Homa Bay County Referral Hospital	252,000,000	279,204,193	239,686,326	95
Rachounyo County Hospital	62,400,000	96,018,675	97,480,715	156
Rachounyo North S/County	36,000,000	26,557,711	29,095,736	81
Ndhiwa Sub-County Hospital	36,000,000	49,392,093	40,531,414	113
Mbita Sub-County Hospital	36,000,000	32,747,279	32,547,730	90
Kabondo Sub-County Hospital	36,000,000	24,319,215	20,916,211	58
Rangwe Sub-County Hospital	36,000,000	51,202,093	40,764,299	113
Suba South S/County Hospital	36,000,000	25,599,688	29,050,836	81
Magunga L4 Hospital	36,000,000	31,647,013	31,522,484	88
Kisegi L4 Hospital	24,000,000	41,574,017	45,450,364	189
Pala L4 Hospital	24,000,000	82,170,559	71,833,886	200
Tom Mboya L4 Hospital	36,000,000	27,244,137	21,131,330	59
Ogongo L4 Hospital	24,000,000	32,603,571	37,253,183	155
Makongeni L4 Hospital	36,000,000	24,656,859	18,649,253	52
Marindi L4 Hospital	24,000,000	34,928,475	34,728,756	145
Nyang'iela L4 Hospital	24,000,000	26,301,467	22,639,273	94
Othoro L4 Hospital	24,000,000	6,933,419	4,745,929	20
Miriu L4 Hospital	24,000,000	17,614,493	11,565,684	32
Ober L4 Hospital	24,000,000	15,575,584	10,629,159	44
Ndiru L4 Hospital	24,000,000	25,069,822	22,265,820	93
Kandiege L4 Hospital	24,000,000	74,593,485	15,731,594	51
Nyandiwa L4 Hospital	24,000,000	51,001,266	47,565,897	137
Malela L4 Hospital	24,000,000	12,129,330	7,278,020	30
Sena L4 Hospital	24,000,000	10,621,380	6,274,886	12
Public Health Revenues	12,000,000	2,965,168	2,965,168	25
Other Health Centres	18,668,740	7,887,526	7,887,526	42
Total	**981,068,740**	**1,099,705,825**	**950,191,479**	**97**

Source: *Homa Bay County Treasury*

3.8.14 Development Expenditure

In the review period, the County reported spending Kshs.3.56 billion on development programmes, representing an increase of 18 per cent compared to FY 2023/24, when the County spent Kshs.3.03 billion. Table 3.97 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to improved project planning and budgeting, increased disbursement of conditional grants/additional allocations, and prioritisation of development activities.

Table 3.97: Homa Bay County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs)	Implementation status (%)
1	Lands, Physical Planning, Housing and Urban Development	Kenya Informal Settlements Improvement Programme (KISIP) II	All Sub Counties	907,020,992	857,020,992	94
2	Office of the Deputy Governor and Department of Agriculture and Livestock	National Agriculture Value Chain Development Programme	All Sub Counties	86,525,423	86,525,423	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs)	Implementation status (%)
3	Public Health and Medical Services	Construction of multi-storied block for Accident & Emergency, Casualty and Outpatient at Homabay County Teaching and Referral Hospital	Homa Bay Town	229,619,315	70,786,783	100
4	Roads, Public Works, Transport and Infrastructure	Road Maintenance Levy Fund	All Sub Counties	61,056,106	61,056,106	100
5	Public Health and Medical Services	Construction of a modern funeral parlour at HCTRH	Homa Bay County Teaching and Referral Hospital	48,970,814	44,664,834	98
6	Public Health and Medical Services	Electrical installation for a multi-storied block for Accident & Emergency Casualty Hospital	Homa Bay County Teaching and Referral Hospital	39,039,200	38,830,039	80
7	Lands, Physical Planning, Housing and Urban Development	Kenya Urban Support Programme (UIG)	All Sub Counties	32,309,300	32,309,300	100
8	Roads, Public Works, Transport and Infrastructure	Supply Of CAT 320gx Excavator	Transport Head Office	28,779,426	28,779,426	100
9	Roads, Public Works, Transport and Infrastructure	Supply of SEM919 Motor Grader	Transport Head Office	26,220,582	26,220,582	100
10	Gender Equity and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	Proposed completion works at Homa Bay County Stadium	Homa Bay Town Sub-County	24,033,500	24,033,500	100

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

***Note:** The expenditures for some of the projects listed in the table above relate to pending bills from previous financial periods.*

3.8.15 Budget Performance by Department

Table 3.98 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.98: Homa Bay County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Million		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	575.86	526.14	493.05	164.05	493.05	288.84	100.0	100.0	85.6	54.9
County Public Service Board	68.36	0.00	60.10	-	60.10	-	100.0	-	87.9	-
County Assembly Service Board	925.70	271.50	925.70	119.30	925.70	119.30	100.0	100.0	100.0	43.9
Homa Bay Municipal Board	28.62	49.92	25.24	8.30	25.24	8.30	100.0	100.0	88.2	16.6

Department	Budget Allocation (Kshs.Million		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Deputy Governor and Department of Agriculture and Livestock	234.74	393.91	225.80	179.55	225.80	179.55	100.0	100.0	96.2	45.6
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	152.12	75.00	131.96	74.94	131.96	74.94	100.0	100.0	86.7	99.9
Roads, Public Works, Transport and Infrastructure	155.39	675.00	143.20	609.06	143.20	605.97	100.0	100.0	92.2	89.8
Blue Economy, Fisheries, Mining and Digital Economy	124.40	78.69	114.83	57.74	114.83	57.74	100.0	100.0	92.3	73.4
Education, Human Capital Development and Vocational Training	1,244.70	70.00	1,136.34	69.81	1,136.34	69.81	100.0	100.0	91.3	99.7
Public Health and Medical Services	2,726.68	337.00	2,512.53	336.46	2,512.53	486.15	100.0	144.3	92.1	144.3
Lands, Physical Planning, Housing and Urban Development	82.31	1243.60	76.13	904.74	76.13	904.74	100.0	100.0	92.5	72.8
Trade, Industry, Tourism, Cooperative Development and Marketing	189.06	366.40	180.08	274.95	180.08	274.95	100.0	100.0	95.3	75.0
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	270.28	777.19	234.81	216.11	234.81	216.11	100.0	100.0	86.9	27.8
Governance, Administration, Communication and Devolution	569.00	46.00	446.32	38.27	465.89	38.27	100.0	100.0	81.9	83.2
Executive Office of the Governor	549.76	232.00	424.85	218.28	445.65	218.28	99.9	100.0	81.1	94.1
Kendu Bay Municipal Board	9.87	8.00	4.40	1.49	4.40	1.49	100.0	100.0	44.6	18.6
Mbita Municipal Board	9.87	8.00	4.20	4.45	4.20	4.45	100.0	100.0	42.6	55.6
Ndhiwa Municipal Board	9.87	8.00	4.59	7.86	4.59	7.86	100.0	100.0	46.5	98.3
Oyugis Municipal Board	12.83	24.80	6.86	5.47	6.06	5.47	88.3	100.0	47.2	22.0
Total	**7,939.42**	**5,191.15**	**7,192.02**	**3,290.83**	**7,190.55**	**3,562.22**	**100.0**	**108.2**	**90.6**	**68.6**

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

Analysis of expenditure by departments shows that the Department of Public Health and Medical Services recorded the highest absorption rate of its development budget at 144.3 per cent, followed by the Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services at 99.9 per cent. The County Assembly Service Board had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Mbita Municipal Board had the lowest at 42.6 per cent.

Further analysis reveals that the development expenditure for the Department of Finance and Economic Planning is attributed to the County's receipt of monies from the National Treasury relating to the equalisation fund. The funds were directly transferred, rather than being routed through the County Revenue Fund (CRF), to the County Development operational account.

Similarly, the development expenditure under the Department of Public and Medical Services exceeded the exchequer releases because some payments for development activities were settled using receipts from the facility improvement fund (FIF). This was in accordance with the Facility Improvement Financing Act, 2023, and the Homa Bay County Facility Improvement Fund Act, 2023.

3.8.16 Key Observations and Recommendations

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

i. A high wage bill accounted for 50 per cent of the County's total revenue in FY 2024/25, Kshs.11.65 billion, which is above the ceiling provided in law.

ii. High level of pending bills, which amounted to Kshs.1.64 billion as of 30 June 2025.

iii. A substantial number of programmes had absorption rates of their respective approved budgets below 10 per cent, with some experiencing zero absorption rates.

iv. The Fund Administrator of the Homa Bay County Assembly Car Loan and Mortgage Scheme Fund failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012.

v. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for County-established funds, salary processing and operations.

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

i. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
ii. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iii. *The County should conduct thorough review of the programmes to identify the reasons behind the low absorption of funds. Additionally, it should consider reallocating more resources to effective programmes to ensure optimal utilisation of funds.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*
v. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
vi. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and own-source revenue collection accounts are exempted.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to OCOB for opening commercial bank accounts to enhance accountability and oversight.*

3.9. County Government of Isiolo

3.9.1 Overview of FY 2024/25 Budget

The Isiolo County Approved Supplementary Budget for FY 2024/25 was Kshs.6.81 billion. It comprised Kshs.2.49 billion (36.6 per cent) and Kshs.4.32 billion (63.4 per cent) for development and 2.49 billion (36.6 per cent) for recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1 billion (17.3 per cent) from the FY 2023/24 budget comprised a development budget of Kshs 1.77 billion and a recurrent budget of Kshs 4.04

billion. The increase in the budget was primarily attributed to growth in projections for additional allocation receipts and the balances b/f from FY 2023/24.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.4.92 billion (72 per cent), additional allocations of Kshs.944.83 million (14 per cent), a cash balance of Kshs.565.51 million (8 per cent) brought forward from FY 2023/24, and Kshs.371.21 million (5.5 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.271.21 million (70 per cent) deposited into the CRF and Kshs.100 (30 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A is all on the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.99.

3.9.2 Revenue Performance

The County received Kshs.5.75 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 11 per cent compared to the amount received in FY 2023/24 of Kshs.5.18 billion. The total revenue consisted of Kshs.4.92 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.173.22 million, as well as the own-source revenue (OSR) collection of Kshs.216.15 million. Additionally, the County had a cash balance of Kshs 438.73 million as of the end of FY 2023/24.

The total OSR collection of Kshs.216.15 million included Facilities Improvement Financing (FIF) of Kshs.Kshs.64.89 million and Kshs.151.26 million from other OSR sources. Table 3.99 summarises the total revenue available to the County Government during FY 2024/25.

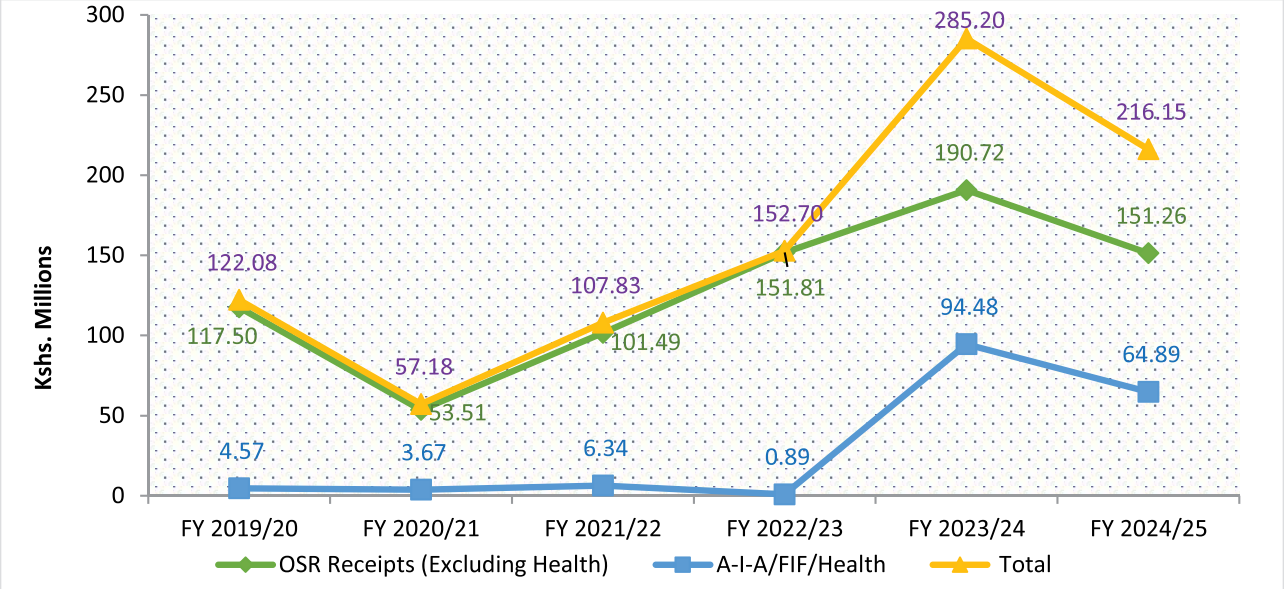
Table 3.99: Isiolo County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally -**	4,923,507,187	4,923,506,896	100
Sub Total		4,923,507,187	4,923,506,896	100
B	Additional Allocations			
1	Supplement for the construction of the County HQ	115,350,161	-	-
2	Transfer of Museum function	1,093,656	-	-
3	Roads Maintenance Fuel Levy Fund	190,644,441	64,255,720	34
4	Community Health promoters	21,630,000	-	-
5	Current Grants from Foreign Governments: Danida	6,834,000	6,532,500	96
6	Financing Locally Led Climate Action (FLLoCA)	136,000,000		-
7	Emergency Locust Response Project ELRP (World Bank)	142,500,000	-	-
8	Food Systems Resilience Project (FSRP)	173,076,923	70,127,132	41
9	Kenya Agricultural Business Development Project (KABDP)-GOS	10,918,919	-	-
10	Kenya Agricultural Business Development Project (KABDP)-MOALD Contribution	1,000,000	-	-
11	Kenya Devolution Support Program II (KDSP II)	37,500,000	-	-
12	Kenya Urban Support Program (KUSP)-UIG	35,000,000	32,309,300	92
13	Kenya Urban Support Program (KUSP)-UDG	63,661,198	-	-
14	United Nations Fund for Population Activities (UNFPA)	9,620,000	-	-
15	Supplement for the construction of the County HQ	115,350,161	-	-
Sub Total		944,829,298	173,224,652	18
C	Own Source Revenue			
1	Ordinary Own Source Revenue	271,208,180	151,262,883	56
2	Facility Improvement Fund (FIF)	100,000,000	64,886,563	65
Subtotal		371,208,180	216,149,446	58
D	Other Sources of Revenue			
1	Unspent Balance from FY 2023/24	565,510,039	438,727,444.00	78
Sub-Total		565,510,039	438,727,444	78
Grand Total		**6,805,054,704**	**5,751,608,438**	85

Source: *Isiolo County Treasury*

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

Figure 33: Isiolo County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

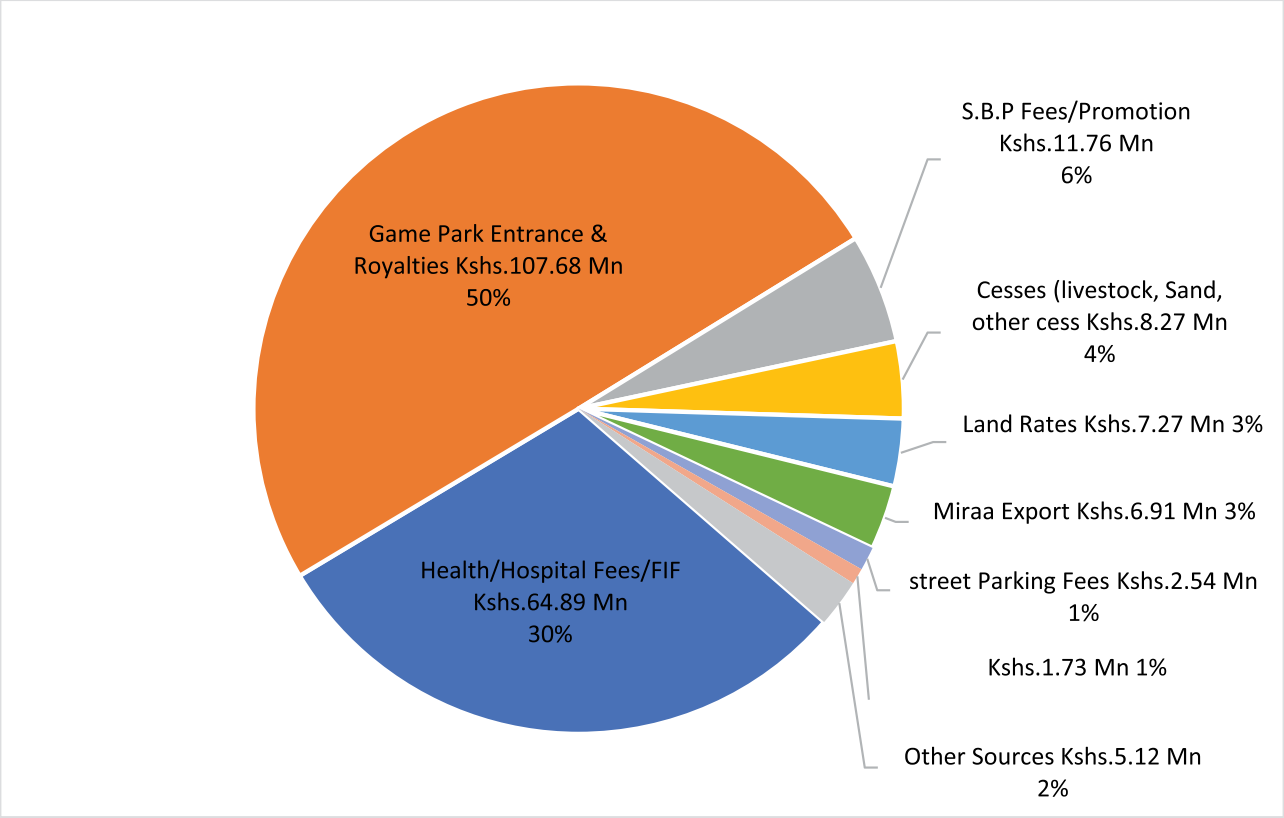


Source: *Isiolo County Treasury*

During the year, the County generated Kshs.216.15 million from its revenue sources, including the FIF. This amount represented a 24 per cent decrease compared to the Kshs.285.20 million realised in a similar period in FY 2023/24. It was 56 per cent of the annual target and 4 per cent of the equitable revenue share disbursed.

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

Figure 34: Isiolo County Top Own Source Revenue Streams in FY 2024/25



Source: Isiolo County Treasury

As shown in Figure 34, the highest revenue stream, at Kshs.107.68 million, was from Game Park Entrance & Royalties, accounting for 50 per cent of the total OSR receipts. The County government has not indicated the number of revenue streams it has automated.

3.9.3 Borrowing by the County

The County government did not report any borrowing during the review period.

3.9.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.5.23 billion from the CRF account in FY 2024/25, which comprised Kshs.1.36 million (26 per cent) for development programmes and Kshs.3.87 billion (74 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.2.58 billion was towards employee compensation and Kshs.1.28 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 10 per cent was for domestic travel. The domestic travel exchequer amounted to Kshs.125.05 million and included Kshs.41.16 million for the County Executive and Kshs.83.89 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.439.18 million.

3.9.5 County Expenditure Review

The County spent Kshs.4.30 billion on development and recurrent programmes in the reporting period. The expenditure represented 82 per cent of the total funds released by the CoB. It comprised Kshs.1.29 billion for development programmes and Kshs.3.01 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 51.9 per cent, while recurrent expenditure represented 69.6 per cent of the annual recurrent expenditure budget.

3.9.6 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.41 billion as of 30 June, 2024. This amount included Kshs.1.35 billion from the County Executive and Kshs.56.65 million from the County Assembly. The pending bills from the County Executive totalled Kshs.862.75 million for recurrent expenditures and Kshs.492.28 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.780.50 million, comprising Kshs.392.69 million (50 per cent) for recurrent programmes and Kshs.387.81 million (50 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.42.72 million, all for recurrent activities. Table 3.100 provides additional details of pending bills.

Table 3.100: Isiolo County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	862,752,019	392,694,652	316,816,289	786,873,655.88
Development	491,285,986	387,808,452	106,308,164	209,785,698.64
Total	**1,354,038,005**	**780,503,104**	**423,124,453**	**996,659,355**
***County Assembly**				
*Recurrent	48,554,800	42,741,995		5,812,805.55
*Development	8,094,676			8,094,675.60
Total	**56,649,476**	**42,741,995**	**0**	**13,907,481**

Source: *Isiolo County Treasury*

**The County Assembly did not submit the FY 2024/25 annual (12 months) data to the OCOB; hence, the Office used the first 9 months of data submitted earlier.*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay 545.89 million and Kshs.55.63 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.780.50 million for the Executive and Kshs.42.74 million for the Assembly.

Table 3.101 presents the ageing of the total outstanding bills as of 30 June, 2025, which was Kshs.996.66 million. *(The County Assembly did not submit their pending bills ageing report as of 30 June 2025, hence not included in the table).*

Table 3.101: County Isiolo Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**106,308,164**	**24,940,799**	**65,148,340**	**13,388,395**	**209,785,699**
Recurrent Pending Bills (Goods & Services)	316,816,289	184,434,616	184,663,525	100,959,226	**786,873,656**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Pending Bills (Staff Claims)	-	-	-	-	-
Total Recurrent Pending Bills	316,816,289	184,434,616	184,663,525	100,959,226	**786,873,656**
Total Pending Bills	**423,124,453**	**209,375,415**	**249,811,865**	**114,347,621**	**996,659,355**
% of Total	**42**	**21**	**25**	**11**	**100**

Source: *Isiolo County Treasury*

The table does not include County Assembly data, as they did not submit it to OCOB. Both the County Executive and the County Assembly have yet to submit the Pending Bills Action plan to OCOB.

3.9.7 Expenditure by Economic Classification

The County Executive incurred Kshs.1.85 billion for compensation of employees, Kshs.800.25 million for operations and maintenance, and Kshs.1.25 billion for development activities. Similarly, the County Assembly spent Kshs.224.98 million on compensation of employees, Kshs.132 million on operations and maintenance, and Kshs.39.99 million on development activities, as shown in Table 3.102. *(County Assembly did not submit the 12-month report; hence, the first 9 months of data, earlier submitted to the office, were utilised to generate this report. However, the County Executive provided data for the full FY.)*

Table 3.102: Isiolo County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**3,817,821,928**	**499,851,471**	**2,648,941,353**	**356,977,854**	69	71
Compensation of Employees	2,228,373,711	330,717,291	1,848,690,720	224,977,854	83	68
Operations and Maintenance	1,589,448,217	169,134,180	800,250,633	132,000,000	50	78
Development Expenditure	2,417,731,305	70,000,000	1,252,037,059	39,999,999	52	57
Total	**6,235,553,233**	**569,851,471**	**3,900,978,412**	**396,977,853**	**63**	**70**

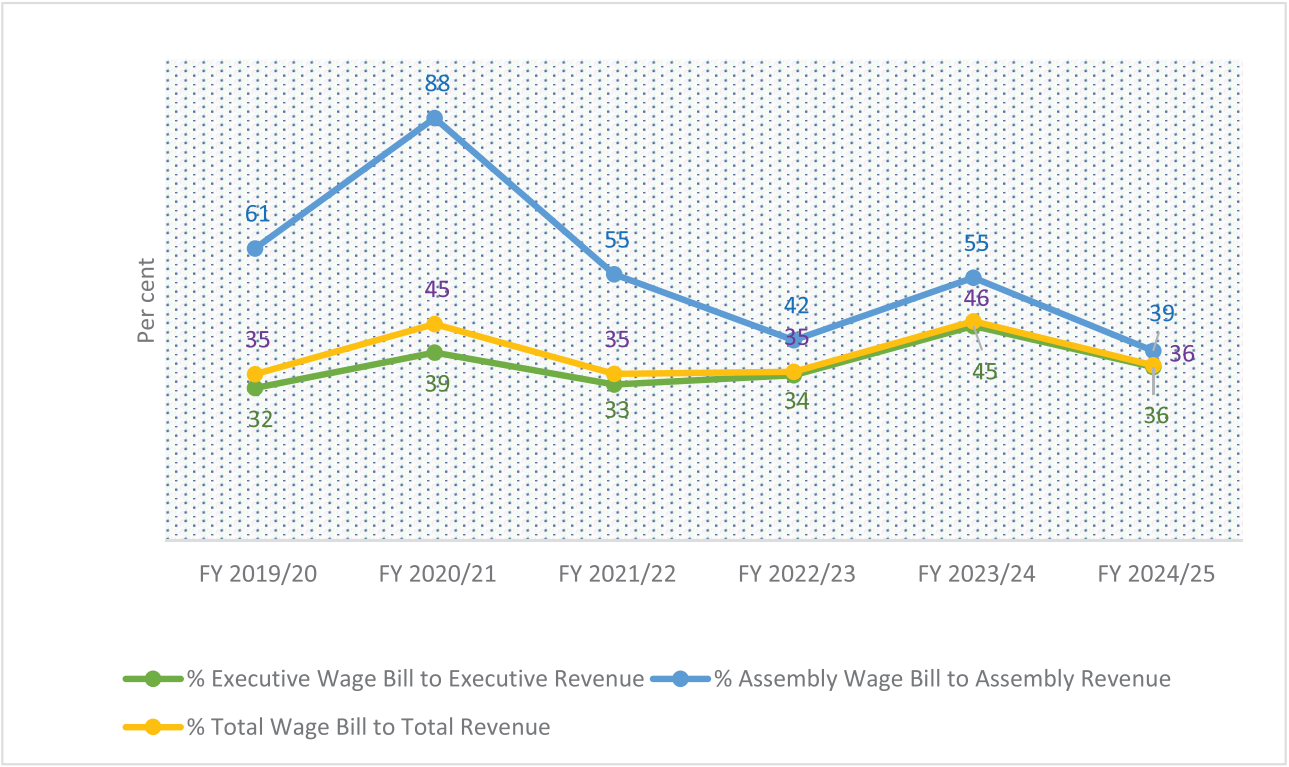
Source: *Isiolo County Treasury (County Executive 12 months report, while the County assembly's first 9 months report)*

3.9.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.2.07 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.5.75 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 36 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.2.11 billion reported in FY 2023/24. Of this total, Kshs.1.05 billion was related to Health Sector employees, which accounted for 50 per cent of the overall employees' compensation.

Figure 35 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 35: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Isiolo County Treasury

Further analysis indicated that Kshs.2.18 billion of PE costs were processed through the Human Resource Information System (HRIS), while Kshs.67.15 million was processed through manual payroll, which accounted for 3 per cent of the total PE cost.

The manual payroll comprised salaries for staff yet to be onboarded into the Human Resource Information System (HRIS), including Community Health Workers, gratuity for contract staff and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.103.

Table 3.103: Breakdown of Isiolo County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	24,000,813
2	Salaries for casual staff	17,033,841
3	Top-up Allowances for Security Officers	1,485,000
4	LAPTRUST/LAPFUND Pension Contributions	800,175
5	Gratuity for contract staff	9,328,914
6	Community Health Workers	14,505,000
	Total	**67,153,743**

Source: Isiolo County Treasury

The County Assembly spent Kshs.8.15 million on committee sitting allowances for the 19 MCAs against the annual budget allocation of Kshs.11.70 million. The average monthly sitting allowance was Kshs.35,753 per MCA. The County Assembly has 11 House Committees.

3.9.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.180 million to County-Established funds in FY 2024/25, or 3 per cent of the County's overall budget. Furthermore, the County allocated Kshs.110 million to the Emergency Fund (2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.104 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.104: Performance of Isiolo County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Emergency Fund	2021	110,000,000	110,000,000	109,945,580	541,418,164	Yes
2	Bursary Fund	2015	70,000,000	-	*23,213,761	380,000,000	No
County Assembly Established Funds							
3	County Assembly Mortgage and Car Loan Fund	2018	0		*480	64,500,000	No
	Total		**180,000,000**	**110,000,000**	**133,159,821**	**985,918,164**	

Source: *Isiolo County Treasury*

**This expenditure is for the first nine months. Fund administrators have not yet provided FY 2024/25 annual reports.*

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

During the reporting period, the CoB did not receive quarterly financial reports from the administrators of the Bursary Fund and the County Assembly Mortgage and Car Loan Fund, as indicated in Table 3.104, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.9.10 County Corporations

The County has two County Corporations, and no budgetary allocation was made for FY 2024/25, as shown in Table 3.105.

Table 3.105: Performance of Isiolo County Corporations in FY 2024/25

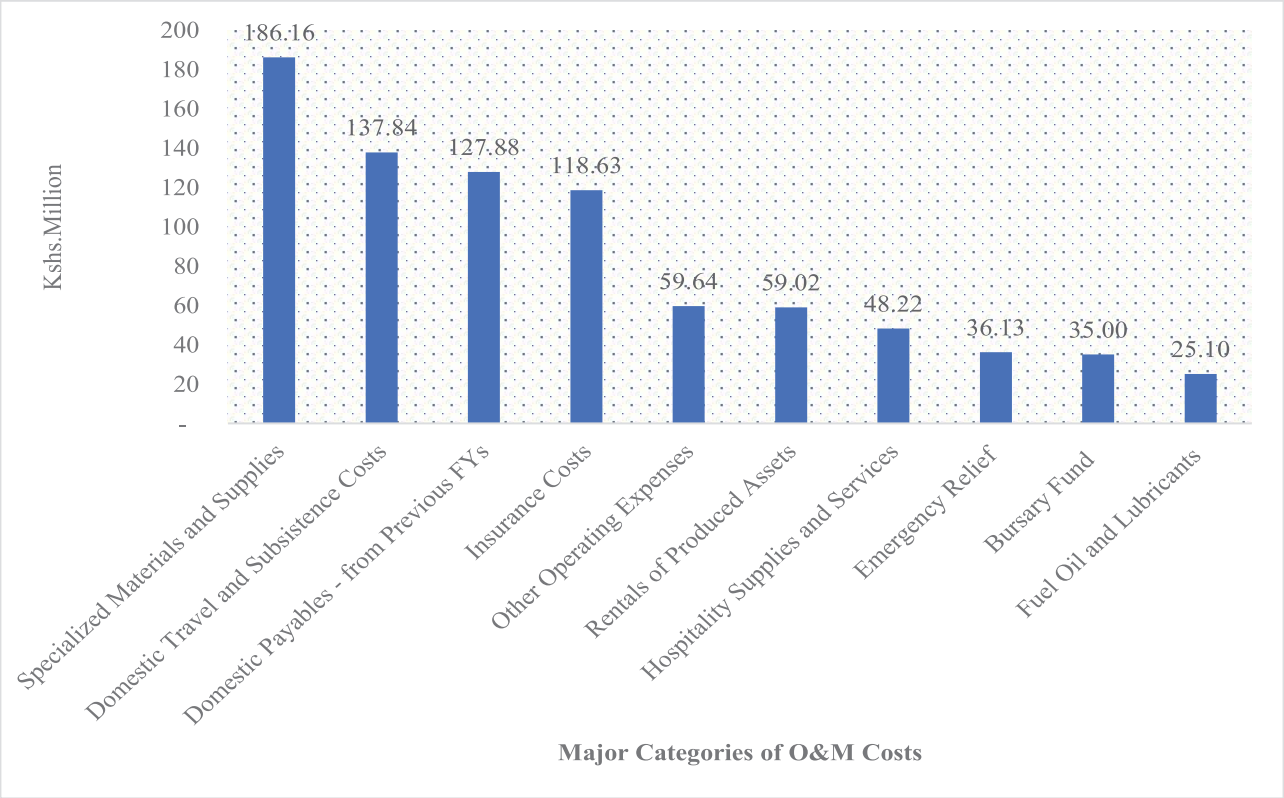
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1	Isiolo Water and Sewerage Company	-	-	-	-
2	Ewaso Ng'iro North Development Authority	-	-	-	-
	Total				

Source: *Isiolo County Treasury*

3.9.11 Expenditure on Operations and Maintenance

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

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



Source: *Isiolo County Treasury*

Domestic travel expenditure amounted to Kshs.137.84 million, comprised of Kshs.83.89 million spent by the County Assembly and Kshs.53.95 million by the County Executive.

Table 3.106: Breakdown of "Other Operating Expenses" costs in the above graph.

Department	Particulars	Amount (Kshs)
3512 County Executive Sector	Legal Dues/fees, Arbitration and Compensation Payments	26,725,000
3522 Health Services	Contracted Guards and Cleaning Services	17,266,000
3524 Town Administrator	Contracted Guards and Cleaning Services	8,200,000
3512 Office of the Governor	Security Operations	2,310,000
3511 County Assembly	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	1,500,000
3513 Finance, Planning, National Development and Vision 2030	Contracted Guards and Cleaning Services	1,302,240
3522 Health Services	Emergency Medical Expenses	1,250,000
3512 County Executive Sector	Contracted Guards and Cleaning Services	1,000,000
3522 Health Services	Other Operating Expenses - Other	88,728
Total		**53,042,120**

Source: Isiolo County Treasury

Other types of expenditure under the operations and maintenance costs include Kshs.26.72 million related to legal fees, dues, arbitration, and compensation payments.

3.9.12 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.64.88 million as FIF, which was 65 per cent of the annual target of Kshs.100 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs 121.30 million during the reporting period. Kshs.4.74 million across the two schemes, namely the Social Health Insurance Fund (SHIF), and Kshs.16.56 million outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.107.

Table 3.107: Isiolo County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	One Level 5 Hospitals-ICTRH	49,780,340	45,044,246	4,736,094	16,560,000
	Total	**49,780,340**	**45,044,246**	**4,736,094**	**16,560,000**

Source: *Isiolo County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Authority (SHA) totalling Kshs.49.78 million. Of this, only Kshs 45.04 million was disbursed, resulting in a pending balance of Kshs 4.74 million. Furthermore, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs 16.56 million.

The expenditure by the health facilities amounted to Kshs.49 million, as shown in Table 3.108.

Table 3.108: Isiolo County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One Level 5 Hospitals-ICTRH	68,260,649.00	49,007,850.00	72
	Total	**68,260,649**	**49,007,850**	**72**

Source: *Isiolo County Treasury*

3.9.13 Development Expenditure

During the review period, the County reported spending Kshs.1.29 billion on development programmes, representing a 31.8 per cent increase compared to FY 2023/24, when the County spent Kshs.980.54 million. Table 3.109 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the settlement of pending bills.

Table 3.109: Isiolo County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	County Treasury	Provision for Accrued Pending Bills' Clearing Plan 2013/14-2022/23	County wide	30/06/2025	190,000,000	189,507,858	189,507,858	100
2	County Treasury	Provision for Accrued Pending Bills' Clearing Plan 2023/24	The KRA accrued expenses	30/06/2025	235,702,823	186 372,074	186,372,074	79
3	County Treasury	Isiolo County Emergency Fund Act Implementation Programme	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	30/06/2025	110,000,000	110,000,000	110,000,000	100
4	Agriculture, Livestock and Fisheries Development	Isiolo Abattoir Expo Support Building and civil works	Burat Ward	Dec-25	169,746,482	42,092,560	169,746,482	98

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
5	County Assembly	Completion and Equipping of the Member of the County Assembly Offices	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho			39,999,999		
6	County Treasury	Construction of Sand Revenue Access Points/Roads	Ngaremara, Oldonyiro, Burat &Garbatulla	30/06/2025	39,966,466	39,966,466	39,966,466	100
7	Health Services	Purchase of 2 fully equipped Ambulances	oldonyiro and merti		32,000,000	32,000,000	32,000,000	100
8	Water, Energy, Environment & Natural Resources	Modogash Mega Water Supply Project Completion	Sericho ward (Modogash)	30/05/2025	29,886,818	29,886,818	29,886,818	100
9	Water, Energy, Environment & Natural Resources	20 Km Pipeline new line system Alango to Bassa Pipeline	cherab	30/05/2025	19,617,137	19,617,137	19,617,137	100
10	Agriculture, Livestock & Fisheries Development	Drilling & Equipping of Iresaboru borehole	Sericho	12/01/2024	19,598,454	19,598,454	19,598,454	100

Source: *Isiolo County Treasury*

The County reported four stalled development projects as of 30 June 2025, with an estimated value of Kshs.578.67 million, of which Kshs.313.8 million has already been paid. The stalled projects are shown in Table 3.110.

Table 3.110: Isiolo County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Supplement Construction of County Headquarters	Wabera Ward	556,905,702	313,.800,308	243,105,394	56	Non-disbursement of conditional grants from the national government
ICTRH Casualty and patients' wards facelift	Isiolo County Referral Hospital	10,000,000		10,000,000	-	Stalled at procurement
Cardiogram Machine	Isiolo County Referral Hospital	6,000,000		6,000,000	-	Stalled at procurement
CCTV Camera installation at ICTRH (100 fully packed)	Isiolo County Referral Hospital	5,794,000		5,794,000	-	Stalled at procurement

Source: Isiolo County Treasuries

3.9.14 Budget Performance by Department

Table 3.111 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.111: Isiolo County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs.Million)			Expenditure (Kshs. Million)	Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	499.85	70.00	499.81	70.00	356.98	40.00	71.4	57.1	71.4	57.1
County Executive Sector	443.97	-	426.83	-	231.66	-	54.3	-	52.2	-
County Treasury and Economic Planning, Special Programme, ICT, and Cohesion	521.55	691.05	454.76	535.14	255.05	525.85	56.1	98.3	48.9	76.1
Lands, Urban Planning, Roads, Housing and Public Works	46.79	582.92	42.41	444.52	5.76	345.52	13.6	77.7	12.3	59.3
Agriculture, Livestock, Veterinary and Fisheries	166.12	400.82	159.23	129.63	85.12	54.50	53.5	42.0	51.2	13.6
Education, Youth, Sports, and Gender, Culture and Social Services	324.89	77.89	243.11	17.71	206.59	26.78	85.0	151.3	63.6	34.4
Tourism, Culture and Trade, including PSM	660.20	47.74	530.02	-	524.34	7.96	98.9	-	79.4	16.7
Water, Energy, Environment and Natural Resources Management	75.19	361.80	64.41	107.37	32.91	212.69	51.1	198.1	43.8	58.8
Health Services	1,494.19	134.55	1,373.95	57.42	1,275.72	78.74	92.9	137.1	85.4	58.5
Municipal Administration	84.57	120.96	75.13	-	31.80	-	42.3	-	37.6	-
Total	**4,317.32**	**2,487.73**	**3,869.65**	**1,361.78**	**3,005.92**	**1,292.04**	**77.7**	**94.9**	**69.6**	**51.9**

***Source**: Isiolo County Treasury*

Analysis of expenditure by departments shows that the Department of County Treasury, Economic Planning, and Special Programme, as well as ICT and Cohesion, recorded the highest absorption rate of the development budget at 76.1 per cent, followed by the Department of Water, Energy, Environment, and Natural Resources Management at 58.8 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 85.4 per cent, while the Department of Lands, Urban Planning, Roads, Housing and Public Works had the lowest at 12.3 per cent.

3.9.15 Key Observations and Recommendations

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

i. As of 28 August 2025, the County Assembly did not submit an annual report to the Controller of Budget, contrary to Sec 116 of the PFM Act. The OCoB generated this report using the first nine months' report submitted to the Office earlier.
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assembly Mortgage and Car Loan Fund, and Isiolo County Bursary Fund were not submitted to the CoB as of 15 July 2025.
iii. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely

preparation of the budget implementation report. County Executive reports were received on 26 August 2025

iv. The underperformance of own-source revenue at Kshs.216.15 million against an annual target of Kshs.371.21 million, representing 58 per cent of the financial year target.

v. High level of pending bills, which amounted to Kshs.1.01 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

vi. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.21.3 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The County Assembly should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*

ii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*

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

iv. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

v. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*

vi. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.10. County Government of Kajiado

3.10.1 Overview of FY 2024/25 Budget

The Kajiado County Approved Supplementary I Budget for FY 2024/25 was Kshs.12.79 billion. It comprised Kshs.3.84 billion (30 per cent) and Kshs.8.95 billion (70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.2 billion (10.3 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.55 billion and a recurrent budget of Kshs.8.04 billion. The growth in the budget was primarily attributed to an increase in additional allocation.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.9.01 billion (70 per cent), additional allocations of Kshs.2.07 million (16 per cent), Liquor of Kshs.70 million (1 per cent), and Kshs.1.71 billion (12 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.1.2 million (9 per cent) deposited into the CRF and Kshs.440 million (3 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.440 million (3 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.121.

3.10.2 Revenue Performance

The County received Kshs.10.27 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 12 per cent compared to the amount received in FY 2023/24 of Kshs.9.17 billion. The total revenue consisted of Kshs.9.01 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.333.26 million and own-source revenue (OSR) collection of Kshs.918.61 million. Additionally, the County had a cash balance of Kshs.6.68 million from FY 2023/24.

The total OSR collection of Kshs.918.61 million included Facilities Improvement Financing (FIF) of Kshs.316.40 million and Kshs.11.07 million from other OSR sources (Liquor Fund). Table 3.121 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.112: Kajiado County, Revenue Performance in FY 2024/25

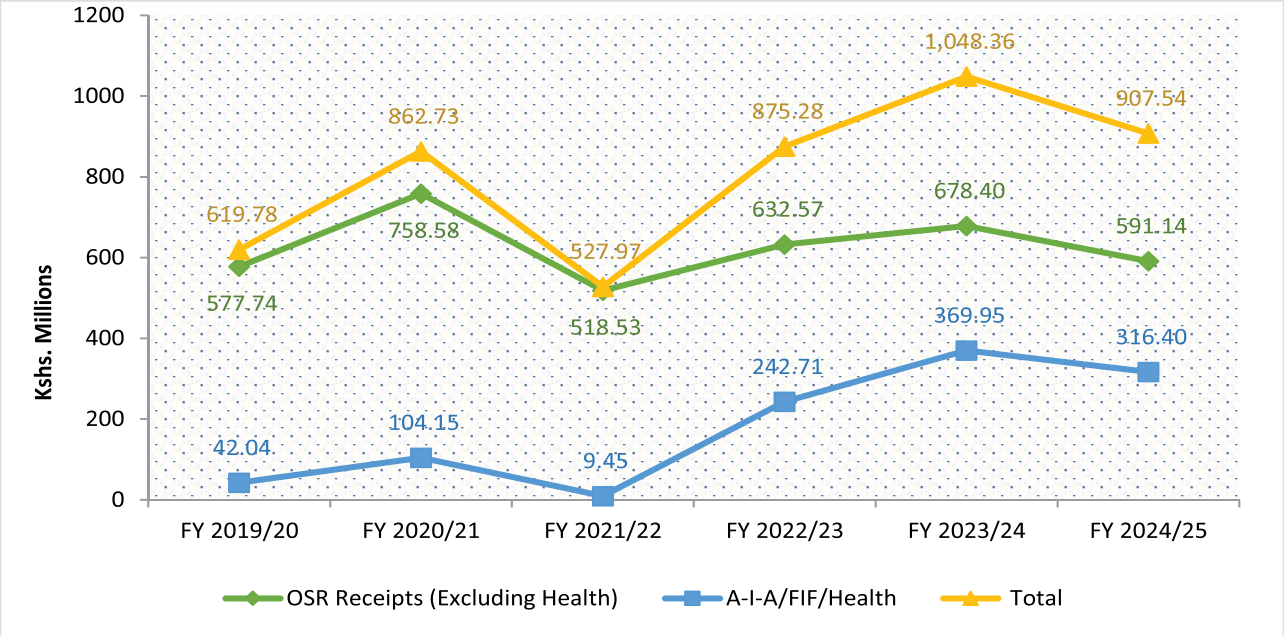
S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	9,009,030,696	9,009,034,165	**100**
Sub total		**9,009,030,696**	**9,009,034,165**	**100**

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
B	**Additional Allocations**			
1	DANIDA- Level 2 and 3	16,443,000	9,896,250	60
2	DANIDA -Level 1 grants	3,045,000	-	
3	Water Alliance (UNICEF)	10,000,000	-	
4	Nutritional International	10,183,714	5,000,000	49
5	Community Health Promoters	50,070,000	-	
6	Salary Arrears for the Health Workers	43,495,118	-	
7	AFD-Kenya Informal Settlement Improvement Project	180,626,011	90,000,000	50
8	Kenya Urban Support Programmes (KUSP-UIG)	35,000,000	32,309,300	92
9	IDA-National Agricultural Value Chain Development Project (NAVCDP)	303,947,616	65,034,723	21
10	Kenya Agricultural Business Development (KADSP)	10,918,919	-	-
11	Aquaculture Business Development Project(ABDP-IFAD Contribution)	10,509,643	-	-
12	Financing of Locally Led Climate Actions (FLLoca)	154,283,456	24,671,000	16
13	Second Kenya Devolution Support Programme (KSDP II)	37,500,000	-	-
14	Road Maintenance Levy	307,376,319	106,350,427	35
15	Unicef	6,000,000	-	-
16	Kenya Urban Support Programmes -Municipalities	227,801,862	-	-
17	Mineral Extraction Royalties	660,242,992	-	-
Sub total			**333,261,700**	**16**
C	**Own Source Revenue**			
1	Ordinary Own Source Revenue	1,200,000,000	591,142,964	49
2	Facility Improvement Fund (FIF)	440,000,000	316,396,499	72
3	Other AIAs (Liquor Fund)	70,000,000	11,069,346	16
Sub total		**1,710,000,000**	**918,608,809**	**53.8**
D	**Other Sources of Revenue**			
1	Unspent Balance from FY 2023/24	-	6,679,312.55	0
Sub total		**-**	**6,679,312.55**	**0**
Grand Total		**12,786,474,346**	**10,267,583,987**	**80.3**

Source: *Kajiado County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 37shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 37: Kajiado County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

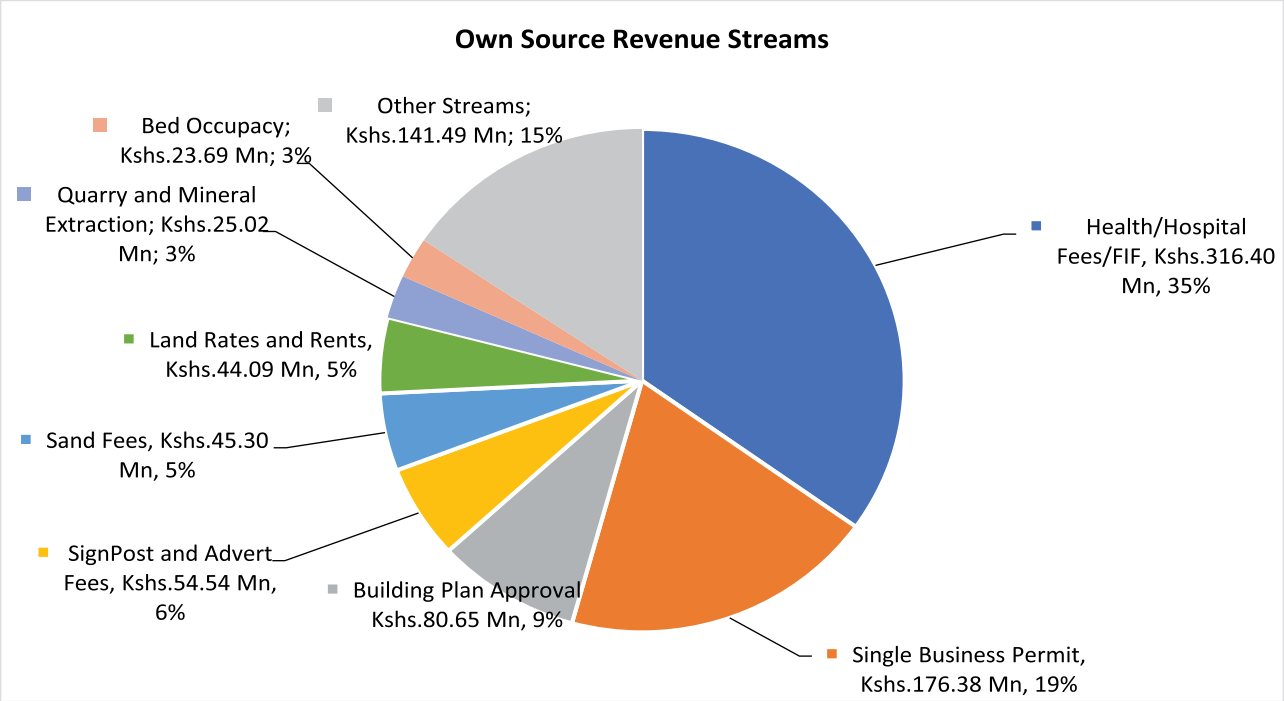


Source: *Kajiado County Treasury*

During the year, the County generated Kshs.907.54 million from its revenue sources, including FIF. This amount decreased by 13 per cent compared to Kshs.1.05 billion realised in a similar period in FY 2023/24. It was 55.5 per cent of the annual target and 10 per cent of the equitable revenue share disbursed. The OSR included revenue arrears from previous financial years, amounting to Kshs.21.28 million from East African Portland Company limited (Land Rates).

The revenue streams which contributed the highest OSR receipts are shown in Figure 38.

Figure 38: Kajiado County Top Own Source Revenue Streams in FY 2024/25.



Source: *Kajiado County Treasury*

As shown in Figure 38, the highest revenue stream, at Kshs.316.40 million, was from Health/ Hospital fees/FIF accounting for 35 per cent of the total OSR receipts. The County Government indicated having automated 20 (Twenty) revenue streams out of 21 (Twenty-One).

3.10.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.11.98 billion. This amount decreased to Kshs.11.96 billion as of 30 June 2025, indicating that the County had reduced its arrears by Kshs.21.28 million. Table 3.113 presents a breakdown of the County's revenue arrears.

Table 3.113: Kajiado County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		A	B	C	D	F=A-B-C+D
A	**Ordinary Own Sources of Revenue**	**11,976,925,260**	-	21,280,000	-	11,955,645,260
B	**Facility Improvement Fund/ SHA/SHIF**	**306,384,685**		176,477,681		129,907,004
Total		**12,283,309,945**	-	**197,757,681**	-	**12,085,552,264**

Source: *Kajiado County Treasuries*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.12.09 billion (100 per cent). The County has instituted measures to collect outstanding arrears in FY 2025/26, including appointing a new receiver of debts and engaging new debt recovery agents through the Regional Business Connection. The ordinary own source arrears amounted to Kshs.11.96 billion, which comprised Kshs.933.93 million from Jamii Bora, Kshs.10.54 billion from Magadi soda, Kshs.130.24 million from East African Portland Company limited, Kshs.54.19 million from Police sacco, Kshs.19.10 million from Kenchic limited and others, Kshs.78.35 million from Wilderness Lodges and others, Kshs.120 million from Universities, Kshs.11.20 million from Sona Hydro, China Civil Works, Kshs.32 million from land rates of upcoming states and factories and Kshs.35 million from flower farmers.

3.10.4 Borrowing by the County

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

3.10.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.9.74 billion from the CRF account in FY 2024/25, which comprised Kshs.1.78 billion (18.3 per cent) for development programmes and Kshs.7.96 billion (81.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.5.39 billion was towards employee compensation and Kshs.2.57 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 15.2 per cent was for domestic travel and 1.02 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.394.76 million and included Kshs.123.54 million for the County Executive and Kshs.271.22 million for the County Assembly. The foreign exchequer totalled Kshs.21.43 million, comprising Kshs.2.87 million for the County Executive and Kshs.18.57 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.109.53 million.

3.10.6 County Expenditure Review

The County spent Kshs.9.63 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.9 per cent of the total funds released by the CoB. It comprised Kshs.1.78 billion for development programmes and Kshs.7.85 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 46.4 per cent, while recurrent expenditure represented 87.7 per cent of the annual recurrent expenditure budget.

3.10.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.2.46 billion as of 30 June 2024. This amount included Kshs.2.29 billion from the County Executive and Kshs.166.03 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.758.9 million for recurrent expenditures and Kshs.1.53 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.05 billion, comprising Kshs.500.47

million (47.6 per cent) for recurrent programmes and Kshs.551.72 million (52.4 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.168.58 million, which included Kshs.103.63 million (61.5 per cent) for recurrent activities and Kshs.64.95 million (38.5 per cent) for development activities. Table 3.114 provides additional details of pending bills.

Table 3.114: Kajiado County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	758,863,073	500,467,238	829,124,044	1,087,519,879
Development	1,531,450,134	551,724,429	477,785,050	1,458,205,076
Total	**2,290,313,207**	**1,052,191,667**	**1,307,603,415**	**2,545,724,955**
County Assembly				
Recurrent	104,238,809	103,633,466	30,042,009	30,647,352
Development	65,000,000	64,948,078	69,525,859	69,577,781
Total	**169,238,809**	**168,581,544**	**99,525,859**	**100,225,133**

Source: *Kajiado County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.2.29 billion and Kshs.169.29 million, respectively, in FY 2024/25. The County adhered to this payment plan, as it cleared Kshs.1.05 billion for the Executive and Kshs.168.58 million for the Assembly. Table 3.115 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.2.65 billion.

Table 3.115: County Kajiado Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**501,956,912**	**586,693,803**	**241,035,641**	**198,096,501**	**1,527,782,857**
Recurrent Pending Bills (Goods & Services)	289,264,100	237,837,348	125,353,016	465,712,767	**1,118,167,231**
Total Recurrent Pending Bills	289,264,100	237,837,348	125,353,016	465,712,767	**1,118,167,231**
Total Pending Bills	**791,221,012**	**824,531,151**	**366,388,657**	**663,809,268**	**2,645,950,088**
% of Total	**30%**	**31%**	**14%**	**25%**	**100%**

Source: *Kajiado County Treasury*

3.10.8 Expenditure by Economic Classification

The County Executive incurred Kshs.4.92 billion for compensation of employees, Kshs.2.08 billion for operations and maintenance, and Kshs.1.67 billion for development activities. Similarly, the County Assembly spent Kshs.331.78 million on compensation of employees, Kshs.512.05 million on operations and maintenance, and Kshs.111.98 million on development activities, as shown in Table 3.116.

Table 3.116: Kajiado County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,086,208,352**	**863,439,476**	**7,003,687,051**	**843,834,133**	**87**	**98**
Compensation of Employees	5,060,489,948	332,250,000	4,923,389,382	331,783,130	97	100
Operations and Maintenance	3,025,718,404	531,189,476	2,080,297,669	512,051,003	69	96
Development Expenditure	3,661,826,518	175,000,000	1,667,568,983	111,983,608	46	64
Total	**11,748,034,870**	**1,038,439,476**	**8,671,256,034**	**955,817,741**	**74**	**92**

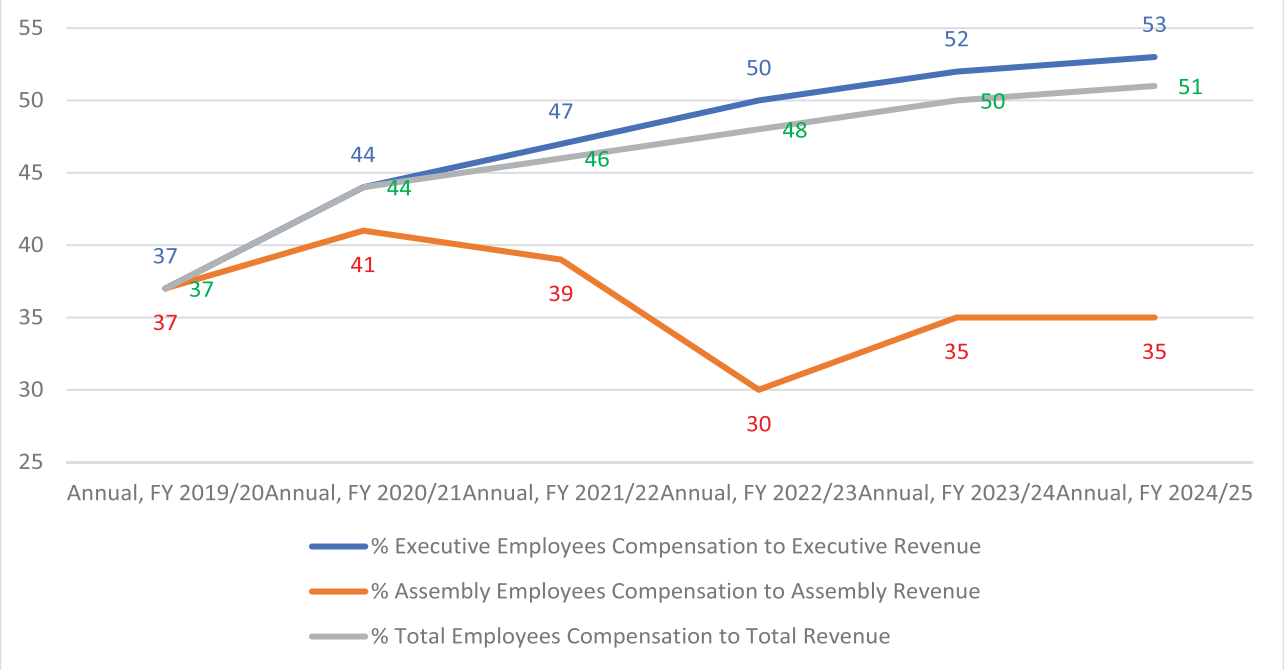
Source: *Kajiado County Treasury*

3.10.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.5.26 billion. This expenditure shows an increase compared to the Kshs.4.43 billion reported in FY 2023/24. Of this total, Kshs.2.26 billion related to the Health Sector employees, which accounted for 43 per cent of the overall employees' compensation.

Figure 39 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 39: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Kajiado County Treasury*

Further analysis revealed that PE costs totalling Kshs.5.13 billion were processed through the Human Resource Information System (HRIS).Kshs.120.53 million was processed through manual payrolls, which accounted for 2.3 per cent of the total PE cost.

The manual payroll comprised salaries for 13 staff not onboarded into the Human Resource Information System (HRIS), salaries for 142 (Mazingira) casuals, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.117.

Table 3.117: Breakdown of Kajiado County Manual Payroll

S/no.	Description of Manual Payroll	Amount Kshs.
1	Salaries for 13 staff paid outside the Human Resource Information System (HRIS)	9,818,266
2	Salaries for 142 casual staff (Mazingira)	2,840,000
3	NSSF	18,066,748
4	LAPTRUST/LAPFUND Pension Contributions	360,000
5	Gratuity for contract staff	92,265,627
6	Housing Levy	10,580,218
7	Interns	745,000
8	MCA's Partisan Staff (75)	5,853,264
	Total	**120,529,123**

Source: *Kajiado County Treasury*

The County Assembly spent Kshs.19.68 million on committee sitting allowances for the 42 MCAs against the annual budget allocation of Kshs.19.68 million. The average monthly sitting allowance was Kshs.39,038 per MCA. The County Assembly has 20 House Committees.

3.10.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.314 million to County-Established funds in FY 2024/25, or 2.5 per cent of the County's overall budget. Further, the County allocated Kshs.125 million to the Emergency Fund (1.0 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.118 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.118: Performance of Kajiado County Established Funds in FY 2024/25

S/No.	Year Established	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	2016	Educational Benefit/ Scholarship	180,000,000	180,000,000	154,424,226	1,080,000,000	Yes
2	2016	Executive Car Loan and Mortgage	30,000,000	30,000,000	30,000,000	280,247,500	Yes
3	2016	Kajiado Youth and Sport Fund	15,000,000	7,500,000	0	97,500,000	No
4	2023	Disability Fund	20,000,000	20,000,000	18,801,033	98,000,000	Yes
5	2014	Liquor Fund	10,000,000	-	-	-	No
6	2021	Kajiado Women Empowerment Fund	10,000,000	10,000,000	10,000,000	10,000,000	Yes
7	2022	Kajiado Investments Authority	10,000,000	10,000,000	9,416,462	35,000,000	Yes
8	2025	Kajiado County Veterinary Service Development Fund	20,000,000	-	-	-	No
County Assembly Established Funds							
9	2021	MCA's Car Loan and Mortgage	19,000,000	-	0	384,000,000	No
	Total		**314,000,000**	**257,500,000**	**222,641,721**	**1,984,747,500**	

***Source**: Kajiado County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Liquor Fund, Kajiado Youth and Sport Fund, Kajiado County Veterinary Service Development Funds, Emergency Fund and MCA's Car Loan and Mortgage Fund Administrators, as indicated in Table 3.118, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of **the Liquor and Emergency/Disaster Management Fund** had lapsed.

3.10.11 County Corporations

The County has seven County Corporations, which were allocated Kshs.10 million in FY 2024/25. Their total annual expenditure amounted to Kshs.9.42 million, as shown in Table 3.119.

Table 3.119: Performance of Kajiado County Corporations in FY 2024/25

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1	Oloolaiser Water and Sewerage Company Limited	Water, Irrigation, Environment and Natural Resources	0	0	0

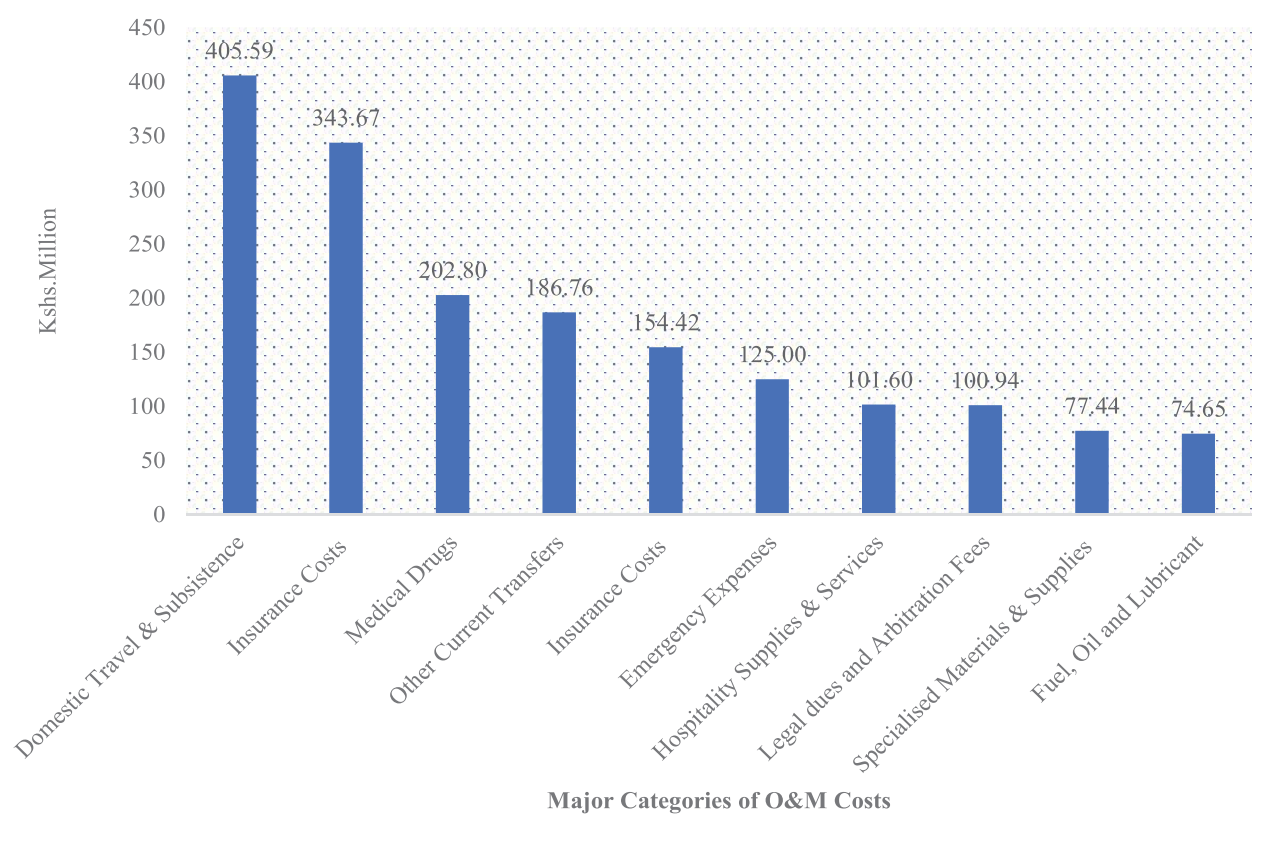
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
2	Nolturesh Loitoktok Water and Sanitation Company Limited	Water, Irrigation, Environment and Natural Resources	0	0	0
3	Olkejuado Water and Sewerage Company Limited	Water, Irrigation, Environment and Natural Resources	0	0	0
4	Oldonyio Orok Water and Sewerage Company Limited	Water, Irrigation, Environment and Natural Resources	0	0	0
5	Kajiado County Investment Authority.	Trade, Investments and Enterprise Development	10,000,000	9,416,461	35,000,000
6	Oloolaiser Water and Sewerage Company Limited	Water, Irrigation, Environment and Natural Resources	0	0	0
7	Nolturesh Loitoktok Water and Sanitation Company Limited	Water, Irrigation, Environment and Natural Resources	0	0	0
	Total		**10,000,000**	**9,416,461**	**35,000,000**

Source: *Kajiado County Treasury*

3.10.12 Expenditure on Operations and Maintenance

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

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



Source: *Kajiado County Treasury*

Expenditure on domestic travel amounted to Kshs.405.59 million and comprised Kshs.186.49 million spent by the County Assembly and Kshs.219.10 million by the County Executive. Expenditure on foreign travel amounted to

Kshs.21.43 million and comprised Kshs.18.57 million by the County Assembly and Kshs.2.87 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.120.

Table 3.120: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	5	26th to 30th November, 2024	A workshop at the 29th East African Law Society Annual Conference	Uganda	1,845,330
County Assembly	7	3rd to 9th November, 2024	A workshop on the East African Legislative Assembly meeting and training for the speaker's panel	Uganda	1,711,314
County Assembly	7	27th April to 4th May, 2025	A workshop on Strategic Leadership and Focused Finance Management Training	Dubai	3,902,507
County Assembly	10	23rd to 28th February,2025	A workshop on EALASCA games	Uganda	2,834,748
County Assembly	2	23rd to 29th June,2025	Windhoek Training in Namibia	Namibia	727,317
County Assembly	6	12th to 17th May,2025	A workshop on effecting, Budgeting, governance audit for sustainable development	Arusha	2,003,619
County Assembly	1	30th April to 5th May, 2025	A workshop on Women's Empowerment Workshop	Instabul, Turkey	519,326
County Assembly	1	22nd to 30th January, 2025.	A workshop on the Majority Leader's training	Singapore	625,095
County Assembly	2	23 February to 1 March, 2025.	A workshop on Cooperative Leadership Training	Arusha	515,928
County Assembly	8	8th to 16th March, 2025	A workshop on Strategic leadership and focused finance management training	Dubai	3,880,513
County Executive	1	12th to 18th May, 2024	A workshop on the library exchange program	Sweden	359,910
County Executive	1	12th Nov to 16th December, 2024	Attending JICA training in Japan	Japan	698,696
County Executive	2	18th to 21st February, 2025	Attending the steering group meeting on mental health and social needs	Norrbotten, Sweden	678,564
County Executive	5	9th to 13th June, 2025.	A workshop on good governance in Arusha	Arusha, Tanzania	1,130,040

Source: *Kajiado County Treasury and Kajiado County Assembly*

Other types of expenditure under the operations and maintenance costs include Kshs.100.94 million related to legal fees, dues, arbitration, and compensation payments.

3.10.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.316.40 million as FIF, which was 71.9 per cent of the annual target of Kshs.440 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs**129.91 m**illion across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.121 presents a breakdown of the claims.

Table 3.121: Kajiado County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	Kajiado County Referral Hospital	53,819,911	26,287,703	27,532,208	-
2	Ngong Sub-County Hospital	22,291,774	16,807,137.45	5,484,637	-
3	Loitokitok Sub-County Hospital	71,709,954	47,228,384	24481570	
4	Kitengela Sub-County Hospital	70,039,326	33,182,677	36,856,649	-
5	Ongata Rongai Sub-County Hospital	14,013,920	13,683,896	330,024	-
6	Imbirikani Sub-County Hospital	1,732,400	238,960	1,493,440	-
7	Mashuuru Sub-County Hospital	1,013,020	390,400	622,620	-
8	101 Level 2 Hospital	27,339,408	19,801,234	7,538,174	-
9	27 Level 3 Hospitals	44,424,972	18,857,290	25,567,682	
	Total	**306,384,685**	**176,477,681**	**129,907,004**	

Source: *Kajiado County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF totalling Kshs.306.38 million, yet actual disbursements amounted to Kshs.176.48 million, resulting in an outstanding balance of Kshs.129.91 million. Further, the defunct NHIF still owes health facilities some money.

The expenditure by the health facilities amounted to Kshs.477.73 million, as shown in Table 3.122.

Table 3.122: Kajiado County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	Kajiado County Referral Hospital	97,758,478	91,784,787	93.9
2.	Loitokitok Sub-County Hospital	67,674,150	78,845,130	116.5
3.	Ngong Sub-County Hospital	64,696,341	55,834,212	86.3
4.	Kitengela Sub-County Hospital	97,117317	102,483,658	105.5
5.	Ongata Rongai Sub-County Hospital	42,753,715	43,725,978	102.3
6.	Management team	0	60,297,823	0
7.	Public Health	70,000,000	44,753,481	63.9
	Total	**440,000,000**	**477,725,068**	**108.6**

Source: *Kajiado County Treasury*

3.10.14 Development Expenditure

In the review period, the County reported spending Kshs.1.78 billion on development programmes, representing a decrease of 12.7 per cent compared to FY 2023/24, when the County spent Kshs.2.04 billion. Table 3.123 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the delay in the disbursement of additional allocation.

Table 3.123: Kajiado County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Road, Transport and Public Works	Construction of Modern Opd at Kajiado referral Phase 2	Ildamat Ward	2024/25	98,306,485	20,000,000	20,000,000	20

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
2	Roads, Transport and Public Works	Construction of County Government Headquarters	Dalalekutuk	2025/26	492,646,852	98,529,370	48,000,000	22
3	Roads, Transport and Public Works	Flood mitigation Pakaase Bridge	Magadi	2024/25	147,201,633	71,600,295	38,094,400	63
4	Trade, Investments and Enterprise Development	Construction of Kitengela Market	Kitengela	2025/26	58,835,838	29,977,522	29,977,522	95
5	Education, Youth and Sport	Completion of the Modern Library at Kajiado Town	Ildamat	2024/25	51,997,858	23,374,533	23,374,533	45
6	Trade, Investments and Enterprise Development	Proposed Construction of Entarara Market	Rombo	2024/25	17,501,012	15,675,451	15,675,451	100
7	Medical Service and Public Health	Proposed Construction of Oloilalel Health Centre	Lenkism	2024/25	155,708,064	21,006,095	62,778,854	55
8	Road, Transport and Public Works	Proposed, Entonet, Misigiyi road, murraming culvert and other Works	Lenkism	2025/26	41,753,156	20,876,578	20,876,578	50
9	Road, Transport and Public Works	Delivery and installation of a solar panel	Ildamat	2024/25	19,499,999	19,499,999	19,499,999	100
10	Roads, Transport and Public Works	Proposed Construction of Kimana Culvert	Kimana	2024/25	30,500,042	15,250,021	15,250,021	50

Source: *Kajiado County Treasury*

3.10.15 Budget Performance by Department

Table 3.124 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.124: Kajiado County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	249.16	0	187.68	0	159.69	0	85.1	-	64.1	-
County Public Service Board	133.97	0	99.54	0	100.88	0	101.3	-	75.3	-
Medical Service and Public Health	3,428.46	118.10	2,826.19	71.72	2,798.91	41.61	99.0	58.0	81.6	35.2
Water, Irrigation, Environment and Natural Resources	202.08	370.84	174.68	217.20	172.69	204.06	98.9	94.0	85.5	55.0

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Road, Transport, Public Works and Energy	212.84	869.08	211.51	460.05	205.81	440.24	97.3	95.7	96.7	50.7
Public Administration and Citizen Participation	852.51	0	763.84	0	751.84	0	98.4	-	88.2	-
County Treasury	936.25	925.19	880.57	702.95	884.10	824.23	100.4	117.3	94.4	89.1
Lands, Physical Planning and Urban Planning	168.69	439.43	121.60	32.31	131.33	0	108.0	-	77.9	-
County Assembly	863.44	175	843.99	111.98	843.83	111.98	100.0	100.0	97.7	64.0
Education, Youth and Sport	860.96	131.70	858.09	40.30	849.29	62.37	99.0	154.8	98.6	47.4
Gender, Cooperative, Culture, Tourism and Wildlife	165.67	0	161.73	0	157.89	0	97.6	-	95.3	-
Agriculture, Livestock, Veterinary Service and Fisheries	281.27	394.69	263.70	86.50	254.53	79.03	96.5	90.9	90.5	20.0
Trade, Investments and Enterprise Development	216.52	45.80	216.25	3	207.56	1.50	96.0	50.0	95.9	3.3
Kajiado Municipality	72.19	76	61.10	26.50	55.73	5.90	91.2	22.3	77.2	7.8
Ngong Municipality	105.80	225	90.73	3	82.35	0	90.8	-	77.8	-
Office of the County Attorney	151.48	0	150.78	0	149.98	0	99.5	-	99.0	-
Kitengela Municipality	48.36	66	43.81	24.54	41.11	8.63	93.8	35.2	85.0	13.1
Total	**8,949.65**	**3,836.83**	**7,955.78**	**1,780.52**	**7,847.52**	**1,779.55**	**98.6**	**99.9**	**87.7**	**46.4**

***Source**: Kajiado County Treasury*

Analysis of expenditures by departments shows that the Department of County Treasury recorded the highest absorption rate of the development budget at 89.1 per cent, followed by the Department of County Assembly at 64 per cent. The Office of the County Attorney had the highest percentage of recurrent expenditures to budget at 99.0 per cent, while the Department of the Office of the Governor and Deputy Governor had the lowest at 64.1 per cent.

3.10.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report. The financial reports were received on 8 August 2025.
ii. Own-source revenue underperformed at Kshs.918.61 million against an annual target of Kshs.1.71 billion, representing 54 per cent of the financial year target.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Liquor Fund and the Emergency Fund had lapsed, making them ineligible for further withdrawals.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 July 2025, the reports for the Kajiado Youth and Sport Fund, Emergency Fund, Kajiado County Veterinary Service Development Fund, and MCA's Car Loan and Mortgage Fund were not submitted to the CoB.
v. High level of pending bills, which amounted to Kshs.2.65 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.120.53 million for 13 staff not onboarded into HRIS and 142 casual staff were processed through manual payroll, accounting for 2.2 per cent of the

total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

vii. In the FY2024/25 reporting period, health facilities were owed a total of Kshs.129.91 million across the two schemes— SHIF and the defunct NHIF.

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

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

(ii) *The County should address its own-source revenue performance to ensure the approved budget does not have any hidden deficit. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

(iii) *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*

(iv) *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*

(v) *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*

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

(vii) *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.11. County Government of Kakamega

3.11.1 Overview of FY 2024/25 Budget

The Kakamega County Approved Supplementary Budget II for FY 2024/25 was Kshs.17.65 billion. It comprised Kshs.5.40 billion (31 per cent) and Kshs.12.24 billion (69 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.860.36 million (5 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.4.89 billion and a recurrent budget of Kshs.11.90 billion. The increase in the budget was primarily attributed to a high balance from the previous financial year due to the late release of shareable revenue.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.12.98 billion (74 per cent), additional allocations of Kshs.716.65 million (4 per cent), a cash balance of Kshs.1.75 billion (10 per cent) brought forward from FY 2023/24, and Kshs.2.2 billion (12 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.1.36 billion (8 per cent) deposited into the CRF and Kshs 841 million (4 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A is the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.125.

3.11.2 Revenue Performance

The County received Kshs.16.81 billion in revenues during the review period to fund its development and recurrent activities. This amount represented an increase of 14 per cent compared to the amount received in FY 2023/24 of Kshs.14.81 billion. The total revenue consisted of Kshs.12.98 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.643.80 million and own-source revenue (OSR) collection of Kshs.1.44 billion. Additionally, the County had a cash balance of Kshs.1.75 billion from FY 2023/24.

The total OSR collection of Kshs.1.44 billion included Facilities Improvement Financing (FIF) of Kshs.894.80 million, and Kshs.543.13 million from other OSR sources. Table 3.125 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.125: Kakamega County, Revenue Performance in FY 2024/25

No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	12,980,503,320	12,980,503,320	100

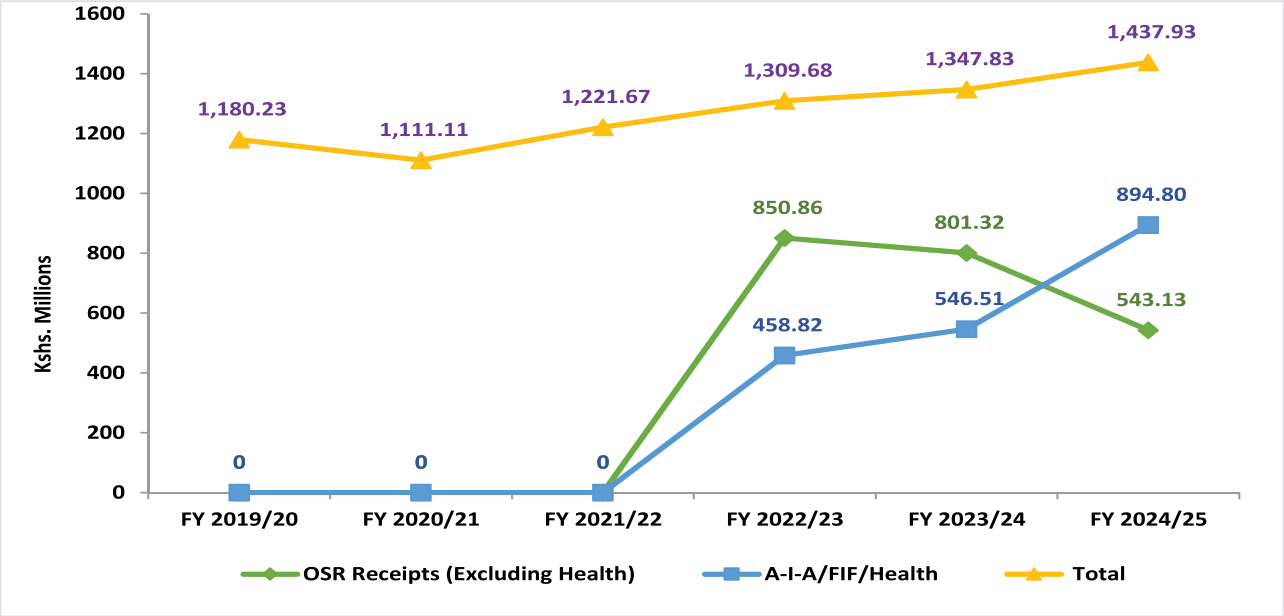
No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub Total		**12,980,503,320**	**12,980,503,320**	**100**
B	**Conditional Grants**			
1	County Aggregation and Industrial Park Programme	-	200,000,000	Above 100
2	Kenya Informal Settlement Improvement Project (KISIP II)	110,000,000	108,661,317	99
3	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	107,706,293	71
4	Road Maintenance and Fuel Levy	-	81,318,878	Above 100
5	County Climate Resilience Investment Grant - FLOCCA		64,446,388	Above 100
6	Kenya Livestock Commercialisation Project (KELCLOP)	33,550,000	33,423,508	100
7	Kenya Urban Support Programme (KUSP) UIG	35,000,000	32,209,300	92
8	DANIDA Grant - Primary Health Care	16,779,000	16,038,750	96
9	Community Health Promoters Project	127,500,000	-	-
10	Kenya Urban Support Programme (KUSP) UDG	120,740,969	-	-
11	Basic Salary-Health workers	44,529,977	-	-
12	Kenya Devolution Support Programme (KDSP II)	42,838,839	-	-
13	Aquaculture Business Development Project (ABDP)	24,417,125	-	-
14	Kenya Agricultural Business Development (KABDP)	10,918,919	-	-
Sub-Total		**717,789,981**	**643,804,434**	**90**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,359,000,000	543,132,579	40
2	Balance B/F from FY2023/24	1,749,639,550	1,749,639,550	100
3	Facility Improvement Fund (FIF)	841,000,000	894,796,914	106
Sub Total		**3,949,639,550**	**3,187,569,043**	**81**
Grand Total		**17,647,932,851**	**16,811,876,798**	**95**

Source: *Kakamega County Treasury*

The County FIF fund reported exemplary performance, exceeding the set target by 6 per cent, primarily due to the goodwill generated by health workers since introducing the retention concept for the Fund. This was achieved through a higher uptake of the Social Health Insurance Fund (SHIF), as the County has a SHIF desk in every facility, which boosted registration and its use. The Kakamega County Health Services Act, 2022, governs the operations of ordinary FIF, which were enacted in 2022 and therefore require a review to conform to the Facilities Improvement Financing Act, 2023, as amended by Parliament.

Figure 41 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 41: Kakamega County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



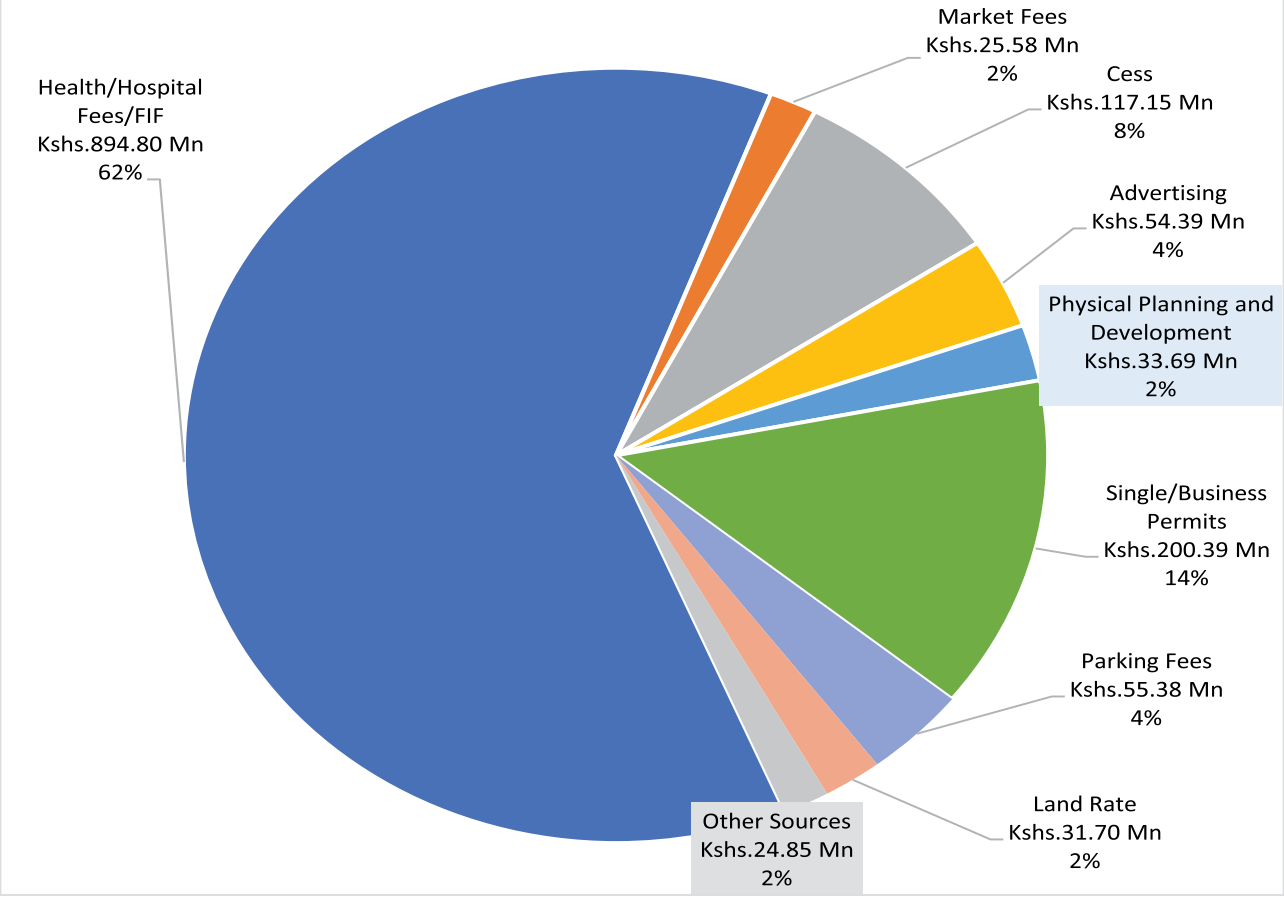
Source: *Kakamega County Treasury*

During the year, the County generated Kshs.1.44 billion from its revenue sources, including FIF. This amount was an increase of 7 per cent compared to Kshs.1.35 billion realised in a similar period in FY 2023/24. It was 65 per cent of the annual target and 11 per cent of the equitable revenue share disbursed.

The County OSR performance was lower than the set target at 65 per cent, which was attributed to System failures, heavy rains that affected construction, resulting in less material uptake (CESS fees), and the digitisation of advertisements and the use of online media advertisements as opposed to billboards and live coverage.

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

Figure 42: Kakamega County Top Own Source Revenue Streams in FY 2024/25



Source: Kakamega County Treasury

As shown in Figure 42, the highest revenue stream, at Kshs.894.80 million, was from Hospital fees (FIF), accounting for 62 per cent of the total OSR receipts. The County Government indicated that it has automated the following revenue streams: Single Business Permit, advertisements, tolls, and hospital user fees, out of 18 streams.

3.11.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears (land rates) for Kshs.2.44 million. As of 30 June 2025, this amount had not changed, indicating that the County had neither collected the arrears nor issued a waiver in FY2024/25. Table 3.126 presents a breakdown of the County's revenue arrears.

Table 3.126: Kakamega County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Ordinary Own Sources of Revenue	2,435,499,723	0	0	0	2,435,499,723
Total		2,435,499,723	0	0	0	2,435,499,723

Source: Kakamega *County Treasury*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs 2.44 million, and no accrued interest or penalties were reported on the arrears.

3.11.4 Borrowing by the County

The County did not disclose any borrowings during the review period.

3.11.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.15.20 billion from the CRF account in FY 2024/25, which comprised Kshs.3.30 billion (22 per cent) for development programmes and Kshs.11.90 billion (78 per cent) for recurrent programmes. Analysis of the recurrent expenditures released indicates that Kshs.7.42 billion was allocated towards employee compensation and Kshs.4.49 billion for operations and maintenance expenditure.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.140.71 million.

3.11.6 County Expenditure Review

The County spent Kshs.14.35 billion on development and recurrent programmes in the reporting period. The expenditure represented 94 per cent of the total funds released by the CoB. It comprised Kshs.1.50 billion for development programmes and Kshs.12.84 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 60 per cent, while recurrent expenditure represented 91 per cent of the annual recurrent expenditure budget.

3.11.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.2.20 billion as of 30 June 2024. This amount included Kshs.1.71 billion from the County Executive and Kshs.486.72 million from the County Assembly. The pending bills from the County Executive consist of Kshs.551.28 million for recurrent expenditures and Kshs.1.16 billion for development expenditures.

As indicated in Table 3.127, in FY 2024/25 the County Executive settled pending bills amounting to Kshs.982.20 million, comprising Kshs.241.04 million (25 per cent) for recurrent programmes and Kshs.741.17 million (25 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.144.54 million, for recurrent activities. Table 3.127 provides additional details of pending bills.

Table 3.127: Kakamega County Pending Bills as of 30 June 2025

Particulars	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				

Particulars	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
Recurrent	551,277,941	241,036,065	1,083,888,783	773,646,906
Development	1,157,661,952	741,165,157	1,354,743,500	938,246,705
Total	1,708,939,893	982,201,222	2,438,632,282	1,711,893,612
County Assembly				
Recurrent	486,722,741	144,536,577	796,601,135	454,414,971
Development	-	-	-	-
Total	486,722,741	144,536,577	796,601,135	454,414,971
Grand Total	**2,195,662,634**	**1,126,737,799**	**3,235,233,417**	**2,166,308,583**

Source: *Kakamega County Treasury*

The County Executive submitted a pending bills payment plan at the commencement of FY 2024/25, committing to pay Kshs.1.71 billion in FY 2024/25. However, the County executive did not adhere to this payment plan, as it cleared Kshs.982.20 million during the reporting period.The County Assembly had not provided the payment plan at the beginning of the reporting period, therefore we could not review the extent of adherence to the settlement plan

As of June 30, 2025, the outstanding bills for the financial year 2024/25 totalled Kshs. 2.20 billion. This amount includes Kshs. 1.71 billion for the County Executive and Kshs.486.72 million for the County Assembly. Additionally, the outstanding bills for the financial year 2024/25 amount to Kshs.3.24 billion, with Kshs. 2.44 billion allocated to the Executive and Kshs. 796.60 million to the Assembly. Therefore, the total outstanding bills as of June 30, 2025, are Kshs. 2.17 billion.

3.11.8 Expenditure by Economic Classification

The County Executive incurred Kshs.6.92 billion for employee compensation, Kshs.4.17 billion for operations and maintenance, and Kshs.3.26 billion for development activities. Similarly, the County Assembly spent Kshs.711.14 million on employee compensation and Kshs.791.71 million on operations and maintenance, as shown in Table 3.128.

Table 3.128: Kakamega County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**10,768,808,740**	**1,474,767,217**	**9,580,601,949**	**1,502,853,062**	**89**	**102**
Compensation to Employees	6,195,048,377	742,498,875	6,204,197,409	711,140,594	100	96
Operations & Maintenance	4,573,760,363	732,268,342	3,376,404,539	791,712,468	74	108
Development Expenditure	5,403,212,805	-	3,264,005,604	-	60	-
Total	**16,172,021,545**	**1,474,767,217**	**12,844,607,553**	**1,502,853,062**	**79**	**102**

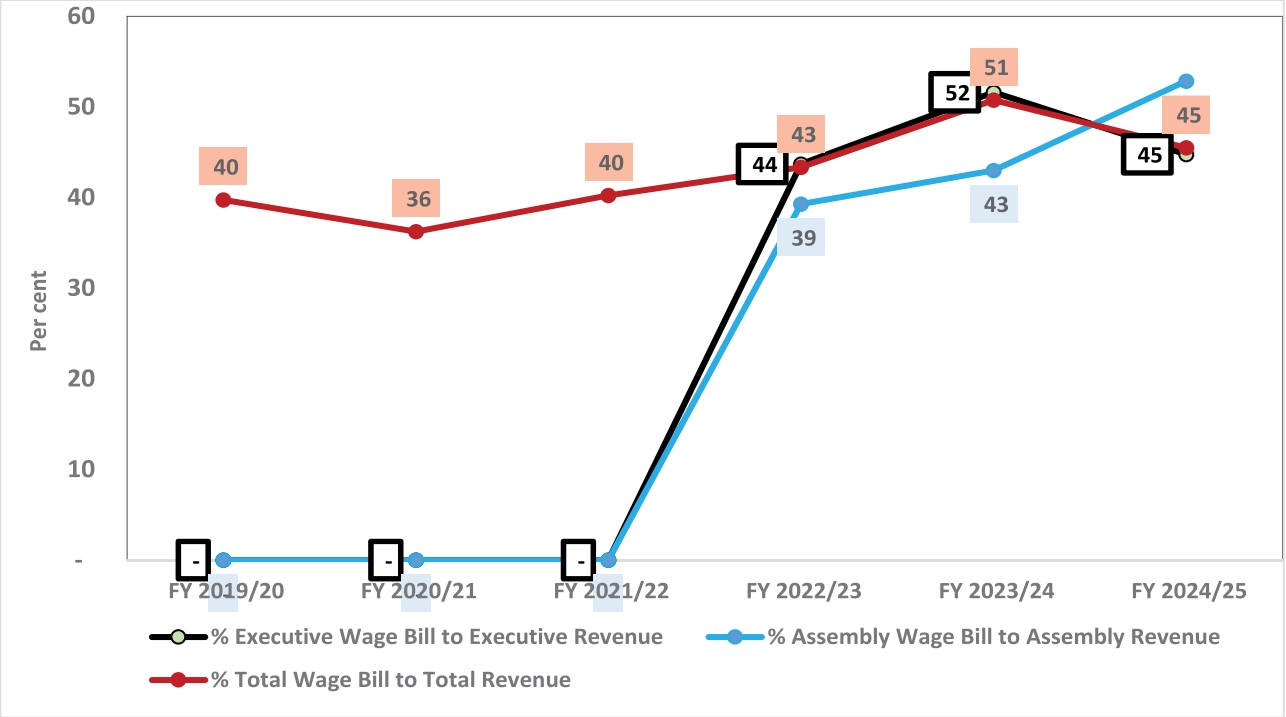
Source: *Kakamega County Treasury*

3.11.9 Expenditure on Compensation of Employees

During the period under review, expenditure on employee compensation totalled Kshs.6.91 billion. Therefore, the percentage of employee compensation to revenue was 44 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.7.08 billion reported in FY 2023/24. The Human Resource Information System cannot generate reports on PE attributable to specific employees within a department. Therefore, it was impossible to develop comparable data on PE related to Health Sector employees compared to the overall employees' compensation.

Figure 43 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 43: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Kakamega County Treasury

Further analysis indicated that PE costs amounting to Kshs.6.55 billion were processed through the Human Resource Information System (HRIS), while Kshs.527.94 million was processed through manual payroll, which accounted for 8 per cent of the total PE cost.

The manual payroll's main components comprised salaries for 267 non-partisan staff not onboarded into the Human Resource Information System (HRIS), employers' contributions to pensions, gratuities, and NITA in the County Assembly entity. Others include stipends to interns and allowances payable to CAPSB, as shown in Table 3.129

Table 3.129: Breakdown of Kakamega County Assembly Manual Payroll

No	Category	Total
1	Partisan Staff - Ward	26,653,000
2	Employer Contribution to Pension	6,757,221
3	-Gratuity Dues	15,021,462
4	- Nita	3,855,223
5	- NSSF	93,781
6	- Housing Levy	13,390
7	Interns Stipend	2,334,000
8	Board Members Gross	1,690,000
9	Basic Salary	1,515,335
10	Special Salary	1,454,016
11	Contractual Allow	959,000
12	Casuals Wages	652,500
13	Salary Market Adjustment	403,000
14	Rental House Allowance	333,570
15	Extra Duty/Entertainment Allowance	325,000
16	Leave Travel Allow	282,000
17	Commuter Allowance	197,000
18	Acting Allowance	158,910
19	Extraneous Duty/Domestic Allowance	75,000

No	Category	Total
20	Responsibility Allowance/Special Duty	56,720
21	Telephone Allowance	50,000
22	Gross Salary	29,000
23	Entertainment Allowance	25,000
24	Special House Allowance	3,000
Total		**62,937,128**

Source: Kakamega County Assembly Treasury

The County Assembly spent Kshs.72.67 million on committee sitting allowances for the 89 MCAs against the annual budget allocation of Kshs.89.12 million. The average monthly sitting allowance was Kshs.68,039 per MCA. The County Assembly has 26 House Committees.

3.11.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.433.50 million to County-Established funds in FY 2024/25, or 2 per cent of the County's overall budget. Furthermore, the County allocated Kshs.100 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.130 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.130: Performance of Kakamega County Established Funds in FY 2024/25

No	Name of the Fund	Year Established	Approved Budget Allocation in FY24/25 (Kshs)	Exchequer Issues FY2024/25 (Kshs)	Reported Actual Expenditure (Kshs)	Submission of Annual FS as of 31.03.2025 (Yes/No)
			A	B	C	D
1	Emergency Fund	2018	100,000,000	-	40,373,920	Yes
2	Kakamega County Facility Improvement Fund	2022	0	-	910,550,608	Yes
3	Kakamega County Climate Change Fund	2020	0	224,025,550	102,844,450	Yes
4	County Executive Car Loan and Mortgage	2016	89,000,000	-	1,198,654	Yes
5	Bursary & Scholarship Fund	2017	192,000,000	180,000,000	1,669,905	Yes
6	The Kakamega County Alcoholic Drinks Control Fund	2014	0	-	25,237,659	Yes
7	Maternal child health & family planning (Imarisha Fund)	2017	50,000,000	-	-	Wound up
8	Kakamega County Small Scale Trade Development Fund	2016	0	-	-	Wound up
9	Kakamega County Agricultural Farm Input Fund	2018	2,500,000	-	-	Wound up
10	County Assembly Car Loan & Mortgage	2014	0	0		
Total			**433,500,000**	**404,025,550**	**1,081,875,196**	-

Source: *Kakamega County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from County Assembly Car Loan & Mortgage Fund Administrators, as indicated in Table 3.130, contrary to the requirement of Section 168 of the PFM Act, 2012. The County reports displayed that administration costs were within a 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of **the County Assembly Car Loan & Mortgage and the Kakame-**

ga County Alcoholic Drinks Control Fund had lapsed. Consequently, the County entities must seek review and approval from the County executive committee and County assembly to support the operations of the lapsed funds.

3.11.11 County Corporations

The County has two Corporations and Agencies, which were allocated Kshs.114.35 million in FY 2024/25, five municipalities allocated Kshs.297.16 million, and two water companies. However, only one of the water companies relies on County funding to submit financial statements. Their total annual expenditure amounted to Kshs.261.46, as shown in Table 3.131.

Table 3.131: Performance of Kakamega County Corporations in FY 2024/25

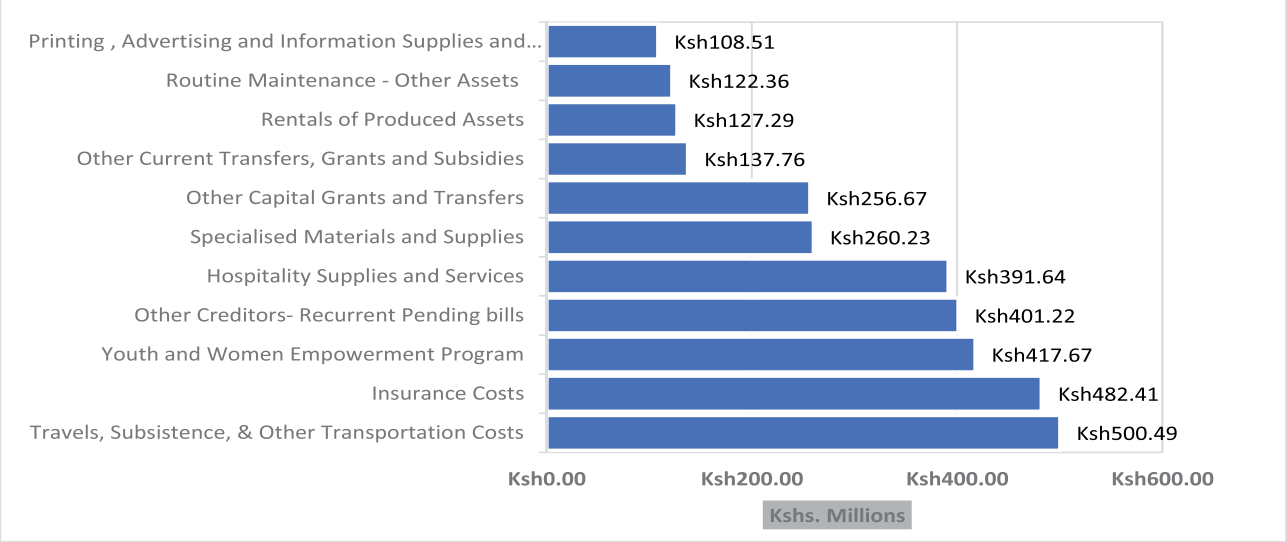
No	Name of the Fund	Year Established	Approved Budget Allocation in FY24/25 (Kshs)	Exchequer Issues/ transfer from CG (Kshs)	Reported Actual Expenditure (Kshs)	Submission of Annual FS as of 31.03.2025 (Yes/No)
			A	B	C	D
1	Kakamega Municipality	2017	160,705,430	60,987,606	60,994,606	Yes
2	Mumias Municipality	2017	133,456,018	34,292,045	53,879,388	Yes
3	Butere Municipality	2025	1,000,000			Too soon to report
4	Matunda Municipality	2025	1,000,000			Too soon to report
5	Malava Municipality	2025	1,000,000			Too soon to report
6	Kakamega County Rural Water and Sanitation Company	2018	10,000,000	15,000,000	31,320,573	Yes
7	Kakamega County Investment Development Agency	2018	38,000,000	21,000,000	8,561,484	Yes
8	Kakamega County Microfinance Corporation	2018	6,350,000	6,074,800	15,240,277	Yes
9	Kakamega Dairy Development Corporation	2018	10,000,000	7,307,500	30,410,944	Yes
10	Kakamega Revenue Agency	2017	60,000,000	57,488,884	61,054,486	Yes
Sub-total			**421,511,448**	**202,150,835**	**261,461,758**	

Source: *Kakamega County Treasury*

3.11.12 Expenditure on Operations and Maintenance

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

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



Source: *Kakamega County Treasury*

Expenditure on domestic travel amounted to Kshs.489.93 million and comprised Kshs.331.98 million spent by the County Assembly and Kshs.157.32 million by the County Executive. Expenditure on foreign travel amounted to Kshs.35.07 million and comprised Kshs.28.66 million by the County Assembly and Kshs.6.41 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.132.

Table 3.132: Summary of Expenditure on Foreign Travel in FY 2024/25

Entity	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	25th-2nd Oct. 2023	7th Annual National Parliamentary Budget Office Conference	Kampala	180,000
	1	15th-21st Sep 2024	Governors' Delegation	Washngton DC	1,716,376
	3	20th -22nd Nov 2024	East Africa Human Resource-Summit	Kigali -Rwanda	1,032,390
	7	1st -5th Aug 2024	Imbalu Cultural Festival	Mbale-Uganda	2,312,925
	11	3rd-8th June 2024	Legal & Legislative Drafting	Arusha Tanzania	4,663,967
	10	7th-11th Oct 2024	Governance & Good Practices	Malasya	6,430,320
	7	9th-13th Dec 2024	Training on Legislative Practices	Malasya	3,631,320
	1	25th Sep -2nd Oct 23	Sanegry Inc.	USA	489,000
	12	15th -21st Sep 2024	PBO annual conference	Kampala	3,193,710
	3	20th-22nd Nov 2024	EAHR-summit	Rwanda	688,260
	23	22nd Feb-1st March 2025	EALASCA games	Uganda	4,343,320
Sub-Total					**28,681,588**
County Executive	1	17th to 28th Aug 2024	To represent the County in the FEASSSA Term 2 East African games in Uganda	Uganda	585,189
	1	21st to 25th Nov 2024	Inspection of Madala Tea factory machinery	Malaysia	446,775
	4	19th-28th Jul 2024	Secondary schools' games	Uganda	1,540,465
	4	9th-14th Sep 2024	Early Childhood Development	Rwanda	315,039
	1	20th to 25th August 2024	To represent the County in the FEASSSA Term 2 East African games in Uganda	Uganda	343,850
	1	17th to 20th October 2024	WND African Democracy symposium in Tanzania	Tanzania	249,580
	1	25 September 2025 to 5 October	Seminar	USA	713,276
Sub-Total					**4,194,174**
Grand Total					**32,875,762**

Source: Kakamega County Treasury and Kakamega County Assembly

NB: The provided foreign travel details did not match the reported expenditures. There was a variation of Kshs.(24,464) and Kshs.2.22 million for the County assembly and executive arms of government, respectively.

Other types of expenditure include legal fees, dues, arbitration, and compensation payments.

3.11.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.894.80 million as FIF, which was 106 per cent of the annual target of Kshs.841 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. However, the County has not developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs.450.38 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.133 presents a breakdown of the claims.

Table 3.133: Kakamega County Health Facilities FIF Performance in FY2024/25

No	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	93 Twenty Level 2 Hospitals	62,213,857	27,092,873	35,120,985	2,376,042
2	56 Level Three Facilities	114,137,960	63,887,820	50,250,140	10,234,226

No	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
3	10 Level Four Hospitals	181,347,641	103,569,864	77,777,777	36,210,765
4	1 Level 5 Hospital	364,522,074	254,354,157	110,167,917	128,000,345
Total		**722,221,533**	**448,904,714**	**273,316,818**	**176,821,378**

Source: *Kakamega County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.722.22 million. Of this, only Kshs.448.90 million was disbursed, occasioning a pending balance of Kshs.237.63 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.176.82 million.

The Health sector budget and expenditure reports were consolidated at the departmental level and, therefore, were not disaggregated to show how much was allocated or utilised per health facility.

3.11.14 Development Expenditure

In the review period, the County reported spending Kshs.3.26 billion on development programmes, representing an increase of 16 per cent compared to FY 2023/24, when the County spent Kshs.2.80 billion. Table 3.134 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the wholesome release of National Shareable revenue by the National Treasury during the reporting period.

Table 3.134: Kakamega County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)
1	**Sports**	**Bukhungu Stadium Construction Phase II**	**Lurambi**	3,240,001,303	1,726,408,840
2	Agriculture, Live-stock, Fisheries & Cooperatives	Subsidies to Non-Financial Private Enterprise (Farm subsidy)	County Wide	703,668,980	427,780,410
3		National Agricultural Value Chain Development Project (NVCDP)	County Wide	156,515,152	156,515,152
4	ICT, E-Government & Communication	Purchase of ICT Networking and Communication Equipment	County Headquarters	82,500,000	80,463,845
5	Roads, Public Works & Energy	Harambe Musamba bridge road	Matungu	649,938,642	75,841,667
6		Maintenance and improvement of roads	Various	707,957,457	51,728,283
7		10KM in Mumias West	Mumias west	31,861,804	50,851,700
8		10KM in Butere	Butere	49,941,688	49,941,688
9	ICT, E-Government & Communication	Purchase of Software	County Headquarters	47,614,072	23,319,837
10	Agriculture, Live-stock, Fisheries & Cooperatives	Kenya Livestock Commercialisation Project (KELCLOP)	Four wards (Marama Central, Kisa Central, Isukha Central and Lumakanda)	44,468,919	44,468,919

Source: *Kakamega County Treasury*

The County development projects report did not display any stalled projects but indicated the development projects' completion rates at different rates (percentages).

3.11.15 Budget Performance by Department

Table 3.135 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.135: Kakamega County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,475	-	1,345	-	1,503	-	112	-	102	-
Agriculture, Livestock, Fisheries and Cooperatives	70	1,050	46	1,085	65	663	142	61	94	63
County Public Service Board	16	-	16	-	13	-	83	-	83	-
Education, Science & Technology	284	236	284	25	135	96	47	386	47	41
Finance and Economic Planning	957	719	951	399	798	671	84	168	83	93
Health Services	1,205	556	1,186	119	548	253	46	212	45	46
ICT, E-government & Communication	51	156	50	154	39	106	79	69	77	68
Lands, Housing, Urban Areas & Physical Planning	267	433	260	133	192	44	74	33	72	10
Office of the Governor	343	1	286	-	256	1	89	-	75	100
Public Service & Administration	6,960	137	6,941	19	6,938	25	100	129	100	18
Social Services, Youth & Sports	531	111	476	163	531	72	112	44	100	65
Trade, Industrialisation & Tourism	25	252	12	237	25	277	207	117	96	110
Transport, Infrastructure, Public Works and Energy	31	997	21	671	24	631	115	94	77	63
Water, Environment and Natural Resources	28	756	28	297	16	425	58	143	58	56
Total	**12,244**	**5,403**	**11,902**	**3,303**	**11,083**	**3,264**	**93**	**99**	**91**	**60**

Source: *Kakamega County Treasury*

Analysis of expenditure by departments shows that the Department of Trade, Industrialisation & Tourism recorded the highest absorption rate of development budget at 110 per cent, followed by the Department of Office of the Governor at 110 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 102 per cent, while the Department of Health Services had the lowest at 45 per cent.

The departments highlighted in Table 3.135 under the column titled "Expenditure to Exchequer Issues (%)" reveal that these departments spent funds duly received through COB approval on other activities that COB had not approved. This implies that the County is spending at source, whereas in other instances, the County fails to sweep back unspent funds from CRF at the beginning of the year, as required by law. The County assembly and Trade, Industrialisation & Tourism departments spent beyond the budget at 102 per cent and 110 per cent respectively, which depicts weak budgetary controls.

3.11.16 Key Observations and Recommendations

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

i. The late submission of financial reports by the County Treasury to the Controller of Budget impacted the timely preparation of the budget implementation report, which was received on 12 August 2025.
ii. The underperformance of own-source revenue at Kshs.1.44 billion against an annual target of Kshs.2.20 billion, representing 65 per cent of the financial year target
iii. Unspent funds from FY 2023/24 by the County Assembly were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.135.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Kakamega County Alcoholic Drinks Control Fund and County Assembly Car Loan & Mortgage Fund had lapsed, making them ineligible for further withdrawals.

v. County Assembly Car Loan & Mortgage Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports were not submitted to the CoB as of 15 July 2025.
vi. High level of pending bills, which amounted to Kshs.2.20 billion as of 30 June 2025 by the County assembly.
vii. Use of manual payroll. Personnel emoluments amounting to Kshs.62.94 million for Partisan staff in the County Assembly not onboarded into HRIS were processed through manual payroll. Including other types of PE components, this accounted for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
viii. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.450.14 million across the three schemes—SHA, SHIF, and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Further, appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County Assembly should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iv. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure that the County Assembly Fund Administrator prepares and submits statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
vii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Assembly Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
viii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.12. County Government of Kericho

3.12.1 Overview of FY 2024/25 Budget

The Kericho County Approved Supplementary I Budget for FY 2024/25 was Kshs.9.76 billion. It comprised Kshs.3.56 billion (36.5 per cent) and Kshs.6.20 billion (63.5 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.27 billion (15 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.2.73 billion and a recurrent budget of Kshs.5.75 billion. The increase in the budget was primarily attributed to the rise in Own Source Revenue and Equitable Share.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.6.93 billion (71 per cent), and additional allocations of Kshs.1.04 billion (11 per cent), a cash balance of Kshs.536.3 million (5 per cent) brought forward from FY 2023/24, and Kshs.1.22 billion (13 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.576.24 million (6 per cent) deposited into the CRF and Kshs 646.35 million (7 per cent) as Appropriations-in-Aid (A-I-A) spent at source.

3.12.2 Revenue Performance

The County received Kshs.8.55 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 13 per cent compared to the amount received in FY 2023/24 of Kshs.7.52 billion. The total revenue consisted of Kshs.6.74 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.193.2 million and own-source revenue (OSR) collection of Kshs.1.07 billion. Additionally, the County had a cash balance of Kshs.1.62 billion from FY 2023/24.

The total OSR collection of Kshs.1.07 billion included Facilities Improvement Financing (FIF) of Kshs.682 million,

and Kshs.396 million from other OSR sources. Table 3.136 summarises the total revenue available to the County Government during FY 2024/25.

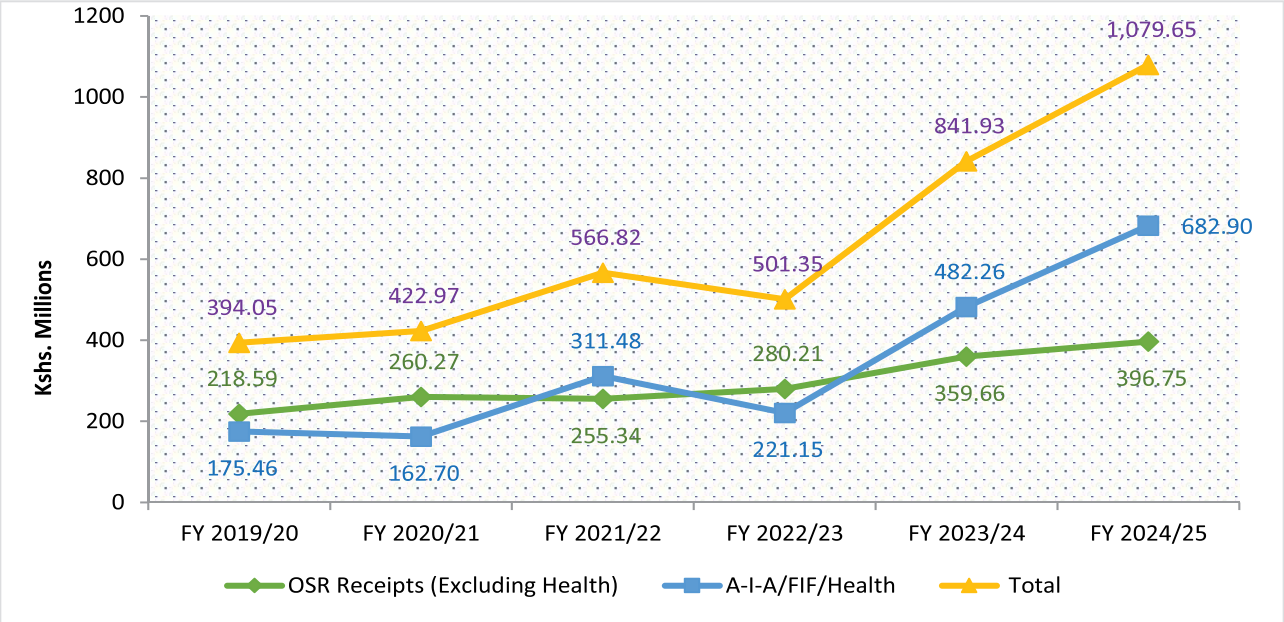
Table 3.136: Kericho County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally -**	6,962,657,506	6,738,396,691.50	97
Sub Total		6,962,657,506	6,738,396,691.50	97
B	**Additional Allocations**			
1	Routine Maintenance Fuel Levy Fund	169,758,085	59,568,948	35
2	County Aggregated Industrial Parks	250,000,000		-
3	County health promoters	45,690,000		-
4	DANIDA FUND	8,287,500	8,287,500	100
5	Kenya Devolution Support Project 11 (World Bank)	37,500,000		-
6	Kenya Urban Support Program UDG (SIDA)	43,550,249		-
7	Kenya Urban Support Program UIG (SIDA)	35,000,000	32,309,300	92
8	FLOCCA Grants to support climate change CCIs	11,000,000		-
9	FLOCCA Grants to support climate change CCIR	203,392,898	13,742,755	7
10	FLLOCA Grants to Support Climate Change CCIR (UNSPENT DONOR)	68,750,000		-
11	IDA National Agricultural Value Chain Devt Project(NAVCDP)	151,515,152	79,383,098	52
12	Kenya Agricultural Business Dev't Project(KABDP)	10,918,919		-
13	FLOCCA Grants to support climate change CCIR	203,392,898	13,742,755	7
14	Kenya Agricultural Business Dev't Project(KABDP)	10,918,919		-
Sub total		1,035,362,803	193,291,601	19
C	**Own Source Revenue**			
1	Ordinary Own Source Revenue	576,244,311	396,750,029	69
2	Facility Improvement Fund (FIF)	646,355,000	682,898,723	106
3	Other AIAs (Indicate Name and Amount for each)			
Sub total		1,222,599,311.00	1,079,648,752.25	
D	**Other Sources of Revenue**			
1	Unspent Balance from FY 2023/24	1,758,918,927	1,615,968,368	92
2	Other Revenues (provide a list)			
Sub-Total		1,758,918,927	1,615,968,368	92
Grand Total		**9,756,939,236**	**8,547,656,661**	**88**

Source: *Kericho County Treasury*

Figure 45 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

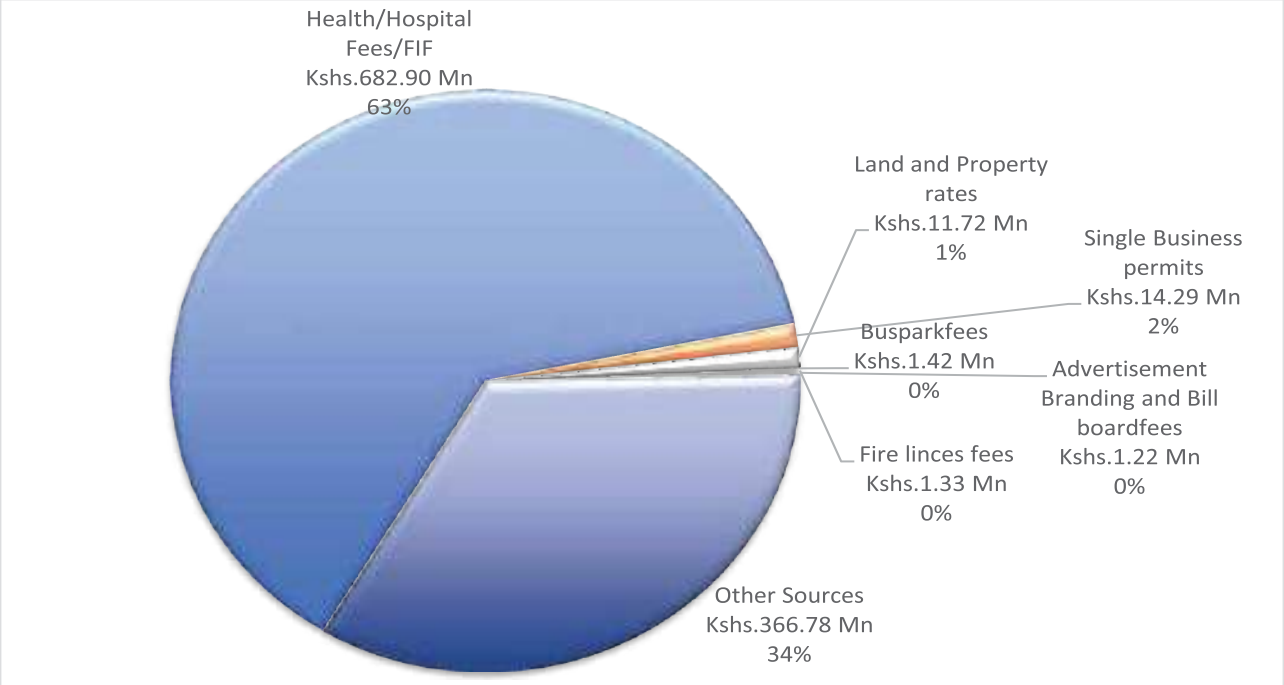
Figure 45: Kericho County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



Source: *Kericho County Treasury*

During the year, the County generated Kshs.1.08 billion from its revenue sources, including FIF. This amount was an increase of 28 per cent compared to Kshs.841 million realised in a similar period in FY 2023/24, and was 88 per cent of the annual target and 16 per cent of the equitable revenue share disbursed. The revenue streams which contributed the highest OSR receipts are shown in Figure 46.

Figure 46: Kericho County Top Own Source Revenue Streams in FY 2024/25



Source: Kericho County Treasury

3.12.3 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.7.78 billion from the CRF account in FY 2024/25, which comprised Kshs.2.37 billion (30 per cent) for development programmes and Kshs.5.41 billion (70 per cent) for re-current programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.74 billion was for employee compensation and Kshs.1.67 billion for operations and maintenance expenditures.

The operations and maintenance exchequer analysis indicates that 18 per cent was for domestic travel and 18 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.300 million and included Kshs.127 million

for the County Executive and Kshs.173 million for the County Assembly. The foreign exchequer totalled Kshs.47.5 million, comprising Kshs.14.3 million for the County Executive and Kshs.33.1 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.15.6 million.

3.12.4 County Expenditure Review

The County spent Kshs.7.97 billion on development and recurrent programmes in the reporting period. The expenditure represented 102.5 per cent of the total funds released by the CoB, which resulted from funds available in the SPA account at the close of the FY. It comprised Kshs.2.58 billion for development programmes and Kshs.5.40 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 72.4 per cent, while recurrent expenditure represented 87.1 per cent of the annual recurrent expenditure budget.

3.12.5 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.25 billion as of 30 June 2024. This amount included Kshs.1.14 billion from the County Executive and Kshs.106.73 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.211.61 million for recurrent expenditures and Kshs.936.31 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.682.45 million, comprising Kshs.108.74 million (16 per cent) for recurrent programmes and Kshs.520.78 million (76 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.52.91 million for development activities. Table 3.137 provides additional details of pending bills.

Table 3.137: Kericho County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	211,613,725	108,746,488	558,424,038	661,291,275
Development	936,319,678	520,788,983	951,473,475	1,367,004,160
Total	**1,147,933,403**	**629,535,471**	**1,509,897,513**	**2,028,295,435**
County Assembly				
Recurrent				
Development	106,733,214	52,914,733	-	53,818,481
Total	**106,733,214**	**52,914,733**	**-**	**53,818,481**

Source: *Kericho County Treasury*

The County Executive submitted a pending bills payment plan, committing to pay Kshs.1.47 billion in FY 2024/25. During the financial year, the County settled pending bills amounting to Kshs.629.53 million for the Executive.

Table 3.138 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.2.08 billion.

Table 3.138: Kericho County Pending Bill Ageing Analysis as of 30th June 2025

Pending Bill Ageing Analysis					
Category	**Ageing analysis (Amount in Kshs.)**				**Total**
	Under one year	**1-2 years**	**2-3 years**	**Over 3 years**	
Development Pending Bills	**1,005,291,956**	**156,790,502**	**258,740,183**		**1,420,822,641**
Recurrent Pending Bills (Goods & Services)	509,131,540	102,867,237	-		611,998,777
Recurrent Pending Bills (Staff Claims)	49,292,498				49,292,498
Total Recurrent Pending Bills	**558,424,038**	**102,867,237**	-	-	**661,291,275**
Total Pending Bills	**1,563,715,994**	**259,657,739**	**258,740,183**	-	**2,082,113,916**
% of Total	**75**	**12**	**12**	-	**100**

Source: *Kericho County Treasury*

3.12.6 Expenditure by Economic Classification

The County Executive incurred Kshs.3.32 billion for compensation of employees, Kshs.1.20 billion for operations and maintenance, and Kshs.2.5 billion for development activities. Similarly, the County Assembly spent Kshs.453

million on compensation of employees, Kshs.426 million on operations and maintenance, and Kshs.52.9 million on development activities, as shown in Table 3.139.

Table 3.139: Kericho County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,315,320,057	880,334,303	4,516,974,169	880,239,028	85	100
Compensation of Employees	3,604,759,651	453,279,359	3,317,554,728	453,279,359	92	100
Operations and Maintenance	1,710,560,406	427,054,944	1,199,419,441	426,959,669	70	100
Development Expenditure	3,454,551,662	106,733,214	2,525,915,586	52,914,711	73	50
Total	**8,769,871,719**	**987,067,517**	**7,042,889,755**	**933,153,739**	**80**	**95**

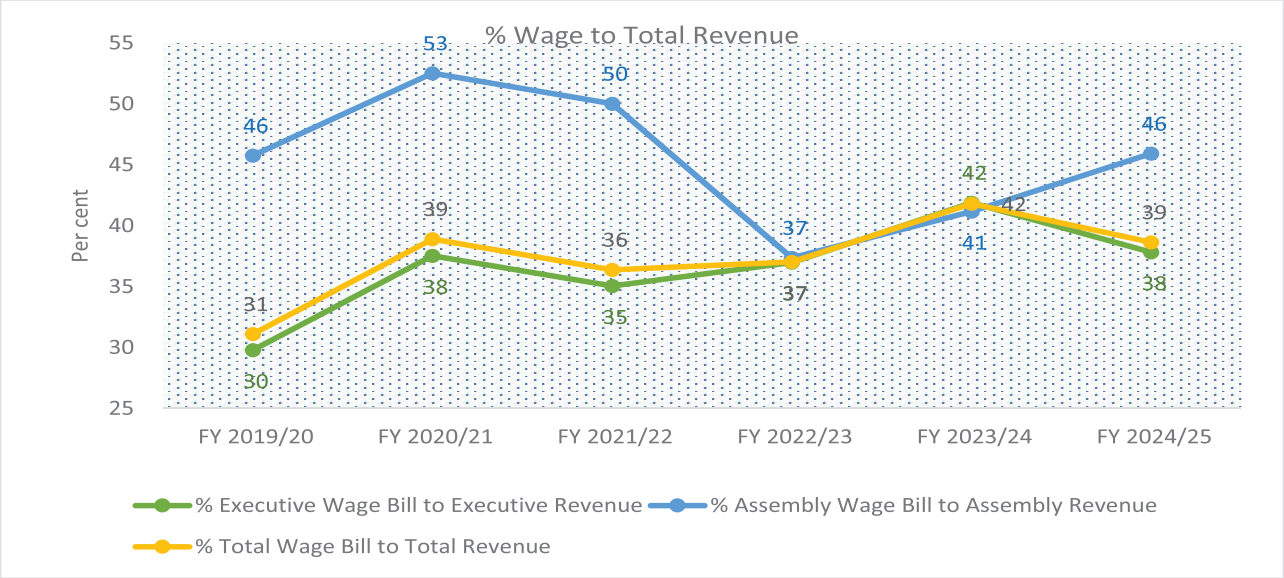
***Source**: Kericho County Treasury*

3.12.7 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.77 billion. Therefore, the percentage of employee compensation to revenue was 39 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.54 billion reported in FY 2023/24. Of this total, Kshs.1.94 billion related to the Health Sector employees, which accounted for 52 per cent of the overall employees' compensation.

Figure 47 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 47: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Kericho County Treasury

Further analysis revealed that PE costs totalling Kshs.3.63 billion were processed through the Human Resource Information System (HRIS).134 million was processed through manual payroll, which accounted for 4 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.140.

Table 3.140: Breakdown of Kericho County Manual Payroll

S/no.	Description of Manual Payroll	Amount Kshs.
	Salaries for staff yet to be onboarded into HRIS	134,077,994
	Gratuity for contract staff	680,344
	Total	**134,758,338**

Source: Kericho County Treasury

The County Assembly spent Kshs.47 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.47 million. The average monthly sitting allowance was Kshs.82,347 per MCA. The County Assembly has 16 House Committees.

3.12.8 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.315 million to County-Established funds in FY 2024/25, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.17 million to the Emergency Fund (0.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.141 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.141: Performance of Kericho County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Kericho County Car Loan	2015	0	0	8,603,087	44,780,000	yes
2	Kericho County Emergency Fund	2014	17,000,000	17,000,000	23,842,702	346,200,113	yes
3	Kericho County Climate Change Fund	2021	278,721,805	48,328,907	267,786,687	384,391,024	yes
4	Kericho County Mortgage Fund	2015	20,000,000	20,000,000	71,906,030	236,318,000	yes
5	Kericho County Bursary Fund	2014	0	0	1,830,232	1,135,280,039	yes
County Assembly Established Funds							
1	Kericho County Assembly Staff Car Loan and Mortgage Fund	2014	15,261,268	15,261,268	28,931,302	225,922,268	yes
2	Kericho County Assembly Members Car Loan and Mortgage Fund	2014	0	0	1,318,266	269,000,000	yes
	Total		**330,983,073**	**100,590,175**			

Source: *Kericho County Treasury*

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of **the** six **Funds** had lapsed.

3.12.9 County Corporations

The County has one County Corporations, which were allocated Kshs.17.37 million in FY 2024/25 and reported nil expenditure in FY 2024/25 as shown in Table 3.142.

Table 3.142: Performance of Kericho County Corporations in FY 2024/25

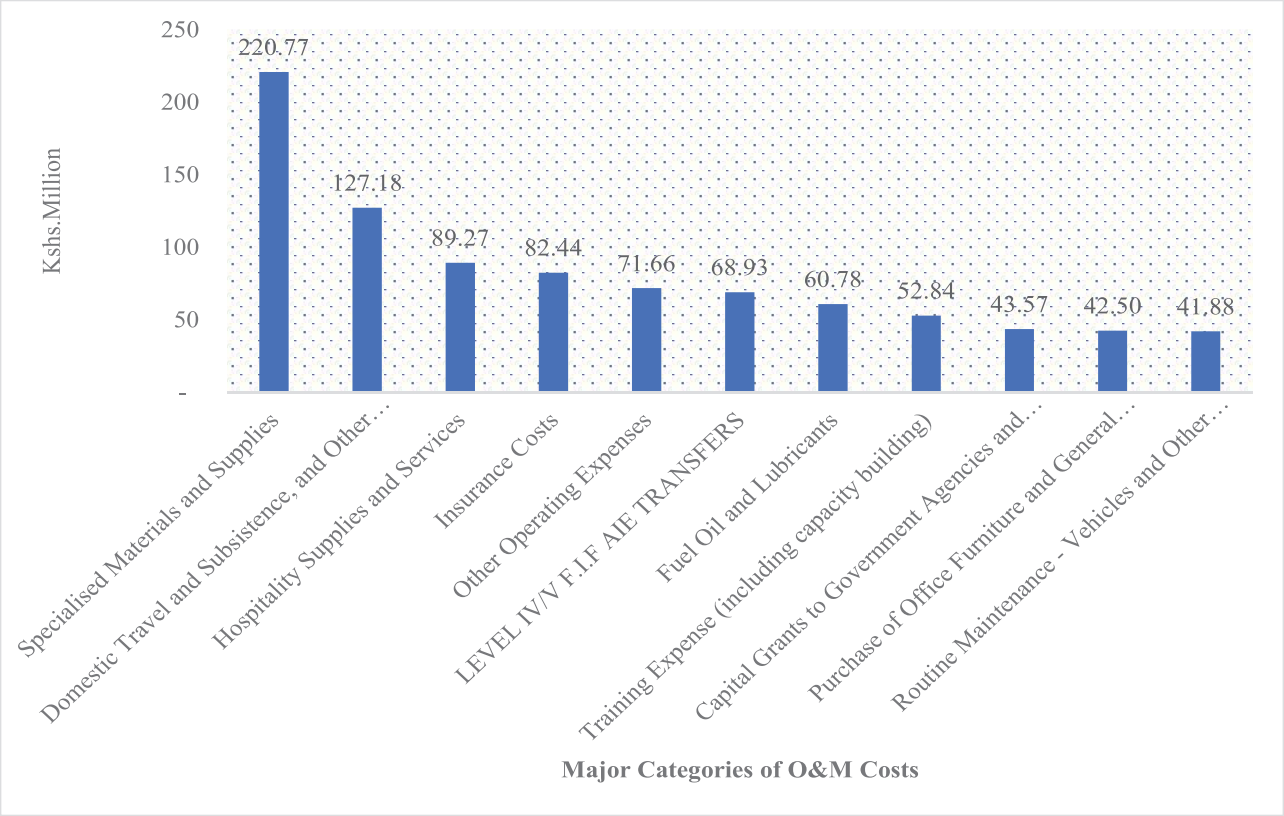
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
	KEWASCO	17,373,497	15,000,000		

Source: *Kericho County Treasury*

3.12.10 Expenditure on Operations and Maintenance

Figure 48 summarises the Operations and Maintenance expenditure by major categories.

Figure 48: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: *Kericho County Treasury*

Expenditure on domestic travel amounted to Kshs.300 million and comprised Kshs.173 million spent by the County Assembly and Kshs.127 million by the County Executive. Expenditure on foreign travel amounted to Kshs.47 million and comprised Kshs.33 million by the County Assembly and Kshs.14 million by the County Executive.

3.12.11 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.682 million as FIF, which was 106 per cent of the annual target of Kshs.646 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.130.2 million across the two schemes, the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.143 presents a breakdown of the claims.

Table 3.143: Kericho County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	One Level 5	203.5	158.9	45.5	17.6
2	Six Level 4	75.4	13.0	62.4	4.6
	Total	**278.9**	**170.9**	**107.9**	**22.3**

Source: *Kericho County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Authority (SHA) amounting to Kshs.278.9 million. Of this, only Kshs.170.9 million was disbursed, occasioning a pending balance of Kshs.107.9 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.22.3 million.

The expenditure by the health facilities amounted to Kshs.369.18 million, as shown in Table 3.144.

Table 3.144: Kericho County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One Level 5	318,777,592	317,101,696	99
2.	Six Level 4	68,228,714	52,082,217	76
	Total	387,006,306	369,183,913	95

Source: *Kericho County Treasury*

3.12.12 Development Expenditure

In the review period, the County reported spending Kshs.2.58 billion on development programmes, representing an increase of 54 per cent compared to FY 2023/24, when the County spent Kshs.1.67 billion. Table 3.145 summarises the development projects with the highest expenditure in the reporting period.

Table 3.145: Kericho County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Strategic Intervention	Stormwater drainage Kapkatet	Kapkatet ward	18,093,000	18,093,000	18,093,000	0	100
2	Strategic Intervention	Construction of Non-Communicable Disease Centre and external works at Kericho County Referral Hospital	Kipchebor Ward	54,238,396	54,238,396	54,238,396	0	15
3	Strategic Intervention	Rehabilitation and Improvement of the Kapsoit water supply project	Kapsoit Ward	17,158,047	17,158,047	17,158,047	0	100
4	Strategic Intervention	Construction of the Casualty and Emergency unit, Renovation of OPD and Maternity at Sosiot Health Centre	Waldai Ward	32,936,010	32,936,010	32,936,010	0	22
5	Strategic Intervention	Construction of Kedowa Maize Mill	Kedowa/ Kimugul	12,922,138	12,922,138	12,922,138	0	100
6	Strategic Intervention	Construction of Supporting Infrastructure at Kedowa Maize Milling Plant	Kedowa/ Kimugul	18,164,620	18,164,620	18,164,620	0	58
7	Strategic Intervention	Construction of an Outpatient unit and Associated external works at Cheborgei Health Centre	Cheboin Ward	16,492,297	16,492,297	16,492,297	0	33
8	Strategic Intervention	Proposed Road Works in Kapkatet town	Kapkatet Ward	4,226,460	4,226,460	4,226,460	0	100
9	Strategic Intervention	Rehabilitation and construction of drainage structures and tarmacking of minor roads at Londiani town	Kedowa/ Kimugul	6,113,079	6,113,079	6,113,079	0	100
10	Strategic Intervention	Erection and Completion of an Operating Theatre in Ainamoi Health Centre	Ainamoi Ward	3,300,000	3,300,000	3,300,000	0	80

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
11	Strategic Intervention	Construction of MCH, Kitchen, Staff House, Renovation of Existing OPD and Associated External Works at Kunyak Health Centre	Kunyak Ward	8,575,186	8,575,186	8,575,186	0	25

Source: *Kericho County Treasury*

The County reported 20 stalled development projects as of 30 June 2025, with an estimated value of Kshs.321 million, of which Kshs.95.3 million has already been paid. The stalled projects are shown in Table 3.146.

Table 3.146: Kericho County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Proposed construction of a generator house and supply, delivery, installation and commissioning of a generator at Sosiot Health Centre	Waldai	5,300,220.00	0	5,300,220.00	0	The contractor abandoned the site without any communication
Proposed remodelling of the surgical theatre at Fort Ternan Sub-County Hospital	Chilchila	5,821,108.75	0	5,821,108.75	0	The contractor never reported to the site
Proposed supply and delivery of cardio-thoracic consumables at Kericho County Referral Hospital	Kipchebor	4,502,732.00	0	4,502,732.00	0	Failed to supply the consumables
Kiboybei Water Supply	Kapsoit	36,731,977.51	5,873,809.00	30,858,168.51	16%	Land issues
Solait water project		103,545,774.30	13,502,388	90,043,386.30	13%	Community Conflict with the contractor on land issues
Construction and equipping of the theatre at Ainamoi Health Centre	Ainamoi	14,136,359.00	8,626,128.00	5,510,231.00	61%	The contractor abandoned the site without communication with the client
Kaboloin water project, lower part of Kapsaos	Kapsaos	15,255,327.90	12,036,825.40	3,218,502.50	79%	Technical hitch that requires redesigning
Supply and installation of 2-disc pulper machine		2,400,000	0	2,400,000.00	0%	The contractor did not supply
Construction of 100m3 masonry water tank	Chilchila ward	1,897,150	0	1,897,150.00	0%	The contractor left the site
Construction of an ECDE classroom at Rwandet	Kisiara	898,131	0	898,131.00	0%	Lack of Capacity by Contractor

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Construction of an ECDE toilet at Tilolwet	Londiani	759,510	0	759,510.00	0%	Lack of capacity by the contractor
Construction of an ECDE classroom at Kipteran	Soin	1,082,980	0	1,082,980.00	0%	Lack of capacity by the contractor
Construction of an ECDE toilet at Litiik	Tebesonik	724,316	0	724,316.00	0%	Hostile community
Construction of a toilet at Leldet VTC	Kamasian	860,520.48	0	860,520.48	0%	Lack of capacity by the contractor
Construction of a toilet at Chepseon VTC	Chepseon	916,400	0	916,400.00	0%	Lack of capacity by the contractor
Acquisition of land for the sweet potato pack house	Kaplelartet	1,500,000.00	0	1,500,000.00	0%	Family dispute over who owns the land and succession issues
Acquisition of land for Chebulu Conservancy	Kaplelartet	5,000,000.00	0	5,000,000.00	0%	Valuation costs conflict
Kipkobob Water Project	Chemosot	102,407,437.61	50,034,908.82	52,372,528.79	49%	Lack of budget allocation
Fabrication of a fire engine	HQ	9,272,671	0	9,272,671.00	0%	The truck was not registered (mechanical engineer report not availed)
Bureti Fire Station	Kapkatet	8,248,375.00	5,320,615	2,927,760.00	65%	The contractor has abandoned the site

Source: Kericho County Treasury

3.12.13 Budget Performance by Department

Table 3.147 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.147: Kericho County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Services	880.3	106.7	880.2	52.9	880.2	52.9	100	100	100	49
Public Service & Administration	424.3	20.9	345.0	16.4	366.7	15.7	106	95	86	75
Office of the Governor & Deputy Governor	161.2	-	158.0	-	150.4	-	95	-	93	-
County Public Service Board	82.7	-	81.4	-	79.1	-	97	-	95	-
Finance & Economic Planning	350.1	270.9	333.4	263.3	326.6	265.1	98	100	93	97
Health Services	2.904.1	242.0	2.286.7	232.4	2.307.2	236.2	100	101	79	97
Agriculture, Livestock Development & Fisheries	189.8	503.2	184.8	298.6	166.9	398.4	90	133	87	79
Education, Youth Affairs, Culture & Social Services	616.0	241.4	613.9	216.5	611.0	198.3	99	91	99	82
Public Works, Roads & Transport	105.3	969.2	104.4	770.4	102.0	712.0	97.	92.	96	73

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Industrialisation, Tourism, Wildlife & Cooperative Development	66.7	355.0	62.9	86.5	59.9	82.4	95	95	89	23
Water, Energy, Natural Resources & Environment	174.9	593.4	169.3	289.3	165.7	498.3	97	172	94	84
Land, Housing & Physical Planning	165.9	217.0	120.9	115.9	111.1	94.9	91	81	66	43
Information Communication & E-Government	73.7	41.0	70.8	26.4	69.8	24.1	98	91	94	59
Total	**6,195.6**	**3,561.2**	**5,412.4**	**2,369.2**	**5,397.2**	**2,578.8**	**99**	**108**	**87**	**72**

***Source**: Kericho County Treasury*

Analysis of department expenditures shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the development budget at 97.9 per cent, followed by the Department of Health Services at 97.6 per cent. The County Assembly had the highest percentage of recurrent expenditures to budget at 100 per cent, while the Department of Education, Youth Affairs, Culture & Social Services had the lowest at 99.2 per cent.

3.12.14 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 15th August 2025.
ii. The underperformance of own-source revenue at Kshs.396.8 million against an annual target of Kshs.576 million, representing 69 per cent of the financial year target of Kshs.2.08 billion as of 30 June 2025.
iii. High level of pending bills, which amounted to Kshs.2.08 billion as of 30 June 2025, and includes pending bills for the FY 2024/25. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Kericho County Car Loan, Kericho County Emergency Fund, Kericho County Climate Change Fund, Kericho County Mortgage Fund, Kericho County Bursary Fund, Kericho County Assembly Staff Car Loan and Mortgage Fund, and Kericho County Assembly Members Car Loan and Mortgage Fund had lapsed, making them ineligible for further withdrawals
v. Use of manual payroll. Personnel emoluments amounting to Kshs.134.76 million for four staff not onboarded into HRIS and casual staff were processed through manual payroll, accounting for 4 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.130.20 million across the two schemes—SHIF and the defunct NHIF.
vii. Stalled Projects: The County reported 20 stalled projects valued at Kshs.321.26 million, of which Kshs.95.39 million has been paid. However, due to various reasons, these projects have stalled and thus have not achieved their intended objectives.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should*

regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.

vi. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

vii. *The County should focus on completing all feasible stalled projects and address the recurring issue of contractors abandoning job sites. To do this, it is important to determine the reasons behind these abandonments and take appropriate measures.*

3.13. County Government of Kiambu

3.13.1 Overview of FY 2024/25 Budget

The Kiambu County Approved Supplementary II Budget for FY 2024/25 was Kshs.23.48 billion. It comprised Kshs.7.96 billion (34 per cent) and Kshs.15.52 billion (66 per cent) allocation for development and recurrent programmes respectively. The budget estimates represented an increase of Kshs.265.52 million (1 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.6.97 billion and a recurrent budget of Kshs.16.25 billion. The growth in the budget was primarily attributed to the rise in pending bills.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.12.29 billion (52 per cent), additional allocations of Kshs.2.92 billion (12 per cent), a cash balance of Kshs.984.60 million (4 per cent) brought forward from FY 2023/24, Kshs.26.32 million from development partners (less than 1 per cent) and Kshs.7.25 billion (32 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.5.45 billion (75 per cent) deposited into the CRF and Kshs.1.80 billion (25 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised of only Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.148.

3.13.2 Revenue Performance

The County received Kshs.18.93 billion in revenues in the review period to fund its development and recurrent activities. This amount represented a decrease of 1 per cent compared to the amount received in FY 2023/24 of Kshs.19.11 billion. The total revenue consisted of Kshs.13.27 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.586.53 million, as well as own-source revenue (OSR) collection of Kshs.5.06 billion. Additionally, the County had a cash balance of Kshs.984.60 million from FY 2023/24.

The total OSR collection of Kshs.5.06 billion included Facilities Improvement Financing (FIF) of Kshs.1.82 billion, and Kshs.3.24 billion from other OSR sources. Table 3.148 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.148: Kiambu County, Revenue Performance in FY 2024/25

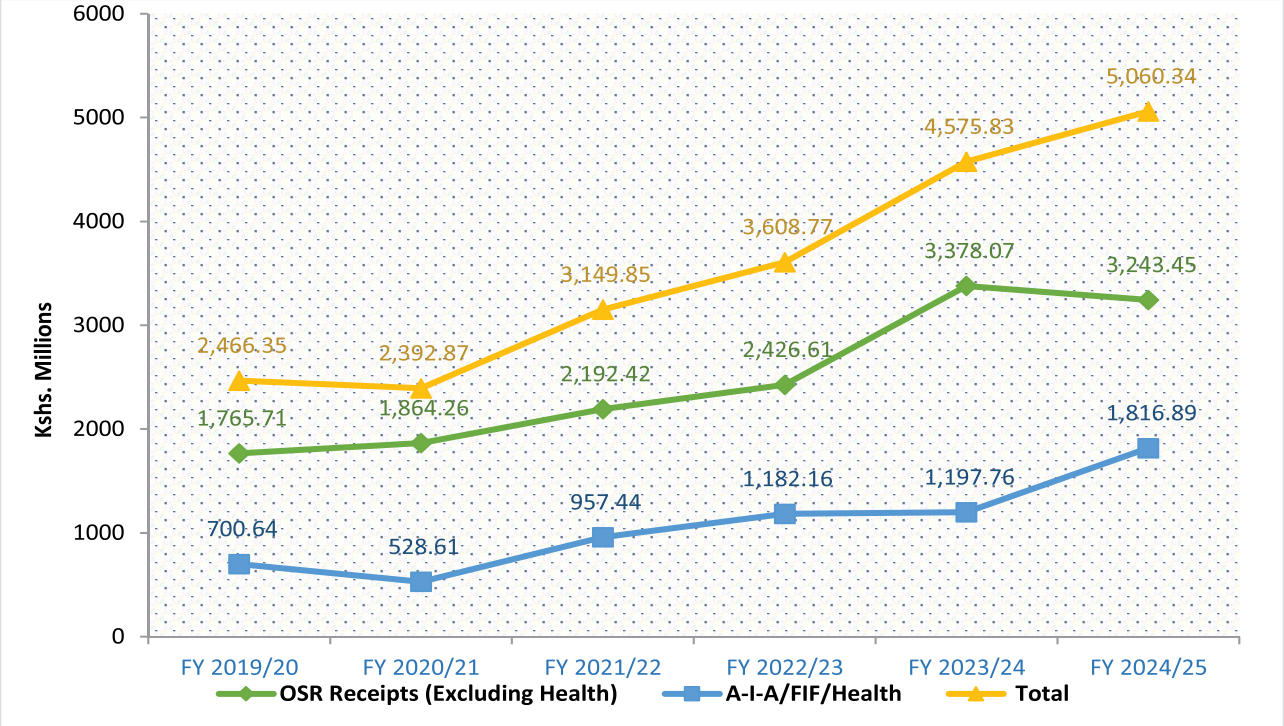
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	12,293,696,674	12,293,696,674	100
Sub Total		**12,293,696,674**	**12,293,696,674**	**100**
B	**Conditional Grants**			
1	Industrial Park & Aggregate Centre Grant	52,631,579	52,631,579	100
2	Community Health Promoters	94,680,000	0	-
3	Road Maintenance Fuel Levy Fund	335,429,530	118,951,472	35
4	Basic Salary Arrears for County Government Health workers	119,957,202		-
5	Court Fines	5,084,684	0	-
6	Mineral Royalties	5,697,644	0	-
7	DANIDA Grant - Universal Health Care for Devolved System Program	14,527,500	14,527,500	100
8	World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)	464,543,092	264,543,092	57

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
9	IDA (World Bank) National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	91,303,899	60
10	IDA (World Bank) Credit - Kenya Devolution Support Project (KDSP) - Level II	37,500,000	0	-
11	IDA (World Bank) FLLoCA - County Climate Resilience Investment Grant, (CCRI)	254,578,726	0	-
12	IDA (World Bank) FLLoCA - County Climate Institutional Support (CCIS)	11,277,015		-
13	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)-Urban institutional Grant (UIG)	35,000,000	32,309,300	92
14	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)-Urban Development Grant (UDG)	1,331,483,863	0	-
15	SIDA -Kenya Agricultural Business Development Project (KABDP)	10,918,919	0	-
Sub Total		2,924,824,906	574,266,842	20
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	5,450,940,717	3,243,452,999	60
2	Balance b/f from FY2023/24	984,598,316	984,598,316	100
3	Facility Improvement Fund (FIF)	1,800,000,000	1,816,885,575	101
4	Other Revenues- (MSF-Belgium and Nutrition International)	26,316,695	12,261,470	47
Sub Total		8,261,855,728	6,057,198,360	73
Grand Total		**23,480,377,308**	**18,925,161,876**	**81**

Source: *Kiambu County Treasury*

The County has a governing legislation on the operation of ordinary A-I-A and FIF, known as the Kiambu County Health Services Act of 2019. Figure 49 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 49: Kiambu County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

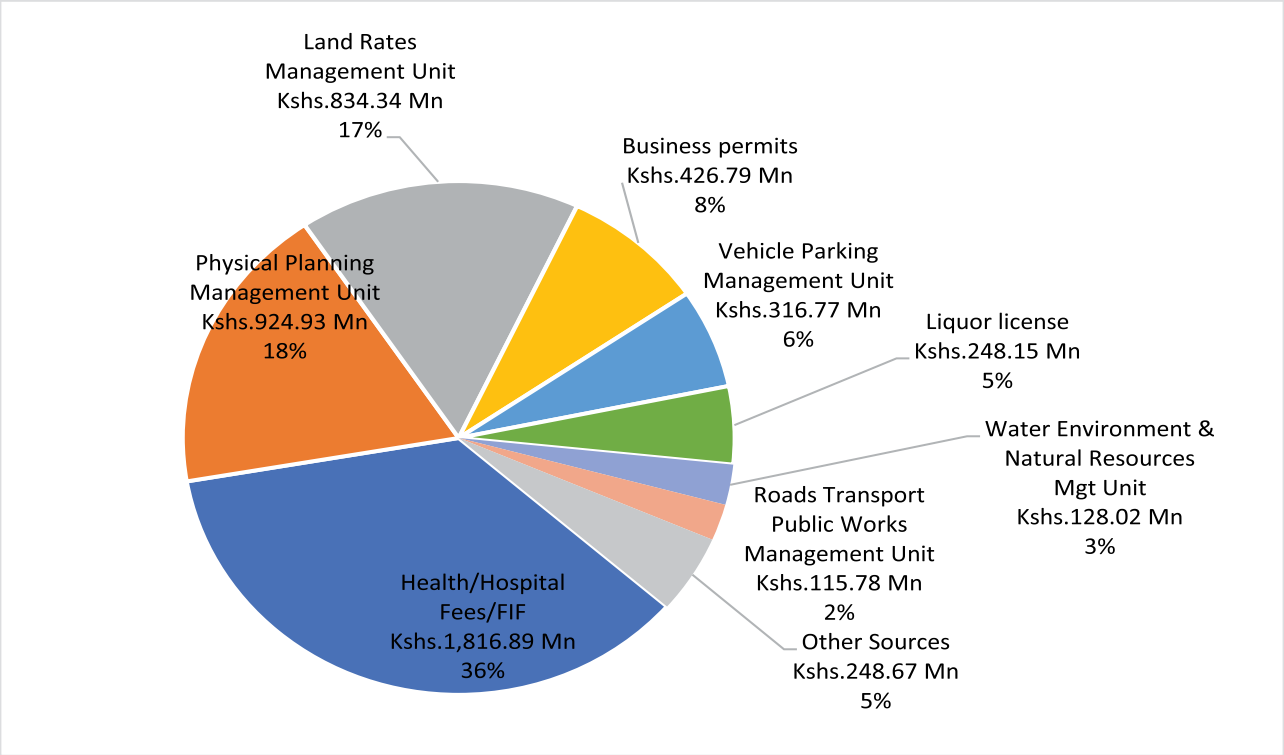


Source: *Kiambu County Treasury*

During the year, the County generated Kshs.5.06 billion from its revenue sources, including FIF. This amount represented an 11 per cent increase compared to Kshs.4.58 billion realised in a similar period in FY 2023/24, accounting for 70 per cent of the annual target and 38 per cent of the equitable revenue share disbursed. The OSR included revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.129.16 million.

The revenue streams which contributed the highest OSR receipts are shown in Figure 50.

Figure 50: Kiambu County Top Own Source Revenue Streams in FY 2024/25



***Source**: Kiambu County Treasury*

As shown in Figure 50, the highest revenue stream, at Kshs.1.82 billion, was from FIF, which accounted for 36 per cent of the total OSR receipts. The County Government has indicated that it has automated all revenue streams.

3.13.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.5.63 billion. This amount increased to Kshs.5.90 billion as of 30 June 2025, indicating that the County had accumulated additional arrears of Kshs.276.15 million. Table 3.149 presents a breakdown of the County's revenue arrears.

Table 3.149: Kiambu County Revenue Arrears as of 30 June 2025

	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in FY 2024/25 (Kshs)	Arrears earned during the FY 2025/25 (Kshs)	
		A	B	C	D	E=A-B-C+D
A	Own Sources of Revenue					
1	Land rates	5,145,607,784	1,097,989	148,085,113	-	5,292,594,908
2	Property rent	183,772,924	-	-	-	183,772,924
3	SBP	-	4,113,300	4,113,300	-	-
	Sub-Total	**5,329,380,708**	**5,211,289**	**152,198,413**	-	**5,476,367,832**
B	Facility Improvement Fund (FIF)					
1	FIF	-	756,472	756,472		-

	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in FY 2024/25 (Kshs)	Arrears earned during the FY 2025/25 (Kshs)	
2	SHA	-	-	-	129,159,694	129,159,694
3	NHIF	295,840,306				295,840,306
	Sub-Total	**295,840,306**	**756,472**	**756,472**	**129,159,694**	**425,000,000**
Total		**5,625,221,014**	**5,967,761**	**152,954,885**	**129,159,694**	**5,901,367,832**

Source: *Kiambu County Treasury*

As of 30 June 2025, the revenue arrears comprised entirely the principal amount of Kshs.5.90 billion (100 per cent) without interest and penalties. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include regular revenue collection meetings to monitor collections, completion of the physical planning module and operationalisation of the Kiambu County Revenue Authority.

3.13.4 Borrowing by the County

The County did not have any borrowing during the review period.

3.13.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.16.95 billion from the CRF account in FY 2024/25, which comprised Kshs.3.19 billion (19 per cent) for development programmes and Kshs.13.76 billion (81 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.7.88 billion was towards employee compensation and Kshs.5.88 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 5 per cent was for domestic travel and less than one per cent for foreign travel. The domestic travel exchequer amounted to Kshs.304 million and included Kshs.75.30 million for the County Executive and Kshs.229.19 million for the County Assembly. The foreign exchequer totalled Kshs.77.80 million and was entirely for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.556.69 million.

3.13.6 County Expenditure Review

The County spent Kshs.16.50 billion on development and recurrent programmes in the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.2.95 billion for development programmes and Kshs.13.54 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 37 per cent, while recurrent expenditure represented 87 per cent of the annual recurrent expenditure budget.

3.13.7 Settlement of Pending Bills

As of 30 June 2024, the county reported pending bills totalling Kshs.6.92 billion. This amount included Kshs.6.82 billion from the County Executive and Kshs.100.38 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.4.34 billion for recurrent expenditures and Kshs.2.47 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.28 billion, comprising Kshs.752.70 million (59 per cent) for recurrent programmes and Kshs.523.50 million (41 per cent) for development programmes. The County Assembly did not pay any pending bills during the reporting period. Table 3.150 provides additional details of pending bills.

Table 3.150: Kiambu County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	4,341,788,541	752,699,181	670,796,640	4,259,886,000
Development	2,474,890,405	523,496,007	1,401,349,720	3,352,744,119

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
Total	**6,816,678,946**	**1,276,195,188**	**2,072,146,360**	**7,612,630,119**
County Assembly				
Recurrent	77,228,246		166,808,841.46	244,037,087
Development	23,153,446		8,054,754.56	31,208,201
Total	**100,381,692**	-	**174,863,596.02**	**275,245,288**

Source: *Kiambu County Treasury*

The County Executive submitted a payment plan for pending bills and committed to paying Kshs.1.20 billion in FY 2024/25. The County Executive adhered to this payment plan, as it cleared Kshs.1.28 billion. The County Assembly did not submit a payment plan despite having unsettled pending bills. Table 3.151 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.7.61 billion.

Table 3.151: Kiambu County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	1,409,090,657	318,433,195	523,284,902	1,133,143,566	3,383,952,320
Recurrent Pending Bills (Goods & Services)	870,261,028	470,700,752	492,058,945	2,670,902,364	4,503,923,088
Total Recurrent Pending Bills	870,261,028	470,700,752	492,058,945	2,670,902,364	4,503,923,088
Total Pending Bills	**2,279,351,685**	**789,133,947**	**1,015,343,847**	**3,804,045,930**	**7,887,875,408**
% of Total	**29**	**10**	**13**	**48**	**100**

Source: *Kiambu County Treasury*

3.13.8 Expenditure by Economic Classification

The County Executive incurred Kshs.7.27 billion for employee compensation, Kshs.5.19 billion for operations and maintenance, and Kshs.2.95 billion for development activities. Similarly, the County Assembly spent Kshs.617.53 million on employee compensation, Kshs.465.85 million on operations and maintenance, and nil expenditure million on development activities, as shown in Table 3.152.

Table 3.152: Kiambu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	14,259,944,321	1,258,932,748	12,459,722,879	1,083,381,683	87	86
Compensation to Employees	8,785,633,601	617,531,011	7,265,388,060	617,531,011	83	100
Operations and Maintenance	5,474,310,720	641,401,737	5,194,334,819	465,850,672	95	73
Development Expenditure	7,851,500,239	110,000,000	2,952,471,870	-	38	-
Total	**22,111,444,560**	**1,368,932,748**	**15,412,194,749**	**1,083,381,683**	70	79

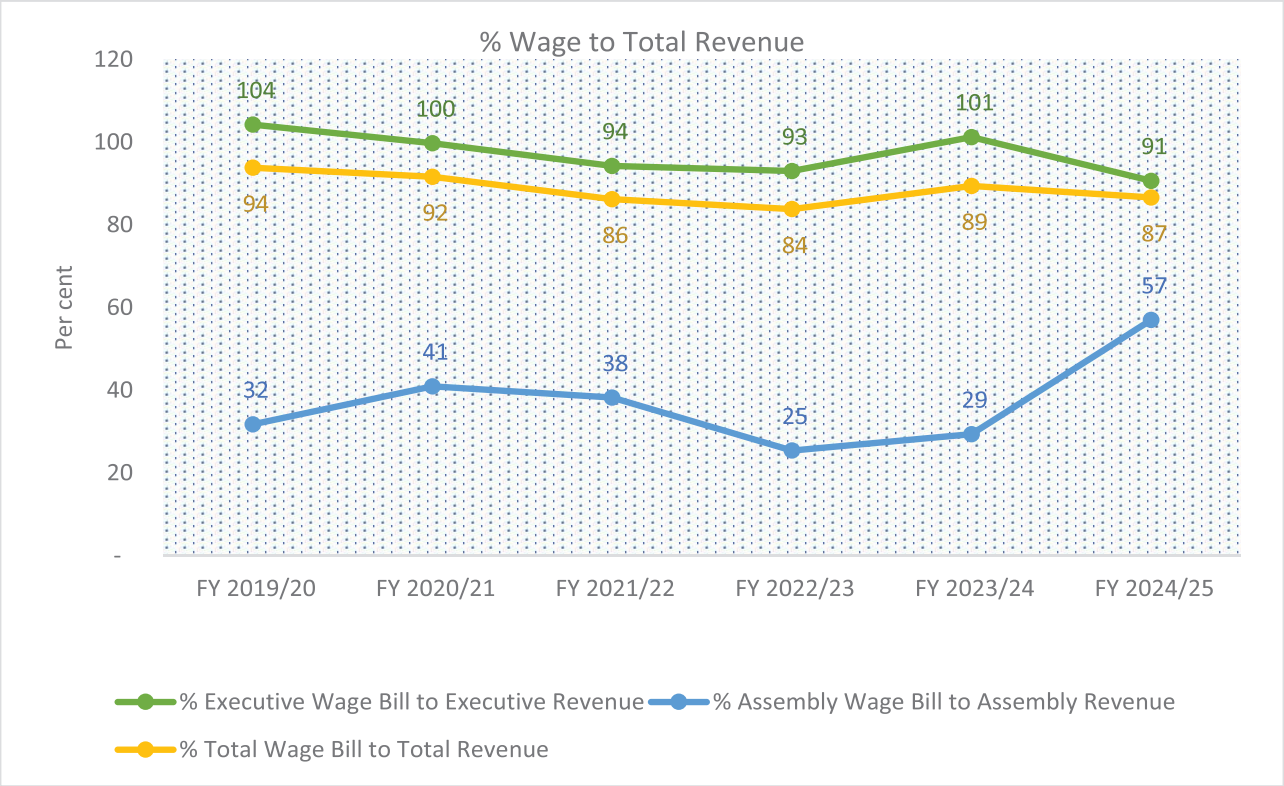
Source: *Kiambu County Treasury*

3.13.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.7.88 billion. Therefore, the percentage of employee compensation to adjusted revenue was 42 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.7.92 billion reported in FY 2023/24. Of this total, Kshs.3.92 billion related to the Health Sector employees, which accounted for 50 per cent of the overall employees' compensation.

Figure 51 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 51: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



***Source**: Kiambu County Treasury*

Further analysis revealed that PE costs totalling Kshs.7.48 billion were processed through the Human Resource Information System (HRIS) while Kshs.403.57 million was processed through manual payroll, which accounted for 5 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the HRIS, salaries for casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.153.

Table 3.153: Breakdown of Kiambu County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff yet to be onboarded into UHR (Gross Salary). The number of employees per month is given in Figure 1 below	324,075,960	-	**324,075,960.0**
2	Salaries for casual staff	306,434,022	-	**306,434,022.2**
3	Top-up Allowances for security officers	33,479,967	-	**33,479,966.5**
4	LAPTRUST/LAPFUND Pension Contributions	2,776,061	-	**2,776,061.1**
5	Gratuity for contract staff	37,202,348	-	**37,202,347.7**
6	NSSF	4,821,840	-	**4,821,840.0**
7	Housing Levy	4,182,032	-	**4,182,032.4**
8	NITA	289,750	-	**289,750.0**
	Total	**713,261,980**	- -	**713,261,980**

***Source**: Kiambu County Treasury*

All the County Assembly staff have been onboarded into the UHR system.

The County Assembly spent Kshs.75 million on committee sitting allowances for the 89 MCAs against the annual budget allocation of Kshs.75 million. The average monthly sitting allowance was Kshs.70,224 per MCA. The County Assembly has 23 House Committees.

3.13.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.2.66 billion to County-Established funds in FY 2024/25, or 11 per cent of the County's overall budget. Further, the County allocated Kshs.50 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.154 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.154: Performance of Kiambu County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Kiambu Alcoholic Drinks Control Fund	2024	70,000,000	15,000,000	275,387,384	-	Yes
2	Kiambu County Education Bursary Fund	2018	200,000,000	200,000,000	100,297,772	-	Yes
3	Kiambu County Emergency Fund	2013	50,000,000	35,000,000	2,113,360	-	Yes
4	Kiambu County Executive Car Loan & Mortgage Scheme Fund	2015	-	-	27,014,975	-	Yes
5	Kiambu County Jiinue Fund	2021	50,000,000	-	1,967,490	-	Yes
6	Kiambu County Facility Improvement Fund	2019	1,800,000,000	-	1,544,201,483	-	Yes
7	Kiambu County Climate Fund	2021	486,031,792	40,000,000	22,276,146	-	Yes
County Executive Established Funds							
8	Kiambu County Assembly Car Loan & Mortgage Scheme Fund	2014	-	-	3,104,489	-	Yes
9	Kiambu County Assembly Staff Mortgage Scheme Fund	2018	-	-	9,040	-	Yes
	Total		**2,656,031,792**	**290,000,000**	**1,976,372,139**		

Source: *Kiambu County Treasury*

During the reporting period, the CoB received quarterly financial reports from all the Fund Administrators, as indicated in Table 3.154, as required in Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015 allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the Emergency Fund, the Kiambu County Executive Mortgage and Car Loan Fund and the Kiambu County Assembly Car Loan and Mortgage Fund had lapsed.

3.13.11 County Corporations

The County has 8 County Corporations allocated Kshs.22 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.94.63 million, as shown in Table 3.155.

Table 3.155: Performance of Kiambu County Corporations in FY 2024/25

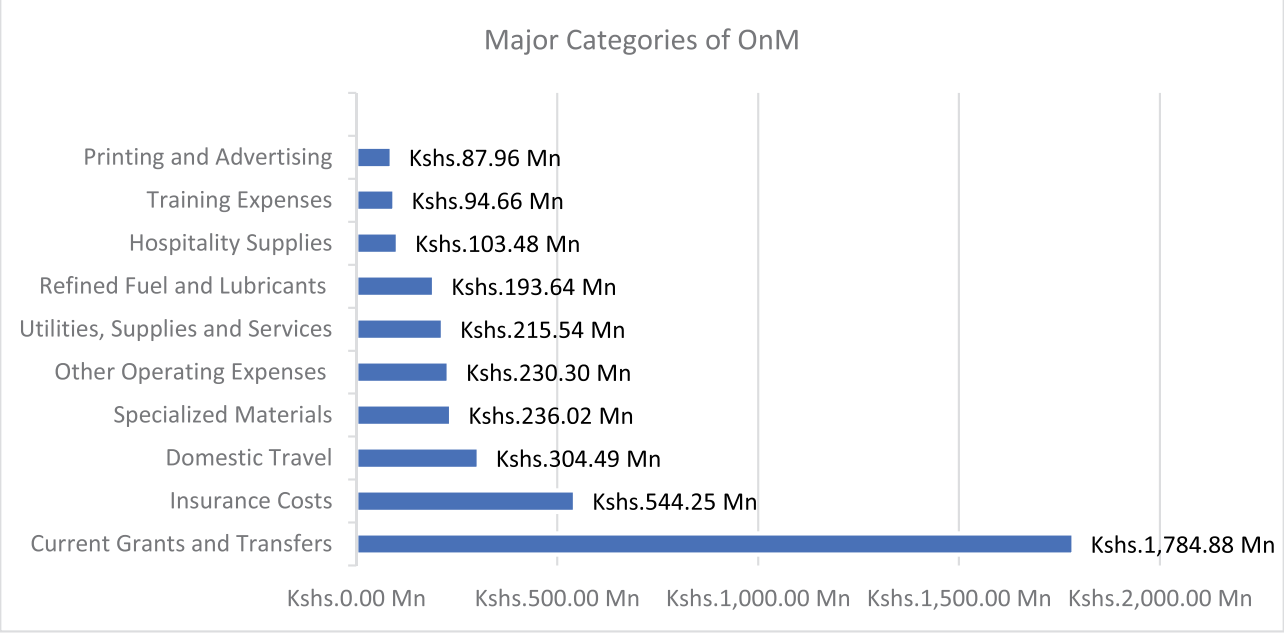
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
	FY 22/23/24/25				
1	Karuri Water and Sanitation Company ltd	-	-	-	5,000,000
2	Kiambu Water & Sewerage Company ltd	-	-	-	5,000,000
3	Githunguri Water and Sanitation Company Ltd	7,000,000	6,247,287	6,247,287	18,251,987
4	Thika Water &Sewerage Company Ltd	13,000,000	12,704,140	12,704,140	22,837,080
5	Ruiru Juja Water & Sewerage Company	-	-	-	5,000,000
6	Limuru Water & Sewerage Company Ltd	-	-	-	6,000,000
7	Gatundu Water &Sanitation Company Ltd	-	-	-	5,000,000
8	Kikuyu Water Company Ltd	2,000,000	1,471,000	1,471,000	27,540,812
	TOTAL	**22,000,000**	**20,422,427**	**20,422,427**	**94,629,879**

Source: *Kiambu County Treasury*

3.13.12 Expenditure on Operations and Maintenance

Figure 52 summarises the Operations and Maintenance expenditure by major categories.

Figure 52: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kiambu County Treasury*

Other operating expenditure includes: ''*Other operating Expenses-Others*" of Kshs.50.65 million, Management fees of Kshs.48.76 million, Bank charges and commission of Kshs.41.95 million and Contracted professionals at Kshs.23.68 million.

Expenditure on domestic travel amounted to Kshs.304.49 million and comprised Kshs.229.19 million spent by the County Assembly and Kshs.75.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.77.80 million which was entirely incurred by the County Assembly. The County Executive did not incur any expenditure on foreign travel. Expenditure on foreign travel is summarised in Table 3.156.

Table 3.156: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Dates Travelled	Purpose of Travel	Destination	Total Costs of Travel (Kshs.)
County Assembly of Kiambu	5	26th Sept To 2nd Oct 2024	Caksb & Esami Consultative Meeting	Arusha, Tanzania	1,942,735
County Assembly of Kiambu	21	6-12 Oct 2024	Training on Capacity Building for Legislators	Dubai, UAE	15,826,083
County Assembly of Kiambu	1	15-21 Sept 2024	7th African Network of Parliamentary Budget Offices Annual Conference	Kampala, Uganda	354,850
County Assembly of Kiambu	1	22-28 Sept 2024	Capacity Building Training on Performance Budget Program	Dubai, UAE	759,929
County Assembly of Kiambu	12	3rd -10th Nov2024	Training on Evidence-Based Decision Making and Technology Governance	Dubai, UAE	7,524,789
County Assembly of Kiambu	13	4-11 December 2024	Governance and Oversight Training	Dubai, UAE	7,237,776
County Assembly of Kiambu	14	26th January-2 February 2025	Cpst Training for Legislators	Dubai, UAE	7,914,130
County Assembly of Kiambu	6	30th January -6th February 2025	Training On Corporate Governance and Board Competence	Arusha, Tanzania	2,531,020
County Assembly of Kiambu	12	9th -16th March 2025	Esami Training on Effective Governance	Dubai, UAE	6,453,994
County Assembly of Kiambu	1	14-21 March 2025	Leadership Training	London	487,710
County Assembly of Kiambu	13	13-20 April 2025	Training On Capacity Building for Legislators	Dubai, UAE	7,178,841
County Assembly of Kiambu	7	11-18 May 2025	Training On Capacity Building for Legislators	Dubai, UAE	3,522,889
County Assembly of Kiambu	13	11-18 May 2025	Training On Management Development Programme	Arusha, Tanzania	3,615,019
County Assembly of Kiambu	1	19-25 May 2025	Speakers Round Table Training	Singapore	962,884
County Assembly of Kiambu	2	15-21 June 2025	Training on Leadership and Change Management	Dubai, UAE	1,228,190
County Assembly of Kiambu	1	30th June -5th July 2025	Training on Legislative Procedures	Washington USA	500,420

***Source**: Kiambu County Assembly*

3.13.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.1.82 billion as FIF, which was 101 per cent of the annual target of Kshs.1.80 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has a governing legislation on the operation of FIF, known as the Kiambu County Health Services Act of 2019.

Health facilities were owed a combined total of Kshs.589 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.157 presents a breakdown of the claims.

Table 3.157: Kiambu County Health Facilities FIF Performance in FY2024/25

S/NO	Level of Health Facility and number of facilities	SHIF/ SHA			NHIF
		Approved Claims (Kshs.)	Claims Paid (Kshs.)	Balance (Kshs.)	Pending Debt (Kshs.)
1	Thika level 5 hospital	256,750,385	163,027,869	93,722,516	103,215,150

S/NO	Level of Health Facility and number of facilities	SHIF/ SHA			NHIF
		Approved Claims (Kshs.)	Claims Paid (Kshs.)	Balance (Kshs.)	Pending Debt (Kshs.)
2	Kiambu level 5 hospital	202,895,159	82,688,023	120,207,136	95,950,365
3	Gatundu level 5 hospital	77,291,868	56,602,233	20,689,635	41,313,322
4	Ruiru Sub-County hospital	52,944,832	34,558,274	18,386,558	17,122,690
5	Tigoni level 4 hospital	49,319,362	40,563,993	8,755,369	22,192,045
6	Wangige level 4 hospital	19,518,400	15,219,929	4,298,471	10,254,350
7	Igegania level 4 hospital	14,647,555	11,686,676	2,960,879	5,674,515
8	Kihara level 4 hospital	9,912,367	7,198,300	2,714,067	7,331,531
9	Lusigetti level 4 hospital	7,526,627	7,149,335	377,292	2,248,340
10	Lari Level 4 hospital	5,149,242	3,519,884	1,629,358	4,653,170
11	Karuri level 4 hospital	3,420,053	1,640,000	1,780,053	1,247,893
12	Nyathuna level 4 hospital	210,000	30,000	180,000	458,545
13	Kigumo level 4 hospital	1,245,019	2,620,991		1,227,500
14	Karatu level 4 hospital	348,331	709,594		409,450
15	level 2 and 3	32,096,170	101,526,439		
	Total	**733,275,370**	**528,741,540**	**275,701,334**	**313,298,866**

Source: *Kiambu County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.733.28 million. Of this, only Kshs.528.74 million was disbursed, occasioning a pending balance of Kshs.275.70 million. Similarly, the defunct NHIF still owes health facilities Kshs.313.30 million.

The expenditure by the health facilities amounted to Kshs.1.53 billion, as shown in Table 3.158.

Table 3.158: Kiambu County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facility (Kshs.)	Actual Expenditure of the Facility (Kshs.)	Absorption rate (%)
1.	Thika level 5 hospital	787,952,983	472,988,452	60
2	Kiambu level 5 hospital	589,610,924	313,221,244	53
3	Gatundu level 5 hospital	240,462,349	153,207,337	64
4	Ruiru level 4 hospital	121,115,141	101,877,266	84
5	Igegania level 4 hospital	33,058,077	30,193,850	91
6	Kihara level 4 hospital	29,659,551	24,708,649	83
7	Karuri level 4 hospital	23,806,407	16,999,753	71
8	Tigoni level4 hospital	106,027,063	90,027,533	85
9	Wangige level 4 hospital	32,274,724	30,266,925	94
10	Nyathuna level 4 hospital	5,050,066	2,498,346	49
11	Lussigatte level 4 hospital	18,037,679	15,513,731	86
12	Lari level 4 hospital	18,105,572	11,987,057	66
13	Kigumo level 4 hospital	10,934,059	9,094,572	83
14	Karatu level 4	4,085,831	4,560,727	112
15	Kiambu afya	0	65,556,965	0
16	UHC	0	6,512,850	0
17	Level 2 & 3	79,819,572	183,145,767	229
Total		**2,100,000,000**	**1,532,361,024**	**73**

Source: *Kiambu County Treasury*

3.13.14 Development Expenditure

In the review period, the County reported spending Kshs.2.95 billion on development programmes, representing a decrease of 14 per cent compared to FY 2023/24, when the County spent Kshs.3.45 billion. Table 3.159 summarises

the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to the delay in the disbursement of the equitable share.

Table 3.159: Kiambu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Expected date of Completion of the Project	Contract sum (Kshs)	Expenditure in FY 2024/25 (Kshs.)	Cumulative project expenditure as of 30 June 2025 (Kshs.)	Percentage (%) of Completion
1	Trade Tourism Industry and Cooperative	Construction of Industrial Park (CAIPS)	Githunguri	30 June 2025	498,828,815	101,031,912	232,890,724	70
2	Agriculture, Livestock and Cooperative Development	Procurement & distribution of certified seeds/ seedlings	County-wide	30 June 2025	111,405,302	99,430,800	99,430,800	100
3	Health Services	Construction of a multistorey hospital block at Thogoto Level 4 Hospital	Kikuyu ward	October 2025	257,304,215	80,164,773	80,164,773	95
4	Health Services	Construction of a level IV Hospital at Karuri level IV hospital	Karuri ward	September 2025	180,734,625	79,923,718	95,232,561	80
5	Health Services	Construction of Bibirioni level 4 hospital	Bibirioni ward, Limuru sub-County.	30 June 2025	285,999,364	75,336,410	185,670,628	80
6	Roads, Transport, Public Works & Utilities	Proposed Rehabilitation of various bus parks within Kiambu County	All Wards	30 June 2025	125,000,000	73,323,281	73,323,281	95
7	Agriculture, Livestock and Cooperative Development	Procurement of food crop fertiliser, coffee fertiliser	County-wide	30 June 2025	100,000,000	70,000,000	70,000,000	70
8	Youth and Sports	Rehabilitation of Thika Stadium Phase II	Township Ward	multi year	165,669,432	62,689,237	0	10
9	Youth and Sports	Construction of Kanjeru Stadium	Gitaru Ward	multi year	163,875,850	37,081,475	0	10
10	Health Services	Construction of a 4-storey type medical ward block at Tigoni level 4 hospital	Tigoni/Ngecha	30 June 2025	201,000,000	33,319,185	33,319,185	100

Source: *Kiambu County Treasury*

The County Assembly reported one stalled development project as of 30 June 2025, with an estimated value of Kshs.40 million, of which no amount has been paid. The stalled projects are shown in Table 3.160.

Table 3.160: Kiambu County Stalled Projects as of 30 June 2025

No	Sector	Project Name	Project Location	Project Commencement Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance As of 30 June 2025	Percentage of Completion before Stalling of the Project	Reason for Project Stalling
1	County Assembly	Construction of the County Assembly archives and Members' welfare facility	Kiambu	2021		40,000,000	-	-	20	The 1st certificate has not been paid due to a lack of exchequer disbursement.

Source: *Kiambu County Assembly*

3.13.15 Budget Performance by Department

Table 3.161 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.161: Kiambu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,258.93	110	1,083.38	-	1,083.38	-	100	-	86	-
County Executive	447.11	-	324.72	-	370	-	114	-	83	-
Public Service Board	83.48	-	64.39	-	63.90	-	99	-	77	-
Finance, Economic Planning, and ICT	1,497.66	80.78	1,295.87	10.70	1,220.81	25.70	94	240	82	32
Water, Environment and Natural Resources	595.34	594.56	520.43	123.07	469.70	120.94	90	98	79	20
Health Services	7,011.03	819.74	6,592.87	709.71	6,675.85	649.55	101	92	95	79
Roads, Transport and Public Works	862.47	1,945.20	624.42	638.38	595.46	571.38	95	90	69	29
Administration and Public Service	1,004	29.55	916.31	-	818.64	1.35	89	-	82	5
Agriculture, Livestock and Fisheries	492.93	546.52	433.32	310.23	429.51	284.68	99	92	87	52
Education, culture and Social Services	1,580.09	1,082.35	1,390.58	779.02	1,324.57	806.99	95	104	84	75
Youth and Sports	126.66	203	119.71	134.60	93.48	138.84	78	103	74	68
Lands, Physical Planning and Housing	384.21	1,916.47	254.39	18.67	264.23	18.67	104	100	69	1
Trade Tourism Industry and Cooperative	174.97	633.32	143.15	460.81	133.59	334.36	93	73	76	53
Total	**15,518.88**	**7,961.50**	**13,763.54**	**3,185.19**	**13,543.10**	**2,952.47**	**98**	**93**	**87**	**37**

Source: *Kiambu County Treasury*

Analysis of expenditure by departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 79 per cent, followed by the Department of Education, Culture and Social Services at 75 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 95 per cent, while the Department of Lands, Physical Planning and Housing had the lowest at 69 per cent.

3.13.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 6 August 2025.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Emergency Fund, the Kiambu County Executive Mortgage and Car Loan Fund and the Kiambu County Assembly Car Loan and Mortgage Fund had lapsed, making them ineligible for further withdrawals.
iii. High level of pending bills, which amounted to Kshs.7.71 billion as of 30 June 2025
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.403.57 million, accounting for 5 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.589 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be observed.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
v. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.14. County Government of Kilifi

3.14.1 Overview of FY 2024/25 Budget

The Kilifi County Approved Supplementary I Budget for FY 2024/25 was Kshs.21.41 billion. It comprised Kshs.11.44 billion (53 per cent) and Kshs.9.97 billion (47 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.4.39 billion (26 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.5.42 billion and a recurrent budget of Kshs.11.59 billion. The increase in the budget was primarily attributed to a high balance from the previous financial year and a growth in the equitable share.

The budget was to be financed from the following revenue sources: the equitable share of revenue raised nationally, of Kshs.12.55 billion (59 per cent), additional allocations of Kshs.3.45 billion (16 per cent), a cash balance of Kshs.3.43 billion (16 per cent) brought forward from FY 2023/24, and Kshs.1.97 billion (9 per cent) generated as gross own-source revenue. The own-source revenue includes Kshs.400 million (20 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.1.57 million (80 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.162.

3.14.2 Revenue Performance

The County received Kshs.19.22 billion in revenues in the review period to fund its development and recurrent activities. This amount represented a 20 per cent increase compared to the amount received in FY 2023/24 of Kshs.16.03 billion. The total revenue consisted of Kshs.12.11 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.2.17 billion and own-source revenue (OSR) collection of Kshs.1.51 billion. Additionally, the County had a cash balance of Kshs.3.43 billion from FY 2023/24.

The total OSR collection of Kshs.1.51 billion included Facilities Improvement Financing (FIF) of Kshs.622.11 million, and Kshs.888.26 million from other OSR sources. Table 3.162 summarises the total revenue available to the County Government during FY 2024/25.

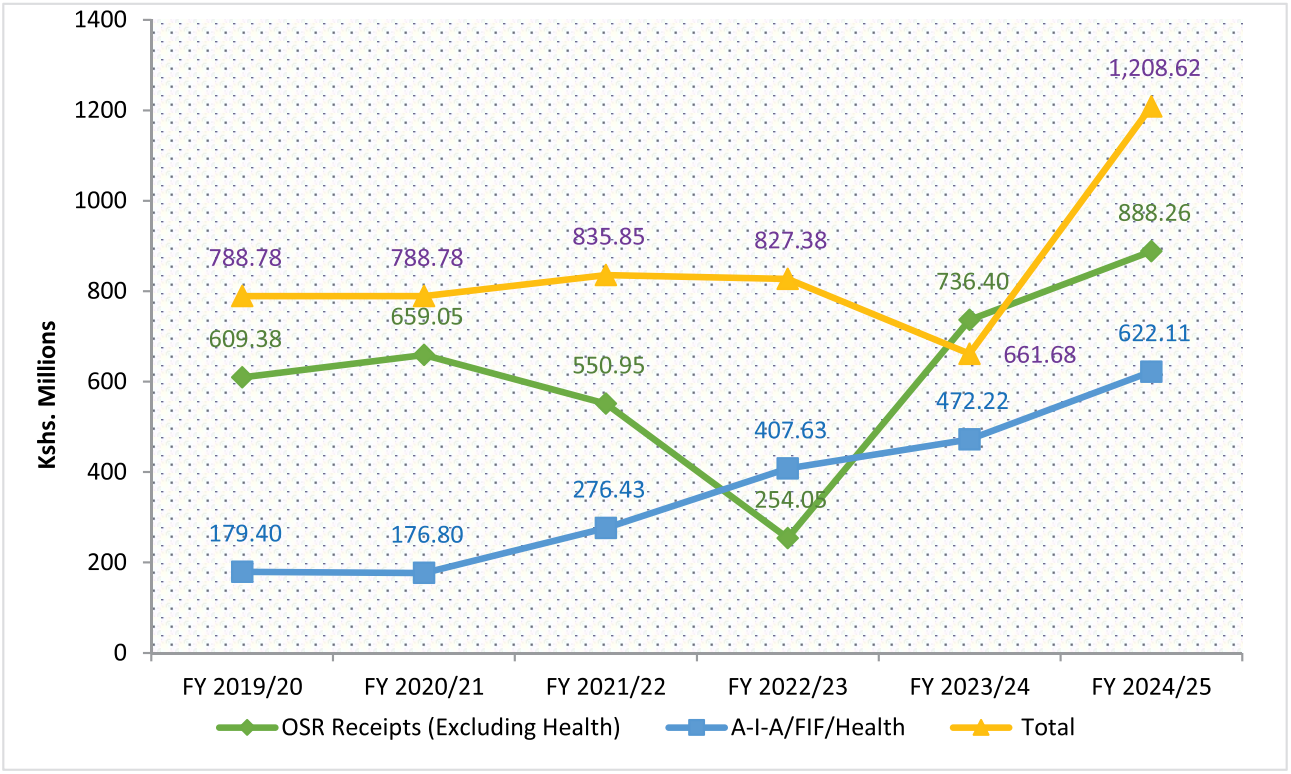
Table 3.162: Kilifi County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	12,554,603,733	12,109,297,591	96
Sub Total		12,554,603,733	12,109,297,591	96
B	**Conditional Grants**			
1	Aggregated Industrial Parks Programme	250,000,000		-
2	Kenya Devolution Support Programme KDSP-II	37,500,000	37,500,000	100
3	Kenya Urban Support Program KUSP-UIG	35,000,000	32,309,300	92
4	Community Health Promoters	90,953,531		-
5	Primary Healthcare in a Devolved Context	16,087,500	16,087,500	100
6	Roads Maintenance Fuel Levy	242,979,152		-
7	Allocation for Mineral Royalties	177,531,147		-
8	Water & Sanitation Development Programme (WSDP)	1,700,000,000	1,551,889,682	91
9	IDA (World Bank) Kenya Informal Settlement and Improvement Project II (KISIP II)	417,190,432	417,190,432	100
10	AFD Kenya Informal Settlement and Improvement Project II (KISIP II)	343,080,069	100,000,000	29
11	World Bank Credit to Finance Locally-Led Climate Action Program	160,234,806	17,104,057	11
12	World Bank Credit National Agricultural Value Chain Development Project (NAVCDP)	151,515,152		-
Sub-Total		3,451,566,482	2,172,080,971	63
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,570,795,142	888,262,896	57
2	Balance b/f from FY2023/24	3,429,531,680	3,429,531,680	100
3	Facility Improvement Fund (FIF)	400,000,000	622,114,064	156
Sub Total		5,400,326,822	4,939,908,640	91
Grand Total		**21,406,497,037**	**19,221,287,202**	**90**

Source: *Kilifi County Treasury*

The County Government of Kilifi has a governing legislation on the operations of FIF. Figure 53 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

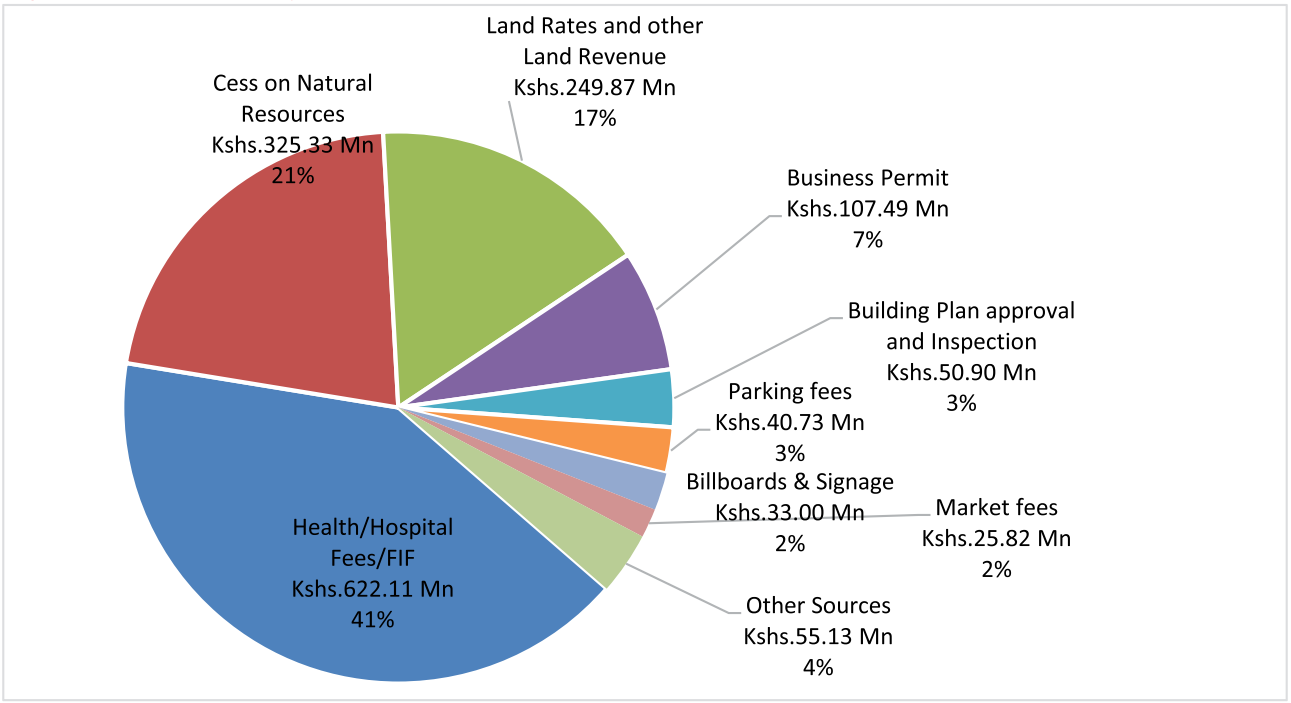
Figure 53: Kilifi County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



Source: *Kilifi County Treasury*

During the year, the County generated Kshs.1.51 billion from its revenue sources, including FIF. This amount was an increase of 65 per cent compared to Kshs.913.78 million realised in a similar period in FY 2023/24, and was 77 per cent of the annual target and 12 per cent of the equitable revenue share disbursed. The revenue streams which contributed the highest OSR receipts are shown in Figure 54.

Figure 54: Kilifi County Top Own Source Revenue Streams in FY 2024/25



Source: Kilifi County Treasury

As shown in Figure 54, the highest revenue stream, at Kshs.622.11 million, was from FIF, accounting for 41 per cent of the total OSR receipts. The County Government has indicated that it has automated all revenue streams.

3.14.3 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.16.46 billion from the CRF account in FY 2024/25, which comprised Kshs.6.53 billion (40 per cent) for development programmes and Kshs.9.92 billion (60 per cent) for recurrent programmes.

The operations and maintenance exchequer analysis indicate that less than one per cent was for domestic travel and less than one per cent for foreign travel. The domestic travel exchequer amounted to Kshs.187.41 million and included Kshs.62.13 million for the County Executive and Kshs.125.29 million for the County Assembly. The foreign exchequer totalled Kshs.11.1 million, comprising Kshs.7.1 million for the County Executive and Kshs.4 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.61.44 million.

3.14.4 County Expenditure Review

The County spent Kshs.15.92 billion on development and recurrent programmes in the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.6.69 billion for development programmes and Kshs.9.23 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 59 per cent, while recurrent expenditure represented 93 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

The County reported pending bills totalling Kshs.10.93 billion as of 30 June 2024. This amount included Kshs.10.82 billion from the County Executive and Kshs.105.93 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.4.25 billion for recurrent expenditures and Kshs.6.57 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.64 billion, comprising Kshs.431.66 million (26 per cent) for recurrent programmes and Kshs.1.21 billion (74 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.37.75 million. Table 3.163 provides additional details of pending bills.

Table 3.163: Kilifi County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.Mn)
County Executive				
Recurrent	4,251,724,099	431,663,819		3,820,060,280
Development	6,572,656,478	1,205,270,948.14		5,367,385,530
Total	**10,824,380,577**	**1,636,934,767.14**		**9,187,445,810**
County Assembly				
Recurrent	105,927,806	37,747,349		68,180,457
Development				-
Total	**105,927,806**	**37,747,349**		**68,180,457**

Source: *Kilifi County Treasury*

The County Assembly had not submitted a pending bills payment plan as per the date of reporting.

Table 3.164 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs. 9.26 billion.

Table 3.164: Kilifi County Pending Bill Ageing Analysis as of 30th June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	551,272,075	2,900,706,767	1,055,810,512	859,596,176	5,367,385,530
Recurrent Pending Bills (Goods & Services)	1,072,964,712	1,066,263,070	795,729,923	499,004,761	3,433,962,466

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	316,924,043	25,203,620.33	23,914,398.06	30,567,890.00	396,609,951
Recurrent Pending Bills (Staff Claims)	12,494,117	15,979,985	12,293,851	16,900,366	57,668,319
Total Recurrent Pending Bills	**1,402,382,872**	**1,107,446,675**	**831,938,172**	**546,473,017**	**3,888,240,736**
Total Pending Bills	**1,953,654,947**	**4,008,153,442**	**1,887,748,684**	**1,406,069,193**	**9,255,626,266**
% of Total	**21**	**43**	**20**	**15**	**100**

Source: *Kilifi County Treasury*

3.14.6 Expenditure by Economic Classification

The County Executive incurred Kshs.4.21 billion for compensation of employees, Kshs.4.16 billion for operations and maintenance, and Kshs.6.35 billion for development activities. Similarly, the County Assembly spent Kshs.438.66 million on compensation of employees, Kshs.422.77 million on operations and maintenance, and Kshs.352.59 million on development activities, as shown in Table 3.165.

Table 3.165: Kilifi County Summary of Budget and Expenditure by Economic Classification

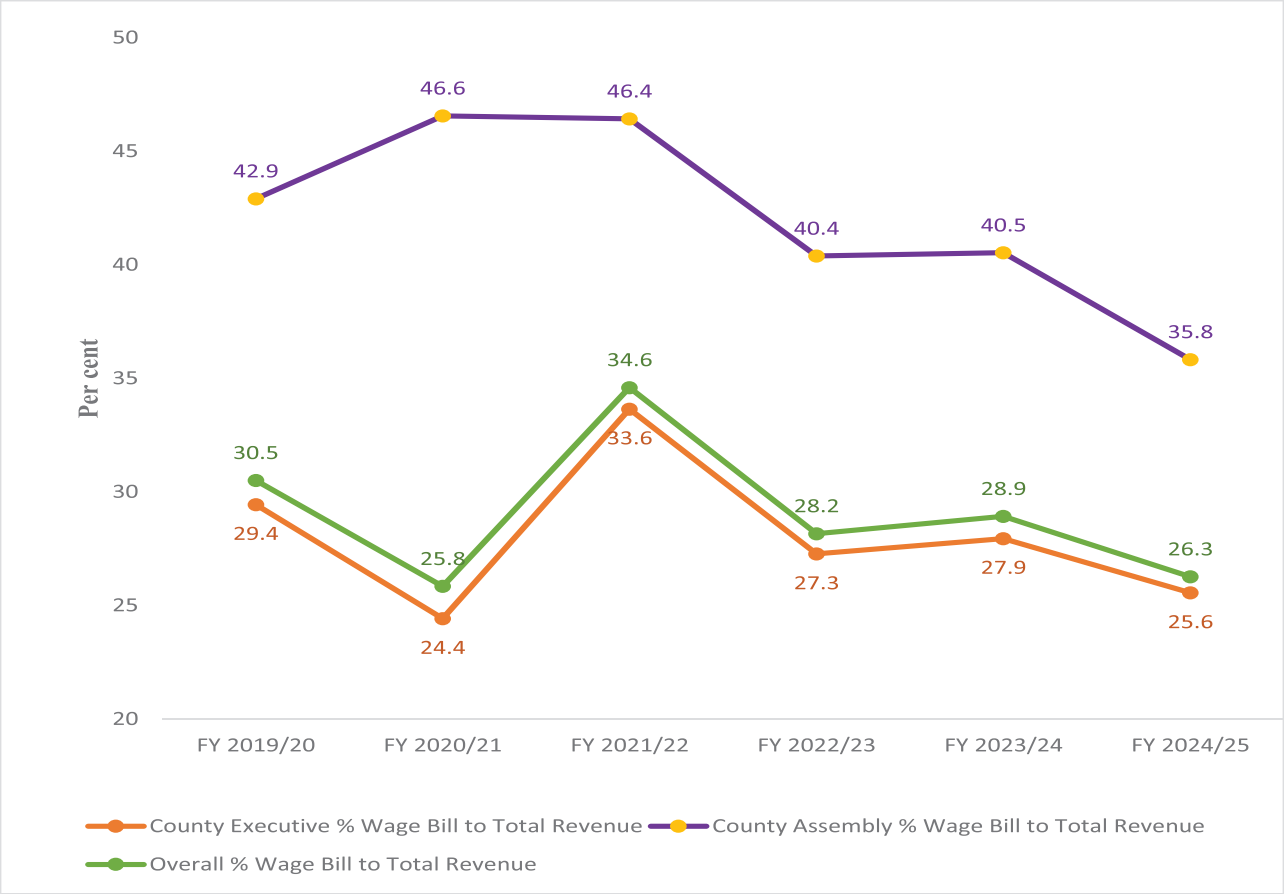
Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,014,707,006	951,685,828	8,365,604,800	861,428,332	93	91
Compensation to Employees	4,670,931,793	469,068,207	4,205,925,559	438,661,065	90	94
Operations and Maintenance	4,343,775,213	482,617,621	4,159,679,241	422,767,267	96	88
Development Expenditure	11,034,704,546	405,399,657	6,352,480,546	352,590,252	58	87
Total	**20,049,411,552**	**1,357,085,485**	**14,718,085,346**	**1,214,018,584**	**73**	**89**

3.14.7 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs4.64 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.19.22 billion, in line with Regulation 25(1)(c) of the PFM (County Governments) Regulations 2015, was 28 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.4.20 billion reported in FY 2023/24. Of this total, Kshs.2.13 billion related to the Health Sector employees, which accounted for 46 per cent of the overall employees' compensation

Figure 55 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 55: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Kilifi County Treasury

Further analysis revealed that PE costs totalling Kshs.4.50 billion were processed through the Human Resource Information System (HRIS), while Kshs.137.99 million was processed through manual payroll, which accounted for 3 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), salaries for casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.166.

Table 3.166: Breakdown of Kilifi County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	90,697,563		**90,697,563.0**
2	Salaries for casual staff		47,295,738	**47,295,738.0**
	Total	**90,697,563**	**47,295,738**	**137,993,301**

Source: Kilifi County Treasury

The County Assembly spent Kshs.24.49 million on committee sitting allowances for the 56 MCAs against the annual budget allocation of Kshs.36 million. The average monthly sitting allowance was Kshs.36,448 per MCA. The County Assembly has 23 House Committees.

3.14.8 County-Established Funds

Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.908.04 million to County-established funds in FY 2024/25, constituting 4 per cent of the County's overall budget. Further, the County allocated Kshs.308.04 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.167 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.167: Performance of Kilifi County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
County Executive Established Funds							
1.	Emergency Fund	2020	308,042,002	300,000,000	308,010,982		Yes
2.	Scholarship Fund	2020	500,000,000	280,000,000			Yes
3.	Wezesha Fund		50,000,000	50,000,000			Yes
4.	County Executive Car loan & Mortgage	2012	50,000,000	50,000,000	17,332,693		Yes
	Total		**908,042,002**	**680,000,000**	**325,343,675**		

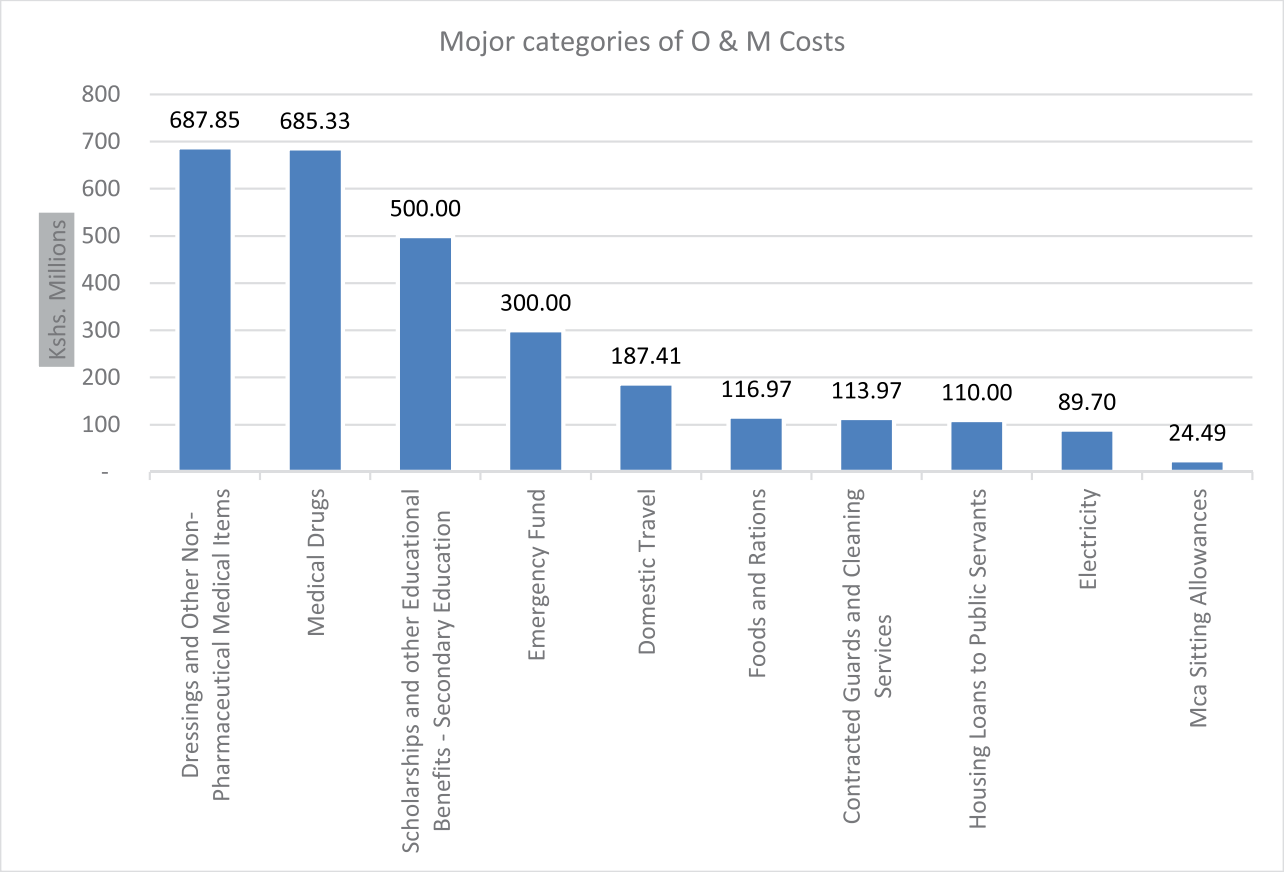
Source: Kilifi County Treasury

The County has not provided any information on established corporations during the period of reporting.

3.14.9 Expenditure on Operations and Maintenance

Figure 56 summarises the Operations and Maintenance expenditure by major categories.

Figure 56: Kilifi County, Operations and Maintenance Expenditure by Major Categories



Source: *Kilifi County Treasury*

Expenditure on domestic travel amounted to Kshs.187.41 million and comprised Kshs.125.29 million spent by the County Assembly and Kshs.62.13 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.1 million and comprised Kshs.4 million by the County Assembly and Kshs.7.1 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.168.

Table 3.168: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total
County Executive	6	Jul-24	Sourcing for a cassava processing plant	China	5,265,000
County Executive	1	10th-14th June 2024	Attending the 3rd European Ocean Conference	France	1,196,295
County Executive	1	10th-14th June 2024	Attending the 3rd European Ocean Conference	France	1,120,752
County Executive	1	22nd November -8th December 24	Attending the arab Health Conference 2025	Dubai	1,318,700
County Executive	1	27th-30th January 2025	Attending the Arab Health Conference 2025	Dubai	774,774
County Executive	1	18th- Sep-26th Sep 2024	Attending the 2024 World Manufacturing in Hubei province	China	759,200
County Executive	1	18th- Sep-26th Sep 2024	Attending the 3rd European Ocean Conference	France	733,623
County Executive	1	12th July-23rd 24 July	Attending the blue economy conference	Italy	697,900
County Executive	1	2nd to 10th November 2024	Attending the 12th urban session of the World Urban	Egypt	496,392
County Assembly	14	February, 2025	Attending EALASCA games	Uganda	4,000,000

Source: Kilifi County Treasury and Kilifi County Assembly

3.14.10 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.622.11 million as FIF, which was 156 per cent of the annual target of Kshs.400 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The high realisation of FIF was attributed to the timely procurement of medical drugs. In the reporting period.), the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.169.

Table 3.169: Kilifi County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	Kilifi County Referral Hospital - L4	222,065,569	143,729,420	78,336,149.00	39,436,160
2	Malindi Subcounty Hospital - L4	124,601,729	77,889,930	46,711,799.00	42,968,060
3	Mariakani Sub-County Hospital - L4	85,174,211	34,969,393	50,204,818.00	41,447,994
4	Bamba Sub-County Hospital - L4	18,659,288	13,950,408	4,708,880.00	8,986,945
5	Jibana Sub County Hospital - L4	2,483,140	1,763,500	719,640.00	579,500
6	Gede Sub County Hospital -L4l	3,264,888	2,383,130	881,758.00	961,900
7	Marafa Sub-County Hospital - L4	16,128,444	6,234,909	9,893,535.00	949,300
8	Rabai Sub-County Hospital - L4	40,538,158	15,736,053	24,802,105.00	2,261,583
9	Mtwapa Sub-County Hospital - L4	29,872,169	16,830,004	13,042,165.00	8,080,450
	TOTAL	**542,787,595**	**313,486,746**	**229,300,849.00**	**145,671,892**

Source: Kilifi County Treasury

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.542.79 million. Of this, only Kshs.313.49 million was disbursed, occasioning a pending balance of Kshs.229.30 million. Further, the defunct NHIF still owes health facilities Kshs.145.67 million.

3.14.11 Development Expenditure

In the review period, the County reported spending Kshs.6.69 billion on development programmes, representing an increase of 141 per cent compared to FY 2023/24, when the County spent Kshs.2.78 billion. Table 3.170 summarises the development projects with the highest expenditure in the reporting period. The increase in development expenditure was attributed to the timely procurement of projects and the timely disbursals of funds from the National Treasury.

Table 3.170: Kilifi County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Completion of Assembly Main Block Offices	Malindi	218,621,663	206,246,838	Ongoing
2	Agriculture	Purchase of 11 tractors	County Wide	45,100,000	45,100,000	100
3	Roads	Upgrading of Bitumen Standards of Kibao Cha Fundisha Road	Adu	44,381,353	44,381,353	100
4	Roads	Upgrading to Cabro Standards of Umoja Rubber Mtwapa Road	Shimo la Tewa	38,015,607	38,015,607	100
5	Water	Marakini Mwijo Phase 2 Water Project	Jaribuni	34,000,000	31,000,000	100
6	Trade	Construction of Mariakani Market	Mariakani	65,000,000	29,707,042	Ongoing
5	Roads	Construction of the Masheta Bridge	Chasimba	24,952,760	24,952,760	100
6	Roads	Cabro Works at Mtondia	Tezo	23,137,762	23,137,762	100
7	Health	Construction of Malindi Sub-County Hospital	Malindi	50,000,000	19,219,940	Ongoing
8	Roads	Upgrading to Cabro Standards of Ganjoni-Mapimo Primary Road	Gongoni	18,100,005	18,100,005	100
9	Water	Construction of Mazeras Bamiyo Water Project	Rabai	30,000,000	15,970,648	Ongoing
10	Water	Vitengeni Water Pipeline Project	Sokoke	30,000,000	15,531,936	Ongoing

Source: *Kilifi County Treasury*

3.14.12 Budget Performance by Department

Table 3.171 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.171: Kilifi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	951.69	405.40	929.55	294.73	861.43	342.59	92.7	116.2	90.5	84.5
Office of the Governor	401.88		401.88	-	352.92		87.8	-	87.8	-
County Division for Finance	1,071.97	310.80	1,071.97	115.71	947.18	155.69	88.4	134.5	88.4	50.1
Agriculture	259.26	334.10	259.26	202.21	200	283.02	77.1	140.0	77.1	84.7
Energy	1	190.31	0.27	27.26		61.13	-	224.3	-	32.1
Housing and urban development	15.46	1,389.42	15.46	1,369.86	8.21	1,259.21	53.1	91.9	53.1	90.6
County Public Service Boards	115.93		104.77	-	115.14	-	109.9	-	99.3	-
Public Service management	830.09	275	830.09	91.54	89.93		10.8	-	10.8	-
County Attorney	69.85	15.43	69.85	-	40		57.3	-	57.3	-
Economic Planning	152.27	35	152.27	5.43	26.07	-	17.1	-	17.1	-

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Livestock	24.78	72.19	24.78	9.63	23.96		96.7	-	96.7	-
Information Communication Technology	37.56		37.56	-	19.16	-	51.0	-	51.0	-
lands and physical planning	76.36	225.75	76.36	16.82	70.24	18.49	92.0	109.9	92.0	8.2
Cooperative Development	52.79		52.79	-	9.59	-	18.2	-	18.2	-
County Division for Resource Mobilisation	277.67	40.03	277.33	-	104.25		37.6	-	37.5	-
County Division for Blue Economy	38.81	102.87	38.81	13.47	5.16	27.40	13.3	203.4	13.3	26.6
County Secretary	63		63	-	19.44		30.9	-	30.9	-
County Division for Water Services	137.86	2,727.86	137.86	2,417.51	122.89	2,089.42	89.1	86.4	89.1	76.6
County Division for Environment and Natural Resources	66.31	45.85	66.31	6.65	41.76	3.98	63.0	59.9	63.0	8.7
County Division for Climate Change		103	-	-	1.96	103	-	-	-	100.0
County Division for Early Childhood Education and Vocational Training	1,342.91	592.75	1,342.91	439.12	1,335.28	275.20	99.4	62.7	99.4	46.4
County Division for Health and Sanitation Services	3,210.48	858.80	3,209.91	54.91	4,295.98	599.31	133.8	1,091.3	133.0	69.8
County Division for Roads and Transport Services	271.44	1,752.91	271.44	1,126.24	252.95	1,125.41	93.2	99.9	93.2	64.2
County Division for Public Works	34.80		34.80	-			-	-	-	-
County Division for Gender and Social Services	69.53	208.99	69.89	59.36	52.91	93.57	75.7	157.6	76.1	44.8
Youth Affairs & Sports	72.37	910.56	72.37	216.28	24.21	39.65	33.5	18.3	33.5	4.4
Trade Development	101.61	728.55	100.21	53.20	89.24	180.31	89.1	338.9	87.8	24.7
Tourism Promotion	50.86	40.10	44.17	-	12.36	19.46	28.0	-	24.3	48.5
Devolution & Civic Education	92.59	56.86	92.59	14.56			113.2	-	15.7	-
Special Programs & Disaster Management	75.27	17.57	75.27	-	104.82		-	-	-	-
Total	**9,966.39**	**11,440.10**	**9,923.73**	**6,534.47**	**9,227.03**	**6,695.07**	**93.0**	**102.5**	**92.6**	**58.5**

***Source**: Kilifi County Treasury*

The over absorption in the County Division of Health can be attributed to unspent funds from FY 2023/24 that were not refunded into the CRF account, leading to actual expenditures exceeding the approved exchequer issues.

Analysis of expenditure by departments shows that the Department of Climate Change recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Housing & Urban Development at 91per cent. The Department of County Public Service Board had the highest percentage of recurrent expenditure to budget at 99 per cent, while the Department of Resource Mobilisation had the lowest at less than 1 per cent.

3.14.13 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 18th August 2025
ii. The underperformance of own-source revenue at Kshs.888.26 million against an annual target of Kshs.1.57 billion, representing 57 per cent of the financial year target.
iii. Unspent funds from FY 2023/24 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 1.13.
iv. High level of pending bills which amounted to Kshs.9.26 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

v. Use of manual payroll. Personnel emoluments amounting to Kshs.137.99 million for staff not onboarded into HRIS casual staff were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *he County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iv. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained*

3.15. County Government of Kirinyaga

3.15.1 Overview of FY 2024/25 Budget

The Kirinyaga County Approved Supplementary I Budget for FY 2024/25 was Kshs.7.92 billion. It comprised Kshs.2.99 billion (37.8 per cent) and Kshs.4.93 billion (62.2 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.684 million (9.5 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.449 billion and a recurrent budget of Kshs.4.791 billion. The increase in the budget was attributed to the upward adjustment of the Own Source Revenue Collection.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.5.45 billion (62.2 per cent), additional allocations of Kshs.611 million (8 per cent), a cash balance of Kshs.952.9 million (12 per cent) brought forward from FY 2023/24, and Kshs.430.45 million (5 per cent) generated as own-source revenue. The own-source revenue includes Kshs.431.52 million (6.0 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.362. 60 million (5 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.172.

3.15.2 Revenue Performance

The County received Kshs.7.598 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 9. 5 per cent compared to the amount received in FY 2023/24 of Kshs.7.24 billion. The total revenue consisted of Kshs.5.44 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.343 million, as well as own-source revenue (OSR) collection, which totalled Kshs.431.5 million. Additionally, the County had a cash balance of Kshs.952.9 million from FY 2023/24.

The total OSR collection of Kshs.852.34 million included Facilities Improvement Financing (FIF) of Kshs.431.52 million, and Kshs.362.60 million from other OSR sources. Table 3.172 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.172: Kirinyaga County, Revenue Performance in FY 2024/25

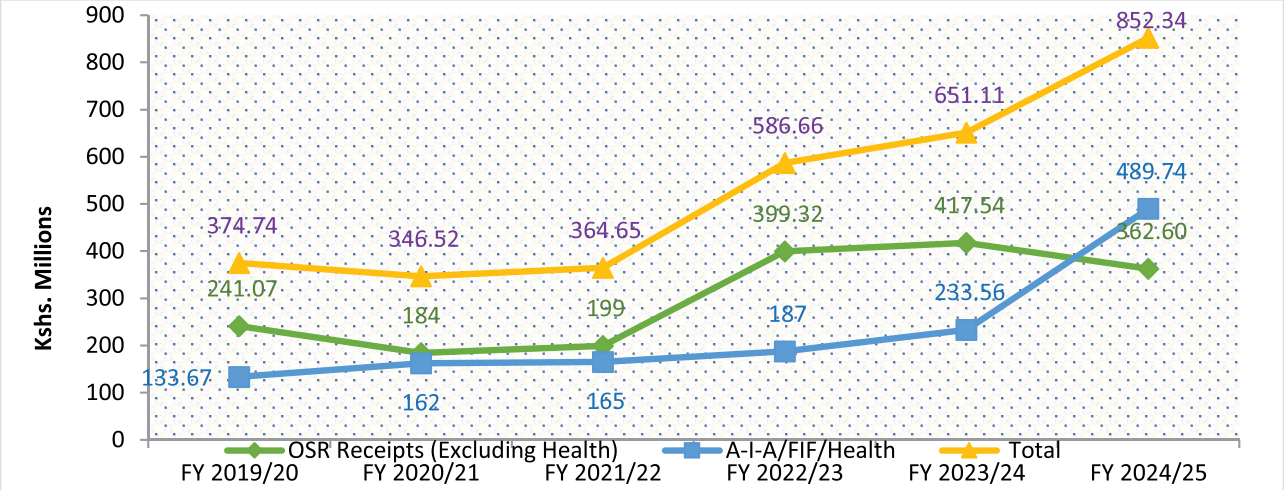
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,449,273,298	5,449,273,298	100
Sub Total		5,449,273,298	5,449,273,298	100
B	**Conditional Grants**			
1	Danida	6,532,500	6,532,500	100

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	IDA(World Bank) KDSP II	37,500,000	0	-
3	IDA(World Bank) KUSP	35,000,000	32,309,300	92
4	IDA(World Bank) NAVCDP	151,515,152	43,125,742	28
5	IDA(World Bank) K-WASH	366,729,808	0	-
6	KRB Grant	194,894,333	67,262,744	35
7	FLoCCA	122,557,925	8,427,859	7
8	CAIPS	250,000,000	186,000,000	74
Sub Total		1,164,729,718	343,658,145	30
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	430,451,000	362,602,109	84
2	Balance b/f from FY2023/24	952,936,745	952,936,745	100
3	Facility Improvement Fund (FIF)	218,000,000	431,520,558	198
4	Other Revenues	224,447,633	-	-
5	Appropriation in Aid (AIA)	19,549,000	58,219,307	298
Sub Total		1,845,384,378	1,805,278,719	98
Grand Total		**8,459,387,394**	**7,598,210,162**	**90**

Source: *Kirinyaga County Treasury*

Figure 57 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 57: Kirinyaga County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

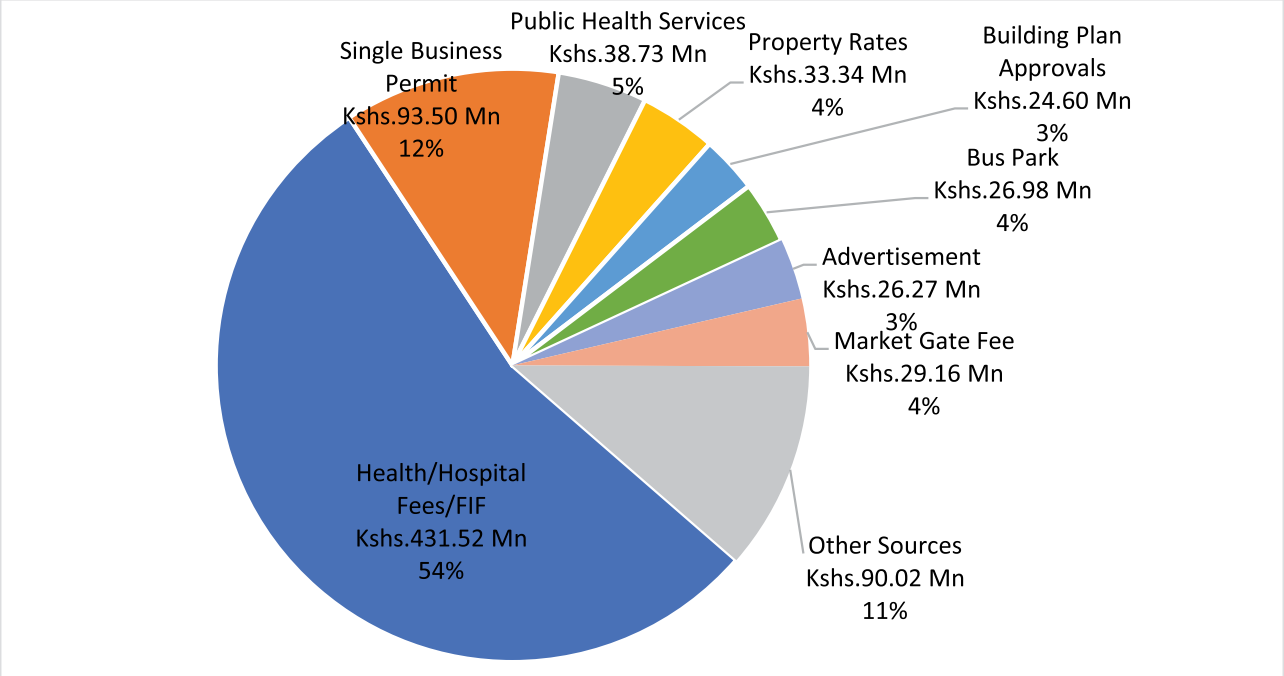


Source: *Kirinyaga County Treasury*

During the year, the County generated Kshs.852.34 million from its revenue sources, including FIF. This amount was an increase of 31 per cent compared to Kshs.651.10 million realised in a similar period in FY 2023/24, and was 118 per cent of the annual target. The increase in the budget was attributed to the upward adjustment of the Own Source Revenue Collection.

The revenue streams which contributed the highest OSR receipts are shown in Figure 58.

Figure 58: Kirinyaga County Top Own Source Revenue Streams in FY 2024/25



Source: Kirinyaga County Treasury

As shown in Figure 58 the highest revenue stream, at Kshs.432.52 million, was from FIF/Health/Hospital Fees, accounting for 54 per cent of the total OSR receipts. The County Government indicated that it had automated all the revenue streams.

3.15.3 Borrowing by the County

The County did not disclose any short-term borrowings as of 30th June 2025.

3.15.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.6.66 billion from the CRF account in FY 2024/25, which comprised Kshs.2.42 billion (32 per cent) for development programmes and Kshs.4.52 billion (68 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.2.83 billion was towards employee compensation and Kshs.1.67 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 18 per cent was for domestic travel. The domestic travel exchequer amounted to Kshs.117.99 million, including Kshs.33.58 million for the County Executive and Kshs.84.41 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.171.4 million.

3.15.5 County Expenditure Review

The County spent Kshs.6. 66 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.2.42 billion for development programmes and Kshs.4.52 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 72 per cent, while recurrent expenditure represented 92 per cent of the annual recurrent expenditure budget.

3.15.6 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.23 billion as of 30 June 2024 which was entirely for County Executive. The pending bills from the County Executive consisted of Kshs.340.64 million for recurrent expenditures and Kshs.888.89 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.511.92 million, comprising Kshs.51.60 million for recurrent programmes and Kshs.460.37 million for development programmes. Table 3.173 provides additional details of pending bills.

Table 3.173: Kirinyaga County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.Mn)
County Executive				
Development	888,896,727	460,307,627	58,120,076	486,709,176
Recurrent	340,640,033	51,608,101	27,178,683	316,210,616
Total	**1,229,536,760**	**511,915,728**	**85,298,759**	**802,919,791**

Source: Kirinyaga *County Treasury*

The County executive submitted a pending bill payment plan and committed to paying Kshs.100 million in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.51.61 million for the Executive. Table 3.174 presents the ageing of the total outstanding bills as of 30 June 2025.

Table 3.174: County Kirinyaga Pending Bill Ageing Analysis as of 30th June 2025

Pending Bill Ageing Analysis					
Category	**Ageing analysis (Amount in Kshs.)**				**Total**
	Under one year	**1-2 years**	**2-3 years**	**Over 3 years**	
Development Pending Bills	58,120,076	-	-	428,589,100	486,709,176
Recurrent Pending Bills (Goods & Services)	27,178,683	-	-	289,031,932	316,210,616
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)					-
Recurrent Pending Bills (Staff Claims)	-	-	-	-	-
Total Recurrent Pending Bills	27,178,683	-	-	289,031,932	316,210,616
Total Pending Bills	85,298,759	-	-	717,621,032	802,919,791
% of Total	**11**	**-**	**-**	**89**	**100**

Source: *Kirinyaga County Treasury*

3.15.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.5 billion for compensation of employees, Kshs.1.34 billion for operations and maintenance, and Kshs.2.03 billion for development activities. Similarly, the County Assembly spent Kshs.326.90 million on compensation of employees, Kshs.349.74 million on operations and maintenance, and Kshs.116.94 million on development activities, as shown in Table 3.175.

Table 3.175: Kirinyaga County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	**Budget (Kshs.)**		**Expenditure (Kshs)**		**Absorption (%)**	
	County Executive	**County Assembly**	**County Executive**	**County Assembly**	**County Executive**	**County Assembly**
Total Recurrent Expenditure	**4,254,954,277**	**676,637,101**	**3,843,488,337**	**676,637,101**	**90**	**100**
Compensation to Employees	2,628,179,458	326,901,182	2,500,862,477	326,901,182	95	100
Operations and Maintenance	1,626,774,819	349,735,919	1,342,625,860	349,735,919	83	100
Development Expenditure	2,863,267,323	130,855,694	2,029,461,608	116,943,377	71	89
Total	**7,118,221,600**	**807,492,795**	**5,872,949,945**	**793,580,478**	**83**	**98**

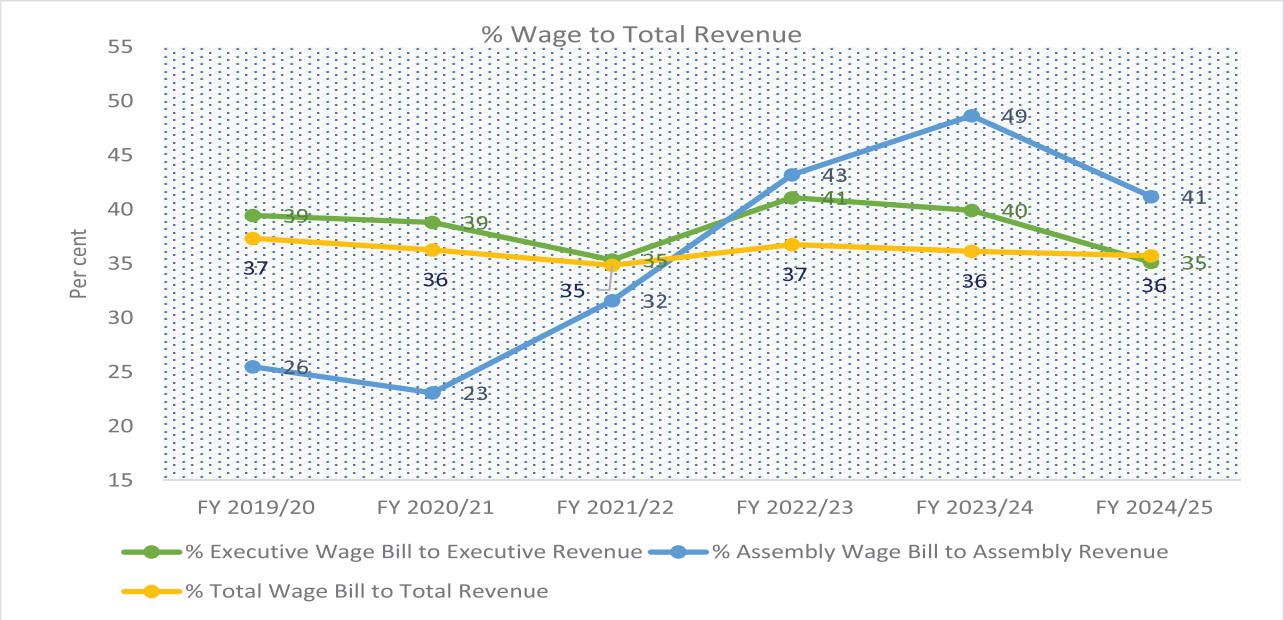
Source: *Kirinyaga County Treasury*

3.15.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.2.83 billion. Therefore, the percentage of compensation of employees to adjusted revenue, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 37 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.64 billion reported in FY 2023/24. Of this total, Kshs.1.40 billion related to the Health Sector employees, which accounted for 56 per cent of the overall employees' compensation.

Figure 59 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 59: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Kirinyaga County Treasury

Further analysis revealed that PE costs totalling Kshs.2.58 billion were processed through the Human Resource Information System (HRIS) Kshs.252.21 million was processed through manual payrolls, accounting for 9 per cent of the total PE cost.

Table 3.176: Breakdown of Kirinyaga County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	-	38922349.9	38,922,349.9
2	Salaries for casual staff	118,571,013		118,571,013.0
3	Salaries Stoppage paid under Court Order	5,736,000		5,736,000.0
4	LAPTRUST/LAPFUND Pension Contributions	5,925,911	393766.1	6,319,677.3
5	Gratuity for contract staff	49,109,248		49,109,248.2
6	ARREARS DUES DECEASED & EXITED EMPLOYEES	1,577,554		1,577,553.9
7	Community Health Workers	31,972,500		31,972,500.0
	Total	**212,892,226**	**39,316,116**	**252,208,342**

Source: Kirinyaga County Treasury

The County Assembly spent Kshs.26.98 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.85.03 million. The average monthly sitting allowance was Kshs.66,134 per MCA. The County Assembly has 21 House Committees.

3.15.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.255.67 million to County-Established funds in FY 2024/25. Further, the County allocated Kshs.8 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012. Table 3.177 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.177: Performance of Kirinyaga County Established Funds in FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25(Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the Fund as of 31st March 2025 (Kshs)	Submission of Financial Statements as of 31st March 2025 (Yes/No.)
County Executive Established Funds						
1.	County Emergency Fund	8,000,000	8,000,000	8,000,000	51,561,710	Yes
2.	County Bursary Fund	166,370,000	4,450,000	4,450,000	462,750,000	Yes.
3.	Executive Car Loan and Mortgage Fund	31,300,000	31,300,000	31,300,000	288,800,000	Yes.
County Assembly Established Funds						
4.	County Assembly Staff Car Loans and Mortgage Fund	50,000,000	50,000,000	50,000,000	-	Yes
	Total	**255,670,000**	**93,750,000**	**93,750,000**	**803,111,710**	

Source: Kirinyaga *County Treasury*

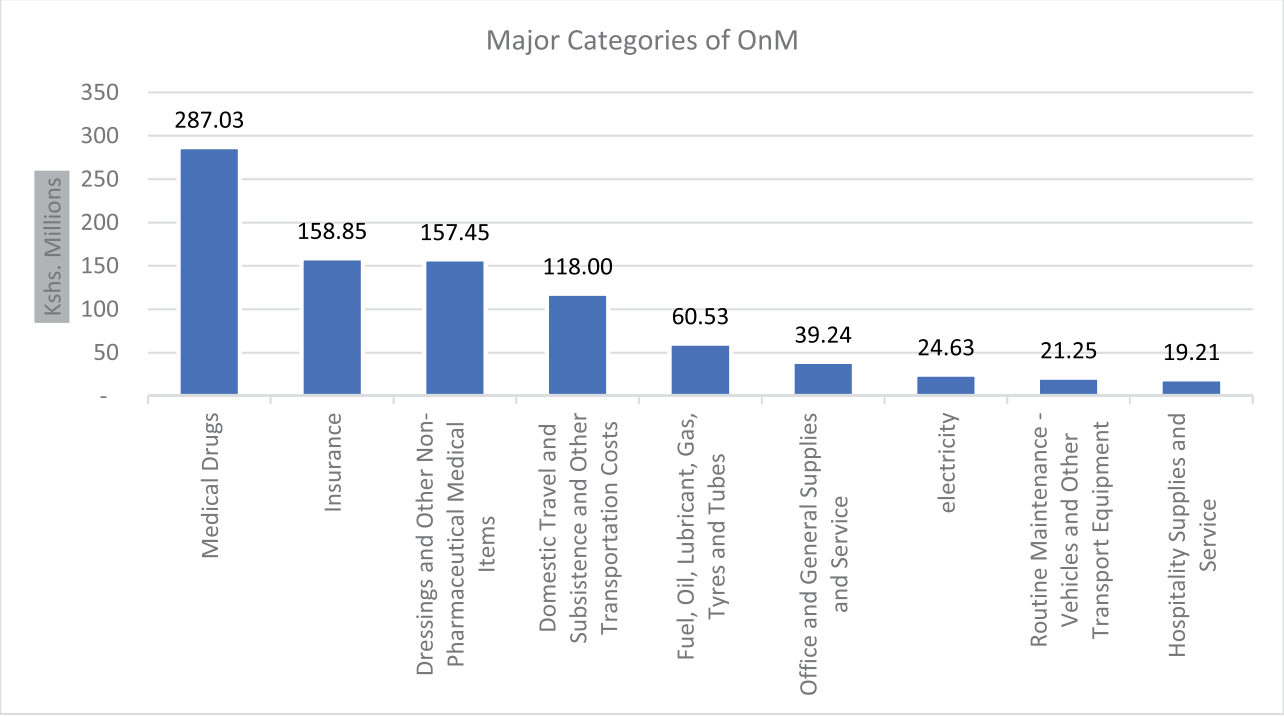
During the reporting period, the CoB received quarterly financial reports from four fund administrators, as indicated in Table 3.177, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of the County Assembly Car Loan and Mortgage Fund had lapsed. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of these expired funds, as they no longer have a legal basis for continued existence.

3.15.10 Expenditure on Operations and Maintenance

Figure 60 summarises the Operations and Maintenance expenditure by major categories.

Figure 60: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: *Kirinyaga County Treasury*

Domestic travel expenditures amounted to Kshs.117.99 million, comprised of Kshs.84.41 million spent by the County Assembly and Kshs.33.58 million by the County Executive.

3.15.11 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.431.52 million as FIF, which was 65 per cent of the annual target of Kshs.668 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The Social Health Authority (SHA) owed health facilities a combined total of Kshs.49.20 million in the reporting period. Table 3.178 presents a breakdown of the claims.

Table 3.178: Kirinyaga County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)		
		Approved Claims	Claims Paid	Outstanding Claims
1	One (1) Level 5 Hospital	112,890,678	86,567,980	26,322,698
2	Three (3)Level 4 Hospitals	67,780,980	44,900,100	22,880,880
	Total	**180,671,658**	**131,468,080**	**49,203,578**

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

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) amounting to Kshs.180.67 million. Of this, only Kshs.131.47 million was disbursed, occasioning a pending balance of Kshs.49.203 million.

The expenditure by the health facilities amounted to Kshs.212.80 million, as shown in Table 3.179.

Table 3.179: Kirinyaga County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One (1) Level 5 Hospital	158,000,000	155,900,700	99
2.	Three (3) Level 4 Health Facilities	60,000,000	56,890,000	95
	Total	**218,000,000**	**212,790,700**	

Source: *Kirinyaga County Treasury*

3.15.12 Development Expenditure

In the review period, the County reported spending Kshs.2.15 billion on development programmes, rpresenting an increase of 8 per cent compared to FY 2023/24, when the County spent Kshs.1.99 billion. Table 3.180 summarises the development projects with the highest expenditure in the reporting period.

Table 3.180: Kirinyaga County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget Amount FY2024-25 (Kshs)	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Finance & Economic Planning	Settlement of pending Bills (As per OAG report 2)	COUNTY HQs	55,000,000	55,000,000	45,708,699	83
2	Finance & Economic Planning	Settlement of pending Bills (As per OAG report 1)	COUNTY HQs	45,000,000	45,000,000	45,000,000	100
3	Co-operatives, Trade, Tourism And Industrialisation	Development of Sagana Agro-industrial Park (EPZ & CAIPS), including feasibility studies, Branding, Marketing, and other Infrastructures.County Aggregation and Industrial Parks (CAIP) Programme	COUNTY HQS (39600001)/ Conditional Grant	250,000,000	500,000,000	350,834,500	70
4	Medical Services and Public Health	Upgrading of Kimbimbi Level 4 Hospital	COUNTY HQS (39600001) Nyangati Ward	128,853,111	426,270,794	282,778,145	66
5	Medical Services and Public Health	Upgrading of Kianyaga Level 4 Hospital	COUNTY HQS (39600001) Baragwi Ward	139,057,444	426,070,795	355,781,408	84
6	Lands, Housing and Urban Development	Construction of a modern fire station and purchase of modern fire engines (Funded by the June 2024 Exchequer)	COUNTY HQs	14,544,693	50,782,580	50,164,216	99

No.	Sector	Project Name	Project Location	Budget Amount FY2024-25 (Kshs)	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
7	Agriculture, Livestock and Fisheries	IDA (World Bank) credit National Agricultural Value Chain Development Project (NAVCDP)	COUNTY HQS (39600001)/ Conditional Grant	151,515,152	151,515,152	43,125,742	28
8	Agriculture, Livestock and Fisheries	Goods, services, supplies and works for Wezesha Kirinyaga Program (Funded By June 2024 Exchequer)	COUNTY HQS (39600001)	24,959,560	24,959,560	24,728,108	99
9	Agriculture, Livestock and Fisheries	Wezesha Kirinyaga Empowerment Programme	COUNTY HQS (39600001)	20,000,000	20,000,000	19,978,960	100
10	Sports Culture and Social Services	SUPPLY & DELIVERY OF SPORTS EQUIPMENT AND GEAR (Funded By June 2024 Exchequer)	VARIOUS WARDS	9,392,250	9,392,250	9,392,250	100

Source: *Kirinyaga County Treasury*

3.15.13 Budget Performance by Department

Table 3.181 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.181: Kirinyaga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	676,637,101	130,855,694	676,637,101	116,943,377	676,637,101	116,943,377	100.0	100.0	100.0	89.4
County Executive	516,214,569	6,000,000	483,355,859	6,000,000	483,355,859	6,000,000	100.0	100.0	93.6	100.0
Finance and Economic Planning	652,443,592	144,184,035	646,636,573	90,708,699	646,636,573	90,708,699	100.0	100.0	99.1	62.9
Medical Services and Public Health	2,190,327,259	379,362,036	2,122,439,737	375,262,696	2,122,439,737	375,262,696	100.0	100.0	96.9	98.9
Education	312,514,905	52,531,052	268,340,462	52,500,080	268,340,462	52,500,080	100.0	100.0	85.9	99.9
Agriculture, Livestock and Fisheries	211,926,648	218,713,971	208,632,361	96,287,470	208,632,361	96,287,470	100.0	100.0	98.4	44.0
Gender and Youth	41,290,651	73,521,020	34,698,165	73,462,779	34,698,165	73,462,779	100.0	100.0	84.0	99.9
Sports Culture and Social Services	35,408,017	32,031,138	34,121,798	31,628,484	34,121,798	31,628,484	100.0	100.0	96.4	98.7
Cooperative Development, Trade, and Tourism	43,794,441	613,253,872	42,458,662	543,717,119	42,458,662	543,717,119	100.0	100.0	96.9	88.7
Environment and Natural Resources	140,222,799	630,034,988	132,049,857	254,245,300	132,049,857	254,245,300	100.0	100.0	94.2	40.4
Physical Planning and Housing	34,143,028	100,630,548	16,386,433	96,415,280	16,386,433	96,415,280	100.0	100.0	48.0	95.8
Transport and Infrastructure	76,668,368	613,004,663	70,775,088	409,233,702	70,775,088	409,233,702	100.0	100.0	92.3	66.8
Total	**4,931,591,378**	**2,994,123,017**	**4,736,532,096**	**2,146,404,984**	**4,736,532,096**	**2,146,404,984**	**100.0**	**100.0**	**96.0**	**71.7**

Source: *Kirinyaga County Treasury*

Analysis of expenditure by departments shows that the Department of County Executive recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Education at 99.9 per cent. The County assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Physical Planning & Housing had the lowest at 48 per cent.

3.15.14 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 10th August 2025.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. During the reporting period, the CoB found that the lifespan of the County Assembly Car Loan and Mortgage Fund had expired, making it ineligible for further withdrawals.
iii. There was a high level of pending bills, which amounted to Kshs.802.91 million as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
iv. In the FY2024/25 reporting period, health facilities owed a combined total of Kshs.49.20 million from the Social Health Insurance Fund.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.16. County Government of Kisii

3.16.1 Overview of FY 2024/25 Budget

The Kisii County Approved Supplementary II Budget for FY 2024/25 was Kshs.15.16 billion. It comprised Kshs.6.15 billion (41per cent) and Kshs.9.01 billion (59 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.90 billion (14 per cent) from the FY 2023/24 budget comprised of development budget of Kshs.4.34 billion and a recurrent budget of Kshs.8.92 billion. The increase in the budget was primarily attributed to the growth in local revenue.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally of Kshs.9.31 billion (61 per cent), additional allocations of Kshs.1.13 billion (8 per cent), a cash balance of Kshs.3.85 billion (25 per cent) brought forward from FY 2023/24, and Kshs.865 million (6 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.182.

3.16.2 Revenue Performance

The County received Kshs.14.19 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 14 per cent compared to the amount received in FY 2023/24 of Kshs.12.44 billion. The total revenue consisted of Kshs.9.31 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.330.46 million and own-source revenue (OSR) collection of Kshs.1.59 billion. Additionally, the County had a cash balance of Kshs.2.96 billion from FY 2023/24.

The total OSR collection of Kshs.1.59 billion included Facilities Improvement Financing (FIF) of Kshs.982.09 million, Kshs.556.54 million from ordinary sources of revenue and Kshs.50.68 million from other OSR sources. Table 3.182 summarises the total revenue available to the County Government during FY 2024/25.

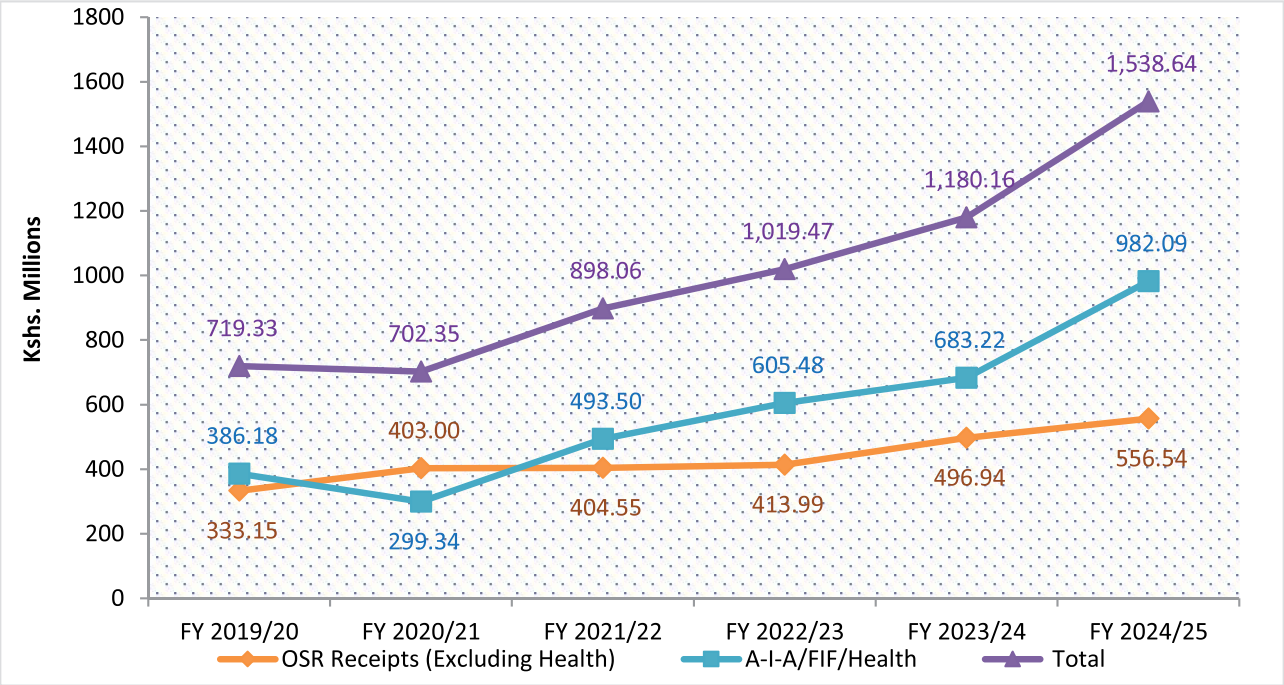
Table 3.182: Kisii County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally -**	**9,305,835,688**	9,305,836,564	**100**
Sub Total		**9,305,835,688**	**9,305,836,564**	**100**
B	**Additional Allocations**			
1	Aquaculture Business Development Programme	21,486,575	__	__
2	DANIDA	11,992,500	11,992,500	100
3	Finance for Locally-Led Climate Action Program (FLLoCA) County Climate Institutional Support (CCIS) Grant	11,000,000	__	__
4	Industrial Park	250,000,000	122,105,258	49
5	KDSP II	37,500,000	__	__
6	Community Health Promoters (CHPs)	88,200,000	__	__
7	Road Maintenance Levy Fund (RMLF)	179,407,700	60,713,540	34
8	Kenya Urban Support Programme (KUSP) Urban Institution Grant	35,000,000	32,309,300	92
9	Allocation for Mineral Royalties	117,616	__	__
10	National Agricultural Value Chain Development Project (NAVCDP)-World Bank Credit	151,515,152	71,253,967	47
11	Agriculture Business Development Programme	10,918,919	__	__
12	Finance for Locally-Led Climate Action Program (FLLoCA) -IDA	160,000,000	14,915,828	9
13	Finance for Locally-Led Climate Action Program (FLLoCA) County Climate Resilient Investment Grant (KfW)	84,000,000	17,168,860	20
14	Urban Development Grant (UDG)	90,993,018	__	__
Sub Total		**1,132,131,480**	**330,459,253**	**29**
C	**Own Source Revenue**			
1	Ordinary Own Source Revenue	865,000,000	556,542,869	64
2	Facility Improvement Fund (FIF)	__	191,624,124	__
3	Revenue from KTRH	__	790,468,676	__
Sub Total		**865,000,000**	**1,538,635,669**	**178**
D	**Other Sources of Revenue**			
1	Unspent Balance from FY 2023/24	3,852,384,894	2,960,595,298	77
2	Liquor Licensing	__	40,155,218	__
3	Veterinary Fund	__	10,526,721	__
Sub Total		**3,852,384,894**	**3,011,277,238**	**78**
Grand Total		**15,155,352,062**	**14,186,208,723**	**94**

Source: *Kisii County Treasury*

Figure 61 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 61: Kisii County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



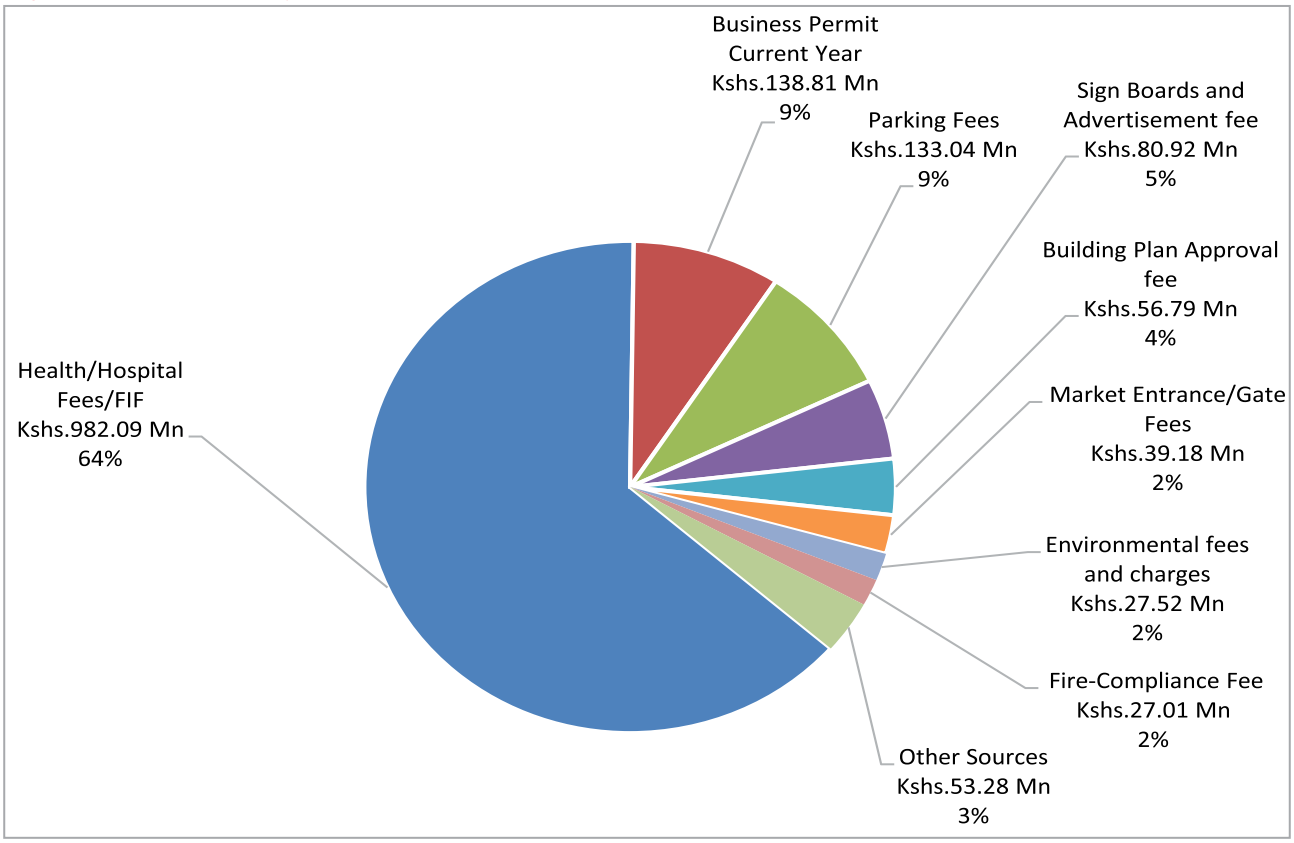
Source: *Kisii County Treasury*

During the year, the County generated Kshs.1.54 billion from its revenue sources, including FIF. This amount was an increase of 30 per cent compared to Kshs.1.18 billion realised in a similar period in FY 2023/24 and was 64 per cent of the annual target and 17 per cent of the equitable revenue share disbursed.

The increase was attributed to the deployment of more enforcement personnel in revenue collection outlets and the introduction of penalties on vendors/clients operating without licences and those making late payments.

The revenue streams which contributed the highest OSR receipts are shown in Figure 62.

Figure 62: Kisii County Top Own Source Revenue Streams in FY 2024/25



Source*: Kisii County Treasury*

As shown in Figure 62, the highest revenue stream, at Kshs.982.09 million, was from Health/Hospital Fees/FIF, accounting for 64 per cent of the total OSR receipts. The County Government indicated that it had automated 22 revenue streams out of 22 (all revenue streams were automated)

3.16.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.895.70 million. This amount increased to Kshs.1.03 billion as of 30 June 2025, indicating that the County had accumulated additional arrears of Kshs.327.92 million. Table 3.183 presents a breakdown of the County's revenue arrears.

Table 3.183: Kisii County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**	546,132,152	__	5,405,475	79,771,443	620,498,120
B	**Facility Improvement Fund (FIF)**	61,265,409		26,557,343	41,785,370	76,493,436
	Sub-Total	**607,397,561**	__	**31,962,818**	**121,556,813**	**693,991,556**
C	**Other Revenues**					
1	Liquor licensing fee	2,961,000	__	575,000	5,335,000	7,721,000
2	NHIF	203,282,182	__	108,371,682	29,212,497	124,122,997
3	SHA	-	__	-	152,000,840	152,000,840
4	MAKL-Minet	68,899,718	__	55,006,779	6,911,572	20,804,511
5	Britam Insurance	146,500	__	3,000	92,500	236,000
6	Old Mutual	588,315	__	423,240	282,515	447,590
7	Trident Insurance	9,342,417	__	__	8,929,866	18,272,283
8	Others (incinerator services)	3,077,470	__	__	2,833,968	5,911,438
9	First Assurance	__	__	__	758,517	758,517
10	AAR	__	__	__	9,760	9,760
	Sub-Total	**288,297,602**	__	**164,379,701**	**206,367,035**	**330,284,936**
Total		**895,695,163**	__	**196,342,519**	**327,923,848**	**1,027,276,492**

Source: Kisii *County Treasury*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.1.03 billion with no interest and penalties. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include enhanced enforcement through the issuance of demand notices, and a task force has been formed to examine uncollectible arrears and issue a report on the matter.

3.16.4 Borrowing by the County

Kisii County had a credit facility with Family Bank totalling 1.52 billion. The credit facility was used to pay net salaries, comprising Kshs.1.42 billion and Kshs.102.00 million for Executive and Assembly, respectively. The outstanding amount as of 30 June 2025 was Kshs.236.69 million. The County Executive should clear the balance in FY 2025/26.

3.16.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.10.13 billion from the CRF account in FY 2024/25, which comprised Kshs.2.60 billion (26 per cent) for development programmes and Kshs.7.53 billion (74 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.5.64 billion was for employee compensation and Kshs.1.89 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 18 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.331.31 million and included Kshs.152.99 million for the County Executive and Kshs.178.31 million for the County Assembly. The foreign exchequers totalled

Kshs.28.25 million, comprising Kshs.1.03 million for the County Executive and Kshs.27.22 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.3.02 billion.

3.16.6 County Expenditure Review

The County spent Kshs.9.96 billion on development and recurrent programmes in the reporting period. This expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.2.46 billion for development programmes and Kshs.7.51 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 40 per cent, while recurrent expenditure represented 83 per cent of the annual recurrent expenditure budget.

3.16.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.1.12 billion. This amount included Kshs.1.06 billion from the County Executive and Kshs.63.05 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.591.55 million for recurrent expenditures and Kshs.467.88 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.707.58 million, comprising Kshs.317.91 million (45 per cent) for recurrent programmes and Kshs.389.68 million (55 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.34.22 million, which included Kshs.7.22 million (21 per cent) for recurrent activities and Kshs.27.00 million (79 per cent) for development activities. Table 3.184 provides additional details of pending bills.

Table 3.184: Kisii County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	591,546,717	317,905,733	320,843,021	594,484,004
Development	467,877,201	389,677,459	323,640,592	401,840,335
Total	**1,059,423,918**	**707,583,192**	**644,483,613**	**996,324,339**
County Assembly				
Recurrent	7,618,548	7,218,548	7,800,216	8,200,216
Development	55,431,977	27,000,394	__	28,431,583
Total	**63,050,524**	**34,218,942**	**7,800,216**	**36,631,799**

Source: *Kisii County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to paying Kshs.1.19 billion and Kshs.56.99 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.707.58 million for the Executive and Kshs.34.22 million for the Assembly.

Table 3.185 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.03 billion.

Table 3.185: County Government of Kisii Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**323,640,592**	**-**	**106,631,326**	**-**	**430,271,918**
Recurrent Pending Bills (Goods & Services)	-	-	-	-	-
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Pending Bills (Staff Claims)	-	-	-	-	-
Total Recurrent Pending Bills	**328,643,237**	**-**	**274,040,983**	**-**	**602,684,220**
Total Pending Bills	**652,283,829**	**-**	**380,672,309**	**-**	**1,032,956,138**
% of Total	**63**		**37**		**100**

Source: *Kisii County Treasury*

3.16.8 Expenditure by Economic Classification

The County Executive incurred Kshs.4.99 billion for compensation of employees, Kshs.1.51 billion for operations and maintenance, and Kshs.2.43 billion for development activities. Similarly, the County Assembly spent Kshs.647.40 million on compensation of employees, Kshs.351.68 million on operations and maintenance, and Kshs.27.00 million on development activities, as shown in Table 3.186.

Table 3.186: Kisii County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,003,415,474**	**1,005,819,545**	**6,507,901,154**	**999,084,451**	**81**	**99**
Compensation of Employees	6,000,304,081	649,490,491	4,994,713,825	647,403,386	83	100
Operations and Maintenance	2,003,111,393	356,329,054	1,513,187,329	351,681,066	76	99
Development Expenditure	6,110,637,417	35,479,626	2,429,167,396	27,000,394	40	76
Total	**14,114,052,891**	**1,041,299,171**	**8,937,068,550**	**1,026,084,845**	**63**	**99**

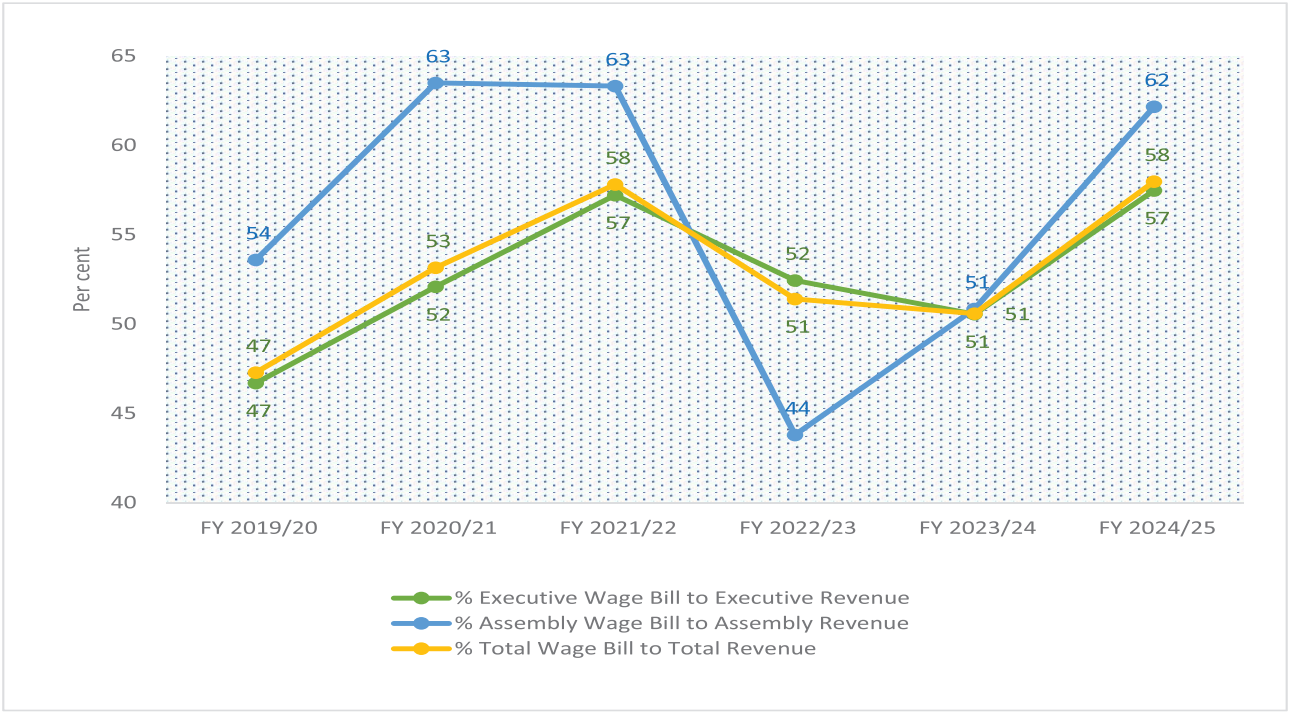
***Source**: Kisii County Treasury*

3.16.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.5.64 billion. Therefore, the percentage of compensation of employees to revenue, excluding the earnings from extractive revenue, in line with Regulation 25(1)(c) of the PFM (County Governments) Regulations 2015, was 45 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.6.29 billion reported in FY 2023/24. Of this total, Kshs.2.65 billion related to the Health Sector employees, which accounted for 47 per cent of the overall employees' compensation

Figure 63 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 63: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



***Source**: Kisii County Treasury*

Further analysis revealed that PE costs totalling Kshs.5.49 billion were processed through the Human Resource In-

formation System (HRIS), while Kshs.152.09 million was processed through manual payroll, which accounted for 3 per cent of the total PE cost.

The manual payroll comprised salaries for gratuity remittances to pension schemes for staff on contract, as shown in Table 3.187.

Table 3.187: Breakdown of Kisii County Manual Payroll

S/No.	Description of Manual Payroll	Amount Kshs.
1.	Gratuity for contract staff	152,094,851
	Total	**152,094,851**

Source: Kisii County Treasury

The County Assembly spent Kshs.65.00 million on committee sitting allowances for the 71 MCAs against the annual budget allocation of Kshs.65.00 million. The average monthly sitting allowance was Kshs.76,292 per MCA. The County Assembly has 20 House Committees.

3.16.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.330.83 million to County-Established funds in FY 2024/25, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.85.83 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.188 summarises each Established Fund's budget allocation and performance during the reporting period.

Table 3.188: Performance of Kisii County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	County Executive Car Loan and Mortgage (Staff) Scheme Fund	7th January 2016 (reviewed 3rd April 2023)	-	-	1,665,233	85,000,000	Yes
2	County Bursary Fund	2 May 2014	245,000,000	245,000,000	227,724,300	1,325,000,000	Yes
3	County Emergency Fund	12 November 2015	85,834,503	85,834,503	9,500,000	131,601,911	Yes
4	Health Fund (KTRH)	2 May 2014	-	-	770,698,731	-	Yes
5	Health Fund (FIF)	18 September 2020	-	-	185,783,362	-	Yes
6	Liquor Licensing Fund	21 October 2015	-	-	14,650,076	-	Yes
7	Veterinary Fund		-	-	-	-	No
County Assembly Established Funds							
1	MCAs Car Loan and Mortgage Fund	23 April 2014	-	-	6,464,542	352,554,310	Yes
2	Staff Car Loan and Mortgage Fund	23 April 2014	-	-	-	40,000,000	Yes
	Total		**330,834,503**	**330,834,503**	**1,216,486,244**	**1,934,156,221**	

Source: *Kisii County Treasury*

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the MCA Car Loan and Mortgage Fund, and the Health Fund (KTRH) had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.16.11 County Corporations

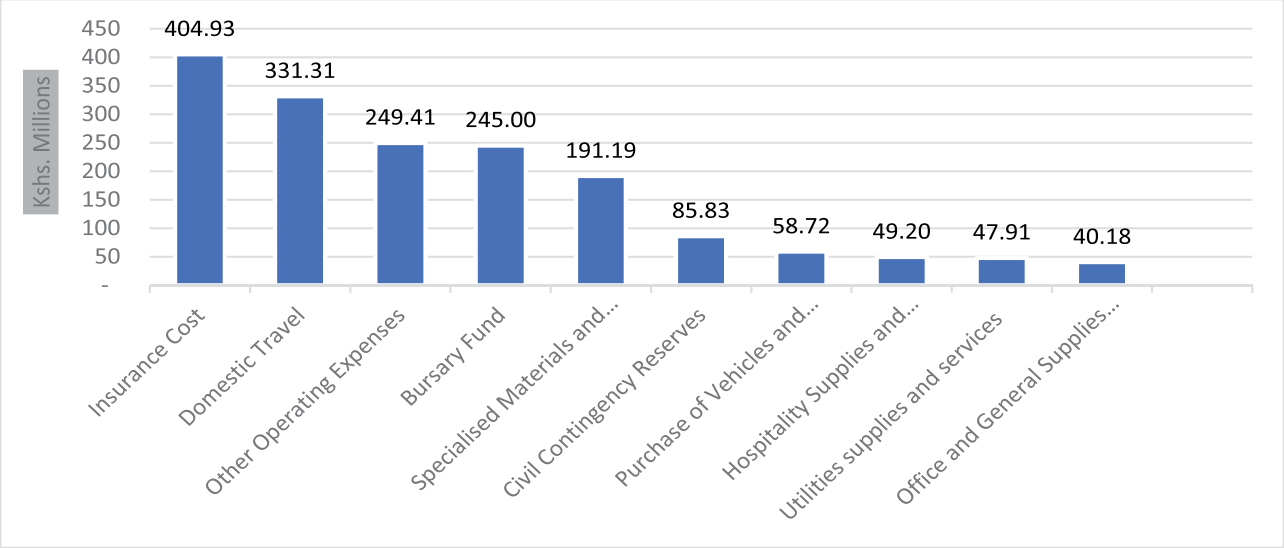
The County has two Corporations, i.e. Gusii Water and Sanitation Company and Kisii Teaching and Referral Hospital, which were not allocated any money in FY 2024/25.

As of the finalisation of this report, the above two County corporations had not provided their financial reports to the CoB.

3.16.12 Expenditure on Operations and Maintenance

Figure 64 summarises the Operations and Maintenance expenditure by major categories.

Figure 64: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisii County Treasury*

Expenditure on domestic travel amounted to Kshs.331.31 million and comprised Kshs.178.31 million spent by the County Assembly and Kshs.152.99 million by the County Executive. Expenditure on foreign travel amounted to Kshs.28.25 million and comprised Kshs.27.22 million by the County Assembly and Kshs.1.03 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.189.

Table 3.189: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	20-27/04/2025	Attending 2025 Wuhan International Sister Cities Exchange Week	China	1,026,028
County Assembly	7	10th-14th September 2024	Being Payment to Attend a Mentorship Programme by Shanghai Development Research Foundation in Understanding the Public Policy Making Process	China	3,525,128
County Assembly	6	22nd -28th January 2025	Being Payment to attend a Seminar on Agriculture Development and Food Security at Malaika Resort, Mwanza	Tanzania	1,948,776

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	5th - 11th December 2024	Being Payment to Attend a Seminar on Health Policy Formulation and Collaborating Systems Towards Universal Health Care at Gold Crest Hotel	Tanzania	2,163,355
County Assembly	7	19th - 25th January 2025	Being Payment to Attend a Training on Empowering Women and Protecting Children through Policy Design and Implementation in Kampala	Uganda	2,292,535
County Assembly	1	17th -24th January 2025	Being Payment to attend a Training on Strengthening Legislative Process through Commonwealth best practice at the Ontario Legislative Assembly	Canada	555,296
County Assembly	7	18th- 24th December 2024	Being Payment to attend Ayad Consults International Limited training in Agricultural Rural Innovations at Kampala	Uganda	2,292,535
County Assembly	7	16th - 22nd December 2024	Being Payment to attend the ICAP Global Health Seminar on Community Resilience to Climate Change and Health at Gold Crest Hotel	Tanzania	2,273,572
County Assembly	7	27th January -2nd February 2025	Being Payment to attend a training on Climate change, Policy design and Implementation in Mwanza	Tanzania	2,228,422
County Assembly	7	10th - 16th February 2025	Being Payment to attend a training on improving access to safe and sustainable community water supplies in Mwanza	Tanzania	2,273,572
County Assembly	7	7th - 12th February 2025	Being Payment to attend a training on management, performance and productivity in Kampala	Uganda	1,990,030
County Assembly	7	30th January - 5th February 2025	Being Payment to attend a training program on strengthening health systems for improved service delivery in Kampala	Uganda	2,292,535
County Assembly	4	4th -10th March 2025	Invitation to attend a capacity-building training on social welfare for County assemblies	Tanzania	1,299,184
County Assembly	5	27th March - 2nd April 2025	Being Payment to Attend Agricultural Value Chains Training in Mwanza	Tanzania	1,623,980
County Assembly	1	24th February - 4th March 2025	Being Payment to attend the Global Youth Development Institution at Grand Palm THotel	Botswana	464,003
Total					**28,248,951**

Source: Kisii County Treasury and Kisii County Assembly

Other types of expenditure under the operations and maintenance costs include, Kshs.37.75 million related to legal fees, dues, arbitration, and compensation payments.

3.16.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.982.09 million as FIF, which was 63 per cent of the annual target of Kshs.1.56 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

In the reporting period, health facilities were owed a combined total of Kshs.316.53 million by the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.190 presents a breakdown of the claims.

Table 3.190: Kisii County Health Facilities FIF Performance in FY2024/25

S/No	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	KTRH -Level 5	471,459,165	319,458,325	152,000,840.0	124,122,997
2	19 Level 4 Health Facilities	102,662,730	62,253,340	40,409,390.0	—
	Total	**574,121,895**	**381,711,665**	**192,410,230**	**124,122,997**

Source: *Kisii County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.574.12 million. Of this, only Kshs.381.71 million was disbursed, occasioning a pending balance of Kshs.192.41 million. Further, the defunct NHIF still owes health facilities Kshs.124.12 million.

The expenditure by the health facilities amounted to Kshs.982.09 million, as shown in Table 3.191.

Table 3.191: Kisii County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	KTRH - Level	1,250,000,000	790,468,676	63
2.	19 Level 4 Health Facilities	308,193,565	191,624,124	62
	Total	**1,558,193,565**	**982,092,800**	**63**

Source: *Kisii County Treasury*

3.16.14 Development Expenditure

In the review period, the County reported spending Kshs.2.46 billion on development programmes, an increase of 94 per cent compared to FY 2023/24, when the County spent Kshs.1.27 billion. Table 3.192 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the availability of funds in the CRF Account.

Table 3.192: Kisii County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Executive	Construction of County Headquarters	Headquarters	Project ongoing	499,995,565	203,874,733	203,874,733	41
2	Trade	Proposed Construction of County Aggregation and Industrial Park	Machoge Borabu	Project ongoing	500,000,000	98,110,312	98,110,312	20
3	Health	Completion Of Reproductive Health in Kisii Mother and Child Hospital	Kisii Town	Project ongoing	100,000,000	55,508,806	55,508,806	56

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
4	Kisii County Assembly	Proposed Renovation, Furnishing and Alteration to Kisii County Assembly Chambers	Kisii County Assembly Headquarters	Completed	39,997,968	16,116,867	38,243,970	96
5	Roads	Construction, Repair and Maintenance of Lot 8 Roads	Kitutu Chache South	Project Complete and in use	28,020,440	28,020,440	28,020,440	100
6	Roads	Construction, Repair and Maintenance of Lot Roads in Masige East	Masige East	Project Complete and in use	30,000,000	26,881,066	26,881,066	90
8	Roads	Repair, Construction and Maintenance of Roads in Bassi Bogetaorio, Bassi Boitangare, Sameta Mokwerero, Nyacheki and Masige East	Bobasi Sub-County	Project Complete and in use	26,297,294	25,982,620	25,982,620	99
9	Kisii County Assembly	Proposed Construction of The Kisii County Speaker's Official Residence	Bobaracho	15/05/25	32,970,110	24,490,880	24,490,880	74
10	Roads	Construction, Repair and Maintenance of Lot Roads in Ichuni Ward	Ichuni Ward	Project Complete and in use	29,601,521	24,156,668	24,156,668	82

Source: *Kisii County Treasury*

3.16.15 Budget Performance by Department

Table 3.193 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.193: Kisii County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive and Public Service Board	359.18	282.00	299.61	203.87	218.52	203.87	73	100	61	72
Administration and Stakeholder Management	617.13	34.46	461.42	17.75	491.64	17.75	107	100	8	52
Finance and Economic Planning	1,345.70	44.27	1,174.05	38.02	1155.24	38.02	98	100	86	86
Agriculture and Cooperative Development	289.91	343.87	135.55	78.09	128.48	147.59	95	189	44	43
Energy, Water, Environment and Natural Resources	132.20	1,410.43	89.85	551.53	74.39	470.37	83	85	56	33
Education, Youth Affairs and Social Development	988.31	257.97	865.78	64.03	776.99	64.03	90	100	79	25

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Health Services	3,526.81	730.79	2,964.08	301.77	3350.66	301.77	113	100	95	41
Lands, Physical Planning and Urban Development	195.10	215.61	144.00	77.61	118.31	73.41	82	95	60	34
Roads, Public Works and Transport	211.03	1,736.41	170.08	821.28	113.82	821.28	67	100	54	47
Trade Development, Industry and Tourism	80.51	542.91	54.87	321.59	30.36	191.20	55	60	38	35
Culture and Social Services	100.10	161.30	64.84	12.83	43.80	12.83	68	100	44	8
Kisii Town Urban Area	142.96	291.02	99.52	47.41	69.24	47.41	70	100	48	16
Ogembo Municipality	14.49	59.60	6.99	39.62	5.19	39.62	74	100	36	67
County Assembly	1,005.82	35.48	1,000.01	27.00	1001.51	27.00	100	100	100	76
Total	**9,009.24**	**6,146.12**	**7,530.64**	**2,602.41**	**7,578.15**	**2,456.17**	**100**	**94**	**84**	**40**

***Source**: Kisii County Treasury*

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 86 per cent, followed by the County Assembly at 76 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Ogembo Municipality had the lowest at 36 per cent.

3.16.16 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.556.54 million against an annual target of Kshs.865 million, representing 64 per cent of the financial year target.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the, MCA Car Loan and Mortgage Fund, Staff Car Loan and Mortgage Fund, and Health Fund/ KTRH had lapsed, making them ineligible for further withdrawals.
iii. There was a high level of pending bills, which amounted to Kshs.1.03 billion as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
iv. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.316.53 million across two of the two schemes—SHIF, and the defunct NHIF.
v. Kisii County spent Kshs. 2.46 billion on development, achieving a 40 per cent absorption rate of the Kshs. 6.15 billion annual budget. This was only 24 per cent of total spending, below the 30 per cent required by the PFM (County Governments) Regulations 2015.

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

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*
v. *Kisii County should implement strategies to increase development expenditures to meet the 30 per cent threshold and adopt effective planning and monitoring for FY 2025/26 to improve citizens' living standards.*

3.17. County Government of Kisumu

3.17.1 Overview of FY 2024/25 Budget

The Kisumu County Approved Supplementary I Budget for FY 2024/25 was Kshs.15.31 billion. It comprised Kshs.5.43 billion (35 per cent) and Kshs.9.89 billion (65 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.62 billion (12 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.19 billion and a recurrent budget of Kshs.9.51 billion. The increase in the budget was primarily attributed to the increase in the conditional grants and over-estimation of the own-source revenue.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally of Kshs.8.41 billion (55 per cent), additional allocations of Kshs.2.44 billion (16 per cent), a cash balance of Kshs.669.46 million (4 per cent) brought forward from FY 2023/24, and Kshs.3.80 billion (25 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.2.87 billion (76 per cent) deposited into the CRF and Kshs.932.12 million (24 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.926.12 million (99 per cent) as the Facility Improvement Financing (revenue from health medical facilities) and Kshs.6.00 million (1 per cent) from public health and others . A breakdown of the additional allocations is shown in Table 3.194

3.17.2 Revenue Performance

The County received Kshs.12.52 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 11 per cent compared to the amount received in FY 2023/24 of Kshs.11.31 billion. The total revenue consisted of Kshs.8.41 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.977.23 million and own-source revenue (OSR) collection of Kshs.2.46 billion. Additionally, the County had a cash balance of Kshs.669.46 million from FY 2023/24.

The total OSR collection of Kshs.2.46 billion included Facilities Improvement Financing (FIF) of Kshs.1.66 billion, and Kshs.803.36 million from other OSR sources. Table 3.194 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.194: Kisumu County, Revenue Performance in FY 2024/25

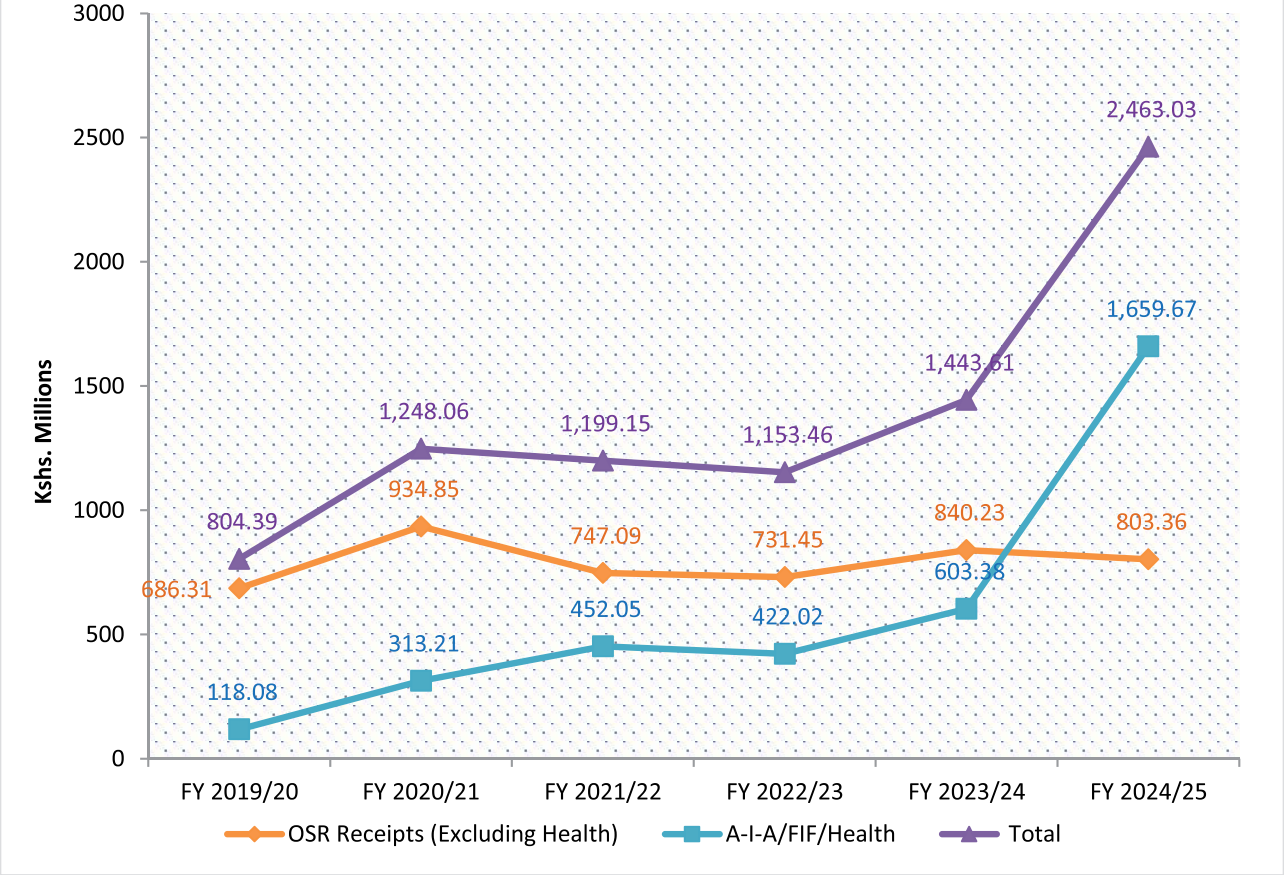
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	8,405,328,573	8,405,328,573	100
Sub Total		**8,405,328,573**	**8,405,328,573**	**100**
B	**Conditional Grants**			
1	DANIDA Grant	23,123,790	10,530,000	46
2	Financing Locally - Led Climate Action Plan (FFLOCA)	490,984,978	36,079,883	7
3	Kenya Informal Settlement Improvement Project II (KISIP II)	850,000,000	735,000,000	86
4	IDA - World Bank Credit to Finance Agricultural Value Chain Development Project (NAVCDP)	151,515,152	68,473,623	45
5	Aquaculture Business Development Project (ABDP)	15,407,244	-	-
6	Potential of Agroecological Practices in East Africa with a focus on Circular Water Energy Nutrient System (PRAeCTICE)	37,227,907	2,931,502	8
7	Allocation for Court Fines	66,912	-	-
8	Kenya Devolution Support Programme (KDSP 1)	656,709	-	-
9	Kenya Devolution Support Programme II (KDSP II)	37,500,000	-	-
10	Community Health Promoters	165,339,627	-	-
11	Road Maintenance Levy Fund (RMLF)	196,615,319	68,301,577	35
12	Change-Maker	30,000,000	-	-
13	Kenya Aquaculture Business Development Project (KABDP)	21,918,919	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
14	IDA - World Bank Credit: Kenya Urban Support Project (KUSP -Urban Development Grant UDG)	36,634,916	32,309,300	88
15	IDA - World Bank Credit: Kenya Urban Support Project (KUSP -Urban Institutional Grant UIG)	340,394,236	-	-
16	Youth Polytechnics	7,516,000	-	-
17	Kenya Dairy Enterprise	400,391	-	-
18	IDA World Bank: Credit to Finance Agricultural Value Chain Development Project (NVCDP)	6,020,200	-	-
19	Transforming Health Centre	544,976	-	-
20	Equalization Fund	23,603,602	23,603,602	100
Sub Total		**2,435,470,878**	**977,229,487**	**40**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	2,871,951,100	803,356,383	28
2	Balance b/f from FY2023/24	669,458,992.00	669,458,992	100
3	Facility Improvement Fund (FIF)	932,122,000	1,659,671,563	178
4	Other Revenues		-	-
5	Appropriation in Aid (AIA)	-	-	-
Sub Total		4,473,532,092	3,132,486,938	55
Grand Total		**15,314,331,543**	**12,515,044,998**	**82**

Source: *Kisumu County Treasury*

The County has legislation governing the operation of ordinary A-I-A and FIF. Figure 65 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 65: Kisumu County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

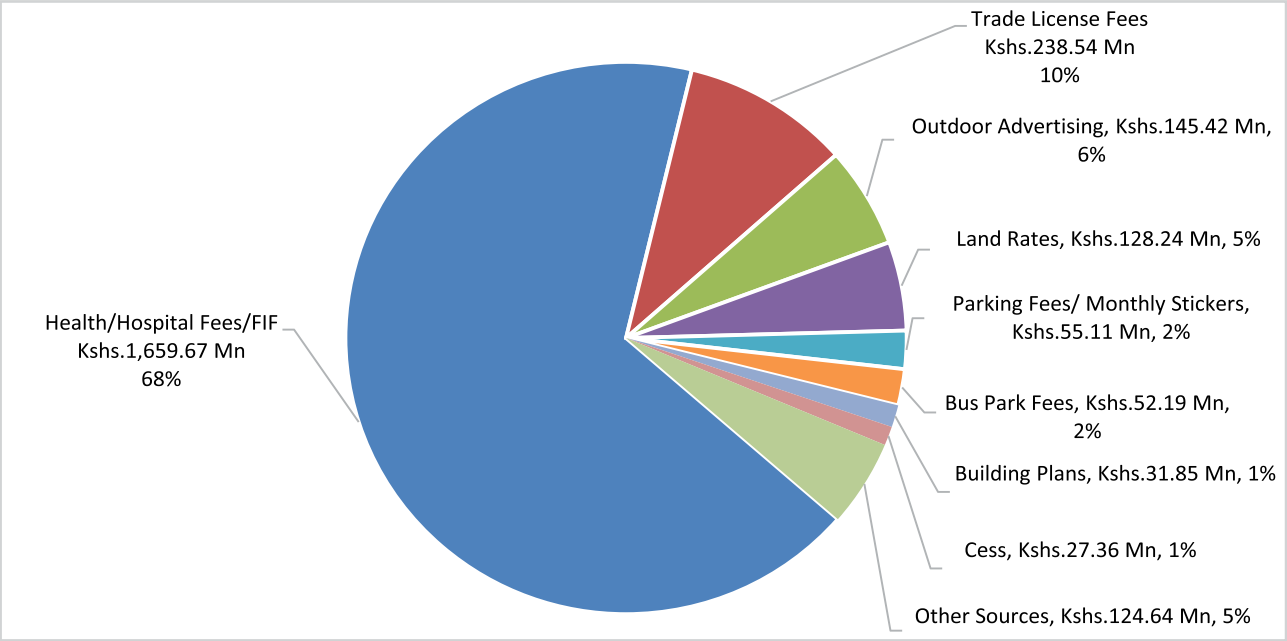


Source: *Kisumu County Treasury*

During the year, the County generated Kshs.2.46 billion from its revenue sources, including FIF. This amount was an increase of 71 per cent compared to Kshs.1.44 billion realised in a similar period in FY 2023/24, and was 65 per cent of the annual target and 29 per cent of the equitable revenue share disbursed. The OSR does not include revenue arrears and penalties charged on fees and levies from previous financial years. The increase in OSR, especially in FIF, was attributed to the introduction of the Social Health Authority, whose prompt remittances led to improved and enhanced client services.

The revenue streams which contributed the highest OSR receipts are shown in Figure 66.

Figure 66: Kisumu County Top Own Source Revenue Streams in FY 2024/25



Source: Kisumu County Treasury

As shown in Figure 66, the highest revenue stream, at Kshs.1.66 billion, was from Health/Hospital/FIF, accounting for 68 per cent of the total OSR receipts. The County Government has automated 24 out of 27 revenue streams.

3.17.3 Revenue Arrears

Table 3.195 presents a breakdown of the County's revenue arrears.

Table 3.195: Kisumu County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Facility Improvement Fund (FIF)**				**670,422,531**	**670,422,531**
Total		-	-	-	**670,422,531**	670,422,531

Source: *Kisumu County Treasury*

As of 30 June 2025, the County did not report on the ordinary OSR revenue arrears as the data cleaning on the system for receivables was still ongoing by the time of writing the report. Health facilities were owed a combined total of Kshs.670.42 million in the reporting period across the two schemes, namely the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include the enhancement of enforcement measures and digitising the revenue collection streams.

3.17.4 Borrowing by the County

Kisumu County borrowed a total of Kshs.2.72 billion from the Commercial Bank to support its operations. This comprises Kshs.2.62 billion borrowed by the County Executive from Kenya Commercial Bank and Kshs.95.64 mil-

lion borrowed by the County Assembly from the Family Bank. The main purpose of the borrowing was to pay salaries on time when due, whenever the National Treasury delays in the disbursement of funds. The outstanding amount as of 30 June 2025 is Kshs.471.62 million, which is the County Executive salaries for the month of June 2025.

3.17.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.10.31 billion from the CRF account in FY 2024/25, which comprised Kshs.2.36 billion (23 per cent) for development programmes and Kshs.7.95 billion (77 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.5.95 billion was for employee compensation and Kshs.2.01 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 21 per cent was for domestic travel and 4 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.413.17 million and included Kshs.197.99 million for the County Executive and Kshs.215.18 million for the County Assembly. The foreign travel exchequer totalled Kshs.78.31 million, comprising Kshs.37.06 million for the County Executive and Kshs.41.25 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.568.38 million.

3.17.6 County Expenditure Review

The County spent Kshs.9.47 billion on development and recurrent programmes in the reporting period. This expenditure represented 92 per cent of the total funds released by the CoB. It comprised Kshs.1.57 billion for development programmes and Kshs.7.90 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 29 per cent, while recurrent expenditures represented 80 per cent of the annual recurrent expenditure budget.

3.17.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.2.99 billion. This amount included Kshs.2.85 billion from the County Executive and Kshs.144.93 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.1.35 billion for recurrent expenditures and Kshs.1.52 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.52 billion, comprising Kshs.843.70 million (55 per cent) for recurrent programmes and Kshs.677.33 million (45 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.140.29 million, which included Kshs.140.29 million (100 per cent) for recurrent activities and none for development activities. Table 3.196 provides additional details of pending bills.

Table 3.196: Kisumu County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	1,351,536,308	843,697,938	-	507,838,370
Development	1,515,349,359	677,328,720	-	838,020,639
Total	**2,846,885,847**	**1,521,026,658**	-	**1,345,859,009**
County Assembly				
Recurrent	142,823,312	140,294,312	-	2,529,000
Development	2,099,049	-	-	2,099,049
Total	**144,931,361**	**140,294,312**		**4,628,049**
Grand Total	**2,991,817,208**	**1,661,320,970**	-	**1,350,487,058**

Source: *Kisumu County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.2.99 billion and Kshs.144.93 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.1.52 billion for the Executive and Kshs.140.29 million for the Assembly. The report excludes the County's pending bills that were incurred during FY 2024/25.

Table 3.197 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.35 billion.

Table 3.197: Kisumu County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	-	**227,240,648**	**458,874,640**	**154,004,400**	**840,119,688**
Recurrent Pending Bills (Goods & Services)		188,204,180	181,036,310	124,078,560	493,319,054
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Pending Bills (Staff Claims)	-	17,048,320	-	-	17,048,320
Total Recurrent Pending Bills	-	**205,252,500**	**181,036,310**	**124,078,560**	**510,367,370**
Total Pending Bills		**432,493,148**	**639,910,950**	**278,082,960**	**1,350,487,058**
% of Total	**0**	**32**	**47**	**21**	**100**

Source: *Kisumu County Treasury*

The County did not strictly adhere to the payment of the pending bills on a FIFO basis, and to the payment bills action plan submitted to the Office of the Controller of Budget.

3.17.8 Expenditure by Economic Classification

The County Executive incurred Kshs.5.58 billion for compensation of employees, Kshs.1.38 billion for operations and maintenance, and Kshs.1.50 billion for development activities. Similarly, the County Assembly spent Kshs.363.65 million on compensation of employees, Kshs.574.14 million on operations and maintenance, and Kshs.72.21 million on development activities, as shown in Table 3.198.

Table 3.198: Kisumu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,883,371,802**	**1,002,019,672**	**6,962,057,702**	**937,784,277**	**78**	**94**
Compensation of Employees	5,424,519,414	390,774,513	5,583,777,194	363,645,506	103	93
Operations and Maintenance	3,458,852,388	611,245,159	1,378,280,507	574,138,771	40	94
Development Expenditure	**5,328,940,069**	**100,000,000**	**1,495,782,426**	**72,212,250**	**28**	**72**
Total	**14,212,311,871**	**1,102,019,672**	**8,457,840,128**	**1,009,996,527**	**60**	**92**

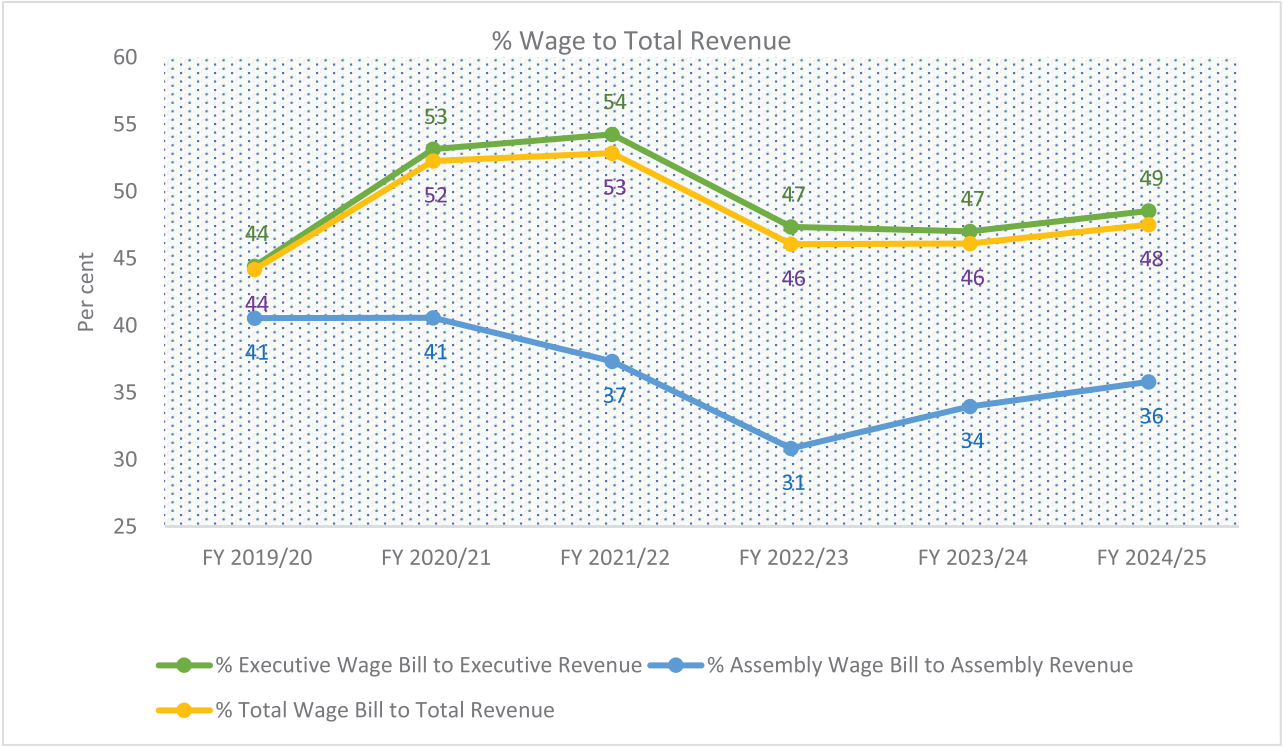
Source: *Kisumu County Treasury*

3.17.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.5.95 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.0.00 million, in line with Regulation 25(1)(c) of the PFM (County Governments) Regulations 2015, was 48 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.5.04 billion reported in FY 2023/24. Of this total, Kshs.2.83 billion related to the Health Sector employees, which accounted for 48 per cent of the overall employees' compensation.

Figure 67 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 67: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Kisumu County Treasury

Further analysis indicated that PE costs amounting to Kshs.5.45 billion were processed through the Human Resource Information System (HRIS), while Kshs.499.56 million was processed through manual payroll, which accounted for 8 per cent of the total PE cost.

The manual payrolls comprised salaries for 317 staff not onboarded into the Human Resource Information System (HRIS), salaries for 2,909 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.199.

Table 3.199: Breakdown of Kisumu County Manual Payroll

S/No.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	197,346,933.68
2	Gratuity for contract staff (County Assembly)	36,350,937.00
3	PAYE	49,495,709.62
4	SHIF	6,030,985.59
5	NSSF	4,156,920.00
6	Housing Levy	4,042,268.63
	Total	**261,072,817.52**

Source: Kisumu County Treasury

The County Assembly spent Kshs.50.54 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.50.54 million. The average monthly sitting allowance was Kshs.87,744 per MCA. The County Assembly has 24 House Committees.

3.17.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.270.00 million to County-Established funds in FY 2024/25, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.150.00 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.200 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.200: Performance of Kisumu County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Kisumu Bursary Fund	2014	105,000,000	-	-	1,377,397,862	NO
2	Kisumu County Emergency Fund	2018	150,000,000	75,000,000	-	-	NO
County Assembly Established Funds							
3	Kisumu County Assembly MCAs and Staff Car Loan and Mortgage Fund	2014	15,000,000	15,000,000	15,000,000	410,464,000	NO
	Total		**270,000,000**	**90,000,000**	**15,000,000**	**1,787,861,862**	

Source: *Kisumu County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Kisumu County Bursary Fund, Kisumu County Emergency Fund, Kisumu County Assembly MCAs and Staff Car Loan and Mortgage Fund Administrators, as indicated in Table 3.200, contrary to the requirement of Section 168 of the PFM Act, 2012. Consequently, disclosure of administration costs of the Kisumu County Bursary Fund, Kisumu County emergency Fund and Kisumu County Assembly MCAs and Staff Car Loan and Mortgage Fund could not be established if they were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of **the Kisumu County Bursary Fund** had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

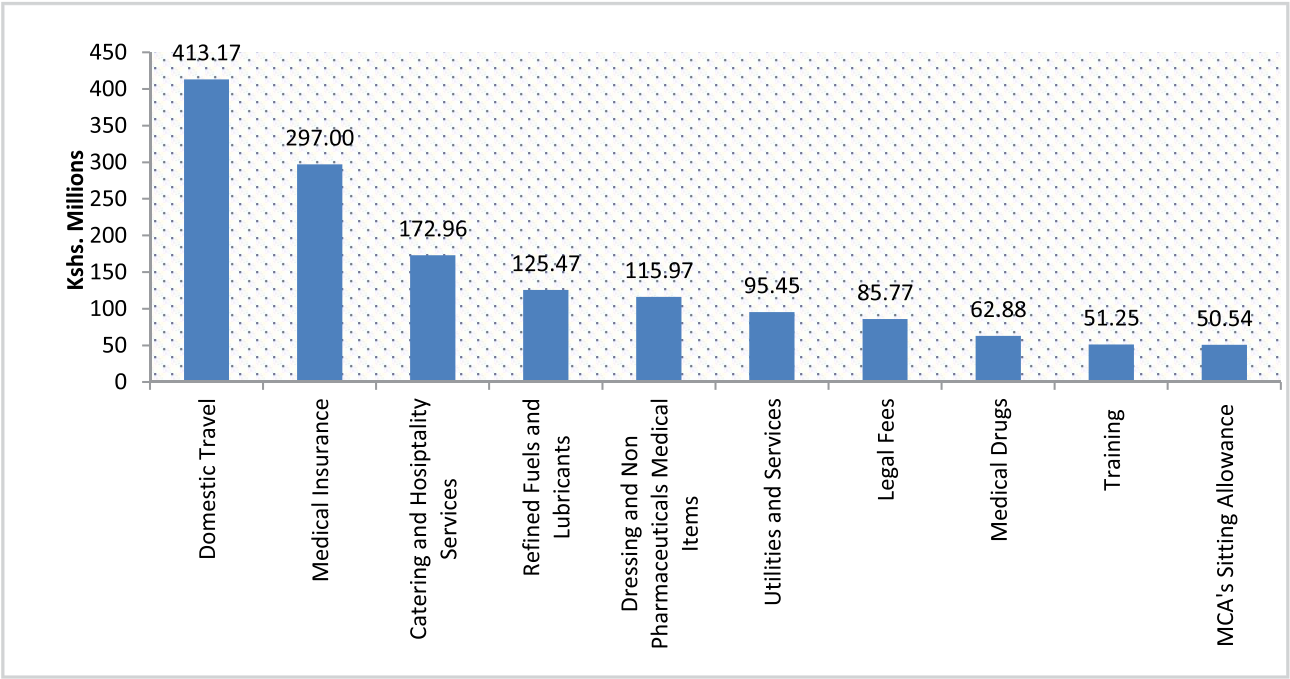
3.17.11 County Corporations

During the period under review, the County did not report on any established County Corporation.

3.17.12 Expenditure on Operations and Maintenance

Figure 68 summarises the Operations and Maintenance expenditure by major categories.

Figure 68: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisumu County Treasury*

Expenditure on domestic travel amounted to Kshs.413.17 million and comprised Kshs.215.18 million spent by the County Assembly and Kshs.197.99 million by the County Executive. Expenditure on foreign travel amounted to Kshs.78.31 million and comprised Kshs.41.25 million by the County Assembly and Kshs.37.06 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.201.

Table 3.201: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	31st May to 7th July 2024	Attended various Meetings in the USA	USA	2,762,740
County Executive	1	1st to 5th June, 2024	Official Duty	Mauritania	759,565
County Executive	1	20th to 29th July 2024	Attended a Kenya and friends meeting in the park, Diaspora engagement	Londan	492,250
County Executive	2	8th to 10th November, 2023	AIF 2023 market days	Morocco	416,866
County Executive	1	4th to 9th April, 2024	JT Agribusiness Solutions visit	Tanzania	165,715
County Executive	1	17th to 21st December, 2024	Pan African council and executive committee	Morocco	383,035
County Executive	3	15th to 19th July, 2022	Attended an Official meeting	Kinshasa, Congo	1,171,000
County Executive	1	17th to 21st December, 2024	Pan African council and executive committee	Morocco	383,035
County Executive	5	23rd May 2025-1st June 2025	Agricultural Early Warning System	Korea	1,970,042
County Executive	3	23rd to 28th February, 2025	Ealaska Games	Uganda	759,548
County Executive	4	27th to 31st January, 2025	Board Exit Strategies Programme	Uganda	706,483
County Executive	1	N/A	Contingency fees	N/A	100,000.00
County Executive	2	14th to 17th February, 2025	The 38th African Summit	Ethiopia	234,185
County Executive	1	20th to 24th August, 2024	The Second Ad-Hoc Committee meeting	Morocco	490,248
County Executive	1	22nd to 28th July, 2024	Kenya and Friends in the park Diaspora Engagement forum, London	Uk	492,250
County Executive	1	13th to 15th November, 2023	Afrexim Bank Trade Fair	Egypt	135,841
County Executive	1	16th to 23rd June, 2024	Protocol and Diplomatic	Uganda	317,505
County Executive	1	6th to 13th September, 2022	Casablanca, Krakow and Manzini	Morocco	1,612,950
County Executive	1	N/A	Uglc Africa mission team	Morocco	266,800
County Executive	1	25th to 30th June, 2022	Air-ticket	Amsterdam	1,367,765
County Executive	3	13th to 16th February, 2025	Airt-icket	Adis Ababa	1,232,000
County Executive	1	28 August, 2024	Air-ticket	Uganda	191,695
County Executive	1	23rd to 28th February, 2025	Ealaska Games	Uganda	257,530
County Executive	1	4th to 10th June, 2025	Air ticket and contingency	Amsterdam	450,289
County Executive	1	27th to 31st January, 2025	Board Exit Strategies Programme	Uganda	280,295
County Executive	1	17th to 21st July, 2024	training on protocol and diplomatic relations	Uganda	265,549
County Executive	1	25th to 27th May, 2025	Air-ticket	Morocco	1,093,260

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	23rd May, 2025 to 1st June, 2025	Agricultural Early Warning System	Korea	1,023,264
County Assembly	2	23rd to 28th June, 2024	Benchmarking With Mukono Municipal Council	Uganda	451,700
County Assembly	4	26th to 30th August, 2024	Study Tour At Nansana Municipality, Uganda	Uganda	772,200
County Assembly	5	8th to 15th September, 2024	Members And Secretariate Of Public Health And Sanitation For A Workshop On Health Decentralization In Mulango	Kampala, Uganda	1,441,213
County Assembly	5	9TH TO 14TH SEPTEMBER, 2024	Members And Secretariate Of Public Health And Sanitation For A Policy Development, Implementation And Knowledge Exchange On Cancer Management And Treatment	Kampala, Uganda	1,292,734
County Assembly	1	9TH TO 14TH OCTOBER, 2024	Summith With Endless Mountain Mercy Mission International In The Usa	Usa	815,025
County Assembly Of Kisumu	1	15TH TO 21ST SEPTEMBER, 2024	Parliamentary Budget Office Annual Conference In Kampala, Uganda	Uganda	286,300
County Assembly	1	4TH TO 8TH NOVEMBER, 2024	Attending World Urban Forum In Cairo	Egypt	426,185
County Assembly	4	1ST TO 4TH NOVEMBER, 2024	Attend Cultural Event In Lira, Uganda	Uganda	636,480
County Assembly	5	1ST TO 8TH DECEMBER, 2024	Air Ticket Expenses	Dubai	994,900
County Assembly	5	1ST TO 8TH DECEMBER, 2024	Attending Progressive And Transformative Public Service Leadership Conference In Wyndham Hotel, Dubai Waterfront,	Dubai	2,917,229
County Assembly	1	8TH TO 13TH DECEMBER, 2024	Attending A Meeting On Committee Leadership Masterclass For Chairs Of The Liason Committee	Singapore	1,008,496
County Assembly	2	20TH TO 31ST JANUARY, 2025	Attending A Designing Human Resource Policies For Productivity Improvement Programme In Tanzania	Arusha, Tanzania	1,405,016
County Assembly	7	29TH JAN 2ND FEBRUARY, 2025	Invitation To 7th International Conference On Policy Development, Governance And Project Management In Malaysia	Malaysia	2,631,035
County Assembly	7	19TH TO 26TH FEBRUARY, 2025	Attending Training On Public Sector Data-Driven Policy Making In Dubai, United Arab Emirates	Dubai	4,963,496
County Assembly	3	27TH FEBRUARY TO 4TH MARCH, 2025	Invitation To The 5th Edition Of Africa Champions Awards Gala	Dar-Es Salam	685,170
County Assembly	2	4TH TO 10TH MARCH, 2025	Invitation To Participate In A Training And Study Tour On Leadership And Legislation	Singapore	1,572,800
County Assembly	7	3RD TO 9TH MARCH, 2025	Attending Ethics And Governance Training Program	Dubai	4,273,885
County Assembly	7	22ND TO 29TH MAY, 2025	Partnership Engagement With Uganda Railways Corporation	Uganda	2,257,535
County Assembly	6	8TH TO 16TH MAY, 2025	Attending A Policy Framework Engagement With Experts On Artificial Intelligence In The Public Sector In Dubai	Dubai	4,179,261

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	5	4TH TO 10TH MAY, 2025	Attending A Policy Framework Engagement With Experts On Artificial Intelligence In The Public Sector In Dubai	Dubai	2,791,942
County Assembly	2	17TH TO 23RD JUNE, 2025	Attending A Performance Management Policy In The Public Service Sector	Dubai	1,170,044

Source: ***Kisumu County Treasury and Kisumu County Assembly***

Other types of expenditure under the operations and maintenance costs include Kshs.4.83 million on garbage collection and Kshs.85.77 million related to legal fees, dues, arbitration, and compensation payments.

3.17.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.1.66 billion as FIF, which was 178 per cent of the annual target of Kshs.932.12 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.670.42 million in the reporting period across the three schemes: the Social Health Authority (SHA), the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.202 presents a breakdown of the claims.

Table 3.202: Kisumu County Health Facilities FIF Performance in FY2024/25

S/No	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	One Level 5 Hospital	844,849,002	681,991,169	161,856,833	225,170,825
2	Sixteen Level 4 Hospitals	546,434,500	376,875,403	169,559,097	104,786,323
3	Four Level 3 Hospitals	4,840,740	3,102,840	1,747,900	6,301,553
	Total	1,396,134,242	1,061,970,412	334,163,830	336,258,701

Source: *Kisumu County Treasury*

In FY 2024/25, the County reported approved claims under the Social Health Insurance Fund (SHIF) totalling Kshs.1.40 billion, yet actual disbursements amounted to Kshs.1.06 billion, resulting in an outstanding balance of Kshs.334.16 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.336.26 million.

The expenditure by the health facilities amounted to Kshs.1.43 billion, as shown in Table 3.203.

Table 3.203: Kisumu County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One Level 5 Hospital	880,084,599	982,109,149	112
2.	Sixteen Level 4 Health Facilities	410,700,490	421,120,576	103
3.	Four Level 3 Health Facilities	5,797,597	5,338,050	92
4.	Four Level 2 Health Facilities	25,477,991	26,316,920	103
	Total	**1,322,060,677**	**1,434,884,695**	**109**

Source: *Kisumu County Treasury*

3.17.14 Development Expenditure

In the review period, the County reported spending Kshs.1.57 billion on development programmes, representing an increase of 1 per cent compared to FY 2023/24, when the County spent Kshs.1.55 billion. Table 3.204 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the payment of pending bills.

Table 3.204: Kisumu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in the FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June, 2025	Implementation status (%)
1	Infrastructure, Energy and Public Works	Non–Motorised Transport Facility Phase II	Kisumu Central	Completed	659,065,834	37,248,397	659,065,834	100
2	Public Service, County Administration and Public Participation	Construction of the official Governor's Residence	Kisumu Central	Completed	48,483,827	16,642,083	48,483,827	100
3	Agriculture, Livestock, Food and Fisheries	Construction of Pap Konam Agriculture Centre	Seme	Completed	14,400,000	14,381,021	14,381,021	100
4	City of Kisumu	Rehabilitation of City of Kisumu Offices	Kisumu Central	Completed	14,080,000	13,995,784	13,995,784	99
5	Water, Environment, Natural Resources and Climate Change	Expansion of Nyakach Water project	Nyakach	Completed	13,870,425	13,870,425	13,870,425	100
6	City of Kisumu	Construction of Rotary Youth Innovative Centre	Market Milimani	10 May, 2021	273,532,691	14,930,651	248,316,033	100
7	City of Kisumu	Construction of Nyamasaria Satellite Bus Park	Nyamasaria	30 May, 2023	102,600,473	15,000,000	77,611,318	100
8	City of Kisumu	Proposed fire Station and Management Systems	Municipality	4 April, 2023	238,887,329	20,000,000	193,735,971	100
9	County Assembly of Kisumu	Construction of Ultra-Modern Assembly	Kisumu Mlimani	31 December 2026	478,356,348	70,836,833	312,133,372	65
10	County Assembly of Kisumu	Completion of the Speaker's Residence	Kisumu Mlimani		34,098,359	2,099,049	33,374,727	98

Source: *Kisumu County Treasury*

During the period under review, the County did not report on stalled development projects.

3.17.15 Budget Performance by Department

Table 3.205 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.205: Kisumu County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Physical Planning, Lands, Housing and Urban Development	85.55	1,000.30	81.41	758.75	58.54	12.65	72	2	68	1
Agriculture, Livestock, Food and Fisheries	60.75	310.40	25.11	128.31	58.55	50.60	233	39	96	16
City of Kisumu	184.10	912.59	106.36	121.70	96.75	121.70	91	100	53	13
County Assembly of Kisumu	1,002.02	100.00	943.48	72.21	937.78	72.21	99	100	94	72
County Public Service Board	37.12	-	27.15	-	22.84	-	84	-	62	-
Education, Technical Training, Innovation and Social Service	217.84	255.43	116.09	115.50	102.17	46.40	88	40	47	18
Infrastructure, Energy and Public Works	82.69	960.23	53.02	328.18	33.11	254.39	62	78	40	27
Finance, Economic Planning and ICT Services	1,184.60	1,023.60	716.38	721.97	721.32	726.83	101	101	61	71
Trade, Tourism, Industry and Marketing	38.43	22.80	6.42	6.48	8.35	6.49	130	100	22	28
Medical Services, Public Health and Sanitation	805.97	123.65	258.45	52.03	283.37	58.17	110	112	35	47
Sports, Culture, Gender and Youth Affairs	69.40	48.50	28.49	5.99	42.51	6.47	149	108	61	13
Water, Environment, Natural Resources and Climate Change	71.58	626.43	22.30	36.61	68.09	202.29	305	553	95	32
Public Service, County Administration and Participatory Development	6,045.35	45.00	5,570.06	9.81	5,466.47	9.79	98	100	90	22
Total	**9,885.39**	**5,428.94**	**7,954.74**	**2,357.55**	**7,899.84**	**1,567.99**	**99**	**67**	**80**	**29**

Source: *Kisumu County Treasury*

Analysis of expenditure by departments shows that the Department of County Assembly of Kisumu recorded the highest absorption rate of development budget at 72 per cent, followed by the Department of Finance, Economic Planning and ICT Services at 71 per cent. The Department of Agriculture, Livestock, Food and Fisheries had the highest percentage of recurrent expenditure to budget at 96 per cent, while the Department of Trade, Tourism, Industry and Marketing had the lowest at 22 per cent.

3.17.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 1 August, 2025
ii. Own-source revenue underperformed at Kshs.1.67 billion against an annual target of Kshs.3.80 billion, representing 44 per cent of the financial year target.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the Kisumu Bursary Fund's lifespan had lapsed, making it ineligible for further withdrawals.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kisumu County Bursary Fund, Kisumu County Emergency Fund and Kisumu County Assembly MCA's and Staff Car Loan and Mortgage Fund were not submitted to the CoB as of 15 July 2025.
v. There was a high level of pending bills, which amounted to Kshs.1.51 billion as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.

vi. Use of manual payroll. Personnel emoluments amounting to Kshs.499.56 million for 317 staff not onboarded into HRIS and 2,976 casual staff were processed through manual payroll, accounting for 9 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
v. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Pending Bills Action Plan should be enforced.*
vi. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

3.18. County Government of Kitui

3.18.1 Overview of FY 2024/25 Budget

The Kitui County Approved Supplementary II Budget for FY 2024/25 was Kshs.14.31 billion. It comprised Kshs.4.75 billion (33 per cent) and Kshs.9.55 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.48.22 million (less than 1 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.5.38 billion and a recurrent budget of Kshs.8.88 billion. The increase in the budget was primarily attributed to a high balance brought forward from FY 2023/24 of Kshs.866.36 million.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.10.89 billion (76 per cent), additional allocations of Kshs.779.27 million (5 per cent), a cash balance of Kshs.1.50 billion (10 per cent) brought forward from FY 2023/24, and Kshs1.15 billion (8 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.390.64 million (34 per cent) deposited into the CRF and Kshs 754.39 million (66 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.754.39 million (100 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.206.

3.18.2 Revenue Performance

The County received Kshs.13.56 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 4 per cent compared to the amount received in FY 2023/24 of Kshs.13.06 billion. The total revenue consisted of Kshs.10.89 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.281.40 million and own-source revenue (OSR) collection of Kshs.895.42 million. Additionally, the County had a cash balance of Kshs.1.50 billion from FY 2023/24.

The total OSR collection of Kshs.895.42 million included Facilities Improvement Financing (FIF) of Kshs.631.30 million, and Kshs.264.11 million from other OSR sources. Table 3.206 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.206: Kitui County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	10,885,968,099	10,885,968,099	100

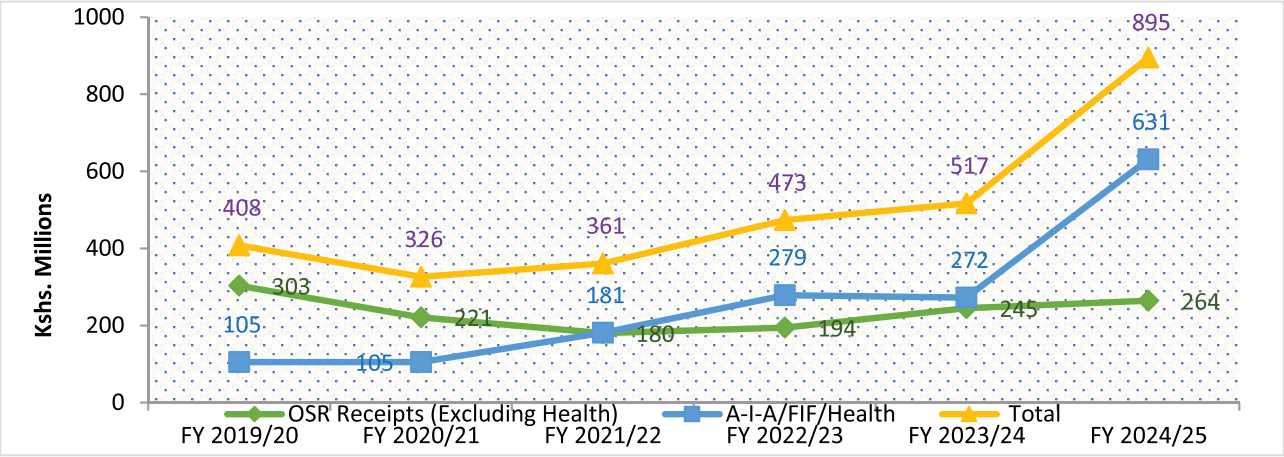
S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
Subtotal		**10,885,968,099**	**10,885,968,099**	**100**
B	**Additional Allocations**			
1	Court Fines	50,000	-	-
2	Community Health Promoters Project	74,100,000	-	-
3	Road Maintenance Fuel Levy (RMFL)		152,421,270	-
4	Aggregated Industrial Parks Programme	250,000,000	-	-
5	Kenya Urban Support Project-Urban Development Grant (UDG)-World Bank	41,801769	-	-
6	Kenya Urban Support Project-Urban Institutional Grant (UIG)-World Bank	35,000,000	32,309,300	92
7	Kenya Devolution Support Program (KDSP II)	37,500,000	-	-
8	DANIDA Grant to Finance Primary Healthcare in a Devolved Context	13,601,250		-
9	IDA (World Bank) - Emergency Locust Response Project (ELRP)	121,025,000	-	-
10	Sweden - Kenya Agricultural Development Programme	10,918,919	-	-
10	IDA World Bank Loan for the National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	96,664,363	64
11	Basic Salary arrears for Health Workers	43,756,694	-	-
Subtotal		**779,268,784**	**281,394,933**	**36**
C	**Own Source Revenue**			
1	Ordinary Own Source Revenue	390,638,102	264,112,881	68
2	Facility Improvement Fund (FIF)	754,386,956	631,303155	84
Subtotal		**1,145,025,058**	**895,416,036**	**78**
D	**Other Sources of Revenue**			
1	Unspent Balance from FY 2023/24	1,495,093,369	1,495,093,369	100
Sub-Total		**1,495,093,369**	**1,495,093,369**	**100**
Grand Total		**14,305,355,310**	**13,557,872,437**	**95**

Source: *Kitui County Treasury*

The County has no governing legislation on the operation of ordinary A-I-A and FIF, and is using the national government legislation. However, the Kitui County FIF Act 2023 was submitted to the County assembly for consideration and approval.

Figure 69 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 69: Kitui County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



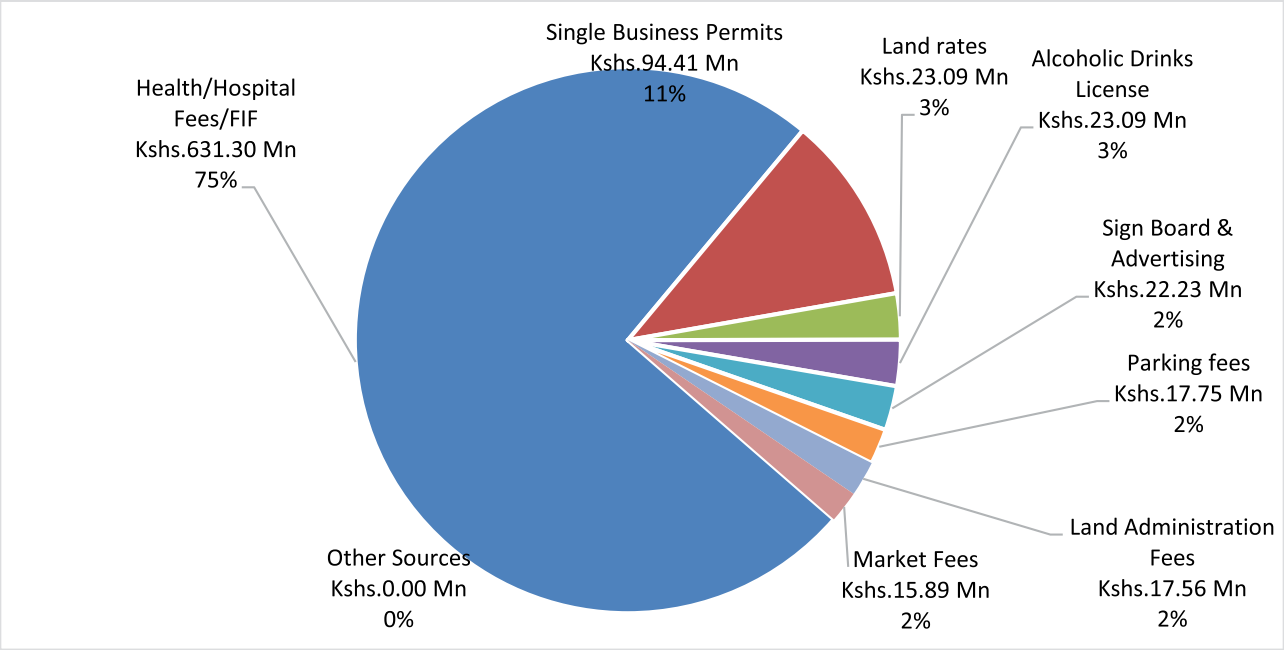
Source: *Kitui County Treasury*

During the year, the County generated Kshs.895.42 million from its revenue sources, including FIF. This amount was

an increase of 73 per cent compared to Kshs.517.05 million realised in a similar period in FY 2023/24, and was 78 per cent of the annual target and 8 per cent of the equitable revenue share disbursed.

The increase in OSR can be attributed to the automation of revenue systems and the training of revenue collection officers. The revenue streams which contributed the highest OSR receipts are shown in Figure 70.

Figure 70: Kitui County Top Own Source Revenue Streams in FY 2024/25



Source: *Kitui County Treasury*

As shown in Figure 70, the highest revenue stream, at Kshs.755.68 million was from FIF, accounting for 38 per cent of the total OSR receipts. The County Government has automated all 29 revenue streams.

3.18.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.1.10 billion. This amount increased to Kshs.1.28 billion as of 30 June 2025, indicating that the County had accumulated additional arrears of Kshs.207.50 million. Table 3.207 presents a breakdown of the County's revenue arrears.

Table 3.207: Kitui County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Ordinary own sources of revenue	1,098,129,827	-	23,088,750	207,492,186	1,282,533,263
B	SHIF/SHA and NHIF arrears	337,664,882				337,664,882
Total		**1,435,794,709**	**-**	**23,088,750**	**207,492,186**	**1,620,198,145**

Source: *Kitui County Treasury*

As of 30 June 2025, the revenue arrears comprised a principal amount of Kshs.1.28 billion. The County has instituted measures to collect outstanding arrears in FY 2025/26, including engaging debt collectors to collect the outstanding amount.

3.18.4 Borrowing by the County

The County did not disclose any borrowing during the review period.

3.18.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.12.87 billion from the CRF account in FY 2024/25, which comprised Kshs.3.50 billion (27 per cent) for development programmes and Kshs.9.39 billion (73 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.5.55 billion was for employee compensation and Kshs.3.84 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 18 per cent was for domestic travel and 7 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.709.95 million and included Kshs.455.04 million for the County Executive and Kshs.254.92 million for the County Assembly. The foreign exchequer totalled Kshs.61.50 million, entirely for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.227.39 million.

3.18.6 County Expenditure Review

The County spent Kshs.12.46 billion on development and recurrent programmes in the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.3.28 billion for development programmes and Kshs.9.18 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 69 per cent, while recurrent expenditure represented 96 per cent of the annual recurrent expenditure budget.

3.18.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.848.70 million. This amount included Kshs.829.92 million from the County Executive and Kshs.18.79 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.201.59 million for recurrent expenditures and Kshs.628.33 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.829.92 million, comprising Kshs.201.59 million (24 per cent) for recurrent programmes and Kshs.628.33 million (76 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.18.79 million, comprising Kshs.9.81 million (52 per cent) for recurrent programmes and Kshs.8.97 million (48 per cent) for development programmes. Table 3.208 provides additional details of pending bills.

Table 3.208: Kitui County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	201,585,457	201,585,457	173,704,895	173,704,895
Development	628,333,169	628,333,169	56,145,680	56,145,680
Total	**829,918,626**	**829,918,626**	**229,850,575**	**229,850,575**
County Assembly				
Recurrent	9,813,101	9,813,101	-	-
Development	8,972,950	8,972,950	-	-
Total	**18,786,051**	**18,786,051**	-	-

Source: *Kitui County Treasury*

The County Executive and the County Assembly submitted a pending bills payment plan, committing to paying Kshs.829.92 million and Kshs.18.79 million, respectively, in FY 2024/25. The County Executive and the Assembly followed the payment plan, clearing Kshs.829.92 million for the Executive and Kshs.18.79 million for the Assembly.

Table 3.209 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.229.85 million.

Table 3.209: Kitui County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**56,145,680**	-	-	-	**56,145,680**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Pending Bills (Goods & Services)	37,790,479	-	-	-	37,790,479
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	135,914,416	-	-	-	135,914,416
Total Recurrent Pending Bills	173,704,895	-	-	-	173,704,895
Total Pending Bills	**229,850,575**	-	-	-	**229,850,575**
% of Total	**100**				**100**

Source: Kitui *County Treasury*

3.18.8 Expenditure by Economic Classification

The County Executive incurred Kshs.5.10 billion for compensation of employees, Kshs.3.11 billion for operations and maintenance, and Kshs.3.24 billion for development activities. Similarly, the County Assembly spent Kshs.387.77 million on compensation of employees, Kshs.583.20 million on operations and maintenance, and Kshs.37.73 million on development activities, as shown in Table 3.210.

Table 3.210: Kitui County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,423,471,185**	**1,130,130,552**	**8,211,471,734**	**970,978,365**	**97**	**34**
Compensation of Employees	5,133,983,577	425,641,295	5,098,027,731	387,774,443	99	91
Operations and Maintenance	3,289,487,608	704,489,257	3,133,444,003	583,203,922	95	83
Development Expenditure	**4,610,853,011**	**140,900,561**	**3,239,478,558**	**37,729,168**	**70**	**27**
Total	**13,034,324,196**	**1,271,031,113**	**11,450,950,292**	**1,008,707,533**	**88**	**79**

Source: *Kitui County Treasury*

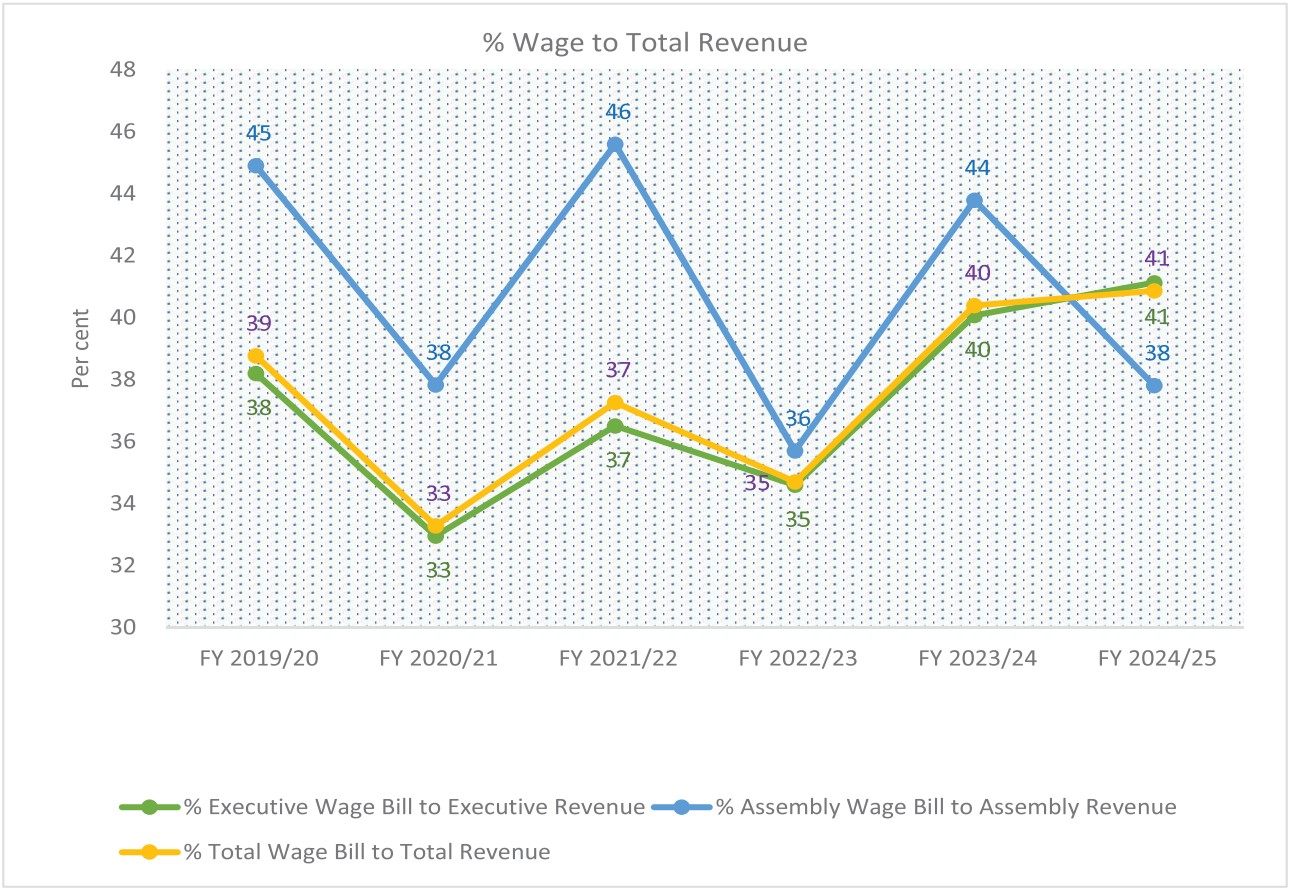
3.18.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.5.49 billion. Therefore, the percentage of employee compensation to adjusted revenue was 40 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.49 billion reported in FY 2023/24. Of this total, Kshs.2.86 billion related to the Health Sector employees, which accounted for 52 per cent of the overall employees' compensation.

The increase in employee compensation is attributed to the recruitment of new medical staff in the Department of Health, annual staff increments as per SRC policies, and promotions of health and low-cadre staff.

Figure 71 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 71: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Kitui County Treasury

Further analysis revealed that PE costs totalling Kshs.5.09 billion were processed through the Human Resource Information System (HRIS), while Kshs.392.94 million was processed through manual payroll, which accounted for 7 per cent of the total PE cost.

The manual payroll comprised salaries for MCAs and staff not onboarded into the Human Resource Information System (HRIS), MCA and ward staff service gratuities, MCAs' reimbursements, mileage allowance, MCAs and staff fringe benefit tax relief, and gratuity for contract staff, as shown in Table 3.211.

Table 3.211: Breakdown of Kitui County (Assembly) Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for non-HRIS/IPPD MCAS & Staff	116,967,118
2	Salaries for Casual Staff	208,439,469
3	Gratuity for Contract Staff	67,537,010
4	**Total**	**392,943,597**

Source: Kitui County Treasury

The County Assembly spent Kshs.14.91 million on committee sitting allowances for the 61 MCAs against the annual budget allocation of Kshs.16.66 million. The average monthly sitting allowance was Kshs.20,365 per MCA. The County Assembly has 22 House Committees.

3.18.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.139.08 million to County-Established funds in FY 2024/25, or 1 per cent of the County's overall budget. Table 3.212 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.212: Performance of Kitui County Established Funds in FY 2024/25

No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Kitui County Education Bursary Fund	2014	75,000,000	75,000,000	75,000,000	800,251,016	The County provides returns upon request, as the program is a line item rather than a fund.
2	Empowerment fund	2021				160,000,000	No
3	Kitui County Executive Mortgage & Car loan Scheme	2015	40,000,000	-	-	96,000,000	No
	County Assembly Established Funds						
4	Kitui County Housing & Car Loan Scheme Fund - MCA	2014	24,084,226	-	11,795,497	386,000,000	Yes
5	Kitui County Housing & Car Loan Scheme Fund - Staff	2018		-	9,665,157	273,000,000	Yes
	Total		**139,084,226**	**75,000,000**	**96,460,654**	**1,715,251,016**	

Source: *Kitui County Treasury*

During the reporting period, the CoB received quarterly financial reports from two Fund Administrators, as indicated in Table 3.212, as required by Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the Kitui County Housing & Car Loan Scheme Fund had lapsed.

3.18.11 County Corporations

The County has two CCounty Corporations, which were allocated Kshs.50 million in FY 2024/25. Their total annual expenditure amounted to Kshs.50 million, as shown in Table 3.213.

Table 3.213: Performance of Kitui County Corporations in FY 2024/25

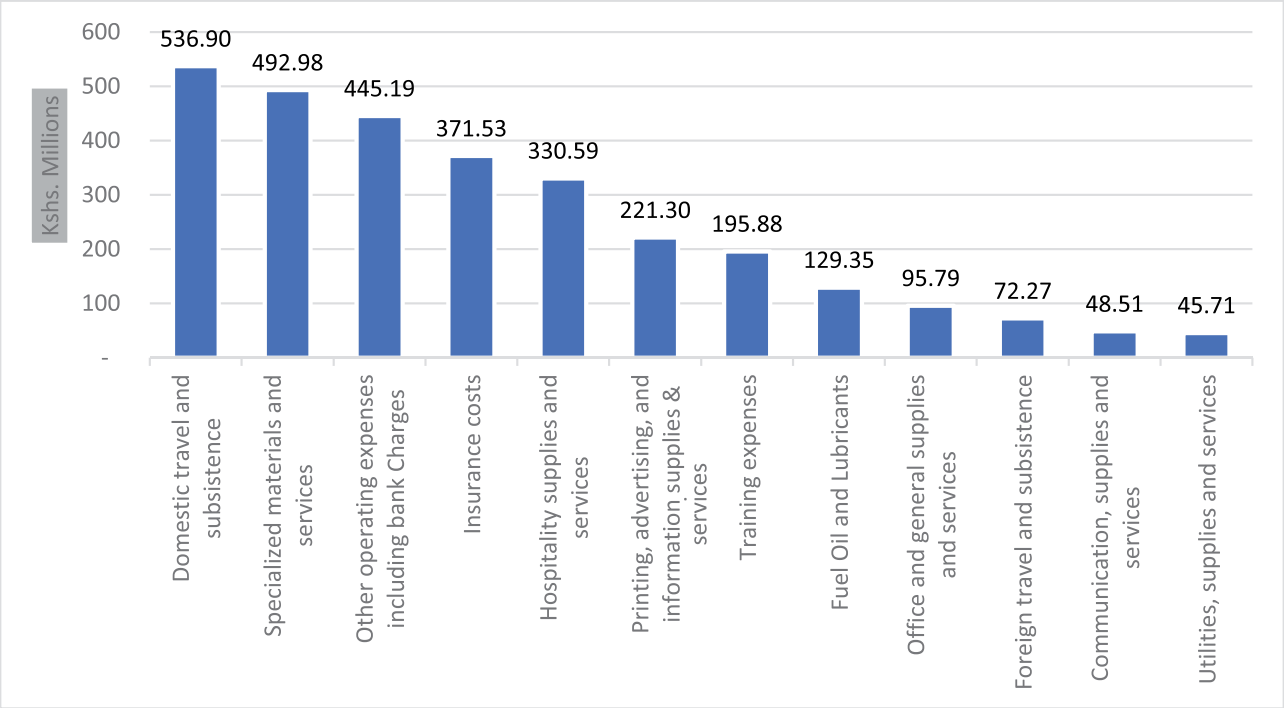
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)
	Kiabere-Mwingi water and Sanitation company.	35,000,000	35,000,000	35,000,000
	Kitui water and sanitation company	15,000,000	15,000,000	15,000,000
	Total	**50,000,000**	**50,000,000**	**50,000,000**

Source: Kitui *County Treasury*

3.18.12 Expenditure on Operations and Maintenance

Figure 72 summarises the Operations and Maintenance expenditure by major categories.

Figure 72: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: Kitui *County Treasury*

Expenditure on domestic travel amounted to Kshs.536.90 million, comprising Kshs.151.19 million spent by the County Assembly and Kshs.385.70 million by the County Executive. Expenditure on foreign travel amounted to Kshs.72.27 million and was entirely spent by the County Assembly. Expenditure on foreign travel is summarised in Table 3.214.

Table 3.214: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	4	25th-29th November 2024	Attending the International Programme on Leadership and Excellence from 25th to 29th November 2024	Istanbul, Turkey	5,043,760
County Assembly	7	11th-15th November 2024	Workshop on Strategies for Strengthening County Health Systems to Expand Access to High-Quality Health Services, organised by ESAMI in Addis Ababa, Ethiopia	Addis Ababa, Ethiopia	6,576,250
County Assembly	7	25th-29th November 2024	Attending International Programme on the Administration of Integrated Multi-sectoral ECDE Interventions from 25th-29th November 2024	Addis Ababa, Ethiopia	7,029,050
County Assembly	7	14th-18th October 2024	Attending a workshop on Governance and Public Sector Management Training	Addis Ababa, Ethiopia	6,642,020
County Assembly	7	14th-19th October 2024	Agriculture Committee training on Strategies of Advancing Entrepreneurship and Agri Business Management	Addis Ababa, Ethiopia	6,124,785
County Assembly	2	27th-30th November, 2024	Attending the 29th East Africa Law Society Annual Conference	Kampala, Uganda	1,316,310
County Assembly	2	19th-23rd October, 2024	Attending the 17th Africa Colloquium of Legal Counsel to Parliaments	Lilongwe, Zimbabwe	1,502,250
County Assembly	5	2nd-6th December 2024	Attending a Masterclass Training of Trainers (TOT) from 2nd to 6th December 2024	Arusha, Tanzania	1,981,500

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	17th-21st February, 2025	Attend a program on Administration of Law and Justice in Devolved Units, Including Elections within the Assembly, Good Governance, Anti-Corruption and Human Rights from 17th-21st February, 2025	Addis Ababa, Ethiopia	6,849,220
County Assembly	7	3rd-7th February, 2025	Attend a program on Leadership and Governance for County Assemblies by ESAMI from 3rd-7th February, 2025	Addis Ababa, Ethiopia	6,924,750
County Assembly	7	3rd-7th February 2025	Attend a program on Gender Mainstreaming in Policy Formulation and Implementation, organised by ESAMI from 3rd to 7th February 2025	Addis Ababa, Ethiopia	6,910,750
County Assembly	40	22nd February-1st March 2025	attending EALASCA GAMES from 22nd February-1st March 2025	Kampala, Uganda	9,483,500
County Assembly	5	14th-18th April 2025	Attending a training on Recruitment in public service from 14th to 18th April 2025	Addis Ababa, Ethiopia	4,998,443
County Assembly	6	6th-7th June 2025	Attending a MOU signing exercise on training and signing of a contract on consultancy on development of strategic plan 2025-2030, 6th-7th June 2025	Arusha, Tanzania	887,250

Source: Kitui County Assembly

3.18.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.755.68 million as FIF, which was 84 per cent of the annual target of Kshs.903.88 million. The County has developed regulations to operationalise the FIF Act of 2023. However, the Kitui County FIF Act 2024 is not fully operational since they have yet to set up operational committees despite collecting and retaining the OSR at the commercial bank accounts.

In the reporting period, health facilities were owed a combined total of Kshs.63.35 million, of which Kshs.28.69 million was for the Social Health Insurance Fund (SHIF) and Kshs.27.95 million for outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.215 presents a breakdown of the claims.

Table 3.215: Kitui County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	Kitui County Referral Hospital	306.70	195.19	112.00	46.12
2	Mwingi Level IV Hospital	118.09	59.67	58.42	51.51
3	Ikutha Sub-County Hospital	18.88	9.81	9.07	0.32
4	Kanyangi Sub-County Hospital	13.54	9.47	4.07	4.13
5	Tseikuru Sub-County Hospital	10.55	6.39	4.16	0.12
6	Kauwi Sub-County Hospital	8.97	4.98	4.00	1.99
7	Migwani Sub-County Hospital	8.46	6.37	2.09	0.26
8	Kyuso Sub-County Hospital	6.77	3.15	3.61	1.40
9	Mutitu Sub-County Hospital	6.42	2.88	3.54	0.25
10	Mutomo Sub-County Hospital	6.31	4.08	2.24	3.53
11	Ikanga Sub-County Hospital	5.89	3.12	2.77	0.12
12	Katulani Sub-County Hospital	4.57	2.37	2.20	5.43
13	Zombe Sub-County Hospital	3.85	0.45	3.40	5.55

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
14	Nuu Sub-County Hospital	1.56	0.87	0.69	5.19
	Total	**520.55**	**308.79**	**211.76**	**125.91**

***Source: Kitui** County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.63.35 million. Of this, only Kshs.34.65 million was disbursed, occasioning a pending balance of Kshs.28.69 million. Further, the defunct NHIF still owes health facilities Kshs.27.95 million.

The expenditure by the health facilities amounted to Kshs.409.32 million, as shown in Table 3.216.

Table 3.216: Kitui County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1	LEVEL 2 -244 AND LEVEL 3A -52-PHC FUNDING	34,590,250	34,590,250	100
2	LEVEL 2 -244 AND LEVEL 3A -52-PHC FUNDING	25,110,000	24,712,000	99
3	KITUI COUNTY REFERRAL	126,000,000	126,000,000	100
4	KITUI COUNTY REFERRAL-AMENITY	30,800,000	30,800,000	100
5	MWINGI SUB COUNTY HOSPITAL	102,000,000	102,000,000	100
6	MIGWANI SUB COUNTY HOSPITAL	13,200,000	13,200,000	100
7	KATULANI HOSPITAL	6,000,000	6,000,000	100
8	MUTITU SUB COUNTY HOSPITAL	6,000,000	6,000,000	100
9	IKANGA HOSPITAL	6,000,000	6,000,000	100
10	NUU SUB COUNTY HOSPITAL	6,000,000	6,000,000	100
11	KANYANGI SUB COUNTY HOSPITAL	6,000,000	6,000,000	100
12	KYUSO SUB COUNTY HOSPITAL	7,200,000	7,200,000	100
13	KAUWI SUB COUNTY HOSPITAL	7,800,000	7,800,000	100
14	TSEIKURU SUB COUNTY HOSPITAL	7,800,000	7,800,000	100
15	IKUTHA SUB COUNTY HOSPITAL	13,200,000	13,200,000	100
16	MUTOMO HOSPITAL	6,000,000	6,000,000	100
17	ZOMBE HOSPITAL	6,000,000	6,000,000	100
		409,700,250	**409,302,250**	

***Source:** Kitui County Treasury*

3.18.14 Development Expenditure

In the review period, the County reported spending Kshs.1.94 billion on development programmes, representing a decrease of 33 per cent compared to FY 2023/24, when the County spent Kshs.2.88 billion. Table 3.217 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditures was attributed to the downward revision of our budget in FY 2024/2025 due to cash-flow issues.

Table 3.217: Kitui County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget Allocation	Amount Paid as of 30 June 2025	Implementation status (%)
1	Trade, industry, MSMEs, innovation and Cooperatives	Kitui County Aggregation and Industrial Park	Kitui Rural Sub-County	492,356,000	250,000,000	75,000,000	15.23

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget Allocation	Amount Paid as of 30 June 2025	Implementation status (%)
2	County Assembly	Construction of County Assembly chambers	County Assembly HQ	249,507,369	135,900,561	37,729,168	15.12
3	Health and sanitation	Construction of renal unit at Kitui County Referral Hospital, phase 1	Kitui central	11,042,651	11,042,651	11,042,651	100
4	Lands, Housing & Urban Development	Purchase of land for the construction of a site camp for the Grand Falls project in Tharaka ward.	Mwingi North	10,200,000	10,200,000	10,200,000	100
5	Office of the Governor	Construction of Tiva Kalala sump well and other civil works at Tiva River.	Kitui rural	9,597,155	9,597,155	9,597,155	100
6	Office of the Governor	Fencing of Musavani dispensary and construction of the gate in Tseikuru ward	Mwingi north	9,307,191	9,307,191	9,307,191	100
7	Water & Irrigation	Supply of power to the Masinga treatment plant	Kitui east	8,000,000	8,000,000	8,000,000	100
8	Water & Irrigation	Construction of Imuumba Sumpwell and other civil works at Imuumba Voo/Kyamatuward	Mwingi west	7,604,024	7,604,024	7,604,024	100
9	Water & Irrigation	Supply of power to the Masinga treatment plant	Kitui central	7,000,000	7,000,000	7,000,000	100
10	Health and sanitation	Stabiliser for the X-ray machine in Kanyangi Zombe Mutitu Katulani	Kitui East	7,000,000	7,000,000	7,000,000	100

Source: *Kitui County Treasury*

The County reported 14 stalled development projects as of 30 June, 2025, with an estimated value of Kshs.999.45 million, of which Kshs.476.92 million has been spent towards the projects, as shown in the Table 3.218.

Table 3.218: Kitui County, List of Stalled Projects as of 30 June 2025

S/No.	Project	Project Location	Estimated Value of the project (Kshs)	Amount paid on the stalled projects	Outstanding balance as of 30 June 2025	% of completion Implementation before stalling of the project	Reasons for project stalling
A.	**MINISTRY OF HEALTH AND SANITATION**						
1	Proposed construction of a Medical Ward at Mwingi Level IV Hospital	Mwingi Central	65,532,720	9,702,125	55,830,595	Ongoing. Multiyear project	The project had stalled due to a lack of budgetary allocation. The project was restarted in the FY 2023/2024. Currently at the walling stage
2	Construction of 7 classrooms at KMTC Mwingi	Mwingi Central	17,027,650	851,382	16,176,268	stalled	At the slabbing level of the ground floor, a Multiyear project. No budgetary allocation over the years
3	Proposed construction of perimeter wall at Mwingi Level iv Hosp.	Mwingi Central	30,000,000	17,478,693	12,521,307	Ongoing	The project is in progress and is 90 per cent complete
4	Construction of a storeyed maternity ward at KCRH	Kitui Central	242,782,653	104,981,800	137,800,853	Stalled	At the walling stage, the multiyear project stalled due to a lack of budgetary allocation.

S/No.	Project	Project Location	Estimated Value of the project (Kshs)	Amount paid on the stalled projects	Outstanding balance as of 30 June 2025	% of completion Implementation before stalling of the project	Reasons for project stalling
5	Construction of the surgical and amenity block at KCRH	Kitui Central	144,775,000	30,131,670	114,643,330	stalled	At the walling level of the ground floor. The project stalled due to a lack of budgetary allocation over the years.
6	Construction and equipping of the mortuary at Mwingi Level IV Hospital	Mwingi Central	20,508,600	14,260,830	6,247,770	Structure complete.	Equipping, power and electrical works, landscaping and gate remaining
7	Construction of maternity ward Nuu Sub-County Hospital	Mwingi Central	5,095,090	5,095,090	-	stalled	Structure done, finishing the remaining
8	Construction of the mortuary at KCRH	Kitui Central	22,933,210	15,730,680	7,202,530	Ongoing	95% complete. Completion works and equipping are ongoing
9	Proposed construction of a Blood Transfusion centre at KCRH	Kitui Central	12,880,623	12,845,064	35,559	Structure complete. Finishing works remaining	The project was completed in the FY 2023/2024
10	Proposed construction X-Ray Dept at Tseikuru Hosp.	Mwingi North	4,761,350	6,340,000	-1,578,650	Complete, awaiting installation of the X-ray machine	The project was completed in the FY 2023/2024
B	**Ministry of Water and Irrigation**						
11	Mukameni Water Project	Kitui South	11,044,422	5,081,026	5,963,396	stalled	Project stalled at 46%
12	Construction of an elevated Steel Water tank and pipeline extension at Muaani	Kitui South	5,640,230	4,809,755	830,475	Stalled	Project stalled at 85%
C	**Kitui Municipality**						
13	Kithomboani Modern Market	Kitui Central	351,585,555	243,913,333	107,672,221	Stalled at 65%	The project, which was being funded through the Kenya Urban Support Program (KUSP), is being considered for completion through KUSP II
D	**Ministry of Roads and Public Works**						
14	Land Infrastructure and Urban Development (LIUD) Headquarters	Kitui Central	64,880,916	5,701,156	59,179,760	Stalled at 9%	The project sits on land shared between the County Government and the National Government. The County Ministry of Roads and Public Works intends to hand it over to the National Government for completion to make good use of the funds invested.
	Total		**999,448,019**	**476,922,603**	**522,525,415**		

Source: *Kitui County Treasury*

3.18.15 Budget Performance by Department

Table 3.219 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.219: Kitui County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	1,376.41	1,088.10	1,353.66	1,088.10	1,385.90	1,133.27	102.4	104.2	100.7	104.2
Office of The Deputy Governor	157.37	29.32	157.14	26.23	156.14	20.51	99.4	78.2	99.2	69.9
Water & Irrigation	139.45	592.51	139.44	530.45	135.11	480.62	96.9	90.6	96.9	81.1
Basic Education ICT & Youth Development	941.47	126.32	940.54	108.30	959.07	127.22	102.0	117.5	101.9	100.7
Roads, Public Works and Transport	214.26	285.97	210.20	284.66	207.25	203.53	98.6	71.5	96.7	71.2
Health and Sanitation	3,979.51	385.14	3,886.45	384.22	3,860.06	297.84	99.3	77.5	97.0	77.3
Trade, industry, MSMEs, innovation and Cooperatives	194.41	631.90	191.81	398.02	173.27	301.52	90.3	75.8	89.1	47.7
Energy, Environment, Forestry, Natural & Mineral Resources	120.68	364.72	120.13	168.40	118.29	204.35	98.5	121.3	98.0	56.0
Culture, Gender, Youth, ICT, Sports & Social services	170.13	43.96	169.51	43.48	162.10	39.15	95.6	90.0	95.3	89.1
Finance, Economic Planning and Revenue Management	443.65	94.72	440.19	45.73	410.02	22.44	93.1	49.1	92.4	23.7
Agriculture & Livestock	358.40	580.22	357.35	170.90	341.47	185.33	95.6	108.4	95.3	31.9
County Assembly	1130.13	140.90	1100.92	37.73	970.98	37.73	88.2	100.0	85.9	26.8
Kitui Municipality	91.74	68.18	91.69	31.45	82.57	58.55	90.1		90.0	85.9
Mwingi Town Administration	69.79	29.44	68.05	15.52	66.30	27.35	97.4	176.2	95.0	92.9
County public service board	63.98	24.73	62.87	5.71	59.25	14.98	94.2	262.3	92.6	60.6
Lands, Housing & Urban Development	102.23	265.63	101.10	157.52	94.67	122.83	93.6	78.0	92.6	46.2
Total	**9,553.60**	**4,751.75**	**9,391.04**	**3,496.44**	**9,182.45**	**3,277.21**	**97.8**	**93.7**	**96.1**	**69.0**

Source: *Kitui County Treasury*

Analysis of expenditure by departments shows that the Department of Trade, Industry, Tourism & Innovation, and Education recorded the highest absorption rate of development budget at 68 per cent respectively, followed by the Department of Devolution at 63 per cent. The Department of Agriculture, Food Security and Cooperative Development, and County Assembly had the highest percentage of recurrent expenditure to budget at 98 per cent respectively, while the Department of Lands, Urban Development, Housing & Energy had the lowest at 63 per cent.

3.18.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 11 August 2025.
ii. Own-source revenue underperformed at Kshs.895.42 million against an annual target of Kshs.1.15 billion, representing 78 per cent of the financial year target.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Kitui County Housing & Car Loan Scheme Fund had expired, making it ineligible for further withdrawals.
iv. Use of manual payroll. Personnel emoluments for the County Assembly and County Executive amount to Kshs.392.94 million for staff not onboarded into HRIS. Kshs.275.98 million and Kshs.116.97 million for the County Assembly and Executive, respectively, accounting for 7 per cent of the total County payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.56.64 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
v. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts to enhance accountability and oversight.*
vi. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.19. County Government of Kwale

3.19.1 Overview of FY 2024/25 Budget

The Kwale County Approved Supplementary II Budget for FY 2024/25 was Kshs.14.88 billion. It comprised Kshs.6.95 billion (47 per cent) and Kshs.7.92 billion (53 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.616 million (4 per cent) from the FY 2023/24 budget, comprised of a development budget of Kshs.6.13 billion and a recurrent budget of Kshs.8.13 billion.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.8.63 billion 58 per cent), additional allocations and grant of Kshs.1.82 billion (13 per cent), a cash balance of Kshs.3.78 million (25 per cent) brought forward from FY 2023/24, and Kshs.650 million (4 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.350 million (2 per cent) and Kshs.300 million (2 per cent) from the Facility Improvement Financing (revenue from health facilities) Table 3.220.

3.19.2 Revenue Performance

The County received Kshs.13.19 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 13.60 per cent compared to the amount received in FY 2023/24 of Kshs.11.61 billion. The total revenue consisted of Kshs.8.63 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.1.22 billion and own-source revenue (OSR) collection of Kshs.535 million. Additionally, the County had a cash balance of Kshs.2.81 billion from FY 2023/24.

The total OSR collection of Kshs.535 million included Facilities Improvement Financing (FIF) of Kshs.242 million, and Kshs.293 million from other OSR sources. Table 3.220 summarises the total revenue available to the County Government during FY 2024/25.

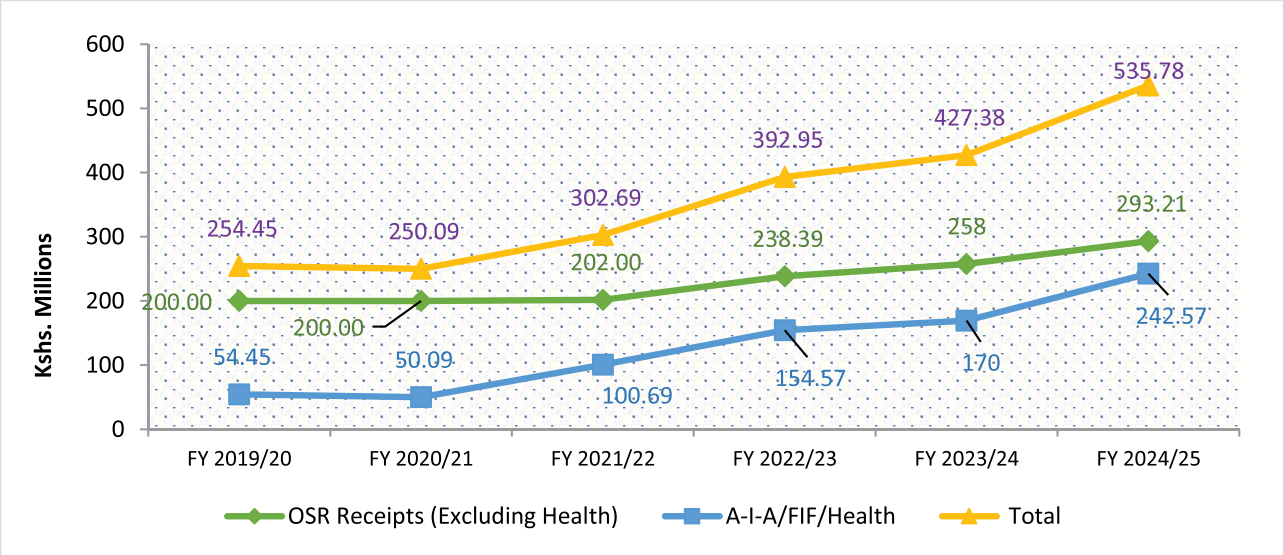
Table 3.220: Kwale County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	8,625,411,603	8,625,411,412	100
Sub Total		8,625,411,603	8,625,411,412	100
B	**Additional Allocations from National Government Revenues**			
1	Basic Salary Arrears for County Government Health Workers	28,773,123	-	-
2	Community Health Promoters (CHPs) Project	59,140,000	59,140,000	100
3	Road Maintenance Levy Fund (RMLF-KRB)	-	71,758,747	-
4	Kenya Devolution Support Programme (KDSP)- Level 1 Grant	37,500,000	-	-
5	Aggregated Industrial Park Programme Grant	250,000,000	174,736,842	70
6	**Sub Total**	375,413,123	305,635,589	81
	Additional Allocations from Development Partners			
1	Primary Healthcare in Devolved Context (DANIDA)	39,553,000	8,994,375	23
2	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	63,957,449	42
3	National Agricultural Value Chain Development Project Surplus from Exchange Rate Variation	4,701,951	-	-
4	SWEDEN-Kenya Agricultural Business Development Project (KABDP)-SIDA Grant	10,918,919	-	-
5	Water and Sanitation Development Project (WSDP)	1,000,000,000	717,436,049	72
6	Kenya Informal Settlement Improvement Project KISIP II	120,188,971	80,188,971	67
7	World Bank Loan for Kenya Urban Support Program-Urban Institutional Grant UIG	35,000,000	32,309,300	92
8	World Bank Loan for Kenya Urban Support Program-Urban Development Grant UDG	81,159,202	-	-
9	United Nations Fund for Population Activities (UNFPA)	6,660,000	12,500,577	188
	Sub-Total	1,449,697,195	915,386,721	63
1	Own Source Revenue	350,000,000	293,205,175	84
	Sub Total	350,000,000	293,205,175	84
2	Appropriation in Aid (Facility Improvement Fund-FIF)	300,000,000	242,573,470	81
	Sub Total	300,000,000	242,573,470	81
3	Income brought forward from the FY2023/2024 Budget.	-	-	-
4	Pending Bills and Commitments B/F on Programmes for FY2023/2024	3,775,541,683	2,810,862,545	74
	Sub Total	3,775,541,683	2,810,862,545	74
Grand Total		**14,876,063,604**	**13,193,074,912**	**89**

Source: *Kwale County Treasury*

The performance above 100 per cent is due to the County utilising balances in the special purpose accounts (SPA). The County, however, does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 73 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

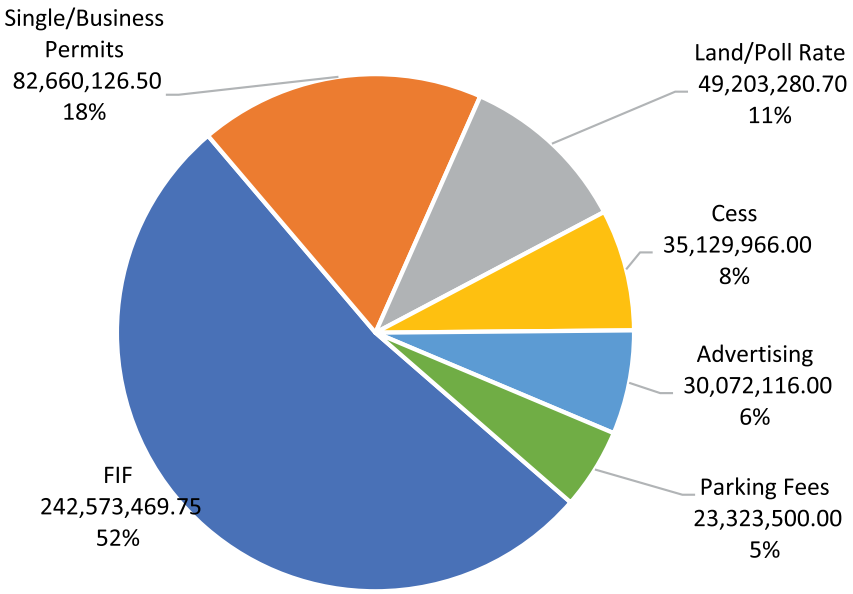
Figure 73: Kwale County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



Source: *Kwale County Treasury*

During the year, the County generated Kshs.535.78 million from its revenue sources, including FIF. This amount was an increase of 25 per cent compared to Kshs.427.38 million realised in a similar period in FY 2023/24, and was 82 per cent of the annual target and 6 per cent of the equitable revenue share disbursed. The revenue streams which contributed the highest OSR receipts are shown in Figure 74.

Figure 74: Kwale County Top Own Source Revenue Streams in FY 2024/25



Source: Kwale County Treasury

As shown in Figure 74, the highest revenue stream, at Kshs.242.57 million, was from FIF, accounting for 52 per cent of the total OSR receipts. The County Government has not indicated that it has automated any revenue streams.

3.19.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.62.66 million. This amount increased to Kshs.159.46 million as of 30 June 2025, indicating that the County had reduced its arrears by Kshs.46.62 million and accumulated additional arrears of Kshs.144.40 million. Table 3.221 presents a breakdown of the County's revenue arrears.

Table 3.221: Kwale County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in FY 2024/25 (Kshs)	Arrears earned during the FY 2025/25 (Kshs)	
		A	B	C	D	E=A-B-C+D
A	**Own Sources of Revenue**					
1	Cess	10,856,659	-	(2,572,959)	675,102	8,958,802
2	Land/Poll Rate	819,048.43	-	(10,916,580.85)	26,406,461.92	16,308,929.50
4	Property Rent	5,583,400	-	(498,000)	3,176,700	8,262,100
7	Advertising	-	-	-	144,000	144,000
11	Conservancy Administration	460,000	-	-	-	460,000
12	Administration Control Fees and Charges (w.m)	-	-	(460,000)	450,000	(10,000)
			-	-	663,209.25	663,209.25
	Sub-Total	**17,719,107.43**	**-**	**(14,447,539.85)**	**31,515,473.17**	**34,787,040.75**
B	**Facility Improvement Fund (FIF)**					
1	Hospital Fees	44,936,791	(974,500)	(32,173,424)	112,885,425.35	124,674,292.35
	Sub-Total	**44,936,791**	**(974,500)**	**(32,173,424)**	**112,885,425.35**	**124,674,292.35**
Total		**62,655,898.43**	**(974,500)**	**(46,620,963.85)**	**144,400,898.52**	**159,461,333.10**

Source: Kwale County *Treasuries*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.160.44 million (99.4 per cent) and waivers of Kshs.1 million (0.6). The County has not reported on any measures to collect the outstanding arrears in FY 2025/26.

3.19.4 Borrowing by the County

The County has not provided any information on borrowing as of 30 June 2025.

3.19.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.10.46 billion from the CRF account in FY 2024/25, which comprised Kshs.3.73 million (36 per cent) for development programmes and Kshs.6.73 billion (64 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.4.18 billion was for employee compensation and Kshs.2.55 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 7 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.188.32 million and included Kshs.112.34 million for the County Executive and Kshs.75.98 million for the County Assembly. The foreign exchequer totalled Kshs.26.55 million, comprising Kshs.1.23 million for the County Executive and Kshs.25.32 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.447.83 million.

3.19.6 County Expenditure Review

The County spent Kshs.10.9 billion on development and recurrent programmes in the reporting period. This expenditure represented 96 per cent of the total funds released by the CoB. It comprised Kshs.3.08 billion for development programmes and Kshs.7.01 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 44 per cent, while recurrent expenditures represented 88 per cent of the annual recurrent expenditure budget.

3.19.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.2.34 billion. This amount included Kshs.2.13 billion from the County Executive and Kshs.203.97 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.1.12 billion for recurrent expenditures and Kshs.1.02 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.91 billion, comprising Kshs.922.29 million (83 per cent) for recurrent programmes and Kshs.983.43 million (97 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.175.6 million, which included Kshs.125 million (99 per cent) for recurrent activities and Kshs.49.85 million (64.3 per cent) for development activities. Table 3.222 provides additional details of pending bills.

Table 3.222: Kwale County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	1,117,867,909	922,290,848	458,923,126.29	654,500,187.29
Development	1,015,720,218	983,429,380	883,172,822.27	915,463,660.27
Total	2,133,587,124	1,905,720,228	1,342,095,948.46	1,569,963,847.56
County Assembly				
Recurrent	126,416,396	125,746,396	186,873,297	187,543,297
Development	77,550,939	49,855,236	114,392,700	142,088,403
Total	203,967,335	175,601,632	301,265,997	329,631,700

Source: *Kwale County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.1.50 billion and Kshs.150 million, respectively, in FY 2024/25. The County adhered to this payment plan, clearing Kshs.1.91 billion for the Executive and Kshs.175.60 million for the Assembly.

Table 3.223 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.90 billion.

Table 3.223: Kwale County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**997,401,322**	**59,986,541**	**164,200**		**1,057,552,064**
Recurrent Pending Bills (Goods & Services)	573,315,826	258,975,659	221,220	836,500	**833,349,205**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)					-
Recurrent Pending Bills (Staff Claims)	8,694,280				**8,694,280**
Total Recurrent Pending Bills	582,010,106	258,975,659	221,220	836,500	**842,043,485**
Total Pending Bills	**1,579,411,428**	**318,962,200**	**385,420**	**836,500**	**1,899,595,548**
of Total	**83**	**17**	**0**	**0**	**100**

Source: *Kwale County Treasury*

3.19.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.85 billion for compensation of employees, Kshs.2.56 billion for operations and maintenance, and Kshs.2.90 billion for development activities. Similarly, the County Assembly spent Kshs.268.8 million on compensation of employees, Kshs.331 million on operations and maintenance, and Kshs.176.1 million on development activities, as shown in Table 3.224.

Table 3.224: Kwale County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,182,811,319**	**739,799,205**	6,406,166,310	600,055,947	89	81
Compensation of Employees	3,467,935,738	272,102,315	3,849,833,084	268,800,548	111	99
Operations and Maintenance	3,714,875,581	467,696,890	2,556,333,226	331,255,399	69	71
Development Expenditure	6,347,342,635	606,110,444	2,902,748,813	176,053,282	46	29
Total	**13,530,153,954**	**1,345,909,649**	**9,308,915,123**	**776,109,229**	69	58

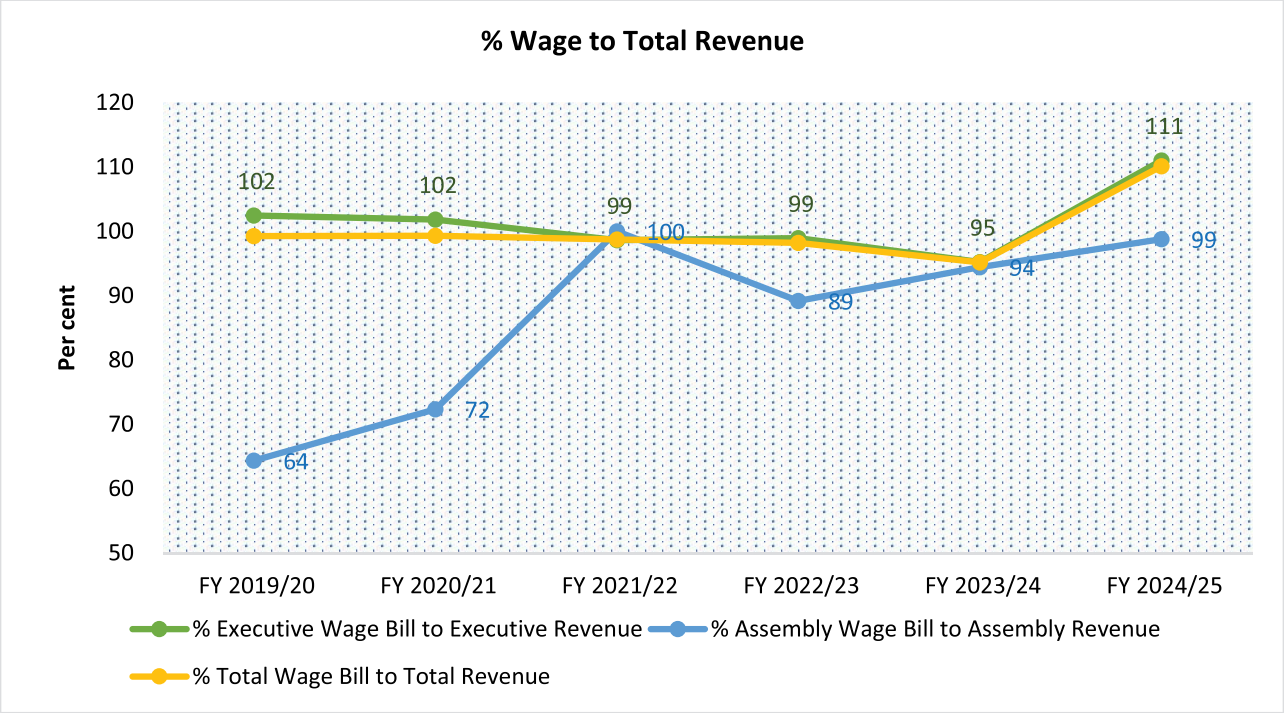
Source: *Kwale County Treasury*

3.19.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.4.12 billion. Therefore, the percentage of employee compensation to revenue was 31 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.78 billion reported in FY 2023/24. Of this total, Kshs.1.92 billion related to the Health Sector employees, which accounted for 47 per cent of the overall employees' compensation.

Figure 75 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 75: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Kwale County Treasury

Further analysis revealed that PE costs totalling Kshs.4.06 billion were processed through the Human Resource Information System (HRIS), while Kshs.66.92 million was processed through manual payroll, which accounted for 1 per cent of the total PE cost.

The manual payroll comprised salaries for 1,630 County CHP staff and 90 assembly casual staff not onboarded into the Human Resource Information System (HRIS), as well as gratuity for contractual staff, as shown in Table 3.225.

Table 3.225: Breakdown of Kwale County Manual Payroll

S/No.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	**40,222,524.9**
2	Gratuity for contract staff	**19,968,401.1**
	Total	**60,190,926**

Source: Kwale County Treasury

The County Assembly spent Ksh.21.69 million on committee sitting allowances for the 31 MCAs against the annual budget allocation of Kshs.21.93 million. The average monthly sitting allowance was Kshs.58,310 per MCA.

3.19.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.357.6 million to County-Established funds in FY 2024/25. Additionally, the County allocated Kshs.5 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012. Table 3.226 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.226: Performance of Kwale County Established Funds in FY 2024/25

S/No.	Name of the Corporation	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since inception (Kshs.)	Submission of Financial Statements (Yes/No)
1	Kwale County Emergency Fund	Established in 2016 and amended in 2021	5,000,000		575	70,000,000	No
2	Equalization Fund	Established 2020	-	-	-	-	No
3	FLLOCA		61,600,000	-	139,380,553	225,051,400	No
4	Kwale County Bursary Fund	Established in 2024	238,000,000	198,000,000	137,711,606	4,373,000,000	No
5	Kwale County youth, women and PWD revolving fund	Established 2020	-	-	-	43,344,900	No
6	Kwale County Trade Revolving Fund	Established 2020	-	-	3,947,658	98,793,879	No
	County Assembly						
7	Kwale County Assembly Members and staff loan Scheme fund	Established in 2016 and amended in 2020 and 2021	53,000,000	53,000,000	13,895,100	328,430,000	No
	Total		357,600,000	251,000,000	294,935,493	5,138,620,179	

Source: *Kwale County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Fund Administrators, as indicated in Table 3.226, contrary to the requirement of Section 168 of the PFM Act, 2012. The County did not disclose that the administration costs of any Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

3.19.11 County Corporations

The County has Kwale Water Company & Sewerage Company Limited, which were allocated Kshs.1.3 billion in FY 2024/25. Their total expenditure for the year under review amounted to Kshs.217 million, as shown in Table 3.227.

Table 3.227: Performance of Kwale County Corporations in FY 2024/25

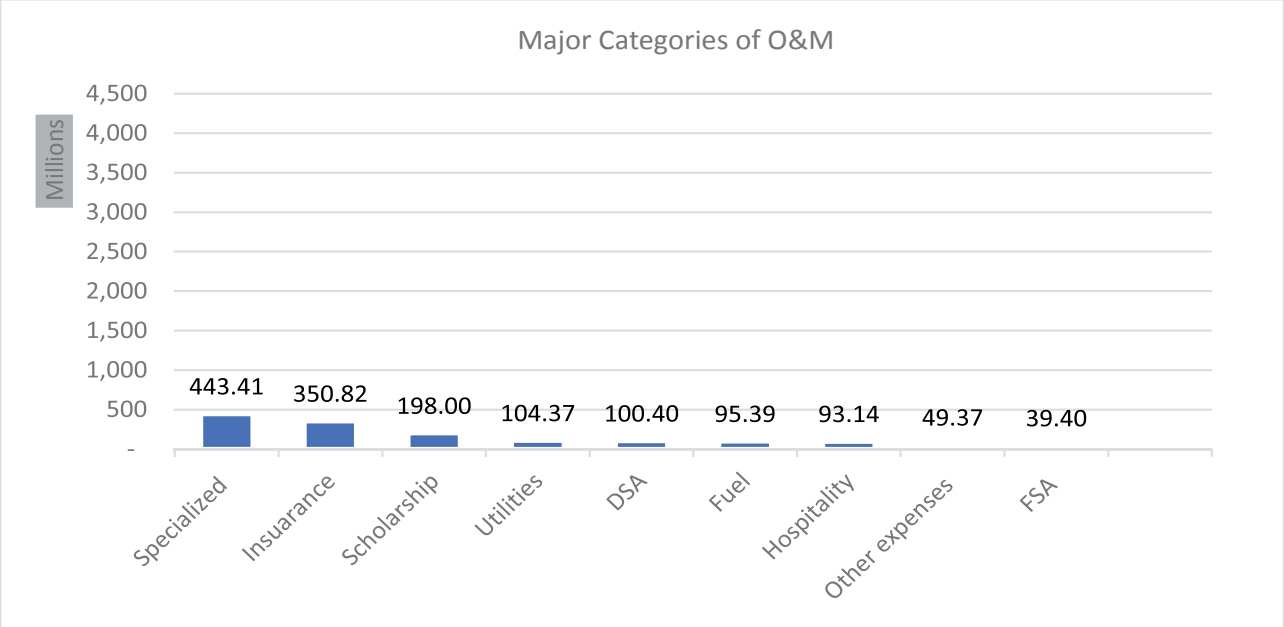
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since their inception (Kshs.)
1.	Kwale Water Company & Sewerage Company Limited	1,300,000,000	217,830,000	217,830,000	1,521,403,940.25
	Total	**1,300,000,000**	**217,830,000**	**217,830,000**	**1,521,403,940**

Source: *Kwale County Treasury*

3.19.12 Expenditure on Operations and Maintenance

Figure 76 summarises the Operations and Maintenance expenditure by major categories.

Figure 76: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: Kwale County Treasury

Expenditure on domestic travel amounted to Kshs.118 million and comprised Kshs.76 million spent by the County Assembly and Kshs.42 million by the County Executive. Expenditure on foreign travel amounted to Kshs.26.6 million and comprised Kshs.25 million by the County Assembly and Kshs.16 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.228.

Table 3.228: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive-Tourism and ICT	1	7-22/11/2024	Uganda -Kenya Conference Exhibition	Kampala Uganda	333,815
County Executive-Tourism and ICT	2	21-24/05/2025	Uganda -Kenya Conference Exhibition	Kampala Uganda	898,320
County Assembly of Kwale	3 Officers	27th -30th Nov 2024	LSK Conference	Kampala Uganda	772,976
County Assembly of Kwale	11 MCAs and Two Officers	23rd-30th Dec 2024	Study tour and Benchmarking	Dare Salam Tanzania	4,504,426
County Assembly of Kwale	5M CAs and Two Officers	26th -31st Dec 2024	Study tour and Benchmarking	Ethiopia	2,219,941
County Assembly of Kwale	8 MCAs and 3 Officers	21st - 26th Jan 2025	Study tour and Benchmarking	Arusha Tanzania	3,596,396
County Assembly of Kwale	6 MCAs and Two Officers	23rd - 28th March 2025	Study tour and Benchmarking	UAE -Dubai	3,486,412
County Assembly of Kwale	Four Officers	16th Pril-20th April	Study tour and Benchmarking	Dare Salam Tanzania	821,757
County Assembly of Kwale	Four Officers	14May -20th May	Study tour and Benchmarking	Dare Salam Tanzania	1,095,062
County Assembly of Kwale	MCAs and Staff	27th May -1st June	Study tour and Benchmarking	Abu Dhabi	3,154,040
County Assembly of Kwale	Audit Committee	28th May-2nd June	Study tour and Benchmarking	UAE -Dubai	1,898,670
County Assembly of Kwale	MCAs and Staff	24th June - 2nd July	Study tour and Benchmarking	Hongkong	3,770,310

Source: Kwale County Treasury and Kwale County Assembly

Other types of expenditure under the operations and maintenance costs include Kshs.73.2 million related to legal fees, dues, arbitration, and compensation payments.

3.19.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.242.57 million as FIF, which was 81 per cent of the annual target of Kshs.300 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. However, the County has not developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed Kshs.75.87 million from the Social Health Insurance Fund (SHIF) and the defunct National Health Insurance Fund (NHIF). Table 3.229 presents a breakdown of the claims.

Table 3.229: Kwale County Health Facilities FIF Performance in FY2024/25

S/No	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	One Level 5 hospital- Msambweni County Referral and Teaching Hospital	72,984,553	56,465,130	16,519,424	23,361,550
2	Four Level 4 Health Facilities	84,459,513	62,803,147	21,656,366	14,331,320
	Total	**157,444,066**	**119,268,276**	**38,175,790**	**37,692,870**

Source: *Kwale County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.157.44 million. Of this, only Kshs.119.27 million was disbursed, occasioning a pending balance of Kshs.38.18 million. Similarly, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.37.69 million.

The expenditure by the health facilities amounted to Kshs.193.26 million, as shown in Table 3.230.

Table 3.230: Kwale County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One Level 5 hospital- Msambweni County Referral and Teaching Hospital	100,000,000	94,548,929	95
2.	Four Level 4 Health Facilities	125,000,000	98,711,120	79
	Total	**225,000,000**	**193,260,049**	**86**

Source: *Kwale County Treasury*

3.19.14 Development Expenditure

In the review period, the County reported spending Kshs.2.90 billion on development programmes, representing a decrease of 2.03 per cent compared to FY 2023/24, when the County spent Kshs.2.96 billion. Table 3.231 summarises the development projects with the highest expenditure in the reporting period.

Table 3.231: Kwale County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Expected date of Completion of the Project	Contract sum (Kshs)	Expenditure in FY 2024/25 (Kshs.Mn)	Cumulative project expenditure as of 30 June 2025 (Kshs. Mn)	Percentage () of Completion	Remarks/ Challenges faced in implementing Projects
1	Revenue	Upgrading of Revenue Management Sys	Kwale HQ	6/30/2025	N/A	214.83	214.83	100	Disbursed partly
2	Enviroment	Proposed survey of the Vigurungani Adjudication section	Tsimba/ Golini	06/05/2024	218.49	172.10	172.10	79	Disbursed partly
3	Enviroment	Implementation of Urban Plan for Mabokoni	Kwale		147.44	93.95	93.95	64	95 Complete in its final stages
4	Enviroment	Development plan for Kuranze	Waa Ngombeni	5/24/2025	179.24	72.52	72.52	40	Disbursed partly

No	Sector	Project Name	Project Location	Expected date of Completion of the Project	Contract sum (Kshs)	Expenditure in FY 2024/25 (Kshs.Mn)	Cumulative project expenditure as of 30 June 2025 (Kshs. Mn)	Percentage () of Completion	Remarks/ Challenges faced in implementing Projects
5	Enviroment	Being payment for the proposed installation of 7no.street-lights & 5no. High-mast floodlights in Kombani informal settlements	Ward Offices	-	74.00	63.09	63.09	85	Disbursed partly
6	Enviroment	Planning of the Kiteje special economic zone buffer area phase 1	Mwana-nyamala	10/31/2026	497.43	63.07	63.07	13	Ongoing
7	Enviroment	Proposed planning & survey of Ka-nana, Kinango, Lungalunga, Kwale & Sam-buru trading phase 1	Mwana-nyamala	10/31/2026	497.43	61.27	61.27	12	Ongoing
8	Enviroment	Supply of seedlings	Mwereni Ward	8/30/2024	78.46	50.20	50.20	64	Complete and operational
9	Enviroment	ESIA for the road water drainage project in Ukunda	Mackinnon Ward	10/30/2024	42.90	42.74	42.74	100	Complete and operational
10	Enviroment	Development of energy centres	Tsim-ba-Golini Ward	-	109.97	42.65	90.15	82	Disbursed partly

Source: *Kwale County Treasury*

The County reported five stalled development projects as of 30 June 2025, with an estimated value of Kshs.465 million, of which Kshs.240.53 million has already been paid. The stalled projects are shown in Table 3.232.

Table 3.232: Kwale County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
County Flagship Project 2 - Tarmacking of Kona Ya Musa – Mabokoni – Kona Ya Masai Road in Ukund	Gombato/Bongwe	277,977,684.60	114,720,883.61	163,256,800.99	45	stalled due to pending court issues
Construction of Market Stalls at Kigato Trading Centre in Waa Ng'ombeni	Waa Ng'ombani	3,295,341	1,571,048	1,724,293	48	Land issues with the Kenya School of Government -Matuga
Construction of a dispensary at Kazam-oyo	Samburu Chengo-ni Ward	5,204,033	2,635,728	2,568,305	60	Land dispute
PROPOSED CONSTRUCTION OF GOVERNOR'S RESIDENCE	GOLINI	184,000,500	124,239,638	59,760,682	67.5	MATTER IN ARBITRATION COURT

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Implementation of Urban Plan for Mabokoni	Bongwe-Gombato	9,952,800	0	9,952,800	10	Consultant abandoned the site
Total		**465,273,525.60**	**240,531,569.61**	**224,741,775.99**	**48**	

Source: Kwale County Treasury

3.19.15 Budget Performance by Department

Table 3.233 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.233: Kwale County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,008.40	27.56	874.02	14.54	1,007.51	9.27	115	64	100	34
Agriculture, Livestock and Fisheries	190.76	407.82	168.36	196.83	172.55	287.84	102	146	90	71
Environment and Natural Resources	122.07	678.17	90.19	174	89.18	255.28	99	147	73	38
Curative Health Services	2,931.11	338.14	2,601.76	145.30	2,797.37	145.30	108	100	95	43
County Assembly	739.80	606.11	714.49	244.70	600.04	176.05	84	72	81	29
Trade, Investment and Cooperatives	101.87	633.92	66.92	305.55	69.71	218.72	104	72	68	35
Social Services & Talent Management	131.03	281.51	86.06	258.69	86.07	267.98	100	104	66	95
Executive Services	181.30	0	110.29	0	113.56	0	103	-	63	-
Education	980.54	419.78	938.81	207.11	906.74	214.89	97	104	92	51
Water Services	133.89	1,900.78	115.63	1,311.51	113.97	600.40	99	46	85	32
Roads and Public Works	180.80	1,032.77	115.41	490.77	123.66	506.59	107	103	68	49
Tourism and ICT	107.40	43.05	59.40	27.51	79.62	28.54	134	104	74	66
County Public Service Board	78.62	15	52.74	1.03	51.98	0	99	-	66	-
Public Service and Administration	613.84	8.95	557.07	0	555	0	100	-	90	-
Kwale Municipality	40.19	112.46	17.62	104.51	17.47	111.51	99	107	43	99
Diani Municipality	41.03	126.78	32.48	41.21	30.82	49.95	95	121	75	39
Office of the County Attorney	181.33	0	69.73	0	128.06	0	184	-	71	-
Lungalunga Municipality	16.44	68.03	11.18	60.31	12.93	62.03	116	103	79	91
Kinango Municipality	23.74	55.22	7.23	37.96	11.12	32.47	154	86	47	59
Promotive and Preventive Health Services	118.44	197.40	36.77	111.96	38.88	111.98	106	100	33	57
Total	**7,922.61**	**6,953.45**	**6,726.16**	**3,733.49**	**7,006.22**	**3,078.80**	**104**	**82**	**88**	**44**

Source: *Kwale County Treasury*

Analysis of expenditure by departments shows that the Department of Kwale Municipality recorded the highest absorption rate of development budget at 99 per cent, followed by the Department of Social Services & Talent Management at 95 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent

expenditure to budget at 100 per cent, while the Department of Promotive and Preventive Health Services had the lowest at 33 per cent.

3.19.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received.
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012.
iii. Use of manual payroll. Personnel emoluments amounting to Kshs.60.9 million for staff not onboarded into HRIS and casual staff were processed through manual payroll. Manual payroll is prone to abuse and may result in the loss of public funds.
iv. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.76 million across the two schemes—SHIF and the defunct NHIF.
v. Stalled projects: The County reported five stalled projects with an estimated value of Kshs.465.27 million, of which Kshs.240.53 million has already been paid.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*
v. *The County should focus on completing the stalled projects as long as they are feasible to ensure value for money and the achievement of the intended objectives.*

3.20. County Government of Laikipia

3.20.1 Overview of FY 2024/25 Budget

The Laikipia County Gross Approved Supplementary I Budget for FY 2024/25 is Kshs.8.48 billion. It comprised Kshs.3.48 billion (41 per cent) and Kshs.5 billion (59 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.75 Million (9.7 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.78 billion and a recurrent budget of Kshs.4.95 billion. The growth in the budget was attributed to an increase in Conditional Grants. The County's Net Approved Supplementary I Budget is Kshs.8.45 billion, which consists of Kshs.5 billion for recurrent and Kshs.3.45 billion for development.

The budget was to be financed from the following revenue sources: equitable share of revenue raised nationally of Kshs.5.57 billion (66 per cent), additional allocations of Kshs.1.0 billion (11.8 per cent), a cash balance of Kshs.428.66 million (5 per cent) brought forward from FY 2023/24, and Kshs.1.48 billion (17 per cent) generated as gross own-source revenue. The own-source revenue includes Kshs.30.0 million (less than 1 per cent) as Appropriations-in-Aid (A-I-A), Kshs.602.5 million (7 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.842.5 million (10 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.234.

3.20.2 Revenue Performance

The County received Kshs.7.77 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 23.9 per cent compared to the amount received in FY 2023/24 of Kshs.6.28 billion. The total revenue consisted of Kshs.5.57 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development

partners, amounting to Kshs.504.6 million, as well as own-source revenue (OSR) collection of Kshs.1.27 billion. Additionally, the County had a cash balance of Kshs.428.7 million from FY 2023/24.

The total OSR collection of Kshs.1.27 billion included Facilities Improvement Financing (FIF) of Kshs.695.97million, and Kshs.573.09 million from other OSR sources. Table 3.234 summarises the total revenue available to the County Government during FY 2024/25.

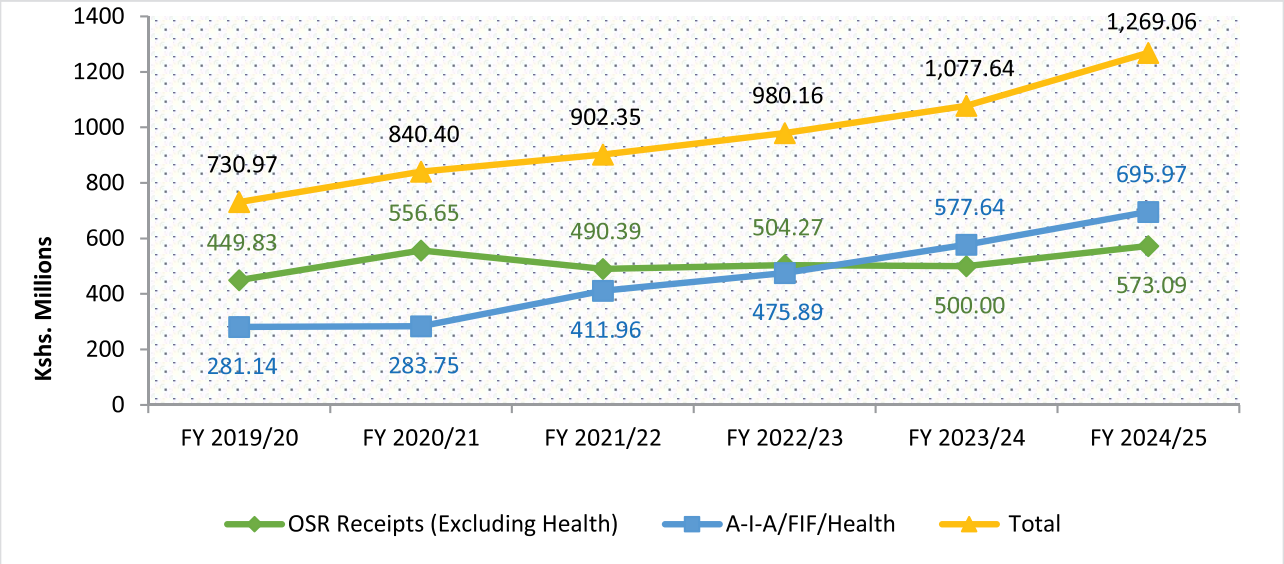
Table 3.234: Laikipia County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	5,569,687,183	5,569,687,183	100
Sub Total		5,569,687,183	5,569,687,183	100
B	**Conditional Grants**			
1	DANIDA Grant	6,435,000	6,435,000	100
2	Aggregated Industrial Park	134,230,260		-
3	Aggregated Industrial Park (CAIP) - FY 2023/24 Pending Transfer	150,000,000	150,000,000	100
4	Community Health Promoters	25,230,000		-
5	Kenya Devolution Support Project Level II	37,500,000	25,944,084	69
6	Kenya Urban Institution Grant - Nanyuki Municipality	35,000,000		-
7	Kenya Urban Development Grant - Nanyuki Municipality	77,214,879	32,309,300	42
8	Road Maintenance Levy Fund - Fuel Levy	235,196,042	80,806,317	34
9	Kenya Food Systems Resilience Program (KFSRP)	173,076,923	70,127,132	41
10	Kenya Agriculture Business Development Program (KABDP)	10,918,919		-
11	Laikipia County Climate Change Fund	115,769,740	115,769,740	100
Sub-Total		1,000,571,763	481,391,573	48
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	842,500,000	573,086,648	68
2	Balance b/f from FY2023/24	428,659,712	428,659,712	100
3	Facility Improvement Fund (FIF)	602,500,000	695,970,493	116
4	Other Revenues	5,621,490	5,848,919.70	104
5	Appropriation in Aid (AIA)	30,000,000	16,964,000	57
Sub Total		1,909,281,202	1,720,529,773	90
Grand Total		**8,479,540,148**	**7,771,608,529**	**92**

Source: *Laikipia County Treasury*

Figure 77 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 77: Laikipia County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

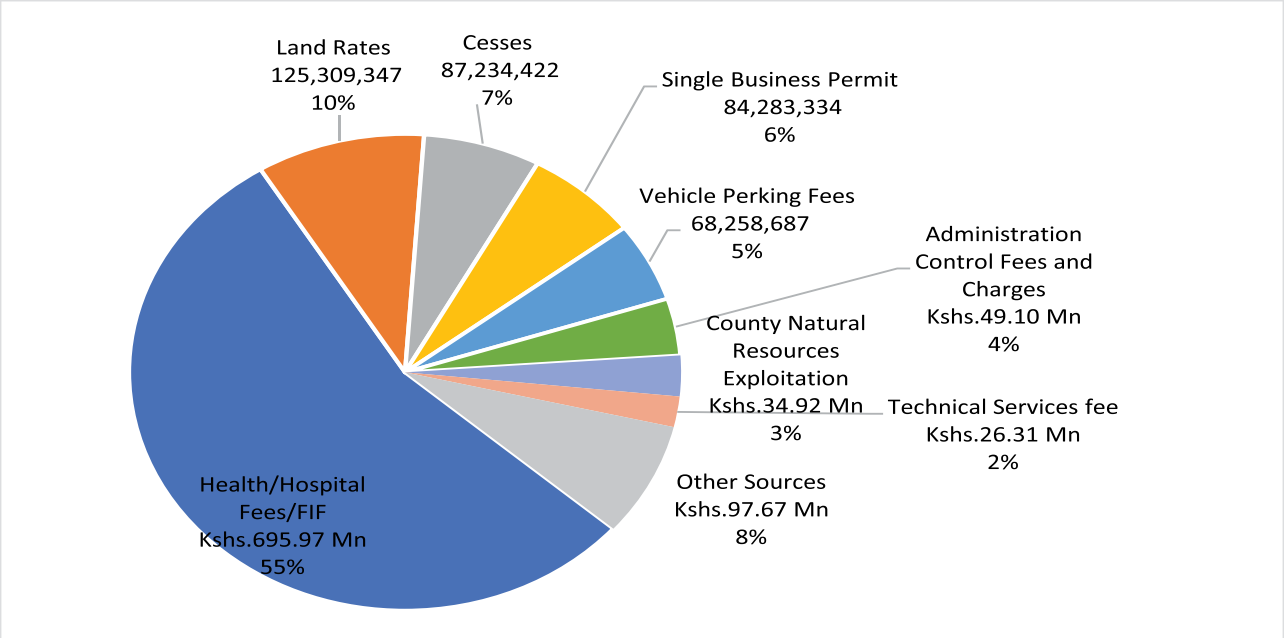


Source: *Laikipia County Treasury*

During the year, the County generated Kshs.1.27 billion from its revenue sources, including FIF. This amount was an increase of 19 per cent compared to Kshs.1.08 billion realised in a similar period in FY 2023/24, and was 16.0per cent of the annual target and 86.1 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 78.

Figure 78: Laikipia County Top Own Source Revenue Streams in FY 2024/25



Source*: Laikipia County Treasury*

As shown in Figure 78, the highest revenue stream, at Kshs.695.97 million, was from Health/Hospital Fees, accounting for 55 per cent of the total OSR receipts. The County Government has indicated that it has automated all revenue streams.

3.20.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.940.42 million. This amount increased to Kshs.1.04 billion as of 30 June 2025. Table 3.235 presents a breakdown of the County's revenue arrears.

Table 3.235: Laikipia County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 30 June 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
1	Ordinary Own Sources of Revenue	940,418,419	151,509,991	-	55,017,812	1,036,910,598
	Total	**940,418,419**	**151,509,991**	-	**55,017,812**	**1,036,910,590**

Source: *Laikipia County Treasuries*

As of 30th June 2025, the revenue arrears comprised the principal amount of Kshs.940.4 million (91 per cent) and interest and penalties of Kshs.151 million (9 per cent). The County has instituted measures to collect outstanding arrears in FY 2025/26.

3.20.4 Borrowing by the County

The County treasury has an arrangement with the National Bank to pay salaries whenever there is a delay in the disbursement of the equitable share.

3.20.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.6.92 billion from the CRF account in FY 2024/25, which comprised Kshs.2.15 million (31 per cent) for development programmes and Kshs.4.77 billion (69 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.52 billion was towards employee compensation and Kshs.1.25 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 12 per cent was for domestic travel and 4 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.149.55 million and included Kshs.77.75 million for the County Executive and Kshs.71.8 million for the County Assembly. The foreign exchequer totalled Kshs.53.04 million, comprising Kshs.2.68 million for the County Executive and Kshs.50.37 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.1.52 million.

3.20.6 County Expenditure Review

The County spent Kshs.6.33 billion on development and recurrent programmes in the reporting period. This expenditure represented 92 per cent of the total funds released by the CoB. It comprised Kshs.1.60 billion for development programmes and Kshs.4.73 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 46 per cent, while recurrent expenditures represented 95 per cent of the annual recurrent expenditure budget.

3.20.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.1.74 billion. This amount included Kshs.1.69 billion from the County Executive and Kshs.52.7 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.830.47 million for recurrent expenditures and Kshs.907.86 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.887.55 million, comprising Kshs.406.59 million (46 per cent) for recurrent programmes and Kshs.480.95 million (54 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.42.33 million, which was entirely for recurrent activities. Table 3.236 provides additional details of pending bills.

Table 3.236: Pending Bills in Laikipia County as of 30 June 2025

Outstanding Pending Bills	As at 1 July 2024 (Kshs.)		Amount paid in FY 2024/25 (Kshs.)		Pending Bills Incurred in FY 2024/25 (Kshs.)		Outstanding pending bills as of 30 June 2025 (Kshs.)		
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Total
Development	907,863,298	-	480,954,373	-	572,747,664		999,656,589	-	999,656,589
Recurrent	777,745,365	52,721,287	406,592,896	42,329,715	485,197,433		856,349,902	10,391,572	866,741,474
Total	**1,685,608,662**	**52,721,287**	**887,547,269**	**42,329,715**	**1,057,945,097**	-	**1,856,006,491**	**10,391,572**	**1,866,398,063**

Source: *Laikipia County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.1.69 billion and Kshs.52.72 million, respectively, in FY 2024/25. The County adhered to this payment plan, as it cleared Kshs.887.55 million for the Executive and Kshs.42.33 million for the Assembly. Table 3.237 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.808.45 million.

Table 3.237: County of Laikipia Pending Bill Ageing Analysis as of 30th June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**20,588,000**	**86,106,047**	**483,789,122**	**409,173,420**	**999,656,589**
Recurrent Pending Bills (Goods & Services)	3,820,415	183,147,854	398,900,007	92,789,155	**678,657,431**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	188,084,043	-	-	-	**188,084,043**
Total Recurrent Pending Bills	191,904,458	183,147,854	398,900,007	92,789,155	**866,741,474**
Total Pending Bills	**212,492,458**	**269,253,902**	**882,689,128**	**501,962,575**	**1,866,398,063**
of Total	**11**	**14**	**47**	**27**	**100**

Source: *Laikipia County Treasury*

3.20.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.27 billion for compensation of employees, Kshs.843.03 million for operations and maintenance, and Kshs.1.54 billion for development activities. Similarly, the County Assembly spent Kshs.226.19 million on compensation of employees, Kshs.302.08 million on operations and maintenance, and Kshs.66.36 million on development activities, as shown in Table 3.238.

Table 3.238: Laikipia County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption ()		Overall Absorption
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	
Total Recurrent Expenditure	**4,362,034,426**	**563,716,069**	**4,204,209,450**	**563,554,751**	4,201,549,417	528,271,086	96	94	**96**
Compensation to Employees	3,464,755,593	245,000,000	3,294,615,901	226,186,135	3,273,336,821	226,186,135	94	92	94
Operations and Maintenance	897,278,833	318,716,069	909,593,549	337,368,616	843,034,197	302,084,951	94	95	94
Development Expenditure	3,475,838,722	77,950,931	2,083,248,806	66,359,026	1,538,433,116	66,359,026	44	85	45
Total	**7,837,873,148**	**641,667,000**	**6,287,458,256**	**629,913,777**	**5,739,982,533**	**594,630,112**	73	93	**75**

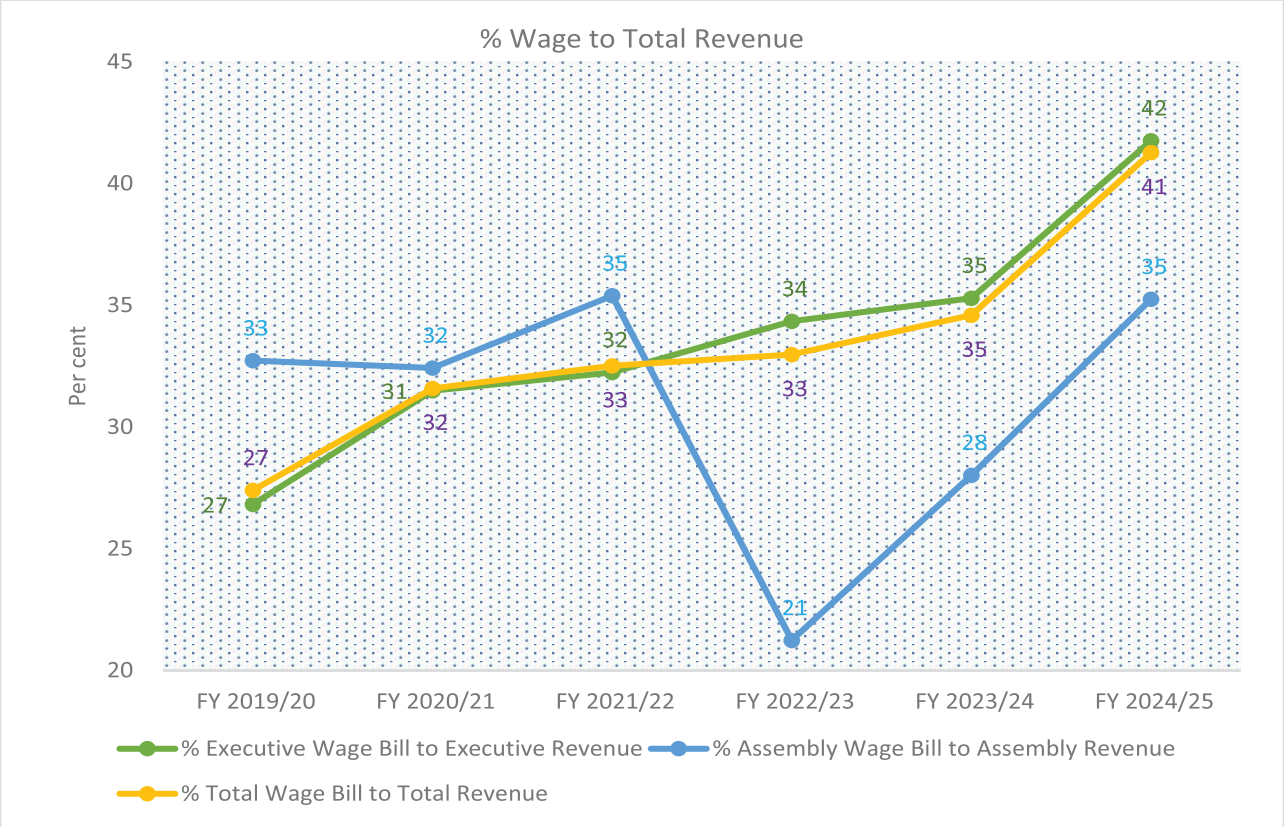
Source: *Laikipia County Treasury*

3.20.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.5 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.1.24 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 45.03 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.28 billion reported in FY 2023/24. Of this total, Kshs.1.68 billion related to the Health Sector employees, which accounted for 48 per cent of the overall employees' compensation

Figure 79 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 79: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



***Source**: Laikipia County Treasury*

Further analysis revealed that PE costs totalling Kshs.3.06 billion were processed through the Human Resource Information System (HRIS), while Kshs.434.75 million was processed through manual payrolls, accounting for 12 per cent of the total PE cost.

The manual payrolls comprised salaries for 1,230 staff not onboarded into the Human Resource Information System (HRIS), salaries for 1,230 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.239.

Table 3.239: Breakdown of Laikipia County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	80,903,407	23,926,546	**104,829,953.0**
2	Salaries for casual staff	291,076,313		**291,076,313.0**
3	Top-up Allowances for security officers			-
4	Gratuity for contract staff	30,028,122		**30,028,122.0**
5	Final Dues	8,819,909		**8,819,909.0**
	Total	**410,827,751**	**23,926,546**	**434,754,297**

***Source:** Laikipia County Treasury*

The County Assembly spent Kshs.8.11 million on committee sitting allowances for the 22 MCAs against the annual budget allocation of Kshs.22.97 million. The average monthly sitting allowance was Kshs.30,732.19 per MCA. The County Assembly has 18 House Committees.

3.20.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.248.24 million to

County-Established funds in FY 2024/25, or 3.9 per cent of the County's overall budget. Further, the County allocated Kshs.45.0 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.240 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.240: Performance of Laikipia County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1.	County Executive Emergency Fund	2020	45,000	45,071,692	45,071,692	45,071,692	Yes
2.	Laikipia County Education Bursary Fund	2017	75,000,000	75,000,000	75,000,000	75,000,000	Yes
3.	Laikipia County Leasing Fund	2020	106,333,000	79,114,630	79,114,630	79,114,630	Yes
4.	Laikipia County Car Loan and Mortgage	2021	15,000,000	15,000,000	150,000	15,000,000	Yes
County Assembly Established Funds							
5.	County Assembly Staff Housing Loans	2023	33,058,015	16,500,000	16,500,000	16,500,000	Yes
	Total		**241,333,000**	**215,186,322**	**215,186,322**	**215,186,322**	

***Source**: Laikipia County Treasury*

The County has reported that the administration costs for the Emergency Funds, amounting to 1.78 million, exceeded the 3 per cent limit set for the Fund budget in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Furthermore, Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015 allows County Governments to establish public funds with a maximum lifespan of 10 years, which the County Assembly can extend. For FY 2024/25, the County of Laikipia (CoB) confirmed no Fund regulation had lapsed.

3.20.11 County Corporations

The County has one County Corporation, which was allocated Kshs.6.9 million in FY 2024/25. Their total annual expenditure amounted to Kshs.1.0 million, as shown in Table 3.241.

Table 3.241: Performance of Laikipia County Corporations in FY 2024/25

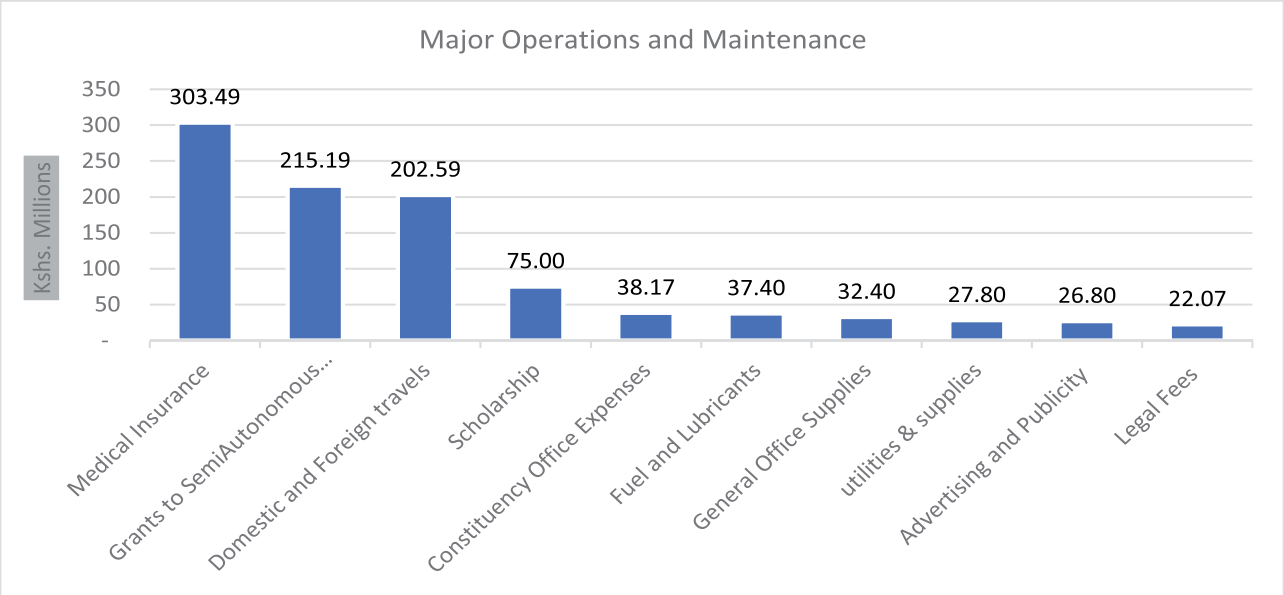
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1	Laikipia County Development Authority	Finance	6,910,951	1,000,000	1,000,000

***Source**: Laikipia County Treasury*

3.20.12 Expenditure on Operations and Maintenance

Figure 80 summarises the Operations and Maintenance expenditure by major categories.

Figure 80: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: *Laikipia County Treasury*

Expenditure on domestic travel amounted to Kshs.149.55 million and comprised Kshs.71.8 million spent by the County Assembly and Kshs.77.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.53.04 million and comprised Kshs.50.37 million by the County Assembly and Kshs.2.67 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.242.

Table 3.242: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
EXECUTIVE					
Administration	1	21st to 26th April 2025	Strategic leadership and government	Tanzania	726,340
Executive	3	28th to 4th Nov 2024	Participating in the 24th EAC trade fair on 28th to 4th Nov 2024 in Juba, South Sudan		446,411
total administration					**1,172,751**
Department: Gender					
Executive	4	23rd to 28th february 2025	Attending EALASCAgames in Kampala, Uganda, from 23rd to 28th February 2025	uganda	1,501,808
Total					**2,674,559**
Assembly	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	**Total Costs of the Travel (Kshs)**
Laikipia County Assembly	31	15-22 September 2024	Training	Uganda	12,896,190
Laikipia County Assembly	1	21-25 October 2024	Training	Zimbabwe	212,520
Laikipia County Assembly	32	8-14 December 2024	Training	Tanzania	13,339,528
Laikipia County Assembly	33	23Feb-2nd March 2025	Training	Tanzania	12,258,760
Laikipia County Assembly	31	12-16th May 2025	Training	Tanzania	11,658,760
Total					**50,365,758**

Source: *Laikipia County Treasury and Laikipia County Assembly*

Other types of expenditure under the operations and maintenance costs include Kshs.3.4 million on garbage collection and Kshs.22.06 million related to legal fees, dues, arbitration, and compensation payments.

3.20.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.695.97 million as FIF, which was 116 per cent of the annual target of Kshs.602.5 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

As of 30 June 2025, health facilities were owed a combined total of Kshs.70.94 million across the two schemes: the Social Health Insurance Fund (SHIF) and no outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.243 presents a breakdown of the claims.

Table 3.243: Laikipia County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF (Kshs.Million)			NHIF (Kshs.Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	NANYUKI TRH	40,500,000	40,500,000	-	
2	NYAHURURU CRH	15,944,424	15,944,424	-	
3	SUBCOUNTY HOSPITALS	5,000,000	5,000,000		
4	GENERAL ADMIN SERVICES	9,500,000	9,500,000		
	Total	70,944,424	**70,944,424**	-	-

Source: *Laikipia County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) that totalled Kshs.70.94 million, yet actual disbursements amounted to Kshs.70.94 million, with no outstanding balance.

The expenditure by the health facilities amounted to Kshs.695.97 million, as shown in Table 3.244.

Table 3.244: Laikipia County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1.	NANYUKI TRH	331,580,000	311,612,758	94
2.	NYAHURURU CRH	230,420,000	298,766,366	130
3.	SUBCOUNTY HOSPITALS	30,000,000	85,591,370	285
4.	GENERAL ADMIN SERVICES	10,500,000	-	-
	Total	**602,500,000**	**695,970,493**	116

Source: *Laikipia County Treasury*

3.20.14 Development Expenditure

In the review period, the County reported spending Kshs.1.60 billion on development programmes, representing an increase of 18.52 per cent compared to FY 2023/24, when the County spent Kshs.1.35 billion. Table 3.245 summarises the development projects with the highest expenditure in the reporting period.

Table 3.245: Laikipia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs.)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Finance -emergency	being payment in respect of the repair of the Mugambi Earth Dam	Marmanet Ward	11/04/2024	4,049,316	4,049,316	4,049,316	100
2	Finance-Pending Bills	being the final payment in respect to the supply, delivery, installation, testing and commissioning of a high mast floodlight in Laikipia County	Laikipia County	16/12/2025	1,163,639	1,163,639	1,163,639	100
3	Health	medical drugs	Laikipia West Sub-County	30-Jun-25	35,755,125	35,755,125	35,755,125	100
4	Health	maternity equipment	Nyahururu	30-Jun-25	44,507,700	44,507,700	44,507,700	100

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs.)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
5	Agriculture	construction of Gituamba warehouse	Marmanet	07-Oct-24	45,664	7,571,494	8,000,000	
6	Land, infrastructure and housing	acquisition of a major asset	Headquater	30/07/2025	25,525,800	90,000,000	25,525,800	28
7	Water, environment and natural resources	being payment for the supply and delivery of assorted fruit seedlings for climate-smart agriculture in Githiga Ward	Githiga	17/12/2024	1,759,024	1,759,024	45,643	
8	water, environment and natural resources	being payment for equipping the Kinguka Kanga borehole in Marmanet Ward	Marmanet	27/01/2025	4,490,600	4,490,600	4,490,600	100
9	Water, environment and natural resources	being payment for the rehabilitation of the Lerai multipurpose water project in Marmanet Ward, Laikipia West	Marmanet	24/01/2025	4,460,050	4,460,050	4,460,050	100
10	Water, environment and natural resources	being payment for the supply and delivery of breeding galla bucks for Mukogondo East Ward	Mukogondo East	21/12/2024	2,547,360	2,547,360	2,547,360	100

Source: *Laikipia County Treasury*

3.20.15 Budget Performance by Department

Table 3.246 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.246: Laikipia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration and Office of the Governor	3,762.21	20.19	3,667.97	14	3,698.65	13.99	101	100	98	69
Finance, Economic Planning and The County Treasury	241.98	630.34	170.89	644.23	210.33	577.41	123	90	87	92
Health and Sanitation	206.69	842.20	180.95	270.79	11.34	255.03	6	94	6	30
Agriculture, Livestock, and Fisheries	16	296.89	15.25	173.61	15.63	90.96	103	52	98	31
Infrastructure and Public Works	37	769.92	33.21	589.09	33.19	321.17	100	55	90	42
Education	96.89	68.94	97.28	69.43	95.43	33.97	98	49	99	49
Trade	13.41	424.83	11.85	170.09	13.03	85.08	110	50	97	20
Gender, Culture and Social Services	7.80	5	7.07	5.50	7.29	3.45	103	63	94	69
Water	17	252.37	15.74	141.41	12.55	147.37	80	104	74	58
Rumuruti Municipality	2	5	2	2.50	2	5	100	200	100	100

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Nyahururu Municipality	2	-	-	-	-	-	-	-	-	-
Nanyuki Municipality	37	82.21	2	-	2	5	100	-	100	6
County Assembly	563.72	77.95	563.55	66.36	528.27	66.36	-	100	94	85
Total	**5,003.70**	**3,475.84**	**4,767.76**	**2,149.61**	**4,629.72**	**1,604.79**	97	75	93	46

***Source**: Laikipia County Treasury*

Analysis of expenditure by departments shows that the Department of Rumuruti Municipality recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Finance at 91.6 per cent. The Department of Nanyuki Municipality had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Health had the lowest at 5.5per cent.

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 6th August 2025.
ii. High level of pending bills, which amounted to Kshs.1.87 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
iii. Use of manual payroll. Personnel emoluments amounting to Kshs.434.75 million were allocated for onboarding 1,230 staff into HRIS, while casual staff were processed through manual payroll, accounting for 12 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
iv. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts to enhance accountability and oversight.*

3.21. County Government of Lamu

3.21.1 Overview of FY 2024/25 Budget

The Lamu County Approved Supplementary I Budget for FY 2024/25 was Kshs.4.99 billion. It comprised Kshs.1.9 billion (38 per cent) and Kshs.3.08 billion (62 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.447.8 million (10 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.3 billion and a recurrent budget of Kshs.1.54 billion. The increase in the budget was primarily attributed to the rise in the nationally raised revenue.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.3.25 billion (65 per cent), additional allocations of Kshs.947.55 million (19 per cent), a cash balance of Kshs.534.17 million (11 per cent) brought forward from FY 2023/24, and Kshs.252.5 million (5 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.247.

3.21.2 Revenue Performance

The County received Kshs.4.36 billion in revenues in the review period to fund its development and recurrent activities. This amount represented a 4 per cent decrease compared to the amount received in FY 2023/24 of Kshs.4.54 billion. The total revenue consisted of Kshs.3.25 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amount-

ing to Kshs.336.66 million, as well as own-source revenue (OSR) collection of Kshs.233.72 million. Additionally, the County had a cash balance of Kshs.534.17 billion from FY 2023/24.

The total OSR collection of Kshs.233.72 million included Facilities Improvement Financing (FIF) of Kshs.139.12 million, and Kshs.94.6 million from other OSR sources. Table 3.247 summarises the total revenue available to the County Government during FY 2024/25.

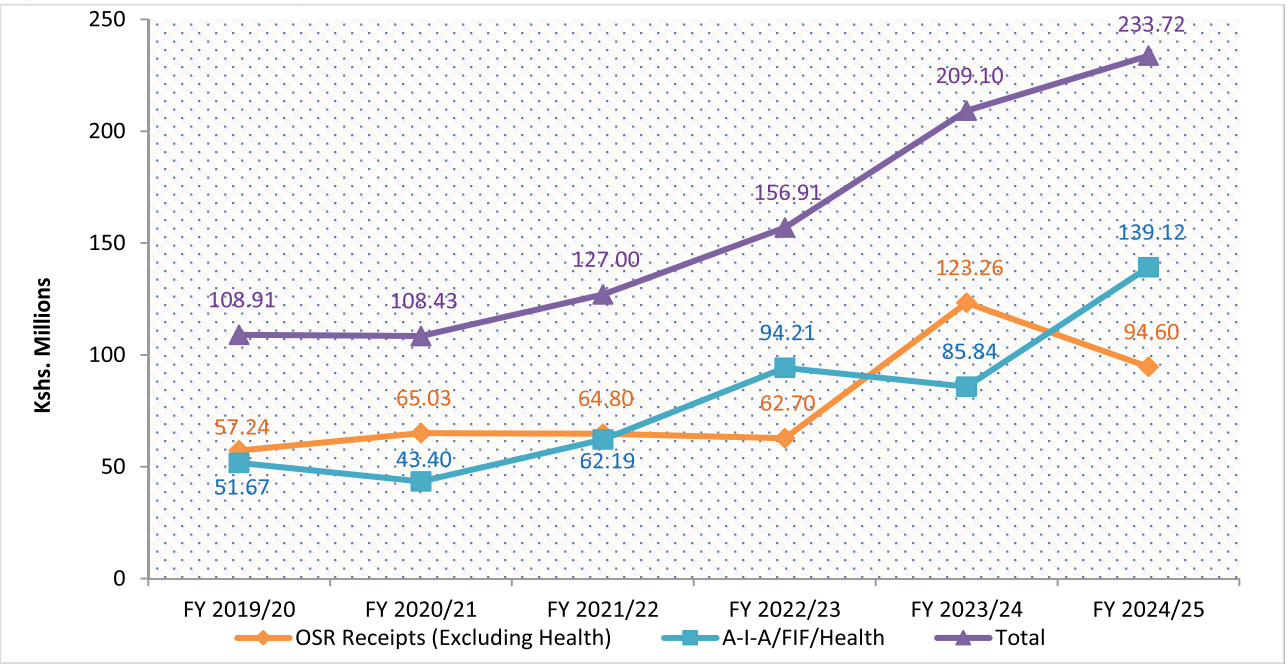
Table 3.247: Lamu County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
A	**Equitable Share of Revenue Raised Nationally**	3,254,430,723	3,254,430,723	**100**
Subtotal		**3,254,430,723**	**3,254,430.723**	**100**
B	**Additional Allocations**			
1	DANIDA Grant to finance Primary Health Care in a Devolved Context	3,997,500	3,997,500	100
2	IDA(World Bank) - Kenya Informal Settlement Improvement Project-II (KISIP II)	28,128,530	-	-
3	AFD- Kenya Informal Settlement Improvement Project II (KISIP II)	482,000,000	223,397,882	46
4	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	173,076,923	70,127,132	41
5	IDA (World Bank) Kenya Devolution Support Program-II (KDSP II)	37,500,000	-	-
6	SWEDE N - Kenya Agricultural Business Development Project (KABDP)	10,918,919	-	-
7	Community Health Promoters (CHPs) Project	-	-	-
8	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	20,587,243	-	-
9	IDA (World Bank) Credit: Kenya Urban Support Project (KUSP)-Urban Institutional Grant (UIG)	37,547,736	32,309,300	86
10	KfW (Germany Development Bank) loan for Co Financing of FLLoCA County Climate Resilience Investment (CCRI)Grant	11,000,000	6,830,615	62
11	IDA (World Bank) loan for the Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	70,000,000	-	-
12	Balance brought forward FLLoCA	72,697,125	-	-
13	Primary Health Care	97,184.00	-	-
Subtotal		**947,551,160**	**336,662,429**	**36**
C	**Own Source Revenue**			
14	Ordinary Own Source Revenue	120,00,000	92,125,073	
15	Facility Improvement Fund (FIF)	130,000,000	139,118,488	
16	Other AIAs (Liquor Licensing)	2,500,000	2,472,000	
Subtotal		**252,500,000**	**233,715,561**	**93**
D	**Other Sources of Revenue**			
17	Unspent Balance from FY 2023/24	534,172,155.00	534,172,155.00	100
Sub-Total		**534,172,155.00**	**534,172,155.00**	**100**
Grand Total		**4,988,654,038**	**4,358,980,867**	**87**

Source: *Lamu County Treasury*

Figure 81 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

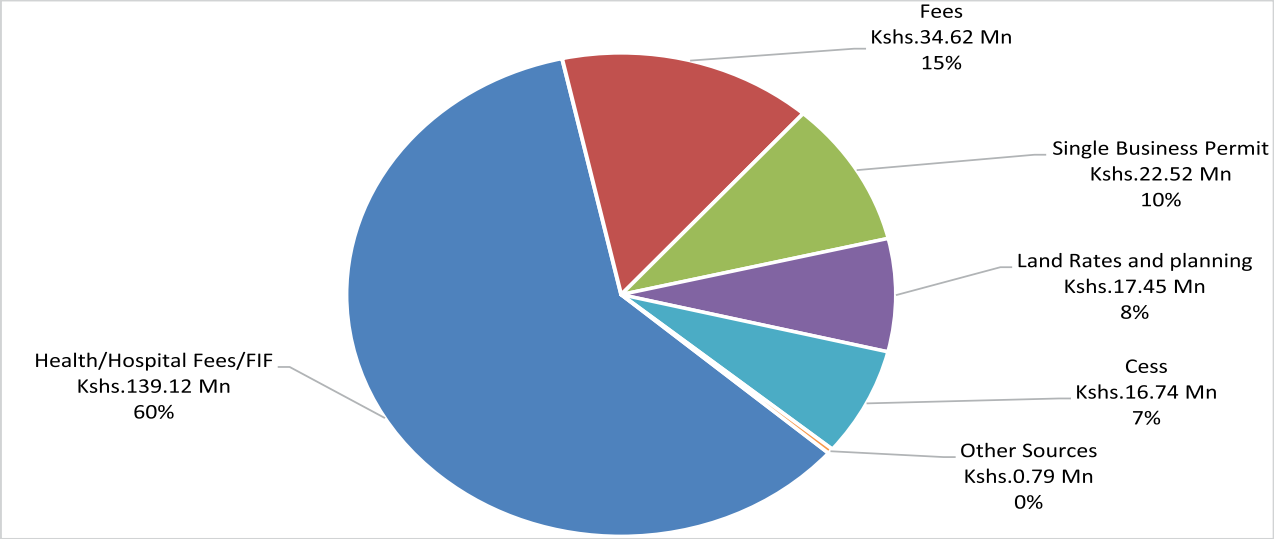
Figure 81: Lamu County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



Source: *Lamu County Treasury*

During the year, the County generated Kshs.233.72 million from its revenue sources, including FIF. This amount was an increase of 12 per cent compared to Kshs.209.1 million realised in a similar period in FY 2023/24, and was 93 per cent of the annual target and 7 per cent of the equitable revenue share disbursed. The OSR included revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.2.69 million.
The revenue streams which contributed the highest OSR receipts are shown in Figure 82

Figure 82: Lamu County Top Own Source Revenue Streams in FY 2024/25



Source: Lamu County Treasury

As shown in Figure 82, the highest revenue stream is at Kshs.139.12 million was from Facility Improvement financing, accounting for 60 per cent of the total OSR receipts. The County Government indicated that it had automated all revenue streams.

3.21.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.225.77 million. This amount increased to Kshs.228.53 as of 30 June 2025, indicating that the County had increased its arrears by Kshs.2.76 million, with additional accumulated arrears of Kshs.228.53 million. Table 3.248 presents a breakdown of the County's revenue arrears.

Table 3.248: Lamu County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Ordinary Own Sources of Revenue	225,766,523	0	5,459,863	3,907,239	228,532,021
Total		225,766,532	0	5,459,863	3,907,239	228,532,021

Source: Lamu *County Treasuries*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.225.77 million (98.7 per cent) and interest and penalties of Kshs.3.23 million (1.3 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include tax education and enforcement.

3.21.4 Borrowing by the County

The County has not reported any borrowing during the period.

3.21.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.3.83 billion from the CRF account in FY 2024/25, which comprised Kshs.1.02 million (27 per cent) for development programmes and Kshs.2.81 billion (73 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.1.93 billion was towards employee compensation and Kshs.884.67 million for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 14 per cent was for domestic travel and 10 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.123.13 million and included Kshs.64.81 million for the County Executive and Kshs.58.32 million for the County Assembly. The foreign exchequer totalled Kshs.87.5 million, comprising Kshs.2.55 million for the County Executive and Kshs.84.95 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.771.96 million.

3.21.6 County Expenditure Review

The County spent Kshs.3.83 billion on development and recurrent programmes in the reporting period. This expenditure represented 77 per cent of the total funds released by the CoB. It comprised Kshs.1.02 billion for development programmes and Kshs.2.81 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 53 per cent, while recurrent expenditures represented 91 per cent of the annual recurrent expenditure budget.

3.21.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.49.12 billion, all for the County Executive. The pending bills consisted of Kshs.23.82 million for recurrent expenditures and Kshs.25.31 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.24.8 million, comprising Kshs.6.31 million (13 per cent) for recurrent programmes and Kshs.18.49 million (51 per cent) for development programmes. Table 3.249 provides additional details of pending bills..

Table 3.249: Lamu County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Reconciliation (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive					
Recurrent	23,815,104	6,314,125	29,953,436	-15,340,164	32,114,251
Development	25,307,490	18,490,409	-	-6,817,081	-
Total	**49,122,594**	**24,804,534**	**29,953,436**	**-22,157,081**	**32,114,251**
County Assembly					
Recurrent	-	-	-	-	-

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Reconciliation (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
Development	-	-	-	-	-
Total	49,122,594	**28,804,534**	29,953,436	**-22,157,081**	**32,114,251**

Source: *Lamu County Treasury*

The County identified Kshs.22.15 million in ineligible pending bills, comprising Kshs.15.34 million for development and Kshs.6.81 million for recurrent expenditures. A verification committee review concluded that the amount should be struck off due to a lack of supporting documentation.

The County Executive has a pending bill payment plan, committing to pay Kshs.24.8 million in FY 2024/25. The County adhered to this payment plan, clearing Kshs.24.8 million for the Executive. The County Assembly had no pending bills. Table 3.250 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.32.11 million.

Table 3.250: Lamu County Pending Bill Ageing Analysis as of 30th June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	-	-	-	-	
Recurrent Pending Bills (Goods & Services)	16,347,042	2,160,815	-	-	**18,507,857**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	13,606,394	-	-	-	**13,606,394**
Recurrent Pending Bills (Staff Claims)					-
Total Recurrent Pending Bills	29,953,436	2,160,815	-	-	**32,114,251**
Total Pending Bills	**29,953,436**	**2,160,815**	-	-	**32,114,251**
% of Total	**93**	**7**			**100**

Source: *Lamu County Treasury*

3.21.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.74 billion for compensation of employees, Kshs.647.49 million for operations and maintenance, and Kshs.1.01 billion for development activities. Similarly, the County Assembly spent Kshs.180.42 billion on compensation of employees, Kshs.239.06 million on operations and maintenance, and Kshs.4.5 million on development activities, as shown in Table 3.251.

Table 3.251: Lamu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**2,618,068,031**	**466,864,730**	**2,392,389,670**	**419,480,026**	**91**	**90**
Compensation of Employees	1,747,014,063	198,898,800	1,744,903,466	180,417,516	100	91
Operations and Maintenance	871,053,968	267,965,930	647,486,204	239,062,510	74	89
Development Expenditure	**1,799,221,276**	**104,500,000**	**1,012,095,797**	**4,498,000**	**56**	**4**
Total	**4,417,289,307**	**571,364,730**	**3,404,485,467**	**423,978,026**	**77**	**74**

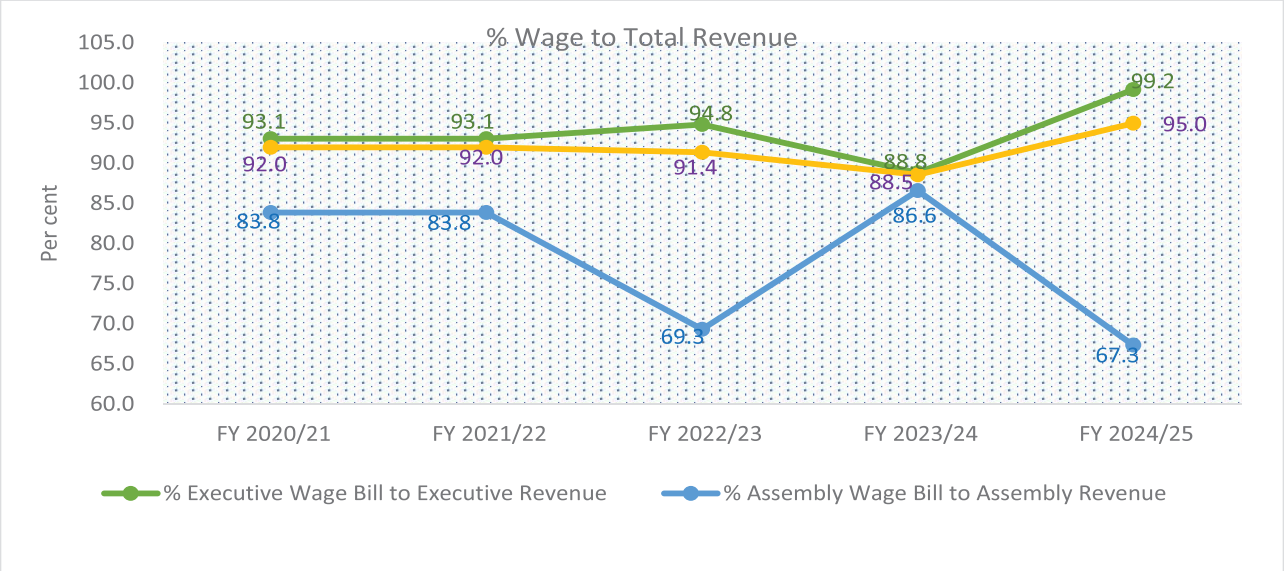
Source: *Lamu County Treasury*

3.21.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.1.93 billion. Therefore, the percentage of compensation of employees was 50 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.85 billion reported in FY 2023/24. Of this total, Kshs.875.08 million related to the Health Sector employees, which accounted for 50 per cent of the overall employees' compensation.

Figure 83 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 83: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Lamu County Treasury

Further analysis revealed that PE costs totalling Kshs.1.64 billion were processed through the Human Resource Information System (HRIS) Kshs.286.35 million was processed through manual payrolls, accounting for 15 per cent of the total PE cost.

The manual payroll comprised salaries for 72 staff not onboarded into the Human Resource Information System (HRIS), salaries for 569 casuals, four top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.252.

Table 3.252: Breakdown of Lamu County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	104,287,142
2	Salaries for casual staff	106,982,880
3	Gratuity for contract staff	75,084,256
4	**Total**	**286,354,278**

Source: Lamu County Treasury

The County Assembly spent Kshs.17.26 million on committee sitting allowances for the 19 MCAs against the annual budget allocation of Kshs.25.04 million. The average monthly sitting allowance was Kshs.75,703 per MCA. The County Assembly has 17 House Committees.

3.21.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.139.71 million to County-Established funds in FY 2024/25 or 2.8 per cent of the County's overall budget. Further, the County allocated Kshs.5 million to the Emergency Fund (0.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.253 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.253: Performance of Lamu County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year of establishment	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
	Emergency funds	2016	12,773,006	5,000,000	10,126,344	5,000,000	Yes
	Bursary Fund	2016	82,334,948	79,422,308	79,422,308	79,422,308	Yes
	Fisheries Revolving Fund	2017	2,759,563	-	-	-	Yes
	Housing Fund	2019	35,628,352	-	-	-	Yes
	Disability Fund	2019	987,802	-	971,130	-	Yes
	Youth Fund	2019	3,579,346	-	3,577,480	-	Yes
	Women Fund	2019	1,649,158	-	1,635,680	-	Yes
	Total		**139,712,175**	**84,422,308**	**95,732,942**	**84,422,308**	

Source: Lamu *County Treasury*

During the reporting period, the CoB received quarterly financial reports from seven Fund Administrators, as indicated in Table 3.253, as per Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of all the Funds is still within the 10-year legal limit.

3.21.11 County Corporations

The County has one County Corporation, which was allocated Kshs.10 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.10 Million as shown in Table 3.254.

Table 3.254: Performance of Lamu County Corporations in FY 2024/25

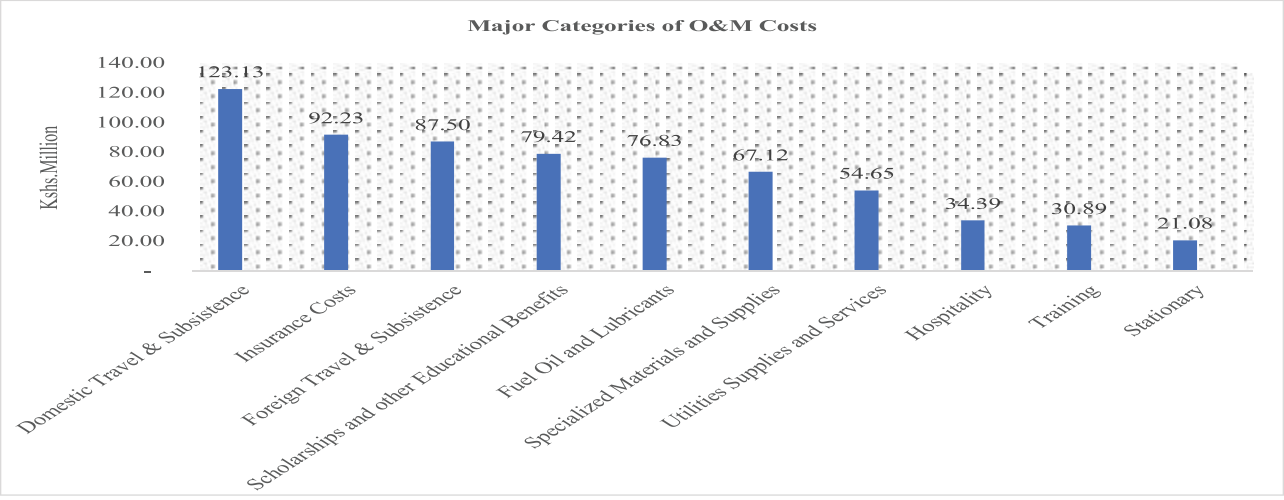
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
	LAWASCO	10,000,000	10,000,000	10,000,000	10,000,000
	Total				

Source: Lamu *County Treasury*

3.21.12 Expenditure on Operations and Maintenance

Figure 84 summarises the Operations and Maintenance expenditure by major categories.

Figure 84: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: Lamu *County Treasury*

Expenditure on domestic travel amounted to Kshs.123.13 million and comprised Kshs.58.32 million spent by the County Assembly and Kshs.64.8 million by the County Executive. Expenditure on foreign travel amounted to Kshs.87.50 million and comprised Kshs.84.95 million by the County Assembly and Kshs.2.54 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.255.

Table 3.255: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	14	7th-20th September,2024	Claim to attend the role of Legislature in Influencing Government Policies Program hosted by ESAMI	Dubai	14,146,860
County Assembly	13	8th- 22nd March,2025	Facilitation to attend capacity building training on legislative practices and management responsibility	Dubai	13,327,860
County Assembly	12	11th -25th January,2025	Facilitation to attend Capacity Building Training on Legislative Practices and Management Responsibility	Dubai	12,009,900
County Assembly	7	7th -20th September,2024	Claim to attend the role of Legislature in Influencing Government Policies Program hosted by ESAMI	Tanzania	4,169,480
County Assembly	4	2nd -17th November,2024	Claim to attend the Capacity Building Training on Public Policy Designing and Management Program hosted by ESAMI	Dubai	4,025,840
County Assembly	3	4th- 15th November,2024	Claim to attend the Capacity Building Training on Public Policy Designing and Management Program hosted by ESAMI	Dubai	3,263,260
County Assembly	3	30th August -14th September,2024	Claim to attend the Governance Audit Program hosted by ESAMI	Dubai	3,206,840
County Assembly	3	1st -16th December,2024	Facilitation to attend the Role of Legislation in Audit Committee Programme	Dubai	3,075,800
County Assembly	3	19th -30th August,2024	Claim to attend the Ethical Leadership Program hosted by ESAMI	Dubai	3,030,170
County Assembly	3	30th November-15th December,2024	Facilitation to attend the Role of Legislation in Audit Committee Programme	Dubai	3,019,380

***Source**: Lamu County Assembly*

3.21.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.139.12 million as FIF, exceeding its annual target of Kshs.130 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

In the reporting period, health facilities were owed a combined total of Kshs 49.38 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.256 presents a breakdown of the claims.

Table 3.256: Lamu County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	Twenty-five Level 2 Hospitals	12,435,707	12,435,707	0	0
2	One Level 3 Hospital	7,911,466	7,911,466	0	0
3.	Five Level 4 Hospitals	119,933,476	81,044,810	38,888,666	10,488,344
	Total	**140,280,649**	**101,391,983**	**38,888,666**	**10,488,344**

Source: *Lamu County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) amounting to Kshs.140.28 million. Of this, only Kshs.101.39 million was disbursed, occasioning a pending balance of Kshs.38.89 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.10.49 million.

The expenditure by the health facilities amounted to Kshs.137.76 million, as shown in Table 3.257.

Table 3.257: County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
2.	5 Level 4 Health Facilities	147,096,949	137,756,084	95
	Total	**147,096,949**	**137,756,084**	

Source: ***Lamu*** *County Treasury*

3.21.14 Development Expenditure

In the review period, the County reported spending Kshs.1.03 billion on development programmes, representing an increase of 28 per cent compared to FY 2023/24, when the County spent Kshs.805.04 million. Table 3.258 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to timely releases of nationally raised equitable share to the counties.

Table 3.258: Lamu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Agriculture, Irrigation & Food Security	Purchase of tractors	Countywide	9,125,000	9,124,600	9,124,600.00	100
2	Education, Gender, Youth Affairs, Sports and Social Services	Purchase of ECDE Learning and Teaching Materials	County Wide	10,000,00	10,000,000	10,000,000	100
3	Education, Gender, Youth Affairs, Sports and Social Services	Construction of a Seven-a-side at Lamu Boys	Mkomani	5,000,000	4,998,851	4,998,851	100
4	Medical Services	Lamu County Hospital Oxygen Plant	Mkomani	38,500,00	36,666,428	36,666,428	95
5	Medical Services	Mokowe Hospital renovations (eye unit renovations, wards, electrical	Hindi	16,272,589	16,268,892	16,268,892	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
6	Trade, Investment, Culture and Tourism	Cabro paving at Hongwe Market	Hongwe	5,000,000	4,980,094	4,980,094	100
7	Information, Communication and E-Government	Construction of Hongwe Information Centre	County Wide	2,999,229	2,999,229	2,999,229	100
8	Fisheries, Livestock, Veterinary and Cooperative Development	Construction of Slaughterhouse at Hindi Show Ground	Hindi	5,238,311	5,238,311	5,238,311	100
9	Municipality	Construction of the ring road	Mkomani	23,606,750	23,606,750	23,606,750	100
10	Municipality	Construction of Mini waste holding sites at Mkomani and Hindi	Mkomani and Hindi	4,994,519	4,994,519	4,994,519.00	100

Source: Lamu County Treasury

The County reported four stalled development projects as of 30 June 2025, with an estimated value of Kshs.366.13 million, of which Kshs.183.73 has already been paid. The stalled projects are shown in Table 3.259.

Table 3.259: Lamu County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Lamu County Headquarters	Headquarters	126,823,550	55,226,562	71,596,987	75 per cent	Delay of payment by the state department of public works
Faza Sub-County Headquarters	Faza	195,219,070	106,307,170	88,911,899	70 Per cent	Delay of payment by the state Department of Public Works
Construction of the Governor's Residence	Lamu Island	44,090,374	22,197,479	21,892,894	50 Per cent	Delay by the Contractor. Another contractor is being sought, and Kshs.20 Mln has been allocated in FY 2025-2026
Total		**366,132,994**	**183,731,211**	**182,401,780**		

Source: Lamu County Treasuries

3.21.15 Budget Performance by Department

Table 3.260 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.260: Lamu County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	466.86	104.50	419.48	4.50	419.48	4.50	100	100	90	4
County Executive and PSM	194.28	24.70	182.25	8.11	182.25	8.11	100	100	94	33

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance, Economy & Strategic Planning	1,777.80	-	1,775.27	-	1,775.27	-	100	-	100	-
Agriculture, Irrigation & Food Security	20.50	273.53	18.31	151.87	18.31	151.87	100	100	89	56
Land, Physical Planning, & Urban Development	18.60	547.56	17.63	253.24	17.63	253.24	100	100	95	46
Education, Technology, Gender, Youth Affairs, Sports & Social Services	101.35	123.79	93.71	86.05	93.71	85.05	100	99	92	69
Medical Services	263.04	171.18	125.49	143.61	125.49	143.61	100	100	48	84
Trade, Investment & Tourism	30.98	36.64	28.72	30.81	28.72	30.81	100	100	93	84
Climate Change, Information, Communication, E-Government & Citizen Participation	11.52	28.43	9.06	12.84	9.06	12.84	100	100	79	45
Fisheries, Blue Economy, Livestock, Veterinary & Cooperative Development	6.71	52.54	4.31	38.55	4.31	38.55	100	100	64	73
County Public Service Board	11.43	-	10.49	-	10.49	-	100	-	92	-
Water & Energy	57.66	127.54	51.31	93.12	51.31	93.12	100	100	89	73
Public Health, Environment And Sanitation	20.33	173.69	16.62	25.99	16.62	25.99	100	100	82	15
Budget And Economic Planning	6.00	-	4.96	-	4.96	84.18	100	-	83	-
Road, Transport, Infrastructure & Public Works	5.60	96.91	4.38	84.18	4.38	-	100		78	87
Lamu Municipality	44.83	92.12	41.45	67.41	41.45	67.41	100	100	92	73
Devolutions, Disaster And Resource Mobilisation	47.46	50.60	8.43	17.32	8.43	17.32	100	100	18	34
	3,084.93	**1,903.72**	**2,811.87**	**1,017.59**	**2,811.87**	**1,016.59**	**100**	**100**	**91**	**53**

***Source**: Lamu County Treasury*

Analysis of expenditure by departments reveals that the Department of Roads, Transport, Infrastructure, and Public Works has the highest absorption rate of the development budget at 87 per cent, followed by the Department of Medical and Trade, Tourism, and Culture, both at 84 per cent. The Department of Finance, Economy, Budget and Strategy had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Devolution, Disaster and Resource mobilisation had the lowest at 100 per cent.

3.21.16 Key Observations and Recommendations

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

i. Use of manual payroll. Personnel emoluments amounting to Kshs.104.29 million for 72 staff not onboarded into HRIS, and 569 casual staff were processed through manual payroll, accounting for 15 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

ii. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.38.89 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
ii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
iii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.22. County Government of Machakos

3.22.1 Overview of FY 2024/25 Budget

The Machakos County Approved Supplementary II Budget for FY 2024/25 was Kshs.15.62 billion. It comprised Kshs.10.87 billion (70 per cent) and Kshs.4.75 billion (30 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented a decrease of Kshs.186.29 million (1 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.5.03 billion and a recurrent budget of Kshs.10.77 billion. The decrease in the budget was primarily attributed to the decline in the balance brought forward from FY 2022/23 of Kshs.672.15 million, and conditional grants of Kshs.57.58 million.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.9.60 billion (61 per cent), and additional allocations of Kshs.1.32 billion (8 per cent), a cash balance of Kshs.783.85 million (5 per cent) brought forward from FY 2023/24, and Kshs3.93 billion (25 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.3.02 billion (77.0 per cent) deposited into the CRF and Kshs 903.88 million (23 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.903.88 million (100 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.261.

3.22.2 Revenue Performance

The County received Kshs.12.95 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 5 per cent compared to the amount received in FY 2023/24 of Kshs.12.32 billion. The total revenue consisted of Kshs.9.60 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.390.52 million, as well as own-source revenue (OSR) collection of Kshs.2.18 billion. Additionally, the County had a cash balance of Kshs.783.85 million from FY 2023/24.

The total OSR collection of Kshs.2.18 billion included Facilities Improvement Financing (FIF) of Kshs.755.68 million, and Kshs.1.43 billion from other OSR sources. Table 3.261 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.261: Machakos County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
A	**Equitable Share of Revenue Raised Nationally -**	**9,597,223,940**	**9,597,223,940**	**100**
Subtotal		**9,597,223,940**	**9,597,223,940**	**100**
B	**Additional Allocations**			
1	Court Fines	16,053,513	-	
2	Equalization Fund	12,923,347	-	
3	Community Health Promoters Project	83,250,000	-	
4	Road Maintenance Fuel Levy (RMFL)	111,125,100	111,125,100	100
5	Aggregated Industrial Parks Programme	186,000,000	186,000,000	100

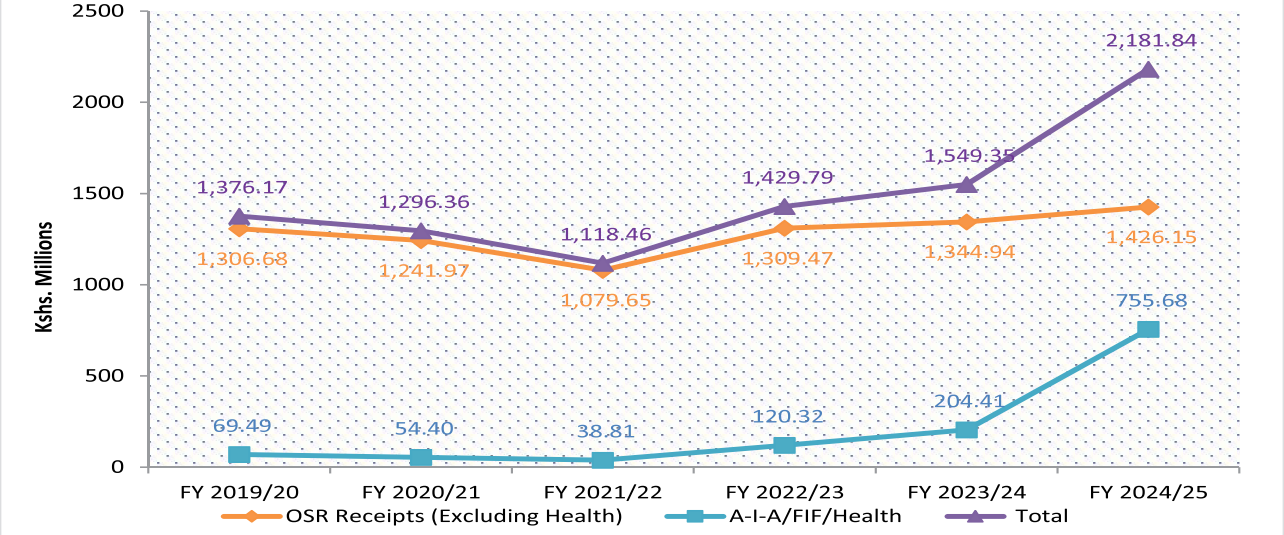
S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
6	Kenya Urban Support Project-Urban Development Grant (UDG)-World Bank	179,392,140	-	-
7	Kenya Urban Support Project-Urban Institutional Grant (UIG)-World Bank	35,000,000	32,309,300	92
8	Kenya Devolution Support Program (KDSP I)	58,417,280	-	-
9	Kenya Devolution Support Program (KDSP II)	37,500,000	-	-
10	Primary Healthcare in Devolved Context (DANIDA)	12,250,425	11,943,750	97
11	Emergency Locust Response Project (ELRP)	104,600,000	-	-
12	Kenya Agricultural Business Development Project-Sweden	10,918,919	-	-
13	Aquaculture Business Development Project (IFAD)	12,262,438	-	-
14	Financing Locally Led Climate Change Action (FLLoCA) Program- County Climate Resilience Investment- World Bank	234,440,930	-	-
15	FLLoCA County Climate Institutional Support - World Bank	11,000,000	-	-
16	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	49,138,072	32
17	Basic Salary arrears for Health Workers	58,646,293	-	-
Subtotal		**1,315,295,537**	**390,516,222**	**30**
C	**Own Source Revenue**			
1	Ordinary Own Source Revenue	3,021,915,199	1,426,152,468	47
2	Facility Improvement Fund (FIF)	903,877,867	755,682,847	84
Subtotal		**3,925,793,066**	**2,181,835,315**	**56**
D	**Other Sources of Revenue**			
1	Unspent Balance from FY 2023/24	783,851,812	783,851,812	100
Sub-Total		**783,851,812**	**783,851,812**	**100**
Grand Total		**15,622,164,355**	**12,953,427,289**	**83**

Source: *Machakos County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. However, the Machakos County FIF Act 2023 is not fully operational, as operational committees have not been set up, despite the collection and retention of the OSR in commercial bank accounts.

Figure 85 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 85: Machakos County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

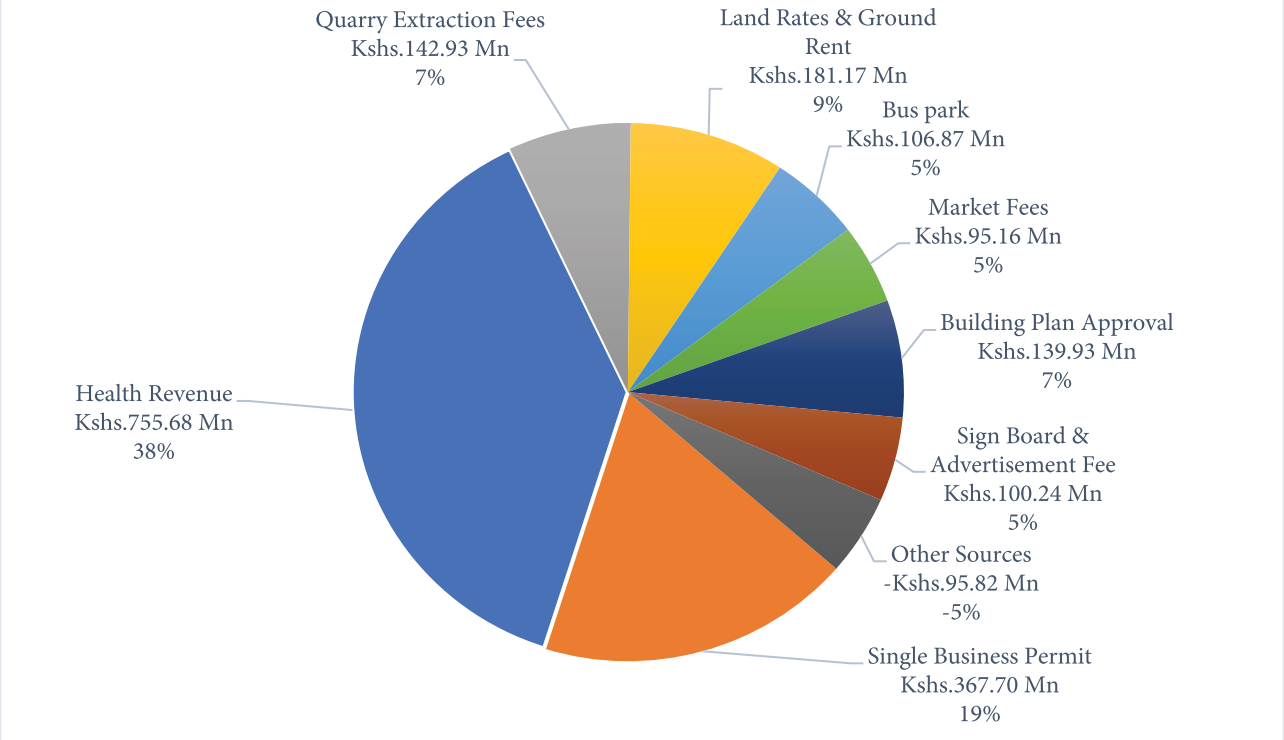


***Source: Machakos** County Treasury*

During the year, the County generated Kshs.2.18 billion from its revenue sources, including FIF. This amount was an increase of 41 per cent compared to Kshs.1.55 billion realised in a similar period in FY 2023/24, and was 56 per cent of the annual target and 23 per cent of the equitable revenue share disbursed. The OSR excluded revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.13.78 million.

The increase in OSR can be attributed to the digitisation of all revenue collection streams including usage of pay bills; introduction of the One stop revenue collection centres which aims to save time, reduce costs and improve service efficiency; the unveiling of Machakos County land and physical valuation roll which determines property taxes and other related levies within our jurisdiction; waiver of land rates arrears, and public engagement and sensitisation on fiscal strategies that will enhance revenue collection. The revenue streams which contributed the highest OSR receipts are shown in Figure 86.

Figure 86: Machakos County Top Own Source Revenue Streams in FY 2024/25



Source: Machakos County Treasury

As shown in Figure 86, the highest revenue stream, at Kshs.755.68 million was from FIF, accounting for 38 per cent of the total OSR receipts. The County Government has automated all 29 revenue streams.

3.22.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.13.78 million. This amount increased to Kshs.472.02 million as of 30 June 2025, indicating that the County had accumulated additional arrears of Kshs.458.25 million. Table 3.262 presents a breakdown of the County's revenue arrears.

Table 3.262: Machakos County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Property Rent	13,775,695	-	-	-	13,775,695
B	Health Revenue (SHIF)	-	-	-	458,248,275	458,248,275
Total		**13,775,695**	**-**	**-**	**458,248,275**	**472,023,970**

Source: *Machakos County Treasury*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.13.78 million. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include engaging debt collectors to collect the outstanding amount, a sensitisation programme for all tenants to ensure timely payment, and automation of the revenue stream.

3.22.4 Borrowing by the County

The County did not report any borrowing during the review period.

3.22.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.11.87 billion from the CRF account in FY 2024/25, which comprised Kshs.2.23 billion (19 per cent) for development programmes and Kshs.9.63 billion (81 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.6.79 billion was towards employee compensation and Kshs.2.85 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 14.4 per cent was for domestic travel and 1.5 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.409.92 million and included Kshs.203.22 million for the County Executive and Kshs.206.71 million for the County Assembly. The foreign exchequer totalled Kshs.41.97 million, comprising Kshs.28.09 million for the County Executive and Kshs.13.88 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.426.42 million.

3.22.6 County Expenditure Review

The County spent Kshs.11.81 billion on development and recurrent programmes in the reporting period. This expenditure represented 99 per cent of the total funds released by the CoB. It comprised Kshs.1.94 billion for development programmes and Kshs.9.86 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 41 per cent, while recurrent expenditure represented 91 per cent of the annual recurrent expenditure budget.

3.22.7 Settlement of Pending Bills

As of 30 June 2024, the county reported pending bills totalling Kshs.5.62 billion. This amount included Kshs.5.37 billion from the County Executive and Kshs.245.25 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.3.47 billion for recurrent expenditures and Kshs.1.90 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.40 billion, comprising Kshs.828.34 million (59 per cent) for recurrent programmes and Kshs.567.37 million (41 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.22.47 million, which were exclusively for recurrent activities. The County Assembly incurred new pending bills of Kshs.1.94 million for development. Table 3.263 provides additional details of pending bills.

Table 3.263: Machakos County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	3,469,658,323	828,336,074	1,143,745,202	3,785,067,451
Development	1,904,639,569	567,367,178	1,357,787,608	2,695,059,999
Total	**5,374,297,892**	**1,395,703,252**	**2,501,532,810**	**6,480,127,450**
County Assembly				
Recurrent	245,249,726	22,472,344	30,858,335	251,694,139
Development	-	-	1,941,578	1,941,578
Total	**245,249,726**	**22,472,344**	**30,858,335**	**253,635,717**

Source: *Machakos County Treasury*

The County Executive and the County Assembly submitted a pending bills payment plan, committing to pay Kshs.1.60 billion and Kshs.31.73 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.1.38 billion for the Executive and Kshs.22.47 million for the Assembly.

Table 3.264 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.6.73 billion.

Table 3.264: Machakos County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	1,334,581,734	360,479,463	191,978,706	809,961,674	**2,695,059,999**
Recurrent Pending Bills (Goods & Services)	373,088,590	475,622,141	776,241,662	1,496,657,948	**3,121,610,341**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	807,236,239	16,000	-	-	**807,252,239**
Recurrent Pending Bills (Staff Claims)	54,693,132	31,923,527	21,282,351	-	**107,899,010**
Total Recurrent Pending Bills	1,235,017,961	507,561,669	797,524,013	1,496,657,948	**4,036,761,590**
Total Pending Bills	**2,567,658,116**	**868,041,132**	**989,502,719**	**2,306,619,622**	**6,731,821,589**
% of Total	**38**	**13**	**15**	**34**	**100**

Source: Machakos *County Treasury*

The payment of pending bills was not based on FIFO but was mainly on the bills incurred during the FY 2023/24. However, the payment adhered to the usage of the Pending Bills Action plan for the FY 2023/24 pending bills payment.

3.22.8 Expenditure by Economic Classification

The County Executive incurred Kshs.6.49 billion for compensation of employees, Kshs.2.45 billion for operations and maintenance, and Kshs.1.90 billion for development activities. Similarly, the County Assembly spent Kshs.534.29 million on compensation of employees, Kshs.389.87 million on operations and maintenance, and Kshs.43.34 million on development activities, as shown in Table 3.265.

Table 3.265: Machakos County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,930,259,632	944,156,126	8,939,729,644	924,155,477	90	98
Compensation of Employees	6,218,680,369	526,963,312	6,494,700,107	534,285,647	104	101
Operations and Maintenance	3,711,579,263	417,192,814	2,445,029,537	389,869,830	66	93

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Development Expenditure	4,573,348,597	174,400,000	1,900,214,039	43,341,639	42	25
Total	14,503,608,229	1,118,556,126	10,839,943,683	967,497,116	75	86

***Source**: Machakos County Treasury*

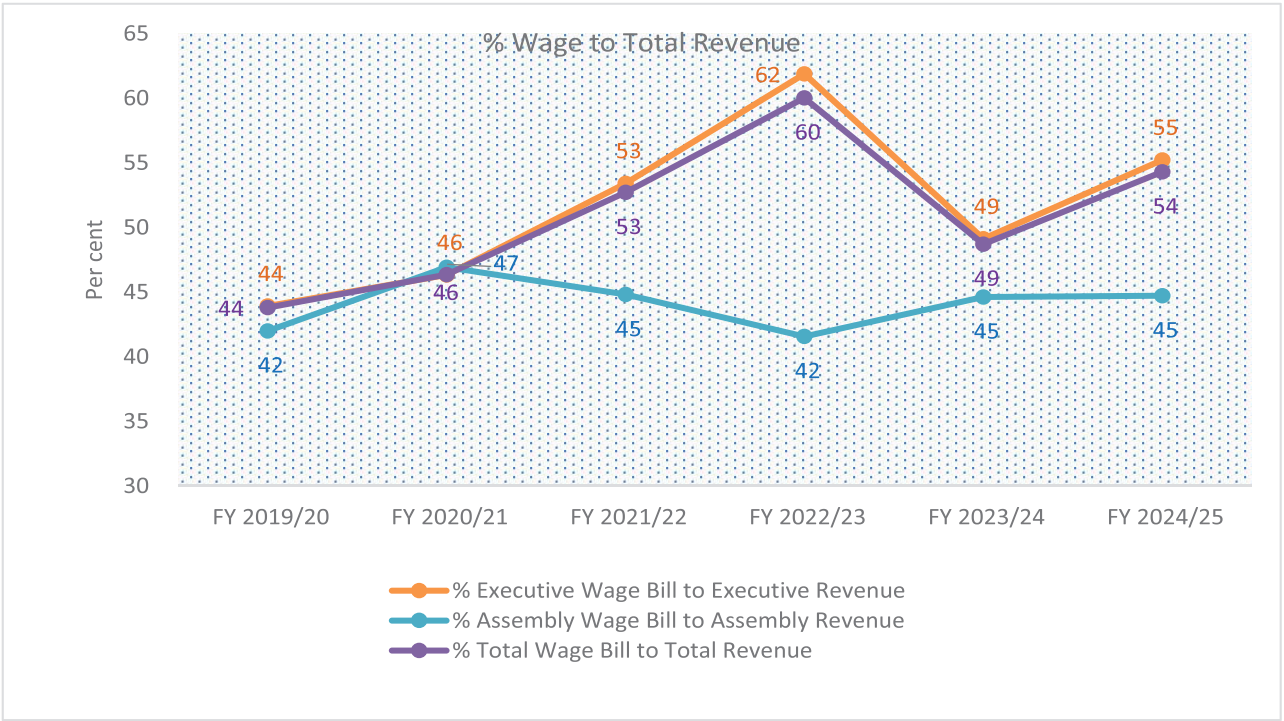
3.22.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.7.03 billion. Therefore, the percentage of employee compensation to adjusted revenue was 54.5 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.6.80 billion reported in FY 2023/24. Of this total, Kshs.3.44 billion related to Health Sector employees, which accounted for 49 per cent of the overall employees' compensation.

The increase in employee compensation is attributed to recruiting new medical staff in the Department of Health, annual staff increments as per SRC policies, and health and low-cadre staff promotions.

Figure 87 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 87: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Machakos County Treasury

Further analysis revealed that PE costs totalling Kshs.6.90 billion were processed through the Human Resource Information System (HRIS), while Kshs.132.86 million was processed through manual payroll, which accounted for 2 per cent of the total PE cost.

The manual payroll comprised salaries for MCAs and staff not onboarded into the Human Resource Information System (HRIS), MCA and ward staff service gratuities, MCAs' reimbursements, mileage allowance, MCAs and staff fringe benefit tax relief, and gratuity for contract staff, as shown in Table 3.266.

Table 3.266: Breakdown of Machakos County (Assembly) Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for non-HRIS/IPPD MCAS & Staff	14,109,196
2	Salaries for Ward Staff not in IPPD/HRIS	43,445,878
3	Commissioner Of Domestic Taxes-MCAS & Staff Fringe Benefit Tax	9,521,571
4	Gratuity For Contract Staff	2,783,856
5	MCAS -Reimbursement Mileage	25,288,912
6	4th & 5th CASB Members' Service Gratuities	988,900
7	Ward Staff Service Gratuities	9,085,474
8	MCA's Service Gratuities	25,269,845
9	NITA Levy	91,550
10	Various Banks-Salaries for CASB Members not in IPPD/HRIS	964,144
11	Salary Advances for Staff & MCAS	1,310,000
	Total	**132,859,327**

Source: Machakos County Treasury

The County Assembly spent Kshs.35.34 million on committee sitting allowances for the 60 MCAs against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.49,085 per MCA. The County Assembly has 24 House Committees.

3.22.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.375.44 million to County-Established funds in FY 2024/25, or 2 per cent of the County's overall budget. Table 3.267 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.267: Performance of Machakos County Established Funds in FY 2024/25

No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Machakos County Education Bursary Fund	2014	120,000,000	120,000,000	120,000,000	800,251,016	Yes
2	Machakos County Executive Mortgage & Car Loan Scheme	2015	-	-	-	96,000,000	Yes
3	Machakos County Climate Fund	2021	245,440,390	11,000,000	130,244,362	444,329,453	Yes
	County Assembly Established Funds						
1	Machakos County Housing & Car Loan Scheme Fund - MCA	2014	-	-	11,795,497	386,000,000	Yes
2	Machakos County Housing & Car Loan Scheme Fund - Staff	2018	10,000,000	-	9,665,157	273,000,000	Yes
	Total		**375,440,390**	**11,000,000**	**271,705,016**	**1,999,580,469**	

Source: *Machakos County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from five Fund Administrators, as indicated in Table 3.267, as required by Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of **the** Machakos County Education Bursary Fund, the Machakos

County Housing & Car Loan Scheme Fund, and the Machakos County Housing & Car Loan Scheme Fund - MCA had lapsed.

3.22.11 County Corporations

The County has 16 County Corporations allocated Kshs.146.54 million in FY 2024/25. Their total annual expenditure amounted to Kshs.92.52 million, as shown in Table 3.268.

Table 3.268: Performance of Machakos County Corporations in FY 2024/25

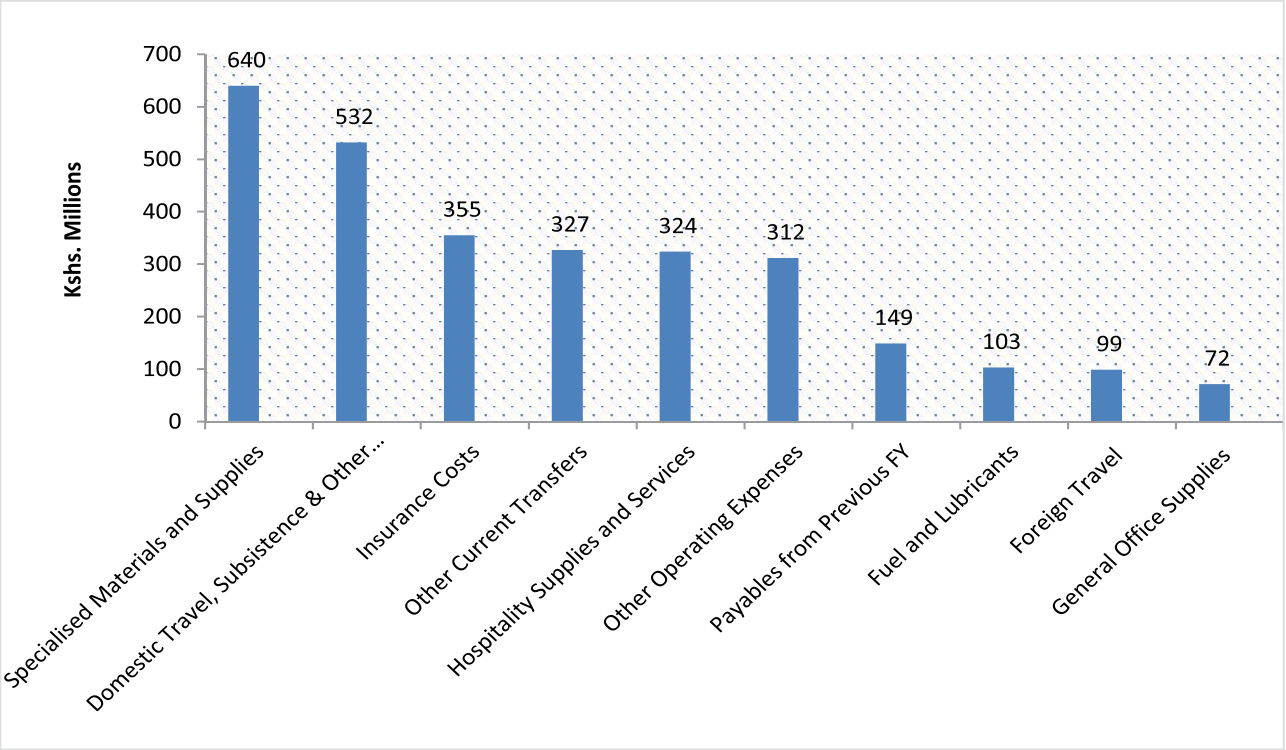
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)
1	Machakos Level 5 Hospital	55,543,670	33,318,500	33,318,500
2	Kangundo Level 4 Hospital	15,000,000	9,800,000	9,800,000
3	Kathiani Level 4 Hospital	20,000,000	10,300,000	10,300,000
4	Mwala Level 4 Hospital	7,000,000	8,000,000	8,000,000
5	Matuu Level 4 Hospital	8,000,000	7,900,000	7,900,000
6	Mutituni Level 4 Hospital	7,000,000	4,800,000	4,800,000
7	Athi River Level 4 Hospital	7,000,000	4,900,000	4,900,000
8	Masinga Level 4 Hospital	7,000,000	3,800,000	3,800,000
9	Kalama Level 4 Hospital	7,000,000	3,200,000	3,200,000
10	Kimiti Level 4 Hospital	6,000,000	3,300,000	3,300,000
11	Ndithini Level 4 Hospital	7,000,000	3,200,000	3,200,000
12	Machakos Water and Sewerage Company	-	-	-
13	Mavoko Water and Sewerage Company	-	-	-
14	Matungulu/Kangundo Water Company	-	-	-
15	Kathiani Sanitation Company	-	-	-
16	Yatta Sanitation Company	-	-	-
	Total	**146,543,670**	**92,518,500**	**92,518,500**

Source: Machakos *County Treasury*

3.22.12 Expenditure on Operations and Maintenance

Figure 88 summarises the Operations and Maintenance expenditure by major categories.

Figure 88: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: Machakos *County Treasury*

Expenditure on domestic travel amounted to Kshs.532.01 million and comprised Kshs.214.64 million spent by the County Assembly and Kshs.317.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.99.19 million and comprised Kshs.36.04 million by the County Assembly and Kshs.63.14 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.269.

Table 3.269: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	5	7th to 16th December 2024	Livestock And Food Security Initiative Conference in Brazil	Brazil	9,651,164
County Executive	2	10th to 14th March 2025	ICPAK Leadership Summit	Dubai	1,036,853
County Executive	4	13th to 24th Jan 2025	Training on Strategic Organization Change Management in the Public Sector	Dubai	3,772,890
County Executive	1	17th to 28th February 2025	Leadership and Change Management Course	Dubai	1,426,563
County Executive	1	27th January to 2nd February 2025	Workshop of Women's Political Leadership Programme	Albania	753,678
County Executive	1	3rd to 6th December 2024	Open Governance Workshop	Brazil	1,000,379
County Executive	6	1st to 7th December, 2024	Visit of Production Factories in China	China	4,254,668
County Executive	5	2nd to 13th December 2024	Strategic Management Programme	Dubai	5,940,442
County Executive	1	12th to 21st August 2024	Contemporary Public Administration, Leadership, Management, and Good Governance. Networking	Dubai	1,000,300
County Executive	3	26th to 31st January 2025	Arab Healthcare Conference in Dubai	Dubai	2,088,956

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	26th Feb to 7th March, 2025	The Kenya -Italy Commercial Partnership for Prosperous Future Business Roundtable	Italy	1,647,743
County Executive	4	23rd February to 3rd March 2025	Attend the Web Summit in Qatar at the Doha Exhibition	Qatar	2,307,311
County Executive	1	2nd to 5th March 2025	Training In Rwanda	Rwanda	551,845
County Executive	1	2nd to 13th Dec 2024	16th Session of Parties (Cop 16) of the UN Convention to Combat Desertification	Riyadh, Saudi Arabia	750,000
County Executive	2	7th to 16th July, 2024	Training on Project Planning in Singapore	Singapore	640,000
County Executive	3	26th October to 5th November, 2024	The 24th EAC MSME Trade Fair in Juba, South Sudan	South Sudan	3,081,166
County Executive	2	11th to 25th May 2024	Climate Action Network Training in Sweden	Sweden	523,849
County Executive	2	17th to 21st February 2025	Training in Arusha, Tanzania	Tanzania	640,754
County Executive	1	2nd to 13th Dec 2024	Short Course on Effective Report Writing in ESAMI	Tanzania	694,910
County Executive	18	19th to 28th February 2025	EALASCA Games in Kampala	Uganda	4,677,906
County Executive	1	26th Aug to 3rd Sept 2024	Fire Emergency Response Workshop in the UK	UK	8,168,854
County Executive	2	20th to 28th August 2024	Utamaduni Celebrations in Dallas, USA	USA	3,579,160
County Assembly	6	21st to 27th January, 2024	Pending bill payment for one staff for attending a Leadership Experiential Certified Leadership Masterclass	Dubai	59,249
County Assembly	7	4th to 10th February, 2024	Pending bill payment for one staff attending a devolution Committee at the East African Community Offices	Arusha,	19,448
County Assembly	7	2nd to 8th July, 2024	Workshop on Legal and Legislative drafting organised by the LSK	Arusha,	1,955,038
County Assembly	1	5 August,2024	Agent and USA Visa application fees for Hon, Speaker	USA	225,000
County Assembly	1	6th to 13th October, 2024	Study tour/benchmarking to the East African Legislative Assembly to share best practices and experiences	Arusha, Tanzania	327,120
County Assembly	3	10th to 17th October, 2024	Meeting with women MPs in the UK Parliament and with members of the Kenyan diaspora	London, UK	1,794,050
County Assembly	2	19th to 23rd October, 2024	Attending the 7th Africa Colloquium of Legal Counsel to Parliaments	Victoria Falls, Zimbabwe	257,800
County Assembly	3	10th to 17th October, 2024	Agent fees for a US Visa application-UK	London, UK	173,862
County Assembly	14	7th to 14th December, 2024	Capacity building tour at the East African Legislative Assembly	Arusha	3,558,532
County Assembly	1	7th to 14th December, 2024	Attending a Leadership training program on good governance and Visionary Leadership for National Development	Singapore	596,477
County Assembly	7	17th to 23rd November,2024	Devolution and Intergovernmental Relations Committee study tour at the EA Legislative Assembly	Arusha	1,876,218
County Assembly	7	15th to 22nd December,2024	Agent fees for US Visa application-Saudi Arabia	Riyadh, Saudi Arabia	258,000

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	16th to 22nd December,2024	Attending the 19th Annual Meeting of the Internet Governance Forum	Riyadh, Saudi Arabia	2,969,694
County Assembly	1	30th December to 6th January,2025	Attending a leadership training program on good governance and Visionary Leadership	Kuala Lumpur, Malaysia	442,312
County Assembly	7	15th to 21st December,2024	Attending the agriculture committee capacity Building programme at EALA	Arusha	1,897,784
County Assembly	7	15th to 21st December,2024	Trade Committee Capacity Building and Study Tour	Arusha	1,877,784
County Assembly	7	8th to 14th December,2024	Education Committee on a capacity-building tour at EALA	Arusha,	1,847,784
County Assembly	7	2nd to 9th February,2025	Decentralised Units Committee capacity building programme & study tour, EA Legislative Assembly	Arusha,	1,845,394
County Assembly	5	5th to 12th February,2025	International Conference on Communication and Technology and New Media (ICCTNM-25)	Dubai	2,936,745
County Assembly	7	2nd to 9th February,2025	Capacity building tour on Finance and Revenue Management at the East African Community Secretariat	Arusha	1,675,661
County Assembly	6	12th to 18th January,2025	Budget and Appropriations Committee capacity building study tour on budget processing and implementation at the EA Community Secretariat	Arusha	1,458,788
County Assembly	7	2nd to 9th February,2025	Committee on Transport capacity building study tour on regional transportation policies, Legislative frameworks and infrastructure development strategies at the EAC	Arusha	1,562,828
County Assembly	3	3rd to 10th February,2025	Committee on Powers & Privileges on a capacity building tour on upholding parliamentary privileges and powers, EAC	Arusha	679,824
County Assembly	6	9th to 16th February,2025	Attending a Leadership training program on good governance and Visionary Leadership for National Development	Singapore	3,292,022
County Assembly	5	9th to 16th March,2025	Part-payment for a capacity building and study tour on leadership and financial management at the EA Assembly	Arusha	50,000
County Assembly	4	1st to 8th June,2025	Attending a capacity-building tour at the EA Legislative Assembly	Arusha	765,131

Source: Machakos County Treasury and Machakos County Assembly

Other types of expenditure under the operations and maintenance costs include Kshs.47.24 million related to legal fees, dues, arbitration, and compensation payments.

3.22.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.755.68 million as FIF, which was 84 per cent of the annual target of Kshs.903.88 million. The County has developed regulations to operationalise the FIF Act of 2023. However, the Machakos County FIF Act 2024 is not fully operational, as operational committees have not been set up, despite the collection and retention of the OSR in commercial bank accounts.

In the reporting period, health facilities were owed a combined total of Kshs340.70 million, of which Kshs.229.52 million was for the Social Health Insurance Fund (SHIF) and Kshs.111.18 million was for outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.270 presents a breakdown of the claims.

Table 3.270: Machakos County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	Machakos County Referral Hospital	320.20	190.81	128.04	64.48
2	Kangundo Sub-County Hospital	70.49	14.49	56.0	16.91
3	Kathiani Sub-County Hospital	16.99	12.30	4.69	8.16
4	Matuu Sub-County Hospital	24.90	2.50	22.39	7.26
5	Mwala Sub-County Hospital	14.55	7.50	7.05	5.79
6	Athi River Health Centre	6.75	0.26	6.49	4.80
7	Kimiti Health Centre	4.13	1.51	2.62	1.43
8	Kalama Health Centre	1.08	0.28	0.80	0.13
9	Mutituni Health Centre	2.05	1.84	0.21	1.10
10	Masinga Health Centre	3.14	2.61	0.54	0.95
11	Ndithini Health Centre	1.69	1.00	0.69	0.19
	Total	**465.98**	**235.12**	**229.52**	**111.18**

***Source: Machakos** County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.465.98 million. Of this, only Kshs.235.12 million was disbursed, occasioning a pending balance of Kshs.229.52 million. Further, the defunct NHIF still owes health facilities Kshs.111.18 million.

The expenditure by the health facilities amounted to Kshs.629.14 million, as shown in Table 3.271.

Table 3.271: Machakos County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1.	Machakos County Referral Hospital	254,379,350	237,125,051	93
2	Kangundo Sub County Hospital	58,100,000	57,460,970	99
3	Kathiani Sub County Hospital	61,000,000	57,291,063	94
4	Matuu Sub-County Hospital	62,500,000	62,101,434	99
5	Mwala Sub-County Hospital	42,500,000	32,282,668	76
6	Athi River Health Centre	28,500,000	28,012,434	98
7	Kimiti Health Centre	32,500,000	32,017,877	99
8	Kalama Health Centre	30,500,000	28,002,211	92
9	Mutituni Health Centre	26,500,000	26,092,197	98
10	Masinga Health Centre	36,600,000	34,391,699	94
11	Ndithini Health Centre	36,500,000	34,357,656	94
	Total	**669,579,350**	**629,135,260**	**94**

***Source:** Machakos County Treasury*

3.22.14 Development Expenditure

In the review period, the County reported spending Kshs.1.94 billion on development programmes, representing a decrease of 33 per cent compared to FY 2023/24, when the County spent Kshs.2.88 billion. Table 3.272 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the revision of our budget in FY 2024/2025 downward due to cash-flow issues.

Table 3.272: Machakos County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget Allocation	Amount Paid as of 30 June 2025	Implementation status ()
1	Roads & Transport	Katangi – Kinyaata – Kithimani Road 5 kms	Katangi,Ikombe, Kithimani Yatta	244,514,716	110,000,000	89,813,977	82
2	Roads & Transport	Supply Refined Fuels and Lubricants	County wide	78999920	79,000,000	78,709,612	100
3	Roads & Transport	Kathalani – Kaviani Road (Phased) 3.2 kms	Upper Kaewa	154,580,347	85,000,000	66,835,139	79
4	Roads & Transport	Mlolongo – Gossip – Police Road (Phased) 4.3 kms	Mlolongo/ Syokimau	326,815,930	115,000,000	64,424,932	56
5	Agriculture	Purchase of Certified Crop Seed	All Wards	61,175,440	61,175,443	61,175,440	100
6	Health Services	KDSP - Construction of Masii Level 4 Hospital	Masii ward	154,319,223	58,417,280	38,294,106	66
7	Health Services	Phased New Machakos Specialist Hospital	Machakos Central Ward	1,499,885,589	100,000,000	32,721,526	33
8	Education	Construction of Daycare Centre	Matuu	29,909,770	29,840,591	25,446,821	85
9	Youth and sports	Sports complex	Machakos Sub-County		80,000,000	25,000,000	31
10	Youth and sports	Capitation of Youth Polytechnics	Countywide	25,000,000	25,000,000	25,000,000	100

Source: ***Machakos*** *County Treasury*

The County reported 54 stalled development projects as of 30 June, 2025, with an estimated value of Kshs.1.13 billion, of which Kshs.314.26 million has been allocated in the budget. The stalled projects are shown in Table 3.273.

Table 3.273: Machakos County Stalled Projects as of 30 June 2025

S/N	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	of Completion Before Stalling of the Project	Reason for Project Stalling
1	Construction of the Agriculture Office block	Kathiani Central	-	-	-	60	Lack of Funds
2	Construction of the Agriculture Office block	Kangundo Central	-	-	-	60	Lack of Funds
3	Construction of Livestock Offices	Mwala	-	-	-	60	Lack of Funds
4	Proposed Construction of Kithimani Community Hospital	Kithimani	11,495,280	11,254,296	240,984	85	Phase I Complete as per scope in BQs
5	Proposed Construction of Kikesa Community Hospital	Ikombe	12,561,865	-	12,561,865	50	Initial contract terminated
6	Proposed Construction of Kalama Community Hospital	Kalama	11,662,574	7,207,781	4,454,793	70	Contract Expired
7	Proposed Construction of Wamunyu Community Hospital	Wamunyu	8,000,100	-	8,000,100	40	Initial contract terminated
8	Proposed Construction of Kawauni Community Hospital	Kangundo North	10,841,775	-	10,841,775	10	Initial Contract Terminated
9	Proposed Construction of Kaviani Community Hospital	Upper Kaewa	13,810,700	4,920,360	8,890,340	40	Phase I Complete as per scope in BQs
10	Proposed Construction of Wondeni Community Hospital	Muvuti / Kiima kimwe	17,187,625	-	17,187,625	5	Initial Contract Terminated
11	Proposed Construction of Mua Community Hospital	Mua	11,527,260	9,599,838	1,927,422	80	Initial Contract terminated

S/N	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	of Completion Before Stalling of the Project	Reason for Project Stalling
12	Completion of works at Mumbuni Dispensary/Kwa Musyoka.	Mumbuni North	1,900,000	-	1,900,000	60	Contract Expired
13	Market shed/Kithimani	Kithimani	4,676,401	-	4,676,401	70	Contractor not on site
14	Market shed/Ikombe	Ikombe	4,676,401	-	4,676,401	70	Contractor not on site
15	Market Shed/Matuu	Matuu	9,609,226	-	9,609,226	40	Abandoned the site
16	Market shed/Kangundo	Kangundo Central	5,765,454	-	5,765,454	40	None payment
17	Market shed/Kiatinene	Ndithini	4,680,676	-	4,680,676	60	Contractor not on site
18	Market shed/Masinga	Masinga Central	4,888,153	-	4,888,153	40	None payment
19	Market shed/Kivani	KangundoEast	4,727,906	-	4,727,906	70	Contractor not on site
20	Construction of Machawood Offices at Machawood Studios in Mikuyu/Vota Village	Mua	39,740,747	-	39,740,747	15	Works did not continue past the lintel
21	Construction of the Machawood Go-down at Machawood Studios in Mikyuy/Vota Village	Mua	23,414,204	-	23,414,204	15	Works did not continue past the lintel
22	Construction of office block/ Mavoko Offices	Athi river	17,500,000	-	17,500,000	80	Contract terminated
23	Proposed Construction of Commercial Development (Mixed Use)	Mua	55,495,944	5,374,310	50,121,634	10	Contractor's non-performance of the contract
24	Proposed Construction of Community Recreation Centre	Mua	55,435,741	5,804,115	49,631,626	11	Non-performance of contract -
25	Proposed Construction of Public Facility Area Comprising Swimming pool, toilet, changing rooms, and Public Beach	Mua	37,585,666	26,276,860	11,308,806	70	Contractors' non-performance of the contract resulted in termination.
26	Office block 12-storey	Mua	394,999,999	41,407,638	353,592,361	10	Non-performance of contract
27	Proposed Construction of Kwa Mwatu Community Hospital	Matuu	10,815,705	6,721,175	4,094,530	60	Contract Expired
28	Proposed Construction of Mwala Community Hospital (Kitchen & Laundry)	Mwala /Makutano	12,584,725	10,052,275	2,532,450	80	Contract Expired
29	Proposed Construction of Kyeleni Community Hospital	Kyeleni	7,889,922	5,734,577	2,155,345	70	Contract Expired
30	Proposed Construction of Ngiini Community Hospital	Kangundo Central	10,764,550	5,374,560	5,389,990	50	Contract Expired
31	Proposed Construction of Kamulu Drumville Community Hospital	Muthwani	13,001,100	9,395,715	3,605,385	80	Phase I Complete as per scope in BQs
32	Construction of the Masii Market shed	Masii	1,715,631	-	1,715,631	80	The contractor left the site
33	Construction of Kithyoko Market shed	Kithyoko	2,119,834	-	2,119,834	80	The contractor left the site
34	Construction of the Katangi Market shed	Katangi	1,837,201	-	1,837,201	80	The contractor left the site
35	Construction of Kisukioni Market Shed	Kisukioni	300,325	-	300,325	80	The contractor left the site

S/N	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	of Completion Before Stalling of the Project	Reason for Project Stalling
36	Partitioning of Mavoko offices	Athiriver	2,165,536	-	2,165,536	80	The contractor left the site
37	Construction of Muumandu Market shed	Kalama	2,783,408	-	2,783,408	80	The contractor left the site
38	Construction of Katulye Market shed	Katulye	2,865,072	-	2,865,072	80	The contractor left the site
39	Mumbuni earth dam; Excavation works, treatment works, storage tanks and water distribution pipeline	Kibauni	75,156,480	68,414,880	6,741,600	91	Abandoned & reawarded to a new contractor, the contractor failed to mobilise to the site.
40	Design & Build Mavoko Stadium	Athiriver	44,616,639	8,741,147	35,875,492	5	Contractors '- Non-Performance of contract
41	Design & Build Ikombe Stadium	Ikombe	49,740,000	38,684,000	11,056,000	98	Kes. 10,946,000 final certificate raised by contractor pending payment
42	Construction of St. Francis Misyani ECDE	Kangundo North	980,454	-	980,454	80	Non-payment after raising a certificate
43	Construction of Kyandu ECDE	Kangundo West	980,454	-	980,454	80	Non-payment after raising a certificate
44	Construction of Matetani ECDE	Kangundo Central	980,454	-	980,454	80	Non-payment after raising a certificate
45	Construction of twin workshop at Kithaayoni VTC	Machakos Central	-	-	-	45	Lack of payment
46	Design & Build Kinyui Stadium	Matungulu East	49,740,000	36,710,135	13,029,865	50	Non-performance of the contract and termination
47	Design & Build Masii Stadium	Masii	49,045,478	-	49,045,478	5	Non-performance of the contract by the contractor.
48	Proposed Construction of Kisiiki Community Hospital	Ndalani	4,998,500	2,798,500	2,200,000	60	Contract Expired
49	Construction of Ielanthi ECDE	Kivaa	999,989	250,000	749,989	60	Non-payment after raising a certificate
50	Construction of Mwatungo ECDE	Kivaa	999,989	300,000	699,989	60	Non-payment after raising a certificate
51	Construction of Kwamavui ECDE	Masinga Central	999,989	-	999,989	20	The contractor pulled out because of financial constraints
52	Construction of Muthetheni treatment works, solar panel	Muthetheni	8,259,875	3,940,000	4,319,875	90	The contractor abandoned the site, and the contract was terminated
53	Construction of Lumbwa treatment works	Kola	10,000,000	5,300,000	4,700,000	90	The contractor abandoned the site, and the contract was terminated
54	Proposed Renovation and Completion Works at Ikaatini Dispensary	Ekalakala	3,540,262	-	3,540,262	5	Contract Expired
	TOTAL		**1,132,065,269**	**314,262,162**	**817,803,107**	**28**	

Source: Machakos County Treasury

3.22.15 Budget Performance by Department

Table 3.274 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.274: Machakos County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	797.35	53.31	461.94	7.53	596.05	7.53	129	100	75	14
County Public Service Board	38.01	18.00	38.01	-	35.21	-	93	0	93	0
Roads, Transport and Public Works.	277.32	808.89	233.90	566.22	250.01	457.49	107	81	90	57
County Assembly	944.16	174.40	932.77	45.28	924.16	43.34	99	96	98	25
Agriculture, Food Security and Co-operative Development.	277.24	455.39	222.73	139.07	271.36	95.47	122	69	98	21
Health Services & Emergency Services	4,547.39	607.58	4,220.49	217.96	4,211.86	261.11	100	120	93	43
Water, Irrigation, Environment and Climate Change.	163.60	664.09	111.28	129.81	131.57	58.60	118	45	80	9
Finance, Economic Planning & Revenue Management	1,153.33	993.96	916.71	603.05	1,053.49	577.90	115	96	91	58
Gender, Youth, Sports & Social Welfare	152.47	194.44	112.86	108.47	126.31	56.79	112	52	83	29
Trade, Industry, Tourism & Innovation	156.58	266.58	156.58	260.29	136.01	180.28	87	69	87	68
Education	762.57	97.79	692.04	39.14	670.17	66.89	97	171	88	68
Lands, Urban Development, Housing & Energy	265.20	345.76	214.89	89.28	167.52	95.40	78	107	63	28
Devolution	1,252.35	67.56	1,242.50	26.14	1,207.71	42.76	97	164	96	63
Office of the County Attorney	86.85	-	77.85	-	82.47	-	106	-	95	-
Total	**10,874.42**	**4,747.75**	**9,634.55**	**2,232.23**	**9,863.89**	**1,943.56**	**102**	**87**	**91**	**41**

***Source**: Machakos County Treasury*

Analysis of expenditure by departments shows that the Department of Trade, Industry, Tourism & Innovation, and Education recorded the highest absorption rate of development budget at 68 per cent, respectively, followed by the Department of Devolution at 63 per cent. The Department of Agriculture, Food Security and Co-operative Development, and County Assembly had the highest percentage of recurrent expenditure to budget at 98 per cent respectively, while the Department of Lands, Urban Development, Housing & Energy had the lowest at 63 per cent.

3.22.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 29 July, 2025.
ii. Own-source revenue underperformed at Kshs.2.18 billion against an annual target of Kshs.3.93 billion, representing 56 per cent of the financial year target.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Machakos County Housing & Car Loan Scheme Fund – MCA, and the Machakos County Education Bursary Fund had expired, making them ineligible for further withdrawals.
iv. There was a high level of pending bills, which amounted to Kshs.6.73 billion as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
v. Use of manual payroll. Personnel emoluments for the County Assembly amount to Kshs.157.46 million, which includes staff not onboarded into HRIS and MCA car loan reimbursement. Additionally, MCAs' service gratuity was processed through manual payroll, accounting for 39 per cent of the total County Assembly payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.340.70 million across the two schemes—SHIF, and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.23. County Government of Makueni

3.23.1 Overview of FY 2024/25 Budget

The Makueni County Approved Supplementary II Budget for FY 2024/25 was Kshs.11.58 billion. It comprised Kshs.3.68 billion (32 per cent) and Kshs.7.90 billion (68 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.397.88 million (4 per cent) from the FY 2023/24 budget and comprised a development budget of Kshs.3.33 billion and a recurrent budget of Kshs.7.85 billion.

The budget was to be financed from the various revenue sources, including the equitable share of revenue raised nationally of Kshs.8.50 billion (73 per cent), additional allocations of Kshs.607.28 million (5 per cent), a cash balance of Kshs.1.04 billion (9 per cent) brought forward from FY 2023/24, and Kshs.1.47 billion (13 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.905.18 million (8 per cent) deposited into the CRF and Kshs566.26 (5 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.176.43 million (2 per cent) as the Facility Improvement Financing (revenue from health facilities) and Kshs.389.83 million (3 per cent) from A-I-A. A breakdown of the additional allocations is shown in Table 3.274.

3.23.2 Revenue Performance

The County received Kshs.11.11 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 13 per cent compared to the amount received in FY 2023/24 of Kshs.9.84 billion. The total revenue consisted of Kshs.8.50 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.321.73 billion and own-source revenue (OSR) collection of Kshs.1.29 billion. Additionally, the County had a cash balance of Kshs.1.00 billion from FY 2023/24.

The total OSR collection of Kshs.1.29 billion included Facilities Improvement Financing (FIF)/ Appropriation in Aid (A-I-A) of Kshs.773.59 million. Table 3.275 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.275: Makueni County, Revenue Performance in FY 2024/25

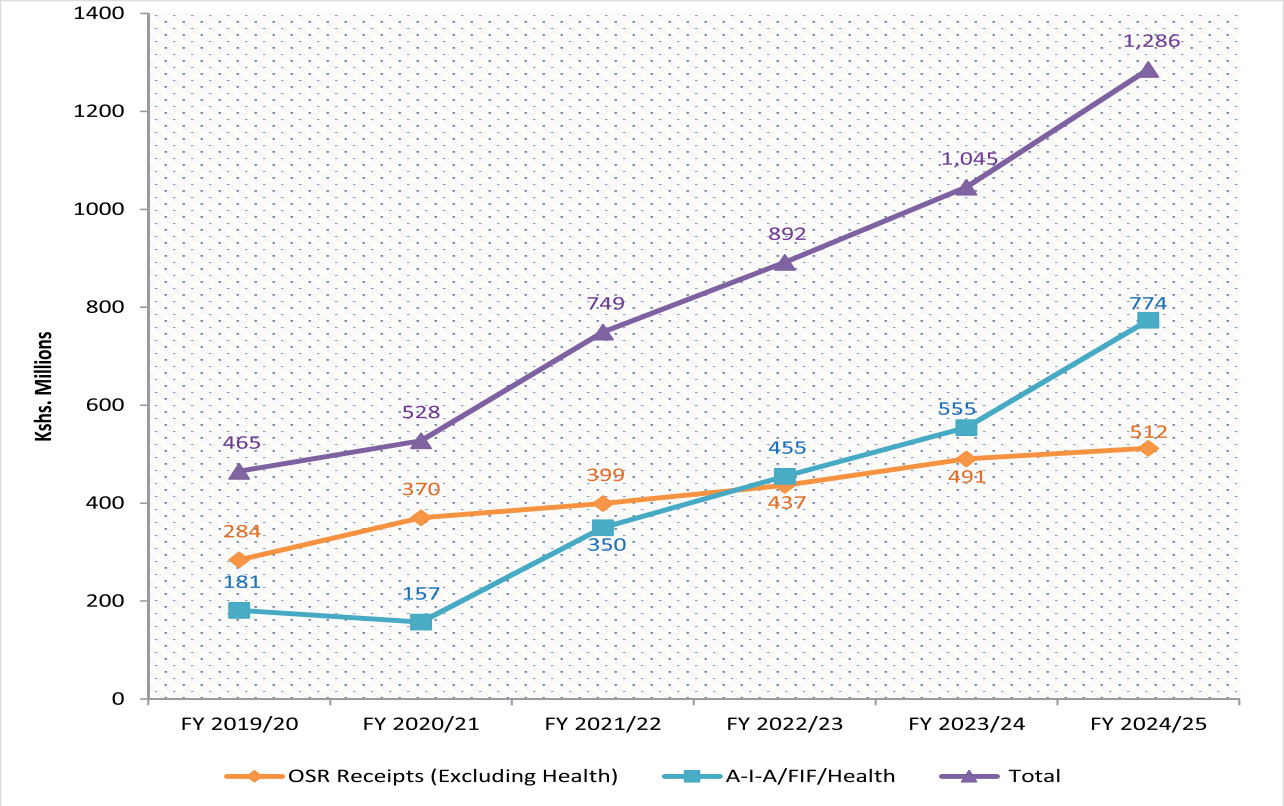
S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
A	Equitable Share of Revenue Raised Nationally -	8,497,308,272	8,497,308,448	100
Subtotal		**8,497,308,272**	**8,497,308,448**	**100**
B	**Additional Allocations**			
1	IDA(World Bank) Credit National Agricultural Value Chain Development Project(NAVCDP)	151,515,152	91,724,387	61

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
2	Kenya Agricultural Business Development Project (KABDP)	10,918,919	-	-
3	KDSP-II Grant	37,500,000	-	-
4	Community Health Promoters (CHPs) Project	113,700,000	-	-
5	Nutrition International Donor funding	21,013,780	22,453,292	107
6	DANIDA- Primary healthcare in a devolved context	11,407,500	11,407,500	100
7	UNICEF GRANT SUPPORT - Capacity Building of ECDE Teachers	1,740,000	1,740,000	100
8	Basic Salary Arrears for County Government Health Workers.	30,568,273	-	-
9	Roads Maintenance Fuel Levy		146,891,738	-
10	Urban Institutional Grant (UIG) - World Bank	35,000,000	32,309,300	92
11	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
12	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	40,167,542	-	-
13	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Resilience Investment (CCRI) Grant	142,746,435	15,203,126	11
Subtotal		**607,277,601**	**321,729,343**	**53**
C	**Own Source Revenue**			
1	Ordinary Own Source Revenue	905,177,623	512,217,089	57
2	Facility Improvement Fund (FIF)	176,430,000	277,839,885	157
3	NHIF and SHA Reimbursement (A-i-A)	382,475,700	494,225933	129
4	Universal Health Care Registration Fees (A-i-A)	7,350,000	1,503,000	21
Subtotal		**1,471,433,323**	**1,285,804,907**	**87**
D	**Other Sources of Revenue**			
1	Unspent Balance from FY 2023/24	1,004,193,182	1,004,193,182	100
2	Other Revenues (provide a list)	-	-	-
Sub-Total		**1,004,193,182**	**1,004,193,182**	**100**
Grand Total		**11,580,212,378**	**11,109,035,880**	**96**

Source: *Makueni County Treasury*

Figure 89 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 89: Makueni County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

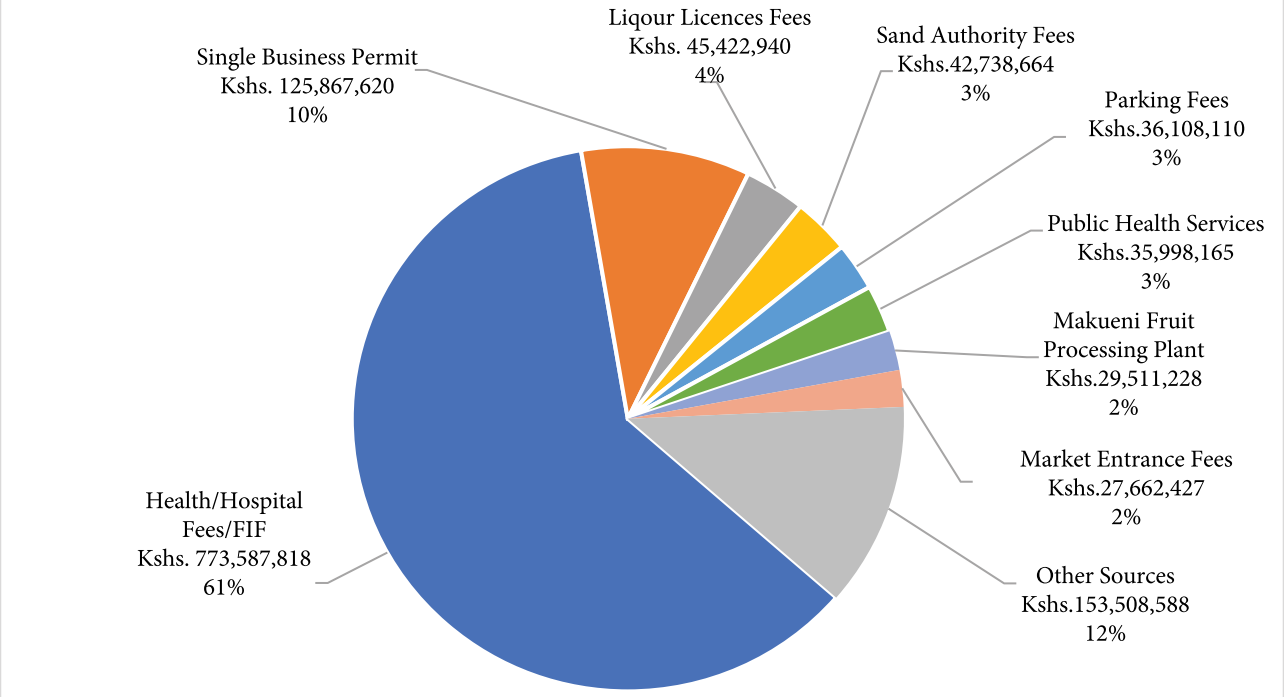


Source: *Makueni County Treasury*

During the year, the County generated Kshs.1.29 billion from its revenue sources, including FIF. This amount was an increase of 23 per cent compared to Kshs.1.04 billion realised in a similar period in FY 2023/24, and was 87 per cent of the annual target and 15 per cent of the equitable revenue share disbursed. The OSR included revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.24.58 million.

The revenue streams which contributed the highest OSR receipts are shown in Figure 90.

Figure 90: Makueni County Top Own Source Revenue Streams in FY 2024/25



Source: Makueni County Treasury

As shown in Figure 90, the highest revenue stream, at Kshs.773.59 million, was from Health/Hospital Fees /FIF

(NHIF/SHA) Reimbursement fees, Universal Health Care Registration, and Medical Health Services Fees), accounting for 61 per cent of the total OSR receipts.

3.23.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.485.00 million. This amount decreased to Kshs.460.42 as of 30 June 2025, indicating that the County had reduced its arrears by Kshs.24.58 million. Table 3.276 presents a breakdown of the County's revenue arrears.

Table 3.276: Makueni County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Plot rates	451,055,465	-	12,643,021	**168,485,121**	606,897,565
2	Single Business Permit	24,264,000	-	8,623,000	-	15,641,000
3	Stall rent	9,684,800	-	3,315,700	-	6,369,100
	Total	**485,004,265**	-	**24,581,721**	**168,485,121**	**628,907,665**

Source: *Makueni County Treasury*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.628.91 million.

3.23.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.9.53 billion from the CRF account in FY 2024/25, which comprised Kshs.2.05 billion (22 per cent) for development programmes and Kshs.7.48 billion (78 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.4.89 billion was towards employee compensation and Kshs.2.57 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 1 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.31.33 million and included Kshs.16.30 million for the County Executive and Kshs.15.03 million for the County Assembly. The foreign exchequer totalled Kshs.15.15 million, comprising Kshs.5.97 million for the County Executive and Kshs.9.18 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.1.81 billion.

3.23.5 County Expenditure Review

The County spent Kshs.10.08 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.2.62 billion for development programmes and Kshs.7.46 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 23 per cent, while recurrent expenditure represented 67 per cent of the annual recurrent expenditure budget.

3.23.6 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.768.89 million. This amount included Kshs.686.80 million from the County Executive and Kshs.82.09 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.499.56 million for recurrent expenditures and Kshs.187.24 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.615.51 million, comprising Kshs.440.06 million (71 per cent) for recurrent programmes and Kshs.175.45 million (29 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.82.09 million, which was 100 per cent for development activities. Table 3.277 provides additional details of pending bills.

Table 3.277: Makueni County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Development	187,238,858	175,447,744	86,855,635	98,646,750
Recurrent	499,559,879	440,058,495	498,488,221	557,989,605
Total	**686,798,737**	**615,506,239**	**585,343,856**	**656,636,355**
County Assembly				
Development	-	-	-	-
Recurrent	82,087,023	82,087,023	161,533,248	161,533,248
Total	**82,087,023**	**82,087,023**	**161,533,248**	**161,533,248**

Source: *Makueni County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.686.80 million and Kshs.82.09 million, respectively, in FY 2024/25. The County Executive did not adhere while the County Assembly adhered to their payment plan, as it cleared Kshs.615.51 million for the Executive and Kshs.82.09 million for the Assembly.

Table 3.278 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.818.17 million.

Table 3.278: Makueni County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**85,855,685**	**10,778,893**	**120,000**	**1,892,172**	**98,646,750**
Recurrent Pending Bills (Goods & Services)	129,933,685	17,089,287	1,878,597	94,000	148,995,569
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	466,596,357		39,417,551		506,013,908
Recurrent Pending Bills (Staff Claims)	63,481,016	1,032,359	-	-	64,513,375
Total Recurrent Pending Bills	**660,011,059**	**18,121,646**	**41,296,148**	**94,000**	**719,522,852**
Total Pending Bills	**745,866,744**	**28,900,539**	**41,416,148**	**1,986,172**	**818,169,602**
of Total	91	4	5	0	100

Source: *Makueni County Treasury*

Makueni County should adopt the First-In-First-Out (FIFO) payment method to ensure fairness, transparency, and compliance with public finance management principles. This approach boosts supplier confidence and supports local businesses dependent on timely payments. Additionally, the County should provide regular updates on pending bills to monitor alignment with the payment plan, enhancing accountability. Proper execution will reduce pending bills and strengthen fiscal discipline and credibility.

3.23.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.47 billion for compensation of employees, Kshs.2.18 billion for operations and maintenance, and Kshs.2.60 billion for development activities. Similarly, the County Assembly spent Kshs.426.38 billion on compensation of employees, Kshs.390.01 million on operations and maintenance, and Kshs.18.87 million on development activities, as shown in Table 3.279.

Table 3.279: Makueni County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,085,511,064**	**816,395,851**	6,644,334,263	816,394,689	94	100
Compensation of Employees	4,746,548,777	426,381,722	4,465,115,006	426,381,673	94	100
Operations and Maintenance	2,338,962,287	390,014,129	2,179,219,257	390,013,016	93	100

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Development Expenditure	3,656,960,448	21,345,015	2,602,506,051	18,865,717	71	88
Total	10,742,471,512	837,740,866	9,246,840,314	835,260,406	86	100

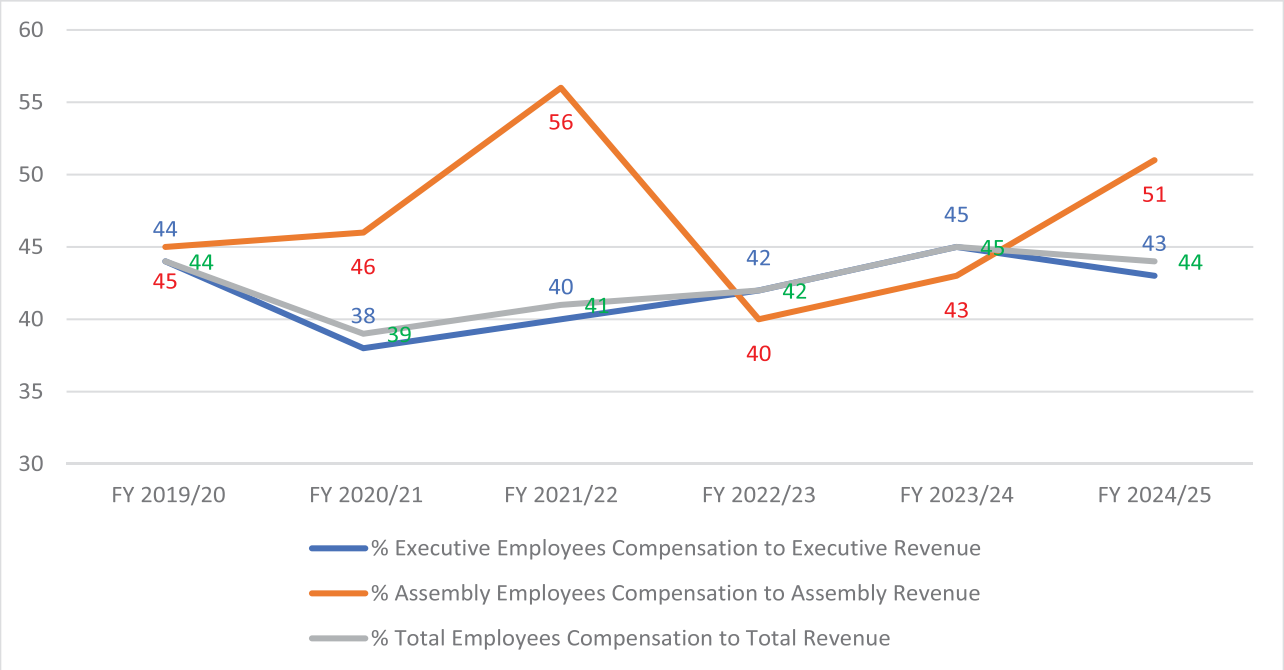
***Source**: Makueni County Treasury*

3.23.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.4.89 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.11.11 million, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 44 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.4.43 billion reported in FY 2023/24. Of this total, Kshs.2.32 billion related to the Health Sector employees, which accounted for 52 per cent of the overall employees' compensation.

Figure 91 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 91: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Makueni County Treasury

Further analysis indicated that PE costs amounting to Kshs.4.83 billion were processed through the Human Resource Information System (HRIS while Kshs.37.96 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost. The manual payroll comprised salaries for casual staff. as shown in Table 3.280.

Table 3.280: Breakdown of Makueni County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
	Salaries for casual staff	37,957,498
	Total	**37,957,498**

Source: Makueni County Treasury

The County Assembly spent Kshs.41.62 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.44.95 million. The average monthly sitting allowance was Kshs.72,255 per MCA. The County Assembly has 21 House Committees.

3.23.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.457.94 million to

County-Established funds in FY 2024/25, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.42.40 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2013. Table 3.281 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.281: Performance of Makueni County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
1		**County Executive Established Funds**					
2	Makueni County State and Public Officers Car Loan and Mortgage Fund	2018	10,000,000	10,000,000	63,635,743	350,250,000	Yes
3	Makueni County Climate Change fund	2023	263,446,435	169,750,644	181,752,343.24	369,396,444	yes
4	Makueni County Empowerment Fund	2015	700,000	700,000	497,100	219, 967,030.60	Yes
5	Makueni County Bursary Fund	2021	141,400,000	138,359,043	140,250,530	407,070,747	Yes
6	Makueni County Emergency Fund	2015	42,398,770	39,398,770	39,398,770	Not Provided	Yes
		County Assembly Established Funds					
1	Makueni County Assembly MCA's and Public officers Car Loan and Mortgages Fund	2017	-	-	7,438,752	468,115,531	No
	Total		**457,945,205**	**358,208,457**	**425,534,486**	**1,594,832,722**	

Source: *Makueni County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Makueni County Assembly MCA's and Public officers Car Loan and Mortgages Fund, Fund Administrators, as indicated in Table 3.281, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of **all the Funds** had not lapsed.

3.23.10 County Corporations

The County has two County Corporations allocated Kshs.147.21 in FY 2024/25. Their total annual expenditure amounted to Kshs.128.22, as shown in Table 3.282.

Table 3.282: Performance of Makueni County Corporations in FY 2024/25

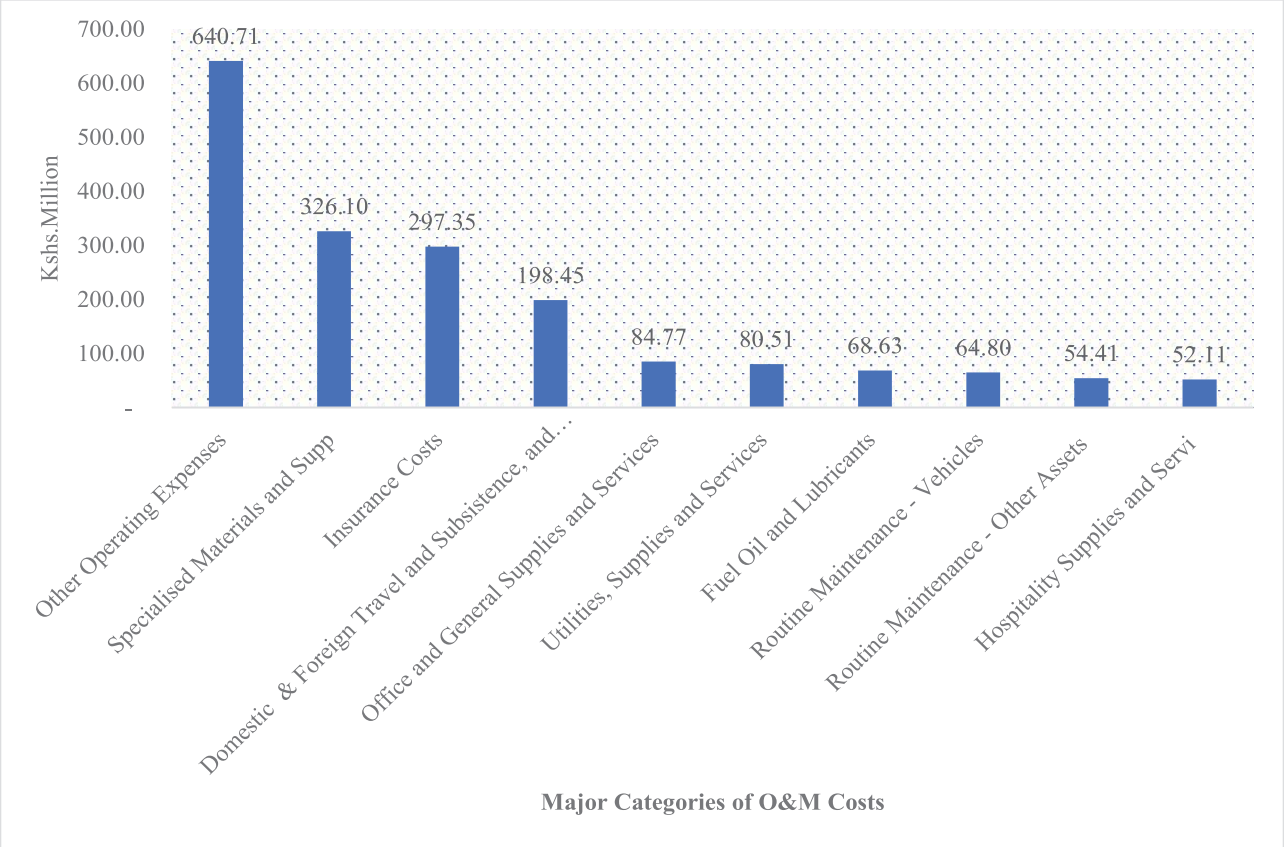
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporations since their inception (Kshs.)
1	Makueni County Fruit Development and Marketing Authority	83,656,423	67,054,221	67,053,760	464,474,737
2	Sand Conservation and Utilization Authority	63,553,699	61,165,070	61,164,414	536,506,043
	Total	**147,210,122**	**128,219,291**	**128,218,174**	**1,000,980,780**

Source: *Makueni County Treasury*

3.23.11 Expenditure on Operations and Maintenance

Figure 92 summarises the Operations and Maintenance expenditure by major categories.

Figure 92: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: *Makueni County Treasury*

Expenditure on domestic travel amounted to Kshs.31.33 million and comprised Kshs.15.03 million spent by the County Assembly and Kshs.16.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.15 million and comprised Kshs.9.18 million by the County Assembly and Kshs.5.97 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.283.

Table 3.283: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive-Finance	1	5.10.2024 to 9.10.2024	Formalisation of partnership with the Marrakesh-sari region	Morocco	695,590
County Executive- Office of the Governor	3	5-9/10/2024	Attend the signing ceremony for the memorandum of understanding between the regional council of Marrakech Safi and the government of Makueni County	Morrocco	2,085,400
County Executive-Office of the Governor	1	26/01/2025 -30/01/2025	Attend the International Centre for Local Democracy (ICLD) Women Political Leaders Training	Republic of Albania	748,860

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive-Office of the Governor	1	11th-22nd March 2025	Being facilitation for allowances for the Deputy Governor while attending the csw69 Conference in New York, USA	Newyork -USA	835,237
County Executive-Transport	1	24 Aug-8 Sept 2024	China-Africa capacity building seminar addressing climate change	China	290,156
County Executive - Emali Municipal	1	4th-8th Nov 2024	Facilitation for World urban Forum	Cairo-Egypt	500,000
County Executive - County Secretary	1	26th -31st May 2025	Attend leadership summit	Singapore	885,235
County Executive-Finance	1	20th-26th Jul,2025	Facilitation to attend strategic leadership and governance training	Mbabane-Eswatini	596,960
Assembly	6	6th April 2024 to 12th April 2024	Attend the program on driving organisational change for tomorrow's teams	Turkey	4,713,864
Assembly	4	12th May.2024 to 18th May 2024	Attending leadership training for members of the Kenya County Assemblies' legislative mission	Dodoma	4,061,346
Assembly	4	04th Feb 2024 to 10th Feb 2024	Attend a study visit to the Tanzania Parliament (This was a pending bill for the Travelling cost for FY 23/24. The DSA was paid in FY 2024/25 and the amount indicated is the ground travel expense for the 4 members which was paid in FY 2024/25)	Tanzania	400,000

Source: Makueni County Treasury and Makueni County Assembly

The expenditures incurred by the County Assembly pertain exclusively to pending bills from travel undertaken during the 2023/24 Financial Year. No foreign travel was conducted by the County Assembly in the 2024/25 Financial Year.

3.23.12 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.773.59 million as FIF, which was 137 per cent of the annual target of Kshs.566.26 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.562.16 million in the reporting period across the two schemes, namely, the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.284.

Table 3.284: Makueni County Health Facilities FIF Performance in FY2024/25

Health Facilities FIF Performance					
S/no	Level of Health Facility and number of facilities	SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	One Level 5 Hospital	194,857,861	127,012,694	67,845,168	50,592,828.
2	Fifteen Level 4 Hospitals	297,991,186	187,053,038	110,938,148	129,261,134
3	Fourty Three Level 3 Hospitals	34,042,053	34,042,053	-	1,515,600

Health Facilities FIF Performance					
S/no	Level of Health Facility and number of facilities	SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Balance	Pending Debt
4	One Hundred and Fourty-Five Level Two Hospitals	35,271,071	35,271,071	-	4,034,659
	Total	562,162,171	383,378,855	178,783,316	185,404,221

Source: *Makueni County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Authority (SHA)/SHIF amounting to Kshs.562.16 million. Of this, only Kshs.383.38 million was disbursed, occasioning a pending balance of Kshs.178.78 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.185.40 million.

The expenditure by the health facilities amounted to Kshs.797.86 million, as shown in Table 3.285.

Table 3.285: Makueni County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1.	Makueni Level 4 and 5 Facilities	1,019,042,389	797,862,328	78
	Total	**1,019,042,389**	**797,862,328**	**78**

Source: *Makueni County Treasury*

3.23.13 Development Expenditure

In the review period, the County reported spending Kshs.2.62 million on development programmes, representing a 27 per cent increase compared to FY 2023/24, when the County spent Kshs.2.07 million. Table 3.286 summarises the development projects with the highest expenditure in the reporting period.

Table 3.286: Makueni County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Health	Infrastructure improvement for Makueni Referral Hospital - Mortuary, Gate and medical equipment	HQ	2/15/2026	17,087,350	21,467,879	17,087,350	60
2	Health	Completion & equipping of Mbooni isolation ward	Mbooni	5/24/2026	43,866,825	30,000,000	12,598,564	70
3	Health	Infrastructure improvement for Health Facilities-AIA	HQ	5/16/2026	18,507,172	14,905,700	11,572,583	100
4	Wote municipality	Road upgrading - Cabro paving access roads in Wote Township -A thousand palms - kwa nguku - Equity road, Kapeo - Cooperative Bank parking lot, Mumu Super market Ngooni soda depot - Kasanga butchery road	wote municipality	20-Feb-25	9,100,117	9,100,200	9,097,250	100
5	Infrastructure, transport, public works and energy	Muisyo-Ngomeni river drift	Mbooni	30-6-2024	9,211,658	8,811,658	8,811,657	100
6	Water	New extension of Ngai Ndethya river sump water to Nthungunu -- Construction of a tank, installation of a submersible pump, elevated tank and distribution lines.	Mtito Andei	6-Mar-25	7,000,430	7,417,400	7,387,177	100
7	Infrastructure, transport, public works and energy	Kwa Kavesa drift &Culvert, heavy grading and murraming and drainage works from Ngiini- Kalanzoni - Yaitha and rehabilitation and construction of gabions at Kwa Malonga - Mulumini road	Kiimakiu/ Kalanzoni	30-6-2025	7,383,212	7,383,212	7,383,212	100

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
8	Agriculture	Kikome Irrigation scheme	Kitise/ Kithuki	2/7/2025	7,000,000	7,000,000	6,946,000	100
9	Infrastructure, transport, public works and energy	Machine Hire and Fueling for kasikeu ward access roads (3.5M inhouse, 3.5M MTF	Kasikeu	14-4-2025	4,150,765	7,000,000	6,907,587	90
10	Water	Kyanzisi water project - Phase 1: Sand dam construction, 50m3 sump construction, pumping system installation, installation of 2km pipeline to Kaembeni tanks, and rehabiliattion of kiosk at Kaembeni	Mukaa	7-Nov-25	6,184,471	7,000,000	6,900,417	100

Source: *Makueni County Treasury*

3.23.14 Budget Performance by Department

Table 3.287 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.287: Makueni County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship	492.83	-	488.03	-	488.03	-	100	-	99	-
County Secretary	464.75	-	463.32	-	463.32	-	100	-	100	-
County Attorney	43.24	5.20	41.45	1.03	41.45	1.03	100	100	96	20
Devolution, Public Participation, County Administration and Special Programs	308.66	38.83	290.91	1.33	290.91	1.33	100	100	94	3
Finance and Socio-Economic Planning	575.34	23.13	531.56	18.50	531.56	18.50	100	100	92	80
Agriculture, Livestock, Fisheries and Cooperative Development	263.38	358.87	242.14	242.68	242.14	242.68	100	100	92	68
Makueni County Fruit Development and Marketing Authority	35.56	48.10	18.95	48.10	18.95	48.10	100	100	53	100
ICT, Education and Internship	941.75	247.17	891.67	205.15	891.67	205.15	100	100	95	83
Gender, Children, Youth, Sports and Social Services	148.47	126.48	128.78	99.59	128.78	99.59	100	100	87	79
Health Services	3,114.50	1,085.41	2,919.05	298.00	2,919.05	823.51	100	276	94	76
Trade, Marketing, Industry, Culture and Tourism	140.49	35.72	126.04	24.16	126.04	24.16	100	100	90	68
Infrastructure, Transport, Public Works, Housing and Energy	130.28	550.45	122.31	472.25	122.31	472.25	100	100	94	86

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Urban Planning & Development, Environment and Climate Change	85.88	533.20	79.54	207.95	79.53	254.68	100	122	93	48
Wote Municipality	69.93	50.31	54.76	28.54	54.76	28.54	100	100	78	57
Emali-Sultan Hamud Municipality	32.04	37.55	25.38	19.59	25.38	19.59	100	100	79	52
Water, Sanitation and Irrigation	109.35	511.53	98.37	358.41	98.37	358.41	100	100	90	70
Sand Conservation and Utilization Authority	58.55	5.00	56.17	5.00	56.17	5.00	100	100	96	100
County Public Service Board	70.50	-	65.92	-	65.92	-	100	-	94	-
County Assembly	816.40	21.35	816.40	18.94	816.40	18.87	100	100	100	88
Total	**7,901.91**	**3,678.31**	**7,460.74**	**2,049.19**	**7,460.73**	**2,621.37**	**100**	**128**	**94**	**71**

***Source**: Makueni County Treasury*

Analysis of expenditure by departments shows that the Makueni County Fruit Development and Marketing Authority recorded the highest absorption rate of development budget at 100 per cent, followed by the Sand Conservation and Utilization Authority at 100 per cent. The Department of County Secretary had the highest percentage of recurrent expenditure to budget at 100 per cent. In comparison, the Department of Makueni County Fruit Development and Marketing Authority had the lowest at 53 per cent.

3.23.15 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 31 July 2025
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Makueni County Assembly MCA's and Public Officers Car Loan and Mortgage Fund were not submitted to the CoB as of 31 July 2025.
iii. There was a high level of pending bills, which amounted to Kshs.818.17 million as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
iv. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.397.18 million across the three schemes—SHA, SHIF, and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iii. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.24. County Government of Mandera

3.24.1 Overview of FY 2024/25 Budget

The Mandera County Approved Supplementary Budget for FY 2024/25 was Kshs.14.57 billion. It comprised Kshs.5.66 billion (39 per cent) and Kshs.8.91 billion (61 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.57 billion (12 per cent) from the FY 2023/24 bud-

get comprised a development budget of Kshs.4.71 billion and a recurrent budget of Kshs.8.29 billion. The increase in the budget was primarily attributed to the rise in additional allocations and cash balance brought forward from the FY 2023/24.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.11.69 billion (80 per cent), additional allocations of Kshs.1.54 billion (11 per cent), a cash balance of Kshs.986.07 million (7 per cent) brought forward from FY 2023/24, and Kshs.350 million (2 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.298.21 million (85 per cent) deposited into the CRF and Kshs 51.79 (15 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised entirely of the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.288.

3.24.2 Revenue Performance

The County received Kshs.13.24 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 12 per cent compared to the amount received in FY 2023/24 of Kshs.11.8 billion. The total revenue consisted of Kshs.11.69 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.134.69 million and own-source revenue (OSR) collection of Kshs.431.17 million. Additionally, the County had a cash balance of Kshs.986.07 million from FY 2023/24.

The total OSR collection of Kshs.431.17 million included Facilities Improvement Financing (FIF) of Kshs.224.59 million, and Kshs.206.59 million from other OSR sources. Table 3.288 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.288: Mandera County, Revenue Performance in FY 2024/25

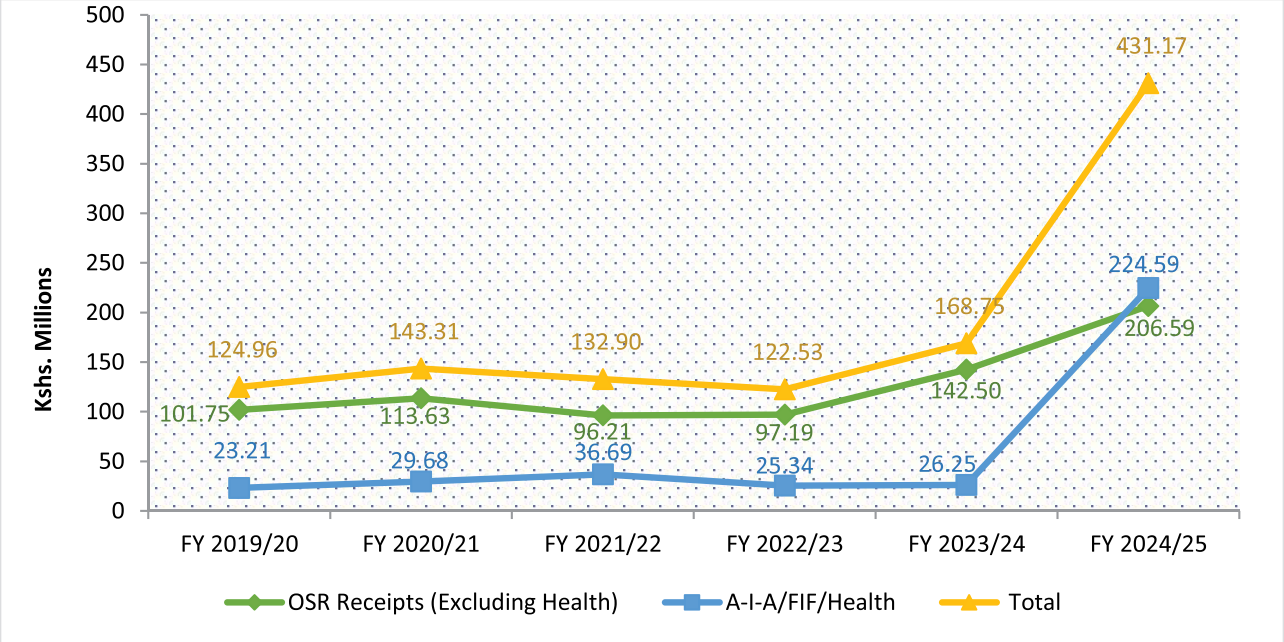
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	11,690,618,560	11,690,619,376	100
Sub Total		11,690,618,560	11,690,619,376	100
B	**Conditional Grants**			
1	Food Systems Resilience Project -(FSRP)	173,076,923	70,127,132	41
2	Kenya Urban Support Project (KUSP) - UIG	35,000,000	32,309,300	92
3	FLOCCA CCIR Grant FY 2023/2024 and FY 2024/25 Allocations	182,351,172	16,507,427	9
4	DANIDA Grant - Primary Health Care	15,746,250	15,746,250	100
5	FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA)	286,447,747	-	-
6	Conditional Grant for Aggregated Industrial Parks Programme	250,000,000	-	-
7	Roads Maintenance Fuel Levy	192,647,255	-	-
8	World Bank Emergency Locust Response Project (ELRP)	142,500,000	-	-
9	Kenya Urban Support Project (KUSP) – UDG	142,013,441	-	-
10	Kenya Devolution Support Programme 2 (KDSP II)	37,500,000	-	-
11	DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received)	18,653,250	-	-
12	Community Health Promoters Program	18,540,000	-	-
13	FLOCCA County Climate Institutional Support Grant	11,000,000	-	-
14	Kenya Agricultural Business Development Project	10,918,919	-	-
15	RMLF b/f	2,271,953	-	-
16	Kenya Urban Support Project (Urban Development Grant)	1,194,559	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
17	DANIDA Grant - Primary Health Care (Balance in SPA)	1,190,001	-	-
18	Basic Salary Arrears for County Governments' Health Workers	19,809,159		-
Sub-Total		**1,540,860,629**	**134,690,109**	**9**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	298,214,992	206,585,183	69
2	Balance b/f from FY2023/24	986,068,763	986,068,763	100
3	Facility Improvement Fund (FIF)	51,785,008	224,587,099	434
Sub Total		1,336,068,763	1,417,241,045	106
Grand Total		**14,567,547,952**	**13,242,550,530**	**91**

Source: *Mandera County Treasury*

The County has an approved governing legislation on the operation of ordinary A-I-A and FIFFigure 93 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 93: Mandera County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



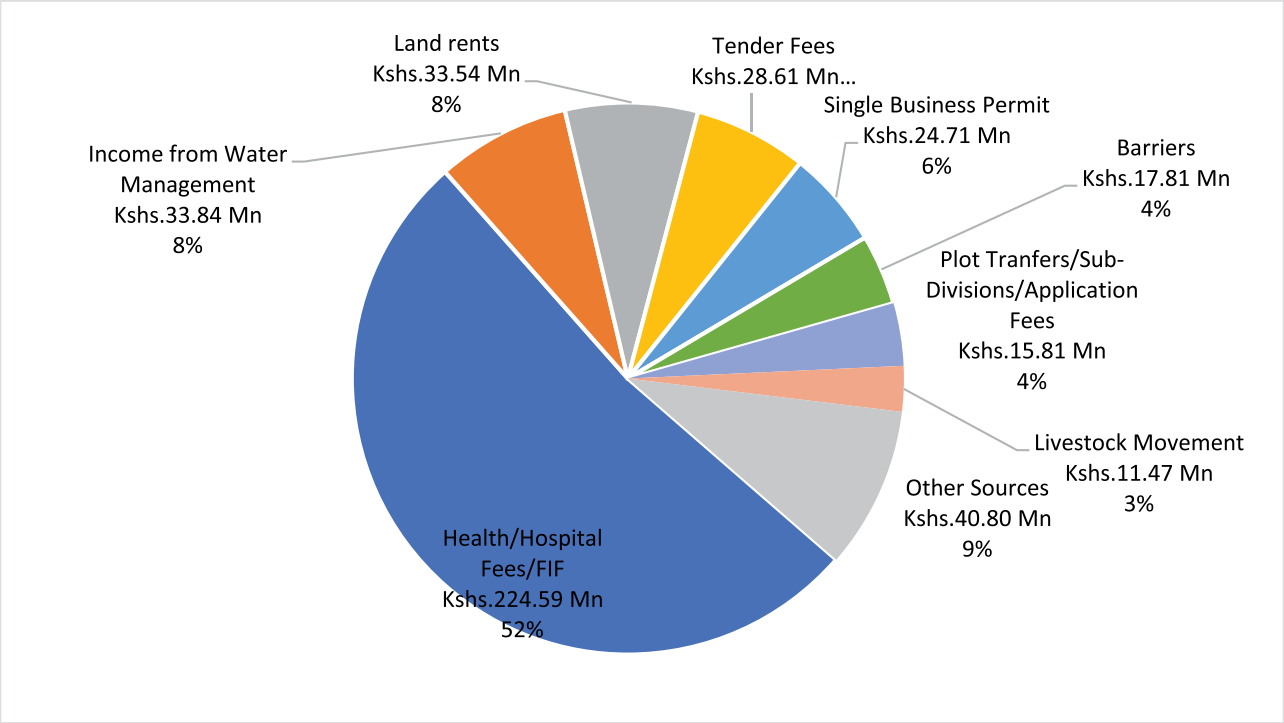
Source: *Mandera County Treasury*

During the year, the County generated Kshs.431.17 million from its revenue sources, including FIF. This amount was an increase of 156 per cent compared to Kshs.168.75 million realised in a similar period in FY 2023/24, and was 123 per cent of the annual target and 4 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to improved enforcement, automation, and a significant growth in hospital collections attributed to implementing the FIF Act.

The revenue streams which contributed the highest OSR receipts are shown in Figure 94.

Figure 94: Mandera County Top Own Source Revenue Streams in FY 2024/25



Source: *Mandera County Treasury*

As shown in Figure 94, the highest revenue stream, at Kshs.224.59 million, was from Hospital Collections, accounting for 52 per cent of the total OSR receipts. The County Government indicated that it had automated all revenue streams.

3.24.3 Borrowing by the County

Mandera County did not report on any borrowing during the reporting period.

3.24.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.12.71 billion from the CRF account in FY 2024/25, which comprised Kshs.4.07 billion (32 per cent) for development programmes and Kshs.8.65 billion (68 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.5.03 billion was for employee compensation and Kshs.3.62 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 4 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.140 million and included Kshs.55.35 million for the County Executive and Kshs.84.64 million for the County Assembly. The foreign exchequer totalled Kshs.29.04 million entirely for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.347.56 million.

3.24.5 County Expenditure Review

The County spent Kshs.12.71 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.4.07 billion for development programmes and Kshs.8.65 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 72 per cent, while recurrent expenditure represented 97 per cent of the annual recurrent expenditure budget.

3.24.6 Settlement of Pending Bills

The County reported pending bills totalling Kshs.2.23 billion as of 30th June 2024. This amount included Kshs.2.22 billion from the County Executive and Kshs.4.54 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.753.25 million for recurrent expenditures and Kshs.1.47 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.965.32 million, comprising Kshs.454.53

million (47 per cent) for recurrent programmes and Kshs.510.79 million (53 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.4.54 million, which were all for recurrent activities. Table 3.289 provides additional details of pending bills.

Table 3.289: Mandera County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	753,250,809	454,526,425	725,912,277	1,024,636,661
Development	1,473,104,355	510,793,630	506,847,094	1,469,157,819
Total	**2,226,355,163**	**965,320,054**	**1,232,759,371**	**2,493,794,480**
County Assembly				
Recurrent	4,538,872	4,538,872	6,073,972	6,073,972
Development	-		-	-
Total	**4,538,872**	**4,538,872**	**6,073,972**	**6,073,972**

Source: *Mandera County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.1.09 billion and Kshs.4.54 million, respectively, in FY 2024/25. The County Executive did not adhere to this payment plan, as it cleared Kshs.965.32 million. However, the County Assembly managed to clear the Kshs.4.54 million in line with the payment plan.

Table 3.290 presents the ageing of the total outstanding bills as of 30th June 2025, which was Kshs.2.5 billion.

Table 3.290: County Mandera Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**506,847,094**		**1,018,577,930**		**1,525,425,024**
Recurrent Pending Bills (Goods & Services)	134,151,076		242,457,179		370,534,283
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	597,725,277				597,725,277
Recurrent Pending Bills (Staff Claims)					-
Total Recurrent Pending Bills	731,876,353	-	242,457,179	-	968,259,560
Total Pending Bills	**1,238,723,447**	-	**1,261,035,109**	-	**2,499,758,556**
% of Total	**50**	-	**50**	-	-

Source: *Mandera County Treasury*

3.24.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.57 billion for compensation of employees, Kshs.3.18 billion for operations and maintenance, and Kshs.3.95 billion for development activities. Similarly, the County Assembly spent Kshs.371.49 million on compensation of employees, Kshs.440.27 million on operations and maintenance, and Kshs.120.9 million on development activities, as shown in Table 3.291.

Table 3.291: Mandera County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,087,228,419**	**825,043,653**	**7,834,267,514**	**811,762,295**	**97**	**98**
Compensation of Employees	4,800,064,178	375,758,487	4,656,444,331	371,493,823	**97**	**99**
Operations and Maintenance	3,287,164,241	449,285,166	3,177,823,183	440,268,472	**97**	**98**

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Development Expenditure	**5,523,987,016**	**131,288,864**	**3,946,238,878**	**120,901,863**	**71**	**92**
Total	**13,611,215,435**	**956,332,517**	**11,780,506,393**	**932,664,158**	**87**	**98**

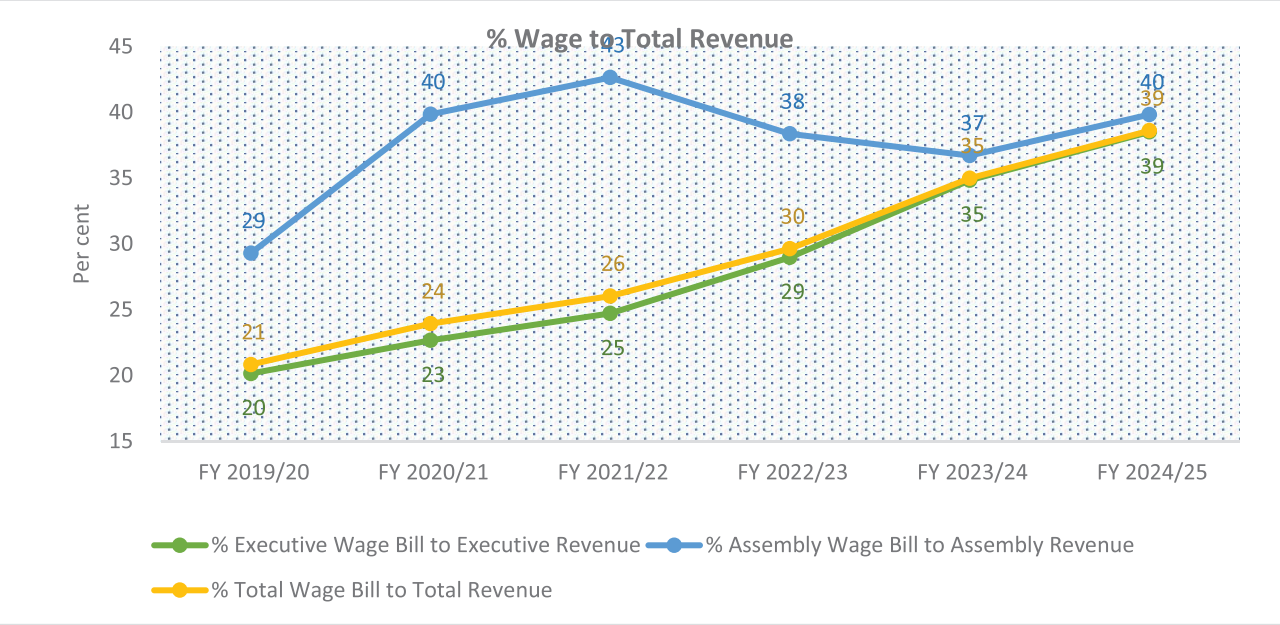
***Source**: Mandera County Treasury*

3.24.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.5.03 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.13.24 billion, in line with Regulation 25(1)(c) of the PFM (County Governments) Regulations 2015, was 38 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.4.46 billion reported in FY 2023/24. Of this total, Kshs.1.48 billion related to the Health Sector employees, which accounted for 29 per cent of the overall employees' compensation. The increase is attributed to the settlement of May and June FY2023/24 salaries in the current FY24/25 due to delays in the disbursement of funds and underperformance of local revenue collection.

Figure 95 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 95: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



***Source:** Mandera County Treasury*

Further analysis revealed that PE costs totalling Kshs.4.66 billion were processed through the Human Resource Information System (HRIS), while Kshs.371.49 million was processed through manual payroll, which accounted for 5 per cent of the total PE cost.

The manual payroll comprised salaries for 146 staff not onboarded into the Human Resource Information System (HRIS), salaries for 558 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.292.

Table 3.292: Breakdown of Mandera County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for 140 staff paid outside Human Resource Information System (HRIS) (Awaiting personal Number) NB: Assembly (6)	92,019,405	1,195,000	**93,214,405**
2	Salaries for 554 casual staff(including National Police reservist) NB: Assembly (4)	104,898,840	1,037,087	**105,935,927**

	Category	County Executive	County Assembly	Total
3	Top-up Allowances for 76 security officers. Assembly (7)	45,085,000	3,344,640	**48,429,640**
4	NSSF Contributions	7,663,320	103,680	**7,767,000**
5	House Levy	3,630,053	62,600	**3,692,653**
6	NITA contribution	385,750	4,500	**390,250**
7	Gratuity for contract staff		290,160	**290,160**
11	**Total**	**253,682,368**	**6,037,667**	**259,720,035**

Source: *Mandera County Treasury*

The County Assembly spent Kshs.10.91 million on committee sitting allowances for the 51 MCAs against the annual budget allocation of Kshs.13.55 million. The average monthly sitting allowance was Kshs.17,823 per MCA. The County Assembly has 21 House Committees.

3.24.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.460 million to County-Established funds in FY 2024/25, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.3 million to the Emergency Fund (0.02 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.293 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.293: Performance of Mandera County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Education Bursary Program	2014	460,000,000	459,999,999	459,999,999	1,851,999,999	YES
2.	Emergency Fund	2024	3,000,000	3,000,000	-	3,000,000	NO
	Total		**463,000,000**	**462,999,999**	**459,999,999**	**3,000,000**	

Source*: Mandera County Treasury*

During the reporting period, the CoB received quarterly financial reports from Bursary Fund Administrators, as indicated in Table 3.293, which were in line with the requirements of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Bursary Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of **the Bursary Fund** had lapsed. However, the fund has been extended through the approval of the Assembly in the FY2024/25.

3.24.10 County Corporations

The County has 3 CCounty Corporations, which were allocated Kshs.220 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.231.79, as shown in Table 3.294.

Table 3.294: Performance of Mandera County Corporations in FY 2024/25

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1.	Mandera Water & Sewerage Company	128,600,000	128,600,000	134,045,551	1,304,100,897
2.	El wak Water & Sewerage company	86,400,000	86,400,000	92,747,421	320,100,000

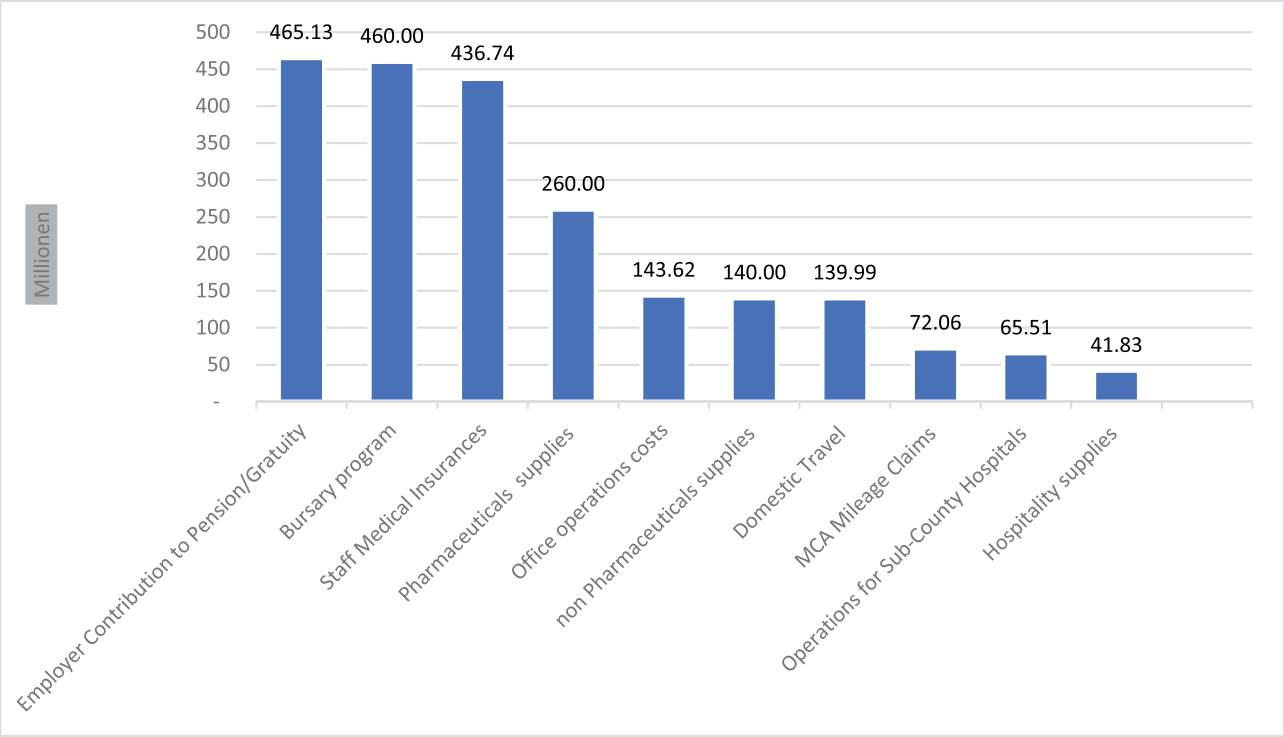
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
3.	Takaba Water & Sewerage Company	5,000,000	5,000,000	5,000,000	5,000,000
	Total	**220,000,000**	**220,000,000**	**231,792,972**	**1,629,200,897**

Source: *Mandera County Treasury*

3.24.11 Expenditure on Operations and Maintenance

Figure 96 summarises the Operations and Maintenance expenditure by major categories.

Figure 96: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: *Mandera County Treasury*

Expenditure on domestic travel amounted to Kshs.139.99 million and comprised Kshs.84.64 million spent by the County Assembly and Kshs.55.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.29.52 million, all incurred by the County Assembly. Expenditure on foreign travel is summarised in Table 3.295.

Table 3.295: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Mandera	8	9th - 15th Feb 2025	Attending a workshop on public participation and stakeholders' engagement in the budget-making process	Dubai, UAE	7,307,440
County Assembly of Mandera	7	2nd - 9th Feb 2025	Attending a workshop on Legislative role, Integrity and leadership	Dubai, UAE	6,484,050
County Assembly of Mandera	4	24th - 30th June 2024	County Finance and Budget training	Dubai-UAE	3,641,684
County Assembly of Mandera	4	24th - 30th June 2024	County Assembly Legislative, Practice and Procedures	Dubai-UAE	2,912,060
County Assembly of Mandera	7	22nd - 28th Feb 2025	per diem allowances & air tickets on official duty for attending the East African Local Authority sports & Cultural association Games	Kampala, Uganda	2,644,110

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Mandera	4	18th - 24th Feb 2025	Per diem allowances given to Hon. Members and a clerk for an official duty to attend a formalisation of a partnership agreement through a memorandum of understanding (MOU) to support the department.	Morrocco	2,466,920
County Assembly of Mandera	1	7th - 4th Dec 2024	Foreign per-diem paid while on official duty to attend a workshop on the Deputy Speakers Masterclass	Holiday Inn Orchard City Centre Hotel Singapore	1,429,980
County Assembly of Mandera	1	9th - 15th Feb 2025	Attending a workshop on public participation and stakeholders' engagement in the budget-making process	Dubai, UAE	531,230
County Assembly of Mandera	1	4th - 11th Oct 2024	Being paid per diem and paid while on official duty to attend a workshop on the United Nations Simulation conference, crafting future leaders in the post-pandemic era.	Istanbul, Turkiye	522,340
County Assembly of Mandera	1	23rd Feb - 1st March 2025	Payment for per diem allowances for Board members to attend a training on enhancing corporate leadership for effective governance for the board members of County Assemblies	Arusha, Tanzania	413,120
County Assembly of Mandera	1	2nd - 10th Sept 2024	workshop on world sustainable development submit	New Delhi, India	391,300
County Assembly of Mandera	1	15th - 21st June 2025	per diem allowance on official duty to attend an invitation to an educational tour	Arusha, Tanzania	298,893
TOTAL					**29,043,127**

Source: *Mandera County Treasury and Mandera County Assembly*

Other types of expenditure under the operations and maintenance costs include Kshs.58.08 million on garbage collection and Kshs.50 million related to legal fees, dues, arbitration, and compensation payments.

3.24.12 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.224.59 million as FIF, which was 434 per cent of the annual target of Kshs.51.790 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs.119.32 million, which was spread across two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.296 presents a breakdown of the claims.

Table 3.296: Mandera County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF (Kshs.Million)			Other Revenues
		Approved Claims	Claims Paid	Balance	
1	One Level 5 Hospital	64,519,309	17,316,985	47,202,324	
2	Six Level 4 Hospitals	120,611,301	59,408,225	61,203,076	
3	Thirty-five Level 3 Hospitals (Health Centres)	82,595,400	76,990,900	5,604,500	
4	Sixty-Four Level 2 Hospitals (Dispensaries)	35,780,000	30,471,000	5,309,000	
5	Hospital Collections			-	39,301,994
6	Public Health				1,097,995
	Total	**303,506,010**	**184,187,110**	**119,318,900**	**40,399,989**

Source: *Mandera County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) amounting to Kshs.303.51 million. Of this, only Kshs.184.19 million was disbursed, occasioning a pending balance of Kshs.119.32 million. There were no outstanding claims from the defunct National Health Insurance Fund (NHIF).

The expenditure by the health facilities amounted to Kshs.190.931 million, as shown in Table 3.297.

Table 3.297: Mandera County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1	Mandera County Referral hospital, Level 5	120,080,000	78,840,334	66
2	Elwak Sub-County Hospital Level 4	30,350,280	23,604,157	78
3	Rhamu Sub-County Hospital Level 4	25,325,300	23,199,704	92
4	Takaba Sub-County Hospital Level 4	22,800,000	18,382,995	81
5	Kutulo Sub-County Hospital Level 4	12,685,000	8,041,820	63
6	Lafey Sub-County Hospital Level 4	16,700,250	14,337,139	86
7	Banisa Sub-County Hospital Level 4	28,590,300	24,525,378	86
	Total	**256,531,130**	**190,931,527**	**74**

Source: *Mandera County Treasury*

3.24.13 Development Expenditure

In the review period, the County reported spending Kshs.4.07 billion on development programmes, representing an increase of 4 per cent compared to FY 2023/24, when the County spent Kshs.3.89 billion. Table 3.298 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to an improvement in the disbursement of funds by the national treasury compared to the previous financial year.

Table 3.298: Mandera County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Water	Proposed Augmentation And Upgrading Of Banisa Water Supply At Banisa Town In Banisa Sub-County	Banisa	31-Jul-26	220,434,636	60,000,000	60,000,000	27
2	Social Development	Proposed Construction Of Housing Units And Twin Toilets For The Vulnerable In The Society	Countywide	31-Jul-26	199,999,879	105,000,000	105,000,000	53
3	Water	Proposed Construction Of Didkuro Water Supply In Mandera West Sub-County	Mandera West	31-Jul-25	184,682,867	60,000,000	60,000,000	32
4	Water	Proposed Augmentation and Upgrading of Lafey Water Supply Project at Lafey Town in Lafey Sub-County.	Lafey	31-Jul-26	128,388,015	35,000,000	35,000,000	27
5	Water	Proposed Construction Of 100,000M3 Dadach Gabab Earth Pan In Banisa Sub-County, Mandera County	Banisa	30-Jun-25	74,946,231	74,946,231	74,946,231	100
6	Lands	Consultancy Services for Preparation of Valuation Rolls for Mandera and Elwak Municipalities	Mandera South/East	30-Sep-25	54,184,800	15,200,000	15,200,000	28

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
7	Lands	Consultancy Services for Provision of Geodetic Controls in 60 Market Centres in Mandera County	Countywide	30-Sep-25	49,550,560	40,000,000	40,000,000	81
8	Water	Proposed Construction Of 60,000M3 Burduras Gobogala Earth Pan In Mandera West Sub-County At Burduras Centre	Mandera West	30-Jun-25	38,382,120	38,382,120	38,382,120	100
9	Roads	Proposed maintenance of Shimpir Fatuma- Takaba Road in Mandera West Sub-County	Mandera West	30-Sep-25	35,475,959	24,475,959	24,475,959	69
10	Roads	Proposed Construction of Libehiya-Odha Road in Mandera East Sub-County	Mandera East	30-Sep-25	28,629,160	20,000,000	20,000,000	70

Source: *Mandera County Treasury*

The County did not report on any stalled development projects as of 30 June 2025.

3.24.14 Budget Performance by Department

Table 3.299 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.299: Mandera County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	825.04	131.29	811.76	120.90	811.76	120.90	100	100	98	92
County Executive Services	480.38	-	471.88	-	471.88	-	100	-	98	-
Finance and Economic Planning	446.15	17.00	445.91	12.00	445.91	12.00	100	100	100	71
Agriculture, Livestock and Fisheries	309.55	642.67	297.04	374.97	297.04	374.97	100	100	96	58
Water, Energy, Environment and Natural Resources	346.22	1,818.88	332.17	1,224.01	332.17	1,224.01	100	100	96	67
Education and Human Capital Development	1,084.27	266.44	1,059.85	266.44	1,059.85	266.44	100	100	98	100
Health Services	2,196.17	452.08	2,133.66	442.08	2,133.66	442.08	100	100	97	98
Lands and Urban Development	235.27	602.13	234.47	433.27	234.47	433.27	100	100	100	72
Roads, Transport and Public Works	361.22	915.33	354.96	720.41	354.96	720.41	100	100	98	79
Social Development	207.98	461.19	206.48	394.29	206.48	394.29	100	100	99	85
Public Service Management	2,010.59	-	1,940.62	-	1,940.62	-	100	-	97	-
County Public Service Board	74.25	12.97	74.25	12.97	74.25	12.97	100	100	100	100
Trade and Cooperative Development	59.83	308.60	59.83	58.60	59.83	58.60	100	100	100	19
Office of the County Secretary	193.44	26.70	142.24	7.20	142.24	7.20	100	100	74	27

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the County Attorney	81.91	-	81.91	-	81.91	-	100	-	100	-
Total	**8,912.27**	**5,655.28**	**8,647.03**	**4,067.14**	**8,647.03**	**4,067.14**	**100**	**100**	**97**	**72**

***Source**: Mandera County Treasury*

Analysis of expenditure by departments shows that the Department of Public Service Board and the Department of Education recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Health at 98 per cent. The Department of Lands, Trade and the Public Service Board had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of County Attorney had the lowest at 74 per cent.

3.24.15 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 31 July 2025
ii. There was a high level of pending bills, which amounted to Kshs.2.5 billion as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
iii. Use of manual payroll. Personnel emoluments amounting to Kshs.259.72 million for 144 staff not onboarded into HRIS and 554 casual staff were processed through manual payroll, accounting for 5 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
iv. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.119.32 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.25. County Government of Marsabit

3.25.1 Overview of FY 2024/25 Budget

The Marsabit County Approved Supplementary II Budget for FY 2024/25 was Kshs.10.32 billion. It comprised Kshs.4.23 billion (41 per cent) and Kshs.6.04 billion (59 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.893.96 million (10 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.32 billion and a recurrent budget of Kshs.5.1 billion. The increase in the budget was primarily attributed to the rise in additional allocation.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.7.59 billion (73 per cent), additional allocations of Kshs.1.68 billion (16 per cent), a cash balance of Kshs.912.19 million (9 per cent) brought forward from FY 2023/24, and Kshs.251.16 million (2 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.110. million (1 per cent) to be deposited into the CRF and Kshs.141.16 million (1 per cent) as Appropriations-in-Aid (A-I-A) to be spent at source. The A-I-A comprised Kshs.141.16 million representing Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.300.

3.25.2 Revenue Performance

The County received Kshs.9.07 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 20.8 per cent compared to the amount received in FY 2023/24 of Kshs.7.5 billion. The total revenue consisted of Kshs.7.59 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.375.29 million and own-source revenue (OSR) collection of Kshs.185.42 million. Additionally, the County had a cash balance of Kshs.912.19 million from FY 2023/24.

The total OSR collection of Kshs.185.42 million included Facilities Improvement Financing (FIF) of Kshs.104.43 million, and Kshs.80.98 million from other OSR sources. Table 3.300 summarises the total revenue available to the County Government during FY 2024/25.

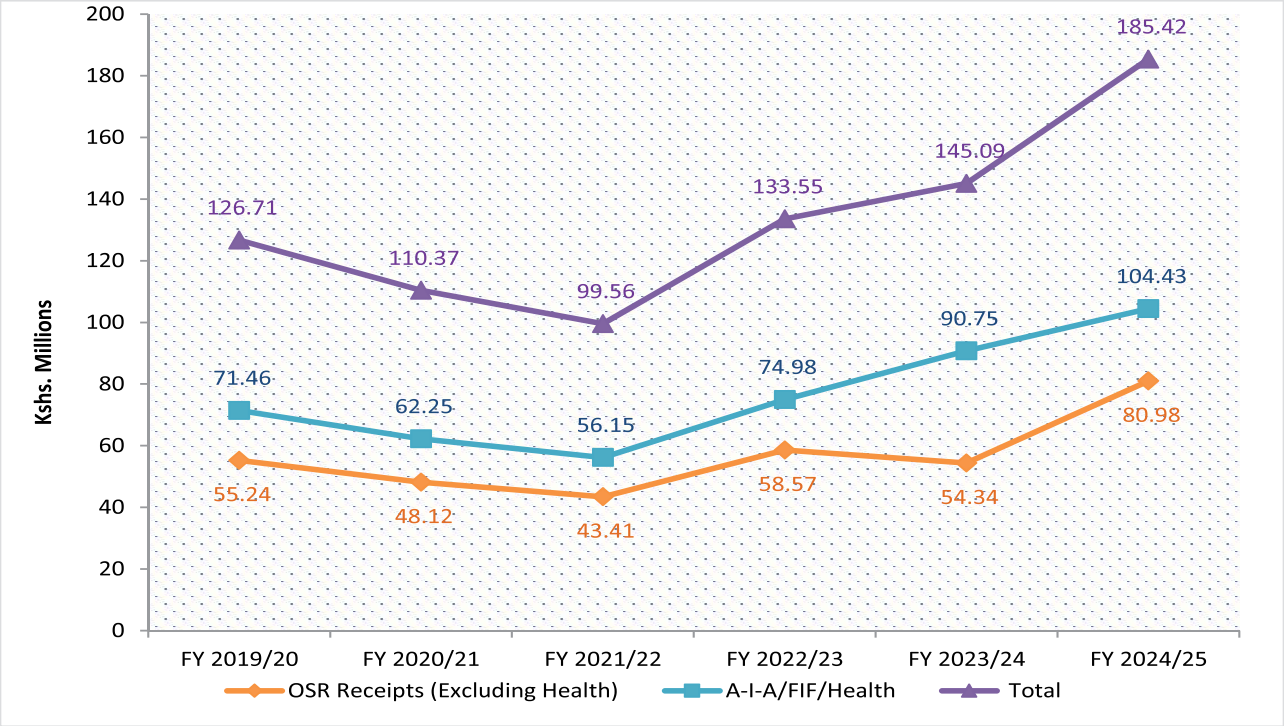
Table 3.300: Marsabit County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
A	**Equitable Share of Revenue Raised Nationally -**	7,597,151,194	7,597,151,194	100
Subtotal		7,597,151,194	7,597,151,194	100
B	**Additional Allocations**			
1	DANIDA Grant - Primary Health Care in a Devolved Context	10,432,500	10,432,500	100
2	KDSP II	37,500,000		-
3	World Bank- Emergency Locust Response Project (ELRP)	142,500,000		-
4	Kenya Livestock Commercialization Project (KELCOP)	41,250,000	41,094,477	100
5	Road Maintenance Levy Fund	237,670,000	83,508,017	35
6	Community Health Promoters	47,074,916		-
7	Transfer of Museum Function	2,878,080		-
8	Food Systems Resilience Project	173,076,923	126,814,599	73
9	Kenya Urban Support Programme - UIG	35,000,000	32,309,300	92
10	FLLOCA – CCRI	194,579,160		-
11	FLLOCA – CCIS	11,000,000	11,000,000	100
12	Drought Resilience Programme in Northern Kenya (DRPNK)	462,435,270	70,127,132	15
13	Unconditional Allocation for 20 Share of Mineral Royalties	331,285		-
14	FLLOCA - CCRI for FY 2023/24 balance in SPA	137,500,000		-
15	Drought Resilience Programme In Northern Kenya (DRPNK) - Unspent balance B/F from FY 2023/24	145,038,664		-
Subtotal		**1,678,266,798**	**375,286,025**	**22**
C	**Own Source Revenue**			
16	Ordinary Own Source Revenue	110,000,000	80,984,138	74
17	Facility Improvement Fund (FIF)	141,164,000	104,433,449	74
Subtotal		**251,164,000**	**185,417,587.68**	**74**
D	**Other Sources of Revenue**			
18	Unspent Balance from FY 2023/24	912,187,635.35	912,187,635.35	100
Sub-Total		912,187,635.35	912,187,635.35	100
Grand Total		**10,438,769,627**	**9,070,042,442**	**87**

Source: *Marsabit County Treasury*

The County does not have governing legislation for operating the Facility Improvement Fund (FIF). Figure 97 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 97: Marsabit County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25.

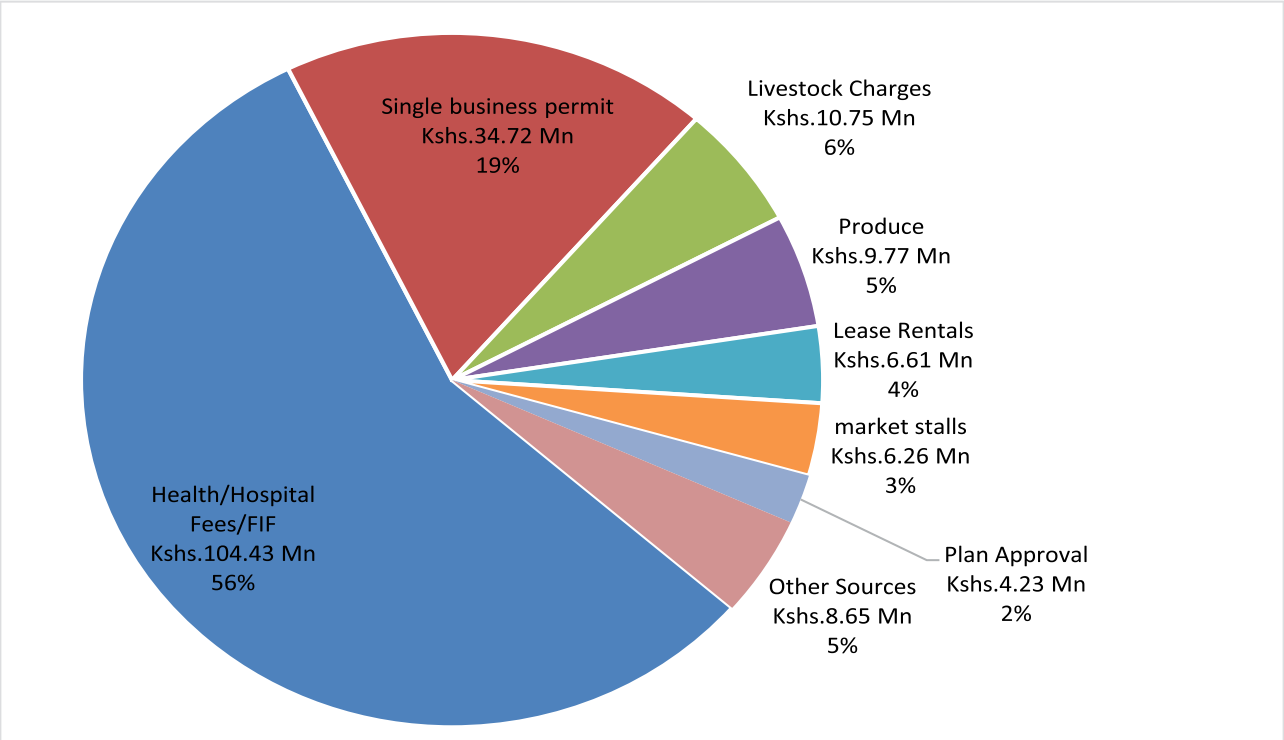


Source: *Marsabit County Treasury*

During the year, the County generated Kshs.185.42 million from its revenue sources, including FIF. This amount was an increase of 21 per cent compared to Kshs.145.09 million realised in a similar period in FY 2023/24, and was 74 per cent of the annual target and 2 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 98.

Figure 98: Marsabit County Top Own Source Revenue Streams in FY 2024/25



Source*: Marsabit County Treasury*

As shown in Figure 98, the highest revenue stream, at Kshs.104.43 million, was from the Facility Improvement Fund, accounting for 56 per cent of the total OSR receipts. The County Government has not automated Revenue collection.

3.25.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.9.93 million from SHIF. This amount increased to Kshs.30.24 million as of 30 June 2025, indicating that the County accumulated additional arrears of Kshs.56.25 million. Table 3.301 presents a breakdown of the County's revenue arrears.

Table 3.301: Marsabit County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	C	d	f=a-b-c+d
A	Facility Improvement Fund (FIF)	9,933,500		9,933,500	30,244,065	30,244,065
Total		**9,933,500**	-	**9,933,500**	**30,244,065**	**30,244,065**

Source: *Marsabit County Treasuries*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.24.04 million (100 per cent) with no interest and penalties. There are no clear measures instituted by the County to collect the outstanding arrears in FY 2025/26.

3.25.4 Borrowing by the County

Marsabit County did not disclose any borrowing to support its operations during the review period.

3.25.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.8.55 billion from the CRF account in FY 2024/25, which comprised Kshs.2.92 million (34 per cent) for development programmes and Kshs.5.63 billion (64 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.89 billion was for employee compensation and Kshs.1.73 billion for operations and maintenance expenditures.

The operations and maintenance exchequer analysis indicates that 9 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.151.23 million and included Kshs.55.71 million for the County Executive and Kshs.95.52 million for the County Assembly. The foreign exchequer totalled Kshs.42.86 million, comprising Kshs.10.33 million for the County Executive and Kshs.32.52 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.413.39 million.

3.25.6 County Expenditure Review

The County spent Kshs.8.63 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.3.01 billion for development programmes and Kshs.5.61 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 71 per cent, while recurrent expenditure represented 93 per cent of the annual recurrent expenditure budget.

3.25.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.32 billion as of 30 June 2024. This amount included Kshs.889.96 million from the County Executive and Kshs.425.14 million from the County Assembly. The pending bills from the County Executive and County Assembly were for development expenditures only.

During the year, the County Executive settled pending bills amounting to Kshs.871.98 million. On the other hand, the County Assembly settled pending bills worth Kshs.352.65 million, Table 3.302 provides additional details of pending bills.

Table 3.302: Marsabit County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	-	-	532,460,806	532,460,806
Development	889,966,554	871,978,528	682,174,745	700,162,771
Total	**889,966,554**	**871,978,528**	**1,214,635,551**	**1,232,623,578**
County Assembly				
Recurrent	-	-	30,552,699	30,552,699
Development	425,135,347	352,647,334	98,111,987	170,600,000
Total	425,135,347	352,647,334	128,664,686	201,152,698

Source: *Marsabit County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.889.96 million and Kshs.425.14 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.871.99 million for the Executive and Kshs.352.65 million for the Assembly.

Table 3.303 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.43 billion.

Table 3.303: County Marsabit Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**98,111,987**	73,687,013	156,772,314	542,191,457	870,762,772
Recurrent Pending Bills (Goods & Services)					
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	563,013,505		-	-	**563,013,505**
Recurrent Pending Bills (Staff Claims)					
Total Recurrent Pending Bills	**563,013,505**		-	-	**563,013,505**
Total Pending Bills	**661,125,492**	**73,687,013**	**156,772,314**	**542,191,457**	**1,433,776,277**
% of Total	**46**	**5**	**11**	**38**	**100**

Source: *Marsabit County Treasury*

The Table 3.304 indicates that pending bills exceeding three years were significant; therefore, the pending bill action plan should be prepared on a FIFO basis..

3.25.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.65 billion for compensation of employees, Kshs.1.29 billion for operations and maintenance, and Kshs.2.57 billion for development activities. Similarly, the County Assembly spent Kshs.263.46 million on compensation of employees, Kshs.399.89 million on operations and maintenance, and Kshs.445.78 million on development activities, as shown in Table 3.304.

Table 3.304: Marsabit County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,378,206,816**	**666,740,178**	**4,947,698,667**	**663,363,892**	**92**	**99**
Compensation of Employees	3,649,650,797	270,334,640	3,649,650,797	263,469,729	100	97
Operations and Maintenance	1,728,556,019	396,405,538	1,298,047,870	399,894,163	75	101

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Development Expenditure	3,657,915,664	615,742,968	2,568,772,780	445,776,373	70	72
Total	9,036,122,480	1,282,483,146	7,516,471,447	1,109,140,265	83	86

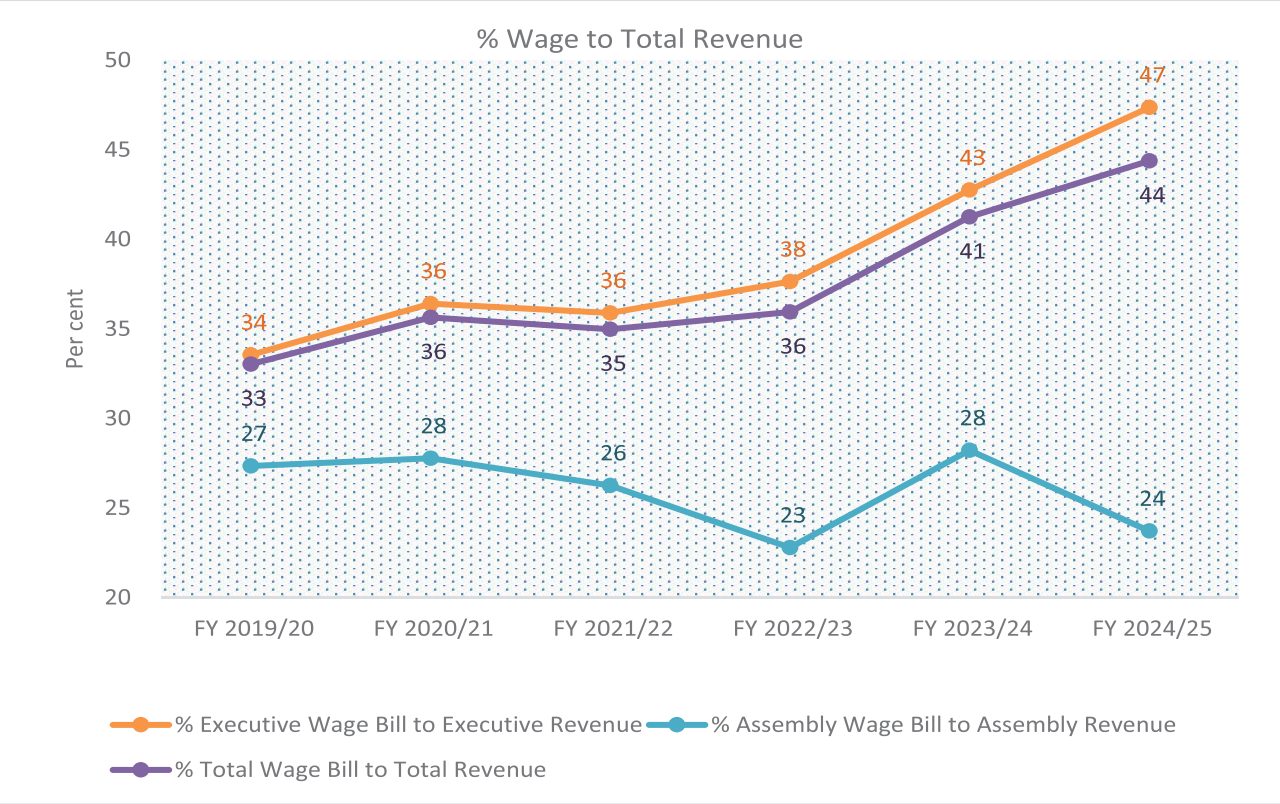
***Source**: Marsabit County Treasury*

3.25.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.91 billion. Therefore, the percentage of compensation of employees to revenue was 43 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.32 billion reported in FY 2023/24. Of this total, Kshs.1.68 billion related to the Health Sector employees, which accounted for 43 per cent of the overall employees' compensation.

Figure 99 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 99: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



***Source:** Marsabit County Treasury*

Further analysis revealed that PE costs totalling Kshs.3.45 billion were processed through the Human Resource Information System (HRIS), while Kshs.459.19 million was processed through manual payroll, which accounted for 12 per cent of the total PE cost.

The manual payroll comprised salaries for 228 staff not onboarded into the Human Resource Information System (HRIS), salaries for 829 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.305.

Table 3.305: Breakdown of Marsabit County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	235,853,120
2	Salaries for casual staff	222,612,654

Sno.	Description of Manual Payroll	Amount Kshs.
3	Top-up Allowances for Security Officers	727,380
	Total	**459,193,154**

Source: *Marsabit County Treasury*

The County Assembly spent Kshs.24.39 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.36.1 million. The average monthly sitting allowance was Kshs.61,589 per MCA. The County Assembly has 20 House Committees.

3.25.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.155 million to County-Established funds in FY 2024/25, or 2 per cent of the County's overall budget. Further, the County did not allocate any budget to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.306 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.306: Performance of Marsabit County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Scholarship Fund	2018	155,000,000	155,000,000	155,000,000	802,800,000	No
2	Emergency Fund	2014	NIL	NIL	NIL	826,999,240	No
3	Car Loan Executive	2014	NIL	NIL	NIL	34,000,000	No
4	Mortgage- Executive	2014	NIL	NIL	22,648,550	121,000,000	No
5	Enterprise Fund	2014	NIL	NIL	NIL	30,000,000	No
	Sub Total		**155,000,000**		**155,000,000**	**1,814,799,240**	
		County Assembly Established Funds					
6	Car and Mortgage Loan Scheme for Staff	2019	Nil	Nil	1,083,600	141,570,671	No
7	Marsabit County Assembly Car Loan and Mortgage –Members	2014	Nil	Nil	726,783	259,000,000	No
	Sub Total				**1,810,383**	**400,570,671**	
	Grand Total		**155,000,000.**	-	**156,810,383**	**2,215,369,911**	

Source: *Marsabit County Treasury*

During the reporting period, the CoB did not receive any of the quarterly financial reports from all Fund Administrators, as indicated in Table 3.306, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of all active Funds were below the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of the Emergency Fund, the Marsabit County Assembly Car Loan and Mortgage Fund for Members, the Enterprise Fund and the Car and Mortgage Loan Fund for Executives had lapsed. Consequently, the CoB cannot in future approve any requests for withdrawals to support the operations of the lapsed funds.

3.25.11 County Corporations

The County has two corporations, which were allocated Kshs.127.01 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.42.16 million as shown in Table 3.307.

Table 3.307: Performance of Marsabit County Corporations in FY 2024/25

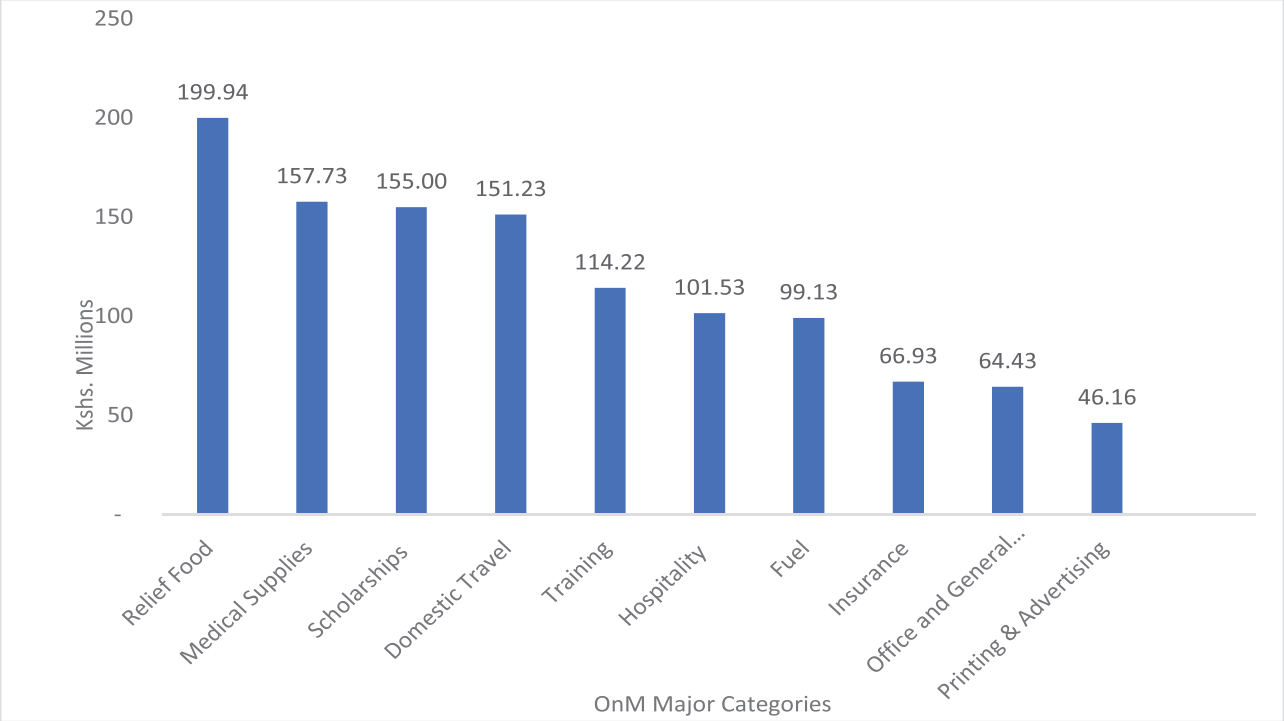
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1	Marsabit Municipality	65,007,946.80	12,875,960	21,475,960	200,449,036
2	Marsabit Water and Sewerage Company Limited	62,000,000	N/A	20,685,200	114,098,745
	Total	**127,007,946.80**	**12,875,960**	**42,161,160**	**314,457,775**

Source: *Marsabit County Treasury*

3.25.12 Expenditure on Operations and Maintenance

Figure 100 summarises the Operations and Maintenance expenditure by major categories.

Figure 100: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: *Marsabit County Treasury*

Expenditure on domestic travel amounted to Kshs.151.23 million and comprised Kshs.95.52 million spent by the County Assembly and Kshs.55.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.37.27 million and comprised Kshs.26.93 million by the County Assembly and Kshs.10.33 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.308.

Table 3.308: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	25 November 2024	Attend the ICA Global Cooperative Conference in New Delhi, India	New Delhi India	2,101,512
County Executive	1	22 September 2024	Attend the 79th Session of the United Nations General Assembly	New York, United States of America	1,124,912
County Executive	1	11 November 2024	Attend the United Nations Climate Change conference of the parties COP 29	Baku Azerbaijan	1,829,360
County Executive	3	1Oth -18th MAY 2025	Facilitation for Officers Travelling to the UAE For Training on Role & Future HR Digitisation	United Arab Emirates	4,413,120

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	1ST - 5TH JULY 2025	Facilitation For Deputy Governor's Travel to Jakarta, Indonesia for the International Mayors Forum	Jakarta Indonesia	867,519
County Assembly of Marsabit	1	12/2/2024	Training on the IDU forum and associated meetings by the Leadership Institute	Washington DC-USA	500,000
County Assembly of Marsabit	1	16/01/2025	Training on strengthening the legislative process through the Commonwealth's best practices	Ontario-CAN-ADA	758,160
County Assembly of Marsabit	8	12 January 2025	Training on the Procurement of goods, work and non-consultancy services	Dubai-UAE	2,954,900
County Assembly of Marsabit	10	25 January 2025	Training on public finance management	Dubai-UAE	4,014,675
County Assembly of Marsabit	7	2nd-6th June 2025	Corporate Governance and Leadership Skills Workshop	Dubai-UAE	3,108,000
County Assembly of Marsabit	7	19th-23rdMay 2025	Revenue forecasting and expenditure prioritisation	Dubai-UAE	3,108,000
County Assembly of Marsabit	7	9th-13th June 2025	strategic budgeting and financial oversight for County assemblies	Dubai-UAE	3,108,000
County Assembly of Marsabit	6	9th-13th June 2025	strategic budgeting and financial oversight for County assemblies	Dubai-UAE	3,192,705
County Assembly of Marsabit	7	26th-30th May 2025	Corporate Governance and Leadership Skills Workshop	Dubai-UAE	3,108,000
County Assembly	6	26th-30th May 2025	Training on Governance and Finance Management	Dubai-UAE	1,524,916
County Assembly of Marsabit	3	13th-18th July 2025	Training on the Board management program	MALAYSIA	1,556,523

***Source**: Marsabit County Treasury and Marsabit County Assembly*

Other types of expenditure under the operations and maintenance costs include Kshs.4.56 million related to legal fees, dues, arbitration, and compensation payments.

3.25.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.104.43 million as FIF, which was 74 per cent of the annual target of Kshs.141.16 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.56.25 million in the reporting period across the three schemes, namely the Social Health Authority (SHA), the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.309.

Table 3.309: Marsabit County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	One Level 5 Hospital	31,889,181	17,648,552	14,240,629	9,933,500
2	Three Level 4 Health Facilities	40,787,354	24,783,918	16,003,436	16,072,915
	Total	**72,676,535**	**42,432,470.**	**30,244,065.**	**26,006,415**

***Source:** Marsabit County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) amounting to Kshs.72.67 million. Of this, only Kshs.42.43 million was disbursed, occasioning a balance of Kshs.30.24 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.26.01 million.

The expenditure by the health facilities amounted to Kshs.113.37 million, as shown in Table 3.310.

Table 3.310: Marsabit County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1.	One Level 5 Hospital	76,164,000	62,466,438.25	82
2.	Three Level 4 Health Facilities	66,000,000	50,899,571	77
	Total	**142,164,000**	**113,366,009.25**	**80**

Source: *Marsabit County Treasury*

3.25.14 Development Expenditure

In the review period, the County reported spending Kshs.3.01 billion on development programmes, representing an increase of 2 per cent compared to FY 2023/24, when the County spent Kshs.2.95 billion. Table 3.311 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the full disbursement of shareable revenue.

Table 3.311: Marsabit County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Trade and Industry	Proposed Construction County Aggregation and Industrial Park	Moyale	5-Nov-25	498,913,945	200,000,000	200,000,000	40
2	Health	Completion of the Sololo level IV Hospital	Sololo	30-Jun-25	483,369,790	73,196,559	478,166,349	98
3	Roads & Public Works	Upgrading of Moyale Town Roads to Bitumen Standard	Moyale Town	31-Jan-25	410,608,583	65,000,000	410,608,583	100
4	Executive	Drought mitigation services	County-wide	31-May-25	28,664,000	28,664,000	28,664,000	100
5	Agriculture	Construction/ rehabilitation of a water pan at Lual Gatab, of masonry tanks and a water supply system at Kulal Girls School	Luai, Gatab and Kulal Girls	31-May-25	17,210,951	16,288,760	16,288,760	98
6	Agriculture	Desilting of Kukub Water Pan for crop & livestock use in Obbu Ward	Kukub	31-May-25	19,995,558	15,852,964	15,852,964	98
7	Agriculture	Desilting of Qonqoma Water Pan for enhanced Community resilience against drought in Golbo	Qonqoma	31-May-25	14,999,635	14,999,635	14,999,635	100
8	County Public Service Board	Perimeter wall	CPSB quarters	30-Apr-25	14,499,999	14,499,999	14,499,999	100
9	Public Works	Purchase of a Power Wheel Loader	Works office	15-Jun-25	13,520,000	13,520,000	13,520,000	100

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Imple-men-tation status ()
10	Agriculture	Rehabilitation of Godoma Borehole for im-proved livestock production in Golbo ward	Dokatu	9-Dec-24	14,999,165	13,499,645	13,499,645	100

Source: *Marsabit County Treasury*

As of 30 June 2025, the County did not report any stalled development projects. Budget Performance by Department. Table 3.312 summarises the approved budget allocation, expenditure, and absorption rate by departments in the period under review.

Table 3.312: Marsabit County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allo-cation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	666.74	615.74	663.37	447.49	663.36	445.78	100	100	99	72
County Executive	572.44	108	569.01	106.01	530.79	104.39	93	98	93	97
Finance & Eco-nomic Planning	575.99	890.04	483.03	870.04	545.37	854.22	113	98	95	96
Agriculture, Live-stock & Fisheries	281.11	1,036.60	258.39	246.60	217.55	699.87	84	284	77	68
County Public Service Board	99	15	72.78	11.04	72.33	14.50	99	131	73	97
Education, Skill Development, Youth & Sports	549	84.78	520.51	84.78	538.57	48	103	57	98	57
County Health Services	1,972.49	250.84	1,908.42	240.84	1,908.19	143.20	100	59	97	57
Administration, Coordination & ICT	532.50	6	468.35	6	479.29	5.93	102	99	90	99
Energy, Lands & Urban Develop-ment	214	57.60	172.72	57.60	178.60	20.70	103	36	83	36
Roads & Public Works	130	383.82	110.84	197.17	114.85	112.17	104	57	88	29
Water, Environ-ment & Natural Resources	175.40	601.84	175.40	430.54	152.53	392.47	87	91	87	65
Trade, Industry & Enterprise Devel-opment	112.12	200	95.94	200	85.92	150	90	75	77	75
Tourism, Culture & Social Services	123.68	23.40	104.29	23.40	93.96	23.31	90	100	76	100
Office of the County Attorney	29.98		16.65		23.67		142		79	
Office of the County Secretary	10.50		5.98		6.09		102		58	
	6,044.95	**4,273.66**	**5,625.68**	**2,921.51**	**5,611.06**	**3,014.55**	**100**	**103**	**93**	**71**

Source: *Marsabit County Treasury*

Analysis of expenditure by departments shows that the Department of Tourism, Culture & Social Services recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of County Executive at 99 per cent. The Department of Education, Skill Development, Youth & Sports had the highest percentage of re-current expenditure to budget at 98 per cent, while the Office of the County Secretary had the lowest at 58 per cent.

3.25.15 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 28 July 2025.
ii. Own-source revenue underperformed at Kshs.185.42 million against an annual target of Kshs.251.16 million, representing 74 per cent of the financial year target.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 July 2025, the reports for the Scholarship Fund, Emergency Fund, Car Loan and Mortgage—Executive Fund, Marsabit County Assembly Car Loan and Mortgage –Member and staff were not submitted to the Controller of Budget.
iv. There was a high level of pending bills, which amounted to Kshs.1.11 billion as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.459.19 million, accounting for 12 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.56.25 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
v. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
vi. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.26. County Government of Meru

3.26.1 Overview of FY 2024/25 Budget

The Meru County Approved Supplementary I Budget for FY 2024/25 was Kshs.13.11 billion. It comprised Kshs.3.88 billion (30 per cent) and Kshs.9.23 billion (70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.877.77 million (7 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.3.75 billion and a recurrent budget of Kshs.8.48 billion. The increase in the budget was primarily attributed to the Equitable Share balances from FY 2023/24.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.10.74 billion (82 per cent), additional allocations of Kshs.1.22 billion (9 per cent), a cash balance of Kshs.47.96 million (less than one per cent) brought forward from FY 2023/24, and Kshs.1.10 billion (8 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.530.00 million (48 per cent) deposited into the CRF, and Kshs.550.00 million (50 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.550.00 million (50 per cent) as the Facility Improvement Financing (revenue from health facilities). Additionally, the budget was to be financeKshs.17.00 million (2 per cent) as County revenues from Kaguru ATC, and Kshs.4.66 million (less than one per cent) from Insurance Compensation for the THS Vehicle. A breakdown of the additional allocations is shown in Table 3.313.

3.26.2 Revenue Performance

The County received Kshs.12.53 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 16 per cent compared to the amount received in FY 2023/24 of Kshs.10.73 billion. The total revenue consisted of Kshs.10.74 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.575.06 million, as well as own-source revenue (OSR) collection of Kshs.1.16 billion. Additionally, the County had a cash balance of Kshs.47.97 million from FY 2023/24 and received Kshs.4.66 million from other sources (Insurance Compensation for THS Vehicle).

The total OSR collection of Kshs.1.16 billion included Facilities Improvement Financing (FIF) of Kshs.758.50 million, and Kshs.404.82 million from other OSR sources. Table 3.313 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.313: Meru County, Revenue Performance in FY 2024/25

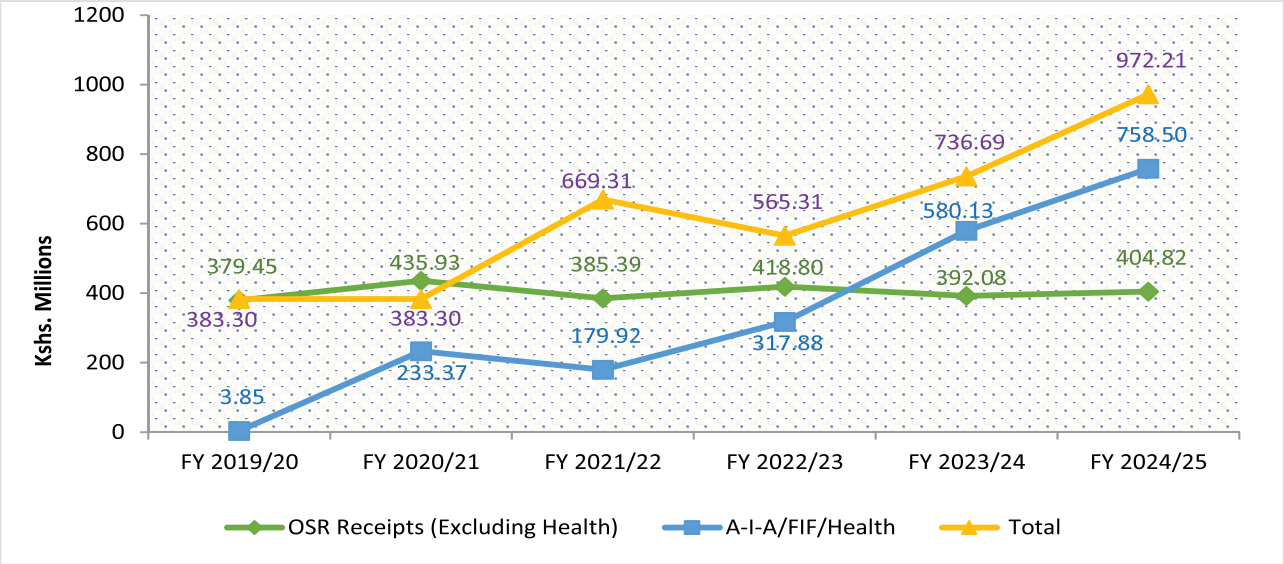
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation ()
A	**Equitable Share of Revenue Raised Nationally**	**10,735,750,492**	**10,735,750,187**	**100**
Sub total		**10,735,750,492**	**10,735,750,187**	**100**
B	**Conditional Grants**			
1.	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	65,031,923	43
2.	Aquaculture Business Development Programme (ABDP)	23,306,984	-	0
4.	Aggregated Industrial Parks Programme	187,500,000	187,500,000	100
8.	DANIDA Grant	12,382,500	12,382,500	100
10.	World Bank Emergency Locust Responses Projects (ELRP)	104,600,000	-	0
11.	Kenya Devolution Support Programme(KDSP)	37,500,000	-	0
12.	Kenya Informal Settlement Programme (KISP)II	193,506,111	175,000,000	90
13.	World Bank Credit Financing Locally Led Climate Action Programme (FLLoCA	188,269,899	-	0
14.	Fuel Levy Fund	-	102,835,642	-
15.	World Bank KUSP (Kenya Urban Support Programme)-UIG	35,000,000	32,309,300	92
16.	World Bank KUSP (Kenya Urban Support Programme)-UDG	121,688,538	-	0
18.	Transfer to Library Services	12,902,906	-	0
19.	Community Health Promoters- conditional funding	111,480,000	-	0
20.	Basic Salary Arrears for County Government Health Workers	43,915,785	-	0
Sub total		**1,223,567,875**	**575,059,365**	**47**
C	**Other Sources of Revenue**			
14.	Ordinary Own Source Revenue	530,000,000	389,830,997	74
15.	Kaguru ATC	17,000,000	14,990,506	88
16.	Facility Improvement Fund (FIF)	550,000,000	758,499,168	138
Sub Total		**1,097,000,000**	**1,163,320,671**	**106**
D	**Other Sources of Revenue**			
17.	Unspent balance from FY 2023/24 (Inclusive of grants balances)	47,967,278	47,967,278	100
18.	Others- Insurance Compensation for THS Vehicle	4,660,700	4,660,700	100
Sub Total		**52,627,978**	**52,627,978**	**200**
Grand Total		**13,108,946,345**	**12,526,758,200**	**96**

Source: *Meru County Treasury*

Facility Improvement Fund (FIF) performance exceeded 100 per cent of the annual target, primarily due to revenue underbudgeting. The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 101 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 101: Meru County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

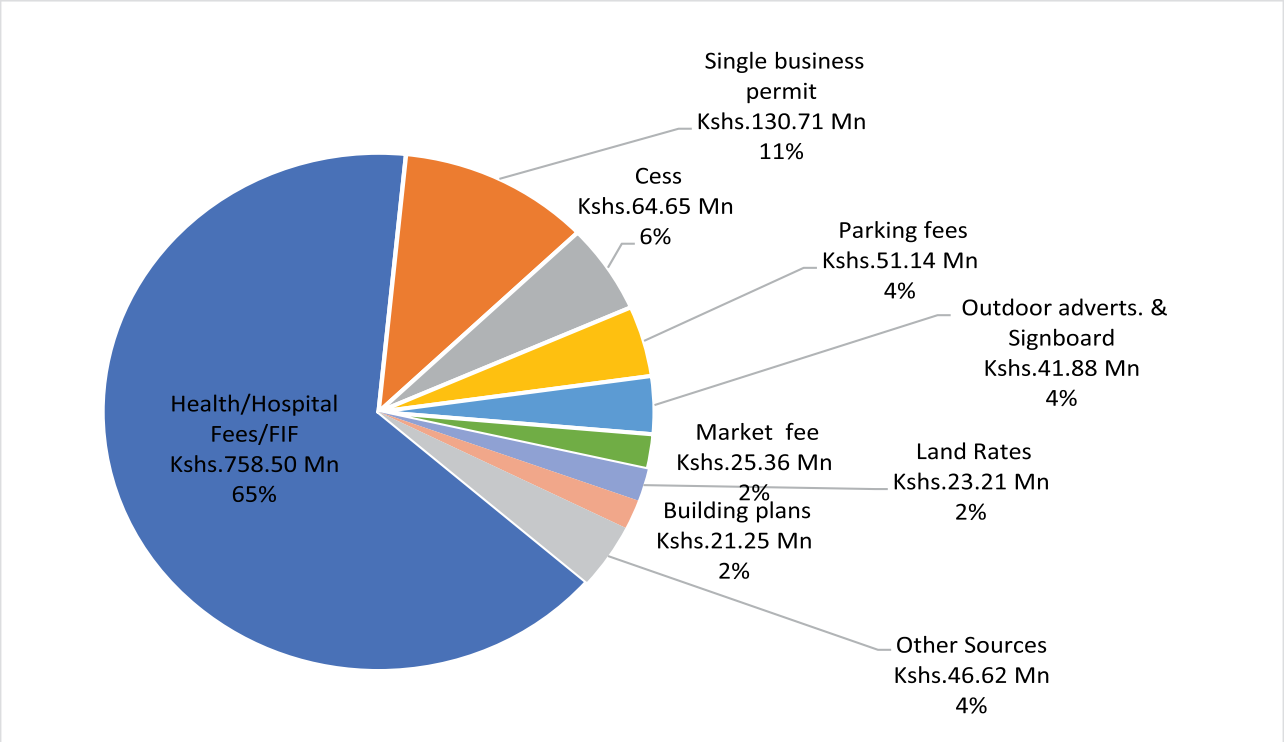


Source: *Meru County Treasury*

During the year, the County generated Kshs.1.16 billion from its revenue sources, including FIF. This amount was an increase of 19 per cent compared to Kshs.972.21 million realised in a similar period in FY 2023/24, and was 106 per cent of the annual target and 11 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 102

Figure 102: Meru County Top Own Source Revenue Streams in FY 2024/25



Source*: Meru County Treasury*

As shown in Figure 102, the highest revenue stream, at Kshs.758.50 million, was from Health/Hospital Fees/FIF, accounting for 65 per cent of the total OSR receipts. The County Government indicated that it had automated 22 revenue streams out of 24.

3.26.3 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.11.08 billion from the CRF account in FY 2024/25, which comprised Kshs.2.70 billion (69 per cent) for development programmes and Kshs.8.38 billion (91 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.5.29 billion was for employee compensation and Kshs.3.09 billion for operations and maintenance expenditures.

The operations and maintenance exchequer analysis indicates that 14 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.431.27 million and included Kshs.173.24 million for the County Executive and Kshs.258.03 million for the County Assembly. The foreign exchequer totalled Kshs.60.97 million, comprising Kshs.3.94 million for the County Executive and Kshs.57.02 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.704.24 million.

3.26.4 County Expenditure Review

The County spent Kshs.11.65 billion on development and recurrent programmes in the reporting period. This expenditure represented 105 per cent of the total funds released by the CoB. It comprised Kshs.2.84 billion for development programmes and Kshs.8.80 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 73.3 per cent, while recurrent expenditures represented 95.4 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.48 billion as of 30 June 2024. This amount included Kshs.1.47 billion from the County Executive and Kshs.12.92 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.379.94 million for recurrent expenditures and Kshs.1.09 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.941.65 million, comprising Kshs.255.07 million (27 per cent) for recurrent programmes and Kshs.686.58 million (73 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.12.92 million, which included Kshs.10.27 million (79 per cent) for recurrent activities and Kshs.2.65 million (21 per cent) for development activities. Table 3.314 provides additional details of pending bills.

Table 3.314: Meru County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	379,941,270	255,069,561	704,804,589	829,676,299
Development	1,085,393,938	686,583,243	449,906,547	848,717,242
Total	**1,465,335,208**	**941,652,804**	**1,154,711,136**	**1,678,393,540**
County Assembly				
Recurrent	10,266,700	10,266,700	63,540,239	63,540,239
Development	2,653,328	2,653,328	-	-
Total	**12,920,028**	**12,920,028**	**63,540,239**	**63,540,239**

Source: *Meru County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to settle Kshs.1.00 billion and Kshs.12.92 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.941.65 million for the Executive and Kshs.12.92 million for the Assembly.

Table 3.315 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.74 billion.

Table 3.315: County Meru Pending Bill Ageing Analysis as of 30th June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**449,906,547**	**66,785,301**	**139,559,197**	**192,466,195**	**848,717,241**
Recurrent Pending Bills (Goods & Services)	308,358,189	51,856,744	16,499,615	56,515,351	**433,229,899**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	423,498,669	0	0	0	**423,498,669**
Recurrent Pending Bills (Staff Claims)	36,487,970	0	0	0	**36,487,970**
Total Recurrent Pending Bills	768,344,828	51,856,744	16,499,615	56,515,351	893,216,538
Total Pending Bills	**1,218,251,375**	**118,642,045**	**156,058,812**	**248,981,546**	**1,741,933,778**
Total	**70**	**7**	**9**	**14**	**100**

Source: Meru County Treasury

The County's pending bills as of 30th June 2025 show that 14 per cent of the pending bills are over 3 years, 9 per cent are aged between 2 and 3 years, 7 per cent are aged between 1 and 2 years, while 70 per cent of the pending bills are under one year. The County treasury is expected to pay the pending bills on the FIFO basis and ensure compliance with the Pending Bills Action Plan. However, Salary Arrears and pending Statutory Deductions are exceptions and should be prioritised for payment.

3.26.6 Expenditure by Economic Classification

The County Executive incurred Kshs.4.78 billion for compensation of employees, Kshs.3.00 billion for operations and maintenance, and Kshs.2.83 billion for development activities. Similarly, the County Assembly spent Kshs.508.82 million on compensation of employees, Kshs.512.63 million on operations and maintenance, and Kshs.12.71 million on development activities, as shown in Table 3.316.

Table 3.316: Meru County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**8,204,695,857**	**1,021,451,368**	**7,780,960,441**	**1,021,450,502**	**95**	**100**
Compensation to Employees	4,782,754,181	508,820,311	4,781,907,251	508,820,311	100	100
Operations and Maintenance	3,421,941,676	512,631,057	2,999,053,190	512,630,191	88	100
Development Expenditure	**3,759,826,634**	**122,972,485**	**2,831,941,718**	**12,706,381**	**75**	**10**
Total	**11,964,522,491**	**1,144,423,853**	**10,612,902,159**	**1,034,156,883**	**89**	**90**

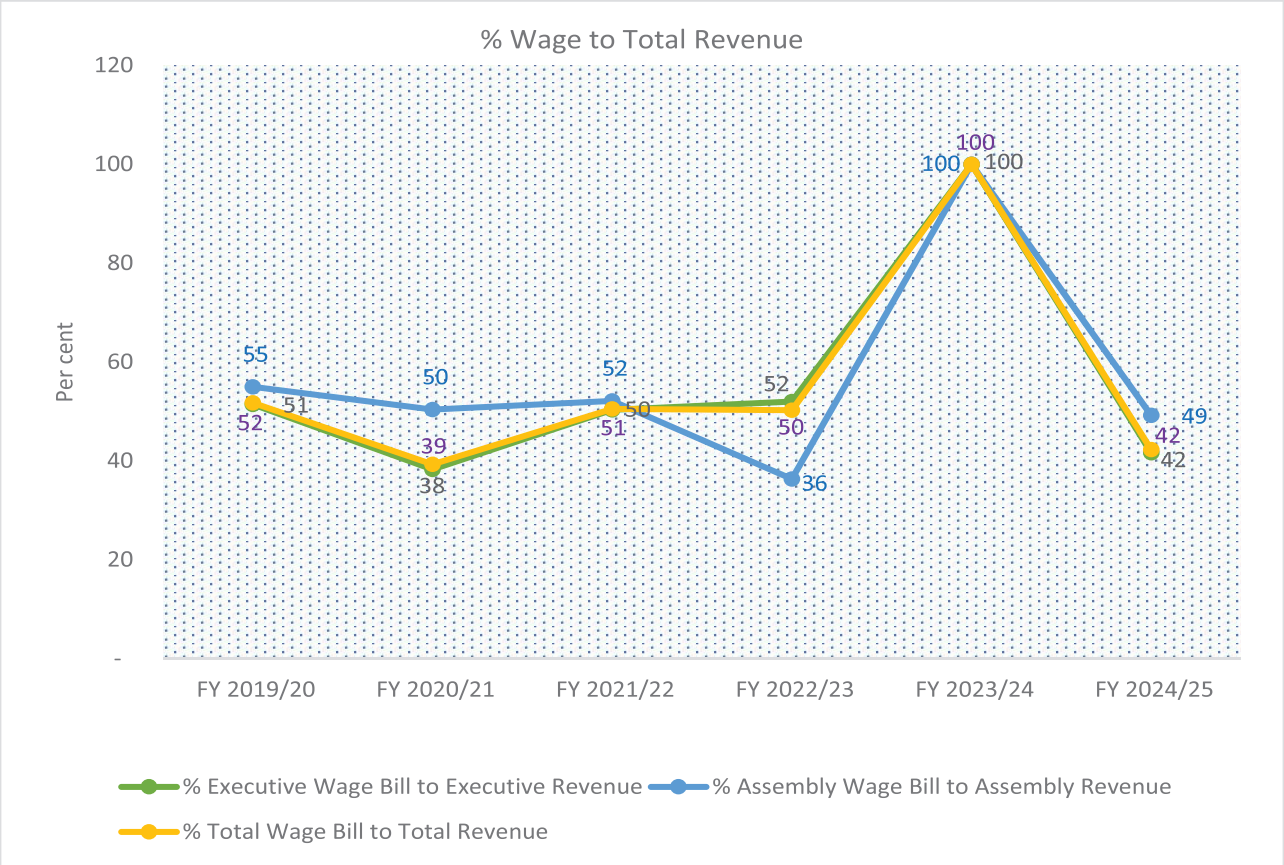
Source: Meru County Treasury

3.26.7 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled 5.29 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.64.65 million, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 42.5 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.5.06 billion reported in FY 2023/24. Of this total, Kshs.2.64 billion related to the Health Sector employees, which accounted for 50 per cent of the overall employees' compensation.

Figure 103 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 103: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Meru County Treasury

Further analysis revealed that PE costs totalling Kshs.5.16 billion were processed through the Human Resource Information System (HRIS), while Kshs.111.75 million was processed through manual payroll, which accounted for 2 per cent of the total PE cost.

The manual payroll comprised salaries for four staff not onboarded into the Human Resource Information System (HRIS), salaries for 220 casuals, top-up allowance for security personnel, Fringe benefit tax, gratuity remittances to pension schemes for staff on contract, and honourable members, as shown in Table 3.317.

Table 3.317: Breakdown of Meru County Manual Payroll

Sno.	Description of Manual Payroll	Amount in Kshs.
1.	Salaries for four staff are yet to be onboarded into UHR	11,094,187.23
2.	Salaries for 220 casual staff	49,994,690.00
3.	Top-up Allowances for four security officers	1,512,000.00
4.	Gratuity for contract staff	8,393,715.00
5.	Gratuity for Hon. Members	24,205,192.77
6.	NSSF for Casual Staff	3,564,223.00
7.	Fringe benefit tax	12,971,664.00
	Total	**111,735,672.00**

***Source:** Meru County Treasury*

The County Assembly spent Kshs.60.71 million on committee sitting allowances for the 69 MCAs and the speaker, against the annual budget allocation of Kshs.60.71 million. The average monthly sitting allowance was Kshs.72,270 per MCA. The County Assembly has 27 House Committees.

3.26.8 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.316.00 million to County-Established funds in FY 2024/25, or 2 per cent of the County's overall budget. The County did not allocate

funds to the Emergency Fund in FY 2024/25. However, it allocated Kshs.8.5 million for Emergency Relief (food, medicine, blankets, cash grants, tents, and other temporary shelter) as a line item in the budget, Contrary to Section 110 of the PFM Act, 2012. Table 3.318 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.318: Performance of Meru County Established Funds in FY 2024/25

Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No.)
Meru County Retention and Enhancement Fund	2018	136,000,000	136,000,000		986,483,479	No
Meru County Executive Staff Housing	2015	150,000,000	149,999,892	8,462,363	724,817,352	Yes
County Assembly of Meru Staff Car Loan and Housing Scheme Fund	2015	30,000,000	30,000,000	1,653,216	277,692,366	Yes
County Assembly of Meru Members Car Loan and Housing Scheme Fund	2017	0	0	9,413,423	480,000,000	yes
Total		**316,000,000**	**315,999,892**	**19,529,002**	**2,468,993,197**	

Source: *Meru County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Meru County Retention and Enhancement Fund Administrators, as indicated in Table 3.318, contrary to the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Meru County Executive Staff Housing, County Assembly of Meru Staff Car Loan and Housing Scheme and County Assembly of Meru Members Car Loan and Housing Scheme Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

3.26.9 County Corporations

The County has eight County Corporations, which were allocated Kshs.551.32 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.534.55 million as shown in Table 3.319.

Table 3.319: Performance of Meru County Corporations in FY 2024/25

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1.	Meru County Micro-Finance Corporation	78,758,591	78,726,386	84,091,924	593,244,977
2.	Meru County Investment and Development Corporation	21,600,000	21,600,000	31,441,554	250,837,976
3.	Meru County Revenue Board	346,660,640	341,241,480	341,366,271	1,720,914,414
4.	Meru Youth Service	12,800,000	12,799,991	13,159,413	234,800,000
5.	Kaguru ATC Board	17,000,000	16,999,969	15,000,975	87,080,916
6.	Meru Town Municipality Board	9,000,000	9,000,000		9,000,000
7.	Maua Municipality Board	5,500,000	5,500,000		5,500,000
8.	Meru County Alcoholic Drinks Control Board	60,000,000	0	49,489,997	
	Total	551,319,231	485,867,827	534,550,134	2,901,378,282

Source: *Meru County Treasury*

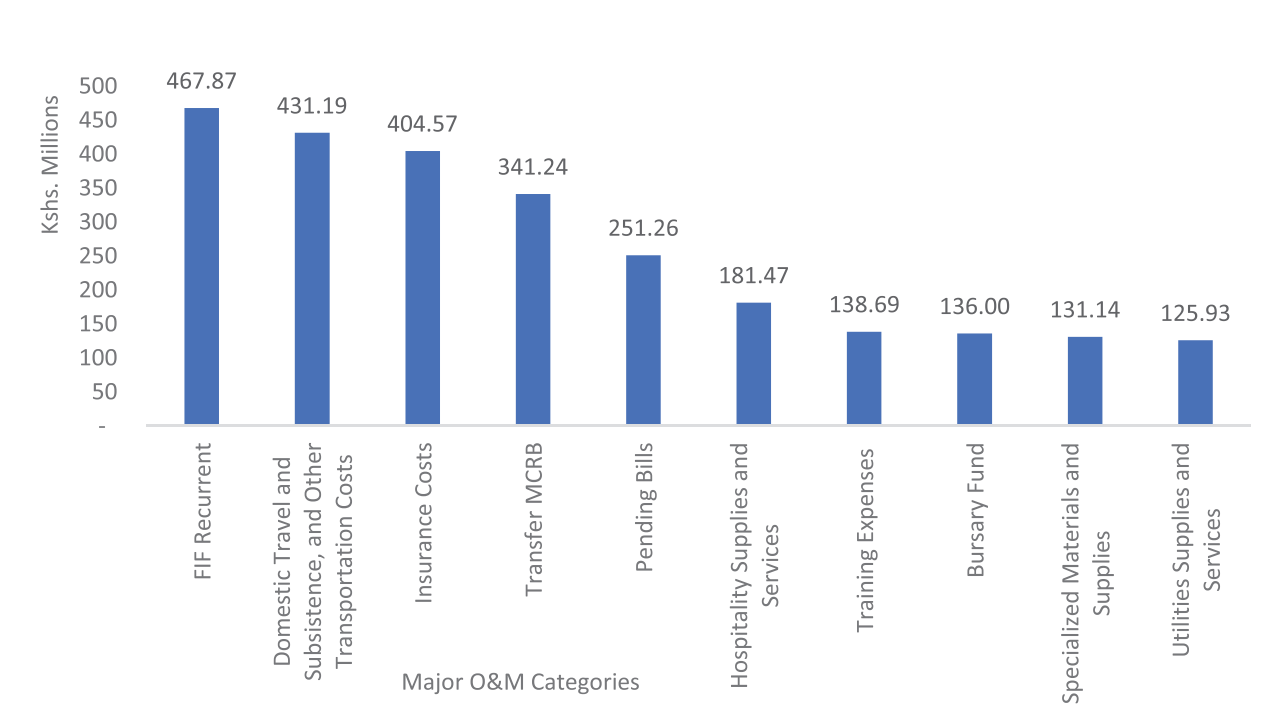
The Meru County Alcoholic Drinks Control Board is an autonomous board that funds its activities with the revenue it collects. The Board collected Kshs.53.37 million under Liquor Licences. The board budget estimates are not in-

cluded in the overall County Government budget. The Financial reports for the Meru Town and Maua Municipalities boards were not provided.

3.26.10 Expenditure on Operations and Maintenance

Figure 104 summarises the Operations and Maintenance expenditure by major categories.

Figure 104: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: *Meru County Treasury*

Expenditure on domestic travel amounted to Kshs.431.19 million and comprised Kshs.258.03 million spent by the County Assembly and Kshs.173.16 million by the County Executive. Expenditure on foreign travel amounted to Kshs.61.10 million and comprised Kshs.4.07 million by the County Assembly and Kshs.57.02 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.320.

Table 3.320: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Meru	7	15th to 22nd Sept 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	2,835,579
County Assembly of Meru	6	15th to 22nd Sept 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	2,382,421
County Assembly of Meru	7	15th to 22nd Sept 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	2,788,218
County Assembly of Meru	2	15th to 22nd Sept 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	771,594

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Meru	7	22nd to 29th Sept 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	2,835,579
County Assembly of Meru	7	22nd to 29th Sept 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	2,835,579
County Assembly of Meru	1	25th to 30th Sept 2024	The Facilitation for the officer on the US travel to attend the UN summit was 4 days night out and a ticket of Kshs.111,000 from the County Assembly	US	379,830
County Assembly of Meru	7	29th Sept to 6th Oct 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	2,788,218
County Assembly of Meru	7	29th Sept to 6th Oct 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	2,788,218
County Assembly of Meru	7	29th Sept to 6th Oct 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	2,835,579
County Assembly of Meru	1	3rd to 10th Oct 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	405,797
County Assembly of Meru	4	29th Oct to 5th Nov 2024	Facilitation of workshop training on climate conversation	Tanzania	1,622,428
County Assembly of Meru	6	29th Oct to 5th Nov 2024	Facilitation of workshop training on climate conversation	Tanzania	2,429,782
County Assembly of Meru	5	29th Oct to 5th Nov 2024	Training Workshop on Infrastructure Project Management for County Assemblies & Other Devolved Governments Around Africa	Tanzania	2,023,985
County Assembly of Meru	7	29th Oct to 5th Nov 2024	Facilitation of the Benchmarking Exercise on Crop Production and Development	Tanzania	2,835,579
County Assembly of Meru	7	29th Oct to 5th Nov 2024	Facilitation of Training on Good Governance for all Inclusive Prosperity	MALYSIA	2,835,579
County Assembly of Meru	7	14th to 20th June 2025	Facilitation of a Conference on Project Planning and Management	Tanzania	2,800,000
County Assembly of Meru	7	13th to 19th June 2025	Facilitation of a Conference on Project Planning and Management	Tanzania	2,800,000
County Assembly of Meru	7	15th to 21st June 2025	Facilitation to Attend a Conference on Soil, Water and Air	Tanzania	2,800,000
County Assembly of Meru	7	15th to 21st June 2025	Facilitation to Attend a Conference on Food Security and Agriculture	Tanzania	2,800,000
County Assembly of Meru	7	13th to 19th June 2025	Facilitation to Attend a Conference on Result-Based Mgt	Tanzania	2,800,000
County Assembly of Meru	7	14th to 20th June 2025	Facilitation to Attend a Conference on Biodiversity, Ecology and Climate Change	Tanzania	2,800,000

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Meru	7	15th to 21st June 2025	Facilitation to Attend a Conference on Youth, Gender Equality and Inclusive Representation	Tanzania	2,800,000
County Assembly of Meru	7	15th to 21st June 2025	Facilitation to Attend a Legislative Conference on Climate Conversation	Tanzania	2,800,000
County Executive	1	2nd to 13th Dec 2024	To Attend ESAMI Training on the Advanced Fraud Examiner's Programme	Tanzania	733,180
County Executive	1	2nd to 13th Dec 2024	To Attend ESAMI Training on the Advanced Fraud Examiner's Programme	Tanzania	733,180
County Executive	1	4th to 29th Nov 2024	Attending Onsite Training on Human Resources Development for GIT Diseases in Kenya	Japan	461,769
County Executive	1	30th Oct to 5th Nov 2024	Attending the 24th EAC SMEs Trade Fair	Juba-South Sudan	364,554
County Executive	1	30th Oct to 5th Nov 2024	Attending the 24th EAC SMEs Trade Fair	Juba-South Sudan	250,000
County Executive	3	30th Oct to 5th Nov 2024	Attending the 24th EAC SMEs Trade Fair	South Sudan	308,000
County Executive	2	30th Nov 2024	Return Air tickets to South Africa	South Africa	339,920
County Executive	1	5th Nov 2024	Return Air ticket to Juba	Juba	188,230
County Executive	3	30th Oct to 5th Nov 2024	Air tickets to South Sudan	South Sudan	564,690
County Executive	1	12th to 16th May 2025	Air tickets to Sweden for the ICLD Workshop	Sweden	135,332

Source: *Meru County Treasury and Meru County Assembly*

The travel to the US to Attend the UN Summit of the Future was sponsored by UN and the amount indicated was the County Assembly's support for the travelling officer.

3.26.11 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.758.50 million as FIF, which was 138 per cent of the annual target of Kshs.550.00 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023 (under The FIF is spent as per the County legislation governing the operation of ordinary A-I-A and FIF). The County has, however, drafted regulations to operationalise the FIF Act of 2023. The Bill was submitted to the County Assembly for review and approval.

In the reporting period, health facilities were owed a combined total of Kshs.313.97 million across the three schemes: the Social Health Authority (SHA), the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.321 presents a breakdown of the claims.

Table 3.321: Meru County Health Facilities FIF Performance in FY2024/25

Sno	Level of Health Facility and number of facilities	SHIF/ SHA			NHIF
		Approved Claims (Kshs.)	Claims Paid (Kshs.)	Balance (Kshs.)	Pending Debt (Kshs.)
1	One Level 5 Hospital	250,245,408	146,597,558	103,647,850	21,364,134
2	Fourteen Level 4 Health Facilities	295,274,398	186,278,721	108,995,677	79,962,442
	Total	**545,519,806**	**332,876,279**	**212,643,527**	**101,326,576**

Source: *Meru County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) totalling Kshs.545.52 million, yet actual disbursements amounted to Kshs.332.88 million, resulting in an outstanding bal-

ance of Kshs.212.64 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.101.33 million. Information on Level 2 and 3 Health Facilities has not been provided.

The expenditure by the health facilities amounted to Kshs.657.29 million, as shown in Table 3.322.

However, the amounts for the Approved Budget and Actual Expenditure vary with the amounts provided with the overall County expenditure, where the FIF Approved budget and actual expenditure were Kshs.550.00 million combined for Recurrent and development (I.e., Kshs.467.87 million and Kshs.82.13 million recurrent and development, respectively).

Table 3.322: Meru County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facility (Kshs.)	Actual Expenditure of the Facility (Kshs.)	Absorption rate ()
1.	One Level 5 Hospital	364,708,168	334,551,705	92
2.	Fourteen Level 4 Health Facilities	329,894,860	322,677,697	98
	Total	**694,603,028**	**657,229,402**	95

Source: Meru County Treasury

3.26.12 Development Expenditure

In the review period, the County reported spending Kshs.2.84 billion on development programmes, a decrease of 4 per cent compared to FY 2023/24, when the County spent Kshs.2.97 billion. Table 3.323 summarises the development projects with the highest expenditure in the reporting period.

Table 3.323: Meru County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Trade, Tourism & Cooperatives Development	construction of County aggregation and industrial parks in Meru County	Ruiri Rwa Rera	30 August 2025	492,212,714	286,012,444	420,075,101	85
2	Roads, Transport & Energy	Hire of Vehicles, Plants and Equipment for Infrastructure and Civil Works-Flagship and Ward Fund Projects	Buuri	20 June 2024	168,000,000	168,000,000	168,000,000	100
3	Health Services	Supply, delivery, installation, testing, training and commissioning of a true 64-slice computerised tomography scan machine (CTscan) at Meru teaching and referral hospital in Meru County.	Municipality	12 May 2025	69,950,786	69,950,786	69,950,786	100

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
4	Water, Environment & Climate Change	Equipping Of Solar-Powered Boreholes Lot 3	Imenti North ward, Igembe & Tigania regions	2024/2025	39,912,187	39,520,335	39,520,335	99
5	Water, Environment & Climate Change	Supply and Delivery Of 210 Litres Rainwater Harvesting Tanks	Groups around the County	30 June 2025	35,753,250	35,753,250	35,753,250	100
6	Health Services	Procurement of the proposed completion of the ward block at Miathene Sub -Sub-County Hospital	Kianjai	11 June 2025	20,988,129	20,988,129	20,988,129	100
7	Water, Environment & Climate Change	Procurement of a solid waste management truck	Headquarters	30 June 2025	13,283,000	13,283,000	13,283,000	100
8	Health Services	Procurement for the proposed completion of male wards at Nyambene level 4 hospital.	Maua	11 June 2025	12,998,892	12,998,892	12,998,892	100
9	Health Services	Procurement for the proposed construction of the inpatient male ward at Mutuati level 4 hospital.	Amwathi	11 June 2025	10,997,398	10,997,398	10,997,398	100
10	Lands, Physical Planning & Urban Development	Contracted Professional Services for Urban Spatial Plans (Extended Mikinduri)	Meru County	19 May 2025	36,996,750	10,989,000	10,989,000	30

Source: Meru County Treasury

The County did not report any stalled development projects as of 30 June 2025.

3.26.13 Budget Performance by Department

Table 3.324 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.324: Meru County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,021.45	122.97	1,021.45	12.71	1,021.45	12.71	100	100	100	10
Office of the Governor	209.20	-	181.23	-	181.37	-	100	-	87	-
Finance, Economic Planning and ICT	937.53	240.30	915.38	229.95	915.38	229.95	100	100	98	96
Agriculture, Livestock & Fishery	56.78	315.95	49.62	99.95	50.34	164.98	101	165	89	52
Water & Irrigation	46.87	499.50	43.61	269.23	43.61	269.23	100	100	93	54
Education, Technology, Gender, Culture & Social Development	210.13	129.78	174.78	108.20	174.78	108.20	100	100	83	83
Health Services	1,052.75	425.40	402.41	196.87	816.31	279.00	203	142	78	66
Lands, Physical Planning, Urban Development & Public Works	100.52	384.68	79.54	240.12	79.54	240.12	100	100	79	62
Public Service Administration & Legal Affairs	5,352.76	105.00	5,307.56	105.00	5,308.82	105.00	100	100	99	100
Roads, Transport & Energy	45.20	1,194.43	39.17	1,015.68	39.17	1,015.68	100	100	87	85
Trade, Investment, Industrialisation, Tourism & Co-op Development	33.47	426.48	21.92	397.48	21.92	397.48	100	100	65	93
Youth Affairs & Sports	109.33	38.30	100.28	22.30	104.33	22.30	104	100	95	58
County Public Service Board	50.16	-	45.40	-	45.40	-	100	-	91	-
TOTAL	**9,226.15**	**3,882.80**	**8,382.35**	**2,697.49**	**8,802.41**	**2,844.65**	105	105	95	73

Source: Meru County Treasury

Analysis of expenditure by departments shows that the Department of Public Service Administration & Legal Affairs recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Finance, Economic Planning and ICT at 96 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Trade, Investment, Industrialisation, Tourism & Co-op Development had the lowest at 65 per cent.

There was over-expenditure above the exchequer issues in Agriculture, Livestock & Fishery, Youth Affairs & Sports, and Health Services departments. The over-expenditure above the exchequer requisitions in the Department of Health Services arose due to the spending of health FIF, which is not swept to the CRF. The FIF is spent as per the County legislation governing the operation of ordinary A-I-A and FIF. The amounts expended were Kshs.82.13 million and Kshs.467.87 million for development and recurrent expenditure respectively while for the Agriculture, Livestock & Fishery it was due to failure to utilise funds as per exchequer issues.

3.26.14 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 4th to 14th August 2025.
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Meru County Retention and Enhancement Fund Fund, were not submitted to the CoB as of 15 July 2025.

iii. High level of pending bills, which amounted to Kshs.1.74 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.61.09 million for 4 staff members not onboarded into HRIS and 220 casual staff were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. During the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.313.97 million across the two schemes—SHIF and the defunct NHIF. The persistent delay in remitting approved claims undermines hospitals' ability to generate and utilise revenue at source as intended, thereby constraining their capacity to fund critical operations, procure essential medical supplies, and deliver quality healthcare services.
vi. The County Assembly did not adhere to the budget provisions, as evidenced by the recurrent pending bills of Kshs.63.54 million, whereas the recurrent budget was 100 per cent absorbed.
vii. The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015
viii. Administration costs of the Meru County Executive Staff Housing, County Assembly of Meru Staff Car Loan and Housing Scheme and County Assembly of Meru Members Car Loan and Housing Scheme Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iv. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*
vii. *The Fund Administrators of the Meru County Executive Staff Housing, County Assembly of Meru Staff Car Loan and Housing Scheme and County Assembly of Meru Members Car Loan and Housing Scheme Funds should ensure the administration costs are within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015*
viii. *The County Treasury should be consistent in reporting of pending bills and ensure accuracy in the computation.*
ix. *The County Treasury should ensure it submits all expenditure and revenue for all County Corporations and Boards to OCOB.*
x. *The County Treasury should ensure reconciliation is carried out on FIF expenditures before they are submitted to ensure accuracy in reporting.*

3.27. County Government of Migori

3.27.1 Overview of FY 2024/25 Budget

The Migori County Approved Supplementary II Budget for FY 2024/25 was Kshs.12.15 billion. It comprised Kshs.4.47 billion (37 per cent) and Kshs.7.68 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.79 billion (17per cent) from the FY 2023/24 budget comprising a development budget of Kshs.3.10 billion and a recurrent budget of Kshs.7.25 billion. The increase in the budget was primarily attributed to growth in additional allocations for the year and opening cash balances brought forward from FY 2023/24, both in the County Revenue Fund and Special Purpose Operational Accounts (SPAs), re-voted in the budget.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.8.39 billion (69 per cent), and additional allocations of Kshs.2.27 billion (19 per cent), a cash balance of Kshs.688.43 million (6 per cent) brought forward from FY 2023/24, and Kshs.800 million (7 per cent)

generated as own-source revenue. The own-source revenue comprised Kshs.550 million (69 per cent) deposited into the CRF and Kshs.250 million (31 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.250 million (100 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.325.

3.27.2 Revenue Performance

The County received Kshs.10.53 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 8 per cent compared to the amount received in FY 2023/24 of Kshs.9.70 billion. The total revenue consisted of Kshs.8.39 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.738.37 billion and own-source revenue (OSR) collection of Kshs.691.56 billion. Additionally, the County had a cash balance of Kshs.688.43 billion from FY 2023/24.

The total OSR collection of Kshs.691.56 billion included Facilities Improvement Financing (FIF) of Kshs.354.19 million, and Kshs.337.36 million from other OSR sources. Table 3.325 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.325: Migori County, Revenue Performance in FY 2024/25

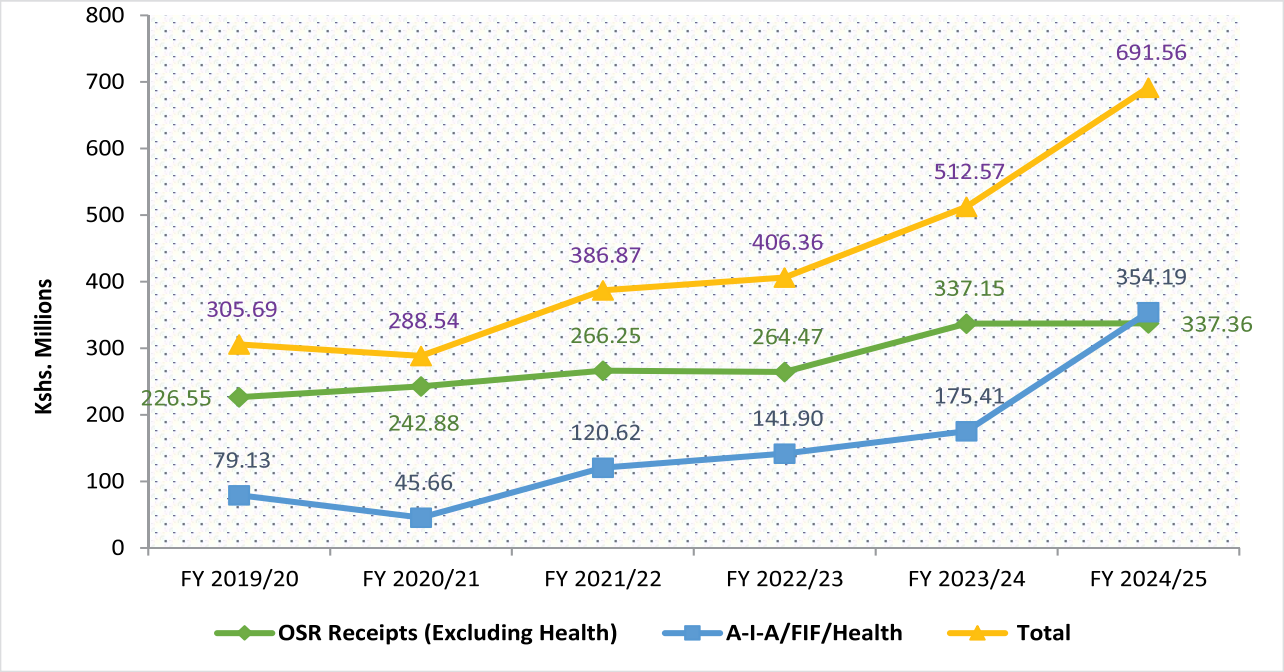
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Budget Allocation ()
A	**Equitable Share of Revenue Raised Nationally -**	8,385,079,399	8,385,076,709	100
Sub-total		**8,385,079,399**	**8,385,076,709**	**100**
B	**Additional Allocations**			
1.	DANIDA Grant (Universal Healthcare in Devolved System Program)	12,358,500	10,432,500	84
2.	IDA (World Bank) Credit for National Agricultural and Rural Inclusive Growth Project (NARIGP)	5,000,000	-	-
3.	EU Grant for Instrument for Devolution Advice and Support (IDEAS)	5,706,628	-	-
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,120,452	-	-
5.	KABDP SIDA	10,918,919	-	-
6.	KABDP MOA&LD (Government of Kenya)	1,000,000	-	-
7.	Aquaculture Business Development Project (ABDP)	13,617,785	-	-
8.	Livestock Value Chain Support Project	14,323,680	-	-
9.	Climate Change - German Development Bank (KFW) - (FLLoCA -CCRI Grant)	390,000,000	16,968,438	4
10.	Climate Change - IDA World Bank (FLLoCA)	11,000,000	11,000,000	100
11.	Urban Institutional Grant (UIG)	35,000,000	32,309,300	92
12.	Migori Municipality URB Development Grant	54,181,008	-	-
13.	Awendo Municipality URB Development Grant	16,800,000	-	-
14.	Rongo Municipality URB Development Grant	16,800,000	-	-
15.	Kehancha Municipality URB Development Grant	16,800,000	-	-
16.	Grant from the National Government - Industrial Park	250,000,000	54,131,579	22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Budget Allocation ()
17.	Kenya Water and Sanitation (K-WASH) Program	199,874,000	-	-
18.	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	71,537,277	29
19.	Kenya Devolution Support Program II	37,500,000	-	-
21.	Leasing of Medical Equipment	124,723,404	-	-
22.	Fertiliser Subsidy	144,621,807	-	-
23.	Allocation for Court fines	974,165	-	-
24.	Allocation for Mineral Royalties	3,125,408	-	-
25.	Basic Salary arrears for County Government Health Workers	27,687,815	-	-
26.	Community Health Promoters (CHPs) Projects	88,380,000	-	-
27.	Migori County Climate Change Fund FLoCCA Balances C/Fwd	372,833,613	372,833,613	100
28.	Migori County Health Special Balances C/Fwd	915,068	915,068	100
29.	Migori County RMLF Balances C/Fwd	681,918	681,918	100
30.	Migori County NARIGP Operations Account Balances C/Fwd	4,261,826	4,261,826	
31.	Migori County Agriculture Chain Balances C/Fwd	161,794,532	161,794,532	
32.	Migori County Industrial Park Balances C/Fwd	1,500,000	1,500,000	100
Sub-total		**2,273,500,528**	**738,366,051**	**32**
C	**Own Source Revenue**			
33.	Ordinary Own Source Revenue	550,000,000	337,363,187	61
34.	Appropriation in Aid (A-I-A)	-	-	
35.	Facility Improvement Fund (FIF)	250,000,000	354,192,398	142
Sub-total		**800,000,000**	**691,555,585**	**86**
D	**Other Sources of Revenue**			
36.	Unspent balance from FY 2023/24	688,425,652	688,425,652	100
37.	Other Revenues (provide a list)	-	-	-
Sub-Total		**688,425,652**	**688,425,652**	100
Grand Total		**12,147,005,579**	**10,503,423,997**	**86**

Source: *Migori County Treasury*

Figure 105 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 105: Migori County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

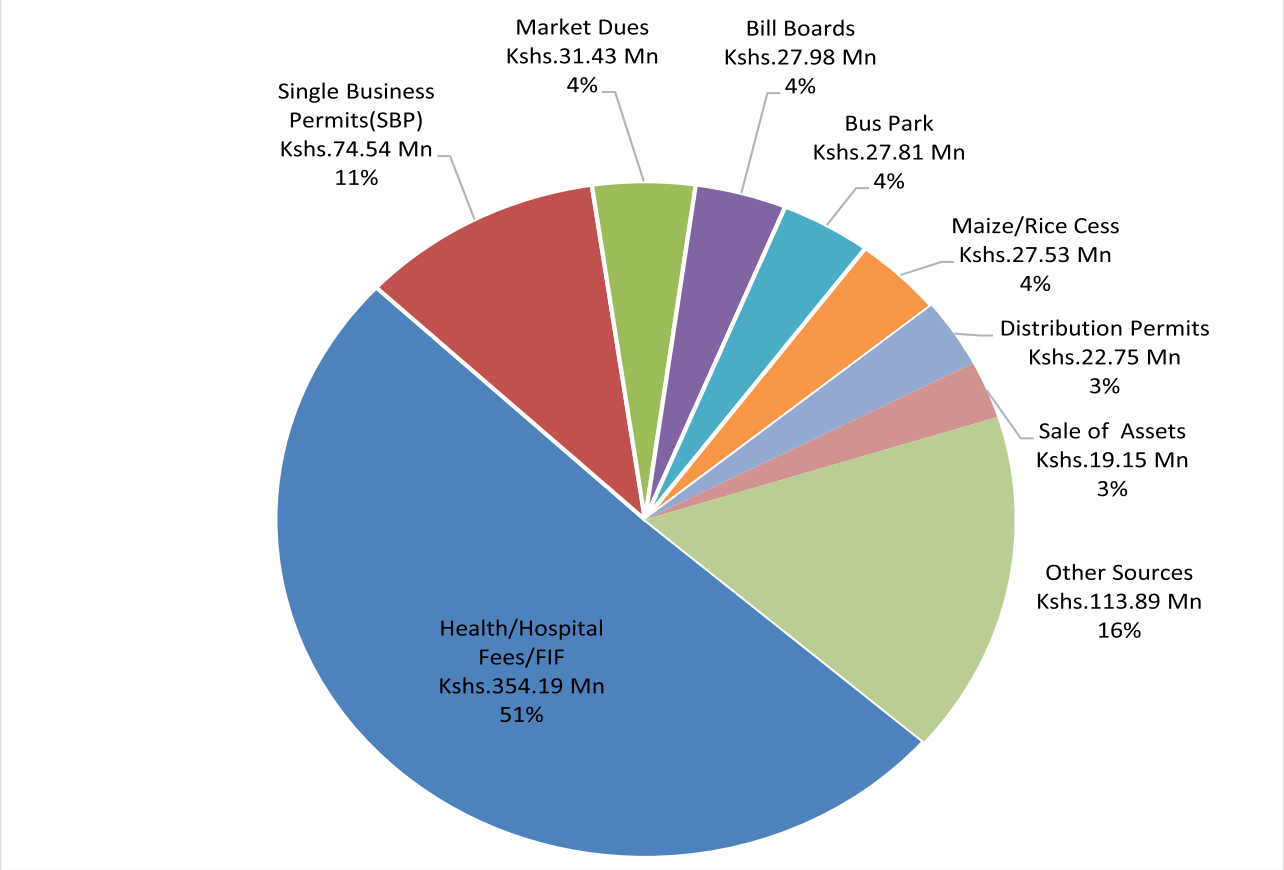


Source: *Migori County Treasury*

During the year, the County generated Kshs.691.56 million from its revenue sources, including FIF. This amount was an increase of 35 per cent compared to Kshs.512.57 million realised in a similar period in FY 2023/24. It was 86 per cent of the annual target and 8 per cent of the equitable revenue share disbursed. The increase is primarily attributed to the automation of FIF streams and reimbursed claims from the Social Health Authority (SHA).

The revenue streams which contributed the highest OSR receipts are shown in Figure 106.

Figure 106: Migori County Top Own Source Revenue Streams in FY 2024/25



Source: *Migori County Treasury*

As shown in Figure 106, the highest revenue stream, at Kshs.354.19 million, was from Hospital fees (FIF), accounting for 51 per cent of the total OSR receipts. The County Government indicated that it had automated 12 revenue streams out of 40

3.27.3 Revenue Arrears

The County had no outstanding revenue arrears at the beginning of the financial year. Similarly, the County did not report on any waivers and arrears recovered during the year other than the outstanding arrears earned from FIF of Kshs.212.28 million as at 30 June 2025, indicating that the County had no accumulated arrears in the reporting period. Table 3.326 presents a breakdown of the County's revenue in arrears.

Table 3.326: Migori County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**	-	-	-	-	-
B	**Facility Improvement Fund (FIF)**	-	-	-	-	
1	Social Health Authority (SHA)	-	-	-	101,590,708	**101,590,708**
2	National Hospital Insurance Fund (NHIF)	-	-	-	110,691,449	**110,691,449**
Total		-	-	-	**212,282,157**	**212,282,157**

Source: Migori *County Treasuries*

As of 30 June 2025, the revenue arrears were entirely the principal amount of Kshs.212.28 million (100 per cent)). The County is awaiting approvals from the Social Health Authority (SHA) to reimburse the amount outstanding in arrears.

3.27.4 Borrowing by the County

The County Assembly of Migori borrowed Kshs.50 million from the Kenya Commercial Bank Ltd, Migori Branch as a short-term credit facility at an interest rate of 3 per cent payable within one-month period to support its operations. The funds were utilised to pay members and staff allowances in arrears for the FY 2023/24 and dispense some office operations for July 2024. The borrowing was prompted by delayed disbursement of June ,2024 shareable revenues. The amount has since been fully settled down during the year and there was no outstanding amount as of 30 June,2025

3.27.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.9.71 billion from the CRF account in FY 2024/25, which comprised Kshs.2.38 billion (24 per cent) for development programmes and Kshs.7.33 billion (76 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.74 billion was for employee compensation and Kshs.3.57 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 9 per cent was for domestic travel and 0.3 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.330.09 million and included Kshs.74.83 million for the County Executive and Kshs.255.26 million for the County Assembly. The foreign exchequer totalled Kshs.11.29 million, comprising Kshs.6.34 million for the County Executive and Kshs.4.95 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.104.07 million.

3.27.6 County Expenditure Review

The County spent Kshs.10.12 billion on development and recurrent programmes in the reporting period. This expenditure represented 104 per cent of the total funds released by the CoB. It comprised Kshs.2.79 billion for development programmes and Kshs.7.33 billion for recurrent programmes. Expenditure on development programmes

represented an absorption rate of 63 per cent, while recurrent expenditure represented 95 per cent of the annual recurrent expenditure budget.

3.27.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.94 billion as of 30 June 2024. This amount included Kshs.1.76 billion from the County Executive and Kshs.184.72 million from the County Assembly. The pending bills from the County Executive consist of Kshs.875.34 million for recurrent expenditures and Kshs.881.38 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.32 billion, comprising Kshs.724.05 million (55 per cent) for recurrent programmes and Kshs.592.82 million (45 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.81.91 million, which included Kshs.42.31 million (52 per cent) for recurrent activities and Kshs.39.60 million (48 per cent) for development activities. Table 3.327 provides additional details of pending bills.

Table 3.327: Migori County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	875,336,424	724,048,246	226,129,400	475,866,142
Development	881,380,560	592,817,622	128,013,904	361,359,348
Total	**1,756,716,984**	**1,316,865,868**	**354,143,304**	**837,225,490**
County Executive				
Recurrent	127,259,085	42,306,086	34,133,758	184,558,500
Development	57,456,694	39,602,443	-	36,361,670
Total	**184,715,779**	**81,908,530**	**34,133,758**	**220,920,170**

Source: *Migori County Treasury*

The County Executive and the Assembly submitted a pending bill payment plan, committing to paying Kshs.1.32 billion and Kshs.182.32 million respectively in FY 2024/25. The County Executive adhered to this payment plan as it cleared Kshs.1.32 billion, while the County Assembly did not comply with the plan as it cleared Kshs.81.91 million only.

Table 3.328 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.06 billion.

Table 3.328: Migori County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**128,013,904**	**75,308,878**	**170,920,466**	**23,477,770**	**397,721,018**
Recurrent Pending Bills (Goods & Services)	247,880,550	93,073,263	170,204,944	96,087,946	**607,246,703**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	9,382,608	24,804,931	1,651,220	-	**35,838,759**
Recurrent Pending Bills (Staff Claims)	6,400,000	10,939,180	-	-	**17,339,180**
Total Recurrent Pending Bills	**263,663,158**	**128,817,374**	**171,856,164**	**96,087,946**	**660,424,642**
Total Pending Bills	**391,677,062**	**204,126,252**	**342,776,630**	**119,565,716**	**1,058,145,660**
Total	**37**	**19**	**32**	**11**	**100**

Source: *Migori County Treasury*

From now on, the County should adopt the IBEC pending bills action plan tracker templates sponsored by KDSP II in managing, tracking and reporting of their pending bills and status

3.27.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.27 billion for compensation of employees, Kshs.3.11 billion for operations and maintenance, and Kshs.2.74 billion for development activities. Similarly, the County Assembly spent Kshs.476.76

million on compensation of employees, Kshs.474.05 million on operations and maintenance, and Kshs.54.41 million on development activities, as shown in Table 3.329.

Table 3.329: Migori County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,711,862,052**	**968,733,221**	**6,379,008,612**	**950,808,145**	**95**	**98**
Compensation of Employees	3,256,875,243	476,758,853	3,266,354,066	476,758,853	100	100
Operations and Maintenance	3,454,986,809	491,974,368	3,112,654,546	474,049,292	90	96
Development Expenditure	**4,363,493,347**	**102,916,959**	**2,736,201,965**	**54,410,485**	**63**	**53**
Total	**11,075,355,399**	**1,071,650,180**	**9,115,210,577**	**1,005,218,630**	**82**	**94**

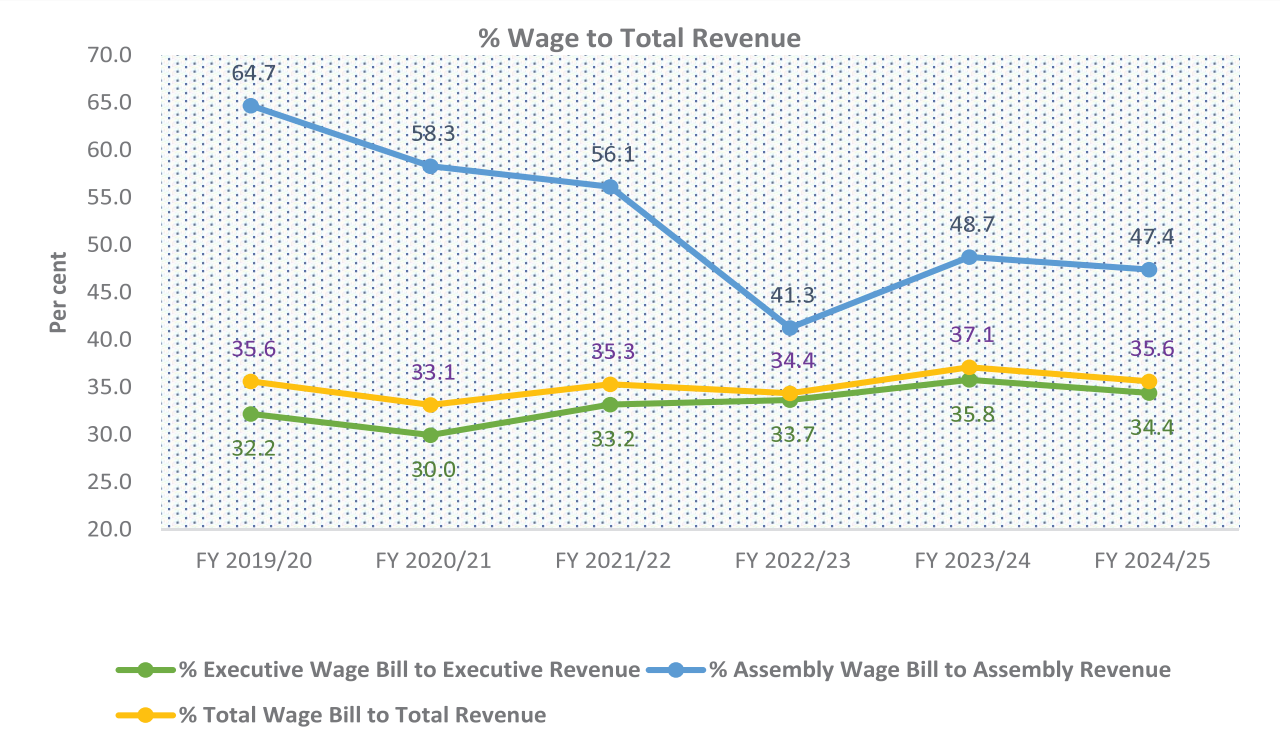
***Source**: Migori County Treasury*

3.27.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.74 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.10.50 billion in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 36 per cent. This expenditure on employee compensation shows an increase of 4 per cent compared to the Kshs.3.60 billion reported in FY 2023/24. Of this total, Kshs.1.49 billion related to the Health Sector employees, which accounted for 40 per cent of the overall employees' compensation.

Figure 107 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 107: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



***Source**: Migori County Treasury*

Further analysis indicated that PE costs amounting to Kshs.3.60 billion were processed through the Human Resource Information System (HRIS), while Kshs.147.39 million was processed through manual payrolls, which accounted for 4 per cent of the total PE cost.

The manual payrolls, as shown in Table 3.330, comprised salaries for 713 casuals and stipends for 3,388 Community Health Promoters /Volunteers (CHVs).

Table 3.330: Breakdown of Migori County Manual Payroll

S/no.	Description of Manual Payroll	Amount Kshs.
1.	Salaries/Wages for casual staff	121,978,187
2.	Community Health Workers/Promoters/Volunteers (CHVs)	25,410,000
	Total	**147,388,187**

Source: *Migori County Treasury*

The County Assembly spent Kshs.30.27 million on committee sitting allowances for the 60 MCAs against the annual budget allocation of Kshs.30.52 million. The average monthly sitting allowance was Kshs.42,048 per MCA. The County Assembly has 27 House Committees.

3.27.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.20 million to County-Established funds in FY 2024/25, or less than 1 per cent of the County's overall budget. Further, the County had no allocation to the Emergency Fund despite the provision of Section 110 of the PFM Act, 2012. Table 3.331 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.331: Performance of Migori County Established Funds in FY 2024/25

S/No	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the FY 2024/25 (Kshs.)	Actual Expenditure in the FY 2024/25 (Kshs.)	Cumulative Disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No)
	County Executive Established Funds						
1.	Migori County Executive Car loans & House Mortgage Fund Scheme	December,2018	-	-	-	247,500,000	Yes
2.	Migori County Education Bursary Fund	January,2014	-	-	-	840,000,000	Yes
3.	Migori County Scholarships & Educational Benefits Fund	January,2014	-	-	-	279,000,000	Yes
4.	Migori County Alcoholic Drink Fund	September,2016	-	-	-	2,250,318	Yes
6.	Migori County SMEs Trade Development - INUA BIASHARA	March,2024	20,000,000	-	-	54,000,000	Yes
	County Assembly Established Funds						
7.	Migori County Assembly Car loans & House Mortgage Fund Scheme	October, 2015	-	-	-	236,000,000	Yes
	Total		**20,000,000**	**-**	**-**	**1,658,750,318**	

Source*: Migori County Treasury*

During the reporting period, the CoB received all the quarterly financial reports from Fund Administrators, as indicated in Table 3.331, in line with the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Funds are pegged at a 3 per cent limit of the funded budget as set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of County Education Bursary Fund and County Scholarships & Educational Benefits Fund had lapsed. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of these expired funds, as they no longer have a legal basis for continued existence.

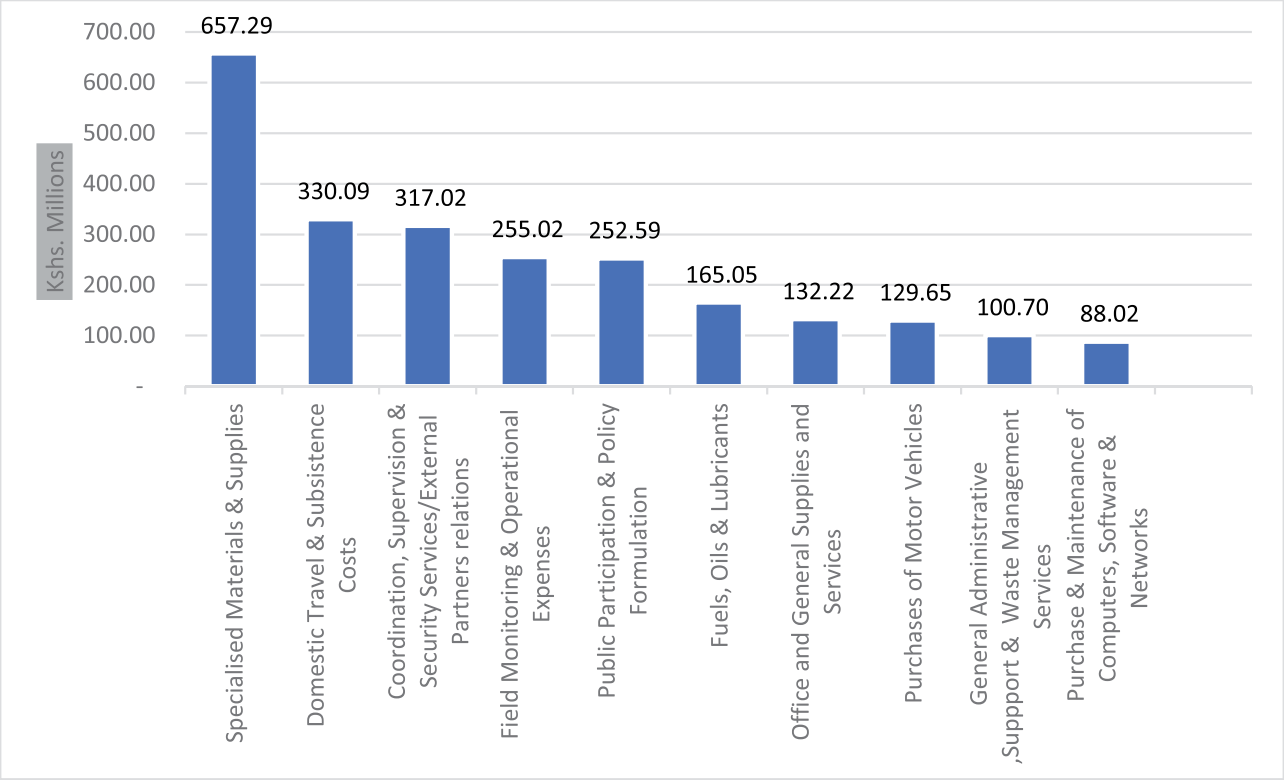
3.27.11 County Corporations

The County has not established any corporation but owns only 20 per cent of the shares at Migori Water & Sanitation Company Limited. During the financial year 2024/25, no budget was appropriated to support the company's operations.

3.27.12 Expenditure on Operations and Maintenance

Figure 108 summarises the Operations and Maintenance expenditure by major categories.

Figure 108: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: *Migori County Treasury*

Expenditure on domestic travel amounted to Kshs.330.09 million and comprised Kshs.255.26 million spent by the County Assembly and Kshs.74.83 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.29 million and comprised Kshs.4.95 million by the County Assembly and Kshs.6.34 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.332.

Table 3.332: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	5	26th October to 3rd November,2024	Attending & Participating in the 24th EAC MSMES Trade Fair and Exhibition	South Sudan	3,171,893
County Assembly	7	15th-20th September, 2023	Attending the CAF Corporate Leadership Conference 2023 Workshop	Arusha-Tanzania	2,358,860
County Executive	5	26th February- to -2nd March,2025	Attending & Participating in EAL-ASCA Games	Uganda	1,459,504
County Executive	1	9th March -to-23rd March,2025	Attending & Participating in the 69th Session of the United Nations Commission on the Status of Women Conference	New York, USA	1,310,670

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	3	18th-24th May, 2024	Attending the 21st Annual Conference Meeting of the Association of APLESA	Mozambique	1,159,100
County Assembly	1	20th-26th January, 2025	Attending Training on the Parliamentary Leadership Conference of the Majority	Singapore	766,780
County Executive	1	23rd to 26th October, 2024	Attending & Participating During the African Urbanisms Conference Workshop	South Africa	402,934
County Assembly	1	20th-28th November, 2023	Attending and Participating in Paralympic East African Games	Kigali-Rwanda	396,224
County Assembly	1	22nd-30th April 2024	Attending Workshop Training on County Assemblies Deputy Speakers on Effective Leadership of Assemblies Committees	Dubai	267,200

***Source**: Migori County Treasury and Migori County Assembly*

Other types of expenditure under the operations and maintenance costs include Kshs.16.74 million on garbage collection and Kshs.75.98 million related to legal fees, dues, arbitration, and compensation payments.

3.27.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.354.19 million as FIF, which was 142 per cent of the annual target of Kshs.250 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

During the reporting period, health facilities were owed a total of Kshs.212.28 million. This debt includes amounts owed from two sources: the Social Health Insurance Fund (SHIF) and outstanding debts from the now-defunct National Health Insurance Fund (NHIF). Table 3.333 presents a breakdown of the claims.

Table 3.333: Migori County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility	No of Health Facilities	SHIF/ SHA (Kshs.)			Defunct NHIF (Kshs.)
			Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	Level 5 Health Hospitals	1	110,633,759	86,469,249	24,164,510	57,189,790
2	Level 4 Health Hospitals	15	125,698,063	48,271,865	77,426,198	53,501,659
3	Level 2 &3 Health Hospitals	138	5,816,140	5,816,140	-	-
	Total	**154**	**242,147,962**	**140,557,254**	**101,590,708**	**110,691,449**

***Source:** County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.242.15 million. Of this, only Kshs.140.56 million was disbursed occasioning a pending balance of Kshs.101.59 million. Further, the defunct NHIF still owes health facilities Kshs.110.69 million.

The expenditure by the health facilities amounted to Kshs.180.95 million as shown in Table 3.334.

Table 3.334: Migori County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility	Number of Health Facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1.	Level 5 Health Hospitals	1	-	108,453,800	-
2.	Level 4 Health Hospitals	15	-	70,883,346	-
3.	Level 2 & 3 Health Facilities	138	-	1,611,474	-
	Total	**154**	**250,000,000**	**180,948,621**	**72**

***Source:** Migori County Treasury*

3.27.14 Development Expenditure

In the review period, the County reported spending Kshs.2.79 billion on development programmes, representing an increase of 42 per cent compared to FY 2023/24 when the County spent Kshs.1.96 billion. Table 3.335 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed mainly to projects and programs executed from the additional allocations (Conditional grants) brought forward at the beginning of the financial year, which included NAVCDP programs, Climate Change Fund (FLLoCCA) funded projects, and County Industrial Aggregation Park (CIAPs), amongst others.

Table 3.335: Migori County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract Sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Roads, Transport, Public Works and Infrastructural Development	Upgrading to Bitumen Standard of C727 Junction-Kanyimach Junction-Chamgi Wadu Road	South Sakwa	31 January, 2026	700,000,000	351,179,324	502,109,463	80
2	Trade, Tourism, Industry, Market and Cooperative, and Cooperative Development	Proposed Construction of Industrial Aggregation Park	Macalder Kanyarwanda Ward	30 August,2025	500,000,000	166,978,804	346,184,734	81
3	County Executive	Construction of County Headquarters Offices	Suna East	30 June 2026	500,000,000	109,225,600	204,713,935	60
4	Roads, Transport, Public Works and Infrastructural Development	Construction and Completion of Osiri Footbridge	Macalder Kanyarwanda ward	Completed	24,494,034	24,494,034	24,494,034	100
5	County Assembly	Construction of Storey Building for Committee Rooms and Offices PHASE 1	Suna East	Completed	16,182,645	16,182,645	16,182,645	100
6	Finance and Economic Planning	Proposed Construction of County Treasury and Finance Complex Offices	Suna East	30 June,2027	87,354,402	15,975,250	15,975,250	32
7	Finance and Economic Planning	Development and Installation of County Revenue System	Suna East	Completed	15,000,000	15,000,000	15,000,000	100
8	Environment, Natural Resources, Climate Change and Disaster Management	Construction and Completion of Sare Box Culvert &Access Road-**Flocca Led**	South Sakwa	Completed	14,997,988	14,997,988	14,997,988	100
9	Environment, Natural Resources, Climate Disaster Management	Construction & Completion of Kenyaboni Box Culvert and Access Road **-FFLoCA Led**	Tagare	Completed	14,995,009	14,995,009	14,995,009	100
10	Environment, Natural Resources, Climate Change and Disaster Management	Construction and Completion of Obware –Kayara Culvert **-FLoCCA led**	Kanyasa	Completed	14,970,728	14,970,728	14,970,728	100

Source: *Migori County Treasury*

The County did not report on any stalled development projects as of 30 June 2025.

3.27.15 Budget Performance by Department

Table 3.336 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.336: Migori County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure as () Exchequer Issues		Absorption Rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy	237.95	720.73	227.78	164.38	227.78	264.91	100	161	96	37
Trade, Tourism, Industry, Market & Cooperative Development	150.89	362.95	135.06	243.57	134.73	243.57	100	100	89	67
Health Medical Services	1,836.31	307.38	1,791.20	124.13	1,791.20	124.13	100	100	98	40
Education, Gender Inclusivity, Social Services, Youth and Sports	488.12	169.96	443.36	145.74	443.36	145.74	100	100	91	86
Roads, Transport, Public Works & Infrastructural Development	151.67	946.88	150.50	925.80	150.50	925.80	100	100	99	98
Lands, Physical Planning, Housing & Urban Development	113.72	99.79	113.62	78.99	113.62	51.14	100	65	100	51
Rongo Municipality	22.42	31.32	22.42	8.97	22.42	8.97	100	100	100	29
Kehancha Municipality	25.13	27.85	25.13	13.44	25.13	13.44	100	100	100	48
Migori Municipality	21.14	64.35	18.18	3.97	18.18	3.97	100	100	86	6
Awendo Municipality	20.85	37.23	20.55	24.10	20.55	24.10	100	100	99	65
Environment, Natural Resources, Climate Change & Disaster Management	297.77	785.93	285.46	44.72	285.46	376.14	100	841	96	48
Finance and Economic Planning	1,151.23	28.13	1,146.24	26.63	1,146.24	26.63	100	100	100	95
Public Service Management, Monitoring & Evaluation & Performance Contracting	920.93	10.85	839.09	10.85	839.09	10.85	100	100	91	100
County Executive	431.80	153.46	431.26	130.48	431.26	141.29	100	108	100	92
County Assembly	968.73	102.92	950.82	54.56	950.81	54.41	100	100	98	53
Water and Energy	203.22	483.64	190.99	274.57	190.99	274.57	100	100	94	57
Public Health & Sanitation	526.87	133.04	465.82	100.95	465.82	100.95	100	100	88	76
Office of the County Attorney	111.84	-	72.68	-	72.68	-	100	0	65	-
Total	**7,680.60**	**4,466.41**	**7,330.15**	**2,375.84**	**7,329.82**	**2,790.61**	**100**	**117**	**95**	**62**

***Source**: Migori County Treasury*

Analysis of expenditure by departments shows that the Department of Public Service Management, Monitoring, Evaluation and Performance Contracting posted the highest absorption rate of development budget at 100 per cent, followed closely by the Department of Roads, Transport, Public Works and Infrastructural Development at 98 per cent. Five Departments, namely Lands, Physical Planning, Housing & Urban Development, Rongo Municipality, Kehancha Municipality, Finance and Economic Planning, and County Executive, had the highest percentage of recurrent expenditure to budget at 100 per cent each, respectively, while the Office of the County Attorney registered the lowest at 65 per cent.

The over absorption on expenditure against exchequer issues reported in the Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy at 161 per cent, Department of Environment, Natural Resources,

Climate Change & Disaster Management at 841 per cent and County Executive at 108 per cent were attributed to unspent cash balances for conditional grants brought forward from the FY 2023/24 transferred to Special purposes operational accounts for NAVCDP, Locally led Flocca and KDSP 11 grants and re-appropriated in the period under review

3.27.16 Key Observations and Recommendations

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

i. Unspent funds from FY 2023/24 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer issues in four departments, as shown in Table 3.336 on development budget.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. During the reporting period, the CoB found that the lifespan of the County Education Bursary Fund and the County Scholarships & Educational Benefits Fund had expired, making them ineligible for further withdrawals.
iii. Use of manual payroll. Personnel emoluments amounting to Kshs.147.39 million for 713 casual staff and 3,388 Community Health Promoters (CHVs) were processed through manual payroll accounting for 4 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
iv. During FY2024/25, health facilities were owed a combined total of Kshs.212.28 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their casual staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.28. County Government of Mombasa

3.28.1 Overview of FY 2024/25 Budget

The Mombasa County Approved Supplementary I Budget for FY 2024/25 was Kshs.17.36 billion. It comprised Kshs.5.52 billion (32 per cent) and Kshs.11.84 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.37 billion (9 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.80 billion and a recurrent budget of Kshs.11.19 billion. The increase in the budget was primarily attributed to growth in revenue.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.7.90 billion (46 per cent), additional allocations of Kshs.2.17 million (12 per cent), a cash balance of Kshs.363.74 million (2 per cent) brought forward from FY 2023/24, and Kshs.6.93 billion (40 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.5.68 billion (33 per cent) deposited into the CRF and Kshs.1.25 billion (7 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.337.

3.28.2 Revenue Performance

The County received Kshs.14.73 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 7 per cent compared to the amount received in FY 2023/24 of Kshs.13.81 billion. The total revenue consisted of Kshs.7.90 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.1.34 billion and own-source revenue (OSR) collection of Kshs.5.13 billion. Additionally, the County had a cash

balance of Kshs.363.74 million from FY 2023/24.

The total OSR collection of Kshs.5.13 billion included Facilities Improvement Financing (FIF) of Kshs.916.99 million, and Kshs.4.21 billion from other OSR sources. Table 3.337 summarises the total revenue available to the County Government during FY 2024/25.

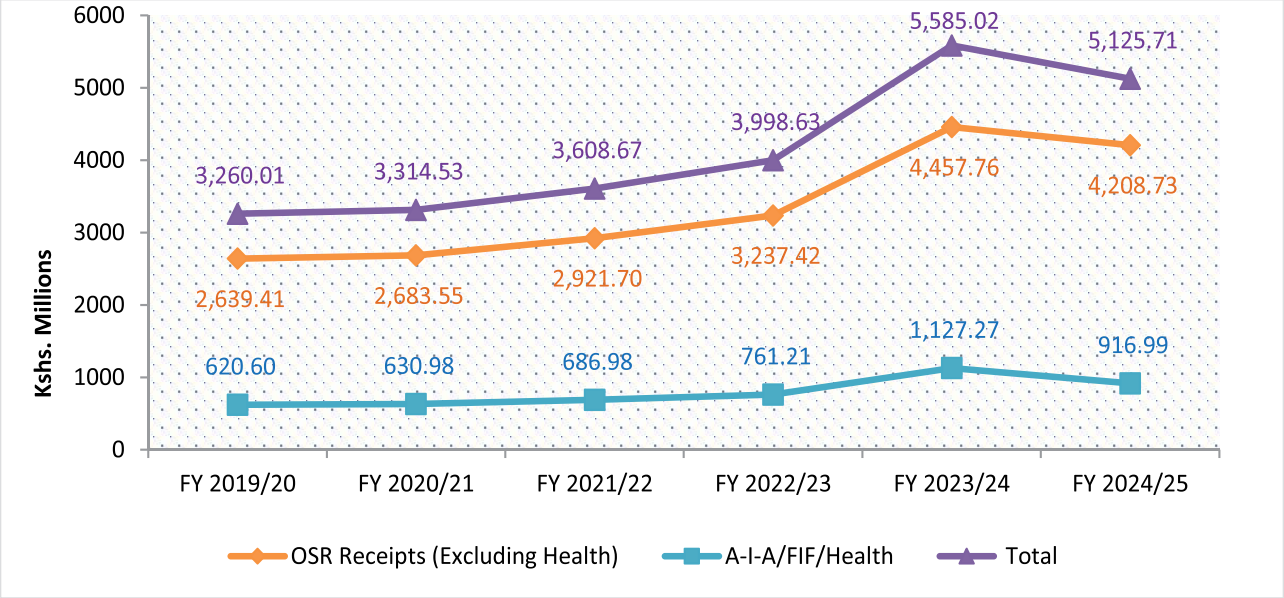
Table 3.337: Mombasa County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,899,674,509	7,899,674,509	100
Sub Total		**7,899,674,509**	**7,899,674,509**	**100**
B	**Conditional Grants**			
1	Allocation for court fines	13,428,433		-
2	Kenya Devolution Support Programme 2 (KDSP II)	37,500,000		-
3	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	10,918,919		-
4	DANIDA- Primary Health Care in Devolved System Program	10,871,250	10,871,250	100
5	Community Health Promoters Program	71,610,000		-
6	Basis Salary Arrears for County Government Health Workers	108,971,914		-
7	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	860,000,000	695,000,000	81
8	World Bank - Water and Sanitation Development Project	1,000,000,000	585,006,309	59
9	County Aggregation and Industrial Parks (CAIP) Programme	52,631,579	52,631,579	100
Sub-Total		**2,165,932,095**	**1,343,509,138**	**62**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	5,680,656,709	4,208,725,862	74
2	Balance b/f from FY2023/24	363,738,170	363,738,170	100
3	Facility Improvement Fund (FIF)	1,249,998,988	916,985,624	73
4	Other Revenues		-	-
5	Appropriation in Aid (AIA)	-	-	-
Sub Total		**7,294,393,867**	**5,489,449,656**	**75**
Grand Total		**17,360,000,471**	**14,732,633,303**	**85**

Source: *Mombasa County Treasury*

Figure 109 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 109: Mombasa County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

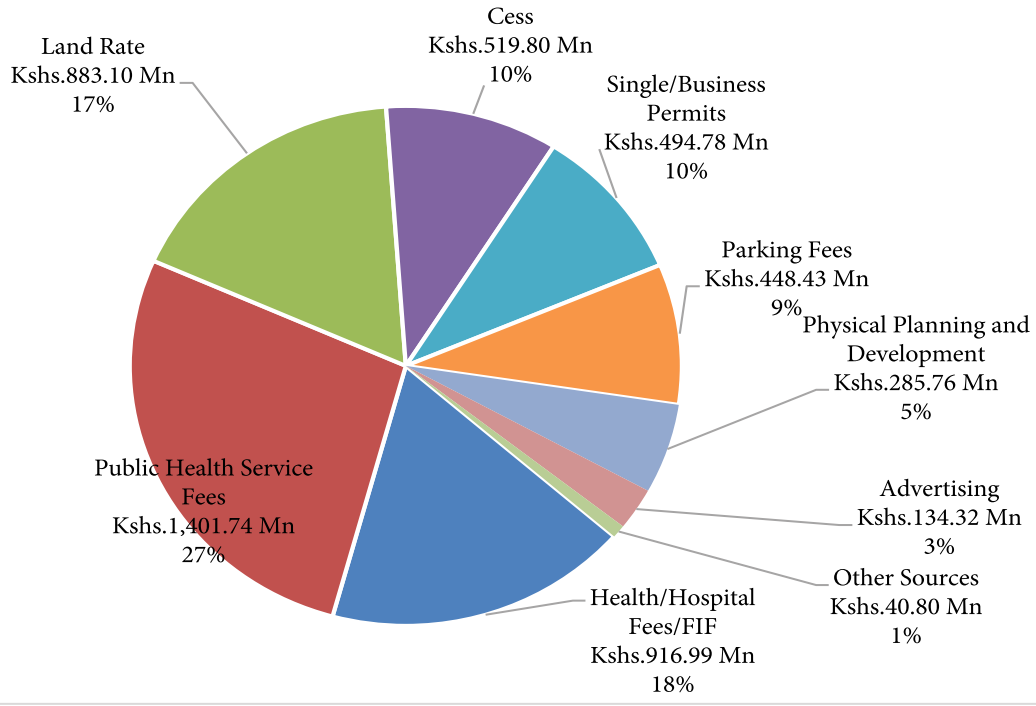


Source: *Mombasa County Treasury*

During the year, the County generated Kshs.5.13 billion from its revenue sources, including FIF. This amount was a decrease of 8 per cent compared to Kshs.5.59 billion realised in a similar period in FY 2023/24, and was 74 per cent of the annual target and 65 per cent of the equitable revenue share disbursed. The OSR included revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.1.51 billion.

The revenue streams which contributed the highest OSR receipts are shown in Figure 110.

Figure 110: Mombasa County Top Own Source Revenue Streams in FY 2024/25



Source: *Mombasa County Treasury*

As shown in Figure 110, the highest revenue stream, at Kshs.1.4 billion, was from Public health services fees, which account for 27 per cent of the total OSR receipts. The County Government has automated all its revenue streams.

3.28.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.15.67 billion. This amount decreased to Kshs.13.75 billion as of 30 June 2025, indicating that the County had reduced the arrears. Table 3.338 presents a breakdown of the County's revenue arrears.

Table 3.338: Mombasa County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 30 June 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
1	**Ordinary Own Sources of Revenue**	**15,668,382,248**	**2,497,250,486**	**1,508,475,083**	**756,176,362**	**12,418,833,041**
	Plot Rate	14,887,827,350	2,412,934,986	922,713,676	756,176,362	12,308,355,050
	Single Business Permit	780,554,898	84,315,500	585,761,407	-	110,477,991
2	**Facility Improvement Fund (FIF)**					**1,326,332,210**
	Total	**15,668,382,248**	**2,497,250,486**	**1,508,475,083**	**756,176,362**	**13,745,165,251**

Source: Mombasa *County Treasuries*

3.28.4 Borrowing by the County

The County did not disclose any borrowings made during the FY 2024/25.

3.28.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.13.71 billion from the CRF account in FY 2024/25, which comprised Kshs.3.47 billion (25 per cent) for development programmes and Kshs.10.25 billion (75 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.6.80 billion was for employee compensation and Kshs.3.45 billion for operations and maintenance expenditure.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.162.33 million.

3.28.6 County Expenditure Review

The County spent Kshs.13.52 billion on development and recurrent programmes in the reporting period. The expenditure represented 99 per cent of the total funds released by the CoB. It comprised Kshs.3.34 billion for development programmes and Kshs.10.09 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 62 per cent, while recurrent expenditure represented 85 per cent of the annual recurrent expenditure budget.

3.28.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.4.47 billion. This amount included Kshs.4.46 billion from the County Executive and Kshs.16.99 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.2.75 billion for recurrent expenditures and Kshs.1.70 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.37 billion, comprising Kshs.925.29 million (33 per cent) for recurrent programmes and Kshs.439.02 million (26 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.14.60 million, which included Kshs.9.71 million (67 per cent) for recurrent activities and Kshs.4.89 million (100 per cent) for development activities. Table 3.339 provides additional details of pending bills.

Table 3.339: Mombasa County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	2,752,819,850	915,576,188	604,164,660	2,439,361,521
Development	1,702,209,902	439,024,946	59,976,289	1,310,750,537
Total	**4,455,029,752**	**1,354,601,134**	**664,140,949**	**3,750,112,058**
Assembly				

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
Recurrent	12,104,766	9,714,168	115,147,662	117,538,260
Development	4,888,414	4,888,414	-	-
Total	16,993,180	14,602,582	115,147,662	

Source: *Mombasa County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.739.99 million and Kshs.24.88 million, respectively, in FY 2024/25. The County adhered to this payment plan, as it cleared Kshs.1.35 billion for the Executive and Kshs.14.60 million for the Assembly.

Table 3.340 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.3.87 billion.

Table 3.340: Mombasa County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	59,976,289			1,250,774,247	1,310,750,537
Recurrent Pending Bills (Goods & Services)	105,938,115	2,549,009		1,435,378,129	1,543,865,252
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	604,704,439			401,081,830	1,005,786,269
Recurrent Pending Bills (Staff Claims)	7,248,260			-	7,248,260
Total Recurrent Pending Bills	717,890,814	2,549,009	-	1,836,459,958	2,556,899,781
Total Pending Bills	**777,867,103**	**2,549,009**	-	**3,087,234,206**	**3,867,650,318**
% of Total	**20**	**0**	-	**80**	**100**

Source: *Mombasa County Treasury*

From the pending bills analysis, the OCOB established that pending bills accumulated for over three years make up 80 per cent of the total compared to those under one year. The County treasury is, therefore, to pay pending bills on a FIFO basis (First In, First Out) and ensure compliance with the Pending Bills Action Plan.

3.28.8 Expenditure by Economic Classification

The County Executive incurred Kshs.6.55 billion for compensation of employees, Kshs.2.60 billion for operations and maintenance, and Kshs.3.37 billion for development activities. Similarly, the County Assembly spent Kshs.389.67 million on compensation of employees, Kshs.351.17 million on operations and maintenance, and Kshs.64.82 million on development activities, as shown in Table 3.341.

Table 3.341: Mombasa County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Supplementary Budget 1 (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**11,097,242,241**	**743,934,584**	9,144,912,813	740,844,845	82	100
Compensation to Employees	6,712,184,703	392,004,877	6,545,407,047	389,673,582	98	99
Operations and Maintenance	4,385,057,538	351,929,707	2,599,505,766	351,171,264	59	100
Development Expenditure	5,441,911,865	80,000,000	3,365,650,618	64,823,579	62	81
Total	**16,539,154,106**	**823,934,584**	**12,510,563,431**	**805,668,424**	76	98

Source: *Mombasa County Treasury*

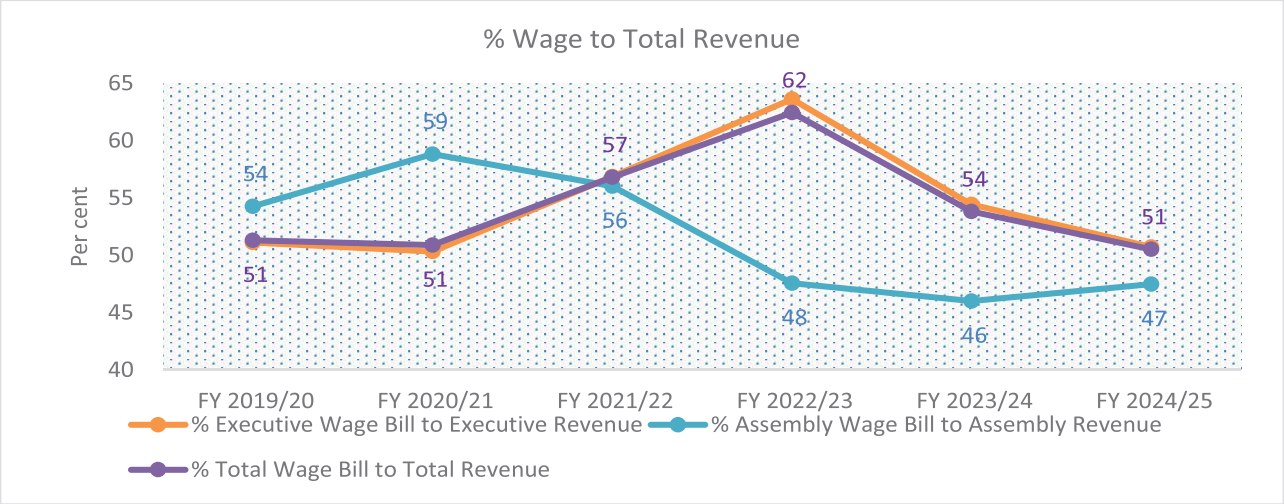
3.28.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.6.94 billion. Therefore, the percentage of compensation of employees to adjusted revenue in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 47 per cent. This expenditure on employee compensation shows a de-

crease compared to the Kshs.6.86 billion reported in FY 2023/24. Of this total, Kshs.3.28 billion related to the Health Sector employees, which accounted for 47 per cent of the overall employees' compensation.

Figure 111 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 111: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



***Source**: Mombasa County Treasury*

Further analysis revealed that PE costs totalling Kshs.5.70 billion were processed through the Human Resource Information System (HRIS), while Kshs.404.19 million was processed through manual payroll, which accounted for 7 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), salaries for casuals, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.342.

Table 3.342: Breakdown of Mombasa County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for staff paid outside the Human Resource Information System (HRIS)	294,610,150	1,073,650	**295,683,800**
Salaries for casual staff	5,866,806	2,962,457.0	**8,829,263**
LAPTRUST/LAPFUND Pension Contributions	-	2,056,261	**2,056,261**
Gratuity for contract staff	-	2,043,467	**2,043,467**
(CONTRACT)	3,882		**3,882**
(CASUAL/INTERNS)	299		**299**
Total	**300,481,137**	**8,135,835**	**308,616,972**

***Source**: Mombasa County Treasury*

The County Assembly spent Kshs.27.49 million on committee sitting allowances for the 43 MCAs against the annual budget allocation of Kshs.27.56 million. The average monthly sitting allowance was Kshs.53,272 per MCA. The County Assembly has 21 House Committees.

3.28.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.449.20 million to County-Established funds in FY 2024/25, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (0.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.343 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.343: Performance of Mombasa County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Mombasa County Elimu Scheme	2023	399,200,000	339,500,000	334,344,791	1,694,527,622	YES
County Assembly Established Funds							
2	Mombasa County Assembly Car Loans and Mortgage for Members and Staff	2021	40,000,000	40,000,000			YES
	Total						

Source: Mombasa *County Treasury*

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB confirmed that the lifespan of the two funds aligns with **the timelines**.

3.28.11 County Corporations

The County has one Corporation, which was allocated Kshs.30 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.28.81 million as shown in Table 3.344.

Table 3.344: Performance of Mombasa County Corporations in FY 2024/25

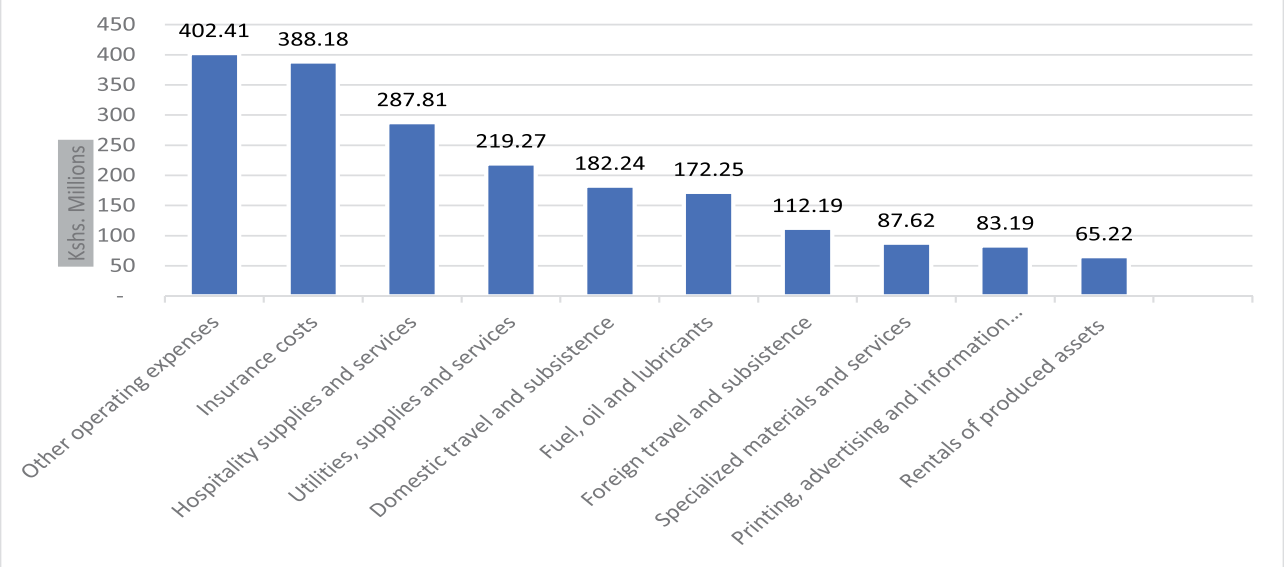
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
	Mombasa Investment Corporation	30,000,000	30,000,000	28,812,780	55,000,000

Source: *Mombasa County Treasury*

3.28.12 Expenditure on Operations and Maintenance

Figure 112 summarises the Operations and Maintenance expenditure by major categories.

Figure 112: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: *Mombasa County Treasury*

Expenditure on domestic travel amounted to Kshs.182.24 million and comprised Kshs.62.62 million spent by the County Assembly and Kshs.119.62 million by the County Executive. Expenditure on foreign travel amounted to Kshs.112.19 million and comprised Kshs.60.89 million by the County Assembly and Kshs.51.31 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.345.

Table 3.345: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
Executive	2	17th-27th July 2024	TURKEY VISIT TO ONDAKUZ AND KARABUK UNIVERSITY - PURPOSE OF MOU AND SCHOLARSHIP PROGRAM FOR THE COUNTY OF MOMBASA	TURKEY	1,805,022
Executive	4	4th-10th November 2024	FACILITATION FOR INVITATION TO INTERNATIONAL ANDALUS CONFERENCE IN GRANDA 4-10 NOV 2024 SPAIN	SPAIN	3,371,900
Executive	2	11th - 18th November 2024	FACILITATION TO ATTEND THE PUBLIC SECTOR GOVERNANCE CONFERENCE FROM 11 - 18 NOV 2024 ISTANBUL, TURKEY	TURKEY	1,667,608
Executive	2	11th-14th November 2024	FACILITATION TO TRAVEL TO INCHEON, SOUTH KOREA, ACCOMPANYING THE GOVERNOR TO ATTEND THE GLOBAL TOP 10 CITY WEEK, WORLD SMART CITIES FORUM(WSCF)	SOUTH KOREA	652,140
Executive	1		TRAVEL TO TOKYO AND KYOTO, JAPAN, TO ATTEND A TECHNICAL DEEP DIVE AND CLIMATE CHANGE	JAPAN	214,477
Executive	1	23rd October-5th November 2024	FACILITATION FOR TRAVEL TO PARTICIPATE IN THE AFRICA - US TRADE & INVESTMENT MISSION TO SETTLE CITY, WASHINGTON, IN THE USA 23-OCT-2024 TO 5 NOV 2024	USA	835,530
Executive	1	31st- 5th November 2024	FACILITATION TO ATTEND GLOBAL QUALITY OF LIFE CONFERENCE IN CAIRO, EGYPT FROM OCTOBER 31ST 2024-NOVEMBER 5TH 2024	EGYPT	487,650
Executive	1	18th-27th September 2024	FACILITATION TO ATTEND THE UNSTOPPABLE AFRICA 2024 EVENT IN NEW YORK 18-27 SEPT 2024	USA	916,590
Executive	12	23rd-28th February 2025	FACILITATION TO ATTEND EALASCA GAMES 2025 IN KAMPALA, UGANDA	UGANDA	3,943,580
Executive	2	18th-22nd November 2024	CLAIM FOR TRAVEL TO UGANDA TO ATTEND MOMBASA TOURISM EXHIBITION	UGANDA	587,520
Executive	1	11th-14th September 2024	THE INTER-REGIONAL AGRICULTURE SYMPOSIUM ATTENDED AT BOTSWANA FROM 11TH-14TH SEPTEMBER 2024	BOTSWANA	243,349
Executive		11th-16th February 2025	FACILITATION FOR TRAVEL TO ADDIS ABABA FOR THE AUC ELECTIONS FROM 11TH-16TH FEBRUARY 2025	ETHIOPIA	1,276,940
Executive	1		FACILITATION TO ATTEND TECHNICAL DEEP DIVE ON WATERFRONT DEVELOPMENT IN JAPAN	JAPAN	291,553
Executive	1		TRAVEL EXPENSES DURING A WORKSHOP AT CHIHEAM BARI, ITALY	ITALY	249,708.15
Assembly	2	8TH-13TH OCTOBER 2024	INAUGURAL SEOUL SMART LIFE WEEK 2024-KOREA	KOREA	553,715
Assembly	5	9TH-15TH OCTOBER 2024	TRAINING ON PUBLIC POLICY, GOVERNANCE AND CONFLICT MGT 2024-SINGAPORE	SINGAPORE	2,998,050.50
Assembly	5	8TH-14TH OCTOBER 2024	TRAINING ON LABOUR AND MANPOWER RELATIONS 2024-SINGAPORE	SINGAPORE	3,082,092.50
Assembly	6	31ST OCT-8TH NOV 2024	TRAINING ON LEGISLATIVE BEST PRACTICES & POLICY DEVELOPMENT	Dubai	3,615,840
Assembly	6	29TH OCT-6TH NOV 2024	TRAINING ON FUNDAMENTALS OF LEGISLATIVE PROCESS	Dubai	3,615,840
Assembly	6	14TH-22ND NOVEMBER 2024	BEING PAYMENT FOR NIGHTOUTS & TRANSPORT-UNDERSTANDING LEGISLATIVE ROLES & RESPONSIBILITIES TRAINING - DUBAI	Dubai	3,416,160
Assembly	6	12TH-20TH NOVEMBER 2024	BEING PAYMENT FOR NIGHTOUTS & TRANSPORT-OVERSIGHT & MONITORING OF COUNTY EXECUTIVE TRAINING - DUBAI	Dubai	3,615,840

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
Assembly	6	09TH-17TH NOVEMBER 2024	BEING PAYMENT FOR NIGHTOUTS & TRANSPORT-PUBLIC PARTICIPATION & STAKEHOLDERS ENGAGEMENT IN THE LAW MAKING PROCESS - DUBAI	Dubai	3,553,440
Assembly	7	18TH-26TH NOVEMBER 2024	BEING PREPAID FOR TRAINING ON ECONOMIC EMPOWERMENT & LIVELIHOOD DEVELOPMENT - ARUSHA	Tanzania	2,398,480
Assembly	7	23RD NOV-1ST DEC 2024	BEING PRE-PAYMENT FOR TRAINING ON DISASTER PREPAREDNESS & RISK MANAGEMENT PROGRAM - DUBAI	Dubai	4,156,080
Assembly	2	28TH OCT - 4TH NOV 2024	BEING PAYMENT FOR THE CLAIM OF THE LEADING TRANSITION PROGRAMME, CHAMP ELYSEES, PARIS	Paris	930,850
Assembly	1	23RD APRIL-2ND MAY 2025	TRAINING ON LEADERSHIP IN INNOVATION AND CRISIS MANAGEMENT-NETHERLANDS	Netherlands	560,344
Assembly	7	23RD-30TH APRIL 2025	TRAINING ON INTEGRATED WATER RESOURCE MANAGEMENT FOR SUSTAINABLE DEVELOPMENT AND CLIMATE RESILIENCE-DUBAI	Dubai	3,790,276
Assembly	7	25TH APRIL-2ND MAY 2025	TRAINING ON ENHANCING AGRICULTURAL PRODUCTIVITY THRU' CLIMATE-SMART PRACTICES AND TECHNOLOGY ADOPTION-DUBAI	Dubai	3,856,804
Assembly	7	2ND-9TH MAY 2025	TRAINING ON ENGAGING THE PUBLIC IN PARTICIPATORY BUDGETING-DUBAI	Dubai	3,856,804
Assembly	7	12TH-19TH MAY 2025	TRAINING ON COUNTY LEVEL SUPPORT FOR SPECIAL NEEDS EDUCATION AND SCHOOL FEEDING PROGRAMMES-DUBAI	Dubai	3,790,276
Assembly	7	14TH-21ST MAY 2025	TRAINING ON IMPLEMENTATION OF HEALTH PROJECTS-DUBAI	Dubai	3,790,276
Assembly	7	16TH-23RD MAY 2025	TRAINING ON OVERSIGHT OF COUNTY DEPARTMENTS AND AGENCIES-DUBAI	Dubai	3,734,836
Assembly	4	26TH MAY-02ND JUNE 2025	TRAINING ON STRENGTHENING LEGAL OVERSIGHT - DUBAI	Dubai	2,081,920
Assembly	5	11TH-18TH JUNE 2025	BEING PRE-PAYMENT FOR DIGITAL TRANSFORMATION IN C/A SERVICE BOARD - DUBAI	Dubai	2,850,032

Source: *Mombasa County Treasury and Mombasa County Assembly*

3.28.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.916.99 million as FIF, which was 73 per cent of the annual target of Kshs.1.25 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.1.33 billion in the reporting period across the two schemes, namely the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.346.

Table 3.346: Mombasa County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	CGTRH (Level 5)	644,998,362	387,976,337	257,022,025	236,711,819
2	Utange Field Hospital (Level 4)	6,919,930	1,595,920	5,324,010	-
3	CGTRH CHAANI OUTREACH (Level 3)	-	1,677,720	-	1,684,405
4	CGTRH VIKWATANI OUTREACH (Level 3)	-	3,099,497	-	251,460
5	CGTRH MTONGWE OUTREACH (Level 3)	-	2,699,591	-	970,530
6	One Level 5 Hospital	734,864,278	381,780,205	353,084,073	209,000,012
7	Eight Level 4 Health Facilities SHIF/ Nine SHA	170,741,796	81,332,840	89,408,955	84,801,273
8	Seven Level 3 Health Facilities	40,383,633	29,698,871	10,684,763	12,675,384

S/no	Level of Health Facility and number of facilities	SHIF/SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Balance	Pending Debt
9	Eight level 2 Health Facilities SHIF/ Thirty SHA	75,527,460	27,124,643	48,402,817	16,310,684
	Total	**1,673,435,460**	**916,985,624**	**763,926,643**	**562,405,567**

Source: *Mombasa County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF totalling Kshs.1.67 billion, yet actual disbursements amounted to Kshs.916.99 million, resulting in an outstanding balance of Kshs.763.93 million. Further, the defunct NHIF still owes health facilities Kshs.562.41 million.

The expenditure by the health facilities amounted to Kshs.2.60 billion, as shown in Table 3.347.

Table 3.347: Mombasa County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facility (Kshs.)	Actual Expenditure of the Facility (Kshs.)	Absorption rate (%)
1	CGTRH (Level 5)	2,284,617,578	2,248,173,327	98
2	Utange Field Hospital (Level 4)	19,560,006	30,730,045	157
3	CGTRH CHAANI OUTREACH (Level 3)	14,622,208	15,533,173	106
4	CGTRH VIKWATANI OUTREACH (Level 3)	14,622,208	15,736,243	108
5	CGTRH MTONGWE OUTREACH (Level 3)	16,578,000	16,935,034	102
6	One Level 5 Hospital	650,000,000	75,958,708	12
7	4 Level 4 Health Facilities	132,000,000	131,962,538	100
8	36 Level 2 and 3 Health Facilities	157,680,000	60,119,054	38
	Total	**3,289,680,000**	**2,595,148,123**	**79**

Source: *Mombasa County Treasury*

No explanation was provided regarding the overperformance of the four health facilities.

3.28.14 Development Expenditure

In the review period, the County reported spending Kshs.3.43 billion on development programmes, representing an increase of 65 per cent compared to FY 2023/24, when the County spent Kshs.2.08 billion. Table 3.348 summarises the development projects with the highest expenditure in the reporting period.

Table 3.348: Mombasa County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in the FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Mombasa -Public Service Admin, Youth, Gender & Social Services And Sports	Proposed renovation of the Bomu Stadium	BOMU	N/A	26,944,170	18,084,150	18,084,150	67
2	Mombasa -Public Service Admin, Youth, Gender & Social Services And Sports	Proposal for uiwanja wa mbuzi stadium industrial parks	TONONOKA WARD- MVITA SUB COUNTY	N/A	17,392,080	8,729,096	8,729,096	50
3	Mombasa -Public Service Admin, Youth, Gender & Social Services And Sports	Proposal for uiwanja wa mbuzi stadium industrial parks	TONONOKA WARD- MVITA SUB COUNTY	N/A	17,392,080	8,496,134	8,496,134	49
4	Mombasa - Finance and Economic Planning	Consultancy service for training needs assessment	MOMBASA COUNTY	N/A	6,823,564	6,823,564	6,823,564	100

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in the FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
5	Mombasa - EDUCATION	Proposed construction of ECD centre at Amani Primary School	MIKINDANI WARD	N/A	17,722,207	5,860,582	5,860,582	33
6	Mombasa - Finance and Economic Planning	Consultancy service for training needs assessment	MOMBASA COUNTY	N/A	5,183,034	5,183,034	5,183,034	100
7	Mombasa - Finance and Economic Planning	Consultancy service for training needs assessment (June)	MOMBASA COUNTY	N/A	5,117,744	5,117,744	5,117,744	100
8	Mombasa - Finance and Economic Planning	Proposed extension of Likoni fire station in Mombasa County	LIKONI FIRE STATION	N/A	4,986,230	4,986,230	4,986,230	100
9	Mombasa -finance and economic planning	Routine maintenance of the Buxton bus/matatu stage, Mvita sub-County	TONONOKA WARD- MVITA SUB COUNTY	N/A	4,983,825	4,983,794	4,983,794	100
10	Mombasa -finance and economic planning	Completion of construction of Jomvu Aldina Road to Cabro paving blocks standard, Jomvu Ward, Jomvu Sub-County	JOMVU SUB COUNTY	N/A	4,977,467	4,974,970	4,974,970	100

Source: *Mombasa County Treasury*

3.28.15 Budget Performance by Department

Table 3.349 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.349: Mombasa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	740.85	80.00	740.85	64.82	740.85	64.82	100	100	100	81
Public Service Board	120.97	0.88	120.88	0.80	102.25	-	85	-	85	-
Finance and Economic Planning	1,520.76	608.30	1,241.23	330.83	1,336.08	572.85	108	173	88	94
Health	4,212.60	600.00	4,074.05	14.36	3,503.14	9.80	86	68	83	2
Transport, Infrastructure & Public Works	886.30	797.67	822.12	493.76	776.81	553.20	94	112	88	69
Environment And Governance	1,154.79	289.06	686.14	211.70	865.40	163.52	126	77	75	57
Education	787.03	237.00	650.27	286.51	691.82	69.21	106	24	88	29
Water, Natural Resources, Climate Change Resilience	214.49	1,103.95	190.36	884.11	157.86	861.44	83	97	74	78

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service Administration, Youth, Gender, Social Services, and Sports.	791.58	270.00	704.82	82.19	737.37	99.85	105	121	93	37
Tourism, culture & Trade	539.09	239.50	375.83	83.96	430.40	110.65	115	132	80	46
Lands, Urban Renewal And Housing	172.93	1,184.24	164.74	926.22	150.70	878.48	91	95	87	74
Blue Economy, Cooperatives, Agriculture And Livestock	192.39	84.30	121.69	75.49	158.36	29.20	130	39	82	35
County Attorney	228.23	-	205.76	-	203.18	-	99	-	89	-
County Executive	275.86	27.01	147.35	11.79	234.73	17.45	159	148	85	65
Total	**11,837.87**	**5,521.91**	**10,246.09**	**3,466.54**	**10,088.95**	**3,430.47**	**98**	**99**	**85**	**62**

***Source**: Mombasa County Treasury*

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 94 per cent, followed by the County Assembly at 81 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Water, Natural Resources and Climate Change Resilience had the lowest at 74 per cent.

3.28.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 13 August 2025.
ii. There was a high level of pending bills, which amounted to Kshs.3.87 billion as of 30 June. Further, the County Treasury did not adhere to the payment plan for the pending bills.
iii. Use of manual payroll. Personnel emoluments amounting to Kshs.404.19 million for staff not onboarded into HRIS and casual staff were processed through manual payroll, accounting for 7 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
iv. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.1.33 billion across the two schemes—SHIF, and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims*

3.29. County Government of Murang'a

3.29.1 Overview of FY 2024/25 Budget

The Murang'a County Gross Approved Supplementary I Budget for FY 2024/25 is Kshs.10.74 billion. It comprises Kshs.3.22 billion (30.0 per cent) and Kshs.7.53 billion (70.0 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.335.86 million (3.2 per cent) from the FY 2023/24 budget that comprised a development budget of Kshs.3.12 billion and a recurrent budget of Kshs.7.29 billion. The increase in the budget was attributed to the upward adjustment of the Own Source Revenue Collection.

The budget was to be financed from the following revenue sources: the equitable share of revenue raised nationally, of Kshs.7.51 billion (69.9 per cent), additional allocations of Kshs.863.10 million (8.0 per cent), a cash balance of Kshs.748.68 million (7.0 per cent) brought forward from FY 2023/24, and Kshs.1.60 billion (14.9 per cent) generated as gross own-source revenue. The own-source revenue includes Kshs.750 million (7.0 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.850 million (7.9 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.349.

3.29.2 Revenue Performance

The County received Kshs.9.76 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 4.6 per cent compared to the amount received in FY 2023/24 of Kshs.9.31 billion. The total revenue consisted of Kshs.7.51 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.177.13 million, and own-source revenue (OSR) collection of Kshs.1.32 billion. Additionally, the County had a cash balance of Kshs.748.68 million from FY 2023/24.

The total OSR collection of Kshs.1.32 billion included Facilities Improvement Financing (FIF) of Kshs.534.64 million, and Kshs.785.14 million from other OSR sources. Table 3.350 summarises the total revenue available to the County Government during FY 2024/25.

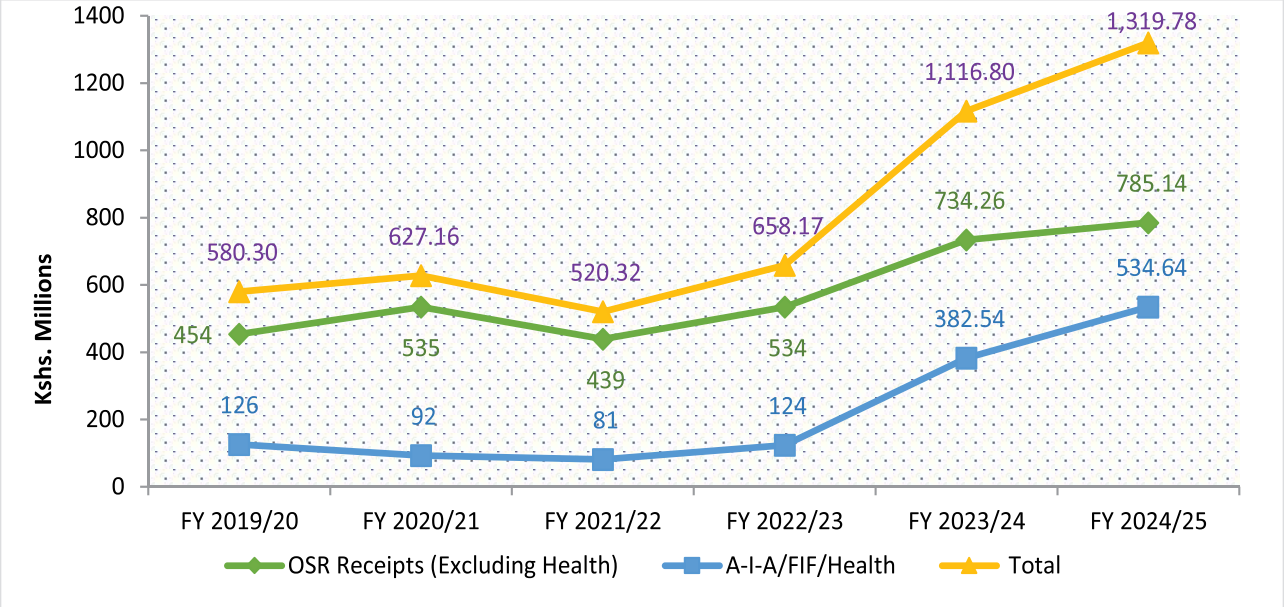
Table 3.350: Murang'a County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	7,511,867,031	7,511,867,031	100
Sub Total		7,511,867,031	7,511,867,031	100
B	**Conditional Grants**			
1	Road Maintenance Fuel Levy Fund	270,941,894		-
2	Nutritional International Grant	20,000,000	15,000,000	75
3	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	77,187,141	51
4	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	37,500,000		-
5	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grant (UIG)	35,000,000	32,309,300	92
6	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	70,743,658		-
7	DANIDA Grant	9,701,250		-
8	World Bank (Finance Locally-Led Climate Program (FLLoCA) Level 2Grant	110,729,613		-
9	Kenya Agricultural Business Development Project	10,918,919		-
10	Community Health Promoters	46,050,000		-
11	Aggregated Industrial Park	100,000,000	52,631,579	53
Sub-Total		863,100,486	177,128,020	21
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	850,000,000	785,144,014.43	92
2	Balance b/f from FY2023/24	748,683,568	748,683,568	100
3	Facility Improvement Fund (FIF)	750,000,000	534,640,180.67	71
4	Other Revenues	20,000,000	-	-
Sub Total		2,368,683,568	2,068,467,763	87
Grand Total		**10,743,651,085**	**9,757,462,814**	**91**

Source: *Murang'a County Treasury*

The County does not have governing legislation on operating ordinary A-I-A and FIF. Figure 113 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 113: Murang'a County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

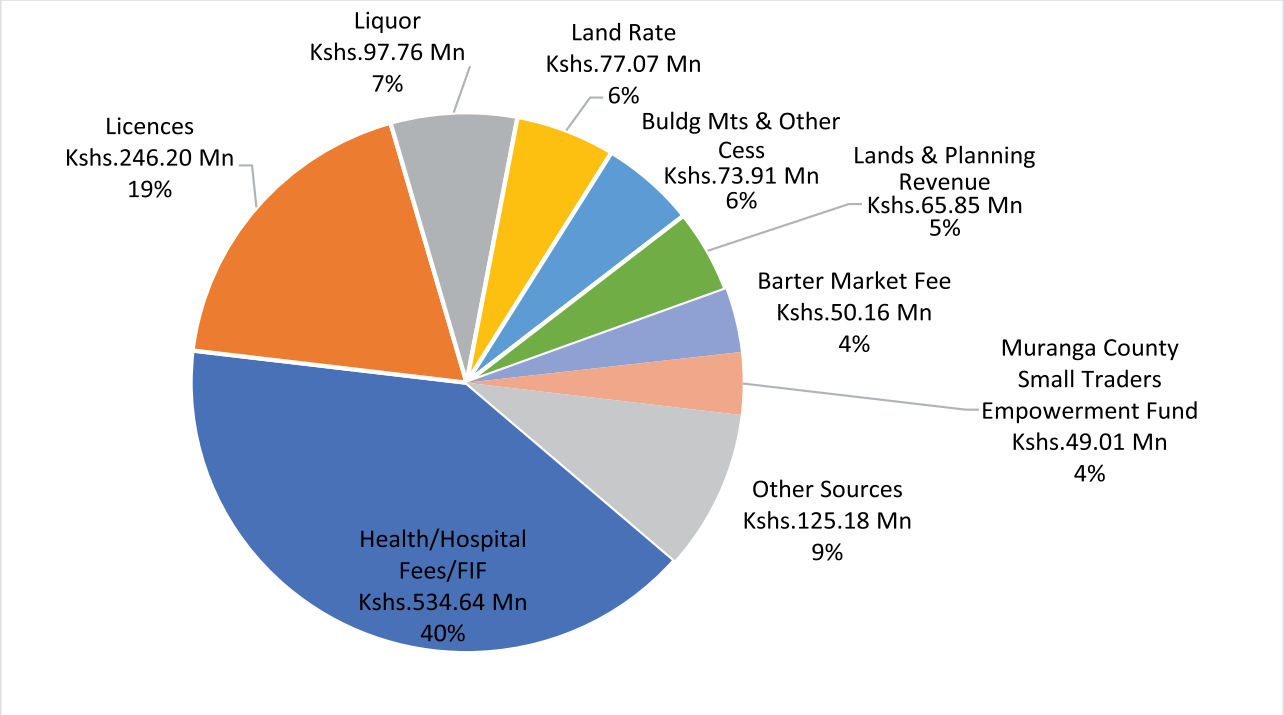


Source: *Murang'a County Treasury*

During the year, the County generated Kshs.1.32 billion from its revenue sources, including FIF. This amount was an increase of 18 per cent compared to Kshs.1.12 billion realised in a similar period in FY 2023/24, and was 81.4 per cent of the annual target and 83 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 114.

Figure 114: Murang'a County Top Own Source Revenue Streams in FY 2024/25



Source: Murang'a County Treasury

As shown in the Figure 114, the highest revenue stream, at Kshs.534.64 million, was from FIF/Health/Hospital Fees, accounting for 40 per cent of the total OSR receipts. The County Government indicated that it had automated all the revenue streams.

3.29.3 Revenue Arrears

Table 3.351 presents a breakdown of the County's revenue arrears, primarily from the Facility Improvement Fund.

Table 3.351: Murang'a County Revenue Arrears as of 30 June 2025

Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
		Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
	a	b	c	d	f=a-b-c+d
Facility Improvement Fund (FIF)	**0**	**0**	**0**	**0**	**154,588,805**

Source: Murang'a *County Treasuries*

3.29.4 Borrowing by the County

The County did not disclose any short-term borrowings as of 30 June 2025.

3.29.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.9.18 billion from the CRF account in FY 2024/25, which comprised Kshs.2.28 million (25 per cent) for development programmes and Kshs.6.91 billion (75 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.4.64 million was for employee compensation and Kshs.2.26 million for operations and maintenance expenditures.

The operations and maintenance exchequer analysis indicates that 18 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.404.28 million, and included Kshs.170.8 million for the County Executive and Kshs.233.48 million for the County Assembly. The foreign exchequer totalled Kshs.24 million, comprising Kshs.22.93 million for the County Executive and Kshs.1.08 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.117,671,919.

3.29.6 County Expenditure Review

The County spent Kshs.9.18 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.2.28 billion for development programmes and Kshs.6.91 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 70.8 per cent, while recurrent expenditure represented 91.8 per cent of the annual recurrent expenditure budget.

3.29.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.68 billion as of 30 June 2024. This amount included Kshs.1.59 billion from the County Executive and Kshs.91.60 million from the County Assembly. The pending bills from the County Executive consist of Kshs.1.35 billion for recurrent expenditures and Kshs.241.34 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.758.65 million. On the other hand, the County Assembly settled pending bills worth Kshs.91.29 million, which was entirely for recurrent activities, the County Assembly had no development pending bills. Table 3.352 provides additional details of pending bills.

Table 3.352: Murang'a County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	1,247,880,501	758,650,000	1,012,289,377.13	1,501,519,878.53
Development	36,980,837	0	296,379,078.93	333,359,915.93
Total	**1,284,861,338**	**758,650,000**	**1,308,668,456.06**	**1,834,879,794.46**
County Assembly				
Recurrent	91,604,561	91,285,761	71,906,694.39	72,225,494
Development	0	0	0	0
Total	**91,604,561**	**91,285,761**		

Source: *Murang'a County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan at the commencement of FY 2024/25, committing to pay Kshs.1.16 billion and Kshs.91.60 million, respectively, in the FY 2024/25. However, the County did not adhere to this payment plan, as it cleared Kshs.758.65 million for the Executive and Kshs.91.29 million for the Assembly.

Table 3.353 presents the ageing of the total outstanding bills as of 30 June 2025

Table 3.353: County Murang'a Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
	A	B	C	D	E=A+B+C+D
Development Pending Bills	296,379,078			489,230,501	785,609,579
Recurrent Pending Bills (Goods & Services)	1,012,289,377	318,800	-	-	1,012,608,177
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	3,906,686	-	-	18,765,709	22,672,395
Recurrent Pending Bills (Staff Claims)	27,661,934	-	-	-	27,661,934
Total Recurrent Pending Bills	1,043,857,997	318,800	-	18,765,709	1,062,942,506
Total Pending Bills	1,340,237,075	318,800	-	507,996,210	1,848,552,085
of Total	72.5	0.0	0	27.5	100

Source: *Murang'a County Treasury*

3.29.8 Expenditure by Economic Classification

The County Executive incurred Kshs.4.21 billion for compensation of employees, Kshs.1.88 billion for operations and maintenance, and Kshs.2.24 billion for development activities. Similarly, the County Assembly spent Kshs.434.43 million on compensation of employees, Kshs.380.91 million on operations and maintenance, and Kshs.37.78 million on development activities, as shown in Table 3.354.

Table 3.354: Murang'a County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**6,699,639,528**	**825,814,834**	**6,090,620,353.32**	**815,340,925.17**	91	99
Compensation to Employees	4,265,839,677	440,092,707	4,208,014,491.41	434,427,219.32	99	99
Operations and Maintenance	2,433,799,851	385,722,127	1,882,605,862	380,913,705.85	77	99
Development Expenditure	3,178,196,723.46	40,000,000	2,240,979,870.08	37,781,200	71	94
Total	**9,877,836,251.46**	**865,814,834**	**8,331,600,223.40**	**853,122,125.17**	**84**	**99**

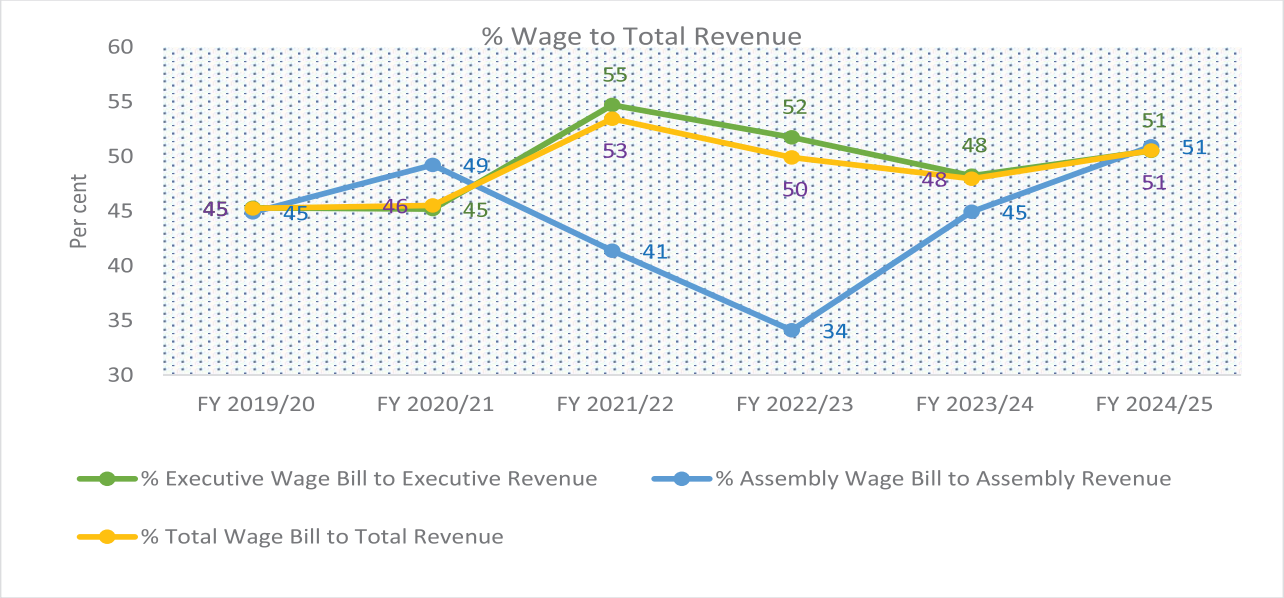
Source: *Murang'a County Treasury*

3.29.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.4.64 billion. Therefore, the percentage of compensation of employees to adjusted revenue, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 48 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.4.46 billion reported in FY 2023/24. Of this total, Kshs.2.29 billion related to the Health Sector employees, which accounted for 49 per cent of the overall employees' compensation.

Figure 115 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 115: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Murang'a County Treasury

Further analysis revealed that PE costs totalling Kshs.4.53 billion were processed through the Human Resource Information System (HRIS), while Kshs.189.30 million was processed through manual payroll, which accounted for 4 per cent of the total PE cost.

The manual payroll comprised salaries for 41 staff who had not been onboarded into the Human Resource Information System (HRIS), salaries for three casuals, 253 Interns, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.355.

Table 3.355: Breakdown of Murang'a County Manual Payroll

S/No.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	9,913,187
2	Salaries for casual staff	976,448
3	Interns	69,470,799
4	LAPTRUST/LAPFUND Pension Contributions	17,346,357
5	Gratuity for contract staff	17,935,595
	Total	**115,642,386**

Source: Murang'a County Treasury

The County Assembly spent Kshs.38.94 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.38.94 million. The average monthly sitting allowance was Kshs.67,597.25 per MCA. The County Assembly has 21 House Committees.

3.29.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.587 million to County-Established funds in FY 2024/25, or five per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (0.19 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.356 summarises each established Funds' budget allocation and performance during the reporting period.

Table 3.356: Performance of County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
County Executive Established Funds							
1	Murang'a County Education Scholarship Fund	2021	275,000,000	275,000,000	277,163,823	-	Yes
2	Emergency Fund	2023	20,000,000	20,000,000	15,286,042	-	Yes
3	Youth Fund	2023	127,000,000	126,660,000	93,925,361	-	Yes
4	Agricultural Farm Inputs Subsidy and Incentives Fund	2023	125,000,000	124,999,600	60,678,739	-	Yes
5	Murang'a County Sports and Talent Management Fund	2025	40,000,000	35,082,400	1,640	35,082,400	Yes
County Assembly Established Funds							
6	County Assembly Car Loan and Mortgage Fund	2014	-	-		467,274,313	No

Source: *Murang'a County Treasury*

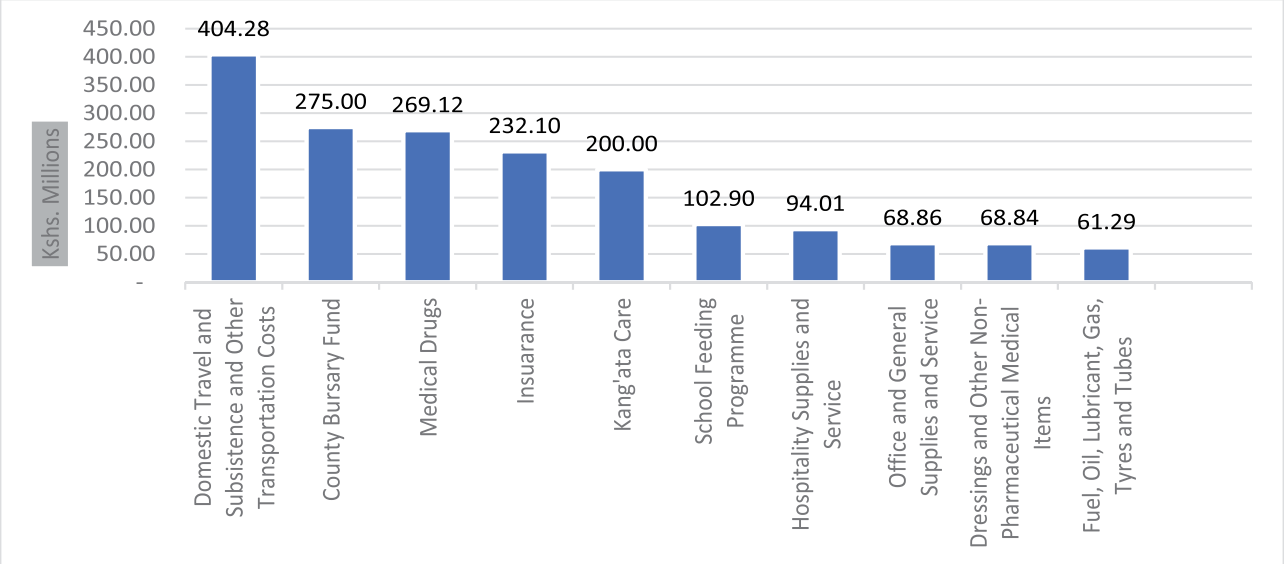
During the reporting period, the CoB received quarterly financial reports from five fund administrators, as indicated in Table 3.356, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of the **County Assembly Car Loan and Mortgage Fund** had lapsed. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of these expired funds, as they no longer have a legal basis for continued existence.

3.29.11 Expenditure on Operations and Maintenance

Figure 116 summarises the Operations and Maintenance expenditure by major categories.

Figure 116: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: *Murang'a County Treasury*

Expenditure on domestic travel amounted to Kshs.404.28 million and comprised Kshs.233.48 million spent by the County Assembly and Kshs.170.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.24 million and comprised Kshs.1.07 million by the County Assembly and Kshs.22.93 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.357.

Table 3.357: Summary of Expenditure on Foreign Travel in FY 2024/25

No.	Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
1	County Executive	19	24th-29th Nov 2024	Official Duty while attending training and conference during the 43rd African Association for Public Administration and Management (AAPAM) Annual Round Table Conference	Uganda	5,344,863
2	County Executive	5	12 September 2023 - 19 September 2023	Official Duty Belgium, Netherlands and Germany to participate in the Coffee and Tea Cupping Sessions	Belgium, Netherlands & Germany	2,612,685
3	County Executive	7	3rd -7th June 2024	Official Duty while attending training on E Human Resource Management at ESAMI	Arusha	2,349,072
4	County Executive	27	23rd to 28th February 2025	Official Duty representing the Country in East Africa Local Authorities Sports and Cultural Association (ELASCA)	Kampala	6,464,121
5	County Executive	3	25th to 30th April 2025	Official Duty to Represent the County Government on Forums in preparation of the Investors ' Conference	USA	3,809,800
6	County Executive	6	29th June to 4th July 2025	Official Duty to Pitch to Investors on available opportunities for investment in Murang'a County	China	1,554,960
7	County Assembly	3	22nd March -01st March 2025	Official Duty while Participating in EALASCA Games at Kampala, Uganda	Kampala Uganda	1,077,660

Source: Murang'a County Treasury and Murang'a County Assembly

The operations and maintenance costs include an expenditure of Kshs.2.75 million on Legal fees. Murang'a County has a fleet of lorries utilised for garbage collection services, with direct costs including funds spent on logistics and Wages for the loaders.

3.29.12 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.534.64 million as FIF, which was 71 per cent of the annual target of Kshs.750 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The Social Health Authority (SHA) owed health facilities a combined total of Kshs.154.59 million in the reporting period. Table 3.358 presents a breakdown of the claims.

Table 3.358: Murang'a County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.Million)		
		Approved Claims	Claims Paid	Balance
1	One (1) Level 5 Hospital	213,396,338	107,893,801	105,502,537
2	Seven (7) Level 4 Hospitals	94,940,761	45,854,793	49,085,968
	Total	**308,337,099**	**153,748,594**	**154,588,505**

Source: *Murang'a County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) amounting to Kshs.308.34 million. Of this, only Kshs.153.75 million was disbursed, occasioning a pending balance of Kshs.154.59 million.

The expenditure by the health facilities amounted to Kshs.429.532 million, as shown in Table 3.359.

Table 3.359: Murang'a County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1.	One (1) Level 5 Hospital	239,387,000	230,641,868	96.
2.	Seven (7) Level 4 Health Facilities	266,473,231	198,890,708	75
	Total	**505,860,231**	**429,532,576**	

Source: *Murang'a County Treasury*

3.29.13 Development Expenditure

In the review period, the County reported spending Kshs.2.29 billion on development programmes, representing an increase of 10 per cent compared to FY 2023/24, when the County spent Kshs.2.05 billion. Table 3.360 summarises the development projects with the highest expenditure in the reporting period.

Table 3.360: Murang'a County, List of Development Projects with the Highest Expenditure

S No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount Paid in FY 2024-25 (Kshs.)	Implementation Status ()
1	Sports, Youth, Culture, Gender and Social Services	Muranga County Youth Fund	Countywide	126,660,000	126,660,000	100
2	Agriculture, Livestock and Fisheries	Murang'a County Agricultural Farm Inputs and Incentives Subsidy Fund	Countywide	124,999,600	124,999,600	100
3	Agriculture, Livestock and Fisheries	National Agricultural Value Chain Development Project (NAVCDP) Special Purpose Account	Countywide	86,526,544	86,526,544	57
4	Roads, Housing and Infrastructure	General Road Maintenance	County Wide	71,367,414.50	71,367,414.50	39
5	Health and Sanitation	Supply Of Medical Equipment Under The Curative Health Programme In Murang'a County	Countywide	69,233,269	69,233,269	81
6	Roads, Housing and Infrastructure	General Road Maintenance and Other Civil Works	County Wide	63,426,849	63,426,849	98
7	Agriculture, Livestock and Fisheries	Supply And Delivery Of Maize Seeds Under the Food Security Programme	County wide	56,999,920	56,999,920	29
8	Trade Industry and Cooperative Development	County Aggregated Industrial Parks	Countywide	52,631,579	52,631,579	51
9	Agriculture, Livestock and Fisheries	Supply And Delivery Of Fertiliser under the Food Security Programme	County wide	50,000,000	50,000,000	100
10	Agriculture, Livestock and Fisheries	Supply of Top Dressing And Planting Fertiliser To Farmers In Murang'a County Under The Food Security Programme	Countywide	50,000,000	50,000,000	100

Source: *Murang'a County Treasury*

3.29.14 Budget Performance by Department

Table 3.361 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.361: Murang'a County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship, County Coordination and Administration	394.33	15	313.18	14.82	313.18	14.82	100.0	100.0	79.4	98.8
Finance And Economic Planning	363.01	48	342.60	44.67	342.60	44.67	100.0	100.0	94.4	93.1
Agriculture, Livestock And Fisheries	286.81	559.80	280.63	459.67	280.63	459.67	100.0	100.0	97.8	82.1
Energy Transport And Roads	38.43	1,269.04	27.96	874.69	27.96	874.69	100.0	100.0	72.8	68.9
Commerce, Trade, Industry And Tourism	64.03	185.30	47.84	90.37	47.84	90.37	100.0	100.0	74.7	48.8
Education & Technical Training	764.32	32.99	744.17	29.77	744.17	29.77	100.0	100.0	97.4	90.2
Health And Sanitation	3,276.56	369.89	2,932.16	312.50	2,932.16	312.50	100.0	100.0	89.5	84.5

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Housing & Physical Planning	62.68	20.30	56.01	19.62	56.01	19.62	100.0	100.0	89.4	96.7
County Public Service Board	34.57	-	31.74	-	31.74	-	100.0	-	91.8	-
Youth, Culture, Gender, Social Services & Special Programs	101.38	182	85.29	173.65	85.29	173.65	100.0	100.0	84.1	95.4
Environment, Natural Resources, Water And Irrigation	121.41	304.13	116.06	114.19	116.06	114.19	100.0	100.0	95.6	37.5
Public Service Administration & Information Technology	1,035.33	96	1,002.56	82.40	1,002.56	82.40	100.0	100.0	96.8	85.8
Murang'a Municipality	59.31	45.37	58.28	9.88	58.28	9.88	100.0	100.0	98.3	21.8
Kenol Municipality	23.48	40.37	22.95	4.93	22.95	4.93	100.0	100.0	97.7	12.2
Kangari Municipality	23	10	22.65	9.82	22.65	9.82	28.8	100.0	28.4	98.2
Devolution And External Linkages	51	-	6.53	-	6.53	-	-	-	12.8	-
County Assembly	825.81	40	815.34	37.78	815.34	37.78	100.0	100.0	98.7	94.5
Total	**7,525.45**	**3,218.20**	**6,905.96**	**2,278.76**	**6,905.96**	**2,278.76**	**100.0**	**100.0**	**91.8**	**70.8**

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

Analysis of expenditure by departments shows that the Department of Governorship, County Coordination and Administration recorded the highest absorption rate of development budget at 98.8 per cent, followed by the Department of Kangari Municipality at 98.2 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 98.7 per cent, while the Department of Devolution and External Linkages had the lowest at 12.8 per cent.

3.29.15 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 10 August 2025.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. During the reporting period, the CoB found that the lifespan of the County Assembly Car Loan and Mortgage Fund had expired, making it ineligible for further withdrawals.
iii. High level of pending bills, which amounted to Kshs.1.834 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
iv. In the FY2024/25 reporting period, health facilities owed a total of Kshs.154.59 million from the Social Health Insurance Fund.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.30. Nairobi City County Government

3.30.1 Overview of FY 2024/25 Budget

The Nairobi City County's Gross Approved First Budget for FY 2024/25 is Kshs.43.56 billion. It comprises Kshs.14.26 billion (32.7 per cent) and Kshs.29.3 billion (67.3 per cent) for recurrent and 14.6 billion (32.7 per cent) for development programmes, respectively. The budget estimates represent an increase of Kshs.1.28 billion (3 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.8.45 billion and a recurrent budget of Kshs.33.83 billion. The increase in the budget was attributed to growth in budgeted own-source revenue and unspent cash balance from FY 2023/24.

The budget was to be financed from various revenue sources. These include: Kshs.20.85 billion (46.0 per cent) expected from the National Government as the equitable share of revenue raised nationally, Kshs.1.3 billion (3.0 per cent) as additional allocations, and a cash balance of Kshs.1.0 billion (2.3 per cent) brought forward from FY 2023/24, and Kshs.20.41 billion (46.9 per cent) generated as gross own source revenue. The own-source revenue includes Kshs.351 million (1.7 per cent) as Appropriations-in-Aid (A-I-A) and Kshs.20.06 billion (98.3 per cent) as ordinary own-source revenue. The County Government did not budget for the Facility Improvement Fund (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.362.

3.30.2 Revenue Performance

The County received Kshs.36.02 billion in revenues during the review period to fund its development and recurrent activities. This amount represented an increase of 9.3 per cent compared to the amount received in FY 2023/24 of Kshs.32.96 billion. The total revenue consisted of Kshs.20.18 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.404.58 million, as well as own-source revenue (OSR) collection of Kshs.13.53 billion. Additionally, the County had a cash balance of Kshs.1.90 billion from FY 2023/24.

The total OSR collection of Kshs.13.53 billion included Facilities Improvement Financing (FIF) of Kshs.1.4 billion, Kshs.338.59 from Appropriation in Aid (AIA) – Liquor Licencing Board and Kshs.11.79 billion from other OSR sources. Table 3.362 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.362: Nairobi City County, Revenue Performance in FY 2024/25

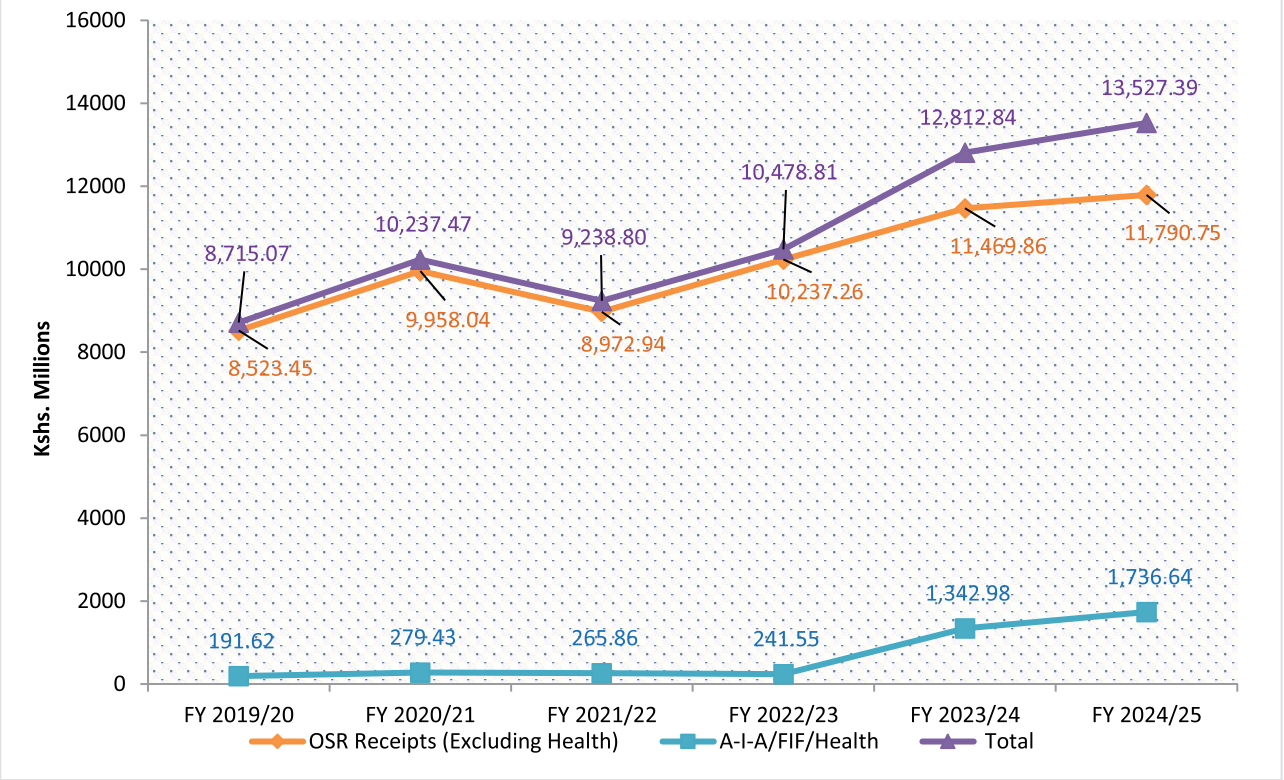
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	20,855,390,632	20,178,712,719	96.8
Sub Total		**20,855,390,632**	**20,178,712,719**	**96.8**
B	**Conditional Grants**			
1	Community Health Promoters	224,010,000	-	-
2	CAIP-County Aggregated Industrial Projects	250,000,000	-	-
3	IDA Credit--Second Kenya Devolution Support Programme KDSP II	37,500,000	-	-
4	SWEDEN-Kenya Agricultural Business Devt Project	10,918,919	-	-
5	Road Maintenance Levy Fund (RMLF)	-	120,057,803	-
6	DANIDA Grant-Primary Health Care in a Devolved Context	24,521,250	24,521,250	100.0
7	World Bank -Kenya Informal Settlement Improvement Project II	750,000,000	260,000,000	34.7
Sub-Total		**1,296,950,169**	**404,579,053**	**31.2**
C	**Own Source Revenue**			
1	Ordinary Own Source Revenue	20,060,926,033	11,790,746,945	58.8
2	Facility Improvement Fund (FIF)	-	1,398,046,598	-
3	Appropriations-in-Aid (AIA)	351,000,000	338,591,961	96.5
Sub Total		**20,411,926,033**	**13,527,385,503**	**66.3**
D	**Balance b/f from FY 2023/24**			
1	County Revenue Fund	1,000,000,000	1,478,245,239	147.8

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	Road Maintenance Levy Fund	-	394,866,137	-
3	Kenya Devolution Support Programme 1	-	31,442,137	-
Sub Total		**1,000,000,000**	**1,904,553,513**	**190.5**
Grand Total		**43,564,266,834**	**36,015,230,788**	**82.7**

Source: *Nairobi City County Treasury*

As shown in Table 3.362 the balance brought forward from FY2023/24 was Kshs.1.48 billion, which represented 148 per cent of the allocated amount of Kshs.1 billion. This discrepancy was attributed to the County understating its opening cash balances, even though there was an opportunity to regularise these figures during the supplementary revision. The Facility Improvement Fund was not budgeted for in the original approved budget, despite receiving Kshs.1.4 billion during the period. The County has governing legislation regarding the operation of ordinary A-I-A and F.I.F., as outlined in the Liquor Act and the Health Act, respectively. The Figure 117 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 117: Nairobi City County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

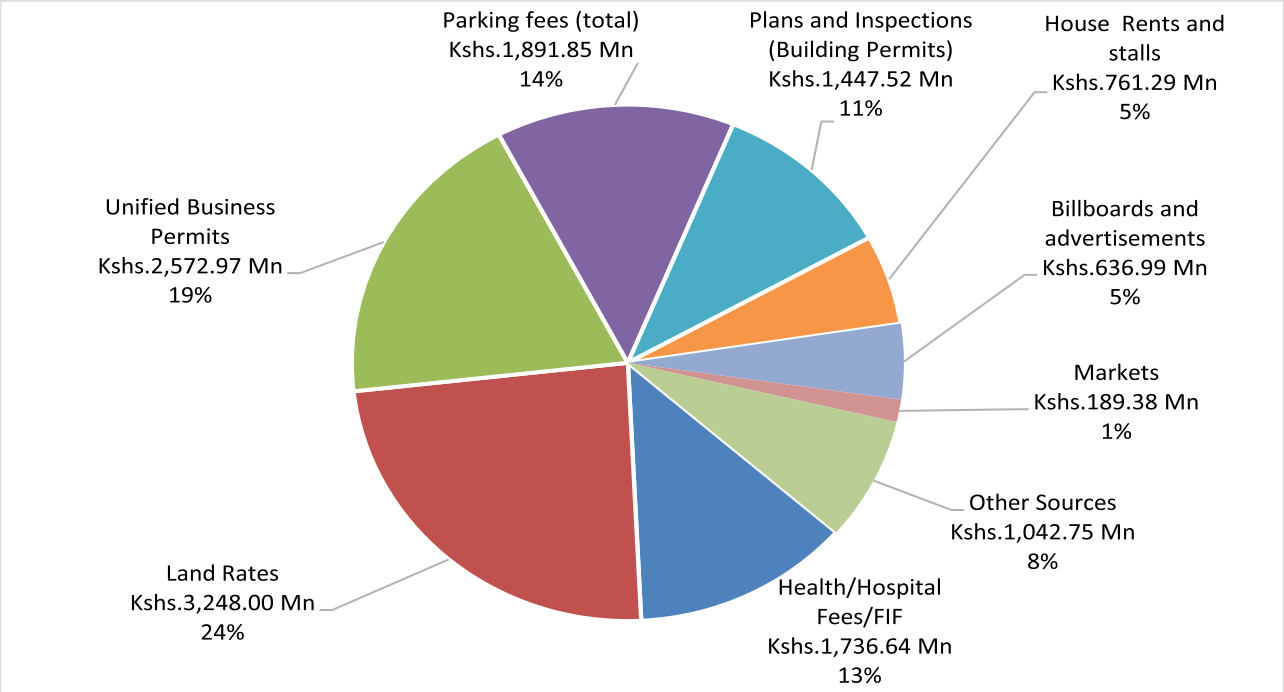


Source: *Nairobi City County Treasury*

During the year, the County generated Kshs 13.53 billion from its revenue sources, including the FIF. This amount was an increase of 5.6 per cent compared to Kshs.12.81 billion realised in a similar period in FY 2023/24, which was 66.3 per cent of the annual target and 67 per cent of the equitable revenue share disbursed. The OSR included revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.789.75 million.

The revenue streams which contributed the highest OSR receipts are shown in Figure 118.

Figure 118: Nairobi City County Top Own Source Revenue Streams in FY 2024/25



Source: Nairobi City County Treasury

As shown in Figure 118, the highest revenue stream, at Kshs.3.25 billion, was from land rates accounting for 24 per cent of the total OSR receipts. The County Government has automated all the revenue streams except F.I.F.

3.30.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.1.51 trillion. As of 30 June 2025, this amount decreased to Kshs.63.52 billion, indicating a reduction of Kshs.1.45 trillion in arrears. This decrease included an actual collection of Kshs.789.75 million, a reduction of Kshs.1.45 trillion due to reconciliation, and an additional accumulation of Kshs.1.35 billion in arrears from FY 2024/25. Table 3.363: Nairobi City County Revenue Arrears as of 30 June 2025 presents a breakdown of the County's revenue arrears.

Table 3.363: Nairobi City County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 30 June 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Reconciliation (data cleaning) (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
	Own Source Revenue	**A**	**b**	**c**	**d**	**f=a-b-c+d**
1	Sundry debtors	860,063,437	148,879,268	-	-	711,184,169
2	Rental Houses/ Market Stalls	723,780,207	-	276,597,326	-	447,182,881
3	Land rates	1,505,829,973,824	1,451,301,482,173	491,975,240	-	54,036,516,411
4	Loading zones - Private	16,740,000	-	-	-	16,740,000
5	Loading zones - G.O.K	1,070,310,800	314,740,000	-	-	755,570,800
6	Outdoor Advertising & Billboards	392,911,280	-	21,176,076	-	371,735,204
7	Way leaves - Others	55,972,130	-	-	237,754,040	293,726,170
8	Way leave - KPLC	4,838,400,000	-		806,400,000	5,644,800,000
	Sub-Total	**1,513,788,151,678**	**1,451,765,101,441**	**789,748,642**	**1,044,154,040**	**62,277,455,635**
	F.I.F and A.I.A					
1	Facility Improvement Fund (FIF)	937,387,559	-	-	301,545,968	1,238,933,527
	Sub-Total	**937,387,559**	**-**	**-**	**301,545,968**	**1,238,933,527**
	Total	**1,514,725,539,237**	**1,451,765,101,441**	**789,748,642**	**1,345,700,008**	**63,516,389,162**

Source: *Nairobi City County Treasury*

As of 30 June 2025, the revenue arrears comprised Kshs.63.52 billion in principal, interest, and penalties. However, the County did not provide a breakdown of the principal amount, interest, and penalties.

Furtrher, the County Treasury has implemented the following measures to enhance collection of the outstanding arrears in FY 2025/26;

3.30.4 Land Rates

Prioritise data cleansing to establish clear ownership, property locations, and debts, eliminate ghost and duplicate entries, and issue demand notices to all defaulters, with flexible repayment options for compliant taxpayers. For persistent cases, the County will enforce the National Rating Act by issuing agency notices to banks, filing property liens, and imposing penalties, ensuring no transfers or transactions are cleared without settlement.

3.30.5 House Rents

The County will digitise all tenancy records to identify arrears per unit and eliminate ghost occupants. Verified tenants will receive demand notices, while eviction or auction procedures will be enforced on chronic defaulters. At the same time, flexible repayment plans will facilitate compliance. With improved tenant accountability and updated rent registers, the County can recover significant arrears while aligning rental income with current market values.

3.30.6 Advertisements & Billboards

Outdoor advertising will be fully digitised through GIS mapping of all billboards and signage, linked to permits and payment records. Defaulters will receive demand notices, and persistent non-payers will face takedowns or penalties. Partnering with advertising agencies under enforceable contracts will increase compliance. The County will also issue agency notices to enforce compliance.

3.30.7 Borrowing by the County

At the beginning of the FY 2024/25, the County Assembly had an outstanding balance from Family Bank of Kshs.242.33 million. During the reporting period, it borrowed an additional Kshs.82.21 million from Family Bank to support its operations. The Assembly had not repaid the loan; therefore, by 30 June 2025, the total amount borrowed from Family Bank was Kshs.325,54 million.

The County Executive has a bank overdraft facility with the Co-operative Bank of Kenya Limited to cover its personnel emoluments, which average Kshs.1.6 billion monthly. As of 30 June 2025, it had an overdraft balance of Kshs.1.54 billion.

Additionally, the County has a long-standing KCB loan of Kshs.4,504,199,426 (secured in 2010 during the defunct Nairobi City Council), which is listed in the pending bills.

3.30.8 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.32.98 billion from the CRF account in FY 2024/25, which comprised Kshs.4.31 billion (13.1 per cent) for development programmes and Kshs.28.67 billion (86.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.18.12 billion was towards employee compensation and Kshs.10.55 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 1.9 per cent was for domestic travel and 0.6 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.630.35 million and included Kshs.359.07 million for the County Executive and Kshs.271.28 million for the County Assembly. The foreign exchequer totalled Kshs.199.4 million, comprising Kshs.118.44 million for the County Executive and Kshs.80.96 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.1.69 billion.

3.30.9 County Expenditure Review

The County spent Kshs.33.52 billion on development and recurrent programmes in the reporting period. This expenditure represented 101.7 per cent of the total funds released by the CoB. It comprised Kshs.4.09 billion for development programmes and Kshs.29.43 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 28.7 per cent, while recurrent expenditures represented 100.4 per cent of the annual recurrent expenditure budget.

3.30.10 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.121.78 billion. This amount included Kshs.121.26 billion from the County Executive and Kshs.513.92 million from the County Assembly. The pending bills from the County Executive consist of Kshs.115.95 billion for recurrent expenditures and Kshs.5.31 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.7.56 billion, comprising Kshs.5.84 billion (77 per cent) for recurrent programmes and Kshs.1.72 billion (23 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.283.17 million, which included Kshs.281.21 million (99 per cent) for recurrent activities and Kshs.1.96 million (less than 1 per cent) for development activities. The County Government also undertook a reconciliation of its pending bills stock; however, it did not provide a detailed analysis of how it conducted the same. Table 3.364 provides additional details of pending bills.

Table 3.364: Nairobi City County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Reconciliation FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive					
Recurrent	115,950,137,670	5,843,218,662	7,694,727,638	-38,852,521,872	78,949,124,774
Development	5,314,677,553	1,719,061,965	1,505,670,449	2,068,143,926	7,169,429,963
Total	**121,264,815,223**	**7,562,280,627**	**9,200,398,087**	**-36,784,377,946**	**86,118,554,737**
County Assembly					
Recurrent	509,956,792	281,212,753	419,850,356	2,004,000	650,598,395
Development	3,962,461	1,958,461	0	-2,004,000	-
Total	**513,919,253**	**283,171,214**	**419,850,356**	-	**650,598,395**

***Source**: Nairobi City County Treasury and Nairobi City County Assembly*

The County Executive submitted a summarised pending bills payment plan, while the County Assembly provided a detailed payment plan at the beginning of the FY 2024/25. The Executive committed to paying Kshs. 800 million, while the Assembly committed to Kshs. 513.92 million for the same financial year. The County Executive followed through on their plan, clearing Kshs. 7.56 billion. In contrast, the County Assembly did not adhere to their payment plan and only cleared Kshs. 283.17 million.

Table 3.365 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.86.77 billion.

Table 3.365: Nairobi City County - Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	1,620,229,965	1,305,157,697	1,205,688,304	3,038,353,998	**7,169,429,964**
Recurrent Pending Bills (Goods & Services)	7,027,469,883	2,034,979,142	6,809,776,646	16,918,517,796	**32,790,743,468**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	3,132,359,439	6,787,478	-	42,198,790,774	**45,337,937,691**
Recurrent Pending Bills (Staff Claims)	830,653,318	347,938,815	67,816,859	224,633,017	**1,471,042,008**
Total Recurrent Pending Bills	**10,990,482,640**	**2,389,705,435**	**6,877,593,505**	**59,341,941,587**	**79,599,723,167**
Total Pending Bills	**12,610,712,605**	**3,694,863,132**	**8,083,281,809**	**62,380,295,585**	**86,769,153,131**
% of Total	14.5	4.3	9.3	71.9	**100.0**

***Source**: Nairobi City County Treasury and Nairobi City County Assembly*

3.30.11 Expenditure by Economic Classification

The County Executive incurred Kshs.17.42 billion for compensation of employees, Kshs.10.39 billion for operations and maintenance, and Kshs.3.95 billion for development activities. Similarly, the County Assembly spent Kshs.885.91 million on compensation of employees, Kshs.736.26 million on operations and maintenance, and Kshs.135.56 million on development activities, as shown in Table 3.366.

Table 3.366: Nairobi City County Summary of Budget and Expenditure by Economic Classification

Economic Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**27,379,613,750**	**1,925,111,836**	**27,810,944,645**	**1,622,163,724**	**101.6**	**84.3**
Compensation to Employees	17,086,188,290	992,189,321	17,416,376,265	885,907,452	101.9	89.3
Operations and Maintenance	10,293,425,460	932,922,515	10,394,568,379	736,256,272	101.0	78.9
Development Expenditure	**12,624,541,248**	**1,635,000,000**	**3,954,800,279**	**135,560,516**	**31.3**	**8.3**
Total	**40,004,154,998**	**3,560,111,836**	**31,765,744,924**	**1,757,724,240**	**79.4**	**49.4**

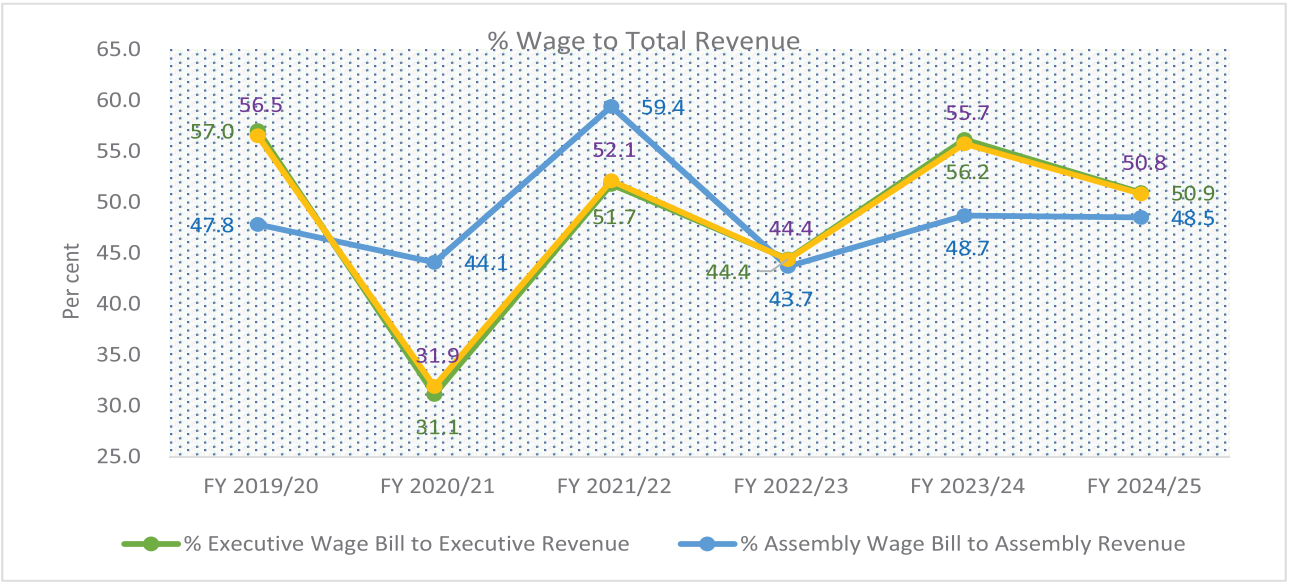
***Source**: Nairobi City County Treasury*

3.30.12 Expenditure on Compensation of Employees

During the period under review, the spending on employee compensation totalled Kshs.18.3 billion. The figure excludes May and June 2025 employee compensation for the County executive. The percentage of compensation of employees to revenue was 50.8 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.18.37 billion reported in FY 2023/24. Of this total, Kshs.7.16 billion related to the Health Sector employees, accounting for 39.1 per cent of the overall employee compensation.

Figure 119 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 119: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



***Source:** Nairobi County Treasury*

Further analysis indicated that PE costs amounting to Kshs.17.95 billion were processed through the Human Resource Information System (HRIS), while Kshs.353.98 million was processed through manual payroll, which accounted for 1.9 per cent of the total PE cost.

The manual payrolls comprised salaries for casuals, gratuity remittances to pension schemes for staff on contract, LAPTRUST/LAPFUND Pension Contributions and Community Health Workers as shown in Table 3.367.

Table 3.367: Breakdown of Nairobi City County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for casual staff	18,962,110	130,439,870	**149,401,980**
3	Gratuity for contract staff	-	8,294,946	**8,294,946**
4	Community Health Workers	195,587,167	-	**195,587,167**
	Total	**214,549,277**	**138,734,816**	**353,284,093**

Source: Nairobi City County Treasury

The County Assembly spent Kshs.45.69 million on committee sitting allowances for the 124 MCAs including the Speaker against the annual budget allocation of Kshs.70 million. The average monthly sitting allowance was Kshs.30,703 per MCA. The County Assembly has 26 House Committees.

3.30.13 County-Established Funds

Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly. In FY 2024/25, the County allocated Kshs.200 million to County-established funds, representing 0.5 per cent of the County's overall budget. Furthermore, the County allocated Kshs.100 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.368 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.368: Performance of Nairobi City County Established Funds in FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund since inception (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Executive Established Funds					
1.	Biashara ward revolving fund	100,000,000	-	-	-	New Fund
	County Assembly Established Funds					
2.	Car Loan & Mortgage – County Assembly	100,000,000	-	-	1,016,000,000	Yes
	Total	**200,000,000**	-	-	-	

Source: *Nairobi City County Treasury*

During the reporting period, the CoB received quarterly financial reports from Car Loan & Mortgage – Assembly. The administration costs of the Car Loan & Mortgage – County Assembly Fund were Kshs.23,034,435 translating to 2.3 per cent, which was below the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulation 2015.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya. Regulation 197(1)(i) of the Public Finance Management (County Governments)

Regulations, 2015, allow County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the County Assembly Car Loan & Mortgage Fund will lapse in the financial year 2026/27.

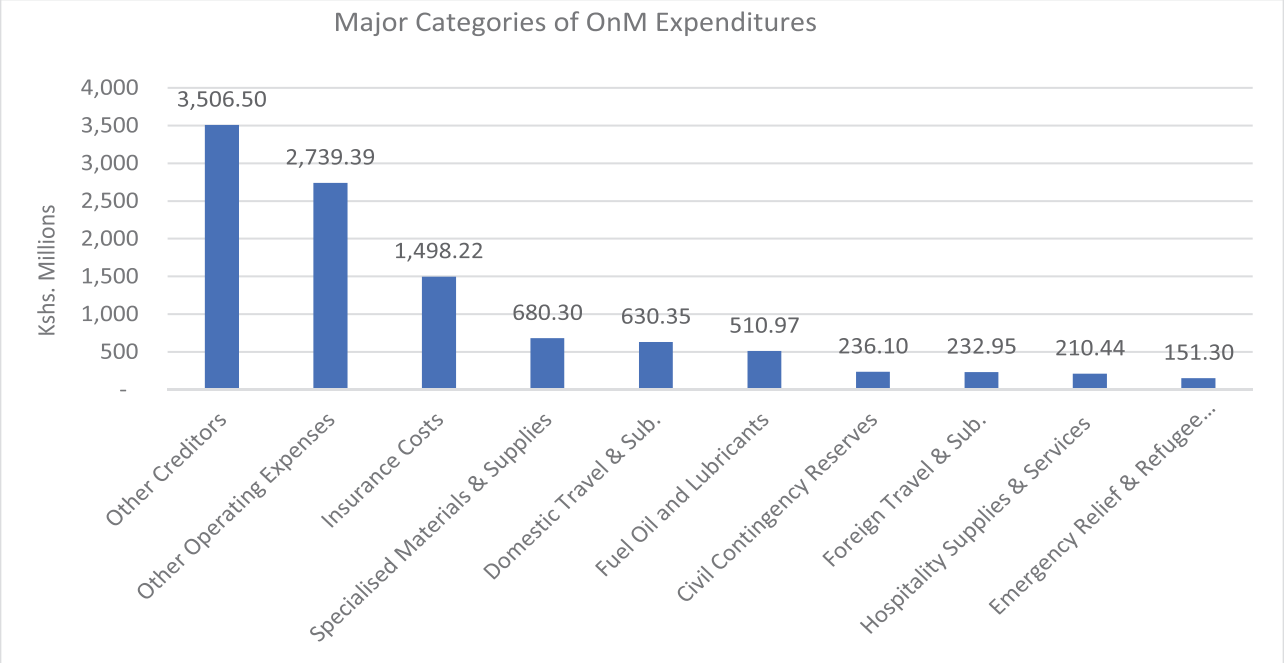
3.30.14 County Corporations

The County has one Corporation: Nairobi Water and Sewerage Company, which operates independently. In FY 2024/25, the County did not allocate funds to this Corporation.

3.30.15 Expenditure on Operations and Maintenance

Figure 120 summarises the Operations and Maintenance expenditure by major categories.

Figure 120: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: *Nairobi City County Treasury*

Other types of expenditure under other creditors and other operating expenses include Kshs.1.44 billion for legal fees, dues, arbitration, and compensation payments and Kshs.1.81 billion for garbage collection.

Expenditure on domestic travel amounted to Kshs.630.35 million and comprised Kshs.271.28 million spent by the County Assembly and Kshs.359.07 million by the County Executive. Expenditure on foreign travel amounted to Kshs.232.95 million and comprised Kshs.114.52 million by the County Assembly and Kshs.118.44 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.369.

Table 3.369: Summary of County Executive Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Innovation and Digital Economy	13	24 – 31 May 2025	Attend a certified cybersecurity training	Dubai, UAE	28,433,704
Nairobi Revenue Authority	25	14 – 22 December 2024	Revenue automation, innovation and tax governance	Malaysia	23,404,000
Finance & Economic Planning	7	18 – 24 November 2024	Sustainability in public sector finance training	Singapore	19,903,403
Health, Wellness & Nutrition	13	12-23 May 2025	Enhancing leadership and institutional efficiencies programme	Lusaka, Zambia	18,313,440
Office of the Deputy Governor	11	11 – 16 March 2025	Fashion Access 2025	Dubai, UAE	17,314,080
County Assembly	11	16-22/12/2024	Attending Board Leadership Seminar – per diem and transport	Dubai	6,435,622
County Assembly	7	19 - 25/08/2024	Training on leadership management - per diem and transport	Turkey	3,959,305
County Assembly	7	06 -12/09/2024	Training on devolution & governance - per diem and transport	Dubai	3,771,018
County Assembly	7	23 - 30/08/2024	Training on values and principles of leadership in Public service - per diem and transport	Dubai	3,701,481
County Assembly	6	24 - 30/08/2024	Training in Sustainable Financing in the Public Sector - per diem and transport	Singapore	3,623,139

Source: Nairobi City County Treasury and Nairobi City County Assembly

3.30.16 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.1.4 billion as FIF, which the County had not budgeted for in the original approved budget. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs 1.24 billion across the two schemes, the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.370 presents a breakdown of the claims.

Table 3.370: Nairobi City County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	Mbagathi Level 5 Hospitals	260,694,771	152,072,643	108,622,128	469,909,787
2	Mama Lucy Kibaki Hospital	257,036,075	175,980,985	81,055,090	227,233,530
3	Mama Margaret Uhuru Hospital	32,650,293	20,633,179	12,017,114	47,000,000
4	Pumwani Referral Hospital	205,019,266	145,572,067	59,447,199	106,797,430
5	Mutuini Sub-County Hospital	30,880,294	17,956,461	12,923,833	15,849,093
6	Wetlands Level 4 Hospitals	3,520,200	1,229,000	2,291,200	274,900
7	Tassia Kwa Ndege Level 4 Hospital	4,340,000	1,200,000	3,140,000	516,390
8	Njenga Level 4 Hospital	5,018,118	2,652,501	2,365,617	4,219,515
9	Bahati Level 4 Hospital	3,130,080	2,080,080	1,050,000	2,318,022
10	Riruta Level 4 Hospital	1,804,160	490,160	1,314,000	400,000
11	Mathare North Level 4 Hospital	7,402,079	4,197,584	3,204,495	27,684,940
12	Njiru Level 4 Hospital	6,920,632	4,180,000	2,740,632	9,629,400
13	Langata Sub-County Hospital	2,308,480	1,613,920	694,560	3,868,600
14	Kianda 42 Level 4 Hospital	1,354,260	734,900	619,360	1,576,242
15	Kayole II Sub-County Hospital	21,557,460	13,734,080	7,823,380	16,154,510
16	Makadara Level 4 Hospital	6,801,440	4,564,080	2,237,360	3,955,200
	Total	**850,437,608**	**548,891,640**	**301,545,968**	**937,387,559**

Source: *Nairobi City County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.850.44 million. Of this, only Kshs.548.89 million was disbursed, occasioning a pending balance of Kshs.301.55 million. Further, the defunct NHIF still owes health facilities Kshs.937.39 million.

The expenditure by health facilities amounted to Kshs.1.5 billion, as shown in Table 3.371.

Table 3.371: Nairobi City County Health Facilities Expenditure Performance in FY 2024/25

Level of Health Facility	Number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
Level 5 Hospitals	4	1,241,723,612	1,241,723,612	100
Level 4 Hospitals	12	83,847,688	83,847,688	100
Level 3 Hospitals	43	169,726,499	169,726,499	100
Total	**59**	**1,495,297,799**	**1,495,297,799**	

Source: *Nairobi City County Treasury*

3.30.17 Development Expenditure

In the review period, the County reported spending Kshs.4.09 billion on development programmes, representing an increase of 50.6 per cent compared to FY 2023/24, when the County spent Kshs.2.72 billion. Table 3.372 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the County making more development exchequer requests.

Table 3.372: Nairobi City County, List of Development Projects with the Highest Expenditure

S/No	Sector	Project Location	Expected Completion Date	Project Name	Contract sum	Approved FY 2024/2025	Cumulative Project Expenditure as at 30 June 2025	Implementation status (%)
1	Ward Development Programmes	All 85 wards	Varied	Ward development projects in all 85 wards for FY 2024/2025	Various projects	1,955,000,000	795,987,891	Ongoing
2	Built Environment & Urban Planning	Various	5 August 2025	Slum upgrading-Construction of roads, sewers, drainage and electrical works; Planning and security of tenure of informal settlements-KISSIP II	557,215,277	825,000,000	366,140,190	The project is ongoing
3	Environment, Water, Energy & Natural Resources	Dandora 1, II & III	Continuous	Access Roads (Hardcore)	Continuous Maintenance	230,000,000	289,105,386	Ongoing
4	Environment, Water, Energy & Natural Resources	City Hall	Delivered	Trucks and Equipment	-	120,000,000	263,275,419	
5	Mobility and Works	City wide	Continuous	Road Maintenance Materials	Framework	206,946,768	225,271,035	Ongoing
6	Mobility and Works	City wide	Continuous	RMLF Projects	Various projects	0	192,481,828	Ongoing
7	Mobility and Works	City Wide	Continuous	Maintenance of lighting fixtures	Framework	100,000,000	147,080,544	Ongoing
8	County Assembly	City Hall		Digitalisation of County Assembly services and Infrastructure	-	310,000,000	118,178,950	-
9	Business & Hustler Opportunities	Mutuini	30.6.2025	Mutuini Market – Mutuini Ward	242,592,913	163,000,000	111,204,221	Significant progress, nearing completion.
10	Mobility and Works	City wide	30/6/2024	Routine Maintenance & Construction of Selected Roads	Various projects	490,000,000	104,434,214	100%.

Source: *Nairobi City County Treasury*

The County did not report any stalled development projects as of 30 June 2025

3.30.18 Budget Performance by Department

Table 3.373 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.373: Nairobi City County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	76.40	-	75.43	-	76.07	-	100.8	-	99.6	-
Finance & Economic Planning	3,293.42	120.00	3,293.38	12.98	4,190.38	120.00	127.2	924.4	127.2	100.0
Public Service Management	2,065.86	-	2,065.69	-	2,065.63	45.72	100.0	-	100.0	-

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock Development, Fisheries & Forestry	188.82	70.75	188.51	-	188.46	-	100.0	-	99.8	-
County Assembly	1,925.11	1,635.00	1,690.62	135.56	1,622.16	135.56	96.0	100.0	84.3	8.3
Environment, Water, Energy & Natural Resources	3,411.99	541.46	3,411.51	541.46	4,357.05	541.46	127.7	100.0	127.7	100.0
Ward Development Programmes	80.00	2,155.00	79.34	1,101.91	79.34	1,101.91	100.0		99.2	51.1
Emergency Fund	100.00	-	-	-	236.10	-	-		236.1	-
Liquor Licensing Board	294.00	57.00	-	-	305.60	2.90	-		103.9	5.1
Boroughs and Public Administration	3,974.26	772.00	3,973.39	364.44	3,973.39	337.41	100.0		100.0	43.7
County Attorney	253.75	15.00	253.53	14.59	514.28	14.59	202.8		202.7	97.3
Innovation and Digital Economy	191.37	263.97	190.79	-	190.79	25.37	100.0		99.7	9.6
Health, Wellness & Nutrition	8,175.64	2,037.89	8,175.56	257.36	8,050.06	169.68	98.5		98.5	8.3
Built environments & Urban Planning	512.08	1,082.00	511.50	565.89	511.49	371.75	100.0	65.7	99.9	34.4
Mobility and Works	1,577.17	2,181.03	1,577.09	566.35	1,075.12	566.35	68.2	100.0	68.2	26.0
Talent Skills Devt & Care	2,111.37	1,574.43	2,111.21	313.12	1,194.41	315.46	56.6	100.7	56.6	20.0
Business & Hustler Opportunities	614.12	1,634.00	614.11	421.81	577.08	330.70	94.0	78.4	94.0	20.2
Inclusivity, Public Participation,& Citizen Engagement	232.39	120.00	232.38	12.78	164.40	11.50	70.7	90.0	70.7	9.6
Nairobi Revenue Authority	226.99	-	226.89	-	61.28	-	27.0	-	27.0	-
Total	**29,304.73**	**14,259.54**	**28,670.92**	**4,308.26**	**29,433.11**	**4,090.36**	**102.7**	**94.9**	**100.4**	**28.7**

Source: *Nairobi City County Treasury*

Analysis of expenditure by departments shows that the Finance & Economic Planning, Environment, Water, Energy & Natural Resources departments recorded the highest absorption rate of the development budget at 100 per cent, followed by the County Attorney at 97.3 per cent. The Emergency Fund had the highest percentage of recurrent expenditure to budget at 236.1 per cent, followed by the departments of Environment, Water, Energy & Natural Resources and Finance & Economic Planning at 127.7 per cent and 127.2 per cent respectively, while the County Assembly had the lowest at 84.3 per cent.

The main reasons for instances of expenditure being greater than the exchequer for the vote are:

i. Unspent balances of Kshs.426.31 million from conditional grants. Since these are not refunded to the CRF at the end of the financial year, their expenditure in the subsequent year may cause the actual spending in their respective votes to exceed the exchequer.
ii. Payments in the budget lines whose exchequer issues (funding) have not been approved by the Controller of Budget.
iii. Collection of A.I.A. and F.I.F. amounts which were retained and utilised at source.

3.30.19 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report. The reports were received on 19 August 2025.
ii. The underperformance of own-source revenue at Kshs.13.53 billion against an annual target of Kshs.20.41 billion represents 66.3 per cent of the financial year target. Based on historical trends, the own-source revenue target appears unrealistic. This undermines the budget's credibility and is one of the main reasons behind the cumulative pending bills.
iii. Unspent funds from FY 2023/24 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.373.

iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. During the reporting period, the CoB found that the lifespan of the Car Loan & Mortgage - County Assembly Fund is expiring in FY 2026/27
v. High level of pending bills, which amounted to Kshs.86.77 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.981.08 million for casual staff, LAPTRUST/LAPFUND pension contributions, gratuity for contract staff and community health workers were processed through manual payroll, accounting for 5.4 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vii. Disparities in funding programmes and sub-programmes, where some sub-programmes are underfunded, as shown in Table 3.373
viii. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Health Facilities, Vocational Training Centres, Established Funds, special purpose accounts (additional allocations), and Early Childhood Development Accounts (ECDs).
ix. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.1.24 billion across the schemes—SHIF and the defunct NHIF.
x. Lack of an HR plan (action plan) to reduce the wage bill to 35 per cent by June 2028 in line with the Third National Wage Bill Conference of 2024.
xi. In FY 2024/25, the County did not process employee compensation for May and June 2025, despite receiving the full equitable share of nationally raised revenue.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iv. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
vi. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vii. *The County treasury should address the disparities in funding programmes and sub-programmes, where some sub-programmes are underfunded.*
viii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*
ix. *The County treasury should submit an HR plan (action plan) to reduce the wage bill to 35 per cent by June 2028, in line with the Third National Wage Bill Conference of 2024*
x. *In FY 2025/26, the County should ensure adequate allocation towards compensation for employees to cover not only the 12 months of FY 2025/26 but also the two months' arrears for May and June 2025.*

3.31. County Government of Nakuru

3.31.1 Overview of FY 2024/25 Budget

The Nakuru County Approved Supplementary I Budget for FY 2024/25 was Kshs.23.98 billion. It comprised Kshs.9.31 billion (39 per cent) and Kshs.14.67 billion (61 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.669.87 million (3 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.9.68 billion and a recurrent budget of Kshs.13.63 billion. The increase in the budget was primarily attributed to a high Own-Source Revenue/FIF target and cash balance from

the previous financial year.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.13.67 billion (57 per cent), additional allocations of Kshs.1.95 billion (8 per cent), a cash balance of Kshs.3.91 billion (16 per cent) brought forward from FY 2023/24, and Kshs.4.45 billion (19 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.2.45 billion (10 per cent) deposited into the CRF and Kshs.2.00 billion (8 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.374.

3.31.2 Revenue Performance

The County received Kshs.21.74 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 6 per cent compared to the amount received in FY 2023/24 of Kshs.20.44 billion. The total revenue consisted of Kshs.13.67 billion from the equitable share of revenue raised nationally and Kshs.3.05 million from the Equalisation Fund. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.506.15 million, as well as the own-source revenue (OSR) collection of Kshs.3.65 billion. Additionally, the County had a cash balance of Kshs.3.91 billion from FY 2023/24.

The total OSR collection of Kshs.3.65 billion included Facilities Improvement Financing (FIF) of Kshs.1.80 billion, and Kshs.1.85 billion from other OSR sources. Table 3.374 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.374: Nakuru County, Revenue Performance in FY 2024/25

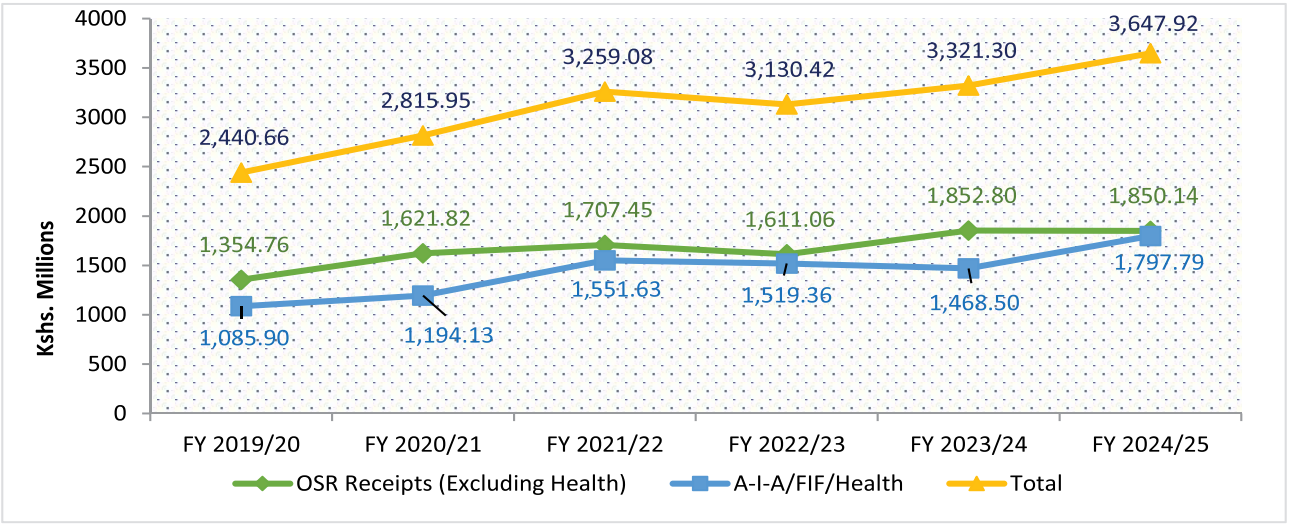
S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
A	**Equitable Share of Revenue Raised Nationally**	13,666,997,646	**13,666,998,494**	**100**
Subtotal		**13,666,997,646**	**13,666,998,494**	**100**
B	**Additional Allocations**			
1	Donor Grants (DANIDA)	16,136,250	12,909,000	80
2	Kenya Devolution Support Program (KDSP) II Level I	37,500,000	0	0
3	World Bank National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	51,228,732	34
4	Conditional Grant for the provision of the fertiliser subsidy programme	234,883,209	0	0
5	IFAD Conditional grant Kenya Livestock Commercialisation Project (KELCOP)	38,280,000	38,135,675	100
6	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Institutional Grant	35,000,000	32,309,300	92
7	World Bank Grant Finance Locally-Led Climate Action Program (FLLoCA) - County Climate Institution Support (CCIS) Level I	11,000,000	0	0
8	World Bank Grant Financing Locally-Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant	188,211,085	0	0
9	Conditional Fund - World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)	550,000,000	128,000,000	23
10	Nutrition International Grant	5,000,000	7,500,000	150
12	Conditional Allocation for Community Health Promoters (CHPs)	99,390,000	0	0
13	Conditional grant from GoK for Aggregated Industrial Parks Programme	52,631,579	52,631,579	100
14	Conditional Grant - Road Maintenance Levy Fund	527,595,811	183,432,688	35
Subtotal		**1,947,143,086**	**506,146,974**	**26**
C	**Own Source Revenue**			
16	Ordinary Own Source Revenue	2,448,757,738	1,850,139,821	76
17	Facility Improvement Fund (FIF)	1,997,210,000	1,797,785,103	90

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
Subtotal		**4,445,967,738**	**3,647,924,924**	**82**
D	**Other Sources of Revenue**			
18	Unspent Balance from FY 2023/24	3,913,857,161	3,913,857,161	100
19	Equalisation Fund	6,435,119	3,046,902	47
20	County Allocation for 20 share of mineral Royalties	1,562	0	0
Sub-Total		**3,920,293,842**	**3,916,904,063**	**100**
Grand Total		**23,980,402,312**	**21,737,974,455**	**91**

Source: *Nakuru County Treasury*

Figure 121 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

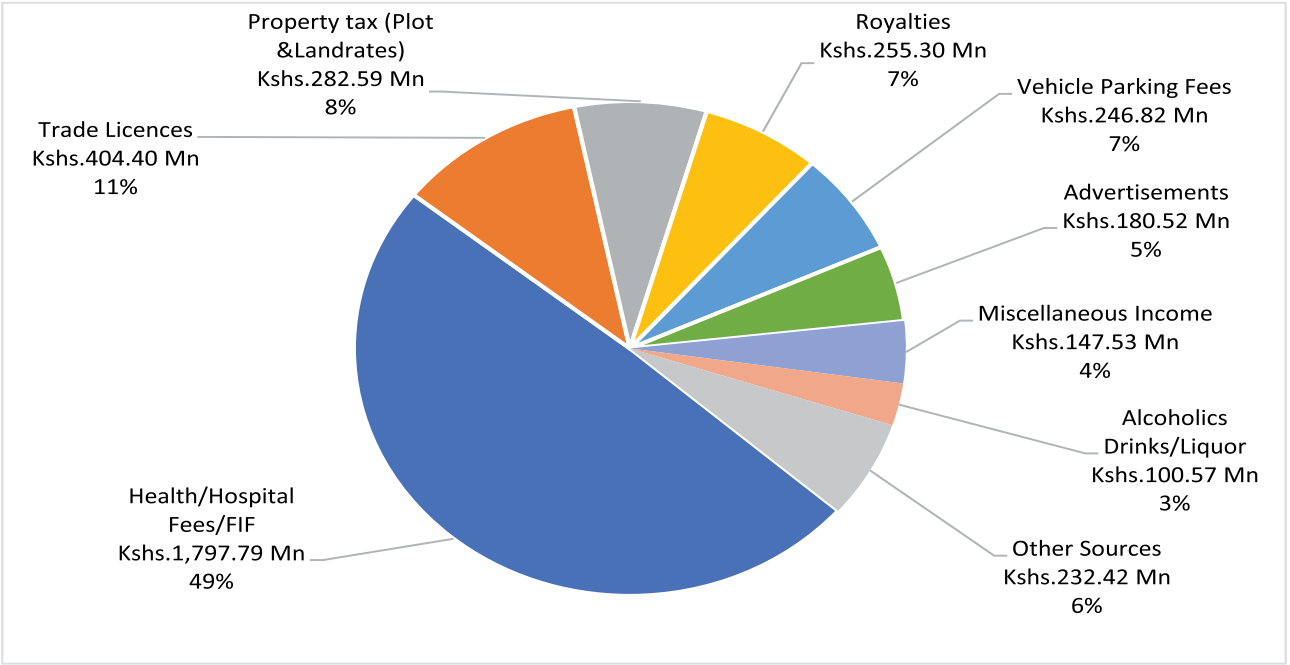
Figure 121: Nakuru County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



Source: *Nakuru County Treasury*

During the year, the County generated Kshs.3.65 billion from its revenue sources, including FIF. This amount was an increase of 10 per cent compared to Kshs.3.32 billion realised in a similar period in FY 2023/24, and was 82 per cent of the annual target and 27 per cent of the equitable revenue share disbursed. The revenue streams which contributed the highest OSR receipts are shown in Figure 122.

Figure 122: Nakuru County Top Own Source Revenue Streams in FY 2024/25



Source: *Nakuru County Treasury*

As shown in Figure 122, the highest revenue stream, at Kshs.1.80 billion, was from the Health/Hospital Fees/FIF, accounting for 49 per cent of the total OSR receipts. The County Government indicated that it had automated all of its revenue streams.

3.31.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.10.29 billion. This amount increased to Kshs.12.59 billion as of 30 June 2025, indicating that the County had accumulated additional arrears of Kshs.2.41 billion. Table 3.375 presents a breakdown of the County's revenue arrears.

Table 3.375: Nakuru County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**	**10,291,425,076**	**110,274,487**	**0**	**1,110,766,408**	**11,291,916,997**
	Property Rent	9,607,094,357	43,770,073	0	1,025,239,362	10,588,563,646
	House Rent	679,243,008	66,504,414	0	84,892,450	697,631,044
	Market Stalls Rent	5,087,711	0	0	634,596	5,722,307
B	**Facility Improvement Fund (FIF)**	**0**	**0**	**0**	**1,298,798,333**	**1,298,798,333**
	SHIF	0	0	0	885,935,693	885,935,693
	NHIF	0	0	0	412,862,640	412,862,640
Total		**10,291,425,076**	**110,274,487**	**0**	**2,409,564,741**	**12,590,715,330**

Source: Nakuru *County Treasury*

As of 30 June 2025, the reported revenue arrears of Kshs.12.59 billion was entirely the principal amount, and there were no interests or fines reported. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include the use of its legal frameworks such as the Housing Estates Tenancy and Management Bill, Revenue Administration Act, and Rating Act and other relevant laws to recover arrears for land rates (property taxes), house rent (for County-owned housing), and stall rent (for market stalls). The other measures include administrative, legal, and enforcement actions, such as Sending Demand Notices, establishing a Debt Collection Unit, Improving Systems, and collaborating with the national government to recover significant arrears from entities like Kenya Railways, Kenya Wildlife Services, and the Pyrethrum Board.

3.31.4 Borrowing by the County

The Nakuru County Government did not disclose any borrowing during the period under review.

3.31.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.15.59 billion from the CRF account in FY 2024/25, which comprised Kshs.3.57 billion (23 per cent) for development programmes and Kshs.12.03 billion (77 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.6.83 billion was towards employee compensation and Kshs.5.20 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 10 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.496.23 million and included Kshs.345.07 million for the County Executive and Kshs.151.16 million for the County Assembly. The foreign exchequer totalled Kshs.67.48 million, comprising Kshs.7.26 million for the County Executive and Kshs.60.21 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.2.88 billion.

3.31.6 County Expenditure Review

The County spent Kshs.15.97 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.3.94 billion for development programmes and Kshs.12.03 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 42 per cent, while recurrent expenditure represented 82 per cent of the annual recurrent expenditure budget.

3.31.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.1.54 billion. This amount included Kshs.1.45 billion from the County Executive and Kshs.88.97 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.1.25 billion for recurrent expenditures and Kshs.198.25 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.272.41 million, comprising Kshs.119.74 million (44 per cent) for recurrent programmes and Kshs.152.66 million (56 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.78.70 million, which were for recurrent activities. Table 3.376 provides additional details of pending bills.

Table 3.376: Nakuru County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	1,253,109,846	119,744,068	1,717,082,474	2,850,448,252
Development	198,252,903	152,661,426	623,137,939	668,729,416
Total	**1,451,362,749**	**272,405,494**	**2,340,220,413**	**3,519,177,668**
County Assembly				
Recurrent	88,968,678	78,698,308	147,707,723	157,978,093
Development	0	0	0	0
Total	**88,968,678**	**78,698,308**	**147,707,723**	**157,978,093**

Source: *Nakuru County Treasury and Nakuru County Assembly*

The County Executive and the Assembly submitted a pending bills payment plan, committing to paying Kshs.515.42 million and Kshs.88.97 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.272.41 million for the Executive and Kshs.78.70 million for the Assembly.

Table 3.377 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.3.71 billion.

Table 3.377: County Nakuru Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**265,339,366**	**294,206,983**	**35,592,915**	**73,590,152**	**668,729,416**
Recurrent Pending Bills (Goods & Services)	343,224,927	1,382,515,146	241,759,123	994,418,678	2,961,917,874
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	3,520,613	5,464,531	130,094	213,270	9,328,508
Recurrent Pending Bills (Staff Claims)	22,700,378	13,270,680	853,424	355,481	37,179,963
Total Recurrent Pending Bills	**369,445,918**	**1,401,250,357**	**242,742,641**	**994,987,429**	**3,008,426,345**
Total Pending Bills	**634,785,284**	**1,695,457,340**	**278,335,556**	**1,068,577,581**	**3,677,155,761**
of Total	**17**	**46**	**8**	**29**	**100**

Source: *Nakuru County Treasury and Nakuru County Assembly*

3.31.8 Expenditure by Economic Classification

The County Executive incurred Kshs.5.97 billion on compensation of employees, Kshs.4.90 billion on operations and maintenance, and Kshs.3.84 billion on development activities. Similarly, the County Assembly spent Kshs.501.36

million on compensation of employees, Kshs.658.79 million on operations and maintenance, and Kshs.99.35 million on development activities, as shown in Table 3.378.

Table 3.378: Nakuru County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**13,435,037,551**	**1,235,221,758**	**10,869,195,495**	**1,160,155,432**	**81**	**94**
Compensation of Employees	7,848,471,379	515,921,416	5,965,515,546	501,363,637	76	97
Operations and Maintenance	5,586,566,172	719,300,342	4,903,679,949	658,791,795	88	92
Development Expenditure	9,202,536,681	107,606,322	3,836,662,424	99,353,738	42	92
Total	**22,637,574,232**	**1,342,828,080**	**14,705,857,919**	**1,259,509,170**	**65**	**94**

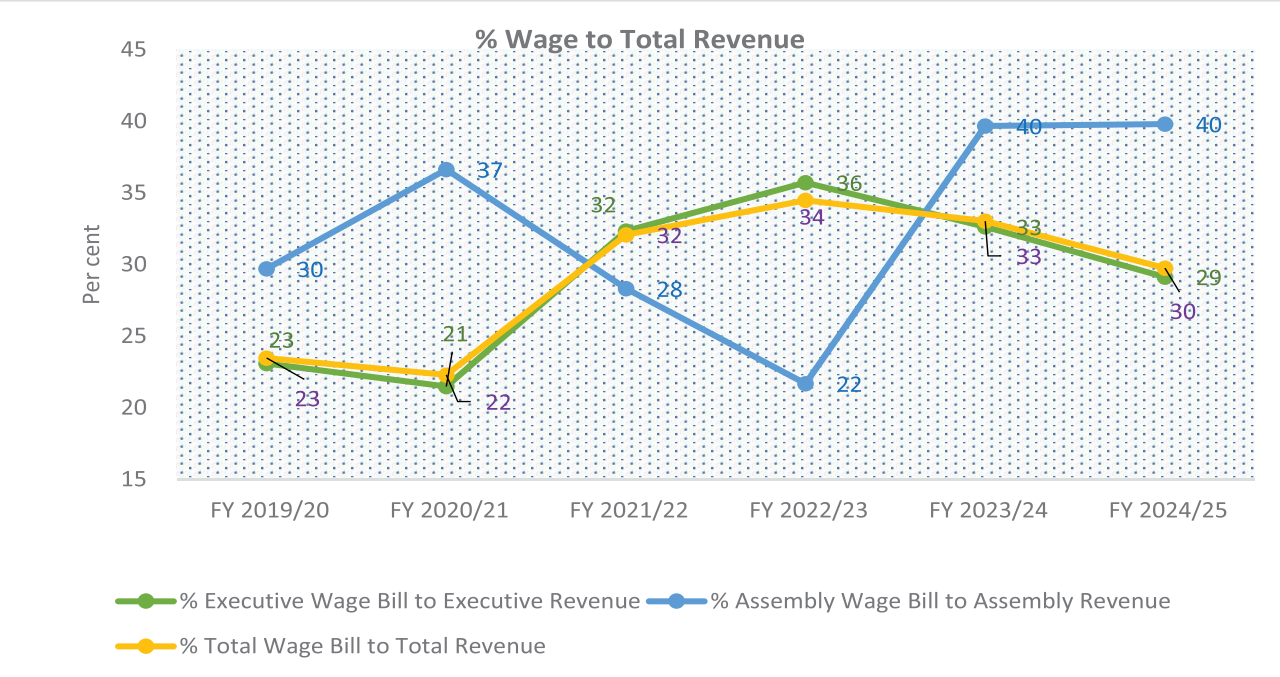
Source: *Nakuru County Treasury and Nakuru County Assembly*

3.31.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.6.47 billion. Therefore, the percentage of employee compensation to revenue was 30 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.6.75 billion reported in FY 2023/24. Of this total, Kshs.3.39 billion related to the Health Sector employees, which accounted for 52 per cent of the overall employees' compensation.

Figure 123 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 123: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Nakuru County Treasury and Nakuru County Assembly*

Further analysis revealed that PE costs totalling Kshs.6.09 billion were processed through the Human Resource Information System (HRIS), while Kshs.381.34 million was processed through manual payroll, which accounted for 6 per cent of the total PE cost.

The manual payroll comprised salaries for 63 staff not onboarded into the Human Resource Information System (HRIS), salaries for 1,325 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.379.

Table 3.379: Breakdown of Nakuru County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for 63 staff are yet to be onboarded into UHR	87,169,709
2	Salaries for 1325 casual staff	86,441,541
3	Top-up Allowances for 39 security officers	17,274,738
4	LAPTRUST/LAPFUND/NSSF Pension Contributions	19,630,261
5	Gratuity for contract staff	119,533,494
6	Court Awards	9,381,458
7	Medallion	300,000
8	Gratuity for MCAs	29,929,680
9	Housing levy	6,534,728
10	NSSF employer	4,200,810
11	NITA dues	239,250
12	Legal Fees Recovery	705,200
	Total	**381,340,869**

Source: *Nakuru County Treasury and Nakuru County Assembly*

The County Assembly spent Kshs.44.62 million on committee sitting allowances for the 75 MCAs and the Speaker against the annual budget allocation of Kshs.53.00 million. The average monthly sitting allowance was Kshs.48,921 per MCA. The County Assembly has 23 House Committees.

3.31.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.1.30 billion to County-Established funds in FY 2024/25, or 5 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (less than one per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.380 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.380: Performance of Nakuru County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Nakuru County Executive Mortgage (Staff) Scheme Fund	2018	35,000,000	35,000,000	29,900,000	306,000,000	Yes
2	Nakuru County Executive (Staff) Car Loan Scheme Fund	2018	10,000,000	10,000000	8,840,000	80,840,000	Yes
3	Nakuru County Emergency Fund	2016	70,000,000	70,000,000	69,495,513	768,000,000	Yes
4	Nakuru County Persons with Disability Fund	2018	27,500,000	0	0	55,000,000	Yes
5	Nakuru County Bursary Fund	2014	453,743,981	452,807,481	413,035,449	1,967,138,356	Yes

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
6	Nakuru County Climate Change Fund	2021	596,000,720	307,418,263	56,440,127	417,731,186	Yes
7	Nakuru County Enterprise Fund	2020	25,000,000	25,000,000	15,143,528	50,000,000	Yes
8	The Nakuru County Cooperative Revolving Development Fund	2020	25,000,000	25,000,000	19,482,100	50,000,000	Yes
County Assembly Established Funds							
9	Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund	2014 Revised 2022	56,085,112	56,085,112	56,085,112	834,056,265	Yes
Total			**1,298,329,813**	**981,310,856**	**668,421,829**	**4,528,765,807**	

Source: *Nakuru County Treasury and Nakuru County Assembly*

During the reporting period, the CoB did receive quarterly financial reports from the 9 Fund Administrators, as indicated in Table 3.380, as per the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the 9 Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the Nakuru County Bursary Fund's lifespan had lapsed by the close of the financial year. Additionally, that of the Nakuru County Emergency Fund is about to lapse. Consequently, the CoB cannot approve any requests for withdrawals to support the Nakuru County Bursary fund operations unless renewed.

3.31.11 County Corporations

The County has 3 County Corporations, which were allocated Kshs.2.15 billion in FY 2024/25. Their total annual expenditure amounted to Kshs.1.84 billion, as shown in Table 3.381.

Table 3.381: Performance of Nakuru County Corporations in FY 2024/25

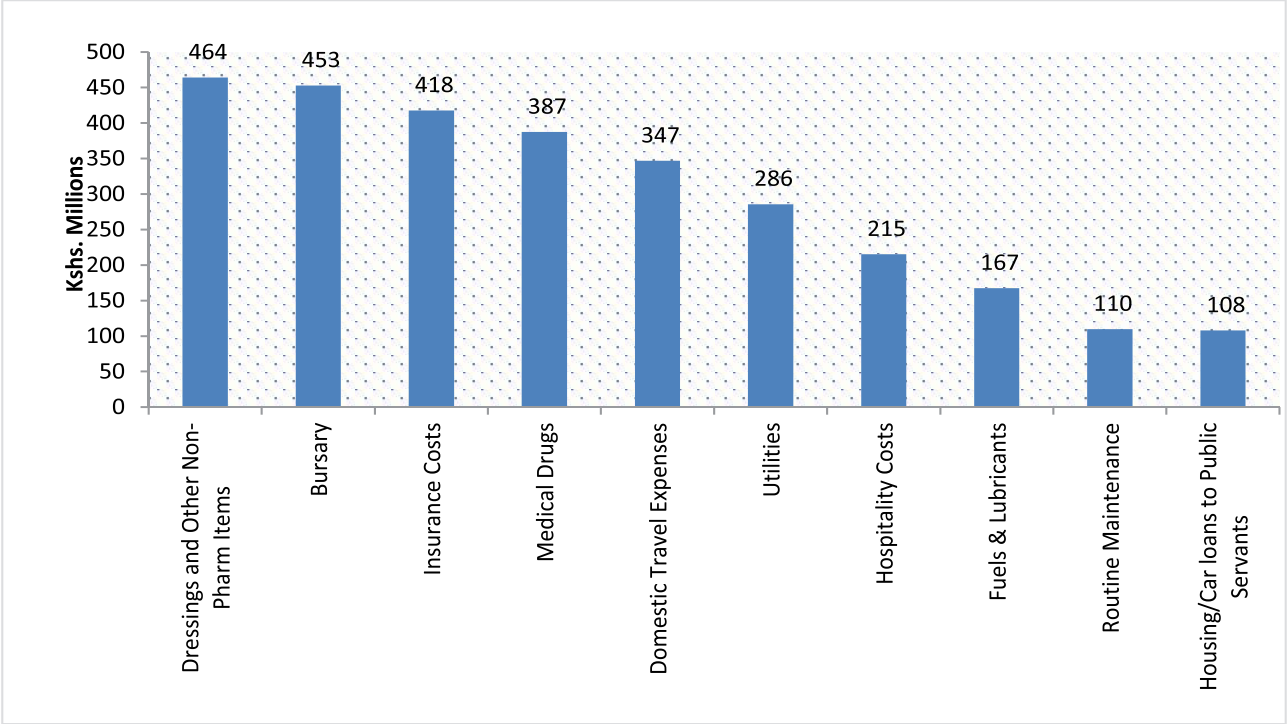
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1	Nakuru Water and Sanitation Company	Water, Energy, Environment, Natural Resources and Climate Change	1,408,537,028	NIL	1,194,573,281
2	Naivasha Water and Sanitation Company	Water, Energy, Environment, Natural Resources and Climate Change	311,035,082	NIL	249,386,424
3	Nakuru Rural Water Company	Water, Energy, Environment, Natural Resources and Climate Change	425,831,589	NIL	397,037,424
	Total		**2,145,403,699**	**NIL**	**1,840,997,129**

Source: *Nakuru County Treasury*

3.31.12 Expenditure on Operations and Maintenance

Figure 124 summarises the Operations and Maintenance expenditure by major categories.

Figure 124: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: *Nakuru County Treasury and Nakuru County Assembly*

Expenditure on domestic travel amounted to Kshs.346.73 million and comprised Kshs.121.49 million spent by the County Assembly and Kshs.225.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.82.98 million and comprised Kshs.74.33 million by the County Assembly and Kshs.8.65 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.382

Table 3.382: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	9th-13th September 2024	Training on Corporate Governance and Board Effectiveness.	UK	10,732,637
County Assembly	5	21st to 28th July 2024	Public Policy, Governance and Administration Program.	Singapore	4,446,866
County Assembly	7	4th to 9th November 2024	Corporate Leadership and Governance in the 21st Century.	UAE	4,029,440
County Assembly	7	25th to 30th March 2025	Training on Transformative Leadership for Legislative Excellence, Building Adaptive, Ethical and Innovative Legislature.	Uganda	2,975,803
County Assembly	7	01st to 6th June 2025	Financial Management, Pre and Post-Retirement Training and Succession Planning.	Tanzania	2,850,593
County Assembly	7	15th to 22nd December 2024	Management of Committees in County Legislature Training.	Tanzania	2,720,233

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	16th to 22nd December 2024	Management of Committees in County Legislature Training.	Tanzania	2,720,233
County Assembly	7	19th to 26th January 2025	Management of Committees in County Legislature Training.	Tanzania	2,720,233
County Assembly	7	06th to 23rd February 2025	Management of Committees in County Legislature Training.	Tanzania	2,720,233
County Executive	2	04th to 11th May 2025	City Leadership Masterclass in Singapore.	Singapore	1,668,745
County Executive	1	11th to 17th September 2024	The 10th IPU Global Conference of Young Parliamentarians.	Armenia	846,446
County Executive	3	22nd to 28th February 2025	EALASCA event in Kampala, Uganda.	Uganda	877,683

Source: *Nakuru County Treasury and Nakuru County Assembly*

Other types of expenditure under the operations and maintenance costs include Kshs.97.62 million on garbage collection and Kshs.24.91 million related to legal fees, dues, arbitration, and compensation payments.

3.31.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.1.80 billion as FIF, which was 90 per cent of the annual target of Kshs.2.00 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County's regulations to operationalise the FIF Act of 2023 are at the draft stage and expected to be finalised before the end of the new FY.

Health facilities were owed a combined total of Kshs.1.30 billion in the reporting period – Kshs.885.94 million by the Social Health Insurance Fund (SHIF) and outstanding debts of Kshs.412.86 million from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.383.

Table 3.383: Nakuru County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	165 Level 2 Hospitals	11,367,700	7,240,762	4,126,938	0
2	38 Level 3 Hospitals	32,626,200	23,245,380	9,380,820	0
3	15 Level 4 Hospitals	432,626,852	35,528,107	397,098,745	224,542,297
4	1 Level 5 Hospital	1,049,000,356	573,671,166	475,329,190	188,320,343
	Total	**1,525,621,108**	**639,685,415**	**885,935,693**	**412,862,640**

Source: *Nakuru County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) that totalled Kshs.1.53 billion. However, actual disbursements amounted to Kshs.639.69 million, resulting in an outstanding balance of Kshs.885.94 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.412.86 million.

The expenditure by the health facilities amounted to Kshs.1.80 billion, as shown in Table 3.384.

Table 3.384: Nakuru County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	Bahati Hospital	60,121,903	51,991,146	86
2.	Bondeni Maternity	12,241,904	10,843,993	89
3.	Elburgon District Hospital	19,847,540	20,449,274	103
4.	Gilgil Hospital	77,879,013	79,502,613	102

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
5.	Kabazi Sub-County Hospital	4,301,670	4,056,427	94
6.	Keringet Sub-County Hospital	7,523,750	9,249,382	123
7.	Langalanga Hospital	10,911,498	15,531,168	142
8.	Mirugi Kariuki Sub-County Hospital	5,579,278	6,331,498	113
9.	Molo District Hospital	70,319,020	84,576,806	120
10.	Naivasha District Hospital	454,039,755	263,462,122	58
11.	Njoro Sub-County Hospital	28,318,304	26,715,734	94
12.	Olenguruone Sub-County Hospital	17,727,718	32,682,001	184
13.	P.G.H Annex	95,945,806	98,362,793	103
14.	P.G.H Nakuru	1,107,593,242	1,074,153,495	97
15.	Soin Sub County	4,338,249	6,032,116	139
16.	Subukia Sub-County Hospital	20,521,350	13,844,535	67
	Total	**1,997,210,000**	**1,797,785,103**	90

Source: *Nakuru County Treasury*

3.31.14 Development Expenditure

In the review period, the County reported spending Kshs.3.94 billion on development programmes, representing a decrease of 12 per cent compared to FY 2023/24, when the County spent Kshs.4.45 billion. Table 3.385 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the delayed preparation of the Procurement Plans, which were done in the final quarter of the FY. This has resulted in lower absorption of the development budget.

Table 3.385: Nakuru County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Finance and Economic Planning	Construction of County Treasury Building	HQ	November 2025	1,107,500,000	193,224,859	811,857,465	80
2	Trade, Cooperatives, Tourism and Tourism	County Aggregation Centres and Industrial Park	Njoro	June 2026	464,221,150	315,604,195	173,142,351	27
3	Nakuru City	Construction of Afraha Stadium Phase 1	Afraha Stadium	June 2025	348,000,000	23,034,546	22,860,115	99
4	County Assembly	Construction of Phase 3 Office Block, Parking and Associated Civil Works	HQ	June 2026	346,170,254	70,000,000	69,234,051	13
5	Infrastructure	Grading and Gravelling of Roads	County-wide	2024/25	309,378,510	228,962,122	169,536,787	100
6	Naivasha Municipality	Construction of Naivasha Market Phase 2	Naivasha Town	June 2025	263,863,581	13,948,813	263,825,946	100
7	Education, Vocational Training, ICT and E-Government	Construction and Equipping Of ECDE Classrooms and Toilets	County-wide	2024/25	207,173,204	186,586,743	161,067,015	100

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
8	Health Services	Upgrading of Molo Sub-County Hospital	HQ	2024/25	150,095,777	69,699,875	26,702,110	92
9	Water, Energy, Environment, Natural Resources and Climate Change	Drilling, Equipping and Solarisation of Boreholes	County-wide	2024/25	85,216,296	85,216,296	70,372,436	100
10	Lands, Physical Planning, Housing and Urban Development	Acquisition of various parcels of land for Development	County-wide	2024/25	74,850,780	69,180,000	69,180,000	100

Source: *Nakuru County Treasury and Nakuru County Assembly*

The County reported eight stalled development projects as of 30 June 2025, with an estimated value of Kshs.221.77 million, of which Kshs.36.30 million has already been paid. The stalled projects are shown in Table 3.386.

Table 3.386: Nakuru County Stalled Projects as of 30 June 2025.

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Construction of Giachonge Dispensary (outpatient and toilet)	Dundori	4,000,000	2,864,872	1,135,129	20	Stalled/ terminated - Contractor vacated site, awaiting advertisement
Design and construction of Chebotoi Dispensary	Kiptagich	4,000,000	2,583,050	1,416,950	36	Stalled. Requires additional funding to complete the OPD block
Construction of Njoro Level 4 Hospital	HQ	148,902,024	0	57,905,349	39	Stalled - The contractor vacated the site, and the final project appraisal is being undertaken.
Construction of Naivasha Fish Market	Naivasha East	9,658,590	6,026,905	3,631,685	50	The contractor abandoned the site. Site efforts to re-engage him have not been successful yet.
Building of Market Shed at Narasha	Olkaria	998,770	711,889	286,881	77	The contractor abandoned the site. Site-Efforts to re-engage him have not been successful yet.
Tarmacking of Molo Shop Frontage	Molo	8,550,740	2,796,844	5,753,896	30	The contractor abandoned the site and declined to honour the default notices.
Tarmacking of Kalolenі Road	Molo	25,047,277	15,106,911	9,940,366	50	Contractor abandoned the site and declined to honour the default notices

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Routine Maintenance & Spot Improvement of Keringet Market Road	Keringet	20,610,342	6,208,443	14,401,899	30	The contractor abandoned the site and declined to honour the default notices.

Source: *Nakuru County Treasury*

3.31.15 Budget Performance by Department

Table 3.387 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.387: Nakuru County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	382.92	20.47	304.80	5.46	247.36	5.46	**81**	**100**	**65**	**27**
Finance and Economic Planning	1,634.65	752.68	1,380.22	560.50	1,332.60	512.72	97	91	82	68
County Public Service Board	73.87	2.00	50.62	1.90	50.62	1.68	100	88	69	84
Health Services	7,138.48	1,479.00	5,521.55	482.45	5,937.98	531.63	108	110	83	36
Infrastructure	298.43	2,110.16	277.71	581.50	274.01	648.63	99	112	92	31
Naivasha Municipality	44.68	58.62	19.85	16.24	12.30	36.84	62	227	28	63
Office of the County Attorney	50.86	3.00	38.63	2.96	24.87	2.91	64	98	49	97
Nakuru City	85.88	63.51	48.20	22.98	44.37	45.84	92	199	52	72
Trade, Cooperatives, Tourism and Tourism	240.52	497.24	189.41	174.52	166.43	174.52	88	100	69	35
Agriculture, Livestock, Fisheries and Veterinary Services	459.97	822.12	406.98	248.83	331.11	248.83	81	100	72	30
Lands, Physical Planning, Housing and Urban Development	188.59	1,034.36	146.76	300.41	146.76	594.55	100	198	78	57
Water, Energy, Environment, Natural Resources and Climate Change	323.15	1,392.64	245.81	570.32	232.27	548.75	94	96	72	39
Public Service, Training and Devolution	796.53	46.80	674.13	19.24	614.47	18.05	91	94	77	39
Education, Vocational Training, ICT and E-Government	1,421.94	625.88	1,335.40	319.34	1,274.87	306.86	95	96	90	49
Youth, Culture, Gender, Sports and Social Services.	249.77	246.61	206.18	159.40	172.06	159.40	83	100	69	65
Gilgil Municipality	24.80	23.45	11.57	-	4.50	-	39	0	18	0
Molo Municipality	19.98	24.00	9.88	-	2.62	-	27	0	13	0
County Assembly	1,235.22	107.61	1,160.16	99.35	1,160.16	99.35	100	100	94	92
Total	**14,670.26**	**9,310.14**	**12,027.85**	**3,565.39**	**12,029.35**	**3,936.02**	**100**	**110**	**82**	**42**

Source: *Nakuru County Treasury and Nakuru County Assembly*

Analysis of expenditure by departments shows that the Office of the County Attorney recorded the highest absorption rate of development budget at 97 per cent, followed by the County Assembly at 92 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 94 per cent, followed by the Department of Infrastructure at 92 per cent, while the Naivasha Municipality had the lowest at 28 per cent.

The departments of Health Services, Infrastructure, Naivasha Municipality, Nakuru City, Land, Physical Planning, Housing, and urban development have reported higher expenditure to the exchequer due to funds in Special Purpose Accounts (RMLF, UDG, and KISIP) and FIF (Health Services).

3.31.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 11 August, 2025.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Nakuru County Bursary Fund had lapsed, making it ineligible for further withdrawals.
iii. High level of pending bills which amounted to Kshs.3.68 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.381.34 million for 63 staff not onboarded into HRIS, 1,325 casual staff and other statutory deductions were processed through manual payroll, accounting for 6 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.1.30 billion across the two schemes—SHIF and the defunct NHIF.
vi. Stalled projects: The County reported eight stalled projects with an estimated value of Kshs.221.77 million, of which Kshs.36.30 million has already been paid.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
v. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*
vi. *The County should focus on completing the stalled projects as long as they are feasible to ensure value for money and also the achievement of the intended objectives.*

3.32. County Government of Nandi

3.32.1 Overview of FY 2024/25 Budget

The Nandi County Approved Supplementary II Budget for FY 2024/25 was Kshs.10.19 billion. It comprised Kshs.3.69 billion (36 per cent) and Kshs.6.49 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.337.56 million (3 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.3.59 billion and a recurrent budget of Kshs.6.26 billion. The increase in the budget is primarily attributed to growth in equitable share allocation.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally at Kshs.7.35 billion (72 per cent), as well as additional allocations of Kshs.1.33 billion (13 per cent), a cash balance of Kshs.595.00 million (6 per cent) brought forward from FY 2023/24, and Kshs.508.94 million (5per cent) generated as own-source revenue.

The own-source revenue comprised Kshs.508.94 million (100 per cent) deposited into the CRF and Kshs.335.23 million as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.335.23 million (100 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.388.

3.32.2 Revenue Performance

The County received Kshs.9.19 billion in revenues during the review period to fund its development and recurrent activities. This amount represented an increase of 8 per cent compared to the amount received in FY 2023/24 of Kshs.8.62 billion. The total revenue consisted of Kshs.7.35 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.486.98 million, as well as own-source revenue (OSR) collection of Kshs.765.70 million. Additionally, the County had a cash balance of Kshs.595.00 million from FY 2023/24.

The total OSR collection of Kshs.765.70 million included Facilities Improvement Financing (FIF) of Kshs.391.02 million, and Kshs.374.68 million from other OSR sources. Table 3.388 summarises the total revenue available to the County Government during FY 2024/25.

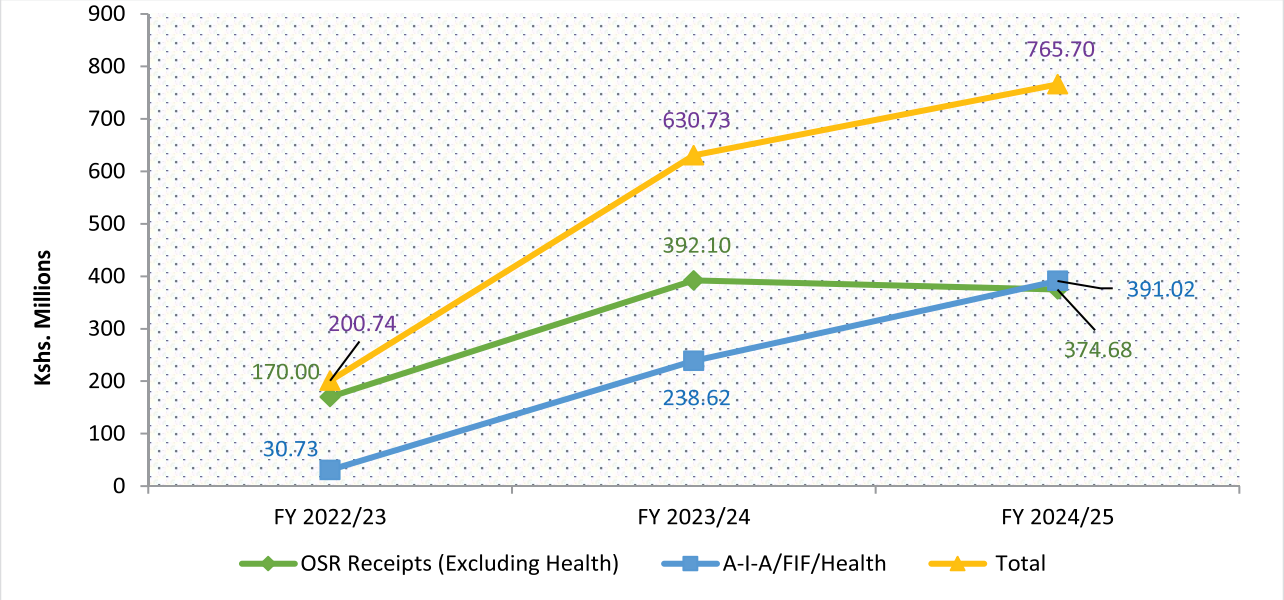
Table 3.388: Nandi County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	7,346,071,107	7,346,071,107	100
Sub Total		7,346,071,107	7,346,071,107	100
B	**Conditional Grants**			
1	County Aggregation and Industrial Parks	187,500,000	52,631,579	28
2	Road Maintenance Levy Fund		65,154,809	-
3	Community Health Promoters	96,660,000	-	-
4	Kenya Devolution Support Programme (KDSP) II – World Bank	37,500,000	-	-
5	IDA (WORLD BANK). -National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	100,499,619	66
6	Kenya Urban Support Program (KUSP) - UIG	35,000,000	32,309,300	92
7	KISIP-Kenya Informal Settlements Improvement Project	208,354,058	202,151,790	97
9	Financing Locally Led Climate Action (FLLoCA) FY 2023/2024	216,757,206	-	12
10	Financing Locally Led Climate Action (FLLoCA) FY 2024/2025	216,757,206	25,991,580	-
11	China Fund- Upgrading of Kaimosi Agricultural Training Centre	100,000,000		-
12	DANIDA- Primary Healthcare in Devolved Context	8,238,750	8,238,750	100
13	Kenya Urban Support Program (KUSP)- UDG	33,993,380	-	-
15	SWEDEN Kenya Agriculture Business Development Project	10,918,919	-	-
Sub-Total		1,303,194,671	486,977,427	37
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	508,941,741	374,683,044	74
2	Balance from FY2023/24	595,000,000	595,000,000	100
3	Facility Improvement Fund (FIF)	335,231,711	391,021,715	117
4	Other Revenues	99,783,343	-	-
Sub Total		1,538,956,795	1,360,704,759	88
Grand Total		**10,188,222,573**	**9,193,753,293**	**90**

Source: *Nandi County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 125 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

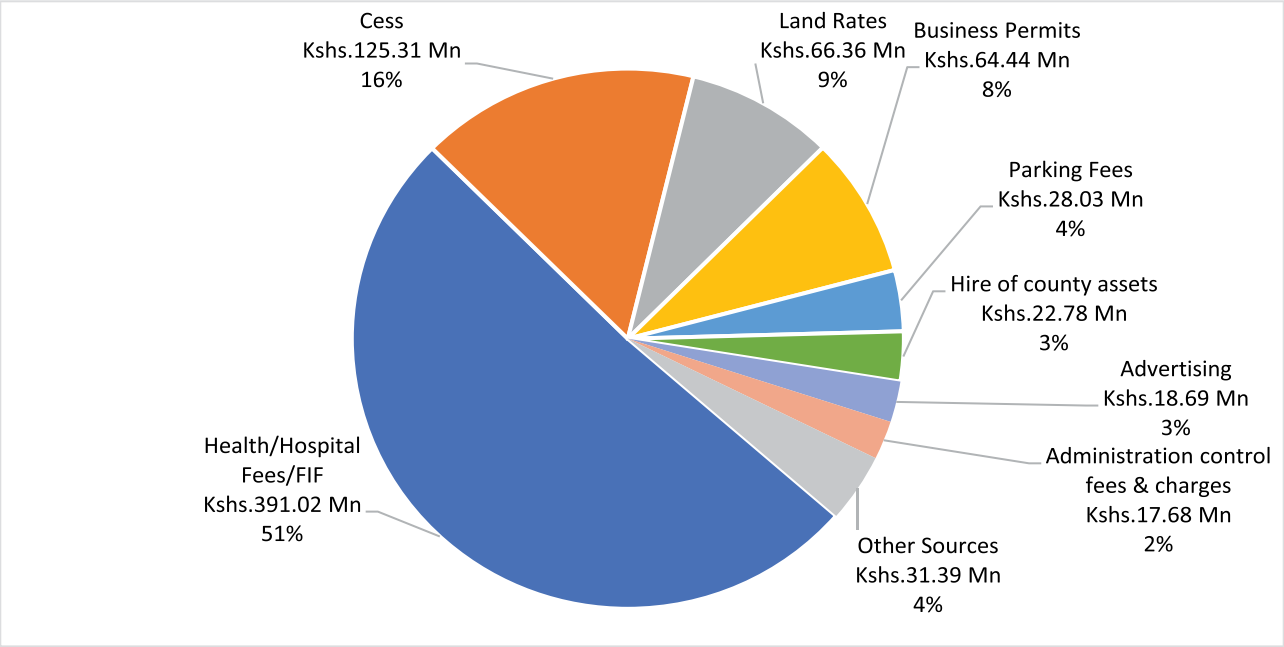
Figure 125: Nandi County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



Source: *Nandi County Treasury*

During the year, the County generated Kshs.765.70 million from its revenue sources, including the FIF. This amount represented a 21 per cent increase compared to Kshs.630.73 million realised in the same period of FY 2023/24, accounting for 10 per cent of the equitable revenue share disbursed and 91 per cent of the annual target. The revenue streams which contributed the highest OSR receipts are shown in Figure 126.

Figure 126: Nandi County Top Own Source Revenue Streams in FY 2024/25



Source: Nandi County Treasury

As shown in Figure 126, the highest revenue stream, at Kshs 391.02 million, was from FIF, accounting for 51 per cent of the total OSR receipts.

3.32.3 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.9.178 billion from the CRF account in FY 2024/25, which comprised Kshs.2.32 billion (25 per cent) for development programmes and Kshs.6.86 billion (75 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3 billion was towards employee compensation and Kshs.3.86 billion for operations and maintenance.

The operations and maintenance exchequer review indicates that 82 per cent was for domestic travel and 18 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.272.2 million and included Kshs.152.8 million for the County Executive and Kshs.119.4 million for the County Assembly. The foreign exchequer totalled Kshs.59.1 million, comprising Kshs.22.4 million for the County Executive and Kshs.36.7 million for the County Assembly.

As of June 30, 2025, the County Government's cash balance in the CRF account was Kshs.978.61 million.

3.32.4 County Expenditure Review

The County spent Kshs.7.98 billion on development and recurrent programmes in the reporting period. The expenditure represented 87 per cent of the total funds released by the CoB. It comprised Kshs.2.02 billion (25 per cent) for development programmes and Kshs.5.96 billion (75 per cent) for recurrent programmes. Expenditure on development programmes represented an absorption rate of 55 per cent, while recurrent expenditure represented 92 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.14 billion as of June 30, 2024. This amount included Kshs.1.13 billion from the County Executive and Kshs.13.46 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.693.88 million for recurrent expenditures and Kshs.435.70 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.774.32 million, comprising Kshs.372.50 million (48.1 per cent) for recurrent programmes and Kshs.401.82 million (51.9 per cent) for development programmes. Table 3.389 provides additional details of pending bills.

Table 3.389: Nandi County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	693,882,660	372,497,906	475,960,502	797,345,256
Development	435,703,875	401,823,619	495,703,402	529,583,658
Total	**1,129,586,535**	**774,321,525**	**971,663,904**	**1,326,928,914**
County Assembly				
Recurrent	-	-	-	-
Development	13,458,001	-	-	13,458,001
Total	**13,458,001**	-	-	**13,458,001**
Grand Total	**1,143,044,536**	**774,321,525**	**971,663,904**	**1,340,386,915**

Source: *Nandi County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan at the commencement of FY 2024/25, committing to pay Kshs.612.60 million by the end of June 2025. The County generally adhered to this payment plan.

Table 3.390 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.985.12 million.

Table 3.390: Nandi County Pending Bill Ageing Analysis as of 30th June 2025

Pending Bill Ageing Analysis					
Category	**Ageing analysis (Amount in Kshs.)**				**Total**
	Under one year	**1-2 years**	**2-3 years**	**Over 3 years**	
Development Pending Bills	506,300,690			2,860,712	509,161,402
Recurrent Pending Bills (Goods & Services)	384,798,102			162,400	384,960,502
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	91,000,000				91,000,000
Recurrent Pending Bills (Staff Claims)					-
Total Recurrent Pending Bills	475,798,102	-	-	162,400	475,960,502
Total Pending Bills	982,098,792	-	-	3,023,112	985,121,904

Pending Bill Ageing Analysis					
Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
% of Total	100	-	-	0	100

Source: *Nandi County Treasury*

3.32.6 Expenditure by Economic Classification

The County Executive incurred Kshs.2.64 billion for compensation of employees, Kshs.2.59 billion for operations and maintenance, and Kshs.2.02 billion for development activities. Similarly, the County Assembly spent Kshs.358.26 million on compensation of employees, Kshs.369.40 million on operations and maintenance, and Kshs.3.97 million on development activities, as shown in Table 3.391

Table 3.391: Nandi County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,765,887,267**	**727,658,319**	5,235,506,502	727,658,919	91	100
Compensation to Employees	3,659,776,584	437,043,393	2,644,154,531	358,262,066	72	82
Operations and Maintenance	2,106,110,683	290,614,926	2,591,351,971	369,396,853	123	127
Development Expenditure	3,675,911,214	18,765,773	2,015,090,671	3,972,598	55	21
Total	**9,441,798,481**	**746,424,092**	**7,250,597,173**	**731,631,517**	77	98

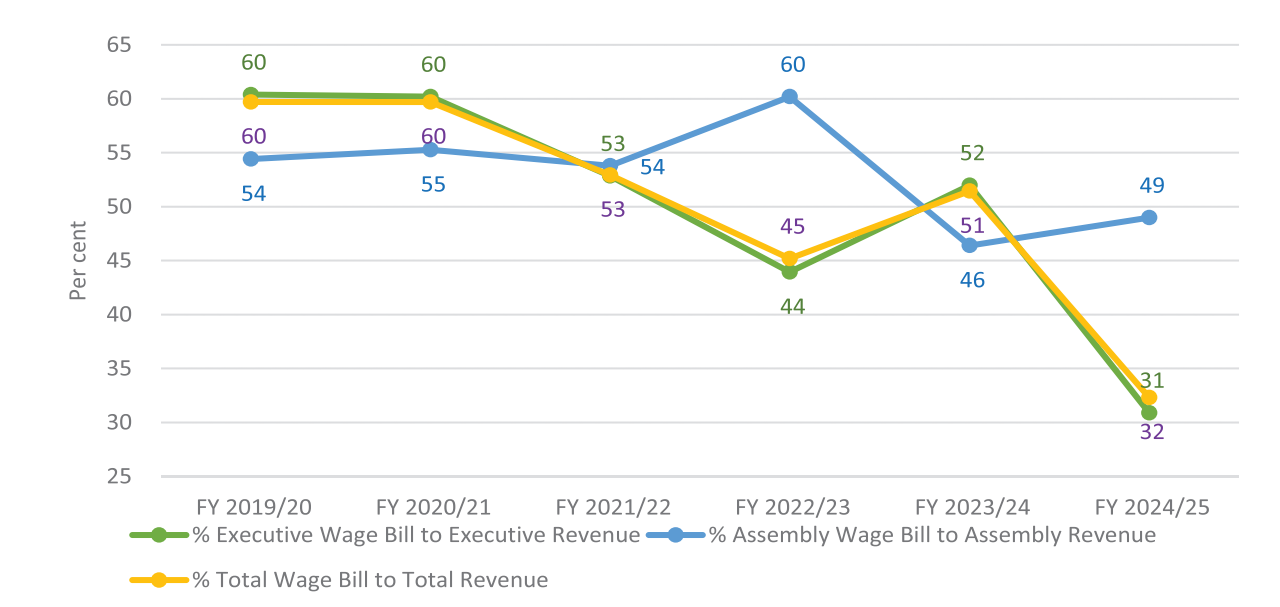
Source: *Nandi County Treasury*

3.32.7 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.00 billion. Therefore, the percentage of compensation of employees to revenue was 33 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.4.43 billion reported in FY 2023/24. Of this total, Kshs.1.36 billion related to the Health Sector employees, which accounted for 45 per cent of the overall employees' compensation.

Figure 127 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 127: Percentage of Employee Compensation to Annual Revenue Received from FY 2019/20 to FY 2024/25



Source: Nandi County Treasury

PE costs amounting to Kshs.2.89 billion were processed through the Human Resource Information System (HRIS), while Kshs.112 million was processed through manual payroll, which accounted for 4 per cent of the total PE cost.

A breakdown of manual payroll was not provided. The County Assembly spent Kshs.27.46 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.27.46 million. The average monthly sitting allowance was Kshs.50,844 per MCA. The County Assembly has 21 house committees.

3.32.8 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.517.28 million to County-Established funds in FY 2024/25, or 5 per cent of the County's overall budget. Furthermore, the County allocated Kshs.45 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.392 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.392: Performance of Nandi County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Nandi County Car and Mortgage Fund	2018	6,000,000	-	-	223,000,000	Yes
2	Nandi County Education Scheme	2016	164,000,000	90,000,000	90,000,000	600,000,000	Yes
3	Nandi County Emergency Fund	2020	45,000,000	44,985,000	36,519,019		No

Source: *Nandi County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Fund Administrator of Nandi County Emergency Fund, as indicated in Table 3.392, contrary to the requirement of Section 168 of the PFM Act, 2012.

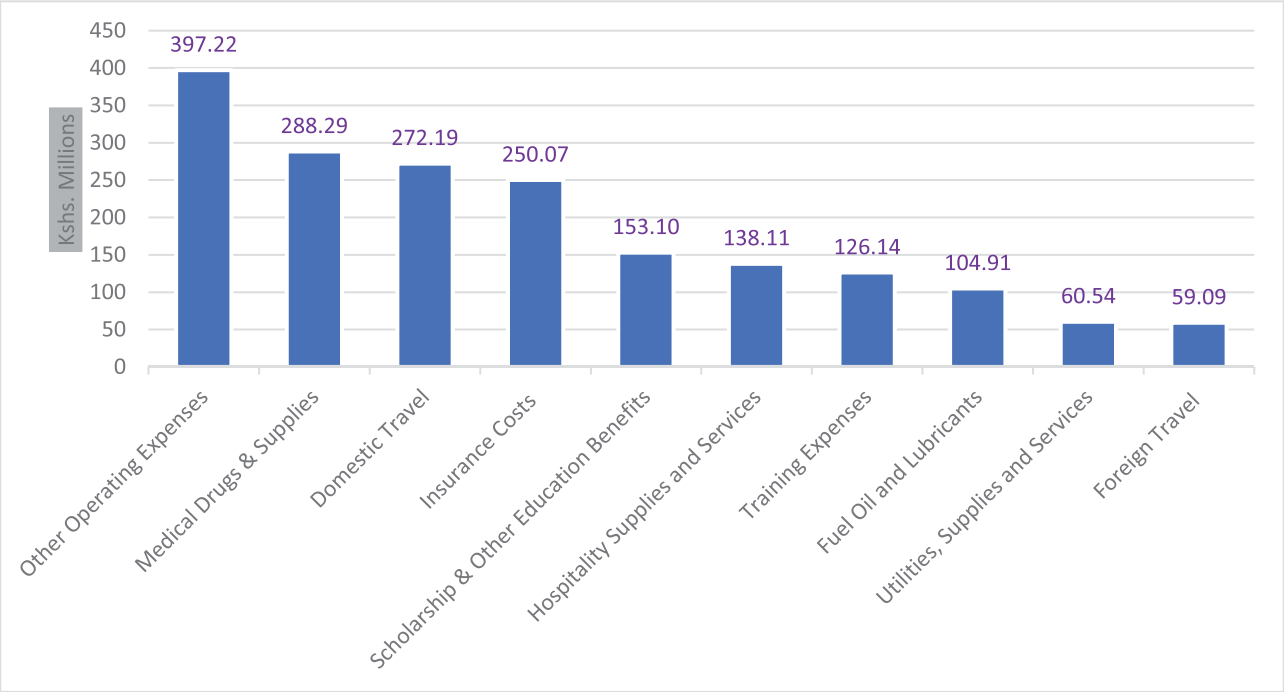
3.32.9 County Corporations

The County did not report on County Corporations.

3.32.10 Expenditure on Operations and Maintenance

Figure 128 summarises the Operations and Maintenance expenditure by major categories.

Figure 128: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: *Nandi County Treasury*

Expenditure on domestic travel amounted to Kshs.272.2 million and comprised Kshs.119.4 million spent by the County Assembly and Kshs.152.8 million by the County Executive. Expenditure on foreign travel amounted to Kshs.59.1 million and comprised Kshs.36.7 million by the County Assembly and Kshs.22.4 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.393.

Table 3.393: Summary of Expenditure on Foreign Travel in FY 2024/25

S/No.	Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of The Travel	Destination	Total Costs of the Travel (Kshs.)
1	County Executive	1	21-Aug-24	A Workshop on Emergency Fire Response	United Kingdom	875,136
2	County Executive	1	30-Aug-24	Forum on Food Systems	Rwanda	250,000
3	County Executive	1	13-Nov-24	Food System Forum	Rwanda	494,517
4	County Assembly	4	26-30 Nov-/2024	Attending the 29th East Africa Law Society Annual Conference	Uganda	1,184,220
7	County Assembly	7	28/11-05 Dec-2024	Attending the Building Tech-Driven Resilience: Smart Solutions for Sustainable County Development Programme	Ethiopia	3,142,440
5	County Assembly	7	05-10 Dec-2024	Attending the Building Tech-Driven Resilience: Smart Solutions for Sustainable County Development Programme	UAE	2,940,426
6	County Assembly	7	10-15 Dec-2024	Attending A Programme on Building Resilient Healthcare Systems -Embracing Digital Health and Sustainable Solutions	Turkey	3,109,932
9	County Assembly	18	04-15 March 2025	Performance Management in the Public Sector: Leveraging Technology for Enhanced Service Delivery	Kampala, Uganda	6,876,732
8	County Assembly	9	09-14 March 2025	Innovative Leadership and Change Management for the Public Sector	Dubai, United Arab Emirates	3,284,856

S/No.	Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of The Travel	Destination	Total Costs of the Travel (Kshs.)
10	County Executive	1	15-May-25	Facilitation for a working visit	United States	545,927.00
11	County Executive	1	15-May-25	Facilitation for a working visit	United States	750,064.00

***Source**: Nandi County Treasury and Nandi County Assembly*

3.32.11 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.319.82 million as FIF, which was 91 per cent of the annual target of Kshs.343.51 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has not developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.77.54 million in the reporting period across the two schemes, namely the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.394.

Table 3.394: Nandi County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF and NHIF (Kshs.)		
		Approved Claims	Claims Paid	Balance
1	6 Level 4 Hospitals	216,103,097	129,812,877	77,537,110
	Total	**216,103,097**	**129,812,877**	**77,537,110**

***Source:** Nandi County Treasury*

In FY 2024/25, the combined approved claims from the SHIF, and the NSSF amounted to Kshs.216.10 million. However, only Kshs.129.81 million was disbursed, resulting in a total pending balance of Kshs.77.54 million for the three funds.

The expenditure by health facilities amounted to Kshs.216.10 million, as shown in Table 3.395.

Table 3.395: Nandi County Health Facilities Expenditure Performance in FY 2024/25

	Level of Health Facility And Number of Facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Kapsabet County Referral Hospital	230,000,000	224,588,706	98
2.	Nandi Hills Sub-County Hospital	40,000,000	31,155,100	78
3.	Meteitei Sub-County Hospital	14,500,000	10,939,848	76
4.	Kaptumo Sub-County Hospital	12,500,000	6,683,882	54
5	Mosoriot Sub-County Hospital	15,012,072	12,983,303	87
6	Kabiyet Sub-County Hospital	13,500,000	12,042,694	89
7	Chepterwai Sub-County Hospital	6,000,000	5,221,946	87
8	Public Health	12,000,000	10,081,634	84
	Total	**343,512,072**	**313,697,113**	**91**

***Source:** Nandi County Treasury*

3.32.12 Development Expenditure

During the review period, the County reported spending Kshs.3.33 billion on development programmes, representing an increase of 87 per cent compared to FY 2023/24, when the County spent Kshs.1.78 billion. Table 3.396 summarises the development projects with the highest expenditure in the reporting period.

Table 3.396: Nandi County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract Sum (Kshs)	Amount paid in FY 2024/25 (Kshs)	Cumulative Expenditure as of 30 June 2025	Implementation Status (%)
1	Executive	Supply, delivery, and installation of office furniture at the Governor's building	Kapsabet	24,913,345	24,913,345	24,913,345	100
2	Health and Sanitation	Construction of OPD Block at Kobujoi	Kobujoi	8,786,058	8,786,058	8,786,058	100
3	Health and Sanitation	Construction of a Funeral Home	Kapsabet	8,071,720	8,071,720	8,071,720	100
4	Education and Vocational Training	Construction of the Mogomben Twin Workshop in Kobujoi Ward	Kobujoi	4,545,945	4,545,945	4,545,945	100
5	Agriculture and Cooperative Dev.	Construction of Perimeter Wall and Fencing of Kabiyet Dairies	Kabiyet	4,503,731	4,503,731	4,503,731	100
6	Agriculture and Cooperative Dev.	Supply and Delivery of Farm Inputs	Kapkangani	4,050,000	4,050,000	4,050,000	100
7	Agriculture and Cooperative Dev.	Supply and Delivery of Acaricides	County Wide	4,030,000	4,030,000	4,030,000	100
8	Agriculture and Cooperative Dev.	Construction of NCC Kabiyet Road	Kabiyet	4,755,926	4,755,926	4,755,926	100
9	Agriculture and Cooperative Dev.	Construction of the Guest House in Kaimosi	Kapkangani	4,940,220	4,940,220	4,940,220	100
10	Finance and Economic Planning	Commission for Nandi County Revenue Collection	Kapsabet	3,905,736	3,905,736	3,905,736	100

Source: *Nandi County Treasury*

The County did not report any stalled projects.

3.32.13 Budget Performance by Department

Table 3.397 summarises the approved budget allocation, expenditure, and absorption rate by departments in the period under review.

Table 3.397: Nandi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	509.79	131.50	477.16	60.34	507.35	73.95	106.3	122.6	99.5	56.2
Health and Sanitation	2,831.35	306.54	2,747.07	113.51	2,722.54	137.52	99.1	121.2	96.2	44.9
Public Service and Labour	62.66	-	45.00	-	52.32	-	116.3	-	83.5	-
County Assembly	727.66	18.77	727.66	3.97	-	-	-	-	-	-
Kapsabet Municipality	74.50	90.79	59.08	36.14	39.47	26.82	66.8	74.2	53.0	29.5
Office of the County Attorney	90.52	-	73.28	-	64.85	-	88.5	-	71.6	-
Finance and Economic Planning	579.56	27.00	556.36	3.91	439.60	6.80	79.0	174.1	75.8	25.2

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration, Public Service and E-Government	416.05	54.63	395.54	36.62	415.80	29.87	105.1	81.6	99.9	54.7
Agriculture and Co-operatives Development	257.36	606.91	233.50	484.62	225.37	324.40	96.5	66.9	87.6	53.5
Sports, Youth Affairs, Culture and Heritage	162.58	88.14	144.86	77.33	140.08	77.96	96.7	100.8	86.2	88.5
Education and Vocational Training	428.70	370.35	405.21	368.85	348.40	261.29	86.0	70.8	81.3	70.6
Lands, Environment, Natural Resources and Climate Change	119.30	1,081.07	93.20	432.32	110.70	323.24	118.8	74.8	92.8	29.9
Transport, Public Works and Infrastructure Development	154.75	654.00	137.42	565.12	95.20	631.50	69.3	111.7	61.5	96.6
Trade, Tourism, Industrialisation and Enterprise Development	78.77	264.98	60.00	130.45	73.84	121.73	123.1	93.3	93.7	45.9
Total	**6,494**	**3,695**	**6,155**	**2,313**	**5,236**	**2,015**	**85.1**	**87.1**	**80.6**	**54.5**

Source: *Nandi County Treasury*

Analysis of expenditure by departments shows that the Department of Transport, Public Works, and Infrastructure Development recorded the highest absorption rate of the development budget at 96.6 per cent, followed by the Department of Sports, Youth Affairs, Culture, and Heritage at 88.5 per cent. The Department of County Executive had the highest absorption of recurrent budget at 99.5 per cent, while the Department of Kapsabet Municipality had the lowest at 53.0 per cent.

3.32.14 Key Observations and Recommendations

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

i. The County Government's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report. The financial reports were received on 22 August 2025.
ii. Unspent funds from FY 2023/24 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.397.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, contrary to Section 168 of the PFM Act, 2012. The reports for the Nandi County Emergency Fund had not been submitted to the CoB as of July 15, 2025.
iv. High level of pending bills which amounted to Kshs.1.34 billion as of 30 June 2025.
v. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.77.54 million across the two schemes—SHIF, and the defunct NHIF.

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

i. The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.
ii. The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.
iii. The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.
iv. The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims

3.33. County Government of Narok

3.33.1 Overview of FY 2024/25 Budget

Narok County Approved Supplementary II Budget for FY 2024/25 was Kshs.17.57 billion. It comprised Kshs.5.33 billion (30 per cent) and Kshs.12.23 billion (70 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.2.58 billion (17.2 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.5.09 billion and a recurrent budget of Kshs.9.89 billion. The increase in the budget was primarily attributed to the rise in Own Source revenue, which increased by 22 per cent.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.9.98 billion (57 per cent), additional allocations of Ksh.1.43 billion (8 per cent), a cash balance of Kshs.76.98 million (0.4 per cent) brought forward from FY 2023/24, and Kshs.6.08 billion (35 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.5.91 billion (34 per cent) deposited into the CRF and Kshs.164.95 million (0.9 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.120.95 million (1 per cent) as the Facility Improvement Financing (revenue from health facilities) and Kshs.44.0 million (0.3 per cent) from Narok County Alcoholic Drinks Control and Regulation Fund. A breakdown of the additional allocations is shown in Table 3.398.

3.33.2 Revenue Performance

The County received Kshs.15.93 billion in revenues during the review period to fund its development and recurrent activities. This amount represented an increase of 14.2 per cent compared to the amount received in FY 2023/24 of Kshs.13.672 billion. The total revenue consisted of Kshs.9.98 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.245.45 million and own-source revenue (OSR) collection of Kshs.5.69 billion. Additionally, the County had a cash balance of Kshs.13.06 million from FY 2023/24. The total OSR collection of Kshs.5.67 billion included Facilities Improvement Financing A-I-A (FIF) of Kshs.152.53 million, and Kshs.29.38 million from other OSR sources. Table 3.398 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.398: Narok County, Revenue Performance in FY 2024/25

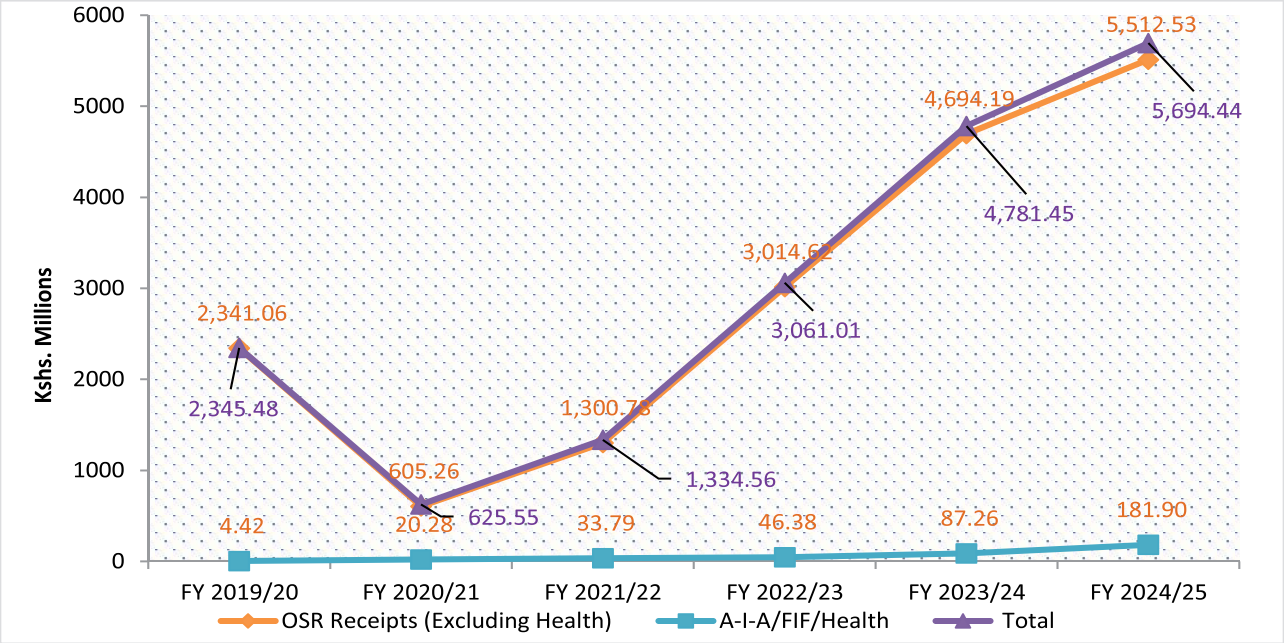
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,977,563,666	9,977,563,666	100
Sub Total		9,977,563,666	9,977,563,666	100
B	Conditional Grants			
1	Road Maintenance Fuel Levy (RMFL)	275,190,524	97,352,834	35
2	Allocation for Mineral Royalties	12,708,046		-
3	World Bank Loan- NAVCDP	151,515,152	85,188,002	56
4	DANIDA Grant -PHC	12,382,500	12,382,500	100
5	Kenya Agricultural Business Development Project (KABDP)	10,918,919		-
6	Kenya Devolution Support Programme (KDSPII)	37,500,000		-
7	Kenya Urban Support Programme (KUSP II) UIG	35,000,000	32,309,300	92
8	Kenya Urban Support Programme (KUSP II) UDG	71,238,901		-
9	Financing Locally Led Climate Action (FLLoCA) Dev	200,000,000	18,213,776	9
10	Community Health Promoters (CHP) Projects	49,800,000		-
11	Basic Arrears for County Government Health Workers	21,496,514		-
12	UNFPA	7,400,000		-
13	DANIDA Grant -PHC - BF	30,000,000		-
14	World Bank Loan- NAVCDP B/F	110,000,000		-
15	Agricultural Sector Development Support Program (ASDSP) BF	3,000,000		-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
16	Financing Locally Led Climate Action (FLLoCA) Dev - B/F	198,053,490		-
17	Climate Action (FLLoCA) County Contribution Dev - B/F	131,813,441		
18	Kenya Devolution Support Programme (KDSP I B/F)	71,193,561		-
Sub-Total		1,429,211,047	245,446,412	17
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	5,911,048,092	5,512,532,523	93
2	Balance b/f from FY2023/24	76,982,002.97	13,052,857	17
3	Facility Improvement Fund (FIF)	120,951,908	152,525,740	126
4	Other Revenues		-	-
5	Appropriation in Aid (AIA)	44,000,000	29,378,952	67
Sub Total		6,152,982,003	5,707,490,072	93
Grand Total		***17,559,756,717***	***15,930,500,150***	***91***

Source: *Narok County Treasury*

Figure 129 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 129: Narok County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

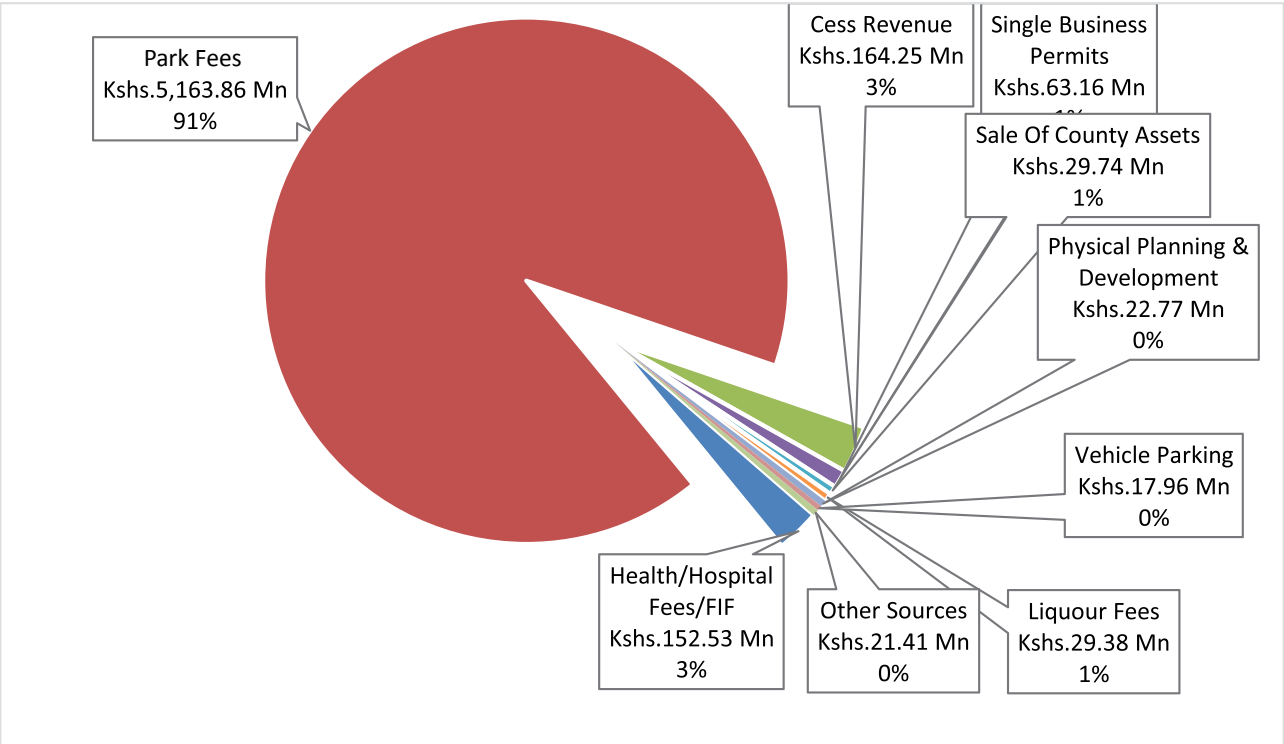


Source: *Narok County Treasury*

During the year, the County generated Kshs.5.67 billion from its revenue sources, including FIF. This amount was an increase of 19 per cent compared to Kshs.4.78 billion realised in a similar period in FY 2023/24, and was 94 per cent of the annual target and 57 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 130.

Figure 130: Narok County Top Own Source Revenue Streams in FY 2024



Source: *Narok County Treasury*

As shown in Figure 130, the highest revenue stream, at Kshs.5.16 billion, was from Park fees accounting for 91 per cent of the total OSR receipts. The County Government of Narok has automated all revenue streams.

3.33.3 Revenue Arrears

At the beginning of the financial year, the County did not have any outstanding revenue arrears. However, by 30 June 2025, the arrears had increased to Kshs.288,618,231, all of which were incurred during the year under review. Table 3.399 presents a breakdown of the County's revenue arrears.

Table 3.399: Narok County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		A	B	C	D	F=A-B-C+D
A	Ordinary Own Sources of Revenue	-	-	-	288,618,231	288,618,231
Total		-	-	-	**288,618,231**	288,618,231

Source: *Narok County Treasury*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.288,618,231 million (100 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include enforcement actions against defaulters, stricter compliance monitoring, and follow-up on unpaid obligations to ensure improved revenue performance.

3.33.4 Borrowing by the County

The County Government did not report any borrowing from financial institutions during the reporting period.

3.33.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.15.84 billion from the CRF account in FY 2024/25, which comprised Kshs.3.96 billion (27 per cent) for development programmes and Kshs.11.88 billion (73 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs5.55 billion was towards employee compensation and Kshs.6.33 billion for operations and maintenance expenditure.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.73,094,500

3.33.6 County Expenditure Review

The County spent Kshs.15.84 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.3.96 billion for development programs and Kshs.11.88 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 72 per cent, while recurrent expenditure represented 97 per cent of the annual recurrent expenditure budget.

3.33.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.99 billion for compensation of employees, Kshs.5.96 billion for operations and maintenance, and Kshs.3.96 billion for development activities. Similarly, the County Assembly spent Kshs.563.82 million on compensation of employees, and Kshs.367.86 million on operations and maintenance, as shown in Table 3.400.

Table 3.400: Narok County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,245,973,392	987,909,078	10,946,326,660	931,672,770	97	94
Compensation to Employees	5,534,205,688	610,668,217	4,985,125,808	563,816,794	90	92
Operations and Maintenance	5,711,767,705	377,240,861	5,961,200,852	367,855,976	104	98
Development Expenditure	5,333,642,126	150,000,000	3,960,271,340	-	74	-
Total	16,579,615,518?	1,137,909,078	14,906,598,000	931,672,770	90	82

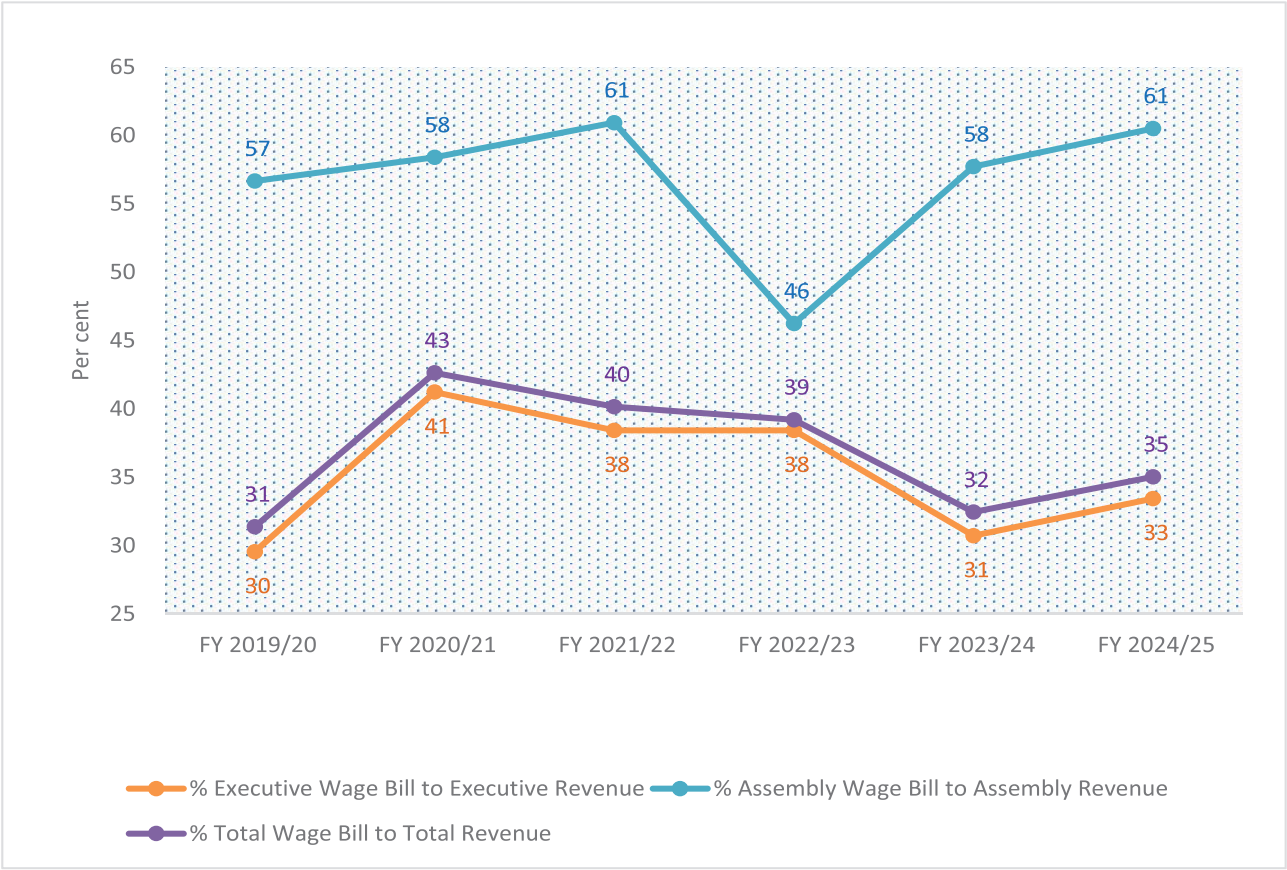
Source: Narok County Treasury

3.33.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs 5.55 billion. Therefore, the percentage of compensation of employees to revenue was 35 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.4.39 billion reported in FY 2023/24. Of this total, Kshs.1.62 billion was related to Health Sector employees, which accounted for 29 per cent of the overall employees' compensation.

Figure 131 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 131: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Narok County Treasury*

Further analysis indicated that compensation of employees' costs amounting to Kshs.5.54 billion were processed through the Unified HRIS while Kshs.887,599 was processed through manual payroll, accounting for less than 1% of the total P.E. cost.

The manual payroll comprised salaries for staff who exited permanently, as shown in Table 3.401.

Table 3.401: Breakdown of Narok County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
	Permanent exits	887,599
Total		**887,599**

Source: Narok County Treasury

The County Assembly spent Kshs.40.61 million on committee sitting allowances for the 50 MCAs against the annual budget allocation of Kshs.41.11 million. The average monthly sitting allowance was Kshs.67,689 per MCA. The County Assembly has 21 House Committees.

3.33.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.1.23 billion to County-established funds in FY 2024/25, or 7 per cent of the County's overall budget. Furthermore, the County allocated Kshs.50 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.402 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.402: Performance of Narok County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1.	Narok County Alcoholic Drinks Control and Regulation Fund	2016	14,000,000	-	-	-	Yes
2.	Narok County Climate Change Fund	2021	708,087,074	278,733,241	339,527,838	340,866,931	Yes
3.	Narok County Bursary Management Fund	2013	460,000,000	470,000,000	470,000,000	470,000,000	Yes
4.	Narok County Emergency Fund		50,000,000	-	-	-	No
Total			**1,232,087,074**	**748,733,241**	**809,527,838**	**810,866,931**	

Source: Narok County Treasury

During the reporting period, the COB received quarterly financial reports from the Fund Administrators, except for the Narok County Emergency Fund, as indicated in Table 3.402, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the **Narok County Bursary Management Fund** had lapsed.

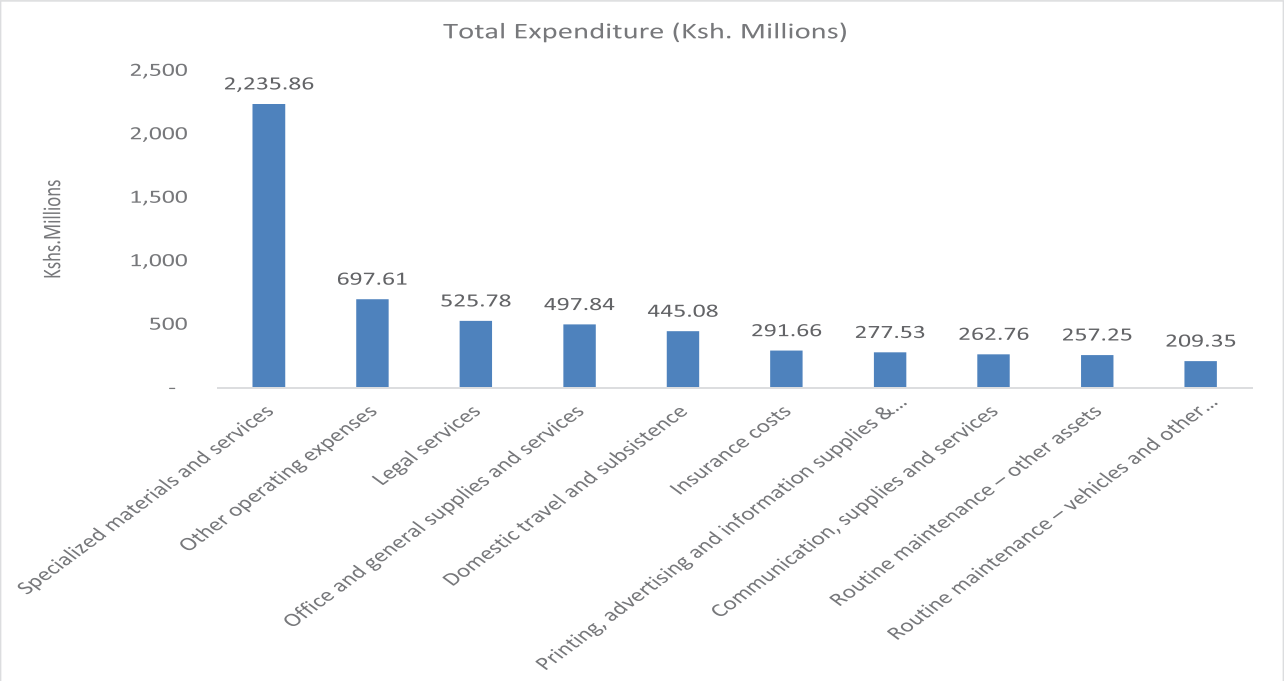
3.33.10 County Corporations

The County has one corporation, namely; Narok Water and Sewerage Services Company Limited, which did not receive a budgetary allocation in FY 2024/25.

3.33.11 Expenditure on Operations and Maintenance

Figure 132 summarises the Operations and Maintenance expenditure by major categories.

Figure 132: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: *Narok County Treasury*

Expenditure on domestic travel amounted to Kshs.445.08 million, which included Kshs.290.09 million spent by the County Assembly and Kshs.154.99 million by the County Executive. Expenditure on foreign travel amounted to Kshs 19.99 million, which was entirely incurred by the County Executive. Expenditure on foreign travel is summarised in Table 3.403.

Table 3.403: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2 officers	23rd to 27th September	Industrial Tour	Italy and Germany	1,899,180
County Executive	2 officers	25th to 31st August	12th World Wilderness Congress	USA	1,616,220
County Executive	3 Officers	14th to 17th October	Export Abattoir Benchmarking Exercise	South Africa	1,978,640
County Executive	5 officers	4TH-6th March	Kenya Tourism Board Expo invite	Germany	3,706,605
County Executive	2 officers	3rd-13 February	Africa World Championship qualifiers	South Africa	939,156
County Executive	4 officers	4TH-6th March	Kenya Tourism Board's Expo invite	Germany	3,706,605
County Executive	4 officers	27TH-29TH May	Magical Kenya West Coast Roadshow	USA	4,245,000
Total					**18,091,406**

Source: Narok County Treasury and Narok County Assembly

Other types of expenditure under the operations and maintenance costs include Medical exgratias, Maa cultural week celebration, and facilitation for black rhino tagging.

3.33.12 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.152.53 million as FIF, which was 126 per cent of the annual target of Kshs.120.95 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

In the reporting period, health facilities were owed a combined total of Kshs.34.56 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.404 presents a breakdown of the claims.

Table 3.404: Narok County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/SHA (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	Narok County Referral Hospital Level 4	77.71	46.96	30.75	3.81
Total		**77.71**	**46.96**	**30.75**	**3.81**

Source: *Narok County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.77.71 million. Of this, only Kshs.46.96 million was disbursed, occasioning a pending balance of Kshs.30.75 million. Further, the defunct NHIF still owes health facilities Kshs.3,81 million.

The expenditure by the health facilities amounted to Kshs.429.46 million, as shown in Table 3.405.

Table 3.405: Narok County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facility (Kshs.)	Actual Expenditure of the Facility (Kshs.)	Absorption rate (%)
1.	Narok County Referral Hospital Level 4	572,220,074	429,464,000	76
	Total	572,220,074	429,464,000	76

Source: *Narok County Treasury*

3.33.13 Development Expenditure

During the review period, the County reported spending Kshs.3.96 billion on development programs, a 25 per cent decrease compared to FY 2023/24, when the County spent Kshs.4.60 billion.

Table 3.406 summarises the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to low collection of OSR.

Table 3.406: Narok County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Public Works, Roads and Transport	Provision of earth-moving equipment	Narok Town	1,487,932,072	75,586,817.95	1,487,932,072	100
2	Health And Sanitation	Completion and associated works for the Narok County Referral Hospital	Narok Town	1,799,576,262	300,449,000	300,449,000	17
3	Public Works, Roads and Transport	Routine maintenance of County roads	Narok County	300,000,000	241,636,786.50	241,636,786.50	81
4	Public Works, Roads and Transport	Upgrading of County roads to bitumen standards, Nairagie Enkare	Keekonyokie	90,687,060	76,320,460	76,320,460	84
5	Public Works, Roads and Transport	Upgrading of County roads to bitumen standards, Masaantare junction-Ololulunga centre	Ololulunga	82,479,886	73,538,606	73,538,606	89
6	Public Works, Roads and Transport	Upgrading of County roads to bitumen standards	Ololulunga	95,509,806.40	68,447,934	68,447,934	72
7	Public Works, Roads and Transport	Upgrading of County roads to bitumen standards	Narok township	99,946,496.09	66,599,357	66,599,357	67
8	Health And Sanitation	Purchase of hospital Medical Equipment	Transmara West Sub-County Hosp	64,002,000	64,002,000	64,002,000	100
9	Public Health and Sanitation	construction of Narok County Referral Hospital	Narok Referral Hospital	61,329,616.97	46,297,000	56,297,000	92
10	Public Health and Sanitation	Construction and renovation of Health facilities, lot 33	Melili, Town, Nkareta, Olorropil	59,811,168.60	26,796,937.70	50,894,258.30	85

Source: *Narok County Treasury*

The County did not report any stalled development projects as of 30 June 2025,

3.33.14 Budget Performance by Department

Table 3.407 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.407: Narok County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Millions)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County assembly	987.91	150.00	931.68	-	931.67	987.91	94	-
County Executive	355.91	-	351.91	-	351.91	355.91	99	-
Finance & Economic Planning	2,178.77	82.91	2,147.50	32.91	2,147.50	2,178.77	99	40
Transport and Public Works	328.60	1,975.14	311.59	1,572.26	311.59	328.60	95	80

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Millions)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Youth, Sports, Culture and Social Services	1,820.78	312.68	1,777.64	301.30	1,777.58	1,820.78	98	96
Environment Protection, Energy, Water & Natural Resources	402.31	899.53	378.32	463.54	378.32	402.31	94	52
Public Service Board	111.90	-	111.88	-	111.88	111.90	100	-
Agriculture, Livestock & Fisheries	452.81	646.08	437.81	371.85	437.81	452.81	97	58
Health & Sanitation	3,357.87	935.42	3,355.78	935.42	3,355.78	3,357.87	100	100
Lands Housing Physical Planning & Urban Development	312.47	227.40	278.44	189.43	278.44	312.47	89	83
ICT & E Government	131.78	10.00	126.78	-	126.78	131.78	96	-
Administration And Public Services Management	976.49	55.68	894.87	55.68	894.87	976.49	92	100
Trade, Industry and Cooperative Development	631.20	38.80	591.23	38.80	591.23	631.20	94	100
Office of the County Attorney	185.07	-	182.64	-	182.64	185.07	99	-
Total	**12,233.88**	**5,333.64**	**11,878.07**	**3,961.19**	**11,878.00**	**12,233.88**	**99**	-

***Source**: Narok County Treasury*

Analysis of expenditure by departments shows that the Department of Health and Sanitation, Administration and Public Service Management and Trade, Industry and Cooperative Development recorded the highest absorption rate of development budget at 100 per cent. The Public Service Board had the highest percentage of recurrent expenditure to budget at 100 per cent, while the County Assembly had the lowest at 94 per cent.

3.33.15 Key Observations and Recommendations

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

(i) Own-source revenue underperformed at Kshs.5.69 billion against an annual target of Kshs.6.08 million, representing 94 per cent of the financial year target.

(ii) Unspent funds from FY 2023/24 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.407.

(iii) Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Narok County Bursary Management Fund had lapsed, making it ineligible for further withdrawals.

(iv) Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 July 2025, the reports for the Narok County Emergency Fund were not submitted to the CoB.

(v) The pending bill data submitted by the County was incomplete.

(vi) Use of manual payroll. Personnel emoluments amounting to Kshs.887,599 for staff not onboarded into HRIS were processed through manual payroll, accounting for 0.02 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

(vii) In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.34.56 million across the two schemes—SHIF and the defunct NHIF.

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

(i) *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

(ii) *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*

(iii) *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*

(iv) *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*

(v) *The County Leadership should submit a comprehensive report on pending bills. This report should include the following details: the total outstanding pending bills at the beginning of FY 2024/25, the pending bills that were settled during the fiscal year, and the outstanding pending bills as of June 30, 2025.*

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

(vii) *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.34. County Government of Nyamira

3.34.1 Overview of FY 2024/25 Budget

The Nyamira County Approved Supplementary I Budget for FY 2024/25 was Kshs.8.10 billion. It comprised Kshs.2.87 billion (35 per cent) and Kshs.5.23 billion (65 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.820.72 million (11.3 per cent) from the FY 2023/24 budget, comprised of a development budget of Kshs.2.15 billion and a recurrent budget of Kshs.5.13 billion. The increase in the budget was primarily attributed to two factors: the Equitable share for June 2024, which the National Treasury released in FY 2024/25, and an expected growth in own-source revenue.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.5.52 billion (68 per cent), and additional allocations of Kshs.1.26 billion (16 per cent), a cash balance of Kshs.469.07 million (6 per cent) brought forward from FY 2023/24, and Kshs.850 million (11 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.400 million (5 per cent) deposited into the CRF and Kshs.450 million (6 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.450 million (6 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.408.

3.34.2 Revenue Performance

The County received Kshs.7.88 billion in revenues in the review period to fund its development and recurrent activities. This amount represented a 27 per cent increase compared to the amount received in FY 2023/24 of Kshs.6.20 billion. The total revenue consisted of Kshs.5.78 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.368.05 million, as well as own-source revenue (OSR) collection of Kshs.741.13 million. Additionally, the County had a cash balance of Kshs.986.91 million from FY 2023/24.

The total OSR collection of Kshs.741.13 million included Facilities Improvement Financing (FIF) of Kshs.606.60 million, and Kshs.134.53 million from other OSR sources. Table 3.408 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.408: Nyamira County, Revenue Performance in FY 2024/25

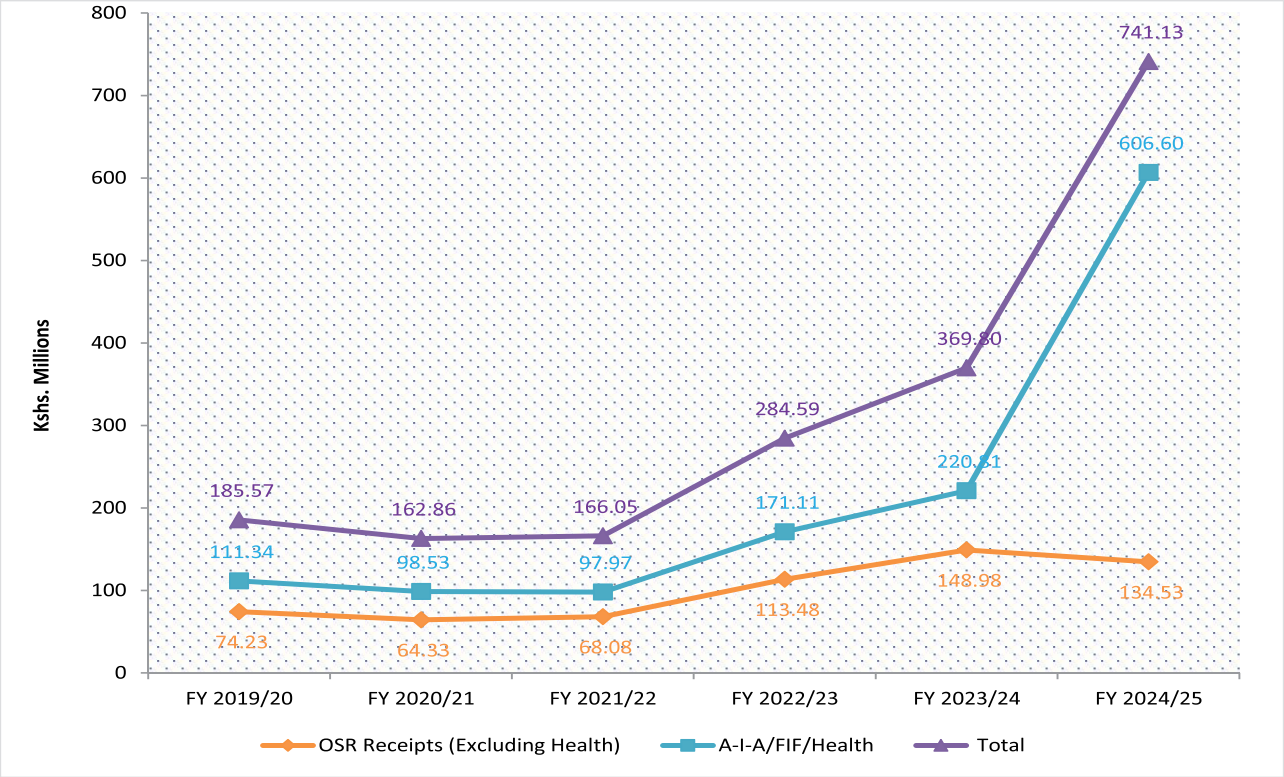
S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,523,614,355	5,786,724,115	105
Sub Total		5,523,614,355	5,786,724,115	105

S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
B	**Conditional Grants**			
1	Kenya Urban Support Programme (KUSP UDG)	19,817,128		-
2	Kenya Urban Support Programme (KUSP UIG)	45,208,640	32,309,300	71
3	DANIDA unspent 23/24	8,963,464		-
4	DANIDA 24/25 allocation	7,410,000	7,410,000	100
5	Kenya Agricultural business Development project (Sweden)	10,918,919		-
6	Kenya Devolution Support Program Level II	48,820,388		-
7	Kenya Second Informal Settlement Improvement (KISIP 2)	230,205,536	110,890,473	48
8	County Climate Resilience Support (CCRS)-World Bank	162,210,133	21,055,736	13
9	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	89,843,219	59
10	County Climate Institutional Support (CCIS)-World Bank	11,000,000	11,000,000	100
11	Aggregated Industrial Park Programme	250,000,000	54,131,579	22
12	Road Maintenance Levy Fund	114,508,950	41,412,436	36
13	Community Health Promoters	44,370,000		-
14	Climate change resilience (FLOCCA)	155,247,624		-
16	Village polytechnic grants	19,041		-
Sub-Total		1,260,214,975	368,052,743	29
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	400,000,000	134,534,104	34
2	Balance b/f from FY2023/24	469,068,212	986,909,746	210
3	Facility Improvement Fund (FIF)	450,000,000	606,596,303	135
4	Other Revenues		-	-
5	Appropriation in Aid (AIA)	-	-	-
Sub Total		1,319,068,212	1,728,040,153	131
Grand Total		**8,102,897,542**	**7,882,817,011**	**97**

Source: *Nyamira County Treasury*

The County does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 133 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 133: Nyamira County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25



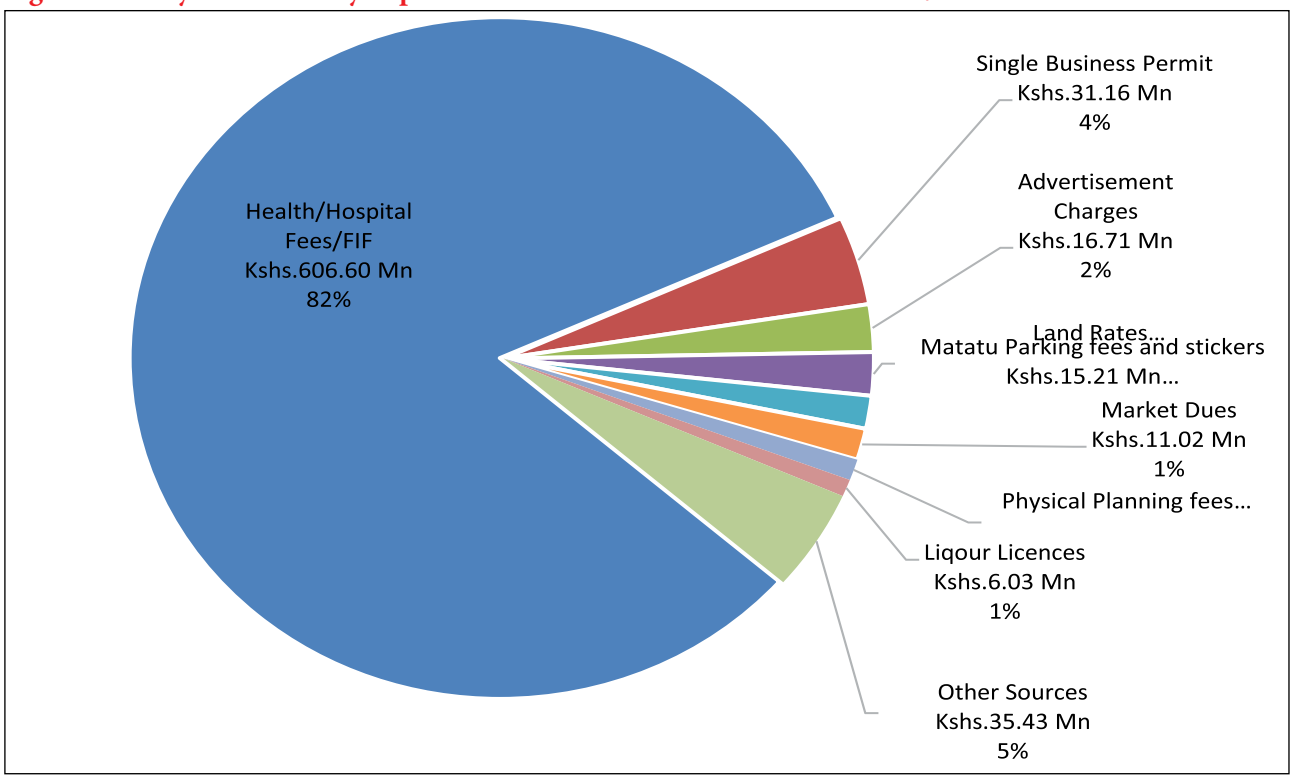
Source: *Nyamira County Treasury*

During the year, the County generated Kshs.741.13 million from its revenue sources, including FIF. This amount was an increase of 100 per cent compared to Kshs.369.80 million realised in a similar period in FY 2023/24, and was 87 per cent of the annual target and 13 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to stringent revenue collection measures, surveillance, and an improved supply of drugs in health facilities, which in turn has led to more visits to County health facilities.

The revenue streams which contributed the highest OSR receipts are shown in Figure 134.

Figure 134: Nyamira County Top Own Source Revenue Streams in FY 2024/25



Source: *Nyamira County Treasury*

As shown in Figure 134, the highest revenue stream, at Kshs.606.60 million, was from Facility improvement Financing, accounting for 75 per cent of the total OSR receipts. The County Government has automated 29 out of 31 revenue streams.

3.34.3 Borrowing by the County

The County Government did not disclose any borrowings during the period under review.

3.34.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.5.88 billion from the CRF account in FY 2024/25, which comprised Kshs.1.09 billion (19 per cent) for development programmes and Kshs.4.79 billion (81per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.45 billion was towards employee compensation and Kshs.1.34 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 14 per cent was for domestic travel, and there were no exchequer releases for foreign travel. The domestic travel exchequer amounted to Kshs.186.37 million and included Kshs.51.24 million for the County Executive and Kshs.135.12 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.960.08 million.

3.34.5 County Expenditure Review

The County spent Kshs.5.65 billion on development and recurrent programmes in the reporting period. The expenditure represented 96 per cent of the total funds released by the CoB. It comprised Kshs.1.05 billion for development programmes and Kshs.4.60 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 37 per cent, while recurrent expenditure represented 88 per cent of the annual recurrent expenditure budget.

3.34.6 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.812.86 million. This amount included Kshs.776.68 million from the County Executive and Kshs.36.18 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.433.41 million for recurrent expenditures and Kshs.343.27 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.403.39 million, comprising Kshs.130.16 million (32per cent) for recurrent programmes and Kshs.273.23 million (68 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.28 million for development activities. Table 3.409 provides additional details of pending bills.

Table 3.409: Nyamira County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	433,411,368	215,394,155		218,017,213
Development	343,267,788	229,066,326		114,201,462
Total	**776,679,156**	**444,460,480**	**0**	**332,218,676**
County Assembly				
Development	36,179,261	28,000,000		8,179,261
Total	**36,179,261**	**28,000,000**	**0**	**8,179,261**

Source: *Nyamira County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to paying Kshs.776.24 million and Kshs.36.18 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.444.46 million for the Executive and Kshs.28 million for the Assembly. The County did not disclose pending bills incurred in FY2024/2025 because the pending bills verification committee had not yet submitted its report.

Table 3.410 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.391.68 million.

Table 3.410: Nyamira County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills		64,220,000	11,443,531	46,717,194	122,380,724
Recurrent Pending Bills (Goods & Services)		127,030,403	34,052,027	57,034,784	218,117,214
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	0	0	0	0	0
Recurrent Pending Bills (Staff Claims)	0	0	0	0	0
Total Recurrent Pending Bills	-	127,030,403	34,052,027	57,034,784	218,117,214
Total Pending Bills	-	191,250,402	45,495,558	103,751,978	340,497,938
of % Total	-	56	13	30	100

Source: *Nyamira County Treasury*

3.34.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.06 billion for compensation of employees, Kshs.899.60 million for operations and maintenance, and Kshs.1.01 billion for development activities. Similarly, the County Assembly spent Kshs.398.50 million on compensation of employees, Kshs.251.22 million on operations and maintenance, and Kshs.41.95 million on development activities, as shown in Table 3.411.

Table 3.411: Nyamira County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,532,527,717**	**699,762,663**	**3,954,890,684**	**649,727,186**	**87**	**93**
Compensation of Employees	3,087,205,135	347,941,534	3,055,287,213	398,503,388	99	115
Operations and Maintenance	1,445,322,582	351,821,129	899,603,471	251,223,798	62	71
Development Expenditure	2,772,607,162	98,000,000	1,010,167,898	41,951,125	36	43
Total	**7,305,134,879**	**797,762,663**	**4,965,058,582**	**691,678,311**	**68**	**87**

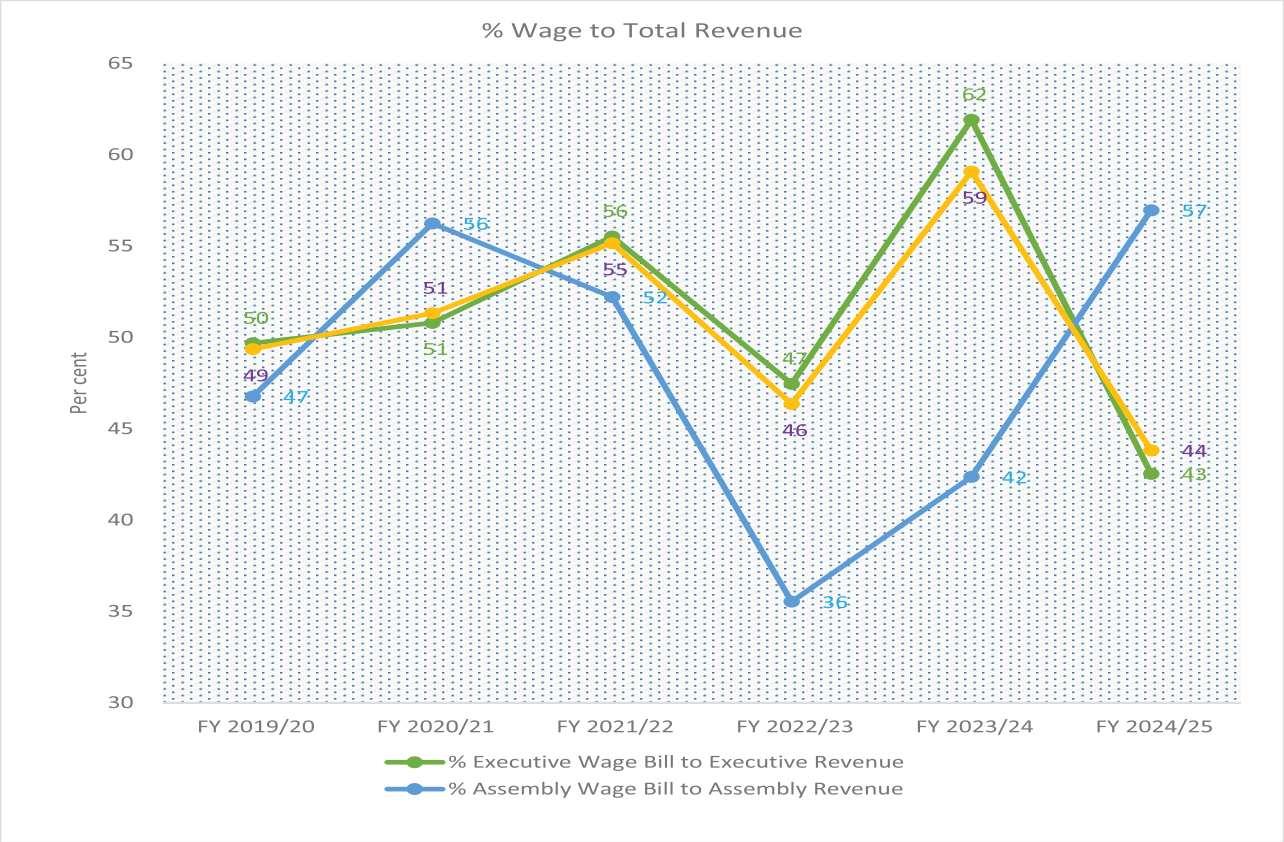
Source: *Nyamira County Treasury*

3.34.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.45 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.7.88 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 44 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.42 billion reported in FY 2023/24. Of this total, Kshs.1.44 billion related to the Health Sector employees, which accounted for 42 per cent of the overall employees' compensation

Figure 135 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 135: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Nyamira County Treasury*

Further analysis revealed that PE costs totalling Kshs.3.45 billion were processed through the Human Resource Information System (HRIS), indicating that all PE costs were processed through HRIS.

The County Assembly spent Kshs.33.18 million on committee sitting allowances for the 36 MCAs against the annual budget allocation of Kshs.41.18 million. The average monthly sitting allowance was Kshs.76,805 per MCA. The County Assembly has 20 House Committees.

3.34.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.585.42 million to County-Established funds in FY 2024/25, or 7 per cent of the County's overall budget. Further, the County allocated Kshs.5 million to the Emergency Fund (less than 1 per cent of the total budget), which is not in line with Section 110 of the PFM Act, 2012. Table 3.412 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.412: Performance of Nyamira County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements
		County Executive Established Funds					
1.	Emergency Fund	2019	5,000,000	-	-	146,000,000	No
2.	Education Support Fund	2016	120,415,513	48,915,513	48,915,513	659,915,513	No
3.	Loans to traders (Revolving Fund)	-	-	-	-	-	No
4.	Car Loan & Mortgage Fund	2015	10,000,000	5,000,000	5,000,000	152,500,000	No

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements
5.	FIF		450,000,000				
		County Assembly Established Funds					
5.	Car and Mortgage Fund (Assembly)	2017				431,000,000	No
	Total		**585,415,513**	**53,915,513**	**53,915,513**	**1,389,415,513**	

Source: *Nyamira County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated in Table 3.412, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the County Executive Car Loan & Mortgage Fund had lapsed in May 2025. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.34.10 County Corporations

The County has two County Corporations, which were allocated Kshs.43.22 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.35.11 million as shown in Table 3.413.

Table 3.413: Performance of Nyamira County Corporations in FY 2024/25

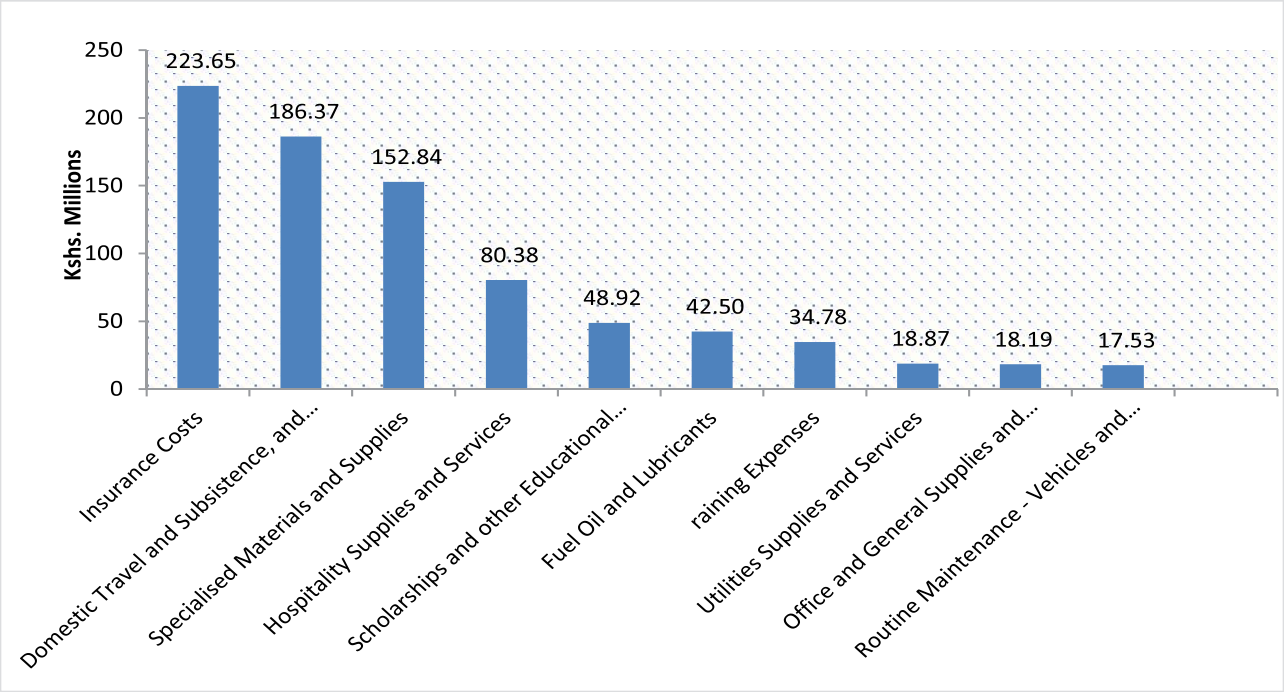
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1	Nyamira Investment Corporation	8,222,500	3,599,826	3,599,826	3,599,826
2	Nyamira Water & Sanitation Company	35,000,000	31,506,947	31,506,947	31,506,947
	Total	**43,222,500**	**35,106,773**	**35,106,773**	**35,106,773**

Source: *Nyamira County Treasury*

3.34.11 Expenditure on Operations and Maintenance

Figure 136 summarises the Operations and Maintenance expenditure by major categories.

Figure 136: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyamira County Treasury*

Expenditure on domestic travel amounted to Kshs.186.37 million and comprised Kshs.135.13 million spent by the County Assembly and Kshs.51.24 million by the County Executive. No expenditure on foreign travel was reported during the period under review.

Other types of expenditure under the operations and maintenance costs include Kshs.5.02 million related to legal fees, dues, arbitration, and compensation payments.

3.34.12 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.606.60 million as FIF, which was 135 per cent of the annual target of Kshs.450 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs.255.60 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF).Table 3.414 presents a breakdown of the claims.

Table 3.414: Nyamira County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	1 Level 5 Hospital	400	298	102	34
2	8 Level 4 Hospitals	350	264	86	18
3	71 Level 3 Hospitals	40	31	9	3
4	38 Level 2 Hospitals	18	16	2	1
	Total	**808**	**609**	**199**	**56**

Source: *Nyamira County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) amounting to Kshs.808 million. Of this, only Kshs.608 million was disbursed, occasioning a pending balance of Kshs.200 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.55.40 million.

The expenditure by the health facilities amounted to Kshs.386.13 million, as shown in Table 3.415.

Table 3.415: Nyamira County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One Level 5 Hospital	197,678,800	187,678,800	95
2.	8 Level 4 Health Facilities	163,599,209	153,599,209	94
3.	71 Level 3 health facilities	31,306,907	30,306,907	97
4.	38 Level 2 facilities	15,543,246	14543,246	94
	Total	**408,128,162**	**386,128,162**	**95**

Source: *Nyamira County Treasury*

3.34.13 Development Expenditure

In the review period, the County reported spending Kshs.1.01 billion on development programmes, a 20 per cent decrease compared to FY 2023/24, when the County spent Kshs.1.32 billion. Table 3.416 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to delays in procurement processes.

Table 3.416: Nyamira County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads, Transport & Public Works	Purchase of heavy Machinery (Bulldozer, Excavator, Motor grader, Wheel roller, Roller Dump truck and Prime mover)	Headquarter	258,017,652	250,456,697	97
2	County Assembly	Construction of an office block	Headquarter	367,000,000	255,903,302	70
3	Roads, Transport & Public Works	Upgrading and maintenance of a revenue collection and maintenance system	Headquarter	6,024,999	6,024,999	100
4	Environment, Energy, Natural Resources and Mining	Installation and Commissioning of 6no 7m, LED street lights and 8no concrete poles street lights at Nyamira Hq	Nyamira Town	4,998,996	4,998,996	100
5	Health Services	Renovation works, construction of 2 2-door pit latrine, chain link fencing and external works for the Nyabonge OPD block in Itibo ward	Itibo Ward	4,999,999	4,999,999	100
6	Water, Irrigation and Sanitation	Drilling, equipping and distribution of the Sengera borehole in Manga Ward	Manga	4,999,600	4,999,600	100
7	Roads, Transport & Public Works	Routine maintenance of ACK Samaritan-K isumu ndogo-misambi SDA church-Misambi junction-Nyambambo road.	Magwagwa Ward	4,902,044	4,902,044	100
8	Roads, Transport & Public Works	Routine maintenance of the Nyaramba Junction-Kebabe Girls -Ikonge (Bwarani Junction) road	Ekerenyo Ward	4,955,300	4,955,300	100
9	Roads, Transport & Public Works	Routine maintenance of Nyamatimbo-Egetare-Kiamogake	Bogichora Ward	4,111,478	4,111,478	100
10	Roads, Transport & Public Works	Routine maintenance of the outreach Church-Riokerio-Riamogere-Mogumo-Bwonchuru road	Magombo Ward	3,862,742	3,862,742	100

Source: *Nyamira County Treasury*

The County reported three stalled development projects as of 30 June 2025, with an estimated value of Kshs.784.35 million, of which Kshs.515.90 million has already been paid. The stalled projects are shown in Table 3.417.

Table 3.417: Nyamira County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Nyamira County Headquarters	Nyamira Town	382,970,401	233,382,457	149,587944	61	No Budgetary provision
County Assembly office block	Nyamira Town	367,000,000	255,900,000	111,100,000	70	No Budgetary provision
County Assembly Speaker's Residence	Bonyamatuta Ward	34,377,805	26,615,748	7,762,057	77	No Budgetary provision

Source: *Nyamira County Treasuries*

3.34.14 Budget Performance by Department

Table 3.418 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.418: Nyamira County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Millions)		Exchequer Received (Kshs.Millions)		Expenditure (Kshs. Millions)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Nyamira County Assembly	699.76	98	699.55	41.95	649.73	41.95	93	43
County Executive	497.83	-	415.86	-	355.67	-	71	-
Finance, ICT &Economic Planning	116.79	425.55	111.70	273.23	101.94	273.23	87	64
Agriculture, Livestock and Fisheries	66.61	195.43	66.55	134.99	64.32	134.99	97	69
Environment, Energy, Natural Resources and Mining	60.78	389.46	61.77	72	54.97	32	90	8
Education & Vocational Training	438.97	24.20	417.07	5	407.46	5	93	21
Health Services	687.43	447.50	687.43	-	649.84	-	95	-
Lands, Housing, Physical Planning and Urban Development	80.75	346.21	80.73	41.55	77.63	41.55	96	12
Water, Irrigation and Sanitation	48.30	31.20	37.21	-	26.41	-	55	-
Roads, Transport & Public Works	118.62	472.03	107.67	385.07	107.67	385.07	91	82
Trade, Tourism, Industrialisation & Cooperatives Development	65.91	200.47	47.22	68.03	46.72	68.03	71	34
Sports, Gender, Cultures & Social Services	67.68	12.50	53.06	-	53.66	-	79	-
County Public Service Board	61.12	-	53.91	-	53.91	-	88	-
Public Service Management	473.31	42.50	432.76	-	430.65	-	91	-
Nyamira Municipality Board	91.88	90.03	46.85	51.35	50.80	51.35	14	57
County Attorney	25.15	4.99	28.14	4.94	12.70	4.94	-	99
Economic Planning, Resource Mobilisation & ICT	230.39	31.55	182.21	4	188.48	4		13
Livestock & Fisheries Services	100.64	11	97.62		97.51			-
Primary Healthcare	1,226.10	35	1,102.57	10	1,126.26	10		29
Keroka Municipality Board	17.11	13	8.73	-	7.80	-		-
Nyamira Revenue Board	7.72	-	11.72	-	3.34	-	43	-
Nyamira Disability Board	6.22	-	4.08	-	2.04	-	33	-

Department	Revised Budget Allocation (Kshs.Millions)		Exchequer Received (Kshs.Millions)		Expenditure (Kshs. Millions)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Nyamira Investment Corporation	8.22	-	5.48	-	3.60	-	44	-
Nyamira Water & Sanitation Company	35	-	31.51	-	31.51	-	90	-
Total	**5,232.29**	**2,870.61**	**4,791.39**	**1,092.12**	**4,604.62**	**1,052.12**	**88**	**37**

***Source**: Nyamira County Treasury*

Analysis of expenditure by departments shows that the Department of Roads, Transport & Public Works recorded the highest absorption rate of development budget at 82 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 69 per cent. The Department of Agriculture, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 97 per cent, while the Nyamira Municipality Board had the lowest at 14 per cent.

3.34.15 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 4 August 2025.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the County Executive Car Loan & Mortgage Fund had lapsed, making it ineligible for further withdrawals.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 July 2025, the reports for all the Funds had not been submitted to the CoB.
iv. High level of pending bills, which amounted to Kshs.340.31 million as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
v. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.255.60 million across the two schemes—SHIF and the defunct NHIF.
vi. Stalled projects: The County reported three stalled projects with an estimated value of Kshs.784.35 million, of which Kshs.515.90 million has already been paid. The reason for the stall is attributed to a lack of budgetary provision.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iv. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
v. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*
vi. *The County should focus on completing the stalled projects as long as they are feasible to ensure value for money and the achievement of the intended objectives.*

3.35. County Government of Nyandarua

3.35.1 Overview of FY 2024/25 Budget

The Nyandarua County Approved Supplementary I Budget for FY 2024/25 was Kshs.8.78 billion. It comprised Kshs.3.17 billion (36 per cent) and Kshs.5.61 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.31.61 million (0.4 per cent) from the

FY 2023/24 budget, which comprised a development budget of Kshs.3.18 billion and a recurrent budget of Kshs.5.57 billion. The increase in the budget was primarily attributed to the rise in the equitable share from Kshs.5.91 billion in FY 2023/24 to Kshs.5.94 billion in FY 2024/25

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.6.41 billion (73 per cent), which includes Kshs.472.48 million of equitable share from FY 2023/24 received during the reporting period, and additional allocations of Kshs.1 billion (11 per cent), a cash balance of Kshs.515.99 million (6 per cent) brought forward from FY 2023/24, and Kshs.850 million (10 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.600 million (71 per cent) deposited into the CRF and Kshs.250 million (29 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.419.

3.35.2 Revenue Performance

The County received Kshs.7.94 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 16 per cent compared to the amount received in FY 2023/24 of Kshs.6.83 billion. The total revenue consisted of Kshs.6.41 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.361.9 million, as well as own-source revenue (OSR) collection, which totalled Kshs.653.24 million. Additionally, the County had a cash balance of Kshs.515.99 million from FY 2023/24.

The total OSR collection of Kshs.653.24 million included Facilities Improvement Financing (FIF) of Kshs.282.53 million, and Kshs.370.71 million from other OSR sources. Table 3.419 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.419: Nyandarua County, Revenue Performance in FY 2024/25

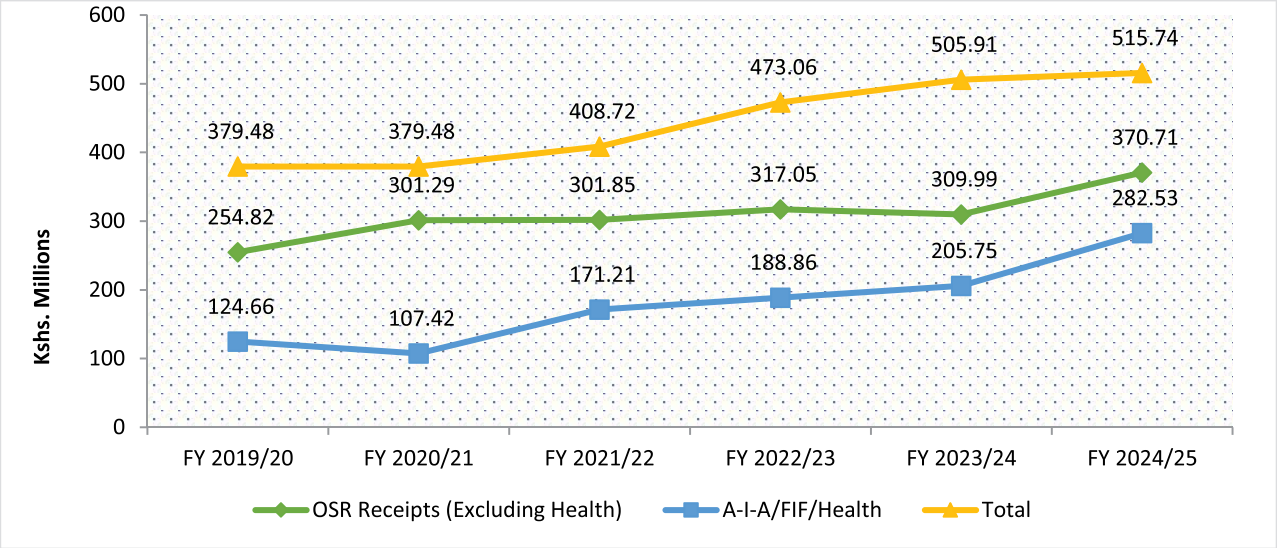
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (&)
A.	**Equitable Share of Revenue Raised Nationally**	6,409,000,509	6,409,000,509	100
Sub Total		6,409,000,509	6,409,000,509	100
B	**Conditional Grants**			
1				-
2	Fertiliser Subsidy Programme	121,624,039	0	-
3	Livestock Value Chains Support Project	135,210,000	0	-
4	Transfer of Library Services	2,865,209	0	-
5	Community Health Promoters Project	41,610,000	0	-
6	IDA (World Bank) - National Agriculture Value Chain Development Project (NAVCDP)	151,515,152	41,960,821	28
7	Sweden- Kenya Agricultural Business Development Project (KABDP)	10,918,919		-
8	DANIDA - Primary Health Care in a Devolved Context	7,507,500	5,630,625	75
9	World Bank -Kenya Informal Settlement Improvement Project- KISIP II	288,462,533	282,000,000	98
10	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Resilience Investment Grant	136,000,000		-
11	Kenya Development Support Program Level 2	37,500,000		-
12	IDA (World Bank Credit) Kenya Urban Support Project (KUSP)-Urban Institutional Grant (IUG)	35,000,000	32,309,300	92
13	IDA (World Bank Credit) Kenya Urban Support Project (KUSP)-Urban Development Grant(UDG)	36,556,578		-
Sub-Total		1,004,769,930	361,900,746	36
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	600,000,000	370,706,404	62
2	Balance b/f from FY2023/24	515,993,033.00	515,993,033	100

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (&)
3	Facility Improvement Fund (FIF)	250,000,000	282,528,973	113
Sub Total		1,365,993,033	1,169,228,410	86
Grand Total		**8,779,763,472**	**7,940,129,665**	**90**

Source: *Nyandarua County Treasury*

The County has developed regulations to operationalise the FIF Act of 2023. Figure 137 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 137: Nyandarua County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

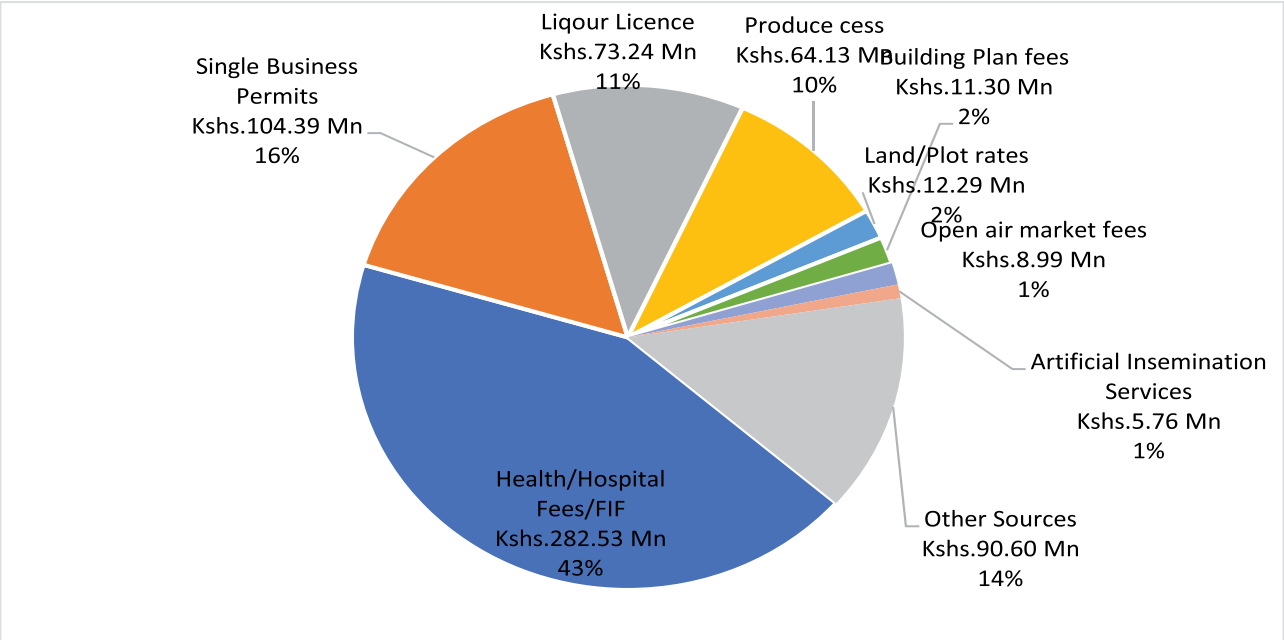


Source: *Nyandarua County Treasury*

During the year, the County generated Kshs.653.24 million from its revenue sources, including FIF. This amount was an increase of 27 per cent compared to Kshs.515.74 million realised in a similar period in FY 2023/24, and was 77 per cent of the annual target and 10.2 per cent of the equitable revenue share disbursed. The OSR included revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.7.52 million.

The revenue streams which contributed the highest OSR receipts are shown in Figure 138.

Figure 138: Nyandarua County Top Own Source Revenue Streams in FY 2024/25



Source: Nyandarua County Treasury

As shown in Figure 138, the highest revenue stream, at Kshs.282.53 million, was from health/hospital fees accounting for 43 per cent of the total OSR receipts. The County Treasury has indicated that it has automated 75 revenue streams, but it has reported experiencing more prolonged downturns with the current system.

3.35.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.564.23 million.. Table 3.420 presents a breakdown of the County's revenue arrears.

Table 3.420: Nyandarua County Revenue Arrears as of 30 June 2025

No	Revenue Stream	OSR Arrears as at 30 June, 2024 (Kshs.)				OSR Arrears as at 30 June 2025 (Kshs.)
			Waivers	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	e=a-b-c+d
1	Plot rate, Land rate and Kiosk rent	474,491,294.08	-	5,664,247.58	9,265,568.15	478,092,614.65
2	Linda Mama/NHIF	77,998,028.00	-	-	-	77,998,028.00
3	House rent	8,500,045.00	-	1,043,906.00		7,456,139.00
4	Stall rent	3,245,800.00	-	809,683.00	-	2,436,117.00
Total		**564,235,167.08**	-	**7,517,836.58**	**9,265,568.15**	**565,982,898.65**

Source: Nyandarua *County Treasuries*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.564.23 million (98 per cent) and interest and penalties of Kshs.9.27 million (2 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include waivers of interest and penalties to encourage payment of the principal amounts, especially for land rates.

3.35.4 Borrowing by the County

The County treasury has an MoU with Tower Sacco to pay salaries whenever there is a delay in the disbursement of the equitable share.

3.35.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.7.28 billion from the CRF account in FY 2024/25, which comprised Kshs.1.88 billion (26 per cent) for development programmes and Kshs.5.4 billion (74 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.2.27 billion was towards employee compensation and Kshs.2.31 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 18.4 per cent was for domestic travel and 0.6 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.425.09 million and included Kshs.309.47 million for the County Executive and Kshs.115.62 million for the County Assembly. The foreign exchequer totalled Kshs.14.34 million, comprising Kshs.3.84 million for the County Executive and Kshs.11.5 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.78.71 million.

3.35.6 County Expenditure Review

The County spent Kshs.7.07 billion on development and recurrent programmes in the reporting period. This expenditure represented 97.1 per cent of the total funds released by the CoB. It comprised Kshs.1.96 billion for development programmes and Kshs.5.11 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 62 per cent, while recurrent expenditure represented 91 per cent of the annual recurrent expenditure budget.

3.35.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.24 billion as of 30 June 2024. This amount included Kshs.1.13

billion from the County Executive and Kshs.108.07 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.353.35 million for recurrent expenditures and Kshs.781.61 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.421.73 million, comprising Kshs.125.44 million (30 per cent) for recurrent programmes and Kshs.296.29 million (70 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.47.64 million, which included Kshs.36.36 million (76 per cent) for recurrent activities and Kshs.11.28 million (24 per cent) for development activities. Table 3.421 provides additional details of pending bills.

Table 3.421: Nyandarua County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	353,347,014	125,438,645	136,330,742	364,239,111
Development	781,612,105	296,292,193	383,748,749	869,068,661
Total	**1,134,959,119**	**421,730,838**	**520,079,491**	**1,233,307,772**
County Assembly				
Recurrent	96,792,173	36,365,777	10,898,676	71,325,072
Development	11,277,361	11,277,361	0	-
Total	**108,069,534**	**47,643,138**	**10,898,676**	**71,325,072**

Source: *Nyandarua County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.399.66 million and Kshs.102.66 million, respectively, in FY 2024/25. The County assembly did not adhere to this payment plan, as it cleared Kshs.47.64 million. Table 3.422 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.70.26 million.

Table 3.422: County Assembly Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**383,748,750**	**373,993,292**		**264,479,091**	**1,022,221,133**
Recurrent Pending Bills (Goods & Services)	137,842,474	229,417,370		158,302,517	525,562,361
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	210,948,932				210,948,932
Recurrent Pending Bills (Staff Claims)					-
Total Recurrent Pending Bills	**348,791,406**	**229,417,370**	-	**158,302,517**	**736,511,293**
Total Pending Bills	**732,540,156**	**603,410,662**	-	**422,781,608**	**1,758,732,426**
of Total	**42**	**34**	-	**24**	**100**

Source: *Nyandarua County Executive and County Assembly*

3.35.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.25 billion for compensation of employees, Kshs.2.04 billion for operations and maintenance, and Kshs.1.91 billion for development activities. Similarly, the County Assembly spent Kshs.369.73 million on compensation of employees, Kshs.448.60 million on operations and maintenance, and Kshs.49.73 million on development activities, as shown in Table 3.423.

Table 3.423: Nyandarua County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,784,883,410**	**823,018,248**	**4,285,811,062**	**818,332,360**	90	99
Compensation to Employees	2,296,800,000	393,169,346	2,249,952,245	369,732,984	98	94
Operations and Maintenance	2,488,083,410	429,848,902	2,035,858,817	448,599,376	82	104
Development Expenditure	3,121,961,814	49,900,000	1,905,857,132	49,727,627	61	100
Total	**7,906,845,224**	**872,918,248**	**6,191,668,194**	**868,059,987**	**78**	**99**

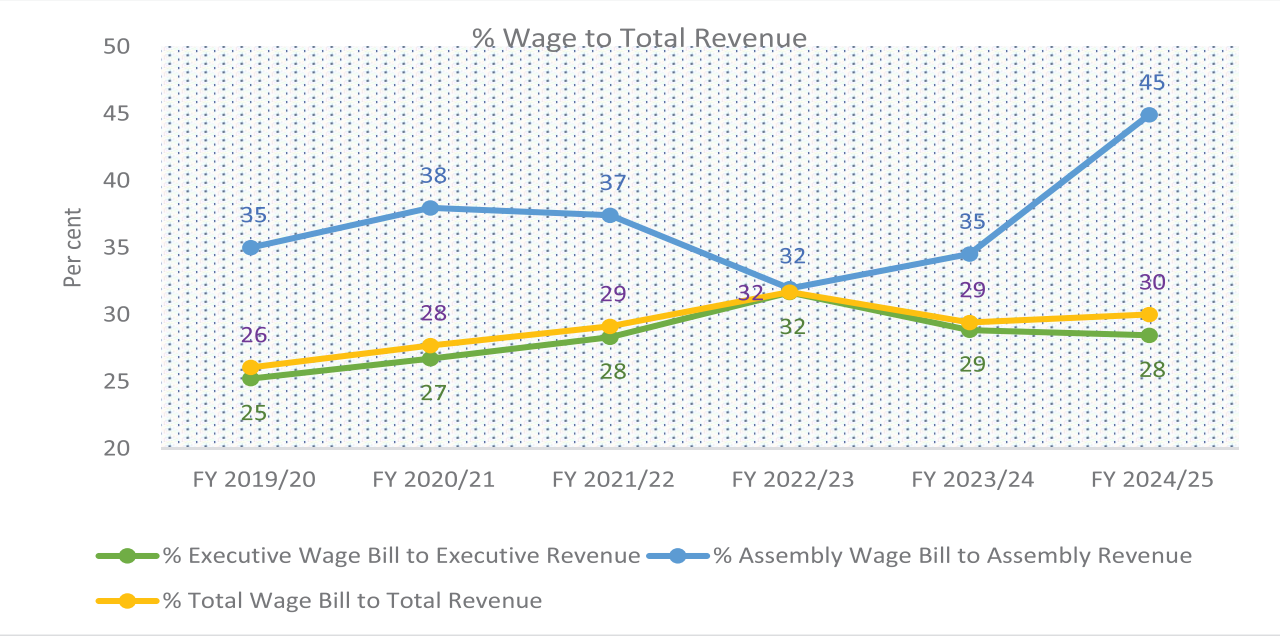
***Source**: Nyandarua County Treasury*

3.35.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.2.62 billion. The County government did not report its earnings, if any, from extractive natural resources. Therefore, the percentage of employee compensation to revenue in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015 is 30 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.2.77 billion reported in FY 2023/24. Of this total, Kshs.1.02 billion related to the Health Sector employees, which accounted for 39 per cent of the overall employees' compensation.

Figure 139 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 139: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Nyandarua County Treasury

Further analysis revealed that PE costs totalling Kshs.2.51 billion were processed through the Human Resource Information System (HRIS) Kshs.112.92 million was processed through manual payrolls, which accounted for 4 per cent of the total PE cost.

The manual payroll comprised salaries for 80 staff not onboarded into the Human Resource Information System (HRIS), salaries for 15 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.424.

Table 3.424: Breakdown of Nyandarua County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff yet to be onboarded into UHR	1,607,965.63	19,703,040	**21,311,005.7**
2	Salaries for casual staff		1,500,000	**1,500,000.0**
3	Top-up Allowances for Security officers	1,783,355.00	2,160,000	**3,943,355.0**
4	LAPTRUST/LAPFUND Pension Contributions	59,689,637.25	-	**59,689,637.3**
5	Gratuity for contract staff	14,585,928.00	25,268,272	**39,854,200.0**
6	Affordable Housing Levy		323,166	**323,165.5**
7	NITA		21,500	**21,500.0**
8	NSSF		604,800	**604,800.0**
9	Newly engaged ECDE teachers	7,935,792		**7,935,791.9**
10	Interns	5,142,521.9		
	Salary arrears	4,105,938		
11	**Total**	**94,851,138**	**49,580,778**	**135,183,455**

Source: Nyandarua County Treasury

The County Assembly spent Kshs.30.74 million on committee sitting allowances for the 41 MCAs and the speaker, against the annual budget allocation of Kshs.32.6 million. The average monthly sitting allowance was Kshs.60,995 per MCA. The County Assembly has 17 House Committees.

3.35.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.375.07 million to County-Established funds in FY 2024/25, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.50 million to the Emergency Fund (0.6 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.425 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.425: Performance of Nyandarua County Established Funds in FY 2024/25

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Nyandarua County Emergency Fund	2016	50,000,000	50,000,000	50,000,000		No
2.	Nyandarua County Bursary Fund	2016	138,900,000	138,900,000	137,450,000		No
3.	Nyandarua County Executive Mortgage Fund	2019	70,000,000	70,000,000	70,000,000		No
4.	Agricultural Institutions Revolving Fund		10,000,000	10,000,000	10,000,000		No
		County Assembly Established Funds					
5.	Nyandarua County Assembly Staff Car & Mortgage		46,167,574	46,167,574	46,167,574		No
6.	Nyandarua County Assembly MCAs Car & Mortgage		60,000,000	60,000,000	60,000,000		No
	Total		**375,067,574**	**375,067,574**	**373,617,574**		

Source: *Nyandarua County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Fund Administrators of the two County assembly funds as indicated in Table 3.425, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the Funds' lifespan was within the 10-year limit.

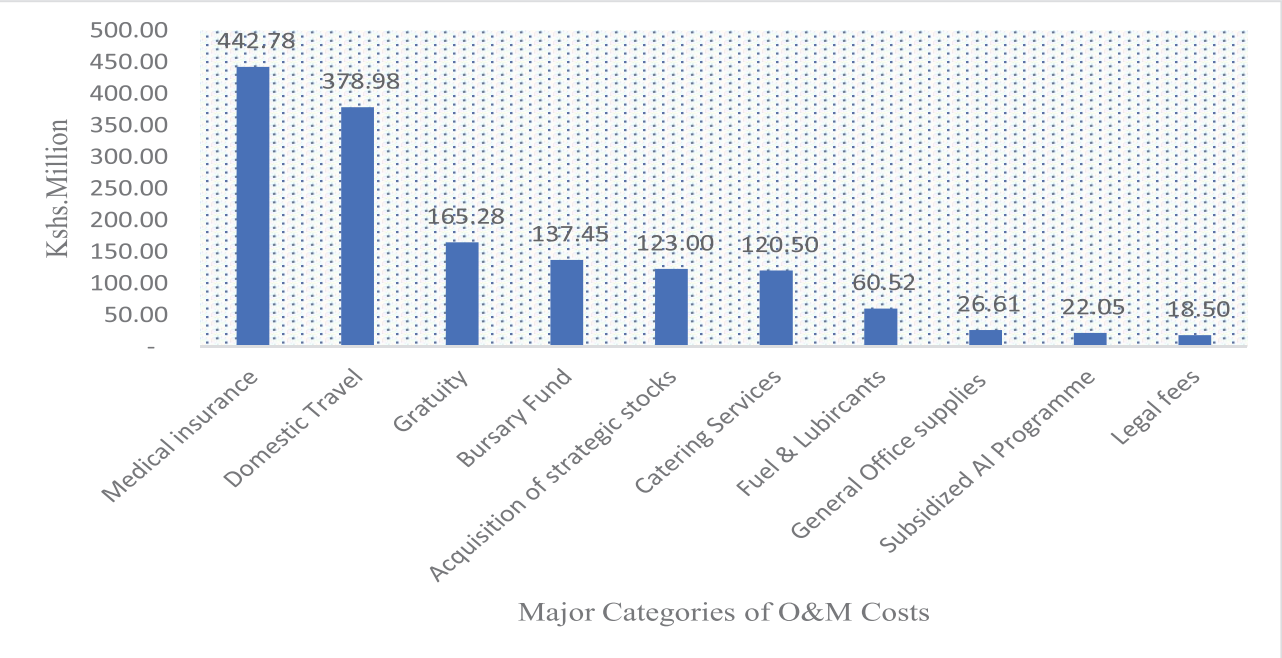
3.35.11 County Corporations

The County did not disclose any County corporations during the review period.

3.35.12 Expenditure on Operations and Maintenance

Figure 140 summarises the Operations and Maintenance expenditure by major categories.

Figure 140: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyandarua County Treasury*

Expenditure on domestic travel amounted to Kshs.425.46 million and comprised Kshs.115.99 million spent by the County Assembly and Kshs.309.47 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.34 million and comprised Kshs.11.5 million by the County Assembly and Kshs.3.84 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.426.

Table 3.426: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	9	13th to 20th September 2024	Workshop on parliamentary practices training	Arusha	3,021,696
County Assembly	1	19th to 26th May 2024	Being payment for foreign allowances (balance) while in the USA- Climate Leadership Conference	USA	207,111
County Assembly	13	2nd to 8th September 2024	Being payment of foreign allowances during EALA	Arusha	4,106,844

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	12	18th to 24th May 2025	Being payment for foreign allowances during the Learning tour with the East African Legislative Assembly	Arusha	3,664,349
County Executive	4		Trade conference in Dubai	Dubai	1,695,255

Source: Nyandarua County Treasury and Nyandarua County Assembly

Other types of expenditure under the operations and maintenance costs include Kshs.14.6 million related to legal fees, dues, arbitration, and compensation payments.

3.35.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.282.53 million as FIF, which was 113 per cent of the annual target of Kshs.250 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.212.81 million in the reporting period. A breakdown of the claims is presented in Table 3.427.

Table 3.427: Nyandarua County Health Facilities FIF Performance in FY2024/25

Health Facilities FIF Performance				
S/no	Level of Health Facility and number of facilities	SHA (Kshs.Million)		
		Approved Claims	Claims Paid	Balance
1	60 Level 2 Hospitals	66,529,477	15,855,491	50,673,986.00
2	26 Level 3 Hospitals	176,893,003	63,520,690	113,372,313.00
3	2 Level 4 Hospitals	91,926,239	43,161,942	48,764,297.00
	Total	**335,348,719.00**	**122,538,123.00**	**212,810,596.00**

Source: *Nyandarua County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Authority (SHA) amounting to Kshs.335.35 million. Of this, only 122.54 million was disbursed, occasioning a pending balance of Kshs.212.81 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.62.08 million.

3.35.14 Development Expenditure

In the review period, the County reported spending Kshs.1.96 billion on development programmes, representing an increase of 34 per cent compared to FY 2023/24, when the County spent Kshs.1.46 billion. Table 3.428 summarises the development projects with the highest expenditure in the reporting period.

Table 3.428: Nyandarua County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Agriculture	Input subsidy - Procurement and distribution of subsidised fertiliser	Countywide		121,624,039	121,624,039	121,624,039	
2	Health	JM Mashujaa complex	Rurii ward		120,000,000	112,015,381		
3	Roads	Emergency road works	Countywide		40,000,000	39,948,420		
4	Public Works	County headquarters				30,000,000		

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
5	Livestock	Subsidised AI Programme - Inclusive of commission to AI Service providers (Kes. 1m/Ward)	Countywide		25,000,000	25,000,000	25,000,000	
6	Agriculture	Promotion of Fruit Farming- (Kes. 1M/Ward)	Countywide		23,000,000	23,000,000	23,000,000	
7	Health	Acquisition of land for the expansion of the Engineer Hospital-Gathaara ward	Gathaara ward		15,000,000	15,000,000	15,000,000	
8	Roads	Construction of Gachuha Bridge	Githioro		15,000,000	14,534,568		
9	Health	Upgrade of Chamuka/Ol Jororok health centre	Weru ward		10,000,000	10,000,000	10,000,000	
10	Veterinary Services	Purchase of vaccines & sera (vaccination program)	Countywide		8,639,599	8,639,599	8,639,599	

Source: *Nyandarua County Treasury*

The County did not report any stalled projects

3.35.15 Budget Performance by Department

Table 3.429 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.429: Nyandarua County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	124.50	-	118.59		106.09		85	-
Office of the County Secretary	61.27	-	56.83		57.17		93	-
County Public Service Board	25.93	-	25.05		25.05		97	-
Public Service Administration & Devolution	2,693.42	1.88	2,672.07	1.88	2,646.15	1.88	98	100
Office of County Attorney	21.85	-	26.06		13.16		60	-
Finance, Economic Planning & ICT	610.05	475.03	559.92	309.47	587.88	332.56	96	70
Agriculture, Livestock & Fisheries	134.11	655.54	134.99	63.48	124.82	62.88	93	9.6
Health Services	534.25	161.53	477.25	138.54	236.72	137.25	44	85
Education, Children, Gender Affairs, Culture & Social Services	174.94	63.39	165.46	37.70	173.71	37.70	99	59
Tourism, Cooperatives Development, Trade & Industrialisation	55.84	47.40	52.73	35.30	53.09	30.98	95	65
Public Works, Roads, Transport, Housing & Energy	94.28	785.03	78.72	707.60	92.22	727.60	98	93
Lands, Housing & Physical Planning	44.73	374.26	26.21	309.26	37.01	339.26	83	91
Water, Environment, Climate Change & Natural Resources	52.37	483.73	39.97	164.68	44.56	168.02	71	35
Youth Empowerment, Sports & Arts	60.73	15.60	55.30	15.30	60.40	15.30	100	98
Ol Kalou Municipality	45.13	24.55	45.13	16.49	11.83	22.68	42	92

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Mairo Inya Municipality	20.74	6.79	17.16	6.78	18.86	6.78	-	100
Engineer Municipality	30.75	27.22	30.75	22.96	4.76	22.96	16	8
County Assembly	823.02	49.90	818.33	49.77	818.33	49.73	99	100
Total	**5,607.90**	**3,171.86**	**5,400.52**	**1,879.20**	**5,111.80**	**1,955.58**	**91**	**62**

Source: *Nyandarua County Treasury*

Analysis of expenditure by departments shows that the County Assembly, Public Administration and Mairo Inya Municipality recorded the highest absorption rate of development budget at 100 per cent. The Department of Youth Empowerment, Sports & Arts had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Engineer Municipality had the lowest at 16 per cent.

3.35.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 5 August 2025.
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Mortgage and Car Loan fund for both the County assembly and County executive, Bursary Fund and Agricultural Revolving Fund were not submitted to the CoB as of 15 July 2025.
iii. There was a high level of pending bills, which amounted to Kshs.1.04 billion as of 30 June 2025. Further, the County assembly did not adhere to the payment plan for the pending bills.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.112.92 million for staff not onboarded into HRIS, accounting for 4 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iii. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

3.36. County Government of Nyeri

3.36.1 Overview of FY 2024/25 Budget

The County Approved Supplementary I Budget for FY 2024/25 was Kshs.9 billion. It comprised Kshs.2.9 billion (32 per cent) and Kshs.6.1 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.21.63 million (less than one per cent) from the FY 2023/24 budget, comprised of a development budget of Kshs.2.79 billion and a recurrent budget of Kshs.6.2 billion.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.6.58 billion (73 per cent), additional allocations of Kshs.1.07 billion (12 per cent), a cash balance of Kshs.457.41 million (5 per cent) brought forward from FY 2023/24, and Kshs.1.64 billion (18 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.800 million (9 per cent) deposited into the CRF and Kshs 836.30 (9 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.836.30 million (9 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.430.

3.36.2 Revenue Performance

The County received Kshs.8.23 billion in revenues in the review period to fund its development and recurrent activities. This amount represented a decrease of less than one per cent compared to the amount received in FY 2023/24 of Kshs.8.93 billion. The total revenue consisted of Kshs.6.58 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.512.63 million, as well as own-source revenue (OSR) collection of Kshs.1.45 billion. Additionally, the County had a cash balance of Kshs.457.41 billion from FY 2023/24.

The total OSR collection of Kshs.1.45 billion included Facilities Improvement Financing (FIF) of Kshs.683.88 million, and Kshs.769.20 million from other OSR sources. Table 3.430 summarises the total revenue available to the County Government during FY 2024/25.

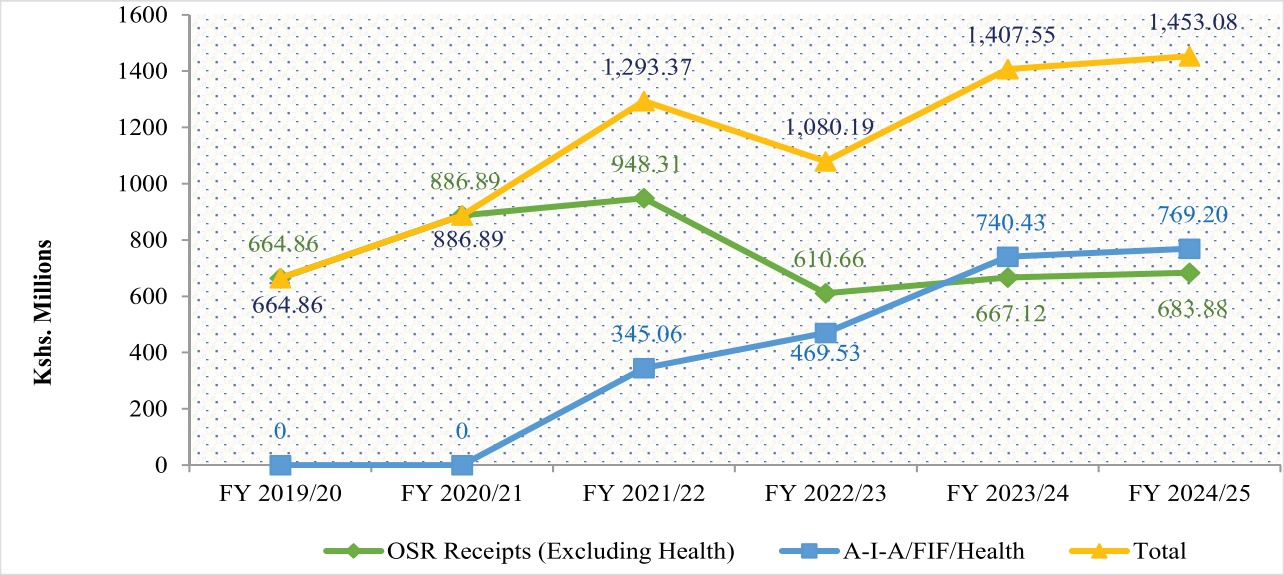
Table 3.430: Nyeri County, Revenue Performance in FY 2024/25

S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	6,580,025,891	6,580,025,891	100
Sub Total		6,580,025,891	6,580,025,891	100
B	**Conditional Grants**			
1	Kenya Informal Settlement Programme (KISIP II)	360,603,076	300,603,076	83
2	The Danish International Development Agency (DANIDA)	8,336,401	8,336,250	100
3	Aggregated Industrial Park Programme(CAIP)	42,367,271		-
4	IDA (World Bank) Credit - National Agricultural Value Chain Development Programme (NAVCDP)	158,643,831	49,768,881	31
5	Aquaculture Business Development Programme (ABDP)	19,315,146		-
6	Kenya Agricultural Agribusiness Development Project (KABDP)	10,918,919		-
7	IDA (World Bank) Credit - (Financing Locally-Led Climate Action (FLLoCA) program - County Climate Institutional Support (CCIS) Grants	15,490,870		-
8	IDA (World Bank) Credit - FLLoCA Climate Change Grant Level 1 & 2	207,545,771	21,263,053	10
9	Road Maintenance Levy Fund (RMLF)	4,313	100,348,699	2,326,657
10	Community Health Promoters	74,250,000		-
11	Kenya Devolution Support Programme I-Level 1	15,804,463		-
12	Kenya Devolution Support Programme I-Level 2	15,283,596		-
13	Kenya Devolution Support Programme II-Level 1	37,500,000		-
14	Kenya Urban Support Programme UIG	35,000,006	32,309,300	92
15	Kenya Urban Support Prgramme UDG	64,823,519		-
16	Universal Health Care	120,000		-
Sub-Total		1,066,007,181	512,629,259	48
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	800,000,000	683,876,407	85
2	Balance b/f from FY2023/24	457,409,848	457,409,848	100
3	Facility Improvement Fund (FIF)	836,295,127	769,201,876	92
4	Other Revenues	100,591,764	-	-
5	Appropriation in Aid (AIA)	(836,295,127)	(769,201,876)	92
Sub Total		1,358,001,612	1,141,286,255	84
Grand Total		**9,004,034,684**	**8,233,941,405**	**91**

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

The County has governing legislation for operating ordinary FIF, which is the Nyeri County Health Services Fund Act, 2021. Figure 141 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 141: Nyeri County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

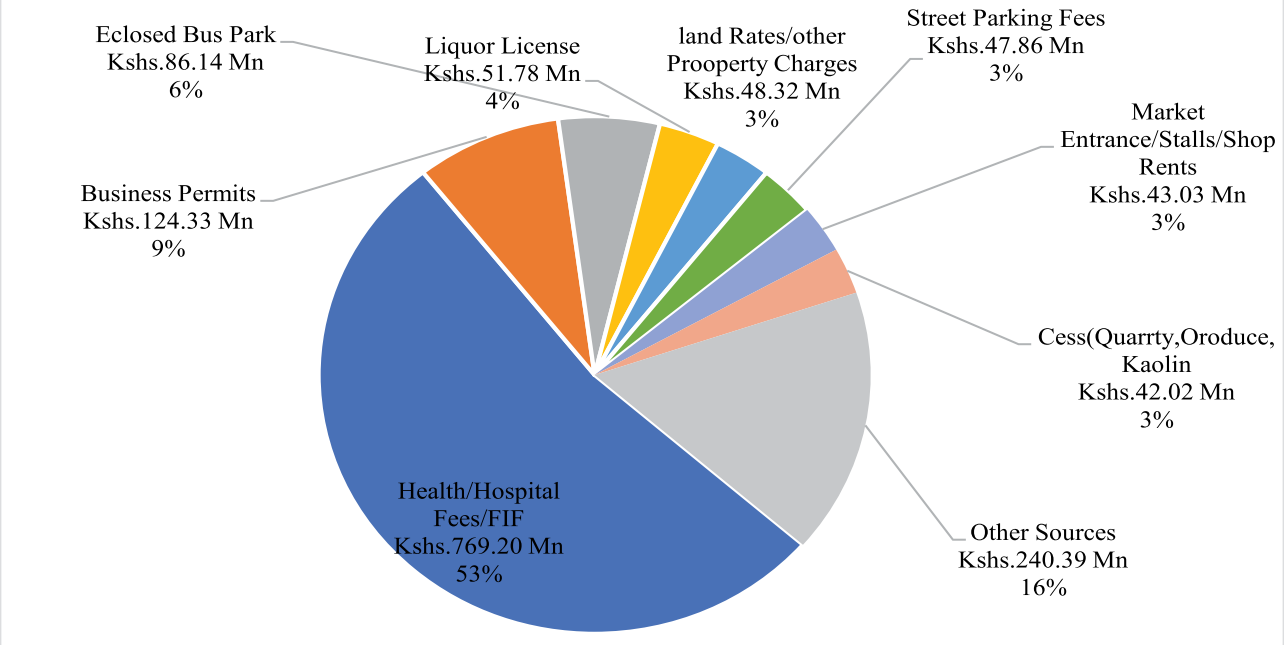


***Source: Nyeri** County Treasury*

During the year, the County generated Kshs.1.45 billion from its revenue sources, including FIF. This amount was an increase of less than one per cent compared to Kshs.1.41 million realised in a similar period in FY 2023/24, and was 89 per cent of the annual target and 18 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 142.

Figure 142: Nyeri County Top Own Source Revenue Streams in FY 2024/25



Source: Nyeri County Treasury

As shown in Figure 142, the highest revenue stream at Kshs.769.2 million, was from Health/Hospital fee/FIF, accounting for 53 per cent of the total OSR receipts. The County Government indicated that it had automated all 54 revenue streams.

3.36.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.516.73 million. This amount increased to Kshs.991.95 million as of 30 June 2025, indicating that the County had increased its arrears by Kshs.475.21 million. Table 3.431presents a breakdown of the County's revenue arrears.

Table 3.431: Nyeri County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 30 June 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
1	Ordinary Own Sources of Revenue	322,963,128	21,185,235	5,689,515	82,602,105	378,690,483
2	Facility Improvement Fund (FIF)	193,769,955	19,424,724	-	438,910,196	613,255,427
	Total	**516,733,083**	**40,609,959**	**5,689,515**	**521,512,301**	**991,945,910**

Source: Nyeri *County Treasuries*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.991.95 million (100 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include.

1. Instituting legal actions on the recovery of outstanding rates;
2. Sensitisation of land and plot owners on the need to pay the outstanding rates;
3. Denying defaulters business permits to businesses operating in the premises on lands with outstanding rates.

3.36.4 Borrowing by the County

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

3.36.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.7.91 billion from the CRF account in FY 2024/25, which comprised Kshs.1.97 billion (25 per cent) for development programmes and Kshs.5.94 billion (75 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.4.51 billion was towards employee compensation and Kshs.1.43 million for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 24 per cent was for domestic travel and 5 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.339.07 million, comprising Kshs.149.18 million for the County Executive and Kshs.189.89 million for the County Assembly. The foreign exchequer totalled Kshs.65.07 million, comprising Kshs.6.96 million for the County Executive and Kshs.58,11 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.359,753,039.80.

3.36.6 County Expenditure Review

The County spent Kshs.7.89 billion on development and recurrent programmes in the reporting period. This expenditure represented 99.7 per cent of the total funds released by the CoB. It comprised Kshs.1.97 billion for development programmes and Kshs.5.92 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 68 per cent, while recurrent expenditure represented 97 per cent of the annual recurrent expenditure budget.

3.36.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.260.33 million as of 30th June 2024. This amount included Kshs.192.65 million from the County Executive and Kshs.67.69 million from the County Assembly. The pending bills from the County Executive consists of Kshs.88.99 million for recurrent expenditures and Kshs.103.66 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.134.50 million, comprising Kshs.92.38 million (69 per cent) for recurrent programmes and Kshs.42.12 million (31 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.67.69 million, which was all for recurrent activities. Table 3.432 provides additional details of pending bills.

Table 3.432: Nyeri County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Assembly				
Recurrent	67,685,241	67,685,241	6,093,917	6,023,917
Development				
Total	**67,685,241**	**67,685,241**	**6,093,917**	**6,023,917**
County Executive				
Recurrent	88,991,912	42,115,529	243,026,524	321,078,804
Development	103,656,138	92,383,457	16,531,473	27,804,155
Total	**192,648,050**	**134,498,986**	**259,557,997**	**348,882,959**

Source: Nyeri *County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.192.65 million and Kshs.67,69 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.134.50 million for the Executive and Kshs.67.69 million for the Assembly.

Table 3.433 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.354.91 million.

Table 3.433: County Nyeri Pending Bill Ageing Analysis as of 30th June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	16,531,473	3,352,855		7,919,826	27,804,154
Recurrent Pending Bills (Goods & Services)	152,344,672	59,915,239	1,088,000	4,797,444	218,145,355
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	24,457,518	1,603,500	2,986,380	7,661,717	36,709,115
Recurrent Pending Bills (Staff Claims)	72,248,252				72,248,252
Total Recurrent Pending Bills	249,050,442	61,518,739	4,074,380	12,459,161	327,102,722
Total Pending Bills	265,581,915	64,871,594	4,074,380	20,378,987	354,906,876
% of Total	75	18	1	6	-

Source: Nyeri *County Treasury*

3.36.8 Expenditure by Economic Classification

The County Executive incurred Kshs.4.25 billion for compensation of employees, Kshs.959.22 million for operations and maintenance, and Kshs.1.96 billion for development activities. Similarly, the County Assembly spent Kshs.258.21 million on compensation of employees, Kshs.450.06 million on operations and maintenance, and Kshs.17.35 million on development activities, as shown in Table 3.434.

Table 3.434: Nyeri County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,359,750,022**	**741,925,715**	5,206,877,980	708,272,231	97	95
Compensation to Employees	4,275,527,554	259,167,090	4,247,655,766	258,208,498	99	100
Operations and Maintenance	1,084,222,468	482,758,625	959,222,214	450,063,733	88	93
Development Expenditure	2,847,658,947	54,700,000	1,955,723,981	17,354,773	69	32
Total	**8,207,408,969**	**796,625,715**	**7,162,601,961**	**725,627,004**	87	91

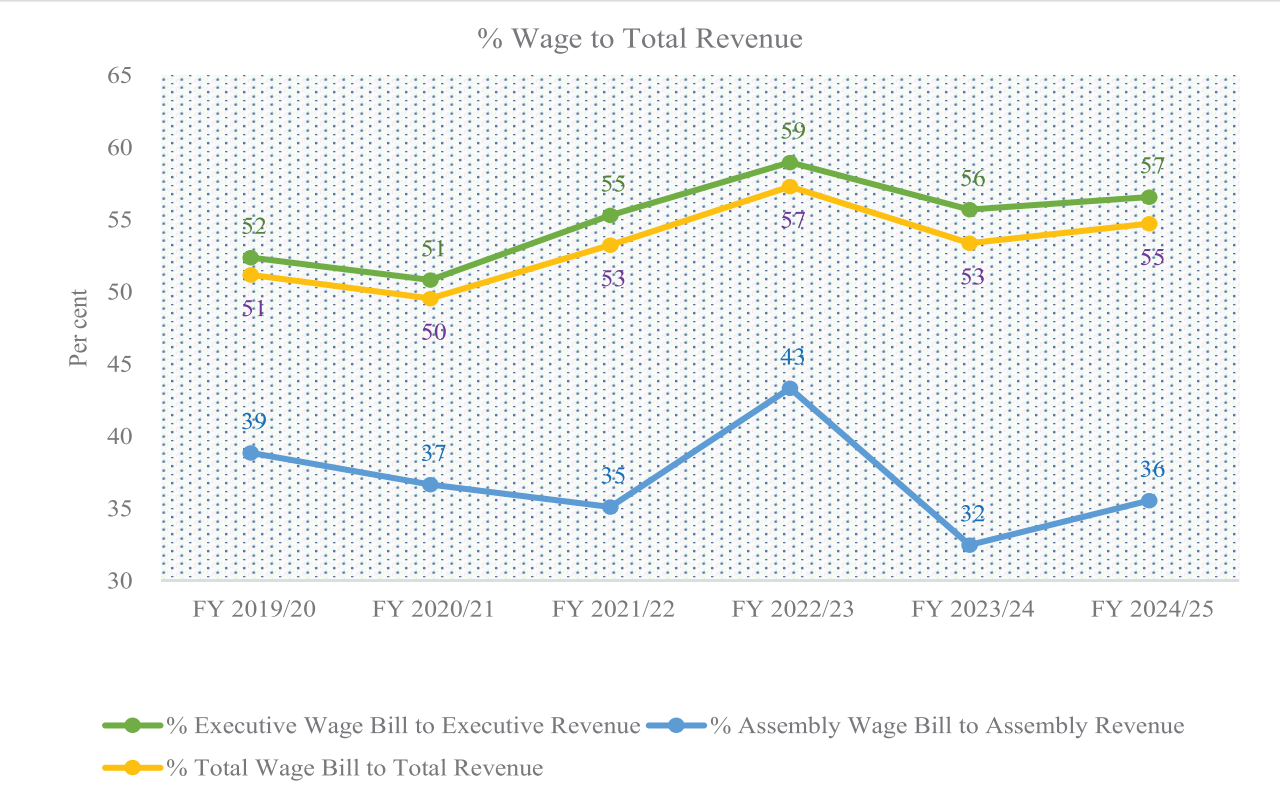
Source: *Nyeri County Treasury*

3.36.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.4.51 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.8.23 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 55 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.4.24 billion reported in FY 2023/24. Of this total, Kshs.2.52 billion related to the Health Sector employees, which accounted for 56 per cent of the overall employees' compensation.

Figure 143 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 143: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Nyeri County Treasury

Further analysis revealed that PE costs totalling Kshs.3.78 billion were processed through the Human Resource Information System (HRIS), while Kshs.725.5 million was processed through manual payroll, which accounted for 16 per cent of the total PE cost.

The manual payroll comprised salaries for 148 staff not onboarded into the Human Resource Information System (HRIS), salaries for 54 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.435.

Table 3.435: Breakdown of Nyeri County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1.	Salaries for staff are yet to be onboarded into HRIS	361,243,838
2.	Salaries for casual staff	8,801,422
3.	Top-up Allowances for Security Officers	3,940,936
4.	LAPTRUST Pension Contributions	131,460,372
5.	Gratuity for contract staff	128,974,073
6.	Interns Stipend	14,480,827
7.	Community Health Promoters (CHP)	76,600,656
	Total	725,502,124

Source: Nyeri County Treasury

The County Assembly spent Kshs.18.84 million on committee sitting allowances for the 43 MCAs against the annual budget allocation of Kshs.20.2 million. The average monthly sitting allowance was Kshs.36,508 per MCA. The County Assembly has 24 House Committees.

3.36.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.10 million to County-Established funds in FY 2024/25, or less than one per cent of the County's overall budget. Further, the County did not allocate any funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.436 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.436: Performance of Nyeri County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25(Kshs.)	Exchequer Issues (Kshs)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 30 June 2025 (Kshs)	Submission of Financial Statements as of 30 June 2025(Yes/No).
	County Executive Established Funds						
1.	Elimu Fund	31 December 2015	10,000,000	0	0	342,000,000	No
2.	Emergency Fund	10 May 2015	Nil	0	0	20,000,000	No
3.	Health Fund	11 May 2015	Nil	0	0	141,701,379	No
4	Enterprise Development Fund	4 April 2018	Nil	0	0	40,000,000	No
5	Car Mortgage Fund (Executive)	15 May 2017	Nil	0	0	100,000,000	No
	County Assembly Established Funds						
7	Car & Mortgage (Assembly Staff)	Jan-19	Nil	0	0	184,000,000	No
8	Car Mortgage Fund (Assembly Staff)	2019	Nil	0	0	122,393,125	No
	Total		**10,000,000**			**850,094,504**	

Source: Nyeri *County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from 7 Fund Administrators, as indicated in Table 3.436, contrary to the requirement of Section 168 of the PFM Act, 2012. Regulation 197(1)(i) of the Public Finance Management (County Governments)

Regulations, 2015, allow County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that no County Established fund had lapsed during the reporting period.

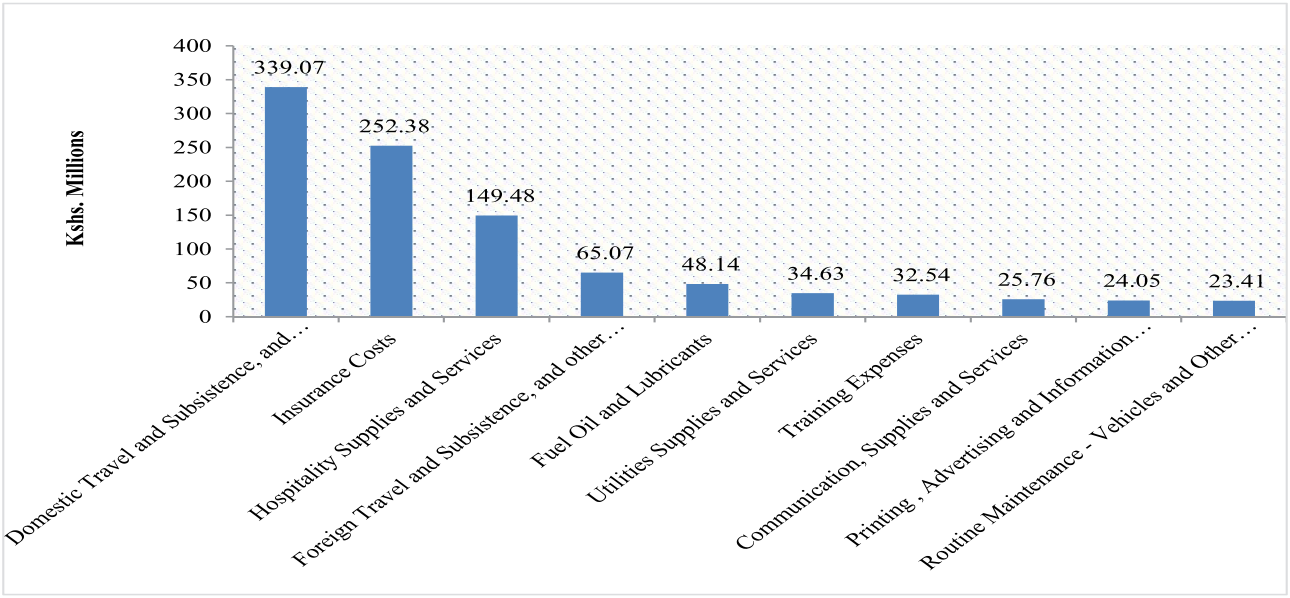
3.36.11 County Corporations

The County Corporations are autonomous, and thus do not receive allocations from the mainstream budget.

3.36.12 Expenditure on Operations and Maintenance

Figure 144 summarises the Operations and Maintenance expenditure by major categories.

Figure 144: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri *County Treasury*

Expenditure on domestic travel amounted to Kshs.339.07 million and comprised Kshs.189.89 million spent by the County Assembly and Kshs.149.18 million by the County Executive. Expenditure on foreign travel amounted to Kshs.65.07 million and comprised Kshs.58.11 million by the County Assembly and Kshs.6.96 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.437.

Table 3.437: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	1st to 12th December 2022	National Security and Diplomacy Workshop	Israel	500,000.0
County Executive	2	11 June 17th June 2023.	Investment and Learning trip	Morocco	433,690.0
County Executive	2	18th to 25th March 2023	High Level Coffee Exposure	Colombia	404,571.0
County Executive	1	25th to 30th August 2024	Cost of Air Ticket- to explore opportunities for sourcing fire engines & emergency response	London	1,280,050.0
County Executive	2	30th November to 12th December 2023	28th Session of the conference of the parties to the United Nations Framework on Climate Change	Dubai	400,742.0
County Executive	2	31st October to 3rd November 2022.	WSPU Registration Fee	South Korea	366,237.0
County Executive	1	25th to 30th August 2024	To explore opportunities for sourcing fire engines & emergency response	United Kingdom	596,985.3
County Executive	1	6th to 13th March 2022	International Partnership for Sustainable Development on Education & Environment Programme	Spain	506,340.0
County Executive	1	3rd to 8th March 2025	Commercial Forestry Exposure	South Africa	147,000
County Executive	2	13th to 16th December 2022	Cost of local transport while accompanying the President during the US-Africa summit	U.S.A	305,996.90
County Executive	2	27th May to 3rd June 2023	Cost of sundry expenses while attending an annual pension Summit & Benchmarking Tour.	Netherlands	372,669.25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	11th to 13th September 2024	16th ECSACONM-Biennial Scientific Conference	Lesotho	164,876.40
County Assembly	18	19th-28th May 2024	A study visit to the East African Legislative Assembly to learn some of their practices, e.g, the East African Community structure and its Organs.	Arusha	6,547,392.0
County Assembly	2	22nd-1st June 2024	On official duty to attend to leadership through the vision of developing and implementing organisational excellence.	Dubai	1,718,720.0
County Assembly	1	9th and 8th dec 2023	Attending facilitation skills training course(Air Ticket)	Singapore	495,000.0
County Assembly	5	19th to 27th may 2024	On official duty to attend to leadership through the vision of developing and implementing organisational excellence. (Air ticket)	Dubai	1,475,000.0
County Assembly	8	12th to 20th may 2024	On official duty to attend to leadership through the vision of developing and implementing organisational excellence. (Air Ticket)	Dubai	2,320,000.0
County Assembly	7	19th to 25th dec 2023	On official duties to attend a facilitation skills training course (Air Ticket)	Singapore	3,486,000.0
County Assembly	2	22nd may to 1st jun 2024	On official duty to attend to leadership through the vision of developing and implementing organisational excellence. (Air Ticket)	Dubai	905,000.0
County Assembly	1	18th to 24th oct 2024	On official duties to attend a legal symposium on legislative matters (Air Ticket)	Zimbabwe	170,000.0
County Assembly	2	12th-18th Dec 2024	while on official duties to attend an international conference on public policy and public administration	Singapore	1,378,640.0
County Assembly	5	15th-22nd Dec 2024	Attending a training on enhancing the oversight and accountability program	Arusha	1,203,930.0
County Assembly	7	8th-15th Dec 2024	Attending a training on enhancing the oversight and accountability program	Arusha	2,324,840.0
County Assembly	3	15th-22nd Dec 2024	Attending a training on enhancing the oversight and accountability program	Arusha	1,090,160.0
County Assembly	7	8th-15th Dec 2024	Attending a training on enhancing the oversight and accountability program	Arusha	2,324,840.0
County Assembly	7	8th-15th Dec 2024	Attending a training on enhancing the oversight and accountability program	Arusha	2,324,840.0
County Assembly	7	8th-15th Dec 2024	Attending a training on enhancing the oversight and accountability program	Arusha	2,324,840.0
County Assembly	7	1st-8th Dec 2024	Attending a training on enhancing the oversight and accountability program	Arusha	2,324,840.0
County Assembly	6	8th-15th Dec 2024	Attending a training on enhancing the oversight and accountability program	Arusha	1,992,720.0

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	4	13th-19th Jan 2025	Official duties to attend a programme on leadership training for adults supporting scouting	Arusha	1,766,298.0
County Assembly	7	20th-29th Jan 2025	On official duties to attend the Global executive training on managing change for organisational success	Singapore	6,790,178.0
County Assembly	1	19th-23rd Oct 2024	On official duties to attend the 7th Africa Colloquium of Legal Counsel to Parliaments	Zimbabwe	275,000.0
County Assembly	1	3rd-7th Feb 2025	On official duties to attend a training on best practices in public delivery.	Arusha	319,796.0
County Assembly	1	9th-17th Nov 2024	On official duties to participate in the state-level Nipum Testing Camp for Rovers	India	554,700.0
County Assembly	1	1st-8th Dec 2024	Attending a training on enhancing the oversight and accountability program	Arusha	230,230.0
County Assembly	7	20th-29th Jan 2025	payment of air tickets while on official duties to attend the Global Executive Training on Managing Change for Organisational Success	Singapore	5,030,000.0
County Assembly	1	9th-17th Nov 2024	payment of air tickets while on official duties to participate in the state-level Nipum Testing Camp for Rovers	India	785,000.0
County Assembly	1	22nd Feb to 31st March 2025	Reimbursement of air ticket expenses while in Uganda.	Uganda	115,140.0
County Assembly	14	22nd Feb-1st March 2025	while on official duties to participate in the East Africa local authorities sports and cultural association festivals (EALASCA)	Uganda	4,427,112
County Assembly	2	11th and 19th Dec 2024	payment for the provision of an air ticket on 11th and 19th Dec 2024	Singapore	990,000
County Assembly	2	16th-24th March 2025	while on official duties to attend a scouts training organised by WSPU	Arusha Tanzania	931,008
County Assembly	1	22nd-1st March 2025	While on official duties to participate in the East Africa Local Authorities Sports and Cultural Association festival(EALASCA)	Kampala-Uganda	228,459
County Assembly	4	15th-21st June 2025	While on official duties to attend a specialised scout adult training verification course	Arusha Tanzania	1,260,846

Source: Nyeri County Treasury and Nyeri County Assembly

Other types of expenditure under the operations and maintenance costs include Kshs.464,590 related to legal fees, dues, arbitration, and compensation payments.

3.36.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.769.2 million as FIF, which was 92 per cent of the annual target of Kshs.836.3 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs.440.6 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.438 presents a breakdown of the claims.

Table 3.438: Nyeri County Health Facilities FIF Performance in FY2024/25

S/No.	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	One Level 5 Hospital	**268,830,192**	178,099,830	**90,730,362**	**156,615,121**
2	Six Level 4 Health Facilities	**272,549,186**	182,342,279	**90,206,907**	**74,027,764**
3	Health Centres - 22 Level 3 Facilities	**23,704,793**	17,823,366	**5,881,426**	**793,752**
4	Dispensaries - 101 Level 2 Facilities	**32,207,521**	10,273,539	**21,933,982**	**413,200**
Total		**597,291,692**	**388,539,015**	**208,752,677**	**231,849,837**

Source: *Nyeri County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) totalled Kshs.597.29 million, yet actual disbursements amounted to Kshs.388.54 million, resulting in an outstanding balance of Kshs.208.75 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.231.85 million.

The expenditure by the health facilities amounted to Kshs.616.6 million, as shown in Table 3.439.

Table 3.439: Nyeri County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One Level 5 Hospital	303,969,095	298,475,340	98.2
2.	Six Level 4 Health Facilities	332,885,313	318,102,412	95.6
	Total	**636,854,408**	**616,577,752**	96.8

Source: *Nyeri County Treasury*

3.36.14 Development Expenditure

In the review period, the County reported spending Kshs.1.97 billion on development programmes, representing a decrease of 5 per cent compared to FY 2023/24, when the County spent Kshs.2.07 million. Table 3.440 summarises the development projects with the highest expenditure in the reporting period.

Table 3.440: Nyeri County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected date of Completion	Contract sum	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Lands, Physical Planning and Urban Development	KISIP Phase II- Infrastructure development of Mweiga, Chorongi, Ihwagi, Kiamwathi, Kiawara)	Countywide	FY 2024/25	360,603,076	300,603,076	300,603,076	49% completion to date. There was a delay in the national government's disbursement of funds. An extension of time is under review.
2	Health Services and Public Health	To support Medical Drugs, Non-pharms and other specialised medical supplies for specialised programmes.	Countywide	FY 2024/25	259,527,842	221,919,399	221,919,399	86%
3	Roads, Transport, Public Works, Infrastructure and Energy	Streetlight bills	Countywide	FY 2024/25	114,165,142	114,164,692	114,164,692	100% complete

No.	Sector	Project Name	Project Location	Expected date of Completion	Contract sum	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
4	Agriculture, Livestock and Aquaculture Development	Conditional Grants NAVCDP	Countywide	FY 2024/25	158,643,831	56,897,560	56,897,560	36%
5	Water, Environment, and Climate Change	Conditional grant for climate change programme	Countywide	FY 2024/25	202,800,897	55,620,568	55,620,568	Ongoing
		Empowerment Project	Countywide	FY 2024/25	56,811,018	55,308,459	55,308,459	100% complete
6	Water, Environment, and Climate Change	Conditional grant for climate change programme	Countywide	FY 2024/25	15,490,870	47,411,969	47,411,969	Ongoing
7	Trade, Cooperatives, Culture and Tourism	Construction of an industrial park	Thegu	FY 2024/25	42,367,271	42,224,555	42,224,555	30% completed
8	Executive Office of the Governor and the Deputy Governor	Construction of the Governor's Official Residence in line with the SRC requirement	Countywide	FY 2024/25	37,549,433	37,549,433	37,549,433	100%
9	Lands, Physical Planning and Urban Development	KISIP Phase II- Infrastructure counterfunding of 10% from the allocated conditional grant.	Countywide	FY 2024/25	36,060,308	36,060,308	36,060,308	100% paid to SPA
10	Roads, Transport, Public Works, Infrastructure and Energy	Maintenance of streetlights	Countywide	FY 2024/25	26,000,000	24,949,214	24,949,214	100% complete
11	Roads, Transport, Public Works, Infrastructure and Energy	Purchase of Fuel	Mukurweini Central Ward	FY 2024/25	28,900,000	22,500,000	22,500,000	100% complete

Source: *Nyeri County Treasury*

The County did not report on stalled development projects.

3.36.15 Budget Performance by Department

Table 3.441 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.441: Nyeri County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Executive Office of the Governor and the Deputy Governor	169.35	43.85	159.65	38.78	149.13	38.78	93.4	100.0	88.1	88.4
Office of the County Secretary	344.64	7.01	342.93	6.82	339.38	6.82	99.0	100.0	98.5	97.3
Finance, Economic Planning and ICT	635.15	22.14	592.40	19.54	591.11	21	99.8	107.5	93.1	94.8
Lands, Physical Planning and Urban Development	84.88	438.34	83.40	366.75	82.77	343.95	99.2	93.8	97.5	78.5
Health Services and Public Health	2,732.71	538.09	2,713.86	362.53	2,727.49	372.59	100.5	102.8	99.8	69.2

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Gender, Youth, Social Services and Sports	100.57	125.93	97.85	100.79	94.98	105.79	97.1	105.0	94.4	84.0
County Public Service and Solid Waste Management	198.53	57.42	197.26	48.76	195.93	44.76	99.3	91.8	98.7	78.0
Agriculture, Livestock and Aquaculture Development	246.02	306.57	245.46	156.09	244.09	156.09	99.4	100.0	99.2	50.9
Trade, Cooperatives, Culture and Tourism	68.05	110.50	65.07	85.58	62.16	89.58	95.5	104.7	91.3	81.1
Education, Training and Devolution	470.69	108.69	435.67	70.10	431.22	72.10	99.0	102.9	91.6	66.3
Water, Environment, and Climate Change	78.12	376.92	74.51	160.86	74.51	162.86	100.0	101.2	95.4	43.2
County Assembly	741.93	54.70	708.85	17.35	708.27	17.35	99.9	100.0	95.5	31.7
County Public Service Board	47.84	6	47.53	5.91	47.54	5.91	100.0	100.0	99.4	98.5
Roads, Transport, Public Works, Infrastructure and Energy	99.04	526.37	97.37	470.70	95.03	476.70	97.6	101.3	96.0	90.6
County Attorney	48.66	-	46.87	-	41.25	-	88.0	-	84.8	-
Nyeri Municipality	35.49	179.83	34.60	57.79	30.29	58.79	87.5	101.7	85.3	32.7
Total	**6,101.68**	**2,902.36**	**5,943.27**	**1,968.37**	**5,915.15**	**1,973.08**	99.5	100.2	96.9	68.0

Source: *Nyeri County Treasury*

Analysis of expenditure by departments reveals that the Department of County Public Service Board has the highest absorption rate of the development budget at 99 per cent, followed by the Department of the Office of the County Secretary at 97 per cent. The Department of Health Services and Public Health had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of County Attorney had the lowest at 85 per cent.

3.36.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 15 August 2025.
ii. Use of manual payroll. Personnel emoluments amounting to Kshs.725.5 million for 148 staff not onboarded into HRIS and 55 casual staff were processed through manual payroll, accounting for 16 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
iii. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.440.6 million across the two schemes—SHIF, and the defunct NHIF.
iv. High wage bills, which accounted for 55 per cent of the County's total revenue in FY 2024/25, which is above the ceiling provided in law.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained*
iii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*
iv. *The County Leadership should develop strategies to ensure the wage bill is within the legal limit of 35 per cent of total revenue as provided under Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

3.37. County Government of Samburu

3.37.1 Overview of FY 2024/25 Budget

The Samburu County Supplementary I Budget for FY 2024/25 was Kshs.7.38 billion. It comprised Kshs.2.24 billion (30.4 per cent) and Kshs.5.14 billion (69.6 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented a decrease of Kshs.142.63 billion (1.9 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.2.48 billion and a recurrent budget of Kshs.5.05 billion. The decrease in the budget was primarily attributed to the decline in the amount of pending bills budgeted.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.5.62 billion (76 per cent), additional allocations of Kshs.1.01 million (14 per cent), a cash balance of Kshs.462.31 million (6 per cent) brought forward from FY 2023/24, and Kshs.281.63 million (4 per cent) generated as own-source revenue. The own-source revenue includes Kshs.18.7 million (0.3 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.262.93 million (4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.442.

3.37.2 Revenue Performance

The County received Kshs.6.66 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 0.5 per cent compared to the amount received in FY 2023/24 of Kshs.6.63 billion. The total revenue consisted of Kshs.5.62 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.328.14 million, as well as own-source revenue (OSR) collection of Kshs.309.83 million. Additionally, the County had a cash balance of Kshs.400 million from FY 2023/24.

The total OSR collection of Kshs.309.83 million included Facilities Improvement Financing (FIF) of Kshs.9.41 million, and Kshs.300.42 million from other OSR sources. Table 3.442 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.442: Samburu County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A	**Equitable Share of Revenue Raised Nationally -**	5,623,228,509	5,623,228,509	100
Subtotal		5,623,228,509.00	5,623,228,509.00	100
B	**Additional Allocations**			
1	DANIDA (Health support funds)	7,117,500	7,117,500.00	100
2	Mineral Royalties	17,501		-
3	Kenya Livestock Commercialisation Project (KELCLOP)	41,250,000	41,094,477.00	100
4	Kenya Urban Support Program (Grant)-UIG	35,000,000	32,309,300.00	92
5	IDA (World Bank Credit: Kenya Urban Support Project (KUSP)- Urban Development Grant (UDG)	25,375,442		-
6	IDA (World Bank) - Credit - Food Systems Resilience Project(FSRP)	173,076,923	70,127,131.77	41
7	Road Maintenance Levy Fund	168,450,780	60,855,995.00	36
8	Community Health Promotors	59,219,798		-
9	IDA (World Bank Credit- Second Kenya Devolution Support Program (KDSP II)	37,500,000		-
10	ELRP(Locust)	142,500,000		-
11	SWEDEN-Kenya Agricultural Business Development Project (KABDP)	10,918,919		-
12	Finance Localy led Climate Action Program(FLLoCA)	314,525,777	116,632,523.00	37
Subtotal		1,014,952,640	328,136,927	32
C	**Own Source Revenue**			
13	Ordinary Own Source Revenue	262,930,140	300,423,641	114

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
14	Facility Improvement Fund (FIF)	18,700,000	9,410,585	50
Subtotal		281,630,140.00	309,834,225.60	110
D	**Other Sources of Revenue**			
15	Unspent Balance from FY 2023/24	462,000,000	400,000,000.00	87
Sub-Total		462,000,000	400,000,000.00	87
Grand Total		**7,381,811,289**	**6,661,199,661**	**90**

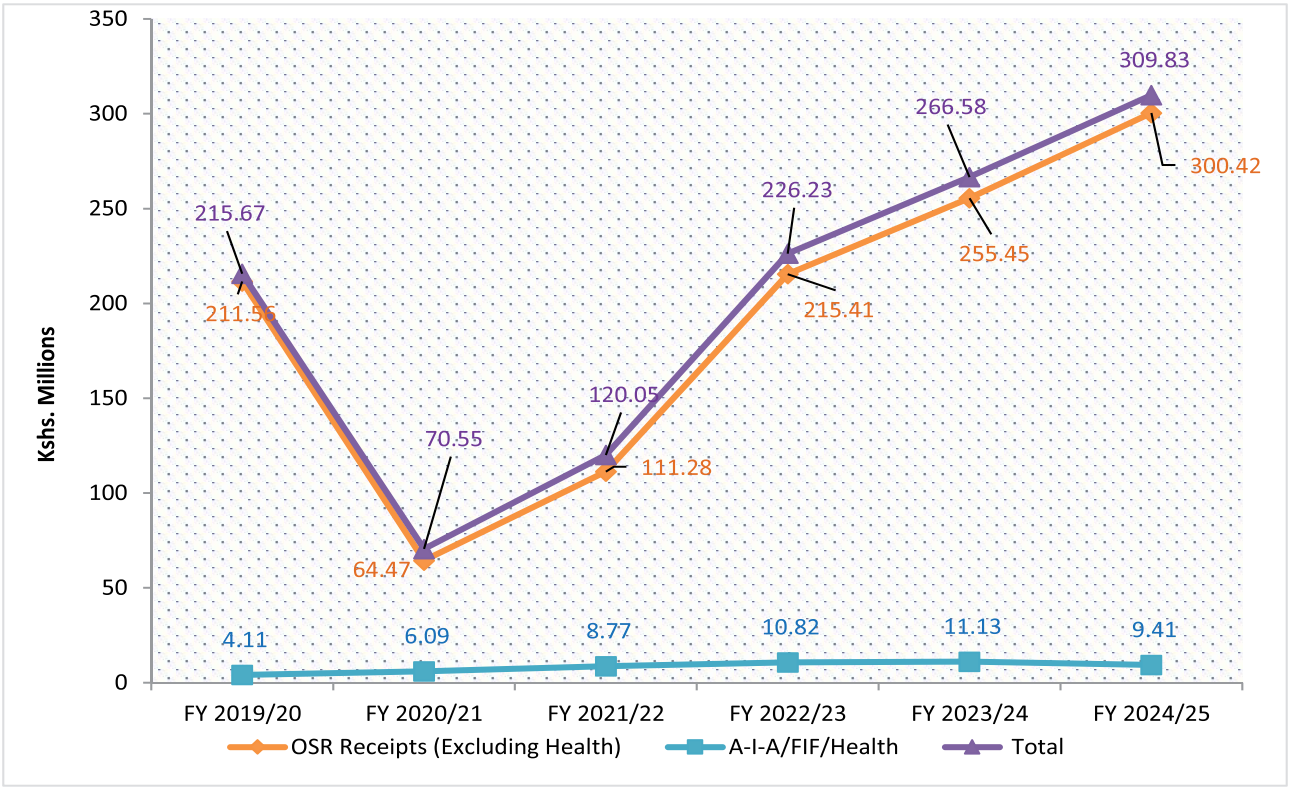
Source: *Samburu County Treasury*

During the period under review, Samburu County's Own Source Revenue performance exceeded its annual target by 114 per cent, from a projected Kshs.281.63 million to a collection of Kshs.309.83 million. This is attributed to improved infrastructure and Marketing of Samburu National Reserve. Samburu County's Own Source Revenue performance exceeded its annual target by 114 per cent, from a projected Kshs.281.63 million to a collection of 309.83 million. This is attributed to improved infrastructure and Marketing of Samburu National Reserve.

During the period under review, the County did not have governing legislation on the operation of ordinary A-I-A and FIF.

Figure 145 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 145: Samburu County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

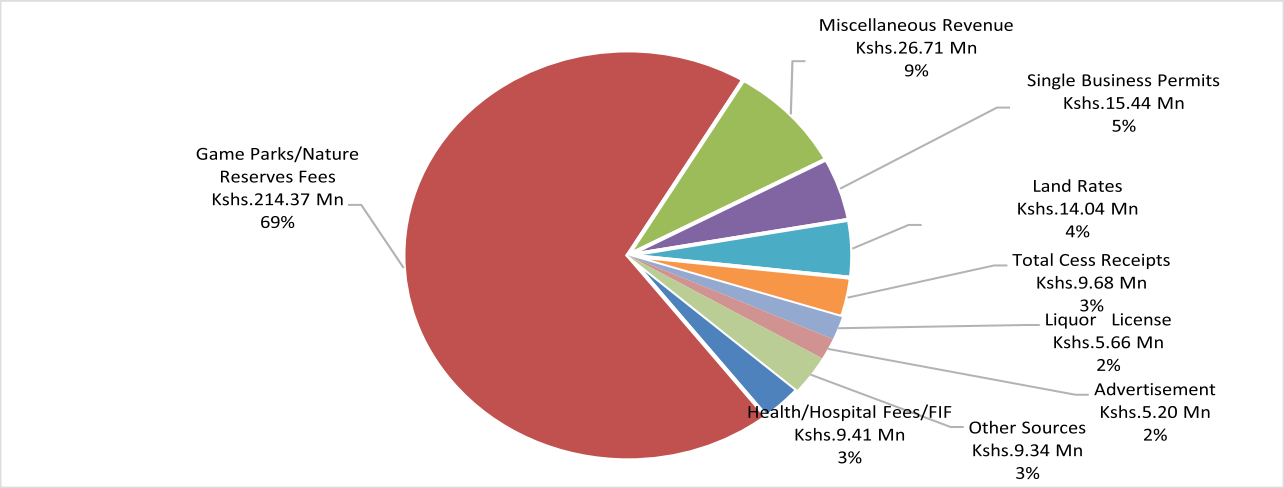


Source: *Samburu County Treasury*

During the year, the County generated Kshs.309.83 million from its revenue sources, including FIF. This amount was an increase of 16 per cent compared to Kshs.266.58 million realised in a similar period in FY 2023/24, and was 110 per cent of the annual target and 281.63 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to improved infrastructure and marketing of the Samburu National Reserve.

The revenue streams which contributed the highest OSR receipts are shown in Figure 146.

Figure 146: Samburu County Top Own Source Revenue Streams in FY 2024/25



Source: Samburu County Treasury

As shown in Figure 146, the highest revenue stream is at Kshs.214.37 million, which was from Game Park fees, accounting for 69 per cent of the total OSR receipts. The County Government has automated 23 revenue streams out of 26.

3.37.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.4.23 million. This amount remained outstanding as of 30 June 2025, indicating that the County did not make any collections. Table 3.443 presents a breakdown of the County's revenue arrears.

Table 3.443: Samburu County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Facility Improvement Fund (FIF)	4,234,675				4,234,675
Total		**4,234,675**	-	-	-	**4,234,675**

Source: Samburu *County Treasuries*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.4.23 million, which was the arrears due as at 30th June 2025. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include joint verification of arrears due with the institution owed.

3.37.4 Borrowing by the County

During the period under review, the County did not report any borrowings

3.37.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.6.71 billion was allocated from the CRF account in FY 2024/25, which comprised Kshs.1.60 billion (24 per cent) for development programmes and Kshs.5.12 billion (76 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.2.83 billion was towards employee compensation, and Kshs.2.29 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 15 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.356.38 million and included Kshs.298.86 million for the County Executive and Kshs.57.51 million for the County Assembly. The foreign exchequer totalled Kshs.36.64 million, comprising Kshs.11.89 million for the County Executive and Kshs.24.75 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.114.65 million.

3.37.6 County Expenditure Review

The County spent Kshs.6.51 billion on development and recurrent programmes in the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.1.59 billion for development programmes and Kshs.4.91 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 71 per cent, while recurrent expenditure represented 96 per cent of the annual recurrent expenditure budget.

3.37.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.686.06 million. This amount included Kshs.667.47 million from the County Executive and Kshs.18.60 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.332.31 million for recurrent expenditures and Kshs.335.16 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.491.95 million, comprising Kshs.297.36 million (89 per cent) for recurrent programmes and Kshs.194.59 million (55 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.13.94 million, which were wholly for development activities. Table 3.444 provides additional details of pending bills.

Table 3.444: Samburu County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs. Mn)	Settled Pending Bills in FY 2024/25 (Kshs. Mn)	Pending bills incurred in FY 2024/25 (Kshs. Mn)	Outstanding pending bills as of 30 June 2025 (Kshs.Mn)
County Executive				
Recurrent	332.31	297.36	-	34.95
Development	335.16	194.59	-	140.57
Total	**667.47**	**491.95**	-	**175.52**
County Assembly				
Recurrent	-	-	46.42	46.42
Development	18.60	13.94	4.66	9.32
Total	**18.60**	**13.94**	**51.08**	**55.74**

Source: *Samburu County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.667.47 million and Kshs.13.93 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.491.95 million for the Executive and Kshs.13.93 million for the Assembly.

Table 3.445 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.231.26 million.

Table 3.445: Samburu County Pending Bill Ageing Analysis as of 30th June 2025

Category	Ageing analysis (Amount in Kshs.)			Total
	Under one year	1-2 years	2-3 years	
Development Pending Bills	4,660,208	15,242,104	125,326,786	145,229,098
Recurrent Pending Bills (Goods & Services)	14,719,374	17,396,262		32,115,636
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	24,965,746	9,562,972		34,528,717
Recurrent Pending Bills (Staff Claims)	11,390,749	7,993,200		19,383,949
Total Recurrent Pending Bills	51,075,869	34,952,434	-	86,028,302
Total Pending Bills	55,736,077	50,194,538	125,326,786	231,257,400
of Total	24	22	54	100

Source: *Samburu County Treasury*

3.37.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.50 billion for compensation of employees, Kshs.1.87 billion for operations and maintenance, and Kshs.1.53 billion for development activities. Similarly, the County Assembly spent Kshs.288.26 million on compensation of employees, Kshs.253.05 million on operations and maintenance, and Kshs.63.42 million on development activities, as shown in Table 3.446.

Table 3.446: Samburu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,580,061,977**	**557,171,977**	4,369,366,270	541,308,051	95	97
Compensation of Employees	2,669,914,732	325,492,374	2,503,324,171	288,261,938	94	89
Operations and Maintenance	1,910,147,245	231,679,603	1,866,042,099	253,046,113	98	109
Development Expenditure	2,176,906,767	68,077,044	1,533,372,497	63,416,836	70	93
Total	**6,756,968,744**	**625,249,021**	**5,902,738,767**	**604,724,887**	87	97

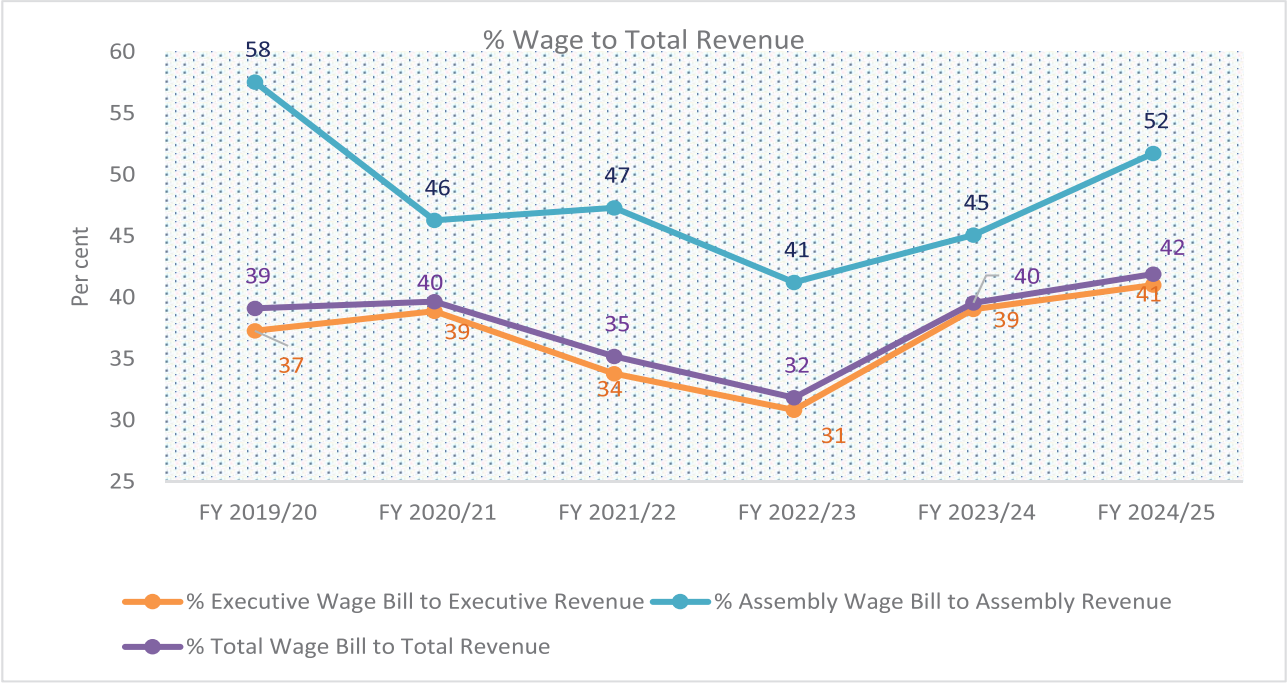
***Source**: Samburu County Treasury*

3.37.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.2.79 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.6.66 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 42 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.62 billion reported in FY 2023/24. Of this total, Kshs.998.68 million related to the Health Sector employees, which accounted for 36 per cent of the overall employees' compensation.

Figure 147 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 147: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Samburu County Treasury

Further analysis revealed that PE costs totalling Kshs.2.62 billion were processed through the Human Resource Information System (HRIS) while Kshs.168.01 million was processed through manual payroll, which accounted for 6 per cent of the total PE cost.

The manual payroll comprised salaries for 522 staff not onboarded into the Human Resource Information System (HRIS), top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.447.

Table 3.447: Breakdown of Samburu County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	151,231,421.0
2	Top-up Allowances for Security Officers	1,452,000.0
3	LAPTRUST/LAPFUND Pension Contributions	234,950,674.4
4	Gratuity for contract staff	48,396,665.8
5	Community Health Workers	41,051,485.0
	Total	**325,850,825.2**

Source: Samburu County Treasury

The County Assembly spent Kshs.25.79 million on committee sitting allowances for the 25 MCAs against the annual budget allocation of Kshs.26 million. The average monthly sitting allowance was Kshs.85,963 per MCA. The County Assembly has 15 House Committees.

3.37.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.305.40 million to County-Established funds in FY 2024/25, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.448 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.448: Performance of Samburu County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Conservancies Fund		115,000,000	115,000,000	115,000,000	-	Yes
2	Executive Car Loan and Mortgage		72,000,000	-	-	-	No
3	Bursaries and Support Services		93,400,000	93,400,000	93,400,000	-	Yes
4	PLWD Fund		5,000,000	-	-	-	No
5	Emergency Fund		20,000,000		-	-	No
County Assembly Established Funds							
1	Assembly Car Loan and Mortgage			-	-	-	No
	Total		**305,400,000**	**208,400,000**	**208,400,000**		

Source: *Samburu County Treasury*

During the reporting period, the CoB received two of the six quarterly financial reports from Conservancy and Bursary Fund Administrators, as indicated in Table 3.448, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of all the funds listed above were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the Funds, as listed in Table 3.448, remains within the specified lifespan. Consequently, the CoB approved all requests made.

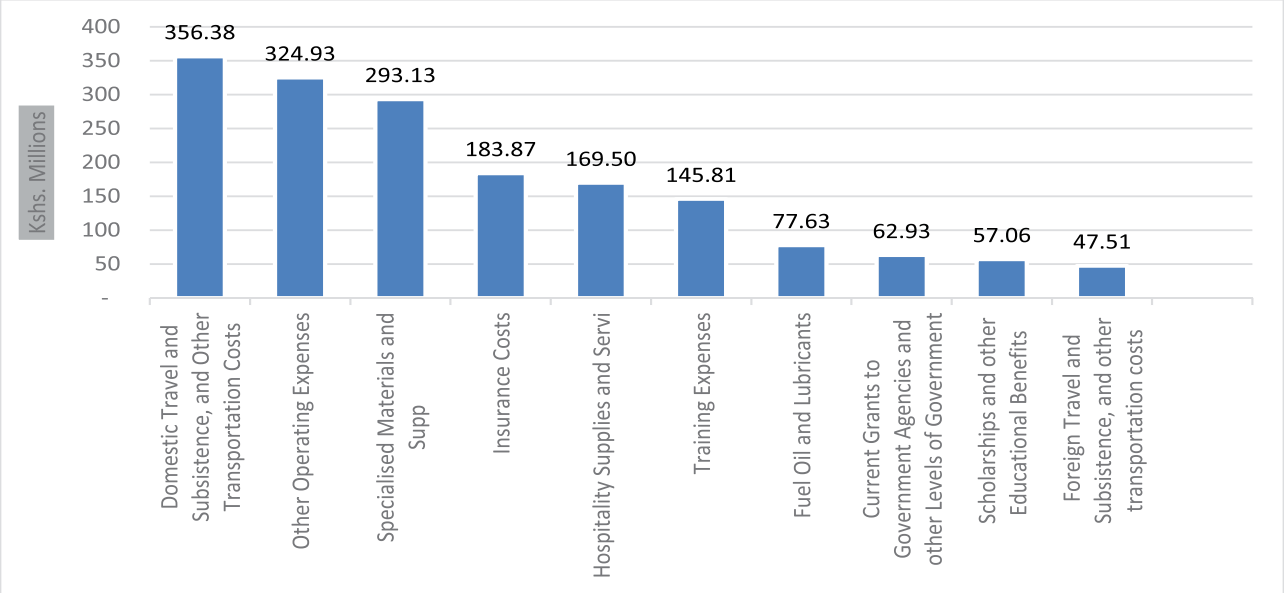
3.37.11 County Corporations

During the period under review, the County government of Samburu did not have any established County Corporations.

3.37.12 Expenditure on Operations and Maintenance

Figure 148 summarises the Operations and Maintenance expenditure by major categories.

Figure 148: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: *Samburu County Treasury*

Expenditure on domestic travel amounted to Kshs.356.37 million and comprised Kshs.57.41 million spent by the County Assembly and Kshs.298.86 million by the County Executive. Expenditure on foreign travel amounted to Kshs.47.50 million and comprised Kshs.24.75 million by the County Assembly and Kshs.22.75 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.449.

Table 3.449: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	17TH TO 28TH FEB 2025	ATTEND LEADERSHIP AND CHANGE MANAGEMENT PROGRAMME IN DUBAI	DUBAI-UAE	3,420,240.00
County Executive	6	3RD-14TH MARCH 2025	ATTEND BERLIN EXHIBITION 2025	BERLIN-GERMANY	6,401,748.00
County Executive	4	10TH TO 21ST MARCH 2025	DEVELOPMENT OF INDICATORS FOR THE EFFECTIVE GOVERNANCE COURSE	VICTORIA SEYCHELLES	6,259,360.00
County Executive	4	8TH TO 16TH MARCH,2025	ICPAK LEADERSHIP SUMMIT IN DUBAI	DUBAI-UAE	3,144,820.00
County Executive	3	28th June, to 4th July, 2025	Attend the 15th European Conference on Precision Agriculture.	SPAIN	3,526,270.00
Samburu County Assembly	9	20th Nov 2024	Training on Leadership & public Health management	Ethiopia	7,776,163.00
Samburu County Assembly	1	5th Dec 2024	Effective Leadership and Management of Committees	Singapore	1,178,398
Samburu County Assembly	10	3rd-10th Mar 2025	Workshop and Training on the role of Grassroots leaders in Early Childhood Education	Ethiopia	6,946,750
Samburu County Assembly	6	10th-16th Feb 2025	Leadership Workshop & Training on Strategic Leadership and Governance	Ethiopia	8,851,652

Source: Samburu County Treasury and Samburu County Assembly

Other expenditure under the operations and maintenance costs include Kshs.25.02 million related to legal fees, dues, arbitration, and compensation payments.

3.37.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.9.41 million as FIF, which was 50 per cent of the annual target of Kshs.18.7 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs.22.83 million, relating to the two schemes: the Social Health Authority (SHA), the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.450 presents a breakdown of the claims.

Table 3.450: Samburu County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	ONE LEVEL 5 HOSPITAL	33.9	15.33	18.83	4.2

Source: *Samburu County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Authority (SHA) amounting to Kshs.34 million. Of this, only Kshs.15.12 million was disbursed, occasioning a pending balance of Kshs.22.82 million. Similarly, approved claims under the Social Health Insurance Fund (SHIF) totalled Kshs.22.90 million, yet actual disbursements amounted to Kshs.12.33 million, resulting in an outstanding balance of Kshs.10.58 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.4.2 million.

The expenditure by the health facilities amounted to Kshs.34.94 million, as shown in Table 3.451.

Table 3.451: Samburu County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1.	Level 5 Hospitals	35,000,000	**34,938,453**	100

Source: *Samburu County Treasury*

3.37.14 Development Expenditure

In the review period, the County reported spending Kshs.1.60 billion on development programmes, representing an increase of 94.3 per cent compared to FY 2023/24, when the County spent Kshs.1.51 billion. Table 3.452 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the settlement of pending bills and full exchequer releases by the National Treasury.

Table 3.452: Samburu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	TOURISM	BEING TRANSFER OF FUNDS TO SAMBURU COUNTY COMMUNITY CONSERVANCIES FUND	SAMBURU COUNTY		111,000,000	111,000,000	111,000,000	100
2	LIVESTOCK	Supply and delivery of Somali camel breed lot 1	Samburu East		181,694,264	181,694,264	181,694,264	100

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
3	CROP PRODUCTION	BEING PAYMENT FOR SUPPLY AND DELIVERY OF CEREAL GRAIN, MAISE SEEDS TO THE DEPARTMENT OF CROP PRODUCTION.	SAMBURU CENTRAL		38,731,575	38,731,575	38,731,575	100
4	PUBLIC WORKS	INSTALLATION OF FLLODLIGHTS IN MARALAL TOWN	MARALAL		13,002,000	13,002,000	13,002,000	100
5	TOURISM	PAYMENT FOR CONSTRUCTION WORK FOR MLIMA BLUE RANGERS CAMP	ANGATA NANYIKIE		11,934,975	11,934,975	11,934,975	100
6	ROADS	UPGRADING OF MARALAL LAW COURTS ROUND ABOUT THE ROAD	MARALAL		10,736,499	10,736,499	10,736,499	100
7	WATER	Drilling & equipping of 3NO B/holes (Leere , Naimaral & Mekewa) at Samburu North	BAAWA		9,059,948	9,059,948	9,059,948	100
8	FINANCE AND ICT	PAYMENT FOR SUPPLY, INSTALLATION AND COMMISSIONING OF REVENUE COLLECTION SOFTWARE	ARCHERS POST-SAMBURU EAST		8,995,800	8,995,800	8,995,800	100
9	EDUCATION	PAYMENT FOR 14NO ECDE KITCHENS BLOCK IN SAMBURU CENTRAL SUB-COUNTY	MARALAL WARD		8,952,160	8,952,160	8,952,160	100
10	WATER	PAYMENT FOR DRILLING AND EQUIPPING OF NTEPES BOREHOLE	ELBARTA		8,720,856	8,720,856	8,720,856	100

Source: *Samburu County Treasury*

The County reported 2 stalled development projects as of 30 June 2025, with an estimated value of Kshs.204.54 million, of which Kshs.168.23 million has already been paid. The stalled projects are shown in Table 3.453.

Table 3.453: Samburu County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Proposed construction of the inpatient Block at Samburu County Teaching and Referral Hospital	Maralal	116,951,010	107,790,785	9,160,225	92	The contractor demanded variations of the works
Construction of Governors official residence	Maralal	87,586,528	60,440,153	27,146,375	69	The contractor demanded variations of works

Source: Samburu County Treasuries

3.37.15 Budget Performance by Department

Table 3.454 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.454: Samburu County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	526.35	1.50	526.35	1.50	507.51	1.50	96	100	96	100
Finance, Economic Planning & ICT	859.83	46.50	859.83	21.87	836.10	21.87	97	47	97	47
Agriculture, Livestock Development, Veterinary Services & Fisheries	213.89	659.25	213.89	336.36	200.64	336.36	94	51	94	51
Water, Environment, Natural Resources & Energy	196.95	469.63	196.95	290.51	140.57	290.51	71	62	71	62
Education and Vocational Training	573.81	154.86	573.81	140.86	565.42	140.86	99	91	99	91
Medical Services, Public Health & Sanitation	1,409.77	136.34	1,409.77	136.34	1,391.07	136.34	99	100	99	100
Lands, Housing, Physical Planning & Urban Development	204.25	142.38	204.25	142.81	193.95	142.81	95	100	95	100
Roads, Transport & Public Works	114.62	331.40	114.62	251.49	98.92	251.49	86	76	86	76
Tourism, Trade, Enterprise Development & Cooperatives	234.24	189.86	234.24	176.87	209.21	176.87	89	93	89	93
Culture, Social Services, Gender, Sports & Youth Affairs	242.97	45.20	242.97	34.76	225.97	34.76	93	77	93	77
County Assembly	557.17	68.08	541.31	63.42	541.31	63.42	97	93	97	93
	5,133.86	2,244.98	5,118.00	1,596.79	4,910.67	1,596.79	96	71	96	71

***Source**: Samburu County Treasury*

During the period under review, the Department of Lands, Housing, Physical Planning & Urban Development had an absorption rate of 100.3 per cent, exceeding the budgeted amount due to non-reconciliation of committed funds while conducting supplementary budget.

Analysis of expenditure by departments shows that the County Executive is responsible for the spending. Medical Services, Public Health & Sanitation, and the Department of Lands, Housing, Physical Planning & Urban Develop-

ment recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Tourism, Trade, Enterprise Development & Cooperatives and the County assembly at 93 per cent. The Department of Education and Vocational Training and Medical Services, Public Health & Sanitation had the highest percentage of recurrent expenditure to budget at 99 per cent, while the Department of Water, Environment, Natural Resources & Energy had the lowest at 71 per cent.

3.37.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 5th August 2025.
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 July 2025, the reports for the Emergency Fund, Car Loan and Mortgage Fund, County Assembly Car Loan and Mortgage Fund, and People Living with Disability Fund were not submitted to the CoB.
iii. High level of pending bills, which amounted to Kshs.235.92 million as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.168 million for 522 staff not onboarded into HRIS were processed through manual payroll, accounting for 6 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vi. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.22.83 million across the two schemes—SHIF, and the defunct NHIF.
vii. Stalled projects: The County reported two stalled projects valued at Kshs.204.54 million, of which Kshs.168.23 million has already been paid. The reason for the stall is attributed to the contractor's demand for variations in the works.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iii. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
v. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*
vi. *The County should focus on completing the stalled projects as long as they are feasible to ensure value for money and also the achievement of the intended objectives.*

3.38. County Government Siaya

3.38.1 Overview of FY 2024/25 Budget

The County Government of Siaya's Approved Budget for FY 2024/25 was Kshs.10.94 billion. It comprised Kshs.4.87 billion (45 per cent) and Kshs.6.07 billion (55 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.19 billion (12 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.85 billion and a recurrent budget of Kshs.5.91 billion.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.7.55 billion (69 per cent), additional allocations of Kshs.698 million (6 per cent), and a cash balance of Kshs.1.66 billion (15 per cent) brought forward from FY 2023/24, and Kshs.1.04 billion (10 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.643 million (62 per cent) deposited into the CRF and Kshs.400 million (38 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.283 million (71 per cent) as the Facility Improvement Financing (revenue from health facilities), Kshs.63 mil-

lion (16 per cent) from Linda Mama and Kshs.52 million (13 per cent) from NHIF/Capitation. A breakdown of the additional allocations is shown in Table 3.455.

3.38.2 Revenue Performance

The County received Kshs.10 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 40 per cent compared to the amount received in FY 2023/24 of Kshs.7 billion. The total revenue consisted of Kshs.7.88 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners of Kshs.111 million, as well as the own-source revenue (OSR) collection of Kshs.436 million. Additionally, the County had a cash balance of Kshs.1.66 billion from FY 2023/24.

The total OSR collection of Kshs.436 million included Facilities Improvement Financing (FIF) of Kshs.199 million, and Kshs.236 million from other OSR sources. Table 3.455 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.455: Siaya County, Revenue Performance in FY 2024/25

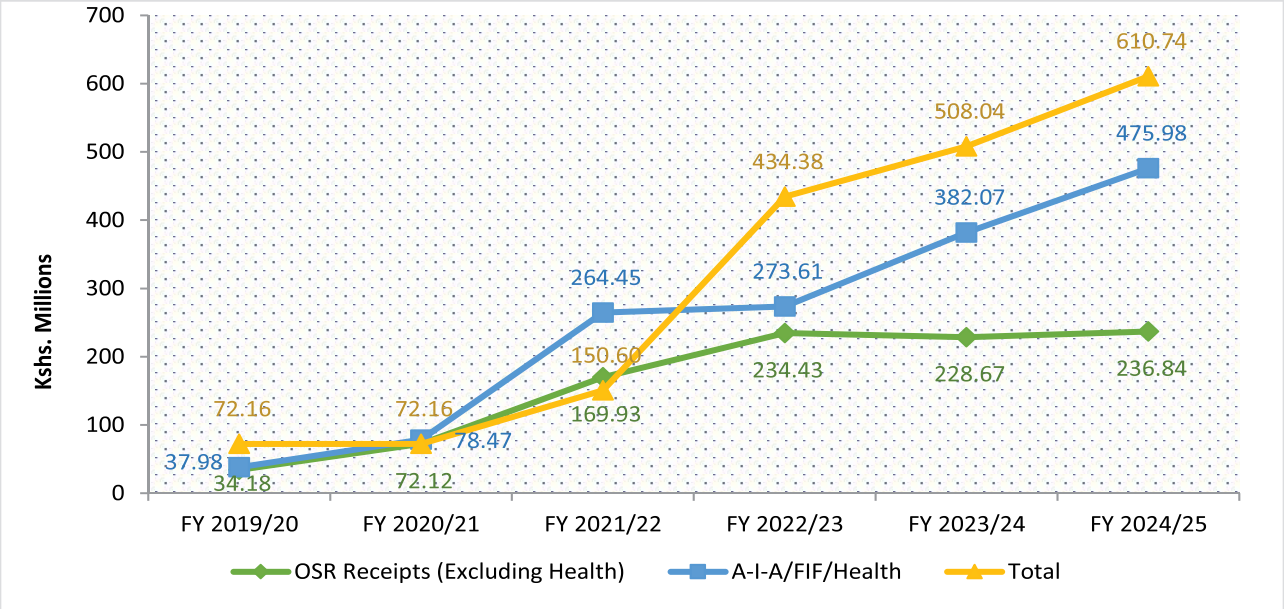
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Performance (%)
		A	B	D=B/A*100
A	**Unspent Balance from FY 2023/24**			
1	Balance b/d 2023/2024	1,660,506,342	1,660,506,342	100
B	**Equitable Share of Revenue Raised Nationally**			
2	National Shareable Revenue	7,545,450,410	7,882,514,002	104
C	**Additional Allocations (Including Grants)**			
1	Community Health Promoters	63,810,000	-	
2	DANIDA Primary Health Care	8,921,250	-	
3	Kenya Devolution Support Project (KUSP)-II	37,500,000	-	
4	Kenya Urban Support Project (KUSP)-UIG	35,000,000	-	
5	Kenya Urban Support Project (KUSP)-UDG	45,218,742	-	
6	Kenya Agricultural Business Development Project (KABDP)	10,918,919	-	
7	IDA-National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	
8	Roads Maintenance Levy Fund (RMLF)	160,843,154	57,316,842	36
9	Kenya Livestock Commercialisation Project (KELCLOP)	33,550,000	-	
10	Acquaculture Business Development Project (ABDP)	13,838,473	-	
11	CAIP	-	54,131,579	
12	Financing Locally Led Climate Action (FLLoCA)-CCRI	137,000,000	-	
	Sub-Total	**698,115,690**	**111,448,421**	**16**
D	**Own Sources of Revenue**			
1	SINGLE BUSINESS PERMITS	**192,213,664**	90,601,201	47
2	MARKET FEES	**95,800,000**	34,694,086	36
3	BODA BODA	**14,026,766**	-	
4	WEIGHTS & MEASURES	**3,000,000**	799,540	27
5	TRADE INCOME (AUDIT FEE)	**749,250**	148,270	20
6	ADVERTISEMENT CHARGES	**20,000,000**	13,943,660	70
7	LIQUOR LICENSING	**34,000,000**	4,551,400	13
8	BUS PARK	**38,998,234**	15,741,022	40
9	PLAN APPROVAL (Engineers)	**21,000,000**	3,325,627	16
10	GRADER	**13,200,000**	-	

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Performance (%)
11	FIRE INSPECTION	**4,000,000**	-	
12	PARKING	**13,000,000**	9,867,246	76
13	COUNTY HALL HIRE	**140,000**	2,000	1
14	FISH CESS	**10,000,000**	4,614,939	46
15	SLAUGHTER FEES	**1,473,200**	251,930	17
16	CILOR	**20,000,000**	-	
17	SUGAR CESS	**11,000,000**	8,092,003	74
18	AGRICULTURE INCOME (Fisherman Licence)	**5,380,290**	677,950	13
19	VETERINARY SERVICES	**4,395,235**	3,552,720	81
20	CATTLE AUCTION	**5,000,000**	2,346,430	47
21	TRACTOR HIRE SERVICES (T.H.S) Private Tractors	**17,500,000**	2,061,050	12
22	SALES OF SEEDS	**8,334,400**	3,525,000	42
23	SALES OF FERTILIZER	**16,665,600**	2,128,550	13
24	PLAN APPROVAL (Physical Planning)	**15,000,000**	6,413,232	43
25	TRANSFER FEE	**2,600,000**	732,200	28
26	PLOT RATES	**13,000,000**	3,439,365	26
27	PLOT RENT	**14,155,575**	6,915,115	49
28	GROUND RENT	**1,000,000**	493,205	49
29	HOUSE RENT	**4,600,000**	81,392	2
30	KIOSK/STALL RENT	**13,025,075**	7,922,607	61
31	BURIAL FEE & SYNAGE	**100,000**	6,000	6
32	CLEARANCE CERTIFICATE	**1,500,000**	376,000	25
33	SITE FEE	**1,303,000**	8,700	1
34	SURVEY FEE	**1,500,000**	932,207	62
35	PRIVATE ESTATE FEE	**130,000**	-	
36	NEMA (Noise Permit)	**3,160,909**	240,400	8
37	SAND CESS/QUARRY	**11,500,000**	544,599	5
38	MISC.	-	1,639,514	
39	SCHOOL FEE	**337,500**	-	
40	PUBLIC HEALTH	**8,601,598**	6,169,641	72
41	IMPOUNDING FEE	**2,000,000**	-	
	Sub-Total	**643,390,296**	**236,838,800**	**37**
E	**Facility Improvement Fund (FIF)**			
1	HOSPITAL REVENUE	**283,954,579**	199,844,514	70
F	**Appropriations in Aid**			
1	LINDA MAMA	**63,849,777**	6,335,232	10
2	NHIF/CAPITATION	**52,866,654**	269,796,822	510
	Sub-Total	**116,716,431**	**276,132,054**	**237**
Total		**10,948,133,748**	**10,367,284,133**	**95**

Source: *Siaya County Treasury*

Figure 149 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 149: Siaya County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

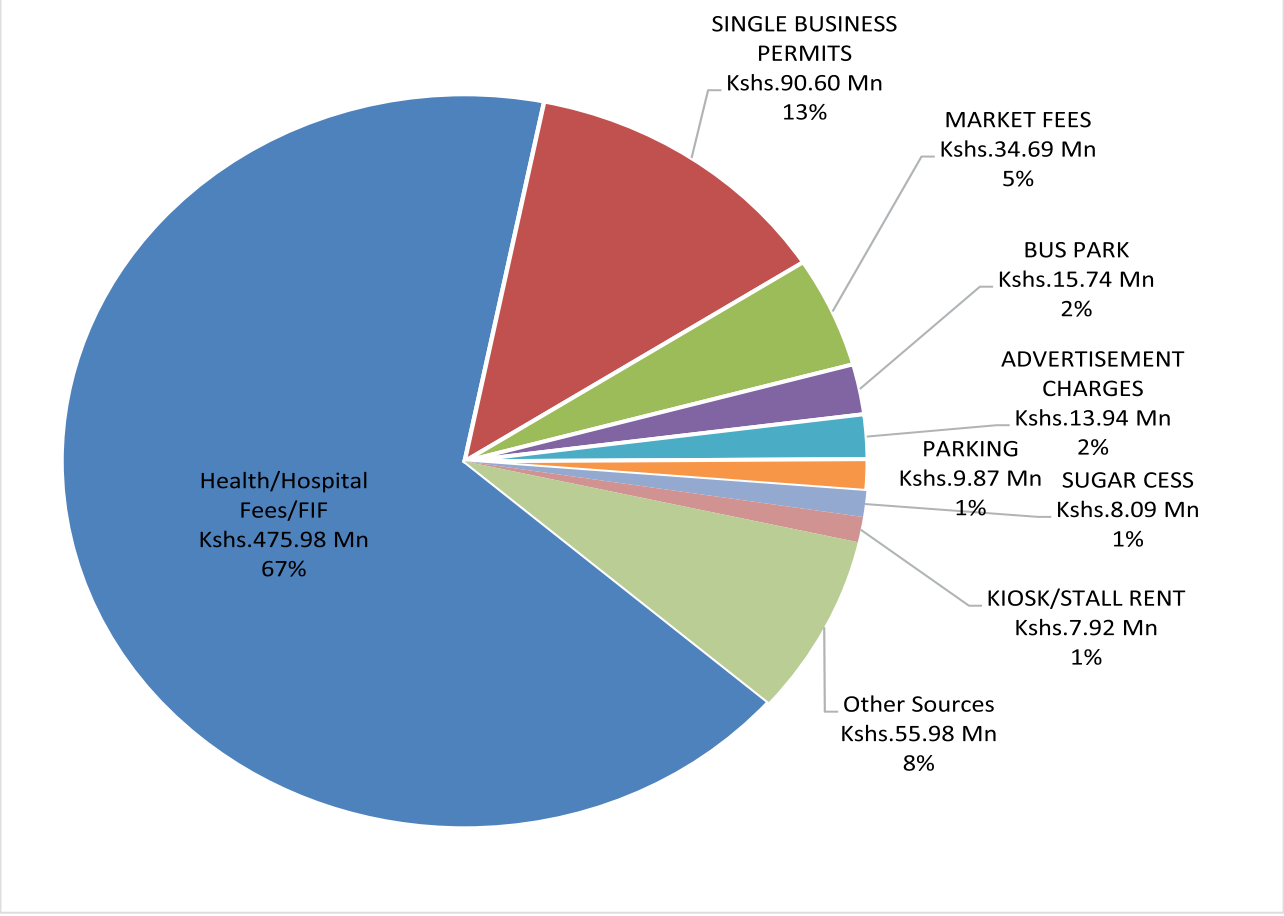


Source: *Siaya County Treasury*

During the year, the County generated Kshs.436.68 million from its revenue sources, including FIF. This amount was an increase of 2 per cent compared to Kshs.427.95 million realised in a similar period in FY 2023/24, and was 47 per cent of the annual target and 6 per cent of the equitable revenue share disbursed. The OSR included revenue arrears from the previous financial year amounting to Kshs.290 million.

The revenue streams which contributed the highest OSR receipts are shown in Figure 150.

Figure 150: Siaya County Top Own Source Revenue Streams in FY 2024/25



Source: *Siaya County Treasury*

As shown in Figure 150, the highest revenue stream, at Kshs.90.6 million, was from Single Business Permits, accounting for 13 per cent of the total OSR receipts.

3.38.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.363 million. This amount decreased to Kshs.290 million as of 30th June 2025, indicating that the County had reduced its arrears by Kshs.73 million. Table 3.456 presents a breakdown of the County's revenue arrears.

Table 3.456: Siaya County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	C	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**	363,976,645		73,783,569		290,193,076
B	**Facility Improvement Fund** ***(see FIF section for more details)***					**376,963,161**
Total		**363,976,645**		**73,783,569**		**667,156,237**

Source: *Siaya County Treasuries*

As of 30th June 2025, the revenue arrears comprised the principal amount of Kshs.290 million.

3.38.4 Borrowing by the County

The County did not disclose any borrowings during the review period.

3.38.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.8.39 billion from the CRF account in FY 2024/25, which comprised Kshs.2.85 billion (34 per cent) for development programmes and Kshs.5.53 billion (66 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.2.99 billion was towards employee compensation and Kshs.2.11 million for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 19.88 per cent was for domestic travel and 4.83 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.196.98 million and included Kshs.53.06 million for the County Executive and Kshs.143.91 million for the County Assembly. The foreign exchequer totalled Kshs.4.83 million, comprising Kshs.1.64 million for the County Executive and Kshs.3.19 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.63.4 million.

3.38.6 County Expenditure Review

The County spent Kshs.7.75 billion on development and recurrent programmes in the reporting period. The expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.2.76 billion for development programmes and Kshs.4.99 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 57 per cent, while recurrent expenditure represented 83 per cent of the annual recurrent expenditure budget.

3.38.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.12 billion as of 30th June 2024. This amount was from the County Executive. The pending bills from the County Executive consisted of Kshs.488 million for recurrent expenditures and Kshs.635 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.577.7 million, comprising Kshs.160.86 million (28 per cent) for recurrent programmes and Kshs.416.83 million (72 per cent) for development programmes. Table 3.457 provides additional details of pending bills.

Table 3.457: Siaya County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	635,097,487.93	416,833,768.30		218,263,719.63
Development	488,551,120.49	160,864,436.96		327,686,683.53
Total	**1,123,648,608**	**577,698,205**		**545,950,403**

Source: *Siaya County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.577.69 million and Kshs.0 million, respectively, in FY 2024/25. The County adhered to this payment plan, as it cleared Kshs.577.69 million for the Executive.

Table 3.458 presents the ageing of the total outstanding bills as of 30th June 2025, which was Kshs.1.12 billion.

Table 3.458: County Pending Bill Ageing Analysis as of 30th June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	468,760,833	140,019,470	18,163,172	8,154,013	635,097,488
Recurrent Pending Bills (Goods & Services)	234,219,894	138,761,946.02	78,073,298	37,495,982.18	488,551,120
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)					-
Recurrent Pending Bills (Staff Claims)					-
Total Recurrent Pending Bills	234,219,894	138,761,946	78,073,298	37,495,982	488,551,120
Total Pending Bills	**702,980,727**	**278,781,416**	**96,236,470**	**45,649,995**	**1,123,648,609**
of Total	**63**	**25**	**9**	**4**	**100**

Source: *Siaya County Treasury*

3.38.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.37 billion for compensation of employees, Kshs.1.85 billion for operations and maintenance, and Kshs.2.6 billion for development activities. Similarly, the County Assembly spent Kshs.338 million on compensation of employees, Kshs.436 million on operations and maintenance, and Kshs.153 million on development activities, as shown in Table 3.459.

Table 3.459: County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,271,958,955**	**801,348,339**	**4,216,984,254**	**774,996,112**	**80**	**97**
Compensation of Employees	3,157,644,187	392,612,548	2,371,743,007	338,063,538	75	86
Operations and Maintenance	2,114,314,768	408,735,791	1,845,241,248	436,932,574	87	107
Development Expenditure	**4,330,064,033**	**544,762,151**	**2,603,246,891**	**153,424,568**	**60**	**28**
Total	**9,602,022,988**	**1,346,110,490**	**6,820,231,145**	**928,420,680**	**71**	**69**

Source: *Siaya County Treasury*

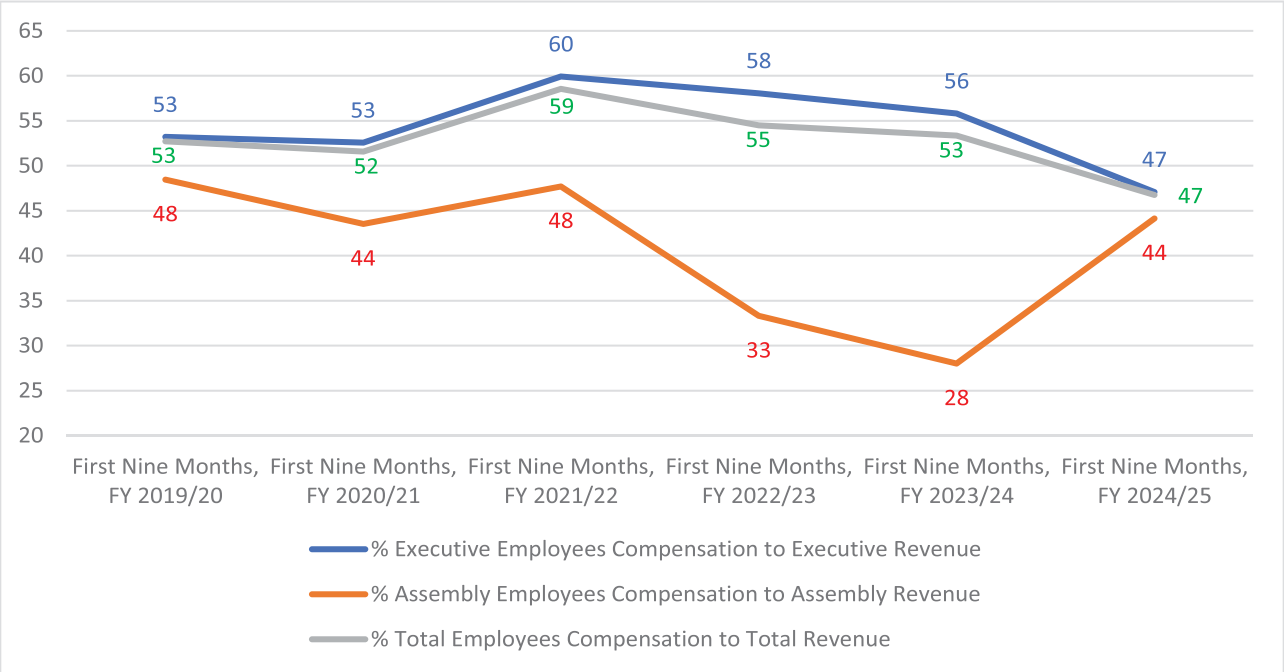
3.38.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.2.99 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue

of Kshs.26.14 million, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 35 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.3.19 billion reported in FY 2023/24. Of this total, Kshs.948.70 million related to the Health Sector employees, which accounted for 40 per cent of the overall employees' compensation.

Figure 151 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 151: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Siaya County Treasury*

Further analysis revealed that PE costs totalling Kshs.2.36 billion were processed through the Human Resource Information System (HRIS). Kshs.353.64 million was processed through manual payrolls, which accounted for 13 per cent of the total PE cost.

The manual payroll comprised staff not onboarded into the Human Resource Information System (HRIS), salaries for casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.460.

Table 3.460: Breakdown of Siaya County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	126,864,270
2	Salaries for casual staff	30,179,384
3	LAPTRUST/LAPFUND Pension Contributions	128,126,988
4	Gratuity for contract staff	17,421,826
5	Community Health Workers	51,048,000
	Total	**353,640,468**

Source: *Siaya County Treasury*

The County Assembly spent Kshs.29.75 million on committee sitting allowances for the 42 MCAs against the annual budget allocation of Kshs.30.24 million. The average monthly sitting allowance was Kshs.59,018 per MCA. The County Assembly has 20 House Committees.

3.38.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.126.93 million to County-Established funds in FY 2024/25, or 1.2 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (0.6 per cent of the total budget) in line with Section 110 of the PFM

Act, 2012. Table 3.461 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.461: Performance of Siaya County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	County Bursary Fund		90,000,000				No
2	Cooperative development fund		20,000,000				No
3	Emergency		70,000,000				No
County Assembly Established Funds							
4	Car loan & Mortgage		16,000,000				YES
	Total						

Source: *Siaya County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.461, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of all the Funds had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

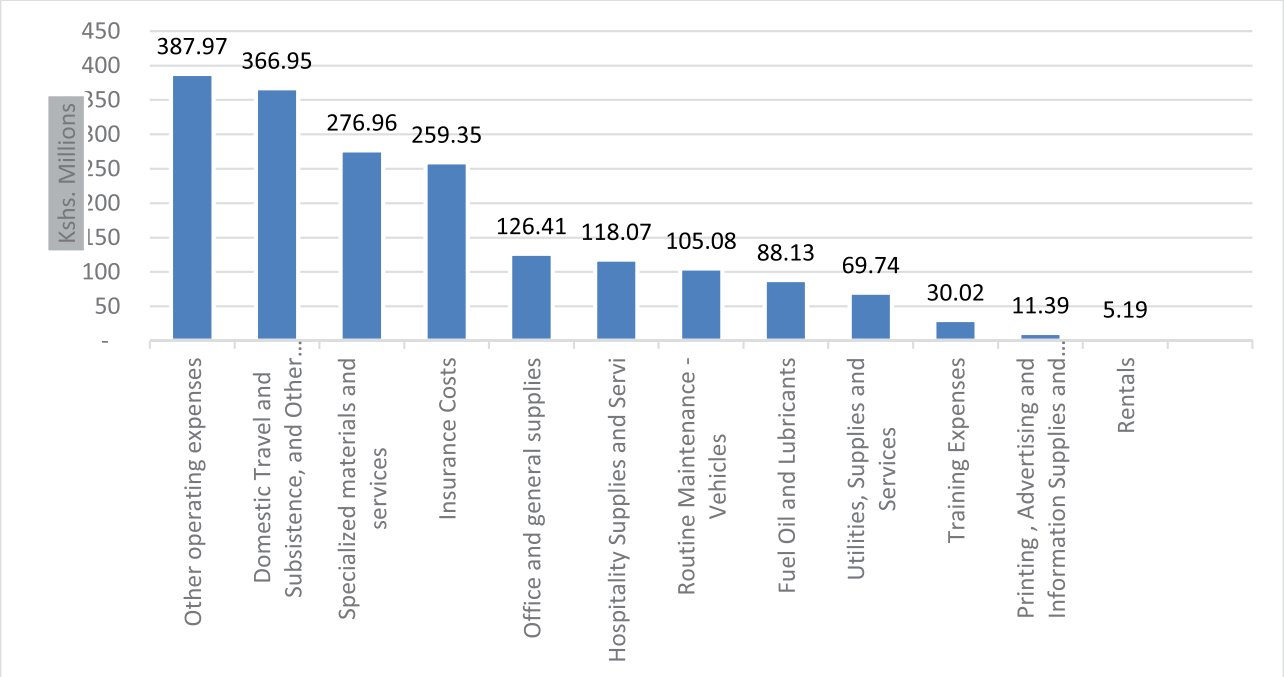
3.38.11 County Corporations

The County did not disclose any County Corporation.

3.38.12 Expenditure on Operations and Maintenance

Figure 152 summarises the Operations and Maintenance expenditure by major categories.

Figure 152: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: *Siaya County Treasury*

Expenditure on domestic travel amounted to Kshs.196.98 million and comprised Kshs.143.91 million spent by the

County Assembly and Kshs.53.06 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.8 million and comprised Kshs.3.19 million by the County Assembly and Kshs.1.64 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.462.

Table 3.462: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	5th-9th May, 2025	Capacity Building for Decision Makers	Vienna, Austria	1,643,976
County Assembly	13	22nd Feb, 2025	Ealasca Games	Uganda	3,186,774

Source: *Siaya County Treasury and Siaya County Assembly*

Other types of expenditure under the operations and maintenance costs include Kshs.49.1 million on garbage collection and Kshs.29.8 million related to legal fees, dues, arbitration, and compensation payments.

3.38.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.199.84 million as FIF, which was 70 per cent of the annual target of Kshs.283.95 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.376.96 million in the reporting period across the two schemes namely, the Social Health Insurance Fund (SHIF), and outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.463.

Table 3.463: Siaya County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	Ten Level 4 Health Facilities	323,048,018	163,238,200	159,809,818	189,138,150
2	37 level 3 facilities	34,887,666	21,798,178	13,089,488	9,513,080
3	124 level 2 facilities	12,987,765	9,223,440	3,764,325	1,648,300
	Total	**370,923,449**	**194,259,818**	**176,663,631**	**200,299,530**

Source: *Siaya County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.370.92 million. Of this, only Kshs.194.3 million was disbursed, occasioning a pending balance of Kshs.176.66 million. Further, the defunct NHIF still owes health facilities Kshs.200.3 million.

The expenditure by the health facilities amounted to Kshs.618.54 million, as shown in Table 3.464.

Table 3.464: Siaya County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1	Ten Level 4 Health Facilities	641,871,098	570,071,977	89
2	level 3 facilities	30,120,962	27,382,693	91
3	level 2 facilities	23,196,617	21,087,834	91
	Total	**695,188,677**	**618,542,505**	**89**

Source: *Siaya County Treasury*

3.38.14 Development Expenditure

In the review period, the County reported spending Kshs.2.76 billion on development programmes, representing an increase of 21 per cent compared to FY 2023/24, when the County spent Kshs.2.27 billion. Table 3.465 summarises the development projects with the highest expenditure in the reporting period.

Table 3.465: Siaya County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Finance & Economic Planning	Supply, Installation, and Maintenance of the Integrated Revenue Management System for the County Government of Siaya	Alego Usonga/H/Q	20 March 2026	50,914,550.92	24,986,440	24,986,440	95
2	Tourism	Supply and installation of stadium lighting mast for the proposed stadium for the County Government of Siaya	Executive	Jun-24	20,614,000	20,614,000	20,614,000	100
3	Tourism	Proposed installation of Tartan on the running track	Executive	Jun-24	137,350,000	56,010,500	56,010,500	70
4	Tourism	Installation of Stadium VIP seats	Executive	Jun-24	25,101,114	25,101,114	25,101,114	100
5	Tourism	Proposed Construction of perimeter wall at Migwena Sports and Cultural Centre (Piny Luo)	Executive	Jun-24	33,841,097.50	28,834,584	28834584	100
6	Tourism	Completion of the Siaya stadium	Executive	Dec-24	28,175,350	28,175,350	28,175,350	100
7	Enterprise	Installation of High mast lights in various locations in Siaya County	Executive	30/9/2022	179,009,460	66,241,800	132,452,280	65
8	CHS	Refrigeration at Bondo hospital morgue (mortuary cold room plant)	Executive	01 May 2025	54,685,880	51,785,880	51,785,880	100
9	Crop	Promotion of agro-processing rice (Installation of Siriwo rice mill)	Executive	11th November 2024	31,020,000.05	31,020,000.05	31,020,000.05	100
10	CHS	Equipping of 3 theatres at SCRH	Executive	01 May 2024		20,477,338	20,477,338	100

Source: *Siaya County Treasury*

The County reported nine stalled development projects as of 30th June 2025, with an estimated value of Kshs.24.28 million, of which Kshs.3.07 million has already been paid. The stalled projects are shown in Table 3.466.

Table 3.466: Siaya County Stalled Projects as of 30th June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Completion of the Apuoyo animal feed pelletizing plant	West Gem	1,500,000	-	-	25	terminated
Procurement of laboratory equipment	Executive	2,000,000	-	-	0	Removed in supplementary budget
Fencing and installation of a gate at Kokach Beach	East Asembo		-	-	0	Not awarded due to budget deficit
Renovation and repairs of the Siriwo rice drying floor	Executive	6,717,774.40	-	-	0	Not implemented the budget of Kshs.4,500,000 removed in the supplementary

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Construction of modern washrooms at Ralayo beach	East Asembo	2,879,839	-	-	0	Budgetary Deficit
Acquisition of storage tanks for Bondo Sub-County Hospital	Bondo sch	4,899,401	1,570,420		99	insufficient funding
Completion of Oboch dispensary (Pending)	East Asembo	3,200,000	1,300,000	2,200,000	70	insufficient funding
Improving the sewer system and gate at the Rwambwa sub-County hospital	Usonga	1,200,000	200,000	700,000	70	inadequate funding
Completion of Nyamonye juakali	Yimbo East	1,878,186.20		1,878,186.20	35	inadequate funding
		24,275,200.60	**3,070,420**	**4,778,186.20**		

Source: *Siaya County Treasuries*

3.38.15 Budget Performance by Department

Table 3.467 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.467: Siaya County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	801.34	544.76	775.01	153.43	774.99	153.42	100.0	100.0	96.7	28.2
Governance and Administration	739.42	62.78	738.46	-	737.66	-	99.9	-	99.8	-
Finance and Economic Planning	864.75	58.97	864.37	44.96	863.92	24.99	99.9	55.6	99.9	42.4
Agriculture, Food, Livestock & Fisheries	336.71	411.41	297.29	248.98	242.92	248.22	81.7	99.7	72.1	60.3
Water, Irrigation, Environment & Natural Resources	88.21	710.78	75.99	272.58	49.43	256.49	65.0	94.1	56.0	36.1
Education, Youth Affairs, Gender & Social Services	373.60	469.16	303.12	336.63	217.17	334.67	71.6	99.4	58.1	71.3
County Health Services	2,253.33	499.21	1,951.64	267.57	1,679.36	251.17	86.0	93.9	74.5	50.3
Lands, Physical Planning, Urban Development and Housing	222.42	197.32	168.60	101.96	136.27	81.67	80.8	80.1	61.3	41.4
Roads, Public Works, Energy and Transport	123.55	1,194.25	105.84	1,121.35	89.48	1,120.48	84.5	99.9	72.4	93.8
Enterprise and Industrial Development	140.99	572.29	129.79	207.82	93.16	197.27	71.8	94.9	66.1	34.5
Tourism, Culture, Sports and Arts	128.95	153.89	123.78	98.17	107.63	88.31	87.0	90.0	83.5	57.4
Total	**6,073.31**	**4,874.83**	**5,533.90**	**2,853.46**	**4,991.98**	**2,756.67**	90.2	96.6	82.2	56.5

Source: *Siaya County Treasury*

Analysis of expenditure by departments shows that the Department of Roads, Public Works, Energy and Transport recorded the highest absorption rate of development budget at 93.8 per cent, followed by the Department of Education, Youth Affairs, Gender & Social Services at 71.3 per cent. The Department of Finance & Economic Planning had the highest percentage of recurrent expenditure to budget at 99.9 per cent, while the Department of Water, Irrigation, Environment & Natural Resources had the lowest at 56 per cent.

3.38.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 10th August 2025.
ii. The underperformance of own-source revenue at Kshs.236.84 million against an annual target of Kshs.643.39 million, representing 37 per cent of the financial year target.
iii. Unspent funds from FY 2023/24 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.467.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30th June 2025, the lifespan of the Cooperative Fund had lapsed, making it ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. No reports were submitted to the CoB as of 15th July 2025.
vi. High level of pending bills which amounted to Kshs.1.3 billion as of 30th June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
vii. Use of manual payroll. Personnel emoluments amounting to Kshs.353 million for staff not onboarded into HRIS and casual staff were processed through manual payroll, accounting for 13 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
viii. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.376.96 million across the two schemes—SHIF, and the defunct NHIF.
ix. Stalled projects: The County reported nine stalled projects with an estimated value of Kshs.24.28 million, of which Kshs.3.07 million has already been paid. The reason for the stall includes insufficient funding.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iv. *The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
vi. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
vii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
viii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*
ix. *The County should focus on completing the stalled projects as long as they are feasible to ensure value for money and also the achievement of the intended objectives.*

3.39. County Government of Taita Taveta

3.39.1 Overview of FY 2024/25 Budget

The Taita Taveta County Approved Supplementary I Budget for FY 2024/25 was Kshs.8.18 billion. It comprised Kshs.2.41 billion (29 per cent) and Kshs.5.77 billion (71 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.678.31million (9 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.2.33 billion and a recurrent budget of Kshs.5.17 billion. The increase in the budget was primarily attributed to the balance brought forward from the previous financial year and a growth in projected allocations from development partners.

The budget was to be financed from the following revenue sources: the equitable share of revenue raised nationally of Kshs.5.14 billion (63 per cent), additional allocations of Kshs.8.60 million (0.11 per cent), and conditional allocation from development partners of Kshs.1.78 billion (22 per cent), a cash balance of Kshs.403 million (5 per cent) brought forward from FY 2023/24, and Kshs.850 million (10per cent) generated as gross own-source revenue. The own-source revenue includes Kshs.250 million (3 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.600 million (7 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.468.

3.39.2 Revenue Performance

The County received Kshs.7.03 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 17.36 per cent compared to the amount received in FY 2023/24 of Kshs.5.99 billion. The total revenue consisted of Kshs.5.06 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners of Kshs.1.01 billion, as well as the own-source revenue (OSR) collection of Kshs.547.99 million. Additionally, the County had a cash balance of Kshs403.29 billion from FY 2023/24.

The total OSR collection of Kshs.547.99 billion included Facilities Improvement Financing (FIF) of Kshs.229.35 million, and Kshs.318.64 million from other OSR sources. Table 3.468 summarises the total revenue available to the County Government during FY 2024/25.

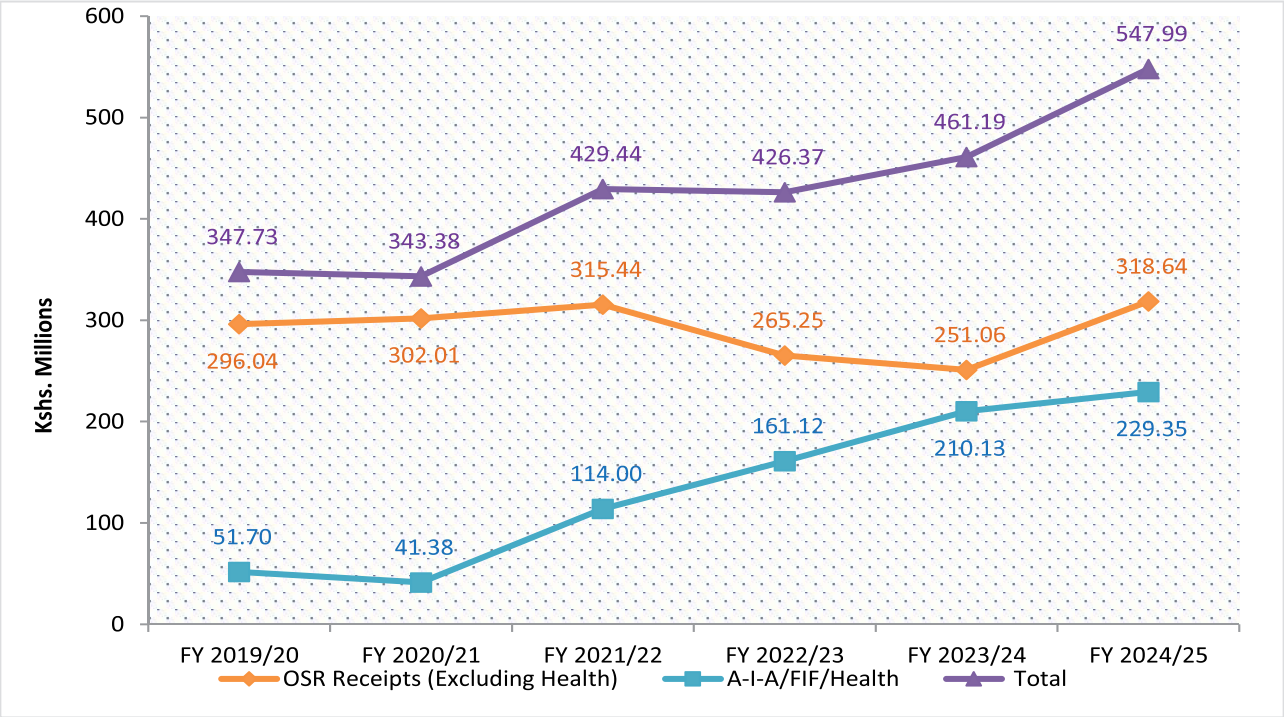
Table 3.468: Taita Taveta County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	5,137,160,592	5,066,138,539	99
Sub Total		**5,137,160,592**	**5,066,138,539**	**99**
B	**Conditional Grants**			
1	Second Kenya Devolution Support Programme (KDSP II) - IDA (World Bank) Credit	37,500,000		-
2	Kenya Informal Settlement Improvement Project (KISIP-II)-IDA (World Bank)	190,626,011	176,321,755	92
3	IDA-WB National Agricultural Value Chain Development Project(NAVCDP)	151,515,152	100,088,623	66
4	Danida Grant - Primary Healthcare in Devolved Context - IDA (World Bank) Credit	6,834,000	6,532,500	96
5	Financing Locally Led Climate Change Action Projects	111,000,000	9,520,558	9
6	Balance B/F FY 2023/2024 FLloCCaP	105,079,402		-
7	Water and Sanitation Development Project - IDA (World Bank) Credit	850,000,000	610,805,126	72
8	Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG) - IDA (World Bank) Credit	35,000,000	32,309,300	92
9	Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG) - IDA (World Bank) Credit	18,278,289		-
10	Kenya Agricultural Business Development Project (KABDP) - SWEEDEN	10,918,919		-
12	Road Maintenance Fuel Levy	223,111,859	78,389,752	35
13	Community Health Promoters (CHPs) Project	41,070,000		-
Sub-Total		**1,780,933,632**	**1,013,967,614**	**57**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	600,000,000	318,639,000	53
2	Balance b/f from FY2023/24	403,000,000	403,292,470	100
3	Facility Improvement Fund (FIF)	250,000,000	229,348,244	92
Sub Total		**1,261,603,601**	**951,279,714**	**75**
Grand Total		**8,179,697,825**	**7,031,385,867**	**86**

Source: *Taita Taveta County Treasury*

The County has an approved governing legislation on operating ordinary A-I-A and FIF. Figure 153 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 153: Taita Taveta County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

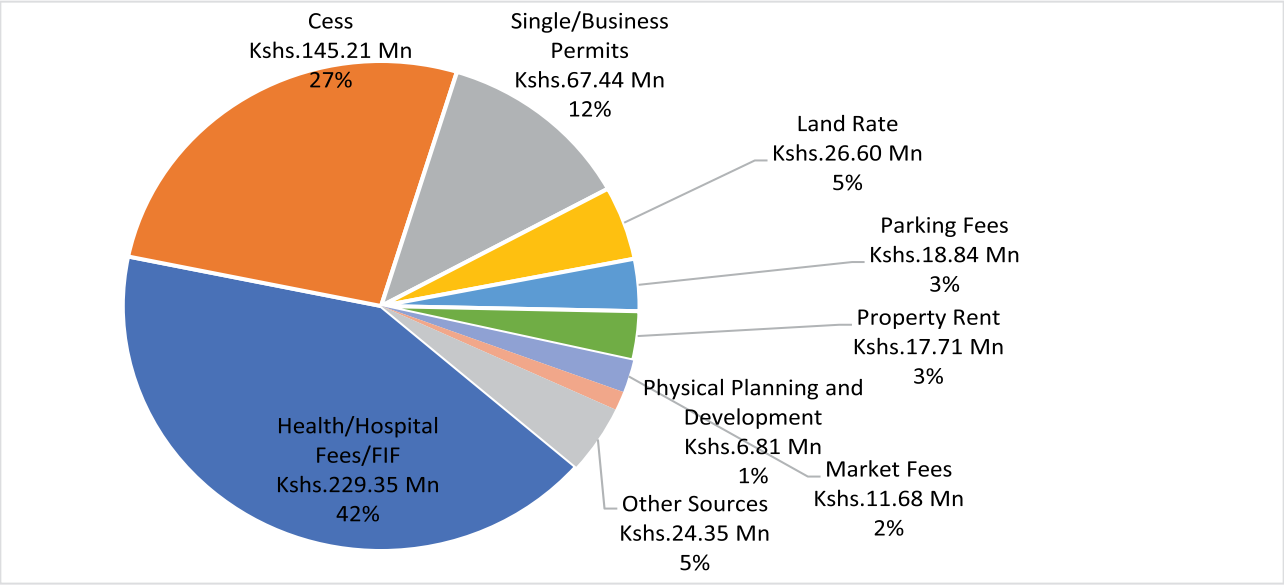


Source: *Taita Taveta County Treasury*

The County generated Kshs.547.99 million during the year from its own revenue sources, including FIF. This amount was an increase of 19 per cent compared to Kshs.461.19 million realised in a similar period in FY 2023/24, and was 64 per cent of the annual target and 11 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 154.

Figure 154: Taita Taveta County Top Own Source Revenue Streams in FY 2024/25



Source: Taita Taveta County Treasury

As shown in Figure 154, the highest revenue stream, at Kshs.229.35 million, was from FIF, accounting for 42 per cent of the total OSR receipts. The County Government indicated that it had automated all revenue streams.

3.39.3 Borrowing by the County

Taita Taveta County did not report on any borrowing during the reporting period.

3.39.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.6.61 billion from the CRF account in FY 2024/25, which comprised Kshs.1.50 billion (23 per cent) for development programmes and Kshs.5.10 billion (77 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.58 billion was towards employee compensation and Kshs.1.53 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 4 per cent was for domestic travel and less than one per cent for foreign travel. The domestic travel exchequer amounted to Kshs.287.01 million and included Kshs.75.04 million for the County Executive and Kshs.211.97 million for the County Assembly. The foreign exchequer totalled Kshs.20.07 million, comprising Kshs.4.76 million for the County Executive and Kshs.15.32 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.881.91 million.

3.39.5 County Expenditure Review

The County spent Kshs.6.61 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.1.50 billion for development programmes and Kshs.5.10 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 62 per cent, while recurrent expenditure represented 88 per cent of the annual recurrent expenditure budget.

3.39.6 Settlement of Pending Bills

The County reported pending bills totalling Kshs.2.30 billion as of 30 June 2024. This includes Kshs.2.17 billion from the County Executive and Kshs.126.22 million from the County Assembly. The pending bills from the County Executive consist of Kshs.1.29 billion for recurrent expenditures and Kshs.887.35 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.301.61 million, comprising Kshs.100 million (33 per cent) for recurrent programmes and Kshs.201.61 million (67 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.87.85 million, which was all incurred for recurrent activities. Table 3.469 provides additional details of pending bills.

Table 3.469: Taita Taveta County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)		Settled Pending Bills in FY 2024/25 (Kshs.)		Pending bills incurred in FY 2024/25 (Kshs.)		Outstanding pending bills as of 30 June 2025 (Kshs.)		
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	Total
Development	887,351,297	-	234,289,259				653,062,038	-	653,062,038
Recurrent	1,287,774,611	126,221,996	100,000,000	87,851,557	176,670,202	-	1,364,444,813	38,370,439	1,402,815,252
Total	2,175,125,908	126,221,996	334,289,259	87,851,557	176,670,202	-	2,017,506,851	38,370,439	2,055,877,290

Source:Taita Taveta *County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan at the commencement of FY 2024/25, committing to pay Kshs.334.28 million and Kshs.87.85 million, respectively, as of the end of FY 2024/25. Table 3.470 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.2.06 billion.

Table 3.470: County Taita Taveta Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills					-
Recurrent Pending Bills (Goods & Services)	193,171,518	84,774,491	168,844,213	267,004,966	713,795,187
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	57,881,171	343,624,353	257,881,171	682,695,407	1,342,082,103
Recurrent Pending Bills (Staff Claims)					-

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Recurrent Pending Bills	251,052,689	428,398,844	426,725,384	949,700,373	2,055,877,290
Total Pending Bills	251,052,689	428,398,844	426,725,384	949,700,373	2,055,877,290
of Total	12	21	21	46	100

Source: *Taita Taveta County Treasury*

3.39.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.25 billion for compensation of employees, Kshs.1.09 million for operations and maintenance, and Kshs.1.46 billion for development activities. Similarly, the County Assembly spent Kshs.328.69 million on compensation of employees, Kshs.431.61 million on operations and maintenance, and Kshs.48.60 million on development activities, as shown in Table 3.471.

Table 3.471: Taita Taveta County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,013,979,943**	**759,520,872**	**4,342,718,146**	**760,302,258**	**87**	**100.**
Compensation to Employees	3,577,912,044	292,500,000	3,247,630,083	328,689,266	**91**	**112**
Operations and Maintenance	1,436,067,899	467,020,872	1,095,088,063	431,612,992	**76**	**92**
Development Expenditure	**2,336,197,010**	**70,000,000**	**1,456,107,878**	**48,601,902**	**62**	**69**
Total	**7,350,176,953**	**829,520,872**	**5,798,826,024**	**808,904,160**	**79**	**98**

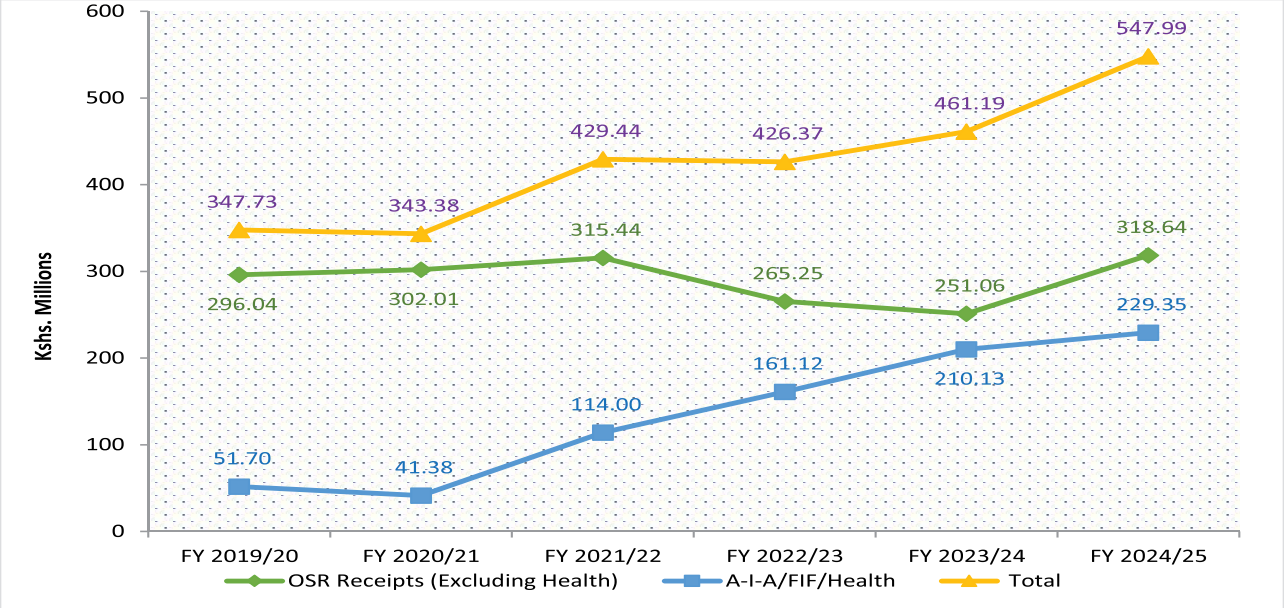
Source: *Taita Taveta County Treasury*

3.39.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.58 billion. Therefore, the percentage of compensation of employees to revenue, was 51 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.18 billion reported in FY 2023/24. Of this total, Kshs.1.92 billion related to the Health Sector employees, which accounted for 54 per cent of the overall employees' compensation.

Figure 155 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 155: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Taita Taveta County Treasury

Further analysis revealed that PE costs totalling Kshs.3.51 billion was processed through the Human Resource Information System (HRIS), while Kshs.69.26 million was processed through manual payroll, accounting for 2 per cent of the total PE cost.

The manual payroll, as shown in Table 3.472, comprised salaries for 29.17 staff not onboarded into the Human Resource Information System (HRIS), a Kshs.16.74 top-up allowance for security personnel, and Kshs.23.35 for community health workers.

Table 3.472: Breakdown of Taita Taveta County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)		29,168,999	29,168,999
2	Top-up Allowances for security officers	16,741,220		16,741,219
3	Community Health Workers	23,346,308		23,346,308
	Total	**40,087,528**	**29,168,999**	**69,256,527**

Source: Taita Taveta County Treasury

The County Assembly spent Kshs.23.24 million on committee sitting allowances for the 32 MCAs against the annual budget allocation of Kshs.36 million. The average monthly sitting allowance was Kshs.60,517 per MCA. The County Assembly has 23 House Committees.

3.39.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.270 million to County-established funds in FY 2024/25, or 3 per cent of the County's overall budget. The County allocated Kshs.15 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.473: Performance of Taita Taveta County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund	Submission of Financial Statements (Yes/No)
			A	B	C	D	E
County Executive Established Funds							
1	Education Fund		240,000,000	79,262,926		973,764,969	No
2	County Emergency Fund		15,000,000	-	-	107,160,190	No
3	County Executive Car Loan & Mortgage Fund		15,000,000	7,450,000		181,140,188	No
County Assembly Established Funds							
4	County Assembly Car Loan& Mortgage Scheme Fund		-	-	-	321,000,000	No
	Total		**270,000,000**	**86,712,926**	**86,712,926**	**1,553,065,347**	

Source: *Taveta County Treasury*

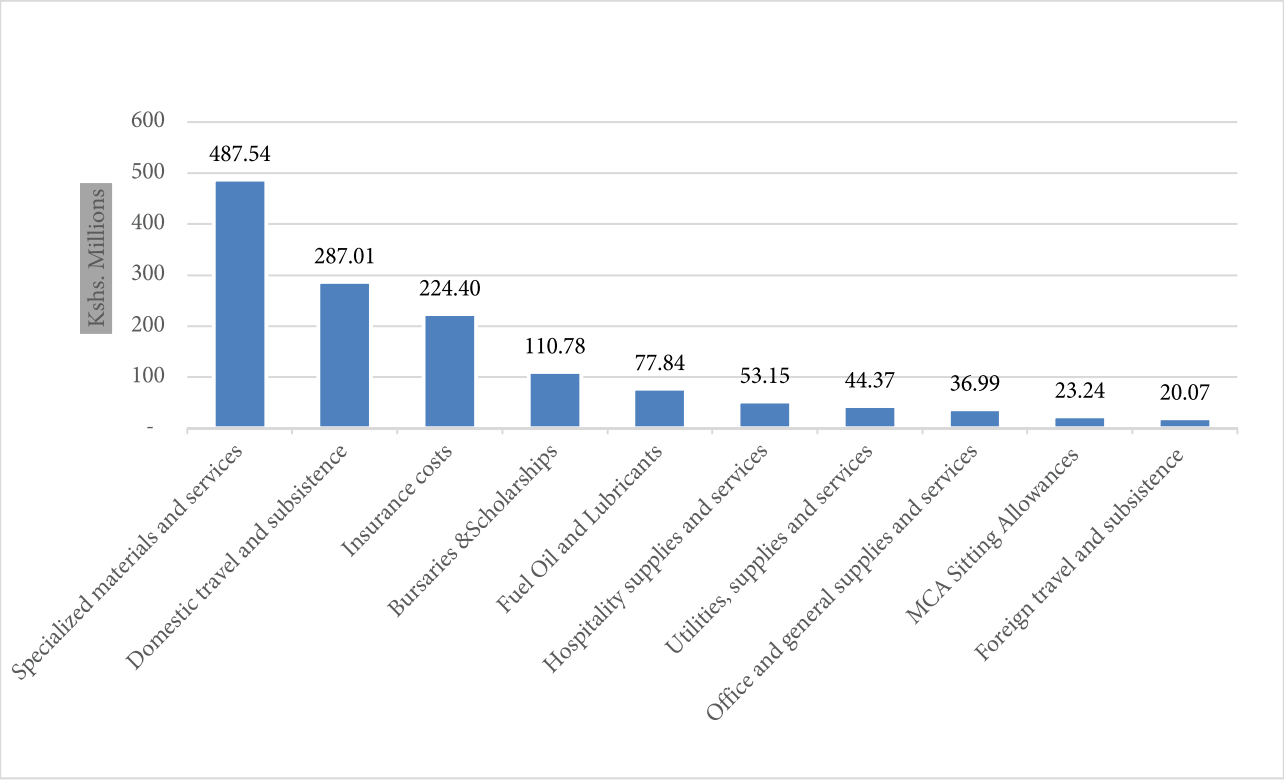
During the reporting period, the CoB did not receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.473, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of **the Education Fund** had lapsed. However, the fund has been extended through the approval of the Assembly in the FY2024/25.

3.39.10 Expenditure on Operations and Maintenance

Figure 156 summarises the Operations and Maintenance expenditure by major categories.

Figure 156: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: *Taita Taveta County Treasury*

Expenditure on domestic travel amounted to Kshs.287.01 million and comprised Kshs.211.97 million spent by the County Assembly and Kshs.75.04 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.04 million and comprised Kshs.15.32 million by the County Assembly and Kshs.4.72 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.474.

Table 3.474: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	8	25th oct 2023 to 30th September 2024	Being paid the DSA balance during the trip to EALA	Tanzania	703,668
County Assembly	11	22nd to 28th October 2024	Being payment of DSA balance during the trip to Uganda, training on the legislative process and parliamentary procedures	Uganda	1,100,000
County Executive	3	20th -21st Nov 2024	Tourism Conference	Uganda	369,427
County Executive	1	20th -21st Nov 2024	Business Conference	Italy	243,350
County Executive	1	20th -21st Nov 2024	Business Conference	Egypt	430,700
County Assembly	6	18th to 24th August 2024	Being facilitation for a capacity building retreat on legislative programs of County assembly in Tanzania between 18th and 24th August 2024	Tanzania	280,000
County Assembly	6	18th to 24th August 2024	Being facilitation for the officer who accompanied the clerk to Tanzania for induction training and study tour at EALA from 18th to 24th August, 2024	Tanzania	179,085

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	6	19th to 24th August 2024	Being facilitation for the County assembly service board members during induction training from 19th to 24th August, 2024 in Tanzania	Tanzania	1,860,240
County Assembly	6	19th to 24th August 2024	Being facilitation for the members' welfare committee capacity building retreat on legislative programs in Tanzania from 19th to 24th August, 2024	Tanzania	2,008,930
County Assembly	8	20th to 21st November 2024	Being facilitation for the members who attended the coast tourism exhibition and trip fam in Kampala, Uganda, on 20th to 21st November, 2024	Uganda	1,053,836
County Assembly	8	20th to 21st November 2024	Being refund of funds used to facilitate members who attended the Kenya coast tourism exhibition and fam trip in Kampala, Uganda, on 20th to 21st Nov, 2024	Uganda	450,000

Source: Taita Taveta County Treasury and Taita Taveta County Assembly

3.39.11 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.229.35 million as FIF, which was 92 per cent of the annual target of Kshs.250 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.66.33 million in the reporting period by the Social Health Insurance Fund (SHIF). A breakdown of the claims is presented in Table 3.475.

Table 3.475: Taita Taveta County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/SHA (Kshs.)		
		Approved Claims	Claims Paid	Balance
1	67 Level 2 & 3 Hospitals	8,798,530	5,250,950	3,547,580
2	4 Level 4 Hospitals	151,240,629	88,455,294	62,785,335
	Total	**160,039,159**	**93,706,244**	**66,332,915**

Source: *Taita Taveta County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.160.04 million. Of this, only Kshs.93.71 million was disbursed, occasioning a pending balance of Kshs.66.33 million. There were no reported approved claims under the defunct National Health Insurance Fund (NHIF).

3.39.12 Development Expenditure

In the review period, the County reported spending Kshs.1.50 billion on development programmes, representing an increase of 38 per cent compared to FY 2023/24, when the County spent Kshs.1.09 billion. Table 3.476 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the timely preparation and execution of procurement plans and the timely receipt of development funds.

Table 3.476: Taita Taveta County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Agriculture	National Agriculture Value Chain Project	County wide	151,515,152	151,515,152	151,515,152	100
2	Finance	Pending Bills	County wide	210,000,000	139,965,056	139,965,056	On-going
3	Lands	Kenya Informal Settlement Improvement Project-World Bank	County wide	190,626,011		60,000,000	On-going
4	Water	Locally Led Climate Action Programme (Climate Change) WB	County wide	111,000,000	23,738,009	23,738,009	On-going

Source: *Taita Taveta County Treasury*

3.39.13 Budget Performance by Department

Table 3.477 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.477: Taita Taveta County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	760.30	70	760.30	48.60	760.30	48.60	100	100	100	69.4
Public Service And Administration	646.39	-	568.79		568.79		100	-	88	-
The Governor's And Deputy Governor's Office	305.98	-	238.83		238.83		100	-	78.1	-
Finance and Economic Planning	424.36	210	333.30	210	333.30	210	100	100	78.5	100
Agriculture, Livestock and Fisheries	211.02	189.23	200.41	127.98	200.41	127.98	100	100	95	67.6
Water and Irrigation	122.57	1,132.53	111.20	676.83	111.20	676.83	100	100	90.7	59.8
Education and Libraries	735.97	37.30	666.66	35.16	666.66	35.16	100	100	90.6	94.3
Health	2,221.97	86.72	1,964.33	60.61	1,964.33	60.61	100	100	88.4	69.9
Trade, Tourism and Cooperative Development	50.92	8.50	47.16	5.21	47.16	5.21	100	100	92.6	61.3
County Public Service Board	62.64	4	51.47	-	51.47	-	100	-	82.2	-
Infrastructure and Public Works	83.83	344.60	67.19	78.49	67.19	78.49	100	100	80.1	22.8
Lands, Environment and Natural Resources	104.22	217.80	54.09	185	54.09	185	100	100	51.9	84.9
Youth, Gender, Sports, Culture and Social Services	44.09	105.51	39.28	76.83	39.28	76.83	100	100	89.1	72.8
Total	**5,773.50**	**2,406.20**	**5,103.02**	**1,504.71**	**5,103.02**	**1,504.71**	**100**	**100**	**88.4**	**62.5**

Source: *Taita Taveta County Treasury*

Analysis of expenditure by departments shows that the Department of Finance recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Education & Libraries at 94 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Lands, Environment & Natural Resources had the lowest at 52 per cent.

3.39.14 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 7 August 2025
ii. The underperformance of own-source revenue at Kshs.547.99 million against an annual target of Kshs.850 million, representing 64 per cent of the financial year target
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Education fund, Emergency Fund and Car loan & Mortgage Fund were not submitted to the CoB as of 15 July 2025.
iv. There was a high level of pending bills, which amounted to Kshs.2.02 billion as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iv. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*

3.40. County Government of Tana River

3.40.1 Overview of FY 2024/25 Budget

The Tana River County Approved Supplementary I Budget for FY 2024/25 was Kshs.9.18 billion. It comprised Kshs.3.66 billion (40 per cent) and Kshs.5.52 billion (60 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.151.04 million (1.7 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.3.56 billion and a recurrent budget of Kshs.5.47 billion. The increase in the budget was primarily attributed to growth in the equitable share.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.6.82 billion (74 per cent), additional allocations of Kshs.1.07 billion (12 per cent), a cash balance of Kshs.1.13 billion (12 per cent) brought forward from FY 2023/24, and Kshs.153.02 million (2 per cent) generated as own-source revenue.

The own-source revenue includes Kshs.3.97 million (3 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.149.15 million (97 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.478.

3.40.2 Revenue Performance

The County received Kshs.8.91 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 14 per cent compared to the amount received in FY 2023/24 of Kshs.7.78 billion. The total revenue consisted of Kshs.7.37 billion from the equitable share of revenue raised nationally. Other revenue streams were additional allocations from the national government and development partners of Kshs.204.93 million and own-source revenue (OSR) collection of Kshs.203.02 million. Additionally, the County had a cash balance of Kshs.1.13 billion from FY 2023/24.

The total OSR collection of Kshs.203.02 million included Facilities Improvement Financing (FIF) of Kshs.3.97 million, and Kshs.199.27 million from other OSR sources. Table 3.478 summarises the total revenue available to the County Government during FY 2024/25.

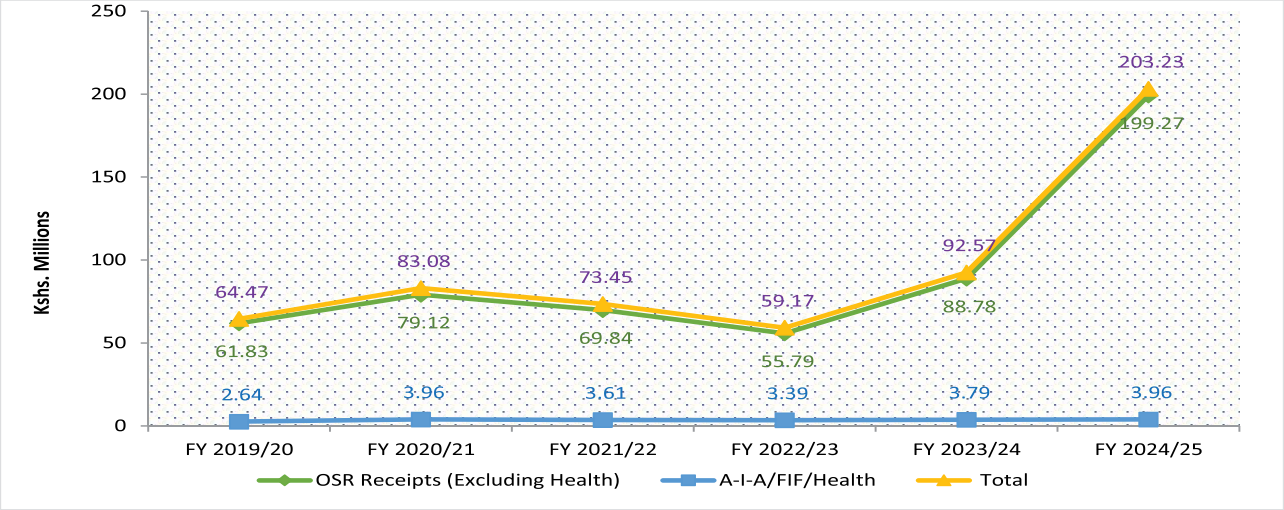
Table 3.478: Tana River County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	6,824,718,335	7,367,974,539	108.0
Sub Total		**6,824,718,335**	**7,367,974,539**	**108.0**
B	**Conditional Grants**			
1	Supplement for Construction of County Headquarters	95,045,250	0	0.0
2	Community Health Promoters (CHPs)	28,890,000	0	0.0
3	Road Maintenance Fuel Levy (RMFL)	192,087,922	69,459,630	36.2
4	Allocations for Mineral Royalties	7,500	0	0.0
5	DANIDA	9,435,000	9,018,750	95.6
6	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	0	0.0
7	Food Systems Resilience Project (FSRP)	173,076,923	70,127,132	40.5
8	Second Kenya Devolution Support Program (KDSP II)	37,500,000	0	0.0
9	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	11,000,000	11,000,000	100.0
10	Financing Locally-Led Climate Action (FLLoCA) - County Climate Resilience Investment (CCRI)	150,000,000	13,014,827	**8.7**
11	Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)	35,000,000	32,309,300	92.3
12	Kenya Water, Sanitation, and Hygiene Program (K-WASH)	184,076,800	0	0.0
Sub-Total		**1,067,634,547**	**204,929,639**	**19.2**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	149,151,974	199,268,237	133.6
2	Balance b/f from FY2023/24	1,132,262,010	1,132,262,010	100.0
3	Facility Improvement Fund (FIF)	3,956,827	3,956,827	100.0
Sub Total		**1,285,370,811**	**1,335,487,074**	**103.9**
Grand Total		**9,177,723,693**	**8,908,391,252**	**97.1**

Source: *Tana River County Treasury*

The County has legislation governing the operation of ordinary A-I-A and FIF. Figure 157 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 157: Tana River County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/24

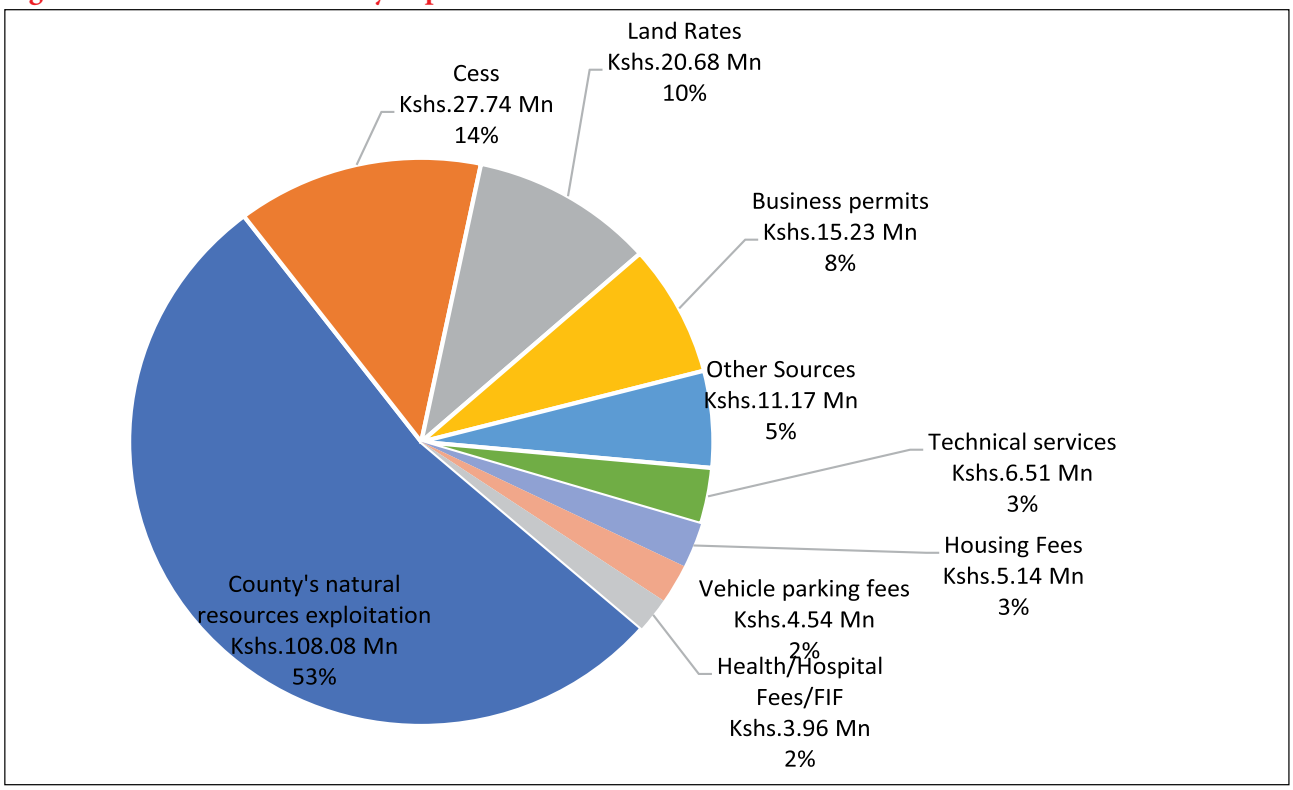


Source: *Tana River County Treasury*

During the year, the County generated Kshs.203.22 million from its revenue sources, including FIF. This amount was an increase of 119 per cent compared to Kshs.92.57 million realised in a similar period in FY 2023/24, and was 133 per cent of the annual target and 3 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the massive extraction of gypsum in the County during the period under review. The revenue streams which contributed the highest OSR receipts are shown in Figure 158.

Figure 158: Tana River County Top Own Source Revenue Streams in FY 2024/25



Source: *Tana River County Treasury*

As shown in Figure 158, the highest revenue stream, Kshs.108.08 million, was from the County's natural resources Exploration, which contributed 53 per cent of the total OSR receipts.

3.40.3 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.7.05 billion from the CRF account in FY 2024/25, which comprised Kshs.2.09 billion (30 per cent) for development programmes and Kshs.4.96 billion (70 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.2.39 billion was towards employee compensation and Kshs.2.66 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 11 per cent was for domestic travel and 10 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.568.97 million and included Kshs.274.89 million for the County Executive and Kshs.294.07 million for the County Assembly. The foreign exchequer totalled Kshs.51.26 million, comprising Kshs.49.32 million for the County Executive and Kshs.1.94 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.952.33 million.

3.40.4 County Expenditure Review

The County spent Kshs.6.71 billion on development and recurrent programmes in the reporting period. The expenditure represented 95 per cent of the total funds released by the CoB. It comprised Kshs.2.06 billion for development programmes and Kshs.4.64 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 57 per cent, while recurrent expenditure represented 84 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

The County reported pending bills totalling Kshs.2.19 billion as of 30 June 2024. This amount included Kshs.2.19 billion from the County Executive and Kshs.3.77 million from the County Assembly. The pending bills from the

County Executive consist of Kshs.1.12 billion for recurrent expenditures and Kshs.1.06 billion for development expenditures.

During the period under review, the County Executive settled pending bills amounting to Kshs.687.98 million, comprising Kshs.Kshs.238.58 million for recurrent programmes and Kshs.449.40 million for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.3.77 million for development activities. Table 3.479 provides additional details of pending bills.

Table 3.479: Tana River County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	1,124,556,328	238,581,278	350,497,721	1,236,472,772
Development	1,066,695,155	449,399,513	444,104,431	1,061,400,073
Total	**2,191,251,483**	**687,980,791**	**794,602,152**	2,297,872,844
County Assembly				
Recurrent	-	-	82,622,205	82,622,205
Development	3,774,892	3,774,892	-	-
Total	**3,774,892**	**3,774,892**	**82,622,205**	**82,622,205**

Source: *Tana River County Treasury*

The County Executive submitted payment plans for pending bills at the commencement of FY 2024/25, committing to pay Kshs.790.65 million in the FY 2024/25. The County did not adhere to this payment plan, as they paid Kshs.687.98 million as of 30 June 2025.

Table 3.480 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs. 2.35billion.

Table 3.480: Tana River County Pending Bill Ageing Analysis as of 30th June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	350,497,721	331,642,403	156,519,320	221,404,367	1,060,063,811
Recurrent Pending Bills (Goods & Services)	444,104,431	189,460,973	376,622,827	282,995,244	1,293,183,475
Total Recurrent Pending Bills	444,104,431	189,460,973	376,622,827	282,995,244	1,293,183,475
Total Pending Bills	**794,602,152**	**521,103,376**	**533,142,147**	**504,399,611**	**2,353,247,286**
% of Total	**34%**	**22%**	**23%**	**21%**	**100%**

Source: *Tana River County Treasury*

3.40.6 Expenditure by Economic Classification

The County Executive incurred Kshs.2.08 billion for compensation of employees, Kshs.1.82 billion for operations and maintenance, and Kshs.1.93 billion for development activities. Similarly, the County Assembly spent Kshs.316.12 million on compensation of employees, Kshs.423.52 million on operations and maintenance, and Kshs.137.97 million on development activities, as shown in Table 3.481.

Table 3.481: Tana River County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,521,703,102**	**733,643,957**	**3,902,382,041**	**739,640,979**	**71**	**101**
Compensation to Employees	2,443,399,720	314,449,236	2,080,097,321	316,118,141	**85**	**101**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Operations and Maintenance	3,078,303,382	419,194,721	1,822,284,720	423,522,838	**59**	**101**
Development Expenditure	**3,656,020,590**	**273,754,712**	**1,925,910,518**	**137,971,367**	**53**	**50**
Total	**9,177,723,693**	**1,007,398,669**	**5,828,292,559**	**877,612,345**	**64**	**87**

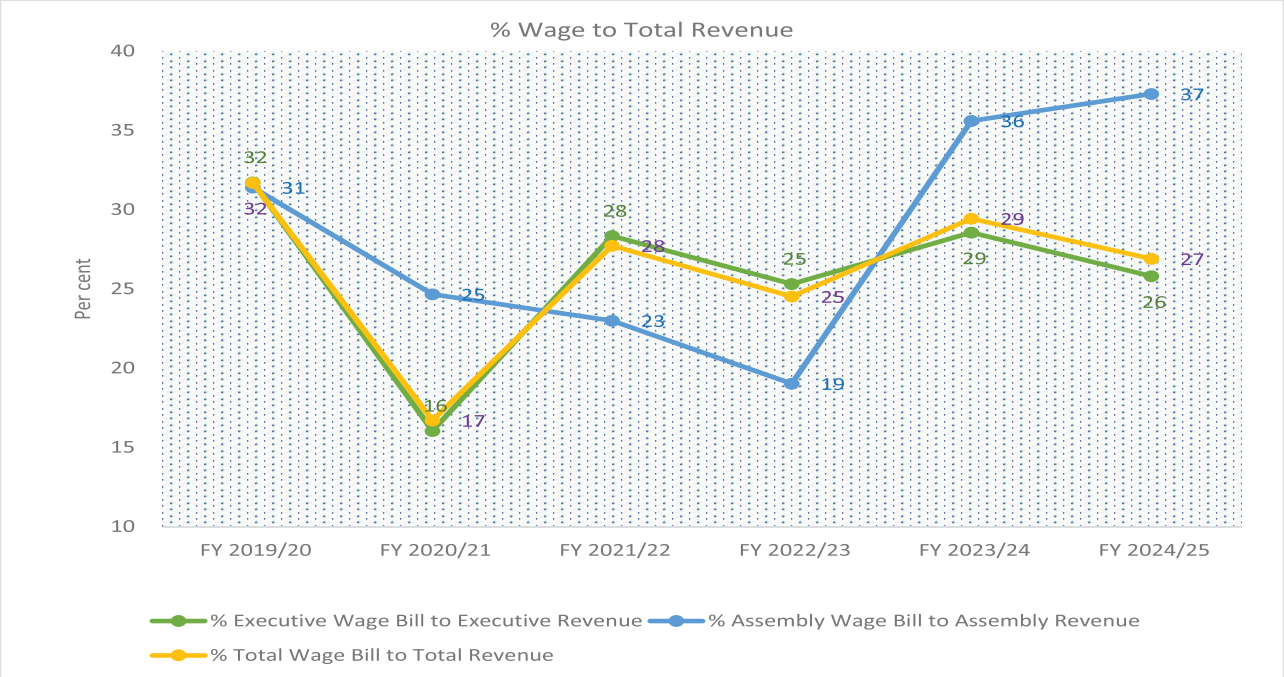
***Source**: Tana River County Treasury*

3.40.7 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.2.39 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.2.28 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 27 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.29 billion reported in FY 2023/24. Of this total, Kshs.1.02 billion related to the Health Sector employees, which accounted for 42 per cent of the overall employees' compensation

Figure 159 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 159: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



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

Further analysis revealed that PE costs totalling Kshs.2.23 billion were processed through the Human Resource Information System (HRIS), while Kshs.163.03 million was processed through manual payrolls, which accounted for 7 per cent of the total PE cost.

The manual payrolls comprised salaries of Kshs.129.68 million for casuals and Kshs.33.34 million for Gratuity for contract staff, as shown in Table 3.482.

Table 3.482: Breakdown of Taita Taveta County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for casual staff	62,315,935	**67,373,965**	**129,689,900**
2	Gratuity for contract staff	33,340,373	-	**33,340,373**
	Total	**95,656,308**	**67,373,965**	**163,030,273**

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

The County Assembly spent Kshs.29.85 million on committee sitting allowances for the 27 MCAs, plus the speaker, against the annual budget allocation of Kshs.34.61 million. The average monthly sitting allowance was Kshs.92,128 per MCA. The County Assembly has 20 House Committees.

3.40.8 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.556.08 million to County-Established funds in FY 2024/25, or 6 per cent of the County's overall budget. Further, the County allocated Kshs.139.68 million to the Emergency Fund (2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.483 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.483: Performance of Tana River County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Submission of First Nine Months Financial Statements (Yes/No)
	County Executive Established Funds					
1	Emergency Fund	2020	139,682,547	69,841,273	69,841,273	YES
2	Disaster Risk Management Fund	2021	139,682,547	69,841,273	69,841,273	YES
3	Car Loan & Mortgage Fund	2018	90,000,000	45,000,000	45,000,000	YES
4	Bursary Fund	2018	176,000,000	88,000,000	88,000,000	YES
	County Assembly Established Funds					
5	Car Loan & Mortgage Fund	2015	10,720,000	0	0	YES
	Total		**556,085,094**	**272,682,546**	**272,682,546**	

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

During the reporting period, the CoB received all the quarterly financial reports from five Fund Administrators as indicated in Table 3.483.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the above Funds had not lapsed.

3.40.9 County Corporations

The County has one Corporation, which was allocated Kshs.50 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.50 million, as shown in Table 3.484.

Table 3.484: Performance of Tana River County Corporations in FY 2024/25

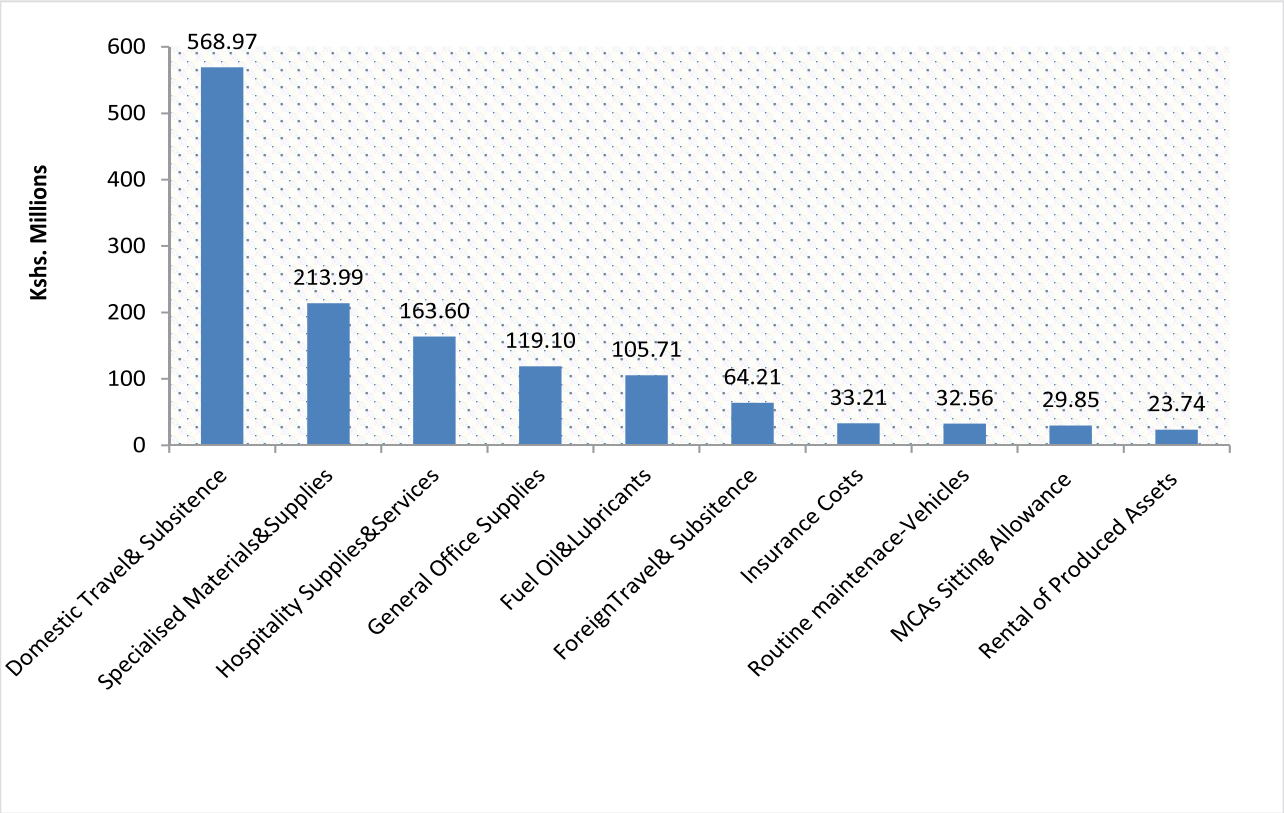
S/No.	Name of the Corporation	Parent Department	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the FY 2024/25 (Kshs)	Actual Expenditure in FY 2024/25 (Kshs.)
1.	Tana River Water and Sanitation Company (TAWASCO)	Water, Energy, Mining, Forestry and Natural Resources	50,000,000	50,000,000	50.,000,000
	Total		**50,000,000**	**50,000,000**	**50,000,000**

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

3.40.10 Expenditure on Operations and Maintenance

Figure 160 summarises the Operations and Maintenance expenditure by major categories.

Figure 160: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: *Tana River County Treasury*

Expenditure on domestic travel amounted to Kshs.568.96 million and comprised Kshs.294.07 million spent by the County Assembly and Kshs.274.89 million by the County Executive. Expenditure on foreign travel amounted to Kshs.51.26 million and comprised Kshs.1.95 million by the County Assembly and Kshs.49.31 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.485.

Table 3.485: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County government	No. of officers travelled	Dates travelled	Purpose of the travel	Destination	Total costs of the travel
County executive	4	09/09/2024	To attend the peace forum	Geneva	8,442,410
County executive	4	22/03/2025	Being a facilitator attending the peace forum.	Switzerland	6,442,410
County executive	4	01/12/2024	to attend a training programme on the role of legislatures in audit committees	Dubai	5,594,180
County executive	4	10/12/2024	This is payment for participation in the leadership ethics and governance programme.	Dubai	4,454,450
County executive	3	45627	to attend the 30th ICPAK Executive Seminar	Dubai	3,961,130
County executive	3	1-8/12/2024	being facilitation for the 30th executive seminar	Dubai	3,233,420
County executive	4	08/11/2024	To ATTEND WUF12 CAIRO-	Cairo	2,930,540
County executive	3	09/09/2024	Being facilitated to attend the C-suite seminar I	Singapore	2,170,140
County executive	11	45714	To attend the budget for the Africa Champion Awards	Dar es Salam	1,821,120
County executive	13	27/03/2025	Being a facilitator for the Africa Champions Awards.	Tanzania	1,819,770
County executive	5	45748	To attend the 4th edition of the Africa Outstanding Professional Awards	Gambia	1,530,960

Arm of County government	No. of officers travelled	Dates travelled	Purpose of the travel	Destination	Total costs of the travel
County executive	5	19-21/10/2024	Payment is made for per diem attending the inauguration ceremony of the African hall	Ethiopia	1,521,340
County assembly	2	30/3/2025 2025-5/4 2025	To attend the global disability summit 2025.	Germany	1,112,496

Source: *Tana River County Treasury*

3.40.11 Facility Improvement Financing

During the period under review, the County reported a collection of Kshs.3.96 million as FIF, which was 100 per cent of the annual target of Kshs.3.96 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a total of Kshs 12.93million in the reporting period under the Social Health Insurance Fund (SHIF). A breakdown of the claims is presented in Table 3.486.

Table 3.486: Tana River County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHA/ SHIF (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	1 Level 4 Hospitals	602,230	397,030	205,200	
2	2 level 2 Hospitals	30,000	30,000	-	
3	2 Level 3 Hospitals	40,000	40,000	-	
4	2 Level 4 Hospitals	1,399,550	1,399,550	-	
5	18 Level 2 Hospitals	15,590,149	12,800,136	2,790,013	
6	3 Level 3 Hospitals	10,314,031	7,892,031	2,422,000	
7	3 level 4 Hospitals	28,423,024	20,914,063	7,508,961	
	TOTALS	**56,398,983**	**43,472,809**	**12,926,174**	

Source: *Tana River County Treasury*

In FY 2024/25, the approved claims under the SHIF totalled Kshs. 56.40 million, yet actual disbursements amounted to Kshs.43.47 million, resulting in an outstanding balance of Kshs. 12.93 million.

3.40.12 Development Expenditure

In the review period, the County reported spending Kshs.2.063 billion on development programmes, representing an increase of less than one per cent compared to FY 2023/24, when the County spent Kshs.2.057 billion. Table 3.487 Summarises the development projects with the highest expenditure in the reporting period.

Table 3.487: Tana River County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget	Exchequer issues	Expenditure	Absorption Rate ()
1	Pending Bills (Dev)	Finance	County wide	776,766,870	623,239,029	623,239,029	80
2	Construction of Residential &Non-Residential Buildings	Education and Health	County wide	322,175,455	309,827,619	309,827,619	96
3	Construction of Residential &Non-Residential Buildings	County Assembly	County Assembly	273,754,712	173,274,893	137,971,367	50
4	Locally Led Climate Action Programme (Climate Change) WB	Water	County wide	339,323,766	189,323,766	112,495,139	33

S/No.	Project Name	Department	Location	Budget	Exchequer issues	Expenditure	Absorption Rate ()
5	Opening of Access Roads	Roads	County wide	287,687,922	90,600,000	85,344,359	30
6	Purchase of Lighting Equipment	Housing Devt and Urbanization	HQs	78,000,000	35,000,000	32,462,992	42
	TOTAL			**2,077,708,725**	**1,421,265,307**	**1,301,340,505**	**63**

Source: *Tana River County Treasury*

3.40.13 Budget Performance by Department

Table 3.488 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.488: Tana River County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	733.64	273.75	674.19	173.27	739.64	137.97	109.7	79.6	100.8	50.4
Office of The Governor and Deputy Governor	558.97	-	522.23	-	427.44	-	81.8	-	76.5	-
Finance and Planning	458.41	776.77	443.19	623.24	436.14	720.65	98.4	115.6	95.1	92.8
County Public Service Board	72.46	-	72.4	-	66.88	-	92.4	-	92.3	-
Trade, Tourism, Wildlife and Cooperative Development	61.1	163.53	51.74	111.88	36.07	59.6	69.7	53.3	59	36.4
Agriculture, Livestock, Fisheries and Veterinary	175.2	369.99	174.52	92.34	139.74	114.74	80.1	124.3	79.8	31
Culture, gender, Youth, Sports and Social Services	115.12	6.5	95.29	2	74.65	6.33	78.3	316.8	64.8	97.5
Education and Vocational Training	62.27	192.34	51.17	172.61	39.18	138.58	76.6	80.3	62.9	72
Medical Services, public Health and sanitation	1,429.92	216.74	1,405.68	60.3	1,305.15	62.62	92.8	103.9	91.3	28.9
Special program	156.4	4.26	154.02	-	149.97	-	97.4	-	95.9	-
Roads, Transport, Public works, Housing and Urbanisation	74.15	838.31	70.82	433.04	39.75	421.38	56.1	97.3	53.6	50.3
Water, Energy, Mining, Forestry and Natural Resources	50.99	353.01	45.63	132.58	36.86	114.96	80.8	86.7	72.3	32.6
Public Service, Administration and Citizen Participation	1,390.13	20	1,069.70	15.62	1,068.99	19.09	99.9	122.3	76.9	95.5
Lands and Physical Planning	44.71	100	39.3	57.44	26.84	62.84	68.3	109.4	60	62.8
Hola Municipality	70.79	-	49.29	-	31.9	-	64.7	-	45.1	-

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Environment and Climate Change	67.45	340.82	41.85	213.34	22.82	205.12	54.5	96.1	33.8	60.2
Total	**5,521.70**	**3,656.02**	**4,961.02**	**2,087.65**	**4,642.02**	**2,063.88**	**93.6**	**98.9**	**84.1**	**56.5**

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

Analysis of expenditure by departments shows that the Culture, gender, Youth, Sports and Social Services recorded the highest absorption rate of development budget at 98 per cent, followed by the Department of Public Service, Administration and Citizen Participation at 96 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100.8 per cent, while the Department of Environment and Climate Change had the lowest at 34 per cent.

3.40.14 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 11 August 2025
ii. There was a high level of pending bills, which amounted to Kshs.2.38 billion as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
iii. Use of manual payroll. Personnel emoluments amounting to Kshs.163.03 million for casual staff were processed through manual payroll, accounting for 7 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

3.41. County Government of Tharaka Nithi

3.41.1 Overview of FY 2024/25 Budget

The Tharaka Nithi County Approved Supplementary II Budget for FY 2024/25 was Kshs.7.01 billion. It comprised Kshs.2.31 billion (34 per cent) and Kshs.4.61 billion (66 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs .505.19 million (8 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.46 billion and a recurrent budget of Kshs.4.04 billion. The increase in the budget was primarily attributed to growth in equitable share allocation.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.4.75 billion (68 per cent), additional allocations of Kshs.1.77 billion (25 per cent), a cash balance of Kshs.2.37 million (less than 1 per cent) brought forward from FY 2023/24, and Kshs.485.00 million (7 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.200.00 million (3 per cent) deposited into the CRF and Kshs 285.00 (4 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.285.00 million (4 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.489

3.41.2 Revenue Performance

The County received Kshs.5.64 billion in revenues during the review period to fund its development and recurrent activities. This amount represented a 9 per cent increase compared to the amount received in FY 2023/24 of Kshs.5.18 billion. The total revenue consisted of Kshs.4.75 billion from the equitable share of revenue raised nationally. Other

revenue streams included additional allocations from the national government and development partners, amounting to Kshs.402.08 million and own-source revenue (OSR) collection of Kshs.481.79 million. Additionally, the County had a cash balance of Kshs 2.37 million from FY 2023/24.

The total OSR collection of Kshs.402.08 million included Facilities Improvement Financing (FIF) of Kshs.243.51 million, and Kshs.238.28 million from other OSR sources. Table 3.489 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.489: Tharaka Nithi County, Revenue Performance in FY 2024/25

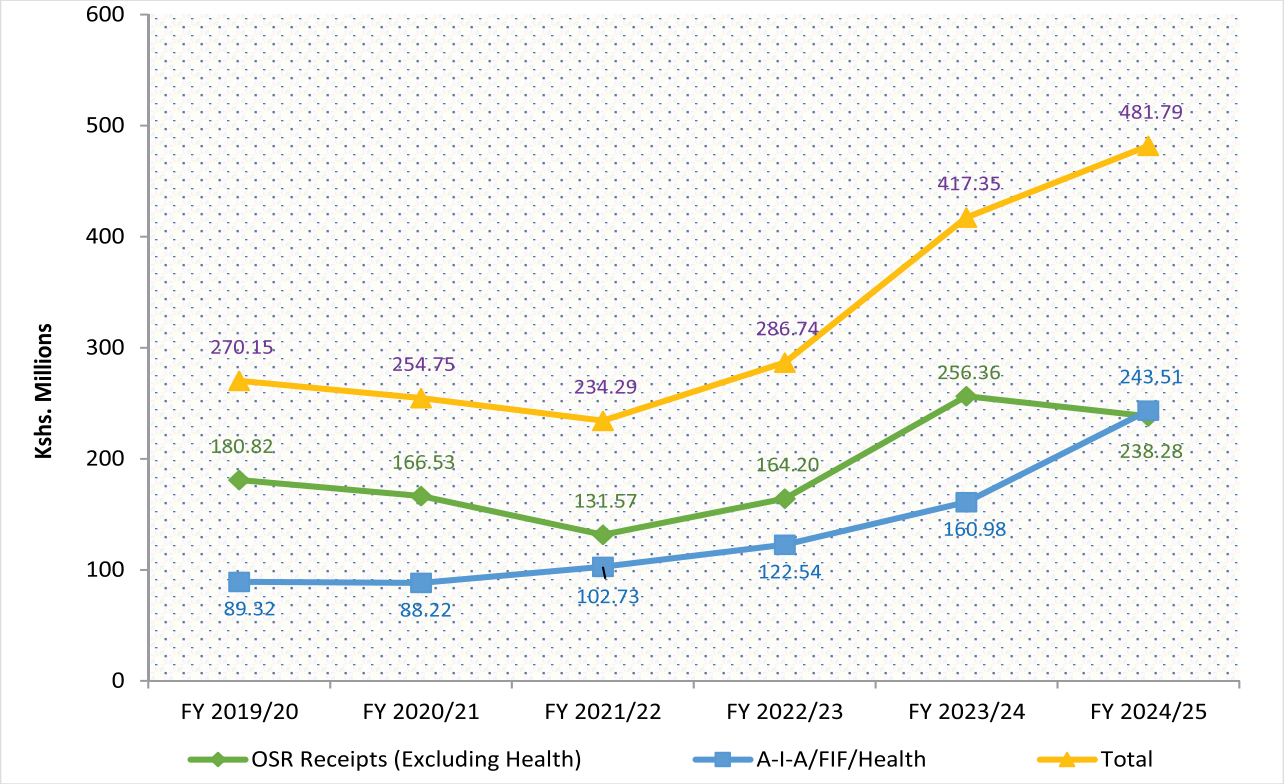
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	4,749,766,131.00	4,749,766,134.00	100
Sub Total		**4,749,766,131.00**	**4,749,766,134.00**	**100**
B	**Conditional Grants**			
1	Danida	6,045,000	6,045,000	100
2	Other Conditional Grants/CHP National Grant	37,950,000	37,950,000	100
	Other Conditional Grants - Basic Salary Arrears for CG Workers	24,597,481		
3	Supplement of Construction	47,981,059		-
4	National Agricultural Value Chain Development Project (NAVCDP	151,515,152	77,251,060	51
5	Kenya Informal Settlement Programme	168,945,347	167,000,000	99
6	Emergency Locust Response Project (ELRP)	104,600,000	6,689,317	6
7	FLOCCA	298,703,582	8,913,384	3
8	WB KWASH P for R	353,808,808		-
9	Aquaculture Business Development Programme	12,810,384	9,978,406	78
10	Aggregated Industrial Parks Programme	250,000,000		-
11	KDSP-II	37,500,000		-
12	KUSP - UIG Grant	35,000,000	32,309,300	92
13	KUSP - UDG Grant	66,362,245		-
14	Road Maintenance Levy	161,810,687	55,944,250	35
15	Kenya Agribusiness Development Programme (KABDP)	10,918,919		-
Sub-Total		1,768,548,664	402,080,717	23
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	285,000,000	238,282,727	84
2	Balance from FY2023/24	2,368,190	2,368,190	100
3	Facility Improvement Fund (FIF)	200,000,000	243,508,369	122
Sub Total		487,368,190	484,159,286	99
Grand Total		**7,005,682,985**	**5,636,006,137**	**80**

Source: *Tharaka Nithi County Treasury*

The County does not have governing legislation on operating ordinary A-I-A and or FIF.

Figure 161 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 161: Tharaka Nithi County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

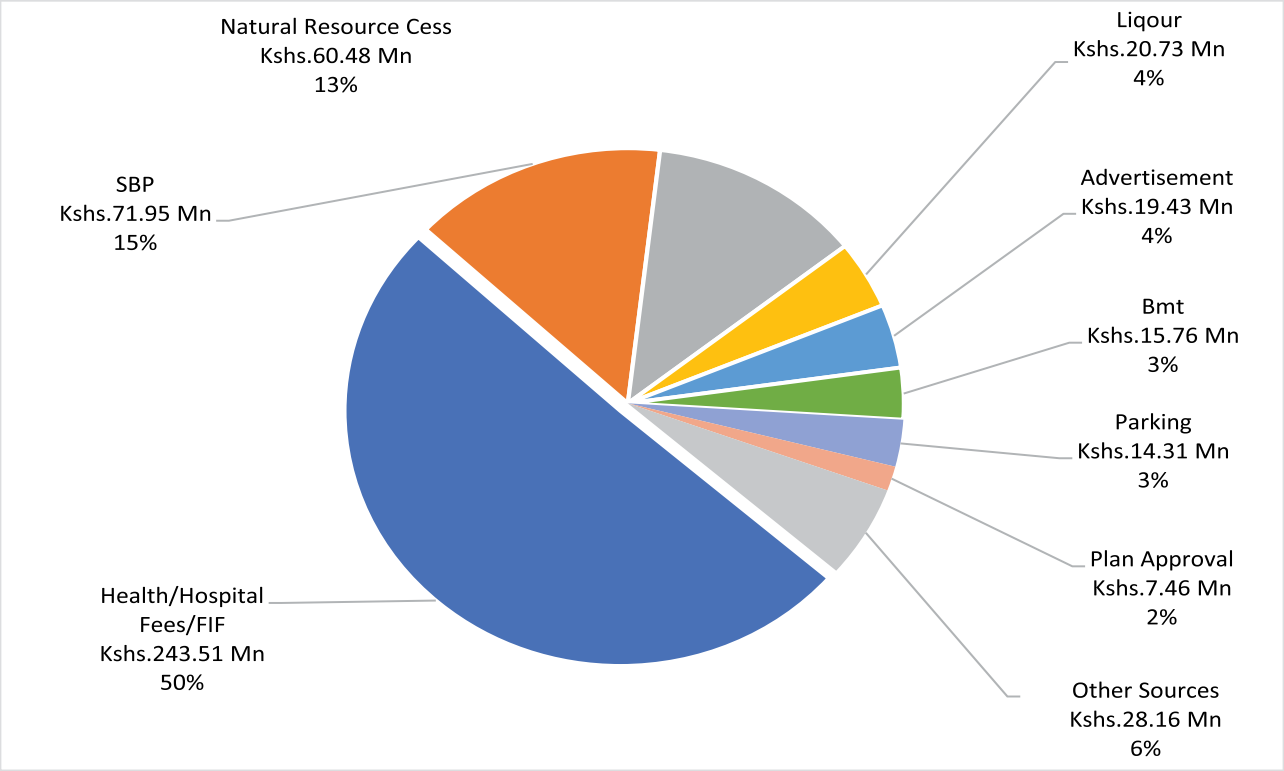


Source: *Tharaka Nithi County Treasury*

During the year, the County generated Kshs.481.79 million from its revenue sources, including FIF. This amount was an increase of 15 per cent compared to Kshs.417.35 million realised in a similar period in FY 2023/24. It was 99 per cent of the annual target and 10 per cent of the equitable revenue share disbursed. The OSR included revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.52.50 million.

The revenue streams which contributed the highest OSR receipts are shown in Figure 162.

Figure 162: Tharaka Nithi County Top Own Source Revenue Streams in FY 2024/25



Source: Tharaka Nithi County

As shown in Figure 162, the highest revenue stream, at Kshs.243.51 million, was from the Facility Improvement Fund (FIF), accounting for 50 per cent of the total OSR receipts. The County Government indicated that it had automated 16 out of 19 revenue streams.

3.41.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.115.66 million. This amount decreased to Kshs.83.20 as of 30 June 2025, indicating that the County had reduced its arrears by Kshs.33.46 million. Table 3.490 presents a breakdown of the County's revenue arrears.

Table 3.490: Tharaka Nithi County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in FY 2024/25 (Kshs)	Arrears earned during the FY 2024/25 (Kshs)	
		A	B	C	D	E=A-B-C+D
A	**Ordinary Own Sources of Revenue**					
1	Plot Rent	58,783,915	0	6,138,822	5,117,399.00	57,762,492
2	County Houses	725,200	0	725,200	993,556	993,556
3	Mr. Kenya Lodge	489,000	0	489,000	469,000	469,000
4	Market Stalls	796,610	0	796,610	833,250	833,250
5	Single Business Permits	31,176,480	0	31,176,480	**0**	0
	Total Arrears	**91,971,205**	**0**	**39,326,112**	**7,413,205**	**60,058,298**
B	**Facility Improvement Fund (FIF)**					
1	NHIF Hospital Claims	23,686,997		13,174,370	11,619,486	22,132,113
	Sub-Total	23,686,997	0	13,174,370	11,619,486	22,132,113
C	**Appropriations in Aid**					
1	Health Insurance Claims	0		0	1,011,000	1,011,000
	Sub-Total	-	-	-	1,011,000	1,011,000
	Totals	**115,658,202**	-	**52,500,482**	**20,043,691**	**83,201,411**

Source: *Tharaka Nithi County Treasuries*

As of 30 June 2025, the revenue arrears amount to Kshs.83.20, comprising the principal amount, interest, and penalties. The County's measures to collect the outstanding arrears in FY 2025/26 include stricter enforcement.

3.41.4 Borrowing by the County

Tharaka Nithi County Executive and Assembly do not have borrowing facilities with commercial banks and consequently, did not borrow over the reporting period.

3.41.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.5.38 billion from the CRF account in FY 2024/25, which comprised Kshs.1.12 billion (21 per cent) for development programmes and Kshs.4.26 billion (79 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.00 billion was for employee compensation and Kshs.1.27 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 14 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.180.81 million and included Kshs.47.38 million for the County Executive and Kshs.133.43 million for the County Assembly. The foreign exchequer totalled Kshs.7.74 million, comprising Kshs.7.74 million for the County Executive and Kshs.0.00 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.397.10 million.

3.41.6 County Expenditure Review

The County spent Kshs.5.46 billion on development and recurrent programmes in the reporting period. This expenditure represented 101 per cent of the total funds released by the CoB. It comprised Kshs.1.23 billion for development programmes and Kshs.4.23 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 52 per cent, while recurrent expenditures represented 97 per cent of the annual recurrent expenditure budget.

3.41.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.672.82 million. This amount included Kshs.493.02 million from the County Executive and Kshs.179.80 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.301.69 million for recurrent expenditures and Kshs.191.34 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.176.45 million, comprising Kshs.77.04 million (44 per cent) for recurrent programmes and Kshs.99.41 million (56 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.93.05 million, which included Kshs.93.05 million (100 per cent) for recurrent activities and Kshs.0.00 (0 per cent) for development activities. Table 3.491 provides additional details of pending bills.

Table 3.491: Tharaka Nithi County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	301,685,259	77,037,619	243,920,920	468,568,561
Development	191,335,372	99,412,679	84,245,554	176,168,246
Total	493,020,631	176,450,298	328,166,474	644,736,807
County Executive				
Recurrent	175,881,747	93,050,834	108,255	82,939,168.
Development	3,919,048		9,960,810	13,879,858
Total	179,800,795	93,050,834	10,069,065	96,819,026

Source: *Tharaka Nithi County Treasury*

The County executive submitted a pending bill payment plan and committed to paying Kshs.360.00 million in FY 2024/25. The County Executive did not adhere to this payment plan, as it cleared Kshs.176.45 million. The County Assembly did not submit a payment plan for pending bills. However, with a payment plan, the Assembly cleared Kshs.93.05 million.

Table 3.492 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.741.56 million.

Table 3.492: Tharaka Nithi County Assembly Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**9,960,810**	-	**3,919,048**	-	**13,879,858**
Recurrent Pending Bills (Goods & Services)	108,255	9,915,362	8,957,333	63,958,218	**82,939,168**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)					-
Recurrent Pending Bills (Staff Claims)					-
Total Recurrent Pending Bills	108,255	9,915,362	8,957,333	63,958,218	**82,939,168**
Total Pending Bills	**10,069,065**	**9,915,362**	**12,876,381**	**63,958,218**	**96,819,026**
% of Total	**10%**	**10%**	**13%**	**66%**	**100%**

Source: *Tharaka Nithi County Treasury*

Table 3.493: Tharaka Nithi County Executive Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**84,245,554**	**39,569,867**	**3,354,839**	**48,997,986**	**176,168,246**
Recurrent Pending Bills (Goods & Services)	251,851,259	116,013,235	40,433,354	49,777,464	**458,075,312**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)					-
Recurrent Pending Bills (Staff Claims)	6,318,770	128,400	72,000		**6,519,170**
Total Recurrent Pending Bills	258,170,029	116,141,635	40,505,354	49,777,464	**464,594,482**
Total Pending Bills	**342,415,583**	**155,711,502**	**43,860,193**	**98,775,450**	**640,762,728**
% of Total	**53%**	**24%**	**7%**	**15%**	**100%**

Source: *Tharaka Nithi County Treasury*

3.41.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.71 billion for compensation of employees, Kshs.995.12 million for operations and maintenance, and Kshs.1.23 billion for development activities. Similarly, the County Assembly spent Kshs.286.57 million on compensation of employees, and Kshs.236.79 million on operations and maintenance, as shown in Table 3.494.

Table 3.494: Tharaka Nithi County Summary of Budget and Expenditure by Economic Classification

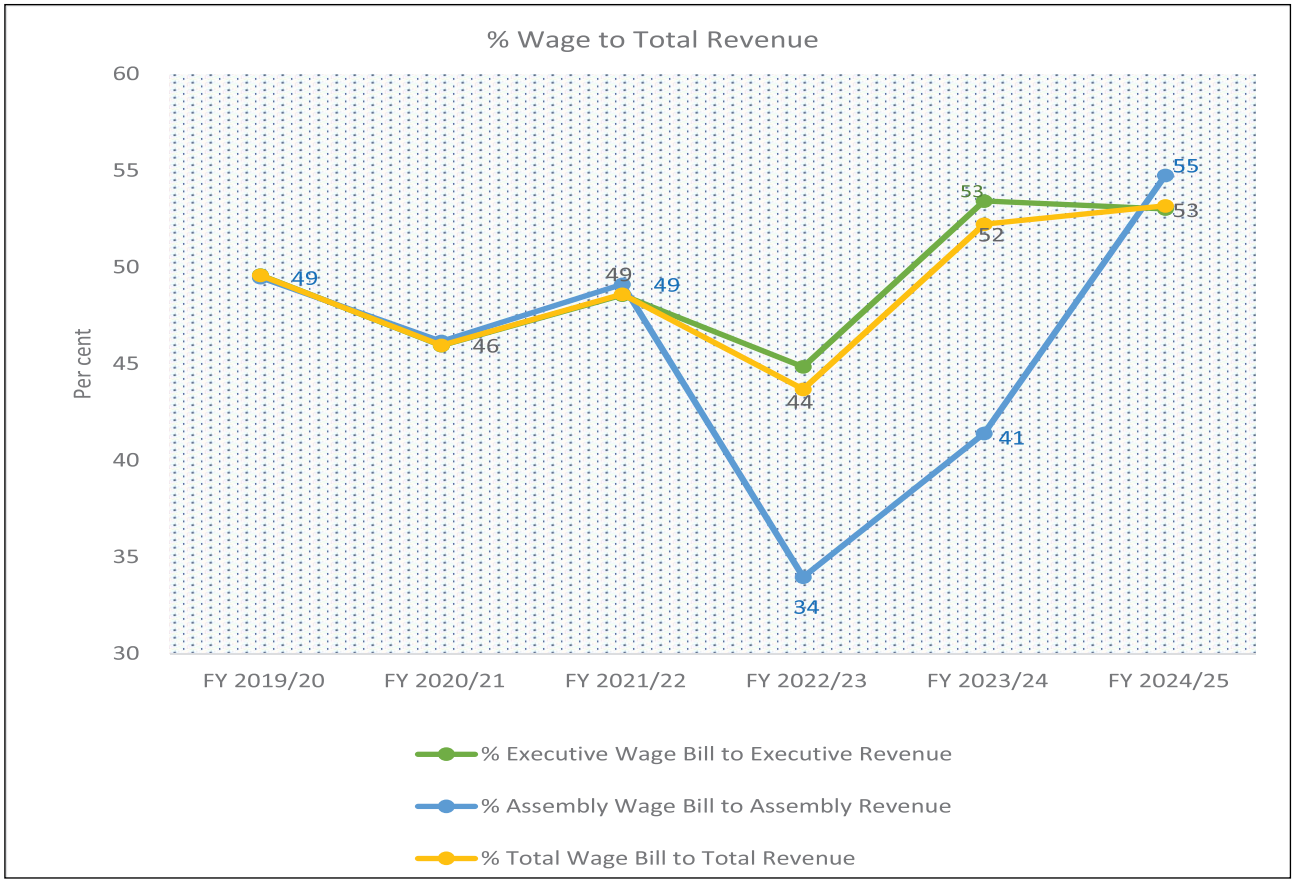
Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,091,285,978**	**523,355,131**	**3,705,889,649**	**523,352,348**	**91**	**100**
Compensation of Employees	2,849,098,850	284,921,711	2,710,773,363	286,565,928	95	100
Operations and Maintenance	1,242,187,128	238,433,420	995,116,286	236,786,420	80	100
Development Expenditure	2,391,041,876	15,712,325	1,233,391,611		52	-
Total	**6,482,327,854**	**539,067,456**	**4,939,281,260**	**523,352,348**	**76**	**97**

Source: *Tharaka Nithi County Treasury*

3.41.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.00 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.5.64 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 53 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.71 billion reported in FY 2023/24. Of this total, Kshs.1.37 billion was related to Health Sector employees, which accounted for 46 per cent of the overall employees' compensation. Figure 163 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 163: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Tharaka Nithi County Treasury

Further analysis indicated that PE costs amounting to Kshs.2.95 billion were processed through the Human Resource Information System (HRIS), while Kshs.51.13 million was processed through manual payroll, which accounted for 2 per cent of the total PE cost. Table 3.495 gives a breakdown of manual payroll during FY 2024/25.

Table 3.495: Breakdown of Tharaka Nithi County Manual Payroll

S no.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	3,268,931.00
2	Salaries for casual staff	42,790,690.40
3	Top-up Allowances for Security Officers	5,071,940.00
	Total	**51,131,561.40**

Source: Tharaka Nithi County Treasury

The County Assembly spent Kshs.31.20 million on committee sitting allowances for the 24 MCAs against the annual budget allocation of Kshs.31.20 million. The average monthly sitting allowance was Kshs.108,333 per MCA. The County Assembly has 19 House Committees.

3.41.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.365.85 million to County-Established funds in FY 2024/25, or 7 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.496 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.496: Performance of Tharaka Nithi County Established Funds in FY 2024/25

S/No.	Name of the established Fund	Year Established	Approved Budget Allocation in FY 2024/25	Exchequer Issues in the First Nine Months of FY 2024/25	Actual Expenditure in First Nine Months of FY 2024/25	Cumulative disbursements to the Fund	Submission of First Nine Months Financial Statements
			(Kshs.)	(Kshs.)	(Kshs)	(Kshs)	(Yes/No.)
Tharaka Nithi County Executive Established Funds							
1	Bursary Development Fund	2019	30,000,000	-	33,725,620	110,032,667	Yes
2	Emergency Fund	2019	10,000,000	-	-	15,116,817	Yes
3	Youth Fund	2022	-	-	-	25,000,000	Yes
4	Car Loan and Mortgage Fund	2024	-	-	542,667	70,000,000	Yes
5	Climate Change Fund	2024	325,850,000	37,000,000	130,502,950	186,927,586	Yes
	Total		**365,850,000**	**37,000,000**	**164,771,237**	**407,077,070**	

Source: *Tharaka Nithi County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from one Fund Administrator, as indicated in Table 3.496, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, permits County Governments to create public funds with a maximum lifespan of 10 years, unless the County Assembly grants an extension. In the FY 2024/25, the County confirmed that the legislation underpinning these funds was still within the 10-year limit.

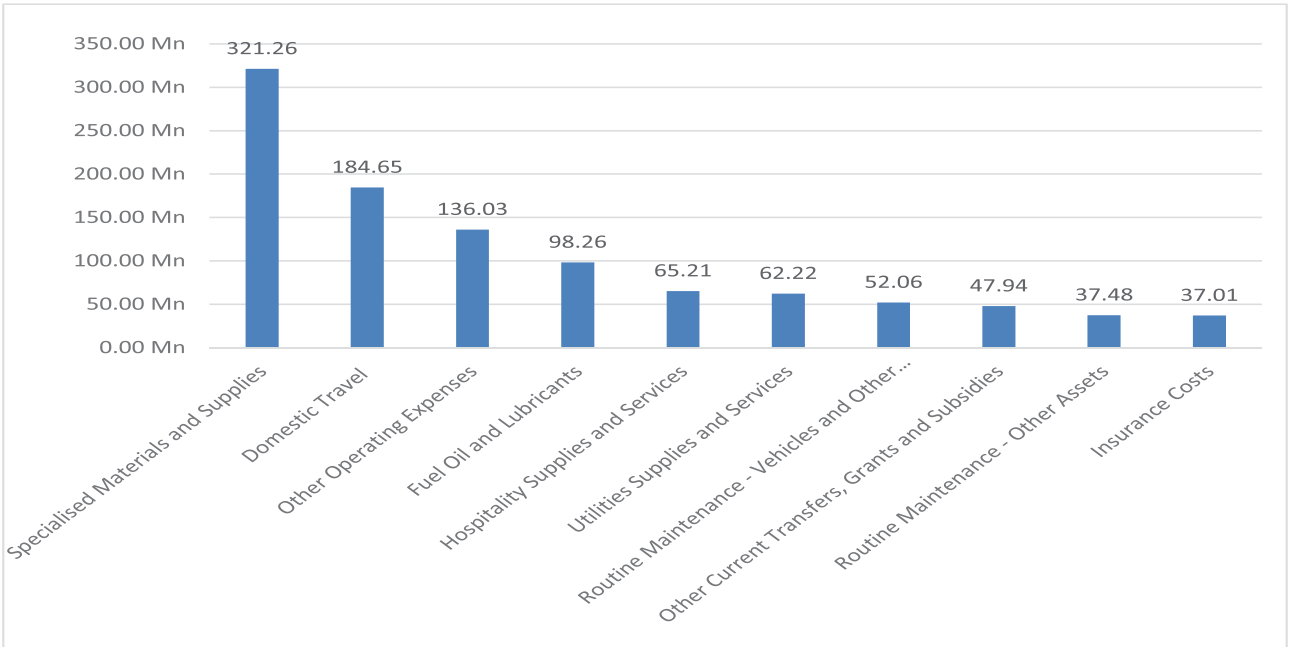
3.41.11 County Corporations

The County has one Corporation, Nithi Water and Sanitation Company, which was not allocated any funds in FY 2024/25.

3.41.12 Expenditure on Operations and Maintenance

Figure 164 summarises the Operations and Maintenance expenditure by major categories.

Figure 164: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: *Tharaka Nithi County Treasury*

Table 3.497: Shown below is a breakdown of "*Other Operating Expenses*"

Code	Description	Amount
2211305	Contracted Guards and Cleaning Services	63,786,971
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	682,640
2211308	Legal Dues/fees, Arbitration and Compensation Payments	12,574,866
2211310	Contracted Professional Services	31,991,871
2211320	Temporary Committees Expenses	2,800,000
2211323	Laundry Expenses	100,000
2211325	Constituency Office Expenses	31,685,500
		136,030,918

Source: Tharaka Nithi County Treasury

Expenditure on domestic travel amounted to Kshs.184.65 million and comprised Kshs.127.35 million spent by the County Assembly and Kshs.57.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.59 million and comprised Kshs.11.00 million by the County Assembly and Kshs.8.59 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.498.

Table 3.498: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Tharaka Nithi County Executive	1	9th to 23rd Nov. 2024	The 2024 United Nations Climate Change Conference (COP29)	Baku, Azerbaijan	831,450
Tharaka Nithi County Executive	2	26th Aug. to 1st Sep 2024	Meeting with UK partners to source fire engines & other emergency equipment	United Kingdom	1,128,365
Tharaka Nithi County Executive	4	20 February 2025	Magufuli bus terminal benchmarking	Tanzania	456,770
Tharaka Nithi County Executive	2	3rd to 11th May 2025	Project meeting/workshop at Yale University	New Haven	1,451,118
Tharaka Nithi County Assembly	26	4th to 10th Dec. 2024	Training of Oversight	Arusha Tanzania	10,085,520

Source: Tharaka Nithi County Treasury and County Assembly

Other types of expenditure under the operations and maintenance costs include Kshs.64.80 million on garbage collection and Kshs.10.44 million related to legal fees, dues, arbitration, and compensation payments.

3.41.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.243.51 million as FIF, which was 122 per cent of the annual target of Kshs.200.00 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs.76.46 million across the two schemes, the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.499 presents a breakdown of the claims.

Table 3.499: Tharaka Nithi County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	One Level 5 Hospital	115,792,270	81769,878	34,022,392	11,993,731
2	Two Level 4 Hospitals	39,044,278	18,684,498	20,359,870	10,081,804
	Total	**154,836,548**	**100,454,286**	**54,382,262**	**22,075,599**

Source: *Tharaka Nithi County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.154.84 million. Of this, only Kshs.100.45 million was disbursed, occasioning a pending balance of Kshs.54.38 million. Further, the defunct NHIF still owes health facilities Kshs.22.08 million.

The expenditure by the health facilities amounted to Kshs.503.76 million, as shown in Table 3.500.

Table 3.500: Tharaka Nithi County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One level 5 Hospital, 2 Level 4 Hospitals, 128 level 2 and 3 facilities	613,304,353	503,763,599	82
	Total	**613,304,353**	**503,763,599**	**82**

Source: *Tharaka Nithi County Treasury*

3.41.14 Development Expenditure

In the review period, the County reported spending Kshs.1.12 billion on development programmes, representing a decrease of 4 per cent compared to FY 2023/24, when the County spent Kshs.1.17 billion. Table 3.501 summarises the development projects with the highest expenditure in the reporting period.

Table 3.501: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
Roads	KISIP	Marimanti		168,945,347	167,000,000	167,000,00	
Roads	Upgrading of Karandini-Kithioroni Roads to Bitumen Standard	Magumoni	23/12/23	450,171,830	95,981,740	385,312,148	21
Agriculture	National Value Chain Development Programme	Countywide	31/06/25	156,515,152	77,251,060	77,251,060	49
Agriculture	Crop subsidy	Countywide	01/05/25	70,070,000	66,999,504	66,999,504	
Health services	Equipping of the ICU	Karinagni	30/08/25	74,064,950.00	53,762,269	53,762,269	72
Agriculture	Crop subsidy	Countywide	11/10/24	59,072,000	51,749,946	51,749,946	100
Roads	Upgrading of Kathara-ka-Mukui Road to Bitumen Standard (Design and Build)	Ganga	20/01/2030	685,006,324	47,676,232	47,676,232	7
Lands, Physical Planning & Housing	Acquisition of land for solid waste and Expansion of ATI	Ntuntuni & Itugururu	June, 2025	52,162,249	34,162,249	52,162,249	100
Roads	Upgrading of Kambandi-Cheera-Ruguti Road to Bitumen Standard	Mugwe	21/11/2021	356,261,151	30,717,612	267,075,868	9
Water, Environment and Natural Resources	Distribution of drought-resistant seeds	Tharaka South, Tharaka North and Igambangombe	30/06/2025	29,400,000	29,400,000	29,400,000	100

Source: *Tharaka Nithi County Treasury*

The County reported one stalled development project as of 30 June 2025, with an estimated value of Kshs.689.34 million, of which Kshs.105.89 has already been paid. The stalled projects are shown in Table 3.502. The fact that Tharaka Nithi County has only reported one stalled project should be verified

Table 3.502: Tharaka Nithi County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Upgrading of Tunyai Nthaara Road to Bitumen Standard	Chiakariga	689,341,000	105,887,119	583,453,881	15%	Lack of funds

Source: Tharaka Nithi County Treasuries

3.41.15 Budget Performance by Department

Table 3.503 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.503: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs. Millions)		Exchequer Received (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy	116.03	-	109.24	-	104.71	-	14.4	-	90.2	-
Roads, Infrastructure, Public Works and Urban Development	279.37	753.93	258.63	602.32	258.75	-	100.0	-	92.6	-
Medical Services	1,989.32	134.00	1,878.66	107.27	1,868.18	107.27	99.4	100.0	93.9	80.1
Agric, Livestock, Vet Services, and Coop Dev	154.83	459.33	154.76	226.59	154.44	233.28	99.8	103.0	99.7	50.8
Public Admin, Intergov Coordination and Devolution Affairs	213.68	10.00	166.72	6.48	166.27	6.48	99.7	100.0	77.8	64.8
Educ and Vocational Training	352.69	30.00	293.07	24.01	284.23	24.01	97.0	100.0	80.6	80.0
Finance and Economic Planning	317.19	-	245.40	-	245.39	602.32	100.0	-	77.4	-
Environment, Mining and Natural Resources	34.34	296.00	33.03	56.00	32.44	149.39	98.2	266.8	94.5	50.5
County Assembly	523.36	15.71	523.35	-	523.35	-	100.0	-	100.0	-
Water Services and Irrigation	44.85	424.13	42.17	35.06	42.14	35.06	99.9	100.0	94.0	8.3
County Public Service Board	22.24	5.00	20.87	-	20.78	-	99.6	-	93.4	-
Public Health and Sanitation	350.77	2.70	320.57	-	319.77	-	99.7	-	91.2	-
Youth and Sports	13.93	40.00	13.84	28.70	12.61	28.70	91.1	100.0	90.5	71.7
Culture and Tourism	13.66	3.68	13.49	-	11.88	-	88.1	-	87.0	-
Revenue and Resource Mobilisation	99.46	-	99.39	-	99.35	-	100.0	-	99.9	-
Lands, Physical Planning and Housing	37.39	44.16	37.24	34.16	36.77	34.16	98.8	100.0	98.3	77.4
Fisheries And Ecosystem Dev	7.41	14.81	7.31	-	7.31	9.98	100.0	-	98.6	67.4

Department	Revised Budget Allocation (Kshs. Millions)		Exchequer Received (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Gender, Children and Social Services	12.74	2.39	12.49	-	11.33	-	353.5	-	88.9	-
Trade, Investment Promotion, Energy and Industry	31.38	155.19	31.25	2.74	29.52	2.74	1,470.1	100.0	94.1	1.8
Total	**4,615**	**2,391**	**4,261**	**1,123**	**4,229**	**1,233**	**99.2**	**109.8**	**91.6**	**51.6**

Source: *Tharaka Nithi County Treasury*

Analysis of expenditure by departments shows that the Department of Medical Services recorded the highest absorption rate of development budget at 80.1 per cent, followed by the Department of Education and Vocational Training at 80.0 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Finance and Economic Planning had the lowest at 77 per cent.

According to the Table 3.504, there are two instances where the recurrent expenditure exceeds the amount issued to the department due to additional allocation funds rolled over from the previous year that are expended in the current year. Unlike other revenues, unspent additional allocation funds are not swept back to the CRF at the end of the financial year.

3.41.16 Key Observations & Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 8 August 2025.
ii. County Assembly Fund Administrators failed to submit quarterly financial & non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The Car & Mortgage Fund reports were not submitted to the CoB as of 15 July 2025.
iii. Budgeting for development projects with little intention of being implemented. For the FY under review, the County Assembly had one project relating to the Construction of the Assembly Chambers and an initial development budget of Kshs.55.71 million, later reduced to Kshs.15.71 million. At the end of the year, with only one project, the implementation status was still zero, and the budgeted sum was still intact.
iv. Stalled projects: The County reported one stalled project valued at Kshs.689.34 million, of which Kshs.105.89 million has already been paid. The reason for the stall is attributed to a lack of funds.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iii. *The County should only budget for projects that it intends to implement to avoid unnecessary tying of funds.*
iv. *The County should focus on completing the stalled project as long as it is feasible to ensure value for money and the achievement of the intended objectives.*

3.42. County Government of Trans Nzoia

3.42.1 Overview of FY 2024/25 Budget

The Trans Nzoia County Approved Supplementary I Budget for FY 2024/25 was Kshs.10.45 billion. It comprised Kshs.4.34 billion (42 per cent) and Kshs.6.11 billion (58 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.269.86 million (3 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.4.35 billion and a recurrent budget of Kshs.5.83 billion. The increase in the budget was primarily attributed to a high cash balance from FY 2023/24.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.7.54 billion (72 per cent), and additional allocations of Kshs.1.63 billion (16 per cent), a cash balance of Kshs.599.99 million (6 per cent) brought forward from FY 2023/24, and Kshs.680.00 million (7 per cent)

generated as own-source revenue. The own-source revenue comprised Kshs.368.30 million (4 per cent) deposited into the CRF and Kshs 311.70 (3 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.311.70 million (3 per cent) as the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.504.

3.42.2 Revenue Performance

The County received Kshs.9.61 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 5 per cent compared to the amount received in FY 2023/24 of Kshs.9.12 billion. The total revenue consisted of Kshs.7.54 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.924.90 million and own-source revenue (OSR) collection of Kshs.539.92 million. Additionally, the County had a cash balance of Kshs.599.99 million from FY 2023/24.

The total OSR collection of Kshs.539.92 million included Facilities Improvement Financing (FIF) of Kshs.251.45 million, and Kshs.288.47 million from other OSR sources. Table 3.504 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.504: Trans Nzoia County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
A	**Equitable Share of Revenue Raised Nationally -**	7,540,500,922	7,540,501,497	100
Subtotal		**7,540,500,922**	**7,540,501,497**	**100**
B	**Additional Allocations**			
1	DANIDA Grant (Universal Healthcare in Devolved System Program)	8,872,500	8,872,500	100
2	International Fund for Agricultural Development Loan (IFAD)	39,050,000	38,902,772	100
3	Kenya Agricultural Business Development Project (KABDP)	10,918,919	-	-
4	Kenya Informal Settlement Programme II (KISIP II)	621,834,073	616,000,000	99
5	National Value Chain Development Programme (NAVCDP)	151,515,152	82,637,549	55
6	Kenya Urban Support Programme -UIG II	35,000,000	32,309,300	92
7	Kenya Urban Support Programme -UDG	131,267,528	-	-
8	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level II Grant"	37,500,000	-	-
9	IDA - FLLoCA (County Climate Institutional Support) Grant	11,000,000	11,000,000	100
10	County Aggregate Industrial Park	105,263,158	54,131,579	51
11	Community Health Promoters	67,200,000	-	-
12	Doctors' Arrears	46,626,677	-	-
13	IDA - FLLoCA (County Climate Resilient Investment) Grant	149,730,885	28,200,799	19
14	KFW - FLLoCA (County Climate Resilient Investment) Grant	84,651,450	-	-
15	KFW - FLLoCA (County Climate Resilient Investment) Grant	47,692,145	-	-
16	Kenya Devolution Support Project	86,410,836	-	-
17	Roads Maintenance Fuel Levy	-	52,848,312	100
Subtotal		**1,634,533,323**	**924,902,811**	**53**
C	**Own Source Revenue**			
18	Ordinary Own Source Revenue	368,300,000	288,472,956	78

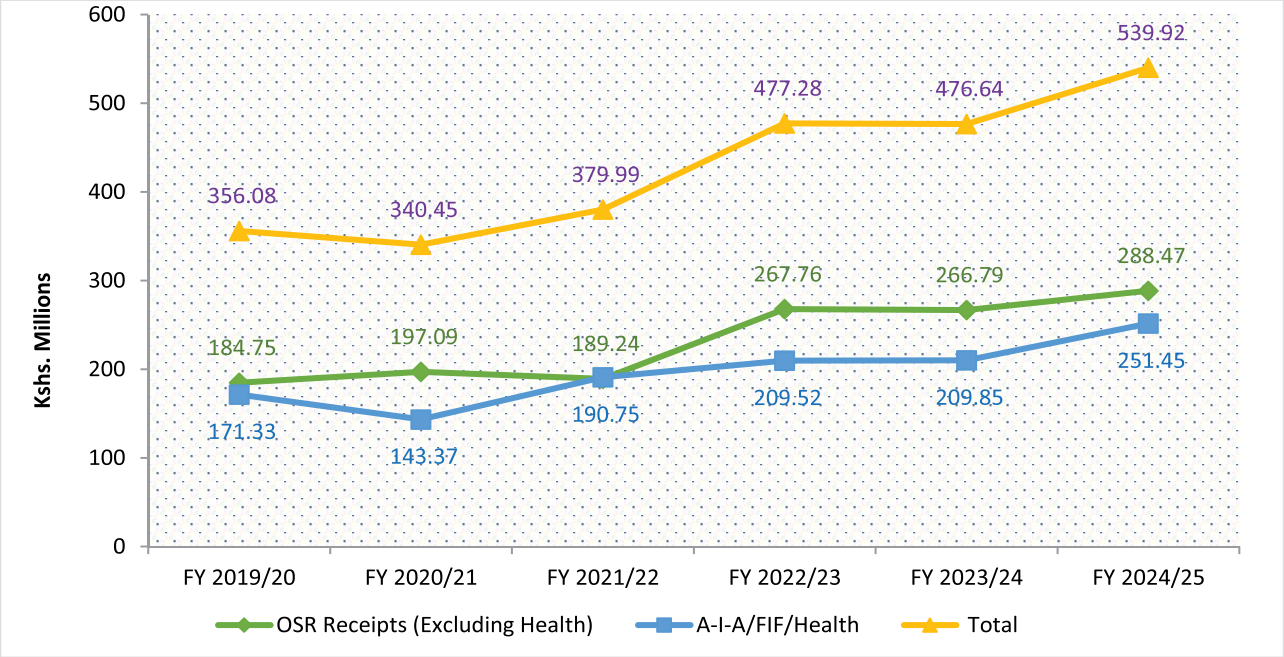
S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
19	Facility Improvement Fund (FIF)	311,700,000	251,451,817	81
Subtotal		**680,000,000**	**539,924,773**	**79**
D	**Other Sources of Revenue**			
20	Unspent Balance from FY 2023/24	599,985,795	599,985,795	100
Sub-Total		**599,985,795**	**652,834,107**	**109**
Grand Total		**10,455,020,040**	**9,605,314,876**	**92**

Source: *Trans Nzoia County Treasury*

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

Figure 165 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 165: Trans Nzoia County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

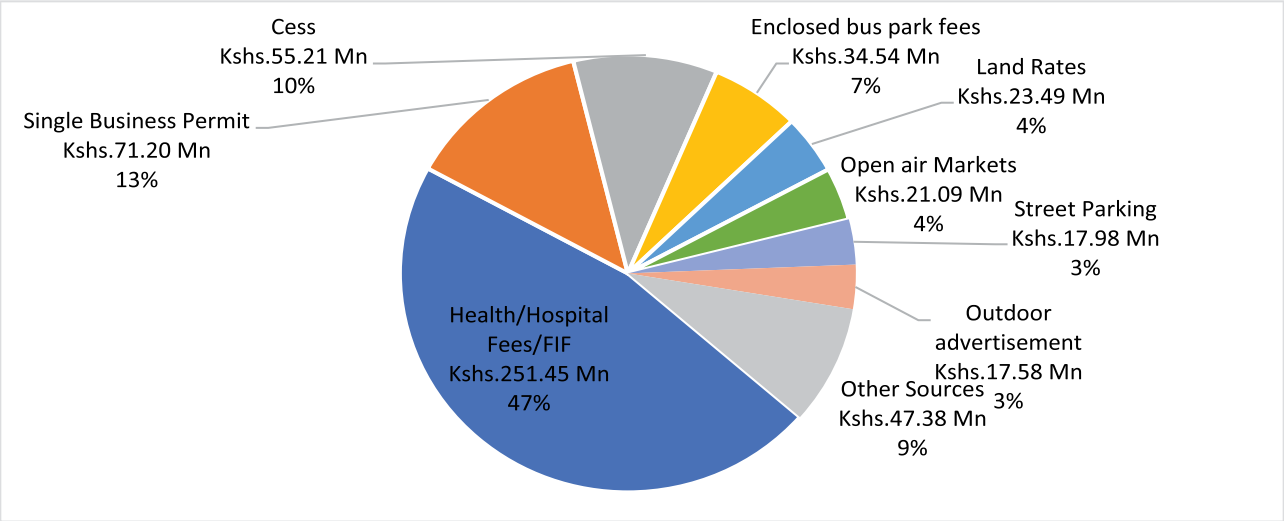


Source: *Trans Nzoia County Treasury*

During the year, the County generated Kshs.539.92 million from its revenue sources, including FIF. This amount was an increase of 13 per cent compared to Kshs.476.64 million realised in a similar period in FY 2023/24. It was 79 per cent of the annual target and 7 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 166.

Figure 166: Trans Nzoia County Top Own Source Revenue Streams in FY 2024/25



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

As shown in Figure 166, the highest revenue stream, at Kshs.251.45 million, was from Health/Hospital Fees/FIF, accounting for 47 per cent of the total OSR receipts. The County Government has automated 37 out of 56 main revenue streams.

3.42.3 Borrowing by the County

The County did not disclose any borrowing during the review period.

3.42.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.9.27 billion from the CRF account in FY 2024/25, which comprised Kshs.3.35 billion (36 per cent) for development programmes and Kshs.5.92 billion (64 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.81 billion was for employee compensation and Kshs.2.11 million for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 10 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.202.95 million and included Kshs.70.69 million for the County Executive and Kshs.132.26 million for the County Assembly. The foreign exchequer totalled Kshs.21.00 million and was entirely incurred by the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.81.38 million.

3.42.5 County Expenditure Review

The County spent Kshs.9.28 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.3.36 billion for development programmes and Kshs.5.91 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 77 per cent, while recurrent expenditure represented 97 per cent of the annual recurrent expenditure budget.

3.42.6 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.2.17 billion, including Kshs.2.17 billion for the County Executive. The pending bills from the County Executive consisted of Kshs.929.40 million for recurrent expenditures and Kshs.1.24 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.1.11 billion, comprising Kshs.263.82 million (24 per cent) for recurrent programmes and Kshs.848.74 million (76 per cent) for development programmes. Table 3.505 provides additional details of pending bills.

Table 3.505: Trans Nzoia County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	929,396,323	263,818,767	139,805,137	805,382,693
Development	1,236,134,548	848,737,718	315,630,380	703,027,210
Total	**2,165,530,871**	**1,112,556,485**	**455,435,517**	**1,508,409,903**

Source: *Trans Nzoia County Treasury*

The County Executive submitted a pending bill payment plan and committed to paying Kshs.2.17 billion and Kshs.1.11 billion in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.1.11 billion for the Executive.

Table 3.506 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.51 billion.

Table 3.506: Trans Nzoia County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**315,630,380**	**387,396,830**	-	-	**703,027,210**
Recurrent Pending Bills (Goods & Services)	139,805,137	235,281,950	-	-	375,087,088
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	-	105,889,301	324,406,305	-	430,295,605
Total Recurrent Pending Bills	**139,805,137**	**341,171,251**	**324,406,305**	-	**805,382,693**
Total Pending Bills	**455,435,517**	**728,568,081**	**324,406,305**	-	**1,508,409,903**
of Total	**30**	**48**	**22**	-	**100**

Source: *Trans Nzoia County Treasury*

3.42.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.48 billion for compensation of employees, Kshs.1.77 billion for operations and maintenance, and Kshs.3.22 billion for development activities. Similarly, the County Assembly spent Kshs.334.70 million on compensation of employees, Kshs.325.80 million on operations and maintenance, and Kshs.147.07 million on development activities, as shown in Table 3.507.

Table 3.507: Trans Nzoia County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,373,958,343**	**660,512,273**	**5,250,743,610**	**660,500,279**	**98**	**100**
Compensation of Employees	3,483,506,728	334,695,739	3,478,683,199	334,695,739	100	100
Operations and Maintenance	1,890,451,615	325,816,534	1,772,060,411	325,804,540	94	100
Development Expenditure	**4,246,258,697**	**174,290,727**	**3,216,793,924**	**147,069,634**	**76**	**84**
Total	**9,620,217,040**	**834,803,000**	**8,467,537,534**	**807,569,912**	**88**	**97**

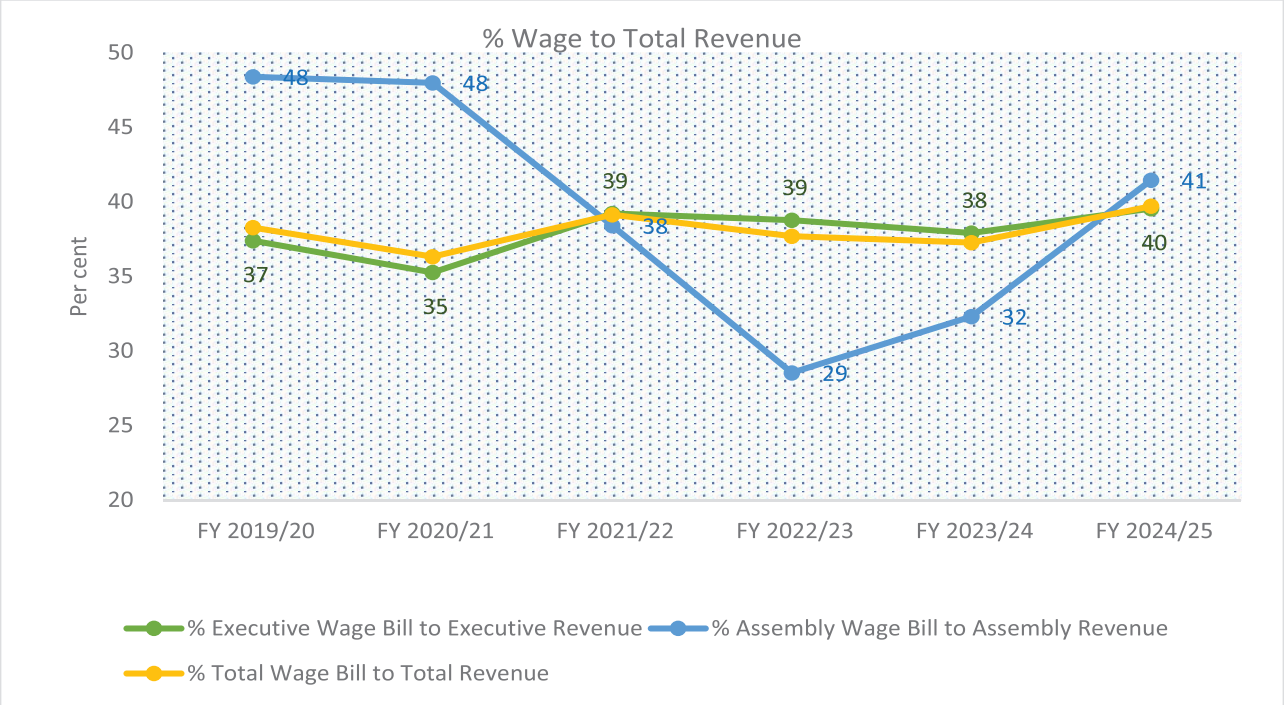
Source: *Trans Nzoia County Treasury*

3.42.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.81 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.0.00 million, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 40 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.36 billion reported in FY 2023/24. Of this total, Kshs.2.11 billion related to the Health Sector employees, which accounted for 55 per cent of the overall employees' compensation. There was a 13 per cent increase compared to the previous period due to the recruitment of revenue officers.

Figure 167 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 167: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



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

Further analysis indicated that PE costs amounting to Kshs.3.76 billion were processed through the Human Resource Information System (HRIS), while Kshs.48.89 million was processed through manual payroll, which accounted for 1 per cent of the total PE cost.

The manual payroll comprised salaries for 86 staff not onboarded into the Human Resource Information System (HRIS), salaries for 570 casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.508.

Table 3.508: Breakdown of Trans Nzoia County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for staff yet to be onboarded into HRIS	28,464,788
2	Salaries for casual staff	17,263,255
	Total	**45,728,043**

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

The County Assembly spent Kshs.23.89 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.23.89 million. The average monthly sitting allowance was Kshs.58,556 per MCA. The County Assembly has 22 House Committees.

3.42.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs 223.76 million to County-Established funds in FY 2024/25, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.509 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.509: Performance of Trans Nzoia County Established Funds in FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues of FY 2024/25 (Kshs.)	Actual Expenditure of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds					
1	Car Loan and Mortgage	25,000,000	-	-	-	No
2	Elimu Bursary Fund	125,000,000	104,451,795	-	995,451,795	No
3	Nawiri Fund	10,000,000	-	-	84,000,000	No
4	Emergency Fund	40,000,000	-	-	-	No
	County Assembly Established Funds					
5	Car Loan and Mortgage Scheme Fund (Members and Staff	23,758,258	23,758,258	33,908,918	313,738,212	Yes
	Total	**223,758,258**	**128,210,053**	**33,908,918**	**1,393,190,007**	

Source: *Trans Nzoia County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the car loan and mortgage Fund, the Elimu Bursary Fund and the Nawiri Fund from Administrators, as indicated in Table 3.509.

3.42.10 County Corporations

The County has Trans Nzoia County Corporations, which were allocated Kshs.14.50 million in FY 2024/25. Their total expenditure for the year amounted to Kshs.14.50 million, as shown in Table 3.510.

Table 3.510: Performance of Trans Nzoia County Corporations in FY 2024/25

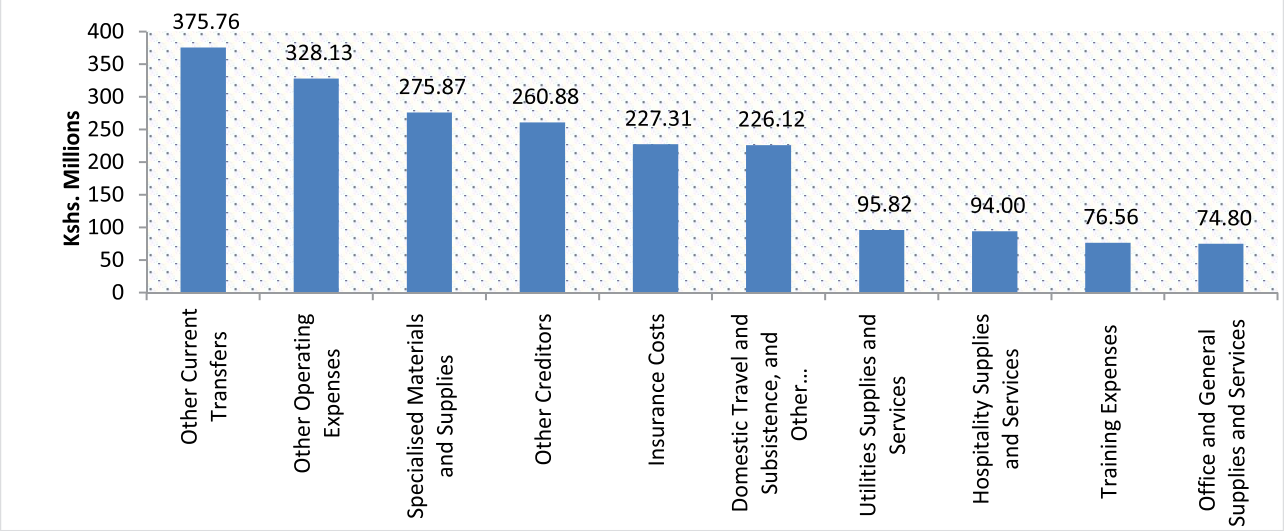
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
	Trans Nzoia Water and Sewerage Company Ltd	29,949,561	14,500,000	14,500,000	14,500,000
	Total	**29,949,561**	**14,500,000**	**14,500,000**	**14,500,000**

Source: *Trans Nzoia County Treasury*

3.42.11 Expenditure on Operations and Maintenance

Figure 168 summarises the Operations and Maintenance expenditure by major categories.

Figure 168: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: *Trans Nzoia County Treasury.*

Expenditure on domestic travel amounted to Kshs.202.95 million and comprised Kshs.132.26 million spent by the County Assembly and Kshs.70.69 million by the County Executive. Expenditure on foreign travel amounted to Kshs.21.00 million and comprised Kshs.21.00 million by the County Assembly and Kshs.0.00 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.511.

Table 3.511: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	2	2-6 December 2024	Leadership Training and Exposure to UK parliamentary and governance systems	London-UK	744,588
County Assembly	1	19-23 October 2024	7th Africa Colloquium of Legal Counsels to Parliament	Zimbabwe	397,500
County Assembly	1	12-19 September 2024	Training on Leadership and Governance	Nagoya-Japan	1,134,794
County Assembly	2	17-28 August 2024	FEASSA Games	Mbale-Uganda	1,123,590
County Assembly	3	27/2-6/3/2025	Training on International Transformative Leadership and Expo Forum	Dubai	1,853,889
County Assembly	4	23/01-31/01/2025	Training on Building high performance and Delivery for the organisation summit	Kualar Lumpur Malaysia	2,443,028
County Assembly	3	12/01-18/01/2025	Training on the Government Performance Management Symposium	Rome-Italy	2,359,766
County Assembly	2	6/12-14/12/2024	Leadership and Management of Committees Master Class	Singapore	1,533,798
County Assembly	2	01/2-9/2/2025	Leadership Training and Exposure to UK parliamentary and governance systems	London-UK	1,466,882
County Assembly	8	24/03-01/4 /2025	Visited Bells University of Technology, Nigeria, to discuss setting up a University in Trans Nzoia.	Nigeria	2,967,180
County Assembly	7	28/06-5/7/2025	Invitation to the Members of the Agriculture Committee	Australia	4,974,986
					21,000,000

Source: *Trans Nzoia County Treasury and Trans Nzoia County Assembly*

Other types of expenditure under the operations and maintenance costs include Kshs.43.79 million related to legal fees, dues, arbitration, and compensation payments.

3.42.12 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.251.45 million as FIF, which was 81 per cent of the annual target of Kshs.311.70 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs 172.54 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.512 presents a breakdown of the claims.

Table 3.512: Trans Nzoia County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	Two Level 4 Hospitals	125,362,025	64,372,029	60,989,996	77,163,884
2	Eight Level 3A Health Facilities	20,638,870	11,900,400	8,738,470	25,650,331
3	One Level 2 Health Facility (PHC)	809	-	809	-
	Total	**146,001,704**	**76,272,429**	**69,729,275**	**102,814,215**

Source: *Trans Nzoia County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.146.00 million. Of this, only Kshs.76.27 million was disbursed, occasioning a pending balance of Kshs.69.73 million. Further, the defunct NHIF still owes health facilities Kshs.102.81 million.

The expenditure by the health facilities amounted to Kshs.270.63 million, as shown in Table 3.513.

Table 3.513: Trans Nzoia County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	Two Level 4 Hospitals	239,400,000	239,400,000	100
2.	Eight Level 3A Health Facilities	62,100,000	29,393,973	47
3.	One-level health facility	3,000,000	1,351,339	45
4.	Public health department	7,200,000	490,000	7
	Total	**311,700,000**	**270,635,312**	**87**

Source: *Trans Nzoia County Treasury*

3.42.13 Development Expenditure

In the review period, the County reported spending Kshs.3.36 billion on development programmes, representing a 29 per cent increase compared to FY 2023/24, when the County spent Kshs.2.60 billion. Table 3.514 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the timely execution of the procurement process and the timely release of the exchequer.

Table 3.514: Trans Nzoia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	PSM	Proposed Construction of Trans Nzoia Headquarters	Trans Nzoia Headquarters	09/07/2026	498,835,545	159,246,310	400,060,423	80
2	County Assembly	Construction of the Administration Building and Assembly Chamber	County Assembly Hall, Next to Kitale Law Courts	30/06/2025	464,359,150	122,598,163	416,811,109	90
3	Gender, Youth	Rehabilitation and Modernisation of Kenyatta Stadium, Phase 1A-Kitale	Kenyatta Stadium	30/04/2025	657,305,895	93,114,237	419,612,167	63.8
4	Trade	Construction of CAIPS	CAIP		500,000,000	54,420,562	155,586,079	31
5	Lands, Housing,	Construction Works for public security lighting in Matisi, Mitume, Tuwani, Shanti and Kipsongo A	Matisi, Tuwani, Mitume, Kipsongo & Shanti		27,000,670	21,741,989	21,741,989	81
6	Public works	Proposed construction of a box culvert at Nakhosi in Kinyoro Ward	kinyoro ward		12,301,400	12,301,400	12,301,400	100
7	Public works	Routine maintenance of GSU junction -Nabeki Masengo Road	Nabeki Masengo Road		10,863,065	10,863,065	10,863,065	100
8	Public works	Routine maintenance of Mwangaza-Geta-Eronge-Laini moja-Kiptio-Wanjala Cherangany Suwerwa ward	Cherangany Suwerwa ward		11,609,476	11,609,476	11,609,476	100
9	Public works	Routine maintenance of the roadblock-Matunda-Nyasi road in Nabiswa ward	Nabiswa ward		6,646,347	6,646,347	6,646,347	100
10	PSM	Construction of administrative offices in Kwanza Sub-County	Kwanza Sub-County		7,978,210	7,978,210	6,643,830	80

Source: *Trans Nzoia County Treasury*

The County reported one stalled development project as of 30 June 2025, with an estimated value of Kshs.874.00 million, of which Kshs.794.52 million has already been paid. The stalled projects are shown in Table 3.515.

Table 3.515: Trans Nzoia County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Completion of Kitale Business Centre	Matisi Ward	874,000,000	794,520,064	300,000,000	97	Court arbitration

Source: *Trans Nzoia County Treasury*

3.42.14 Budget Performance by Department

Table 3.516 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.516: Trans Nzoia County, Budget Allocation and Absorption Rate by Department

Department	Revised Gross Budget Allocation (Kshs. Million)		Exchequer Received, (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture	242.43	325.50	241.07	206.12	240.92	206.11	100	100	99	63
Livestock	4.63	94.55	2.02	29.46	1.95	29.37	96	100	42	31
Trade, Commerce	45.04	211.00	43.39	118.42	43.07	118.39	99	100	96	56
Water, Env and Natural Resources	66.91	466.88	66.78	146.73	65.79	159.39	99	109	98	34
Public Works, Transport	106.36	56.10	105.67	21.28	105.43	21.27	100	100	99	38
Roads and Infrastructure	20.98	507.71	20.25	485.62	20.20	485.60	100	100	96	96
Health Corporate	2,416.38	120.77	2,414.48	61.84	2,414.11	61.83	100	100	100	51
Lands, Housing	57.93	719.61	56.63	673.71	56.20	673.70	99	100	97	94
Municipality Board of Kitale	22.37	183.22	13.15	169.18	12.29	169.11	93	100	55	92
Gender, Sports, Culture	85.73	328.99	84.17	325.63	83.22	325.50	99	100	97	99
Governance	250.38	1.00	238.82	-	238.36	-	100	-	95	-
PSM	629.90	311.11	617.62	159.25	616.73	159.20	100	100	98	51
CPSB	59.15	2.92	50.85	2.91	50.28	2.86	99	98	85	98
Education, ICT	607.40	99.00	598.59	98.30	598.22	98.28	100	100	98	99
Finance	658.95	816.90	657.04	705.30	656.23	705.21	100	100	100	86
Economic Planning	14.42	1.00	8.11	1.00	7.82	0.98	96	98	54	98
County Attorney	84.99	-	40.12	-	39.95	-	100	-	47	-
County Assembly	660.51	174.29	660.51	147.08	660.50	147.07	100	100	100	84
Total	**6,034.47**	**4,420.55**	**5,919.27**	**3,351.81**	**5,911.24**	**3,363.86**	**100**	**100**	**98**	**76**

Source*: Trans Nzoia County Treasury*

Analysis of expenditure by departments reveals that the Department of Education and ICT recorded the highest absorption rate of the development budget, at 99 per cent, followed by the Department of Gender, Sports, and Culture, at 99 per cent. The Department of Finance had the highest percentage of recurrent expenditures to budget, at 100 per cent, while the Department of Livestock had the lowest, at 42 per cent.

3.42.15 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 8 August 2025.
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all Funds were not submitted to the CoB as of 15 July 2025.
iii. High level of pending bills, which amounted to Kshs.1.51 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.48.89 million for 86 staff not onboarded into HRIS, and 570 casual staff were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.172.54 million across the three schemes—SHIF and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iii. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
v. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts to enhance accountability and oversight.*
vi. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.43. County Government of Turkana

3.43.1 Overview of FY 2024/25 Budget

The Turkana County Approved Supplementary I Budget for FY 2024/25 was Kshs.17.21 billion. It comprised Kshs.6.64 billion (38.6 per cent) and Kshs.10.57 billion (61.4 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented a decrease of Kshs.8.43 million (0 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.7.05 billion and a recurrent budget of Kshs.10.17 billion.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.13.21 billion (77 per cent), additional allocations of Kshs.1.40 billion (8 per cent), a cash balance of Kshs.2.20 billion (13 per cent) brought forward from FY 2023/24, and Kshs.400 million (2 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.241 million (60 per cent) deposited into the CRF and Kshs.159 million (40 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A is entirely the Facility Improvement Financing (revenue from health facilities). A breakdown of the additional allocations is shown in Table 3.517.

3.43.2 Revenue Performance

The County received Kshs.16.24 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 5 per cent compared to the amount received in FY 2023/24 of Kshs.16.24 billion. The total revenue consisted of Kshs.13.23 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.408.80 billion and own-source revenue (OSR) collection of Kshs.200.41 million. Additionally, the County had a cash balance of Kshs.2.20 billion from FY 2023/24.

The total OSR collection of Kshs.200.41 million included Facilities Improvement Financing (FIF) of Kshs.229.69 million, and Kshs.171.14 million from other OSR sources. Table 3.517 summarises the total revenue available to the County Government during FY 2024/25.

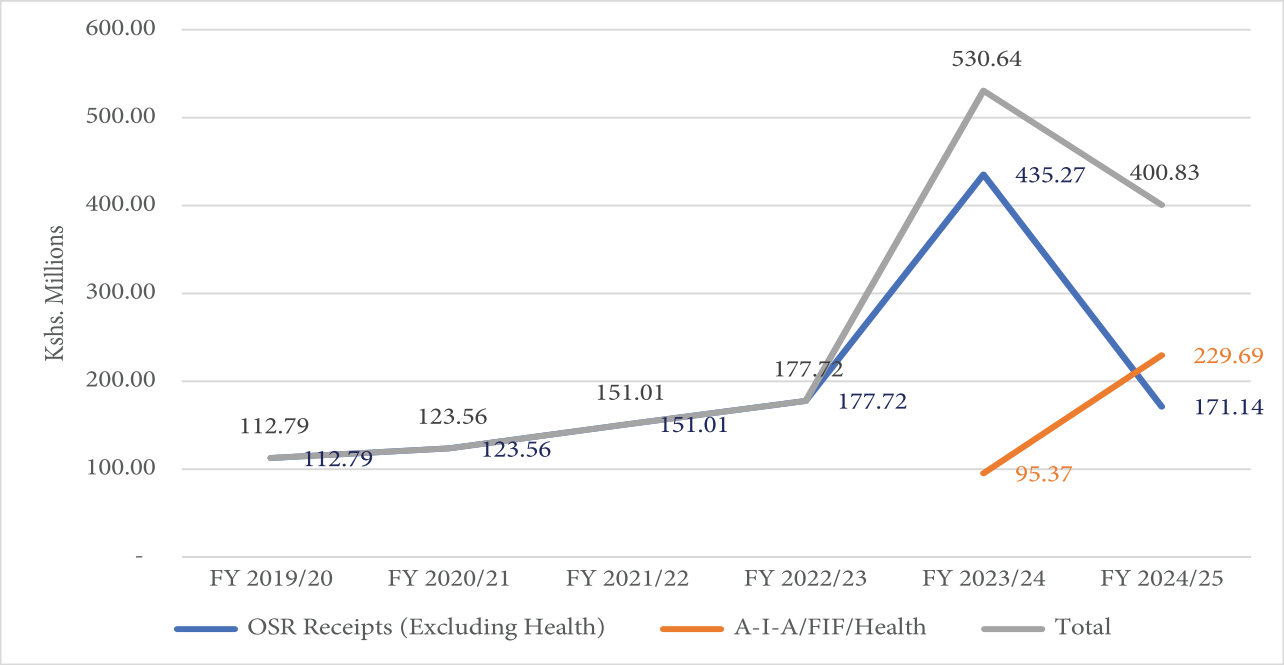
Table 3.517: Turkana County, Revenue Performance in FY 2024/25

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation ()
A	**Equitable Share of Revenue Raised Nationally -**	13,213,283,320	13,229,147,271	100
Subtotal		**13,213,283,320**	**13,229,147,271**	**100**
B	**Additional Allocations**			
1	DANIDA (Primary Health Care)	16,233,750	16,233,750	100
2	ELRP (Emergency Locust Response Project	142,500,000	0	-
3	FSRP (Food Systems Resilience Project)	173,076,923	70,127,132	41
4	DRPNK (Drought Resilience Programme)	319,534,140	179,103,369	56
5	UNFPA (United Nations Fund for Population Services)	5,920,000	0	-
6	K-WASH WORLD BANK PROGRAMME	300,965,240	0	-
7	Kenya Devolution Support Programme II	37,500,000	0	-
8	Urban Institutional Grant (UIG)	35,000,000	0	-
9	Window for Host and Refugees (WHR) UIG	70,000,000	0	-
10	Kenya Urban Support Programme (KUSP) II UDG	62,725,320	32,309,300	52
11	Window for Host and Refugees (WHR) KUSP II UDG	224,133,646		-
12	Kenya Agricultural Business Development Project (KABDP)	10,918,919		-
13	World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant	0	22,880,623	-
14	Road Maintenance Levy	0	88,140,833	-
Subtotal		**1,398,507,938**	**408,795,007**	**29**
C	**Own Source Revenue**			
15	Ordinary Own Source Revenue	241,000,000	171,142,181	71
16	Facility Improvement Fund (FIF)	159,000,000	229,687,791	144
Subtotal		**400,000,000**	**400,829,972**	**100**
D	**Other Sources of Revenue**			
17	Unspent Balance from FY 2023/24	2,201,797,682	2,201,797,682	100
Sub-Total		**2,201,797,682**	**2,202,797,682**	**100**
Grand Total		**17,213,588,940**	**16,240,569,931**	**94**

Source: *Turkana County Treasury*

Figure 169 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 169: Turkana County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

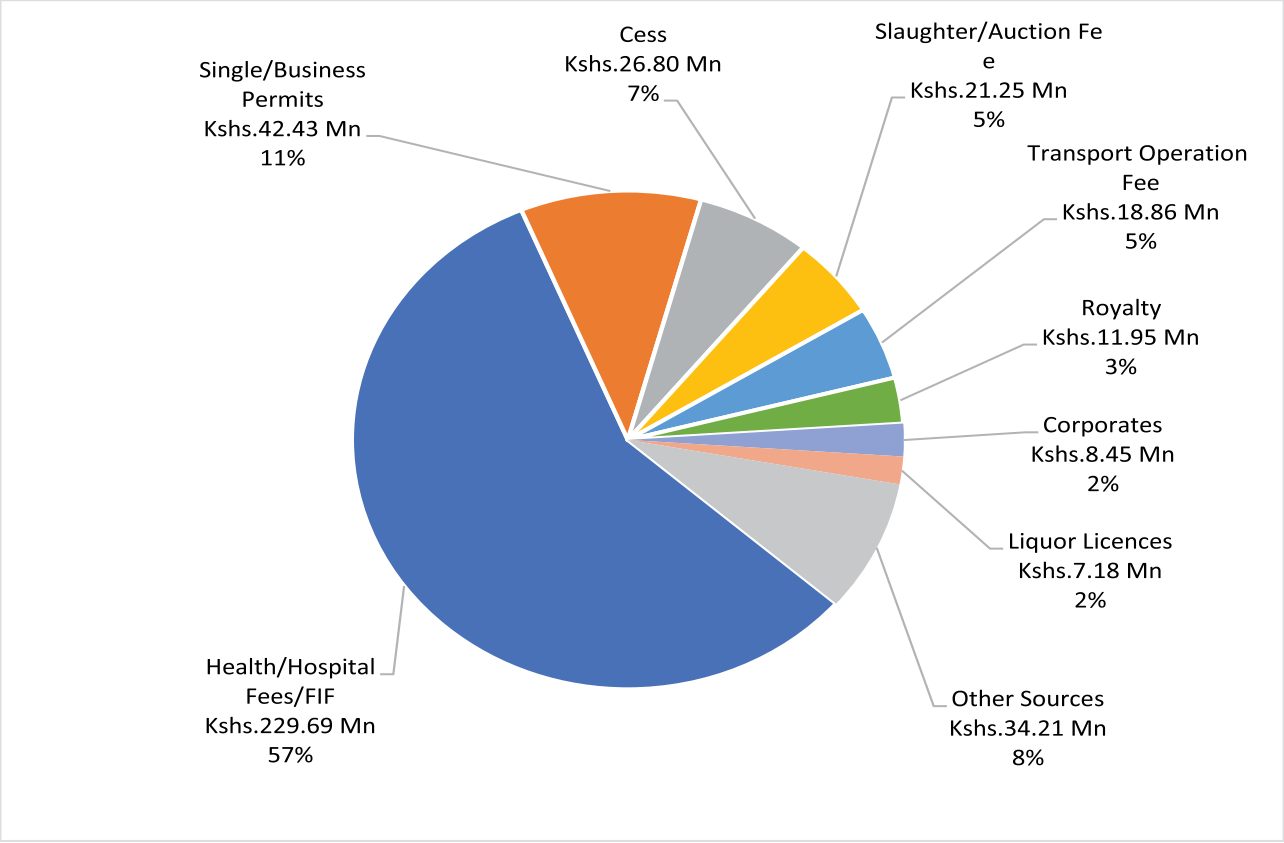


Source: *Turkana County Treasury*

During the year, the County generated Kshs.200.41 million from its revenue sources, including FIF. This amount was a decrease of 62 per cent compared to Kshs.530.65 million realised in a similar period in FY 2023/24, and was 50 per cent of the annual target and 2 per cent of the equitable revenue share disbursed. The OSR included revenue arrears and penalties charged on fees and levies from previous financial years, amounting to Kshs.12.37 million. The decrease is attributed to the fact that Tullow Oil paid the arrears it owed the County Government last financial year.

The revenue streams which contributed the highest OSR receipts are shown in Figure 170.

Figure 170: Turkana County Top Own Source Revenue Streams in FY 2024/25



Source: Turkana County Treasury

As shown in Figure 170, the highest revenue stream, at Kshs.229.69 million, was from hospital fees, accounting for 57 per cent of the total OSR receipts.

3.43.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.11.16 million. This amount increased to Kshs.12.37 million as of 30 June 2025, indicating that the County had accumulated additional arrears of Kshs.1.21 million. Table 3.518 presents a breakdown of the County's revenue arrears.

Table 3.518: Turkana County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Ordinary Own Sources of Revenue	11,156,051	-	-	1,216,484	12,372,535
B	Facility Improvement Fund					26,982,791
Total		11,156,051	-	-	1,216,484	39,355,326

Source: Turkana *County Treasuries*

3.43.4 Borrowing by the County

The County Government did not disclose any borrowings during the review period.

3.43.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.13.54 billion from the CRF account in FY 2024/25, which comprised Kshs.4.28 billion (32 per cent) for development programmes and Kshs.9.23 billion (68 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.6.0 billion was towards employee compensation and Kshs.3.26 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 19 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.604.49 million and included Kshs.442.86 million for the County Executive and Kshs.161.63 million for the County Assembly. The foreign exchequer totalled Kshs.18.89 million entirely for the County Executive.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.1.26 billion.

3.43.6 County Expenditure Review

The County spent Kshs.13.55 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.4.29 billion for development programmes and Kshs.9.26 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 65 per cent, while recurrent expenditure represented 88 per cent of the annual recurrent expenditure budget.

3.43.7 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.4.78 billion. This amount included Kshs.4.78 billion from the County Executive and Kshs.18 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.773.80 million for recurrent expenditures and Kshs.4 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.3.86 billion, comprising Kshs.748.44 million (19 per cent) for recurrent programmes and Kshs.3.11 billion (81 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.18 million, which were entirely recurrent activities. Table 3.519 provides additional details of pending bills.

Table 3.519: Turkana County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	773,801,372	730,444,728	-	43,584,944
Development	4,002,280,521	2,860,785,769	-	1,141,494,792
Total	**4,776,081,893**	**3,591,230,498**	-	**1,185,079,696**
County Assembly				
Recurrent	18,000,000	18,000,000	-	-
Development	392,601,273	248,342,259	-	144,259,014
Total	**410,601,273**	266,342,259	-	144,259,014

Source: Turkana *County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan at the commencement of FY 2024/25, committing to pay Kshs.2.66 billion and Kshs.18 million, respectively, in FY 2024/25. The County adhered to this payment plan, clearing Kshs.3.59 billion for the Executive and Kshs.266.34 million for the Assembly.

Table 3.520 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.33 billion.

Table 3.520: County Turkana Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**1,272,398,407**	**12,323,964**	**0**	**1,031,435**	**1,285,753,806**
Recurrent Pending Bills (Goods & Services)	40,407,444	-	3,277,460	-	43,584,944
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Total Recurrent Pending Bills	40,407,444	0	3,277,460	0	43,584,944
Total Pending Bills	**1,312,705,851**	**12,323,964**	**3,277,460**	**1,031,435**	**1,329,338,710**
% of Total	**99%**	**1%**	**0%**	**0%**	**100%**

Source: Turkana *County Treasury*

3.43.8 Expenditure by Economic Classification

The County Executive incurred Kshs.5.48 billion for compensation of employees, Kshs.2.91 billion for operations and maintenance, and Kshs.4.22 million for development activities. Similarly, the County Assembly spent Kshs.512.56 million on compensation of employees, Kshs.351.30 million on operations and maintenance, and Kshs.74.61 million on development activities, as shown in Table 3.521.

Table 3.521: Turkana County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**9,571,211,962**	**895,691,616**	8,391,787,572	863,858,784	88	96
Compensation of Employees	5,614,440,743	488,485,042	5,484,233,795	512,561,296	98	105
Operations and Maintenance	3,956,771,219	407,206,574	2,907,553,777	351,297,488	73	86
Development Expenditure	6,587,741,976	169,943,385	4,218,406,192	74,609,592	64	44
Total	**16,158,953,938**	**1,065,635,001**	**12,610,193,764**	**938,468,376**	**78**	**88**

Source: *Turkana County Treasury*

3.43.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.6.0 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.16.24 billion, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 37 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.5.58 billion reported in FY 2023/24. Of this total, Kshs.2.34 billion related to the Health Sector employees, which accounted for 39 per cent of the overall employees' compensation. Figure 171 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 171: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25

Source: Turkana County Treasury

Further analysis indicated that PE costs amounting to Kshs.6.00 billion were processed through the Human Resource Information System (HRIS), while Kshs.85.71 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost.

The County did not provide manual payrolls to determine the number of staff not onboarded into the Human Resource Information System (HRIS), salaries for casuals, top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, but LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.522.

Table 3.522: Breakdown of Turkana County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	LAPTRUST/LAPFUND Pension Contributions	115,845,596
2	Gratuity for contract staff	25,458,687
3	**Total**	**141,3404,283**

Source: Turkana County Treasury

The County Assembly spent Kshs.10.87 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.30.16 million. The average monthly sitting allowance was Kshs.18,873 per MCA. The County Assembly has 21 House Committees.

3.43.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.695.34 million to County-Established funds in FY 2024/25, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.523 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.523: Performance of Turkana County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Turkana County Emergency Fund	2016	100,000,000	100,000,000	-	1,292,388,667	Yes
2	Turkana County Biashara Fund	2014	-		2,355	360,325,320	Yes
3	Turkana County Youth and Women Empowerment Fund,	2014	-		3,298	425,000,000	Yes
4	Turkana County Education and Skills Development Fund,	2014	248,000,000	235,000,000	9,431,458	3,499,245,499	Yes
5	Turkana County Cooperative Enterprise Development Fund	2014	-		-	96,251,070	Yes
6	Turkana County Climate Change Fund	2021	131,000,000	11,000,000	21,876,332	558,421,971	Yes
7	Turkana County Water Service Fund	2022	10,000,000	10,000,000	-	127,492,682	Yes
8	Turkana County Car Loan and Mortgage Fund	2016	-		1,065	200,822,217	Yes
9	Turkana County COVID Fund	2020	-		-	606,674,113	Yes
10	Community Health Services Fund	2025	116,335,912	61,245,912		61,245,912	Yes
County Assembly Established Funds							
11	Turkana County Assembly Car Loan and Mortgage (Members) Scheme Fund	2014	-	-	2,216,291	369,120,445	Yes
12	Turkana County Executive State and Public Officers Mortgage Scheme Fund	2016	-	-	75,000	252,147,682	
	Total		**695,335,912**	**417,245,913**	**33,605,799**	**7,849,135,578**	

Source: Turkana *County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.523, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, during the reporting period, the CoB established that the lifespan of Turkana County Biashara Fund, Turkana County Youth and Women Empowerment Fund, Turkana County Education and Skills Development Fund, Turkana County Assembly Car Loan and Mortgage (Members) Scheme Fund and Turkana County Cooperative Enterprise Development Fund had lapsed. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of these expired funds, as they no longer have a legal basis for continued existence.

3.43.11 County Corporations

The County has two County Corporations, which were allocated Kshs.67.72 million in FY 2024/25. Their total annual expenditure amounted to Kshs.48.68 million, as shown in Table 3.524.

Table 3.524: Performance of Turkana County Corporations in FY 2024/25

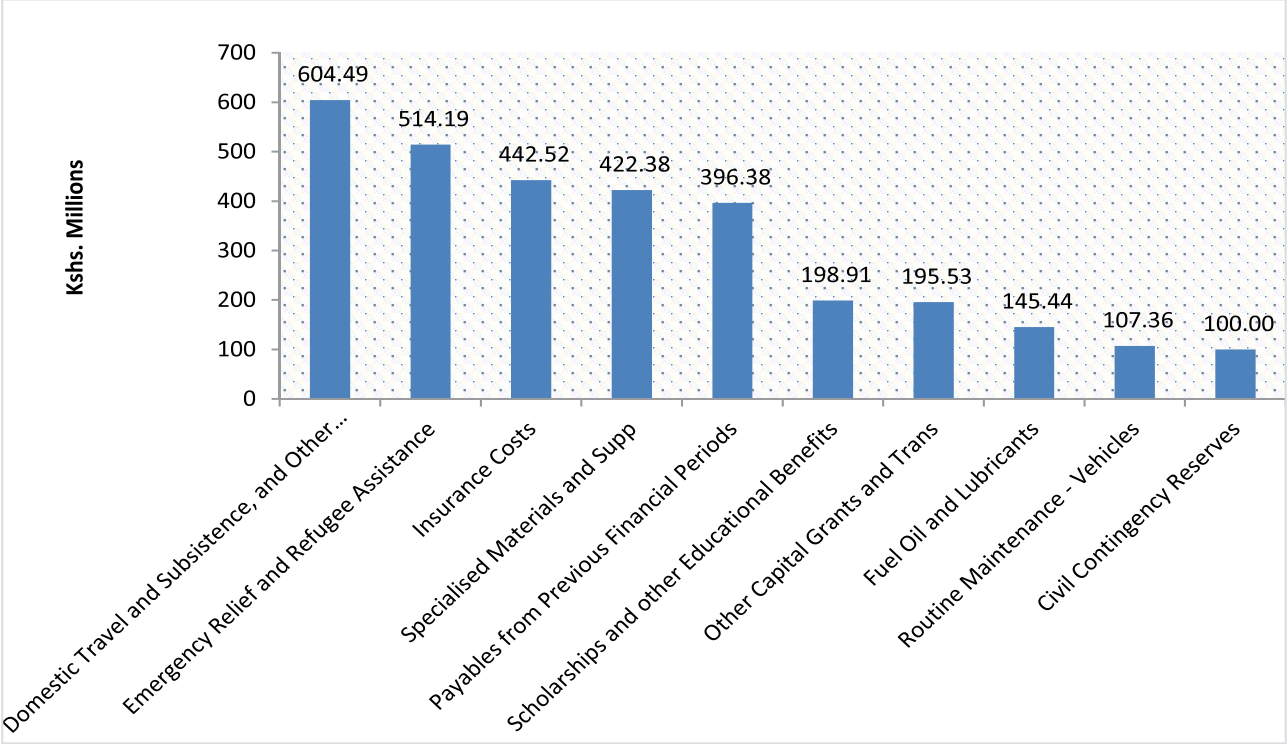
S/No.	Name of the Corporation	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative Exchequer Issues to the Corporation since their inception (Kshs.)
1	Turkana County Rural Water Services	62,720,000	5,000,000	44,395,308	5,000,000
2	Turkana Urban Water and Sanitation Company Limited	5,000,000	5,000,000	4,284,648	5,000,000
	Total	**67,720,000**	**10,000,000**	**48,679,956**	**10,000,000**

Source: *Turkana County Treasury*

3.43.12 Expenditure on Operations and Maintenance

Figure 172 summarises the Operations and Maintenance expenditure by major categories.

Figure 172: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: *Turkana County Treasury*

Expenditure on domestic travel amounted to Kshs.604.49 million and comprised Kshs.161.63 million spent by the County Assembly and Kshs.442.86 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.89 million and spent entirely by the County Executive. Expenditure on foreign travel is summarised in Table 3.525.

Table 3.525: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	168	2 August, 2024	Attended the Karamoja Cultural festival	Uganda	12,666,493
County Executive	55	17 October, 2024	Attended the Lokiriama Peace accord	Uganda	2,109,795
County Executive	2	5th-10th April 2025	To attend the 14th Edition of AIM Congress in Abu Dhabi	Abudhabi	1,361,155

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	4th-10th November 2024	To attend the 12th session of the World Urban Forum	Egypt	765,343

Source: Turkana County Treasury

Other types of expenditure under the operations and maintenance costs include Kshs.19.68 million related to legal fees, dues, arbitration, and compensation payments.

3.43.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.229.69 million as FIF, which was 144 per cent of the annual target of Kshs.159 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

In the reporting period, health facilities were owed a combined total of Kshs.26.98 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.526 presents a breakdown of the claims.

Table 3.526: Turkana County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	**Level 4**				
2	Lodwar County and Referral Hospital	55,576,750	51,075,727	4,501,023	20,415,288
3	Lopiding Sub-County Hospital	5,380,480	3,314,000	2,066,480	-
4	**Level 2-3**				
	174 Level 2 & 3 Facilities	68,788,827	68,788,827	-	
	Total	**129,746,057**	**123,178,554**	**6,567,503**	**20,415,288**

Source: *Turkana County Treasury*

In FY 2024/25, health facilities have approved claims from the SHIF totalling Kshs.129.75 million, yet actual disbursements amounted to Kshs.123.18 million, resulting in an outstanding balance of Kshs.6.57 million. Further, the defunct NHIF still owes health facilities Kshs.20.42 million.

The expenditure by the health facilities amounted to Kshs.384.26 million, as shown in Table 3.527.

Table 3.527: Turkana County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	Lodwar County and Referral Hospital	306,833,044	307,884,809	100
2.	Lopiding Sub-County Hospital	10,548,528	7,590,160	72
3.	174 Health Facilities (Level 2& 3)	68,788,827	68,788,827	100
	Total	**386,170,399**	**384,263,795**	100

Source: *Turkana County Treasury*

3.43.14 Development Expenditure

In the review period, the County reported spending Kshs.4.29 billion on development programmes, representing a decrease of 4 per cent compared to FY 2023/24, when the County spent Kshs.4.45 billion. Table 3.528 summarises the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to the late disbursement of the equitable share.

Table 3.528: Turkana County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Lands, Housing and Urban Areas Management	Preparation of the County land use development plan	Lodwar Town	111,743,960	86,042,849	86,042,849	77
2	Agriculture and Land Reclamation	Construction of Model Drip Irrigation At Morulem	Kochodin Ward	43,600,000	43,600,000	43,600,000	100
3	Agriculture, Livestock Development And Fisheries	Construction Of Model Drip Irrigation At Nakwamoru	Kaptir Ward	42,472,220	41,566,717	41,566,717	98
4	Agriculture, Livestock Development and Fisheries	Construction of the County Veterinary Laboratory	Lodwar	35,282,700	30,431,232	30,431,232	86
5	Governance	Construction of the Napeitom resettlement scheme	Kapedo/Napeitom Ward	68,654,397	27,910,067	27,910,067	41
6	Roads, Transport and Public Works	Napak Hill Road-Additional Works	T/NORTH	27,462,971	27,462,971	27,462,971	100
7	Lands and Urban Arrears Management	Extension of the planning area of three Kalobeyei, Lokiriama and Katilu	Turkana	29,807,600	24,144,156	24,144,156	81
8	Roads, Transport And Public Works	Proposed Construction And Equipping Of Materials Testing Lab	lodwar	22,714,000	19,366,829	19,366,829	85
9	Water Services	Construction of the Lokapirichit/Napak-akali water project	Lokiriama/Lorengippi	18,216,120	18,216,120	18,216,120	100
10	Water Services	Construction of the Aroo water project	Lobokat	18,216,120	18,127,300	18,127,300	100

Source: *Turkana County Treasury*

The County reported four stalled development projects as of 30 June 2025, with an estimated value of Kshs.572.38 million, of which Kshs.328.90 has already been paid. The stalled projects are shown in **Table 3.529**.

Table 3.529: Turkana County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project ()	Reason for Project Stalling
	Completion of Kataboi ECO Lodge	Kataboi	122,989,684.00	13,375,147.00	72	Contract Management Challenges
	Construction of Plastic Re-Use Facility	Lodwar	8,983,516.00	4,642,804.00	89	Contract Management Challenges
	Proposed Construction of Governor's Residence	Lodwar	135,015,125.00	154,984,875.00	25	Contract Management Challenges

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project ()	Reason for Project Stalling
	Construction of Modern Business Centre Located in Lodwar Municipality	Lodwar	61,913,081.00	70,477,409.00	48	Court Case and contract management challenges

Source: *Turkana* County Treasuries

3.43.15 Budget Performance by Department

Table 3.530 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.530: Turkana County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governance	333.37	50.10	281.59	8.91	281.59	8.91	100	100	84	18
Office of the Deputy Governor	16.10	-.00	15.90	-.00	15.90	-.00	100	-	99	-
County Attorney	63.71	-.00	62.59	-.00	62.59	-.00	100	-	98	-
Finance and Economic Planning	714.62	2,516.17	644.86	2,505.17	644.86	2,505.17	100	100	90	100
Water Services, Environment and Mineral Resources	51.08	813.60	51.04	260.06	51.04	260.06	100	100	100	32
Health & Sanitation Services	935.41	348.12	835.39	24.75	835.39	24.75	100	100	89	7
Trade, Gender and Youth Affairs	19.91	117.00	19.79	3.00	19.79	3.00	100	100	99	3
Education, Sports and Social Protection	420.74	413.82	355.41	101.96	355.41	101.96	100	100	84	25
Public Service, Administration. & Disaster Management	6,475.13	41.49	5,740.44	-.00	5,740.44	-.00	100	-	89	-
Infrastructure Transport & Public Works	35.74	202.43	34.94	40.22	34.94	40.22	100	100	98	20
Agriculture, Pastoral Economy & Fisheries	71.31	980.17	49.41	848.90	49.41	848.90	100	100	69	87
Tourism, Culture and Natural Resources	139.35	551.39	135.94	321.56	135.94	321.56	100	100	98	58
Lands, Energy, Housing & Urban Areas Mgt.	155.63	46.12	33.03	10.52	33.03	10.52	100	100	21	23
County Assembly	895.69	169.94	863.86	61.61	863.86	74.61	100	121	96	44
County Public Service Board	82.98	-.00	76.59	-.00	76.59	-.00	100	-	92	-
Lodwar Municipality Board	39.28	283.21	39.08	93.36	39.08	93.36	100	100	99	33
Kakuma Municipality Board	16.84	224.13	15.80	-.00	15.80	-.00	100	-	94	-
Total	**10,466.90**	**6,757.69**	**9,255.65**	**4,280.02**	**9,255.65**	**4,293.02**	**100**	**100**	**88**	**64**

Source: *Turkana County Treasury*

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Agriculture, Pastoral Economy & Fisheries at 87 per cent. The Department of Water Services, Environment and Mineral Resources had

the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Lands, Energy, Housing & Urban Areas Management had the lowest at 21 per cent.

3.43.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 15 August 2025.
ii. The underperformance of own-source revenue at Kshs.171.14 million against an annual target of Kshs.241 million, representing 71 per cent of the financial year target. If performance is below 75 per cent of the annual target.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespans of the Turkana County Biashara Fund, Turkana County Education Fund, Youth and Women Fund, and Turkana County Cooperative Enterprise Fund had lapsed, making them ineligible for further withdrawals.
iv. High level of pending bills, which amounted to Kshs.1.33 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.85.71 million for staff not onboarded into HRIS and casual staff were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.20.98 million across the two schemes—SHIF and the defunct NHIF.
vii. County reported four stalled development projects as of 30 June 2025, with an estimated value of Kshs.572.38 million, of which Kshs.328.90 has already been paid. The reason for the stall includes contract management challenges and a court case.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*
vii. *The County should focus on completing the stalled projects as long as they are feasible to ensure value for money and also the achievement of the intended objectives.*

3.44. County Government of Uasin Gishu

3.44.1 Overview of FY 2024/25 Budget

The Uasin Gishu County Approved Supplementary II Budget for FY 2024/25 was Kshs.15.18 billion. It comprised Kshs.6.36 billion (41.9 per cent) and Kshs.8.82 billion (58.1 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.89 billion (14.2per cent) from the FY 2023/24 budget comprised a development budget of Kshs.5.16 billion and a recurrent budget of Kshs.8.12 billion. The increase in the budget was primarily attributed to the balance brought forward from FY 2023/24.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.8.47 billion (55.8 per cent), additional allocations of Kshs.3.0 billion (19.8 per cent), a cash balance of Kshs.2.10 billion (13.8 per cent) brought forward from FY 2023/24, and Kshs.1.61 billion (10.6 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.1.4 million (9.2 per cent) deposited into the CRF and Kshs.211.18(1.4 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.233.04 million (1.9 per cent) as the Facility Improvement Financing (revenue from health facilities) and Kshs.108.73 million (0.9 per cent) from Alcohol control funds and Choborорwa ATC. A breakdown of the additional allocations is shown in Table 3.531.

3.44.2 Revenue Performance

The County received Kshs.12.77 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 9.3 per cent compared to the amount received in FY 2023/24 of Kshs.7.75 billion. The total revenue consisted of Kshs.8.47 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.843.84 million and own-source revenue (OSR) collection of Kshs.1.35 billion. Additionally, the County had a cash balance of Kshs.2.1 billion from FY 2023/24.

The total OSR collection of Kshs.233.04 billion included Facilities Improvement Financing (FIF) of Kshs.108.72 million from A.I.A sources. Table 3.531 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.531: Uasin Gishu County, Revenue Performance in FY 2024/25

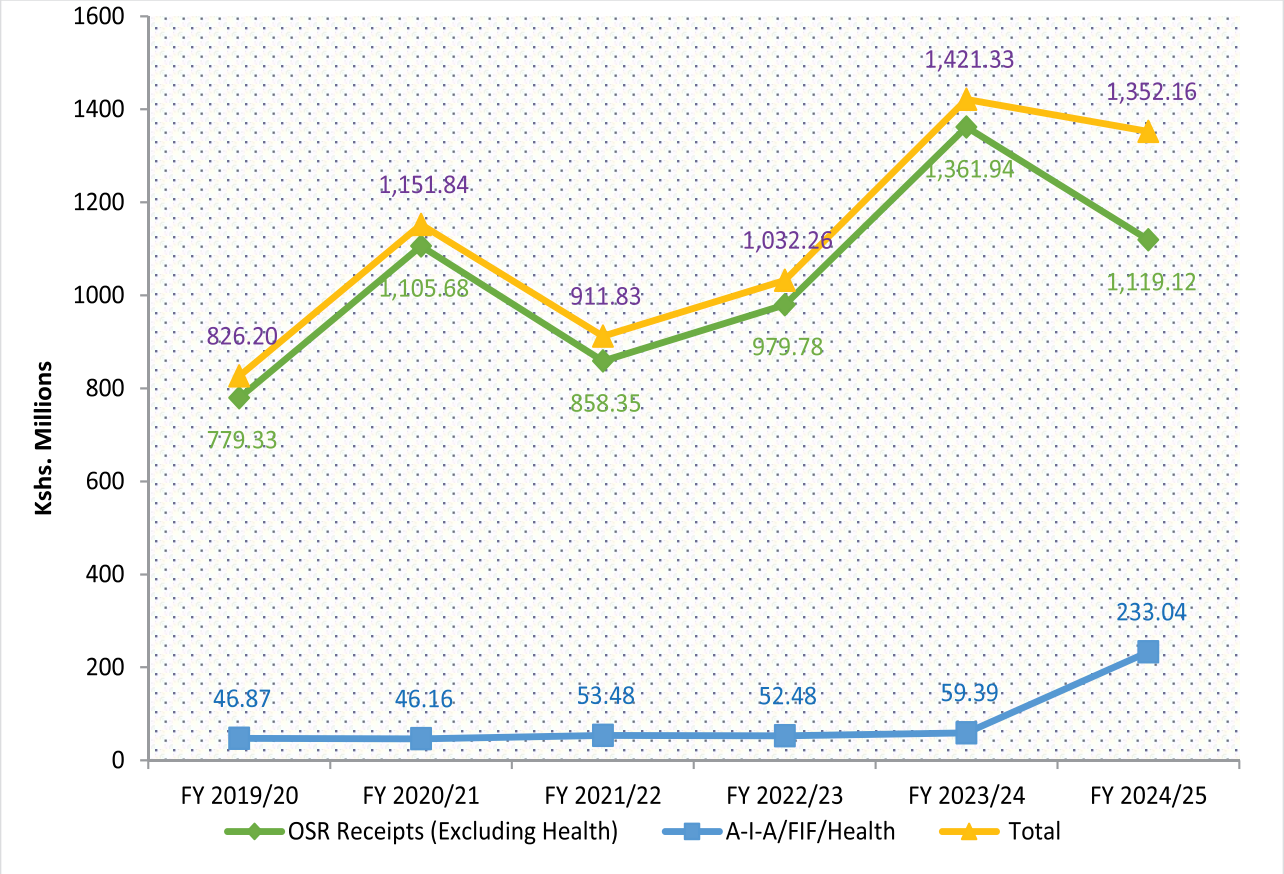
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	8,472,398,961	8,472,398,961	100
Sub Total		8,472,398,961	8,472,398,961	100
B	**Conditional Grants**			
1	DANIDA	12,456,648	9,750,000	78
2	IDA (World Bank) Credit: Kenya Urban Support Project (KUSP)-Urban Institutional Grant (UIG)	35,000,000	32,309,300	92
3	IDA (World Bank Credit: Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG)	385,055,948		-
4	IDA (World Bank) - Kenya Devolution Support Program-II (KDSP II)	37,500,000		-
5	Ziwa, Kesses, amd Tiurbo Hospital Grants	150,000,000		-
6	Grant from World Bank- IDA (NAVCDP)	320,892,779	42,216,802	13
7	Kenya Agricultural Business Development Project (KABDP)	10,918,919		-
8	Road Maintenance Fuel Levy (RMLF)	2,162,215		-
9	Community Health Promoters	61,980,000	61,980,000	100
10	Basic Salary Arrears - County Health Workers	9,600,471	9,600,471	100
11	CAIPS	448,157,362	186,000,000	42
12	FLoCCA	273,363,692	12,084,500	4
13	WB -KISIP II	1,257,024,603	490,000,000	39
Sub-Total		3,004,112,637	843,941,073	28
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	1,395,000,000	1,010,392,348	72
2	Balance b/f from FY2023/24	2,097,096,120	2,097,096,120	100
3	Facility Improvement Fund (FIF)	79,148,821	233,044,325	294
4	Other Revenues		-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
5	Appropriation in Aid (AIA)	132,034,571	108,726,538.40	82
Sub Total		3,703,279,512	3,449,259,331	93
Grand Total		**15,179,791,110**	**12,765,599,365**	**84**

Source: *Uasin Gishu County Treasury*

Figure 173 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 173: Uasin Gishu County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25 (Kshs.Millions)

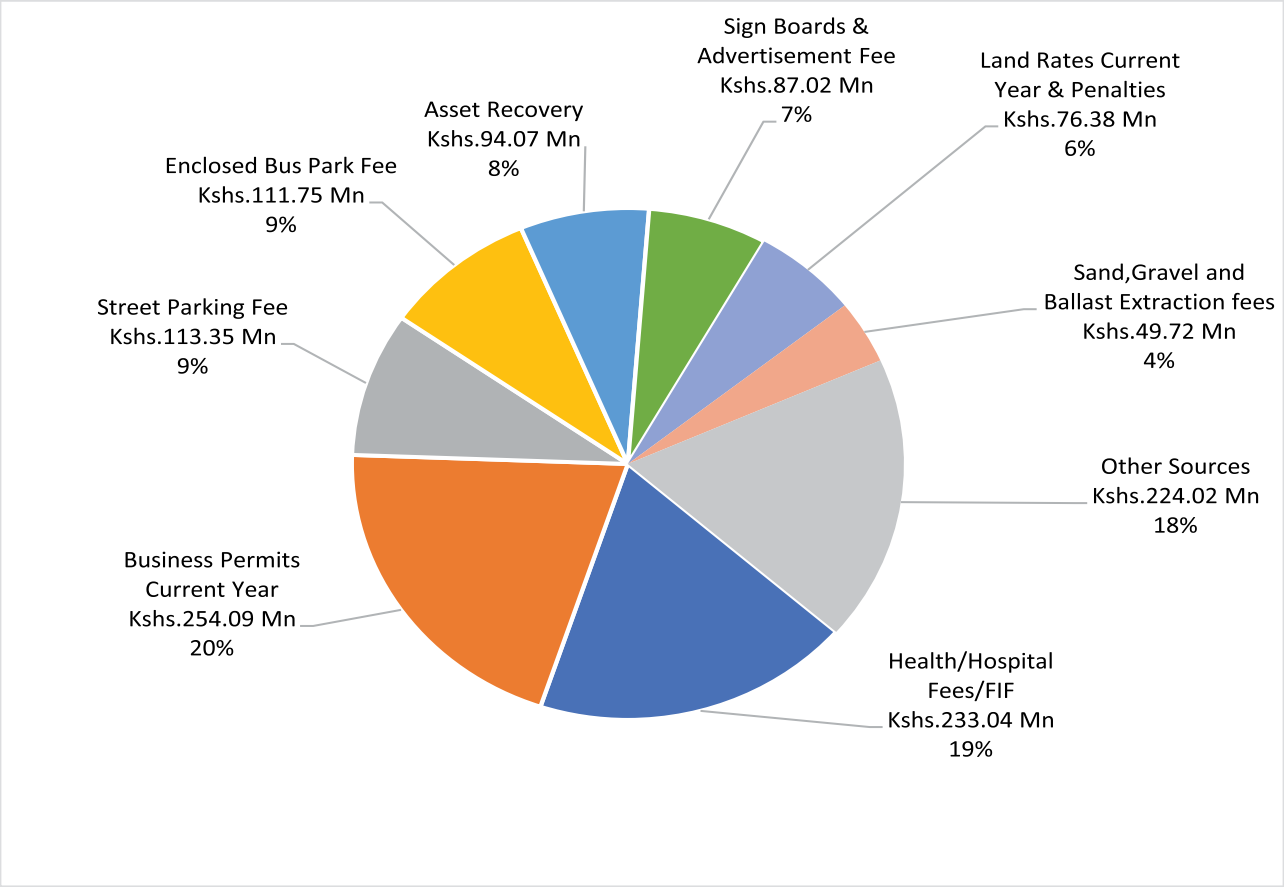


Source: *Uasin Gishu County Treasury*

During the year, the County generated Kshs.1.35 billion from its revenue sources, including FIF. This amount was a decrease of 4.9 per cent compared to Kshs.1.42 billion realised in a similar period in FY 2023/24. It was 88.2 per cent of the annual target and 16 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 174.

Figure 174: Uasin Gishu County Top Own Source Revenue Streams in FY 2024/25



Source: Uasin Gishu County Treasury

As shown in Figure 174, the highest revenue stream, at Kshs.254.09 million, was from Business permits, accounting for 20 per cent of the total OSR receipts. The County Government has automated two out of 40 revenue streams.

3.44.3 Borrowing by the County

As reported by the County Treasury, the County did not borrow during the reporting period.

3.44.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.11.14 billion from the CRF account in FY 2024/25, which comprised Kshs.4,56 billion (41 per cent) for development programmes and Kshs.6.58 billion (59 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.4.83 billion was towards employee compensation and Kshs.1.75 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 20.1 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.353.41 million and included Kshs.221.79 million for the County Executive and Kshs.131.62 million for the County Assembly. The foreign exchequer totalled Kshs.17.9 million, comprising Kshs.11.1 million for the County Executive and Kshs.6.8 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.1.49 million.

3.44.5 County Expenditure Review

The County spent Kshs.11.13 billion on development and recurrent programmes in the reporting period. This expenditure represented 99.9 per cent of the total funds released by the CoB. It comprised Kshs.3.59 billion for development programmes and Kshs.7.54 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 56.5 per cent, while recurrent expenditures represented 85.5 per cent of the annual recurrent expenditure budget.

3.44.6 Settlement of Pending Bills

As of 30 June 2024, the County reported pending bills totalling Kshs.710.18 billion. This amount included Kshs.672.52 billion from the County Executive and Kshs.37.66 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.420.68 million for recurrent expenditures and Kshs.251.84 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.664.71 million, comprising Kshs.415.30 million (98.7 per cent) for recurrent programmes and Kshs.249.42 million (86.2 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.3.3 million (8.8 per cent) for recurrent activities. Table 3.532 provides additional details of pending bills.

Table 3.532: Uasin Gishu County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	251,840,938	246,113,404	193,924,798	199,652,332
Development	420,684,433	415,303,968	858,199,867	863,580,332
Total	**672,525,371**	**661,417,371**	**1,052,124,665**	**1,063,232,664**
County Assembly				
Recurrent	37,658,452	3,303,791	23,371,961	57,726,622
Development	0	0	0	0
Total	**37,658,452**	**3,303,791**	**23,371,961**	**57,726,622**

Source: Uasin Gishu County Treasury

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.672.5 million and Kshs.37.66 million, respectively, in FY 2024/25. The County adhered mainly to this payment plan, as it cleared Kshs.661.42 million for the Executive and Kshs.3.30 million for the Assembly.

Table 3.533 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.1.063 billion.

Table 3.533: County Uasin Gishu Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	184,168,658	15,483,675			199,652,333
Recurrent Pending Bills (Goods & Services)	450,975,363	210,178,485	12,930,259	90,790,137	764,874,244
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	156,432,710				156,432,710
Recurrent Pending Bills (Staff Claims)					0
Total Recurrent Pending Bills	607,408,073	210,178,485	12,930,259	90,790,137	921,306,954
Total Pending Bills	791,576,731	225,662,160	12,930,259	90,790,137	1,120,959,287
% of Total	71	20	1	8	100

Source: *Uasin Gishu County Treasury*

3.44.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.49 billion for compensation of employees, Kshs.2.25 billion for operations and maintenance, and Kshs.3.56 billion for development activities. Similarly, the County Assembly spent Kshs.335.01 million on compensation of employees, Kshs.464.88 million on operations and maintenance, and Kshs.31.02 million on development activities, as shown in Table 3.534.

Table 3.534: Uasin Gishu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Overall Absorption
	County Executive	County Assembly	County Executive	County Assembly	
Total Recurrent Expenditure	**8,013,669,218**	**807,072,370**	6,738,993,433	799,890,981	**85.5**
Compensation to Employees	4,575,628,740	365,990,414	4,491,809,192	335,012,933	97.7
Operations and Maintenance	3,438,040,478	441,081,956	2,247,184,241	464,878,048	69.9
Development Expenditure	6,248,382,347	110,667,175	3,562,300,871	31,020,937	56.5
Total	**14,262,051,565**	**917,739,545**	**10,301,294,304**	**830,911,918**	**73.3**

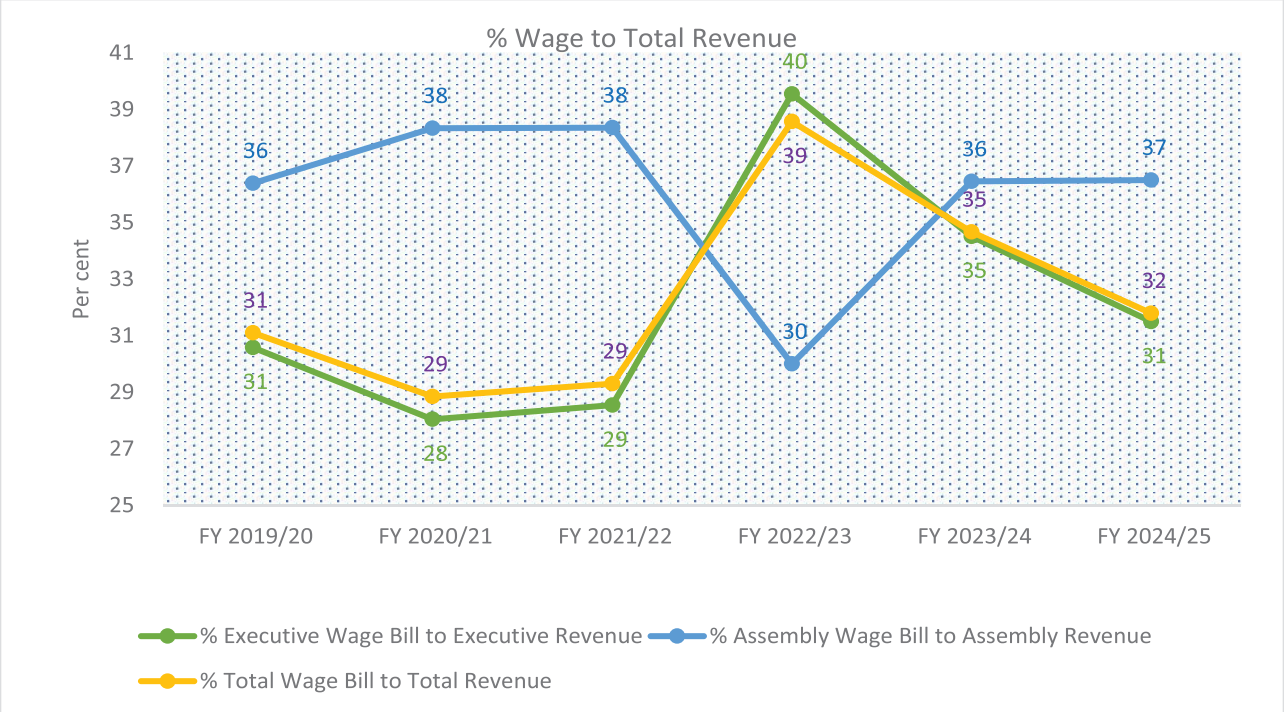
***Source**: Uasin Gishu County Treasury*

3.44.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.4.86 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue of Kshs.15.18 billion, in line with Regulation 25(1)(c) of the PFM (County Governments) Regulations 2015, was 32 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.4.61 billion reported in FY 2023/24. Of this total, Kshs.1.87 billion related to the Health Sector employees, which accounted for 39 per cent of the overall employees' compensation.

Figure 175 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 175: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: Uasin Gishu County Treasury

Further analysis revealed that PE costs totalling Kshs.4.25 billion for 4786 staff were processed through the Human Resource Information System (HRIS) Kshs.574.70 million was processed through manual payrolls, which accounted for 11.9 per cent of the total PE cost.

The manual payrolls comprised salaries for 591 staff not onboarded into the Human Resource Information System (HRIS), salaries for 890 casuals, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/ LAPFUND Pension Contributions, as shown in Table 3.535

Table 3.535: Breakdown of Uasin Gishu County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	246,368,556	14,262,615	**260,631,171.1**
2	Salaries for casual staff	158,130,487	-	**158,130,486.8**
3	Gratuity for contract staff	68,293,415	28,295,615	**96,589,030.3**
4	Community Health Workers	59,347,500		**59,347,500.0**
5	**Total**	**532,139,958**	**42,558,230**	**574,698,188**

Source: Uasin Gishu County Treasury

The County Assembly spent Kshs.38.92 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.39.92 million. The average monthly sitting allowance was Kshs.72.071 per MCA. The County Assembly has 25 House Committees.

3.44.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.565.99 million to County-Established funds in FY 2024/25, or 3.7 per cent of the County's overall budget. Further, the County allocated Kshs.85.3 million to the Emergency Fund (0.6 per cent of the total budget), not in line with Section 110 of the PFM Act, 2012, which recommends at least 2 per cent of the total budget. Table 3.536 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.536: Performance of Uasin Gishu County Established Funds in FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No)
	County Executive Established Funds					
1	Uasin Gishu County Emergency Fund-Governor	85,300,000	85,300,000	85,300,000	275,096,374	Yes
2	Uasin Gishu County Enterprise Development Fund (Co-op)	116,984,014	116,984,014	116,984,014	634,755,449	Yes
3	Uasin Gishu County Inua Biashara Fund (trade)	102,797,685	102,797,685	102,797,685	353,612,396	Yes
4	Uasin Gishu County Bursary and Skills Development Support Fund	176,000,000	-	-	12,386,200,000	Yes
5	Car Loan & Mortgage - County Executive(governor)	25,000,000	-	-	-	Not yet
6	Uasin Gishu TVET Fund	40,000,000	-	-	325,382,015	Yes
7	County Education Revolving Fund	-	-	-	322,115,883	Yes
8	Uasin Gishu Alcohol Drinks Control Fund	-	-	-	36,643,826	Yes
	County Assembly Established Funds					
9	Car Loan & Mortgage - County Assembly	19,908,000	-	-	325,272,646	Not yet
	Total	**565,989,699**	**305,081,699**	**305,081,699**	**14,659,078,589**	

Source: *Uasin Gishu County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from two Fund Administrators, as indicated in Table 3.536, contrary to the requirement of Section 168 of the PFM Act, 2012. The County did not disclose the administration costs of the funds, whether they were within or above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the Uasin Gishu County Bursary and Skills Development Support Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

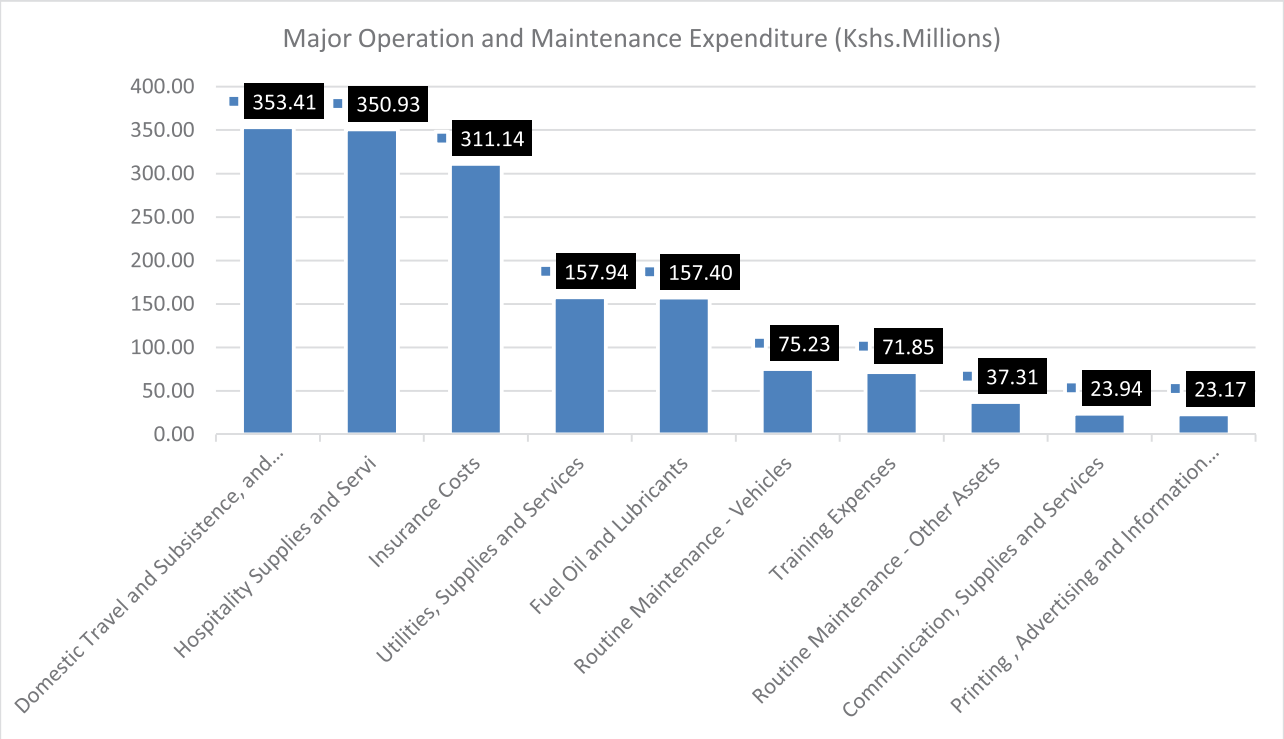
3.44.10 County Corporations

The County has yet to establish any County corporation.

3.44.11 Expenditure on Operations and Maintenance

Figure 176 summarises the Operations and Maintenance expenditure by major categories.

Figure 176: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: *Uasin Gishu County Treasury*

Expenditure on domestic travel amounted to Kshs.353.41 million and comprised Kshs.221.79 million spent by the County Assembly and Kshs.131.62 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.90 million and comprised Kshs.6.81 million by the County Assembly and Kshs.11.09 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.537.

Table 3.537: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	23rd May 2025-2nd June 2025	Training	Tokyo Japan	1,127,892
County Executive	4	May 2025-	Collaboration	USA	14,490,318
County Assembly	8	December	Training	Kampala	3,261,060

Source: Uasin Gishu County Treasury and Uasin County Assembly

Other types of expenditure under the operations and maintenance costs include Kshs.350.93 million on hospitality and supplies, Kshs.311.14 million on insurance, and Kshs.157.94 million on utilities.

3.44.12 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.233.04 million as FIF, which was 294.44 per cent of the annual target of Kshs.79.15 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

Health facilities were owed a combined total of Kshs.44.15 million across the two schemes, namely the the Social Health Insurance Fund (SHIF), and the County did not provide the outstanding debts from the defunct National Health Insurance Fund (NHIF). A breakdown of the claims is presented in Table 3.538.

Table 3.538: Uasin Gishu County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHA (Kshs.Million)			SHIF (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Approved Claims	Claims Paid	Balance	Pending Debt
1	Four Level 4 Hospitals	66,416,261	35,733,714	30,682,547	-	9,410,782	-9,410,782	
2	Twelve Level 3 Hospitals	80,421,161	60,159,500	23,873,966	-	8,439,018	-8,439,018	
3	Twenty-six Level 2 Hospitals	-	6,897,393	-	-	13,127,489	-13,127,489	
	Total	**146,837,422**	**102,790,606**	**44,046,816**	**-**	**30,977,290**	**-30,977,290**	**-**

Source: *Uasin Gishu County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Authority (SHA) amounting to Kshs.146.84 million. Of this, only Kshs.102.79 million was disbursed, occasioning a pending balance of Kshs.44.05 million. There was no data by the County for the approved claims under the Social Health Insurance Fund (SHIF); however, claims paid by SHIF totalled Kshs.30.97 million. Further, the County did not provide information on the defunct National Health Insurance Fund (NHIF) owed by health facilities.

The expenditure by the health facilities amounted to Kshs.million, as shown in Table 3.539.

Table 3.539: Uasin Gishu County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1.	Three Level 4 Hospitals	22,963,677	22,963,677	100
2.	Ten 3 Health Facilities	32,948,346	32,948,346	100
3.	Ten 2 Health Facilities	2,661,220	2,661,220	100
	Total	**58,573,243**	**58,573,243**	**100**

Source: *Uasin Gishu County Treasury*

3.44.13 Development Expenditure

In the review period, the County reported spending Kshs.3.56 billion on development programmes, representing an increase of 57.5 per cent compared to FY 2023/24, when the County spent Kshs.2.26 billion. Table 3.539 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the rollout of the procurement plan earlier than in previous years.

Table 3.540: Uasin Gishu County, List of Development Projects with the Highest Expenditure

No.	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs.)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Construction of Kesses Phase II	Kesses		450,567,250	100,000,000	427,491,496	84
2	Ziwa Level V Phase II	Ziwa		806,562,179	30,000,000	311,445,626	45
3	County Aggregation and Industrial Park (CAIP	Moiben		535,000,000	-	238,500,000	52
4	Ziwa Level V Phase III	Ziwa		415,317,248	50,000,000	147,068,408	65

No.	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs.)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
5	Construction of the Turbo Level IV Hospital	Tapsagoi		705,710,330	50,000,000	111,051,894	21
6	Proposed Erection and completion of the outpatient unit, ICU & HDU block, Burnt Forest Hospital.	Ainabkoi		60,000,000	20,000,000	57,537,740	100
7	Request for proposal for the supply, installation, testing, and commissioning of the Integrated Revenue System	County-wide		47,800,000	47,800,000	42,800,000	1
8	Construction and completion of the Theatre block and the postnatal block at Ziwa Sub-County Hospital	Ziwa		14,599,635	2,000,000	12,696,675	98
9	Construction of Ziwa Machine - Cheplelaibei Bridge in Ziwa Ward	Ziwa		25,927,658	12,000,000	11,026,908	50
10	Purchase & installation of spares and solar streetlights for Kapsoya, Kipkorgot and Illula in Kapsoya Ward	Kapsoya		10,000,000	10,000,000	9,999,950	100

Source: *Uasin Gishu County Treasury*

The County did not report stalled development projects as of 30 June 2025.

3.44.14 Budget Performance by Department

Table 3.541 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.541: Uasin Gishu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office	131.12		102.85		105.02		102.1	-	80.1	-
Finance	763.91		412.46		762.25		184.8	-	99.8	-
Public Service Management	891.92	30.03	782.54	29.03	861.42		110.1	-	96.6	-
Administration- ICT and E-Government	76.15		47.85		62.99	20.41	131.6	-	82.7	-
Roads, Transport and Infrastructure	608.74	818.67	579.58	445.92	532.14	716.84	91.8	160.8	87.4	87.6
Health Services	1,829.55	472.14	1,279.19	349.07	1,614.00	225.47	126.2	64.6	88.2	47.8
Agriculture, Livestock and Fisheries	287.88	425.85	195.93	312.79	223.19	243.48	113.9	77.8	77.5	57.2
Trade, Cooperatives, Tourism, Wildlife	156.44	403.03	132.68	198.27	143.33	196.31	108.0	99.0	91.6	48.7
Education, Social, Cultural, Youth and Sports	628.99	236.01	455.34	129.46	456.41	78.22	100.2	60.4	72.6	33.1
County Public Service Board	73.95		48.41		71.05		146.8	-	96.1	-
County Assembly	807.07	110.67	799.89	31.02	799.89	31.02	100.0	100.0	99.1	28.0
Economic Planning	121.89		107.31		119.25		111.1	-	97.8	-
Administration and Devolution	179.17	273.48	122.54	260.68	158.05	182.43	129.0	70.0	88.2	66.7

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
YOUTH AND SPORTS DEVELOPMENT	241.79	93.86	146.34	79.63	227.78	62.92	155.7	79.0	94.2	67.0
Cooperatives and Enterprise Development	163.44		125.12		156.36	-	125.0	-	95.7	-
Livestock Development and Fisheries	48.75	158.26	18.37	132.28	27.13	87.80	147.7	66.4	55.7	55.5
Eldoret Municipality	584.08	169.67	134.44	120.47	136.22	101.31	101.3	84.1	23.3	59.7
Promotive and Preventive Health	544.89	110.49	542.98	109.32	538.56	50.06	99.2	45.8	98.8	45.3
Energy, Environment, Climate Change, and Natural Resources	50.28	445.94	19.24	359.98	26.92	341.04	139.9	94.7	53.5	76.5
Partnership Liason and Linkages	49.08		37.85		42.93		113.4	-	87.5	-
Gender, Social Protection, and Culture	148.95	51.79	134.96	47.46	150.30	33.01	111.4	69.6	100.9	63.7
Housing and Urban Development	40.50	1,356.25	33.82	1,019.15	31.31	456.27	92.6	44.8	77.3	33.6
Lands and Physical Planning	97.05	268.91	79.70	183.90	74.65	92.01	93.7	50.0	76.9	34.2
Water, Irrigation and Sanitation	204.22	933.98	187.08	752.21	170.72	674.74	91.3	89.7	83.6	72.2
Uasin Gishu - County Attorney	90.93		53.25		47.02		88.3	-	51.7	-
Total	**8,820.74**	**6,359.05**	**6,579.74**	**4,560.65**	**7,538.88**	**3,593.32**	114.6	78.8	74.6	56.5

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

Analysis of expenditure by departments shows that the Roads, Transport and Infrastructure recorded the highest absorption rate of development budget at 87.6 per cent, followed by the Department of Energy, Environment, Climate Change and Natural Resources at 76.5 per cent. The Department of Gender, Social Protection, and Culture had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Eldoret Municipality had the lowest at 23.3 per cent.

3.44.15 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 5 August 2025.
ii. Unspent funds from FY 2023/24 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.541.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Bursary and Scholarship Fund had lapsed, making them ineligible for further withdrawals.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 July 2025, the reports for the Executive car and mortgage Fund and County Assembly car and mortgage were not submitted to the CoB.
v. High level of pending bills, which amounted to Kshs.1.06 billion as of 30 June 2025.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.532.14 million were staff not onboarded into HRIS and were processed through manual payroll, accounting for 11.9 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vii. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.44.5 million across the two schemes—SHIF, and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
v. *The County Leadership should ensure that genuine bills are paid. Further, compliance with the Pending Bills Action Plan should be enforced.*
vi. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vii. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.45. County Government Vihiga

3.45.1 Overview of FY 2024/25 Budget

The Vihiga County Approved Supplementary I Budget for FY 2024/25 was Kshs.7.11 billion. It comprised Kshs.2.29 billion (32 per cent) and Kshs.4.82 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.426.05 million (8 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.20 billion and a recurrent budget of Kshs.4.48 billion. The increase in the budget was primarily attributed to the increase in the conditional grants.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.5.29 billion (74 per cent), additional allocations of Kshs.1.03 billion (15 per cent), a cash balance of Kshs.443.50 million (6 per cent) brought forward from FY 2023/24, and Kshs.340.00 million (5 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.186.47 million (48 per cent) deposited into the CRF and Kshs.211.39 million (52 per cent) as Appropriations-in-Aid (A-I-A) spent at source. The A-I-A comprised Kshs.211.39 million (100 per cent) as the Facility Improvement Financing (revenue from health medical facilities). A breakdown of the additional allocations is shown in Table 3.542.

3.45.2 Revenue Performance

The County received Kshs.6.67 billion in revenues in the review period to fund its development and recurrent activities. This amount represented a 20 per cent increase compared to the amount received in FY 2023/24 of Kshs.5.57 billion. The total revenue consisted of Kshs.5.71 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.118.16 million, as well as-source revenue (OSR) collection of Kshs.397.86 million. Additionally, the County had a cash balance of Kshs.443.50 million from FY 2023/24.

The total OSR collection of Kshs.397.86 million included Facilities Improvement Financing (FIF) of Kshs.211.39 million, and Kshs.186.47 million from other OSR sources. Table 3.542 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.542: Vihiga County, Revenue Performance in FY 2024/25

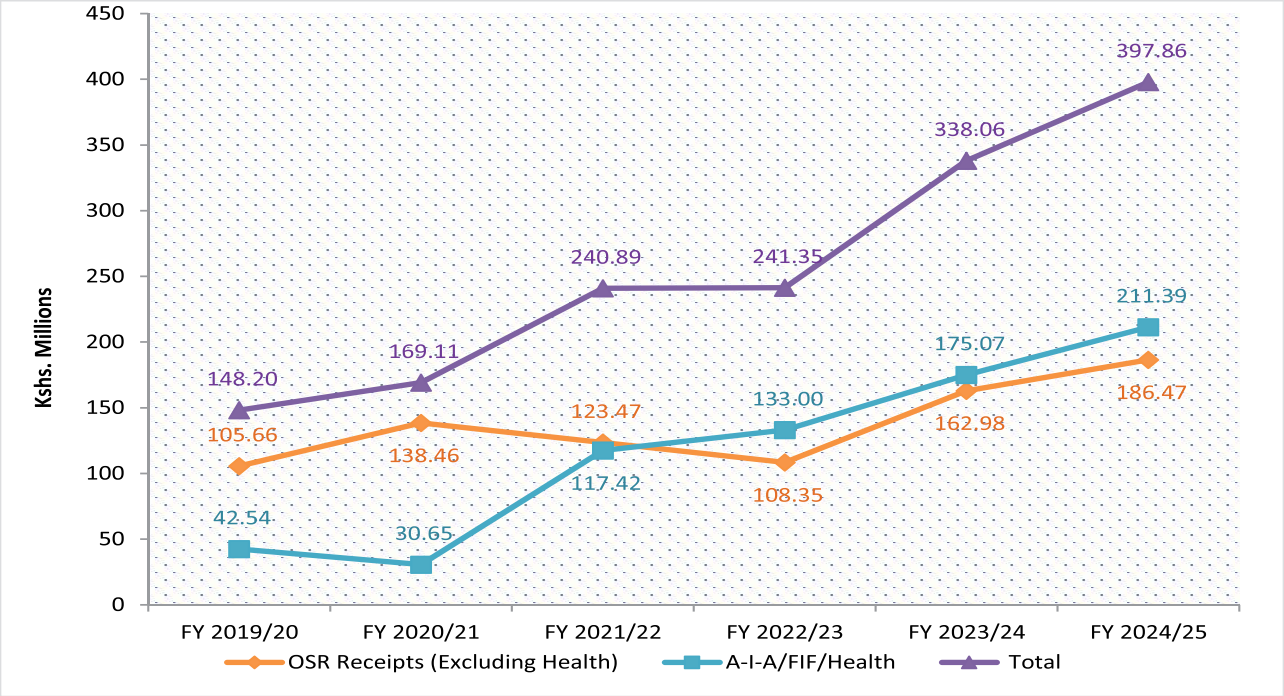
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	5,292,921,648	5,714,284,568	108
Sub Total		**5,292,921,648**	**5,714,284,568**	**108**
B	**Conditional Grants**			
1	Road Maintenance Fuel Levy	104,335,372	37,535,760	36

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
2	Community Health Promoters (CHPS)	43,380,000	0	-
3	Primary Health Care in Developed Context Programme (DANIDA)	16,015,507	7,166,250	45
4	Aggregated Industrial Parks Programme	250,000,200	0	-
5	National Agriculture Value Chain Development Projects (NAVCDP)	158,015,152	29,305,638	19
6	Kenya Devolution Support Programme - KDSP II (GRANT)	37,500,000	0	-
7	Kenya Urban Support Programme - UIG Grant	35,000,000	32,309,300	92
8	Nutrition International	2,613,932	0	-
9	Financing Locally Led Climate Action Plan -KFW/IDA (CCRI)	316,350,444	0	-
10	Kenya Agricultural Business Development Project (KABDAP)	10,918,919	0	-
11	Village Polytechnic	21,234	0	-
12	Financing Locally Led Climate Action Plan - KFW/IDA (CCIS)	22,000,000	11,840,302	54
13	Kenya Urban Support Programme - UDG Grant	18,278,289	0	-
14	Basic Salary Arrears for County Government Health Works	15,044,112	0	-
Sub-Total		**1,029,473,161**	**118,157,250**	**11**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	163,510,408	186,473,246	114
2	Balance b/f from FY2023/24	443,502,069	443,502,069	100
3	Facility Improvement Fund (FIF)	176,489,592.00	211,386,256	120
4	Other Revenues	-	-	-
5	Appropriation in Aid (AIA)	-	-	-
Sub Total		783,502,069	841,361,571	107
Grand Total		**7,105,896,878**	**6,673,803,389**	**94**

Source: *Vihiga County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 177 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 177: Vihiga County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

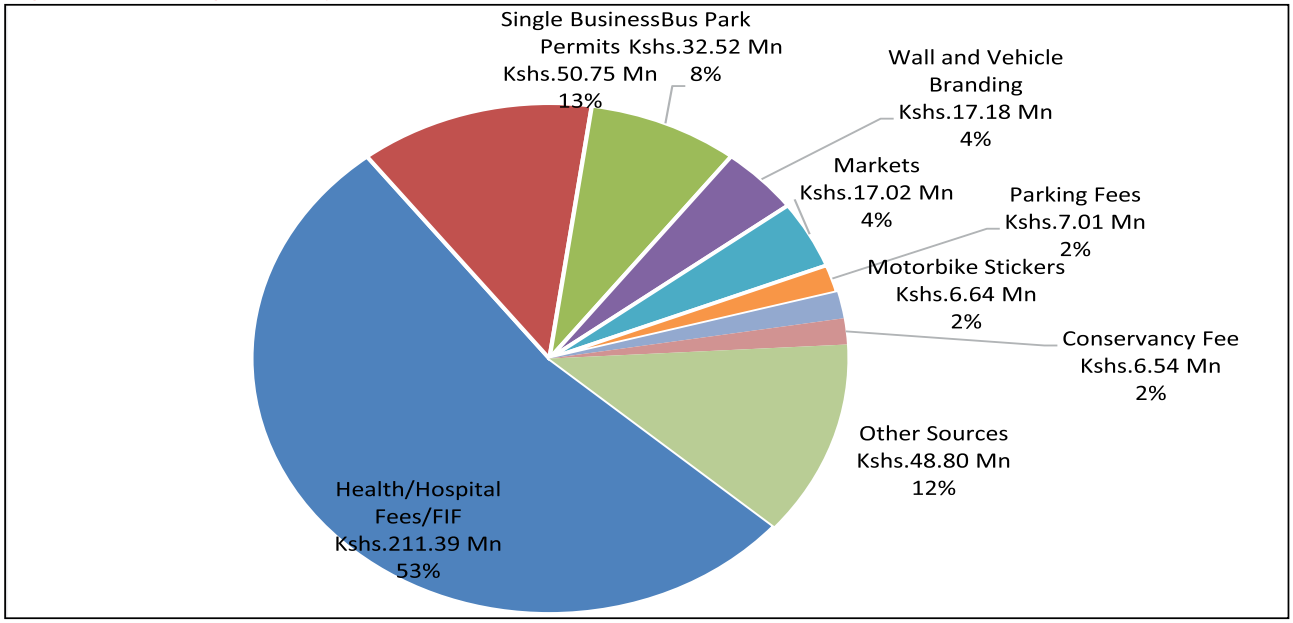


Source: *Vihiga County Treasury*

During the year, the County generated Kshs.397.86 million from its revenue sources, including FIF. This amount was an increase of 18 per cent compared to Kshs.338.06 million realised in a similar period in FY 2023/24, and was 117 per cent of the annual target and 7 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to enhanced revenue enforcement measures. The revenue streams which contributed the highest OSR receipts are shown in Figure 178.

Figure 178: Vihiga County Top Own Source Revenue Streams in FY 2024/25



Source: *Vihiga County Treasury*

As shown in Figure 178, the highest revenue stream, at Kshs.211.39 million, was from Health/Hospital/FIF, accounting for 53 per cent of the total OSR receipts. The County Government has automated 43 out of 46 revenue streams.

3.45.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.48.86 million. This amount increased to Kshs.107.28 million as of 30 June 2025, indicating that the County had accumulated additional arrears of Kshs.86.23 million. Table 3.543 presents a breakdown of the County's revenue arrears.

Table 3.543: Vihiga County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Ordinary Own Sources of Revenue	23,752,689		13,987	25,407,280	49,145,982
B	Facility Improvement Fund (FIF)	25,104,587	2,687,689	25,104,587	60,823,024	58,135,335
Total		48,857,276	2,687,689	25,118,574	86,230,304	107,281,317

Source: *Vihiga County Treasury*

As of 30 June 2025, the revenue arrears comprised the Ordinary Own Sources of Revenue of Kshs.49.15 million (46 per cent) and the Facility Improvement Fund of Kshs.58.14 million (54 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include enhanced enforcement measures.

3.45.4 Borrowing by the County

Vihiga County Executive borrowed a total of Kshs.1.19 billion from Kenya Commercial Bank to support its operations. The purpose of the borrowing was mainly to enable prompt salary payments for the County staff and was approved by the County Assembly. As of 30 June, 2025, there were no outstanding amounts. The County Assembly did not provide information on their borrowing.

3.45.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.6.01 billion from the CRF account in FY 2024/25, which comprised Kshs.1.33 billion (21 per cent) for development programmes and Kshs.4.68 billion (79 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.50 billion was towards employee compensation and Kshs.1.19 billion for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 21 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.254.27 million and included Kshs.125.25 million for the County Executive and Kshs.129.02 million for the County Assembly. The foreign exchequer totalled Kshs.30.36 million, comprising Kshs.11.83 million for the County Executive and Kshs.11.53 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.38.71 million.

3.45.6 County Expenditure Review

The County spent Kshs.5.58 billion on development and recurrent programmes in the reporting period. The expenditure represented 93 per cent of the total funds released by the CoB. It comprised Kshs.645.27 million for development programmes and Kshs.4.94 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 57 per cent, while recurrent expenditure represented 89 per cent of the annual recurrent expenditure budget.

3.45.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.1.42 billion as of 30 June 2024. This amount included Kshs.1.38 billion from the County Executive and Kshs.42.20 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.347.34 million for recurrent expenditures and Kshs.1.03 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.544.46 million, comprising Kshs.136.12 million (25 per cent) for recurrent programmes and Kshs.408.35 million (75 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.42.20 million, which was entirely for recurrent activities. Table 3.544 provides additional details of pending bills.

Table 3.544: Vihiga County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	347,340,306	136,115,179	-	211,225,127
Development	1,029,326,360	408,345,538	-	620,980,823
Total	**1,376,666,666**	**544,460,717**	**-**	**832,205,949**
County Assembly				
Recurrent	42,196,527	42,196,627		-
Development	-	-	-	-
Total	**42,196,527**	**42,196,627**	**-**	**-**

Source: *Vihiga County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to paying Kshs.1.38 billion and Kshs.42.20 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.544.46 million for the Executive and Kshs.42.20 million for the Assembly.

Table 3.545 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.832.21 million, excluding the pending bills for the FY2024/25, which were still under verification.

Table 3.545: Vihiga County Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**0**	237,176,986	229,175,495	91,480,461	557,832,941
Recurrent Pending Bills (Goods & Services)		146,851,906	127,521,102	-	274,373,008
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)					-
Recurrent Pending Bills (Staff Claims)					-
Total Recurrent Pending Bills	0	146,851,906	127,521,102	-	274,373,008
Total Pending Bills	**0**	**384,028,892**	**356,696,597**	**91,480,461**	**832,205,949**
of Total		**46**	**43**	**11**	**100**

Source: *Vihiga County Treasury*

The County did not adhere to the action plan for the pending bills. In addition, the above pending bills exclude the pending bills for the FY 2024/25.

3.45.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.77 billion for compensation of employees, Kshs.871.90 million for operations and maintenance, and Kshs.1.30 billion for development activities. Similarly, the County Assembly spent Kshs.348.71 million on compensation of employees, Kshs.314.19 million on operations and maintenance, and Kshs.11.05 million on development activities, as shown in Table 3.546.

Table 3.546: Vihiga County Summary of Budget and Expenditure by Economic Classification

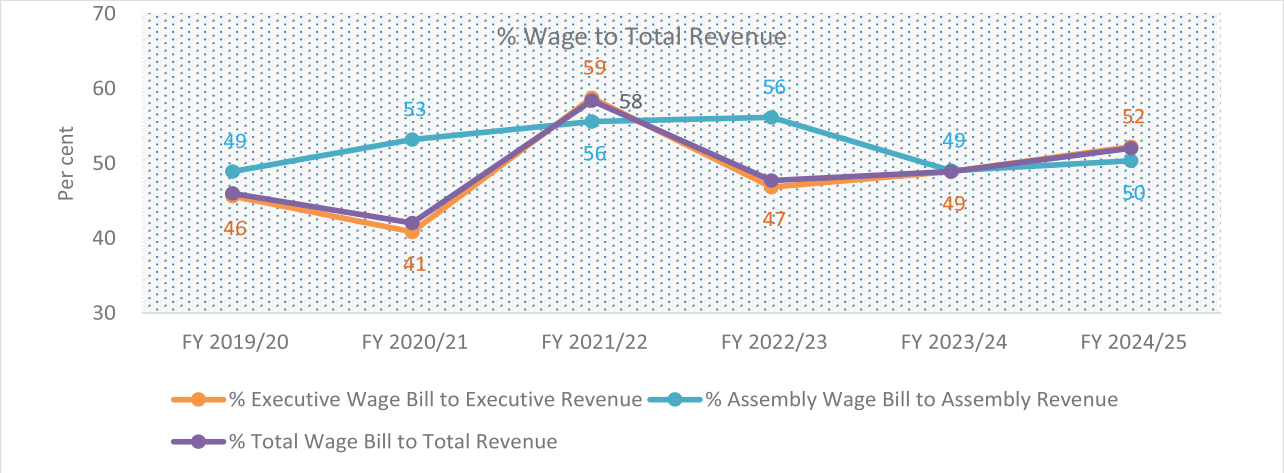
Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**4,115,277,685**	**703,849,057**	**3,640,642,132**	**662,894,524**	**88**	**94**
Compensation of Employees	2,861,106,839	310,313,668	2,768,744,919	348,705,754	97	112
Operations and Maintenance	1,254,170,766	393,535,389	871,897,213	314,188,770	70	80
Development Expenditure	**2,275,370,867**	**11,399,349**	**1,296,356,651**	**11,050,170**	**57**	**97**
Total	**6,390,648,472**	**715,248,406**	**4,936,998,783**	**673,944,694**	**77**	**94**

Source: *Vihiga County Treasury*

3.45.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.12 billion. Therefore, the percentage of employee compensation to revenue was 47 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.61 billion reported in FY 2023/24. Of this total, Kshs.1.31 billion related to the Health Sector employees, which accounted for 42 per cent of the overall employees' compensation.
Figure 179 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 179: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: *Vihiga County Treasury*

Further analysis indicated that PE costs amounting to Kshs.3.05 billion were processed through the Human Resource Information System (HRIS), while Kshs.41.12 million was processed through manual payroll, which accounted for 13 per cent of the total PE cost.

As shown in Table 3.547 the manual payroll comprised salaries for 1,441 community health volunteers (CHVs) and a top-up allowance for security personnel

Table 3.547: Breakdown of Vihiga County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for casual staff (CHVs)	37,176,960
2	Top-up Allowances for Security Officers	3,931,350
	Total	**41,108,310**

Source: *Vihiga County Treasury*

The County Assembly spent Kshs.30.55 million on committee sitting allowances for the 37 MCAs against the annual budget allocation of Kshs30.68 million. The average monthly sitting allowance was Kshs.68,801 per MCA. The County Assembly has 18 House Committees.

3.45.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.206.50 million to County-Established funds in FY 2024/25, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.13.50 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.548 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.548: Performance of Vihiga County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the FY 2024/25 (Kshs.)	Actual Expenditure in the FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of the Financial Statements (Yes/ No)
	County Executive Established Funds						
1	Emergency Fund	2020	13,500,000	13,500,000	-	-	No
2	Education Fund	2015	35,000,000	25,000,000	36,681,680	1,041,743,412	No
3	Sports Fund	2019	18,000,000	18,000,000	15,432,015	83,000,000	No
4	Trade and Enterprise Fund	2018	-	-	404,930	59,977,000	No
5	Car-loan and Mortgage Fund		-	-	1,344,266	70,000,000	No
6	FIF Fund	2019	140,000,000	-	225,615,505		No
	County Assembly Established Funds						
7	Car-loan and Mortgage	-	-	-	-	200,000,000	No
	Total		**206,500,000**	**56,500,000**	**279,478,396**	**1,454,720,412**	

***Source**: Vihiga County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Emergency Fund, Education Fund, Sports Fund, Trade and Enterprise Fund, Executive Car Loan and Mortage Fund, Facility Improvement Fund and Vihiga County Assembly Car Loan and Mortgage Fund Administrators, as indicated in Table 3.548, contrary to the requirement of Section 168 of the PFM Act, 2012. Consequently, disclosure of administration costs of the Vihiga County Bursary Fund, Vihiga County Emergency Fund and Vihiga County Assembly MCAs and Staff Car Loan and Mortgage Fund could not be established if they were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2024/25, the CoB established that the lifespan of the Vihiga County Education Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

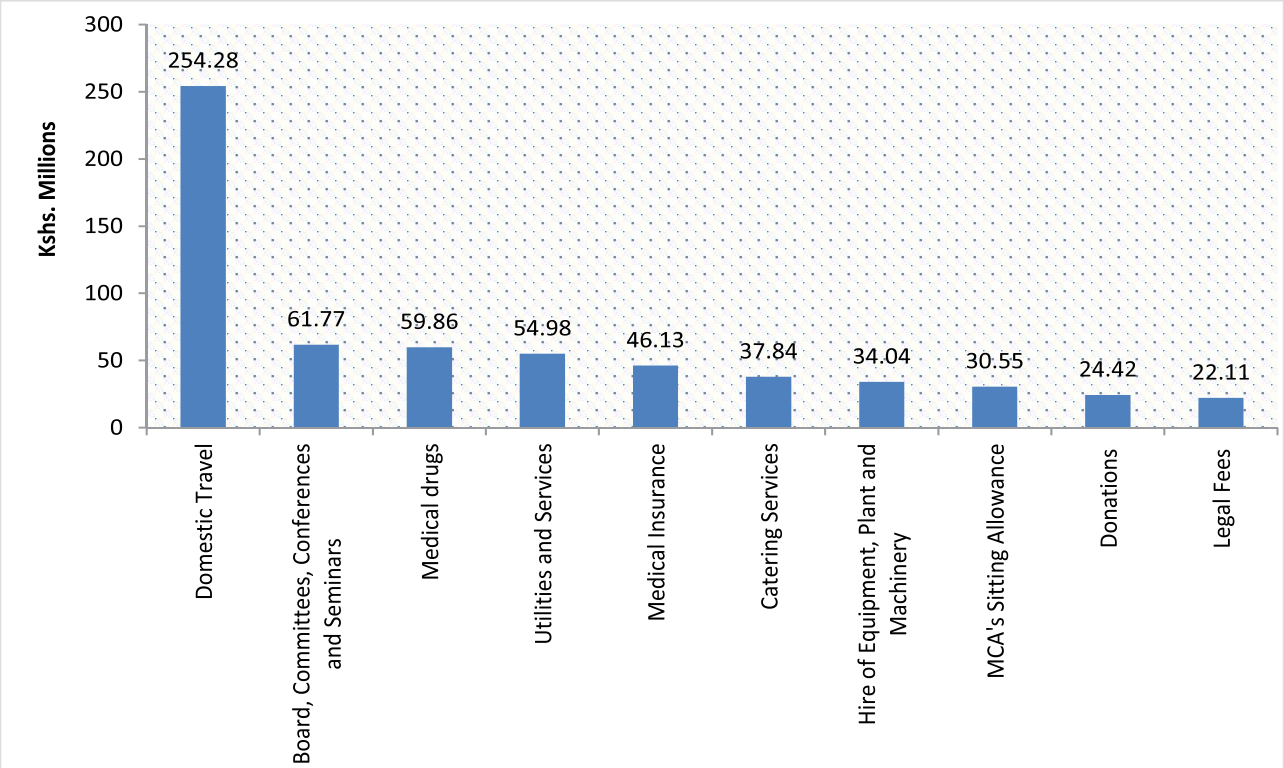
3.45.11 County Corporations

The County does not have established County Corporations.

3.45.12 Expenditure on Operations and Maintenance

Figure 180 summarises the Operations and Maintenance expenditure by major categories.

Figure 180: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: *Vihiga County Treasury*

Expenditure on domestic travel amounted to Kshs.254.28 million and comprised Kshs.129.02 million spent by the County Assembly and Kshs.125.25 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.36 million and comprised Kshs.18.54 million by the County Assembly and Kshs.11.83 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.549.

Table 3.549: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	11th to 22nd November, 2024	Climate Change Conference	Baku, Azerbaijan	1,690,482
County Executive	2	27th to 28th February, 2025	Land Use and Climate Innovation	Sacramento, USA	499,380
County Executive	2	25th to 28th March, 2025	Action for Climate Change Resilience	Boston, USA	202,577
County Assembly	4	27th June to 4th July, 2024	Benchmarking Fountain Gate Sports	Arusha, Tanzania	1,715,396
County Assembly	4	27th January to 2nd February, 2025	Mainstreaming Ethics and ICT	Uganda	1,290,020
County Assembly	1	16th to 20th December, 2024	EALASCA Games	Uganda	334,790
County Assembly	7	16th to 23rd January, 2025	Leadership, Accountability and Integrity	Uganda	2,506,376
County Assembly	6	20th to 26th January, 2025	Transformational Leadership and Legislation Development	Uganda	1,935,030
County Assembly	22	23rd to 28th February, 2025	EALASCA Games	Uganda	6,778,921
County Assembly	6	16th to 22nd March, 2025	Transformative Leadership and Expo	Uganda	1,675,740
County Assembly	6	20th to 27th March, 2025	Environmental Protection Forum	Uganda	1,748,496

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	6	28th March to 4th April, 2025	Productivity Improvement Forum	Uganda	1,748,496
County Assembly	6	24th to 30th March, 2025	Public Expenditure Forum	Uganda	1,635,492
County Assembly	1	27th April to 3rd May, 2025	African Minority Political Leadership Summit	Arusha, Tanzania	319,796

Source: *Vihiga County Treasury and Vihiga County Assembly*

Other types of expenditure under the operations and maintenance costs include Kshs.22.11 million related to legal fees, dues, arbitration, and compensation payments.

3.45.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.211.39 million as FIF, which was 120 per cent of the annual target of Kshs.176.49 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

As of 30 June 2025, health facilities were owed Kshs.227.60 million across the three schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.550 presents a breakdown of the claims.

Table 3.550: Vihiga County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.)			NHIF (Kshs.)
		Approved Claims	Claims Paid	Outstanding Claims	Outstanding Claims
1	One Level 4 Hospital	162,603,282	77,839,556	84,763,726	12,609,206
2	Four Level 3 Hospitals	27,229,784	8,917,286	18,282,498	14,778,879
3	Seventy Level 2 Health Facilities	67,474,190	5,605,058	61,869,132	35,264,280
	Total	**257,307,256**	**92,361,900**	**164,915,356**	**62,652,365**

Source: *Vihiga County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF totalling Kshs.257.31 million, yet actual disbursements amounted to Kshs.92.36 million, resulting in an outstanding balance of Kshs.164.92 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.62.65 million.

The expenditure by the health facilities amounted to Kshs.209.34 million, as shown in Table 3.551.

Table 3.551: Vihiga County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate (%)
1.	One Level 4 Hospital (Vihiga County Referral Hospital)	344,425,124	179,319,120	52
2.	Four Level 3 Health Facilities	45,643,312	24,414,228	53
3.	Seventy Level 2 Health Facilities	11,000,000	5,605,058	51
	Total	**401,068,436**	**209,338,406**	**52**

Source: *Vihiga County Treasury*

3.45.14 Development Expenditure

In the review period, the County reported spending Kshs.645.27 million on development programmes, representing a decrease of 42 per cent compared to FY 2023/24, when the County spent Kshs.1.12 billion. Table 3.552 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the payment of pending bills.

Table 3.552: Vihiga County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	County Assembly of Vihiga	Construction of Speaker's Residence	Chavakali Kaveye	-	34,493,609	3,393,000	38,681,687	112
2	Environment, Water, Natural Resources and Climate Change	Construction of Kaptik Mwala community Climate Resilient Water Project	Shiru	12 February, 2024	22,337,766	22,337,766	22,337,766	100
3	Transport and Infrastructure	Hire of Road Maintenance Equipment	County Headquarters	1 Year	90,000,000	22,000,000	22,000,000	100
4	Environment, Water, Natural Resources and Climate Change	Augmentation of Ebukhaya Community Project	West Bunyore	12 February, 2024	21,990,867	21,990,867	21,990,867	100
5	Environment, Water, Natural Resources and Climate Change	Construction of Kaila Community Climate Resilient Water Project	Lianda South	12 February, 2024	16,200,000	16,200,000	12,200,000	100
6	Environment, Water, Natural Resources and Climate Change	Augmentation of Nadiradi Community water project	Busali	20 December, 2024	15,899,749	15,899,749	15,899,749	100
7	Environment, Water, Natural Resources and Climate Change	Equipping, Expansion and Solarisation of the Vigina Water Project	South Maragoli	12 February, 2024	14,442,824	14,442,824	14,442,824	100
8	Environment, Water, Natural Resources and Climate Change	Construction of Mutave – Jepsesi Bridge	Tambua	12 February, 2024	13,158,334	13,158,344	13,158,344	100
9	Environment, Water, Natural Resources and Climate Change	Construction of the Ekamanji Community Climate Resilient Water Project	Luanda Township	12 February, 2024	12,598,740	12,598,740	12,598,740	100
10	Environment, Water, Natural Resources and Climate Change	Construction of Kegondi Community Climate Resilient Water Project	West Maragoli	12 February, 2024	12,097,795	12,097,795	12,097,795	100

Source: *Vihiga County Treasury*

The expenditure on the Construction of the Speaker's residence increased to 112 per cent of the contract sum, attributed to price escalation. During the period under review, the County did not report on stalled development projects.

3.45.15 Budget Performance by Department

Table 3.553 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.553: Vihiga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	244.92	-	244.7	-	209.33	-	86	-	85	-
Finance and Economic Planning.	371.37	160.22	378.19	142.39	339.29	133.77	90	94	91	83
Agriculture, Livestock & Fisheries	144.29	191.93	143.48	109.16	126.26	90.64	88	83	88	47
Health Services	1,571.34	163.2	1,539.56	138.21	1,479.75	135.47	96	98	94	83
Education & Technical Vocational Training	471.29	189.13	470.29	110.12	431.06	103.59	92	94	91	55

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Gender, Culture, Youth, Sports and Social Services	89.74	37.34	88.74	10.48	79.93	17.11	90	163	89	46
Commerce, Tourism and Cooperatives.	79.85	360.88	73.21	70.81	63.66	68.42	87	97	80	19
County Public Service Board	67.64	0	52.79	-	51.29		97	-	76	-
Environment, Water, Natural Resources and Climate Change	173.45	610.21	147.04	378.16	152.99	375.17	104	99	88	61
Transport & Infrastructure	168.87	477.1	125.35	324.19	102.38	321.93	82	99	61	67
Physical Planning, Lands, Housing & Urban Development	109.48	69.85	93.73	28.75	61.41	36.82	66	128	56	53
County Assembly	703.85	11.4	701.08	11.05	634.22	11.05	90	100	90	97
Public Service & Administration	596.03	15.5	595.93	6.95	531.26	13.44	89	193	89	87
County Attorney	27.02	0	26.96	-	12.02	-	45	-	44	-
Total	**4,819.13**	**2,286.77**	**4,681.06**	**1,330.27**	**4,274.86**	**1,307.40**	**91**	**98**	**89**	**57**

***Source**: Vihiga County Treasury*

Analysis of expenditure by departments shows that the Department of County Assembly of Vihiga recorded the highest absorption rate of development budget at 97 per cent, followed by the Department of Public Service and Administration at 87 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 94 per cent, while the Department of the County Attorney had the lowest at 22 per cent.

3.45.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 11 August 2025.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Vihiga County Education Fund had lapsed, making it ineligible for further withdrawals.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. As of 15 July 2025, the reports for the Vihiga County Education Fund, Vihiga County Emergency Fund, Vihiga County Executive Car loan and Mortgage Fund, Vihiga County Sports Fund, Vihiga County Trade and Enterprise Fund, and Vihiga County Assembly MCA's & Staff Car Loan and Mortgage Fund were not submitted to the CoB.
iv. There was a high level of pending bills, which amounted to Kshs.832.21 million as of 30 June 2025, and this excludes pending bills for FY 2024/25. Further, the County Treasury did not adhere to the payment plan for the pending bills.
v. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.227.60 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iv. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
v. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

3.46. County Government of Wajir

3.46.1 Overview of FY 2024/25 Budget

The Wajir County Gross Approved Supplementary I Budget for FY 2024/25 is Kshs.13.52 billion. It comprises Kshs.5.14 billion (38 per cent) and Kshs.8.38 billion (62 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.37 billion (11 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.89 billion and a recurrent budget of Kshs.8.26 billion. Growth in the budget was attributed to the County budgeting for Additional Allocations (Conditional Grants).

The budget was to be financed from the following revenue sources: the equitable share of revenue raised nationally, of Kshs.9.90 billion (73 per cent), additional allocations of Kshs.2.41 billion (18 per cent), a cash balance of Kshs.936.62 million (7 per cent) brought forward from FY 2023/24, and Kshs.270.00 million (2 per cent) generated as gross own-source revenue. The own-source revenue includes Kshs.180.00 million (1 per cent) as the Facility Improvement Fund (revenue from health facilities), and Kshs.90 million (0.7 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.554.

3.46.2 Revenue Performance

The County received Kshs.12.36 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an 18 per cent increase compared to the amount received in FY 2023/24 of Kshs.10.12 billion. The total revenue consisted of Kshs.9.89 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.1.21 billion and own-source revenue (OSR) collection of Kshs.331.72 million. Additionally, the County had a cash balance of Kshs.936.62 million from FY 2023/24.

The total OSR collection of Kshs.331.72 million included Facilities Improvement Financing (FIF) of Kshs.218.35 million, and Kshs.113.37 million from other OSR sources. Table 3.554 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.554: Wajir County, Revenue Performance in FY 2024/25

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
A.	**Equitable Share of Revenue Raised Nationally**	9,902,799,041	9,886,581,422	100
Sub Total		**9,902,799,041**	**9,886,581,422**	**100**
B	**Conditional Grants**			
1	County Aggregation Industrial Park	250,000,000	76,923,076	31
2	Road Maintenance Fuel Levy	251,017,318	90,533,914	36
3	Community Health Promoters (CHPs)	60,810,000	-	-
4	Transfer of Museum Function	2,244,060	-	-
5	DANIDA Grant	13,162,500	13,162,500	100
6	AFD - Kenya Informal Settlement Improvement Project II (KISIP II)	488,615,663	420,000,000	86
7	IDA (World Bank) - Emergency Locust Response Project (ELRP)	142,500,000	-	-
8	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	173,076,923	70,127,132	41
9	IDA (World Bank) Loan for the Water & Sanitation Development Project (WSDP)	700,000,000	505,969,262	72
10	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	37,500,000	-	-
11	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UIG)	35,000,000	32,309,300	92
12	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	72,942,053	-	-
13	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant	11,000,000	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation ()
14	World Bank (Finance Locally-Led Climate Program (FLLoCA) Level 2 Grant	159,416,290	-	-
15	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	10,918,919	-	-
Sub-Total		**2,408,203,726**	**1,209,025,184**	**50**
C	**Other Sources of Revenue**			
1	Ordinary Own Source Revenue	90,000,000	113,371,593	126
2	Balance B/F from FY2023/24	936,621,902	936,621,902	100
3	Facility Improvement Fund (FIF)	180,000,000	218,345,392	121
Sub Total		**1,206,621,902**	**1,268,338,887**	**105**
Grand Total		**13,517,624,669**	**12,363,945,493**	**91**

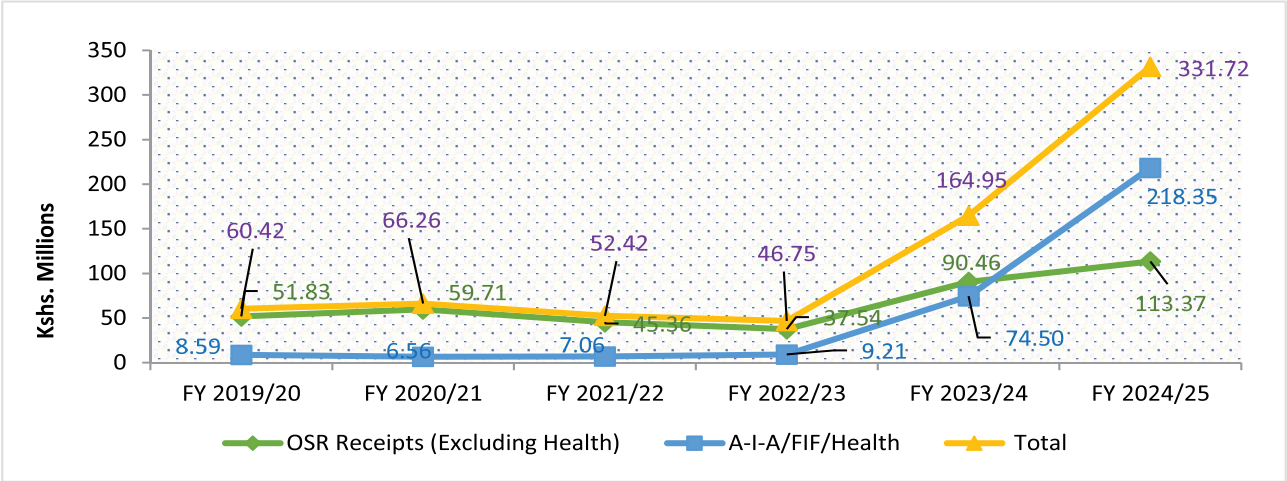
Source: *Wajir County Treasury*

The Facility Improvement Fund (FIF) and Ordinary Own Source Revenue exceeded the target by more than 100 per cent, primarily due to enhanced enforcement measures in cost sharing for health services, the enactment of the FIF Act, and increased revenue from the hiring out of County Assets.

The County has the governing legislation on the operation of FIF, the Wajir County Health Facility Improvement Financing Act 2023 and the Wajir County Health Facility Improvement Financing Regulations 2024.

Figure 181 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 181: Wajir County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

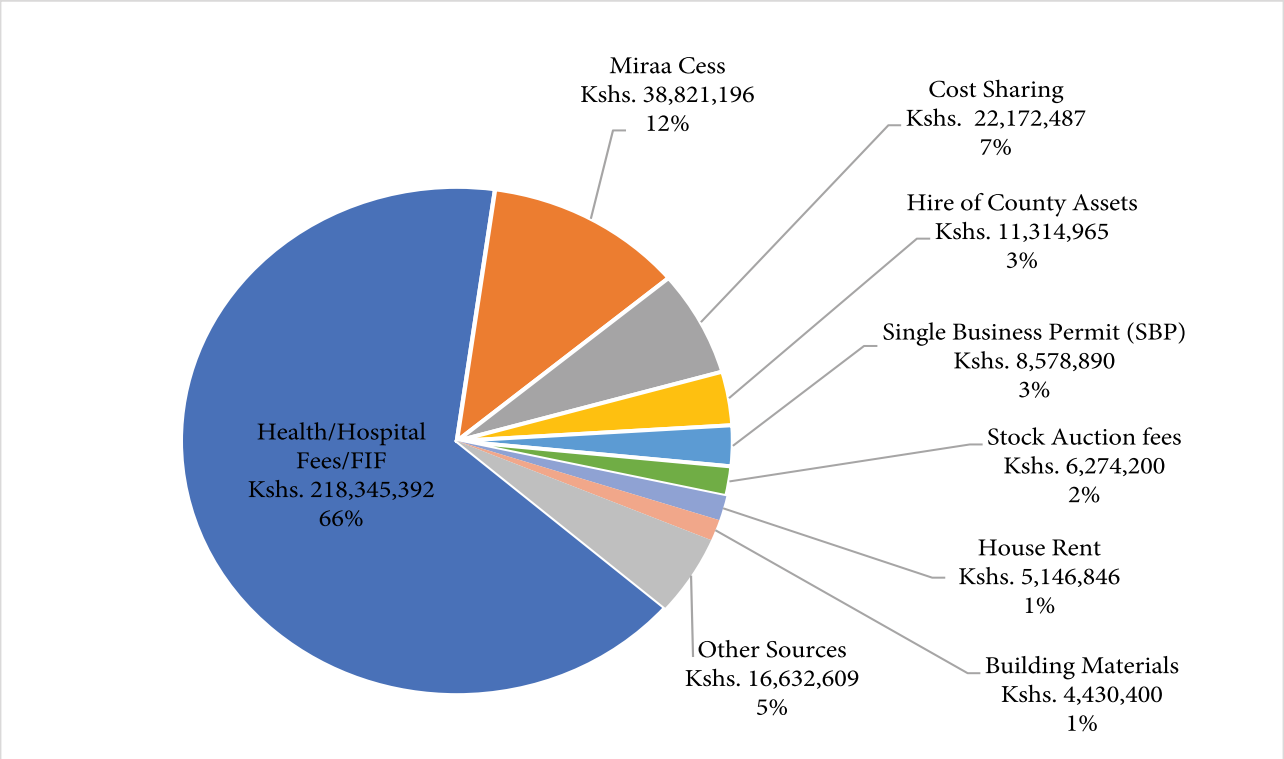


Source: *Wajir County Treasury*

During the year, the County generated Kshs.331.72 million from its revenue sources, including FIF. This amount was an increase of 50 per cent compared to Kshs.164.95 million realisedrealised in a similar period in FY 2023/24, and was 122.9 per cent of the annual target and 3 per cent of the equitable revenue share disbursed.

The increase in Revenue can be attributed to the revenue enforcement measures taken by the County Government of Wajir, Revenue Automation, and the Enactment of the FIF Act. Figure 182 shows the revenue streams that contributed the highest OSR receipts.

Figure 182: Wajir County Top Own Source Revenue Streams in FY 2024/25



Source: Wajir County Treasury

As shown in Figure 182, the highest revenue stream, at Kshs.218.35 million, was from Health/Hospitals Fees (FIF), accounting for 66 per cent of the total OSR receipts. The County has also automated its revenue collection.

3.46.3 Borrowing by the County

The County did not disclose any short-term borrowings as of 30 June 2025.

3.46.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.11.46 billion from the CRF account in FY 2024/25, which comprised Kshs.3.64 billion (32 per cent) for development programmes and Kshs.7.81 billion (68 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.4.94 billion was for employee compensation and Kshs.2.87 million for operations and maintenance expenditures.

The operations and maintenance exchequer analysis indicates that 9 per cent was for domestic travel and 0.4 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.249.25 million and included Kshs.185.85 million for the County Executive and Kshs.63.40 million for the County Assembly. The foreign exchequer totalled Kshs.11.46 million, entirely incurred by the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.647.84 million.

3.46.5 County Expenditure Review

The County spent Kshs.11.46 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.3.64 billion for development programmes and Kshs.7.81 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 71 per cent, while recurrent expenditure represented 93 per cent of the annual recurrent expenditure budget.

3.46.6 Settlement of Pending Bills

The County reported pending bills totalling Kshs.2.20 billion as of 30 June 2024. This amount included Kshs.2.06 billion from the County Executive and Kshs.143.00 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.746.64 million for recurrent expenditures and Kshs.1.31 billion for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.486.11 million, comprising Kshs.24.64 million (5.1 per cent) for recurrent programmes and Kshs.461.47 million (94.9 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.16.98 million, which included Kshs.16.98 million (100 per cent) for recurrent activities . Table 3.555 provides additional details of pending bills.

Table 3.555: Wajir County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs.)
County Executive				
Recurrent	746,636,382.00	24,640,750.36	602,098,942.57	1,324,094,574.21
Development	1,312,134,420.95	461,467,406.44	1,304,374,279.10	2,155,041,293.61
Total	**2,058,770,802.95**	**486,108,156.80**	**1,906,473,221.67**	**3,479,135,867.82**
County Assembly				
Recurrent	143,001,536.50	16,978,739.00	107,489,605.60	233,512,403.10
Development	-	-	-	-
Total	**143,001,536.50**	**16,978,739.00**	**107,489,605.60**	**233,512,403.10**

Source: *Wajir County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.1.35 billion and Kshs.39.48 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.486.11 million for the Executive and Kshs.16.98 million for the Assembly.

Table 3.556 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.3.71 billion.

Table 3.556: County Wajir Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	1,304,374,279	-	-	850,667,015	2,155,041,294
Recurrent Pending Bills (Goods & Services)	621,596,793	25,100,000	-	83,579,675	730,276,468
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	83,830,356	5,773,834	11,569,289	721,995,632	823,169,110
Recurrent Pending Bills (Staff Claims)	4,161,400	-	-	-	4,161,400
Total Recurrent Pending Bills	709,588,548	30,873,834	11,569,289	805,575,307	1,557,606,977
Total Pending Bills	2,013,962,827	30,873,834	11,569,289	1,656,242,321	3,712,648,271
of Total	54	1	0	45	100

Source: *Wajir County Treasury*

3.46.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.36 billion for compensation of employees, Kshs.2.67 billion for operations and maintenance, and Kshs.3.64 billion for development activities. Similarly, the County Assembly spent Kshs.578.65 million on compensation of employees, and Kshs.205.78 million on operations and maintenance as shown in Table 3.557.

Table 3.557: Wajir County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**7,593,040,845**	**784,444,072**	**7,025,674,827**	**784,434,618**	**93**	**100**
Compensation to Employees	4,466,282,253	578,653,285	4,356,590,222.00	578,651,151.00	98	100
Operations and Maintenance	3,126,758,592	205,790,787	2,669,084,605	205,783,467	85	100
Development Expenditure	**5,140,139,752**	-	**3,644,909,404**	-	**71**	-
Total	**12,733,180,597**	**784,444,072**	**10,670,584,231**	**784,434,618**	84	100

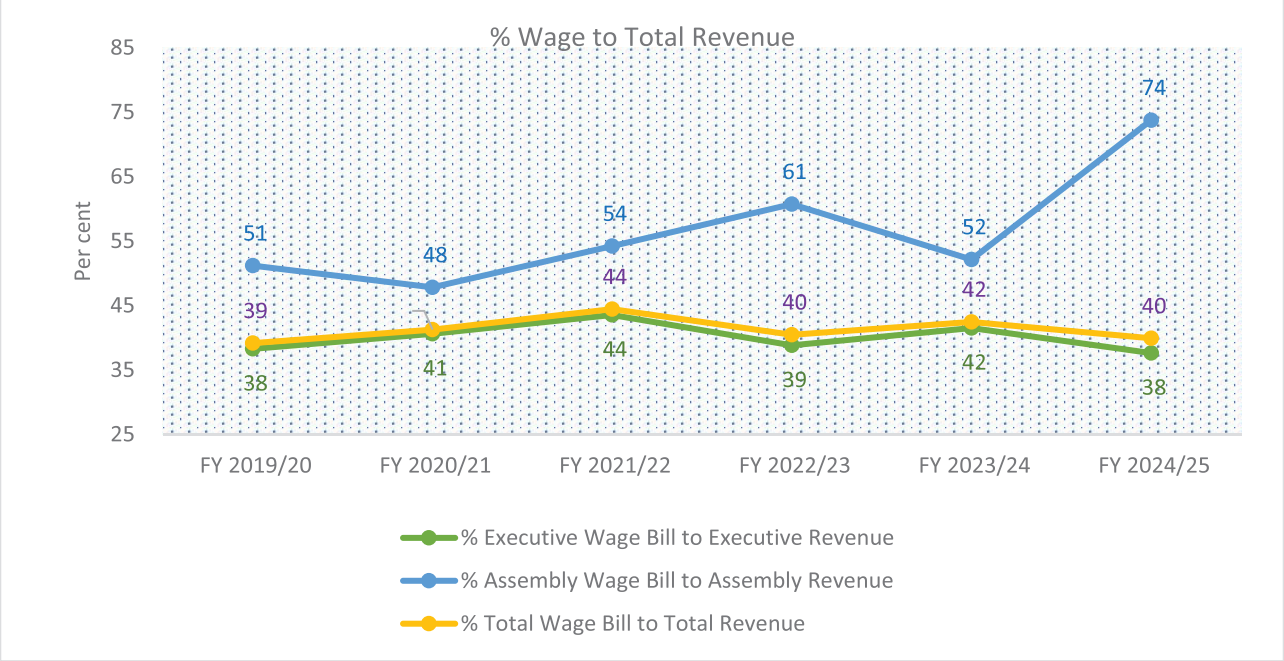
Source: *Wajir County Treasury*

3.46.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.4.94 billion. Therefore, the percentage of compensation of employees in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015 was 40 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.4.73 billion reported in FY 2023/24. Of this total, Kshs.1.70 billion related to the Health Sector employees, which accounted for 34 per cent of the overall employees' compensation.

Figure 183 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 183: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



***Source**: Wajir County Treasury*

Further analysis revealed that PE costs totalling Kshs.4.25 billion were processed through the Human Resource Information System (HRIS), while Kshs.682.31 million was processed through manual payrolls, which accounted for 14 per cent of the total PE cost.

3.46.9 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.445.37 million to County-Established funds in FY 2024/25, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.200 million to the Emergency Fund (2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.558 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.558: Performance of Wajir County Established Funds in FY 2024/25

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (since Inception) (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Wajir Disaster Management Fund	2014	200,000,000.00	200,000,000.00	200,000,000.00	600,000,000.00	YES
2	Wajir County Bursary Fund	2015	130,000,000.00	130,000,000.00	85,401,334.00	260,000,000.00	YES
3	Wajir County Climate Fund	2019	75,000,000.00	75,000,000	73,174,445.00	225,000,000.00	YES
4	Wajir County Disability Fund	2021	40,373,000.00	40,373,000.00	46,367,865.00	121,119,000.00	YES
5	Wajir County Revolving Fund	2014	-	-	-	132,000,000.00	N/A
6	Wajir County Enterprise Development Fund	2025	-	-	-	-	Not in Operation
Total			**445,373,000.00**	**445,373,000.00**	**404,943,644.00**	**1,338,119,000.00**	

Source: *Wajir County Treasury*

During the reporting period, the CoB received quarterly financial reports from the fund administrators, as indicated in Table 3.558, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of the Wajir County Bursary Fund, the Wajir Disaster Management Fund and the Wajir County Revolving Fund had lapsed. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of these expired funds, as they no longer have a legal basis for continued existence.

3.46.10 County Corporations

The County has two County Corporations allocated Kshs.1.87 billion in FY 2024/25. Their total expenditure for the year amounted to Kshs.1.54 billion, as shown in Table 3.559.

Table 3.559: Performance of Wajir County Corporations in FY 2024/25

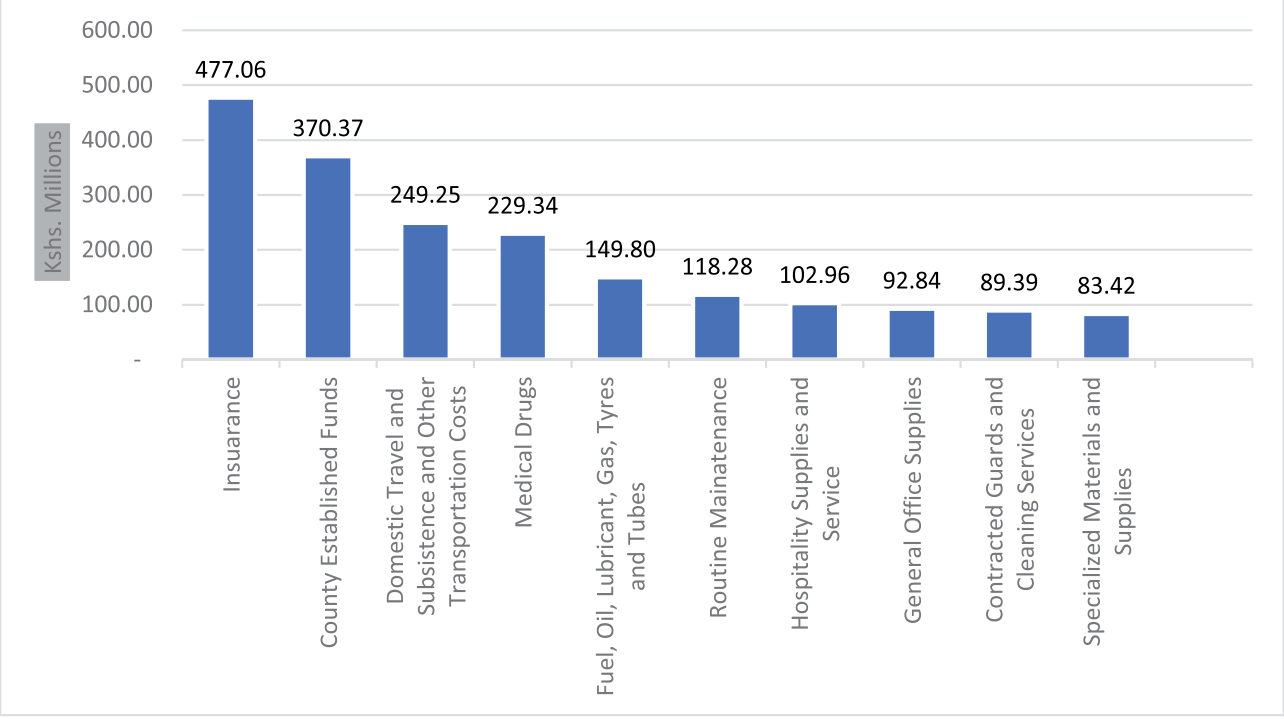
S/No.	Name of the Corporation	Parent Department	Expenditure type	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)
1	Wajir Water and Sewerage Company [WAJWASCO]	Water Resources Development	Recurrent	145,770,000	145,751,139	145,751,139
			Development	765,899,998	571,868,900	571,868,900
2	Wajir Municipality	Lands, Housing and Physical Planning	Recurrent	231,450,000	231,450,000	231,416,372
			Development	730,371,282	539,952,000	588,813,562
Total				**1,873,491,280**	**1,489,022,039**	**1,537,849,973**

Source: *Wajir County Treasury*

3.46.11 Expenditure on Operations and Maintenance

Figure 184 summarises the Operations and Maintenance expenditure by major categories.

Figure 184: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: *Wajir County Treasury*

Expenditure on domestic travel amounted to Kshs.249.25 million, comprising Kshs.63.37 million spent by the County Assembly and Kshs.185.85 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.46 million, which was entirely for the County Assembly. Expenditure on foreign travel is summarised in Table 3.560.

Table 3.560: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	1	7th December 2024-14th December 2024	Training Liaison Committee chairpersons/ Deputy Speakers masterclass themed "Effective leadership and management of committees	Singapore	950,780.000
	1	22nd January 2025 -30th January 2025	Training in Singapore for the Parliamentary leaders of the Majority	Singapore	830,780.00
	13	15th -22nd June 2025	Participating in the International Conference on Sustainable Development Goals in Turkey (SDGs) from 15th to 22nd June 2025	Turkey	9,680,440.00

Source: Wajir County Treasury and Wajir County Assembly

The other types of Operations and Maintenance costs include an expenditure of Kshs.60.33 million on Legal fees. Wajir County has a fleet of lorries that are utilisedutilised for garbage collection services, with the direct costs being funds spent on logistics, including Fuel & Lubricants, Routine Maintenance and Wages for the loaders.

3.46.12 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.218.35 million as FIF, which was 121 per cent of the annual target of Kshs.180.00 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed the Wajir County Health Facility Improvement Financing Act 2023 and the Wajir County Health Facility Improvement Financing Regulations 2024.

In the reporting period, health facilities were owed a combined total of Kshs.39.23 million across the two schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.561 presents a breakdown of the claims.

Table 3.561: Wajir County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF/ SHA (Kshs.Million)			NHIF (Kshs. Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	Level 5 Hospital	91,631,557.40	76,765,316.40	14,866,241.00	0
2	37 Level 2 Hospitals	24,359,079.85	24,359,079.85	-	0
3	25 Level 3 Hospitals	56,175,785.00	31,816,705.15	24,359,079.85	0
	Total	**172,166,422.25**	**132,941,101.40**	**39,225,320.85**	**-**

Source: *Wajir County Treasury*

In FY 2024/25, health facilities recorded approved claims from the SHIF amounting to Kshs.172.17 million. Of this, only Kshs.132.94 million was disbursed, occasioning a pending balance of Kshs.39.24 million. Further, the defunct NHIF doesn't have any pending debt.

The expenditure by the health facilities amounted to Kshs.133.04 million, as shown in Table 3.562.

Table 3.562: Wajir County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facility (Kshs.)	Actual Expenditure of the Facility (Kshs.)	Absorption rate ()
1.	Level 5 Hospitals	110,000,000.00	76,860,483.30	69.9
2.	37 Level 2 Hospitals	24,359,079.85	24,359,079.85	100.0
3.	25 Level 3 Hospitals	56,175,785.00	31,816,705.15	56.6
	Total	**190,534,864.85**	**133,036,268.30**	**69.8**

Source: *Wajir County Treasury*

3.46.13 Development Expenditure

In the review period, the County reported spending Kshs.3.64 billion on development programmes, representing an increase of 11 per cent compared to FY 2023/24, when the County spent Kshs.3.24 million. Table 3.563 summarises the development projects with the highest expenditure in the reporting period.

Table 3.563: Wajir County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Expenditure in FY 2024/25 (Kshs.Million)	Percentage () of Completion
1	Medical Services	Construction Of Accident And Emergency Centre At Wajir Referral Hospital	Wajir County Referral Hospital	500,608,595	500,608,595	100
2	Investment & Industry	Construction Of County Aggregation And Industrial Parks in Wajir County	Elnur Ward	601,000,973	316,760,888	53
3	Medical Services	Upgrading Of Arbajahan Health Centre To Level 4 Hospital	Arbajahan	137,524,320	119,646,159	87
4	Roads, Transport and Public Works	Maintenance Of Wajir Town Tarmac Roads (Phase 2)	Wajir Town	197,820,020	108,336,808	55
5	Medical Services	Upgrading Of Makoror Health Centre To Level 4 Hospital	Makoror	76,129,872	76,129,872	100
6	Water	Supply And Delivery Of Borehole Equipment	Store	36,574,612	36,574,612	100
7	Medical Services	Upgrading Of Tarbaj Health Centre To Level 4 Hospital	Tarbaj	34,950,956	33,203,408	95
8	Medical Services	Upgrading Of Hadado Health Centre To Level 4 Hospital	Hadado	30,000,000	30,000,000	100
9	Medical Services	Upgrading Of Hadado Health Centre To Level 4 Hospital	Hadado-Wajir West	83,833,035	30,000,000	36
10	Energy, Environment and Natural Resources	2nd Phase Installation Of 140KVA Off-Grid Solar Back-Up System At Wajir County Hq	Wajir Town	23,308,800	23,308,800	100

Source: *Wajir County Treasury*

The County did not report any stalled development projects as of 30 June 2025.

3.46.14 Budget Performance by Department

Table 3.564 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.564: Wajir County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	603.93	-	588.24	-	572.56	-	97.3	-	94.8	-
Finance and Economic Planning	707.52	-	695.64	-	701.05	-	100.8	-	99.1	-
Roads, Transport and Public Works	234.65	613.34	214.86	464.29	216.35	464.29	100.7	100.0	92.2	75.7
Water Resources Development	321.96	1,353.27	321.23	1,100.23	317.21	1,100.23	98.7	100.0	98.5	81.3
Energy, Environment and Natural Resources	97.14	457.96	82.10	173.11	84.35	173.11	102.7	100.0	86.8	37.8
Public Health, Medical Services and Sanitation	3,050.29	792.73	2,766.79	675.80	2,703.58	675.80	97.7	100.0	88.6	85.2
Education, Youth, Gender and Social Services	803.74	178.36	768.71	102.54	790.48	102.54	102.8	100.0	98.3	57.5
Agriculture, Livestock, and Fisheries Development	251.82	437.04	232.53	178.49	245.54	178.49	105.6	100.0	97.5	40.8
Trade, Industrialisation, Co-operative Development	189.05	465.39	178.72	277.90	181.65	277.90	101.6	100.0	96.1	59.7
Lands, Housing and Physical Planning	356.65	808.25	352.63	647.49	351.43	647.49	99.7	100.0	98.5	80.1

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service, Labour and Decentralised Unit	902.47	33.80	760.29	25.06	792.08	25.06	104.2	100.0	87.8	74.1
County Public Service Board	73.82	-	63.93	-	69.41	-	108.6	-	94.0	-
County Assembly	784.44	-	784.44	-	784.43	-	100.0	-	100.0	-
Total	**8,377.48**	**5,140.14**	**7,810.12**	**3,644.91**	**7,810.11**	**3,644.91**	**100.0**	**100.0**	**93.2**	**70.9**

***Source**: Wajir County Treasury*

Analysis of expenditure by departments shows that the Department of Public Health, Medical Services and Sanitation recorded the highest absorption rate of development budget at 85 per cent, followed by the Department of Water Resources Development at 81 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Energy, Environment and Natural Resources had the lowest at 87 per cent.

3.46.15 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2025, the lifespan of the Wajir County Bursary Fund, Wajir Disaster Management Fund and the Wajir County Revolving Fund had lapsed, making them ineligible for further withdrawals.
iii. High level of pending bills, which amounted to Kshs.3.71 billion as of 30 June 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.682.31 million were processed through manual payroll, accounting for 14 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure the timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The County Leadership should ensure that genuine pending bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

3.47. County Government of West Pokot

3.47.1 Overview of FY 2024/25 Budget

The West Pokot County Approved Supplementary II Budget for FY 2024/25 was Kshs.8.10 billion. It comprised Kshs.2.40 billion (30 per cent) and Kshs.5.70 billion (70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.386.54 million (5 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.2.29 billion and a recurrent budget of Kshs.5.42 billion. The increase in the budget was primarily attributed to the rise in the equitable share of revenue.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.7.14 billion (88 per cent), additional allocations of Kshs.715.73 million (9 per cent), a cash balance of Kshs.20 million (less than 1 per cent) brought forward from FY 2023/24, and Kshs.230 million (2

per cent) generated as own-source revenue. The A-I-A comprised Kshs.132.80 million (58 per cent) as the Facility Improvement Financing (revenue from health facilities) and Kshs.97.20 million (42 per cent) from ordinary own source revenue. A breakdown of the additional allocations is shown in Table 3.565.

3.47.2 Revenue Performance

The County received Kshs.7.58 billion in revenues in the review period to fund its development and recurrent activities. This amount represented a 25 per cent increase compared to the amount received in FY 2023/24 of Kshs.6.05 billion. The total revenue consisted of Kshs.7.14 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.196.62 million, as well as own-source revenue (OSR) collection of Kshs.228.08 million. Additionally, the County had a cash balance of Kshs.20 million from FY 2023/24.

The total OSR collection of Kshs.228.08 million included Facilities Improvement Financing (FIF) of Kshs.142.41million, and Kshs.85.67 million from other OSR sources. Table 3.565 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.565: West Pokot County, Revenue Performance in FY 2024/25

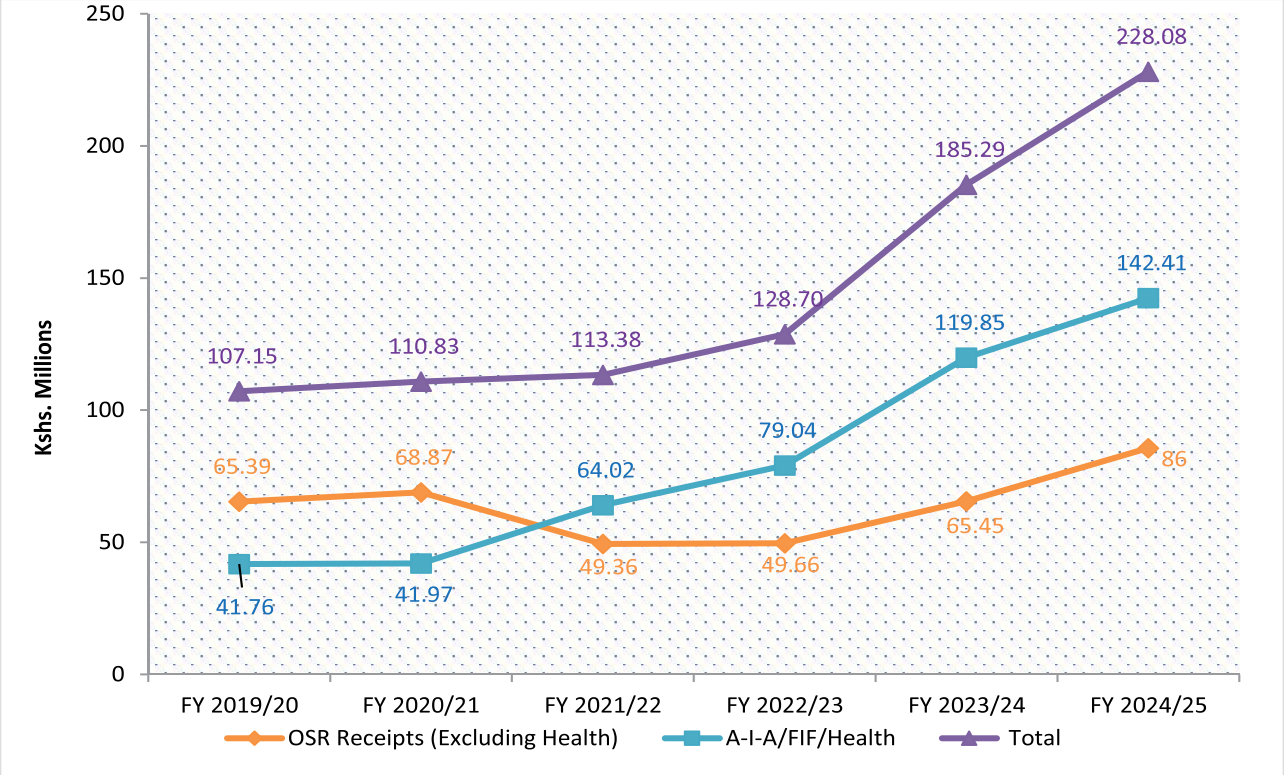
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation ()
A	Equitable Share of Revenue Raised Nationally -	7,135,788,235	7,135,788,235	100
Subtotal		**7,135,788,235**	**7,135,788,235**	**100**
B	**Additional Allocations**			
1	DANIDA	7,702,500	7,702,500	100
2	Community Health Promoters	60,706,194	0	0.0
3	Emergency Locust Response	121,025,000	0	0.0
4	Road Maintenance Fuel Levy (RMLF)	-	57,829,022	0
5	FLLoCA - (CCRI GRANT)	133,000,000	12,309,494	9
6	FLLoCA - CCIS Grants (Rollover)	11,000,000	11,000,000	100
7	FLL0CA - CCCRI (Rollover Funds)	70,467,694	0	0
8	EU Grants for Nasukuta Export Abattoir - Donor Contribution	5,340,518	5,340,518	100
9	KUSP-UIG	35,000,000	32,309,300	0
10	KUSP- UDG	23,043,492	0	
11	KDSP Roll Over FY 2022/2023	13,010,485	0	0
12	KDSP II	37,500,000	0	0
13	Food Systems Resilience Project (FSRP)	173,076,923	70,127,132	41
14	Basic Salary Arrears for County Government Health Workers	13,933,594	0	0
15	Kenya Agricultural Business	10,918,919	0	0
Subtotal		**715,725,319**	**196,617,965**	**27**
C	**Own Source Revenue**			
16	Ordinary Own Source Revenue	97,200,000	85,670,413	88
17	Facility Improvement Fund (FIF)	132,800,000	142,408,598	107
Subtotal		**230,000,000**	**228,079,011**	**99**
D	**Other Sources of Revenue**			
18	Unspent balance from FY 2023/24	20,000,000	20,000,000	100
19	Other Revenues (provide a list)	0	0	0
Sub-Total		**20,000,000**	**20,000,000**	**100**
Grand Total		**8,101,513,554**	**7,580,341,307**	**94**

Source: *West Pokot County Treasury*

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

Figure 185 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 185: West Pokot County Trend in Own-Source Revenue Collection from FY 2019/20 to FY 2024/25

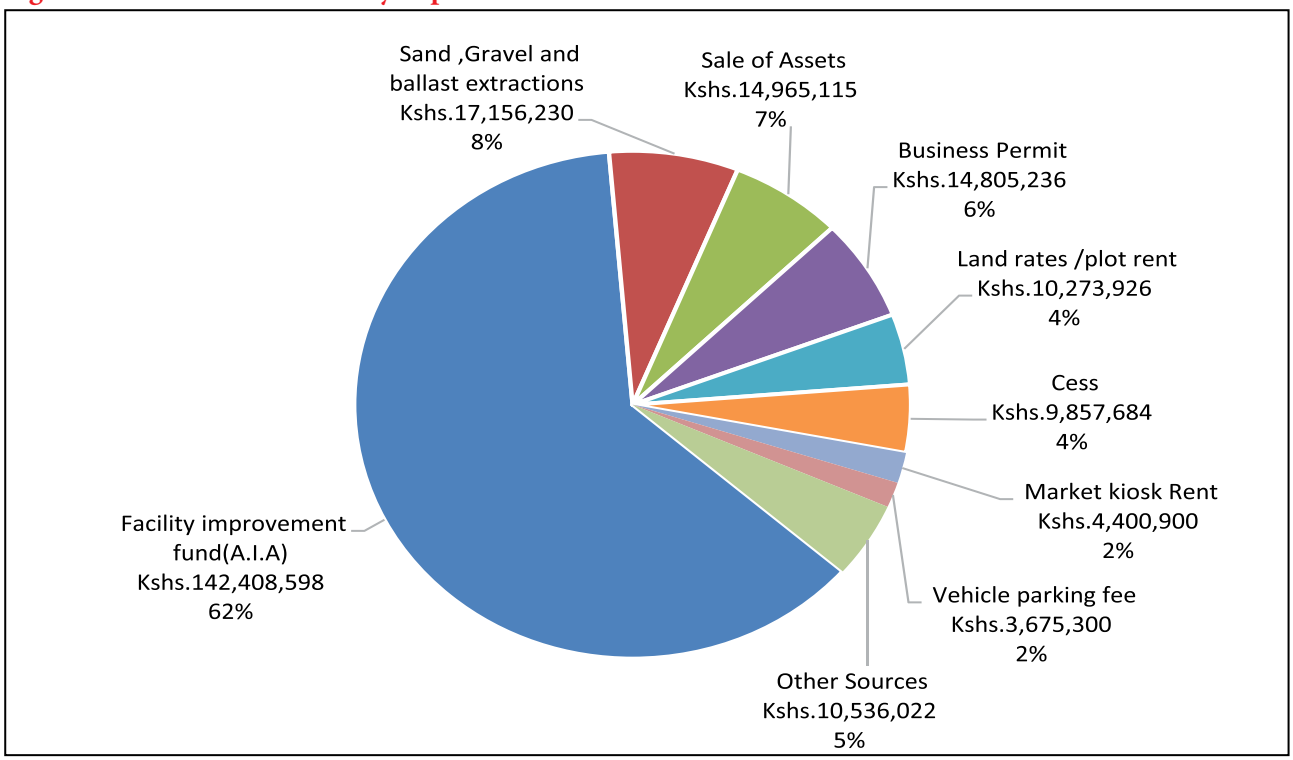


Source: *West Pokot County Treasury*

During the year, the County generated Kshs.228.08 million from its revenue sources, including FIF. This amount represented a 23 per cent increase compared to Kshs.185.29 million realised in a similar period in FY 2023/24, and was 99 per cent of the annual target and 3 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 186.

Figure 186: West Pokot County Top Own Source Revenue Streams in FY 2024/25



Source: *West Pokot County Treasury*

As shown in Figure 186, the highest revenue stream, at Kshs.142.41 million, was from the Facility Improvement Fund, accounting for 62 per cent of the total OSR receipts. The County Government has automated 14 out of 19 revenue streams.

3.47.3 Revenue Arrears

At the beginning of the financial year, the County had outstanding revenue arrears of Kshs.53.54 million. This amount increased to Kshs.62.50 million as of 30 June 2025, indicating that the County accumulated additional arrears of Kshs.8.96 million. Table 3.566 presents a breakdown of the County's revenue arrears.

Table 3.566: West Pokot County Revenue Arrears as of 30 June 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2024 (Kshs.)	Progress made in FY 2024/25			OSR Arrears as of 30 June 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2024/25 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Ordinary Own Sources of Revenue	53,544,568	-	-	8,955,360	62,499,928
Total		53,544,568	-	-	8,955,360	62,499,928

Source: *West Pokot County Treasury*

As of 30 June 2025, the revenue arrears comprised the principal amount of Kshs.62.50 million (100 per cent) with no interest and penalties. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include the introduction of interest and penalties.

3.47.4 Borrowing by the County

The County Government did not report any borrowings during the period under review.

3.47.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.7.24 billion from the CRF account in FY 2024/25, which comprised Kshs.1.64 billion (23 per cent) for development programmes and Kshs.5.59 billion (77 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.3.35 billion was towards employee compensation and Kshs.2.24 billion for operations and maintenance expenditure.

The operations and maintenance expenditure analysis indicate that 34 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.374.05 million and included Kshs.240.34 million for the County Executive and Kshs.133.71 million for the County Assembly. The foreign exchequer totalled Kshs.32 million, comprising Kshs.10.92 million for the County Executive and Kshs.21.08 million for the County Assembly.

As of the closure of FY 2024/25, the County Government's cash balance in the CRF account was Kshs.284.27 million.

3.47.6 County Expenditure Review

The County spent Kshs.7.22 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.1.63 billion for development programmes and Kshs.5.59 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 68 per cent, while recurrent expenditure represented 98 per cent of the annual recurrent expenditure budget.

3.47.7 Settlement of Pending Bills

The County reported pending bills totalling Kshs.510.62 million as of 30 June 2024. This amount included Kshs.486.98 million from the County Executive and Kshs.23.63 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.316.26 million for recurrent expenditures and Kshs.170.72 million for development expenditures.

During the year, the County Executive settled pending bills amounting to Kshs.301.22 million, comprising Kshs.143.41 million (48 per cent) for recurrent programmes and Kshs.157.81 million (52 per cent) for development programmes. On the other hand, the County Assembly settled pending bills worth Kshs.13.41 million, which included Kshs.9.07 million (68 per cent) for recurrent activities and Kshs.4.34 million (32 per cent) for development activities. Table 3.567 provides additional details of pending bills.

Table 3.567: West Pokot County Pending Bills as of 30 June 2025

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
County Executive				
Recurrent	316,260,429	143,410,092	42,474,734	215,325,071
Development	170,722,699	157,808,248	62,056,436	74,970,887
Total	**486,983,128**	**301,218,339**	**104,531,170**	**290,295,958**
County Assembly				
Recurrent	9,071,532	9,071,532	21,502,274	21,502,274
Development	14,560,532	4,337,373	-	-
Total	**23,632,064**	**13,408,905**	**21,502,274**	**21,502,274**

Source: *West Pokot County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.486.98 million and Kshs.23.63 million, respectively, in FY 2024/25. The County did not adhere to this payment plan, as it cleared Kshs.301.22 million for the Executive and Kshs.13.41 million for the Assembly.

Table 3.568 presents the ageing of the total outstanding bills as of 30 June 2025, which was Kshs.311.80 million.

Table 3.568: West Pokot Pending Bill Ageing Analysis as of 30 June 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**59,749,687**	-	**13,411,551**	**1,809,649**	**74,970,887**
Recurrent Pending Bills (Goods & Services)	40,157,727	1,730,550	100,820,839	2,067,040	**144,776,156**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)	-	-	92,051,189	-	**92,051,189**
Recurrent Pending Bills (Staff Claims)	-	-	-	-	-
Total Recurrent Pending Bills	40,157,727	1,730,550	0	2,067,040	**236,827,345**
Total Pending Bills	**99,907,414**	**1,730,550**	**0**	**3,876,689**	**311,798,232**
of Total	**27**	**1**	**71**	**1**	**100**

Source: *West Pokot County Treasury*

3.47.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.97 billion for compensation of employees, Kshs.1.92 billion for operations and maintenance, and Kshs.1.58 billion for development activities. Similarly, the County Assembly spent Kshs.382.24 million on compensation of employees, Kshs.308.27 million on operations and maintenance, and Kshs.53.07 million on development activities, as shown in Table 3.569.

Table 3.569: West Pokot County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption ()	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,005,615,342**	**693,116,557**	**4,902,339,671**	**690,506,971**	**98**	**100**
Compensation of Employees	3,014,039,183	384,238,586	2,972,511,988	382,238,586	99	99
Operations and Maintenance	1,991,576,159	308,877,971	1,929,827,683	308,268,385	97	100
Development Expenditure	**2,337,358,616**	**65,423,039**	**1,577,966,238**	**53,074,494**	**68**	**81**
Total	**7,342,973,958**	**758,539,596**	**6,480,305,909**	**743,581,465**	**88**	**98**

Source: *West Pokot County Treasury*

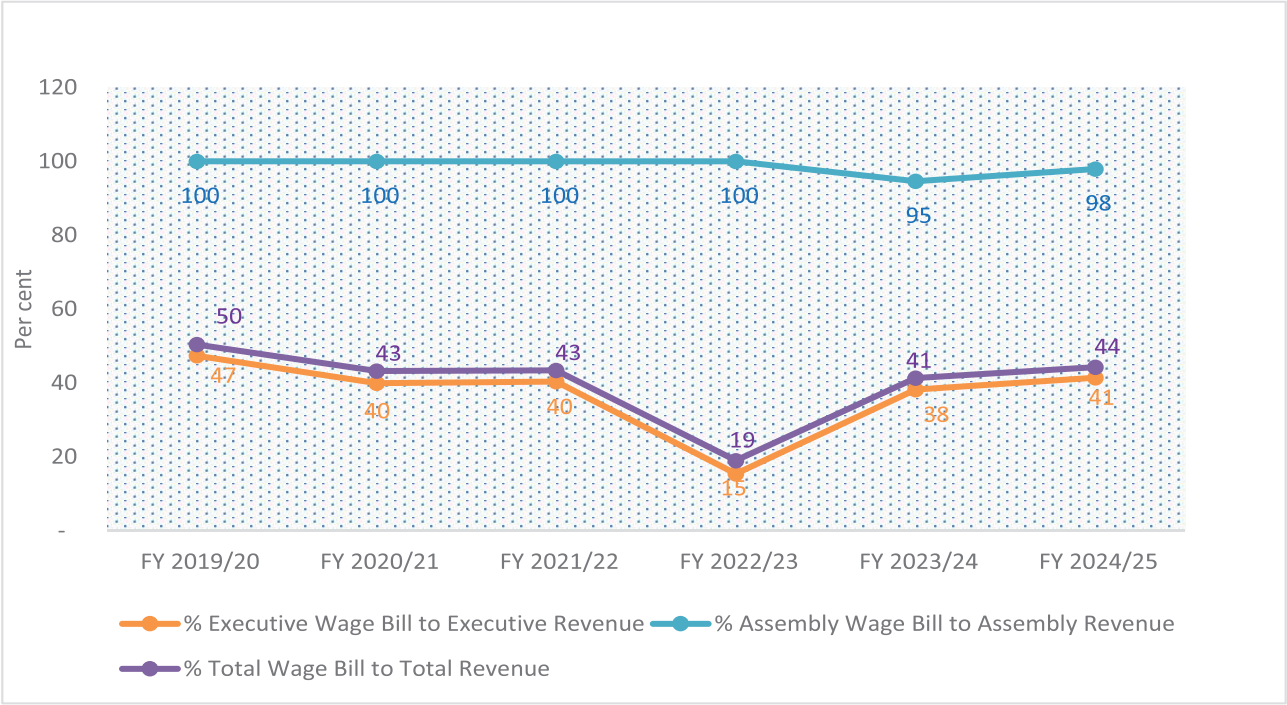
3.47.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.3.35 billion. Therefore, the percentage of compensation of employees to adjusted revenue, excluding the earnings from extractive revenue

of Kshs.17.16 million, in line with Regulation 25(1)(c) of the PRM (County Governments) Regulations 2015, was 44 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.81 billion reported in FY 2023/24. This is attributed to the significant number of casual employees who were absorbed on contract terms, leading to an increase in IPPD. Of this total, Kshs.1.55 billion related to the Health Sector employees, which accounted for 46 per cent of the overall employees' compensation.

Figure 187 shows the compensation trend of employees' expenditures as a percentage of total revenue received from FY 2019/20 to FY 2024/25.

Figure 187: Percentage of Employee Compensation to Total Revenue Received from FY 2019/20 to FY 2024/25



Source: West Pokot County Treasury

Further analysis revealed that PE costs totalling Kshs.3.01 billion were processed through the Human Resource Information System (HRIS).341.67 million was processed through manual payrolls, which accounted for 10 per cent of the total PE cost.

The manual payrolls comprise top-up allowance for security personnel, gratuity remittances to pension schemes for staff on contract, community health workers and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.570.

Table 3.570: Breakdown of West Pokot County Manual Payroll

S no.	Description of Manual Payroll	Amount Kshs.
1	Top-up Allowances for Security Officers	11,346,000
2	LAPTRUST/LAPFUND Pension Contributions	215,228,145
3	Gratuity for contract staff	42,401,301
4	Community Health Workers	72,690,000
	Total	**341,665,446**

Source: West Pokot County Treasury

The County Assembly spent Kshs.29.88 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.29.88 million. The average monthly sitting allowance was Kshs.75,463 per MCA. The County Assembly has 26 House Committees.

3.47.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.526.05 million to County-Established funds in FY 2024/25, or 6 per cent of the County's overall budget. Further, the County did not

allocate funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.571 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.571: Performance of West Pokot County Established Funds in FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in Months of FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of First Half Financial Statements (Yes/No.)
	County Executive Established Funds					
1	Car Loan and Mortgage	-	-	28,769,176	24,600,000	Yes
2	Bursary Fund	514,000,000	514,000,000	-	-	Yes
3	Cooperative Development Fund	12,045,940		3,676,982	65,000,000	Yes
	County Assembly Established Funds					
4	Members' Car Loans and Mortgage	-	-	38,271,851	137,700,000	No
5	Staff Car Loans and Mortgage	-	-	54,456,251	191,750,000	No
	Total	**526,045,940**	**514,000,000**	**125,174,260**	**419,050,000**	

Source: *West Pokot County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from two Fund Administrators, as indicated in Table 3.571, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.47.11 County Corporations

The County has established West Pokot County Meat and Livestock (Nasukuta Export Abattoir) Corporation. In FY 2024/25, the County allocated Kshs.8.20 million to this corporation through its parent department. The total expenditure amounted to Kshs.5.60 million as shown in Table 3.572.

Table 3.572: Performance of West Pokot County Corporations in FY 2024/25

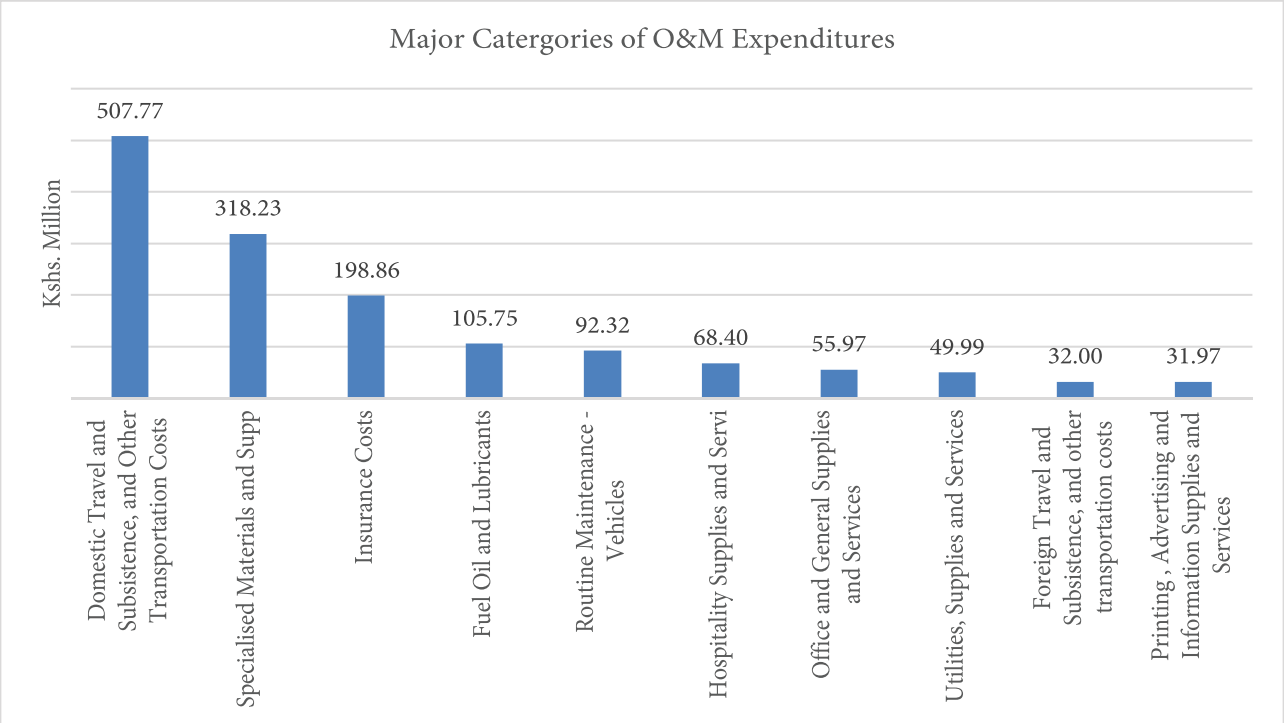
S/No.	Name of the Corporation	Parent Department	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in FY 2024/25 (Kshs.)	Actual Expenditure in FY 2024/25 (Kshs.)
	West Pokot County Meat and Livestock (Nasukuta Export Abattoir) Corporation	Agriculture, Livestock, Irrigation and Fisheries	8,200,000	8,200,000	5,600,000
	Total		8,200,000	8,200,000	5,600,000

Source: *West Pokot County Treasury*

3.47.12 Expenditure on Operations and Maintenance

Figure 188 summarises the Operations and Maintenance expenditure by major categories.

Figure 188: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: *West Pokot County Treasury*

Expenditure on domestic travel amounted to Kshs.507.77 million and comprised Kshs.133.71 million spent by the County Assembly and Kshs.374.05 million by the County Executive. Expenditure on foreign travel amounted to Kshs.32 million and comprised Kshs.21.08 million by the County Assembly and Kshs.10.92 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.573.

Table 3.573: Summary of Expenditure on Foreign Travel in FY 2024/25

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	9th December,2024 to 13th December, 2024	Leadership and Excellence Program	UAE Dubai	5,187,877
County Assembly	7	16th December,2024 to 20th December, 2024	Leadership and Excellence Program	UAE Dubai	3,480,437
County Assembly	1	20th January, 2025 to 27th January, 2025	Legislative Service Conference	Singapore	1,006,783
County Assembly	4	10th February, 2025 to 16th February, 2025	Leadership and Excellence Program	Malaysia	2,687,308
County Assembly	2	23rd February, 2025 to 1st March, 2025	Comprehensive Corporate Leadership for Effective Governance	Arusha, Tanzania	646,888
County Assembly	6	3rd March, 2025 to 7th March, 2025	Leadership Innovation and Crisis Management Program	UAE Dubai	2,850,086
County Assembly	3	23 June, 2025 to 29 June 2025	Training on strategic leadership, Innovation and good governance	South Africa	1,641,550
County Assembly	9	22nd February, 2025 to 28th February, 2025	EALASCA festivals 2024	Kampala, Uganda	2,396,121
County Executive	2	6th December,2025 to 16th December, 2025	Celebration of West Pokot County and the Pokot culture during the Jamuhuri Day celebrations in New Delhi, India	New Delhi, India	1,507,213

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	25th November, 2025 to 1st December, 2025	Attendance at the International Commission of Jurists' conference (ICJ-Kenya)	New Delhi, India	483,000
County Executive	2	1st May 2025, to 7th May, 2025	Capacity building training for County Executive Members (CECs)	Arusha, Tanzania	8,927,686

Source: West Pokot County Treasury and County Assembly

3.47.13 Facility Improvement Financing

In FY 2024/25, the County reported collections of Kshs.142.41 million as FIF, which was 107 per cent of the annual target of Kshs.132.80 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

In the reporting period, health facilities were owed a combined total of Kshs.70.3 million across the three schemes: the Social Health Insurance Fund (SHIF) and outstanding debts from the defunct National Health Insurance Fund (NHIF). Table 3.574 presents a breakdown of the claims.

Table 3.574: West Pokot County Health Facilities FIF Performance in FY2024/25

S/no	Level of Health Facility and number of facilities	SHIF (Kshs.Million)			NHIF (Kshs.Million)
		Approved Claims	Claims Paid	Balance	Pending Debt
1	Four Level 4 Hospitals	110,790,465	76,188,475	34,601,990	35,695,227
	Total	**110,790,465**	**76,188,475**	**34,601,990**	**35,695,227**

Source: *West Pokot County Treasury*

In FY 2024/25, health facilities recorded approved claims from the Social Health Insurance Fund (SHIF) totalling Kshs.110.79 million, yet actual disbursements amounted to Kshs.76.19 million, resulting in an outstanding balance of Kshs.34.60 million. Further, the defunct National Health Insurance Fund (NHIF) still owes health facilities Kshs.35.70 million.

The expenditure by the health facilities amounted to Kshs.24.38 million, as shown in Table 3.575.

Table 3.575: West Pokot County Health Facilities Expenditure Performance in FY 2024/25

No.	Level of Health Facility and number of facilities	Approved Budget for the Facilities (Kshs.)	Actual Expenditure of the Facilities (Kshs.)	Absorption rate ()
1.	Four Level 4 Hospitals	132,800,000	24,381,673	18
	Total	**132,800,000**	**24,381,673**	**18**

Source: *West Pokot County Treasury*

3.47.14 Development Expenditure

In the review period, the County reported spending Kshs.1.63 billion on development programmes, representing an increase of 7 per cent compared to FY 2023/24, when the County spent Kshs.1.53 million. Table 3.576 summarises the development projects with the highest expenditure in the reporting period.

Table 3.576: West Pokot County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in the FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
1	Public Works, Transport and Infrastructure	Road Improvement and Maintenance	County Wide	30/06/2025	169,208,351	264,286,854	257,130,773	100

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in the FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status ()
2	Education and Technical Training	Construction of ECDE Classrooms	County Wide	30/06/2025	168,673,650	133,963,174	85,991,478	60
3	Health and Sanitation	Construction of The Makutano Sub-County Hospital	Mnagei	30/06/2025	52,304,655	9,414,660	52,304,655	100
4	Water, Environment, Natural Resources and Climate Change	Drilling and Repair of Boreholes	County Wide	30/06/2025	49,436,304	51,440,300	49,436,304	100
5	County Executive	Completion of Landscaping at Governor's Residence	Kapenguria	30/06/2025	67,709,140	36,664,500	44,243,068	100
6	Trade, Industrialisation, Energy and Cooperative Development	Construction and Renovation of Fresh Produce Market	Sekerr Riwo Mnagei Kapchock Kapenguria	30/06/2025	116,904,004	27,699,991	37,693,668	100
7	Health and Sanitation	Completion of Radiology At KCRH	Head Quarters	30/06/2025	20,000,000	20,000,000	12,229,839	100
8	Livestock, Fisheries and Veterinary Services	Construction and Repair of Cattle Dips	Lelan Lomut Kapenguria Chepareria	30/06/2025	9,683,045	9,683,045	9,683,045	100
9	Trade, Industrialisation, Energy and Cooperative Development	Construction of Bodaboda Shade	Tapach WeiWei Sekerr	30/06/2025	1,899,989	1,899,989	1,899,989	100
10	Trade, Industrialisation, Energy and Cooperative Development	Renovation of Trade and Cooperative Offices	Headquarter	30/06/2025	1,499,938	1,499,938	1,499,938	100

Source: *West Pokot County Treasury*

The County reported two stalled development projects as of 30 June 2025, with an estimated value of Kshs.110.00 million, of which Kshs.55.00 million has already been paid. The stalled projects are shown in Table 3.577.

Table 3.577: West Pokot County Stalled Projects as of 30 June 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
County Assembly Speaker's Residence	Kapenguria	68,000,000	32,000,000	36,000,000	70	Pegging of the ceiling to Kshs.35.00 million

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
County Assembly Restaurant and Car Park	Kapenguria	42,000,000	33,000,000	9,000,000	98	Contract Variation was not approved by the tender committee and The project has been under investigation by EACC since 2015

Source: *West Pokot County Treasury*

3.47.15 Budget Performance by Department

Table 3.578 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.578: West Pokot County, Budget Allocation and Absorption Rate by Department

Department	Revised Gross Budget Allocation (Kshs. Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer ()		Absorption rate ()	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	463.72	36.66	460.82	29.37	460.82	29.37	100	100	99	80
Finance and Economic Planning	329.87	21.07	321.52	20.43	321.52	20.43	100	100	97	97
Public Works, Transport and Infrastructure	111.20	264.29	110.57	238.11	110.57	238.11	100	100	99	90
Health and Sanitation	1,975.07	356.26	1.95	197.84	1,951.16	197.83	100	100	99	56
Education and Technical Training	841.73	398.07	838.79	322.89	838.79	322.89	100	100	100	81
Agriculture and Irrigation	91.80	442.92	91.40	204.92	91.40	204.92	100	100	100	46
Livestock, Fisheries and Veterinary Services	131.83	108.87	130.65	103.74	130.65	103.74	100	100	99	95
Trade, Industrialisation, Energy and Cooperative Development	62.56	52.12	61.21	48.21	61.21	48.21	100	100	98	93
Lands, Housing, Physical Planning and Urban Development	162.70	77.34	160.85	45.11	160.85	45.11	100	100	99	58
Water, Environment, Natural Resources and Climate Change	75.05	510.71	74.80	336.68	74.80	325.66	100	97	100	64
Youth Affairs, Sports, Tourism, Culture and Social Services.	92.77	65.49	91.85	38.19	91.85	38.19	100	100	99	58
County Public Service Management, ICT and Decentralised Units	568.95	3.55	515.50	3.50	515.35	3.50	100	100	91	99
Special Programmes	98.35	-	93.34	-	93.34	-	100	-	95	-
West Pokot County Assembly	693.12	65.42	690.51	53.07	690.51	53.07	100	100	100	81
Total	**5,698.73**	**2,402.78**	**5.592.99**	**1.642,06**	**5,592.85**	**1,631.04**	**100**	**99**	**98**	**68**

***Source**: West Pokot County Treasury*

Analysis of expenditure by departments shows that the Department of County Public Service Management, ICT and Decentralised Units recorded the highest absorption rate of development budget at 99 per cent, followed by the Department of Finance and Economic Planning at 97 per cent. The Departments of Education and Technical Training, Agriculture and Irrigation, Water, Environment, Natural Resources and Climate Change and the County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of County Public Service Management, ICT and Decentralised Units had the lowest at 91 per cent.

3.47.16 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 5 August 2025.
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Members' Car Loans and Mortgage Fund, and Staff Car Loans and Mortgage Fund were not submitted to the CoB as of 15 July 2025.
iii. There was a high level of pending bills, which amounted to Kshs.311.80 million as of 30 June 2025. Further, the County Treasury did not adhere to the payment plan for the pending bills.
iv. In the FY2024/25 reporting period, health facilities were owed a combined total of Kshs.70.30 million across the two schemes—SHIF and the defunct NHIF.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The CECMF should ensure that all Fund Administrators submit financial and non-financial reports to the Controller of Budget by the 15th of the month after each quarter, as required by Section 168 of the PFM Act, 2012.*
iii. *The County Leadership should ensure that genuine bills are paid promptly. Further, compliance with the Pending Bills Action Plan should be enforced.*
iv. *The County Leadership should liaise with the Social Health Authority for the settlement of outstanding claims.*

4. KEY OBSERVATIONS AND RECOMMENDATIONS

4.1. Introduction

This section highlights the issues that affected budget implementation and reporting in FY 2024/25 and provides recommendations to address the challenges. The cross-cutting challenges included the following:

4.2. Underperformance in Own-Source Revenue Collection

Article 209(3) of the Constitution permits County Governments to impose property rates, entertainment taxes, and any other taxes authorised by an Act of Parliament.

Observation: In FY 2024/25, County Governments missed the Kshs.87.67 billion OSR target by Kshs.20.37 billion (23 per cent). The County Governments that reported low OSR performance include Siaya, with 47 per cent, Kajiado at 55 per cent, Machakos at 56 per cent, Isiolo at 58 per cent, Taita Taveta at 64 per cent, Bungoma and Kisumu both at 65 per cent, Kakamega also at 65 per cent, and Nairobi City, which reached 66 per cent.

Recommendation: *The underperformance in OSR collection indicates that County Governments could not implement all planned activities due to budget deficits. The Controller advises County Governments to develop revenue enhancement strategies and set realistic, achievable targets for the FY 2025/26 to avoid accumulating pending bills.*

4.3. Revenue Arrears

According to Section 165 of the Public Finance Management (PFM) Act 2012, County Governments should report on revenue collected, received, and recovered during a financial year. This report should also include a statement on any outstanding revenue arrears.

Observation: As of 30th June 2025 County Governments reported revenue arrears of Kshs.124.95 billion comprising Kshs.112.14 billion (90 per cent) in ordinary OSR arrears, Kshs.12.47 billion (10 per cent) in FIF arrears (related to SHA/SHIF and defunct NHIF claims). This overall arrears situation highlights persistent challenges in revenue mobilisation, constraining liquidity, delaying service delivery, and undermining fiscal sustainability across all Counties.

Recommendation: *Counties should enhance their revenue collection frameworks by strengthening enforcement mechanisms, utilising automated revenue management systems, and addressing institutional challenges that hinder collection, particularly in high-revenue potential areas such as Nairobi and Mombasa. County Leadership are advised to collaborate with the Social Health Authority to settle outstanding revenue arrears.*

4.4. Overreliance on Facility Improvement Fund

Observation: Counties are increasingly depending on Facility Improvement Funds (FIF/AIA), which contributed 37 per cent of total OSR revenues (Kshs.25.29 billion) in the FY2024/25 (see Annexe I). In Counties like Bomet, Nyamira, and Homa Bay, FIF revenue accounted for over 70 per cent of OSR, exposing them to fiscal risks since FIF collections are meant for service utilisation within the respective facilities, but not for general spending.

Recommendation: *Counties should broaden and strengthen other OSR streams such as property rates, business permits, and user fees to reduce over-reliance on Facility Improvement Funds (FIF). They should also invest in automated revenue collection systems, enhance enforcement measures, and explore innovative financing options to diversify their revenue base and ensure more predictable and sustainable funding.*

4.5. Definition of County Public Debt

Observation: Section 2 of the Public Finance Management (PFM) Act 2012 defines County Public Debt as *"all financial obligations associated with loans raised and securities issued by the county government."* When this section is examined alongside Sections 140 to 144 of the PFM Act 2012, it becomes clear that pending bills or payables are excluded from this definition of public debt. Consequently, several County Governments are not preparing the County Debt Management Strategy Paper as required by Section 123 of the PFM Act, arguing that they do not have any public debt according to the Act's definition. However, County Governments have accumulated significant pending bills (payables) over the years.

Recommendation: *The Controller recommends amending the PFM Act 2012 to broaden the definition of County Public Debt to include pending bills (payables) beyond one financial year. This change would enhance fiscal responsibility since*

Section 107 of the PFM Act, when read in conjunction with Regulation 25(1)(d), limits county public debt to 20 per cent of a county government's total revenue at any given time.

4.6. High Levels of Pending Bills

Regulation 41(2) of the Public Finance Management (County Governments) Act of 2012 states that *"debt service payments shall be a first charge on the County Revenue Fund, and the Accounting Officer shall ensure this is done to the extent possible so that the County government does not default on debt obligations."*

Observation: County Governments reported a cumulative pending bills totalling Kshs 183.06 billion as of 30th June 2025. Chapter Three of this report highlights that several County Governments did not follow their payment plans for these pending bills.

Of the total, 27 per cent (Kshs.48.88 billion) were less than one year old, 11 per cent (Kshs.19.78 billion) were one to two years old, 12 per cent (Kshs.20.34 billion) were two to three years old, and 47 per cent (Kshs.85.42 billion) had been pending for over three years. The significant amount of bills under one year is concerning, especially since full disbursement of the Equitable Share for FY 2024/25 had been provided. Moreover, a discrepancy exists between the pending bills reported to the Controller of Budget and the trade payables shown in the unaudited financial statements submitted by County Executives and Assemblies (see Annexe III for details).

Recommendations: *County governments should avoid accumulating pending bills by refraining from making commitments at the end of the financial year, forecasting revenues realistically, and prioritising payments for completed activities.*

County Treasuries are advised to settle outstanding debts using the first-in-first-out principle, in line with Regulation 55(1)(b) of the Public Finance Management (County Governments) Regulations 2015. The Controller of Budget has developed a pending bills template, approved during the 27th IBEC session, which County Executives and the Assembly should implement for tracking and reporting in the financial year 2025/26.

Additionally, pending bills submitted to the Controller of Budget and trade payables must be consistently reported in financial statements.

4.7. Low Expenditure on Development Programmes

According to Section 107(2)(b) of the Public Finance Management (PFM) Act of 2012, at least 30 per cent of County Governments' budgets should be allocated to development expenditures over the medium term. Additionally, Regulation 25(1)(g) of the PFM (County Governments) Regulations 2015 specifies that county governments' actual spending on development should conform to this requirement.

Observation: In FY 2024/25, County Governments spent Kshs.123.76 billion on development activities, representing an absorption rate of 56.5 per cent of the annual development budget of Kshs.218.99 billion. The expenditure on development activities constituted 26 per cent of the total spending for that financial year. An analysis shows that 23 County Governments did not meet the 30 per cent threshold, including Nairobi City County, whose development expenditure was 12 per cent ot total expenditure, followed by Machakos County at 16 per cent, Kisumu at 17 per cent, Kiambu and Kajiado at 18 per cent, and Nyamira at 19 per cent.

Recommendation: *The Controller advises that County Governments formulate and implement strategies to increase their development budget expenditures and meet the 30 per cent threshold as required by law. To enhance citizens' living standards, counties should adopt effective project planning, monitoring, and implementation mechanisms in FY 2025/26. This will help improve the absorption rate of development funds and promote overall national development.*

4.8. High Expenditure on Compensation of Employees

Regulation 25(1)(b) of the PFM (County Governments) Regulations, 2015, limits County Government expenditures on wages and benefits to 35 per cent of the County's total revenue.

Observation: In FY 2024/25, County Governments spent Kshs.220.64 billion on employee compensation. This amount represents 47 per cent of their total expenditure of Kshs.470.23 billion and 41 per cent of the realised revenue of Kshs.533.11 billion. This expenditure represents an increase from Kshs.209.84 billion in FY 2023/24. The Controller of Budget observed that only eight County Governments adhered to the 35 per cent ceiling for employee compensation to actual revenue. These counties are Kilifi (24 per cent), Siaya (26 per cent), Tana River (27 per cent), Nakuru (30 per cent), Kwale (31 per cent), Nandi (33 per cent), Nyandarua (33 per cent). Notably, out of the 47 County Governments, 16 did not request their June 2025 salaries (see Annexe IV). Further analysis also indicates

that Kshs.10.7 billion, 5 per cent of the total expenditure on employee compensation, was processed manually and paid outside the government payroll system.

Recommendation: *The Controller of Budget recommends that County Governments maintain their employee compensation expenditure at sustainable levels and comply with Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015. For those County Governments that did not requisition their June 2025 salaries, the Controller advises them to ensure adequate allocation for employee compensation in FY 2025/26 to cover wages for 12 months, as well as any arrears. Additionally, the Controller reminds County Governments of a resolution from the Third National Wage Bill and Productivity Conference, held in April 2024, which urged public service institutions to reduce their wage bills to 35 per cent by June 2028.*

4.9. High Proportion of Health Sector Wage Bill to Total Wage Bill

Observation: As of June 30, 2025, the counties have spent Kshs.141.78 billion on the health sector, representing approximately 30 per cent of the total expenditure of Kshs.470.74 billion. Out of the reported health sector expenditure, Kshs.97.45 billion was allocated for the compensation of health sector employees (see summary in Annexe II). This amount accounts for 44 per cent of the total reported expenditure on employee compensation, which was Kshs.220.64 billion for the fiscal year 2024/25. The counties with a high proportion of health sector wage bills relative to their total wage bills include Baringo County (67 per cent), Nyeri County (56 per cent), Trans Nzoia County (55 per cent), and Taita Taveta County (54 per cent). While this significant allocation to health is beneficial for the provision of health services, it also limits funding for other sectors.

Recommendation: *County governments should mobilise additional funds for the health sector in collaboration with other stakeholders, including the national government. This strategy would help alleviate the financial burden on counties and free up resources for other sectors.*

4.10. Lapsing of Established Fund Regulations

According to Regulation 197(1)(i) of the PFM (County Governments) Regulations 2015, the lifespan of public funds is limited to ten years unless extended by the County Assembly.

Observation: As of 30 June 2025, Fourty Five regulations governing established County Funds had lapsed or were nearing lapsing (see Chapter Two for details). For example, the Bomet County Assembly Car Loan and Mortgage Fund (established in 2014), the Embu County Youth Trust Fund (established in April 2015), the Kiambu County Assembly Car Loan and Mortgage Scheme Fund (established in 2014), and the Turkana County Biashara Fund (established in 2014) had lapsed. The lapse of the regulations means these funds are no longer eligible for further withdrawals from the exchequer.

Recommendation: *The Controller of Budget recommends that County Governments review and extend these regulations to avoid operational disruptions. Furthermore, the Controller advises that all expenditures from lapsed funds should cease immediately, and legal measures should be taken to either re-establish or wind up such funds in accordance with the PFM Act 2012.*

4.11. Non-Compliance with Legislation on Account Opening by County Governments

Regulation 82(1)(b) of the Public Finance Management (PFM) (County Governments) Regulations, 2015, stipulates that County Government bank accounts should be opened and maintained at the Central Bank of Kenya, with exceptions for imprest and revenue collection accounts.

Regulation 82(4) mandates that accounting officers obtain written authorisation from the County Treasury before opening a commercial bank account. In addition, Regulation 82(5) requires the County Treasury to send a copy of this authorisation to the Controller of Budget.

Observation: As of June 30, 2025, County Treasuries reported 5,192 accounts opened at commercial banks (see Chapter Two for details). However, the County Treasuries have failed to submit copies of the authorisation letters for these commercial bank accounts to the Controller of Budget, contrary to Regulation 82(5) of the PFM (County Governments) Regulations, 2015.

Recommendation: *County Treasuries should prioritise submitting authorisation letters for all commercial bank accounts to the Controller of Budget. The Controller of Budget will continue to monitor these submissions, as they are essential for enhancing compliance and promoting transparency in the management of public funds.*

4.12. Delay in Submission of Financial and Non-Financial Reports to the Controller of Budget

County governments are required to prepare and submit financial and non-financial reports as mandated by Section 166(4) and Section 168(3) of the Public Finance Management (PFM) Act, 2012. These reports should be submitted no later than one month after the end of each quarter. Additionally, Section 16 of the Controller of Budget Act, 2016, stipulates that Accounting Officers should cooperate with the Controller of Budget and respond promptly to any inquiries. According to these regulations, the Controller of Budget set the submission deadline for financial and non-financial reports for the review period as 15 July 2025.

Observation: Despite these legal requirements, County Governments did not submit financial and non-financial reports within the recommended timeline. This delay hindered finalising the Annual County Budget Implementation Review Report for FY 2024/25. Several County Governments, including Nairobi, Narok, Nandi, Isiolo, and Baringo, submitted their reports after 1 August 2025.

Recommendation: *County Governments should implement mechanisms to ensure compliance with the legal requirements for submitting quarterly financial and non-financial reports, as outlined in the law.*

5. MONITORING AND EVALUATION OF COUNTY GOVERNMENTS' BUDGET IMPLEMENTATION FOR FY 2024/25

5.1. Introduction

Section 5(b) of the Controller of Budget Act, 2016, requires the Controller of Budget to ensure the prudent and efficient use of public funds by, among other functions, monitoring, evaluating, reporting, and making recommendations to the National and County governments on measures to improve budget implementation.

Within the scope of her mandate, the Controller of Budget regularly verifies whether the National and County governments are implementing programmes according to the approved budgets and provides appropriate advice. During the reporting period, the OCoB conducted monitoring and evaluation field visits in 36 County governments to monitor and evaluate budget implementation progress.

Picture 1: The Controller of Budget, FCPA Dr Margaret Nyakang'o, CBS, briefing H.E. Gov Wavinya Ndeti, Governor of Machakos County, during a monitoring exercise

5.2. Objectives of the Monitoring and Evaluation Exercise

The objectives of the field visits were:

i. Assess the levels of compliance with the law and government policy on public sector wage bill management.

ii. Establish the management and status of pending bills by County governments.

iii. Assess the administration, management, and performance of Own Source Revenue (OSR) by County governments

iv. Monitor compliance with laws relating to the establishment and operations of Public Funds established by the County government.

v. Assess the status of implementing the Facilities Improvement Financing Act, 2023.

vi. Assess compliance with the law on the banking arrangements.

vii. Assess criteria for procurement of medical drugs and supplies

viii. Unbundle and classify expenditures under "Other Operations and Maintenance" for improved transparency and accurate reporting; and

ix. Verify the implementation status of projects funded under the Equalisation Fund.

x. Determine the extent to which the projects funded in FY2024/25 have been implemented according to the planned timelines and budgets.

xi. Assess progress made by the Counties to implement recommendations from the previous monitoring and evaluation exercise

Picture 14: Controller of Budget FCPA, Dr. Margaret Nyakang'o CBS, briefing the Makueni County Governor H.E Mutula Kilonzo Jr. CBS on the findings of the Machakos Monitoring exercise

5.3. Key Findings

5.3.1 Status of the Wage Bill

The National Wage Bill Conference held in 2024 resolved that the County Executive Committee Member (CECM) for Public Service should refine strategies and action plans to achieve a wage bill-to-revenue ratio of 35 per cent. These strategies and action plans were to be submitted to the County Executive Committee (CEC) by 30th June 2024 for approval. The Controller of Budget was tasked with progressively monitoring and ensuring that the provision of Personnel Emoluments does not exceed the 35 per cent threshold by 30 June 2028.

However, during the monitoring and evaluation visit, it was established that Counties have not developed the wage bill action plans and submitted them to the Controller of Budget for monitoring implementation. Notably, Counties such as Turkana, Bomet, Kajiado, and Lamu had not complied with this requirement, signalling gaps in adherence to the resolutions of the National Wage Bill Conference.

The Controller of Budget recommended that the County Executive Committee Members responsible for Public Service expedite the development of the wage bill action plans and submit them to the CEC for approval. The Action Plan should have a clear timeline with measurable milestones and be forwarded to the Controller of Budget for monitoring.

During the exercise, the CoB found that some staff salaries and allowances were paid using manual systems that were

prone to errors and abuse. The reasons cited for using the manual systems included delays in acquiring payroll numbers for new staff, short-term contracts issued to some employees, and high staff turnover, especially among partisan staff attached to Members of County Assemblies. Additionally, retired staff whose salary reviews were approved but not implemented before their exit can claim their pensions, which are processed manually. Counties such as Garissa, Meru, Wajir, and Tharaka Nithi were cited as examples where such manual practices persisted, raising concerns about payroll integrity, accountability, and compliance with the Public Finance Management framework

To address this issue, Counties were advised to liaise with the Directorate of Human Resource Information Services under the Ministry of Public Service and Human Capital Development to explore integrating these statutory payments into the HRIS. Furthermore, the Controller of Budget issued a Circular to Counties, notifying them that exchequer requisitions for salaries and allowances for staff on manual payroll would not be approved from FY2025/26.

5.3.2 Status of Settlement of Pending Bills

Regulation 41 (2) of the Public Finance Management (County Governments) Regulations, 2015, requires prioritising debt service payment settlement. Despite this legislative requirement, Counties continued accumulating pending bills..

During the monitoring exercises, the CoB sought to identify the delays in settling pending bills and the measures implemented to address the issues. Some of the reasons cited included overestimation of own-source revenue, creating hidden deficits in the budget, artificial delays in verifying ineligible pending bills, ongoing litigation, and low cash flows attributed to delayed disbursement of funds by the National Treasury. Counties such as Turkana, Bungoma, Lamu, and Kajiado were among those where these challenges were observed, highlighting persistent weaknesses in expenditure management and pending bills resolution.

To address these issues, the Controller of Budget recommended that Counties ensure that their own-source revenue estimates are realistic to avert hidden deficits in the budget. Further, counties were required to expedite the verification of ineligible bills so that they could be factored into the budget. Counties were also instructed to submit a pending bill payment plan and periodic progress reports for monitoring to the Controller of Budget.

5.3.3 Assessment of Own-Sourced Revenue Performance

Article 209(3) of the Constitution allows County Governments to generate own-sourced revenue (OSR) by imposing (i) property taxes, (ii) entertainment taxes, and (iii) any other tax authorised by Parliament to augment the other resources available for budget implementation. While OSR is a vital source of revenue for Counties to finance their budgets, County governments have continued to face challenges in local revenue collection since the advent of devolution. Poor OSR performance has been identified as a significant contributor to the accumulation of pending bills.

The monitoring and evaluation exercise highlighted persistent weaknesses that undermine the effective administration and performance of Own Source Revenue (OSR) across Counties. These challenges are clustered under four key thematic areas as follows:

a. Continued Use of Inefficient Manual Collection Systems

Several counties still rely on manual revenue collection methods. Due to weak controls and limited real-time oversight, manual systems are prone to leakages, underreporting, and fraud. In some cases, revenue automation efforts have stalled or not been fully implemented, resulting in fragmented systems that fail to cover all revenue streams comprehensively. For instance, Baringo, Garissa and Lamu Counties were noted as having gaps in fully automating their revenue collection systems, which undermines efficiency and accountability in mobilising own-source revenues.

County Governments should prioritise the complete automation of all revenue streams by implementing robust, integrated digital systems that ensure efficient, transparent, and real-time collection, reconciliation, and reporting.

b. Outdated Taxpayer Registers and Valuation Rolls

The assessment found that many Counties operate with outdated or incomplete taxpayer databases and valuation rolls. Failure to regularly update these records undermines accurate billing, collection, and expansion of key revenue sources such as property rates, leading to systematic under-collection. This situation also hampers revenue forecasting, creates opportunities for revenue leakages, and weakens counties' fiscal autonomy. Examples of affected counties include Baringo, Kajiado, and Lamu, where outdated valuation rolls have significantly constrained the potential to optimise property rate collections and broaden the revenue base..

Counties should regularly update and maintain comprehensive taxpayer registers and valuation rolls to accurately assess and collect all potential revenues, thereby broadening the OSR base sustainably.

c. Weak Enforcement and Compliance Monitoring

Enforcement of revenue laws and compliance monitoring remains weak in several Counties. Penalties for non-compliance are either unclear or poorly enforced, contributing to widespread defaults and low collection efficiency. This is compounded by capacity gaps among revenue staff and the absence of modern tools and standard procedures. Examples of the affected Counties include Baringo, Garissa and Makueni.

County Treasuries should strengthen revenue law enforcement by instituting clear penalties for defaulters, enhancing compliance monitoring frameworks, and investing in capacity building and modern tools for revenue staff.

d. Weak Internal Controls and Accountability

Fragmented revenue streams, heavy reliance on cash handling, and poor reconciliation practices expose County collections to misuse and misappropriation. Delays in daily banking of collections and weak oversight mechanisms increase the risk of leakages and revenue loss.

Counties should minimise cash handling by adopting cashless payment solutions, enforcing timely banking of daily collections, implementing robust reconciliation procedures, and establishing strong internal controls to safeguard public funds and ensure accountability, in accordance with the Public Finance Management Act.

e. Unexploited Own Source Revenue (OSR) Potential

The monitoring and evaluation teams noted that despite the significant revenue potential estimated by the Commission on Revenue Allocation (CRA), most Counties continue to collect far below their capacity. According to CRA estimates, Counties have the potential to generate approximately Kshs. 250 billion per year in OSR. However, the average actual collection is less than the full potential that is being realised.

CRA's studies highlight that most Counties rely heavily on a few traditional revenue streams such as property rates, single business permits, market fees, and parking fees. At the same time, substantial opportunities in other areas remain largely untapped. These include land rates, outdoor advertising, natural resource cess, quarry royalties, entertainment taxes, liquor licensing, and returns from County-owned assets, such as markets, bus parks, and leased land. Potential local levies on emerging economic activities, such as regional tourism, fish landing sites, mining, and solid waste management, remain underexploited. These Counties include Turkana, Baringo and West Pokot.

The underutilisation is mainly due to outdated valuation rolls, incomplete asset registers, weak enforcement, minimal innovation, and limited capacity for forecasting, monitoring, and modern revenue administration. This leaves Counties heavily dependent on national equitable share transfers, constraining their fiscal autonomy and limiting local development investments.

Counties should diversify their OSR base by operationalising non-traditional streams such as outdoor advertising, natural resource royalties, quarry fees, and local tourism levies, backed by updated legislation and enforcement

5.3.4 Status of County Public Funds

Section 110 of the PFM Act, 2012 grants power to CECM Finance to establish a County Emergency Fund to enable payments for an urgent and unforeseen need for expenditure for which there is no specific legislative authority. Furthermore, Section 116 of the PFM Act, 2012, allows County Governments to establish public funds, with their lifespan capped at 10 years unless extended by the County Assembly.

The following issues were noted during the monitoring and evaluation exercise.

a. Legal Tenure of County Public Funds

Regulation 197(1)(e) of the Public Finance Management (PFM) Act stipulates that the initial establishment of any County Public Fund must be approved for a maximum period of ten (10) years. Upon the lapse of this period, continued existence and operation require fresh authorisation from the County Executive Committee and the County Assembly. The monitoring and evaluation exercise revealed that several County Public Funds have already exceeded their legally approved tenure without renewal. These include the Bungoma Youth and Women Empowerment Fund, Kisii County Assembly Members' Loan and Mortgage Fund, Nakuru County Agricultural Development Fund, Uasin Gishu County Alcoholic Drinks Control Fund, and Laikipia County Enterprise Fund. This situation poses profound legal and operational implications, particularly regarding the legitimacy of ongoing transactions and withdrawals from these funds. Without timely renewal, such funds operate outside the prescribed legal framework, exposing them to potential legal challenges and placing the Controller of Budget in a position where approvals for further disbursements must be withheld until compliance is restored.

The County Executive Committee Member (CEC) for Finance should urgently seek the requisite approvals from the County Executive Committee and County Assembly to either formally renew or wind up funds whose tenure has expired, in line with the provisions of the PFM Act.

b. Non-Compliance with Reporting Requirements for County Public Funds

The assessment noted that administrators of certain County Public Funds failed to submit the statutory quarterly financial reports, as required under Section 168 of the PFM Act, 2012. These included the Nairobi City County Alcoholic Drinks Control Fund, Uasin Gishu County Staff Mortgage and Car Loan Scheme, and Elgeyo/Marakwet County Education Fund. Failure to submit these reports resulted in excluding the affected funds from the County Budget Implementation Report, undermining oversight efforts, limiting transparency in resource utilisation, and increasing accountability risks.

In collaboration with fund administrators, the County Treasuries should strengthen enforcement of statutory reporting requirements by establishing robust internal controls and monitoring systems. Timely and accurate submission of quarterly financial reports should be prioritised to uphold legal compliance, enhance accountability, and promote prudent management of public funds.

c. Non-Performing Loans of Revolving Funds

The review revealed that several revolving funds struggle with significant non-performing loans, as many beneficiaries have failed to meet their repayment obligations. These included the Uasin Gishu County Government Inua Biashara Fund and Youth and Women Enterprise Funds in Counties such as Nandi and Baringo. Persistent defaults weaken the sustainability of revolving funds by depleting the pool of resources available to support new beneficiaries. If left unchecked, this trend threatens to erode public trust and diminish the effectiveness of these critical socio-economic empowerment programs designed to promote financial inclusion and community development.

County Governments should reinforce loan recovery strategies by developing clear and enforceable follow-up procedures, conducting beneficiary awareness and sensitisation campaigns on repayment obligations, and embedding credit risk assessments into the loan approval process. Moreover, partnering with financial institutions could help improve loan tracking, enhance recovery rates, and strengthen overall sustainability

5.3.5 Assessment of the Implementation of the Facilities Improvement Financing Act, 2023

The monitoring and evaluation exercise assessed the status of implementation of the Facilities Improvement Financing Act, 2023, which was enacted to strengthen the management, retention, and utilisation of revenue generated by public health facilities to improve service delivery at the County level. The assessment highlighted several key challenges that hinder the full operationalisation of the Act, undermining the intended objectives of enhancing health financing, accountability, and sustainability.

a. Incomplete Operationalisation of Regulations

Although the FIF Act, 2023, has been enacted, several Counties are yet to fully adopt and operationalise the Facilities Improvement Fund (FIF) Act, 2023, with counties such as Kwale, Vihiga, Baringo, Kisumu, and Nandi still in the process of enacting regulations to ensure health facilities retain and manage their own-source revenues in compliance with the law. Incomplete regulations create legal and procedural gaps, resulting in inconsistent practices across facilities and Counties.

County Governments should expedite the finalisation, approval, and dissemination of FIF regulations and guidelines to provide a clear legal and operational framework for all stakeholders.

b. Weak Reporting and Accountability Mechanisms

The assessment revealed that in several Counties, the Facility-in-Charge does not consistently prepare and submit the required financial and performance reports as stipulated under Section 18(e) of the FIF Act. This gap was observed in counties such as Kisumu, Vihiga, Nandi, Baringo, and Elgeyo Marakwet, undermining transparency, accountability, and effective monitoring of Facility Improvement Fund operations. Non-compliance with these reporting requirements undermines transparency and accountability in using retained facility-generated funds and limits oversight by County Treasuries and the Controller of Budget.

In collaboration with the County Health Departments, County Treasuries should strengthen internal controls to ensure all facility-in-charge submit timely, accurate financial and performance reports in full compliance with the Act.

c. Poor Capacity and Awareness Among Facility Managers

In some Counties, health facility managers and committees lack adequate knowledge of the provisions and obligations under the FIF Act. Limited capacity and awareness hinder proper implementation, financial management, and adherence to statutory requirements.

County Governments should conduct comprehensive training and sensitisation for facility-in-charges, health management committees, and other relevant staff on the requirements of the FIF Act, financial management best practices, and reporting obligations.

d. Persistent Delays in the Reimbursement of Unpaid Social Health Authority and NHIF Claims

The monitoring and evaluation exercise revealed that many Counties continue to experience persistent delays in reimbursements of claims lodged with the Social Health Authority (SHA), formerly the National Hospital Insurance Fund (NHIF), for services rendered to insured patients at County public health facilities. Despite health facilities providing covered services and submitting valid claims, outstanding payments by the SHA and legacy NHIF debts remain substantial and unresolved in many Counties such as Bungoma, Nakuru, and Busia.

These prolonged delays in claim settlements severely undermine the cash flows of public health facilities, restricting their ability to purchase essential medical supplies, pay suppliers on time, and meet other operational expenses. The resulting funding gaps compromise the continuity and quality of critical healthcare services, weaken the motivation of service providers, and reduce patients' confidence in public health insurance schemes. This situation also creates a knock-on effect, increasing reliance on irregular supplementary funding or accumulating pending bills at the facility and county levels.

County Governments, through their Departments of Health and Finance, should proactively engage the Social Health Authority (SHA) to fast-track the verification, approval, and settlement of all outstanding claims, including legacy NHIF debts. Counties should also establish robust internal systems for timely claim preparation, accurate documentation, and prompt submission to minimise avoidable delays. Additionally, the Council of Governors should escalate dialogue with the SHA and the National Treasury to address systemic backlogs and establish clear timelines for claim reimbursements, ensuring sustained cash flow for health facilities and uninterrupted delivery of quality healthcare services.

5.3.6 Assessment of Compliance with the Law on County Banking Arrangements

The monitoring and evaluation exercise reviewed the extent to which County Governments comply with Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, which expressly requires the County Treasury to submit to the Controller of Budget a copy of the letter authorising an Accounting Officer to open a commercial bank account for County operations.

The assessment established that Counties routinely open and operate commercial bank accounts to facilitate specific operational transactions. However, many County Treasuries have not consistently submitted the required authorisation letters to the Controller of Budget. In some cases, Counties such as Nairobi City, Bungoma and Uasin Gishu operate multiple commercial bank accounts without evidence of formal authorisation or without notifying the Controller of Budget as mandated by the regulation. Non-compliance with this requirement undermines transparency and oversight over County banking arrangements and increases the risk of operating unauthorised or redundant accounts susceptible to misuse or misappropriation of public funds.

County Treasuries should strictly comply with Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, by ensuring that for every commercial bank account opened under their mandate, a copy of the letter authorising the relevant Accounting Officer is promptly submitted to the Controller of Budget for records and oversight. Counties should also undertake a comprehensive audit of all existing bank accounts to confirm that each has the necessary approval documentation on file and to regularise any accounts operating outside the legal framework.

5.3.7 Status of Procurement of Medical Drugs and Supplies

The monitoring and evaluation exercise reviewed the procurement status of medical drugs and supplies across counties, focusing on the adequacy of budgetary provisions, settlement of pending bills, and outstanding payments to key suppliers such as the Kenya Medical Supplies Authority (KEMSA).

a. Inadequate Budget Provision for Health Commodities

In several Counties, budget allocations for the procurement of essential medical drugs and supplies were found to be insufficient compared to the actual needs of public health facilities. For instance, a review of select Supplementary Budgets for FY 2024/25 showed that while Counties made provisions for health commodities, these allocations were inadequate and often reprioritized to other expenditure items. Counties such as Kisumu, Vihiga, Nandi, Baringo, and Kitui were among those affected, resulting in frequent stock-outs, delayed service delivery, and increased out-of-pocket expenses for patients.

County Governments, through the CEC Members for Finance and Health, should prioritise using up-to-date morbidity and workload data when preparing health sector budgets. Evidence-based estimates should guide resource allocation to ensure adequate funding for the procurement of medical commodities and secure consistent supply chains in all health facilities.

b. Accumulation and Delayed Settlement of Pending Bills

The assessment established that many Counties have accumulated substantial pending bills for medical commodities that had already been supplied but remain unpaid. As of April 2025, counties owed the Kenya Medical Supplies Authority (KEMSA) a total of Kshs. 2.99 billion for health products and technologies. The largest shares of this debt were attributed to Kilifi County (Kshs. 330.03 million), Nairobi City County (Kshs. 225.16 million), and Tharaka Nithi County (Kshs. 146.9 million), underscoring persistent challenges in settling obligations to key suppliers. The prolonged delays in settling these obligations have strained working relationships with KEMSA and other suppliers, eroded supplier confidence, and resulted in non-responsive bids during open tendering processes for the supply of medical commodities. This seriously threatens the continuity of health service delivery due to potential supply chain disruptions and the risk of stockouts in health facilities.

County Governments should fast-track the verification and complete settlement of all pending bills for medical commodities, including outstanding obligations to KEMSA, to restore supplier confidence and maintain stable supply chains for essential medical supplies. Counties should ring-fence dedicated budget allocations to clear these arrears in the next budget cycle and adopt phased payment schedules where necessary. Furthermore, County Treasuries and Health Departments should strengthen their financial management practices to prevent the accumulation of new pending bills by enforcing timely billing reconciliation, robust commitment controls, enhanced cash flow planning, and clear communication with key suppliers, such as KEMSA.

5.3.8 Unbundling Operations and Maintenance Expenditures Classified as "Other Expenses"

The assessment identified notable weaknesses in financial reporting, particularly misclassification of expenditures and a lack of clarity in item descriptions in Counties such as Nairobi City, Bungoma and Nakuru. Several payments that have distinct Standard Chart of Accounts (SCoA) codes were erroneously consolidated under "Other Expenses." These included health facility referral costs, vehicle repairs, professional membership fees and subscriptions, insurance policies, bank charges, cleaning services, legal services, and various allowances, cumulatively amounting to millions of shillings. Such misclassifications obscure the true nature of spending, reduce transparency, and hinder effective budget monitoring. County Governments that, in FY 2024/25, reported high expenditures on "other expenses" include Homa Bay, Isiolo, Kericho, Kiambu, Kitui, Mombasa, Nairobi, Nandi, Samburu, and Siaya.

This lack of detailed disclosure compromises the principles of openness and accountability in public financial management, complicating expenditure tracking and potentially creating opportunities for inefficiencies, misuse, or misreporting of County funds.

County Governments should strengthen budget formulation, reporting, and disclosure practices by fully unbundling the 'Other Operations and Maintenance' expenditure category into clear, specific budget lines that accurately reflect the nature of the goods and services being procured. County Treasuries should enforce this standard when preparing and publishing budget implementation reports to ensure detailed itemisation and classification of expenditures. This will promote greater transparency, enhance expenditure tracking, and support more effective oversight by the Controller of Budget, County Assemblies, and the public.

5.3.9 Status of Implementation of Projects Funded under the Equalisation Fund

The Equalisation Fund was established under Article 204 of the Constitution of Kenya to fast-track development in marginalised areas by financing programmes that provide essential services such as water, roads, health facilities, and electricity—aimed at raising the standard of living in these regions to the level generally enjoyed by the rest of the country. Specifically, Article 204 mandates that 0.5 per cent of all revenue collected by the National Government each year, based on the most recent audited accounts approved by the National Assembly, be set aside to uplift marginalised areas.

Despite this clear constitutional framework, the implementation of the Equalisation Fund continues to face persistent challenges that undermine its intended impact. In FY 2024/25, the Controller of Budget authorised a total of Kshs.3.45 billion for disbursement. This included Kshs. 394.30 million for payment of Policy 1 development pending bills under the Ministry of Water and Sanitation, and Kshs . 2.77 billion for the second policy development projects in 35 marginalised areas.

However, despite these disbursements, gaps remain in information on the actual status and impact of funded projects on the ground. Concerns persist about the effectiveness of implementation and whether these interventions sufficiently bridge the service delivery gap as envisioned. Therefore, a field monitoring and evaluation exercise was undertaken to assess progress, verify results against disbursed funds, and identify any administrative or operational barriers that impede the Fund's effectiveness in promoting inclusive development.

a. Proposed Borehole Drilling and Capping at Banita Secondary School

The project involved drilling and capping a borehole at Banita Secondary School in Soin Ward, Nakuru County, to provide clean water to the school and the Banita Settlement Scheme community. The contract sum was Kshs. 3.19 million, fully paid from the County's development budget, as the project was completed before the release of Equalisation Funds.

A monitoring visit to the school by the OCoB team confirmed that a proper survey was conducted and drilling occurred between May 10th and 30th, 2024. The school board managed the project in the absence of a formal committee. Further, the publicity signboard incorrectly identifies the project as a county-funded initiative financed through the Equalisation Fund. This misrepresentation undermines transparency and may mislead stakeholders regarding the source of funding.

The school relies on a seasonal river and purchases water during drought. Once fully operational, the borehole is expected to benefit approximately 2,000 households, including Banita Secondary and Primary schools and the Banita trading centre. However, the project has not yet achieved its full objective, as only drilling and capping were completed.

Priority should be given to solarising the pumping system based on local energy access and maintenance capacity to ensure full potential. Storage and distribution infrastructure, such as elevated tanks and piping networks, is essential for a consistent water supply. Community training on maintenance, basic repairs, and water management is also critical to avoid project abandonment. Long-term monitoring, including periodic water level checks, pump servicing, and water quality assessments, is necessary to ensure continued functionality. The integration of these measures, with support from the County Government, will be key to transforming the borehole into a sustainable water source and improving water security for the community.

Further, the County should ensure that all project signage accurately reflects the funding source. In this case, the signboard should be corrected to indicate support from the Equalisation Fund. Clear and consistent branding of projects enhances accountability and public awareness of national development efforts.

Picture 2: Publicity signboard (left) and a plaque (right) for the borehole drilling and capping project at Banita Secondary School

Picture 3: Borehole site at Banita Secondary School

b. Spot Improvement of Land B-Kopsiro Centre – Chepyuk Centre Road

The project involves grading and gravelling works covering 700 meters of the road in Kapkateny Ward, Bungoma County. Implementation began on January 7, 2024, with an expected completion date of December 31, 2025. The allocated budget is Kshs. 2.36 million, while the contracted sum stands at Kshs. 2.2 million.

¬During the assessment, the monitoring team confirmed that the project is fully completed and in good condition, except for the drainage system, which requires clearing. Notably, the contractor has yet to receive payment despite funds being released by the Controller of Budget.

Picture 4: Land B-Kopsiro Health Centre Road

c. *Sambocho Water Project*

The project is located in Elgon Ward, Bungoma County. It involves constructing an intake, installing fittings, laying pipes from the intake to the existing 150,000-litre storage tank, which is 4.5km away, and providing community training. It started on January 7, 2024, and is scheduled for completion by December 31, 2025. The budget is Kshs. 9.89 million, with a contract sum of Kshs. 9.47 million. The project aims to supply water to 1,000 households in Sambocho Sub-location.

During the project site visit, it was established that the project has not been completed. The water intake and installation of fittings are complete. However, the contractor has not started laying distribution pipes from the intake to the distribution tank.

Picture 5: Publicity Signboard and water pipes for the Sambocho water project

Picture 6: Water Intake (left) and distribution tank for the Sambocho Water project

Picture 7: Discussion with the members of the Community and Project Implementation Committee, Construction of Makutano-Kabukwo Box Culvert

The project is located in Chepyuk Ward, Bungoma County, and involved opening, grading, and heavy compaction of an 800-meter stretch of road, constructing a box culvert and installing access culverts. The project was allocated

Kshs. The contract sum was 10.6 million in the Equalisation Fund Appropriation Act 2023, and Kshs. 10.34 million. The project commenced on July 1, 2024, and was scheduled for completion by December 31, 2025.

During the assessment, the monitoring team observed that a section of the approach road to the bridge remains incomplete and is currently impassable. Furthermore, the access culvert has not been installed, significantly hindering vehicular access to the bridge that links Makutano Trading Centre and Kabukwo Centre. As a result, the project has not achieved its intended objective, as there is no continuous, motorable road connecting the box culvert to Kabukwo Centre.

It was also established that no survey or feasibility study was conducted before implementation. As a result, essential works, such as rock blasting, were not included in the Bills of Quantities (BoQ). This oversight has resulted in exposed rock ballast along the road, impeding traffic flow and compromising accessibility and safety.

Based on the findings, it is recommended that the project scope be reviewed and revised to address the identified gaps, including the completion of the approach road, the installation of the access culvert, and the removal or blasting of exposed rock ballast to ensure a motorable surface. A comprehensive survey and feasibility study should be undertaken for all future projects to ensure all necessary components are captured in the updated Bills of Quantities.

Picture 8: Makutano-Kabukwo box culvert in Bungoma County

The exercise revealed several specific issues, each requiring targeted intervention as outlined below:

d. Limited Capacity of the Project Identification and Implementation Committee

The Project Identification and Implementation Committee, which plays a critical role in planning and executing Equalisation Fund projects, requires targeted capacity building and training to discharge its mandate effectively. Inadequate technical and managerial skills within the Committee have contributed to weak project planning and oversight.

The Counties should organise structured training and continuous capacity-building programmes for the Project Identification and Implementation Committee members. This will equip them with the necessary technical, financial, and project management skills required to effectively plan, appraise, and oversee development projects, ensuring better delivery of results and value for money.

e. Lack of Budget for Surveys and Feasibility Studies

Sometimes, the costs of conducting surveys and feasibility studies were not factored into the initial project budgets. This oversight compromised the quality of project design and hindered effective implementation, as critical baseline data and technical assessments were lacking at the planning stage.

Future project budgets should explicitly include adequate provisions for preliminary activities such as surveys and feasibility studies. These elements will ensure that project designs are evidence-based, technically sound, and aligned with community needs and available resources, thereby improving the likelihood of successful and sustainable implementation.

f. Inadequate Budget for Public Participation

The Project Identification and Implementation Committees were not allocated a dedicated budget to facilitate meaningful public participation during the project identification phase. This limited the extent of stakeholder engagement, reduced community ownership, and may result in the selection of projects misaligned with local priorities and needs.

The County Government should allocate a specific budget to the Project Identification and Implementation Committee to enable robust and inclusive public participation during the project identification and planning phases. Engaging communities early and adequately ensures that selected projects reflect genuine local priorities, enhances transparency, and fosters community buy-in, which is critical for the sustainability and success of funded interventions.

5.3.10 Status of Implementation of Development Projects in FY 2024/25

Parliament enacted the Public Finance Management (Public Investment Management) Regulations, 2022, to establish a standardised and transparent framework for the appraisal, selection, budgeting, and implementation of public investment projects. These Regulations were designed to address persistent challenges in public investment, such as stalled projects, cost overruns, and sub-optimal returns on investment, while fostering fiscal discipline, accountability, and alignment with Kenya's national and county development priorities. By ensuring that only well-prepared, economically viable, and strategically relevant projects are included in annual budgets, the Regulations aim to improve the quality and efficiency of development spending across the public sector.

The Office of the Controller of Budget conducted a monitoring and evaluation exercise during FY 2024/25 to assess the extent to which County Governments have institutionalised and complied with this regulatory framework. The assessment focused on key public investment management cycle stages, including project identification, appraisal, budgeting, implementation, and monitoring mechanisms. Additionally, the exercise tracked the implementation progress of selected projects to verify whether they align with approved budgets, timelines, and intended outcomes.

The teams established the following findings:

a. Adoption of Regulatory Framework

Some county governments have made commendable progress in aligning their project management processes with the Public Investment Management Regulations 2022 provisions. Specifically, there is evidence of structured project appraisal and screening processes for large-scale capital projects. However, gaps still exist, particularly in cascading these requirements to smaller or ward-level development projects, which often lack adequate feasibility studies and cost-benefit analyses.

Field visits and document reviews revealed mixed outcomes in implementing selected projects. While some projects progressed according to schedule and met the required technical specifications, others experienced delays primarily due to non-payment for certified works, limited contractor capacity, and weaknesses in contract management. Additionally, instances of cost overruns were noted in some projects, primarily due to variations in the scope of work. A sample of the projects monitored is presented below.

b. Rotian Saleyard, Nkareta Ward

The project entailed the construction of a livestock sale yard and modern toilet to provide a centralised facility for the efficient and organised trade of livestock in Nkareta Ward, Narok County. The project's contract sum was Kshs. 6.07 million, already settled. The sale yard is operational and comprises three sections: one for selling cattle, another for sheep and goats, and a third for farm produce. The sale yard features two ablution blocks and a central building that houses offices for Cess, Security, Revenue, Veterinary, and Permits.

While the sales yard is operational, the administration offices remain unequipped, which may hinder the efficient delivery of critical services such as revenue collection, security monitoring, veterinary services, and trade permit issuance. To address this issue, it is recommended that the County Government prioritise equipping the offices with essential furniture, equipment, and ICT infrastructure. Additionally, a phased approach can be adopted to allocate funds for equipping the offices in subsequent budgets, ensuring continuity of operations without straining the current budgetary provisions.

Picture 9: Rotian Saleyard, Nkareta Ward

c. *Loboi Dispensary*

The Dispensary is located in Mochogoi Ward, Baringo County. It was constructed as a replacement for the Loboi Health Centre, which was submerged by Lake Bogoria in 2020. The project began in July 2023 and was completed in August 2024, with a total contract sum of Kshs. 4 million, which was fully paid upon completion.

The new Dispensary is currently operational but faces several challenges. These include insufficient medical personnel, with only two nurses and no public health officer available. Additionally, the facility lacks laboratory services and has yet to be connected to the power grid.

The County government should prioritise equipping the new dispensary by hiring additional medical staff, establishing laboratory services, and ensuring power connectivity. These measures would help provide residents with comprehensive and reliable healthcare services.

Picture 10: The old Submerged Lotoboi Health Centre, Mochogoi Ward, Baringo County

Picture 11: Newly constructed Loboi Dispensary, Mochogoi Ward, Baringo County. Construction of Kataboi Eco Lodges

The County Government of Turkana, through the Ministry of Tourism, Culture, and Natural Resources, began construction of the Kataboi Eco-lodges along Lake Turkana in Lake Zone Ward. The project started in the 2019/20 fiscal year and stalled after reaching 55% completion. With a contract sum of Kshs 60.02 million, a total of Kshs 33.12 million has been paid out to date. Construction stalled after the contract was terminated due to poor workmanship, with the contractor receiving Kshs. 33.12 million before the termination.

During a field visit, the monitoring team observed that the Eco-lodges were deplorable. Some structures have been vandalised due to the absence of security measures to protect the infrastructure.

The County government, in liaison with the National Government, should undertake immediate measures to secure the Kataboi Eco Lodges and prevent further vandalism. A thorough assessment of the remaining work should be conducted, and a new contractor engaged to complete the project. Additionally, the County should establish a comprehensive maintenance and security plan for the facilities to ensure their sustainability and future use as a tourism asset, generating revenue and promoting community development.

Picture 12: Kataboi Eco Lodge, Lake Zone Ward, Turkana County

Proposed Supply, Installation, Testing, Training, and Commissioning of a Resuscitation Machine for the Theatre

The project involved supplying, installing, testing, training, and commissioning resuscitation equipment to enhance health services at Meru County Teaching and Referral Hospital under the Department of Health Services. The contract, valued at Kshs. 2.54 million was awarded to Jomex International Limited under the youth-registered category. The full amount for this project has been allocated in the FY 2024/25 budget and 0paid.

The monitoring team established that the equipment was successfully delivered, installed in the main theatre, and is fully functional.

Picture 13: Resuscitation machine at the Meru County Teaching and Referral Hospital main theatre

5.4. Conclusion

In conclusion, the findings from the monitoring and evaluation exercise, when assessed alongside the budget performance for FY 2024/25, reveal a mixed picture regarding the performance of County Governments. On one hand, some County Governments have made progress in strengthening their institutional frameworks, enhancing compliance with the Public Finance Management (PFM) Act, and improving transparency in resource utilisation. On the other hand, persistent gaps remain in the prudent management of public funds, full implementation of the PFM Act provisions, and timely completion of development projects in other County Governments. These shortcomings have led to inefficiencies such as pending bills, delays in service delivery, and rising project costs.

Moving forward, County Governments must prioritise stronger financial discipline, accelerate the completion of stalled projects, and establish accountability measures to ensure that public resources lead to tangible development outcomes for citizens. The Controller of Budget will continue to monitor, evaluate, and report on budget implementation in accordance with Section 5(d) of the CoB Act 2016.

6. CONCLUSION

This Annual County Budget Implementation Review Report is prepared in fulfilment of Article 228(6) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act 2016, which requires the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of the National and County governments every four months. This report provides an overview of the budget implementation status for FY 2024/25. It analyses revenue performance and expenditure against annual targets, highlighting key challenges the County Governments encountered during the reporting period.

The combined budgets of the forty-seven County Governments for FY 2024/25 amounted to Kshs.601.69 billion, consisting of Kshs.218.99 billion (36 per cent) allocated to development expenditure and Kshs.382.70 billion (64 per cent) to recurrent expenditure. During the financial year, the funding available to County Governments was Kshs.533.11 billion. This included Kshs 387.43 billion in the equitable share of revenue raised nationally for FY 2024/25 and equitable share arrears for FY 2023/24 (for June 2024), amounting to Kshs.30.83 billion; own-source revenue collection of Kshs.67.30 billion, which included A-i-A/FIF of Kshs.24.59 billion, and ordinary OSR of Kshs.42.71 billion. The Counties also received additional allocations of Kshs.24.86 billion and had balances brought forward from FY 2023/24 of Kshs.22.69 billion.

The total expenditure by the County Governments was Kshs.470.74 billion, resulting in an average absorption rate of 78 per cent of the annual County Governments' budget. Recurrent expenditure totalled Kshs 346.98 billion, representing 91 per cent of the annual recurrent budget, while development expenditure amounted to Kshs 123.76 billion, corresponding to an absorption rate of 57 per cent.

The key challenges that negatively impacted budget implementation during this reporting period include: underperformance in collecting own-source revenue, an increased reliance on the facility improvement fund, low expenditure on development programs, the accumulation of pending bills, and high revenue arrears. Additionally, significant spending on employee compensation, non-compliance with legislation regarding County Governments' commercial bank accounts, delays in submitting financial and non-financial reports to the Controller of Budget, issues surrounding the definition of County public debt, and lapsed regulations for established funds compounded the challenges.

This report provides recommendations to address the challenges. The Controller of Budget urges the County Executives and Assemblies to implement these recommendations in accordance with Section 130(d) and 149(3a) of the Public Finance Management Act of 2012, to enhance effective budget execution and achieve the intended budget goals.

The report also outlines key findings from the Controller's monitoring and evaluation efforts, as mandated by Section 5(b) of the Controller of Budget Act, 2016, across 36 County Governments in selected thematic areas. Furthermore, the Controller of Budget offers appropriate recommendations to address gaps identified during the monitoring exercise, promoting fiscal responsibility and enhancing operational transparency. This will enable County Governments to navigate these challenges and drive sustainable growth for their citizenry.

7. Annexes

Annexe I: Proportion of FIF Revenue to total OSR Revenue in FY 2024/25

County	Ordinary OSR Actual Realised (Kshs.Mn)	FIF/AIA Actual (Kshs.Mn)	Total OSR Revenue (Kshs.Mn)	Proportion of FIF performance to OSR (%)
Baringo	250.26	210.87	461.13	46
Bomet	156.15	728.68	884.83	82
Bungoma	485.53	793.17	1,278.70	62
Busia	266.93	239.05	505.98	47
Elgeyo-Marakwet	288.02	288.02	576.04	50
Embu	399.24	518.74	917.98	57
Garissa	94.72	384.15	478.87	80
Homa Bay	390.67	1,099.71	1,490.38	74
Isiolo	151.26	64.89	216.15	30
Kajiado	591.14	327.47	918.61	36
Kakamega	543.13	894.80	1,437.93	62
Kericho	396.75	682.90	1,079.65	63
Kiambu	3,255.71	1,816.89	5,072.60	36
Kilifi	888.26	622.11	1,510.38	41
Kirinyaga	362.60	489.74	852.34	57
Kisii	1,397.69	191.62	1,589.32	12
Kisumu	803.36	1,659.67	2,463.03	67
Kitui	264.11	631.30	895.42	71
Kwale	293.21	242.57	535.78	45
Laikipia	578.94	712.93	1,291.87	55
Lamu	92.13	141.59	233.72	61
Machakos	1,426.15	755.68	2,181.84	35
Makueni	512.22	773.57	1,285.79	60
Mandera	206.59	224.59	431.17	52
Marsabit	80.98	104.43	185.42	56
Meru	404.82	763.16	1,167.98	65
Migori	337.36	354.19	691.56	51
Mombasa	4,208.73	916.99	5,125.71	18
Murang'a	785.14	534.64	1,319.78	41
Nairobi City	11,790.75	1,736.64	13,527.39	13
Nakuru	1,853.19	1,797.79	3,650.97	49
Nandi	374.68	391.02	765.70	51
Narok	5,512.53	181.90	5,694.44	3
Nyamira	134.53	606.60	741.13	82
Nyandarua	370.71	282.53	653.24	43
Nyeri	683.88	769.20	1,453.08	53
Samburu	300.42	9.41	309.83	3
Siaya	236.84	475.98	712.82	67
Taita-Taveta	318.64	229.35	547.99	42
Tana River	199.27	3.96	203.23	2
Tharaka-Nithi	238.28	243.51	481.79	51
Trans Nzoia	288.47	251.45	539.92	47
Turkana	171.14	229.69	400.83	57
Uasin Gishu	1,010.39	341.77	1,352.16	25

County	Ordinary OSR Actual Realised (Kshs.Mn)	FIF/AIA Actual (Kshs.Mn)	Total OSR Revenue (Kshs.Mn)	Proportion of FIF performance to OSR (%)
Vihiga	186.47	211.39	397.86	53
Wajir	113.37	218.35	331.72	66
West Pokot	85.67	142.41	228.08	62
Total	**43,781.06**	**25,291.04**	**69,072.11**	**37**

Source: County Treasuries

Annexe II: Comparison of Health Sector Compensation to Employees with Total Expenditure on Employee Compensation

County	Cumulative Compensation to Employees Expenditure (All Sectors) (Kshs. Million)	Health Sector Total Expenditure (Kshs.Million)	Health Sector Compensation for Employees Expenditure (Kshs. Million)	% of Health Wage Bill to Total Wage Bill
Baringo	3,958.86	3,106.39	2,638.71	67
Bomet	3,752.79	1,973.00	1,419.39	38
Bungoma	6,313.62	3,161.28	2,725.08	43
Busia	3,639.95	2,289.80	1,765.57	49
Elgeyo-Marakwet	2,977.61	2,119.47	1,363.01	46
Embu	3,690.08	2,750.74	1,500.31	41
Garissa	4,550.47	3,295.65	2,091.95	46
Homa Bay	5,878.47	2,998.68	2,232.78	38
Isiolo	2,073.67	1,354.46	1,045.31	50
Kajiado	5,255.17	2,840.52	2,256.02	43
Kakamega	6,915.34	2,741.00	1,940.00	28
Kericho	3,770.83	2,543.40	1,944.94	52
Kiambu	7,882.92	7,325.40	3,915.96	50
Kilifi	4,644.59	4,895.29	2,133.69	46
Kirinyaga	2,827.76	2,497.70	1,398.49	49
Kisii	5,642.12	3,652.43	2,648.05	47
Kisumu	5,947.42	3,168.74	2,827.20	48
Kitui	5,485.80	4,157.90	2,862.45	52
Kwale	4,118.63	3,093.53	1,915.43	47
Laikipia	3,499.52	1,941.87	1,675.50	48
Lamu	1,925.32	1,144.18	875.08	45
Machakos	7,028.99	4,472.97	3,444.26	49
Makueni	4,891.50	3,742.56	2,323.59	48
Mandera	5,027.94	2,575.74	1,475.72	29
Marsabit	3,913.12	2,051.39	1,679.15	43
Meru	5,290.73	3,732.25	2,636.94	50
Migori	3,743.11	1,915.33	1,493.86	40
Mombasa	6,935.08	3,512.94	3,278.40	47
Murang'a	4,642.44	3,244.66	2,294.12	49
Nairobi City	18,302.28	8,219.74	7,158.90	39
Nakuru	6,466.88	6,469.61	3,389.40	52
Nandi	3,002.42	2,860.06	1,364.23	45
Narok	5,548.94	4,291.20	1,616.52	29
Nyamira	3,453.79	1,786.09	1,435.19	42
Nyandarua	2,619.69	1,397.56	1,023.59	39
Nyeri	4,505.89	3,100.08	2,522.13	56
Samburu	2,791.59	1,527.41	998.68	36
Siaya	2,709.81	1,930.53	948.7	35
Taita-Taveta	3,576.32	2,024.94	1,919.52	54
Tana River	2,396.22	1,367.77	1,017.41	42
Tharaka-Nithi	2,997.34	1,975.45	1,374.49	46
Trans Nzoia	3,813.38	2,475.94	2,106.49	55
Turkana	5,996.80	3,200.37	2,340.23	39
Uasin Gishu	4,826.82	3,711.89	1,872.42	39

County	Cumulative Compensation to Employees Expenditure (All Sectors) (Kshs. Million)	Health Sector Total Expenditure (Kshs.Million)	Health Sector Compensation for Employees Expenditure (Kshs. Million)	% of Health Wage Bill to Total Wage Bill
Vihiga	3,117.45	1,615.22	1,312.64	42
Wajir	4,935.24	3,379.38	1,695.96	34
West Pokot	3,354.75	2,148.99	1,553.49	46
Total	**220,639.46**	**141,781.50**	**97,450.95**	**44**

Source: County Treasuries

Annexe III: Comparison of Pending Bills reported to the Controller of Budget and Trade Payables reported in the Unaudited Financial Statements as of 30th June 2025

Entity	Pending Bills as of June 30th 2025, as submitted to the Controller of Budget.	Trade Payables as reported in the Unaudited Financial Statements as of 30th June 2025	Variance
County Executive	**a**	**b**	**c=a-b**
County Executive of Baringo	346,265,822.55	395,618,422.55	-49,352,600.00
County Executive of Bomet	1,457,369,307.00	1,264,009,408.00	193,359,899.00
County Executive of Bungoma	3,595,966,003.00	4,472,009,601.86	-876,043,598.86
County Executive of Busia	2,641,243,626.00	2,653,783,642.00	-12,540,016.00
County Executive of Elgeyo-Marakwet	12,144,732.00	17,492,942.00	-5,348,210.00
County Executive of Embu	1,746,909,550.30	1,489,140,749.00	257,768,801.30
County Executive of Garissa	2,424,646,591.78		2,424,646,591.78
County Executive of Homa Bay	1,441,260,740.99		1,441,260,740.99
County Executive of Isiolo	996,659,354.52	1,382,021,451.00	-385,362,096.48
County Executive of Kajiado	2,545,724,955.00		2,545,724,955.00
County Executive of Kakamega	1,711,893,612.00	2,513,552,590.00	-801,658,978.00
County Executive of Kericho	2,028,295,435.02	1,849,676,978.00	178,618,457.02
County Executive of Kiambu	7,612,630,118.84	6,074,412,777.00	1,538,217,341.84
County Executive of Kilifi	9,187,445,810.00	12,172,083,439.00	-2,984,637,629.00
County Executive of Kirinyaga	802,919,791.41	589,845,765.82	213,074,025.59
County Executive of Kisii	996,324,339.00		996,324,339.00
County Executive of Kisumu	1,345,859,010.10	6,467,957,783.00	-5,122,098,772.90
County Executive of Kitui	229,850,575.00	582,346,985.00	-352,496,410.00
County Executive of Kwale	1,569,963,848.35	1,281,955,163.00	288,008,685.35
County Executive of Laikipia	1,856,006,491.29	1,935,664,585.00	-79,658,093.71
County Executive of Lamu	32,114,251.00	38,617,155.00	-6,502,904.00
County Executive of Machakos	6,480,127,450.00	6,587,859,725.00	-107,732,275.00
County Executive of Makueni	656,636,354.76	793,156,905.00	-136,520,550.24
County Executive of Mandera	2,493,684,583.79	2,518,867,912.00	-25,183,328.21
County Executive of Marsabit	1,232,623,577.00	1,805,275,078.00	-572,651,501.00
County Executive of Meru	1,678,393,540.24	3,717,242,126.00	-2,038,848,585.76
County Executive of Migori	837,225,490.00		837,225,490.00
County Executive of Mombasa	3,750,112,057.54	3,750,112,058.00	-0.46
County Executive of Murang'a	1,921,488,730.60	2,001,879,866.00	-80,391,135.40
County Executive of Nairobi	86,118,554,737.00	86,118,554,737.00	0
County Executive of Nakuru	3,519,177,667.80	5,843,012,765.00	-2,323,835,097.20
County Executive of Nandi	971,663,903.00	782,535,628.00	189,128,275.00
County Executive of Narok	6,151,504,268.78	6,151,504,268.00	0.78
County Executive of Nyamira	332,218,675.00	439,336,088.00	-107,117,413.00
County Executive of Nyandarua	1,440,683,393.00	2,798,591,793.00	-1,357,908,400.00
County Executive of Nyeri	348,882,959.00	348,882,959.00	0
County Executive of Samburu	175,521,323.70		175,521,323.70
County Executive of Siaya	1,889,967,165.00		1,889,967,165.00
County Executive of Taita-Taveta	2,017,506,850.95	2,224,279,235.00	-206,772,384.05
County Executive of Tana River	2,353,247,286.00		2,353,247,286.00
County Executive of Tharaka-Nithi	644,736,807.41	823,274,821.00	-178,538,013.59
County Executive of Trans Nzoia	1,508,409,903.44	1,433,292,054.00	75,117,849.44
County Executive of Turkana	1,185,079,695.80		1,185,079,695.80
County Executive of Uasin Gishu	1,063,232,664.41		1,063,232,664.41
County Executive of Vihiga	832,205,949.25	1,712,335,139.00	-880,129,189.75
County Executive of Wajir	3,479,135,867.82	3,663,242,724.00	-184,106,856.18
County Executive of West Pokot	290,295,957.91	78,405,140.00	211,890,817.91

Entity	Pending Bills as of June 30th 2025, as submitted to the Controller of Budget.	Trade Payables as reported in the Unaudited Financial Statements as of 30th June 2025	Variance
County Executive	**a**	**b**	**c=a-b**
Sub-Total	**177,953,810,824.35**	**178,771,830,458.23**	**-873,394,074.88**
County Assembly	a	b	c=a-b
County Assembly of Baringo		48,956,364.00	-48,956,364.00
County Assembly of Bomet	65,871,577.00	64,517,277.00	1,354,300.00
County Assembly of Bungoma	14,700,000.00	16,282,957.00	-1,582,957.00
County Assembly of Busia	620,481,377.00		620,481,377.00
County Assembly of Elgeyo-Marakwet			0
County Assembly of Embu	16,167,194.41		16,167,194.41
County Assembly of Garissa	161,264,173.00		161,264,173.00
County Assembly of Homa Bay	196,973,923.26	118,434,858.00	78,539,065.26
County Assembly of Isiolo	13,907,481.15		13,907,481.15
County Assembly of Kajiado	100,225,133.00	249,141,284.90	-148,916,151.90
County Assembly of Kakamega	454,414,971.00		454,414,971.00
County Assembly of Kericho	53,818,480.77		53,818,480.77
County Assembly of Kiambu	275,245,288.00	279,590,484.69	-4,345,196.69
County Assembly of Kilifi	68,180,457.00	326,192,981.00	-258,012,524.00
County Assembly of Kirinyaga		23,270,960.00	-23,270,960.00
County Assembly of Kisii	36,631,798.95		36,631,798.95
County Assembly of Kisumu	4,637,049.00		4,637,049.00
County Assembly of Kitui		75,964,842.00	-75,964,842.00
County Assembly of Kwale	329,631,700.00	2,625,517.00	327,006,183.00
County Assembly of Laikipia	10,391,572.00	114,685,722.90	-104,294,150.90
County Assembly of Lamu		148,965.00	-148,965.00
County Assembly of Machakos	253,635,717.00	293,727,536.00	-40,091,819.00
County Assembly of Makueni	161,533,247.58	128,121,264.00	33,411,983.58
County Assembly of Mandera	6,073,972.00	6,073,972.00	0
County Assembly of Marsabit	201,152,699.00	216,803,829.00	-15,651,130.00
County Assembly of Meru	63,540,239.10		63,540,239.10
County Assembly of Migori	220,920,170.07		220,920,170.07
County Assembly of Mombasa	117,538,260.16	172,818,201.00	-55,279,940.84
County Assembly of Murang'a	72,225,494.00	3,403,784.00	68,821,710.00
County Assembly of Nairobi	650,598,395.00	790,938,399.00	-140,340,004.00
County Assembly of Nakuru	157,978,092.82	296,280,627.00	-138,302,534.18
County Assembly of Nandi	13,458,000.50	48,812,704.00	-35,354,703.50
County Assembly of Narok		17,913,548.00	-17,913,548.00
County Assembly of Nyamira	8,179,261.00		8,179,261.00
County Assembly of Nyandarua	71,325,072.00		71,325,072.00
County Assembly of Nyeri	6,023,917.00	23,719,579.00	-17,695,662.00
County Assembly of Samburu	55,736,076.70	133,628.00	55,602,448.70
County Assembly of Siaya		133,628.00	-133,628.00
County Assembly of Taita-Taveta	38,370,438.60		38,370,438.60
County Assembly of Tana River	0.00	302,900,272.63	-302,900,272.63
County Assembly of Tharaka-Nithi	96,819,026.15	224,503,523.00	-127,684,496.85
County Assembly of Trans Nzoia			
County Assembly of Turkana	144,259,013.83		144,259,013.83
County Assembly of Uasin Gishu	57,726,622.00		57,726,622.00
County Assembly of Vihiga		4,035,595.00	-4,035,595.00

Entity	Pending Bills as of June 30th 2025, as submitted to the Controller of Budget.	Trade Payables as reported in the Unaudited Financial Statements as of 30th June 2025	Variance
County Executive	**a**	**b**	**c=a-b**
County Assembly of Wajir	233,512,403.10	233,512,404.60	-1.5
County Assembly of West Pokot	21,502,274.20	45,396,462.00	-23,894,187.80
Sub-Total	5,074,650,567.35	4,129,041,169.72	945,609,397.63
Total	183,028,461,391.70	182,900,871,627.95	127,589,763.75

Source: County Treasuries

Annexe IV: List of County Executives who did not requisition for Copensation for Employees for June 2025 (FY 2024/25).

COUNTY EXECUTIVE	LAST COMPENSATION TO EMPLOYEES REQUISITION IN FY 2024/25
BUNGOMA	Apr-25
NAROK	Apr-25
TURKANA	Apr-25
BOMET	May-25
KILIFI	May-25
KISUMU	May-25
MACHAKOS	May-25
MAKUENI	May-25
MANDERA	May-25
MARSABIT	May-25
MERU	May-25
MURANG'A	May-25
NAIROBI	May-25
NYANDARUA	May-25
THARAKA NITHI	May-25
MOMBASA	May-25

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

Report corruption

corruption-reporting@cob.go.ke
Toll free number 0800720141