

**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF KERICHO**

**DEPARTMENT OF FINANCE AND ECONOMIC PLANNING**

**COUNTY BUDGET IMPLEMENTATION REVIEW REPORT**

**2023-2024**

## **FOREWORD**

The County Budget Implementation Review Report (CBIRR) for the Financial Year 2023/2024 has been prepared in accordance with the provisions of Section 118 of the Public Finance Management (PFM) Act, 2012. The report presents a comprehensive review of the County's fiscal performance, including key economic developments and an analysis of actual budget outturns against the approved budget estimates for the year under review.

The report further evaluates the extent to which budget implementation adhered to the approved fiscal framework and examines the implications of the fiscal outcomes on compliance with the fiscal responsibility principles outlined under Section 107 of the PFM Act, 2012. It also highlights the key achievements realized during the period and identifies challenges encountered in the course of budget execution.

In addition, the report provides insights into sectoral performance and the efficiency of resource utilization in delivering planned programs and projects. It outlines corrective policy measures and strategic interventions aimed at addressing implementation bottlenecks and improving budget credibility and execution in subsequent financial years.

It is my expectation that this report will enhance transparency, accountability, and fiscal discipline in the management of public resources. Ultimately, it should serve as a valuable reference for policy makers and stakeholders, supporting informed decision-making and contributing to the realization of the development aspirations of the residents of Kericho County.



Hon. Jackson Rop

**C.E.C – Finance and Economic Planning and Head of County Treasury**

## 1 Overview of FY 2023/24 Budget

The County's approved second supplementary budget for FY 2023/24 was Kshs.8.48 billion, comprising of Kshs.2.73 billion (32 per cent) and Kshs.5.75 billion (68 per cent) allocation for development and recurrent programmes, respectively. The approved supplementary budget estimates represented an increase of 0.3 per cent compared to the previous financial year when it was Kshs.8.45 billion and comprised of Kshs.2.63 billion towards development expenditure and Kshs.5.83 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.6.7 billion (79.3 per cent) as the equitable share of revenue raised nationally, Kshs.699.83 million (7.9per cent) as additional allocations/conditional grants, a cash balance of Kshs.15.38 million (0.2 per cent) brought forward from FY 2022/23 and generate Kshs.1.07 billion (12.6 per cent) as gross own source revenue. The own-source revenue includes Kshs.536.36 million (50.3 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.530.07 million (49.7 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.77.

## 2 Revenue Performance

In the FY 2023/24, the County received Kshs.6.17 billion as an equitable share of the revenue raised nationally, Kshs.500.32 million as additional allocations/conditional grants, a cash balance of Kshs.15.38 million from FY 2022/23 and raised Kshs.841.93 million as own-source revenue (OSR). The raised OSR includes Kshs.482.26 million as FIF and Kshs.359.66 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.7.52 billion, as shown in Table 3.77.

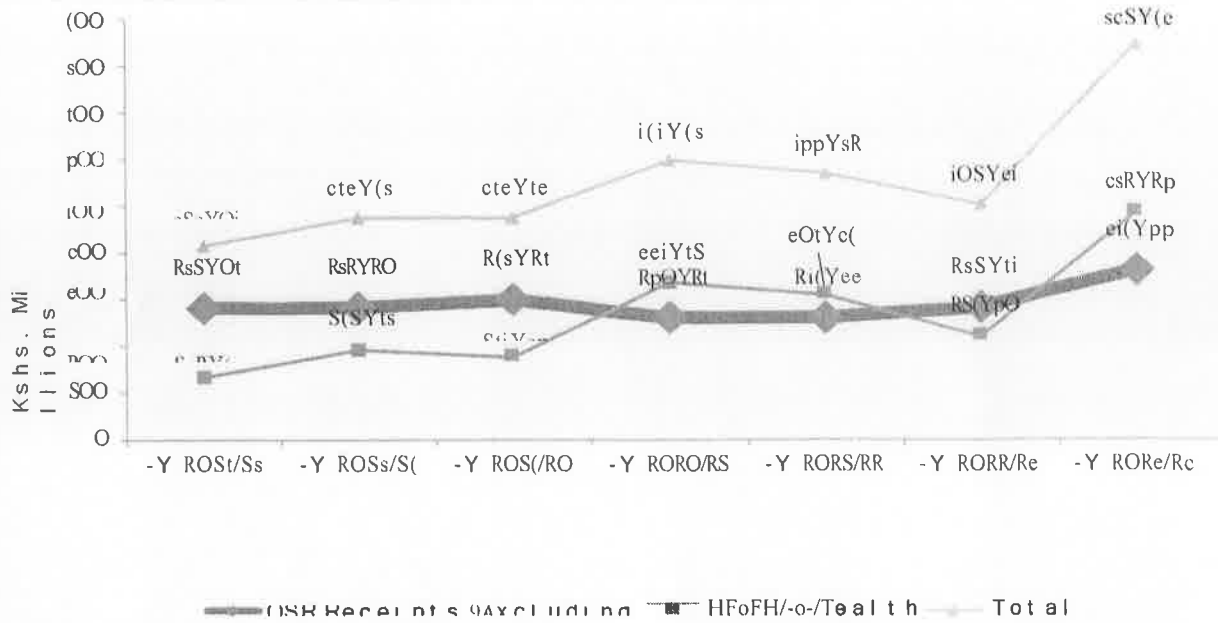
**Table 1: Kericho County, Revenue Performance in the FY 2023/24**

S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	<b>Equitable Share of Revenue Raised Nationally</b>	6,703,129,925	6,166,879,532	92.0
<b>Sub Total</b>		<b>6,703,129,925</b>	<b>6,166,879,532</b>	<b>92.0</b>
B.	<b>Conditional Grants</b>			
1	DANIDA Fund	21,165,000	9,817,500	46.4
2	Agricultural Sector Development Support Fund (ASDSP II)	1,527,779	1,527,779	100.0
3	Kenya Devolution Support Project	75,235,659	75,235,660	100.0
4	Climate Smart Agriculture Project	90,000,000	-	-
5	IDA National Agricultural Value Chain Devt Project	200,000,000	199,344,800	99.7
6	FLOCCA Grants to Support Climate Change	15,096,989	-	-
7	FLOCCA Grants to Support Climate Change	214,392,898	214,392,899	100
8	Transfer to Library Services	9,297,833	-	-
9	Livestock Value Chain Support Project	71,618,400	-	-
10	PEPFAR Grant	1,500,000	-	-
<b>Sub-Total</b>		<b>699,834,558</b>	<b>500,318,637</b>	<b>71.5</b>
C.	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	530,071,600	359,664,618	67.9
2	Balance b/f from FY2022/23	15,376,949	15,376,949	100.0
3	Facility Improvement Fund (FIF)	536,355,000	482,263,360	89.9
<b>Sub Total</b>		<b>1,081,803,549</b>	<b>857,304,927</b>	<b>79.2</b>
<b>Grand Total</b>		<b>8,484,768,032</b>	<b>7,524,503,096</b>	<b>88.7</b>

Source: Kericho County Treasury

Figure 1 shows the trend in own-source revenue collection from the FY 2017/18 to the FY 2023/24.

**Figure 1: Trend in Own-Source Revenue Collection from the FY 2017/18 to the FY 2023/24**



Source: Kericho County Treasury

**Table 2: Own source Revenue Performance per stream in the FY 2023/24**

County Own Source Revenue	Final Targets(Ksh)	Actual On Comparable Basis (Ksh)	Budget Realization Difference (Ksh)	% Of Realization
Cess	14,350,000	18,568,151	4,218,151	129.39%
Land Rate	214,071,600	110,759,375.45	-103,312,225	51.74%
Single Business Permits	146,850,000	161,206,631.80	14,356,631.80	109.78%
House Rent	15,000,000	10,344,723	-4,655,277	68.96%
Vehicle Parking Fees	48,500,000	24,782,558	-23,717,442	51.10%
Market Fees	34,000,000	15,880,747	-18,119,178	46.71%
Advertising	20,000,000	10,851,542	-9,148,458	54.26%
Hospital Fees	239,059,086	188,887,904	-50,171,182	79.01%
Public Health Service Fees	5,000,000	1,113,995	-3,886,005	22.28%
Physical Planning and Development	16,000,000	1,574,406	-14,425,594	9.84%
Hire Of County Assets	500,000	110,000	-109,925	22.09%
Conservancy Administration	50,000	46,629	-3,371	93.26%
Administration Control Fees and Charges	10,750,000	5,587,329	-5,162,671	51.98%
Profits and Dividends	5,000,000	2,000,000	-3,000,000	40%

Library Services		110,425	110,425	100%
NHIF Rebates	297,295,914	290,107,047	7,188,867	97.58%
<b>Total Receipts</b>	<b>1,066,426,600</b>	<b>841,931,463</b>	<b>-224,495,137</b>	<b>78.95%</b>

In FY 2023/24, the County generated a total of Kshs.841.93 million from its sources of revenue, inclusive of FIF. This amount represented an increase of 67.9 per cent compared to Kshs.501 million realized in FY 2022/23 and was 78.9 per cent of the annual target and 13.7 per cent of the equitable revenue share disbursed during the period. The revenue streams that contributed the highest OSR receipts are shown in Figure 2.

**Figure 2: Top Streams of Own Source Revenue in the FY 2023/24**



Source: Kericho County Treasury

The highest revenue stream of Kshs.482.26 million was from Health/Hospital Fees/FIF, which contributed to 57.0 per cent of the total OSR receipts during the reporting period.

### 3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.16 billion from the CRF account during the reporting period, which comprised Kshs.1.89 billion (26.3 per cent) for development programmes and Kshs.5.27 billion (73.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the FY 2023/24 indicates that Kshs.3.60 million was released towards Employee Compensation and Kshs.1.70 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of FY 2023/24 was Kshs.19.79 million.

### 3.1 County Expenditure Review

The County spent Kshs.6.96 billion on development and recurrent programmes in the reporting period. The expenditure represented 97.2 per cent of the total funds released by the CoB and comprised of Kshs.1.69 billion and Kshs.5.27 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 61.7 per cent, while recurrent expenditure represented 91.6 per cent of the annual recurrent expenditure budget.

#### 3.1.1 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.526.21 million, comprising of Kshs.143.09 million for recurrent expenditure and Kshs.383.12 million for development activities. In the FY 2023/24, the County settled pending bills amounting to Kshs.174.32 million, which consisted of Kshs.70.77 million for recurrent expenditure and Kshs.103.56 million for development programmes. As of the

end of FY 2023/24, the outstanding amount was Kshs.1.13 billion inclusive of unsettled payments incurred in FY 2023/24.

The County Assembly did not report outstanding pending bills as of 30<sup>th</sup> June 2024.

### 3.1.2 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.19 billion on employee compensation, Kshs.1.28 billion on operations and maintenance, and Kshs.1.67 billion on development activities. Similarly, the County Assembly spent Kshs.362.27 million on employee compensation, Kshs.446.55 million on operations and maintenance, and Kshs.11.33 million on development activities, as shown in Table 3.78.

**Table 3: Summary of Budget and Expenditure by Economic Classification**

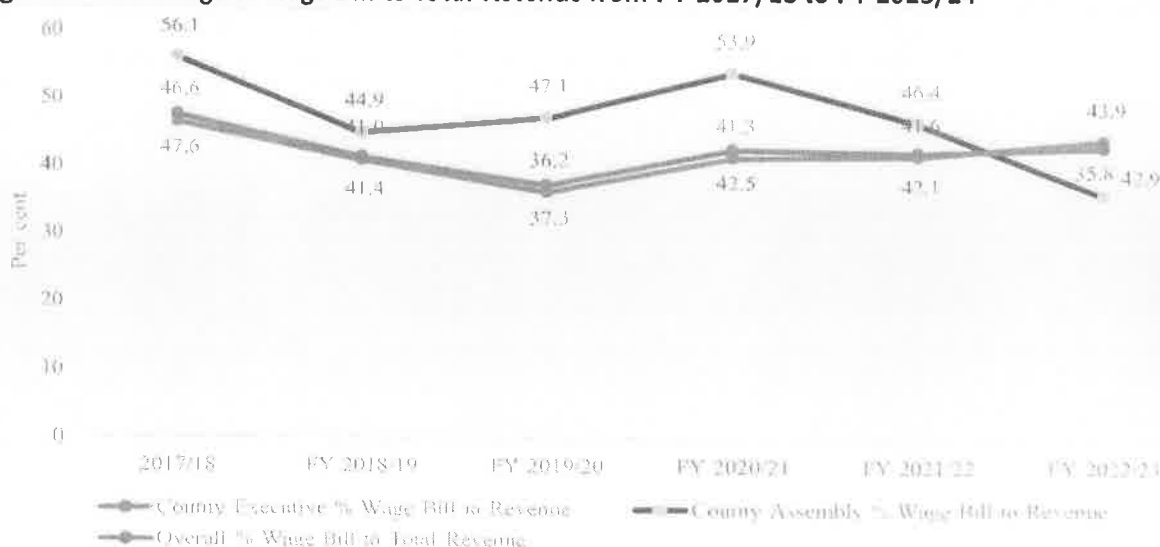
Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>4,909,002,218</b>	<b>844,575,901</b>	<b>4,462,378,402</b>	<b>808,817,499</b>	<b>90.9</b>	<b>95.8</b>
Compensation to Employees	3,607,472,151	390,376,709	3,185,565,473	362,266,556	88.3	92.8
Operations and Maintenance	1,301,530,067	454,199,192	1,276,812,929	446,550,943	98.1	98.3
<b>Development Expenditure</b>	<b>2,695,642,070</b>	<b>35,547,843</b>	<b>1,674,607,091</b>	<b>11,333,268</b>	<b>62.1</b>	<b>31.9</b>
<b>Total</b>	<b>7,604,644,288</b>	<b>880,123,744</b>	<b>6,136,985,493</b>	<b>820,150,767</b>	<b>80.7</b>	<b>93.2</b>

Source: Kericho County Treasury

### 3.1.3 Expenditure on Employees' Compensation

In the FY 2023/24, expenditure on employee compensation was Kshs.3.54 billion, or 42.3 per cent of the available revenue, which amounted to Kshs.7.52 billion. This expenditure represented an increase from Kshs.3.26 billion reported in FY 2022/23. The wage bill included Kshs.1.78 billion paid to health sector employees, translating to 50.3 per cent of the total wage bill. The trend of personnel expenditure as a percentage of total revenue from FY 2017/18 to FY 2023/24 is shown in Figure 47.

**Figure 3: Percentage of Wage Bill to Total Revenue from FY 2017/18 to FY 2023/24**



Source: Kericho County Treasury

Further analysis indicates that PE costs amounting to Kshs.3.38 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.172.56 million was processed through manual payrolls. The manual payrolls accounted for 4.9 per cent of the total PE cost.

The County Assembly spent Kshs.28.51 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.34.67 million. The average monthly sitting allowance was Kshs.49,503 per MCA. The County Assembly has established 24 Committees.

### 3.1.4 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.280.10 million to county-established funds in FY 2023/24, constituting 3.3 per cent of the County's overall budget. Further, the County allocated Kshs.15.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012. Table 3.79 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 4: Performance of County Established Funds in the FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues in FY 2023/24 (Kshs.)	Actual Expenditure in FY 2023/24 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Annual Financial Statements (Yes/No.)
<b>County Assembly Established Funds</b>						
1.	Kericho County Emergency Fund	15,000,000.00	15,000,000.00	-	329,200,113.00	No
2.	Kericho County Executive Staff Mortgage	14,500,000.00	14,500,000.00	-	216,318,000.00	No
3.	Kericho County Executive Staff Car Loan	4,500,000.00	4,500,000.00	-	44,780,000.00	No
4.	Kericho County Agricultural Development Fund	-	-	-	21,383,509.00	No
5.	Kericho County Bursary Fund	209,332,852.00	192,332,852.00	-	1,131,001,244.00	No
6.	Kericho County Alcoholic Drinks Fund	20,660,000.00	-	-	-	No
7.	Kericho County Enterprise Fund	-	-	-	87,000,000.00	No
	<b>Sub-Total</b>	<b>263,992,852.00</b>	<b>226,332,852.00</b>	<b>-</b>	<b>1,829,682,866.00</b>	

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues in FY 2023/24 (Kshs.)	Actual Expenditure in FY 2023/24 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Annual Financial Statements (Yes/No.)
<b>County Executive Established Funds</b>						
1	Staff Car Loan & Mortgage Fund	16,109,146.00	16,109,146.00	-	131,427,453.00	No
2	MCA's Car Loan & Mortgage Fund	-	-	-	179,914,540.00	No
	<b>Sub-Total</b>	<b>16,109,146.00</b>	<b>16,109,146.00</b>	<b>-</b>	<b>311,341,993.00</b>	
	<b>Grand Total</b>	<b>280,101,998.00</b>	<b>242,441,998.00</b>	<b>-</b>	<b>2,141,024,859.00</b>	

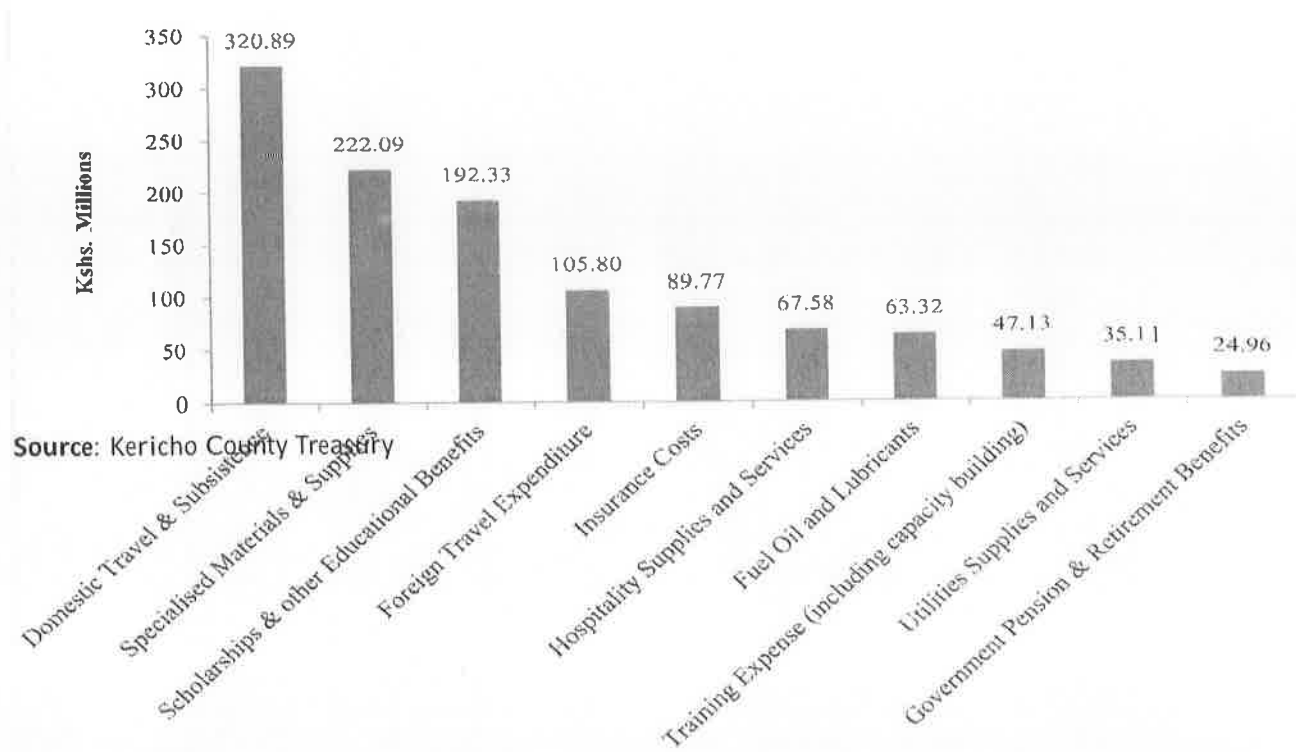
**Source:** Kericho County Treasury

The County government uses commercial bank accounts to operate the above-established public funds.

### 3.1.5 Expenditure on Operations and Maintenance

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

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



Expenditure on domestic travel amounted to Kshs.320.89 million and comprised Kshs.210.80 million spent by the County Assembly and Kshs.110.09 million by the County Executive. Expenditure on foreign travel amounted to Kshs.105.80 million and comprised Kshs.90.20 million by the County Assembly and Kshs.15.60 million by the County Executive. Expenditure on foreign travel is summarized in Table 3.80 below; -

**Table 5. Summary of Highest Expenditure on Foreign Travel as of 30th June 2024**

Arm	No. of Officers Travelled	Date	Purpose	Destination	Amount (Kshs)
Kericho County Executive	3	7th-17th Dec 2023	23rd EAC Trade Fair	Burundi	2,059,721
Kericho County Assembly	4	31st March-9th April 2023	Training on transformative leadership, public policy and legislation in devolved government systems.	Dubai	1,753,896
Kericho County Assembly	6	12th-19th June 2023	International trade and economic development.	Singapore	2,637,457
Kericho County Assembly	7	26th June- 2nd July 2023	Training on building smart cities for future urban planning.	Dubai	1,003,065
Kericho County Assembly	3	31st March-9th April 2023	Corporate leadership conference.	Tanzania	1,080,226
Kericho County Assembly	1	27th Oct-5th Nov 2023	Attend a programme on performance management systems and localization of SDGs.	United Kingdom	1,161,897
Kericho County Assembly	8	12th-18th December 2023	Results-based performance conference.	Singapore	5,369,549
Kericho County Assembly	8	10th-16th December 2023	Culture and heritage conference.	Dubai	4,756,685
Kericho County Assembly	8	10th-17th December 2023	Results-based performance conference.	Singapore	5,244,826
Kericho County Assembly	3	21st-27th January 2024	Attend a conference on digital leadership and navigating governance in the public sector.	Singapore	2,235,063
Kericho County Assembly	7	18th-24th January 2024	Attend a conference on exploring disruptive technologies in health care.	Singapore	4,910,611
Kericho County Assembly	6	18th-25th January 2024	Tourism, culture and innovation conference.	Turkey	4,000,034
Kericho County Assembly	7	28th Jan-3rd Feb 2024	Attend a conference on empowering harmonious growth through effective utilization of resources.	Turkey	4,549,384
Kericho County Assembly	4	24th Feb-1st March 2024	Digital leadership and governance conference.	Dubai	2,252,924
Kericho County Assembly	4	23rd-29th February 2024	Conference on tourism, culture and innovation.	Turkey	2,338,476
Kericho County Assembly	2	18th-22nd December 2023	Colloquium of speakers & clerks.	Ethiopia	1,000,746

Source: Kericho County Executive and Kericho County Assembly

The operations and maintenance costs include an expenditure of Kshs.30.02 million on garbage collection and Kshs.4.69 million on Legal fees/Dues, arbitration and compensation payments expenditure legal fees.

### 3.1.6 Development Expenditure

In FY 2023/24, the County reported spending Kshs.1.69 billion on development programmes, a decrease of 22.8 per cent compared to FY 2022/23, when the County spent Kshs.2.19 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 6: Kericho County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Finance and Economic Planning	Proposed erection and completion of a modern market at Sondu	Sondu Market	128,945,229.00	107,665,975.75	83.50
2	Finance and Economic Planning	Construction of Kapkures water supply project	Kapkures -Chilchila Ward	87,417,115.80	63,713,770.91	72.88
3	Finance and Economic Planning	Kiptunoi water supply	Kiptunoi-Kapsoit Ward	35,787,774.80	32,447,102.83	90.67
4	Finance and Economic Planning	Completion of rehabilitation and construction of drainage structures in Kapkatet township	Kapkatet Town	46,884,040.00	25,125,684.55	53.59
5	Water, Energy, Environment, Forestry and Natural Resources	Purchase of Land for Litein Municipal Water & Sewerage Treatment Plant	Litein	15,600,000.00	15,600,000.00	100.00
6	Health Services	Proposed construction of surgical theatre at Kipkelion sub-county hospital	Kipkelion Ward	11,371,013.00	11,371,013.00	100.00
7	Education, Culture and Social Services	Supply and delivery of learning materials	Various Wards	9,499,848.00	9,499,848.00	100.00
8	Health Services	Proposed supply delivery equipping installation and commissioning of wards, dental unit, labs and NBU at Sigowet Sub County Hospital and AC cooling system for labs	Sigowet Ward	6,788,000.00	6,788,000.00	100.00
9	Public Works, Roads and Transport	Construction of Tektek Juhma Chepsait Road	Kunyak	6,357,659.95	6,357,659.95	100.00
10	Education, Culture and Social Services	Supply of ECDE branded chairs	All Wards	5,250,000.00	5,250,000.00	100.00

Source: Kericho County Treasury

### 3.1.7 Budget Performance by Department

Table 7 summarises the approved budget allocation, expenditure and absorption rate by departments in the FY 2023/24.

**Table 7: Kericho County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	844.58	35.55	808.82	11.33	808.82	11.33	100.0	100.0	95.8	31.9
Public Service Management	433.87	13.24	405.42	12.21	418.95	9.74	103.3	79.8	96.6	73.6
Governor's Office	134.10	-	133.05	-	127.27	-	95.7	-	94.9	-
County Public Service Board	69.61	-	68.42	-	65.52	-	95.8	-	94.1	-
Finance and Economic Planning	292.45	206.65	297.82	91.12	287.78	136.18	96.6	149.4	98.4	65.9
Health Services	2600.21	295.77	2246.42	143.32	2273.80	149.70	101.2	104.5	87.4	50.6
Agriculture, Livestock and Fisheries	155.25	511.79	147.24	318.17	148.93	298.75	101.2	93.9	95.9	58.4
Education, Youth, Culture and Social Services	730.48	180.10	702.51	155.20	700.74	141.48	99.7	91.2	95.9	78.6
Public Works, Roads and Transport	104.82	753.05	94.04	639.72	91.30	615.33	97.1	96.2	87.1	81.7

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Industrialization, Tourism, Wildlife and Co-operative Development	59.22	57.20	56.46	56.68	58.01	54.16	102.8	95.6	98.0	94.7
Environment, Water, Energy and Natural Resources	174.26	572.57	168.36	398.18	157.88	202.06	93.8	50.7	90.6	35.3
Lands, Housing and Physical Planning	95.94	59.76	94.83	43.48	91.69	45.01	96.7	103.5	95.6	75.3
Information, Communication and E-government	58.79	45.51	47.82	17.85	40.51	22.19	84.7	124.3	68.9	48.8
<b>Total</b>	<b>5,753.58</b>	<b>2,731.19</b>	<b>5,271.21</b>	<b>1,887.26</b>	<b>5,271.20</b>	<b>1,685.94</b>	<b>100.0</b>	<b>89.3</b>	<b>91.6</b>	<b>61.7</b>

Source: Kericho County Treasury

Analysis of expenditure by departments shows that the Department of Trade, Industrialization, Tourism, Wildlife and Co-operative Development recorded the highest absorption rate of development budget at 94.7 per cent, followed by the Department of Public Works, Roads and Transport at 81.7 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 98.4 per cent. In contrast, the Department of Information, Communication and E-government had the lowest at 68.9 per cent.

### 3.1.8 Budget Execution by Programmes and Sub-Programmes

Table 8 summarises the budget execution by programmes and sub-programmes in the FY 2023/24.

**Table 8: Kericho County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Supplementary 2 Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul 23 - Jun 24 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Gross	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Coordination Services	County Coordination Services	134,096,145	-	134,096,145	127,269,405	-	95	-
		<b>134,096,145</b>	<b>-</b>	<b>134,096,145</b>	<b>127,269,405</b>	<b>-</b>	<b>95</b>	<b>-</b>
<b>DEPARTMENT: FINANCE AND ECONOMIC PLANNING</b>								
Administration, Planning and Support Services.	Administration Services.	250,886,530	85,235,659	336,122,189	247,676,042	51,453,230	99	60
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	27,687,985	8,379,644	36,067,629	26,469,128	8,311,300	96	99
Public Finance Management	Budget formulation coordination and management	8,900,000	110,039,333	118,939,333	8,872,980	73,390,912	100	67
Audit Services	County Audit	4,975,639	3,000,000	7,975,639	4,759,450	3,019,700	96	-
		<b>292,450,154</b>	<b>206,654,636</b>	<b>499,104,790</b>	<b>287,777,600</b>	<b>136,175,142</b>	<b>98</b>	<b>66</b>
<b>DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES</b>								
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	53,864,336	-	53,864,336	51,954,662	-	96	-
Crop Development and Management	Agriculture Extension Services	40,801,620	412,209,418	453,011,038	39,287,679	280,246,932	96	68

Programme	Sub-Programme	Approved Supplementary 2 Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul 23 - Jun 24 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Gross	Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Development Expenditure
Livestock Resource Management and Development	Livestock Disease Management and Control.	2,024,041	27,459,205	29,483,246	1,293,742	18,005,056	64	66
Livestock Resource Management and Development	Livestock Production and Extension Services	51,654,981	71,618,400	123,273,381	51,117,722	-	99	-
Fisheries develop- ment	Management and De- velopment of Capture Fisheries	6,905,001	500,000	7,405,001	5,277,608	499,995	76	100
		<b>155,249,979</b>	<b>511,787,023</b>	<b>667,037,002</b>	<b>148,931,413</b>	<b>298,751,983</b>	<b>96</b>	<b>58</b>
<b>DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT</b>								
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	163,396,051	315,159,105	478,555,156	147,521,420	46,518,724	90	15
Water supply services	Rural Water Supply	10,865,228	257,410,945	268,276,173	10,360,172	155,539,872	95	60
		<b>174,261,279</b>	<b>572,570,050</b>	<b>746,831,329</b>	<b>157,881,593</b>	<b>202,058,596</b>	<b>91</b>	<b>35</b>
<b>DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES</b>								
General Adminis- tration & Planning Services.	Policy Development and Administration	511,596,382	19,297,833	530,894,215	491,153,439	5,345,550	96	28
Basic Education	Early Childhood De- velopment Education	215,882,852	83,637,532	299,520,384	206,726,982	73,808,326	96	88
Gender and Social Development	Social Welfare Services/Social Infrastructure Devel- opment	3,000,000	18,535,537	21,535,537	2,858,232	18,535,299	95	100
Youth development and empowerment services	Youth Development (YP) Training	-	58,625,847	58,625,847	-	43,785,887	-	75
		<b>730,479,234</b>	<b>180,096,749</b>	<b>910,575,983</b>	<b>700,738,653</b>	<b>141,475,061</b>	<b>96</b>	<b>79</b>
<b>DEPARTMENT: HEALTH SERVICES</b>								
Curative Health	Administration and Planning	1,432,724,329	145,895,349	1,578,619,678	1,217,150,133	72,470,505	85	50
Curative Health	Hospital(curative) Services	-	-	-	-	-	-	-
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,167,486,046	149,871,275	1,317,357,321	1,056,648,958	77,232,360	91	52
		<b>2,600,210,375</b>	<b>295,766,624</b>	<b>2,895,976,999</b>	<b>2,273,799,091</b>	<b>149,702,865</b>	<b>87</b>	<b>51</b>
<b>DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING</b>								
Administration and support services	General Administra- tion and Planning	46,151,923	39,738,681	85,890,604	44,300,597	30,857,597	96	78
Housing Develop- ment and Human Resource	Housing Development	9,243,184	-	9,243,184	9,006,639	-	97	-
Land policy and planning	Development Planning and Land Reforms	34,395,730	20,022,942	54,418,672	33,479,944	14,156,332	97	71
Land policy and planning	Land Use Planning	6,152,443	-	6,152,443	4,901,011	-	80	-
		<b>95,943,280</b>	<b>59,761,623</b>	<b>155,704,903</b>	<b>91,688,191</b>	<b>45,013,929</b>	<b>96</b>	<b>75</b>

Programme	Sub-Programme	Approved Supplementary 2 Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul 23 - Jun 24 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Gross	Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Development Expenditure
<b>DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT</b>								
Transport Management and Safety	General Administration Planning and Support Services	91,373,784	-	91,373,784	80,870,799	-	89	-
Infrastructure, Roads and Transport	Rehabilitation of Road	2,900,000	751,053,849	753,953,849	2,138,300	615,180,972	74	82
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	10,545,317	2,000,000	12,545,317	8,294,941	150,500	79	8
		<b>104,819,101</b>	<b>753,053,849</b>	<b>857,872,950</b>	<b>91,304,040</b>	<b>615,331,472</b>	<b>87</b>	<b>82</b>
<b>DEPARTMENT: TRADE, Industrialization, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT</b>								
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	20,350,890	22,195,418	42,546,308	19,595,646	21,687,399	96	98
Trade development and investment	Administrative and Support Services.	32,989,415	35,000,000	67,989,415	32,591,465	32,477,063	99	93
Cooperative development and management	Cooperative Advisory & Extension Services.	-	-	-	-	-	-	-
Tourism development and marketing	Local Tourism Development.	5,882,961	-	5,882,961	5,825,632	-	99	-
		<b>59,223,266</b>	<b>57,195,418</b>	<b>116,418,684</b>	<b>58,012,743</b>	<b>54,164,462</b>	<b>98</b>	<b>95</b>
<b>DEPARTMENT: ICT AND E-GOVERNMENT</b>								
Information & Communication Service	News and Information Services	58,786,604	-	58,786,604	40,505,751	-	69	-
Information & Communication Service	ICT and BPO development services	-	42,114,841	42,114,841	-	18,789,523	-	45
Youth development and empowerment services	Youth Development (YP) Training	-	3,400,000	3,400,000	-	3,400,000	-	100
		<b>58,786,604</b>	<b>45,514,841</b>	<b>104,301,445</b>	<b>40,505,751</b>	<b>22,189,523</b>	<b>69</b>	<b>49</b>
<b>DEPARTMENT: COUNTY PUBLIC SERVICE BOARD</b>								
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	69,612,544	-	69,612,544	65,516,464	-	94	-
		<b>69,612,544</b>	<b>-</b>	<b>69,612,544</b>	<b>65,516,464</b>	<b>-</b>	<b>94</b>	<b>-</b>
<b>DEPARTMENT: PUBLIC SERVICE MANAGEMENT</b>								
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	287,437,612	13,241,257	300,678,869	272,016,672	9,744,057	95	74
Administration of Human Resources and Public Service	Human Resource Development	146,432,645	-	146,432,645	146,936,787	-	100	-
		<b>433,870,257</b>	<b>13,241,257</b>	<b>447,111,514</b>	<b>418,953,458</b>	<b>9,744,057</b>	<b>97</b>	<b>74</b>
<b>County Executive Grand Total</b>		<b>4,909,002,218</b>	<b>2,695,642,070</b>	<b>7,604,644,288</b>	<b>4,462,378,402</b>	<b>1,674,607,091</b>	<b>91</b>	<b>62</b>
Speaker's office	Speaker's office	484,263,766	-	484,263,766	477,113,829	-	16	-
Clerk's Office	Clerk's Office	351,024,499	35,547,843	386,572,342	322,779,469	11,333,268	27	-

Programme	Sub-Programme	Approved Supplementary 2 Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul 23- Jun 24 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Gross	Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Development Expenditure
County Assembly Service Board	County Assembly Service Board	9,287,636	-	9,287,636	8,924,201	-	13	-
<b>Total Expenditure</b>	<b>Total Expenditure</b>	<b>844,575,901</b>	<b>35,547,843</b>	<b>880,123,744</b>	<b>808,817,499</b>	<b>11,333,268</b>	13	32.9
<b>GRAND TOTAL</b>		<b>5,753,578,119</b>	<b>2,731,189,913</b>	<b>8,484,768,032</b>	<b>5,271,195,901</b>	<b>1,685,940,359</b>	<b>92</b>	<b>62</b>

Source: Kericho County Treasury

A number of sub-programmes attained 100 per cent absorption of their budget allocations which included the Public Finance Management in the Department of Finance and Economic Planning at 100 per cent (Rec), Administration of Human Resources and Public Service in the Department of Public Service Management at 100 per cent (Rec), and Fisheries Development in the Department of Agriculture, Livestock and Fisheries at 100 per cent (Dev).

### 3.1.9 Accounts Operated Commercial Banks

The County government operated a total of 22 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

## 4 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation. The report was submitted on 7<sup>th</sup> August 2024.
2. The under performance of own-source revenue at Kshs.841.93 million against an annual projection of Kshs.1.07 billion, representing 78.9 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kericho County Emergency Fund, Kericho County Executive Staff Mortgage Fund, Kericho County Executive Car Loan, Car loans for MCA'S and Car loans/Mortgage for Staff Fund were not submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.1.13 billion as of 30<sup>th</sup> June, 2024. Further, the County Treasury failed to adhere to the payment plan for pending bills.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.172.56 million were processed through the manual payroll, accounting for 4.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. Low expenditure in development programmes which accounted for 24.2 per cent of total expenditure.
7. High expenditure on domestic travel at Kshs.320.89 million

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

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

3. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
4. The county leadership should address the pending bills to ensure that genuine bills are paid promptly in the next financial year.
5. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.
6. The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.
7. The County should ensure expenditure on development programmes are above the ceiling provided in law.
8. The County should minimize travelling expenditure by holding activities within the County Headquarters.