REPUBLIC OF KENYA

Office of the Controller of Budget

Budget Oversight for Transparency

COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FOR THE FINANCIAL YEAR 2025/26

AUGUST, 2026

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FOREWORD

I am pleased to present the FY 2025/26 County Governments' Budget Implementation Review Report (CBIRR). The report provides a comprehensive analysis of the budget performance of the forty-seven County Governments. It examines various aspects, including receipts to the County Revenue Fund, exchequer issues, expenditures, and the absorption of funds relative to the approved budget and program implementation. The report also tracks trade payables and revenue arrears. It identifies key issues that hindered budget implementation during the financial year and offers recommendations to address the challenges.

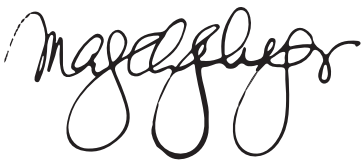
This report is prepared per Article 228 (6) of the Constitution, which mandates the Controller of Budget to submit a report on the implementation of the budgets of the National and County Governments to each House of Parliament every four months. It also aligns with Section 9 of the Controller of Budget Act, Cap 429, 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, Cap 412A.

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, the approved budgets for FY 2025/26, and is further enhanced by findings from the continuous monitoring of budget implementation by the Controller of Budget.

This report will be valuable to the Legislative and Executive arms of County Governments, and to 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 (CBIRR) for FY 2025/26 covers 1st July 2025 to 30th June 2026. It is prepared in accordance with Article 228(6) of the Constitution of Kenya, 2010, and Section 9 of the Controller of Budget Act, Cap 429. The report reviews budget implementation for each of the 47 County Governments by assessing revenue collection, expenditure performance, cross-cutting budget implementation challenges, and recommends corrective action.

In FY 2025/26, the County Assemblies approved budgets for the County Governments totalling Kshs.648.23 billion. Of this, Kshs.233.69 billion (36.05 per cent) was allocated to development expenditure, and Kshs.414.54 billion (63.95 per cent) was allocated to recurrent expenditure. The allocation for development expenditure conformed to Section 107(2)(b) of the PFM Act, Cap 412, which stipulates that at least 30 per cent of the budget should be allocated for development expenditure.

To fund the FY 2025/26 budget, the County Governments budgeted Kshs.414.73 billion (63.97 per cent) as the Equitable Share of Nationally Raised Revenue; Kshs.108.40 billion (16.72 per cent) from Own Sources of Revenue (OSR), compromising Kshs.72.77 billion from ordinary. OSR, Kshs.32.99 billion from the Facility Improvement Fund (FIF), Kshs.687.21 million from Appropriations in Aid (AiA) and Kshs.1.94 billion from Other Revenues; and Kshs.37.43 billion (5.77 per cent) of unspent funds carried forward from FY 2024/25. Additionally, the counties budgeted Kshs.87.74 billion (13.53 per cent) as Additional Allocations from the National Government and Development Partners.

The total funds available to the County Governments in FY 2025/26 amounted to Kshs.596.78 billion. These included Kshs.415 billion Equitable Share of Revenue Raised Nationally Kshs.97.55 billion from OSR, which included Ordinary OSR of Kshs.55.69 billion, FIF of Kshs.39.75 billion, Kshs.649.27 million from AiA and Kshs.1.47 billion from Other Revenues; Kshs.33.48 billion cash balances brought forward from FY 2024/25; and Kshs.50.75 billion as Additional Allocations.

In FY 2025/26, County Governments generated Kshs.97.55 billion from OSR, including Ordinary OSR, FIF, AiA and other Revenue, representing 89.99 per cent of the cumulative annual OSR target of Kshs.108.40 billion and a 44.95 per cent increase from the Kshs.67.30 billion realised in FY 2024/25. Fifteen County Governments exceeded their OSR targets, including Mombasa, Garissa, Kirinyaga and Samburu. In contrast, 12 counties recorded OSR performance below 70 percent including Siaya, Kajiado, Kisumu, and Isiolo. Improved performance was mainly linked to accrual-based reporting, the inclusion of revenue arrears, stronger performance in FIF streams, including SHIF reimbursements, and tourism-related receipts. Declines were attributed in part to changes in park fees and lower FIF receipts.

In FY 2025/26, the Controller of Budget authorised withdrawals of Kshs.415 billion from the Consolidated Fund to various County Revenue Funds (CRFs) accounts for the counties' Equitable Share of Revenue Raised Nationally, in line with Article 206(4) of the Constitution of Kenya, 2010. The Controller of Budget authorised withdrawals of Kshs.493.06 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.367.90 billion (74.62 per cent) was for recurrent expenditure, and Kshs.125.16 billion (25.38 per cent) was for development expenditure. This represented an increase of 4.43 per cent from Kshs.472.15 billion, which was authorised in FY 2024/25. The Controller of Budget authorised withdrawals of Kshs.873.76 million from the County Assembly Funds (CAF) accounts to the County Assembly Operational Accounts in accordance with Section 109A of the PFM Act Cap 412A. Of this amount, Kshs.509.17 million was from the Trans Nzoia CAF, and Kshs364.59 million was from the Marsabit CAF.

County Governments spent a total of Kshs.496.58 billion in FY 2025/26, comprising Kshs.369.89 billion (74.49 per cent) for recurrent activities and Kshs.126.69 billion (25.51 per cent) for development activities. This translated into an overall absorption rate of 76.60 per cent of the County Governments' budget, down from 78.24 per cent in FY 2024/25.

Recurrent expenditure amounted to Kshs.369.89 billion, accounting for 89.23 per cent of the annual recurrent budget, compared with 91 per cent in FY 2024/25. Expenditure on employee compensation was 39.54

per cent of the total reported revenue of Kshs.596.78 billion, exceeding the statutory wage-to-revenue ratio of 35 per cent. Homa Bay (56 per cent), Nyeri (52 per cent), and Taita-Taveta (49 per cent) reported the highest wage-to-revenue ratios, while Mombasa (26 per cent), Kwale (26 per cent), and Tana River (28 per cent) reported the lowest. Several county governments did not pay their full FY 2025/26 employee compensation, resulting in understated wage-to-revenue ratios.

In FY 2025/26, the County Assemblies incurred Kshs.1.61 billion on MCAs' sitting allowances, against an approved annual budget allocation for FY 2025/26 of Kshs1.82 billion. This translates to 88.90 per cent of the approved MCAs' sitting allowance budget, a slight increase from the 87 per cent realised in FY 2024/25.

Development expenditure amounted to Kshs.126.69 billion, translating to a 54.21 per cent absorption rate of the cumulative annual development budget of Kshs.233.69 billion. This represented a decline from the 57 per cent absorption rate realised in FY 2024/25. Kilifi, Wajir, and Mandera recorded the highest development absorption rates, while Kisumu, Siaya, and Nairobi recorded the lowest.

The County Governments reported a trade payable (previously termed pending bills) stock of Kshs.172.53 billion as of 30 June 2026, excluding Nandi County, which did not disclose its trade payables as of 30 June 2026. The Counties with significant increases in trade payables stock as of 30 June 2026 compared to 30 June 2025 include Elgeyo Marakwet County, with a spike of 1,264.60 per cent; Baringo, at 82.38 per cent; and Nyeri, at 56.27 per cent. Counties that reported a significant decrease in stock of trade payables as of 30 June 2026 as compared to 30 June 2025 include Lamu with a decline of 95.87 per cent, Samburu 81.23 per cent and Kwale 80.58 per cent, respectively.

The Controller of Budget conducted monitoring visits across all 47 County Governments to assess compliance, accountability, and progress in budget implementation. The exercise identified notable advances in development projects and service delivery, but also highlighted persistent weaknesses in legal compliance, financial reporting, municipal autonomy, health commodity financing, project execution, and expenditure transparency. The findings underscore the need for County Governments to strengthen governance and oversight, settle pending obligations, improve planning and reporting systems, and implement corrective recommendations promptly to safeguard public resources and improve service delivery.

The Controller of Budget identified several challenges that hindered effective budget execution, including low absorption of development expenditure, a high stock of trade payables, underperformance in OSR collection, and substantial Revenue Arrears. Other notable issues included a high wage-to-revenue ratio, overreliance on Facility Improvement Financing, unfunded or underfunded Additional Allocations, weak vote control, slow operationalisation of County Assembly Funds, stalled projects, lapsed Fund Regulations, unauthorised commercial bank accounts, and delayed submission of statutory reports. Collectively, these challenges undermined service delivery, fiscal discipline, and compliance with statutory requirements.

To address the challenges identified, the County Governments should prioritise development projects in FY 2026/27, finalise procurement and cashflow plans early, and submit exchequer requisitions to CoB promptly. They should also verify and settle trade payables using schedules approved by the Intergovernmental Budget and Economic Council (IBEC), set realistic revenue targets, implement revenue recovery plans, and contain payroll costs through staff rationalisation. In addition, counties should broaden Ordinary Revenue Streams, align budgets with confirmed funding, strengthen vote control, expedite the operationalisation of the County Assembly Fund, resolve implementation challenges for stalled projects, renew Fund Regulations, regularise commercial bank accounts, and submit statutory reports on time.

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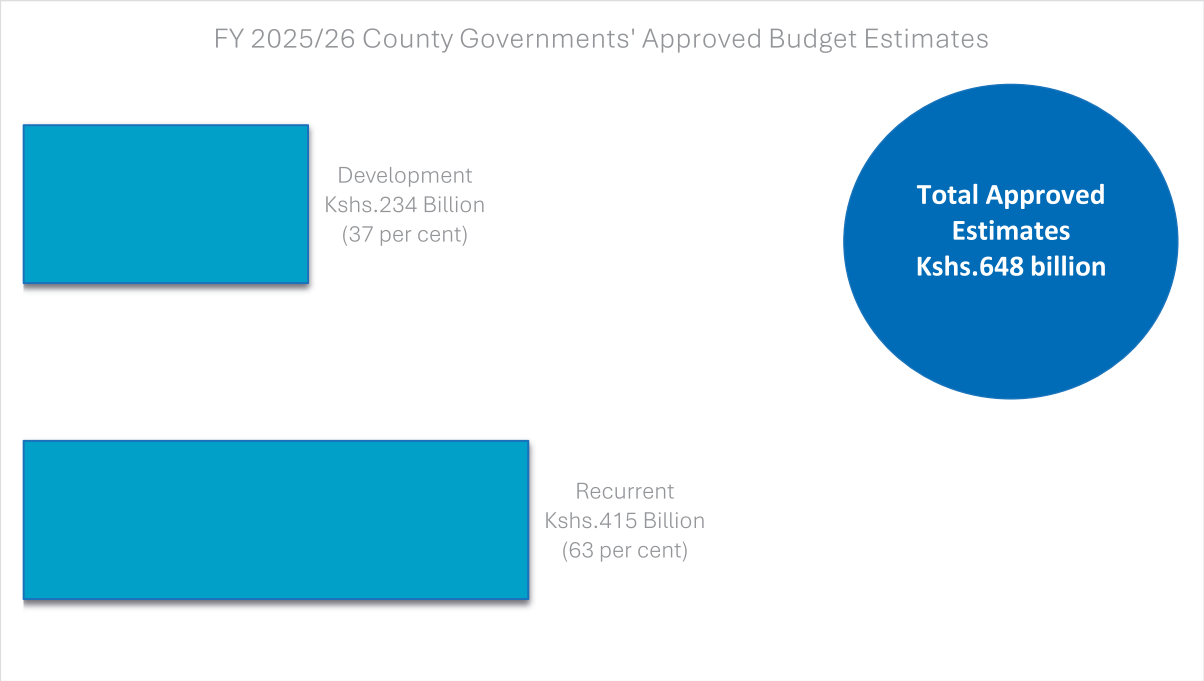
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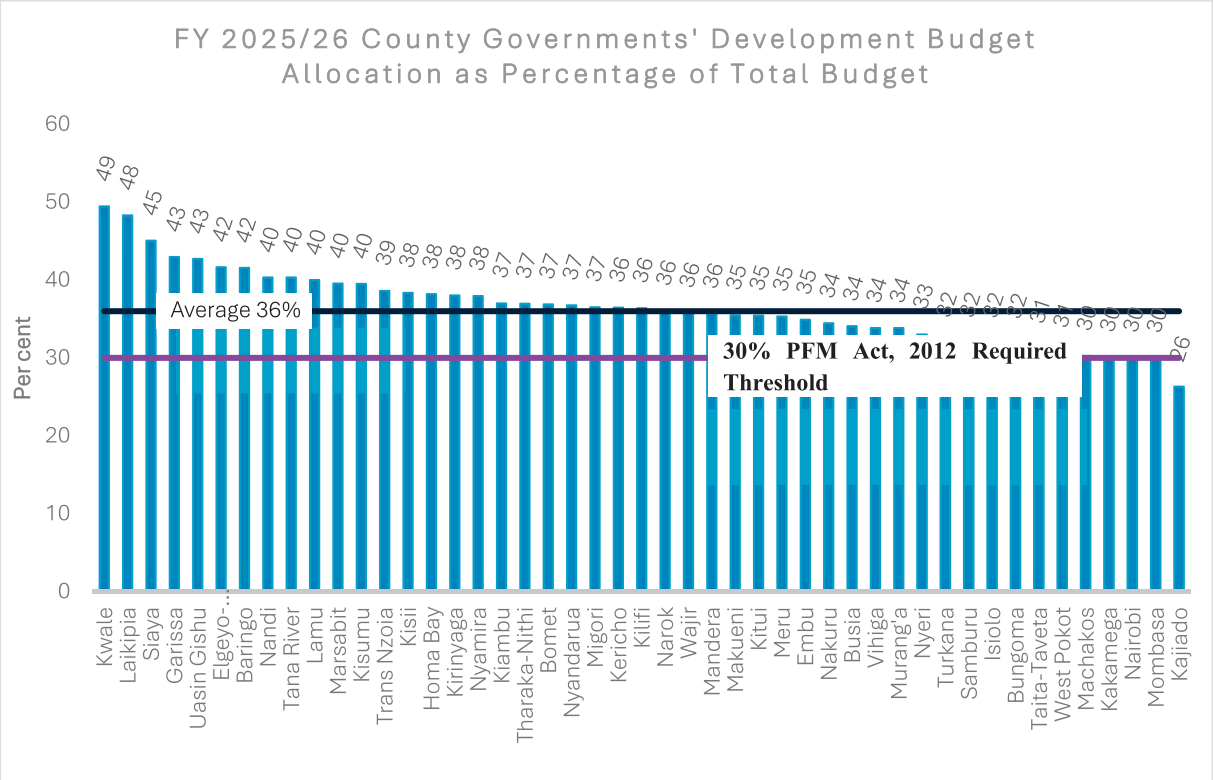
ACRONYMS

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	Community Health Promoters
CHV	Community Health 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 Information System
IPPD	Integrated Payroll and Personnel Database
KABDP	Kenya Agricultural Business Development Project
KDSP	Kenya Devolution Support Programme
KeLCoP	Kenya Livestock Commercialisation Project
KWASH	Kenya Water, Sanitation and Hygiene
KUSP	Kenya Urban Support Project
MCA	Member of the County Assembly
NAVCDP	National Agricultural Value Chain Development Project
NHIF	National Health Insurance Fund
PHDC	Primary Health Care in Devolved Context
RMLF	Road Maintenance Levy Fund
UIG	Urban Institutional Grant

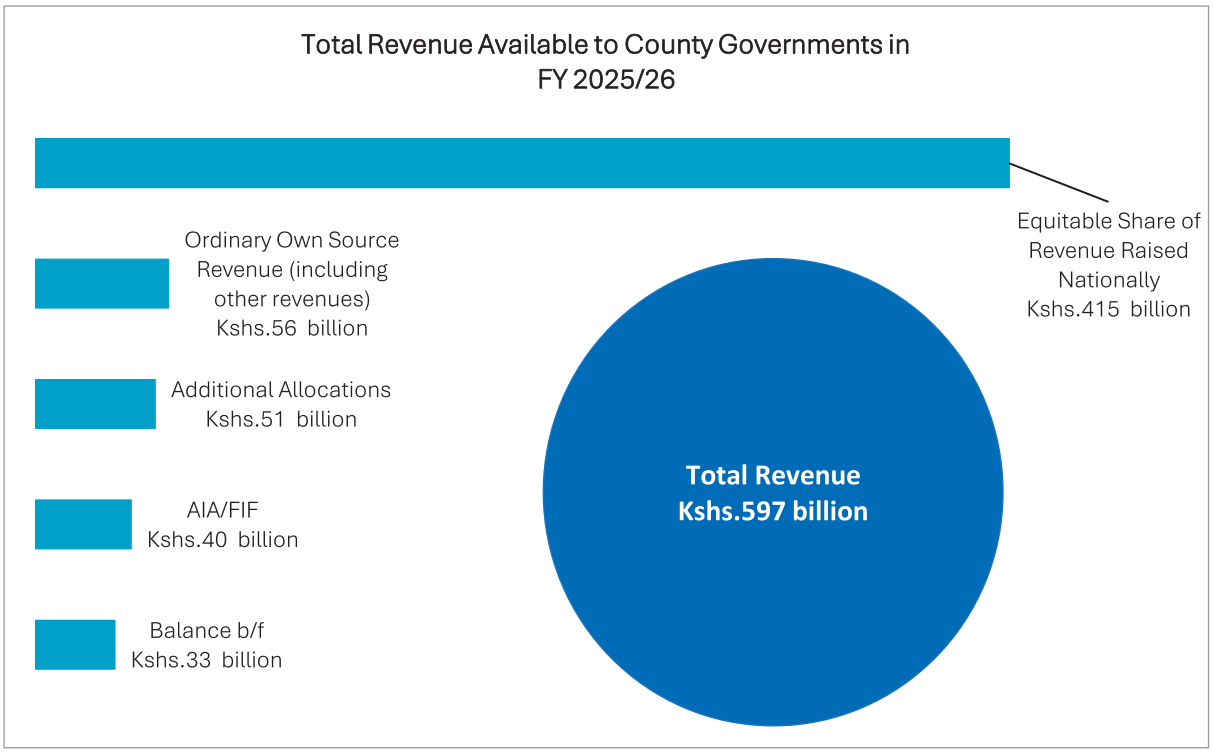
KEY HIGHLIGHTS



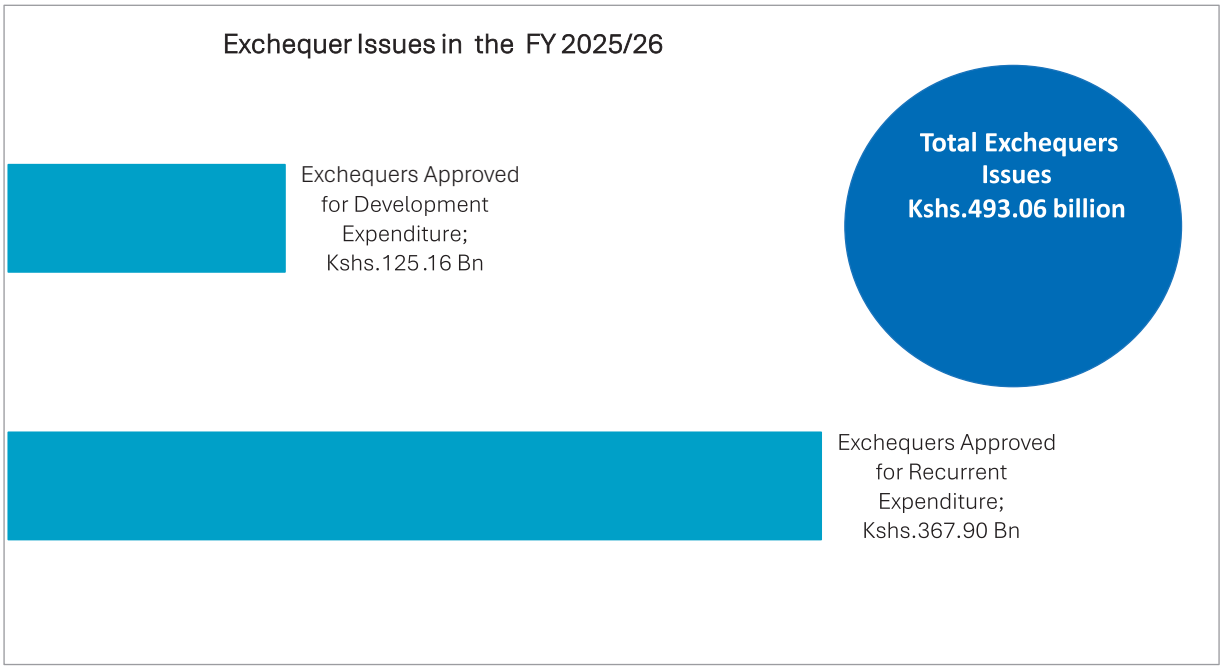
Source: County Treasuries



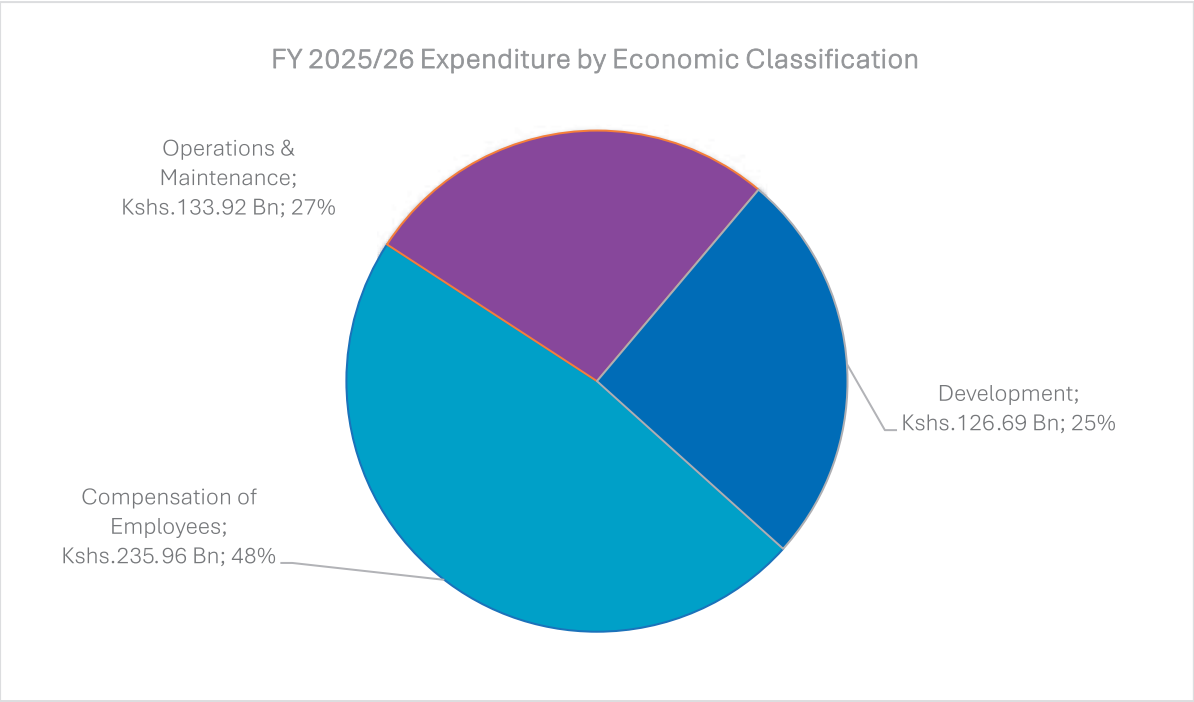
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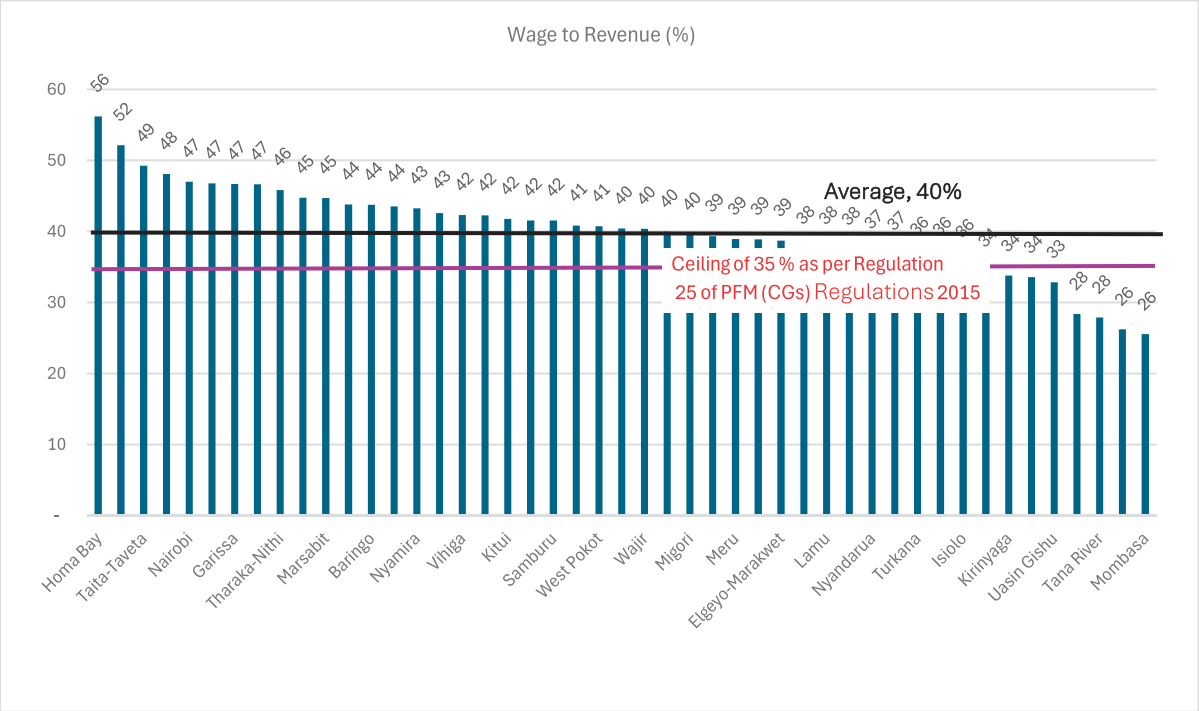
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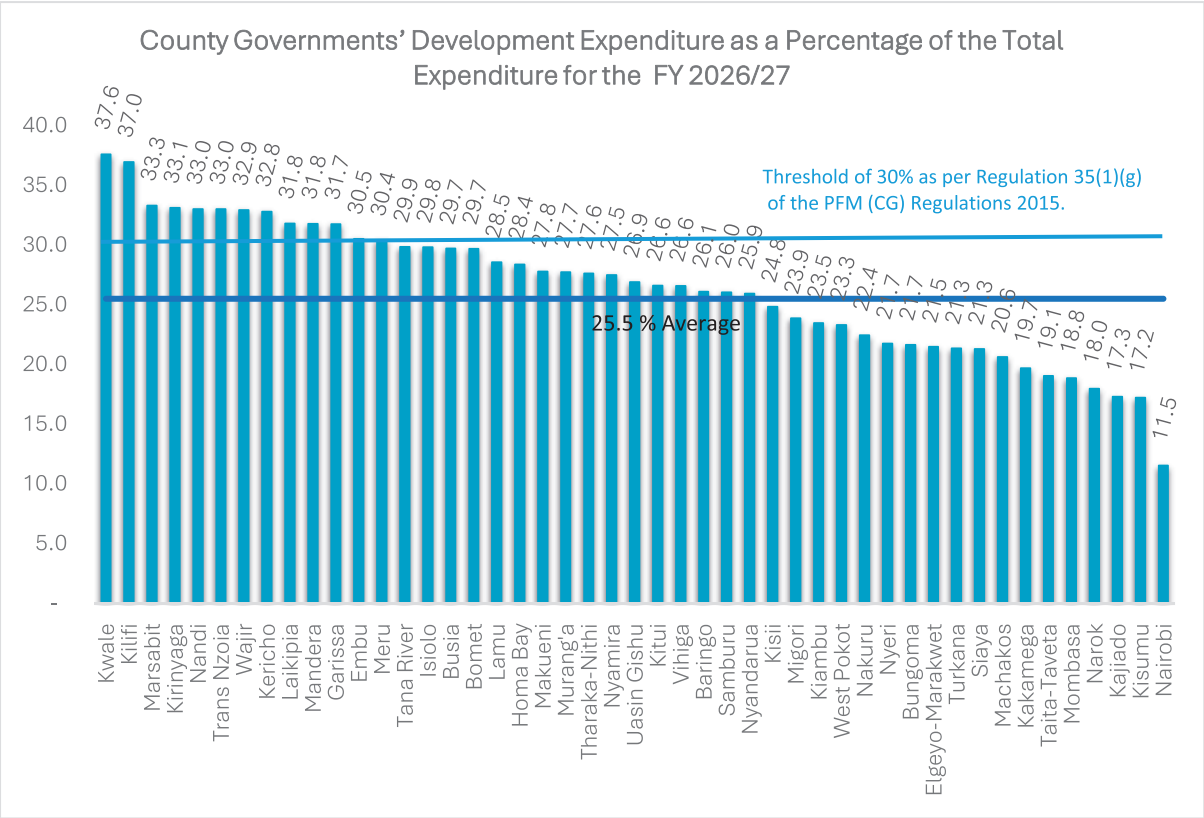
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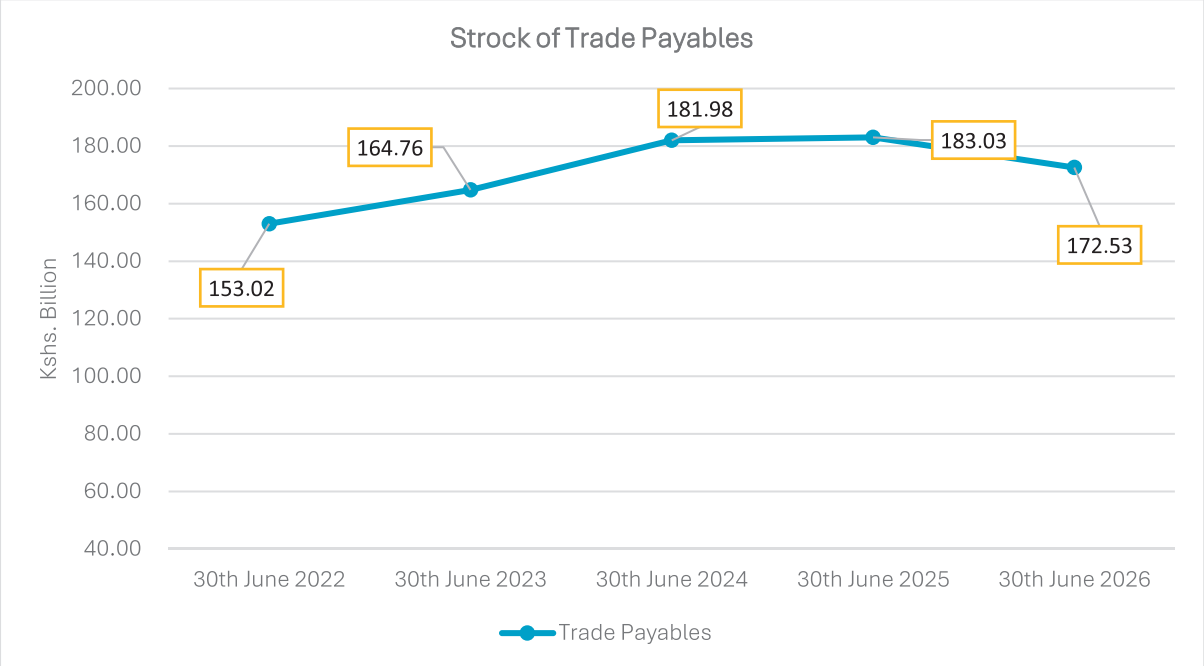
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Source: County Treasuries

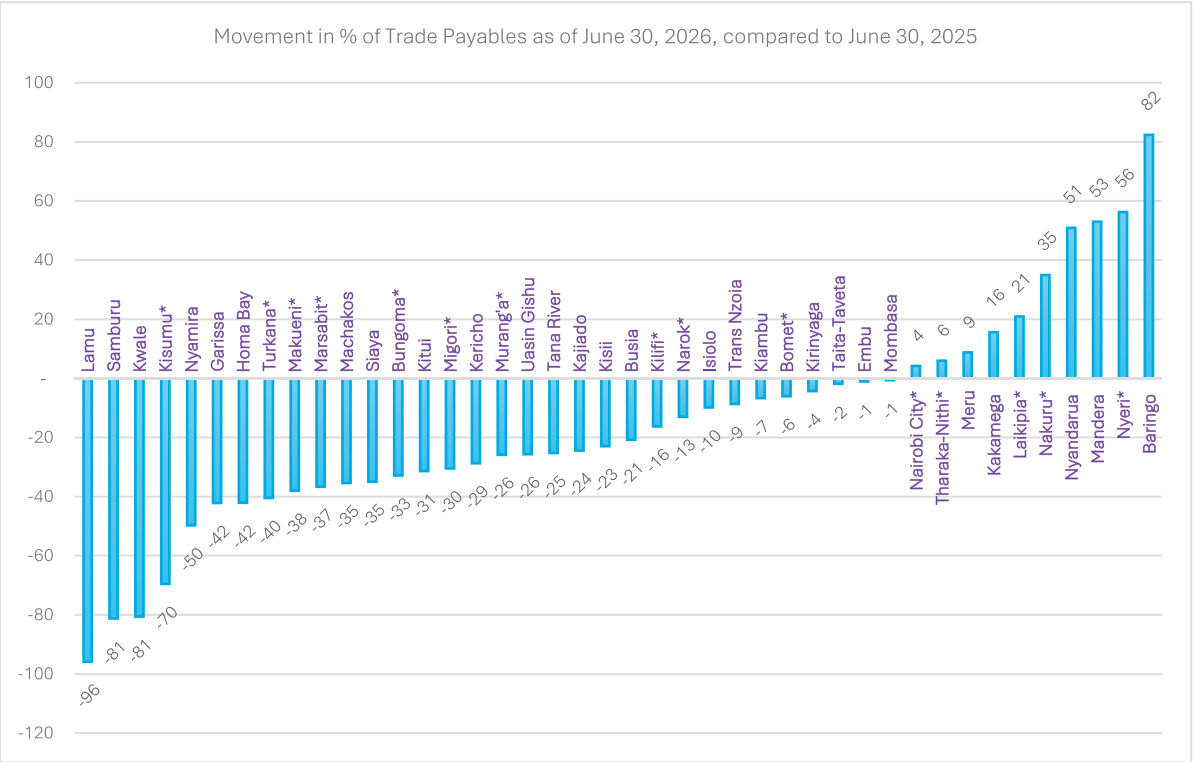


Source: County Treasuries



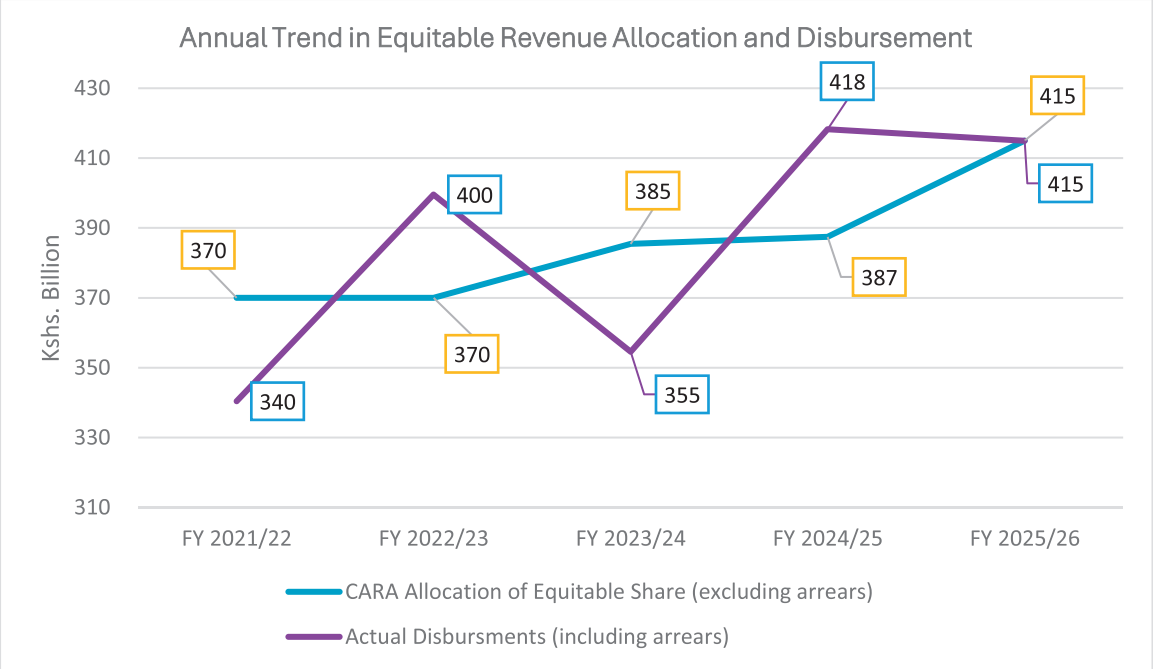
*The stock of trade payables as of June 30, 2026, does not include Nandi County payables, as the County failed to report on their payables to the Controller of Budget. As of June 30, 2025, the Nandi County stock of payables was Kshs.985.10 million.

Source: County Treasuries

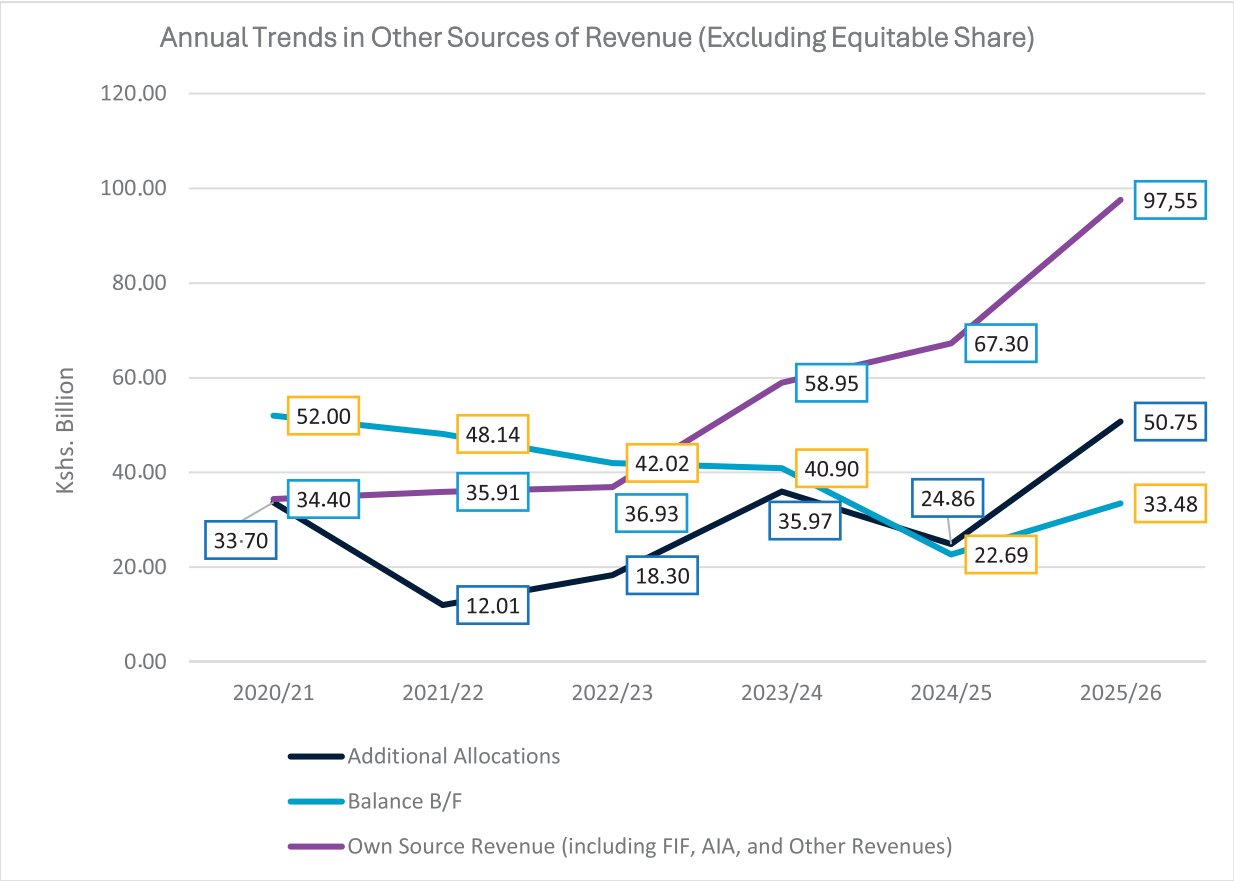


Note: In the figure above, we excluded Elgeyo Marakwet due to a 1,265 per cent increase in trade payables. Nandi County was also excluded for failing to submit trade payables data as of June 30, 2026.

Source: County Treasuries

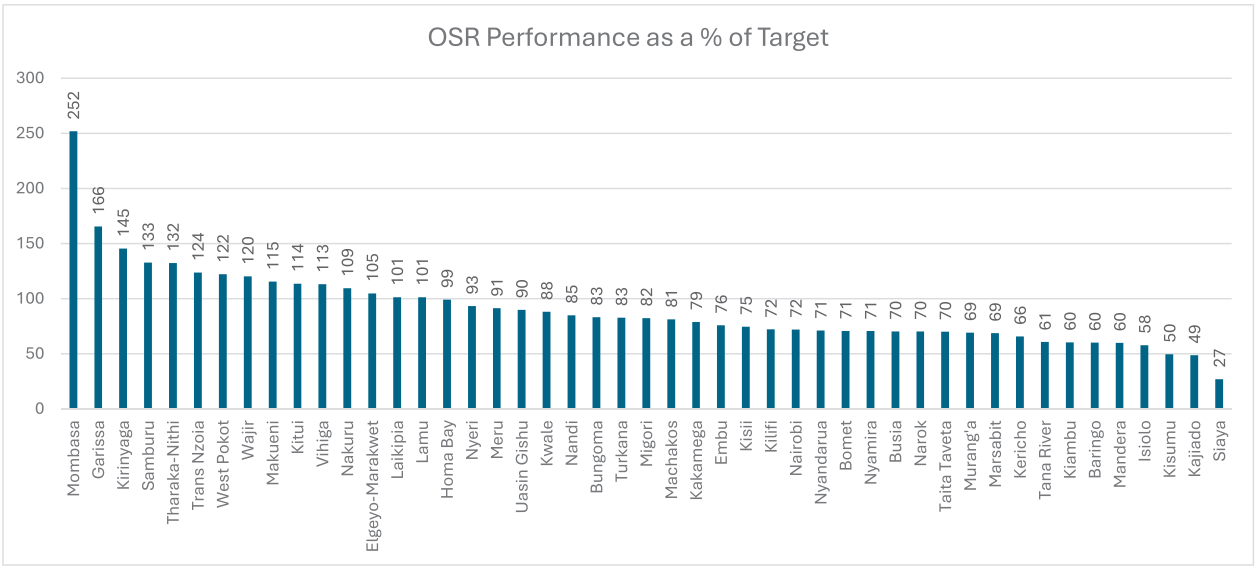


Source: County Treasuries



Note: In FY 2025/26, counties budgeted Kshs.87.74 billion in additional allocations from the National Government and development partners. However, the total received was Kshs.50.75 billion, yielding a performance rate of 57.85 per cent.

Source: County Treasuries



Note: The OSR represented in the graph above is composed of Ordinary OSR, FIF, AiA and Other Revenues

1. INTRODUCTION

The Controller of Budget (CoB) is an independent office 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, Cap 429, the Controller of Budget should submit a report to each house of Parliament on budget implementation every four months.

The Annual County Budget Implementation Review Report (CBIRR) encompasses the twelve months of FY 2025/2026, from July 2025 to June 2026. The report analyses revenue performance, including own-source revenue and transfers received from the National Government and Development Partners. It also tracks expenditure performance in FY 2025/2026. It further tracks the settlement of trade payables and revenue arrears for FY 2025/26. The CBIRR is based on financial reports submitted to the CoB by County Treasuries and Assemblies, in line with Sections 166 and 168 of the Public Finance Management (PFM) Act Cap 412A, data obtained from the Integrated Financial Management 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 the percentage of actual expenditure relative to the approved annual budget estimates and is also informed by periodic monitoring and evaluation exercises conducted by the Controller of Budget.

The report is structured in various chapters. Chapter One provides an introduction, while Chapter Two analyses the budget performance of County Governments for FY 2025/26. Chapter Two discusses County Governments' performance in generating own-source revenue, including an analysis of outstanding revenue. Chapter Two also discusses actual expenditure compared with 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 minimal absorption. A summary of the trade payables for the forty-seven County Governments as of June 30, 2026, is also included in this chapter. The absorption rates indicate performance and are 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, this chapter analyses development projects undertaken in FY 2025/26.

Chapter Four summarises the key challenges identified by the CoB in the budget implementation process for Counties during FY 2025/26. The report also includes recommendations to enhance the effectiveness and efficiency of budget implementation and to promote best practices.

Chapter Five presents the key findings from a monitoring exercise conducted by the Controller of budget during the year while Chapter Six concludes the report.

2. FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION FOR FY 2025/26

2.1. Introduction

This chapter presents the financial analysis of the aggregated County budget implementation for the FY 2025/26, covering the period from July 2025 to June 2026.

2.2. Revenue Analysis

The combined budgets of the County Governments, approved by the County Assemblies, amounted to Kshs.648.23 billion, comprising Kshs.233.69 billion (36.05 per cent) allocated to development expenditure and Kshs.414.54 billion (63.95 per cent) allocated to recurrent expenditure.

In aggregate, the County Governments expected to receive Kshs.648.29 billion, of which Kshs.37.43 billion is from the balance brought forward from FY 2024/25, Kshs.414.73 billion the equitable share of nationally raised revenue, Ordinary Own Source Revenue was projected at Kshs.72.77 billion, and Appropriations in Aid (A-i-A) of Kshs.687.21 million, Facility Improvement Financing (FIF) of Kshs.32.99 billion, and other revenues of Kshs.1.95 billion. Also, County Governments projected Additional Allocations of Kshs.87.74 billion.

2.2.1 Revenue Outturn

The total funds available to the County Governments in FY 2025/26 amounted to Kshs.596.77 billion. This included Kshs.415.00 billion in the equitable share of revenue raised nationally for FY 2025/26; own-source revenue collection of Kshs.96.08 billion, which includes A-i-A/FIF of Kshs.40.40 billion, and ordinary OSR of Kshs.55.68 billion. The counties also reported additional allocations of Kshs.50.75 billion, with cash balances brought forward from FY 2024/25 of Kshs.33.48 billion.

Of the equitable share of nationally raised revenue, Machakos, Narok, and Vihiga counties budgeted less than the receipts, resulting in the targeted equitable share being less than the receipts.

2.2.2 Own-Source Revenue

In FY 2025/26, County Governments generated a total of Kshs.96.08 billion from their own-source revenue (OSR), which was 90.25 per cent of the annual target of Kshs.106.45 billion. The realised OSR is higher than the Kshs.67.30 billion reported in a similar period in FY 2024/25. An analysis of own-source revenue collection from July 2025 to June 2026 is presented in Table 2.1.

Table 2.1: Own Source Revenue Collection in FY 2025/26

County	FY 2025/26 OSR Target (Kshs. Million)			FY 2025/26 Reported Revenue (Kshs. Million)			Performance (%)		
	Ordinary OSR	FIF/ AiA	Total OSR	Ordinary OSR	FIF/AiA	Total OSR	Ordinary OSR	FIF/AiA	Total OSR
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	F=E/B*100	G=F/C*100
Baringo	331.94	595.06	**927.00**	237.50	320.28	**557.78**	71.55	53.82	**60.17**
Bomet	607.12	290.00	**897.12**	155.71	468.24	**623.95**	25.65	161.46	**69.55**
Bungoma	683.89	1,393.56	**2,077.45**	557.71	1,169.69	**1,727.40**	81.55	83.94	**83.15**
Busia	554.70	445.06	**999.76**	203.91	499.07	**702.98**	36.76	112.13	**70.31**
Elgeyo-Marakwet	107.43	350.00	**457.43**	76.18	403.11	**479.29**	70.91	115.17	**104.78**
Embu	712.49	965.23	**1,677.71**	378.33	894.39	**1,272.72**	53.10	92.66	**75.86**
Garissa	101.00	349.00	**450.00**	88.06	656.73	**744.79**	87.19	188.17	**165.51**
Homa Bay	566.18	1,104.91	**1,671.09**	393.97	1,262.39	**1,656.35**	69.58	114.25	**99.12**
Isiolo	271.21	104.00	**375.21**	149.33	67.41	**216.74**	55.06	64.82	**57.76**
Kajiado	1,400.00	568.47	**1,968.47**	666.36	298.94	**965.30**	47.60	52.59	**49.04**
Kakamega	957.37	1,242.63	**2,200.00**	599.03	1,138.13	**1,737.17**	62.57	91.59	**78.96**
Kericho	736.95	724.25	**1,461.19**	369.72	590.89	**960.61**	50.17	81.59	**65.74**

County	FY 2025/26 OSR Target (Kshs. Million)			FY 2025/26 Reported Revenue (Kshs. Million)			Performance (%)		
	Ordinary OSR	FIF/ AiA	Total OSR	Ordinary OSR	FIF/AiA	Total OSR	Ordinary OSR	FIF/AiA	Total OSR
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	F=E/B*100	G=F/C*100
Kiambu	7,734.22	2,200.00	**9,934.22**	3,985.80	2,014.29	**6,000.10**	51.53	91.56	**60.40**
Kilifi	1,875.71	691.78	**2,567.49**	791.97	937.87	**1,729.85**	42.22	135.57	**67.38**
Kirinyaga	454.00	310.00	**764.00**	450.30	660.33	**1,110.63**	99.18	213.01	**145.37**
Kisii	1,467.00	1,700.00	**3,167.00**	743.43	1,743.46	**2,486.89**	50.68	102.56	**78.53**
Kisumu	865.75	2,758.13	**3,623.88**	901.05	902.45	**1,803.50**	104.08	32.72	**49.77**
Kitui	312.35	806.90	**1,119.25**	252.73	1,018.67	**1,271.40**	80.91	126.25	**113.59**
Kwale	536.86	467.50	**1,004.36**	401.48	483.39	**884.88**	74.78	103.40	**88.10**
Laikipia	725.00	626.00	**1,351.00**	512.30	856.48	**1,368.78**	70.66	136.82	**101.32**
Lamu	150.00	130.00	**280.00**	102.14	181.51	**283.65**	68.09	139.62	**101.30**
Machakos	3,092.93	997.95	**4,090.88**	1,720.27	1,604.99	**3,325.26**	55.62	160.83	**81.28**
Makueni	1,067.56	600.00	**1,667.56**	715.26	1,193.97	**1,909.23**	67.00	199.00	**114.49**
Mandera	360.00	322.53	**682.53**	177.21	232.04	**409.25**	49.23	71.94	**59.96**
Marsabit	200.00	120.00	**320.00**	87.08	132.73	**219.81**	43.54	110.61	**68.69**
Meru	796.00	1,025.50	**1,821.50**	441.26	1,225.55	**1,666.81**	55.43	119.51	**91.51**
Migori	525.00	507.00	**1,032.00**	301.04	548.99	**850.03**	57.34	108.28	**82.37**
Mombasa	6,664.57	1,723.61	**8,388.18**	15,618.11	5,508.12	**21,126.23**	234.35	319.57	**251.86**
Murang'a	1,671.75	878.11	**2,549.86**	806.91	957.94	**1,764.85**	48.27	109.09	**69.21**
Nairobi City	19,942.05	1,636.00	**21,578.05**	12,340.56	3,196.41	**15,536.97**	61.88	195.38	**72.00**
Nakuru	2,400.00	2,536.13	**4,936.13**	1,827.52	3,571.21	**5,398.73**	76.15	140.81	**109.37**
Nandi	1,092.27	643.61	**1,735.88**	878.56	594.56	**1,473.12**	80.43	92.38	**84.86**
Narok	6,206.93	120.95	**6,327.88**	4,218.21	261.63	**4,479.84**	67.96	216.31	**70.80**
Nyamira	218.71	650.00	**868.71**	129.66	483.35	**613.01**	59.28	74.36	**70.57**
Nyandarua	675.00	363.48	**1,038.48**	272.24	466.31	**738.55**	40.33	128.29	**71.12**
Nyeri*	800.00	-	**800.00**	746.51	-	**746.51**	93.31	0.00	**93.31**
Samburu	342.00	-	**342.00**	336.83	117.11	**453.94**	98.49	0.00	**132.73**
Siaya	2,173.74	1,078.69	**3,252.42**	290.45	585.69	**876.14**	13.36	54.30	**26.94**
Taita-Taveta	669.60	280.00	**949.60**	343.45	304.95	**648.41**	51.29	108.91	**68.28**
Tana River	196.07	4.35	**200.42**	118.55	3.01	**121.57**	60.47	69.21	**60.66**
Tharaka-Nithi	293.08	375.40	**668.48**	316.78	567.41	**884.19**	108.09	151.15	**132.27**
Trans Nzoia	324.97	275.03	**600.00**	341.62	358.09	**699.71**	105.12	130.20	**116.62**
Turkana	232.00	368.00	**600.00**	210.06	285.80	**495.86**	90.54	77.66	**82.64**
Uasin Gishu	1,300.00	582.03	**1,882.03**	1,020.04	672.14	**1,692.18**	78.46	115.48	**89.91**
Vihiga	170.00	274.13	**444.13**	202.60	298.67	**501.27**	119.18	108.95	**112.87**
Wajir	110.00	240.00	**350.00**	100.36	332.16	**432.52**	91.24	138.40	**123.58**
West Pokot	98.15	253.51	**351.66**	99.89	329.42	**429.31**	101.77	129.94	**122.08**
Total	**72,773.54**	**33,678.48**	**106,452.02**	**55,678.04**	**40,400.01**	**96,078.05**	**76.51**	**119.96**	**90.25**

Note 1: *Nyeri County had inconsistent reporting on FIF, so we omitted that amount from the summary table above. A breakdown of the performance of all revenue streams is shown in Annex I.*

Note 2: *The Above data excludes Other revenue receipts by county governments that amounted to Kshs.1.47 billion against a target of Kshs.1.95 billion.*

Note 3: *For a detailed breakdown of revenue performance refer to Annex 1.*

Source*: County Treasuries*

An analysis of own-source revenue (OSR), including Facility Improvement Financing (FIF), as a percentage

of the annual OSR target shows that 15 counties achieved performance levels exceeding 100 per cent. The top performer, Mombasa County, reached 251.86 per cent, attributed to strong performance by FIF and reported arrears of Kshs.14.91 billion during FY 2025/26 (refer to Section 3.28.2 and Table 3.426 for details). It was closely followed by Garissa County, which achieved 165.51 per cent, largely due to an exceptional FIF performance of 192.06 per cent of its target. Kirinyaga County followed with a performance rate of 145.37 per cent, also driven by a commendable FIF achievement of 214.26 per cent of its target.

In contrast, three counties reported OSR performances of less than 50 per cent. These counties are Kisumu at 49.77 per cent, Kajiado at 49.04 per cent, and Siaya at 26.94 per cent. The low performance in these counties may be attributed to weak results in ordinary OSR streams, failure to utilise revenue forecasting tools, and/or inadequate performance in FIF streams. A detailed analysis of own-source revenue by stream for each County is available in Chapter Three.

2.2.3 Revenue Arrears

As of 1 July, 2025, the total arrears amounted to Kshs.111.62 billion. This figure includes Kshs.1.06 billion in conditional grants, Kshs.103.13 billion in ordinary Own Source Revenue receivables, and Kshs.7,42 billion in Facility Improvement Financing receivables. A detailed breakdown of these arrears is presented in Table 2.2.

Table 2.2: Summary of County Governments' Revenue Arrears

County	Revenue Arrears as of 1 July 2025 (Kshs. Million)				Revenue Arrears as of 30 June 2026 (Kshs. Million)			
	Additional Allocation	Ordinary OSR	FIF	Total OSR	Additional Allocation	Ordinary OSR	FIF	Total OSR
Baringo	-	301.75	128.72	430.47	-	291.38	98.42	389.80
Bomet	118.83	676.37	251.30	1,046.51	-	779.88	421.71	1,201.59
Bungoma	-	268.40	358.55	268.40	-	243.94	-	243.94
Busia	639.17	200.37	107.41	946.95	979.81	551.16	251.16	1,782.13
Elgeyo-Marakwet	-	173.12	-	173.12	-	180.87	197.87	378.74
Embu	-	-	-	-	-	-	-	-
Garissa	-	-	193.52	193.52	-	26.84	402.19	429.03
Homa Bay	-	26.35	-	26.35	-	23.27	-	23.27
Isiolo	-	210.95	0.65	211.60	-	210.34	-	210.34
Kajiado	-	411.90	129.93	541.82	-	392.85	252.02	644.88
Kakamega	-	1,066.14	1,303.79	2,369.93	-	1,097.77	570.69	1,668.46
Kericho	-	-	-	-	156.15	-	-	156.15
Kiambu	-	5,140.66	474.86	5,615.51	-	4,824.23	805.64	5,629.87
Kilifi	-	-	-	-	-	-	-	-
Kirinyaga	-	-	-	-	-	-	-	-
Kisii	250.06	621.78	76.49	948.34	512.45	781.00	76.49	1,369.93
Kisumu	-	-	-	-	-	127.63	84.83	212.46
Kitui	-	1,282.53	300.93	1,583.46	-	1,674.77	564.48	2,239.25
Kwale				-				-
Laikipia	-	1,389.20	-	1,389.20	-	1,375.20	-	1,375.20
Lamu	-	218.70	-	218.70	-	236.64	-	236.64
Machakos	-	-	-	-	-	-	-	-
Makueni	-	749.61	-	749.61	-	954.40	-	954.40
Mandera	-	-	-	-	-	-	-	-
Marsabit	-	47.86	173.50	221.36	-	50.44	75.99	126.43
Meru	-	830.93	-	830.93	-	830.93	-	830.93
Migori	-	281.35	185.42	466.77	-	281.35	185.42	466.77
Mombasa	-	13,909.62	2,221.84	16,131.46	-	11,818.41	1,862.46	13,680.87
Murang'a	-	-	-	-	-	-	167.73	167.73

County	Revenue Arrears as of 1 July 2025 (Kshs. Million)				Revenue Arrears as of 30 June 2026 (Kshs. Million)			
	Additional Allocation	Ordinary OSR	FIF	Total OSR	Additional Allocation	Ordinary OSR	FIF	Total OSR
Nairobi City	-	62,769.43	-	62,769.43	-	59,086.26	-	59,086.26
Nakuru	-	11,291.92	909.27	12,201.19	-	12,569.95	4,271.85	16,841.80
Nandi	-	91.50	-	91.50	-	684.43	-	684.43
Narok	-	-	-	-	-	-	-	-
Nyamira	-	-	-	-	-	-	-	-
Nyandarua	-	228.17	295.17	523.34	-	224.72	112.09	336.81
Nyeri	-	691.28	417.30	1,108.58	-	697.30	486.58	1,183.88
Samburu	-	-	22.83	22.83	-		4.00	4.00
Siaya	-	60.40	128.86	189.26	-	46.42	287.48	333.90
Taita-Taveta	-			-	-			-
Tana River	-	-	-	-	-	-	-	-
Tharaka-Nithi	-	60.06	77.47	137.53	54.64	167.23	-	221.87
Trans Nzoia	-	12.47	-	12.47	-	12.48	-	12.48
Turkana	-	-	-	-	-	-	-	-
Uasin Gishu	-	-	-	-	-	-	-	-
Vihiga	55.63	47.04	-	102.66	-	64.41	-	64.41
Wajir	-	8.99	22.91	31.90	-	10.02	24.91	34.93
West Pokot	-	62.50	-	62.50	-	67.96	-	67.96
Total	**1,063.69**	**103,131.35**	**7,422.17**	**111,617.21**	**1,703.04**	**100,384.47**	**11,204.00**	**113,291.50**

Source: *County Treasuries*

As of 30 June 2026, Nairobi City County had the highest arrears, totalling Kshs.59.09 billion, representing 52.15 per cent of the overall receivables. Nakuru County had Kshs.16.64 billion (14.69 per cent), Mombasa County reported Kshs.13.68 billion in receivables (12.08 per cent); and Kiambu County had Kshs.5.63 billion (4.97 per cent). This overall situation regarding receivables underscores persistent challenges in revenue mobilisation, which constrain liquidity for service delivery in the devolved units.

Twelve Counties, namely, Embu, Kilifi, Kirinyaga, Kwale, Machakos, Mandera, Narok, Nyamira, Taita Taveta, Tana River, Turkana and Uasin Gishu, did not report revenue arrears during the period under review.

2.3. Funds Released to the Counties

2.3.1 Funds Released from the Consolidated Fund to the County Revenue Fund Accounts

In FY 2025/26, the CoB approved the transfer of Kshs.415.00 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. Chapter Three provides a detailed analysis of the released equitable share to each County.

2.3.2 Funds Released from the County Revenue Fund Accounts to County Assembly Fund Accounts

In FY 2025/26, the CoB approved transfers totalling Kshs.873.76 million from County Revenue Funds to County Assembly Funds for Trans Nzoia (Kshs.509.17 million) and Marsabit (Kshs.364.59 million) Counties, which operationalised their funds. Other counties are at various stages of establishing their County Assembly Funds.

2.3.3 Funds Released to the County Operational Accounts

The CoB authorised withdrawals of Kshs.493.06 billion from the County Revenue Funds to the County Operational Accounts, comprising Kshs.367.90 billion (74.62 per cent) for recurrent expenditure and Kshs.125.16 billion (25.38 per cent) for development expenditure. This was an increase from the

Kshs.472.15 billion authorised in FY 2024/25. A summary breakdown per county is shown in Table 2.3. Chapter Three provides a detailed analysis of the funds released to each County.

Table 2.3: County Government Approved Budget Estimates and Exchequer Issues

County	Recurrent Estimates	Devel-opment Estimates	Total Approved Estimates	Recurrent Exchequer Issues (Kshs.Mn)	Devel-opment Exchequer Issues (Kshs.Mn)	Totals Issues	% of Ex-chequer to Recur-rent Esti-mates	% of Exchequ-uer to Develop-ment Es-timates	Overall % of Issues to Total Budget
Baringo	5,889.10	4,186.86	10,075.96	5,665.99	1,999.53	7,665.52	96.21	47.76	76.08
Bomet	6,850.77	4,002.51	10,853.28	5,790	2,494	8,284.00	84.52	62.31	76.33
Bungoma	11,888.82	5,544.38	17,433.20	10,540.33	2,951.05	13,491.38	88.66	53.23	77.39
Busia	7,358.12	3,801.36	11,159.48	6,828.54	1,939.77	8,768.31	92.80	51.03	78.57
Elgeyo-Mar-akwet	5,335.77	3,809.10	9,144.87	4,795.45	1,229.24	6,024.69	89.87	32.27	65.88
Embu	6,115.38	3,279.75	9,395.13	4,817.23	2,115.68	6,932.91	78.77	64.51	73.79
Garissa	7,721.96	5,814.13	13,536.09	7,262.10	3,378.28	10,640.38	94.04	58.10	78.61
Homa Bay	8,409.36	5,192.10	13,601.46	7,337.34	2,581.45	9,918.79	87.25	49.72	72.92
Isiolo	4,904.86	2,297.98	7,202.84	4,768.41	1,879.54	6,647.95	97.22	81.79	92.30
Kajiado	9,984.79	3,562.10	13,546.89	9,127.75	1,976.96	11,104.71	91.42	55.50	81.97
Kakamega	12,229.34	5,267.77	17,497.11	11,590.36	3,664.50	15,254.86	94.78	69.56	87.19
Kericho	6,664.98	3,826.83	10,491.81	5,651.40	2,813	8,464.40	84.79	73.51	80.68
Kiambu	17,133.35	10,069.39	27,202.74	15,059.89	4,275.75	19,335.64	87.90	42.46	71.08
Kilifi	13,026.59	7,454.26	20,480.85	10,068.04	5,381.91	15,449.95	77.29	72.20	75.44
Kirinyaga	5,292.70	3,248.67	8,541.37	4,849.39	2,400.42	7,249.81	91.62	73.89	84.88
Kisii	12,430.45	7,730.45	20,160.90	9,609.24	3,615.61	13,224.85	77.30	46.77	65.60
Kisumu	10,272.00	6,710.00	16,982.00	8,326	1,793	10,119.00	81.06	26.72	59.59
Kitui	9,526.76	5,226.77	14,753.53	7,888.09	3,304.05	11,192.14	82.80	63.21	75.86
Kwale	8,447.84	8,262.34	16,710.18	6,976.21	4,174.09	11,150.30	82.58	50.52	66.73
Laikipia	5,049.77	4,719.11	9,768.88	4,751.86	2,387.19	7,139.05	94.10	50.59	73.08
Lamu	3,355.33	2,237.23	5,592.56	3,085.24	1,255.26	4,340.50	91.95	56.11	77.61
Machakos	10,597.21	4,596.38	15,193.59	9,198.53	2,616.41	11,814.94	86.80	56.92	77.76
Makueni	8,298.86	4,564.06	12,862.92	8,008.29	2,345.94	10,354.23	96.50	51.40	80.50
Mandera	9,707.65	5,385.08	15,092.73	9,242.66	4,373.82	13,616.48	95.21	81.22	90.22
Marsabit	6,669.64	4,364.26	11,033.90	6227.11	2880.45	9,107.56	93.37	66.00	82.54
Meru	9,785.04	5,339.94	15,124.98	8962.14	3068.22	12,030.36	91.59	57.46	79.54
Migori	7,599.61	4,372.50	11,972.11	6,343.34	1,869.31	8,212.65	83.47	42.75	68.60
Mombasa	13,106.68	5,618.32	18,725.00	10,524.90	2,570.92	13,095.82	80.30	45.76	69.94
Murang'a	8,027.58	4,103.00	12,130.58	6,855.14	2,630.11	9,485.25	85.39	64.10	78.19
Nairobi City	31,203.19	13,417.70	44,620.89	31,172.02	3,657.30	34,829.32	99.90	27.26	78.06
Nakuru	16,814.61	8,834.49	25,649.10	13,537.67	4,164.14	17,701.81	80.51	47.14	69.02
Nandi	6,806.48	4,598.06	11,404.54	5,988.16	2,954.48	8,942.64	87.98	64.25	78.41
Narok	11,018.82	6,212.24	17,231.06	9,348.00	2,141.00	11,489.00	84.84	34.46	66.68
Nyamira	5,365.31	3,280.99	8,646.30	5,046.23	1,453.10	6,499.33	94.05	44.29	75.17
Nyandarua	6,134.39	3,563.87	9,698.26	5,471.84	2,241.71	7,713.55	89.20	62.90	79.54
Nyeri	6,324.12	3,117.61	9,441.73	6,167.03	1,713.99	7,881.02	97.52	54.98	83.47
Samburu	5,514.93	2,590.25	8,105.18	5,386.25	1,897.01	7,283.26	97.67	73.24	89.86
Siaya	7,349.77	6,028.21	13,377.98	5658.66	1630.77	7,289.43	76.99	27.05	54.49
Taita-Taveta	5,708.68	2,588.84	8,297.52	5,440.12	1,345.88	6,786.00	95.30	51.99	81.78

County	Recurrent Estimates	Development Estimates	Total Approved Estimates	Recurrent Exchequer Issues (Kshs.Mn)	Development Exchequer Issues (Kshs.Mn)	Totals Issues	% of Exchequer to Recurrent Estimates	% of Exchequer to Development Estimates	Overall % of Issues to Total Budget
Tana River	6,111.22	4,126.16	10,237.38	5,539.11	2,614.15	8,153.26	90.64	63.36	79.64
Tharaka-Nithi	4,903.03	2,873.97	7,777.00	4,789.12	1,693.39	6,482.51	97.68	58.92	83.35
Trans Nzoia	6,301.48	3,964.71	10,266.19	5,948	2,932	8,880.00	94.39	73.95	86.50
Turkana	13,085.07	6,151.12	19,236.19	13,120.01	3,201.73	16,321.74	100.27	52.05	84.85
Uasin Gishu	9,984.97	7,442.25	17,427.22	5549.63	3756.72	9,306.35	55.58	50.48	53.40
Vihiga	5,244.37	2,681.84	7,926.21	5,197.56	1,881.50	7,079.06	99.11	70.16	89.31
Wajir	8,758.85	4,879.67	13,638.52	8,253.81	4,051.55	12,305.36	94.23	83.03	90.23
West Pokot	6,230.98	2,755.22	8,986.20	6,135.52	1,865.31	8,000.83	98.47	67.70	89.03
Total	**414,540.58**	**233,693.82**	**648,234.41**	**367,899.71**	**125,161.19**	**493,060.90**	**88.75**	**53.56**	**76.06**

***Source**: CoB and County Treasuries*

A review of cumulative exchequer issues to approved budget shows that the Counties had an overall rate of 76.06 per cent, with three counties, namely Isiolo, Wajir, and Mandera, reporting exchequer issues to approved estimates of 92.30 per cent, 90.23 per cent, and 90.22 per cent, respectively. Conversely, fifteen counties had an overall exchequer issues to the approved budget of less than 75 per cent expenditures to the approved budget of less than 75 per cent, namely, Uasin Gishu (53.40 per cent), Siaya (54.49 per cent), Baringo (58.80 per cent), Kisumu (59.59 per cent), Kisii (65.60 per cent), Elgeyo Marakwet (65.88 per cent), Narok (66.68 per cent), Kwale (66.73 per cent), Laikipia (66.82 per cent), Migori (68.60 per cent), Nakuru (69.02 per cent), Mombasa (69.94 per cent), Kiambu (71.08 per cent), Homa Bay (72.92 per cent), and Nyamira (72.96 per cent).

2.4. Expenditure Analysis

In FY 2025/26, County Governments spent a total of Kshs.496.58 billion, corresponding to an overall absorption rate of 76.60 per cent of the total annual budget for County Governments, set at Kshs.648.23 billion. This marks a decrease in performance compared to the 78 per cent reported in the same period of FY 2024/25, when total expenditures amounted to Kshs.470.74 billion against a budget of Kshs.601.69 billion.

Recurrent expenditure amounted to Kshs.369.89 billion, accounting for 89.23 per cent of the annual recurrent budget. This is a decrease in performance compared to the 91.0 per cent for recurrent expenditure absorption observed in a similar period of FY 2024/25. Conversely, development expenditure totalled Kshs.126.69 billion, representing an absorption rate of 54.21 per cent, a decline from 57 per cent reported in the same period in FY 2024/25. Table 2.4 presents an analysis of expenditures by economic classification for the FY 2025/26.

Table 2.4: Expenditure by Major Economic Classification in FY 2025/26

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	4,015.08	1,650.91	5,665.99	1,999.53	7,665.52
Bomet	3,586.71	2,543.11	6,129.82	2,588.46	8,718.28
Bungoma	7,533.29	3,856.10	11,389.39	3,148.01	14,537.40
Busia	3,618.45	1,496.53	5,114.98	2,161.64	7,276.62
Elgeyo-Marakwet	3,176.69	1,583.17	4,759.86	1,301.63	6,061.49
Embu	3,559.11	1,258.13	4,817.23	2,115.68	6,932.91
Garissa	5,443.54	1,818.56	7,262.10	3,378.28	10,640.38
Homa Bay	6,198.99	1,137.77	7,336.76	2,908.04	10,244.80
Isiolo	2,539.82	1213.38	3,753.20	1,595.85	5,349.05

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
Kajiado	5,589.55	2,591.62	8,181.16	1,711.65	9,892.81
Kakamega	6,987.04	4,242.51	11,229.55	2,752.42	13,981.97
Kericho	4,010.36	1,608.64	5,619.00	2,743.97	8,362.97
Kiambu	8,510.22	5,679.94	14,190.16	4,348.64	18,538.80
Kilifi	4,857.66	5,891.22	10,748.89	6,300.56	17,049.45
Kirinyaga	2,901.45	1,947.93	4,849.38	2,400.42	7,249.80
Kisii	6,492.59	3,102.15	9,594.74	3,170.50	12,765.24
Kisumu	5,542.00	2,814.00	8,356.00	1,739.00	10,095.00
Kitui	5,892.85	2,815.66	8,708.51	3,158.74	11,867.25
Kwale	3,994.91	3,163.42	7,158.33	4,314.80	11,473.13
Laikipia	3,313.70	1,289.34	4,603.04	2,146.84	6,749.88
Lamu	1,988.64	1,065.77	3,054.41	1,220.47	4,274.88
Machakos	6,368.66	2,683.60	9,053.28	2,353.80	11,407.08
Makueni	5,464.58	2,722.62	8,187.20	3,150.52	11,337.72
Mandera	5,273.50	3,969.36	9,242.66	4,307.81	13,550.47
Marsabit	4,282.86	2,164.04	6,446.90	3,220.29	9,667.19
Meru	5,441.60	4,230.00	9,672.22	4,220.63	13,892.85
Migori	4,143.40	3,404.90	7,548.28	2,366.70	9,914.98
Mombasa	7,833.92	3,236.86	11,070.79	2,570.52	13,641.31
Murang'a	4,997.08	1,858.06	6,855.14	2,630.11	9,485.25
Nairobi	17,817.00	11,466.15	29,283.14	3,819.69	33,102.83
Nakuru	8,513.50	6,443.16	14,956.65	4,326.56	19,283.21
Nandi	3,965.69	2,022.48	5,988.16	2,952.88	8,941.04
Narok	6,166.68	3,596.91	9,763.59	2,138.29	11,901.88
Nyamira	3,505.63	1,577.40	5,083.03	1,926.23	7,009.26
Nyandarua	3,142.07	2,368.11	5,510.18	1,929.44	7,439.62
Nyeri	4,620.89	1,546.14	6,167.03	1,713.99	7,881.02
Samburu	3,184.11	2,202.13	5,386.25	1,897.00	7,283.25
Siaya	4,435.93	1,469.76	5,905.69	1,599.04	7,504.73
Taita-Taveta	3,707.72	2,011.17	5,718.90	1,345.88	7,064.78
Tana River	2,639.92	3,026.07	5,665.98	2,412.15	8,078.13
Tharaka-Nithi	3,172.74	1,240.58	4,413.31	1,684.01	6,097.32
Trans Nzoia	3,998.64	1,948.86	5,947.50	2,931.60	8,879.10
Turkana	6,215.97	5,586.85	11,802.82	3,201.73	15,004.55
Uasin Gishu	5,459.80	2,652.46	8,112.26	2,986.21	11,098.47
Vihiga	3,130.48	2,067.07	5,197.56	1,881.50	7,079.06
Wajir	5,215.29	3,038.52	8,253.81	4,051.55	12,305.36
West Pokot	3,514.29	2,620.71	6,135.00	1,865.31	8,000.31
Total	**235,964.60**	**133,923.83**	**369,888.43**	**126,688.57**	**496,578.40**

***Source**: CoB and County Treasuries*

A review of cumulative expenditures by economic classification revealed that Kshs.235.96 billion (47.52 per cent) was spent on Compensation to Employees, Kshs.133.92 billion (26.97 per cent) on Operations and Maintenance, and Kshs.126.69 billion (25.51 per cent) on Development Expenditures.

2.4.1 Development Expenditure

County governments spent Kshs.126.69 billion on development activities, representing a 54.21 per cent absorption rate of the annual development budget of Kshs.233.69 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 2025/26

County	Budget Estimates (Kshs.Million			Actual Expenditure (Kshs.Million)			Absorption Rate (%)		
	Rec	Dev	Total	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	5,889.10	4,186.86	**10,075.96**	5,665.99	1,999.53	**7,665.52**	96.21	47.76	76.08
Bomet	6,850.77	4,002.51	**10,853.28**	6,129.82	2,588.46	**8,718.28**	89.48	64.67	80.33
Bungoma	11,888.82	5,544.38	**17,433.20**	11,389.39	3,148.01	**14,537.39**	95.80	56.78	83.39
Busia	7,358.12	3,801.36	**11,159.48**	5,114.98	2,161.64	**7,276.62**	69.51	56.86	65.21
Elgeyo-Marakwet	5,335.77	3,809.10	**9,144.87**	4,759.86	1,301.63	**6,061.49**	89.21	34.17	66.28
Embu	6,115.38	3,279.75	**9,395.13**	4,817.23	2,115.68	**6,932.91**	78.77	64.51	73.79
Garissa	7,721.96	5,814.13	**13,536.09**	7,262.10	3,378.28	**10,640.38**	94.04	58.10	78.61
Homa Bay	8,409.36	5,192.10	**13,601.46**	7,336.76	2,908.04	**10,244.80**	87.25	56.01	75.32
Isiolo	4,904.86	2,297.98	**7,202.84**	3,753.20	1,595.85	**5,349.05**	76.52	69.45	74.26
Kajiado	9,984.79	3,562.10	**13,546.89**	8,181.16	1,711.65	**9,892.81**	81.94	48.05	73.03
Kakamega	12,229.34	5,267.77	**17,497.11**	11,229.55	2,752.42	**13,981.97**	91.82	52.25	79.91
Kericho	6,664.98	3,826.83	**10,491.81**	5,619.00	2,743.97	**8,362.97**	84.31	71.70	79.71
Kiambu	17,133.35	10,069.39	**27,202.74**	14,190.16	4,348.64	**18,538.80**	82.82	43.19	68.15
Kilifi	13,026.59	7,454.26	**20,480.85**	10,748.89	6,300.56	**17,049.44**	82.51	84.52	83.25
Kirinyaga	5,292.70	3,248.67	**8,541.37**	4,849.38	2,400.42	**7,249.80**	91.62	73.89	84.88
Kisii	12,430.45	7,730.45	**20,160.90**	9,594.74	3170.50	**12,765.24**	77.19	41.01	63.32
Kisumu	10,272.00	6,710.00	**16,982.00**	8,356.00	1,739.00	**10,095.00**	81.35	25.92	59.45
Kitui	9,526.76	5,226.77	**14,753.53**	8,708.51	3,158.74	**11,867.25**	91.41	60.43	80.44
Kwale	8,447.84	8,262.34	**16,710.18**	7,158.33	4,314.80	**11,473.13**	84.74	52.22	68.66
Laikipia	5,049.77	4,719.11	**9,768.88**	4,603.04	2,146.84	**6,749.88**	91.15	45.49	69.10
Lamu	3,355.33	2,237.23	**5,592.56**	3,054.41	1,220.47	**4,274.88**	91.03	54.55	76.44
Machakos	10,597.21	4,596.38	**15,193.59**	9,053.28	2,353.82	**11,407.10**	85.43	51.21	75.08
Makueni	8,298.86	4,564.06	**12,862.92**	8,187.19	3,150.52	**11,337.71**	98.65	69.03	88.14
Mandera	9,707.65	5,385.08	**15,092.73**	9,242.66	4,307.81	**13,550.47**	95.21	80.00	89.78
Marsabit	6,669.64	4,364.26	**11,033.90**	6,446.90	3,220.29	**9,667.19**	96.66	73.79	87.61
Meru	9,785.04	5,339.94	**15,124.98**	9,672.22	4,220.63	**13,892.85**	98.85	79.04	91.85
Migori	7,599.61	4,372.50	**11,972.11**	7,548.28	2,366.68	**9,914.96**	99.32	54.13	82.82
Mombasa	13,106.68	5,618.32	**18,725.00**	11,070.79	2,570.52	**13,641.31**	84.47	45.75	72.85
Murang'a	8,027.58	4,103.00	**12,130.58**	6,855.14	2,630.11	**9,485.25**	85.39	64.10	78.19
Nairobi	31,203.19	13,417.70	**44,620.89**	29,283.14	3,819.69	**33,102.83**	93.85	28.47	74.19
Nakuru	16,814.61	8,834.49	**25,649.10**	14,956.65	4,326.56	**19,283.21**	88.95	48.97	75.18
Nandi	6,806.48	4,598.06	**11,404.54**	5,988.16	2,952.88	**8,941.04**	87.98	64.22	78.40
Narok	11,018.82	6,212.24	**17,231.06**	9,763.59	2,138.29	**11,901.88**	88.61	34.42	69.07
Nyamira	5,365.31	3,280.99	**8,646.30**	5,083.03	1,926.23	**7,009.26**	94.74	58.71	81.07
Nyandarua	6,134.39	3,563.87	**9,698.26**	5,510.18	1,929.44	**7,439.62**	89.82	54.14	76.71
Nyeri	6,324.12	3,117.61	**9,441.73**	6,167.03	1,713.99	**7,881.02**	97.52	54.98	83.47
Samburu	5,514.93	2,590.25	**8,105.18**	5,386.25	1,897.00	**7,283.25**	97.67	73.24	89.86
Siaya	7,349.77	6,028.21	**13,377.98**	5,905.69	1,599.04	**7,504.73**	80.35	26.53	56.10

County	Budget Estimates (Kshs.Million			Actual Expenditure (Kshs.Million)			Absorption Rate (%)		
	Rec	Dev	Total	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
Taita-Taveta	5,708.68	2,588.84	**8,297.52**	5,718.90	1,345.88	**7,064.78**	100.18	51.99	85.14
Tana River	6,111.22	4,126.16	**10,237.38**	5,665.98	2,412.15	**8,078.13**	92.71	58.46	78.91
Tharaka-Nithi	4,903.03	2,873.97	**7,777.00**	4,413.31	1,684.01	**6,097.32**	90.01	58.60	78.40
Trans Nzoia	6,301.48	3,964.71	**10,266.19**	5,947.50	2,931.60	**8,879.10**	94.38	73.94	86.49
Turkana	13,085.07	6,151.12	**19,236.19**	11,802.82	3,201.73	**15,004.55**	90.20	52.05	78.00
Uasin Gishu	9,984.97	7,442.25	**17,427.22**	8,112.25	2,986.21	**11,098.46**	81.24	40.13	63.68
Vihiga	5,244.37	2,681.84	**7,926.21**	5,197.56	1,881.50	**7,079.06**	99.11	70.16	89.31
Wajir	8,758.85	4,879.67	**13,638.52**	8,253.81	4,051.55	**12,305.36**	94.23	83.03	90.23
West Pokot	6,230.98	2,755.22	**8,986.20**	6,135.00	1,865.31	**8,000.31**	98.46	67.70	89.03
Total	**414,540.58**	**233,693.82**	**648,234.41**	**369,889.80**	**126,688.57**	**496,578.37**	**89.23**	**54.21**	**76.60**

Source: *CoB and County Treasuries*

2.4.2 County Budget Allocation, Expenditure and Absorption Rate for FY 2025/26

An analysis of development expenditures reveals that three County Governments had development absorption rates above 80 per cent: Mandera at 80.00 per cent, Wajir at 83.03 per cent, and Kilifi at 84.52 per cent. . On the other hand, 13 Counties had a development absorption of 50 per cent or less in FY 2025/26, which includes Nakuru at 48.97 per cent, Kajiado at 48.05, Baringo, 47.76, Mombasa, 45.75, Laikipia 45.49, Kiambu 43.10, Kisii 41.01, Uasin Gishu 40.13, Narok 34.42, Elgeyo Marakwet 34.17, Nairobi 28.47, Siaya 26.53, and Kisumu 25.92.

2.4.3 Stalled projects

County Governments reported 189 stalled projects valued at Kshs.10.51 billion, of which Kshs.4.21 billion was paid towards settlement of the project's obligations. Table 2.6 analyses the number of County stalled projects, the value of those projects and the amount paid.

Table 2.6: County Government number and value of stalled projects, and amount paid for FY 2025/26

County	No of Stalled Projects	Value of projects (Kshs. Million)	Amount Paid (Kshs.Million)
Baringo	23	163.32	83.69
Bomet	-	-	-
Bungoma	-	-	-
Busia	-	-	-
Elgeyo-Marakwet	2	98.73	60.78
Embu	-	-	-
Garissa	4	283.54	38.65
Homa Bay	-	-	-
Isiolo	7	1,769.48	1,135.32
Kajiado	-	-	-
Kakamega	26	848.95	218.98
Kericho	6	280.32	95.39
Kiambu	2	91.67	16.50
Kilifi	10	143.35	43.26
Kirinyaga	-	-	-
Kisii	-	-	-

County	No of Stalled Projects	Value of projects (Kshs. Million)	Amount Paid (Kshs.Million)
Kisumu	-	-	-
Kitui	-	-	-
Kwale	3	461.43	242.26
Laikipia	-	-	-
Lamu	4	366.13	183.73
Machakos	22	891.58	314.26
Makueni	-	-	-
Mandera	-	-	-
Marsabit	-	-	-
Meru	1	34.74	22.35
Migori	-	-	-
Mombasa	-	-	-
Murang'a	-	-	-
Nairobi	57	2,235.27	208.88
Nakuru	3	60.65	40.93
Nandi	6	23.00	4.19
Narok	-	-	-
Nyamira	1	34.38	26.62
Nyandarua	-	-	-
Nyeri	-	-	-
Samburu	1	116.95	107.79
Siaya	1	1.88	3.72
Taita-Taveta	-	-	-
Tana River	-	-	-
Tharaka-Nithi	1	689.34	105.85
Trans Nzoia		874.00	794.52
Turkana	4	572.38	328.90
Uasin Gishu	4	466.92	129.58
Vihiga	-	-	-
Wajir	-	-	-
West Pokot	-	-	-
Total	**189**	**10,508.01**	**4,206.15**

***Source**: County Treasuries*

A review of the stalled projects revealed that Nairobi County recorded the highest value at Kshs.2.24 billion (57 projects), followed by Isiolo at Kshs.1.77 billion (7 projects). Other counties with the highest number of projects include Kakamega at 22, Baringo at 23 and Machakos at 22. Further, Siaya County reported one project valued at Kshs.1.88 million, of which Kshs.3.72 million had already been paid, indicating overpayment.

2.4.4 Recurrent Expenditure

Counties collectively spent Kshs.369.89 billion on recurrent expenditure, accounting for 74.49 per cent of their total expenditure. This amount represented 89.23 per cent of the annual recurrent budget for County Governments. Two counties demonstrated strong absorption rates for recurrent expenditure of 90 per cent or higher: Meru at 91.85 per cent and Wajir at 90.23 per cent, respectively. Conversely, sixteen County Governments reported recurrent performance levels of 80 per cent or higher, excluding Meru and Wajir, which

recorded performance levels over 90 per cent, as shown in Table 2.5. Chapter Three provides a detailed analysis of recurrent expenditure by county.

2.4.5 Expenditure by Sub-Programmes

Section 12 of the PFM Act 2012 mandates County Governments to implement a Program-Based Budget. The PBB aims to optimise the allocation of limited financial resources to enhance public service outcomes. A review of the PBB's financial performance showed that some sub-programmes exceeded their budget allocations, as shown in Table 2.7.

Table 2.7: Sub-programme with over expenditure (absorption above 100 per cent of budget) in FY2025/26

County Name	Department/Program	Sub-Program	Recurrent Absorption (%)
	Recurrent Expenditure		
Isiolo	Legal & Legislative Services	Legal Services	106.08
	Municipal Administration	General Administration and Planning	102.25
Kajiado	Fisheries	Fisheries	129.00
	Public Service Administration	Citizen Participation	120.70
	Public Works and Infrastructure	Public Works	118.70
Kakamega	Industrial Promotion & Development	Cottage industrial development and SME development	113.11
	County Public Service & Administration	Human Resource & Personnel Management	101.97
	Fisheries	Fisheries	129.00
	Public Service Administration	Citizen Participation	120.70
	Public Works and Infrastructure	Public Works	118.70
Kericho	County Coordination Services	County Coordination Services	105.00
Kiambu	General Administration Planning and Support Services	Office of the Clerk	100.85
Kitui	Public Service Delivery Mgt & Communication	Public Service Delivery Mgt	104.00
	Public Service Delivery Mgt & Communication	County Attorney Services	107.00
	Youth Training & Development	Manifesto Implementation Unit	114.00
	Agriculture, Livestock and Fisheries	Crop Production and Food Security	136.37
	Medical Health drugs	Medical Health drugs	103.26
Nairobi	Business & Hustler Opportunities /General Administrative Services	Business & Hustler Opportunities Headquarters	129.85
	Built Environment and Planning / General Administrative Services	Built Environment and Planning Headquarters	112.74
	Talent Skills Development & Care/Youth, Talent & Sports	Youth, Talent & Sport	112.14
	General Administrative Services	Office of County Secretary – Hqtrs	111.30
	General Administration & Support Services	Headquarters	109.90
Siaya	Tourism, Culture, Sports and Arts	Tourism	131.24
	Agriculture, Food, Livestock and Fisheries	Crop Management	104.01
	Education, Youth Affairs, Gender and Social Services Polytechnics, Youth Training	Youth Polytechnics, Youth Training	115.63
	County Public Service Board	General Administration, Planning and Support Services	102.07

County Name	Department/Program	Sub-Program	Recurrent Absorption (%)
	Governance and Administration	Firefighting and disaster management	104.80
	Education, Youth Affairs, Gender and Social Services	Administration Services	100.02
	Development Expenditure		
Kericho	Information & Communication Service	ICT and BPO development services	117.00
Kitui	Water Resources Management	Water Storage and Flood Control	101.03
	Curative Health Services	Communicable Disease Control	100.19
kwale	Kwale Hospital	Kwale Hospital	2763.86
	Msambweni hospital	Msambweni hospital	279.84
	Samburu Hospital	Samburu Hospital	156.78
Laikipia	Fisheries, Livestock, Veterinary and Cooperative	Livestock Extension Services	110.40
Machakos	Public Finance Management	Accounting Services	111.00
Narok	Health & Sanitation	Health- Medical Services	100.27

Source: *County Treasuries*

On the other hand, the Controller of Budget observed that various sub-programmes had zero per cent absorption rates in FY 2025/26 as summarised in Table 2.8.

Table 2.8: Unfunded sub-programme (with a nil absorption in) FY2025/26

County Name	Department/Program	Sub-Program	Recurrent Absorption (%)
	Recurrent Expenditure		
Kiambu	General Administration, Planning and Support Services	Agriculture	0
	Housing and Community Development	Housing Development	0
Migori	Education Support Services	Bursary Scholarship	0
Muranga	Promotion of food security	Promotion Of Food Security	0
	Veterinary services	Veterinary Services	0
	Livestock and fisheries development	Livestock And Fisheries Development	0
	Digitisation of lands	Digitisation Of Lands	0
	National value and governance	National Value And Governance	0
	Waste management	Waste Management	0
	Public health services	Public Health Services	0
	Sanitation	Public Health Services	0
Nairobi	Public Service Management/General Administrative Services	Kenya Devolution Support Programme	0
	Food Systems and Surveillance	Agriculture Committees	0
	Health facilities	Mama Margaret Uhuru Kenyatta Hospital	0
	Talent Skills Development & Care/Education services	Early Childhood Development Centres	0
Nakuru	Lands, Physical Planning, Housing and Urban Development	Development Of Urban Infrastructure	0
	Trade Cooperatives Development and Management	Saccos Empowerment	0
	Health Preventive and Promotive Services	Nutrition	0
	Housing and Estate Management	Maintenance Of County Estates	0
	Gilgil Municipal Services	Trade And Tourism	0

County Name	Department/Program	Sub-Program	Recurrent Absorption (%)
Narok	Education/Arts, Culture and Heritage	Education/Arts, Culture And Heritage	0
Vihiga	Health services	Health Services	
	Gender, youth culture, sports, and social services	Social Protection	
	Health services	Infrastructure, Social, Economic Policy, And Planning	
Uasin Gishu	Education, social, cultural, youth, and sports	Early Childhood Development Education	0
	Administration and devolution	Kenya Devolution Support	0
	Youth and sports development	Sp Youth Development	0
	Youth and sports development	Sports Facilities	0
	Youth and sports development	Ward Development Services	0
	Cooperative and enterprise development	Ward Development Services	0
	Eldoret municipality	Sports Facilities	0
	Eldoret municipality	Ward Development Services	0
	Promotive and preventative health	Health Infrastructure	0
	Gender, youth culture, sports, and social services	Ward Development Services	0
Tharaka Nithi	Curative and rehabilitative services	Primary Healthcare- Kibunga	0
Isiolo	Value addition	Livestock Diseases And Pest Control	0
	Provision of education and training services	Education Support Services	0
	Cultural and Arts Empowerment	Vtc Quality Development	0
	Health curative Services	Administration Support Services	0
	Health Preventive and Promotive Services	Communicable Diseases Control	0
Kitui	Curative and rehabilitative services	Specialised Services	0
Kwale	County public service board	Staff Rationalisation	0
	Development Expenditure		
Elgeyo-Marakwet	Sports, Youth Affairs and Social Services	General Administration And Support Services	0
	Lands, Physical Planning and Urban Development	County Public Land Management	0
	Public Service, Administration, Devolution, Communication and E-Governance	Public Service, Administration, Devolution, Communication And E-Governance	0
	Public Service, Administration, Devolution, Communication and E-Governance	Public Service, Administration, Devolution, Communication And E-Governance	0
	Education And Technical Training	General Administration And Support Services	0
Isiolo	Livestock Production	Livestock Production	0
	Cultural and Arts Empowerment	Vtc Quality Development	0
	Health Preventive and Promotive Services	Primary Health Care	0
	Municipal Administration	Infrastructural Development	0
	Municipal Administration	Municipality Amenities	0
Kiambu	Public Finance Management and Economic Policy & Strategy	Revenue Services	0
	Public Finance Management and Economic Policy & Strategy	Procurement Services	0
	ICT Services	Ict Services	0
	Environment and Solid Waste Management	Environment And Solid Waste Management	0
	General Administration	Kenya Devolution Support Program (Kdsp Ii)	0
Kitui	Mineral Resources Development	Mineral Resources Development	0
Kwale	Trade	Market Infrastructure & Information Dissemination	0
	Health	General Administration	0
Machakos	Housing and Urban Development	Housing And Urban Development	0

County Name	Department/Program	Sub-Program	Recurrent Absorption (%)
Meru	Human Resource	Human Resource	0
Migori	Land Survey Services	Land Survey Services	0
	Infrastructure Development	Infrastructure Development	0
	Road Development, Maintenance & Management	Road Maintenance Fuel Roads	0
	Energy Development Services	Electrical Works Services	0
	Donor Funds	Donor Funds	0
Muranga	Physical planning and land use	Physical Planning	0
	Youth empowerment	Boda Boda Training	0
Nairobi	Security and Safety Management	Security and Compliance Headquarters	0
	Coordination of boroughs and devolved units	Boroughs, Sub-County Administration	0
	General Administration & Support Services	Environmental Planning Management	0
	Innovation And Digital Economy/Smart Nairobi	Smart Nairobi	0
Nakuru	Infrastructure Development and Maintenance	Street Lighting	0
	Office of the Governor and Deputy Governor	Administration And Planning	0
	Education, Vocational training, ICT and E-Government/Promotion of Early Childhood Education and Development	ECD Infrastructure Development	0
	Health Preventive and Promotive Services	Nutrition	0
	Environmental Management	Pollution Control	0
Nandi	Urban Coordination and Planning	Town Planning And Management	0
	Livestock production	Livestock Feeds	0
Narok			0
	Trade, Cooperative Development, Tourism &Wildlife	Tourism And Wildlife	0
	Municipality	Narok	0
	Municipality	Kilgoris	0
	Finance and economic planning	Finance & Economic Planning Headquarters	0
	County Public Service Management	County Administrative Headquarters	0
Nyeri	Education and Training/Resource Mobilisation and Donor Support	Donor Support Services	0
	Lands, Physical Planning and Urban Development/Resource Mobilisation and Donor Support	Donor Support Services	0
	Education and Training/ General administration and policy Development and implementation	Administrative Support Services	0
	Human Resource management	Legislation, Representation And Oversight	0
Siaya	Education, Youth Affairs, Gender and Social Services	Administration Services	0
Vihiga	Environment, water, energy and natural resources	Waste Water Management	0
	County assembly	Administrative Services	0
	Gender, youth culture, sports, and social services	Social Protection	0
Wajir	Special programmes	Intergovernmental Relations	0
	Environmental conservation services	Environmental Conservation Services	0
Uasin Gishu	Health services	Administrative Support Services	0
	Agriculture, livestock, and fisheries	Ward Development Services	0
	Youth and sports development	Ward Development Services	0
	Livestock development and fisheries	Ward Development Services	0
	Gender, social protection, and culture	Ward Development Services	0

County Name	Department/Program	Sub-Program	Recurrent Absorption (%)
Tharaka Nithi	Livestock and fisheries resource management and development	Livestock Policy Development And Capacity Building	0
	General administration, planning, and support services	General Administration And Support Services	0
	Finance and economic planning	General Administration And Support Services	0

Source: *County Treasuries*

The Controller of Budget advises that County Governments ensure that expenditures remain within the approved sub-programme allocations, with any shift in priorities addressed through the revised estimates framework as provided for in section 135 of the PFM Act 2012. For under-absorption, the devolved units should reevaluate their spending framework and ensure that the procurement activities supporting those programs are fast-tracked.

2.4.6 Review of MCA Sitting Allowances

County Assemblies spent Kshs.1.61 billion on MCAs' sitting allowances against an approved budget of Kshs.1.82 billion during the reporting period. This reflects an absorption rate of 88.90 per cent. Table 2.9 shows the budgetary allocation and expenditure on MCAs' and Speakers' sitting allowances for FY 2025/26.

Table 2.9: MCA's Budget Allocation, Expenditure and Absorption Rate for FY 2025/26

County	Budget (Kshs. Million)	Expenditure (Kshs. Million)	Absorption (%)	No. of MCAs & Speaker	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A100	D	E=B/D/12
Baringo	50.78	23.34	45.96	46	42,283
Bomet	35.94	35.94	100.00	39	76,795
Bungoma	51.02	50.98	99.92	63	67,434
Busia	65.66	65.62	99.94	54	101,265
Elgeyo-Marakwet	30.31	25.83	85.22	34	63,309
Embu	60.86	60.86	100.00	31	163,602
Garissa	78.31	31.14	39.77	48	54,063
Homa Bay	45.68	45.68	100.00	54	70,494
Isiolo	10.50	10.50	100.00	18	48,611
Kajiado	42.00	42.00	100.00	42	83,333
Kakamega	57.63	75.66	131.29	91	69,286
Kericho	48.41	48.41	100.00	48	84,045
Kiambu	75.00	72.51	96.68	89	67,893
Kilifi	28.00	25.03	89.39	56	37,247
Kirinyaga	52.83	28.96	54.82	34	70,980
Kisii	65.00	65.00	100.00	71	76,291
Kisumu	45.91	38.47	83.79	48	66,788
Kitui	24.19	18.71	77.35	61	25,560
Kwale	21.89	21.89	100.00	31	58,844
Laikipia	20.97	7.19	34.29	22	27,235
Lamu	19.30	19.94	103.32	20	83,083
Machakos	50.00	44.09	88.18	61	60,232
Makueni	49.03	49.03	100.00	49	83,384
Mandera	11.07	9.28	83.83	51	15,163
Marsabit	12.00	11.40	95.00	33	28,788
Meru	64.60	64.60	100.00	70	76,905
Migori	24.41	22.31	91.40	60	30,986

County	Budget (Kshs. Million)	Expenditure (Kshs. Million)	Absorption (%)	No. of MCAs & Speaker	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A100	D	E=B/D/12
Mombasa	35.88	32.56	90.75	43	63,101
Murang'a	36.65	33.98	92.71	48	58,993
Nairobi	70.00	47.39	67.70	125	31,593
Nakuru	44.45	41.35	93.03	76	45,340
Nandi	13.07	16.76	128.23	45	31,037
Narok	33.21	32.80	98.77	50	54,667
Nyamira	41.18	31.56	76.64	36	73,056
Nyandarua	26.02	26.02	100.00	42	51,627
Nyeri	20.97	15.70	74.87	43	30,426
Samburu	40.97	40.96	99.98	26	131,282
Siaya	25.21	25.21	100.00	45	46,685
Taita-Taveta	27.80	23.68	85.18	33	59,798
Tana River	34.61	30.78	88.93	27	95,000
Tharaka-Nithi	27.90	26.96	96.63	24	93,611
Trans Nzoia	21.00	21.00	100.00	34	51,471
Turkana	30.16	18.87	62.57	48	32,760
Uasin Gishu	39.92	29.48	73.85	45	54,593
Vihiga	30.68	30.05	97.95	38	65,899
Wajir	40.68	40.68	100.00	46	73,696
West Pokot	33.56	33.56	100.00	33	84,747
Total	**1,815.22**	**1,613.72**	**4,227.91**	**2,231**	**60,276**

Source: *County Treasuries*

Expenditure performance on MCAs' sitting allowances varied significantly across counties, with Embu, Samburu, Busia, Tana River and Tharaka Nithi registering high utilisation levels. At the same time, Mandera, Kitui, Laikipia, and Turkana recorded minimal absorption.

2.4.7 Trade Payables as of 30 June 2026

A trade payable 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 30 June 2026, County Governments reported outstanding trade payables totalling Kshs.172.53 billion. This amount includes Kshs.126.40 billion for recurrent activities and Kshs.46.15 billion for development activities. The trade payables for the County Executive as of this date were Kshs.166.15 billion, while the Assemblies amounted to Kshs.6.40 billion. Table 2.10 shows more details on trade payables.

Table 2.10: Trade Payables for the Counties as of 30 June 2026

County	County Executive (Kshs. Million)			County Assembly (Kshs. Million)			Grand Total (Kshs. Million)	FY 2025/26 Budget	% of Pending Bill to Budget
	Recurrent	Development	Sub-Total	Recurrent	Development	Sub-Total			
Baringo	475.43	330.10	805.53	64.70	-	64.70	870.23	10,075.96	8.64
Bomet*	603.41	787.98	1,391.39	-	40.00	40.00	1,431.39	10,853.28	13.19
Bungoma*	1,500.81	1,620.43	3,121.24	4.50	-	4.50	3,125.74	17,433.20	17.93
Busia	1,169.76	901.17	2,070.93	523.44	-	523.44	2,594.37	11,159.48	23.25
Elgeyo-Marakwet	186.17	52.54	238.71	-	-	-	238.71	9,144.87	2.61
Embu	811.70	735.84	1,547.54	77.44	-	77.44	1,624.98	9,395.13	17.3

County	County Executive (Kshs. Million)			County Assembly (Kshs. Million)			Grand Total (Kshs. Million)	FY 2025/26 Budget	% of Pending Bill to Budget
	Recurrent	Development	Sub-Total	Recurrent	Development	Sub-Total			
Garissa	304.57	1,081.98	1,386.55	40.39	58.71	99.10	1,485.65	13,536.09	10.98
Homa Bay	667.99	145.97	813.96	152.61	151.44	304.05	1,118.01	13,601.46	8.22
Isiolo	948.68	531.24	1,479.92	89.82	102.72	192.54	1,672.46	7,202.84	23.22
Kajiado	1,526.43	958.65	2,485.08	66.41	3.94	70.35	2,555.43	13,546.89	18.86
Kakamega	1,412.75	803.86	2,216.61	382.80	209.40	592.20	2,808.81	17,497.11	16.05
Kericho	565.23	871.96	1,437.19	0.99	44.86	45.85	1,483.04	10,491.81	14.14
Kiambu	3,400.96	2,201.60	5,602.56	173.28	24.29	197.57	5,800.13	27,202.74	21.32
Kilifi*	3,928.16	3,889.24	7,817.40	237.54	36.58	274.12	8,091.52	20,480.85	39.51
Kirinyaga	301.17	263.30	564.47	-	-	-	564.47	8,541.37	6.61
Kisii	727.21	498.52	1,225.73	13.54	8.43	21.97	1,247.70	20,160.90	6.19
Kisumu*	569.50	280.97	850.47	-	-	-	850.47	16,982.00	5.01
Kitui	80.67	368.83	449.50	45.46	-	45.46	494.96	14,753.53	3.35
Kwale	176.76	62.75	239.51	-	71.43	71.43	310.94	16,710.18	1.86
Laikipia*	506.41	380.01	886.42	93.08	3.64	96.72	983.14	9,768.88	10.06
Lamu	1.30	-	1.30	-	-	-	1.30	5,592.56	0.02
Machakos	2,742.80	1,543.70	4,286.50	207.00	-	207.00	4,493.50	15,193.59	29.57
Makueni*	78.90	194.90	273.80	150.45	-	150.45	424.25	12,862.92	3.3
Mandera	1,708.90	2,090.10	3,799.00	26.00	-	26.00	3,825.00	15,092.73	25.34
Marsabit*	338.80	998.40	1,337.20	8.90	81.50	90.40	1,427.60	11,033.90	12.94
Meru	1,216.70	640.90	1,857.60	30.60	13.60	44.20	1,901.80	15,124.98	12.57
Migori*	147.40	208.90	356.30	673.36	0.30	673.66	1,029.96	11,972.11	8.82
Mombasa	2,542.53	1,248.92	3,791.45	-	53.14	53.14	3,844.59	18,725.00	20.53
Murang'a*	1,294.13	110.87	1,405.00	74.90	-	74.90	1,479.90	12,130.58	12.2
Nairobi City	77,694.65	8,087.72	85,782.37	962.78	154.23	1,117.01	86,899.38	44,620.89	194.75
Nakuru*	2,508.54	496.98	3,005.52	132.15	-	132.15	3,137.67	25,649.10	12.23
Nandi	-	-	-	-	-	-	-	11,404.54	0
Narok*	2,578.26	1,592.51	4,170.78	74.92		74.92	4,245.69	17,231.06	24.64
Nyamira	267.97	89.71	357.68	-	-	-	357.68	8,646.30	4.14
Nyandarua	574.39	1,479.48	2,053.87	70.85	65.78	136.63	2,190.50	9,698.26	22.59
Nyeri*	349.55	158.16	507.71	64.12	0.23	64.35	572.06	9,441.73	6.06
Samburu	77.08	40.17	117.25	-	-	-	117.25	8,105.18	1.45
Siaya	607.23	563.98	1,171.21	105.68	-	105.68	1,276.89	13,377.98	9.54
Taita-Taveta	1,475.33	780.39	2,255.72	40.99	-	40.99	2,296.71	8,297.52	27.68
Tana River	1,084.67	686.61	1,771.28	-	-	-	1,771.28	10,237.38	17.3
Tharaka-Nithi*	554.18	203.11	757.28	97.38	3.92	101.29	858.58	7,777.00	11.04
Trans Nzoia	950.00	1,333.99	2,283.99	19.08	71.00	90.08	2,374.07	10,266.19	23.13
Turkana*	894.92	1,929.70	2,824.62	39.67	213.20	252.87	3,077.49	19,236.19	16
Uasin Gishu	708.56	445.16	1,153.72	-	-	-	1,153.72	17,427.22	6.62
Vihiga	304.46	486.11	790.57	-	20.67	20.67	811.24	7,926.21	10.23
Wajir	876.72	2,230.60	3,107.32	-	197.52	197.52	3,304.84	13,638.52	24.23
West Pokot	188.63	112.96	301.59	-	-	-	301.59	8,986.20	3.36

County	County Executive (Kshs. Million)			County Assembly (Kshs. Million)			Grand Total (Kshs. Million)	FY 2025/26 Budget	% of Pending Bill to Budget
	Recurrent	Development	Sub-Total	Recurrent	Development	Sub-Total			
Total	**121,630.38**	**44,520.96**	**166,151.34**	**4,744.82**	**1,630.53**	**6,375.35**	**172,526.69**	**648,234.41**	**26.61**

Source: *County Treasuries*

Several county governments did not adhere to their scheduled payment plans for outstanding trade payables (see Chapter Three for more details). According to Regulation 55(2)(b) of the Public Finance Management (County Governments) Regulations, 2015, county governments are required to prioritise the settlement of all eligible trade payables in the budget as a first charge for the fiscal year 2026/27.

Nairobi City County led with trade payables of Kshs.86.90 billion, accounting for 50.35 per cent of all County Governments' payables, followed by Kilifi, Kiambu, Machakos, Mandera, Wajir, Nakuru, Turkana, and Narok Counties. However, the counties of Kilifi, Kisumu, Laikipia, Nakuru, Marsabit, Muranga, Nakuru, Narok, Nyeri, Tharaka Nithi and Turkana submitted inconsistent data on trade payables.

Incidentally, Nandi County Government (Executive and Assembly) did not report on any trade payables, just like the County Assemblies of Elgeyo Marakwet, Kirinyaga, Kisumu, Lamu, Nyamira, Samburu, Tana River, Uasin Gishu and West Pokot.

The ageing analysis of County Executive and County Assemblies trade payables as of 30 June 2026 is shown in Table 2.11 and Table 2.12 below.

Table 2.11: Trade Payables Ageing Analysis for County Executives as of 30 June 2026

County	County Executives Ageing analysis (Amount in Kshs.Millions)				Total (Kshs. Millions)
	Under one year	1-2 years	2-3 years	Over 3 years	
Baringo	558.05	247.48	-	-	**805.54**
Bomet*	1,107.00	174.29	22.65	87.45	**1,391.39**
Bungoma*	803.49	965.71	438.69	913.34	**3,121.24**
Busia	1,129.65	673.75	207.55	59.98	**2,070.93**
Elgeyo-Marakwet	236.30	0.21	2.20	-	**238.71**
Embu	449.18	273.03	2.99	822.34	**1,547.54**
Garissa	909.00	294.57	-	182.98	**1,386.55**
Homa Bay	416.55	230.80	88.30	78.31	**813.96**
Isiolo	500.61	408.65	60.99	509.32	**1,479.58**
Kajiado	144.18	1,178.77	475.29	686.84	**2,485.08**
Kakamega	1,239.48	918.12	59.02	-	**2,216.61**
Kericho	252.18	840.79	284.67	59.55	**1,437.19**
Kiambu	1,473.32	686.92	236.84	3,205.49	**5,602.56**
Kilifi*	1,680.43	2,897.13	1,640.17	1,599.67	**7,817.40**
Kirinyaga	149.18	126.93	5.38	282.99	**564.47**
Kisii	1,065.36	153.13	5.57	1.67	**1,225.73**
Kisumu*	251.57	156.19	52.98	389.72	**850.47**
Kitui	377.74	57.65	8.07	6.04	**449.50**
Kwale	43.05	196.33	0.14	-	**239.51**
Laikipia*	341.31	124.63	126.97	293.51	**886.42**
Lamu	1.31	0.00	0.00	0.00	**1.31**
Machakos	1,846.50	483.10	558.50	1,398.40	**4,286.50**
Makueni*	267.30	5.60	0.90	0.00	**273.80**
Mandera	2,202.80	0.00	778.00	817.40	**3,798.20**
Marsabit*	579.10	29.70	353.50	374.90	**1,337.20**
Meru	1,448.00	137.80	212.40	59.40	**1,857.60**
Migori*	37.30	62.10	248.70	8.00	**356.10**

County	County Executives Ageing analysis (Amount in Kshs.Millions)				Total (Kshs. Millions)
	Under one year	1-2 years	2-3 years	Over 3 years	
Mombasa	823.41	17.91	0.00	2,950.13	**3,791.45**
Murang'a*	367.78	529.81	68.25	439.19	**1,405.02**
Nairobi City	11,362	11,888	13,532	49,001	**85,782.37**
Nakuru*	1,534	336	644	491	**3,005.53**
Nandi	0	0	0	0	**0.00**
Narok*	2,949	1,022	18	393	**4,381.96**
Nyamira	0	131.23	132.96	93.48	**357.68**
Nyandarua	1,125.40	838.55	89.92	0	**2,053.87**
Nyeri*	337.79	167.89	0.76	1.28	**507.71**
Samburu	65.48	26.58	25.18	0.00	**117.25**
Siaya	1,038.49	70.82	30.27	31.63	**1,171.21**
Taita-Taveta	473.62	321.53	243.69	1,216.88	**2,255.72**
Tana River	518.50	361.42	517.38	373.98	**1,771.28**
Tharaka-Nithi*	493.92	97.24	35.54	143.15	**769.84**
Trans Nzoia	489.59	492.69	864.07	437.64	**2,283.98**
Turkana*	1,532.61	436.75	0.00	0.00	**1,969.36**
Uasin Gishu	703.90	353.21	96.61	0.00	**1,153.72**
Vihiga	0.00	0.00	0.00	790.57	**790.57**
Wajir	784.20	413.25	0.00	1,909.87	**3,107.31**
West Pokot	99.45	6.10	72.04	124.00	301.59
Total	**44,208.11**	**28,834.12**	**22,241.10**	**70,235.18**	**165,518.51**

Note: *Nandi County Government did not provide an ageing analysis of payables as of 30 June 2026. Additionally, there are discrepancies between the cumulative trade payables in Table 2.10 and the ageing analysis in Table 2.11 for the counties with an asterisk.*

Source: *County Treasuries*

Table 2.12 shows that 10 counties have over 50 per cent of their trade payables aged 3 years or more: Mombasa (98 per cent), Wajir (80 per cent), Nairobi (76 per cent), Mandera (75 per cent), Muranga (74 per cent), Kiambu (67 per cent), Laikipia (65 per cent), Embu (65 per cent), Machakos (54 per cent), and Garissa (52 per cent). This poses significant risks for County Executives in settling their bills.

Table 2.12: Trade Payables Ageing Analysis for County Assemblies as of 30 June 2026

County	County Ass)				Total (Kshs.Millions)
	Under one year	1-2 years	2-3 years	Over 3 years	
Baringo	39.12	10.14	15.44	0	**64.70**
Bomet*	40.00	0	0	0	**40.00**
Bungoma*	4.50	-	-	-	**4.50**
Busia	207.74	315.70	0	0	**523.44**
Elgeyo-Marakwet	0	0	0	0	**0.00**
Embu	58.04	15.06	4.34	0	**77.44**
Garissa	56.50	38.80	3.80	0	**99.10**
Homa Bay	57.56	54.78	90.55	101.18	**304.06**
Isiolo	24.77	91.91	18.14	57.72	**192.54**
Kajiado	62.34	8.01	-	-	**70.34**
Kakamega	54.55	107.76	128.47	301.42	**592.20**
Kericho	45.40	-	-	-	**45.40**
Kiambu	66.57	63.76	36.94	37.23	**204.49**
Kilifi*	-	103.93	125.78	44.41	**274.12**

County	County Ass)				Total (Kshs.Millions)
	Under one year	1-2 years	2-3 years	Over 3 years	
Kirinyaga	-	-	-	-	**0.00**
Kisii	21.57	0.40	-	-	**21.97**
Kisumu*	-	-	-	-	**0.00**
Kitui	45.46	-	-	-	**45.46**
Kwale	71.43	-	-	-	**71.43**
Laikipia*	57.76	38.96	0.00	0.00	**96.72**
Lamu	0.00	0.00	0.00	0.00	**0.00**
Machakos	70.60	41.50	42.20	52.60	**206.90**
Makueni*	56.00	94.50	0.00	0.00	**150.50**
Mandera	26.00	0.00	0.00	0.00	**26.00**
Marsabit*	90.39	0.00	0.00	0.00	**90.39**
Meru	44.16	0.00	0.00	0.00	**44.16**
Migori*	47.23	20.11	22.50	583.53	**673.36**
Mombasa	44.52	4.40	0.00	4.22	**53.14**
Murang'a*	52.83	19.60	0.00	0.00	**72.43**
Nairobi City	510.37	515.90	90.74	0.00	**1,117.01**
Nakuru*	123.18	0.43	8.55	0.00	**132.15**
Nandi	0.00	0.00	0.00	0.00	**0.00**
Narok*					**17.92**
Nyamira	0.00	0.00	0.00	0.00	**0.00**
Nyandarua	94.22	0.67	0.00	41.74	**136.63**
Nyeri*	64.12	0.23	0.00	0.00	**64.35**
Samburu	0	0	0	0	**0.00**
Siaya	77.06	28.61	0.00	0.00	**105.68**
Taita-Taveta	13.93	12.98	5.27	8.81	**40.99**
Tana River	0.00	0.00	0.00	0.00	**0.00**
Tharaka-Nithi*	0.00	0.00	39.08	62.21	**101.29**
Trans Nzoia	71.00	0.00	0.00	19.08	**90.08**
Turkana*	91.49	161.39	0.00	0.00	**252.87**
Uasin Gishu					**0.00**
Vihiga	20.07	0.00	0.00	0.00	**20.07**
Wajir	71.50	30.51	7.29	88.23	**197.52**
West Pokot	0.00	0.00	0.00	0.00	**0.00**
Total	**2,481.98**	**1,780.02**	**639.07**	**1,402.37**	**6,321.35**

Note: *There are discrepancies between the cumulative trade payables in Table 2.10 and the ageing analysis in Table 2.12 for Counties with an asterisk.*

Source: *County Assemblies*

Bomet, Bungoma, Kericho, Kisii, Kitui, Kwale, Mandera, Marsabit, Meru and Vihiga County Assemblies have 100 per cent of their payables aged under 1 year, while Migori County Assembly, Wajir Assembly, and Tharaka Nithi Assembly have 88 per cent, 68 per cent, and 63 per cent, respectively. Historical payables over three years increase financial and legal risks for the respective Assemblies.

2.4.8 Salary Arrears and Statutory Deductions Trade Payables as of 30 June 2026

As of 30 June 2026, County Governments reported outstanding salary arrears and statutory deductions trade payables totalling Kshs.100.24 billion. This amount includes Kshs.98.44 billion for County Executives and Kshs.1.80 billion for County Assembly. Table 2.13 shows more details on Salary Arrears and Statutory Deductions Trade Payables as of 30 June 2026

Table 2.13: Salary Arrears and Statutory Deductions Trade Payables as of 30 June 2026

Category	County Executive					County Assembly				
	Under one year	1-2 years	2-3 years	Over 3 years	Total (Kshs.)	Under one year	1-2 years	2-3 years	Over 3 years	Total (Kshs.)
Baringo	115.50	-	-	-	115.50	-	-	-	-	-
Bomet	358.01	13.50	-	-	371.51	-	-	-	-	-
Bungoma	-	82.36	-	580.26	662.62	-	-	-	-	-
Busia	-	-	-	-	-	190.93	315.70	-	-	506.63
Elgeyo-Marakwet	85.00	-	-	-	85.00	-	-	-	-	-
Embu	-	-	-	-	-	20.01	-	-	-	20.01
Garissa	-	-	-	-	-	-	24.08	-	-	24.08
Homa Bay	-	-	-	-	-	-	-	-	38.17	38.17
Isiolo	-	-	-	-	-	-	-	-	-	-
Kajiado	94.51	-	-	-	94.51	18.53	8.01	-	-	26.54
Kakamega	319.21	-	-	-	319.21	21.15	51.84	30.25	41.40	144.63
Kericho	-	-	-	-	-	-	-	-	-	-
Kiambu	661.33	21.36	4.02	-	686.71	-	-	-	-	-
Kilifi	199.49	70.26	1.64	5.22	276.61	-	50.16	-	-	50.16
Kirinyaga	-	-	-	-	-	-	-	-	-	-
Kisii	631.68	-	-	-	631.68	7.47	-	-	-	7.47
Kisumu	16.53	-	-	-	16.53	-	-	-	-	-
Kitui	-	-	-	-	-	0.91	-	-	-	0.91
Kwale	-	-	-	-	-	-	-	-	-	-
Laikipia	301.31	-	-	-	301.31	22.70	-	-	-	22.70
Lamu	-	-	-	-	-	-	-	-	-	-
Machakos	1,615.61	8.40	-	325.51	1,949.51	2.31	0.02	-	-	2.33
Makueni	39.42	-	-	-	39.42	-	-	-	-	-
Mandera	442.26	-	-	-	442.26	-	-	-	-	-
Marsabit	338.83	-	-	-	338.83	-	-	-	-	-
Meru	854.68	-	46.52	-	901.21	30.55	-	-	-	30.55
Migori	0.13	1.02	-	-	1.14	26.28	-	-	469.34	495.61
Mombasa	620.52	4.49	-	700.02	1,325.03	40.18	-	-	4.22	44.40
Murang'a	331.29	454.08	44.39	266.65	1,096.41	4.88	12.01	-	-	16.90
Nairobi	11,361.88	11,887.56	13,531.73	49,001.21	85,782.37	130.42	26.59	5.76	-	162.78
Nakuru	0.18	2.01	532.72	0.62	535.53	-	-	-	-	-
Nandi**	-	-	-	-	-	-	-	-	-	-
Narok	-	-	-	208.24	208.24	-	-	-	-	-
Nyamira	-	36.83	-	-	36.83	-	-	-	-	-
Nyandarua	-	-	-	-	-	-	-	-	-	-
Nyeri	54.15	0.04	-	-	54.19	1.51	-	-	-	1.51
Samburu	-	10.61	3.43	13.69	27.74	-	-	-	-	-
Siaya	143.65	-	-	-	143.65	29.36	-	-	-	29.36

Category	County Executive					County Assembly				
	Under one year	1-2 years	2-3 years	Over 3 years	Total (Kshs.)	Under one year	1-2 years	2-3 years	Over 3 years	Total (Kshs.)
Taita Taveta	-	50.05	127.57	452.27	629.89	-	-	-	-	-
Tana River	-	-	-	-	-	-	-	-	-	-
Tharaka-Nithi	-	-	-	20.69	20.69	-	-	15.33	-	15.33
Trans Nzoia	-	77.57	105.89	160.89	344.35	-	-	-	19.08	19.08
Turkana	-	-	-	-	-	-	-	-	-	-
Uasin Gishu	123.02	6.58	84.79	-	214.39	30.73	32.50	3.02	-	66.26
Vihiga	-	-	-	-	-	-	-	-	-	-
Wajir	-	-	-	662.28	662.28	58.88	5.77	7.29	-	71.94
West Pokot	-	-	71.06	55.01	126.07	-	-	-	-	-
TOTALS	**18,708.19**	**12,726.73**	**14,553.77**	**52,452.56**	**98,441.24**	**636.79**	**526.69**	**61.65**	**572.21**	**1,797.34**

Source: County Treasuries

2.4.9 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemptions are imprest bank accounts for petty cash and revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

As of June 30, 2026, County Governments operated 6,503 bank accounts with commercial banks, compared to 5,092 in FY 2024/25. Table 2.14 summarises the number of bank accounts operated in commercial banks by County Governments.

Table 2.14: Accounts Operated in Commercial Banks as of 30 June 2026

County Name	No of Accounts in Commercial Banks as of 30 June 2025	No of Accounts in Commercial Banks as of 30 June 2026
Baringo	280	263
Bomet	148	149
Bungoma	301	294
Busia	57	138
Elgeyo-Marakwet	160	183
Embu	222	222
Garissa	26	26
Homa Bay	274	274
Isiolo	68	60
Kajiado	52	172
Kakamega	106	177
Kericho	245	227
Kiambu	75	73
Kilifi	Not disclosed	19
Kirinyaga	140	200
Kisii	14	71
Kisumu	190	54

County Name	No of Accounts in Commercial Banks as of 30 June 2025	No of Accounts in Commercial Banks as of 30 June 2026
Kitui	350	328
Kwale	240	176
Laikipia	32	82
Lamu	37	37
Machakos	231	307
Makueni	45	37
Mandera	30	35
Marsabit	120	103
Meru	71	67
Migori	76	229
Mombasa	94	78
Murang'a	20	16
Nairobi	174	174
Nakuru	311	280
Nandi	10	24
Narok	Not disclosed	20
Nyamira	157	157
Nyandarua	119	135
Nyeri	32	240
Samburu	24	127
Siaya	15	232
Taita-Taveta	37	37
Tana River	16	24
Tharaka-Nithi	16	61
Trans Nzoia	135	153
Turkana	26	74
Uasin Gishu	160	155
Vihiga	121	139
Wajir	11	115
West Pokot	24	259
Total	***5,092***	***6,503***

Source: *County Treasuries*

3. BUDGET PERFORMANCE BY COUNTY GOVERNMENT

3.1. County Government of Baringo

3.1.1 Overview of FY 2025/26 Budget

Baringo County Approved supplementary Budget for FY 2025/26 was Kshs.10.08 billion. It comprised Kshs.4.19 billion (41.55 per cent) and Kshs.5.89 billion (58.45 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.86 billion (22.58 per cent) from the FY 2024/25 budget, comprising development budget of Kshs.2.48 billion and a recurrent budget of Kshs.5.74 billion. The budget increase was primarily attributable to higher expected own-source revenue.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue of Kshs.7.08 billion (70.30 per cent), additional allocations of Kshs.1.81 billion (17.96 per cent), cash balance brought forward from FY 2024/25 of Kshs.256.02 million (2.54 per cent) and Kshs.927 million (9.20 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.1.

3.1.2 Revenue Performance

During the year, the County reported total receipts of Kshs.9.18 billion. This amount represented an increase of 23.72 per cent compared to the amount received in the same period in FY 2024/25 of Kshs.7.42 billion. The total revenue consisted of Kshs.7.08 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.17 billion, and own-source revenue (OSR) collection of Kshs.557.78 million. Additionally, the County had cash balance of Kshs.366.14 million from FY 2024/25. The total OSR collection of Kshs.557.78 million included Facilities Improvement Financing (FIF) of Kshs.320.28 million, and Kshs.237.50 million from other OSR sources. Table 3.1 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.1: Baringo County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	256,015,880	272,978,953	-	272,978,953	107
2	County Executive Refunds to CRF	-	92,523,913	-	92,523,913	-
3	County Assembly Refunds to CRF	-	638,770	-	638,770	-
	Sub-Total	**256,015,880**	**366,141,636**	**-**	**366,141,636**	143
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,083,683,384	7,083,683,384	-	7,083,683,384	100
	Sub-Total	**7,083,683,384**	**7,083,683,384**	**-**	**7,083,683,384**	100
C	**Additional Allocations (Including Grants)**					
1	KDSP Level II recurrent	72,909,500	70,503,589	-	70,503,589	96.70
2	KDSP Level II Development	352,500,000	165,677,540	-	165,677,540	47.00
3	Road Maintenance Levy Fund (RMLF)	71,309,824	71,309,824	-	71,309,824	100
4	IDA (World Bank) Credit Kenya Urban Support Project (KUSP) Urban Institutional Grant (UIG)	32,309,300	32,309,300	-	32,309,300	100
5	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	70,127,132	-	-	-	-

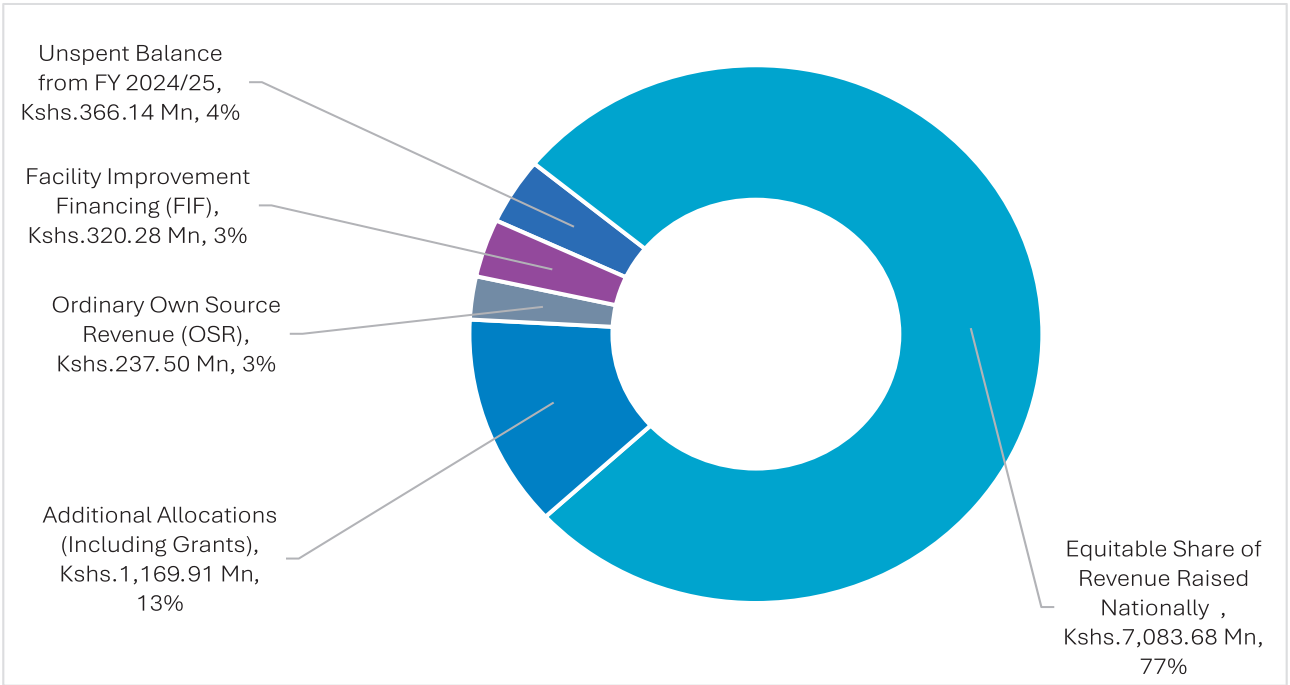
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
6	IDA (World Bank) Emergency Locust Response Project- ELRP	90,001	-	-	-	-
7	DANIDA Grant to finance Primary Healthcare in Devolved Context	8,395,507	-	-	-	-
8	Community Health Promoters (CHPs) Project	22,410,000	-	-	-	-
9	International Fund for Agricultural Development (IFAD) Loan for Kenya Livestock Commercialisation Project (KeLCoP)	39,998,624	-	-	-	-
10	County Aggregation and Industrial Parks (CAIP) Programme	318	-	-	-	-
11	Universal Care Project - THS	814,758	-	-	-	-
12	SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	4,645	-	-	-	-
13	KDSP Grant Phase II	434	-	-	-	-
14	IDA (World Bank) credit (FLLoCA) climate-SPA-Development	227,117,461	-	-	-	-
15	Community Health Promoters (CHPs) Project	63,810,000	-	-	-	-
16	County Aggregation and Industrial Parks (CAIP) Programme	250,000,000	250,000,000	-	250,000,000	100
17	Kenya Livestock Commercialisation Project (KelCop)	65,350,000	27,098,956	-	27,098,956	41.47
18	Primary Health Care in a Devolved Community	8,211,000	8,211,000	-	8,211,000	100
19	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	246,153,846	244,752,078	-	244,752,078	99.43
20	IDA (World Bank) credit (FLLoCA) climate-SPA-Development	113,257,951	113,257,951	-	113,257,951	100
21	K-WASH Program-Water	143,157,560	141,979,713	-	141,979,713	99.18
22	Court Fines	20,355	20,355	-	20,355	100
23	Rehabilitation of Youth Polytechnics	54,766	-	-	-	-
24	Settlement of Doctors Salary Arrears	19,263,318	-	-	-	-
25	Kenya Informal Settlement Improvement Project (KISIP II)	-	26,000,000	-	26,000,000	-
-26	FLLoCA-County Climate Resilience -Investment (CCRI) Grant	-	18,790,279.00	-	18,790,279	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
27	Allocation for .5% of the Housing Levy Fund in the County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	-
	Sub-Total	**1,809,253,922**	**1,169,910,584**	**-**	**1,169,910,584**	64.66
D	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue (OSR)	331,939,770	237,496,957	-	237,496,957	71.54
	Sub-Total	**331,939,770**	**237,496,957**	**-**	**237,496,957**	71.54
E	**Facility Improvement Financing (FIF)**					
1	Facility Improvement Financing (FIF)	595,062,330	320,283,259	-	320,283,259	53.82
	Sub-Total	**595,062,330**	**320,283,259**	**-**	**320,283,259**	53.82
	Grand Total	**10,075,955,286**	**9,177,515,820**	**-**	**9,177,515,820**	**91.08**

Source: *Baringo County Treasury*

The County has governing legislation on the operation of Facility Improvement Financing. Figure 3.1 provides a detailed breakdown of receipts.

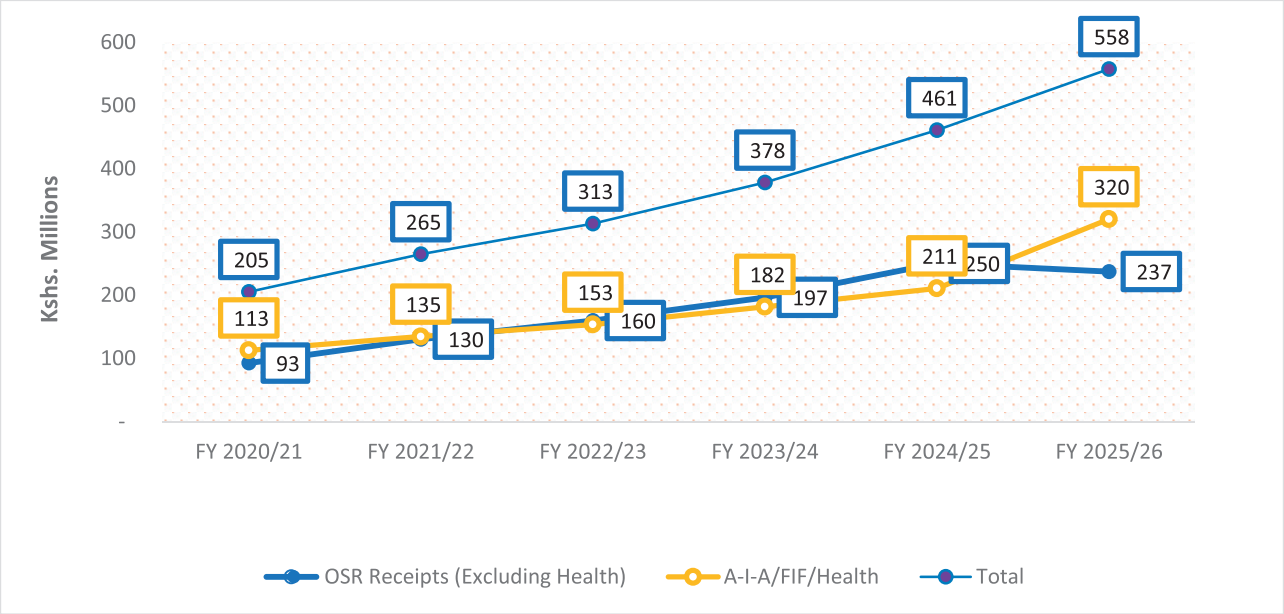
Figure 3.1: Baringo County Composition of Revenue in FY 2025/26



Source: *Baringo County Treasury*

The equitable share of revenue raised nationally, Additional allocations, and unspent balances contributed 77.19 per cent, 12.75 per cent, and 3.99 per cent, respectively, of the total receipts for the reporting period. Figure 3.2 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.2: Baringo County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

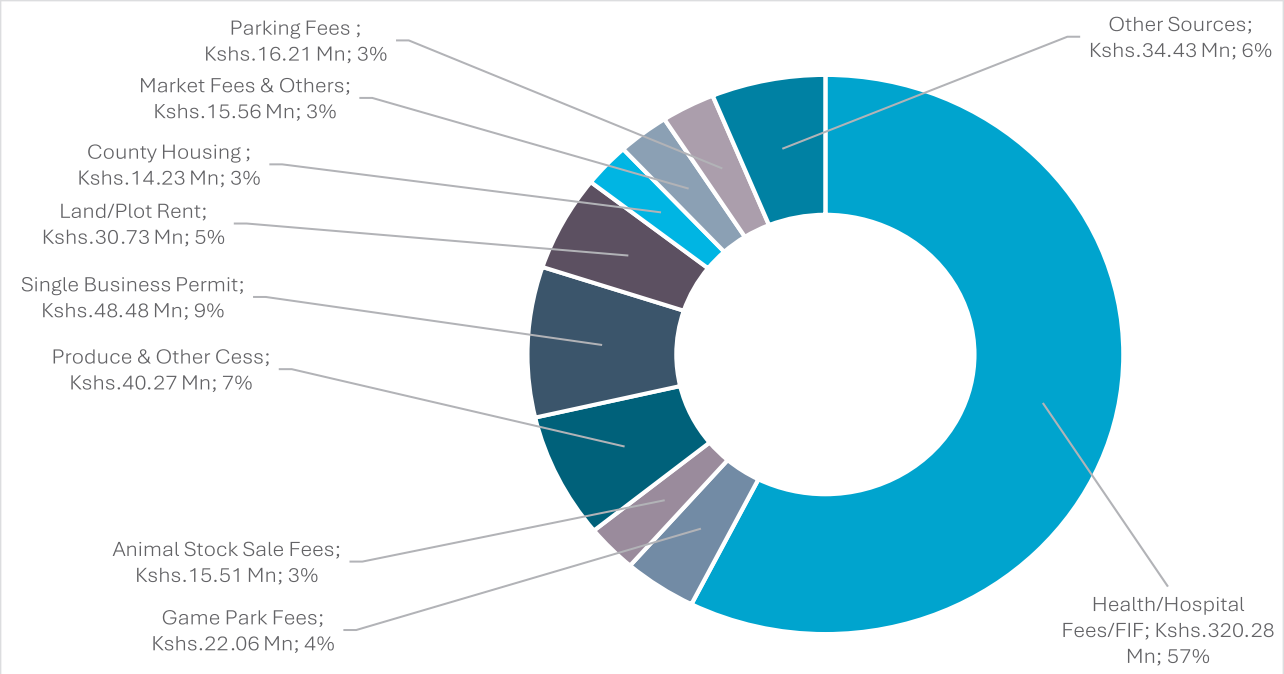


Source: *Baringo County Treasury*

During FY 2025/26, the County received Kshs.557.78 million from OSR, including FIF. This amount was an increase of 20.96 per cent compared to Kshs.461.13 million realised in FY 2024/25 and was 58.01 per cent of the annual target and 7.87 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to stringent revenue-collection measures, surveillance, and improved, supply of health products, which led to high consumption of health care services. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.3.

Figure 3.3: Baringo County Top Own Source Revenue Streams in FY 2025/26



Source: *Baringo County Treasury*

As shown in Figure 3.3, the largest revenue stream, at Kshs.320.28 million, was from FIF, accounting for 57.42 per cent of total OSR receipts. The County Government indicated that it has automated all revenue streams. The system utilised for FIF revenue collection, Taifa Care System, has been in use since 2025. The system supports key functions including patient registration, admission, and dispensing of medical services. Payments are made through M-Pesa Paybill numbers assigned to individual hospitals.

3.1.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.430.47 million, which decreased to Kshs.389.80 million as of 30 June 2026. The County currently tracks its revenue arrears using an automated revenue system called the ZIZI electronic system, which facilitates the management and tracking of arrears, particularly for structured revenue streams. However, the County operates both the electronic system and manual processes, including physical ledgers, to monitor and manage revenue arrears. Table 3.2 presents a breakdown of the County's revenue arrears.

Table 3.2: Baringo County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**OSR**	301,747,163	**-**	**10,370,261**	**-**	291,376,902
	Sub-Total	**301,747,163**	**-**	**10,370,261**	**-**	**291,376,902**
B	**Facility Improvement Financing (FIF)**					
1	SHIF	61,348,899.15	-	72,796,132	42,497,432	31,050,199
2	Defunct NHIF	67,371,095.00	-	-	-	67,371,095
	Sub-Total	**128,719,994**	**-**	**72,796,132**	**42,497,432**	**98,421,294**
	Grand Total	**430,467,157**	**-**	**83,166,393**	**42,497,432**	**389,798,196**

Source: Baringo *County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.389.80 million, comprising Kshs.291.4 million for OSR(74.75 per cent), Kshs.67.37 million for defunct NHIF (17.28 per cent), and Kshs.31.05 million for SHIF (7.97 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include enforcement measures and linking arrears clearance to access to other County services to enhance compliance.

3.1.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.1.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.7.67 billion from the Baringo County Revenue Fund (CRF) account. This amount consisted of Kshs.1.99 billion (26.08 per cent) designated for development programs and Kshs.5.67 billion (73.92 per cent) allocated for recurrent programs.

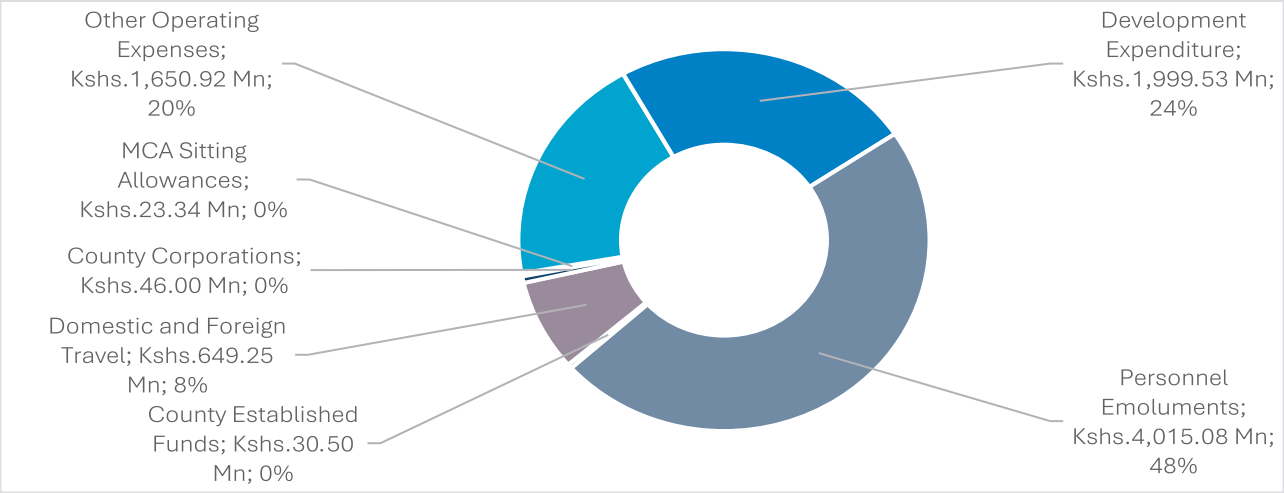
An analysis of the released recurrent exchequers shows that Kshs.4.02 billion was allocated to employee compensation and Kshs.1.65 billion to operations and maintenance expenditures. Within the operations and maintenance category, 36.64 per cent was for domestic travel and 3.68 per cent for foreign travel. The domestic travel exchequers totalled Kshs.588.45 million, which included Kshs.393.89 million for the County Executive and Kshs.194.56 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.60.80 million, with Kshs.21.87 million for the County Executive and Kshs.38.93 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Baringo CRF account was Kshs.2.13 billion.

3.1.6 Expenditure Review

The County spent Kshs.7.67 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised of Kshs.1.99 billion for development programmes and Kshs.5.67 billion for recurrent programmes. Expenditure on development programmes accounted for 47.76 per cent of the development expenditure budget, while recurrent expenditure accounted for 96.21 per cent of the recurrent expenditure budget. Figure 3.4 provides a detailed breakdown of total expenditure.

Figure 3.4: Baringo County Composition of Expenditure in FY 2025/26



Source: Baringo *County Treasury*

As shown in Figure 3.4, the three highest expenditure categories were Personnel Emoluments, Development expenditure, and other operating expenses, contributing 47.72 per cent, 23.76 per cent, and 19.62 per cent of the total expenditure for the reporting period.

3.1.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.58 billion in employee compensation, Kshs.1.33 billion in operations and maintenance, and Kshs.1.99 billion in development activities. Similarly, the County Assembly spent Kshs.430.41 million on employee compensation, Kshs.316.75 million on operations and maintenance, and Kshs.7.83 million on development activities, as shown in Table 3.3.

Table 3.3: Baringo County Summary of Budget and Expenditure by Economic Classification

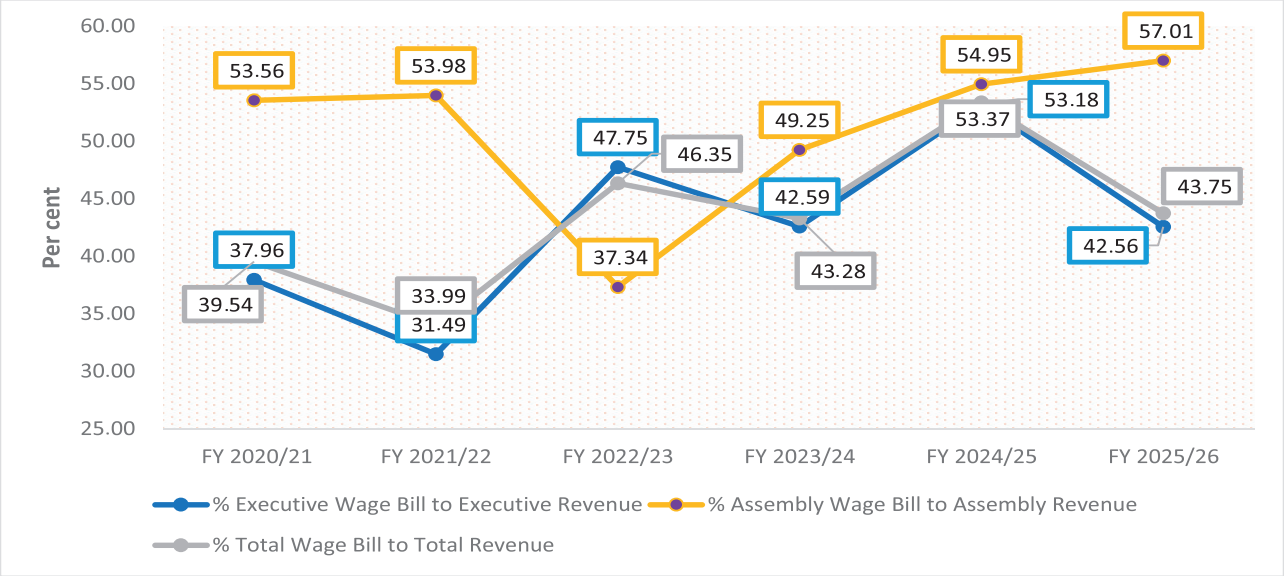
Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,041.63**	**847.47**	**4,918.83**	**747.16**	**-**	**-**	**4,918.83**	**747.161**	**97.56**	**88.16**
Compensation of Employees	3,639.64	452.90	3,584.67	430.41	-	-	3,584.67	430.407	98.48	95.03
Operations and Maintenance	1,401.99	394.57	1,334.16	316.75	-	-	1,334.16	316.75	95.16	80.27
Development Expenditure	4,165.40	21.46	**1,999.53**	**7.831**	**-**	**-**	1,999.53	7.831	47.81	**36.48**
Total	**9,207.02**	**868.94**	**6,910.53**	**754.99**	**-**	**-**	**6,910.53**	**754.99**	**75.05**	**86.88**

***Source**: Baringo County Treasury*

3.1.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.4.02 billion, representing 43.75 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.3.96 billion reported in FY 2024/25. Of this total, Kshs.1.93 billion related to Health Sector employees, accounting for 48.07 per cent of the overall employees' compensation.

Figure 3.5: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Baringo County Treasury*

Further analysis indicated that PE costs totalling Kshs.4.02 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.34.87 million was processed through manual payrolls, which accounted for 0.86 per cent of the total PE cost. The manual payroll comprised salaries for 205 casual staff, security personnel and gratuity remittances to pension schemes for staff on contract, as shown in Table 3.4.

Table 3.4: Analysis of Baringo County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Salaries for casual staff	205	34,867,297	Delay in Personal Number Processing	Personal number processing was ongoing
	Total		**34,867,297**		

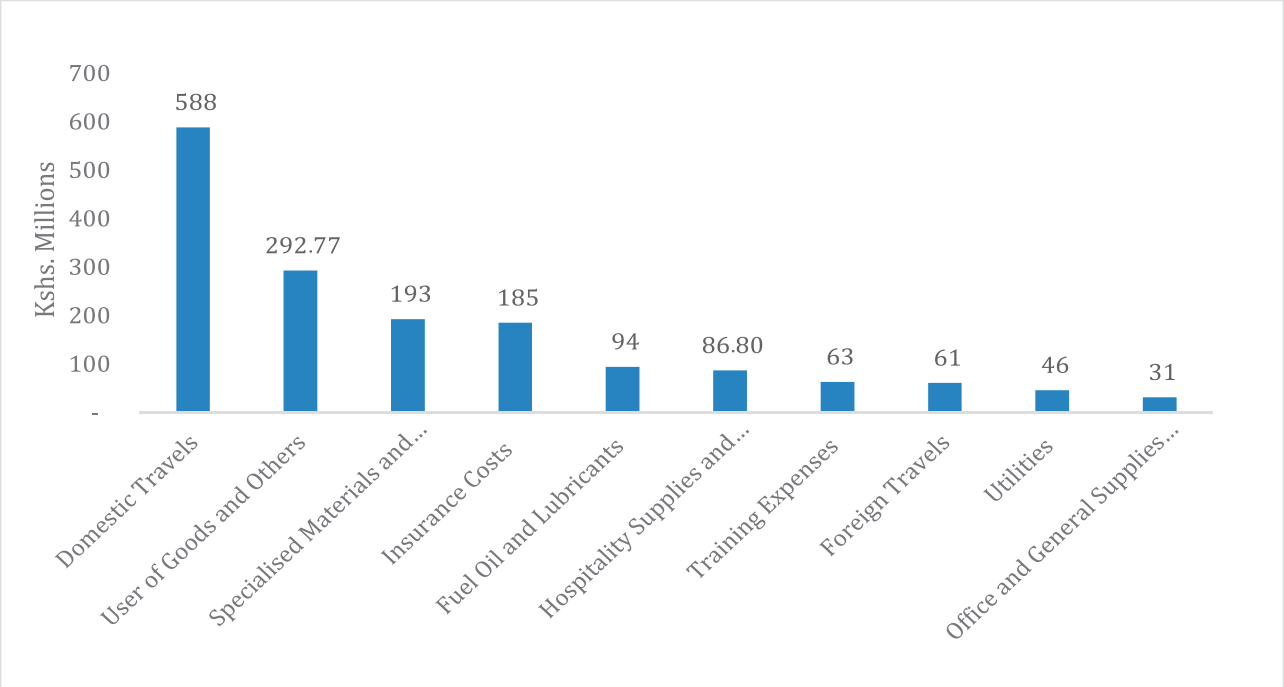
Source: *Baringo County Treasury*

The County Assembly spent Kshs.23.34 million on committee sitting allowances for the 46 MCAs against the budget allocation of Kshs.50.78 million. The average monthly sitting allowance was Kshs.42,281 per MCA. The County Assembly has 26 House Committees.

3.1.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.65 billion on operations and maintenance, representing a 5.10 per cent increase over FY 2024/25, when the County spent Kshs.1.57 billion. Figure 3.6 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.6: Baringo County, Operations and Maintenance Expenditure by Major Categories



Source: *Baringo County Treasury*

3.1.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.20.30 million on "other operating expenses - other," which accounted for 1 per cent of the total operations and maintenance expenditure of Kshs.1.65 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.5.

Table 3.5: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs.)	Expenditure (Kshs.)
2211399	Contracted Guards and Cleaning Services	19,148,000.00	3,873,588.15
2211399	Membership Fees	9,089,400.00	3,193,873.10
2211399	Legal Dues/fees	42,000,000.00	2,500,000.00
2211399	Contracted Professional Services	11,000,000.00	4,981,367.70
2211399	Accommodation - Domestic Travel	3,568,800.00	328,200.00
2211399	Bank Services, commission and charges	218,492.00	30,000.00
2211399	Management Fees	5,000,000.00	1,158,800.00
2211399	Staff Allowances	1,000,000.00	639,100.00
2211399	A.I.Es	1,725,000	1,500,000.00
2211399	Office Furniture	2,500,000.00	2,100,000.00
	TOTAL	**95,249,692**	**20,304,929**

Source: *Baringo County Treasury*

A review of the "other expense items" listed in the table revealed that some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include Contracted Guards and Cleaning Services, membership Fees, Legal Dues/fees, Contracted Professional Services, accommodation - Domestic Travel, Bank Services, commission and charges, Management Fees, Staff Allowances, A.I.Es, and Office Furniture. These should have been mapped to the correct budget codes.

3.1.11 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.68.65 million to County-Established funds in FY 2025/26, representing less than 1 per cent of the County's overall budget. Of this amount, the County allocated Kshs.30.50 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for less than 1 per cent of the total budget. Table 3.6 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.6: Performance of Baringo County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs. Million)	Exchequer Issues in FY 2025/26 (Kshs. Million)	Cumulative disbursements to the Fund (Kshs. Million)	Submission of Financial Statements (Yes/No.)
1	Baringo County Emergency Fund	2015	30.50	30.00	30.00	No
2	Baringo County Executive Car Loan Fund	2023	-	-	-	No
3	Baringo County Executive Mortgage Fund	2023	-	-	-	No
4	Baringo County SME Fund	2020	-	-	-	No
5	Baringo County Bursary Fund	2018	23.05	-	-	No
6	Baringo County Youth and Women Fund	2014	-	-	17.15	No
7	Baringo County Cooperative Development Fund	2014	-	-	-	No
8	Baringo County PWD Fund	2019	15.10	-	-	No
9	Baringo County Lake Bogoria Grants	2014	5.00	-	-	No
10	County Assembly Car and Mortgage Fund	2018	-	-	6.00	No
11	Catering and Health Services Scheme Fund	2017	-	-	0.30	No
12	County Assembly staff Car and Mortgage Fund	2020	-	-	108.65	No
13	County Assembly Car and Mortgage Fund	2014	-	-	595.00	No
	Total		**68.65**	**33.35**	**1457.33**	

Source: *Baringo County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.6, 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 2025/26, the CoB noted that the lifespan of the Baringo County Cooperative Development Fund and the Baringo County Lake Bogoria Grants Fund had lapsed. Consequently, the CoB did not approve any withdrawal requests to support operations of the lapsed funds.

3.1.12 County Corporations, Municipalities and Agencies

The County has one County corporation and one municipality, which were allocated Kshs.46 million and Kshs.72.56 million, respectively, in FY 2025/26. Their total transfers in FY 2025/26 are as shown in Table 3.7.

Table 3.7: Performance of Baringo County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Kirandich Water Company Limited	46,000,000	46,000,000	46,000,000	46,000,000
2	Kabarnet Municipality	72,564,118	16,747,982	16,747,982	16,747,982
	Totals	**62,747,982**	**62,747,982**	**62,747,982**	**62,747,982**

Source: *Baringo County Treasury*

3.1.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.588.45 million and comprised Kshs.194.56 million spent by the County Assembly and Kshs.393.89 million by the County Executive. Expenditure on foreign travel amounted to Kshs.60.80 million and comprised Kshs.38.93 million by the County Assembly and Kshs.21.87 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.8.

Table 3.8: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c = a + b) (Kshs.)
County Executive	1	30th-31st October, 2025	Training on Transformative Leadership	Gaborone, Botswana	825,249.00	-	825,249.00
County Executive	1	30th-31st October, 2025	Elevate Africa Convening	Gaborone, Botswana	303,688.00	-	303,688.00
County Executive	1	28th-31st Oct 2025	Training on Transformative Leadership	Gaborone, Botswana	258,686.00	-	258,686.00
County Executive	4	5th - 11th July, 2026	International Conference on Trade and Investment Advisory Council	Shandong China	3,001,537	-	3,001,537
County Executive	2	9th -13th March	Expertise Visit and Knowledge sharing on Municipal Operations	Hurth Germany	663,024.00	-	663,024.00
County Executive	1	31st May-16th June 2026	Facilitation For Chair Love Visit	Carseberry, Florida - USA	1,075,232	-	1,075,232
County Executive	26	25th July - 4th Aug 2026	Budget and Appropriation Committee and Treasury Secretariat Training on Budgeting and PFM	Arusha Tanzania	9,903,400	-	9,903,400
County Executive	14	24/7-5/8/2025	Strategic leadership in government; transformative leadership for effective and accountable county governance	Arusha Tanzania	5,842,102	-	5,842,102
County Assembly	1	25th Mar-2nd April 2025	Climate litigation and global implications	USA	613,746	-	613,746
County Assembly	6	29th Sep-7th Oct 2025	African Climate Summit	Singapore	1,628,174	-	1,628,174
County Assembly	6	6th-13th Sep 2025	African Climate Summit	Ethiopia	2,564,833	-	2,564,833
County Assembly	7	20th-29th Sep 2025	Attending a conference on results-based performance	Singapore	6,750,048	-	6,750,048
County Assembly	6	22nd-30th May 2026	Conference on results-based performance management and legislation in the Digital Era	Arusha	2,234,000	-	2,234,000
County Assembly	2	13th-25th May 2026	Performance management training, legislation, and leadership	Singapore	1,992,812	-	1,992,812
County Assembly	11	1st-10th Feb 2026	Digital leadership navigating governance in the public sector	Arusha	3,868,640	-	3,868,640
County Assembly	7	27th Jan-2nd Feb 2026	Ethical leadership and emotional intelligence	Arusha	2,227,407	-	2,227,407

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c = a + b) (Kshs.)
County Assembly	2	1st-10th Feb 2026	Leadership, governance, and oversight	Arusha	1,938,208	-	1,938,208
County Assembly	1	2nd-12th Dec 2025	Clerks of county assemblies training in Spain	Spain	1,527,894	-	1,527,894
County Assembly	7	12th-18th Jan 2026	Integrated strategy and risk management	Arusha	2,598,583	-	2,598,583
County Assembly	5	1st-10th Feb 2026	Leadership, governance and oversight	Arusha	2,447,986	-	2,447,986
County Assembly	6	30th Sep-6th Oct 2026	Legislative audit and governance for county assemblies	Singapore	3,769,544	-	3,769,544
County Assembly	7	1st-9th Nov 2025	Governance and leadership training	Arusha	2,328,784	-	2,328,784
County Assembly	7	16th-25th May 2026	Digital leadership navigating governance in the public sector	Arusha	2,439,773	-	2,439,773
TOTALS					**60,803,350**	**-**	**60,803,350**

Source: *Baringo County Treasury and Baringo County Assembly*

3.1.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.320.28 million as FIF, which was 53.82 per cent of the annual target.595.06 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 expenditure by the health facilities amounted to Kshs.208.32 million, as shown in Table 3.9.

Table 3.9: Baringo County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	6	311,589,259	203,291,457.00	65.24
2.	Level 3 Facility	25	4,066,948	2,019,200.00	49.66
3.	Level 2 Facility	205	4,627,052	3,012,302.00	65.10
	Total	**236**	**320,283,259**	**208,322,959.00**	**65.04**

Source: *Baringo County Treasury*

3.1.15 Development Expenditure

In the review period, the County reported spending Kshs.199 billion on development programmes, representing an increase of 19.05 per cent compared to FY 2024/25, when the County spent Kshs.1.68 billion. Table 3.10 summarises the development projects with the highest expenditure in the reporting period.

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

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Million)	Total Funding in FY 2025/26 (Kshs. Million)	Expenditure (on an accrual basis) FY 2025/26 (Kshs. mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Million)	Percentage (%) of completion
County Funded Projects										
1	Trade, Cooperatives, Tourism and Industrialisation	Hilltee and Maji Mazuri Boda-boda shade	Mumberes-Maji Mazuri	5/6/2025	8/8/2025	0.50	0.50	0.50	0.50	100
2	Trade, Cooperatives, Tourism and Industrialisation	Kapluk, Kapkoiwo and Kuikui Market stall /boda sheds	Barwesa	5/5/2025	4/7/2025	1.00	1.00	1.00	1.00	100
3	Trade, Cooperatives, Tourism and Industrialisation	Maji Mazuri market pit latrine	Mumberes-Maji Mazuri	3/8/2025	5/6/2026	0.51	0.50	0.51	0.51	100
4	Trade, Cooperatives, Tourism and Industrialisation	Construction of market stall at Marigat	HQs	20/5/2025	30/6/2025	2.49	2.50	2.49	2.49	100
5	Trade, Cooperatives, Tourism and Industrialisation	Kaitumet Sub location farmers	Kisanana	5/6/2025	25/9/2025	2.00	2.00	2.00	2.00	100
6	Trade, Cooperatives, Tourism and Industrialisation	Kisanana Ward-wide Farmers	Kisanana	5/6/2025	25/9/2025	1.00	1.00	1.00	1.00	100
7	Industry, Commerce, Tourism, Cooperative and Enterprise Development	Aggregated Industrial Park	HQs	21/11/2023	30/12/2026	250.00	250.00	125.00	125.00	50

Source: *Baringo County Treasury*

The County reported 23 stalled development projects as of 30 June 2026, with an estimated value of Kshs.163.32 million, of which an expenditure of Kshs.83.69 million had already been paid. The stalled projects shown in Table 3.11.

Table 3.11: Baringo County Stalled Projects as of 30 June 2026

No	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 30 June 2026	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 a laboratory at Riongo Dispensary	Silale	1,458,574	1,050,716	-	407,858	90	Insecurity
3	Construction and completion of Emining theatre block	Emining	11,947,541	9,823,041	-	2,124,500	90	The contractor's incapacitation due to a road accident
4	Marigut Community Social Hall	Barwessa	3,000,000	-	-	2,500,000	5	Contract terminated due to the delay by the contractor
5	ATC Guesthouse	Lembus perkerra	19,000,000	16,000,000	-	3,000,000	60	

No	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 30 June 2026	Percentage of Completion before stalling of the Project	Reason for Project Stalling
6	Proposed Construction of pit latrine, fencing and installation of 10,000ltrs tanks and gutters	Saimo Kipsaraman	1,493,252	1,041,215	-	452,037	70	The contractor is behind schedule
7	Tirioko Ward Office: Cash Transfer	Tirioko	1,000,000	-	-	997,762	20	The contractor is behind schedule
8	Construction of Ajira Centre at Cheplambus Phase 1	Tenges	1,989,295	-	-	1,702,439	90	The contractor is behind schedule
9	Construction of Youth Empowerment Centre, Marigat	Marigat	13,000,000.00	5,329,956.60	-	5,329,956.60	40	
10	Construction of the Mogotio Information Centre radio room, kitchen, and globe, Amphitheatre, integrated gate	Mogotio	54,650,000.00	26,800,000.00	-	27,850,000.00	50	
11	Construction of the Kipsaraman museum with a laboratory	Saimo Soi	32,280,674.00	12,460,674.00	-	19,820,000.00	65	
12	Hospitality Centre at Marigat VTC	Marigat ward	10,000,000.00	5,000,000	-	5,000,000	50	Budget expunged/ contractor delay
13	Kaplop Pri ECD	Kabarnet	1,100,000	300,000	-	300,000	40	
14	Construction of Milimani ECD	Ravine	1,200,000	490,000	-	490,000	40	
15	Kaburwo ECD classroom	Ravine	1,200,000	-	-	-	-	
16	Chemayes ECD classroom	Tirioko	1,000,000	700,000	-	700,000	80	Contractor declined
17	Chesakam ECD classroom	Loyamorok	1,000,000	400,000	-	400,000	80	Contractor declined
18	Noswo ECD classroom	Churo	1,000,000	400,000	-	400,000	80	Contractor declined
19	Borokwo ECD classroom	Mogotio	1,000,000	600,000	-	600,000	80	
20	Psau ECD classroom	Tirioko	1,000,000	700,000	-	700,000	80	Contractor declined
21	Mwal ECD classroom	Tirioko	1,000,000	600,000	-	600,000	80	Contractor declined
22	Ketukoi ECD classroom	Kolowa	1,000,000	600,000	-	600,000	80	Contractor declined
23	Toplen ECDE Staff House	Silale	1,000,000	700,000	-	700,000	80	Contractor declined
	TOTALS		**163,319,185**	**83,693,749**	**-**	**75,976,256**		

Source: *Baringo County Treasury*

3.1.16 Budget Performance by Department

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

Table 3.12: Baringo County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	847.47	21.46	831.01	7.83	831.01	7.83	100.0	100.0	98.1	36.5
County Treasury Services	113.62	7.00	109.87	7.54	109.87	7.54	100.0	100.0	96.7	107.7
Transport and Infrastructure	45.15	639.71	35.66	332.45	35.66	332.45	100.0	100.0	79.0	52.0
Industrialisation, Commerce and Tourism	34.9	425.45	22.27	258.91	22.27	258.91	100.0	100.0	63.8	60.9
Education and ICT	30.74	226.36	18.38	27.16	18.38	27,16	100.0	100.0	59.8	12.0
Health	397.85	421.35	382.96	267.79	382.96	267.78	100.0	100.0	96.3	63.6
Lands, Housing & Urban Development	34.12	91.12	16.60	25.76	16.60	25.76	100.0	100.0	48.6	28.3
Agriculture, Livestock, Fisheries & Marketing	35.08	504.92	29.95	322.27	29.95	322.27	100.0	100.0	85.4	63.8
Youth, Gender & Social Security Services	52.60	228.29	49.97	30.83	49.97	30.83	100.0	100.0	95.0	13.5
Water & Irrigation	37.01	758.66	20.57	495.12	20.57	495.12	100.0	100.0	55.6	65.3
Environment & Natural Resources	16.50	412.40	11.20	163.27	11.20	163.27	100.0	100.0	67.9	39.6
Kabarnet Municipality	18.26	54.30	16.75	-	16.75	-	100.0	-	91.7	-
County Public Service Board	19.22		14.46	-	14.46	-	100.0	-	72.6	-
Devolution, Public and Special Programs	216.91	352.50	213.44	39.75	213.44	39.75	100.0	100	98.4	11.3
Public Devolution and Public Administration	3,918.29	27.54	3,830.59	12.57	3,830.59	12.57	100.0	100.0	97.8	45.6
County Treasury Economic Planning	70.62	15.15	62.29	8.27	62.29	8.27	100.0	100.0	88.2	54.6
Total	**5,889.10**	**4,186.86**	**5,665.99**	**1,999.53**	**5,665.99**	**1,999.53**	**100.0**	**100.0**	**96.2**	**47.8**

***Source**: Baringo County Treasury*

Analysis of expenditure by departments shows that the County Treasury Services department recorded the highest absorption rate of development budget at 107.7 per cent, followed by the Water and Irrigation department at 65.3 per cent. The Devolution, Public and Special Programs had the highest percentage of recurrent expenditure to budget at 98.4 per cent, while the Department of Lands had the lowest at 48.6 per cent.

The County Treasury spent above its development budget allocation, which is irregular and indicative of weak budget execution practices.

3.1.17 Budget Execution by Programmes and Sub-Programmes

Table 3.13 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.13: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June, 2026 (Kshs.)	Absorption Rate (%)
Development				
Agriculture, Livestock & Fisheries				
Fisheries Development and Management Services		Capture Fisheries	1,500,000	1,500,000	100
		Recreational Fisheries Development	2,000,000	1,999,992	99.99
Land, Housing and Urban Development				
Eldama Ravine Urban Services		Sanitation and waste management	2,500,000	1,960,000	78.4
County Finance and Accounting Services				
Revenue Services		Revenue Infrastructure Services	12,000,000	8,120,123	67.66
Education Services				
Early Childhood Development		Curriculum development and Equipment	4,500,000	2,980,000	66.22
County Finance and Accounting Services				
Revenue Services		Revenue Infrastructure Services	12,000,000	5,120,123	42.67
Lands, Housing and Urban Development				
Recurrent				
Environment and Natural Resources				
Environmental Conservation and Management		Environmental Conservation and Protection	6,650,000	5,278,411	79.37
Natural Resource Conservation, Exploitation and Management		Mining Development	1,500,000	912,362	60.82
General Administration, Planning and Support Services		General Administrative Services	29,009,288	24,175,729	48.86
County Public Service Board				
County Public Service Board Services		General Administration, Planning and Support Services	13,622,030	5,982,444	43.91
Kabarnet Municipality				
Kabarnet Municipality Services		General Administration, Planning and Support Services	11,259,157	5,010,031	44.49
County Finance and Accounting Services				
Revenue Services		Revenue Administration Services	8,000,000	2,886,600	36.08
Water and Irrigation				
General Administration, Planning and Support Services		General Administrative Services	29,009,288	8,507,298	29.33
Water Resource Development and Supplies Management		Water Resource Management and Storage	7,700,000	1,419,000	18.42

Source: *Baringo County Treasury*

The development sub-programmes with the highest budget implementation rates were: Captured Fisheries and Recreational Fisheries Development in the Department of Agriculture, Livestock & Fisheries at 100 per cent and 99.99 per cent, Sanitation and waste management in the Department of Lands, Housing and

Urban at 78.4 per cent, and Revenue Services in the Department of County Finance and Accounting Services at 67.66 per cent. For recurrent sub-programmes, the top performers included Environmental Conservation and Protection in the Department of Environment and Natural Resources at 79.37 per cent and General Administration Planning and Support Service in the Department of County Public Service Board Services at 43.91 per cent.

Table 3.14 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.14: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June, 2026 (Kshs.)	Absorption Rate (%)
Development				
Economic Planning				
Economic Planning Services	Infrastructure Development	15,148,967	5,610,576	37.03
Lands, Housing and Urban Development				
Eldama Ravine Urban Services	Sanitation and waste management	2,500,000	1,000,000	40.00
County Finance and Accounting Services				
Revenue Services	Revenue Infrastructure Services	12,000,000	5,120,123	42.67
Education Services				
Early Childhood Development	Curriculum development and Equipment	4,500,000	2,000,000	44.44
Recurrent				
Water and Irrigation				
Water Resource Development and Supplies Management	Water Resource Management and Storage	7,700,000	1,419,000	18.43
General Administration, Planning and Support Services	General Administrative Services	29,009,288	8,507,298	29.32
County Finance and Accounting Services				
Revenue Services	SP1. Revenue Administration Services	8,000,000	2,886,600	36.08
Kabarnet Municipality				
Kabarnet Municipality Services	Board Services	5,000,000	1,750,000	35.00
Kabarnet Municipality Services	General Administration, Planning and Support Services	11,259,157	5,010,031	44.46

Source: *Baringo County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Infrastructure development in the Department of Economic Planning at 37.03 per cent, Eldama Ravine urban services in the Department of Lands, Housing and Urban Development at 40 per cent, and revenue infrastructure services in the Department of County Finance and Accounting Services at 42.67 per cent.

For recurrent sub-programmes, the lowest performers included: water resource management and storage in the Department of Water and Irrigation at 18.43 per cent; revenue administration services in the Department of County Finance and Accounting Services at 36.08 per cent; and Board Services in the Department of Kabarnet Municipality at 35.00 per cent.

3.1.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.477.14 million. This amount consisted of Kshs.395.62 million from the County Executive and Kshs.81.53 million from the County Assembly. The trade payables from the County Executive comprised Kshs.178.30 million for recurrent expenditure

and Kshs.217.32 million for development expenditure, while the County Assembly had trade payables of Kshs.85.13 million exclusively for recurrent expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.148.14 million, comprising Kshs.26.43 million (17.84 per cent) for recurrent programmes and Kshs.121.70 million (82.16 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.71.09 million, exclusively for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.805.54 million for the County Executive and Kshs.64.70 million for the County Assembly.

Table 3.15: Baringo County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	217,316,203	178,302,220	395,618,423
		County Assembly	-	81,526,122.61	81,526,123
		Total	**217,316,203**	**259,828,342**	**477,144,545**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	-	-	-
		County Assembly	-	-	-
		Total	**-**	**-**	**-**
Amount paid in FY 2025/26	c	County Executive	121,703,942	26,433,408	148,137,350
		County Assembly	-	71,089,115	71,089,115
		Total	**121,703,942**	**97,522,523**	**219,226,465**
Trade Payables Incurred in FY 2025/26	d	County Executive	234,491,153	323,562,880	558,054,033
		County Assembly	-	54,259,316	54,259,316
		Total	**234,491,153**	**377,822,196**	**612,313,349**
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**330,103,414**	**475,431,692**	**805,535,106**
		County Assembly		**64,696,324**	**64,696,324**
		Total	**330,103,414**	**540,128,016**	**870,231,430**

***Source**: Baringo County Treasury*

Table 3.16: present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.805.54 million and Kshs.64.70 million, respectively.

Table 3.16: Baringo County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**234,491,152.8**	**95,612,261**	**-**	**-**	**330,103,413.8**
Recurrent Trade Payables (Goods & Services)	154,798,152	151,868,812	-	-	306,666,964
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	115,498,729	-	-	-	115,498,729
Recurrent Trade Payables (Staff Claims)	53,265,999	-	-	-	53,265,999
Total Recurrent Trade Payables	**323,562,880**	**151,868,812**	**-**	**-**	**475,431,692**
Total Trade Payables	**558,054,033**	**247,481,073**	**-**	**-**	**805,535,106**
% of Total	**69.27**	**30.91**	**-**	**-**	**100**

***Source**: Baringo County Treasury*

Table 3.17: Baringo County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables					-
Recurrent Trade Payables (Goods & Services)	14,865,576	10,135,640	15,437,008	-	40,438,224
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	24,258,100				24,258,100
Total Recurrent Trade Payables	39,123,676	10,135,640	15,437,008	-	64,696,324
Total Trade Payables	**39,123,676**	**10,135,640**	**15,437,008**	**-**	**64,696,324**
% of Total	**60.47**	**1.67**	**23.86**	**-**	**100**

Source: *Baringo County Treasury*

As shown in Table 3.17, the total salary arrears and statutory deductions for trade payables amounted to Kshs.115.50 million, representing 13.27 per cent of the total trade payables of Kshs.870.23 million as of 30 June 2026. Additionally, the tables indicate that 31.38 per cent of total trade payables are aged between 2 and 3 years.

3.1.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government maintained 263 accounts with commercial banks, including 10 Established Funds accounts, one (1) revenue account, and two (2) grant accounts. The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.1.20 General Observations and Recommendations

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

i. The underperformance of FIF revenue at Kshs.320.28 million against an annual target of Kshs.595.06 million, representing 53.82 per cent of the financial year target. Further, the Ordinary OSR collections amounted to Kshs.237.50 million (71.54 per cent) against a target of Kshs.331.94 million.

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, 2026, the lifespan of Baringo Cooperative Development and Lake Bogoria Grants had lapsed, making them ineligible for further withdrawals.

iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines set by law, thereby contravening the requirements of Section 168 of the PFM Act, 2012. The reports were not submitted to the CoB as of 15 July 2026.

iv. 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.

v. 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 3 August,2026.

vi. The County incurred expenditure beyond the approved budget allocation in the Department of the County Treasury, which is irregular.

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 revenue forecasting tools should be developed and used when setting yearly OSR targets.*

ii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

iv. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

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

vi. *The County Treasury should improve budget control processes to ensure expenditure is not committed and/or expensed above the approved budget allocation.*

3.2. County Government of Bomet

3.2.1 Overview of FY 2025/26 Budget

The Bomet County Approved Supplementary Budget for FY 2025/26 was Kshs.10.85 billion. It comprised Kshs.6.85 billion (63 per cent) and Kshs.4.00 billion (37 per cent) allocation for recurrent and development programmes, respectively. The budget estimates represented an increase of Kshs.1 billion (10 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.36 billion and a recurrent budget of Kshs.6.47 billion. The increase in the budget was primarily attributed to the rise in FIF collection.

The budget was to be financed from various revenue sources. These include the equitable share of nationally raised revenue of Kshs.7.45 billion (69 per cent), additional allocations of Kshs.1.77 billion (16 per cent), a cash balance brought forward from FY 2024/25 of Kshs.743 million (7 per cent), and Kshs.897 million (8 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.18.

3.2.2 Revenue Performance

During the year, the County reported total revenues of Kshs.9.75 billion. This amount represented a 20 per cent increase over the amount received in FY 2024/25, in Kshs.8.11 billion. The total revenue consisted of Kshs.7.45 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.921.08 million, and own-source revenue (OSR) collection of Kshs.623.9 million. Additionally, the County had a cash balance of Kshs.766.14 million from FY 2024/25. The total OSR collection of Kshs.623.95 million included Facilities Improvement Financing (FIF) of Kshs.468.24 million, and Kshs.155.71 million from other OSR sources. The County also received Ksh.10.98 million from the sale of assets. Table 3.18 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.18: Bomet County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		B	C	D	E	F=E/B*100
A	**Unspent Balance from FY 2024/25**					
1	A.I.A C/F	120,000,000	120,000,000		120,000,000	100
2	County Executive Refunds to CRF	593,000,001	616,139,090		616,139,090	104
3	County Assembly Refunds to CRF	30,000,000	30,000,000		30,000,000	100

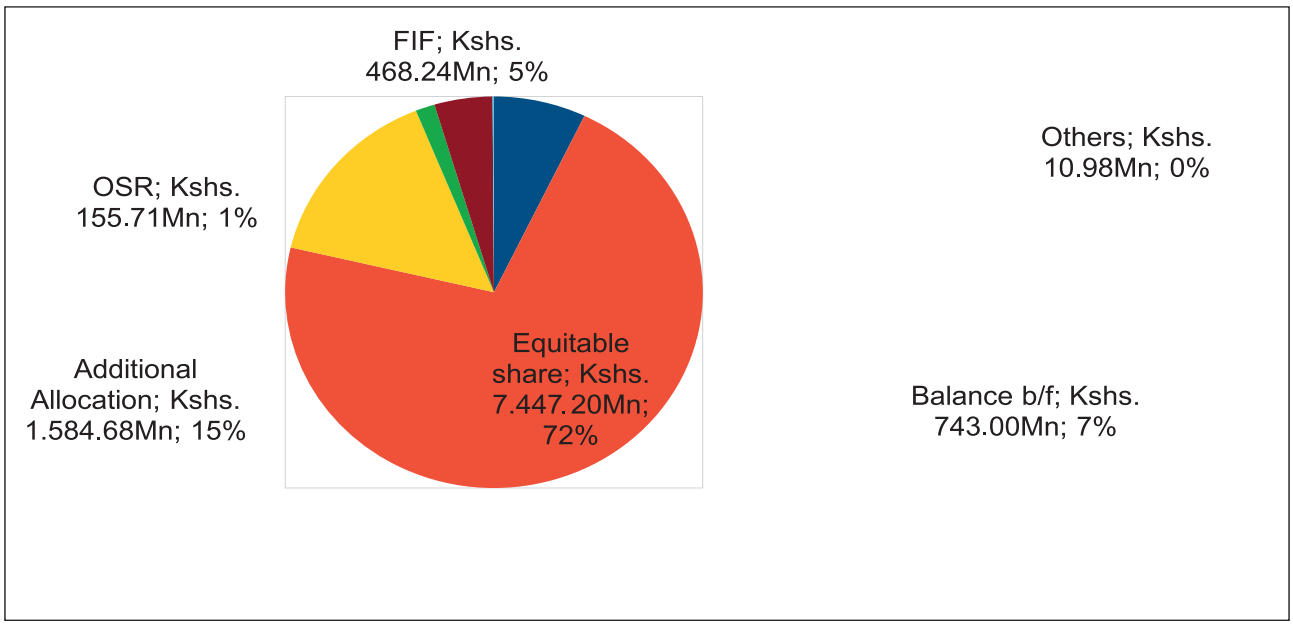
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		B	C	D	E	F=E/B*100
	Sub-Total	**743,000,001**	**766,139,090**		**766,139,090**	103
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable share	7,447,200,499	**7,447,200,499**		**7,447,200,499**	100
	Sub-Total	**7,447,200,499**	**7,447,200,499**		**7,447,200,499**	100
C	**Additional Allocations (Including Grants)**					
2	**Conditional Additional Allocations from the National Government's**					
a	Road Maintenance Levy Fund (RMLF)	163,000,000	-		-	-
b	Community Health Promoters (CHPs) Programme	74,070,000	74,070,000		74,070,000	100
c	Conditional allocation for libraries	950,259	-		-	-
3	**Conditional Allocations from Loans and Grants**					
1	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	11,000,000	-		-	-
2	IDA (World Bank) Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	130,126,688	128,367,967		128,367,967	99
3	KFW (German Development Bank) Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	129,814,161	103,051,700		103,051,700	79
4	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500	70,503,589		70,503,589	97
5	Kenya Devolution Support Programme Phase Two(KDSP II) Level 2 Grant	389,500,000	114,618,306		114,618,306	29
6	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	18,278,289	18,199,951		18,199,951	-
7	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	28,500,000	-		-	-
8	Kenya Water, Sanitation and Hygiene (K-WASH) Programme	197,903,000	146,807,024		146,807,024	74
9	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	231,005,852		231,005,852	100
10	Primary Health Care in Devolved Context (PHDC) Programme	8,452,500	8,452,500		8,452,500	100
11	Kenya Informal Settlement Improvement Project (KISIP II)		26,000,000		26,000,000	-
12	DIG DEEP - WASH	80,000,000	-		-	-
13	Nutrition International	19,453,054	-		-	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		B	C	D	E	F=E/B*100
14	HSSF - DANIDA	20,056,500	-		-	-
15	Fertiliser Subsidy	131,684,382	-		-	-
16	ASDSP	1,716,655	-		-	-
17	Livestock Value Chain Support Grant	57,294,720	-		-	-
	Sub-Total	**1,765,959,708**	**921,076,889**	**-**	**921,076,889**	
D	**Ordinary Own Source Revenue (OSR)**					
1	Administration Control fees	65,304,034	6,339,768		6,339,768	10
2	Advertisement	3,898,160	6,424,300		6,424,300	165
3	Cess	20,576,730	1,324,380		1,324,380	6
4	Conservancy Administration	700,600	700,600		700,600	100
5	Hire of county assets	227,229,998	476,732		476,732	-
6	Land Rates	27,598,766	98,707		98,707	-
7	Market fee	8,433,306	753,616		753,616	9
8	Other Fines, Penalties and Forfeitures	4,659,570	183,770		183,770	4
9	Other property income/Land Rates	81,050,869	70,485,243		70,485,243	87
10	Park fee	155,850	155,850		155,850	100
11	Parking fee	51,589,777	8,569,788		8,569,788	17
12	Physical Planning and Development	6,355,240	2,354,098		2,354,098	37
13	Property Income	-	24,000		24,000	1
14	Property Rent	2,415,050	289,501		289,501	12
15	Public Health Service fee	11,040,000	40,001		40,001	-
16	Single Business permits	75,618,500	37,606,989		37,606,989	50
17	Miscellaneous	20,494,050	19,880,947		19,880,947	97
	Sub-Total	**607,120,500**	**155,708,290**		**155,708,290**	**26**
E	**Facility Improvement Fund/ Financing (FIF)**					-
1	SHIF	290,000,000	468,242,562		468,242,562	161
	Sub-Total	**290,000,000**	**468,242,562**		**468,242,562**	**161**
F	**Other Revenues**					-
1	Assets disposal		10,977,450		10,977,450	
	Sub-Total	**-**	**10,977,450**	**-**	**10,977,450**	-
	Total	**10,853,280,708**	**9,769,344,780**	**-**	**9,769,344,780**	**90**

Source: *Bomet County Treasury*

The County is awaiting approval of regulations governing FIF, which are pending at the Bomet County Assembly.

Provides a detailed breakdown of receipts.

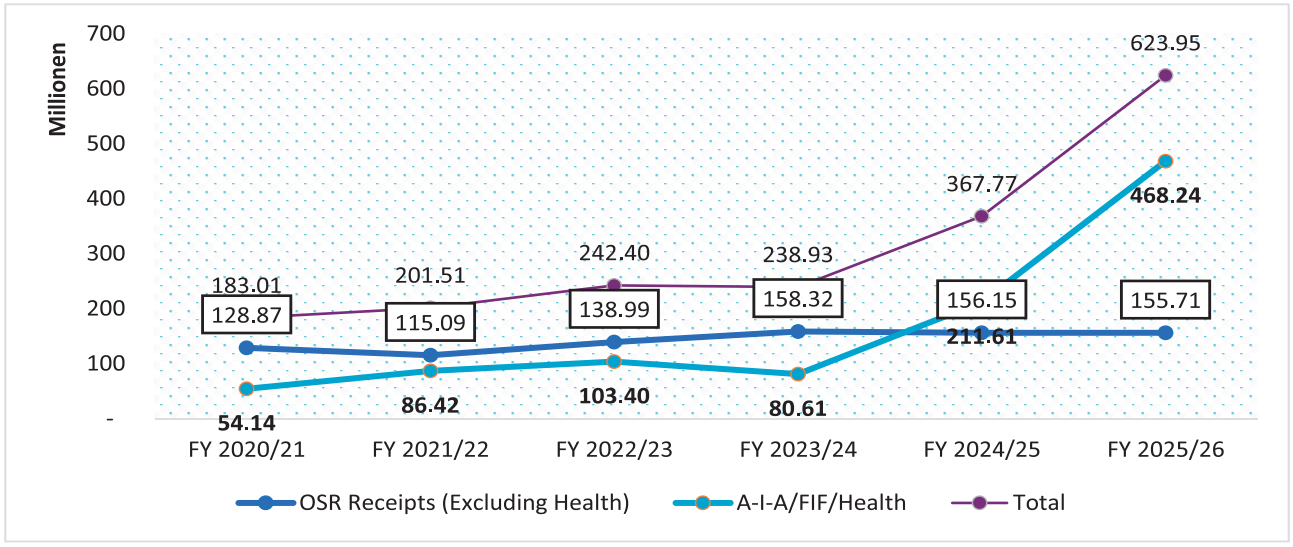


Source: *Bomet County Treasury*

The equitable share of revenue raised nationally, Facility Improvement Financing, and Additional Allocation contributed 72 per cent, 15 per cent and 7 per cent, respectively, of the total receipts for the reporting period.

Figure 3.7 Shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.7: Bomet County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

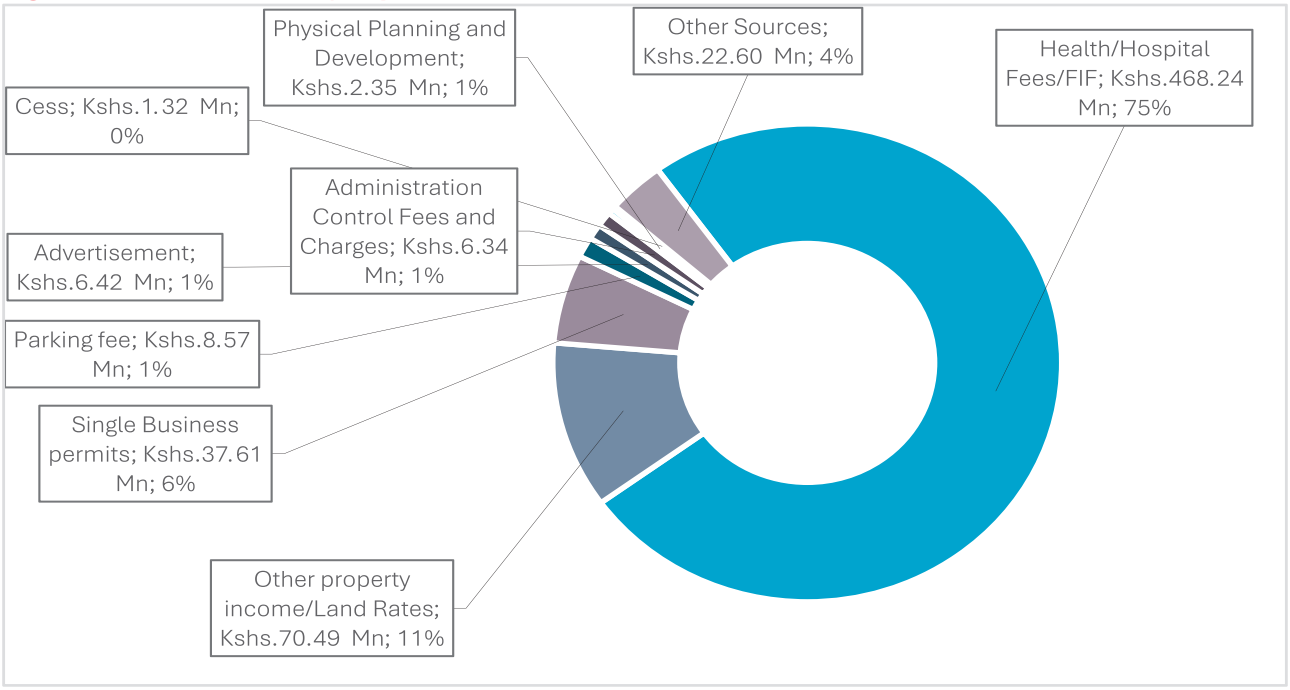


Source: *Bomet County Treasury*

During the year, the County received Kshs.623.95 million from OSR, including FIF. This amount was an increase of 70 per cent over Kshs.367.77 million realised in FY 2024/25, representing 70 per cent of the annual target and 8.4 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to enhanced revenue collection measures for both OSR and FIF. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.8.

Figure 3.8: Bomet County Top Own Source Revenue Streams in FY 2025/26



***Source**: Bomet County Treasury*

As shown in Figure 3.8, the largest revenue stream, at Kshs.468.24 million, was from FIF, accounting for 75 per cent of total OSR receipts. The County Government is yet to automate local revenue streams.

3.2.3 Revenue Arrears

As of 1 July 2025, the County reported revenue Arrears of Kshs.1.64 billion, which decreased to Kshs.1.2 billion as of 30 June 2026. The County currently tracks its revenue Arrears using a manual accrual-based system. Table 3.19 presents a breakdown of the County's revenue Arrears.

Table 3.19: Breakdown of Bomet County's Revenue Arrears

Revenue Stream	Revenue Receivables as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Receivables as of 30 June, 2026 (Kshs.)
		Waivers (Kshs)	Receivables paid in the financial year (Kshs)	Receivables earned in FY 2025/26 (Kshs)	
	a	b	c	d	f=a-b-c+d
Equitable Share of Revenue Raised Nationally					
	596,285,282	0	596,285,282	0	0
Sub-Total	**596,285,282**	**0**	**596,285,282**	**0**	**0**
Additional Allocations					
...	118,830,478	0	118,830,478	0	0
Sub-Total	**118,830,478**	**0**	**118,830,478**	**0**	**0**
Ordinary Own Sources of Revenue					
Land rates	670,873,265	-	-	55,399,832	726,273,097
Property rent	5,500,000	-	-	41,824,958	47,324,958
other receivables	-			6,285,630	6,285,630
Sub-Total	**676,373,265**	**0**	**0**	**103,510,420**	**779,883,685**
Facility Improvement Fund (FIF)					
SHIF	197,088,678	-	197,088,678	367,492,700	367,492,700
Defunct NHIF	54,216,282	-	-	-	54,216,282

Revenue Stream	Revenue Receivables as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Receivables as of 30 June, 2026 (Kshs.)
		Waivers (Kshs)	Receivables paid in the financial year (Kshs)	Receivables earned in FY 2025/26 (Kshs)	
	a	b	c	d	f=a-b-c+d
Sub-Total	251,304,960	0	197,088,678	367,492,700	421,708,982
Grand Total	1,642,793,985	0	912,204,438	471,003,120	1,201,592,667

Source: Bomet *County Treasury*

As of 30 June 2026, the revenue Arrears totalled Kshs.1.2 billion, comprising Kshs.779.88 million for OSR (65 per cent) and Kshs.421.71 million (35 per cent). The measures instituted by the County to collect the outstanding Revenue Arrears in FY 2025/26 include offering waivers of penalties for paying creditors and enhanced collection efforts.

3.2.4 Borrowing by the County

The County did not disclose any borrowing or maintenance of a credit facility arrangement with a bank.

3.2.5 Withdrawals from the County Revenue Fund and County Assembly Fund

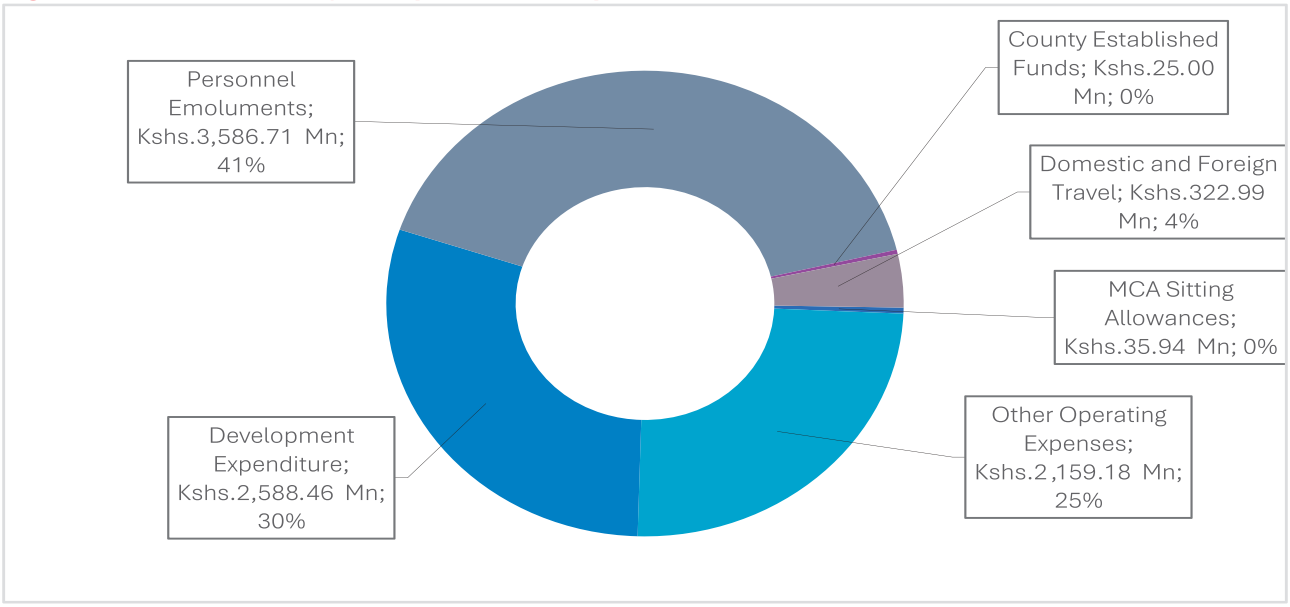
In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.8.27 billion from the Bomet County Revenue Fund (CRF) account. This amount consisted of Kshs.2.49 billion (30 per cent) designated for development programs and Kshs.5.78 billion (70 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.33 billion was allocated to employee compensation and Kshs.2.45 billion to operations and maintenance expenditures. Within the operations and maintenance category, 10.5 per cent was for domestic travel and 2.7 per cent for foreign travel. The domestic travel exchequers totalled Kshs.256.41 million, which included Kshs.104.44 million for the County Executive and Kshs.151.97 million for the County Assembly. The foreign travel exchequers amounted to Kshs.66.58 million, with Kshs.13.95 million for the County Executive and Kshs.52.64 million for the County Assembly. As of 30 June 2026, the County Government's cash balance in the Bomet County CRF account was Kshs.698.74 million.

3.2.6 Expenditure Review

The County spent Kshs.8.72 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 105 per cent of the total funds released by the CoB. It comprised Kshs.2.59 billion for development programmes and Kshs.6.13 billion for recurrent programmes. Expenditure on development programmes accounted for 65 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 89.5 per cent of the annual recurrent expenditure budget. Figure 3.9 provides a detailed breakdown of total expenditure.

Figure 3.9: Bomet County Composition of Expenditure in FY 2025/26



Source: *Bomet County Treasury*

As shown in Figure 3.9, the three highest expenditure categories were Personnel emoluments, Development and Domestic and other operating expenses, contributing 41 per cent, 30 per cent and 25 per cent of total expenditure for the reporting period.

3.2.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.18 billion in employee compensation, Kshs.2.2 billion in operations and maintenance, and Kshs.2.54 billion in development activities. Similarly, the County Assembly spent Kshs.407.74 million on employee compensation, Kshs.348 million on operations and maintenance, and Kshs.47 million on development activities, as shown in Table 3.20.

Table 3.20: Bomet County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs)	Exchequer Issues (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive						
Recurrent	**6,069,957,981**	**5,023,042,407**	**4,964,898,580**	**409,104,770**	**5,374,003,350**	**89**
Compensation to Employees	**3,339,721,711**	2,921,698,915	3,173,055,780	5,915,381	3,178,971,161	95
Operations & Maintenance	**2,730,236,270**	2,101,343,492	1,791,842,800	403,189,389	2,195,032,189	80
Development	**3,955,506,008**	2,446,936,784	2,223,875,213	317,586,924	2,541,462,137	64
Executive Sub-total	**10,025,463,989**	**7,469,979,191**	**7,188,773,793**	**726,691,694**	**7,915,465,487**	**79**
County Assembly						
Recurrent	**780,816,719**	**755,816,719**	**755,816,719**	**-**	**755,816,719**	**97**
Compensation to Employees	407,738,131	407,738,131	407,738,131	-	407,738,131	100
Operations & Maintenance	373,078,588	348,078,588	348,078,588	-	348,078,588	93
Development	**47,000,000**	**47,000,000**	**47,000,000**	**-**	47,000,000	**100**
Assembly Sub-total	**827,816,719**	**802,816,719**	**802,816,719**	**-**	**802,816,719**	**97**
Combined County Totals						
Total Recurrent	**6,850,774,700**	5,778,859,126	**5,720,715,299**	**409,104,770**	**6,129,820,069**	**89**
Compensation to Employees	3,747,459,842	3,329,437,046	3,580,793,911	5,915,381	3,586,709,292	96
Operations & Maintenance	3,103,314,858	2,449,422,080	2,139,921,388	403,189,389	2,543,110,777	82
Total Development	**4,002,506,008**	**2,493,936,784**	**2,270,875,213**	**317,586,924**	**2,588,462,137**	**65**
Grand Total	**10,853,280,708**	**8,272,795,910**	**7,991,590,512**	**726,691,694**	**8,718,282,206**	**80**

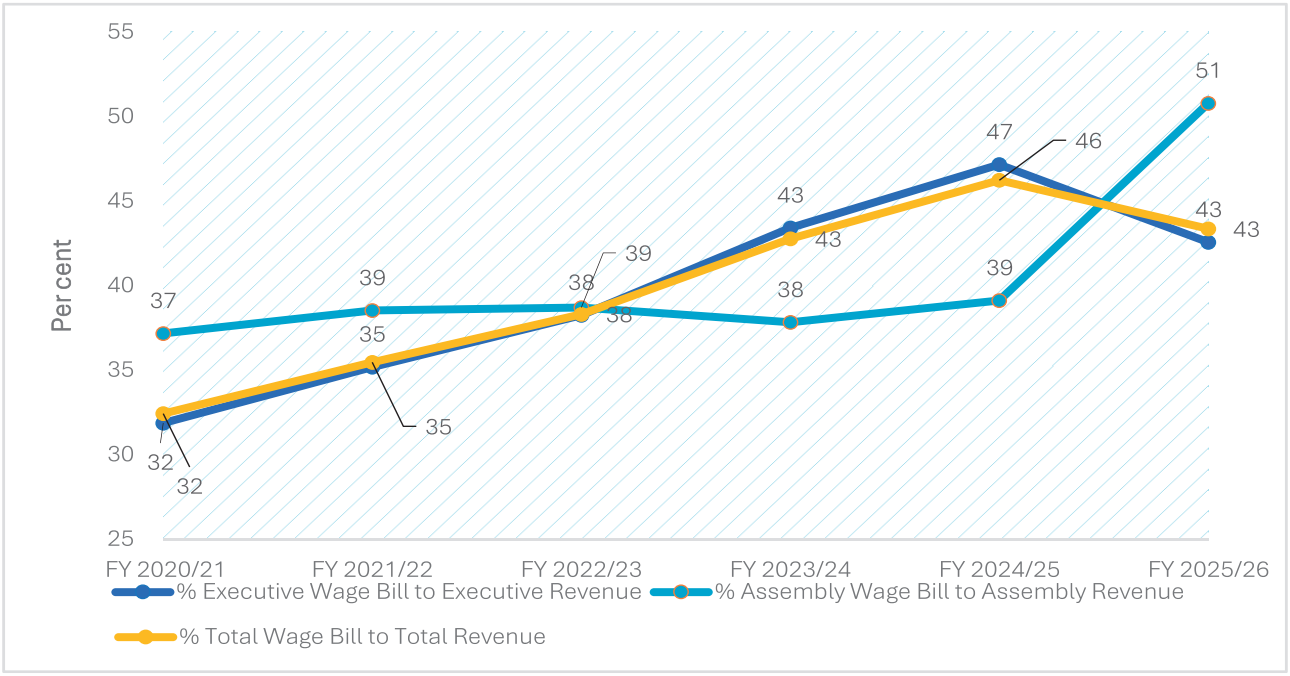
Source: *Bomet County Treasury*

3.2.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.59 billion, representing 43 per cent of revenue. This expenditure on employee compensation shows a decrease compared to the Kshs.3.75 billion reported in FY 2024/25. Of this total, Kshs.1.1 billion related to Health Sector employees, accounting for 30.6 per cent of the overall employees' compensation.

Figure 3.10 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.10: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Bomet County Treasury*

Further analysis indicated that PE costs totalling Kshs.3.56 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.19.17 million was processed through manual payrolls, which accounted for 0.6 per cent of the total PE cost. The justification for the continued use of manual payroll was due to delays in onboarding the staff into UHR and gratuity for MCAs.

The manual payroll comprised salaries for 2 staff not onboarded into the Human Resource Information System (HRIS), salaries for Ward staff yet to be onboarded into UHR, casual staff, and gratuity remittances to pension schemes for staff on contract, as shown in Table 3.21.

Table 3.21: Analysis of Bomet County Manual Payroll

Category	County Assembly
Salaries for 2 staff who were yet to be onboarded into UHR	4,737,620
Gratuity for Members of the County Assembly	15,712,256
Salaries for Ward staff who were yet to be onboarded into UHR	3,458,000
Total	**19,170,256**

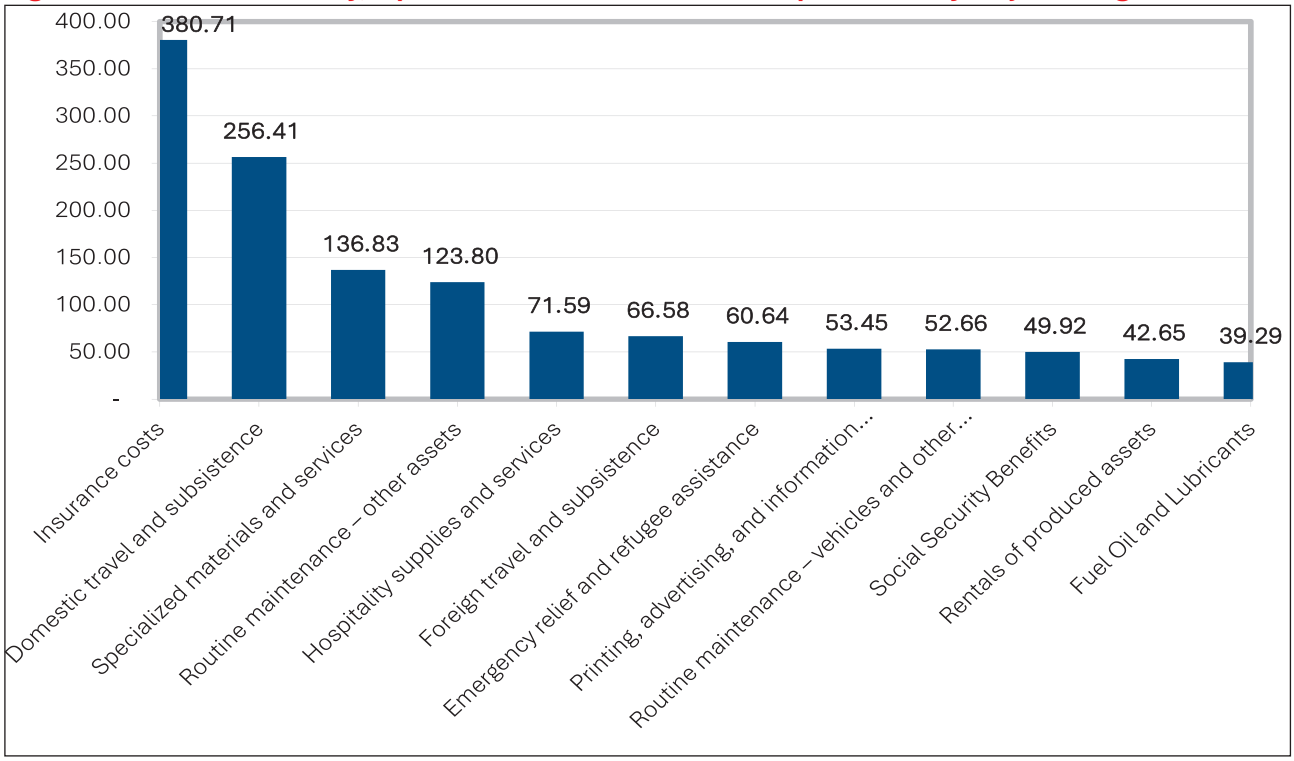
Source: *Bomet County Treasury*

The County Assembly spent Kshs.35.94 million on committee sitting allowances for the 39 MCAs, against the annual budget allocation of Kshs.35.94 million. The average monthly sitting allowance was Kshs.102,400 per MCA. The County Assembly has 21 House Committees.

3.2.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.54 billion on operations and maintenance, representing a 23 per cent increase over FY 2024/25, when the County spent Kshs.2.07 billion. Figure 3.11 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.11: Bomet County, Operations and Maintenance Expenditure by Major Categories



Source: *Bomet County Treasury*

The highest expenditure under the category was on Insurance at Ksh.380.71 million, followed by domestic travel and subsistence at Ksh.256.41 million, specialised materials at Ksh.136.83 million, and routine maintenance at Ksh.123.8 million.

3.2.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.13.25 million on "other operating expenses - other," which accounted for 0.5 per cent of the total operations and maintenance expenditure of Kshs.2.54 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.22.

Table 3.22: Breakdown of "Other Operating Expenses – Code 2211399" under

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Resource mobilisation	500,000.00	74,200
2211399	Community Participation Forums	11,088,103	1,980,000
2211399	Community participation and survey work for county PI lands	500,000	-
2211399	Other operating expenses	400,000	-
2211399	Support to PWD, Children and the Elderly	8,700,000	4,146,840
2211399	Rural water schemes, public participation, and operationalisation	1,200,000	1,089,508
2211399	Public participation	300,000	-
2211399	Community Participation	300,000	63,000
2211399	Community Participation	50,000	25,000
2211399	Gender based violence campaigns and Anti-FGM	8,700,000	740,040.00
2211399	Social protection	8,700,000	780,000.00
2211399	Vulnerable Groups support	8,700,000	450,000.00
2211399	Vulnerable group empowerment	8,700,000	920,000.00
2211399	KICOSCA Games supplies	8,700,000	2,979,000
Total		**66,538,103**	**13,247,588**

Source: *Bomet County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include resource mobilisation community participation, social protection. These should have been mapped to the correct budget codes.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, KICOSCA game supplies, etc.

3.2.11 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.85 million to County-Established funds in FY 2025/26, representing 0.7 per cent of the County's overall budget. The County did not allocate any funds to the Emergency Fund, contrary to Section 110 of the PFM Act, 2012. Table 3.23 Summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.23: Performance of Bomet County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in the Year FY 2025/26	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund	Submission of Financial Statements
		County Executive Established Funds					
1.	Bomet County Bursary Fund	2021	85,000,000	12,500,000	12,500,000	602,958,915	No
2.	Bomet County Executive Car Loan and Mortgage Fund	2014	-	-	-	124,813,880	No
		County Assembly Established Funds					
3	Bomet County Assembly Car Loan and Mortgage Fund	2017	-	-	-	483,307,071	No
	Total		**85,000,000**	**12,500,000**	**12,500,000**	**1,211,079,866**	

Source: *Bomet County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from Bomet County Bursary Fund, Bomet County Executive Car Loan and Mortgage Fund, and Bomet County Assembly Car Loan and Mortgage Fund Administrators, as indicated in Table 3.23, contrary to the requirement of Section 168 of the PFM Act, 2012. The County did not disclose whether the administration costs of the Bomet County Bursary Fund, Bomet County Executive Car Loan and Mortgage Fund and Bomet County Assembly Car Loan and Mortgage 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 2025/26, the CoB determined that the Bomet County Executive Car Loan and Mortgage Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.2.12 County Corporations, Municipalities and Agencies

The County has one County Corporation and two municipalities, which were allocated Kshs.168.73 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.79.91 million, as shown in Table 3.24.

Table 3.24: Performance of Bomet County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Bomet Municipality	85,028,289	-	-	33,102,820
2.	Sotik Municipality	3,700,000	-	-	-
3.	Bomwasco	80,000,000	66,023,043	79,911,719	199,888,676
	Total	**168,728,289**	**66,023,043**	**79,911,719**	**232,991,496**

Source: *Bomet County Treasury*

3.2.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.256.41 million and comprised Kshs.151.97 million spent by the County Assembly and Kshs.104.44 million by the County Executive. Expenditure on foreign travel amounted to Kshs.66.58 million and comprised Kshs.52.64 million by the County Assembly and Kshs.13.95 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.25.

Table 3.25: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	4	23 August 2025-29 September 2025	Signing ceremony of cooperation and twinning agreement between the Region of Western Greece and Bomet County Government	Greece	1,165,050
County Executive	3	20th September-28th October 2025	Attend the 2025 Association for Budgeting and Financial Management(ABFM) Annual Conference.	Atlanta Georgia	1,890,020
County Executive	5	1-10 September 2025	Facilitation to travel to ADDIS ABABA, Ethiopia, for Climate Change Week	ADDIS ABABA, Ethiopia	1,192,830
County Executive	2	23-25 Mar 2026	Facilitation for foreign travel to attend the Lake Region Economic Bloc for MOU implementation	India	854,754
County Executive	1	1 Nov-13 Dec 2025	Facilitation to travel to the USA	INDIANA UNIVERSITY, USA	548,250.00
County Executive	2	8-12 June 2026	Facilitation for foreign travel to attend the ICPAK seminar	Hong Kong, China	895,342
County Executive	1	15th -23rd June 2026	Facilitation of foreign travel to attend the 2026 annual general meeting	Iowa, USA	679,056
Bomet County Assembly	25	13th - 23rd Sept - 2025	2nd Edition of the RAID Okavango Region	Angola	18,926,240
Bomet County Assembly	10	12th - 22nd November 2025	Attending the 30th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP30)	Brazil	13,950,435
Bomet County Assembly	7	1st - 10th December 2025	Attending an exchange program in the Parliament of Victoria in Melbourne, Australia	Australia	8,023,500
Bomet County Assembly	1	16th -26th October 2025	Attending Leadership Masterclass on steering the devolved system towards integrity	Zanzibar	812,970
Bomet County Assembly	1	24 October - 4th November 2025	Attending the International Exchange Programme on empowering legislative administration	Spain / France	1,160,300
Bomet County Assembly	1	5th - 12th January 2026	Attending Executive Development Programme	Switzerland	1,118,307
Bomet County Assembly	9	8th - 19 th June 2026	Attending EALA Training in Arusha, Tanzania	Tanzania	8,644,639

Source: *Bomet County Treasury*

3.2.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.468.24 million as FIF, which was 161 per cent of the annual target of Kshs.290 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. The expenditure by the health facilities amounted to Kshs.340.93 million, as shown in Table 3.26.

Table 3.26: Bomet County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level 5 Hospital	-	-	-	-
2	Level 4 Hospital	4	418,864,080.00	75,237,159.00	17

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
3	Level 3 Facility	31	296,857,835.92	123,667,942.40	42
4	Level 2 Facility	128	337,615,852.52	142,028,881.00	42
	Total	**163**	**1,053,337,768.44**	**340,933,982.40**	**32**

***Source**: Bomet County Government*

3.2.15 Development Expenditure

In the review period, the County reported spending Kshs.2.59 billion on development programmes, representing a 23 per cent increase over FY 2024/25, when the County spent Kshs.2.1 billion. Table 3.27 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to an improved budgeting process and enhanced staff capacity.

Table 3.27: Bomet County, List of Development Projects with the Highest Expenditure

No	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)
1	Bomet Health Centre Doctors Plaza	Silibwet Township	30/3/2026	30/3/2027	56,391,747.00	55,000,000.00	56,391,747.00
2	Dr. Joyce Laboso Memorial Mother and Child Wellness Centre	Bomet East Sub-County	27-04-2022	02/01/2026	296,937,205.25	34,000,000.00	40,000,000.00
3	Avocado Packhouse	Konoin Sub-County	01/01/2025	02/01/2026	192,556,150.00	24,686,683.72	25,000,000.00
4	Construction of theatre, radiology and surgical wards at Sigor Sub-County Hospital	Sigor	10/03/2025	12/03/2026	45,390,505.88	22,000,000.00	16,000,000.00
5	Kapkoros Sub-County Hospital Inpatient Wards	CHESOEN	16/04/2024	24/04/2026	46,799,906.50	13,806,701.70	13,806,701.70
6	Completion of Tegat Sub County Hospital Radiology Unit	KEMBU	18/03/2025	18/03/2026	17,551,509.60	7,551,509.60	10,000,000.00
7	Ndanai sub-county hospital inpatients wars	Ndanai abosi	19/04/2024	24/04/2026	38,889,005.99	9,918,331.69	9,918,331.69
8	Levelling of Kapkwen sales yards	Nyongores	17 February 2026	17 May, 2026	3,699,377.75	3,594,984.00	2,600,000.00
9	Construction of Kaplele dispensary and pit latrine	Nyongores	20/12/2024	16/6/2025	4,895,898.00	2,500,000.00	2,500,000.00
10	Supply and delivery of Accaricides	Headquarters	25 February,2026	25 May,2026	2,405,000.00	2,500,000.00	2,500,000.00

***Source:** Bomet County Treasury*

The County did not indicate projects funded by donors. Further, data for stalled projects was not submitted to the Controller of Budget.

3.2.16 Budget Performance by Department

Table 3.28 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.28: Bomet County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	781	47	767	47	756	47	99	100	97	100
Administration, ICT, and Public Service	3,008	397	2,952	63	2,870	30	97	47	95	7
Finance And Economic Planning	175	241	146	53	155	102	106	194	89	42
Lands, Housing, and Urban Planning	163	129	46	86	131	110	285	128	80	85
Municipalities	52	37	3	25	-	-	-	-	-	-
Gender And Culture	45	10	34	-	41	2	119	-	90	24
Health Services	2,129	287	1,459	116	1,671	160	115	138	78	56
Education, Vocational Training, Youth & Sports	294	237	92	108	211	109	229	101	72	46
Water, Sanitation, and Environment	166	910	196	701	161	711	82	101	97	78
Agriculture, Livestock, Fisheries, Cooperatives	27	583	14	268	22	264	161	99	81	45
Roads, Transport & Public Works	127	1,097	78	1,013	107	1,028	138	101	84	94
Trade, Energy Tourism & Investment	6	28	2	16	5	23	222	142	85	82
Total	**6,973**	**4,003**	**5,790**	**2,494**	**6,130**	**2,585**	**106**	**104**	**88**	**65**

Source: *Bomet County Treasury*

Analysis of expenditure by departments shows that the Department of County Assembly recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Roads, Transport and Public Works at 94 per cent. The Departments of County Assembly and Water, Sanitation and Environment had the highest percentage of recurrent expenditure to budget at 97 per cent, while the Municipality Department reported no expenditure.

3.2.17 Budget Execution by Programmes and Sub-Programmes

Table 3.29 summarises budget execution by programmes and sub-programmes in the period under review, with the highest absorption rates.

Table 3.29: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption
RECURRENT				
County Assembly				
COUNTY LEGISLATURE (LEGISLATIVE SERVICES)	Sub-Programme 1.1: Legislative Services	248,287,640	248,279,420.00	100
	Sub-Programme 1.2: Committee Services and House Proceedings	108,137,035	108,137,035.00	100
	Sub-Programme 1.3: Office of the Speaker	6,355,084.00	6,355,084.00	100
OVERSIGHT AND REPRESENTATION	Sub-Programme 2.1: Decentralisation of Services	53,808,000	53,808,000.00	100
	Sub-Programme 2.2: Public Participation	5,200,000	5,200,000.00	100
	Sub-Programme 2.3: Site Visits	300,000	300,000.00	100
OFFICE OF THE CLERK - GENERAL ADMINISTRATION, HUMAN RESOURCE AND ADMINISTRATIVE SERVICES	Sub-Programme 3.1: County Assembly Service Board	46,431,200	46,431,200.00	100
	Sub-Programme 3.2: Human Resource and Administrative Services	297,137,760	297,137,760.00	100
	Sub-Programme 3.3: Financial Management Services	2,350,000	2,350,000.00	100
	Sub-Programme 3.4: Information Services & E-Assembly	12,810,000	12,810,000	100

***Source**: Bomet County Treasury*

All 10 Sub-programs under the Department of County Assembly recorded a 100 per cent implementation rate. They include Legislative Services, Committee Services, House Proceedings, Office of the Speaker, and Decentralisation of Services, among others. The higher performance of these programmes was attributed to improved programme planning at the beginning of the FY.

The Table 3.30 summarises budget execution by programmes and sub-programmes in the period under review, showing the lowest absorption rates.

Table 3.30: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Water and Sanitation				
Development of water supply	WASH Programme	100,270,853.00	16,012,681.50	16
Investment Development	SP2 Transfer to Bomet Water Company	20,000,000.00	3,988,500.00	20
Agriculture, Livestock, Veterinary and Cooperatives				
Livestock Services	Livestock & Fisheries Development	57,644,720.00	12,363,800.00	21
Education, Gender, Culture				
Early Childhood Development	Support to ECD Centres	7,500,000.00	2,083,770.00	28

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Agriculture, Livestock, Veterinary and Cooperatives				
Crop Services	Cash Crop Development	375,951,037.00	119,921,030.55	31.90
Recurrent				
Health Services				
Community Health	Community Health and Special Programs	10,500,000.00	1,830,200.00	17
Administration	Policy, Planning & General Administrative Services	127,040,746.00	40,223,025.00	32
Curative Program	Support to health facilities(11.6M/month)	395,000,000.00	129,399,751.00	33
Public Service and Administration				
County Public Service Board	Administrative Services	30,542,255.00	11,122,755.00	36

Source: *Bomet County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows:

WASH and Support to Bomet Water Company in the Department of Water and Sanitation at 16 per cent and 20 per cent respectively; Livestock and Fisheries Development in the Department of Agriculture, Livestock and Fisheries Development at 21 per cent; and Support to ECD centres in the Department of Education, Gender and ECD at 28 per cent.

For recurrent sub-programmes, the poorest performers included: Community Health and Special Programme, Policy Planning and General Administrative Services and Support to Health Facilities, all in the Department of Health, at 17 per cent, 32 per cent, and 33 per cent, among others. The county did not provide the reasons for the low absorption.

3.2.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.52 billion. This amount consisted of Kshs.1.46 billion from the County Executive and Kshs.65.87 million from the County Assembly. The trade payables from the County Executive comprised Kshs.599.97 million for recurrent expenditure and Kshs.857.4 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.874.65 million, comprising Kshs.370.11 million (42 per cent) for recurrent programmes and Kshs.504.55 million (58 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.60.42 million, comprising Kshs.15.02 million (25 per cent) for recurrent activities and Kshs.45.41 million (75 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.1.39 billion for County Executive and Kshs.40 million for County Assembly. Table 3.31 below provides additional details of trade payables.

Table 3.31: Bomet County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	857,398,556	599,970,751	1,457,369,307
		County Assembly	45,807,600	20,063,977	65,871,577
		Total	**903,206,156**	**620,034,728**	**1,523,240,884**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	859,546,704	650,635,440	1,510,182,144
		County Assembly	50,855,460	15,016,117	65,871,577
		Total	**910,402,164**	**665,651,557**	**1,576,053,721**
Amount paid in FY 2025/26	c	County Executive	504,550,161	370,105,415	874,655,576
		County Assembly	45,405,998	15,016,117	60,422,115
		Total	549,956,159	385,121,532	935,077,691

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade Payables Incurred in FY 2025/26	d	County Executive	435,134,147	373,543,167	808,677,314
		County Assembly	40,000,000	0	40,000,000
		Total	**475,134,147**	**373,543,167**	**848,677,314**
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**787,982,542**	**603,408,505**	**1,391,391,045**
		County Assembly	**40,000,000**	**0**	**40,000,000**
		Total	**827,982,542**	**603,408,505**	**1,436,840,507**

Source: *Bomet County Treasury*

The County Government submitted a trade payables payment plan, committing to pay Kshs.665.65 million and Kshs.910.42 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared only Kshs.935.08 million.

Table 3.32: and Table 3.33 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, amounted to Kshs.1.39 billion and Ksh.40 million, respectively.

Table 3.32: Bomet County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**603,299,180**	**107,759,497**	**11,708,231**	**65,215,635**	**787,982,542**
Recurrent Trade Payables (Goods & Services)	117,804,377	52,195,319	10,940,137	22,238,356	**203,178,189**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	358,005,572	13,503,849	-	-	**371,509,421**
Recurrent Trade Payables (Staff Claims)	27,892,346	828,549	-	-	**28,720,895**
Total Recurrent Trade Payables	**503,702,295**	**66,527,717**	**10,940,137**	**22,238,356**	**603,408,505**
Total Trade Payables	**1,107,001,475**	**174,287,213**	**22,648,368**	**87,453,991**	**1,391,391,047**
	79.56	**12.53**	**1.63**	**6.29**	**100**

Source: *Bomet County Treasury*

Table 3.33: Bomet County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	40,000,000	-	-	-	**40,000,000**
Recurrent Trade Payables (Goods & Services)	-	-	-	-	**0**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	**0**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	**0**
Total Recurrent Trade Payables	-	-	-	-	**0**
Total Trade Payables	**40,000,000**	-	-	-	**40,000,000**
	100	-	-	-	**100**

Source: Bomet *County Treasury*

As shown in Table 3.32 and Table 3.33, the total salary arrears and statutory deductions for trade payables amounted to Kshs.371 million, representing 26 per cent of the total trade payables of Kshs.1.47 billion as of 30 June, 2026. The statutory deductions included salary arrears of Kshs.305.13 million, social contribution of Kshs.13.5 million, and third-party deductions of Kshs.52.88 million.

Additionally, the two tables indicate that 6 per cent of total trade payables are aged 3 years and above, a trend attributed to aggressive settlement of payables in previous financial years.

3.2.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated 149 accounts with commercial banks, including 131 accounts for Health Facilities, four accounts for Established Funds, one revenue account, seven special-purpose accounts (additional allocations), four imprest accounts, one recurrent operational account, and one development operational account.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.2.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.155.71 million against an annual target of Kshs.607.12 million, representing 26 per cent of the financial year target.

ii. Low development performance in the review period, as the County incurred Kshs.2.59 billion on development activities, achieving a 65 per cent absorption rate

iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which contravened the requirements of Section 168 of the PFM Act, 2012. The reports for the Bomet County Bursary Fund, Bomet County Executive Car Loan and Mortgage Fund and Bomet County Assembly Car Loan and Mortgage Fund were not submitted to the CoB as of 15 July 2026.

iv. High level of trade payables amounting to Kshs.1.44 billion as of 30 June 2026. Furthermore, the County Executive and County Assembly did not adhere to the trade payables payment plan.

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. 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 12 August 2026. Further, the County Treasury failed to adhere to the stipulated template for most of the returns submitted.

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 revenue forecasting tools should be developed and utilised in setting yearly OSR targets to ensure expenditure commitments are aligned with available revenue.

ii. The County should implement strategies to increase development expenditures in the coming financial year.

iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

iv. *The County Leadership should ensure that genuine bills are paid promptly in the next financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

v. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

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

3.3. County Government of Bungoma

3.3.1 Overview of FY 2025/26 Budget

The Bungoma County Approved Supplementary Budget for FY 2025/26 was Kshs.17.43 billion. It comprises Kshs.5.54 billion (31.80 per cent) and Kshs.11.89 billion (68.20 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs728.73 million (4.36 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.6.63 billion and a recurrent budget of Kshs.10.08 billion. The increase in the budget was primarily attributed to growth in the Equitable share, a high balance carried forward from FY 2024/25 of Kshs.686.93 million, and conditional allocations to the Facility Improvement Financing.

The budget is to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.11.84 billion (67.91 per cent), additional allocations of Kshs.2.83 billion (16.21 per cent), a cash balance brought forward from FY 24/25 of Kshs.686.90 million (3.94 per cent) and Kshs.2.08 billion (11.92 per cent) generated as own-source revenue and Kshs.4.76 million (0.03 per cent) as other revenue. The own-source revenue includes Kshs.1.39 billion (67.08 per cent) as Facility Improvement Financing (revenue from health facilities) and Kshs.683.89 million (32.92 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.34

3.3.2 Revenue Performance

During the year, the County reported total receipts of Kshs.16.15 billion. This amount represented an increase of 13.62 per cent compared to the amount received in FY 2024/25, in the amount of Kshs.14.22 billion. The total receipts consisted of Kshs.11.84 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.90 billion, and own-source revenue (OSR) collection of Kshs.1.73 billion. Additionally, the County had a cash balance of Kshs.686.93 million from FY 2024/25. The total OSR collection of Kshs.1.73 billion included Facilities Improvement Financing (FIF) of Kshs.1.17 billion and Kshs.557.71 million from other OSR sources. Table 3.34 summarises the total receipts which were available to the County Government during the year.

Table 3.34: Bungoma County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Revenues (Kshs.)	Revenue Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	685,017,970	685,017,970	-	685,017,970	100
2	County Executive Refunds to CRF	1,884,078	1,884,078	-	1,884,078	100
3	County Assembly Refunds to CRF		26,545	-	26,545	-
	Sub-Total	**686,902,047**	**686,928,592**	**-**	**686,928,592**	**100**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	11,838,054,666	11,838,054,667	-	11,838,054,667	100
	Sub-Total	**11,838,054,666**	**11,838,054,667**	**-**	**11,838,054,667**	100
C	**Additional Allocations (Including Grants)**					

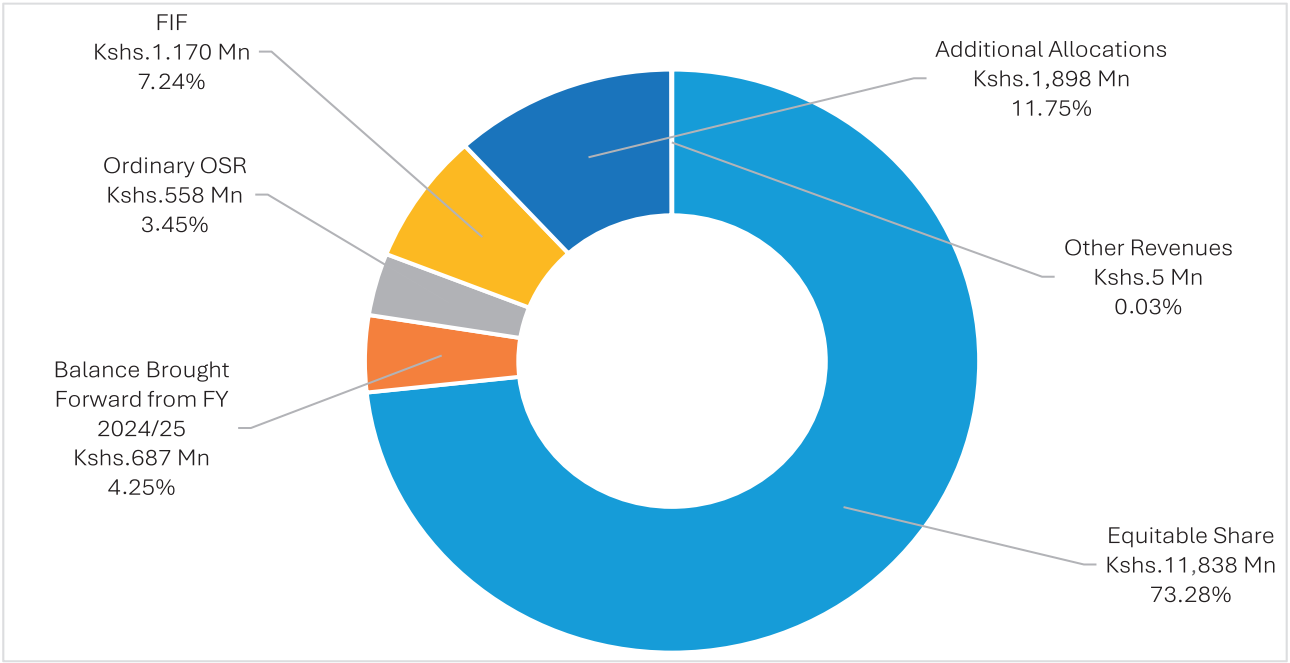
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Revenues (Kshs.)	Revenue Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
1	**Conditional Additional Allocations from the National Government's**					
1	Community Health Promoters (CHPs) Programme	14,331,000	14,331,000	-	14,331,000	100
2	County Aggregation and Industrial Parks (CAIPs) Programme	204,706,886	204,706,886	-	204,706,886	100
2	**Conditional Allocations from Loans and Grants**					
1	(IFAD) Loan for the Aquaculture Business Development Project (ABDP)	10,918,919	-	-	-	-
2	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	590,169,149	749,832,955	-	749,832,955	127
3	United Nations Population Fund-UNFPA	7,400,000	-	-	-	-
4	Danish International Development Agency (DANIDA)	16,202,706	16,202,706		16,202,706	100
5	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	73,237,537	70,831,626	-	70,831,626	97
6	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,500,000	107,082,716	-	107,082,716	30
7	Kenya Livestock Commercialisation Project (KelCop)	94,202,157	62,408,470	-	62,408,470	66
8	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	35,106,669	106,669	-	106,669	-
9	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	100,440,487	48,569,409	-	48,569,409	48
10	Agriculture: World Bank Agricultural and Rural Growth Projects	391,721	391,721	-	391,721	100
11	National Agricultural Value Chain Development Project (NAVCDP)	231,843,531	231,649,301	-	231,649,301	100
12	Road Maintenance Levy Fund	293,952,071	63,910,688	-	63,910,688	22
13	Water and Natural Resources (I) Water KOICA	500,000,000	-	-	-	-
14	Kenya Informal Settlement Improvement Project (KISIP II)	300,614,270	327,785,410		327,785,410	109
	Sub-Total	**2,826,017,103**	**1,897,809,557**	**-**	**1,897,809,557**	**67**
D	**Ordinary Own Source Revenue (OSR)**					
1	Other Sources	275,888,034	164,598,368	-	164,598,368	60
2	Single Business Permits	109,251,658	92,065,051	-	92,065,051	84
3	Cess	49,878,384	78,815,590	-	78,815,590	158
4	Enclosed Bus Park Fee	75,371,780	66,796,150	-	66,796,150	89
5	Land Rates	59,432,350	45,285,806	-	45,285,806	76
6	Mabanga ATC	33,998,931	43,970,998	-	43,970,998	129
7	Market Fees	47,403,328	34,302,155	-	34,302,155	72
8	Advertisement Fees	32,667,681	31,872,815	-	31,872,815	98

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Revenues (Kshs.)	Revenue Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
	Sub-Total	**683,892,147**	**557,706,933**	**-**	**557,706,933**	**82**
E	**Appropriations in Aid**					
1	Health, Water, and Sanitation	1,393,562,696	1,169,688,194	-	1,169,688,194	84
	Sub-Total	**1,393,562,696**	**1,169,688,194**	**-**	**1,169,688,194**	**84**
F	**Other Revenues**					
1	Trade loan	3,435,064	3,435,064	-	3,435,064	100
2	Women Fund	155,250	155,250	-	155,250	100
3	Disability	26,511	26,511	-	26,511	100
4	Youth Fund	25,992	25,992	-	25,992	100
5	Emergency Fund	365,961	365,961	-	365,961	100
6	Education Support Scheme Fund	754,500	754,500	-	754,500	100
	Sub-Total	**4,763,278**	**4,763,278**	**-**	**4,763,278**	**100**
	Grand Total	**17,433,191,937**	**16,154,951,221**	**-**	**16,154,951,221**	**93**

Source: *Bungoma County Treasury*

Figure 3.12 provides a detailed breakdown of receipts.

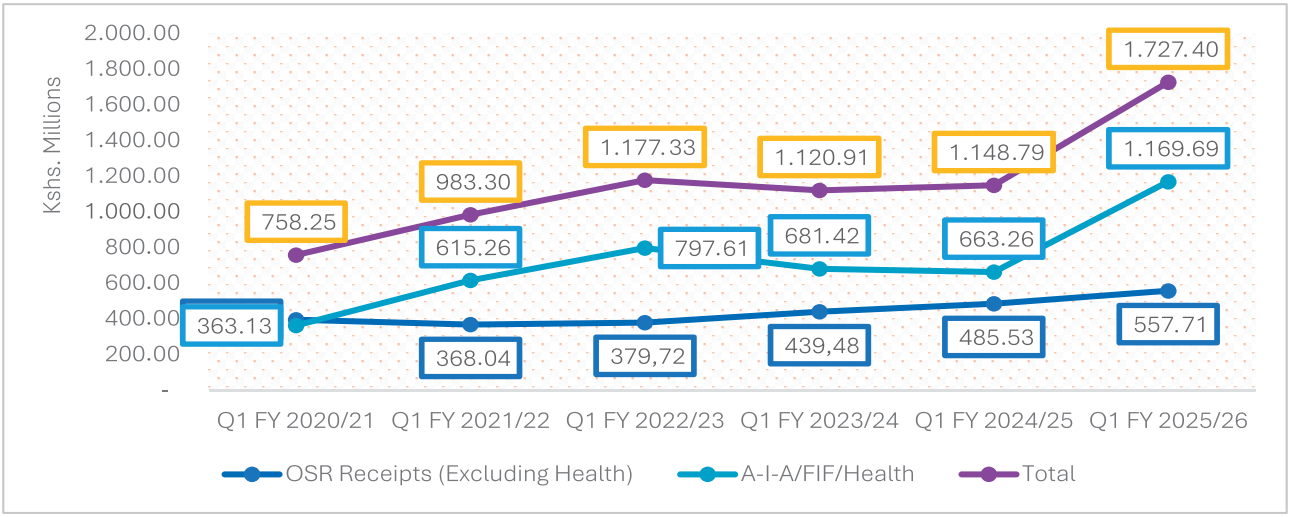
Figure 3.12: Bungoma County Composition of Revenue in FY 2025/26



Source: *Bungoma County Treasury*

The equitable share of revenue raised nationally, Additional Allocation, and FIF contributed 73.28 per cent, 11.75 per cent and 7.24 per cent, respectively, of the total receipts for the reporting period. Figure 3.13 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.13: Bungoma County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

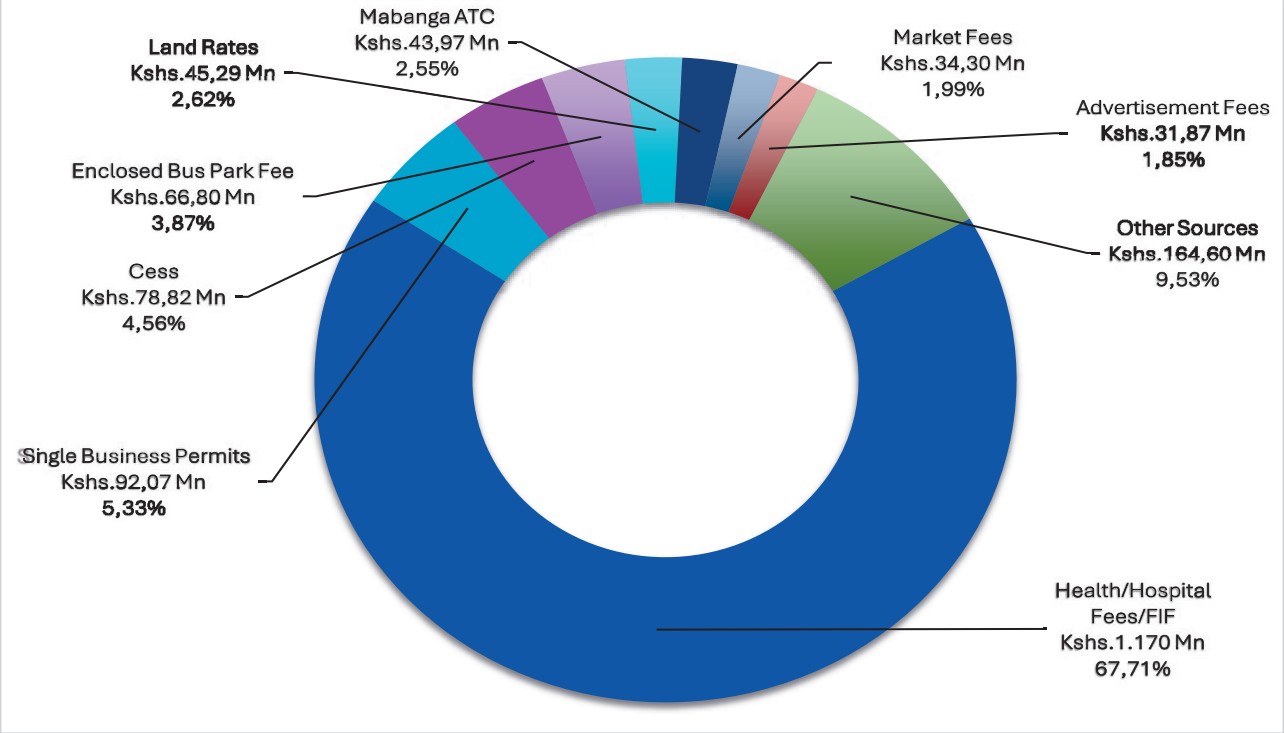


Source: *Bungoma County Treasury*

During the year, the County received Kshs.1.73 billion from OSR, including FIF. This amount was an increase of 47.68 per cent, compared to Kshs.1.17 billion realised in FY 2024/25, and was 83.15 per cent of the annual target and 14.59 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to revenue enhancement from the implementation of revenue acts and automation of FIF. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.14.

Figure 3.14: Bungoma County Top Own Source Revenue Streams in FY 2025/26



Source: Bungoma County Treasury

As shown in Figure 3.14, the largest revenue stream, at Kshs.1.17 billion, was Health/Hospital Fees/FIF, accounting for 67.71 per cent of total OSR receipts. The County Government indicated that it has automated 51 of 60 revenue streams. The system utilised for FIF revenue collection was Funsoft for Webuye County Hospital and Tabibu HMIS for other facilities, including Bungoma County Referral Hospital (BCRH), with Tabibu HMIS in use since October 2025. All the 93 FIF revenue streams reported have been automated.

3.3.3 Revenue Receivables

As of 1 July 2025, the County reported revenue receivables of Kshs.626.95 million, which decreased to Kshs.243.94 million as of 30 June 2026. The County manages its receivables using the Bungoma Automated Revenue Management System (BARMS), with an accrual-basis option. Table 3.35 presents a breakdown of the County's revenue receivables.

Table 3.35: Bungoma County Revenue Receivables as of 30 June 2026

No	Revenue Stream	Revenue Receivables as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Receivables as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Receivables paid in the financial year (Kshs)	Receivables earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Cess	84,641,795				84,641,795
2	Land rate	183,756,587		24,462,398		159,294,189
	Sub-Total	**268,398,383**	**-**	**24,462,398**	**-**	**243,935,985**
B	**Facility Improvement Fund (FIF)**					
1	SHIF	358,551,600		358,551,600		
	Sub-Total	**358,551,600**	**-**	**358,551,600**	**-**	**-**
	Total	**626,949,983**		**383,013,998**		**243,935,985**

Source: Bungoma *County Treasury*

As of 30 June 2026, the receivables totalled Kshs.243.94 million, comprising Kshs.84.64 million (34.70 per cent) from Cess and Kshs.159.29 million (65.30 per cent) from Land Rates. The measures instituted by the County to collect outstanding arrears in FY 2025/26 include enforcement actions against defaulters, stricter compliance monitoring, and follow-up on unpaid obligations to improve revenue performance.

In FY 2025/26, Kshs.24.46 million in land rates arrears and Kshs.358.55 million in SHIF were collected, respectively and no cess arrears were collected.

3.3.4 Borrowing by the County

The County did not report any short-term borrowing by either the Executive or the County Assembly in FY 2025/26.

3.3.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.13.49 billion from the Bungoma County Revenue Fund (CRF) account. This amount consisted of Kshs.2.95 billion (21.87 per cent) designated for development programs, and Kshs10.54 billion (78.13 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.7.53 billion was allocated to employee compensation and Kshs.3.01 billion to operations and maintenance expenditures. Within the operations and maintenance category, 16 per cent was for domestic travel and 0.5 per cent for foreign travel. The domestic travel exchequers totalled Kshs.469.66 million, which included Kshs.291.92 million for the County Executive and Kshs.177.75 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.14.55 million, with Kshs.7.65 million for the County Executive and Kshs.6.90 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Bungoma CRF account was Kshs.1.46 billion. The Bungoma County Assembly Fund (CAF) account has not been made operational as of 30 June 2026.

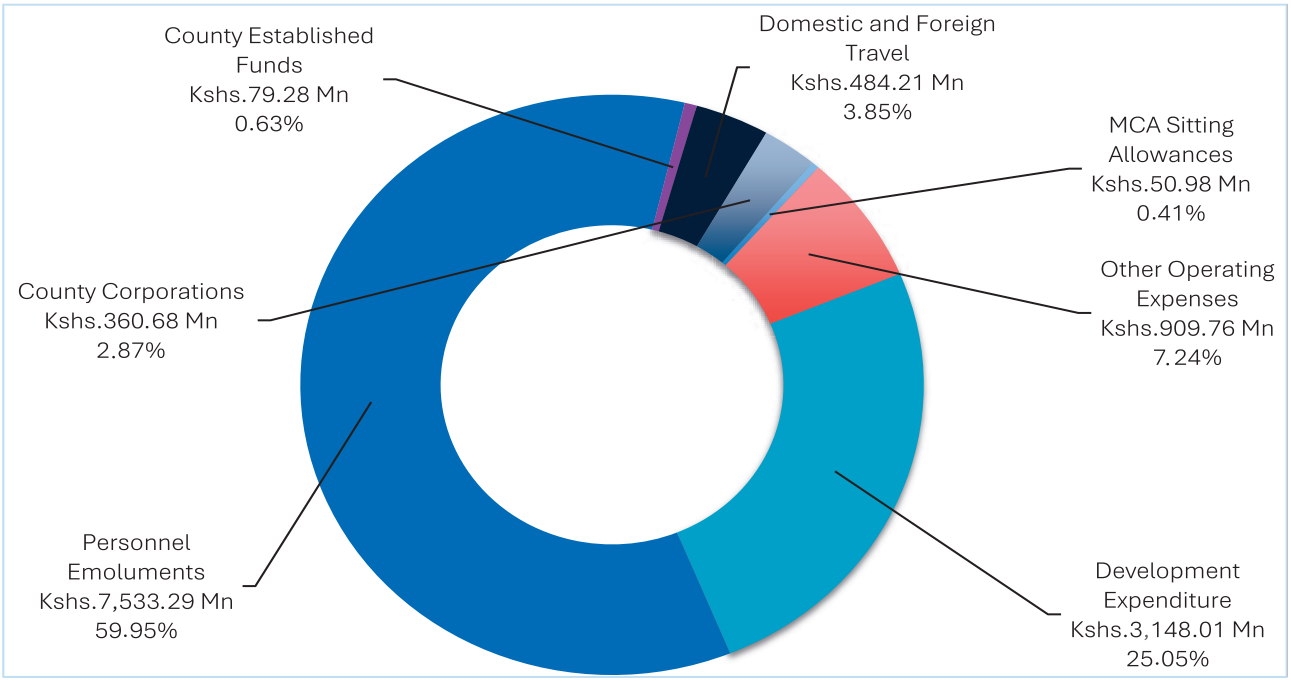
3.3.6 Expenditure Review

The County spent Kshs14.54 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 107.75 per cent of the total funds released by the CoB. It comprised Kshs.3.15 bil-

lion for development programmes and Kshs11.39 billion for recurrent programmes. Expenditure on development programmes accounted for 56.78 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 94.69 per cent of the annual recurrent expenditure budget.

Figure 3:15: provides a detailed breakdown of total expenditure.

Figure 3.15: Bungoma County Composition of Expenditure in FY 2025/26



Source: *Bungoma County Treasury*

As shown in Figure 3.15, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Other Operating Expenses, contributing 59.95 per cent, 25.05 per cent and 7.24 per cent of total expenditure for the reporting period.

3.3.7 Expenditure by Economic Classification

The County Executive incurred Kshs.7.00 billion in employee compensation, Kshs.3.33 billion in operations and maintenance, and Kshs.3.07 billion in development activities. Similarly, the County Assembly spent Kshs.529.59 million on compensation of employees, Kshs.529.31 million on operations and maintenance, and Kshs.81.19 million on development activities, as shown in Table 3.36.

Table 3.36: Bungoma County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**10,814,603,300**	**1,074,221,694**	**10,330,486,317**	**1,058,900,634**	**10,330,486,317**	**1,058,900,634**	**95.52**	**98.57**
Compensation of Employees	7,046,492,495	532,100,660	7,003,696,112	529,592,252	7,003,696,112	529,592,252	99.39	99.53
Operations and Maintenance	3,767,392,154	542,121,034	3,326,790,205	529,308,382	3,326,790,205	529,308,382	88.30	97.64
Development Expenditure	**5,228,126,575**	**316,248,601**	**3,066,812,614**	**81,194,214**	**3,066,812,614**	**81,194,214**	**58.66**	**25.67**
Total	**16,042,729,875**	**1,390,470,295**	**13,397,298,931**	**1,140,094,848**	**13,397,298,931**	**1,140,094,848**	**83.51**	**81.99**

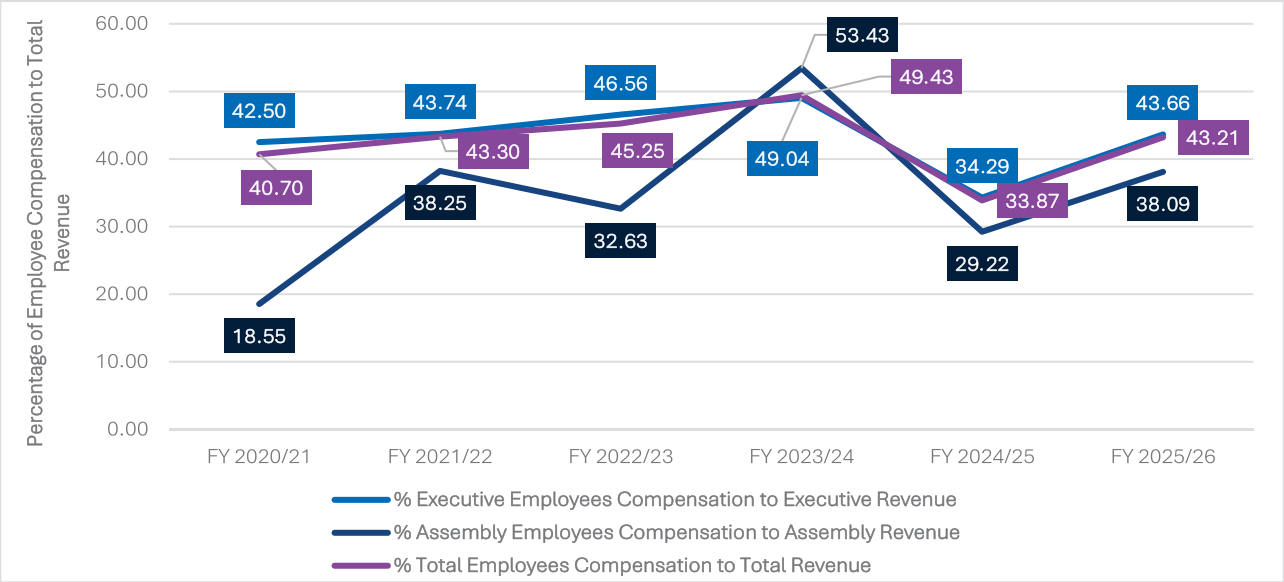
Source*: Bungoma County Treasury*

3.3.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.7.53 billion, representing 43.21 per cent of revenue. This expenditure on employee compensation shows an increase compared to the Kshs.4.70 billion

reported in FY 2024/25. Of this total, Kshs.2.97 billion was related to Health Sector employees, accounting for 39.47 per cent of the overall employees' compensation. The increase in PE expenditure in FY 2025/26, compared with FY 2024/25, is attributable to annual salary increases across various staff cadres.

Figure 3.16: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Bungoma County Treasury*

Further analysis indicated that PE costs amounting to Kshs.7.45 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.80.55 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost. The justification for the continued use of manual payroll was the stipend payable to Community Health Volunteer (CHV) staff. The manual payroll included a stipend for 2,238 CHVs who were not onboarded into the Human Resource Information System (HRIS).

Table 3.37: Analysis of Bungoma County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for 2,238 staff not onboarded into HRIS- County Health Volunteers Staff (CHVs')	80,550,000
	Total	**80,550,000**

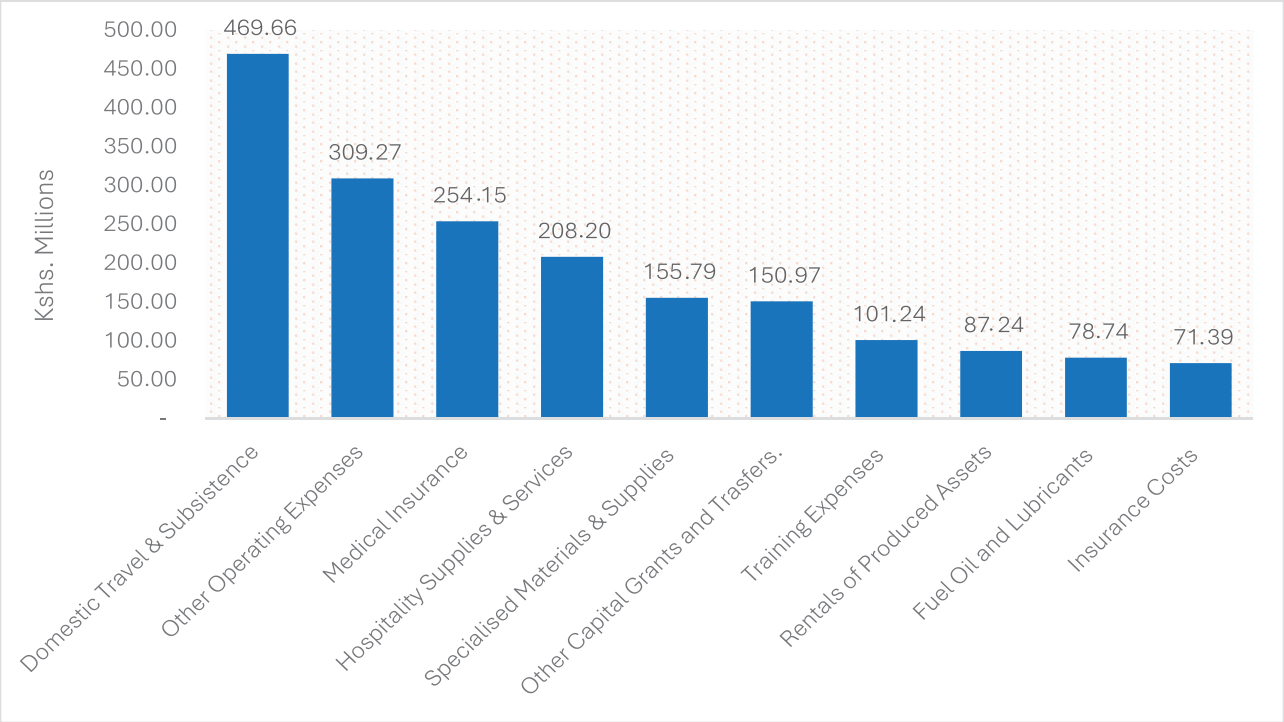
Source: *Bungoma County Treasury*

The County Assembly spent Kshs.50.98 million on committee sitting allowances for the 63 MCAs, against the annual budget allocation of Kshs.51.02 million. The average monthly sitting allowance was Kshs.89,910 per MCA. The County Assembly has 24 House Committees.

3.3.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.3.86 billion on operations and maintenance, representing an increase of 61.51 per cent compared to FY 2024/25, when the County spent Kshs.2.39 billion. Figure 3.17 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.17: Bungoma County, Operations and Maintenance Expenditure by Major Categories



Source: *Bungoma County Treasury*

3.3.10 Unbundling "Other Operating Expenses - Other" (IFIMS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.309.27 million on "other operating expenses - other," which accounted for 8 per cent of the total operations and maintenance expenditure of Kshs.3.86 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.38.

Table 3.38: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs.)	Expenditure (Kshs.)
2211399	**Other Operating Expenses, including (2211399)**		
	Operational Expenses- County Executive	**216,672,078**	105,884,797
	Operational Expenses- County Assembly	154,113,361	150,827,526
	Payment to KRA	-	43,100,000
	Sensations, i.e. Mpox and T.B.	-	3,085,240
	Medical Expenses: Medical Files & Records	-	6,376,400
	Total	**370,785,439**	**309,273,963**

Source: *Bungoma County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear budget codes were erroneously aggregated under the "Other Operating Expenses category. These include: Other Operating Expenses County Executive (Kshs.105.88 million), Other Operating Expenses County Assembly (Kshs.150.83 million), KRA payment Penalties (Kshs.43.10 million), M-Pox Sensitisation and T.B (Kshs.3.09 million), and Medical Reports and Records (Kshs.6.38 million).

3.3.11 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.103.46 million to County-Established funds in FY 2025/26, representing 0.59 of the County's overall budget. Of this amount, the County allocated Kshs.100 million to the Emergency Fund in line with Section 110 of the

PFM Act, 2012, accounting for less than 1 per cent of the total budget. Table 3.39 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.39: Performance of Bungoma County Established Funds in FY 2025/26

S / No	Name of the Fund	Date Published	Approved Budget Allocation in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Actual Expenditure in the FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No)
	County Executive Established Funds						
1	Education Support Scheme	April, 2019	-	-	747,408	1,864,000,000	Yes
2	Trade Development Loan	October, 2014	3,435,064	-	800,798	138,890,287	Yes
3	Disability Empowerment Fund	May, 2016	-	-	-	7,535,256	Yes
4	Youth and Women Empowerment Fund	August, 2015	25,992	-	-	75,414,500	Yes
5	Emergency Fund	August, 2019	100,000,000	94,485,558	70,291,341	357,501,705	Yes
	County Assembly Established Funds						
5	Employee's Car Loan and Mortgage Scheme Fund	January, 2017	-	-	3,819,932	271,290,679	Yes
6	MCAs' Car Loan and Mortgage Scheme Fund	February, 2014	-	-	3,618,825	323,155,519	Yes
	Total		**103,461,056**	**94,485,558**	**79,278,304**	**3,037,787,946**	

Source: *Bungoma County Treasury and Bungoma County Assembly*

In FY 2025/26, the CoB did receive quarterly financial reports from Scholarships and other Educational Benefits Fund, Trade Development Loan Fund, Disability Empowerment Fund, Youth and Women Empowerment Fund, Emergency Fund, Employees' Car Loan and Mortgage Scheme Fund and MCAs' Car Loan and Mortgage Scheme Fund Administrators as indicated in Table 3.39.

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 2025/26, the CoB established that the lifespans of the Scholarships and other Educational Benefits Fund, Trade Development Loan Fund, Disability Empowerment Fund, Youth and Women Empowerment Fund, Emergency Fund, and MCAs' Car Loan and Mortgage Scheme Fund had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds, and the county should wind up the funds since they are not in compliance with the law. Further, Regulation 197(1)(i) of the PFM (County Governments) Regulations, 2015 stipulates that such funds may only exist for a maximum of 10 years unless the county assembly formally extends their lifespan.

3.3.12 County Corporations, Municipalities and Agencies

The County has two municipalities and one Water & Sanitation Company, which were allocated Kshs.658.79 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.152.52 million, although they are not yet independent entities, as shown in Table 3.40.

Table 3.40: Performance of Bungoma County Corporations, Municipalities and Agencies in FY 2025/26

S/No	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Reported Expenditures in FY 2025/26 (Kshs.	Financial Statement Submitted
Gazetted Municipalities					
1	Bungoma Municipality	142,336,513	44,162,483	62,016,677	Yes
2	Kimilili Municipality	113,680,042	78,353,305	101,045,709	Yes
Water Agencies					

S/No	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Reported Expenditures in FY 2025/26 (Kshs.	Financial Statement Submitted
3	Bungoma Water and Sewerage Plc-BWASCO	402,773,236	30,000,000	197,615,751	Yes
	Total	**658,791,558**	**152,515,788**	**360,678,137**	

Source: *Bungoma County Treasury*

3.3.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.469.66 million and comprised Kshs.177.75 million spent by the County Assembly and Kshs.291.92 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.55 million and comprised Kshs.6.90 million by the County Assembly and Kshs.7.65 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.41.

Table 3.41: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	4	29th September to 2nd October, 2025	Facilitation for Intercultural Competence Annual Conference and Travel Fee	Rabat-Morocco	2,672,949	2,672,949
	1	10th to 20th January, 2026	Facilitation to attend the International Learning Model on Leadership Program for National Transformation (LPNT)	Paris-France	920,400	920,400
	1	1st to 7th March, 2026	To Participate in the South- South Knowledge Exchange Mission with Mexican Counterparts on Strengthening Agricultural Finance and Development through Savings and Credit Cooperative Societies	Mexico City, Mexico	1,704,660	1,704,660
	2	17th to 21st March, 2026	Attending Training on Proposal Writing and Resource Mobilisation Programme, Esami Headquarters	Arusha Tanzania	684,720	684,720
	2	23rd to 30th May 2026	Facilitation of the Leadership Summit and ICPAK Training	Singapore	1,667,500	1,667,500
County Assembly	5	29th to 30th August, 2025	Facilitation for the second Umukuuka 111 Royal Anniversary Dinner,2025	Uganda	388,759	388,759
	1	5th to 10th September, 2025	Facilitation for DSA to attend the Second Africa Climate Summit in Addis Ababa	Ethiopia	674,424	674,424
	19	28th October to 3rd November, 2025	Leadership Retreat in Kampala	Uganda	5,534,487	5,534,487
	1	28th October to 3rd November, 2025	Leadership Retreat in Kampala	Uganda	302,505	302,505
Total					**14,550,404**	**14,550,404**

Source: Bungoma County Treasury and Bungoma County Assembly

3.3.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.1.17 billion as FIF, which was 84.17 per cent of the annual target of Kshs.1.39 billion. 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.

The expenditure by the health facilities amounted to Kshs.974.96 million, as shown in Table 3.42.

Table 3.42: Bungoma County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 5 Hospital	2	627,294,502	683,850,646	109
2.	Level 4 Hospital	8	418,545,757	191,934,724	46
3.	Level 2 & 3 Facility	180	347,722,437	99,176,084	29
	Total		**1,393,562,696**	**974,961,454**	**70**

Source: *Bungoma County Treasury*

3.3.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.3.15 billion on development programmes, representing a decrease of 16.89 per cent compared to FY 2024/25, when the County spent Kshs.3.79 billion. Table 3.43 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the delay in the rollout of annual procurement plans and the e-GP system.

Table 3.43: Bungoma County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in (Kshs.)	Cumulative project expenditure as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects									
1	County Assembly of Bungoma	Debating Chambers	Head Office	15 March, 2024	13 March, 2026	399,734,190	281,238,010	162,583,653	79
2	Road and Transport	Upgrading of Rural Roads - Misikhu - Brigadier Road	Misikhu	April, 2024	June, 2026	525,999,390	155,999,390	152,129,748	98
3	Agriculture, Livestock, Fisheries and Co-operative Development	Farm Input Support – Fertiliser for 500 Beneficiaries per Ward	45 Wards	23 March, 2026	3 October, 2026	117,000,000	117,000,000	117,000,000	100
4	Road and Transport	Upgrading of Urban Roads Salmond – Khalaba River Road	Khalaba Ward	1 December, 2023	31 December, 2026	174,606,810	73,973,232	73,974,529	100
5	Agriculture, Livestock, Fisheries and Co-operative Development	Farm Input Support – Maise Seed for 500 beneficiaries per Ward	45 Wards	23 March, 2026	3 October, 2026	67,500,000	67,500,000	67,500,000	100
6	Lands, Urban, Physical Planning and Housing	Construction of Office Block	Township	February, 2024	1 September, 2026	498,880,128	39,322,930	38,500,000	20
7	Bungoma Municipality	Proposed construction of Market stalls	Kanduyi	1 April 2025	March, 2026	248,158,489	33,447,180	16,997,804	80
8	Tourism, Forestry, Environment, Water and Natural Resources	Storm Water Drainage System	Urban Centres	1 July, 2025	30 June, 2026	14,000,000	14,000,000	12,422,341	98
9	Health and Sanitation	Completion of Radiology Unit - BCRH	BCRH	July, 2025	June,2026	10,000,000	10,000,000	10,000,000	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in (Kshs.)	Cumulative project expenditure as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
Donor Funded Projects									
1	Lands, Urban, Physical Planning and Housing	KISIP 2 Infrastructure Grant for slum upgrading	Township	July, 2023	June, 2026	300,614,270	300,614,270	300,614,270	100
2	Agriculture, Livestock, Fisheries and Co-operative Development	National Agricultural Value Chain Development Programme (NAVCDP)	County Wide	7 January, 2025	30 June, 2026	289,431,469	232,235,252	227,013,346,	95
3	Tourism, Forestry, Environment, Water and Natural Resources	Climate Change Reliance Investment Grant	County Wide	April, 2023	30 June, 2027	590,169,149	590,169,149	204,680,678	35
4	Trade, Energy, Industrialisation	County Aggregated Industrial Park (CAIP)	Sang'alo	29th September, 2023	2 December, 2026	474,153,713	204,706,886	60,623,582	60
5	Kimlili Municipality	Donor Grants transferred for tarmacking of the road around Thursday market	Kimilili Municipality	1 July, 2025	30 June, 2026		45,369,982	45,369,982	100
6	Public Administration	KDSP 11	County Wide	July, 2024	June, 2026	352,500,000	352,500,000	6,950,000	2

Source: *Bungoma County Treasury*

The County did not report on stalled development projects as of 30 June 2026.

3.3.16 Budget Performance by Department

Table 3.44: summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.44: Bungoma County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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
Agriculture, Livestock, Fisheries and Co-operative Development	68.86	668.94	68.69	547.31	67.07	599.23	97.64	109.49	97.40	89.58
Tourism, Forestry, Environment, Water and Natural Resources	473.91	1,342.19	441.43	548.12	457.56	413.78	103.65	75.49	96.55	30.83
Roads and Public Works	48.21	1,325.33	47.83	1,055.34	42.01	1,055.22	87.84	99.99	87.14	79.62
Education and Vocational Training	149.21	147.4	116.11	74.33	100.77	67.85	86.78	91.28	67.53	46.03
Health and Sanitation	1,426.24	219.14	339.13	103.45	1,164.19	93.10	343.29	89.99	81.63	42.48
Trade, Energy, Industrialisation	79.27	370.21	78.49	111.16	62.80	167.07	80.02	150.30	79.23	45.13
Land, Urban, Physical Planning and Housing	94.14	408.83	65.32	146.02	86.64	356.95	132.63	244.45	92.03	87.31
Bungoma Municipality	41.55	100.78	8.90	35.26	32.75	29.26	367.95	82.99	78.83	29.04
Kimilili Municipality	46.44	67.24	15.58	62.77	35.82	65.23	229.91	103.91	77.12	97.01

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
Gender, Culture, Youth and Sports	69.29	16.82	68.93	16.64	68.42	16.64	99.26	100.00	98.75	98.90
County Assembly	1,074.22	316.25	1,059.03	81.19	1,058.90	81.19	99.99	100.00	98.57	25.67
Finance and Economic Planning	443.35	203.72	407.54	113.60	440.07	194.47	107.98	171.19	99.26	95.46
County Public Service Board	39.6	3.8	36.61	1.07	34.07	1.07	93.05	100.00	86.03	28.13
Governor/Deputy-Governor's Office	227.89	-	224.36		209.33		93.30	0.00	91.85	0.00
Public Administration/ County Secretary and County Attorney	7,606.63	353.72	7,562.37	54.79	7,529.00	6.95	99.56	12.68	98.98	1.96
Total	**11,888.82**	**5,544.38**	**10,540.33**	**2,951.05**	**11,389.39**	**3,148.01**	**108.06**	**106.67**	**95.80**	**57.00**

Source: *Bungoma County Treasury*

Analysis of expenditure by departments shows that the Department of Gender, Culture, Youth and Sports recorded the highest absorption rate of development budget at 98.75 per cent, followed by the Department of Kimilili Municipality at 97.01 per cent. The Department of Public Administration/County Secretary and County Attorney, Finance and Economic Planning, County Assembly and Gender, Culture, Youth and Sports had the highest percentages of recurrent expenditure to budget at 99.26 per cent, while the Department of Education and Vocational Training had the lowest at 67.53 per cent.

The absorption of funds above the approved exchequer was due to funds carried forward from the 2024/25 financial year in special purpose accounts for additional allocations to the Department of Agriculture, Livestock, Fisheries and Co-operative Development, Tourism, Forestry, Environment, Water and Natural Resources, Trade, Energy, Industrialization, Lands, Urban, Physical Planning and Housing, Bungoma Municipality, Kimilili Municipality and Finance and Economic Planning. The Department of Health and Sanitation was due to receive FIF spending as per the Facilities Improvement Financing (FIF) Act, 2023.

3.3.17 Budget Execution by Programmes and Sub-Programmes

Table 3.45: summarises budget execution by programmes and sub-programmes in FY 2025/26 with the highest absorption rates.

Table 3.45: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Department of Tourism, Environment, Water, Natural Resources and Climate Change				
Programme 2: Water and Sanitation Development and Management	Ward-based projects	119,070,000	118,562,614	99.57
Department of Lands, Urban, Physical Planning, Housing and Municipalities				
Programme 2 Housing Development and Management	SP 3: Housing Financing Services	300,614,270	300,614,270	100.00
Department of Agriculture, Livestock, Fisheries and Co-operative Development				
Programme 1: General Administration, Planning and Support Services	Crop Production and Productivity	184,500,000	184,500,000	100.00
Department of Finance and Economic Planning				
Programme 4: Service Delivery and Organisational Transformation	SP 4.9: Emergency Fund	100,365,961	94,474,634	94.13
Department of Roads, Public Works, and Transport				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Programme 2: Transport Infrastructure Development and Management	SP2.2: Maintenance of Roads	1,042,068,652	921,292,047	94.13
RECURRENT				
Department of Tourism, Environment, Water, Natural Resources and Climate Change				
Programme 2: Protection and Conservation of the Environment	SP. Waste Management and Control	419,009,223	418,936,768	99.98
Department of Education and Vocational Training				
Programme 5: Vocational Education and Training	SP1: Tuition Support Grant	34,000,000	34,000,000	100.00
Department of Finance and Economic Planning				
Programme 1: General Administration, Planning and Support Services	SP 1.2: Administration Services	210,592,751	210,592,751	100.00
Department of Public Service Management and Administration				
General Administration, Planning and Support Services	Medical insurance	254,500,000	254,153,727	99.86
Bungoma County Assembly				
Programme 1: Legislation, Oversight and Representation	SP 1.2 Oversight Services	161,475,663.00	161,364,610.00	99.93

Source: *Bungoma County Treasury*

The development sub-programmes with the highest budget implementation rates were: Ward based projects in the Department of Tourism, Environment, Water, Natural Resources and Climate Change, Housing Financing Services in the of Department of Lands, Urban, Physical Planning, Housing and Municipalities, Crop Production and Productivity in the Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development were at 100 per cent, Emergency Fund in the Department of Department of Finance and Economic Planning at 94.13 per cent and Maintenance of Roads in the Department of Roads, Public Works, and Transport at 94.13 per cent.

For recurrent sub-programmes, the top performers included: Waste Management and Control in the Department of Department of Tourism, Environment, Water, Natural Resources and Climate Change, Tuition Support Grant in the of Department of Education and Vocational Training, Administration Services in the of Department of Finance and Economic Planning, Medical insurance in the of Department of Public Service Management and Administration and Oversight Services in the of Bungoma County Assembly were at 100 per cent.

Table 3.46: summarises the budget execution by programmes and sub-programmes in FY 2025/26 that had the lowest absorption rates.

Table 3.46: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Department of Bungoma County Assembly				
Programme 2: General Administration, Planning and Support Services	SP.2.4 Infrastructural Development	316,248,601	81,194,214	25.67
Department of Bungoma Municipality				
Programme 2: Urban Infrastructure Development and Management	SP 3.1: Urban Transport and Infrastructure Development	55,070,505	12,265,730	22.27

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
Department of Education and Vocational Training				
Programme 2: Early Childhood Education Development	SP 3.2. Ward-based Projects	54,760,000	4,704,200	8.59
Department of Lands, Urban, Physical Planning, Housing and Municipalities				
Programme 2: Land Development and Management	Supplier Credit	21,235,000	925,458	4.36
Department of Public Service Management and Administration				
Programme 2: Governance and Public Relations	SP 4: Kenya Devolution Support Programme II	352,500,000	6,950,000	1.97
RECURRENT				
Department of Bungoma Municipality				
Programme 1: Urban Economy, General Administration, Planning and Support Services	SP 1.3: General Administration and Support Services	15,604,729	8,415,100	53.93
Department of Education and Vocational Training				
Programme 3: Education Support Programme	SP5: School Feeding Programme	30,000,000	14,632,704	48.78
Department of Bungoma County Assembly				
Programme 1: Legislation, Oversight and Representation	SP 1.1 Legislative Services	3,187,323	1,550,515	48.65
Department of Public Service Management and Administration				
Programme 2: Governance and Public Relations	SP 4: Kenya Devolution Support Programme II	73,237,537	6,950,000	9.49
Programme 1: General Administration, Planning and Support Services	SP 5: Information Communication Technology	8,000,000	112,200	1.40

***Source**: Bungoma County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Infrastructural Development in the Department of Bungoma County Assembly at 25.67 per cent, Urban Transport and Infrastructure Development in the Department of Bungoma Municipality at 22.27 per cent, Ward Based Projects in the Department of Education and Vocational Training at 8.59 per cent, Supplier Credit in the Department of Lands, Urban, Physical Planning, Housing and Municipalities at 4.36 per cent and Kenya Devolution Support Programme II in the Department of Public Service Management and Administration at 1.97 per cent.

For recurrent sub-programmes, the poorest performers included: General Administration and Support Services in the Department of Bungoma Municipality at 53.93 per cent, School Feeding Programme in the Department of Education and Vocational Training, Legislative Services in the Department of Bungoma County Assembly were at 48.78 per cent, Kenya Devolution Support Programme II at 9.49 per cent and Information Communication Technology in the Department of Department of Public Service Management and Administration at 1.40 per cent.

Low absorption in the lower-performance bands (1–55 per cent) was attributed to unrealistic departmental planning, weak procurement mechanisms, and reliance on the equitable share. Conversely, performance in the 88–100 per cent band reflected proper and realistic planning, the alignment of projects with clear timelines, and the use of framework contracts and prequalified suppliers to reduce procurement time in FY 2025/26.

3.3.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.5.21 billion. This amount consisted of Kshs.5.19 billion from the County Executive and Kshs.16.36 million from the County Assembly. The trade

payables from the County Executive comprised Kshs2.95 billion for recurrent expenditure and Kshs2.42 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.2.07 billion, comprising Kshs.1.45 billion (69.96 per cent) for recurrent programmes and Kshs.622.51 million (30.04 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.16.36 million (100 per cent) for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.3.12 billion for County Executive and Kshs.4.50 million for County Assembly.

Table 3.47: Bungoma County Trade Payables as of 30 June 2026

		County Entity	Development	Recurrent	Total
As of 1 July 2025 (End of FY 2024/25)		County Executive	2,242,939,069	2,950,485,266	5,193,424,335
		County Assembly	-	16,356,038	16,356,038
	a	**Total**	**2,242,939,069**	**2,966,841,304**	**5,209,780,373**
Trade payables scheduled to be settled in FY 2025/26	b	County Executive	691,477,057	1,106,844,751	1,798,321,807
		County Assembly		16,356,038	16,356,038
		Total	**691,477,057**	**1,123,200,789**	**1,814,677,845**
Amount paid in FY 2025/26		County Executive	622,506,944	1,449,679,907	2,072,186,851
	c	County Assembly	-	16,356,038	16,356,038
		Total	**622,506,944**	**1,093,868,096**	**1,716,375,040**
Trade Payables Incurred in FY 2025/26		County Executive	-	-	-
	d	County Assembly	-	4,495,615	4,495,615
		Total	**-**	**4,495,615**	**4,495,615**
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	**e=a-c+d**	**County Executive**	**1,620,432,125**	**1,500,805,359**	**3,121,237,484**
		County Assembly	**-**	**4,495,615**	**4,495,615**
		Total	**1,620,432,125**	**1,877,468,823**	**3,125,733,099**

Source: *Bungoma County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.1.11 billion and Kshs.691.48 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan for development expenditure, as it cleared Kshs.622.51 million against the plan of Kshs.691.48 million for the Executive. On the other hand, the County Assembly and County Executive adhered to this payment plan by clearing Kshs16.36 million and Kshs1.45 billion for recurrent Expenditure.

Table 3.48: presents the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.3.13 billion.

Table 3.48: Bungoma County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	270,887,278	717,490,602	387,138,932	244,915,313	1,620,432,125
Recurrent Trade Payables (Goods & Services)	532,605,855	165,853,549	51,555,728	88,168,280	838,183,412
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	82,362,818	-	580,259,129	662,621,947

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**532,605,855**	**248,216,367**	**51,555,728**	**668,427,409**	**1,500,805,359**
Total Trade Payables	**803,493,133**	**965,706,969**	**438,694,660**	**913,342,722**	**3,121,237,484**
% of Total	**25.74**	**30.94**	**14.06**	**29.26**	**100**

Source: *Bungoma County Treasury*

Table 3.49: Bungoma County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	3,933,215	-	-	-	3,933,215
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	562,400				562,400
Total Recurrent Trade Payables	4,495,615	-	-	-	4,495,615
Total Trade Payables	4,495,615	-	-	-	4,495,615
% of Total	**100**	**-**	**-**	**-**	**100**

Source: *Bungoma County Assembly*

As shown in Table 3.48 and Table 3.49, Recurrent Trade Payables (Goods & Services) amounted to Kshs.842.11 million, which represented 26.96 per cent of the total trade payables of Kshs.3.13 billion as of 30 June, 2026. The statutory deductions include Kshs662.62 million for pension liabilities and Staff claims of Kshs.4.50 million.

Additionally, the table indicates that 25.74 per cent of total trade payables are aged under one year, 30.94 per cent of total trade payables are aged between one year and two years, 14.06 per cent of total trade payables are aged between two years and three years, and 29.26 per cent of total trade payables are aged over three years. The County Assembly table indicates 100 per cent of the total trade payables are aged less than one year. The County Executive and County Assembly should strictly adopt the IBEC-approved trade payables action plan tracker templates for the management, tracking, and reporting of their trade payables status, and adhere to the FIFO methodology in the payment of trade payables.

3.3.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 332 accounts across CBK and commercial banks, of which 38 were held at the CBK and 294 at commercial banks. Of those at the commercial banks, 144 accounts were for Health Facilities and Dispensaries, 108 accounts for Vocational Training Centres,4 municipal operations accounts, 11 accounts for Established Funds, 14 accounts for level 4 and 5 hospitals, 4 revenue collection accounts, 1 salary account, and 8 accounts for operations of the County Assembly.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 301 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.3.20 General Observations and Recommendations

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

i. A high wage bill accounted for 47 per cent of the County's total revenue amounting to Kshs.16.04 billion, realised in the FY 2025/26, which is above the ceiling provided in law.

ii. Low development performance in FY 2025/26, as the County incurred Kshs.3.15 billion on development activities, achieving a 57 per cent absorption rate. Some programmes reported low levels of performance as indicated on Table 3.49.

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 2026, the lifespan of the Scholarships and other Educational Benefits Fund, Trade Development Loan Fund, Disability Empowerment Fund, Youth and Women Empowerment Fund, Emergency Fund, and MCAs' Car Loan and Mortgage Scheme Fund had lapsed, making them ineligible for further withdrawals.

iv. High level of trade payables, which amounted to Kshs.3.13 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

v. Use of manual payroll. Personnel emoluments amounting to Kshs.80.55 million for 2,238 staff not onboarded into HRIS-Community Health Volunteers Staff (CHVs) 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. 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.

vii. The County reported Kshs.309.27 million under "other operating expenses," accounting for 8 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes thereby, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

viii. High level of trade receivables of Kshs.243.94 million on own source revenues that remained uncollected as of 30 June 2026.

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 should implement strategies to increase development expenditures in FY 2026/27.*

iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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/trade payables are paid promptly in the remaining financial year. Further, compliance with the Trade Payables 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 Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditure is recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

viii. *The Controller of Budget recommends that the County Governments should institute measures to collect trade receivables to meet the set revenue targets and expenditures as per the budget.*

3.4. County Government of Busia

3.4.1 Overview of FY 2025/26 Budget

The Busia County Approved Supplementary Budget for FY 2025/26 was Kshs.11.16 billion. It comprises Kshs.3.80 billion (34.06 per cent) and Kshs.7.36 billion (65.94 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.389.33 million (3.61 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.91 billion and a recurrent budget of Kshs.6.86 billion. The increase in the budget was primarily attributed to increases in the equitable share and own-source revenue.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.7.96 billion (71.33 per cent), additional allocations of Kshs.1.10 billion (9.85 per cent), a cash balance brought forward from FY 24/25 of Kshs.1.10 billion (9.85 per cent) and Kshs.999.76 million (8.96 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.50.

3.4.2 Revenue Performance

In FY 2025/26, the County reported total receipts of Kshs.9.90 billion. This amount represented a decrease of 0.42 per cent compared to the amount received in FY 2024/25 of Kshs.9.93 billion. The total revenue consisted of Kshs.7.96 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.728.47 million, and own-source revenue (OSR) collection of Kshs.702.98 million. Additionally, the County had a cash balance of Kshs.509.37 million from FY 2024/25. The total OSR collection of Kshs.702.98 million included Facilities Improvement Financing (FIF) of Kshs.499.07 million and Kshs.203.91 million from other OSR sources. Table 3.50 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.50: Busia County, Revenue Performance in FY 2025/26

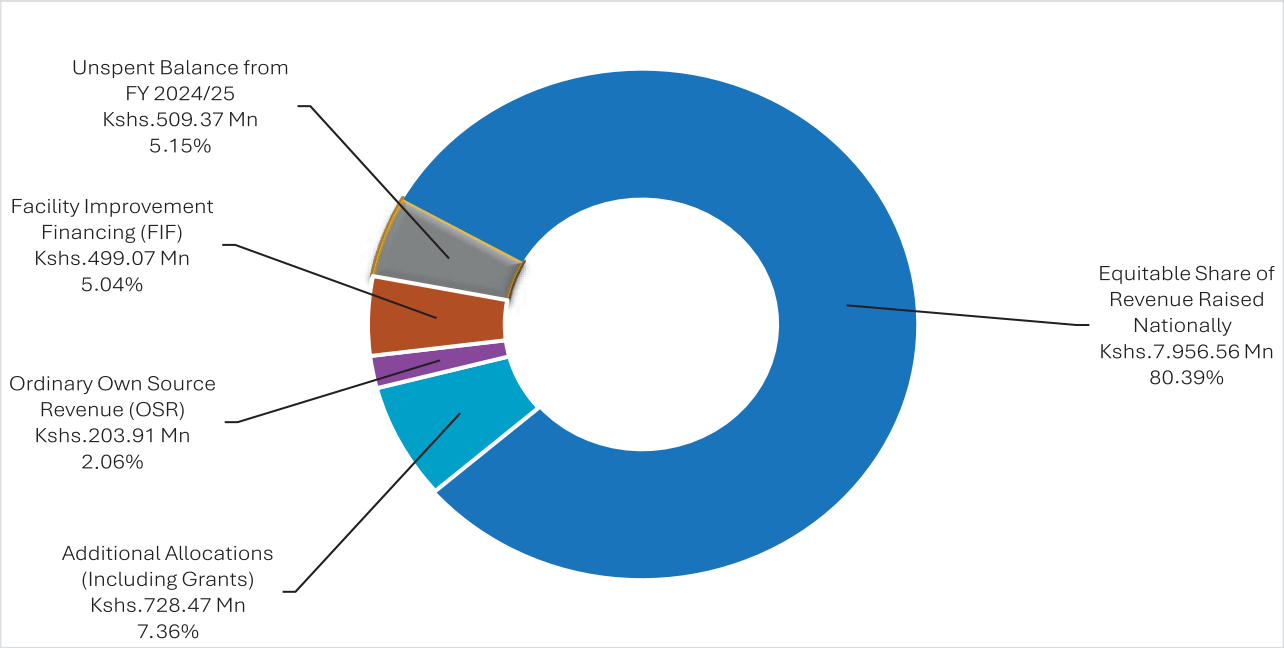
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	509,371,640	509,371,640	-	509,371,640	100
	Other receivables	592,056,327	-	592,056,327	612,108,110	
	Sub-Total	**1,101,427,967**	**509,371,640**	**592,056,327**	**1,120,364,257**	
B	**Equitable Share of Revenue Raised Nationally**	**7,956,564,058**	**7,956,564,058**	**-**	**7,956,564,058**	100
1	Equitable share	7,956,564,058	7,956,564,058	-	7,956,564,058	
	Sub-Total	**7,956,564,058**	**7,956,564,058**	**-**	**7,956,564,058**	
C	**Additional Allocations (Including Grants)**					
1	**Conditional Additional Allocations from the National Government's**					
A.	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	1,987,622	-	1,987,622	100.00
B.	Equalisation Fund	17,919,656	-	-	-	0.00
	Sub-Total	**19,907,278**	**1,987,622**		**1,987,622**	

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
3	**Conditional Allocations from Loans and Grants**					
1	Kenya Devolution Support Programme (KDSP II) Level 2 Grant	352,500,000	118,205,111	-	118,205,111	33.53
	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	231,055,487	-	231, 055, 487	99.92
2	Financing of FLLoCA County Climate Resilience Investment (CCRI)	196,948,217	135,836,021	-	135, 836, 021	68.97
3	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	112,275,941	85,586,605		85, 586, 605	76.23
4	Kenya Devolution Support Programme Level I Grant	72,909,500	70,503,589	-	70, 503, 589	96.70
5	Kenya Livestock Commercialisation Project (KelCop)	60,550,000	49,607,689	-	49, 607, 689	81.93
6	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	28,400,000	26,000,000	-	26, 000, 000	91.55
7	DANIDA	13,537,500	9,690,000	-	9, 690, 000	71.58
8	Aquaculture business development project	13,447,401	-	-	-	-
	Sub-Total	**1,081,818,559**	**728,472,124**		**728, 472, 124**	**67.21**
D	**Ordinary Own Source Revenue (OSR)**					
1	Own source revenue	554,697,942	203,907,246	-	203, 907, 246	36.78
	Sub-Total	**554,697,942**	**203,907,246**	-	**203, 907, 246**	**36.78**
E	**Facility Improvement Financing (FIF)**					
1	**SHIF**	**445,062,668**	**499,068,723**	-	**499, 068, 723**	**112.13**
	Sub-Total	**445,062,668**	**499,068,723**	-	**499, 068, 723**	**112.13**
Total		**11,159,478,472**	**9,897,383,793**	-	**9,897,383,793**	**79.0**

Source: *Busia County Treasury*

The County has a governing legislation on the operation of FIF. Figure 3.18 provides a detailed breakdown of receipts.

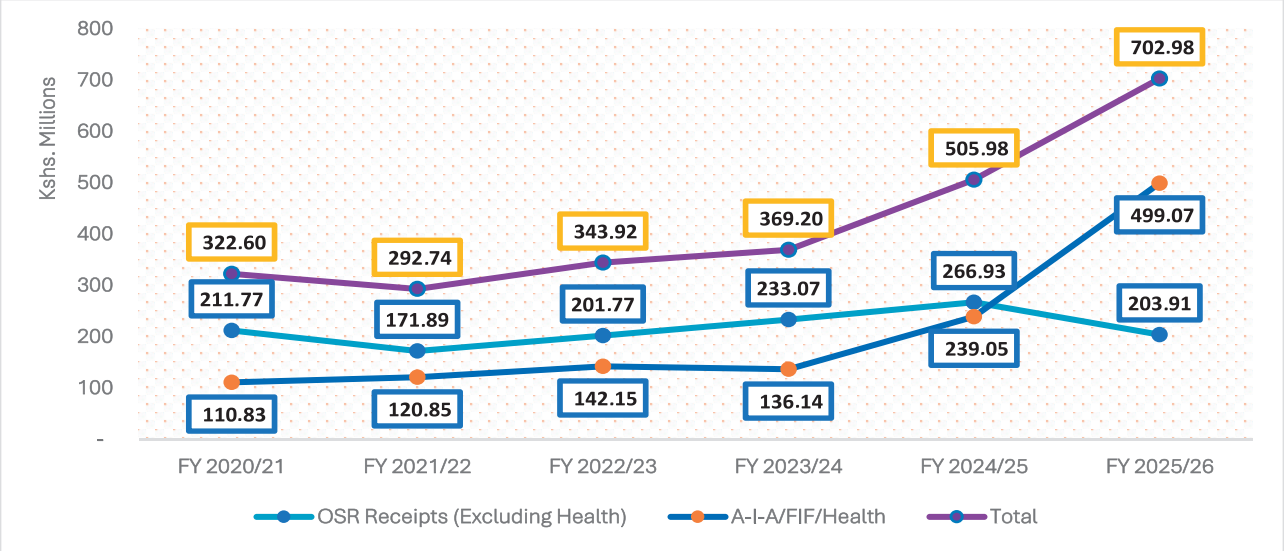
Figure 3.18: Busia County Composition of Revenue in FY 2025/26



Source: *Busia County Treasury*

The equitable share of revenue raised nationally, Conditional allocations, and FIF contributed 80.39 per cent, 7.36 per cent and 5.15 per cent, respectively, of the total receipts for the reporting period. Figure 3.19 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

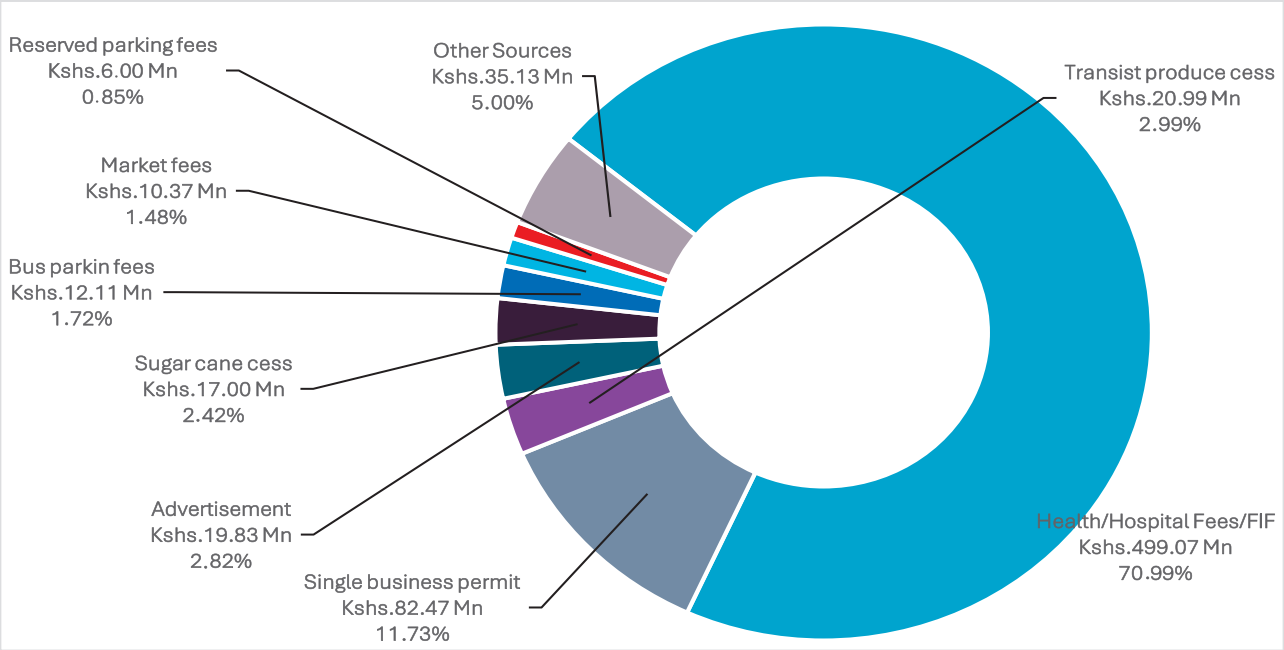
Figure 3.19: Busia County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Busia County Treasury*

During the year, the County received Kshs.702.98 million from OSR, including FIF. This amount was an increase of 39 per cent over Kshs.505.98 million realised in FY 2024/25, representing 70 per cent of the annual target and 9 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to improved FIF collection. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.20.

Figure 3.20: Busia County Top Own Source Revenue Streams in FY 2025/26



Source: *Busia County Treasury*

As shown in Figure 3.20, the largest revenue stream, at Kshs.499.07 million, was Facility Improvement Financing, accounting for 71 per cent of total OSR receipts. The County Government indicated that it has automated all revenue streams. However, there is no system utilised for FIF revenue collection.

3.4.3 Revenue Arrears.

As of 1 Jul 2025, the County reported revenue arrears of Kshs.946.95 million, which increased to Kshs.1,782.13 million as of 30 Jun 2026. Table 3.51 presents a breakdown of the County's Revenue Arrears.

Table 3.51: Busia County Revenue Arrears as of 30 Jun 2026

No	Revenue Stream	Revenue Arrears as of 1 Jul 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 Jun 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	C	d	f=a-b-c+d
A.	**Additional Allocations**					
1	Conditional grants	639,169,334	-	12,705,306	353,346,435	979,810,463
	Sub-Total	**639,169,334**	**-**	**12,705,306**	**353,346,435**	**979,810,463**
B.	**Ordinary Own Sources of Revenue**					
1	Local revenues	200,373,971	-	-	350,790,696	551,164,667
	Sub-Total	**200,373,971**	**-**	**-**	**350,790,696**	**551,164,667**
C	**Facility Improvement Financing (FIF)**					
1	SHIF	86,900,350	-	86,900,350	230,645,320	230, 645, 320
2	Defunct NHIF	20,510,166	-	-	-	20, 510, 166
	Sub-Total	**107,410,516**	**-**	**86,900,350**	**230,645,320**	**251, 155, 486**
Total		**946, 953, 821**	**-**	**99,605,656**	**934,782,451**	**1,782,130,616**

Source: Busia *County Treasury*

As of 30 Jun 2026, the revenue arrears totalled Kshs.1,782.13 million, comprising Kshs.979.81 million (54.98 per cent) for Additional conditional allocations, Kshs.551.16 million (30.92 per cent) for local revenues, and Kshs.251.16 million (14.09 per cent) for Facility improvement financing.

3.4.4 Borrowing by the County.

The County Government of Busia did not disclose any credit facility with commercial banks in FY 2025/26.

3.4.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.8.77 billion from the Busia County Revenue Fund (CRF) account. This amount consisted of Kshs.1.94 billion (22.12 per cent) designated for development programs and Kshs.6.83 billion (77.88 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.4.33 billion was allocated to employee compensation and Kshs.2.50 billion to operations and maintenance expenditures. Within the operations and maintenance category, 20.46 per cent was for domestic travel and 4.79 per cent for foreign travel. The domestic travel exchequers totalled Kshs.306.20 million, which included Kshs.171.25 million for the County Executive and Kshs.134.95 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.71.62 million, with Kshs.43.61 million for the County Executive and Kshs.28.00 million for the County Assembly.

As of 30 Jun 2026, the County Government's cash balance in the Busia CRF account was Kshs.862.48 million.

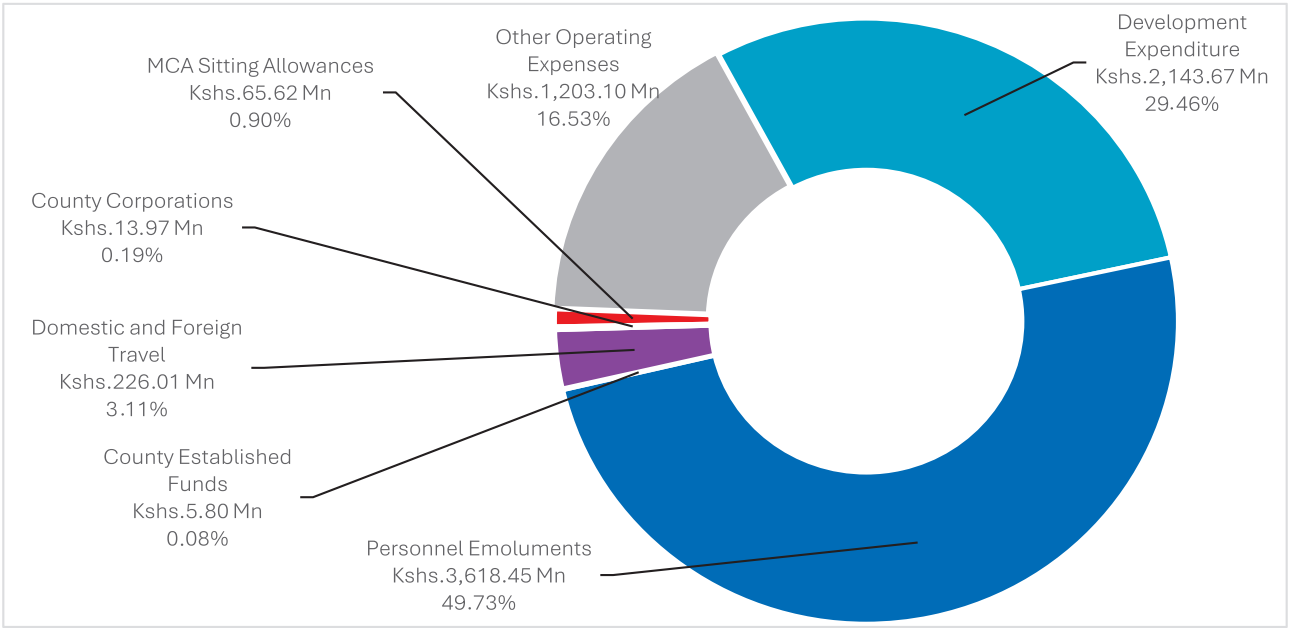
In addition, the County of Busia did not operationalise the Busia County Assembly Fund (CAF) account in FY 2025/26.

3.4.6 Expenditure Review

The County spent Kshs.7.22 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 82.99 per cent of the total funds released by the CoB. It comprised Kshs.2.11 billion for development programmes and Kshs.5.11 billion for recurrent programmes. Expenditure on development programmes accounted for 56.86 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 69.51 per cent of the annual recurrent expenditure budget.

Figure 3.21: provides a detailed breakdown of total expenditure.

Figure 3.21: Busia County Composition of Expenditure in FY 2025/26



Source: Busia *County Treasury*

As shown in Figure 3.21, the three highest expenditure categories were personnel emolument, development, and other operating expenses, contributing 49.73 per cent, 29.46 per cent and 16.53 per cent of total expenditure for the reporting period, respectively.

3.4.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.25 billion in employee compensation, Kshs.1.08 billion in operations and maintenance, and Kshs.2.11 billion in development activities. Similarly, the County Assembly spent Kshs.373.17 million on employee compensation, Kshs.414.43 million on operations and maintenance, and Kshs.54.13 million on development activities, as shown in Table 3.52.

Table 3.52: Busia County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs.Million) (b)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**6,498,522,839**	**859,598,045**	**4,327,376,670**	**787,601,878**	**4,327,376,670**	**787,601,878**	**66.59**	**91.62**
Compensation of Employees	4,038,194,122	405,650,970	3,245,277,507	373,169,037	3,245,277,507	373,169,037	80.36	91.99
Operations and Maintenance	2,460,328,717	453,947,075	1,082,099,163	414,432,841	1,082,099,163	414,432,841	43.99	91.30
Development Expenditure	**3,746,857,588**	**54, 500, 00**	**2,107,511,704**	**54, 127, 740**	**2,107,511,704**	**54, 127, 740**	**56.24**	**99.32**
Total	**10,245,380,427**	**914,098,045**	**6,434,888,374**	**841,729,618**	**6,434,888,374**	**841,729,618**	**62.81**	**92.08**

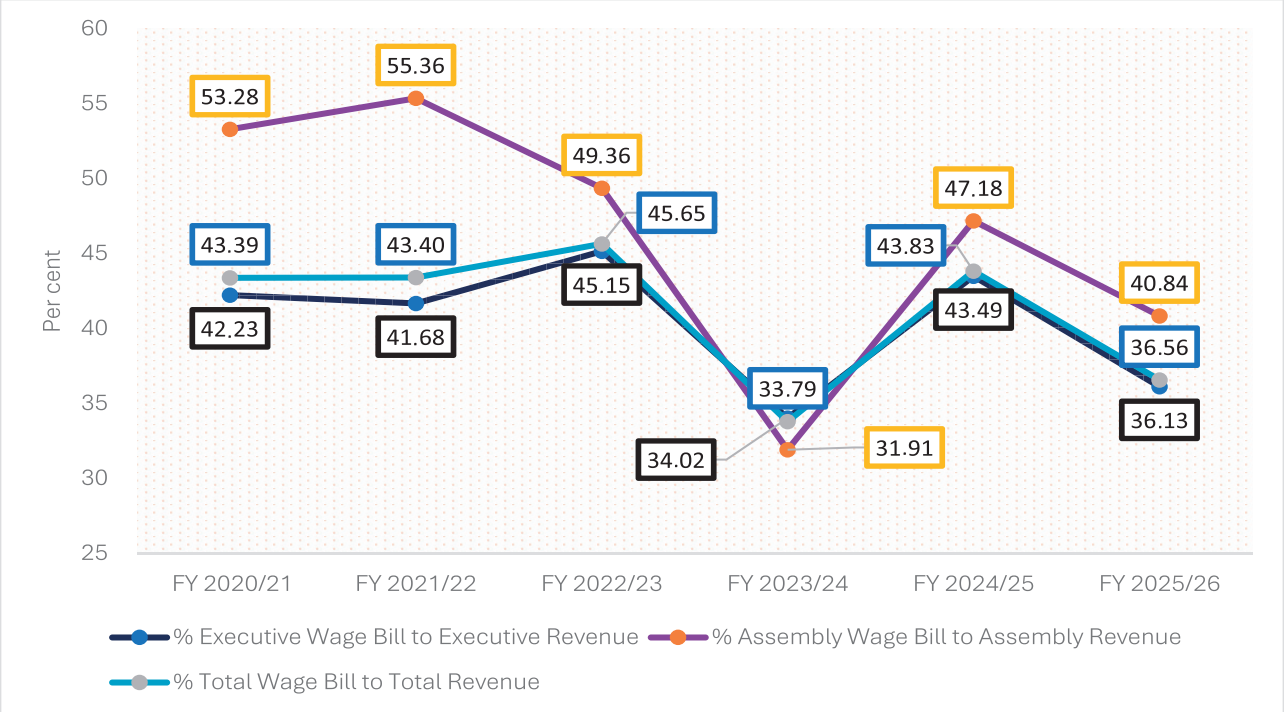
***Source**: Busia County Treasury*

3.4.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.62 billion, representing 36.5 per cent of revenue. This expenditure on employee compensation shows a decrease compared to the Kshs.3.64 billion reported in FY 2024/25. Of this total, Kshs.1.80 billion related to Health Sector employees, accounting for 49.83 per cent of the overall employees' compensation.

Figure 3.22: shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.22: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



***Source:** Busia County Treasury*

Further analysis indicated that PE costs totalling Kshs.3.39 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.230.93 million was processed through manual payrolls, accounting for 6.34 per cent of the total PE cost. During the 4th quarter, no salaries were processed outside HRIS except for CHPs' stipends.

The manual payroll comprised salaries for 26 staff not onboarded into the Human Resource Information System (HRIS), salaries for 440 casual staff, gratuity remittances to pension schemes for staff on contract, and Community Health Volunteers, as shown in Table 3.53.

Table 3.53: Analysis of Busia County Manual Payroll

S/ No.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	50,035,088
2	Salaries for casual staff	86,033,874
3	Gratuity for contract staff	29,158,917
4	Community health promoters	65,700,000
	Total	**230,927,879**

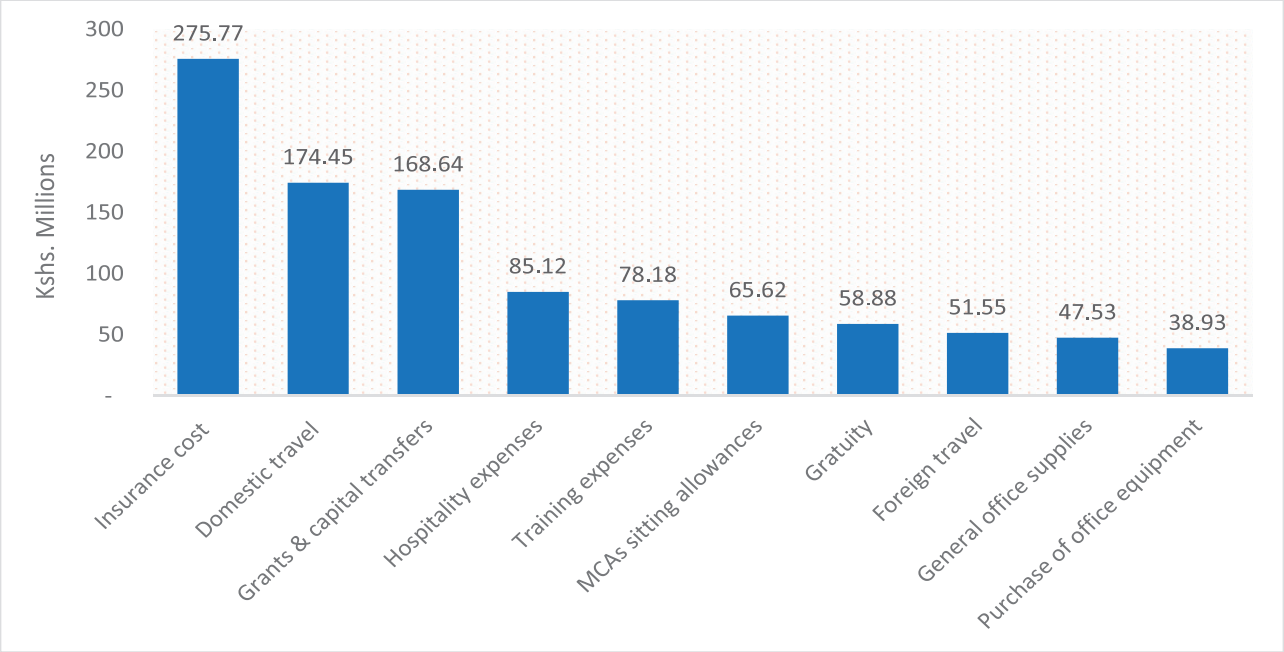
Source: *Busia County Treasury*

The County Assembly spent Kshs.65.62 million on committee sitting allowances for the 53 MCAs and the Speaker, against the annual budget allocation of Kshs.65.66 million. The average monthly sitting allowance was Kshs.101,270.60 per MCA. The County Assembly has 20 House Committees.

3.4.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.50 billion on operations and maintenance, representing a decrease of 24.24 per cent compared to FY 2024/25, when the County spent Kshs.1.98 billion. Figure 3.23 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.23: Busia County, Operations and Maintenance Expenditure by Major Categories



Source: *Busia County Treasury*

3.4.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.253.53 million on "other operating expenses - other," which accounted for 19.94 per cent of the total operations and maintenance expenditure of Kshs.1.50 billion. The disaggregated items under the "*Other Operating Expenses-other*" category are shown in Table 3.54.

Table 3.54: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Department	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Other Operating Expenses	Smart agriculture, livestock	500,000	-
2211399	Other Operating Expenses	Education, industrial skills development	26,875,521	8,560,786
2211399	Other Operating Expenses	County treasury & Economic planning	56,761,353	15,980,961
2211399	Other Operating Expenses	Youth, sports, culture, gender, creative arts	120,660,752	105,961,391
2211399	Other Operating Expenses	Transport, roads and public works	6,448,000	-
2211399	Other Operating Expenses	Public service management	10,170,245	4, 715, 075
2211399	Other Operating Expenses	County public service board	1,000,000	1,000,000
2211399	Other Operating Expenses	The Governorship	3,363,750	2,090,090
2211399	Other Operating Expenses	County Assembly	87,004,260	115,221,553
	TOTAL		**312,783,881**	**253,529,856**

Source: *Busia County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include domestic travel, public participation, communication, trade fairs, video conferencing, among others, making it difficult to determine their nature and map them to the correct budget codes.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, scanning/disposal of documents, cleanup exercises in towns, verification and validation of staff documents, EALASCA games, KICOSCA games, and the Governor's Cup.

The County Assembly reduced the budget allocation to the vote line during the supplementary budget, whereas expenditures had been incurred under vote 2211399, resulting in a deficit. This demonstrated wrong budgeting principles in public finance management.

3.4.11 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.64.45 million to County-Established funds in FY 2025/26, representing 0.58 per cent of the County's overall budget. Of this amount, the County allocated Kshs.5.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.04 per cent of the total budget. Table 3.55 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.55: Performance of Busia County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Agriculture development fund	2015	-	-	-	90,000,000	NO
2	Bursaries and scholarships	2014	50,946,300	-	-	117,800,000	NO
3	Cooperative enterprise fund	2016	13,500,000	-	-	123,005,000	NO
4	County Executive Revolving Fund	2017	-	-	-	222,000,000	NO

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Assembly Established Funds							
1	County Assembly revolving fund	2014	-	-	-	641,249,842	NO
	Total		**64,446,300**	**-**	**-**	**1,194,054,842**	

Source: *Busia County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.55, contrary to the requirement of Section 168 of the PFM Act, 2012. The County did not disclose the administration costs of the Funds for verification whether they were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

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. The CoB determined that the lifespans of the Agriculture Development Fund, Bursaries and Scholarships, Emergency Fund, and County Assembly Revolving Fund had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.4.12 County Corporations, Municipalities and Agencies

The County has one County Corporation, which was allocated Kshs.20.00 million in FY 2025/26. The total transfers to this entity in FY 2025/26 amounted to Kshs.13.97 million, as shown in Table 3.56.

Table 3.56: Performance of Busia County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Busia water & sewerage company	20,000,000	13,968,510	25,525,000
	Total	**20,000,000**	**13,968,510**	**25,525,000**

Source: *Busia County Treasury*

3.4.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.174.45 million and comprised Kshs.95.08 million spent by the County Assembly and Kshs.79.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.51.55 million and comprised Kshs.17.11 million by the County Assembly and Kshs.34.44 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 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (Kshs.)
County Executive	4	1st Jul to 15th Aug 2025	Attend UN General Assembly	New York	2,026,300
County Assembly	14	9 Nov 2025	E-governance conference	Dubai	7,001,862
County Assembly	7	10 Dec 2025	E-governance conference	Dubai	3,772,882
County Assembly	10	25 Jan 2026	High-impact leadership programme	Adis Ababa	11,925,018
County Assembly	14	25 Jan 2026	Public finance management program	Singapore	31,966,203
County Assembly	24	22nd Feb - 1st Mar 2026	EALASCA Games	Kampala	8,555,320

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (Kshs.)
County Assembly	12	23 - 29 Mar 2026	E-government & governance	Kuala Lumpur	4,750,966
Total					**69,998,551**

Source: *Busia County Treasury and Busia County Assembly*

3.4.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.499.07 million as FIF, which was 112.13 per cent of the annual target of Kshs.445.06 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 expenditure by the health facilities amounted to Kshs.44.92 million, as shown in Table 3.58.

Table 3.58: Busia County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
2.	Level 4 Hospital	8	383,932,246	44,544,218	27
3.	Level 3 Facility	22	21,348,581	380,400	1
4.	Level 2 Facility	62	12,599,195	-	-
	Total	**92**	**417,880,022**	**44,924,618**	

3.4.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.2.16 billion on development programmes, representing a 19.40 per cent decrease from FY 2024/25, when the County spent Kshs.2.68 billion. Table 3.59 summarises the development projects with the highest expenditure in the reporting period.

Table 3.59: Busia County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	County Assembly	E-Parliament	HQ	10/10/25	30/06/2026	41,900,000	41,900,000	41,900,000	41,900,000	100
2.	Energy	Rural electrification	8 Wards	01/11/2025	30/06/2026	32,560,000	32,560,000	32,560,000	32,560,000	100
3.	Education	Construction of 173 ECDE Classrooms	County wide	01/10/2025	30/06/2026	148,823,284	148,823,284	148,823,284	148,823,284	80
4.	Water	Sisenye Water Project	Bunyala	12/01/2025	30/09/2026	149,840,886	95,113,072	95,113,072	95,113,072	64
5.	Trade	Construction of Amukura Ablution Block	Amukura	20/11/2025	30/06/2026	3,960,750	3,960,750	3,960,750	3,960,750	100
6.	Roads	Upgrading of C778 to bitumen standards	Samia	07/06/2024	26/07/2026	484,603,541	78,768,840	353,413,178	484,603,541	100
7.	Health	Supply, installation and commissioning of advanced lab equipment and reagents	All level IV hospitals	10/09/2025	30/06/2026	10,000,000	10,000,000	10,000,000	10,000,000	100
Donor Funded Projects										
1.	Water	Augmentation of the Busijo water project	Busijo	11/01/2024	30/06/2026	36,989,203	36,989,203	36,989,203	36,989,203	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
2.	Water	Rehabilitation and Hybridisation of the Bukhakhala water project	Bukhakhala	11/01/2024	30/06/2026	17,890,388	17,890,388	17,890,388	17,890,388	100
3.	Environment	Construction, fencing and equipping of the Apiary.	Apokor	11/01/2024	10/10/2026	7, 027,050	7, 027,050	7, 027,050	7, 027,050	100

The County did not report on stalled development projects as of 30 Jun 2026,

3.4.16 Budget Performance by Department

Table 3.60 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.60: Busia County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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
Smart Agriculture, Livestock, Fisheries	252.20	636.15	252.20	494.94	177.56	483.43	70.41	97.67	70.41	75.99
Trade, cooperative, Tourism & industry	81.04	269.61	81.04	108.08	46.67	168.47	57.58	155.87	57.58	62.49
Education & vocational training	699.67	206.22	699.67	148.82	524.03	155.43	74.90	104.44	74.90	75.37
Finance & economic planning	637.64	17.92	637.64	-	392.26	-	61.52	-	61.52	-
Youths, sports, culture, gender, social ser	270.51	25.79	270.51	6.88	169.34	5.49	62.60	79.75	62.60	21.27
Transport, roads & Public works	154.91	790.59	154.91	558.85	89.71	640.55	57.91	114.62	57.91	81.02
Public service management	932.48	352.50	834.53	-	599.17	-	71.80	-	64.26	-
Lands, housing & urban development	212.32	232.75	212.32	102.62	76.36	117.29	35.97	114.30	35.97	50.39
Water, environment, irrigation & energy	147.43	842.22	147.43	342.12	100.21	410.81	67.97	120.08	67.97	48.78
Health and Sanitation	2,579.33	345.38	2,147.70	112.54	1,879.42	109.32	87.51	97.14	72.86	31.65
Public service board	73.04	-	73.04	-	29.05	-	39.77	-	39.77	-
Office of the Governor	352.82	16.73	352.82	4.80	215.83	16.73	61.17	348.46	61.17	100.00
County Assembly	859.60	54.5	859.60	54.13	787.60	54.13	91.62	100.00	91.62	99.32
County Attorney	55.33	-	55.33	-	17.86	-	32.27	-	32.27	-
Strategic partnerships & digital economy	49.79	10.99	49.79	5.99	9.90	-	19.88	-	19.88	-
Grand Total	**7,358.12**	**3,801.36**	**6,828.54**	**1,939.77**	**5,114.98**	**2,161.64**	**74.91**	**111.44**	**69.51**	**56.86**

***Source**: Busia County Treasury*

Analysis of expenditure by departments shows that the Department of Governorship recorded the highest absorption rate of development budget at 100.00 per cent, followed by department of County assembly at 99.32 per cent, then Department of Transport, Roads and Public Works at 81.02 per cent while the Department of Finance & Economic Planning, Department of Public Service Management and Department of Strategic Partnerships and Digital Economy recorded zero-bsorption rate in development budget. The zero absorption rate was due to cash-based reporting, while most of the development expenditure in this report was for trade payables from previous years. Additionally, the electronic procurement system was adopted late, delaying the procurement process for current-year projects.

The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 91.62 per cent, followed by the Department of Education and Industrial Skills Development at 74.90 per cent and the Department of Health and Sanitation at 72.86 per cent. In comparison, the Department of Strategic Partnerships and Digital Economy had the lowest at 19.88 per cent, followed by the County Law Office at 32.27 per cent.

3.4.17 Budget Execution by Programmes and Sub-Programmes

Table 3.61 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.61: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 Mar 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Department of Youth, Sports, Culture, Gender, Creative Arts, and Social Services				
Social support services		1, 480, 000	1, 480, 000	100
Department of Transport, roads and public works				
Mechanical & fabrication workshop		5,927, 140	5, 927, 140	100
Department of Governorship				
Disaster preparedness		16, 730, 290	16, 730, 290	100
Department of County Assembly				
Infrastructure development		54, 500, 000	54, 127, 740	99.32
DEPARTMENT of Agriculture, livestock and fisheries				
Land & crop development [agriculture mechanisation]		272, 750, 000	245, 250, 100	89.92
Recurrent				
Department of County Assembly				
Administrative and support services		859, 598, 045	610, 128, 558	70.98
Department of Water, Environment, Irrigation, Natural Resources, and Climate Change				
General administration and support services		147, 429, 403	88, 172, 584	59.81
Department of Youth, Sports, Culture, Gender, Creative Arts, and Social Services				
General administration and support services		267, 232, 742	153, 762, 742	57.54
Department of Public Service Management				
Administrative and support services		932, 477, 917	521, 095, 568	55.88
Department of Transport, roads and public works				
Administrative and support services		154, 904, 321	81, 395, 012	52.55

Source: *Busia County Treasury*

The development sub-programmes with the highest budget implementation rates were: Social support services in the Department of Youth, Sports, gender, Culture, Creative Arts and Social Services at 100 per cent, Disaster preparedness in the Department of Governorship at 100 per cent, and Infrastructure development in the Department of County Assembly at 99.32 per cent.

For recurrent sub-programmes, the top performers included: Administrative and support services in the Department of County assembly at 70.98 per cent, General administration and support services in the Department of Water, environment, irrigation, natural resources and climate change at 57.54 per cent, and General administration and support services in the Department of Youth, sports, culture, gender, creative arts and social services at 55.88 per cent.

Table 3.62 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.62: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 Mar 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
DEPARTMENT of Health Services				
Sanitation and hygiene		10,961,361	483,530	4.41
Ambulance and referral services		10,440,397	909,647	8.71
Higher-level hospital equipment		34,482,272	7,351,348	21.32
Infrastructure development at tier 2 facilities		149,467,722	34,249,591	22.91
DEPARTMENT of Trade, investment, industrialization, Co-operatives and small & micro enterprises				
Market modernisation and development		98,484,448	18,749,886	19.04
RECURRENT				
DEPARTMENT of Health services				
Sanitation and hygiene		38,429,254	1,320,783	3.44
DEPARTMENT of Strategic partnerships and digital economy				
General administration and support services		49,792,832	9,400,913	19.88
DEPARTMENT Trade, investments, industrialisation, Co-operatives, small and micro enterprises				
General administration and support services		81,044,808	17,113,939	21.12
DEPARTMENT of County Law Office				
Administrative and support services		55,329,033	17,674,331	31.94
DEPARTMENT of Education and Industrial Skills Development				
Administrative and support services		699,669,524	225,491,123	32.23

Source: *Busia County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Sanitation and hygiene in the Department of Health services at 4.41 per cent, Ambulance and referral services in the Department of Health services at 8.71 per cent, and Market modernisation and development in the Department of Trade, Investment, industrialisation, Co-operatives and small & micro enterprises at 19.04 per cent.

For recurrent sub-programmes, the poorest performers included: Sanitation and hygiene in the Department of Health services at 3.44 per cent, General administration and support services in the Department of Strategic partnerships and digital economy at 19.88 per cent, and General administration and support services in the Department of Trade, Investment, Industrialisation, Co-operatives and small & micro enterprises at 21.12 per cent. Similar to the development expenditure, the low absorption rate was caused by the delayed adoption of the electronic procurement system, which delayed the procurement process for FY 2025/26 projects.

3.4.18 Settlement of Trade Payables

As of 1 Jul 2025, the County reported trade payables totalling Kshs.3.27 billion. This amount consisted of Kshs.2.65 billion from the County Executive and Kshs.620.48 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.40 billion for recurrent expenditure and Kshs.1.26 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.583.14 million, comprising Kshs.226.20 million (38.79 per cent) for recurrent programmes and Kshs.356.94 million (61.21per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to

Kshs.97.04 million (100.00 per cent) for recurrent activities. The outstanding trade payables as of 30 Jun 2026 were Kshs.2.07 billion for County Executive and Kshs.523.44 million for County Assembly.

Table 3.63: Busia County Trade Payables as of 30 Jun 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 Jul 2025 (End of FY 2024/25)	a	County Executive	1, 258, 115, 665	1, 395, 958, 621	2, 654, 074, 286
		County Assembly	-	620, 481, 377	620, 481, 377
		Total	1, 258, 115, 665	2, 016, 439, 998	3, 274, 555, 663
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive			272, 879, 639
		County Assembly		51, 706, 781	51, 706, 781
		Total	-	-	324, 586, 420
Amount paid in FY 2025/26	c	County Executive	356, 943, 132	226, 201, 535	583, 943, 132
		County Assembly	-	97, 040, 040	97, 040, 040
		Total	356, 943, 132	323, 241, 575	680, 184, 707
Trade Payables Incurred in FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 30 Jun 2026	**e=a-c*b**	**County Executive**	**901,172,533**	**1,169,757,086**	**2,070,929,619**
		County Assembly	**-**	**523, 441,337**	**523,441,337**
		Total	**901,172,533**	**1,693,198,423**	**2,594,370,956**

Source: *Busia County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.272.88 million and Kshs.51.71 million, respectively, in FY 2025/26. The County settled trade payables exceeding the action plan, clearing Kshs.583.14 million for the Executive and Kshs.97.04 million for the Assembly.

Present the ageing of the total outstanding bills as of 30 Jun 2026 for the County Executive and Assembly, which were Kshs.2.59 billion.

Table 3.64: Busia County Executive Trade Payables Ageing Analysis as of 30 Jun 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**591,152,235**	**310,020,298**	**-**	**-**	**901,172,533**
Recurrent Trade Payables (Goods & Services)	538,494,021	363,731,512	207,548,958	59,982,595	**1,169,757,086**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	**-**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	**-**
Total Recurrent Trade Payables	**538,494,021**	**363,731,512**	**207,548,958**	**59,982,595**	**1,169,757,086**
Total Trade Payables	**1,129,646,256**	**673,751,810**	**207,548,958**	**59,982,595**	**2,070,929,619**
% of Total	**54.55**	**32.53**	**10.02**	**2.89**	**100**

Source: *Busia County Treasury*

Table 3.65: Busia County Assembly Trade Payables Ageing Analysis as of 30 Jun 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**-**	**-**	**-**	**-**	**-**
Recurrent Trade Payables (Goods & Services)	6,837,377	-	-	-	**6,837,377**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	190,927,605	315,704,031	-	-	**506,631,636**
Recurrent Trade Payables (Staff Claims)	9,972,324	-	-	-	**9,972,324**
Total Recurrent Trade Payables	207,737,306	315,704,031	-	-	**523,441,337**
Total Trade Payables	**207,737,306**	**315,704,031**	**-**	**-**	**523,441,337**
% of Total	**39.69**	**60.31**	**-**	**-**	**100**

Source: *Busia County Treasury*

As shown in Table 3.65 and Table 3.66, the total salary arrears and statutory deductions for trade payables amounted to Kshs. 506.63 million, representing 19.53 per cent of the total trade payables of Kshs. 2.59 billion as of 30 Jun 2026.

Additionally, the two tables indicate that 51.55 per cent of total trade payables are aged between 1 and 2 years, a trend attributed to low own-source revenue collection. Worth noting is that the County Assembly has trade payables relating to Salary Arrears and Statutory deductions amounting to Kshs.506.63 million. To address this situation, the County should improve its own-source revenue collection.

3.4.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 166 bank accounts across CBK and commercial banks, of which 29 were held at the CBK and 138 at commercial banks. The County Assembly has 3 CBK Accounts, 1 commercial operations Account, and 3 county-established fund accounts. The County Executive has 26 CBK accounts; of the commercial bank accounts, 7 were for donor commercial operational accounts, 1 for salaries accounts, 1 for revenue collection accounts, 4 County-established funds, 92 for health facilities operations accounts, 2 for municipalities operations accounts, 1 for water and sewerage companies operations accounts, and 26 for Vocational Training Centres.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.4.20 Key Observations and Recommendations

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

i. *The underperformance of own-source revenue at Kshs.702.98 million against an annual target of Kshs.999.76 million, representing 70 per cent of the financial year target.*

ii. *Low development performance where the County incurred Kshs.2.16 billion on development activities, achieving a 56.9 per cent absorption rate.*

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 Jun 2026, the lifespan of the Agriculture Development Fund, Bursaries and Scholarships, Emergency Funds, and the County Assembly revolving 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 contravened the requirements of Section 168 of the PFM Act, 2012. The reports for all of them were not submitted to the CoB as of 15 Jul 2026.*

v. *High level of trade payables, which amounted to Kshs.2.59 billion as of 30 Jun 2026. Of this, Kshs.506.63 million was for salary arrears and statutory deductions by the County Assembly*

vi. *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.*

vii. *The County reported Kshs.253.53 million under "other operating expenses - Other," accounting for 16.94 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.*

viii. *Inappropriate budgeting framework through the inclusion of the Equalisation fund allocation in the approved budget estimates for FY 2025/26.*

ix. *The County did not adequately fund several development programmes prioritised through the budget process, including Sanitation and hygiene and Ambulance and referral services, which had absorptions of 4.41 and 8.71 per cent, respectively, as shown in Table 1.65. This resulted in the failure to deliver planned services, unmet public needs, and a loss of value from the budget resources allocated to these programmes.*

viii. The County did not receive funding for the Aquaculture Business Development Project, which is an approved additional allocation, thereby constraining implementation of the intended programmes.

viii. The County was highly reliant on Facility Improvement Financing (FIF), which accounts for 70.99 per cent of locally raised revenue, exposing the County to a significant revenue concentration risk and raising concerns about the sustainability of its own-source revenue base.

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 implement strategies to increase development expenditures in FY 2026/27.

iii. The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

v. The County Leadership should ensure that genuine bills are paid promptly in the remaining financial year. The County Assembly should also prioritise settling trade payables for salary arrears and statutory deductions.

vi. The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.

vii. The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.

viii. The County Treasury should adhere to the appropriate budgeting framework by revising the approved estimates to exclude the allocation to the equalisation fund.

ix. The County should ensure that all approved programmes are adequately funded to prevent non-implementation, resource wastage, and failure to achieve the intended service-delivery outcomes.

x. The National Treasury should ensure timely and full disbursement of approved additional allocations in accordance with the applicable cash disbursement schedules and conditions to facilitate implementation of the funded programmes.

xi. The County Treasury should diversify and strengthen its own-source revenue base by enhancing collection from other revenue streams and reducing overreliance on Facility Improvement Financing (FIF).

3.5. County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2025/26 Budget

The Elgeyo Marakwet County Approved supplementary Budget for FY 2025/26 was Kshs.9.14 billion. It comprised Kshs.3.81 billion (41.65 per cent) for development programmes and Kshs.5.34 billion (58.35 per cent) for recurrent programmes. The budget estimates represent an increase of Kshs.1.25 billion (15.76 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.3.15 billion and a recurrent budget of Kshs.4.75 billion. The increase in the budget was primarily due to additional allocations carried forward from previous financial years.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.5.51 billion (61 per cent), additional allocations of Kshs.1.61 billion (18 per cent), a cash balance brought forward from FY 24/25 of Kshs.1.56 billion (17 per cent), Kshs.350.00 million (5 per cent) from Facility Improvement Financing (FIF), and Kshs.107.43 million (1 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.66.

3.5.2 Revenue Performance

During the year, the County reported total revenues of Kshs.8.13 billion. This amount represented an increase of 19.13 per cent compared to the amount received in FY 2024/25 of Kshs.6.82 billion. The total revenue consisted of Kshs.5.51 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.654.61 million, and own-source revenue (OSR) collection of Kshs.403.11 million. Additionally, the County had a cash balance of Kshs.1.56 billion from FY 2024/25. The total OSR collection of Kshs.403.11 million included Facilities Improvement Financing (FIF) of Kshs.326.93 million, and Kshs.76.18 million from other OSR sources. Table 3.66 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.66: Elgeyo Marakwet County, Revenue Performance in FY 2025/26

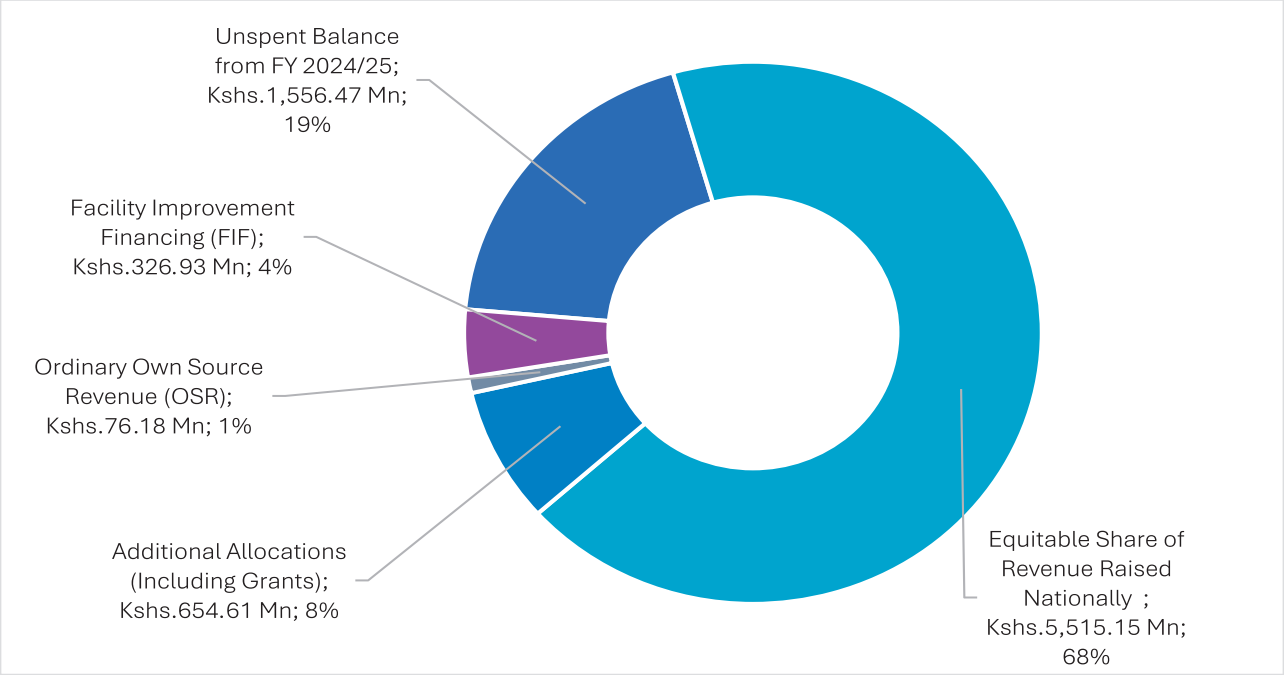
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	1,556,466,227	1,556,466,227		1,556,466,227	100
	Sub-Total	**1,556,466,227**	**1,556,466,227**	**-**	**1,556,466,227**	100
B	**Equitable Share of Revenue Raised Nationally**					
1		5,515,146,712	5,515,146,712		5,515,146,712	100
	Sub-Total	**5,515,146,712**	**5,515,146,712**	**-**	**5,515,146,712**	100
C	**Additional Allocations (Including Grants)**					
1	**Unconditional Additional Allocations to County Governments**					
A	Settlement of Doctors' Salary Arrears	15,685,017				0
B	Community Health Promoters (CHPs) Programme	37,200,000				0
2	Supplement for Construction of County Headquarters					
A	County Aggregation and Industrial Parks (CAIPs) Programme	250,000,000				0

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
B	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	-	-	-	-	-
C	DANIDA	6,222,000	6,222,000		6,222,000	100
D	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	1,560,900	-	-	-	-
E	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	190,057,742	140,587,417	-	140,587,417	73.97
3	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	15,480,000	-	-	-	-
1	Food Systems Resilience Project (FSRP)	246,153,846	246,130,310.60	-	246,130,310.60	99.99
2	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500	70,503,588.80	-	70,503,588.80	96.70
3	Kenya Devolution Support Programme Phase Two(KDSP II) Level 2 Grant	352,500,000	148,496,076.10	-	148,496,076.10	42.13
4	Kenya Livestock Commercialisation Project (KelCop)	65,350,000	42,672,506.50	-	42,672,506.50	65.30
5	Kenya Urban Project (KUSP)-Urban Institutional Grant (UIG)	133,202,235	-	-	-	-
6	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	16,770,000	-	-	-	-
7	Kenya Informal Settlement Improvement Project (KISIP II)	157,000,000	-	-	-	-
8	Kenya Informal Settlement Improvement Project (KISIP II)	1,000,000	-	-	-	-
9	RMLF	52,755,391	-	-	-	-
10	0.5% of the Affordable Housing Levy Fund	1,987,622	-	-	-	-
	Sub-Total	**1,615,834,253**	**654,611,899**	**-**	**654,611,899**	**41**
D	**Ordinary Own Source Revenue (OSR)**					
1	OSR	107,429,872	76,179,655	-	76,179,655	70.91
	Sub-Total	**107,429,872**	**76,179,655**	**-**	**76,179,655**	**70.91**
E	**Facility Improvement Financing (FIF)**					
1	FIF	345,000,000	322,912,387	-	322,912,387	93.60
2	Public Health Services	5,000,000	4,019,210	-	4,019,210	80.38
	Sub-Total	**345,000,000**	**326,931,597**	**-**	**326,931,597**	**88.13**
	Total	**9,144,877,064**	**8,129,336,090**	**-**	**8,129,336,090**	**88.89**

Source: *Elgeyo Marakwet County Treasury*

An analysis of conditional grants indicates that some targets were below 75 per cent due to non-remittance to the CRF by the implementing National Government Agencies. Figure 3.24 provides a detailed breakdown of receipts.

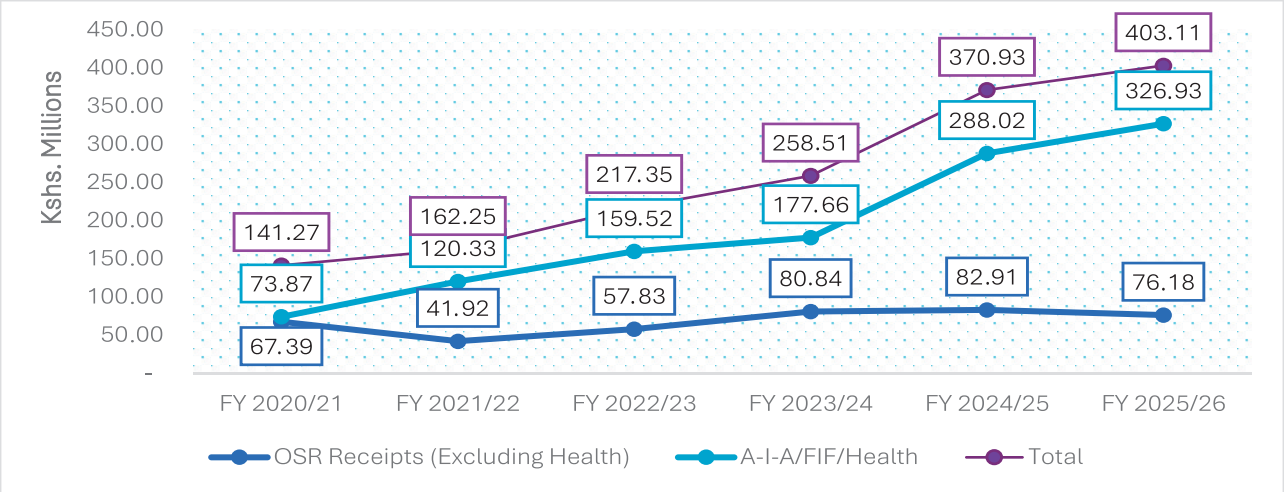
Figure 3.24: Elgeyo Marakwet County Composition of Revenue in FY 2025/26



Source: *Elgeyo Marakwet County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 68 per cent, 1 per cent, and 4 per cent, respectively, of the total receipts for the reporting period. Figure 3.25 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.25: Elgeyo County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

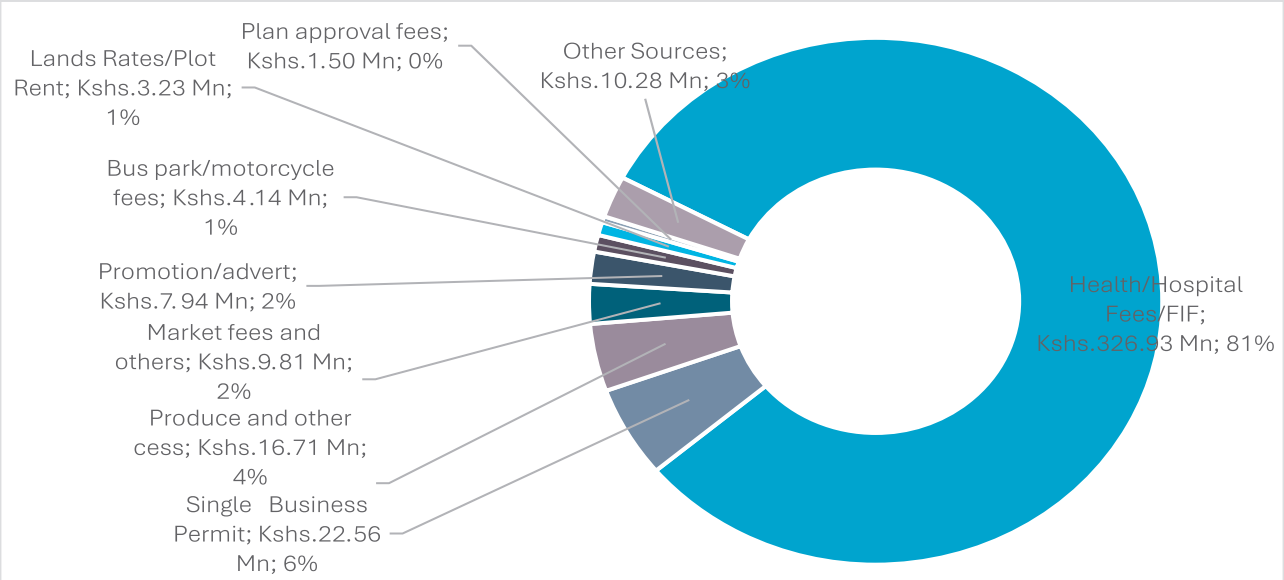


Source: *Elgeyo County Treasury*

During the year, the County received Kshs.403.11 million from OSR, including FIF. This amount was an increase of 8.67 per cent over Kshs.370.93 million realised in FY 2024/25, representing 88.13 per cent of the annual target and 7.30 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to an increase in FIF due to increased enrolment in the Use of SHIF. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.26.

Figure 3.26: Elgeyo Marakwet County Top Own Source Revenue Streams in FY 2025/26



Source: *Elgeyo Marakwet County Treasury*

As shown in Figure 3.26, the largest revenue stream, at Kshs.326.93 million, was health and Hospital fees, accounting for 81 per cent of total OSR receipts. The County Government indicated that it has automated 18 of 23 revenue streams.

3.5.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.173.12 million, which increased to Kshs.378.73 million as of 30 June 2026. The County currently tracks its revenue arrears manually, with an accrual-basis option. Table 3.67 presents a breakdown of the County's revenue Arrears.

Table 3.67: Elgeyo Marakwet County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	C	d	f=a-b-c+d
	Ordinary Own Sources of Revenue					
1	**Land Rates**	173,121,052	-	2,637,865	10,387,039	180,870,226
	Sub-Total	**173,121,052**	-	**2,637,865**	10,387,039	180,870,226
E	**Facility Improvement Financing (FIF)**					
1	SHIF	-	-	362,554,670	560,420,801	197,866,122
	Sub-Total	-	-	**365,192,535**	**570,807,840**	**378,736,348**
Total		**173,121,052**	-	**365,192,535**	**570,807,840**	**378,736,348**

Source: *Elgeyo Marakwet County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.378.74 million, comprising Kshs.180.87 million for Own Source Revenue (47.75 per cent) and Kshs.197.86 million for SHIF (52.25 per cent). The measures instituted by the County to collect the outstanding Revenue Arrears in FY 2025/26 include creating awareness among taxpayers through sensitisation and taking legal action.

3.5.4 Borrowing by the County

Elgeyo Marakwet County did not report any borrowing in FY 2025/26.

3.5.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.6.11 billion from the Elgeyo Marakwet County Revenue Fund (CRF) account. This amount consisted of Kshs.1.32 billion (20.40 per cent) designated for development programs and Kshs.4.79 billion (79.60 per cent) allocated for recurrent programs.

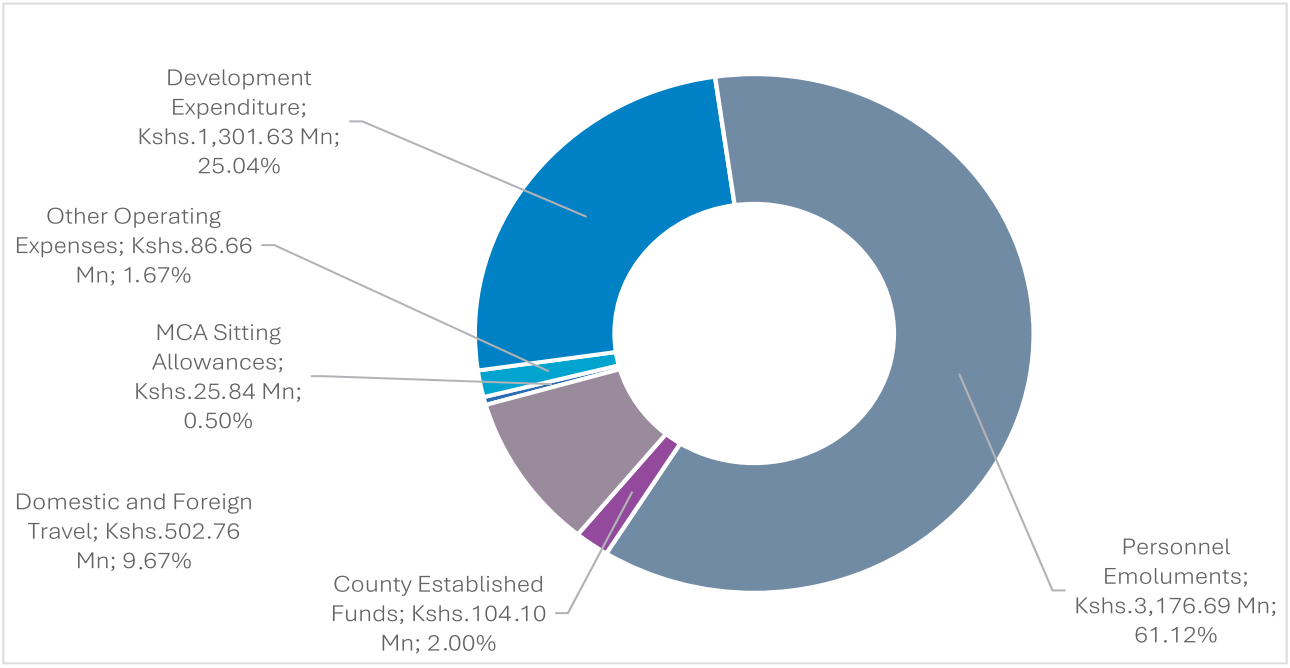
An analysis of the released recurrent exchequers shows that Kshs.3.18 billion was allocated to employee compensation and Kshs.1.62 billion to operations and maintenance expenditures. Within the operations and maintenance category, 31.02 per cent was for domestic travel and 15.93 per cent for foreign travel. The domestic travel expenses totalled Kshs.502.17 million, which included Kshs.413.23 million for the County Executive and Kshs.88.94 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.25.79 million, with Kshs.20.29 million for the County Executive and Kshs.5.51 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Elgeyo Marakwet CRF account was Kshs.998.94 million. The County had not operationalised the County Assembly Fund as of 30 June 2026.

3.5.6 Expenditure Review

The County spent Kshs.6.06 billion on development and recurrent programmes in FY 2025/26. The expenditure represented over 100 per cent of the total funds released by the CoB. It comprised Kshs.1.30 billion for development programmes and Kshs.4.76 billion for recurrent programmes. Expenditure on development programmes accounted for 34.2 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 89.2 per cent of the annual recurrent expenditure budget. Figure 3.27 provides a detailed breakdown of total expenditure.

Figure 3.27: Elgeyo Marakwet County Composition of Expenditure in FY 2025/26



Source: *Elgeyo Marakwet County Treasury*

As shown in Figure 3.27, the three highest expenditure categories were Personnel Emoluments, Development Expenditures, and Domestic Travel, contributing 61.12, 25.04, and 9.67 per cent of the total expenditure for the reporting period.

3.5.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.84 billion in employee compensation, Kshs.1.21 billion in operations and maintenance, and Kshs.1.27 billion in development activities. Similarly, the County Assembly spent Kshs.334.61 million on employee compensation, Kshs.372.35 million on operations and maintenance, and Kshs.23.10 million on development activities, as shown in Table 3.68.

Table 3.68: Elgeyo Marakwet County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	4,628.17	707.60	4,0588.50	706.96	-	-	4,037.73	706.96	87.57	99.91
Compensation of Employees	2,852.36	335.83	2,842.08	334.61	-	-	2,826.91	334.61	99.64	99.64
Operations and Maintenance	1,775.81	371.77	1,2146.42	372.35	-	-	1,210.82	372.35	68.18	100.16
Development Expenditure	3,682.23	126.87	1,294.39	23.10	-	-	1,278.53	23.10	34.72	18.21
Total	**8,310.40**	**834.47**	**5,316.26**	**730.06**	**-**	**-**	**5,316.26**	**730.06**	**64.15**	**87.49**

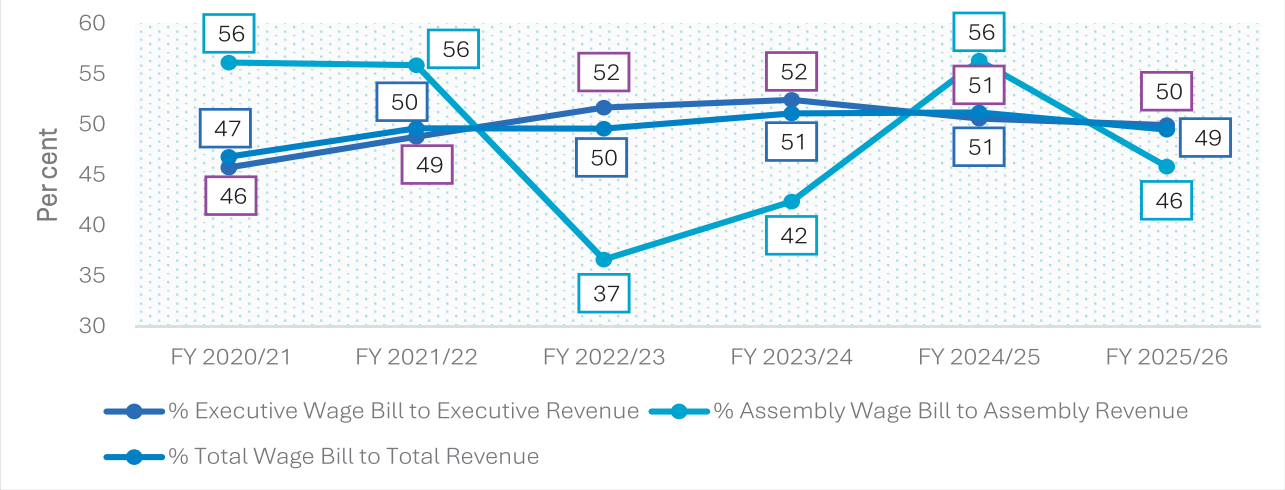
***Source**: Elgeyo Marakwet County Treasury*

3.5.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.17 billion, representing 49.49 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.2.98 billion reported in FY 2024/25. Of this total, Kshs.1.49 billion related to Health Sector employees, accounting for 46.85 per cent of the overall employees' compensation.

Figure 3.28 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.28: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



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

Further analysis indicated that PE costs totalling Kshs.2.90 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.264.11 million was processed through manual payrolls, accounting for 8.35 per cent of the total PE cost. The justification for the continued use of manual payroll was that the affected officers had yet to obtain PF Numbers; it was also used to pay the salaries of officers employed on a casual basis.

The manual payroll comprised salaries for 11 staff not onboarded into the Human Resource Information System (HRIS), salaries for 113 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.69.

Table 3.69: Analysis of Elgeyo Marakwet County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing
1	Salaries for 11 staff yet to be onboarded into UHR	11	147,845,679	Slow processing of PF Numbers in HRIS
2	Salaries for 113 casual staff	113	14,069,272	Contracts of Less than 1 year
3	Top-up Allowances for 22 security officers	22	4,216,300	This is a top-up allowance
4	NSSF Arrears	-	21,348,546	NSSF Arrears
5	Gratuity for contract staff	-	26,937,262	The system does not capture
6	PAYE Arrears	-	24,669,692	PAYE Arrears
7	Health staff salary arrears	-	25,018,786	Health staff salary arrears
	Total	**-**	**264,105,537**	

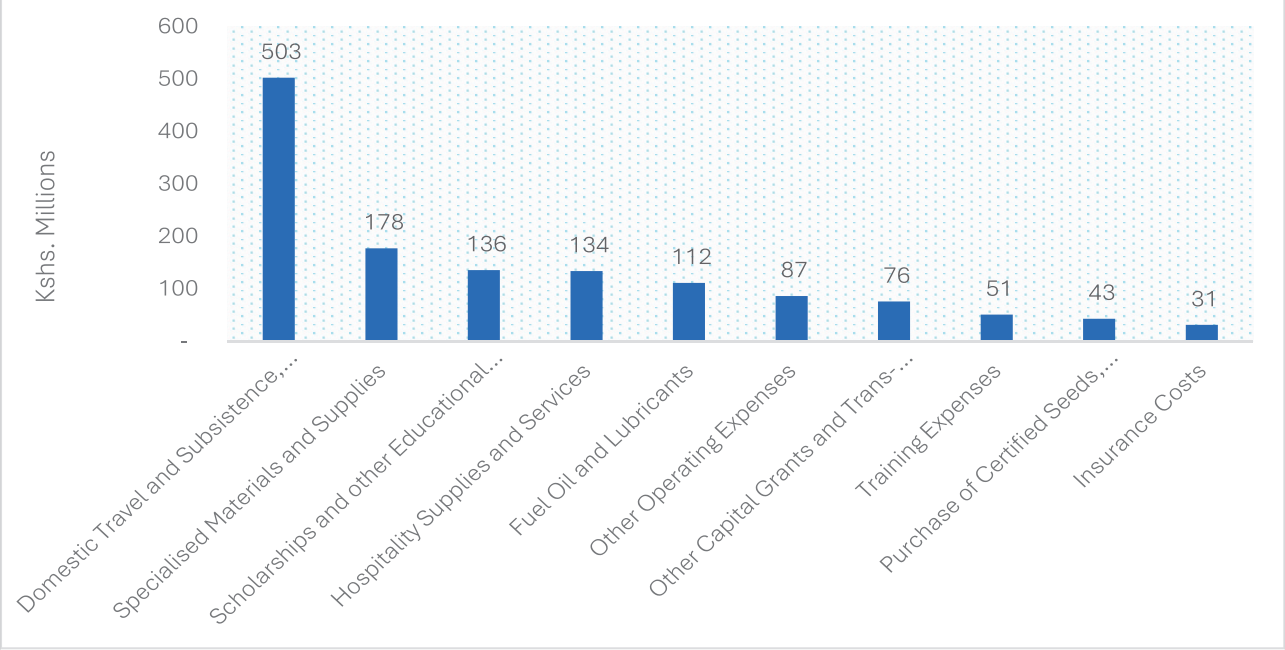
Source: Elgeyo Marakwet County Treasury

The County Assembly spent Kshs.25.83 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.30.31 million. The average monthly sitting allowance was Kshs.63,329 per MCA. The County Assembly has 18 House Committees.

3.5.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.58 billion on operations and maintenance, representing an increase 0.58 per cent compared to FY 2024/25, when the County spent Kshs.1.53 billion. Figure 3.29 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.29: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories



Source: *Elgeyo Marakwet County Treasury*

3.5.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.0.99 million on "other operating expenses - other," which accounted for 0.06 per cent of the total operations and maintenance

expenditure of Kshs.1.58 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.70.

Table 3.70: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs.Million)
2211399	Other Operating Expenses -Agricultural Extension and Training Services	556,000	556,000
2211399	Other Operating expenses-Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	444,000	443,400
	TOTAL	**1,000,000**	**999,400**

Source: *Elgeyo Marakwet County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include: Training Services and Subscriptions to Professional and Trade Bodies. These activities should be mapped to the correct IFMIS/SCOA codes.

3.5.11 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.117.92 million to County-Established funds in FY 2025/26, representing 1.29 per cent of the County's overall budget. Of this amount, the County allocated Kshs.2.7 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.03 per cent of the total budget. Table 3.71 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.71: Performance of Elgeyo Marakwet County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Elgeyo Marakwet County Education Fund	2015	115,223,109.00	104,099,874.00	104,099,874.00	643,706,836.00	No
2	Elgeyo Marakwet County Alcoholic Drinks Control Fund	2015	-	-	-	4,000,000.00	No
3	County Executive Car and Mortgage Loan Revolving Fund	2015	-	-	-	120,000,000.00	No
4	Emergency Fund	2016	2,700,000.00	-	-	-	No
	County Assembly Established Funds						
1	Elgeyo Marakwet County Assembly MCAs' and staff Car Loan and Mortgage Fund	2015	-	-	-	139,000,000.00	Yes
2	Elgeyo Marakwet (County Assembly) Catering Services Revolving Fund	2015	-	-	-	-	No
	Total		**117,923,109.00**	**104,099,874.00**	**104,099,874.00**	**816,606,962.00**	

Source: *Elgeyo Marakwet County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from 4 Fund Administrators, as indicated in Table 3.71, contrary to the requirement of Section 168 of the PFM Act, 2012. Therefore, it was difficult to determine whether the administration costs of the funds listed above 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 2025/26, the CoB determined that the Elgeyo Marakwet County Education Fund,

Elgeyo Marakwet County Alcoholic Drinks Control Fund, County Executive Car and Mortgage Loan Revolving Fund, and Emergency Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.5.12 County Corporations, Municipalities and Agencies

The County has two County corporations, which budgeted Kshs.52.47 million for FY 2025/26. There were no transfers during the period, as the entities retained all revenue collected, as shown in Table 3.72.

Table 3.72: Performance of Elgeyo Marakwet County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Iten Water Sewerage Company	42,477,000.00	-	-	-
2	Chebara Marakwet Water and Sewerage Company	10,000,000.00	-	-	-
	Total	**52,477,000.00**	-	-	-

Source: *Elgeyo Marakwet County Treasury*

There were no transfers in FY 2025/26 to the above County Corporations.

3.5.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.502.17 million and comprised Kshs.88.94 million spent by the County Assembly and Kshs.413.23 million by the County Executive. Expenditure on foreign travel amounted to Kshs.25.80 million and comprised Kshs.20.29 million by the County Assembly and Kshs.5.51 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.73.

Table 3.73: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	15	14th - 20th September, 2025	Facilitation during the Study Visit to the Rwanda Cooperation	Rwanda	4,906,988		4,906,988
County Assembly	21	5th - 10th November, 2025	Facilitation during the Study Visit to the Rwanda Cooperation	Rwanda	6,856,963		6,856,963
County Assembly	4	31st January - 7th February, 2026	Facilitation during the training on Leveraging Technology to Improve Legislative Processes, Service Delivery and Citizen Engagement	Singapore	3,817,583		3,817,583
County Assembly	1	24th - 31st May 2026	Facilitation during the ICPAK Leadership Summit	Singapore	1,459,289		1,459,289
County Assembly	1	10th - 17th May 2026	Facilitation during the Training Programme on Whole of Government Approach for Performance Improvement in the Public Sector	Singapore	1,187,279		1,187,279
County Assembly	2	15th - 22nd March 2026	Facilitation during the Executive Programme on Public Sector Budgeting, Digital Governance and ICT for Effective Legislative Oversight	Uganda	694,228		694,228

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	2	15th - 22nd March 2026	Facilitation during the Executive Leadership Programme on Digital Governance, Legislative Oversight and Smart Public Sector Management	Singapore	1,363,586		1,363,586
Total					**20,285,916**		**20,285,916**

Source: *Elgeyo Marakwet County Assembly*

3.5.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.326.93 million as FIF, which was 93.41 per cent of the annual target of Kshs.350 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. The expenditure by the health facilities amounted to Kshs.306.64 million, as shown in Table 3.74.

Table 3.74: Elgeyo Marakwet County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 5 Hospital	1	254,598,165.00	218,735,978.00	86
2.	Level 4 Hospital	2	39,727,699.00	36,362,355.00	92
3.	Level 3 Facility	38	51,674,136.00	47,550,385.00	92
4.	Level 2 Facility	87	-	-	-
5.	Public Health	87	4,000,000.00	3,990,000.00	100
	Total		**350,000,000.00**	**306,638,718.00**	

Source: *Elgeyo Marakwet County Treasury*

3.5.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.1.30 billion on development programmes, representing an increase 6.5 per cent compared to FY 2024/25, when the County spent Kshs.1.22 billion. Table 3.75 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to improved project implementation.

Table 3.75: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected Date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Roads	Access major roads				44,214,516	45,596,323	44,214,516	44,214,516	100
2	Water, Environment & Climate Change	School Re-greening	County-wide			14,734,480	14,774,347	14,734,480	-	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected Date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
3	Roads	Purchase of a tipper	Soy north			11,500,000	12,000,000	11,500,000	11,500,000	100
4	Tourism	Chebara Cereal store	Moiben/ Kuserwo			9,791,199	10,080,000	9,791,199	9,791,199	100
5	Water, Environment & Climate Change	School Regreening	County-wide			9,660,000	9,660,000	9,660,000	-	100
6	Health	Kaptalamwa Health Centre	Lelan	1st March 2026	30th June 2026	9,305,215	9,600,000	9,305,215	-	100
7	Health	Chebororwa H/C	Cherangany/Chebororwo	1st March 2026	30th June 2026	9,303,935	9,600,000	9,303,935	-	100
8	Health	Cheptongei Health Centre	Moiben/ Kuserwo	1st March 2026	30th June 2026	5,998,690	9,600,000	6,041,273	-	100.71
9	Water, Environment & Climate Change	Kaptagat water project	Kaptarakwa			5,662,000	5,699,000	5,662,000	-	100
10	Health	Kaptalamwa HC	Lelan	1 June 2026	30 June 2026	5,500,075	9,600,000	5,500,078	-	100
Donor Funded Projects										
1	Lands, Physical Planning, Housing & Urban Development	Kenya Informal Settlement Improvement (KISIP II)	County-wide			165,511,535	165,511,535	165,511,535	-	100
2	Lands, Physical Planning, Housing & Urban Development	Kenya Urban Support Programme (KUSP) UIG	County-wide			15,437,514	15,437,514	15,437,514	-	100
3	Water, Environment & Climate Change		County-wide			220,000,000	220,000,000	28,646,575	-	13.02
4	Water, Environment & Climate Change		County-wide			178,390,316	178,390,316	91,402,836	-	51.24
5	Water, Environment & Climate Change	Resim water project	Arror			2,300,000	-	2,300,000	-	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected Date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
6	Water, Environment & Climate Change	Niwai Water Project	Arror			2,000,000	-	2,000,000	-	100
7	Water, Environment & Climate Change	Komkecha-Kasanga Water Furrow	Arror			1,500,000	-	1,500,000	-	100
8	Water, Environment & Climate Change	FLLoCA Co-financing	Cherangany/Chebororwa			2,500,000	-	2,500,000	-	100
9	Water, Environment & Climate Change	FLLoCA Co-financing	Embobut/Embolot			2,500,000	-	2,500,000	-	100
10	Water, Environment & Climate Change	FLLoCA Co-financing	Endo			1,500,000	-	1,500,000		100

Source: *Elgeyo Marakwet County Treasury*

The County reported 2 stalled development projects as of 30 June 2026, with an estimated value of Kshs.98.73 million, of which Kshs.60.78 million had already been paid. The stalled projects are shown in Table 3.76.

Table 3.76: Elgeyo Marakwet County Stalled Projects as of 30 June 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
1	Administration and Devolution	Governor's Official Residence		52,739,516	14,787,937	28.04	Legal Issue	Awaiting legal action
		Total		**98,739,516**	**60,787,937**	**61.56**		

Source: Elgeyo Marakwet County Treasury

3.5.16 Budget Performance by Department

Table 3.77 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.77: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	172.26	-	160.25		160.18		100.0	-	93.0	-
Finance and Economic Planning	254.16	-	254.16	-	252.14		99.2	-	99.2	-
Agriculture and Irrigation.	300.61	582.13	271.64	319.05	265.05	319.67	97.6	100.2	88.2	54.9
Water and Environment	66.63	697.46	65.22	433.09	64.83	355.78	99.4	82.1	97.3	51.0
Education and Tech. Training	557.52	172.97	542.84	87.60	542.84	64.55	100.0	73.7	97.4	37.3
Health Services	2,173.86	265.57	1,767.86	132.57	1,763.58	100.43	99.8	75.8	81.1	37.8
Lands and Physical Planning	118.46	724.83	102.47	7.53	102.47	188.48	100.0	2,501.5	86.5	26.0
Roads, Public Works and Transport	269.06	331.84	253.25	192.27	253.25	215.61	100.0	112.1	94.1	65.0
Trade, Tourism, Culture& Wildlife.	87.96	533.91	83.68	26.33	82.54	26.33	98.6	100.0	93.8	4.9
Youth Affairs, Sports, ICT and Social Services	114.66	18.51	91.77	7.69	89.70	7.69	97.7	100.0	78.2	41.5
Public Service Management and County Administration	424.20	355.00	406.68	-	387.66		95.3	-	91.4	-
County P.S. Board	89.78		88.65	-	88.65		100.0	-	98.7	-
County Assembly	707.60	126.87	706.96	23.10	706.96	23.10	100.0	100.0	99.9	18.2
	5,336.78	**3,809.10**	**4,795.45**	**1,229.24**	**4,759.85**	**1,301.63**	**99.3**	**105.9**	**89.2**	**34.2**

Source: *Elgeyo Marakwet County Treasury*

Analysis of expenditure by departments shows that the Department of Roads, Public Works and Transport recorded the highest absorption rate of development budget at 64.97 per cent, followed by the Department of Agriculture and Irrigation at 54.91 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 99.91 per cent, while the Department of Youth Affairs, Sports, ICT and Social Services had the lowest at 78.23 per cent.

3.5.17 Budget Execution by Programmes and Sub-Programmes

Table 3.78 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.78: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Department	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Lands, Physical Planning and Urban Development	Solid waste management	2,500,000	2,499,888	100.00
Water Environment & Climate Change	Environmental Management	25,234,347	24,694,480	97.86
Agriculture, Livestock, Fisheries and Irrigation	Livestock Commercialisation	3,273,367	2,900,000	88.59
Cooperatives, Trade, Industrialisation, Tourism and Wildlife	Cooperatives Development	26,928,000	22,309,069	82.85
ROADS, TRANSPORT & PUBLIC WORKS	Public Works	4,500,000	3,699,920	82.22

Department	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Agriculture, Livestock, Fisheries and Irrigation	Irrigation Development	14,570,080	11,466,740	78.70
Agriculture, Livestock, Fisheries and Irrigation	Livestock Disease Control	11,322,500	8,528,585	75.32
Water Environment & Climate Change	Water Services	237,539,604	178,396,940	75.10
Agriculture, Livestock, Fisheries and Irrigation	Livestock Extension and Training Services	67,301,376	44,472,187	66.08
Roads, Transport & Public Works	Rural Road Works	327,343,003	211,907,950	64.74

Source: *Elgeyo Marakwet County Treasury*

The development sub-programmes with the highest budget implementation rates were: Solid waste management in the Department of Lands, Physical Planning and Urban Development at 100 per cent, Environmental Management in the Department of Water, Environment & Climate Change at 97.86 per cent, and Livestock Commercialisation in the Department of Agriculture, Livestock and Fisheries at 88.59 per cent.

Table 3.79 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.79: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Lands, Physical Planning and Urban Development	Urban Infrastructure	659,398,586	180,949,049	27.44
Health Services	Health Services	120,018,902	27,093,268	22.57
County Assembly	Legislative, Oversight and Representation	126,872,402	23,101,641	18.21
Cooperatives, Trade, Industrialisation, Tourism and Wildlife	General administration and support services	500,554,680	554,680	0.11
Sports, Youth Affairs and Social Services	General administration and support services	1,520,000	-	-
Lands, Physical Planning and Urban Development	County Public Land Management	49,538,500	-	-
Public Service, Administration, Devolution, Communication and E-Governance		-	352,500,000	-
Public Service, Administration, Devolution, Communication and E-Governance		2,500,000	-	-
Education And Technical Training	General administration and support services	2,913,522	-	-

Source: *Elgeyo Marakwet County Treasury*

The development sub-programmes with the lowest budget implementation rates at 0 per cent were as follows: Culture Preservation services in the Department of Sports, Youth Affairs and Social Services, County Public Land Management services in the Department of Lands, Physical planning and Urban Development, General administration and support services in the Department of Public Service, Administration, Devolution, Communication and E-Governance, and Pre-primary Quality Control and Support services in the Department of Education and Technical Training.

These lower performances can be attributed to the late approval of the supplementary budget.

3.5.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.17.49 million. This amount consisted of Kshs.17.49 million from the County Executive, comprising Kshs.8.41 million for recurrent expenditure and Kshs.9.07 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.15.08 million, comprising Kshs.8.42 million (44.17 per cent) for recurrent programmes and Kshs.6.61 million (55.83 per cent) for development programmes. On the other hand, the County Assembly had no trade payables for the period under review.

The outstanding trade payables as of 30 June 2026 were wholly due to the County Executive, amounting to Kshs 241.12 million, as shown in Table 3.80.

Table 3.80: Elgeyo Marakwet County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	9,074,260	8,418,682	17,492,942
		County Assembly	-	-	-
		Total	9,074,260	8,418,682	17,492,942
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Amount paid in FY 2025/26	c	County Executive	6,661,261	8,418,682	15,079,943
		County Assembly	-	-	-
		Total	6,661,261	8,418,682	15,079,943
Trade Payables Incurred in FY 2025/26	d	County Executive	52,537,187	183,759,264	233,884,451
		County Assembly	-	-	-
		Total	52,537,187	181,347,264	233,884,451
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**54,950,186**	**183,759,264**	**238,709,450**
		County Assembly	**-**	**-**	**-**
		Total	**54,950,186**	**181,347,264**	**236,297,450**

Source: *Elgeyo Marakwet County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.8.43 million and Kshs.9.07 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.15.08 million for the Executive.

Table 3.81 presents the ageing of the total outstanding bills for the County Executive as of 30 June 2026, in Kshs.241.1 million.

Table 3.81: Elgeyo Marakwet County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	50,124,188	213,000.00	2,199,999		52,537,187
Recurrent Trade Payables (Goods & Services)	100,554,863				100,554,863
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	85,000,000				85,000,000
Recurrent Trade Payables (Staff Claims)	617,400				617,400
Total Recurrent Trade Payables	186,172,263	-	-	-	186,172,263
Total Trade Payables	236,296,451	213,000	2,199,999	-	241,122,449
% of Total	**98.9**	**0.09**	**0.91**	**-**	**100**

Source: *Elgeyo Marakwet County Treasury*

As shown in Table 3.81, the total salary arrears and statutory deductions for trade payables amounted to Kshs 85 million, which represented 35.60 per cent of the total trade payables of Kshs 241.1.71 as of 30 June, 2026.

Additionally, the table indicates that 0.92 per cent of total trade payables are aged over 3 years, 0.09 per cent are between 1 and 2 years, and the balance of 98.98 per cent are under 1 year.

3.5.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 194 accounts across CBK and commercial banks, of which 26 were held at the CBK and 183 at commercial banks. Of those at the commercial banks, 6 were for donor commercial operational accounts, 2 for salary accounts, 2 for revenue collection accounts, 6 for special operations accounts, including County-established funds, 157 for health facilities operations accounts, 2 for municipalities operations accounts, 2 for water and sewerage companies operations accounts, 2 for Vocational Training Centres, and 4 for other accounts

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 168 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.5.20 Key Observations and Recommendations

While overseeing and reporting on the implementation of the Elgeyo Marakwet County budget, the CoB identified the following challenges, which hampered effective budget implementation;

i. There was a low absorption of allocated funds by some sub-programmes, leading to underutilisation of allocated resources.

ii. Low development performance in the review period as the County incurred Kshs.1.3 billion on development activities, achieving a 34.2 per cent absorption rate.

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 2026, the lifespans of the Elgeyo Marakwet County Education Fund, Elgeyo Marakwet County Alcoholic Drinks Control Fund, County Executive Car and Mortgage Loan Revolving Fund, and Emergency Funds have ended, 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 contravened the requirements of Section 168 of the PFM Act, 2012. The reports for all funds, as per Table 3.81, had not been submitted to the CoB as of 15 July 2026.

v. High level of trade payables, amounting to Kshs.238.71 million as of 30 June 2026. However, the County Executive did not adhere to the trade payables payment plan.

vi. Use of manual payroll. Personnel emoluments amounting to Kshs.264.11 million for 11 staff not onboarded into the HRIS and 113 casual staff were processed through manual payroll, accounting for 8.35 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

vii. 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.

viii. The County relies heavily on FIF, accounting for 75.42 per cent of total OSR receipts as of 30 June 2026.

ix. High wage bill expenditure accounted for 40.75 per cent of available revenue in FY 2025/26, exceeding the legal ceiling of 35 per cent.

x. 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 2026.

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

i. *The County should enhance expenditure monitoring through regular reviews of budget absorption rates, identify implementation delays, and take corrective actions*

ii. *The County should implement strategies to increase future development expenditures.*

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 lifespans are nearing expiration or have lapsed 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 bills are paid promptly. Further, compliance with the Trade Payables 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 ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, thereby enhancing accountability and oversight.*

viii. *The County should adopt a revenue diversification strategy to reduce its reliance on a single revenue source. This should include improving the collection of other existing OSR and setting clear targets to lower concentration over time.*

ix. *The County Government should institute measures to contain and progressively reduce its wage bill to sustainable levels and ensure compliance with Regulation 25(1)(b) of the PFM (County Governments) Regulations, 2015.*

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

3.6. County Government of Embu

3.6.1 Overview of FY 2025/26 Budget

The approved Supplementary Budget for FY 2025/26 was Kshs.9.39 billion. It comprised Kshs.3.28 billion (35 per cent) and Kshs.6.12 billion (65 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.861.58 million (9 per cent) from FY 2024/25 budget, which comprised development budget of Kshs.2.82 billion and recurrent budget of Kshs.5.71 billion. The increase in the budget was primarily attributed to the rise in equitable share, OSR and balance b/f.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.6.07 billion (75 per cent), additional allocations of Kshs.464.40 million (6 per cent), a cash balance brought forward from FY 24/25 of Kshs.308.60 million (4 per cent) and Kshs.1.27 billion (15 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.82.

3.6.2 Revenue Performance

During the year, the County reported total receipts of Kshs.8.12 billion. This amount represented an in-

crease of 11 per cent compared to the amount received in FY 2024/25 of Kshs.7.26 billion. The total revenue consisted of Kshs.6.07 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.464.40 million, and own-source revenue (OSR) collection of Kshs.1.27 billion. Additionally, the County had a cash balance of Kshs.308.60 million from FY 2024/25. The total OSR collection of Kshs.1.27 billion included Facilities Improvement Financing (FIF) of Kshs.893.24 million, and Kshs.379.48 million from other OSR sources. Table 3.82 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.82: Embu County, Revenue Performance in FY 2025/26

Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in the FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
	A	B	C	D=B+C	F=D/A*100
Unspent Balance from FY 2024/25					
Balance at CRF	308,580,762	308,580,762		308,580,762	100
County Executive Refunds to CRF	14,916	14,916		14,916	100
County Assembly Refunds to CRF	4,479	4,479		4,479	100
Sub-Total	**308,600,157**	**308,600,157**	**-**	**308,600,157**	100
Equitable Share of Revenue Raised Nationally					
Equitable Share	6,077,441,672	6,077,441,672		6,077,441,672	100
Sub-Total	**6,077,441,672**	**6,077,441,672**	**-**	**6,077,441,672**	100
Additional Allocations (Including Grants)					
Conditional Allocation for National Agricultural Value Chain Development Project(NAVCDP)	231,250,000	231,011,343		231,011,343	100
DANIDA Grant To Finance Primary Health Care in a Devolved Context	16,620,000	16,626,000		16,626,000	100
Conditional Additional Allocation For the Basic Salary Arrears For County Government Health Workers	32,801,231			-	-
Conditional Additional Allocation for Community Health Promoters	60,300,000			-	-
Financing Locally Led Climate Action(-FLLoCA)- County Climate Resilience Investment (CCRI) Grant	137,500,000	88,237,306		88,237,306	64
Aquaculture Business Development Project (ABDP)	10,020,000		-	-	-
Second Kenya Devolution Support Programme (KDSP II)- Level 1 Grant	75,000,000	70,503,589		70,503,589	94
Second Kenya Devolution Support Programme(KDSP II) - Level 2 Grant	352,500,000			-	-
Kenya Urban Support Programme-Urban Institutional Grants	32,309,300			-	-
Kenya Urban Support Programme- Urban Development Grants	58,869,660	58,024,991		58,024,991	99
Unconditional Allocations to County Governments from Court Fines and Mineral Royalties	2,142			-	-

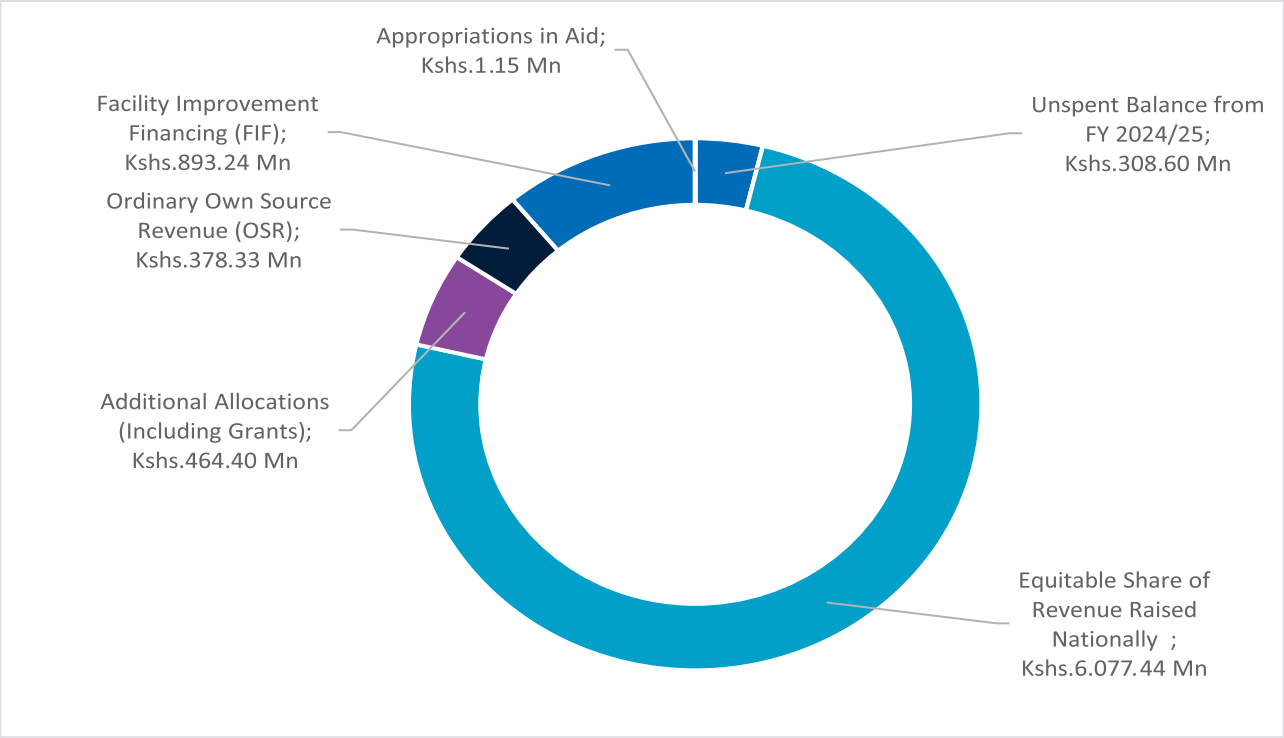
Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in the FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
Conditional Allocation for Kenya Nutrition Support Grant	5,000,000		-	-	-
Conditional Additional Allocation For Maintenance Of County Roads From The Road Maintenance Levy Fund (RMLF)	211,127,369		-	-	-
Chinese Embassy Grant	2,700,000		-	-	-
Conditional Allocation from 0.5% of Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622		-	-	-
Unspent Funds For the Conditional Allocation on Financing Locally Led Climate Action (FLLoCA)- County Climate Resilience Investment (CCRI) Grant For Financial Year 2024/2025	22,065,257		-	-	-
Donations From International Organisations-Drugs Donated By Global Fund To Pubic Facilities	27,708,590		-	-	-
Allocation For Salaries For Universal Health Care Employees From The Ministry Of Health	53,609,990		-	-	-
Sub-Total	**1,331,371,161**	**464,403,229**	**-**	**464,403,229**	35
Ordinary Own Source Revenue (OSR)					
OSR	712,487,161	378,334,825		378,334,825	53
Sub-Total	**712,487,161**	**378,334,825**	**-**	**378,334,825**	53
Facility Improvement Financing (FIF)					
SHIF	913,227,036	893,240,733		893,240,733	98
Defunct NHIF					
Sub-Total	**913,227,036**	**893,240,733**	**-**	**893,240,733**	98
Appropriations in Aid					
	52,000,000	1,148,679	-	1,148,679	2
Sub-Total	**52,000,000**	**1,148,679**	**-**	**1,148,679**	2
Grand Total	**9,395,127,187**	**8,123,169,295**	**-**	**8,123,169,295**	**86**

Source: *Embu County Treasury*

The performance of Ordinary Own Source Revenue (OSR) and Appropriations in Aid (AiA) recorded average outturns of 53 per cent and 2 per cent, respectively, representing less than 75 per cent of the annual targets. This subdued performance is primarily attributed to weak enforcement of revenue laws, a lack of strict penalties, which leads to non-compliance, and the delayed implementation of key revenue-generating initiatives. Also, the annual target was relatively high.

The Health Facilities Improvement Fund recorded a remarkable performance of 98 per cent, attributed to the equipping of hospitals with drugs and the upgrading of some dispensaries to level 4 hospitals. Figure 3.30 provides a detailed breakdown of receipts.

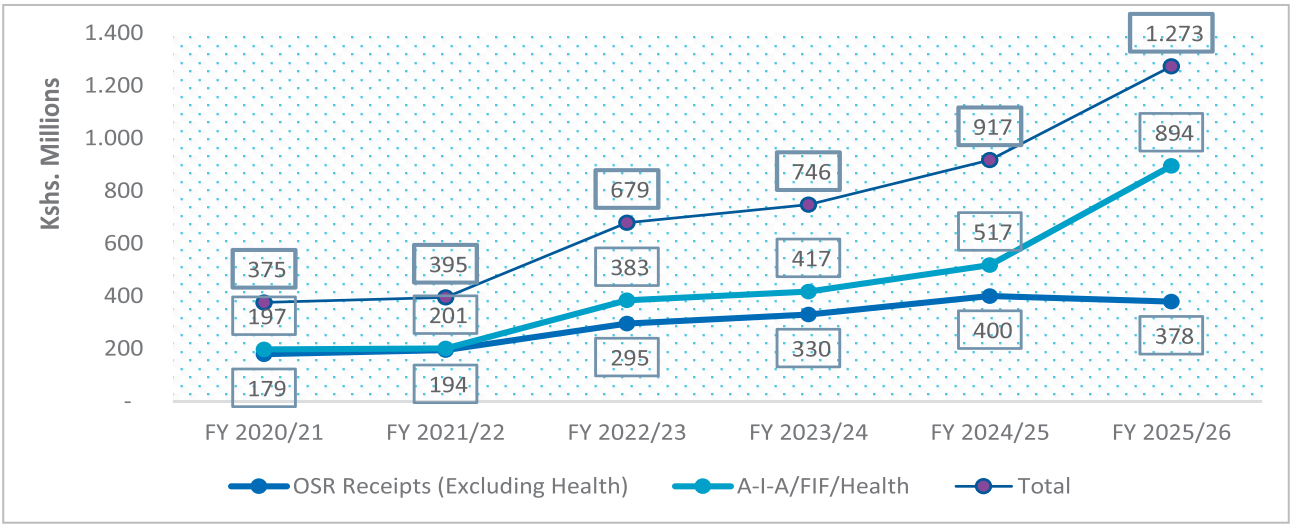
Figure 3.30: Embu County Composition of Revenue in FY 2025/26



Source: *Embu County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 74 per cent, 4 per cent and 11 per cent, respectively, of the total receipts for the reporting period. Figure 3.31 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.31: Embu County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



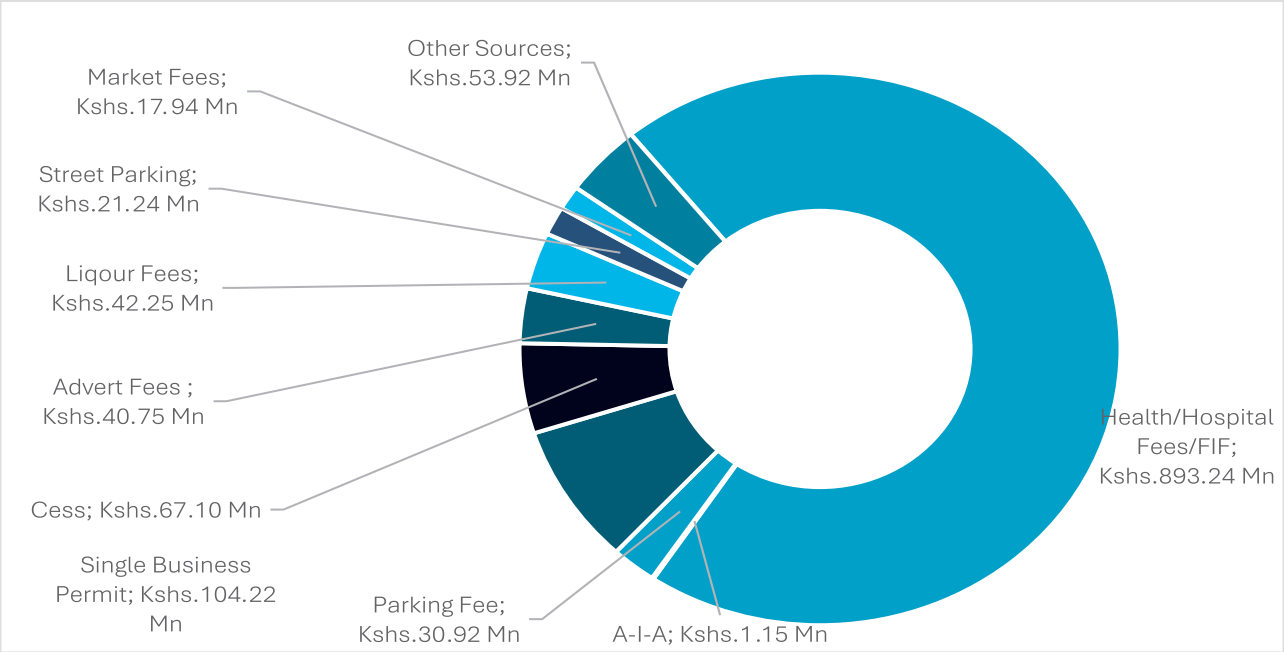
Source: *Embu County Treasury*

During the year, the County received Kshs.1.27 billion from OSR, including FIF. This amount was an increase of 39 per cent compared to Kshs.917.98 million realised in FY 2024/25, and was 78 per cent of the annual target and 21 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 the establishment and operationalisation of the Facility Improvement Fund (FIF), regular procurement and distribution of drugs and non-pharmaceutical commodities to ensure uninterrupted service delivery, and strengthening of internal controls that include enhancing financial and administrative controls to improve accountability, transparency, and efficiency.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.32.

Figure 3.32: Embu County Top Own Source Revenue Streams in FY 2025/26



Source: *Embu County Treasury*

As shown in Figure 3.32, the largest revenue stream, at Kshs.893.24 million, was from FIF, accounting for 70 per cent of total OSR receipts. The County Government indicated that it has automated 20 of 22 revenue streams. The system utilised for FIF revenue collection is Med Boss, which has been in use since January 2024.

3.6.3 Revenue Arrears

The County did not report any revenue arrears during FY 2025/26.

3.6.4 Borrowing by the County

The County Executive/Assembly did not report any borrowing during the FY 2025/2026.

3.6.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.6.93 billion from the Embu County Revenue Fund (CRF) account. This amount consisted of Kshs.2.12 billion (64 per cent) designated for development programs, and Kshs.4.82 billion (93 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers showed Kshs.3.56 billion was allocated to employee compensation and Kshs.1.26 billion to operations and maintenance expenditures. Within the operations and maintenance category, 15 per cent was allocated to domestic travel and 3 per cent to foreign travel. The domestic travel exchequers totalled Kshs.192.32 million, which included Kshs.82.06 million for the County Executive and Kshs.110.27 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.35.36 million, with Kshs.9.97 million for the County Executive and Kshs.25.38 million for the County Assembly.

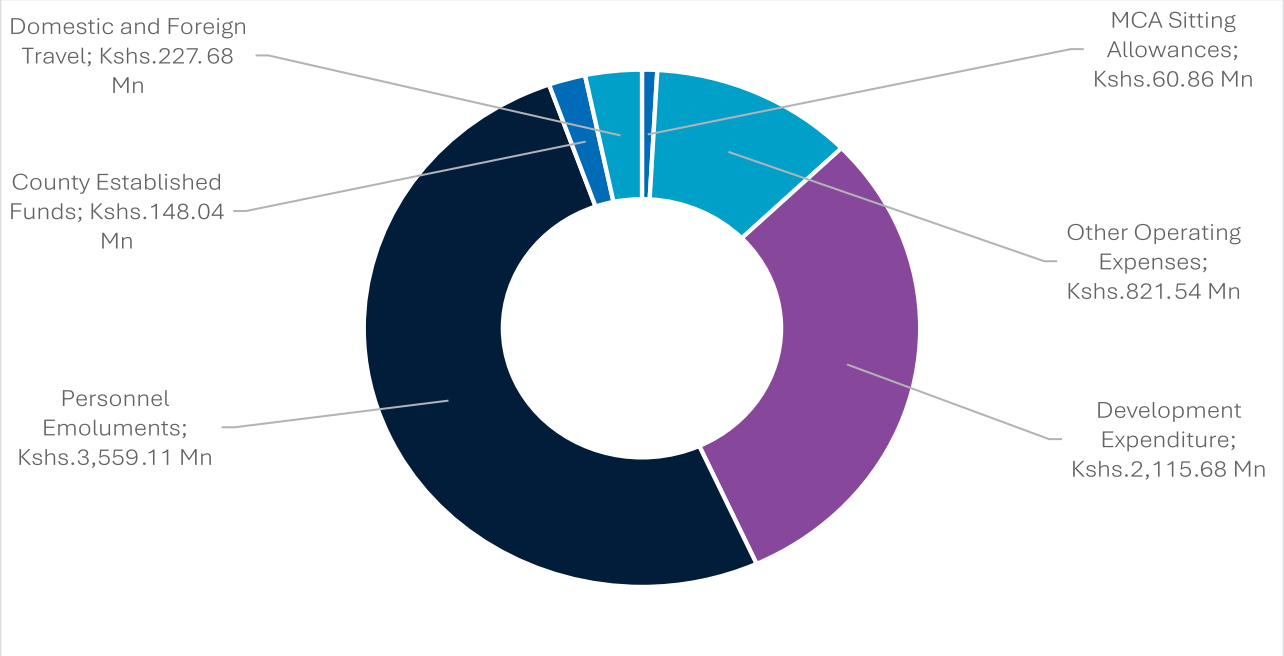
As of 30 June 2026, the County Government's cash balance in the Embu CRF account was Kshs.955.06 million.

3.6.6 Expenditure Review

The County spent Kshs.6.93 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.2.12 billion for development programmes and Kshs.4.82 billion for recurrent programmes. Expenditure on development programmes accounted for 64 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 93 per cent of the annual recurrent expenditure budget.

Figure 3.33: provides a detailed breakdown of total expenditure.

Figure 3.33: Embu County Composition of Expenditure in FY 2025/26



Source: *Embu County Treasury*

As shown in Figure 3.33, the three highest expenditure categories were Personnel emoluments, Development expenditure, and other operating expenditures, contributing 51, 31, and 12 per cent of total expenditure for the reporting period.

3.6.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.21 billion in employee compensation, Kshs.955.80 million in operations and maintenance, and Kshs.2.08 billion in development activities. Similarly, the County Assembly spent Kshs.351.67 million on employee compensation, Kshs.302.33 million on operations and maintenance, and Kshs.40 million on development activities, as shown in Table 3.83.

Table 3.83: Embu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Total Expenditure in the FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,548.15**	**654**	**4,163.23**	**654**	**-**	**-**
Compensation of Employees	3,312.57	358.44	3,207.44	351.67	97	98
Operations and Maintenance	1,235.58	295.56	955.8	302.33	77	102
Development Expenditure	**3,279.75**	**40**	**2,075.68**	**40**	**63**	**100**
Total	**7,827.90**	**694**	**6,238.91**	**694**	**80**	**100**

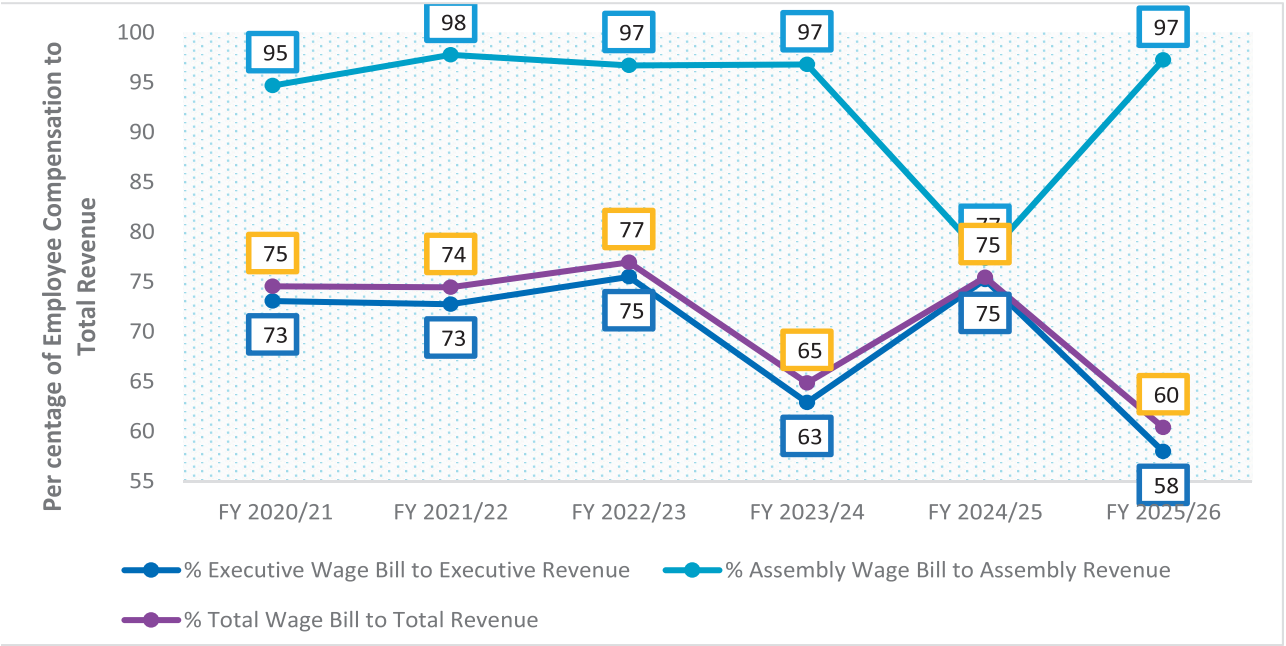
Source: *Embu County Treasury*

3.6.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.56 billion, representing 60 per cent of revenue. This expenditure on employee compensation shows a decrease compared to the Kshs.3.69 billion reported in FY 2024/25. Of this total, Kshs.1.45 billion related to Health Sector employees, accounting for 41 per cent of the overall employees' compensation. The decrease was attributed to a reduction in casual wages in the current reporting period.

Figure 3.34 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.34: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Embu County Treasury*

Further analysis indicated that PE costs totalling Kshs.3.51 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.49.01 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost. The justification for the continued use of manual payroll was the gratuity provision and top-up allowances for security personnel.

Table 3.84: Analysis of Embu County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing
1	Gratuity Provision	31	22,562,343	MCAs Gratuity Provision
2	Top-up Allowances for Security Officers	25	26,447,344	Allowances to Security Officers
	Total		**49,009,687**	

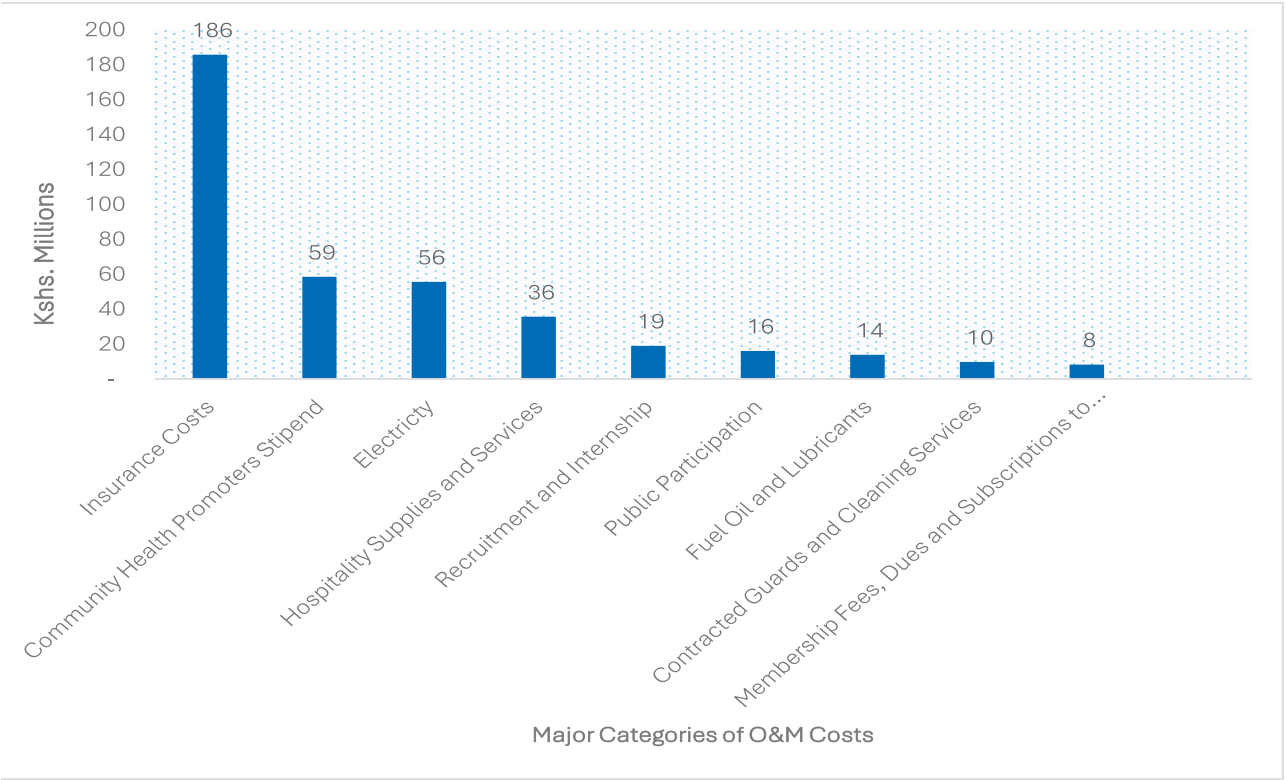
Source: *Embu County Treasury*

The County Assembly spent Kshs.60.86 million on committee sitting allowances for the 31 MCAs, against the annual budget allocation of Kshs.60.86 million. The average monthly sitting allowance was Kshs.218,135 per MCA. The County Assembly has 27 House Committees.

3.6.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.26 billion on operations and maintenance, representing a decrease of 6 per cent compared to FY 2024/25, when the County spent Kshs.1.34 billion. Figure 3.35 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.35: Embu County, Operations and Maintenance Expenditure by Major Categories



Source: *Embu County Treasury*

3.6.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicated that the County spent Kshs.154.34 million on "other operating expenses - other," which accounted for 12 per cent of the total operations and maintenance expenditure of Kshs.1.26 billion. These should have been mapped to the correct budget codes.

Table 3.85: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Public Participation	17,800,000	16,353,518
2211399	Corporate Communications/Public Relations Consultancy	4,000,000	4,000,000
2211399	Equipping Of the Nairobi Liaison Office	1,800,000	1,799,508
2211399	Development Of Policies and Schemes of Service	1,590,000	1,562,400
2211399	Intergovernmental Relations Expenses	300,000	300,000
2211399	Devolution Conference Expenses	3,610,000	3,610,000
2211399	Executive Selection Panel Expenses	3,000,000	3,000,000
2211399	Performance Management and Induction Expenses	5,000,000	5,000,000
2211399	Development Of Stakeholders Engagement Plan	100,000	100,000
2211399	Development of the Public Investment Management (PIM) Dashboard	3,000,000	3,000,000
2211399	Installation of the Integrated Human Resource Management Information System (HRMIS)	869,500	869,500
2211399	Monitoring And Evaluation	2,000,000	1,855,810
2211399	Resource Mobilisation Activities	1,000,000	951,598
2211399	Partnerships Mobilisation and Documentation Expenses	200,000	200,000
2211399	Liquor Activities Including Inspection and Licensing	3,000,000	2,496,400

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Development of a Management Plan for Mwea National Reserve	500,000	500,000
2211399	Weights And Measures Expenses	1,000,000	1,000,000
2211399	Marketing Of Strategic Value Chains	7,000,000	4,487,300
2211399	Operationalisation Of the Investment Board	1,000,000	1,000,000
2211399	Embu Agricultural Show Expenses	400,000	199,450
2211399	Seed Distribution Support Expenses	2,000,000	2,000,000
2211399	Fertiliser Distribution Support Expenses	3,000,000	3,000,000
2211399	Facilitation for the Vaccination of Livestock	1,200,000	1,200,000
2211399	Subscriptions To International Organisations for Water and Climate Change	40,000	40,000
2211399	County Environmental Programs	1,000,000	985,200
2211399	Environmental Days/Wetlands Days/Clean-Ups/ National Tree Days Celebrations and Advocacy	200,000	174,000
2211399	Community Health Promoters Stipend	111,190,000	58,662,500
2211399	County Mechanical Fund Policy	1,000,000	1,000,000
2211399	Induction For the Energy Committee Expenses	500,000	500,000
2211399	Preparation Of the County Energy Plan	1,000,000	1,000,000
2211399	County Transport Safety Committee Operations	500,000	500,000
2211399	Recruitment and Internship	19,200,000	19,200,000
2211399	County Games and League Support	2,750,000	1,998,940
2211399	Sports Equipment Support Programme	2,000,000	2,000,000
2211399	Youth Civic Education and AGPO Training	1,000,000	1,000,000
2211399	Comrades Empowerment Programmes	400,000	400,000
2211399	Rescue Centre Operations	1,600,000	1,600,000
2211399	Men And Women Empowerment Programme-Kagaari South	2,300,000	2,300,000
2211399	Preparation Of Four (4) Policies and Legal Framework	500,000	496,100
2211399	Planning, Surveying and Allocation of Market Plots	1,500,000	1,500,000
2211399	Survey, Secure All Public Land and Produce Specific Maps	200,000	200,000
2211399	Digitalization Support	1,500,000	1,500,000
2211399	Enforcement Operations	500,000	500,000
2211399	Development Control (Permission and Inspections) Services	300,000	300,000
Total		**251,820,731**	**154,342,224**

Source: *Embu County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the “Other Operating Expenses” category. These include: community health promoters, Public participation, health workers grant arrears, etc.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. They include the men and women empowerment programme, Kagaari South and marketing of strategic value chains.

3.6.11 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.310.54

million to County-Established funds in FY 2025/26, representing 4 per cent of the County's overall budget. Of this amount, the County allocated Kshs.20 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.2 per cent of the total budget. Table 3.86 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.86: Performance of Embu County Established Funds in FY 2025/26.

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (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	0	0	0	164,225,000	Yes
2	Embu County Youth Trust Fund	24-April-2015	0	0	0	20,000,000	Yes
3	Embu County Climate Change Fund	1-January-2020	290,541,470	148,041,451	148,041,451	345,193,736	Yes
4	Embu County Emergency Fund	25-March-2020	20,000,000	0	0	23,000,000	Yes
	Sub-Total		**310,541,470**	**148,041,451**	**148,041,451**	**552,418,736**	
County Assembly Established Funds							
1	County Assembly of Embu Car Loan and Mortgage (MCAs)	March 2014 (Revised in 2022)	0	0	0	165,000,010	Yes
2	County Assembly of Embu Car Loan and Mortgage (Staff)	11 February 2019 (Revised in 2022)	0	0	0	8,000,000	Yes
	Sub-Total		0	0	0	**173,000,010**	
	Total		**310,541,470**	**29,804,145**	**29,804,145**	**725,418,746**	

Source: *Embu County Treasury*

In FY 2025/26, the CoB received quarterly financial reports from all Fund Administrators, as indicated in Table 3.86, in accordance with the requirements of Section 168 of the PFM Act, 2012. The County disclosed that 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. In FY 2025/26, the CoB found that the lifespans of the Embu County Youth Trust Fund and the Embu County Bursary Fund had lapsed, making them ineligible for further withdrawals. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.6.12 County Corporations, Municipalities and Agencies

The County had no budgetary allocations for corporations, agencies and municipalities in the FY 2025/26.

3.6.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.192.32 million and comprised Kshs.110.27 million spent by the County Assembly and Kshs.82.06 million by the County Executive. Expenditure on foreign travel amounted to Kshs.35.36 million and comprised Kshs.25.38 million by the County Assembly and Kshs.9.97 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.87.

Table 3.87: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	21st to 26h Sept 2025	Benchmarking	Watford/ Hertfordshire in the United Kingdom (UK)	2,349,202	-	2,349,202
County Executive	1	3rd to 10th September 2025	Africa Climate Summit	Addis Ababa, Ethiopia	747,776	-	747,776
County Executive	1	3rd to 5th November 2025	Africa coffee conference	Dar es Salaam, Tanzania	919,910	-	919,910
County Executive	3	10th to 21st November 2025	(COP30) to the UN Framework Convention on Climate Change (UNFCCC).	Belem, Brazil	3,458,770	-	3,458,770
County Executive	2	2nd -4th June 2026	Foreign Travel to attend the Urban7 (U7) International Mayors' Summit in Nancy, France	Nancy, France	2,498,295		2,498,295
County Assembly	40	13th -18th October 2025	Benchmarking with the East African Legislative Assembly	Arusha	20,079,631	-	20,079,631
County Assembly	51	02ND To 11th FEBRUARY 2026	Training On Parliamentary Procedures And Best Practices In Budgeting, East African Legislative Assembly, Arusha, Tanzania	Arusha Tanzania	12,195,491		12,195,491
County Assembly	1	02nd To 05december 2025	Invitation To The 44th Annual Roundtable Conference Of The African Association For Public Administration And Management	Kingdom of Eswatini	238,005		238,005
County Assembly	1	21st To 27th September 2025	Invitation To The Parliamentary Budget Office To Participate In The 8th African Network Of Parliamentary Budget Annual Conference	Abuja Nigeria	550,830		550,830
County Assembly	1	26th October To 03rd November 2025	Invitation To An International Knowledge Exchange Program for Clerks of the County Assembly	Spain And France	652,800		652,800
County Assembly	2	01st To 12th December 2025	Training On Public Sector Governance And Budgetary Reforms	Dubai Uae	2,037,220		2,037,220
Total					**35,357,807**		**35,357,807**

Source: *Embu County Treasury and Embu County Assembly*

3.6.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.893.24 million as FIF, which was 98 per cent of the annual target.913.23 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 expenditure by the health facilities amounted to Kshs.893.24 million, as shown in Table 3.88.

Table 3.88: Embu County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level Five Hospital	1	625,650,000	650,540,416	104
2.	Level Four Health Facilities	3	73,390,200	71,685,349	98
3.	Level Three Facilities	3	31,719,000	22,460,660	71
4.	Level Three Facilities II	10	39,333,500	47,000,509	119
5	Eighty-Seven Level Two Facilities	71	77,406,000	78,076,660	101
6	Sub-County Public Health Offices	6	20,758,000	23,477,139	113
7	Medical Services-Headquarters	1	44,970,336	0	0
	Total	**95**	**913,227,036**	**893,240,733**	**98**

Source: *Embu County Treasury*

3.6.15 Development Expenditure

In the review period, the County reported spending Kshs.2.12 billion on development programmes, representing a 33 per cent increase over FY 2024/25, when the County spent Kshs.1.59 billion. Table 3.89 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the initiation of projects such as the improvement of bitumen roads, the upgrading of level 3 hospitals, and the renovation of county offices and the stadium.

Table 3.89: Embu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location		Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Implementation status (%)
			Project Location (Ward)	Sub County							
County Funded Projects											
1	Health	Upgrading Of Gategi Health Centre-Phase 2	Mwea	Mbeere South	25 July 2025	30 June 2026	63.00	63.00	0	36.69	58
2	Agriculture, Livestock, Blue Economy and Co-Operative Development	Purchase Of Certified Crop Seeds	County Wide	County Wide	25 July 2025	30 June 2026	31.00	31.00	0	30.99	100
3	Finance and Economic Planning	Refurbishment of the County Headquarters Offices	Kirimari	Manyatta	25 July 2025	30 June 2026	35.00	35.00	0	25.59	73
4	Lands, Physical Planning and Urban Development	Development Of County Spatial Plan	County Wide	County Wide	25 July 2025	30 June 2026	40.00	40.00	0	21.79	55

No	Sector	Project Name	Project Location		Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Implementation status (%)
			Project Location (Ward)	Sub County							
5	Youth Empowerment, Sports, Gender, Culture, Children and Social Services	Governor's Cup Season 2 Programme	County Wide	County Wide	25 July 2025	30 June 2026	20.00	20.00	0	20.00	100
6	Trade, Tourism, Investment, Industrial Development and Marketing	Construction of the Wholesale Market in Embu Town	Kirimari	Manyatta	25 July 2025	30 June 2026	15.00	15.00	0	15.00	100
7	Education, Science and Technology	Scholarships (Capitation) For the Vocational Training Centres	County Wide	County Wide	25 July 2025	30 June 2026	25.00	25.00	0	12.49	50
8	Lands, Physical Planning and Urban Development	Acquisition Of Public Land at Njagairi	Kithimu	Manyatta	25 July 2025	30 June 2026	10.00	10.00	0	10.00	100
9	Health	Upgrading Of Kanja Health Centre	Kagaari North	Runyenjes	25 July 2025	30 June 2026	23.62	23.62	0	8.71	37
10	Health	Construction Of Kamugere/ Kibogi Dispensary	Kyeni North	Runyenjes	25 July 2025	30 June 2026	11.15	11.15	0	7.58	68

Source: *Embu County Treasury*

The County did not report stalled development projects as of 30 June 2026.

3.6.16 Budget Performance by Department

Table 3.90 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.90: Embu County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	307.03	-	301.35	-	301.35	-	100	-	98	-
County Public Service Board	38.56	-	37.66	-	37.66	-	100	-	98	-
Public Service and Administration	946.63	354	938.00	449.85	938.00	449.85	100	100	99	0

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	654.00	40	654.00	40	654.00	40	100	100	100	100
Finance and Economic Planning.	258.75	75	256.55	75	256.55	75	100	100	99	100
Trade, Tourism, Investment, and Industrialisation	36.48	143	31.68	84	31.68	84	100	100	87	59
Agriculture, Livestock, Fisheries and Co-Operative Development	228.73	251	216.26	249	216.26	249	100	100	95	99
Water Environment and Natural Resources	39.46	108	37.06	81	37.06	81	100	100	94	75
Health	1,770.99	429	1,551.65	317	1,551.65	317	100	100	88	74
Embu Level 5 Hospital	85.82	78	3.27	23	3.27	23	100	100	4	30
Infrastructure, Public Works and Housing.	80.45	863	76.92	609	76.92	609	100	100	96	71
Education, Science and Technology	447.75	151	446.77	127	446.77	127	100	100	100	85
Youth Empowerment and Sports and Gender Empowerment	126.21	238	122.67	201	122.67	201	100	100	97	84
Lands, Physical Planning and Urban Development & Water	57.03	97	54.18	77	54.18	77	100	100	95	79
Embu County Revenue Authority (ECRA)	23.92	42	23.14	21	23.14	21	100	100	97	49
Embu Municipal Board	80.40	114	51.09	58	51.09	58	100	100	64	51
Climate Change Unit	-	297	-	154	-	154	-	100	-	
County Attorney	19.95	-	14.97	-	14.97	-	100	-	75	
Total	**5,202.15**	**3,280**	**4,817.23**	**2,116**	**4,817.23**	**2,116**				

Source: *Embu County Treasury*

Analysis of expenditure by departments shows that the Department of County Assembly recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Agriculture, Livestock, Fisheries and Co-operative Development at 99 per cent. The Department of Education, Science and Technology 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 4 per cent.

3.6.17 Budget Execution by Programmes and Sub-Programmes

Table 3.91 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.91: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
County Assembly				
General Administration, Planning and Support Services	Administrative Services	23,167,340	23,167,340	100
Legislation, Representation and Legislative Oversight	Legislation, Representation and Legislative Oversight	16,832,660	16,832,660	100
Agriculture, Livestock, Fisheries and Co-Operative Development				
Administrative Support Services	Administrative Support Services	44,708,952	44,263,043	99
Crop Development and Management	Crop Development and Management	51,265,398	50,754,098	99
Agribusiness and Information Management	Agribusiness and Information Management	45,744,477	45,288,240	99
Recurrent				
Education, Science and Technology				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	44,774,919	44,677,265	100
Access and retention in ECDE centres	Access and retention in ECDE Centres	179,099,676	178,709,057	100
Improve Quality And Relevance Of ECDE Services	Improve Quality And Relevance Of ECDE Services	44,774,919	44,774,919	100
Improve transition from pre-primary to primary school	Improve transition from pre-primary to primary school	44,774,919	44,677,265	100
Increase access and retention in Vocational training.	Increase access and retention in Vocational training.	134,324,758	134,031,793	100

Source: *Embu County Treasury*

The development sub-programmes with the highest budget implementation rates were: administrative services in the Department of county assembly at 100 per cent, legislation, representation and legislative oversight in the Department of county assembly at 100 per cent, and administrative support services in the Department of agriculture, livestock, fisheries and co-operative development at 99 per cent.

For recurrent sub-programmes, the top performers included: general administration, planning and support services in the Department of Education, Science and Technology at 100 per cent, access and retention in ECDE centres in the Department of Education, Science and Technology at 100 per cent, and improving the quality and relevance of ECDE services in the Department of Education, Science and Technology at 100 per cent.

The higher performance of these programmes can be attributed to proper, realistic planning, aligning projects with clear timelines, and using framework contracts and prequalified suppliers to reduce procurement time.

Table 3.92 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.92: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
EMBU LEVEL 5 HOSPITAL				
Curative Health Services	Primary Healthcare	52,892,622	15,725,088	30
Preventive and Promotive Health Services	Health Promotion and Disease Control	14,529,939	4,319,782	30
General Administration Planning and Support Services	General Administration Services	10,627,439	3,159,560	30
Curative Health Services	Primary Healthcare	52,892,622	15,725,088	30
EMBU COUNTY REVENUE AUTHORITY (ECRA)				
General Administration Planning and Support Services	General Administration Planning and Support Services	28,014,363	13,681,851	49
	Revenue Management Services	13,985,637	6,830,403	49
Recurrent				
Embu Level 5 Hospital				
Curative Health Services	Primary Healthcare	58,156,013	2,214,716	4
Preventive and Promotive Health Services	Health Promotion and Disease Control	15,975,826	608,397	4
General Administration Planning and Support Services	General Administration Services	11,684,985	444,991	4
Embu Municipal Board				
General Administration Planning and Support Services	General Administration Planning and Support Services	19,998,089	12,707,709	64
Urban Development	Urban Development	22,071,372	14,025,169	64

Source: *Embu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: primary healthcare, health promotion, disease control, and general administration services in the Department of Embu Level 5 Hospital, at 30 per cent across the three sub-programmes.

For recurrent sub-programmes, the poorest performers included primary healthcare, health promotion, disease control, and general administration services at the Department of Embu level 5 hospital, at 3 per cent across the three sub-programmes.

These lower performance outcomes were attributed to unrealistic departmental planning, poor procurement systems, and reliance on the equitable share.

3.6.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.64 billion. This amount consisted of Kshs.1.61 billion from the County Executive and Kshs.35.21 million from the County Assembly. The trade payables from the County Executive comprised Kshs.754.73 million for recurrent expenditure and Kshs.852.07 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.508.44 million, comprising Kshs.216.53 million (43 per cent) for recurrent programmes and Kshs.291.91 million (57 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.35.21 million, comprising Kshs.35.21 million (100 per cent) for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.1.55 billion for County Executive and Kshs.77.44 million for County Assembly.

Table 3.93: Embu County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	852,070,850	754,729,805	1,606,800,655
		County Assembly	-	35,211,635	35,211,635
		Total	852,070,850	789,941,440	1,642,012,290
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	239,968,701	142,644,457	382,613,158
		County Assembly		35,211,635	35,211,635
		Total	239,968,701	177,856,092	417,824,794
Amount paid in FY 2025/26	c	County Executive	291,910,156	216,531,838	508,441,994
		County Assembly		35,211,635	35,211,635
		Total	291,910,156	251,743,473	543,653,629
Trade Payables Incurred in FY 2025/26	d	County Executive	175,680,940	273,503,082	449,184,022
		County Assembly	-	77,438,916	77,438,916
		Total	175,680,940	350,941,998	526,622,938
Outstanding trade payables as of 30 June 2026	**e = a - c*b**	**County Executive**	**735,841,634**	**811,701,049**	**1,547,542,683**
		County Assembly	**-**	**77,438,916**	**77,438,916**
		Total	**735,841,634**	**889,139,965**	**1,624,981,599**

Source: *Embu County Treasury.*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.382.61 million and Kshs.35.21 million, respectively, in FY 2025/26. The County adhered to this payment plan, clearing Kshs.508.44 million for the Executive and Kshs.35.21 million for the Assembly.

The ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly was Kshs.1.62 billion.

Table 3.94: Embu County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**175,680,940**	**144,029,095**	**2,990,011**	**413,141,588**	**735,841,634**
Recurrent Trade Payables (Goods & Services)	273,503,082	128,998,846		409,199,121	811,701,049
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**273,503,082**	**128,998,846**	**-**	**409,199,121**	**811,701,049**
Total Trade Payables	**449,184,022**	**273,027,941**	**2,990,011**	**822,340,709**	**1,547,542,683**
% of Total	**29**	**18**	**0**	**53**	**100**

Source: *Embu County Treasury*

Table 3.95: Embu County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	--	-
Recurrent Trade Payables (Goods & Services)	23,365,036	15,058,301	4,339,720	-	42,763,057

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	20,011,869	-	-	-	20,011,869
Recurrent Trade Payables (Staff Claims)	14,663,989	-	-	-	14,663,989
Total Recurrent Trade Payables	58,040,895	15,058,301	4,339,720	-	77,438,916
Total Trade Payables	58,040,895	15,058,301	4,339,720	-	77,438,916
% of Total	**75**	**19**	**6**	**-**	**100**

Source: *Embu County Treasury*

As shown in Table 3.94 and Table 3.95, the total salary arrears and statutory deductions for trade payables amounted to Kshs.20.01 million, representing 2 per cent of the total trade payables of Kshs.1.22 billion as of 30 June 2026. The statutory deductions are tax arrears of Kshs.20.01 million.

Additionally, the two tables indicate that 72 per cent of total trade payables are aged over 3 years, a trend attributed to non-compliance to trade payables action plan. To address this situation, the county should adhere to the payment plan and clear the long-outstanding trade payables. The FIFO basis of payment will significantly reduce the trade payables over the next 3 years. The trade payables action plan has not been fully implemented.

3.6.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 239 accounts across CBK and commercial banks, of which 17 were held at the CBK and 222 at commercial banks. Of those at the commercial banks, 20 were for donor commercial operational accounts, 115 for revenue collection accounts, 20 for special operations accounts, including County-established funds, 87 for health facilities operations accounts, for municipalities operations accounts, for water and sewerage companies' operations accounts, and for Vocational Training Centres.

The County Treasury submitted copies of authorisation letters to the Controller of Budget to open 239 commercial bank accounts, in accordance with Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.6.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.378.33 million against an annual target of Kshs.712.49 million, representing 53 per cent of the financial year target.

ii. Low development performance in the review period, as the County incurred Kshs.2.12 billion on development activities, achieving a 64 per cent absorption rate.

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 2026, the lifespans of the Embu County Youth Trust Fund and the Embu County Bursary Fund had expired, rendering them ineligible for further withdrawals.

iv. High level of trade payables amounting to Kshs. 1.62 billion as of 30 June 2026. Furthermore, the County Executive should use the FIFO method to settle 53 per cent of trade payables more than 3 years old.

v. The County reported Kshs.154.34 million under "other operating expenses - Other," accounting for 12 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

vi. 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 2026.

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 implement strategies to increase development expenditures in FY 2025/26.*

iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

v. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

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

3.7. County Government of Garissa

3.7.1 Overview of FY 2025/26 Budget

The Garissa County Approved Supplementary Budget for FY 2025/26 was Kshs.13.54 billion. It comprised Kshs.5.81 billion (42.95 per cent) and Kshs.7.72 billion (57.05 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.53 billion (12.75 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.66 billion and a recurrent budget of Kshs.7.34 billion. The increase in the budget was primarily attributed to the rise in shareable revenue and additional allocations.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.8.88 billion (65.59 per cent), additional allocations of Kshs.2.19 billion (16.23 per cent), a cash balance brought forward from FY 24/25 of Kshs.2.01 billion (14.86 per cent) and Kshs.463.58 million (3.32 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.96.

3.7.2 Revenue Performance

During FY 2025/26, the County reported total revenue of Kshs.11.66 billion. This amount represented an increase of 6.21 per cent compared to the amount received in FY 2024/25 of Kshs.10.67 billion. The total revenue consisted of Kshs.8.88 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.23 billion, and own-source revenue (OSR) collection of Kshs.463.58 million. Additionally, the County had a cash balance of Kshs.810.98 million from FY 2024/25. The total OSR collection of Kshs.463.58 million included Facilities Improvement Financing (FIF) of Kshs.402.35 million, and Kshs.61.22 million from other OSR sources. Table 3.96 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.96: Garissa County, Revenue Performance in FY 2025/26

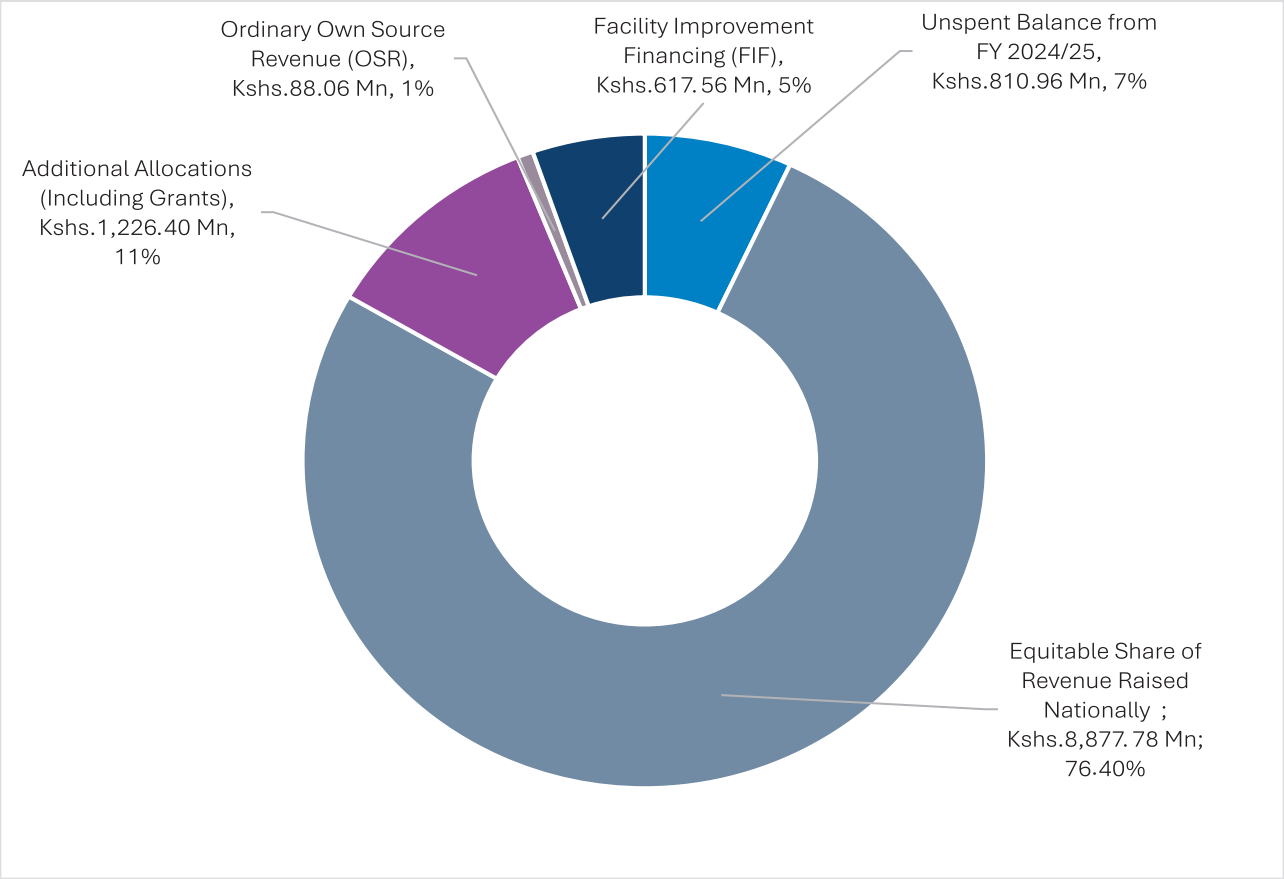
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	2,011,923,772	810,793,554		810,793,554	40
2	County Executive Refunds to CRF		158,084		158,084	
3	County Assembly Refunds to CRF		7,261		7,261	
	Sub-Total	**2,011,923,772**	**810,958,899**	**-**	**810,958,899**	**40**
B	**Equitable Share of Revenue Raised Nationally**					
1		8,877,784,676	8,877,784,676		8,877,784,676	100
	Sub-Total	**8,877,784,676**	**8,877,784,676**	**-**	**8,877,784,676**	**100**
C	**Additional Allocations (Including Grants)**					
1	**Unconditional Additional Allocations to County Governments**					
A	Road Maintenance Levy Fund (RMLF)	188,410,093				
B	Allocations for 20% Share of Mineral Royalties	844,692	844,692		844,692	100
2	**Conditional Additional Allocations from the National Government's**					
A	Settlement of Doctors' Salary Arrears	**32,981,339**	-	-	-	-
B	Community Health Promoters (CHPs) Programme	**74,520,000**	-	-	-	-
E	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	**1,987,622**	-	-	-	-
3	**Conditional Allocations from Loans and Grants**					
1	Kenya Water, Sanitation and Hygiene Programme (K-WASH) Grant	150,000,000	141,979,713		141,979,713	95
2	Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UDG)	626,456,027	303,270,587		303,270,587	48
3	Kenya Informal Settlement Improvement Project (KISIP II)	100,000,000	26,000,000		26,000,000	26
4	DANIDA Grant-Primary health care in devolved context	11,322,000	11,322,000		11,322,000	100
5	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	72,909,500			-	-
6	Kenya devolution support program KDSP11 Development Grant	352,500,000	194,857,710		194,857,710	55

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
7	Financing locally led climate action program (FLLoCA) County climate Institutional support (CCRI	188,293,356	199,997,137		199,997,137	106
8	Water and Sanitation Development Project (World Bank) WSDP	150,000,000	102,000,000		102,000,000	68
9	Food Systems Resilience Project – (FSRP)-IDA	246,153,846	246,130,311		246,130,311	100
	Sub-Total	**2,196,378,475**	**1,226,402,151**	**-**	**1,226,402,151**	**56**
D	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates	18,000,000	1,801,619	16,198,381	18,000,000	100.00
2	Business Permits	15,000,000	13,133,781	1,866,219	15,000,000	100.00
3	Livestock Cess	13,050,000	6,112,300	-	6,112,300	46.84
4	Sales of Flowers, Plants, Firewood, Produce, etc.	600,000	187,500	412,500	600,000	100.00
5	Market Entrance / Gate Fee	18,000,000	17,579,428	-	17,579,428	97.66
6	Produce Inspection Fee - Weight and Measure	500,000	3,200	-	3,200	0.64
7	Parking	4,500,000	1,078,355	2,000,000	3,078,355	68.41
8	Miraa Cess	10,000,000	9,489,952	-	9,489,952	94.90
9	Slaughtering Administration Fee	1,800,000	237,647	1,562,353	1,800,000	100.00
10	Livestock Movement permit	2,430,000	2,063,090	-	2,063,090	84.90
11	Environment and Natural Resources: Quarry/ mining	2,120,000	1,196,000	-	1,196,000	56.42
12	Market Stalls Rent	4,500,000	2,325,459	3,000,000	5,325,459	118.34
13	Buildings Plan Approval Fee	3,500,000	1,006,064	-	1,006,064	28.74
14	Outdoor Advertisement	5,000,000	3,200,065	1,799,935	5,000,000	100.00
15	Fines and penalties	500,000	453,411	-	453,411	90.68
16	Right-of-Way / Way-Leave Fee	1,500,000	1,355,042	-	1,355,042	90.34
	Sub-Total	**101,000,000**	**61,222,913**	**26,839,388**	**88,062,301**	**87.19**
E	**Facility Improvement Financing (FIF)**					
1	SHIF/Cost Sharing	340,000,000.00	398,618,450	254,375,573	652,994,023	192.06
2	Public Health Fees	9,000,000.00	3,734,820		3,734,820	41.50
	Sub-Total	**349,000,000**	**402,353,270**	**254,375,573**	**656,728,843.00**	**188.17**
	Total	**13,536,086,923**	**11,378,721,908**	**242,041,286**	**11,659,936,869**	**86.14**

Source: *Garissa County Treasury*

The County has a governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.36 provides a detailed breakdown of receipts.

Figure 3.36: Garissa County Composition of Revenue in FY 2025/26

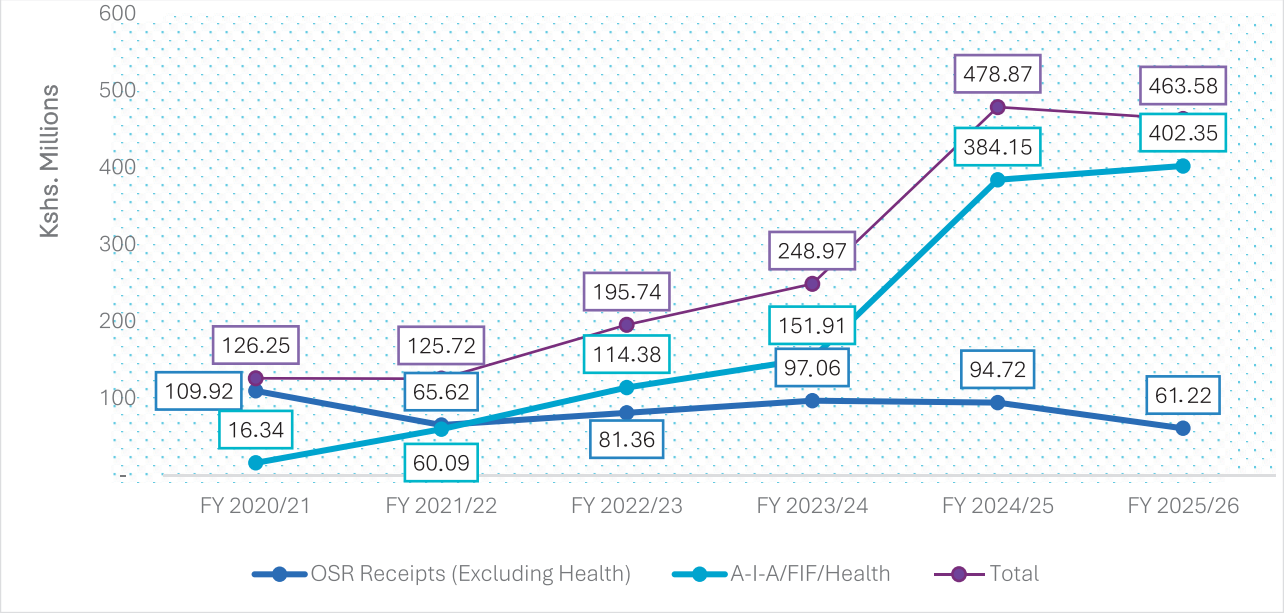


S***ource:*** *Garissa County Treasury*

The equitable share of revenue raised nationally, Additional Allocation (including grants), and Unspent balances from FY 2024/25 contributed 76.39 per cent, 10.55 per cent and 6.97 per cent, respectively, of the total receipts for the reporting period.

Figure 3.37: shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.37: Garissa County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Garissa County Treasury*

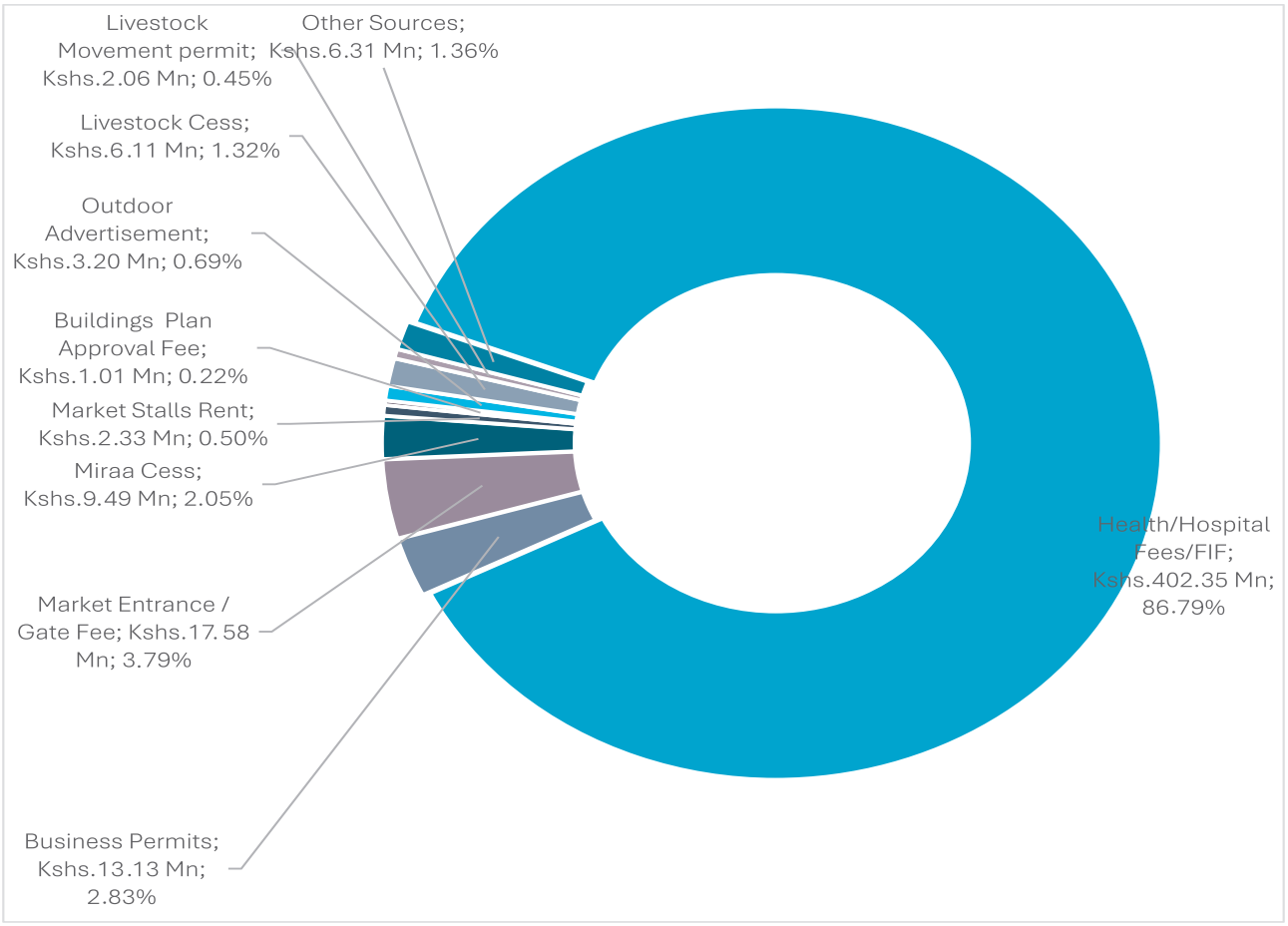
During the year, the County received Kshs.463.58 million from OSR, including FIF. This amount was a decrease of 3.31 per cent compared to Kshs.478.87 million realised in a similar period in FY 2024/25 and was

103.02 per cent of the annual target and 5.22 per cent of the equitable share of revenue disbursed by the National Government.

The decline recorded in the ordinary OSR was caused by severe droughts in the county, which negatively affected cess collections from Livestock. Additionally, the executive order, which gave municipalities the authority to collect fees and levies, has negatively impacted the performance and the reporting of revenues collected from various revenue streams.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.38.

Figure 3.38: Garissa County Top Own Source Revenue Streams in FY 2025/26



***Source**: Garissa County Treasury*

As shown in Figure 3.38, the largest revenue stream, at Kshs.402.35 million, was the Facility Improvement Fund, accounting for 86.79 per cent of total OSR receipts. Nonetheless, the County Government indicated that it does not have an automated revenue system. Without an automated revenue system, the County faces significant structural and financial risks. Relying on manual processes, essentially "pen and paper" or semi-manual tracking, creates a massive gap between the revenue a county could collect and what makes it into the public accounts.

3.7.3 Revenue Arrears

As of 1st July 2025, the County reported revenue Arrears of Kshs.1.94 million, which increased to Kshs.429.03 million as of 30th June, 2026. The County currently tracks its revenue arrears using a manual system. Table 3.97 presents a breakdown of the County's revenue Arrears.

Table 3.97: Garissa County Revenue Arrears as of 30th June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30th June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Land Rates	-	-		16,198,381	16,198,381
2	Business Permits	-	-	-	1,866,219	1,866,219
3	Sales of Firewood	-	-	-	412500	412500
4	Parking	-	-	-	2000000	2000000
5	Slaughtering Administration Fee	-	-	-	1562353	1562353
6	Market Stalls Rent	-	-	-	3,000,000	3,000,000
7	Outdoor Advertisement	-	-	-	1,799,935	1,799,935
	Sub-Total	-	-	-	26,839,388	26,839,388
B	**Facility Improvement Financing (FIF)**					
1	SHIF	114,235,972	1,268,500	44,438,855	254,375,573	322,904,190
2	Defunct NHIF	79,284,433	-	-	-	79,284,433
	Sub-Total	193,520,405	1,268,500	44,438,855	254,375,573	402,188,623
Total		**193,520,405**	**1,268,500**	**44,438,855**	**281,214,961**	**429,028,011**

Source: Garissa *County Treasury*

As of 30th June 2026, the revenue arrears totalled Kshs.429.03 million, comprising Kshs.322.91 million for FIF (75.26 per cent) and Kshs.79.28 million for defunct NHIF (18.48 per cent). The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 include following up and constituting payment arrangements with SHA to clear the long-outstanding arrears.

3.7.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.7.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.10.64 billion from the Garissa County Revenue Fund (CRF) account. This amount consisted of Kshs.3.38 billion (31.75 per cent) designated for development programs and Kshs.7.26 billion (68.25 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.5.44 billion was allocated to employee compensation and Kshs.1.82 billion to operations and maintenance expenditures. Within the operations and maintenance category, 4.04 per cent was for domestic travel and 1.24 per cent for foreign travel. The domestic travel exchequers totalled Kshs.80.61 million, which included Kshs.7.97 million for the County Executive and Kshs.72.63 million for the County Assembly. Meanwhile, exchequers for foreign travel amounted to Kshs.10.08 million for the County Assembly.

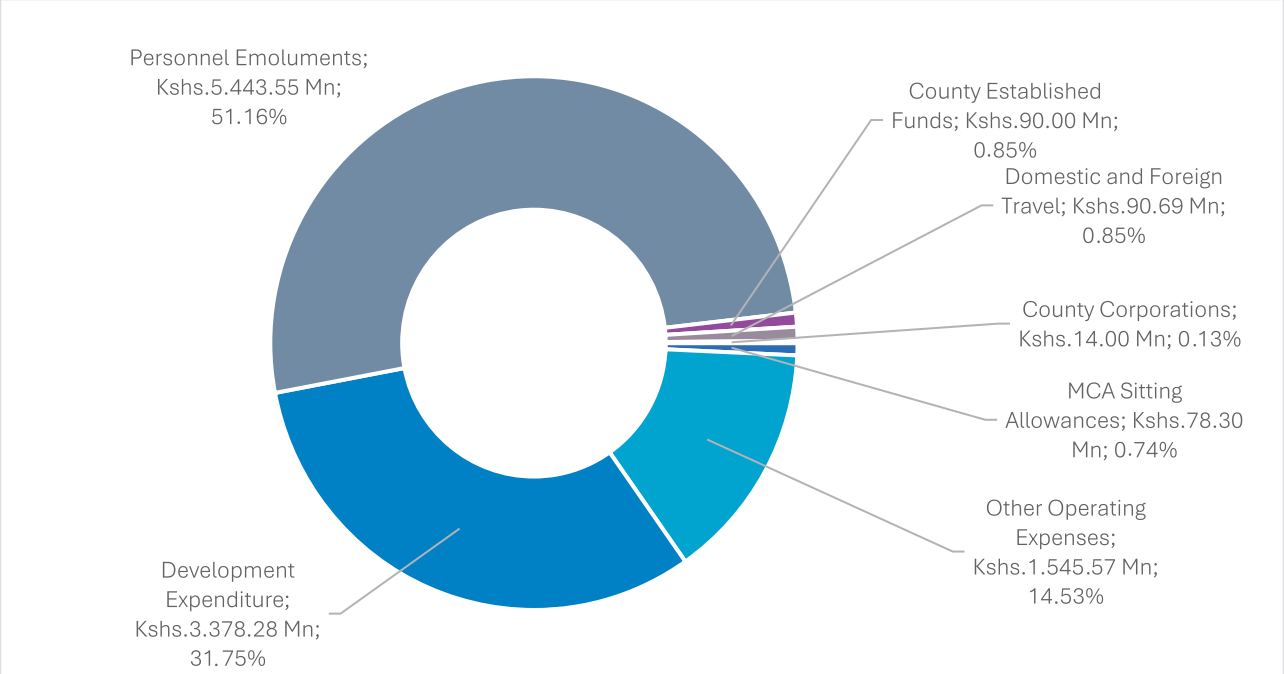
As of 30th June 2026, the County Government's cash balance in the CRF account was Kshs.188.26 million.

3.7.6 Expenditure Review

The County spent Kshs.10.64 billion on development and recurrent programmes In FY 2025/26. The expenditure represented100 per cent of the total funds released by the CoB. It comprised Kshs.3.38 billion for development programmes and Kshs.7.26 billion for recurrent programmes. Expenditure on development programmes accounted for 58.10 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 94.04 per cent of the annual recurrent expenditure budget.

Figure 3.39: provides a detailed breakdown of total expenditure.

Figure 3.39: Garissa County Composition of Expenditure in FY 2025/26



Source: Garissa *County Treasury*

As shown in Figure 3.39, the three highest expenditure categories were Compensation for employees, Development Expenditures, and Other Operating Expenses, contributing 51.16, 31.75 and 14.53 per cent of total expenditure for the reporting period.

3.7.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.74 billion in employee compensation, Kshs.1.52 billion in operations and maintenance, and Kshs.3.28 billion in development activities. Similarly, the County Assembly spent Kshs.706.86 million on compensation of employees, Kshs.300.76 million on operations and maintenance, and Kshs.96.52 million on development activities, as shown in Table 3.98.

Table 3.98: Garissa County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs.Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**6,711.75**	**1,010.21**	**6,254.50**	**1,007.60**			**6,254.50**	**1,007.60**	**93**	**100**
Compensation of Employees	4,736.68	706.86	4,736.68	706.86			4,736.68	706.86	100	100
Operations and Maintenance	1,975.07	303.35	1,517.82	300.74			1,517.82	300.74	77	99
Development Expenditure	**5,672.84**	**141.29**	**3,281.76**	**96.52**			**3,281.76**	**96.52**	**58**	**68**
Total	**12,384.59**	**1,151.50**	**9,536.26**	**1,104.12**			**9,536.26**	**1,104.12**	**77**	**96**

***Source**: Garissa County Treasury*

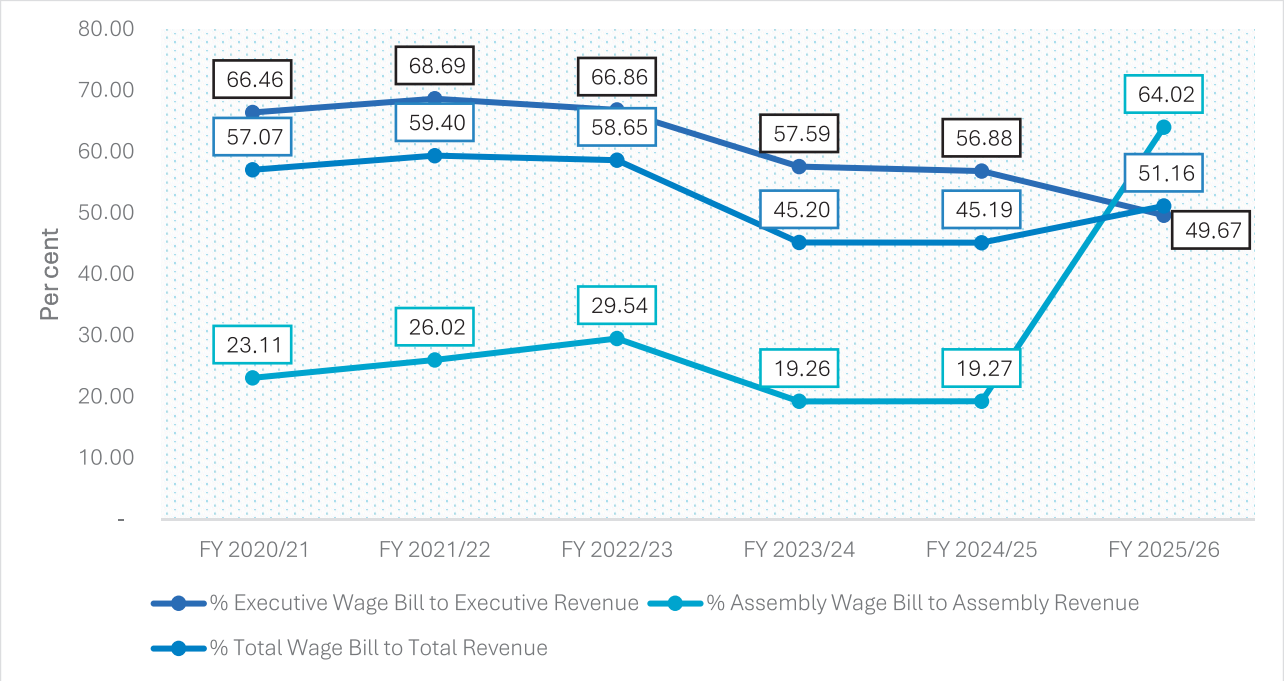
3.7.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.5.44 billion, representing 51.16 per cent of rev-

enue. This expenditure on employee compensation shows an increase compared to the Kshs.4.55 billion reported in a similar period in FY 2024/25. Of this total, Kshs.2.43 billion related to Health Sector employees, accounting for 44.55 per cent of the overall employees' compensation. There was an increase of 16.41 per cent in compensation of employees compared to the previous period's performance, due to the introduction of the accrual reporting system and the employment of more Community Health Workers.

Figure 3.40: shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.40: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Garissa County Treasury

Further analysis indicated that PE costs amounting to Kshs.5.21 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.231.53 million was processed through manual payrolls, which accounted for 4.25 per cent of the total PE cost. The justification for the continued use of manual payroll was the existence of Community Health Workers who lacked personal (staff) numbers, thereby preventing their onboarding into HRIS. At the same time, the County Assembly similarly reported a lack of personal numbers for some staff as the reason for processing pay manually.

The manual payroll comprised salaries for 547 staff not onboarded into the Human Resource Information System (HRIS), salaries for 521 casual staff, top-up allowances for 98 security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.99.

Table 3.99: Analysis of Garissa County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Salaries for staff paid outside Human Resource Information System (HRIS)	547	48,790,030	Lack of personal Numbers	Apply and fast-track processing of personal numbers
2	Salaries for casual staff	521	12,271,593	Employed temporarily	N/A
3	Top-up Allowances for security officers	38	7,224,565	Engaged temporarily	N/A
4	LAPTRUST/LAPFUND Pension Contributions		65,298,597	Gratuity for contracted employees	N/A
5	Gratuity for contract staff	98	47,942,512	Gratuity for contracted employees	

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
6	Community Health Workers	2,500	50,000,000	Employed temporarily	N/a
	Total		**231,527,296**		

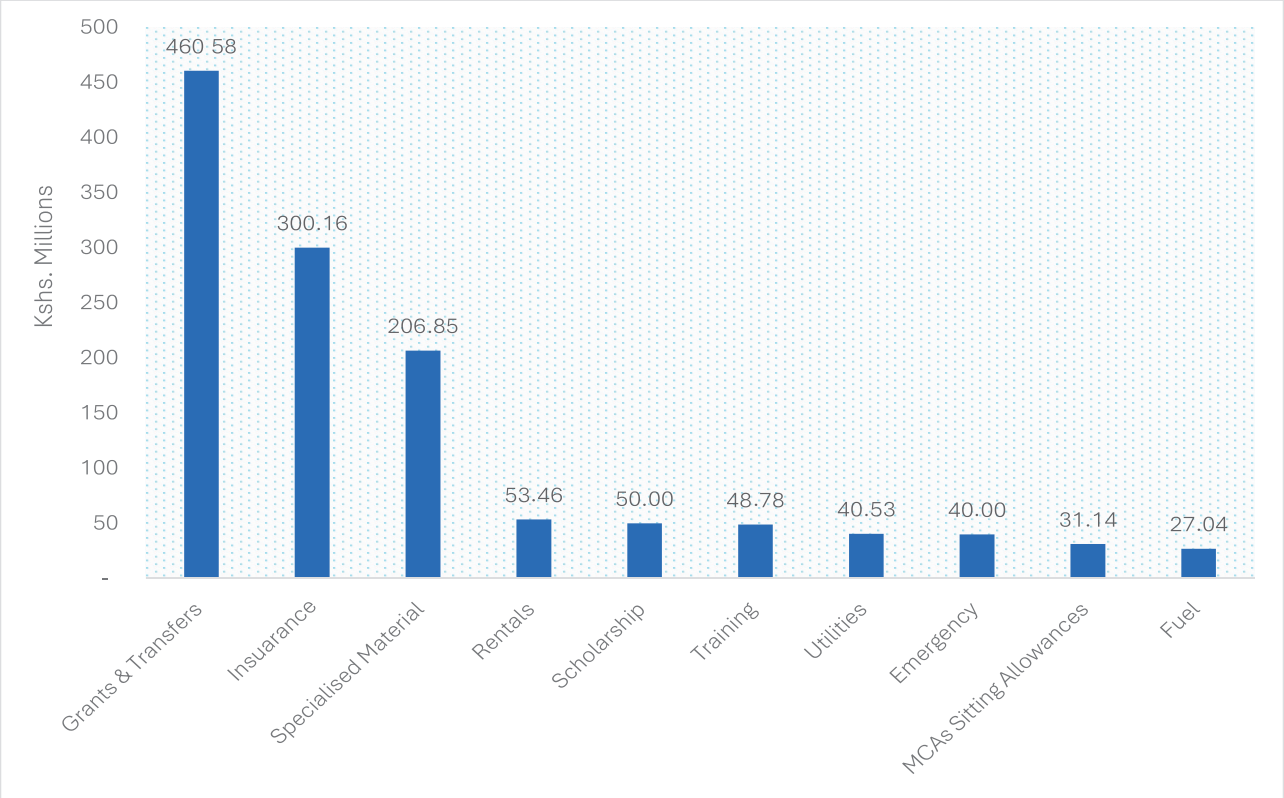
Source: Garissa County Treasury

The County Assembly spent Kshs.31.14 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.78.31 million. The average monthly sitting allowance was Kshs.72,078.01 per MCA. The County Assembly has 24 House Committees.

3.7.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.82 billion on operations and maintenance, representing a decrease of 18.22 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.2.22 billion. Figure 3.41 Illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.41: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: *Garissa County Treasury*

3.7.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.10.37 million on "other operating expenses - other," which accounted for 0.57 per cent of the total operations and maintenance expenditure of Kshs.1.82 billion. These should have been mapped to the correct budget codes.

Table 3.100: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Contracted Guards and Cleaning Services-Exchequer (GOK)-Administration and Support Services-Livestock	800,073	800,073

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Legal Dues/fees, Arbitration and Compensation Payments-Exchequer (GOK)-Intergovernmental Relations, Special Programs-Donor Coordination	12,000,000	2,000,000
2211399	Contracted Professional Services-Exchequer (GOK)-Public Service-County Public Service Board	4,120,000	2,000,000
2211399	Other Operating Expenses (Security Operations)	17,100,000	5,566,480
	TOTAL	34,020,073	10,366,553

Source: *Garissa County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: General Office Supplies and Security Allowances.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, Security Operations.

3.7.11 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.90 million to County-Established funds in FY 2025/26, representing 0.75 per cent of the County's overall budget. Of this amount, the County allocated Kshs.40 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.33 per cent of the total budget. Table 3.101 summarises each established Fund's budget allocation and performance In FY 2025/26.

Table 3.101: Performance of Garissa County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established (i.e 22.09.2019)	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Disaster Management Fund/ Emergency	March, 2013 Renewed in August, 2025	40,000,000	40,000,000	40,000,000	724, 969,431	NO
2	Bursary Fund	May, 2013 Renewed August 2024	50,000,000	50,000,000	50,000,000	675,000,000	NO
3	Micro and Small Enterprises Development Revolving Fund	August, 2018	0	0	0	40,000,000	NO
	Total				**90,000,000**		

Source: *Garissa County Treasury*

In FY 2025/26, the CoB did not receive annual financial reports from all Fund Administrators, as indicated in Table 3.101, contrary to the requirement of Section 168 of the PFM Act, 2012. However, the County disclosed that administration costs of the Disaster Management Fund/ Emergency and Bursary Fund were below the 3 per cent limit of the Fund 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. In FY 2025/26, the CoB established that the lifespan of all the Funds had been extended.

3.7.12 County Corporations, Municipalities and Agencies

The County has one County Corporation and six municipalities which were allocated Kshs.98 million in FY 2025/26. Their total transfers to these entities during the review period amounted to Kshs.14.00 million, as shown in Table 3.102.

Table 3.102: Performance of Garissa County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Garissa Water and Sewerage Company	50,000,000	-	-	345,000,000
Gazetted Municipalities					
1	Garissa Town Municipalities	23,000,000	17,500,000	17,500,000	46,500,000
2	Masalani	5,000,000	3,500,000	3,500,000	11,000,000
3	Bura	5,000,000	2,500,000	2,500,000	11,300,000
4	Modogsahe	5,000,000	2,500,000	2,500,000	11,000,000
5	Dadaab	5,000,000	6500,000	6,500,000	7,500,000
6	Mbalamabala	5,000,000	5,000,000	5,000,000	46,500,000
	Total	**98,000,000**	**14,000,000**	**14,000,000**	**432,300,000**

Source: *Garissa County Treasury*

3.7.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.80.61 million and comprised Kshs.72.63 million spent by the County Assembly and Kshs.7.97 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.08 million by the County Assembly; the County Executive did not incur foreign travel expenditure. Expenditure on foreign travel is summarised in Table 3.103.

Table 3.103: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c = a + b) (Kshs.)
County Assembly	1	26TH September - 7th October 2025	Member travelled to Canada to represent the County, organised by the Ministry of Labour and Social Protection.	Canada	1,004,320		1,004,320
County Assembly	1	15 /9/ 25 - 28 /9/ 25	Leadership Development Skills by Strathmore Business School	Italy	990,690		990,690
County Assembly	6	17 - 21 /11/ 2025	Leadership Development Skills for County Assembly Members by ESAMI	Istanbul, Turkey	4,629,360		4,629,360

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c = a + b) (Kshs.)
County Assembly	8	16th to 24th Dec 2025	to attend a high-level study, visit and policy dialogue with key Rwandan Agencies and executives in local government systems, in Kigali, Rwanda from	Rwanda Kigali	3,454,899		3,454,899
Total					**10,079,269**	**0**	**10,079,269**

Source: *Garissa County Assembly*

3.7.14 Facility Improvement Financing

During the review period, the County reported collection of Kshs.402.35 million as FIF, which was 115.29 per cent of the annual target of Kshs.349 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. Expenditure by the health facilities amounted to Kshs.631.19 million, as shown in Table 3.104.

Table 3.104: Garissa County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	442,996,832	442,996,832	100
2.	Level 4 Hospital	8	165,558,336	165,558,336	100
3	Level 3 Facility	21	11,322,000	11,322,000	100
4	Level 2 Facility	52	11,322,000	11,322,000	100
	Total	**82**	**631,199,168.00**	**631,199,168.00**	**100**

Source: *Garissa County Treasury*

3.7.15 Development Expenditure

In the review period, the County reported spending Kshs.3.28 billion on development programmes, representing an increase of 4.62 per cent compared to FY 2024/25, when the County spent Kshs.3.13 billion. Table 3.105 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the strategic prioritisation of infrastructure in Arid and Semi-Arid Lands (ASALs) and a significant influx of conditional grants from international development partners.

Table 3.105: Garissa County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30th June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Health	Mother And Child Hospital	Township Sub County	6TH JUNE 2024	12-Jun-26	663,678,404	180,000,000	180,000,000	425,500,000	88
2	Roads	Bula Waberi Open Road	Township Sub County	30th January 2026	11-Jan-27	123,675,594	123,675,594	125,000,000	19,000,000	44
3	Lands	Cadastral Survey - Garissa County	Dadaab Sub County	5th Narc 2026	10th December 2026	95,468,000	98,000,000.	98,000,000.	86,00,000	77

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30th June 2026 (Kshs.)	Percentage (%) of Completion
4	Education	Phase 2 Construction Of Pavilion	Township Sub County	14th May 2026	16-Nov-26	179,390,849	180,000,000	79,500,000	79,500,000	16
5	Water	Upgrading Of Qone Modogashe Water Project In Lagdera Sub-County	Lagdera	19th Jan 2026	14-May-26	74,907,778	80,000,000	64,907,778	64,907,778	100
6	County Assembly	Proposed Supply and Installation of Hybrid Solar System at Garissa County Offices	County Assembly of Garissa	7/4/2026	30-06-26	38,711,137	38,711,137.00	38,711,137	38,711,137.00	100
7	Water	Proposed Construction Of 25,00m3 Of Water Pan In Biobombi at Shant-Abak Subcounty	Shantabk Sub County	21ST JANUARY 2026	13TH MAY 2026	19,499,892	20,000,000	15,000,000	15,000,000	100
8	Health	Construction Of 30 Bed Capacity Maternity &Theatre At Madina Level Four Hospital	Township Sub County	7TH MAY 2026	12-Aug-26	24,451,700	25,000,000	14,500,000	14,500,000	80
9	Lands	Construction and expansion of Masalani Municipal Offices in Ijara Sub-County, Garissa County	Masalani Sub County	6th January 2026	25th June 2026	39,975,511	40,00,000	9,567,241	9,567,241	48
10	Water	Proposed construction of a 30,000 m3 water pan in well Abass in Balambala Sub-County, Garissa County	Balambala Sub County	13TH JAN 2026	25TH MAY 2026	16,893,492	17,000,000	5,000,000	5,000,000	60
Donor Funded Projects										
1	Water	Excavation of 50,000m3 climate-proofed water pan	Hulugho Sub County	24-May-26	24-Jul-26	26,207,822	27,000,000	16,733,011	16,733,011	64
2	Water	Excavation of 50,000m3 climate-proofed water pan	Lagdera Sub County	15-May-26	28-Jul-26	25,895,630	26,000,000	14,345,321	14,345,321	55
3	Water	Extension of climate-resilient community water supply infrastructure	Masalani Sub County	12-May-26	25-Jul-26	19,577,333	20,000,000	14,012,166	14,012,166	72
4	Livestock	Supply and Delivery of High Value Livestock Food Supplement and Deworming	County Wide	27-Jan-26	7-Mar-26	12,800,000	13,000,000	12,800,000	12,800,000	100
5	Agriculture	Rehabilitation of climate-resilient community water supply infrastructure	Garissa Township Sub County	16-May-26	29-Jul-26	19,697,253	20,000,000	12,100,670	12,100,670	61
6	Agriculture	Development of Climate Resilient Community Irrigation Scheme	Balambala Sub County	18-May-26	11-Jul-26	16,258,600	16,500,000	11,450,129	11,450,129	70
7	Livestock	Supply And Delivery of Borehole Equipment	Garissa County	27-Jan-26	4-Mar-26	11,419,002	12,000,000	11,419,002	11,419,002	100
8	Agriculture	Environmental Restoration for Climate Resilience	Dadaab Sub County	10TH MAY2026	13-Jul-26	22,264,927	22,500,000	11,032,024	11,232,903	50
9	Agriculture	Rehabilitation of Climate Resilient Community Irrigation Scheme	Balambala Sub County	15-May-26	16-Jul-26	16,217,560	16,400,000	9,940,120	9,940,120	61
10	Livestock	Excavation of 50,000m3 climate-proofed water pan	Lagdera Sub County	16-May-26	14-Jul-26	24,972,362	25,000,000	9,934,020	15,038,342	40

Source: *Garissa County Treasury*

The County reported 4 stalled development projects as of 30th June 2026, with an estimated value of Kshs.283.54 million, of which Kshs.38.65 million has already been paid. The stalled projects are shown in Table 3.106.

Table 3.106: Garissa County Stalled Projects as of 30th June 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
1	Health and Sanitation	Construction of Health Headquarters	Township	46,563,340	38,652,052	90	Revaluation/ procurements Issues	Termination, re-scoping,
2	Health and Sanitation	Construction of Dispensary block at Gedilun Sangailu	Ijara	5,673,942	Nil	30	Contractor Deserting	Termination, re-scoping
3	Health and Sanitation	Construction and Equipping of Cancer Centre	Township	222,289,475	Nil	5	Contractor Deserting	Termination, re-scoping,
4	Health and Sanitation	Construction of Maternity at Bura	Township	9,013,440	Nil	20	Contractor Deserting	Termination, re-scoping,
		Total		**283,540,197**	**38,652,052**			

Source: Garissa County Treasury

3.7.16 Budget Performance by Department

Table 3.107 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.107: Garissa County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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
Agriculture, Livestock & pastoral	177.46	473.10	173.44	352.48	170.83	368.15	98	104	96	78
Culture, Gender, Youth & Sports	63.01	281.79	59.73	33.72	55.48	33.72	93	100	88	12
Roads, Transport and Public Works	101.99	1,014.82	98.90	468.76	94.70	468.76	96	100	93	46
Education, Information and ICT	447.16	109.00	461.33	116.42	428.08	108.73	93	93	96	100
Lands, Physical Planning and Urban Development	640.10	1,075.92	508.91	432.07	490.77	424.04	96	98	77	39
Finance & Economic Planning	981.22	101.00	884.51	27.60	951.27	27.60	108	100	97	27
Health & Sanitation	3,342.48	558.00	3,176.62	582.47	3,176.62	558.00	100	96	95	100
Trade, Investments and Enterprise Development	90.81	50.00	90.06	56.45	85.74	49.48	95	88	94	99
Water, Environment and Natural Resources	197.76	1,616.70	192.49	1,211.79	192.49	1,243.28	100	103	97	77
County Affairs, Public Service and Intergovernmental Relations	592.46	392.50	533.53	-	533.53		100	-	90	-

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 Public Service Board	77.30		74.98	-	74.98		100	-	97	-
Assembly	1,010.21	141.29	1,007.60	96.52	1,007.60	96.52	100	100	100	68
Total	**7,721.96**	**5,814.12**	**7,262.10**	**3,378.28**	**7,262.10**	**3,378.28**	**100**	**100**	**94**	**58**

***Source**: Garissa County Treasury*

Analysis of expenditure by departments shows that the Department of Health & Sanitation recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Education, Information and ICT at 99.75 per cent. The Department of County Public Service Board had the highest percentage of recurrent expenditure to budget at 99.74 per cent, while the Department of Lands, Physical Planning and Urban Development had the lowest at 76.67 per cent.

3.7.17 Budget Execution by Programmes and Sub-Programmes

Table 3.108 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.108: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Development				
Department: Health				
Governance, quality assurance and support services	Sub-programme 1.1 Administration & Support Services	558,000,000	558,000,000	100
Department of Agriculture, Livestock & Pastoral				
CP1. Livestock & Pastoral Economy	CSP1.1 Administration & Support Services (Livestock Development)	405,103,637	321,799,258	79.44
Department Water, Environment and Natural Resources				
Sub-programme 1.2 Water Infrastructure Development	Sub-programme 1.2 Water Infrastructure Development	507,290,000	496,505,155	97.87
Department Water, Environment and Natural Resources				
Programme 1. Water Services	Sub-programme 1.1 Administration & Support Services	572,116,944	507,157,186	88.65
Department Lands, Physical Planning and Urban Development				
Programme 1. Administration and support services	Sub-programme 1.1 Urban Administration & Support Services	1,075,918,915	424,037,742	39.41
Recurrent				
Department of Agriculture, Livestock & Pastoral				
CP1. Livestock & Pastoral Economy	CSP1.1 Administration & Support Services (Livestock Development)	112,076,038	112,076,038	100
Department of Education, Information and ICT				
Programme 1. General Administration and support services	Sub-programme 1.1 Administration & Support Services	416,593,769	414,598,970	99.52

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Department of Finance and Economic Planning				
Programme 1. Administration and support services	Sub-programme 1.1 Administration & Support Services	900,379,126	899,438,793	99.99
Department: Health and Sanitation				
Programme 1. Governance, quality assurance and support services	Sub-programme 1.1 Administration & Support Services	3,069,529,566	2,926,315,744	95.33
Department Water, Environment and Natural Resources				
Programme 1. Water Services	Sub-programme 1.1 Administration & Support Services	156,407,166	156,252,676	99.9

***Source**: Garissa County Treasury*

The development sub-programmes with the highest budget implementation rates were: Administration & Support Services in the Department of Health at 100 per cent, Water Infrastructure Development in the Department of Water, Environment and Natural Resources at 97.87 per cent, and Administration & Support Services in the Department of Water, Environment and Natural Resources at 88.65 per cent.

For recurrent sub-programmes, the top performers included: Administration & Support Services (Livestock Development) in the Department of Agriculture, Livestock & Pastoral Services at 100 per cent, Administration & Support Services in the Department of Education, Information and ICT at 99.90 per cent, and Administration & Support Services in the Department of Health and Sanitation at 95.54 per cent.

The higher performance of these programmes was attributed to the prioritisation of projects within the respective departments and the compensation of personnel domiciled in the Administration and Support sub-programmes.

Table 3.109 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.109: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department Agriculture, Livestock & Pastoral				
Crop Production and Value Addition	Crop Production and Value Addition	15,000,000	3,350,000	22.33
Department Culture, Gender, Youth and Sports				
Programme 2: Gender and social services	Sub-programme 2.1 Social Protection, Support Service	43,000,000	4,248,003	9.88
Department Culture, Gender, Youth and Sports				
Programme 3: Youth and Sport Development	Sports & talent development	233,790,000	29,476,397	12.61
Department Finance and Economic Planning				
Programme 1. Administration and support services	Sub-programme 1.1 Administration & Support Services	101,000,000	27,598,059	27.32
Department Lands, Physical Planning and Urban Development				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
Programme 1. Administration and support services	Sub-programme 1.1 Urban Administration & Support Services	1,075,918,915	424,037,742	39.41
Recurrent				
Department of Education, Information and ICT				
Programme 2: Education Development	Sub-programme 2.1 ECD	23,234,909	10,332,288	44.47
Department of Education, Information and ICT				
Programme 3: ICT, Information and Libraries	Sub-programme 3.1 ICT, Information and LibrarieS	4,834,356	1,752,640	36.25
Department Finance and Economic Planning				
Programme 3: Economic planning	Sub-programme 3.1 Planning and M&E	8,130,000	1,000,000	12.30
Department Water, Environment and Natural Resources				
Programme 2: Irrigation Services	Sub-programme 2.1 Irrigation Development	4,400,000	300,000	6.82
Department County Executive Services				
Programme 1. Executive services	Sub-programme 1.9 Delivery unit	2,450,000	1,032,288	42.13

Source: *Garissa County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Social Protection in the Department of Culture, Gender, Youth and Sports at 9.88 per cent, Sports & talent development in the Department of Culture, Gender, Youth and Sports at 12.61 per cent, and Crop Production and Value Addition in the Department of Agriculture, Livestock & Pastoral at 22.33 per cent.

For recurrent sub-programmes, the poorest performers included: Irrigation Development in the Department of Water, Environment and Natural Resources at 6.82 per cent, Planning and M&E in the Department of Finance and Economic Planning at 12.30 per cent, and ICT, Information and Libraries in the Department of Education, Information and ICT at 36.25 per cent.

These lower performances were attributed to stringent compliance and tendering mandates of the Public Procurement and Asset Disposal Act, which create significant delays, particularly for Urban Administration projects that necessitate complex technical surveys and lengthy approval cycles. Second, procurement bottlenecks in specialised sectors such as ICT—specifically in equipment sourcing and vendor vetting—have hindered expenditure. Finally, low absorption rates in the Department of Culture, Gender, Youth, and Sports point toward a deficit in technical expertise and project management necessary to implement social and talent-based initiatives.

3.7.18 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.59 billion. This amount consisted of Kshs.2.42 billion from the County Executive and Kshs.143.71 million from the County Assembly. The trade payables from the County Executive comprised Kshs.747.21 million for recurrent expenditure and Kshs.1.68 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.1.85 billion, comprising Kshs.452.64 million (60.58 per cent) for recurrent programmes and Kshs.1.39 billion (83.13 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.101.11 million, comprising Kshs.68.96 million (67.43 per cent) for recurrent activities and Kshs.32.14 million (77.58 per cent) for development activities. The outstanding trade payables as of 30th June 2026 were Kshs.1.39 billion for County Executive and Kshs.99.09 million for County Assembly. Table 3.110 provides additional details of trade payables.

Table 3.110: Garissa County Trade Payables as of 30th June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,677,440,562	747,206,030	2,424,646,592
		County Assembly	41,431,972	102,274,916	143,706,888
		Total	**1,718,872,534**	**849,480,946**	**2,568,353,480**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	1,677,440,562	747,206,030	2,424,646,592
		County Assembly	41,431,972	102,274,916	143,706,888
		Total	**1,718,872,534**	**849,480,946**	**2,568,353,480**
Amount paid in FY 2025/26	c	County Executive	1,394,462,922	452,637,078	1,847,100,000
		County Assembly	32,144,681	68,967,134	101,111,815
		Total	**1,426,607,603**	**521,604,212**	**1,948,211,815**
Trade Payables Incurred in FY 2025/26	d	County Executive	799,000,000	10,000,000	809,000,000
		County Assembly	49,423,531	7,081,087	56,504,618
		Total	848,423,531	17,081,087	865,504,618
Outstanding trade payables as of 30th June 2026	e=a-c*b	**County Executive**	**1,081,977,640**	**304,568,952**	**1,386,546,592**
		County Assembly	**58,710,822**	**40,388,869**	**99,099,691**
		Total	**1,140,688,462**	**344,957,821**	**1,485,646,283**

Source: *Garissa County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.849.48 million and Kshs.172 billion, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.1.85 billion for the Executive and Kshs.101.11 million for the Assembly.

Table 3.111 and Table 3.112 present the ageing of the total outstanding bills as of 30th June 2026 for the County Executive and Assembly, which were Kshs.1.39 billion.

Table 3.111: Garissa County Executive Trade Payables Ageing Analysis as of 30th June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**899,000,000**			**182,977,640**	**1,081,977,640**
Recurrent Trade Payables (Goods & Services)	10,000,000	294,568,952			304,568,952
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)					-
Recurrent Trade Payables (Staff Claims)					-
Total Recurrent Trade Payables	**10,000,000**	**294,568,952**	**-**	**-**	**304,568,952**
Total Trade Payables	**909,000,000**	**294,568,952**	**-**	**182,977,640**	**1,386,546,592**
% of Total	**66%**	**21%**	**0%**	**13%**	**100%**

Source: *Garissa County Treasury*

Table 3.112: Garissa County Assembly Trade Payables Ageing Analysis as of 30th June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	49,423,531	5,490,431	3,796,860		58,710,822
Recurrent Trade Payables (Goods & Services)	7,081,087	9,224,280			16,305,367
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)		24,083,502			24,083,502

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Staff Claims)					**0**
Total Recurrent Trade Payables	7,081,087	33,307,782	-	-	40,388,869
Total Trade Payables	56,504,618	38,798,213	3,796,860	-	99,099,691
% of Total	**57.02**	**39.15**	**3.83**	**-**	**100**

Source:*Garissa County Treasury*

As shown in Table 3.112 and Table 3.113, the total salary arrears and statutory deductions for trade payables amounted to Kshs.24.08 million, which represented 1.62 per cent of the total trade payables of Kshs.1.49 billion as of June 30th 2026. The statutory deductions included salary arrears of Kshs.16.47 million and pension liabilities of Kshs.7.61 million.

Additionally, the two tables indicate that 15.18 per cent of total trade payables are aged between one and over three years, a trend attributed to the accumulation of pending bills brought forward from previous financial years. To address this situation, the county should strictly adopt the FIFO policy in paying the pending bills. The pending bill action plan adopting the FIFO criterion should be strictly adhered to.

3.7.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 57 accounts at the CBK and commercial banks, of which 31 were held at the CBK and 26 at commercial banks. Of those at the commercial banks, two were for donor commercial operational accounts, one for revenue collection accounts, four for special operations accounts, three for County-established funds, twelve for health facilities operations accounts, three for municipalities operations accounts and one for water and sewerage companies operations accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening the 26 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.7.20 Key Observations and Recommendations

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

i. Low development performance in the review period as the County incurred Kshs.3.38 billion on development activities, achieving a 58.10 per cent absorption rate.

ii. High level of trade payables, which amounted to Kshs.1.49 billion as of 30th June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

iii. Use of manual payroll. Compensation for employees amounting to Kshs.231.53 million for 195 staff not onboarded into HRIS and 508 casual staff were processed through manual payroll, accounting for 4.25 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

iv. 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.

v. The water company is in a critical financial distress. Contrary to its mandate for operational independence, GAWASCO relied on a Kshs.98 million County allocation. It reported a massive net loss of Kshs.703 million, driven by a Kshs.561 million provision for bad debts and administrative expenses that more than tripled its budget, resulting in an adverse audit opinion.

vi. 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 20th July 2025.

vii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which was against the requirement of Section 168 of the PFM Act, 2012. The reports for the Disaster Management Fund/Emergency Fund, Bursary Fund, and Micro and Small Enterprises Development Revolving Fund were not submitted to the CoB as of 15 July 2026.

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

i. *The County should implement strategies to increase development expenditures in FY 2025/26.*

ii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables 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 the CoB for opening commercial bank accounts to enhance accountability and oversight.*

v. The County Treasury should condition any future funding to GAWASCO on the submission of a clear, time-bound operational independence and financial recovery plan. GAWASCO must prioritise debt recovery through prepaid metering and enforce strict cost-control measures.

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

vii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.8. County Government of Homa Bay

3.8.1 Overview of FY 2025/26 Budget

The Homa Bay County Approved Supplementary Budget for FY 2025/26 was Kshs.13.60 billion. It comprised Kshs.5.19 billion (38.17 per cent) and Kshs.8.41 billion (61.83 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.470.88 million (3.6 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.5.19 billion and a recurrent budget of Kshs.7.94 billion. The increase in the budget was primarily due to additional allocations.

The budget was to be financed through various revenue sources. These include the equitable share of revenue raised nationally of Kshs.8.65 billion (63.57 per cent), additional allocations of Kshs.2.96 billion (21.75 per cent), a cash balance brought forward from FY 2024/25 of Kshs.325.75 million (2.39 per cent) and Kshs.1.67 billion (12.29 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.113.

3.8.2 Revenue Performance

During the year, the County reported total receipts of Kshs.11.03 billion. This amount represented a decrease of 5.35 per cent compared to the amount received in FY 2024/25 of Kshs.11.65 billion. The total re-

ceipts consisted of Kshs.8.65 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.724.67 million, and own-source revenue (OSR) collection of Kshs.1.66 billion. Additionally, the County had a cash balance of Kshs.1.62 million from FY 2024/25. The total OSR collection of Kshs.1.66 billion included Facilities Improvement Financing (FIF) of Kshs.1.26 billion and Kshs.393.97 million from other OSR sources. Table 3.113 summarised the total receipts available to the County Government during FY 2025/26.

Table 3.113: Homa Bay County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	D=B+C	E=D/A*100
A	**Unspent Balance from FY 2024/25**				
1	Balance at CRF	325,747,287	-	-	-
2	County Executive Refunds to CRF	-	1,622,323	1,622,323	
	Sub-Total	**325,747,287**	**1,622,323**	**1,622,323**	**0.50**
B	**Equitable Share of Revenue Raised Nationally**				
1	Equitable Share	8,646,376,063	8,646,376,063	8,646,376,063	100.00
	Sub-Total	**8,646,376,063**	**8,646,376,063**	**8,646,376,063**	**100.00**
C	**Additional Allocations (Including Grants)**				
1	National Value Chain Development Project (NAVCDP)	317,776,329	230,929,310	230,929,310	72.67
2	National Agriculture and Rural Inclusive Growth Project (NARIGP)	953,905		-	-
3	Aquaculture Business Development Programme (ABDP)	10,866,551		-	-
4	DANIDA	32,782,114			
5	Doctors Arrears	26,419,251		-	-
6	Community Health Promoters (CHP)	88,620,000	-	-	-
7	Financing Locally Led Climate Actions Programme (CCRI&CCRIG) IDA &KFW	286,324,165	247,146,480	247,146,480	86.32
8	Universal Health Care Project	315,000,000		-	-
9	Kenya Informal Settlements Improvement Programme (KISIP)II	933,950,162	68,000,000	68,000,000	7.28
10	Housing Levy Fund	1,987,622		-	-
11	Kenya Urban Support Programme (UIG)	35,002,000		-	-
12	Kenya Urban Support Programme (UDG)	59,000,000	58,090,522	58,090,522	98.46
13	Kenya Urban Support Programme (UDG)	32,307,300		-	-
14	Kenya Devolution Support Programme (KDSP II) - Institutional/Level 1 Grant	72,909,500		-	-
15	Kenya Devolution Support Programme (KDSPII)	352,000,000	120,503,588	120,503,588	34.23
16	County Industrial Parks Development	117,178,185		-	-
17	Road Maintenance Levy	61,139,242		-	-
18	Equalization Fund	214,023,965	-	-	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	D=B+C	E=D/A*100
	Sub-Total	**2,958,240,291**	**724,669,900**	**724,669,900**	**24.50**
D	**Ordinary Own Source Revenue (OSR)**				
1	Single Business Permit	117,560,340	97,302,072	97,302,072	82.77
2	Bricks/Sand/Murram/Stones	69,400,300	65,324,456	65,324,456	94.13
3	Bus Park Fees	60,679,625	41,966,454	41,966,454	69.16
4	Market Dues	54,670,340	41,493,940	41,493,940	75.90
5	Miscellaneous Incomes	8,400,400	29,896,987	29,896,987	355.90
6	Other Cess Income	27,400,560	24,197,961	24,197,961	88.31
7	Advertising /Billboard	32,450,290	22,210,827	22,210,827	68.45
8	Liquor Licensing	20,678,230	9,533,003	9,533,003	46.10
9	Stall/Kiosk Rents	12,090,700	8,818,550	8,818,550	72.94
10	Land Rates/Plot Rents	36,560,500	8,305,623	8,305,623	22.72
11	Other sources	126,289,473	44,915,151	44,915,151	35.57
	Sub-Total	**566,180,758**	**393,965,024**	**393,965,024**	**69.58**
E	**Facility Improvement Financing (FIF)**				
1	SHIF	1,104,906,565	1,262,385,497	1,262,385,497	114.25
	Sub-Total	**1,104,906,565**	**1,262,385,497**	**1,262,385,497**	**114.25**
	Grand Total	**13,601,450,964**	**11,029,018,806**	**11,029,018,806**	**81.09**

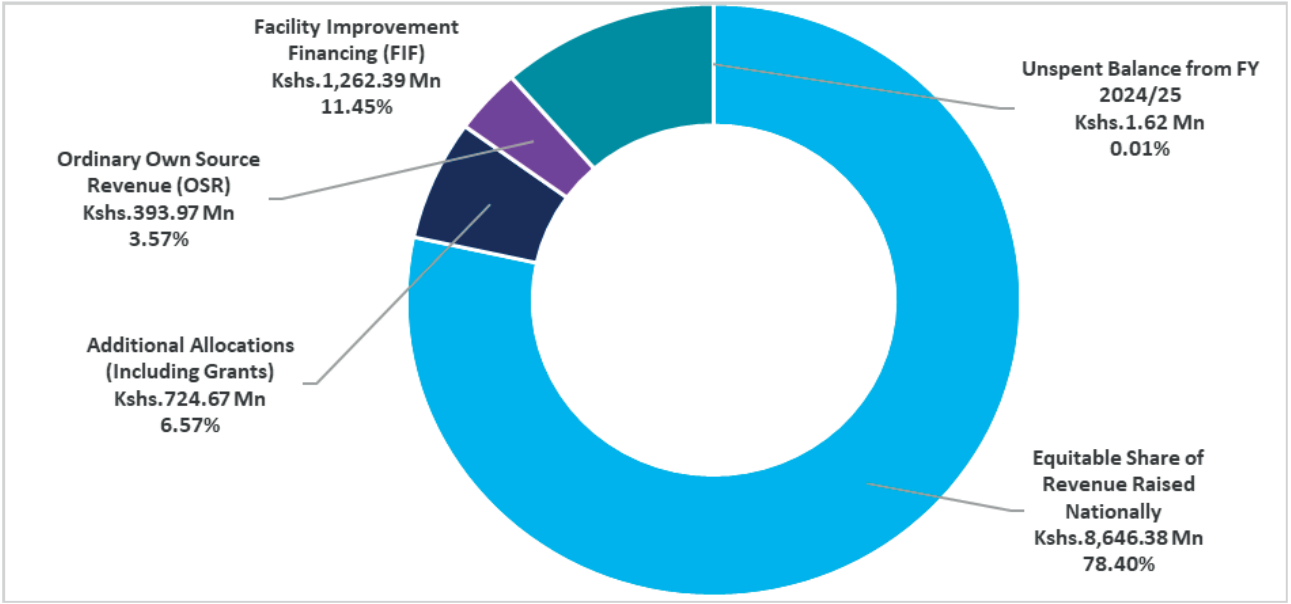
Source: *Homa Bay County Treasury*

It was observed that the County had budgeted for an Equalisation Fund allocation as part of the resource envelope, which the National Government implements. Thus, it should not be included in the budget.

The County Assembly enacted the Homa Bay County Health Facility Improvement Financing Act, 2023, which enabled County health facilities to collect and retain user-fee revenue to offset operational, management, and capital costs.

Figure 3.42: provides a detailed breakdown of receipts.

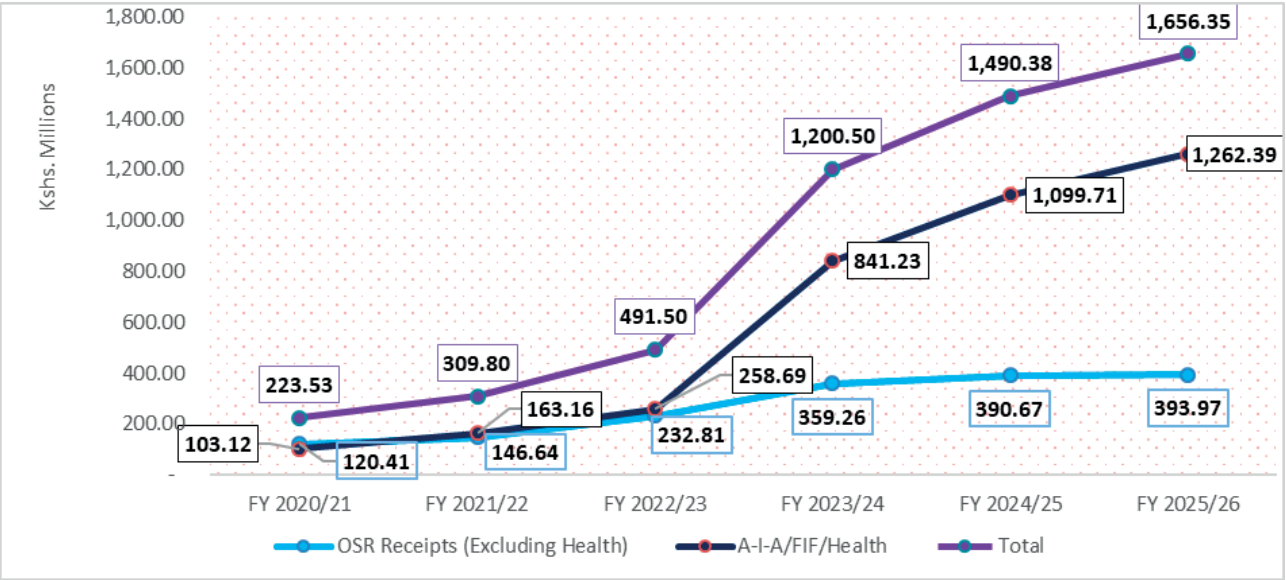
Figure 3.42: Homa Bay County Composition of Revenue in FY 2025/26



S***ource:*** *Homa Bay County Treasury*

The equitable share of revenue raised nationally, FIF, and additional allocations contributed 78.40 per cent, 11.45 per cent and 6.57 per cent, respectively, of the total receipts for the reporting period. Figure 3.43 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

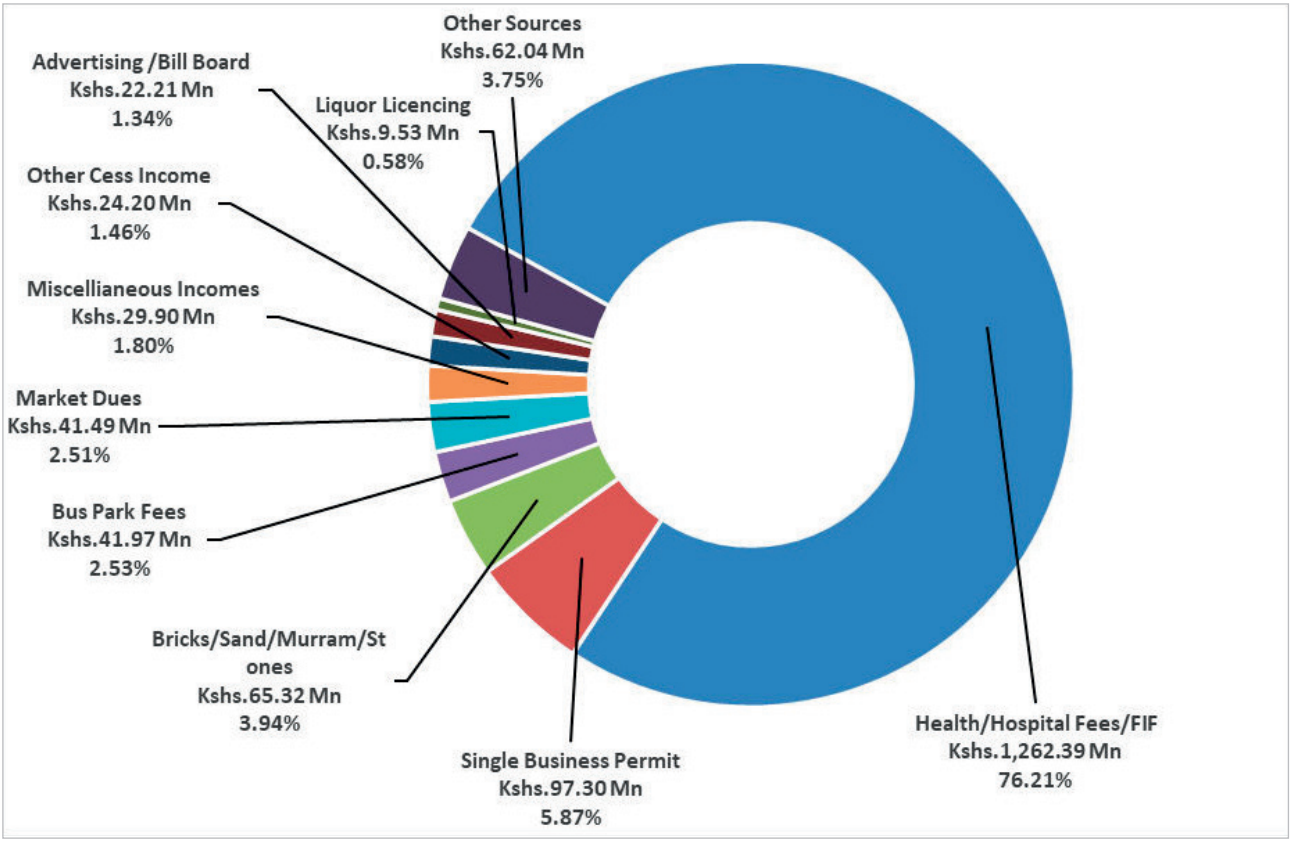
Figure 3.43: Homa Bay County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



S***ource:*** *Homa Bay County Treasury*

During the year, the County received Kshs.1.66 billion from OSR, including FIF. This amount was an increase of 11.1 per cent compared to Kshs.1.49 billion realised in FY 2024/25 and was 99.12 per cent of the annual target and 19.16 per cent of the equitable revenue share disbursed. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.44.

Figure 3.44: Homa Bay County Top Own Source Revenue Streams in FY 2025/26



Source: *Homa Bay County Treasury*

As shown in Figure 3.44, the largest revenue stream, at Kshs.1.26 billion, was Health/Hospital Fees/FIF, accounting for 76.21 per cent of total OSR receipts. The County Government indicated that it has automated all the revenue streams.

3.8.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.26.35 million, which decreased to Kshs.23.27 million as of 30 June 2026. As of 30 June 2026, the total revenue arrears amounted to Kshs.23.27 million, all of which related to land rates. The County issued letters to defaulters as part of its efforts to collect the outstanding arrears in FY 2025/26. Table 3.114 presents a breakdown of the County's revenue arrears.

Table 3.114: Homa Bay County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Receivables as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Receivables as of 30 June, 2026 (Kshs.)
			Waivers (Kshs)	Receivables paid in the financial year (Kshs)	Receivables earned in FY 2025/26 (Kshs)	
		a	b	c	d	e=a-b-c+d
	Ordinary Own Sources of Revenue					
1	Cess	1,038,410	-	1,038,410	-	-
2	Land rates	25,314,569	-	2,048,202	-	23,266,367
	Grand Total	**26,352,979**	**-**	**3,086,612**	**-**	**23,266,367**

Source: *Homa Bay County Treasury*

3.8.4 Borrowing by the County

The County Executive had a payroll management overdraft facility with Kenya Commercial Bank (KCB) Limited, which is duly approved by the County Assembly. The agreement provided for the advance Payroll Management Overdraft facility at an interest rate of 0.5 per cent per month on the requested amount, with an excise duty of 20 per cent on the interest and bank charges. As of 30 June, 2026, the outstanding overdraft facility amounted to Kshs.167 million.

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, namely the Amphitheatre and the Ushuru Centre. The total project cost of Kshs.820 million, with a monthly repayment of Kshs.17.25 million over a period of four years. As of 30 June, 2026, the loan repayment was in arrears by Kshs.32.5 million.

3.8.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawals totalling Kshs.9.92 billion from the Homa Bay County Revenue Fund (CRF) account. This amount consisted of Kshs.2.58 billion (26.03 per cent) designated for development programs and Kshs.7.34 billion (93.97 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.6.20 billion was allocated to employee compensation and Kshs.1.14 billion to operations and maintenance expenditures. Within the operations and maintenance category, 24.79 per cent was for domestic travel and 0.53 per cent for foreign travel. The domestic travel exchequers totalled Kshs.282.19 million, which included Kshs.40.61 million for the County Executive and Kshs.241.58 million for the County Assembly. Meanwhile, the foreign travel costs amounted to Kshs.6 million, incurred by the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Homa Bay CRF account was Kshs.198 million.

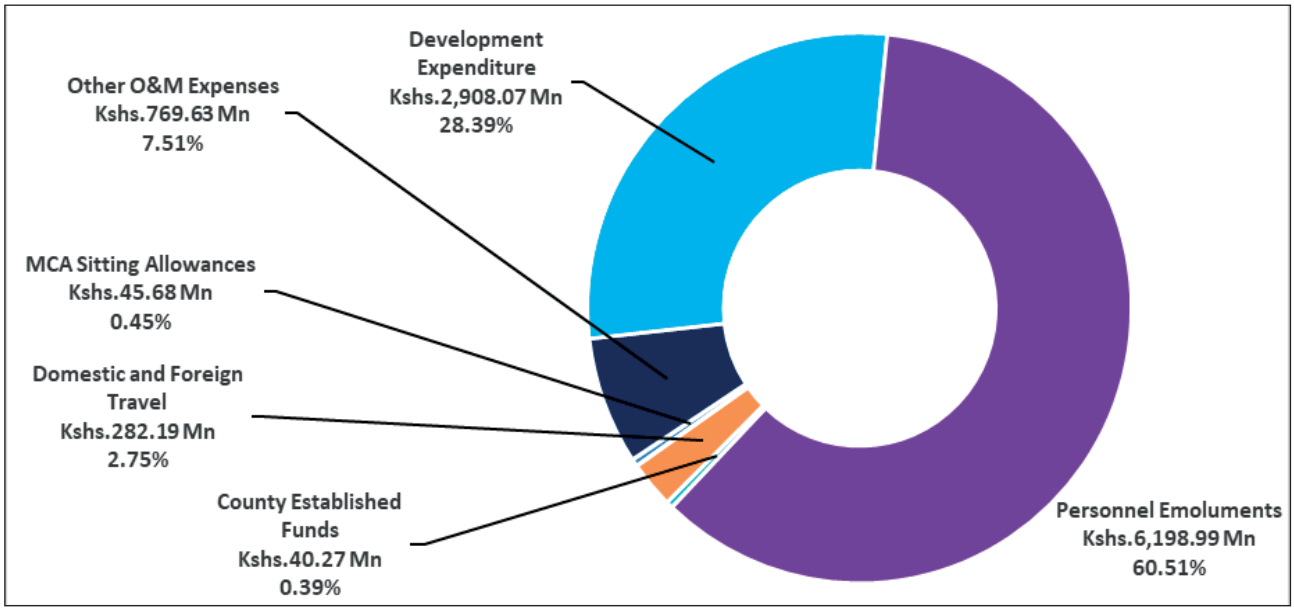
The Controller of Budget did not approve any exchequer withdrawal requests from the Homa Bay County Assembly Fund (CAF) account in FY 2025/26, as the Assembly had not operationalised the account.

3.8.6 Expenditure Review

The County spent Kshs.10.24 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 103.3 per cent of the total funds released by the CoB. The increase was attributed to Additional Allocations that were not banked into the CRF at the end of FY 2024/25. It comprised Kshs.2.91 billion for development programmes and Kshs.7.34 billion for recurrent programmes. Expenditure on development programmes accounted for 56.01 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 87.25 per cent of the annual recurrent expenditure budget.

Figure 3.45: provides a detailed breakdown of total expenditure.

Figure 3.45: Homa Bay County Composition of Expenditure in FY 2025/26



Source: *Homa Bay County Treasury*

As shown in Figure 3.45, the three highest expenditure categories were Personnel Emoluments, development expenditure, and other O&M expenditure, contributing 60.51 per cent, 28.93 per cent, and 7.51 per cent of total expenditure for the reporting period.

3.8.7 Expenditure by Economic Classification

The County Executive incurred Kshs.5.72 billion in employee compensation, Kshs.691.95 million in operations and maintenance, and Kshs.2.81 billion in development activities. Similarly, the County Assembly spent Kshs.485.30 million on employee compensation, Kshs.445.82 million on operations and maintenance, and Kshs.98.88 million on development activities, as shown in Table 3.115.

Table 3.115: Homa Bay County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs)	Exchequer Issues (K shs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive					
Recurrent	**7,376,622,216**	**6,406,217,576**	**6,405,639,231**	**6,405,639,231**	**86.84**
Compensation to Employees	5,732,865,231	5,713,687,013	5,713,687,013	5,713,687,013	99.67
Operations & Maintenance	1,643,756,986	692,530,563	691,952,218	691,952,218	42.10
Development	**5,039,755,757**	**2,482,568,778**	**2,809,185,465**	**2,809,185,465**	**55.74**
Executive Sub-total	**12,416,377,973**	**8,888,786,354**	**9,214,824,696**	**9,214,824,696**	**74.22**
County Assembly					
Recurrent	**1,032,734,503**	**931,119,658**	**931,119,658**	**931,119,658**	**90.16**
Compensation to Employees	485,302,952	485,302,945	485,302,945	485,302,945	100.00

Sector / Category	Budget (Kshs)	Exchequer Issues (K shs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Total Expend-iture in the FY 2025/26 (Kshs.) (d=b+c)	Absorp-tion (%) (d/a*100)
Operations & Maintenance	547,431,551	445,816,713	445,816,713	445,816,713	81.44
Development	**152,338,488**	98,880,342	**98,880,342**	**98,880,342**	**64.91**
Assembly Sub-total	**1,185,072,991**	**1,030,000,000**	**1,030,000,000**	**1,030,000,000**	**86.91**
Combined County Totals					
Total Recurrent	**8,409,356,719**	**7,337,337,233**	**7,336,758,889**	**7,336,758,889**	**87.25**
Compensation to Employees	6,218,168,183	6,198,989,958	6,198,989,958	6,198,989,958	99.69
Operations & Maintenance	2,191,188,537	1,138,347,276	1,137,768,931	1,137,768,931	51.92
Total Development	**5,192,094,245**	**2,581,449,120**	**2,908,065,807**	**2,908,065,807**	**56.01**
Grand Total	**13,601,450,964**	**9,918,786,354**	**10,244,824,696**	**10,244,824,696**	**75.32**

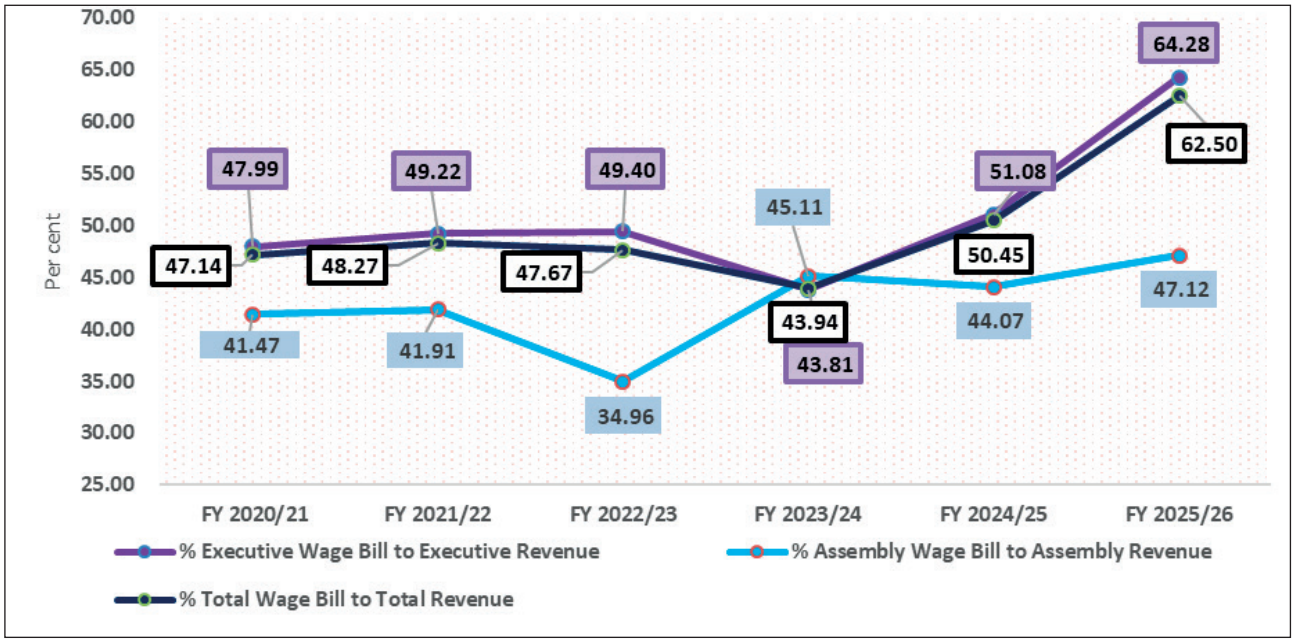
Source: *Homa Bay County Treasury*

3.8.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.6.2 billion, representing 62.5 per cent of revenue. This expenditure on employee compensation shows an increase compared to the Kshs.5.88 billion reported in FY 2024/25. Of this total, Kshs.2.57 billion related to Health Sector employees, accounting for 41.53 per cent of the overall employees' compensation.

Figure 3.46: shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.46: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Homa Bay County Treasury*

Further analysis indicated that PE costs amounting to Kshs.6.11 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.89.73 million was processed through manual payrolls, which accounted for 1.45 per cent of the total PE cost.

The manual payroll comprised gratuity remittances to pension schemes for staff on contract, as shown in Table 3.116.

Table 3.116: Analysis of Homa Bay County Manual Payroll

Category	County Executive	County Assembly	Total
Gratuity for staff on contract	43,459,564	46,272,611	89,732,175
Total	**43,459,564**	**46,272,611**	**89,732,175**

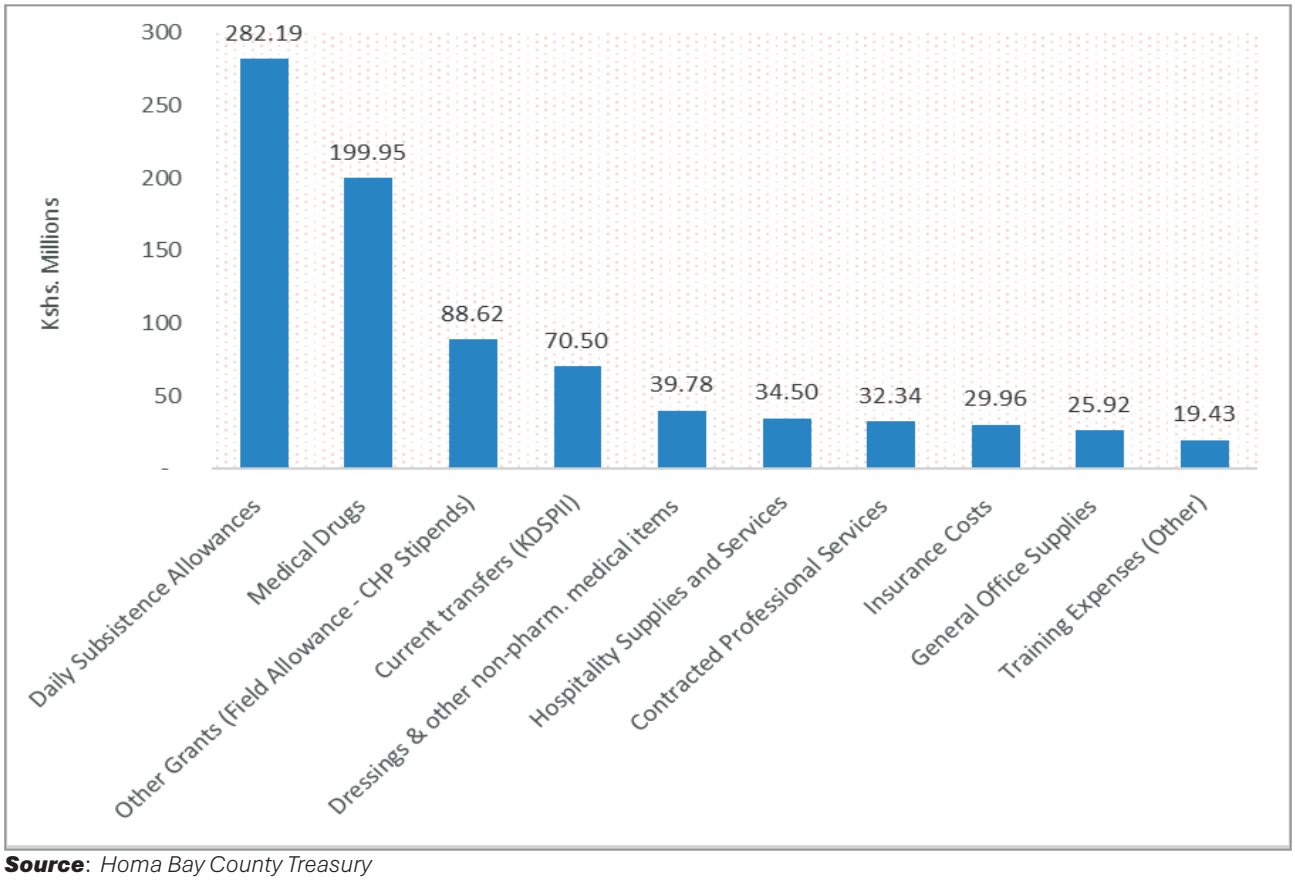
Source: *Homa Bay County Treasury*

The County Assembly spent Kshs.45.68 million on committee sitting allowances for the 54 MCAs and the Speaker, against the annual budget allocation of Kshs.45.68 million. The average monthly sitting allowance was Kshs.69,207 per MCA. The County Assembly has 22 House Committees.

3.8.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.14 billion on operations and maintenance, representing a 13.3 per cent decrease from FY 2024/25, when the County spent Kshs.1.31 billion. Figure 3.47 illustrates the distribution of Operations and Maintenance expenditure across the major spending categories.

Figure 3.47: Homa Bay County, Operations and Maintenance Expenditure by Major Categories



Source: *Homa Bay County Treasury*

3.8.10 Unbundling "Other Operating Expenses - Other" (IFIMS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.24.25 million on "other operating expenses - other," which accounted for 2.13 per cent of the total operations and maintenance expenditure of Kshs.1.14 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.117.

Table 3.117: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs.Million)	Expenditure (Kshs.Million)
2211399	Other Operating Expenses	21,151,400	18,401,994
2211399	Office of the Speaker: Office Operations	1,200,000	1,200,000

Code	Item	Budget (Kshs.Million)	Expenditure (Kshs.Million)
2211399	Office of the Clerk Office Operations	1,200,000	1,200,000
2211399	Majority Leader Office Operations	220,000	220,000
2211399	Registry Office Operations	480,000	480,000
	Total	**24,251,400**	**21,501,994**

Source: *Homa Bay County Treasury*

3.8.11 County-Established Funds and Emergency Fund

Section 116 of the PFM Act Cap 412A allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly. In FY 2025/26, the County allocated Kshs.264.65 million to County-established funds, representing 1.95 per cent of the County's overall budget. Furthermore, the County allocated Kshs.17.23 million to the Emergency Fund (0.13 per cent of the total budget) in line with Section 110 of the PFM Act, Cap. 412A. Table 3.118 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.118: Performance of Homa Bay County Established Funds in FY 2025/26

S/No	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
County Executive Established Funds							
1	Homa Bay County Bursary Fund	Amended in 2024	95,000,000	-	-	-	No
2	Homa Bay County Car Loan and Mortgage Scheme Fund	Amended in 2023	38,263,559	10,500,000	10,500,000	-	No
3	Homa Bay County Alcoholic Drinks Control Fund	Amended in 2022	-	-	-	-	No
County Assembly Established Funds							
4	Homa Bay County Assembly Car Loan and Mortgage Scheme Fund	Amended in July 2026	131,385,496	29,770,658	29,770,658	794,215,943	No
	Total		**264,649,055**	**40,270,658**	**40,270,658**	**794,215,943**	

Source: *Homa Bay County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from all the listed Funds from the Fund Administrators, as indicated in Table 3.86, contrary to the requirement under Section 168 of the PFM Act, Cap 412A. Failure to submit the financial reports implied that the CoB could not verify whether the 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. In FY 2025/26, the County reported all listed Funds had an active lifespan.

3.8.12 County Corporations, Municipalities and Agencies

The County has 1 County Corporation and 5 Municipalities, which were allocated Kshs.277.03 in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.111.65 million, as shown in Table 3.119.

Table 3.119: Performance of Homa Bay County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)
Established Corporations				
1	Homa Bay County Water and Sanitation Company Limited	30,000,000	-	-
Gazetted Municipalities				
1	Homa Bay Municipal Board	106,044,438	65,143,147	65,143,147
2	Kendu Bay Municipal Board	25,423,840	4,865,263	4,865,263
3	Mbita Municipal Board	25,423,840	9,958,864	9,958,864
4	Ndhiwa Municipal Board	25,423,840	5,944,342	5,944,342
5	Oyugis Municipal Board	64,710,568	11,123,405	25,740,092
	Total	**277,026,526**	**97,035,021**	**111,651,708**

Source: *Homa Bay County Treasury*

3.8.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.282.19 million and comprised Kshs.241.58 million spent by the County Assembly and Kshs.40.61 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6 million, incurred by the County Assembly. Expenditure on foreign travel is summarised in Table 3.120.

Table 3.120: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	7	8–13 April 2026	Lake Victoria Region Local Authority Cooperation AGM	Entebbe-Uganda	6,000,000	6,000,000
Total					6,000,000	6,000,000

Source: *Homa Bay County Assembly*

3.8.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.1.26 billion as FIF, which was 114.5 per cent of the annual target of Kshs.1.10 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.

The expenditure by the health facilities amounted to Kshs.765.51 million, as shown in Table 3.121.

Table 3.121: Homa Bay County Health Facilities Expenditure Performance in FY 2025/26

No.	Health facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level 5 Hospital	1	274,000,000	373,835,886	136.44
2	Level 4 Hospitals	23	757,000,000	255,567,717	33.76
3	Level 2 and Level 3 Health facilities	207	73,906,565	136,107,790	184.16
	Total	**231**	**1,104,906,565**	**765,511,393**	**69.28**

Source: *Homa Bay County Treasury*

3.8.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.2.91 billion on development programmes, representing a decrease of 18.36 per cent compared to FY 2024/25, when the County spent Kshs.3.56 billion. Table 3.122 summarised the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the non-receipt of the Kshs.2.33 billion in additional allocations that had been budgeted under development expenditure.

Table 3.122: Homa Bay County, List of Development Projects with the Highest Expenditure

S/No	Sector	Project Name	Location of The Project	Budget (Ksh)	Amount Paid to Date (Kshs)	Implementation Status(%)	Remarks
Donor-funded projects							
1	Water, Sanitation, Irrigation, Environment, Energy and Climate Change	Other capital grants (FLLoCA CCRG)	All Sub Counties	212,806,459	212,806,459	100	Complete
2	Office of the Deputy Governor and Department of Agriculture and Livestock.	Capital Grants and Transfers (NAVCDP)	All Sub Counties	148,045,611	148,045,611	100	Projects Implemented
3	Lands, Housing and Urban Development	KISIP 2	All Sub Counties	68,000,000	68,000,000	95	Ongoing
4	Office of the Deputy Governor and Department of Agriculture and Livestock.	Capital Grants and Transfers (NAVCDP)	All Sub Counties	66,944,054	66,944,054	100	Projects Implemented
5	Governance, Administration, Communication and Devolution	KDSP 11	All Sub Counties	50,000,000	50,000,000	100	Projects Complete
6	Homa Bay Municipal Board	Kusp projects	Homa Bay Town	40,978,835	40,978,835	100	Projects Completed
County-funded projects							
1	Public Health and Medical Services	Construction of multi-storied block for Accident & Emergency, Casualty and Outpatient at Homa Bay County Teaching and Referral Hospital	HBCTRH	70,786,783	70,786,783	53	On going
2	Executive Office of the Governor	Construction of the County Headquarters	Homa Bay Town Sub-County	65,000,000	65,000,000	100	Complete
3	Public Health and Medical Services	Construction of a modern funeral parlour at HCTRH	Homa Bay Town	44,664,834	44,664,834	98	On going
4	Education, Human Capital Development and Vocational Training	Equipment and Resources for VTCs	All sub-counties	24,000,000	24,000,000	100	Project Complete
5	Public Health and Medical Services	Electrical installation for a multi-storied block for Accident & Emergency Casualty Hospital	HBCTRH	18,732,681	18,732,681	57	On going

S/No	Sector	Project Name	Location of The Project	Budget (Ksh)	Amount Paid to Date (Kshs)	Implementation Status(%)	Remarks
6	Public Health and Medical Services	Electrical installation for a multi-storied block for Accident & Emergency Casualty Hospital	HBCTRH	15,587,500	15,587,500	75	On going

Source: *Homa Bay County Treasury*

The County did not report any stalled development projects as of 30 June 2026,

3.8.16 Budget Performance by Department

Table 3.123 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.123: Homa Bay County, Budget Allocation and Absorption Rate by Department in FY 2025/26

Department	Budget in Kshs		Exchequer Issues in Kshs		Expenditure in Kshs		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,032.73	152.34	931.12	98.88	931.12	98.88	100.00	100.00	90.16	64.91
Finance and Economic Planning	577.92	341.23	410.68	35.26	410.68	35.26	100.00	100.00	71.06	10.33
County Public Service Board	69.83	5.00	60.34	0.00	60.34	0.00	100.00	-	86.40	0.00
Homa Bay Municipal Board	31.92	74.13	24.16	40.98	24.16	40.98	100.00	100.00	75.71	55.28
Office of the Deputy Governor and Department of Agriculture and Livestock	240.13	422.26	221.50	268.45	221.50	368.45	100.00	137.25	92.24	87.26
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	131.05	61.52	100.57	59.57	100.57	59.57	100.00	100.00	76.74	96.84
Roads, Public Works, Transport and Infrastructure	160.24	655.61	138.65	653.00	138.65	653.00	100.00	100.00	86.52	99.60
Blue Economy, Fisheries, Mining and Digital Economy	125.40	35.16	108.92	26.99	108.92	26.99	100.00	100.00	86.86	76.78
Education, Human Capital Development and Vocational Training	1,190.28	436.46	1,063.73	362.93	1,063.73	362.93	100.00	100.00	89.37	83.15
Public Health and Medical Services	3,203.50	446.00	3,000.98	445.98	3,000.98	445.98	100.00	100.00	93.68	100.00
Lands, Physical Planning, Housing and Urban Development	83.76	1,037.07	75.23	70.19	75.23	282.19	100.00	402.05	89.82	27.21
Trade, Industry, Tourism, Cooperative Development and Marketing	197.06	250.00	184.78	61.06	184.20	61.06	99.69	100.00	93.47	24.43

Department	Budget in Kshs		Exchequer Issues in Kshs		Expenditure in Kshs		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	265.15	552.27	202.14	314.47	202.14	314.47	100.00	100.00	76.24	56.94
Governance, Administration, Communication and Devolution	517.30	405.50	460.88	51.22	460.88	51.22	100.00	100.00	89.09	12.63
Executive Office of the Governor	538.41	221.25	332.70	81.55	332.70	81.55	100.00	100.00	61.79	36.86
Kendu Bay Municipal Board	10.42	15.00	3.38	1.49	3.38	1.49	100.00	100.00	32.38	9.93
Mbita Municipal Board	10.42	15.00	5.51	4.45	5.51	4.45	100.00	100.00	52.88	29.64
Ndhiwa Municipal Board	10.42	15.00	3.45	2.50	3.45	2.50	100.00	100.00	33.09	16.63
Oyugis Municipal Board	13.40	51.31	8.63	2.50	8.63	17.11	100.00	685.84	64.38	33.35
Executive Total	**7,376.62**	**5,039.76**	**6,406.22**	**2,482.57**	**6,405.64**	**2,809.19**	**99.99**	**113.16**	**86.84**	**55.74**
Grand Total	**8,409.36**	**5,192.09**	**7,337.34**	**2,581.45**	**7,336.76**	**2,908.07**	**99.99**	**112.65**	**87.25**	**56.01**

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 development budget at 100 per cent, followed by the Department of Roads, Public Works, Transport and Infrastructure at 99.60 per cent. The Department of Public Health and Medical Services had the highest percentage of recurrent expenditure to budget at 93.68 per cent. In comparison, Kendu Bay Municipal Board had the lowest at 32.38 per cent.

3.8.17 Budget Execution by Programmes and Sub-Programmes

Table 3.124 summarised budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.124: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub- Programme	Budget Estimates FY 2025/26 (Kshs)	Actual Expenditure FY 2025/26 (Kshs)	Absorption (%)
County Public Service Board				
Policy, Planning and Administration Services	Administrative Support Services	60,338,563	60,338,563	100.00
County Assembly Service Board				
Legislative Services	Members welfare Support services	270,225,000	270,225,000	100.00
Legislative Services	Legislative development and approval services	64,000,000	64,000,000	100.00
Oversight and Control Services	Capacity building services	13,050,400	13,050,400	100.00
Oversight and Control Services	Report writing services	125,949,600	125,949,600	100.00
Oversight and Control Services	Public participation and education services	-	-	-
Ward Representation Services	Staff welfare support services	59,712,348	59,712,348	100.00
Ward Representation Services	Ward operations and maintenance	17,695,584	17,695,584	100.00

Programme	Sub- Programme	Budget Estimates FY 2025/26 (Kshs)	Actual Expenditure FY 2025/26 (Kshs)	Absorption (%)
Policy, Planning and Administrative	Administrative support services	350,616,075	350,616,075	100.00
Department of Gender Equality and Inclusivity, Youth, sports, Talent Development, cultural Heritage and Social Services				
Policy, Planning and General Administration Services	Personnel Remuneration and Welfare of Staff Services	83,953,230	83,953,230	100.00
Department of Roads, Transport, Public Works and Infrastructure				
General Administration, Planning and Support Services	Remuneration and Staff Welfare Support Services	130,541,652	130,541,652	100.00
Public works and maintenance services	Quality And Enforcement	3,000,000	3,000,000	100.00
Public works and maintenance services	Purchase of Plant and Machinery maintenance	20,000,000	20,000,000	100.00
Department of Blue Economy, Fisheries, Mining and Digital Economy				
General Administration, Planning and Support Services	Personnel Remuneration and Welfare Services	101,286,892	101,286,892	100.00
Department of Public Health and Medical Services				
Preventive and promotive health services	Facility infrastructure improvement services	158,000,000	158,000,000	**100.00**
Curative and rehabilitative health services	Facility infrastructure improvement services	288,000,000	288,000,000	**100.00**
Department of Trade, Tourism, Industrialisation, and Enterprise Development				
Planning and Administrative Services	Administrative and Support Services	174,867,754	174,867,754	100.00
Oyugis Municipal Board				
General Administration, Planning and Support Services	Personnel Remuneration and Development	6,556,056	6,556,056	100.00

Source: *Homa Bay County Treasury*

The development and recurrent sub-programmes with the highest budget implementation rates of 100 per cent are shown in the table above.

Table 3.125 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.125: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub- Programme	Budget Estimates FY 2025/26 (Kshs)	Actual Expenditure FY 2025/26 (Kshs)	Absorption (%)
Department of Finance and Economic Planning				
Planning, budgeting and development coordination services	Economic planning and development services	10,453,000	469,529	4.49
General administration and support services	General Logistics, Coordination and Asset Management Services	84,783,769	4,696,891	5.54
Executive Office of the Governor				
Strategy and service delivery improvement services	Strategy and advisory services	47,772,900	3,516,085	7.36
Governance and coordination services	Field coordination and administration services	14,181,600	1,385,445	9.77

Programme	Sub- Programme	Budget Estimates FY 2025/26 (Kshs)	Actual Expenditure FY 2025/26 (Kshs)	Absorption (%)
Department of Finance and Economic Planning				
Financial management services	Emergency Management Services	321,232,242	35,255,215	10.97
Planning, budgeting and development coordination services	Public Participation Facilitation Services	15,673,285	1,793,900	11.45
Governance and Administration, Communication and Devolution				
Stakeholder, Special Projects Services	Special Projects Services	6,021,883	1,040,461	17.28
Department of Lands, Housing, Urban Development and Physical Planning				
Lands and Physical Planning	Land Valuation and Registration Support Services	12,000,000	2,187,990	18.23
Department of Public Health and Medical Services				
Preventive and promotive health services	Disease control services	55,650,000	11,090,110	19.93
County Assembly Service Board				
Support Services	Financial Management Services	131,485,496	29,870,658	**22.72**
Department of Finance and Economic Planning				
Planning, budgeting and development coordination services	Internal Revenue Generation Services	32,883,600	7,171,740	21.81

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

The development and recurrent sub-programmes with the lowest budget implementation rates are shown in the table above.

The low performance of the sub-programmes is mainly attributed to delays in finalising and approving the annual procurement plans, as well as challenges encountered in implementing the electronic government procurement system.

3.8.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.93 billion. This amount consisted of Kshs.1.52 billion from the County Executive and Kshs.405.77 million from the County Assembly. The trade payables from the County Executive comprised Kshs.276.2 million for recurrent expenditure and Kshs.1.25 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.1.46 billion, comprising Kshs.276.2 million (18.93 per cent) for recurrent programmes and Kshs.1.18 billion (81.07 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.180.08 million, comprising Kshs.63.02 million (34.99 per cent) for recurrent activities and Kshs.117.06 million (65.01 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.813.96 million for the County Executive and Kshs.304.06 million for the County Assembly. Table 3.126 shows Homa Bay County Trade Payables as of 30 June 2026

Table 3.126: Homa Bay County Trade Payables as of 30 June 2026

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	Executive	1,248,313,280	276,200,101	1,524,513,380
	Assembly	246,044,918	159,723,382	405,768,301
	Total	**1,494,358,198**	**435,923,483**	**1,930,281,681**
Amount Paid in FY 2025/26	Executive	1,182,783,503	276,200,101	1,458,983,604
	Assembly	117,063,431	63,016,538	180,079,969
	Total	**1,299,846,935**	**339,216,639**	**1,639,063,573**

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade Payables Incurred in FY 2025/26	Executive	602,463,549	145,967,678	748,431,227
	Assembly	22,462,238	55,907,460	78,369,698
	Total	**624,925,787**	**201,875,138**	**826,800,925**
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	**Executive**	**667,993,325**	**145,967,678**	**813,961,003**
	Assembly	**151,443,725**	**152,614,304**	**304,058,029**
	Total	**819,437,050**	**298,581,982**	**1,118,019,033**

Source: *Homa Bay County Treasury*

The County Executive submitted a trade payables payment plan. The County Executive noted that they were to consistently settle trade payables of varying amounts with each tranche of the equitable share of nationally raised revenue, as per the plan. In contrast, the County Assembly did not submit its trade payables payment plan. The ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly was Kshs.1.12 billion.

Table 3.127: Homa Bay County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**359,167,297**	**173,902,330**	**69,393,922**	**65,529,776**	**667,993,325**
Recurrent Trade Payables (Goods & Services)	57,381,653	56,899,304	18,903,387	12,783,334	145,967,678
Total Trade Payables	**416,548,950**	**230,801,634**	**88,297,309**	**78,313,110**	**813,961,003**
% of Total	**51.18**	**28.36**	**10.85**	**9.62**	**100.00**

Source: *Homa Bay County Treasury*

Table 3.128: Homa Bay County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**22,462,238**	**44,373,838**	**66,493,495**	**18,114,154**	**151,443,725**
Recurrent Trade Payables (Goods & Services)	24,333,659	10,401,390	24,054,518	44,892,171	103,681,738
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	38,172,566	38,172,566
Recurrent Trade Payables (Staff Claims)	10,760,000	-	-	-	10,760,000
Total Recurrent Trade Payables	**35,093,659**	**10,401,390**	**24,054,518**	**83,064,737**	**152,614,304**
Total Trade Payables	**57,555,897**	**54,775,228**	**90,548,013**	**101,178,891**	**304,058,029**
% of Total	**18.93**	**18.01**	**29.78**	**33.28**	**100.00**

Source: *Homa Bay County Assembly*

As shown in Table 3.128, the total salary arrears and statutory deductions for trade payables amounted to Kshs 38.17 million, which represented 3.4 per cent of the total trade payables of Kshs 1.12 billion as of 30 June, 2026. County Executive did not report any trade payables on Salary and statutory deductions, while the Assembly reported salary arrears and statutory deduction arrears amounting to Kshs 38.17 million, which were aged over three years.

Additionally, Table 3.127 indicates that 51.18 per cent of the County Executive's total trade payables were aged under 1 year, while Table 1.128 indicates that 33.28 per cent of the County Assembly's were aged over 3 years, a trend attributed to non-adherence to FIFO payment. To address this situation, the County should prepare and implement a payment plan on a FIFO basis.

3.8.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Executive operated a total of 294 accounts across CBK and commercial banks, of which 20 were held at the CBK and 274 at commercial banks. Of those at the commercial banks, 5 were for donor commercial operational accounts, 2 for salary accounts, 1 for revenue collection accounts, including 207 accounts for Level two and three Health Facilities; 24 accounts for Level four and Level 5 Health Facilities, 35 for Vocational Training Centres. On the other hand, the County Assembly operated a total of 7 accounts across CBK and commercial banks, with 2 held at CBK and 5 at commercial banks.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all the commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.8.20 Key Observations and Recommendations

While overseeing and reporting on the implementation of the Homa Bay County budget, the CoB identified the following challenges, which hampered effective budget implementation;

i. Development performance in FY 2025/26: the County incurred Kshs.2.91 billion on development activities, achieving a 56.01 per cent absorption rate.

ii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.90.

iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which contravened the requirements of Section 168 of the PFM Act, 2012. The reports for the Homa Bay County Bursary Fund, Homa Bay County Car Loan and Mortgage Scheme Fund, Homa Bay County Alcoholic Drinks Control Fund and Homa Bay County Assembly Car Loan and Mortgage Scheme Fund were not submitted to the CoB as of 15 July 2026.

iv. Personnel emoluments amounting to Kshs.89.73 million for gratuity for staff on contract were processed through manual payroll, accounting for 1.45 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. Inappropriate budgeting framework through the inclusion of the Equalisation Fund allocation in the approved budget estimates for FY 2025/26.

vii. 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 2026

viii. The County did not implement several programmes prioritised through the budget process, including Economic planning and development services, General Logistics, Coordination and Asset Management Services in Finance Department and Strategy and advisory services, and Field coordination and administration services sub-programs in Executive Office of the Governor whose absorption was less than 10 per cent, as shown in Table 1.128. This may result in the failure to deliver planned services, unmet public needs, and a loss of value from the budget resources allocated to these programmes.

ix. The County did not receive funding for 13 approved additional allocations, which include Allocations to National Agriculture and Rural Inclusive Growth Project, Aquaculture Business Development Programme, DANIDA, Doctors Arrears and Community Health Promoters, among others, constraining implementation of the intended programmes.

x. A high reliance on Facility Improvement Financing (FIF), which accounts for 76.21 per cent of locally raised revenue, exposes the County to a significant revenue concentration risk and raises concerns about the sustainability of its own-source revenue base.

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

i. *The County should implement strategies to increase development expenditures in FY 2026/27.*

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 follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

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 that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

vi. *The County Treasury should adhere to the appropriate budgeting framework by revising the approved estimates to exclude the allocation to the equalisation fund.*

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

viii. *The County should ensure that all approved programmes are adequately funded to prevent non-implementation, resource wastage, and failure to achieve the intended service-delivery outcomes.*

ix. *The National Treasury should ensure timely and full disbursement of approved additional allocations in accordance with the applicable cash disbursement schedules and conditions to facilitate implementation of the funded programmes.*

x. *The County Treasury should diversify and strengthen its own-source revenue base by enhancing collection from other revenue streams and reducing overreliance on Facility Improvement Financing (FIF).*

3.9. County Government of Isiolo

3.9.1 Overview of FY 2025/26 Budget

The Isiolo County Approved Supplementary Budget for FY 2025/26 was Kshs.7.20 billion. It comprised Kshs.2.30 billion (31.90 per cent) and Kshs.4.90 billion (68.10 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.397.79 million (5.85 per cent) over the FY 2024/25 budget, which comprised a development budget of Kshs.2.49 billion and a recurrent budget of Kshs.4.32 billion. The increase in the budget was primarily attributed to increases in the equitable share and conditional grants.

The budget was to be financed from various revenue sources. These included the nationally raised revenue of Kshs.5.63 billion (78.18 per cent), additional allocations of Kshs.557.01 million (7.73 per cent), a cash balance brought forward from FY 24/25 of Kshs.639.27 million (8.88 per cent) and Kshs.375.21 million (5.21 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.129.

3.9.2 Revenue Performance

During the year, the County reported total receipts of Kshs.7.10 billion, of which Kshs.6.46 billion was received during the year. This amount represented an increase of 4.34 per cent over the amount received in FY 2024/25, of Kshs.6.81 billion. The total receipts consisted of Kshs.5.63 billion from nationally raised revenue, additional allocations from the national government and development partners of Kshs.612.76 million, and own-source revenue (OSR) collection of Kshs.216.74 million. Additionally, the County had a cash balance of Kshs.639.27 million from FY 2024/25. The total OSR collection of Kshs.216.74 million included Facilities Improvement Financing (FIF) of Kshs.67.41 million and Kshs.149.33 million from other OSR sources. Table 3.129 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.129: Isiolo County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	449,482,136	449,482,136	-	449,482,136	100.00
2	County Executive Refunds to CRF	2,989	2,989	-	2,989	100.00
3	County Assembly Refunds to CRF		283,235	-	283,235	∞
4	Special Purposes bank a/c balances	189,781,107	189,781,107	-	189,781,107	100.00
	Sub-Total	**639,266,232**	**639,549,467**		**639,549,467**	**100.04**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	5,631,357,298	5,631,357,298	-	5,631,357,298	100.00
	Sub-Total	**5,631,357,298**	**5,631,357,298**	**-**	**5,631,357,298**	**100.00**
C	**Additional Allocations (Including Grants)**					
1	**Unconditional Additional Allocations to County Governments**					
A	Allocations for 20% Share of Mineral Royalties	348,837	348,837	-	348,837	100.00
2	**Conditional Additional Allocations from the National Government's**					
A	Settlement of Doctors' Salary Arrears	12,147,883	-	-	-	-
B	Community Health Promoters (CHPs) Programme	21,630,000	-	-	-	-
C	Supplement for Construction of County Headquarters	59,000,000	59,000,000	-	59,000,000	100.00
D	Allocations for 0.5 per cent of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	1,987,622	-	1,987,622	100.00
3	**Conditional Allocations from Loans and Grants**					
1	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	136,000,000	108,762,293	-	108,762,293	79.97
2	Food Systems Resilience Project (FSRP)	246,153,846	246,130,311	-	246,130,311	99.99
3	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500	70,503,589	-	70,503,589	96.70

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
4	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	-	93,195,908	-	93,195,908	∞
5	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	-	26,000,000	-	26,000,000	∞
6	Primary Health Care in Devolved Context (PHDC) Programme	6,834,000	6,834,000	-	6,834,000	100.00
	Sub-Total	**557,011,688.00**	**612,762,559.85**	**-**	**612,762,559.85**	**110**
D	**Ordinary Own Source Revenue (OSR)**					
1	Other Land Revenue (Plot application/Transfer/Subdivision	4,736,000	1,668,850	-	1,668,850	35.24
2	Land Rent/Rates	24,271,075	6,028,814	-	6,028,814	24.84
3	Livestock Auction Cess	10,188,993	1,742,840	-	1,742,840	17.11
4	Sand Cess	16,200,000	6,528,066	-	6,528,066	40.30
5	Barter/ Murram/ Audit/ fire charge/ hide skin Cess	3,237,552	298,600	-	298,600	9.22
6	Miraa export/cess	4,018,156	4,883,200	-	4,883,200	121.53
7	Miscellaneous Charges-Public Health Inspection	950,000	537,700	-	537,700	56.60
8	S.B.P fees/ Promotion/ Advertisement/ Branding	6,556,802	10,610,040	-	10,610,040	161.82
9	Liquor licence	4,800,000		-	-	-
10	Public works/other charges	1,200,000	290,290	-	290,290	24.19
11	Stand Premium	1,285,536	124,100	-	124,100	9.65
12	Consent and clearance	419,919	1,125,000	-	1,125,000	267.91
13	Plot Transfer Approval	3,886,076	96,000	-	96,000	2.47
14	Lease extension	300,000		-	-	-
15	Planning & Survey	954,000		-	-	-
16	Livestock Veterinary/ meat inspection	3,596,000	358,990	-	358,990	9.98
17	Weight and Measures	750,000	17,500	-	17,500	2.33
18	Tractor Hire/tourism bus/-KNLS	1,099,891	92,040	-	92,040	8.37
19	Agriculture Training Centre	880,000		-	-	-
20	Game entrance/Royalties	154,225,758	110,142,580	-	110,142,580	71.42
21	Market Stalks/Fee and Produce	10,430,446	915,886	-	915,886	8.78
22	Street parking fees	10,480,000	3,116,494	-	3,116,494	29.74
23	Slaughter fees	4,513,575	493,900	-	493,900	10.94
24	Building plan approval/bill and sign board	2,228,401	256,162	-	256,162	11.50
	Sub-Total	**271,208,180**	**149,327,052**	**-**	**149,327,052**	55.06
E	**Facility Improvement Financing (FIF)**					
1	SHIF - Isiolo County teaching & referral hospital	70,000,000	38,787,388	-	38,787,388	55.41

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
2	Cash Payments - Isiolo County teaching & referral hospital	31,000,000	28,620,724	-	28,620,724	92.32
3	Compassion remittance - Isiolo County Teaching & Referral Hospital	3,000,000	-	-	-	-
	Sub-Total	**104,000,000**	**67,408,112**	**-**	**67,408,112**	**64.82**
Total		**7,202,843,398**	**7,100,404,489**	**-**	**7,100,404,489**	**-**

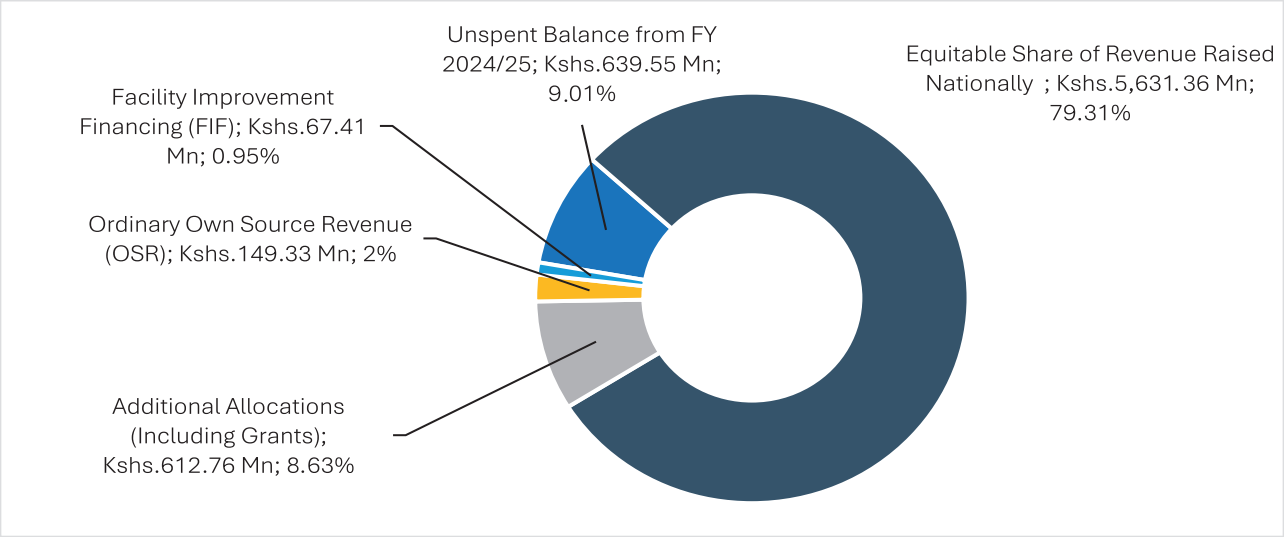
Source: *Isiolo County Treasury*

The County did not budget Kshs.93.2 million for the Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant and Kshs.26 million for the Kenya Urban Project (KUSP) Urban Institutional Grant (IUG), which were received in FY 2025/26. On the other hand, Kshs.21.63 million budgeted for the Community Health Promoters (CHPs) Programme and Kshs.12.15 million budgeted for the Settlement of Doctors' Salary Arrears were not received by the end of the reporting period.

Liquor licence, lease extension, planning & survey, and Agriculture Training Centre revenue streams did not record any revenue by the end of the reporting period. The county leadership needs to re-evaluate these OSR streams.

The County does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.48 provides a detailed breakdown of receipts.

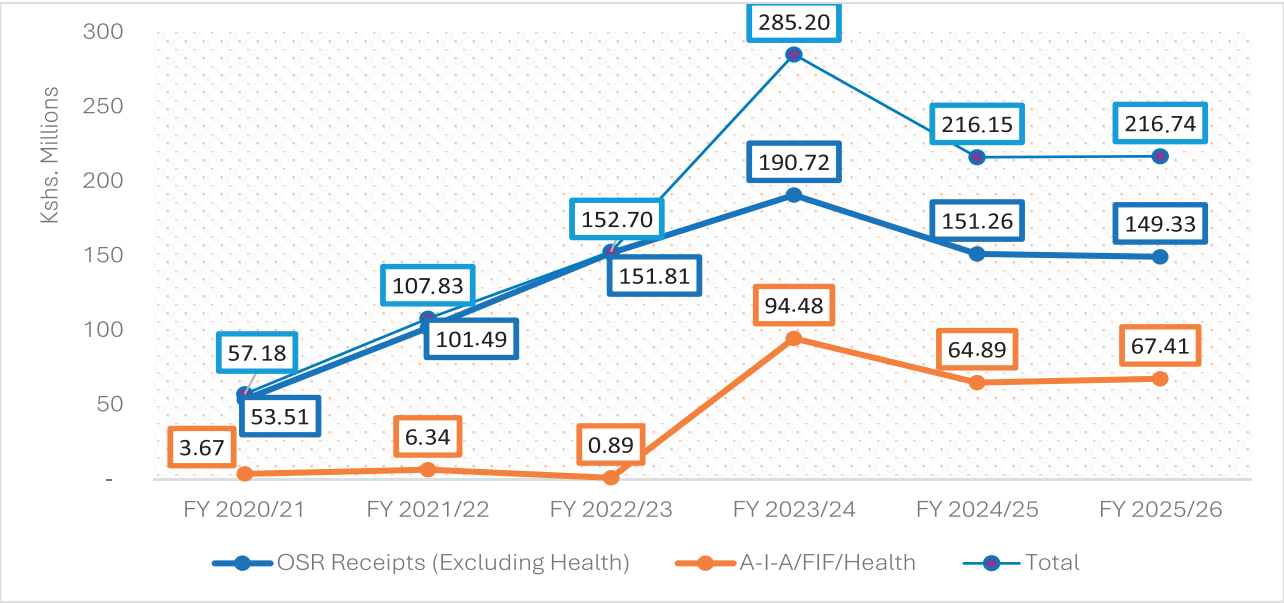
Figure 3.48: Isiolo County Composition of Revenue in FY 2025/26



S***ource:*** *Isiolo County Treasury*

The equitable share of revenue raised nationally, Unspent balance, and Additional Allocations contributed 79.31 per cent, 9.01 per cent and 8.63 per cent, respectively, of the total receipts for the reporting period. Figure 3.49 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

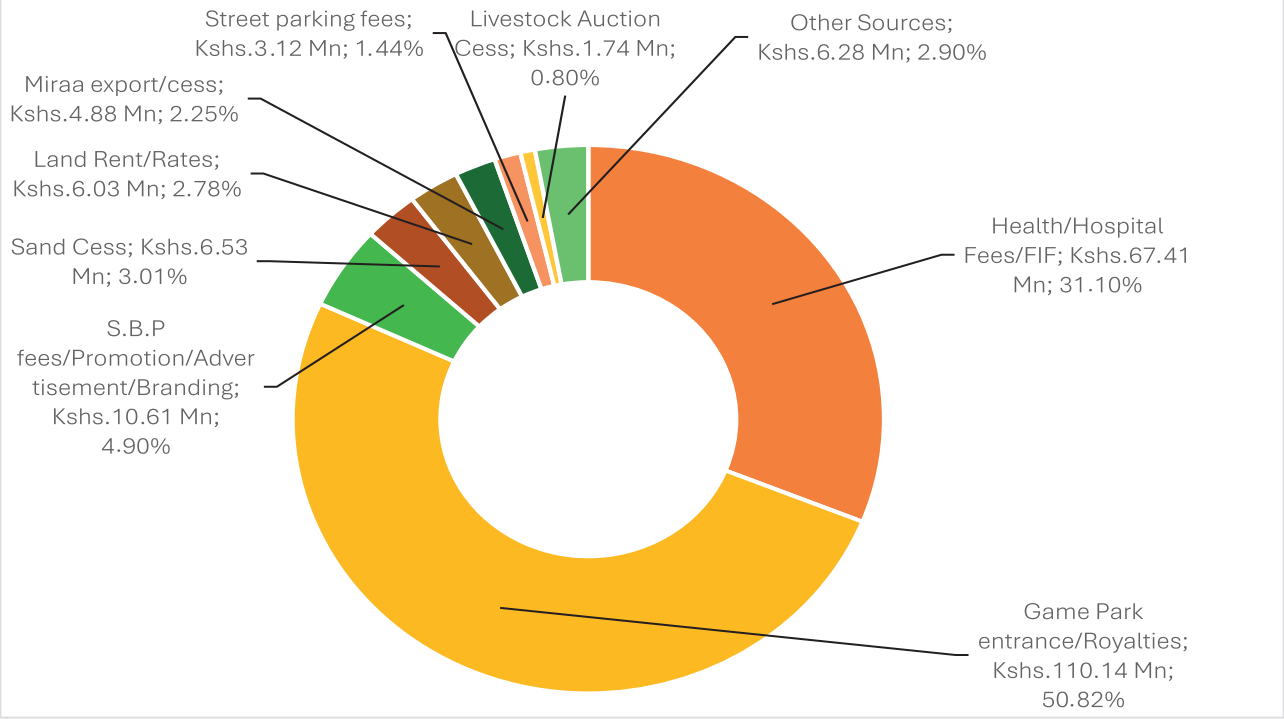
Figure 3.49: Isiolo County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Isiolo County Treasury*

During the year, the County received Kshs.216.74 million from OSR, including FIF. This amount was an increase of 0.27 per cent, compared to Kshs.216.15 million realised in FY 2024/25, and was 57.76 per cent of the annual target and 3.85 per cent of the equitable revenue share disbursed. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.50.

Figure 3.50: Isiolo County Top Own Source Revenue Streams in FY 2025/26



Source: *Isiolo County Treasury*

As shown in Figure 3.50, the largest revenue stream, at Kshs.110.14 million, was Game Park Entrance/Royalties, accounting for 50.82 per cent of total OSR receipts. The County Government indicated that it has automated 4 of 24 revenue streams, namely Hospital fees, Single Business Permit, Land rates and rent, and Game park fees. The County is planning to automate the remaining streams in FY 2026/27. The County leadership should tackle the issue of reliance on a limited revenue base. Game Park Entrance and Royalties total Kshs.110.14 million, while FIF contributes Kshs.67.41 million, together accounting for 81.92 per cent of OSR receipts.

3.9.3 Revenue Arrears

As of 1 Jul 2025, the County reported Revenue Arrears of Kshs.211.60 million, which decreased to Kshs.210.34 million as of 30 Jun 2026. The County tracks its revenue arrears using an automated system, with an accrual-basis option. Table 3.130 presents a breakdown of the County's Revenue Arrears.

Table 3.130: Isiolo County Revenue Arrears as of 30 Jun 2026

No	Revenue Stream	Revenue Arrears as of 1 Jul 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 Jun 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Property Rates	210,951,236		611,190		210,340,046
	Sub-Total	**210,951,236**		**611,190**		**210,340,046**
B	**Facility Improvement Financing (FIF)**					
1	Defunct NHIF	647,830		647,830	-	-
	Sub-Total	**647,830**		**647,830**	**-**	**-**
Total		**211,599,066**	**-**	**1,259,020**		**210,340,046**

Source: Isiolo *County Treasury*

As of 30 Jun 2026, the revenue arrears totalled Kshs.210.34 million, all from property rates. The measures instituted by the County to collect the revenue arrears in FY 2025/26 included a plan to offer waivers of interest and penalties on property rates to encourage payment of principal arrears. However, these measures were not implemented in the FY under review.

3.9.4 Borrowing by the County

Neither the County Executive nor the County Assembly reported any credit facilities or short-term borrowing with commercial banks in FY 2025/26.

3.9.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.6.65 billion from the Isiolo County Revenue Fund (CRF) account. This amount consisted of Kshs.1.88 billion (28.27 per cent) designated for development programs and Kshs.4.77 billion (71.73 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.95 billion was allocated to employee compensation and Kshs.1.82 billion to operations and maintenance. Within the operations and maintenance category, 7.17 per cent was for domestic travel and none for foreign travel. The domestic travel exchequers totalled Kshs.130.43 million, which included Kshs.62.16 million for the County Executive and Kshs.68.27 million for the County Assembly.

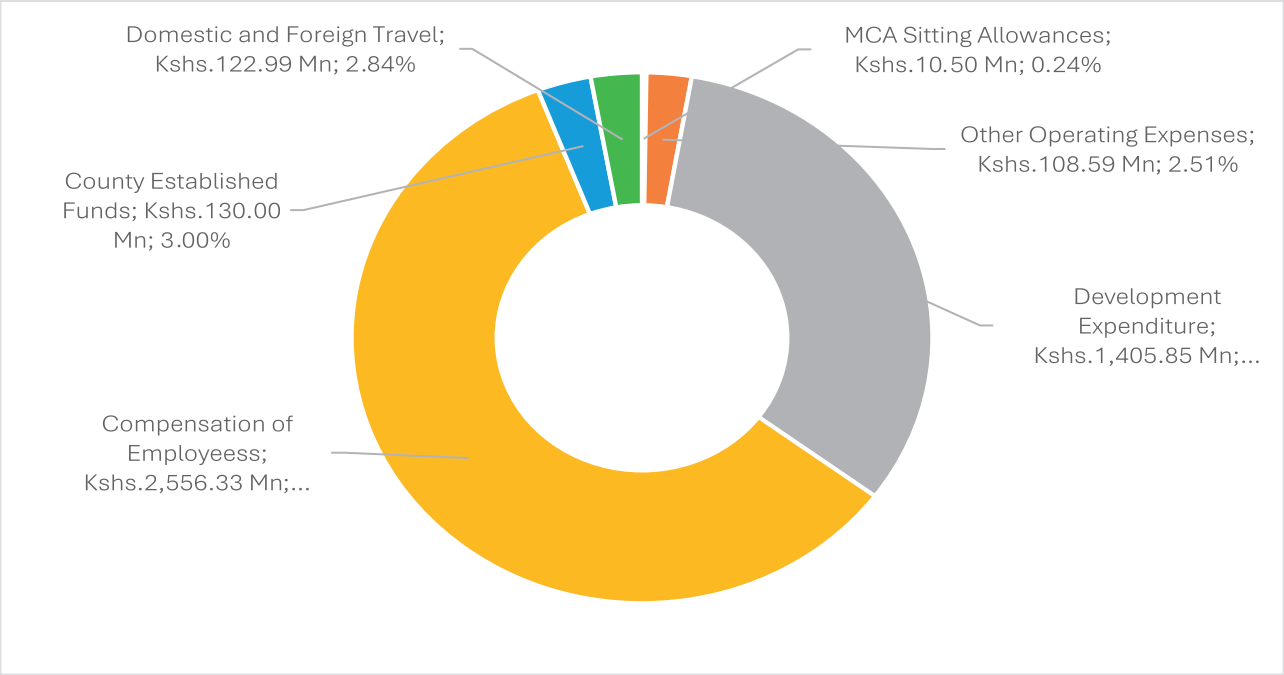
As of 30 Jun 2026, the County Government's cash balance in the Isiolo CRF account was Kshs.494.96 million.

The Isiolo County Assembly Fund (CAF) account was not operational in FY 2025/26; as a result, the County Assembly accessed their funds through the Isiolo CRF.

3.9.6 Expenditure Review

The County spent Kshs.5.35 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 80.50 per cent of the total funds released by the CoB. It comprised Kshs.1.60 billion for development programmes and Kshs.3.75 billion for recurrent programmes. Expenditure on development programmes accounted for 69.45 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 76.57 per cent of the annual recurrent expenditure budget. Figure 3.51 provides a detailed breakdown of total expenditure.

Figure 3.51: Isiolo County Composition of Expenditure in FY 2025/26



Source: *Isiolo County Treasury*

As shown in Figure 3.51, the three highest expenditure categories were Compensation of Employees, Development Expenditure, and County Established Fund, contributing 58.98, 32.44 and 3.00 per cent of total expenditure for the reporting period.

3.9.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.23 billion in employee compensation, Kshs.952.51 million in operations and maintenance, and Kshs.1.54 billion in development activities. Similarly, the County Assembly spent Kshs.305.27 million on employee compensation, Kshs.266.63 million on operations and maintenance, and Kshs.60.00 million on development activities, as shown in Table 3.131.

Table 3.131: Isiolo County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,332.90**	**571.96**	**3,187.06**	**566.14**	**-**	**-**	**3,187.06**	**566.14**	**73.55**	**98.98**
Compensation of Employees	2,450.06	305.33	2,234.55	305.27	-	-	2,234.55	305.27	91.20	99.98
Operations and Maintenance	1,882.84	266.63	952.51	260.87	-	-	952.51	260.87	50.59	97.84
Development Expenditure	**2,157.98**	**140.00**	**1,535.85**	**60.00**	**-**	**-**	**1535.85**	**60.00**	**71.17**	**42.85**
Total	**6,490.89**	**711.96**	**4,722.91**	**626.14**	**-**	**-**	**4,722.91**	**626.14**	**72.76**	**87.95**

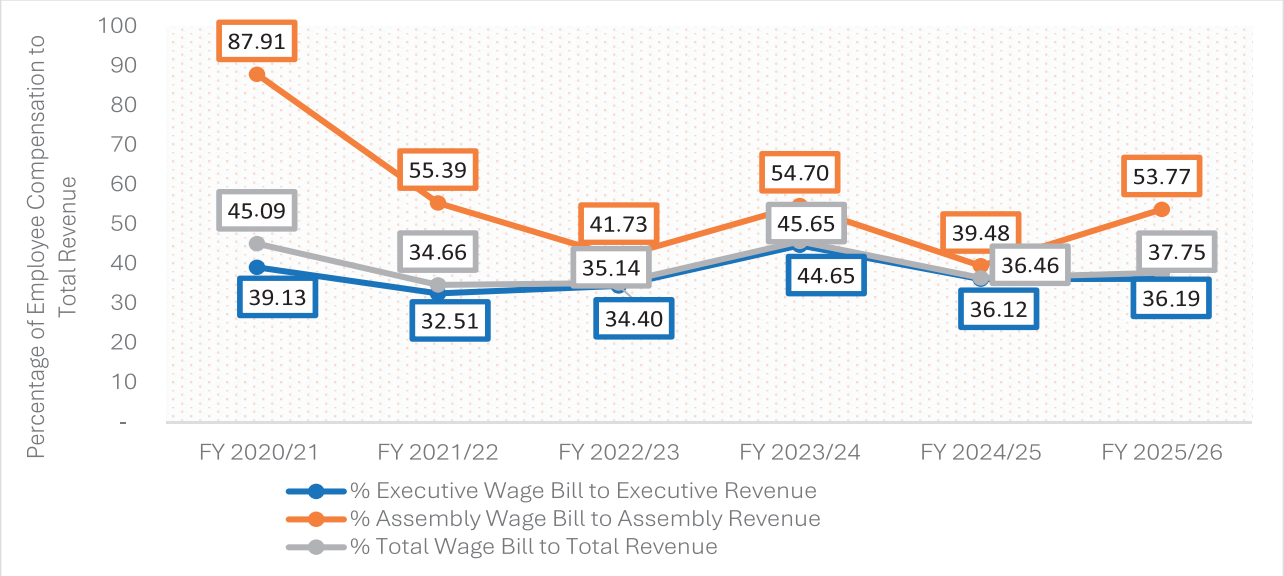
***Source**: Isiolo County Treasury*

3.9.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.2.54 billion, representing 35.77 per cent of total revenue. This expenditure on compensation of employees shows an increase of 22.48 per cent compared to the Kshs.2.07 billion reported in FY 2024/25. Of this total, Kshs.1.13 billion related to Health Sector employees, accounting for 44.32 per cent of the overall employees' compensation. The wage bill at 35.77 per cent of total revenue exceeds the 35 per cent ceiling in Regulation 25(1)(b) of the PFM (County Governments) Regulations, 2015.

Figure 3.52 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.52: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Isiolo County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.57 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.4.32 million was processed through manual payrolls, which accounted for 0.17 per cent of the total PE cost. The HRIS PE of Kshs.2.57 billion exceeds the total PE of Kshs.2.55 billion stated above due to unreconciled County Assembly PE reports, which put it at Kshs.305.27 million in the itemised report and Kshs.339.80 million on the payroll report. The County Assembly should ensure that reports are properly reconciled before submitting them to the COB. The justification for the continued use of manual payroll was that the payments were top-up allowances for police officers deployed to the County Assembly.

The manual payroll comprised top-up allowances for security personnel, as shown in Table 3.132.

Table 3.132: Analysis of Isiolo County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing
1	Top-up Allowances for Security Officers	16	4,320,000	To avoid duplication of salaries since the officers are already on the government payroll at their main station
	Total	**16**	**4,320,000**	

Source: *Isiolo County Treasury*

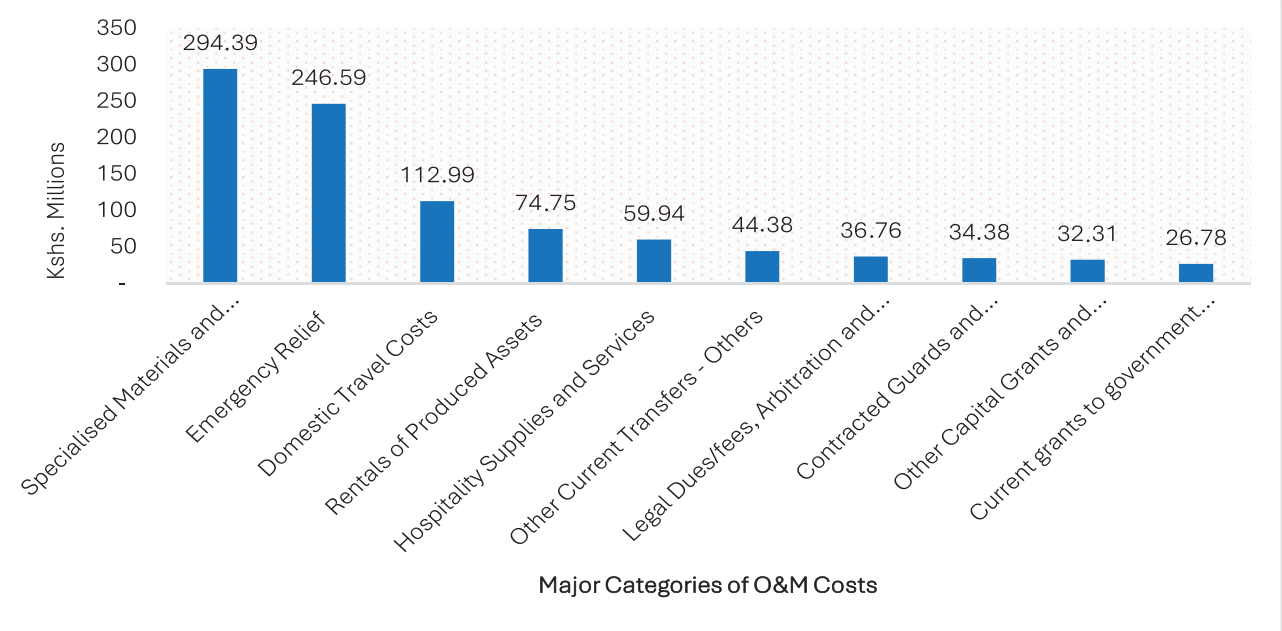
The County Assembly spent Kshs.10.50 million on committee sitting allowances for the 18 MCAs, against the annual budget allocation of Kshs.10.50 million. The average monthly sitting allowance was Kshs.64,838 per MCA. The County Assembly has 11 House Committees.

3.9.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.20 billion on operations and maintenance, representing an increase of 29.10 per cent compared to FY 2024/25, when the County spent Kshs.932.25 million. Figure

3.53 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.53: Isiolo County, Operations and Maintenance Expenditure by Major Categories



Source: *Isiolo County Treasury*

Specialised materials and supplies, which include the purchase of pharmaceutical and non-pharmaceutical medical items, were the highest O&M expenditure at Kshs.294.39 million, followed by emergency relief expenses at Kshs.246.59 million. Emergency relief expenses are a budget line item under recurrent expenditure, separate from the Emergency Fund under development expenditure.

3.9.10 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.165 million to County-Established funds in FY 2025/26, representing 2.29 per cent of the County's overall budget. Of this amount, the County allocated Kshs.130 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 1.80 per cent of the total budget. Table 3.133 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.133: Performance of Isiolo County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established (i.e., 22.09.2019)	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Isiolo County Emergency Fund	16 Apr, 2021	130,000,000	130,000,000	130,000,000	671,418,164	Yes
2	Isiolo County Education Bursary Fund	21 Dec, 2015	35,000,000	-	-	380,000,000	Yes
County Assembly Established Funds							
3	Isiolo County Assembly Car Loan and Mortgage Scheme Fund	17 Feb 2021	-	-	-	64,000,000	No
	Total		**165,000,000**	**130,000,000**	**130,000,000**	**1,115,418,164**	

Source: *Isiolo County Treasury*

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

In FY 2025/26, the CoB did not receive quarterly financial reports from the Isiolo County Assembly Car Loan and Mortgage Scheme Fund Administrators, as indicated in Table 3.133, 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 2025/26, the CoB determined that the Isiolo County Education Bursary Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.9.11 County Corporations, Municipalities and Agencies

The County has one County Corporation and one Municipality, which were allocated Kshs.164.26 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.32.31 million, as shown in Table 3.134.

Table 3.134: Performance of Isiolo County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers since its inception (Kshs.)
Established Corporations					
1	Isiolo Water and Sewerage Company	-	-	-	Not Provided
Gazetted Municipalities					
2	Isiolo Municipality	164,264,117	32,309,327	32,309,327	Not Provided
	Total	**164,264,117**	**32,309,327**	**32,309,327**	

Source: *Isiolo County Treasury*

Notes to the table on Performance of Isiolo County Corporations, Municipalities and Agencies in FY 2025/26 Kshs.32.31 million actual transfer to Isiolo Municipality was funds received as KUSP conditional additional allocation.

Kshs.63.53 million was expended directly from County Treasury to settle Isiolo Municipality salaries and O & M expenses, as the Isiolo Municipality was yet to be fully autonomous, Kshs.65.67 million of the Isiolo Municipality development budget was budgeted as a conditional additional allocation for completion of the Isiolo modern market that was not received in the reporting period.

3.9.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.112.99 million and comprised Kshs.78.39 million spent by the County Assembly and Kshs.34.60 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.34 million, all of which was reported by the County Assembly.

Table 3.135: Expenditure on foreign travel is summarised in Table 3.87 in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	8		International Conference on International Trade and Investment	Dubai	4,337,410		4,337,410
Total	**8**				**4,337,410**		**4,337,410**

Source: Isiolo County Treasury and Isiolo County Assembly

The County Assembly did not provide the date travelled for the International Conference on International Trade and Investment held in Dubai.

3.9.13 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.67.41 million as FIF, which was 64.82 per cent of the annual target of Kshs.104 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.

The expenditure by the health facilities amounted to Kshs.61.29 million, as shown in Table 3.136.

Table 3.136: Isiolo County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level 5 Hospital - ICRH	1	104,000,000	61,294,950.20	58.94
	Total		**104,000,000**	**61,294,950.20**	**58.94**

Source: *Isiolo County Treasury*

The County Treasury reports 42 health facility operations accounts at commercial banks. However, only the expenditure of the Isiolo County Referral Hospital (ICRH) was reported. The County should make every effort to report on budget implementation across all its health facilities.

3.9.14 Development Expenditure

In FY 2025/26, the County reported spending Kshs.1.56 billion on development programmes, representing an increase of 23.51 per cent compared to FY 2024/25, when the County spent Kshs.1.29 billion. Table 3.137 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the settlement of trade payables.

Table 3.137: Isiolo County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Livestock & Fisheries Development	Completion of the Isiolo abattoir	Burat	-	30 Jun 2026	864,179,546	108,000,000	-	794,944,646	94
2	Roads & Public Works	Murraming and Gravelling of roads and bridges	Ngara-mara	22 Jul 2025	30 Jun 2026	226,852,340	291,267,144	226,852,340	226,852,340	100
3	Special Programmes	Isiolo County Emergency Fund Act Implementation Programme	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	10 Jan 2026	30 Jun 2026	130,000,000	130,000,000	130,000,000	130,000,000	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
4	Roads & Public Works	Upgrading of town road to Bitumen standard 2km (Ongoing in Lower Bula Pesa)	Bulapesa	16 May 2025	30 Jun 2026	180,311,676	138,350,219	74,925,233	74,925,233	45.60
5	Roads & Public Works	Routine maintenance of existing roads	Chari, Cherab, Sericho, Kinna, Garbatulla	27 Mar 2026	26 Jun 2026	63,057,907	64,267,144	63,057,907	63,057,907	100
6	Trade, MSME and Cooperatives	Construction of CAIP	Isiolo town prison		30 Jun 2026	625,000,000	50,000,000	35,000,000	35,000,000	20
7	Lands & Physical Planning	County Spatial Plan	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	15 Jun 2024	30 Dec 2025	98,470,400	40,000,000	29,679,680	29,679,680	88
8	Finance	Construction of Sand Revenue Access Points/ Roads	Ngaremara, Oldonyiro, Burat &Garbatulla	1 Jan 2026	30 Jun 2026	29,455,572	30,000,000	29,455,572	29,455,572	100
9	Municipality	Streetlighting of Isiolo town	Wabera, Bulapesa and Burat	-	30 Jun 2026	9,970,000	10,000,000	9,970,000	9,970,000	30
10	Medical Services	Purchase of 4 Dialysis Machines	ICRH	-	30 Jun 2026		9,200,000	9,200,000	9,200,000	100
Donor Funded Projects										
1	Environment- Flocca Projects	Iresa-Boru integrated community borehole water supply project.	Sericho.	23 Mar 2026	May-26	30,000,000	30,000,000	30,000,000	30,000,000	100
2	Environment- FLoCCA Projects	Extension of Dadacha Basa borehole pipeline and water supply system.	Cherab.	23 Mar 2026	May-26	17,469,152	17,500,000	17,469,152	17,469,152	100
3	Agriculture -FSRP	Rehabilitation of the Mogore and Pakrurk waterpan	Mogore and Oldonyiro		30-06-2026	26,399,809	26,399,809	11,586,215	11,586,215	50

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
4	Environment-FLoCCA Projects	3 Maendeleo Village integrated community borehole, water supply, and irrigation.	Ngaremara.	23 Mar 2026	May-26	11,500,000	11,500,000	11,500,000	11,500,000	100
5	Environment-FLoCCA Projects	Biliqo Marara Integrated Community Borehole Water Supply Project.	Chari	23 Mar 2026	May-26	11,323,224	11,400,000	11,323,224	11,323,224	100
6	Agriculture - FSRP	Inclusion grant to FPOs & Saccos			30-06-2026	8,500,000	8,500,000	8,500,000	8,500,000	90
7	Environment-FLoCCA Projects	Baranbate Integrated Community Borehole and Water Supply and Irrigation Project.	Kinna	23 Mar 2026	May-26	7,992,336	8,000,000	7,992,336	7,992,336	100
8	Environment-FLoCCA Projects	Project carried forward for the completion of the Kamukuri box culvert	Bulapesa	16 Dec 2024	16 Apr 2025	7,886,542	7,900,000	7,886,542	7,886,542	100
9	Environment-FLoCCA Projects	Bulapesa integrated community irrigation water distribution.	Bulapesa	16 Dec 2024	16 Apr 2025	7,057,846	7,600,000	7,614,767	7,614,767	100
10	Environment-FLoCCA Projects	Iresa-Boru Phase II Pipeline extension and kiosks	Sericho	15 Jun 2026	15 Sept 2026	11,526,082	11,550,000	6,000,000	6,000,000	80

Source: *Isiolo County Treasury*

The County reported 7 stalled development projects as of 30 Jun 2026, with an estimated value of Kshs.1.77 billion, of which Kshs.1.14 billion has already been paid. The stalled projects are shown in Table 3.138.

Table 3.138: Isiolo County Stalled Projects as of 30 Jun 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
1	County Assembly	Construction of Debating Chamber and Associated Spaces	Isiolo Town	314,000,768	104,722,314	35	Non-budget funding	Not provided
2	County Assembly	Proposed Renovation of the Cherab Ward office	Cherab Ward	2,411,176	N/A		Non-budget funding	Not provided
3	County Assembly	Proposed Renovation of Sericho Ward Office	Sericho Ward	2,347,724	N/A		Non-budget funding	Not provided
4	County Assembly	Proposed Renovation of Chari Ward office	Chari Ward	2,602,112	N/A		Non-budget funding	Not provided

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
5	Finance	Supplement Construction of County Headquarters	Wabera	556,905,702	328,081,401	59	The county is yet to receive allocated conditional funds.	Not provided
6	Youth, Sports, Gender, Culture and Social Services	Construction of Isiolo stadium	Wabera	345,998,315	273,566,356	67	Takeover of the project by the National government.	Not provided
7	Municipality	Construction of the Isiolo market	Bula Pesa	545,211,810	428,946,512	80	Unresolved contract variation issues;	Process underway to engage a new contractor
Total				**1,769,477,607**	**1,135,316,583**			

Source: *Isiolo County Treasury*

Although the County Government reported that the National Government had taken over the Construction of Isiolo Stadium, no work has resumed, and the project remains stalled. The County Treasury did not provide the percentage of completion of the stalled County Assembly projects. Further, apart from the Construction of Isiolo Market, no action or recovery plan has been provided for the other stalled projects.

3.9.15 Budget Performance by Department

Table 3.139 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.139: Isiolo County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	571.96	140.00	571.96	60.00	566.14	60.00	98.98	99.99	98.98	42.85
County Executive Sector	349.42	0.00	348.49	-	296.91		85.2	-	85.0	-
County Treasury and Economic Planning, Special Programme, ICT, and Cohesion	930.90	576.00	913.51	565.78	425.86	373.52	46.6	66.0	45.7	64.8
Lands, Urban Planning, Roads, Housing and Public Works	50.25	480.62	49.87	453.66	36.73	475.16	73.7	104.7	73.1	98.9
Agriculture, Livestock, Veterinary and Fisheries	182.69	437.02	182.55	297.23	87.33	321.85	47.8	108.3	47.8	73.6

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
Education, Youth, Sports, and Gender, Culture and Social Services	301.91	69.90	296.91	50.69	238.21	21.91	80.2	43.2	78.9	31.3
Tourism, Culture and Trade, including PSM	673.92	68.43	673.92	48.80	485.59	48.36	72.1	99.1	72.1	70.7
Water, Energy, Environment and Natural Resources Management	75.45	303.53	70.80	212.00	61.56	222.31	87.0	104.9	81.6	73.2
Health Services	1,679.72	146.85	1,571.86	115.75	1470.40	62.78	93.5	54.2	87.5	42.8
Municipal Administration	88.64	75.62	88.54	75.62	84.45	9.95	95.4	13.2	95.3	13.2
Total	**4904.86**	**2297.98**	**4,768.41**	**1,879.54**	**3,753.20**	**1,595.84**	**78.71**	**84.91**	**76.52**	**69.45**

***Source**: Isiolo County Treasury*

An analysis of expenditure by departments shows that the Department of Lands, Urban Planning, Roads, Housing and Public Works recorded the highest absorption rate of development budget at 98.86 per cent, followed by the Department of Agriculture, Livestock, Veterinary and Fisheries at 73.65 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 98.98 per cent. In contrast, the Department of County Treasury and Economic Planning, Special Programme and ICT and Cohesion had the lowest at 45.75 per cent.

Budget Execution by Programmes and Sub-Programmes

Table 3.140 summarises budget execution by programmes and sub-programmes in FY 2025/26 with the highest absorption rates.

Table 3.140: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of County Treasury and Economic Planning, Special Programme, ICT, and Cohesion				
Disaster Preparedness, Prevention, Response & Recovery	Disaster Risk Awareness, Preparedness & Management	130,000,000	130,000,000	100.00
Department of Lands, Urban Planning, Roads, Housing and Public Works				
Land Survey and land use planning	Land Use Planning	40,000,000	39,694,480	99.24
Department of Agriculture, Livestock, Veterinary and Fisheries				
Sustainable Crop Development & Agricultural Land Use	Crop Development & Management	323,780,978	319,879,211	98.79

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Department of Water, Energy, Environment and Natural Resources Management				
Water Supply and Storage Services	Adaptive Capacity to Natural Disaster	38,500,000	38,448,712	99.87
Energy services	Green Energy Promotion	4,000,000	4,000,000	100.00
Recurrent				
Department of County Assembly				
Legislative service	Legislative service	571,957,767	571,802,806	99.97
Department of County Executive Sector				
Legal & Legislative Services	Legal Services	36,764,000	39,000,000	106.08
Department of County Treasury and Economic Planning, Special Programme, ICT and Cohesion				
ICT and E-Government services	Internet Connectivity	2,500,000	2,500,000	100.00
Department of Lands, Urban Planning, Roads, Housing and Public Works				
Land Survey and land use planning	County land planning and spatial development	23,483,545	23,480,500	99.99
Department of Municipal Administration				
Municipal Administration	General Administration and Planning	70,528,582	72,112,126	102.25

Source: *Isiolo County Treasury*

The development sub-programmes with the highest budget implementation rates were Disaster Risk Awareness Preparedness & Management in the Department of County Treasury and Economic Planning and Special Programme and ICT and Cohesion at 100 per cent, Green Energy Promotion in the Department of Water, Energy, Environment and Natural Resources Management at 100 per cent, and Adaptive Capacity to Natural Disaster in the Department of Water, Energy, Environment and Natural Resources Management at 99.87 per cent.

For recurrent sub-programmes, the top performers included Legal Services in the Department of County Executive Sector at 106.08 per cent, General Administration and Planning in the Department of Municipal Administration at 102.25 per cent, and Internet Connectivity in the Department of County Treasury and Economic Planning and Special Programme and ICT and Cohesion at 100 per cent.

Table 3.141 summarises the budget execution by programmes and sub-programmes in FY 2025/26 that had the lowest absorption rates.

Table 3.141: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Agriculture, Livestock, Veterinary and Fisheries				
Livestock Production	Livestock Production	108,243,151	-	-
Department of Education, Youth, Sports, and Gender, Culture and Social Services				
Cultural and Arts Empowerment	VTC Quality Development	8,000,000	-	-
Department of Health Services				
Health Preventive and Promotive Services	Primary Health Care	43,700,000	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Department of Municipal Administration				
Municipal Administration	Infrastructural Development	65,621,034	-	-
Municipal Administration	Municipality Amenities	10,000,000	-	-
Recurrent				
Department of Agriculture, Livestock, Veterinary and Fisheries				
Value Addition	Livestock Diseases & Pests Control	24,434,366	-	-
Department of Education, Youth, Sports, and Gender, Culture and Social Services				
Provision of education and training services	Education Support Services	35,000,000	-	-
Cultural and Arts Empowerment	VTC Quality Development	7,722,200	-	-
Department of Health Services				
Health Curative Services	Administration Support ServiceS	104,000,000	-	-
Health Preventive and Promotive Services	Communicable Diseases Control	3,287,000	-	-

***Source**: Isiolo County Treasury*

The development sub-programmes and recurrent sub-programmes listed in the table, though budgeted for, were not implemented in the FY. The County Treasury attributed the non-implementation of these programmes to the late disbursement of the equitable share. The equitable shares for May and June were both received in the last week of the last month of the FY. The FIF falls under the Kshs.104 million budget for the Administration Support Services sub-programme within the Health Curative Services programme in the Department of Health. The FIF report shows Kshs.61.29 million was expensed, while the program report shows no expenditure. The County should reconcile its reports to rectify such anomalies.

3.9.16 Settlement of Trade Payables

As of 1 Jul 2025, the County reported trade payables totalling Kshs.1.85 billion. This amount consisted of Kshs.1.64 billion from the County Executive and Kshs.216.87 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.21 billion for recurrent expenditure and Kshs.430.27 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.658.43 million, comprising Kshs.467.34 million (70.98 per cent) for recurrent programmes and Kshs.191.09 million (29.02 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.45.19 million, comprising Kshs.17.04 million (62.29 per cent) for recurrent activities and Kshs.28.15 million (37.71 per cent) for development activities. The outstanding trade payables as of 30 Jun 2026 were Kshs.1.48 billion for County Executive and Kshs.192.51 million for County Assembly. Table 3.142 provides additional details of trade payables.

Table 3.142: Isiolo County Trade Payables as of 30 Jun 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As of 1 Jul 2025 (End of FY 2024/25)	a	County Executive	430,266,524	1,207,472,407	1,637,738,931
		County Assembly	110,004,562	106,860,755	216,865,317
		Total	**540,271,085**	**1,314,333,163**	**1,854,604,248**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	430,266,524	1,207,472,407	1,637,738,931
		County Assembly			
		Total	**430,266,524**	**1,207,472,407**	**1,637,738,931**
Amount paid in FY 2025/26	c	County Executive	191,088,920	467,340,223	658,429,143
		County Assembly	28,150,512	17,040,000	45,190,512
		Total	**219,239,432**	**484,380,223**	**703,619,655**
Trade Payables Incurred in FY 2025/26	d	County Executive	292,066,692	208,543,222	500,609,914
		County Assembly	20,865,579	-	20,865,579
		Total	**312,932,271**	**208,543,222**	**521,475,493**
Outstanding trade payables as of 30 Jun 2026	e=a-c*b	**County Executive**	**531,244,295**	**948,675,406**	**1,479,919,702**
		County Assembly	**102,719,628**	**89,820,755**	**192,540,384**
		Total	**633,963,924**	**1,038,496,162**	**1,672,460,086**

Source: *Isiolo County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.1.21 billion and Kshs.430.27 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.658.43 million for the Executive and Kshs.45.19 million for the Assembly.

Table 3.143 and Table 3.144 present the ageing of the total outstanding bills as of 30 Jun 2026 for the County Executive and Assembly, which were Kshs.1.67 billion.

Table 3.143: Isiolo County Executive Trade Payables Ageing Analysis as of 30 Jun 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**292,066,692**	**109,497,255**	**30,856,304**	**98,824,045**	**531,244,296**
Recurrent Trade Payables (Goods & Services)	208,543,222	299,156,121	30,133,713	410,499,120	948,332,176
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**208,543,222**	**299,156,121**	**30,133,713**	**410,499,120**	**948,332,176**
Total Trade Payables	**500,609,914**	**408,653,376**	**60,990,017**	**509,323,165**	**1,479,576,472**
% of Total	**33.83**	**27.62**	**4.12**	**34.42**	**100**

Source: *Isiolo County Treasury*

Table 3.144: Isiolo County Assembly Trade Payables Ageing Analysis as of 30 Jun 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**20,865,579**	**71,361,012**	**3,555,172**	**6,937,865**	**102,719,628**
Recurrent Trade Payables (Goods & Services)	3,900,000	20,550,000	14,584,163	50,786,593	89,820,755
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Recurrent Trade Payables	3,900,000	20,550,000	14,584,163	50,786,593	89,820,755
Total Trade Payables	24,765,579	91,911,012	18,139,335	57,724,458	192,540,384
% of Total	**12.86**	**47.74**	**9.42**	**29.98**	**100.00**

Source: *Isiolo County Treasury*

As shown in Table 3.143 and Table 3.144, 33.91 per cent of total trade payables are aged over 3 years, a trend attributed to inadequate budget provision for settling trade payables and non-adherence to the FIFO basis of settlement. To address this situation, the County should give priority to settlement of all verified trade payables in line with Regulation 41(2) of the PFM (County Government) Regulations, 2015.

3.9.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 81 accounts across CBK and commercial banks, of which 22 were held at the CBK and 61 at commercial banks. Of those at the commercial banks, 1 was for salary accounts, 5 for revenue collection accounts, 3 for special operations accounts, including County-established funds (that is Isiolo County Bursary Fund bank account, Isiolo County Emergency Fund bank account and the Isiolo County Assembly Car loan/Mortgage Fund bank account), 42 for health facilities operations accounts, 3 for municipalities operations accounts, 1 for water and sewerage companies operations accounts, 4 for Vocational Training Centres, and 2 for other accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.9.18 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.216.74 million against an annual target of Kshs.375.21 million, representing 57.76 per cent of the financial year target.

ii. Low development budget performance in FY 2025/26 as the County incurred Kshs.1.59 billion on development activities, achieving a 69.45 per cent absorption rate. Four departments had less than 50 per cent absorption. That is, Municipal Administration (13.2 per cent), County Assembly (14.3 per cent), Education, Youth, Sports, and Gender, Culture (31.3 per cent), Social Services, and Health Services (42.8 per cent)

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 Jun 2026, the Isiolo County Education Bursary Fund had expired, rendering it ineligible for further withdrawals.

iv. High level of trade payables, amounting to Kshs.1.67 billion as of 30 Jun 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan. In addition, the county did not follow a FIFO basis in settling trade payables, as evidenced by the ageing report, which shows that most payables are over 3 years old.

v. There were sub-programmes with nil performance and others with over-absorption as shown in Table 1.144 and Table 1.145. Nil performance implies that intended programmes were not implemented, while over-absorption points to non-adherence to budget allocations.

vi. The County has 7 stalled development projects worth Kshs.1.77 billion on which Kshs.1.14 billion has been paid. The non-revival of these projects implies the wastage of resources.

vii. 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 3 Aug 2026 from the County Assembly and 5 Aug 2026 from the County Executive.

viii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which contravened the requirements of Section 168 of the PFM Act, 2012. The reports for the Isiolo County Assembly Car Loan and Mortgage Scheme Fund were not submitted to the CoB as of 15 Jul 2026.

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 implement strategies to increase development expenditures in FY 2025/26.*

iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 high level of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

v. *The County Treasury should put measures in place to ensure that all budgeted programmes are implemented in line with budget allocations, to avoid over-absorption.*

vi. *The County leadership should implement measures to revive stalled projects and realise value for money.*

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

viii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.10. County Government of Kajiado

3.10.1 Overview of FY 2025/26 Budget

The Kajiado County Approved Supplementary Budget for FY 2025/26 was Kshs.13.55 billion. It comprised Kshs.3.56 billion (26.27 per cent) and Kshs.9.98 billion (73.73 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.760.41 million (5.94 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.3.84 billion and a recurrent budget of Kshs.8.95 billion. The increase in the budget was primarily attributed to the rise in budgeting of additional allocation brought forward from the previous financial year.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.8.89 billion (65.61 per cent), additional allocations of Kshs.2.64 billion (19.48 per cent), Alcoholic drinks control fund of Kshs.40 million (0.38 per cent), Kshs.568.47 million (4.20 per cent)

as Facility Improvement Fund and Kshs.1.40 billion (10.33 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.145.

3.10.2 Revenue Performance

During the year, the County reported total revenues of Kshs.11.63 billion. This amount represented an increase 13.24 per cent compared to the amount received in FY 2024/25 of Kshs.10.27 billion. The total revenue consisted of Kshs.8.89 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.75 billion, and own-source revenue (OSR) collection of Kshs.977.90 million. Additionally, the County had a cash balance of Kshs.2.62 million from FY 2024/25. The total OSR collection of Kshs.977.90 million included Facilities Improvement Financing (FIF) of Kshs.298.94 million, Kshs.12.60 million from the Alcoholic Drinks Board and Kshs.666.36 million from other OSR sources. Table 3.145 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.145: Kajiado County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF					
2	County Executive Refunds to CRF	-	265,000	-	265,000	-
3	County Assembly Refunds to CRF	-	2,354,973	-	2,354,973	-
	Sub-Total	**-**	**2,619,973**	**-**	**2,619,973**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable share	8,894,254,896	8,894,254,886	-	8,894,254,886	100
	Sub-Total	**8,894,254,896**	**8,894,254,886**	**-**	**8,894,254,886**	**100**
C	**Additional Allocations (Including Grants)**					
1	**Unconditional Additional Allocations to County Governments**					
A	Allocations for Court Fines	-	-			
B	Allocations for 20% Share of Mineral Royalties	660,242,992	660,242,991	-	660,242,991	100
2	**Conditional Additional Allocations from the National Government's**					
A	Settlement of Doctors' Salary Arrears	43,495,118	-	-	-	-
D	County Aggregation and Industrial Parks (CAIPs) Programme	250,000,000	250,000,000	-	250,000,000	100
E	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	-
3	**Conditional Allocations from Loans and Grants**					
1	(IFAD) Loan for the Aquaculture Business Development Project (ABDP)	8,606,000	-	-	-	-
3	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	136,710,000	13,671,000	-	13,671,000	10
4	Nutrition International Grants	422,308	-	-	-	-

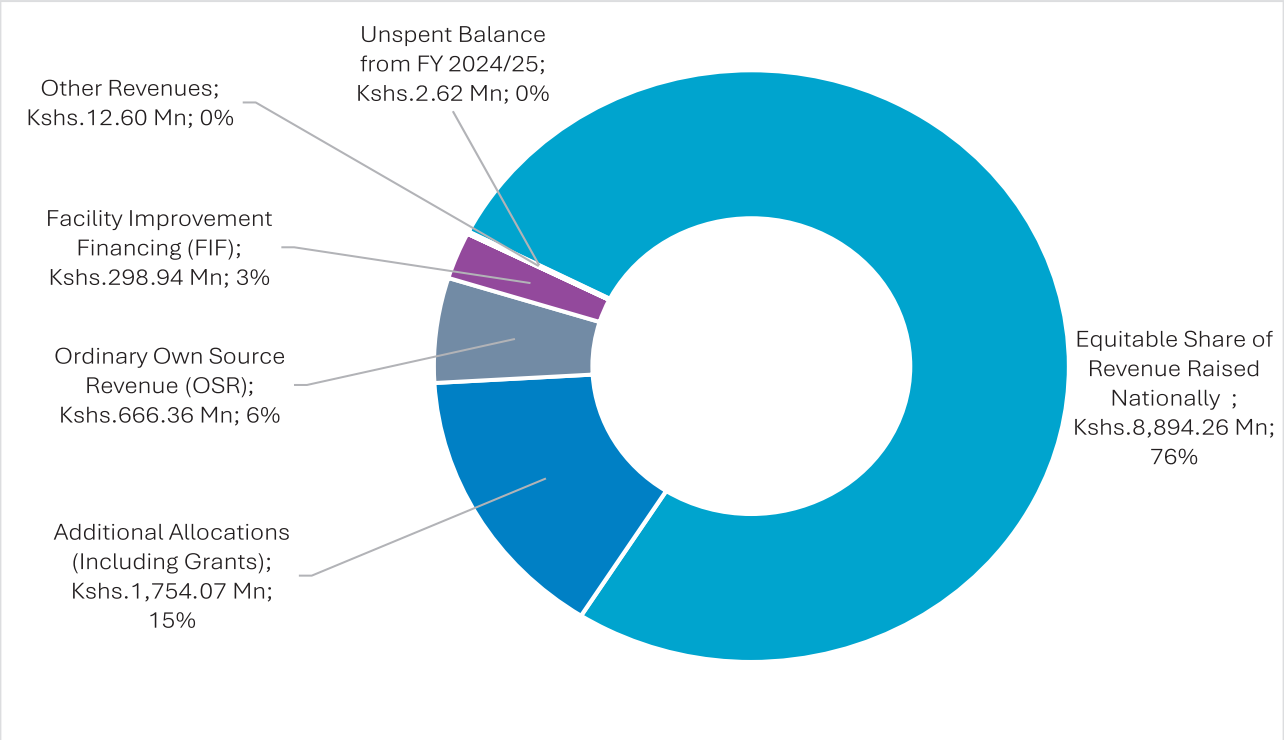
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
5	Danida Level 1 grants	5,633,250	5,633,250	-	5,633,250	100
6	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	352,500,000	70,503,589	-	70,503,589	21.67
7	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	72,909,500	-	-	-	-
8	Second Kenya Devolution Support Programme project 2	4,506,128	-	-	-	-
9	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	58,309,300	-	-	-	-
10	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	418,590,989	418,590,989	-	418,590,989	100
11	The Action Foundation	12,000,000	-	-	-	-
12	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	230,810,027	-	230,810,027	100
13	Primary Health Care in Devolved Context (PHDC) Programme	14,616,000	14,616,000	-	14,616,000	100
14	Road Maintenance Levy Fund	307,376,319	-	-	-	-
15	Kenya Informal Settlement Improvement Project (KISIP II)	65,000,000	90,000,000		90,000,000	138
	Sub-Total	**2,644,155,526**	**1,754,067,846**	**-**	**1,754,067,846**	**66**
D	**Ordinary Own Source Revenue (OSR)**					
1	Agricultural Produce	38,764,158	21,099,262	-	21,099,262	54
2	Ballast Cess	51,180,556	23,754,635	-	23,754,635	46
3	Barter Market	31,730,658	21,166,857	-	21,166,857	67
4	Bed Occupancy	73,204,528	24,869,127	-	24,869,127	34
5	Building Plan Approval	269,866,002	110,594,001	-	110,594,001	41
6	Bus Park fee	40,240,000	22,222,912	-	22,222,912	55
7	Quarry and Mineral Extraction	58,277,232	23,555,838	-	23,555,838	40
8	Impounding Fee	1,039,995	1,240,000	-	1,240,000	119
9	Land Rates	197,635,457	41,992,916	-	41,992,916	21
10	Livestock Cess	14,505,050	14,659,798	-	14,659,798	101
11	Market Stall	3,020,000	2,446,680	-	2,446,680	81
12	Parking fee	36,128,814	22,657,384	-	22,657,384	63
13	Plot rent	52,001,242	18,428,574	-	18,428,574	35
14	Trade Licenses	268,443,701	182,836,689	-	182,836,689	68
15	Sand Fees	120,000,000	55,700,000	-	55,700,000	46
16	Sign Post Fee & Advert Fee	80,927,756	49,091,607	-	49,091,607	61
17	Slaughter Fee	17,500,650	1,108,586	-	1,108,586	6
18	Transit Fee	45,534,201	28,934,094	-	28,934,094	64

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
	Sub-Total	**1,400,000,000**	**666,358,960**	**-**	**666,358,960**	**48**
E	**Facility Improvement Financing (FIF)**					
1	Facility Improvement Fund	568,471,707	298,943,771	-	298,943,771	53
F	**Other Revenues**	**568,471,707**	**298,943,771**	**-**	**298,943,771**	**53**
1	Kajiado County Alcoholic Drinking Board	40,000,000	12,601,220	-	12,601,220	32
	Sub-Total	**40,000,000**	**12,601,220**	**-**	**12,601,220**	**32**
Total		**13,546,882,119**	**11,628,847,386**	**-**	**11,628,847,386**	86

Source: *Kajiado County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.54 provides a detailed breakdown of receipts.

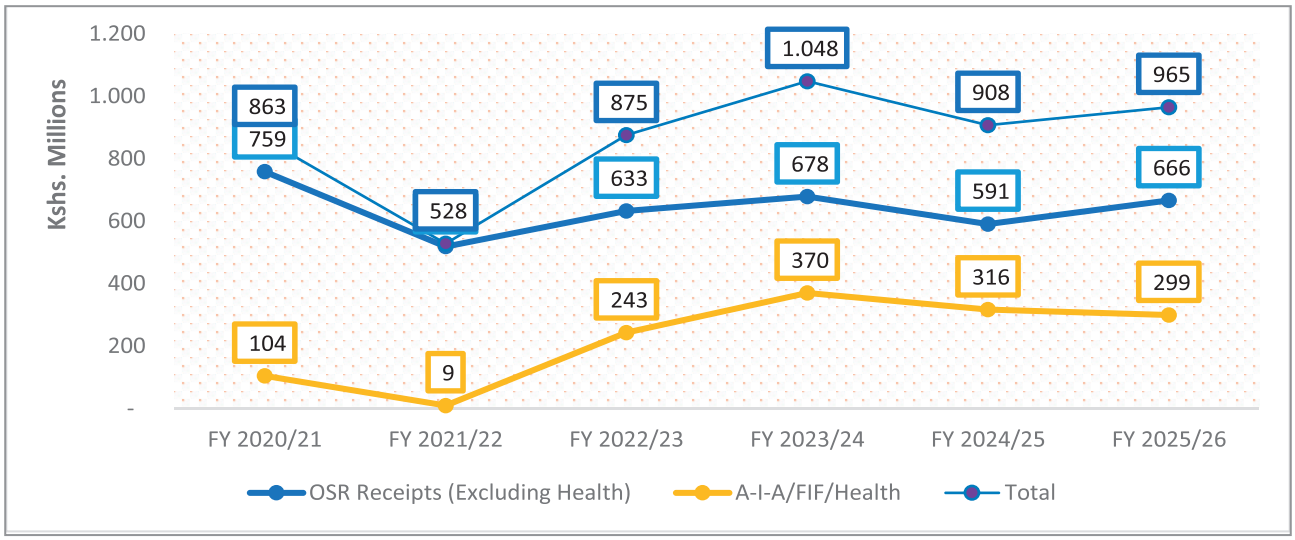
Figure 3.54: Kajiado County Composition of Revenue in FY 2025/26



Source: *Kajiado County Treasury*

The equitable share of revenue raised nationally, Additional allocations, and FIF contributed 76 per cent, 15 per cent, 6 per cent, and 3 per cent, respectively, of the total receipts for the reporting period. Figure 3.55 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.55: Kajiado County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

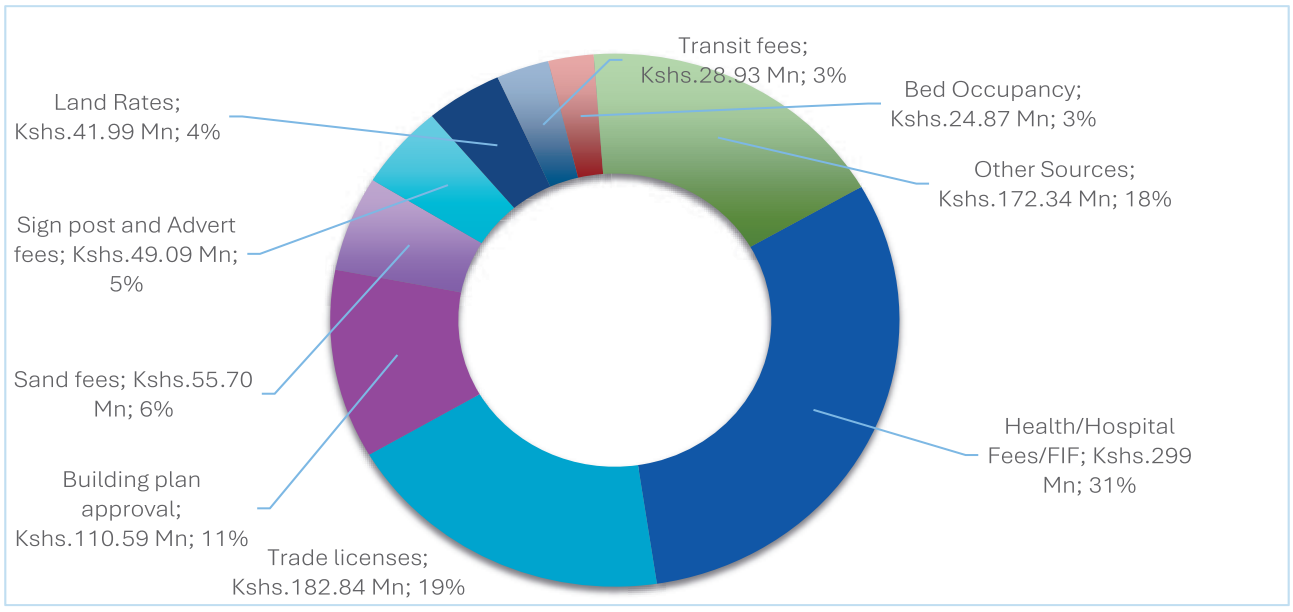


Source: *Kajiado County Treasury*

During the year, the County received Kshs.965.30 million from OSR, including FIF. This amount was an increase of 6.28 per cent compared to Kshs.907.54 million realised in FY 2024/25, and was 48.01 per cent of the annual target and 10.85 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the automation of the main revenue stream and reduced leakages. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.56.

Figure 3.56: Kajiado County Top Own Source Revenue Streams in FY 2025/26



Source: Kajiado County Treasury

As shown in Figure 3.56, the largest revenue stream, at Kshs.298.94 million, was Health/Hospital fees/FIF, accounting for 30.98 per cent of total OSR receipts. The County Government indicated that it has automated 20 of 21 revenue streams. The system utilised for FIF revenue collection is Paybill and Craft Silicon for FIF and Public Health, respectively, which has been in use since July,2025.

3.10.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.541.82 million, which increased to Kshs.644.88 million as of 30 June, 2026. The County tracks its revenue arrears on an accrual basis using an automated system. Table 3.146 presents a breakdown of the County's revenue arrears.

Table 3.146: Kajiado County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	East African Portland Co. Ltd	116,247,066	-	19,043,600	-	97,203,466
2	Universities	120,000,000	-	-	-	120,000,000
3	Kenchic Ltd and others	19,100,000	-	-	-	19,100,000
4	Wilderness lodges and others	78,350,000	-	-	-	78,350,000
5	Sona Hydro, China Civil Works, and other Contractors	11,200,000	-	-	-	11,200,000
6	Flower farms	35,000,000	-	-	-	35,000,000
7	Land rates of upcoming states and Factories	32,000,000	-	-	-	32,000,000
	Sub-Total	**411,897,066**	**-**	**19,043,600**	**-**	**392,853,466**
B	**Facility Improvement Financing (FIF)**					
1	SHIF	24,481,570	-	-	24,481,570	-
2	SHA	105,445,433	-	641,105,401	787,683,252	252,023,284
	Sub-Total	**129,927,003**	**-**	**641,105,401**	**812,164,822**	**252,023,284**
	Total	**129,929,003**	**-**	**660,149,001**	**812,164,822**	**644,876,750**

Source: *Kajiado County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.644.88 million, comprising Kshs.392.85 million (60.92 per cent) for Own-source revenue and Kshs.252.02 million (39.08 per cent). The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 include the appointment of a new receiver of debts and the engagement of new debt recovery agents, called Regional Business Connection.

3.10.4 Borrowing by the County

The County Government reported no short-term borrowing in FY 2025/26.

3.10.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.11.11 billion from the Kajiado County Revenue Fund (CRF) account. This amount consisted of Kshs.1.98 billion (17.84 per cent) designated for development programs and Kshs.9.13 billion (82.26 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.5.67 billion was allocated to employee compensation and Kshs.3.46 billion to operations and maintenance expenditures. Within the operations and maintenance category, 15.12 per cent was for domestic travel and 0.85 per cent for foreign travel. The domestic travel exchequers totalled Kshs.523.14 million, which included Kshs.246.47 million for the County Executive and Kshs.276.67 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.29.43 million, with Kshs.2.98 million for the County Executive and Kshs.26.45 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Kajiado CRF account was Kshs.44.14 million.

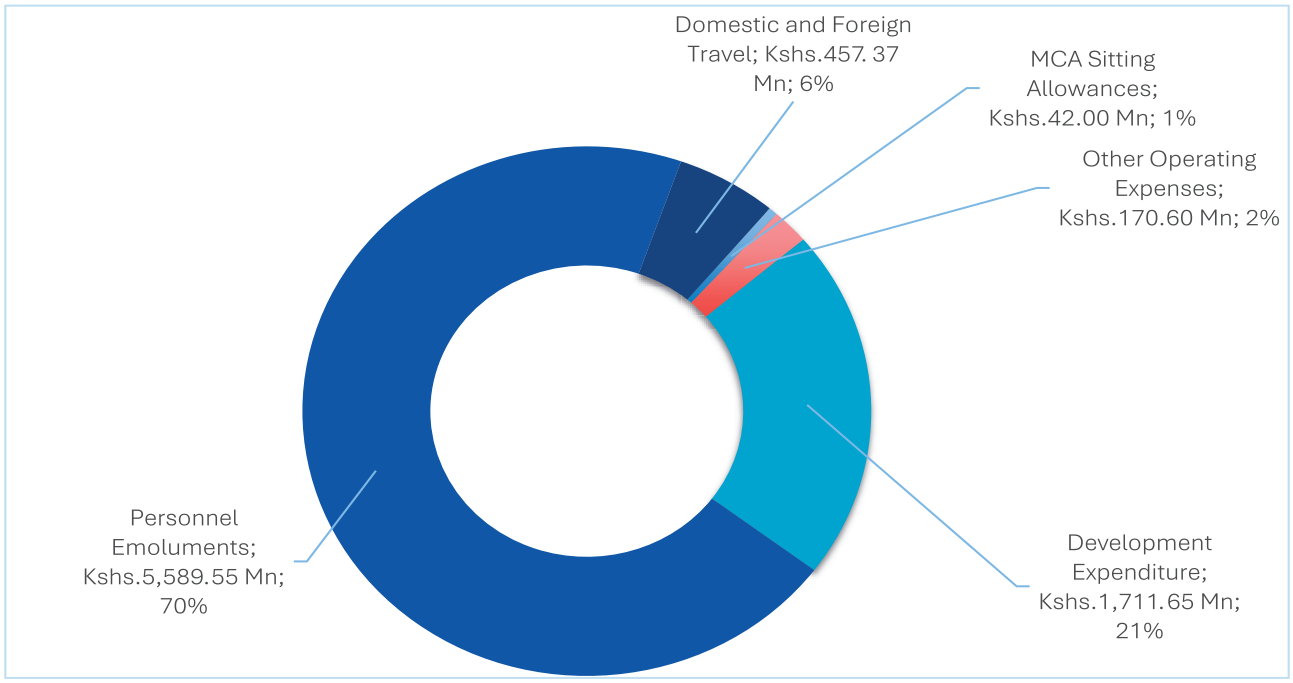
In addition, the Controller of Budget did not approve any exchequer withdrawal requests from the Kajiado County Assembly Fund (CAF) account during the period under review because the accounts are yet to be operational.

3.10.6 Expenditure Review

The County spent Kshs.9.89 billion on both development and recurrent programmes in FY 2025/26. The expenditure represented 89.10 per cent of the total funds released by the CoB. It comprised Kshs.1.71 billion for development programmes and Kshs.8.18 billion for recurrent programmes. Expenditure on development programmes accounted for 48.03 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 81.96 per cent of the annual recurrent expenditure budget.

Figure 3.57: provides a detailed breakdown of total expenditure.

Figure 3.57: Kajiado County Composition of Expenditure in FY 2025/26



Source: Kajiado *County Treasury*

As shown in Figure 3.57, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic and Foreign travel, contributing 70, 21, and 6 per cent of the total expenditure for the reporting period.

3.10.7 Expenditure by Economic Classification

The County Executive incurred Kshs.5.23 billion in employee compensation, Kshs.2.06 billion in operations and maintenance, and Kshs.1.64 billion in development activities. Similarly, the County Assembly spent Kshs.360.35 million on employee compensation, Kshs.529.64 million on operations and maintenance, and Kshs.72.33 million on development activities, as shown in Table 3.147.

Table 3.147: Kajiado County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs.Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	9,073.44	911.34	7,291.17	889.99	-	-	7,291.17	889.99	**80**	**98**
Compensation of Employees	5,314.56	361.62	5,229.20	360.35	-	-	5,229.20	360.35	98	100
Operations and Maintenance	3,758.88	549.72	2,061.98	529.64	-	-	2,061.98	529.64	55	96
Development Expenditure	3,440.10	122.00	1,639.32	72.33	-	-	1,639.32	72.33	**48**	**59**
Total	**12,513.54**	**1,033.34**	**8,930.50**	**962.32**	-	-	**8,930.50**	**962.32**	**71**	**93**

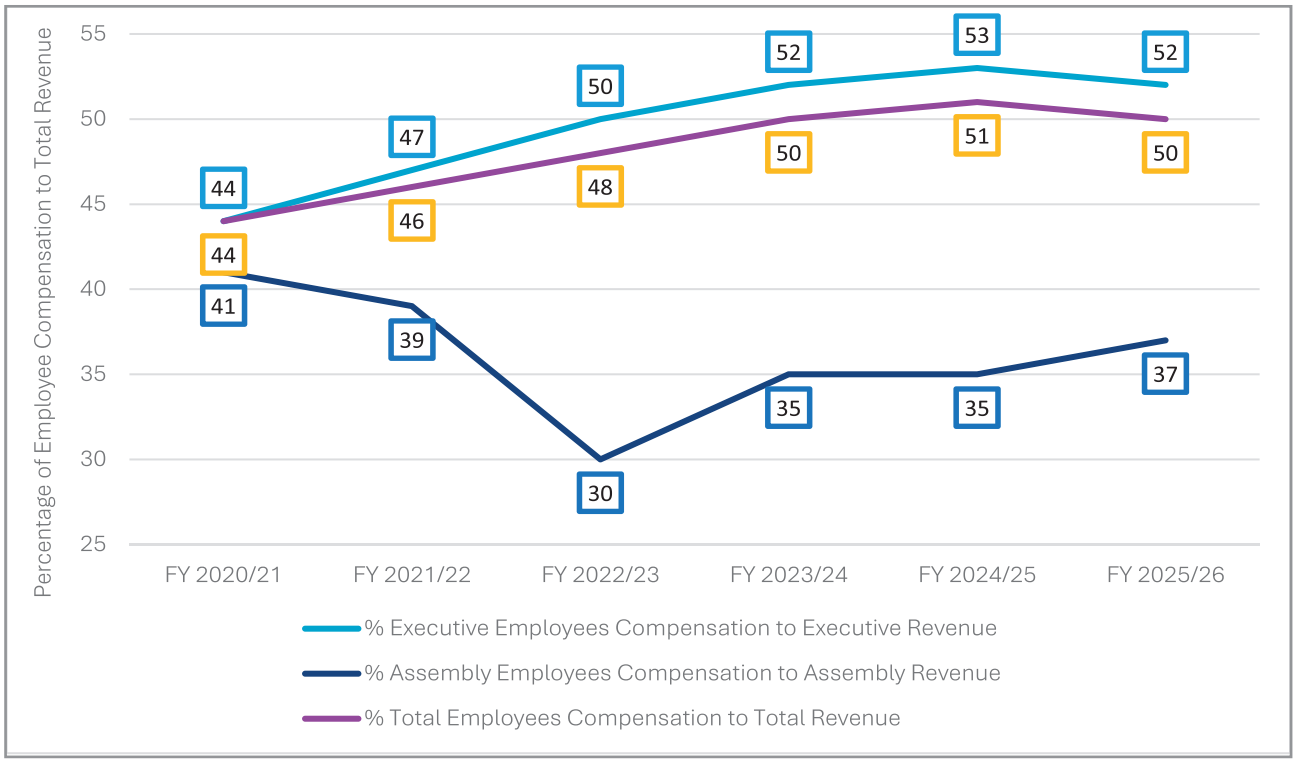
***Source**: Kajiado County Treasury*

3.10.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.5.59 billion, representing 48.07 per cent of revenue. This expenditure on employee compensation shows an increase of 6.27 per cent compared to the Kshs.5.26 billion reported in FY 2024/25. Of this total, Kshs.2.68 billion related to Health Sector employees, accounting for 47.94 per cent of the overall employees' compensation.

Figure 3.58 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.58: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



***Source:** Kajiado County Treasury*

Further analysis indicated that PE costs amounting to Kshs.5.48 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.105.21 million was processed through man-

ual payrolls, accounting for 1.88 per cent of the total PE cost. The justification for the continued use of manual payroll was the delay in the issuance of personnel numbers.

The manual payroll comprised salaries for 13 staff not onboarded into the Human Resource Information System (HRIS), salaries for 307 casual staff, salaries for 123 MCs Partisan staff, Salaries for 15 interns and LAPTRUST/LAPFUND Pension Contributions for 42 MCAs, as shown in Table 3.148.

Table 3.148: Analysis of Kajiado County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)
1	Staff not onboarded to HRIS	13	2,363,428
2	Salaries for casual staff	307	21,639,400
3	Salaries for Partisan staff	123	883,272
4	LAPTRUST/LAPFUND Pension Contribution	42	9,844,832
5	Gratuities for Contract staff	-	44,834,658
6	Community Health Promoters	-	25,230,000
7	Salaries for Interns	15	300,000
8	Nita Contribution	-	108,650
	Total		**105,205,240**

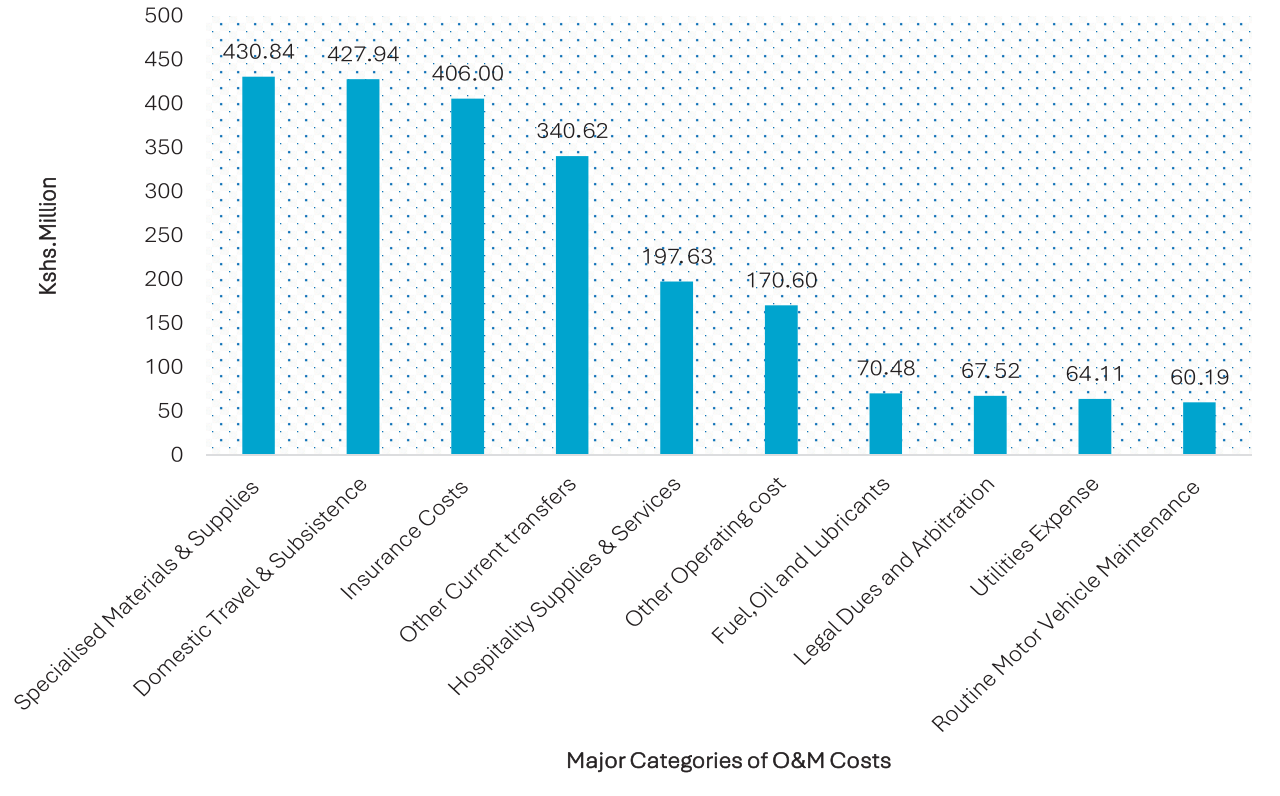
Source: Kajiado County Treasury

The County Assembly spent Kshs.42.00 million on committee sitting allowances for the 42 MCAs against the annual budget allocation of Kshs.42.00 million. The average monthly sitting allowance was Kshs.83,333 per MCA. The County Assembly has 20 House Committees.

3.10.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.59 billion on operations and maintenance, representing a decrease 0.03 per cent compared to FY 2024/25, when the County spent Kshs.2.59 billion. Figure 3.59 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.59: Kajiado County, Operations and Maintenance Expenditure by Major Categories



Source: *Kajiado County Treasury*

3.10.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.170.60 million on "other operating expenses - other," which accounted for 6.59 per cent of the total operations and maintenance expenditure of Kshs.2.59 billion. The disaggregated items under the "*Other Operating Expenses-other*" category are shown in Table 3.149.

Table 3.149: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Ward Office Operation	9,600,000	5,600,000
2211399	Subscription to professional bodies	4,217,200	3,960,420
	TOTAL	**13,817,200**	**9,560,420**

Source: *Kajiado County Treasury*

3.10.11 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.475.00 million to County-Established funds in FY 2025/26, representing 3.51 per cent of the County's overall budget. Of this amount, the County allocated Kshs.140 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 1.03 per cent of the total budget. Table 3.150 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.150: Performance of Kajiado County Established Funds in FY 2025/26

S / No.	Name of the Fund	Date Established (i.e., 22.09.2019)	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
1	Bursary/Scholarship Fund	16.05.2016	200,000,000	200,000,000	200,000,000	1,280,000,000	Yes
2	Kajiado County Car Loan and Mortgage	01.02.2016	25,000,000	-	-	280,247,500	No
3	Kajiado County Alcoholic Drinks Control Fund	17.06.2026	30,000,000	30,000,000	30,000,000	30,000,000	No
4	Kajiado Youth and Sport Fund	04.03.2016	15,000,000	-	-	97,500,000	No
5	Kajiado County Disability Fund	5.12.2023	20,000,000	10,000,000	10,000,000	98,000,000	Yes
6	Kajiado County Women Empowerment Fund	25.03.2025	20,000,000	10,000,000	-	10,000,000	No
7	Kajiado County Veterinary Service Development Fund		-	-	-	-	No
8	MCA's Car Loan and Mortgage	30.04.2021	25,000,000	15,000,000	15,000,000	389,000,000	No
	Total		**335,000,000**	**265,000,000**	**255,000,000**	**2,394,747,500**	

Source: *Kajiado County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from the Kajiado County Executive car loan and Mortgage, Kajiado County Alcoholic Drinks Control Fund, Kajiado Youth and Sport Fund, Kajiado County Women Empowerment Fund, Kajiado County Veterinary Service Development Fund and MCA's Car loan and Mortgage Fund Administrators, as indicated in Table 3.150, 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 2025/26, the CoB determined that the Kajiado County youth and sport, Bursary/ Scholarship and Kajiado County Executive car and mortgage Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.10.12 County Corporations, Municipalities and Agencies

The County has seven County Corporations and three municipalities, which were allocated Kshs.657.98 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.529.08 million, as shown in Table 3.151.

Table 3.151: Performance of Kajiado County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Kajiado County Investment Authority	20,000,000	15,000,000	15,000,000	50,000,000
2	Oloolaiser Water and Sewerage Company Limited	0.00	0.0	0.00	0.00
3	Nolturesh Loitoktok Water and Sanitation Company Limited	0.00	0.00	0.00	0.00
4	Olkejuado Water and Sewerage Company Limited	0.00	0.00	0.00	0.00
5	Oldonyio Orok Water and Sewerage Company Limited	0.00	0.00	0.00	0.00
6	Oloolaiser Water and Sewerage Company Limited	0.00	0.00	0.00	0.00
7	Nolturesh Loitoktok Water and Sanitation Company Limited	0.00	0.00	0.00	0.00
Gazetted Municipalities					
1	Kajiado Municipalities	93,388,376	74,040,194	74,040,194	74,040,194
2	Ngong Municipality	347,707,689	331,277.264	331,277,264	331,277,264
3	Kitengela Municipality	196,880,859	190,231,146	190,231,146	190,231,146
	Total	**657,976,924**	**529,078,247**	**529,078,247**	**564,078,247**

Source: *Kajiado County Treasury*

3.10.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.427.94 million and comprised Kshs.185.08 million spent by the County Assembly and Kshs.242.86 million by the County Executive. Expenditure on foreign travel amounted to Kshs.29.43 million and comprised Kshs.26.45 million by the County Assembly and Kshs.2.98 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.152.

Table 3.152: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	6	11th to 16th 20 August 25	Hansard Association Conference	Ghana	1,697,381	-	1,697,381
County Assembly	2	13th to 21st July 2025	Financial management and oversight training	Singapore	1,257,560	-	1,257,560

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	13-21 July 2025	Attending the Kenya legislative Caucus Mission	Russia	532,068	-	532,068
County Assembly	2	1st - 6th July, 2025	Invitation for training	Norway	701,802	-	701,802
COUNTY ASSEMBLY	2	15th - 20th September,2025	Invitation for training	Dubai	1,098,718	-	1,098,718
County Assembly	8	5th -12th October,2025	Training on strategic management and leadership	Turkey	4,509,640	-	4,509,640
County Assembly	3	22nd- 26th September,2025	Invitation for training on the development of SDG clubs	Tanzania	650,676	-	650,676
County Assembly	8	22nd- 27th October, 2025	Training on strategic management and leadership	Turkey	4,509,640	-	4,509,640
County Assembly	3	16th- 20th November, 2025	Business Symposium Messe Düsseldorf, Germany	Germany	1,709,860	-	1,709,860
County Assembly	2	22nd -29th oct 2025	Benchmarking on mobility and renewable energy in the Oslo Congress Centre	Norway	704,280	-	704,280
County Assembly	7	2nd to 9th May 2026	Training on leveraging green technology, digital health, and sustainable urban development	CASABLANCA MOROCCO	3,541,510	-	3,541,510
County Assembly	8	11-17 February 2026	Leadership Management Training	Singapore	5,539,840	-	5,539,840
County Executive	6	8th to 15th December,2025	A workshop on leadership and Governance	Uganda	2,393,328		2,393,328
County Executive	1	20th to 31st November, 2025	A workshop on Benchmarking in Norway	Norway	586,600		586,600
Total					**29,432,963**	**-**	**29,432,963**

Source: Kajiado County Treasury and Kajiado County Assembly

3.10.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.298.94 million as FIF, which was 52.59 per cent of the annual target of Kshs.568.67 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 expenditure by the health facilities amounted to Kshs.298.94 million, as shown in Table 3.153.

Table 3.153: Kajiado County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 5 Hospital	1	123,637,333	55,891,325	45.2
2.	Level 4 Hospital	6	374,834,375	171,939,656	45.9
3.	Level 3 Facility	28	-	-	-

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
4.	Level 2 Facility	104	-	-	-
5.	Public Health		70,000,000	71,112,790	101.6
	Total		**568,671,708**	**298,943,771**	**52.6**

Source: *Kajiado County Treasury*

3.10.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.1.71 billion on development programmes, representing a decrease of 3.93 per cent compared to FY 2024/25, when the County spent Kshs.1.78 billion. Table 3.154 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to challenges in the electronic government procurement system.

Table 3.154: Kajiado County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Roads	Grading & Gravelling Of Enntonet -Misingiyo Road	Entonet/ Lenkism	2024/2025	30.06.25	41,753,156	20,882,841	20,882,841	41,759,419	100%
2	Finance	Being Payment For 4% Deduction For Revenue Collection Services	HQ	2024/2025	30.06.25	29,669,552	29,669,552	29,669,552	29,669,552	100%
3	Trade	Oloitokitok Cabro Works	Kuku	2019/2020	31.03.2020	28,905,808	5,431,491	5,431,491	28,905,808	100%
4	Health	Proposed Construction Of Male Ward At Kajiado Referral Hospital	Ildamat	2023/2024	30.06.2024	32,499,371	14,108,208	14,108,208	28,274,135	87%
5	Education	Completion Of Social Hall At Olkejuado High School	Dalalekutuk	2023/2024	30.06.2025	27,503,609	9,570,000	9,570,000	25,311,745	92%
6	Trade	Proposed Construction of Ngong Town Cabro Works	Ngong	2019/2020	30.06.2020	19,363,532	3,759,362	3,759,362	19,295,683	100%
7	WAter	Construction Of Oldepe Earth Dam In Mosiro Ward	Mosiro	2021/2022	28.02.2022	18,466,620	1,846,662	1,846,662	18,466,620	100%
8	Water	Proposed Osewan Storm Water Management Project	Entonet/ Lenkism	2024/2025	31.12.2024	14,836,400	14,836,399	14,836,399	14,836,399	100%
9	Road	Grading and Gravelling Of Oloika Valley Memusi Cllr Road	Olkeri	2024/2025	28.02.2025	12,217,062	12,188,062	12,188,062	12,188,062	100%

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
10	Roads	Renovation Of Governors' and Deputy Governors' Offices	HQ	2024/2025	31.05.2025	41,819,015	10,000,000	10,000,000	10,000,000	24%

Source: *Kajiado County Treasury*

Table 3.155 Budget Performance by Department summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.155: Kajiado County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	215.23	-	185.04	-	174.75	-	94.4	-	81.2	-
County Public Service Board	103.10	-	103.10	-	82.84	-	80.4	-	80.4	-
Medical Service and Public Health	3,622.51	55.00	3,492.10	-	2,852.96	10.06	81.7	-	78.8	18.3
Water, Irrigation, Environment and Natural Resources	177.47	211.71	155.37	73.67	132.91	61.86	85.5	84.0	74.9	29.2
Roads, Transport, Public Works and Energy	231.38	362.38	223.33	13.42	192.75	13.73	86.3	102.3	83.3	3.8
Public Service Administration and Citizen Participation	900.50	352.50	714.31	70.50	656.15	-	91.9	-	72.9	-
County Treasury	1,463.03	1,317.75	1,333.16	652.63	1,295.41	813.69	97.2	124.7	88.5	61.7
Lands, Physical Planning and Urban Development	189.30	120.00	145.03	95.00	140.19	-	96.7	-	74.1	-
County Assembly	911.34	122.00	890.30	72.33	889.99	72.33	100.0	100.0	97.7	59.3
Education, Youth and Sports	1,041.35	-	921.78	-	876.05	-	95.0	-	84.1	-
Gender, Cooperative, Culture, Tourism and Wildlife	284.31	-	258.86	-	238.40	-	92.1	-	83.8	-
Agriculture, Livestock, Veterinary Service and Fisheries	246.80	252.17	236.63	230.81	197.18	230.81	83.3	100.0	79.9	91.5
Trade, Investments and Enterprise Development	240.33	350.00	198.41	350.00	176.32	90.57	88.9	25.9	73.4	25.9
Kajiado Municipality	75.86	17.52	56.52	17.52	60.84	17.52	107.7	100.0	80.2	100.0
Ngong Municipality	97.90	249.81	81.47	249.81	79.03	249.81	97.0	100.0	80.7	100.0
Office of the County Attorney	138.75	-	93.34	-	100.58	-	107.8	-	72.5	-
Kitengela Municipality	45.62	151.26	38.97	151.26	34.81	151.26	89.3	100.0	76.3	100.0
	9,984.78	**3,562.10**	**9,127.75**	**1,976.96**	**8,181.17**	**1,711.65**	**89.6**	**86.6**	**81.9**	**48.1**

Source*: Kajiado County Treasury*

Analysis of expenditure by departments shows that the Department of Ngong Municipality recorded the highest absorption rate of development budget at 100 per cent, similar to by the Department of Kitengela Municipality at 100 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 97.66 per cent, while the Department of Office of the County Attorney had the lowest at 72.49 per cent.

3.10.16 Budget Execution by Programmes and Sub-Programmes

Table 3.156 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.156: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Ngong Municipality				
Urban Development	Urban Infrastructure Development	249,806,907	249,806,907	100
Department of Kitengela Municipality				
Urban Development	Urban Infrastructure Development	151,260,425	151,260,425	100
Department of Kajiado Municipality				
Urban Development	Urban Infrastructure Development	17,523,657	17,523,657	100
Recurrent				
Department of Agriculture, Livestock, Veterinary Service and Fisheries				
Fisheries	Fisheries	553,333	713,800	129
Department of Public Service Administration and Citizen Participation				
Public Service Administration	Citizen Participation	9,197,563	11,098,508	120.7
Department of Roads, Transport, Public Works and Energy				
Public Works and Infrastructure	Public Works	2,840,000	3,371,993	118.7

Source: *Kajiado County Treasury*

The development sub-programmes with the highest budget implementation rates were: Urban Infrastructure Development in the Department of Ngong Municipality, Urban Infrastructure Development in the Department of Kitengela Municipality, and Urban Infrastructure Development all at 100 per cent.

For recurrent sub-programmes, the top performers included: Fisheries in the Department of Agriculture, Livestock, Veterinary Service and Fisheries at 129.00 per cent, Citizen Participation in the Department of Service Administration and Citizen Participation at 120.67 per cent, and Public Works in the Department of Roads, Transport, Public Works and Energy at 118.66 per cent.

Table 3.157 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.157: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Public Service Administration and Citizen Participation				
General Administration, Planning and Support Service	General Administration, Planning and Support Service	352,500,000	-	-
Department of Lands, Physical Planning and Urban Development				
Urban Development and Management	Urban Development	120,000,000	-	-
Department of Water, Irrigation, Environment and Natural Resources				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Water Service	Water Service	60,000,000	-	-
Recurrent				
Department of Education, Youth and Sport				
Early Childhood Development and Education	Early Childhood Development and Education	39,410,000	20,527,700	51.1
Department of Lands, Physical Planning and Urban Development				
Urban Development and Management	Urban Development	67,722,949	36,608,849	54.1
Department of County Treasury				
Public Finance Management	Supply Chain Management	24,600,000	14,602,401	59.4

Source: *Kajiado County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: General Administration, Planning and Support Service in the Department of Public Service Administration and Citizen Participation, at 0.0 per cent; Urban Development in the Department of Lands, Physical Planning, at 0.0 per cent; and Water Service, at 0.0 per cent.

For recurrent sub-programmes, the poorest performers included: Early Childhood Development and Education in the Department of Education, Youth and Sport at 52.09 per cent, Urban Development in the Department of Lands, Physical Planning and Urban Development at 54.06 per cent, and Supply Chain Management in the Department of County Treasury at 59.35 per cent.

These lower performances were attributed to challenges of the electronic government procurement systems.

3.10.17 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.3.46 billion. This amount consisted of Kshs.3.31 billion from the County Executive and Kshs.152.72 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.71 billion for recurrent expenditure and Kshs.1.60 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.1.24 billion, comprising Kshs.624.91 million (50.40 per cent) for recurrent programmes and Kshs.613.51 million (49.60 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.117.56 million, comprising Kshs.48.79 million (41.50 per cent) for recurrent activities and Kshs.68.77 million (58.50 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.2.48 billion for County Executive and Kshs.70.34 million for County Assembly. Table 3.158 provides additional details of trade payables.

Table 3.158: Kajiado County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,601,227,129	1,705,746,901	3,306,974,030
		County Assembly	72,723,661	80,000,000	152,723,661
		Total	1,673,950,790	1,785,746,901	3,459,697,691
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	615,000,000	628,000,000	1,243,000,000
		County Assembly	68,787,397	80,000,000	148,787,397
		Total	683,787,397	708,000,000	1,391,787,397

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Amount paid in FY 2025/26	c	County Executive	613,507,745	624,914,048	1,238,421,793
		County Assembly	68,787,397	48,787,910	117,575,307
		Total	682,295,142	673,701,958	1,355,997,100
Trade Payables Incurred in FY 2025/26	d	County Executive	312,526,495	94,509,922	407,036,417
		County Assembly	-	35,195,780	35,195,780
		Total	312,526,495	129,705,702	442,232,197
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**1,300,245,879**	**1,175,342,775**	**2,475,588,654**
		County Assembly	**3,936,264**	**66,407,870**	**70,344,134**
		Total	**1,304,182,143**	**1,241,750,645**	**2,545,932,788**

Source: *Kajiado County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.708.00 million and Kshs.683.79 million, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.1.24 billion for the Executive and Kshs.117.58 million for the Assembly

Table 3.159 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.2.55 billion.

Table 3.159: Kajiado County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	312,526,495	298,514,667	273,381,935	415,822,782	1,300,245,879
Recurrent Trade Payables (Goods & Services)	2,156,000	370,425,174	387,642,033	250,260,593	848,483,800
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	94,509,922	-	-	-	94,509,922
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**96,665,922**	**370,425,174**	**387,642,033**	**320,609,646**	**1,175,342,775**
Total Trade Payables	**409,192,417**	**668,939,841**	**661,023,968**	**736,432,428**	**2,475,588,654**
% of Total	**16.53**	**27**	**26.72**	**29.75**	**100**

Source: *Kajiado County Treasury*

Table 3.160: Kajiado County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	3,936,264		-	-	**3,936,264**
Recurrent Trade Payables (Goods & Services)	39,871,433		-	-	**39,871,433**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	18,527,323	8,009,114	-	-	**26,536,437**
Recurrent Trade Payables (Staff Claims)		-	-	-	**-**
Total Recurrent Trade Payables	**58,398,756**	**8,009,114**	**-**	**-**	**66,407,870**
Total Trade Payables	**62,335,020**	**8,009,114**	**-**	**-**	**70,344,134**
% of Total	**83**	**17**	**-**	**-**	**100**

Source: *Kajiado County Treasury*

As shown in Table 3.159 and Table 3.160, the total salary arrears and statutory deductions for trade payables amounted to Kshs.121.05 million, representing 4.75 per cent of the total trade payables of Kshs.2.55 billion as of 30 June 2026. The statutory deductions included salary arrears of Kshs.26.54 million and third-party deductions of Kshs.94.51 million.

Additionally, the two tables indicate that 28.92 per cent of total trade payables are aged over 3 years, a trend attributed to Kshs.736.43 million. To address this situation, the county should use the first-in, first-out policy when paying the pending bills.

3.10.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 179 accounts across CBK and commercial banks, of which seven were held at the CBK and 172 at commercial banks. Of those at the commercial banks, two were revenue collection accounts, 32 were special operations accounts, including County-established funds, 137 were health facilities operations accounts, 3 were municipalities operations accounts, and 1 was for Vocational Training Centres.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 172 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.10.19 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.965.30 million against an annual target of Kshs.1.97 billion, representing 48.02 per cent of the financial year target.

ii. Low development performance in FY 2025/26 as the County incurred Kshs.1.71 billion on development activities, achieving a 48.03 per cent absorption rate.

iii. The County reported budget over-absorption in FY 2025/26, with the Citizen participation sub-programme under Public Service Administration Programme recording a budget absorption of 120.7 per cent, and the Public Works Sub-Programme under Public Works and Infrastructure Programme reporting an absorption of 118.7 per cent. In contrast, subprogrammes such as Urban Development within the Urban Development and Management Programme recorded zero budget absorption. This disparity raises concerns about the County Treasury's oversight in allowing over-absorption for some sub-programs while permitting non-absorption for others.

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 2026, the lifespan of the Bursary/Scholarship, Youth and Sport Fund and the Kajiado County Executive car Loan and Mortgage Fund had lapsed, making them 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 contravened the requirements of Section 168 of the PFM Act, 2012. The reports for the Kajiado County Executive car loan and Mortgage, Kajiado County Alcoholic Drinks Control Fund, Kajiado Youth and Sport Fund, Kajiado County Women Empowerment Fund, Kajiado County Veterinary Service Development Fund and MCA's Car loan and Mortgage Fund were not submitted to the CoB as of 15 July 2026.

vi. High level of trade payables, which amounted to Kshs.2.55 billion as of 30 June 2026. Furthermore, although the County adhered to the payment plan, trade payables continued to increase.

vii. Use of manual payroll. Personnel emoluments amounting to Kshs.105.21 million for 13 staff not onboarded into HRIS and 307 casual staff were processed through manual payroll, accounting for 1.88 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

viii. 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.

ix. The County reported Kshs.170.60 million under "other operating expenses - Other," accounting for 6.59 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

x. 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,2026.

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 implement strategies to increase development expenditures in FY 2026/27.*

iii. *The County Treasury, in accordance with its oversight responsibilities outlined in Sections 104 and 105 of the Public Finance Management Act (Cap 412 A), should ensure that no expenditure is incurred on activities that have not been appropriated. The Treasury should also distribute resources equitably amongst sub-programmes.*

iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

vi. *The County Leadership should ensure that genuine bills are paid promptly in the ensuing financial year. Further, compliance with the Trade Payables 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 Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

ix. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

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

3.11. County Government of Kakamega

3.11.1 Overview of FY 2025/26 Budget

The Kakamega County Approved Supplementary Budget for FY 2025/26 was Kshs.17.50 billion. It comprises Kshs.5.27 billion (30.11 per cent) and Kshs.12.23 billion (69.89 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented a decrease of Kshs.437.31 million (2.44 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.5.93 billion and a recurrent budget of Kshs.12.23 billion. The decrease in the budget was primarily attributable to the significant reduction in opening cash balances brought forward, which declined to Kshs.536.81 million from Kshs.1.75 billion reported in FY 2024/25.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.13.67 billion (78.15 per cent), additional allocations of Kshs.1.09 billion (6.21 per cent), a cash balance brought forward from FY 24/25 of Kshs.536.81 million (3.06 per cent) and Kshs.2.2 billion (12.57 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.161.

3.11.2 Revenue Performance

During the year, the County reported total receipts of Kshs.16.74 billion. This amount represented a decrease of 0.71 per cent compared to the amount received in FY 2024/25 of Kshs.16.86 billion. The total revenue consisted of Kshs.13.67 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.864.11 million and own-source revenue (OSR) collection of Kshs.1.66 billion. Additionally, the County had a cash balance of Kshs.536.81 million from FY 2024/25. The total OSR collection of Kshs.1.66 billion included Facilities Improvement Financing (FIF) of Kshs.1.14 million, and Kshs.525.59 million from other OSR sources. Table 3.161 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.161: Kakamega County, Revenue Performance in FY 2025/26

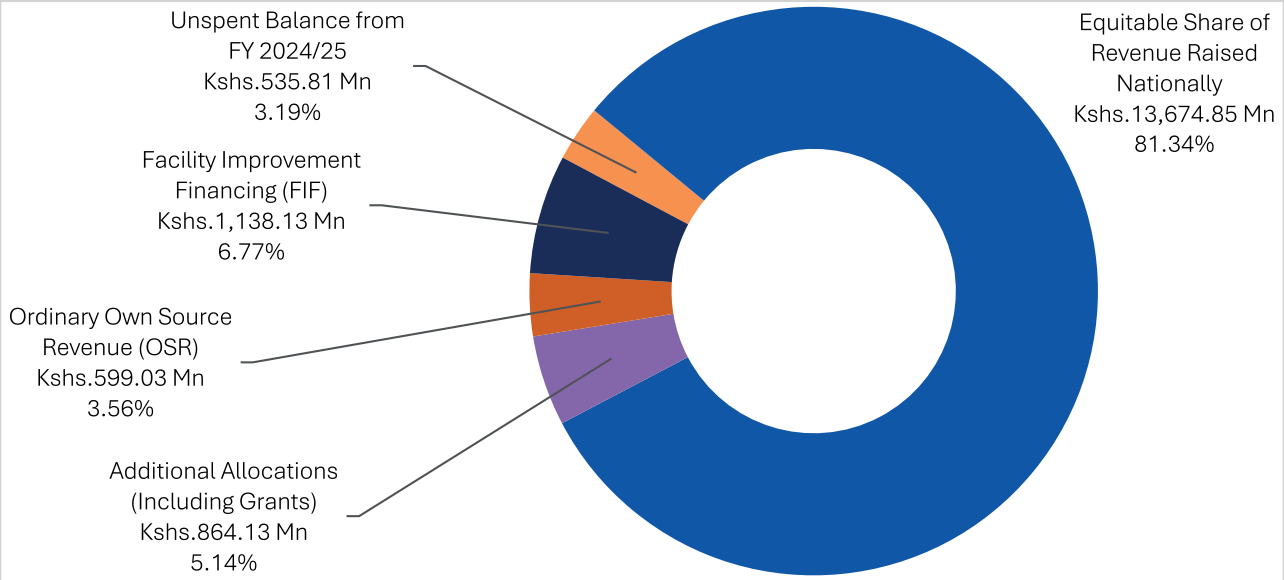
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	140,740,236	140,740,236	-	140,740,236	100
3	County Assembly cash balances unrefunded at CBK Recurrent Operational Account	210,910,071	210,910,071	-	210,910,071	100
4	Opening Balances at Special Purpose Operational Accounts	184,161,799	184,161,799	-	184,161,799	100
	Sub-Total	**535,812,106**	**535,812,106**	**-**	**535,812,106**	**100**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Shareable Revenues	13,674,848,566	13,674,848,566	-	13,674,848,566	100
	Sub-Total	**13,674,848,566**	**13,674,848,566**	**-**	**13,674,848,566**	**100**
C	**Additional Allocations (Including Grants)**					
1	**Unconditional Additional Allocations to County Governments**					
A	Allocations for 20% Share of Mineral Royalties	16,555	-	-	-	0
2	**Conditional Additional Allocations from the National Government's**					
A	Settlement of Doctors' Salary Arrears	44,529,977	-	-	-	0
B	Community Health Promoters (CHPs) Programme	127,500,000	-	-	-	0
C	County Aggregation and Industrial Parks (CAIPs) Programme	50,000,000	50,000,000	-	50,000,000	100
D	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	0
3	**Conditional Allocations from Loans and Grants**			-	-	0

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		A	B	C	D	F=D/A*100
1	(IFAD) Loan for the Aquaculture Business Development Project (ABDP)	19,994,377	-	-	-	0
2	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	218,035,682	218,035,682	-	218,035,682	100
3	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	76,795,314	108,185,394	-	108,185,394	141
4	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500	55,268,498	-	55,268,498	76
5	Kenya Livestock Commercialisation Project (KelCop)	60,550,000	40,300,341	-	40,300,341	67
6	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	146,101,727	144,412,390	-	144,412,390	99
7	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	231,129,773	-	231,129,773	100
8	Primary Health Care in Devolved Context (PHDC) Programme	16,779,000	16,779,000	-	16,779,000	100
9	Kenya Informal Settlement Improvement Project (KISIP II)	20,000,000	-	-	-	-
	Sub-Total	**1,086,449,754**	**864,111,078**	**-**	**864,111,078**	**80**
D	**Ordinary Own Source Revenue (OSR)**					
1	Single Business Permits (SBP)	244,244,520	181,377,699	-	181,377,699	74
2	Sugar Cess	92,927,598	89,845,383	-	89,845,383	97
3	Parking Fees	60,193,110	64,351,598	-	64,351,598	107
4	Advertising	63,296,997	60,122,569	-	60,122,569	95
5	Land Rate	130,964,685	33,701,376	57,118,776	90,820,152	69
6	Physical Planning & Development	34,899,921	32,086,663	-	32,086,663	92
7	Market Fees	27,506,878	23,365,230	-	23,365,230	85
8	Property Rent	17,073,949	13,064,074	16,325,593	29,389,667	172
9	Administration Control Fees & Charges	6,531,220	10,172,190	-	10,172,190	156
10	Miscellaneous Receipts	266,021,286	10,088,909	-	10,088,909	4
11	Proceeds from the sale of assets	5,000,000	3,497,200	-	3,497,200	70
12	Other Fines, Penalties, & Forfeiture Fees	1,009,578	2,653,870	-	2,653,870	263
13	Conservancy Administration	1,412,233	1,065,397	-	1,065,397	75
14	Hire of County Assets	6,285,471	196,830	-	196,830	3
	Sub-Total	**957,367,446**	**525,588,988**	**73,444,369**	**599,033,357**	**63**
E	**Facility Improvement Financing (FIF)**					
1	SHIF-Medical Services	1,214,011,337	1,110,149,762	-	1,110,149,762	91
2	Defunct NHIF	-	-	-	-	0
3	Public Health Services	28,621,218	27,981,920	-	27,981,920	98
	Sub-Total	**1,242,632,555**	**1,138,131,682**	**-**	**1,138,131,682**	**92**
	Total	**17,497,110,427**	**16,738,492,420**	**73,444,369**	**16,811,936,789**	**96**

Source: *Kakamega County Treasury*

Figure 3.60 provides a detailed breakdown of receipts.

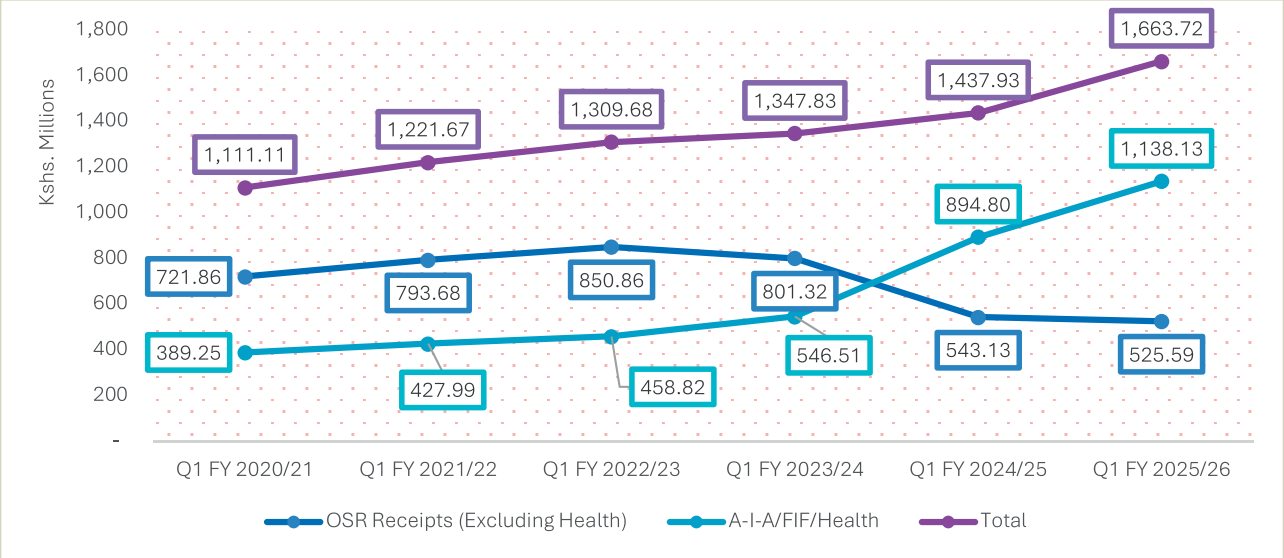
Figure 3.60: Kakamega County Composition of Revenue in FY 2025/26



Source: *Kakamega County Treasury*

During the reporting period, the equitable share of revenue raised nationally remained the primary source of revenue, contributing 81.34 per cent of total revenue, followed by Facility Improvement financing (FIF) at 6.77 per cent and additional allocations at 5.14 per cent. Figure 3.61 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.61: Kakamega County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



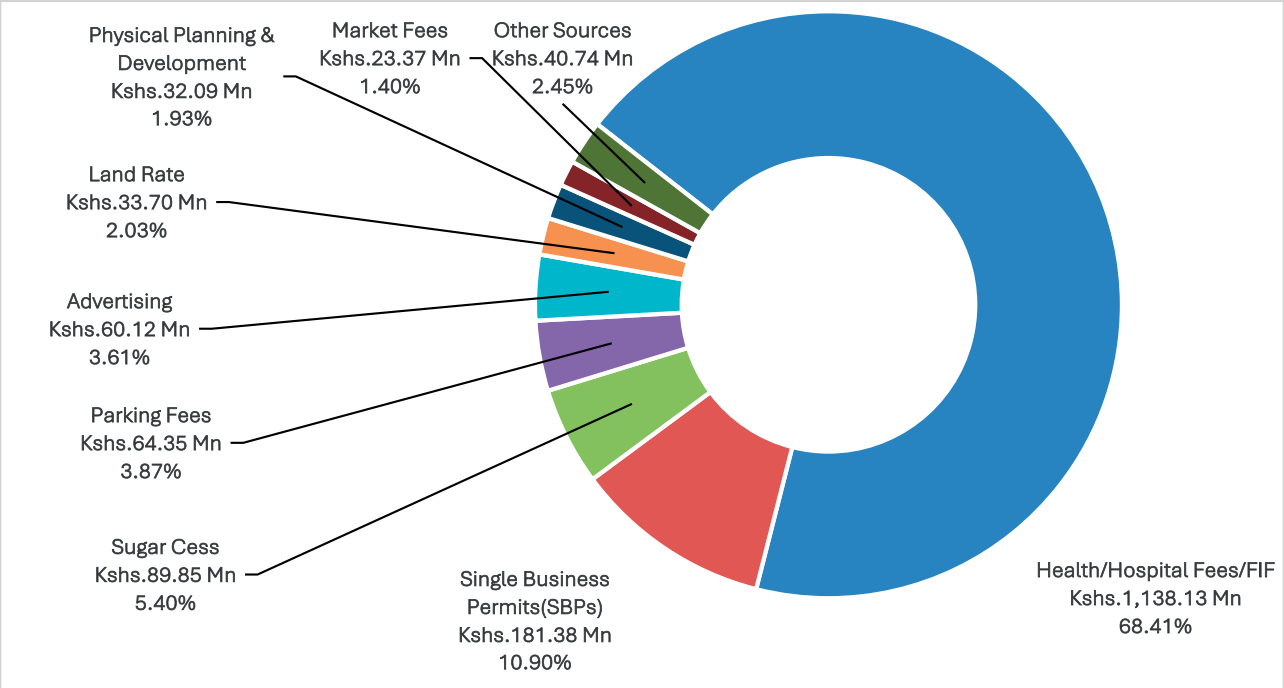
Source: *Kakamega County Treasury*

During the year, the County collected Kshs.1.66 billion from OSR, including FIF. This represented an increase of 15.70 per cent from Kshs.1.44 billion realised in FY 2024/25. The amount achieved was 75.62 per cent of the annual OSR target and was equivalent to 12.17 per cent of the equitable revenue share disbursed in FY 2025/26.

The increase in own-source revenue (OSR) was mainly attributed to improved Facility Improvement Fund (FIF) collections following the rollout of the Taifa Care System under the Social Health Authority (SHA), which enhanced claims processing and increased reimbursements from SHA.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.62

Figure 3.62: Kakamega County Top Own Source Revenue Streams in FY 2025/26



***Source**: Kakamega County Treasury*

As shown in Figure 3.62, the largest revenue stream, at Kshs.1.14 billion, was Health /Hospital fees, accounting for 68.41 per cent of total OSR receipts. The County Government indicated that it has automated 6 of 17 revenue streams.

3.11.3 Revenue Receivables

As of 1 July 2025, the County reported revenue receivables of Kshs.2.37 billion, which decreased to Kshs.1.67 million as of 30 June 2026. The County tracks its receivables using the CHIS automated system. Table 3.162 presents a breakdown of the County's revenue receivables.

Table 3.162: Kakamega County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Receivables Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Receivables as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue receivables Arrears paid in the financial year (Kshs)	Revenue Receivables earned in FY 2025/26 (Kshs)	
		a	b	C	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Land Rates	1,012,652,845	-	33,701,376	57,118,776	1,036,070,245
2	Single/Business Permits	45,026,620	-	5,466,425	-	39,560,195
3	Property Rent	8,461,634	-	2,643,100	16,325,593	22,144,127
	Sub-Total	**1,066,141,099**	**-**	**41,810,901**	**73,444,369**	**1,097,774,567**
B	**Facility Improvement Financing (FIF)**					
1	SHIF	813,778,264	-	755,809,095	-	57,969,169
2	Defunct NHIF	241,440,288	-	11,617,732	-	229,822,556
3	SHA	248,573,018	-	-	34,324,377	282,897,395
	Sub-Total	**1,303,791,570**	**-**	**767,426,827**	**34,324,377**	**570,689,120**
Total		**2,369,932,669**	**-**	**809,237,728**	**107,768,746**	**1,668,463,687**

Source: Kakamega *County Treasury*

As of 30 June 2026, the revenue receivables totalled Kshs.1.67 billion, comprising Kshs.1.10 billion (65.78 per cent) in ordinary own-source revenue arrears and Kshs.570.69 million (34.13 per cent) in Facility Im-

provement Fund (FIF). Similarly, the County recorded Kshs.809.24 million in recoveries and Kshs.107.77 million in earned receivables as shown in Table 3.162.

The measures instituted by the County to recover the outstanding arrears in FY 2025/26 include: strengthening collaboration with the SHA Authority to facilitate the settlement of outstanding health-related claims and enforcing stricter penalties for defaulters of land rates and property rents.

Additionally, the County may consider introducing a time-bound waiver on interest and penalties on land rates and property rent arrears to encourage defaulters to settle their outstanding obligations and enhance revenue collection.

3.11.4 Borrowing by the County

Neither arm of the County Government reported any credit facilities or short-term borrowings from commercial banks during the period under review.

3.11.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.15.25 billion from the Kakamega County Revenue Fund (CRF) account. This amount consisted of Kshs.3.66 billion (24.02 per cent) designated for development programs and Kshs.11.59 billion (75.98 per cent) allocated for recurrent programs.

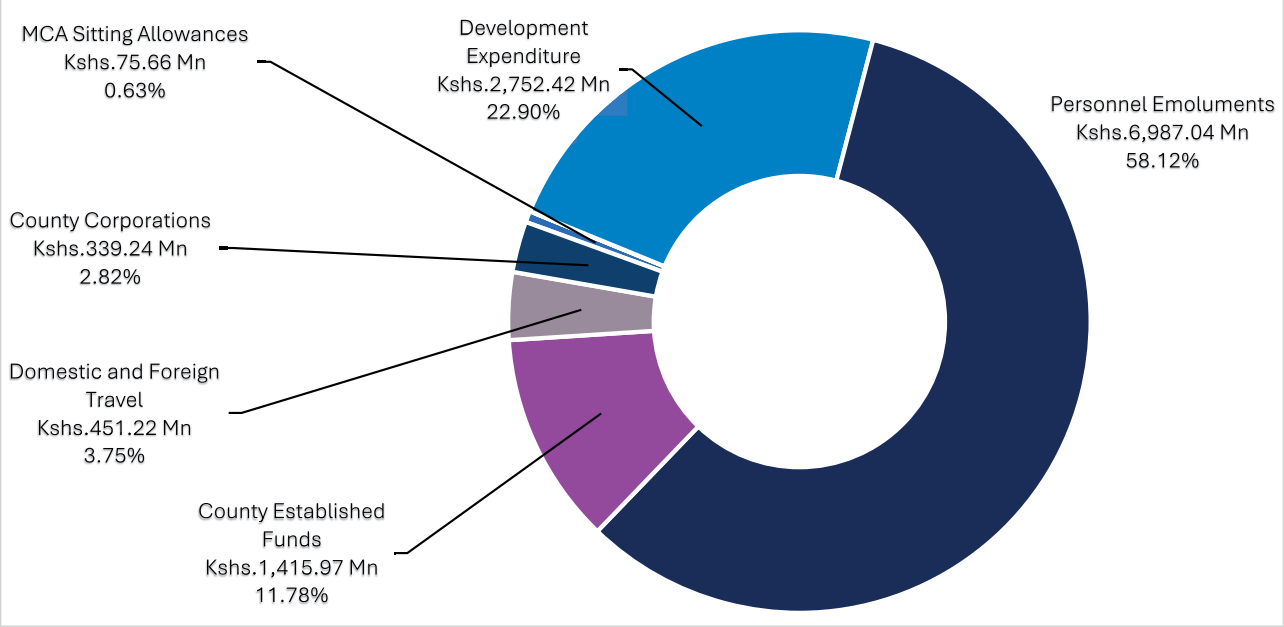
An analysis of the released recurrent exchequers shows that Kshs.7.13 billion was allocated to employee compensation and Kshs.4.46 billion to operations and maintenance expenditures. Within the operations and maintenance category, 9.89 per cent was for domestic travel and 0.01 per cent for foreign travel. The domestic travel exchequers totalled Kshs.419.79 million, including Kshs.101.59 million for the County Executive and Kshs.318.20 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.20.58 million, comprising nil for the County Executive and Kshs.20.58 million by the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Kakamega County CRF account was Kshs.1.58 billion. The County Assembly Fund had not been operationalised as of 30 June 2026.

3.11.6 Expenditure Review

The County spent Kshs.13.98 billion on development and recurrent programmes during the reporting period. The expenditure represented 91.66 per cent of the total funds released by the CoB. It comprised Kshs.2.75 billion for development programmes and Kshs.11.23 billion for recurrent programmes. Expenditure on development programmes accounted for 52.25 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 91.82 per cent of the annual recurrent expenditure budget. Figure 3.63 provides a detailed breakdown of total expenditure.

Figure 3.63: Kakamega County Composition of Expenditure in FY 2025/26



Source: *Kakamega County Treasury*

As shown in Figure 3.63, Personnel Emoluments, Development Expenditure, and County Established Funds were the three highest expenditure categories during the reporting period, accounting for 58.12 per cent, 22.90 per cent, and 11.78 per cent of total expenditure, respectively.

3.11.7 Expenditure by Economic Classification

The County Executive incurred Kshs.6.33 billion in employee compensation, Kshs.3.24 billion in operations and maintenance, and Kshs.2.75 billion in development activities. Similarly, the County Assembly spent Kshs.647.74 million on employee compensation, Kshs.1.00 billion on operations and maintenance, and nil on development activities, as shown in Table 3.163.

Table 3.163: Kakamega County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs.Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**10,578.28**	**1,651.06**	**9,579.35**	**1,650.20**	**-**	**-**	**9,579.35**	**1,650.20**	**90.56**	**99.95**
Compensation of Employees	6,194.53	647.74	6,339.30	647.74	-	-	6,339.30	647.74	102.34	100.00
Operations and Maintenance	4,383.75	1,003.32	3,240.05	1,002.46	-	-	3,240.05	1,002.46	73.91	99.91
Development Expenditure	**5,267.77**	**-**	**2,752.42**	**-**	**-**	**-**	**2,752.42**	**-**	**52.25**	**0.00**
Total	**15,846.05**	**1,651.06**	**12,331.76**	**1,650.20**	**-**	**-**	**12,331.76**	**1,650.20**	**77.82**	**99.95**

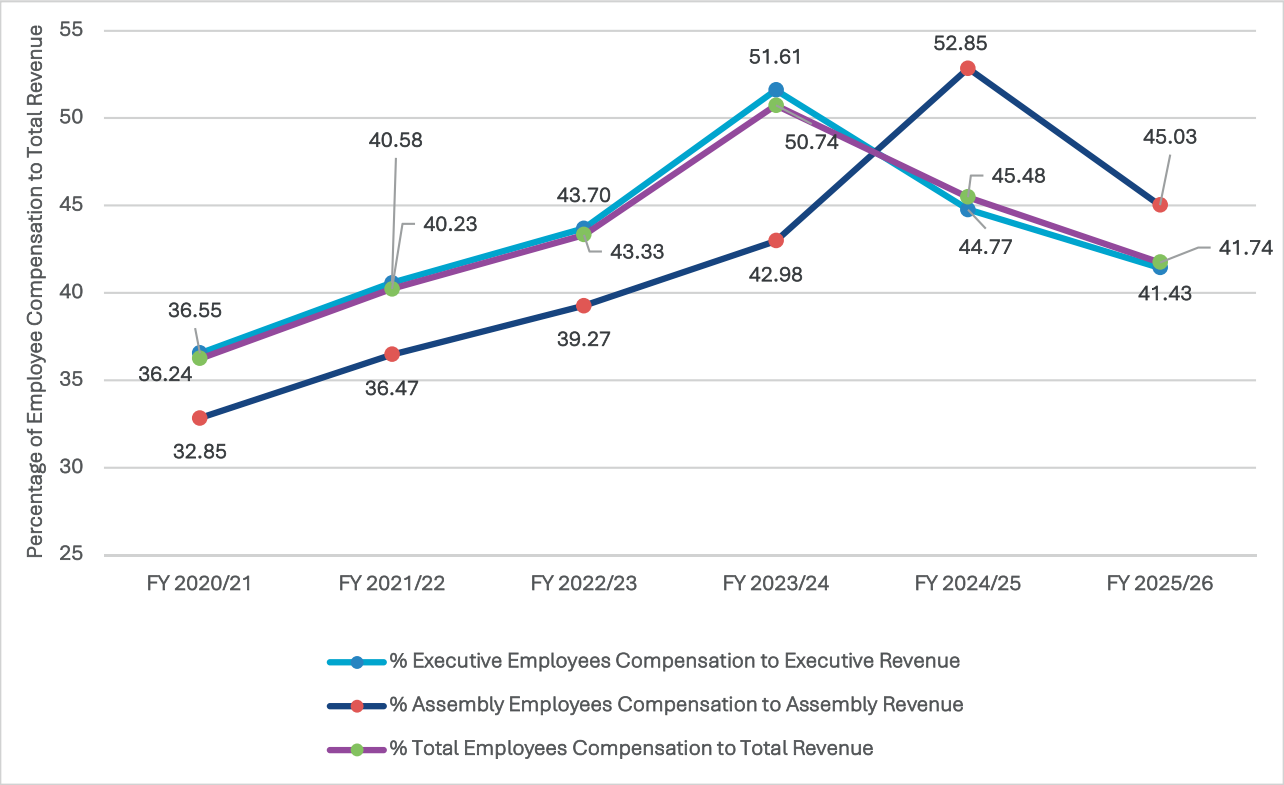
Source*: Kakamega County Treasury*

3.11.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.6.99 billion, representing 41.74 per cent of revenue. This expenditure on employee compensation shows an increase of 0.06 per cent compared to the Kshs.6.92 billion reported in FY 2024/25. Of this total, Kshs.3.03 billion related to Health Sector employees, accounting for 43.31 per cent of the overall employees' compensation.

Figure 3.64 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.64: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Kakamega County Treasury*

Further analysis indicated that PE costs amounting to Kshs.6.92 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.62.73 million was processed through manual payrolls, accounting for 0.90 per cent of the total PE cost. The justification for the continued use of manual payroll was attributed to the delayed issuance of personal numbers, incomplete employee documentation, pending enrolment into the Human Resource Information System (HRIS), and formalisation of employment terms for casual staff.

The manual payroll comprised salaries for 30 County Assembly members and staff who had not been onboarded onto the Human Resource Information System (HRIS), as well as salaries for eight casual staff, as shown in Table 3.164.

Table 3.164: Analysis of Kakamega County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Staff not onboarded onto HRIS	30	62,415,051	Delays in procuring personnel payroll numbers	Ongoing procurement of personal numbers for onboarding -3 months period
2	Salaries for casual staff	8	315,000	Delay in formalising Casual to Contract terms	Formalisation of the terms of the contract
	Total	**38**	**62,730,051**		

Source*: Kakamega County Treasury*

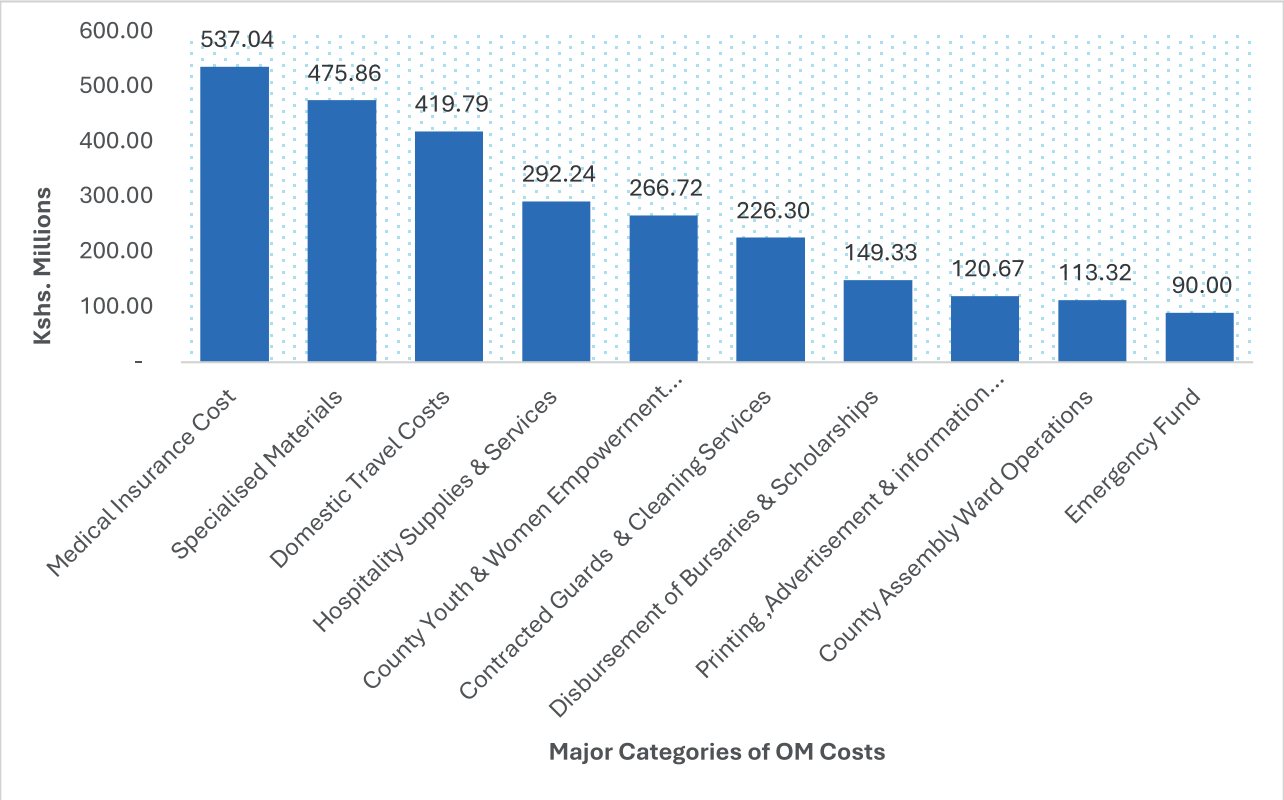
The County Assembly spent Kshs.75.66 million on committee sitting allowances for the 90 MCAs against the annual budget allocation of Kshs.57.63 million, exceeding the budget by 31.29 per cent (Kshs.18.03 million). This raises concern over the adequacy of budgetary control and expenditure management.

The average monthly sitting allowance was Kshs.70,057 per MCA. The County Assembly has 26 House Committees, raising concerns about the adequacy of budgetary control and expenditure management in relation to committee operations.

3.11.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.4.24 billion on operations and maintenance, representing a 1.65 per cent increase over FY 2024/25, when the County spent Kshs.4.17 billion. Figure 3.65 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.65: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: Kakamega *County Treasury*

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.2.31 billion to County-Established funds in FY 2025/26, representing 13.19 per cent of the County's overall budget. Of this amount, the County allocated Kshs.100 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.56 per cent of the total budget. Table 3.165 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.165: Performance of Kakamega County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs)	Actual disbursements to the Fund (Kshs)	Cumulative Disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
County Executive Established Funds							
1	Emergency Fund	2018	100,000,000	90,000,000	44,400,000	134,400,000	Yes
2	Kakamega County Facility Improvement Fund	2022	1,214,011,337	-	-	488,418,698	Yes
3	Kakamega County Climate Change Fund	2020	553,132,837	449,827,305	449,827,305	836,048,381	Yes
4	County Executive Members' Car Loan & Mortgage Fund	2016	2,346,632	-	546,086	89,235,730	Yes
5	Bursary & Scholarship Fund	2017	195,000,000	149,330,500	27,953,825	177,284,325	Yes

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs)	Actual disbursements to the Fund (Kshs)	Cumulative Disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
6	The Kakamega County Alcoholic Drinks Control Fund	2014	162,308,350	-	4,715,645	-	Yes
County Assembly Established Funds							
7	Kakamega County Assembly Members Car Loan & Mortgage Fund	2014	51,780,000	-	-	872,422,609	Yes
8	Kakamega County Assembly Staff Car Loan & Mortgage Fund	2014	30,000,000	30,000,000	-	30,000,000	Yes
	Total		**2,308,579,156**	**719,157,805**	**136,702,808**	**2,028,651,938**	

Source: Kakamega *County Treasury*

In FY 2025/26, the CoB received quarterly financial reports from all the Fund Administrators, as indicated in Table 3.165, in line with the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of all the Funds were within the 3.00 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 2025/26, the CoB established that the lifespan of the Kakamega County Alcoholic Drinks Control Fund and County Assembly Car Loan & Mortgage Fund had lapsed. Consequently, the CoB cannot approve any withdrawal requests to support the operations of the lapsed funds.

3.11.11 County Corporations, Municipalities and Agencies

The County has two (2) County Corporations, five (5) Semi-Autonomous municipalities, two (2) County Agencies and one (1) Water & Sanitation Company, which were allocated Kshs.601.22 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.213.27 million, as shown in Table 3.166.

Table 3.166: Performance of Kakamega County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Kakamega County Microfinance Corporation	92,195,256	1,587,500	1,587,500	7,662,300
2	Kakamega Dairy Development Corporation	67,538,849	18,000,000	18,000,000	36,258,063
Gazetted Municipalities					
1	Kakamega Municipality	202,324,616	6,000,000	79,711,092	140,698,698
2	Mumias Municipality	109,774,589	38,973,102	38,973,102	73,265,147
3	Butere Municipality	14,389,800	-	-	-
4	Matunda Municipality	10,000,000	-	-	-
5	Malava Municipality	10,000,000	-	-	-
Other Agencies					
1	Kakamega County Investment Development Agency	25,000,000	10,000,000	10,000,000	24,000,000

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
2	Kakamega Revenue Agency	50,000,000	45,000,000	59,996,093	117,484,977
3	Kakamega County Rural Water & Sanitation Company	20,000,000	5,000,000	5,000,000	15,000,000
	Total	**601,223,110**	**124,560,602**	**213,267,787**	**414,369,185**

***Source**: Kakamega County Treasury*

As presented in Table 3.166, Butere, Matunda, and Malava municipalities did not receive any transfers in the FY 2025/26 because they were yet to be operationalised by the County Government and remained non-operational.

3.11.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.419.79 million and comprised Kshs.318.20 million spent by the County Assembly and Kshs.101.59 million by the County Executive. Expenditure on foreign travel amounted to Kshs.31.43 million and comprised Kshs.27.05 million by the County Assembly and Kshs.4.37 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.167.

Table 3.167: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	17 August, 2025	Participating in the Drama and Music Festival	Uganda	298,664
	1	4 January,2026	Participating in the Drama and Music Festival	Ethiopia	379,808
	2	23rd January - 5th February, 2026	Attending Benchmarking & Sourcing visit	China	1,679,000
	2	14th -21st August, 2025	To attend the World Economic Development Foundation Award Ceremony	Paris- France	2,015,260
County Assembly	4	27th-28th February 2025	To attend Lake Victoria Region Local Authorities & Counties Cooperation (LVRLAC) Consultative Meeting	Entebbe Uganda	524,600
	1	27th April-8th May,2026	To attend the Women's Political Leadership Programme	Stockholm Sweden	539,865
	1	2nd-6th November, n2025	Attending the International Dialogue Programme	Berlin Germany	548,128
	1	25th Sept- 2nd October,2023	Benchmarking mission for the projects carried out by Sanergy Inc.	Washington DC USA	800,000
	1	24th-27th September,2025	To Attend the 12th International Youth Conference	New York USA	853,610
	2	21st-27th, September, 2025	To attend the annual Conference of the African Network of Parliamentary Budget Offices	Abuja Nigeria	865,800
	1	27th-30th, August,2025	To Attend the 5th GACOPA International Delegates Conference	Birmingham United Kingdom	895,131
	2	20th – 29th April 2026	Participating in the High Impact Leadership Programme	Tokyo Japan	1,191,186
	7	26th-28th August,2025	Attending the Commemoration of the LVRLACC Environmental Week	Kampala, Uganda	1,758,750
	4	21st -25th July 2025	To attend the Mining and Agriculture Economy Expo	Perth, Australia	2,134,080

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (c=a+b) (Kshs.)
	15	21st February-2nd March, 2026	Participating in ethics, emerging technologies &innovation in policy Development	Kuala Lumpur -Malaysia	7,133,259
	22	22nd February -1st March,2026	To take Part in East Africa Local Authorities Sports & Cultural Associations (EALASCA) Games	Kampala, Uganda	9,810,200
Total	**67**				**31,427,341**

***Source**: Kakamega County Treasury and County Assembly*

The reported foreign travel expenditure, as shown in Table 3.167, exceeded the amount approved by the Controller of Budget of Kshs.20.58 million, indicating that part of the expenditure was incurred without the requisite approval for the release of funds. This constitutes non-compliance with the Public Finance Management Act, 2012, and exposes the County to the risk of unauthorised expenditure.

3.11.13 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.1.14 billion as FIF, which was 91.94 per cent of the annual target of Kshs.1.24 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

The expenditure by the health facilities amounted to Kshs.1.47 billion, as shown in Table 3.168.

Table 3.168: Kakamega County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Level 5 Hospital	1	502,723,346	409,323,192	81.42
2.	Level 4 Hospital	15	700,571,046	637,485,956	91.00
3.	Level 3 Facility	59	229,540,633	223,498,756	97.37
4.	Level 2 Facility	122	205,401,377	202,641,358	98.66
	Total	**197**	**1,638,236,402**	**1,472,949,262**	**89.91**

***Source:** Kakamega County Treasury*

Analysis from Table 3.168 indicates that Facility Improvement Financing (FIF) expenditure in the period under review exceeds the revenue collected. The variance signifies the possible utilisation of opening FIF balances from previous financial years, delayed revenue recognition, failure to disclose or budget for all FIF revenues, or weaknesses in financial management and internal controls. The Department of Health should reconcile FIF collections, opening balances, and expenditure to ensure that available funds fully support reported expenditure and that all FIF-related revenues are disclosed and appropriately budgeted.

Expenditure may also include costs financed from exchequer allocations, grants, or donor funds, but incorrectly reported as FIF expenditure.

3.11.14 Development Expenditure

In FY 2025/26, the County reported spending Kshs.2.75 billion on development programmes, representing a decrease of 18.55 per cent compared to FY 2024/25, when the County spent Kshs.3.26 billion. Table 3.169 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was mainly attributable to delayed implementation of development projects, procurement bottlenecks and inadequate prioritisation of capital investments, resulting in slower execution of the planned development programme.

Table 3.169: Kakamega County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract Sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects									
1	Health Services	Construction of County Teaching & Referral Hospital (phase 1)	Lurambi	07/06/2016	30/06/2022	6, 126,817,414	2,684,481,401	2,684,481,401	92
2	Social Services, Youth & Sports	Bukhungu Stadium Construction Phase II	Lurambi	18/09/2019	17/09/2020	3,240,001,303	1,776,701,042	1,776,701,042	57
3	Agriculture, Livestock, Fisheries & Cooperatives	Supply of Subsidies to Non-Financial Private Enterprises	Countywide	01/08/2025	30/06/2026	419,604,389	418,403,096	418,403,096	100
4	Roads, Public Works & Energy	Access Roads - 10Km per ward (Ward-based)	Countywide	25/03/2025	30/06/2026	380,350,000	380,350,000	380,350,000	100
5	Health Services	Completion of Shamakhubu Level 4 Hospital	Shinyalu	08/07/2016	30/10/2018	199,139,694	197,801,019	197,801,019	85
6	Health Services	Construction of Butere Level 4 Hospital	Butere	13/12/2016	13/12/2022	158,789,515	148,509,555	148,509,555	100
7	Water, Environment and Natural Resources	Borehole rehabilitation, Last Mile Connectivity, Spring protection, Rain Water Harvesting (Ward Based)	County Wide	05/03/2025	05/09/2025	169,850,000	100,400,560	100,400,560	86
8	Roads, Public Works & Energy	Construction of Haram-bee-Musam-ba-Khaunga Bridge	Matungu	08/03/2025	30/10/2025	100,000,000	100,000,000	100,000,000	42
9	Roads, Public Works & Energy	Construction of Lumakanda-Manyonyi Bridge	Lugari	17/10/2025	30/06/2025	100,000,000	100,000,000	100,000,000	83
10	Roads, Public Works & Energy	Construction of Malaha-Khaunga Bridge	Mumias East	22/10/2025	30/06/2025	100,000,000	100,000,000	100,000,000	38
Donor Funded Projects									
1	Agriculture, Livestock, Fisheries & Cooperatives	Assorted projects funded under the National Agricultural Value Chain Development Project (NVCDP)	County Wide	01/07/2025	31/12/2025	236,250,000	128,294,327	128,294,327	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract Sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
2	Water, Environment and Natural Resources	Projects & programs under FLLoCA (County Climate Resilience Investment Grant)	County Wide	07/08/2023	30/06/2026	292,132,837	124,963,907	124,963,907	54
3	Lands, Housing, Urban Areas & Physical Planning	Assorted projects under the Kenya Informal Settlement Improvement Project (KISIP II)	Kakamega Municipality	17/05/2024	16/05/2025	123,161,799	122,961,346	122,961,346	98
4	Water, Environment and Natural Resources	Ward-based bankable Climate Change projects - Implementation of participatory climate risk assessment	County Wide	08/03/2022	16/05/2023	200,000,000	117,249,446	117,249,446	56
5	Lands, Housing, Urban Areas & Physical Planning	Programs implemented under the Kenya Urban Support Project (UIG)	Kakamega Municipality	01/07/2024	30/06/2025	105,022,156	105,022,156	105,022,156	35

Source: *Kakamega County Treasury*

The County reported 26 stalled development projects as of 30 June 2026, with an estimated value of Kshs.848.95 million, of which Kshs.218.98 has already been paid. The stalled projects are shown in Table 3.170.

Table 3.170: Kakamega County Stalled Projects as of 30 June 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling
1	Roads, Public Works & Energy	Major Roads- Ingotse-Navakholo-Chebuyusi	Navakholo	100,000,000	100,000,000	40	Contract terminated, awaiting re-advertisement
2	Roads, Public Works & Energy	Major Roads- Butali-Malekha (6Km)	Malava	45,000,000	45,000,000	22	Delayed payment
3	Roads, Public Works & Energy	Major roads-Completion of Emang'ala-Emahongoyo (1.8Km)	Butere	20,000,000	20,000,000	60	Delayed payment
4	Public Service & Administration	Yala Butwehe water project, Last Mile Connectivity, Purchase of pipes, fittings and meters	Ikolomani	20,000,000	19,379,892	85	Delayed payment
5	Public Service & Administration	Construction of Khwisero Sub- County offices	Khwisero Sub-County	18,850,011	12,312,089	90	Delayed payment
6	Social Services, Youth & Sports	Upgrading of other sports fields	Kakamega Municipality	8,000,000	7,939,234	90	Lack of Budget

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Com-pletion (%)	Cause of Stalling
7	Trade, Indus-trialization & Tourism	Proposed Construction of Kipkaren Market Stock-ring	Lugari	14,622,461	7,104,165	60	Lack of Budget
8	Social Services, Youth & Sports	Construction of GBV Center at Chekalini	Lugari	10,615,000	3,320,318	75	Lack of Budget
9	Public Service & Administra-tion	Construction of Isukha North Ward office	Shinyalu Sub-County	4,189,589	1,641,719	60	Contract period expired
10	Public Service & Administra-tion	Construction of toilets and renovation at Malava Sub-County offices	Malava Sub-County	2,242,295	1,436,186	75	Contract period expired
		Total		**241,277,062**	**216,697,416**		

Source: Kakamega County Treasury

Several factors are attributed to the stalled projects, which include delays in procurement processes, inadequate or delayed funding, delayed settlement of contractors' payments, poor project planning and design, delays in obtaining statutory and regulatory approvals, weak contract management, inadequate technical capacity, and shifting political priorities, among other implementation bottlenecks.

The County should undertake a comprehensive review of all stalled projects to identify implementation bottlenecks and prepare a time-bound recovery plan. The recovery strategy should prioritise the completion of ongoing projects and strengthen contract management and project supervision. Furthermore, resolve procurement challenges, underfunding, and enhance monitoring and accountability mechanisms to facilitate timely completion and realisation of the intended development outcomes.

3.11.15 Budget Performance by Department

Table 3.171 summarises the approved budget allocation, expenditure, and absorption rate by Department for the period under review.

Table 3.171: Kakamega County, Budget Allocation and Absorption Rate by Department in FY 2025/26

Department	Revised Budget Alloca-tion (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	1,651.06	-	1,438.61	-	1,650.20	-	115	-	100	-
Agriculture, Livestock, Fisheries & Cooper-atives	60.45	851.40	32.90	880.38	38.40	595.95	117	68	64	70
Health Services	1,295.58	662.06	1,094.58	372.70	641.15	283.62	59	76	49	43
Education, Science & Technology	375.24	141.50	307.23	69.29	322.19	112.31	105	162	86	79
Roads, Public Works & Energy	42.58	1,374.35	5.47	737.74	19.62	729.47	359	99	46	53
Lands, Housing, Ur-ban Areas & Physical Planning	247.30	343.58	247.24	240.51	215.89	63.45	87	26	87	18
Social Services, Youth & Sports	374.75	218.00	346.86	146.44	356.64	88.75	103	61	95	41
Trade, Industrializa-tion & Tourism	38.90	346.40	7.44	172.95	28.70	211.20	386	122	74	61
Water, Environment and Natural Resourc-es	51.42	805.83	28.09	782.56	26.33	478.30	94	61	51	59
Public Service & Administration	7,095.51	224.22	7,252.51	109.24	7,170.24	76.35	99	70	101	34

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	303.97	2.26	236.09	2.03	176.45	2.26	75	112	58	100
Finance & Economic Planning	616.46	143.67	566.34	119.06	534.36	88.98	94	75	87	62
County Public Service Board	26.36	-	16.00	-	19.00	-	119	-	72	-
ICT, E-government & Communication	49.77	154.50	11.00	31.61	30.38	21.78	276	69	61	14
Total	**12,229.34**	**5,267.77**	**11,590.36**	**3,664.50**	**11,229.55**	**2,752.42**	**97**	**75**	**92**	**52**

Source: *Kakamega 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 99.98 per cent, followed by the Department of Education, Science and Technology at 79.73 per cent. The Department of Public Service Administration had the highest percentage of recurrent expenditure to budget at 101.05 per cent. In contrast, the Department of Roads, Public Works & Energy had the lowest at 46.08 per cent.

Weak expenditure controls and failure to align exchequer requisitions with the departments for which funds were approved resulted in expenditures exceeding approved funding limits, as evidenced by the seven departments whose expenditure absorption rates against exchequer releases exceeded 100 per cent, as shown in Table 3.171

3.11.16 Budget Execution by Programmes and Sub-Programmes

Table 3.172 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.172: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Agriculture, Livestock, Fisheries & Cooperatives				
Crop Production	Subsidies to Non- Financial Private Enterprises	419,604,389	418,403,096	99.71
Department of Lands, Housing, Urban Areas & Physical Planning				
Physical & Spatial Planning	Engineering & designing of plans	21,800,000	21,710,482	99.59
Department of Lands, Housing, Urban Areas & Physical Planning				
Housing improvement & Informal settlement	Slum Upgrading	10,000,000	9,700,423	97.00
Department of Finance & Economic Planning				
Programme 1 Trade payables	Trade payables -Development creditors	29,000,000	27,977,154	96.47
Department of Water, Environment & Natural Resources				
Climate Change Adaptation & Mitigation	FLLocca County Climate Resilience Investment Grant	130,000,000	124,963,907	96.13
Recurrent				
Department of Trade, Industrialization & Tourism				
Industrial Promotion & Development	Cottage industrial development and SME development	130,000,000	147,045,768	113.11

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Department of Public Service & Administration				
County Public Service & Administration	Human Resource & Personnel Management	6,721,169,536	6,853,699,161	101.97
Department of Social Services, Youth & Sports				
County Youth Service & Women Empowerment Program	County Youth Service & Women Empowerment Program	267,582,025	266,715,326	99.68
Department of Finance & Economic Planning				
Economic Planning & Budgeting	General administration & support services	69,475,982	66,390,273	95.56

Source: Kakamega County Treasury

The development sub-programmes with the highest budget implementation rates were: Subsidies to Non-Financial Private Enterprises at 99.71 per cent in the Department of Agriculture, Livestock, Fisheries & Co-oporatives, Engineering & designing of plans at 99.59 per cent in the Department of Lands, Housing, Urban Areas & Physical Planning, followed by Slum Upgrading at 97.00 per cent in the Department of Lands, Housing, Urban Areas & Physical Planning, payment of trade payables or trade creditors at 96.47 per cent in the Department of Finance & Economic Planning and finally. The FLLoCA County Climate Resilience Investment Grant at 96.13 per cent in the Department of Water, Environment & Natural Resources

For recurrent sub-programmes, the top performers included: Cottage industrial development and SMEs development at 113.11 per cent in the Department of Trade, Industrialization & Tourism, Human Resource & Personnel Management at 101.97 per cent in Department of Public Service & Administration, County Youth Service & Women Empowerment Program at 99.68 per cent in the Department of Social Services, Youth & Sports, and General administration & support services at 96 per cent in Department of Finance & Economic Planning

The higher performance of these programmes was attributed to the timely release of funds, efficient procurement and contract management, effective project implementation, adequate technical capacity, and prioritisation of planned programmes and projects, which facilitated the timely utilisation of allocated resources.

Table 3.173 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.173: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Social Services, Youth & Sports				
Renovation & Rebranding of libraries	Stocking books for Kakamega/Lusumu Libraries	8,000,000	-	-
Department of Finance & Economic Planning				
Programme 1	Purchase of Software	10,200,000	-	-
Department of Health Services				
Preventive & Promotive Health Services	Refurbishment of Non-Residential Buildings	8,000,000	-	-
Department of Health Services				
Preventive & Promotive Health Services	Purchase of Ambulances	80,000,000	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Department of ICT, E-government & Communication				
Administration and Support Services	Acquisition of Eboard System and Equipment	13,000,000	-	-
Department of Roads, Public Works & Energy				
Sustainable Energy Supply	Electricity Connectivity	30,000,000	-	-
Recurrent				
Department of Social Services, Youth & Sports				
Sports Support Programmes	Support for local teams	10,000,000	-	-
Department of Public Service & Administration				
County Public Service & Administration	County Executive Administrative Services	4,198,312	21,000	0.5
Department of Trade, Industrialization & Tourism				
Industrialization & Development	Industrial development	95,000,000	18,537,089	19.51

Source: *Kakamega County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Stocking books for Kakamega/Lusumu Libraries in the Department of Social Services, Youth & Sports, Purchase of Software in the Department of Finance & Economic Planning, Refurbishment of Non-Residential Buildings in the Department of Health Services, Purchase of Ambulances in the Department of Health Services, Purchase of E-board System and Equipment in the Department of ICT, E-government & Communication, and Electricity Connectivity in the Department of Roads, Public Works & Energy reporting zero absorption rates despite getting significant proportion of budget allocation.

For recurrent sub-programmes, the poorest performers included: Support to local teams at zero per cent in the Department of Social Services, Youth & Sports, County Executive Administrative Services at 1 per cent, Department of Public Service & Administration, and Industrial Development at 20 per cent in the Department of Trade, Industrialization & Tourism of their budget allocation.

These lower performances were attributed to procurement bottlenecks, inadequate project preparedness, revenue shortfalls, delayed payments to contractors, and weak project implementation, which constrained the timely execution of planned programmes and the utilisation of the approved budget.

3.11.17 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.2.43 billion. This amount consisted of Kshs.1.76 billion from the County Executive and Kshs.667.62 million from the County Assembly. The trade payables from the County Executive comprised Kshs.634.09 million for recurrent expenditure and Kshs.1.13 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.964.73 million, comprising Kshs.148.98 million (15 per cent) for recurrent programmes and Kshs.815.76 million (85 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.129.98 million**,** all of which related to recurrent activities, while no payments were made towards development-related trade payables.

The outstanding trade payables as of 30 June 2026 were Kshs.2.22 billion for the County Executive and Kshs.592.20 million for the County Assembly. Table 3.174 provides additional details of trade payables.

Table 3.174: Kakamega County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	**a**	County Executive	1,128,001,607	634,088,763	1,762,090,370
		County Assembly	209,399,514	458,224,216	667,623,730
		Total	**1,337,401,121**	**1,092,312,979**	**2,429,714,100**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	**b**	County Executive	634,088,763	128,659,117	762,747,879
		County Assembly	-	110,275,125	110,275,125
		Total	**634,088,763**	**238,934,242**	**873,023,004**
Amount paid in FY 2025/26	**c**	County Executive	815,757,971	148,976,807	964,734,777
		County Assembly	-	129,975,510	129,975,510
		Total	**815,757,971**	**278,952,317**	**1,094,710,287**
Trade Payables Incurred in FY 2025/26	**d**	County Executive	491,616,149	927,641,326	1,419,257,475
		County Assembly	-	54,548,121	54,548,121
		Total	**491,616,149**	**982,189,447**	**1,473,805,596**
Outstanding trade payables as of 30 June, 2026	**e=a-c*b**	**County Executive**	**803,859,786**	**1,412,753,283**	**2,216,613,069**
		County Assembly	**209,399,514**	**382,796,827**	**592,196,341**
		Total	**1,013,259,300**	**1,795,550,110**	**2,808,809,410**

Source: *Kakamega County Treasury*

The County Executive and the County Assembly submitted a trade payables payment plan, committing to pay Kshs.762.75 million and Kshs.110.28 million, respectively, during FY 2025/26. The County Executive and Assembly complied with their payment plan, having settled Kshs.964.73 million and Kshs.129.98 million, respectively, exceeding their planned obligations.

Table 3.175 presents the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.2.81 billion.

Table 3.175: Kakamega County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**386,941,296**	**398,321,787**	**18,596,703**	**-**	**803,859,786**
Recurrent Trade Payables (Goods & Services)	533,327,761	519,798,339	40,421,000	-	**1,093,547,100**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	319,206,182	-	-	-	**319,206,182**
Recurrent Trade Payables (Staff Claims)	-	-		-	**-**
Total Recurrent Trade Payables	852,533,943	519,798,339	40,421,000	-	1,412,753,283
Total Trade Payables	**1,239,475,239**	**918,120,126**	**59,017,703**	**-**	**2,216,613,069**
% of Total	**55.92**	**41.42**	**2.66**	**-**	**100.00**

Source: *Kakamega County Treasury*

Table 3.176: Kakamega County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**-**	**-**		**209,399,514**	**209,399,514**
Recurrent Trade Payables (Goods & Services)	23,208,646	27,408,513	98,213,588	50,627,484	**199,458,231**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	21,145,975	51,839,062	30,254,073	41,395,207	**144,634,317**

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Staff Claims)	10,193,500	28,510,779		-	**38,704,279**
Total Recurrent Trade Payables	**54,548,121**	**107,758,354**	**128,467,661**	**92,022,691**	**382,796,827**
Total Trade Payables	**54,548,121**	**107,758,354**	**128,467,661**	**301,422,205**	**592,196,341**
% of Total	**9.21**	**18.20**	**21.69**	**50.90**	**100.00**

Source: Kakamega *County Treasury*

As shown in Table 3.175 and Table 3.176, the total salary arrears and statutory deductions for trade payables amounted to Kshs.502.54 million, representing 18.20 per cent of the total trade payables of Kshs.2.81 billion as of 30 June 2026. The statutory deductions included salary arrears of Kshs.1.24 million, tax arrears of Kshs.21.16 million, staff claims Kshs.38.70 million, pension liabilities of Kshs.78.60 million, and third-party deductions of Kshs.362.85 million.

Additionally, the two tables indicate that 46.07 per cent of total trade payables are under 1 year, 36.52 per cent are aged between 1-2 years, 6.67 per cent are aged between 2-3 years, while 10.73 per cent have remained outstanding for over 3 years. The trend was attributed to inadequate cash flow, revenue shortfalls, and non-adherence to the trade payables payment plan, which has constrained the timely settlement of supplier obligations. To address this situation, the county should adopt a realistic trade payables settlement strategy, prioritise clearing long-outstanding obligations on a FIFO basis, improve cash flow planning, and enhance revenue mobilisation to reduce the accumulation of trade payables. The County has adopted the IBEC-approved trade payables Action Plan Tracker templates developed under the Kenya Devolution Support Programme II (KDSP II). The templates are used to track, report on, and facilitate the settlement of trade payables.

3.11.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 199 accounts across CBK and commercial banks, of which 22 were held at the CBK and 177 at commercial banks. Of those at the commercial banks, 32 were for County Health Facilities, 65 for Vocational Training Centres, and 80 for the County Treasury, comprising Established Funds, revenue accounts, special-purpose accounts (additional allocations), and Sub-county administrative accounts.

The County did not explain how the 197 health facilities presented in Table 3.170 operate using only 32 commercial bank accounts. This discrepancy suggests either inaccuracies in the reported number of bank accounts maintained by the health facilities or the absence of a harmonised financial management system and procedures for administering facility bank accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 177 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.11.19 Key Observations and Recommendations

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

i. Low development performance in the review period as the County incurred Kshs.2.75 billion on development activities, achieving a 52.25 per cent absorption rate, a decline from Kshs.3.26 billion incurred in the FY 2024/25

ii. Unspent funds from FY 2024/25 were not refunded into the CRF account at the beginning of the financial year, resulting in actual expenditure exceeding the approved exchequer in several departments, as shown in Table 3.173.

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,2026 2026, 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.

iv. High level of trade payables, which amounted to Kshs.2.81 billion as of 30 June 2026.

v. Personnel emoluments amounting to Kshs.62.73 million for 30 members and staff not onboarded into HRIS, and 8 casual staff were processed through manual payroll, accounting for 0.56 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

vi. Failure to submit copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

vii. 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 22 July 2026.

viii. Programme Implementation Shortfalls: Several priority programs, including Library Services and Medical Services, were not implemented due to lack of funding despite being allocated in the budget. This has led to unmet public needs and a less efficient use of budgeted resources.

ix. Insufficient Additional Allocations: The County missed out on critical funding for various approved initiatives, such as the Community Health Promoters Programme and the Aquaculture Business Development Project. This constrained the County's ability to implement targeted programmes effectively.

x. Revenue Concentration Risk: The County relies significantly on Facility Improvement Financing (FIF), which constitutes 68.41 per cent of own raised revenue. This heavy reliance poses sustainability risks and creates vulnerability to external factors affecting this revenue.

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

i. The County should implement strategies to increase development expenditures in the ensuing financial year.

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 timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 during the subsequent financial year. Further, compliance with the Trade Payables 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 Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.

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

viii. *Equitable Resource Distribution: Implement a resource allocation framework that guarantees equitable funding across all programs and sub-programmes. Regular assessments should be conducted to ensure that all areas receive appropriate support to meet public needs effectively.*

ix. *Pursue Additional Funding: Actively engage with relevant MDAs and Agencies to secure additional allocations for County programmes. Establishing partnerships and strengthening relationships with stakeholders can enhance funding opportunities.*

x. *Diversify Revenue Streams: Develop a structured plan to diversify the county's own revenue sources beyond Facility Improvement Financing. This plan should include initiatives for engaging in economic development and investment opportunities to build a sustainable revenue base. Regular assessments of revenue performance should accompany this approach to monitor risks effectively.*

3.12. County Government of Kericho

3.12.1 Overview of FY 2025/26 Budget

The Kericho County-approved supplementary Budget 1 for FY 2025/26 was Kshs.10.49 billion. It comprised Kshs.3.83 billion (36 per cent) and Kshs.6.67 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.734.88 million (8 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.3.56 billion and a recurrent budget of Kshs.6.20 billion. The increase in the budget was primarily attributed to higher projections of own-source revenue and the equitable share.

The budget was to be financed from various revenue sources. These include the equitable share of nationally raised revenue of Kshs.7.18 billion (68 per cent), additional allocations of Kshs.1.84 billion (17.5 per cent), a cash balance brought forward from FY 24/25 of Kshs.11.54 million (0.11 per cent) and Kshs.1.46 billion (13.9 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.177.

3.12.2 Revenue Performance

During the year, the County reported total receipts of Kshs.9.26 billion. This amount represented a 10 per cent increase over the amount received in FY 2024/25 of Kshs.8.54 billion. The total receipts consisted of Kshs.7.18 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.1.27 billion, and own-source revenue (OSR) collection of Kshs.960.11 million. Additionally, the County had a cash balance of Kshs.2.2 million from FY 2024/25. The total OSR collection of Kshs.960.11 million included Facilities Improvement Financing (FIF) of Kshs.590.89 million, and Kshs.369.72 million from other OSR sources. Table 3.177 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.177: Kericho County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	11,536,579	1,950,927		1,950,927	17
2	County Executive Refund to CRF		245,863		245,863	
3	County Assembly Refunds to CRF		23,788		23,788	
	Sub-Total	**11,536,579**	**2,220,579**	**-**	**2,220,579**	**19**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,178,668,356	7,178,668,356	-	7,178,668,356	100
	Sub-Total	**7,178,668,356**	**7,178,668,356**	**-**	**7,178,668,356**	100
C	**Additional Allocations (Including Grants)**					

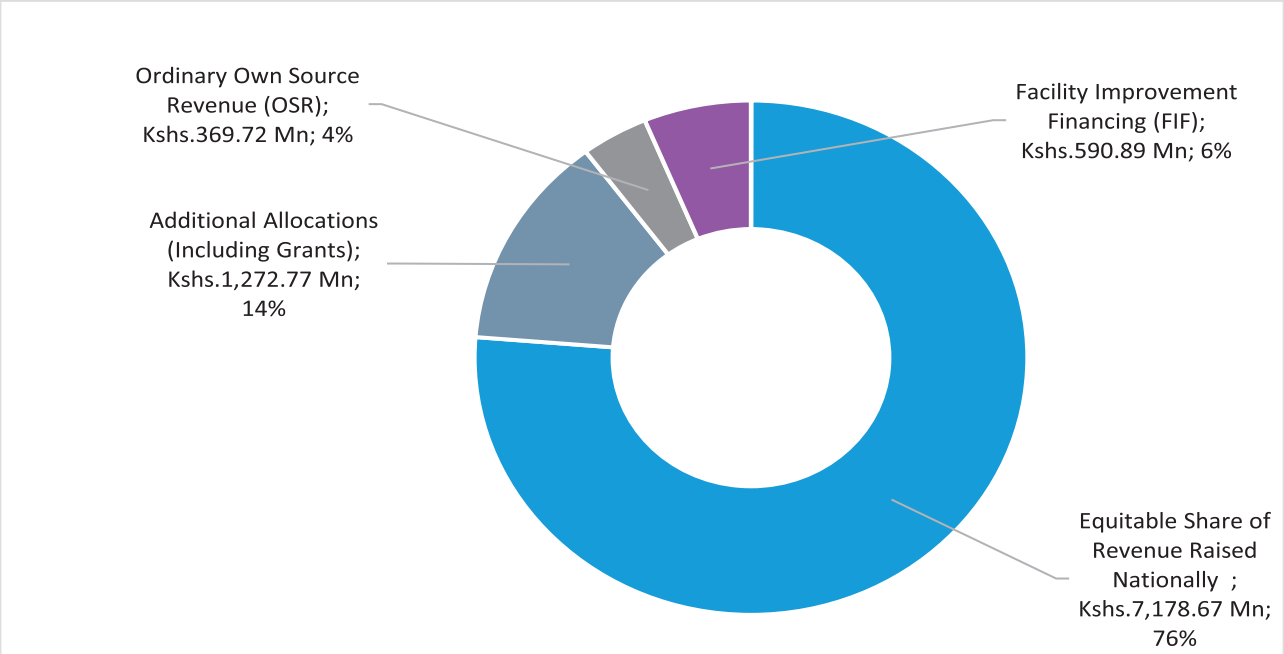
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
1	Routine Maintenance Fuel Levy Fund-unspent	60,493,472	60,493,472		60,493,472	100
2	Routine Maintenance Fuel Levy Fund	211,597,545			-	-
3	Grants for Youth Polytechnics Unspent	7,480,351	7,480,351		7,480,351	100
4	Doctor Salary Arrears	43,439,856			-	-
5	County Aggregated Industrial Parks(-CAIPs)	250,000,000	250,000,000		250,000,000	100
6	County Aggregated Industrial Parks Unspent	9,627,379	9,627,379		9,627,379	100
7	County health promoters	45,690,000			-	-
8	DANIDA FUND	12,112,500	8,670,000		8,670,000	72
9	DANIDA FUND unspent	8,287,500	8,287,500		8,287,500	100
10	Kenya Devolution Support Project 1 (World Bank) - Finance	8,640,792	8,640,792		8,640,792	100
11	Kenya Devolution Support Project 11 (world bank)	37,656,029	35,253,471		35,253,471	94
12	Kenya Devolution Support Project 11 (World Bank) Unspent	35,336,878	35,336,878		35,336,878	100
13	Kenya Devolution Support Project 11 (World Bank)	352,500,000		102,364,529	102,364,529	29
14	Kenya Urban Support Program UDG (SIDA)	68,506,960	51,852,992		51,852,992	76
15	Kenya Urban Support Program UIG (SIDA)	35,000,000		26,000,000	26,000,000	74
16	Kenya Urban Support Program UIG (SIDA) -UNSPENT	32,309,300	32,309,300		32,309,300	100
17	FLLOCA Grants to support climate change CCIs - KfW	65,441,690	65,441,690	8,507,420	73,949,110	113
18	FLLOCA Grants to support climate change CCIR- World Bank	119,397,623	119,397,623	19,273,437	138,671,060	116
19	FLLOCA Grants to Support Climate Change CCIR (UNSPENT DONOR)	62,742,903	50,803,141		62,742,903	100
20	IDA National Agricultural Value Chain Devt Project (NAVCDP)	231,250,000	231,050,437		231,050,437	100
21	SWEDEN Kenya Agricultural Business Dev't Project (KABDP)	10,918,919			-	-
22	0.5% Housing Levy to CRUAHCs	1,987,622			-	-
23	K-WASH projects	130,000,000	141,979,713		141,979,713	109
	Sub-Total	**1,840,417,319**	**1,116,624,739**	**156,145,386**	**1,272,770,125**	69
D	**Ordinary Own Source Revenue (OSR)**					
1	Local Collections	736,948,994	369,721,071	-	369,721,071	50
	Sub-Total	**736,948,994**	**369,721,071**	**-**	**369,721,071**	50

No	Revenue Stream	Annual Target-ed Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Per-formance
		A	B	C	D=B+C	F=D/A*100
E	**Facility Improvement Financing (FIF)**					
1	SHIF	724,245,582	590,890,373		590,890,373	82
	Sub-Total	**724,245,582**	**590,890,373**	**-**	**590,890,373**	82
	Grand Total	**10,491,816,830**	**9,258,125,117**	**156,145,386**	9,414,270,504	**90**

Source: *Kericho County Treasury*

Figure 3.66 provides a detailed breakdown of receipts.

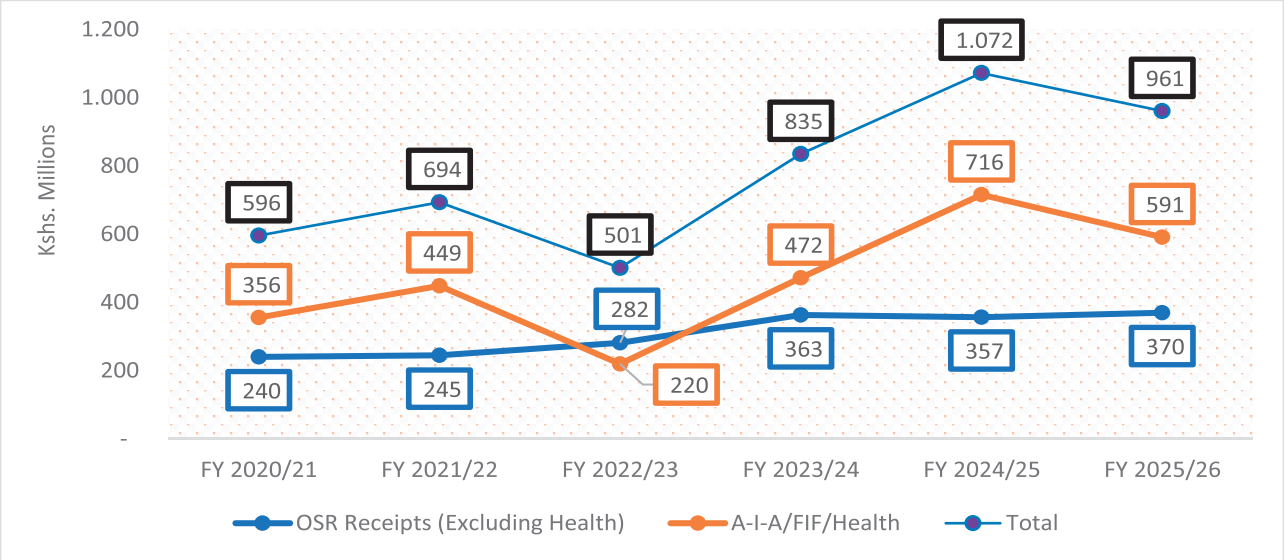
Figure 3.66: Kericho County Composition of Revenue in FY 2025/26.



Source: *Kericho County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 76 per cent, 4 per cent and 6 per cent, respectively, of the total receipts for the reporting period. Figure 3.67 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.67: Kericho County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

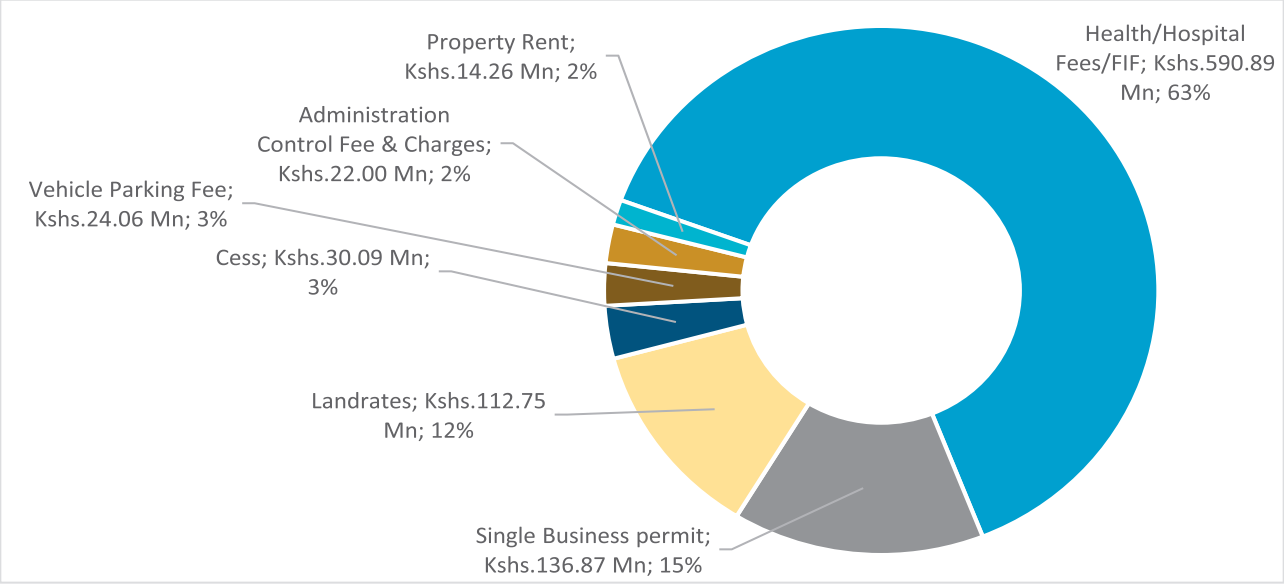


Source: *Kericho County Treasury*

During the year, the County received Kshs.960.61 million from OSR, including FIF. This amount was a 10 per cent decrease compared to Kshs.1.07 billion realised in FY 2024/25, and was 66 per cent of the annual target and 13.4 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to a fall in FIF collections during the financial year following major upgrades and renovations at the county's major referral hospital, which hampered operations. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.68.

Figure 3.68: Kericho County Top Own Source Revenue Streams in FY 2025/26



Source: *Kericho County Treasury*

As shown in Figure 3.68, the largest revenue stream, at Kshs.590 million, was Hospital fee/FIF, accounting for 63 per cent of total OSR receipts. The County Government indicated that it has automated 7 of its 15 revenue streams.

3.12.3 Revenue Arrears

As of 1 July 2025, the County reported nil Revenue Arrears, which increased to Kshs.156.15 million as of 30 June 2026. The County tracks its revenue arrears on an accrual basis using a manual system. Table 3.178 presents a breakdown of the County's revenue Arrears.

Table 3.178: Kericho County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
C	**Additional Allocations**					
1	Kenya Devolution Support Project 11 (World Bank)				102,364,529	102,364,529
2	Kenya Urban Support Program UIG (SIDA)				26,000,000	26,000,000
3	FLLoCA Grants to support climate change CCIs - KfW				8,507,420	8,507,420
4	FLLoCA Grants to support climate change CCIR- World Bank				19,273,437	19,273,437
	Sub-Total				**156,145,386**	**156,145,386**
Total					**156,145,386**	**156,145,386**

Source: Kericho *County Treasury*

As of 30 June 2026, the revenue arrears totalled to Kshs.156 million, comprising Kshs.156 million for Additional allocations (100 per cent).

3.12.4 Borrowing by the County

The two arms of the County Government did not report any borrowing in FY 2025/26.

3.12.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.8.46 billion from the Kericho County Revenue Fund (CRF) account. This amount consisted of Kshs.2.81 billion (33 per cent) designated for development programs and Kshs.5.65 billion (67 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.4.02 billion was allocated to employee compensation and Kshs.1.63 billion to operations and maintenance expenditures. Within the operations and maintenance category, 16 per cent was for domestic travel and 3.5per cent for foreign travel. The domestic travel exchequers totalled Kshs.269.52 million, which included Kshs.111.30 million for the County Executive and Kshs.158.21 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.58.17 million, with Kshs.10.54 million for the County Executive and Kshs.47.63 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Kericho CRF account was Kshs.3.95 million.

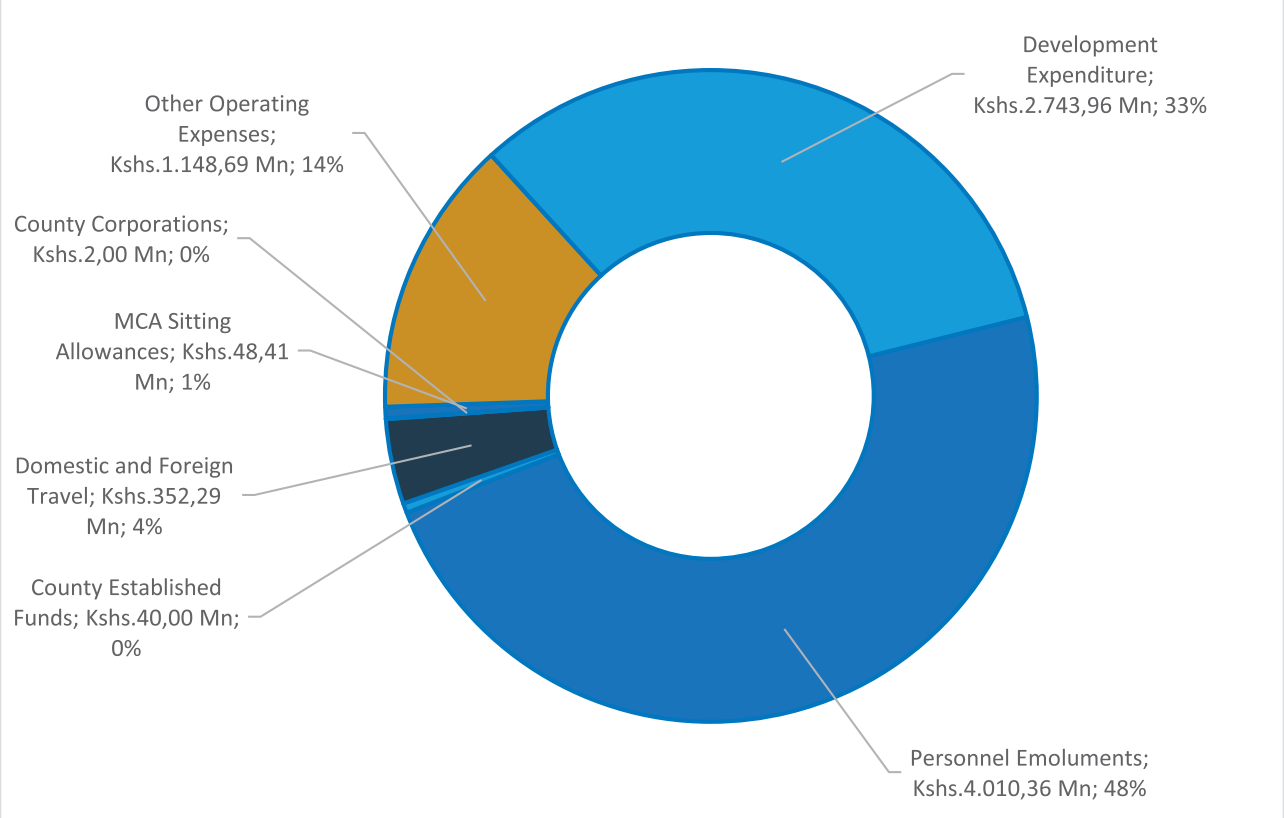
The County had not operationalised the County Assembly Fund as of 30 June 2026.

3.12.6 Expenditure Review

The County spent Kshs.8.36 billion on development and recurrent programmes during the reporting period. The expenditure represented 98.8 per cent of the total funds released by the CoB. It comprised Kshs.2.74 billion for development programmes and Kshs.5.61 billion for recurrent programmes. Expenditure on development programmes accounted for 72 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 84 per cent of the annual recurrent expenditure budget. The increase in development budget expenditure was due to the settlement of pending bills paid in FY 2025/26.

Figure 3.69 provides a detailed breakdown of total expenditure.

Figure 3.69: Kericho County Composition of Expenditure in FY 2025/26



Source: *Kericho County Treasury*

As shown in Figure 3.69, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Other Operating Expenses, contributing 48, 33 and 14 per cent of total expenditure for the reporting period.

3.12.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.56 billion in employee compensation, Kshs.1.24 billion in operations and maintenance, and Kshs.2.66 billion in development activities. Similarly, the County Assembly spent Kshs.442.62 million on employee compensation, Kshs.368.19 million on operations and maintenance, and Kshs.80.75 million on development activities, as shown in Table 3.179.

Table 3.179: Kericho County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	5,853.54	811.44	4,808.55	810.45	-	-	4,808.55	810.45	82	100
Compensation of Employees	3,806.61	442.34	3,568.10	442.26	-	-	3,568.10	442.26	94	100
Operations and Maintenance	2,046.93	369.10	1,240.45	368.19	-	-	1,240.45	368.19	61	100

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Development Expenditure	3,701.66	125.17	2,663.21	80.76	-	-	2,663.21	80.76	72	65
Total	**9,555.21**	**936.61**	**7,471.75**	**891.21**	**-**	**-**	**7,471.75**	**891.21**	**78**	**95**

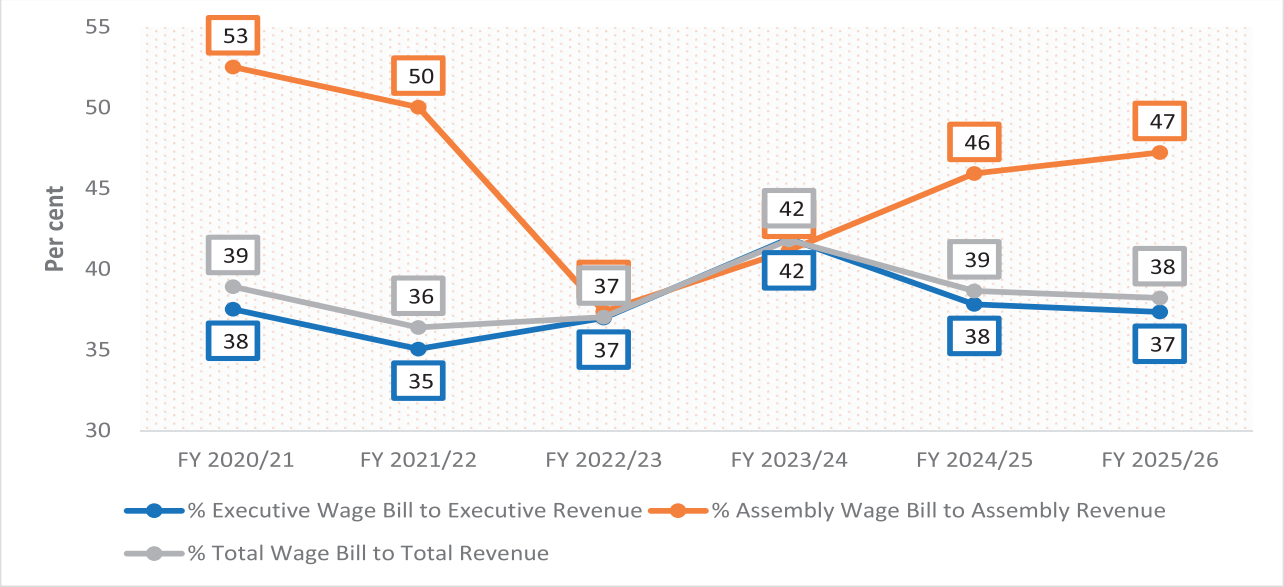
***Source**: Kericho County Treasury*

3.12.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.4.01 billion, representing 43 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.3.77 billion reported in FY 2024/25. Of this total, Kshs.2.24 billion related to Health Sector employees, accounting for 56 per cent of the overall employees' compensation.

Figure 3.70 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.70: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



***Source:** Kericho County Treasury*

Further analysis indicated that PE costs totalling Kshs.3.80 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.202.3 million was processed through manual payrolls, accounting for 5 per cent of the total PE cost. The justification for the continued use of manual payroll was that casuals and contract staff employed during the financial year had not yet received their payroll numbers.

The manual payroll comprised salaries for 185 staff not onboarded into the Human Resource Information System (HRIS), top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.180.

Table 3.180: Analysis of Kericho County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.) Paid in FY 2025/26	Reason for Manual Processing
1	Staff not onboard to HRIS	185	202,323,649	Contract Staff not yet issued with progress numbers
	Total			

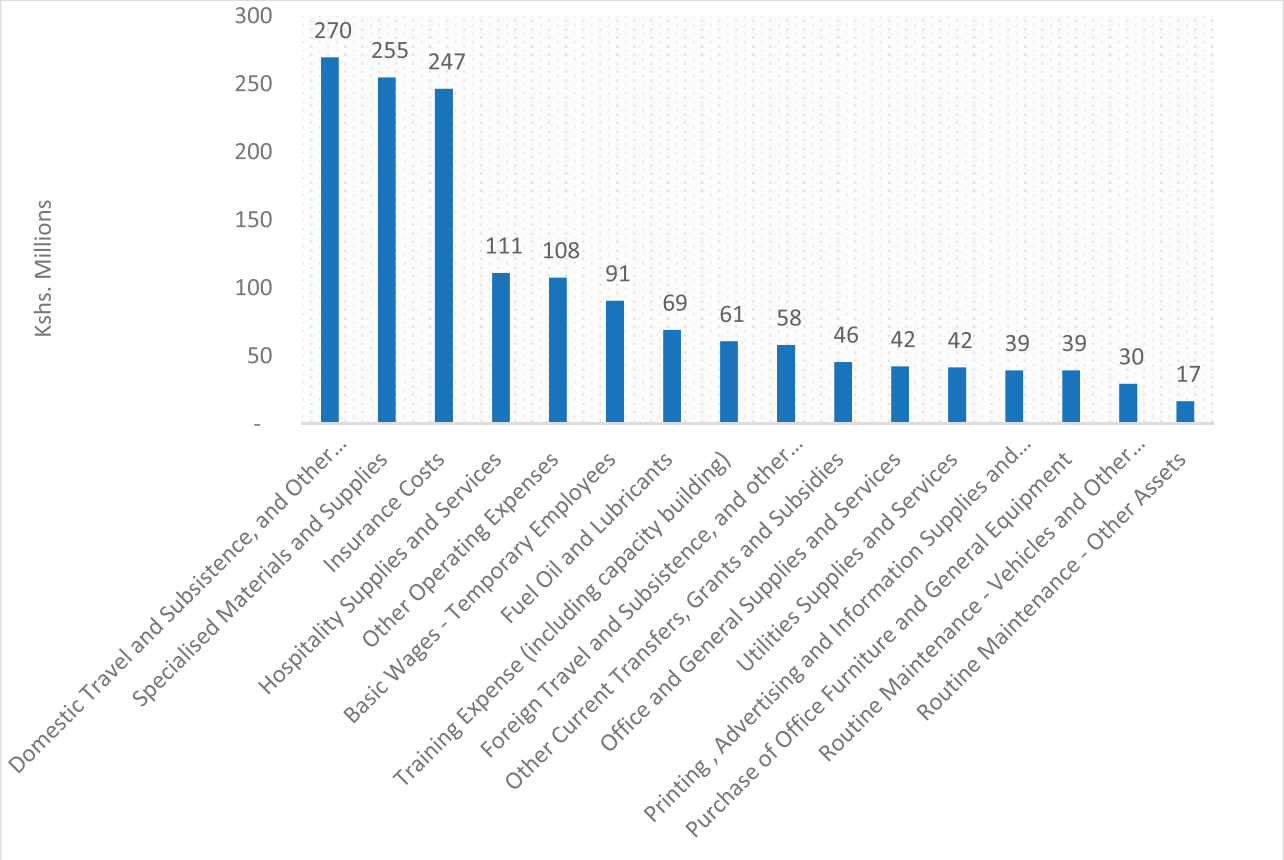
Source: *Kericho County Treasury*

The County Assembly spent Kshs.48.41 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.48.41 million. The average monthly sitting allowance was Kshs.112,061 per MCA. The County Assembly has 16 House Committees.

3.12.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.61 billion on operations and maintenance, representing a 1 per cent decrease from FY 2024/25, when the County spent Kshs.1.62 billion. Figure 3.71 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.71: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: *Kericho County Treasury*

3.12.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.27 million on "other operating expenses - other," which accounted for 1.7 per cent of the total operations and maintenance expenditure of Kshs.1.60 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.181.

Table 3.181: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget	Expenditure
2211399	Debt Resolution	27,533,579	27,533,579
	TOTAL	**27,533,579**	**27,533,579**

Source: *Kericho County Treasury*

3.12.11 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.353 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.10 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 3.182 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.182: Performance of Kericho County Established Funds in the FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Kericho County Car Loan	2015	10,000,000			44,780,000	YES
2	Kericho County Emergency Fund	2014	10,000,000			346,200,113	No
3	Kericho County Climate Change Fund	2021	303,142,898			384,391,024	YES
4	Kericho County Mortgage Fund	2015	20,000,000			236,318,000	No
5	Kericho County Bursary Fund	2014	0			0	No
		County Assembly Established Funds					
1	Kericho County Assembly Staff Car Loan and Mortgage Fund	2014	10,000,000			225,922,268	Yes
2	Kericho County Assembly Members Car Loan and Mortgage Fund	2014	0			269,000,000	YES
	Total		**353,142,898**	**0**	**0**	**2,641,891,444**	

Source: *Kericho County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from, Kericho County Emergency Fund, Kericho County Mortgage Fund, and Kericho County Bursary Fund Administrators, as indicated in Table 3.182, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the (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 2025/26, the CoB established that the lifespan of the Kericho County Car Loan, Kericho County Emergency Fund, Kericho County Mortgage Fund, Kericho County Bursary Fund, Kericho County Assembly Members Car Loan and Kericho County Assembly Staff Mortgage Fund had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.12.12 County Corporations, Municipalities and Agencies

The County has two County Corporations, which were allocated Kshs.2 million in FY 2025/26. No transfer was made to the corporations in FY 2025/26, as shown in Table 3.183.

Table 3.183: Performance of Kewasco and Kabianga Tea farm County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	KEWASCO	2,008,143	0	0	
2	Kabianga Tea Farm	0	0	0	0
	Total	2,008,143			

Source: *Kericho County Treasury*

3.12.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.269.5 million and comprised Kshs.158.21 million spent by the County Assembly and Kshs.111.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.58.17 million and comprised Kshs.47.63 million by the County Assembly and Kshs.10.53 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.184.

Table 3.184: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No.	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	26	22ND-29TH FEBRUARY	Travel To Uganda To Attend Ealasca Games	KAMPALA	5,896,813	5,896,813
County Executive	2	23rd to 27th June 2025	Attending Manpower Planning, Resourcing, and Retention Training in Arusha from 23rd To 27th June 2025	Arusha	437,332	437,332
County Executive	3	23-27/6/2025	Travel To Tanzania For Training On Strategic Thinking, Analysis And Planning	TANZANIA	588,539	588,539
County Executive	1	23-28/2/2025	Allowances To Travel To Sweden For Solar Power Energy For Institutions, Street Lighting, and Installation Of Renewable Energy, Water Pumps in Kericho County	SWEEDEN	400,000	400,000
County Executive	4	21-28/10/2025	Travel to Sweden to engage in a presentation to form a partnership to generate Solar Power Energy	SWEDEN	2,351,834	2,351,834
County Executive	2	9th - 15TH NOV 2025	Conference Visit	STOCKHOLM SWEDEN	270,920	270,920
County Executive	1	24TH-27TH SEP 2024	World Congress Of Epidemiology 2024	SOUTH AFRICA	338,210	338,210
County Executive	2	30TH-10-2024-5TH NOV 2024	Attend the 2024 EAC MSME Trade Fair In Juba, South Sudan	JUBA, SOUTH SUDAN	252,748	252,748

Arm of County Government	No.	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	10	9th-16 February 2026	Conference on Global Leadership, Trade, and E-Commerce in the Digital Age	China	7,245,794	7,245,794
County Assembly	17	14th-19th September 2025	International Conference on Post-Pandemic Strategic Public Administration And Management	Ethiopia	11,789,030	11,789,030
County Assembly	3	12TH-21ST JUNE 2026	Annual Conference And Meeting Of The Association Of Parliamentary Libraries	NAMIBIA	3,870,940	3,870,940
County Assembly	20	20TH-26TH APRIL 2026	Attend Conference Deepening Devolution Through Effective Oversight And Intergovernmental Collaboration	SOUTH AFRICA	13,461,132	13,461,132
County Assembly	11	15TH-21ST January 2026	Workshop on Healthcare Beyond Boundaries	Turkey	5,414,043	5,414,043
County Assembly	9	14th-19th September 2025	Workshop On Legislative Leadership	United Kingdom	5,438,535	5,438,535
County Assembly	1	9TH-13TH MARCH 2026	Attend The 70th Session Of The Commission On The Status Of Women	USA	417,833	417,833
Total					58,173,703.35	58,173,703.35

Source: *Kericho County Treasury and Kericho County Assembly*

3.12.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.590.89 million as FIF, which was 82 per cent of the annual target. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

The expenditure by the health facilities amounted to Kshs.635.87 million, as shown in Table 3.185.

Table 3.185: Kericho County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Kericho County Referral Hospital	1	235,254,312.00	195,624,417.00	83
2.	Kapkatet Sub-County Hospital	1	276,355,681.00	252,175,277.15	91
3.	Londiani Sub-County Hospital	1	63,177,356.00	58,133,064.00	92
4.	Sigowet Sub-County Hospital	1	78,693,104.00	71,152,118.85	90
5.	Roret Sub-County Hospital	1	26,824,430.00	22,890,211.00	85
6.	Fort Tenan Sub-County Hospital	1	28,109,174.00	23,478,876.00	84
7.	Kipkelion Sub-County Hospital	1	15,831,525.00	12,420,120.00	78
	Total		**724,245,582.00**	**635,874,084.00**	**88**

Source: *Kericho County Treasury*

3.12.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.2.74 billion on development programmes, representing a 6 per cent increase over FY 2024/25, when the County spent Kshs.2.58 billion. The increase in development expenditure was mainly attributable to improved implementation and absorption of approved development programmes, including the continued implementation and completion of ongoing projects and settlement of certified works and services. The County will continue to strengthen project implementation and expenditure monitoring to enhance absorption and ensure the timely delivery of development pro-

grammes. Table 3.186 summarises the development projects with the highest expenditure in the reporting period.

Table 3.186: Kericho County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs Mn.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
County Funded Projects								
1	County Assembly	Assembly Main Complex	Kericho Town	480	68	44.41	112.41	23
2	County Executive	Proposed Construction Of Non-Communicable Disease Centre at KCRH	Kericho Town	22.10	22.10	22.10	22.10	100
3	County Executive	SUPPLY, DELIVERY, INSTALLATION, AND TESTING OF MACHINES AND EQUIPMENT AT KEDOWA MILLING PLANT	Kedowa ward	18.69	18.69	18.69	18.69	100
4	County Executive	SUPPLY, DELIVERY, INSTALLATION, TESTING AND COMMISSIONING OF EQUIPMENT FOR RORET PINEAPPLE PROCESSING PLANT	Roret	18.50	18.50	18.50	18.50	100
5	County Executive	Construction of Kapkures water supply project phase 11	Kipkelion West Ward	14.60	14.60	14.60	14.60	100
6	County Executive	Construction of supporting infrastructure at Kedowa maise milling plant	Kedowa ward	12.69	12.69	12.69	12.69	100
7	County Executive	Supply and Delivery of Textbooks for ECDE Countywide	countywide	8.96	8.96	8.96	8.96	100
8	County Executive	Consultancy Services for GIS Mapping	countywide	7.34	7.34	7.34	7.34	100
9	County Executive	PROPOSED ERECTION AND COMPLETION OF MODERN MARKET AT SONDU	sondu	7.28	7.28	7.28	7.28	100
10	County Executive	Survey of Public Land and Towns	Kericho Town	6.81	6.81	6.81	6.81	100
11	County Executive	SUPPLY AND DELIVERY OF CHAIRS	Headquarters	5.22	5.22	5.22	5.22	100
12	County Executive	Demarcation and titling of public lands	county wide	5.07	5.07	5.07	5.07	100
Donor Funded Projects								

Source: *Kericho County Treasury*

The County reported 6 stalled development projects as of 30 June 2026, with an estimated value of Kshs.280.32 million, of which Kshs.95.39 million has already been paid. The stalled projects are shown in Table 3.187.

Table 3.187: Kericho County Stalled Projects as of 30 June 2026

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
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 communicating 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 redesign
Kipkobob Water Project	Chemosot	102,407,437.61	50,034,908.82	52,372,528.79	49	Lack of budget allocation
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*

3.12.16 Budget Performance by Department

Table 3.188 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.188: Kericho County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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 Services	811.44	125.17	810.45	81.27	810.45	80.76	100.00	99.37	99.88	64.52
Public Service & Administration	544.68	371.50	417.72	8.15	347.12	81.38	83.10	998.53	63.73	21.91
Offices of the Governor, Deputy Governor and County Attorney.	162.21	-	149.69	-	170.10	-	113.63	-	104.86	-
County Public Service Board	61.72	-	38.21	-	36.60	-	95.79	-	59.30	-
Finance & Economic Planning	418.91	136.71	386.55	108.77	380.04	108.46	98.32	99.71	90.72	79.34
Health Services	3,176.84	266.97	2,537.35	186.39	2,539.65	227.64	100.09	122.13	79.94	85.27
Agriculture, Livestock & Cooperative Development	177.52	551.64	162.79	515.57	159.98	517.19	98.27	100.31	90.12	93.75
Education, Libraries, Culture & Social Services	687.71	210.47	674.76	191.37	661.77	176.00	98.07	91.97	96.23	83.62

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 Works, Roads & Transport	92.52	825.35	79.56	552.75	71.36	552.58	-	99.97	-	66.95
Trade, Industrialisation, Innovation, Tourism &Wildlife	64.66	345.37	46.05	334.02	45.31	321.2	98.39	96.16	70.07	93.00
Water, Energy, Natural Resources & Environment	177.28	769.63	145.78	633.97	145.72	490.97	99.96	77.44	82.20	63.79
Land, Housing & Physical Planning	213.71	181.51	145.72	151.34	183.79	138.12	126.13	91.26	86.00	76.09
Information, Communication & E-Government, Youth Affairs, Gender & Sports	75.78	42.50	56.78	49.54	57.90	49.65	101.97	100.22	76.41	116.82
Total	**6,664.98**	**3,826**	**5,651.40**	**2,813**	**5,609.79**	**2,743.96**	**99.26**	**97.55**	**84.17**	**71.72**

Source: *Kericho County Treasury*

Analysis of expenditure by departments shows that the Department of Information, Communication & E-Government, Youth Affairs, Gender & Sports recorded the highest absorption rate of development budget at 116.8 per cent, followed by the Department of Agriculture, Livestock & Cooperative Development at 93 per cent. The Offices of the Governor, Deputy Governor, and County Attorney had the highest percentage of recurrent expenditure to budget at 104.9 per cent. In comparison, the County Public Service Board had the lowest at 59.3 per cent.

3.12.17 Budget Execution by Programmes and Sub-Programmes

Table 3.189 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.189: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES				
Livestock Resource Management and Development	Livestock Disease Management and Control.	17,653,310	15,464,281	88
Cooperative development and management	Cooperative Advisory & Extension Services.	58,128,850	49,715,563	86
Crop Development and Management	Agriculture Extension Services	475,862,480	452,012,474	95
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES				
Youth development and empowerment services	Youth development (YP) Training	60,480,351	60,480,351	100
Gender and Social Development	Social Welfare Services/ Social Infrastructure Development	6,000,000	5,996,249	100

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING				
Housing Development and Human Resource	Housing Development	15,406,661	15,385,395	100
Land policy and planning	Development Planning and Land Reforms	25,187,449	23,022,803	91
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT				
Infrastructure, Roads and Transport	Rehabilitation of Road	524,560,809	493,837,863	94
DEPARTMENT: ICT AND E-GOVERNMENT				
Information & Communication Service	ICT and BPO development services	42,500,000	49,646,037	117
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT				
Trade development and investment	Administrative and Support Services.	259,627,379	259,234,499	100
Tourism development and marketing	Local Tourism Development.	12,500,000	12,499,965	100
Recurrent				
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL				
Gender and Social Development	Social Welfare Services/ Social Infrastructure Development	3,800,000	3,795,100	100
General Administration & planning services.	Policy Development and Administration	664,305,240	639,816,903	96
Basic Education	Early Childhood Development Education	19,600,000	18,161,988	93
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING				
Administration and support services	General Administration and Planning	173,084,445	155,758,534	90
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE				
Trade development and investment	Administrative and Support Services.	35,490,512	32,131,236	91
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES				
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	42,073,104	39,994,210	95
Crop Development and Management	Agriculture Extension Services	72,438,107	69,543,414	96
DEPARTMENT: FINANCE AND ECONOMIC PLANNING				
Administration, Planning and Support Services.	Administration Services.	348,110,209	326,686,432	94
DEPARTMENT: EXECUTIVE OFFICE OF THE GOVERNOR				
County Coordination Services	County Coordination Services	162,212,402	170,100,758	105
COUNTY ASSEMBLY				
County Assembly Services	Speaker's office	451,182,128	451,182,128	100

Source: *Kericho County Treasury*

The development sub-programmes with the highest budget implementation rates were: Local Tourism Development in the Department of Trade, Industrialisation, Tourism, Wildlife at 100 per cent, and Administrative and Support Services in the Department of Trade, Industrialisation, Tourism, Wildlife at 100 per cent.

For recurrent sub-programmes, the top performers included: County Assembly Services in the Department of County Assembly at 100 per cent, Gender and Social Development in the Department of Education, Youth Affairs, Culture and Social Services at 100 per cent, and County Coordination Services in the Executive Office of the Governor at 105 per cent.

Table 3.190 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.190: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
County Assembly				
County Assembly Services	Clerk's Office	125,170,894	80,757,133	64.52
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT				
Water supply services	Rural Water Supply	748,618,732	476,192,499	64
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING				
Land policy and planning	Land Use Planning	18,776,500	6,812,750	36
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING				
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	300,791,017	58,743,870	20
DEPARTMENT: PUBLIC SERVICE MANAGEMENT				
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	371,500,000	81,383,479	22
Recurrent				
DEPARTMENT: PUBLIC SERVICE MANAGEMENT				
Administration of Human Resources and Public Service	Human Resource Development	138,391,732	60,373,280	44
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE				
Tourism development and marketing	Local Tourism Development.	5,419,765	1,105,633	20
Trade development and investment	Fair Trade Practices and Consumer Protection (weights and measures)	23,748,811	12,076,712	51
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT				
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	8,501,725	2,076,288	24
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING				
Land policy and planning	Land Use Planning	5,352,443	2,676,215	50

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES				
Fisheries development	Management and Development of Capture Fisheries	7,100,131	3,485,034	49

Source: *Kericho County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Infrastructure, Roads and Transport in the Department of Public Works, Roads and Transport at 20 per cent, Administration of Human Resources and Public Service in the Department of Public Service Management at 22 per cent, and Land policy and planning in the Department of Lands, Housing and Physical Planning at 36 per cent.

For recurrent sub-programmes, the poorest performers included: Tourism development and marketing in the Department of Trade, Industrialisation, Tourism, Wildlife at 20 per cent, Infrastructure, Roads and Transport in the Department of Public Works, Roads and Transport at 24 per cent, and Human Resource Development in the Department of Public Service Management at 44 per cent.

3.12.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.2.08 billion. This amount consisted of Kshs.2.02 billion from the County Executive and Kshs.51.80 million from the County Assembly. The trade payables from the County Executive comprised Kshs.661 million for recurrent expenditure and Kshs.1.36 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.843.29 million, comprising Kshs.215.75 million (26 per cent) for recurrent programmes and Kshs.627.53 million (74 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.51.36 million, comprising Kshs.38.6 million (75 per cent) for recurrent activities and Kshs.12.75 million (25 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.1.44 billion for County Executive and Kshs.45.84 million for County Assembly. Table 3.191 provides additional details of trade payables. The County did not follow the FIFO method when settling pending bills.

Table 3.191: Kericho County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,367,004,160	661,292,275	2,028,296,435
		County Assembly	13,206,900	38,602,912	51,809,812
		Total	1,380,211,060	699,895,187	2,080,106,247
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	1,367,004,160	661,292,275	2,028,296,435
		County Assembly	13,206,900	38,602,912	51,809,812
		Total	1,380,211,060	699,895,187	2,080,106,247
Amount paid in FY 2025/26	c	County Executive	627,533,190	215,753,662	843,286,852
		County Assembly	12,757,133	38,602,912	51,360,045
		Total	640,290,323	254,356,574	894,646,897
Trade Payables Incurred in FY 2025/26	d	County Executive	132,488,221	119,692,350	252,180,571
		County Assembly	44,413,761	985,000	45,398,761
		Total	176,901,982	120,677,350	297,579,332

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding trade payables as of 30 June 2026	e=a-c*b	County Executive	871,959,191	565,230,963	1,437,190,154
		County Assembly	44,863,528	985,000	45,848,528
		Total	916,822,719	566,215,963	1,483,038,682

Source: *Kericho County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.2.30 billion and Kshs.51.36 million, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.843.29 million for the Executive and Kshs.51.36 million for the Assembly.

Table 3.192 and Table 3.193 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.1.48 billion.

Table 3.192: Kericho County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**132,488,221**	**395,247,747**	**284,674,917**	**59,548,307**	**871,959,191**
Recurrent Trade Payables (Goods & Services)	99,289,864	445,538,613			544,828,476
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)					-
Recurrent Trade Payables (Staff Claims)	20,402,487				20,402,487
Total Recurrent Trade Payables	**119,692,350**	**445,538,613**	**0**	**0**	**565,230,963**
Total Trade Payables	**252,180,571**	**840,786,360**	**284,674,917**	**59,548,307**	**1,437,190,154**
% of Total	**18**	**59**	**20**	**4**	**100**

Source: *Kericho County Treasury*

Table 3.193: Kericho County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	44,413,761	-	-	-	44,413,761
Recurrent Trade Payables (Goods & Services)	985,000	-	-	-	985,000
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	985,000	0	0	0	985,000
Total Trade Payables	45,398,761	0	0	0	45,398,761
% of Total	**100**				**100**

Source: *Kericho County Treasury*

Additionally, the two tables indicate that 75.9 per cent of total trade payables are aged between 1-2 and 2-3 years, a trend attributed to non-payment of trade payable without following the FIFO principle.

3.12.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015,

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.

The County Government operated a total of 245 accounts across CBK and commercial banks, of which 18 were held at the CBK and 227 at commercial banks. Of those at the commercial banks, 1 was for salary accounts, 1 for revenue collection accounts, 11 for special operations accounts (including County-established funds), 184 for health facilities operations accounts, 4 for municipalities operations accounts, and 26 for Vocational Training Centres.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.12.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.960 million against an annual target of Kshs.1.46 billion, representing 66 per cent of the financial year target.

ii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.90.

iii. Fund Administrators failed to submit quarterly financial and non-financial reports to Kericho County Emergency Fund, Kericho County Mortgage Fund, Kericho County Bursary Fund, the CoB within the timelines provided by law, which contravened the requirements of Section 168 of the PFM Act, 2012.

iv. High level of trade payables amounting to Kshs.1.48 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

v. Personnel emoluments amounting to Kshs.202 million for 158 staff not onboarded into the HRIS, and 98 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. 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.

vii. 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 27 July, 2026.

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 CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

iv. The County Leadership should ensure that genuine bills are paid promptly in the ensuing financial year. The County should pay pending bills on a FIFO basis by using the trade payables action plan.

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 should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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.*

vii. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

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

3.13. County Government of Kiambu

3.13.1 Overview of FY 2025/26 Budget

Kiambu County approved Supplementary Budget for FY 2025/26 was Kshs. 27.20 billion. It comprised Kshs.10.07 billion (37.02 per cent) and Kshs.17.13 billion (62.98 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.3.72 billion (15.85 per cent) from the FY 2024/25 budget, comprising development budget of Kshs.7.96 billion and recurrent budget of Kshs.15.52 billion. The increase in the budget was primarily attributed to increase in allocations for conditional grants, the equitable share, and own-source revenue collection.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue of Kshs.13.07 billion (48.05 per cent), additional allocations of Kshs.2.98 billion (10.97 per cent), cash balance brought forward from FY 24/25 of Kshs.1.21 billion (4.46 per cent) and Kshs.9.93 billion (36.52 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.194.

3.13.2 Revenue Performance

During FY 2025/26, the County reported total receipts of Kshs.21.88 billion. This amount represented an increase of 15.58 per cent compared to the amount received in FY 2024/25 of Kshs.18.93 billion. The total revenue consisted of Kshs.13.07 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.2.40 billion, and own-source revenue (OSR) collection of Kshs.6.00 billion. Additionally, the County had a cash balance of Kshs.403.20 million from FY 2024/25. The total OSR collection of Kshs.6.00 billion included Facilities Improvement Financing (FIF) of Kshs.2.01 billion, and Kshs.3.99 billion from other OSR sources. Table 3.194 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.194: Kiambu County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	83,401	403,203,983	-	403,203,983	100
2	SPAs balance	680,184,377	-	-	-	-
3	Nutrition International balance b/f	1,824,150	-	-	-	-
4	FIF Closing Balance	531,647,168	-	-	-	-
	Sub-Total	**1,213,739,096**	**403,204,083**	**-**	**403,204,083**	100
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	13,071,817,986	13,071,817,986	-	13,071,817,986	100.0
	Sub-Total	**13,071,817,986**	**13,071,817,986**	**-**	**13,071,817,986**	100.0
C	**Additional Allocations (Including Grants)**					

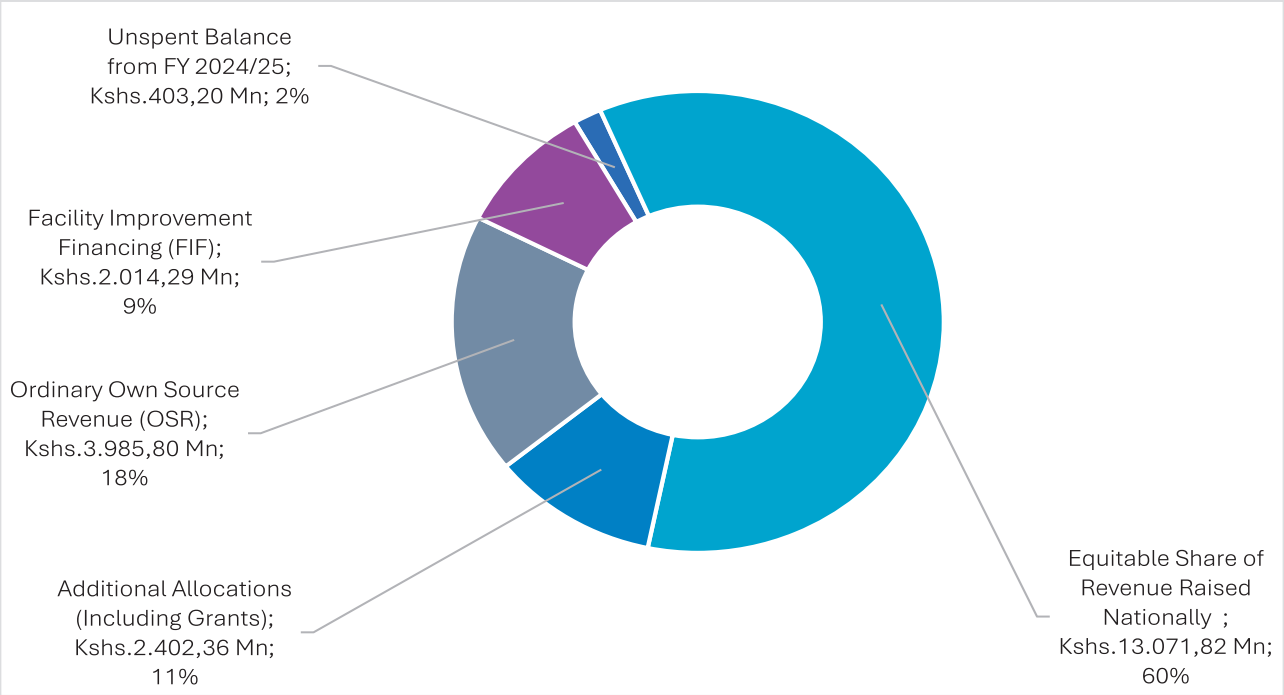
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
1	Unconditional Additional allocations from Court Fines	4,105,101	-	-	-	-
2	Unconditional Additional allocations from Mineral Royalties	10,139,863	10,139,863	-	10,139,863	100.0
3	Conditional Grant for Industrial Park & Aggregation Centers Grant	133,368,422	133,368,421	-	133,368,421	100.0
4	Conditional Grant for Community Health Promoters (CHPs)	94,680,000	-	-	-	-
5	Basic Salary Arrears for County Government Health workers	119,957,202	-	-	-	-
6	IDA(World Bank) Financing Locally-Led Climate Action Program- County climate institutional support (FLLoCA-CCIS) Grant	11,000,000	11,000,000	-	11,000,000	100.0
7	IDA(World bank) Financing Locally-Led Climate Action Program- County climate Resilient Investment (FLLoCA-CCRI) Grant	125,000,000	-	-	-	-
8	IDA (World Bank) Second Kenya Devolution Support Program- Institutional Grant (Level 1 Grant)(KDSP)	37,500,000	35,250,118	-	35,250,118	94.00
9	IDA (World Bank) Second Kenya Devolution Support Program- Service Delivery & Investment grant (Level 2 Grant) (KDSP)	352,500,000	159,607,592	-	159,607,592	45.28
10	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)-Urban institutional Grant (UIG)	35,000,000	-	-	-	-
11	IDA (World Bank) Second Kenya Urban Support Project (KUSP)-Urban Development Grant (UDG)	1,605,239,643	1,605,239,643	-	1,605,239,643	100.0
12	IDA(World Bank) National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	230,289,401	-	230,289,401	99.58
13	DANIDA - Primary Health Care in Devolved Context (PHDC)	21,232,500	15,198,000	-	15,198,000	71.58
14	World Bank credit: Kenya Informal Settlement Improvement Project (KISIP II)	200,000,000	202,262,491	-	202,262,491	101.1

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
15	0.5% Housing Levy Fund to the County Rural and Urban Affordable Housing committees	1,987,622	-	-	-	-
	Sub-Total	**2,982,960,353**	**2,402,355,529**	**-**	**2,402,355,529**	80.54
D	**Ordinary Own Source Revenue (OSR)**					
1	Physical Planning Management Unit	2,071,820,188	1,066,812,041	-	1,066,812,041	51.49
2	Business Permit Management Unit	923,084,637	483,639,798	-	483,639,798	52.39
3	Cess Management Unit	211,171,166	133,650,038	-	133,650,038	63.29
4	Education Culture ICT & Social Services Unit	14,471,232	2,071,655	-	2,071,655	14.32
5	Housing Management Unit	46,163,565	19,389,571	-	19,389,571	42.00
6	Land Rates Management Unit	1,683,797,097	838,399,516	-	838,399,516	49.79
7	Administration	35,089,122	11,924,523	-	11,924,523	33.98
8	Roads Transport Public Works Management Unit	332,770,011	173,700,045	-	173,700,045	52.20
9	Slaughterhouse Management Unit	92,549,997	51,547,532	-	51,547,532	55.70
10	Agriculture, Livestock & Fisheries Management Unit	87,938,163	36,480,942	-	36,480,942	41.48
11	Trade Tourism Industry	49,930,316	8,878,140	-	8,878,140	17.78
12	Co-operatives Unit	9,272,850	684,350	-	684,350	7.38
13	Market Management Unit	105,599,114	12,725,098	-	12,725,098	12.05
14	Youth and Sports	5,827,445	936,000	-	936,000	16.06
15	Vehicle Parking Management Unit	714,464,837	351,185,151	-	351,185,151	49.15
16	Water Environment & Natural Resources Mgt Unit	373,957,976	177,339,206	-	177,339,206	47.42
17	Liquor management unit	464,465,146	297,901,779	-	297,901,779	64.14
18	Public Health	511,849,818	318,537,750	-	318,537,750	62.23
	Sub-Total	**7,734,222,680**	**3,985,803,136**	**-**	**3,985,803,136**	**51.53**
E	**Facility Improvement Financing (FIF)**					
1	Hospital Collections (FIF)	800,000,000	689,940,208	-	689,940,208	86.24
2	SHIF Collections	1,400,000,000	1,324,354,324	-	1,324,354,324	94.60
	Sub-Total	**2,200,000,000**	**2,014,294,532**	**-**	**2,014,294,532**	**91.56**
	Grand Total	**27,202,740,115**	**21,877,475,266**	**-**	**21,877,475,266**	**80.54**

Source: *Kiambu County Treasury*

The County has governing legislation for the operation of ordinary A-I-A and FIF, namely the Kiambu County Health Services Act of 2019. Figure 3.72 provides a detailed breakdown of receipts.

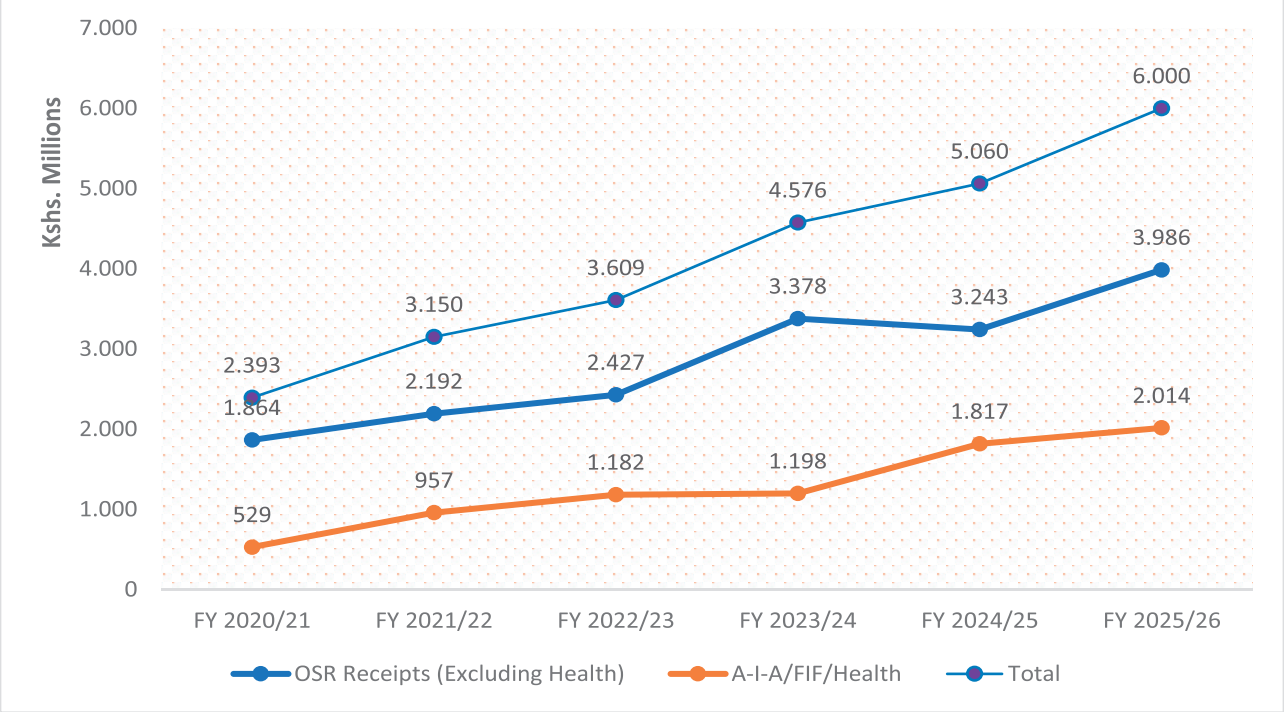
Figure 3.72: Kiambu County Composition of Revenue in FY 2025/26



Source: *Kiambu County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 59.75 per cent, 18.22 per cent and 9.21 per cent, respectively, of the total receipts for the reporting period. Figure 3.73 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.73: Kiambu County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



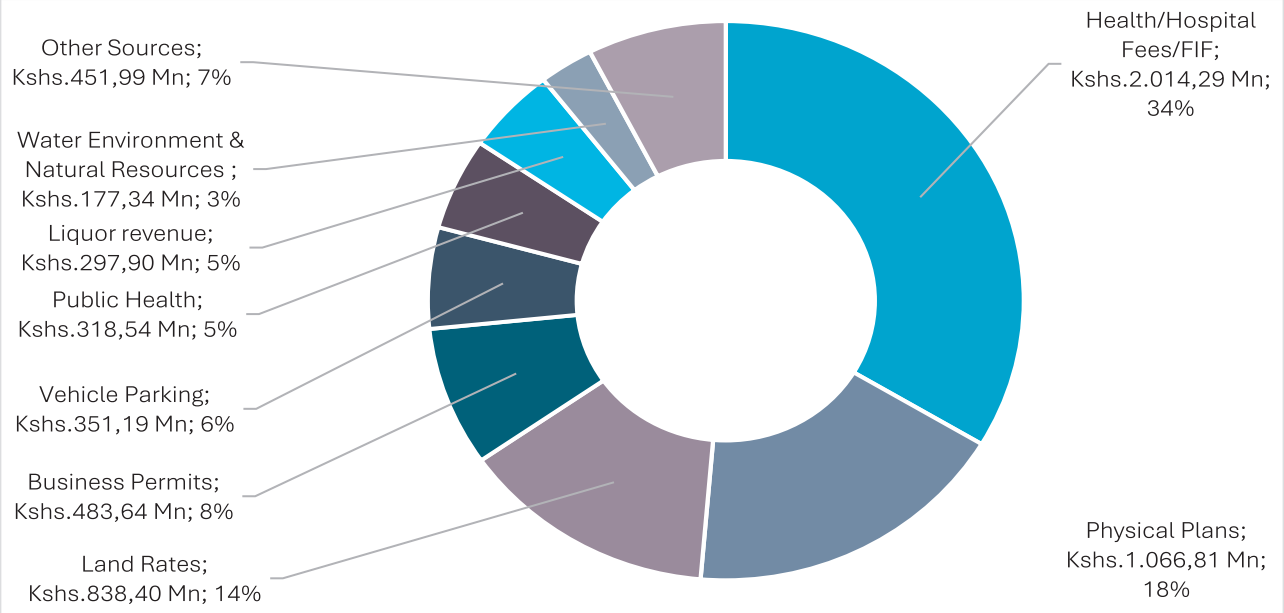
Source: *Kiambu County Treasury*

During FY 2025/26, the County received Kshs.6.00 billion from OSR, including FIF. This amount was an increase of 18.58 per cent compared to Kshs.5.06 billion realised in FY 2024/25 and was 60.40 per cent of the annual target and 45.90 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the implementation of Huduma Mashinani initiatives that brought government services closer to the people, the upgrading and modernising of medical services by equipping

hospitals, and enhanced performance in the revenue module of the ERP system. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.74.

Figure 3.74: Kiambu County Top Own Source Revenue Streams in FY 2025/26



Source: *Kiambu County Treasury*

As shown in Figure 3.74, the largest revenue stream, at Kshs.2.01 billion, was FIF, accounting for 33.50 per cent of total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.13.3 Revenue Arrears

As of 01 July 2025, the County reported revenue arrears of Kshs.5.62 billion, which increased to Kshs.5.63 billion as of 30 June 2026. The County currently tracks its revenue arrears using an ERP-based automated system, on cash and accrual basis. Table 3.195 presents a breakdown of the County's revenue arrears.

Table 3.195: Kiambu County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 01 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 June, 2026 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2025/26 (Kshs)	
		A	b	C	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Land rates	4,956,882,321	-	316,429,309	-	4,640,453,012
2	Property rent	183,772,924	-	-	-	183,772,924
	Sub-Total	5,140,655,245	-	316,429,309	-	4,824,225,936
B	**Facility Improvement Fund (FIF)**					
1	Defunct NHIF	-	-	-	319,037,827	319,037,827
2	SHA	474,858,767	-	474,858,767	486,602,162	486,602,162
	Sub-Total	**474,858,767**	**-**	**474,858,767**	**805,639,989**	**805,639,989**
	Grand Total	**5,615,514,012**	**-**	**791,288,076**	**805,639,989**	**5,629,865,925**

Source: Kiambu *County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.5.63 billion, comprising Kshs.4.64 billion for Land Rates (82.42 per cent), Kshs.486.60 million (8.64 per cent) owed by SHA, and Kshs.319.04 million (5.67 per cent) by the defunct NHIF. The measures instituted by the County to collect outstanding revenue ar-

rears 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 (KCRA).

3.13.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.13.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.19.34 billion from the Kiambu County Revenue Fund (CRF) account. This amount consisted of Kshs.4.28 billion (22.12 per cent) designated for development programs and Kshs.15.06 billion (77.88 per cent) allocated for recurrent programs.

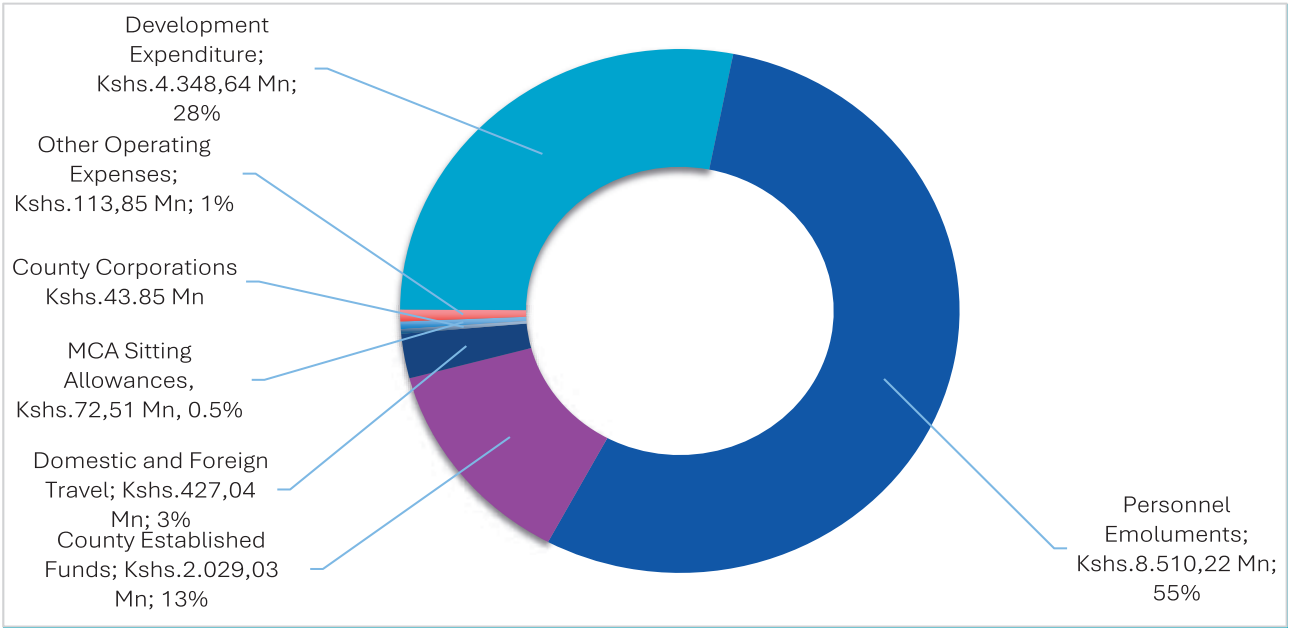
An analysis of the released recurrent exchequers shows that Kshs.8.51 billion was allocated to employee compensation, and Kshs.6.55 billion to operations and maintenance expenditures. Within the operations and maintenance category, 5.3 per cent was for domestic travel and 1.0 per cent for foreign travel. The domestic travel exchequers totalled Kshs.345.08 million, which included Kshs.85.39 million for the County Executive and Kshs.259.69 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.66.35 million, which were incurred by the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Kiambu CRF account was Kshs.2.24 billion.

3.13.6 Expenditure Review

The County spent Kshs.18.54 billion on development and recurrent programmes during the reporting period. The expenditure represented 95.88 per cent of the total funds released by the CoB. It comprised Kshs.4.35 billion for development programmes and Kshs.14.19 billion for recurrent programmes. Expenditure on development programmes accounted for 43.19 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 82.82 per cent of the annual recurrent expenditure budget. Figure 3.75 provides a detailed breakdown of total expenditure.

Figure 3.75: Kiambu County Composition of Expenditure in FY 2025/26



Source: *Kiambu County Treasury*

As shown in Figure 3.75, the three highest expenditure categories were Personnel Emoluments, Development, and County Established Funds, contributing 54.74 per cent, 27.97 per cent and 13.05 per cent of total expenditure for the reporting period.

3.13.7 Expenditure by Economic Classification

The County Executive incurred Kshs.7.91 billion in employee compensation, Kshs.4.88 billion in operations and maintenance, and Kshs.4.32 billion in development activities. Similarly, the County Assembly spent Kshs.602.93 million on employee compensation, Kshs.796.67 million on operations and maintenance, and Kshs.31.21 million on development activities, as shown in Table 3.196.

Table 3.196: Kiambu County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Approved Budget (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
Total Recurrent	**17,133,353,654**	**13,817,305,051**	**372,856,251**	**14,190,161,302**	82.82
Compensation to Employees	9,075,837,652	8,509,745,739	472,100	8,510,217,839	93.77
Operations & Maintenance	8,057,516,002	5,307,559,312	372,384,151	5,679,943,463	70.49
Total Development	**10,069,386,461**	**4,296,432,429**	**52,205,536**	**4,348,637,965**	**43.19**
Grand Total	**27,202,740,115**	**18,113,737,480**	**425,061,787**	**18,538,799,267**	**68.15**

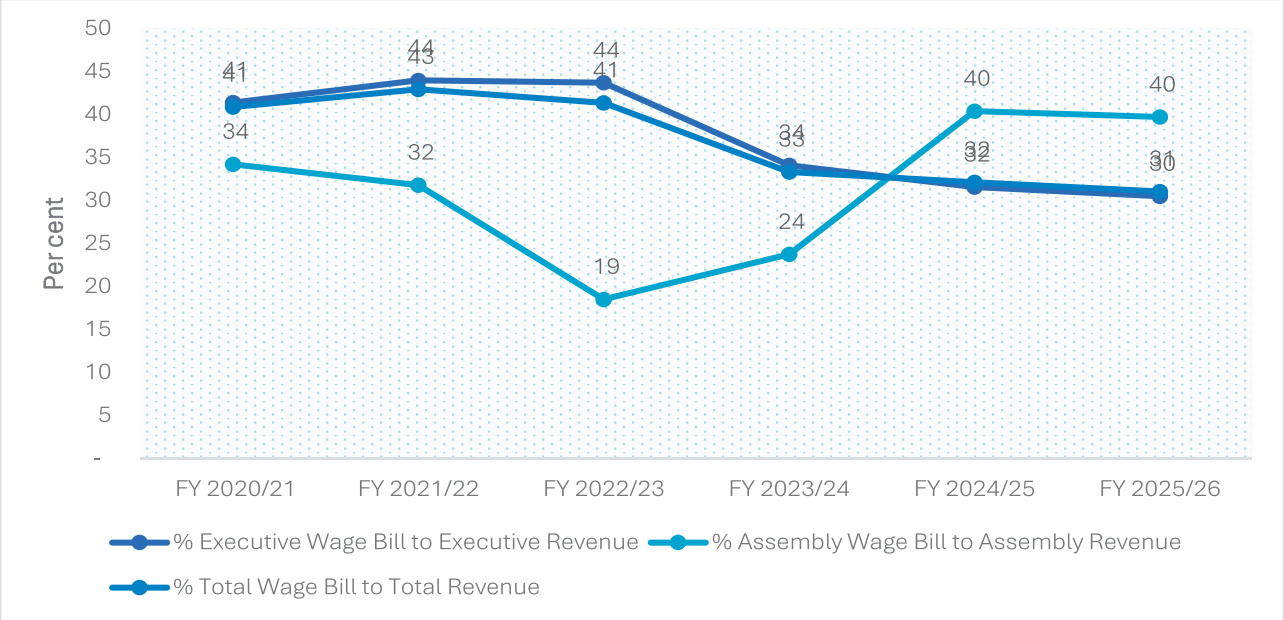
Source: *Kiambu County Treasury*

3.13.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.8.51 billion, representing 31.28 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.7.88 billion reported in a similar period in FY 2024/25. Of this total, Kshs.4.49 billion related to Health Sector employees, accounting for 52.74 per cent of the overall employees' compensation.

Figure 3.76 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.76: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Kiambu County Treasury*

Further analysis indicated that PE costs amounting to Kshs.8.30 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.207.73 million was processed through manual payrolls, accounting for 2.44 per cent of the total PE cost. The manual payroll costs relate to salaries for 4,220 casuals who had not been onboarded into the Human Resource Information System (HRIS) at the beginning of the financial year, and top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.197.

Table 3.197: Analysis of Kiambu County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff yet to be onboarded into UHR	67,020,547	-	67,020,547
Salaries for 4220 casual staff	55,731,341	-	55,731,341
Top-up Allowances for 346 security officers	13,375,694	-	13,375,694
LAPTRUST/LAPFUND Pension Contributions	2,931,148	5,696,648	8,627,796
Gratuity for contract staff	12,261,324	18,525,204	30,786,528
Gratuity for Members	-	32,184,245	32,184,245
Total	**151,320,054**	**56,406,097**	**207,726,151**

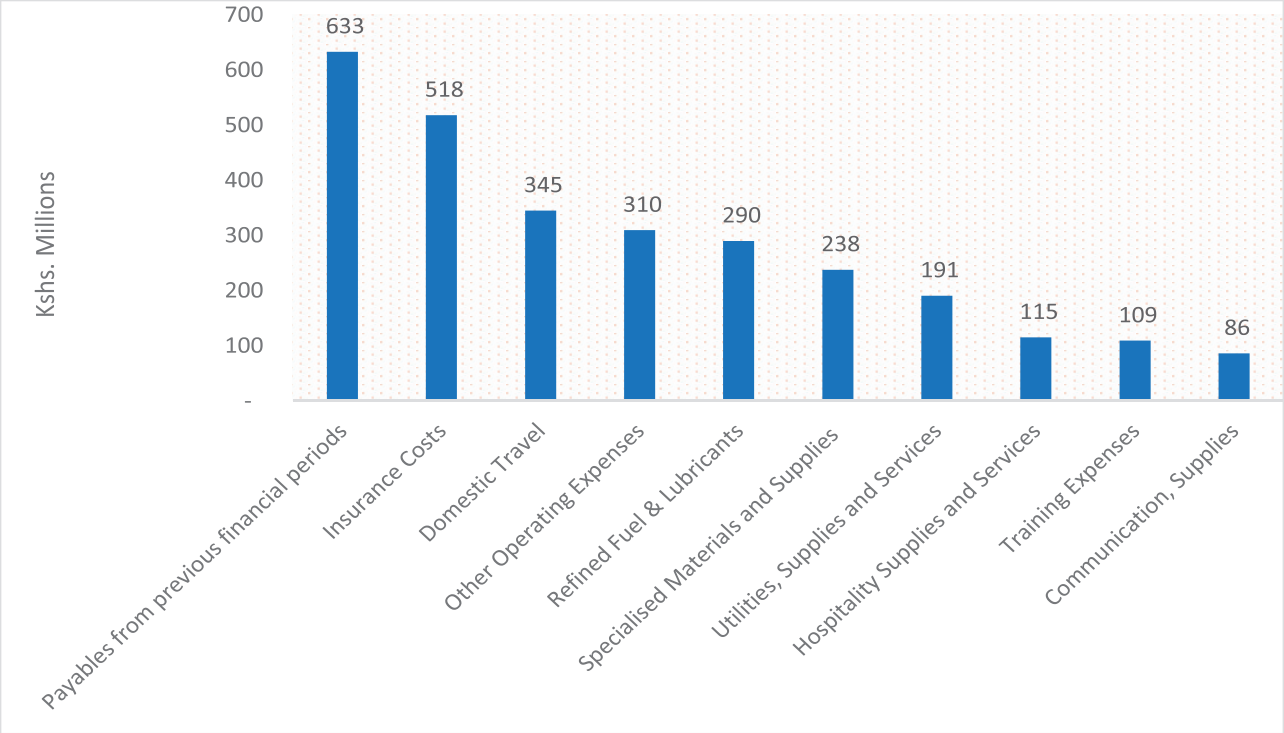
Source: Kiambu County Treasury

The County Assembly spent Kshs.72.51 million on committee sitting allowances for the 89 MCAs against the annual budget allocation of Kshs.75.00 million. The average monthly sitting allowance was Kshs.90,520 per MCA. The County Assembly has 24 House Committees.

3.13.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.5.68 billion on operations and maintenance, representing an increase of 0.35 per cent compared to FY2024/25, when the County spent Kshs.5.66 billion. Figure 3.77 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.77: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kiambu County Treasury*

3.13.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.309.57 million on "other operating expenses – other," which accounted for 5.45 per cent of the total operations and maintenance expenditure of Kshs.5.68 billion. The disaggregated items under the "*Other Operating Expenses-other*" category are shown in Table 3.198.

Table 3.198: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other Operating Expenses (Income Tax from Tax Appeal Tribunal)	35,100,600	35,100,600
2211399	Other Operating Expenses (KICOSCA, ELASCA, various Sports)	52,689,575	48,684,785
2211399	Imprests, Burial Expenses, Purchase of Sanitary Towels	317,720,000	17,565,018
2211399	Standing Imprests, Allowances	276,000,000	2,603,691
2211399	Training Expenses	21,000,000	1,291,698
2211399	Refunds for Rent, Medical Fees, Air tickets, and Meal allowances	5,000,000	4,899,400
2211399	Hiring of Police Officers	4,000,000	3,442,653
Total		**711,510,175**	**113,587,845**

Source: *Kiambu County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include imprest, burial expenses, purchase of sanitary towels, standing imprest allowances, hiring of police officers, refunds for rent, medical fees, air tickets, meal allowances and training expenses, making it difficult to determine their nature and map them to the correct budget codes.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, EALASCA and KICOSCA games

3.13.11 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.3.62 billion to County-Established funds in FY 2025/26, representing 13.30 per cent of the County's overall budget. Of this amount, the County allocated Kshs.50 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.2 per cent of the total budget. Table 3.199 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.199: Performance of Kiambu County Established Funds in FY 2025/26

Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs. Million)	Exchequer Issues in FY 2025/26 (Kshs. Million)	Actual disbursements in the FY 2025/26 (Kshs. Million)	Submission of Financial Statements (Yes/No)
County Executive Established Funds					
Kiambu County Facility Improvement Fund	19 February 2019	2,731.65	1,986.92	1,820.29	Yes
Kiambu County Bursary Fund	19 May 2014	200	-	95.58	Yes
Kiambu County Emergency Fund	20 December 2013	50	25	23.27	Yes
Climate Change Fund	02 November 2021	562.25	11	43.7	Yes
Kiambu County Jiinue Fund	19 October 2021	-	-	-	Yes
Kiambu County Alcoholic Drinks Control Fund	09 March 2018	30	20	18.85	Yes
Kiambu County Executive Staff Mortgage Scheme Fund	04 February 2016	49.63	-	27.34	Yes

Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs. Million)	Exchequer Issues in FY 2025/26 (Kshs. Million)	Actual disbursements in the FY 2025/26 (Kshs. Million)	Submission of Financial Statements (Yes/No)
County Assembly Established Funds					
Kiambu County Assembly Staff Mortgage Scheme Fund	31 December 2018	-	-	-	Yes
Kiambu County Assembly Car Loan & Mortgage Scheme Fund	14 May 2014	-	-	-	Yes
Total		**3,623.53**	**2,042.92**	**2,029.03**	

Source: *Kiambu County Treasury*

During the reporting period, the CoB received quarterly financial reports from all the Fund Administrators, as indicated in Table 3.199, in line with 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 2025/26, the CoB determined that the Kiambu County Assembly Car Loan & Mortgage Scheme Fund and the Kiambu County Executive Car Loan & Mortgage Scheme Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.13.12 County Corporations, Municipalities and Agencies

The County has 6 County Corporations and 12 municipalities, which were allocated Kshs.1.67 billion in FY 2025/26. The total transfers to these entities during the review period amounted to Kshs.43.85 million, as shown in Table 3.200.

Table 3.200: Performance of Kiambu County Corporations and Municipalities in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Ruiru Juja Water and Sewerage Company (RUJWASCO)	15,000,000	11,053,391	11,053,291	11,053,291
2	Thika Water and Sewerage Company (Thiwasco)	15,000,000	15,000,000	15,000,000	26,053,291
3	Githunguri Water and Sanitation Company	10,000,000	7,000,000	7,000,000	7,000,000
4	Limuru Water & Sewerage Company	5,000,000	-	-	-
5	Karuri Water and Sanitation Company	5,000,000	-	-	-
6	Kikuyu Water Company Limited	5,000,000	-	-	-
Gazetted Municipalities					
1	Kiambu Municipal	145,184,769	-	900,000	900,000
2	Thika Municipal	246,592,800	-	900,000	900,000
3	Juja Municipal	153,187,754	-	900,000	900,000
4	Ruiru Municipal	480,397,288	-	900,000	900,000
5	Gatundu Municipal	1,200,000	-	900,000	900,000

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
6	Kikuyu Municipal	317,576,560	-	900,000	900,000
7	Kabete Municipal	1,200,000	-	900,000	900,000
8	Githunguri Municipal	1,200,000	-	900,000	900,000
9	Karuri Municipal	190,701,193	-	900,000	900,000
10	Limuru Municipal	80,000,279	-	900,000	900,000
11	Githurai Municipal	1,200,000	-	900,000	900,000
12	Lari Municipal	1,200,000	-	900,000	900,000
	Total	**1,674,640,643**	**33,053,391**	**43,853,291**	**54,906,582**

Source: *Kiambu County Treasury*

3.13.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.345.07 million and comprised Kshs.259.69 million spent by the County Assembly and Kshs.85.38 million by the County Executive. Expenditure on foreign travel amounted to Kshs.66.34 million and was entirely by the County Assembly. Expenditure on foreign travel is summarised in Table 3.201.

Table 3.201: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)
County Assembly	7	17th - 23rd August 2025	Benchmarking study visits to the East African Legislative Assembly	Tanzania	2,245,300
County Assembly	16	24th- 30th August 2025	Benchmarking study visits to the East African Legislative Assembly	Tanzania	5,737,487
County Assembly	14	31st August - 6th SEPT 2025	Benchmarking study visits to the East African Legislative Assembly	Tanzania	5,184,953
County Assembly	1	4th- 10th August 2025	National conference of state legislatures Legislative Summit	Boston, USA	626,250
County Assembly	12	27th July - 2nd August 2025	Benchmarking study visit to Kampala Capital City Authority	Uganda	5,015,630
County Assembly	1	18th - 24th August 2025	The People's Choice - Governor's Excellence Award 2025	France	567,574.80
County Assembly	14	19th -26th October 2025	Benchmarking study visits to the East African Legislative Assembly	Tanzania	5,139,722
County Assembly	7	9th - 16th September 2025	Benchmarking study visits to the East African Legislative Assembly	Tanzania	2,978,640
County Assembly	6	16th - 23rd November 2025	Benchmarking study visits to the East African Legislative Assembly	Tanzania	2,592,478
County Assembly	9	02nd - 09th November 2025	Benchmarking study visits to the East African Legislative Assembly	Tanzania	2,962,832

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)
County Assembly	12	30th November - 07th December 2025	Benchmarking study visits to the East African Legislative Assembly	Tanzania	4,353,780
County Assembly	1	23rd-30th November 2025	Procedures and practices training	Dubai	570,288
County Assembly	1	3rd -13th January 2026	MEDICA 2025 Business Trade Fair	Switzerland	1,018,915
County Assembly	8	22nd Feb - 1st March 2026	Benchmarking study visits to the Nigerian National Assembly	Nigeria	4,488,700
County Assembly	3	22nd Feb. - 1st March 2026	Benchmarking study visits to the East African Legislative Assembly	Tanzania	1,199,388
County Assembly	18	1st -8th February 2026	Benchmarking study visits to the East African Legislative Assembly	Tanzania	7,010,304
County Assembly	14	11th - 18th January 2026	Benchmarking study visits to the East African Legislative Assembly	Tanzania	4,488,740
County Assembly	5	12th-19th April 2026	Benchmarking study visits to the East African Legislative Assembly	Tanzania	1,765,781
County Assembly	5	21st - 28th April 2026	CPST Training	Ethiopia	2,753,873
County Assembly	1	23rd May - 2nd June 2026	High Impact Leadership Programme	Japan	1,120,704.00
Total					60,700,635

***Source**: Kiambu County Assembly*

3.13.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.2.01 billion as FIF, which was 92 per cent of the annual target of Kshs.2.20 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. The expenditure by the health facilities amounted to Kshs.1.89 billion, as shown in Table 3.202.

Table 3.202: Kiambu County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level 5 Hospital	3	1,258,165,447	1,223,436,240	97.24
2.	Level 4 Hospital	11	466,457,887	360,563,971	77.30
3.	Level 2 and 3 hospitals	93	375,376,666	302,131,929	80.49
	Total	**107**	**2,100,000,000**	**1,886,132,139**	**89.82**

***Source:** Kiambu County Treasury*

3.13.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.4.35 billion on development programmes, represent-

ing an increase of 47.29 per cent compared to FY 2024/25, when the County spent Kshs.2.95 billion. The increase in development expenditure was attributed to the implementation of various programmes across departments as well as the settlement of pending bills owed by the County. Table 3.203 summarises the development projects with the highest expenditure in the reporting period.

Table 3.203: Kiambu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Health Services	Construction of Bibirioni level 4 hospital	Bibirioni	Apr-25	Dec-27	224,603,050	224,603,050	224,603,050	224,603,050	100
2		Construction of a level IV Hospital at Gachororo Health Centre-Phase 1	Juja	Oct-23	Oct-25	246,094,474	20,000,000	10,000,000	215,120,199	95
3		Construction of a multistorey hospital block at Thogoto Level 4 Hospital	Kikuyu	Oct-23	Oct-25	196,256,707	30,000,000	26,482,444	173,385,779	98
4		Construction of Bibirioni level 4 hospital (phase 2)	Bibirioni	Feb-26	Feb-28	186,279,247	180,000,000	170,891,363	170,891,363	95
5		Construction of the Lari level 4 hospital	Lari/Kirenga	Jul-15	Dec-25	180,734,625	20,000,000		130,675,013	85
6		Construction of a typical medical ward block at Karuri level 4 hospital	Karuri	Sep-23	Sep-25	224,651,965	50,000,000	36,102,206	127,945,685	90
7	Youth Affairs, Sports & Communication	Rehabilitation of Thika Stadium Phase II	Township Ward	9/1/2024	multi year	165,669,432	81,500,000	81,110,997	118,664,261	70
8	Agriculture, Livestock & Co-operative Development	Procurement & distribution of certified seeds/ seedlings	County-wide	01 July 2025	30 June 2026	163,026,075	163,026,075	114,871,432	114,871,432	70
9		Procurement of food crop fertiliser, and coffee fertiliser	County-wide	01 July 2025	30 June 2026	103,903,767	103,903,767	81,856,000	81,856,000	79
10	Roads, Public Works, Transport & Utilities	Rehabilitation of Rural Access Roads (420KM)	All wards	01 July 2025	30 June 2026	500,543,240	433,000,000	71,782,256	71,782,256	17
Donor Funded Projects										
1	Trade, Industrialisation, Tourism & Investment	CAIP	Ngewa	31/10/23	30/09/2026	498,828,815	183,368,422	94,499,999	324,466,006	65

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
2	Land, Housing, Physical Planning, Municipal Administration & Urban Development	Kenya Informal Settlement Improvement Project (KISIP 2)	Uomoja, Kiangombe, Fort Jesus, Bosnia & Misri	30/8/2024	2/12/2026	510,997,401	510,997,401	264,543,092	264,543,092	52
3	Agriculture, Livestock & Co-operative Development	NAVCDP	County-wide	01 July 2025	30 June 2026	367,553,899	367,553,899	192,172,511	192,172,511	52
4	Department: Water Environment, Natural Resources, Energy, and Climate Change	Construction of farm ponds in the targeted wards	Chania &Kiganjo	1/7/2023	30/06/2026	13,000,000	13,000,000	8,452,911	8,452,911	65
5	Department: Water Environment, Natural Resources, Energy, and Climate Change	Drilling, equipping and solarisation of Kabuku Primary Borehole (Phase 1)	Ngecha Tigoni	1/7/2023	30/06/2026	5,000,000	5,000,000	2,844,820	2,844,820	57
6	Department: Water Environment, Natural Resources, Energy, and Climate Change	Drilling, equipping and solarisation of Githunguri Gicamu borehole (Phase 1)	Nyathuna	1/7/2023	30/06/2026	5,000,000	5,000,000	2,839,302	2,839,302	57
7	Department: Water Environment, Natural Resources, Energy, and Climate Change	Drilling, equipping and solarisation of Juja Farm borehole (Phase 1)	Kalimoni	1/7/2023	30/06/2026	5,000,000	5,000,000	2,463,035	2,463,035	49
8	Department: Water Environment, Natural Resources, Energy, and Climate Change	Digging of terraces and water retention ditches for harvesting surface runoff	Chania, Ngoliba, Kiganjo, Karai and Ndeiya	1/7/2023	30/06/2026	3,000,000	3,000,000	2,241,637	2,241,637	75
9	Administration & Public Service	Second KDSP Projects	All wards	Jul-25	30 June 2026	352,500,000	352,500,000	-	-	-
10	Land, Housing, Physical Planning, Municipal Administration & Urban Development	Kenya Urban Support Programme (KUSP 2) Urban Development Grant (UDG)	Kiambu County	1/7/205	30/6/2027	1,605,240,643	1,605,240,643	0	0	0

Source: *Kiambu County Treasury*

The County reported 2 stalled development projects as of 30 June 2026, with an estimated value of Kshs.91.67 Million, of which Kshs.16.50 million had already been paid. The stalled projects are shown in Table 3.204.

Table 3.204: Kiambu County Stalled Projects as of 30 June 2026

No	Project Name	Project Location	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount paid on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 30 June 2026	Percentage of Completion before stalling of the Project	Causes of Stalling
1	Construction of the County Assembly archives and Members' welfare facility	Kiambu	12 January 2022	40,000,000	0	9,661,241	20	Lack of Funding
2	Construction of Municipal Headquarters, GIS Lab & Land Registry	Kiambu Red Nova	01 January 2026	51,670,660	16,499,556	35,171,104	32	Lack of Funding
	TOTAL			**91,670,660**	**16,499,556**	**44,832,345**		

Source: Kiambu County Treasury

3.13.16 Budget Performance by Department

Table 3.205 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.205: Kiambu County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	1507.97	131.21	1221.12	6.92	1409.59	31.21	115.43	450.79	93.48	23.79
County Executive	565.33	-	375.34	-	399.43	-	106.42	-	70.65	-
County Public Service Board	86.11	-	59.75	-	64.11	-	107.29	-	74.45	-
Finance & Economic Planning & ICT	1795.78	42.75	1242.41	-	1525.08	-	122.75	-	84.93	-
Water, Environment & Natural Resources	657.89	815.59	552.07	123.12	487.1	169.91	88.23	138.00	74.04	20.83
Health Services	7797.34	1496.21	7796.43	1151.87	6533.39	1177.13	83.80	102.19	83.79	78.67
Roads, Transport & Public Works	802.1	2232.75	697.66	773.95	640.09	779.09	91.75	100.66	79.80	34.89
Administration & Public Service	1045.4	410.77	951.21	19.65	920.45	19.65	96.77	100.00	88.05	4.78

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
Agriculture, Livestock and Co-operatives	585.04	705.42	424.9	424.57	380.08	422.31	89.45	99.47	64.97	59.87
Education, Gender, Culture & Social Services	1454.6	1081.12	1227.7	872.82	1194.2	820.54	97.27	94.01	82.10	75.90
Youth Affairs, Sports & Communication	186.96	169.5	122.78	137.35	147.21	164.97	119.90	120.11	78.74	97.33
Lands, Housing, Physical Planning & Municipal Adm & Urban Devt	439.53	2147.53	255.01	265.9	328.22	265.9	128.71	100.00	75.55	12.38
Trade, Tourism, Industrialization & Investment	209.29	836.55	133.51	499.59	161.21	497.93	120.75	99.67	77.03	59.52
Total	**17133.35**	**10,069.39**	**15,059.89**	**4,275.75**	**14,190.16**	**4,348.64**	**94.22**	**101.70**	**82.82**	**43.19**

Source: *Kiambu County Treasury*

Analysis of expenditure by departments shows that the Department of Youth Affairs, Sports & Communication recorded the highest absorption rate of development budget at 97.33 per cent, followed by the Department of Health Services at 78.67 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 93.48 per cent, while the Department of Agriculture, Livestock and Co-operatives had the lowest at 64.97 per cent.

3.13.17 Budget Execution by Programmes and Sub-Programmes

Table 3.206 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.206: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Development				
Department of Youth Affairs, Sports & Communication				
Youth Affairs, Sports and Communication	Improvement of Sports Infrastructure and Other Payables	108,500,000	104,267,509	96.10
Department of Education, Gender, Culture, and Social Services				
Pre-primary Education, Promotion of Culture and Social Services	Pre-primary Education, Promotion of Culture and Social Services	834,872,300	718,940,202	86.11

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Department of Health Services				
Health Services	Curative	1,496,205,603	1,177,133,440	78.68
Department of Trade, Industrialization, Tourism & Investment				
	Trade and Markets	601,184,603	397,483,429	66.06
Department of Agriculture, Livestock and Co-Operative Development				
	Livestock	45,834,443	29,684,825	64.76
	Agriculture	646,084,666	389,779,543	60.33
Recurrent				
County Assembly				
General Administration Planning and Support Services	Office of the Clerk	352,770,590	355,210,543	100.85
County Assembly.				
Representation Services	Ward Offices	136,671,000	131,375,913	96.13
County Assembly				
Legislation and Oversight	County Legislature	613,216,945	588,811,743	96.02
County Assembly				
Legislation and Oversight	County Assembly Committee Services	55,000,000	52,021,742	94.58
County Assembly				
General Administration Planning and Support Services	County Assembly Service Board	9,500,000	8,984,330	94.57

Source: *Kiambu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Improvement of Sports Infrastructure and Other payables in the Department of Youth Affairs, Sports and Communication at 96.10 per cent, Pre-primary Education Promotion of Culture and Social Services in the Department of Education, Gender Culture and Social Services at 86.11 per cent, and Curative at the Department of Health Services at 78.68 per cent.

Table 3.207 Summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.207: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Development				
Department of Finance, Economic Planning and ICT				
Public Finance Management and Economic Policy & Strategy	Revenue	10,000,000	0	0
Public Finance Management and Economic Policy & Strategy	Procurement	10,000,000	0	0
ICT Services	**ICT Services**	22,745,000	0	0
Department of Water, Environment, Natural Resources, Energy and Climate Change				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Environment and Solid Waste Management	Environment and Solid Waste Management	39,000,000	0	0
Department Administration and Public Service				
General Administration	Kenya Devolution Support Program (KDSP II)	352,500,000	0	0
Recurrent				
Department of Agriculture, Livestock and Co-Operative Development				
General Administration, Planning and Support Services	Agriculture	1,100,000	0	0
Department of Lands, Housing, Physical Planning, Municipal Administration and Urban Development				
Housing and Community Development	Housing Development	1,987,622	0	0
Department of Water, Environment, Natural Resources, Energy and Climate Change				
Natural Resources	Natural Resources, Forest Conservation and Management	1,100,000	9,500	1
Renewable Energy and Climate Change	Climate Change Mitigation & Adaptation	36,902,615	2,767,000	7
Department of Lands, Housing, Physical Planning, Municipal Administration and Urban Development				
General Administration, Planning and Support Services	Land Administration Services	11,000,000	2,641,189	24

Source: *Kiambu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Revenue, Procurement and ICT Services in the Department of Finance, Economic Planning & ICT, at zero per cent.

For recurrent sub-programmes, the lowest performers included: Agriculture in the Department of Agriculture, Livestock and Co-operative Development, Housing Development in the Department of Lands, Housing, Physical Planning, Municipal Administration and Urban Development, at zero per cent, and Natural Resources, Forest Conservation and Management in the Department of Water, Environment, Natural Resources, Energy and Climate Change at 1 per cent.

3.13.18 Settlement of Trade Payables

As of 01 July 2025, the County reported trade payables totalling Kshs.6.21 billion. This amount consisted of Kshs.6.00 billion from the County Executive and Kshs.215.88 million from the County Assembly. The trade payables from the County Executive comprised Kshs.3.06 billion for recurrent expenditure and Kshs.2.94 billion for development expenditure, while those from the County Assembly comprised Kshs.184.68 million for recurrent expenditure and Kshs.31.21 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.88 billion, comprising Kshs.675.71 million (36.01 per cent) for recurrent programmes and Kshs.1.20 billion (63.99 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.18.31 million, comprising Kshs.11.39 million (62.20 per cent) for recurrent activities and Kshs.6.92 million (37.80 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.5.60 billion for County Executive and Kshs.204.49 million for County Assembly. Table 3.208 provides additional details of trade payables.

Table 3.208: Kiambu County Trade Payables as of 30 June 2026

	County Entity	Development	Recurrent	Total
As at 01 July 2025 (End of FY 2024/25)	County Executive	2,939,091,025	3,059,846,711	5,998,937,737
	County Assembly	31,208,201	184,675,237	215,883,438
	Total	**2,970,299,226**	**3,244,521,948**	**6,214,821,175**
Amount paid in FY 2025/26	County Executive	1,201,591,114	675,712,555	1,877,303,669
	County Assembly	6,923,064	11,390,352	18,313,416
	Total	**1,208,514,178**	**687,102,907**	**1,895,617,085**
Trade Payables Incurred in FY 2025/26	County Executive	464,100,433	1,016,830,140	1,480,930,573
	County Assembly	-	-	-
	Total	**464,100,433**	**1,016,830,140**	**1,480,930,573**
Outstanding Trade Payables as of 30 June 026 (Kshs.)	County Executive	2,201,600,344	3,400,964,296	5,602,564,641
	County Assembly	24,285,137	173,284,885	197,570,022
	Total	**2,225,885,481**	**3,574,249,181**	**5,800,134,663**

Source: *Kiambu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.20 billion and Kshs.88.22 million, respectively, in FY 2025/26, The Executive adhered to the payment plan by clearing Kshs.1.88 billion, exceeding their commitment, while the Assembly did not adhere to the plan, settling only Kshs.18.31 million.

Table 3.209 and Table 3.210 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.5.80 billion.

Table 3.209: Kiambu County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	460,073,936	483,326,818	102,460,584	1,155,739,006	2,201,600,344
Recurrent Trade Payables (Goods & Services)	327,316,566	181,053,401	130,358,665	2,049,748,394	2,688,477,026
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	661,334,782	21,357,673	4,016,412	-	686,708,867
Recurrent Trade Payables (Staff Claims)	24,596,488	1,181,916	-	-	25,778,404
Total Recurrent Trade Payables	1,013,247,836	203,592,990	134,375,077	2,049,748,394	3,400,964,297
Total Trade Payables	1,473,321,772	686,919,808	236,835,661	3,205,487,400	5,602,564,641
% of Total	**26.3**	**12.3**	**4.2**	**57.2**	**100.0**

Source: *Kiambu County Treasury*

Table 3.210: Kiambu County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	644,069	13,979,827	-	9,661,241	24,285,137
Recurrent Trade Payables (Goods & Services)	65,930,394	49,776,935	36,936,336	27,564,286	180,207,951
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	65,930,394	49,776,935	36,936,336	27,564,286	180,207,951

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Trade Payables	66,574,463	63,756,762	36,936,336	37,225,527	204,493,088
% of Total	**32.6**	**31.2**	**18.1**	**18.2**	**100.0**

Source: *Kiambu County Assembly*

As shown in Table 3.209 and Table 3.210, the total salary arrears and statutory deductions for trade payables amounted to Kshs.686.71 million, representing 9.9 per cent of the total trade payables of Kshs.6.95 billion as of 30 June 2026.

Additionally, the two tables indicate that 55.9 per cent of total trade payables are aged over 3 years, a trend attributed to slow settlement. To address this situation, the county should increase its allocation to settle all pending bills.

3.13.19 Accounts Operated in Commercial Banks

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 95 accounts across CBK and commercial banks, of which 22 were held at the CBK and 73 at commercial banks. Of those at the commercial banks, 16 were for Health Facilities, 1 for Water Service Providers, 9 for Established Funds, 25 revenue accounts, and 22 special-purpose accounts (for additional allocations).

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 73 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.13.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.6.00 billion against an annual target of Kshs.9.93 billion, representing 60.4 per cent of the financial year target.

ii. Low development performance in the review period as the County incurred Kshs.4.35 billion on development activities, achieving a 43.2 per cent absorption rate.

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 2026, the lifespan of the Kiambu County Assembly Car Loan & Mortgage Scheme Fund and the Kiambu County Executive Car Loan & Mortgage Scheme Fund's lifespan had lapsed, making them ineligible for further withdrawals.

iv. High level of trade payables, amounting to Kshs.5.80 billion as of 30 June 2026.

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. The County reported Kshs.113.59 million under "other operating expenses - Other," accounting for 2 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

vii. 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 05 August 2026.

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 OSR forecasting tools should be developed and utilised in setting targets for budget credibility.*

ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease, 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 in the ensuing financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

v. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, thereby enhancing accountability and oversight.*

vi. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

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

3.14. County Government of Kirinyaga

3.14.1 Overview of FY 2025/26 Budget

The Kirinyaga County Approved Supplementary Budget for FY 2025/26 was Kshs.8.54 billion. It comprised Kshs.3.25 billion (38.03 per cent) and Kshs.5.29 billion (61.97 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.615.66 million (7.77 per cent) from FY 2024/25 budget, which comprised development budget of Kshs.2.99 billion and a recurrent budget of Kshs.4.93 billion. The increase in the budget was primarily attributed to the rise in Equitable Share of Revenue Allocation.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue of Kshs.6.15 billion (72.03 71.59 per cent), additional allocations of Kshs.1.59 billion (18.62 15.08 per cent), cash balance brought forward from FY 2024/25 of Kshs.34.61 million (0.4 per cent) and Kshs.764.00 million (8.95 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.211.

3.14.2 Revenue Performance

In FY 2025/26, the County reported total receipts of Kshs.8.59 billion. This amount represented an increase of 13.06 per cent compared to the amount received in FY 2024/25 of Kshs.7.598 billion. The total revenue consisted of Kshs.6.15 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.1.30 billion, and own-source revenue (OSR) collection of Kshs.1.11 billion. Additionally, the County had a cash balance of Kshs.34.60 million from FY 2024/25. The total OSR collection of Kshs.1.11 billion included Facilities Improvement Financing (FIF) of Kshs.653.48 million, and Kshs.457.14 million from other OSR sources. Table 3.211 summarised the total revenue available to the County Government during FY 2025/26.

Table 3.211: Kirinyaga County, Revenue Performance in FY 2025/26

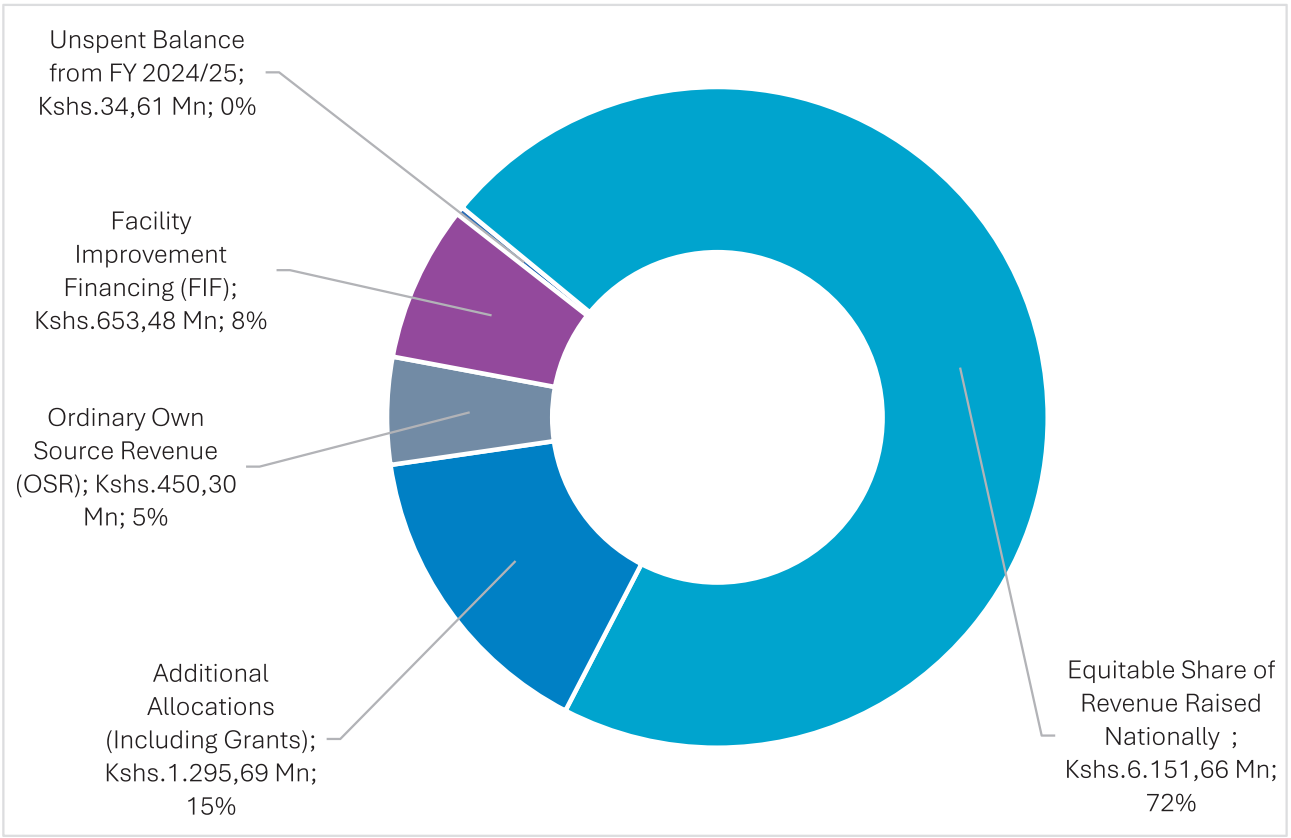
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	34,608,753	34,608,753	-	34,608,753	100
	Sub-Total	**34,608,753**	**34,608,753**	**-**	**34,608,753**	**100**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,151,661,892	6,151,661,892	-	6,151,661,892	100
	Sub-Total	**6,151,661,892**	**6,151,661,892**	**-**	**6,151,661,892**	**100**
C	**Additional Allocations (Including Grants)**					
1	Allocation of Roads Maintenance Fuel Levy Fund (RMLF) 2024/2025	194,894,333	67,262,744	-	67,262,744	34.51
2	Community Health Promoters (CHPs) Programme	56,049,816	-	-	-	0
3	IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant (CCRIG) Allocation for FY 2024/2025)	84,278,594	84,278,594	-	84,278,594	100
4	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRIS) Grant (In SPA Account)	78,963,839	78,963,839	-	78,963,839	100
5	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500	70,503,590	-	70,503,590	96.70
6	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,500,000	155,468,347	197,031,653	352,500,000	100
7	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	38,300,000	37,537,532	-	37,537,532	98.01
9	IDA (World Bank) Credit Allocation for Kenya Water, Sanitation and Hygiene (K-WASH) Program 2024/2025	366,729,808	143,151,046	223,578,762	366,729,808	100
10	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) FY2022/23	231,250,000	231,081,046	-	231,081,046	100
11	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) FY2024/25	108,389,410	-	-	-	-

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
12	Allocation Financed by a Grant from DANIDA to finance Universal Healthcare in the Devolved System	6,834,000	6,834,000	-	6,834,000	100
	Sub-Total	**1,591,099,300**	**875,080,738**	**420,610,415**	**1,295,691,153**	**81.43**
D	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary revenue	454,000,000	450,296,727	-	450,296,727	99.18
	Sub-Total	**454,000,000**	**450,296,727**	**-**	**450,296,727**	**99.18**
E	**Facility Improvement Financing (FIF)**					
1	FIF	305,000,000	653,483,710	-	653,483,710	214.26
	Sub-Total	**305,000,000**	**653,483,710**	**-**	**653,483,710**	**214.26**
F	**Appropriations in Aid**					
1	(A-i-A) Revenue raised from the Kamweti Agricultural Training Centre	5,000,000	6,847,439.55	-	6,847,439.55	136.95
	Sub-Total	**5,000,000**	**6,847,439.55**	**-**	**6,847,439.55**	**136.95**
	Total	**8,541,369,945**	**8,171,979,260**	**420,610,415**	**8,592,589,675**	100.60

Source: *Kirinyaga County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.78 provides a detailed breakdown of receipts.

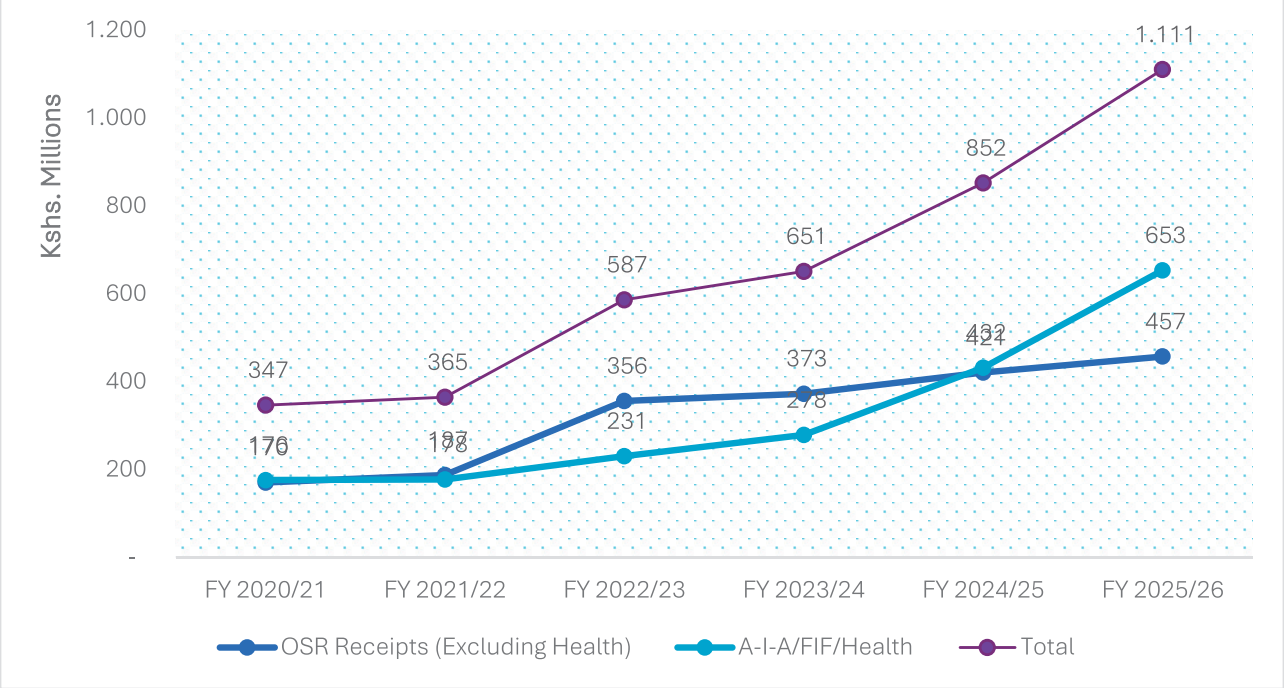
Figure 3.78: Kirinyaga County Composition of Revenue in FY 2025/26



Source: *Kirinyaga County Treasury*

The equitable share of revenue raised nationally, Additional Allocations (Including Grants), OSR, and FIF contributed 71.59 per cent, 15.08 per cent, 5.24 per cent and 7.61 per cent, respectively, of the total receipts for the reporting period. Figure 3.79 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

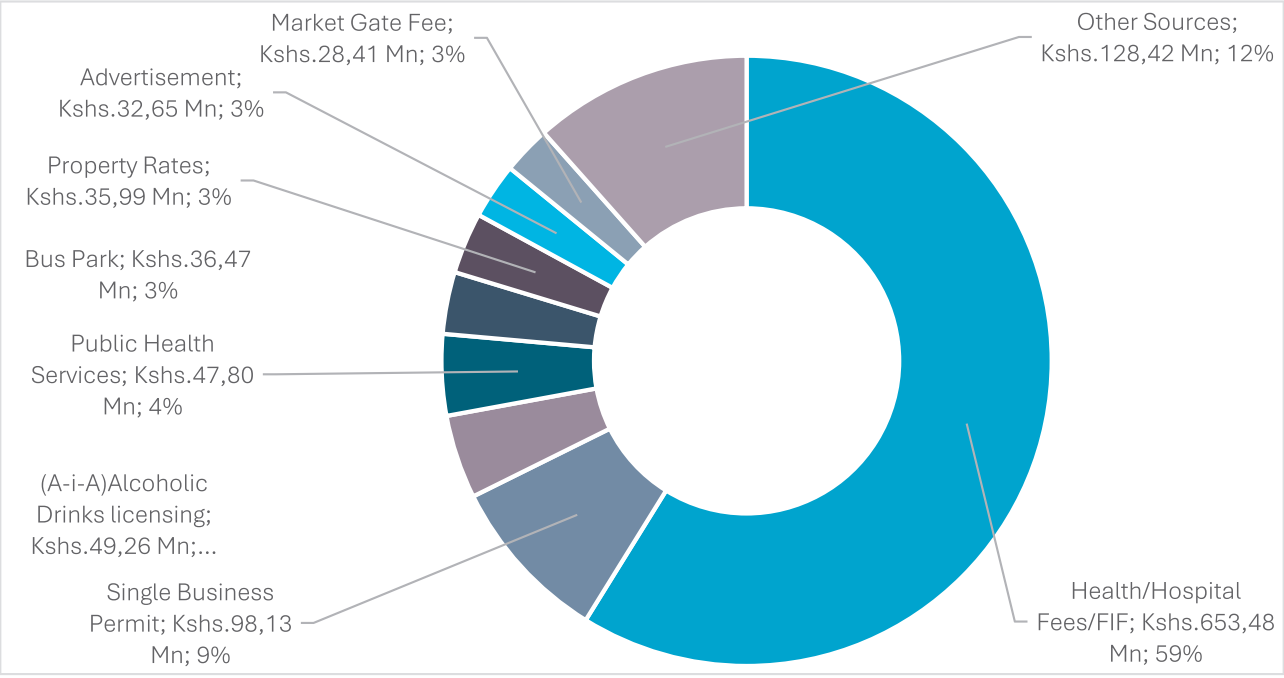
Figure 3.79: Kirinyaga County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Kirinyaga County Treasury*

During FY 2025/26, the County received Kshs.1.11 billion from OSR, including FIF. This amount was an increase of 30.30 per cent compared to Kshs.852.34 million realised in FY 2024/25 and was 144.79 per cent of the annual target and 18.05 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to the implementation of governing legislation on the Operationalisation of A-i-A and to revenue collection and mobilisation measures put in place at the hospital level and across other revenue sources. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.80.

Figure 3.80: Kirinyaga County Top Own Source Revenue Streams in FY 2025/26



Source: *Kirinyaga County Treasury*

As shown in Figure 3.80, the largest revenue stream, at Kshs.653.48 million, was Health/Hospital Fees/FIF, accounting for 58.84 per cent of total OSR receipts. The County Government indicated that it has automated 22 of 24 revenue streams.

3.14.3 Revenue Arrears

As of 30 June 2026, the County reported no revenue arrears. The County currently tracks its revenue arrears using the automated KIRI Pay system, with a cash-basis option.

3.14.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.14.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.7.25 billion from the County Revenue Fund (CRF) account. This amount consisted of Kshs.2.40 billion (33.11 per cent) designated for development programs and Kshs.4.85 billion (66.89 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.90 billion was allocated to employee compensation and Kshs.1.95 billion to operations and maintenance. Within the operations and maintenance category, 6 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.255.47 million, which included Kshs.81.97 million for the County Executive and Kshs.173.50 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.17.51 million, with Kshs.0.51 million for the County Executive and Kshs.17.00 million for the County Assembly.

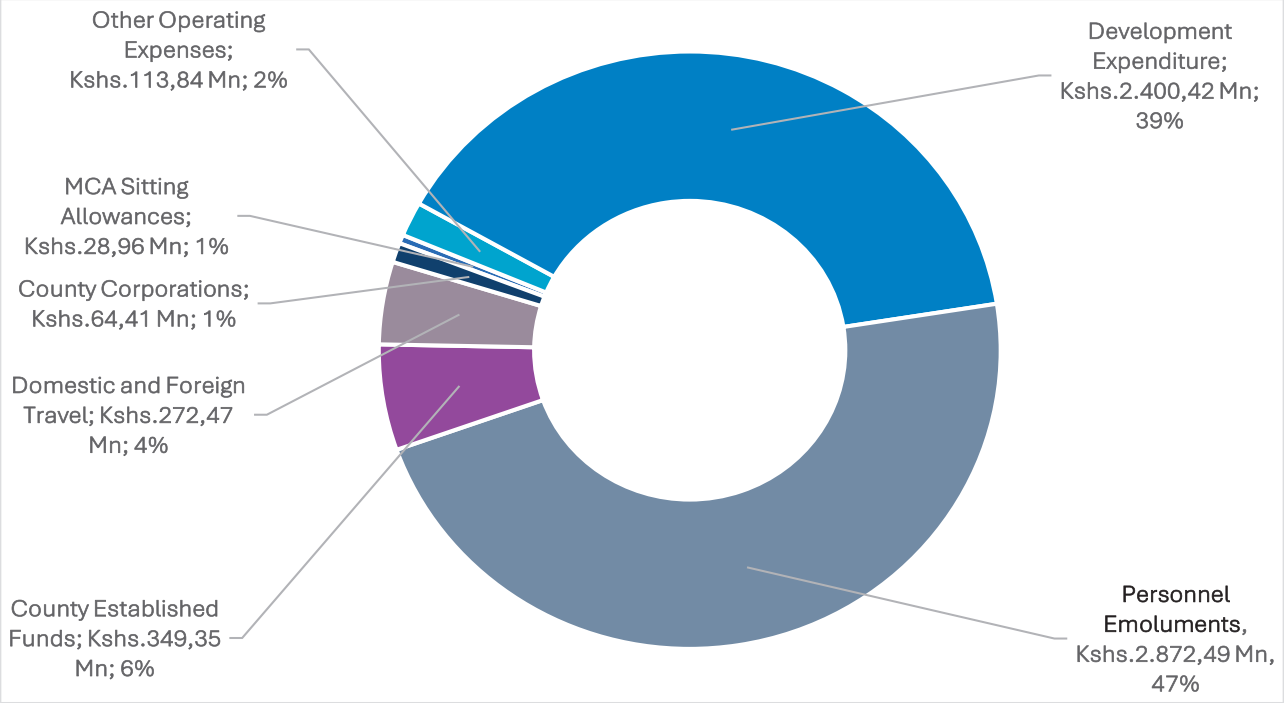
As of 30 June 2026, the County Government's cash balance in the Kirinyaga CRF account was Kshs.814.77 million. As of 30 June 2026, the County Assembly of Kirinyaga had not operationalised the County Assembly Fund.

3.14.6 Expenditure Review

The County spent Kshs.7.25 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.2.40 billion for development programmes and Kshs.4.85 billion for recurrent programmes. Expenditure on development programmes accounted for 73.89 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 91.62 per cent of the annual recurrent expenditure budget.

Figure 3.81 provides a detailed breakdown of total expenditure.

Figure 3.81: Kirinyaga County Composition of Expenditure in FY 2025/26



Source: *Kirinyaga County Treasury*

As shown in Figure 3.81 the three highest expenditure categories were personal emoluments, development expenditure, and county-established funds, contributing 47.07 per cent, 39.33 per cent, and 5.73 per cent of total expenditure for the reporting period.

3.14.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2,579.48 million in employee compensation, Kshs.1,489.77 million in operations and maintenance, and Kshs.2,269.63 million in development activities. Similarly, the County Assembly spent Kshs.321.97 million on employee compensation, Kshs.458.16 million on operations and maintenance, and Kshs.130.79 million on development activities, as shown in Table 3.212.

Table 3.212: Kirinyaga County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,512.56**	**780.13**	**4,069.25**	**780.13**	**-**	**-**	4,069.25	780.13	**90.18**	**100**
Compensation of Employees	2,702.46	321.97	2,579.48	321.97	-	-	2,579.48	321.97	95.93	100
Operations and Maintenance	1,810.10	458.16	1,489.77	458.16	-	-	1,489.77	458.16	82.00	100
Development Expenditure	**3,117.88**	**130.79**	**2,269.63**	**130.79**	**-**	**-**	**2,269.63**	**130.79**	73.89	**100**
Total	**7,630.44**	**910.93**	**6,338.88**	**910.93**	**-**	**-**	**6,338.88**	**910.93**	**84.88**	**100**

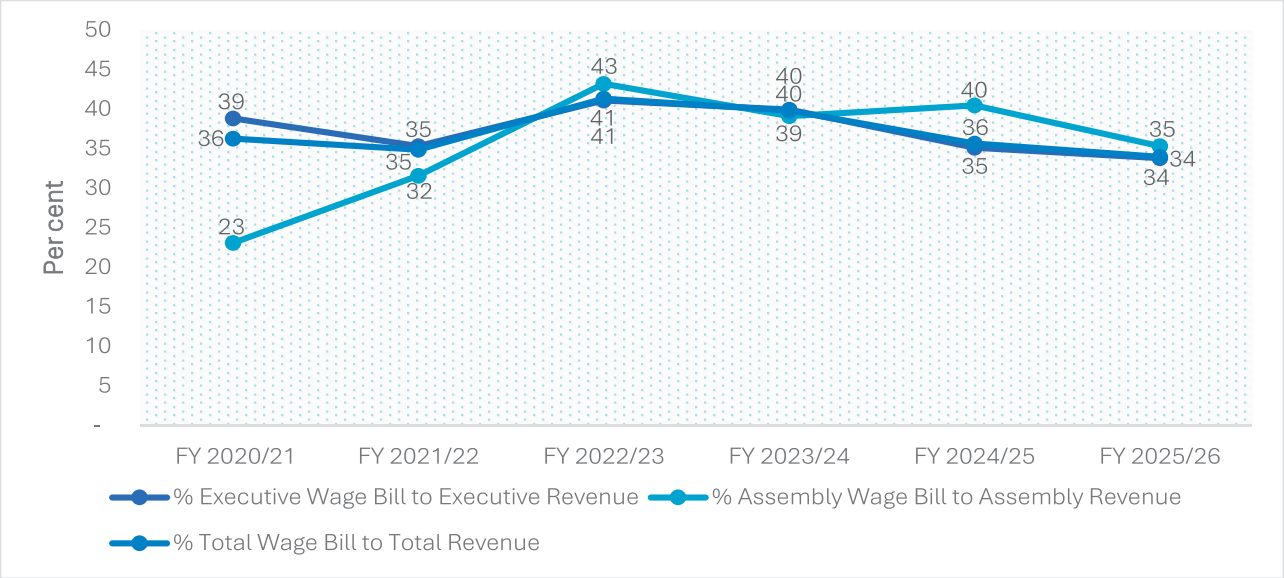
Source*: Kirinyaga County Treasury*

3.14.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.2,901.46 million, representing 33.76 per cent of revenue. This expenditure on employee compensation increased compared to Kshs. 2,827.76 million reported in FY 2024/25. This was due to recruitment to replace retired employees in previous periods. Of

this total, Kshs.1,397.53 million related to Health Sector employees, accounting for 48.17 per cent of the overall employees' compensation. Figure 3.82 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.82: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Kirinyaga County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.80 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.98.57 million was processed through manual payrolls, accounting for 3.40 per cent of the total PE cost. The manual payroll consisted mostly of community health promoters (CHPs) and casual staff who had not been integrated into the HRIS since January 2026.

The payroll had 960 casuals and stipends for 854 community health promoters, as shown in Table 3.213.

Table 3.213: Analysis of Kirinyaga County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing
1	Salaries for casual staff	960	68,624,204	HRIS Integration was ongoing and completed during the period
2	Salaries for Community Health Promoters (CHP)	854	29,717,500	Stipend Salary
3	Salary Arrears Dues to Retired Employees	-	186,165	Retired Employees
4	Arrears Dues to the Deceased Amount	-	45,342	Deceased Employees
	Total	**1814**	**98,573,210**	

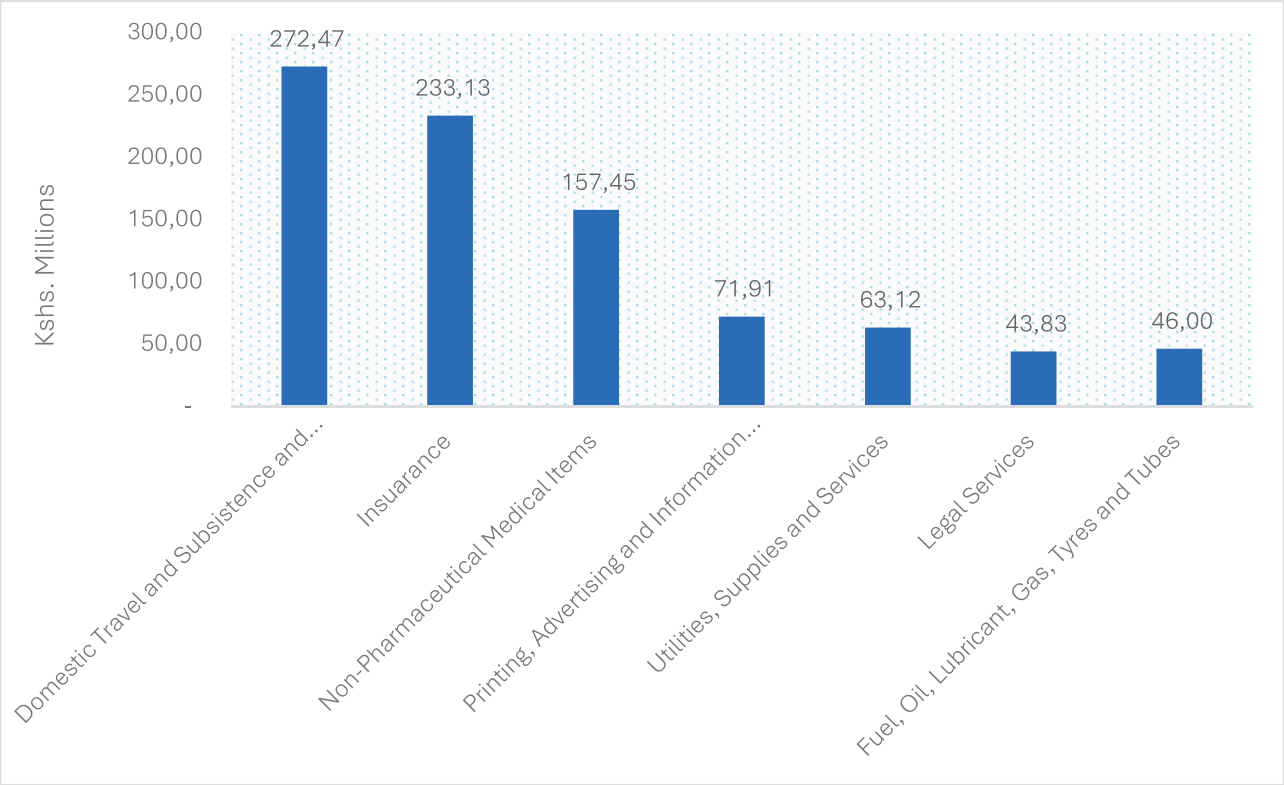
Source: Kirinyaga County Treasury

The County Assembly spent Kshs.28.96 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.52.83 million. The average monthly sitting allowance was Kshs.94,652 per MCA. The County Assembly has 24 House Committees.

3.14.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.95 billion on operations and maintenance, representing a 15.38 per cent increase over FY 2024/25, when the County spent Kshs.1.69 billion. Figure 3.83 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.83: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: *Kirinyaga County Treasury*

3.14.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.43.64 million on "other operating expenses - other," which accounted for 2.24 per cent of the total operations and maintenance expenditure of Kshs.1.95 billion. The County did not provide disaggregated items under the "*Other Operating Expenses- other*" category, which are shown in Table 3.214.

Table 3.214: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Other Operating Expenses	43,689,462.00	43,642,114.30
	TOTAL	**43,689,462.00**	**43,642,114.30**

Source: *Kirinyaga County Treasury*

3.14.11 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.624.35 million to County-Established funds in FY 2025/26, representing 7.31 per cent of the County's overall budget. Of this amount, the County allocated Kshs.26.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.30 per cent of the total budget. Table 3.215 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.215: Performance of Kirinyaga County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Annual Exchequer Issues in FY 2025/26 (Kshs.)	Annual Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
County Executive							
1.	Kirinyaga County Emergency Fund	2015	26,000,000	26,000,000	33,641,270	77,561,710	YES
2.	Kirinyaga County Executive Staff Mortgage & Car Loan Scheme Fund	2016	31,300,000	31,300,000	90,726,476	288,800,000	YES
3.	Kirinyaga County Education Bursary Fund	2016	129,500,000	129,500,000	1,113,616	462,750,000	YES
4.	Kirinyaga County Agricultural Institutions	2024	5,000,000	10,002,276	15,784,999	15,002,276	YES
5.	Kirinyaga County Alcoholic & Substance Control Fund	2025	14,549,000	14,549,000	24,578,000	35,578,000	YES
6.	Kirinyaga County Health Facilities Improvement Fund	2024	305,000,000	305,000,000	34,907,731	614,757,824	YES
County Assembly							
7.	County Assembly Staff Car Loans and Mortgage Fund	2014	113,000,000	110,730,600	110,730,600	-	YES
Total			**624,349,000**	**627,081,876**	**311,482692**	**1,494,449,810**	

Source: *Kirinyaga County Treasury*

During the reporting period, the CoB received all quarterly financial reports from all Fund Administrators, as indicated in Table 3.215, in accordance with the requirements of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of all 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. In FY 2025/26, the CoB determined that the Kirinyaga County Executive Staff Mortgage and Car Loan Scheme Fund, Kirinyaga County Emergency Fund, and County Assembly Staff Car Loans and Mortgage Fund's lifespan had lapsed. The County Executive has sought approval from the County Assembly for the renewal of the Kirinyaga County Executive Staff Mortgage & Car Loan Scheme Fund regulations.

3.14.12 County Corporations, Municipalities and Agencies

The County has 2 county corporations (Kerugoya-Kutus Municipality and Kirinyaga Investment and Development Authority (KIDA)), which were allocated Kshs.65.50 million in FY 2025/26. The total transfers to these entities during the review period amounted to Kshs.64.41 million, as shown in Table 3.216.

Table 3.216: Performance of Kirinyaga County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
Gazetted Municipalities					
1	Kerugoya-Kutus municipality	63,000,000	62,839,555	62,839,555	63,000,000

Other Agencies					
2	Kirinyaga Investment and Development Authority (KIDA)	2,500,000	1,574,400	1,574,400	1,574,400
	Total	**65,500,000**	**64,413,955**	**64,413,955**	**64,574,400**

Source: *Kirinyaga County Treasury*

3.14.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.255.47 million and comprised Kshs.173.50 million spent by the County Assembly and Kshs.81.79 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.51 million and comprised Kshs.17.00 million by the County Assembly and Kshs.0.51 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.217.

Table 3.217: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	21.06.2025 to 01.07.2025	Being payment for facilitation to accompany the Governor to Medanta Medicity, India	India	513,252	-	513,252
County Assembly	28	01.02.2026 to 08.02.2026	Regional Workshop on Leadership, Diplomacy and Legislative Procedures	Uganda	11,196,982	-	12,163,228
County Assembly	14	01.03.2026 to 05.03.2026	International Conference on Strengthening Policy Coherence, Accountability and Public Value in Governance	United Arab Emirates	5,803,018	-	5,803,018
Total					**17,513,252**		**18,479,498**

Source: Kirinyaga County Treasury and Kirinyaga County Assembly

3.14.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.653.48 million as FIF, which was 214.26 per cent of the annual target of Kshs.305.00 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 expenditure by the health facilities amounted to Kshs.250.11 million, as shown in Table 3.218.

Table 3.218: Kirinyaga County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Kerugoya Referral Hospital	1	207,200,940	186,325,814	89.93
2.	Kimbimbi Hospital	1	50,725,146	33,396,165	65.84
3.	Kianyaga Hospital	1	25,839,165	16,991,199	66.76
4.	Sagana Hospital	1	21,234,749	13,395,291	63.08
	Total		**305,000,000**	**250,108,468**	**71.40**

Source: *Kirinyaga County Treasury*

3.14.15 Development Expenditure

In the review period, the County reported spending Kshs.2.40 billion on development programmes, representing an increase of 11.63 per cent compared to FY 2024/25, when the County spent Kshs.2.15 billion. Table 3.219 summarised the development projects with the highest expenditure in the reporting period. The increase in development expenditure was attributed to timely disbursements of conditional grants and an equitable share of revenue, contrary to the previous financial year.

Table 3.219: Kirinyaga County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Percentage (%) of Completion
County Funded Projects						
1	Medical Services and Public Health	Upgrading of Kimbimbi Hospital	Nyangati Ward	240,000,000	190,892,204	80
2	Medical Services and Public Health	Upgrading of Kianyaga Hospital	Baragwi Ward	180,000,000	169,216,261	90
3	Medical Services and Public Health	Final accounts for Kerugoya Medical Complex	Kerugoya Ward	57,000,000	57,000,000	100
4	Transport and Infrastructure	Flagship project Mwea West	Mwea-Tebere	100,000,000	100,000,000	100
5	Transport and Infrastructure	Leasing of Murram	County Hqs	20,500,000	20,500,000	100
6	Lands, Housing and Urban Development	Purchase of (1) Fire engine and equipping of the newly constructed fire station offices at Kutus Town within Kerugoya-Kutus Municipality	County Hqs	50,000,000	50,000,000	100
7	Cooperative Development, Trade, and Tourism	Completion of Sagana Industrial City, incorporating CAIPs (Extra works)	Kariti Ward	46,000,000	46,000,000	100
8	Environment and Natural Resources	County Co-financing for FLLOCA	County Hqs	40,000,000	40,000,000	100
8	Agriculture, Livestock and Fisheries	County co-financing for NAVCDP projects	County Hqs	30,000,000	30,000,000	100
9	Gender and Youth	Youth Empowerment funding of a revolving Fund for Youth, Women and Marginalised groups	County Hqs	30,000,000	30,000,000	100
10	Gender and Youth	Allocation for Women's Assembly Caucus	County Hqs	22,000,000	21,995,313	100
11	Education	Grants to County Vocational Training Institutions-3966000401-050203	County Hqs	20,000,000	20,000,000	100
Donor Funded Projects						
1	Agriculture, Livestock and Fisheries	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) (FY 2024/2025	County Hqs	108,389,410	108,389,410	100

No	Sector	Project Name	Project Location	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Percentage (%) of Completion
2	Agriculture, Livestock and Fisheries	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP)	County Hqs	231,250,000	122,691,636	53
3	Environment and Natural Resources	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRIS) Grant (In SPA Account)	County Hqs	78,963,839	78,963,839	100
4	Environment and Natural Resources	IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant (CCRIG) Allocation for FY 2024/2025)	County Hqs	84,278,594	84,278,594	100
5	Environment and Natural Resources	IDA (World Bank) Credit Allocation for Kenya Water, Sanitation and Hygiene (K-WASH) Program	County Hqs	366,729,808	143,151,046	39
6	Transport and Infrastructure	Allocation of Roads Maintenance Fuel Levy Fund (RMLF) FY 2024/2025	County Hqs	194,894,333	67,262,744	35
7	Lands, Housing and Urban Development	Current Grants to Semi-Autonomous Government Agencies IDA- (World Bank Credit) (Kenya Urban Support Project (KUSP) UDG	County Hqs	38,300,000	37,537,532	98
8	Finance and Economic Planning	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP II) Level 1 Grant	County Hqs	72,909,500	70,503,590	97

Source: *Kirinyaga County Treasury*

The County did not report any stalled development projects as of 30 June 2026.

3.14.16 Budget Performance by Department

Table 3.220 summarised the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.220: Kirinyaga County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	780.13	130.79	780.13	130.79	780.13	130.79	100	100	100	100
County Executive	443.55	7.50	442.85	7.50	442.85	7.50	99.84	99.99	99.84	99.99
Finance and Economic Planning	737.34	535.41	727.46	180.10	727.46	180.10	98.66	33.64	98.66	33.64
Medical Services and Public Health	2,338.38	560.38	1,912.28	555.73	1,912.28	555.73	81.78	99.17	81.78	99.17
Education	323.60	36.34	323.57	36.14	323.57	36.14	99.99	99.44	99.99	99.44
Agriculture, Livestock and Fisheries	210.82	398.54	210.43	287.96	210.43	287.96	99.82	72.25	99.82	72.25
Gender and Youth	42.32	103.60	42.30	101.56	42.30	101.56	99.95	98.03	99.95	98.03

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
Sports Culture and Social Services	35.41	14.02	35.33	9.98	35.33	9.98	99.78	71.15	99.78	71.15
Cooperative Development, Trade, and Tourism	43.79	59.37	43.75	59.33	43.75	59.33	99.90	99.94	99.90	99.94
Environment and Natural Resources	142.77	649.98	137.84	417.81	137.84	417.81	96.55	64.28	96.55	64.28
Lands, Housing and Urban Development	72.44	62.70	71.58	62.68	71.58	62.68	98.81	99.97	98.81	99.97
Transport and Infrastructure	122.14	690.04	121.86	550.85	121.86	550.85	99.77	79.83	99.77	79.83
Total	**5,292.70**	**3,248.67**	**4,849.39**	**2,400.42**	**4,849.39**	**2,400.42**	**100**	**100**	**91.62**	**73.89**

Source: *Kirinyaga County Treasury*

Analysis of expenditure by departments shows that the County Assembly, Department of Lands, Housing and Urban Development, and County Executive recorded the highest absorption rates of the development budget at 100 per cent, 99.99 per cent, and 99.97 per cent, respectively. All Departments recorded a high percentage of recurrent expenditure budget absorption, above 95 per cent, while the Department of Medical Services and Public Health had the lowest at 82 per cent.

3.14.17 Budget Execution by Programmes and Sub-Programmes

Table 3.221 summarised budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.221: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
County Assembly				
Legislation and Oversight	Legislation and Oversight	130,792,219	130,792,219	100
Departments- County Executive/Gender and Youth Development				
County Executive Administration	County Executive Services	7,500,000	7,499,490	100
Culture	Gender and Social Development	103,599,700	101,556,225	98.04
Department- Education				
State Education Function Support	Tertiary Education	20,000,000	20,000,000	100
State Education Function Support	Pre-Primary and Child Care Services	16,343,165	16,139,264	98.75
Recurrent				
Department- County Executive				
Management of County Affairs	Coordination of County Functions	47,220,000	47,080,293	100

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Department- Finance and Economic Planning				
Public Finance Management	Procurement and supply services	9,770,000.00	9,769,999	100
Public Finance Management	Finance Services	665,041,281	655,556,947	99
Public Finance Management	Revenue Services	19,300,000	19,136,922	99.15
Department-Education				
Technical and Vocational Training	Village Polytechnique	1,713,500	1,699,201.65	99.18

Source: *Kirinyaga County Treasury*

The development sub-programmes with the highest budget implementation rates were: Legislation and Oversight in the Department of County Assembly at 100 per cent, County Executive Services in the Department of County Executive at 100 per cent, and Tertiary Education in the Department of Education at 100 per cent.

For recurrent sub-programmes, the top performers included: Coordination of County Functions and Procurement and supply services in the Department of County Executive and Finance and Economic Planning, all at 100 per cent, followed by Village Polytechnic in the Department of Education at 99.18 per cent.

The higher performance of these programmes was attributed to timely and adequate budget funding from an equitable share of revenue and the achievement of own-source revenue targets.

Table 3.222 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.222: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department- Finance and Economic Planning				
Public Finance Management	Finance Services	535,409,500	180,095,708	33.64
Departments- Agriculture, Livestock and Fisheries/Sports, Culture and Social Services				
Policy, Strategy, and Management of Agriculture	General Administration and Planning	398,539,410	287,964,626	72.25
Sports	Development of Sports and Sports Facilities	14,019,485	9,975,305	71.15
Department- Environment and Natural Resources/Transport and Infrastructure				
Water Supply Services	Water and Irrigation	649,980,621	417,805,142	64.28
Roads Development, Maintenance, and Management	Construction and Maintenance of Roads and Bridges	690,040,295	550,854,179	79.83
Recurrent				
Department- Environment and Natural Resources				
Water Supply Services	Water and Irrigation	1,850,000	1,500,000	81.08
Energy Programme	Energy Services	255,000.00	247,400.00	97.02

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued ex-penditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Environment Management and Protection	Environment Management and Protection	16,240,000	13,667,859	84.16
Department- Medical Services and Public Health				
Curative and Rehabilita-tive Services	Curative and Rehabilitative Ser-vices	2,338,377,075	1,912,283,258	81.78
Department- Transport and Infrastructure				
Disaster Management	Fire Fighting and Emergency Services	2,122,083	1,941,714	91.61

Source: *Kirinyaga County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Finance Services in the Department of Finance and Economic Planning at 33.64 per cent, Water and Irrigation in the Department of Environment and Natural Resources at 64.28 per cent, Development of Sports and Sports Facilities in the Department of Sports Culture and Social Services at 71.15 and General Administration and Planning at in the Department of Agriculture, Livestock and Fisheries at 72.25 per cent.

For recurrent sub-programmes, the lowest performers included: Water and Irrigation in the Department of Environment and Natural Resources at 81.08 per cent, Curative and Rehabilitative Services in the Department of Medical Services and Public Health at 81.78 per cent, and Environment Management and Protection in the Department of Environment and Natural Resources at 84.16 per cent.

These lower performances were attributed to non-disbursement of conditional grants such as KDSP LEVEL 2 in the Finance and Economic department, KWASH conditional grant in Environment and natural resources department, NAVCDP conditional grant in Agriculture, Livestock and Fisheries Department and Allocation from the National Government for Community Health Promoters (CHPs) Project in Medical Services and Public Health department.

3.14.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.589.84 million. This amount consisted solely of payables from the County Executive. The County Assembly had no pending bills. The trade payables from the County Executive comprised Kshs.256.96 million for recurrent expenditure and Kshs.332.89 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.174.56 million, comprising Kshs.93.98 million (53.84 per cent) for recurrent programmes and Kshs.80.58 million (46.16 per cent) for development programmes. The outstanding trade payables as of 30 June 2026 were Kshs.564.70 million for County Executive. The County Assembly did not report any pending bills. Table 3.223 provides additional details of trade payables.

Table 3.223: Kirinyaga County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	332,893,943	256,960,826	589,854,769
		County Assembly	-	-	-
		Total	**332,893,943**	**256,960,826**	**589,854,769**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	80,579,608	93,980,873	174,560,481
		County Assembly	-	-	-
		Total	**80,579,608**	**93,980,873**	**174,560,481**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Amount paid in FY 2025/26	c	County Executive	80,579,608	93,980,873	174,560,481
		County Assembly	-	-	-
		Total	**80,579,608**	**93,980,873**	**174,560,481**
Trade Payables Incurred in FY 2025/26	d	County Executive	10,989,219	138,187,055	149,176,274
		County Assembly	-	-	-
		Total	**10,989,219**	**138,187,055**	**149,176,274**
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**263,303,555**	**301,167,007**	**564,470,562**
		County Assembly	**-**	**-**	**-**
		Total	**263,303,555**	**301,167,007**	**564,470,562**

Source: *Kirinyaga County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.100 million on both recurrent and development expenditure in FY 2025/26. The County Executive adhered to this payment plan, as it cleared Kshs.174.56 million.

Table 3.224 presents the ageing of the total outstanding bills for the County Executive as of 30 June 2026, in Kshs.564.47 million. The County Assembly did not report any outstanding trade payables as of 30 June 2026.

Table 3.224: Kirinyaga County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**10,989,219**	**114,104,591**	**3,059,201**	**147,943,341**	**276,096,352**
Recurrent Trade Payables (Goods & Services)	136,529,455	12,824,889	2,317,000	135,045,263	**286,716,607**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	**-**
Recurrent Trade Payables (Staff Claims)	1,657,600	-	-	-	**1,657,600**
Total Recurrent Trade Payables	**138,187,055**	**12,824,889**	**2,317,000**	**135,045,263**	**288,374,207**
Total Trade Payables	**149,176,274**	**126,929,480**	**5,376,201**	**282,988,604**	**564,470,559**
% of Total	**26.43**	**22.49**	**0.95**	**50.13**	**100**

Source: *Kirinyaga County Treasury*

As shown in Table 3.224, there were no trade payables on salary arrears and statutory deductions as of 30 June, 2026. Additionally, Table 3.224 indicates that 50.13 per cent of total trade payables are aged over 3 years, a trend attributed to the non-payment of the trade payables on a FIFO basis.

3.14.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 220 accounts across CBK and commercial banks, of which 20 were held at the CBK and 200 at commercial banks. Of those at the commercial banks, 68 were for donor commercial special purpose operational accounts, 4 for revenue collection accounts (ordinary OSR), 26 for County established funds excluding FIF, 78 for health facilities operations and collections accounts,2

for county corporations operations accounts, 20 for Vocational Training Centres, and 2 for (A-i-A) Kamweti Agricultural Training Center collections and operations account.

The County Treasury submitted copies of authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, in accordance with Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.14.20 Key Observations and Recommendations

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

i. 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 2026, the lifespan of the Kirinyaga County Emergency Fund, Kirinyaga County Executive Staff Mortgage and Car Loan Scheme Fund, Kirinyaga County Education Bursary Fund and the County Assembly Staff Car Loans and Mortgage Fund had lapsed, making them ineligible for further withdrawals.

ii. Low development budget absorption in some departments, particularly Finance and Economic Planning (33.64 per cent), Environment and Natural Resources (64.28 per cent), and Sports, Culture and Social Services (71.15 per cent).

iii. Delayed and non-disbursement of some conditional allocations and grants, such as NAVCDP, KWASH, and KDSP, affected available revenue and implementation of planned development programmes.

iv. Inadequate classification and description of expenditure, particularly the use of generic budget codes under "Other Operating Expenses – Other," which affected transparency and accountability in expenditure reporting.

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

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

ii. *The County should strengthen quarterly budget implementation monitoring, with Accounting Officers required to develop realistic procurement and implementation plans at the beginning of the financial year. Departments with low absorption should be required to provide explanations and implement corrective measures.*

iii. *The County should strengthen engagement and coordination with the National Government and development partners to facilitate the timely disbursement of conditional grants. The County should also maintain a disbursement-tracking mechanism to promptly identify and follow up on delayed releases and adjust implementation plans accordingly.*

iv. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.15. County Government of Kilifi

3.15.1 Overview of FY 2025/26 Budget

The Kilifi County Approved Supplementary Budget for FY 2025/26 was Kshs.20.48 billion. It comprised Kshs.7.45 billion (36.38 per cent) and Kshs.13.03 billion (63.62 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented a decrease of Kshs.2.22 billion (9.76 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.11.49 billion and

a recurrent budget of Kshs.11.21 billion. The budget decrease was primarily due to a decline in the balance brought forward from the previous financial year.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.12.81 billion (62.56 per cent), additional allocations of Kshs.3.95 billion (19.29 per cent), mineral royalties of Kshs.1.15 billion (5.62 per cent) and Kshs.2.57 million (12.54 per cent) were generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.225.

3.15.2 Revenue Performance

During the year, the County reported total receipts of Kshs.17.12 billion. This amount represented a decrease of 10.93 per cent compared to the amount received in FY 2024/25 of Kshs.19.22 billion. The total revenue consisted of Kshs.12.81 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.63 billion, and own-source revenue (OSR) collection of Kshs.1.73 billion. Additionally, the County received Kshs.950.06 million in mineral royalties. The total OSR collection of Kshs.1.73 billion included Facilities Improvement Financing (FIF) of Kshs.937.87 million, and Kshs.791.97 million from other OSR sources. Table 3.225 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.225: Kilifi County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF					
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	12,813,396,769.00	12,813,396,769		12813396769.00	100
	Sub-Total	12,813,396,769.00	12,813,396,769		12,813,396,769.00	100
C	**Additional Allocations (Including Grants)**					
1	Primary Healthcare in Devolved Context (PHDC)	16,830,000	16,830,000		16,830,000	100
2	Kenya Informal Settlement Improvement Project (KISIP)II	750,000,000	244,998,313		244,998,313	33
3	Kenya Informal Settlement Improvement Project (KISIP)II	10,000,000			-	-
4	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	230,968,024		230,968,024	100
5	St. Luke's Grant	300,000,000			-	-
6	Water and Sanitation Development Project (WSDP)	900,000,000	300,866,942		300,866,942	33
7	FLoCCA	250,000,000	164,936,515		164,936,515	66
8	Kenya Devolution Support Programme- KDSP (II)	352,500,000	236,309,083		236,309,083	67
9	Kenya Urban Support Programme - (UIG) Grant	35,000,000			-	-
10	Kenya Urban Support Programme - II Grant	154,345,870	180,345,870		180,345,870	117
11	Financing of FLLOCA -County Climate Institutional Support (CCIS) Grant	164,936,515			-	-

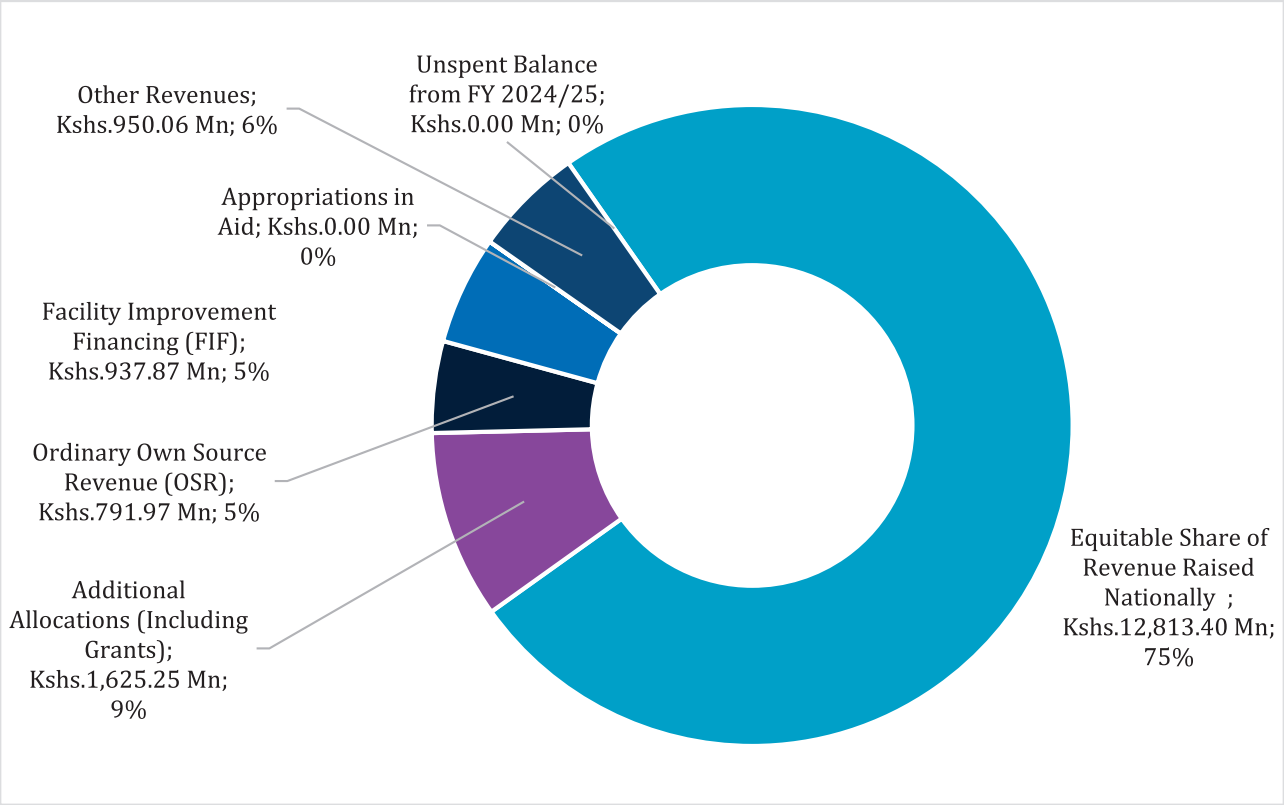
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
12	Kenya Devolution Support Programme (KDSP 2) LEVEL 1 GRANT	72,909,500			-	-
13	County Aggregation and Industrial Parks Programme	250,000,000	250,000,000		250,000,000	100
14	Community Health Promoters	116,100,000			-	-
15	Settlement of Doctors Salary Arears	58,281,743			-	-
16	Allocation for 0.5% of the housing levy fund to the county rural and urban affordable housing committee	1,987,622			-	-
17	Road Maintenance Fuel Levy (RMFL)	285,820,621			-	-
	Sub-Total	**3,949,961,871**	**1,625,254,747**	**-**	**1,625,254,747**	**41**
D	**Ordinary Own Source Revenue (OSR)**					
1	Land rates and other Land Revenue	510,707,511.30	149,421,233.41		149,421,233	29
2	Cess on natural resources	615,065,147.97	317,552,312.20		317,552,312	52
3	Business Permits	182,576,979.63	132,179,555.00		132,179,555	72
4	Parking Fees	148,773,539.48	38,310,294.00		38,310,294	26
5	Market Fees	71,360,820.27	24,770,129.00		24,770,129	35
6	Billboards and signage	21,857,779.72	33,815,843.00		33,815,843	155
7	Building Plan approval and Inspection	75,389,927.68	54,377,051.42		54,377,051	72
8	Rent/Stall rents	16,031,333.54	4,769,465.77		4,769,466	30
9	Survey fees and plot rents	4,004,112.69	28,000.00		28,000	1
10	Plot ground rent	45,630,309.23			-	-
11	House rent	42,198,366.39	9,193,034.20		9,193,034	22
12	Refuse Collection	2,664,722.30	16,000.00		16,000	1
13	Food Hygiene Fees	6,625,555.31	1,000.00		1,000	0
14	Liquor Licence	16,717,072.79	19,515,461.00		19,515,461	117
15	AMS&ATCs	11,679,111.86			-	-
16	Leasing of Plants and Equipment	22,605,644.82			-	-
17	Slaughterhouse and Livestock Sale Yards	2,561,028.88	1,100.00		1,100	0
18	Others	79,261,784.15	8,024,477.96		8,024,478	10
	Sub-Total	**1,875,710,748.00**	**791,974,956.96**	**-**	**791,974,957**	**42**
E	**Facility Improvement Financing (FIF)**					
1	SHIF	691,778,305.00	937,874,274.44		937,874,274.44	136
	Sub-Total	691,778,305.00	937,874,274	-	937,874,274	136
G	**Other Revenues**					
1	20% Share of Mineral Royalties	1,150,000,000	950,062,290			-

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
	Sub-Total	1,150,000,000.00	950,062,290	-	950,062,290	83
	Grand Total	**20,480,847,693**	**17,118,563,037**	**-**	**17,118,563,037**	**84**

Source: *Kilifi County Treasury*

The County has a governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.84 provides a detailed breakdown of receipts.

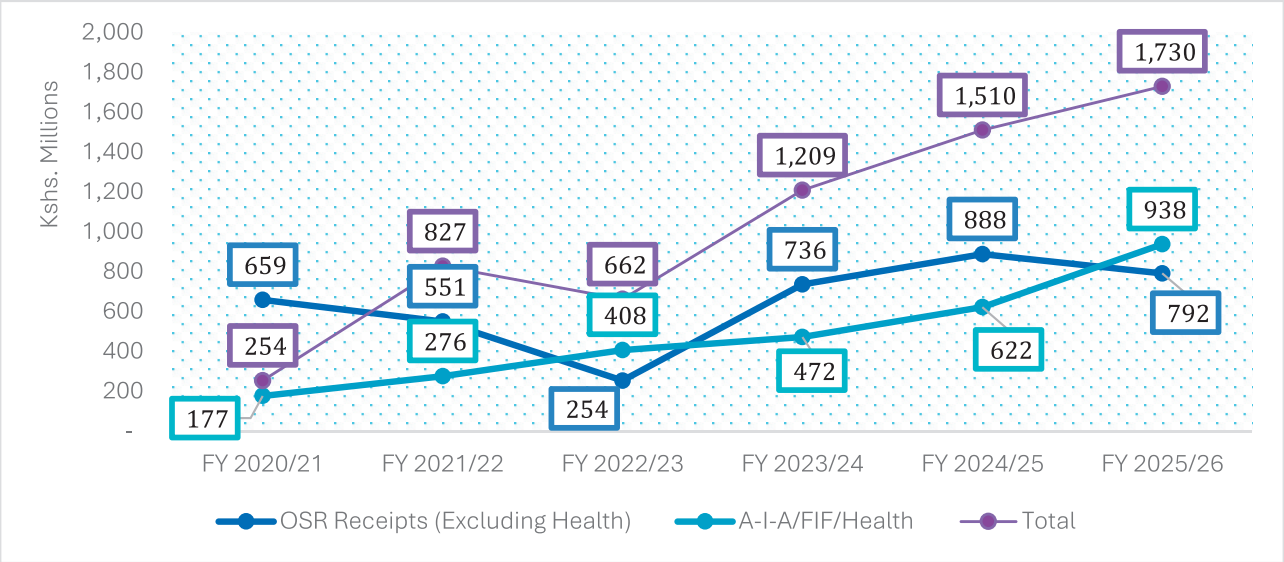
Figure 3.84: Kilifi County Composition of Revenue in FY 2025/26



Source: *Kilifi County Treasury*

The equitable share of revenue raised nationally, additional allocation from development partners, and share from mineral royalties contributed 74.85 per cent, 9.49 per cent and 5.55 per cent, respectively, of the total receipts for the reporting period. Figure 3.85 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.85: Kilifi County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

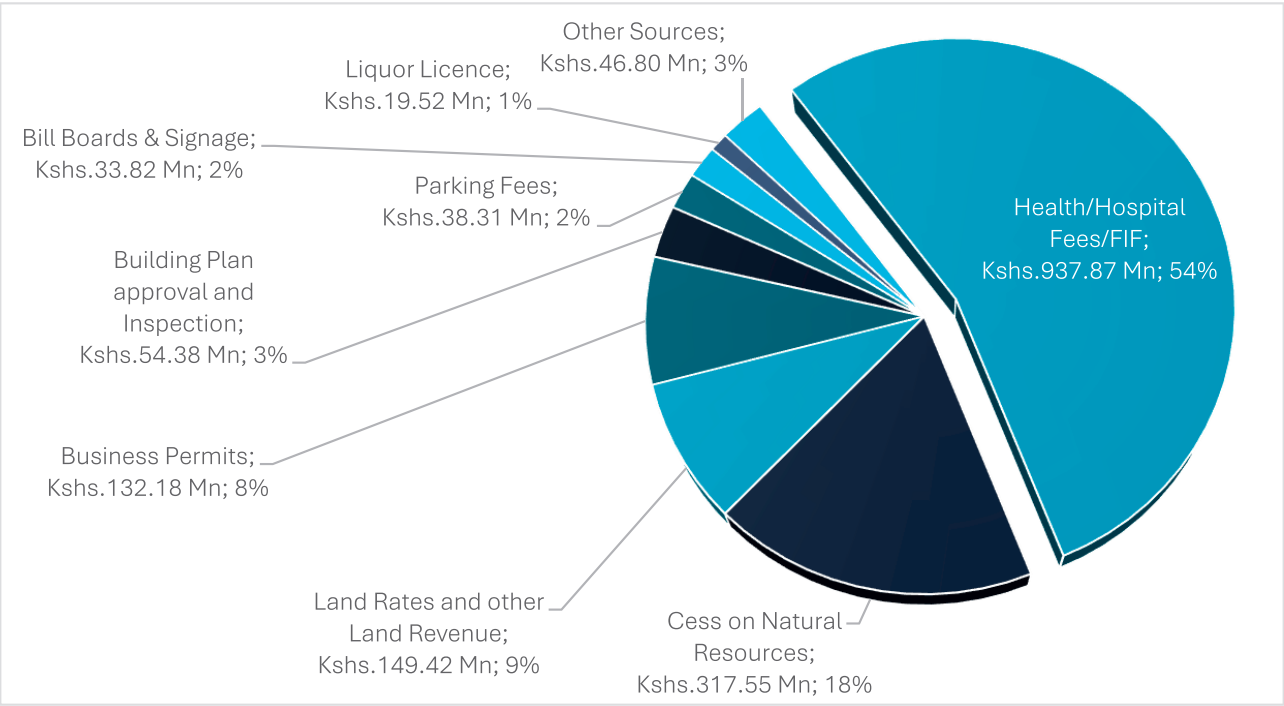


Source: *Kilifi County Treasury*

During the year, the County received Kshs.1.73 billion from OSR, including FIF. This amount was an increase of 14.57 per cent, compared to Kshs.1.51 billion realised in FY 2024/25, and was 67.38 per cent of the annual target and 13.50 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the mapping and automation of own-source revenue streams. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.86.

Figure 3.86: Kilifi County Top Own Source Revenue Streams in FY 2025/26



Source: *Kilifi County Treasury*

As shown in Figure 3.86, the largest revenue stream, at Kshs.937.87 million, was from FIF, accounting for 54.01 per cent of total OSR receipts.

3.15.3 Revenue Arrears

The County did not report any revenue arrears in FY 2025/26.

3.15.4 Borrowing by the County

The County did not report any form of borrowing in FY 2025/26.

3.15.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.15.45 billion from the Kilifi County Revenue Fund (CRF) account. This amount consisted of Kshs.5.38 billion (34.82 per cent) designated for development programmes and Kshs.10.07 billion (65.18 per cent) allocated for recurrent programmes.

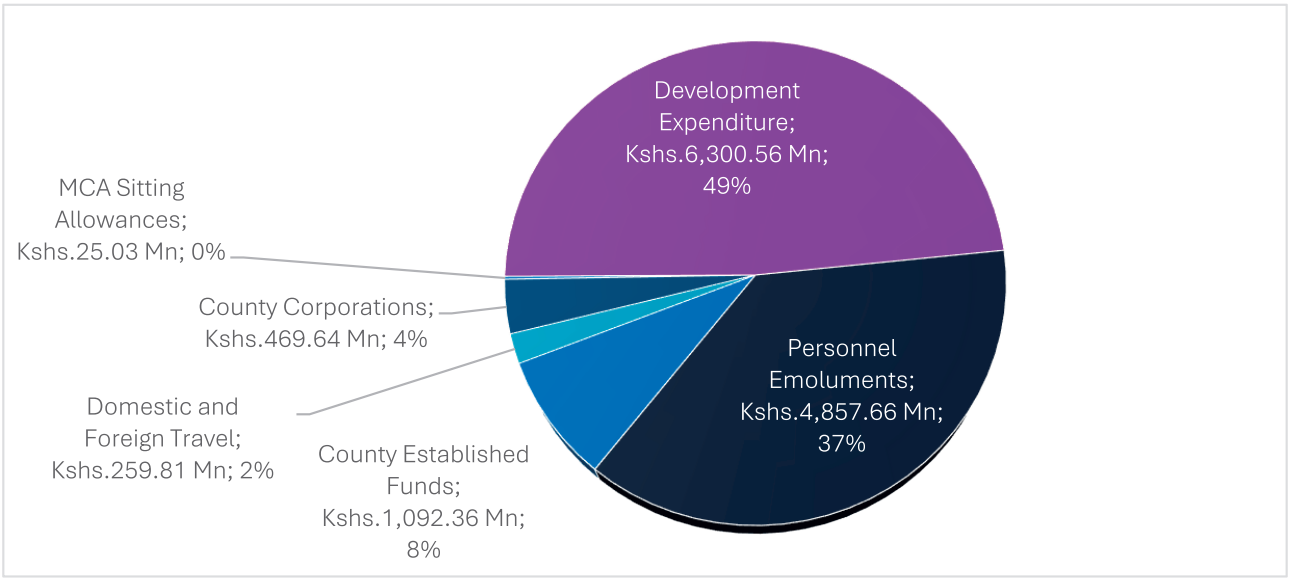
An analysis of the released recurrent exchequers shows that Kshs.4.86 billion was allocated to employee compensation and Kshs.5.89 billion to operations and maintenance expenditures. Within the operations and maintenance category, 4.20 per cent was for domestic travel and 0.21 per cent for foreign travel. The domestic travel exchequers totalled Kshs.247.58 million, which included Kshs.165.00 million for the County Executive and Kshs.120.00 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.12.23 million, with Kshs.9.63 million for the County Executive and Kshs.2.60 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Kilifi CRF account was Kshs.448.51 million.

3.15.6 Expenditure Review

The County spent Kshs.17.05 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 110.36 per cent of the total funds released by the CoB. It comprised Kshs.6.30 billion for development programmes and Kshs.10.75 billion for recurrent programmes. Expenditure on development programmes accounted for 84.50 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 82.50 per cent of the annual recurrent expenditure budget. Figure 3.87 provides a detailed breakdown of total expenditure.

Figure 3.87: Kilifi County Composition of Expenditure in FY 2025/26



Source: *Kilifi County Treasury*

As shown in Figure 3.87, the three highest expenditure categories were development, personnel emoluments, and County-established funds, contributing 49.10 percent, 37.20 percent, and 8.21 percent of the total expenditure for the reporting period.

3.15.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.41 billion in employee compensation, Kshs.5.50 billion in operations and maintenance, and Kshs.5.98 billion in development activities. Similarly, the County Assembly spent Kshs.452.49 million on employee compensation, Kshs.386.33 million on operations and maintenance, and Kshs.319.24 million on development activities, as shown in Table 3.226.

Table 3.226: Kilifi County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive					
Recurrent	**12,104,935,704**	**9,910,061,028**		**9,910,061,028**	**82**
Compensation to Employees	4,750,000,000	4,405,163,790		**4,405,163,790**	93
Operations & Maintenance	7,354,935,704	5,504,897,238		**5,504,897,238**	75
Development	6,962,310,159	5,981,318,040		**5,981,318,040**	86
Executive Sub-total	**19,067,245,863**	**15,891,379,068**	**0**	**15,891,379,068**	**83**
County Assembly					
Recurrent	**901,658,828**	**780,005,277**	**58,818,749**	**838,824,026**	**93**
Compensation to Employees	498,566,915	452,499,014		452,499,014	91
Operations & Maintenance	403,091,913	327,506,263	58,818,749	386,325,012	96
Development	**441,950,000**	**319,239,057**		**319,239,057**	**72**
Assembly Sub-total	**1,343,608,828**	**1,099,244,334**	**58,818,749**	**1,158,063,083**	**86**
Combined County Totals					
Total Recurrent	**13,006,594,532**	**10,690,066,305**	**58,818,749**	**10,748,885,054**	**83**
Compensation to Employees	5,248,566,915	4,857,662,804	0	4,857,662,804	93
Operations & Maintenance	7,758,027,617	5,832,403,501	58,818,749	5,891,222,250	76
Total Development	**7,404,260,159**	**6,300,557,097**	**0**	**6,300,557,097**	**85**
Grand Total	**20,410,854,691**	**16,990,623,402**	**58,818,749**	**17,049,442,151**	**84**

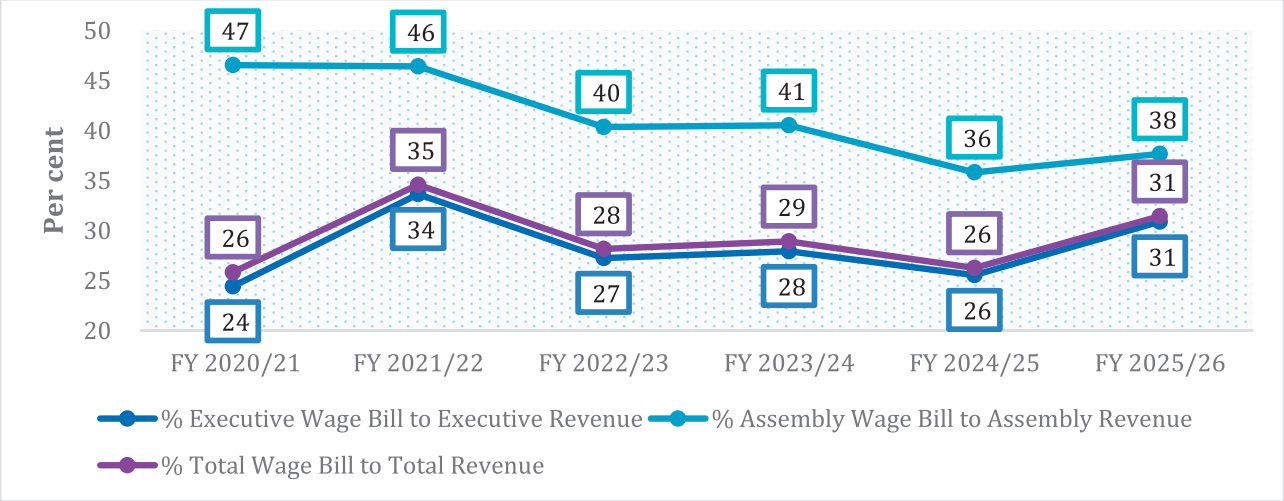
***Source**: Kilifi County Treasury*

3.15.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.4.86 billion, representing 28.39 per cent of revenue. This expenditure on employee compensation has increased compared to the Kshs.4.64 billion reported in FY 2024/25. Of this total, Kshs.1.83 billion related to Health Sector employees, accounting for 38.74 per cent of the overall employees' compensation.

Figure 3.88 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.88: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Kilifi County Treasury*

Further analysis indicated that PE costs totalling Kshs.4.83 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.31.74 million was processed through manual payrolls, which accounted for 0.65 per cent of the total PE cost. The justification for the continued use of manual payroll was that staff seconded from the national police service could not be onboarded to the HRIS.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS) and gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.227

Table 3.227: Analysis of Kilifi County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Top-up Allowances for security officers	2	156,800	Employees of the Police Service Commission	Awaiting advice from HRIS
2	Gratuity	212	31,581,043	Employee Gratuity not yet in HRIS	Following up with HRIS
	Total		**31,737,843**		

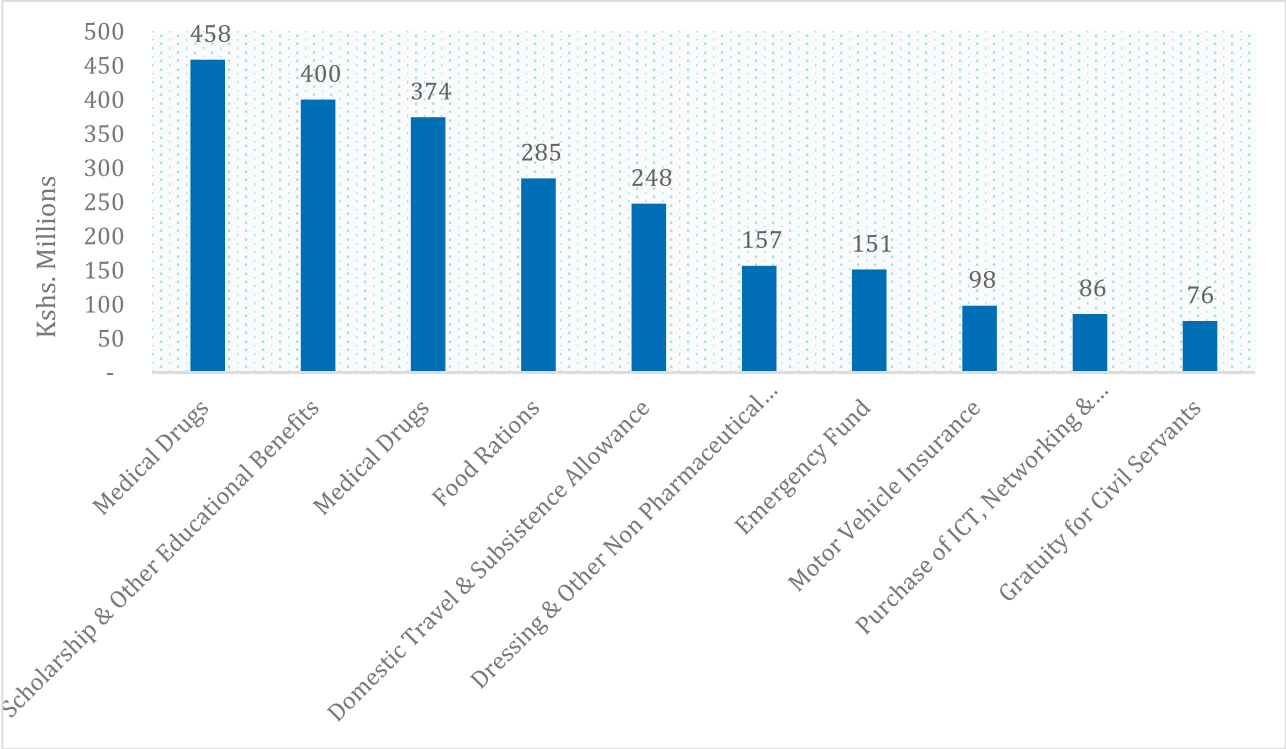
Source: Kilifi County Treasury

The County Assembly spent Kshs.25.03 million on committee sitting allowances for the 56 MCAs against the annual budget allocation of Kshs.28.00 million. The average monthly sitting allowance was Kshs.49,660 per MCA. The County Assembly has 23 House Committees.

3.15.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.5.83 billion on operations and maintenance, representing an increase 27.29 per cent compared to FY 2024/25, when the County spent Kshs.4.58 billion. Figure 3.89 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.89: Kilifi County, Operations and Maintenance Expenditure by Major Categories



Source: *Kilifi County Treasury*

3.15.10 Unbundling "Other Operating Expenses - Other" (IFMIS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.121.37 million on "other operating expenses - other," which accounted for 2.06 per cent of the total operations and maintenance expenditure of Kshs.5.89 billion. The disaggregated items under the "*Other Operating Expenses-other*" category are shown in Table 3.228.

Table 3.228: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted guards and cleaning Services	52,462,297.00	44,761,291.00
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	8,578,992.00	1,043,760.00
2211308	Legal Dues/fees, Arbitration and Compensation Payments	108,401,146.00	59,382,324.15
2211310	Contracted Professional Services	12,900,000.00	4,900,000.00
2211311	Contracted Technical Services	36,000,000.00	10,000,000.00
2211320	Temporary committee expenses	500,000.00	500,000.00
2211399	Other Operating Expenses - Other	2,500,000.00	779,500.00
Total		**221,342,435.00**	**121,366,875.15**

Source: *Kilifi County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include: contracted guards & cleaning services, subscriptions to professional bodies, legal fees, etc. These should have been mapped to the correct budget codes.

3.15.11 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.1.33 billion to County-Established funds in FY 2025/26, representing 6.51 per cent of the County's overall budget. Of this amount, the County allocated Kshs.250.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 1.22 per cent of the total budget. Table 3.229 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.229: Performance of Kilifi County Established Funds in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative Exchequer Issues to the Corporation since inception (Kshs.)
	County Executive Established Funds				
1	Kilifi County Car loan and Mortgage scheme fund	100,000,000	-	87,479,738	259,000,000
2	County Emergency Fund	250,000,000	220,000,000	220,014,603	1,570,000,000
3	Scholarship Fund	668,000,000	400,000,000	477,898,336	4,750,000,000
4	Climate Change Fund Account	261,245,854	285,074,172	256,970,115	456,804,889
	County Assembly Established Funds				
1	County Assembly Car Loan & Mortgage Scheme Fund	50,000,000	50,000,000	50,000,000	
	Total	**1,329,245,854**	**955,074,172**	**1,092,362,792**	**7,035,804,889**

Source: *Kilifi County Treasury*

3.15.12 County Corporations, Municipalities and Agencies

The County has 2 County Corporations, which were allocated Kshs.1.5 billion in FY 2025/26. The County Corporations did not submit their expenditure returns to CoB in the reporting period, as shown in Table 3.230.

Table 3.230: Performance of Kilifi County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Kilifi Mariakani Water Sanitation Company	750,000,000			
2	Malindi Water Sanitation Company	750,000,000			
Gazetted Municipalities					
1	Municipality of Mtwapa	70,500,000	70,500,000	70,500,000	142,750,000
2	Municipality of Malindi	220,028,663	220,028,663	68,191,933	916,316,839
3	Municipality of Kilifi	111,172,413	111,172,413	86,172,413	925,011,544.50
4	Municipality of Watamu	230,855,128	161,771,347	161,771,347	233,115,129
5	Municipality of Mariakani	83,000,000	83,000,000	83,000,000	176,998,476
	Total	**2,215,556,204.00**	**646,472,423**	**469,635,693**	**2,394,191,988**

Source: *Kilifi County Treasury*

3.15.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.247.58 million and comprised Kshs.107.61 million spent by the County Assembly and Kshs.139.97 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.23 million and comprised Kshs.2.60 million by the County Assembly and Kshs.9.63 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.231.

Table 3.231: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Actual Expenditure on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	2	September 2026	World forum on the future of democracy	Abudhabi	1,995,868		1,995,868
County Executive	1	September 2026	Engage key institutions within the Moroccan accountability ecosystem	Morroco	1,334,450		1,334,450
County Executive	2	April 2026	The 5th East Africa Congress of Accountants 2026 at Donatus Conference Centre in Bujumbura, Burundi	Burundi	993,170		993,170
County Executive	2	May 2026	Leadership Summit at Conrad Singapore Marina Bay	Singapore	1,834,220		1,834,220
County Executive	1	September 2025	To engage with key institutions within Morocco's accountability ecosystem.	Nairobi-Rabat	1,334,450.45		1,334,450.45
County Executive	1	June 2025	The establishment of a public-private partnership in Abu Dhabi and Dubai	Dubai		1,115,229	1,115,229.20
County Executive	1		Being payment for attending the Med or Italian foundation events in Rome, Italy			1,024,274	1,024,274.40
Total					**7,492,158**	**2,139,504**	**9,631,662**

Source: Kilifi County Treasury

3.15.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.937.87 million as FIF, which was 135.57 per cent of the annual target.691.78 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 expenditure by the health facilities amounted to Kshs.937.87 million, as shown in Table 3.232.

Table 3.232: Kilifi County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	396,370,180	395,708,865	99.83
2.	Level 4 Hospital	7	295,408,125	542,165,410	183.53
	Total		**691,778,305.00**	**937,874,274.58**	**135.57**

Source: *Kilifi County Treasury*

The County surpassed its annual target with an absorption rate of 135.57 per cent, raising concerns about whether the additional expenditures were properly appropriated and approved.

3.15.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.6.30 billion on development programmes, exceeding its annual target and achieving an absorption rate of 84.5 per cent. This raised concerns about whether the additional expenditure was properly appropriated and approved. a decrease of 6.11 per cent compared to FY 2024/25, when the County spent Kshs.6.71 billion. Table 3.233 summarises the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to technical challenges with the Electronic Government Procurement (e-GP) system.

Table 3.233: Kilifi County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
County Funded Projects										
1	Public Service Management	Construction of Kilifi County Office Complex	Sokoni Ward	2024-2025	2025-2026	499.99	225.00	120.41	345.41	70
4	Finance	Refurbishment of County Government Treasury	County Treasury - Kilifi	2023-2024	2025-2026	34.04	8.00	7.04	15.04	61

Source: *Kilifi County Treasury*

The County reported 10 stalled development projects as of 30 June 2026, with an estimated value of Kshs.143.35 million, of which Kshs.43.26 million has already been paid. The ten stalled projects is shown in Table 3.234.

Table 3.234: Kilifi County Stalled Projects as of 30 June 2026

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)
1	Health & Sanitation	Renovation/Completion of Muyuni Dispensary	Muyuni	2024	2025	10,318,163		-
2	Health & Sanitation	Construction of Kaya Dispensary	Kaya	2024	2026	2,811,809		2,811,809
3	Health & Sanitation	Construction of twin staff house at Kaoyeni dispensary	Kaoyeni	2024	2026	10,587,522	10,587,522	2,493,142
5	Health & Sanitation	Construction Of Chiferi Dispensary	Chiferi			48,000,000	13,000,000	5,000,000

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)
6	Health & Sanitation	Completion Of Mwatsama Dispensary	Mwatsama			7,000,000	1,568,000	-
7	County Attorney	Construction and Equipping of Mtwapa Courthouse	Shimo la Tewa			56,528,758	10,000,000	-
8	Education	Proposed Completion of 2nd Generation ECDE at Tezo	Tezo			1,800,000	1,800,000	
9	Education	Proposed renovation of Tangini kwa Kagumba ECDE and completion of toilets	Gongoni			4,000,000	4,000,000	
10	Education	Construction of 2 no. and 4no. cubicle pit latrines at Zowerani VDC pre-school in Tezo ward	Tezo			2,300,000	2,300,000	

Source: Kilifi County Treasury

The County did not provide information on the causes of the stalled projects and its intended recovery plan.

3.15.16 Budget Performance by Department

Table 3.235 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.235: Kilifi County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	921.65	491.95	899.57	301.75	838.82	319.24	93.2	105.8	91.0	64.9
County Division for Office of the Governor	588.61		381.48	-	541.58	-	142.0	-	92.0	-
County Division for Finance	1,105.88	127.24	549.12	123.72	937.80	604.85	170.8	488.9	84.8	475.4
County Division for Agriculture	301.07	408.23	300.95	325.13	340.87	624.78	113.3	192.2	113.2	153.0
County Public Service Boards	136.36		54.33	-	122.54	-	225.6	-	89.9	-
County Division for Public Service Management	890.20	150.00	651.19	137.82	863.20	136.59	132.6	99.1	97.0	91.1
County Division for County Attorney	112.55	10.00	29.10	-	108.84	16.33	374.0	-	96.7	163.3
County Division for Economic Planning	127.73		72.70	-	101.44	-	139.5	-	79.4	-
County Division for Livestock	13.57	70.46	0.99	-	10.24	55.76	1,038.0	-	75.4	79.1
County Division for Information Communication Technology	35.30		16.34	-	20.77	-	127.1	-	58.8	-

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 Division for Cooperative Development	17.92		2.00	-	20.25	-	1,012.3	-	113.0	-
County Division for Resource Mobilisation	131.30		55.40	-	165.30	-	298.4	-	125.9	-
County Division for Blue Economy	10.05	36.99	3.17	-	8.27	69.19	261.0	-	82.3	187.1
County Division for Water Services	135.69	1,384.62	81.48	806.23	106.89	480.74	131.2	59.6	78.8	34.7
County Division for Environment and Natural Resources	405.31	5.00	194.48	-	70.07	-	36.0	-	17.3	-
County Division for Early Childhood Education and Vocational Training	1,551.34	387.22	1,272.02	157.18	1,321.32	190.13	103.9	121.0	85.2	49.1
County Division for Health and Sanitation Services	4,706.03	479.16	4,276.74	479.16	3,301.14	147.78	77.2	30.8	70.1	30.8
County Division for Roads and Transport Services	319.81	1,365.24	284.21	1,365.24	327.51	1,623.62	115.2	118.9	102.4	118.9
County Division for Public Works	21.18		8.06	-	-	-	-	-	-	-
County Division for Gender and Social Services	103.06	206.29	102.15	144.48	96.03	313.93	94.0	217.3	93.2	152.2
Youth Affairs & Sports	19.69	315.50	5.08	147.83	20.14	453.43	396.9	306.7	102.3	143.7
County Division for Trade Development	129.46	600.30	128.82	309.08	116.23	234.37	90.2	75.8	89.8	39.0
County Division for Tourism Promotion	23.15		16.15	-	20.09	-	124.4	-	86.8	-
County Division for Devolution & Civic Education	466.32	48.00	338.56	32.74	474.66	-	140.2	-	101.8	-
County Division for Special Programmes & Disaster Management	500.49		196.19	-	554.08	-	282.4	-	110.7	-

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
County Division for the County Secretary	25.84		2.98	-	49.18	-	1,649.5	-	190.3	-
County Division for lands	119.12	105.50	95.67	81.67	114.79	100.54	120.0	123.1	96.4	95.3
County Division for Energy	80.00	130.50	49.12	-	78.00	128.00	158.8	-	97.5	98.1
County Division for Physical Planning, Urban Development & Housing	23.90	874.12	-	739.12	17.22	758.85	-	102.7	72.1	86.8
County Division for Forestry and Climate Change	4.00	257.94	-	230.74	1.61	42.40	-	18.4	40.2	16.4
Total	**13,026.59**	**7,454.26**	**10,068.04**	**5,381.91**	**10,748.89**	**6,300.56**	**106.8**	**117.1**	**82.5**	**84.5**

Source: *Kilifi County Treasury*

Analysis of expenditure by departments shows that the Department of Energy recorded the highest absorption rate of development budget at 98.10 per cent, followed by the Department of Lands at 95.30 per cent. The Department of Energy had the highest percentage of recurrent expenditure to budget at 97.5 per cent, while the Department of Environment & Natural Resources had the lowest at 17.3 per cent.

3.15.17 Budget Execution by Programmes and Sub-Programmes

Table 3.236 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.236: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Agriculture, Livestock, and Blue Economy				
	Administration & planning	520,678,110	749,741,613	100
Department of Lands, Housing and Energy				
	Administration & planning	1110121368	987,394,227.55	88.94
Department Executive				
	Administration & planning	20,000,000	16,329,088	81.65
Department Health				
	Administration & planning	786837292.90	639,053,126	81.22
Department of Finance and Economic Planning				
	Administration & planning	829,425,061	604,849,156	72.92
Department Roads and Public Works				
Recurrent				
Department of Agriculture, Livestock and Blue Economy				
	Administration &planning	324,693,608	359,375,808	100

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Department of Public Service Management and Devolution				
	Administration &planning	1,356,527,941	1,337,854,766	98.62
Department Roads and Public Works				
	Administration &planning	340,989,305	327,510,572.15	96.05
Department of Gender and Sports				
	Administration &planning	122,753,557	116,176,983.75	94.64
Department Health				
	Administration &planning	3,498,305,219	3,301,142,521	94.36

Source: *Kilifi County Treasury*

The development sub-programmes with the highest budget implementation rates were: Administration & Planning in the Department of Agriculture at 100.00 per cent, Administration & Planning in the Department of Lands at 88.94 per cent, and Administration & Planning in the Office of the Governor at 81.65 per cent.

For recurrent sub-programmes, the top performers included: administration and planning in the Department of Agriculture at 100 per cent, administration and planning in the Department of Public Service Management at 98.62 per cent, and administration and planning in the Department of Roads and Public Works at 96.05 per cent.

The higher performance of these programmes was attributed to the timely payment of pending bills.

Table 3.237 summarises budget execution by programme and sub-programme for the period.

Table 3.237: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Agriculture, Livestock, and Blue Economy				
Department Roads and Public Works				
	Administration & planning	2,365,244,925	1,623,618,111.98	68.64
Department of Early Childhood and ICT				
	Administration & planning	387,223,747	190,130,309.05	49.10
Department of Trade, Tourism and Cooperative				
	Administration & planning	504,300,000	234,374,657.15	46.48
Department of Public Service Management and Devolution				
	Administration & planning	369,664,576	138,269,319.60	37.40
Department of Water, Environment and Climate Change				
	Administration & planning	1,804,552,529	523,135,483.25	28.99
Recurrent				
Department of Agriculture, Livestock, and Blue Economy				
Department of Public Service Board				
	Administration &planning	136,357,992	122,544,261	89.87
Department of Finance and Economic Planning				
	Administration &planning	1,364,905,625	1,204,537,819	88.25
Department: Early Childhood and ICT				
	Administration &planning	1,583,638,604	1,342,089,924.65	84.75

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Department of Water, Environment and Climate Change				
	Administration &planning	545,002,307	178,567,054	32.76

Source: *Kilifi County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: administration and planning in the Department of Water at 28.99 per cent, administration and planning in the Department of Public Service Management at 37.40 per cent, and administration and planning in the Department of Trade at 46.48 per cent.

For recurrent sub-programmes, the poorest performers included: administration and planning in the Department of Water at 32.76 per cent, administration and planning in the Department of Education at 84.75 per cent, and administration and planning in the Department of Finance and Economic Planning at 88.25 per cent.

These lower performance levels were attributed to technical challenges in the Electronic Government Procurement System (eGP).

3.15.18 Settlement of Trade Payables

As of 1 July 2025, the County reported pending bills totalling Kshs.9.54 billion. This amount included Kshs.9.19 billion from the County Executive and Kshs.358.02 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.3.82 billion for recurrent expenditures and Kshs.5.36 billion for development expenditures.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.6.39 billion, comprising Kshs.5.91 billion (92.41 per cent) for recurrent programmes and Kshs.485.43 million (7.59 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.56.07 million, comprising Kshs.56.07 million (100.00 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.7.82 billion for County Executive and Kshs.274.12 million for County Assembly. Table 3.238 provides additional details of trade payables.

Table 3.238: Kilifi County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	**a**	County Executive	5,367,385,530.00	4,076,628,934.00	9,444,014,464.00
		County Assembly	88,352,600.04	129,210,301.96	217,562,902.00
		Total	**5,455,738,130.04**	**4,205,839,235.96**	**9,661,577,366.00**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	**b**	County Executive	2,185,883,443.86	656,978,601.87	2,842,862,045.73
		County Assembly	86,902,600.04	156,679,363.00	243,581,963.04
		Total	**2,272,786,043.90**	**813,657,964.87**	**3,086,444,008.77**
Amount paid in FY 2025/26	**c**	County Executive	485,426,028.99	5,907,470,710.70	6,392,896,739.69
		County Assembly	56,068,233.04		56,068,233.04
		Total	**541,494,262.03**	**5,907,470,710.70**	**6,448,964,972.73**
Trade Payables Incurred in FY 2025/26	**d**	County Executive	868,044,417.35	812,388,493.12	1,680,432,910.47
		County Assembly	4,293,067.00	108,329,724.00	112,622,791.00
		Total	872,337,484.35	920,718,217.12	1,793,055,701.47
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**3,889,241,299.52**	**3,928,162,848**	**7,817,404,147.45**
		County Assembly	**36,577,434.00**	**237,540,026**	**274,117,459.96**
		Total	**3,925,818,733.52**	**4,165,702,873.89**	**8,091,521,607.41**

Source: *Kilifi County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.2.84 billion and Kshs.243.58 million, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.6.39 billion for the Executive and Kshs.56.06 million for the Assembly.

Table 3.239 and Table 3.240 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which amounted to Kshs.8.09 billion.

Table 3.239: Kilifi County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**868,044,417.35**	**1,169,001,029.76**	**1,029,674,386.75**	**822,521,465.66**	**3,889,241,299.52**
Recurrent Trade Payables (Goods & Services)	592,662,514.30	1,628,677,952.66	579,244,289.02	715,775,932.83	**3,516,360,688.81**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	199,488,567.22	70,259,949.44	1,637,572.60	5,223,663.85	**276,609,753.11**
Recurrent Trade Payables (Staff Claims)	20,237,411.60	29,191,090.30	29,617,975.40	56,145,928.71	**135,192,406.01**
Total Recurrent Trade Payables	**812,388,493.12**	**1,728,128,992.40**	**610,499,837.02**	**777,145,525.39**	**3,928,162,847.93**
Total Trade Payables	**1,680,432,910.47**	**2,897,130,022.16**	**1,640,174,223.77**	**1,599,666,991.05**	**7,817,404,147.45**
% of Total	**21%**	**37%**	**21%**	**20%**	**100%**

Source: *Kilifi County Treasury*

Table 3.240: Kilifi County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**-**	4,393,067	**-**	**-**	**4,393,067**
Recurrent Trade Payables (Goods & Services)	-	103,929,724	125,780,490	44,407,246	**274,117,460**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	50,159,030	-	-	**50,159,030**
Recurrent Trade Payables (Staff Claims)	3,400,000	-	-	-	**3,400,000**
Total Recurrent Trade Payables	3,400,000	154,088,754	125,780,490	44,407,246	**327,676,490**
Total Trade Payables	**3,400,000**	**158,481,821**	**125,780,490**	**44,407,246**	**332,069,557**
% of Total	**1.02**	**47.73**	**37.88**	**13.37**	**100**

Source: *Kilifi County Treasury*

As shown in Table 3.239 and Table 3.240, the total salary arrears and statutory deductions for trade payables amounted to Kshs 276.61 million, which represented 3.41 per cent of the total trade payables of Kshs 8.09 billion as of 30 June, 2026. The statutory deductions included salary arrears of Kshs.276.61 million.

Additionally, the two tables indicate that 37.00 per cent of total trade payables are aged between one and two years, a trend attributed to unrealistic own-source revenue targets, resulting in a budget deficit. To address this situation, the county should ensure that the annual own-source revenue target is based on actual historical trends.

3.15.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 19 accounts across CBK and commercial banks.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 19 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.15.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.1.73 billion against an annual target of Kshs.2.57 billion, representing 67.01 per cent of the financial year target.

ii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.235.

iii. The County reported budget over-absorption for several budgetary allocations in FY 2025/26. For instance, the County Division for Finance showed a development absorption rate of 475.4%, while the County Division for the County Attorney (development) reported a rate of 163.3%. This raises concerns about whether the County Treasury permitted expenditures on unappropriated activities.

iv. High level of trade payables, which amounted to Kshs.8.09 billion as of 30 June 2026. Furthermore, the County Assembly did not adhere to the trade payables payment plan.

v. Personnel emoluments amounting to Kshs.31.74 million for staff not onboarded into HRIS, accounting for 0.65 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

vi. 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.

vii. The County reported Kshs.221.34 million under "other operating expenses - Other," accounting for 3.76 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

viii. 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 2026.

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 Treasury, in accordance with its oversight responsibilities outlined in Sections 104 and 105 of the Public Finance Management Act (Cap 412 A), should ensure that no expenditure is incurred on activities that have not been appropriated, even if the County overcollects from revenue streams, including the Financial Improvement Fund (FIF).

iv. *The County Leadership should ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables 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 Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

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

3.16. County Government of Kisii

3.16.1 Overview of FY 2025/26 Budget

The Kisii County Approved Supplementary II Budget for FY 2025/26 was Kshs.20.16 billion. It comprised Kshs.7.73 billion (38.34 per cent) and Kshs.12.43 billion (61.66 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.5.00 billion (33.03 per cent) from the FY 2024/25 budget, comprising a development budget of Kshs.6.15 billion and a recurrent budget of Kshs.9.00 billion. The increase in the budget was primarily attributed to the rising local revenue targets.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.9.82 billion (49.71 per cent), additional allocations of Kshs.1.21 billion (6.02 per cent), a cash balance brought forward from FY 24/25 of Kshs.5.41 billion (26.83 per cent) and Kshs.3.72 billion (18.44 per cent) were generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.241.

3.16.2 Revenue Performance

During the year, the County reported total receipts of Kshs.16.50 billion. This amount represented an increase of 8.66 per cent compared to the amount received in FY 2024/25, in the amount of Kshs.14.19 billion. The total revenue consisted of Kshs.9.82 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.855.58 million, and own-source revenue (OSR) collection of Kshs.2.77 billion. Additionally, the County had a cash balance of Kshs.3.05 billion from FY 2024/25. The total OSR collection of Kshs.2.77 billion included Facilities Improvement Financing (FIF) of Kshs.1.74 billion, ordinary local revenue of Kshs.743.43 million and Kshs.285.35 million from other OSR sources. Table 3.241 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.241: Kisii County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		A	B	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**				
1	Balance at CRF	5,380,524,079	3,022,330,984	3,022,330,984	**56.17**
2	County Executive Refunds to CRF	28,235,082	28,235,082	28,235,082	**100.00**
3	County Assembly Refunds to CRF	921,455	921,455	921,455	**100.00**

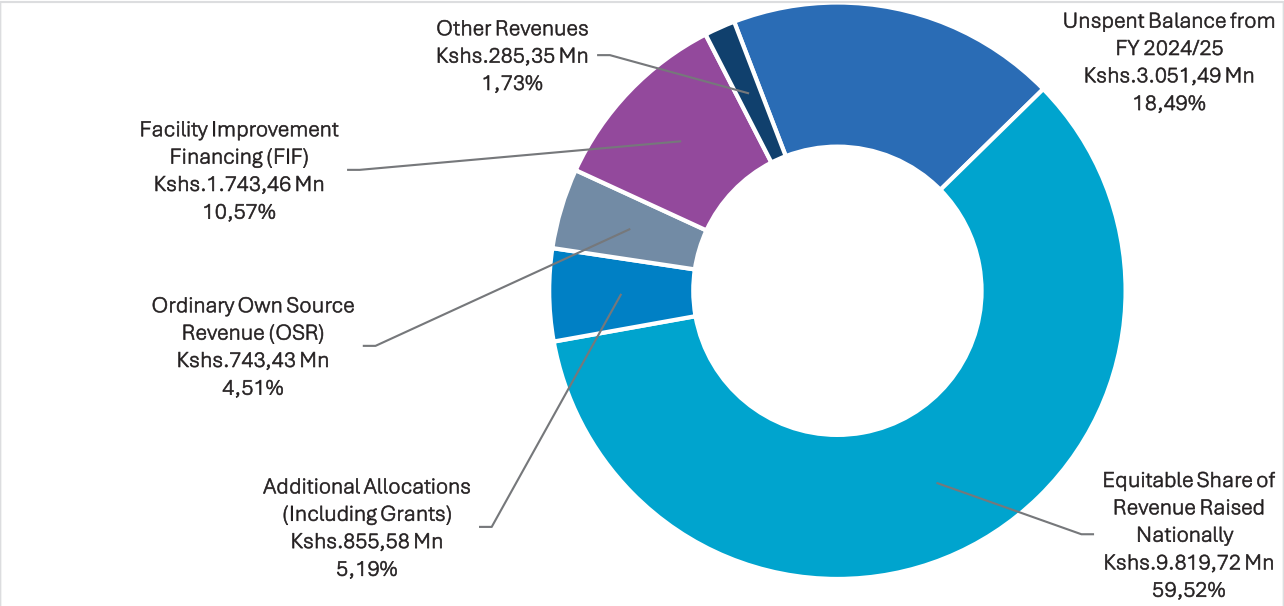
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		A	B	D	F=D/A*100
	Sub-Total	**5,409,680,616**	**3,051,487,521**	**3,051,487,521**	**56.41**
B	**Equitable Share of Revenue Raised Nationally**				
1	Equitable Share of Revenue	9,819,721,768	9,819,721,768	9,819,721,768	**100.00**
	Sub-Total	**9,819,721,768**	**9,819,721,768**	**9,819,721,768**	**100.00**
C	**Additional Allocations (Including Grants)**				
1	**Unconditional Additional Allocations to County Governments**				
A	Allocations for 20% Share of Mineral Royalties	682,562	682,562	682,562	**100.00**
2	**Conditional Additional Allocations from the National Government's**				
A	Settlement of Doctors' Salary Arrears	72,428,277	_	_	**-**
B	Community Health Promoters (CHPs) Programme	88,200,000	_	_	**-**
C	County Aggregation and Industrial Parks (CAIPs) Programme	250,000,000	127,894,740	127,894,740	**51.16**
D	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	_	-	**-**
E	Road Maintenance Levy Fund (RMLF)	-	_	_	**-**
3	**Conditional Allocations from Loans and Grants**				
1	(IFAD) Loan for the Aquaculture Business Development Project (ABDP)	15,547,000	_	_	**-**
2	DANIDA	8,856,000	_	_	**-**
3	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	36,000,000	35,253,471	35,253,471	**97.93**
4	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,000,000	159,604,239	159,604,239	**45.34**
5	Kenya Urban Project (KUSP)-Urban Institutional Grant (UIG)	35,000,000	26,000,000	26,000,000	**74.29**
6	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	110,000,000	109,260,768	109,260,768	**99.33**
7	National Agricultural Value Chain Development Project (NAVCDP)-World Bank Credit	231,250,000	230,810,027	230,810,027	**99.81**
8	Primary Health Care in Devolved Context (PHDC) Programme	12,546,000	12,546,000	12,546,000	**100.00**
	Sub-Total	**1,214,497,460**	**855,582,918**	**855,582,918**	**70.45**
D	**Ordinary Own Source Revenue (OSR)**				
1	Property rates	230,000,000	112,628,932	112,628,932	**48.97**
2	Business Permits Current Year	300,000,000	162,148,944	162,148,944	**54.05**
3	Fruits & Vegetables / Agricultural Produce Cess	55,000,000	12,803,727	12,803,727	**23.28**
4	Miscellaneous income	10,000,000	11,564,957	11,564,957	**115.65**
5	County Premises Monthly Rent	65,000,000	10,536,398	10,536,398	**16.21**
6	Market Entrance / Gate Fee	100,000,000	35,022,950	35,022,950	**35.02**
7	Market Plots Rent	45,000,000	7,245,554	7,245,554	**16.10**

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		A	B	D	F=D/A*100
8	Enclosed Bus Park Fee (Matatu monthly stickers)	86,000,000	78,047,522	78,047,522	**90.75**
9	Motorcycle parking stickers	60,000,000	15,852,300	15,852,300	**26.42**
10	Street Parking Fee	86,000,000	51,053,653	51,053,653	**59.36**
11	Social Hall Hire	10,000,000	100,000	100,000	**1.00**
12	Stadium Hire	40,000,000	223,401	223,401	**0.56**
13	Slaughterhouse Fee	5,000,000	1,822,400	1,822,400	**36.45**
14	Buildings Plan Approval Fee	110,000,000	55,923,874	55,923,874	**50.84**
15	Sign Boards & Advertisement Fee	95,000,000	85,880,344	85,880,344	**90.40**
16	Fire-Compliance Fee	20,000,000	27,243,100	27,243,100	**136.22**
17	Administrative fees	19,000,000	8,079,790	8,079,790	**42.53**
18	Disposal of Assets	12,000,000	-	-	**-**
19	Environmental fees	50,000,000	37,214,041	37,214,041	**74.43**
20	Weights and measures	16,000,000	2,091,500	2,091,500	**13.07**
21	Sale of fingerlings	11,000,000	299,520	299,520	**2.72**
22	Revenue from Kisii Agricultural Training Centre	42,000,000	27,644,399	27,644,399	**65.82**
	Sub-Total	**1,467,000,000**	**743,427,306**	**743,427,306**	**50.68**
E	**Facility Improvement Financing (FIF)**				
1	Revenue from KTRH	1,300,000,000	1,243,347,436	1,243,347,436	**95.64**
2	Facility Improvement Fund (FIF)	400,000,000	500,116,268	500,116,268	**125.03**
	Sub-Total	**1,700,000,000**	**1,743,463,703**	**1,743,463,703**	**102.56**
F	**Other Revenues**				**-**
1	Liquor Licensing Fund	50,000,000	12,907,103	12,907,103	**25.81**
2	Veterinary Fund	_	10,738,770	10,738,770	**Above 100**
3	KIWASCO	500,000,000	261,708,536	261,708,536	**52.34**
	Sub-Total	**550,000,000**	**285,354,409**	**285,354,409**	**51.88**
Total		**20,160,899,844**	**16,499,037,626**	**16,499,037,62**	**81.84**

Source: *Kisii County Treasury*

The County did not report any revenue arrears as of 30 Jun 2026. Figure 3.90 provides a detailed breakdown of receipts.

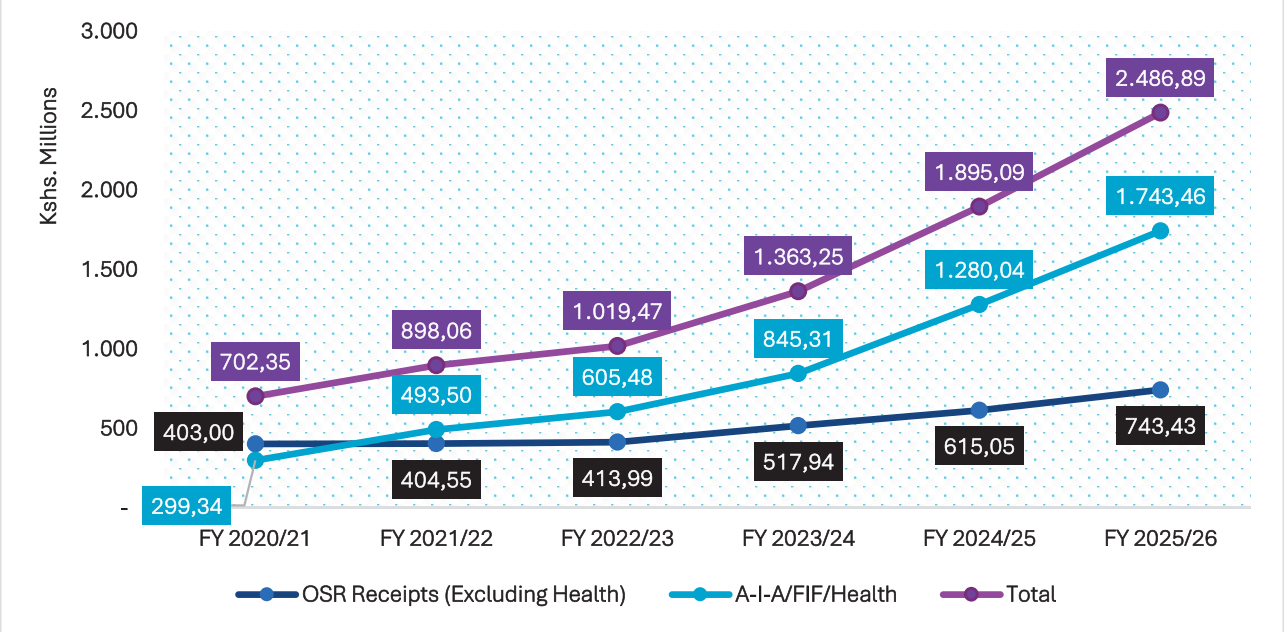
Figure 3.90: Kisii County Composition of Revenue in FY 2025/26



Source: *Kisii County Treasury*

The equitable share of revenue raised nationally, Unspent Balance from FY 2024/25, and FIF contributed 60 per cent, 18 per cent and 11 per cent, respectively, of the total receipts for the reporting period. Figure 3.91 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.91: Kisii County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

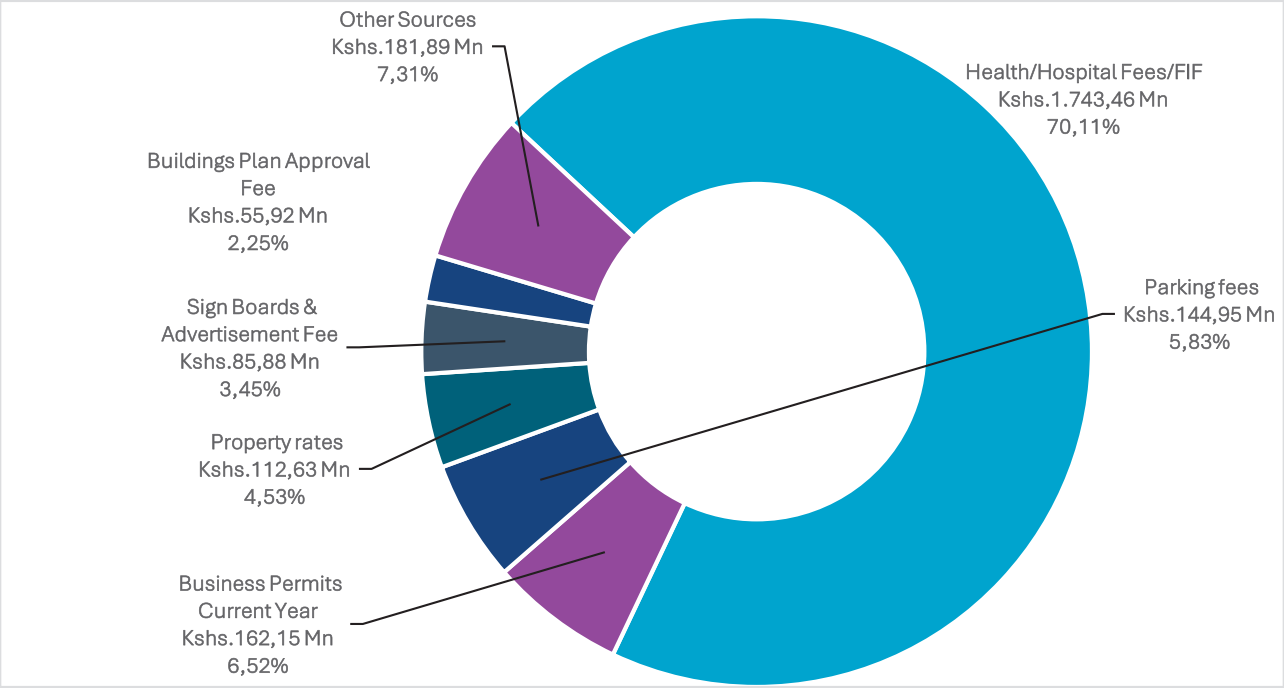


Source: *Kisii County Treasury*

During the year, the County received Kshs.2.49 billion from OSR, including FIF. This amount was an increase of 31.22 per cent compared to Kshs.1.90 billion realised in FY 2024/25, and was 102.56 per cent of the annual target and 10.57 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the deployment of additional enforcement personnel at revenue collection outlets and the introduction of penalties for vendors/clients operating without licenses and for late payments. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.92.

Figure 3.92: Kisii County Top Own Source Revenue Streams in FY 2025/26



***Source**: Kisii County Treasury*

As shown in Figure 3.92, the largest revenue stream, at Kshs.1.74 billion, was Health/Hospital Fees/FIF, accounting for 70.11 per cent of total OSR receipts. The County Government indicated that it has automated all 22 revenue streams. The system utilised for FIF revenue collection is Fun Soft, which has been in use since 2011.

3.16.3 Revenue Arrears

As of 1 Jul 2025, the County reported Revenue Arrears of Kshs.948.34 million, which increased to Kshs.1.37 billion as of 30 Jun, 2026. The County currently tracks its Revenue Arrears using the Jambo Pay automated system, with an accrual-basis option. Table 3.242 presents a breakdown of the County's Revenue Arrears.

Table 3.242: Kisii County Revenue Arrears as of 30 Jun 2026

No	Revenue Stream	Revenue Arrears as of 1 Jul 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 Jun 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Additional Allocations**					
1	National Agricultural Value Chain Development Project (NAVCDP)	71,253,967	_	71,253,967	439,973	439,973
2	Primary Health Care in Devolved Context (PHDC) Programme	25,276,500	_	25,276,500	-	-
3	Finance Locally Led Climate Act IDA	153,531,111	_	153,531,111	-	-
4	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	_	_	_	746,529	746,529
5	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	_	_	_	192,395,761	192,395,761
6	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	_	_	_	9,000,000	9,000,000

No	Revenue Stream	Revenue Arrears as of 1 Jul 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 Jun 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
7	Settlement of Doctors' Salary Arrears	–	–	–	72,428,277	72,428,277
8	Community Health Promoters (CHPs) Programme	–	–	–	88,200,000	88,200,000
9	County Aggregation and Industrial Parks (CAIPs) Programme	–	–	–	122,105,261	122,105,261
10	Allocations for 0.5 per cent of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	–	–	–	1,987,622	1,987,622
11	(IFAD) Loan for the Aquaculture Business Development Project (ABDP)	–	–	–	15,547,000	15,547,000
12	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	–	–	–	739,232	739,232
13	Danida	–	–	–	8,856,000	8,856,000
	Sub-Total	**250,061,578**		**250,061,578**	**512,445,654**	**512,445,654**
B	**Ordinary Own Sources of Revenue**					
1	Land rate	620,498,120	-	5,605,375	161,216,857	776,109,602
2	County housing Rent	1,282,850	-	4,525,455	8,128,800	4,886,195
	Sub-Total	**621,780,970**	**-**	**10,130,830**	**169,345,657**	**780,995,797**
C	**Facility Improvement Financing (FIF)**					
1	SHIF	76,493,436	-	132,073,750	132,073,750	76,493,436
	Sub-Total	**76,493,436**	-	**132,073,750**	**132,073,750**	**76,493,436**
Total		**948,335,984**	**-**	**392,266,158**	**813,865,061**	**1,369,934,887**

Source: Kisii *County Treasury*

As of 30 Jun 2026, the revenue arrears totalled Kshs.1.37 billion, comprising Kshs.512.45 million for additional allocations (37.41 per cent), Kshs.781.00 million for Ordinary Own Source Revenue and Kshs.76.49 million for Facility Improvement Financing (FIF). The measures instituted by the County to collect the outstanding Revenue Arrears in FY 2025/26 include enhanced enforcement through the issuance of demand notices. A task force has been formed to examine uncollectible arrears and issue a report on the matter.

3.16.4 Borrowing by the County

The County did not report any borrowing in FY 2025/26.

3.16.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.13.22 billion from the Kisii County Revenue Fund (CRF) account. This amount consisted of Kshs.3.61 billion (27.29 per cent) designated for development programs and Kshs.9.61 billion (72.71 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.6.49 billion was allocated to employee compensation and Kshs.3.15 billion to operations and maintenance expenditures. Within the operations and maintenance category, 8.42 per cent was for domestic travel and 1.18 per cent for foreign travel. The domestic travel exchequers totalled Kshs.265.12 million, which included Kshs.78.02 million for the County Executive and Kshs.187.10 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.37.19 million, with Kshs.14.11 million for the County Executive and Kshs.23.08 million for the County Assembly.

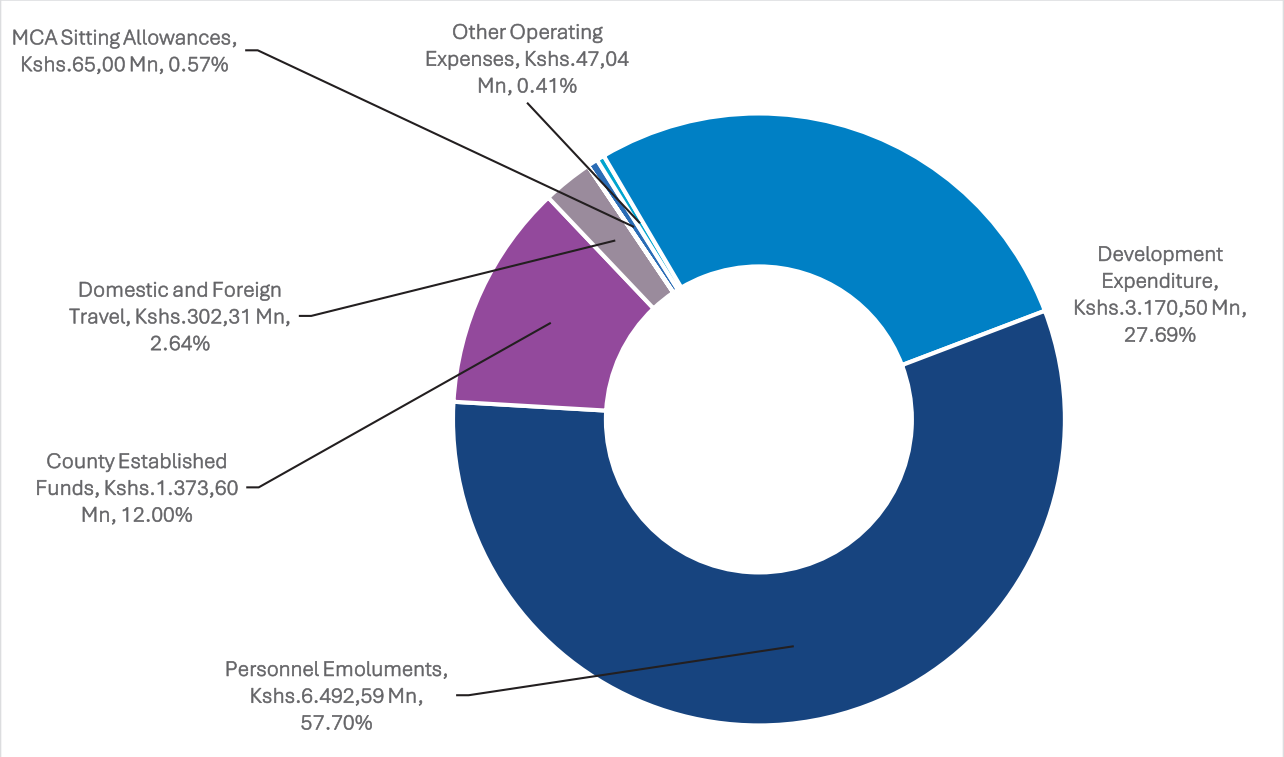
As of 30 Jun 2026, the County Government's cash balance in the Kisii CRF account was Kshs.1.11 billion.

3.16.6 Expenditure Review

The County spent Kshs.12.77 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 96.58 per cent of the total funds released by the CoB. It comprised Kshs.3.17 billion for development programmes and Kshs.9.59 billion for recurrent programmes. Expenditure on development programmes accounted for 41.00 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 77.2 per cent of the annual recurrent expenditure budget.

Figure 3.93 provides a detailed breakdown of total expenditure.

Figure 3.93: Kisii County Composition of Expenditure in FY 2025/26



Source: Kisii *County Treasury*

As shown in Figure 3.93, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and County Established Funds, contributing 57.70, 27.69 and 12.00 per cent of total expenditure for the reporting period.

3.16.7 Expenditure by Economic Classification

The County Executive incurred Kshs.5.83 billion in employee compensation, Kshs.2.74 billion in operations and maintenance, and Kshs.3.15 billion in development activities. Similarly, the County Assembly spent Kshs.666.01 million on employee compensation, Kshs.366.80 million on operations and maintenance, and Kshs.15.69 million on development activities, as shown in Table 3.243.

Table 3.243: Kisii County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**11,379,310,132**	**1,051,143,180**	**8,561,927,843**	**1,032,812,554**	_	_	**8,561,927,843**	**1,032,812,554**	**75**	**98**
Compensation of Employees	5,790,960,629	652,341,142	5,826,578,592	666,012,985	_	_	5,826,578,592	666,012,985	101	102

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Operations and Maintenance	5,588,349,503	398,802,038	2,735,349,250	366,799,569	_	_	2,735,349,250	366,799,569	49	92
Development Expenditure	**7,712,446,532**	**18,000,000**	**3,154,802,858**	**7,262,308**	_	**8,431,232**	**3,154,802,858**	**15,693,540**	**41**	**87**
Total	**19,091,756,664**	**1,069,143,180**	**11,716,730,701**	**1,048,506,094**	**-**	**8,431,232**	**11,716,730,701**	**1,048,506,094**	**61**	**98**

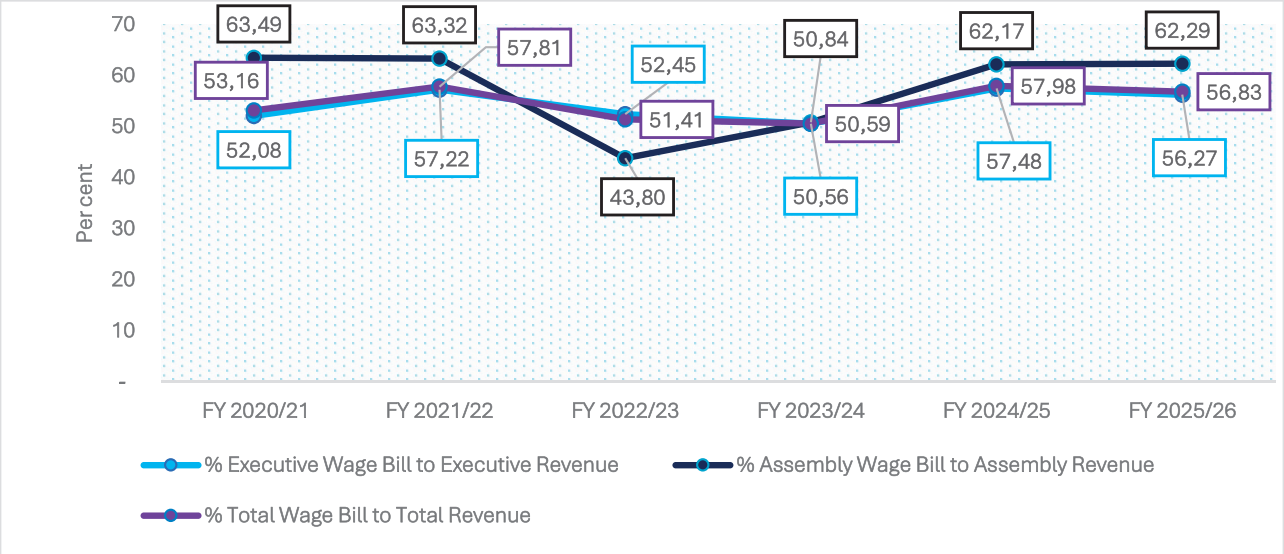
Source: *Kisii County Treasury*

3.16.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.6.49 billion, representing 42.12 per cent of revenue. This expenditure on employee compensation has increased compared to the Kshs.5.64 billion reported in FY 2024/25. Of this total, Kshs.3.38 billion related to Health Sector employees, accounting for 52 per cent of the overall employees' compensation.

Figure 3.94 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.94: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Kisii County Treasury*

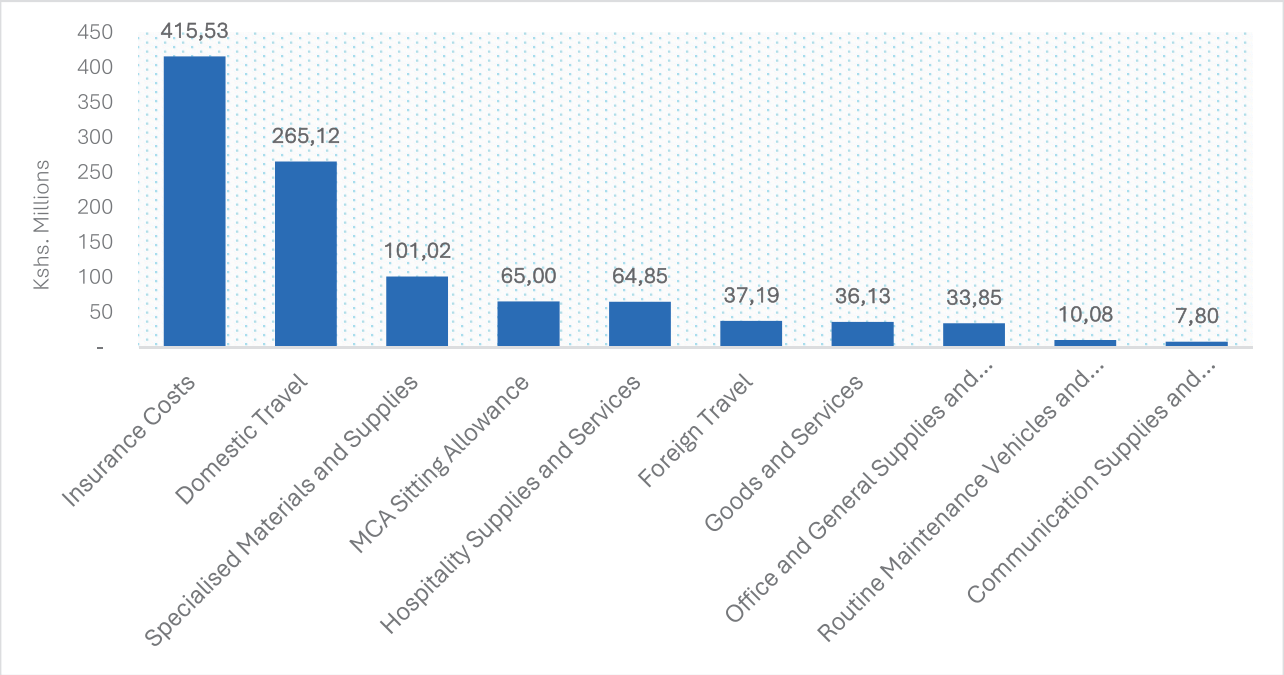
Further analysis indicated that PE costs totalling Kshs.6.49 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.210.80 million was processed through manual payrolls, accounting for 3 per cent of the total PE cost.

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.101,723 per MCA. The County Assembly has 20 House Committees.

3.16.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.3.10 billion on operations and maintenance, representing an increase of 66.35 per cent compared to FY 2024/25, when the County spent Kshs.1.86 billion. Figure 3.95 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.95: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisii County Treasury*

3.16.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.10 million on "other operating expenses - other," which accounted for less than 1 per cent of the total operations and maintenance expenditure of Kshs.3.10 billion. The disaggregated items under the "*Other Operating Expenses-other*" category are shown in Table 3.244.

Table 3.244: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs.Million)	Reasons why the Item is under Other Operating Expenses
2211399-00001001-0707025210-52100001	Other Operating Expenses - Other	10,000,000	10,000,000	KRA agency notices
	TOTAL	**10,000,000**	**10,000,000**	

Source: *Kisii County Treasury*

3.16.11 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.2.58 billion to County-Established funds in FY 2025/26, representing 12.81 per cent of the County's overall budget. Of this amount, the County allocated Kshs.231.82 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 1.15 per cent of the total budget. Table 3.245 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.245: Performance of Kisii County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	County Emergency Fund	12.11.2015	231,817,550	_	140,968,917	231,601,911	Lapsed
2	Health Fund (KTRH)	02.05.2024	1,300,000,000	_	641,820,877	_	Yes
3	Health Fund (FIF)	18.09.2020	400,000,000	_	267,759,265	_	Yes
4	Liquor Licensing Fund	21.10.2015	50,000,000	_	12,957,103	_	Lapsed
5	Bursary Fund	02.05.2014	600,000,000	_	300,000,000	481,601,911	Lapsed
6	Kisii County Loans and Mortgage Fund	03.04.2023	_	_	_	_	Yes
7	Veterinary Services Development Fund	07.01.2016	_	_	10,092,555	_	Lapsed
County Assembly Established Funds							
1	Kisii County Assembly Members' Loans and Mortgage Fund	23.04.2014	_	_	_	_	Lapsed
	Total		**2,581,817,550**		**1,373,598,717**	**713,203,822**	

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 2025/26, the CoB determined that the County Emergency, Liquor Licensing and Bursary Fund's lifespan had lapsed. Consequently, they should halt operations forthwith and wind up the funds since they are not operating within the law.

3.16.12 County Corporations, Municipalities and Agencies

The County has 2 County Corporations, which were allocated Kshs.1.3 billion in FY 2025/26 as shown in Table 3.246.

Table 3.246: Performance of Kisii County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Gusii Water and Sanitation Company (GWASCO)	_	_	_	_
2	Kisii Teaching and Referral Hospital (KTRH)	1,300,000,000	_	_	_
	Total				

Source: *Kisii County Treasury*

3.16.13 Expenditure on Domestic and Foreign Travel

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.37.19 million and comprised Kshs.23.08 million by the County Assembly and Kshs.14.11 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.247.

Table 3.247: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (Kshs.)
Executive	1	5-8/09/2025	Attending the 2nd Africa Climate Summit in Ethiopia	Addis-Ababa	571,320
Executive	1	5-8/09/2025	Attending the 2nd Africa Climate Summit in Ethiopia	Addis-Ababa	533,720
Executive	17	29/10-5/11/2025	Facilitation to Attend the 2025 China-Africa Friendly Exchange Career Education Program	China	11,710,710
Executive	3	12-17/02/2026	Attending the 39th Ordinary Session of The Assembly of Heads of State And Government of the African Union	Ethiopia	1,295,880
County Assembly	1	2nd to 12th Nov 2025	Payment for attending the International Knowledge Exchange Program for Clerks, held from 2nd to 12th Nov 2025 in Spain and France.	Spain And France	722,020
County Assembly	1	27th To 30th Aug 2025	Being payment to attend the 5th Gacopa International Delegates Conference in the U.K. from 27-30 August 2025	Uk	310,245
County Assembly	7	17th To 22nd Nov 2025	Being payment to participate in the Liugong Global Dealer Conference in Liuzhou.	China	3,229,630
County Assembly	4	5th To 10th Dec 2025	Being payment to attend the Professional and Legislative Committee in Kampala, Uganda, from 5 - 10 Dec 2025	Uganda	1,145,200
County Assembly	6	5th To 10th Mar 2026	Being payment to attend Water Sector Transformation Training in Mwanza, Tanzania, from 5 - 10 March 2026	Tanzania	1,703,760
County Assembly	7	10th To 15th Mar 2026	Being payment to attend Animal Husbandry Training in Mwanza, Tanzania, from 10-15 March 2026	Tanzania	1,987,720
County Assembly	9	12th To 17th Mar 2026	Being payment to attend Legislative Framework Training in Mwanza, Tanzania, from 12 - 17 March 2026	Tanzania	2,555,640
County Assembly	7	26th Feb To 3rd Mar 2026	Being payment to attend a Training on Gender, Legislation, Budgeting and Oversight in Mwanza, Tanzania from 26 Feb to 3 Mar 2026	Tanzania	1,987,720
County Assembly	7	24 Feb To 1 Mar 26	Being payment to attend training to amend the budget and monitor ECD policies in Kampala, Uganda, from 24 Feb - 1 Mar 2026	Uganda	2,004,100
County Assembly	7	20th To 25th Jan 2026	Being payment to attend a training on an effective health system in Kampala, Uganda, from 20 - 25 Jan 2026	Uganda	2,004,100
County Assembly	7	28th Jan -2nd Feb 2026	Being payment to attend a training on Effective Health System in Kampala, Uganda, from 28 Jan - 2 Feb 2026	Uganda	2,004,100
County Assembly	5	3rd-8th Feb 2026	Being payment to attend a training on Conservation and Environmental Sustainability in Mwanza, Tanzania, from 3rd to 8th Feb 2026	Tanzania	1,419,800
County Assembly	7	5-10 Feb 2026	Being payment to attend a Trade Committee Training in Kampala, Uganda, from 5-10 Feb 2026	Uganda	2,004,100
Total					**37,189,765**

Source: *Kisii County Treasury and Kisii County Assembly*

3.16.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.854.61 million as FIF, which was 60.52 per cent of the annual target of Kshs.1.41 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

The expenditure by the health facilities amounted to Kshs.854.61 million, as shown in Table 3.248.

Table 3.248: Kisii County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 6 Hospital	1	1,300,000,000	829,161,449	64
2.	Level 4 Hospital	19	100,000,000	20,444,378	20
3.	Level 3 Facility	134	12,000,000	5,000,000	42
	Total	**154**	**1,412,000,000**	**854,605,827**	**61**

Source: *Kisii County Treasury*

3.16.15 Development Expenditure

In the review period, the County reported spending Kshs.3.17 billion on development programmes, representing an increase of 29.08 per cent compared to FY 2024/25, when the County spent Kshs.2.46 billion. Table 3.249 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the availability of funds at the CRF.

Table 3.249: Kisii 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)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects									
1.	Roads and Public Works	Purchase of Machinery- Graders, Excavators, Rollers, etc.	All Wards	_	1,200,000,000	1,200,000,000	1,176,442,827	1,176,442,827	100
2.	Trade, Tourism and Marketing	Construction of Industrial Park	Bokimonge	18.09.25	173,076,924	173,076,924	87,448,820	87,448,820	51
3.	County Executive	Construction of County Headquarters	Headquarters	9.07.26	408,000,000	158,000,000	78,000,000	78,000,000	100
4	Kisii Municipality	Cabro works at Kisii CBD	Kisii Town	28.02.26	46,633,460	46,633,460	46,628,242	46,628,242	100
5	Roads and Public Works	Purchase of Murram	All Wards	_	45,000,000	45,000,000	40,087,587	40,087,587	89
6.	Roads and Public Works	Road Maintenance across the county	All wards	_	204,500,000	204500000	26,392,976	26,392,976	13
7	County Health Services	Mother – Child Hospital (MULTI-YEAR PROJECT)	Kisii Town	_	100,000,000	47,000,000	26,370,320	26,370,320	56

No	Sector	Project Name	Project Location	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
8	Roads and Public Works	Construction of an office block, parking bay and service centre for machineries	Headquarters	_	29,448,427	29,448,427	24,701,153	24,701,153	84
9	Kisii Municipality	Street Lighting in Kisii Town	Kisii Town	_	20,000,000	20,000,000	19,870,000	19,870,000	99
10		Stone wall fencing at ATC Phase III	ATC	_	20,000,000	20,000,000	19,834,565	19,834,565	99
Conditional Grants Projects									
1.	Water, Environment, Natural Resources, Energy and Climate Change	Finance for Locally-Led Climate Action Program (FLLoCA) -Unspent		_	283,785,320	283,785,320	100,610,900	100,610,900	35
2.	Water, Environment, Natural Resources, Energy and Climate Change	Finance for Locally-Led Climate Action Program (FLLoCA) -IDA		_	160,000,000	160,000,000	80,961,700	80,961,700	51
3.	Agriculture, Livestock, Fisheries and Co-operative Development	National Agricultural Value Chain Development Project (WB Contribution)	All wards	30.06.26	231,250,000	231,250,000	71,253,967	71,253,967	31

Source: *Kisii County Treasury*

3.16.16 Budget Performance by Department

Table 3.250 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.250: Kisii County, Budget Allocation and Absorption Rate by Department in FY 2025/26

Department	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 and Public Service Board	234.77	78.00	214.69	78.00	209.44	78.00	97.55	100.00	89.21	100.00
Administration and Stakeholder Management	549.59	393.32	537.13	21.80	532.53	1.80	99.14	8.26	96.90	0.46
Finance and Economic Planning	1,500.64	10.00	1,388.58	-	1,383.78	-	99.65	-	92.21	-
Agriculture and Co-operative Development	310.19	796.51	304.55	347.86	303.76	112.05	99.74	32.21	97.93	14.07

Department	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
Energy, Water, Environment and Natural Resources	632.89	1,343.55	89.81	469.15	89.22	419.67	99.35	89.45	14.10	31.24
Education, Youth Affairs and Social Development	1,397.18	552.06	1,396.10	106.66	1,395.00	106.66	99.92	100.00	99.84	19.32
County Health Services	5,631.17	861.20	3,736.89	121.82	3,766.45	121.82	100.79	100.00	66.89	14.15
Lands, Physical Planning and Urban Development	423.47	369.19	357.72	41.32	349.70	41.32	97.76	100.00	82.58	11.19
Roads, Public Works and Transport	219.70	2,269.88	191.28	1,981.55	185.47	1,919.51	96.96	96.87	84.42	84.56
Trade Development, Industry and Tourism	79.26	497.92	67.87	175.44	66.64	211.92	98.18	120.79	84.07	42.56
Culture and Social Services	181.63	87.40	128.50	3.78	126.74	3.78	98.62	100.00	69.78	4.33
Kisii Municipality	139.04	420.55	103.60	243.35	103.01	129.09	99.43	53.05	74.09	30.70
Ogembo Municipality	12.79	32.88	6.46	9.19	6.04	9.19	93.44	100.00	47.24	27.96
Office of the County Attorney	67.00	-	47.90	-	44.15	-	92.16	-	65.89	-
County Assembly	1,051.14	18.00	1,038.13	15.69	1,032.81	15.69	99.49	100.00	98.26	87.19
Total	**12,430.45**	**7,730.47**	**9,609.24**	**3,615.61**	**9,594.75**	**3,170.50**	**99.85**	**87.69**	**77.19**	**41.01**

Source: *Kisii 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 County Assembly at 87.2 per cent. The Department of Education, Youth Affairs and Social Development had the highest percentage of recurrent expenditure to budget at 99.8 per cent, while the Department of Energy, Water, Environment and Natural Resources had the lowest at 14.1 per cent.

3.16.17 Budget Execution by Programmes and Sub-Programmes

Table 3.251 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.251: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Approved Estimates FY 2025/26 (Kshs.)	Expenditure as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Development				
Roads, Public Works and Transport				
Road Development, Maintenance and Management	Village Roads Services	9,515,840	9,515,840	100
Roads, Public Works and Transport				

Programme	Sub-Programme	Approved Estimates FY 2025/26 (Kshs.)	Expenditure as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Transport Infrastructure Development	Purchase of Machinery 203015210	1,178,000,000	1,176,442,827	99.87
County Assembly				
County Assembly 101005210	County Assembly hq702015210	18,000,000	15,693,540	87.19
Agriculture and Co-operative Development				
Agricultural Management and Value Addition	Veterinary Services 102035210	1,190,141	998,760	83.92
Roads, Public Works and Transport				
Road Development, Maintenance and Management	County Roads Services	1,015,626,579	609,343,545	60.00
Recurrent				
Education, Youth Affairs and Social Development				
Early Childhood Development Education	ECDE Services 502015210	326,000,000	326,000,000	100
Agriculture and Co-operative Development				
Agricultural Management and Value Addition	Crop Development 102015210	205,715,432	202,940,046	98.65
County Assembly				
County Assembly 101005210	County Assembly hq702015210	240,750,856	236,555,498	98.26
Culture and Social Services				
Youth Development and Empowerment Service	Youth Support	55,780,000	53,569,796	96.04
Finance and Economic Planning				
Public Financial Management	Audit and Accounting Services	52,950,000	47,761,030	90.20

Source: *Kisii County Treasury*

The development sub-programmes with the highest budget implementation rates were: Village Roads Services in the Department of Roads, Public Works and Transport at 100 per cent, Purchase of Machinery in the Department of Roads, Public Works and Transport at 99.87 per cent, and County Assembly at 87.19 per cent.

For recurrent sub-programmes, the top performers included: ECDE Services in the Department of Education, Youth Affairs and Social Development at 100 per cent, Crop Development in the Department of Agriculture and Co-operative Development at 98.65 per cent, and County Assembly in the County Assembly at 98.26 per cent.

The higher performance of these programmes was attributed to prioritising payment of trade payables for contracted goods and services in accordance with repayment planning.

Table 3.252 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.252: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Development				
Culture and Social Services				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Cultural Services	Library Services 904015210	500,000	_	_
Culture and Social Services				
Cultural Services	County Cultural Services 904025210	5,999,300	_	_
Finance and Economic Planning				
County ICT Services	Promotion of Innovation and Automation Services 504015210	10,000,000	_	_
Lands and Physical Planning				
Land use and Physical planning	Housing Management	10,000,000	_	_
Agriculture and Co-operative Development				
Agricultural Management and Value Addition	Fisheries 102055210	39,033,575	1,541,200	3.95
Recurrent				
Culture and Social Services				
Cultural Services	County Cultural Services 904025210	350,000	_	_
Administration and Stakeholder Management				
County administration services	Devolved services 706015210	363,139	_	_
County Health				
Health Curative Services	Medical Services 402015210	40,680,000	_	_
Land and Physical Planning				
Land use and Physical planning	Infrastructure development 103025210	70,000,000	15,000,000	21.43
Trade Development, Industry and Tourism				
Trade, Investment and Tourism Development	Tourism Promotion 302025210	1,000,000	300,200	30.02

Source: *Kisii County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Library Services in the Department of Culture and Social Services; County Cultural Services in the Department of Culture and Social Services; and Promotion of Innovation and Automation Services, all at 0 per cent of their budget allocations.

For recurrent sub-programmes, the poorest performers included; County Cultural Services in the Department of Culture and Social Services, Devolved Services in the Department of Administration and Stakeholder Management, and Medical Services in the Department of County Health Services, all at 0 per cent of their budget allocations.

These lower performances were attributed to non-prioritisation of procurement and to challenges associated with the use of the Electronic Government Procurement System (EGP System).

3.16.18 Settlement of Trade Payables

As of 1 Jul 2025, the County reported trade payables totalling Kshs.1.62 billion. This amount consisted of Kshs.1.58 billion from the County Executive and Kshs.44.13 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.19 billion for recurrent expenditure and Kshs.430.32 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.1.41 billion, comprising Kshs.1.15 billion (81.56 per cent) for recurrent activities and Kshs.263.73 million (18.64 per cent) for de-

velopment activities. The County Assembly settled trade payables amounting to Kshs.43.73 million, comprising Kshs.8.04 million (18.39 per cent) for recurrent activities and Kshs.35.69 million (81.61 per cent) for development activities. The outstanding trade payables as of 30 Jun 2026 were Kshs.1.22 billion for County Executive and Kshs.21.97 million for County Assembly. Table 3.253 provides additional details of trade payables.

Table 3.253: Kisii County Trade Payables as of 30 Jun 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 Jul 2025 (End of FY 2024/25)	a	County Executive	394,625,524	1,180,524,694	1,575,150,218
		County Assembly	35,693,891	8,435,944	44,129,835
		Total	430,319,415	1,188,960,638	1,619,280,053
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	333,134,741	923,490,909	1,256,625,650
		County Assembly	7,262,308	_	7,262,308
		Total	**340,397,049**	**923,490,909**	**1,263,887,958**
Amount paid in FY 2025/26	c	County Executive	263,731,845	1,151,046,451	1,414,778,296
		County Assembly	35,693,891	8,035,944	43,729,835
		Total	**299,425,736**	**1,159,082,395**	**1,458,508,131**
Trade Payables Incurred in FY 2025/26	d	County Executive	367,629,142	697,728,344	1,065,357,485
		County Assembly	8,431,232	13,135,985	21,567,217
		Total	376,060,374	710,864,329	1,086,924,702
Outstanding trade payables as of 30 Jun 2026	**e=a-c*b**	**County Executive**	**498,522,821**	**727,206,586**	**1,225,729,407**
		County Assembly	**8,431,232**	**13,535,985**	**21,967,217**
		Total	**506,954,053**	**740,742,571**	**1,247,696,624**

Source: *Kisii County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.923.49 million and Kshs.340.40 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.1.41 billion for the Executive and Kshs.43.73 million for the Assembly. However, the County Assembly had not disclosed all trade payables at the beginning of FY 2025/26 as depicted in Table 3.254.

Table 3.254: Kisii County Executive Trade Payables Ageing Analysis as of 30 Jun 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	367,629,142	130,437,551	456,129		**498,522,821**
Recurrent Trade Payables (Goods & Services)	66,049,475	22,687,597	5,118,403	1,672,243	95,527,718
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	631,678,868	_	_	_	631,678,868
Recurrent Trade Payables (Staff Claims)					
Total Recurrent Trade Payables	**697,728,344**	**22,687,597**	**5,118,403**	**1,672,243**	**727,206,586**
Total Trade Payables	**1,065,357,485**	**153,125,147**	**5,574,532**	**1,672,243**	**1,225,729,407**
% of Total	**86.9**	**12.5**	**0.5**	**0.1**	**100**

Source: *Kisii County Treasury*

Table 3.255: Kisii County Assembly Trade Payables Ageing Analysis as of 30 Jun 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**8,431,232**	-	-	-	**8,431,232**
Recurrent Trade Payables (Goods & Services)	3,286,026	400,000	-	-	3,686,026
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	7,466,983	-	-	-	7,466,983
Recurrent Trade Payables (Staff Claims)	2,382,976	-	-	-	2,382,976
Total Recurrent Trade Payables	**13,135,985**	**400,000**	-	-	**13,535,985**
Total Trade Payables	**21,567,217**	**400,000**	-	-	**21,967,217**
% of Total	**98**	**2**	-	-	**100**

Source: *Kisii County Treasury*

3.16.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 90 accounts across CBK and commercial banks, of which 19 were held at the CBK and 71 at commercial banks. Of those at the commercial banks, 3 were for donor commercial operational accounts, 1 for revenue collection accounts, 7 for special operations accounts, including County-established funds, 2 for health facilities operational accounts, 56 for Vocational Training Centres, 1 for Assembly Mortgage and Car Loan Fund, and 1 for Assembly Imprest.

The County Treasury submitted copies of authorisation letters to the Controller of Budget to open 71 commercial bank accounts, in accordance with Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.16.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.743.43 million against an annual target of Kshs.1.47 billion, representing 51.00 per cent of the target.

ii. Low development performance in the review period as the County incurred Kshs.3.17 billion on development activities, achieving a 41.01 per cent absorption rate.

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 Jun 2026, the lifespan of the Emergency Fund, Liquor Licensing, and the Bursary Fund had lapsed, making them ineligible for further withdrawals.

iv. High level of trade payables, amounting to Kshs.1.25 billion as of 30 Jun 2026.

v. Personnel emoluments amounting to Kshs.210.80 million were processed through the 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.

vi. The County reported Kshs.10 million under "other operating expenses - Other," accounting for less than 1 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

vii. The County did not implement several programmes prioritised through the budget process, including; Library Services, County Cultural Services, Promotion of Innovation and Automation Services, Housing Management and Fisheries in the development budget and County Cultural Services, Devolved Services and Medical Services among the recurrent budget, which received no funding, as shown in Table 3.254. This may result in the failure to deliver planned services, unmet public needs, and a loss of value from the budget resources allocated to these programmes.

viii. The County did not receive funding for several approved additional allocations, which include Settlement of Doctors' Salary Arrears, Community Health Promoters (CHPs) Programme, Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees, Road maintenance Levy Fund (RMLF), (IFAD) Loan for the Aquaculture Business Development Project (ABDP) and, constraining implementation of the intended programmes.

ix. The County is highly reliant on Facility Improvement Financing (FIF), which accounts for 70.11 per cent of locally raised revenue, exposing the County to a significant revenue concentration risk and raising concerns on the sustainability of its own-source revenue base.

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 implement strategies to increase development expenditures in FY 2025/26.*

iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 in the remaining financial year.*

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 Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

vii. *The County should ensure that all approved programmes are adequately funded to prevent non-implementation, resource wastage, and failure to achieve the intended service-delivery outcomes.*

viii. *The National Treasury should ensure timely and full disbursement of approved additional allocations in accordance with the applicable cash disbursement schedules and conditions to facilitate implementation of the funded programmes.*

ix. *The County Treasury should diversify and strengthen its own-source revenue base by enhancing collection from other revenue streams and reducing overreliance on Facility Improvement Financing (FIF).*

3.17. County Government of Kisumu

3.17.1 Overview of FY 2025/26 Budget

The Kisumu County Approved Supplementary Budget for FY 2025/26 was Kshs.16.98 billion. It comprises Kshs.6.71 billion (39.51 per cent) and Kshs.10.27 billion (60.49 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.67 billion (10.89 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.5.43 billion and a recurrent budget of Kshs.9.89 billion. The increase in the budget was primarily attributed to increased allocations for development programmes.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.8.90 billion (52.42 per cent), additional allocations of Kshs.2.89 billion (17.00 per cent), SHIF receivables brought forward of Kshs.1.87 billion (10.99 per cent), a cash balance brought forward from FY 2024/25 of Kshs.1.56 billion (9.19 per cent), own-source revenue of Kshs.865.75 million (5.10 per cent), Facility Improvement Financing of Kshs.800.00 million (4.71 per cent) and appropriations-in-aid of Kshs.91.18 million (0.54 per cent).

3.17.2 Revenue Performance

During the year, the County reported total revenues of Kshs.13.36 billion. This amount represented an increase of 6.76 per cent compared to the amount received in FY 2024/25 of Kshs.12.52 billion. The total revenue consisted of Kshs.8.90 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.31 billion, own-source revenue (OSR) including FIF of Kshs.1.47 billion and appropriations-in-aid of Kshs.124.07 million. Additionally, the County had a cash balance of Kshs.1.56 billion from FY 2024/25. The total OSR collection of Kshs.1.47 billion comprised Facilities Improvement Financing (FIF) of Kshs.693.55 million and Kshs.773.42 million from other OSR sources. Table 3.256 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.256: Kisumu County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	**1,559,835,059**	**1,559,835,059**	**-**	**1,559,835,059**	100.00
	Sub-Total	**1,559,835,059**	**1,559,835,059**	**-**	**1,559,835,059**	**100.00**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,902,026,938	8,902,026,938	-	8,902,026,938	100.00
	Sub-Total	**8,902,026,938**	**8,902,026,938**	**-**	**8,902,026,938**	**100.00**
C	**Additional Allocations (Including Grants**					
Ci	**Unconditional Additional Allocations to County Governments**					
	Allocations for Court Fines	93,000	-	93,000	93,000	100.00
Cii	**Conditional Additional Allocations from the National Government's**					
1	Settlement of Doctors' Salary Arrears	75,399,627	-	75,399,627	75,399,627	100.00
2	Community Health Promoters (CHPs) Programme	165,339,627	-	165,339,627	165,339,627	100.00

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
3	Allocations for 0.50 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	1,987,622	-	1,987,622	100.00
4	CHPS Programme	89,940,000	-	89,940,000	89,940,000	100.00
Ciii	**Conditional Allocations from Loans and Grants**					
1	(IFAD) Loan for the Aquaculture Business Development Project (ABDP)	37,326,163	-	37,326,163	37,326,163	100.00
2	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	304,172,411	181,807,731	122,364,680	304,172,411	100.00
3	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500	35,250,118	37,659,382	72,909,500	100.00
4	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,500,000	159,607,592	192,892,408	352,500,000	100.00
5	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	36,634,916	26,000,000	10,634,916	36,634,916	100.00
6	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	409,849,991	409,849,991	-	409,849,991	100.00
7	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	231,024,257	225,743	231,250,000	100.00
8	Kenya Informal Settlement Improvement Project (KISIP II)	845,000,000	110,323,618	734,676,382	845,000,000	100.00
9	DANIDA Grant	23,123,790	11,016,000	12,107,790	23,123,790	100.00
10	PrAEctiCe	20,000,000	7,679,449	12,320,551	20,000,000	100.00
11	Change Maker	23,800,000	23,729,389	70,611	23,800,000	100.00
12	Kenya Dairy Enterprise Development	400,391	-	400,391	400,391	100.00
13	Transforming Health Centre	544,976	-	544,976	544,976	100.00
14	RMLF	68,301,577	-	68,301,577	68,301,577	100.00
15	Refund from Jaramogi	129,000,000	109,388,000	19,612,000	129,000,000	100.00
	Sub-Total	**2,887,573,591**	**1,307,663,767**	**1,579,909,824**	**2,887,573,591**	**100.00**

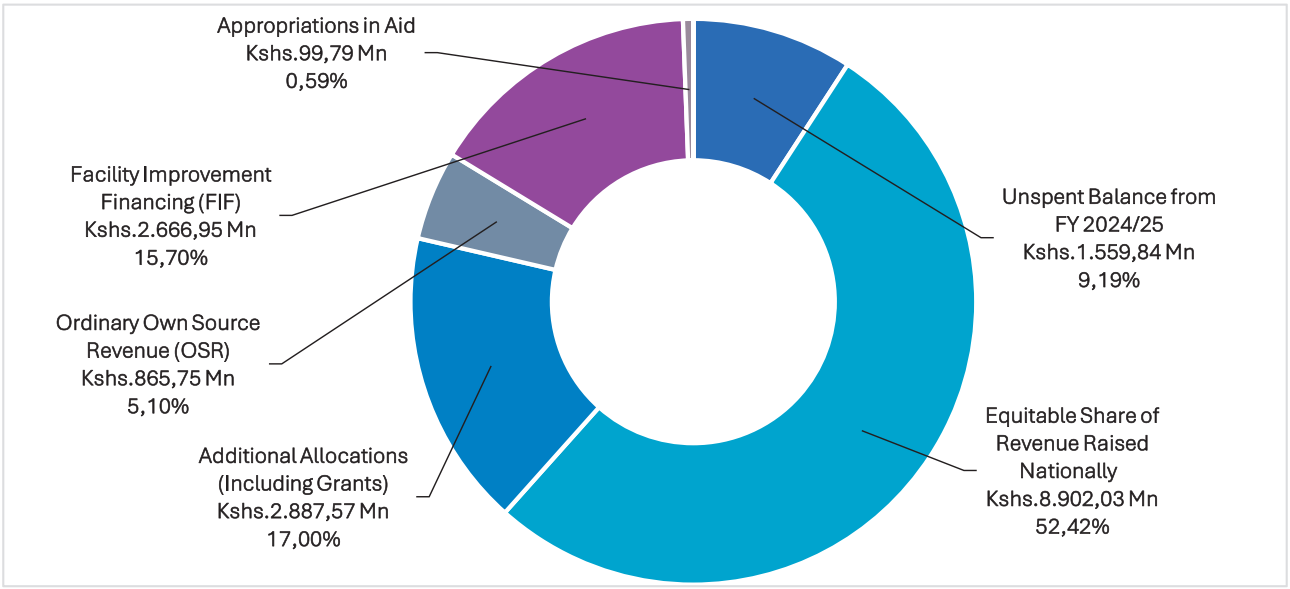
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
D	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary OSR	865,750,217	773,415,328	92,334,889	865,750,217	100.00
	Sub-Total	**865,750,217**	**773,415,328**	**92,334,889**	**865,750,217**	**100.00**
E	**Facility Improvement Financing (FIF)**					
1	SHIF (Medical Services)	800,000,000	693,554,054	106,445,946	800,000,000	100.00
2	SHIF Receivables (b/f)	**1,866,952,862**	-	**1,866,952,862**	**1,866,952,862**	100.00
	Sub-Total	**2,666,952,862**	**693,554,054**	**1,973,398,808**	**2,666,952,862**	**100.00**
F	**Appropriations in Aid**					
1	Other Department Revenue (AiA)	91,180,045	124,070,871	-24,279,724	99,791,147	109.44
	Sub-Total	**91,180,045**	**124,070,871**	**-24,279,724**	**99,791,147**	**109.44**
Total		**16,973,318,712**	**13,360,566,017.46**	**3,621,363,796.54**	**16,981,929,814**	**100.05**

Source: *Kisumu County Treasury*

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

Figure 3.96 provides a detailed breakdown of receipts.

Figure 3.96: Kisumu County Composition of Revenue in FY 2025/26

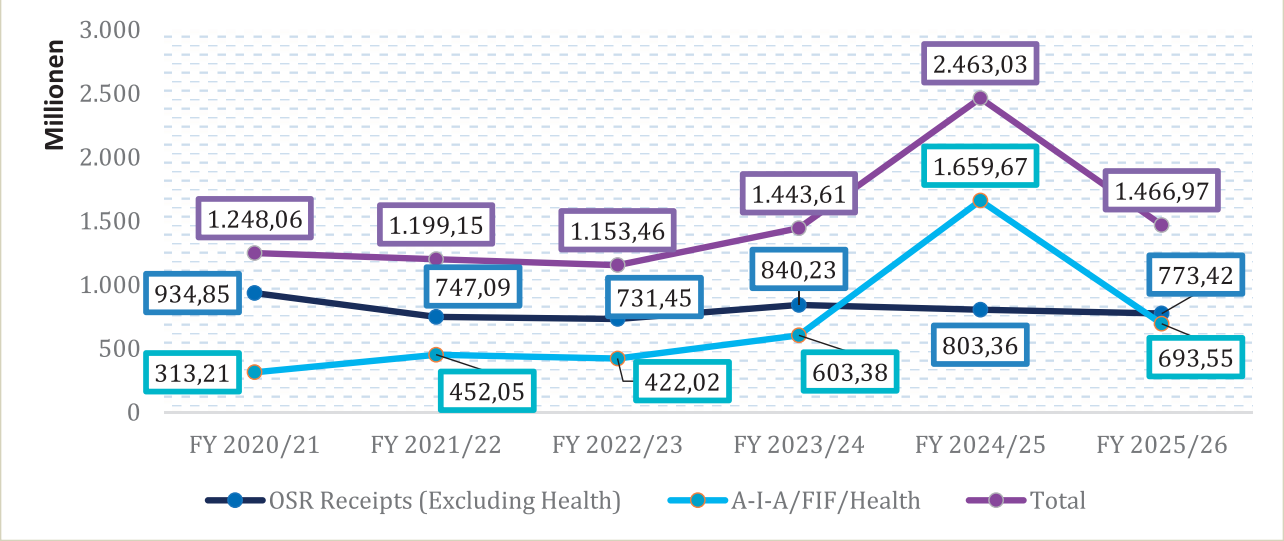


Source: *Kisumu County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 52.42 per cent, 5.10 per cent and 15.70 per cent, respectively, of the total receipts for the reporting period.

Figure 3.97 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.97: Kisumu County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

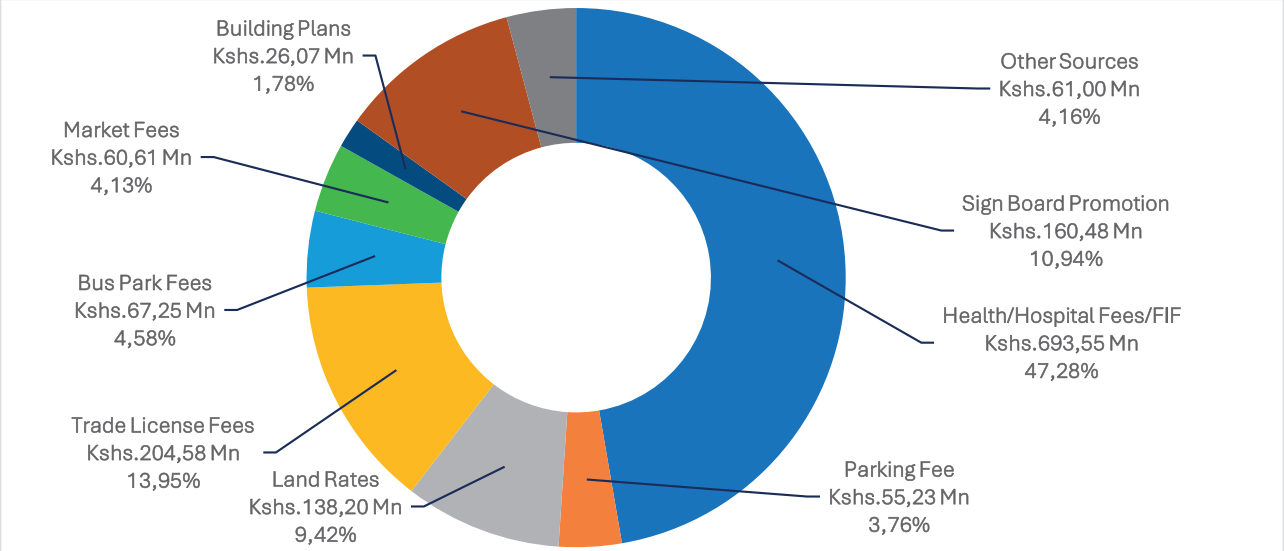


Source: *Kisumu County Treasury*

During the year, the County received Kshs.1.47 billion from OSR, including FIF. This amount was a decrease of 40.44 per cent compared to Kshs.2.46 billion realised in FY 2024/25, and was 88.07 per cent of the combined annual OSR and FIF target of Kshs.1.67 billion and 16.48 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.98.

Figure 3.98: Kisumu County Top Own Source Revenue Streams in FY 2025/26



Source: *Kisumu County Treasury*

As shown in Figure 1.99, the largest revenue stream, at Kshs.693.55 million, was Facility Improvement Financing (FIF), accounting for 47.28 per cent of total OSR receipts. This was followed by trade license fees at Kshs.204.58 million and land rates at Kshs.138.20 million.

3.17.3 Revenue Arrears

As of 30 June 2026, the County reported total revenue receivables of Kshs.3.62 billion, comprising SHIF receivables of Kshs.1.87 billion, additional allocations (grants) of Kshs.1.58 billion, OSR of Kshs.92.33 million and FIF of Kshs.106.45 million, offset by an over-collection of A-I-A of Kshs.24.28 million.

As of 30 June 2026, the revenue arrears totalled Kshs.3.62 billion, comprising SHIF receivables of Kshs.1.87 billion (51.55 per cent), additional allocations of Kshs.1.58 billion (43.63 per cent), OSR of Kshs.92.33 million, FIF of Kshs.106.45 million and an over-collection of A-I-A of Kshs.24.28 million. The measures institut-

ed by the County to collect the outstanding revenue arrears in FY 2025/26 include enhanced enforcement and follow-up on outstanding receivables.

3.17.4 Borrowing by the County

The County did not report any borrowings in FY 2025/26.

3.17.5 Withdrawals from the County Revenue Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.9.04 billion from the Kisumu County Revenue Fund (CRF) account. This amount consisted of Kshs.1.58 billion (17.53 per cent) designated for development programs and Kshs.7.45 billion (82.47 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.5.16 billion was allocated to employee compensation and Kshs.2.29 billion to operations and maintenance expenditures. Within the operations and maintenance category, the domestic travel exchequers totalled Kshs.331.43 million, which included Kshs.130.36 million for the County Executive and Kshs.201.07 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.78.37 million, with Kshs.40.37 million for the County Executive and Kshs.38.00 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Kisumu CRF account was Kshs.1.24 billion.

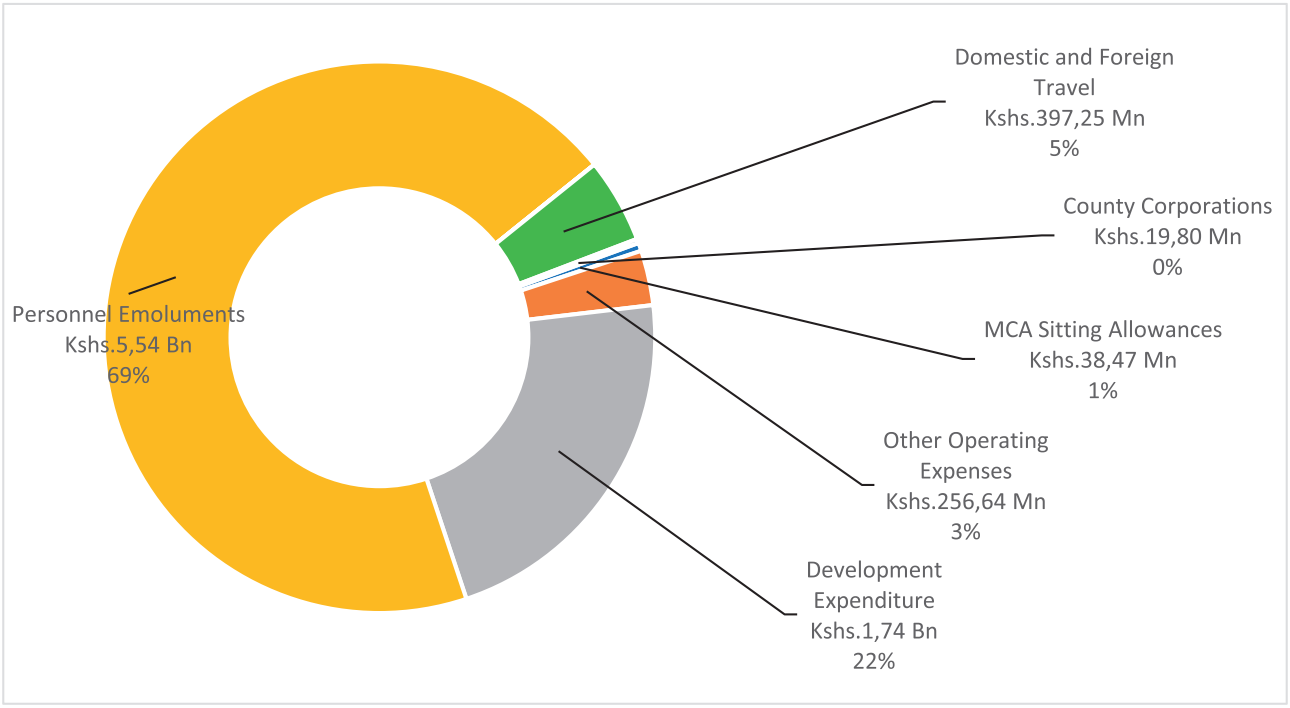
In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.1.06 billion for the County Assembly from the Kisumu County Revenue Fund (CRF) account in FY 2025/26. This amount comprised Kshs.155.25 million for development activities and Kshs.901.61 million for recurrent activities.

3.17.6 Expenditure Review

The County spent Kshs.10.10 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100.00 per cent of the total funds released by the CoB. It comprised Kshs.1.74 billion for development programmes and Kshs.8.36 billion for recurrent programmes. Expenditure on development programmes accounted for 25.92 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 81.35 per cent of the annual recurrent expenditure budget.

Figure 3.99 provides a detailed breakdown of total expenditure.

Figure 3.99: Kisumu County Composition of Expenditure in FY 2025/26



Source: *Kisumu County Treasury*

As shown in Figure 3.99, the three highest expenditure categories were personnel emoluments, development expenditure, and domestic and foreign travel, contributing 69.33, 21.76, and 4.97 per cent of the sampled expenditure categories for the reporting period.

3.17.7 Expenditure by Economic Classification

The County Executive incurred Kshs.5.16 billion in employee compensation, Kshs.2.29 billion in operations and maintenance, and Kshs.1.58 billion in development activities. Similarly, the County Assembly spent Kshs.380.00 million on employee compensation, Kshs.521.55 million on operations and maintenance, and Kshs.155.25 million on development activities, as shown in Table 3.257.

Table 3.257: Kisumu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	9,210	1,062	7,454	902	7,454	902	7,454	902	80.93	84.93
Compensation of Employees	5,166	353	5,162	380	5,162	380	5,162	380	99.92	107.65
Operations and Maintenance	4,044	709	2,292	522	2,292	522	2,292	522	56.68	73.62
Development Expenditure	6,545	165	1,584	155	1,584	155	1,584	155	24.20	93.94
Total	**15,755**	**1,227**	**9,038**	**1,057**	**9,038**	**1,057**	**9,038**	**1,057**	**57.37**	**86.15**

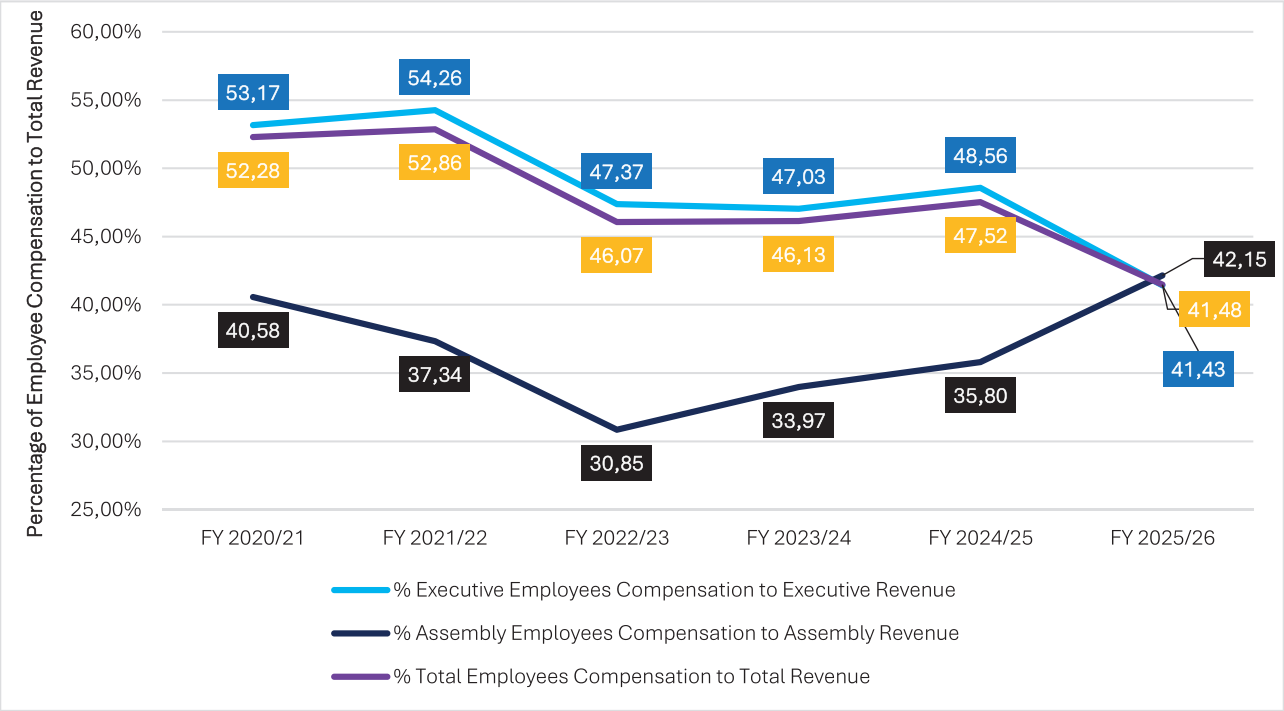
Source: *Kisumu County Treasury*

3.17.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.5.54 billion, representing 41.48 per cent of revenue. This expenditure on employee compensation shows a decrease of 6.82 per cent compared to the Kshs.5.95 billion reported in FY 2024/25. Of this total, Kshs.3.11 billion related to Health Sector employees, accounting for 56.12 per cent of the overall employees' compensation.

Figure 3.100 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.100: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Kisumu County Treasury*

Further analysis indicated that PE costs totalling Kshs.4.76 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.11.10 million was processed through manual payrolls, which accounted for 0.23 per cent of the total payroll cost of Kshs.4.77 billion. The manual payroll comprised underpaid salary arrears of Kshs.11.10 million (County Executive), as shown in Table 3.258.

Table 3.258: Analysis of Kisumu County Manual Payroll

No.	Manual Payroll Category	Amount (Kshs.)
1	**Underpaid salary arrears**	**11,104,164**
	Total	**11,104,164**

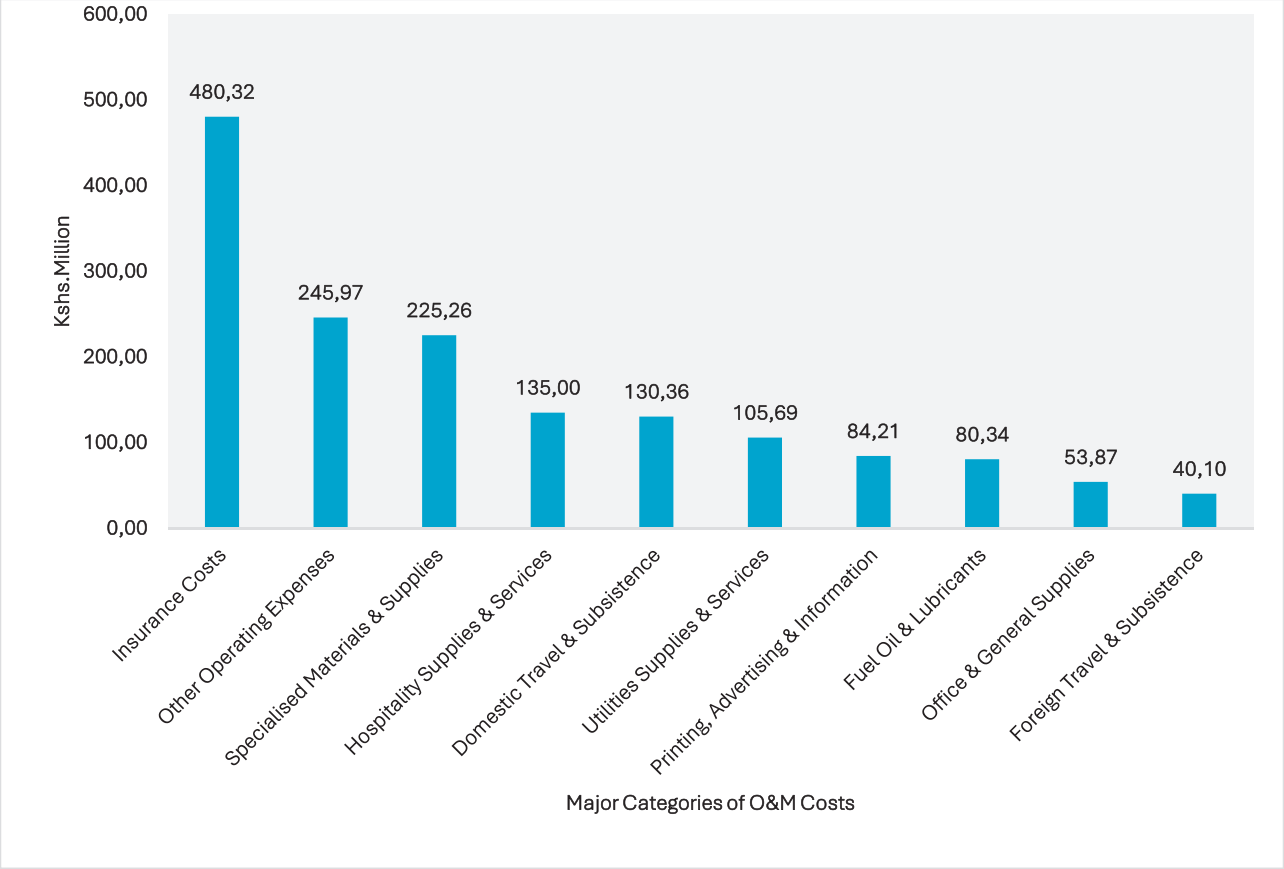
Source: *Kisumu County Treasury*

The County Assembly spent Kshs.38.47 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.45.91 million. The average monthly sitting allowance was Kshs.66,781 per MCA.

3.17.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.81 billion on operations and maintenance, representing an increase of 44.11 per cent compared to FY 2024/25, when the County spent Kshs.1.95 billion. Figure 3.101 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.101: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisumu County Treasury*

3.17.10 Unbundling "Other Operating Expenses- Other" Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County Assembly spent Kshs.10.67 million, in this bundled category. However, a detailed breakdown of what was settled through this vote was not provided.

3.17.11 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. During FY 2025/26, the County maintained established funds, including the Emergency Fund, the Climate Change Fund and the Education Fund. Table 3.259 summarises each fund's budget allocation and performance in FY 2025/26.

Table 3.259: Performance of Kisumu County Established Funds in FY 2025/26

No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds				
1	Kisumu County Emergency Fund Act, 2018				
2	Kisumu County Climate Change Act, 2020 (No. 7 of 2020)				
3	Education Fund				
4	County Assembly Established Funds				

Source: *Kisumu County Treasury*

The County did not report on any of the existing funds as stipulated in 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 2025/26, the lifespans of the County's established funds were reviewed, and none were reported as having lapsed.

3.17.12 County Corporations, Municipalities and Agencies

The County has 1 County Corporation (Lakefront Development Corporation), 5 municipalities, and no agencies. The corporation was allocated Kshs.75.08 million in FY 2025/26. Their total transfers to this entity in FY 2025/26 amounted to Kshs.19.80 million, as shown in Table 3.260. The County did not submit a report on municipalities by the end of the reporting period.

Table 3.260: Performance of Kisumu County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Lakefront Development Corporation	75,076,880	19,800,000	19,800,000	19,800,000
	Total	**75,076,880**	**19,800,000**	**19,800,000**	**19,800,000**

Source: *Kisumu County Treasury*

3.17.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.331.43 million and comprised Kshs.201.07 million spent by the County Assembly and Kshs.130.36 million by the County Executive. Expenditure on foreign travel amounted to Kshs.65.82 million and comprised Kshs.34.81 million by the County Assembly and Kshs.31.02 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.261.

Table 3.261: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (Kshs.)
County Executive	3	18th – 30th August 2025	Investment and Academic Engagements	New York	4,526,480
County Executive	1	3rd – 4th July 2025	The African Research Initiative for Scientific Excellence and Sustainable Development	Accra, Ghana	60,161
County Executive	1	29th June – 3rd July 2025	World Assembly of Local and Regional Governments	Spain	445,638
County Executive	1	21st – 27th September 2025	VIP Delegate, FESTAC Africa Renaissance Festival 2025	Accra, Ghana	596,700
County Executive	1	5th – 10th October 2025	5th Edition of the Africa Sub-Sovereign Government Network	Spain	404,396
County Executive	2	4th – 10th September 2025	Intra-Africa Trade Fair 2025	Algeria	1,188,762
County Executive	2	22nd April – 3rd May 2025	World Bank and IMF Spring Meetings	Washington DC	3,182,520
County Executive	3	30th March – 6th April 2025	Global Disability Summit 2025	Berlin	3,087,790
County Executive	2	5th – 9th June 2025	Global Parliament of Mayors Annual Summit 2025	Portugal	1,375,600
County Executive	3	30th November – 7th December 2025	IFEZ Smart Cities Conference in South Korea	South Korea	1,997,000

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (Kshs.)
County Executive	1	4th – 5th July 2025	Implementation Strategy on KIIDeP	Accra, Ghana	34,580
County Executive	1	12th – 26th October 2026	ESAMI Procurement Fraud Audit and Investigation Training (date to be confirmed)	Zambia	267,500
County Executive	1	21st – 27th September 2025	FESTAC Africa Renaissance Festival 2025	Accra, Ghana	1,189,500
County Executive	2	2nd – 4th July 2025	Unpacking the Pact for the Future	Accra, Ghana	1,200,000
County Executive	4	22nd February – 1st March 2025	EALASCA Games Festival	Kampala	702,411
County Executive	1	1st June – 25th August 2025	UCLG Africa	Morocco	1,135,680
County Executive	2	23rd February – 1st March 2025	EALASCA Games Festival	Kampala	418,699
County Executive	4	12th – 17th December 2025	Rocco Paco (Acholi Community Revival Movement)	Kampala	932,100
County Executive	1	10th – 16th November 2025	5th Extraordinary Summit	Kampala	254,000
County Executive	1	26th March – 4th April 2025	Global Disability Summit 2025	Berlin, Germany	1,016,860
County Executive	1	27th – 31st March 2025	Celebrating 90 Years of Service of Makerere University	Uganda	274,040
County Executive	1	21st – 26th March 2025	UCLG Africa General Assembly	Mauritania	204,100
County Executive	2	4th – 11th April 2026	Exchange Visit to Port Mwanza	Mwanza, Tanzania	460,460
County Executive	1	17th – 22nd May 2026	World Urban Forum (WUF13)	Baku, Azerbaijan	1,479,230
County Executive	1	29th January – 5th February 2026	Project Launch in California	West Virginia, USA	3,985,300
County Executive	1	7th – 13th January 2026	UCLG Africa	Rabat, Morocco	598,960
County Assembly	3	21st – 30th July 2025	Attending Youth International Exchange Camp	Asan City, South Korea	1,058,367
County Assembly	6	1st – 7th October 2025	Attending the Agricultural Exchange Programme	Mityana, Uganda	1,808,352
County Assembly	1	25th September – 7th October 2025	Attending Meetings, Presentations, and Community Engagement Activities	Washington DC, USA	442,186
County Assembly	2	1st – 12th November 2025	Attending Meetings, Presentations, and Community Engagement Activities	Washington DC, USA	933,044
County Assembly	7	4th – 10th November 2025	Attending Leadership Strategies for Organisational Growth in a Dynamic World Conference	Dubai, UAE	2,965,794
County Assembly	4	16th – 22nd November 2025	Attending Leadership Strategies for Organisational Growth in a Dynamic World Conference	Dubai, UAE	1,685,945
County Assembly	1	14th – 22nd December 2025	Attending Leadership Strategies for Organisational Growth in a Dynamic World Conference	Singapore	529,528

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (Kshs.)
County Assembly	2	2nd – 8th January 2026	Attending Leadership Strategies for Organisational Growth in a Dynamic World Conference	Singapore	1,185,396
County Assembly	7	5th – 13th December 2025	Attending an Educational Exchange Programme	Soroti, Uganda	2,210,579
County Assembly	5	1st – 7th December 2025	Attending an Educational Exchange Programme	Mukono, Uganda	1,392,054
County Assembly	7	15th – 23rd December 2025	Attending an Educational Exchange Programme	Soroti, Uganda	1,989,577
County Assembly	1	18th – 23rd December 2025	Attending Leadership and Governance Training Programme	Dubai, UAE	512,263
County Assembly	6	20th – 26th January 2026	Attending Transformation Workshop on the Strategic Engagement of the Social Economy Approach	Musoma, Tanzania	1,661,808
County Assembly	2	9th – 15th January 2026	Attending the Education Exchange Programme on the Best Practices in Legislation and Oversight	Singapore	979,056
County Assembly	6	24th – 30th January 2026	Attending Chamber of Commerce Industry Study Tour	Kampala, Uganda	1,998,245
County Assembly	4	8th – 15th February 2026	Attending the Education Exchange Programme on Leadership and Governance	Mwanza, Tanzania	813,355
County Assembly	7	21st – 28th March 2026	Attending the Education Exchange Programme on Leadership and Governance	Mukono, Uganda	1,652,525
County Assembly	7	21st – 28th March 2026	Attending the Education Exchange Programme on Leadership and Governance	Soroti, Uganda	1,608,536
County Assembly	10	6th – 11th April 2026	Attending the Study Tour to the East African Legislative Assembly	Arusha, Tanzania	2,124,630
County Assembly	4	29th March – 6th April 2026	Attending Joint Monitoring and Learning Implementation of East African Playgrounds Learning, through Play Programmes	Jinja, Uganda	1,245,257
County Assembly	6	4th – 7th April 2026	Attending Chamber of Commerce Industry and Agriculture Study Tour	Kampala, Uganda	748,225
County Assembly	12	27th April – 5th May 2026	Attending the Education Exchange Programme on Leadership and Governance	Mityana, Uganda	1,229,524
County Assembly	3	14th – 21st May 2026	Attending Leadership Training and Exchange Tour on Strategic Leadership and Governance	Addis Ababa, Ethiopia	1,010,070
County Assembly	5	15th – 22nd May 2026	Attending Joint Monitoring and Learning Implementation of East African Playgrounds Learning, through Play Programmes	Jinja, Uganda	1,179,189
County Assembly	7	5th – 10th June 2026	Attending Joint Monitoring and Learning Implementation of East African Playgrounds Learning, through Play Programmes	Mwanza, Tanzania	1,132,000
County Assembly	2	23rd – 30th June 2026	Attending Conference on E-Waste Management, Circularity, and Digital Innovation	Shenzhen, China	709,758

Source: *Kisumu County Treasury and Kisumu County Assembly*

3.17.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.693.55 million as FIF, which was 86.69 per cent of the annual target of Kshs.800.00 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

The expenditure by the health facilities amounted to Kshs.783.59 million, as shown in Table 3.262

Table 3.262: Kisumu County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1	Level 5 Hospitals	1	617	591	95.79
2	Level 4 Hospitals	17	109	102	93.58
3	Level 3 Hospitals	25	94	91	96.81
4	Level 2 Hospitals	109	-	-	-
	Total	**152**	**820**	**784**	**95.61**

Source: *Kisumu County Treasury*

3.17.15 Development Expenditure

In the review period, the County reported spending Kshs.1.74 billion on development programmes, representing a 10.93 per cent increase over FY 2024/25, when the County spent Kshs.1.57 billion. Table 3.263 summarises the development projects with the highest expenditure in the reporting period.

Table 3.263: Kisumu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Total Funding before FY 2025/26 (Kshs.)	Expenditure in FY 2025/26 (Kshs.)	Cumulative project Expenditure as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects								
1	County Assembly of Kisumu	Construction of Ultra-Modern Assembly	Kisumu, Milimani	478,356,348	165,000,000	155,253,169	464,470,691	97.10
2	City of Kisumu.	Nmt Phase 3 Facilities, Including Landscaping of Select Open	City	196,920,000	196,920,000	69,455,755	69,455,755	35.27
3	Education, Technical Training, Innovation & Social Services	Vtcs Capitation	Countywide	125,500,000	125,500,000	62,747,500	62,747,500	50.00
4	Infrastructure, Energy and Public Works	Upgrading Of Namba Kapiyo- Bodi -Asat -Bao Beach Road To Bit	Countywide	150,000,000	150,000,000	55,875,096	55,875,096	37.25
5	Department of Lands, Housing, Physical Planning and Urban Development	Valuation Roll		30,000,000	30,000,000	30,000,000	30,000,000	100.00
6	Department of Lands, Housing, Physical Planning and Urban Development	Preparation Of County Spatial Plan	Countywide	30,000,000	30,000,000	20,000,000	20,000,000	66.67
7	Education, Technical Training, Innovation & Social Services	Supply Of Tools And Equipment	Countywide	20,000,000	20,000,000	19,800,000	19,800,000	99.00
8	Department of Agriculture, Irrigation, Livestock and Fisheries	Kisumu County E-Voucher Farm Input Subsidy Program	All wards	25,000,000	25,000,000	14,795,534	14,795,534	59.18
9	Public Service, County Administration & Participatory Development	Construction Of Ward Offices	Countywide	35,187,481	35,187,481	11,960,446	11,960,446	33.99
10	Department of Lands, Housing, Physical Planning and Urban Development	Local Physical Development Plan For Ahero Awasi	Ahero Awasi	10,000,000	10,000,000	10,000,000	10,000,000	100.00
Donor Funded Projects								

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Total Funding before FY 2025/26 (Kshs.)	Expenditure in FY 2025/26 (Kshs.)	Cumulative project Expenditure as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
1	Department of Agriculture, Irrigation, Livestock and Fisheries	National Agricultural Value Chain Development Project (NAVCD)	All wards	151,515,152	151,515,152	151,515,152	151,515,152	100.00
2	Department of Agriculture, Irrigation, Livestock and Fisheries	Praectice Project (EU-Funded)	Countywide	28,269,703	28,269,703	28,269,703	28,269,703	100.00
3	Department of Lands, Housing, Physical Planning and Urban Development	Kisip	Countywide	845,000,000	845,000,000	25,000,000	25,000,000	2.96
4	Department of Agriculture, Irrigation, Livestock and Fisheries	Navcdp Counterpart Contribution	All ward	21,000,000	21,000,000	21,000,000	21,000,000	100.00
5	Department of Agriculture, Irrigation, Livestock and Fisheries	Aquaculture Business Development Programme (ABDP)	Countywide	18,798,559	18,798,559	18,798,559	18,798,559	100.00
6	Department of Agriculture, Irrigation, Livestock and Fisheries	Change Maker Project (EU-Funded)	Kisumu East and Kisumu Central	15,000,000	15,000,000	15,000,000	15,000,000	100.00

Source: *Kisumu County Treasury*

The County did not provide a list of stalled development projects as of 30 June 2026.

3.17.16 Budget Performance by Department

Table 3.264 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.264: Kisumu County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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 of Kisumu	1,062	165	902	155	902	155	100.00	100.00	84.93	93.94
Lands, Physical Planning, Housing and Urban Development	113	1,072	56	96	56	96	100.00	100.00	49.56	8.96
Agriculture, Livestock Development, Fisheries and Irrigation	244	555	207	330	207	330	100.00	100.00	84.84	59.46
City of Kisumu	414	1,309	281	0	281	0	100.00	0.00	67.87	0.00
County Public Service Board	37	0	15	0	15	0	100.00	0.00	40.54	0.00
Education, Technical Training, Innovation & Social Services	916	358	705	196	705	196	100.00	100.00	76.97	54.75
Infrastructure, Energy and Public Works	114	1,458	80	450	80	450	100.00	100.00	70.18	30.86

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
Finance, Economic Planning & ICT Services	1,744	80	1,387	0	1,387	0	100.00	0.00	79.53	0.00
Trade, Tourism, Industry and Marketing	84	92	0	0	0	0	0.00	0.00	0.00	0.00
Medical Services, Public Health and Sanitation	3,863	288	3,393	152	3,393	152	100.00	100.00	87.83	52.78
Sports, Culture, Gender and Youth Affairs	99	78	71	47	71	47	100.00	100.00	71.72	60.26
Water, Environment, Natural Resources & Climate Change	87	830	65	248	65	248	100.00	100.00	74.71	29.88
Public Service, County Administration & Participatory Development	1,210	388	1,032	19	1,032	19	100.00	100.00	85.29	4.90
County Attorney	221	0	128	0	128	0	100.00	0.00	57.92	0.00
Municipalities (5)	63	38	6	0	6	0	100.00	0.00	9.52	0.00
Total	**10,272**	**6,710**	**8,326**	**1,693**	**8,326**	**1,693**	**100.0**	**100.0**	**81.1**	**25.2**

Source: *Kisumu County Treasury*

Analysis of expenditure by departments shows that the Department of Sports, Culture, Gender and Youth Affairs recorded the highest absorption rate of development budget at 60.26 per cent, followed by the Department of Agriculture, Livestock Development, Fisheries and Irrigation at 59.46 per cent and the Department of Education, Technical Training, Innovation & Social Services at 54.75 per cent. The Department of Medical Services, Public Health and Sanitation had the highest percentage of recurrent expenditure to budget at 87.83 per cent, while the Municipalities had the lowest at 9.52 per cent.

3.17.17 Budget Execution by Programmes and Sub-Programmes

Table 3.265 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.265: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Sports, Culture, Gender and Youth Affairs				
101005086	Planning and Coordination Services	7,744,592	7,724,592	99.74
103005086	Physical planning services	70,500,000	44,179,155	62.67
County Assembly of Kisumu				
701035060	General Administration	165,000,000	155,253,169	94.09
Department of Education, Technical Training, Innovation and Social Service				
517005081	Youth Training and Legislation	180,900,000	146,391,260	80.92

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
502005081	Youth Polytechnics Services	6,800,000	4,255,870	62.59
101005081	Planning and Coordination Services	25,000,000	14,479,914	57.92
505005081	Early Child Education	145,566,000	31,223,534	21.45
Recurrent				
City of Kisumu				
109005072	Urban planning and development	5,901,742	6,852,848	116.12
515005072	Primary Policy and Legislation	3,680,186	3,630,186	98.64
704005072	General Administration and Support Services	369,651,139	348,567,898	94.30
707005072	Management Information System	3,066,647	2,280,396	74.36
County Assembly of Kisumu				
708015060	Legislation and Oversight Services	159,386,035	159,384,205	100.00
208015060	ICT Services	11,294,726	11,291,621	99.97
708025060	Policy Services (Speakers' Office)	45,988,285	45,954,889	99.93
705055060	Budget Formulation and Coordination Services	9,372,000	9,364,106	99.92
Department of Sports, Culture, Gender and Youth Affairs				
301005086	Entrepreneurial training and Business management skills	1,770,100	1,769,100	99.94
502005086	Youth Training Facilities	1,230,600	1,140,600	92.69
506005086	Talent Development	12,653,378	10,706,978	84.62
907005086	Artistic Talent Development	4,651,300	3,595,800	77.31

Source: *Kisumu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Planning and Co-ordination Services in the Department of Sports at 99.74 per cent, General Administration in the County Assembly at 94.09 per cent, and Youth Training and Legislation in the Department of Education at 80.92 per cent.

For recurrent sub-programmes, the top performers included: Urban Planning and Development in the City of Kisumu at 116.12 per cent, Legislation and Oversight Services in the County Assembly at 100.00 per cent, and Entrepreneurial Training and Business Management in the Department of Sports at 99.94 per cent.

The higher performance of these programmes was attributed to sustained funding and prioritisation of these sub-programmes during the year.

Table 3.266 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.266: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Ahero/Awasi Municipality				
704005090	General Administration and Support Services	20,920,611	0	0.00
Kisumu - Maseno Holo Municipality				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
704005091	General Administration and Support Services	4,500,000	0	0.00
Kombewa Body Municipality				
704005092	General Administration and Support Services	4,000,000	0	0.00
Recurrent				
Kisumu- Muhoroni Chemelil Municipality				
704005094	General Administration and Support Services	12,000,000	653,630	5.45
Kisumu - Maseno Holo Municipality				
704005091	General Administration and Support Services	11,500,000	773,495	6.73
Kombewa Body Municipality				
704005092	General Administration and Support Services	12,000,000	1,143,594	9.53

Source: *Kisumu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: General Administration and Support Services in the Ahero/Awasi Municipality, the Maseno-Holo Municipality and the Kombewa/Bodi Municipality, each at 0.00 per cent, having received no funding in FY 2025/26.

For recurrent sub-programmes, the poorest performers included: Trade Support Services in the Department of Trade, Tourism, Industry and Marketing at 3.74 per cent, Communication Services in the City of Kisumu at 8.90 per cent, and General Administration and Support Services in the Muhoroni/Chemelil, Maseno-Holo and Kombewa/Bodi Municipalities at 5.45, 6.73 and 9.53 per cent, respectively.

These lower performances were mainly attributed to the non-release of funds for the affected sub-programmes during the year, as resources were prioritised towards other programmes, as well as the late disbursement of exchequer funds.

3.17.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.2.79 billion. This amount consisted of Kshs.2.78 billion from the County Executive and Kshs.14.09 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.97 billion for recurrent expenditure and Kshs.812.36 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.1.95 billion, comprising Kshs.1.40 billion (71.79 per cent) for recurrent programmes and Kshs.559.03 million (28.67 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.14.09 million, all for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.850.47 million for the County Executive and Kshs.0 million for the County Assembly.

Table 3.267: Kisumu County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	812,361,577	1,966,009,698	2,778,371,275
		County Assembly	0	14,094,655	14,094,655
		Total	812,361,577	1,980,104,353	2,792,465,930
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	812,361,577	1,966,009,698	2,778,371,275
		County Assembly	0	14,094,655	14,094,655
		Total	812,361,577	1,980,104,353	2,792,465,930
Amount paid in FY 2025/26	c	County Executive	559,032,325	1,395,450,820	1,954,483,146
		County Assembly	0	14,094,655	14,094,655
		Total	559,032,325	1,409,545,475	1,968,577,801

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade Payables Incurred in FY 2025/26	d	County Executive	27,638,239	0	27,638,239
		County Assembly	0	0	0
		Total	27,638,239	0	27,638,239
Outstanding trade payables as of 30 June 2026	**e=a-c+d**	**County Executive**	**280,967,490**	**569,497,747**	**850,465,237**
		County Assembly	**0**	**0**	**0**
		Total	**280,967,490**	**569,497,747**	**850,465,237**

Source: *Kisumu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.2.79 billion on recurrent and development expenditure in FY 2025/26. The County did not fully adhere to this payment plan, as it cleared Kshs.1.95 billion for the Executive and Kshs.14.09 million for the Assembly.

Table 3.267 and Table 3.268 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.850.47 million.

Table 3.268: Kisumu County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	56,843,353	31,388,762	7,856,272	184,879,103	280,967,490
Recurrent Trade Payables (Goods & Services)	147,141,564	120,913,551	44,660,035	204,749,538	517,464,688
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	16,533,013	0	0	0	16,533,013
Recurrent Trade Payables (Staff Claims)	31,055,479	3,887,122	461,945	95,500	35,500,046
Total Recurrent Trade Payables	194,730,056	124,800,673	45,121,980	204,845,038	569,497,747
Total Trade Payables	251,573,409	156,189,435	52,978,252	389,724,141	850,465,237
% of Total	30.00	18.00	6.00	46.00	100.00

Source: *Kisumu County Treasury*

As shown in Table 3.268, the total salary arrears and statutory deductions for trade payables amounted to Kshs.16.53 million, which represented 1.94 per cent of the total trade payables of Kshs.850.47 million as of 30 June 2026.

Additionally, 45.82 per cent of total trade payables are aged over 3 years, and 29.58 per cent are aged under one year, a trend attributed to resource constraints. To address this situation, the county should prioritise settlement of the oldest bills on a FIFO basis.

3.17.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 54 bank accounts across CBK and commercial banks, comprising 49 County Executive accounts and 5 County Assembly accounts. The breakdown between CBK and commercial bank accounts was not disclosed in the annual report.

The County Treasury submitted copies of authorisation letters to the Controller of Budget for opening the commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.17.20 Key Observations and Recommendations

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

i. Low development performance in the review period as the County incurred Kshs.1.74 billion on development activities, achieving a 25.92 per cent absorption rate.

ii. High level of trade payables, which amounted to Kshs.850.47 million as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

iii. The County did not implement several programmes prioritised through the budget process, including General Administration and Support Services in the Ahero/Awasi Municipality (Kshs.20.92 million), the Maseno-Holo Municipality (Kshs.4.50 million) and the Kombewa/Bodi Municipality (Kshs.4.00 million) in the development budget, which received no funding. This may result in the failure to deliver planned services, unmet public needs, and a loss of value from the budget resources allocated to these programmes.

iv. The County did not receive funding for several approved additional allocations, including the Settlement of Doctors' Salary Arrears (Kshs.75.40 million), the Community Health Promoters (CHPs) Programme (Kshs.165.34 million), the IFAD Loan for the Aquaculture Business Development Project (Kshs.37.33 million), the Road Maintenance Levy Fund (Kshs.68.30 million) and the CHPS Programme (Kshs.89.94 million), constraining implementation of the intended programmes. Other approved allocations, including KISIP and FLLOCA, were only partially disbursed, leaving additional allocation receipts of Kshs.1.58 billion outstanding as at 30 June 2026.

v. A high reliance on Facility Improvement Financing (FIF), which accounts for 47.3 per cent of the County's locally raised revenue (Kshs.693.55 million of Kshs.1.47 billion), exposes the County to a significant revenue concentration risk and raises concerns about the sustainability of its own-source revenue base.

vi. 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 2026.

vii. Fund Administrators of all county funds did not submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, contrary to the requirements of Section 168 of the PFM Act, 2012.

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

i. The County should implement strategies to increase development expenditures in FY 2025/26.

ii. The County Leadership should ensure that genuine bills are paid promptly in the ensuing financial year. Further, compliance with the Trade Payables Action Plan should be enforced.

iii. The County should ensure that all approved programmes are adequately funded to prevent non-implementation, resource wastage, and failure to achieve the intended service-delivery outcomes.

iv. The National Treasury should ensure timely and full disbursement of approved additional allocations in accordance with the applicable cash disbursement schedules and conditions to facilitate implementation of the funded programmes.

v. The County Treasury should diversify and strengthen its own-source revenue base by enhancing collection from other revenue streams and reducing overreliance on Facility Improvement Financing (FIF).

vi. The County Treasury should ensure the timely preparation and submission of financial and non-financial reports to the Controller of Budget, in accordance with the timelines prescribed in Section 166 of the PFM Act, 2012.

vii. *Fund Administrators should ensure the timely submission of quarterly financial and non-financial reports to the Controller of Budget within the timelines prescribed by law, as required under Section 168 of the PFM Act, 2012.*

3.18. County Government of Kitui

3.18.1 Overview of FY 2025/26 Budget

The Kitui County Approved Supplementary I Budget for FY 2025/26 was Kshs.14.75 billion. It comprised Kshs.5.23 billion (35.45 per cent) and Kshs.9.52 billion (64.55 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Ksh.440.00 million (3.08 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.4.75 billion and a recurrent budget of Kshs.9.55 billion. The increase in the budget was primarily attributed to additional allocations, which grew by 60.32 per cent from Kshs.1.29 billion in FY2024/25 to Kshs.2.07 billion in FY2025/26, as well as the increase in the equitable share allocation from the National Government, which rose by 5.68 per cent from Kshs.10.89 billion in FY2024/25 to Kshs.11.50 billion in FY2025/26.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.11.50 billion (78.02 per cent), additional allocations of Kshs.2.07 billion (14.05 per cent), a cash balance brought forward from FY 24/25 of Kshs.50.99 million (less than one per cent) and Kshs.1.12 billion (7.59 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.269.

3.18.2 Revenue Performance

During the year, the County reported total receipts of Kshs.14.11 billion, including accrued receipts of Kshs.303.25 million. This amount represented an increase of 4.09 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.13.56 billion. The total revenue consisted of Kshs.11.50 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.29 billion, and own-source revenue (OSR) collection of Kshs.1.27 billion, including Kshs.303.25 million receivable from SHIF. Additionally, the County had a cash balance of Kshs.50.99 million from FY 2024/25. The total OSR collection of Kshs.1.27 billion included Facilities Improvement Financing (FIF) of Kshs.1.02 billion and Kshs.252.73 million from other OSR sources. Table 3.269 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.269: Kitui County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	E=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	50,990,623	50,990,623		50,990,623	100.00%
	Sub-Total	**50,990,623**	**50,990,623**	**-**	**50,990,623**	100.00%
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	11,503,907,837	11,503,907,836		11,503,907,836	100.00
	Sub-Total	**11,503,907,837**	**11,503,907,836**		**11,503,907,836**	**100.00**
C	**Additional Allocations (Including Grants)**					
1	Road Maintenance Fuel Levy	597,554,452	-	-	-	-
2	Settlement of Doctors' Salary Arrears		-	-	-	-
3	Grants from World Bank (KDSP) Level I	39,011,137	-	-	-	-

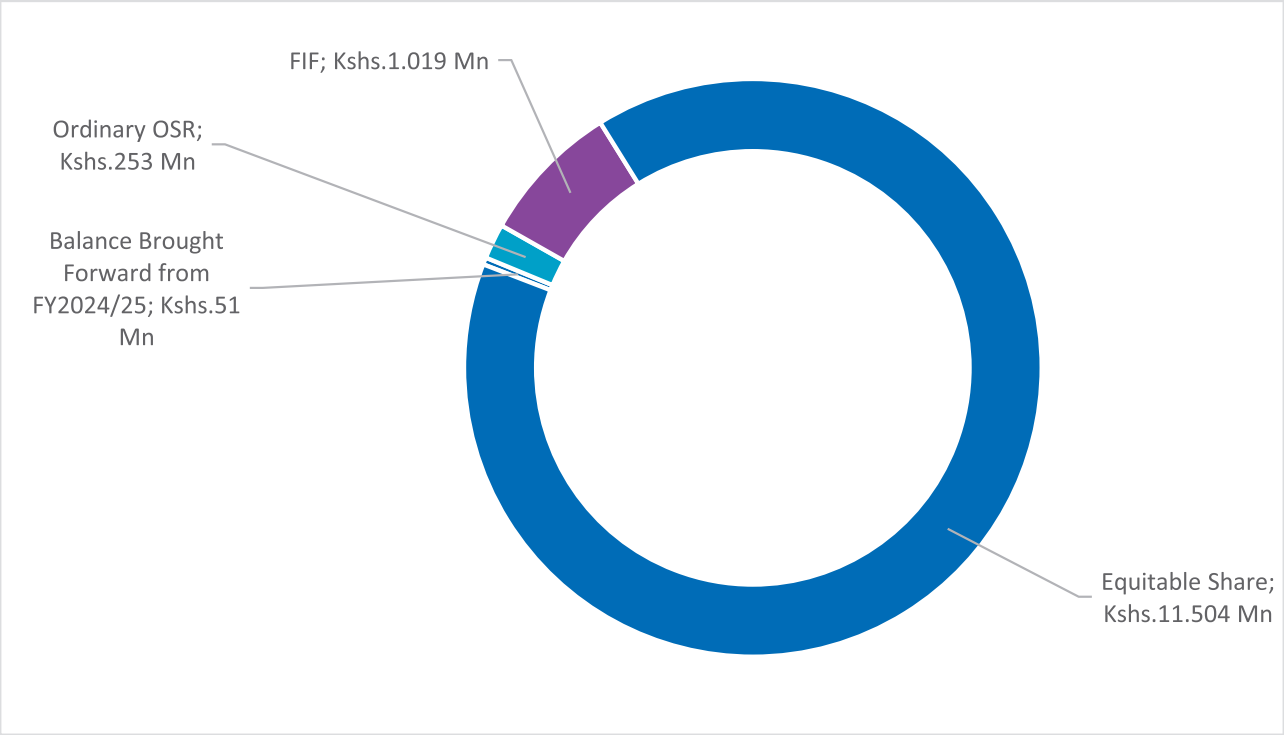
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	E=D/A*100
4	Grants from World Bank (KDSP) Level II	358,125,000	255,307,630		255,307,630.15	71.29
8	HSSP/HSPS - (DANIDA/IDA)	14,089,326	14,229,000		14,229,000.00	100.99
9	K-WASH		246,760,742		246,760,741.90	-
10	IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP)	248,194,645	231,081,416		231,081,416.20	93.10
12	Development of Youth Polytechnics	362,908	-	-	-	-
14	World Bank programme to finance locally led Climate Action Program (FLLoCA)	377,089,490	214,395,906		214,395,906.00	56.86
15	Kenya Urban Support Project-World Bank		74,540,358		74,540,358.00	-
16	Kenya Urban Support Project (UIG), World Bank	60,714,592	-		-	-
17	Allocation for 20% Share of Mineral Royalties	50,000	435,841		435,841.00	871.68
18	Allocation for Court Fines	114,279	-	-	-	-
19	Allocations for 0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees		-		-	-
20	Community Health Promoters	58,050,445	-	-	-	-
21	County Aggregation and Industrial Parks Programme	301,525,750	250,000,000		250,000,000.00	82.91
	-	**2,071,208,708.42**	**1,286,750,893.25**	**-**	**1,286,750,893.25**	**62.13**
E	**Ordinary Own Source Revenue (OSR)**					
1	Receipts from Sale of Agricultural Goods	674,665	461,525.00		461,525	68.41
2	Borehole Drilling	2,951,000	3,232,000.00		3,232,000	109.52
4	Ploughing	2,166,366	-		-	-
5	Training/Learning Centre Fee	3,718,896.00	6,424,126.00		6,424,126	172.74
6	Agricultural show	6,442,784	-		-	0.00
7	Slaughter Houses Inspection Fee	29,769	34,000.00		34,000	114.21
8	Meat Inspection/Veterinary Services	2,541,422	723,093.00		723,093	28.45
9	Certificate to Transport/Movement permits	375,260	253,050.00		253,050	67.43
10	Dispatch Note & Flayer License	9,210	4,350.00		4,350	47.23
11	Sand approval fee, pollution &penalties	18,972,072.00	369,500.00		369,500	1.95

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Perfor-mance
		A	B	C	D=B+C	E=D/A*100
13	Ministry of Tourism, Sports and Culture	452,256.00	201,575.00		201,575	44.57
14	Land rates	20,371,343.00	11,447,627.00		11,447,627	56.19
15	Penalties &penalties	173,730.00	233,940.00		233,940	134.66
16	Land Administration Fees	24,220,735.00	11,166,776.00		11,166,776	46.10
17	Alcoholic Drinks License	30,171,748.00	28,249,000.00		28,249,000	93.63
19	Weights and measures	1,536,011.00	368,790.00		368,790	24.01
20	Cooperative Audit	712,614.00	282,898.00		282,898	39.70
22	Single Business Permits	102,649,433.00	103,938,892.00		103,938,892	101.26
23	House and Stalls Rents	2,520,656.00	2,057,544.00		2,057,544	81.63
24	Market Fees	16,108,700.00	18,078,254.00		18,078,254	112.23
25	Cess	12,152,256.00	14,894,631.00		14,894,631	122.57
26	Sign Board & Advertising	24,354,682.00	14,145,540.00		14,145,540	58.08
27	Transportation Fees	16,161,227.00	16,365,155.00		16,365,155	101.26
28	Slaughter Fees	2,738,913.00	2,485,945.00		2,485,945	90.76
29	Burial Fees	28,609.00	27,500.00		27,500	96.12
30	Parking fees	20,096,257.00	17,281,390.00		17,281,390	85.99
31	Sale & search of assets	17,690.00	2,100.00		2,100	11.87
	Sub-Total	**312,348,304**	**252,729,201**		**252,729,201**	80.91
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	806,901,696.00	715,427,409.34	303,247,238	1,018,674,647	126.25
	Sub-Total	**806,901,696**	**715,427,409**	**303,247,238**	**1,018,674,647**	**126.25**
	Grand Total	**14,745,357,168**	**13,809,805,963**	**303,247,238**	**14,113,053,201**	**95.71**

Source: *Kitui County Treasury*

Figure 3.102 provides a detailed breakdown of receipts.

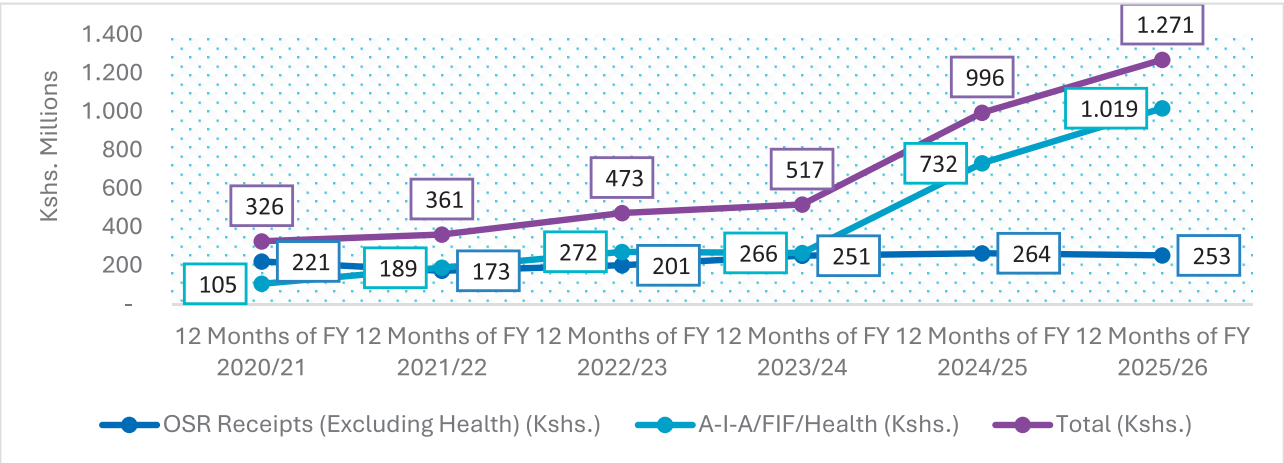
Figure 3.102: Kitui County Composition of Revenue in FY 2025/26



S***ource:*** *Kitui County Treasury*

The equitable share of revenue raised nationally, FIF, and OSR contributed 90 per cent, 8 per cent and 2 per cent, respectively, of the total receipts for the reporting period. Figure 3.103 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.103: Kitui County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



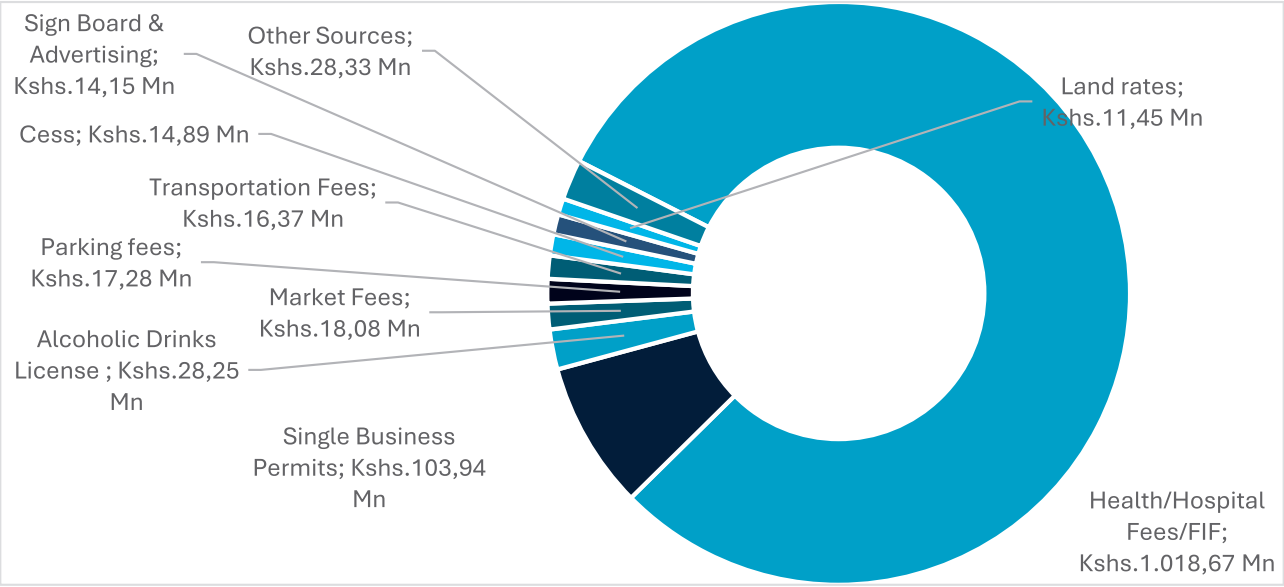
Source: *Kitui County Treasury*

During the year, the County received Kshs.1.27 million from OSR, including FIF. This amount was an increase of 41.94 per cent compared to Kshs.894.42 million realised in a similar period in FY 2024/25 and was 113.59 per cent of the annual target and 11.05 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to enhanced revenue collection mechanisms and increased digitisation of revenue collection.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.104.

Figure 3.104: Kitui County Top Own Source Revenue Streams in FY 2025/26



Source: *Kitui County Treasury*

As shown in Figure 3.104, the largest revenue stream, at Kshs.1.02 billion, was from FIF, accounting for 80 per cent of total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.18.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.1.58 billion, which increased to Kshs.2.24 billion as of 30 June, 2026. The County currently tracks its revenue arrears using an automated system, with an accrual-basis option. Table 3.270 presents a breakdown of the County's Revenue Arrears.

Table 3.270: Kitui County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	C	D	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Land/Poll Rate	1,282,533,263.00	0.00	(4,740,887.00)	396,979,693.00	1,674,772,069.00
	Sub-Total	**1,282,533,263.00**	**0.00**	**(4,740,887.00)**	**396,979,693.00**	**1,674,772,069.00**
B	**Facility Improvement Financing (FIF)**					
1	Hospital FIF	300,928,094.00	0.00	(39,698,664.65)	303,247,238.00	564,476,667.35
	Sub-Total	**300,928,094.00**	**0.00**	**(39,698,664.65)**	**303,247,238.00**	**564,476,667.35**
Total		**1,583,461,357**	**-**	**-44,439,552**	**700,226,931**	**2,239,248,736**

Source: Kitui *County Treasury*

As of 30 June 2026, the County's revenue arrears amounted to Kshs.44.44 million, comprising Kshs.5.74 million from land rates (10.67 per cent) and Kshs.39.60 million from the Facility Improvement Fund (FIF) (89.23 per cent). The County instituted measures to recover the outstanding revenue arrears during FY2025/26, including issuing demand notices to defaulters and strengthening revenue enforcement mechanisms.

3.18.4 Borrowing by the County

The County Government reported that it did not undertake any borrowings during FY 2025/26.

3.18.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.12.18 billion from the Kitui County Revenue Fund (CRF) account. This amount consisted of Kshs.3.31 billion (27.19 per cent) designated for development programs, and Kshs.8.87 billion (72.81 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.5.91 billion was allocated to employee compensation and Kshs.2.96 billion to operations and maintenance expenditures. Within the operations and maintenance category, 14.71 per cent was for domestic travel and 2.08 per cent for foreign travel. The domestic travel exchequers totalled Kshs.435.57 million, which included Kshs.296.18 million for the County Executive and Kshs.139.40 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.61.62 million, with Kshs.2.36 million for the County Executive and Kshs.59.26 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Kitui CRF account was Kshs.1.35 billion.

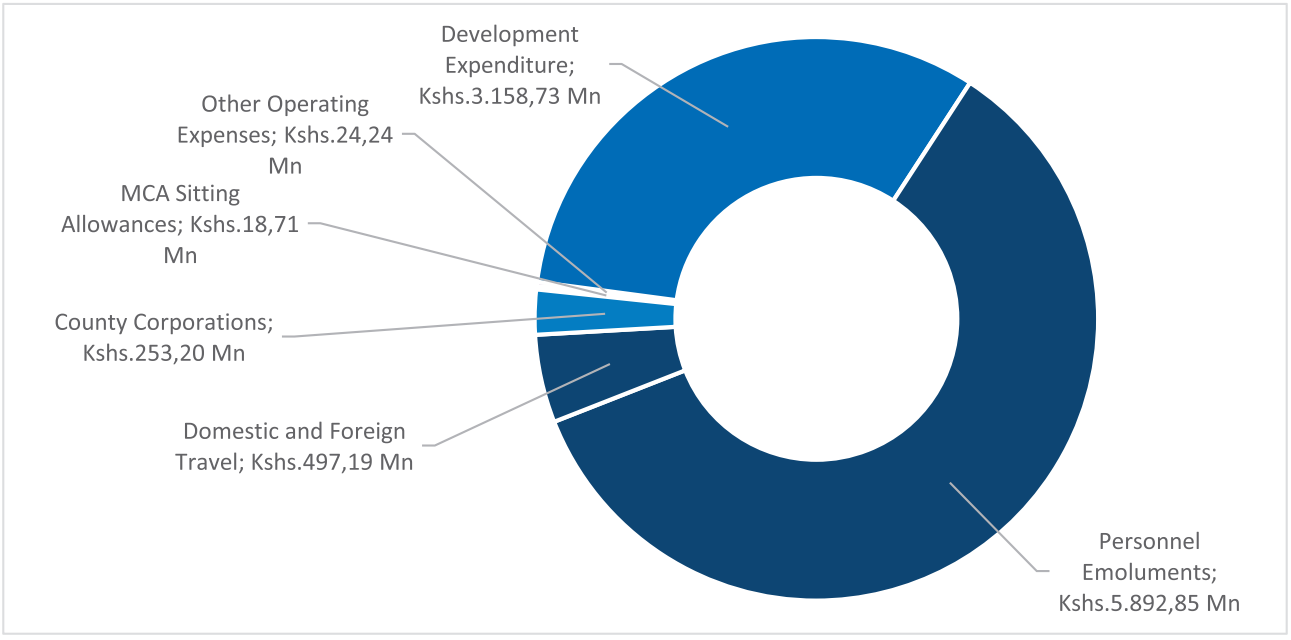
The County Assembly had not operationalised the County Assembly Fund.

3.18.6 Expenditure Review

The County spent Kshs.11.87 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 96.71 per cent of the total funds released by the CoB. It comprised Kshs.3.16 billion for development programmes and Kshs.8.71 billion for recurrent programmes. Expenditure on development programmes accounted for 60.30 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 81.36 per cent of the annual recurrent expenditure budget.

Figure 3.105 provides a detailed breakdown of total expenditure.

Figure 3.105: Kitui County Composition of Expenditure in FY 2025/26



Source: *Kitui County Treasury*

As shown in Figure 3.105, the three highest expenditure categories were personnel emoluments, development, and travel expenditures, contributing 60, 32, and 5 per cent of total expenditure for the reporting period.

3.18.7 Expenditure by Economic Classification

The County Executive incurred Kshs.5.49 billion in employee compensation, Kshs.2.26 billion in operations and maintenance, and Kshs.3.15 billion in development activities. Similarly, the County Assembly spent Kshs.407.05 million on employee compensation, Kshs.557.06 million on operations and maintenance, and Kshs.6.85 million on development activities, as shown in Table 3.271.

Table 3.271: Kitui County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**8,482.08**	**1,044.68**	**7,744.40**	**964.11**	**7,744.40**	**964.11**	**97.03**	**98.46**	**91.30**	**92.29**
Compensation of Employees	5,591.13	437.89	5,485.80	407.05	5,485.80	407.05	98.33	96.66	98.12	92.96
Operations and Maintenance	2,890.95	606.79	2,258.60	557.06	2,258.60	557.06	94.02	99.82	78.13	91.80
Development Expenditure	**5,023.60**	**203.17**	**3,151.89**	**6.85**	**3,151.89**	**6.85**	**95.39**	**100.00**	**62.74**	**3.37**
Total	**13,505.68**	**1,247.85**	**10,896.28**	**970.96**	**10,896.28**	**970.96**	**96.55**	**98.47**	**80.68**	**77.81**

***Source**: Kitui County Treasury*

3.18.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.5.89 billion, representing 41.75 per cent of revenue. This expenditure on employee compensation shows an increase compared to the Kshs.5.32 billion reported in a similar period in FY 2024/25. Of this total, Kshs.2.89 billion related to Health Sector employees, accounting for 49 per cent of the overall employees' compensation.

Further analysis indicated that PE costs amounting to Kshs.5.63 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.259.36 million was processed through manual payrolls, accounting for 4.40 per cent of the total PE cost. The justification for the continued use of manual payroll was the payment of gratuities, CHPs, and staff on contract.

The manual payroll comprised salaries for casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.272.

Table 3.272: Analysis of Kitui County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Salaries for casual staff	4,022	87,109,516	Staff on contract	End of FY 2025/26
2	Gratuity for contract staff	852	77,153,585	Staff on contract	End of FY 2025/26
3	Community Health Workers	2,470	88,566,000	CHPs do not have payroll numbers	End of FY 2025/26
4	Payments via Voucher	57	6,362,328	Staff on contract	End of FY 2025/26
	Total		**259,359,429**		

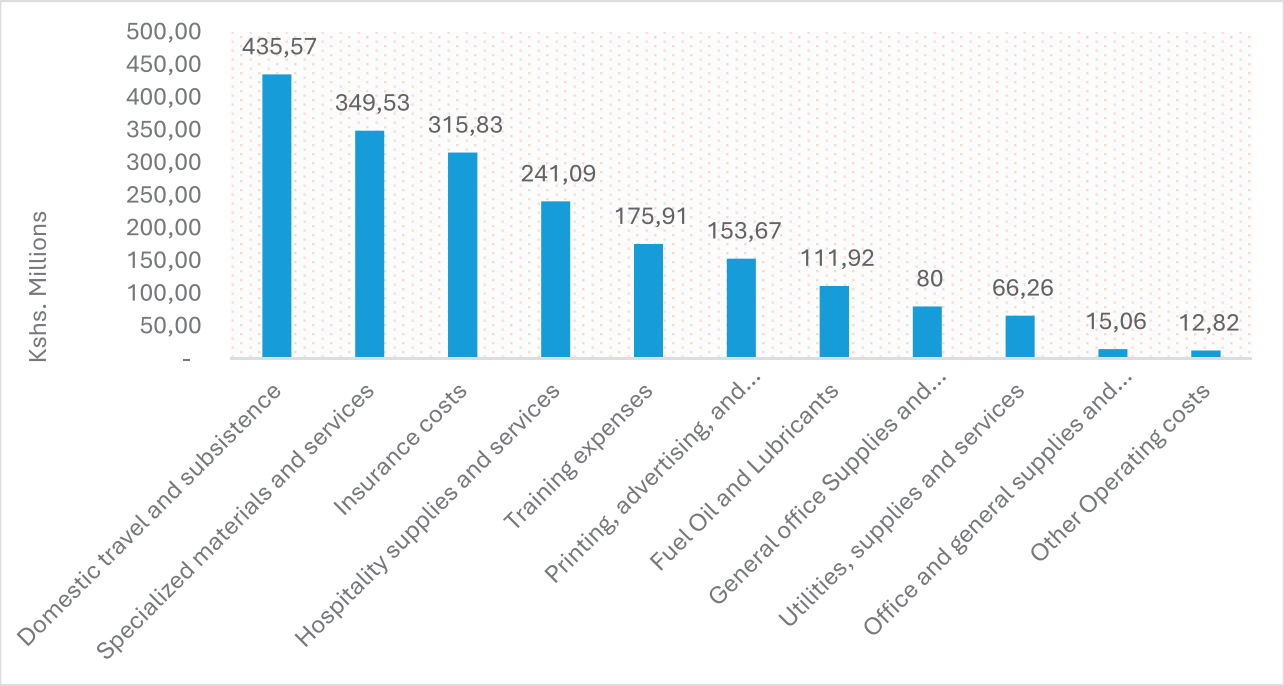
Source: Kitui County Treasury

The County Assembly spent Kshs.18.71 million on committee sitting allowances for the 61 MCAs, against the annual budget allocation of Kshs.24.19 million. The average monthly sitting allowance was Kshs.51,114.00 per MCA. The County Assembly has 22 House Committees.

3.18.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.82 billion on operations and maintenance, representing a decrease of 24.24 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.3.72 billion. Figure 3.106 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.106: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: *Kitui County Treasury*

3.18.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.122.18 million on "other operating expenses - other," which accounted for 4.34 per cent of the total operations and maintenance expenditure of Kshs.2.82 billion. The disaggregated items under the "*Other Operating Expenses-other*" category are shown in Table 3.273.

Table 3.273: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	County KICOSCA Games at Kakamega	8,573,687	7,257,300
2211399	Contracted Guards/Cleaning Services	1,500,000	1,382,145
2211399	Membership Fees, Subscriptions to Professional Bodies	2,100,550	2,097,100
2211399	Legal Dues/fees, Arbitration and Compensation Payments	15,000,000	14,690,343
2211399	Sekeb and County Executive and Assembly Mombasa retreat	25,000,000	27,084,700
2211399	Contracted Professional Services	3,710,800	3,707,472
2211399	Security Operations	401,000	218,656
2211399	Temporary Committee Expenses	6,035,000	6,077,468
2211399	Registration of Land	1,607,200	1,561,059
2211399	Constituency Office Expenses	6,716,163	6,592,704
2211399	Other Operating Expenses - Other	63,458	62,600
2211399	Management Fees	900,000	896,442
2211399	County Finance bill	1,188,331	1,182,400
2211399	County EALASCA games at Mombasa	2,500,000	2,499,998
2211399	Governor's Cup	10,275,000	10,274,400
2211399	Staff payments	198,000	194,252
2211399	Youth and women empowerment	1,900,000	1,708,200
2211399	Staff payments	464,132	464,100

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Staff payments	1,000,000	894,800
2211399	Governors' Various Projects Launch	2,477,600	1,525,929
2211399	Co-operative Bill.	800,110	740,000
2211399	Bank Service charge and commission	551,000	552,090
2211399	CLIDP Public Participation and temporary committee expense	46,460,956	30,517,806
2211399	Other Operating Expenses	1,180,000	0
	TOTAL	**140,602,987**	**122,181,964**

Source: *Kitui County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include domestic travel, public participation, communication, trade fairs, and video conferencing.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, scanning/disposal of documents, clean-up exercises in towns, verification and validation of staff documents, EALASCA games, KICOSCA games, and the Governor's cup.

3.18.11 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.80.00 million to County-Established funds in FY 2025/26, representing 1 per cent of the County's overall budget. Further, the County allocated Kshs.40.00 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.274 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.274: Performance of Kitui County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Kitui County Executive Mortgage (Staff) Scheme Fund	2015	-	-	-	96,000,000	No
2	Empowerment funds	2021				160,000,000	No
3	Kitui County Education Bursary (Pro-poor)	2014	-	-	-	928,464,985	Returns are submitted upon request, as they are line items, not funds.
	County Assembly Established Funds						
4	Kitui County Assembly Service Board Employees Car Loan and Mortgage Fund	2015	-	-	-	196,207,234	Yes
5	Kitui County Assembly Car Loan and Mortgage (Members) scheme Fund	2015	-	-	-	175,410,337	Yes
	Total		**-**	**-**	**-**	**1,556,082,556**	

Source: *Kitui County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from Kitui County Executive Mortgage (Staff) Scheme Fund, Empowerment funds, as indicated in Table 3.86, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the Kitui County Assembly Service Board Employees Car Loan and Mortgage Fund and Kitui County Assembly Car Loan and Mortgage (Members) scheme 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 2025/26, the CoB established that the lifespan of Kitui County Executive Mortgage (Staff) Scheme Fund, Kitui County Assembly Service Board Employees Car Loan and Mortgage Fund, and Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.18.12 County Corporations, Municipalities and Agencies

The County has Kitui County corporations, municipalities, and one agency, which were allocated Kshs.281.12 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.203.20 million, as shown in Table 3.275.

Table 3.275: Performance of Kitui County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1.	Masinga & Kiambere treatment works	50,000,000	49,999,999	49,999,999	49,999,999
2.	Kitui and Mwingi Town municipalities	281,117,091	203,198,079	203,198,079	203,198,079
	Total	**281,117,091**	**203,198,079**	**203,198,079**	**203,198,079**

Source: *Kitui County Treasury*

3.18.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.435.57 million and comprised Kshs.139.40 million spent by the County Assembly and Kshs.296.17 million by the County Executive. Expenditure on foreign travel amounted to Kshs.61.62 million and comprised Kshs.59.26 million by the County Assembly and Kshs.2.36 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.276.

Table 3.276: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	21	20th-24th October, 2025	Training and Benchmarking visit to the East Africa Legislative Assembly (EALA)	Arusha, Tanzania	8,511,880		8,511,880
County Assembly	14	27th-31st October, 2025	Training and Benchmarking visit to the East Africa Legislative Assembly (EALA)	Arusha, Tanzania	4,023,630		4,023,630
County Assembly	14	3rd-7th November, 2025	Training and Benchmarking visit to the East African Legislative Assembly (EALA)	Arusha, Tanzania	4,319,250		4,319,250

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	3	25th-29th November, 2025	Attending the 30th East Africa Law Society Annual Conference and General Meeting	Addis Ababa, Ethiopia	1,045,320		1,045,320
County Assembly	58	17th-27th April, 2026 & 23rd April-3rd May, 2026	Training and Benchmarking visit to Kigali, Rwanda, attending a training on Leadership and Diplomacy (Excellence in Governance, Administration & Strategic Leadership)	Kigali, Rwanda	41,361,440		41,361,440
Total					**59,261,520**		**59,261,520**

Source: Kitui County Treasury and Kitui County Assembly

3.18.14 Facility Improvement Financing

In FY 2025/26, the County reported actual collections of Kshs.715.43 million as FIF, which was 88.66 per cent of the annual target of Kshs.806.90 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 expenditure by the health facilities amounted to Kshs.652.80 million, as shown in Table 3.277.

Table 3.277: Kitui County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level 4 Hospital	14	458,688,637.00	594,445,195.00	130
2	Level 3 Facility	56	14,160,126.00	14,029,429.00	99
3	Level 2 Facility	256	45,540,124.00	44,329,928.00	97
	Total	**326**	**518,388,887.00**	**652,804,552.00**	**126**

Source: *Kitui County Treasury*

3.18.15 Development Expenditure

In the review period, the County reported spending Kshs.3.16 billion on development programmes, representing an increase of 62.89 per cent compared to FY 2024/25, when the County spent Kshs.1.94 billion. Table 3.278 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the proper identification of development projects for implementation.

Table 3.278: Kitui County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
Water	Construction of Kyondoni - Kitamwiki Water Project in Kitui West	Kitui West	1-Jul-25	30 June 2026	14,665,088.70	14,665,088.70	14,665,088.70	0	100

Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
Water	Construction of Tyaa sump well Ndaluni water supply project i	Mwingi West	1-Jul-25	30 June 2026	14,555,279.80	14,555,279.80	14,555,279.80	0	100
Water	Construction of Thua Sumpwell Miambani water Supply project in Kitui Central	Kitui Central	1-Jul-25	30 June 2026	13,823,341.60	13,823,341.60	13,823,341.60	0	100
Health care	Construction of 2 Sets of body mortuary freezers, RSVH, of 12 body capacity	kitui east	1-Jul-25	30-Jun-27	12,953,885.00	12,953,885.00	12,953,885.00	0	100
Building and Construction	Drift repair on the Ivovoa River drift along (Kathungi- Makuti)	kitui east	1-Jul-25	30-Jun-27	12,724,840.31	12,724,840.31	12,724,840.31	0	100
Road	Road Improvement Ithimani river Kalimenza Kwa Mutwee kwa Kimuli with a Drift across Ithimani river	Mwingi North	1-Jul-25	30-Jun-27	12,721,118.91	12,721,118.91	12,721,118.91	0	100
Office of the Governor	Construction of Police block at Katuvwi Police Station	Kitui South	1-Jul-25	30 June 2026	12,659,002.60	12,659,002.60	12,659,002.60	0	100
Building and Construction	Construction of Mukuka Drift along the Twaa River	kitui east	1-Jul-25	30-Jun-27	11,632,784.90	11,632,784.90	11,632,784.90	0	100
Water	Construction of the Kamulu borehole water supply in Mbitini ward	Kitui Rural	1-Jul-25	30 June 2026	9,580,474.15	9,580,474.15	9,580,474.15	0	100
Culture	Construction of the boundary wall at Kitui Stadium	Kitui Central	1-Jul-25	30 June 2026	8,071,728.10	8,071,728.10	8,071,728.10	0	100

Source: *Kitui County Treasury*

The County did not report any stalled development projects as of 30 June 2026,

3.18.16 Budget Performance by Department

Table 3.279 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.279: Kitui County, Budget Allocation and Absorption Rate by Department in FY 2025/26

Department Rec	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
Kitui - Office of The Governor	1,349.71	992.10	1,346.39	605.87	1,051.18	891.86	78.07	147.20	77.88	89.90
Kitui - Health and Sanitation	3,847.49	259.58	2,322.47	223.38	2,907.41	228.22	125.19	102.17	75.57	87.92

Department Rec	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
Kitui - County Public Service Board	75.47	10.00	74.73	10.00	70.06	9.75	93.74	97.49	92.83	97.49
Kitui - County Assembly	1,044.68	203.17	979.21	6.85	824.55	6.85	84.20	100.00	78.93	3.37
Kitui - Office of the Deputy Governor	172.48	23.23	166.57	12.33	172.30	18.64	103.44	151.21	99.90	80.23
Kitui - Ministry of Water and Irrigation	166.26	509.29	165.53	456.48	160.82	443.54	97.15	97.17	96.72	87.09
Kitui - Education, Training, and Skills Development	919.18	118.96	903.35	99.15	799.66	102.20	88.52	103.08	87.00	85.91
Kitui - Ministry Of Roads, Public Works and Transport	246.68	831.75	244.49	667.21	230.35	292.90	94.22	43.90	93.38	35.21
Kitui - Trade Industry MSMs Innovation & Cooperatives	212.99	442.33	208.69	365.72	195.48	220.19	93.67	60.21	91.78	49.78
Kitui - Ministry Of Energy, Environment, Forestry & Natural Resources	132.22	581.22	131.18	345.27	120.90	283.15	92.16	82.01	91.44	48.72
Kitui - Ministry Of Culture, Gender, Youth, ICT, Sports and Social Services	192.51	60.93	190.91	14.35	177.03	53.45	92.73	372.46	91.96	87.72
Kitui - Ministry of Finance, Economic Planning and Revenue Management	456.43	491.76	454.10	87.88	415.56	44.17	91.51	50.27	91.05	8.98
Kitui - Ministry of Agriculture and Livestock	426.80	373.63	426.12	240.24	418.00	313.78	98.10	130.61	97.94	83.98
Kitui - Ministry of Lands, Housing and Urban Development	275.68	328.82	274.32	169.32	201.09	243.18	73.30	143.62	72.94	73.96
Total	**9,518.59**	**5,226.77**	**7,888.09**	**3,304.05**	**7,744.40**	**3,151.89**	**98.18**	95.39	**81.36**	**60.30**

Source: *Kitui County Treasury*

Analysis of expenditure by departments shows that the Office of the Deputy Governor recorded the highest absorption rate of the recurrent budget at 100 per cent, followed by the Department of Agriculture and Livestock at 98 per cent. The County Public Service Board had the highest percentage of development expenditure to budget at 97 per cent, while the Department of Finance, Economic Planning and Revenue Management had the lowest at 9 per cent.

3.18.17 Budget Execution by Programmes and Sub-Programmes

Table 3.280 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.280: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Kitui - Ministry of Water and Irrigation				
Water Resources Management	Water Storage and Flood Control	97,907,301.00	98,914,520.15	101.03
Housing Development and Human Settlement				
Government building	Stalled and New Government Building	5,300,000.00	5,297,400.00	99.95
Culture				
Conservation of Heritage	Conservation of Heritage	10,110,530.00	10,098,943.50	99.89
Gender & Social Economic Empowerment	Gender & Social Economic Empowerment	9,781,924.00	9,745,665.55	99.63
Kitui - Health and Sanitation				
Curative Health Services	Communicable Disease Control	76,652,804.00	76,798,620.45	100.19

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Recurrent				
Kitui - Ministry Of Culture, Gender, Youth, ICT, Sports and Social Services				
Youth Training & Development	Manifesto Implementation Unit	6,207,054.00	7,055,992.25	114
704003710	County Integrated Monitoring and Evaluation	13,174,683.00	14,119,748.55	107
Kitui - County Public Service Board				
Public Service Delivery Mgt & Communication	Public Service Delivery Mgt	14,009,050.00	14,638,241.10	104
	Chief of Staff Services	8,288,200.00	8,275,790.20	100
	County Attorney Services	38,742,424.00	41,278,947.35	107

Source: *Kitui County Treasury*

The development sub-programmes with the highest budget implementation rates were: Water Storage and Flood Control in the Department of Kitui - Ministry of Water and Irrigation at 101.03 per cent, Communicable Disease Control in the Department of Kitui - Health and Sanitation at 100.19 per cent, and Stalled and New Government Building at 99.95 per cent.

For recurrent sub-programmes, the top-performing sub-programmes included Manifesto Implementation, which achieved 114 per cent of its annual target; the County Integrated Monitoring and Evaluation Unit under the Department of Kitui – Ministry of Culture, Gender, Youth, ICT, Sports and Social Services, which achieved 107 per cent; and County Attorney Services under the Department of Kitui – County Public Service Board, which also achieved 107 per cent.

The higher performance of these programmes was attributed to prompt utilisation of funds, as the CoB approves them.

Table 3.281 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.281: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Kitui - Ministry Of Energy, Environment, Forestry & Natural Resources				
Mineral Resources Development	Mineral Resources Development	114,279.00	-	0.00
Kitui - Ministry of Agriculture and Livestock				
Agribusiness and Market Development	Agribusiness and Market Development	17,940,000.00	1,758,925.00	9.80
Kitui - Ministry of Finance, Economic Planning and Revenue Management				
710003710	Economic Planning Coordination Services	486,761,137.00	42,718,521.00	8.78
Kitui - Ministry Of Roads, Public Works and Transport				
Road Transport	Construction of Roads and Bridges	727,554,452.00	208,454,863.55	28.65
Kitui **- County Public Service Board**				
Public Service Delivery Mgt & Communication	General Administration Planning and Support Services	450,726,191.00	155,095,764.90	34.41

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Recurrent				
Health and Sanitation				
Curative Health Services	Specialised Services (Cost Sharing Program)	299,999,999.00	-	0.00
Kitui - County Public Service Board				
Public Service Delivery Mgt & Communication	General Administration Planning and Support Services	17,905,908.00	2,207,807.35	12.33
Kitui - Ministry Of Energy, Environment, Forestry & Natural Resources				
1005003710	Rural Electrification Programme	12,306,274.00	3,088,260.00	25.10
Kitui - Ministry Of Energy, Environment, Forestry & Natural Resources				
1007003710	Coal Mining, Exploration, and Mining	9,596,861.00	4,151,477.15	43.26
501003710	General Administration Planning and Support Services	839,202,425.00	432,230,533.90	51.50

Source: *Kitui County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Mineral Resources Development in the Ministry of Energy, Environment, Forestry & Natural Resources, which did

not record any expenditure; Agribusiness and Market Development in the Ministry of Agriculture and Livestock at 9.80 per cent; and Economic Planning Coordination Services in the Ministry of Finance, Economic Planning and Revenue Management at 8.78 per cent.

For recurrent sub-programmes, the poorest performers included: Specialised Services (Cost Sharing Program) in the Department of Health and Sanitation, which had no expenditure, General Administration Planning and Support Services in the County Public Service Board at 12.33 per cent, and Rural Electrification Programme in the Ministry of Energy, Environment, Forestry & Natural Resources at 25.10 per cent.

These lower performances were attributed to the late disbursement of funds meant for those programmes.

3.18.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.721.06 million. This amount consisted of Kshs.703.10 million from the County Executive and Kshs.17.96 million from the County Assembly. The trade payables from the County Executive comprised Kshs.106.68 million for recurrent expenditure and Kshs.596.42 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.703.10 million, comprising Kshs.106.68 million (15.17 per cent) for recurrent programmes and Kshs.596.42 million (84.83 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.17.96 million for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.449.50 million for the County Executive and Kshs.45.56 million for the County Assembly. Table 3.282 provides additional details of trade payables.

Table 3.282: Kitui County Trade Payables as of 30 June 2026

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	596,415,752	106,680,180	703,095,932
	County Assembly	-	17,961,455	17,961,455
	Total	**596,415,752**	**124,641,635**	**721,057,387**
Amount paid in FY 2025/26	County Executive	596,415,752	106,680,180	703,095,932
	County Assembly	-	17,961,455	17,961,455
	Total	**596,415,752**	**124,641,635**	**721,057,387**
Trade Payables Incurred in FY 2025/26	County Executive	368,833,301	80,669,790	449,503,091
	County Assembly	-	45,457,752	45,457,752
	Total	**368,833,301**	**126,127,542**	**494,960,843**
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	368,833,301	80,669,790	449,503,091
	County Assembly	-	45,457,752	45,457,752
	Total	**368,833,301**	**126,127,542**	**494,960,843**

Source: *Kitui County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.124.64 million and Kshs.596.42 million, respectively, in FY 2025/26. The County adhered to this payment plan, clearing Kshs.703.10 million for the Executive and Kshs.17.96 million for the Assembly.

Table 3.283 and Table 3.284 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.494.96 million.

Table 3.283: Kitui County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	299,912,607.90	55,146,739.30	7,736,043.75	14,163,271.15	**376,958,662.10**
Recurrent Trade Payables (Goods & Services)	77,825,814.85	2,508,160.00	335,815.00	-	**80,669,789.85**

Category	Ageing analysis (Amount in Kshs.)				Total
Total Recurrent Trade Payables	77,825,814.85	2,508,160.00	335,815.00	-	80,669,789.85
Total Trade Payables	**377,738,422.75**	**57,654,899.30**	**8,071,858.75**	**14,163,271.15**	**457,628,451.95**
% of Total	**83**	**13**	**2**	**3**	**100**

Source: *Kitui County Treasury*

Table 3.284: Kitui County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	21,791,132.60				**21,791,132.60**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	913,089.50				**913,089.50**
Recurrent Trade Payables (Staff Claims)	22,753,530.20				**22,753,530.20**
Total Recurrent Trade Payables	45,457,752.30	-	-	-	**45,457,752.30**
Total Trade Payables	**45,457,752.30**	**-**	**-**	**-**	**45,457,752.30**
% of Total	**100**				**100**

Source: *Kitui County Treasury*

As shown in Table 3.283 and Table 3.284, the total salary arrears and statutory deductions for trade payables amounted to Kshs.913,089.50, which represented less than one per cent of the total trade payables of Kshs.494.96 million as of 30 June, 2026. The statutory deductions were exclusively for salary arrears totalling Kshs.913,089.50.

Additionally, the two tables indicate that 84.12 per cent of the total trade payables were outstanding for less than one year. This trend was attributed to the County Government's implementation of the First-In, First-Out (FIFO) criterion in settling trade payables. The County also implemented the Trade Payables Action Plan, resulting in the settlement of payables declared during FY 2025/26.

3.18.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 357 accounts across CBK and commercial banks, of which 29 were held at the CBK and 328 at commercial banks. Of those at the commercial banks, one was for revenue collection accounts, one for special operations accounts, and 326 for Hospital facilities.

3.18.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.968.16 million against an annual target of Kshs.1.12 billion, representing 86.50 per cent of the financial year target.

ii. Low development performance in the review period as the County incurred Kshs.3.16 billion on development activities, achieving a 60.43 per cent absorption rate.

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 2026, the lifespan of the Kitui County Executive Mortgage (Staff) Scheme Fund, the Kitui County Assembly Service Board Employees Car Loan and Mortgage Fund, and the Kitui County Assembly Car Loan and Mortgage (Members) Scheme 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 set by law, thereby contravening the requirements of Section 168 of the PFM Act, 2012. The reports for all the Funds were not submitted to the CoB as of 30 June 2026.

v. High level of trade payables, which amounted to Kshs.494.96 million as of 30 June 2026.

vi. 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.

vii. The County reported Kshs.122.18 million under "other operating expenses - Other," accounting for 4 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

viii. 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, 2026.

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 implement strategies to increase development expenditures in FY 2025/26.*

iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

v. *The County Leadership should address trade payables to ensure that genuine bills are paid promptly. Further, compliance with the Trade Payables Action Plan should be enforced.*

vi. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

vii. *viii. The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

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

3.19. County Government of Kwale

3.19.1 Overview of FY 2025/26 Budget

The Kwale County Approved Budget for FY 2025/26 was Kshs.16.71 billion. It comprised Kshs.8.26 billion (49.43 per cent) and Kshs.8.45 billion (50.57 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.83 billion (12.31 per cent) from FY 2024/25 budget, comprising a development budget of Kshs.6.95 billion and a recurrent budget

of Kshs.7.92 billion. The increase in the budget was primarily attributed to 20 per cent mineral royalties received during the financial year.

The budget was to be financed from various revenue sources. These included the equitable share of revenue raised nationally of Kshs.9.08 billion (54.34 per cent), additional allocations of Kshs.3.25 billion (19.45 per cent), Kshs.1 billion (5.98 per cent) generated as own-source revenue and Kshs.3.37 billion of pending bills and commitments (20.17 per cent). A breakdown of the additional allocations is shown in Table 3.285.

3.19.2 Revenue Performance

During the year, the County reported total revenues of Kshs.15.25 billion. This amount represented an increase of 15.62 per cent compared to the amount of Kshs.13.9 billion received in FY 2024/25. The total revenue consisted of Kshs.9.08 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.3.52 billion, and own-source revenue (OSR) collection of Kshs.884.85 million. Additionally, the County had a cash balance of Kshs.452 million from FY 2024/25. The total OSR collection of Kshs.884.85 million included Facilities Improvement Financing (FIF) of Kshs.483.39 million, and Kshs.401.48 million from other OSR sources. Table 3.284 summarises the total revenue available to the County Government during FY 2025/26. Choose an item. Table 3.285.

Table 3.285: Kwale County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue arrears in FY 2025/2026 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF		447,826,615		447,826,615	
2	County Executive Refunds to CRF	3,003,230,111.47	994,299,797		994,299,797	
3	County Assembly Refunds to CRF	369,274,521.11	328,379,560		328,379,560	
	Sub-Total	**3,372,504,632.58**	**1,770,505,972**	**-**	**1,770,505,972**	
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	9,078,699,643	9,078,699,643	-	9,078,699,643	100
	Sub-Total	**9,078,699,643**	**9,078,699,643**	**-**	**9,078,699,643**	100
C	**Additional Allocations (Including Grants)**					
1	Allocation for 0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622.00			-	-
2	Settlement of Doctors' Salary Arrears for Health Workers	28,773,123.00			-	-
3	Community Health Promoters CHPs) Project	52,140,000.00	48,960,000.00		48,960,000.00	93.90
4	Aggregated Industrial Park Programme Grant- CGAAA 2025	75,263,158.00	75,263,158.00		75,263,158.00	100.00
5	Aggregated Industrial Park Programme Grant- July 2025	45,182,187.00	45,182,187.00		45,182,187.00	100.00

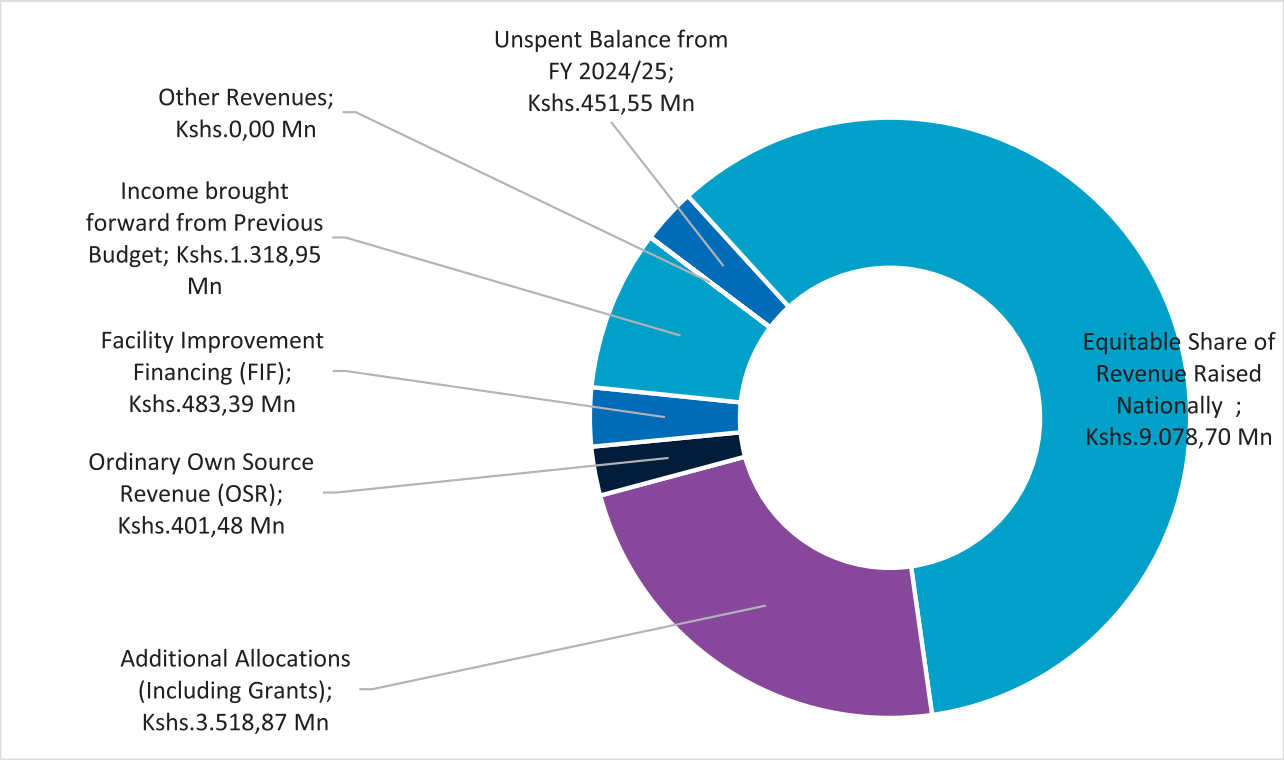
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue arrears in FY 2025/2026 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
6	Road Maintenance Levy Fund	71,758,747.00			-	-
7	Allocation for 20% share of Mineral Royalties	1,166,507,886.00	1,166,507,886.00		1,166,507,886.00	100.00
8	Primary Healthcare in Devolved Context (PHDC)-DANIDA	12,546,000.00	12,546,000.00		21,540,375.00	171.69
9	Kenya Devolution Support Programme (KDSPII)- Level 1 Institutional Grant	72,909,500.00			-	-
10	Kenya Devolution Support Programme (KDSP II)- Level II Development	352,500,000.00	255,307,630.00		255,307,630.00	72.43
11	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000.00	293,395,271.00		293,395,271.00	126.87
12	Water and Sanitation Development Project (WSDP)	450,000,000.00	717,436,049.00		1,059,436,049.00	235.43
13	Kenya Water and Sanitation and Hygiene(K-WASH) Programme	160,000,000.00	142,263,673.00		142,263,673.00	88.91
14	Kenya Informal Settlement Improvement Project KISIP II	130,822,492.00	96,023,944.00		96,023,944.00	73.40
15	Financing Locally-Led Climate Action (FLLoCA)-Institutional Grant	11,000,000.00			-	-
16	Kenya Urban Support Programme-Urban Institutional Grant UIG	35,000,000.00	32,309,300.00		32,309,300.00	92.31
17	Kenya Urban Support Programme-Urban Development Grant UDG	95,951,655.00	120,262,310.00		120,262,310.00	125.34
18	United Nations Fund for Population Services	-			-	
19	County Climate Change Resilient Investment CCCRI)	140,837,000.00	126,753,746.00		126,753,746.00	90.00
20	World Bank Loan for County Climate Institutional Support (CCRI) Grant	68,590,804.00	35,667,380.00		35,667,380.00	52.00

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue arrears in FY 2025/2026 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
21	Kwale County Biashara Revolving Fund	51,595,400.00			-	-
	Sub-Total	**3,254,615,574**	**3,167,878,534**		**3,518,872,909**	108.12
D	**Ordinary Own Source Revenue (OSR)**					
1	Cess	74,141,200	65,956,066		65,956,066	88.96
2	Land/Poll Rate	88,600,000	69,217,446		80,056,771	90.36
3	Single/Business Permits	154,982,200	100,416,341		108,205,661	69.82
4	Property Rent	12,618,360	5,242,317		10,711,267	84.89
5	Parking Fees	57,621,420	28,751,900		28,751,900	49.9
6	Market Fees	14,565,080	11,574,140		11,574,140	79.46
7	Advertising	33,208,350	27,498,450		31,717,450	95.51
8	Public Health Service Fees	10,309,800	8,448,535		8,448,535	81.95
9	Physical Planning and Development	25,260,000	13,423,307		13,423,307	53.14
10	Hire Of County Assets	18,167,200	1,306,800		6,582,800	36.23
11	Conservancy Administration	7,140,000	4,235,726		4,385,726	61.42
12	Administration Control fees	26,410,910	18,430,435		18,430,435	69.78
13	Proceeds from the sale of assets	-	-		-	
14	Park Fees	772,207	740,000		740,000	95.83
15	Other Fines, Penalties, And Forfeiture Fees	451,000	209,800		209,800	46.52
16	Miscellaneous Receipts	12,616,779	12,287,251		12,287,251	97.39
	Sub-Total	**536,864,506**	**367,738,513**		**401,481,109**	74.78
E	**Facility Improvement Financing (FIF)**					
1	SHIF	467,495,295.00	483,394,506.00	-	483,394,506.00	103.4
	Sub-Total	**467,495,295.00**	**483,394,506.00**		**483,394,506.00**	103.4
F	**Income brought forward from the previous budget.**					
	Grand Total	**16,710,179,651**	**14,808,402,850**		**15,252,954,139**	**91.28**

Source: *Kwale County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.107 provides a detailed breakdown of receipts.

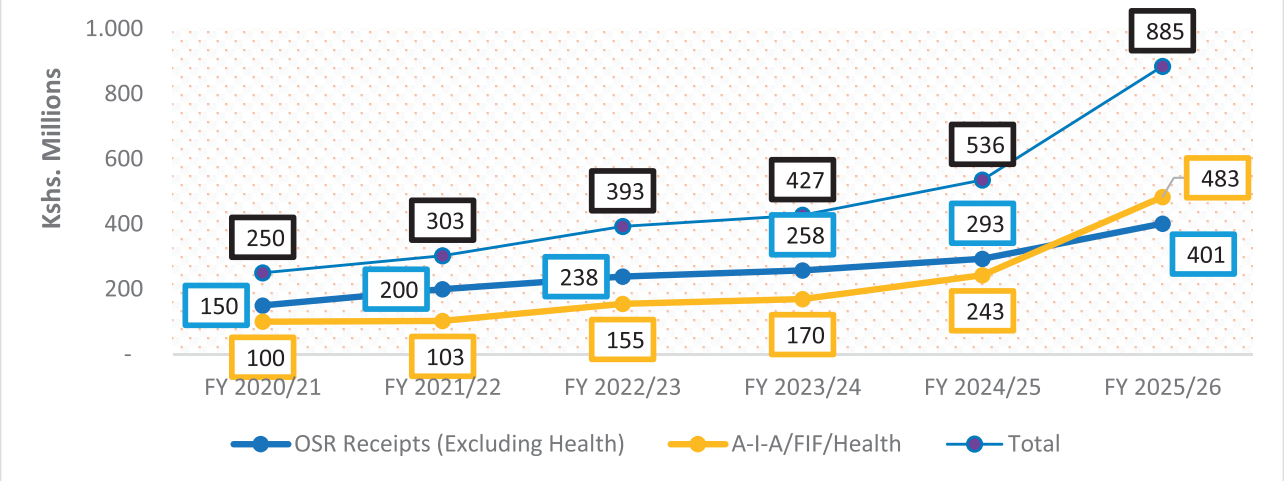
Figure 3.107: Kwale County Composition of Revenue in FY 2025/26



S***ource:*** *Kwale County Treasury*

The equitable share of revenue raised nationally, OSR, FIF and Balance brought forward contributed 59 per cent, 3 per cent, 3 per cent and 3 per cent, respectively, of the total receipts for the reporting period. Figure 3.108 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.108: Kwale County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

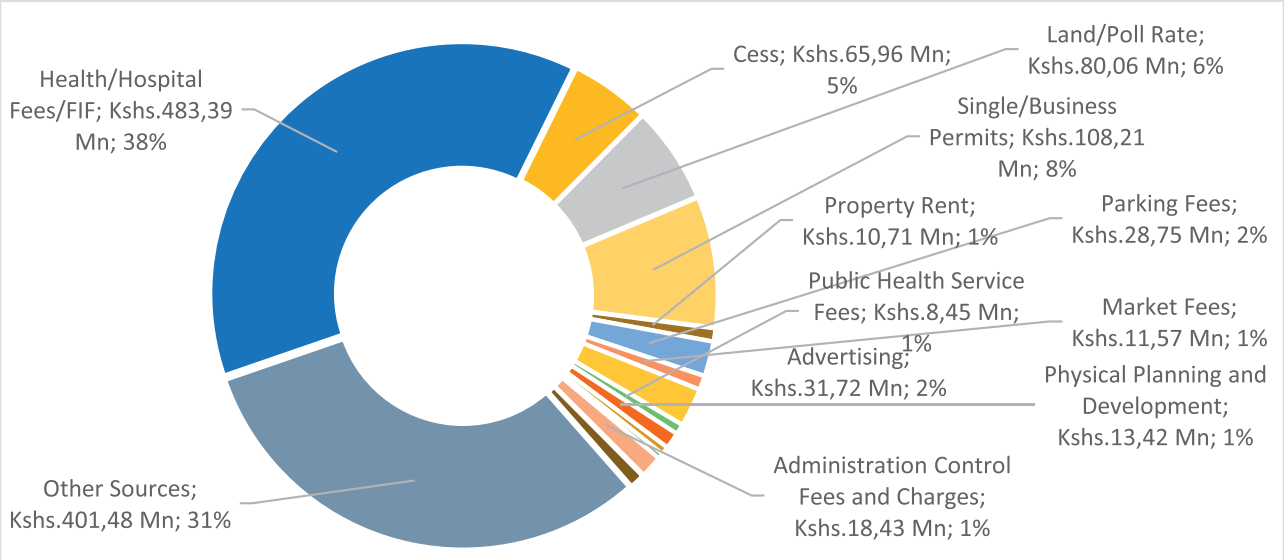


Source: *Kwale County Treasury*

During the year, the County received Kshs.791.32 million from OSR, including FIF. This amount was an increase of 48 per cent compared to Kshs.535.78 million realised in FY 2024/25 and was 79 per cent of the annual target and 9 per cent of the equitable revenue share disbursed.

The increase in OSR can be attributed to revenue digitalisation, enhanced enforcement and supervision, revenue mapping exercise and target setting for all revenue streams.

Figure 3.109: Kwale County Top Own Source Revenue Streams in FY 2025/26



Source: Kwale County Treasury

As shown in Figure 3.109 the largest revenue stream, at Kshs.423.58 million, was Health/Hospital fees/FIF, accounting for 38 per cent of total OSR receipts. The County Government indicated that it has automated all the revenue streams.

3.19.3 Borrowing by the County

The County reported no borrowing in FY 2025/26.

3.19.4 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget (CoB) approved exchequer withdrawal requests totalling Kshs.11.15 billion from the Kwale County Revenue Fund (CRF) account. This amount consisted of Kshs.4.17 billion (37 per cent) designated for development programmes and Kshs.6.98 billion (63.0 per cent) allocated for recurrent programmes.

An analysis of the released recurrent exchequers shows that Kshs.4 billion was allocated to employee compensation and Kshs.2.98 billion to operations and maintenance expenditures. Within the operations and maintenance category, 11 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequers totalled Kshs.325.46 million, which included Kshs.197 million for the County Executive and Kshs.128.46 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.46.90 million, with Kshs.3.14 million for the County Executive and Kshs.43.75 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Kwale CRF account was Kshs.2,505,093,450.30.

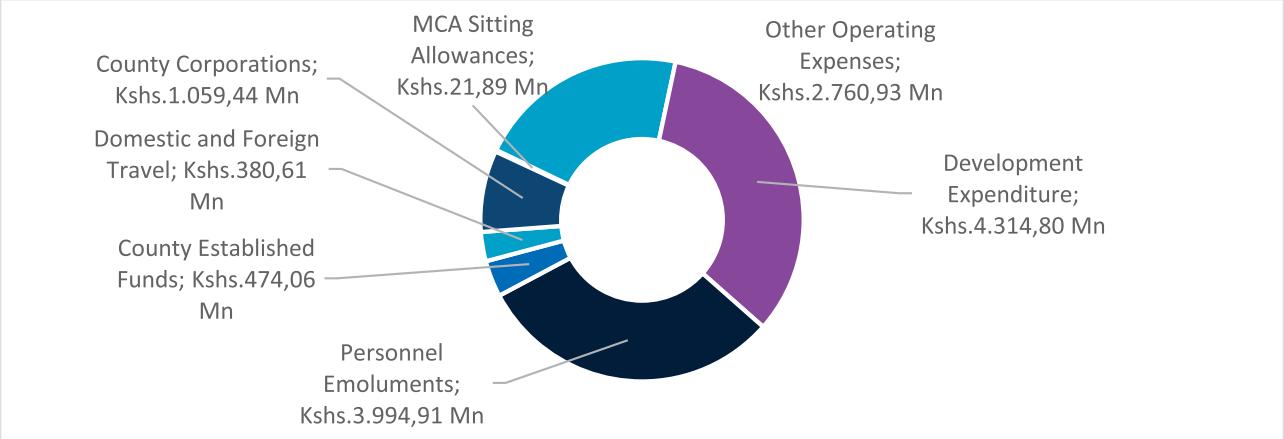
In addition, the Controller of Budget did not approve any exchequer withdrawal requests from the Kwale County Assembly Fund (CAF) account in FY 2025/26 because the accounts were not operational yet.

3.19.5 Expenditure Review

The County spent Kshs.11.47 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 103 per cent of the total funds released by the CoB. It comprised Kshs.4.31 billion for development programmes and Kshs.7.16 billion for recurrent programmes. Expenditure on development programmes accounted for 52.22 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 85 per cent of the annual recurrent expenditure budget.

Figure 3.110 provides a detailed breakdown of total expenditure.

Figure 3.110: Kwale County Composition of Expenditure in FY 2025/26



Source: *Kwale County Treasury*

As shown in Figure 3.110 the three highest expenditure categories were Development, Compensation for employees, and other operating expenses, contributing 32, 30, and 21 per cent of total expenditure for the reporting period.

3.19.6 Expenditure by Economic Classification

The County Executive incurred Kshs.3.71 billion in employee compensation, Kshs.2.82 billion in operations and maintenance, and Kshs.3.99 billion in development activities. Similarly, the County Assembly spent Kshs.285.13 million on employee compensation, Kshs.342.16 million on operations and maintenance, and Kshs.326.38 million on development activities, as shown in Table 3.286.

Table 3.286: Kwale County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs)	Exchequer Issues (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive						
Recurrent	**7,778,057,078**	**6,306,551,788**	**6,340,826,245**	**190,209,808**	**6,531,036,053**	**83.97**
Compensation to Employees	3,720,254,626	3,709,765,635	3,709,772,471	0	3,709,772,471	99.72
Operations & Maintenance	4,057,802,452	2,596,786,153	2,631,053,774	190,209,808	2,821,263,582	69.53
Development	7,537,069,256	3,806,140,876	3,592,971,075	**395,446,831**	3,988,417,906	52.92
Executive Sub-total	**15,315,126,334**	**10,112,692,664**	**9,933,797,320**	**585,656,638**	**10,519,453,958**	**68.69**
County Assembly						
Recurrent	**669,778,044**	**669,660,207**	**609,999,801**	**17,292,412**	**627,292,213**	**93.66**
Compensation to Employees	285,133,487	285,529,284	284,553,954	579,532	285,133,486	100.00
Operations & Maintenance	384,644,557	384,130,923	325,445,846	16,712,880	342,158,726	88.95
Development	**725,275,273**	**367,944,506**	**173,283,438**	**153,098,004**	326,381,442	**45.00**
Assembly Sub-total	**1,395,053,317**	**1,037,604,713**	**783,283,239**	**170,390,416**	**953,673,655**	**68.36**
Combined County Totals						

Sector / Category	Budget (Kshs)	Exchequer Issues (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
Total Recurrent	**8,447,835,122**	**6,976,211,995**	**6,950,826,046**	**207,502,220**	**7,158,328,266**	**84.74**
Compensation to Employees	4,005,388,113	3,995,294,919	3,994,326,425	579,532	3,994,905,957	99.74
Operations & Maintenance	4,442,447,009	2,980,917,076	2,956,499,621	206,922,688	3,163,422,308	71.21
Total Development	**8,262,344,529**	**4,174,085,383**	**3,766,254,513**	**548,544,835**	**4,314,799,348**	**52.22**
Grand Total	**16,710,179,651**	**11,150,297,377**	**10,717,080,559**	**756,047,054**	**11,473,127,613**	**68.66**

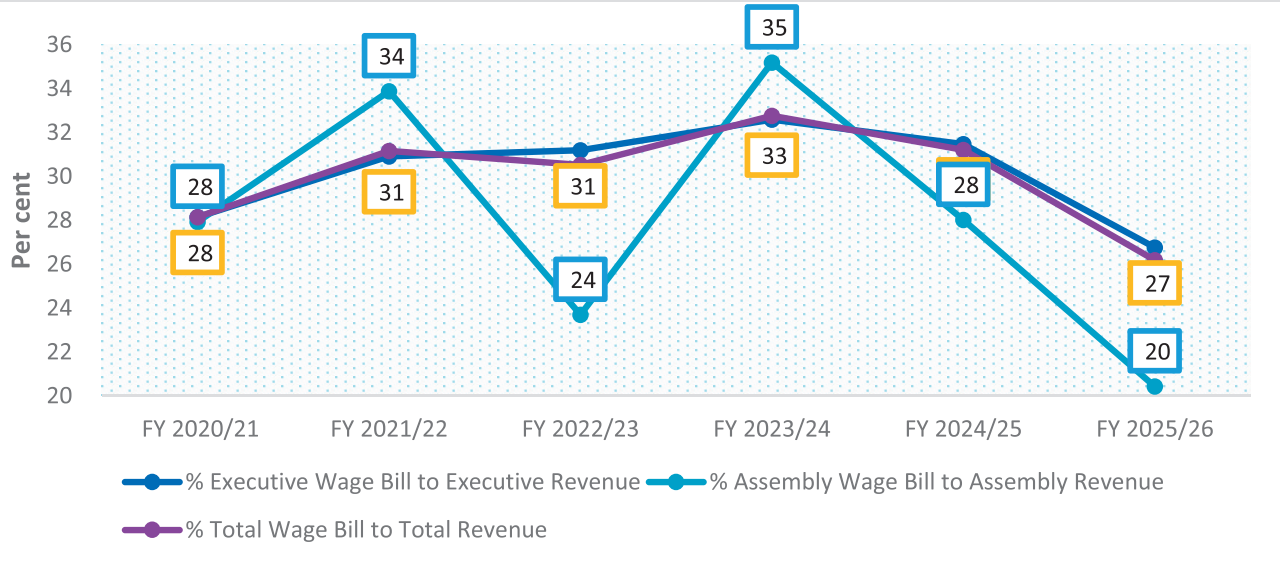
Source: *Kwale County Treasury*

3.19.7 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.99 billion, representing 26.19 per cent of revenue. This expenditure on employee compensation shows a 3 per cent decrease compared to the Kshs.4.12 billion reported in FY 2024/25. Of this total, Kshs.2.16 billion related to Health Sector employees, accounting for 54 per cent of the overall employees' compensation.

Figure 3.111 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.111: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Kwale County Treasury

Further analysis indicated that PE costs totalling Kshs.3.98 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.19 million was processed through manual payrolls, accounting for 0.5 per cent of the total PE cost.

The manual payroll comprised salaries for 90 assembly casual staff not onboarded into the Human Resource Information System (HRIS), as shown in Table 3.287.

Table 3.287: Analysis of Kwale County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for casual staff	-	19,020,613	19,020,613
Total	-	19,020,613	19,020,613

Source: *Kwale County Treasury*

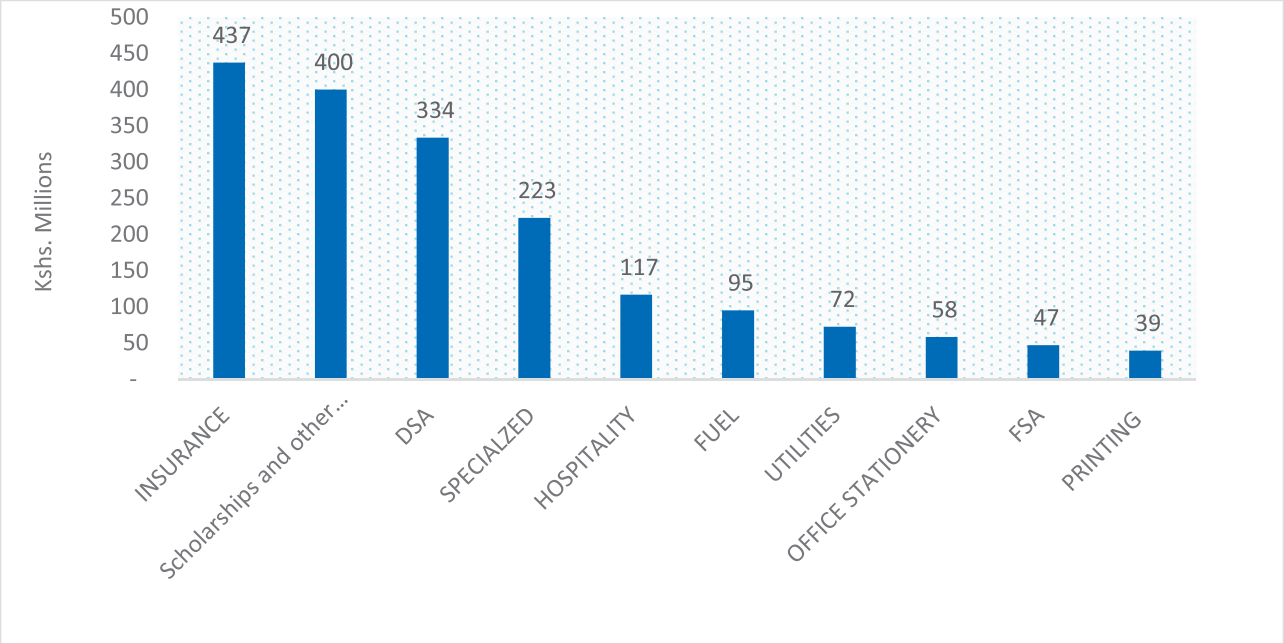
The County Assembly spent Kshs.21.89 million on committee sitting allowances for the 31 MCAs, against

the annual budget allocation of Kshs.21.89 million. The average monthly sitting allowance was Kshs.58,834 per MCA. The County Assembly has 21 House Committees.

3.19.8 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.3.16 billion on operations and maintenance, representing a 9.55 per cent increase over FY 2024/25, when the County spent Kshs.2.89 billion. Figure 3.112 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.112: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: *Kwale County Treasury*

3.19.9 Unbundling "Other Operating Expenses - Other" (IFMIS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.93.83 million on "other operating expenses - other," which accounted for 3 per cent of the total operations and maintenance expenditure of Kshs.3.16 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.288.

Table 3.288: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other Operating Expenses - Other	13,288,000.00	12,945,748.30
2640400	Other Current Transfers - Other Total	89,596,664.00	76,715,289.00
2211300	Other Operating Expenses Total	8,526,310	4,165,762
Total		**111,410,974**	**93,826,799**

Source: *Kwale County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Certain expenditures that have specific budget codes were grouped under the "Other Operating Expenses - Other" category. This misclassification includes items such as domestic travel, public participation, communication, trade fairs, and others. Notably, it includes expenses for the KICOSCA Games and the Governor's Cup.

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.660.36

million to County-Established funds in FY 2025/26, representing 4 per cent of the County's overall budget. Of this amount, the County allocated Kshs.5 million to the Emergency Fund in contravention of Section 110 of the PFM Act, 2012, which requires that 2 per cent of the total budget be allocated to the Emergency Fund. Table 3.289 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.289: Performance of Kwale County Established Funds in FY 2025/26

S/No.	Name	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Emergency Fund	2016	5,000,000	-	5,000,000	75,000,000
2	Kwale-Finance Equalisation Fund	2024	255,357,122	69,061,668	69,061,668	69,061,668
3	Kwale County Bursary Fund	2024	400,000,000	400,000,000	400,000,000	4,971,000,000
	KWALE COUNTY ASSEMBLY					
4	Kwale County Assembly Members and staff loan Scheme fund	Established in 2016, amended in 2020 and 2021		-	-	381,430,000
Total			**660,357,122**	**469,061,668**	**474,061,668**	**5,115,061,668**

Source: *Kwale County Treasury*

In FY 2025/26, the CoB did not receive any quarterly financial reports from the Fund. Table 3.86, 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. The Fund's lifespan had not lapsed as of 30 June 2026.

3.19.11 County Corporations, Municipalities and Agencies

The County has one County Corporation, which was allocated Kshs.450 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.1.06 billion, as shown in Table 3.290.

Table 3.290: Performance of Kwale County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Kwale Water Company & Sewerage Company Limited	450,000,000	1,059,436,049	2,658,839,989
	Total	**450,000,000**	**1,059,436,049**	**2,658,839,989**

Source: *Kwale County Treasury*

3.19.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.325.46 million and comprised Kshs.128.46 million spent by the County Assembly and Kshs.197 million by the County Executive. Expenditure on foreign travel amounted to Kshs.46.90 million and comprised Kshs.43.75 million by the County Assembly and Kshs.3.14 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.291.

Table 3.291: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	3	1st March-6 March 2026	To attend the International Tourism Bourse (ITB) Berlin	Berlin	2,381,700

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
COUNTY ASSEMBLY OF KWALE					
County Assembly of Kwale	36	Nov 2025-Feb 2026	Being payment for air travel costs for various trips	Various	9,844,300
County Assembly of Kwale	7	14th -20 November 2025	Invitation for the Assembly on transformative Leadership implementing Public Sector Reforms in Africa	Kampala -Uganda	2,836,167
County Assembly of Kwale	7	18th - 26 December 2025	Benchmarking on Legislative Processes at Arusha, Tanzania	East Africa Legislative Assembly	2,265,797
County Assembly of Kwale	16	25 January - 4 February 2026	Participating in the Legisnext 2030 High-Level Executive Capacity Development Programme Summit	Zanzibar	4,744,796
County Assembly of Kwale	6	6th - 15 February 2026	Participating in the 2026 Mining Indaba Conference in Cape Town	South Africa	1,973,184
TOTAL					**24,045,943**

Source: Kwale County Treasury and Kwale County Assembly

3.19.13 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.483.39 million as FIF, which was 103 per cent of the annual target of Kshs.467.50 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. The expenditure by the health facilities amounted to Kshs.93.11 million, as shown in Table 3.292.

Table 3.292: Kwale County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	244,222,701	54,661,472	22.38
2.	Level 4 Hospital	3	230,369,400	37,847,543	16.43
3.	Level 3 Facility	4	27,525,000	597,000	2.17
4.	Level 2 Facility	170	48,530,600		-
	Total	**178**	**550,647,701.00**	**93,106,015.00**	**16.91**

Source: *Kwale County Treasury*

3.19.14 Development Expenditure

In FY 2025/26, the County reported spending Kshs.4.31 billion on development programmes, representing a 40 per cent increase over FY 2024/25, when the County spent Kshs.3.08 billion. Table 3.293 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to reduced leakage and the continuous updating of the work plan.

Table 3.293: Kwale County, List of Development Projects with the Highest Expenditure

No	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
1	Construction of County Aggregated Industrial Park at Mwananyamala, Dzombo ward	Mwananyamala	24/12/2023	24/12/2025	497,431,884.00	96,497,896.02	96,497,896.06	258,834,049.34	65%
2	Construction of Kwale Stadium	Tsimba/Golini	06/02/2024	20/12/2025	218,494,050.70			214,088,726.80	97.98
3	Upgrading to Bitumen Standard of Vinuni - Tiwi Sokoni Road - Phase II	Tiwi Ward	8/07/2024	15/12/2025	226,138,863.51	121,887,234.80	79,196,110.80	201,083,345.60	90
4	Parking sheds with green energy installation	Assembly headquarters	1 May 2025	28 February 2026	196,844,790.00	196,844,790.00	195,998,954.00	195,998,954.00	99.57
5	Upgrading to Bitumen Standard of Mkilo - Kalalani - Mavirivirini Road - Phase III	Mkilo	21/02/2024	20/02/2025	266,638,691.75	38,418,322.00	113,988,489.00	152,406,811.00	69
6	Completion of the fruit processing plant phase III in Shimba Hills, Kubo South ward	Shimba hills	13/12/2025	13/01/2026	124,450,353.38	70,236,680.90	70,236,680.90	124,444,089.50	100
7	County Assembly Data Centre	Assembly headquarters	1-5- 2025	30 November 2025	69,300,000.00	69,300,000.00	69,214,126.00	69,214,126.00	0.99
8	Tarmacking of a Section of Vyongwani-Lunguma Road at Vyongwani dispensary in Tsimba Golini	Tsimba Golini	7/8/2024	7/8/2025	94,568,509.00	63,820,839.65	-	63,820,839.65	0.98
9	Upgrading to the Bitumen Standard of the Mwangwei-Majoreni road	Mwangwei-Majoreni road	8/7/2024	8/7/2025	97,164,481.15	63,000,000.00	-	63,000,000.00	0.9
10	Tarmacking of Kona Ya Police to Msambweni Referral Hospital Road	Msambweni	8/7/2024	12/5/2025	74,755,083.00	55,530,715.70	-	55,530,715.70	0.72
11	County Assembly Registry -Fixtures & Fittings	Assembly headquarters	01/09/2025	30/05/2026	64,073,746.97	64,073,746.97	52,718,288.52	52,718,288.52	0.83

Donor Funded Project

No	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
1	Supply & delivery & installation of micro-irrigation materials & construction of Tingani -Flloca	Mwereni	5/23/2025	8/23/2025	6,359,040	6,359,040	6,359,040	5,841,308	100%
2	Restoration of degraded water catchment conservation in Kundutsi - Flloca	Tsimba Golini	5/23/2025	8/23/2025	6,903,049	6,903,049	6,903,049	6,844,198	100%
3	Construction of Roads, Footpaths and Drainage in Kombani Informal Settlement - KISIP Grant	Waa Ngombeni	1/31/2025	4/18/2025	179,235,791	50,633,521	50,633,521	93,324,944	100%
4	Construction of stormwater drainage system-Flloca	Gombato bongwe	7/24/2025	1/24/2026	20,847,727	20,847,727	20,847,727	12,864,646	100%
5	Rehabilitation of Mzinzi dam 7 micro-Irrigation project at Mwangoloto -Flocca	Samburu-chengoni	4/17/2025	7/17/2025	9,130,810	9,130,810	9,130,810	8,920,185	100%
6	Development of Kwale County energy plan & investment prospectus- Flloca	HQ	3/28/2025	7/28/2025	13,920,000	13,920,000	13,920,000	4,176,000	100%
7	Installation of 70 No. street lights and 5 No. High-mast floodlights work in Kombani Informal Settlement - KISIP Grant.	Waa Ngombeni	5/15/2024	9/15/2025	29,999;820.4	13,749,120	13,749,120	24,058,840	100%
8	Proposed desilting of Ziya Kulu water pan -Flloca	Tiwi	25/02/2025	25/02/2025	6,892,204	7,000,000	7,000,000	6,892,204	100%
9	Tarmacking of Ndavaya-Deri-Mtsamviani road-KDSP II Development Grant	Ndavaya Ward			-	200,000,000	-	-	
10	Tarmacking of Shimba Hills-Kona Ya Masai road -KDSP II Development Grant	Ukuda ward	25/02/2025		-	152,500,000	-	-	

Source: *Kwale County Treasury*

The County reported 3 stalled development projects as of 30 June 2026, with an estimated value of Kshs.461.43 million, of which Kshs.242.26 million has already been paid. The stalled projects are shown in Table 3.294.

Table 3.294: Kwale County Stalled Projects as of 30 June 2026

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 (Kshs.)	Accrued expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 30 June 2026	Percentage of Completion before stalling of the Project	Reason for Project Stalling
1	Trade	Trade & Enterprise Development Project	Construction of Market Stalls at Kigato Trading Centre in Waa Ng'ombeni ward	1 March 2021	17 March 2021	44,364	3,295,341	1,571,048	1,724,293	0.48	Land issues with the Kenya School of Government -Matuga
2	Roads	County Flagship Project 2 -Tarmacking of Kona Ya Musa – Mabokoni – Kona Ya Masai Road in Ukunda, Gombato/ Bongwe wards	Ukunda	15.04.20	15.04.2021	277,977,685	114,720,884	163,256,801	0		The project was terminated. The contractor went to court. Awaiting Court Verdict before Re-Tender.
3	Executive Services	Construction of the Governor's Residence	Tsimba/ Golini	24 April 2018	24 September 2026	183,403,077	124,239,639			68	
		TOTAL				461,425,126	242,255,863	164,827,849	1,724,293	0	

Source: *Kwale County Treasury*

3.19.15 Budget Performance by Department

Table 3.295 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.295: Kwale County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	966.82	43.01	752.19	6.75	763.47	6.75	101.5	100	78.97	15.7
Agriculture, Livestock, and Fisheries	47.70	446.89	36.33	394.20	38.78	181.84	106.75	46.13	81.29	40.69
Land, Environment, Mining, and Natural Resources	94.09	625.19	32.54	246.02	46.51	191.96	142.92	78.03	49.43	30.7
Health Services	1,056.78	528.05	401.24	296.65	607.80	299.92	151.48	101.1	57.51	56.8
County Assembly	669.78	725.28	669.66	367.94	571.24	173.28	85.3	47.09	85.29	23.89
Industry, Trade, and Investments	61.68	633.76	45.66	350.68	40.31	240.79	88.29	68.66	65.36	37.99

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
Community Development, Youth And Women Empowerment and Social Services	143.17	176.74	81.49	23.72	93.45	42.10	114.68	177.5	65.27	23.82
Office of the Governor and the Deputy Governor	138.44	40.00	91.22	-	95.63	-	104.83	-	69.08	-
Education	567.54	662.84	518.94	338.85	505.35	341.66	97.38	100.83	89.04	51.55
Water and Urban Planning and Decentralised Units	95.11	1,227.48	62.04	804.68	79.02	1,389.65	127.38	172.7	83.09	113.21
Infrastructure and Public Works	175.39	1,955.41	89.61	927.55	88.50	876.67	98.76	94.52	50.46	44.83
ICT and Tourism	77.51	56.53	53.48	9.92	36.62	9.92	68.46	100	47.24	17.54
County Public Service Board	66.37	19.98	33.30	11.35	31.39	11.35	94.26	100	47.29	56.78
Public Service and Administration	3,896.24	390.40	3,859.87	18.81	3,838.24	25.92	99.44	137.83	98.51	6.64
Municipality of Kwale	33.56	89.66	10.20	23.68	18.05	15.65	176.92	66.1	53.79	17.46
Municipality of Diani	34.56	186.76	34.47	106.14	34.46	100.81	99.99	94.97	99.7	53.97
County Attorney	122.45	-	74.84	-	95.29		127.32	-	77.82	-
Municipality of Lunga Lunga	20.03	28.12	15.70	25.42	16.43	25.42	104.6	100	81.99	90.4
Municipality of Kinango	27.90	35.76	14.89	32.53	14.57	35.52	97.84	109.21	52.2	99.34
Preventive Health Services	152.71	390.49	98.55	189.22	87.17	192.50	88.46	101.73	57.08	49.3
Total	**8,447.84**	**8,262.34**	**6,976.21**	**4,174.09**	**7,102.27**	**4,161.70**	**101.81**	**99.7**	**84.07**	**50.37**

***Source**: Kwale County Treasury*

Analysis of expenditure by departments shows that the Department of Municipality of Kinango recorded the highest absorption rate of development budget at 99 per cent, followed by the Department of Municipality of Lunga Lunga at 90 per cent. The Department of Diani Municipality had the highest percentage of recurrent expenditure to budget at 96.7 per cent, while the Department of ICT and Tourism had the lowest at 47.2 per cent.

3.19.16 Budget Execution by Programmes and Sub-Programmes

Table 3.296 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.296: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Health				
407013060-Kwale Hospital	407013060-Kwale Hospital	1,000,000.00	27,638,597.00	2763.86
Msambweni hospital	405013060-Msambweni hospital	10,800,000	30,222,413	279.84
Samburu Hospital	409013060-Samburu Hospital	21,500,000	33,707,814	156.78
Recurrent				
Department of Agriculture, Livestock and Fisheries				
Agriculture, Livestock and Fisheries	Crop Production and Food Security	9,760,000.00	13,309,902.00	136.37
Department of Health				
402043060 Medical Health drugs	402043060 Medical Health drugs	41,997,287.00	43,367,075.00	103.26
Department of Public Service and Administration				
Department of Public Service and Administration	Audit Services (704013060)	3,719,124,626.00	3,709,772,471.00	99.75

Source: *Kwale County Treasury*

The development sub-programmes with the highest budget implementation rates were: Kwale in the Department of Health at 2764 per cent, Msambweni Hospital in the Department of Health at 280 per cent, and Samburu Hospital in the Department of Health at 157 per cent.

For recurrent sub-programmes, the top performers included: Crop Production and Food Security in the Department of Agriculture, Livestock and Fisheries at 136 per cent; Medical Health drugs in the Department of Health at 103 per cent; and Audit Services in the Department of Public Service and Administration at 100 per cent.

Table 3.297 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.297: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Trade				
Trade	Market Infrastructure & Information Dissemination	40,000,000		0
Department of Health				
Health	405023060-General Administration	210,900,000		0
Department of Trade				
Trade	105013060 - Establishment of squatter settlement schemes	91,952,495	7,588,275	8.25

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Recurrent				
Department of County Public Service Board				
County Public Service Board	706063060 Staff Rationalisation	3,000,000		0
Department of Land				
Land	105013060 - County Public Service Board	10,481,003	396,200	3.78
Department of Land				
Lands	Rehabilitation of degraded natural landscapes 106033060	2,700,000	237,949	8.81

***Source**: Kwale County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Market Infrastructure & Information Dissemination in the Department of Land, Environment, Mining and Natural Resources at zero per cent, General Administration in the Department of Health at zero per cent, and Establishment of squatter settlement schemes in the Department of Lands, Environment, Mining and Natural Resources at eight per cent.

For recurrent sub-programmes, the poorest performers included: Staff Rationalisation in the Department of County Public Service Board at zero per cent, and County Public Service Board and Rehabilitation of Degraded Natural Landscapes in the Department of Lands, Environment, Mining and Natural Resources at 3.78 per cent and 8.81 per cent respectively.

These lower performances were attributed to low procurement procedures.

3.19.17 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.60 billion. This amount consisted of Kshs.1.23 billion from the County Executive and Kshs.369.27 million from the County Assembly. The trade payables from the County Executive comprised Kshs.640.80 million for recurrent expenditure and Kshs.591.21 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.992.50 million, comprising Kshs.464.04 million (47 per cent) for recurrent programmes and Kshs.528.47 million (53 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.297.84 million, comprising Kshs.295.22 million for development and Kshs.2.63 million for recurrent. The outstanding trade payables as of 30 June 2026 were Kshs.239.50 million for the County Executive and Kshs.71.43 million for the County Assembly. Provides additional details of trade payables.

Table 3.298: Kwale County Trade Payables as of 30 June 2026

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	591,213,136	640,798,294	1,232,011,430
	County Assembly	366,649,004	2,625,517	369,274,521
	Total	957,862,140	643,423,811	1,601,285,951
Amount paid in FY 2025/26	County Executive	528,465,027	464,036,094	992,501,121
	County Assembly	295,215,853	2,625,517	297,841,370
	Total	823,680,879	466,661,611	1,290,342,491
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	62,748,110	176,762,200	239,510,309
	County Assembly	71,433,151	-	71,433,151
	Total	134,181,261	176,762,200	310,943,461

Source: *Kwale County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay all pending bills, in FY 2025/26. Table 3.299 presents the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.239.50 million.

Table 3.299: Kwale County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	43,045,251.85	61,489,269.71		0	104,534,521.56
Recurrent Trade Payables (Goods & Services)		134,347,553	138,915		134,486,468
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)					-
Recurrent Trade Payables (Staff Claims)		489,320			489,320
Total Recurrent Trade Payables	-	134,836,873	138,915	-	134,975,788
Total Trade Payables	43,045,252	196,326,142	138,915	-	239,510,309
% of Total	18	82	0	0	100

Source: *Kwale County Treasury*

Table 3.300: Kwale County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	71,433,151				71,433,151
Recurrent Trade Payables (Goods & Services)					-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)					-
Recurrent Trade Payables (Staff Claims)					-
Total Recurrent Trade Payables	-	-	-	-	-
Total Trade Payables	71,433,151	-	-	-	71,433,151
% of Total	100	-	-	-	100

Source: *Kwale County Treasury*

As shown in Table 3.299 and Table 3.300, the total salary arrears and statutory deductions for trade payables amounted to Kshs.0.49 million, which represented 0.2 per cent of the total trade payables of Kshs.310.94 million as of 30 June 2026.

3.19.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Govern-

ment bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 218 accounts across CBK and commercial banks. 32 were imprest accounts, 6 were funds accounts, 4 were revenue collection accounts, and 176 were health facility operations accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 302 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.19.19 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.884.85 million against an annual target of Kshs.1.0 billion, representing 88 per cent of the financial year target.

ii. 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.

iii. The County reported significant budget over-absorption in FY 2025/26, with the Kwale Hospital at 2763.86 per cent and Msambweni Hospital at 279.84 per cent. In contrast, initiatives such as Market Infrastructure & Information Dissemination within the Department of Trade recorded zero budget absorption. This disparity raises concerns about the County Treasury's oversight in allowing over-absorption for some programs while permitting non-absorption for others.

iv. Low development expenditure absorption, with the County spending Kshs.4.31 billion against a combined development budget of Kshs.8.26 billion, representing an absorption rate of 52.22 per cent.

v. High level of trade payables, amounting to Kshs.1.60 billion as of 1 July 2025. As of 30 June 2026, outstanding trade payables stood at Kshs.239.50 million for the County Executive and Kshs.70.43 million for the County Assembly.

vi. Employee compensation amounting to Kshs.19.02 million for casual staff not onboarded into HRIS, accounting for 0.5 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

vii. The County reported Kshs.93.83 million under "other operating expenses – other," accounting for 3 per cent of total operations and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

viii. 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 23 July 2026.

ix. The County reported Kshs.3.37 billion in unspent cash balances from FY 2025/26, indicating low absorption of available resources.

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 implement strategies to increase development expenditures in FY 2025/26.*

iii. *The County Treasury, in accordance with its oversight responsibilities outlined in Sections 104 and 105 of the Public Finance Management Act (Cap 412 A), should ensure that no expenditure is incurred on activities that have not been appropriated and distribute resources equitably among sub-programmes.*

iv. *The County Leadership should address the trade payables situation to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables 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 Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

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

ix. *The County should provide a breakdown of the unspent balances and reasons for non-utilisation, and put measures in place to improve budget absorption.*

3.20. County Government of Laikipia

3.20.1 Overview of FY 2025/26 Budget

The Laikipia County Approved Supplementary Budget I for FY 2025/26 was Kshs.9.77 billion. It comprised Kshs.4.72 billion (48.31 per cent) and Kshs.5.05 billion (51.69 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.29 billion (15.53 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.3.48 billion and a recurrent budget of Kshs.5.00 billion. The increase in the budget was primarily due to higher conditional grants.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue in the amount of Kshs.6.10 billion (62.48 per cent), additional allocations of Kshs.1.52 billion (15.35 per cent), a cash balance brought forward from FY 24/25 of Kshs.796.77 million (8.16 per cent) and Kshs.1.35 billion (13.82 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.301.

3.20.2 Revenue Performance

During the year, the County reported total receipts of Kshs.9.19 billion. This amount represented an increase of 18.21 per cent compared to the amount received in FY 2024/25 of Kshs.7.77 billion. The total revenue consisted of Kshs.6.10 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.911.93 million, and own-source revenue (OSR) collection of Kshs.1.37 billion. Additionally, the County had a cash balance of Kshs.801.64 million from FY 2024/25. The total OSR collection of Kshs.1.37 billion included Facilities Improvement Financing (FIF) of Kshs.856.47 million, and Kshs.512.30 million from other OSR sources. Table 3.301 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.301: Laikipia County, Revenue Performance in FY 2025/26

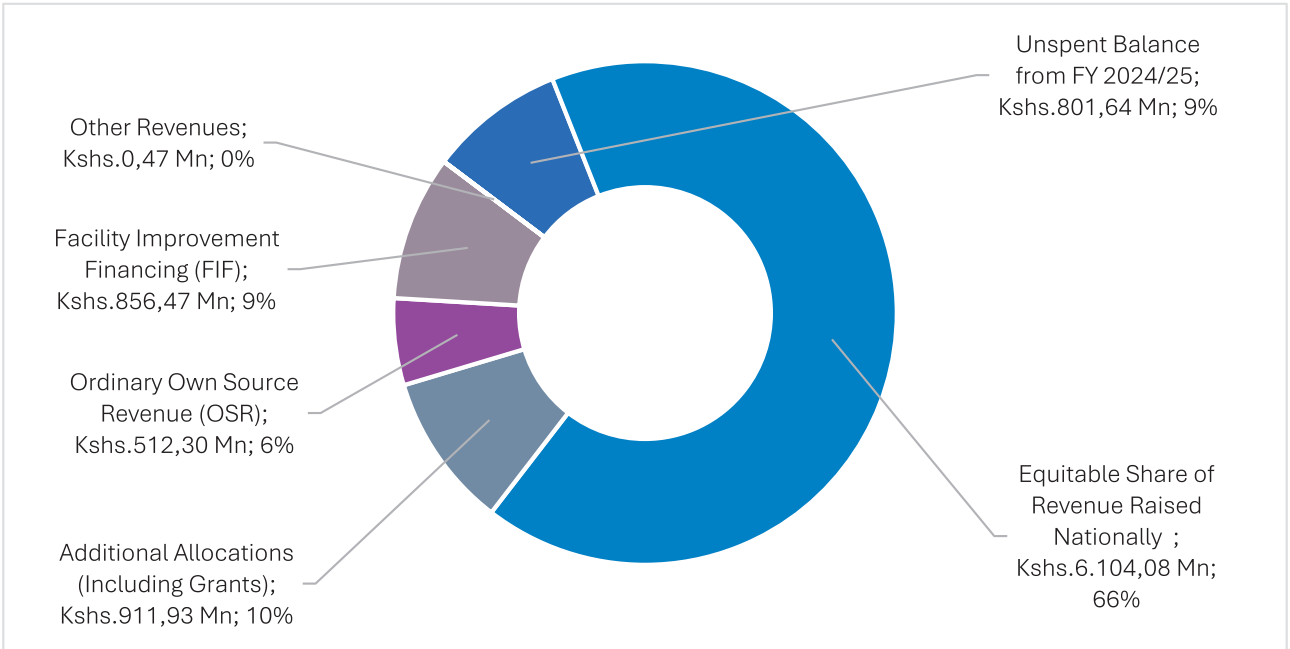
No	Revenue Stream	Annual Targeted Revenue (Kshs. million)	Actual Receipts (Kshs. million)	Receivables in the FY 2025/26 (Kshs.million)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.million)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	796,772,403	801,640,812	801,640,812	801,640,812	100.61
	Sub-Total	**796,772,403**	**801,640,812**	**801,640,812**	**801,640,812**	100.61
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,104,082,008.00	6104082008	6,104,082,008	6104082008	100.00
	Sub-Total	**6,104,082,008**	**6,104,082,008**	**6,104,082,008**	**6,104,082,008**	100.00
C	**Additional Allocations (Including Grants)**					
1	DANIDA Grant	13,167,000	6,732,000	6,732,000	6,732,000	51.13
2	Community Health Promoters	25,230,000	-	-	-	-
3	Kenya Devolution Support Project Level II	72,909,500	70,503,589	70,503,589	70,503,589	96.70
4	Headquarters- KDSP II programme	352,500,000	99,633,566	99,633,566	99,633,566	28.26
5	Road Maintenance Levy Fund - Fuel Levy	154,389,725	-	-	-	-
6	Public Works- Urban Development Grant (UDG)	152,635,998	-	-	-	-
7	FLLoCA	161,020,148	121,514,247	121,514,247	121,514,247	75.47
8	Urban Development grant (UDG)	46,583,850	117,391,732	117,391,732	117,391,732	252.00
9	Kenya Food Systems Resilience Program (KFSRP)	246,153,846	246,130,311	246,130,311	246,130,311	99.99
11	County Aggregation and Industrial Park-CAIP-Industry	250,000,000	250,000,000	250,000,000	250,000,000	100.00
12	Court Fines	-	27,334	27,334	27,334	-
13	Allocation for 0.5% of the housing levy Fund to the County Rural & Urban Affordable Housing Committees	1,987,622	-	-	-	-
14	Settlement of Doctors Salaries Arrears	40,454,974	-	-	-	-
	Sub-Total	**1,517,032,663**	**911,932,778**	**911,932,778**	**911,932,778**	60.11
D	**Ordinary Own Source Revenue (OSR)**					
1	Land Rate	113,918,104	95,204,512	95,204,512	95,204,512	83.57
2	Single/Business Permits	101,004,746	114,624,245	114,624,245	114,624,245	113.48
3	Cess	92,451,872	62,657,871	62,657,871	62,657,871	67.77
4	Property Rent	26,828,465	28,008,718	28,008,718	28,008,718	104.40
5	Parking Fees	77,993,036	54,531,034	54,531,034	54,531,034	69.92
6	Market Fees	16,465,116	21,824,645	21,824,645	21,824,645	132.55
7	Advertising	30,100,340	18,501,852	18,501,852	18,501,852	61.47

No	Revenue Stream	Annual Targeted Revenue (Kshs. million)	Actual Receipts (Kshs. million)	Receivables in the FY 2025/26 (Kshs.million)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.million)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
8	Public Health Service Fees	95,956,741	15,461,500	15,461,500	15,461,500	16.11
9	Physical Planning and Development	40,019,656	19,105,442	19,105,442	19,105,442	47.74
10	Hire of County Assets	1,030,578	326,450	326,450	326,450	31.68
11	Conservancy Administration	18,864,044	9,749,361	9,749,361	9,749,361	51.68
12	Administration Control fees	67,445,516	35,519,608	35,519,608	35,519,608	52.66
13	Proceeds from the sale of assets	5,000,000	-	-	-	-
14	Park Fees	16,921,786	15,872,776	15,872,776	15,872,776	93.80
15	Other Fines, Penalties, and Forfeiture Fees	-	1,738,506	1,738,506	1,738,506	-
16	Education Fees	21,000,000	19,171,128	19,171,128	19,171,128	91.29
	Sub-Total	**725,000,000**	**512,297,647**	**512,297,647**	**512,297,647**	70.66
E	**Facility Improvement Financing (FIF)**					
1	FIF	626,000,000	856,467,386	856,467,386	856,467,386	136.82
	Sub-Total	626,000,000	856,467,386	856,467,386	856,467,386	136.82
F	**Other Revenues**					
1	Other County Deposit	-	470,766	470,766	470,766	-
	Sub-Total	**-**	**470,766**	**470,766**	**470,766**	-
	Grand Total	**9,768,887,074**	**9,186,891,397**	**9,186,891,397**	**9,186,891,397**	**94.04**

***Source: Laikipia** County Treasury*

Figure 3.113 provides a detailed breakdown of receipts.

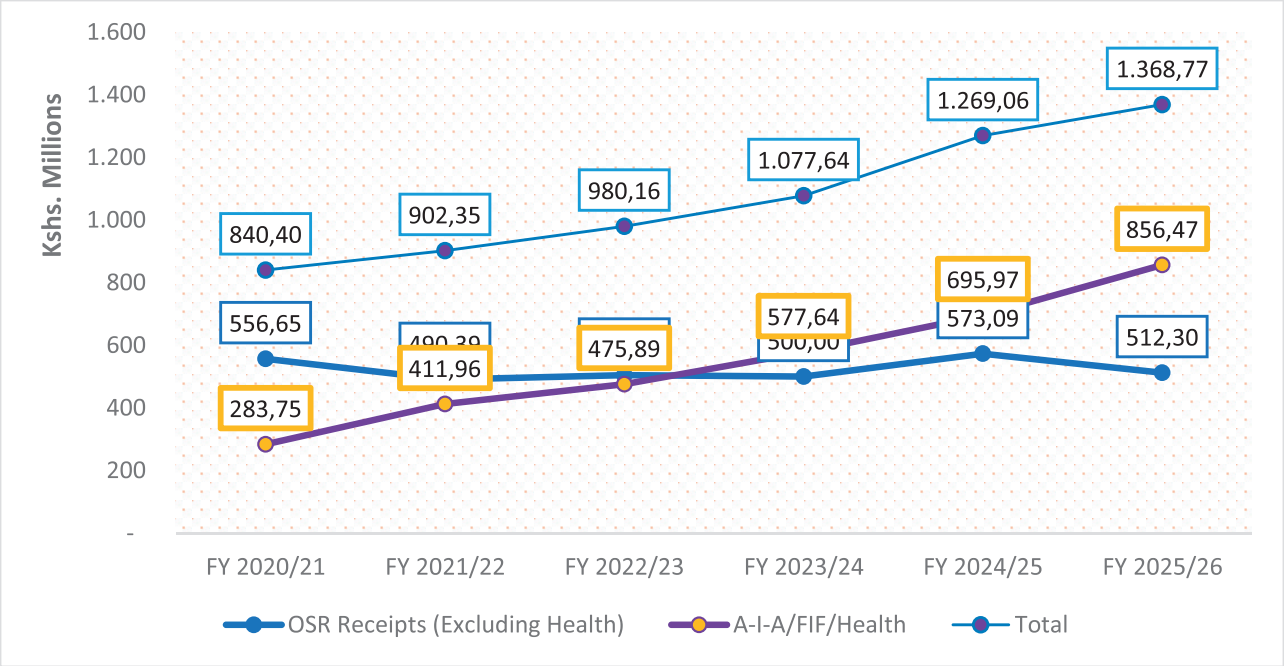
Figure 3.113: Laikipia County Composition of Revenue in FY 2025/26



S***ource:** Laikipia County Treasury*

The equitable share of revenue raised nationally, Additional Allocation Grants, and FIF contributed 66.02 per cent, 10.09 per cent and 9.14 per cent, respectively, of the total receipts for the reporting period. Figure 3.114 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

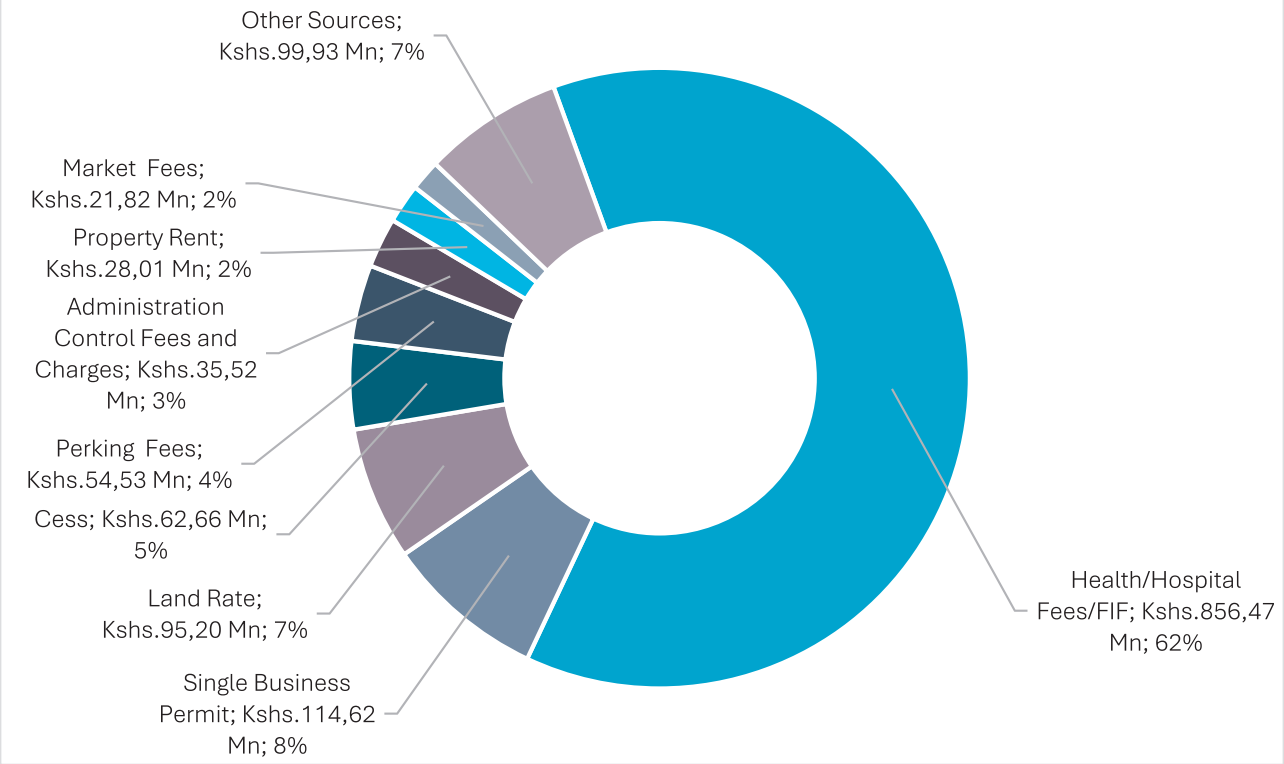
Figure 3.114: Laikipia County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Laikipia County Treasury*

During the year, the County received Kshs.1.37 billion from OSR, including FIF. This amount was an increase of 7.87 per cent over Kshs.1.27 billion realised in FY 2024/25, representing 101.31 per cent of the annual target and 22.42 per cent of the equitable revenue share disbursed. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.115.

Figure 3.115: Laikipia County Top Own Source Revenue Streams in FY 2025/26



Source: *Laikipia County Treasury*

As shown in Figure 3.115, the largest revenue stream, at Kshs.856.47 million, was from FIF, accounting for 62.56 per cent of total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.20.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.1.39 billion, which reduced to Kshs.1.38 billion as of 30 June 2026. The County tracks its revenue arrears using an automated system, with an accrual-basis option. Table 3.302 presents a breakdown of the County's revenue arrears.

Table 3.302: Laikipia County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 June, 2026 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Land rate	1,376,323,044	-	7,002,523	-	**1,369,320,521**
2	Property Rent	12,877,214	-	38,100,278	31,082,604	**5,859,540**
	Grand Total	**1,389,200,258**	**-**	**45,102,801**	**31,082,604**	**1,375,180,061**

Source: Laikipia *County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.1.38 billion, comprising Kshs.1.38 billion for land rates (100 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include strengthening the revenue department to improve its effectiveness.

3.20.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.20.5 Withdrawals from the County Revenue Fund and County Assembly Fund.

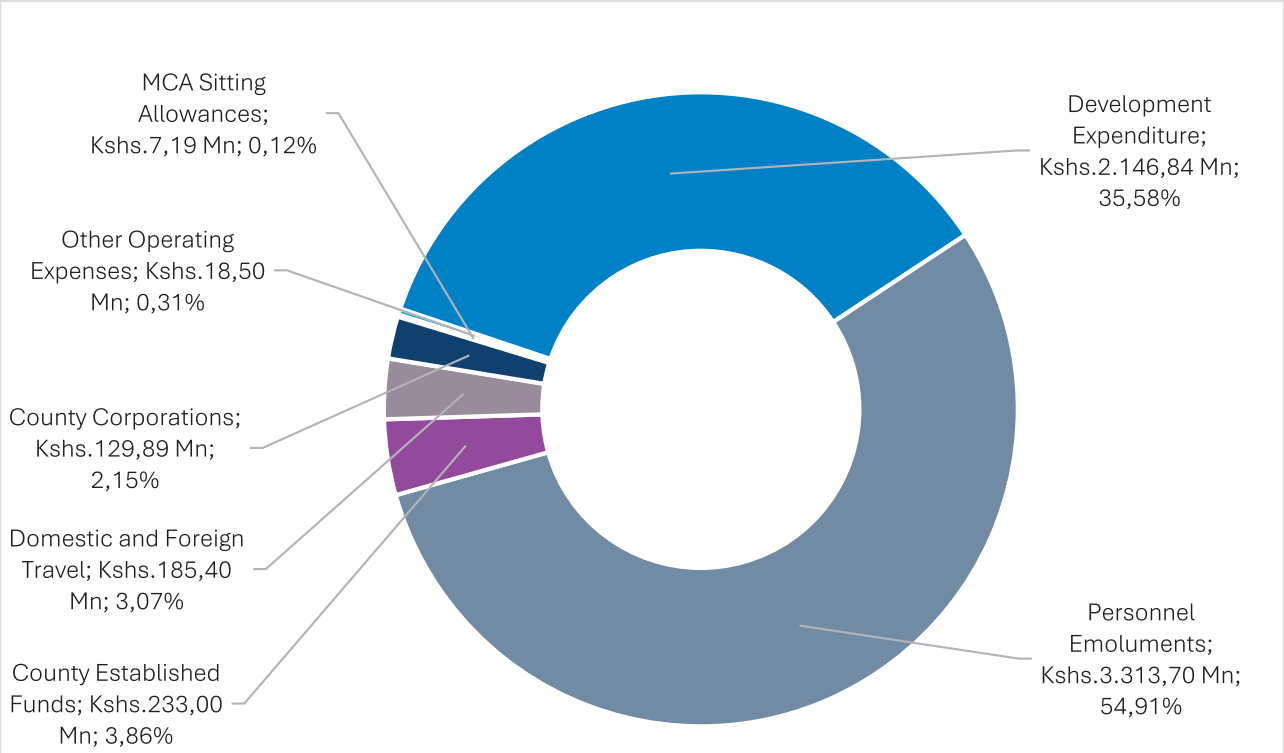
In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.7.08 billion from the Laikipia County Revenue Fund (CRF) account. This amount consisted of Kshs.2.35 billion (33.24 per cent) designated for development programmes and Kshs.4.73 billion (66.76 per cent) allocated for recurrent programmes.

An analysis of the released recurrent exchequers shows that Kshs.3.31 billion was allocated to employee compensation and Kshs.1.41 billion to operations and maintenance. Within the operations and maintenance category, 8.77 per cent was for domestic travel and 4.77 per cent for foreign travel. The domestic travel exchequers totalled Kshs.123.75 million, which included Kshs.63.95 million for the County Executive and Kshs.59.8 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.61.65 million, with Kshs.11.33 million for the County Executive and Kshs.50.32 million for the County Assembly. As of 30 June 2026, the County Government's cash balance in the Laikipia CRF account was Kshs.1.07 billion.

3.20.6 Expenditure Review

The County spent Kshs.6.75 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 95.36 per cent of the total funds released by the CoB. It comprised Kshs.2.15 billion for development programmes and Kshs.4.60 billion for recurrent programmes. Expenditure on development programmes accounted for 45.49 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 91.15 per cent of the annual recurrent expenditure budget. Figure 3.116 provides a detailed breakdown of total expenditure.

Figure 3.116: Laikipia County Composition of Expenditure in FY 2025/26



Source: *Laikipia County Treasury*

As shown in Figure 3.116, the three highest expenditure categories were personnel emolument, development and County Established Fund, contributing 54.91per cent, 35.58 per cent and 3.86 per cent of total expenditure for the reporting period.

3.20.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.06 billion in employee compensation, Kshs.1.02 billion in operations and maintenance, and Kshs.2.14 billion in development activities. Similarly, the County Assembly spent Kshs.253.91 million on employee compensation, Kshs.267.59 million on operations and maintenance, and Kshs.8.46 million on development activities, as shown in Table 3.303.

Table 3.303: Laikipia County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Approved Budget (Kshs. Million)	Exchequer Issues (Kshs. Million)	Amount Paid in the FY 2025/26 (Kshs. Million) (b)	Expenditure Accrued in the FY 2025/26 (Kshs. Million) (c)	Total Expenditure in the FY 2025/26 (Kshs. Million) (d=b+c)	Absorption (%) (d/a*100)
County Executive						
Recurrent	4,518.27	4,203.65	4,081.54	4,081.54	4,081.54	90.33
Compensation to Employees	3,119.19	3,059.79	3,059.79	3,059.79	3,059.79	98.10
Operations & Maintenance	1,399.09	1,143.87	1,021.75	1,021.75	1,021.75	73.03
Development	4,709.11	2,344.72	2,138.39	2,138.39	2,138.39	45.41
Executive Sub-total	9,227.39	6,548.37	6,219.92	6,219.92	6,219.92	67.41
County Assembly						
Recurrent	531.50	521.50	521.50	521.50	521.50	98.12
Compensation to Employees	260.81	253.91	253.91	253.91	253.91	97.35
Operations & Maintenance	270.69	267.59	267.59	267.59	267.59	98.86

Sector / Category	Approved Budget (Kshs. Million)	Exchequer Issues (Kshs. Million)	Amount Paid in the FY 2025/26 (Kshs. Million) (b)	Expenditure Accrued in the FY 2025/26 (Kshs. Million) (c)	Total Expend-iture in the FY 2025/26 (Kshs. Million) (d=b+c)	Absorp-tion (%) (d/a*100)
Development	10.00	8.46	8.46	8.46	8.46	84.55
Assembly Sub-total	541.50	529.96	529.96	529.96	529.96	97.87
Combined County Totals						
Total Recurrent	5,049.77	4,725.15	4,603.04	4,603.04	4,603.04	91.15
Compensation to Employees	3,380.00	3,313.70	3,313.70	3,313.70	3,313.70	98.04
Operations & Main-tenance	1,669.77	1,411.46	1,289.34	1,289.34	1,289.34	77.22
Total Development	4,719.11	2,353.18	2,146.84	2,146.84	2,146.84	45.49
Grand Total	9,768.89	7,078.33	6,749.88	6,749.88	6,749.88	69.10

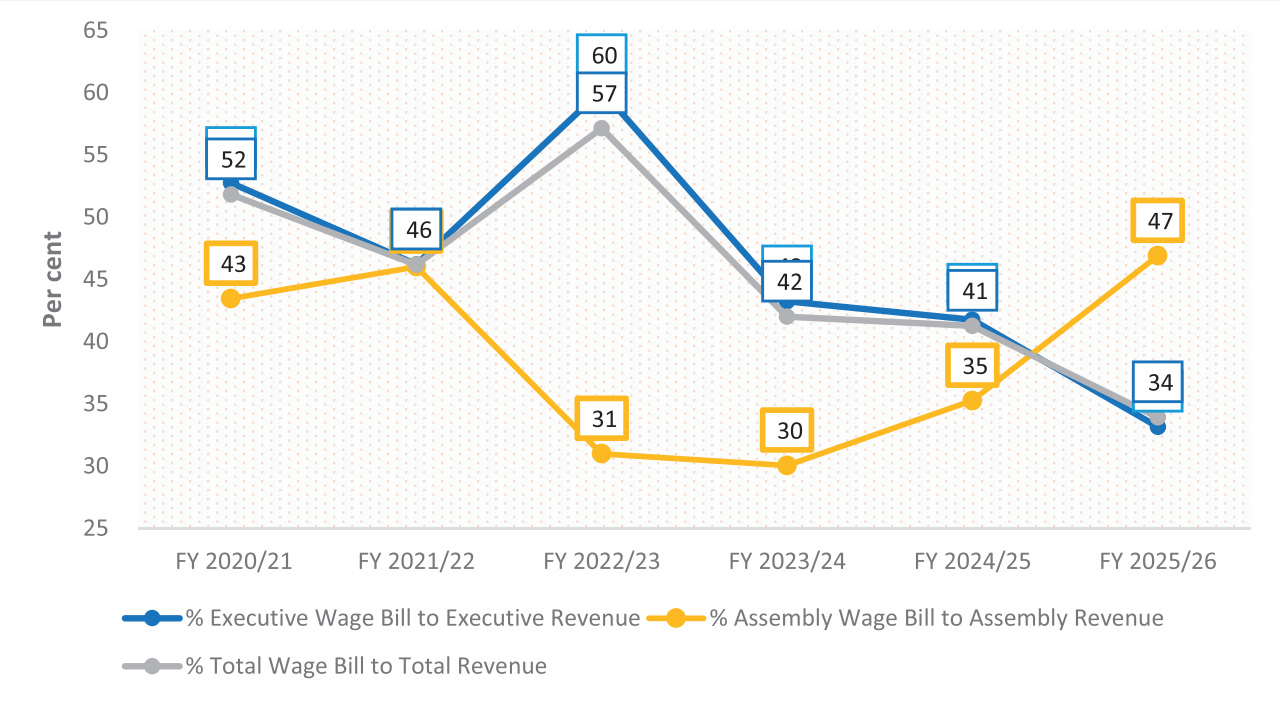
***Source**: Laikipia County Treasury*

3.20.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.31 billion, representing 34.07 per cent of revenue. This expenditure on employee compensation a decreased compared to the Kshs.3.50 billion reported in FY 2024/25. Of this total, Kshs.1.67 billion related to Health Sector employees, accounting for 50.27 per cent of the overall employees' compensation.

Figure 3.117 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.117: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Laikipia County Treasury

Further analysis indicated that PE costs totalling Kshs.3.15 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.162.57 million was processed through manual payrolls, which accounted for 4.91 per cent of the total PE cost.

The manual payroll comprised salaries for 14 staff not onboarded into the Human Resource Information System (HRIS), salaries for 85 casual staff, top-up allowances for security personnel, gratuity remittances

to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions as shown in The manual payroll comprised top-up allowances for security personnel and gratuity remittances to pension schemes for staff on contract, as shown in Table 3.304.

Table 3.304: Analysis of Laikipia County Manual Payroll

Manual Payroll Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff yet to be onboarded into UHR	17,426,530	10,331,799	27,758,329
Salaries for casual staff	89,830,331	-	89,830,331
Top-up Allowances for Laikipia security officers	8,811,300	-	8,811,300
LAPTRUST/LAPFUND Pension Contributions	-	14,758,113	14,758,113
Gratuity for contract staff	1,979,336.05	-	1,979,336
Final Dues	6,676,997.66	12,758,470	19,435,468
Total	**124,724,495**	**37,848,383**	**162,572,877**

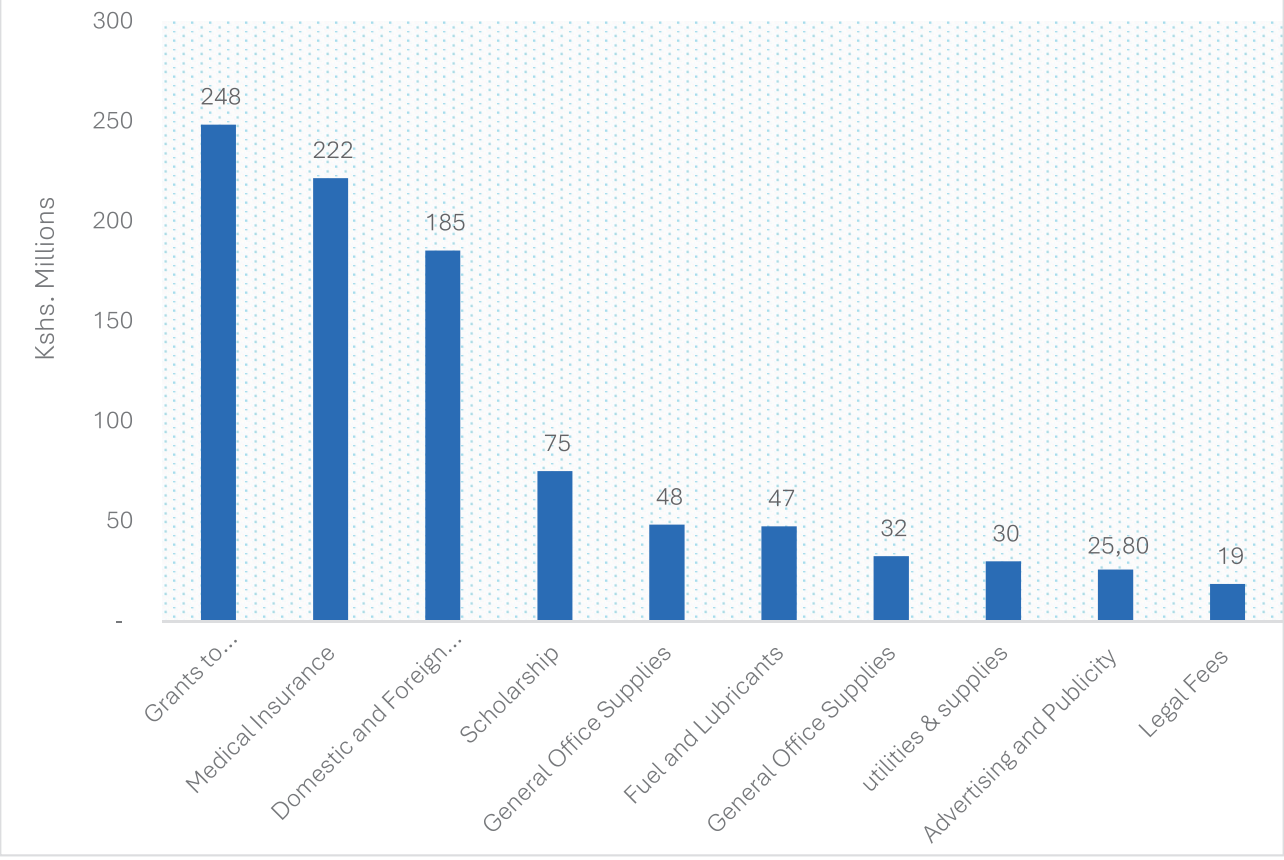
Source: Laikipia County Treasury

The County Assembly spent Kshs.7.19 million on committee sitting allowances for the 22 MCAs against the annual budget allocation of Kshs.20.97 million. The average monthly sitting allowance was Kshs.27,220 per MCA. The County Assembly has 18 House Committees.

3.20.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.29 billion on operations and maintenance, representing a 12.60 per cent increase over FY 2024/25, when the County spent Kshs.1.15 billion. Figure 3.118 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.118: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: Laikipia *County Treasury*

3.20.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for the FY 2025/26 indicates that the County did not spend on "*other operating expenses - Other*,".

3.20.11 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.420.38 million to County-Established funds in FY 2025/26, representing 4.30 per cent of the County's overall budget. Of this amount, the County allocated Kshs.79.18 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for less than one per cent of the total budget. Table 3.305 summarises the budgets and performance of each established Fund in FY 2025/26.

Table 3.305: Performance of Laikipia County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established (i.e., 22.09.2019)	Approved Budget Allocation in FY 2025/26 (Kshs. Million)	Exchequer Issues in FY 2025/26 (Kshs. Million)	Actual disbursements in FY 2025/26 (Kshs. Million)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	County Executive Emergency Fund	4/5/2020	79,182,843	82,174,310	24,702,265	-	Yes
2	Laikipia County Leasing Fund	12/6/2020	203,150,000	162,889,538	132,947,969	-	Yes
3	Car Loan & Mortgage Scheme fund	12/11/2021	15,000,000	15,000,000	346,588	-	Yes
4	Laikipia County Education Bursary Fund	19/6/2014	75,000,000	75,000,000	75,000,000	-	Yes
County Assembly Established Funds							
1	Staff Loans and Mortgage	1/11/2021	15,000,000	15,000,000	15,000,000	-	Yes
2	Staff Housing Loans	16/5/2023	33,058,015	-	-		No
TOTAL			**420,390,858**	**350,063,848**	**247,996,822**		

Source: Laikipia *County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from Assembly Staff Housing Loans Fund Administrators, as indicated in Table 3.86, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that 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. In FY 2025/26, the CoB determined that the Car loan and Mortgage Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.20.12 County Corporations, Municipalities and Agencies

The County has 5 County Corporations, 3 municipalities, and 2 agencies, which were allocated Kshs.302.47 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.129.89 million, as shown in Table 3.306.

Table 3.306: Performance of Laikipia County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Laikipia Revenue Board	35,000,000	15,875,459	15,875,459	373,748,064
2.	Laikipia County Development Authority	7,000,000	7,000,000	7,000,000	364,872,605
3.	Nanyuki Municipality	198,445,299	77,777,481	77,777,481	435,650,086
4.	Rumuruti Municipality	56,028,938	29,239,868	29,239,868	387,112,473
5.	Nyahururu Municipality	6,000,000	-	-	-
	Total	**302,474,237**	**129,892,808**	**129,892,808**	**1,561,383,228**

Source: *Laikipia County Treasury*

3.20.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.123.75 million and comprised Kshs 59.80 million spent by the County Assembly and Kshs.63.95 million by the County Executive. Expenditure on foreign travel amounted to Kshs.61.65 million and comprised Kshs.50.32 million by the County Assembly and Kshs.11.33 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.307.

Table 3.307: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs. Million)	Accrued Expenditure on Travel (b) (Kshs. Million)	Total Expenditure on Travel (c=a+b) (Kshs. Million)
County Executive	4	31 July 2025	Courtesy Visit to Mondul Estate	Tanzania	452,530	452,530.00	452,530.00
County Executive	2	11 February 2026	Benchmarking Tour on Coffee Production	Colombia	2,142,532	2,142,532.00	2,142,532.00
County Executive	1	30th Oct - 3rd Nov 2025	Engaging with high-level agricultural stakeholders.	Nigeria	764,598	764,598.00	764,598.00
County Executive	1	8th -14th March 2026	Travel to the Farm Innovation Institutional Visit	France	383,830	383,830.00	383,830.00
County Executive	7	25th -3rd June 2026	Comprehensive Capacity Building in Dare salaam	Dare Salaam	4,190,200	4,190,200.00	4,190,200.00
County Executive	1	1st -6th June 2026	Courtesy Visit to France	FRANCE	879,325.50	879,325.50	879,325.50
County Executive	2	25th - 29th August 2025	The 2025 Atupa International Conference	South Africa	1,224,845	1,224,845.00	1,224,845.00
County Executive	2	14th - 22nd Feb 2026	Benchmarking tour on Coffee Production	Colombia	1,297,764	1,297,764.00	1,297,764.00
County Assembly	29	7-13th Sept. 2025	Training	Tanzania	12,104,026.00	12,104,026.00	12,104,026.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs. Million)	Accrued Expenditure on Travel (b) (Kshs. Million)	Total Expenditure on Travel (c=a+b) (Kshs. Million)
County Assembly	30	19-25th October 2025	Training	Tanzania	12,561,745.00	12,561,745.00	12,561,745.00
County Assembly	30	15-19th December 2025	Training	Uganda	12,086,450.00	12,086,450.00	12,086,450.00
County Assembly	30	2-6th Feb 2026	Training	Tanzania	11,447,779.00	11,447,779.00	11,447,779.00
County Assembly	6	15-21st March 2026	Training	Tanzania	2,118,125.00	2,118,125.00	2,118,125.00
Total					**61,,653,749.00**	**61,653,749,.00**	**61,653,749.00**

Source: *Laikipia County Treasury and Laikipia County Assembly*

3.20.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.856.47 million as FIF, which was 137 per cent of the annual target of Kshs.626.0 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The expenditure by the health facilities amounted to Kshs.765.75 million, as shown in Table 3.308.

Table 3.308: Laikipia County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 4 Hospital	5	821,748,557	741,464,000	90.23
2.	Level 3 Facility	2	14,000,000	13,582,450	97.02
3.	Level 1, 2 & 3 Facility	-	22,202,127	10,701,350	48.20
	Total	**7**	**857,950,684**	**765,747,800**	**89.25**

Source: *Laikipia County Treasury*

3.20.15 Development Expenditure

In the review period, the County reported spending Kshs.2.15 billion on development programmes, representing an increase of 33.78 per cent compared to FY 2024/25, when the County spent Kshs.1.60 billion. Table 3.309 summarises the development projects with the highest expenditure in the reporting period.

Table 3.309: Laikipia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. million)	Total Funding in FY 2025/2026 (Kshs. Million)	Expenditure (on an Accrual Basis) in the Twelve Months of FY 2025/26 (Kshs. million)	Cumulative project expenditure (in Accrual Basis) as of 3oth June 2026 (Kshs. million)	Percentage (%) of Completion
	County Funded Projects									
1	County Administration	Proposed solar installation at the county headquarters	Rumuruti	27 .04.2026	20.05.2026	4.66	4.66	4.66	4.66	100

No.	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. million)	Total Funding in FY 2025/2026 (Kshs. Million)	Expenditure (on an Accrual Basis) in the Twelve Months of FY 2025/26 (Kshs. million)	Cumulative project expenditure (in Accrual Basis) as of 3oth June 2026 (Kshs. million)	Percentage (%) of Completion
2	Infrastructure Pending Bill	Improvement of County Roads in Town and small urban centres	Nanyuki Ward	2/09/2023	05/12/2023	15.87	8.00	8.00	8.00	100
3	Infrastructure Pending Bill	Improvement of Roads in Karuga Nanyuki Town	Igwamiti	12/11/2023	03/04/2024	10.00	10.00	10.00	10.00	100
4	Infrastructure Pending Bill	Improvement of Roads in Nanyuki Town	Nanyuki Smart Town	15/8/2025	05/12/2023	15.87	7.87	7.87	7.87	100
5	Health And Sanitation	Supply, Installation, Testing & Commissioning of Theatre Equipment	Ndindika Sub-County Hospital.	19/05/2023	20/12/2023	42.26	42.26	42.26	42.26	100
6	Health and Sanitation	Supply, Delivery, Testing and Commissioning of Maternity Equipment	Nyahururu County Referral Hospital	19/05/2023	20/12/2023	17.83	17.83	17.83	17.83	100
7	Department of Agriculture	Grant County contribution-FSRP	County Wide	01/07/2025	30/06/2026	10.00	10.00	10.00	10.00	100
8	Infrastructure	Proposed improvement of ACK Nyakinyua Road, Grading, Gravelling and Drainage Works 3Km	Githiga Ward	27/1/2026	27/4/2026	4.38	4.38	4.38	4.38	100
9	Infrastructure	Proposed Improvement of Kiarie Mutamaiyo Road; Grading, Gravelling and Drainage Works 3.1KM Rumuruti Ward	Rumuruti Ward	13/2/2026	14/5/2026	4.99	4.99	4.99	4.99	100
10	Education-VTC	Equipping of VTC	Nanyuki	Qtr 4	Qtr 4	2.00	2.00	2.00	2.00	100

Source: *Laikipia County Treasury*

The County did not report on any stalled development projects as of 30 June 2026.

3.20.16 Budget Performance by Department

Table 3.310: summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.310: Laikipia County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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, Public Service and Office of The Governor	3,811.89	375.41	3,655.46	20.09	3,518.59	14.88	96.26	74.06	92.31	3.96
Finance, Economic Planning and The County Treasury	217.77	496.28	212.06	420.67	205.77	390.86	97.03	92.92	94.49	78.76
Health and Sanitation	225.790	1,234.71	117.69	396.12	105.32	386.34	89.49	97.53	46.65	31.29
Agriculture, Livestock and Fisheries	29.5	426.53	26.85	409.16	29.19	409.58	108.75	100.10	98.97	96.03
Infrastructure and Public Works	57.50	892.50	49.73	497.02	49.12	495.98	98.78	99.79	85.43	55.57
Education	110.61	98.94	103.52	48.30	109.80	53.45	106.07	110.66	99.27	54.03
Youth and Sports	11.50	4.99	10.39	4.76	11.5	4.99	110.59	105.05	100.00	100.00
Trade, Tourism and Enterprise Development	15.91	554.54	14.36	282.40	14.68	93.67	102.22	33.17	92.29	16.89
Water	16.60	372.22	13.99	190.00	11.77	180.22	84.06	94.85	70.89	48.42
Rumuruti Municipality	3.00	53,.03	3.00	27.94	2.50	26.74	83.33	95.69	83.33	50.43
Nyahururu Municipality	1.00	5.00	0	1.90	-	1.19	-	62.79	-	23.87
Nanyuki Municipality	3.50	194.95	3.50	80.37	3.50	80.48	100.00	100.13	100.00	41.28
County Assembly	544.70	10,50	541.29	8.46	541.29	8.46	100.00	100.00	99.37	80.54
Total	**5,049.27**	**4,719.61**	**4,751.86**	**2,387.19**	**4,603.40**	**2,146.84**	**96.87**	**89.93**	**91.16**	**45.49**

Source: *Laikipia County Treasury*

Analysis of expenditure by departments shows that the Department of Youth and Sports recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 96.03 per cent. The Department of Youth and Sports and Nanyuki Municipality had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Health & Sanitation Department had the lowest at 46.65 per cent.

3.20.17 Budget Execution by Programmes and Sub-Programmes

Table 3.311: summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.311: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Finance and Economic Planning				
Financial Services	Revenue management services	10,000,000	10,000,000	100
Department of Agriculture, Livestock and Fisheries				
Headquarters	Administration	10,000,000	9,332,931	93.33
Department Education				
Early childhood development (ECD) & childcare facilities	Education Empowerment	75,000,000	75,000,000	100
Recurrent				
Department of Gender				
Administration and planning services	Routine Maintenance - Others	2,959,386	2,959,386	100
Department of Trade, Tourism and Enterprise Development				
Co-operative Development	Co-operative Revolving Fund	8,000,000	8,000,000	100
Department Water				
Environment and Natural Resources	Solid Waste Management	2,100,000	2,100,000	100

Source: *Laikipia County Treasury*

The development sub-programmes with the highest budget implementation rates were: Routine Maintenance in the Department of Gender at 100 per cent, Co-operative Revolving Fund in the Department of Trade, Tourism and Enterprise Development at 100 per cent, and Solid Waste Management at 100 per cent.

For recurrent sub-programmes, the top performers included: Revenue Management Service in the Department of Finance and Economic Planning at 100 per cent; Headquarters Administration in the Department of Agriculture, Livestock and Fisheries at 100 per cent; and Education Empowerment (Bursary) in the Department of Education at 100 per cent. The higher performance of these programmes is due to the full utilisation of funds.

Table 3.312: summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.312: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department County Administration				
Administration	Grants and Transfers to Government entities	73,631,983	28,611,396	38.86
Department of Finance and Economic Planning				
Financial Services	Laikipia County Emergency Fund	54,182,843	18,368,574	33.90
Department Health				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Health	Health Infrastructure Development	307,101,396	158,015,301	51.45
Recurrent				
Department infrastructure and Public Works				
Public Works Service Delivery Improvement	County Building Construction Standard	2,000,000.00	931,000.00	46.55
Rumuruti Municipality				
Administration	Administration Services	3,000,000	500,000	17.00
Department of Water				
Locally Led Climate Action Program (FLLOCA)	Climate Change Adaptation & Mitigation	6,000,000.00	2,507,700.00	41.80

***Source**: Laikipia County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Grants and Transfers in the Department of County Administration at 38.86 per cent, Emergency Fund in the Department of Finance at 33.90 per cent, and Health Infrastructure Development at 51.45 per cent.

For recurrent sub-programmes, the lowest performers included: Administration at Rumuruti Municipality at 17.00 per cent, climate change and adaptation and mitigation in the Department of Water at 41.80 per cent, and County Building Construction Standard in the Department of Infrastructure and Public Works at 46.55 per cent. The low performance is attributed to the non-disbursement of the KUSP grant and the FLOCCA by the development partners during the period.

3.20.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.813.02 million. This amount consisted of Kshs.763.34 million from the County Executive and Kshs.49.68 million from the County Assembly. The trade payables from the County Executive comprised Kshs.257.63 million for Th recurrent expenditure and Kshs.505.71 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.333.71 million, comprising Kshs.131.17 million (39.31 per cent) for recurrent programmes and Kshs.505.71 million (60.69 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.49.68 million, comprising Kshs.45.70 million (91.97 per cent) for recurrent activities and Kshs.3.99 million (8.03 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.886.42 million for the County Executive and Kshs.96.72 million for the County Assembly. Table 3.313 provides additional details of trade payables.

Table 3.313: Laikipia County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	A	County Executive	505,714,472	257,627,003	763,341,475
		County Assembly	3,987,000	45,695,281	49,682,281
		Total	**509,701,472**	**303,322,284**	**813,023,756**
Amount paid in FY 2025/26	b	County Executive	198,551,590	85,474,258	284,025,848.30
		County Assembly	3,987,000	45,695,281	49,682,281
		Total	**202,538,590**	**131,169,539**	**333,708,129**
Trade Payables Incurred in FY 2025/26	c	County Executive	40,000,000	301,313,226	341,313226
		County Assembly	-	57,762,555	57,762,555
		Total	**40,000,000**	**359,075,781**	**399,075,781**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	d	County Executive	380,013,973	506,406769.9	886,420,742
		County Assembly	3,638,351	93,082,462	96,720,813
		Total	9383,652,324	599,489,232	983,141,555

Source: *Laikipia County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.763.34 million and Kshs.49.68 million, respectively, in FY 2025/26. The County Executive didn't adhere to this payment plan, as it cleared Kshs.284.03 million while the County Assembly adhered to the plan by clearing Kshs.49.68 million in FY 2025/26.

Table 3.314 and Table 3.315 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and County Assembly, which were Kshs.886.42 million and Kshs.96.72 million, respectively.

Table 3.314: Laikipia County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	40,000,000	72,336,454	38,089,129	229,588,389	**380,013,972**
Recurrent Trade Payables (Goods & Services)	-	52,289,765	88,883,592	63920,187	**205,093,544**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	301,313,226	-	-	-	**301,313,226**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	**-**
Total Recurrent Trade Payables	**341,313,226**	**124,626,219**	**126,972,721**	**293,508,576**	**886,420,742**
% of Total	**38.64**	**14.06**	**14.30**	**33.00**	**100**

Source: *Laikipia County Treasury*

Table 3.315: Laikipia County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables		3,638,351			**3,638,351**
Recurrent Trade Payables (Goods & Services)	21,848,287	35,319,907			**57,168,194**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	22,702,368				**22,702,368**
Recurrent Trade Payables (Staff Claims)	13,211,900				**13,211,900**
Total Recurrent Trade Payables	**57,762,555**	**38,958,258**	**0**	**0**	**96,720,813**
% of Total	**59.72**	**40.28**	**0.00**	**0.00**	**100**

As shown in Tables 3.314 and 3.315, the total salary arrears and statutory deductions for trade payables amounted to Kshs.324.01 million, representing 32.96 per cent of the total trade payables of Kshs.983.14 million as of 30 June, 2026. The statutory deductions included salary arrears of Kshs.98.06 million, tax arrears of Kshs.74.98 million, pension liabilities of Kshs.88.68 million, and third-party deductions of Kshs.63.50 million.

3.20.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated 82 accounts with commercial banks, including 22 accounts for Health Facilities, 20 for Vocational Training Centres, 27 for Established Funds, and 13 special-purpose accounts for additional allocations.

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of 56 commercial bank accounts, in accordance with Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.20.20 Key Observations and Recommendations

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

i. Low development performance in the review period, as the County incurred Kshs.2.15 billion on development activities, achieving a 45.50 per cent absorption rate.

ii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.90.

iii. High level of trade payables, which amounted to Kshs.983.14 million as of 30 June 2026. Furthermore, the County Executive did not adhere to the trade payables payment plan.

iv. Personnel emoluments amounting to Kshs.162.57 million for 5 staff not onboarded into the HRIS, and 45 casual staff were processed through manual payroll, accounting for 4.91 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

v. 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 2026.

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

i. *The County should implement strategies to increase development expenditures in FY 2025/26.*

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 Leadership should ensure that genuine bills are paid promptly in the ensuing financial year. Further, compliance with the Trade Payables 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 the timely preparation and submission of financial reports to the Controller of Budget in accordance with the timelines prescribed in Section 166 of the PFM Act, 2012.*

3.21. County Government of Lamu

3.21.1 Overview of FY 2025/26 Budget

The Lamu County final supplementary Budget for FY 2025/26 was Kshs.5.59 billion. It comprised Kshs.2.24 billion (40 per cent) and Kshs.3.34 billion (60 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.603.91 million (12 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.1.9 billion and a recurrent budget of Kshs.3.08 billion. The increase in the budget was primarily attributable to higher nationally raised revenue, balances brought forward from FY 2024/2025, and additional allocations/conditional grants.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue in the amount of Kshs.3.86 billion (68.98 per cent), additional allocations of Kshs.1.06 billion (18.97 per cent), a cash balance brought forward from FY 24/25 of Kshs.393.92 million (7.04 per cent) and Kshs.280 million (5.01 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.316.

3.21.2 Revenue Performance

In FY 2025/26, the County reported total receipts of Kshs.5.29 billion. This amount represented an increase of 21.33 per cent over of 4.36 billion the amount received in FY 2024/25. The total revenue consisted of Kshs.3.86 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.752.96 million, and own-source revenue (OSR) collection of Kshs.284.16 million. Additionally, the County had a cash balance of Kshs.393.92 million from FY 2024/25. The total OSR collection of Kshs.283 million included Facilities Improvement Financing (FIF) of Kshs.181.51 million, and Kshs.102.66 million from other OSR sources. Table 3.316 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.316: Lamu County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	393,919,080.00	393,919,080.00		393,919,080	100.00
	Sub-Total	**393,919,080**	**393,919,080**	**-**	**393,919,080**	100.00
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	3,857,621,205.00	3,857,621,202.11		3,857,621,202	100.00
	Sub-Total	**3,857,621,205**	**3,857,621,202**	**-**	**3,857,621,202**	100.00
C	**Additional Allocations (Including Grants)**					
1	Supplement for Construction of County Headquarters	120,000,000.00	120,000,000.00		120,000,000.00	100.00
2	Road Maintenance Levy	47,403,262.00	47,403,262.00		47,403,262.00	100.00
3	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	66,859,566.00	9,680,208.00		9,680,208.00	14.48
4	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	148,306,151.00	61,475,536.00		61,475,536.00	41.45
5	Food Systems Resilience Project (FSRP)	246,153,846.00	246,130,310.60		246,130,310.60	99.99

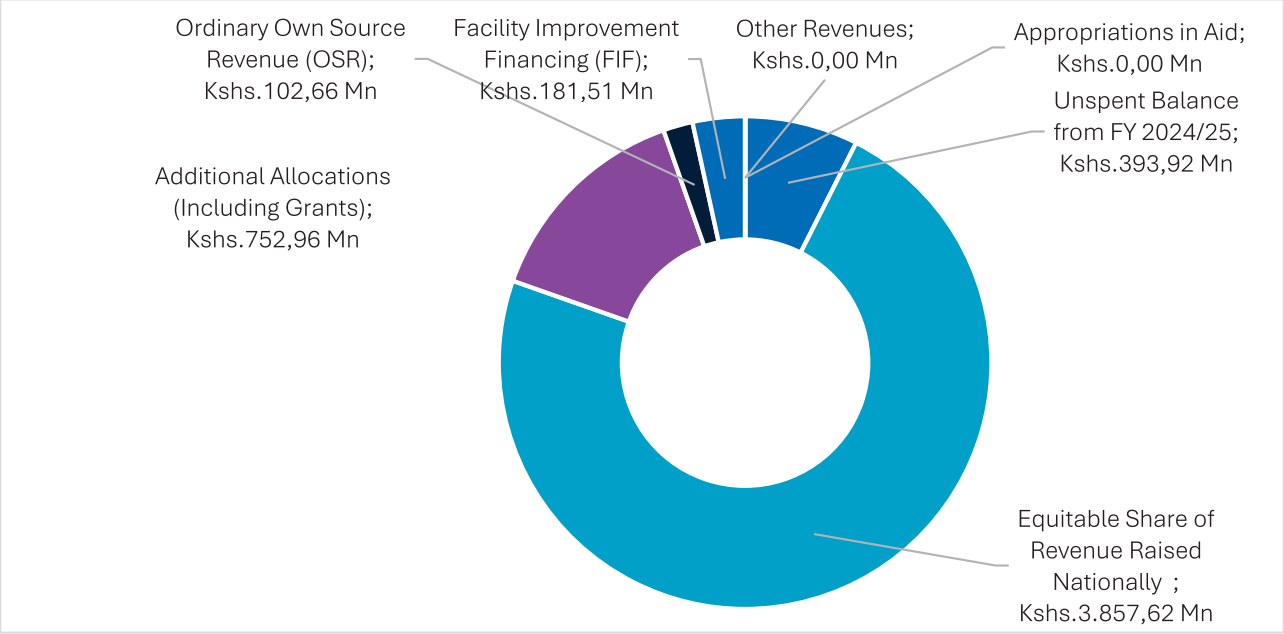
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
6	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500.00	70,503,588.96		70,503,588.96	96.70
7	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,500,000.00	130,339,845.30		130,339,845.30	36.98
8	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)		24,018,354.00		24,018,354.00	
9	Primary Health Care in Devolved Context (PHDC) Programme	6,888,000.00	4,182,000.00		4,182,000.00	60.71
10	Kenya Informal Settlement Improvement Project (KISIP II)		39,231,593.00		39,231,593.00	
	Sub-Total	**1,061,020,325.00**	**752,964,697.86**	-	**752,964,697.86**	70.97
D	**Ordinary Own Source Revenue (OSR)**					
1	Business permit current year	30,000,000.00	27,306,971.00		27,306,971.00	91.02
2	Training/learning centres (ATC)	240,000.00	570,100.00		570,100.00	237.54
3	Market stalls rent	1,200,000.00	1,234,572.00		1,234,572.00	102.88
4	Fruits & vegetables/produce CESS	15,800,000.00	967,218.00		967,218.00	6.12
5	Meat inspection fees	360,000.00	615,040.00		615,040.00	170.84
6	Agriculture vehicle hire (AMS tractors)	13,160,000.00	4,498,534.00		4,498,534.00	34.18
7	Open-air market fee	1,200,000.00	1,791,140.00		1,791,140.00	149.26
8	Slaughtering fee	480,000.00	129,850.00		129,850.00	27.05
9	Livestock CESS	120,000.00	25,300.00		25,300.00	21.08
10	Fish CESS	840,000.00	5,545,153.00		5,545,153.00	660.14
11	Street parking fee	3,000,000.00	3,185,901.00		3,185,901.00	106.20
12	Sales of flowers, miraa, etc	1,800,000.00	13,624,000.00		13,624,000.00	756.89
13	Wheat & Maize CESS		528,885.00			
14	Veterinary	120,000.00	37,000.00		37,000.00	30.83
15	Forest CESS	600,000.00	481,225.00		481,225.00	80.20
16	Metal scrap	840,000.00	368,000.00		368,000.00	43.81
17	Signboards & advertisement fee	5,900,000.00	2,026,200.00		2,026,200.00	34.34
18	Physical planning	720,000.00	4,118,732.00		4,118,732.00	572.05
19	Sand, gravel, and ballast extraction fees	6,000,000.00	9,764,078.00		9,764,078.00	162.73
20	Fisheries license	120,000.00	-		-	-

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Perfor-mance
		A	B	C	D=B+C	F=D/A*100
21	Land rates	62,040,000.00	12,777,351.00		12,777,351.00	20.60
22	Public health	600,000.00	3,029,201.00		3,029,201.00	504.87
23	Hides and skins fee	-	5,000.00		5,000.00	
24	Salary commission	1,800,000.00	2,685,883.00		2,685,883.00	149.22
25	Others miscellaneous	60,000.00	5,435,054.00		5,435,054.00	9,058.42
26	Liquor	3,000,000.00	1,917,005.00		1,917,005.00	63.90
	Sub-Total	**150,000,000.00**	**102,667,393.00**		**102,138,508.00**	68.09
E	**Facility Improvement Financing (FIF)**					
1	SHIF	130,000,000.00	181,506,171.00		181,506,171.00	139.62
2	Defunct NHIF				-	
3	Other				-	
	Sub-Total	**130,000,000.00**	**181,506,171.00**	**-**	181,506,171.00	139.62
	Grand Total	**5,592,560,610.00**	**5,288,678,543.97**	**-**	**5,288,149,658.97**	**94.56**

Source: *Lamu County Treasury*

The County does not have any governing legislation on the operations of the ordinary A-I-A and FIF. Figure 3.119 provides a detailed breakdown of receipts.

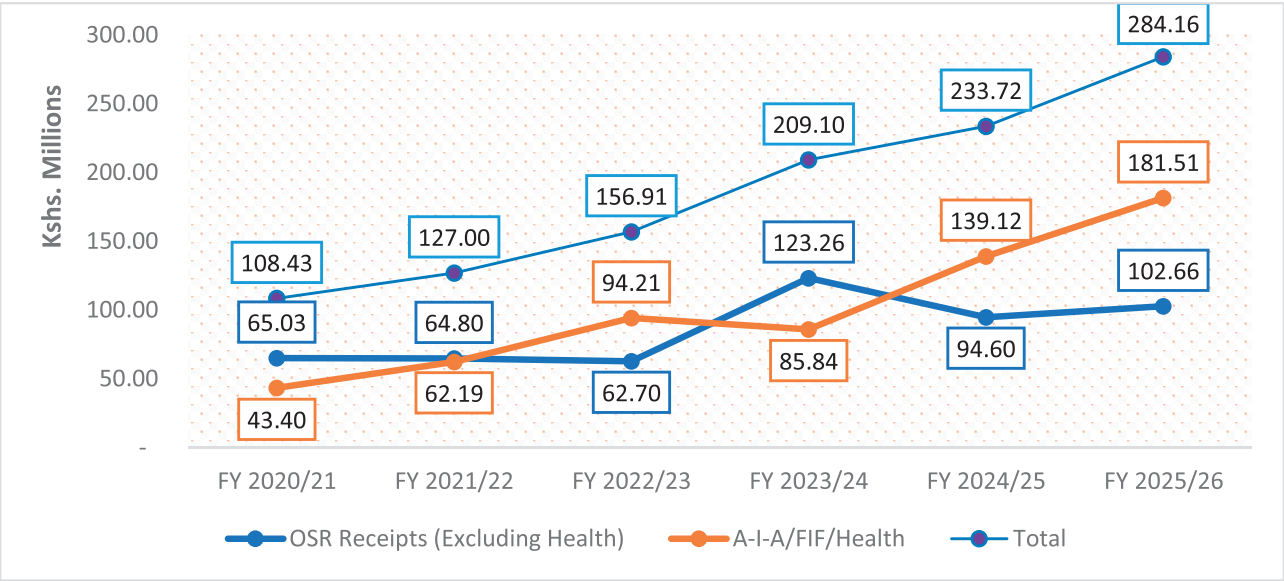
Figure 3.119: Lamu County Composition of Revenue in FY 2025/26



Source: *Lamu County Treasury*

The equitable share of revenue raised nationally, unspent balance from FY 2024/25, and FIF contributed 73 per cent, 8 per cent, and 8 per cent, respectively, of the total receipts for the reporting period. Figure 3.120 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

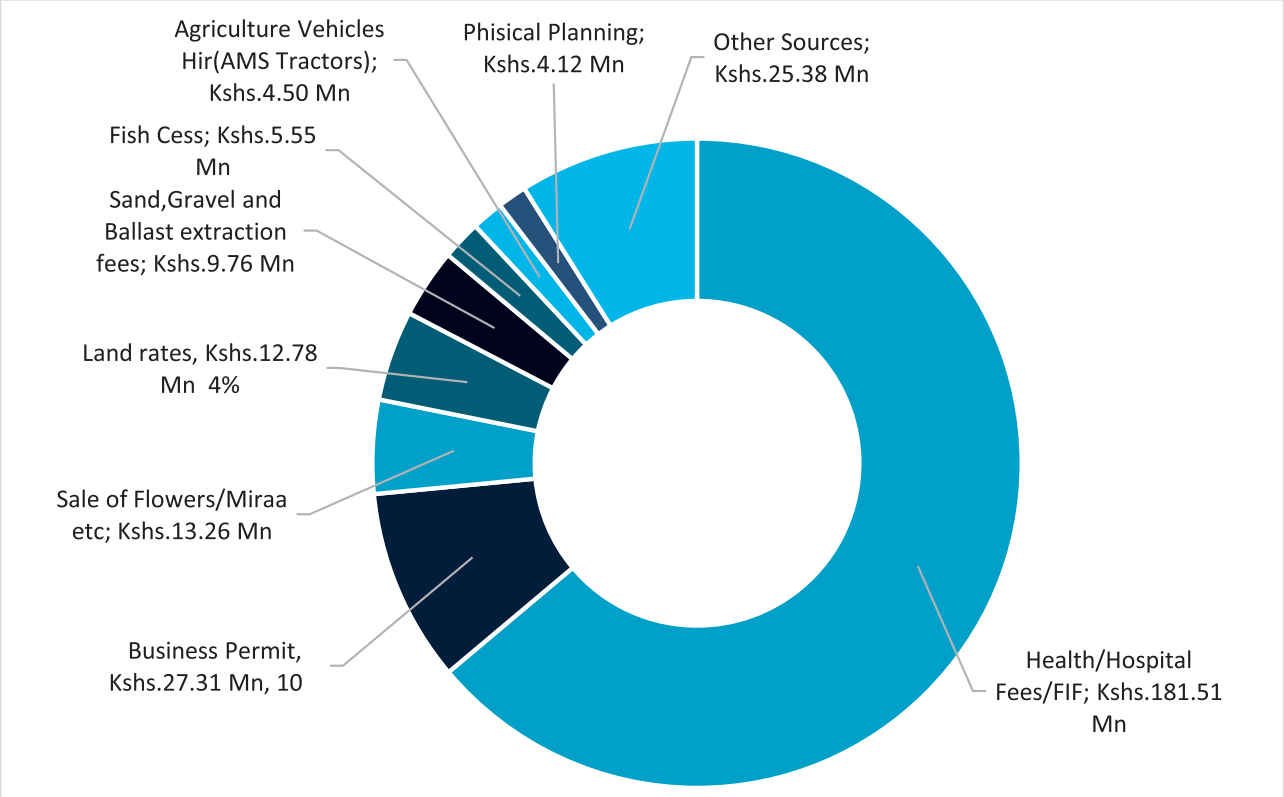
Figure 3.120: Lamu County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Lamu County Treasury*

In FY 2025/26, the County received Kshs.284.16 million from OSR, including FIF. This amount was an increase of 21.59 per cent compared to Kshs.233.72 million realised in FY 2024/25, and was 101.49 per cent of the annual target and 7.37 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to higher FIF collection. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.121.

Figure 3.121: Lamu County Top Own Source Revenue Streams in FY 2025/26



Source: Lamu County Treasury

As shown in Figure 3.121, the largest revenue stream, at Kshs.181.51 million, was from FIF, accounting for 64 per cent of total OSR receipts. The County Government indicated that it has automated all revenue streams. The system utilised for FIF revenue collection is Lamu Pay, which has been in use since October 2025.

3.21.3 Revenue Arrears

As of 1 July 2025, the County reported Revenue Arrears of Kshs.218.71 million, which increased to Kshs.236 million as of 30 June 2026. The County currently tracks its Revenue Arrears using the Lamu [ay system. Table 3.317 presents a breakdown of the County's Revenue Arrears.

Table 3.317: Lamu County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 31 March 2026 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
1	**Land Rates**	218,710,283.00		2,778,595.00	9,378,808.00	225,310,496.00
2	**Single Business Permits**				11,328,731.00	11,328,731.00
	Sub-Total	**218,710,283.00**	**-**	**2,778,595.00**	**20,707,539.00**	**236,639,227.00**

Source: *Lamu County Treasury*

As of 30 June 2026, revenue arrears totalled Kshs.236.64 million, comprising Kshs.225.3 million and Kshs.11.33 million for Land rates and single business permits, respectively. The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 include demand notices to defaulters, conducting regular revenue enforcement and compliance operations, engaging debt collectors and enforcement officers, sensitising taxpayers on their obligations, negotiating payment plans with debtors and leveraging the County's revenue management system to monitor and follow up on outstanding balances.

3.21.4 Borrowing by the County

The two arms of the County Government did not report any borrowing in FY 2025/26.

3.21.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget (CoB) approved exchequer withdrawal requests totalling Kshs.4.26 billion from the Lamu County Revenue Fund (CRF) account. This amount consisted of Kshs.1.26 billion (29 per cent) designated for development programs, and Kshs.3.01 billion (71 per cent) allocated for recurrent programs.

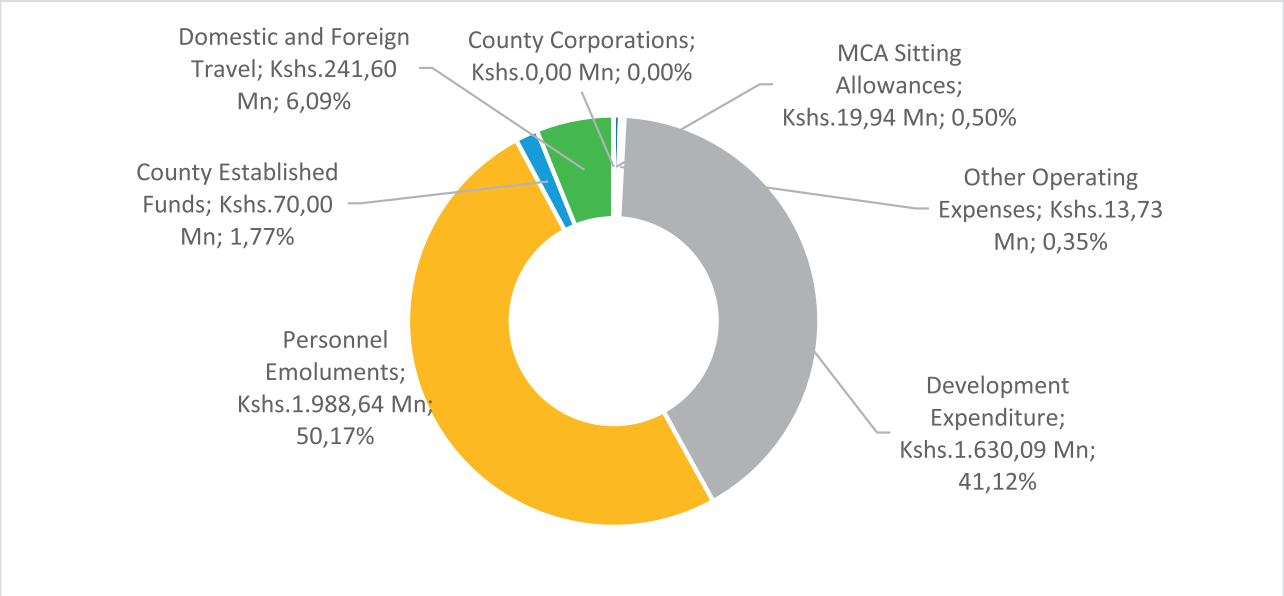
An analysis of the released recurrent exchequers shows that Kshs.1.92 billion was allocated to employee compensation and Kshs.1.09 billion to operations and maintenance. Within the operations and maintenance category, 11.14 per cent was for domestic travel and 8.12 per cent for foreign travel. The domestic travel exchequers totalled Kshs.139.83 million, which included Kshs.74.7 million for the County Executive and Kshs.65.14 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.101.77 million, with Kshs.2.89 million for the County Executive and Kshs.98.88 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Lamu CRF account was Kshs.1.1 billion. The County had not operationalised the County Assembly Fund as of 30 June 2026.

3.21.6 Expenditure Review

The County spent Kshs.4.27 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.1.22 billion for development programmes and Kshs.3.05 billion for recurrent programmes. Expenditure on development programmes accounted for 28.55 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 71.45 per cent of the annual recurrent expenditure budget. Figure 3.122 provides a detailed breakdown of total expenditure.

Figure 3.122: Lamu County Composition of Expenditure in FY 2025/26



Source: Lamu *County Treasury*

As shown in Figure 3.122, the three highest expenditure categories were personnel emoluments, development, and County established funds, contributing 50.17, 41.12 and 6.09 per cent of total expenditure for the reporting period.

3.21.7 Expenditure by Economic Classification

The County Executive incurred Kshs.1.79 billion in employee compensation, Kshs.795.68 million in operations and maintenance, and Kshs.1.21 billion in development activities. Similarly, the County Assembly spent Kshs.196.91 million on employee compensation, Kshs.270.09 million on operations and maintenance, and Kshs.14.99 million on development activities, as shown in Table 3.318.

Table 3.318: Lamu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**2,852.60**	**502.74**	**2,587.41**	**467.00**			**2,587.41**	**467.00**	**90.70**	**92.89**
Compensation of Employees	1,813.99	201.54	1,791.73	196.91			1,791.73	196.91	98.77	11.44
Operations and Maintenance	1,038.61	301.20	795.68	270.09			795.68	270.09	76.61	32.91
Development Expenditure	**2,112.23**	**125.00**	**1,205.48**	**14.99**			**1,205.48**	**14.99**	**57.07**	**11.99**
Total	**4,964.83**	**627.74**	**3,792.89**	**481.99**	**-**	**-**	**3,792.89**	**481.99**	**76.40**	**76.78**

***Source**: Lamu County Treasury*

3.21.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.1.99 billion, representing 37.6 per cent of total revenue. This expenditure on employee compensation has increased compared to the Kshs.1.93 billion reported in FY 2024/25. Of this total, Kshs.893.77 million related to Health Sector employees, accounting for 44.94 per cent of the overall employees' compensation.

Further analysis indicated that PE costs totalling Kshs.1.75 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.236.78 million was processed through manual payrolls, accounting for 12 per cent of the total PE cost.

The manual payroll included salaries for casual staff, top-up allowances for security personnel, and gratuity remittances to pension schemes for contract staff, as well as LAPTRUST/LAPTFUND Pension contributions amounting to Kshs.236.78 million, as shown in The manual payroll comprised top-up allowances for security personnel and gratuity remittances to pension schemes for staff on contract, as shown in Table 3.319.

Table 3.319: Breakdown of Lamu County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for staff paid outside the Human Resource Information System (HRIS)	46,666,093.99	-	46,666,093.99
Salaries for casual staff	132,163,910.40	-	132,163,910.40
LAPTRUST/LAPFUND Pension Contributions		10,331,246.00	10,331,246.00
Gratuity for contract staff	43,403,883.61	4,217,128.00	47,621,011.61
Total	**222,233,888.00**	**14,548,374.00**	**236,782,262.00**

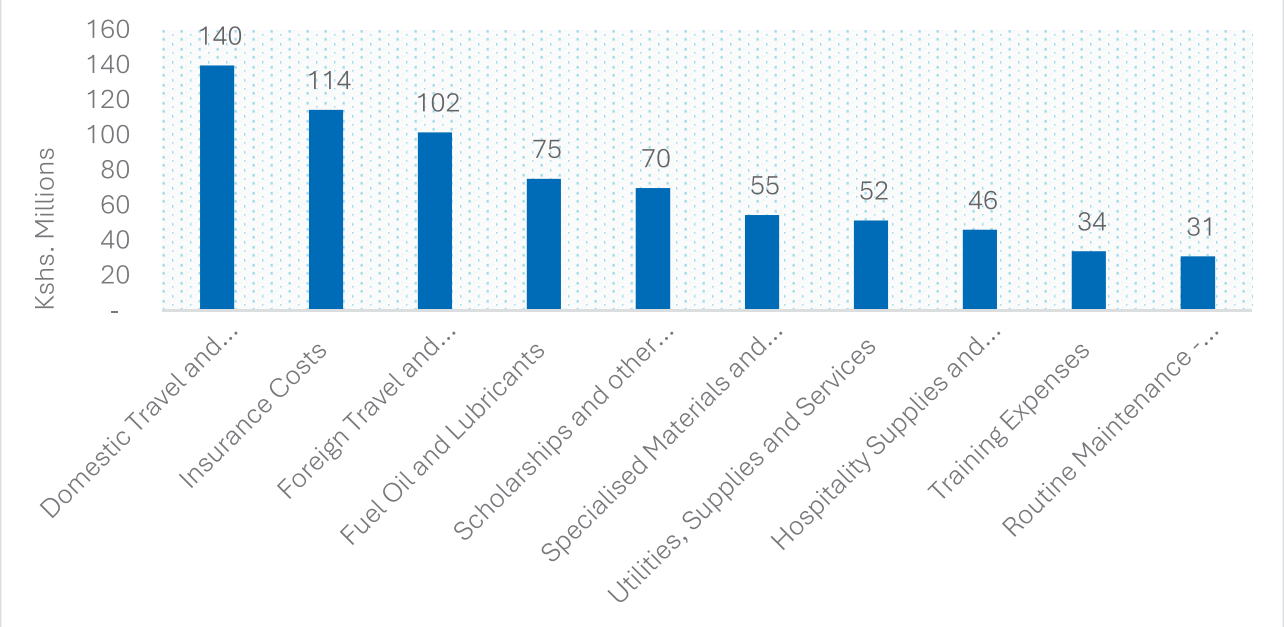
Source: Lamu County Treasury

The County Assembly spent Kshs.19.94 million on committee sitting allowances for the 20 MCAs against the annual budget allocation of Kshs.19.03 million. The average monthly sitting allowance was Kshs.83,101 per MCA. The County Assembly has 17 House Committees.

3.21.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.07 billion on operations and maintenance, representing a 20.22 per cent increase over the same period in FY 2024/25, when the County spent Kshs.886.55 million. Figure 3.123 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.123: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: *Lamu County Treasury*

3.21.10 Unbundling "Other Operating Expenses - Other" (IFMIS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 did not indicate any County Fund spent on "Other operating expenses" The County Spent 2.13 million on legal fees and compensation payments.

3.21.11 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.72 million to County-Established funds in FY 2025/26, representing 1.29 per cent of the County's overall budget. The County did not allocate any amount to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.320 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.320: Performance of Lamu County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual disbursements	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Emergency Funds	2016	2,000,000	2,000,000	-	-	-
2.	Bursary Fund	2016	70,000,000	70,000,000.0	69,996,400	-	-
3.	Fisheries Revolving Fund	2017	-	-	-	-	-
4.	Housing Fund	2019	-	-	-	-	-
5.	Disability Fund	2019	-	-	-	-	-
6.	Youth Fund	2019	-	-	-	-	-
7.	Women Fund	2019	-	-	-	-	-
	Total		**72,000,000**	**72,000,000**	**69,996,400**		

Source: Lamu *County Treasury*

In FY 2025/26, the CoB received quarterly financial reports from the fund Administrators, as indicated in Table 3.320, in accordance with the requirements 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 2025/26, the CoB determined that the Emergency and Bursary funds were lapsing. Both funds were established in 2026 and would be approaching the 10-year cap in FY 2025/2026

3.21.12 County Corporations, Municipalities and Agencies

The County has one County Corporation, which was allocated Kshs.10 million for FY 2025/26. Their total expenditure for the review period amounted to Kshs.10 million, as shown in Table 3.321.

Table 3.321: Performance of West Pokot County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Lamu Water and Sewage Company (LAWASCO)	10,000,000.00	10,000,000.00	10,000,000.00	20,000,000.00
	Total	**10,000,000.00**	**10,000,000.00**	**10,000,000.00**	**20,000,000.00**

Source: *Lamu County Treasury*

3.21.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.139.83 million and comprised Kshs.65.14 million spent by the County Assembly and Kshs.74.70 million by the County Executive. Expenditure on foreign travel amounted to Kshs.101.77 million and comprised Kshs.98.88 million by the County Assembly and Kshs.2.89 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.322.

Table 3.322: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	3	22nd - 26 June 2026	Global Forum UCGL World Congress	Morrocco	2,890,616.00		2,890,616.00
County Executive	9	2nd- 15 August 2025	Attend Gender Mainstreaming and Institutional Effectiveness	Tanzania	5,204,360.00		5,204,360.00
County Assembly	19	16th- 29 August 2025	Attend Training on Effective Oversight and Accountability for the Legislature	Tanzania	11,606,660.00		11,606,660.00
County Assembly	10	6th- 20 September 2025	Facilitation to attend the Capacity Building training on the Role of the Legislature in Influencing Government Policies Programme	Dubai	10,177,440.00		10,177,440.00
County Assembly	21	1st- 14 November 2025	Facilitation for the County Assembly members to attend Capacity Building training on the Leadership Development Skills Programme	Dubai	21,248,500.00		21,248,500.00
County Assembly	18	15th- 28 November 2025	Facilitation to attend Leadership Development Skills and Public Sector Performance Training	Tanzania	10,148,380.00		10,148,380.00
County Assembly	1	3rd- 12 January 2026	Facilitation for the County Assembly Speaker to attend the Executive Development Programme Training	Switzerland, Geneva	973,700.00		973,700.00
County Assembly	1	15th- 22 November 2025	Facilitation for the County Assembly Clerk to attend the International Knowledge Exchange Programme on Empowering Legislative Administration Training	Spain/France	635,440.00		635,440.00
County Assembly	19	17th- 31 January 2026	Facilitation for the County Assembly members to attend Training on Strategic Organisational Change in the Public Sector Programme	Dubai	19,235,580.00		19,235,580.00
County Assembly	19	17th- 30 May 2026	Facilitation for the County Assembly members to attend Training on the Legacy Assessment of the County Assembly Powers and Privileges	Tanzania	10,612,700.00		10,612,700.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	Several	Various	Foreign Flight Service	Different Destinations	5,459,800		5,459,800.00
County Assembly	Several	Various	Foreign Flight Service	Different Destinations	3,576,000		3,576,000.00
Total					**101,769,176.00**	**-**	**101,769,176.00**

Source: *Lamu County Treasury and Lamu County Assembly*

3.21.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.181.51 million as FIF, which was 140 per cent of the annual target of Kshs.130 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has not developed regulations to operationalise the FIF Act of 2023. The expenditure by the health facilities amounted to Kshs.196.1 million, as shown in Table 3.323.

Table 3.323: Lamu County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
2.	Level 4 Hospital	3	208,495,734.19	196,103,382.59	94.06
	Total		**208,495,734.19**	**196,103,382.59**	**94.06**

Source: *Lamu County Treasury*

3.21.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.1.22 billion on development programmes, representing a 20.05 per cent increase over FY 2024/25, when the County spent Kshs.1.02 billion. Table 3.324 summarises the development projects with the highest expenditure in the reporting period.

Table 3.324: Lamu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Agriculture, Irrigation & Food Security	Certified Seeds	County Wide	Sep-25	Jun-26	37,000,000	36,771,985		36,771,985	99.38
2	Devolutions, Disaster and Resource Mobilisation	Swimming Pool at Command Centre	Hindi	Sep-25	Jun-26	32,603,111	32,602,319		32,602,319	100.00
3	Education, Technology, Gender, Youth Affairs, Sports & Social Services	VTC Learning And Teaching Materials	County Wide	Sep-25	Jun-26	27,000,000	27,000,000		27,000,000	100.00

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
4	Water & Energy	Supply, Delivery And Installation of a Pate Desalination Plant And Construction Of Plant House	Faza	Sep-25	Jun-26	22,000,000	21,997,067		21,997,067	99.99
5	Road, Transport, Infrastructure & Public Works	Construction Of Sea Wall At Mkokoni	Kiunga	Sep-25	Jun-26	24,000,000	20,913,524		20,913,524	87.14
6	Water & Energy	Supply, Delivery, Installation and Testing of Mbwajumali Desalination Plant	Faza	Sep-25	Jun-26	17,000,000	16,904,790		16,904,790	99.44
7	Fisheries, Blue Economy, Livestock, Veterinary & Cooperative Development	Equipping of the Maritime And Innovation Centre	Hindi	Sep-25	Jun-26	17,500,000	16,900,000		16,900,000	96.57
8	Road, Transport, Infrastructure & Public Works	Rehabilitation of Siyu Foot Bridge and Construction of Sea Wall	Faza	Sep-25	Jun-26	14,250,000	10,205,750		10,205,750	71.62
9	Road, Transport, Infrastructure & Public Works	Construction Of Sea Wall At Faza	Faza	Sep-25	Jun-26	14,250,000	12,638,258		12,638,258	88.69
10	Road, Transport, Infrastructure & Public Works	Cabro Paving At Mkunumbi	Mkunumbi	Sep-25	Jun-26	10,000,000	9,246,708		9,246,708	92.47
Donor Funded Projects										
1	ICT, E-Government and Citizen Participation	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	Food Systems Resilience Project(FSRP)	Sep-25	Jun-26	246,153,846	244,752,079		244,752,079	99.43
2	Agriculture, Irrigation & Food Security	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	County Wide	Sep-25	Jun-26	185,263,666	73,306,151		73,306,151	39.57
3	Road, Transport, Infrastructure & Public Works	Road Maintenance Levy Fund(RMLF)	County Wide	Sep-25	Jun-26	47,403,216	47,403,216		47,403,216	100.00

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
4	Agriculture, Irrigation & Food Security	Livestock Health Improvement Programme (County contribution to FLoCCA)	Countywide	Sep-25	Jun-26	15,000,000	15,000,000		15,000,000	100.00
5	Agriculture, Irrigation & Food Security	Irrigation Of Farms (County contribution to FLoCCA)	County Wide	Sep-25	Jun-26	5,000,000	5,000,000		5,000,000	100.00
6	Agriculture, Irrigation & Food Security	Food Systems Resilience Project(FSRP-County Contribution)	County Wide	Sep-25	Jun-26	5,000,000	5,000,000		5,000,000	100.00
7	Agriculture, Irrigation & Food Security	Rehabilitation of Chalaluma Cattle Dip (County contribution to FLoCCA)	Witu	Sep-25	Jun-26	1,500,000	1,500,000		1,500,000	100.00

Source: *Lamu County Treasury*

The County reported 4 stalled development projects as of 30 June 2026, with an estimated value of Kshs.366.13 million, of which Kshs. 183.73 million has already been paid. The stalled projects are shown in Table 3.325.

Table 3.325: Lamu County Stalled Projects as of 30 June 2026

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance as of 30 June 2026 %	Percentage of Completion before stalling of the Project
1	County Executive	Lamu County Headquarters	Headquarters	Not provided	Not Given	126,823,550.00	55,226,562.00	71,596,987.00	75.00	Delay of payment by the State Department of Public Works
2	County Executive	Faza Sub-County Headquarters	Faza	Not Provided	Not Given	195,219,070.00	106,307,170.00	88,911,899.00	70.00	Delay by the State Department of Public Works

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance as of 30 June 2026 %	Percentage of Completion before stalling of the Project
3	County Executive	Construction of the Governor's Residence	Lamu Island	Not Provided	Not Given	44,090,374.00	22,197,479.00	21,892,894.00	50.00	Delay by the Contractor. Another contractor is being sought.

Source: Lamu County Treasury

3.21.16 Budget Performance by Department

Table 3.326: summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.326: Lamu County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	502.74	125	456.26	14.99	467	14.99	102.35	100	92.89	11.99
County Executive	187.89	39.9	177.53	13.3	172.91	6.8	97.4	51.11	92.03	17.03
Finance, Economy & Strategic Planning	1,929.91	-	1,890.58	-	1,897.04	-	100.34	0	98.3	0
Agriculture, Irrigation & Food Security	31	333.15	29.87	307.29	29.77	313.79	99.65	102.11	96.02	94.19
Land, Physical Planning, & Urban Development	30.28	64	27.21	22.18	27.94	22.18	102.7	100	92.28	34.65
Education, Technology, Gender, Youth Affairs, Sports & Social Services	100.5	192.65	99.55	103.04	94.94	103.04	95.37	100	94.47	53.48
Medical Services	281.36	160.47	149.65	131.62	147.98	133	98.88	101.05	52.59	82.88
Trade, Investment, Culture & Tourism	35.19	39.58	33.96	23.69	34.57	23.69	101.8	100	98.26	59.85
ICT, E-Government and Citizen Participation	12	223.05	11.35	106.31	10.16	80.7	89.48	75.91	84.63	36.18
Fisheries, Blue Economy, Livestock, Veterinary & Cooperative Development	17	88.8	12.91	57.65	13.29	71.11	102.91	123.34	78.16	80.08
County Public Service Board	14.11	-	11.76	-	14.97	-	127.22	0	106.05	0
Water & Energy	56.35	152.52	53.37	121.28	45.75	121.28	85.72	100	81.18	79.52
Sanitation and Environment	23.29	48.59	14.16	5.28	18.91	28.83	133.55	545.97	81.19	59.33
Budget And Economic Planning	10	-	7.17	-	9.09	-	126.83	0	90.9	0
Road, Transport, Infrastructure & Public Works	13	225.06	9.75	193.44	9.46	205.1	96.99	106.03	72.75	91.13

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
Lamu Municipality	6.5	29.86	4.98	29.86	6.29	29.71	126.4	99.52	96.76	99.52
Devolutions, Disaster, and Resource Mobilisation	104.21	514.6	95.19	125.36	54.35	66.26	57.1	52.86	52.16	12.88
Total	**3,355.33**	**2,237.23**	**3,085.24**	**1,255.26**	**3,054.42**	**1,220.47**	**99**	**97.23**	**91.03**	**54.55**

***Source**: Lamu County Treasury*

An Analysis of expenditure by departments shows that the Department of Lamu Municipality recorded the highest absorption rate of development budget at 99.52 per cent, followed by the Department of Agriculture, Irrigation and Food Security at 94.19 per cent. The Department of County Public Service Board had the highest percentage of recurrent expenditure to budget at 106.05 per cent, while the Department of Devolution, Disaster and Resource Mobilisation had the lowest at 52.16 per cent.

3.21.17 Budget Execution by Programmes and Sub-Programmes

Table 3.327 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.327: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Fisheries, Livestock, Veterinary and Cooperative Development				
	Livestock Extension Services	36,141,690.00	39,900,101.80	110.4
Municipality				
	Infrastructure Development	29,855,740.00	29,712,069.75	99.52
Trade, Investment, Culture and Tourism				
	Tourism information	4,300,000.00	4,273,647.70	99.39
Education, Gender, Youth Affairs, Sports and Social Services				
	Youth and Sports	11,000,000.00	10,899,460.30	99.09
Agriculture and Planning				
	Promotion of Agro Processing & Value addition Technologies	310,153,846.00	298,320,515.65	96.18
Infrastructure and Energy				
	Infrastructure Development	225,059,488.00	205,104,937.80	91.13
Education, Gender, Youth Affairs, Sports and Social Services				
	Village Polytechnics	40,000,000.00	35,653,180.90	89.13
Information, Communication and E-Government				
	Networking Infrastructure	37,783,635.00	33,005,119.35	87.35
Water Management and Conservation				
	Construction of water harvesting Structures	75,775,925.00	64,129,187.50	84.63
Health Services, Sanitation and Environment				
	SP4 Curative Services	160,472,928.00	132,995,929.80	82.88

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
RECURRENT				
Education, Gender, Youth Affairs, Sports and Social Services				
	Bursaries	70,000,000.00	69,996,400.00	99.99
Education, Gender, Youth Affairs, Sports and Social Services				
	Promotion of Early Childhood Education	600,000.00	599,875.10	99.98
Trade, Investment, Culture and Tourism				
	Cultural Festival	25,716,200.00	25,686,493.00	99.88
County Executive				
	Administration Services	187,892,339.00	176,033,274.65	93.69
Finance, Economy and Strategic Planning				
	Administration Services	1,911,967,495.00	1,878,005,970.30	98.22
Health Services, Sanitation and Environment				
	SP4 Preventive and Promotive Services	52,594,079.00	52,353,435.60	99.54
Health Services, Sanitation and Environment				
	Human Resource & Development	21,635,512.00	21,194,658.90	97.96
Health Services, Sanitation and Environment				
	SP4 Curative Services	77,134,162.00	74,439,609.75	96.51
Education, Gender, Youth Affairs, Sports and Social Services				
	Youth and Sports	7,800,000.00	7,469,930.00	95.77
Trade, Investment, Culture and Tourism				
	Administration Services	104,209,500.00	94,241,901.95	90.44

Source: *Lamu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Livestock Extension Services in the Department of Fisheries, Livestock, Veterinary and Cooperative at 110.40 per cent, Infrastructure Development in the Department of Lamu Municipality at 99.52 per cent, and Tourism Information in the Department of Trade, Investment, Culture and Tourism at 99.39 per cent.

For recurrent sub-programmes, the top performers included: Bursaries in the Department of Education, Gender, Youth Affairs, Sports and Social Services at 99.99 per cent, Promotion of Early Childhood Education in the Department of Education, Gender, Youth Affairs, Sports and Social Services at 99.98 per cent, and Culture Festival in the Department of Trade, Investment, Culture and Tourism at 99.88 per cent. Table 3.328 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.328: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Devolution, Disaster Management and Resource Mobilisation				
	Administration Services	514,603,111.00	66,263,290.80	12.88
County Executive				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
	Administration Services	39,900,980.00	6,796,000.00	17.03
Fisheries, Livestock, Veterinary and Cooperative Development				
	Administration Services	18,000,000.00	4,453,115.35	24.74
Information, Communication and E-Government				
	Public Health & Licensing	185,263,666.00	47,889,826.20	25.85
Land, Physical Planning, Infrastructure, Urban Dev, Water and Resources				
	Land Adjudication & Regularisation	63,998,800.00	22,175,400.00	34.65
Education, Gender, Youth Affairs, Sports and Social Services				
	Social Development	40,550,000.00	16,272,545.90	40.13
Trade, Investment, Culture and Tourism				
	Market development	27,578,905.00	13,068,832.35	47.39
Water Management and Conservation				
	Infrastructure Development	15,000,000.00	7,202,462.35	48.02
Education, Gender, Youth Affairs, Sports and Social Services				
	Promotion of Early Childhood Education	79,600,000.00	40,213,176.10	50.52
Public Health, Environment and Sanitation				
	Community Health	42,902,051.00	28,829,076.80	67.2
Recurrent				
Public Health, Environment and Sanitation				
	Administration Services	7,180,000.00	3,499,928.10	48.75
Infrastructure and Energy				
	Infrastructure Development	6,000,000.00	3,271,905.00	54.53
Finance, Economy and Strategic Planning				
	Public Finance & Accounting	17,947,441.00	11,419,820.89	63.63
Infrastructure and Energy				
	Administration Services	7,000,000.00	4,865,100.00	69.5
Agriculture and Planning				
	Promotion of Agro Processing & Value Addition Technologies	10,417,072.00	7,559,582.30	72.57
Fisheries, Livestock, Veterinary and Cooperative Development				
	Administration, Planning and Monitoring & Evaluation	17,000,000.00	12,858,151.45	75.64
Information, Communication and E-Government				
	Information System &	12,000,000.00	9,096,673.10	75.81
Budget and Economic Planning				
	Budget and Economic Planning	10,000,000.00	7,859,675.20	78.6
Agriculture and Planning				
	Agricultural Extension Research & Training	18,582,928.00	14,772,668.35	79.5

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
Education, Gender, Youth Affairs, Sports and Social Services				
	Administration Services	18,600,000.00	14,810,911.90	79.63

Source: *Lamu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Administration services in the Department of Devolution, Disaster Management and Resource Mobilisation at 12.88 per cent, Administration services in the Department of County Executive at 17.03 per cent, and Administration services in the Department of Fisheries, Livestock, Veterinary and Cooperative Development at 24.74 per cent.

For recurrent sub-programmes, the poorest performers included: Administration services in the Department of Public Health, Environment and Sanitation at 48.75 per cent, Infrastructure Development in the Department of Infrastructure and Energy at 54.53 per cent, and Public Finance & Accounting in the Department of Finance, Economy and Strategic Planning at 63.63 per cent.

3.21.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.31.53 million. The entire amount related to the County Executive was solely attributable to recurrent expenditure.

In FY 2025/26, the reporting period, the County Executive settled trade payables amounting to Kshs.30.22 million, all related to recurrent programmes. The outstanding trade payables as of 30 June 2026 were Kshs.1.31 million. Table 3.329 provides additional details of trade payables.

Table 3.329: Lamu County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive		31,529,691.00	31,529,691.00
		County Assembly			-
		Total	-	31,529,691.00	31,529,691.00
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive		31,529,691.00	31,529,691.00
		County Assembly			-
		Total	-	31,529,691.00	31,529,691.00
Amount paid in FY 2025/26	c	County Executive		30,224,176.00	30,224,176.00
		County Assembly			-
		Total	-	30,224,176.00	30,224,176.00
Trade Payables Incurred in FY 2025/26	d	County Executive			-
		County Assembly			-
		Total	-	-	-
Outstanding trade payables as of 30 June 2026	e=a-c+b	**County Executive**		**1,305,515.00**	**1,305,515.00**
		County Assembly		**-**	**-**
		Total	**-**	**1,305,515.00**	**1,305,515.00**

Source: Lamu *County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.31.53 million on recurrent expenditure in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.30.22 million.

Table 3.330 presents the ageing of the total outstanding bills as of 30 June 2026 for the County Executive, which were Kshs.1.31 million

Table 3.330: Lamu County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	1,305,515.00				**1,305,515.00**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-				-
Recurrent Trade Payables (Staff Claims)					-
Total Recurrent Trade Payables	1,305,515.00	-	-	-	**1,305,515.00**
Total Trade Payables	**1,305,515.00**	-	-	-	**1,305,515.00**
% of Total	**100**	-	-	-	**100**

Source: *Lamu County Treasury*

The County had no salary arrears as of 30 June 2026. Additionally, the table indicates that 100 per cent of total trade payables are aged in less than one year, reflecting the County's relatively prompt settlement of supplier obligations.

3.21.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated 37 accounts in commercial banks, including 5 accounts for Health Facilities, 11 accounts for Vocational Training Centres, 8 accounts for Established Funds, 1 revenue account, 3 special-purpose accounts (additional allocations), 3 Salary processing accounts, 3 Water accounts, and 1 recurrent account.

The County Treasury submitted copies of authorisation letters to the Controller of Budget to open 37 commercial bank accounts, in accordance with Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.21.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.102.66 million against an annual target of Kshs.150 million, representing 68 per cent of the financial year target.

ii. Low development performance in the review period as the County incurred Kshs.1.22 billion on development activities, achieving a 54.6 per cent absorption rate.

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 2026, the lifespans of the Emergency Fund and the Bursary Fund are lapsing, making them ineligible for further withdrawals.

iv. Personnel emoluments amounting to Kshs.236.78 million for staff not onboarded into the HRIS and casual staff were processed through a 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.

v. 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 2026

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 implement strategies to increase development expenditures in FY 2025/26.*

iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 the timely preparation and submission of financial reports to the Controller of Budget in accordance with the timelines prescribed in Section 166 of the PFM Act, 2012.*

3.22. County Government of Machakos

3.22.1 Overview of FY 2025/26 Budget

The Machakos County Approved Budget for FY 2025/26 was Kshs.15.19 billion. It comprised Kshs.4.60 billion (30.28 per cent) and Kshs.10.60 billion (69.72 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented a decrease of Kshs.428.58 million (2.74 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.75 billion and a recurrent budget of Kshs.10.87 billion. The decrease in the budget was primarily attributed to the decline in conditional grants and a lower balance brought forward.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.10.03 billion (66.03 per cent), additional allocations of Kshs.1.08 billion (7.05 per cent) and Kshs.4.09 billion (26.92 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.331.

3.22.2 Revenue Performance

During the year, the County reported total receipts of Kshs.14.23 billion. This amount represented an increase of 9.88 per cent compared to the amount received in FY 2024/25 of Kshs.12.95 billion. The total revenue consisted of Kshs.10.18 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.297.57 million, and own-source revenue (OSR) collection of Kshs.3.33 billion. Additionally, the County had a cash balance of Kshs.428.78 million from FY 2024/25. The total OSR collection of Kshs.3.33 billion included Facilities Improvement Financing (FIF) of Kshs.1.60 billion, and Kshs.1.72 billion from other OSR sources. Table 3.331 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.331: Machakos County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					

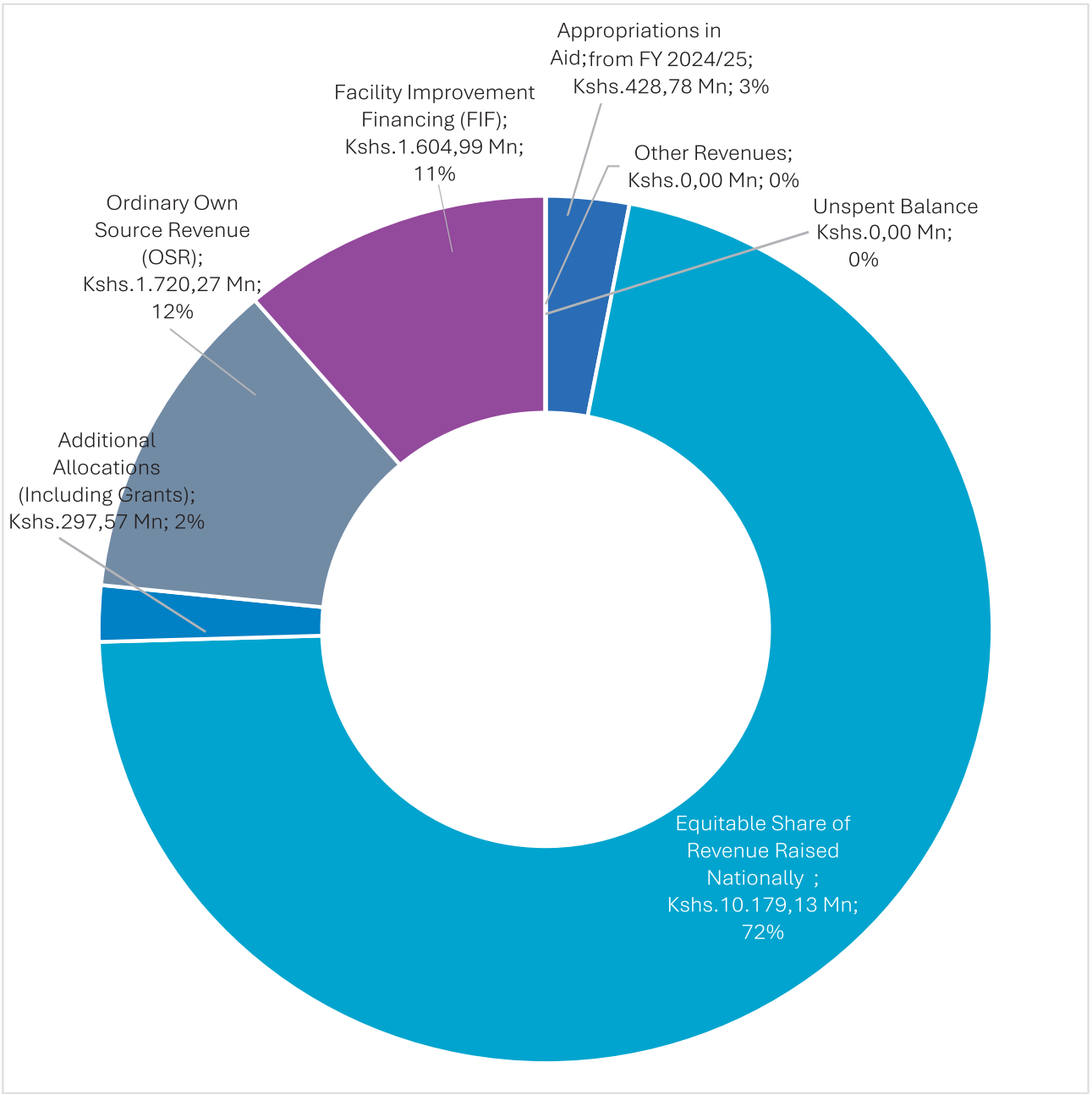
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
1	Balance at CRF	-	426,422,477	-	426,422,477	-
2	County Executive Refunds to CRF	-	412,317	-	412,317	-
3	County Assembly Refunds to CRF	-	1,942,216	-	1,942,216	-
	Sub-Total	**-**	**428,777,010**	**-**	**428,777,010**	
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	10,027,000,000	10,179,132,679	-	10,179,132,679	102
	Sub-Total	**10,027,000,000**	**10,179,132,679**	**-**	**10,179,132,679**	102
C	**Additional Allocations (Including Grants)**					
1	Kenya Devolution Support Program II (Level 2)	352,500,000	159,607,592	-	159,607,592	45
2	IDA(World bank) National Agricultural Value Chain development Project (NAVCDP)	151,515,152	-	-	-	-
3	IDA(World bank) FLLoCA- County climate Resilience Investment Grant	137,500,000	125,470,390	-	125,470,390	91
4	Road Mantainence Fuel levy Fund	111,125,100	-	-	-	-
5	Kenya Urban Support Project (UDG)-World Bank	90,174,566	-	-	-	-
6	Community Health Promoters (CHPs)	83,250,000	-	-	-	-
7	DANIDA Grant- Primary Health care Devolved (2023/24/25/26)	43,548,750	12,495,000	-	12,495,000	29
8	Kenya Devolution Support Program II (Level 1)	37,500,000	-	-	-	-
9	Kenya Urban Institutional Project (UIG)-World Bank	35,000,000	-	-	-	-
10	Aquaculture Business Development Project (ABDP) - IFAD	12,262,438	-	-	-	-
11	IDA(World bank) FLLoCA- County climate institutional support (CCIS) Grant	11,000,000	-	-	-	-
12	County Rural & Urban Affordable Housing Committee	8,817,410	-	-	-	-
13	Court Fines	1,617,189	-	-	-	-
	Sub-Total	**1,075,810,605**	**297,572,982**	**-**	**297,572,982**	28
D	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates & Ground Rent	517,340,923	300,926,356	-	300,926,356	58
2	Single Business Permit	539,452,988	367,327,567	-	367,327,567	68
3	Quarry Extraction Fees	316,420,844	107,069,173	-	107,069,173	34
4	Sand Gravel	65,555,834	49,360,960	-	49,360,960	75
5	Market Fees	120,682,652	59,665,490	-	59,665,490	49
6	Plot/Stall Rent	16,750,844	4,568,757	-	4,568,757	27
7	Bus park	273,209,237	164,641,873	-	164,641,873	60

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
8	House Rent	2,707,051	997,573	-	997,573	37
9	Refuse/Conservancy Fee	38,325,336	51,616,666	-	51,616,666	135
10	Sign Board & Advertisement Fee	178,970,968	97,066,565	-	97,066,565	54
11	Fire Fighting & Ambulance Management Unit	25,203,242	46,730,149	-	46,730,149	185
12	Slaughter House & Livestock Fees	42,701,743	13,164,322	-	13,164,322	31
13	Enforcement Management	11,535,253	7,574,448	-	7,574,448	66
14	Off-street Parking Unit	33,699,041	30,796,245	-	30,796,245	91
15	Building Plan Approval	438,485,260	296,647,998	-	296,647,998	68
16	Cess	89,330,223	26,725,195	-	26,725,195	30
17	Social Services	2,974,149	1,213,620	-	1,213,620	41
18	Water Sales (Water Bowzers, Borehole Drilling Fees)	745,855	1,328,400	-	1,328,400	178
19	Machakos People's Park/ Maruba	-	1,480,401	-	1,480,401	
20	House Loan Repayment	239,716	-	-	-	-
21	Salary Refunds/Advances	398,752	547,221	-	547,221	137
22	Agri Farm	250,792	-	-	-	-
23	Liquor	252,343,494	74,187,546	-	74,187,546	29
24	Tourism	1,496,574	-	-	-	-
25	Interest & Penalties on Plot And Stall Rent	120,075,175	409,642	-	409,642	-
26	Noise Pollution	304,664	7,830,550	-	7,830,550	2,570
27	Motor Vehicle/Cycle Registration	710,784	7,618,740	-	7,618,740	1,072
28	Weights And Measures	1,872,659	771,500	-	771,500	41
29	Asset Disposal	1,144,529	-	-	-	-
	Sub-Total	**3,092,928,582**	**1,720,266,956**	**-**	**1,720,266,956**	56
E	**Facility Improvement Financing (FIF)**					
1	Facility Improvement Fund/Financing (FIF)	997,846,534	16,04,988,360	-	1,604,988,360	161
2	Defunct NHIF	-	-	-	-	-
3	Other	-	-	-	-	-
	Sub-Total	**997,846,534**	**1,604,988,360**	**-**	**1,604,988,360**	161
F	**Appropriations in Aid**					
	Grand Total	**15,193,585,721**	**14,230,737,987**	**-**	**14,230,737,987**	**94**

Source: *Machakos County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.124 provides a detailed breakdown of receipts.

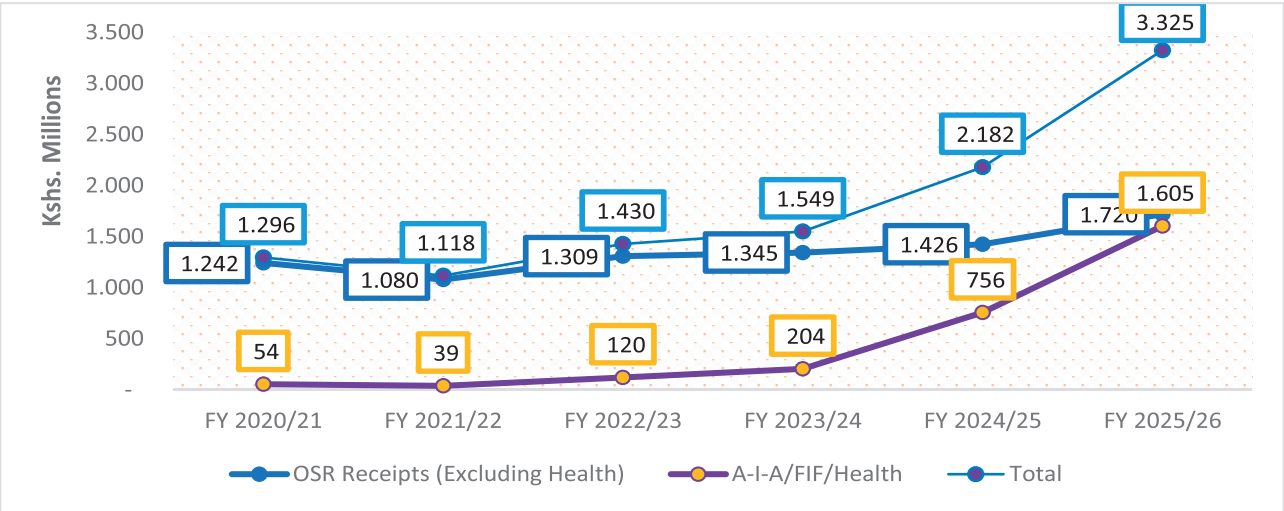
Figure 3.124: Machakos County Composition of Revenue in FY 2025/2026



Source: *Machakos County Treasury*

The equitable share of revenue raised nationally, OSR, FIF and Balance brought forward contributed 72 per cent, 12 per cent, 11 per cent and 3 per cent, respectively, of the total receipts for the reporting period. Figure 3.125 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.125: Machakos County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

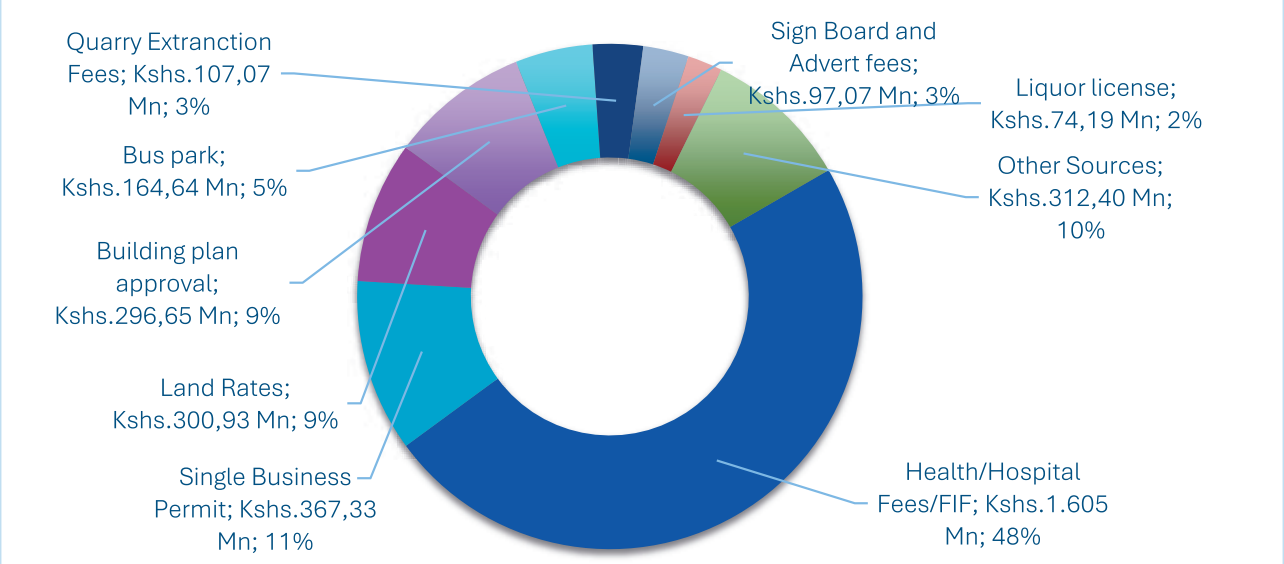


Source: *Machakos County Treasury*

During the year, the County received Kshs.3.33 billion from OSR, including FIF. This amount was an increase of 52.38 per cent compared to Kshs.2.18 billion realised in FY 2024/25, and was 81.42 per cent of the annual target and 33.15 per cent of the equitable revenue share disbursed.

The increase in OSR can be attributed to revenue digitisation, enhanced enforcement and supervision, revenue mapping exercise and target setting for all revenue streams. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.126.

Figure 3.126: Machakos County Top Own Source Revenue Streams in FY 2025/26



Source: *Machakos County Treasury*

As shown in Figure 3.126, the largest revenue stream, at Kshs.1.60 billion, was Health/Hospital fees/FIF, accounting for 48.35 per cent of total OSR receipts. The County Government indicated that it has automated all the revenue streams.

3.22.3 Borrowing by the County

The County reported no borrowing during the period under review.

3.22.4 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.11.84 billion from the Machakos County Revenue Fund (CRF) account. This amount consisted of Kshs.2.62 billion

(22.13 per cent) designated for development programs and Kshs.9.23 billion (77.87 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.6.37 billion was allocated to employee compensation and Kshs.2.86 billion to operations and maintenance expenditures. Within the operations and maintenance category, 15.63 per cent was for domestic travel and 3.15 per cent for foreign travel. The domestic travel exchequers totalled Kshs.446.88 million, which included Kshs.230.50 million for the County Executive and Kshs.216.37 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.90.21 million, with Kshs.36.56 million for the County Executive and Kshs.53.66 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Machakos CRF account was Kshs.758.02 million.

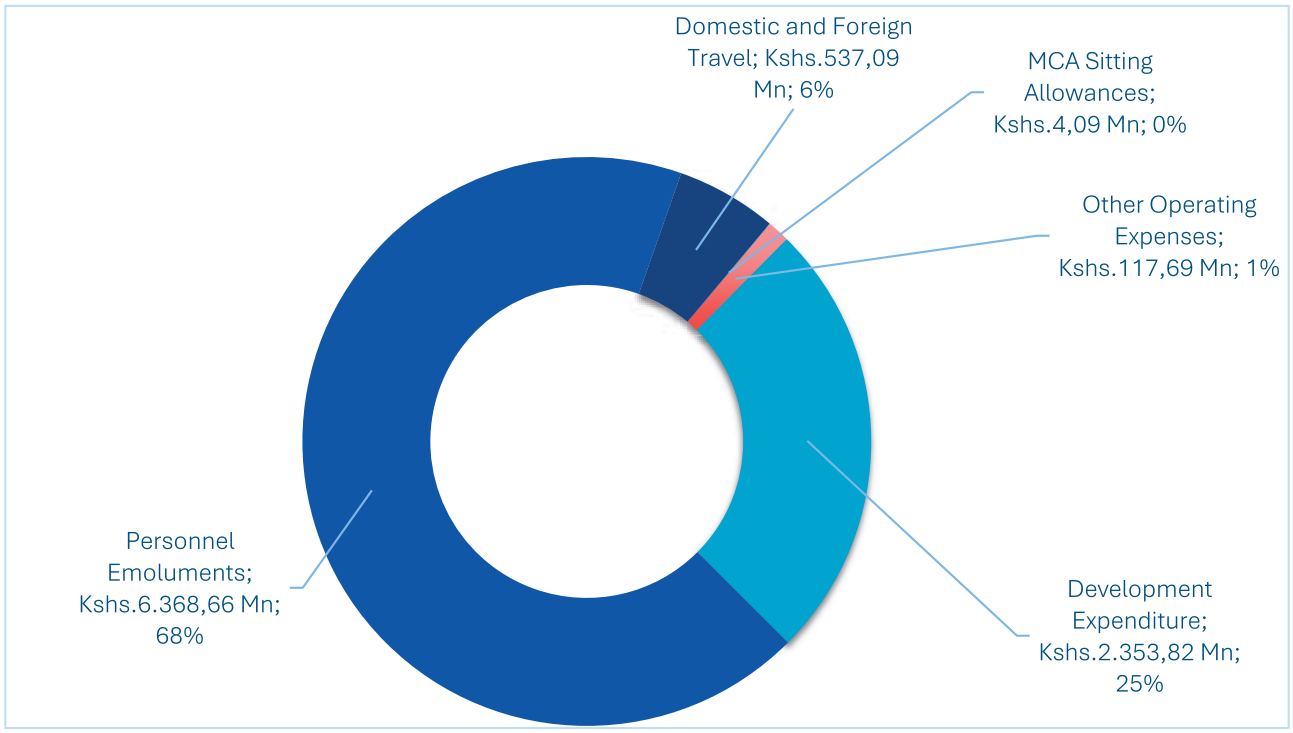
In addition, the Controller of Budget did not approve any exchequer withdrawal requests from the Machakos County Assembly Fund (CAF) account during the period under review because the accounts are not operational yet.

3.22.5 Expenditure Review

The County spent Kshs.11.41 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 96.37 per cent of the total funds released by the CoB. It comprised Kshs.2.35 billion for development programmes and Kshs.9.05 billion for recurrent programmes. Expenditure on development programmes accounted for 51.09 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 85.38 per cent of the annual recurrent expenditure budget.

Figure 3.127 provides a detailed breakdown of total expenditure.

Figure 3.127: Machakos County Composition of Expenditure in FY 2025/26



Source: *Machakos County Treasury*

As shown in Figure 3.127, the three highest expenditure categories were Personnel Emolument, Development, and Domestic and Foreign Travel and Subsistence, contributing 68, 25, and 6 per cent of the total expenditure for the reporting period.

3.22.6 Expenditure by Economic Classification

The County Executive incurred Kshs.5.86 billion in employee compensation, Kshs.2.24 billion in operations and maintenance, and Kshs.2.33 billion in development activities. Similarly, the County Assembly

spent Kshs.512.00 million on employee compensation, Kshs.445.19 million on operations and maintenance, and Kshs.24.83 million on development activities, as shown in Table 3.332.

Table 3.332: Machakos County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.M)		Paid FY 2025/26 (Kshs.M)		Total Exp. (Kshs.M)		Abs. (%)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**9,629,350,595**	**967,857,996**	**8,096,096,610**	**957,189,261**	**8,096,096,610**	**957,189,261**	**84**	**99**
Compensation of Employees	5,860,949,227	514,949,289	5,856,656,683	512,001,950	5,856,656,683	512,001,950	100	99
Operations and Maintenance	3,768,401,368	452,908,707	2,239,439,927	445,187,311	2,239,439,927	445,187,311	59	98
Development Expenditure	**4,441,377,130**	**155,000,000**	2,328,989,422	24,830,538	2,328,989,422	24,830,538	**52**	**16**
Total	**14,070,727,725**	**1,122,857,996**	**10,425,086,032**	**982,019,799**	**10,425,086,032**	**982,019,799**	**74**	**87**

***Source**: Machakos County Treasury*

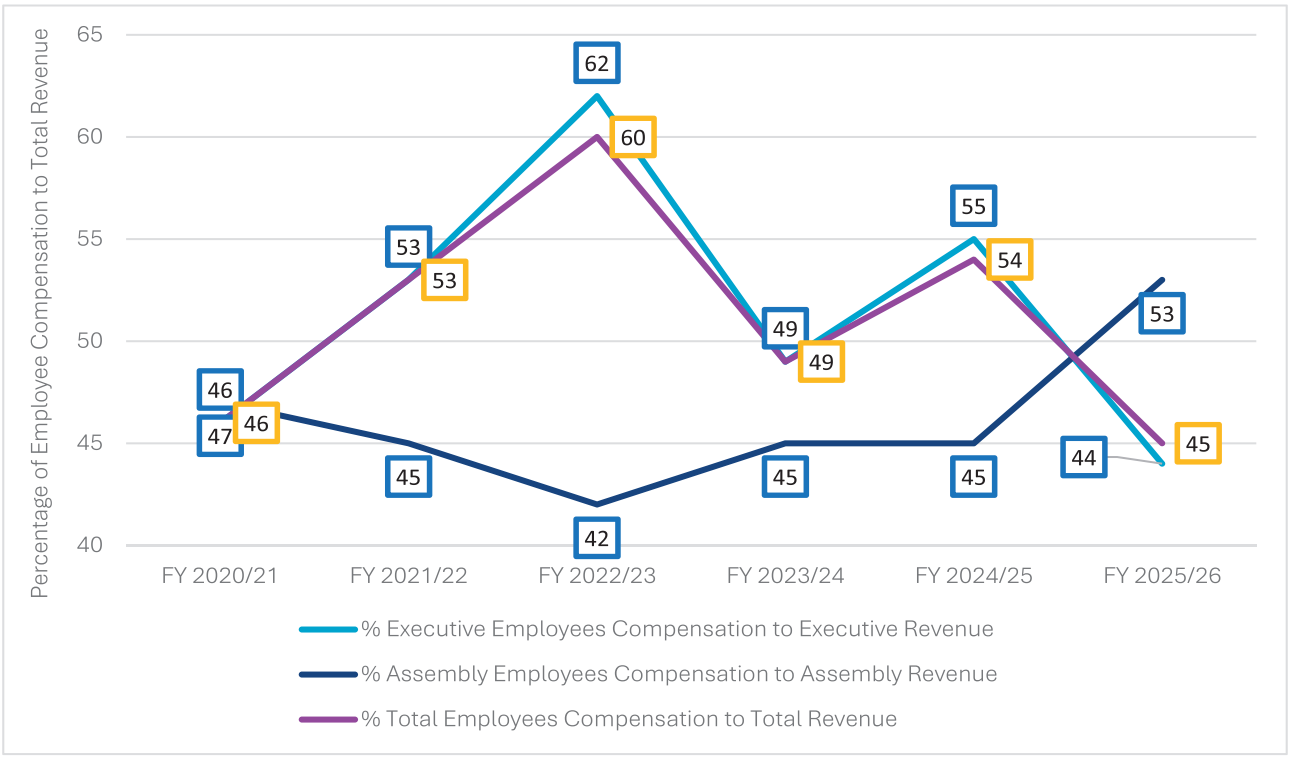
3.22.7 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.6.37 billion, representing 44.76 per cent of revenue. This expenditure on employee compensation shows a decrease of 13.22 per cent compared to the Kshs.7.34 billion reported in FY 2024/25. Of this total, Kshs.3.26 billion related to Health Sector employees, accounting for 51.18 per cent of the overall employees' compensation.

The decrease in the wage bill was attributed to the County Executive's failure to requisition salaries for April, May, and June 2026.

Figure 3.128 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.128: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



***Source:** Machakos County Treasury*

Further analysis indicated that PE costs totalling Kshs.6.24 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.131.26 million was processed through manual payrolls, which accounted for 2.06 per cent of the total PE cost.

The manual payroll comprised salaries for 5 staff not onboarded into the Human Resource Information System (HRIS), salaries for 179 casual staff, Gratuities for 18 contract staff, 60 MCAs' mileage reimbursements, 60 ward staff service and salary advances for 15 staff and MCAs, as shown in Table 3.333.

Table 3.333: Analysis of Machakos County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)
1	Salaries for non-HRIS/IPPD MCAs/staff yet to be onboarded in the system	5	2,814,419.95
2	Salaries for Ward Staff not in IPPD/HRIS	179	42,342,882.56
3	Commissioner of Domestic Taxes-MCAS & Staff Fringe Benefit Tax	182	18,678,374.78
4	LAPTRUST/LAPFUND Pension Contributions		-
5	Gratuity for Contract Staff	18	2,531,367.00
6	MCAs - Reimbursement Mileage	60	21,651,163.29
7	4th & 5th CASB Members' Service Gratuity	2	1,168,700.00
8	Ward Staff Service Gratuities	60	9,854,518.22
9	MCAs' Service Gratuities	61	28,575,126.53
10	NITA Levy	366	54,800.00
11	Various Banks - Salaries for CASB Members not in IPPD/HRIS		-
12	Salary Advances for Staff & MCAs	15	3,584,000.00
	Total		**131,255,352.33**

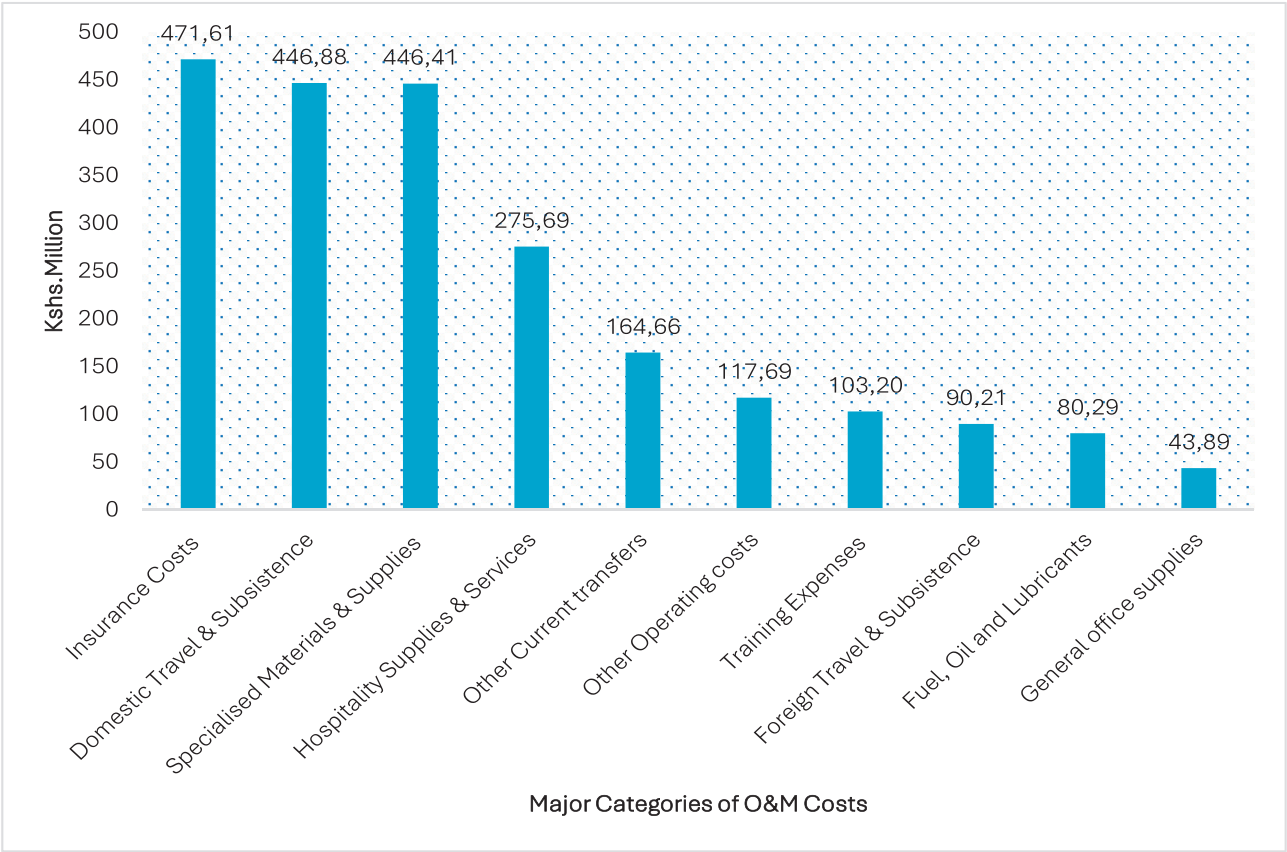
Source: *Machakos County Treasury*

The County Assembly spent Kshs.44.09 million on committee sitting allowances for the 61 MCAs against the annual budget allocation of Kshs.50.00 million. The average monthly sitting allowance was Kshs.80,303 per MCA. The County Assembly has 27 House Committees.

3.22.8 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.68 billion on operations and maintenance, representing a decrease of 5.30 per cent compared to FY 2024/25, when the County spent Kshs.2.83 billion. Figure 3.129 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.129: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: *Machakos County Treasury*

3.22.9 Unbundling "Other Operating Expenses - Other" (IFMIS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.94.89 million on "other operating expenses - other," which accounted for 3.54 per cent of the total operations and maintenance expenditure of Kshs.2.68 billion. The disaggregated items under the "Other Operating Expenses- other" category are shown in Table 3.334.

Table 3.334: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Other Operating Expenses	45,678,902	13,635
2211399	Other Operating Expenses	12,965,280	4,698,258
2211399	Other Operating Expenses	8,342,156	-
2211399	Other Operating Expenses	13,315,895	5,889,900
2211399	Other Operating Expenses	12,674,328	-
2211399	Other Operating Expenses	661,485	44,357
2211399	Other Operating Expenses	8,876,531	-
2211399	Other Operating Expenses	520,000	150,000
2211399	Other Operating Expenses	749,712	749,712
2211399	Other Operating Expenses	650,000	247,028
2211399	Other Operating Expenses	6,234,536	6,234,536
2211399	Other Operating Expenses	8,456,321	8,456,321
2211399	Other Operating Expenses	5,405,632	5,405,632
2211399	Other Operating Expenses	35,000	35,000

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Other Operating Expenses - Others	292,093	292,093
2211399	Other Operating Expenses	20,105,910	20,105,910
2211399	Other Operating Expenses (KICOSCA/EALASCA)	15,000,000	9,352,145
2211399	Other Operating Expenses (Governors Cup)	50,000,000	43,861,157
	Total	**209,963,781**	**94,889,534**

Source: *Machakos County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: domestic travel, public participation, communication, trade fairs, e.tc.These include clean-up exercises in towns, verification and validation of staff documents, EALASCA games, KICOSCA games, Governors Cup, video conferencing, public, making it difficult to determine their nature and map them to the correct budget codes. Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, document scanning and disposal, public engagement expenses, GBV centre expenses, youth empowerment programs, and risk response expenses.

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.413.48 million to County-Established funds in FY 2025/26, representing 2.72 per cent of the County's overall budget. Of this amount, the County allocated Kshs.37.36 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for less than one per cent of the total budget. Table 3.335 summarises the budgets and performance of each established Fund in FY 2025/26.

Table 3.335: Performance of Machakos County Established Funds in FY 2025/26

S/No.	Name of the Fund	Established	Budget FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Disbursements FY 2025/26 (Kshs.)	Cumulative (Kshs)	Fin. Statements (Y/N)
	County Executive Established Funds						
1	Machakos County Education Bursary Fund	23.6.2019	120,000,000	120,000,000	116,400,000	800,251,016	Yes
2	Machakos County Executive Mortgage and Car Loan Fund	03.07.2023	-	-	-	96,000,000	Yes
3	Machakos County Climate Fund	16.03.2021	282,919,728	77,426,795	121,016,073	444,329,463	Yes
	County Assembly Established Funds						
1	Machakos County Housing and car loan scheme fund- MCA	2014	-	-	-	386,000,000	No
2	Machakos County Housing and car loan scheme fund- Staff	2018	10,557,558	-	-	273,000,000	No
	Total		**413,477,286**		**237,416,073**	**1,999,580,479**	

Source: *Machakos County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from Machakos County Housing and Car Loan Scheme Fund- MCA and Machakos County Housing and Car Loan Scheme Fund- Staff Administrators, as indicated in Table 1.337, 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. The lifespan of the Machakos County Housing & Car Loan Scheme Fund (MCA) had lapsed. However, during the period, the County didn't submit requests for withdrawal of funds; thus, CoB did not approve any requests to support the operations of the lapsed funds.

3.22.11 County Corporations, Municipalities and Agencies

The County has six County Corporations and three municipalities, which were allocated Kshs.560.59 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.174.00 million, as shown in Table 3.336.

Table 3.336: Performance of Machakos County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Budget FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers (Kshs.)
Established Corporations					
1	Mavoko Water & Sanitation Company Limited	272,395,000.00	19,500,000.00	19,500,000.00	19,500,000.00
2	Municipal Council of Machakos Water & Sewerage Co. Ltd	207,200,000.00	38,600,000.00	38,600,000.00	38,600,000.00
3	Yatta Water Services Company Limited	26,965,764.00	38,600,000.00	38,600,000.00	38,600,000.00
4	Mwala Water & Sanitation Company Limited	16,704,520.00	19,400,000.00	19,400,000.00	19,400,000.00
5	Kathiani Water & Sanitation Company Limited	15,569,000.00	19,300,000.00	19,300,000.00	19,300,000.00
6	Matungulu-Kangundo Water & Sewerage Co. Ltd	21,758,423.00	38,600,000.00	38,600,000.00	38,600,000.00
	Total	**560,592,707.00**	**174,000,000.00**	**174,000,000.00**	**174,000,000.00**

Source: *Machakos County Treasury*

3.22.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.446.88 million and comprised Kshs.216.37 million spent by the County Assembly and Kshs.230.50 million by the County Executive. Expenditure on foreign travel amounted to Kshs.90.21 million and comprised Kshs.53.66 million by the County Assembly and Kshs.36.56 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.337.

Table 3.337: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment (Kshs.)	Accrued (Kshs.)	Total (Kshs.)
County Executive	1	11th to 22nd August 2025	Being facilitation for attending a professional training on managing the training and development at ESAMI in Arusha, Tanzania, from 11th to 22nd August 2025	Arusha, Tanzania	651,684.00	-	651,684.00
County Executive	2	5th to 11th November 2025	Being foreign travel imprest issued to attend the 4th edition of the African Women Awards Conference 2025 in Kigali, Rwanda, from 5th to 11th November 2025 via wrno 5676922	Kigali Rwanda	429,690.00	-	429,690.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment (Kshs.)	Accrued (Kshs.)	Total (Kshs.)
County Executive	5	5th to 11th November 2025	Being foreign travel imprest issued to attend the 4th edition of the African Women Awards Conference 2025 in Kigali, Rwanda, from 5th to 11th November 2025 via wrno 5676922	Kigali Rwanda	4,159,092.00	-	4,159,092.00
County Executive	5	21st July to 1st August, 2025	Being reimbursement of expenses incurred by the officers who attended the PPP financing and financial analysis programme held from 21 July to 1st august, 2025 in Dubai, UAE	Dubai, UAE	5,867,888.00	-	5,867,888.00
County Executive	1	18th -29th August 2025	Being reimbursement of expenses incurred during a training on contemporary issues in taxation held from 18th to 29th August 2025 at ESAMI Headquarters in Arusha, Tanzania	Arusha Tanzania	561,266.00	-	561,266.00
County Executive	1	23rd October to 5th November 2025	Being foreign travel imprest issued to officially accompany her excellency, the governor during the 138th session of the Import and Export Fair in China from 23 October to 5 November 2025 via wrno 5676916	China	589,530.00	-	589,530.00
County Executive	1	23rd October to 5th November 2025	Being foreign travel imprest issued to officially accompany her excellency, the governor during the 138th session of the Import and Export Fair in China from 23 October to 5 November 2025 via wrno 5676916	China	589,530.00	-	589,530.00
County Executive	4	23rd October to 5th November 2025	Being foreign travel imprest issued to officially accompany her excellency, the governor during the 138th session of the Import and Export Fair in China from 23 October to 5 November 2025 via wrno 5676916	China	1,733,760.00	-	1,733,760.00
County Executive	2	5th to 13th September 2025	Being payment of per diem and travel costs after attending the 2nd Africa climate summit in Ethiopia from 5th to 13th September 2025	Ethiopia	1,182,770.10	-	1,182,770.10
County Executive	2	July 21st to 1st August 2025	Being payment of per diem visa fees and transport expenses after attending the ESAMI PPP and financial analysis course at the Hilton by Hampton Hotel Dubai from 21 July to 1st August25	Hilton by Hampton hotel Dubai	1,839,796.00	-	1,839,796.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment (Kshs.)	Accrued (Kshs.)	Total (Kshs.)
County Executive	1	17th to 28th November	Being foreign travel imprest issued to attend the ESAMI senior management development programme course at Hilton Garden Inn Dubai from 17th to 28th November 2025,	Hilton Garden Inn, Dubai	902,800.00	-	902,800.00
County Executive	1	8th to 15th Dec 2025	Being foreign imprest issued to Francis Mwangangi to facilitate attendance to the Rise of illiberal democracy and its impact globally event in Chicago, USA, from 8th to 15th dec 2025	Chicago, USA	2,251,108.00	-	2,251,108.00
County Executive	4	13th to 24th January 2024	Being facilitation for officers who attended the training on strategic organisational change management in the public sector held in Dubai, UAE, from 13th to 24th January 2024 (Pending bills)	Dubai, UAE	1,069,156.00	-	1,069,156.00
County Executive	5	22nd to 31st January 2026	Being foreign travel imprest issued to attend the Amali city leadership forum in South Africa from 22nd to 31 January 2026	Amali City, South Africa, from	2,540,214.00	-	2,540,214.00
County Executive	5	12 February 2026	Being foreign travel imprest to participate in the World Health Expo-Dubai from 9th to 12th February 2026 via wrno 5529796	Dubai	1,423,849.00	-	1,423,849.00
County Executive	1	4th - 7th June 2025	Being imprest issued while on official duty in China from 4th to 7th June 2025	China	822,330.00	-	822,330.00
County Executive	2	10th to 19th September 2025	Being foreign travel per Diem and airport transfer expenses after attending the technology expo in Singapore from 10th to 19th September 2025	Singapore	1,800,272.00	-	1,800,272.00
County Executive	1	20th to 22nd June 2025	Being payment for attending the public health world conference in Singapore from 20th to 22nd June 2025	Singapore	859,489.30	-	859,489.30
County Executive	1	2nd - 10th November, 2025	Payment of allowance for attending benchmarking and network event in Dubai, UAE, and Doha, Qatar, from 02nd - 10th November 2025	Dubai - UAE and Doha, Qatar	761,612.00	-	761,612.00
County Executive	1	29th Dec 2025 to 9th January 2026	Forum on public administration and citizen Cantered governance	Dubai	896,240.00	-	896,240.00
County Executive	1	29th Dec 2025 to 9th January 2026	Attending governance audit course	Dubai	1,243,920.00	-	1,243,920.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment (Kshs.)	Accrued (Kshs.)	Total (Kshs.)
County Executive	1	17th to 28th August 2026	Attend the ethical leadership programme course offered by ESAMI at the Hilton Garden Inn Hotel (Prepayment for County Secretary)	Dubai	902,800.00	-	902,800.00
County Executive	1		Return ticket to the United Kingdom	United Kingdom	1,984,300.00	-	1,984,300.00
County Executive	6	5th to 11th November, 2025	Returns ticket to Kigali, Rwanda for six officers	Kigali Rwanda	1,493,050	-	1,493,050
Machakos County Assembly	2	26th July-3rd August 2025	Attending a Progressive and Transformative Public Service Leadership and Management Symposium Module	Birmingham City, UK	2,371,605.95	-	2,371,605.95
Machakos County Assembly	5	9th-16th March, 2025	Attending a Capacity Building Tour on Leadership and Financial Management	East Africa Legislative Assembly, Tanzania	1,302,716.48	-	1,302,716.48
Machakos County Assembly	1	2nd-9th February,2025	Attending a Capacity Building and Study Tour	East Africa Legislative Assembly, Tanzania	324,912.20	-	324,912.20
Machakos County Assembly	6	14th-20th September, 2025	Attending a Capacity Building Tour at the East African Legislative Assembly	Arusha, Tanzania	1,760,784.00	-	1,760,784.00
Machakos County Assembly	14	7th-14th September, 2025	Attending a Capacity Building Tour at the East African Legislative Assembly	Arusha, Tanzania	6,498,787.00	-	6,498,787.00
Machakos County Assembly	1	5th-13th October,2025	Attending a workshop on the International Knowledge Exchange Program for Clerks	Spain and France	2,028,101.20	-	2,028,101.20
Machakos County Assembly	6	9th-16th February,2025	Attending a Leadership and Training Programme	Singapore	1,940,000.00	-	1,940,000.00
Machakos County Assembly	6	15th-19th December,2025	Attending a Board Audit Committee Training	Dubai, UAE	800,841.50	-	800,841.50
Machakos County Assembly	14	14th-22nd December,2025	Attending a Transformative Public Service Leadership and Management Conference	Dubai, UAE	6,164,512.00	-	6,164,512.00
Machakos County Assembly	7	17th-23rd December,2025	Attending the Executive Sustainability Leadership Forum: Integrating Purpose, People, and the Planet	Istanbul, Turkey	4,818,376.60	-	4,818,376.60
Machakos County Assembly	2	3rd-8th November,2025	Attending change leadership strategies for organisational growth in a dynamic world, Conference series, November 2025	Dubai, UAE	853,523.35	-	853,523.35
Machakos County Assembly	26	1st-7th February,2026	Attending a Study Tour at the East African Legislative Assembly	Arusha, Tanzania	6,050,341.00	-	6,050,341.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment (Kshs.)	Accrued (Kshs.)	Total (Kshs.)
Machakos County Assembly	14	18th-24th January,2026	Attending a Capacity Building Tour at the East African Legislative Assembly	Arusha, Tanzania	3,519,616.00	-	3,519,616.00
Machakos County Assembly	4	15th-22nd March,2026	Visa Fees incurred for Attending a Progressive and Transformative Public Service Leadership and Management Symposium Module Five, March 2026	Birmingham City, United Kingdom	1,313,720.00	-	1,313,720.00
Machakos County Assembly	9	20th-26th April,2026	Attending a workshop on Practical Preparedness for Government Officials	Arusha, Tanzania	2,358,943.20	-	2,358,943.20
Machakos County Assembly	2	20th-30th April,2026	Attending a High Impact Leadership Programme	Tokyo, Japan	3,403,103.24	-	3,403,103.24
Machakos County Assembly	3	6th-13th April,2026	Attending a Leadership training programme	Singapore	3,049,266.98	-	3,049,266.98
Machakos County Assembly	7	3rd-9th May,2026	Participating in a study tour at the East African Legislative Assembly	Arusha, Tanzania	1,982,700.30	-	1,982,700.30
Machakos County Assembly	7	10th-16th May,2026	Participating in a study tour at the East African Legislative Assembly	Arusha, Tanzania	1,982,700.30	-	1,982,700.30
Machakos County Assembly	5	7th-a3th June,2026	Attending a workshop on the Role of Legislative institutions in advancing regional integration	Arusha, Tanzania	1,132,015.40	-	1,132,015.40
Total					**90,212,714**	**-**	**90,212,714**

Source: *Machakos County Treasury and Machakos County Assembly*

3.22.13 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.1.60 billion as FIF, which was 160.34 per cent of the annual target of Kshs.997.85 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. The expenditure by the health facilities amounted to Kshs.799.09 million, as shown in Table 3.338.

Table 3.338: Machakos County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level 5 Hospital	1	153,094,680	151,469,158	98
2.	Level 4 Hospital	10	493,686,276	404,778,252	82
3.	Level 3 Facility	41	289,656,303	242,843,411	84
4.	Level 2 Facility	158	-	-	-
	Total	**210**	**936,437,259**	**799,090,821**	**85**

Source: *Machakos County Treasury*

3.22.14 Development Expenditure

In FY 2025/26, the County reported spending Kshs.2.35 billion on development programmes, representing an increase of 21.13 per cent compared to FY 2024/25, when the County spent Kshs.1.94 billion. Table 3.339 summarises the development projects with the highest expenditure in the reporting period. The in-

crease in development expenditure was attributed to reduced revenue leakage and continuous updating of the work plan.

Table 3.339: Machakos County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Start Date	Completion Date	Contract Sum (Kshs)	Total Funding (Kshs.)	Expenditure (Kshs.)	Cumulative Exp. (Kshs.)	Completion (%)
County Funded Projects										
1	Gender	Proposed Construction of Sport Complex	Machakos	June, 2023	June, 2026	1,100,000,000	101,066,573	45,136,925	94,000,000	10
2	Road	Upgrading of the Katangi-Kinyaata-Kithimani road	Katangi, Ikombe, Kithimani Ward	22.1.24	30.6.27	244,514,716	89,608,194	89,608,194	244,514,716	100
3	Road	Mlolongo-Gossip Police Road	Mlolongo/ Syokimau	22.1.24	30.6.27	326,815,930	151,786,535	60,659,120	142,319,253	34.5
4	Road	Upgrading of Miti Muonza-Lita road to bitumen standard	Miti, Muonza, Lita	22.1.16	21.1.2029	174,398,243	34,331,116	34,331,116	34,331,116	20
5	Trade	Construction of Aggregated Industrial Park	Machakos	01.09.2023	30.6.25	476,634,987	25,044,382	25,044,382	25,044,382	80
6	Road	Construction of office block (Thin Tall Building)	Mua	06.01.2018	30.6.27	399,999,999	25,878,274	18,282,354	270,011,114	75
7	Road	Construction of the Governor's Residence	Mua	01.7.23	30.6.26	44,991,549	28,534,756	14,204,988	26,304,988	58
8	Water	Rehabilitation and repair of boreholes	Countywide	05.05.25	06.06.25	36,035,642	18,017,821	18,017,821	36,035,642	100
9	Water	Construction of works for the Syunguni earth dam in Wamunyu	Wamunyu Ward	05.05.25	6/6/25	13,450,305	13,350,305	13,450,305	13,450,305	100
10	Water	Powering and distribution of muri farm treatment work in Ndithini	Ndithini Ward	06.10.2025	02,05.26	11,282,200	11,500,000	11,282,200	11,282,200	100

Source: *Machakos County Treasury*

The County reported 22 stalled development projects as of 30 June 2026, with an estimated value of Kshs.891.58 million, of which Kshs.314.26 million has already been paid. The stalled projects are shown in Table 3.340.

Table 3.340: Machakos County Stalled Projects as of 30 June 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
1	Health	Proposed Construction of Kithimani Community Hospital	Kithimani	11,495,280	11,254,296	85	Phase I Complete as per scope in BQs	Partially Functional

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
2	Health	Proposed Construction of Kalama Community Hospital	Kalama	11,662,574	7,207,781	70	The project was re-advertised and awarded. The project is ongoing	Ongoing
3	Health	Proposed Construction of Kaviani Community Hospital	Upper Kaewa	13,810,700	4,920,360	40	Phase I Complete as per scope in BQs	Partially Functional
4	Health	Proposed Construction of Mua Community Hospital	Mua	11,527,260	9,599,838.30	80	Contractor abandoned the site, and the contract expired	Not functional
5	Public Works	Proposed Construction of Commercial Development (Mixed Use): Two 50m long blocks with a walkway boulevard between them. Lettable spaces with washrooms on each block	Mua	55,495,943.92	5,374,310.26	10	Stalled due to contractors' non-performance of the contract. The management terminated the contract. Budgeted in the subsequent projections FY.2025/26- Ksh.15,000,000 and 26/27- Ksh.14,000,000	Stalled/ Non-functional
6	Public Works	Proposed Construction of Community Recreation Centre	Mua	55,435,741	5,804,115	11	Stalled due to the contractor's non-performance of the contract. The management terminated the contract. Budgeted in the subsequent projections FY.2025/26- Ksh.15,000,000 and 26/27- Ksh.16,000,000	Stalled/ Non-functional
7	Public Works	Proposed Construction of Public Facility Area Comprising a Swimming pool, toilet, changing rooms, and Public Beach	Mua	37,585,666	26,276,860	70	Stalled due to non-performance. Contract terminated. General completion is at 70 per cent. Budgeted in the subsequent projections FY 2025/26- Ksh.5,000,000, and FY 2026/2027- Ksh.5,500,000	Stalled/ Non-functional
8	Public Works	Office block 12-storey	Mua	394,999,999	41,407,638	45	The project was re-advertised and awarded. The project is ongoing	Ongoing
9	Health	Proposed Construction of Kwa Mwatu Community Hospital	Matuu	10,815,705	6,721,175	60	Contractor abandoned the site, and the contract expired	Not functional

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
10	Health	Proposed Construction of Mwala Community Hospital (Kitchen & Laundry)	Mwala/Makutano	12,584,725	10,052,275	80	The project was re-advertised and awarded. The project is ongoing	Ongoing
11	Health	Proposed Construction of Kyeleni Community Hospital	Kyeleni	7,889,922	5,734,576.50	70	The project was re-advertised and awarded. The project is ongoing	Ongoing
12	Health	Proposed Construction of Ngiini Community Hospital	Kangundo Central	10,764,550	5,374,559.60	50	Contractor abandoned the site, and the contract expired	Not functional
13	Health	Proposed Construction of Kamulu Drum Ville Community Hospital	Muthwani	13,001,100	9,395,714.80	80	The project was re-advertised and awarded. The project is ongoing	Ongoing
14	Water	Mumbuni earth dam; Excavation works, treatment works, storage tanks and water distribution pipeline	Kibauni	75,156,480	68,414,880	91	The project was re-advertised and awarded. The project is ongoing	Ongoing
15	Youth & Sports	Design & Build Mavoko Stadium	Athiriver	44,616,639	8,741,147	5	Stalled due to contractors' non-performance of the contract. The management is in the process of terminating the contract. To be budgeted in FY 2025/2026	Not functional
16	Youth & Sports	Design & Build Ikombe Stadium	Ikombe	49,740,000	38,684,000	98	Kes. 10,946,000 final certificate raised by contractor pending payment	almost functional
17	Youth & Sports	Design & Build Kinyui Stadium	Matungulu East	49,740,000	36,710,135	50	Stalled due to contractors' non-performance of the contract and terminated by the user Department.	Stalled/ Non-functional
18	Health	Proposed Construction of Kisiiki Community Hospital	Ndalani	4,998,500	2,798,500	60	The contractor abandoned the site, and the contract expired. Management will consider budgeting in FY 2025/2026	Stalled/ Non-functional

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Comple-tion (%)	Cause of Stall-ing	Action / Recovery Plan
19	Education	Construction of Ielanthi ECDE	Kivaa	999,989	250,000	60	Not completed. The contractor abandoned the site, and the contract expired. To be budgeted in FY.2025/2026	Stalled/ Non-func-tional
20	Education	Construction of Mwatungo ECDE	Kivaa	999,989	300,000	60	Not completed. The contractor abandoned the site, and the contract expired. To be budgeted in FY 2025/2026	Stalled/ Non-func-tional
21	Water	Muthetheni treatment works; Construction of treatment works, solar panel	Muthetheni	8,259,875	3,940,000	90	Not completed. The contractor abandoned the site, and the contract expired. To be budgeted in FY 2025/2026	Stalled/ Non-func-tional
22	Water	Lumbwa Treat-ment Works: Construction of treatment works	Kola	10,000,000	5,300,000	90	Not completed. The contractor abandoned the site, and the contract expired. To be budgeted in FY 2025/2026	Stalled/ Non-func-tional
		Total		**891,580,638**	**314,262,161**			

Source: Machakos County Treasury

3.22.15 Budget Performance by Department

Table 3.341 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.341: Machakos County, Budget Allocation and Absorption Rate by Department in FY 2025/26

Department	Budget (Kshs. Mn)		Exchequer (Kshs. Mn)		Expenditure (Kshs. Mn)		Exp./Exch. (%)		Absorption (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Gov-ernor	784.11	22.93	369.87	3.30	357.11	14.19	96.5	429.6	45.5	61.9
County Public Service Board	43.28	7.40	39.69	7.40	38.66	-	97.4	-	89.3	-
Roads, Transport and Public Works	266.88	1,158.94	259.83	765.11	221.96	902.57	85.4	118.0	83.2	77.9
County Assembly	967.86	155.00	927.17	24.83	957.19	24.83	100	100	98.9	16.0
Agriculture, Food Security and Co-operative De-velopment	250.19	329.29	236.41	236.21	241.14	77.08	102	32.6	96.4	23.4
Health Services & Emergency Services	4,201.91	521.25	3,839.17	326.14	3,643.70	234.67	94.9	72.0	86.7	45.0

Department	Budget (Kshs. Mn)		Exchequer (Kshs. Mn)		Expenditure (Kshs. Mn)		Exp./Exch. (%)		Absorption (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Irrigation, Environment and Climate Change	140.72	657.05	137.52	599.37	110.43	361.06	80.3	60.2	78.5	55.0
Finance, Economic Planning & Revenue Management	1,211.59	537.15	1,167.48	394.46	1,122.55	470.55	96.2	119.3	92.7	87.6
Gender, Youth, Sports & Social Welfare	209.02	282.86	191.08	106.32	164.75	146.13	86.2	137.4	78.8	51.7
Trade, Industry, Tourism & Innovation	169.40	152.03	169.47	21.47	135.44	40.91	79.9	190.6	80.0	26.9
Education	805.62	107.20	711.84	45.08	719.57	45.57	101.1	101.1	89.3	42.5
Lands, Urban Development, Housing & Energy	262.13	231.23	201.92	-	129.24	19.10	64.0	-	49.3	8.3
Devolution	1,225.45	430.34	892.81	86.72	1,156.34	17.16	129.5	19.8	94.4	4.0
Office of the County Attorney	59.05	3.70	54.25	-	55.20	-	101.8	-	93.5	-
Total	**10,597.21**	**4,596.38**	**9,198.53**	**2,616.41**	**9,053.29**	**2,353.82**	**98.1**	**90.0**	**85.4**	**51.2**

Source: *Machakos County Treasury*

Analysis of expenditure by departments shows that the Department of Finance, Economic Planning and Revenue Management recorded the highest absorption rate of development budget at 87.60 per cent, followed by the Department of Road, Transport and Public Works at 77.88 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 98.90 per cent. In comparison, the Department of the Office of the Governor had the lowest at 45.54 per cent.

3.22.16 Budget Execution by Programmes and Sub-Programmes

Table 3.342 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.342: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Approved Estimates (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
Development				
Department of Finance, Economic Planning and Revenue Management				
Public Finance Management	Accounting Service	333,199,718	371,382,584	111
Department of the Office of the Governor				
Coordination and Supervisory Services	Office of the County Advisors	8,117,451	7,919,370	98
Department of Finance, Economic Planning and Revenue Management				
Public Finance Management	Budget Formulation, Coordination and Implementation	43,686,185	38,182,867	87
Recurrent				
Department of Agriculture, Food Security and Cooperative Development				
Cooperative Development and Marketing	Cooperative Financial Services	500,000	500,000	100

Programme	Sub-Programme	Approved Estimates (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
Department of Health				
General Administration and Support Service	General Administration and Support Service	3,464,961,497	3,419,956,930	99
Department of Finance, Economic Planning and Revenue Management				
Revenue Management	Revenue Management	344,988,262	341,637,943	99

Source: *Machakos County Treasury*

The development sub-programmes with the highest budget implementation rates were: Accounting Service in the Department of Finance, Economic Planning and Revenue Management at 111 per cent, Office of the County Advisors in the Department of the Office of the Governor at 98 per cent, and Budget formulation, Coordination and Implementation at 87 per cent.

For recurrent sub-programmes, the top performers included: Cooperative financial service in the Department of Agriculture, food security and Cooperative Development at 100 per cent, General administration planning and supporting service in the Department of Health at 99 per cent, and Revenue management in the Department of Finance, Economic Planning and Revenue Management at 99per cent.

Table 3.343 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.343: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Approved Estimates (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
Development				
Department of County Assembly				
Representation, Oversight and Legislative	Representation, Oversight and Legislative	155,000,000	24,830,538	16
Department of Lands, Housing, Urban Development and Energy				
Housing and Urban Development	Housing and Urban Development	91,285,232	0	0
Department of Devolution				
County Administration and Decentralised Units	Administration and Coordination Services	401,591,425	5,909,514	1
Recurrent				
Department of Lands, Housing, Urban Development and Energy				
Housing and Urban Development	Mavoko Municipality	24,800,000	1,000,000	4
Department of the Office of the Governor				
Coordination and Supervisory Service	Hospital Service Section	50,342,682	4,135,130	8
Department of Devolution				
Inspectorate, firefighting and emergency service	Emergency Service	21,700,000	2,550,000	12

Source: *Machakos County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Administrative services in the Department of Gender, Youth, Sports and Social Welfare at 0.0 per cent, Housing and urban development in the Department of Lands, Housing, Urban Development and Energy at 0.0 per cent, and Administration and coordination services at 1 per cent.

For recurrent sub-programmes, the poorest performers included: Mavoko municipality in the Department of Lands, Housing, Urban Development and Energy at 4 per cent, Hospital service in the Department of Office of the Governor at 8 per cent, and Emergency Service in the Department of Devolution at 12 per cent.

These lower performances were attributed to poor procurement procedures and the County Executive's slow disbursement of the budgeted amount to the County Assembly.

3.22.17 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.6.96 billion. This amount consisted of Kshs.6.70 billion from the County Executive and Kshs.255.57 million from the County Assembly. The trade payables from the County Executive comprised Kshs.3.90 billion for recurrent expenditure and Kshs.2.80 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.2.41 billion, comprising Kshs.1.16 billion (48.13 per cent) for recurrent programmes and Kshs.1.26 billion (51.87 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.48.54 million, all of which were for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.4.29 billion for County Executive and Kshs.207.03 million for County Assembly. Table 3.344 provides additional details of trade payables.

Table 3.344: Machakos County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	2,802,347,856	3,898,391,911	6,700,739,767
		County Assembly	-	255,571,241	255,571,241
		Total	2,802,347,856	4,153,963,152	6,956,311,008
Amount paid in FY 2025/26	b	County Executive	1,258,653,699	1,155,620,965	2,414,274,664
		County Assembly		48,542,684	48,542,684
		Total	1,258,653,699	1,204,163,649	2,462,817,348
Trade Payables Incurred in FY 2025/26	c	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 30 June 2026	**e = a - b + c**	**County Executive**	1,543,694,157	2,742,770,946	4,286,465,103
		County Assembly	-	207,028,557	207,028,557
		Total	**1,543,694,157**	**2,949,799,503**	**4,493,493,660**

Source: *Machakos County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.878.58 million and Kshs.403.25 million, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.2.41 billion for the Executive and Kshs.48.54 million for the Assembly. Table 3.345 and Table 3.346 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.4.49 billion.

Table 3.345: Machakos County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**186,963,145.83**	**402,075,495.65**	**370,238,948.50**	**584,416,566.90**	**1,543,694,156.88**
Recurrent Trade Payables (Goods & Services)	43,890,758.00	72,650,337.88	188,257,120.35	488,460,984.93	**793,259,201.16**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	1,615,607,966.33	8,398,608.30	-	325,505,170.00	**1,949,511,744.63**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	**-**
Total Recurrent Trade Payables	1,659,498,724.33	81,048,946.18	188,257,120.35	813,966,154.93	**2,742,770,945.79**
Total Trade Payables	**1,846,461,870.16**	**483,124,441.83**	**558,496,068.85**	**1,398,382,721.83**	**4,286,465,102.67**
% of Total	**43**	**11**	**13**	**33**	**100**

Source: *Machakos County Treasury*

Table 3.346: Machakos County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	1,941,578	-	-	-	**1,941,578**
Recurrent Trade Payables (Goods & Services)	35,669,965	9,611,025	18,983,991	52,604,778	**116,869,759**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	2,310,133	16,000	-	-	**2,326,133**
Recurrent Trade Payables (Staff Claims)	30,749,685	31,923,527	23,217,876	-	**85,891,088**
Total Recurrent Trade Payables	**68,729,782**	**41,550,552**	**42,201,867**	**52,604,778**	**205,086,979**
Total Trade Payables	**70,671,360**	**41,550,552**	**42,201,867**	**52,604,778**	**207,028,557**
% of Total	**34**	**20**	**20**	**25**	**100**

Source: *Machakos County Treasury*

As shown in Table 3.345 and Table 3.346, the total salary arrears and statutory deductions for trade payables amounted to Kshs.1.95 billion, representing 43.43 per cent of the total trade payables of Kshs.4.49 billion as of 30 June 2026. The statutory deductions included salary arrears of Kshs.1.95 billion, which were salaries for April, May, and June 2026.

Additionally, the two tables indicate that 42.76 per cent of total trade payables are aged under one year, a trend attributed to pending bills incurred in the financial year, which amounted to Kshs.1.92 billion. To address this situation, the county should allocate sufficient resources to settle the outstanding bills.

3.22.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 312 accounts across CBK and commercial banks, of which 7 were held at the CBK and 307 at commercial banks. Of those at the commercial banks, 14 were for donor commercial operational accounts, 4 for salaries accounts, 4 for revenue collection accounts, 7 for special operations accounts, including County established funds, 209 for health facilities operations accounts, 7 for municipalities operations accounts, 7 for water and sewerage companies operations accounts, 27 for Vocational Training Centres, 4 for Mpesa wallet accounts, and 24 for special purpose accounts

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 302 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.22.19 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.3.33 billion against an annual target of Kshs.4.09 billion, representing 81.42 per cent of the financial year target.

ii. Low development performance in FY 2025/26 as the County incurred Kshs.2.35 billion on development activities, achieving a 51.09 per cent absorption rate.

iii. High level of trade payables, which amounted to Kshs.4.49 billion as of 30 June 2026. Furthermore, the County Treasury did not adhere to the payment plan for trade payables

iv. Personnel emoluments amounting to Kshs.131.26 million for 5 staff not onboarded into HRIS and 179 casual staff were processed through manual payroll, accounting for 2.06 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. The County reported Kshs.117.69 million under "other operating expenses - Other," accounting for 4.39 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

vii. 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 23 July,2026.

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 implement strategies to increase development expenditures in FY 2025/26.

iii. The County Leadership should ensure that expenditure from lapsed funds ceases immediately, and that legal mechanisms are 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 in the ensuing financial year. Further, compliance with the Trade Payables 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 Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.

3.23. County Government of Makueni

3.23.1 Overview of FY 2025/26 Budget

The Makueni County Supplementary Budget for FY 2025/26 was Kshs.12.86 billion. It comprised Kshs.4.56 billion (35.48 per cent) and Kshs.8.30 billion (64.52 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.28 billion (11 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.3.68 billion and a recurrent budget of Kshs.7.90 billion. The increase in the budget was primarily attributed to additional allocations, which rose by 120 per cent from Kshs.607.28 million in FY2024/25 to Kshs.1.34 billion in FY2025/26.

The budget was to be financed from various revenue sources. These include the equitable share of nationally raised revenue of Kshs.8.98 billion (69.78 per cent), additional allocations of Kshs.1.34 billion (10.38 per cent), a cash balance brought forward from FY 2024/25 of Kshs.883.60 million 6.87 per cent) and Kshs.1.67 billion (12.96 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.347.

3.23.2 Revenue Performance

During the year, the County reported total receipts of Kshs.12.36 billion. This amount represented an increase of 11.22 per cent compared to the amount received in FY 2024/25 of Kshs.11.11 billion. The total revenue consisted of Kshs.8.98 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.950.59 million, and own-source

revenue (OSR) collection of Kshs.1.72 billion. Additionally, the County had a cash balance of Kshs.707.89 million from FY 2024/25. The total OSR collection of Kshs.1.72 billion included Facilities Improvement Financing (FIF) of Kshs.1.19 billion and Kshs.510.47 million from other OSR sources. Table 3.347 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.347: Makueni County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	556,458,862	556,458,862		556,458,862	100.00
2	County Executive Refunds to CRF	73,112	73,112		73,112	100.00
3	County Assembly Refunds to CRF	35,494	35,494		35,494	
4	Non-Refundable AC Bank Balances- special purpose accounts	151,323,515	151,323,515		151,323,515	
5	Grants not received	175,708,035	-		-	-
	Sub-Total	**883,599,018**	**707,890,983**	**-**	**707,890,983**	80.11
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,976,335,654	8,976,335,654		8,976,335,654	100.00
	Sub-Total	**8,976,335,654**	**8,976,335,654**	**-**	**8,976,335,654**	100.00
C	**Additional Allocations (Including Grants)**					
1	IDA(World Bank) Credit National Agricultural Value Chain Development Project(NAVCDP)	231,250,000	231,083,869		231,083,869	99.93
2	IDA(World Bank)-Second Kenya Devolution Support Programme-Institutional Grant-Level 1 Grant((KDSP)	35,409,500	70,503,589		70,503,589	199.11
3	IDA(World Bank)-Second Kenya Devolution Support Programme-Service Delivery and Investment Grant-(Level 2 Grant)((KDSP)	352,500,000	124,354,121		124,354,121	35.28
4	Roads Maintenance Levy Fund (RMLF)	146,891,738	-		-	-
5	Housing Levy Fund	1,987,622	-		-	-
6	Community Health Promoters (CHPs) Project	113,700,000	113,700,000		113,700,000	100.00
7	Doctor Salary Arrears	30,568,273	30,568,273		30,568,273	100.00
8	DANIDA- Primary healthcare in a devolved context	23,341,500	11,934,000		11,934,000	51.13
9	Kenya Urban Project (KUSP) - Urban Institutional Grant (UIG) - World Bank	35,000,000	26,000,000		26,000,000	74.29

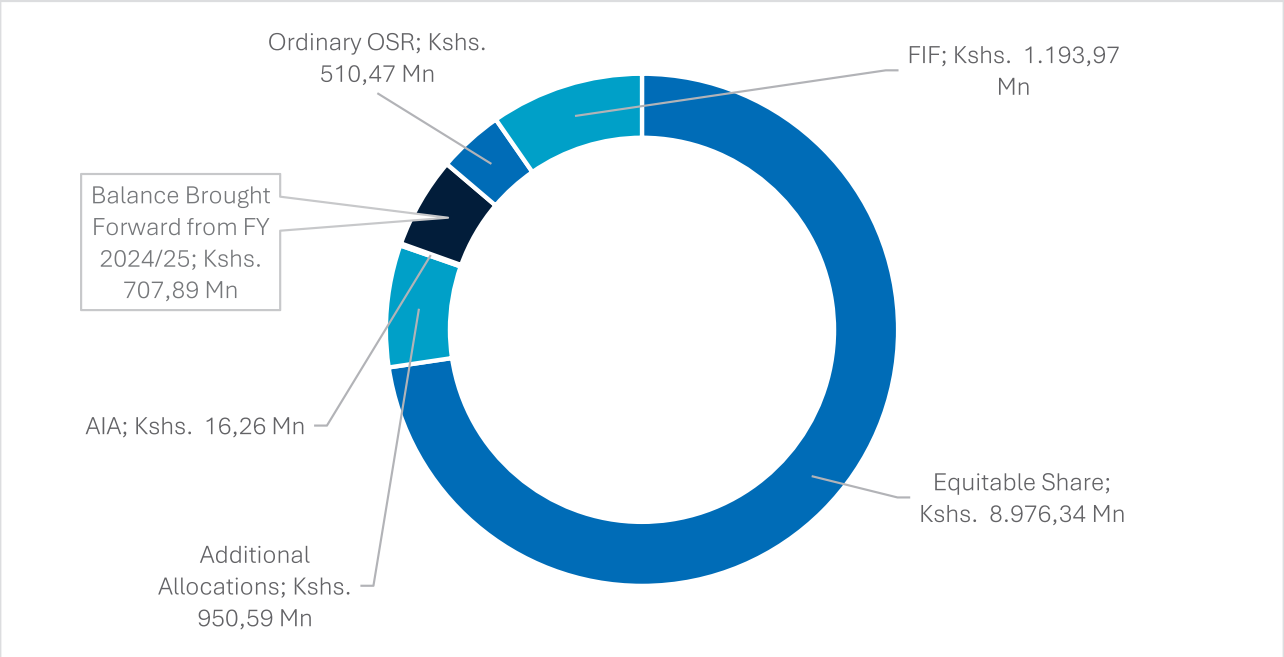
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		A	B	C	D=B+C	F=D/A*100
10	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Programme, County Climate Institutional Support (CCIS) Grant	11,000,000	-		-	-
11	Allocation for 20% Share of Mineral Royalties	99,857	99,857		99,857	100.00
12	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)-Urban Development Grant (UDG)	40,167,542	37,954,620		37,954,620	94.49
13	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Programme, County Climate Resilience Investment (CCRI) Grant	152,031,257	161,562,998		161,562,998	106.27
14	K-WASH	160,000,000	142,831,592		142,831,592	89.27
15	UNICEF GRANT SUPPORT - Capacity Building of ECDE Teachers	1,482,840	-		-	-
	Sub-Total	**1,335,430,128**	**950,592,918**	**-**	**950,592,918**	71.18
D	**Ordinary Own Source Revenue (OSR)**					
1	Advertisement & Wall Branding Fees	31,411,990	23,382,418		23,382,418	74.44
2	Agricultural Cess Fees	28,317,987	22,247,732		22,247,732	78.56
3	Building Materials cess Fees	4,706,554	3,120,900		3,120,900	66.31
4	Community Information Centres Fees	1,573,222	314,610		314,610	20.00
5	Conservancy Fees	8,102,091	4,827,805		4,827,805	59.59
6	Co-op Audit Services Fees	498,187	214,340		214,340	43.02
7	Development Approvals Fees all lands development fees	65,550,897	15,828,786		15,828,786	24.15
8	Fines and Penalties Fees	1,573,222	328,435		328,435	20.88
9	Fire Certificate Fees	1,573,222	3,559,100		3,559,100	226.23
10	Hire of County Facilities / Equipment /Gym Fees	1,573,222	485,050		485,050	30.83
11	Liquor License Fees	96,818,675	48,063,091		48,063,091	49.64
12	Market Entrance Fees	65,550,897	25,171,826		25,171,826	38.40
13	Motor Veh/Cycle Reg Fees	4,706,554	2,614,500		2,614,500	55.55
14	Parking Fees	67,530,534	32,014,070		32,014,070	47.41
15	Plot Rates/Rent Fees & other dues	131,691,752	25,363,221	132,153,171	151,052,582	114.70
16	Renewal Fees(Kiosks)	10,986,330	5,403,340		5,403,340	49.18

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (%)
		A	B	C	D=B+C	F=D/A*100
17	Single Business Permits / Application Fees	230,739,157	127,213,128	86,027,500	203,790,328	88.32
18	Stall Rent Fees	12,087,585	6,129,980	6,080,400	8,648,080	71.55
19	Stock Market Fees	17,279,216	9,960,092		9,960,092	57.64
20	Stock Movement Fees	10,986,330	6,342,555		6,342,555	57.73
21	Veterinary Health Fees	22,942,814	12,247,275		12,247,275	53.38
22	Water & Environment Fees-Consent, NEMA, mining, penalties	4,706,554	905,200		905,200	19.23
23	Weights & Measures Fees	3,133,333	979,740		979,740	31.27
24	Tetheka interest revenue	18,742,114	24,067,077		24,067,077	128.41
25	Agriculture- Agricultural Training Conference Fees	4,706,554	768,730		768,730	16.33
26	Agriculture- Mechanisation Fees	3,133,333	809,245		809,245	25.83
27	Public Health Services Fees	51,824,539	35,851,065		35,851,065	69.18
28	Makueni Fruit Processing Plant Fees	92,872,511	31,057,555		31,057,555	33.44
29	Sand Authority Fees	72,237,088	41,202,717		41,202,717	57.04
	Sub-Total	**1,067,556,464**	**510,473,583**	**224,261,071**	**734,734,654**	67.00
E	**Facility Improvement Financing (FIF)**					
1	SHA/SHIF Reimbursement Fees	417,612,000	905,239,698		905,239,698	216.77
2	Medical Health Services Fees	182,388,000	288,718,765		288,718,765	158.30
3	Universal Health Care Registration Fees		14,000		14,000	
	Sub-Total	**600,000,000**	**1,193,972,463**	**-**	**1,193,972,463**	199.00
F	**Other Revenues**					
1	Direct Deposits		16,256,885		16,256,885	
	Sub-Total	**-**	**16,256,885**	**-**	**16,256,885**	
	Grand Total	**12,862,921,264**	**12,355,522,486**	**224,261,071**	**12,560,307,147**	**97.65**

Source: *Makueni County Treasury*

The County does not have any governing legislation on the operations of the ordinary A-I-A and FIF. Figure 3.130 provides a detailed breakdown of receipts.

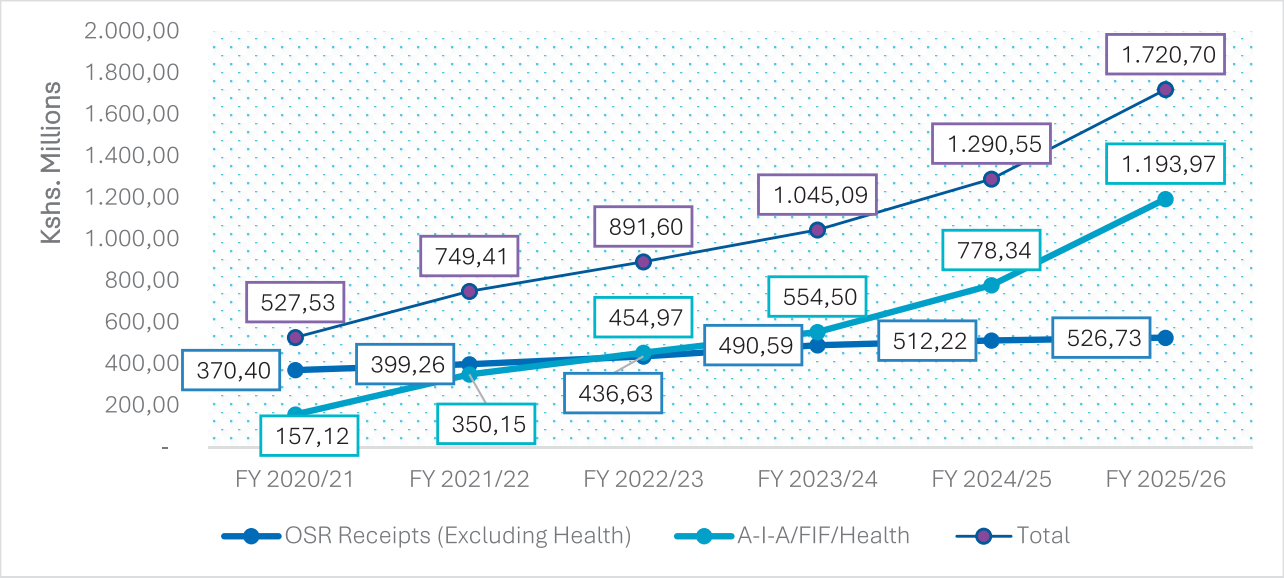
Figure 3.130: Makueni County Composition of Revenue in FY 2025/26



Source: *Makueni County Treasury*

The equitable share of revenue raised nationally, FIF, and Additional Allocation contributed 72 per cent, 10 per cent and 8 per cent, respectively, of the total receipts for the reporting period. Figure 3.131 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.131: Makueni County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

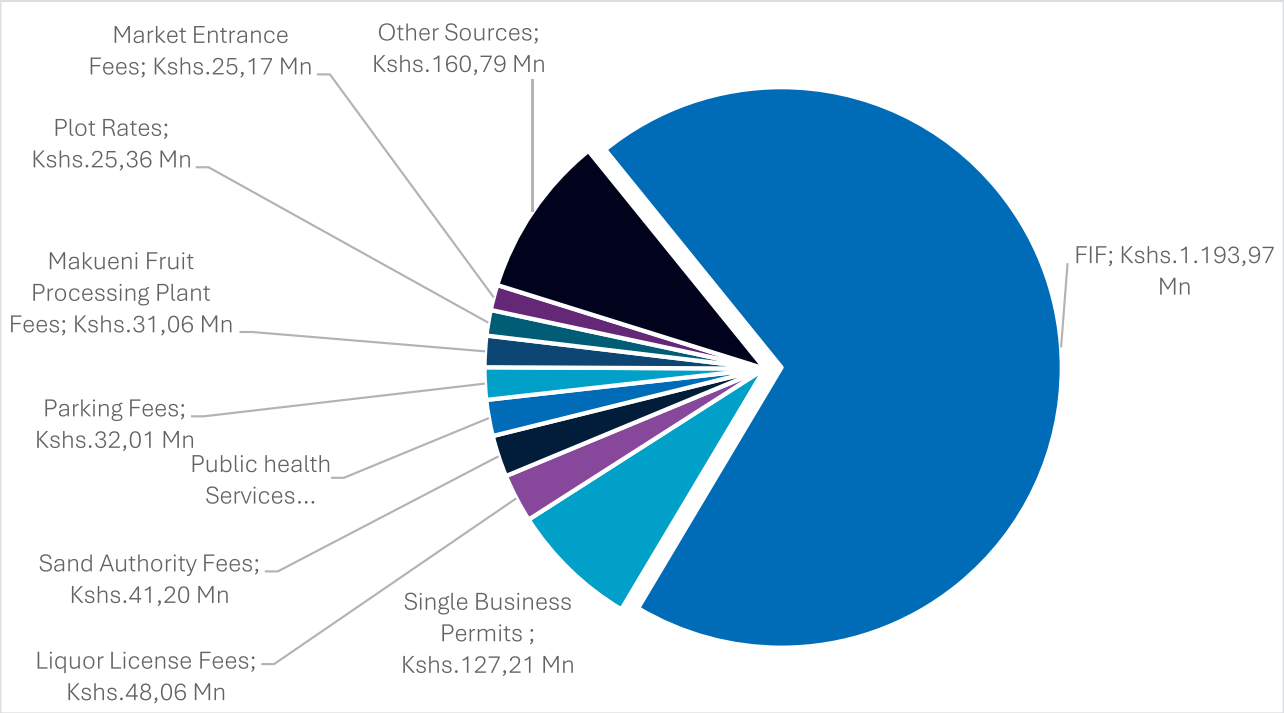


Source: *Makueni County Treasury*

During the year, the County received Kshs.1.72 billion from OSR, including FIF. This amount was an increase of 33.33 per cent, compared to Kshs.1.29 billion realised in FY 2024/25, and was 103.19 per cent of the annual target and 19.17 per cent of the equitable revenue share disbursed.

The growth in OSR was primarily driven by increased collections from the FIF, which increased from Kshs.773.59 million in FY 2024/25 to Kshs.1.19 billion in FY 2025/26, reflecting enhanced revenue mobilisation efforts within the health sector. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.132.

Figure 3.132: Makueni County Top Own Source Revenue Streams in FY 2025/26



***Source**: Makueni County Treasury*

As shown in Figure 3.132 the largest revenue stream, at Kshs.1.19 billion, was from FIF, accounting for 69 per cent of total OSR receipts. The County Government indicated that it has automated all 33 revenue streams. The System utilised for FIF revenue collection is "Funsoft", which has been in use since FY 2014-2015

3.23.3 Revenue Arrears

As of 1 July 2025, the County reported revenue Arrears of Kshs.749.61 million, which increased to Kshs.954.40 million as of 30 June 2026. The County currently tracks its revenue arrears using an automated system, with an accrual-basis option. Table 3.348 presents a breakdown of the County's revenue arrears.

Table 3.348: Makueni County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Receivables as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			
			Waivers (Kshs)	Receivables paid in the financial year (Kshs)	Receivables earned in FY 2025/26 (Kshs)	OSR Receivables as of 30 June 2026 (Kshs.)
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Plot Rates/Rent Fees & other dues	598,699,359.00		6,463,810.00	132,153,171.35	724,388,720.35
2	Single Business Permits Application Fees	138,486,400.00		9,450,300.00	86,027,500.00	215,063,600.00
3	Stall Rent Fees	12,425,300.00		3,562,300.00	6,080,400.00	14,943,400.00
	Total	**749,611,059.00**	**-**	**19,476,410.00**	**224,261,071.35**	**954,395,720.35**

Source: Makueni *County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.954.40 million, comprising Kshs.724.39 million, Kshs.215.06 million, and Kshs.14.94 million for plot rates, single business permits, and stall rent fees (75.90 per cent, 22.53 per cent, and 1.57 per cent, respectively). The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 included issuing demand notices to defaulters, conducting regular revenue enforcement and compliance operations, engaging debt collectors and en-

forcement officers, sensitising taxpayers on their obligations, negotiating payment plans with debtors, and leveraging the County's revenue management system to monitor and follow up on outstanding balances.

3.23.4 Borrowing by the County

The County entities did not disclose any borrowings by the close of the financial year.

3.23.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.10.49 billion from the Makueni County Revenue Fund (CRF) account. This amount consisted of Kshs.2.48 billion (26.69 per cent) designated for development programmes, and Kshs.8.01 billion (73.11 per cent) allocated for recurrent programmes.

An analysis of the released recurrent exchequers shows that Kshs.5.53 billion was released to employee compensation and Kshs.2.48 billion to operations and maintenance. Within the operations and maintenance category, per cent was for domestic travel and 0.48 per cent for foreign travel. The domestic travel exchequers totalled Kshs.205.78 million, which included Kshs.86.73 million for the County Executive and Kshs.119.05 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.12.72 million, with Kshs.2.56 million for the County Executive and Kshs.10.16 million for the County Assembly.

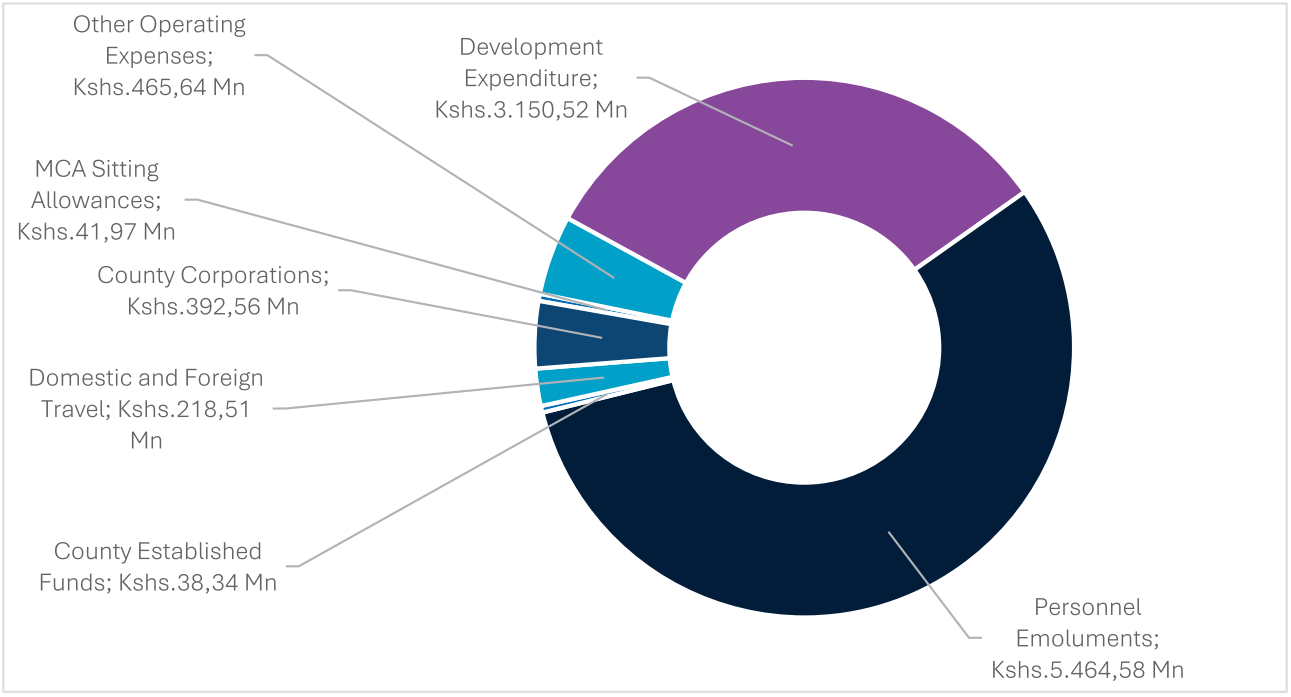
As of 30 June 2026, the County Government's cash balance in the Makueni CRF account was Kshs.1.59 billion.

3.23.6 Expenditure Review

The County spent Kshs.11.34 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 103.78 per cent of the total funds released by the Controller of Budget. The expenditure includes accrued expenditures. It comprised Kshs.3.15 billion for development programmes and Kshs.8.18 billion for recurrent programmes. Expenditure on development programmes accounted for 69.03 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 98.65 per cent of the annual recurrent expenditure budget.

Figure 3.133 provides a detailed breakdown of total expenditure.

Figure 3.133: Makueni County Composition of Expenditure in FY 2025/26



Source: Makueni *County Treasury*

As shown in Figure 3.133, the three highest expenditure categories were P.E, Development, and Other Operating Expenses, contributing 56, 28.51 and 5 per cent of total expenditure for the reporting period.

3.23.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.97 billion in employee compensation, Kshs.2.23 billion in operations and maintenance, and Kshs.2.86 billion in development activities. Similarly, the County Assembly spent Kshs.497.37 million on employee compensation, Kshs.436.93 million on operations and maintenance, and Kshs.54.22 million on development activities, as shown in Table 3.349.

Table 3.349: Makueni County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**7,334.23**	**964.63**	**7,156.99**	**934.31**	**65.58**	**30.32**	**7,222.56**	**964.63**	**98.48**	**100.00**
Compensation of Employees	5,033.56	499.59	4,925.57	497.37	39.42	2.21	4,964.99	499.59	98.64	100.00
Operations and Maintenance	2,300.67	465.05	2,231.41	436.93	26.16	28.11	2,257.57	465.05	98.13	100.00
Development Expenditure	**4,503.58**	**60.48**	**2,859.92**	**54.22**	**232.84**	**3.54**	**3,092.76**	**57.76**	**68.67**	**95.50**
Total	**11,837.81**	**1,025.11**	**10,016.91**	**988.53**	**298.42**	**33.86**	**10,315.33**	**1,022.39**	**87.14**	**99.73**

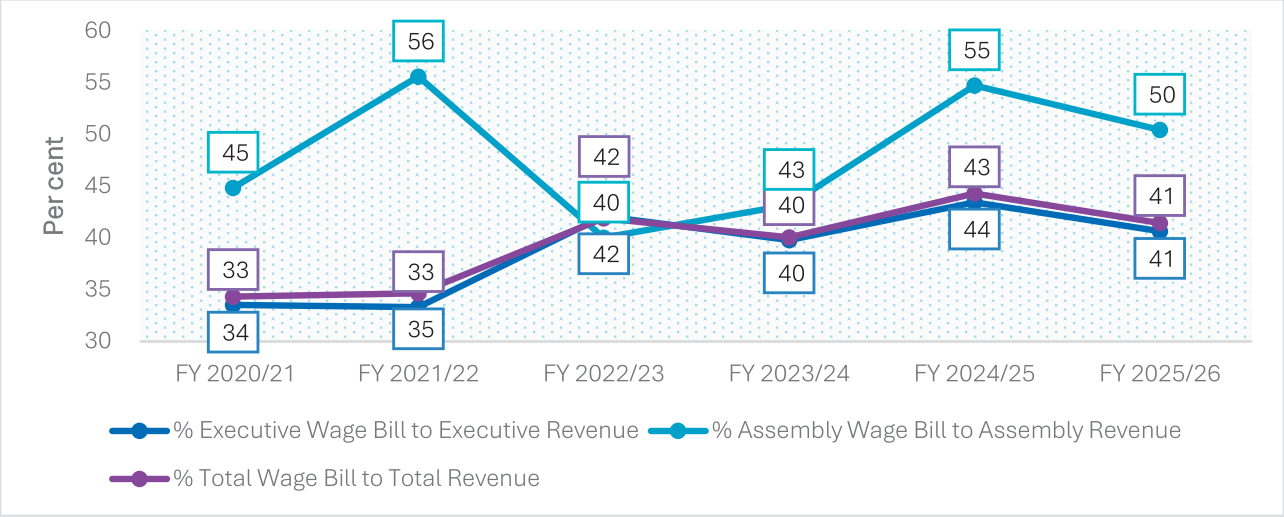
Source: *Makueni County Treasury*

3.23.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.5.46 billion, representing 45.39 per cent of total revenue. This expenditure on employee compensation shows an increase of 3.13 per cent compared to the Kshs.4.90 billion reported in FY 2024/25. Of this total, Kshs.2.48 billion related to Health Sector employees, accounting for 45.35 per cent of the overall employees' compensation.

Figure 3.134 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.134: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Makueni County Treasury*

Further analysis indicated that P.E. costs amounting to Kshs.5.43 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.35.85 million was processed through manual

payrolls, which accounted for 0.66 per cent of the total P.E. cost. The justification for the continued use of manual payroll was the payment of stipends to casual staff.

The manual payroll was salaries for casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions amounting to Kshs.35.85 million, as shown in Table 3.350.

Table 3.350: Analysis of Makueni County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Salaries for casual staff		35,853,390.39	Processing of Staff to HRIS is ongoing	End of the FY 2025-26
	Total		**35,853,390.39**		

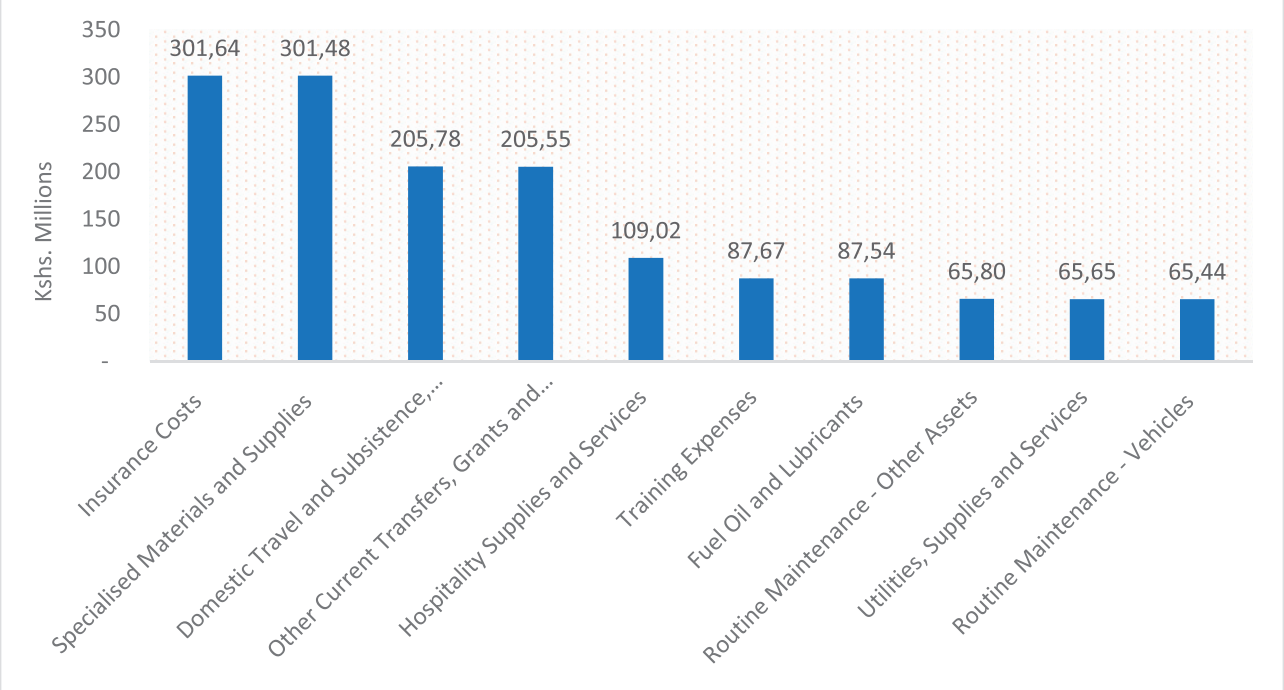
Source: Makueni County Treasury

The County Assembly spent Kshs.49.03 million on committee sitting allowances for the 48 MCAs, against the annual budget allocation of Kshs.49.03 million. The average monthly sitting allowance was Kshs.85,119.00 per MCA. The County Assembly has 21 House Committees.

3.23.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.72 billion on operations and maintenance, representing a 5.97 per cent increase over FY 2024/25, when the County spent Kshs.2.57 billion. Figure 3.135 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.135: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: *Makueni County Treasury*

As of 30 June 2026, Insurance Costs recorded the highest expenditure at Kshs.301.64 million, closely followed by Specialised Materials and Supplies at Kshs.301.48 million. In contrast, Routine Maintenance – Vehicles recorded the lowest expenditure among the top ten spending categories at Kshs.65.44 million.

3.23.10 Unbundling "Other Operating Expenses - Other" (IFMIS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.379.96 million on "other operating expenses - other," which accounted for 15.33 per cent of the total operations and maintenance expenditure of Kshs.2.48 billion. Makueni County had more than 213 items under the "Other Op-

erating Expenses". The disaggregated top 10 items under the "Other Operating Expenses-other" category are shown in Table 3.351.

Table 3.351: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Community Outreach	26,000,000	25,996,200.00
2211399	Preparation of Budgets	24,000,000	23,974,979.00
2211399	KYISA Games	18,643,400.00	18,639,225.80
2211399	Consultative forums and finalisation of FY 2026/27 Budget estimates	17,008,160	16,859,250.00
2211399	Financial reporting and management- quarterly, annual and senate engagements	14,600,000	14,578,666.45
2211399	Makueni County Empowerment Fund	11,022,690.00	10,890,736.25
2211399	Sport Development Programme	9,681,430.00	9,679,833.05
2211399	Stakeholder Engagements on PFM Act 2012 compliance	9,000,000	8,938,173.60
2211399	CIDP 2023-27 Midterm Review	8,081,805	8,077,412.05
2211399	Supa Cup	6,976,900.00	6,976,900.00
	Total	**145,014,385**	**144,611,376**

Source: *Makueni County Treasury*

A review of the other expense items in the table revealed that several entries were recorded with vague or generic descriptions when compared to the Standard Chart of Accounts (SCOA), obscuring the nature of the expenditures and hindering accurate mapping to the appropriate budget codes. Notable examples include the scanning and disposal of documents, town clean-up exercises, verification and validation of staff documents, EALASCA games, KICOSCA games, and the Governor's Cup, among others. In response, the County explained that these specific items lack designated budget codes and are therefore classified under Other Operations and Maintenance (O&M) items.

3.23.11 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.149.60 million to County-Established funds in FY 2025/26, representing 1.16 per cent of the County's overall budget. Of this amount, the County allocated Kshs.10.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for less than one per cent of the total budget. Table 3.352 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.352: Performance of Makueni County Established Funds in FY 2025/26

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Makueni County State and Public Officers Car Loan and Mortgage Fund	2018	10,000,000	-	-	413,885,743	No
2	Makueni County Climate Change Fund	2023	105,000,000	-	-	551,148,787	No
3	Makueni County Empowerment Fund	2015	6,000,000	-	-		No
4	Makueni County Bursary Fund	2021	23,000,000	23,186,837	22,584,987	243,045,118	No

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
5	Makueni County Emergency Fund	2015	10,000,000	5,433,446	5,433,446	552,157,037	No
	County Assembly Established Funds						
1	Makueni County Assembly MCA's and Public Officers Car Loan and Mortgages Fund	2017	-	-		413,885,743	No
	Total		**149,600,000**			**2,240,334,239**	

Source: *Makueni County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.352, contrary to the requirement of Section 168 of the PFM Act, 2012. The County did not disclose the administration costs of the Funds.

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 2025/26, the CoB determined that the Makueni County Emergency Fund and the Makueni County Empowerment Fund had lapsed.

3.23.12 County Corporations, Municipalities and Agencies

The County has two municipalities and two agencies, which were allocated Kshs.449.24 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.392.56 million, as shown in Table 3.353.

Table 3.353: Performance of Makueni County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Gazetted Municipalities					
1	Emali Sultan Municipality	115,532,398	96,362,706	96,362,706	130,662,034
2	Wote Municipality	142,479,124	127,992,506	127,992,506	127,992,506
Other Agencies					
3	Makueni County Fruit Development and Marketing Authority	100,050,657	82,618,448	82,618,448	547,093,185
4	Makueni County Sand Conservation and Utilisation Authority	91,180,634	85,584,745	85,584,744.60	622,090,788
	Total	449,242,813	392,558,405	392,558,405	1,427,838,513

Source: *Makueni County Treasury*

3.23.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.207.60 million and comprised Kshs.120.87 million spent by the County Assembly and Kshs.86.73 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.12 million and comprised Kshs.10.56 million by the County Assembly and Kshs.2.56 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.354.

Table 3.354: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	5-9/10/2025	Being facilitation for allowances (Quarter per diem) to H.E Governor while attending XXV FIGO World Congress of Gynaecology and Obstetrics at Cape Town, South Africa	Cape Town, South Africa	60,501.00		60,501.00
County Executive	1	5-9/10/2025	Facilitation for allowances while attending the XXV FIGO World Congress of Gynaecology and Obstetrics in South Africa	Cape Town, South Africa	183,696.00		183,696.00
County Assembly	1	8-3/12/2025	Being facilitation for allowances while attending strategic media relations and public communication excellence training for public officers at Jinja, Uganda	Jinja Uganda	495,302.00		495,302.00
County Executive	1	5-9/10/2025	Being payment of a flight ticket for the C.O.S from Nairobi to Cape Town and Back	Cape Town, South Africa	310,400.00		310,400.00
County Executive	2	08/07/2024 - 11/07/2024	Dar es Salaam International Trade Fair	Dare es Salaam	203,000.00		203,000.00
County Executive	3	4/10/2025	Attending XXV Figo World Congress in Cape Town	Cape Town, South Africa	1,304,759		1,304,759

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	5-9/10/2025	Facilitation for allowances (Quarter per diem) to H.E Governor while attending XXV FIGO World Congress of Gynaecology and Obstetrics at Cape Town, South Africa	Cape Town, South Africa	60,501.00		60,501.00
County Executive	2	08/07/2024 - 11/07/2024	Dar es Salaam International Trade Fair	Dare es Salaam	203,000.00	2	203,000.00
County Executive	3	4/10/2025	Attending XXV Figo World Congress in Cape Town	Cape Town, South Africa	1,304,759	3	1,304,759
Total					**2,557,658**		**2,557,658**

Source: Makueni County Treasury and Makueni County Assembly

3.23.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.1.19 billion as FIF, which was 199.00 per cent of the annual target of Kshs.600 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.

The expenditure by the health facilities amounted to Kshs.377.37 million, as shown in Table 3.355.

Table 3.355: Makueni County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level 5 Hospital	1	387.35	377.37	97.42
2.	Level 4 Hospital	16	897.50	653.88	72.86
3.	Level 3 Facility	41	48.34	34.11	70.56
4.	Level 2 Facility	184	220.21	186.46	84.67
Total			**387.35**	**377.37**	**97.42**

Source: *Makueni County Treasury*

3.23.15 Development Expenditure

In the review period, the County reported spending Kshs.3.15 billion on development programmes, representing a 20.19 per cent increase over FY 2024/25, when the County spent Kshs.2.62 billion. Table 3.356 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to more development programmes budgeted by the County

Table 3.356: Makueni County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
County Funded Projects										
1	Transport	Roads Maintenance Fuel Levy	HQ	12/09/2025	05/05/2026	146.89	146.89		91.38	76
2	Health	Mutula Care-Registration of Vulnerable and people in need @ KShs 3 Million Per Ward	All Wards	01-Jul-25	30-Jun-26		90.00		89.32	90
3	Finance	Supplementary Projects for poor and marginalised areas	All				43.00		41.96	98
4	Water	Mulima Earthdam - Desilting, Construction of a treatment and Water distribution and supply phase 2 (rehabilitation of Syiluni pipeline and installation of water storage tanks for the existing 5No. water kiosks and rehabilitation of vandalised Kwa Kiinga genset)	Mbooni	20-Jan-25	26-Jun-26	36.47	35.03		27.01	100
5	Trade	Construction of Nunguni Modern Market - Kilungu Ward	Kilungu	11-Mar-26	1102-2027		74.65		23.95	30
6	Makueni County Fruits Development and Marketing Authority	Purchase of mangoes for puree production	All wards	09/12/2025	30/06/2026	6.32	20.14		20.14	100
7	Makueni County Fruits Development and Marketing Authority	Puree production	All wards				19.80	0.16	19.71	100
8	Health	Completion & equipping of Mbooni isolation ward	Mbooni	01-Jul-25	30-06 2026		17.40		17.40	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
9	Water	Dam construction Unit(DCU) - Maintenance machinery and hire of Machinery for the Dam construction Unit(DCU)	HQ			N/A	10.00		10.00	95
10	Water	Wote Town Improvement Project - Distribution of Kwa Kitungu Water Project	Wote/ Nziu	26/03/2026	22/06/2026	9.10	10.00	0.47	10.00	100
Donor Funded Projects										
1	Agriculture	IDA(World Bank) Credit National Agricultural Value Chain Development Project(NAVCDP)	All Wards	01/07/2025	30/06/2026		290.10		231.08	100
2	Devolution	IDA(World Bank)-Second Kenya Devolution Support Programme-Institutional Grant-Level 1 Grant((KDSP)	HQ	01-Jun-25	30/06/2026		72.91		72.13	
3	Lands	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Programme, County Climate Resilience Investment (CCRI) Grant - Matching Grant					174.24		58.81	60
4	Transport	Rural Electrification Programme - REREC Matching grant	HQ	12/09/2025	30/6/2026	29.04	30.00		29.40	20
5	Lands	CCRI FLLoCA Matching Grant	HQ	2025-26	30/6/2026	24.89	24.89		24.78	
6	Lands	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Programme, County Climate Resilience Investment (CCRI) Grant					297.93		18.46	60
7	Emali Sultan Municipality	IDA (World Bank Credit: Kenya Urban Support Project(K-USP)- Urban Development Grant (UDG)	Emali Sultan Municipality	N/A	N/A		37.17	20.13	17.03	0

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
8	Health	Conditional Grant - for COVID-19 Emergency response -					16.55		16.55	100
9	Lands	CCIS(County Climate Institutional Institutional Support) FLLoCA Matching Grant					15.47		14.90	100
10	Transport	Construction of Kithioni drift -RMLF	Ilima	12/09/2025	02/06/2026	13.19	15.00	0.25	13.19	100

Source: *Makueni County Treasury*

The County did not disclose any stalled development projects as of 30 June 2026.

3.23.16 Budget Performance by Department

Table 3.357 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.357: Makueni County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	284.87	378.47	309.83	310.47	284.45	300.98	91.8	96.9	99.9	79.5
County Attorney	81.93	1.17	62.34	-	70.08	-	112.4	-	85.5	-
CS	633.56	-	419.04	-	632.47	-	150.9	-	99.8	-
Devolution	357.72	442.54	334.67	83.04	357.37	89.26	106.8	107.5	99.9	20.2
Education	813.29	274.67	835.72	215.18	802.15	199.79	96.0	92.8	98.6	72.7
Emali-Sultan Hamud Municipality	42.54	72.99	44.60	73.76	42.42	45.90	95.1	62.2	99.7	62.9
Finance	497.34	54.22	521.89	16.10	485.92	49.71	93.1	308.7	97.7	91.7
Makueni County Fruit Development and Marketing Authority	37.00	63.05	34.39	63.05	35.97	49.91	104.6	79.2	97.2	79.2
Gender	231.17	96.16	210.58	66.21	223.58	69.13	106.2	104.4	96.7	71.9
Governor	489.46	-	510.67	-	486.34	-	95.2	-	99.4	-
Heath	3,121.66	1,117.98	3,102.38	260.55	3,050.81	1,033.77	98.3	396.8	97.7	92.5
Lands	87.70	605.64	83.33	312.52	86.97	150.61	104.4	48.2	99.2	24.9
MCPSB	79.75	-	79.09	-	79.54	-	100.6	-	99.7	-

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
Sand Authority	77.34	13.85	100.13	9.00	76.60	9.00	76.5	100.0	99.0	65.0
Trade	157.20	102.97	148.11	19.32	149.12	46.12	100.7	238.7	94.9	44.8
Transport	155.70	550.39	144.92	425.63	154.61	423.72	106.7	99.5	99.3	77.0
Water	114.13	658.86	111.05	382.67	113.18	361.65	101.9	94.5	99.2	54.9
Wote Municipality	71.87	70.61	92.90	52.33	71.67	30.36	77.2	58.0	99.7	43.0
County Assembly	964.63	60.48	862.65	56.10	934.31	54.22	108.3	96.7	96.9	89.6
Total	**8,298.86**	**4,564.06**	**8,008.29**	**2,345.94**	**8,137.56**	**2,914.14**	**101.61**	**124.22**	**98.06**	**63.85**

Source: *Makueni County Treasury*

Analysis of expenditure by departments shows that the Department of Health recorded the highest absorption rate of development budget at 92.47 per cent, followed by the County Assembly at 89.65 per cent. The Department of Agriculture had the highest percentage of recurrent expenditure to budget at 99.85 per cent. In contrast, the Department of County Attorney had the lowest at 85.54 per cent.

3.23.17 Budget Execution by Programmes and Sub-Programmes

Table 3.358 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.358: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department: Lands, Urban Planning and Development, Environment & Climate Change				
Emali-Sultan Municipality	SP 1. 1 Emali-Sultan Municipality	72,993,438	72,192,614	98.9
Sand Authority	SP 1.1: General administration & Planning	13,845,560	13,840,289	100.0
Devolution, Public participation, County Administration and Special Programmes				
Participatory Development.& civic education	SP2: Participatory Development& civic education	1,800,000	1,800,000	100.0
Disaster Risk Preparedness and Mitigation	SP5: Disaster Risk Preparedness and Mitigation	834,764	834,454	100.0
Coordination of Service Delivery and Enforcement	SP4: Coordination of Service Delivery and Enforcement	4,500,000	4,497,471	99.9
Infrastructure, Transport, Public Works, Housing & Energy				
Infrastructure development	Infrastructure development	1,000,000	993,600	99.4
Energy Infrastructure & development	Energy Infrastructure & development	79,937,949	74,832,325	93.6
ICT, Education and Internship				
ICT Infrastructure & Systems Development	SP5.1:ICT Infrastructure & Systems Development	17,006,562	14,506,562	96.1

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Department of Health Services				
Preventive and promotive health care services	SP3. 1 Preventive and promotive health care services	118,929,494	117,919,794	99.2
Makueni Fruit Development and Marketing Authority				
General Administration & Support Services	P1: General administration & planning	63,050,222	62,889,611	99.7
Recurrent				
Department: Lands, Urban Planning and Development, Environment & Climate Change				
Emali-Sultan Municipality	SP 1. 1 Emali-Sultan Municipality	42,538,960	42,538,960	100.0
ICT, Education and Internship				
General administration & planning	SP1. 1 General administration & planning	734,909,886	734,903,096	100.0
ICT Infrastructure & Systems Development	SP5.1:ICT Infrastructure & Systems Development	15,091,653	15,090,993	100.0
Devolution, Public participation, County Administration and Special Programmes				
Participatory Development.& civic education	SP2: Participatory Development& civic education	52,316,000	52,312,888	100.0
Research, Documentation and Knowledge Management	SP3: Research, Documentation and Knowledge Management	200,000	200,000	100.0
Coordination of Service Delivery and Enforcement	SP4: Coordination of Service Delivery and Enforcement	33,673,999	33,673,999	100.0
Alcoholic Drinks Control and Licensing	SP6: Alcoholic Drinks Control and Licensing	5,700,000	5,700,000	100.0
Disaster Risk Preparedness and Mitigation	SP5: Disaster Risk Preparedness and Mitigation	18,270,725	18,202,625	99.6
Finance & Socio-Economic Planning				
	Sub-Programme 2.2: Budget formulation, coordination and management	77,870,480	77,382,174	99.4
	Sub-Programme 2.4; Resource mobilisation	42,950,000	42,701,283	99.4

Source: *Makueni County Treasury*

The development sub-programmes with the highest budget implementation rates were General administration & planning in the Department of Lands, Urban Planning and Development, Environment & Climate Change at 100 per cent, Disaster Risk Preparedness and Mitigation in the Department of ICT, Education and Internship at 100 per cent, and Participatory Development & civic education at 100 per cent.

For recurrent sub-programmes, the top performers included Participatory Development & civic education, Research, Documentation and Knowledge Management, Coordination of Service Delivery and Enforcement in the Department of Devolution, Public participation, County Administration and Special Programmes at 100 per cent, ICT Infrastructure & Systems Development and General administration & planning in the Department of ICT, Education and Internship at 100 per cent, and Emali-Sultan Municipality in the Department of Lands, Urban Planning and Development, Environment & Climate Change at 100 per cent.

The higher performance of these programmes was attributed to the timely release and utilisation of ex-

chequer funds. Table 3.359 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.359: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Infrastructure, Transport, Public works, Housing & Energy				
General administration & planning	General administration & planning	1,987,623	-	0
Energy Infrastructure & development	Energy Infrastructure & development	79,937,949	74,832,325	93.6
Department of Gender, Children, Youth, Sports, and Social Services				
Youth empowerment	Sports Development	25,805,699	23,148,124	89.7
Recurrent				
Infrastructure, Transport, Public works, Housing & Energy				
Infrastructure development	Infrastructure development	1,945,000	1,895,000	97.4
Department Health Services				
Preventive and promotive health care services	SP3. 1 Preventive and promotive health care services	141,253,133	139,378,989	98.7

***Source**: Makueni County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: General administration & planning in the Department of Infrastructure, Transport, Public Works, Housing & Energy, which had no expenditure against a budget estimate of Kshs.1.99 million, and Sports Development in the Department of Gender, Children, Youth, Sports, and Social Services at 89.7 per cent.

For recurrent sub-programmes, the poorest performers included: Infrastructure development in the Department of Infrastructure, Transport, Public Works, Housing & Energy at 97.4 per cent, and Preventive and promotive health care services in the Department of Health Services at 98.7 per cent.

3.23.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.685.21 million. This amount consisted of Kshs.520.43 million from the County Executive and Kshs.164.78 million from the County Assembly. The trade payables from the County Executive comprised Kshs.431.21 million for recurrent expenditure and Kshs.89.22 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.513.93 million, comprising Kshs.428.93 million (83.46 per cent) for recurrent programmes and Kshs.84.99 million (16.54 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.94.47 million, all for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.273.79 million for the County Executive and Kshs.150.45 million for the County Assembly. Table 3.360 provides additional details of trade payables.

Table 3.360: Makueni County Trade Payables as of 30 June 2026

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	89,219,164	431,208,536	520,427,700
	County Assembly		164,778,726	164,778,726
	Total	**89,219,164**	**595,987,262**	**685,206,426**

	County Entity	Development	Recurrent	Total
Amount paid in FY 2025/26	County Executive	84,991,109	428,934,488	513,925,597
	County Assembly		94,472,277	94,472,277
	Total	**84,991,109**	**523,406,765**	**608,397,874**
Trade Payables Incurred in FY 2025/26	County Executive	190,632,230	76,660,454	-
	County Assembly	-	55,976,880	55,976,880
	Total	**190,632,230**	**132,637,334**	**323,269,564**
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	194,860,285	78,934,502	273,794,787
	County Assembly		150,449,158	150,449,158
	Total	**194,860,285**	**229,383,659**	**424,243,944**

Source: *Makueni County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.520.43 million and Kshs.164.78 million on County Executive and County Assembly expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.513.93 million for the Executive and Kshs.94.47 million for the Assembly.

Table 3.361 and Table 3.362 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.273.79 million and Kshs.150.45 million, respectively.

Table 3.361: Makueni County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	190,632,230.30	3,379,931.70	898,123.50	-	194,910,285.50
Recurrent Trade Payables (Goods & Services)	36,289,922.55	2,136,947.85			38,426,870.40
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	39,417,551.00				39,417,551.00
Recurrent Trade Payables (Staff Claims)	952,980.00	82,060.00	5,040.00		1,040,080.00
Total Recurrent Trade Payables	76,660,453.55	2,219,007.85	5,040.00	-	78,884,501.40
Total Trade Payables	267,292,683.85	5,598,939.55	903,163.50	-	273,794,786.90
% of Total	**98**	**2**	**-**	**-**	**100**

Source: *Makueni County Treasury*

Table 3.362: Makueni County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables			-		-
Recurrent Trade Payables (Goods & Services)	55,976,880	94,472,277			150,449,158
Total Recurrent Trade Payables	55,976,880	94,472,277	-	-	150,449,158
Total Trade Payables	55,976,880	94,472,277	-	-	150,449,158
% of Total	**37**	**63**	**-**	**-**	**100**

Source: *Makueni County Treasury*

The County Executive declared salary arrears of Kshs.39.42 million as of 30 June 2026. Additionally, the two tables indicate that 94.91 per cent of the total trade payables were outstanding for less than two years, reflecting the county's relatively prompt settlement of supplier obligations. To sustain this performance and prevent the accumulation of trade payables, the county should strengthen adherence to its procure-

ment and cash flow plans, ensuring that procurement commitments align with available resources and that payments are made promptly.

The ageing analysis indicates that the County settles pending bills based on its Trade Payables Action Plan rather than the First-In, First-Out (FIFO) principle. To promote equitable settlement of suppliers and prevent long-outstanding pending bills, the County should align its Action Plan with the FIFO approach, except where justified by legal or operational priorities.

3.23.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 62 accounts across CBK and commercial banks, of which 25 were held at the CBK and 37 at commercial banks. Of those at the commercial banks, two were for salary accounts, one for revenue collection accounts, seven for special operations accounts (including County-established funds), 16 for health facilities operations accounts, five for municipalities operations accounts, three for water and sewerage companies operations accounts, and three for M-Pesa wallet accounts.

3.23.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.715.26 million against an annual target of Kshs.1.08 billion, representing 67 per cent of the financial year target.

ii. Low development performance in the review period as the County incurred Kshs.3.15 billion on development activities, achieving a 69.03 per cent absorption rate.

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 2026, the lifespans of the Makueni County Empowerment Fund and the Makueni County 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 contravened the requirements of Section 168 of the PFM Act, 2012. The reports for all the Funds were not submitted to the CoB as of 15 July 2026.

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. The County reported Kshs.379.96 million under “other operating expenses - Other,” accounting for 13.96 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

vii. 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 2026.

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 implement strategies to increase development expenditures in FY 2026/27.*

iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

v. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

vi. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

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

3.24. County Government of Mandera

3.24.1 Overview of FY 2025/26 Budget

The Mandera County Approved Supplementary Budget for FY 2025/26 was Kshs.15.09 billion. It comprised Kshs.5.39 billion (36.68 per cent) and Kshs.9.71 billion (64.32 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.525.18 million (3.61 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.5.66 billion and a recurrent budget of Kshs.8.91 billion. The increase in the budget was primarily due to the rise in the equitable share of nationally raised revenue.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.12.27 billion (81.25 per cent), additional allocations of Kshs.1.8 billion (11.91 per cent), a cash balance brought forward from FY 24/25 of Kshs. 347.55 million (2.3 per cent), and Kshs. 682.53 million (4.52 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.363.

3.24.2 Revenue Performance

During FY 2025/26, the County reported total revenues of Kshs.14.01 billion. This amount represented an increase of 5.81 per cent compared to the amount received in the same period in FY 2024/25, of Kshs.13.24 billion. The total revenue consisted of Kshs.12.27 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.989.94 million, and own-source revenue (OSR) collection of Kshs.409.24 million. Additionally, the County had a cash balance of Kshs.347.55 million from FY 2024/25. The total OSR collection of Kshs.409.24 million included Facilities Improvement Financing (FIF) of Kshs.232.04 million and Kshs.177.20 million from other OSR sources. Table 3.363 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.363: Mandera County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	347,553,249	347,553,249	-	347,553,249	100
	Sub-Total	**347,553,249**	**347,553,249**	**-**	**347,553,249**	100

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	12,265,064,993	12,265,064,990		**12,265,064,990**	100
	Sub-Total	**12,265,064,993**	**12,265,064,990**	**-**	**12,265,064,990**	100
C	**Additional Allocations (Including Grants)**					
1	FLOCCA CCIR Grant FY 2024/25 Allocations (Received)	148,566,850	269,066,850	-	269,066,850	181.11
2	Food Systems Resilience Project (FSRP)	246,153,846	244,752,079		244,752,079	99.43
3	Kenya Urban Support Project (KUSP) - UDG	171,842,327	170,152,989		170,152,989	99.02
4	KWASH	143,157,560	141,979,713		141,979,713	99.18
5	Kenya Devolution Support Programme 2 (KDSP II)	72,909,500	70,503,589		70,503,589	96.70
6	Roads Maintenance Fuel Levy	66,010,855	66,010,855		66,010,855	100
7	DANIDA Grant - Primary Health Care	16,473,000	16,473,000		16,473,000	100
8	FLOCCA County Climate Institutional Support Grant	11,000,000	11,000,000		11,000,000	100
9	Kenya Devolution Support Programme 2 (KDSP II) Level 2 grant	352,500,000	-		-	-
10	Kenya Urban Support Project (KUSP) - UIG	35,000,000	-		-	-
11	Kenya Urban Support Project (KUSP) - UIG b/f	32,309,300	-		-	-
12	Basic Salary Arrears for County Governments' Health Workers	19,809,159	-		-	-
13	DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received)	18,653,250	-		-	-
14	Community Health Promoters Program	18,540,000	-		-	-
15	FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA)	16,507,427	-		-	-
16	Conditional Grant for Aggregated Industrial Parks Programme	250,000,000			-	-
17	FLOCCA CCIR Grant FY 2025/26 estimates	79,372,115			-	-
18	FSRP b/f	70,127,131			-	
19	DANIDA Grant - Primary Health Care (B/f)	15,746,250			-	
20	Kenya Agricultural Business Development Project	10,918,919			-	
21	0.5% Housing Levy	1,987,622			-	

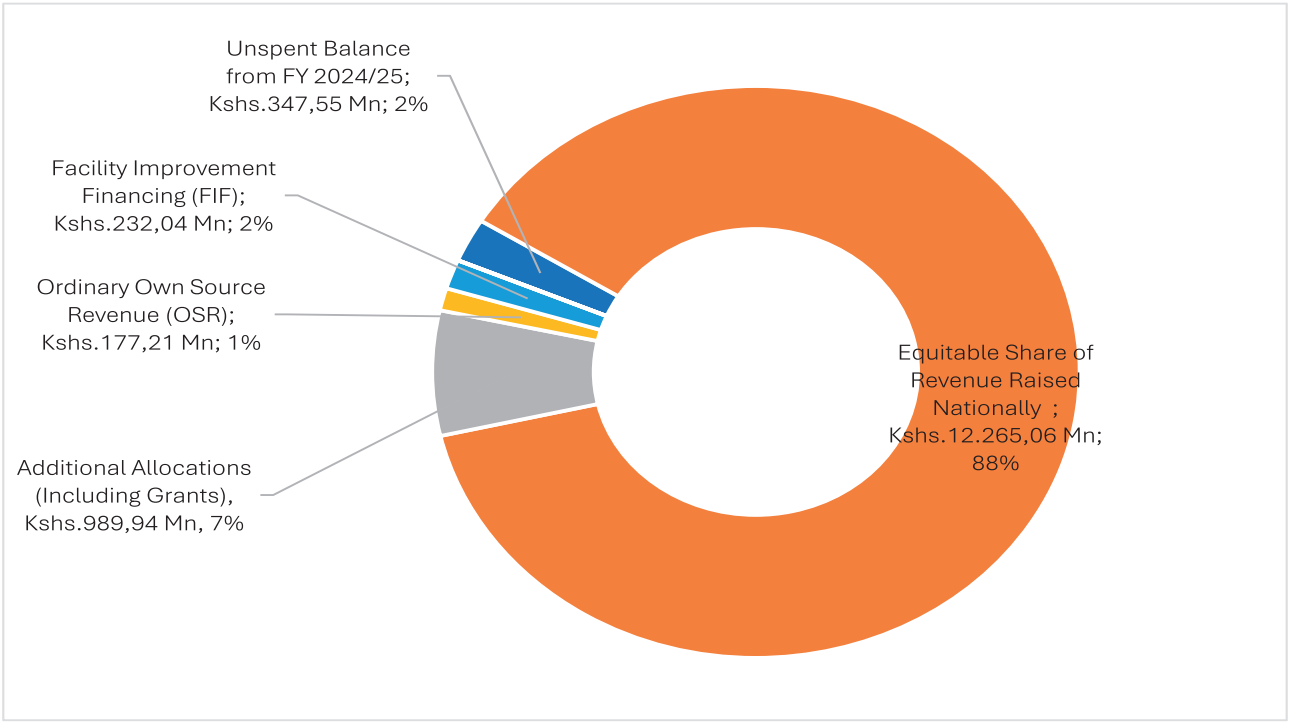
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
22	Allocation for Mineral royalties	1,028			-	
	Sub-Total	**1,797,586,139**	**989,939,075**	**-**	**989,939,075**	55.07
D	**Ordinary Own Source Revenue (OSR)**					
1	Own Source Revenue Projections	360,000,000	177,205,051	-	177,205,051	49.22
	Sub-Total	**360,000,000**	**177,205,051**	**-**	**177,205,051**	49.22
E	**Facility Improvement Financing (FIF)**					
1	SHIF	322,525,007.00	232,039,573	-	232,039,573	71.94
	Sub-Total	**322,525,007**	**232,039,573**	**-**	**232,039,573**	71.94
	Grand Total	**15,092,729,388**	**14,011,801,938**	**-**	**14,011,801,938**	**92.84**

Source: *Mandera County Treasury*

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

Figure 3.136 provides a detailed breakdown of receipts.

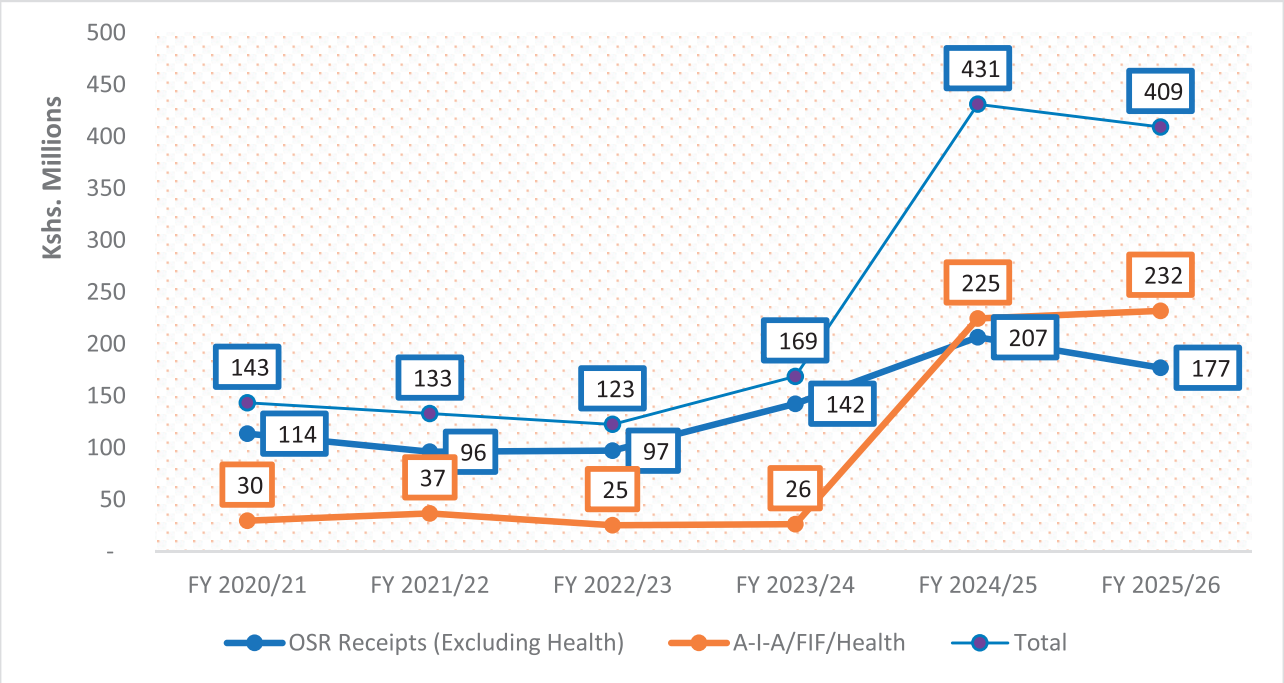
Figure 3.136: Mandera County Composition of Revenue in FY 2025/26



S***ource:*** *Mandera County Treasury*

The equitable share of revenue raised nationally, Conditional Allocations, and FIF contributed 87.53 per cent, 7.07 per cent, and 1.66 per cent, respectively, of the total receipts for the reporting period. Figure 3.137 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.137: Mandera County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



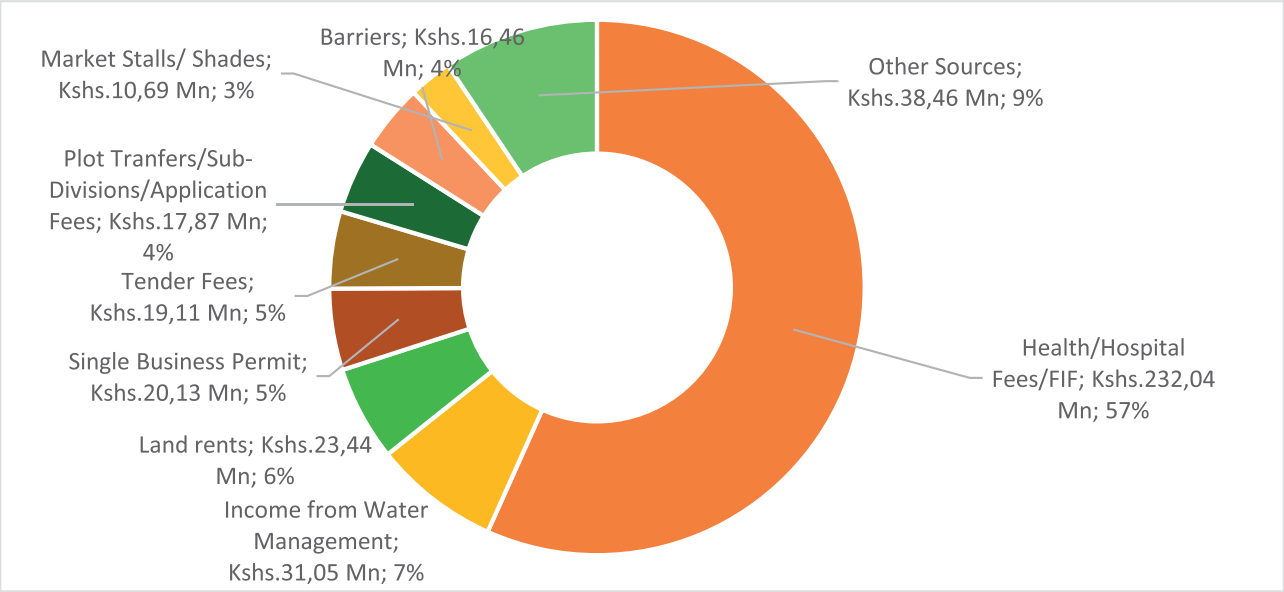
Source: *Mandera County Treasury*

During FY 2025/26, the County received Kshs.409.24 million from OSR, including FIF. This amount was a decrease of 4.91 per cent compared to Kshs.431.17 million realised in a similar period in FY 2024/25, and was 59.96 per cent of the annual target as well as 3.34 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to a general decline in economic activities in the county.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.138.

Figure 3.138: Mandera County Top Own Source Revenue Streams in FY 2025/26



Source: *Mandera County Treasury*

As shown in Figure 3.138, the largest revenue stream, at Kshs.232.04 million, was Hospital Collection, accounting for 57.7 per cent of total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.24.3 Revenue Arrears

The County did not report on any revenue arrears during the period under review.

3.24.4 Borrowing by the County

Mandera County Executive and Assembly did not report on any borrowing in FY 2025/26

3.24.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.13.62 billion from the Mandera County Revenue Fund (CRF) account. This amount consisted of Kshs.4.37 billion (32.12 per cent) designated for development programs and Kshs.9.24 billion (67.88 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.5.5 billion (36.42 per cent) was allocated to employee compensation and Kshs.3.75 billion (27.90 per cnet) to operations and maintenance expenditures. Within the operations and maintenance category, 3.27 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.127.70 million, which included Kshs.40.10 million for the County Executive and Kshs.87.60 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.30.82 million, all for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Mandera CRF account was Kshs.214.81 million.

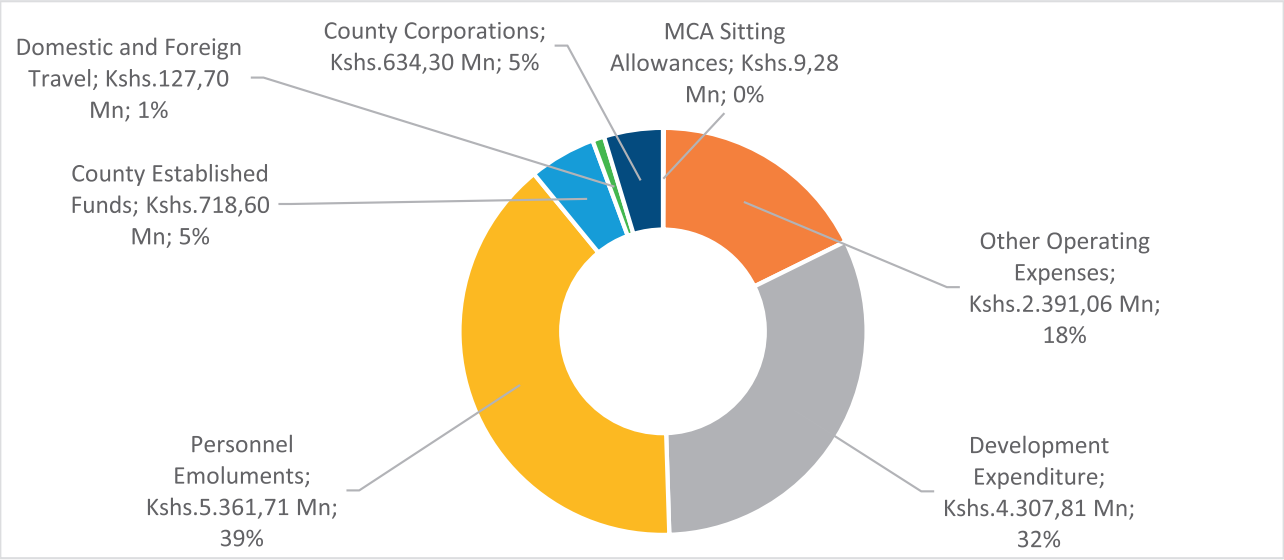
The County had not operationalised the County Assembly Fund (CAF) account during the review period.

3.24.6 Expenditure Review

The County spent Kshs.13.55 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 99.52 per cent of the total funds released by the CoB. It comprised Kshs.4.31 billion for development programmes and Kshs.9.24 billion for recurrent programmes. Expenditure on development programmes accounted for 80 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 95.2 per cent of the annual recurrent expenditure budget.

Figure 3.139 provides a detailed breakdown of total expenditure.

Figure 3.139: Mandera County Composition of Expenditure in FY 2025/26



Source: *Mandera County Treasury*

As shown in Figure 3.139 the three highest expenditure categories were Compensation of employees, County Established Funds, and County Corporations, contributing 39.57 per cent, 31.79 per cent and 17.65 per cent of total expenditure for the reporting period.

3.24.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.89 billion in employee compensation, Kshs.3.5 billion in operations and maintenance, and Kshs.4.30 billion in development activities. Similarly, the County Assembly spent Kshs.397.81 million on employee compensation, Kshs.470.8 million on operations and maintenance, and Kshs.2.16 million on development activities, as shown in Table 3.364.

Table 3.364: Mandera County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**8,789.71**	**917.94**	**8,374.05**	**868.61**	**-**	**-**	**8,374.05**	**868.61**	95.27	94.63
Compensation of Employees	4,982.18	514.03	4,875.50	397.81	-	-	4,875.50	397.81	97.86	77.39
Operations and Maintenance	3,807.54	403.90	3,498.56	470.80	-	-	3,498.56	470.80	91.89	116.56
Development Expenditure	**5,367.92**	**17.16**	**4,305.65**	**2.16**	**-**	**-**	4,305.65	2.16	80.21	12.59
Total	**14,157.63**	**935.10**	**12,679.7**	**870.77**	**-**	**-**	**12,679.7**	**870.77**	**89.56**	**93.12**

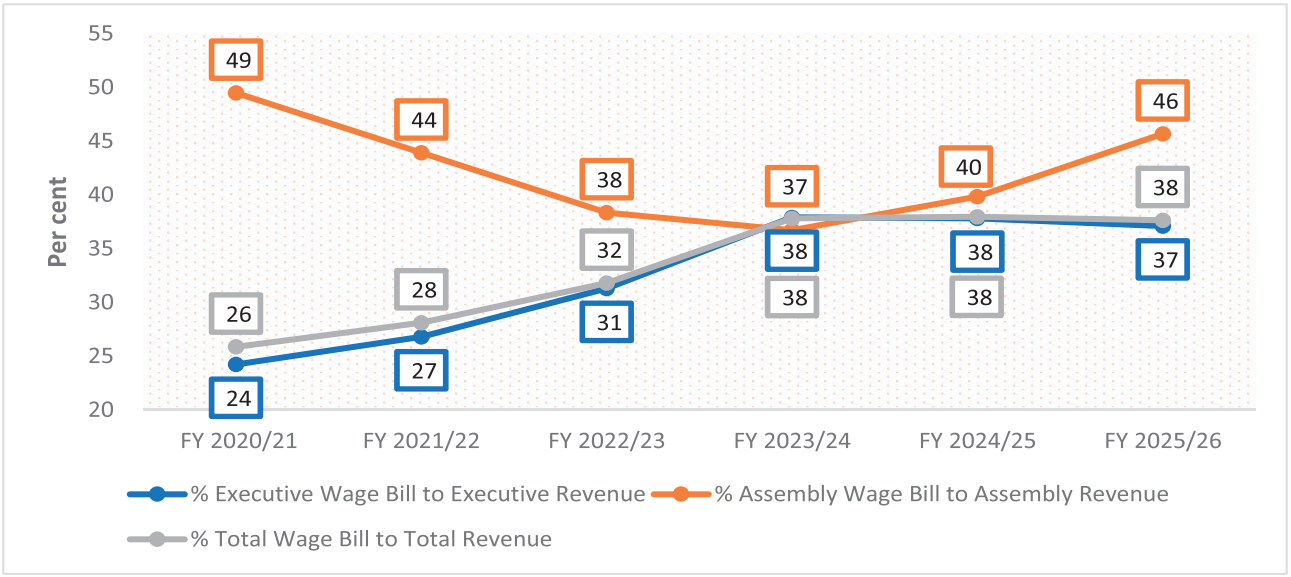
Source: *Mandera County Treasury*

3.24.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.5.27 billion, representing 37.63 per cent of revenue. This expenditure on employee compensation has increased compared to the Kshs.5.03 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.76 billion related to Health Sector employees, accounting for 33.3 per cent of the overall employees' compensation.

Figure 3.140 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.140: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Mandera County Treasury*

Further analysis indicated that PE costs totalling Kshs.4.91 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.362.41 million was processed through manual payrolls, which accounted for 7 per cent of the total PE cost. The justification for the continued use of manual payroll was the delayed issuance of personnel numbers to new staff and KPR/NPR salary top-ups.

The manual payroll comprised salaries for 520 staff not onboarded into the Human Resource Information System (HRIS), salaries for 581 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.365.

Table 3.365: Analysis of Mandera County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Salaries for 515 staff yet to be onboarded into UHR (5 Assembly)	520	177,592,435	Delays in issuing personal numbers	Onboarded in Q4. Manual payroll only for NPR/KPR top-ups.
2	Salaries for 581 casual staff (including KPR) (7 Assembly)	581	124,630,506	Salary top-up/Short-term employment	Most onboarded in Q4. Manual payroll only for NPR/KPR top-ups
3	Top-up Allowances for 76 security officers (7 Assembly)	83	50,253,720	Salary top-up/Short-term employment	Most onboarded in Q4. Manual payroll only for Security officers, NPR/KPR top-ups
4	Gratuity for contract staff		18,910,446		
5	NSSF Contributions		10,472,490		
6	Housing Levy		5,282,752		
7	NITA contribution		519,100		
	Total		**387,661,449**		

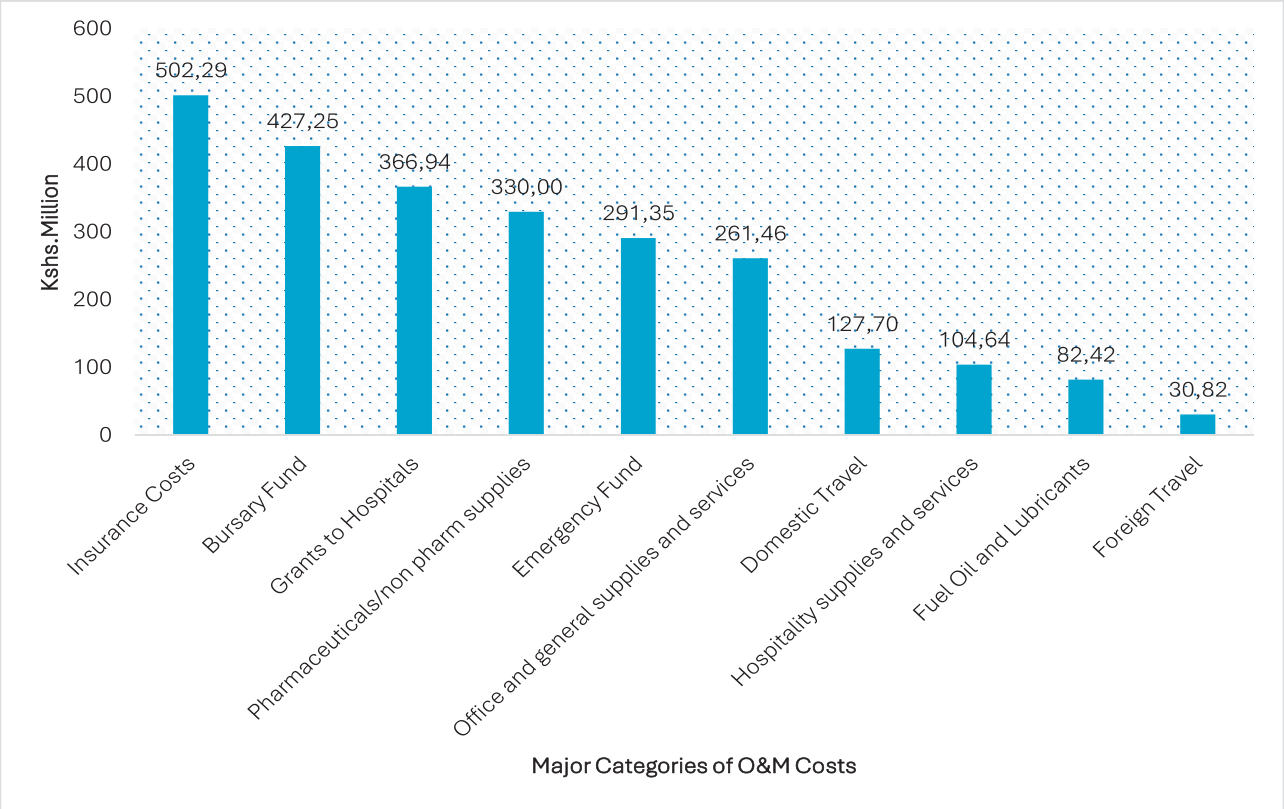
Source: *Mandera County Treasury*

The County Assembly spent Kshs.9.28 million on committee sitting allowances for the 50 MCAs against the annual budget allocation of Kshs.11.07 million. The average monthly sitting allowance was Kshs.20,224 per MCA. The County Assembly has 21 House Committees.

3.24.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.3.97 billion on operations and maintenance, representing a 9.71 per cent increase over the same period in FY 2024/25, when the County spent Kshs.3.62 billion. Figure 3.141 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.141: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: *Mandera County Treasury*

3.24.10 Unbundling "Other Operating Expenses - Other" (IFIMIS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.49.5 million on "other operating expenses - other," which accounted for 1 per cent of the total operations and maintenance expenditure of Kshs.3.97 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.366.

Table 3.366: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs.Million)	Expenditure (Kshs.Million)
2211399	Vaccination campaigns	34,000,000	34,000,000
2211399	Sanitation programs	6,876,800	6,872,026
2211399	Cleaning Services	8,623,200	8,623,200
	TOTAL	**49,500,000**	**49,495,226**

Source: *Mandera County Treasury*

3.24.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.741.35 million to County-Established funds in FY 2025/26, representing 4.91 per cent of the County's overall budget. Of this amount, the County allocated Kshs.291.35 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 1.93 per cent of the total budget. Table 3.367 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.367: Performance of Mandera County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Education Bursary Program	2014	450,000,000	427,251,181	427,251,181	2,279,251,180	YES
2.	Emergency Fund	2024	291,350,959	291,350,959	291,350,959	224,500,000	YES
	Total		**741,350,959**	**718,602,140**	**718,602,140**	**2,503,751,180**	

Source: *Mandera County Treasury*

In FY 2025/26, the CoB received quarterly financial reports from both Fund Administrators, as indicated in Table 3.86, in line with the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of both the Funds were within the 3 per cent limit of the Fund Administration 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 2025/26, the CoB determined that the Fund's lifespan had lapsed, but the County Assembly extended it. Consequently, the CoB approved withdrawal requests to support the funds' operations.

3.24.12 County Corporations, Municipalities and Agencies

The County has 3 County Corporations and 2 municipalities, which were allocated Kshs.725 million in FY 2025/26. Their total transfers to these entities during the review period amounted to Kshs.358.94 million, as shown in Table 3.368.

Table 3.368: Performance of Mandera County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Mandera Water and Sewerage Company	120,000,000	45,000,000	97,000,000	1,401,100,897
2	Elwak Water and Sewerage Company	80,000,000	35,040,000	108,040,000	458,000,000
3	Takaba Water and Sewerage Company	40,000,000	10,400,000	38,310,000	43,310,000
4	Mandera Municipality	365,000,000	163,000,000	419,878,768	2,400,000,000
5	Elwak Municipality	120,000,000	105,500,000	214,500,000	618,986,596
	Total	**725,000,000**	**358,940,000**	**877,728,768**	**4,921,397,493**

Source: *Mandera County Treasury*

3.24.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.127.7 million and comprised Kshs.87.6 million spent by the County Assembly and Kshs.40.1 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.82 million, all of which was incurred by the County Assembly. Expenditure on foreign travel is summarised in Table 3.369.

Table 3.369: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	7	8th - 16th Feb 2026	Singapore on official duty	Singapore	1,575,000	-	1,575,000
County Assembly	7	8th - 16th Feb 2026	Singapore on official duty	Singapore	1,575,000	-	1,575,000
County Assembly	7	8th - 16th Feb 2026	Singapore on official duty	Singapore	1,575,000	-	1,575,000
County Assembly	20	8th - 16th Feb 2026	Attending modern Governance, Legislation and oversight	Singapore/Malaysia	19,813,920	-	19,813,920
County Assembly	2	13th - 19th Feb 2026	Capacity building on legislative oversight	UAE	1,198,460	-	1,198,460
County Assembly	1	12th - 17th Jan 2026	Capacity building on strategic public affairs & government relations	UAE	955,730	-	955,730
County Assembly	3	8th - 16th Feb 2026	Training on modern Governance, Legislation and oversight	Arusha Tanzania	4,126,260	-	4,126,260
Total					**30,819,370**	**-**	**30,819,370**

Source: *Mandera County Assembly*

3.24.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.232.04 million as FIF, which was 72 per cent of the annual target of Kshs.322.53 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 expenditure by the health facilities amounted to Kshs.659.36 million, as shown in Table 3.370.

Table 3.370: Mandera County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level 5 Hospital	1	560,185,789	493,458,515	88.09
2	Level 4 Hospital	6	150,675,000	127,759,412	84.79
3	Level 3 Facility	35	84,000,000	19,164,018	22.81
4	Level 2 Facility	65	78,000,000	18,981,148	24.33
	Total	**107**	**872,860,789**	**659,363,093**	**75.54**

Source: *Mandera County Treasury*

3.24.15 Development Expenditure

In the review period, the County reported spending Kshs. 4.31 billion on development programmes, representing an increase of 5.92 per cent compared to FY 2024/25, when the County spent Kshs. 4.07 billion. Table 3.371 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to improved implementation and completion of development projects.

Table 3.371: Mandera County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
1	Health Services	Proposed completion and upgrading of Banisa Level IV Hospital in Banisa Sub-County	Banisa	15-Apr-24	30-Jun-26	38,214,663	39,000,000	9,000,000	138,214,663	100
2	Water Services	Proposed augmentation and upgrading of the Banisa water supply at Banisa Town in Banisa Sub-County	Banisa	15-Apr-24	30-Jun-26	20,434,636	70,000,000	70,000,000	130,000,000	58.97
3	Water Services	Proposed augmentation and upgrading of the Ashabito Water Supply Project Phase 1 at Ashabito	Ashabito	15-Apr-24	30-Jun-26	81,459,147	19,000,000	9,000,000	46,000,000	56.47
4	Water Services	Proposed augmentation and upgrading of the Khalalio water supply project at Khalalio town in Mandera East Sub-County	Khalalio	15-Apr-24	30-Jun-26	66,227,207	35,000,000	35,000,000	44,000,000	66.44
5	Water Services	Proposed augmentation and upgrading of the Lafey water supply project at Lafey Town in Lafey Sub-County.	Lafey	15-Apr-24	30-Jun-26	128,388,015	32,000,000	32,000,000	67,000,000	52.19

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
6	Water Services	Proposed construction of Dandu Water Supply Project at Dandu Town in Dandu Sub-County	Dandu	15-Apr-24	30-Jun-26	117,910,821	40,000,000	40,000,000	80,000,000	67.85
7	Water Services	Proposed augmentation and upgrading of Rhamu water supply project (phase 1) in Mandera North Sub-County	Rhamu	15-Apr-24	30-Jun-26	208,818,953	70,000,000	70,000,000	130,000,000	62.25
8	Health Services	Proposed facility improvement at Elwak Hospital in Mandera South Sub-County	Elwak	15-Apr-24	30-Jun-26	42,976,100	22,775,700	22,775,700	42,775,700	99.53
9	Health Services	Proposed upgrading Rhamu Hospital in Mandera North Sub-County	Rhamu	15-Apr-24	30-Jun-26	75,671,221	20,000,000	20,000,000	49,000,000	64.75
10	Health Services	Proposed upgrading of Lafey Hospital in Lafey Sub-County	Lafey	15-Apr-24	30-Jun-26	68,251,897	20,000,000	20,000,000	49,000,000	71.79

Source: *Mandera County Treasury*

The County did not report on any stalled development projects as of 30 June 2026.

3.24.16 Budget Performance by Department

Table 3.372 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.372: Mandera County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	917.94	17.16	868.61	2.16	868.61	2.16	100	100	94.63	12.59
County Executive Services	517.22	-	510.81	-	510.81	-	100	-	98.76	-
Finance and Economic Planning	465.23	3.80	465.86	0.80	464.59	0.80	99.73	100	99.86	21.04
Agriculture, Livestock and Fisheries	288.23	559.59	281.00	466.25	281.00	449.74	100	96.46	97.49	80.37
Water, Energy, Environment and Natural Resources	341.41	2,138.11	338.38	1,992.69	338.38	1,959.59	100	98.34	99.11	91.65
Education and Human Capital Development	1,119.45	300.12	1,087.63	292.40	1,096.59	292.40	100.82	100	97.96	97.43
Health Services	2,950.48	425.82	2,657.98	432.64	2,657.74	407.71	99.99	94.24	90.08	95.75
Lands and Urban Development	137.29	655.45	136.40	585.00	136.40	585.00	100.00	100	99.35	89.25
Roads, Transport and Works Roads	262.79	413.37	246.27	409.78	256.84	409.78	104.29	100	97.74	99.13
Social Development	419.49	140.96	419.02	114.40	419.48	114.40	100.11	100	100	81.16
Public Service Management	1,901.44	-	1,859.86	-	1,841.05	-	98.99	-	96.82	-
County Public Service Board	62.44	5.00	60.83	-	61.08	-	100.41	-	97.82	-
Trade and Cooperative Development	66.86	297.96	62.30	38.85	66.84	38.85	107.29	100	99.97	13.04
Office of the County Secretary	178.39	427.73	177.68	38.85	175.57	47.38	98.81	121.97	98.42	11.08
Office of the County Attorney	79.00	-	70.04	-	67.69	-	96.63	-	85.68	-
	9,707.65	**5,385.08**	**9,242.66**	**4,373.82**	**9,242.66**	**4,307.81**	**100**	**98.49**	**95.21**	**80**

Source: *Mandera County Treasury.*

Analysis of expenditure by departments shows that the Department of Roads recorded the highest absorption rate of development budget at 99.13 per cent, followed by the Department of Education at 97.43 per cent. The Department of Social Services had the highest percentage of recurrent expenditure to budget at

100 per cent. In comparison, the department of the Office of the County Attorney had the lowest at 85.68 per cent.

3.24.17 Budget Execution by Programmes and Sub-Programmes

Table 3.373 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.373: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Department	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
DEVELOPMENT								
Preventive, Promotive and Reproductive Health Services	Health Services	Preventive, Promotive and Reproductive Health Services	197,528,471	227,059,949	154,000,887	227,059,949	77.96	100.00
Revenue Collection and Enhancement	Finance and Economic Planning	Revenue Collection and Enhancement	70,748,000	799,408	70,747,200	799,408	100.00	100.00
Road And Air Transport Infrastructure Development	Roads, Public Works and Transport	Road And Air Transport Infrastructure Development	111,285,066	349,684,389	110,300,223	349,580,995	99.12	99.97
Irrigation Development and Management	Agriculture, Livestock and Fisheries	Irrigation Development and Management	29,914,563	33,500,000	25,414,563	33,366,807	84.96	99.60
Early Childhood Education	Education and Human Capital Development	Early Childhood Education	89,250,000	188,149,007	89,250,000	186,099,932	100.00	98.91
RECURRENT								
General Administration & Support Services	Roads, Public Works and Transport	General Administration & Support Services	143,002,150	-	143,002,150	-	100.00	-
General Administration and Planning	Trade and Cooperative Development	General Administration and Planning	44,658,611	-	44,658,611	-	100.00	-
Cooperative Development and Promotion	Trade and Cooperative Development	Cooperative Development and Promotion	11,700,000	5,000,000	11,700,000	-	100.00	-
Early Childhood Education	Education and Human Capital Development	Early Childhood Education	89,250,000	188,149,007	89,250,000	186,099,932	100.00	98.91
Education Support Services	Education Support Services	Education Support Services	4,500,000	-	4,500,000	-	100.00	-

***Source**: Mandera County Treasury*

The development sub-programmes with the highest budget implementation rates were Preventive, Promotive and Reproductive Services in the Department of Health, Revenue Collection and Enhancement in the Department of Finance, and Road Transport Infrastructure in the Department of Roads at 100 per cent, 100 per cent, and 99.97 per cent respenctively.

For recurrent sub-programmes, the top performers included: General Administration and Support Services in the Department of Roads at 100 per cent, Cooperative Development in the Department of Trade at 100 per cent, and Early Childhood Development in the Department of Education at 100 per cent.

The higher performance of these programmes was attributed to their prioritisation by the county administration.

Table 3.374 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.374: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Department	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
DEVELOPMENT								
Legislation and Representation	County Assembly	Legislation and Representation	917,936,058	17,160,000	868,610,378	2,159,654	94.63	12.59
Trade Development and Promotion	Trade and Cooperative Development	Trade Development and Promotion	10,500,000	292,964,332	10,483,023	38,849,127	99.84	13.26
Environment and Climate Change	Water, Energy, Environment and Climate Change	Environment and Climate Change	25,800,000	409,446,392	23,929,373	297,365,777	92.75	72.63
Food Security and Sustainable Agriculture	Agriculture, Livestock and Fisheries	Crop Management and Development	44,205,990	381,866,646	43,705,990	294,416,897	98.87	77.10
Livestock Resources Management and Development	Agriculture, Livestock and Fisheries	Livestock Resources Management and Development	65,000,000	144,223,885	64,038,095	121,958,072	98.52	84.56
RECURRENT								
Public Works Management	Roads, Public Works and Transport	Public Works Management	8,500,000	63,690,391	3,540,483	60,197,244	41.65	94.52
Curative, Rehabilitative, and Referral Services	Health Services	Curative, Rehabilitative and Referral Services	994,909,886	198,757,294	747,640,000	180,647,407	75.15	90.89
Preventive, Promotive and Reproductive Health Services	Health Services	Preventive, Promotive and Reproductive Health Services	197,528,471	227,059,949	154,000,887	227,059,949	77.96	100.00
Irrigation Development and Management	Agriculture, Livestock and Fisheries	Irrigation Development and Management	29,914,563	33,500,000	25,414,563	33,366,807	84.96	99.60
Legal and Public Sector Advisory Services	Office of the County Attorney	Legal and advisory services	79,000,000	-	67,685,948	-	85.68	-

Source: *Mandera County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Legislation and Representation Services in the County Assembly at 12.59 per cent, Trade Development in the Department of Trade at 13.26 per cent, and Environment and Climate Change at 72.63 per cent.

For recurrent sub-programmes, the poorest performers included: Public Works Management in the Department of Roads at 41.65 per cent, Curative Services in the Department of Health at 75.15 per cent, and Preventive Services in the Department of Health at 75.15 per cent. These lower performances were attributed to late exchequer disbursements

3.24.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.2.5 billion. This amount consisted of

Kshs.2.49 billion from the County Executive and Kshs.6.07 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.18 billion for recurrent expenditure and Kshs.1.31 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.897.57 million, comprising Kshs.405.45 million (45.17 per cent) for recurrent programmes and Kshs.492.12 million (54.83 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.6.07 million, all for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.3.8 billion for the County Executive and Kshs. 25.99 million for County Assembly. Table 3.375 provides additional details of trade payables.

Table 3.375: Mandera County Trade Payables as of 30 June 2026

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,309,515,262	1,184,279,219	2,493,794,481
	County Assembly		6,073,972	6,073,972
	Total	**1,309,515,262**	**1,190,353,191**	**2,499,868,453**
Amount paid in FY 2025/26	County Executive	492,121,300	405,452,470	897,573,770
	County Assembly		6,073,972	6,073,972
	Total	**492,121,300**	**411,526,442**	**903,647,742**
Trade Payables Incurred in FY 2025/26	County Executive	1,272,666,291	930,126,895	2,202,793,186
	County Assembly	-	25,987,645	25,987,645
	Total	**1,272,666,291**	**956,114,540**	**2,228,780,831**
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	2,090,060,253	1,708,953,645	3,799,013,897
	County Assembly	-	25,987,645	25,987,645
	Total	**2,090,060,253**	**1,734,941,290**	**3,825,001,542**

Source: *Mandera County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.966.27 million and Kshs.6.07 million, respectively, in FY 2025/26. The County Executive adhered to this payment plan, as it cleared Kshs.897.57 million during the reporting period. Similarly, the County Assembly adhered to this plan as it cleared all outstanding trade payables in FY 2025/26

Table 3.376 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.3.83 billion.

Table 3.376: Mandera County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	**1,272,666,291**	**-**	**-**	**817,393,962**	**2,090,060,253**
Recurrent Trade Payables (Goods & Services)	*487,863,877*	-	*778,826,749*	-	*1,266,690,626*
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	*442,263,019*	-	-	-	*442,263,019*
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	930,126,895	-	778,826,749	-	1,708,953,645

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Total Trade Payables	**2,202,793,186**	**-**	**778,826,749**	**817,393,962**	**3,799,013,897**
% of Total	**57.98**	**0.00**	**20.50**	**21.52**	**100.00**

Source: *Mandera County Treasury*

Table 3.377: Mandera County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	25,987,645	-	-	-	25,987,645
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-				-
Total Recurrent Trade Payables	**25,987,645**	**-**	**-**	**-**	**25,987,645**
Total Trade Payables	**25,987,645**	**-**	**-**	**-**	**25,987,645**
% of Total	**100**	-	-	-	-

Source: *Mandera County Treasury*

As shown in Table 3.376 and Table 3.377, the total salary arrears and statutory deductions for trade payables amounted to Kshs.442.26 million, which represented 11.56 per cent of the total trade payables of Kshs.3.83 billion as of 30 June 2026. The statutory deductions included net salary arrears of Kshs.263.97 million, Kshs.62.22 million KRA dues, Kshs.43.89 million for LAPTRUST/LAPFUND as well as SHIF dues of Ksh.10.05 million and Kshs.11.75 million for Housing Levy.

Additionally, the two tables indicate that 57.98 per cent of total trade payables are aged under one year. To address this situation, the county should prioritise the settlement of pending bills.

3.24.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 61 accounts across CBK and commercial banks, of which 26 were held at the CBK and 35 at commercial banks. Of those at the commercial banks, 14 accounts were for FIF operations and collection, 7 accounts were for revenue collection, 4 municipal operations accounts, 1 account for the Established Fund (bursary), 3 County Assembly accounts, 1 account for the ELRP project, 1 retention account, 3 water companies' accounts and 1 Finance Department operations account.

The County Treasury submitted copies of authorisation letters to the Controller of Budget for opening 35 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.24.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.409.24 million against an annual target of Kshs.682.53 million, representing 60 per cent of the financial year target.

ii. High level of trade payables, which amounted to Kshs.3.83 billion as of 30 June 2026.

iii. Compensation of employees amounting to Kshs.362.41 million for 515 staff not onboarded into the HRIS, and 581 casual staff were processed through manual payroll, accounting for 6.87 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

iv. The delayed 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 2026.

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 that genuine bills are paid promptly in the ensuing financial year in line with its Trade Payables Action Plan.*

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 convert staff employment on contract and casual basis to permanent basis as provided under Section 74 of the County Governments Act 2012 while adhering to the approved staff establishment.*

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

3.25. County Government of Marsabit

3.25.1 Overview of FY 2025/26 Budget

The Marsabit County Supplementary Budget for FY 2025/26 was Kshs.11.03 billion. It comprised Kshs.4.36 billion (40 per cent) and Kshs.6.67 billion (60 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.715.30 million (6.93 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.4.27 billion and a recurrent budget of Kshs.6.04 billion. The increase in the budget was primarily attributed to the rise in Equitable Share Allocation, rollover of unspent balances (Cash Balances Brought Forward) and growth in local revenue collections and operational retention under hospital/health facility funding (FIF).

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.8.11 billion (73 per cent), additional allocations of Kshs.1.82 billion (16 per cent), a cash balance brought forward from FY 24/25 of Kshs.789.15 million (7 per cent) and Kshs.200.00 million (2 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.375.

3.25.2 Revenue Performance

During the year, the County reported total receipts of Kshs.9.58 billion. The total revenue consisted of Kshs.8.11 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.816.22 million, and own-source revenue (OSR) collection of Kshs.87.08 million. Additionally, the County had a cash balance of Kshs.442.79 million from FY 2024/25. The total OSR collection of Kshs.192.00 million included Facilities Improvement Financing (FIF) of Kshs.104.92 million and Kshs.87.08 million from other OSR sources. Table 3.378 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.378: Marsabit County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	787,859,156.38	441,493,144.32	0.00	441,493,144.32	56
2	County Executive Refunds to CRF	638.49	638.49	0.00	638.49	100
3	County Assembly Refunds to CRF	1,292,150.33	1,292,150.33	0.00	1,292,150.33	100
	Sub-Total	**789,151,945.20**	**442,785,933.14**	**0.00**	**442,785,933.14**	**56**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,105,669,078.00	8,105,669,078.00	0.00	8,105,669,078.00	100
	Sub-Total	**8,105,669,078.00**	**8,105,669,078.00**	**0.00**	**8,105,669,078.00**	**100**
C	**Additional Allocations (Including Grants)**					
1	**Unconditional Additional Allocations to County Governments**					
B	Allocations for 20% Share of Mineral Royalties	1,724,590.00	1,724,590.00	0.00	1,724,590.00	100
2	**Conditional Additional Allocations from the National Government's**					
A	Settlement of Doctors' Salary Arrears	15,028,763.00	0.00	0.00	0.00	0
B	Community Health Promoters (CHPs) Programme	60,090,000.00	0.00	0.00	0.00	0
3	**Conditional Allocations from Loans and Grants**					
1	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	250,000,000.00	182,767,821.00	0.00	182,767,821.00	73
2	Food Systems Resilience Project (FSRP)	246,153,846.00	244,752,079.00	0.00	244,752,079.00	99
3	Drought Resilience Programme in Northern Kenya (DRPNK)	580,002,208.00	167,909,076.00	0.00	167,909,076.00	29
4	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500.00	70,503,589.00	0.00	70,503,589.00	97
5	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,500,000.00	0.00	0.00	0.00	0
6	Kenya Livestock Commercialisation Project (KelCop)	70,250,000.00	32,743,435.70	0.00	32,743,435.70	47
7	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	26,000,000.00	0.00	0.00	0.00	0

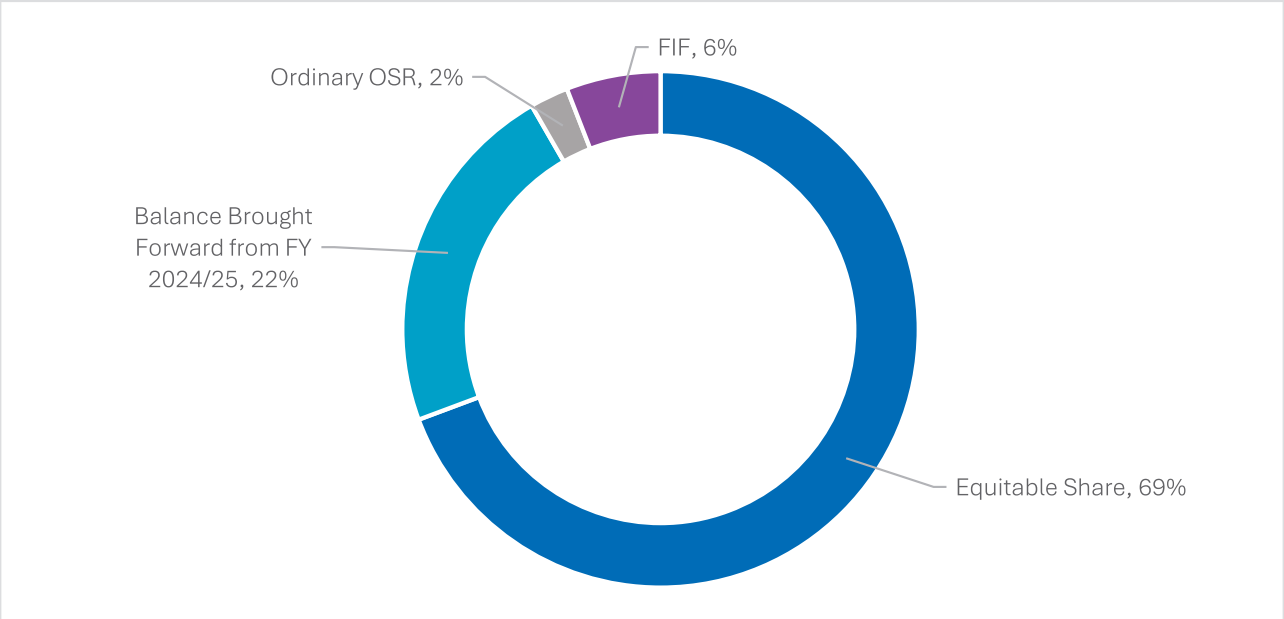
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
8	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	50,000,000.00	32,309,300.00	0.00	32,309,300.00	65
9	DANIDA	10,914,000.00	0.00	0.00	0.00	0
10	Road Maintenance Levy Fund	83,508,017.00	83,508,017.00	0.00	83,508,017.00	100
	Sub-Total	**1,819,080,924.00**	**816,217,907.70**	**0.00**	**816,217,907.70**	**45**
D	**Ordinary Own Source Revenue (OSR)**					
1	Produce		35,139,993.00	0.00	35,139,993.00	
2	Marsabit Municipality		12,049,784.00	0.00	12,049,784.00	
3	Livestock Charges		8,845,275.00	0.00	8,845,275.00	
...	Other OSR streams (29 revenue streams)		31,046,544.60	0.00	31,046,544.60	
	Sub-Total	**200,000,000.00**	**87,081,596.60**	**0.00**	**87,081,596.60**	**44**
E	**Facility Improvement Financing (FIF)**					
1	SHIF	99,600,000.00	98,571,606.52	27,810,657.00	126,382,263.52	127
2	Other (Collections through HMIS - MEDIBOSS, since July 2012)	20,400,000.00	6,346,353.00	0.00	6,346,353.00	31
	Sub-Total	**120,000,000.00**	**104,917,959.52**	**27,810,657.00**	**132,728,616.52**	**111**
Total		**11,033,901,947.20**	**9,556,672,474.96**	**27,810,657.00**	**9,584,483,131.96**	**87**

Source: *Marsabit County Treasury*

Balance at CRF (56 per cent) reflects that only part of the FY 2024/25 unspent balance had been confirmed and swept into the CRF by year-end. Several conditional grants and loans performed below target, notably DRPNK (29 per cent), KDSP II Level 2 Grant, Community Health Promoters, Doctors' Salary Arrears and Kenya Urban Support Programme-UIG (all 0 per cent, as no disbursements were received during the year), FLLoCA-CCRI (73 per cent) and KELCOP (47 per cent), largely on account of delayed disbursement by the National Treasury and development partners rather than any County-level under-performance. Ordinary OSR performance (44 per cent) reflects weak enforcement outside major town centres and a lack of an automated revenue collection system. SHIF collections, on an accrual basis (actual receipts plus arrears earned during the year), reached 127 per cent of target on account of higher-than-projected claims reimbursement and arrears accrued during the year, while the MEDIBOSS-collected "Other" FIF stream underperformed (31 per cent).

The County does not have governing legislation on the operation of ordinary A-I-A and Facilities Improvement Financing (FIF). Figure 3.142 provides a detailed breakdown of receipts.

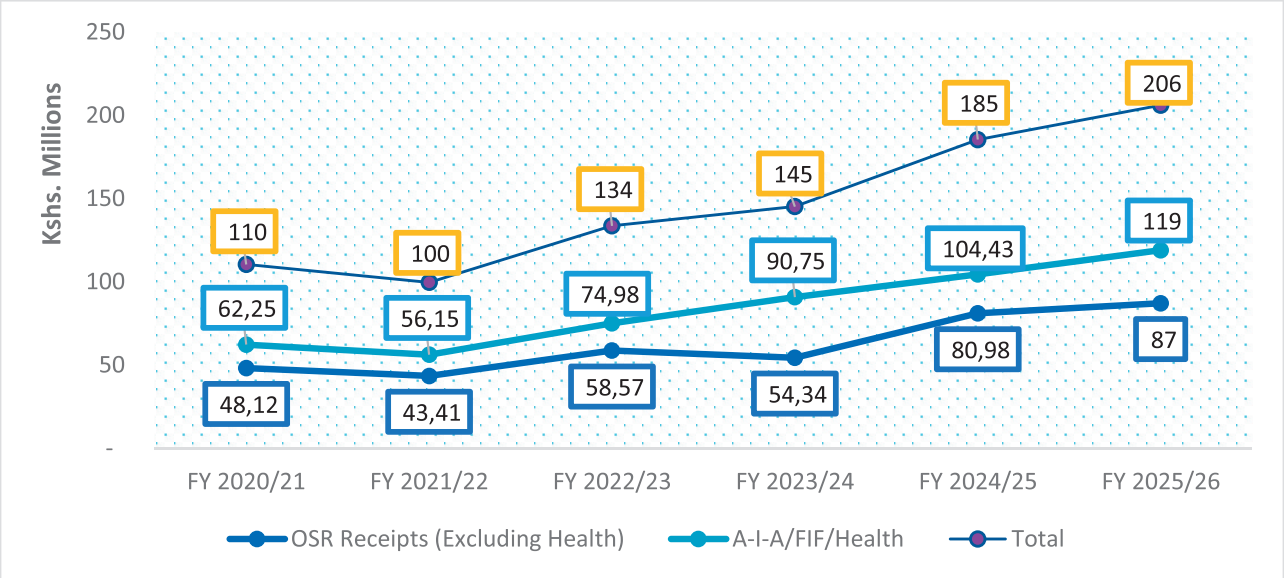
Figure 3.142: Marsabit County Composition of Revenue in FY 2025/26



Source: *Marsabit County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 69 per cent, 2 per cent and 6 per cent, respectively, of the total receipts for the reporting period. Figure 3.143 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.143: Marsabit County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



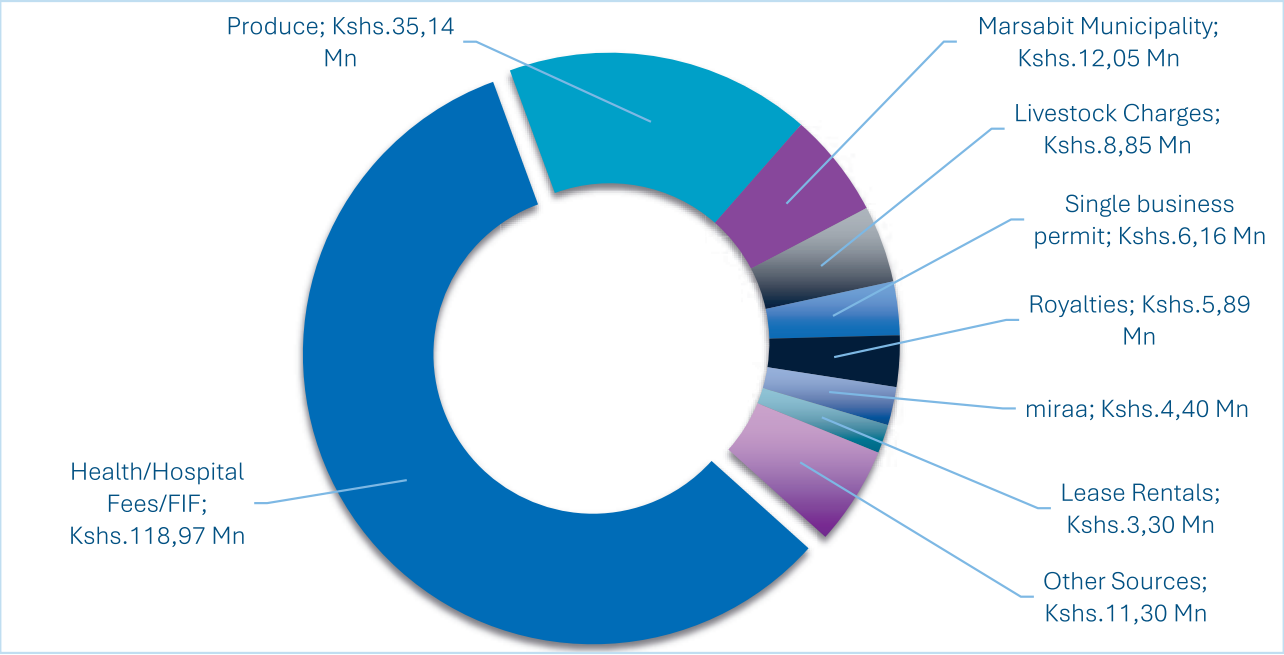
Source: *Marsabit County Treasury*

During the year, the County received Kshs.206.05 million from OSR, including FIF. This amount was an increase of 11 per cent over Kshs.185.42 million realised in FY 2024/25, representing 64 per cent of the annual target and 3 per cent of the equitable revenue share disbursed.

The underperformance in OSR collection against the target was attributed to delays in automating revenue collection, weak enforcement in some revenue streams outside major town centres, and non-remittance of some conditional additional allocations and grants during the year.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.144.

Figure 3.144: Marsabit County Top Own Source Revenue Streams in FY 2025/26



Source: Marsabit County Treasury

As shown in Figure 3.144, the largest revenue stream, at Kshs.118.97 million, was Health/Hospital Fees, accounting for 58 per cent of total OSR receipts (including FIF). The County Government has not automated OSR collection. The system utilised for FIF revenue collection is called MEDIBOSS, which has been in use since July 2012.

3.25.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.221.35 million, which decreased to Kshs.126.43 million as of 30 June 2026. The County tracks its revenue arrears manually. Data on arrears was available for FIF/SHIF, MEDIBOSS collections, and Land Rates; arrears for the Equitable Share, Additional Allocations, and other Ordinary OSR streams were not availed to the CoB and are flagged as an outstanding data gap. Table 3.379 presents a breakdown of the County's revenue arrears.

Table 3.379: Marsabit County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
	Sub-Total					
A	**Facility Improvement Financing (FIF)**					
1	SHIF	148,996,000.00	0.00	118,974,699.00	27,810,657.00	57,831,958.00
2	Collection through HMIS (MEDIBOSS, since July 2012)	24,500,000.00	0.00	6,346,353.00	0.00	18,153,647.00
	Sub-Total	**173,496,000.00**	**0.00**	**125,321,052.00**	**27,810,657.00**	**75,985,605.00**
C	**Other Revenues**					
1	Land Rates	47,858,075.00	0.00	354,860.00	2,939,261.00	50,442,476.00
	Sub-Total	**47,858,075.00**	**0.00**	**354,860.00**	**2,939,261.00**	**50,442,476.00**
Total		**221,354,075.00**	**0.00**	**125,675,912.00**	**30,749,918.00**	**126,428,081.00**

Source: *Marsabit County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.126.43 million, comprising Kshs.75.99 million for Facility Improvement Financing (60 per cent) and Kshs.50.44 million for Land Rates (40 per cent). The County instituted no specific measures to collect the outstanding receivables in FY 2025/26.

3.25.4 Borrowing by the County

The two arms of the County Government did not report any credit facilities or short-term borrowing with commercial banks in FY 2025/26.

3.25.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.9.11 billion from the Marsabit County Revenue Fund (CRF) account. This amount consisted of Kshs.2.88 billion (32 per cent) designated for development programmes and Kshs.6.23 billion (68 per cent) allocated for recurrent programmes.

An analysis of the released recurrent exchequers shows that Kshs.3.96 billion was allocated to employee compensation and Kshs.2.27 billion to operations and maintenance expenditures. Within the operations and maintenance category, 9 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequer for the County Executive totalled Kshs.58.98 million, while the foreign travel exchequer totalled Kshs.3.73 million. As of 30 June 2026, the County Government's cash balance in the Marsabit CRF account was Kshs.1.35 billion.

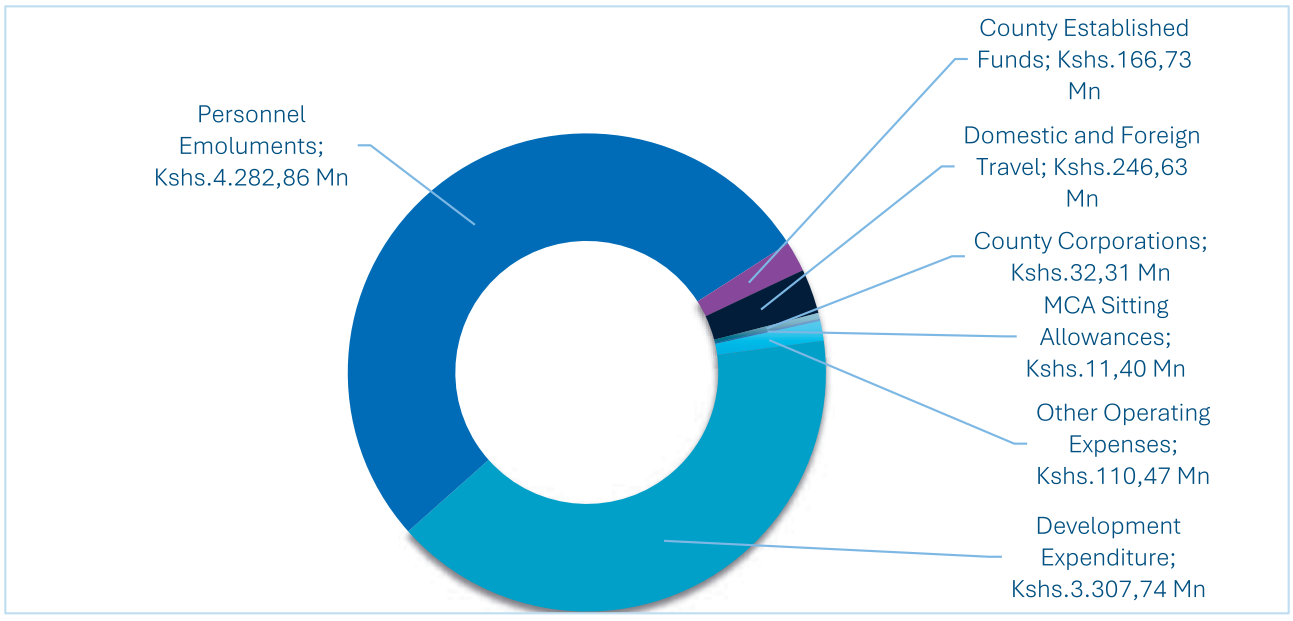
In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.364.59 million from the Marsabit County Assembly Fund (CAF) account in FY 2025/26. As of 30 June 2026, the County Government's cash balance in the Marsabit CAF account was Kshs.24.58 million.

3.25.6 Expenditure Review

The County spent Kshs.9.67 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 88 per cent of the total funds released by the CoB. It comprised Kshs.3.22 billion for development programmes and Kshs.6.45 billion for recurrent programmes. Expenditure on development programmes accounted for 74 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 97 per cent of the annual recurrent expenditure budget. Development expenditure absorption of 74 per cent falls marginally below the 75 per cent threshold, largely due to delayed disbursement of conditional grants and loans (see Table 3.145) and slow procurement processes for several development projects.

Figure 3.145 provides a detailed breakdown of total expenditure.

Figure 3.145: Marsabit County Composition of Expenditure in FY 2025/26



Source: *Marsabit County Treasury*

As shown in Figure 3.145, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic and Foreign, contributing 53 per cent, 41 per cent and 3 per cent of total expenditure for the reporting period.

3.25.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.92 billion in employee compensation, Kshs.1.80 billion in operations and maintenance, and Kshs.2.98 billion in development activities. Similarly, the County Assembly spent Kshs.364.33 million on employee compensation, Kshs.368.25 million on operations and maintenance, and Kshs.238.54 million on development activities, as shown in Table 3.380. The County Executive's compensation absorption rate of 105 per cent exceeded the approved budget, while its development absorption rate of 72 per cent fell below the 75 per cent threshold, attributable to payroll growth outpacing budget provision and to delays in development disbursements, respectively.

Table 3.380: Marsabit County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs.Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,928.15**	**741.49**	**5,375.49**	**723.67**	**338.83**	**8.91**	**5,714.32**	**732.58**	**96**	**99**
Compensation of Employees	3,736.00	372.31	3,616.62	362.34	301.91	1.99	3,918.53	364.33	105	98
Operations and Maintenance	2,192.15	369.18	1,758.88	361.33	36.92	6.92	1,795.79	368.25	82	100
Development Expenditure	**4,125.71**	**238.55**	**2,741.45**	**157.07**	**240.30**	**81.48**	**2,981.75**	**238.54**	**72**	**100**
Total	**10,053.86**	**980.04**	**8,116.94**	**880.73**	**579.13**	**90.39**	**8,696.07**	**971.13**	**86**	**99**

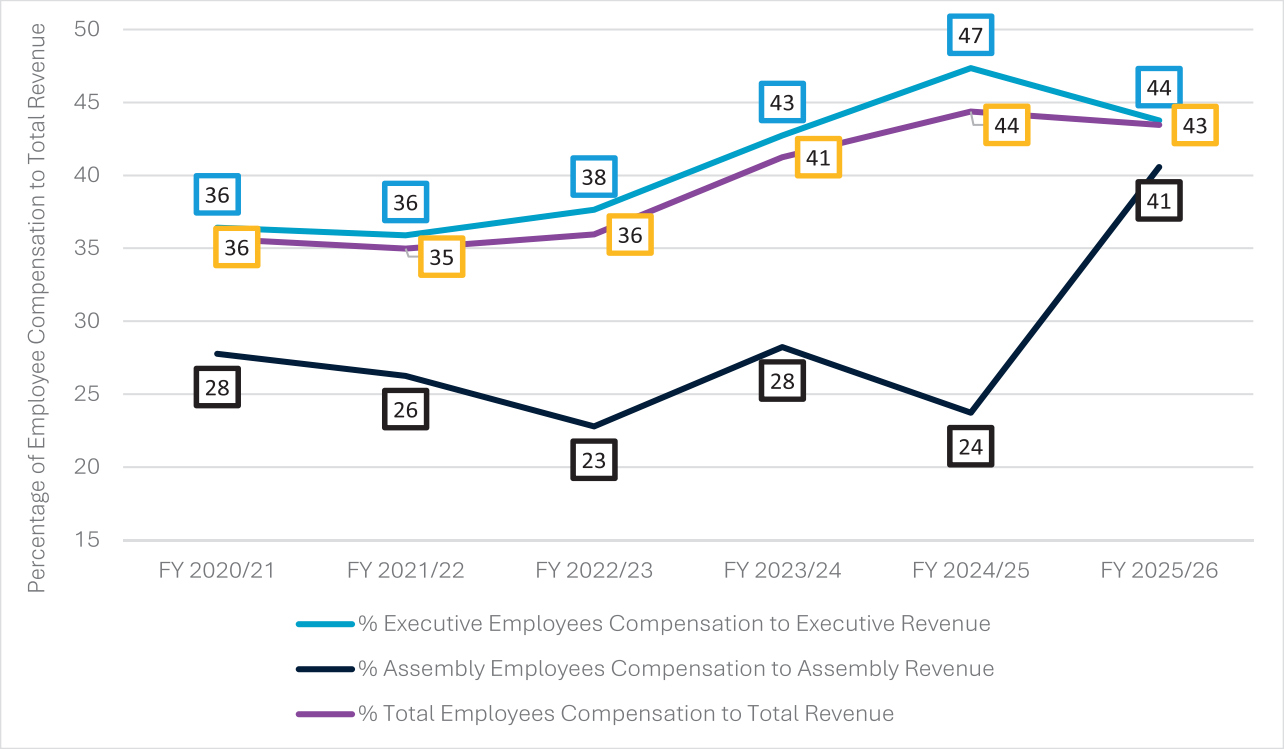
***Source**: Marsabit County Treasury*

3.25.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.4.28 billion, representing 45 per cent of total revenue received (Kshs.9.58 billion). Of this total, Kshs.1.80 billion related to Health Sector employees, accounting for 42 per cent of the overall employees' compensation.

Figure 3.146 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.146: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Marsabit County Treasury*

Further analysis indicated that PE costs amounting to Kshs.3.88 billion were processed through the Human Resource Information System (HRIS), representing 98 per cent of total personnel emoluments. In contrast, Kshs.79.22 million was processed through manual payrolls, which accounted for 2 per cent of the total PE cost. The justification for the continued use of manual payroll was payment of casual staff and security officers engaged on a short-term basis.

The manual payroll comprised salaries for staff paid outside the Human Resource Information System (HRIS), amounting to Kshs.77.59 million for the County Executive, and Kshs.1.63 million in top-up allowances for security officers in the County Assembly, as shown in Table 3.381.

Table 3.381: Analysis of Marsabit County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Staff not onboarded to HRIS	N/A	-	No additional staff-not-onboarded category distinct from casual/security staff below	N/A
2	Salaries for 352 casual staff		77,590,690.00	Casual staff engaged on a short-term basis	Ongoing HRIS onboarding
3	Top-up Allowances for 4 Security Officers		1,627,536.00	Security officers engaged on a short-term basis	Ongoing HRIS onboarding
	Total		**79,218,226.00**		

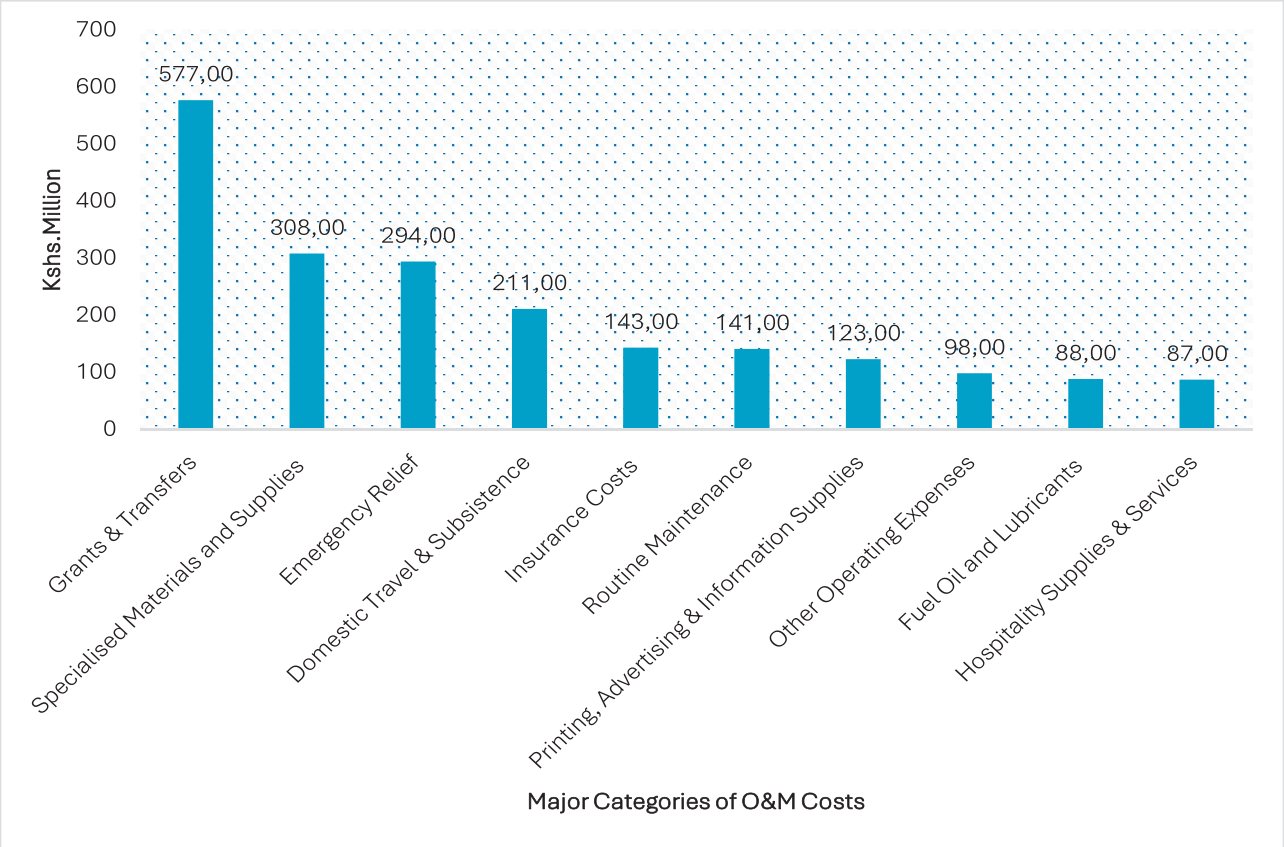
Source: *Marsabit County Treasury*

The County Assembly spent Kshs.11.40 million on committee sitting allowances for the 33 MCAs (including the Speaker) against the annual budget allocation of Kshs.12.00 million (95 per cent absorption). The average monthly sitting allowance was Kshs.38,378.45 per MCA.

3.25.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.16 billion on operations and maintenance, representing a 4 per cent increase over FY 2024/25. Figure 3.147 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.147: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: *Marsabit County Treasury*

During the year, the County spent Kshs.98.42 million on Other Operating Expenses, accounting for 5 per cent of total Operations and Maintenance (O&M) expenditure. This category was closely followed by Fuel Oil and Lubricants (Kshs.87.56 million) and Hospitality Supplies & Services (Kshs.87.21 million), which together reflected the operational costs required to sustain service delivery and routine administrative functions across county departments.

The County also incurred significant amounts on Grants & Transfers (Kshs.577.21 million), Specialised Materials and Supplies (Kshs.308.28 million), and Emergency Relief (Kshs.294.34 million), indicating that O&M spending was not only geared towards day-to-day operational needs but also towards supporting targeted interventions—such as emergency response and specialised support—to address emerging public service demands. Further, spending on Domestic Travel & Subsistence (Kshs.210,603.40) and Insurance Costs (Kshs.143,280.34) shows that a portion of O&M resources was directed at enabling field activities and safeguarding county assets and operations.

Overall, the distribution of O&M expenditure demonstrates that the largest cost drivers were (1) Grants & Transfers, (2) Specialised Materials and Supplies, and (3) Emergency Relief, with the remaining expenditure largely concentrated in fuel, hospitality, insurance, routine maintenance, and other operational support items.

3.25.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.110.47 million on "other operating expenses - other," which accounted for 5 per cent of the total operations and maintenance expenditure of Kshs.2.16 billion.

Table 3.382: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	County budgeting and planning services (Audit Department)	12.50	11.58
2211399	County budgeting and planning services (Revenue Department)	12.50	12.38
2211399	County budgeting and planning services (Finance Department)	15.20	11.37
2211399	County budgeting and planning services (Planning Department)	10.00	8.01
2211399	County Executive (Office of the Deputy Governor)	20.00	19.81
2211399	County Administration (Ward Admins / Security, Cohesion & Disaster Management)	21.00	20.85
2211399	Attorney Other Operating Expenses (Litigation)	13.48	13.42
2211399	County Public Service Board Other Operating Expenses (Recruitment)	1.00	1.00
2211399	Assembly Other Current Transfers (MCA Ward Office Expenses)	12.51	12.05
	TOTAL	**118.19**	**110.47**

Source: *Marsabit County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include domestic travel, public participation, communication, trade fairs, and video conferencing, making it difficult to determine their nature and map them to the correct budget codes.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, scanning/disposal of documents, clean-up exercises in towns, verification and validation of staff documents, EALASCA games, KICOSCA games, Governor's cup etc.

3.25.11 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.271 million to County-Established funds in FY 2025/26, representing 2 per cent of the County's overall budget. Of this amount, the County allocated Kshs.70 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for less than one (0.6) per cent of the total budget. Table 3.383 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.383: Performance of Marsabit County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established (i.e 22.09.2019)	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Marsabit County Enterprise Fund	24 July 2015	-	-	-	27,000,000	NO
2	Marsabit County State Officers and Other Public Officers Car Loan Scheme Fund	21 September 2015	-	-	-	34,000,000	NO

S/No.	Name of the Fund	Date Established (i.e 22.09.2019)	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
3	Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund	19 November 2015	-	-	-	121,000,000	NO
4	Marsabit County Emergency Fund	17 December 2014	70,000,000	-	-	826,999,240	NO
5	Marsabit County Scholarship Fund	31 December 2018	201,000,000	201,000,000	166,726,087.32	1,003,800,000	NO
		County Assembly Established Funds					
1	Car and Mortgage Loan Scheme for Staff	13 January 2019	-	-	9,554,041	141,570,671	NO
2	Marsabit County Assembly Car Loan and Mortgage –MemberS	28 April 2014	-	-	695,881	259,000,000	NO
	Total		**271,000,000**	**201,000,000**	**176,976,009**	**2,413,369,911**	

Source: *Marsabit County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated in Table 1.385, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the 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. In FY 2025/26, 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 did not approve any withdrawal requests to support the operations of the lapsed funds.

3.25.12 County Corporations, Municipalities and Agencies

The County has one County Corporation and one municipality, which were allocated Kshs.109.7 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.32.31 million, as shown in Table 3.384.

Table 3.384: Performance of Marsabit County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Established Corporations				
1	Marsabit Municipality	109,707,946.80	32,309,300.00	32,309,300.00	232,758,336.10
2	Marsabit Water and Sewerage Company Limited	-	-	-	114,098,745.00
	Total	**109,707,946.80**	**32,309,300.00**	**32,309,300.00**	346,857,081

Source: *Marsabit County Treasury*

Marsabit Municipality received only 29.45 per cent of its approved budget allocation. This absorption/transfer rate falls far below the 75 per cent threshold, highlighting a significant disbursement delay or under-funding in FY 2025/26.

Data from Marsabit Water and Sewerage Company Limited (MARSOWASCO) lists allocations, exchequer issues, and actual transfers for FY 2025/26. However, expenditure reports were not available despite showing cumulative transfers of Kshs.114.10 million since inception. The absence of reported financial performance data for MARSOWASCO for FY 2025/26 reflects a key gap in reporting and governance. It points to either non-submission of financial statements/reports by the utility, lack of fund disbursements to the entity during the period, or an oversight in financial monitoring and oversight reporting.

3.25.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.210.60 million and comprised Kshs.116.26 million spent by the County Assembly and Kshs.94.34 million by the County Executive. Expenditure on foreign travel amounted to Kshs.45.56 million and comprised Kshs.32.29 million by the County Assembly and Kshs.13.27 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.385.

Table 3.385: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	26th October- 3rd November 2025	Attending an exchange program on empowering legislative Administration for County Assemblies clerks	France	467,628	0	467,628
County Assembly	1	26th October- 3rd November 2025	Attending an exchange program on empowering legislative administration for County Assemblies clerks	Spain	333,032	0	333,032
County Assembly	7	8th to 12 December	Attending an exchange program on Ethiopia's key development sectors: Energy, Agriculture, Leather and Tourism	Ethiopia	3,108,000	0	3,108,000
County Assembly	7	15th to 19th Decemb-er2025	Attending exchange program on Ethiopia's integrated climate-smart Agriculture, Ranching in Arid areas through water management and Eco-Tourism Development	Ethiopia	3,108,000	0	3,108,000
County Assembly	4	1st to 5th December 2025	Attending an exchange program on Ethiopia's key development sectors, Energy, Agriculture, Leather and Tourism	Ethiopia	1,612,233	0	1,612,233
County Assembly	3	19th to 24th December 2025	Attending an exchange program on Ethiopia's key development sectors: Energy, Agriculture, Leather and Tourism	Ethiopia	1,100,000	0	1,100,000
County Assembly		2nd-4th December 2025	Attending IDU FORUM AT WASHINGTON, DC	USA	444,000	0	444,000

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	19th September to 26th September 2025	Attending an international conference on endocrinology, diabetes and metabolism	Dubai	449,000	0	449,000
County Assembly	12	25th-31st Jan 2026	Administration, coordination of County affairs and ICT committee attending training on governance, corruption and collective action	Ethiopia	3,781,960	0	3,781,960
County Assembly	7	25th-31st Jan 2026	Members of the Agriculture, Livestock and Fisheries Development Committee attending training on organic farming, agriculture and environmental sustainability	Ethiopia	2,133,950	0	2,133,950
County Assembly	1	25th-30th Jan 2026	Speaker of the County Assembly attending training on strategic leadership and presiding authority leading County Assemblies through crisis, conflict and political transition.	Dubai	669,240	-0	669,240
County Assembly	1	25th-29th May 2026	Attending the leadership summit organised by ICPAK	Singapore	865,280	0	865,280
County Assembly	6	29th June-3rd July 2026	Drivers attending the Executive protective driving and fleet operations programme	Arusha	1,460,550	0	1,460,550
County Assembly	2	20th-26th July 2026	Attending Governance and HR Management Capacity Building	Dubai	1,006,460	0	1,006,460
County Assembly	2	29th June-3rd July 2026	Drivers attending Executive protective driving and fleet operations programme	Arusha	460,460	0	460,460
County Assembly	7	20th-26th July 2026	Facilitating the Honourable Members of the County Assembly Service Board travelling to Dubai, UAE to attend governance and HR management capacity building	Dubai	3,828,370	0	3,828,370
County Executive	1	3 September 2025	Attending an energy conference	Novotel Perth, Australia	1,964,300	0	1,964,300
County Executive	1	13 October 2025	Attending the International Mayors Forum	Toyota City, Japan	916,700	0	916,700
Total					**27,709,163**		**27,709,163**

Source: Marsabit County Treasury and Marsabit County Assembly

The Controller of Budget (CoB) identified critical anomalies in foreign travel spending, highlighted by unrestricted delegation sizes that violate national austerity measures and Public Finance Management (PFM) directives. This is evidenced by repeated cohorts totalling 40 officers travelling to Ethiopia at a cost exceeding Kshs.14.8 million, and a 7-member County Assembly Service Board delegation spending Kshs.3.83 million on a 7-day trip to Dubai. Furthermore, significant cost inefficiencies were noted as routine operational capacity building—such as spending over Kshs.1.92 million to send eight drivers to Arusha, Tanzania—was conducted internationally rather than by leveraging domestic institutions such as the Kenya School of Government. Finally, high individual expenditure further underscores the lack of fiscal containment, as exemplified by a single executive official incurring Kshs.1.96 million for an energy conference in Perth, Australia.

To optimise spending and ensure value for money, the CoB advises the County to strictly enforce foreign travel clearance guidelines by requiring pre-approval justifications that demonstrate a direct benefit to public service delivery. The County should also cap delegation sizes for overseas events, mandate local or virtual formats for routine capacity-building and administrative driver training to protect public funds and conduct thorough post-travel audits that compare per diem allowances with actual trip reports to enforce strict financial accountability.

3.25.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.132.73 million as FIF, which was 111 per cent of the annual target of Kshs.120 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023. The expenditure by the health facilities amounted to Kshs.110.66 million, as shown in Table 3.386.

Table 3.386: Marsabit County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility		Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 5 Hospital		0			
2.	Level 4 Hospital		5	109,996,000.00	102,952,576.00	94
3.	Level 3 Facility		51	4,014,400.00	3,081,600.00	77
4.	Level 2 Facility		69	5,989,600.00	4,622,400.00	77
	Total			**120,000,000.00**	**110,656,576.00**	**92**

Source: *Marsabit County Treasury*

In FY 2025/26, Marsabit County's health facilities collected Kshs.132.73 million from service fees but spent only Kshs.110.66 million, leaving a 16.63 per cent gap of unutilised revenue. This underspending primarily stems from the County's failure to enact local regulations under the national Facility Improvement Financing (FIF) Act of 2023, which creates legal uncertainty and causes facility administrators to delay spending out of caution. The issue is further compounded at lower-tier health centres and dispensaries (Levels 2 and 3) that lack specialised finance staff to navigate complex public procurement laws and secure necessary approvals for spending promptly.

3.25.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.3.22 billion on development programmes, representing a 7 per cent increase over FY 2024/25, when the County spent Kshs.3.01 billion. The Kshs.210 million surge in development spending was largely driven by the timely release of funds to Marsabit County, which enabled the government to avoid typical disbursement delays. With steady cash flow, the county successfully paid contractors in accordance with its pending bill payment plan, clearing outstanding debts and keeping multi-year community improvement projects moving forward without interruption. Table 3.387 summarises the development projects with the highest expenditure in the reporting period.

Table 3.387: Marsabit County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
County Funded Projects										
1	Executive	Drought Mitigation-Supply and Delivery of Cereals	Marsabit	2023-2024	6/30/2026	277.85	277.85	277.85	277.85	100
2	Executive	Provision Of Water Trucking Services for Drought Mitigation	Marsabit	2021-2024	6/30/2026	29.25	29.25	29.25	29.25	100
3	Health	Completion Of Sololo Level IV Hospital	Sololo	2023-2024	6/30/2026	80.00	80.00	45.28	45.28	57
4	County Assembly	Construction And Completion of Modern Chamber	Marsabit	25-Apr-18		344.21	24.27	24.27	285.38	83
5	County Assembly	Structured Cabling and Pabx Works	Chamber -HQ	01-Apr-24	28/11/2025	72.50	12.39	12.39	51.45	71
6	County Assembly	Construction of Extension Of Office Development at Hq	Headquarters	2023-2024	6 January 2026	64.99	12.17	12.17	40.63	63
7	Health	Supply And Delivery of Cold Storage Facilities at Illeret	Illeret	2021-2024	6/30/2026	9.00	9.00	9.00	9.00	100
8	Education	Completion Of ECDE Class, Furnishing, Kitchen & Stores & Double Pit Latrine In Neliarai	Neliarai	2021-2024	6/30/2026	4.50	4.50	4.50	4.50	100
9	Water	Replacement Of Water Pipes At N/ Horr Town	North horr	2021-2024	6/30/2026	4.15	4.15	4.15	4.15	100
10	Health	Supply Of Vaccines	Marsabit	2021-2024	6/30/2026	4.00	4.00	4.00	4.00	100

Source: *Marsabit County Treasury*

The County did not report any stalled development projects as of 30 June 2026,

3.25.16 Budget Performance by Department

Table 3.388 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.388: Marsabit County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	741.49	238.55	733.39	157.07	732.58	157.07	100	100	99	66
County Executive	458.10	174.00	441.92	143.35	448.28	173.90	101	121	98	100
Finance & Economic Planning	518.13	769.00	510.15	763.67	503.77	765.67	99	100	97	100
Agriculture, Livestock & Fisheries	302.16	1268.87	299.49	617.05	278.85	858.71	93	139	92	68
County Public Service Board	107.38	5.00	102.98	4.98	100.06	4.98	97	100	93	100
Education, Skill Development, Youth & Sports	651.20	117.70	651.11	50.17	639.88	80.40	98	160	98	68
County Health Services	2192.05	201.57	2019.63	134.35	2187.14	169.51	108	126	100	84
Administration, Coordination & ICT	828.13	395.60	731.59	106.31	746.01	106.90	102	101	90	27
Energy, Lands & Urban Development	246.46	184.21	175.84	101.56	232.62	101.56	132	100	94	55
Roads & Public Works	125.48	132.91	100.57	116.45	119.90	132.65	119	114	96	100
Water, Environment & Natural Resources	175.03	602.44	167.53	422.28	170.14	487.72	102	115	97	81
Trade, Industry & Enterprise Development	107.41	252.70	100.23	250.59	105.25	251.56	105	100	98	100
Tourism, Culture & Social Services	184.64	21.70	164.17	12.62	178.55	17.12	109	136	97	79
Office of the County Attorney	26.48	0.00	23.05	0.00	25.73	0.00	112	0	97	0
Office of the County Secretary	5.50	0.00	5.45	0.00	4.77	0.00	88	0	87	0
	6669.64	**4364.26**	**6227.11**	**2880.45**	**6473.53**	**3307.74**	**104**	**115**	**97**	**76**

***Source**: Marsabit County Treasury*

Analysis of expenditure by departments shows that the Department of County Executive recorded the high-

est absorption rate of development budget at 99.9 per cent, followed by the Department of Roads & Public Works at 99.8 per cent. The Department of County Health Services had the highest percentage of recurrent expenditure to budget at 99.8 per cent, while the Department of Office of the County Secretary had the lowest at 86.8 per cent.

3.25.17 Budget Execution by Programmes and Sub-Programmes

Table 3.389 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.389: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department County Executive				
Programme 3: Inter/Intra-Governmental Coordination	SP 3.1 Executive Infrastructure Development	174,000,000	173,901,740	99.94
Department of Energy, Lands & Urban Development				
Land and Physical Planning Services	Administration and Support Services	7,600,000	7,592,810	99.91
Department Roads & Public Works				
Road Transport Infrastructure Development	Roads Infrastructure Development	132,908,017	132,652,052	99.81
Department of Finance & Economic Planning				
Programme 1: General Administration Support Services	SP1.1 Administration services	769,000,000	765,667,222	99.57
Department Trade, Industry & Enterprise Development				
Social Services	Development of social infrastructures	252,704,713	251,561,249	99.55
Recurrent				
Department County Assembly				
Programme 2: Legislature and Oversight	SP 2.1 Oversight services	149,594,180	149,594,180	100
Department of Education, Skills Development, Youth & Sports				
Programme 2: Early Childhood Development and Education	SP 2.1 Scholarships and educational benefits	201,000,000	201,000,000	100
Department of County Health Services				
Programme 2: Curative Health Services	Referral Services	18,400,000	18,397,355	99.99
	Provision of Essential Health Services in all sub-counties	10,000,000	9,988,811	99.89
Department of Education, Skill Development, Youth & Sports				
Programme 6: Sports	SP 6.1 Sports Training and Competitions	8,000,000	7,978,867	99.74
Department of Education, Skill Development, Youth & Sports				
Programme 3: Pre – Primary Education	SP 3.1 Early Childhood Development and Education	68,067,000	67,304,604	98.88

Source: *Marsabit County Treasury*

The development sub-programmes with the highest budget implementation rates were: Executive Infrastructure Development in the Department of County Executive at 100 per cent, Administration and Support services in the Department of Energy, Lands & Urban Development at 100 per cent, and Roads Infrastructure Development in the Department of Roads & Public Works at 100 per cent.

For recurrent sub-programmes, the top performers included: Oversight services in the Department of County Assembly at 100 per cent, Referral Services in the Department of County Health Services at 100 per cent, and Provision of Essential Health Services in all sub-counties in the Department of County Health Services at 100 per cent.

These sub-programmes achieved a 100 per cent budget implementation rate because Marsabit County prioritised funding for them, ensured strong operational readiness, and streamlined execution. Core public priorities—such as essential health services, road projects, and legislative oversight—were given top preference in cash allocations to prevent service disruptions. This focus was further supported by well-prepared procurement plans for major infrastructure projects and prompt financial approvals for daily healthcare and administrative operations, enabling funds to be spent in full without administrative bottlenecks.

Table 3.390 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.390: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department Administration, Coordination & ICT				
Coordination of functions of devolved units	Coordination of County Government Departments	395,600,000	106,896,761	27.02
Department of Agriculture, Livestock & Fisheries				
Programme 2: Livestock Resources Management and Development	SP 2.2 Livestock Production and Management	160,771,078	46,602,178	28.99
Department of Energy, Lands & Urban Development				
Urban Development Services	Towns Facelift	117,709,300	46,308,980	39.34
Recurrent				
Department County Executive				
Programme 2: Management of County Affairs	SP 2.2 Inter/Intra-Governmental Coordination	5,000,000	3,000,000	60.00
Department of Finance & Economic Planning				
Programme 2: Human Resource Management and Development	SP 2.1Human Resource Development	3,000,000	1,912,700	63.76
Department of Energy, Lands & Urban Development				
Land and Physical Planning Services	Land Mapping &Zoning, Survey, adjudication and Physical planning	18,000,000	12,036,079	66.87

Source: *Marsabit County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Coordination of County Government Departments in the Department of Administration, Coordination & ICT at 27 per cent, Livestock production and Management in the Department of Agriculture, Livestock & Fisheries at 29 per cent, and Towns Facelift in the Department of Energy, Lands & Urban Development at 39 per cent.

For recurrent sub-programmes, the poorest performers included: Inter/Intra Governmental Coordination in the Department of County Executive at 60 per cent, Human Resource Development in the Department of

Finance & Economic Planning at 64 per cent, and Land Mapping &Zoning, Survey, adjudication and Physical planning in the Department of Energy, Lands & Urban Development at 67 per cent.

These lower-budget performances in the sub-programmes were mainly due to operational delays, complex administrative procedures, and cash-flow constraints. Lengthy public procurement processes, legal land disputes, and delayed approvals for survey consultants stalled technical initiatives like land mapping and physical planning. Meanwhile, staff training and interdepartmental coordination programs suffered from slow cash disbursements from the county treasury, bureaucratic delays in obtaining travel and activity approvals, and the temporary redirection of administrative funds toward urgent operational needs.

3.25.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.2.25 billion. This amount consisted of Kshs.2.05 billion from the County Executive and Kshs.199.10 million from the County Assembly. The trade payables from the County Executive comprised Kshs.532.46 million for recurrent expenditure and Kshs.1.52 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.1.30 billion, comprising Kshs.532.46 million (41 per cent) for recurrent programmes and Kshs.764.34 million (59 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.151.87 million, comprising Kshs.30.55 million (20 per cent) for recurrent activities and Kshs.121.32 million (80 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.1.34 billion for County Executive and Kshs.90.39 million for County Assembly. Table 3.391 provides additional details of trade payables.

Table 3.391: Marsabit County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,522,467,645	532,460,806	2,054,928,451
		County Assembly	168,548,710	30,552,699	199,101,409
		Total	1,691,016,355	563,013,505	2,254,029,860
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	769,000,000.00	532,460,806.40	1,301,460,806.40
		County Assembly	170,600,000.00	30,552,698.80	201,152,698.80
		Total	939,600,000.00	563,013,505.20	1,502,613,505.20
Amount paid in FY 2025/26	c	County Executive	764,338,347	532,460,806	1,296,799,153
		County Assembly	121,317,576	30,552,699	151,870,275
		Total	885,655,923	563,013,505	1,448,669,428
Trade Payables Incurred in FY 2025/26	d	County Executive	240,301,648	338,827,356	579,129,004
		County Assembly	81,479,204	8,912,647	90,391,851
		Total	321,780,852	347,740,003	669,520,855
Outstanding trade payables as of 30 June 2026	e=a-c*b	**County Executive**	**998,430,946**	**338,827,356**	**1,337,258,302**
		County Assembly	**81,479,204**	**8,912,647**	**90,391,851**
		Total	**1,079,910,150**	**347,740,003**	**1,427,650,153**

Source: *Marsabit County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.23 billion and Kshs.201.15 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.1.30 billion for the Executive and Kshs.151.87 million for the Assembly.

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay

Kshs.1.23 billion and Kshs.201.15 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.1.30 billion for the Executive and Kshs.151.87 million for the Assembly.

Table 3.392 and Table 3.393 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.1.43 billion.

Table 3.392: Marsabit County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**240,301,648**	**29,727,716**	**353,486,004**	**374,915,578**	**998,430,946**
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	338,827,356	-	-	-	**338,827,356**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**338,827,356**	-	-	-	**338,827,356**
Total Trade Payables	**579,129,004**	**29,727,716**	**353,486,004**	**374,915,578**	**1,337,258,302**
% of Total	**43.31%**	**2.22%**	**26.43%**	**28.04%**	**100%**

Source: *Marsabit County Treasury*

Table 3.393: Marsabit County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**81,479,204**	-	-	-	**81,479,204**
Recurrent Trade Payables (Goods & Services)	6,921,414	-	-	-	6,921,414
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	1,991,233	-	-	-	1,991,233
Total Recurrent Trade Payables	**8,912,647**	-	-	-	**8,912,647**
Total Trade Payables	**90,391,851**	-	-	-	**90,391,851**
% of Total	**100%**	-	-	-	**100**

Source: *Marsabit County Treasury*

As shown in Table 3.393 and Table 3.394, the total salary arrears and statutory deductions for trade payables amounted to Kshs 338.83 million, which represented 24 per cent of the total trade payables of Kshs 1.43 billion as of 30 June 2026. The statutory deductions were all salary arrears of Kshs.338.83 million.

Additionally, the two tables indicate that 51 per cent of total trade payables are aged between 2 and 3 years, a trend attributed to delayed exchequer releases from the National Treasury, inaccurate budgetary cash-flow forecasting, and the awarding of multi-year infrastructure contracts without guaranteed upfront funding. To address this persistent liability, the county government should strictly enforce its pending bills payment plan by prioritising the settlement of older debts on a First-In, First-Out (FIFO) basis within budget allocations, strengthening cash-flow management, and halting the issuance of new development contracts until these long-overdue supplier debts are fully cleared.

3.25.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 131 accounts across CBK and commercial banks, of which 28 were held at the CBK and 103 at commercial banks. Of those at the commercial banks, 3 for donor commercial operational accounts, 2 for salaries accounts, one for revenue collection accounts, 10 for Special Operations Accounts including County Established Funds (Commercial Banks) 50 for health facilities operations accounts, 3 for municipalities operations accounts, 3 for Water and sewarage Companies Operations Accounts, 7 for Vocational Training Centres, did not disclose for Mpesa wallet accounts, and 20 for other accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.25.20 Key Observations and Recommendations

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

i. 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 2026, the Emergency Fund's lifespan had expired, rendering it ineligible for further withdrawals.

ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which contravened the requirements of Section 168 of the PFM Act, 2012. The reports for all Funds were not submitted to the CoB as of 15 July 2026.

iii. High level of trade payables amounting to Kshs.1.43 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

iv. 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.

v. 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 12 August 2026.

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

i. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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.*

ii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

iii. *The County Leadership should ensure that genuine bills are paid promptly in the ensuing financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

iv. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

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

3.26. County Government of Meru

3.26.1 Overview of FY 2025/26 Budget

The Meru County Approved Supplementary Budget for FY 2025/26 was Kshs.15.12 billion. It comprised Kshs.5.34 billion (34 per cent) and Kshs.9.79 billion (65 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.2.02 billion (15 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.3.88 billion and a recurrent budget of Kshs.9.23 billion. The increase in the budget was primarily attributed to the rise in unspent funds brought forward from FY 2024/25 and an increase in Hospital FIF revenue.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.10.55 billion (70 per cent), additional allocations of Kshs.1.47 billion (10 per cent), a cash balance brought forward from FY 24/25 of Kshs.1.26 billion (8 per cent) and Kshs.1.84 billion (12 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.394.

3.26.2 Revenue Performance

During the year, the County reported total receipts of Kshs.13.98 billion. This amount represented an increase of 12 per cent over the amount received in FY 2024/25 of Kshs.12.52 million. The total revenue consisted of Kshs.10.55 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.539.35 million, and own-source revenue (OSR) collection of Kshs.1.68 billion. Additionally, the County had a cash balance of Kshs.1.21 billion from FY 2024/25. The total OSR collection of Kshs.1.68 billion included Facilities Improvement Financing (FIF) of Kshs.1.23 billion, and Kshs.456.96 million from other OSR sources. Table 3.394 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.394: Meru County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	1,257,299,198	1,205,504,417		**1,205,504,417**	96
2	County Executive Refunds to CRF	64,056	64,056		**64,056**	100
3	County Assembly Refunds to CRF	82	82		**82**	100
	Sub-Total	**1,257,363,336**	**1,205,568,556**	**-**	**1,205,568,556**	**96**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	10,553,946,059	10,553,946,059	-	10,553,946,059	100
	Sub-Total	**10,553,946,059**	**10,553,946,059**	**-**	**10,553,946,059**	**100**
C	**Additional Allocations (Including Grants)**					
1	Unconditional Additional Allocations to County Governments					
A	Allocations for 20% Share of Mineral Royalties	-	32,901	-	32,901	-
2	Conditional Additional Allocations from the National Government's					

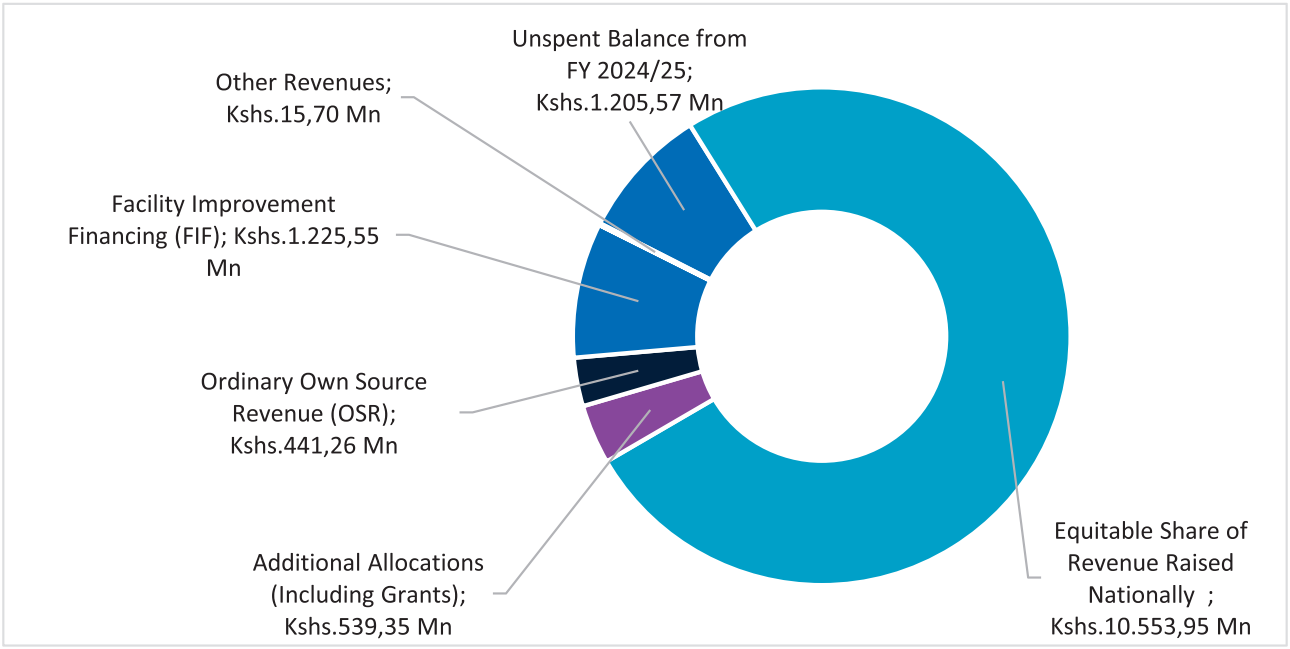
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	Settlement of Doctors' Salary Arrears	43,915,785	43,915,785	-	43,915,785	100
3	Conditional Allocations from Loans and Grants					
1	World Bank for the national agricultural value chain development project (NAVCDP)	251,250,000	231,109,437	-	231,109,437	92
2	IFAD Loan for Aquaculture Business Development Project (ABDP)	17,038,152	-	-	-	0
4	Primary Devolved Health Care in Devolved Context (PHDC) Programme(DANIDA)	12,382,500	12,954,000	-	12,954,000	105
5	Kenya Devolution Support Programme(KDSP II)- Recurrent	72,909,500	70,503,589	-	70,503,589	97
6	World Credit Financing Locally-Led Climate Action	355,891,778	180,834,472	-	180,834,472	51
7	World Bank KUSP (Kenya Urban Support Programme)-UIG	63,150,000	-	-	-	0
8	Kenya Devolution Support Programme(KDSP II)-Development	371,006,111	-	-	-	0
9	Kenya Roads Board- Fuel Levy 2024/25	284,617,468	-	-	-	0
	Sub-Total	**1,472,161,294**	**539,350,184**	**-**	**539,350,184**	**37**
D	**Ordinary Own Source Revenue (OSR)**-					
1	Single business permit	226,901,372	156,454,728	-	156,454,728	69
2	Cess	122,016,150	71,332,096	-	71,332,096	58
3	Parking fees	104,419,796	61,136,978	-	61,136,978	59
4	Market fee	51,779,748	28,036,172	-	28,036,172	54
5	Land Rates	97,402,625	19,486,093	-	19,486,093	20
6	Outdoor adverts. & Signboard	85,515,640	44,872,510	-	44,872,510	52
7	Building plans	43,384,796	23,126,105	-	23,126,105	53
8	Plot Rent	5,210,247	3,943,956	-	3,943,956	76
9	House rent/Stall rent	19,736,220	7,868,050	-	7,868,050	40
10	Slaughterhouse fees	8,939,431	4,579,480	-	4,579,480	51
11	Meat Inspection and Veterinary Services	1,694,867	1,111,130	-	1,111,130	66
12	Impounding Fees & Fines	2,282,349	2,710,039	-	2,710,039	119
13	Toilets' fee	884,014	371,740	-	371,740	42
14	Application fees	508,435	1,149,450	-	1,149,450	226
15	Income from county properties/Estates	286,582	190,500	-	190,500	66
17	Fire section fee	155,185	83,400	-	83,400	54

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
18	Refuse collection fee	974,603	360,000	-	360,000	37
19	Transfer & Subdivision fee	2,341,254	584,000	-	584,000	25
20	Sale of County Documents.	361,418	92,000	-	92,000	25
21	Audit Fees/Sacco registration	1,850,399	1,423,313	-	1,423,313	77
22	Weight and Measures	2,991,643	2,862,690	-	2,862,690	96
23	Surrender of Imprest/Salary	14,937,371	8,776,659	-	8,776,659	59
24	Burial permit (MTRH)	4,083	3,600	-	3,600	88
25	Libray fees	1,421,772	708,830	-	708,830	50
	Sub-Total	**796,000,000**	**441,263,519**	**-**	**441,263,519**	**55**
E	**Facility Improvement Financing (FIF)**					
1	SHIF	615,300,000	708,360,134	-	708,360,134	115
2	Other FIFs Sources	410,200,000	517,188,125	-	517,188,125	126
	Sub-Total	**1,025,500,000**	**1,225,548,259**	**-**	**1,225,548,259**	**120**
G	**Other Revenues**					
1	Kaguru ATC	20,000,000	15,701,061	-	15,701,061	79
	Sub-Total	**20,000,000**	**15,701,061**	**-**	**15,701,061**	**79**
Total		**15,124,970,689**	**13,981,377,637**	**-**	**13,981,377,637**	**92**

Source: *Meru County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.148 provides a detailed breakdown of receipts.

Figure 3.148: Meru County Composition of Revenue in FY 2025/26

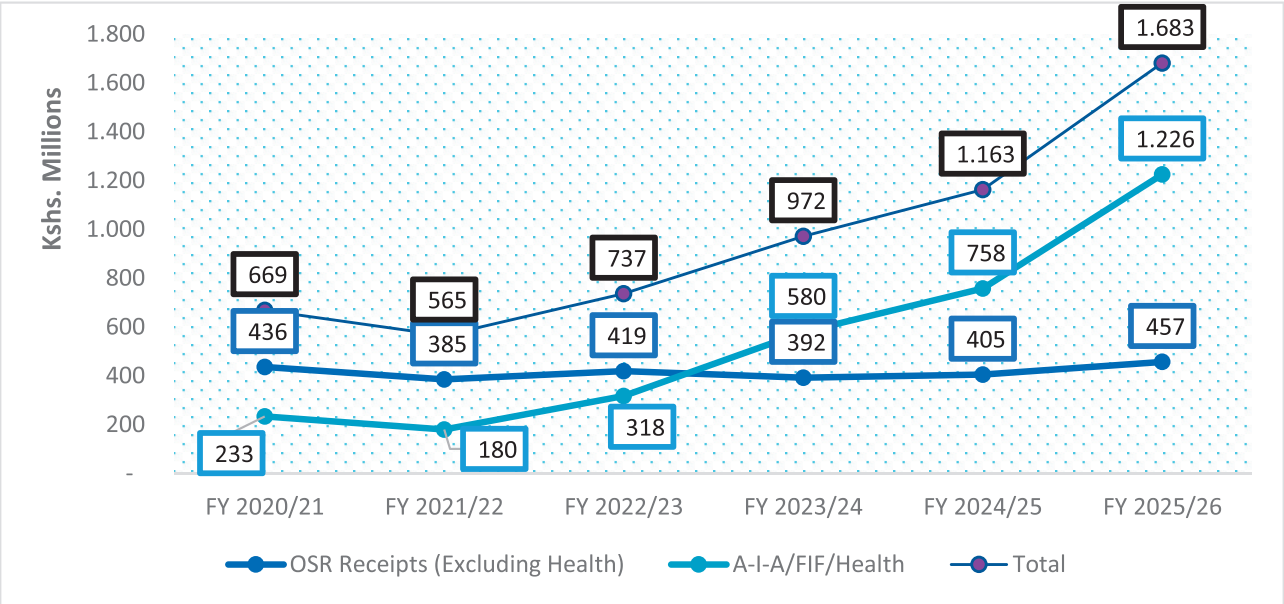


S***ource:*** *Meru County Treasury*

The equitable share of revenue raised nationally, Hospital FIF, and Unspent Balance from FY 2024/25 contributed 75 per cent, 9 per cent and 9 per cent, respectively, of the total receipts for the reporting period.

Figure 3.149 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.149: Meru County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

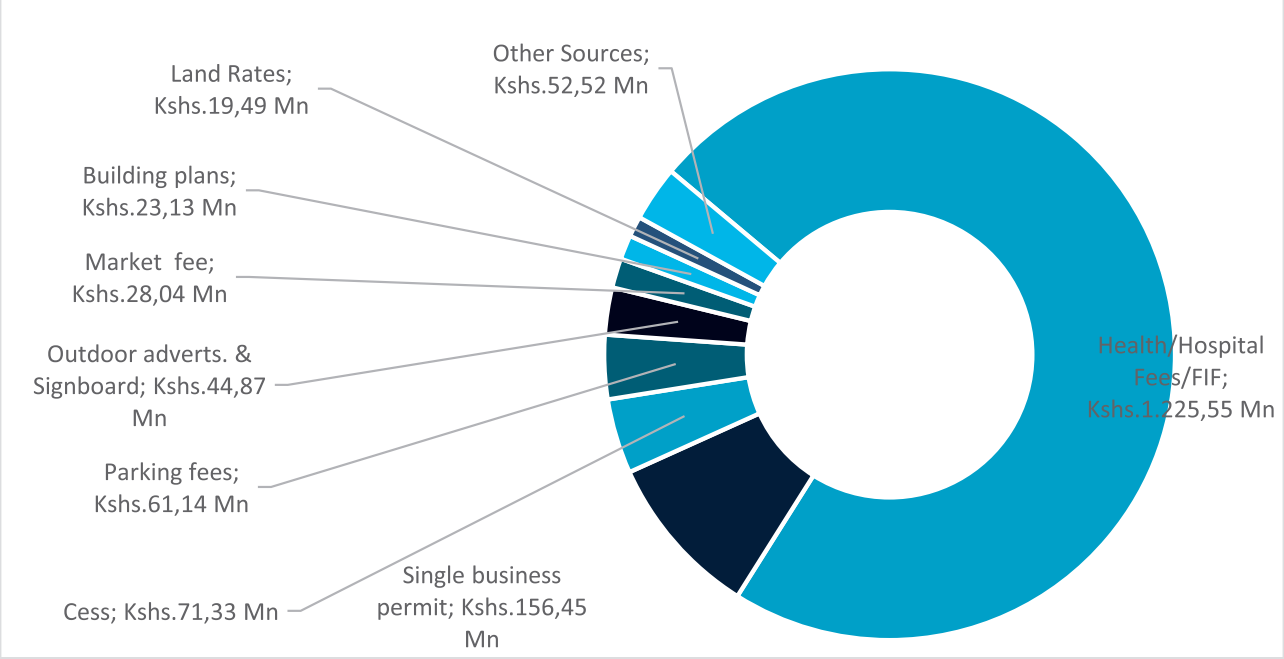


Source: *Meru County Treasury*

During the year, the County received Kshs.1.68 billion from OSR, including FIF. This amount was an increase of 45 per cent compared to Kshs.1.16 billion realised in FY 2024/25, and was 91 per cent of the annual target and 16 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to higher Health FIF revenue resulting from SHA reimbursement and the implementation of the Facility Improvement Financing Act, 2023, at the facility level. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.150.

Figure 3.150: Meru County Top Own Source Revenue Streams in FY 2025/26



Source: *Meru County Treasury*

As shown in Figure 3.150, the largest revenue stream, at Kshs.1.23 billion, was Health/Hospital Fees/FIF, accounting for 73 per cent of total OSR receipts. The County Government indicated that it has automated all 24 revenue streams.

3.26.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.830.93 million, which remains the same as of 30 June, 2026. The County tracks its revenue arrears using an automated system with a cash-basis option. Table 3.395 presents a breakdown of the County's revenue Arrears.

Table 3.395: Meru County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	C	d	f=a-b-c+d
Ordinary Own Sources of Revenue						
1	**House/Stalls**	3,525,077	-	-	-	3,525,077
2	**Land Rates**	766,992,995	-	-	-	766,992,995
3	**Plot Rent**	60,409,667	-	-	-	60,409,667
	Sub-Total	830,927,739	-	-	-	830,927,739
Total		**830,927,739**	-	-		830,927,739

Source: Meru *County Treasury*

As of 30 June 2026, the revenue Arrears totalled Kshs.830.93 million, comprising Kshs.3.53 million for House/Stalls (0.4 per cent, Kshs.766.99 million for Land Rates (92 per cent), and Kshs.60.41 million for Plot Rent (7 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include engaging a debt collector.

3.26.4 Borrowing by the County

The County Executive has had an overdraft facility with Kenya Commercial Bank since 2016. The credit facility is procured on a 60-day rolling basis to pay salaries during the review period. A summary of borrowing by the County is shown below:

Table 3.396: Summary of Borrowings by Meru County Government as of 30 June 2026

Lender	Purpose	Assembly Approval (Yes/No)	Opening Balance as of 1 July 2025 (Kshs.) (a)	Additions (Kshs.) (b)	Repayments (Kshs.) (c)	Closing Balance as of 30 June 2026 (Kshs.) (d=a+b-c)	Status / Risk
County Executive							
KCB	Salary Overdraft	Approved in CFSPs	470,145,655	1,858,021,732	1,764,108,797	564,058,590	Rolling 60 days

Source: Meru *County Treasury*

The County Executive has a short-term credit facility with Kenya Commercial Bank. The total amount borrowed during the period under review was Kshs.1.86 billion. The overdraft facility is procured on a 60-day rolling basis to pay employees' salaries. The credit balance as of 30 June 2026 was Kshs.Kshs.564.06 million.

3.26.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.12.03 million from the Meru County Revenue Fund (CRF) account. This amount consisted of Kshs.3.07 billion (26 per cent) designated for development programs and Kshs.8.38 billion (74 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.5.43 billion was allocated to employee compensation and Kshs.3.53 billion to operations and maintenance expenditures. Within the operations and maintenance category, 14 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.494.19 million, which included Kshs.238.43 million for the County Executive and Kshs.255.76 million for the County Assembly. Meanwhile, the foreign travel exchequers

amounted to Kshs.99.03 million, with Kshs.12.58 million for the County Executive and Kshs.86.45 million for the County Assembly.

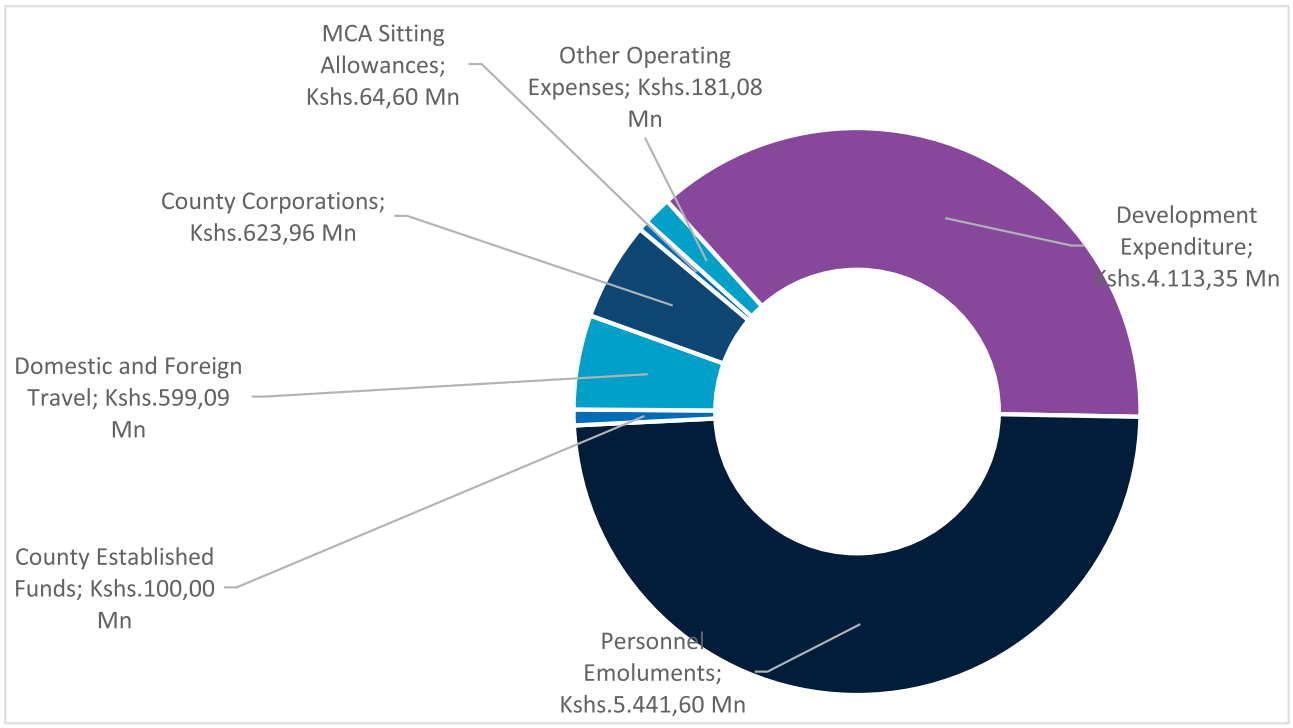
As of 30 June 2026, the County Government's cash balance in the Meru CRF account was Kshs.167.56 million. As of 30 June 2026, the Meru County Assembly Fund (CAF) was not in operation.

3.26.6 Expenditure Review

The County spent Kshs.13.89 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 115 per cent of the total funds released by the CoB. It comprised Kshs.4.22 billion for development programmes and Kshs.9.67 billion for recurrent programmes. Expenditure on development programmes accounted for 79 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 99 per cent of the annual recurrent expenditure budget.

Figure 3.151 provides a detailed breakdown of total expenditure.

Figure 3.151: Meru County Composition of Expenditure in FY 2025/26



Source: Meru *County Treasury*

As shown in Figure 3.151, the three highest expenditure categories were Personnel emoluments, development expenditure, and County Corporations, contributing 49, 37 and 6 per cent of total expenditure for the reporting period.

3.26.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.91 billion in employee compensation, Kshs.3.70 billion in operations and maintenance, and Kshs.4.11 billion in development activities. Similarly, the County Assembly spent Kshs.533.89 million on compensation of employees, Kshs.529.32 million on operations and maintenance, and Kshs.107.28 million on development activities, as shown in Table 3.397.

Table 3.397: Meru County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Mn) (a)		Amount Paid in FY 2025/26 (Kshs.Mn) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Mn) (c)		Total Expenditure in FY 2025/26 (Kshs. Mn) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**8,721.81**	**1,063.23**	**8,430.62**	**1,063.21**	**178.39**	**-**	**8,609.01**	**1,063.21**	**77**	**82**
Compensation of Employees	4,907.97	533.89	4,907.05	533.89	0.67	-	4,907.71	533.89	76	75
Operations and Maintenance	3,813.83	529.34	3,523.58	529.32	177.72	-	3,701.30	529.32	77	90
Development Expenditure	**5,199.67**	**140.27**	**3,901.94**	**93.66**	**211.41**	**13.61**	**4,113.35**	**107.28**	**54**	**55**
Total	**13,921.47**	**1,203.50**	**12,332.56**	**1,156.87**	**389.80**	**13.61**	**12,722.36**	**1,170.49**	**67**	**79**

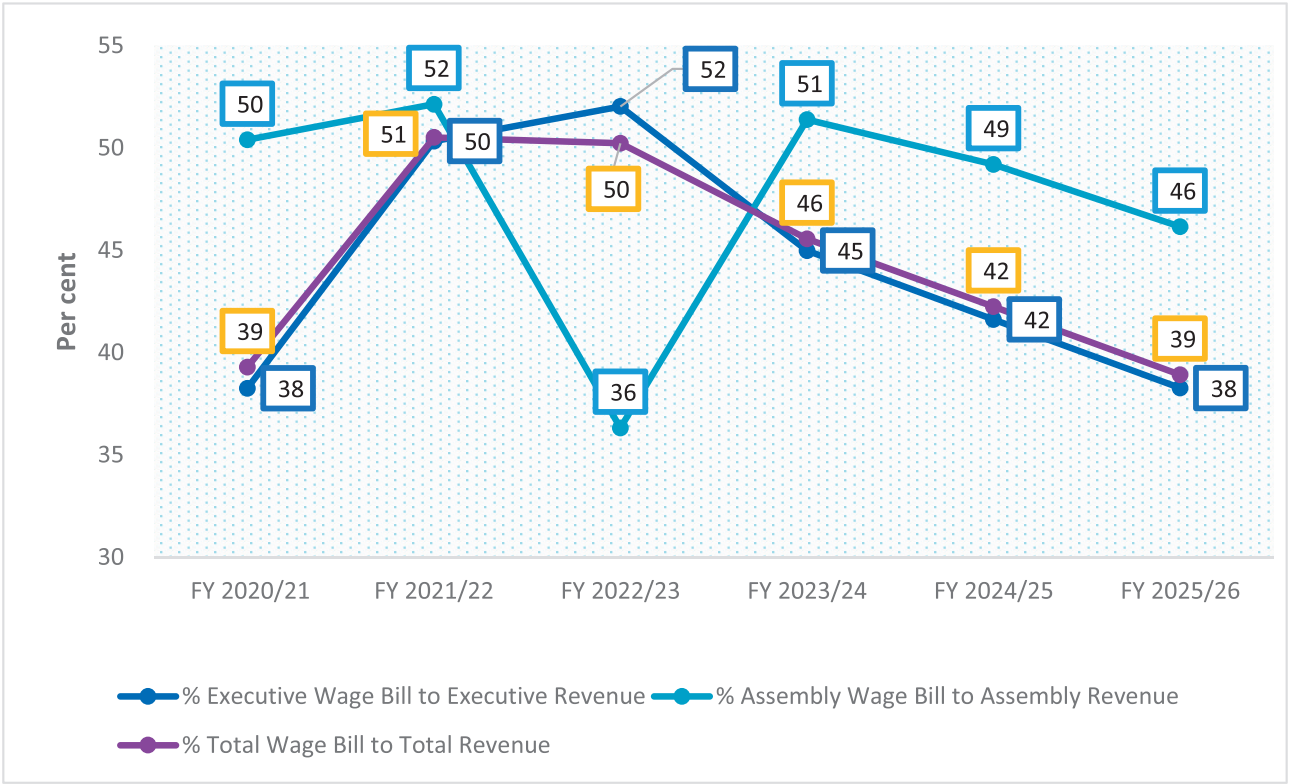
Source: *Meru County Treasury*

3.26.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.5.44 billion, representing 39 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.5.29 billion reported in FY 2024/25. Of this total, Kshs.2.62 billion related to Health Sector employees, accounting for 48 per cent of the overall employees' compensation.

Figure 3.152 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.152: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Meru County Treasury*

Further analysis indicated that PE costs amounting to Kshs.5.08 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.356.61 million was processed through manual payrolls, accounting for 7 per cent of the total PE cost.

The manual payroll comprised salaries for 3 staff not onboarded into the Human Resource Information System (HRIS), salaries for 220 ward office employees, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, LAPTRUST/LAPFUND Pension Contributions, Statutory deductions Arrears, and Salary arrears, among others, as shown in Table 3.398.

Table 3.398: Analysis of Meru County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into UHR	3	288,520
2	Salaries for Ward staff for the months of August and September 2025	220	2,897,356
3	Top-up Allowances for 4 security officers	4	1,423,200
4	Gratuity for members		24,849,661
5	Gratuity for contract staff		30,482,152
6	Fringe benefits		6,344,239
7	Mileage		16,006,714
8	Interns		520,000
9	Telephone Allowance		2,797,575
10	Leave allowance		926,400
11	Statutory deductions -Arrears		176,056,357
12	Audit committee Sitting Allowances for 3 sittings		412,500
13	Being payment for Medical Ex-gratia		50,924
14	Statutory deductions and others		2,540,448
15	Salary arrears		53,734,146
16	June 2025 Unpaid PE		18,601,324
17	Laptrust & Lapfund		18,675,572
	Total		**356,607,088**

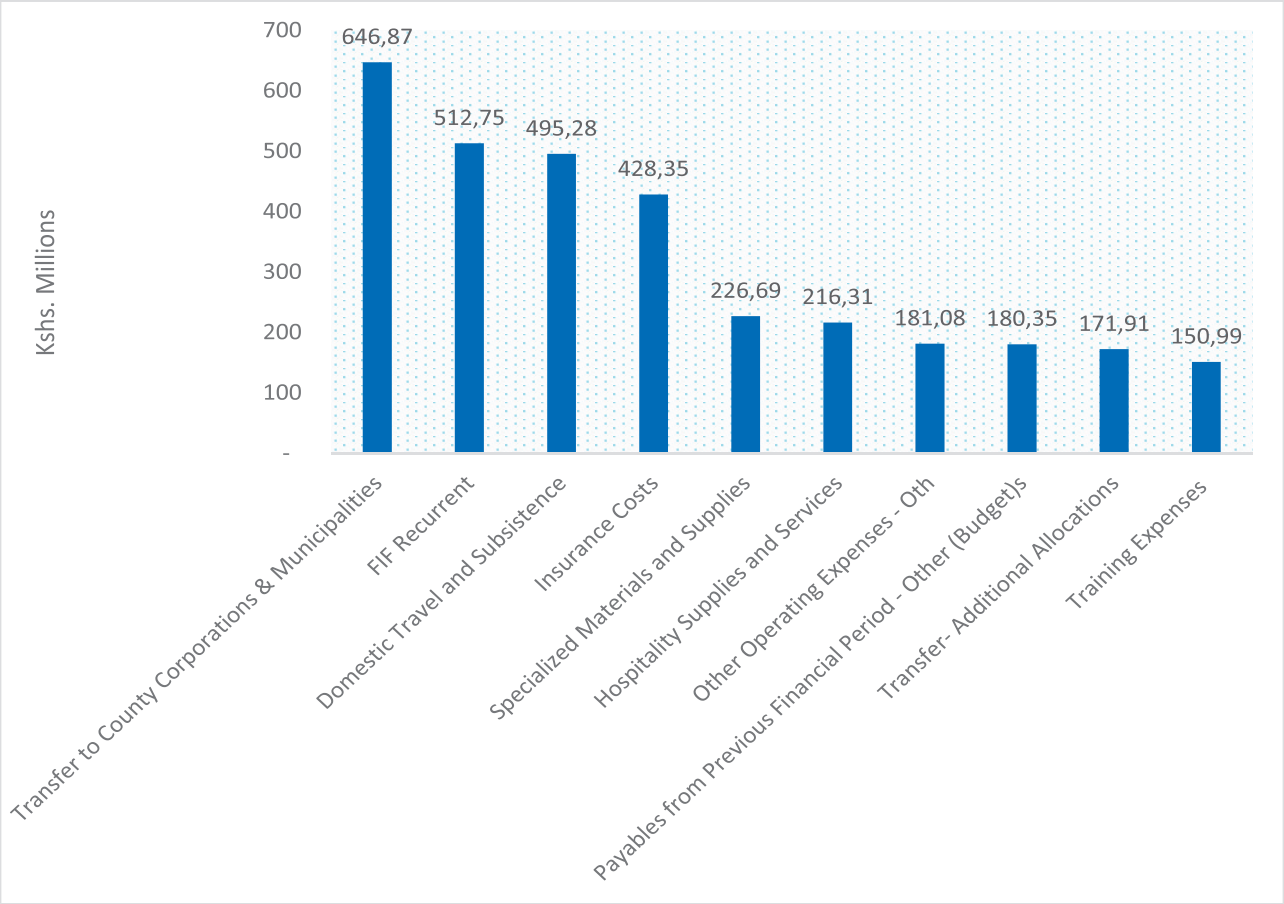
Source: *Meru County Treasury/ County Assembly*

The County Assembly spent Kshs.64.60 million on committee sitting allowances for the 69 MCAs against the annual budget allocation of Kshs.64.60 million. The average monthly sitting allowance was Kshs.76,909 per MCA. The County Assembly has 27 House Committees.

3.26.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.4.23 billion on operations and maintenance, representing a 20 per cent increase compared to FY 2024/25, when the County spent Kshs.3.51 billion. Figure 3.153 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.153: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: *Meru County Treasury*

The highest Operations and Maintenance expenditure was Transfers to County Corporations & Municipalities at Kshs.646.87 million, followed by FIF Recurrent expenditures at Kshs.512.75 million, Domestic Travel and Subsistence at Kshs.495.28 million, Insurance Costs at Kshs.428.35 million, Specialised Materials and Supplies at Kshs.226.69 million, and Hospitality Supplies and Services at Kshs.216.31 million, among others, as shown in Figure 3.153 above.

3.26.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.181.08 million on "other operating expenses - other," which accounted for 4 per cent of the total operations and maintenance expenditure of Kshs.4.23 billion.

Table 3.399: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399-00001001-0706013560-35600001	Funds under the vote are to fund operating expenses under the Office of the Governor	309,984	309,984
2211399-00001001-0708023560-35600001	The funds are to facilitate public participation for the budget, sector working groups and the county fiscal strategy paper. The nature of activities could not be classified under different economic items	7,000,000	7,000,000
2211399-00001001-0403013560-35600001	The allocation is to facilitate Environmental Health and Environmental Health drug disposal	200,000	200,000
2211399-00001001-0403013560-35600001	The amount is distributed as follows, as per the approved budget: (Emergency & Ambulance Services-300,000; Infection Prevention Control/AMR-300,000; Malaria-300,000; Prevention of Mother-to-Child Transmission (PMTCT)-300,000; Eye Health-300,000; Data Quality Assurance (Health Records and Information)-2,050,000).	879,800	879,800

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399-00001001-0905013560-35600001	Out of this Kshs.2M was for Mainstreaming (Gender days, teenage mums' training and capacity building) and Kshs.2m Rehabilitation for street families (policy development & children's activities)	4,000,000	3,463,944
2211399-00001001-0901013560-35600001	The funds are to fund ward community activities for sports, youth and Gender across all wards	105,131,501	105,131,501
2211399-00001001-0902013560-35600001	The funds are to facilitate the Women Empowerment Programme (Kshs.24M); Gender Mainstreaming (Kshs.2.595M) and Gender Mainstreaming Programmes-Ward Community Programmes (Kshs.21.5M)	64,095,000	64,094,154
Total		**181,616,285**	**181,079,383**

Source: *Meru County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, Gender days, teenage mums' trainings and capacity building, public participation for budget, sector working groups and county fiscal strategy paper, ward community activities for sports, youth and Gender, Emergency & Ambulance Services; Infection Prevention Control/AMR; Malaria-300,000; Prevention of Mother to Child Transmission (PMTCT); Eye Health; Data Quality Assurance (Health Records and Information, Environmental Health and Environmental Health drug disposal, among others

3.26.11 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.100.00 million to County-Established funds in FY 2025/26, representing 1 per cent of the County's overall budget. The County did not allocate any funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.400 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.400: Performance of Meru County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
County Executive Established Funds							
1.	Meru County Retention and Enhancement Fund	22 June, 2018	0	0	0	986,483,479	No
2.	County Executive of Meru Staff Car Loan and Mortgage	27 November, 2015	70,000,000	70,000,000	124,771,320	849,979,140	Yes
County Assembly Established Funds							
3.	County Assembly of Meru Staff Car Loan and Housing Scheme Fund	21 December 2015	30,000,000	30,000,000	52,786,576	330,478,942	Yes
4.	County Assembly of Meru Members Car Loan and Housing Scheme Fund	11 December 2017	0	0	2,400,000	480,000,000	yes
	Total		**100,000,000**	**100,000,000**	**179,957,896**	**2,646,941,561**	

Source: Meru *County Treasury/ County Assembly*

In FY 2025/26, the CoB did not receive quarterly financial reports from Meru County Retention and Enhancement Fund Administrators, as indicated in Table 3.400, contrary to the requirement of Section 168 of the PFM Act, 2012. The reports obtained from the County disclosed that administration costs of the County

Executive of Meru Staff Car Loan and Mortgage, 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.

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 2025/26, the CoB determined that the County Executive of Meru Staff Car Loan and Mortgage, County Assembly of Meru Staff Car Loan and Housing Scheme Fund's lifespan had lapsed and was extended by the County Assembly. Consequently, the CoB approved withdrawal requests to support the operations of the lapsed funds.

3.26.12 County Corporations, Municipalities and Agencies

The County has 5 County Corporations, 3 municipalities, and 2 agencies, which were allocated Kshs.763.62 million in FY 2025/26. Their total transfers to these entities during the review period amounted to Kshs.754.87 million, as shown in Table 3.401. The Meru County Alcoholic Drinks Control Board reports have not been provided. The Alcoholic Drinks Control Board spends at source and does not sweep any of its revenues into the County Revenue Fund.

Table 3.401: Performance of Meru County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Meru Investment Corporation	22,064,500	20,381,566	20,381,566	271,219,542
2	Meru Microfinance Corporation	79,933,763	73,988,244	73,988,244	667,233,221
3	Meru County Revenue Board	397,967,156	396,642,813	396,642,813	2,109,761,069
4	Agricultural Training Centre-Kaguru	44,200,000	44,197,894	44,197,894	115,555,270
5	Meru Youth Service	88,752,921	88,752,913	88,752,913	318,553,362
Gazetted Municipalities					
1	Timau Municipality	25,200,000	25,185,375	25,185,375	25,185,375
2	Meru Municipality	64,000,000	63,967,166	63,967,166	69,967,166
3	Maua Municipality	21,500,000	21,490,393	21,490,393	25,490,393
Other Agencies					
1	Meru Rural Water & Sanitation Services Co., Ltd	20,000,000	19,980,085	19,980,085	19,980,085
2	Meru Water & Sewerage Co.Ltd	-	-	-	-
	Total	**763,618,340**	**754,586,449**	**754,586,449**	**3,622,945,483**

Source: *Meru County Treasury*

3.26.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.495.28 million and comprised Kshs.255.76 million spent by the County Assembly and Kshs.239.52 million by the County Executive. Expenditure on foreign travel amounted to Kshs.103.81 million and comprised Kshs.86.47 million by the County Assembly and Kshs.17.34 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.402.

Table 3.402: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	28th Aug to 5th Sept 2025	Facilitation to the African Transformation and Digital Innovation Initiative Conference	Singapore	6,512,557
County Assembly	7	30th Aug to 6th Sept 2025	Facilitation for the East African Regional Conference	Arusha TZ	3,983,140
County Assembly	6	8th to 15th Sept 2025	Facilitation to Leadership and Governance in a Global Context Conference	Dubai	4,732,620
County Assembly	7	4th to 11th Sept 2025	Facilitation to Climate Innovation Training	Dubai	5,476,563
County Assembly	6	6th to 13th Sept 2025	Facilitation to Policy and Innovation Forum	Arusha TZ	3,614,620
County Assembly	6	1st to 7th Oct 2025	Facilitation to the 12th International Conference on Foundations of Computer Science and Technology	Dubai	4,787,837
County Assembly	6	10th to 16th Sept 2025	Facilitation to the International Conference on Internet of Things, Big Data Analysis and Information Technology	Dubai	4,858,170
County Assembly	1	22nd Sept to 1st Oct 2025	Facilitation to Benchmarking at Hawassa Agri-Manufacturing PLC	Ethiopia	473,850
County Assembly	1	21st to 30th Sept 2025	Facilitation of a partnership and training visit to the JEKA poultry farm	Uganda	382,850
County Assembly	6	3rd to 9th Sept 2025	Facilitation to Dubai for Database Management Systems 2025 Conference	Dubai	4,872,879
County Assembly	5	8th to 14th Sept 2025	Facilitation to Dubai for the Environmental sustainability and climate change conference	Dubai	4,000,086
County Assembly	5	25th Sept to 2nd Oct 2025	Facilitation of the International Governance and Innovation Conference 2025	Singapore	3,925,750
County Assembly	7	2nd to 9th Oct 2025	Facilitation to Turkey for Tourism, Culture, Exports and Industrialisation Conference	Turkey	6,913,466
County Assembly	5	2nd to 9th Oct 2025	Facilitation to Transformative leadership, corporate governance and resilience planning masterclass	Tanzania	2,467,950
County Assembly	6	2nd to 9th Oct 2025	Facilitation to Transformative leadership, corporate governance and resilience planning masterclass	Tanzania	2,805,480
County Assembly	3	22nd Oct to 1st Nov 2025	Facilitation of a training on Hospital and health care systems	Germany	2,496,540
County Assembly	1	2nd to 10th Sept 2025	Facilitation to the International Conference on Internet of Things, Big Data Analytics	Dubai	758,860
County Assembly	1	9th to 17th Sept 2025	Facilitation of an international Conference on Foundations of Computer Science & Technology	Dubai	659,530
County Assembly	1	26th Dec to 2nd Jan 2026	Facilitation to the World Conference on Soil, Water, Energy and Air	Malaysia	813,883
County Assembly	1	25th to 30th Dec 2025	Facilitation of the Legislative Capacity Building Conference	South Africa	551,590
County Assembly	1	4th to 8th Feb 2026	Facilitation for the 74th National Prayer Breakfast	USA	638,921
County Assembly	2	13th to 19th Feb 2026	Facilitation of the regional conference on the management of devolved institutions	Tanzania	831,640

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	6	20th to 27th Oct 2025	Facilitation to County Legislative Leadership Governance & Sustainable Development	Tanzania	2,400,720
County Assembly	5	23rd to 27th Oct 2025	Facilitation to County Legislative Leadership Governance & Sustainable Development	Tanzania	1,807,400
County Assembly	1	6th to 9th Feb 2026	Facilitation to Legislative Oversight & representation in EALA	Tanzania	186,117
County Assembly	2	9th to 16th Feb 2026	Facilitation of benchmarking on the management of Hawas Poultry Production	Ethiopia	1,143,300
County Assembly	7	28th to 30th Jan 2026	Facilitation of a seminar on chemical, agricultural, biological, and Environmental sciences	Tanzania	1,297,200
County Assembly	4	3rd to 4th Feb 2026	Facilitation to County Legislative Leadership Governance & Sustainable Development	Tanzania	730,720
County Assembly	5	31st Jan to 3rd Feb 2026	Facilitation to Transformational Leadership, Corporate Governance & Resilience Planning	Tanzania	914,856
County Assembly	4	28th Jan to 4th Feb 2026	Facilitation to Climate Change & Environmental Seminar	Tanzania	1,765,304
County Assembly	4	12th to 13th Feb 2026	Facilitation to ICWUA 2026 Conference	Tanzania	651,520
County Assembly	7	8th to 11th Feb 2026	Facilitation to Effective Legislative Oversight for Improved Service Delivery	Tanzania	1,425,060
County Assembly	5	8th to 11th Feb 2026	Facilitation to Climate Change & Environmental Seminar	Tanzania	1,033,620
County Assembly	3	23rd to 26th Feb 2026	Facilitation to Workshop on Devolved Governments in Africa	Tanzania	553,140
County Assembly	2	12th to 18th March 2026	Facilitation to Regional Conference on Enhancing Accountability	Tanzania	872,160
County Assembly	2	6th to 9th Feb 2026	Facilitation to Legislation, Oversight & Representation	Tanzania	379,160
County Assembly	2	8th to 11th Feb 2026	Facilitation to Effective Legislative Oversight for Improved Service Delivery	Tanzania	509,280
County Assembly	1	13th to 19th Feb 2026	Facilitation to Governance reforms & Institutional Resilience in Emerging Democracies Conference	Tanzania	470,880
County Assembly	1	11th to 14th April 2026	Facilitation to attend the Climate Change and Environmental seminar	Tanzania	287,610
County Assembly	2	2nd to 5th April 2026	Facilitation to attend the Climate Change and Environmental seminar	Tanzania	360,914
County Assembly	1	21 April 2026	Facilitation to attend a multi-organisational meeting on legislation and governance	Tanzania	104,240
County Assembly	2	8th to 15th April 2026	Facilitation to attend a High-Level Regional Conference on water and renewable energy	Tanzania	994,140
County Assembly	1	30th March to 6th April 2026	Facilitation to attend the High-Level Regional conference on water and renewable energy	Tanzania	361,079
County Assembly	2	21st to 28th May 2026	Facilitation to attend a conference on climate finance and resource mobilisation	Tanzania	1,093,600
County Assembly	1	10th to 15th April 2026	Facilitation to attend the Sino-foreign Economic & Trade Exchange event	China	567,120

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	7th to 12th December 2025	Cyber & AI Week 2025 Conference in Tel Aviv, organised by the Israel Economic & Trade Mission at the Israel Embassy and the Israel Ministry of Economy & Industry	Israel	1,634,607.00
County Executive	2	25th March to 4th April 2026	Facilitation for CECM Sports while accompanying the wheelchair basketball national team to Lwanda, Angola	Lwanda Angola	2,016,400.00
County Executive	2	25th to 29th November 2025	30th East Africa Law Society Conference	Addis Ababa Ethiopia	1,062,727.60
County Executive	1	23rd to 30th May 2026	Facilitation to attend the Leadership Summit in Singapore from 23 May -30 May 2026	Singapore	1,887,589.00
County Executive	2	15th to 20th April 2026	China to attend Sino-Foreign Economic and Trade Exchange Event	China	508,040.00
County Executive	1	29th June to10th July 2026	Facilitation to attend arbitration & dispute settlement for trade course-ESAMI Institute	Tanzania	932,132.00
County Executive	4	7th to 16th April 2026	Travel to China to attend the Sino-Foreign Economic and Trade Exchange Event	Guangzhou-China	4,457,572.00
County Executive	1	4th to 10th October 2025	Visit to the Daikin manufacturing plant in India	India	56,123.75
		Total			**99,023,113**

Source: *Meru County Treasury / Meru County Assembly*

The County Executive did not provide the details on foreign travel amounting to Kshs.4.79 million, which is related to accrued expenditure.

3.26.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.1.23 billion as FIF, which was 120 per cent of the annual target of Kshs.1.03 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has drafted regulations to operationalise the FIF Act of 2023. The Bill was submitted to the County Assembly for review and approval. The expenditure by the health facilities amounted to Kshs.1.06 billion, as shown in Table 3.403.

Table 3.403: Meru County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 5 Hospital	1	562,497,965	532,525,131	95%
2.	Level 4 Hospital	3	374,045,534	371,732,152	99%
3.	Level 3 Facility	34	150,038,096	141,119,295	94%
4.	Level 2 Facility	179	18,907,438	15,823,205	84%
	Total		**1,105,489,034**	**1,061,199,783**	**96%**

Source: *Meru County Treasury*

The health facilities budget absorption was 96 per cent. The reason for the less-than-100 per cent absorption was not provided; however, the Health FIF revenue collected exceeded the target.

3.26.15 Development Expenditure

In the review period, the County reported spending Kshs.4.22 billion on development programmes, representing an increase of 48 per cent compared to FY 2024/25, when the County spent Kshs.2.84 billion. Table 3.404 summarises the development projects with the highest expenditure in the reporting period. The increase in development expenditure was mainly attributed to Accrual reporting.

Table 3.404: Meru County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
County Funded Projects										
1	Health Services	Hospital Improvement Fund	County Wide	07/01/2025	30/06/2026	472.00	472.00	472.00	472.00	100%
2	County Assembly	Purchase and Installation of Hansard System	Municipality, Assembly ground	17/02/2025	30/06/2026	89.13	89.13	89.13	89.13	100%
3	Health Services	Payment for the Supply of a True 64-Slice CT Scan at MeTRH	Imenti North	07/01/2025	30/06/2026	69.95	69.95	69.95	69.95	100%
4	Lands, Physical Planning, Urban Development & Public Works	Consultancy services on the county spatial plan	Municipality	07/01/2025	30/06/2026	67.30	67.30	67.30	67.30	100%
5	Meru - Health Services	Re-tender for the proposed construction of the outpatient block at Nyambene sub-county hospital	Nyambene	07/01/2025	30/06/2026	49.89	49.89	49.89	49.89	100%
6	Meru - Health Services	Completion of Maternity Block in Mutuati Hospital, Phase 2	Mituati	07/01/2025	30/06/2026	42.75	42.75	42.75	42.75	100%
7	Finance, Economic Planning & ICT	Payment to Craft Silicon for Revenue Collection Fees	County-wide	07/01/2025	30/06/2026	39.15	39.15	39.15	39.15	100%
8	Health Services	Proposed Building and Civil Works	Meru Teaching and Referral Hospital	07/01/2025	30/06/2026	30.15	30.15	30.15	30.15	100%
9	Agriculture, Livestock & Fishery	Payment For Supply of Certified Maize Seeds	County Wide	07/01/2025	30/06/2026	30.00	30.00	30.00	30.00	100%

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
10	Health Services	Supply, delivery, installation, commissioning, testing and training of equipment at Miathene Level 4 County Hospital Ward block	Miathene	07/01/2025	30/06/2026	19.99	19.99	19.99	19.99	100%
Donor Funded Projects										
1	Trade, Tourism & Cooperatives	County Aggregation & Industrial Park	Ruiri Rwarera Ward	15/09/2023	27/02/2026	492.21	450.99	390.48	491.23	100%
2	NAVCDP	Supply, delivery, installation and commissioning og gried tied solar powered system and chilling accessories	Meru Central Dairy Cooperative Union LTD	Tendering stage	01/06/2026	97.85	97.85	97.85	97.85	100%
3	NAVCDP	Upgrading of Kaumbura Irrigation Project	Athiru Gaiti Ward			57.56	57.56	57.56	57.56	100%
4	KUSP UDG	Retention for the construction of 10 farm ponds and the installation of solar pumps	Athwana	10/09/2024	15/05/2025	121.69	121.69	56.81	56.81	47%
5	FLOCCA	Provision of rainwater harvesting equipment for the elderly, PLWDs and marginalised communities	County Wide	April	June	40.00	40.00	40.00	40.00	100%
6	NAVCDP	Rehabilitation of Nthambiro Kanyankine Kalimikuu Irrigation Project	Igembe East Ward			27.31	27.31	27.31	27.31	100%

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
7	NAVCDP	Being transferred of the Enterprise Development Grant fund for mass cattle vaccination	Meru Central Dairy Cooperative Union LTD	10/02/2026	01/06/2026	25.98	25.98	25.98	25.98	100%
8	NAVCDP	Rehabilitation of Nthambiro irrigation project	Igembe East Ward	Tendering stage	01/06/2026	28.36	22.73	22.73	22.73	80%
9	NAVCDP	Mass Cattle Vaccination	County-wide	07/01/2025	30/06/2026	15.00	15.00	15.00	15.00	100%
10	Water Irrigation, Environment & Climate Change	Mea Primary School Borehole Drilling, Equipping, Pipeline Extension, Environmental Conservation and Climate Smart Agriculture Project in Antuambui ward in Igembe North Subcounty	Antuambui	28 April 2026		14.85	14.85	14.85	14.85	100%
Equalisation Funded Projects										
1	Water	Drilling of a borehole at Kandebene village	Muthara Ward	05/25/2025	11/10/2025	5.99	6.00	5.99	5.99	100%
2	Roads	Construction of the Giaki box culvert in Abogeta East Ward	Abogeta East	07/01/2025	10/10/2025	5.94	6.00	5.94	5.94	100%
3	Roads	Improvement to the gravel standards of the Marega-Mwai-Riigi road in Akachiu ward	Akachiu Ward	07/01/2025	11/11/2025	5.68	5.68	5.67	5.67	100%
4	Roads	Construction of the Rimbera-Mundaki road	Karama Ward	07/01/2025	12/08/2025	5.40	5.42	5.40	5.40	100%

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
5	Energy	Installation of a transformer at Giika-Kiegoi	Akachiu Ward	07/25/2025	06/30/2026	5.31	5.31	5.31	5.31	100%
6	Education	Purchase of 100 desks and 100 chairs for Ugoti Day Secondary School in Akachiu Ward	Akachiu Ward	07/01/2025	08/30/2026	0.60	0.60	0.60	0.60	100%

Source: *Meru County Treasury*

The County reported 1 stalled development project as of 30 June 2026, with an estimated value of Kshs.34.74 million, of which Kshs.22.35 million has already been paid. The stalled projects are shown in Table 3.405.

Table 3.405: Meru County Stalled Projects as of 30 June 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
1	Assembly	Construction of the Speaker's official Residence	Nyaki West Ward, Kithoka	34,739,340	22,349,710	46%	Contract terminated by the contractor due to a delay in payment	
		Total		**34,739,340**	**22,349,710**	**46%**		

Source: *Meru County Treasury/County Assembly*

3.26.16 Budget Performance by Department

Table 3.406 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.406: Meru County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	1,063.23	140.27	1,063.19	93.66	1,063.21	107.28	100	115	100	76
Office of the Governor	208.42	-	187.21	-	205.67	-	110	-	99	-
Finance, Economic Planning and ICT	1,142.52	336.32	1,111.17	254.93	1,132.20	274.39	102	108	99	82

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
Agriculture, Livestock & Fishery	64.86	511.28	63.00	405.45	64.35	409.81	102	101	99	80
Water & Irrigation	73.52	1,003.92	70.83	589.71	73.42	826.27	104	140	100	82
Education, Technology, Gender, Culture & Social Development	202.20	146.87	145.93	93.33	172.93	139.83	118	150	86	95
Health Services	933.45	941.40	347.22	304.42	925.00	935.87	266	307	99	99
Lands, Physical Planning, Urban Development & Public Works	182.07	231.20	133.58	118.80	134.64	118.80	101	100	74	51
Public Service Administration & Legal Affairs	5,375.06	425.85	5,343.28	58.35	5,364.54	58.35	100	100	100	14
Roads, Transport & Energy	88.47	1,351.93	76.24	975.93	85.89	1,114.14	113	114	97	82
Trade, Investment, Industrialisation, Tourism & Co-op Development	27.87	192.95	26.64	129.72	27.80	184.86	104	143	100	96
Youth Affairs & Sports	376.76	57.94	348.84	43.92	376.07	51.03	108	116	100	88
County Public Service Board	46.61	-	44.99	-	46.50	-	103		100	
TOTAL	**9785.04**	**5339.93**	**8962.14**	**3068.22**	**9672.22**	**4220.62**	**108**	**138**	**99**	**79**

Source: *Meru County Treasury*

Analysis of expenditure by departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 99 per cent, followed by the Department of Trade, Investment, Industrialisation, Tourism & Co-op Development at 96 per cent. The Departments of County Assembly, Water, & Irrigation, Public Service Administration & Legal Affairs, Trade, Investment, Industrialization, Tourism & Co-op Development, Youth Affairs & Sports, and County Public Service Board had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Lands, Physical Planning, Urban Development & Public Works had the lowest at 74 per cent.

3.26.17 Budget Execution by Programmes and Sub-Programmes

Table 3.407 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.407: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Lands, Physical Planning, Urban Development & Public Works				
Lands & Housing	Lands & Housing	9,418,574	9,418,574	100
Agriculture, Livestock Development and Fisheries				
Livestock	Livestock	11,792,409	11,792,409	100
Agricultural Training Centre (KAGURU)	Agricultural Training Centre (KAGURU)	18,198,900	18,198,900	100
Lands, Physical Planning, Urban Development & Public Works				
Public Works	Public Works	6,199,000	6,199,000	100
Trade, Tourism & Cooperatives Development				
Tourism	Tourism	8,972,921	8,972,921	100
Youth Affairs & Sports				
Meru Youth Service	Meru Youth Service	6,852,921	6,852,921	100
Public Service Administration & Legal Affairs				
General Administration	General Administration	8,348,888	8,348,812	100
Legal Representation, Advisory Services and Legislative Process	Legal Representation, Advisory Services and Legislative Process	50,000,000	49,999,171	100
Agriculture, Livestock Development and Fisheries				
Agricultural Development	Agricultural Development	70,000,000	69,997,947	100
Animal Disease Management	Animal Disease Management	23,000,000	22,997,902	100
Recurrent				
Office of the Governor				
Protocol & Event Management	Protocol & Event Management	9,274,681	9,274,681	100
Finance, Economic Planning & ICT				
Procurement	Procurement	11,250,000	11,250,000	100
Budget and Policy	Budget and Policy	35,604,318	35,604,318	100
Financial Reporting	Financial Reporting	4,550,000	4,550,000	100
Agriculture, Livestock Development and Fisheries				
Agricultural Training Centre (KAGURU)	Agricultural Training Centre (KAGURU)	21,200,000	21,200,000	100
Water Irrigation Environment & Natural Resources				
Ng'arisha Mtaa	Ng'arisha Mtaa	9,483,780	9,483,780	100
County Assembly				
Legislative Oversight	Legislative Oversight	201,689,389	201,689,388	100

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Office of the Governor				
Governors Press	Governors Press	35,121,887	35,121,885	100
Youth Affairs & Sports				
Meru Youth Service	Meru Youth Service	81,900,000	81,899,992	100
County Assembly				
General Admin, Planning & Support	General Administration, Planning and Support Services	320,146,755	320,146,415	100

***Source**: Meru County Treasury.*

The development sub-programmes with the highest budget implementation rates were: Lands & Housing in the Department of Lands, Physical Planning, Urban Development & Public Works at 100 per cent, Livestock in the Department of Agriculture, Livestock Development and Fisheries at 100 per cent, and Agricultural Training Centre (KAGURU) in the Department of Agriculture, Livestock Development and Fisheries at 100 per cent.

For recurrent sub-programmes, the top performers included: Protocol & Event Management in the Department of Office of the Governor at 100 per cent, Procurement in the Department of Finance Economic Planning & ICT at 100 per cent, and Budget, Policy in the Department of Finance Economic Planning & ICT at 100 per cent and, Financial Reporting in the Department of Finance Economic Planning & ICT at 100 per cent.

Table 3.408 Summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.408: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Public Service Administration & Legal Affairs				
Human Resource	Human Resource	367,500,000	-	0
Agriculture, Livestock Development and Fisheries				
Fisheries	Fisheries	22,012,464	4,972,108	23
Lands, Physical Planning, Urban Development & Public Works				
Physical Planning and Urban Development	Physical Planning and Urban Development	158,879,721	46,524,510	29
Finance, Economic Planning & ICT				
Meru County Revenue Board	Meru County Revenue Board	4,190,000	2,997,523	72
County Assembly				
General Admin, Planning & Support	General Administration, Planning and Support Services	140,266,104	107,278,718	76
Water Irrigation Environment & Natural Resources				
Noise pollution	Noise pollution	747,838,521	572,518,743	77

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Agriculture, Livestock Development and Fisheries				
General Administration	General Administration	366,279,208	281,848,668	77
Finance, Economic Planning & ICT				
Headquarters	Headquarters	325,126,454	264,407,316	81
Roads, Transport & Energy				
General Administration-Roads	General Administration-Roads	1,314,748,141	1,080,440,275	82
Youth Affairs & Sports				
Sports Development	Sports Development	39,090,658	33,583,377	86
Recurrent				
Lands, Physical Planning, Urban Development & Public Works				
Physical Planning and Urban Development	Physical Planning and Urban Development	104,730,468	57,390,131	55
Education, Technology, Gender & Social Development				
Administration Services	Administration Services	60,409,120	37,330,612	62
Health Services				
General Administration Support and Planning	General Administration Support and Planning	17,403,384	14,609,885	84
Public Service Administration & Legal Affairs				
General Administration	General Administration	109,229,614	99,462,224	91
Education, Technology, Gender & Social Development				
Early Childhood Development Education (ECDE)	Early Childhood Development Education (ECDE)	73,280,903	67,138,486	92
Finance, Economic Planning & ICT				
Meru Investment Corporation	Meru Investment Corporation	22,064,500	20,381,566	92
Roads, Transport & Energy				
General Administration-Roads	General Administration-Roads	35,228,678	32,970,887	94
Office of the Governor				
Fire, Rescue and Emergency Services	Fire, Rescue and Emergency Services	35,454,500	33,341,475	94
Health Services				
Ambulance Services	Ambulance Services	5,751,000	5,518,760	96
Agriculture, Livestock Development and Fisheries				
General Administration	General Administration	14,650,764	14,162,050	97

Source: *Meru County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Human Resource in the Department of Public Service Administration & Legal Affairs at 0 per cent, Fisheries in the Department of Agriculture, Livestock Development and Fisheries at 23 per cent, and Physical Planning and Urban Development in the Department of Lands, Physical Planning, Urban Development & Public Works at 29 per cent.

For recurrent sub-programmes, the poorest performers included: Physical Planning and Urban Development in the Department of Lands, Physical Planning, Urban Development & Public Works at 55 per cent, Administration

Services in the Department of Education, Technology, Gender & Social Development at 62 per cent, and General Administration Support and Planning in the Department of Health Services at 84 per cent.

3.26.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.75 billion. This amount consisted of Kshs.1.69 billion from the County Executive and Kshs.60.06 million from the County Assembly. The trade payables from the County Executive comprised Kshs.880.24 million for recurrent expenditure and Kshs.807.95 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.1.28 billion, comprising Kshs.711.89 million (56 per cent) for recurrent programmes and Kshs.566.69 million (44 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.60.06 million, comprising Kshs.60.06 million (100 per cent) for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.1.86 billion for County Executive and Kshs.44.16 million for County Assembly. Table 3.409 provides additional details of trade payables.

Table 3.409: Meru County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	807,951,305	880,236,439	1,688,187,744
		County Assembly	-	60,061,642	60,061,642
		Total	807,951,305	940,298,081	1,748,249,386
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	705,683,990	794,957,541	1,500,641,531
		County Assembly	-	60,061,642	60,061,642
		Total	705,683,990	855,019,183	1,560,703,173
Amount paid in FY 2025/26	c	County Executive	566,691,787	711,894,533	1,278,586,320
		County Assembly	-	60,061,642	60,061,642
		Total	566,691,787	771,956,175	1,338,647,962
Trade Payables Incurred in FY 2025/26	d	County Executive	399,606,809	1,048,384,555	1,447,991,364
		County Assembly	13,614,512	30,550,163	44,164,675
		Total	413,221,321	1,078,934,718	1,492,156,039
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**640,866,327**	**1,216,726,461**	**1,857,592,788**
		County Assembly	**13,614,512**	**30,550,163**	**44,164,675**
		Total	**654,480,839**	**1,247,276,624**	**1,901,757,463**

Source: *Meru County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.855.02 million and Kshs.705.68 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.1.28 billion for the Executive and Kshs.60.06 million for the Assembly.

Table 3.410 and Table 3.411 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.1.90 billion and Kshs.44.16 million

Table 3.410: Meru County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**399,606,809**	**73,590,378**	**115,619,974**	**52,049,166**	**640,866,327**
Recurrent Pending Bills (Goods & Services)	193,699,964	64,177,790	50,250,885	7,391,281	**315,519,920**

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)	854,684,591	-	46,521,693		**901,206,284**
Recurrent Pending Bills (Staff Claims)					-
Total Recurrent Pending Bills	1,048,384,555	64,177,790	96,772,578	7,391,281	1,216,726,204
Total Pending Bills	**1,447,991,364**	**137,768,168**	**212,392,552**	**59,440,447**	**1,857,592,532**
% of Total	**78**	**7**	**11**	**3**	**100**

Source: Meru *County Treasury*

Table 3.411: Meru County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**13,614,512**	**-**	**-**	**-**	**13,614,512**
Recurrent Trade Payables (Goods & Services)					-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	30,550,163				**30,550,163**
Recurrent Trade Payables (Staff Claims)					-
Total Recurrent Trade Payables	30,550,163	-	-	-	**30,550,163**
Total Trade Payables	**44,164,675**	**-**	**-**	**-**	**44,164,675**
% of Total	**2**	**-**	**-**	**-**	**2**

Source: Meru *County Assembly*

As shown in Table 3.411 and Table 3.412, the total salary arrears and statutory deductions for trade payables amounted to Kshs.931.76 million, representing 49 per cent of the total trade payables of Kshs.1.90 billion as of 30 June 2026. The statutory deductions included LAPFUND from FY 2019/2020 to FY 2022/2023 of Kshs.46.52 million, pensions of Kshs.28.41 million, NSSF of Kshs.2.44 million, NITA of Kshs.0.26 million, Housing Levy of Kshs.5.64 million, salary arrears for county executive for June 2026 of Kshs.365.13 million, Payment of Salary for the settled KCB overdrafts of Kshs.398.63 million, Gratuity Kshs.54.17 million, County Assembly Statutory Deductions Kshs.3.83 million, CA LAPFUND for June 2026 MCAs Gratuity, June 2026 Ward Staff Gratuity, and accrued interest on late LAPFUND payments since Sept 2015 of Kshs.8.31 million, Responsibility Allowances for Security Officers for June, 2026, of Kshs.126,000, CA Mileage Allowance for June 2026 of Kshs.1.74 million, Fringe Benefits-Car & Housing June, 2026 of Kshs.545,486, Interns allowance for June 2026 of Kshs.55,000, and Mileage Allowance Arrears of Kshs.15.94 million.

Additionally, the two tables indicate that 14 per cent of total trade payables are aged between 2 and 3 years and above 3 years, a trend attributed to non-adherence to the Trade Payables Action plan and to not paying trade payables on a First-in-First-out basis. To address this situation, the County Treasury is advised to pay Trade Payables on a First-in, First-out (FIFO) basis and ensure compliance with the Trade Payables Action plan submitted to the CoB at the beginning of each financial year.

3.26.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 67 accounts in commercial banks, including 27 accounts for Health Facilities, 4 accounts for Established Funds, 2 revenue accounts, 13 special-purpose accounts (additional allocations), 1 account for ECDE Development Fund, 16 for County Corporations, 1 Salary Processing Account, 1 Retention Account, 1 Standing Imprest Account and 1 operations Account.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.26.20 Key Observations and Recommendations

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

i. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines set by law, thereby contravening the requirements of Section 168 of the PFM Act, 2012. The reports for the Meru County Retention and Enhancement Fund were not submitted to the CoB as of 15 July 2026.

ii. High level of trade payables, which amounted to Kshs.1.90 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

iii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.411 and Table 3.412.

iv. Personnel emoluments amounting to Kshs.356.61 million for staff not onboarded into the HRIS and other payments 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.

v. The county failed to submit quarterly financial and non-financial reports to the CoB for the Meru County Alcoholic Drinks Control Board, whose funds are spent at source.

vi. 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.

vii. The County reported Kshs.181.08 million under “other operating expenses - Other,” accounting for 4 per cent of total operation and maintenance costs.

viii. The lifespans of the County Executive of Meru Staff Car Loan and Mortgage Fund and the County Assembly of Meru Staff Car Loan and Housing Scheme Fund had lapsed. However, they were extended by the County Assembly, allowing the CoB to approve further withdrawal requests to support their operations.

ix. The administration costs of the County Executive of Meru Staff Car Loan and Mortgage, County Assembly of Meru Staff Car Loan and Housing Scheme, and County Assembly of Meru Members Car Loan and Housing Scheme Funds exceeded the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

x. 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 between 13th and 17th of August 2026.

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

i. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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.*

ii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

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 ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

v. *The CECMF should follow up to ensure the Meru County Alcoholic Drinks Control Board prepare and submits statutory reports in line with the PFM Act, 2012*

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 that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

ix. *The County Treasury should ensure administration costs charged to established Funds remain within the 3 per cent limit set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.*

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

3.27. County Government of Migori

3.27.1 Overview of FY 2025/26 Budget

The Migori County Approved Supplementary 2 Budget for FY 2025/26 was Kshs.11.97 billion. It comprised Kshs.4.37 billion (36.52 per cent) and Kshs.7.60 billion (63.48 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.177.90 million (1.46 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.4.47 billion and a recurrent budget of Kshs.7.68 billion.

The budget was to be financed through various revenue sources. These include the equitable share of revenue raised nationally of Kshs.8.88 billion (74.21 per cent), additional allocations of Kshs.1.95 billion (16.27 per cent), a cash balance brought forward from FY 24/25 of Kshs.104.07 million (0.87 per cent) and Kshs.1.03 billion (8.62 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.412.

3.27.2 Revenue Performance

During the year, the County reported total revenues of Kshs.10.47 billion. This amount represented a decrease of less than 1 per cent compared to the amount received in FY2024/25 of Kshs.10.50 billion. The total revenue consisted of Kshs.8.88 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.634.65 million, and own-source revenue (OSR) collection of Kshs.849.93 million. Additionally, the County had a cash balance of Kshs.104.96 million from FY 2024/25. The total OSR collection of Kshs.849.93 million included Facilities Improvement Financing (FIF) of Kshs.542.21 million, and Kshs.301.04 million from other OSR sources. Table 3.412 summarises the total revenue available to the County Government in FY 2025/26.

Table 3.412: Migori County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	104,067,038	104,067,038	-	104,067,038	100.00
2	County Executive Refunds to CRF	-	742,339	-	742,339	Above 100
3	County Assembly Refunds to CRF	-	155,086	-	155,086	Above 100
	Sub-Total	**104,067,038**	**104,964,463**	**-**	**104,964,463**	100.86
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**8,883,939,719**	**8,883,939,720**	-	**8,883,939,720**	100.00
	Sub-Total	**8,883,939,719**	**8,883,939,720**	**-**	**8,883,939,720**	100.00
C	**Additional Allocations (Including Grants)**					
1	**Unconditional Additional Allocations to County Governments**					
2	Allocations for Court Fines	559,346	559,346	-	559,346	100.00
3	Allocations for 20% Share of Mineral Royalties	3,125,408	3,125,408	-	3,125,408	100.00
	Sub-Total	**3,684,754**	**3,684,754**		3,684,754	100.00
2	**Conditional Additional Allocations from the National Government's**					
1	Settlement of Doctors' Salary Arrears	27,687,815.00	-	-	-	-
2	Community Health Promoters (CHPs) Programme	88,380,000.00	-	-	-	-
3	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622.00	-	-	-	-
4	Leasing of Medical Equipment	124,723,404	-	-	-	-
5	Fertiliser Subsidy	144,621,807	-	-	-	-
6	Primary Health Care in a Devolved Context	10,914,000	-	-	-	-
7	Aquaculture Business Development Project (ABDP)	12,788,888	-	-	-	-
8	Road Maintenance Fuel Levy	56,919,675	-	-	-	-
9	Road Maintenance Fuel Levy Balance B/F	681,917	-	-	-	-
10	Alcoholic Fund Balances B/F	1,407,309	-	-	-	-
11	Rehabilitation of village polytechnics balances B/F	23,650	-	-	-	-
	Sub-Total	**470,136,087**	**-**		-	-
3	**Conditional Allocations from Loans and Grants**					
1	1. (a) DANIDA Grant (Universal Healthcare in Devolved System Program) to L2 and L3 (40%)	7,704,000	-	-	-	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
2	b) DANIDA Grant (Universal Healthcare in Devolved system Program) to L1	7,543,500	-	-	-	-
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 (GoK)	1,000,000	-	-	-	-
7	Livestock Value Chain Support Project	14,323,680	8,652,826	-	8,652,826	60.41
8	Climate Change - German Dev't Bank (KfW) - (FLLoCA -CCRI Grant)	80,802,084	63,833,656	-	63,833,656	79.00
9	Climate Change - IDA World Bank (FLLoCA)	147,424,338	132,681,904	-	132,681,904	90.00
10	Urban Institutional Grant (UIG)	35,000,000	-	-	-	-
11	Migori Municipality URB Dvt Grant	69,349,665	-	-	-	-
12	Awendo Municipality URB Dvt Grant	20,920,611	-	-	-	-
13	Rongo Municipality URB Dvt Grant	20,920,611	-	-	-	-
14	Kehancha Municipality URB Dvt Grant	20,920,611	-	-	-	-
15	Kenya Water and Sanitation (K-WASH) Program	199,874,000	141,979,713	-	141,979,713	71.03
16	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	74,981,206	-	74,981,206	32.42
17	Kenya Devolution Support Program II	425,409,500	35,253,471	-	35,253,471	8.29
18	DANIDA Grant (Universal Health Care in Devolved System Program) balance from FY 2023/24	12,358,500	10,914,000	-	10,914,000	88.31
19	DANIDA balances B/F	10,432,500	10,432,500	-	10,432,500	100.00
20	Kenya Devolution Support Program II Balances B/F	3,004,400	35,250,118	-	35,250,118	1,173.28
21	FLLoCA Balances B/F	18,139,280	10,504,271	-	10,504,271	57.91
22	Grant from National Government-Industrial Park (County Aggregation and Industrial Parks (CAIPS) Programme balances B/F	18,789,793	-	-	-	-
23	Kenya Urban Support Project Balance B/F	32,309,300	26,000,000	-	26,000,000	80.47

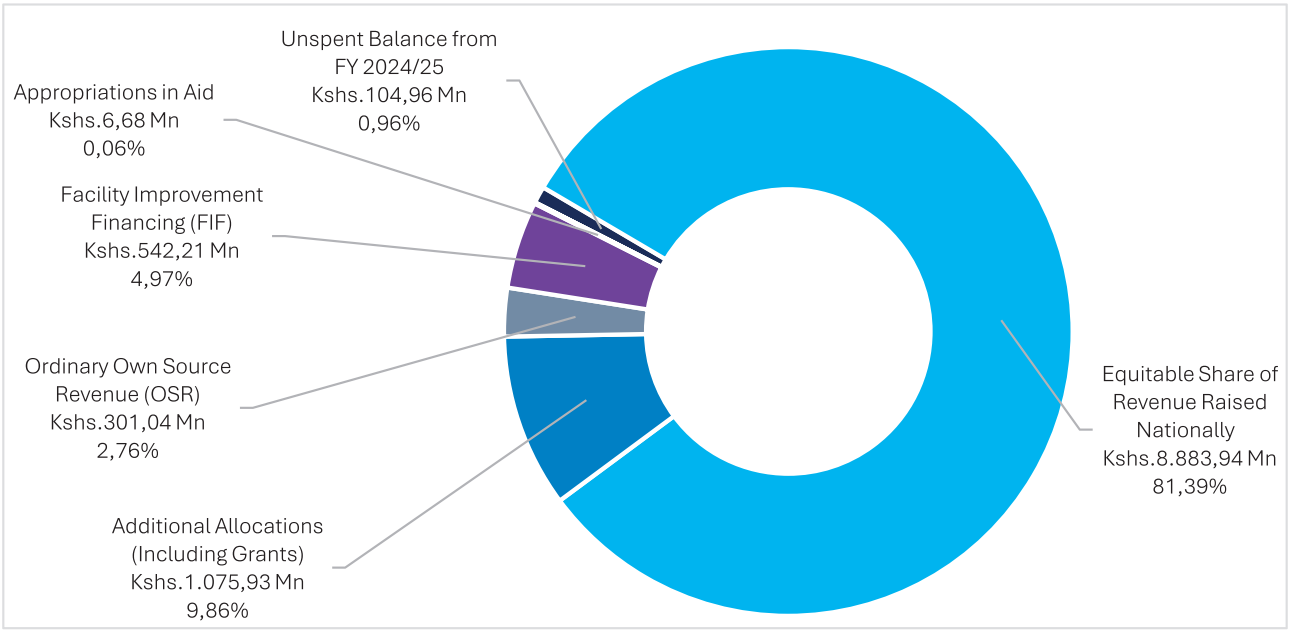
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
24	National Agricultural Value Chain Development Project (NAVCDP) balances B/F	83,053,709	80,484,828	-	80,484,828	96.91
	Sub-Total	**1,478,276,081**	**630,968,493**	**-**	**630,968,493**	**42.68**
D	**Ordinary Own Source Revenue (OSR)**					
1	Bus-park Fees	47,437,737	24,829,660	-	24,829,660	52.34
2	Motorbike	15,913,658	2,358,730	-	2,358,730	14.82
3	Entry/Exit	3,182,669	1,395,800	-	1,395,800	43.86
4	Taxi/Car parking	9,760,303	12,285,280	-	12,285,280	125.87
5	Single Business Permit	158,687,460	73,775,000	-	73,775,000	46.49
6	Distribution Permits	21,381,538	24,514,500	-	24,514,500	114.65
7	Market Dues	51,708,085	21,814,370	-	21,814,370	42.19
8	Kiosk Dues	9,017,674	5,038,750	-	5,038,750	55.88
9	Sugar Cane Cess	27,000,176	27,166,964	-	27,166,964	100.62
10	Tobacco Cess	12,730,885	6,723,419	-	6,723,419	52.81
11	Maise/Rice Cess	15,913,658	22,218,728	-	22,218,728	139.62
12	Fish Cess	424,269	259,530	-	259,530	61.17
13	Cattle Auction/Slaughter Fees	25,461,874	11,586,950	-	11,586,950	45.51
14	Rent and Rates	10,082,401	6,507,086	-	6,507,086	64.54
15	Tailing/Synnate/Gold Cess	43,388,390	473,210	-	473,210	1.09
16	Sand/Stone Cess	12,730,885	9,692,422	-	9,692,422	76.13
17	Public Works Building Plan	8,487,256	7,316,444	-	7,316,444	86.21
18	PW Machinery Hire	2,121,177	384,000	-	384,000	18.10
19	Burial Permit	106,034	-	-	-	-
20	Way Leave	1,591,282	144,200	-	144,200	9.06
21	Veterinary Services	742,608	590,450	-	590,450	79.51
22	AMS	265,151	52,350	-	52,350	19.74
23	Fisheries	530,427	109,200	-	109,200	20.59
24	Building Inspection	1,060,845	767,500	-	767,500	72.35
25	Lands Physical Planning	13,270,633	6,606,752	-	6,606,752	49.78
26	Survey	212,088	-	-	-	-
27	Ground/Kiosk Rent	2,652,241	4,418,700	-	4,418,700	166.60
28	TOL	212,088	415,000	-	415,000	195.67
29	Stadium/Hall Hire/Bus Hire	132,523	99,000	-	99,000	74.70
30	CooP Audit	318,235	285,900	-	285,900	89.84
31	Weight and Measures	1,273,047	1,231,440	-	1,231,440	96.73
32	Environment	1,060,845	865,300	-	865,300	81.57
33	Professional Research and Library Fees	4,296,598	375,800	-	375,800	8.75
34	Borehole Flushing and Drilling	106,034	-	-	-	-
35	Penalties	1,060,845	293,550	-	293,550	27.67

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
36	Billboards	19,087,101	24,082,200	-	24,082,200	126.17
37	Transport on Lands	1,591,280	2,363,870	-	2,363,870	148.55
	Sub-Total	**525,000,000**	**301,042,055**	**-**	**301,042,055**	57.34
E	**Facility Improvement Financing (FIF)**					
3	Medical Services	460,000,000	436,826,851		436,826,851	94.96
4	Public Health	40,000,000	105,384,785		105,384,785	263.46
	Sub-Total	**500,000,000**	**542,211,636**	**-**	**542,211,636**	108.44
F	**Appropriations in Aid**					
1	Liquor Fund	7,000,000	6,678,008		6,678,008	95.40
	Sub-Total	**7,000,000**	**6,678,008**	**-**	**6,678,008**	95.40
	Grand Total	**11,972,103,679**	**10,473,489,128**	**-**	**10,473,489,128**	**87.48**

Source: *Migori County Treasury*

Figure 3.154 provides a detailed breakdown of receipts.

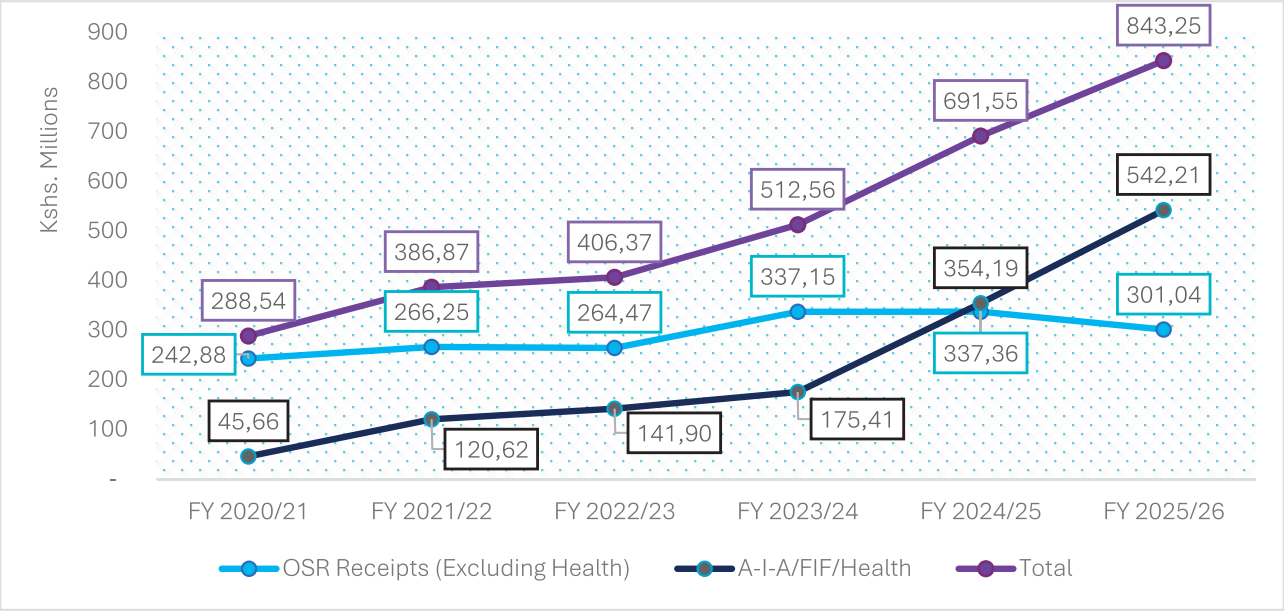
Figure 3.154: Migori County Composition of Revenue in FY 2025/26



S***ource:*** *Migori County Treasury*

The equitable share of revenue raised nationally, Additional Allocations, and FIF contributed 81.39 per cent, 9.86 per cent and 4.97 per cent, respectively, of the total receipts for the reporting period. Figure 3.155 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.155: Migori County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

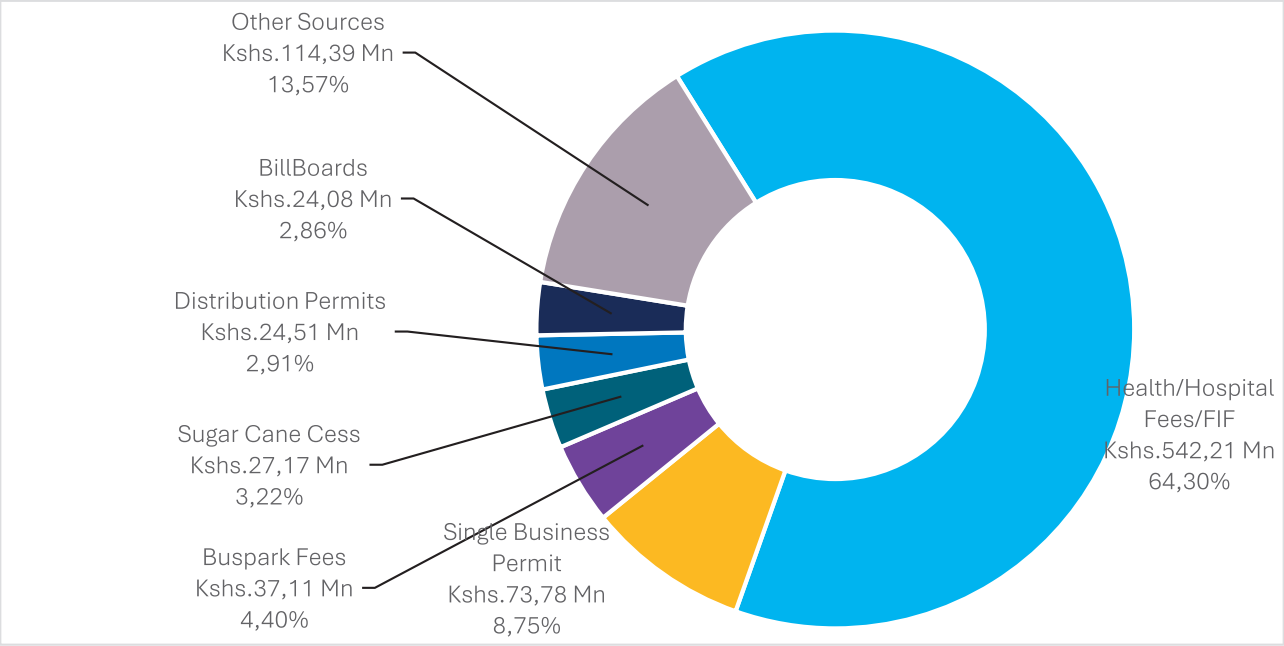


Source: *Migori County Treasury*

During the year, the County received Kshs.843.25 million from OSR, including FIF. This amount was an increase of 22 per cent over Kshs.691.55 million realised in FY 2024/25, representing 82.27 per cent of the annual target and 8.12 per cent of the equitable revenue share disbursed.

The increase is largely attributed to the automation of FIF revenue streams under Taifa Care System and enhanced reimbursements from the Social Health Authority (SHA). The revenue streams that contributed the most to OSR receipts are shown in Figure 3.156.

Figure 3.156: Migori County Top Own Source Revenue Streams in FY 2025/26.



Source*: Migori County Treasury*

As shown in Figure 3.156, the largest revenue stream, at Kshs.542.21 million, was Health/Hospital Fees/FIF, accounting for 64.30 per cent of total OSR receipts. The County Government indicated that it has automated 12 of its 40 revenue streams. The system utilised for FIF revenue collection is Taifa Care, which has been in use since November 2025.

3.27.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.466.77 million. The County currently tracks its Revenue Arrears using the County Integrated Financial Management Operation System (CIFOMS), which operates on an accrual and cash basis. Table 3.413 presents a breakdown of the County's Revenue Arrears.

Table 3.413: Migori County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Cees	88,471,714	_	_	_	88,471,714
2	Land Rates	38,569,357	_	_	_	38,569,357
3	Single Business Permit	143,131,760	_	_	_	143,131,760
4	Advertising	11,177,358	_	_	_	11,177,358
	Sub-Total	**281,350,189**	_	_	_	**281,350,189**
B	**Facility Improvement Financing (FIF)**					
1	SHIF	10,127,858	_	_	_	10,127,858
2	Defunct NHIF	175,293,172	_	_	_	175,293,172
3	Insurance Companies	_	_	_	_	_
	Sub-Total	**185,421,030**				**185,421,030**
	Total	**466,771,219**				**466,771,219**

Source: *Migori County Treasury*

As of 30 June 2026, the Revenue Arrears totalled Kshs.466.77 million, comprising Kshs.281.35 million for ordinary source revenue (60.28 per cent) and Kshs.185.42 million (39.72 per cent) for Facility Improvement Financing (FIF streams). The measures instituted by the County to collect the outstanding Revenue Arrears in FY 2025/26 include liaising with the Social Health Authority (SHA), enforcing county laws, and imposing stiffer penalties on defaulters.

3.27.4 Borrowing by the County

The two arms of the County Government of Migori did not report any credit facilities or short-term borrowing with any commercial bank during the FY 2025/2026.

3.27.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.9.42 billion from the Migori County Revenue Fund (CRF) account. This amount consisted of Kshs.1.87 billion (19.85 per cent) designated for development programs and Kshs.7.55 billion (80.15 per cent) allocated for recurrent programs.

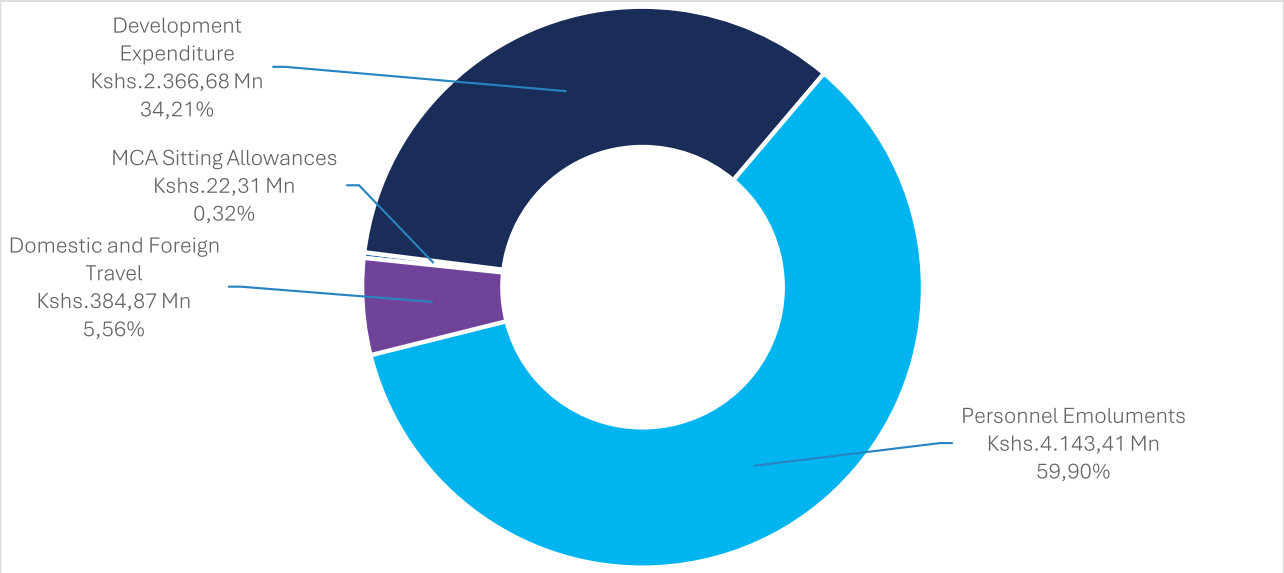
An analysis of the released recurrent exchequers shows that Kshs.4.14 billion was allocated to employee compensation and Kshs.3.40 billion to operations and maintenance expenditures. Within the operations and maintenance category, 11 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.380.74 million, which included Kshs.82.57 million for the County Executive and Kshs.298.17 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.4.13 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Migori CRF account was Kshs.104.07 million.

3.27.6 Expenditure Review

The County spent Kshs.9.96 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 105.28 per cent of the total funds released by the CoB. It comprised Kshs.2.37 billion for development programmes and Kshs.7.55 billion for recurrent programmes. Expenditure on development programmes accounted for 54.13 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 99.32 per cent of the annual recurrent expenditure budget. Figure 3.157 provides a detailed breakdown of total expenditure.

Figure 3.157: Migori County Composition of Expenditure in FY 2025/26



Source: *Migori County Treasury*

As shown in Figure 3.157, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic and foreign travel, contributing 59.90, 34.21 and 5.56 per cent of total expenditure for the reporting period.

3.27.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.67 billion in employee compensation, Kshs.2.93 billion in operations and maintenance, and Kshs.2.33 billion in development activities. Similarly, the County Assembly spent Kshs.475.77 million on employee compensation, Kshs.478.45 million on operations and maintenance, and Kshs.40.44 million on development activities, as shown in Table 3.414.

Table 3.414: Migori County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	6,644,737,689	954,871,760	6,594,060,696	954,217,435	6,594,060,696	954,217,435	99.24	99.93
Compensation of Employees	3,292,934,842	447,775,874	3,667,641,268	475,765,650	3,667,641,268	475,765,650	111.38	106.25
Operations and Maintenance	3,351,802,847	507,095,886	2,926,419,428	478,451,785	2,926,419,428	478,451,785	87.31	94.35
Development Expenditure	4,322,494,230	50,000,000	2,326,248,220	40,435,585	2,326,248,220	40,435,585	53.82	80.87
Total	**10,967,231,919**	**1,004,871,760**	**8,920,308,916**	**994,653,020**	**8,920,308,916**	**994,653,020**	**81.34**	**98.98**

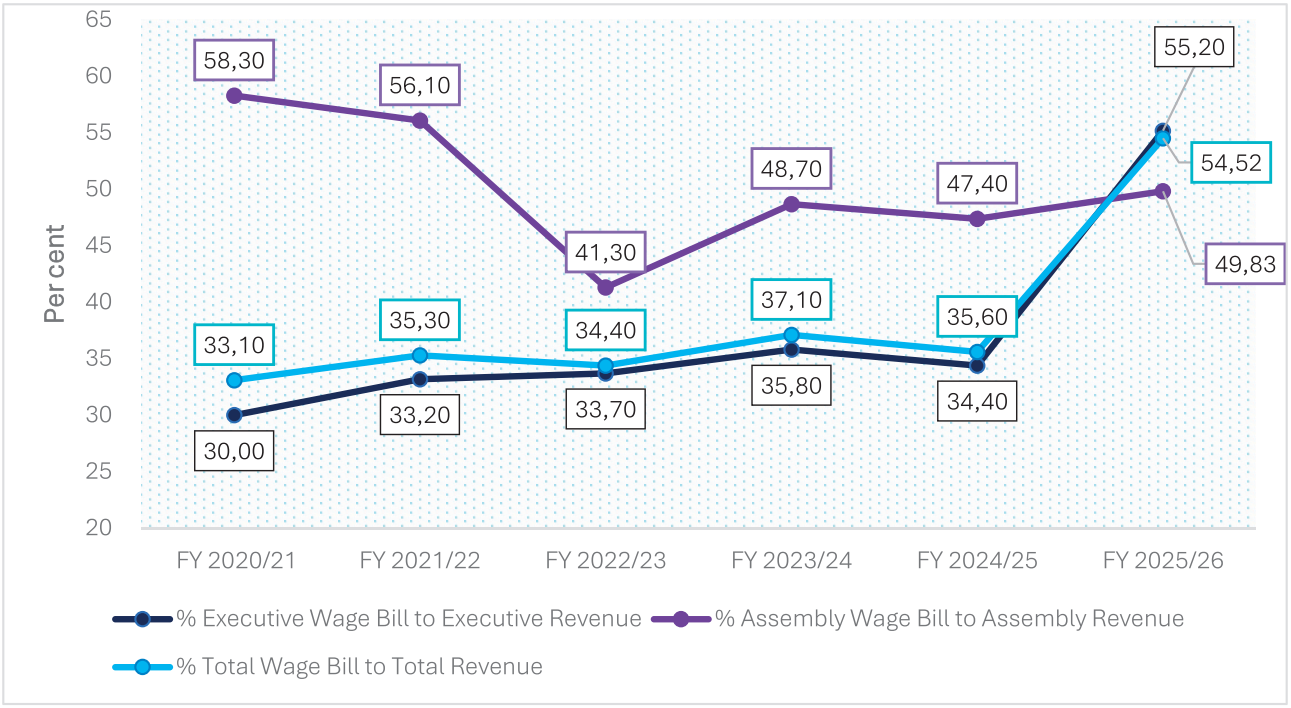
Source: *Migori County Treasury*

3.27.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.4.14 billion, representing 54.52 per cent of revenue. This expenditure on employee compensation has increased compared to the Kshs.3.74 billion reported for FY 2024/25. Of this total, Kshs.1.71 billion related to Health Sector employees, accounting for 41.39 per cent of the overall employees' compensation.

Figure 3.158 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.158: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



***Source**: Migori County Treasury*

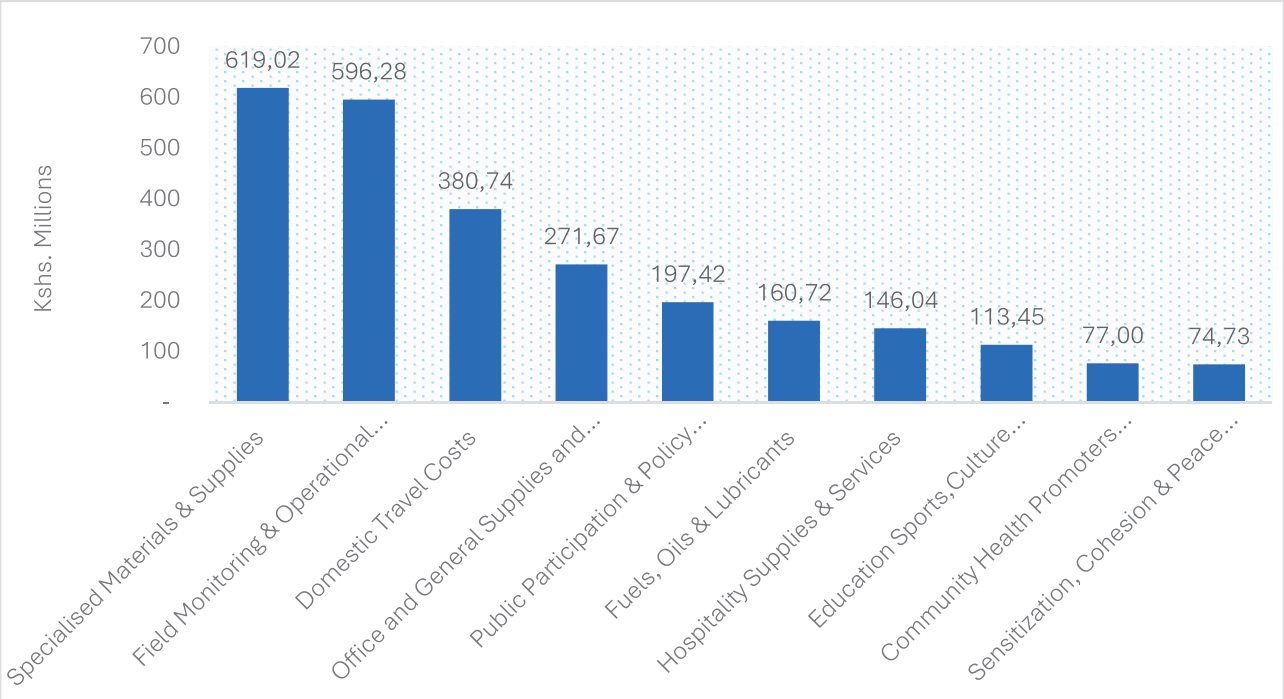
Further analysis indicated that PE costs totalling Kshs.4.14 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.71.71 million was processed through manual payrolls, which accounted for 1.70 per cent of the total PE cost. The justification for the continued use of manual payroll was the delay in generating personnel payroll numbers and the ongoing recruitment of casuals in phases in various departments. There were 729 casuals in the County as of 30 June 2026.

The County Assembly spent Kshs.22.31 million on committee sitting allowances for the 60 MCAs against the annual budget allocation of Kshs.24.41 million. The average monthly sitting allowance was Kshs.41,317 per MCA. The County Assembly has 7 House Committees.

3.27.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.3.40 billion on operations and maintenance, representing a 5.59 per cent increase over FY 2024/25, when the County spent Kshs.3.59 billion. Figure 3.159 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.159: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: *Migori County Treasury*

3.27.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.4.15 million on "other operating expenses - other," which accounted for less than one per cent of the total operations and maintenance expenditure of Kshs.2.93 billion. The disaggregated items under the "*Other Operating Expenses-other*" category are shown in Table 3.415.

Table 3.415: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs.Million)	Expenditure (Kshs. Million)
3110701	Refund to Unsuccessful bidders	4,154,780	4,154,780
	TOTAL	**4,154,780**	**4,154,780**

Source: *Migori County Treasury*

3.27.11 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.40.00 million to County-Established funds in FY 2025/26, representing 0.33 per cent of the County's overall budget. Nonetheless, the County did not allocate any amount to the Emergency Fund in FY 2025/26 in line with Section 110 of the PFM Act, 2012. Table 3.416 summarises the budgets and performance of each established Fund in FY 2025/26.

Table 3.416: Performance of Migori County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds					

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
1	Migori County Executive Car loans & House Mortgage Fund Scheme	December, 2018	_	_	247,500,000	Yes
2	Migori County Education Bursary Fund	January, 2014	40,000,000	_	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
5	Migori County SMEs Trade Development-INUA BIASHARA	March, 2024	_	_	54,000,000	Yes
	County Assembly Established Funds					
1	Migori County Assembly Car loans& House Mortgage Fund Scheme	October, 2015	_	_	236,000,000	Yes
	Total		**40,000,000**	_	**1,658,750,318**	

Source: *Migori County Treasury*

In FY 2025/26, the CoB received quarterly financial reports from all Fund Administrators, as indicated in Table 3.86, in line with the requirement under Section 168 of the PFM Act, 2012. The administration costs of all Funds are reported to be within 3 per cent of the administrative cost of the funded budget as set out 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 2025/26, the CoB determined that the lifespans of the County Education Bursary Fund, the County Scholarships & Educational Benefits Fund, and the Migori County Assembly Car loans & House Mortgage Fund Scheme had lapsed despite being in operation. Consequently, the CoB cannot approve any withdrawal requests to support the operations of the lapsed funds.

3.27.12 County Corporations, Municipalities and Agencies

The County has not established any corporations or agencies, although it owns 20 per cent of the shares in Migori Water & Sanitation Company Limited. In FY 2025/26, the County did not appropriate any budget to finance and support its operations.

3.27.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.380.74 million and comprised Kshs.298.17 million spent by the County Assembly and Kshs.82.57 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.13 million for the County Assembly. Expenditure on foreign travel is summarised in Table 3.417.

Table 3.417: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	3	12th to 17th January 2026	Training on the strategic public affairs and government relations programme	Dubai	2,255,190	_	2,255,190

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	2	23rd to 28th February 2025	ELASCA Games	Kampala	602,380	_	602,380
County Assembly	2	26th February to 2nd March 2025	LVRLACC Regional Executive Committee Meeting	Entebbe	522,000	_	522,000
County Assembly	1	8th to 14th December 2024	Committee Leadership Masterclass for Chairs of the Liaison Committee	Singapore	752,868	_	752,868
Total							**4,132,438**

Source: *Migori County Treasury and Migori County Assembly*

3.27.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.542.21 million as FIF, which was 108.44 per cent of the annual target Kshs.500 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The expenditure by the health facilities amounted to Kshs.483.19 million, as shown in Table 3.418. The level 2 facilities spent more than the budget amount following the increased realisation of FIF revenues above target. However, the County should have adjusted the FIF revenue targets and health facilities expenditures through a supplementary budget.

Table 3.418: Migori County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 4 Hospital	16	450,000,000	356,656,090	79
2.	Level 3 Facility	19	25,000,000	33,013,295	132
3.	Level 2 Facility	138	25,000,000	93,522,463	374
	Total		**500,000,000**	**483,191,848**	**79**

Source: *Migori County Treasury*

3.27.15 Development Expenditure

In the review period, the County reported spending Kshs.2.33 billion on development programmes, representing a 19.74 per cent decrease from FY 2024/25, when the County spent Kshs.2.79 billion. Table 3.419 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the delay in the rollout of annual procurement plans and the E-GP system.

Table 3.419: Migori County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	Roads, Transport, Public Works & Infrastructural Development	Upgrading to the Bitumen standard of C727 Junction-Kamiyah Junction-Chamgi-Wadu Road	South Sakwa	01/08/2023	31/01/2026	916,751,541	218,023,435	217,302,898	916,751,541	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
2.	County Executive	Construction of County Headquarters Executive	Suna Central	01.04.2026	30.06.2026	55,501,754	55,501,754	55,501,754	55,501,754	100
3	Roads, Transport, Public Works & Infrastructural Development	Payment for Supply and Delivery of 1 Unit Motor Grader 180-200HP Engine Capacity Klut Rippers	Suna Central	23.06.2025	29.10.2025	43,848,000	43,848,000	43,848,000	43,848,000	100
4	Roads, Transport, Public Works & Infrastructural Development	Access to Owang	North Sakwa	01.04.2026	30.06.2026	22,105,557	22,105,557	22,105,557	22,105,557	100
3	Roads, Transport, Public Works & Infrastructural Development	Construction of Access to Ombasa Road	West Sakwa	04/04/2025	20/08/2025	21,112,226	21,112,226	21,112,226	21,112,226	100
4.	Roads, Transport, Public Works & Infrastructural Development	Construction of Miruya -Lwanda Konyuna Footbridge	West Kanyamkago	30.06.2026	19,044,532	19,044,532	19,044,532	19,044,532	19,044,532	100
5.	Medical Services	Construction of Rongo Radiology phase 11	Central Kamagambo	01.04.2026	30.06.2026	15,498,882	15,498,882	15,498,882	15,498,882	100
6.	Roads, Transport, Public Works & Infrastructural Development	Opening and Maintenance of Migori Bridge-CDF-Nyango-to-Kehancha Primary-Sengerema-Kemakoba-Bikarabwa Roads	Isebania Ward	01.04.2026	30.06.2026	14,999,661	14,999,661	14,999,661	14,999,661	100
7.	Education, Gender inclusivity, social services, Youth and Sports	Completion of Uriri VETC	Uriri	06/05/2025	17/01/2026	14,994,462	14,994,462	14,994,462	14,994,462	100
8.	Roads, Transport, Public Works & Infrastructural Development	Opening/Maintenance of Selected access Roads in central Sakwa Ward	Central Sakwa	01.04.2026	30.06.2026	14,879,374	14,879,374	14,879,374	14,879,374	100
9	Roads, Transport, Public Works & Infrastructural Development	Opening /Maintenance of Wariseba-Gwikonge-Komomange-Nyabokarange-gekamiri-komasincha-akiba road	Kuria west	01.04.2026	30.06.2026	13,999,749	13,999,749	13,999,749	13,999,749	100
10	Roads, Transport, Public Works & Infrastructural Development	Supply and delivery of a truck	Suna Central	01.04.2026	30.06.2026	13,950,000	13,950,000	13,950,000	13,950,000	100
Donor Funded Projects										
1.	Trade, Tourism, Industry, Market & Cooperative Development	Construction of Nyatike Industrial Aggregation Park	Nyatike Sub-County	25/07/2024	30/06/2026	499,000,000	75,983,427	75,983,427	434,320,918	87
2.	Environment, Natural Resources, Climate change & disaster management	Environment-Flloca Activities	County Wide	30/08/2023	30/06/2027	289,000,000	289,000,000	228,226,432	228,226,432	79%

Source: *Migori County Treasury*

The County did not report any stalled development projects as of 30 June 2026.

3.27.16 Budget Performance by Department

Table 3.420 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.420: Migori County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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 Executive	450.13	78.93	413.24	76.94	449.92	76.94	109	100	100	98
Office of the County Attorney	89.28	-	75.07	-	89.24	-	119	-	100	-
Public Service Management, Monitoring and Evaluation and Performance Contracting	836.59	464.30	824.61	49.78	836.53	4.27	101	9	100	1
Agriculture, Livestock, Veterinary Services, Fisheries and Blue Economy	216.73	587.48	196.26	180.02	216.57	92.63	110	52	100	16
Education, Gender inclusivity, Social services, Youth and Sports	594.74	137.00	584.93	74.67	554.67	94.07	95	126	93	69
Medical services	2,314.87	297.72	2,260.02	71.85	2,386.23	154.75	106	215	103	52
Health Services & Sanitation	334.61	169.45	305.09	44.77	334.11	78.06	110	174	100	46
Environment, Natural Resources, Climate Change and Disaster Management	229.74	402.22	228.21	311.67	229.72	236.52	100	76	100	59
Finance & Economic Planning	795.04	24.49	777.93	4.49	794.99	9.17	102	204	100	38
Lands, Physical Planning, Housing and Urban Development	178.74	50.52	116.22	28.89	178.65	25.39	154	88	100	50
Rongo Municipality	15.12	29.92	12.27	25.80	15.12	25.80	123	100	100	86
Kehancha Municipality	15.88	29.92	12.08	19.30	15.84	19.30	131	100	100	65
Migori Municipality	15.12	81.33	12.10	66.16	14.93	70.21	123	106	99	86
Awendo Municipality	21.52	29.92	15.70	24.75	21.50	29.25	137	118	100	98
Roads, Transport, Public Works and Infrastructural Development	176.90	1,117.40	171.48	635.17	176.69	1,054.91	103	166	100	94
Trade, Tourism, Industry, Market & Cooperative Development	216.94	234.58	155.83	95.53	186.55	95.53	119	100	86	41
County Assembly	954.87	50.00	45.41	40.44	954.22	40.44	2,101	100	100	81
Water and Energy	142.78	587.30	136,88	119.07	142.41	259.45	104	217	100	44
Total	**7,599.61**	**4,372.49**	**6,343.34**	**1,869.31**	**7,597.88**	**2,366.68**	**120**	**127**	**100**	**54**

Source: *Migori County Treasury*

Analysis of expenditure by departments shows that the Department of County Executive recorded the highest absorption rate of development budget at 98 per cent, tying with the Department of Awendo Municipality at 98 per cent. The Department of Medical Services had the highest percentage of recurrent expenditure to budget at 103 per cent, while the Department of Trade, Tourism, Industry, Market & Cooperative Development had the lowest at 86 per cent.

3.27.17 Budget Execution by Programmes and Sub-Programmes

Table 3.421 summarises budget execution by programmes and sub-programmes in FY 2025/26 with the highest absorption rates.

Table 3.421: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Roads, Transport and Public Works				
Road Development, Maintenance & Management	Community access roads	369,803,433	369,803,433	100
Roads, Transport and Public Works				
Road Development, Maintenance & Management	Major roads	441,262,416	441,262,416	100
Migori Municipality				
Trade Payables	Trade Payables	11,982,854	11,982,854	100
Kehancha Municipality				
Trade Payables	Trade Payables	2,499,661	2,499,661	100
Rongo Municipality				
Trade Payables	Trade Payables	8,999,621	8,999,466	100
Recurrent				
Finance and Economic Planning				
General administration & support services	Administrative services	33,399,449	33,396,437	100
Awendo Municipality				
Administrative and Support Services	Planning, Administration, & governance services	21,142,549	21,116,972	100
Roads, Transport and Public Works				
Public works services	Architectural Services	38,063,000	38,063,000	100
Trade, Tourism, Markets and Industrialisation				
Co-operative Policy, Research Advisory	Co-operative Policy, Research Advisory	3,099,992	3,098,496	100
County Executive				
Governance & Administration Services	Chief of Staff	5,000,000	4,990,500	100

Source: *Migori County Treasury*

The development sub-programmes with the highest budget implementation rates were: Community access roads in the Department of Road Development, Maintenance & Management at 100 per cent, Major roads in the Department of Roads in the Department of Road Development, Maintenance & Management at 100 per cent, and trade payables in the Department of Migori Municipality at 100 per cent.

For recurrent sub-programmes, the top performers included: Administrative services in the Department of Finance and Economic Planning at 100 per cent, Planning, Administration, & Governance Services in the Department of Awendo Municipality at 100 per cent, and Architectural Services in the Department of Roads, Transport and Public Works at 100 per cent.

The higher performance of these programmes was attributed to prioritising payment of trade payables for contracted works, goods and services in accordance with repayment planning.

Table 3.422 summarises the budget execution by programmes and sub-programmes in FY 2025/26 that had the lowest absorption rates.

Table 3.422: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Lands, Housing and Physical Planning				
Land Survey Services	Land Survey Services	12,716,986	_	_
Kehancha Municipality				
Infrastructure Development	Infrastructure development	6,500,339	_	_
Roads, Transport and Public Works				
Road Development, Maintenance & Management	Road Maintenance Fuel Roads	57,601,592	_	_
Water and Energy				
Energy Development Services	Electrical Works Services	1,200,000	_	_
Agriculture, Livestock, Fisheries and Blue Economy				
Donor Funds	Donor Funds	14,323,680	_	_
Recurrent				
Education, Sports, Youth, Gender and Inclusivity				
Education support services	Bursary/scholarship	40,000,000	_	_
Trade, Tourism, Markets and Industrialisation				
Trade Promotion, Development & Support to SMEs	Trade development & promotion of SME services	39,087,255	8,929,545	23
Agriculture, Livestock, Fisheries and Blue Economy				
Veterinary public health	Control of Stray Animals	105,200	83,660	80
Public Health				
Preventive & Promotive Health Services	Malaria Control	500,000	478,600	96
Water and Energy				
Energy Development Services	Renewable energy development	750,000	700,000	93

Source: *Migori County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Land Survey Services in the department of Lands and Physical Planning; Infrastructure development in Kehancha municipality; Road Maintenance Fuel Roads in the department of Roads and Public Works; and Electrical Works Services in the department of Water and Energy.

For recurrent sub-programmes, the poorest performers include Bursary/scholarship in the department of Education, Sports, Youth, Gender and Inclusivity, Trade development & promotion of SME services in the department of Trade, Tourism, Markets and Industrialisation at 22.85 per cent and Control of Stray Animals in the department of Agriculture, Livestock, Fisheries and Blue Economy at 79.52 per cent.

These lower performances were attributed to non-prioritisation on procurement and challenges attributed to the use of the Electronic Government Procurement System (EGP system)

3.27.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.52 billion. This amount consisted of Kshs.837.23 million from the County Executive and Kshs.681.31 million from the County Assembly. The trade payables from the County Executive comprised Kshs.475.87 million for recurrent expenditure and Kshs.361.36 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.480.88 million, comprising Kshs.328.45 million (68.30 per cent) for recurrent programmes and Kshs.152.43 million (31.70 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.28.93 million for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.356.25 million for County Executive and Kshs.673.36 million for County Assembly.

Table 3.423: Migori County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	361,359,349	475,866,141	837,225,490
		County Assembly	300,000	681,012,422	681,312,422
		Total	361,659,349	1,156,878,563	**1,518,537,912**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	317,201,180	519,929,841.75	837,131,021.75
		County Assembly	300,000	154,498,421	154,798,421.00
		Total	317,501,180	674,428,263	**991,929,442.75**
Amount paid in FY 2025/26	c	County Executive	152,430,756	328,445,789.74	480,876,545.34
		County Assembly	-	28,934,892	28,934,892
		Total	152,430,756	357,380,681.74	**509,811,437.34**
Trade Payables Incurred in FY 2025/26	d	County Executive			
		County Assembly		47,230,237	20,987,096
		Total	-	47,230,237	20,987,096
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**208,928,593**	**147,420,351**	**356,348,945**
		County Assembly	**300,000**	**699,307,767**	**673,364,626**
		Total	**209,228,593**	**846,728,118**	**1,029,713,571**

Source: *Migori County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.674.43 million and Kshs.317.50 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.480.88 million for the Executive and Kshs.28.93 million for the Assembly.

Table 3.424: Migori County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**5,599,450**	**25,883,673**	**125,900,201**	**7,387,101**	**164,770,425**
Recurrent Trade Payables (Goods & Services)	31,667,017	35,249,491	122,760,070	663,000	190,339,578
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	127,210	1,017,264	_	_	1,144,474
Recurrent Trade Payables (Staff Claims)	_	_	_	_	_
Total Recurrent Trade Payables	**31,794,227**	**36,266,755**	**122,760,070**	**663,000**	**191,484,052**
Total Trade Payables	**37,393,677**	**62,150,428**	**248,660,271**	**8,050,101**	**356,254,477**
% of Total	**10**	**17**	**70**	**2**	**100**

Source: *Migori County Treasury*

Table 3.425: Migori County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	_	**1,733,730.40**	_	**300,000.00**	**2,033,730.40**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Goods & Services)	16,228,633.00	18,371,291.26	22,499,631.36	113,890,472.24	170,990,027.86
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	26,275,704.00	_	_	469,339,263.98	495,614,967.98
Recurrent Trade Payables (Staff Claims)	4,725,900.00	_	_	_	4,725,900.00
Total Recurrent Trade Payables	**47,230,237.00**	**18,371,291.26**	**22,499,631.36**	**583,229,736.22**	**671,330,895.84**
Total Trade Payables	**47,230,237.00**	**20,105,021.66**	**22,499,631.36**	**583,529,736.22**	**673,364,626.24**
% of Total	**7**	**3**	**3**	**87**	**100**

Source: *Migori County Assembly*

As shown in Table 3.424 and Table 3.425, the total salary arrears and statutory deductions for trade payables amounted to Kshs.496.76 million, representing 48.23 per cent of the total trade payables of Kshs.1.03 billion as of 30 June, 2026.

Additionally, the two tables indicate that 86.66 per cent of total trade payables are aged over 3 years. Of the trade payables aged over 3 years, Kshs.469.34 million are for salary arrears and statutory deductions under the County Assembly.

3.27.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 249 accounts across CBK and commercial banks, of which 20 were held at the CBK and 229 at commercial banks. Of those at the commercial banks, 3 were for donor commercial operational accounts, 1 for salaries accounts, 33 for departmental imprest and operational accounts, 1 for empowerment account, 16 for FIF account, 16 for hospital operations account, 157 for facility operations, 1 for county assembly operations and 1 for county assembly car loan and mortgage.

The County Treasury submitted copies of authorisation letters to the Controller of Budget to open 229 commercial bank accounts, in accordance with Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.27.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.301.04 million against an annual target of Kshs.525 million, representing 57.34 per cent of the financial year target.

ii. Low development performance in the review period as the County incurred Kshs.2.37 billion on development activities, achieving a 54.13 per cent absorption rate.

iii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.90.

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 2026, the CoB determined that the lifespan of the County Education Bursary Fund, the County Scholarships & Educational Benefits Fund, and the Migori County Assembly Car loans & House Mortgage Fund Scheme had lapsed despite being in operation.

v. High level of trade payables, which amounted to Kshs.1.06 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan. The County Assembly should also prioritise settlement of salary arrears and statutory deductions trade payables amounting to Kshs.495.61 million.

vi. Use of manual payroll. Personnel emoluments amounting to Kshs.71.71 million for 729 casual staff were processed through manual payroll, accounting for 1.70 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

vii. The County reported Kshs.4.15 million under "other operating expenses - Other," accounting for 0.33 per cent of total operation and maintenance costs.

viii. The County did not implement several programmes prioritised through the budget process, including Land Survey Services, Infrastructure development, Road Maintenance, Fuel Roads, and Electrical Works Services sub-programs, which were not funded, as shown in Table 1.426. This may result in the failure to deliver planned services, unmet public needs, and a loss of value from the budget resources allocated to these programmes.

ix. The County did not receive funding for 23 additional allocations, which include Allocations to Settlement of Doctors' Salary Arrears, Community Health Promoters (CHPs) Programme, Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees, Leasing of Medical Equipment and Fertiliser Subsidy, among others as shown in Table 3.82, constraining implementation of the intended programmes.

x. A high reliance on Facility Improvement Financing (FIF), which accounts for 64.30 per cent of locally raised revenue, exposing the County to a significant revenue concentration risk and raising concerns about the sustainability of its own-source revenue base.

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 implement strategies to increase development expenditures in FY 2026/27.*

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 lifespans are nearing expiration or have lapsed 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 bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables 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 adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

viii. *The County should ensure that all approved programmes are adequately funded to prevent non-implementation, resource wastage, and failure to achieve the intended service-delivery outcomes.*

ix. *The National Treasury should ensure timely and full disbursement of approved additional allocations in accordance with the applicable cash disbursement schedules and conditions to facilitate implementation of the funded programmes.*

x. *The County Treasury should diversify and strengthen its own-source revenue base by enhancing collection from other revenue streams and reducing overreliance on Facility Improvement Financing (FIF).*

3.28. County Government of Mombasa

3.28.1 Overview of FY 2025/26 Budget

The County's approved Supplementary Budget for FY 2025/26 was Kshs.18.73 billion. It comprises Kshs.5.62 billion (30.00 per cent) and Kshs.13.11 billion (70.00 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.36 billion (7.86 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.5.52 billion and a recurrent budget of Kshs.11.84 billion.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.8.38 billion (44.77 per cent), additional allocations of Kshs.1.73 billion (9.26 per cent), a cash balance brought forward from FY 24/25 of Kshs.219.30 million (1.17 per cent) and Kshs.8.39 billion (44.80 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.426.

3.28.2 Revenue Performance

During the year, the County reported total receipts of Kshs.15.79 billion. This amount represented an increase of 7.18 per cent compared to the amount received in FY 2024/25 of Kshs.14.73 billion. The total revenue consisted of Kshs.8.38 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.00 billion, and own-source revenue (OSR) collection of Kshs.6.21 billion. Additionally, the County had a cash balance of Kshs.191.00 million from FY 2024/25. The total OSR collection of Kshs.6.21 billion included Facilities Improvement Financing (FIF) of Kshs.2.41 billion and Kshs.3.80 billion from other OSR sources. Table 3.426 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.426: Mombasa County, Revenue Performance in FY 2025/26

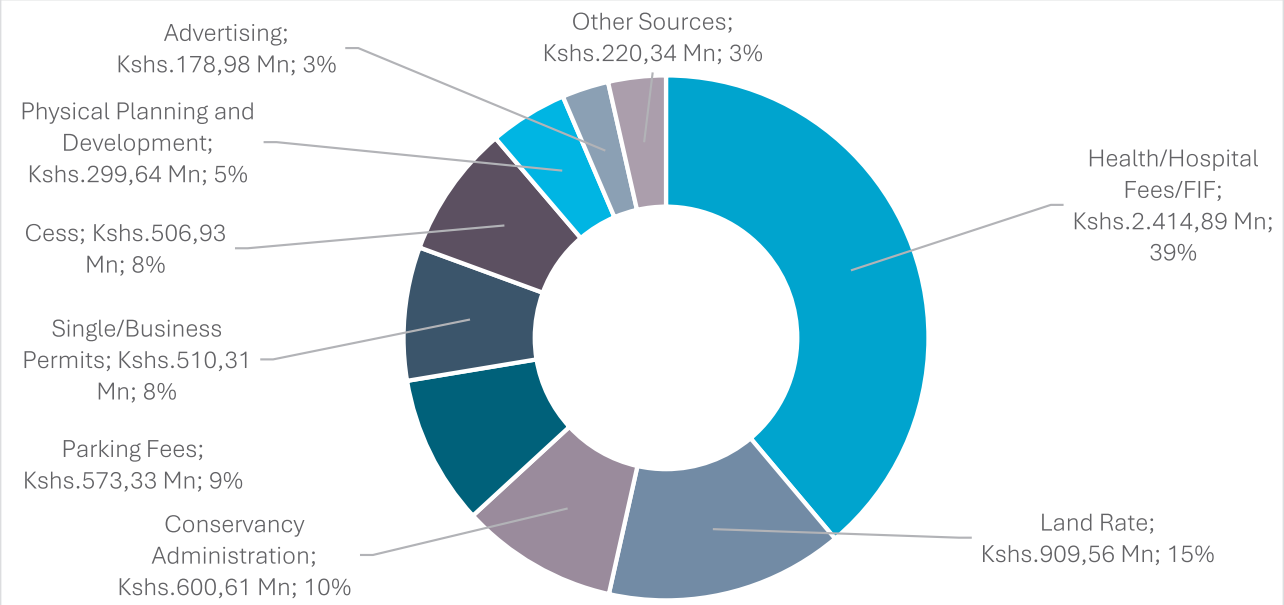
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	210,875,072	182,573,974	-	182,573,974	87
2	County Executive Refunds to CRF	8,423,953	8,423,953	-	8,423,953	100
3	County Assembly Refunds to CRF		932	-	932	
	Sub-Total	**219,299,025**	**190,998,859**	**-**	**190,998,859**	87
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,383,385,281	8383385281	-	8,383,385,281	100
	Sub-Total	**8,383,385,281**	**8,383,385,281**	**-**	**8,383,385,281**	100
C	**Additional Allocations (Including Grants)**					
1	Allocations for Court Fines	1,398,424	1,398,424	-	1,398,424	100

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
2	Allocations for 20% Share of Mineral Royalties	18,830	18,830	-	18,830	100
3	Settlement of Doctors' Salary Arrears	108,971,914	-	-	-	-
4	Community Health Promoters (CHPs) Programme	71,610,000	-	-	-	-
5	County Aggregation and Industrial Parks (CAIPs) Programme	133,368,421	133,368,421	-	133,368,421	100
6	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	-
7	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	33,000,000	33,000,000	-	33,000,000	100
8	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500	70,503,589	-	70,503,589	97
9	Kenya Devolution Support Programme Phase Two(KDSP II) Level 2 Grant	352,500,000	103,939,269	-	103,939,269	29
10	National Agricultural Value Chain Development Project (NAVCDP)	150,000,000	130,315,790	-	130,315,790	87
11	Primary Health Care in Devolved Context (PHDC) Programme	11,373,000	11,373,000	-	11,373,000	100
12	Water & Sanitation Development Project (WSDP)	500,000,000	345,000,000	-	345,000,000	69
13	Kenya Informal Settlement Improvement Project (KISIP II)	245,000,000	120,882,538	-	120,882,538	49
14	Bloomberg Philanthropies Grant	52,000,000	52,000,000	-	52,000,000	100
	Sub-Total	**1,734,137,711**	**1,001,799,861**	**-**	**1,001,799,861**	58
D	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue (OSR)	6,664,567,655	3,799,700,513	11,818,407,252	15,618,107,765	234
	Sub-Total	**6,664,567,655**	**3,799,700,513**	**11,818,407,252**	**15,618,107,765**	234
E	**Facility Improvement Financing (FIF)**					
1	SHIF	1,723,610,328	2,414,889,970	2,770,438,808	5,185,328,778	301
2	Defunct NHIF			322,787,353	322,787,353	
	Sub-Total	**1,723,610,328**	**2,414,889,970**	**3,093,226,161**	**5,508,116,131**	320
	Grand Total	**18,725,000,000**	**15,790,774,484**	**14,911,633,413**	**30,702,407,897**	**164**

Source: *Mombasa County Treasury*

Figure 3.160: provides a detailed breakdown of receipts.

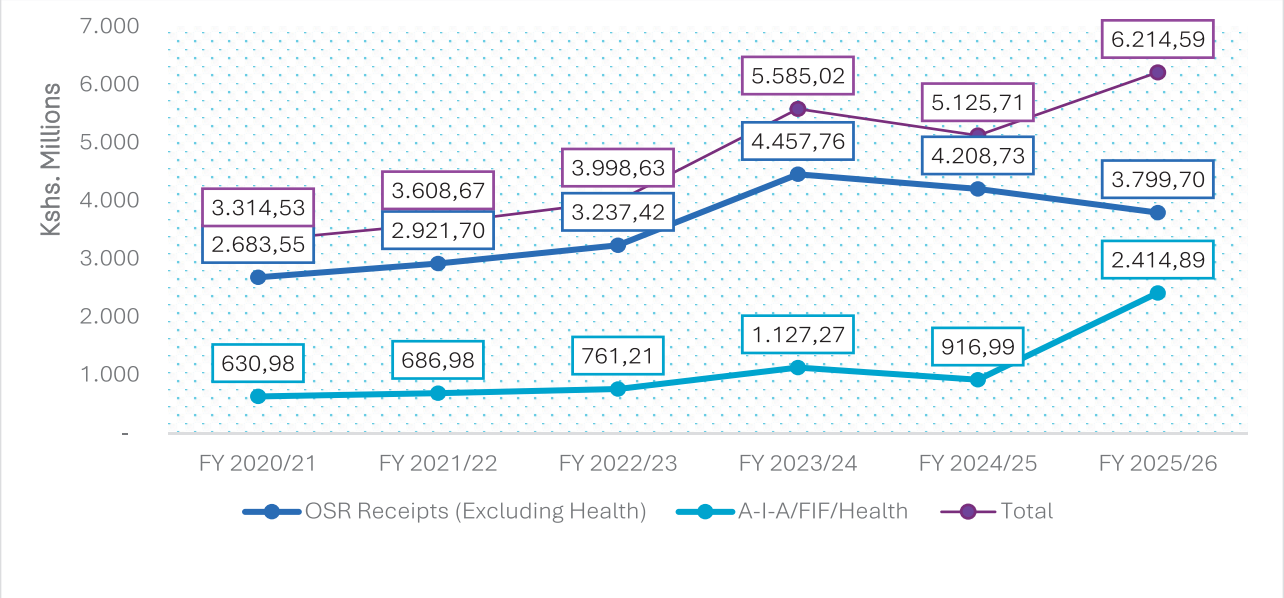
Figure 3.160: Mombasa County Composition of Revenue in FY 2025/26



S***ource:*** *Mombasa County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 100 per cent, 57.01 per cent and 140.11 per cent, respectively, of the total receipts for the reporting period. Figure 3.161 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

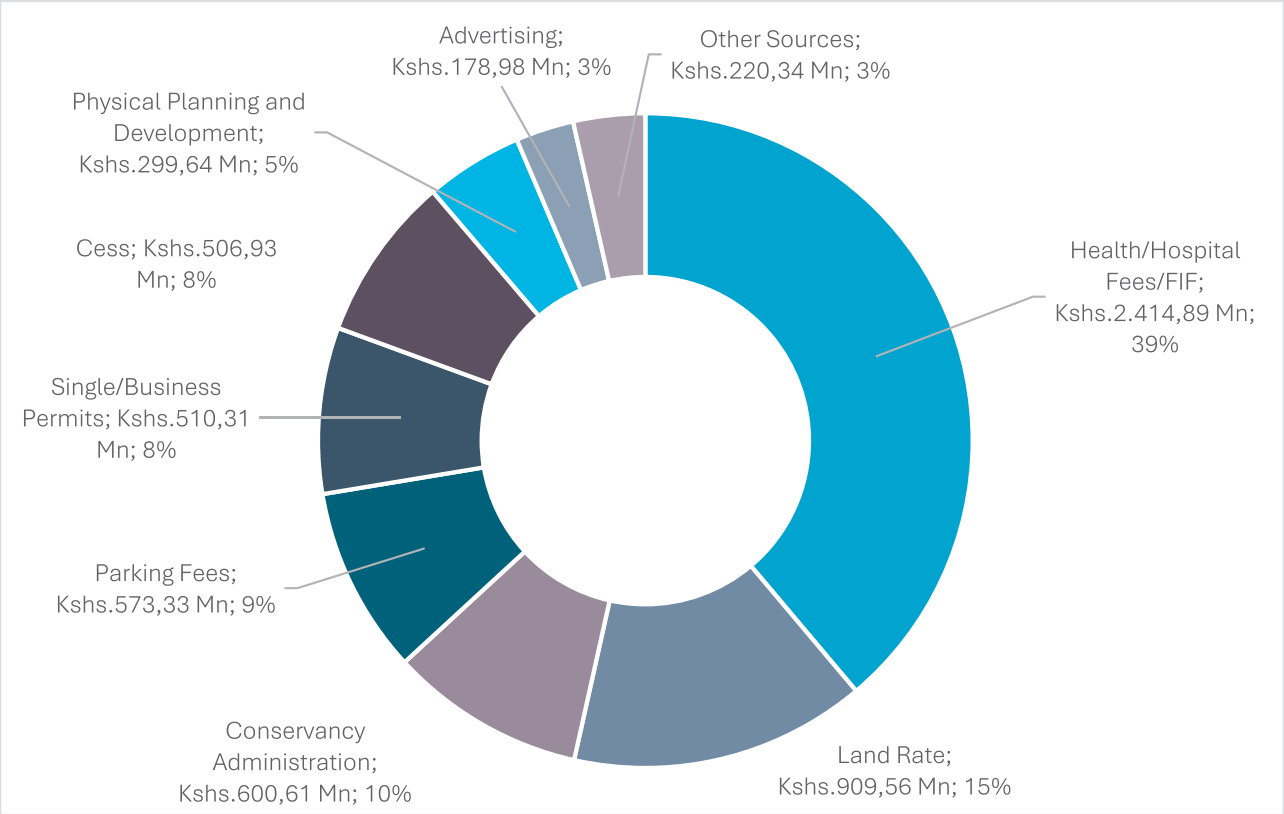
Figure 3.161: Mombasa County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Mombasa County Treasury*

During the year, the County received Kshs.6.21 billion from OSR, including FIF. This amount was an increase of 21.24 per cent compared to Kshs.5.13 billion realised in FY 2024/25, and was 74.09 per cent of the annual target and 100 per cent of the equitable revenue share disbursed. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.162.

Figure 3.162: Mombasa County Top Own Source Revenue Streams in FY 2025/26



Source: Mombasa County Treasury

As shown in Figure 3.162, the largest revenue stream, at Kshs.2.41 billion, was FIF, accounting for 39 per cent of total OSR receipts. The County Government indicated that it has automated all the revenue streams.

3.28.3 Revenue Arrears

As of 1 Jul 2025, the County reported revenue arrears of Kshs.16.13 billion, which decreased to Kshs.13.68 billion as of 30 Jun, 2026. The County tracks its revenue Arrears using a Laiform automated system, with a cash- or accrual-basis option. Table 3.427 presents a breakdown of the County's Revenue Arrears.

Table 3.427: Mombasa County Revenue Arrears as of 30 Jun 2026

No	Revenue Stream	Revenue Receivables as of 1 Jul 2025 (Kshs.)	Progress made in FY 2025/26			OSR Receivables as of 30 Jun, 2026 (Kshs.)
			Waivers (Kshs)	Receivables paid in the financial year (Kshs)	Receivables earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**Plot Rate**	13,909,615,819	3,278,463,228	272,715,622	1,459,970,283	11,818,407,252
2	**Sub-Total**	**13,909,615,819**	**3,278,463,228**	**272,715,622**	**1,459,970,283**	**11,818,407,252**
B	**Facility Improvement Fund (FIF)**					
1	SHIF	1,723,309,784	183,638,358	2,240,823,697	2,240,823,697	1,539,671,426
2	Defunct NHIF	498,529,310	-	175,741,957	-	322,787,353
	Sub-Total	**2,221,839,094**	**183,638,358**	**2,416,565,654**	**2,240,823,697**	**1,862,458,779**
	Grand Total	**16,131,454,914**	**3,462,101,587**	**2,689,281,276**	**3,700,793,980**	**13,680,866,031**

Source: Mombasa *County Treasury*

As of 30 Jun 2026, the revenue arrears totalled Kshs.13.68 billion, comprising Kshs.11.82 billion for land rates (86.39 per cent), Kshs.1.54 billion for SHIF (11.25 per cent) and Kshs.322.89 million for the defunct

NHIF (2.36 per cent). The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 include the introduction of waivers.

3.28.4 Borrowing by the County

The County Executive has a credit facility with KCB Bank totalling Kshs.620.52 million. The credit facility was procured in June 2026 and used to pay salaries for June. A summary of borrowing by the County is shown below:

Table 3.428: Summary of Borrowings by Mombasa County Government as of 30 Jun 2026

Lender	Purpose	Assembly Approval (Yes/No)	Opening Balance as of 1 Jul 2025 (Kshs.) (a)	Additions (Kshs.) (b)	Repayments (Kshs.) (c)	Closing Balance as of 30 Jun 2026 (Kshs.) (d=a+b-c)
County Executive						
KCB	OVERDRAFT TO PAY JUNE 2026 - SALARY	YES	0	620,521,882.25	0	620,521,882.25

Source: *Mombasa County Treasury*

The agreement between the County Government and Kenya Commercial Bank was established for short-term borrowing, where the bank provides an overdraft to pay salaries for County Government employees.

3.28.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.13.10 billion from the Mombasa County Revenue Fund (CRF) account. This amount consisted of Kshs.2.57 billion (19.63 per cent) designated for development programs, and Kshs.10.52 billion (80.37 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.7.34 billion was allocated to employee compensation and Kshs.3.18 billion to operations and maintenance expenditures. Within the operations and maintenance category, 8.49 per cent was for domestic travel and 3.76 per cent for foreign travel. The domestic travel exchequers totalled Kshs.269.90 million, which included Kshs.201.10 million for the County Executive and Kshs.68.79 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.119.58 million, with Kshs.65.27 million for the County Executive and Kshs.54.32 million for the County Assembly.

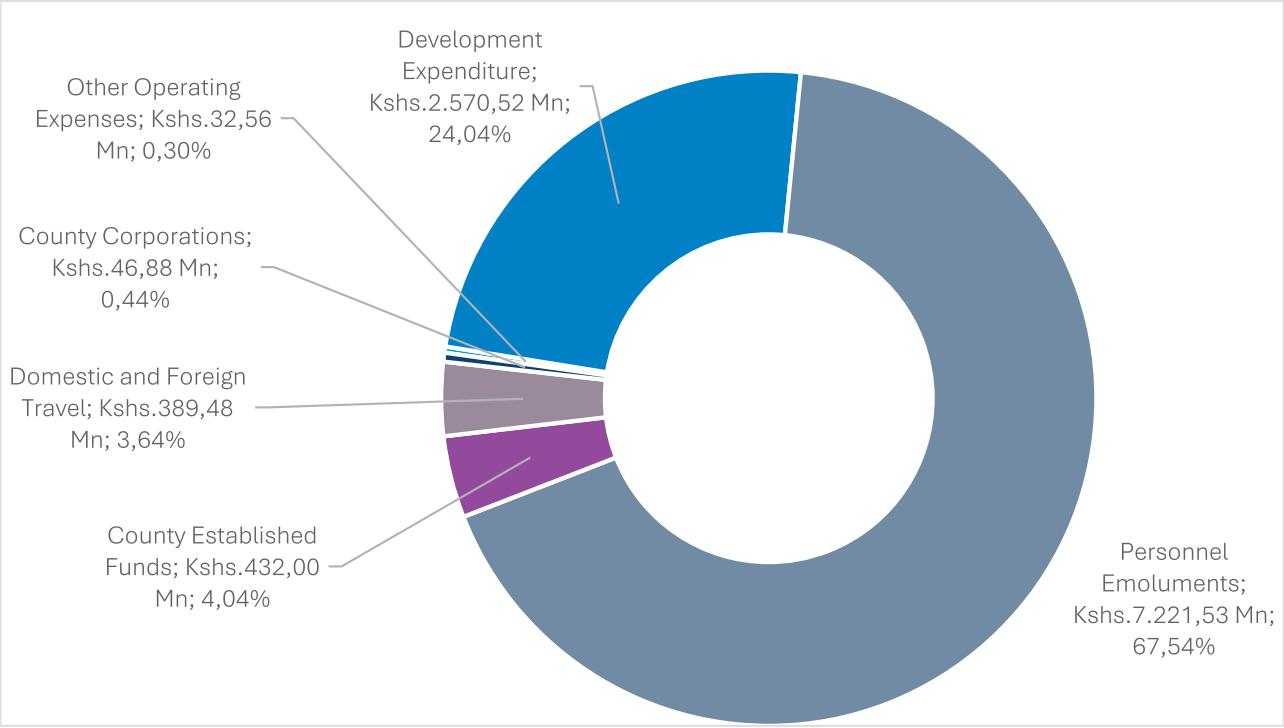
As of 30 Jun 2026, the County Government's cash balance in the Mombasa CRF account was Kshs.1.05 billion.

3.28.6 Expenditure Review

The County spent Kshs.13.03 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 99.49 per cent of the total funds released by the CoB. It comprised Kshs.10.46 billion for development programmes and Kshs.2.57 billion for recurrent programmes. Expenditure on development programmes accounted for 46 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 84 per cent of the annual recurrent expenditure budget.

Figure 3.163 provides a detailed breakdown of total expenditure.

Figure 3.163: Mombasa County Composition of Expenditure in FY 2025/26



Source: *Mombasa County Treasury*

As shown in Figure 3.163, the three highest expenditure categories were Personnel Emoluments, Development, and County Established Funds, contributing 67.54, 24.04 and 4.04 per cent of total expenditure for the reporting period.

3.28.7 Expenditure by Economic Classification

The County Executive incurred Kshs.6.70 billion in employee compensation, Kshs.2.89 billion in operations and maintenance, and Kshs.2.50 billion in development activities. Similarly, the County Assembly spent Kshs.519.47 million on employee compensation, Kshs.351.37 million on operations and maintenance, and Kshs.67.11 million on development activities, as shown in Table 3.429.

Table 3.429: Mombasa County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs)	Exchequer Issues (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive						
Recurrent	12,235,838,360	9,589,305,521	9,587,550,762	612,389,771	10,199,940,533	83
Compensation to Employees	7,881,218,282	6,784,179,782	6,702,059,573	612,389,771	7,314,449,344	93
Operations & Maintenance	4,354,620,079	2,805,125,739	2,885,491,189	0	2,885,491,189	66
Development	5,548,315,746	2,503,808,441	2,503,411,730	0	2,503,411,730	45
Executive Sub-total	***17,784,154,106***	***12,093,113,962***	***12,090,962,492***	***612,389,771***	***12,703,352,263***	***71***
County Assembly						
Recurrent	**870,845,894**	**935,596,543**	**870,844,861**	**0**	**870,844,861**	**100**
Compensation to Employees	524,120,321	560,765,918	519,473,513		519,473,513	99
Operations & Maintenance	346,725,573	374,830,625	351,371,348		351,371,348	101
Development	**70,000,000**	**67,107,510**	**67,107,510**		67,107,510	**96**

Sector / Category	Budget (Kshs)	Exchequer Issues (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
Assembly Sub-total	***940,845,894***	***1,002,704,053***	***937,952,371***	***0***	***937,952,371***	***100***
Combined County Totals						
Total Recurrent	**13,106,684,254**	**10,524,902,063**	**10,458,395,623**	**612,389,771**	**11,070,785,394**	**84**
Compensation to Employees	8,405,338,603	7,344,945,700	7,221,533,085	612,389,771	7,833,922,856	93
Operations & Maintenance	4,701,345,651	3,179,956,364	3,236,862,537	0	3,236,862,537	69
Total Development	**5,618,315,746**	**2,570,915,951**	**2,570,519,240**	**0**	**2,570,519,240**	**46**
Grand Total	**18,725,000,000**	**13,095,818,014**	**13,028,914,862**	**612,389,771**	**13,641,304,633**	**73**

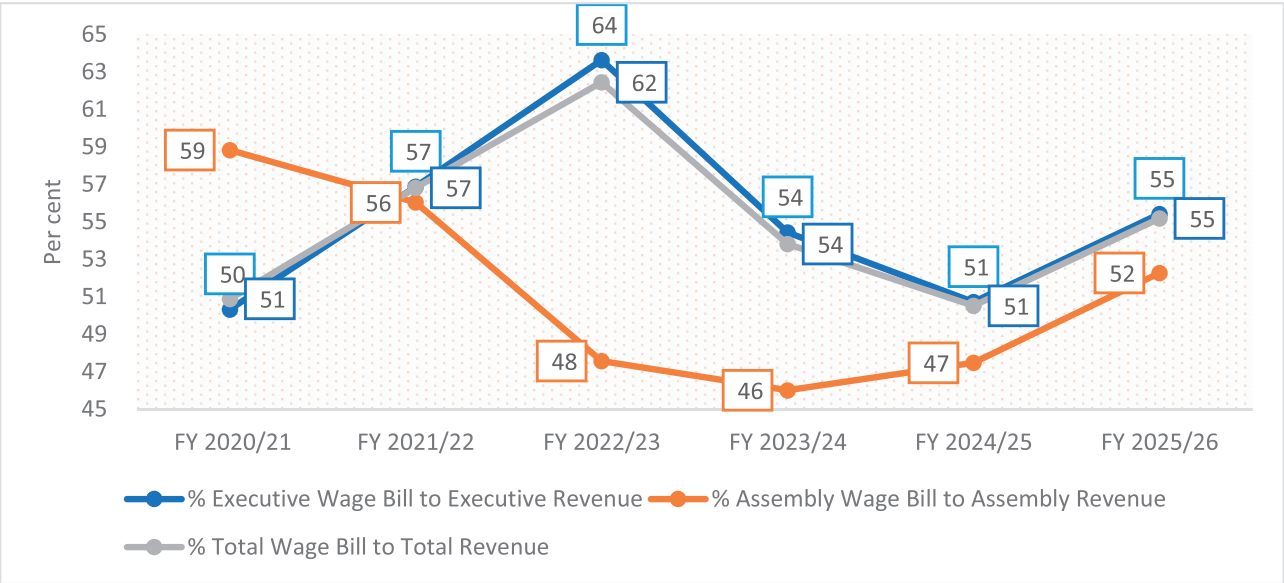
Source: *Mombasa County Treasury*

3.28.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.7.22 billion, representing 55.14 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.6.94 billion reported in FY 2024/25. Of this total, Kshs.3.75 billion relates to Health Sector employees, accounting for 51.94 per cent of overall employee compensation.

Figure 3.164: shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.164: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Mombasa County Treasury

Further analysis indicated that PE costs amounting to Kshs.6.98 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.241.26 million was processed through manual payrolls, accounting for 3.34 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 3.430.

Table 3.430: Analysis of Mombasa County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	97,731,858	21,727,257	119,459,115
Gratuity for contract staff	26,948,698	336,870	27,285,568
Community Health Workers	67,020,000		67,020,000
LAPTRUST/LAPFUND Pension Contributions		26,545,507	26,545,507
NSSF		636,120	636,120
Housing Levy		303,945	303,945
NITA		5,300	5,300
Total	**191,700,556**	**49,554,999**	**241,255,555**

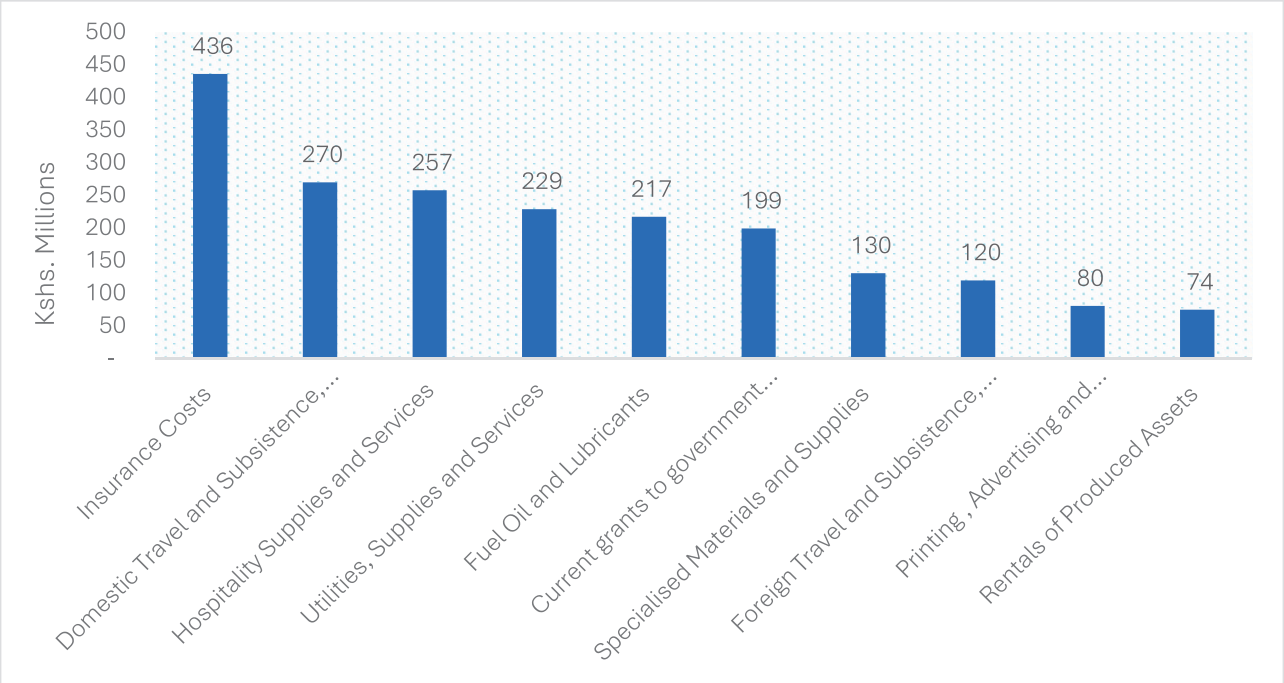
Source: Mombasa County Treasury

The County Assembly spent Kshs.32.56 million on committee sitting allowances for the 43 MCAs, against the budget allocation of Kshs.35.88 million. The average monthly sitting allowance was Kshs.63,101 per MCA. The County Assembly has 21 House Committees.

3.28.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.3.24 billion on operations and maintenance, representing an increase of 19.75 per cent compared to FY 2024/25, when the County spent Kshs.2.6 billion. Figure 3.165 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.165: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: *Mombasa County Treasury*

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.236.5 million to County-Established funds in FY 2025/26, representing 1.26 per cent of the County's overall budget. Of this amount, the County allocated Kshs.20 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.11 per cent of the total budget. Table 3.431 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.431: Performance of Mombasa County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Mombasa County Elimu Scheme	2023	154,500,000	154,000,000	154,000,000	1,848,527,622	YES
2	Emergency Fund		20,000,000	-	-	-	YES
3	Mombasa County Ardhi Fund	2024	50,000,000	50,000,000	50,000,000	50,000,000	YES
4	Mombasa County Alcoholic Drink Control Fund	2014	-	-	-	-	YES
5	Mombasa County Consolidated Revolving Fund	**2026**	55,000,000	30,000,000	30,000,000-	30,000,000	YES
County Assembly Established Funds							
1	Mombasa County Assembly Car Loans and Mortgage for Members and staff	2021	12,000,000	12,000,000	12,000,000	195,000,000	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 2025/26, the CoB determined that the Mombasa County Alcoholic Drink Control Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.28.11 County Corporations, Municipalities and Agencies

The County has two County Corporations, which were allocated Kshs.549.50 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.20 million, as shown in Table 3.432.

Table 3.432: Performance of Mombasa County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Mombasa Investment Corporation	20,000,000	20,000,000	20,000,000	20,000,000
2	Water And Sanitation Development Project(WSDP)	529,500,000	-	-	2,358,858,187
	Total	**549,500,000**	**20,000,000**	**20,000,000**	**2,378,858,187**

Source: *Mombasa County Treasury*

3.28.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.269.90 million and comprised Kshs.68.79 million spent by the County Assembly and Kshs.201.10 million by the County Executive. Expenditure on foreign

travel amounted to Kshs.119.58 million and comprised Kshs.54.32 million by the County Assembly and Kshs.65.27 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.433.

Table 3.433: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	3	12th-23th July 2025	Travel to Dubai to attend the public governance best practices conference	DUBAI	2,063,934.00
Executive	2	29th July- 2nd August 2025	Evaluation committee visit to Jospong Group of Companies in Ghana, 29 Jul 2025 to 2 Aug 2025	GHANA	959,800.00
Executive	5	16 AUG 2025 TO 23 AUG 2025	Claim for travel and subsistence allowance while attending the interim reporting seminar and practitioners' workshop for the 2025 knowledge sharing program from 16 Aug 2025 to 23 Aug 2025, Korea	KOREA	644,540.00
Executive	1	19TH AUGUST-7TH SEPTEMBER 2025	Facilitation for travel to Istanbul, Turkey from 2919th august-7th September 2025	TURKEY	1,082,757.00
Executive	2	29TH AUGUST-7TH SEPTEMBER 2025	Claim for travel to Turkey	TURKEY	1,176,932.00
Executive	1	12th-25th September 2025	Facilitation to attend the 80th session of the UN General Assembly from 12th-25th September 2025 in New York	USA	990,630.00
Executive	6	22nd September-3rd October 2025	Facilitation for travel to Dubai for green training from 22 Sept to 3 Oct 2025	DUBAI	7,811,425.00
Executive	8	15th-19th September 2025	Facilitation for travel to Turkey from 15th-19th September 2025	TURKEY	6,932,440.00
Executive	4	13th-18th October 2025	Facilitation to attend the multi-city leadership reunion, Cape Town, South Africa	SOUTH AFRICA	2,747,572.00
Executive	1	5TH-13TH APRIL 2025	Claim for attending the 14th Annual Affordable Housing Projects Conference 2025 in Kuala Lumpur, Malaysia from 5th to 13th April 2025	MALAYSIA	578,234.00
Executive	1	18th April -10th May 2026	Claim for travel to Denmark to attend the learning programme, practices, tools and technologies for the green transition	DENMARK	471,210.00
COUNTY ASSEMBLY	7	9TH-16TH NOVEMBER 2025	Payment for training on strengthening county oversight in education-Dubai	DUBAI	3,630,424.00
COUNTY ASSEMBLY	7	6TH-13TH NOVEMBER 2025	Payment for training on the public health, resilience and community systems programme in Dubai	DUBAI	3,734,836.00
COUNTY ASSEMBLY	7	7TH-14TH NOVEMBER 2025	Payment for training on the infrastructure and project management programme in Dubai	DUBAI	3,790,276.00
COUNTY ASSEMBLY	1	17TH-26TH NOVEMBER 2025	Payment for the cybersecurity conference, Minnesota, USA	USA	649,840.00
COUNTY ASSEMBLY	7	29TH NOV-5TH DEC 2025	Payment for training on strengthening the public accountability and financial transparency programme - Dubai	DUBAI	3,951,976.00

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
COUNTY ASSEMBLY	6	7TH-14TH DECEMBER 2025	Being pre-payment for training on blue economy entrepreneurship and investment for prosperity programme - Dubai	DUBAI	3,183,864.00
COUNTY ASSEMBLY	4	5TH-12TH DECEMBER 2025	Payment for training on the financial accountability & oversight programme - Dubai	DUBAI	2,137,360.00
COUNTY ASSEMBLY	2	3RD-10TH DECEMBER 2025	Payment for training on strategies for effective youth participation in county assemblies - UK	UK	968,888.00
COUNTY ASSEMBLY	5	02ND-09TH FEBRUARY 2026	Facilitation to attend training on constitutional & legal framework governing county assembly service boards	TURKEY	3,165,532.00
COUNTY ASSEMBLY	2	02ND-09TH FEBRUARY 2026	Facilitation to attend training on strengthening governance and human resource management in the county assembly service boards	DUBAI	1,101,944.00
COUNTY ASSEMBLY	2	10TH-17TH FEBRUARY 2026	Payment for training on the financial reporting and accountability programme in Turkey	TURKEY	1,084,000.00
COUNTY ASSEMBLY	7	17TH-24TH MAY 2026	Payment for facilitation to participate in the public financial management & fiscal oversight programme - Dubai	DUBAI	3,775,513.00
COUNTY ASSEMBLY	6	18TH-25TH MAY 2026	Being payment for facilitation to participate in the professional development in health governance & health systems modernisation training programme - Turkey	TURKEY	3,274,983.00
COUNTY ASSEMBLY	6	24TH-31ST MAY 2026	Payment for facilitation of training on water management, natural resources & conservation - Dubai	DUBAI	2,631,779.00
COUNTY ASSEMBLY	7	10TH-17TH JUNE 2026	Facilitation to attend training on capacity building on youth & gender - Dubai	DUBAI	3,803,506.00
COUNTY ASSEMBLY	6	7TH-14TH JUNE 2026	Facilitation to attend training on education leadership & digital learning - Dubai	DUBAI	3,116,958.00
COUNTY ASSEMBLY	6	14TH-21ST JUNE 2026	Facilitation to attend training on public accounts and financial management - Dubai	DUBAI	3,236,154.00
COUNTY ASSEMBLY	5	19TH-26TH JUNE 2026	Facilitation to attend training on oversight of delegated county legislation - Dubai	DUBAI	2,696,795.00

Source: Mombasa County Treasury and County Assembly

3.28.13 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.2.42 billion as FIF, which was 301 per cent of the target of Kshs.1.72 billion. 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.

The expenditure by the health facilities amounted to Kshs.1.97 billion, as shown in Table 3.434.

Table 3.434: Mombasa County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level 5 Hospital	1	1,254,131,316.00	1,327,487,079.53	106
2	Level 4 Hospital	5	684,513,581.00	417,104,112.91	61
3	Level 3 Facility	6	261,100,982.00	227,878,833.24	87
4	Level 2 Facility	38			

Source: *Mombasa County Treasury*

3.28.14 Development Expenditure

In FY 2025/26, the County reported spending Kshs.2.57 billion on development programmes, representing a decrease of 25.07 per cent compared to FY 2024/25, when the County spent Kshs.3.43 billion. Table 3.435 summarises the development projects with the highest expenditure in the reporting period.

Table 3.435: Mombasa County, List of Development Projects with the Highest Expenditure

Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Remarks/ Challenges faced in implementing Projects
Proposed development of Mombasa Stadium cont no cgm/pro/t/5/2018/2019		14 Mar 2019	15 Mar 2021	1,768,183,999.45	61,460,494.10	61,460,494.10	708,484,930.36	40.07
Revenue Management Services for E-Parking Collections	Mvita				47,730,398.05	47,730,398.05		
Proposed water abstraction, purification, and harvesting works in schools, Mombasa County	Across County	12 Apr 2024	17 Apr 2026	56,786,053.00	52,150,000.00	40,150,000.00	52,150,000.00	70.70
Transfer of funds to cater for the proposed construction of the Mombasa Cycle Project	Nyali	8 Aug 2025	22-Sep-26	105,077,867.00		30,960,933.70		29.46
Philips cast-lab machine	Mvita	28 Aug 2025	25 Aug 2026	24,510,169.00		24,510,169.80		100.00
Provision for planning survey and titling of Vikobani informal settlement		19/03/2026		42,861,482.00	23,987,650.10	23,987,650.10		55.97
Proposed Construction of Kajiweni Junda Road to Cabro Standard		16 Mar 2026	12 Sept 2026	59,849,971.00		22,683,097.05		37.90
Proposed construction and improvement of the Mombasa cycle network project	Mvita	07/08/2025	03/05/2025	105,237,063.00	87,795,833.00	22,276,130.00		21.17
Donor-funded projects								
Water and sanitation development project	Across County	13 Feb 2026	1 Jul 2026	345,000,000.00	345,000,000.00	345,000,000.00		
Proposed construction of county aggregation and industrial parks	Across County	19 Apr 2024	22 May 2025	461,219,071.95	221,898,487.80	221,898,487.80	66,756,752.00	48.11

Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Remarks/ Challenges faced in implementing Projects
National agricultural value chain development project	Across County				135,315,790.35	135,315,790.35		
Routine maintenance of Lot 10; A7 junction-Maria Consolata Primary School, Kwa Kioko Church Road (P1552)	Mvita	30.06.2026		3,230,147.67	2,742,700.60	2,742,700.60		84.91
Routine Maintenance of Lot5: Msanifu Kombo & Raha Leo	Mvita	30.06.2026	3,000,360.00	2,545,194.25		2,545,194.25		84.83
Routine Maintenance of LOT 4: Umoja Road, Nyali (p1391_Mombasa)	Nyali	30.06.2026	2,887,041.86	2,445,405.40		2,445,405.40		84.70
Routine Mantenance of LOT 9: Mt. Sinai-DEO Office(A7 Junction_Likoni Deo Office (Road L53)	Likoni	30.06.2026	2,376,752.01	2,013,247.25		2,013,247.25		84.71

Source: *Mombasa County Treasury*

3.28.15 Budget Performance by Department

Table 3.436 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.436: Mombasa County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	870.85	70.00	870.85	67.11	870.84	67.11	100	100	100	95.9
Public Service Board	115.88	10.00	93.05	-	93.30		100.3	-	80.5	-
Finance And Economic Planning	1,036.49	382.37	806.31	198.57	923.28	252.05	114.5	126.9	89.1	65.9
Health	5,146.23	876.59	3,717.86	380.61	3,460.16	54.14	93.1	14.2	67.2	6.2
Transport, Infrastructure & Public Works	980.71	1,305.96	703.69	367.56	880.49	807.97	125.1	219.8	89.8	61.9
Environment And Governance	1,137.67	205.80	881.29	21.56	963.66	107.23	109.3	497.5	84.7	52.1
Education	988.36	205.20	988.36	97.68	926.97	98.96	93.8	101.3	93.8	48.2
Water, Natural Resources and Climate Change Resilience	125.83	805.55	125.83	379.02	100.90	452.41	80.2	119.4	80.2	56.2

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
Public Service Administration, Youth, Gender, Social Services and Sports.	1,314.09	166.60	978.60	164.14	1,181.72	78.86	120.8	48	89.9	47.3
Tourism, culture & Trade	494.12	233.67	491.88	223.59	365.79	180.64	74.4	80.8	74	77.3
Lands, Urban Renewal, and Housing	366.37	1,087.50	351.10	504.61	233.78	291.17	66.6	57.7	63.8	26.8
Blue Economy, Cooperatives, Agriculture, and Livestock	191.75	234.06	191.75	166.33	157.56	156.27	82.2	94	82.2	66.8
County Attorney	98.86	-	98.86	-	88.84	-	89.9	-	89.9	-
County Executive	239.49	35.00	225.48	0.15	211.10	23.72	93.6	15,811.30	88.1	67.8
Total	**13,106.68**	**5,618.32**	**10,524.90**	**2,570.92**	**10,458.40**	**2,570.52**	**99.4**	**100**	**79.8**	**45.8**

Source: *Mombasa County Treasury*

Analysis of expenditure by departments shows that the Department of County Assembly recorded the highest absorption rate of development budget at 95.90 per cent, followed by the Department of Trade, Tourism and Culture at 77.3 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, Urban Renewal and Housing had the lowest at 63.8 per cent.

3.28.16 Budget Execution by Programmes and Sub-Programmes

Table 3.437 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.437: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Development				
Health				
Programme 7	Administration Unit	24,510,170	24,510,170	100.00
County Assembly				
Human Resource Management	Refurbishment of Non-Residential Buildings	65,000,000	62,833,793	96.67
	Purchase of Exchanges and other Communications Equipment	5,000,000	4,273,718	85.47
Land, Urban Renewal and Housing				
Programme 11	Urban Renewal & Redevelopment	25,000,000	22,499,285	90.00

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
County Executive				
Programme 1	Governor's and Deputy Governor's Affairs	19,000,000	16,778,007	88.31
RECURRENT				
County Assembly				
Human Resource Management	Compensation to Employees	524,120,321	524,120,320	100.00
	Use of Goods and Services	191,087,532	191,086,532	100.00
Legal	Use of Goods and Services	155,638,040	155,638,008	100.00
County Executive				
Programme 1	Cabinet affairs, Service delivery Unit, Intergovernmental and Public service Transformation	4,711,185	5,372,115	114.03
	Governor's Advisory Council and special programs	6,485,500	6,967,628	107.43

Source: *Mombasa County Treasury*

The development sub-programmes with the highest budget implementation rates were: Administration unit in the Department of Health at 100 per cent, Refurbishment of non-residential buildings in the Department of County Assembly at 96.67 per cent, and Urban renewal and redevelopment at 90 per cent.

For recurrent sub-programmes, the top performers included: Cabinet affairs, Service Delivery Unit, Intergovernmental and Public Service Transformation in the Department of County Executive at 114.03 per cent, Governor's Advisory Council and special programs in the Department of County Executive at 107 per cent, and Compensation to Employees in the Department of County Assembly at 100 per cent.

Table 3.438 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.438: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Development				
Health				
Programme 7	Coast General Teaching and Referral Hospital	410,783,210	9,630,087	2.34
Blue Economy, Co-operatives Agriculture and Livestock				
Programme 13	Fisheries Development	10,000,000	1,500,000	15.00
Water, Natural Resources and Climate Change Resilience				
Programme 8	Climate Resilience	108,000,000	12,000,000	11.11
Land, Urban Renewal and Housing				
Programme 11	Urban Planning	70,000,000	6,201,724	8.86
	Land Administration and Valuation	425,000,000	90,083,189	21.20
RECURRENT				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Health				
Programme 7	Coast General Teaching and Referral Hospital	834,348,106	29,983,123	3.59
	Preventive and Promotive Health Services	208,007,664	17,140,965	8.24
Tourism, Trade and Culture				
Programme 1	Tourism Marketing and Product Development	71,680,017	8,607,719	12.01
Environment & Governance				
Programme 5	Public Affairs and Empowerment Programs	4,469,000	1,319,000	29.51
	Inspectorate, Enforcement and Compliance	13,008,800	4,602,179	35.38

Source: *Mombasa County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Coast General Teaching and Referral Hospital in the Department of Health at 2.34 per cent, Urban Planning in the Department of Land, Urban Renewal and Housing and Climate Resilience at 11.11 per cent in the Department of Water, Natural Resources and Climate Change Resilience.

For recurrent sub-programmes, the poorest performers included: Coast General Teaching and Referral Hospital in the Department of Health at 3.59 per cent, Tourism Marketing and Product Development in the Department of Tourism, Culture & Trade at 12.01 per cent, and Preventive and Promotive Health Services in the Department of Health at 8.24 per cent.

3.28.17 Settlement of Trade Payables

As of 1 Jul 2025, the County reported trade payables totalling Kshs.3.87 billion. This amount consisted of Kshs.3.75 billion from the County Executive and Kshs.118.40 million from the County Assembly. The trade payables from the County Executive comprised Kshs.2.44 billion for recurrent expenditure and Kshs.1.31 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.782.07 million, comprising Kshs.720.24 million (29.53 per cent) for recurrent programmes and Kshs.61.83 million (4.72 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.109.78 million (92.72 per cent) for recurrent activities. The outstanding trade payables as of 30 Jun 2026 were Kshs.3.79 billion for County Executive and Kshs.53.14 million for County Assembly.

Table 3.439 provides additional details of trade payables.

Table 3.439: Mombasa County Trade Payables as of 30 Jun 2026

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 Jul 2025 (End of FY 2024/25)	County Executive	1,310,750,537	2,439,361,521	3,750,112,058
	County Assembly	-	118,396,110	118,396,110
	Total	1,310,750,537	2,557,757,631	3,868,508,168
Amount paid in FY 2025/26	County Executive	61,831,780	720,237,788	782,069,568
	County Assembly	-	109,776,733	109,776,733
	Total	61,831,780	830,014,522	891,846,302
Trade Payables Incurred in FY 2025/26	County Executive	-	823,405,341	823,405,341
	County Assembly	-	44,517,472	44,517,472
	Total	-	867,922,813	867,922,813

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding Trade Payables as of 30 Jun 2026 (Kshs.)	County Executive	1,248,918,757	2,542,529,074	3,791,447,830
	County Assembly	-	53,136,849	53,136,849
	Total	**1,248,918,757**	**2,595,665,923**	**3,844,584,679**

Source: *Mombasa County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.827.75 million and Kshs.108.29 million, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.782.07 million for the Executive and Kshs.109.78 million for the Assembly.

Table 3.440 and Table 3.441 present the ageing of the total outstanding bills as of 30 Jun 2026 for the County Executive and Assembly, which were Kshs.3.84 billion.

Table 3.440: Mombasa County Executive Trade Payables Ageing Analysis as of 30 Jun 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables			-	1,248,918,756.58	1,248,918,756.58
Recurrent Trade Payables (Goods & Services)	202,883,459.00	13,422,539.65		1,001,190,606.77	1,217,496,605.42
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	620,521,882.25	4,492,338.00		700,018,248.10	1,325,032,468.35
Recurrent Trade Payables (Staff Claims)					-
Total Recurrent Trade Payables	823,405,341.25	17,914,877.65	-	1,701,208,854.87	2,542,529,073.77
Total Trade Payables	823,405,341.25	17,914,877.65	-	2,950,127,611.45	3,791,447,830.35
% of Total	**21.72**	**0.47**	**-**	**77.81**	**100.00**

Source: *Mombasa County Treasury*

Table 3.441: Mombasa County Assembly Trade Payables Ageing Analysis as of 30 Jun 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	617,056.00	1,986,364.00	-	-	2,603,420.00
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	40,184,715.06	-		4,217,280.90	44,401,995.96
Recurrent Trade Payables (Staff Claims)	3,715,701.00	2,415,732.00	-	-	6,131,433.00
Total Recurrent Trade Payables	**44,517,472.06**	**4,402,096.00**	**-**	**4,217,280.90**	**53,136,848.96**
Total Trade Payables	**44,517,472.06**	**4,402,096.00**	**-**	**4,217,280.90**	**53,136,848.96**
% of Total	**85.42**	**8.45**	**-**	**7.94**	**100.00**

Source: *Mombasa County Treasury*

As shown in Table 3.440 and Table 3.441, the total salary arrears and statutory deductions for trade payables amounted to Kshs 40.18 million, which represented 75.26 per cent of the total trade payables of Kshs 53.14 million as of 30 Jun 2026. The statutory deductions included salary arrears and statutory and third-party deductions totalling Kshs 40.18 million.

Additionally, the two tables indicate that 76.84 per cent of total trade payables are aged over 3 years, a trend attributed to the accumulation of payables from previous financial years. To address this, the county treasury should implement a First-In-First-Out (FIFO) payment approach and adhere to the pending bills action plan established at the beginning of the financial year.

3.28.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 101 accounts across CBK and commercial banks, of which 23 were held at the CBK and 78 at commercial banks. Of those at the commercial banks, 2 were for salary accounts, 7 for revenue collection accounts, 16 for special operations accounts (including County-established funds), 50 for health facilities operations accounts, and 3 for Vocational Training Centres.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.28.19 Key Observations and Recommendations

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

i. Low development performance in the review period as the County incurred Kshs.2.57 billion on development activities, achieving a 45.75 per cent absorption rate.

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 Jun 2026, the Mombasa County Alcoholic Drink Control Fund's lifespan had expired, rendering it ineligible for further withdrawals.

iii. High level of trade payables, amounting to Kshs.3.80 billion as of 30 Jun 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

iv. Personnel emoluments amounting to Kshs.241.26 million for staff not onboarded into the HRIS were processed through manual payroll, accounting for 3.34 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. 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 19 Aug 2026.

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

i. *The County should implement strategies to increase development expenditures in FY 2025/26.*

ii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 eligible bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables 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 that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

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

3.29. County Government of Murang'a

3.29.1 Overview of FY 2025/26 Budget

The Murang'a County Approved Supplementary Budget for FY 2025/26 was Kshs.12.12 billion. It comprised Kshs.4.10 billion (33.84 per cent) and Kshs.8.02 billion (66.16 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.39 billion (12.85 per cent) from FY 2024/25 budget, which comprised development budget of Kshs.3.22 billion and recurrent budget of Kshs.7.53 billion. The increase in the budget was primarily attributed to an increase in Equitable share (6 per cent), Conditional grants (69 per cent), and Own Source Revenue (57 per cent).

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue of Kshs.7.97 billion (65.70 per cent), additional allocations of Kshs.1.49 billion (12.30 per cent), a cash balance brought forward from FY 24/25 of Kshs.117.67 million (less than one per cent), and Kshs.2.55 billion (21.02 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.442.

3.29.2 Revenue Performance

During FY 2025/26, the County reported total receipts of Kshs.10.68 billion. This amount represented an increase of 9.42 per cent over the amount received in FY 2024/25 of Kshs.9.76 billion. The total revenue consisted of Kshs.7.97 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.815.14 million, and own-source revenue (OSR) collection of Kshs.1.76 billion. Additionally, the County had cash balance of Kshs.129.84 million from FY 2024/25. The total OSR collection of Kshs.1.76 billion included Facilities Improvement Financing (FIF) of Kshs.957.94 million, and Kshs.806.91 million from other OSR sources. Table 3.442 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.442: Murang'a County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	**117,671,919**	**129,838,576**	**-**	**129,838,576**	110.34
	Sub-Total	**117,671,919**	**129,838,576**	**-**	**129,838,576**	110.34
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,969,464,876	7,969,464,876	-	7,969,464,876	100
	Sub-Total	**7,969,464,876**	**7,969,464,876**	**-**	**7,969,464,876**	100
C	**Additional Allocations (Including Grants)**					
1	Nutrition International	20,000,000	-	-	-	-
2	Financing Locally Led Climate Action	126,208,780	126,208,780	-	126,208,780	100
3	Road Maintenance Levy Fund	94,000,000	94,000,000	-	94,000,000	100

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
4	County Government Health Workers	56,993,611	-	-	-	-
5	Community Health Promoters	46,050,000	-	-	-	-
6	Primary Health Care in a Devolved Context	10,149,000	9,701,250	-	9,701,250	95.59
9	Kenya Devolution Support Program Level I	72,909,500	70,503,589	-	70,503,589	96.70
10	Kenya Devolution Support Program Level II	352,500,000	-	-	-	-
11	National Agricultural Value Chain Development Program (NAVCDP)	231,250,000	163,021,176	-	163,021,176	70.50
12	Kenya Urban Support Program - UIG	35,000,000	-	-	-	-
13	Kenya Urban Support Program UDG	172,000,000	76,357,098	-	76,357,098	44.39
14	County Aggregated Industrial Parks (CAIPs)	133,368,421	133,368,421	-	133,368,421	100.00
15	Kenya Water, Sanitation, and Hygiene (K Wash)	143,157,560	141,979,713	-	141,979,713	99.18
	Sub-Total	**1,493,586,872**	**815,140,027**	**--**	**815,140,027**	**54.58**
D	**Ordinary Own Source Revenue (OSR)**					
1	Licences	280,817,722	232,263,099	-	232,263,099	82.71
2	Land Rate	84,779,603	52,058,639	-	52,058,639	61.40
3	Cess Revenue	10,214,244	7,942,605	-	7,942,605	77.76
4	House Rent/Stall/Hall	3,733,487	680,450	-	680,450	18.23
5	Bus Park Fee	43,262,230	41,945,243	-	41,945,243	96.96
6	Parking Fee	21,946,265	19,617,692	-	19,617,692	89.39
7	Barter Market Fee	55,174,115	51,799,479	-	51,799,479	93.88
8	Self-Help Group	424,793	285,740	-	285,740	67.27
9	Liquor	116,351,746	112,207,144	-	112,207,144	96.44
10	Motor Bikes/Tuk Tuk	9,540,079	7,344,424	-	7,344,424	76.98
11	Building Mts & Other Cess	81,302,423	71,969,410	-	71,969,410	88.52
12	Advertisement	14,063,918	12,623,616	-	12,623,616	89.76
13	Lands & Planning Revenue	72,438,731	73,894,572	-	73,894,572	102.01
14	Impounding Fees	3,459,808	2,776,758	-	2,776,758	80.26
15	Other Revenues	3,742,563	2,677,521	-	2,677,521	71.54
16	Fire Fighting	1,571,460	1,638,500	-	1,638,500	104.27
17	Mariira Farm	1,112,307	286,230	-	286,230	25.73
18	Cooperatives (Audit)	87,483	80,640	-	80,640	92.18
19	Veterinary Services	20,625,011	18,651,523	-	18,651,523	90.43
20	Public Health	3,304,566	4,526,130	-	4,526,130	136.97
21	Weight & Measures	612,480	74,800	-	74,800	12.21

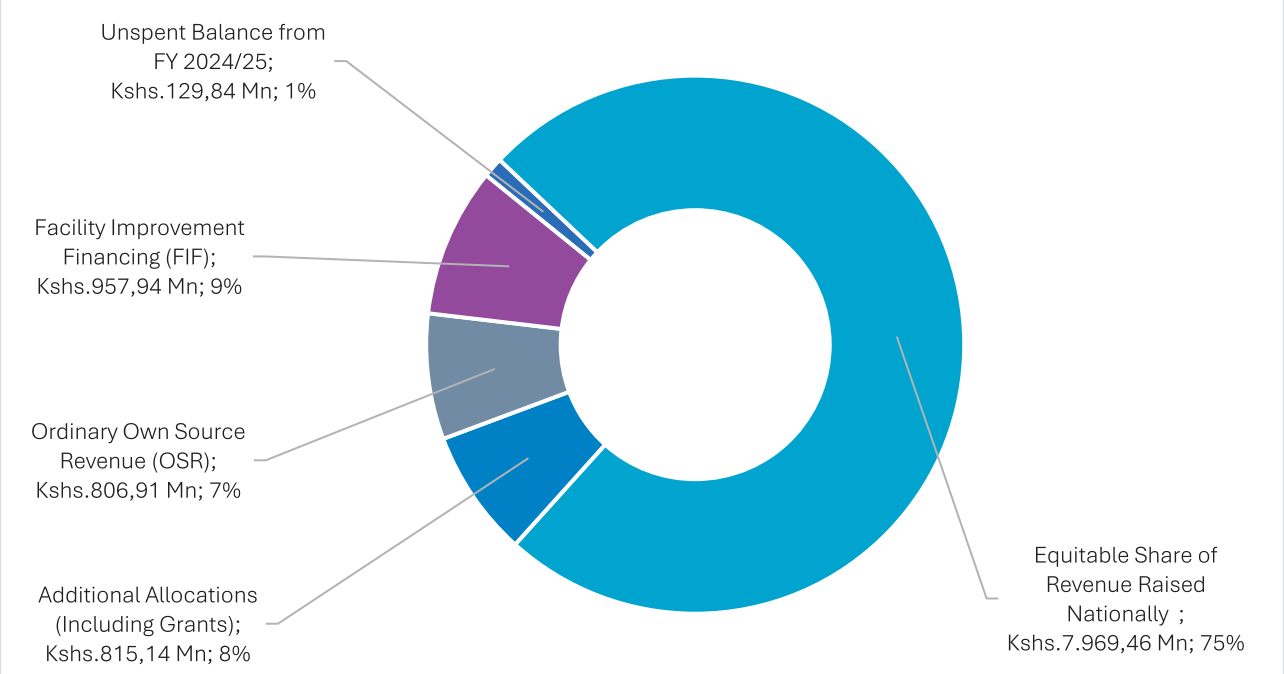
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
22	Land Leasing	843,185,280	91,564,549	-	91,564,549	10.86
	Sub-Total	**1,671,750,314**	**806,908,763**	**-**	**806,908,763**	**48.27**
E	**Facility Improvement Financing (FIF)**					
3	Hospital Revenue-SHIF	878,108,875	790,208,860.00	167,727,991	957,936,851	109.09
	Sub-Total	**878,108,875**	**790,208,860**	**167,727,991**	**957,936,851**	**109.09**
	Grand Total	**12,130,582,856**	**10,511,561,102**	**167,727,991**	**10,679,289,093**	**88.04**

Source: *Murang'a County Treasury*

The County Government achieved 88.04 per cent of the total budgeted revenue for FY 2025/26. However, ordinary own-source revenue and additional allocations (including grants) achieved performance levels of 48.27 per cent and 54.58 per cent, respectively. This indicate the need for the County Government to enhance enforcement measures on its revenue streams.

Figure 3.166 provides a detailed breakdown of receipts.

Figure 3.166: Murang'a County Composition of Revenue in FY 2025/26

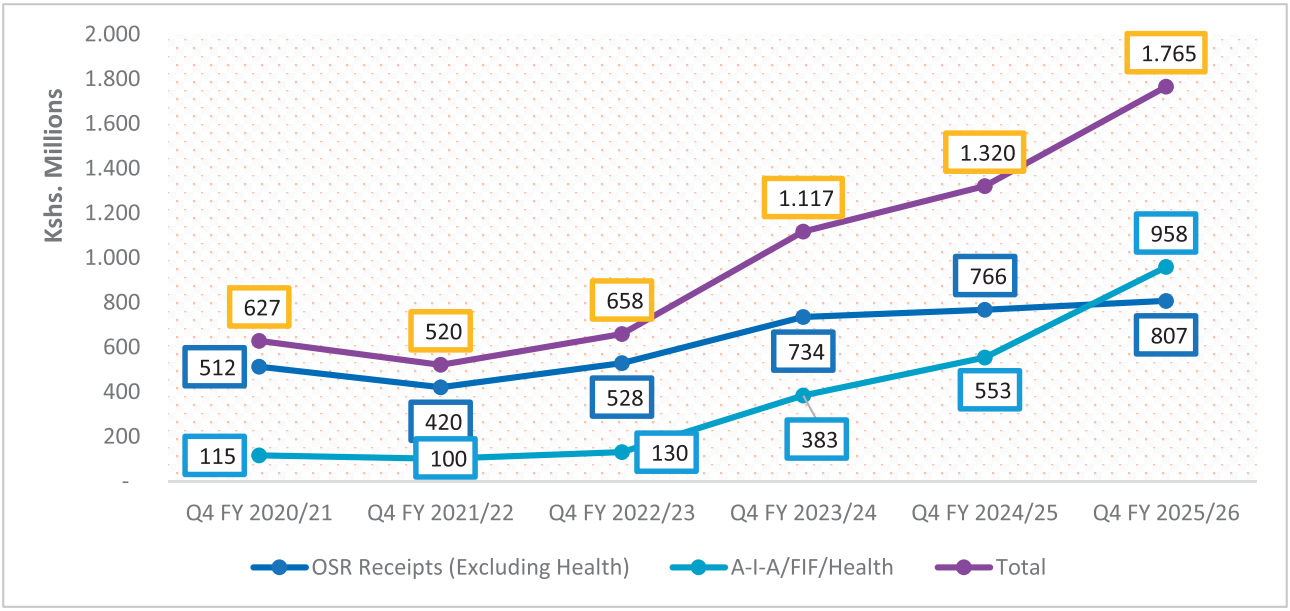


Source: *Muranga County Treasury*

The equitable share of revenue raised nationally, Additional allocations including grants, and FIF contributed 74.63 per cent, 7.63 per cent, and 8.97 per cent, respectively, of the total receipts for the reporting period.

Figure 3.167 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.167: Murang'a County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



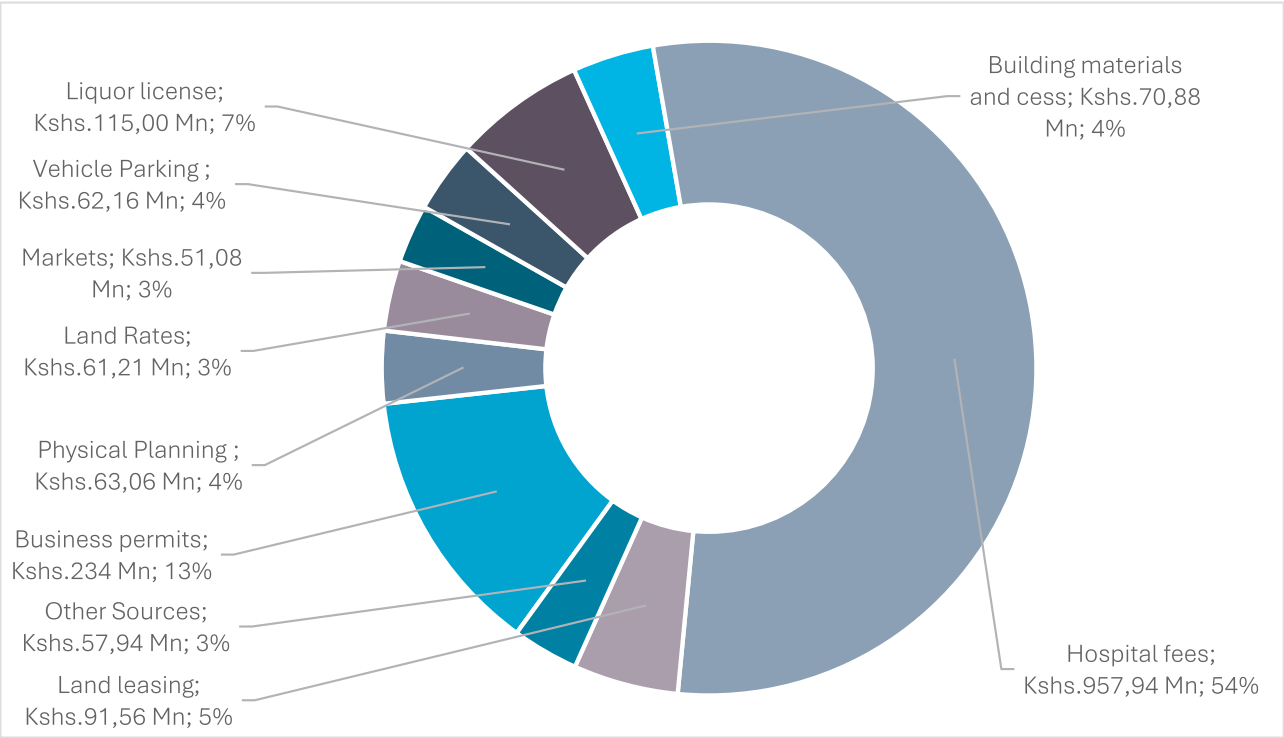
Source: *Muranga County Treasury*

During FY 2025/26, the County received Kshs.1.76 billion from OSR, including FIF. This amount was an increase of 33.33 per cent compared to Kshs.1.32 billion realised in FY 2024/25 and was 69.05 per cent of the annual target and 22.13 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the increase in FIF, which increased by 72.94 per cent from Kshs.553.9 million in FY 2024/25 to Kshs.957.94 million in FY 2025/26. Other revenue streams increased by 5.29 per cent from Kshs.766.39 million in FY 2024/25 to Kshs.806.91 million in FY 2025/26.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.168.

Figure 3.168: Murang'a County Top Own Source Revenue Streams in FY 2025/26



Source: Murang'a County Treasury

As shown in Figure 3.168, the largest revenue stream, at Kshs.957.94 million, was Hospital fees (FIF), accounting for 54.28 per cent of total OSR receipts. The County Government indicated that it had automated all 23 revenue streams. The County Government uses the AfyaKe system to collect hospital fees.

3.29.3 Revenue Arrears

As of 30 June 2026, the County reported revenue arrears of Kshs.167.73 million. The County currently tracks its revenue arrears through the AfyaKe system and a manual system, both using the accrual-basis option. Table 3.443 presents a breakdown of the County's revenue arrears.

Table 3.443: Murang'a County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		A	b	C	D	f=a-b-c+d
A	**Facility Improvement Financing (FIF)**					
1	SHIF	-	-	-	**167,727,991**	**167,727,991**
	Sub-Total	-	-	-	**167,727,991**	**167,727,991**
Total		-	-	-	**167,727,991**	**167,727,991**

Source: *Murang'a County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.167.73 million, comprising the Social Health Insurance Fund. The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 include continuous engagement with the Social Health Agency to settle the arrears.

3.29.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.9.49 billion from the Murang'a County Revenue Fund (CRF) account. This amount consisted of Kshs.2.63 billion (27.73 per cent) designated for development programs and Kshs.6.86 billion (72.27 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.4.99 billion was allocated to employee compensation and Kshs.1.86 billion to operations and maintenance expenditures. Within the operations and maintenance category, 14.77 per cent was for domestic travel and 1.34 per cent for foreign travel. The domestic travel exchequers totalled Kshs.274.38 million, which included Kshs.105.73 million for the County Executive and Kshs.168.65 million for the County Assembly. Meanwhile, the foreign travel exchequer amounted to Kshs.24.97 million, with Kshs.7.71 million for the County Executive and Kshs.17.25 million for the County Assembly.

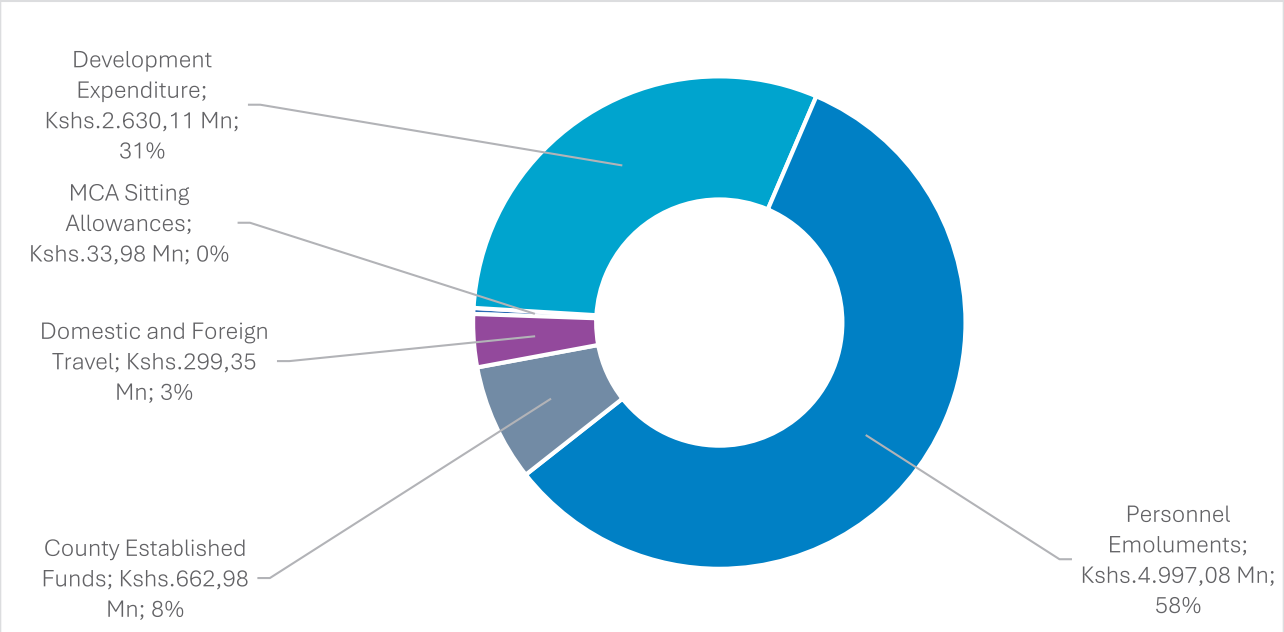
As of 30 June 2026, the County Government's cash balance in the Murang'a County CRF account was Kshs.174 million.

3.29.5 Expenditure Review

The County spent Kshs.9.49 million on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.2.63 billion for development programmes and Kshs.6.86 billion for recurrent programmes. Expenditure on development programmes accounted for 64.10 per cent of the development budget, while recurrent expenditure accounted for 85.39 per cent of the recurrent budget.

Figure 3.169 provides a detailed breakdown of total expenditure.

Figure 3.169: Murang'a County Composition of Expenditure in FY 2025/26



Source: *Murang'a County Treasury*

As shown in Figure 3.169, the three highest expenditure categories were personnel emoluments, Development Expenditure, and County Established Fund, contributing 57.95 per cent, 30.50 per cent, and 7.69 per cent of total expenditure for the reporting period.

3.29.6 Expenditure by Economic Classification

The County Executive incurred Kshs.4.68 billion in employee compensation, Kshs.1.54 billion in operations and maintenance, and Kshs.2.63 billion in development activities. Similarly, the County Assembly spent Kshs.320.73 million on employee compensation, Kshs.321.66 million on operations and maintenance, and incurred no expenditure on development activities, as shown in Table 3.444.

Table 3.444: Murang'a County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**7,204.20**	**823.38**	**6,212.76**	**642.38**	**-**	**-**	**6,212.76**	**642.38**	**86.24**	**78.02**
Compensation of Employees	4,835.76	378.53	4,676.35	320.73	-	-	4,676.35	320.73	96.70	84.73
Operations and Maintenance	2,368.45	444.85	1,536.40	321.66	-	-	1,536.40	321.66	64.87	72.30
Development Expenditure	**4,073.00**	**30.00**	**2,630.11**	**-**	**-**	**-**	**2,630.11**	**-**	**64.57**	**-**
Total	**12,080.31**	**853.38**	**8,842.87**	**642.38**	**-**	**-**	**8,842.87**	**642.38**	**78.19**	**75 .27**

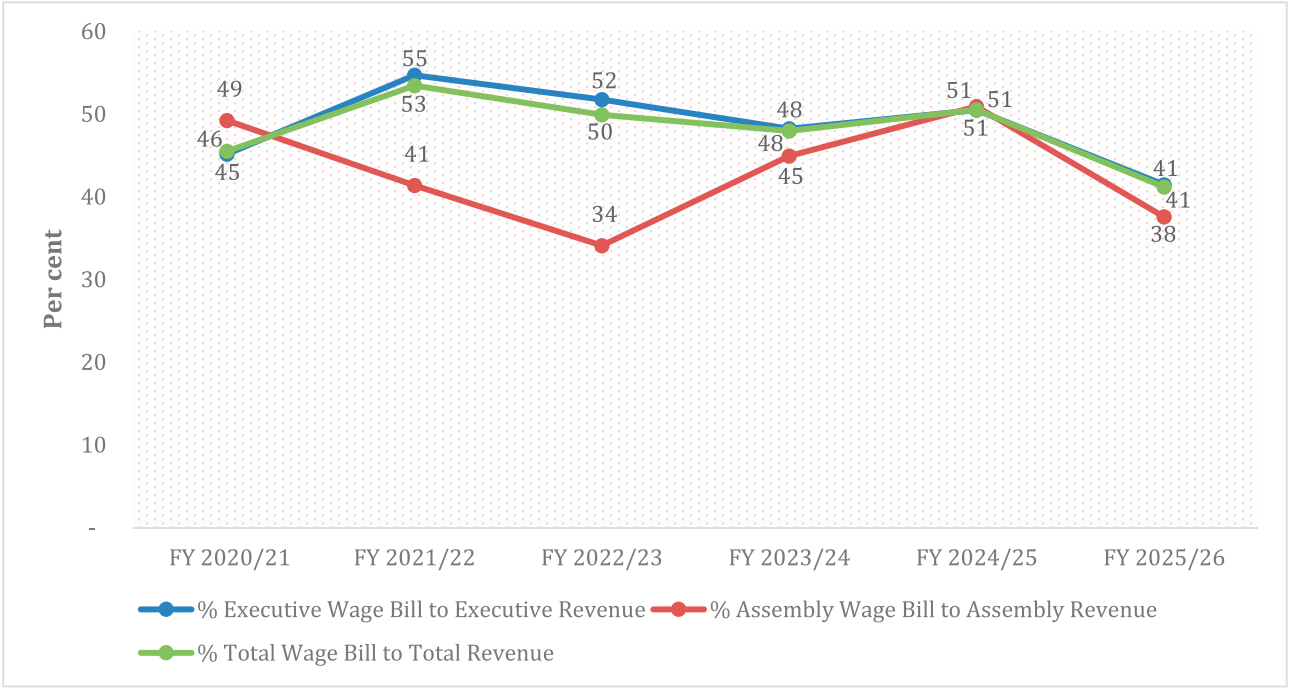
Source: *Murang'a County Treasury*

3.29.7 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.4.99 billion, representing 46.79 per cent of revenue. This expenditure on employee compensation shows an increase compared to the Kshs.4.64 billion reported in FY 2024/25. Of this total, Kshs.2.27 billion relates to Health Sector employees, accounting for 45.35 per cent of overall employee compensation.

Figure 3.170: shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.170: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Murang'a County Treasury

Further analysis indicated that PE costs totalling Kshs.4.87 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.130.09 million was processed through manual payrolls, which accounted for 2.60 per cent of the total PE cost. The justification for the continued use of manual payroll was the delay by the Directorate of Public Service Management in issuing officers with personal numbers and payment to community health promoters who do not have personal numbers.

The manual payroll comprised salaries for 18 staff not onboarded into the Human Resource Information System (HRIS), salaries for 5 casual staff, and salaries for 257 interns, as shown in Table 3.445.

Table 3.445: Analysis of Murang'a County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Staff not onboarded to HRIS	18	33,683,334	Delay from the Directorate of Personnel Management in issuing employees with Personal numbers.	June 2026
2	Salaries for casual staff	5	1,172,528	Delay from the Directorate of Personnel Management in issuing officers with Personal numbers.	June 2026
3	Allowances for Interns	257	49,179,460	Delay from the Directorate of Personnel Management in issuing employees with Personal numbers.	June 2026
4	CHPs stipend	1,997	46,050,000	Officers do not have Personal Numbers	N/A
	Total	**2,277**	**130,085,322**		

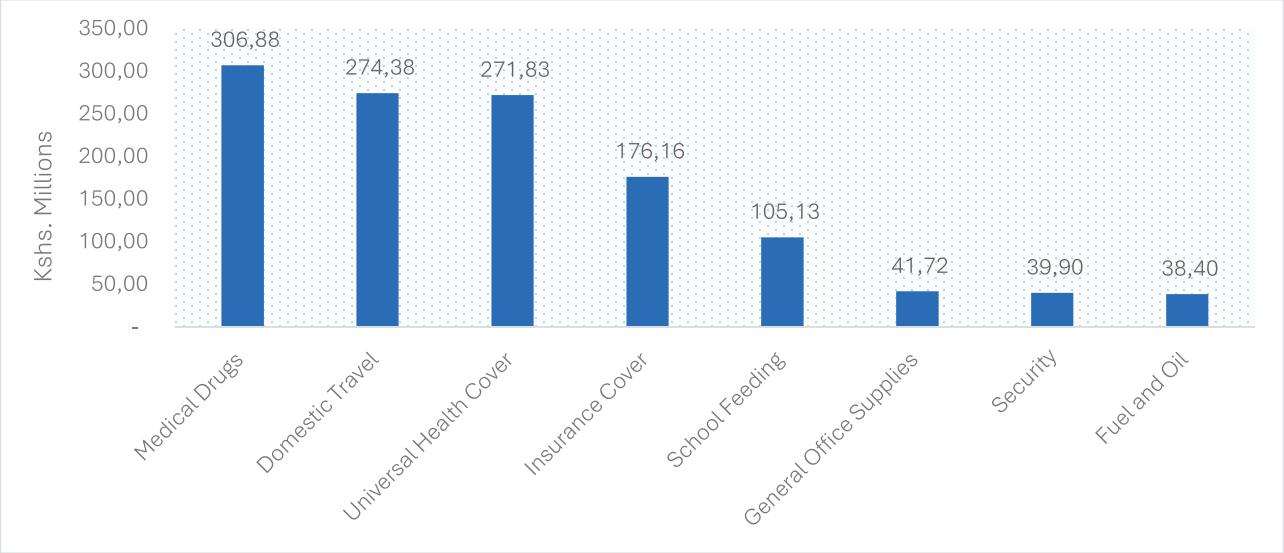
Source: Murang'a County Treasury

The County Assembly spent Kshs.33.98 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.36.65 million. The average monthly sitting allowance was Kshs.60,327 per MCA. The County Assembly has 21 House Committees.

3.29.8 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.86 billion on operations and maintenance, representing a decrease of 17.70 per cent compared to FY 2024/25, when the County spent Kshs.2.26 billion. Figure 3.171 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.171: Murang'a County, Operations and Maintenance by Expenditure Major Categories



Source: *Murang'a County Treasury*

3.29.9 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.699.5 million to County-Established funds in FY 2025/26, representing 5.77 per cent of the County's overall budget. Of this amount, the County allocated Kshs.23 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.19 per cent of the total budget. Table 3.446 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.446: Performance of Murang'a County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No)
	County Executive Established Funds						
1	Murang'a County Education Scholarship Fund	26/09/2021	256,000,000	256,000,000	256,000,000	1,353,994,480	Yes
2	Murang'a County Emergency Fund	15/12/2023	23,000,000	23,000,000	23,000,000	66,000,000	Yes
3	Murang'a County Agricultural Farm Inputs Subsidy and Incentives Fund	20/03/2023	230,000,000	230,000,000	230,000,000	794,899,500	Yes
4	Murang'a County Sports and Talent Management Fund	03/03/2025	46,000,000	9,475,992	9,475,992	49,475,992	Yes
5	Murang'a County Youth Fund	03/10/2023	144,500,000	144,500,000	144,500,000	406,160,000	Yes

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No)
	County Assembly Established Funds						
6	County Assembly Car and Mortgage Fund	31/12/2014	-	-	-	467,274,313	No
	Total		**699,500,000**	**662,975,992**	**662,975,992**	**2,670,529,972**	

Source: *Murang'a County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the County Assembly Car and Mortgage Fund Administrator, as indicated in Table 3.86, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of all 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. In FY 2025/26, the CoB determined that the County Assembly Car and Mortgage Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of this lapsed Fund.

3.29.10 County Corporations, Municipalities and Agencies

The County has five County corporations; namely, Murang'a Water and Sanitation Co Ltd, Murang'a South Water and Sanitation Co Ltd, Gatanga Water and Sanitation Co Ltd, Murang'a West Water and Sanitation Co Ltd, and Gatamathi Water and Sanitation Co Ltd, which had no budgetary allocation by the County in FY 2025/26.

The County has three municipalities, which were allocated Kshs.326.41 million in FY 2025/26, with transfers of Kshs.185.25 million accounting for 56.75 per cent of the total budget allocated to the three municipalities. The performance of the municipalities during the period is shown in Table 3.447.

Table 3.447: Performance of Murang'a County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Gazetted Municipalities					
1	Murang'a Municipalities	167,212,595	108,593,961.60	108,593,961.60	Not provided
2	Kenol Municipality	123,300,010	53,998,406.50	53,998,406.50	Not provided
3	Kangari Municipality	35,900,000	22,660,422.35	22,660,422.35	Not provided
	Total	326,412,605	185,252,790.45	185,252,790.45	

Source: Murang'a *County Treasury*

3.29.11 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.274.38 million and comprised Kshs.168.65 million spent by the County Assembly and Kshs.105.74 million by the County Executive. Expenditure on foreign travel amounted to Kshs.24.94 million and comprised Kshs.17.23 million by the County Assembly and Kshs.7.71 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.448.

Table 3.448: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	2	6th to 10th May 2024	Training and Capacity Building on Emerging Gynaecological and Ophthalmic Technologies	India	720,000
County Executive	5	25th to 30th April 2025	Travel to China to explore trade and investment cooperation	China	1,835,385
County Executive	3	1st to 8th June 2025	Attending a conference on Governance in Eswatini	Eswatini	702,066
County Executive	4	23rd June to 4th July 2025	Trade and Investment Cooperation Conference	China	1,543,112
County Executive	8	17th to 26th September 2025	China World Manufacturing Convention under the industrialisation program	China	2,911,721
County Assembly	50	12th to 18th Jan 2026	Strategic Leadership and Governance in Parliamentary Setting Training	Arusha	11,590,785
County Assembly	1	11th to 18th November 2025	Strategic Leadership and Governance in Parliamentary Setting Training	Ghana	478,487
County Assembly	20	22nd to 27th June 2026	Strategic Leadership and Governance in Parliamentary Setting Training	Arusha	5,157,162
Total					24,938,718

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

3.29.12 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.957.94 million as FIF, which was 109.09 per cent of the annual target of Kshs.878.11 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. The expenditure by the health facilities amounted to Kshs.816.84 million, as shown in Table 3.449.

Table 3.449: Murang'a County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level 5 Hospital	1	482.01	474.74	98.49
2.	Level 4 Hospital	7	402.24	342.10	85.27
	Total		**884.25**	**816.84**	**92.48**

Source: *Murang'a County Treasury*

Expenditure from the facilities was 92.48 per cent of the total collection. This was attributed to improved efficiency in health service delivery and increased efforts to increase FIF collection.

3.29.13 Development Expenditure

In the review period, the County reported spending Kshs.2.63 billion on development programmes, representing a 15.35 per cent increase over FY 2024/25, when the County spent Kshs.2.28 billion. Table 3.450 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to continued monitoring of ongoing development programmes to ensure that emerging challenges are addressed.

Table 3.450: Murang'a County, List of Development Projects with the Highest Expenditure

No.	Project Location	Project Commencement Date	Expected Date of Completion of Project	Contract Sum	Total Funding in FY 2025/26	Expenditure (on an accrual basis) in FY 2025/26	Cumulative Project Expenditure (on an accrual basis) as of 30 June 2026	Percentage (%) of completion
County Funded Projects								
1	County Wide	1 October 2025	28 February 2026	219,999,925	219,999,925	-	219,999,925.00	100
2	County wide	15 September 2025	15 January 2026	60,517,943	60,517,943	-	60,517,943.00	100
3	County wide	16 October 2025	30 January 2026	39,089,013	39,089,013	-	39,089,013.00	100
4	Muranga County Referral Hospital	10 January 2026	15 March 2026	35,001,880	35,001,880	-	35,001,880	100
5	County wide	1 October 2025	28 February 2026	29,000,000	29,000,000	-	29,000,000	100
6	Mathioya Sub-County	10 September 2025	10 January 2026	17,500,805	17,500,805	-	17,500,805	100
7	Mathioya, Maragwa and Gatanga Sub-County	10 September 2025	16 February 2026	15,178,464	15,178,464	-	15,178,464	100
8	Countywide	15 December 2025	10 March 2026	14,256,000	14,256,000	-	14,256,000	100
9	Wangu ward	10 September 2025	28 February 2026	11,463,764	11,463,764	-	11,463,764	100
10	Township Ward	10 December 2025	20 May 2026	9,591,875	9,591,875	-	9,591,875	100
1	Kigumo Subcounty	15 October 25	30 January 26	8,493,924	8,493,924	-	8,493,924	100
2	Maragua Subcounty	15 October 25	15 February 26	11,970,583	11,970,583	-	11,970,583	100
3	Kiharu Subcounty	15 October 25	15 January 26	11,982,534	11,982,534	-	11,982,534	100
4	Maragua Subcounty	15 October 25	30 January 26	8,648,459	8,648,459	-	8,648,459	100
5	Kigumo Subcounty	15 October 25	30 January 26	8,493,924	8,493,924	-	8,493,924	100
6	Kigumo Subcounty	15 March 2026	15 December 26	50,000,000	25,297,793	-	50,000,000	50
7	MurangaMunicipality	15 June 26	30 September 26	41,578,691	18,000,000	-	41,578,691	25
8	Kenol Municipality	15 June 26	30 September 26	34,778,407	14,000,000	-	34,778,407	35
9	Countywide	1 January 2026	30 April 2026	17,428,088	17,428,088	-	17,428,088	100
10	Maragua	1 November 2025	15 March 26	8,266,550	8,266,550	-	8,266,550	100

Source: *Murang'a County Treasury*

The County did not report any stalled development projects as of 30 June 2026.

3.29.14 Budget Performance by Department

Table 3.451 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.451: Murang'a County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	329.34	10.00	268.32	9.92	268.32	9.92	100	100	81.47	99.20
Finance And Economic Planning	358.45	26.00	284.71	23.00	284.71	23.00	100	100	79.43	88.46
Agriculture, Livestock and Fisheries	303.06	737.97	286.35	630.68	286.35	630.68	100	100	94.49	85.46
Energy Transport and Roads	34.18	1,355.47	15.20	757.39	15.20	757.39	100	100	44.48	55.88
Trade, Industry Co-operatives and Tourism	48.97	211.37	24.83	199.95	24.83	199.95	100	100	50.71	94.60
Education & Technical Training	754.07	36.50	722.07	24.39	722.07	24.39	100	100	95.76	66.81
Health And Sanitation	3,413.84	391.67	2,948.70	297.98	2,948.70	297.98	100	100	86.37	76.08
Lands, Housing & Physical Planning	57.31	17.00	8.28	1.88	8.28	1.88	100	100	14.46	11.04
County Public Service Board	30.13	-	22.42	-	22.42	-	100	-	74.39	-
Youth, Culture, Gender, Social Services & Special Programs	92.05	207.40	76.29	164.12	76.29	164.12	100	100	82.88	79.13
Environment, Natural Resources, Water and Irrigation	123.80	450.97	99.40	398.05	99.40	398.05	100	100	80.30	88.26
Public Service Administration & Information Technology	1,454.72	40.00	1,285.08	25.78	1,285.08	25.78	100	100	88.34	64.45
Murang'a Municipality	62.21	105.00	50.75	57.84	50.75	57.84	100	100	81.58	55.09
Kenol Municipality	26.05	97.25	19.22	34.78	19.22	34.78	100	100	73.78	35.76
Kangari Municipality	329.34	10.00	268.32	9.92	268.32	9.92	100	100	72.07	41.47
Devolution and External Linkages	90.61	375.90	82.82	-	82.82	-	100	-	91.40	-
County Assembly	823.38	30.00	642.38	-	642.38	-	100	-	78.02	-
Total	**8,027.60**	**4,103.00**	**6,855.14**	**2,630.11**	**6,855.14**	**2,630.11**	**100**	**100**	**85.39**	**64.10**

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 99.20 per cent, followed by the Department of Trade, Industry, Co-operatives and Tourism at 99.60 per cent. The Department of Education and Technical Training had the highest percentage of recurrent expenditure to budget at 95.76 per cent, while the Department of Devolution and External Linkages and the County Assembly did not report any development expenditure.

3.29.15 Budget Execution by Programmes and Sub-Programmes

Table 3.452 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.452: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Environment, Natural Resources, Water and Irrigation				
Water Supply	Water Tanks	8,400,000	8,400,000	100.00
Sanitation	KWASH	148,157,560	141,979,713	95.83
Youth, Culture, Gender, Social Services & Special Programs				
Social Support	Persons Living with Disabilities	6,300,000	6,055,000	96.11
Governorship, County Coordination, and Administration				
Administration and Planning	General Administration	10,000,000	9,920,346.8	99.20
Environment, Natural Resources, Water and Irrigation				
Climate Change	Climate Change	231,208,780	228,503,420	98.83
Agriculture, Livestock, and Fisheries				
Livelihood Support	Agricultural Subsidy-Mangoes and Milk	232,399,127	230,001,600	98.97
Livestock Program	Veterinary Services	11,000,000	11,000,000	100
Commerce, Trade, Industry, and Tourism				
Industrialisation	Trade & Enterprise Development	168,368,421	161,965,095.8	96.20
Recurrent				
Education & Technical Training				
Education Intervention	Motivation of Primary and Secondary Schools	261,000,000	261,000,000	100.00
Administration and Support	General Administration, Planning, and Support Services	349,573,424	346,433,128.10	99.10
Agriculture, Livestock, and Fisheries				
Administration and Support	General Administration, Planning and Support Services	290,097,858	284,170,980.7	98.00
Youth, Culture, Gender, Social Services & Special Programs				
Administration and Support	General Administration, Planning, and Support Services	52,321,223.0	50,062,941.2	95.68
Governorship, County Coordination, and Administration				
County Executive and Coordination	County Executive and Coordination	172,049,209.0	159,257,649.0	92.57
Youth, Culture, Gender, Social Services & Special Programs				
Administration and Support	General Administration, Planning, and Support Services	52,321,223.0	50,062,941.2	95.68
Finance, Information Technology, and Economic Planning				
Financial Management	Public Participation	63,885,000.0	59,336,140.0	92.88

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Health And Sanitation				
Administration and Planning	General Administration, Planning, and Support Services	2,631,342,838.0	2,387,484,930.0	90.73
Environment, Natural Resources, Water and Irrigation				
Administration and Support	General Administration, Planning, and Support Services	95,752,784.0	87,157,811.3	91.02
Public Service Administration				
Administration and Support	General Administration, Planning, and Support Services	1,424,288,610.0	1,278,492,193.7	89.76

Source: *Murang'a County Treasury*

The development sub-programmes with the highest budget implementation rates were: Agricultural and Farm Inputs in the Department of Agriculture at 99.10 per cent, Climate Change in the Department of Environment at 98.83 per cent, and Trade and Enterprise in the Department of Commerce, Trade, Industry and Tourism at 96.20 per cent.

For recurrent sub-programmes, the top performers included: Education intervention in the Department of Education at 100 per cent; Administration and support in the Department of Education at 99.10 per cent; Administration and Support in the Department of Agriculture at 98.00 per cent, and Administration and Support in the Department of Youth Sports and Culture at 95.68 per cent.

Table 3.453: summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.453: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Lands, Housing & Physical Planning				
Physical Planning and Land Use	Physical Planning	13,000,000	-	-
Youth, Culture, Gender, Social Services & Special Programs				
Youth Empowerment	Boda Boda Training	10,600,000	-	-
Environment, Natural Resources, Water and Irrigation				
Waste Management	Solid Waste Management	44,405,000	2,995,965	6.74
Education & Technical Training				
Infrastructural Work	Infrastructural Work	5,000,000	1,584,970	31.68
Kenol Municipality				
General Administration and Planning	Administration and Planning	97,250,000	34,778,407	35.76
Energy Transport And Roads				
Promotion of Energy & Renewable Energy Sources	Promotion of Energy & Renewable Energy Sources	67,000,000	24,787,778	37.00
Kangari Municipality				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued ex-penditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
General Administration and Planning	General Administration and Planning	10,500,000	4,354,292	41.47
Lands, Housing & Physical Planning				
General Administration, Planning, and Support Services	General Administration, Planning, and Support Services	4,000,000	1,876,600	46.90
Education & Technical Training				
Tools and Equipment	ECDE Centres	6,000,000	2,950,000	49.17
Health And Sanitation				
Free Primary HealthCare	Free Primary HealthCare	110,000,000	59,534,780	54.12
Recurrent				
Agriculture, Livestock, and Fisheries				
Promotion of Food Security	Promotion of Food Security	2,730,000.0	-	-
Veterinary Services	Veterinary Services	3,078,500.0	-	-
Livestock and Fisheries Development	Livestock and Fisheries Development	2,152,500.0	-	-
Lands, Housing & Physical Planning				
Digitisation of Lands	Digitisation of Lands	400,000.00	-	-
National Value and Govern-ance	National Value and Governance	1,123,500.00	-	-
Kangari Municipality				
Waste Management	Solid Waste Management	550,000.00	-	-
Public Health Services	Public Health Services	200,000.00	-	-
Kenol Municipality				
Solid Waste Management	Solid Waste Management	650,000.00	10,000.00	1.54
Murang'a Municipality				
Sanitation	Public Health Services	1,125,000.00	-	-
Waste Management	Solid Waste Management	940,000.00	30,000.00	3.19

Source: *Murang'a County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: physical planning in the Department of Lands at 0 per cent, Boda-boda training in the Department of Youth and Sports at 0 per cent, and Waste Management in the Department of Environment at 6.74 per cent.

For recurrent sub-programmes, the lowest performers included: Public Health in the Murang'a Municipality, Waste Management in Kangari Municipality, and Digitisation of Lands in the Department of Lands, all at 0 per cent.

3.29.16 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.99 billion. This amount consisted of Kshs.1.92 billion from the County Executive and Kshs.74.72 million from the County Assembly. The trade

payables from the County Executive comprised Kshs.1.59 billion for recurrent expenditure and Kshs.333.34 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.884.24 million, comprising Kshs.661.77 million (74.84 per cent) for recurrent programmes and Kshs.222.47 million (25.16 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.52.63 million, exclusively for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.1.41 billion for County Executive and Kshs.74.92 million for County Assembly.

Table 3.454: Muranga County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	333,335,916.00	1,588,118,815.00	1,921,478,731.00
		County Assembly	-	74,716,914.00	74,716,914.00
		Total	**333,335,916.00**	**1,662,835,729.00**	**1,996,195,645.00**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	333,359,915.93	1,588,118,814.67	1,921,478,730.60
		County Assembly	-	74,716,914.00	74,716,914.00
		Total	**333,359,915.93**	**1,662,835,728.67**	**1,996,195,644.60**
Amount paid in FY 2025/26	c	County Executive	222,465,873.00	661,771,657.00	884,237,530.00
		County Assembly	-	52,628,954.00	52,628,954.00
		Total	**222,465,873.00**	**714,400,611.00**	**936,866,484.00**
Trade Payables Incurred in FY 2025/26	d	County Executive	-	367,781,069.00	367,781,069.00
		County Assembly	-	52,829,227.00	52,829,227.00
		Total	-	420,610,296.00	420,610,296.00
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	110,870,043.00	1,294,128,227.00	1,405,022,270.00
		County Assembly	-	74,917,187.00	74,917,187.00
		Total	**110,870,043.00**	**1,369,045,414.00**	**1,479,939,457.00**

Source: *Murang'a County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.92 billion and Kshs.74.72 million, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.884.24 million for the Executive and Kshs.52.63 million for the Assembly.

Table 3.455 and Table 3.456 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.1.48 billion.

Table 3.455: Murang'a County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**-**	**5,481,000.00**	**-**	**105,413,043**	**110,894,043**
Recurrent Trade Payables (Goods & Services)	36,493,448	46,606,897	23,856,592	67,119,591	**174,076,529**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	331,287,621	454,079,259	44,393,787	266,652,544	**1,096,413,211**
Recurrent Trade Payables (Staff Claims)	-	23,638,488	-	-	**23,638,488**
Total Recurrent Trade Payables	**367,781,069**	**524,324,645**	**68,250,379**	**333,772,135**	**1,294,128,227**

Category	Ageing analysis (Amount in Kshs.)				Total
Total Trade Payables	367,781,069	529,805,645	68,250,379	439,185,178	1,405,022,270
% of Total	26.18	37.70	4.86	31.26	100

Source: Murang'a *County Treasury*

Table 3.456: Murang'a County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	16,844,971.00	7,584,511.00	-	-	**24,429,482**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	4,883,506.00	12,012,028.00	-	-	**16,895,534**
Recurrent Trade Payables (Staff Claims)	31,100,750.00	-	-	-	**31,100,750**
Total Recurrent Trade Payables	52,829,227.00	19,596,539.00	-	-	**72,425,766**
Total Trade Payables	**52,829,227.00**	**19,596,539.00**	-	-	**72,425,766**
% of Total	**72.94**	**27.06**	-	-	**100**

Source: *Murang'a County Treasury*

As shown in Table 3.455 and Table 3.456, the total salary arrears and statutory deductions for trade payables amounted to Kshs.1.11 billion, representing 75.23 per cent of the total trade payables of Kshs.1.48 billion as of 30 June 2026.

Additionally, the two tables indicate that 36.08 per cent of total trade payables are aged between 2 years and beyond 3 years. To address this situation, the county should adopt a first-in, first-out (FIFO) basis of settling pending bills. Equally, the County should ensure that it realistically estimates its own ordinary-source revenue to avoid accruing pending bills due to unrealised revenue. Equally, the County should strictly adhere to the Trade Payables Action Plan.

3.29.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated 16 accounts with commercial banks, including 8 accounts for Health Facilities, four accounts for Established Funds, one revenue account, two special-purpose accounts for (additional allocations), and one imprest account.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening of the 16 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.29.18 Key Observations and Recommendations

While overseeing and reporting on the implementation of the Murang'a County budget, the CoB identified the following challenges, which hampered effective budget implementation;

i. The underperformance of ordinary own-source revenue at Kshs.806.91 million against an annual target of Kshs.1.67 billion, representing 48.27per 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 2026, the lifespan of the County Assembly Car and Mortgage Fund had lapsed.

iii. High level of trade payables amounting to Kshs.1.48 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

iv. Personnel emoluments amounting to Kshs.130.09 million for 18 staff not onboarded into HRIS, 5 casual staff, and 257 Interns were processed through manual payroll, accounting for 2.60 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. 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 2026.

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 revenue forecasting tools should be developed and utilised to set yearly revenue targets, ensuring expenditure commitments are aligned with available revenue.*

ii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 in the ensuing financial year. Further, compliance with the Trade Payables 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 that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

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

3.30. County Government of Nairobi

3.30.1 Overview of FY 2025/26 Budget

The Nairobi City County Approved Budget for FY 2025/26 is Kshs.44.62 billion. It comprised of Kshs.13.42 billion (30.07 per cent) and Kshs.31.2 billion (69.9 per cent) allocated for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.06 billion (2.4 per cent) from the FY 2024/25 budget, which comprised of development budget of Kshs.14.26 billion and recurrent budget of Kshs.29.3 billion.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue in the amount of Kshs.21.42 billion (48 per cent), additional allocations of Kshs.625.84 million (1.4 per cent), cash balance of Kshs.1 billion (2.2 per cent) brought forward from FY 2024/25, and Kshs.21.58 billion (48.3 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.457.

3.30.2 Revenue Performance

During the year, the County reported total revenues of Kshs.37.92 billion. This amount represented an increase of 5.3 per cent compared to the amount received in FY 2024/25 of Kshs.36.02 billion. The total rev-

enue consisted of Kshs.21.42 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.223.82 million, and own-source revenue (OSR) collection of Kshs.15.54 billion. Additionally, the County had cash balance of Kshs.737.75 million from FY 2024/25. The total OSR collection of Kshs.15.54 billion included Facilities Improvement Financing (FIF) of Kshs.2.87 billion, Appropriation in Aid of Kshs.321.62 million and Kshs.2.46 million from other OSR sources. Table 3.457 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.457: Nairobi City County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	1,000,000,000	737,746,179		737,746,179	73.8
	Sub-Total	**1,000,000,000**	**737,746,179**		**737,746,179**	73.8
B	**Equitable Share of Revenue Raised Nationally**					
1		21,417,000,000	21,417,000,000	-	21,417,000,000	100
	Sub-Total	**21,417,000,000**	**21,417,000,000**		**21,417,000,000**	**100**
C	**Additional Allocations (including Grants)**					
A	IDA Credit--Second Kenya Devolution Support Programme KDSP II	390,000,000	70,503,589	-	70,503,589	18
B	DANIDA Grant-Primary Health Care in Devolved Context	35,838,750	25,653,000	-	25,653,000	71.6
C	World Bank -Kenya Informal Settlement Improvement Project II	200,000,000	-	-	-	-
	Sub-Total	**625,838,750**	**223,815,962**	**-**	**223,815,962**	**35.8**
D	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates	6,750,000,000	3,420,311,458	-	3,420,311,458	50.7
2	Parking fees (total)	3,000,000,000	1,803,054,475	-	1,803,054,475	60
3	Unified/Single Business Permits	3,200,000,000	2,732,360,286	-	2,732,360,286	85.4
4	Plans and Inspections (Building Permits)	3,070,500,000	1,670,198,667	-	1,670,198,667	54.4
5	Billboards and advertisements	1,212,000,000	748,385,498	-	748,385,498	61.8
6	House Rents	606,000,000	654,275,496	-	654,275,496	108
7	Fire Inspection Certificates	36,360,000	3,949,900	-	3,949,900	10.9
8	Food Handlers Certificates	303,000,000	221,756,854	-	221,756,854	73
9	Markets	565,600,000	110,024,101	-	110,024,101	19.5
10	Other Incomes	1,198,590,589	976,240,233	-	976,240,233	81.5
	Sub-Total	**19,942,050,589**	**12,340,556,969**	**-**	**12,340,556,969**	**61.9**
E	**Facility Improvement Financing (FIF)**					
1	Hospital Facilities Improvement Fund	1,236,000,000	2,874,784,659	-	2,874,784,659	232.6
	Sub-Total	**1,236,000,000**	**2,874,784,659**	**-**	**2,874,784,659**	232.6
F	**Appropriations- in- Aid**					
1	Appropriation-in-Aid (AiA) - Liquor fee	400,000,000	316,369,572	-	316,369,572	79

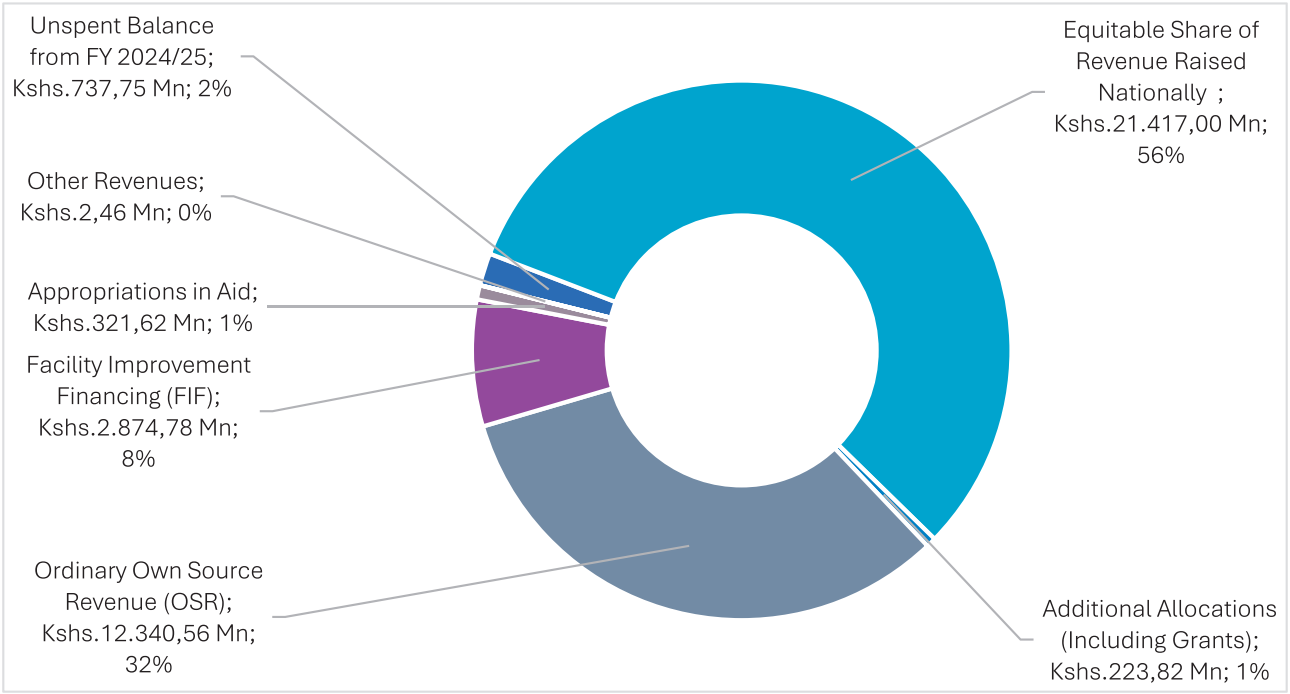
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
2	Betting, Lotteries And Gaming (Paybill)	-	5,255,000	-	5,255,000	
	Sub-Total	**400,000,000**	**321,624,572**	**-**	**321,624,572**	**80.4**
	Other Revenues					
1	Court Fines Grants	-	2,454,707	-	2,454,707	-
2	Mining Royalties	-	3,884	-	3,884	-
	Sub-Total	**-**	**2,458,591**	**-**	**2,458,591**	**-**
Total		**44,620,889,339**	**37,917,986,931**	**-**	**37,917,986,931**	**85**

Source: *Nairobi City County Treasury*

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. Whereas it should be commendable that the county has already surpassed the annual target revenue for FIF, the same cannot be said of the other OSR streams. This could be an indication of poor targeting in FIF or leakages in other mainstream OSR sources. The use of miscellaneous Income Source should be discouraged and all revenue be specifically identified.

Figure 3.172: provides a detailed breakdown of receipts.

Figure 3.172: Nairobi City County Composition of Revenue in FY 2025/26

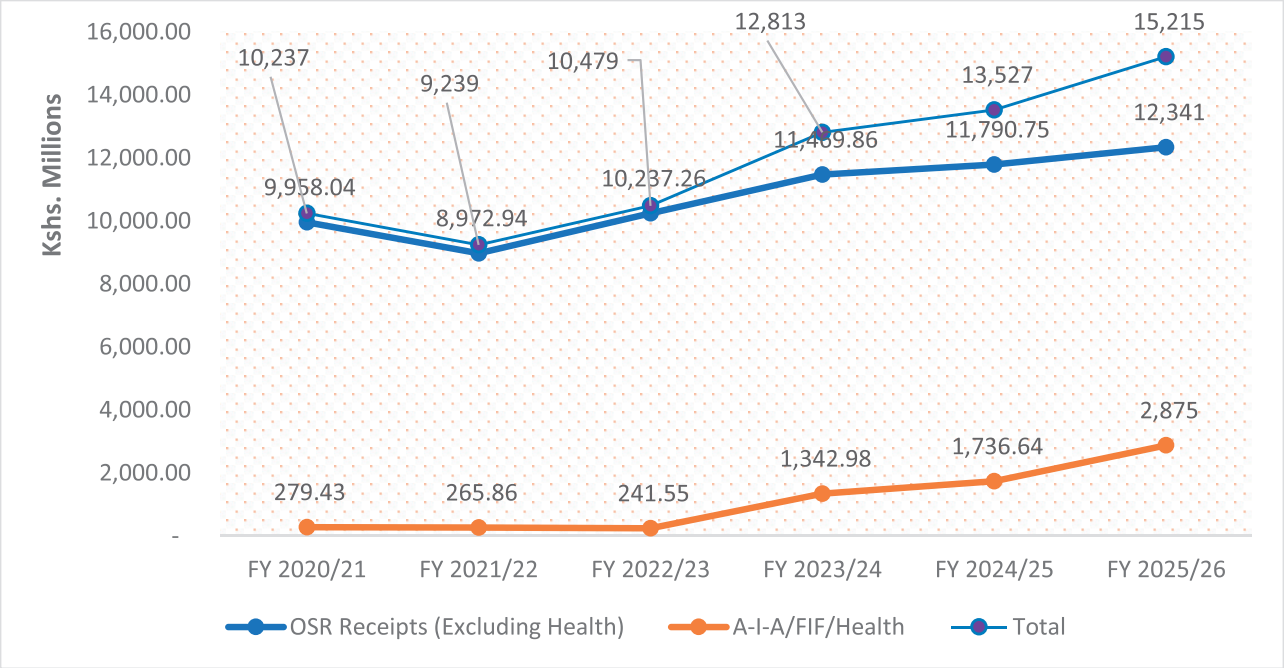


Source: *Nairobi City County Treasury*

The equitable share of revenue raised nationally, ordinary OSR, and FIF contributed 56.5 per cent, 32.5 per cent, and 7.58 per cent, respectively, of the total receipts for the reporting period.

Figure 3.173 shows the trend in OwnSource Revenue (OSR) performance from FY 2020/21 to FY 2025/26.

Figure 3.173: Nairobi City County Trend in Own Source Revenue (OSR) Performance from FY 2020/21 to FY 2025/26

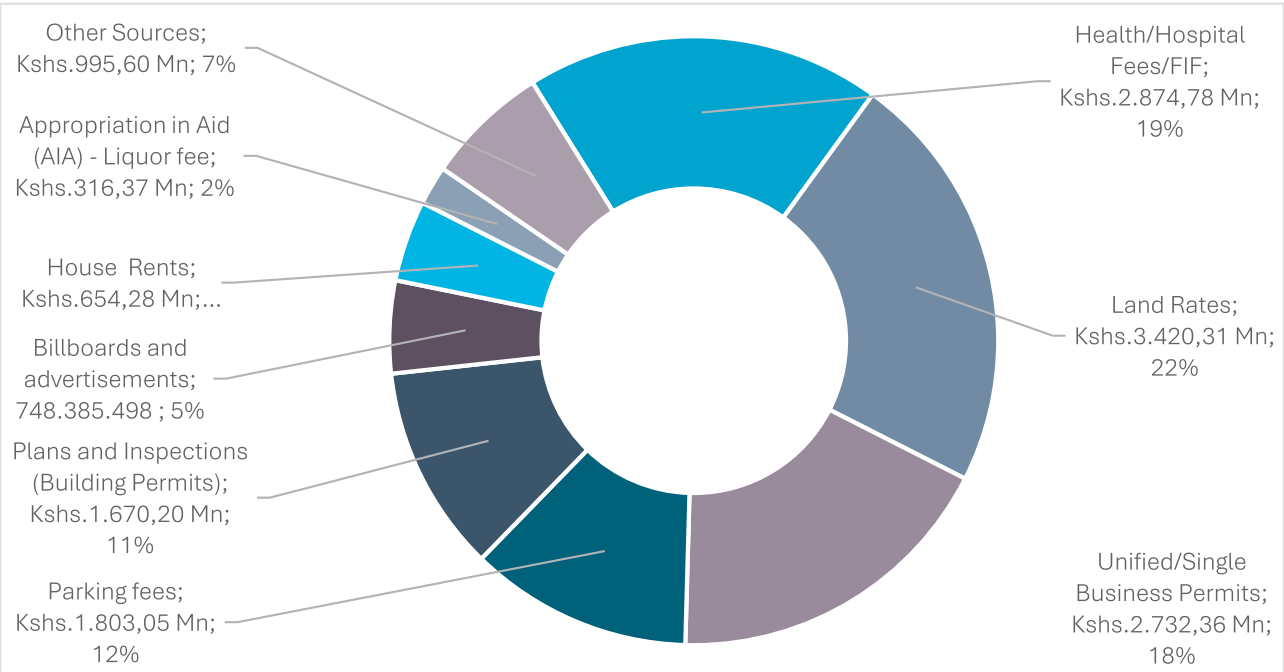


Source: *Nairobi City County Treasury*

During the year, the County collectedKshs.15.54 billion from its OSR, including FIF. This amount represents an increase of 14.9 % compared to Kshs.13.53 billion realised in FY 2024/25 (72 per cent of the annual target and 72.6 per cent of the equitable revenue share disbursed). The increase in OSR is attributed to aggressive revenue mobilisation in the year under review, especially on administrative and enforcement actions.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.174.

Figure 3.174: Nairobi City County Top Own Source Revenue Streams in FY 2025/26



Source: *Nairobi City County Treasury*

As shown in Figure 3.174, the largest revenue stream, at Kshs.3.42 billion, was Land Rates, accounting for 22.48 per cent of total OSR receipts. The County Government indicated that it has automated all its revenue streams.

3.30.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.62.77 billion, which decreased to Kshs.59.09 billion by 30th June, 2026. The County did not report whether it tracks its revenue arrears using a manual or an automated system. Table 3.458 presents a breakdown of the County's revenue arrears.

Table 3.458: Nairobi City County Revenue Arrears as of 30th June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Balance b/f) (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30th June 2026 (Balance c/f) (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (arrears paid) (Kshs)	Revenue Arrears in FY 2025/26 (additions) (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Sundry Debtors	711,184,169	-	137,121,733	112,599,336	686,661,772
2	Rental Houses/ Market Stalls	447,182,881	-	258,387,787	251,785,091	440,580,185
3	Land Rates	54,528,491,651	-	3,305,940,318	117,274,468	51,339,825,801
4	Loading Zones-Private	16,740,000	-	113,150,000	17,500,000	-78,910,000
5	Loading Zones-Gok	755,570,800	-	188,535,000	-	567,035,800
6	Outdoor Advertisements& Billboards	371,735,204	-	702,021,747	614,029,209	283,742,666
7	Way Leaves-Others	293,726,170	-	255,068,070	164,676,060	203,334,160
8	Way Leaves-Kplc	5,644,800,000	-	806,400	-	5,643,993,600
	Sub-Total	**62,769,430,875**	**-**	**4,961,031,055**	**1,277,864,164**	**59,086,263,984**
Total		**62,769,430,875**	**-**	**4,961,031,055**	**1,277,864,164**	**59,086,263,984**

Source: Nairobi City County *Treasury*

As of 30th June 2026, the revenue arrears totalled Kshs.59.09 billion, comprising Kshs.51.34 billion for Land rates (87 per cent) and Kshs.5.64 billion for wayleaves – KPLC (9.5 per Cent). The measures instituted by the County to collect outstanding revenue arrears in FY 2025/26 include aggressive revenue collection strategies, including administrative and enforcement actions.

3.30.4 Borrowing by the County

The County Executive has a bank Overdraft Facility with Sidian Bank of Kenya Limited to cover its personnel emolument, and by 30th June 2026 the OD facility had a balance of Kshs.3.26 billion. This is attributed to two months' salary payments for May and June 2026 that had not been processed. The County Assembly has an Overdraft Facility with the Co-operative Bank of Kenya Limited to cover its net personnel emolument, which average Kshs.35 million per month. By 30th June 2026, it had an overdraft balance of Kshs.35 million due to unpaid salaries for June 2026.

3.30.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.34.83 billion from the Nairobi City County Revenue Fund (CRF) account. This amount consisted of Kshs.3.66 billion (10.5 per cent) designated for development programs and Kshs.31.17 billion (89.5 per cent) for recurrent programs.

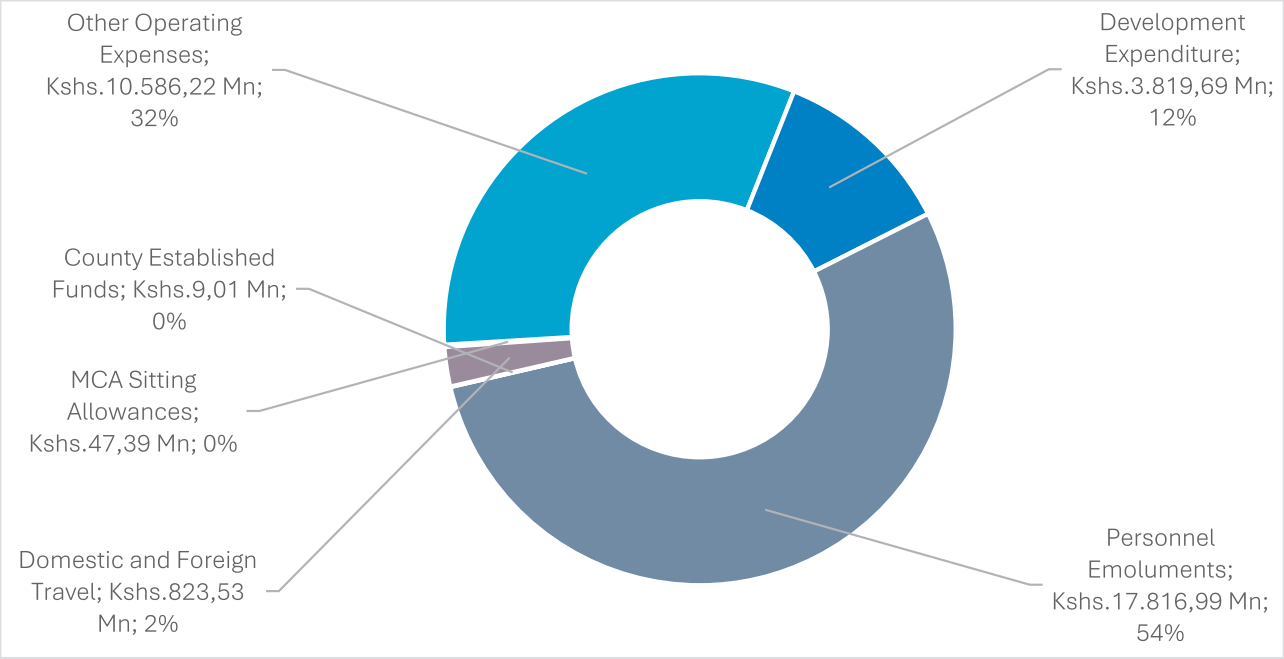
An analysis of the released recurrent exchequers shows that Kshs.17.82 billion related to Personnel Emolument (PE) and Kshs.13.36 billion to Operations and Maintenance (O&M). Within the O&M category, 5 per cent related to domestic travel and 1 per cent related to foreign travel. The domestic travel exchequers totalled Kshs.685.53 million, which included Kshs.559.63 million for the County Executive and Kshs.125.90 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs. 138 million, all of which were incurred by the County Executive.

As of 30th June 2026, the County Government's cash balance in the Nairobi CRF account was Kshs.1.40 billion.

3.30.6 Expenditure Review

The County spent Kshs.33.10 billion on Development and Recurrent Programmes during FY 2025/26. The expenditure represented 95 per cent of the total funds released by the CoB. It comprised of Kshs.3.82 billion for Development Programmes and Kshs.29.28 billion for Recurrent Programmes. Expenditure on development programmes accounted for 28.5 per cent of the development budget, while recurrent expenditure accounted for 93.9 per cent of the recurrent budget. Figure 3.175 provides a detailed breakdown of total expenditure.

Figure 3.175: Nairobi City County Composition of Expenditure in FY 2025/26



Source: Nairobi City County *Treasury*

As shown in Figure 3.175, the three highest expenditure categories were Personnel Emoluments, Other Operating Expenses, and Development Expenditure, which accounted for 54 per cent, 32 per cent, and 12 per cent of total expenditure in the FY 2025/26.

3.30.7 Expenditure by Economic Classification

The County Executive incurred Kshs.16.98 billion in Personnel Emolument, Kshs.11.11 billion in Operations and Maintenance, and Kshs.3.71 billion in Development Programmes. Similarly, the County Assembly spent Kshs.836.36 million on Personnel Emolument, Kshs.357.27 million on Operations and Maintenance, and Kshs.111.70 million on Development Programmes, as shown on Table 3.459.

Table 3.459: Nairobi City County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**29,564.28**	**1,638.91**	**28,089.51**	**1.193.63**	**-**	**-**	**28,089.51**	**1.193.63**	**95.01**	**72.83**
Compensation of Employees	16,578.48	1,010.66	16,980.64	836.36	-	-	16,980.64	836.36	102.43	82.75

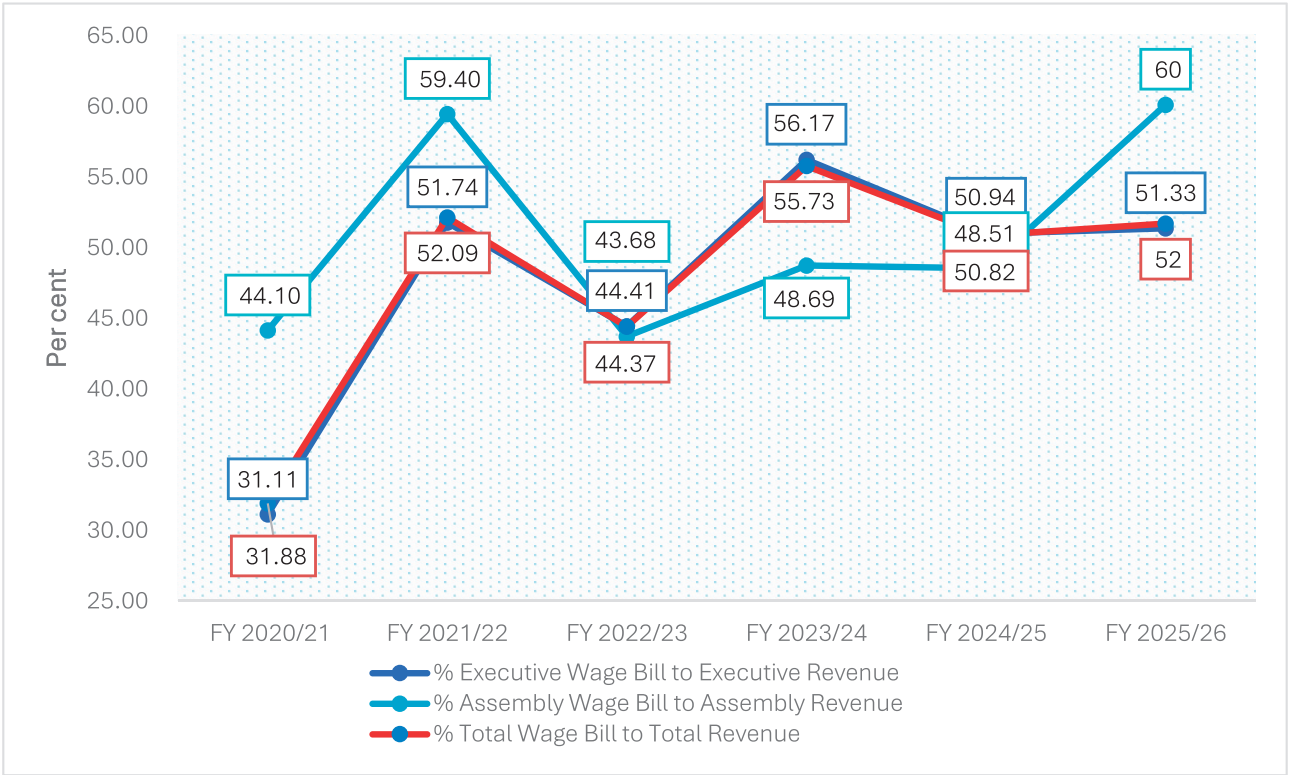
Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Operations and Maintenance	12,985.80	628.24	11,108.88	357.27	-	-	11,108.88	357.27	85.55	56.87
Development Expenditure	**12,417.70**	**1,000.00**	**3,707.99**	**111.70**	**-**	**-**	**3,707.99**	**111.70**	**29.86**	**11.17**
Total	**41,981.98**	**2,638.91**	**31,797.50**	**1,305.33**	**-**	**-**	**31,797.50**	**1,305.33**	**75.74**	**49.46**

***Source**: Nairobi City County Treasury*

3.30.8 Expenditure on Personnel Emolument

The expenditure on Personnel Emoluments totalled Kshs.17.82 billion, representing 51.3 per cent of total revenue. It is noting that in FY 2025/26 the County processed salaries for 10 months (July 2025 to April, 2026.) The months whose salaries were not processed were due to insufficient budget estimates for personnel emoluments. This implies that the County has salary payables amounting to Kshs.3.21 billion as of 30th June 2026. This represents a decrease compared to the Kshs.18.38 billion reported in FY 2024/25. Of this total, Kshs.7.42 billion related to Health Sector employees, accounting for 41.66 per cent of the overall employees' compensation. The decrease in employee compensation was attributed to non-payment of the May 2026 and June 2026 Salaries during the FY. Figure 3.176 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.176: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



***Source:** Nairobi City County Treasury*

Further analysis indicated that PE costs totalling Kshs.17.49 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.496.07 million was processed through manual payrolls, which accounted for 3 per cent of the total PE cost. Out of the Kshs.496.07 million processed through the manual system, the County reported a breakdown of Kshs.60.56 million as shown in Table 3.460. The justification for the continued use of manual payroll was the need to pay arrears for staff who could not be processed through the system, as well as for casuals.

The manual payroll comprised salaries for 1,439 staff not onboarded into the Human Resource Information System (HRIS), salaries for 105 casual staff, and top-up allowances for security personnel, as shown in Table 3.460.

Table 3.460: Analysis of Nairobi City County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)
1	Mobility & Works-Casuals	53	406,417
2	Mobility & Works-Casuals	52	523,921
3	Langata Cemetery & Nairobi Funeral Home Casual Staff	98	2,033,347
4	Langata Cemetery & Nairobi Funeral Home Casual Staff	101	2,098,038
5	Langata Cemetery & Nairobi Funeral Home Casual Staff	145	2,514,259
6	Langata Cemetery & Nairobi Funeral Home Casual Staff	145	2,691,276
7	Langata Cemetery & Nairobi Funeral Home Casual Staff	145	2,673,432
8	Langata Cemetery & Nairobi Funeral Home Casual Staff	145	2,096,364
9	Langata Cemetery & Nairobi Funeral Home Casual Staff	145	2,252,056
10	Langata Cemetery & Nairobi Funeral Home Casual Staff	145	2,252,056
11	Langata Cemetery & Nairobi Funeral Home Casual Staff	145	2,790,503
12	Langata Cemetery & Nairobi Funeral Home Casual Staff	145	2,825,657
13	Top-up Allowances for Security Officers-VVIP	23	8,311,346
14	Top-up Allowances for Security - City Hall/Kangundo Road/Kenya Police/Anti-vandalism)	57	27,092,240
	Total	**1,544**	**60,560,912**

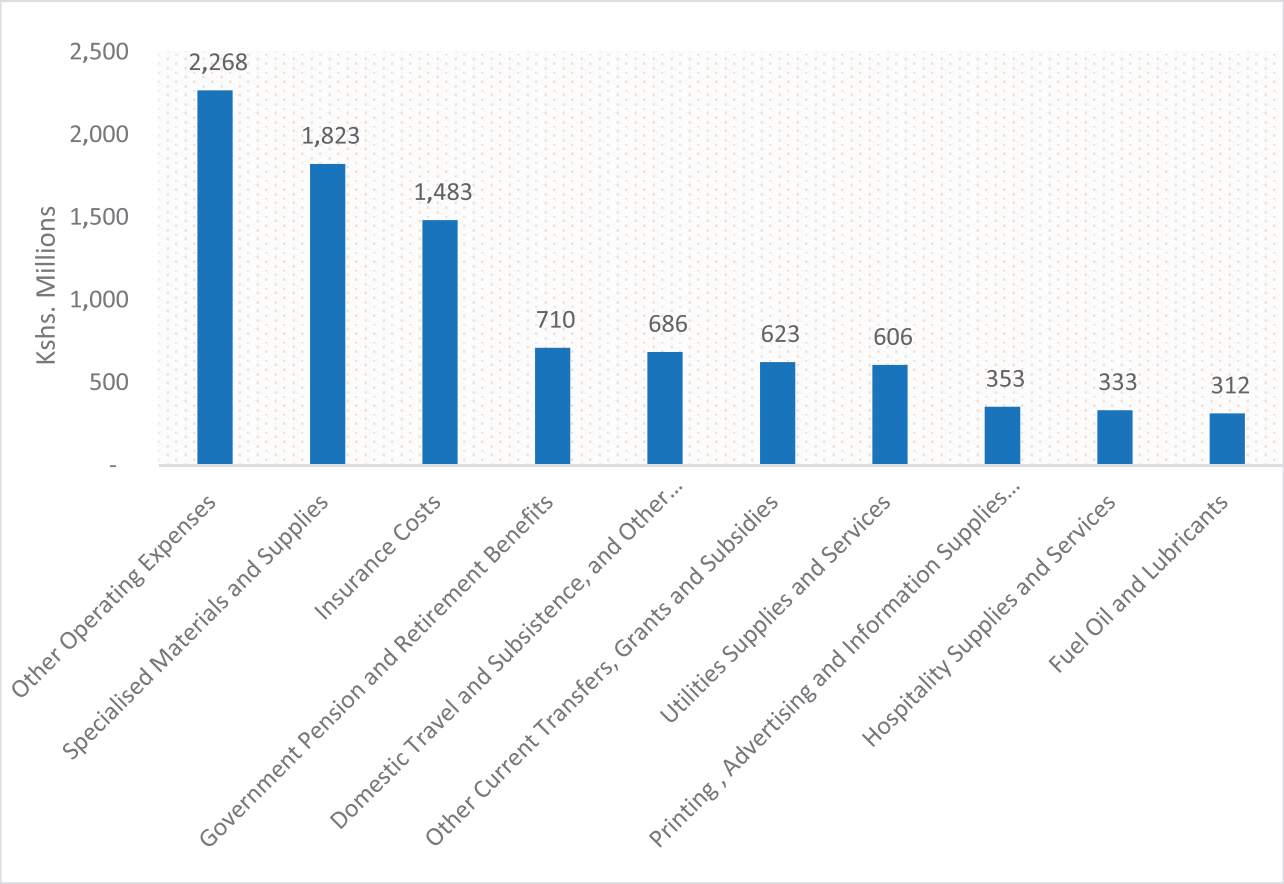
Source: *Nairobi City County Treasury*

The County Assembly spent Kshs.47.39 million on committee sitting allowances for the 125 MCAs against the annual budget allocation of Kshs.70 million. The average monthly sitting allowance was Kshs.42,125 per MCA. The County Assembly has 26 House Committees.

3.30.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.11.47 billion on operations and maintenance, representing an increase of 10.4 per cent compared to FY 2024/25, when the County spent Kshs.10.39 billion. Figure 3.177 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.177: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: *Nairobi City County Treasury*

3.30.10 Unbundling "Other Operating Expenses - Other" (IFIMIS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.2.27 billion on "other operating expenses - other," which accounted for 19.79 per cent of the total operations and maintenance expenditure of Kshs.11.47 billion. Out of the Kshs.2.27 billion expenditure, the County did not report on the disaggregation of Kshs.2.04 billion on Other Operating Expenses – Other. However, some of the disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.461.

Table 3.461: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item (Proposed)	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Other Operating Expenses - Oth	477,869,000	477,869,000
2211399	Other operating expenditure was used for the regularization exercise	22,500,000	22,454,800
2211399	Conference Facilities	-	15,714,500
2211399	Payment for foreign travel for NCC officers to Dubai	19,180,000	15,348,740
2211399	Conference Facilities	-	14,603,000
2211399	Conference Facilities	-	13,885,000
2211399	Conference Facilities	-	11,875,000
2211399	Conference Facilities	-	10,975,800
2211399	Conference Facilities	-	10,187,400
2211399	Payment of conference and per diems	10,000,000	9,472,830
2211399	Conference Facilities	-	8,740,000
	TOTALS		**702,812,670**

Source: *Nairobi City County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include conference facilities, and DS As.

These should be mapped to under correct budget codes.

3.30.11 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 2025/26, the County allocated Kshs.70 million to County Established Funds, representing 0.3 per cent of the County's overall budget. Table 3.462 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.462: Performance of Nairobi City County Established Funds in FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund since inception (Kshs)	Submission of Annual Financial Statements (Yes/No.)
	County Assembly Established Funds					
1.	Car Loan & Mortgage – County Assembly	70,000,000	-	9,005,600	1,016,000,000	Yes
	Total	**70,000,000**	**-**	**9,005,600**	**1,016,000,000**	

Source: *Nairobi City County Treasury*

Furthermore, the County allocated Kshs.150 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

In FY 2025/26, the CoB did receive quarterly financial reports from the Car Loan & Mortgage – County Assembly Fund Administrator, as indicated in Table 3.462. The County disclosed that administration costs of Kshs.9.01 million (0.8 per cent) 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.

3.30.12 County Corporations, Municipalities and Agencies

The County has one Corporation: Nairobi Water and Sewerage Company, which operates independently. In FY 2025/26, the County did not allocate funds to this Corporation.

3.30.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.685.53 million and comprised Kshs.125.90 million spent by the County Assembly and Kshs.559.63 million by the County Executive. Expenditure on foreign travel amounted to Kshs. 164.93 million, all of which was incurred by the County Executive. Some of the highest expenditures on foreign travel are summarised in Table 3.463.

Table 3.463: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	10	6th-18th April 2026	Strategic Human Resource Management and Workforce Transformation Programme In Singapore	Singapore	29,922,856	-	29,922,856
County Executive	135	22nd 28th Feb 2025	East Africa Local Authorities Sports & Cultural Association (EALASCA) Games	Kampala Uganda	29,174,480	-	29,174,480

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	7	11th-17th Jan 2026	Building Adaptive Teams and Systems for Organizational Transformation	Dubai	16,648,940	-	16,648,940
County Executive		11th-18th Feb,2026	Transformational Leadership In The Public Sector In Dubai, UAE	Dubai	15,891,200	-	15,891,200
County Executive	7	25th April - 1st May 2026	The 3rd Gnets Leaders' Summit From 25th April -1st May 2026 In Tokyo, Japan	Tokyo	14,231,846	-	14,231,846
County Executive	4	18th-23rd May 2024	The 11th Technical Committee Of The Africa Ministerial Cooperative Conference (Tcamcco)	Morocco	6,911,240	-	6,911,240
County Executive	2	25th April-1st May 2026	The Bloomberg City Lab 2026 Forum	Spain	6,586,360	-	6,586,360
County Executive	7	12th -20th July 2025	Participate In The 2025 World Credit Union in the dynamic city of Stockholm, Sweden	Sweden	4,914,000	-	4,914,000
County Executive	6	15-21/5/2024	City Leaders Program	Japan	4,908,384	-	4,908,384
County Executive	7	6-12/4/2025	Training on Health Policy and Practices in the Public Sector	Turkey	4,877,384	-	4,877,384
County Executive	6	16th To 22nd Dec 2024	Geneva Tchoukball Indoor Championships in Switzerland	Geneva	4,495,752	-	4,495,752
County Executive	6	3-9/6/2024	Leadership for Results Programme	Dubai	4,487,700	-	4,487,700
County Executive	6	18-21/6/2023	International Delegates Conference	Malaysia	3,112,072	-	3,112,072
County Executive	6	28th Sept-4th Oct 2025	Sustainable Finance Summit	Switzerland	2,889,120	-	2,889,120
County Executive	6	23rd To 27th February	International Cooperation Forum	Geneva, Switzerland	2,835,300	-	2,835,300
County Executive	4	20th-27th Sept 2025	The 80th Unga Side Event	New York -USA	2,543,580	-	2,543,580
County Executive	4	19-30/7/2024	Public Servant Forum	South Korea	2,516,832	-	2,516,832
County Executive	4	16th To 22nd Dec 2024	Tchoukball games in Switzerland	Switzerland	2,492,570	-	2,492,570
County Executive	3	28th Oct to 1st Nov 2025	World Smart Sustainable Cities Organization (Wego) Executive Committee Meeting.	Abu Dhabi	1,535,040	-	1,535,040
County Executive	4	31st Oct-4th Nov 2025	CNN Global Perspective On Africa In London	London	1,468,350	-	1,468,350

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	5	23rd To 27th Jun 2021	East African Volleyball Championships in Dodoma, Tanzania	Dodoma Tanzania	1,320,592	-	1,320,592
County Executive	3	2nd-6th June 2026	Benchmarking Programme on Metropolitan Policy Models & Facilitation Of Nominated Officers	New York -USA	1,164,280	-	1,164,280
Total					**164,927,878**		**164,927,878**

Source: Nairobi City County Treasury

3.30.14 Facility Improvement Financing (FIF)

In FY 2025/26, the County reported collections of Kshs.2.87 billion as FIF, which was 232.58 per cent of the annual target of Kshs.1.24 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. The expenditure by the health facilities amounted to Kshs.2.87 million, as shown in Table 3.464.

Table 3.464: Nairobi City County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 5 Hospital	4	1,116,000,000	1,610,055,252	144.3
2.	Level 4 Hospital	11	88,050,000	374,519,146	425.4
3.	Level 3 Facility	42	-	520,731,854	-
4.	Level 2 Facility	62	-	320,073,393	-
5.	Nairobi Funeral Home	1	31,950,000	49,405,014	154.6
	Total	**120**	**1,236,000,000**	**2,874,784,659**	**232.6**

Source: *Nairobi City County Treasury*

In the review period, most facilities had absorption over 100 per cent due to under-projection of revenue. The expenditure above the approved budget allocation is irregular and should be appropriate through supplement budget before expenditure.

3.30.15 Development Expenditure

In the review period, the County reported spending Kshs.3.82 billion on development programmes, representing a decrease of 6.6 per cent compared to FY 2024/25, when the County spent Kshs.4.09 billion. The decline in development expenditure was attributed to cash flow challenges that included the low revenue collection which was at 72 per cent of the annual target. Whereas Table 3.465 summarises the development projects with the highest expenditure in the reporting period, the County didn't provide information on the commencement dates, expected completion dates, contract sums, and per cent completion for the 10 projects reported.

Table 3.465: Nairobi City County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30th June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Finance & Economic Planning	Development Trade payables -	Main City Hall 5th floor	-	-	-	786,202,119	-	786,202,119	-
2	Mobility and Works	Construction of Various roads	Citywide	-	-	-	591,530,146	-	591,530,146	-
3	Environment, Water, Energy & Natural Resources	Procurement of hard-core, culverts, ballast, steel metal and river sand	Dandora dumpsite	-	-	-	570,535,601	-	570,535,601	-
4	Ward Development Fund	FY 2025/2026 Ward PROJECTS	Citywide	-	-	-	534,353,340	-	534,353,340	-
5	Talents Skills Development Care	Construction of -Kihumbuini	kihumbuini	-	-	-	179,863,452	-	179,863,452	-
6	Mobility and Works	Road Maintenance Materials	Citywide	-	-	-	136,242,500	-	136,242,500	-
7	Environment, Water, Energy & Natural Resources	Procurement of 10No. tippers	Citywide	-	-	-	75,169,000	-	75,169,000	-
8	Business & Hustler Opportunities	Kahawa West Market	Kahawa West	-	-	-	70,795,422	-	70,795,422	-
9	Health Wellness and Nutrition	Completion of the construction of the stalled medical block at Tasia kwa Ndege	Embakasi ward	-	-	-	68,400,000	-	68,400,000	-
10	Mobility and Works	Rehabilitation of 20000m2 of NMT in the CBD using in-house capacity	Maji Mazuri Kasarani	-	-	-	55,000,000	-	55,000,000	-

Source: *Nairobi City County Treasury*

The County reported 57 stalled development projects as of 30th June 2026, with an estimated value of Kshs.2.24 billion, of which Kshs.208.88 million has already been paid. The stalled projects are shown in Table 3.466

Table 3.466: Nairobi City County Stalled Projects as of 30th June 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
1	Talents, Skills and Development Care	ICRMS/ERP	CITY HALL	847,229,897	150,000,000	37	Funding/ procurement/ contractor/land/ design / legal issue.	State restart, termination, re-scoping, recovery, or completion plan with a timeline.

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
2	Built Environment	Construction of medical block for OPD, HDU and ICU at Mbagathi Hospital	Kibra, Kenyatta Golf Course Ward	255,870,376	-	15	Stalled	
3	Business & Hustler Opportunities	Construction of Mwiki Social Hall	Mwiki	76,000,000	-		Stalled. Contractor not on site due to non-payment	
4	Environment	Construction of Dandora II youth complex	Dandora II	50,000,000	-		Stalled. Contractor not on site due to non-payment	
5	Built Environment	Perimeter wall Huruma Flats	Huruma	42,865,608	-	10	Contractor not in site	
6	Business & Hustler Opportunities	Rehabilitation of Makina Market	Makina	42,000,000	-	10	Project stalled due to non-payment	
7	Business & Hustler Opportunities	Proposed Completion works for the revitalisation of Jevanjee Garden	Starehe CBD	37,896,320	-	51		
8	Ward Development Fund	Reconstruction of 9 No. Ablution blocks in Embakasi Estate	Embakasi South	37,000,000	-		Project abandoned due to non-payment of the first certificate of Ksh.2 M	
9	Health and Wellness	Incubation hub centre	Kibra-ASK Showground	34,000,000	-	30	Non-payment of the 1st certificate	
10	Built Environment	Proposed Construction of Hawkers sheds in 10 No. lanes	Central Ward	33,163,443	-		Project stalled due to non-payment	
11	Built Environment	Construction of Simba Road within Pangani Ward	Pangani	29,957,838	-	80		
12	Ward Development Fund	Construction of maternity wing at Umoja 1 Health Centre – Umoja I Ward	Embakasi West	29,895,995	-	50	50%	
13	Ward Development Fund	Construction and Drainage improvement of Johari Road within Kayole Central Ward (retender)	Kayole Central	22,992,708	-	55		

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
14	Ward Development Fund	Construction of Modern Maternity Hospital at HDD Dandora Phase I Hospital	Dandora I	22,991,200	-	50		
15	Ward Development Fund	Supply, Delivery, Installation & Commissioning of Street Lighting along Undugu Andolo Road In Nyayo Highrise Ward	Nyayo/Highrse	22,976,004	-	20		
16	Health and Wellness	Construction of the stalled Kayole one and Cheers roads within Kayole North ward	Kayole North	22,915,032	-	40		
17	Ward Development Fund	Rehabilitation and Drainage Improvement Of Link Road DC - Kikoshep Road	Makina	22,905,360	-	80		
18	Ward Development Fund	Rehabilitation of roads and drainage improvement at Amani Court and Kayoles areas in Jamhuri Estate.	Woodley	22,891,327	-	75		
19	Health And Wellness	Completion of the stalled new medical block at Karen health centre	Langata, Karen ward	22,523,000	-	75% from the previous contract	Stalled	
20	Health And Wellness	Construction and drainage improvement of Muindi Mweusi Road In Kware Ward	Kware	22,170,944	-	50		
21	Environment	Construction Of Nyamavilla Road To Cabro Standard In Komarock Ward	Komarock	22,024,978	-	50		

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
22	Health and Wellness	Comple-tion of the construction of the stalled medical block at Tasia kwa Ndege	Embakasi East	21,731,604	-	30% from the previous contract	0%	
23	Talents Skills and Develop-ment Care	Construction of office block at Uhuru Park	Dagoreti North Killimani	19,983,300				
24	Health and Wellness	Proposed Rehabilitation of Kayole 1 Market	Kayole 1	19,504,773	-	0		
25	Built Envi-ronment	Proposed construction of a new ECDE centre - Dandora Day	Dandora Ward	18,876,371	-	10	Contractor aban-doned site	
26	Ward De-velopment Fund	Completion of a new ECD – Kariobangi South	Kariobangi south	18,876,371		10	Contractor aban-doned site	
27	Ward De-velopment Fund	Renovation of Harambee estate	Harambee	17,600,000		8	Contractor not on site	
28	Ward De-velopment Fund	Rehabilitation of Kabiro and Mugumo Muthiora Roads	Kabiro	17,403,016	12,645,850	70		
29	Ward De-velopment Fund	Proposed construction of modern ki-osks and toilet block at Hardy Shopping Centre within Karen ward	Karen	16,994,806	-	75		
30	Talents Skills And Develop-ment Care	Supply, delivery, in-stallation and commission-ing of public lights within Gatina ward	Gatina	16,947,890	-	85		
31	Ward De-velopment Fund	Proposed rehabilitation of Amref Playground	Laini Saba	16,943,795	9,187,722	80		
32	Ward De-velopment Fund	Construction of Kingstone Uchumi Road (Part)	Viwandani	16,898,474	-	65		

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
33	Ward Development Fund	Completion of perimeter fence at Mji Wa Huruma	Runda	16,884,600	4,870,690	25	Partial partner support	
34	Ward Development Fund	Rehabilitation of Savannah Estate Road within Upper Savannah Ward	Upper Savannah		-	40		
35	Ward Development Fund	Construction of ECDE block at Komarock Primary School	Komarock	16,794,805	13,440,781	85		
36	Talents Skills And Development Care	Construction of ECDE Centre at Njiru Centre (Home Way)	Njiru	16,742,686	-	50		
37	Business & Hustler Opportunities	Installation of LED Highmast in the villages within Saran'gombe	Sarangómbe	16,585,506		20		
38	Talents Skills And Development Care	Construction of Pathways & Drainage Rehabilitation at Kanuku & Kinyago area to Cabro Standard improvement	California	15,231,148	-	50		
39	Talents Skills And Development Care	Proposed construction of Perimeter wall & modern kiosks at Kamulu Market	Ruai	14,975,205	-		Perimeter wall is done; modern kiosks not yet commenced.	
40	Talents Skills And Development Care	Completion of a new ECD – Kawangware Primary	Kawangware	14,018,229	-	30	Contractor abandoned site	
41	Boroughs And Sub County			13,995,406	-	-	Contract awarded, contractor not on site	
42	Business & Hustler Opportunities	Completion of an ECD – Riruta Satelite Primary	Riruta Satelite	13,944,308	-	75	Contractor instructed to resume works after payment of raised certificate.	
43	Talents Skills And Development Care	Completion of an ECD (Joash Olum)	Highrise	13,852,333	-	75	Contractor instructed to resume works after payment of raised certificate.	

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
44	Built Environment	Construction of Makadara Sub County Office	Makadara Sub County	13,695,679	5,698,493	0	Lack of Payment	
45	Business & Hustler Opportunities	Proposed electrical works at Kangundo Road	Mowlem	13,243,278	-		Non-payment	
46	Water and Sewerage	Completion of a new ECD – Kangemi Primary	Mountain ward	12,960,929	4,234,800	60	Contractor abandoned site	
47	Water and Sewerage	Proposed construction of perimeter wall at Huruma estate	Huruma	12,800,000		0%	Contractor not on site	
48	Boroughs and Sub County	Construction of perimeter wall in Njiru	Njiru	12,755,957	8,800,000	70%	Contractor out of site due to non-payment	
49	Talents Skills and Development Care	Proposed drilling of borehole with 48 elevated pressed panel steel Tank on 18m steel tower in Woodley Golf Course	Woodley Golf Course ward	10,000,000				
50	Business & Hustler Opportunities	Proposed drilling of a borehole with a 48-elevated pressed-panel steel Tank on an 18m steel tower in Kitisuru-Vet Lab	Kitisuru ward	10,000,000				
51	Business & Hustler Opportunities	Construction of Westlands Sub County Office	Westlands Sub County	10,000,000	-		Lack of Payment	
52	Talents Skills and Development Care	Completion of Kabiro Social Hall	Kabiro ward	10,000,000	-		Stalled. Contractor left the site due to non-payment for the raised certificates.	
53	Built Environment	Proposed token metering & associated Electrical works at Mwariro Market	Kariokor / Ziwani	9,458,368	-		Contractor out of site due to non-payment	

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
54	Talents Skills and Development Care	Proposed construction of Perimeter wall at Kangundo Road market	Mowlem	9,340,654	-		Contractor out of site due to non-payment	
55	Talents Skills and Development Care	Construction of 2No.duty houses for caregivers	Runda	8,499,000	-	0	Stalled	
56	Talents, Skills and Development Care	Purchase of Van for Mji Wa Huruma	Runda	6,100,000	-		Stalled	
57	Talents, Skills and Development Care	Completion of the construction of a toilet block at Kangemi VTC	Kangemi	4,498,741	-	70	Stalled due to delayed payment of 1st Certificate	
	Total							

Source: Nairobi City County Treasury

3.30.16 Budget Performance by Department

Table 3.467 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.467: Nairobi City County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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 Public Service Board	119.21	-	119.20	-	113.13	-	94.91	-	94.9	-
Finance & Economic Planning	4,480.49	1,207.00	4,479.00	344.63	4,023.19	1,004.22	89.82	291.39	89.8	83.2
Public Service Management	1,427.52	10.00	1,427.51	2.86	1,304.50	-	91.38	-	91.4	-
Agriculture, Livestock Development, Fisheries & Forestry	238.19	85.00	238.19	24.27	156.83	-	65.84	-	65.8	-
County Assembly	1,638.91	1,000.00	1,609.25	111.70	1,193.63	111.70	74.17	100.00	72.8	11.2
Environment, Water, Energy & Natural Resources	2,667.02	845.00	2,667.02	241.27	2,840.77	677.51	106.51	280.81	106.5	80.2
Ward Development Programs	88.11	2,155.00	88.11	615.31	81.51	534.35	92.51	86.84	92.5	24.8
Emergency Fund	150.00	-	150.00	-	150.00	-	100.00	-	100	-
Liquor Licensing Board	299.00	101.00	299.00	28.84	280.36	35.33	93.77	122.52	93.8	34.9
Boroughs and Public Administration	4,105.99	1,280.30	4,105.99	365.56	3,865.78	23.04	94.15	6.30	94.2	1.8
County Attorney	636.31	15.00	636.31	4.28	638.24	-	100.30	-	100.3	-

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
Innovation and Digital Economy	196.26	258.61	196.26	73.84	204.33	-	104.11	-	104.1	-
Health Wellness & Nutrition	9,656.32	849.51	9,656.32	242.56	9,287.33	139.27	96.18	57.42	96.2	16.4
Built Environment & Urban Planning	531.08	579.14	531.08	165.36	560.42	100.29	105.52	60.65	105.5	17.3
Mobility and Works	1,589.24	2,824.27	1,589.24	806.41	1,621.90	837.77	102.05	103.89	102	29.7
Talent Skills Development & Care	2,237.70	1,236.00	2,237.70	352.91	1,777.39	247.67	79.43	70.18	79.4	20
Business & Hustler Opportunities	620.28	805.25	620.28	229.92	719.79	108.54	116.04	47.21	116	13.5
Inclusivity Public Participation & Citizen Engagement	314.81	141.63	314.81	40.44	299.67	-	95.19	-	95.2	-
Nairobi Revenue Authority	206.76	25.00	206.76	7.14	164.37	-	79.50	-	79.5	-
Total	**31,203.19**	**13,417.70**	**31,172.02**	**3,657.30**	**29,283.14**	**3,819.69**	**93.94**	**104.44**	**93.9**	**28.5**

Source: *Nairobi City County Treasury*

Analysis of expenditure by departments shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 83.2 per cent, followed by the Department of Environment, Water, Energy & Natural Resources at 80.2 per cent. The Department of Business & Hustler Opportunities had the highest percentage of recurrent expenditure to budget at 116 per cent, while the Department of Agriculture, Livestock Development, Fisheries & Forestry had the lowest at 65.8 per cent. The expenditure above the approved budget allocation is irregular and should be reviewed, and appropriate actions taken by the Oversight Institutions.

3.30.17 Budget Execution by Programmes and Sub-Programmes

Table 3.468 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.468: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Environment, Water, Energy & Natural Resources				
General Administration & Support Services	Solid Waste Management	679,000,000	645,704,600	95
Department of Finance and Economic Planning				
Public Financial Management	Procurement	215,000,000	377,152,472	92.9
Department of Finance and Economic Planning				
Public Financial Management	Debt Management Headquarters	900,000,000	786,202,119	87.3
Department of County Public Service Board				
General Administrative Services	Headquarters	25,000,000	18,013,545	72

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
Department of Health, Wellness and Nutrition				
Health Facilities	Health Facility Administration	100,343,557	68,400,000	68.2
Recurrent				
Department of Business & Hustler Opportunities				
General Administrative Services	Business & Hustler Opportunities Headquarters	479,191,295	622,383,816	129.9
Department of Built Environment and Planning				
General Administrative Services	Built Environment and Planning Headquarters	384,579,560	433,585,309	112.7
Department of Talent Skills Development & Care				
Youth, Talent & Sports	Youth, Talent & Sport	89,701,642	100,589,250	112
Department of Boroughs and Public Administration				
General Administrative Services	Office of County Secretary Headquarters	230,846,974	256,704,151	111.3
Department of Environment, Water, Energy & Natural Resources				
General Administration & Support Services	Headquarters	1,924,331,702	2,114,887,849	109.9

Source: *Nairobi City County Treasury*

The development sub-programmes with the highest budget implementation rates were: Solid Waste Management in the Department of Environment, Water, Energy & Natural Resources at 95 per cent, Procurement in the Department of Finance and Economic Planning at 92.9 per cent, and Debt Management Headquarters in the Department of Finance and Economic Planning at 87.33 per cent.

For recurrent sub-programmes, with high absorption rate included General Administrative Services in the Department of Business & Hustler Opportunities at 129.9 per cent, Built Environment and Planning Headquarters in the Department of Built Environment and Planning at 112.7 per cent, and Youth, Talent & Sport in the Department of Talent Skills Development & Care at 112.1 per cent. Table 3.469 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.469: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Boroughs and Public Administration				
Security and Safety Management	Security and Compliance Headquarters	1473,00,000	-	-
Department of Boroughs and Public Administration				
Coordination of boroughs and devolved units	Boroughs, Sub County Administration	580,000,000	-	-
Department of Environment, Water, Energy & Natural Resources				
General Administration & Support Services	Environmental Planning Management	30,000,000	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
Department of Innovation And Digital Economy				
Smart Nairobi	Smart Nairobi	100,000,000	-	-
Recurrent				
Department of Public Service Management				
General Administrative Services	Kenya Devolution Support Programme	6,591,000	-	-
Department of Agriculture, Livestock Development, Fisheries & Forestry				
Food Systems and Surveillance	Agriculture Committees	149,998	-	-
Department of Health, Wellness and Nutrition				
Health Facilities	Mama Margaret Uhuru Kenyatta Hospital	28,400,000	-	-
Department of Talent Skills Development & Care				
Education services	Early Childhood Development Centres	127,300,000	-	-
Department of Health, Wellness and Nutrition				
Medical Services	Primary Health Care	3,000,000	42,000	0.62

Source: *Nairobi City County Treasury*

The development sub-programmes with that did not have any expenditures included Security and Compliance Headquarters in the Department of Boroughs and Public Administration, Boroughs, and Sub County Administration in the Department of Boroughs and Public Administration, all at 0 per cent and the Kenya Devolution Support Programme in the Department of Public Service Management at 0.6 per cent For recurrent sub-programmes, with no expenditure returns included: Agriculture Committees in the Department of Agriculture, Livestock Development, Fisheries & Forestry; and Mama Margaret Uhuru Kenyatta Hospital in the Department of Health, Wellness and Nutrition, all at 0 per cent.

3.30.18 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.83.10 billion. This amount consisted of Kshs.82.83 billion from the County Executive and Kshs.271.24 million from the County Assembly. The trade payables from the County Executive comprised Kshs.75.35 billion for recurrent expenditure and Kshs.7.49 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.8.41 billion, comprising Kshs.7.76 billion (92.22 per cent) for recurrent programmes and Kshs.654.83 million (7.78 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.40.49 million entirely for recurrent activities. The outstanding trade payables as of 30th June 2026 were Kshs.85.78 billion for County Executive and Kshs. 1.12 billion for County Assembly. Table 3.470 provides additional details of trade payables.

Table 3.470: Nairobi City County Trade Payables as of 30th June 2026

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	7,486,464,308	75,345,454,633	82,831,918,941
	County Assembly	-	271,237,059	271,237,059
	Total	**7,486,464,308**	**75,616,691,692**	**83,103,156,000**
Amount paid in FY 2025/26	County Executive	654,825,235	7,756,597,108	8,411,422,343
	County Assembly	-	40,489,020	40,489,020
	Total	654,825,235	**7,797,086,128**	**8,451,911,363**

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade Payables Incurred in FY 2025/26	County Executive	1,256,084,756	10,105,791,680	11,781,726,782
	County Assembly	154,234,050	419,850,356	574,084,406
	Total	1,410,318,806	**10,525,642,036**	**12,355,811,188**
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	**8,087,723,819**	**77,694,649,205**	**85,782,373,024**
	County Assembly	**154,234,050**	**962,777,153**	1,117,011,203
	Total	**8,241,957,869**	**78,657,426,358**	**86,899,384,227**

Source: *Nairobi City County Treasury*

Table 3.471 present the ageing of the total outstanding bills as of 30th June 2026 for the County Executive, which were Kshs.85.78 billion. Additionally, 72.89 per cent of the pending bills are aged over two years.

Table 3.471: Nairobi City County Executive Trade Payables Ageing Analysis as of 30th June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**1,256,084,746**	**2,888,768,012**	**1,477,381,485**	**2,465,489,577**	**8,087,723,819**
Recurrent Trade Payables (Goods & Services)	5,850,274,985	8,673,977,679	11,205,094,995	5,269,635,583	30,998,983,242
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	3,303,539,852	132,818,172	-	40,927,261,990	44,363,620,014
Recurrent Trade Payables (Staff Claims)	951,976,843	191,996,543	849,252,828	338,819,735	2,332,045,949
Total Recurrent Trade Payables	10,105,791,680	8,998,792,393	12,054,347,823	46,535,717,309	77,694,649,205
Total Trade Payables	**11,361,876,426**	**11,887,560,405**	**13,531,729,308**	**49,001,206,886**	**85,782,373,024**
% of Total	13.25	13.86	15.77	57.12	100

Source: *Nairobi City County Treasury*

As shown in Table 3.471, the total Personnel Emolument payable amounted to Kshs.44.36 billion, representing 51.72 per cent of the County Executive's total trade payables of Kshs.85.78 billion as of June 30, 2026. Additionally, Table 3.471 indicates that 57.12 per cent of the County Assembly's total trade payables are aged over 3 years.

Table 3.472 presents the ageing of the total outstanding bills for the County Assembly as of 30th June 2026, which were Kshs.1.12 billion.

Table 3.472: Nairobi City County Assembly Trade Payables Ageing Analysis as of 30th June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**154,234,050**	**-**	**-**	**-**	**154,234,050**
Recurrent Trade Payables (Goods & Services)	99,072,570	270,252,028	26,656,554	-	395,981,152
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	130,420,685	26,593,939	5,762,476	-	162,777,101
Recurrent Trade Payables (Staff Claims)	126,647,677	219,049,774	58,321,450	-	404,018,901
Total Recurrent Trade Payables	**356,140,932**	**515,895,741**	**90,740,480**	**-**	**962,777,153**
Total Trade Payables	**510,374,982**	**515,895,741**	**90,740,480**	**-**	**1,117,011,2024**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
% of Total	45.69	46.19	8.12	-	100

Source: *Nairobi City County Treasury*

As shown in Table 3.472, the total Personnel Emolument payable amounted to Kshs. 162.78 million, representing 14.57 per cent of the County Assembly's total trade payables of Kshs.1.12 billion as of June 30, 2026. Additionally, Table 3.472 indicates that 91.88 per cent of the County Assembly's total trade payables are aged below 2 years.

3.30.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires Accounting Officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) , 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.

The County Government operated 174 accounts with Commercial Banks. The County Assembly operates 8 Accounts and County Executive- 166 Accounts which includes 123 accounts for Health Facilities, 11 accounts for Vocational Training Centres (VTCs),5 accounts for Established Funds, 5 revenue accounts, 16 Special Purpose Accounts for Additional Allocations, 2 Early Childhood Development Accounts (ECDs), 2 Imprest Accounts, 1 Recurrent Operational Account and 1 Development Operational Accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all these Commercial Bank Accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments)

3.30.20 Key Observations and Recommendations

While overseeing and reporting on the implementation of the Nairobi City County budget, the CoB identified the following challenges, which hampered effective budget implementation;

i. The under performance of Own-Source Revenue at Kshs.15.54 billion against the annual target of Kshs.21.58 billion, representing 72% performance.

ii. ***Low Development Budget Absorption:*** The County spent Kshs.3.82 billion on development activities. This translates to 28.47 % absorption rate against a budget of Kshs.13.42 billion.

iii. ***High level of Trade Payables:*** The County reported a high level of trade payables, which amounted to Kshs.86.90 billion as of 30 June 2026. Furthermore, the County Treasury did not adhere to the payment plan for trade payables.

iv. ***Manual payroll:*** A total of Kshs. 496.03 million was spent as manual payroll which is prone to abuse and may result in the loss of public funds.

v. ***Commercial Bank Accounts:*** 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. This is a compliance issue which needs to be adhered to avoid any inconvenience in exchequer authorisation process.

vi. ***Use of "Other Operating Expenses Account" Composite Account:*** The County reported Kshs.2.27 billion under "other operating expenses - Other," accounting for 19.79 per cent of total operation and maintenance costs. Distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

vii. ***Late submission of Financial Reports:*** The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the County Budget Implementation Review Report (BIRR).

viii. ***Stalled Projects:*** The County reported high levels of stalled projects with an estimated value of Kshs.2.24 billion. The stalling of the projects is attributed to several factors, including the contractor abandoning the sites due to non-payment of certified completed works.

ix. ***Budget credibility:*** The NCCG reported underperformance in key programs such as Security and Compliance, which recorded zero budget absorption, alongside substantial over-absorption in areas like health facilities and administrative services. These discrepancies indicate potential misalignment between planned expenditures and actual program needs, raising concerns about financial oversight and the efficacy of budget allocation.

x. ***Non-submission of data and information:*** The County was required to submit the breakdown of the manual payroll of Kshs.435.51 million, and information on commencement, completion, and percentage of completion on the list of development projects undertaken by the County.

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

i. ***Own Source Revenue (OSR) Performance:*** *The County should address its OSR performance to ensure the approved budget is fully financed. Appropriate revenue forecasting tools should be developed and utilised to set realistic revenue targets to avoid hidden budget deficits and ensure expenditure commitments are aligned with available revenue to avoid further escalation of pending bills.*

ii. ***Development Expenditure:*** *The County should implement strategies to increase development expenditures in FY 2026/27.*

iii. ***Trade Payables****. The County Treasury should prioritise payment of trade payables (pending bills). Pending bills / payables should form the First Charge in the implementation of FY 2026/2027 budget on First -In-First-Out (FIFO) basis. In FY 2026/2027, a payables Action Plan should be developed and adhered to clear all the eligible pending bills.*

iv. ***Compliance with HRIS-Ke payroll directive****: All MDAs and Counties are required to comply with the HRIS-Ke payroll direction. To this end the CoB will not approve any manual payroll in the FY 2026/2027. The County is advised to fast-track the acquisition of Unified Personnel Numbers for all 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. ***Commercial Bank Accounts****: The County Treasury should ensure it submits copies of authorisation letters to the CoB for all commercial bank accounts in operation in line with the law to enhance transparency, accountability and oversight.*

vi. ***Budget Vote Line Classification****: The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category. The CoB shall not approve any requisition under Other Operating Expenses Vote Line.*

vii. ***Submission of Financial Reports****: The County Treasury should ensure the timely preparation and submission of Financial Reports to the Controller of Budget per the timelines prescribed under Section 166 of the PFM Act, 2012.*

viii. ***Stalled Projects:*** *Both County Executive and County Assembly should take lead in ensuring that the stalled projects that are viable are prioritised for completion to achieve their desired objectives and outcomes.*

ix. ***Budget credibility:*** *The NCCG should establish a robust budget monitoring framework that includes regular performance reviews and variance analysis. This framework should ensure that all departments adhere to budget limits and provide transparency on expenditures, while also facilitating timely reallocation of funds to underperforming programs to enhance service delivery and achieve intended objectives. Further, the County Treasury should endeavour to ensure the equitable distribution of resources across programmes/sub-programmes in FY 2026/27.*

x. ***Submission of Data and Information:*** *The County Treasury should ensure completeness of data and information during submission of the Financial and Non- Financial reports to inform accurate reporting on the status of the manual payroll, other operating expenses, and projects undertaken by the County.*

3.31. County Government of Nakuru

3.31.1 Overview of FY 2025/26 Budget

The Nakuru County Approved Supplementary Budget for FY 2025/26 was Kshs.25.65 billion. It comprised of Kshs.8.83 billion (34.44 per cent) and Kshs.16.81 billion (65.56 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.67 billion (6.96 per cent) from FY 2024/25 budget, which comprised of development budget of Kshs.9.31 billion and recurrent budget of Kshs.14.67 billion.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.14.46 billion (56.36 per cent), additional allocations of Kshs.1.80 billion (7.01 per cent), cash balance brought forward from FY 24/25 of Kshs.4.46 billion (17.38 per cent) and Kshs. 4.94 billion (19.24 per cent) was generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.473.

3.31.2 Revenue Performance

During the year, the County reported total receipts of Kshs.25.38 billion. This amount represented an increase of 16.74 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.21.74 billion. The total revenue consisted of Kshs.14.46 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.07 billion, and own-source revenue (OSR) collection of Kshs.5.40 billion. Additionally, the County had cash balance of Kshs.4.46 billion from FY 2024/25. The total OSR collection of Kshs.5.40 billion included Facilities Improvement Financing (FIF) of Kshs.3.57 billion, and Kshs.1.83 billion from other OSR sources. Table 3.473 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.473: Nakuru County, Revenue Performance in FY 2025/26

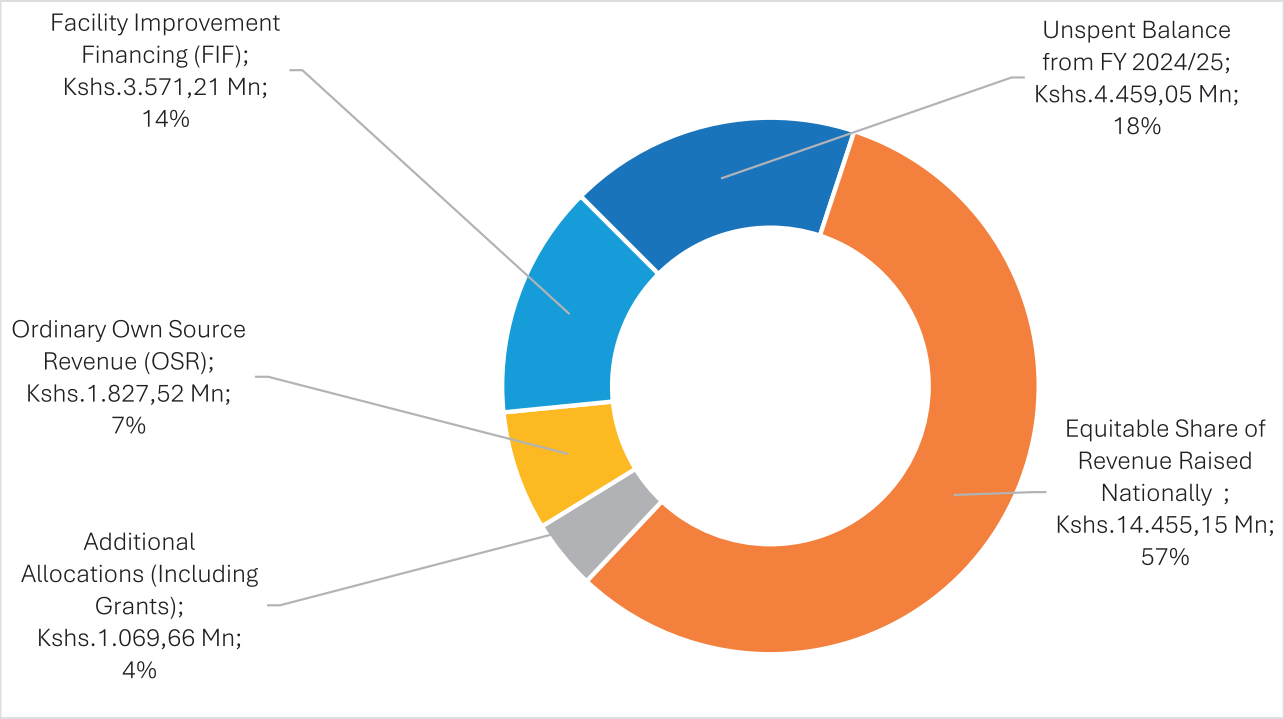
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	4,459,051,031	4,459,051,031	0.00	4,459,051,031	100
2	County Executive Refunds to CRF	0.00	67,215,332	0.00	0.00	0
3	County Assembly Refunds to CRF	0.00	3,032,700	0.00	0.00	0
	Sub-Total	**4,459,051,031**	**4,459,051,031**	**0.00**	**4,459,051,031**	**100**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	14,455,147,658	14,455,147,658	0.00	14,455,147,658	100
	Sub-Total	**14,455,147,658**	**14,455,147,658**	**0.00**	**14,455,147,658**	**100**
C	**Additional Allocations (Including Grants)**					
1	Allocations for Court Fines	1,022,898.00	0.00	0.00	0.00	0
2	Allocations for 20% Share of Mineral Royalties	82,769.00	82,769.00	0.00	82,769.00	100
3	Settlement of Doctors' Salary Arrears	90,404,261.00	0.00	0.00	0.00	0
4	Community Health Promoters (CHPs) Programme	99,390,000.00	0.00	0.00	0.00	0
5	County Aggregation and Industrial Parks (CAIPs) Programme	133,368,421	133,368,421	0.00	133,368,421	100

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
6	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622.00	0.00	0.00	0.00	0
7	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	11,000,000.00	0.00	0.00	0.00	0
8	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	188,211,085.00	29,765,105.00	0.00	29,765,105.00	15.81
9	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500.00	70,503,589.00	0.00	70,503,589.00	96.70
10	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,500,000.00	124,354,121.00	0.00	124,354,121.00	35.28
11	Kenya Livestock Commercialisation Project (KelCop)	60,550,000.00	35,716,323.00	0.00	35,716,323.00	58.99
12	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	22,000,000.00	0.00	0.00	0.00	0
13	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	234,500,794.00	232,811,456.00	0.00	232,811,456.00	99.28
14	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000.00	230,230,246.00	0.00	230,230,246.00	100
15	Primary Health Care in Devolved Context (PHDC) Programme	23,583,750	16,881,000	0.00	16,881,000	71.58
16	Kenya Informal Settlement Improvement Project (KISIP II)	266,000,000	195,946,400	0.00	195,946,400	73.66
17	Nutrition International Grant	10,000,000	0.00	0.00	0.00	0
	Sub-Total	**1,798,761,100**	**1,069,659,431**	**0.00**	**1,069,659,431**	**59.47**
D	**Ordinary Own Source Revenue (OSR)**					
1	OSR	2,400,000,000	1,827,517,864	0.00	1,827,517,864	76.15
	Sub-Total	**2,400,000,000**	**1,827,517,864**	**0.00**	**1,827,517,864**	**76.15**
E	**Facility Improvement Financing (FIF)**					
1	FIF	2,536,134,416	2,723,490,528	847,723,301	3,571,213,829	140.81
	Sub-Total	**2,536,134,416**	**2,723,490,528**	**847,723,301**	**3,571,213,829**	**140.81**
Total		**25,649,094,205**	**24,534,866,512**	**847,723,301**	**25,382,589,813**	**98.96**

Source: *Nakuru County Treasury*

More than 100 per cent of FIF collections resulted from improved SHA reimbursements, automated revenue collection, and the integration of payment systems with the County Integrated Financial Operations Management System. The County does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.178 provides a detailed breakdown of receipts.

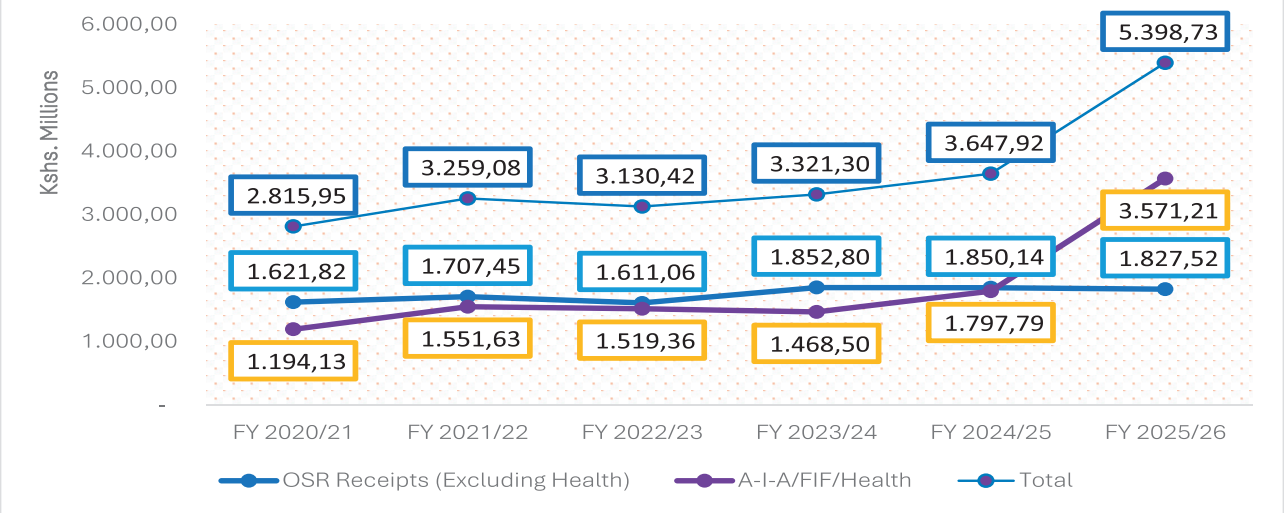
Figure 3.178: Nakuru County Composition of Revenue in FY 2025/26



S***ource:*** *Nakuru County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 56.95 per cent, 7.20 per cent and 14.07 per cent, respectively, of the total receipts for the reporting period. Figure 3.179 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.179: Nakuru County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

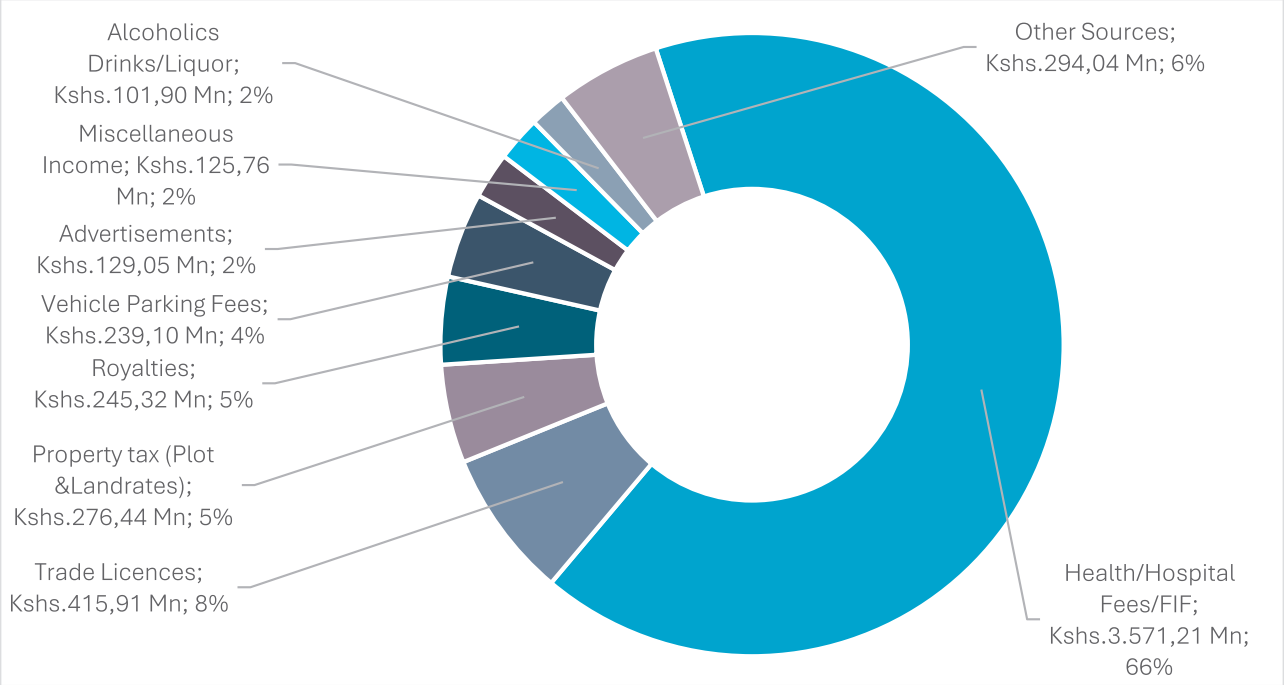


Source: *Nakuru County Treasury*

During the year, the County received Kshs.5.40 billion from OSR, including FIF. This amount was an increase of 47.95 per cent compared to Kshs.3.65 billion realised in a similar period in FY 2024/25 and was 109.37 per cent of the annual target and 37.35 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to improved SHA reimbursements, automated revenue collection, and integration of payment systems with the County Integrated Financial Operations Management System. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.180.

Figure 3.180: Nakuru County Top Own Source Revenue Streams in FY 2025/26



***Source**: Nakuru County Treasury*

As shown in Figure 3.180, the largest revenue stream, at Kshs.3.57 billion, was Health/Hospital Fees/FIF, accounting for 66.15 per cent of total OSR receipts. The County Government indicated that it has automated all its revenue streams. The system utilised for FIF revenue collection is the County Integrated Financial Operations Management System (CIFOMS), which has been in use since November 2024.

3.31.3 Revenue Arrears

As of 01 July 2025, the County reported revenue arrears of Kshs.12.20 billion, which increased to Kshs.16.84 billion as of 30 June 2026. The County currently tracks its revenue arrears through enhanced enforcement, continuous taxpayer engagement, and the automation of revenue collection processes. Table 3.474 presents a breakdown of the County's revenue arrears.

Table 3.474: Nakuru County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 01 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Land rates	10,588,563,647	-	-	1,193,014,757	11,781,578,404
2	House rent	697,631,044.00	-	-	84,359,375.00	781,990,419.00
3	Market stall Rent	5,722,307.00	-	-	661,090.00	6,383,397.00
	Sub-Total	**11,291,916,998**	**-**	**-**	**1,278,035,222**	**12,569,952,220**
B	**Facility Improvement Financing (FIF)**					
1	SHIF	456,894,881.00	-	-	-	456,894,881.00
2	Defunct NHIF	432,934,272.00	-	-	-	432,934,272.00
3	Insurance Companies	19,438,525.00	57,212,990	1,754,305,142	1,551,064,869	3,382,021,526
	Sub-Total	**909,267,678**	**57,212,990**	**1,754,305,142**	**1,551,064,869**	**4,271,850,679**
Total		**12,201,184,676**	**57,212,990**	**1,754,305,142**	**2,829,100,091**	**16,841,802,899**

Source: *Nakuru County Treasury*

As of 30 June 2026, the revenue receivables totalled Kshs.16.84 billion, comprising Kshs.12.57 billion (74.63 per cent) for OSR and Kshs.4.27 billion (25.37 per cent) for FIF. The measures instituted by the County to collect the outstanding Revenue Receivables in FY 2025/26 include improved property and tenancy management, enhanced enforcement, taxpayer engagement, automation of revenue collection, collaboration with the Social Health Authority (SHA), and stronger monitoring and reconciliations to improve compliance and reduce future arrears.

3.31.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.31.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.17.70 billion from the Nakuru County Revenue Fund (CRF) account. This amount consisted of Kshs.4.16 billion (23.50 per cent) designated for development programs, and Kshs. 13.54 billion (76.50 per cent) allocated for recurrent programs.

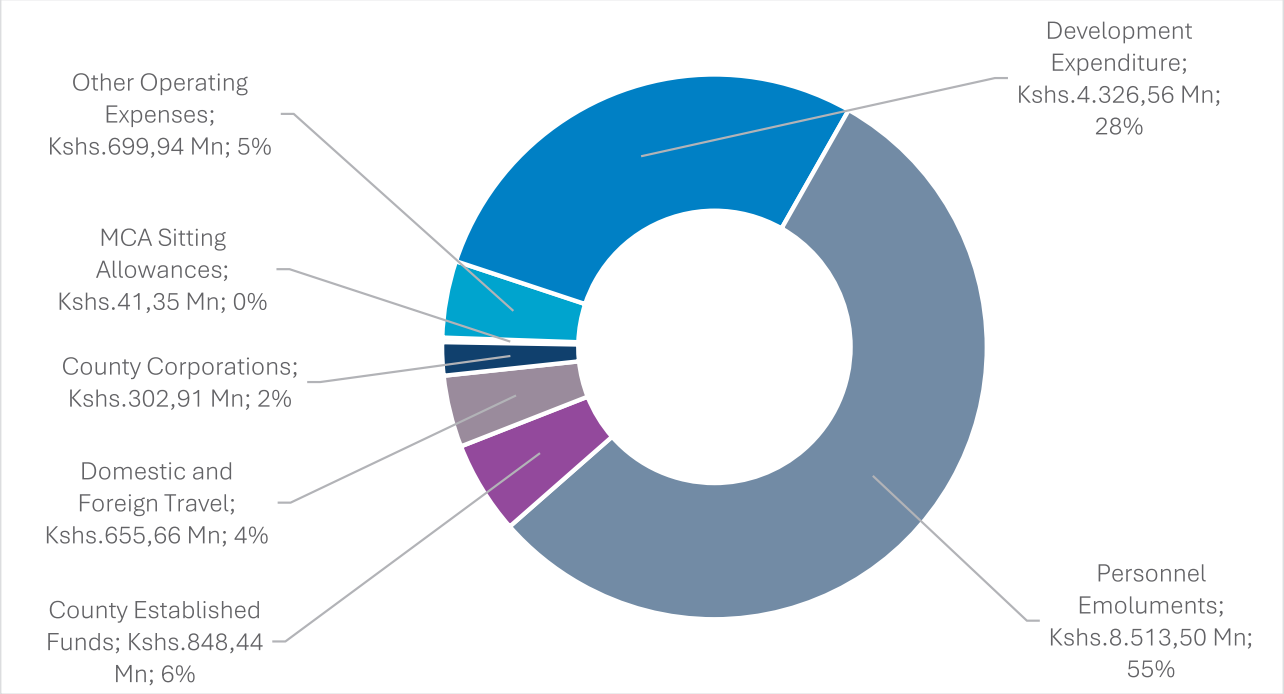
An analysis of the released recurrent exchequers shows that Kshs.8.51 billion was allocated to employee compensation and Kshs.5.02 billion to operations and maintenance expenditures. Within the operations and maintenance category, 10.93 per cent was for domestic travel and 2.12 per cent for foreign travel. The domestic travel exchequers totalled Kshs.548.93 million, which included Kshs.388.84 million for the County Executive and Kshs.160.09 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.106.73 million, with Kshs.21.32 million for the County Executive and Kshs.85.41 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Nakuru CRF account was Kshs.2.59 billion.

3.31.6 Expenditure Review

The County spent Kshs. 19.28 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 108.94 per cent of the total funds released by the CoB. It comprised Kshs. 4.33 billion for development programmes and Kshs.14.96 billion for recurrent programmes. Expenditure on development programmes accounted for 48.97 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 88.95 per cent of the annual recurrent expenditure budget. Figure 3.181 provides a detailed breakdown of total expenditure.

Figure 3.181: Nakuru County Composition of Expenditure in FY 2025/26



Source: *Nakuru County Treasury*

As shown in Figure 3.181, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and County Established Funds, contributing 55.32, 28.12 and 5.51 per cent of total expenditure for the reporting period.

3.31.7 Expenditure by Economic Classification

The County Executive incurred Kshs.8.04 billion in employee compensation, Kshs.5.60 billion in operations and maintenance, and Kshs.4.05 billion in development activities. Similarly, the County Assembly spent Kshs.473.62 million on employee compensation, Kshs.845.19 million on operations and maintenance, and Kshs.272.97 million on development activities, as shown in Table 3.475.

Table 3.475: Nakuru County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**15,462.01**	**1,352.60**	**13,637.85**	**1,318.81**	**0.00**	**0.00**	**13,637.85**	**1,318.81**	88.95	**97.50**
Compensation of Employees	8,104.66	479.87	8,039.88	473.62	0.00	0.00	8,039.88	473.62	99.17	98.70
Operations and Maintenance	7,357.35	872.73	5,597.97	845.19	0.00	0.00	5,597.97	845.19	78.29	96.84
Development Expenditure	8,521.24	**313.25**	4,053.59	**272.97**	**0.00**	**0.00**	4,053.59	**272.97**	48.97	**87.14**
Total	**23,983.24**	**1,665.85**	**17,691.44**	**1,591.77**	**0.00**	**0.00**	**17,691.44**	**1,591.77**	75.18	**95.55**

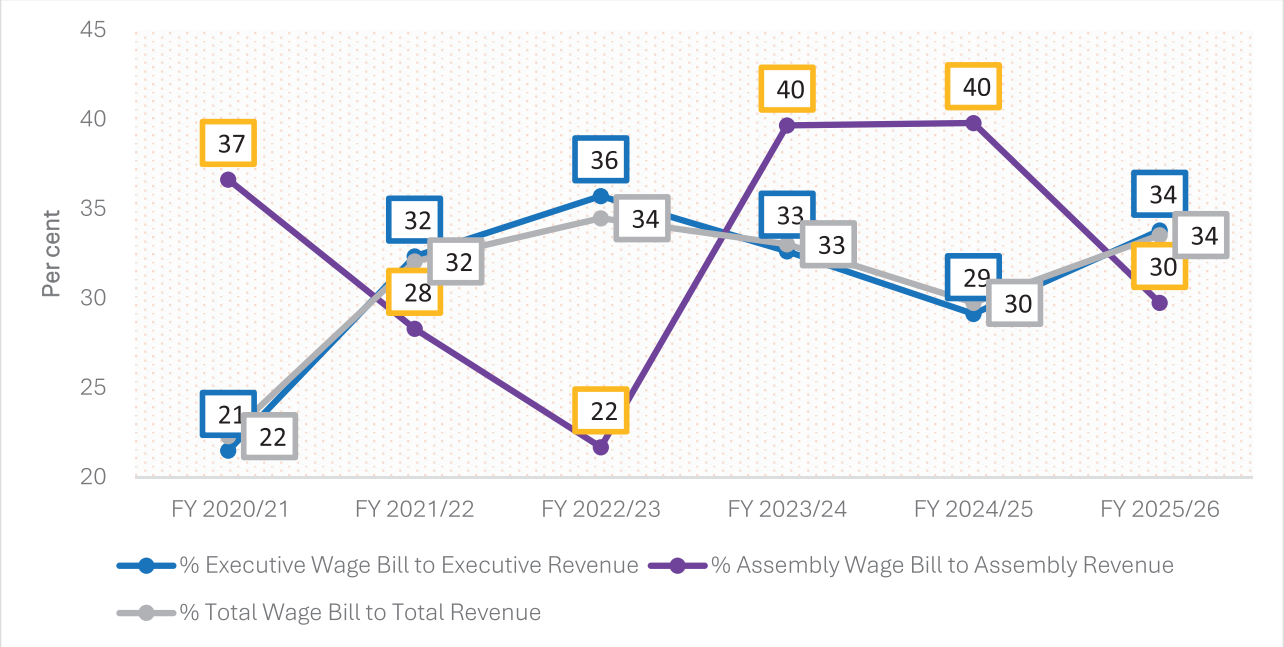
***Source**: Nakuru County Treasury*

3.31.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.8.51 billion, representing 33.53 per cent of revenue. This expenditure on employee compensation shows an increase compared to the Kshs.6.47 billion reported in a similar period in FY 2024/25. Of this total, Kshs.5.51 billion related to Health Sector employees, accounting for 64.75 per cent of the overall employees' compensation.

Figure 3.182 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.182: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Nakuru County Treasury*

Further analysis indicated that PE costs amounting to Kshs.6.66 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.1.86 billion was processed through manual payrolls, which accounted for 21.80 per cent of the total PE cost.

The manual payroll comprised salaries for 18 staff not onboarded into the Human Resource Information System (HRIS), salaries for 596 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension contributions, as shown in Table 3.476.

Table 3.476: Analysis of Nakuru County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Staff not onboarded to HRIS	18	77,194,733.00	Incomplete migration of the former seconded employees into the county HRIS	Work in progress
2	Salaries for casual staff	596	599,009,396.00	High turnover	Work in progress
3	Top-up Allowances for Security Officers	38	58,011,408.00	Frequent staff changes	Requires wider consultations
4	LAPTUST/Gratuity	-	1,121,465,359.00	Not fully mapped into the HRIS system	When fully mapped
	Total		**1,855,680,896.00**		

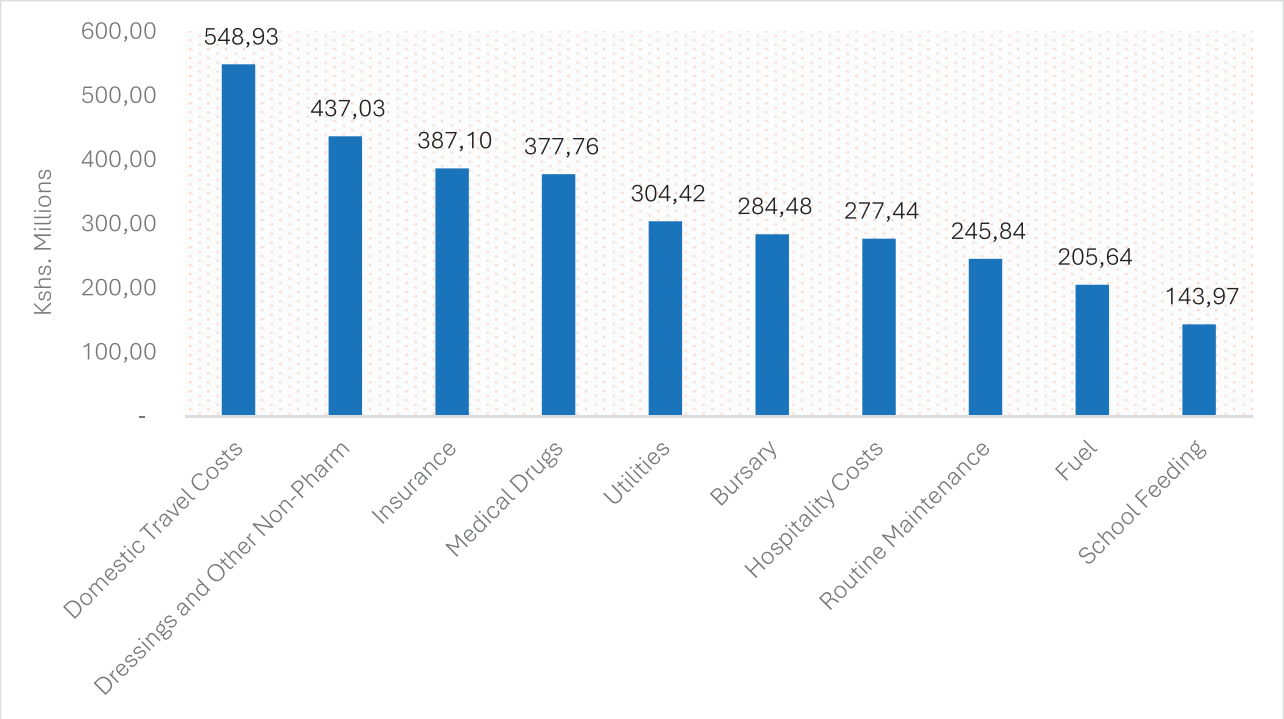
Source: *Nakuru County Treasury*

The County Assembly spent Kshs.41.35 million on committee sitting allowances for the 75 MCAs and the Speaker against the annual budget allocation of Kshs.44.45 million. The average monthly sitting allowance was Kshs.45,337 per MCA. The County Assembly has 23 House Committees.

3.31.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.6.44 billion on operations and maintenance, representing an increase of 15.83 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.5.56 billion. Figure 3.183 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.183: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: *Nakuru County Treasury*

3.31.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County did not spend on "other operating expenses - Other," which accounted for nil per cent of total operations and maintenance expenditure.

3.31.11 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.1.29 billion to County-Established funds in FY 2025/26, representing 5.03 per cent of the County's overall budget. Of this amount, the County allocated Kshs. 70 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for less than 1 per cent of the total budget. Table 3.477 summarises the budgets and performance of each established Fund in FY 2025/26.

Table 3.477: Performance of Nakuru County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (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	11 May, 2018	50,000,000.00	50,000,000.00	50,000,000.00	356,000,000.00	Yes

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
2	Nakuru County Executive (Staff) Car Loan Scheme Fund	11 May, 2018	5,000,000.00	0.00	0.00	80,840,000.00	Yes
3	Nakuru County Emergency Fund	24 March, 2016	70,000,000.00	70,000,000.00	70,392,249.00	838,392,249.00	
4	Nakuru County School Feeding Fund	08 June, 2026	169,000,000.00	166,000,000.00	143,968,113.00	143,968,113.00	Yes
5	Nakuru County Persons with Disability Fund	26 November, 2025	27,500,000.00	0.00	0.00	55,000,000.00	Yes
6	Nakuru County Bursary Fund	26 February, 2026	447,413,449.00	284,480,397.00	284,480,397.00	2,251,618,753.00	Yes
7	Nakuru County Climate Change Fund	17 May, 2021	469,572,890.00	393,214,468.00	291,436,239.00	709,167,425.00	Yes
8	Nakuru County Enterprise Fund	17 July, 2020	25,000,000.00	25,000,000.00	1,878,223.00	51,878,223.00	Yes
9	The Nakuru County Co-operative Revolving Development Fund	17 July, 2020	25,000,000.00	0.00	1,862,233.00	51,862,233.00	Yes
County Assembly Established Funds							
1	Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund	19 October, 2022	4,422,000.00	4,422,000.00	4,422,000.00	838,478,265.00	Yes
	Total		**1,292,908,339.00**	**993,116,865.00**	**848,439,454.00**	**5,377,205,261.00**	

Source: *Nakuru County Treasury*

In FY 2025/26, the CoB received quarterly financial reports from 10 Fund Administrators, as indicated in Table 3.86, in accordance with the requirements of Section 168 of the PFM Act, 2012. The reported administration costs of 10 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 2025/26, the CoB determined that the Nakuru County Emergency Fund's lifespan had lapsed. Consequently, the CoB shall not approve any withdrawal requests to support the operations of the lapsed funds.

3.31.12 County Corporations, Municipalities and Agencies

The County and the 3 municipalities were allocated Kshs.454.15 million in FY 2025/26, while there was no allocation for the County Corporations. The transfers and expenditures in FY 2025/26 are shown in Table 3.478.

Table 3.478: Performance of Nakuru County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Nakuru Water and Sanitation Company	1,578,673,067.00	0.00	1,274,288,452.00	2,468,861,733.00
2	Naivasha Water and Sanitation Company	311,956,029.00	0.00	302,908,689.00	552,295,113.00
3	Nakuru Rural Water Company	508,903,429.00	0.00	438,584,001.00	835,621,425.00
Gazetted Municipalities					
1	Naivasha	484,001,009.00	292,636,015.00	286,099,179.00	1,107,515,910.00
2	Gilgil	138,006,056.00	103,350,167.00	102,701,078.00	109,078,658.00
3	Molo	178,411,283.00	87,028,962.00	65,345,192.00	67,966,092.00

Source: *Nakuru County Treasury*

3.31.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.548.93 million and comprised Kshs.160.09 million spent by the County Assembly and Kshs.388.84 million by the County Executive. Expenditure on foreign travel amounted to Kshs.106.73 million and comprised Kshs.85.41 million by the County Assembly and Kshs.21.32 million by the County Executive. Table 3.479 below summarises the highest foreign travel expenditures in the reporting period.

Table 3.479: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	7	14th - 22nd September 2025	Public Policy Formulation, Analysis and Management	Singapore	8,000,887.00	0.00	8,000,887.00
County Assembly	7	08th - 12th September 2025	The Change Management for Government Leaders Training	Singapore	7,392,771.00	0.00	7,392,771.00
County Assembly	15	17th - 24th August 2025	Strategic Leadership and Governance (SLG) In A Parliamentary Setting	Tanzania	6,983,690.00	0.00	6,983,690.00
County Assembly	15	3rd - 10th August 2025	Strategic Leadership and Governance (SLG) in A Parliamentary Setting	Tanzania	5,847,402.00	0.00	5,847,402.00
County Assembly	14	14th - 21st September 2025	Strategic Leadership and Governance (SLG) in A Parliamentary Setting	Tanzania	5,439,280.00	0.00	5,439,280.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	14	12th - 19th October 2025	Strategic Leadership and Governance (SLG) in A Parliamentary Setting	Tanzania	5,436,732.00	0.00	5,436,732.00
County Assembly	4	18th - 24th June 2026	Public Financial Management Program	Singapore	4,557,606.00	0.00	4,557,606.00
County Executive	4	16th – 21st November 2025	The Green Organisation Awards	United Kingdom	4,301,994.00	0.00	4,301,994.00
County Assembly	3	19th - 25th April 2026	Strategic Leadership, Oversight and Innovation for Modern County Legislatures	Singapore	3,105,936.00	0.00	3,105,936.00
County Executive	2	12th - 15th May 2026	UN Food Systems Youth Leadership Programme	Italy	960,606.00	0.00	960,606.00
County Assembly	9	22nd - 27th June 2026	Strategic Leadership and Governance in a Parliamentary Setting	Tanzania	3,023,192.00	0.00	3,023,192.00
County Assembly	7	11th - 17th May 2026	Strategic Leadership & Governance For Effective County Legislator	Tanzania	3,022,579.00	0.00	3,022,579.00
County Assembly	3	25th – 31st Oct. 2025	Governance and Anti-Corruption, Effective Policy and Enforcement	USA	2,483,243.00	0.00	2,483,243.00
County Assembly	7	25th - 31st Jan. 2026	Milestones Attained and The Challenges in the Devolution Process	Uganda	2,402,652.00	0.00	2,402,652.00
County Assembly	7	16th - 23rd Nov. 2025	Strategic Leadership and Governance for Effective County Legislators	Uganda	2,288,891.81	0.00	2,288,891.81
County Assembly	2	24th - 31st Aug. 2025	Empowering The Leaders and Senior Professionals in the Public Sector and Affiliated Institutions with Critical Competencies and Global Best Practices	Singapore	1,717,070.00	0.00	1,717,070.00
County Assembly	4	18th - 26th June 2026	Factory Tour In Guangzhou	China	1,696,905.00	0.00	1,696,905.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	24th July - 08th August 2025	Co-operative Governance for Risk Management and Sustainability	UAE	1,449,760.00	0.00	1,449,760.00
County Assembly	1	10th - 16th May 2026	The International Management Development For Executives: People Management for Results	United Kingdom	1,284,732.00	0.00	1,284,732.00
County Assembly	2	17th - 24th August 2025	Public Sector Leadership and Managerial Excellence Training	Dubai	1,235,610.00	0.00	1,235,610.00
County Assembly	1	24th - 31st May 2026	The 12th AFIIA Conference	South Africa	1,179,883.00	0.00	1,179,883.00
County Assembly	2	13th - 20th Dec. 2025	The Legislative Strategic Management for Members of The County Assembly	UAE	1,060,522.00	0.00	1,060,522.00
County Executive	1	14th - 23rd Nov. 2025	The International Green Apple Environment Awards Ceremony	United Kingdom	950,000.00	0.00	950,000.00
County Assembly	2	08th - 12th Dec. 2025	The County Assembly Committee Leadership Masterclass	Rwanda	847,749.06	0.00	847,749.06
County Executive	1	9th - 17th Oct. 2025	The 2025 Academy on Skills Development Workshop	Italy	836,182.80	0.00	836,182.80
County Assembly	1	06th - 13th June 2026	Transformational Leadership And Governance Excellence Global Convention	UAE	819,801.00	0.00	819,801.00
County Assembly	1	17th - 24th Aug. 2025	Public Policy Formulation, Analysis and Management	Singapore	802,736.00	0.00	802,736.00
County Assembly	1	17th - 23rd May 2026	Training On Leadership And Policy Implementation	Ethiopia	667,880.00	0.00	667,880.00
County Assembly	1	01st - 5th Dec. 2025	The 31st Executive Seminar	Turkey	570,403.00	0.00	570,403.00
County Assembly	2	10th - 15th Aug. 2025	The 11th Biennial Commonwealth Hansard Editors Association - Africa Region Conference	Ghana	560,823.00	0.00	560,823.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	12th - 19th Oct. 2025	The International Executive Workshop on Strategic Leadership, Planning for Board and Senior Executives	UAE	550,261.00	0.00	550,261.00
County Executive	2	16th – 21st July 2025	Business Networking in China	China	546,873.00	0.00	546,873.00
County Assembly	1	25th - 30th Aug. 2025	The 7th East Africa HR Symposium Conference	Rwanda	403,300.00	0.00	403,300.00
County Assembly	1	19th - 25th April 2026	Transformational Leadership and Legislative Development	Uganda	338,236.00	0.00	338,236.00
County Executive	1	16th – 21st July 2025	Exchange Program on Agriculture, Food Processing, and Technology Innovation.	China	310,907.00	0.00	310,907.00
County Executive	1	15th -19th July, 2025	Development and Documentation of Strategy-Focused Key Performance Indicators Training	UAE	180,950.00	0.00	180,950.00
County Executive	8	23rd - 28th Feb. 2025	Settlement of staff Foreign Travel allowances (Payables) for attending the EALASCA games	Uganda	2,050,488.00	0.00	2,050,488.00
Total							

Source: *Nakuru County Treasury and Nakuru County Assembly*

3.31.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.3.57 billion as FIF, which was 140.81 per cent of the annual target of Kshs.2.54 billion. 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.

The expenditure by the health facilities amounted to Kshs.2.49 billion, as shown in Table 3.480. The additional FIF revenues generated during the period were received and accounted for but not spent, considering that the County Assembly did not appropriate the amounts.

Table 3.480: Nakuru County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level 5 Hospital	1	1,360,132,308.00	1,360,132,308.00	100
2.	Level 4 Hospital	15	896,633,169.00	847,693,096.00	94.54
3.	Level 2 & 3 Facility	213	279,368,939.00	278,796,595.00	100
	Total	**229**	**2,536,134,416.00**	**2,486,621,999.00**	**98.05**

Source: *Nakuru County Treasury*

3.31.15 Development Expenditure

In the review period, the County reported spending Kshs.4.33 billion on development programmes, representing an increase of 9.90 per cent compared to FY 2024/25, when the County spent Kshs.3.94 billion. Table 3.481 summarises the development projects with the highest expenditure in the reporting period.

Table 3.481: Nakuru County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	County Assembly	Construction of Phase III Office Block: Parking Facility & Associated Civil Works	County Assembly HQ	06/01/2025	05/11/2026	346,170,254.00	275,000,000.00	243,206,377.00	312,440,428.00	90
2	Health Services	Construction of a Level IV Hospital in Rongai Sub-County	Rongai	28/6/2024	23/7/2026	324,800,321.00	160,487,501.00	80,524,750.00	80,524,750.00	58
3	Health Services	Construction of a Level IV Hospital in Kuresoi North Sub-County	Kuresoi	28/6/2024	23/7/2026	323,246,867.00	141,049,479.00	141,049,479.00	141,049,479.00	68
4	Health Services	Construction of Njoro Level 4 Hospital	Njoro	28/12/2020	28/12/2022	148,902,024.00	56,848,967.00	33,778,568.00	33,778,568.00	100
5	Health Services	Upgrading of Molo Sub-County Hospital	Molo	26/04/2021	26/4/2023	150,095,777.00	39,203,241.00	9,833,424.00	9,833,424.00	98
6	Water, Environment, Energy and Natural Resources	Purchase of Borehole Drilling Rig and Drilling Equipment	HQ	27/5/2024	27/3/2025	85,343,218.00	25,971,914.00	23,764,127.00	23,764,127.00	100
7	Trade, Industry, Marketing and Tourism	Completion of Karai Market	Naivasha East	06/03/2025	12/02/2025	19,608,639.00	19,608,639.00	19,608,639.00	19,608,639.00	100
8	Agriculture, Livestock and Fisheries	Supply of Avocado Seedlings	County-wide	10/04/2026	06/05/2026	29,494,450.00	29,500,000.00	24,338,000.00	24,338,000.00	100
9	Naivasha Municipality	Paved parking, Drainage, NMT and beautification along Mama Ngina Road	Naivasha Town	25/04/2025	25/10/2025	12,418,514.00	12,418,514.00	12,414,641.00	12,414,641.00	100
10	Infrastructure	Proposed cabro paving works across the road junction to Mathari Hospital Road.	Gilgil	05/05/2026	05/11/2025	290,544,581.00	47,390,063.00	47,390,063.00	47,390,063.00	100

Source: *Nakuru County Treasury*

The County reported 3 stalled development projects as of 30 June 2026, with an estimated value of Kshs.60.65 million, of which Kshs.40.93 million has already been paid. The stalled projects are shown in Table 3.482.

Table 3.482: Nakuru County Stalled Projects as of 30 June 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
1	Trade, Industry, Marketing and Tourism	Construction of Naivasha Fish Market	Naivasha East	9,658,590	6,026,905	50	Contractor abandoned the site	To be re-tendered
2	Trade, Industry, Marketing and Tourism	Building of Market Shed at Narasha	Olkaria	998,770	711,889	77	Contractor abandoned the site	To be re-tendered
3	Infrastructure	Cabro and drainage works at Kuresoi trading centre access roads	Kiptororo, Kuresoi North	49,990,784	34,195,915	68	Terminated	To be re-tendered
		Total		**60,648,144**	**40,934,709**			

Source: Nakuru County Treasury

3.31.16 Budget Performance by Department

Table 3.483 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.483: Nakuru County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	347.68	30.01	338.37	0.00	331.12	0.00	97.86	-	95.24	-
County Treasury	2,228.87	287.33	1,822.77	282.33	1,821.50	280.87	99.93	99.48	81.72	97.75
County Public Service Board	95.26	3.22	70.44	2.67	69.82	2.67	99.12	100.00	73.29	82.71
Health Services	7,724.74	1,855.14	5,784.50	729.78	7,293.03	835.04	126.08	114.42	94.41	45.01
Infrastructure	293.74	1,472.62	250.67	763.07	250.06	918.38	99.76	120.35	85.13	62.36
Naivasha Municipality	54.82	429.18	32.70	259.94	31.58	254.52	96.57	97.92	57.61	59.30
Office of the County Attorney	59.47	3.00	34.61	0.89	34.61	0.00	100.00	-	58.20	-
Nakuru City	122.93	212.26	87.86	91.93	87.81	89.59	99.94	97.46	71.43	42.21
Trade, Industry, Marketing and Tourism	204.50	569.43	145.33	303.28	143.74	310.29	98.91	102.31	70.29	54.49
Agriculture, Livestock and Fisheries	421.35	577.71	361.68	411.62	358.35	410.45	99.08	99.72	85.05	71.05
Lands, Physical Planning and Housing	157.77	601.76	72.25	74.67	72.03	36.78	99.69	49.26	45.65	6.11
Water, Environment, Energy and Natural Resources	237.65	1,200.70	197.40	474.61	190.02	460.27	96.26	96.98	79.96	38.33

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
Public Service, Training and Devolution	1,589.17	395.14	1,426.83	22.85	1,368.03	22.85	95.88	100.00	86.08	5.78
Education, Vocational training, ICT and E-Government	1,440.82	520.49	1,193.18	277.32	1,191.55	263.25	99.86	94.92	82.70	50.58
Youth, Culture, Gender, Sports and Social Services.	418.66	111.42	364.98	35.04	360.13	35.04	98.67	100.00	86.02	31.45
Gilgil Municipality	37.55	100.46	18.29	85.06	17.64	85.06	96.45	100.00	46.97	84.68
Molo Municipality	27.04	151.37	16.99	70.04	16.82	48.53	98.99	69.29	62.20	32.06
County Assembly	1,352.60	313.25	1,318.81	279.04	1,318.81	272.97	100.00	97.82	97.50	87.14
Total	**16,814.61**	**8,834.49**	**13,537.67**	**4,164.14**	**14,956.66**	**4,326.56**	**110.48**	**103.90**	**88.95**	**48.97**

Source: *Nakuru County Treasury*

Analysis of expenditure by departments shows that the County Treasury recorded the highest absorption rate of development budget at 97.75 per cent, followed by Gilgil Municipality at 84.68 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 97.50 per cent, while the Department of Lands, Physical Planning and Housing had the lowest at 45.65 per cent.

3.31.17 Budget Execution by Programmes and Sub-Programmes

Table 3.484 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.484: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Agriculture, Livestock and Fisheries				
Livestock Resource Management and Development	Livestock Output and Value Addition	9,000,000.00	9,000,000.00	100
County Treasury				
Finance and Economic Planning	Administration Services	287,333,267.00	280,868,140.00	97.75
Health Services				
Health Preventive and Promotive Services	Primary Health Care	479,758,508.00	463,365,515.00	96.58
Education, Vocational training, ICT and E-Government				
Vocational Training	Vocational Training Infrastructure Development	86,481,796.00	83,382,397.00	96.42
County Assembly				
County Assembly	Administration Services	313,252,584.00	272,966,056.00	87.14
Recurrent				
Health Services				
Health Services Administration and Planning	Human Resource Management	4,745,654,195.00	4,744,430,212.00	100

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
County Treasury				
Finance and Economic Planning	Personnel Services	300,369,692.00	299,726,357.00	100
Youth, Culture, Gender, Sports and Social Services.				
Management and Development of Sports and Recreation	Promotion of Sports Development and Recreation	129,017,858.00	128,698,627.00	100
Infrastructure				
Infrastructure Development and Maintenance	Street Lighting	127,500,000.00	127,500,000.00	100
Office of the Governor and Deputy Governor				
Office of the Governor and Deputy Governor	Personnel Services	122,798,988.00	122,742,861.00	100

Source: *Nakuru County Treasury*

The development sub-programmes with the highest budget implementation rates were Livestock Output and Value Addition in the Department of Agriculture, Livestock and Fisheries at 100 per cent, Administration Services in the County Treasury at 97.75 per cent, and Primary Health Care in the Department of Health Services at 96.58 per cent.

For recurrent sub-programmes, the top performers included: Human Resource Management in the Department of Health Services at 100 per cent, Personnel Services in the County Treasury at 100 per cent, and Promotion of Sports Development and Recreation in the Department of Youth, Culture, Gender, Sports and Social Services at 100 per cent.

Table 3.485 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.485: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Infrastructure				
Infrastructure Development and Maintenance	Street Lighting	36,000,000.00	0.00	0
Office of the Governor and Deputy Governor				
Office of the Governor and Deputy Governor	Administration and Planning	30,006,826.00	0.00	0
Education, Vocational training, ICT and E-Government				
Promotion of Early Childhood Education and Development	ECD Infrastructure Development	13,418,018.00	0.00	0
Health Services				
Health Preventive and Promotive Services	Nutrition	11,456,289.00	0.00	0
Water, Environment, Energy and Natural Resources				
Environmental Management	Pollution Control	5,800,000.00	0.00	0
Recurrent				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Lands, Physical Planning and Housing				
Lands, Physical Planning, Housing and Urban Development	Development of Urban Infrastructure	60,874,250.00	0.00	0
Trade, Industry, Marketing and Tourism				
Trade Co-operatives Development and Management	SACCOs Empowerment	25,000,000.00	0.00	0
Health Services				
Health Preventive and Promotive Services	Nutrition	11,106,108.00	0.00	0
Lands, Physical Planning and Housing				
Housing and Estate Management	Maintenance of County Estates	7,340,000.00	0.00	0
Gilgil Municipality				
Gilgil Municipal Services	Trade and Tourism	4,375,000.00	0.00	0

Source: *Nakuru County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Street Lighting in the Department of Infrastructure, Administration and Planning in the Office of the Governor and Deputy Governor, and ECD Infrastructure Development in the Department of Education, Vocational Training, ICT and E-Government, all at zero per cent.

For recurrent sub-programmes, the poorest performers included: development of urban Infrastructure in the Department of Lands, Physical Planning and Housing, SACCOs Empowerment in the Department of Trade, Industry, Marketing and Tourism, and Nutrition in the Department of Health Services, all at zero per cent.

3.31.18 Settlement of Trade Payables

As of 01 July 2025, the County reported trade payables totalling Kshs.2.32 billion. This amount consisted of Kshs.2.16 billion from the County Executive and Kshs.162.99 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.58 billion for recurrent expenditure and Kshs.577.45 million for development expenditure, while the trade payables of Kshs.163.0 million for the County Assembly were entirely for recurrent activities.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.684.57 million, comprising Kshs.287.63 million (42.02 per cent) for recurrent programmes and Kshs.396.94 million (57.98 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.131.64 million for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.3.00 billion for County Executive and Kshs.132.15 million for County Assembly. Table 3.486 provides additional details of trade payables.

Table 3.486: Nakuru County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 01 July 2025 (End of FY 2024/25)	a	County Executive	577,452,055.00	1,584,395,853.00	2,161,847,908.00
		County Assembly	0.00	162,995,763.00	162,995,763.00
		Total	**577,452,055.00**	**1,747,391,616.00**	**2,324,843,671.00**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	570,544,572.00	787,138,679.00	1,357,683,251.00
		County Assembly	0.00	162,995,763.00	162,995,763.00
		Total	**570,544,572.00**	**950,134,442.00**	**1,520,679,014.00**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Amount paid in FY 2025/26	c	County Executive	396,936,584.00	287,632,758.00	684,569,342.00
		County Assembly	0.00	131,638,283.00	131,638,283.00
		Total	**396,936,584.00**	**419,271,041.00**	**816,207,625.00**
Trade Payables Incurred in FY 2025/26	d	County Executive	307,012,364.00	1,231,412,329.00	1,538,424,693.00
		County Assembly	0.00	119,919,994.00	119,919,994.00
		Total	**307,012,364.00**	**1,351,332,323.00**	**1,658,344,687.00**
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**496,983,778.00**	**2,508,544,369.00**	**3,005,528,147.00**
		County Assembly	**0.00**	**132,154,969.00**	**132,154,969.00**
		Total	**496,983,778.00**	**2,640,699,338.00**	**3,137,683,116.00**

Source: *Nakuru County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.36 billion and Kshs.163.00 million, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs. 684.57 million for the Executive and Kshs.131.64 million for the Assembly.

Table 3.487 and Table 3.488 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.3.14 billion.

Table 3.487: Nakuru County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**309,704,667.00**	**135,928,370.00**	**9,281,054.00**	**42,069,686.00**	**496,983,778.00**
Recurrent Trade Payables (Goods & Services)	1,191,528,905.00	189,943,016.00	102,073,420.00	448,492,790.00	1,932,038,131.00
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	180,774.00	2,006,656.00	532,721,649.00	622,338.00	535,531,417.00
Recurrent Trade Payables (Staff Claims)	32,175,555.00	8,174,362.00	400,400.00	224,505.00	40,974,822.00
Total Recurrent Trade Payables	**1,223,885,233**	**200,124,034**	**635,195,469**	**449,339,633**	**2,508,544,369**
Total Trade Payables	**1,533,589,901**	**336,052,405**	**644,476,522**	**491,409,319**	**3,005,528,147**
% of Total	**51.03**	**11.18**	**21.44**	**16.35**	**100**

Source: *Nakuru County Treasury*

Table 3.488: Nakuru County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Recurrent Trade Payables (Goods & Services)	123,179,994	429,800	8,545,175		132,154,969
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	0.00	0.00	0.00	0.00	0.00
Recurrent Trade Payables (Staff Claims)	0.00	0.00	0.00	0.00	0.00
Total Recurrent Trade Payables	**123,179,994**	**429,800**	**8,545,175**	**0.00**	**132,154,969**
Total Trade Payables	**123,179,994**	**429,800**	**8,545,175**	**0.00**	**132,154,969**
% of Total	**93.21**	**0.33**	**6.47**	**0**	**100**

Source: *Nakuru County Treasury*

As shown in Table 3.487 and Table 3.488, the total salary arrears and statutory deductions for trade payables amounted to Kshs. 535.53 million, representing 17.07 per cent of the total trade payables of Kshs.3.14 billion as of 30 June, 2026.

3.31.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 305 accounts across CBK and commercial banks, of which 25 were held at the CBK and 280 at commercial banks. Of those at the commercial banks, 12 were for donor commercial operational accounts, 8 for revenue collection, 10 for special operations, including County-established funds, 208 for health facilities operational accounts, 41 for Vocational Training Centres, and 1 account for imprests at the Office of the Governor.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 280 commercial bank accounts, contrary to Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.31.20 Key Observations and Recommendations

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

i. Low development performance in the review period, as the County incurred Kshs.4.33 billion on development activities, achieving a 48.97 per cent absorption rate. Some programmes did not incur any expenditure as indicated on table 3.485

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 2026, the lifespan of the Emergency Fund had lapsed.

iii. High level of trade payables, which amounted to Kshs.3.14 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

iv. Use of manual payroll. Personnel emoluments amounting to Kshs. 1.86 billion, were processed through a manual payroll, accounting for 21.80 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. 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 03 August 2026.

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

i. *The County should implement strategies to increase development expenditures in FY 2026/27.*

ii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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/trade payables are paid promptly in the ensuing financial year. Further, compliance with the Trade Payables 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 that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

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

3.32. County Government of Nandi

3.32.1 Overview of FY 2025/26 Budget

The Nandi County Approved Supplementary II Budget Estimates for FY 2025/2026 of Kshs.11.40 billion. It comprised Kshs.4.59 billion (40.32 per cent) and Kshs.6.81 billion (59.68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.21 billion (12 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.69 billion and a recurrent budget of Kshs.6.50 billion. The increase in the budget was primarily attributed to the rise in equitable share and additional allocations.

The budget is to be financed from various revenue sources. These include: the equitable share of nationally raised revenue of Kshs.7.77 billion (68.15 per cent), additional allocations of Kshs.1.90 billion (16.6 per cent), and Kshs.1.74 billion (15.22 per cent) generated as own-source revenue, as shown in Table 3.489.

3.32.2 Revenue Performance

During the year, the County reported total receipts of Kshs.10.57 billion. This amount represented an increase of 39.26 per cent compared to the amount received in FY 2024/25 of Kshs.7.59 billion. The total revenue consisted of Kshs.7.77 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.1.15 billion, own-source revenue (OSR) collection of Kshs.1.47 billion and Kshs.179.80 million balance at CRF.

The total OSR collection of Kshs.1.47 billion included Facilities Improvement Financing (FIF) of Kshs.594.06 million, and Kshs.878.86 million from other OSR sources. Table 3.489 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.489: Nandi County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (on accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	179,802,020	-	179,802,020	-
	Sub-Total	**-**	**179,802,020**	**-**	**179,802,020**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	CRA	**7,771,778,066**	**7,771,778,066**	**-**	**7,771,778,066**	100
	Sub-Total	**7,771,778,066**	**7,771,778,066**	**-**	**7,771,778,066**	**100**
D	**Additional Allocations (Including Grants)**					
1	**Unconditional Additional Allocations to County Governments**					
a	Allocations for 20% Share of Mineral Royalties	128,129,463.00	55,110,901.00	-	55,110,901.00	43

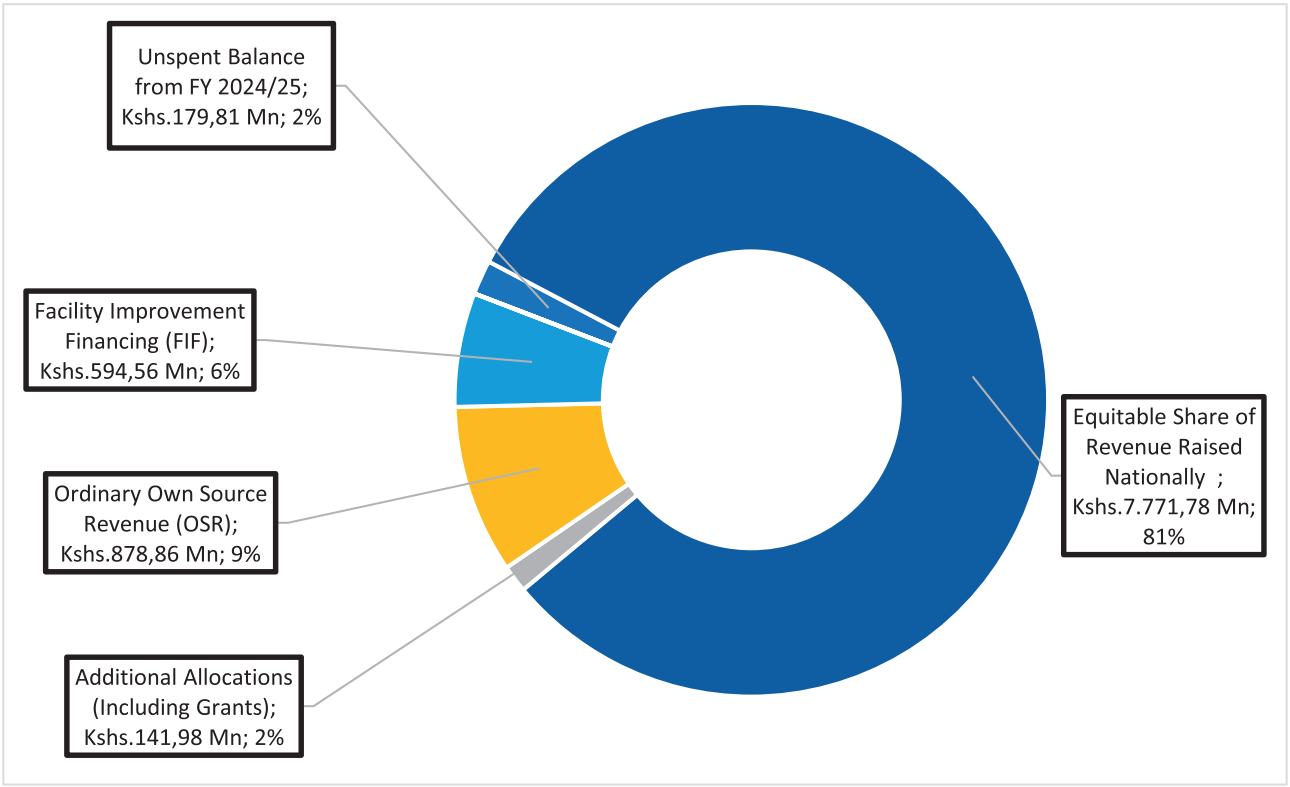
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the FY 2025/26 (Kshs.)	Total Revenues (on accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
2	**Conditional Additional Allocations from the National Government's**					
a	Settlement of Doctors' Salary Arrears	26,764,781.00	-	-	-	-
b	Community Health Promoters (CHPs) Programme	96,660,000.00	-	-	-	-
c	County Aggregation and Industrial Parks (CAIPs) Programme	133,368,421.00	133,368,421.00	-	133,368,421.00	100
d	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622.00	-	-	-	-
3	Conditional Allocations from Loans and Grants					
a	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant (World Bank)	216,757,209.00	214,202,761.70	-	214,202,761.70	99
b	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	75,000,000.00	70,503,591.00	-	70,503,591.00	94
c	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,500,000.00	116,903,896.00	-	116,903,896.00	33
d	Kenya Urban Project (KUSP)-Urban Institutional Grant (IUG)	35,000,000.00	32,209,000.00	-	32,209,000.00	92
e	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	41,133,441.00	40,288,772.00	-	40,288,772.00	98
f	Kenya Water, Sanitation and Hygiene (K-WASH) Programme (World Bank)	143,157,560.00	141,979,713.00	-	141,979,713.00	99
g	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000.00	231,092,393.00	-	231,092,393.00	100
h	Primary Health Care in Devolved Context (PHDC) Programme (DANIDA)	8,619,000.00	8,619,000.00	-	8,619,000.00	100
i	Kenya Informal Settlement Improvement Project (KISIP II)	208,354,058.00	106,000,000.00	-	106,000,000.00	51

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receiva-bles in the FY 2025/26 (Kshs.)	Total Revenues (on accrual basis) in FY 2025/26 (Kshs.)	Revenue Perfor-mance
		A	B	C	D	F=D/A*100
j	SWEDEN Kenya Agriculture Business Development Project	10,918,919.00	-	-	-	-
k	RMLF 2025/2026	187,283,794.00	-	-	-	-
	Sub-Total	1,896,884,268.00	1,150,278,448.00	-	1,150,278,448.00	61
4	**Ordinary Own Source Revenue (OSR)**					
a	Local Revenue	1,092,272,175.00	878,559,673.00	-	878,559,673.00	80
	Sub-Total	**1,092,272,175.00**	**878,559,673**	**-**	**878,559,673.00**	**80**
5	**Facility Improvement Fund/Financing (FIF)**					
a	SHIF	643,611,179.00	594,563,826.09	-	594,563,826.09	92%
b	Defunct NHIF	-	-	-	-	-
	Sub-Total	**643,611,179.00**	**594,563,826.09**	**-**	**594,563,826.09**	**92%**
Total		**11,404,545,688.00**	**10,574,982,033.09**	**-**	**10,574,982,033.09**	**93**

Source: *Nandi County Treasury*

The County has the governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.184 provides a detailed breakdown of receipts.

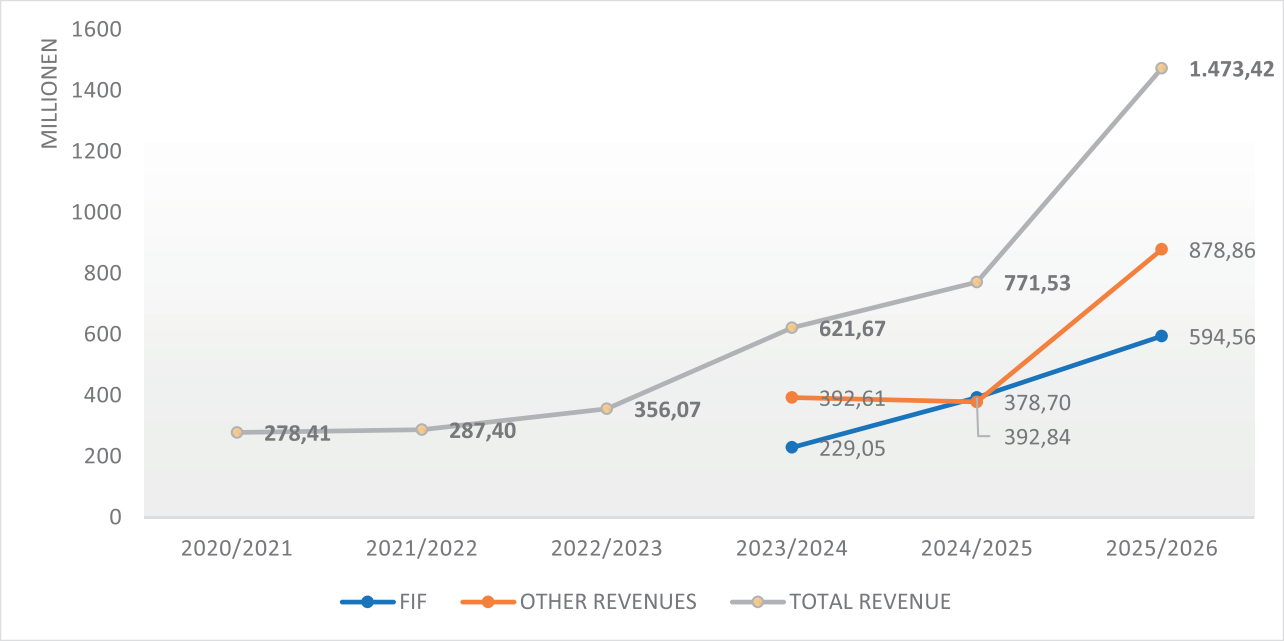
Figure 3.184: Nandi County Composition of Revenue in FY 2025/2



S***ource:*** *Nandi County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 81 per cent, 9 per cent, and 6 per cent, respectively, of the total receipts for the reporting period. Figure 3.185 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

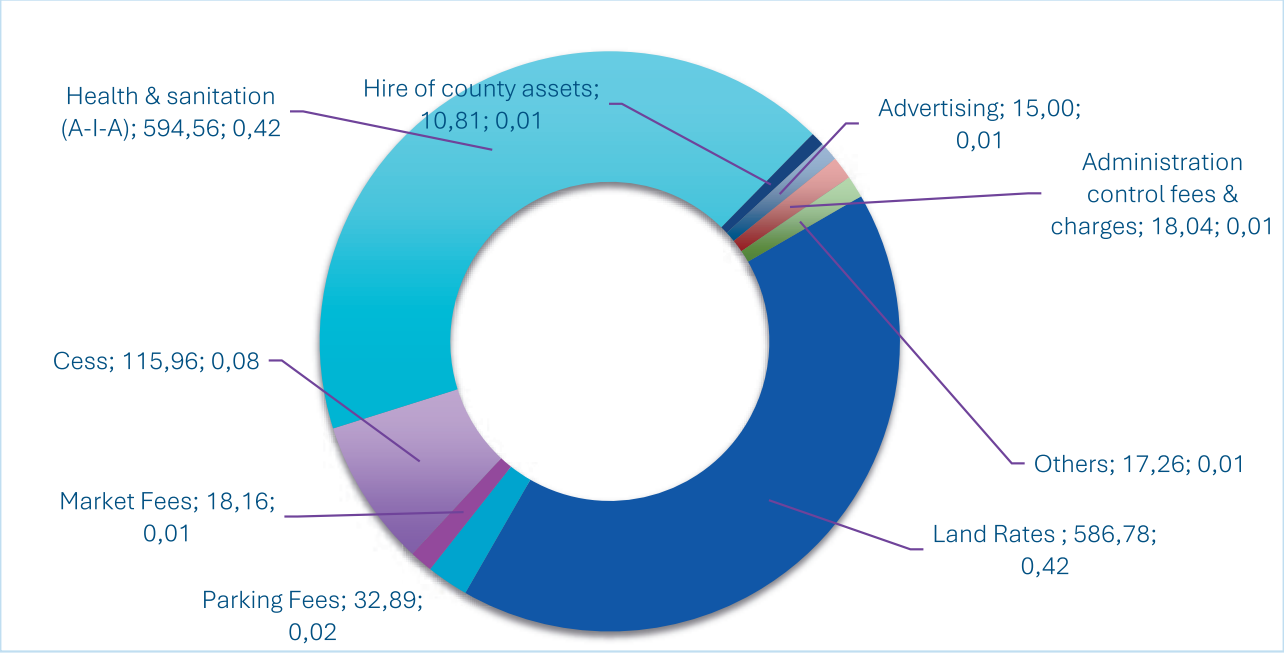
Figure 3.185: Nandi County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Nandi County Treasury*

During the year, the County received Kshs.1.47 billion from OSR, including FIF. This amount was an increase of Kshs.701.39 million (47.61 per cent) compared with Kshs.771.53 million realised in FY 2024/25 and was 91 per cent of the annual target. The increase in OSR was attributed to increased use of SHIF and the implementation of the valuation roll for land rates. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.186.

Figure 3.186: Nandi County Top Own Source Revenue Streams in FY 2025/26 (in Millions)



Source: *Nandi County Treasury*

As shown in Figure 3.181, the largest revenue stream, at Kshs.594.56 million, was Health and Sanitation (AiA), accounting for 42 per cent of total OSR receipts, followed by Land rates at Kshs.586.78 million. The County Government indicated that it has automated 14 of 16 revenue streams.

3.32.3 Revenue Arrears

As of 1 Jul 2025, the County reported revenue arrears of Kshs.91.50 million, which increased to Kshs.684.43 million as of 30 Jun 2026. The County currently tracks its revenue arrears manually with an accrual-basis option. Table 3.490 presents a breakdown of the County's revenue Arrears.

Table 3.490: Nandi County Revenue Arrears as of 30 Jun 2026

No	Revenue Stream	Revenue Arrears as of 1 Jul 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 Jun 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	C	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
1	Land Rates	17,460,362	-	-	582,895,806;00	600,356,168.00
2	House Rent	6,036,133	-	446,400.00	3,149,858.00	8,739,591.00
3	Plot Rent	68,002,829	-	457,287.00	5,981,661.00	73,527,203.00
	Total	**91,499,324,00**		**903,687.00**	**592,027,325.00**	**682,622,962.00**

Source: *Nandi County Treasury*

As of 30 Jun 2026, the Revenue Arrears totalled Kshs.682.62 million, comprising ordinary Own Sources Revenue (100 per cent). The measures instituted by the County to collect the outstanding Revenue Arrears in FY 2025/26 include granting waivers on interest, conducting RRI on the collection of land rates and plot rent, and sensitising taxpayers.

3.32.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.32.5 Withdrawals from the County Revenue Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.10.24 billion from the County Revenue Fund (CRF) account. This amount consisted of Kshs.3.12 billion (33.00 per cent) designated for development programs and Kshs.5.99 billion (67.00 per cent) allocated for recurrent programs.

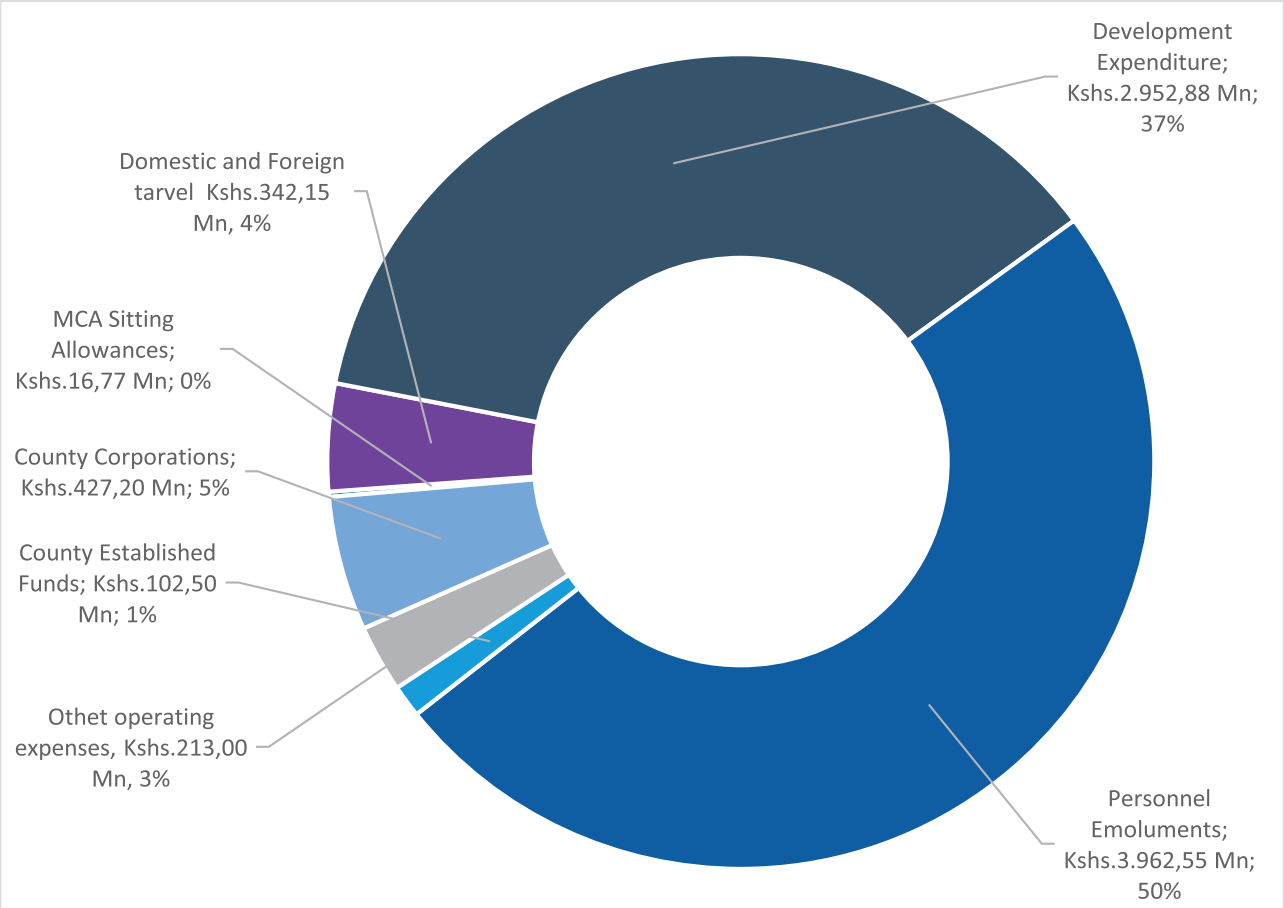
An analysis of the released recurrent exchequers shows that Kshs.3.96 billion was allocated to employee compensation and Kshs.2.82 billion to operations and maintenance expenditures. Within the operations and maintenance category, 12.12 per cent was for domestic travel and 11.70 per cent for foreign travel. The domestic travel exchequers totalled Kshs.342.15 million, which included Kshs.167.58 million for the County Executive and Kshs.174.57 million for the County Assembly. The foreign travel exchequers amounted to Kshs.33.01 million, with Kshs.9.19 million for the County Executive and Kshs.23.82 million for the County Assembly.

As of 30 Jun 2026, the County Government's cash balance in the Nandi County CRF account was Kshs.602.56 million, while the Nandi County Assembly Revenue Fund account had not been operationalised.

3.32.6 Expenditure Review

The County spent Kshs.10.24 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 99.98 per cent of the total funds released by the CoB. It comprised Kshs.2.95 billion for development programmes and Kshs.5.98 billion for recurrent programmes. Expenditure on development programmes accounted for 64.27 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 87.96 per cent of the annual recurrent expenditure budget. Figure 3.187 provides a detailed breakdown of total expenditure.

Figure 3.187: Nandi County Composition of Expenditure in FY 2025/26



Source: *Nandi County Treasury*

As shown in Figure 3.187, the three highest expenditure categories were Personnel Emoluments, development expenditure, and County Corporations, contributing 50, 37, and 5 per cent of total expenditure for the reporting period.

3.32.7 Expenditure by Economic Classification

The County Executive incurred Kshs. 3.51 billion on employee compensation, Kshs. 1.66 billion on operations and maintenance, and Kshs. 2.91 billion on development activities. Similarly, the County Assembly spent Kshs.446.70 million on employee compensation, Kshs.337.18 million on operations and maintenance, and Kshs.42.54 million on development activities, as shown in Table 3.491.

Table 3.491: Nandi County Summary of Budget and Expenditure by Economic Classification

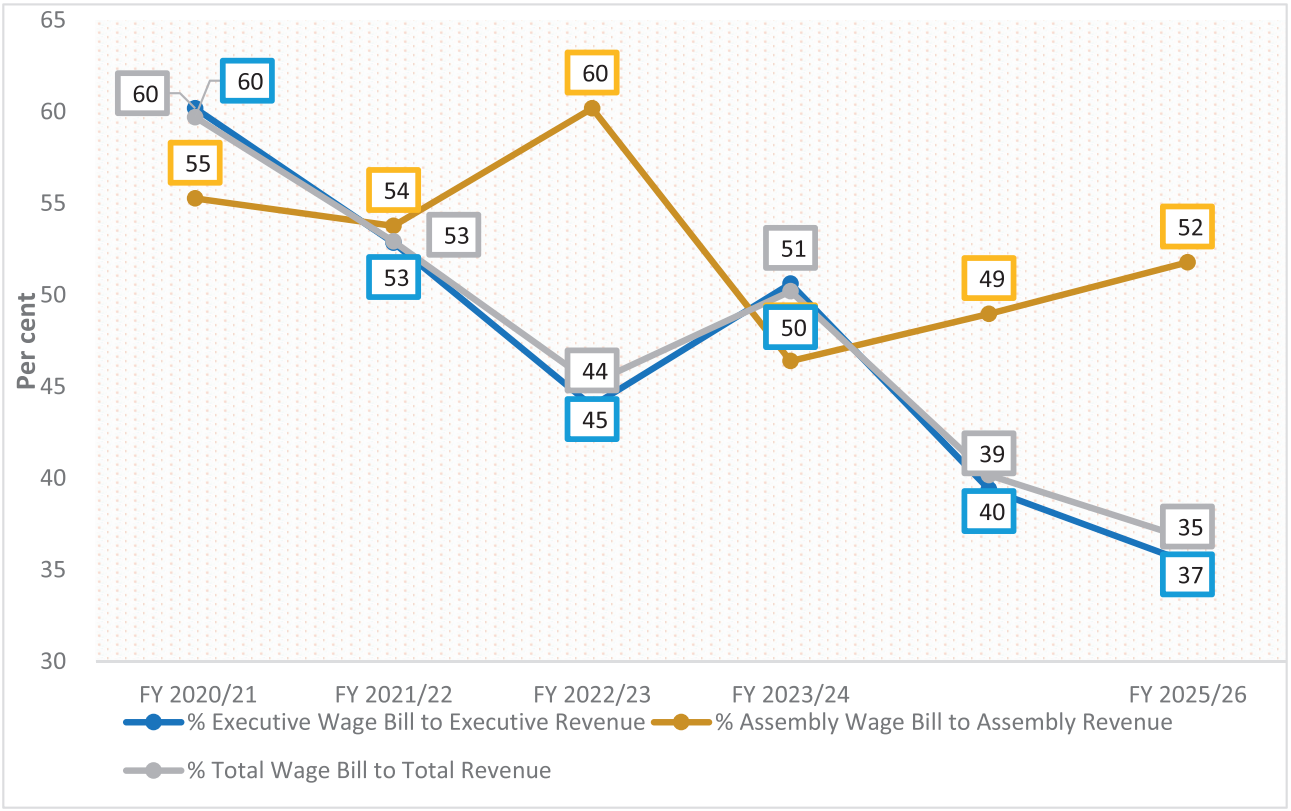
Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the FY 2025/26 (Kshs.) (c)		Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (b/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	5,995,843,231	810,640,379	5,790,581,651	754,549,053	-	-	5,790,581,651	754,549,053	86.35	100.00
Compensation of Employees	3,538,214,586	446,704,715	3,515,843,884	441,652,673	-	-	3,515,843,884	441,652,673	99.37	100.00
Operations and Maintenance	2,457,628,645	363,935,664	2,274,737,767	312,896,380	-	-	2,274,737,767	312,896,380	67.61	100.00
Development Expenditure	4,518,062,078	80,000,000	2,911,957,732	40,926.,902	-	-	2,911,957,732	40,926,902	64.45	51.16
Total	**10,513,905,309**	**890,640,379**	**8,702,539,383**	**795,475,955**	**-**	**-**	**8,702,539,383**	**795,475,955**	**76.94**	**95.61**

Source*: Nandi County Treasury*

3.32.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.96 billion, representing 36.70 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.3.70 billion reported in FY 2024/25. Of this total, Kshs.1.98 billion related to Health Sector employees, accounting for 50.77 per cent of the overall employees' compensation. Figure 3.188 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.188: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Nandi County Treasury

Further analysis indicated that PE costs totalling Kshs. 3.78 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs. 184.18 million was processed through manual payroll, accounting for 5.00 per cent of the total PE cost. The justification for the continued use of manual payroll was that some staff were on contract, while others were on internships lasting over 6 months.

The manual payroll comprised salaries for 211 staff not onboarded into the Human Resource Information System (HRIS), salaries for 686 casual staff, and 21 top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.492.

Table 3.492: Analysis of Nandi County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Staff were not onboarded to HRIS	211	89,265,538	Staff on 6-month contract, renewable at the discretion of Hon. MCAs (For 57 staff at County Assembly)	New recruitment of partisan staff for Hon MCAs
2	Salaries for casual staff	686	88,800,000	Staffs on internship	-
3	Top-up Allowances for Security Officers	21	6,120,000	Police officers	-
	Total	**918**	**184,185,538**		

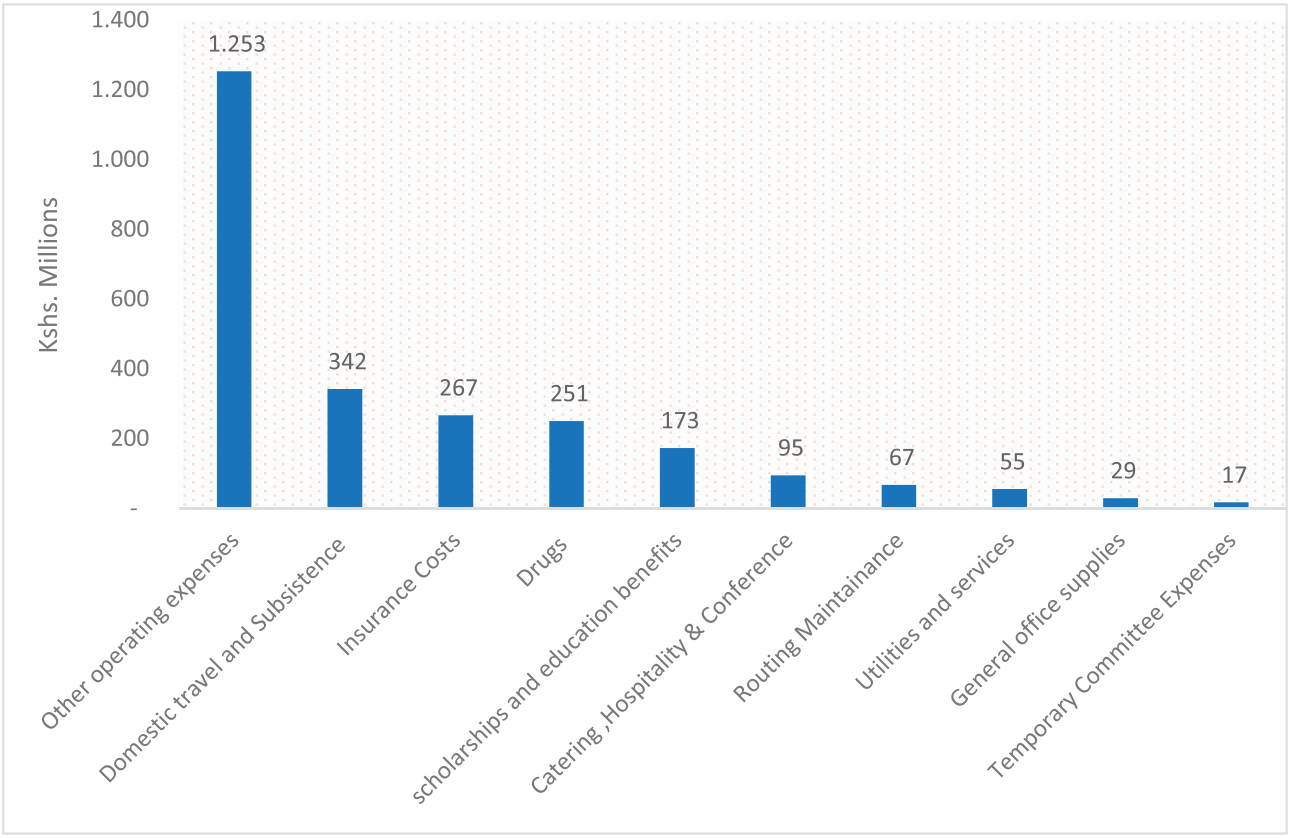
Source: *Nandi County Treasury*

The County Assembly spent Kshs.16.76 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.13.07 million. The expenditure was above the approved budget allocation, was therefore irregular, and indicates an absence of budgetary controls at the County Assembly. The average monthly sitting allowance was Kshs.31,047 per MCA. Expenditure on Operations and Maintenance.

3.32.9 Expenditure on operations & Maintenance.

In FY 2025/26, the County spent Kshs.2.05 billion on operations and maintenance, representing a decrease of 78.05 per cent compared to FY 2024/25, when the County spent Kshs.3.65 billion. Figure 3.189 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.189: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: *Nandi County Treasury*

3.32.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.1.25 billion on "other operating expenses - other," which accounted for 60.97 per cent of the total operations and maintenance expenditure of Ksh.2.05 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.493.

Table 3.493: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs.)	Expenditure (Kshs.)
	Other Operating Expenses (KICOSCA/EALASCA)	15,146,840	15,146,840
2211399	Other Operating Expenses (Ward-Based Cultural Promotion activities)	60,700,000	44,060,635
2211399	Other Operating Expenses-Other (completion of additional components in Governor's building)- pending bill	17,500,000	16,027,873
2211399	Other Operating – KWASH -operation activities	3,000,000	658,680

Code	Item	Budget (Kshs.)	Expenditure (Kshs.)
2211399	Other Operating Expenses - (NAVCDP- Value Chain Support Programs)- Conditional Grant	271,468,919	255,165,912,65
2211399	Other Operating Expenses (FLLoCA)	526,291,264	445,338,473
2211399	Other Operating Expenses - Other (RMLF-Roads maintenance)	187,283,793	131,798,590
2211399	CAIP- County Industrial Park development activities	133,368,421	72,914,086.40
2211399	KUSP-UDG- support services	66,133,441	50,861,334
2211399	FIF- Health Service Delivery	597,011,179	90,082,643
2211399	KUSP-UIG- Administrative support	35,000,000	35,000,000
2211399	KSSP- Support programs	104,000,000	95,901,180
	TOTAL	**2,016,903,857**	**1,237,809,407.60**

Source: *Nandi County Treasury and County Assembly*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include KWASH, NAVCDP, FLLOCA, CAIP, KUSP-UDG, KUSP-UIG, KSSP. These should have been mapped to the correct budget codes.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, KICOSA/EALASCA, Ward based cultural promotional activities, FIF health delivery services.

3.32.11 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.247.28 million to County-Established funds in FY 2025/26, representing 2.2 per cent of the County's overall budget. Of this amount, the County allocated Kshs.79.0 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.76 per cent of the total budget. Table 3.494 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.494: Performance of Nandi County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in the FY 2025/26 (Kshs.)	Exchequer Issues in the FY 2025/26 (Kshs.)	Actual disbursements in the FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
		County Executive Established Funds					
1.	Nandi County Education Fund	2016	150,000,000	150,000,000	150,000,000	314,000,000	YES
2.	Nandi County Assembly Car and Mortgage Fund	2018	-	-	-	-	NO
3.	Nandi County Mortgage and car loan	2018	-	-	-	-	NO
4.	Nandi County Emergency Fund	2020	79,000,000	63,000,000	63,000,000	136,000,000	NO
5.	Nandi County Alcoholic Drinks Fund	2014	18,279,294	N/A	N/A		NO
	Total		**247,279,294**		**213,000,000**		

Source: *Nandi County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from the five (5) Fund Administrators, as indicated in Table 3.494, contrary to the requirement of Section 168 of the PFM Act, 2012. It was therefore

not possible to determine whether the administration costs of the 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.

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 2025/26, the CoB determined that Nandi County Alcoholic Drinks Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.32.12 County Corporations, Municipalities and Agencies

The County has 1 County Corporation, 1 municipality, and 2 agencies, which were allocated Kshs.385.66 million in FY 2025/26. Their total transfers to these entities during the review period amounted to Kshs.177.79 million, as shown in Table 3.495.

Table 3.495: Performance of Nandi County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in the FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Kapsabet Nandi Water and Sanitation Company	15,000,000	15,000,000	15,000,000	15,000,000
2.	Nandi Textile	30,000,000	20,000,000	20,000,000	20,000,000
3.	Kaimosi Agricultural Training Centre	93,030,327	67.500.000	67,500,000	67,500,000
4.	Kapsabet Municipality	247,627,929	75,288,772	75,288,772	75,288,772
	Total	**385,658,256**	**177,788,772**	**177,788,772**	**177,788,722**

Source: *Nandi County Treasury*

3.32.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.342.15 million and comprised Kshs.174.57 million spent by the County Assembly and Kshs.167.58 million by the County Executive. Expenditure on foreign travel amounted to Kshs.33.01 million and comprised Kshs.23.82 million by the County Assembly and Kshs.9.19 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.496.

Table 3.496: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	25-Sep-25	Integrated Agro-Industrial Park	Ethiopia	517,608.00	-	517,608.00
County Executive	5	5-Oct-25	OGP Summit	Spain	3,998,260.00	-	3,998,260.00
County Executive	1	2-Mar-26	Knowledge exchange mission	Mexico	643,770.00	-	643,770.00
County Executive	1	9-Mar-26	Status of the women's forum	USA	1,224,748.00	-	1,224,748.00
County Executive	1	17-Mar-26	Asan Agricultural Technology Training	South Korea	205,675.00	-	205,675.00

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	2	12-May-26	79th World Health Assembly	Switzerland	2,003,263.00	-	2,003,263.00
County Executive	1	9-Apr-26	CYC Summit 2025	United Kingdom	593,080.00	-	593,080.00
County Assembly	1	25 Nov -25 Nov 2025	30th East Africa Law Society	Ethiopia	662,444	-	662,444
County Assembly	21	16 Dec -25Dec 2026	Capacity Building for Board Directors	Tanzania	11,785,565	-	11,785,565
County Assembly	20	4-17 Jan 2026	Transformation of towns and Smart Cities	Dubai, UAE	4,139,037	-	4,139,037
County Assembly	3	13-20 Jan 2026	Global Leadership and E-commerce in the Digital Age	China	3,538,594	-	3,538,594
County Assembly	1	5-12 Jan 2026	Executive Development Programme	Switzerland	1,234,254	-	1,234,254
County Assembly	4	13 Jan 2026	Collaboration meeting with the International School	Finland	2,461,918	-	2,461,918
Total					33,008,216	-	33,008,216

Source: Nandi County Treasury and Nandi County Assembly

3.32.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.594.56 million as FIF, which was 92 per cent of the annual target of Kshs.643.61 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 expenditure by the health facilities amounted to Kshs.643.35 million, as shown in Table 3.497.

Table 3.497: Nandi County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	0	-	-	0
2.	Level 4 Hospital	7	463,400,048.00	463,397,548.27	100
3.	Level 3 Facility	18	70,797,229.69	70,725,531.19	99.90
4.	Level 2 Facility	134	109,227,896.80	109,227,896.80	99.83
	Total	**159**	**643,611,179.00**	**643,350,976.26**	**99.96**

Source: *Nandi County Treasury*

3.32.15 Development Expenditure

In the review period, the County reported spending Kshs.2.95 billion on development programmes, representing a 13.22 per cent decrease from FY 2024/25, when the County spent Kshs.3.34 billion. Table 3.498 summarises the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to delays in accessing funds from the exchequer.

Table 3.498: Nandi County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	County Assembly	County Assembly Office chambers, offices and its auxiliary amenities.	Kapsabet	31 Dec, 2016	21 Dec,2018	469,469,934	80,000,000	40,926,901.85	471,622,494.32	90
2	Governor's Office	Completion and Equipping of the Governor's Office	Kapsabet	October, 2025	March, 2026	146,483,163	122,661,243.96	122,661,243.96	122,661,243.96	100
3	Kapsabet Municipality	Final Payment for Garbage Compactor	Kapsabet	December 2025	May, 2026	14,134,655.20	15,000,000	14,134,655.20	14,134,655.20	100
4	Water	Construction of the Kaptumo Water Project	Kaptumo/Kaboi	December, 2025	May, 2026	14,612,893.26	15,000,000	14,612,893.26	14,612,893.26	100
5	Lands and Physical Planning	County Spatial Plan	Kapsabet	December, 2025	May, 2026	9,790,085.23	10,000,000	9,790,085.23	9,790,085.23	100
6	Agriculture and Livestock	Purchase of Semen	County wide	November, 2025	April,2026	6,180,000	25,000,000	6,180,000	6,180,000	100
7	Education and Technical Training	Construction of Twin Workshops at Serem VCT	Terik	December, 2025	May,2026	3,514,074.69	3,000,000	3,514,074.69	3,514,074	100
8	Education and Technical Training	Construction of Kipsigak VTC	Kilibwoni	October, 2025	March, 2026	4,347,995.34	4,500,000	4,347,995.34	4,347,995.34	100
9	Health and Sanitation	Construction of Kobujoi OPD	Kobujoi	November, 2025	April, 2026	6,224,820.19	7,000,000	6,224,820.19	6,224,820.19	100
10	Health and Sanitation	Fencing and External works of Mother and Child Hospital at Kapsabet	Kapsabet	December, 2025	May,2026	7,891,491.62	10,000,000	7,891,491.62	7,891,491.62	100
Donor Funded Projects										
1	Agriculture	NAVCDP Value Chain Support Program	County wide				231,092,393	231,092,393	231,092,393	100
2	Environment	FLLOCA	County wide			425,111,264	425,111,264	320,202,761	320,202,761	-
3	RMLF Roads Maintenance	Roads and Infrastructure	County wide			187,283,793	187,283,793	131,798,590	131,798.590	-

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
4	Trade and Industry	County Industrial Park	County wide			133,368,421	133,368,421	72,914,086	72,914,086	-
5	Donor Funded	KUSP-UDG Support Program	County wide			41,133,441	41,133,441	40,288,772	40,288,772	-

Source: *Nandi County Treasury and County Assembly Treasury*

The County reported 6 stalled development projects as of 30 Jun 2026, with an estimated value of Kshs.23.00 million, of which Kshs.4.19 million had already been paid. The stalled projects are shown in Table 3.499.

Table 3.499: Nandi County Stalled Projects as of 30 Jun 2026

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in the FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 Jun 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Health and Sanitation	Proposed Construction of Cheptewai Hospital Complex Phase II	Cheptewai	08/02/2022	26/05/2022	2,762,880	-	-	2,500,000	80
2	Health and Sanitation	Mogobich Hospital phase 2	Ollesos	13/04/2025	20/07/2025	16,000,000	-	-	16,000,000	50
3	Education and Technical Training	Equipping of Kabore VTC	Kilibwoni	31/07/2025	31/08/2025	769,836	-	-	-	40
4	Education and Technical Training	Timobo ECDE	Kapchorua	31/07/2025	31/08/2025	1,769,900	-	-	-	5
5	Lands, Physical Planning, Environment and Climate Change	Construction of Chepterwai boda boda shed	Chepterwai	30/05/2020	30/08/2020	1,000,000	996,000	-	-	60
6	Lands, Physical Planning, Environment and Climate Change	Construction of Loikeringet boda boda shed	Loikeringet	07/04/2024	12/08/2024	700,000	699,600	-	-	70

Source: *Nandi County Treasury*

The above projects stalled because the contractors abandoned project sites due to non-payment by the County.

3.32.16 Budget Performance by Department

Table 3.500 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.500: Nandi County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	412.72	108.28	396.61	102.67	396.61	102.67	100.00	100.00	96.10	94.82
Health and Sanitation	2,855.33	294.67	2,243.35	181.71	2,243.35	181.71	100.00	100.00	78.57	61.67
Public Service and Labour	69.19	-	62.95	-	62.95	-	100.00	-	90.97	-
County Assembly	810.64	80.00	810.64	42.53	810.64	40.93	100.00	96.24	100.00	51.16
Kapsabet Municipality	75.74	171.88	72.66	105.36	72.66	105.36	100.00	100.00	95.93	61.30
Office of the County Attorney	99.50	-	86.47	-	86.47	-	100.00	-	86.91	-
Finance and Economic Planning	649.81	7.99	613.06	7.74	613.06	7.74	100.00	100.00	94.34	96.81
Administration, Public Service and E-Government	591.73	394.98	517.78	14.88	517.78	14.88	100.00	100.00	87.50	3.77
Agriculture and Co-operatives Development	235.50	535.99	227.32	444.73	227.32	444.73	100.00	100.00	96.10	94.82
Sports, Youth Affairs, Culture and Heritage	88.48	74.72	86.24	73.53	86.24	73.53	100.00	100.00	97.48	98.42
Education and Vocational Training	393.38	467.04	387.91	308.54	387.91	308.54	100.00	100.00	98.61	66.06
Lands, Environment, Natural Resources and Climate Change	156.65	1,071.08	153.24	635.00	153.24	635.00	100.00	100.00	97.83	59.29
Transport, Public Works and Infrastructure Development	184.67	933.32	166.40	740.04	166.41	740.04	100.00	100.00	90.10	79.29

Depart-ment	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
Trade, Tourism, Industriali-sation and Enterprise Develop-ment	86.95	280.62	83.30	148.99	83.30	148.99	100.00	100.00	95.80	53.09
Culture, Gender and Social Welfare	50.61	84.44	42.42	62.23	42.42	62.23	100.00	100.00	83.82	73.70
Kaimosi Agricultural Training Centre	45.56	93.03	37.80	86.53	37.80	86.53	100.00	100.00	82.98	93.01
Total	**6,806.48**	**4,598.06**	**5,988.16**	**2,954.48**	**5,988.16**	**2,952.88**	**100.00**	**99.95**	**87.98**	**64.22**

***Source**: Nandi County Treasury*

Analysis of expenditure by departments shows that the Department of Sports, Youth Affairs, Culture and Heritage recorded the highest absorption rate of development budget at 98.42 per cent, followed by the Department of Finance and Economic Planning at 96.81 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100.00 per cent, while the Department of Health and Sanitation had the lowest at 78.57 per cent.

3.32.17 Budget Execution by Programmes and Sub-Programmes

Table 3.501 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.501: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (in-cluding accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Sports, Youth Affairs, Culture and Heritage				
Sports Development	Sports infrastructure	74,716,290	73,535,870	98.42
Department of Agriculture and Cooperative Development				
Physical Infrastructure	Construction of the Governor's Office Block	85,000,000	80,765,320	95.01
Department of Finance and Economic Planning				
Financial Management and Reporting	Financial Management and Reporting	7,999,000	7,743,852	96.81
Recurrent				
Department County Assembly				
Administration	Personnel Services	810,640,379	810,640,379	100.00
Department of Lands, Environment, Natural Resources and Climate Change				
Physical and land use planning	Create awareness	2,197,329	2,197,329	100.00
Department of Education and Vocational Training				
County Bursary Scheme	Bursaries	150,000,000	150,000,000	100.00

***Source:** Nandi County Treasury*

The development sub-programmes with the highest budget implementation rates were: Sports Development in the Department of Sports, Youth Affairs, Culture and Heritage at 98.42 per cent, Financial Management and Reporting in the Department of Finance and Economic Planning at 96.81 per cent, and Physical Infrastructure at 94.82 per cent.

For recurrent sub-programmes, the top performers included: Administration in the County Assembly at 100.00 per cent, Physical and Land use in the Department of Lands, Environment, Natural Resources and Climate Change at 100.00 per cent, and County Bursary Scheme in the Department of Education and Vocational Training at 100.00 per cent.

The higher performance of these programmes was attributed to efficient releases of funds.

Table 3.502 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.502: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 Jun 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Lands, Environment, Natural Resources, and Climate Change				
Urban Coordination and Planning	Town Planning and Management	141,133,441	0	0.00
Department of Agriculture and Co-operative Development				
Livestock production	Livestock feeds	3,000,000	0	0.00
Department administration, Public Service and e-governance				
Public Service Delivery	Infrastructure development	253,852,334	14,878,750	5.86
Recurrent				
Department of Education and Vocational Training				
Technical and Vocational Training	Revitalisation of Vocational Training Centre	5,000,000	2,000,000	40.00
Department Administration, Public Service, and E-Governance				
Public Service Delivery	ICT Connectivity	25,000,000	11,225,198	44.90
Department of Transport, Public Works and Infrastructure				
Public works	Public works	20,000,000	9,185,628	45.93

Source: *Nandi County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Town Planning and Management in the Department of Lands, Environment, Natural Resources and Climate Change at 0.00 per cent, Livestock feed in the Department of Agriculture and Co-operative Development at 0.00 per cent, and Infrastructure development in the Department of Administration, Public Service and E-Governance at 5.86 per cent.

For recurrent sub-programmes, the poorest performers included: Technical and Vocational Training in the Department of Education and Vocational Training at 40.00 per cent, Public service delivery in the Department of Administration, Public Service and E-Government at 44.90 per cent, and public works in the Department of Transport, Public Works and Infrastructure at 45.93 per cent.

These lower performances were attributed to delays in the County Treasury's release of funds to the programmes.

3.32.18 Settlement of Trade Payables

The County did not submit a report on trade payables.

3.32.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 50 accounts across CBK and commercial banks, with 26 held at CBK and 24 at commercial banks. Of those at the commercial banks, 4 were for donor commercial operational accounts, 2 for salary accounts, 2 for revenue collection accounts, 5 for special operations accounts, including County-established funds, 5 for health facilities operations accounts, 1 for municipalities operations accounts, 1 for water and sewerage companies operations accounts, and 4 for Vocational Training Centres.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 10 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.32.20 Key Observations and Recommendations

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

i. Low development performance in the review period as the County incurred Kshs.2.95 billion on development activities, achieving a 64.27 per cent absorption rate.

ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which contravened the requirements of Section 168 of the PFM Act, 2012. The reports for the Nandi County Assembly Car and Mortgage Fund and Nandi County Emergency Fund were not submitted to the CoB as of 15 Jul 2026.

iii. Personnel emoluments amounting to Kshs. 184.18 million for 201 staff not onboarded into the HRIS, 682 casual staff, and 21 top security officers were processed through manual payroll, accounting for 5.35 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

iv. The County Assembly spent Kshs.16.76 million on committee sitting allowances for 45 Hon. MCAs and the Speaker, against the annual budget allocation of Kshs.13.07 million. This expenditure was above the approved budget and represented an absorption rate of 128 per cent, and therefore contravenes the PFM Act, 2012 on expenditure ceilings and indicates poor vote book management and control.

v. The County did not submit the requisite trade payables report, and consequently, the Controller of Budget (CoB) could not ascertain the status and value of the outstanding trade payables.

vi. 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 Jul,2026.

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

i. *The County should implement strategies to increase development expenditures in FY 2026/27.*

ii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

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 Assembly should ensure proper management and control of the Vote Book to adhere to the approved budgetary provisions.*

v. *The County Government should ensure the timely preparation and submission of the requisite Trade Payables Report, in accordance with the applicable PFM framework.*

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

3.33. County Government of Narok

3.33.1 Overview of FY 2025/26 Budget

The Narok County Approved Supplementary Budget for FY 2025/26 was Kshs.17.23 billion. It comprised Kshs.6.21 billion (36.05 per cent) and Kshs.11.02 billion (63.95 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented a decrease of Kshs.336.46 million (2.00 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.5.33 billion and a recurrent budget of Kshs.12.23 billion. The decrease in the budget was primarily attributed to the decline in additional allocation, which reduced by Kshs.213.96 million.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.9.64 billion (55.97 per cent), additional allocations of Kshs.1.22 billion (7.05 per cent), a cash balance brought forward from FY 24/25 of Kshs.60.87 million (less than one per cent) and Kshs.6.37 billion (37.98 per cent) were generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.503.

3.33.2 Revenue Performance

During the year, the County reported total receipts of Kshs.15.26 billion. This amount represented a decrease of 4.19 per cent compared to the amount received in FY 2024/25, in Kshs.15.93 billion. The total revenue consisted of Kshs.9.77 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.952.34 million, and own-source revenue (OSR) collection of Kshs.4.48 billion, including Kshs.35.30 million accrued revenue. Additionally, the County had a cash balance of Kshs.60.87 million from FY 2024/25. The total OSR collection of Kshs.4.48 billion included Facilities Improvement Financing (FIF) of Kshs.224.91 million and Kshs.4.25 million from other OSR sources. Table 3.503 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.503: Narok County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in Quarter Four of FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the 12 months of FY 2025/26 (Kshs.)
		A	B	C	D=B+C
A	**Unspent Balance from FY 2024/25**				
1	Balance at CRF		59,884,373		59,884,373
2	County Executive Refunds to CRF		977,149		977,149
3	County Assembly Refunds to CRF		10,389		10,389
	Sub-Total	**-**	**60,871,912**	**-**	**60,871,912**
B	**Equitable Share of Revenue Raised Nationally**				
1	Equitable Share	9,646,933,000	9,770,317,146		9,770,317,146
	Sub-Total	**9,646,933,000**	**9,770,317,146**	**-**	**9,770,317,146**
C	**Transfers from the Equalisation Fund**				

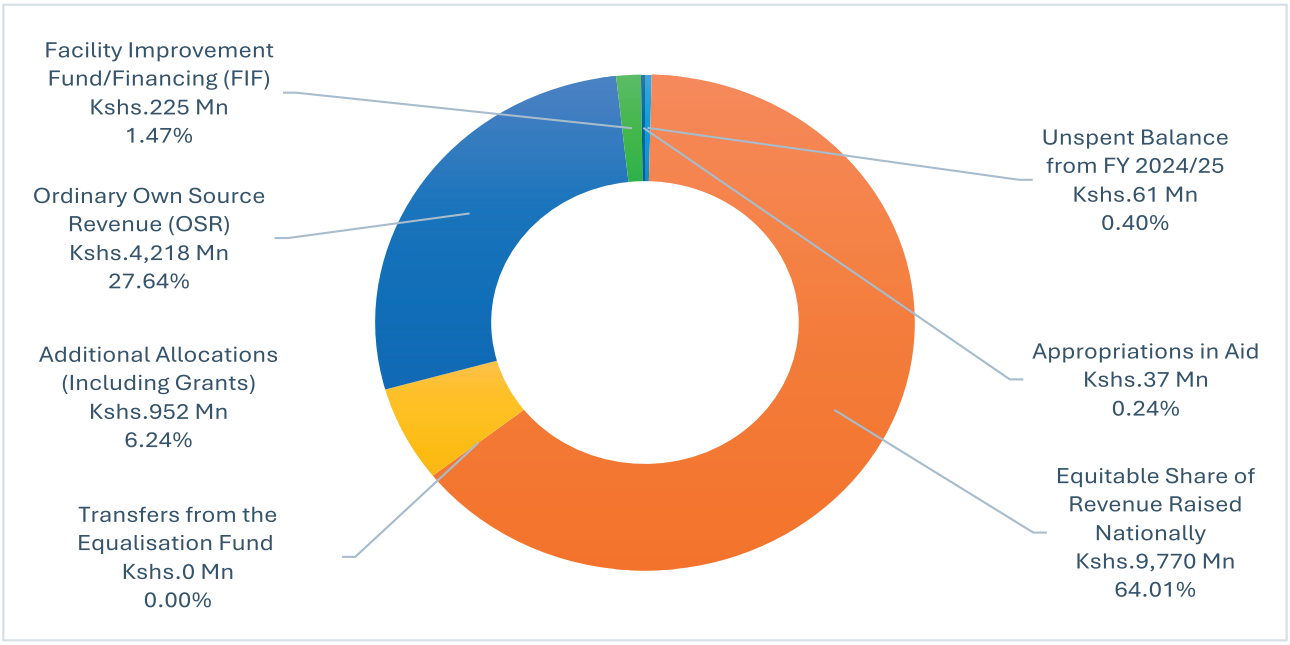
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in Quarter Four of FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the 12 months of FY 2025/26 (Kshs.)
		A	B	C	D=B+C
D	**Additional Allocations (Including Grants)**				
1	Allocation for Mineral Royalties	13,000,000	27,206,336	-	27,206,336
2	County Aggregated Industrial Park (CAIP)	250,000,000	250,000,000	-	250,000,000
3	World Bank Loan- NAVCDP	151,515,152	231,055,669		231,055,669
4	DANIDA Grant -PHC	12,382,500	12,954,000		12,954,000
5	Kenya Devolution Support Programme (KDSPII)	352,000,000			-
6	Kenya Agricultural Business Development Project (KABDP)	10,918,919			-
7	Kenya Devolution Support Programme (KDSPII)	37,500,000	70,503,589		70,503,589
8	Kenya Urban Support Programme (KUSP II) UIG	35,000,000	26,000,000		26,000,000
9	Kenya Urban Support Programme (KUSP II) UDG	71,235,901			-
10	Financing Locally Led Climate Action (FLLoCA) Dev	200,000,000	192,639,668		192,639,668
11	Community Health Promoters (CHP) Projects	49,800,000			-
12	Basic Arrears for County Government Health Workers	21,496,514			-
13	UNFPA	7,400,000			-
14	County Library Services	3,000,000			-
15	Kenya Water, Sanitation and Hygiene (K-WASH) Programme		141,979,713		141,979,713
	Sub-Total	**1,215,248,986**	**952,338,975**	**-**	**952,338,975**
E	**Ordinary Own Source Revenue (OSR)**				
1	CESS REVENUE	294,269,909	170,042,130	-	170,042,130
2	MARKETS & SLAUGHTER FEES	50,098,805	8,875,555		8,875,555
3	HOUSE RENTS	17,200,000	3,976,370		3,976,370
4	CONSERVANCY & SOLID WASTE DISPOSAL	8,531,250	1,348,200		1,348,200
5	VEHICLE PARKING	36,000,000	14,079,551		14,079,551
6	LAND RATES	122,376,084	6,298,651		6,298,651
7	ADVERTISING	5,658,531	2,332,750		2,332,750
8	PUBLIC HEALTH SERVICES	5,000,000	599,700		599,700
9	HIRE OF COUNTY ASSETS	412,903			-
10	SINGLE BUSINESS PERMITS	84,341,469	20,189,097		20,189,097
11	PROCEEDS FROM SALE OF ASSETS	31,660,000			-
12	OTHER FINES, PENALTIES AND FORFEITURES	282,316			-
13	PHYSICAL PLANNING AND DEVELOPMENT	54,226,795	12,510,852		12,510,852

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in Quarter Four of FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the 12 months of FY 2025/26 (Kshs.)
		A	B	C	D=B+C
14	MISCELLANEOUS INCOME	5,776,559	11,906,856		11,906,856
15	PARK FEES	5,489,629,570	3,964,810,327		3,964,810,327
16	ADMINISTRATION CONTROL FEES AND CHARGES (Nursery school fees, Reg of private schools, Weights and Measures)	1,461,915	1,240,940		1,240,940
	Sub-Total	**6,206,926,106**	**4,218,210,979**	**-**	**4,218,210,979**
F	**Facility Improvement Fund/Financing (FIF)**				
1	SHIF		91,586,363	35,304,810	126,891,173
2	Defunct NHIF		123,152		123,152
3	user fees	120,951,908	97,891,962		97,891,962
	Sub-Total	**120,951,908**	**189,601,477**	**35,304,810**	**224,906,287**
G	**Appropriations in Aid**				
1	ADMINISTRATION CONTROL FEES AND CHARGES	45,461,915	36,718,753		36,718,753
	Sub-Total	**45,461,915**	**36,718,753**	**-**	**36,718,753**
	Grand Total	**17,235,521,915**	**15,228,059,242**	**35,304,810**	**15,263,364,052**

Source: *Narok County Treasury*

Figure 3.190: provides a detailed breakdown of receipts.

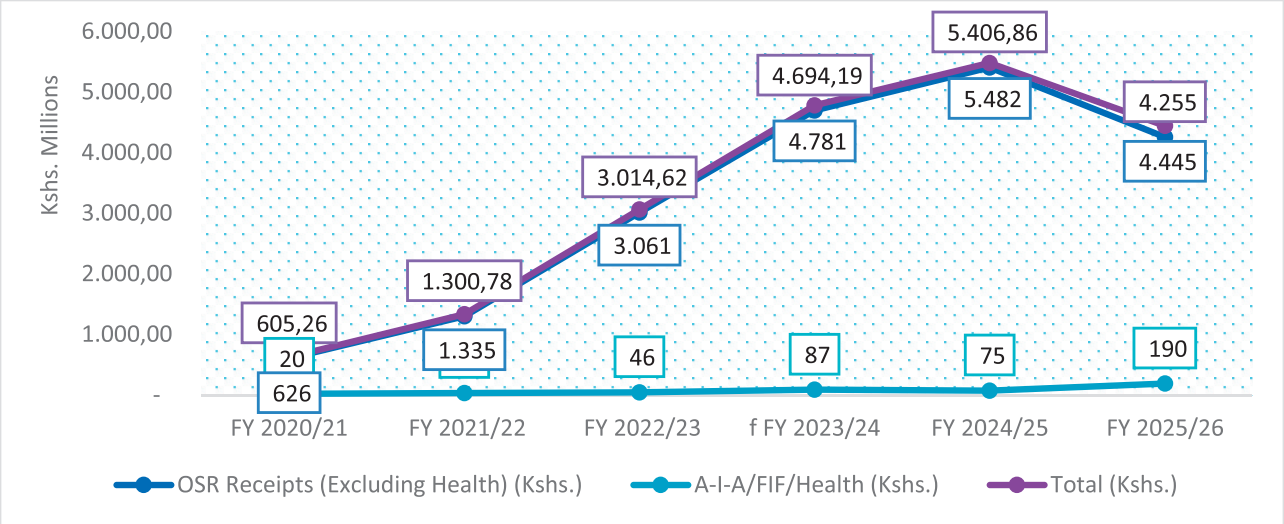
Figure 3.190: Narok County Composition of Revenue in FY 2025/26



Source: *Narok County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 64 per cent, 27 per cent and 1.5 per cent, respectively, of the total receipts for the reporting period. Figure 3.191 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

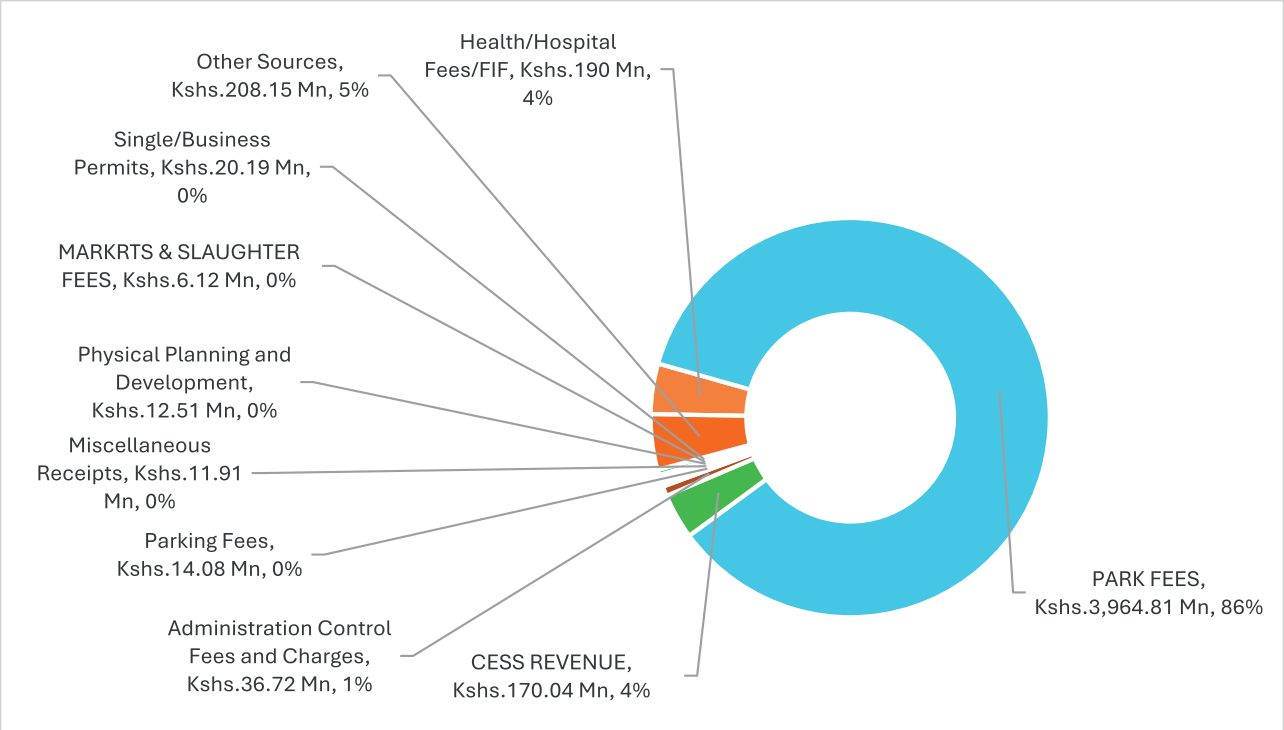
Figure 3.191: Narok County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Narok County Treasury*

During the year, the County received Kshs.4.48 billion from OSR, including FIF. This amount was a decrease of 21.21 per cent compared to Kshs.5.67 billion realised in FY 2024/25 and was 70.29 per cent of the annual target and 45.85 per cent of the equitable revenue share disbursed. The decrease in OSR was attributed to a 23.22 per cent reduction in park fees, from Kshs.5.16 billion in FY 2024/25 to Kshs.3.96 billion in FY 2025/26. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.192.

Figure 3.192: Narok County Top Own Source Revenue Streams in FY 2025/26



Source: *Narok County Treasury*

As shown in Figure 3.192, the largest revenue stream, at Kshs.3.96 billion, was Park fees, accounting for 86 per cent of total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.33.3 Revenue Arrears

As of 1st July 2025, the County reported revenue Arrears of Kshs.25.59 million, which increased to Kshs.132.23 million as of 30th June 2026. The County currently tracks its revenue Arrears using a manual system accrual-basis option. Table 3.504 presents a breakdown of the County's revenue Arrears.

Table 3.504: Narok County Revenue Arrears as of 30th June 2026

No	Revenue Stream	Revenue Receivables as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Receivables as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Receivables received in the financial year (Kshs)	Receivables earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
D	**Facility Improvement Financing (FIF)**		-		-	-
1	NCRH SHIF/SHA	**25,589,560.00**	-	**35,304,810.00**	-	-
2	NCRH Defunct NHIF	-	-	-	**123,152.50**	-
3	NCRH Hospital Collection through paybill	-	-	-	**142,446,364.10**	-
4	Waivers	-	**628,770.00**			
	Sub-Total	**25,589,560.00**	**628,770.00**	**35,304,810.00**	**142,569,516.60**	**132,225,496.60**
Total		**25,589,560.00**	**628,770.00**	**35,304,810.00**	**142,569,516.60**	**132,225,496.60**

Source: *Narok County Treasury*

As of 30th June 2026, the revenue arrears totalled Kshs.132.23 million, comprising entirely form FIF. The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 include engagement of credit collectors to assist in revenue arrears collection.

3.33.4 Borrowing by the County

The County did not declare any borrowing during the period.

3.33.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.11.49 billion from the Narok County Revenue Fund (CRF) account. This amount consisted of Kshs.2.14 billion (18.64 per cent) designated for development programs, and Kshs.9.35 billion (81.4 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.5.77 billion was allocated to employee compensation and Kshs.3.58 billion to operations and maintenance expenditures. Within the operations and maintenance category, less than one per cent was for domestic travel and less than one per cent for foreign travel. The domestic travel exchequers totalled Kshs.738.01 million, comprising Kshs.249.40 million for the County Assembly and Kshs.488.61 million for the County Executive. Meanwhile, the foreign travel exchequers amounted to Kshs.20.50 million, with Kshs.4.18 million for the County Assembly and Kshs.16.32 million for the County Executive.

As of 30th June 2026, the County Government's cash balance in the Narok CRF account was Kshs.1.99 billion.

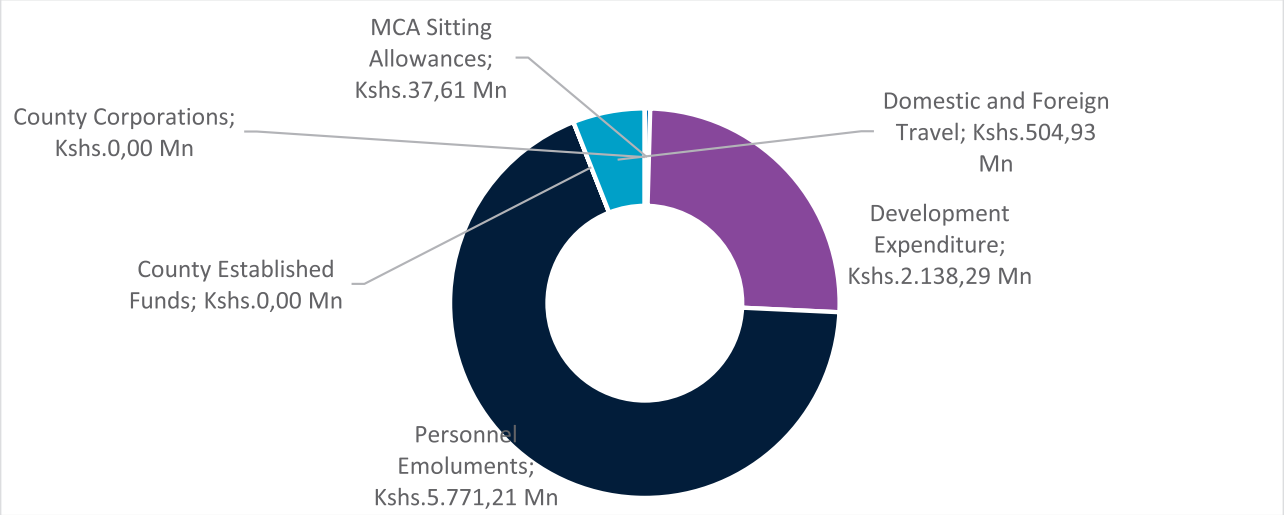
The County had not operationalised the County Assembly Fund during the reporting period.

3.33.6 Expenditure Review

The County spent Kshs.11.90 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100.15 per cent of the total funds released by the CoB. It comprised Kshs.2.14 billion for development programmes and Kshs.9.76 billion for recurrent programmes. Expenditure on development programmes accounted for 34 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 100 per cent of the annual recurrent expenditure budget.

Figure 3.193 provides a detailed breakdown of total expenditure.

Figure 3.193: Narok County Composition of Expenditure in FY 2025/26



Source: Narok *County Treasury*

As shown in Figure 3.193, the three highest expenditure categories were personnel emoluments, development expenditure, and travel expenses, contributing 68, 25 and 6 per cent of total expenditure for the reporting period.

3.33.7 Expenditure by Economic Classification

The County Executive incurred Kshs.5.63 billion in employee compensation, Kshs.3.26 billion in operations and maintenance, and Kshs.2.09 billion in development activities. Similarly, the County Assembly spent Kshs.531.74 million on compensation of employees, Kshs.339.53 million on operations and maintenance, and Kshs.46.69 million on development activities, as shown in Table 3.505.

Table 3.505: Narok County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**10,140.20**	**878.62**	**8,496.85**	**871.27**	**395.47**		**8,892.32**	**871.27**	**88**	**97**
Compensation of Employees	5,109.71	535.00	5,239.47	531.74	395.47		5,634.94	531.74	110	84
Operations and Maintenance	5,030.49	343.63	3,257.38	339.53	-		3,257.38	339.53	65	131
Development Expenditure	**6,062.24**	150.00	**2,091.60**	46.69	-		2,091.60	46.69	**35**	**31**
Total	**16,202.44**	**1,028.62**	**10,588.45**	**917.96**	**395.47**		**10,983.92**	**917.96**	**68**	**87**

***Source**: Narok County Treasury*

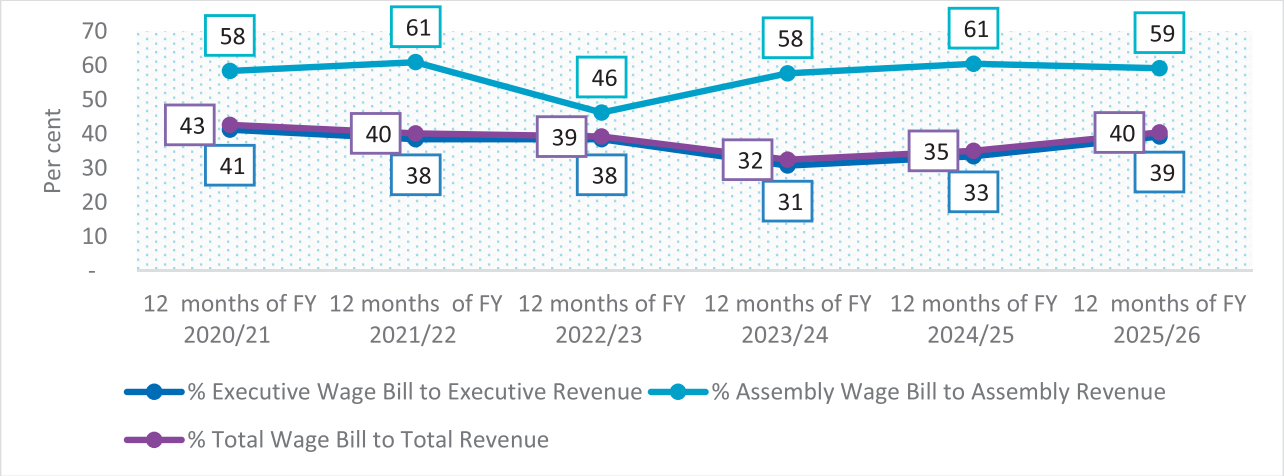
3.33.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.6.17 billion, representing 40.40 per cent of revenue. This expenditure on employee compensation shows an increase compared to the Kshs.5.55 billion

reported in FY 2024/25. Of this total, Kshs.824.49 million related to Health Sector employees, accounting for 13 per cent of the overall employees' compensation.

Figure 3.194 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.194: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



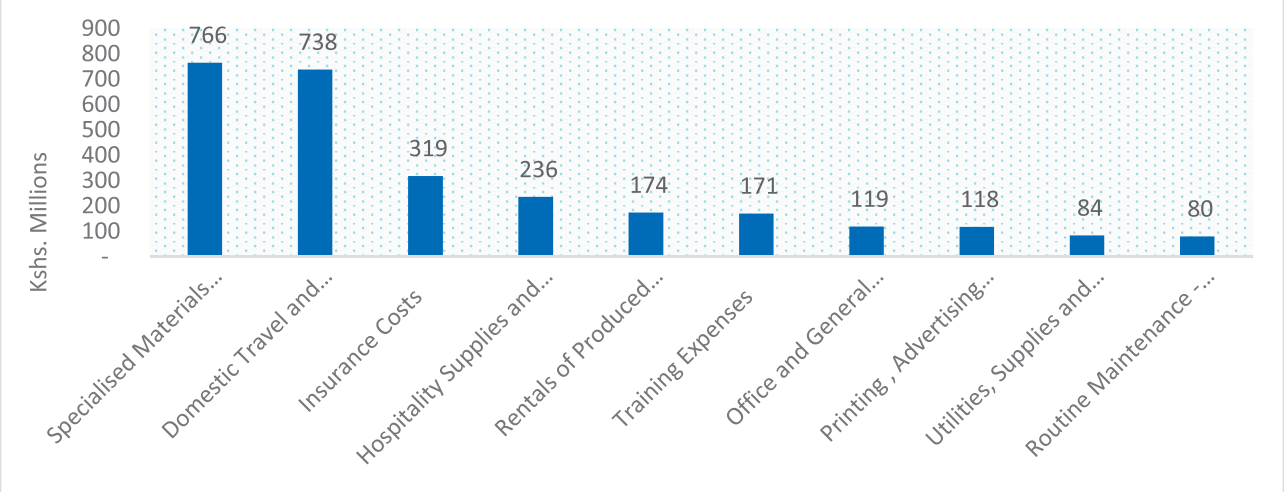
Source: Narok County Treasury

The County Assembly spent Kshs.32.80 million on committee sitting allowances for the 50 MCAs, against the annual budget allocation of Kshs.33.21 million, an indication of over-expenditure during the reporting period. The average monthly sitting allowance was Kshs.54,700 per MCA. The County Assembly has 21 House Committees.

3.33.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.3.60 billion on operations and maintenance, representing a decrease 44.95 per cent compared to FY 2024/25, when the County spent Kshs.6.54 billion. Figure 3.195 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.195: Narok County, Operations and Maintenance Expenditure by Major Categories (Kshs. Million)



Source: *Narok County Treasury*

3.33.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The County has not declared expenditure on "other operating expenses - other."

3.33.11 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.650.00 million to County-Established funds in FY 2025/26, representing approximately 3.75 per cent of the County's overall budget of Kshs.17.23 billion. The FY 2025/26 schedule of established funds does not include an allocation to the Emergency Fund established under Section 110 of the PFM Act, 2012. Table 3.506 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.506: Performance of Narok County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Bursary Fund	2014	450,000,000	-	-	-	No
2	Car Loan & Mortgage	2024	150,000,000	45,000,000	-	-	No
3	Narok County Alcoholic Drinks Control and Regulation Fund	2019	-	-	-	-	No
	County Assembly Established Funds						
1	Car Loan & Mortgage - staff	2013	80,000,000	-	-	-	No
	Total		**680,000,000**	**45,000,000**	**-**	**-**	

Source: *Narok County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.506, 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 2025/26, the CoB observed that the Bursary Fund (established 2014) and the Car Loan & Mortgage - staff Fund (established 2013) had lapsed, having exceeded the 10-year statutory cap without evidence of an extension by the County Assembly. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.33.12 County Corporations, Municipalities and Agencies

The County has two municipalities that received a budget allocation of Kshs.520.08 million for FY 2025/26. The total transfers to these entities in FY 2025/26 amounted to Kshs.64.46 million, as shown in Table 3.507.

Table 3.507: Performance of Narok County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
Gazetted Municipalities					
1	Narok Municipality	359,874,726	148,299,126	32,308,100	180,607,226
2	Kilgois Municipality	160,204,382	32,154,382	32,154,384	32,154,382
	Total	**520,079,108**	**180,453,508**	**64,462,482**	**212,761,608**

Source: Narok County Treasury

3.33.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.738 million, of which Kshs.488.62 million was spent by the County Executive and Kshs.249.40 million by the County Assembly. Expenditure on foreign travel amounted to Kshs.20.50 million and comprised Kshs.4.18 million by the County Assembly and Kshs.16.32 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.508.

Table 3.508: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	2 Officers	17th to 25th October 2025	Engineers' Study Trip(Industrial tour)	China	1,941,300
Executive	2 Officers	11th to 22nd August 2025	ESAMI Training: Training on Gender mainstreaming and inclusion in the Legislature.	Singapore	2,805,098
Executive	2 Officers	15TH TO 23RD 2025	Learn about Health management systems	INDIA(MUMBAI,AGRA & JAIPUR)	1,178,520
Executive	38 Officers	12th to 15th September 2025	Mara Day celebrations.	TANZANIA	5,196,120
Executive	5 Officers	25th to 29th May 2026	Training on Transformative Supply chain leadership and strategy	Rwanda	1,631,124
Assembly	6 Officers	20th Oct 2025 to 29th Oct 2025	Benchmarking mission on E-mobility and renewable energy	Norway	3,293,499
Assembly	1 Officer	26th Oct 2025 to 3rd Nov 2025	International knowledge exchange program on empowering legislative administration for county assembly clerks	Spain and France	888,294

***Source**: Narok County Treasury and Narok County Assembly*

3.33.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.224.91 million, including an accrued amount of Kshs.35.04 million as FIF, which was 185.95 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. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.189.60 million, during the reporting period.

3.33.15 Development Expenditure

In the review period, the County reported spending Kshs.2.14 billion on development programmes, representing a decrease of 45.95 per cent compared to FY 2024/25, when the County spent Kshs.3.96 billion. Table 3.509 summarises the development projects with the highest expenditure in the reporting period.

Table 3.509: Narok County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30th June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Health	Construction and renovations of Health facilities	Melili, Town, Nkareta, Olorropil	6th October 2023		59,811,169	3,944,615.71	3,944,615.71	53,939,968.30	90
2	Health	Proposed construction and renovation of health facilities and staff houses	Melelo, Sagamian	28th Feb 2025		41,278,106	5,911,321	5,911,321	41,278,106	100
3	Education	Construction of ECDE Classrooms	Lolgorian	31st May 2023	12th September 2023	30,263,604	5,800,344	5,800,344	30,229,602.80	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30th June 2026 (Kshs.)	Percentage (%) of Completion
4	Trade/ Markets	Rehabilitation and construction of modern saleyards at Mulot Centre	Imotiook ward	9th May 2025	17th July 2025	28,868,419	28,868,419	28,868,419	28,868,419	100
5	Health	Construction of Enelerai and Endoinyo Nairasha maternity	Mara, Siana ward			25,814,717.37	25,814,717.37	25,814,717.37	25,814,717.37	100
6	Education	Construction of ECD classrooms	Kimintet, Angata Barrikoi	28th February 2023		23,641,849.68	4,732,918	4,732,918	23,573,998.93	100
7	Education	Construction Of 2no 8 Door Ablution Block, A Dormitory and Renovations Works At Ongata Naado Secondary School	Mosiro Ward	16th December 2024	28th March 2025	42,969,097	5,004,615.84	5,004,615.84	18,505,818.72	43
8	Trade/ Markets	Construction of Slaughter House at Olulunga	Olulunga Ward.	30th April 2025	16th July 2025	29,499,370	16,276,496	16,276,496	16,276,496	55
9	Health	Construction of Health Facilities and Staff House	Keyian Ward			15,885,766	545,113	545,113	15,885,766	100
10	Education	Construction of 2 No Dormitories at Maji Moto Primary School	Naroosura/ Maji Moto	13TH March 2025	24th September 2025	23,268,868.70	15,824,201.20	15,824,201.20	15,824,201.20	68
Donor Funded Projects										
1	HEALTH	Biogas installation	Shankoe ward	11/14/2025	12/26/2025	2,810.560	2,810.560	2,810.560	2,810.560	100
2	AGRICULTURE	Rehabilitation and restoration of farmlands	all wards	3/23/2026	6/15/2026	18,096,400	18,096,400	18,096,400	18,096,400	100
3	WATER	Construction of Naroosura waterpan	Majimoto Naroosura Ward	3/18/2025	6/30/2025	12,907,312.95	12,907,312.95	12,907,312.95	12,907,312.95	100
4	WATER	Construction of Enkeju Aaro water pan	Keekonyokie ward	3/7/2025	7/30/2025	12,246,689	7,014,368	7,014,368	12,246,689	100
5	WATER	Drilling and development of Ntimama Ridge borehole	melili ward	3/18/2025	6/30/2025	7,810,412	7,810,412	7,810,412	7,810,412	100
6	WATER	Proposed extension of Ntulele water pipeline	mosiro ward	6/3/2025	8/19/2025	4,713,984	4,713,984	4,713,984	4,713,984	100
7	ROADS	Construction of Oltepesi footbridge	Olololunga ward	5/30/2025	8/25/2025	3,868,640.60	3,868,640.60	3,868,640.60	3,868,640.60	100
8	ROADS	construction of intumot steel footbridge	olorropil ward	7/5/2024	8/9/2024	3,320,291.20	3,320,291.20	3,320,291.20	3,320,291.20	100
9	ROADS	Construction of Olosinyai footbridge	Nkareta ward	3/17/2025	6/24/2025	3,299,678	3,299,678	3,299,678	3,299,678	100
10	ROADS	Construction of Nyasita footbridge	Shankoe ward	6/27/2024	9/20/2024	3,009,340.65	3,009,340.65	3,009,340.65	3,009,340.65	100

Source: *Narok County Treasury*

The County reported that it did not declare any stalled projects for the review period.

3.33.16 Budget Performance by Department

Table 3.510 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.510: Narok County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	879	150	852	46.69	-	47	-	100.0	-	31.1
County Executive	272	-	207	-	207	-	100.0	-	75.9	-
Finance & Economic Planning	1,295	220	1,115	-	1,115	-	100.0	-	86.0	-
Transport and Public Works	321	1,377	275	557	275	557	100.0	100.0	85.5	40.4
Education, Youth, Sports, Culture and Social Services	1,752	530	1,179	301	1,179	301	100.0	100.0	67.3	56.9
Environment Protection, Energy, Water & Natural Resources	412	458	374	272	374	272	100.0	100.0	90.7	59.3
Public Service Board	104	-	91	-	91	-	100.0	-	87.0	-
Agriculture, Livestock & Fisheries	469	562	356	126	356	126	100.0	100.0	76.0	22.3
Health & Sanitation	3,067	1,243	2,985	620	2,985	620	100.0	100.0	97.3	49.9
Lands Housing Physical Planning & Urban Development	115	65	104	33	104	33	100.0	100.0	90.2	50.6
ICT & E Government	128	175	88	10	88	10		100.0	68.5	5.7

Depart-ment	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
Admin-istration And Public Services Manage-ment	944	432	732	41	732	41	100.0	100.0	77.6	9.5
Trade, Industry and Co-operative Develop-ment	621	677	541	135	541	135	100.0	100.0	87.2	19.9
Office of the County Attorney	433	10	270	-	270	-	100.0	-	62.3	-
Munici-pality(N-arok)	168	192	148	-	148	-	100.0	-	88.2	-
Munici-pality(Kil-goris)	39	122	32	-	32	-	100.0	-	83.1	-
Total	**11,019**	**6,212**	**9,348**	**2,141**	**8,496**	**2,141**		**100.0**	**77.1**	**34.5**

Source: *Narok County Treasury*

Analysis of expenditure by departments shows that the Department of Lands, Housing, Physical Planning & Urban Development recorded the highest absorption rate of the development budget at 50.6 per cent, followed by the Department of Health & Sanitation at 49.9 per cent. The Department of Health & Sanitation had the highest percentage of recurrent expenditure to budget at 97.3 per cent, while the Department of Education, Youth, Sports, Culture and Social Services had the lowest at 67.3 per cent.

3.33.17 Budget Execution by Programmes and Sub-Programmes

Table 3.511 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.511: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Pro-gramme	Sub-Programme	Gross Approved Es-timates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Education				
	Sports – Headquarters	35,000,000	35,000,000	100
	Arts, Culture and Heritage	20,000,000	20,000,000	100
	Education – Headquarters	254,200,000	250,320,016.50	98
Environment Protection, Energy, Water& Natural Resources				
	Climate Change Unit	378,032,300	370,781,733.60	98
Health &Sanitation				
	Health- Medical Services	1,243,096,161.04	1,192,592,522.53	96
RECURRENT				
Health &Sanitation				
	Health- Medical Services	2,407,985,545.08	2,414,493,376.22	100.27

Pro-gramme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
Narok County Assembly				
	County Assembly Legislature	19,955,000	19,950,000	99.97
Public Works, Infrastructure and Transport				
	Transport	186,750,394	185,976,662.81	99.59
Narok County Assembly				
	Office of the Speaker	5,950,000	5,900,000	99.16
	Administrative services	31,516,800	31,232,885.75	99.10

Source: *Narok County Treasury*

The development sub-programmes with the highest budget implementation rates were: Sports-Headquarters & arts, culture and heritage in the Department of Education took at 100 per cent, Climate Change Unit in the Department of Environment Protection, Energy, Water and Natural Resources at 98 per cent.

For recurrent sub-programmes, the top performers included: Health-Medical Services in the Department of Health and Sanitation at 100.27 per cent, and County Assembly Legislature in the County Assembly at 99.97 percent

The higher performance of these programmes was attributed to timely procurement and disbursement of funds, and close monitoring of implementation.

Table 3.512: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30th June 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
County Public Service Management				
	County Administrative Headquarters	432,000,000	-	0%
Finance and economic planning				
	Finance & Economic Planning Headquarters	220,000,000	-	0%
Municipality				
	Narok	191,690,000	-	0%
	Kilgoris	121,500,000	-	0%
Trade, Cooperative Development, Tourism &Wildlife				
	Tourism and Wildlife	18,921,081	-	0%
Education				
	Arts, Culture and Heritage	29,645,000	-	0%
	Gender and Youth Affairs	42,195,900	1,194,300	2.83
	Sports – Headquarters	53,681,820	13,809,860	25.73
	Vocational Education and Training	108,352,535	31,373,760	28.96
Trade, Cooperative Development, Tourism &Wildlife				
	Cooperatives	22,898,000	7,880,000	34.41

Source: *Narok County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: County Administrative Headquarters in the Department of County Public Service Management (0 per cent); Finance & Economic Planning Headquarters in the Department of Finance and Economic Planning (0 per cent); and Narok in the Municipality Department (0 per cent).

For recurrent sub-programmes, the poorest performers included: Arts, Culture and Heritage in the Department of Education at 0 per cent, Gender and Youth Affairs in the Department of Education at 2.83 per cent, and Sports Headquarters in the Department of Education at 25.73 per cent.

These lower performances were attributed to delayed procurement processes, insufficient exchequer disbursements, and, in some cases, late commencement of planned activities within the financial year.

3.33.18 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.4.81 billion. This amount consisted of Kshs.4.79 billion from the County Executive and Kshs.23.65 million from the County Assembly. The trade payables from the County Executive comprised Kshs.3.05 billion for recurrent expenditure and Kshs.1.74 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.619.50 million, comprising Kshs.472.26 million (76.45 per cent) for recurrent programmes and Kshs.147.23 million (23.54 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.5.73 million, all for recurrent activities. The outstanding trade payables as of 30th June 2026 were Kshs.4.17 billion for County Executive and Kshs.17.92 million for County Assembly. Table 3.513 provides additional details of trade payables.

Table 3.513: Narok County Trade Payables as of 30th June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,739,741,990	3,050,529,412	4,790,271,402
		County Assembly		23,645,748	23,645,748
		Total	1,739,741,990	3,074,175,160	4,813,917,150
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive			
		County Assembly			
		Total			
Amount paid in FY 2025/26	c	County Executive	147,230,985	472,264,657	619,495,642
		County Assembly		5,730,617	5,730,617
		Total	147,230,985	477,995,274	625,226,259
Trade Payables Incurred in FY 2025/26	d	County Executive			
		County Assembly			
		Total			
Outstanding trade payables as of 30th June 2026	**e=a-c+d**	**County Executive**	**1,592,511,005**	**2,578,264,755**	**4,170,775,760**
		County Assembly		**17,915,131**	**17,915,131**
		Total	**1,592,511,005**	**2,596,179,886**	**4,188,690,891**

Source: *Narok County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.3.07 billion and Kshs.1.74 billion respectively, in FY 2025/26. The County did not adhere to this payment plan since they cleared Kshs.619.50 million for the Executive and Kshs.5.73 million for the Assembly. Futher, the county did not report on the trade payables committed/incurred during the reporting period.

Table 3.514 present the ageing of the total outstanding bills as of 30th June 2026 for the County Executive which was Kshs.4.38 billion.

Table 3.514: Narok County Executive Trade Payables Ageing Analysis as of 30th June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**1,116,207,404.47**	**353,143,691.85**	**2,929,150**	**120,240,158.05**	**1,595,459,844.37**
Recurrent Trade Payables (Goods & Services)	*1,829,438,150.53*	*669,013,858.34*	*14,810,800*	*65,001,946*	*2,578,264,754.87*
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)		-		*208,238,599.68*	*208,238,600.06*

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Staff Claims)					-
Total Recurrent Trade Payables	**1,829,438,150.91**	**669,013,858.34**	**14,810,800**	**273,240,545.68**	**2,786,503,354.93**
Total Trade Payables	**2,948,584,995.38**	**1,022,157,550.19**	**17,739,950**	**393,480,703.73**	**4,381,963,199.30**
% of Total	**67**	**23**	**-**	**9**	**100**

Source: *Narok County Treasury*

As shown in Table 3.514 the total salary arrears and statutory deductions for trade payables amounted to Kshs 208.24 million, representing 4.75 per cent of the total trade payables of Kshs 4.38 billion as of June 30th 2026.

Additionally, the table indicates that 67 per cent of total trade payables are aged below one year, a trend attributed to delays in settling supplier obligations.

3.33.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 45 accounts across CBK and commercial banks, of which 25 were held at the CBK and 20 at commercial banks. Of those at the commercial banks, five for revenue collection accounts, three for special operations accounts (including County-established funds), 10 for health facilities operations accounts, and two for municipalities operations accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.33.20 Key Observations and Recommendations

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

i. Low development performance in the review period as the County incurred Kshs.2.14 billion on development activities, achieving a 34 per cent absorption rate.

ii. High level of trade payables, which amounted to Kshs.4.19 billion as of 30th June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

iii. 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.

iv. The lifespans of the Bursary Fund (established 2014) and the Car Loan & Mortgage - staff Fund (established 2013) had lapsed, having each exceeded the 10-year statutory cap under Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, without evidence of an extension by the County Assembly.

v. 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 24th August, 2026

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

i. *The County should implement strategies to increase development expenditures in FY 2025/26.*

ii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

iii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

iv. *The County Treasury should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*

3.34. County Government of Nyamira

3.34.1 Overview of FY 2025/26 Budget

The Nyamira County Approved Budget for FY 2025/26 was Kshs.8.65 billion. It comprised Kshs.3.28 billion (37.95 per cent) and Kshs.5.37 billion (62.05 per cent). The budget estimates represent an increase of Kshs.543.40 million (6.71 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.87 billion and a recurrent budget of Kshs.5.23 billion. The increase in the budget was primarily attributed to the rise in the projection of own-source revenue and the balance brought forward from FY 2024/25.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.6.07 billion (70.24 per cent), additional allocations of Kshs.1.32 billion (15.27 per cent), a cash balance brought forward from FY 24/25 of Kshs.383.64 million (4.44 per cent) and Kshs.868.71 million (10.05 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.515.

3.34.2 Revenue Performance

During the year, the County reported total receipts of Kshs.8.10 billion. This amount represented an increase of 2.80 per cent over the amount received in FY 2024/25 of Kshs.7.88 billion. The total revenue consisted of Kshs.6.07 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.778.81 million, and own-source revenue (OSR) collection of Kshs.613.00 million. Additionally, the County had a cash balance of Kshs.638.62 million from FY 2024/25. The total OSR collection of Kshs.613.00 million included Facilities Improvement Financing (FIF) of Kshs.483.35 million, and Kshs.129.65 million from other OSR sources. Table 3.515 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.515: Nyamira County, Revenue Performance in FY 2025/26

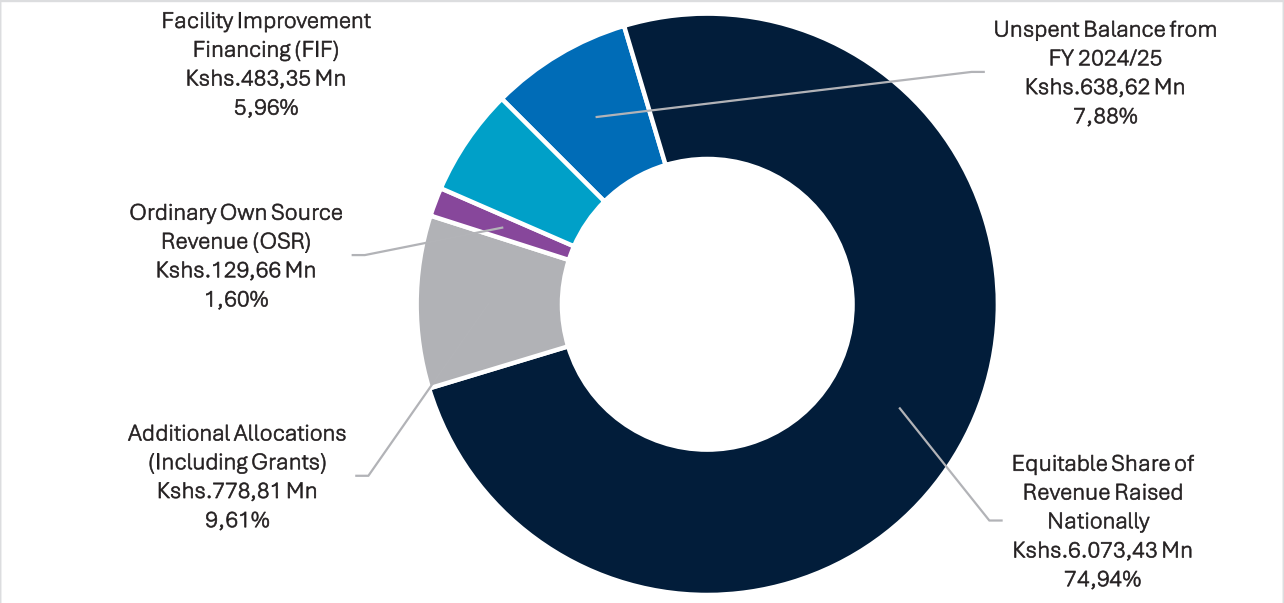
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**				
1	Balance at CRF	383,479,287	638,451,249	638,451,249	166.49
2	County Executive Refunds to CRF	164,708	164,708	164,708	100.00
3	County Assembly Refunds to CRF	2,039	2,039	2,039	100.00
	Sub-Total	**383,646,035**	**638,617,997**	**638,617,997**	166.46
B	**Equitable Share of Revenue Raised Nationally**				
1	Equitable Share	6,073,434,356	6,073,434,355	6,073,434,355	100.00
	Sub-Total	**6,073,434,356**	**6,073,434,355**	**6,073,434,355**	100.00

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	D=B+C	F=D/A*100
C	**Additional Allocations (Including Grants)**				
1	Kenya Devolution Support Programme Level II	352,500,000	175,448,192	175,448,192	49.77
2	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	230,810,029	230,810,029	99.81
3	Kenya Second Informal Settlement Improvement Programme (KISIP 2)	148,123,322	16,707,695	16,707,695	11.28
4	County Climate Resilience Support (CCRS)-World Bank	162,210,133	164,748,715	164,748,715	101.56
5	Aggregated Industrial Park Programme	133,500,000	133,368,421	133,368,421	99.90
6	Road Maintenance Levy Fund	114,508,787		-	-
7	Community Health Promoters	64,349,711		-	-
8	Kenya Agricultural Business Development Project (Sweden)	10,918,919		-	-
9	Kenya Devolution Support Programme Level I	37,500,000		-	-
10	Kenya Urban Support Programme (KUSP_UIG)	35,000,000	26,000,000	26,000,000	74.29
11	Kenya Urban Support Programme (KUSP_UDG)	19,817,128	23,979,571	23,979,571	121.00
12	DANIDA Level one	5,358,000	7,752,000	7,752,000	144.68
13	DANIDA Level 2&3	5,472,000		-	-
	Sub-Total	**1,320,508,000**	**778,814,623**	778,814,623	58.98
D	**Ordinary Own Source Revenue (OSR)**				
1	Own Source Revenue	218,710,000	129,658,987	129,658,987	59.28
	Sub-Total	**218,710,000**	**129,658,987**	129,658,987	59.28
E	**Facility Improvement Financing (FIF)**				
1	SHIF	650,000,000	483,348,225	483,348,225	74.36
	Sub-Total	**650,000,000**	**483,348,225**	**483,348,225**	74.36
	Grand Total	**8,646,298,391**	**8,103,874,187**	**8,103,874,187**	**93.73**

Source: *Nyamira County Treasury*

The County has enacted the Nyamira County Health Facilities Improvement Financing Act, 2025, as the governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.196 provides a detailed breakdown of receipts.

Figure 3.196: Nyamira County Composition of Revenue in FY 2025/26

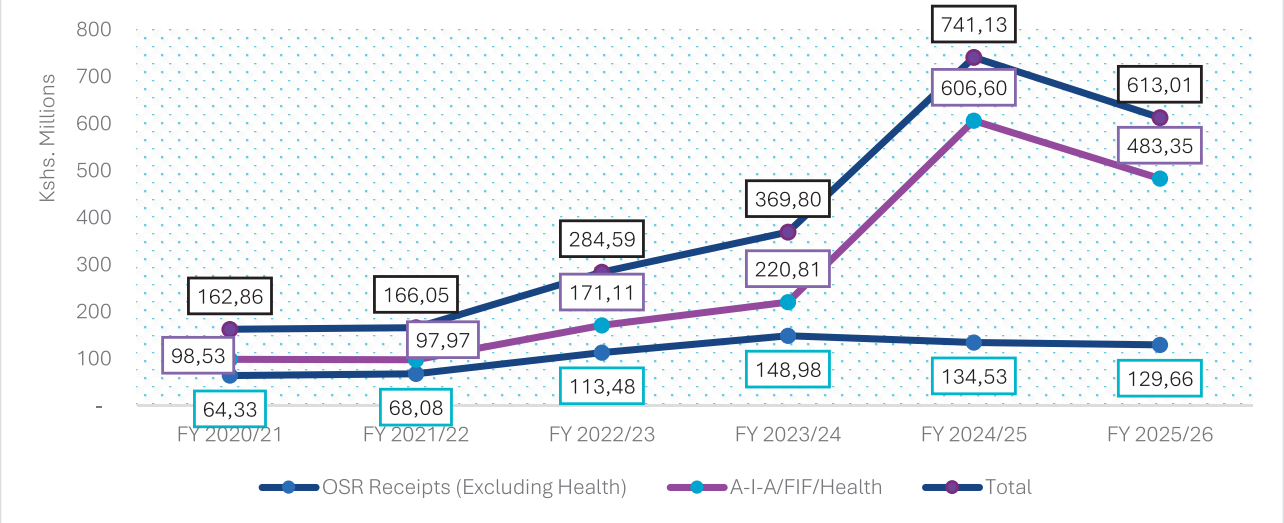


Source: *Nyamira County Treasury*

The equitable share of revenue raised nationally, Balances brought forward, additional allocations contributed 82.91 per cent, 8.72 per cent, 6.60 per cent and 9.61 per cent, respectively, of the total receipts for the reporting period.

Figure 3.197 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

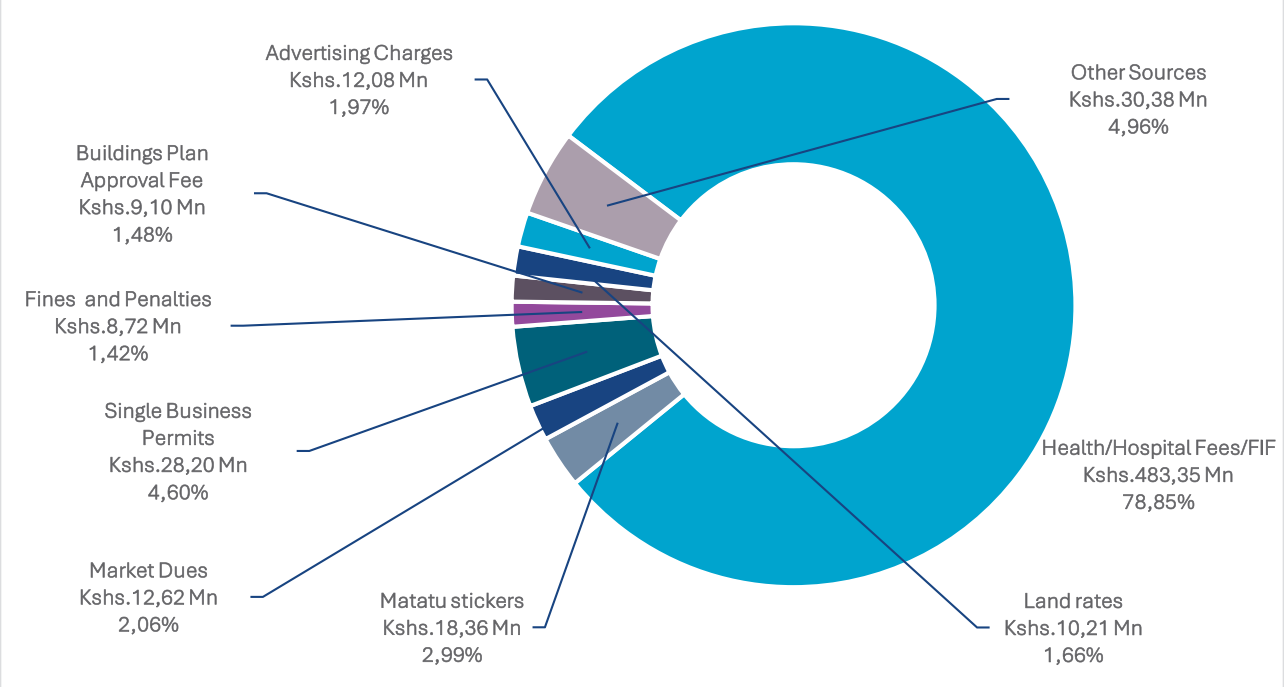
Figure 3.197: Nyamira County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Nyamira County Treasury*

During the year, the County received Kshs.613.01 million from OSR, including FIF. This amount was a decrease of 17.29 per cent compared to Kshs.741.13 million realised in FY 2024/25 and was 70.57 per cent of the annual target and 10.09 per cent of the equitable revenue share disbursed. The decrease in FIF was attributed to SHA's processing delays, which reduced FIF receipts. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.198.

Figure 3.198: Nyamira County Top Own Source Revenue Streams in FY 2025/26



***Source**: Nyamira County Treasury*

As shown in Figure 3.198, the largest revenue stream, at Kshs.483.35 million, was Facility Improvement Financing (FIF), accounting for 78.85 per cent of total OSR receipts. The County Government indicated that it has automated 29 of 31 revenue streams.

The system utilised for FIF revenue collection is Afya Kenya Digital Health Platform, which has been in use since 2023.

3.34.3 Revenue Arrears

The County did not report revenue arrears as of 30 June 2026.

3.34.4 Borrowing by the County

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

3.34.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawals totalling Kshs.6.44 billion from the Nyamira County Revenue Fund (CRF) account. This amount consisted of Kshs.1.39 billion (21.63 per cent) designated for development programs and Kshs.5.05 billion (78.37 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.44 billion was allocated to employee compensation and Kshs.1.61 billion to operations and maintenance expenditures. Within the operations and maintenance category, 19.63 per cent was for domestic travel and 1.16 per cent for foreign travel. The domestic travel exchequers totalled Kshs.316.23 million, which included Kshs.220.49 million for the County Executive and Kshs.95.74 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.18.62 million, all of which was for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Nyamira County CRF account was Kshs.1.60 billion.

Nyamira County Assembly did not operate the County Assembly Fund (CAF) account in FY 2025/26.

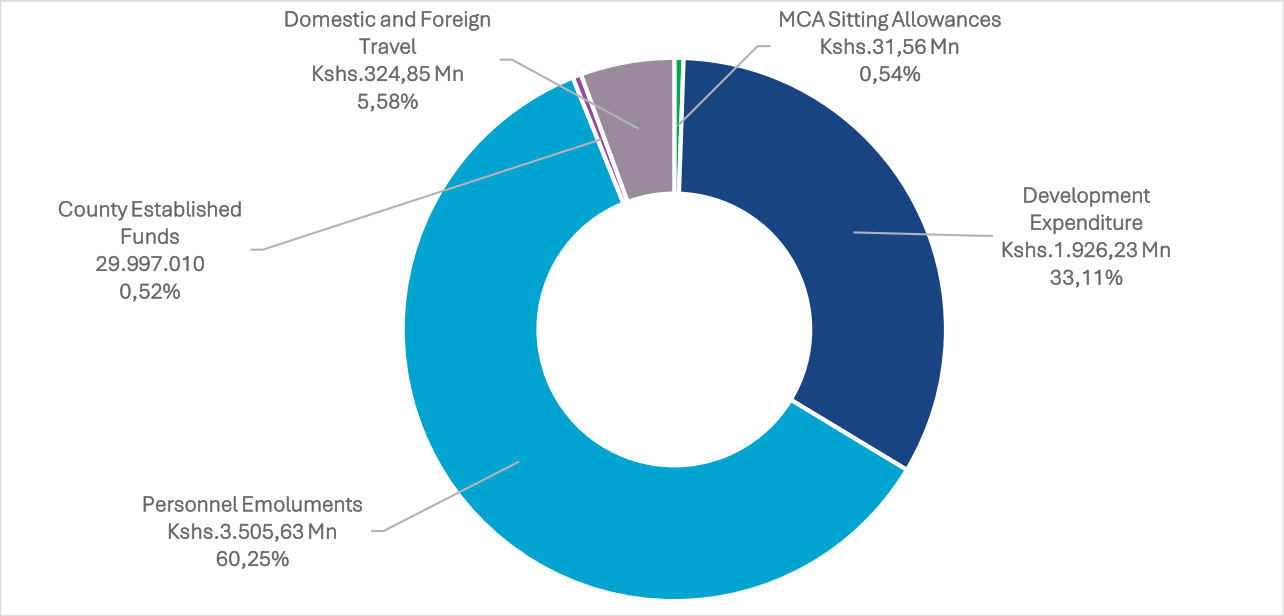
3.34.6 Expenditure Review

The County spent Kshs.7.01 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 108.86 per cent of the total funds released by the CoB. It comprised Kshs.1.93 billion for

development programmes and Kshs.5.08 billion for recurrent programmes. Expenditure on development programmes accounted for 58.71 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 94.74 per cent of the annual recurrent expenditure budget.

Figure 3.199 provides a detailed breakdown of total expenditure.

Figure 3.199: Nyamira County Composition of Expenditure in FY 2025/26



*S**ource:** Nyamira County Treasury*

As shown in Figure 3.199, the three highest expenditure categories were Personnel emoluments, Development expenditure, and Domestic and Foreign travel, contributing 60.25, 33.11 and 5.58 per cent of total expenditure for the reporting period.

3.34.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.10 billion in employee compensation, Kshs.1.29 billion in operations and maintenance, and Kshs.1.89 billion in development activities. Similarly, the County Assembly spent Kshs.403.17 million on employee compensation, Kshs.286.24 million on operations and maintenance, and Kshs.32.68 million on development activities, as shown in Table 3.516.

Table 3.516: Nyamira County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs)	Exchequer Issues (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive						
Recurrent	**4,675,893,205**	**4,356,818,379**	**4,375,209,707**	**18,404,499**	**4,393,614,206**	**93.96**
Compensation to Employees	2,982,050,590	3,031,843,997	3,102,455,928		3,102,455,928	104.04
Operations & Maintenance	1,693,842,615	1,324,974,382	1,272,753,779	18,404,499	1,291,158,278	76.23
Development	3,048,990,777	1,360,016,478	1,618,366,019	**275,181,464**	1,893,547,483	62.10
Executive Sub-total	**7,724,883,982**	**5,716,834,857**	**5,993,575,726**	**293,585,963**	**6,287,161,689**	**81.39**
County Assembly		-				
Recurrent	**689,414,409**	**689,414,409**	**689,414,409**	**-**	**689,414,409**	**100.00**
Compensation to Employees	419,033,364	403,169,564	403,169,564		403,169,564	96.21

Sector / Category	Budget (Kshs)	Exchequer Issues (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
Operations & Maintenance	270,381,045	286,244,845	286,244,845		286,244,845	105.87
Development	**232,000,000**	**32,681,531**	**32,681,531**		**32,681,531**	**14.09**
Assembly Sub-total	**921,414,409**	**722,095,940**	**722,095,940**	**-**	**722,095,940**	**78.37**
Combined County Totals						
Total Recurrent	**5,365,307,614**	**5,046,232,788**	**5,064,624,116**	**18,404,499**	**5,083,028,615**	**94.74**
Compensation to Employees	3,401,083,954	3,435,013,561	3,505,625,492	-	3,505,625,492	103.07
Operations & Maintenance	1,964,223,660	1,611,219,227	1,558,998,624	18,404,499	1,577,403,123	80.31
Total Development	**3,280,990,777**	**1,392,698,009**	**1,651,047,550**	**275,181,464**	**1,926,229,014**	**58.71**
Grand Total	**8,646,298,391**	**6,438,930,797**	**6,715,671,666**	**293,585,963**	**7,009,257,629**	**81.07**

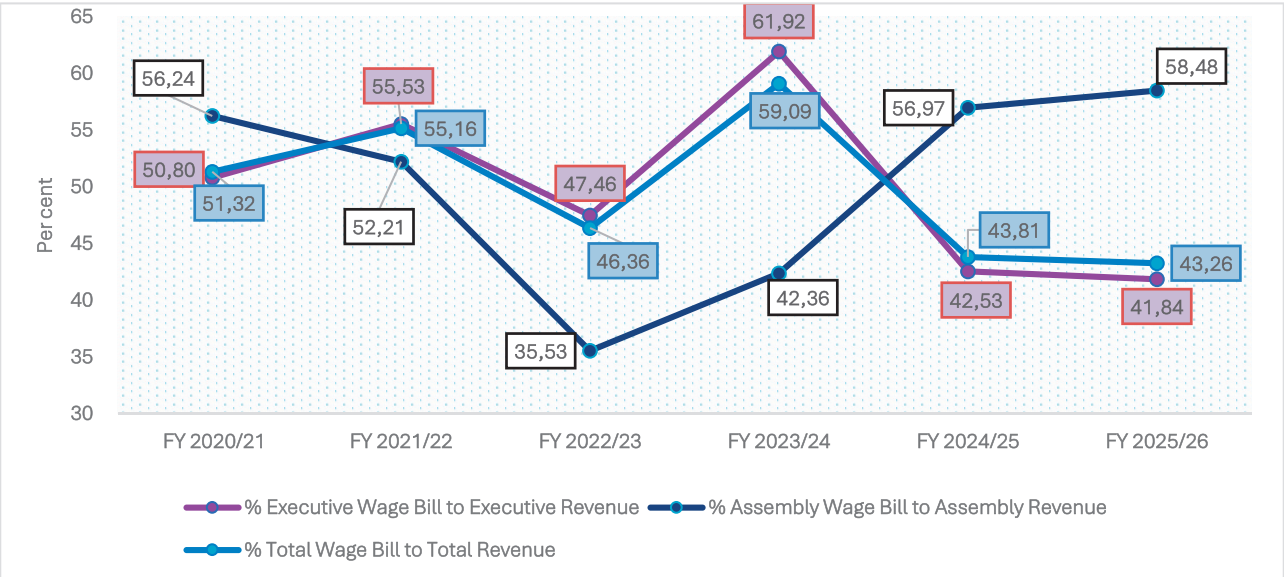
Source: *Nyamira County Treasury*

3.34.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.51 billion, representing 43.26 per cent of revenue. This expenditure on employee compensation shows an increase of 1.50 per cent compared to the Kshs.3.45 billion reported in FY 2024/25. Of this total, Kshs.1.45 billion related to Health Sector employees, accounting for 41.29 per cent of the overall employees' compensation.

Figure 3.200 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.200: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Nyamira County Treasury*

Further analysis indicated that PE costs totalling Kshs.3.44 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.70.61 million was processed through manual payrolls, which accounted for 2.01 per cent of the total PE cost. The justification for the continued use of manual payroll was that the employees of Nyamira Water and Sanitation Company had not been onboarded on the Human Resource Information System (HRIS).

The manual payroll comprised salaries for 44 staff not onboarded into the Human Resource Information System (HRIS), salaries for 25 casual staff, and stipends for Community Health Promoters (CHPs), as shown in Table 3.517.

Table 3.517: Analysis of Nyamira County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for staff paid outside the Human Resource Information System (HRIS)	36,816,107		36,816,107
Salaries for casual staff	13,110,824		13,110,824
Community Health Promoters	20,685,000		20,685,000
Total	**70,611,931**	**-**	**70,611,931**

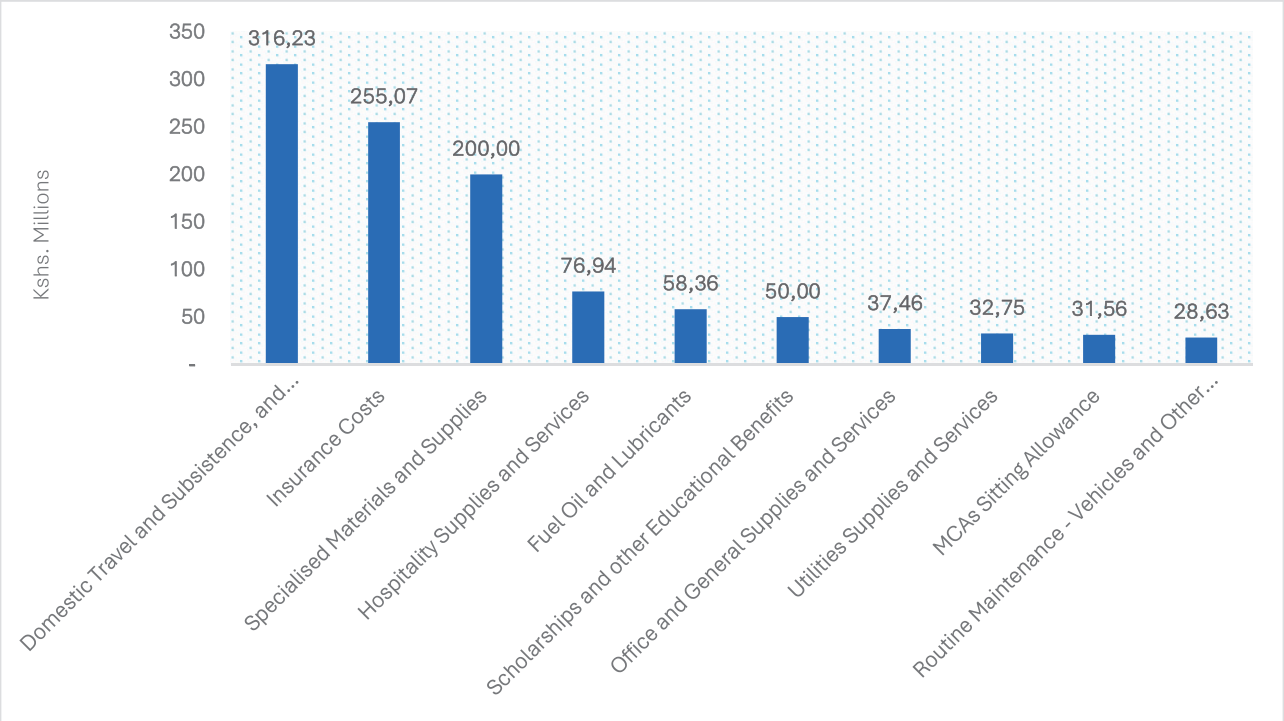
Source: *Nyamira County Treasury*

The County Assembly spent Kshs.31.56 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.73,050 per MCA. The County Assembly has 20 House Committees.

3.34.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.58 billion on operations and maintenance, representing a 37.07 per cent increase over FY 2024/25, when the County spent Kshs.1.15 billion. Figure 3.201 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.201: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyamira County Treasury*

3.34.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.228.79 million on "other operating expenses - other," which included expenditure in both recurrent and development categories. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.518.

Table 3.518: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs.Million)	Expenditure (Kshs.Million)
2211399	Pending bills(recurrent)	44.00	45.68
2211399	Fringe benefit (County Assembly)	3.20	3.20

Code	Item	Budget (Kshs.Million)	Expenditure (Kshs.Million)
2211399	Pending bills (Development)	261.57	179.91
	TOTAL	**308.77**	**228.79**

Source: *Nyamira County Treasury*

3.34.11 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.55.00 million to County-Established funds in FY 2025/26, representing 0.64 per cent of the County's overall budget. Of this amount, the County allocated Kshs.10.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.12 per cent of the total budget. Table 3.519 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.519: Performance of Nyamira County Established Funds in FY 2025/26

S/ No	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
County Executive Established Funds							
1.	Emergency Fund	2019	10,000,000	0	0	146,000,000	No
2.	Education Support Fund	2016	30,000,000	29,997,010	29,997,010	689,912,523	Yes
3.	Car Loan & Mortgage Fund	2015	15,000,000	0	0	152,500,000	No
County Assembly Established Funds							
4.	Car and Mortgage Fund (Assembly)	2017	0	0	0	431,000,000	No
	Total		**55,000,000**	**29,997,010**	**29,997,010**	**1,408,795,513**	

Source: *Nyamira County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from three Fund Administrators, namely Emergency Fund, Executive Car Loan & Mortgage Fund and County Assembly Car and Mortgage Fund, as indicated in Table 3.86, 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 2025/26, the CoB determined that the Car Loan and Mortgage Fund lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.34.12 County Corporations, Municipalities and Agencies

The County has two county corporations, two municipalities, and no agencies, which were allocated Kshs.295.64 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.170.42 million, as shown in Table 3.520.

Table 3.520: Performance of Nyamira County Corporations, Municipalities and Agencies in FY 2025/26

S/ No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Nyamira Water and Sanitation Company	60,501,185	60,501,185	60,501,185	92,008,132

S/ No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
2	Nyamira Investment Corporation	5,498,185	3,878,185	3,878,185	7,478,011
Gazetted Municipalities					
1	Nyamira Municipality	181,079,431	85,461,455	85,461,455	136,811,847
2	Keroka Municipality	48,559,379	20,581,535	20,581,535	29,309,238
	Total	**295,638,180**	**170,422,360**	**170,422,360**	**265,607,228**

Source: *Nyamira County Treasury*

3.34.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.316.23 million and comprised Kshs.95.74 million spent by the County Assembly and Kshs.220.49 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.62 million and was incurred by the County Assembly. Expenditure on foreign travel is summarised in Table 3.521.

Table 3.521: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (Kshs.)
County Assembly	2	4th To 6th August 2025	National Conference of State Legislatures, Boston, Massachusetts	USA	1,521,960
County Assembly	4	28th November to 5th December 2025	African Local Authorities Exchange Mission	South Africa	1,192,872
County Assembly	19	18th December to 22nd December 2025	East African Local Government Forum Meeting	Rwanda	4,176,112
County Assembly	29	26th February 2026 to 2nd March 2026	Refresher course for House Business Committee and Rules and Procedure Committee	Tanzania	11,729,056
Total					**18,620,000**

Source: *Nyamira County Assembly*

3.34.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.483.35 million as FIF, which was 74 per cent of the annual target of Kshs.650.00 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 2025. The expenditure by the health facilities amounted to Kshs.483.26 million, as shown in Table 3.522.

Table 3.522: Nyamira County Health Facilities Expenditure Performance in FY 2025/26

Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
Level 5 Hospital	1	330,000,000	274,236,871	83.10
Level 4 Hospital	8	219,500,000	121,267,208	55.25
Level 3 Facility	71	70,000,000	63,006,615	90.01
Level 2 Facility	38	30,500,000	24,753,237	81.16
Total	**118**	**650,000,000**	**483,263,931**	**74.35**

Source: *Nyamira County Treasury*

3.34.15 Development Expenditure

In the review period, the County reported spending Kshs.1.93 billion on development programmes, representing an increase of 83.07 per cent compared to FY 2024/25, when the County spent Kshs.1.05 billion. Table 3.523 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to accrued expenditure in the report, in contrast to the previous year, when reporting was on a cash basis.

Table 3.523: Nyamira County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Percentage (%) of Completion
County Funded Projects						
1	Lands, Physical Planning, Housing and Urban Development	Consultancy services on the preparation of the Nyamira County Valuation rolls	county wide	44,000,000	17,400,000	4
2	Environment, Water, Energy & Natural Resources	Construction of water tank & distribution of water from the Ribariri water project, Magwagwa ward	Magwagwa	4,979,053	4,979,053	100
3	Environment, Water, Energy & Natural Resources	Protection of water springs in Itibo Ward	Itibo	4,944,823	4,944,823	100
4	Environment, Water, Energy & Natural Resources	Supply, delivery, installation & commissioning of solar-powered streetlights within Nyamira municipality	Township	4,358,600	4,358,600	100
5	Medical Services	Construction and completion of an outpatient block at Nyangoso health facility	Township	4,221,850	4,221,850	100
6	Transport & Public Works	Maintenance of Gekano Primary School junction, St. Thomas Gekano-St. Paul's Gekano High School signpost-Riogeto junction. Road	Magombo	4,008,780	4,008,780	100
7	Education & Vocational Training	Construction & completion of 2 NO. ECDE Classrooms, Furniture and Pit Latrine at Kibiraa Primary School	Bomwagamo	3,999,500	3,999,500	100
8	Education & Vocational Training	Construction & completion of 2 NO. ECDE Classrooms at Nyaronde Primary School	Nyansiongo	3,499,670	3,499,670	100
9	Environment, Water, Energy & Natural Resources	Rehabilitation of Rirumi Nyageita water project in Bonyamatuta ward	Bonyamatuta	3,199,709	3,199,709	100
10	Education & Vocational Training	Construction & completion of 2-door pit latrine and installation of 5,000 L water tank at Kiomoso Primary School	Gachuba	3,199,690	3,199,690	100
Donor Funded Projects						
1	Lands, Physical Planning, Housing and Urban Development S	Kenya informal settlement project-Keroka	Keroka Municipality	160,123,322	122,890,473	77
2	Environment, Water, Energy & Natural Resources	County Climate Institutional Support (CCIS)-World Bank	HQ	212,210,133	71,055,736	33

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Percentage (%) of Completion
3	Public Service Management	Kenya Devolution Support Program II	HQ	372,500,000	20,000,000	5
4	Crop Development	National Agricultural Value Chain Development Project	County wide	302,168,919	40,000,000	13

***Source**: Nyamira County Treasury*

The County Treasury did not provide the commencement and expected completion dates.

The County reported one stalled development project as of 30 June 2026, with an estimated value of Kshs.34.38 million, of which Kshs.26.62 million has already been paid.

The stalled project was the County Assembly Speaker's Residence in Bonyamatuta Ward, which was started in February 2023. It was estimated at Kshs.34.38 million, with Kshs.26.65 million paid as of 30 June 2026, and reported at 77 per cent completion. There was no budget allocation to complete the Speaker's residence, and the County Assembly needs to allocate funds to complete the project.

3.34.16 Budget Performance by Department

Table 3.524 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.524: Nyamira County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	689.41	232.00	689.41	32.68	689.41	32.68	100.00	100.00	100.00	14.09
County Executive	444.95		354.71		369.32		104.12	0.00	83.00	0.00
Finance and Accounting services	187.49	261.57	172.14	112.00	168.31	179.91	97.78	160.63	89.77	68.78
Crop Development	60.53	317.67	60.27	307.65	59.97	310.58	99.50	100.95	99.07	97.77
Environment, Water, Energy & Natural Resources	72.58	248.71	72.58	194.71	64.50	170.70	88.87	87.67	88.87	68.64
Education & Vocational Training	470.27	108.90	462.72	31.18	462.72	73.12	100.00	234.51	98.40	67.14
Medical Services	926.62	419.30	876.50	7.98	857.06	14.00	97.78	175.54	92.49	3.34
Land, Physical Planning, Housing and Urban Development	92.43	291.02	83.67	235.91	89.67	237.64	107.17	100.73	97.01	81.66

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
Water, Sanitation and Irrigation	44.23	88.70	43.49		41.52	68.60	95.47	0.00	93.89	77.34
Roads, Transport & Public Works	107.96	435.72	106.72	248.60	106.72	354.05	100.00	142.42	98.85	81.26
Trade, Tourism and Co-operatives Development	45.35	256.20	43.40	160.64	43.40	233.14	100.00	145.13	95.70	91.00
Youth, Gender, Culture and Social Services	79.79	26.80	76.13		76.78	26.21	100.86	0.00	96.23	97.79
CPSB	57.30		52.99	22.93	52.99		100.00	0.00	92.48	0.00
Public Service Management	508.09	372.50	480.11	20.00	486.81	90.50	101.40	452.52	95.81	24.30
Nyamira Municipality	86.78	94.30	61.48	23.98	61.78	33.98	100.49	141.70	71.19	36.04
County Attorney	24.45		24.40		21.38		87.62	0.00	87.46	0.00
Economic Planning, Resources Mobilisation and ICT	178.55	20.00	139.69		175.13	15.00	125.36	0.00	98.08	74.99
Livestock and Fisheries Services	102.92	16.50	102.92		102.92	15.92	100.00	0.00	100.00	96.47
Primary Healthcare	1,102.07	41.10	1,081.34	24.85	1,061.34	24.85	98.15	100.00	96.30	60.45
Keroka municipality	28.56	20.00	20.58	-	20.58	15.35	100.00	0.00	72.07	76.77
Nyamira Revenue Board	14.00		12.94		12.94		100.00	0.00	92.42	0.00
Nyamira disability board	5.00		5.00		5.00		100.00	0.00	100.00	0.00
Nyamira Investment Company	5.50		3.88		3.88		100.00	0.00	70.54	0.00
Nyamira Water and Sanitation Company	30.50	30.00	19.14	30.00	30.50	30.00	159.34	100.00	100.00	100.00
Total	**5,365.31**	**3,280.99**	**5,046.23**	**1,453.10**	**5,064.63**	**1,926.23**	**100.36**	**132.56**	**94.40**	**58.71**

Source: *Nyamira County Treasury*

Analysis of expenditure by departments shows that the Department of Youth, Gender, Culture and Social Services recorded the highest absorption rate of development budget at 97.79 per cent, followed by the Department of Crop Development at 97.77 per cent. The Department of Livestock and Fisheries Services had the highest percentage of recurrent expenditure to budget at 100.00 per cent, while Keroka Municipality had the lowest at 72.07 per cent.

3.34.17 Budget Execution by Programmes and Sub-Programmes

Table 3.525 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.525: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Department	Program	Sub-Program	Gross Approved Estimates FY2025/26 (Kshs)	Expenditure Incurred FY 2025/26 (Kshs)	Absorption Rate (%)
Development					
Department of Trade, Tourism and Co-operatives Development	Trade, Cooperative & Investment	Trade promotion	246,200,000	230,640,455	93.68
Department of Roads, Transport & Public Works	Roads Development & Management	Construction of roads and bridges	435,716,791	354,051,619	81.26
Department of Environment, Water, Energy & Natural Resources	Environmental Protection	Agroforestry promotion	212,210,133	134,204,919	63.24
Nyamira Municipality	Infrastructural development and fire safety	Infrastructural development and fire safety	94,295,838	33,979,571	36.04
Department of Trade, Tourism and Co-operatives Development	Trade, Cooperative & Investment	Cooperative promotion	10,000,000	2,500,000	25.00
Recurrent					
County Assembly	General Administration and Support Services	General administration and support services	289,137,837	289,137,837	100.00
County Assembly	General Administration and Support Services	Policy planning and Support services	49,586,722	49,586,722	100.00
Department of Trade, Tourism and Co-operatives Development	Trade, Cooperative & Investment	Trade promotion	4,000,000	4,000,000	100.00
Nyamira Investment Corporation	General administration and support services	General administration and support services	2,498,185	2,498,185	100.00
Department of Roads, Transport & Public Works	Roads Development & Management	Construction of roads and bridges	26,800,000	26,214,329	97.81

Source: *Nyamira County Treasury*

The development sub-programmes with the highest budget implementation rates were Trade promotion in the Department of Trade, Tourism and Co-operatives Development at 93.68 per cent, construction of roads and bridges in the Department of Roads, Transport & Public Works at 81.26 per cent, and Agroforestry promotion in the Department of Environment, Water, Energy & Natural Resources at 63.24 per cent.

For recurrent sub-programmes, the top performers included: General administration support services and Policy planning and Support services in the Department of County Assembly at 100.00 per cent, Trade promotion in the Department of Trade, Tourism and Co-operatives Development at 100.00 per cent, and General administration support services in the Department of Nyamira Investment Corporation at 100 per cent.

The higher performance of these programmes was attributed to the timely availability of funds for programme implementation.

Table 3.526 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.526: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Department	Program	Sub-Program	Gross Approved Estimates FY2025/26	Expenditure Incurred FY 2025/26	Absorption Rate
Development					
Department of Trade, Tourism and Co-operatives Development	Trade, Cooperative & Investment	Cooperative promotion	10,000,000	2,500,000	25.00
Department of Public Service Management	Community development and special funding	Community development and special funding	372,500,000	90,503,589	24.30
County Assembly	General Administration and Support Services	Infrastructure Development	232,000,000	32,681,531	14.09
Department of Medical Services	Health products &Technologies	Medical services	419,302,600	14,000,000	3.34
Department of Environment, Water, Energy & Natural Resources	Environmental Protection	Pollution and waste management	2,000,000	0	0
Recurrent					
Department of Crop Development	Livestock Development & Promotion	Animal Health, Disease and Management	1,000,000	455,000	45.50
Department of Crop Development	General administration and support services	Policy and planning	2,215,000	981,100	44.29
Department of Environment, Water, Energy & Natural Resources	Environmental Protection	Pollution and waste management	10,000,000	3,014,923	30.15
Nyamira Municipality	Infrastructural development and fire safety	Infrastructural development and fire safety	35,500,000	10,498,291	29.57
Department of Roads, Transport & Public Works	Roads Development & Management	Infrastructural development and fire safety	500,000	136,000	27.20

***Source**: Nyamira County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Medical services in the Department of Medical Services at 3.34 per cent, Infrastructure Development in the County Assembly at 14.09 per cent, and community development and special funding in the Department of Public Service Management at 24.30 per cent. However, the pollution and waste management sub-programme did not spend its budget.

For recurrent sub-programmes, the poorest performers included: Infrastructural development and fire safety in the Department of Roads, Transport & Public Works at 27.20 per cent, Infrastructural development and fire safety in Nyamira Municipality at 29.57 per cent, and Pollution and waste management in the Department of Environment, Water, Energy & Natural Resources at 30.15 per cent.

These lower performances were attributed to poor planning by the departments responsible for implementing the sub-programmes.

3.34.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.711.42 million. This amount consisted of Kshs.689.42 million from the County Executive and Kshs.22.00 million from the County Assembly. The trade payables from the County Executive comprised Kshs.350.01 million for recurrent expenditure and Kshs.339.41 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.331.74 million, comprising Kshs.82.04 million (24.73 per cent) for recurrent programmes and Kshs.249.70 million (75.27per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.22.00 million (100.00 per cent) for development activities. The outstanding trade payables as of 30

June 2026 were Kshs.357.68 million for the County Executive. Table 3.527 provides additional details of trade payables.

Table 3.527: Nyamira County Trade Payables as of 30 June 2026

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	339,408,444	350,009,822	689,418,266
	County Assembly	22,000,000		22,000,000
	Total	**361,408,444**	**350,009,822**	**711,418,266**
Amount paid in FY 2025/26	County Executive	249,699,519	82,040,889	331,740,409
	County Assembly	22,000,000		22,000,000
	Total	**271,699,519**	**82,040,889**	**353,740,409**
Trade Payables Incurred in FY 2025/26	County Executive	-		-
	County Assembly	-		-
	Total	**-**	**-**	**-**
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	89,708,925	267,968,933	357,677,857
	County Assembly	-	-	-
	Total	**89,708,925**	**267,968,933**	**357,677,857**

Source: *Nyamira County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.361.41 million and Kshs.350.01 million on development and recurrent expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.331.74 million for the Executive and Kshs.22.00 million for the Assembly. In addition, the County did not provide details of payables incurred in FY2025/2026.

Table 3.527 and Table 3.528 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.443.91 million.

Table 3.528: Nyamira County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables		30,022,727	24,706,814	34,979,384	89,708,925
Recurrent Trade Payables (Goods & Services)		64,376,328	108,256,924	58,504,626	231,137,879
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)		36,831,054			36,831,054
Recurrent Trade Payables (Staff Claims)					-
Total Recurrent Trade Payables	-	101,207,383	108,256,924	58,504,626	267,968,933
Total Trade Payables	-	131,230,109	132,963,738	93,484,011	357,677,857
% of Total	**0**	**36.69**	**37.17**	**26.14**	**100.00**

Source: *Nyamira County Treasury*

Additionally, the table indicates that 100.00 per cent of total trade payables are aged between one and over three years, a trend attributed to a lack of commitment to settle trade payables. To address this situation, the county should prepare and adhere strictly to a trade payables payment plan. The County should also ensure that the payable is settled on a first-in, first-out (FIFO) basis using the trade payables action plan.

3.34.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 179 accounts across CBK and commercial banks, of which 19 were held at the CBK and 157 at commercial banks. Of those at the commercial banks, 17 were for donor commercial operational accounts, 3 for salary accounts, 3 for revenue collection accounts, 4 for special operations accounts, including County-established funds, 118 for health facilities operations accounts, 1 for water and sewerage companies operations accounts, and 33 for Vocational Training Centres,

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.34.20 Key Observations and Recommendations

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

i. The County realised only 11.28 per cent of the budgeted KISIP II and 49.77 per cent of KDSP II allocations, while RMFL, KABDP, KDSP I and DANIDA 2 & 3 received no funds in FY 2025/26. This constrained implementation of programmes financed through the additional allocations.

ii. The underperformance of own-source revenue at Kshs.613.01 million against an annual target of Kshs.868.71 million, representing 70.57 per cent of the financial year target.

iii. The County is highly reliant on Facility Improvement Financing (FIF), which accounts for 78.85 per cent of locally raised revenue, exposing the County to a significant revenue concentration risk and raising concerns about the sustainability of its own-source revenue base.

iv. Low development performance in the review period as the County incurred Kshs.1.93 billion on development activities, achieving a 58.71 per cent absorption rate.

v. 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 2026, the lifespan of the Education Support Fund and the Car Loan & Mortgage Fund had lapsed, making them ineligible for further withdrawals.

vi. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which contravened the requirements of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Education Support Fund, Car Loan & Mortgage Fund (Executive)and Car and Mortgage Fund (Assembly) were not submitted to the CoB as of 15 July 2026.

vii. 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.

viii. The County reported absorption below 25 per cent in some development programmes prioritised through the budget process, including Trade, Cooperative & Investment, community development and special funding, General Administration and Support Services, Health products &Technologies, and Environmental Protection. This may result in the failure to deliver planned services, unmet public needs, and a loss of value from the budget resources allocated to these programmes.

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

i. *The National Treasury should ensure timely and full disbursement of approved additional allocations to counties in accordance with the gazetted cash disbursement schedules and the County Governments Additional Allocations Act. The National Treasury should also monitor and report on*

actual transfers to facilitate the effective implementation of programmes funded by these allocations.

ii. *The County Treasury should diversify and strengthen its own-source revenue base by enhancing collection from other revenue streams and reducing overreliance on Facility Improvement Financing (FIF).*

iii. *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.*

iv. *The County should implement strategies to increase development expenditures in FY 2025/26.*

v. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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.*

vi. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

vii. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

viii. *The County should ensure that all approved programmes are adequately funded to prevent non-implementation and failure to achieve the intended service-delivery outcomes.*

3.35. County Government of Nyandarua

3.35.1 Overview of FY 2025/26 Budget

The Nyandarua County approved supplementary budget for FY 2025/26 was Kshs.9.70 billion. It comprised Kshs.3.56 billion (36.75 per cent) and Kshs.6.13 billion (63.25 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.918.49 million (10.46 per cent) from FY 2024/25 budget, which comprised development budget of Kshs.3.17 billion and recurrent budget of Kshs.5.61 billion. The increase in the budget was primarily attributed to higher conditional allocations of Kshs.842.24 million.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.6.66 billion (68.70 per cent), additional allocations of Kshs.1.85 billion (19.04 per cent), a cash balance brought forward from FY 24/25 of Kshs.150.08 million (1.55 per cent) and Kshs.1.04 billion (10.71 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.529.

3.35.2 Revenue Performance

During the year, the County reported total receipts of Kshs.8.49 billion. This amount represented an increase 6.98 per cent compared to the amount received in FY 2024/25 of Kshs.7.94 billion. The total revenue consisted of Kshs.6.66 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.942.76 million, and own-source revenue (OSR) collection of Kshs.738.55 million. Additionally, the County had cash balance of Kshs.150.08 million from FY 2024/25. The total OSR collection of Kshs.738.55 million included Facilities Improvement Financing (FIF) of Kshs.466.31 million, and Kshs.272.24 million from other OSR sources. Table 3.529 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.529: Nyandarua County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D = B + C	F = D/A * 100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	150,085,548	150,085,548	-	150,085,548	100
	Sub-Total	**150,085,548**	**150,085,548**	**-**	**150,085,548**	100
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,662,675,631	6,662,675,631		6,662,675,631	100
	Sub-Total	**6,662,675,631**	**6,662,675,631**	**-**	**6,662,675,631**	100
C	**Additional Allocations (Including Grants)**					
1	Supplement for Construction of County Headquarters	120,000,000	-	-	-	-
2	County Aggregation and Industrial Parks (CAIPS) Programme	250,000,000	250,000,000	-	250,000,000	100
3	Fertiliser Subsidy Programme	121,620,000	-	-	-	-
4	Livestock Value Chains Support Project	135,210,000	-	-	-	-
5	Road Maintenance Levy Fund FY 2024-25	78,019,732	78,019,732	-	78,019,732	100
6	Community Health Promoters Project	41,610,000	-	-	-	-
7	Doctors Salary arrears	16,043,981	-	-	-	-
8	Allocation of House Levy Fund - CRUAHC	1,987,622	1,987,622	-	1,987,622	100
9	IDA (World Bank) - National Agriculture Value Chain Development Project (NAVCDP)	231,250,000	231,068,804	-	231,068,804	100
10	Sweden- Kenya Agricultural Business Development Project (KABDP)	10,920,000	-	-	-	-
11	DANIDA - Primary Health Care in a Devolved Context	7,854,000	7,854,000	-	7,854,000	100
12	World Bank -Kenya Informal Settlement Improvement Project-KISIP II	60,000,000	30,000,000	-	30,000,000	50
13	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Resilience Investment Grant Bal b/f FY 2024-25	92,758,395	-	-	-	-
14	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Resilience Investment Grant	104,000,000	99,114,108	-	99,114,108	95
15	Kenya Devolution Support Programme Level 1- FY 2021-22	83,211,329	-	-	-	-
16	Kenya Development Support Program Phase 2- Level 1 Grant	72,909,500	-	-	-	-
17	Kenya Devolution Support Programme Phase 2- Level 2-Development	352,500,000	179,597,475	-	179,597,475	51

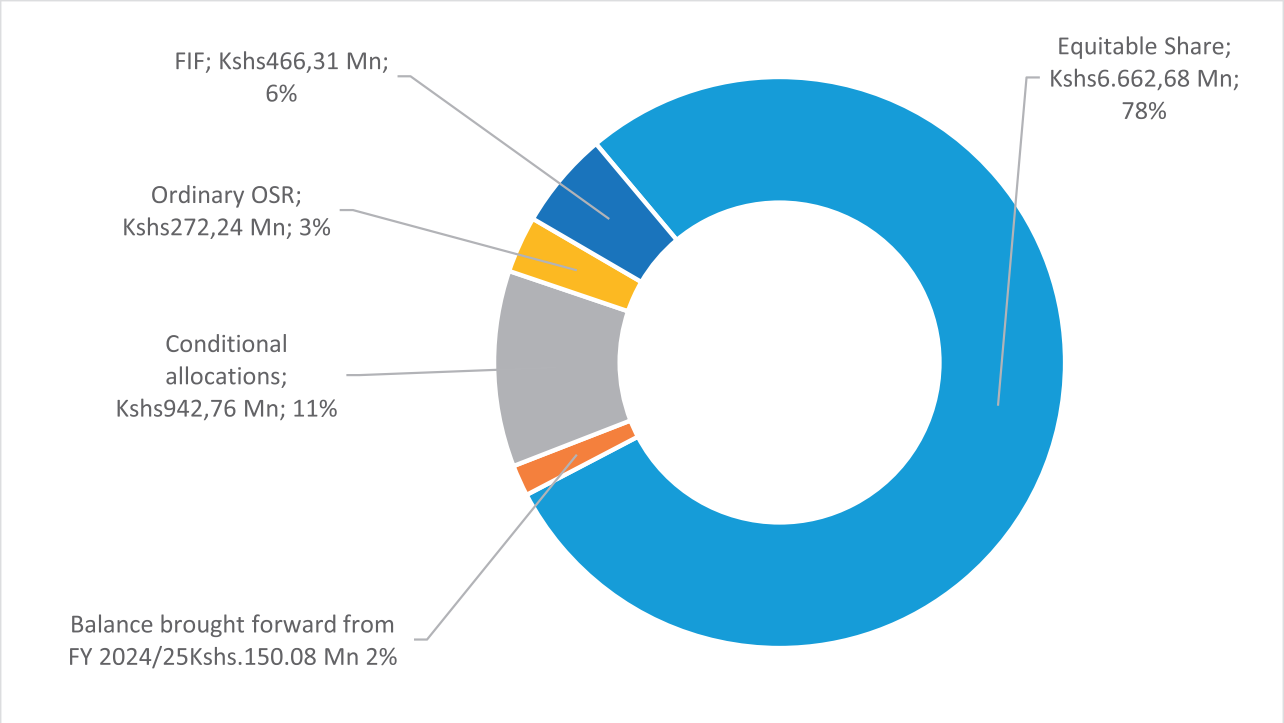
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D = B + C	F = D/A * 100
18	IDA (World Bank Credit) Kenya Urban Support Project (KUSP)-Urban Institutional Grant (UIG)	28,000,000	26,000,000	-	26,000,000	93
19	IDA (World Bank Credit) Kenya Urban Support Project (KUSP) II-Urban Development Grant (UDG)	39,120,562	39,120,562	-	39,120,562	100
	Sub-Total	**1,847,015,121**	**942,762,303**	**-**	942,762,303	51
D	**Ordinary Own Source Revenue (OSR)**					
1	Single business permits	142,000,000	104,106,471	-	104,106,471	
2	Produce cess	44,174,998	44,174,998	-	44,174,998	
3	Liquor licensing fees	60,000,000	38,495,260	-	38,495,260	64.16
4	Building approvals	31,000,000	13,186,358	-	13,186,358	42.54
5	Land rates	25,000,000	9,364,971	-	9,364,971	37.46
6	Open-air market fees	11,400,000	6,934,905	-	6,934,905	60.83
7	AI Services	4,510,000	6,383,425	-	6,383,425	141.54
8	Others	356,915,002	49,590,421		49,590,421	13.89
9	**Sub-Total**	**675,000,000**	**272,236,809**	**-**	**272,236,809**	**40.33**
E	**Facility Improvement Financing (FIF)**					
1	SHIF	363,477,207	466,314,451		466,314,451	128.29
	Sub-Total	**363,477,207**	**466,314,451**	**-**	**466,314,451**	128 .29
	Grand Total	**9,698,253,507**	**8,494,074,742**	**-**	**8,494,074,742**	**87.58**

Source: *Nyandarua County Treasury*

The ordinary OSR of Kshs.272.24 million collected in FY 2025/26 represented 40.33 per cent of the annual target of Kshs.675.00 million. The FIF collections, on the other hand, for the same period amounted to Kshs.466.31 million, representing 128.29 per cent of the annual target of Kshs.363.48 million, therefore taking a larger portion of the total OSR. The improved FIF performance is attributed to the settlement of hospital claims.

The County Government has developed the Nyandarua County Facility Financing Bill of 2025 to operationalise the Facilities Improvement Financing Act, 2023. However, the Nyandarua FIF Regulations are still at the County Assembly pending approval and enactment. Figure 3.202 provides a detailed breakdown of receipts.

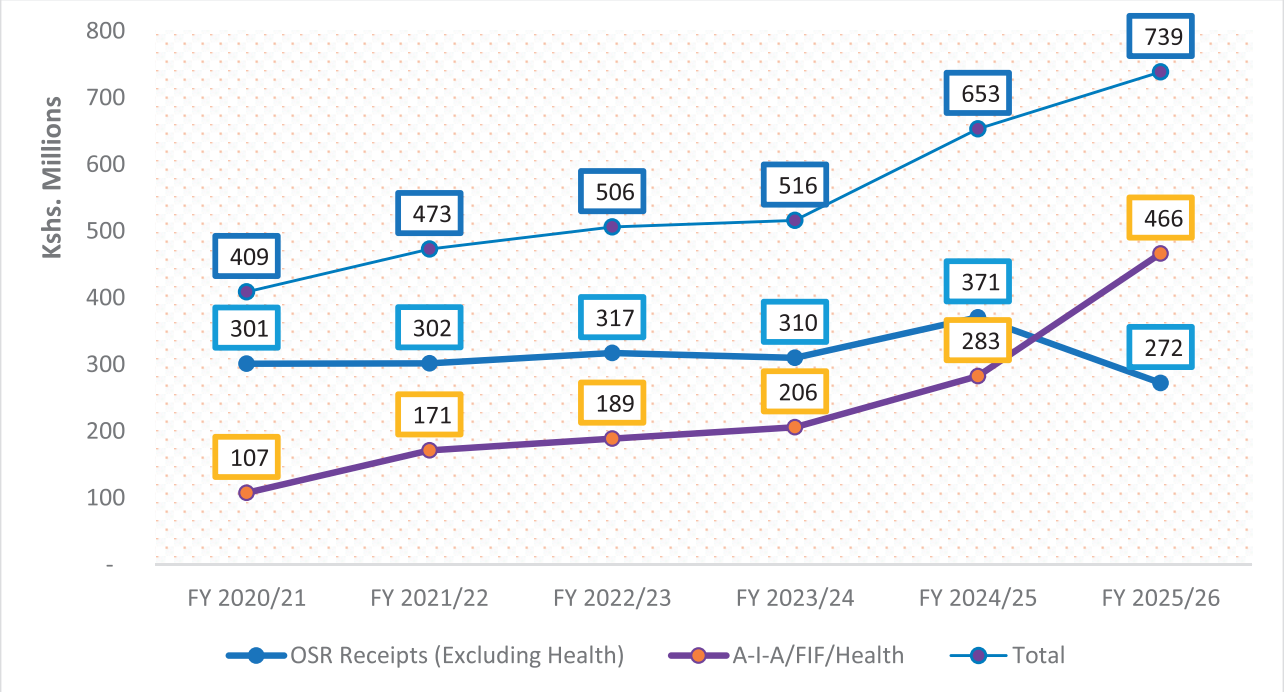
Figure 3.202: Nyandarua County Composition of Revenue in FY 2025/26



Source: *Nyandarua County Treasury*

The equitable share of revenue raised nationally, Conditional allocations and FIF contributed 78.44 per cent, 11.10 per cent and 5.49 per cent, respectively, of the total receipts for the reporting period. Figure 3.203 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

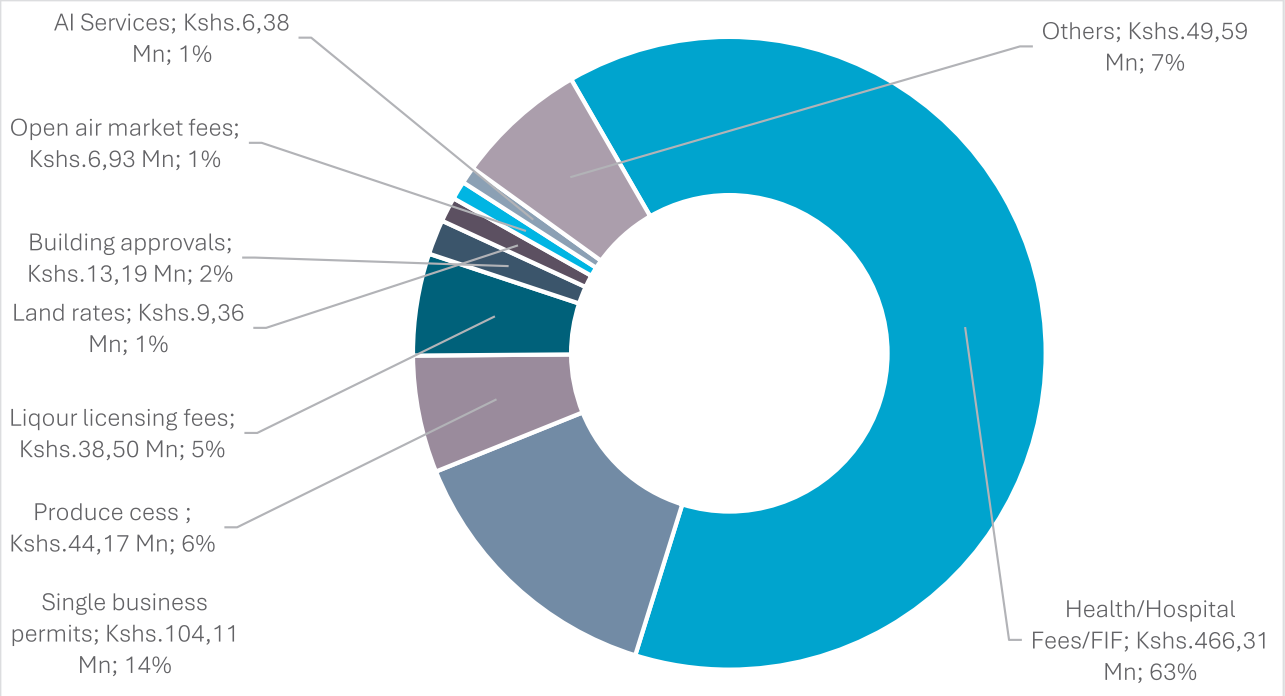
Figure 3.203: Nyandarua County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Nyandarua County Treasury*

During the year, the County received Kshs.738.55 million from OSR, including FIF. This amount was an increase of 13.17 per cent compared to Kshs.653 million realised in FY 2024/25 and was 71.12 per cent of the annual target and 11.08 per cent of the equitable revenue share disbursed. The ordinary OSR decreased from Kshs.370.71 million reported in FY 2024/25 to Kshs.272.24 million in FY 2025/26, while FIF increased from Kshs.282.53 million in FY 2024/25 to Kshs.466.31 million in FY 2025/26. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.204.

Figure 3.204: Nyandarua County Top Own Source Revenue Streams in FY 2025/26



***Source**: Nyandarua County Treasury*

As shown in Figure 3.204, the largest revenue stream, at Kshs.466.31 million, was FIF, accounting for 63.14 per cent of total OSR receipts. The County Government indicated that it has automated 75 revenue streams but has reported longer downtime with the current system.

3.35.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.523.32 million, which decreased to Kshs.336.82 million as of 30 June 2026. The County currently tracks its revenue arrears using a manual system with a cash-basis option. Table 3.530 presents a breakdown of the County's revenue arrears.

Table 3.530: Nyandarua County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 June, 2026 (Kshs.)
			Waivers (Kshs.)	Revenue Arrears paid in the financial year (Kshs.)	Revenue Arrears earned in FY 2025/26 (Kshs.)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Plot rate	177,408,893	-	437,970	-	176,970,923
2	Land rate	31,081,414	-	1,935,534	-	29,145,880
3	Kiosk / Ground rent	4,795,411	-	136,580	-	4,658,831
4	House rent	6,970,691	-	231,860	-	6,738,831
5	Market Stall rent	7,892,540	-	686,150	-	7,206,390
	Sub-Total	**228,148,949**		**3,428,094**		**224,720,855**

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 June, 2026 (Kshs.)
			Waivers (Kshs.)	Revenue Arrears paid in the financial year (Kshs.)	Revenue Arrears earned in FY 2025/26 (Kshs.)	
		a	b	c	d	f=a-b-c+d
B	**Facility Improvement Financing (FIF)**	**177,408,893**	**-**	**-**	**-**	**-**
1	SHIF	295,167,215	-	183,072,239	-	112,094,976
	Sub-Total	**295,167,215**		**183,072,239**		**112,094,976**
	Grand Total	**523,316,164**		**186,500,333**		**336,815,831**

Source: Nyandarua *County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.336.82 million, comprising Kshs.112.09 million (33.28 per cent) for SHIF and Kshs.176.97 million (66.72 per cent) for ordinary sources of revenue.

3.35.4 Borrowing by the County

The County Treasury and County Assembly have an MoU with Tower Sacco and Equity Bank, respectively, for the payment of salaries whenever there are delays in the disbursement of the equitable share. A summary of borrowing by the County is shown below:

Table 3.531: Summary of Borrowings by Nyandarua County Government as of 30 June 2026

Lender	Purpose	Assembly Approval (Yes/No)	Opening Balance as of 1 July 2025 (Kshs.million) (a)	Additions (Kshs.million) (b)	Repayments (Kshs.million) (c)	Closing Balance as of 30 June 2026 (Kshs.million) (d=a+b-c)	Status / Risk
County Executive							
Tower Sacco	June 2025 Netpay	Yes	80.39	-	80.39	-	Cleared
Tower Sacco	July 025 Netpay	Yes	-	79.06	79.06	-	Cleared
Tower Sacco	August 2025 Netpay	Yes	-	82.78	82.78	-	Cleared
Tower Sacco	September 2025 Netpay	Yes	-	76.55	76.55	-	Cleared
Tower Sacco	November 2025 Netpay	Yes	-	96.43	96.43	-	Cleared
Tower Sacco	December 2025 Netpay	Yes	-	82.85	82.85	-	Cleared
Tower Sacco	January 2026 Netpay	Yes	-	79.80	79.80	-	Cleared
Tower Sacco	February 2026 Net pay	Yes	-	84.86	84.86	-	Cleared
Tower Sacco	March 2026 Netpay	Yes	-	83.51	83.51	-	Cleared
Tower Sacco	April 026 Netpay	Yes	-	83.19	83.19	-	Cleared
Tower Sacco	May 2026 Netpay	Yes	-	84.53	84.53	-	Cleared
County Assembly							
Equity Bank	Payment of salaries	Yes	-	32.03	32.03	-	Cleared

Lender	Purpose	Assembly Approval (Yes/No)	Opening Balance as of 1 July 2025 (Kshs.million) (a)	Additions (Kshs.million) (b)	Repayments (Kshs.million) (c)	Closing Balance as of 30 June 2026 (Kshs.million) (d=a+b-c)	Status / Risk
Equity Bank	Payment of salaries	Yes	-	32.30	32.30	-	Cleared
Total				**897.90**	**978.29**		

Source: Nyandarua *County Treasury*

3.35.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.7.71 billion from the County Revenue Fund (CRF) account. This amount consisted of Kshs.2.24 billion (29.06 per cent) designated for development programs and Kshs.5.47 billion (70.94 per cent) allocated for recurrent programs.

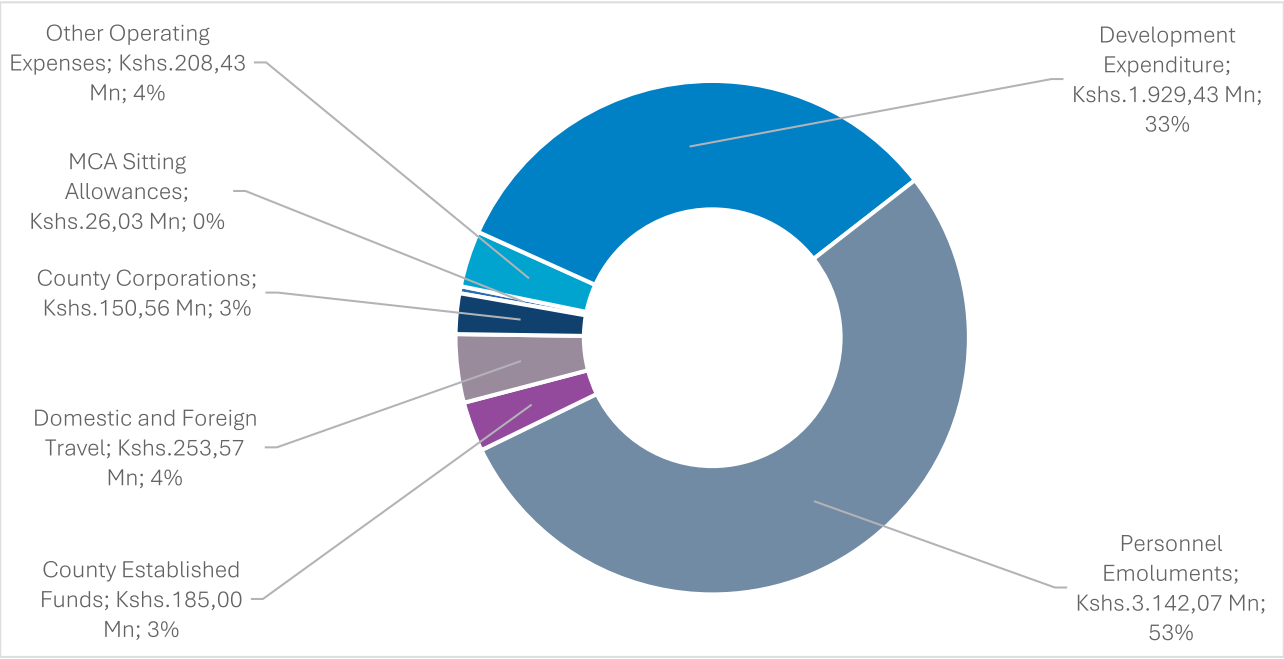
An analysis of the released recurrent exchequers shows that Kshs.3.14 billion was allocated to employee compensation and Kshs.2.33 billion to operations and maintenance expenditures. Within the operations and maintenance category, 13.70 per cent was for domestic travel and 0.97 per cent for foreign travel. The domestic travel exchequers totalled Kshs.319.18 million, which included Kshs.199.94 million for the County Executive and Kshs.119.24 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.22.59 million, all for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Nyandarua CRF account was Kshs.1.24 billion.

3.35.6 Expenditure Review

The County spent Kshs.7.44 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 96.45 per cent of the total funds released by the CoB. It comprised Kshs.1.93 billion for development programmes and Kshs.5.51 billion for recurrent programmes. Expenditure on development programmes accounted for 54.14 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 89.82 per cent of the annual recurrent expenditure budget. Figure 3.205 provides a detailed breakdown of total expenditure.

Figure 3.205: Nyandarua County Composition of Expenditure in FY 2025/26



Source: Nyandarua *County Treasury*

As shown in Figure 3.205, the three highest expenditure categories were Personnel emoluments, development, and domestic and foreign travel, contributing 53.30 per cent, 33.79 per cent and 4.44 per cent of total expenditure for the reporting period.

3.35.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.71 billion in employee compensation, Kshs.2.00 billion in operations and maintenance, and Kshs.1.81 billion in development activities. Similarly, the County Assembly spent Kshs.428.53 million on employee compensation, Kshs.364.57 million on operations and maintenance, and Kshs.114.77 million on development activities, as shown in Table 3.532.

Table 3.532: Nyandarua County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,328.97**	**805.42**	**4,717.09**	**690.42**	**0**	**102.67**	**4,717.09**	**793.09**	**88.52**	**98.47**
Compensation of Employees	2,713.54	428.53	2,713.54	396.46	0	32.06	2,713.54	428.53	100	100
Operations and Maintenance	2,615.4	376.89	2,003.54	293.96	0	70.61	2,003.54	364.57	76.60	96.73
Development Expenditure	**3,436.82**	**127.05**	**1,814.67**	**49.03**	**0**	**65.74**	**1,814.67**	**114.77**	**52.80**	**90.33**
Total	**8,765.79**	**932.46**	**6,531.75**	**739.45**	**0**	**168.41**	**6,531.75**	**907.86**	**52.80**	**97.36**

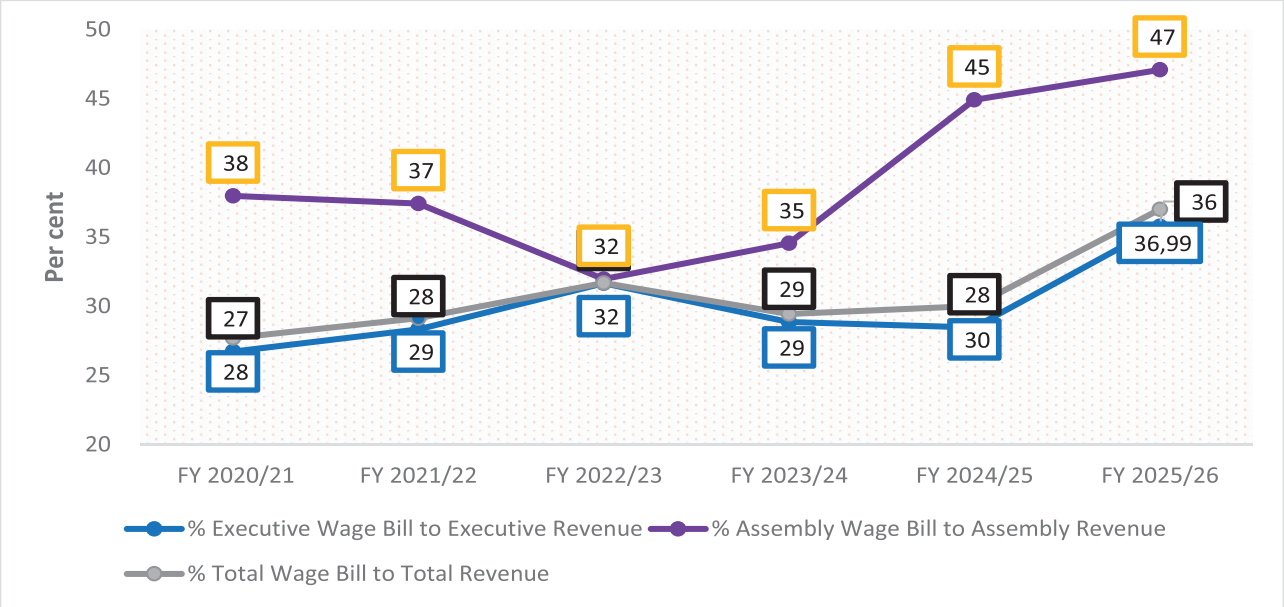
Source: *Nyandarua County Treasury*

3.35.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.14 billion, representing 36.99 per cent of revenue. This expenditure on employee compensation shows an increase compared to the Kshs.2.62 billion reported in FY 2024/25. Of this total, Kshs.1.19 billion related to health sector employees, accounting for 37.99 per cent of the overall employees' compensation. The increase in employee compensation resulted from additional recruitment by the County Public Service Board and SRC salary reviews.

Figure 3.206 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.206: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Nyandarua County Treasury

Further analysis indicated that PE costs totalling Kshs.2.93 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.124.82 million was processed through manual payrolls, which accounted for 3.74 per cent of the total personnel emoluments cost. The justification for the continued use of manual payroll was that there were new employees and that some payments could only be made through manual payroll, e.g., top-up allowances for security officers and community health workers.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), salaries for casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.533.

Table 3.533: Analysis of Nyandarua County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for casual staff	3,882,600	1,572,300	5,454,900
Top-up Allowances for security officers	7,000,260	2,320,000	9,320,260
Community Health workers	52,194,000		52,194,000
189 interns	26,678,637		26,678,637
9 newly engaged employees	3,185,992		3,185,992
Gratuity for contract staff		27,950,619	27,950,619
NITA		5,700	5,700
Employer housing levy		34,800	34,800
Total	**92,941,489**	**31,883,419**	**124,824,908**

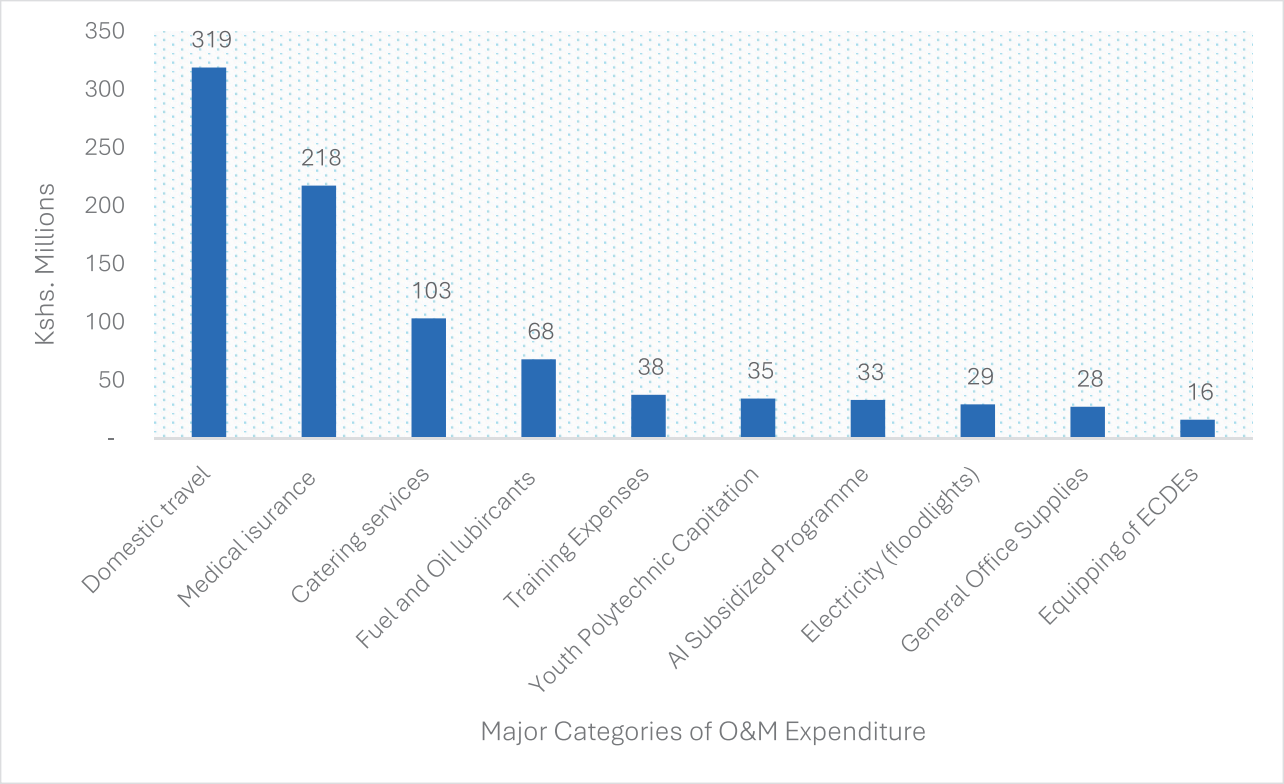
Source: Nyandarua County Treasury

The County Assembly spent Kshs.26.02 million on committee sitting allowances for the 41 MCAs and the Speaker against the annual budget allocation of Kshs.26.02 million. The average monthly sitting allowance was Kshs.51,640 per MCA. The County Assembly has 17 House Committees.

3.35.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.37 billion on operations and maintenance, representing a decrease of 4.43 per cent compared to FY 2024/25, when the County spent Kshs.2.48 billion. Figure 3.207 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.207: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyandarua County Treasury*

3.35.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.55.77 million on "other operating expenses - other," which accounted for 2.32 per cent of the total operations and maintenance expenditure of Kshs.2.37 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.534.

Table 3.534: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Processing fees for the purchase of parcels of land	1,000,000	1,000,000
2211399	Establishment of the County AJS committee to handle land complaints and disputes	1,500,000	1,500,000
2211399	Issuance of titling documents - Verification of beneficiaries, technical support in processing of titling documents	10,000,000	6,000,000
2211399	Preparation of housing database	400,000	399,450
2211399	Infrastructure maintenance, including garbage management, street lighting, electricity bills, drainage, town clean-up, tree planting and beautification, etc	1,300,000	1,300,000
2211399	Infrastructure maintenance, including garbage management, street lighting, electricity bills, drainage, town clean-up, tree planting and beautification, etc	2,000,000	1,999,950
2211399	Community groups sensitisation	500,000	500,000
2211399	Emergency response unit operationalisation- Engineer, Olkalou & Mairo-inya municipalities	1,000,000	1,000,000
2211399	Governance and outreach programs	12,500,000	12,500,000
2211399	Annual State of the County address	1,700,000	1,700,000
2211399	County Lobbying and Stakeholder Consultations	2,500,000	2,500,000

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Participation in intergovernmental relations (IBEC)	1,500,000	1,500,000
2211399	Legal Aid and awareness	1,000,000	1,000,000
2211399	Kenya National Drama and Film Festival (County, Regional and National levels)	600,000	595,000
2211399	Kenya National Music Festival (County, Regional and National levels)	600,000	575,000
2211399	Kenya Youth Inter-county Sports Association	2,500,000	2,500,000
2211399	Cross-country games	1,000,000	1,000,000
2211399	Under 20 athletics	800,000	800,000
2211399	Track and field events	800,000	800,000
2211399	Support to federation club sports events - FKF League	1,500,000	1,500,000
2211399	Support to federation club sports events - FKF League	300,000	300,000
2211399	FKF League - Uniforms and sports equipment	300,000	300,000
2211399	Governor's tournament	14,500,000	14,500,000
	Total	**59,800,000**	**55,769,400**

Source: *Nyandarua County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include processing fees for the purchase of parcels of land, establishment of the County AJS committee to handle land complaints and disputes, issuance of titling documents, preparation of housing database, infrastructure maintenance, including garbage management, street lighting, electricity bills, drainage, town clean-up, tree planting and beautification, etc.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, community groups sensitisation, emergency response unit operationalisation, governance and outreach programs, annual state of County address, county lobbying and stakeholders Consultations, participation in intergovernmental relations (IBEC), Kenya National Drama and film festival, Kenya National Music festival, Kenya Youth Inter-county Sports Association, Cross country games, Under 20 athletics, Governor's tournament professional services, membership fees and subscriptions, etc., making it difficult to determine their nature and map them to the correct budget codes.

3.35.11 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.250 million to County-Established funds in FY 2025/26, representing 2.56 per cent of the County's overall budget. Of this amount, the County allocated Kshs.70 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.72 per cent of the total budget. Table 3.535 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.535: Performance of Nyandarua County Established Funds in FY 2025/26

S/ No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs. million)	Exchequer Issues in FY 2025/26 (Kshs. million)	Actual disbursements in FY 2025/26 (Kshs. million)	Cumulative disbursements to the Fund (Kshs. million)	Submission of Financial Statements (Yes/No)
	County Executive Established Funds						
1.	Nyandarua County Emergency Fund	23/3/2017	70.00	70.00	70.00	449.82	Yes

S/ No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs. million)	Exchequer Issues in FY 2025/26 (Kshs. million)	Actual disbursements in FY 2025/26 (Kshs. million)	Cumulative disbursements to the Fund (Kshs. million)	Submission of Financial Statements (Yes/No)
2.	Nyandarua County Bursary Fund	9/12/2019	50.00	50.00	50.00	1,303.67	Yes
3.	Nyandarua county Executive mortgage fund	9/11/2016	85.00	85.00	85.00	641.00	Yes
4	Lake Olbollosat Half Marathon Fund	16/07/2023	-	-	-	7.50	No
5.	Agricultural Institutions Revolving Fund	18/07/2023	5.00	-	15.00	-	No
	County Assembly Established Funds						
6.	Nyandarua County Assembly Staff Car & Mortgage	30/04/2016	40.00	40.00	40.00		Yes
7.	Nyandarua County Assembly MCAs Car & Mortgage	30/04/2014	-	-	-		Yes
	Total		**250.00**	**245.00**	**245.00**	**2,401.99**	

Source: *Nyandarua County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from two (2) Fund Administrators, as indicated in Table 3.535, 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. The Nyandarua County Assembly MCAs Car & Mortgage was established more than 10 years ago and has therefore lapsed.

3.35.12 County Corporations, Municipalities and Agencies

The County has 2 county corporations and 3 municipalities. The exchequer did not fund the Corporations, and they relied on a mix of own-source revenues, such as water sales, billing, meter connections, penalties, and rent from public toilets. The total transfers to the municipalities in FY 2025/26 amounted to Kshs.140.21 million as shown in Table 3.536.

Table 3.536: Performance of Nyandarua County Corporations, Municipalities and Agencies in FY 2025/26

S/ No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Olkalou Water &Sanitation Company	89,839,397	-	89,839,397	-
2	Nyandarua Water & Sewerage	79,127,609	-	79,127,609	-
Gazetted Municipalities					
1	Ol-Kalou Municipality	62,222,411	-	54,978,560	281,697,452
2	Mairo-Inya Municipality	34,750,000	-	34,677,850	56,667,503
3	Engineer Municipality	51,814,951	-	50,558,590	53,796,902
	Total	317,754,368	-	309,182,006	392,161,857

Source: *Nyandarua County Treasury*

3.35.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.319.18 million and comprised Kshs.119.24 million spent by the County Assembly and Kshs.199.94 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.36 million and comprised Kshs.22.59 million by the County Assembly and Kshs.4.76 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 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	3	10th-20th November 2025	Attend the Brazil COP	Brazil	2,043,600	-	2,043,600
County Executive	3	26th May-3rd June 2026	Attend an Agritourism experience visit to Cape Town	South Africa	1,120,175	-	1,120,175
County Assembly	4	4th to 11th September 2025	2nd Africa Climate Summit	Addis Ababa	1,665,644	-	1,665,644
County Assembly	4	26th to 31st August 2025	3rd East African Community Convention	Kigali, Rwanda	902,205	-	902,205
County Assembly	5	10th to 17th August 2025	Commonwealth Hansard editors' biennial conference	Accra Ghana	120,000.00	-	1,180,540
County Assembly	14	6th to 13th September 2025	Parliamentary legislative Practices and procedures	Arusha, Tanzania	4,115,924	-	4,115,924
County Assembly	5	21st Jan to 1st Feb 2026	Parliamentary legislative Practices and procedures	Arusha, Tanzania	2,412,300	-	2,412,300
County Assembly	17	13th - 20th May 2026	Parliamentary legislative Practices and procedures	Arusha, Tanzania	5,288,511	-	5,288,511
County Assembly	1	9th to 12th November 2025	International knowledge exchange program	France Paris	302,376.00	-	302,376
County Assembly	1	2nd to 8th November 2025	International knowledge exchange program	Spain Madrid	565,278	-	565,278
County Assembly	1	2nd to 8th November 2025	International knowledge exchange program	Boston Massachusetts	425,243	-	425,243
County Assembly	1	5th to 13th January 2026	Executive Development program	Geneva Switzerland	869,589	-	869,589
County Assembly	1	4th to 6th August 2025	NCSLs 2025 Legislative Summit	Boston, USA	425,243	-	425,243

Source: Nyandarua County Treasury and Nyandarua County Assembly

3.35.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.466.31 million as FIF, which was 128.16 per cent of the annual target of Kshs.363.86 million. The improved FIF performance is attributed to the settlement

of hospital SHA claims. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

The County Government has developed the Nyandarua County Facility Financing Bill of 2025 to operationalise the National Facilities Improvement Financing Act, 2023. However, the Nyandarua FIF Regulations are still at the County Assembly pending approval and enactment. The expenditure by the health facilities amounted to Kshs.323.86 million, as shown in Table 3.538.

Table 3.538: Nyandarua County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. million)	Actual Expenditure (Kshs.million)	Absorption rate (%)
1	Level 4 Hospital	2	209,370,922	209,370,922	100
2	Level 3 Facility	25	75,483,750	75,483,750	100
3	Level 2 Facility	64	39,005,328	39,005,328	100
	Total	**91**	**323,860,000**	**323,860,000**	100

Source: *Nyandarua County Treasury*

3.35.15 Development Expenditure

In the review period, the County reported spending Kshs.1.93 billion on development programmes, representing a decrease of 1.53 per cent compared to FY 2024/25, when the County spent Kshs.1.96 billion. Table 3.539 summarises the development projects with the highest expenditure in the reporting period.

Table 3.539: Nyandarua County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Energy	Transformer installation and maximisation- Njihia King'ori & 3 others- Murungaru Ward	Murungaru	Jul-25	Jun-26	4,725,300	4,725,300	2,999,159	2,999,159	100
2	Public works	Operationalisation of paving block plant (purchase of moulds)	Headquarters	Jul-25	Jun-26	5,000,000	5,000,000	5,000,000	5,000,000	100
3	Public works	Cabro Works - Kasuku Centre - Weru Ward	Weru	Jul-25	Jun-26	5,990,473	5,990,473	5,990,473	5,990,473	100
4	Water	Construction of Gachuha Bridge - Githioro	Githioro	Jul-25	Jun-26	15,000,000	15,000,000	11,111,545	11,111,545	100
5	Education	Equipping of Geta Polytechnic	Geta Ward	19/1/2026	11/3/2026	3,999,199.40	3,999,199	3,999,199	3,999,199	100
6	Culture	Completion of Gordon Cultural and mentorship centre (Phase 2) - Engineer	Engineer Ward	Jul-24	Jul-27	13,924,940	8,000,000	8,000,000	8,000,000	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
7	Youth Empowerment	Establishment of a youth empowerment centre	Kiriita Ward	Jul-25	Jun-26	2,400,000	2,400,000	2,302,740	2,302,740	100
8	Environment	Procurement of a garbage truck	Mairo-Inya Municipality	Jul-25	Jun-26	13,500,000	13,500,000	13,000,000	13,000,000	100
9	Water	Muhonia Turasha booster borehole- installation of submersible pump & solarisation & construction of water tower & erection of 2No. 10M3 plastic tanks	Githioro	31 March 2026	30 June 2026	6,481,288	6,500,000	6,481,288	6,481,288	100
10	Water	Umoja borehole equipping- Submersible pump and solarisation	Wanjohi	31 March 2026	30 June 2026	3,995,390	4,000,000	3,995,390	3,995,390	100
11	Roads	Road improvement and maintenance using county in-house roadwork machinery	Magumu	Jul-25	Jun-26	9,500,000	9,500,000	9,500,000	9,500,000	100
12	Roads	Assorted culvert installation and drainage work- Njabini Ward	njabini	Jul-25	Jun-26	3,948,859	3,948,859	3,948,858	3,948,858	100

Source: *Nyandarua County Treasury*

The County did not report any stalled development projects as of 30 June 2026.

3.35.16 Budget Performance by Department

Table 3.540 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.540: Nyandarua County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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 & Deputy Governor	125.00	-	114.70		115.30	-	100.52	0.00	92.24	-
Office of the County Secretary	120.40	-	116.67		118.93	-	101.94	0.00	98.78	-
County Public Service Board	28.50	-	28.30		28.50	-	100.71	0.00	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
Public Service Administration & Devolution	3,050.46	352.50	2,972.03	75.50	2,972.03	40.25	100	53.31	97.43	11.42
Office of County Attorney	35.48	-	33.92		33.92	-	100	0.00	95.60	-
Finance, Economic Planning & ICT	479.62	162.71	385.84	153.39	391.02	152.39	101.34	99.35	81.53	93.66
Agriculture, agri-business, livestock and fisheries	87.11	580.34	78.84	369.92	78.84	258.77	100.00	69.95	90.50	44.59
Health Services	658.32	164.36	244.94	157.87	249.94	155.29	102.04	98.36	37.97	94.48
Education, Technical Training, Culture, Gender and Social Protection	281.79	102.20	281.48	68.54	281.48	63.74	100.00	93	99.89	62.37
Trade, Industrialisation, Cooperative Development and Partnership	39.75	299.37	39.44	14.66	39.14	14.66	99.25	100	98.46	4.90
Roads, Transport, Energy &Public Works	94.18	1,159.74	93.64	895.42	93.64	784.40		87.60	99.43	11.17
Lands, Housing & Physical Planning	74.27	102.70	44.98	5.10	70.98	5.10	157.80	100	95.57	4.97
Water, Sanitation, Environment, Tourism, Natural Resources and Climate Change	52.06	456.20	49.42	336.96	49.17	295.67	99.51	87.75	94.45	64.81
Youth Affairs, Sports and Innovations	99.57	10.37	91.14	6.27	93.10	6.27	102.15	100.00	93.50	60.50
Ol Kalou Municipality	34.10	28.12	34.06	25.11	34.06	20.92	100.00	83.33	99.87	74.40
Mairo Inya Municipality	34.75		34.68		34.68		100.00	0.00	99.79	-
Engineer Municipality	33.62	18.20	32.41	18.20	32.36	18.20	99.85	100.00	96.26	100.00
County Assembly	805.42	127.05	795.37	114.77	793.09	114.77	99.71	100.00	98.47	90.33
Total	**6,134.39**	**3,563.86**	**5,471.84**	**2,241.71**	**5,510.18**	**1,930.43**	**100.70**	**86.11**	**89.82**	**54.17**

***Source**: Nyandarua County Treasury*

Analysis of expenditure by departments shows that Engineer Municipality recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Health at 94.48 per cent. The Education, Technical Training, Culture, Gender, and Social Protection had the highest percentage of recurrent expenditure to budget at 99.89 per cent, while the Department of Health had the lowest at 37.97 per cent.

3.35.17 Budget Execution by Programmes and Sub-Programmes

Table 3.541 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.541: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs)	Absorption Rate (%)
Development				
Education, Children, Gender Affairs & Culture				
Youth Training & Development	Revitalisation of youth polytechnics	13,400,000	13,400,000	100
Culture & Library Services	Development & Promotion of Culture	8,700,000	8,700,000	100
Culture & Library Services	Library services	6,000,000	6,000,000	100
Youth, Sports & Innovation				
Youth Affairs	Youth affairs	2,400,000	2,302,740	95.95
Water, Sanitation, Environment, Tourism, Natural Resources and Climate Change				
Environment	Environmental Support	7,481,707	5,870,000	78.46
Recurrent				
Public Service Administration & Devolution				
Public Administration	Enforcement Compliance	16,002,000	16,002,000	100
Office of the County Secretary				
Public Service	Cabinet affairs	2,500,000	2,500,000	100
Office of the Governor & Deputy Governor				
General administration	Governor's Press Service	8,660,000	8,660,000	100
Finance, Economic Planning & ICT				
Economic planning	County budgeting	13,550,000	13,550,000	100
Agriculture, agribusiness, livestock and fisheries				
Crop development & management	Crop development	6,745,000	6,745,000	100

Source: *Nyandarua County Treasury*

The development sub-programmes with the highest budget implementation rates were the development & promotion of Culture, library services, and the Revitalisation of youth polytechnics in the Department of Education, Children, Gender Affairs & Culture, all at 100 per cent.

For recurrent sub-programmes, the top performers included: Enforcement compliance in the Department of Public Service Administration & Devolution, County Budgeting in the Department of Finance, Economic Planning & ICT, and Crop development in the Department of Agriculture, Agribusiness, Livestock and Fisheries, all at 100 per cent.

Table 3.542 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.542: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Public Service Administration & Devolution				
Public Administration	Kenya Devolution Support	352,500,000	40,253,471	11.42

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Education, Technical Training, Culture, Gender and Social Protection				
Primary education	ECDE	74,099,220	35,795,680	48.31
Trade, Industrialisation, Cooperative Development and Partnership				
Cooperative development	Partnerships & resource mobilisation	15,996,000	6,814,000	42.60
Trade development & promotion	Trade development	10,706,251	4,486,567	41.91
Land Policy & Planning	Land administration	37,100,000	5,100,000	13.75
Recurrent				
Finance, Economic Planning & ICT				
Economic planning & development	County Statistics & Data Bank	89,727,091	6,515,762	7.26
Lands, Housing & Physical Planning				
Urban development	Urban development	30,500,000	28,499,500	93.44
Housing	Housing	4,602,622	3,313,886	72.00
Agriculture, Agribusiness, Livestock and Fisheries				
AI Services	Subsidised AI Services	43,350,000	35,082,500	80.93
Water, Sanitation, Environment, Tourism, Natural Resources and Climate Change				
Environment	Solid waste management	7,172,000	5,518,713	76.95

Source: *Nyandarua County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Kenya Devolution Support in the Department of Public Administration at 11.42 per cent, Trade Development in the Department of Trade, Industrialisation, Cooperative Development and Partnership at 41.91 per cent, and land administration in the Department of Lands, Housing & Physical Planning at 13.75 per cent.

For recurrent sub-programmes, the lowest performers included: County Statistics and Data Bank in the Department of Finance, Economic Planning and ICT at 7.28 per cent and Housing services in the Department of Lands, Housing & Physical Planning at 72.00 per cent.

3.35.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.45 billion. This amount consisted of Kshs.1.36 billion from the County Executive and Kshs.88.01 million from the County Assembly. The trade payables from the County Executive comprised Kshs.576.52 million for recurrent expenditure and Kshs.787.01 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.404.38 million, comprising Kshs.241.99 million (59.85 per cent) for recurrent programmes and Kshs.162.39 million (40.15 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.50.61 million, the entire amount being recurrent pending bills. The outstanding trade payables as of 30 June 2026 were Kshs.2.05 billion for County Executive and Kshs.136.63 million for County Assembly. Table 3.543 provides additional details of trade payables.

Table 3.543: Nyandarua County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	787,010,391	576,516,029	1,363,526,420
		County Assembly	46,069	87,964,784	88,010,853
		Total	**787,056,460**	**664,480,813**	**1,451,537,273**
Amount paid in FY 2025/26	b	County Executive	162,385,451	241,994,515	404,379,966
		County Assembly	-	50,607,368	50,607,368
		Total	**162,385,451**	**292,601,883**	**454,987,334**
Trade Payables Incurred in FY 2025/26	c	County Executive	854,858,599	239,864,544	1,094,723,143
		County Assembly	65,738,146	33,492,908	99,231,054
		Total	**920,596,745**	**273,357,452**	**1,193,954,197**
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	d	County Executive	1,479,483,539	574,386,058	2,053,869,597
		County Assembly	65,784,215	70,850,324	136,634,539
		Total	**1,545,267,754**	**645,236,382**	**2,190,504,136**

Source: *Nyandarua County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.233.39 million and Kshs.26.39 million, respectively, in FY 2025/26. The County adhered to this payment plan, clearing Kshs.404.38 million for the Executive and Kshs.50.61 million for the Assembly.

Table 3.544 and Table 3.545 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.2.19 billion.

Table 3.544: Nyandarua County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	**815,792,419**	**663,691,120**	**-**	**-**	**1479483539**
Recurrent Trade Payables (Goods & Services)	224,286,679	174,862,895	89,916,349	-	489,065,923
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)				-	-
Recurrent Trade Payables (Staff Claims)	85,320,135	-	-	-	85,320,135
Total Recurrent Trade Payables	**309,606,814**	**174,862,895**	**89,916,349**	**-**	**574,386,058**
Total Trade Payables	**1,125,399,233**	**838,554,015**	**89,916,349**	**-**	**2,053,869,597**
% of Total	**54.79**	**40.83**	**4.38**	**0.00**	**100.00**

Source: *Nyandarua County Treasury*

Table 3.545: Nyandarua County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**65,738,145**	**46,069**	**-**	**-**	**65,784,214**
Recurrent Trade Payables (Goods & Services)	28,483,878	626,351	-	41,740,095	70,850,324
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**28,483,878**	**626,351**	**-**	**41,740,095**	**70,850,324**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Trade Payables	94,222,023	672,420	-	41,740,095	136,634,538
% of Total	68.96	0.49	-	30.55	100.00

Source: *Nyandarua County Treasury*

Additionally, the two tables indicate that 93.99 per cent of the total trade payables are aged between 1 and 2 years and under 1 year, a trend attributed to the late disbursement of conditional grants and failure to pay Kshs.373.96 million budgeted in the supplementary budget for FY 2025/26 for the repayment of pending bills. To address this situation, the County should provide substantial funds for payment of pending bills in FY 2026/27

3.35.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated 135 commercial bank accounts, including 84 for Health Facilities, 30 for Vocational Training Centres, 7 for Established Funds, 11 special-purpose accounts (additional allocations), and 3 for the Municipalities.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.35.20 Key Observations and Recommendations

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

i. The underperformance of ordinary own-source revenue at Kshs.272.24 million against an annual target of Kshs.675 million, representing 40.33 per cent of the financial year target. The FIF collections however, surpassed the target, with the county government receiving Kshs.466.31 million against a target of Kshs.363.48 million

ii. Low development performance in the review period as the County incurred Kshs.1.93 billion on development activities, achieving a 54.14 per cent absorption rate.

iii. High level of trade payables, amounting to Kshs.2.19 billion as of 30 June 2026. Furthermore, the County Treasury did not meet the target of paying pending bills totalling Kshs.373.96 million, as budgeted in the FY 2025/26 supplementary budget.

iv. Use of manual payroll, where personnel emoluments amounting to Kshs.124.82 million were processed, accounting for 3.74 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

v. 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 3 August 2026.

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 OSR forecasting tools should be deployed in the setting of yearly targets to enhance the credibility of the budget.*

ii. *The County should implement strategies to increase development expenditures in FY 2026/27.*

iii. *The County Leadership should ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables 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 the timely preparation and submission of financial reports to the Controller of Budget in accordance with the timelines prescribed in Section 166 of the PFM Act, 2012.*

3.36. County Government of Nyeri

3.36.1 Overview of FY 2025/26 Budget

The Nyeri County Supplementary Budget for FY 2025/26 was Kshs.9.44 billion. It comprised Kshs.3.12 billion (33.02 per cent) and Kshs.6.32 billion (66.98 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.437.70 million (4.86 per cent) from FY 2024/25 budget, which comprised development budget of Kshs.2.90 billion and recurrent budget of Kshs.6.10 billion. The increase in the budget was primarily attributed to the rise in equitable share and balance brought forward.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue in the amount of Kshs.6.90 billion (73.04 per cent), additional allocations of Kshs.1.46 billion (15.47 per cent), cash balance brought forward from FY 24/25 of Kshs.285.1 million (3.02 per cent) and Kshs.800 million (8.47 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.546.

3.36.2 Revenue Performance

During the year, the County reported total receipts of Kshs.8.58 billion. This amount represented an increase of 4.25 per cent over the amount received in FY 2024/25, Khs.8.23 billion. The total revenue consisted of Kshs.6.90 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.935.53 million, and own-source revenue (OSR) collection of Kshs.746.51 million. Additionally, the County had cash balance of Kshs.285.06 million from FY 2024/25. The total OSR collection of Kshs.746.51 million related to ordinary own source revenue (OSR). Table 3.546 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.546: Nyeri County, Revenue Performance in FY 2025/26

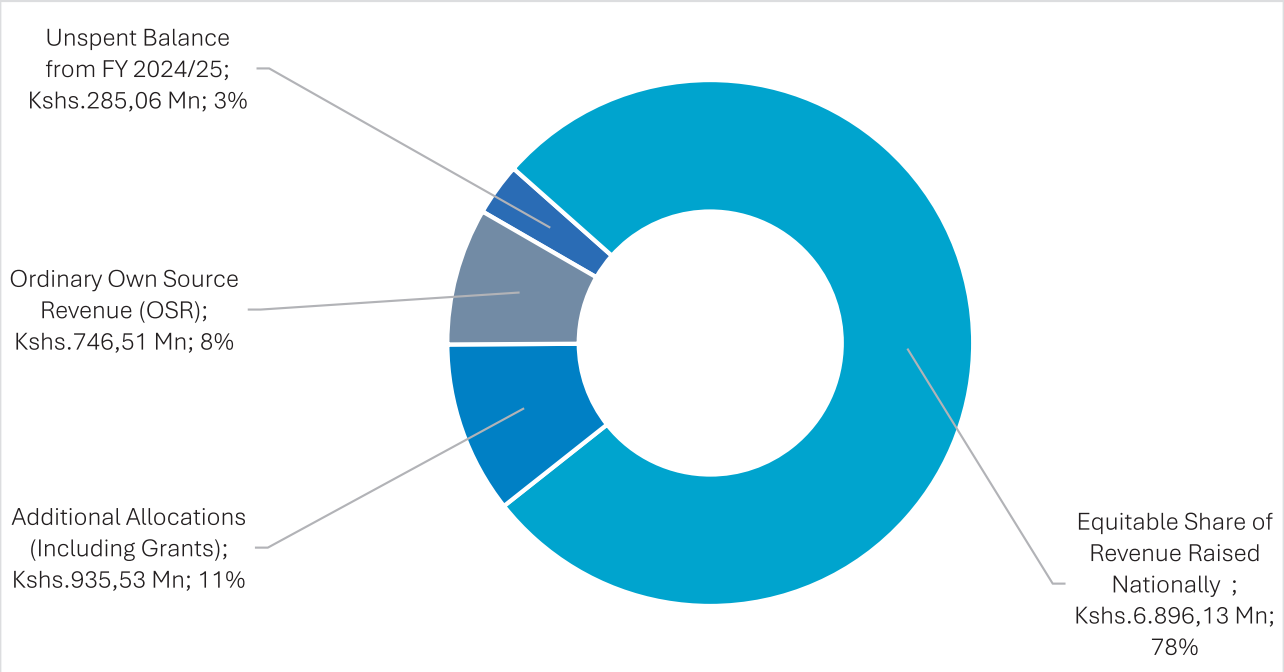
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	**285,064,165**	**285,064,165**	**-**	**285,064,165**	**100**
	Sub-Total	**285,064,165**	**285,064,165**	**-**	**285,064,165**	**100**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**6,896,132,673**	**6,985,132,673**	**-**	6,985,132,673	100
	Sub-Total	**6,896,132,673**	**6,985,132,673**	**-**	**6,985,132,673**	**100**
C	**Additional Allocations (Including Grants)**					
1	Allocations for Court Fines	**76,000**	76,000	**-**	**76,000**	100

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
2	Settlement of Doctors' Salary Arrears	**55,172,326**	-	-	-	-
3	Community Health Promoters (CHPs) Programme	**74,250,000**	-	-	-	-
4	County Aggregation and Industrial Parks (CAIPs) Programme	**256,835,020**	250,000,000	-	250,000,000	97.34
5	(IFAD) Loan for the Aquaculture Business Development Project (ABDP)	**16,769,367**	-	-	-	-
6	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	**175,823,040**	**109,156,463**	-	109,156,463	62.08
7	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	**72,910,620**	70,503,589	-	70,503,463	96.70
8	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	**352,500,000**	110,737,830	-	**110,737,830**	31.41
9	Kenya Urban Project (KUSP)-Urban Institutional Grant (UIG)	**63,868,406**	**26,000,000**	-	**26,000,000**	**40.71**
10	Kenya Urban Project (KUSP)-Urban Development Grant (UDG)	**4,036**	77,589,673	-	**77,589,673**	-
11	National Agricultural Value Chain Development Project (NAVCDP)	**231,250,000**	**231,056,154**	-	231,056,154	100
12	Primary Health Care in Devolved Context (PHDC) Programme	**8,722,669**	**8,721,000**	-	8,721,000	100
13	Kenya Informal Settlement Improvement Project (KISIP II)	**52,000,000**	51,491,638	-	51,491,638	100
	Sub-Total	**1,460,534,496**	**935,332,347**	-	**935,332,347**	**64.05**
D	**Ordinary Own Source Revenue (OSR)**	**800,000,000**	**746,508,377**	-	**746,508,377**	93.31
	Sub-Total					
Total		**9,441,731,334**	**8,952,037,562**	-	**8,952,037,562**	**93.87**

Source: *Nyeri County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.208 provides a detailed breakdown of receipts.

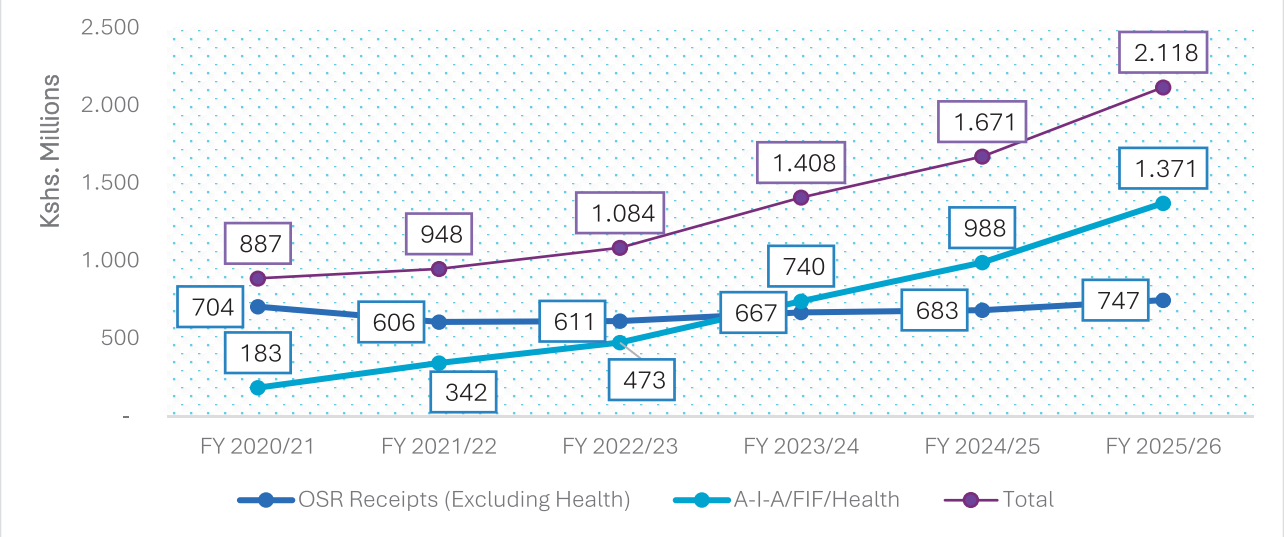
Figure 3.208: Nyeri County Composition of Revenue in FY 2025/26



S***ource:*** *Nyeri County Treasury*

The equitable share of revenue raised nationally, conditional grant, and OSR contributed 77.81 per cent, 10.56 per cent and 8.42 per cent, respectively, of the total receipts for the reporting period. Figure 3.209 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.209: Nyeri County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

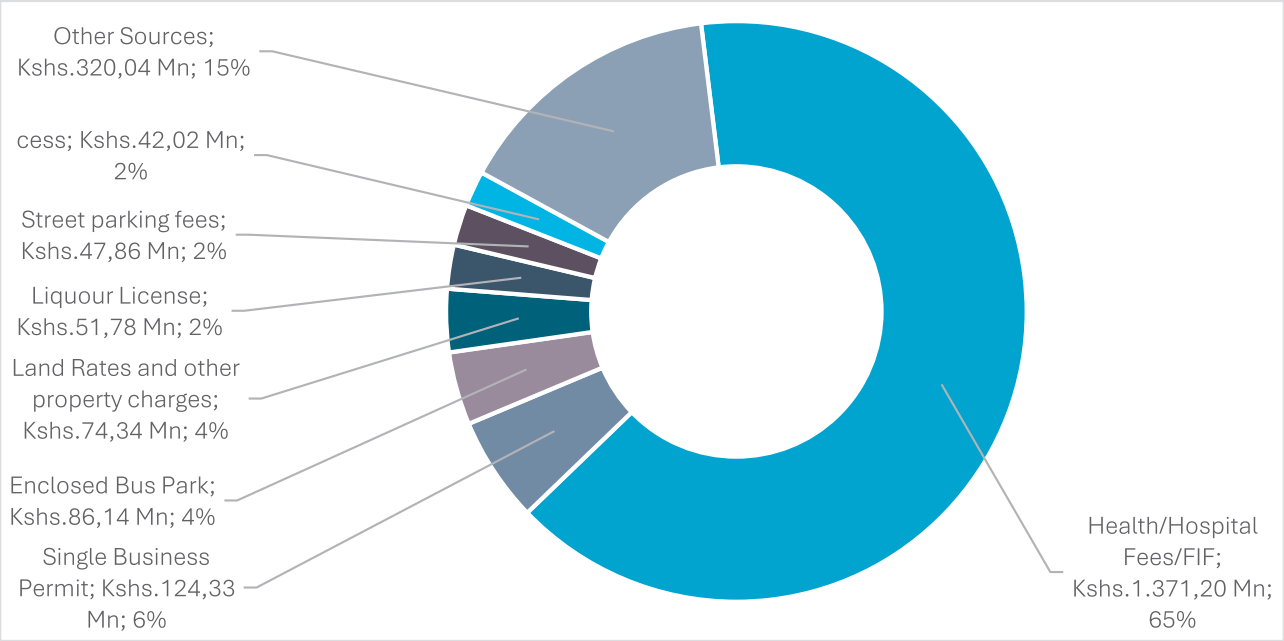


Source: *Nyeri County Treasury*

During the year, the County received Kshs.746.51 million, all from OSR. This amount was an increase of 12.28 per cent compared to Kshs.664.86 million realised in FY 2024/25 and was 93.31 per cent of the annual target and 10.83 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to improved revenue collection due to intensified enforcement activities and stakeholder engagement. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.210.

Figure 3.210: Nyeri County Top Own Source Revenue Streams in FY 2025/26



Source: Nyeri County Treasury

As shown in Figure 3.210, the largest revenue stream, at Kshs.1.37 billion, was Facility Improvement Financing, accounting for 64.76 per cent of total OSR receipts. The County Government indicated that it has automated all 54 revenue streams.

3.36.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.1.11 billion, which increased to Kshs.1.18 billion as of 30 June, 2026. The County currently tracks its revenue arrears using an automated system. Table 3.547 presents a breakdown of the County's revenue arrears.

Table 3.547: Nyeri County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Arrears received in the financial year (Kshs)	Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Land rate	606,188,728	(54,513,846)	(62,684,572)	143,970,659	632,960,969
2	Property Rent	54,803,431	(16,558,007)	(63,064,532)	62,725,423	37,906,315
3	Conservancy Administration	30,289,211	-	(3,853,750)	-	26,435,461
	Sub-Total	**691,281,370**	**(71,071,853)**	**(129,602,854)**	**206,696,082**	**697,302,745**
B	**Facility Improvement Fund (FIF)**					
1	SHIF	180,937,270.00		829,680,678.95	896,908,141.95	**248,164,733.00**
2	Defunct NHIF	230,642,885.00		-	-	**230,642,885.00**
3	MAKL	3,425,389.00		1,694,400.00	2,450,136.00	**4,181,125.00**
4	Britam	1,941,207.00		496,028.00	1,754,121.00	**3,199,300.00**
5	CBHF	357,350.00		-	34,000.00	**391,350.00**

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Arrears received in the financial year (Kshs)	Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
	Sub-Total	417,304,101.00	-	831,871,106.95	901,146,398.95	486,579,393.00
Total		1,108,585,471		702,268,252	1,107,842,480	1,183,882,138

Source: Nyeri *County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.1.18 billion, comprising Kshs.697.30 million for Ordinary Own Sources and Kshs.486.58 million for FIF. The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 include automating all its revenue streams.

3.36.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.36.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.7.88 billion from the County Revenue Fund (CRF) account. This amount consisted of Kshs.1.71 billion (21.70 per cent) designated for development programs, and Kshs.6.17 billion (78.30 per cent) allocated for recurrent programs.

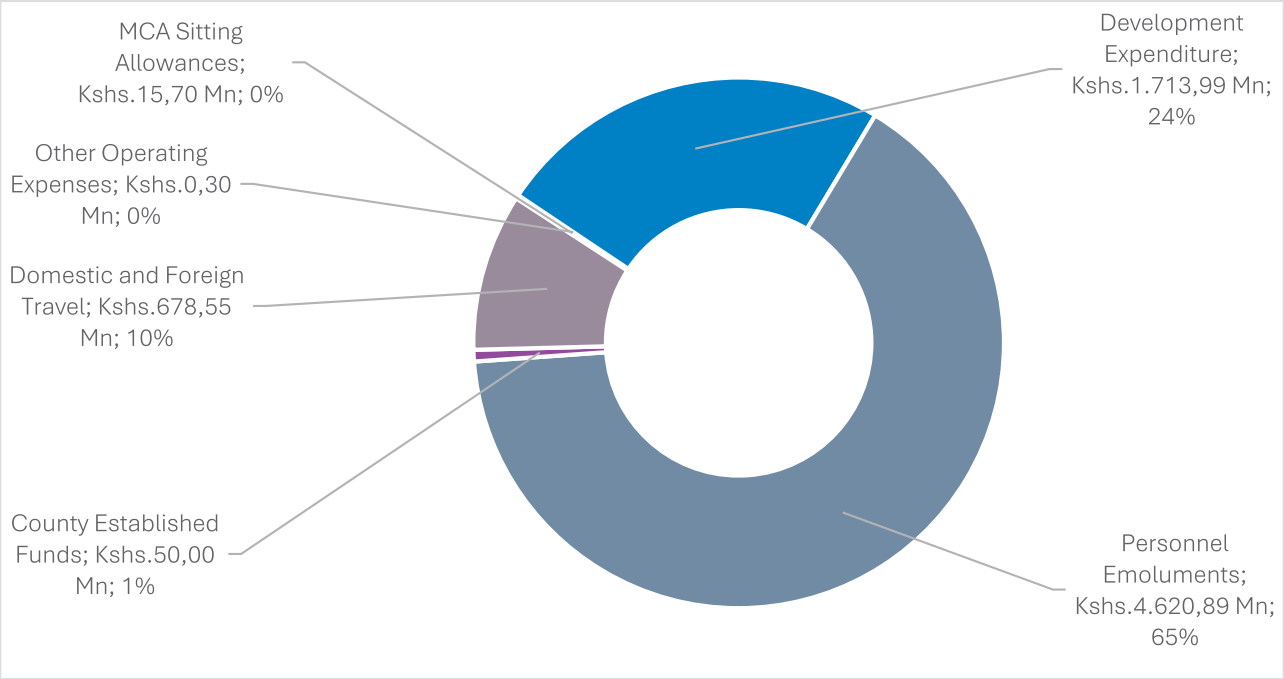
An analysis of the released recurrent exchequers shows that Kshs.4.62 billion was allocated to employee compensation and Kshs.1.55 billion to operations and maintenance. Within the operations and maintenance category, 21 per cent was for domestic travel and 8 per cent for foreign travel. The domestic travel exchequers totalled Kshs.319.64 million, which included Kshs.176.38 million for the County Executive and Kshs.143.26 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.116.36 million, with Kshs.10.73 million for the County Executive and Kshs.105.63 million for the County Assembly.

In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.736.31 million from the County Assembly Fund (CAF) account in FY 2025/26. This amount comprised Kshs.1.45 million for development activities and Kshs.734.86 million for recurrent activities.

3.36.6 Expenditure Review

The County spent Kshs.7.88 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.1.71 billion for development programmes and Kshs.6.17 billion for recurrent programmes. Expenditure on development programmes accounted for 54.98 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 97.52 per cent of the annual recurrent expenditure budget. Figure 3.211 provides a detailed breakdown of total expenditure.

Figure 3.211: Nyeri County Composition of Expenditure in FY 2025/26



Source: Nyeri *County Treasury*

As shown in Figure 3.211, the three highest expenditure categories were personnel emoluments, development, and domestic and foreign travel, contributing 65.28 per cent, 24.20 per cent, and 9.60 per cent of total expenditure for the reporting period.

3.36.7 Expenditure by Economic Classification

The County Executive incurred Kshs.4.37 billion in employee compensation, Kshs.1.06 billion in operations and maintenance, and Kshs.1.71 billion in development activities. Similarly, the County Assembly spent Kshs.246.28 million on compensation of employees, Kshs.488.58 million on operations and maintenance, and Kshs.1.45 million on development activities, as shown in Table 3.548.

Table 3.548: Nyeri County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	5,530.18	793.94	5,432.17	734.86	5,432.17	734.86	98.23	92.56
Compensation of Employees	4,375.42	263.80	4,374.61	246.28	4,374.61	246.28	99.98	93.36
Operations and Maintenance	1,154.76	530.14	1,057.56	488.58	1,057.56	488.58	91.58	92.16
Development Expenditure	3,087.61	30.00	1,712.54	1.45	1,712.54	1.45	55.46	4.85
Total	**8,617.79**	**823.94**	**7,144.71**	**736.31**	**7,144.71**	**736.31**	**82.91**	**89.36**

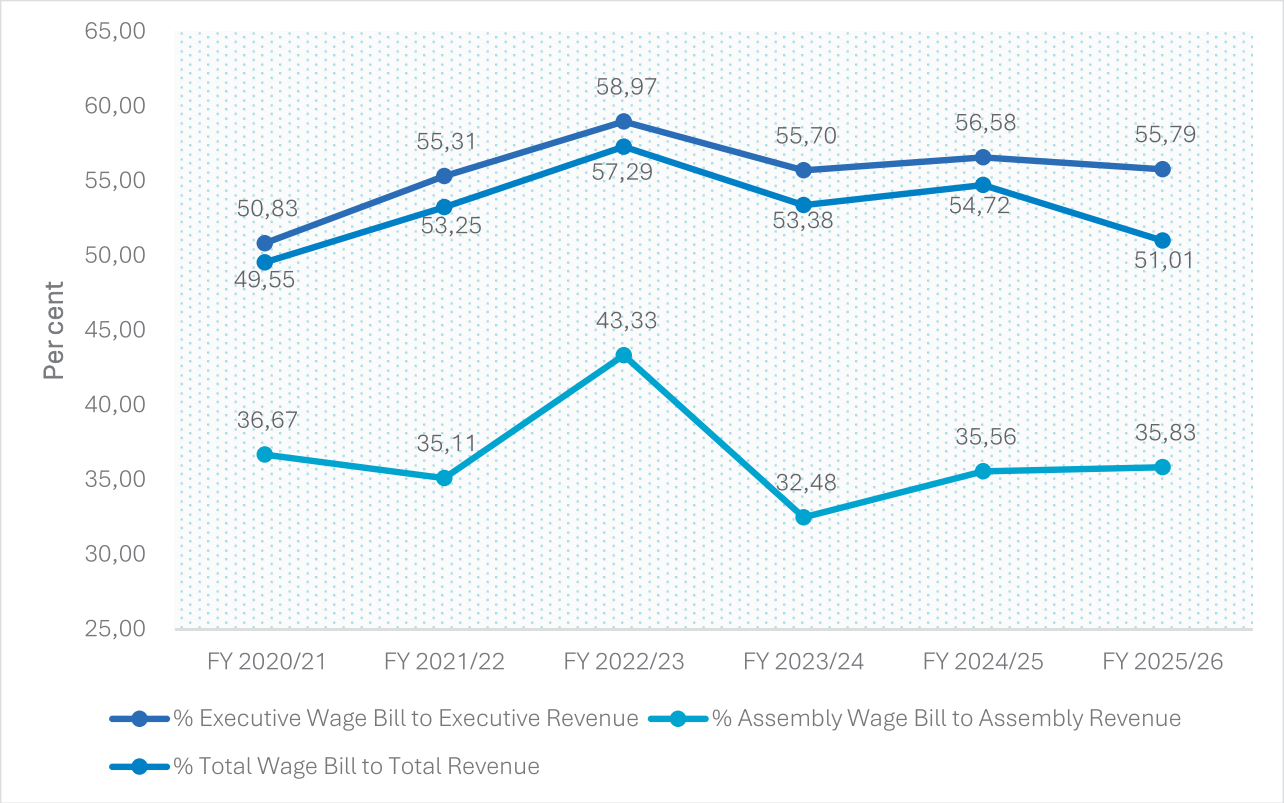
Source: *Nyeri County Treasury*

3.36.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.4.62 million, representing 51.61 per cent of total revenue. This expenditure on employee compensation shows an increase compared to the Kshs.4.51 billion reported in FY 2024/25. Of this total, Kshs.2.71 billion related to Health Sector employees, accounting for 58.47 per cent of the overall employees' compensation.

Figure 3.212 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.212: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Nyeri County Treasury

Further analysis indicated that PE costs totalling Kshs.4.61 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.13.53 million was processed through manual payrolls, which accounted for less than one per cent of the total PE cost. The manual payroll comprised salaries for casual staff and top-up allowances for security personnel, as shown in Table 3.549.

Table 3.549: Analysis of Nyeri County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)
1	Salaries for casual staff		6,266,844
2	Top-up Allowances for Security Officers		7,262,840
	Total		**13,529,684**

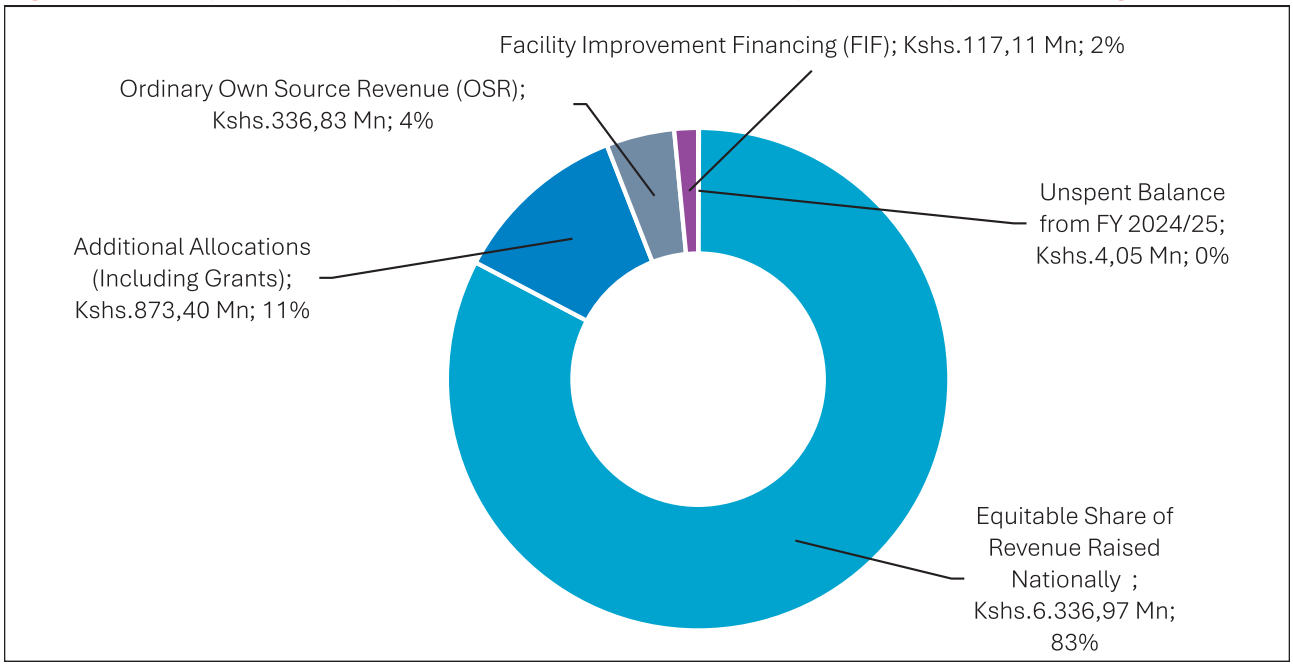
Source: Nyeri County Treasury

The County Assembly spent Kshs.15.70 million on committee sitting allowances for the 43 MCAs, against the annual budget allocation of Kshs.20.97 million. The average monthly sitting allowance was Kshs.30,431 per MCA. The County Assembly has 21 House Committees.

3.36.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.4.62 million on operations and maintenance, representing an increase of 223.08 per cent compared to FY 2024/25, when the County spent Kshs.1.43 billion. Figure 3.213 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.213: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyeri County Treasury*

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.150 million to County-Established funds in FY 2025/26, representing 1.5 per cent of the County's overall budget. Of this amount, the County did not allocate any funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.550 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.550: Performance of Nyeri County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Nyeri County Elimu Fund	31.12.2015	100,000,000	0	0	342,000,000	No
2	Nyeri County Enterprise Development Fund	04.4.2018	0	0	0	20,000,000	No
3	The Nyeri County Health Services Fund	11.05.2015	0	0	0	141,700,000	No
4	Nyeri County Car Loan and Mortgage Staff Scheme Fund Account-Executive	15.05.2017	50,000,000	0	50,000,000	100,000,000	No
5	Nyeri County Emergency Fund	10.05.2015	0	0	0	20,000,000	No
	County Assembly Established Funds						
1.	County Assembly of Nyeri car loan and mortgage (members) scheme fund	03.11.2017	0	0	0	253,353,014	Yes

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
2.	County Assembly of Nyeri car loan and mortgage (staff) scheme fund	01-05-2017	0	0	0	122,393,325	Yes
	Total		**150,000,000**		**50,000,000**	**999,446,338**	

Source: Nyeri *County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports as indicated in Table 3.550, contrary to the requirement of Section 168 of the PFM Act, 2012. Further, 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 2025/26, the CoB established that the lifespans of the Nyeri County Elimu Fund, Nyeri County Emergency Fund, and Nyeri County Health Fund had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.36.11 County Corporations, Municipalities and Agencies

The County Corporations are autonomous; they did not receive any allocations from the mainstream budget.

3.36.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.319.64 million and comprised Kshs.143.26 million spent by the County Assembly and Kshs.176.38 million by the County Executive. Expenditure on foreign travel amounted to Kshs.116.36 million and comprised Kshs.105.63 million by the County Assembly and Kshs.10.73 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.551.

Table 3.551: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	46	21st - 27th Sept 2025	Training on budget implementation, monitoring and oversight for county assemblies.	Arusha	15,601,550
County Assembly	23	5th - 15th Oct 2025	Study tour at the East African Legislative Assembly	Arusha	8,704,570
County Assembly	33	26th - 30th Jan 2026	While attending training on capacity building	Arusha	7,739,004
County Assembly	30	2nd - 6th Feb 2026	Training on legislative governance policy, protocol and finance	Arusha	7,135,656
County Assembly	11	7th - 15th April 2026	Training on navigating the legislative landscape, procedures, and practices programme	Ethiopia	6,844,915
County Assembly	12	22nd March - 1st April 2026	Training on navigating the legislative landscape, procedures, and practices programme	Ethiopia	6,688,900
County Assembly	7	26th January - 4th Feb 2026	Training on the development of indicators for effective governance by the county service board.	Singapore	6,390,660

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	11th - 21st Feb 2026	Executive professional training programme on data technology and smart oversight.	Turkey	5,218,220
County Assembly	7	5th - 14th Feb 2026	Executive professional training programme on data technology and smart oversight.	Turkey	4,699,898
County Assembly	7	3rd Jan - 16th Jan 2026	Training organised by the World Scouts Parliamentary Union for Africa	Arusha	4,126,410

***Source**: Nyeri County Assembly*

3.36.13 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.1.37 billion as FIF, which was 15 per cent of the annual target of Kshs.850 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 expenditure by the health facilities amounted to Kshs.829.75 million, as shown in Table 3.552.

Table 3.552: Nyeri County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level 5 Hospital	1	320,456,450	313,793,765	97.92
2.	Level 4 Hospital	6	335,274,188	324,864,325	96.90
3.	Level 3 Facility	24	70,911,377	70,202,264	99.00
4.	Level 2 Facility	102	123,357,985	120,890,825	98.00
	Total		**850,000,000**	**829,751,179**	**97.62**

***Source:** Nyeri County Treasury*

3.36.14 Development Expenditure

In the review period, the County reported spending Kshs.1.71 billion on development programmes, representing a 13.20 per cent decrease from FY 2024/25, when the County spent Kshs.1.97 billion. Table 3.553 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the rollout of the e-government procurement system, which resulted in delays in the procurement process.

Table 3.553: Nyeri County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Percentage (%) of Completion
1.	Health Services	Medical Drugs, non-pharmaceuticals, and other specialised medical supplies for specialised programmes.	County wide	FY 2025/2026	12 months	100,000,000	100,000,000	101,336,127	100
2.	Office Of the Governor and Deputy Governor	Construction of boundary walls, cabro pavings and landscaping at the Governor's residence	County Wide	30 June, 2026	12 Months	20,000,000	19,799,999	0	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Percentage (%) of Completion
3.	Finance And Economic Planning and ICT	Upgrading of Internet Connectivity	County-wide	1 July, 2025	30 June, 2026	4,049,590	4,049,590	0	100
4	Health Services	Conducting environmental impact assessment, development of hospital master plans, and processing Title deeds for various facilities.	County wide	FY 2025/2026	12 months	2,000,000	2,000,000	0	100
5	Gender, Youth, Social Services and Sports	To conduct the Youth Summit	County wide	15 July,2025	30 June, 2026	3,500,000	3,500,000	0	100
6	Gender, Youth, Social Services and Sports	Construction of Ichagachumi Social Hall	Mukurwe-ini West	1 July, 2025	30 June, 2026	3,000,000	3,000,000	0	100
7	Gender, Youth, Social Services and Sports	Construction of 3 social halls (Nyaribo,3M Kahiga3M)	Kiganjo Mathari	1 July, 2025	30 June, 2026	6,000,000	6,000,000	0	100
8	County Public Service and Solid Waste Management	Improvement of the Work Environment and Safety and Security enhancement. Create an archive for HR records, reinforce office doors, and implement temporary partitioning of the payroll office.	County wide	1 July, 2025	30 June, 2026	1,500,000	1,500,000	0	100
9	Water, Environment, and Climate Change	Water Project -Water connectivity - Transfer to MAWASCO	Konyu	1.07.2025	30.06.2026	2,000,000	2,000,000	0	100
10	Water, Environment, and Climate Change	West Magutu Water Project - Kiamucheru Line	Magutu	1.07.2025	30.06.2026	500,000	500,000	0	100

Source: *Nyeri County Treasury*

3.36.15 Budget Performance by Department

Table 3.554 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.554: Nyeri County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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 and Deputy Governor	149.38	31.77	140.26	2,048.48	140.26	2.05	100	100	93.89	6.45

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 Secretary	402.54	1.50	398.85	1.5	398.85	1.5	100	100	99.08	99.97
Finance, Economic Planning and ICT	634.14	25,48	614.03	8.11	614.03	8.11	100	100	96.83	31.83
Lands, Physical Planning and Urban Development	84.66	72.30	83.56	5.96	83.56	5.96	100	100	98.70	8.24
Health Services	2,757.82	343.18	2,756.25	248,05	2,756.25	248.05	100	100	99.94	72.28
Gender, Youth, Social Services and Sports	110.56	169.43	108.07	129.81	108.07	129.81	100	100	97.75	76.62
County Public Service and Solid Waste Management	237.21	60.38	233.07	36.359	233.07	36.36	100	100	98.25	60.21
Agriculture, Livestock and Aquaculture Development	260.35	364.16	257.96	319.24	257.96	319.24	100	100	99.08	87.66
Trade, Cooperatives, Culture and Tourism	73.63	336.12	71.27	111.33	71.27	111.33	100	100	96.79	33.12
Education and Training	523.70	547.54	493.15	70,47	493.15	70.47	100	100	94.17	12.87
Water, Environment, and Climate Change	83.96	297.00	79.56	89.46	79.56	89.46	100	100	94.76	30.12
County Assembly	793.94	30.00	734.86	1.5	734.86	1.5	100	100	92.56	4.85
County Public Service Board	51.88	4.00	49.58	2.00	49.58	2.00	100	100	95.56	50.00
Roads, Transport, Public Works, Infrastructure and Energy	97.67	626.05	85.16	548.04	85.16	548.04	100	100	87.19	87.54
Office of the County Attorney	24.30	0	23.68	0	23.68		100.0	-	97.45	-
Nyeri Municipality	38.35	208.68	37.70	140.16	37.70	140.16	100	100	98.31	67.16
Total	**6,324.12**	**3,117.61**	**6,167.03**	**1,713.99**	**6,167.03**	**1,713.99**	**100**	**100**	**97.52**	**54.98**

Source: *Nyeri County Treasury*

Analysis of expenditure by departments shows that the Office of the County Secretary recorded the highest absorption rate of the development budget at 99.97 per cent, followed by the Department of Agriculture, Livestock and Aquaculture Development and Roads, Transport, Public Works, Infrastructure and Energy at 87.66 per cent and 87.54 per cent, respectively. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Roads had the lowest at 87.19 per cent.

3.36.16 Budget Execution by Programmes and Sub-Programmes

Table 3.555 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.555: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Office of the County Secretary				
Coordination of County Functions & Public Service Management	Administration, planning and support services	1,500,000.00	1,500,000.00	100
Agriculture, Livestock and Aquaculture Development				
Aquaculture Development	Fisheries Development	4,500,000.00	4,500,000.00	100
Trade, Cooperatives, Culture and Tourism				
Culture and arts	Cultural Management	1,000,000.00	1,000,000.00	100
Trade Promotion	Administrative Support Services	4,997,178.00	4,964,704.00	99.34
Tourism Development	Promotion of Tourism	7,000,000.00	6,884,400.00	100
Recurrent				
Lands, Physical Planning and Urban Development				
Physical planning services	Administration and personnel services	77,669,446.00	78,134,385.00	100
Agriculture, Livestock and Aquaculture Development				
AMS Naromoru	Development Of Agricultural Land for Crop Production	1,226,000.00	1,226,000.00	100
Roads, Transport, Public Works, Infrastructure and Energy				
Roads development, maintenance and management	Administration, planning and support services	700,000.00	700,000.00	100
Health Services				
Health Services	Health centres and dispensaries management	17,956,919.00	17,955,150.00	100

***Source**: Nyeri County Treasury*

The development sub-programmes with the highest budget implementation rates were: Coordination of county functions and public service management in the Office of the County Secretary; Agriculture development in the Department of Agriculture and Livestock; and Culture and Arts in the Department of Trade and Tourism Development, all at 100 per cent.

For recurrent sub-programmes, the top performers included: Physical planning services in the Department of Lands and Physical Planning; Roads development and maintenance in the Department of Roads; and health services in the Department of Health Services, all at 100 per cent.

The higher performance of these programmes was attributed to timely disbursements of funds to those projects.

Table 3.556: summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.556: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Education and Training				
Resource Mobilisation and Donor Support	Donor Support Services	352,500,000.00	0	0
Lands, Physical Planning and Urban Development				
Resource Mobilisation and Donor Support	Donor Support Services	52,000,000.00	0	0
Education and Training				
General administration and policy Development and implementation	Administrative Support Services	1,000,000.00	0	0
County Public Service and Solid Waste Management				
Human Resources Management	Administration Planning and Support Services	10,676,456.00	0	0
County Assembly				
Legislation, Representation and Oversight	Legislation, Representation and Oversight	30,000,000.00	1,453,503.00	4.84
Recurrent				
Roads, Transport, Public Works, Infrastructure and Energy				
Energy Sector development	Energy Management	18,589,160.00	6,357,639.00	34.20
Water, Environment, and Climate Change				
Environment and Climate Change	Environment Conservation, Protection and Management	2,535,000.00	1,625,140.00	64.10
Education and Training				
Resource Mobilisation and Donor Support	Donor Support Services	79,909,500.00	54,125,265.00	67.73
Finance, Economic Planning and ICT				
Economic Planning and Policy Formulation	Monitoring and Evaluation	4,050,000.00	2,965,440.00	73.20
Office of the County Secretary				
Community Sensitisation, Education and Public Participation	Civic Education and Public Participation	7,003,432.00	5,234,935.00	74.74

Source: *Nyeri County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: legislation, representation in the County Assembly at 4.84 per cent, while following sub programmes have not implemented any projects; Donor Support Services in the Department of Education and Training; Donor Support Services in the Department of Lands; Administrative Support Services in the Department of Education and Training; and Administration Planning and Support Services in the Department of County public service and solid management.

For recurrent sub-programmes, the poorest performers included: Energy management in the Department of Roads at 34.20 per cent; Environment Conservation, Protection and Management in the Department of Water, Environment and Climate Change at 64.10 per cent; and Donor Support Services in the Department of Education and Training at 67.73 per cent. These lower performances were attributed to delays in the procurement process and in exchequer disbursement for funding those sub-programmes.

3.36.17 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.366.08 million. This amount consisted of Kshs.342.36 million from the County Executive and Kshs.23.72 million from the County Assembly. The trade payables for the County Executive comprised Kshs.322.46 million for recurrent expenditure and Kshs.19.90 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.161 million, comprising Kshs.142.24 million (88.35 per cent) for recurrent programmes and Kshs.18.76 million (11.65 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.21.96 million, comprising Kshs.21.49 million (97.85 per cent) for recurrent activities and Kshs.472,804 (2.15 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.507.71 million for the County Executive and Kshs.64.35 million for the County Assembly. Table 3.557 provides additional details of trade payables.

Table 3.557: Nyeri County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	A	County Executive	19,900,148	322,459,478	342,359,626
		County Assembly	2,182,336	21,537,243	23,719,579
		Total	**22,082,484**	**343,996,721**	**366,079,205**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	B	County Executive	18,760,152	142,236,790	160,996,942
		County Assembly	472,804	21,488,943	21,961,747
		Total	**19,232,956**	**163,725,733**	**182,958,689**
Amount paid in FY 2025/26	C	County Executive	18,760,152	142,236,790	160,996,942
		County Assembly	472,804	21,488,943	21,961,747
		Total	**19,232,956**	**163,725,733**	**182,958,689**
Trade Payables Incurred in FY 2025/26	D	County Executive	158,159,306	179,628,340	337,787,706
		County Assembly	0	64,121,151	64,121,151
		Total	158,159,306	243,749,491	401,908,857
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**158,159,306**	**349,554,325**	**507,713,632**
		County Assembly	**230,230**	**64,121,151**	**64,351,381**
		Total	**158,389,536**	**413,675,476**	**572,065,013**

Source: Nyeri *County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.161 million and Kshs.21.96 million, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.161 million for the Executive and Kshs.21.96 million for the Assembly.

Table 3.558 and Table 3.559 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and County Assembly, which were Kshs.507.71 million and Kshs.64.35 million, respectively.

Table 3.558: Nyeri County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	158159306	-	-	-	158,159,306
Recurrent Trade Payables (Goods & Services)	94,900,032	167,221,931	68,000	1,275,564	263,465,527
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	54,151,422	38,884	-	-	54,190,306
Recurrent Trade Payables (Staff Claims)	30,576,946	631,547	690,000	-	31,898,493
Total Recurrent Trade Payables	**179,628,400**	**167,892,363**	**758,000**	**1,275,564**	**349,554,326**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Trade Payables	**337,787,706**	**167,892,363**	**758,000**	**1,275,564**	**507,713,632**
% of Total	**66.53**	**33.07**	**0.15**	**0.25**	**100**

Source: Nyeri *County Treasury*

Table 3.559: Nyeri County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**-**	230,230	**-**	**-**	230,230
Recurrent Trade Payables (Goods & Services)	16,982,505	-	-	-	16,982,505
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	1,505,300	-	-	-	1,505,300
Recurrent Trade Payables (Staff Claims)	45,633,346	-	-	-	45,633,346
Total Recurrent Trade Payables	64,121,151	-	-	-	64,121,151
Total Trade Payables	64,121,151	230,230	-	-	64,351,381
% of Total	**100**	**0**	**-**	**-**	**100**

Source: *Nyeri County Treasury*

As shown in Table 3.558 and Table 3.559, the total salary arrears and statutory deductions for trade payables amounted to Kshs.55.56 million, which represented 9.71 per cent of the total trade payables of Kshs.572.07 million as of 30 June, 2026.

Additionally, the two tables indicate that 70.26 per cent of total trade payables for both County Executive and County Assembly are aged less than one year, a trend attributed to a lack of proper planning and documentation to support the settlement of the payables as and when they fall due.

3.36.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 256 accounts across CBK and commercial banks, of which 16 were held at the CBK and 240 at commercial banks. Of those at the commercial banks, one (1) is for donor commercial operational accounts, one (1) for salaries accounts, 3 for revenue collection accounts, 18 for special operations accounts, including County established funds, 137 for health facilities operations accounts, municipalities UDG and UIG accounts in CBK, 45 for water and sewerage companies operations accounts, 24 for Vocational Training Centres, 1 for Mpesa wallet accounts, and 43 for other accounts

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.36.19 Key Observations and Recommendations

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

i. 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 2026, the lifespan of the Elimu Fund and the Emergency Fund had lapsed, making them ineligible for further withdrawals.

ii. High level of trade payables, which amounted to Kshs.572.07 million as of 30 June 2026.

iii. 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.

iv. 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,2026.

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

i. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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.*

ii. *The County Leadership should ensure that genuine bills are paid promptly in the ensuing financial year.*

iii. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

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

3.37. County Government of Samburu

3.37.1 Overview of FY 2025/26 Budget

The Samburu County final approved Supplementary Budget for FY 2025/26 was Kshs.8.11 billion. It comprised Kshs.2.59 billion (31.96 per cent) and Kshs.5.51 billion (68.04 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.722.96 million, equivalent to an increase of 9.79 per cent, from the FY 2024/25 budget of Kshs.7.38 billion, which comprised a development budget of Kshs.2.24 billion and a recurrent budget of Kshs.5.14 billion. The increase in the budget allocation was primarily attributed to higher equitable share of nationally raised revenue and projected own-source revenue collection.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue of Kshs.6.34 billion (78.18 per cent), additional allocations of Kshs.1.42 billion (17.55 per cent), a cash balance brought forward from FY 2024/25 of Kshs.4.05 million (0.05 per cent) and Kshs.342 million (4.22 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.560.

3.37.2 Revenue Performance

During the year, the County reported total receipts of Kshs.7.67 billion in revenue. This amount represented a 15.17 per cent increase over the amount received in FY 2024/25 of Kshs.6.66 billion. The total revenue consisted of Kshs.6.34 billion from the equitable share of nationally raised revenue, additional allocations of Kshs.873.40 million, and own-source revenue (OSR) collection of Kshs.453.94 million. Additionally, the County had a cash balance of Kshs.4.05 million from FY 2024/25. The total OSR collection of Kshs.453.94 million included Facilities Improvement Financing (FIF) of Kshs.117.11 million, and Kshs.336.83 million from other OSR sources. Table 3.560 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.560: Samburu County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	4,023,196	4,023,196	-	4,023,196	100
	Sub-Total	**4,023,196**	**4,023,196**	**-**	**4,023,196**	**100**
B	**Equitable Share of Revenue Raised Nationally**					
1	**Sub-Total**	6,336,970,364	6,336,970,364	**-**	6,336,970,364	100
	Sub-Total	**6,336,970,364**	**6,336,970,364**	**-**	**6,336,970,364**	**100**
C	**Additional Allocations (Including Grants)**					
1	Allocations for 20% Share of Mineral Royalties	905,744	905,744	-	905,744	100
2	Settlement of Doctors' Salary Arrears	25,615,979	-	-	-	-
3	Community Health Promoters (CHPs) Programme	47,106,940	-	-	-	-
4	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	7,671,059	-	-	-	-
5	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	63,933,785	17,795,016	-	17,795,016	28.83
6	Food Systems Resilience Project (FSRP)	246,000,000	246,130,311	-	246,130,311	100
7	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,500,000	70,503,589	-	70,503,589	97.25
8	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,500,000	157,498,182	-	157,498,182	44.68
9	Kenya Livestock Commercialisation Project (KelCop)	70,250,000	32,943,040	-	32,943,040	4.89
10	Kenya Urban Support Project (KUSP)-Urban Institutional Grant (UIG)	35,000,000	35,000,000	-	35,000,000	100
11	Kenya Urban Support Project (KUSP)-Urban Development Grant (UDG)	70,000,000	26,000,000	-	26,000,000	37.14
12	Kenya Water, Sanitation and Hygiene (K-WASH) Programme	143,157,560	141,979,713	-	141,979,713	99 .18
13	Primary Health Care in Devolved Context (PHDC) Programme	7,446,000	7,446,000	-	7,446,000	100
14	Kenya Informal Settlement Improvement Project (KISIP II)	35,000,000	26,000,000	-	26,000,000	-
15	Kenya Urban Support Project	41,500,000	41,094,477	-	41,094,477	99.02

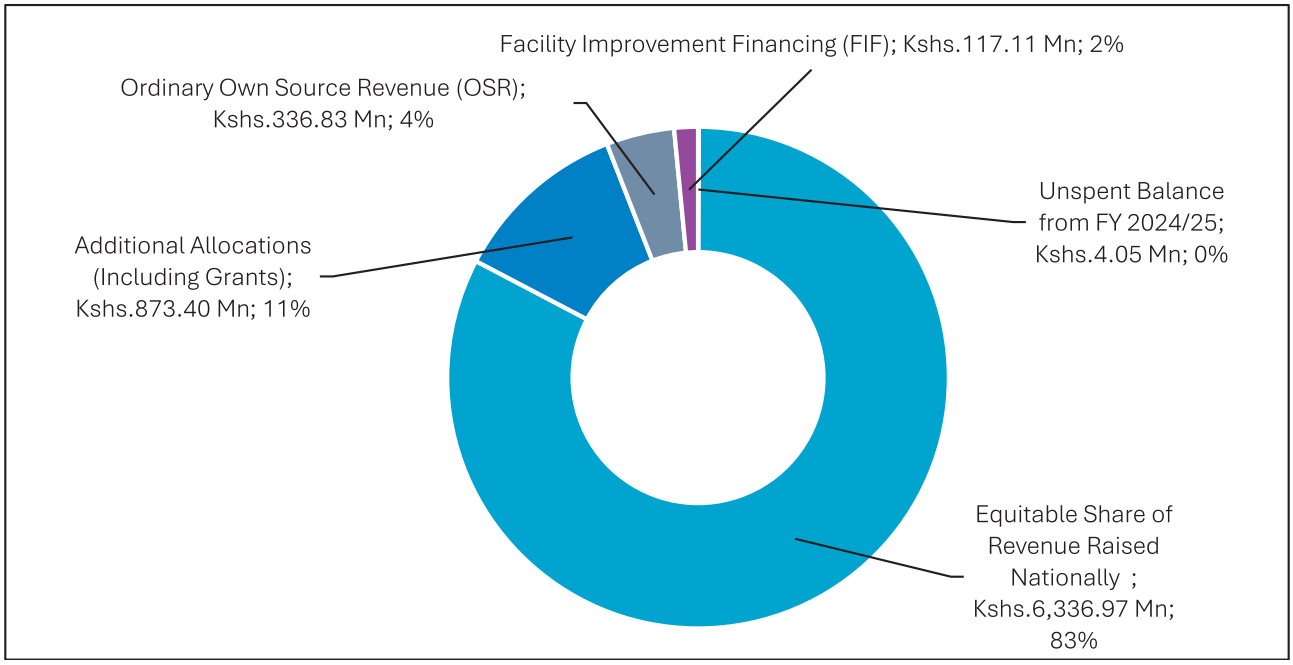
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
16	Second Kenya Devolution Support Program (KDSP II) B/F	35,250,118	35,250,118	-	35,250,118	100
17	Road Maintenance Levy	60,855,995	60,855,995	-	60,855,995	-
19	Emergency Locust Response Program (ELRP)	142,500,000	-	-	-	-
	Sub-Total	**1,422,193,180**	**873,402,185**	**-**	**873,402,185**	**61.41**
D	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates	13,027,000	15,334,881	-	15,334,881	117.72
2	Single Business Permits	18,480,000	16,197,881	-	16,197,881	87.65
3	Total Cess Receipts	14,220,300	10,050,537	-	10,050,537	70.68
4	Game Parks/Nature Reserves Fees	225,000,000	269,591,341	-	269,591,341	119.82
5	Markets and Slaughterhouse Fees	12,705,000	3,524,562	-	3,524,562	27.74
6	Vehicle Parking Receipts/ Transport	6,151,500	2,669,826	-	2,669,826	43.40
7	Hospital Charges	19,635,000	1,331,444	-	1,331,444	6.78
8	Liquor License	7,137,900	3,837,000	-	3,837,000	53.76
9	Various Health Departments Fees	720,700	-	-	-	-
10	Agricultural Machinery Services	1,955,800	-	-	-	-
11	Approval of plans and supervision	1,445,900	81,000	-	81,000	5.60
12	Hawker fees	2,141,300	-	-	-	
13	Miscellaneous Revenue	1,007,900	6,555,101	-	6,555,101	650.37
14	Advertisement	2,772,000	2,504,100	-	2,504,100	90.34
15	Environment and conservancy	15,600,000	5,153,961	-	5,153,961	33.04
	Sub-Total	**342,000,300**	**336,831,634**	**-**	**336,831,634**	**98.49**
D	**Facility Improvement Financing (FIF)**					
1	SHIF	-	114,031,674	-	114,031,674	
3	Grants from Donor Sere, West Gate Conservancy	-	3,080,743	-	3,080,743	-
	Sub-Total		**117,112,417**	-	**117,112,417**	-
Total		**8,105,211,453**	**7,668,364,209**	-	**7,668,364,209**	**94.61**

Source: *Samburu County Treasury*

It is worth noting that the County Assembly enacted the Samburu County Facilities Improvement Fund Act, 2022, which enabled County health facilities to collect and retain revenue paid to offset operational, management, and capital costs. However, the County did not provide FIF as a source of budget financing in FY 2025/26.

Figure 3.214 provides a detailed breakdown of receipts.

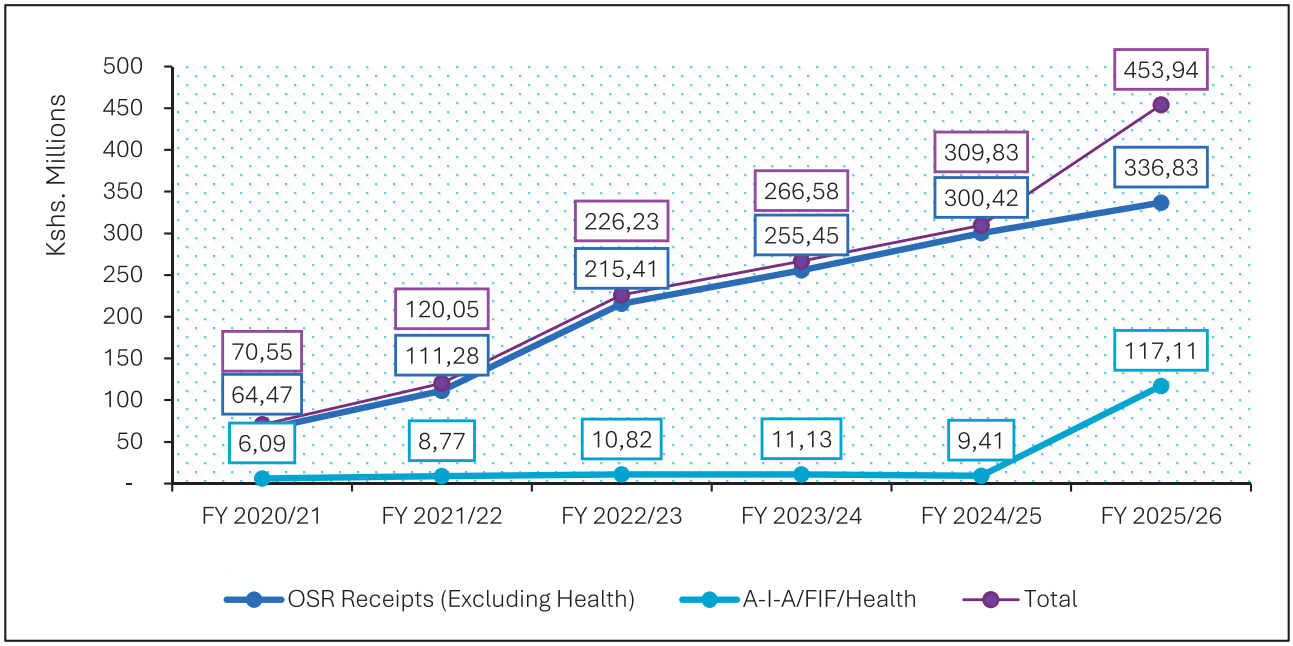
Figure 3.214: Samburu County Composition of Revenue in FY 2025/26



Source: *Samburu County Treasury*

The equitable share of revenue raised nationally, additional allocation, and Ordinary Own Source Revenue (OSR) contributed 82.64 per cent, 11.39 per cent, and 4.39 per cent, respectively, of the total receipts for the reporting period. Figure 3.215 shows the collection trend in own-source revenue from FY 2020/21 to FY 2025/26.

Figure 3.215: Samburu County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

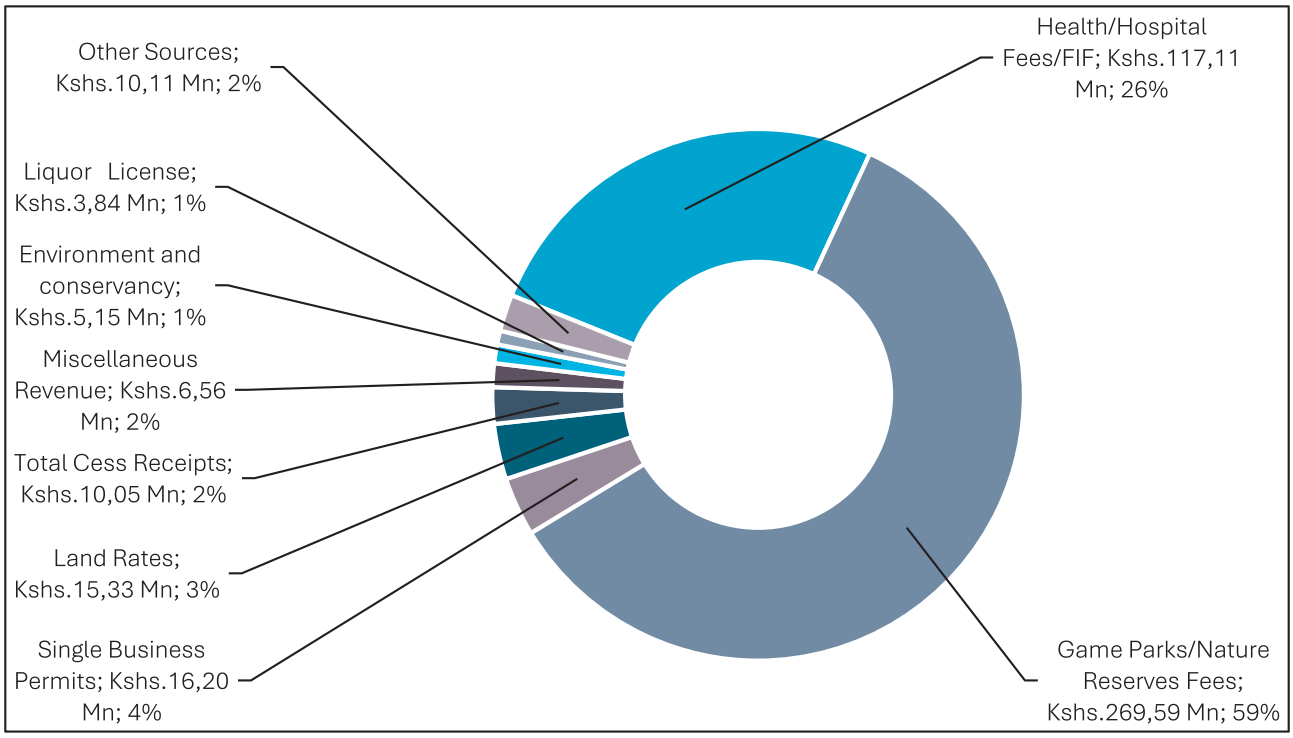


Source: *Samburu County Treasury*

During FY 2025/26, the County received Kshs.453.94 million from its OSR, including FIF. This amount was an increase of 46.51 per cent compared to Kshs.309.83 million realised in FY 2024/25 and was 132.73 per cent of the annual target and 7.16 per cent of the equitable revenue share disbursed. The increase in OSR above the targeted collection is attributed to the County receiving Kshs.117.11 million from SHIF, an amount not budgeted for. It is also worth noting that SHIF funds are transferred directly to County health facilities to offset operational, management, and capital costs.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.216.

Figure 3.216: Samburu County Top Own Source Revenue Streams in FY 2025/26



***Source**: Samburu County Treasury*

As shown in Figure 3.216, the largest revenue stream, at Kshs.269.59 million, was from Game Parks/Nature Reserves fees, accounting for 59.39 per cent of the total OSR receipts. The County Government automated 16 out of the 19 revenue streams.

3.37.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.22.83 million, this amount reduced to Kshs.4 million as of 30 June, 2026. Table 3.561 presents a breakdown of the County's revenue arrears.

Table 3.561: Samburu County Revenue Arrears as of 30 June, 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 June, 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	e=a-b-c+d
A	**Facility Improvement Financing (FIF)**					
1	SHIF	18,825,335	-	18,825,335	-	-
2	Defunct NHIF	4,000,000		-	-	4,000,000
	Total	**22,825,335**	**-**	**18,825,335**		**4,000,000**

Source: *Samburu County Treasury*

As of 30 June, 2026, the total revenue arrears amounted to Kshs.4 million, which was not been remitted by the Defunct National Health Insurance Fund (NHIF). The County wrote numerous reminder letters to the defunct NHIF as part of its efforts to collect the outstanding arrears in FY 2025/26.

3.37.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.37.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.7.28 billion from the Samburu County Revenue Fund (CRF) account. This amount consisted of Kshs.1.90 billion (26.05 per cent) designated for development programmes and Kshs.5.39 billion (73.95 per cent) allocated for recurrent programmes.

Analysis of the released recurrent exchequers shows that Kshs.3.18 billion was allocated for employee compensation, and Kshs.2.20 billion for operations and maintenance. Within the operations and maintenance category, 25 per cent was allocated to domestic travel, accommodation, and subsistence allowances. The exchequer withdrawal requests for domestic travel, accommodation, and subsistence allowance totalled Kshs.560.24 million, which included Kshs.473.73 million for the County Executive and Kshs.86.51 million for the County Assembly. Meanwhile, the exchequer withdrawal requests for foreign travel, accommodation and subsistence allowances amounted to Kshs.45.12 million, with Kshs.23.12 million for the County Executive and Kshs.22 million for the County Assembly.

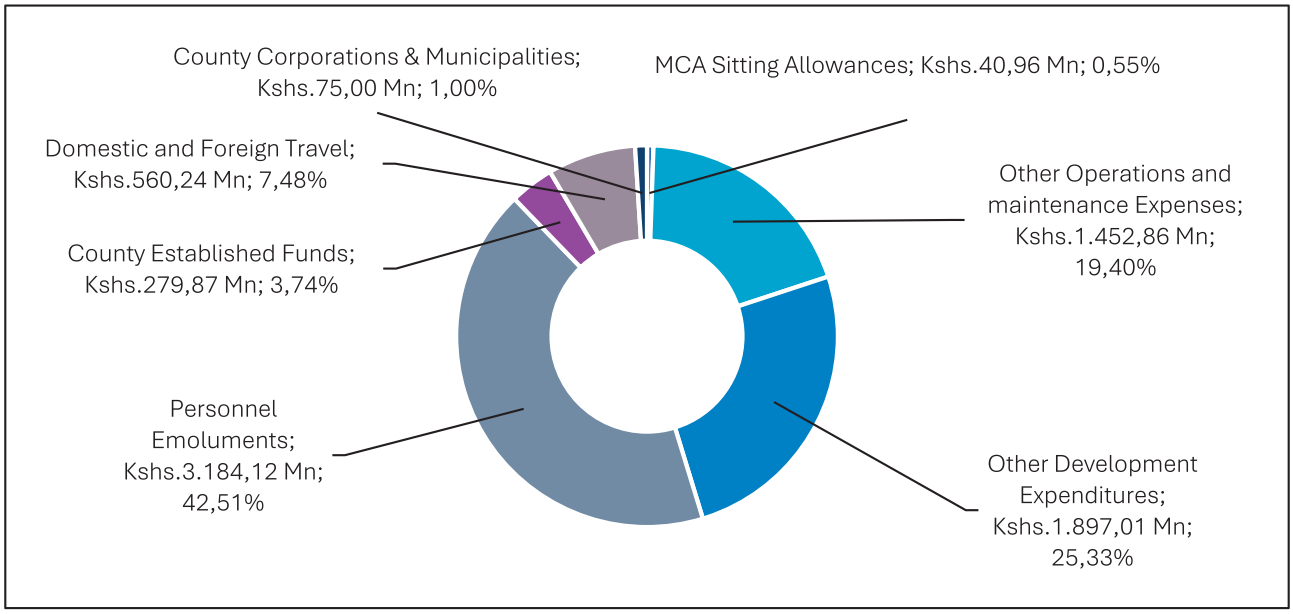
As of 30 June 2026, the County Government's cash balance in the Samburu County Revenue Fund account was Kshs.347.05 million.

3.37.6 Expenditure Review

The County spent Kshs.7.28 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.1.90 billion for development programmes and Kshs.5.39 billion for recurrent programmes. Expenditure on development programmes accounted for 73.24 per cent of the development budget, while recurrent expenditure accounted for 97.67 per cent of the recurrent budget.

Figure 3.217 provides a detailed breakdown of total expenditure.

Figure 3.217: Samburu County Composition of expenditure in FY 2025/26



Source: *Samburu County Treasury*

As shown in Figure 3.217, the three highest expenditure categories were personnel emoluments. Other Development expenditures and other operations and maintenance expenses contributed 42.51 per cent, 25.33 per cent and 19.40 per cent of total expenditure for the reporting period, respectively.

3.37.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.85 billion on employee compensation, Kshs.1.96 billion on operations and maintenance, and Kshs.1.84 billion on development activities. Similarly, the County Assembly spent Kshs.331.67 million on employee compensation, Kshs.237.94 million on operations and maintenance, and Kshs.60.48 million on development activities, as shown in Table 3.562.

Table 3.562: Samburu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. million) (a)		Amount Paid in FY 2025/26 (Kshs. million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. million) (c)		Total Expenditure in FY 2025/26 (Kshs. million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,945.31**	**569.62**	**4,816.63**	**569.62**	**-**	**-**	**4,816.63**	**569.62**	97.67	100
Compensation of Employees	2,934.36	331.67	2,852.44	331.67	-	-	2,852.44	331.67	97.49	100
Operations and Maintenance	2,010.95	237.94	1,964.19	237.94	-	-	1,964.19	237.94	97.92	100
Development Expenditure	2,529.77	60.48	1,836.52	60.48	**-**	**-**	1,836.52	60.48	73.24	**100**
Total	**7,475.08**	**630.10**	**6,653.16**	**630.10**	**-**	**-**	**6,653.16**	**630.10**	**89.86**	**100**

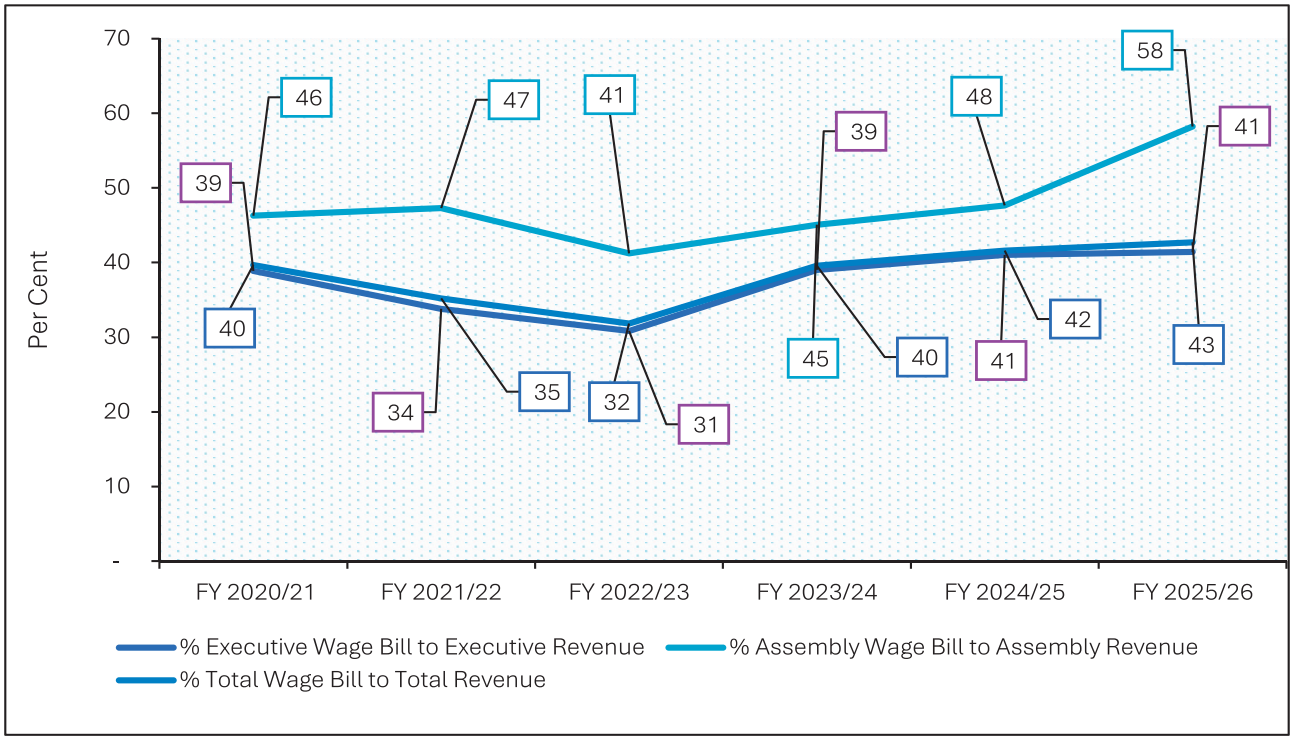
Source: *Samburu County Treasury*

3.37.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.18 billion, representing 41.47 per cent of the available revenue. This expenditure on employee compensation increased by 13.98 per cent from Kshs.2.79 billion reported in FY 2024/25. Of this total, Kshs.1.11 billion related to Health Sector employees, accounting for 35.01 per cent of the overall employees' compensation. The increase in personnel emoluments expenditure in FY 2025/26, compared to FY 2024/25, is attributable to the annual salary increments for various staff cadres.

Figure 3.218 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.218: Percentage of Employee Compensation to Total Revenue Received from FY 2020/21 to FY 2025/26



Source: *Samburu County Treasury*

Further analysis indicated that PE costs amounting to Kshs.3.16 billion were processed through the Human Resource Information System (HRIS), while Kshs.26.08 million was processed through manual payroll, accounting for 0.82 per cent of the total personnel emoluments cost.

The manual payroll comprised top-up allowances for security personnel, gratuity remittances to pension schemes for staff serving on contractual terms, and LAPTRUST/LAPFUND pension contributions, as shown in Table 3.563.

Table 3.563: Analysis of Samburu County Manual Payroll

Sno.	Description of Manual Payroll	No. of payees	Amount (Kshs.)
1	Top-up Allowances for Security Officers	6	1,537,200
2	LAPTRUST / LAPFUND Pension Contributions	103	14,940,587
3	Gratuity for contract staff	109	9,600,000
	Total		**26,077,787**

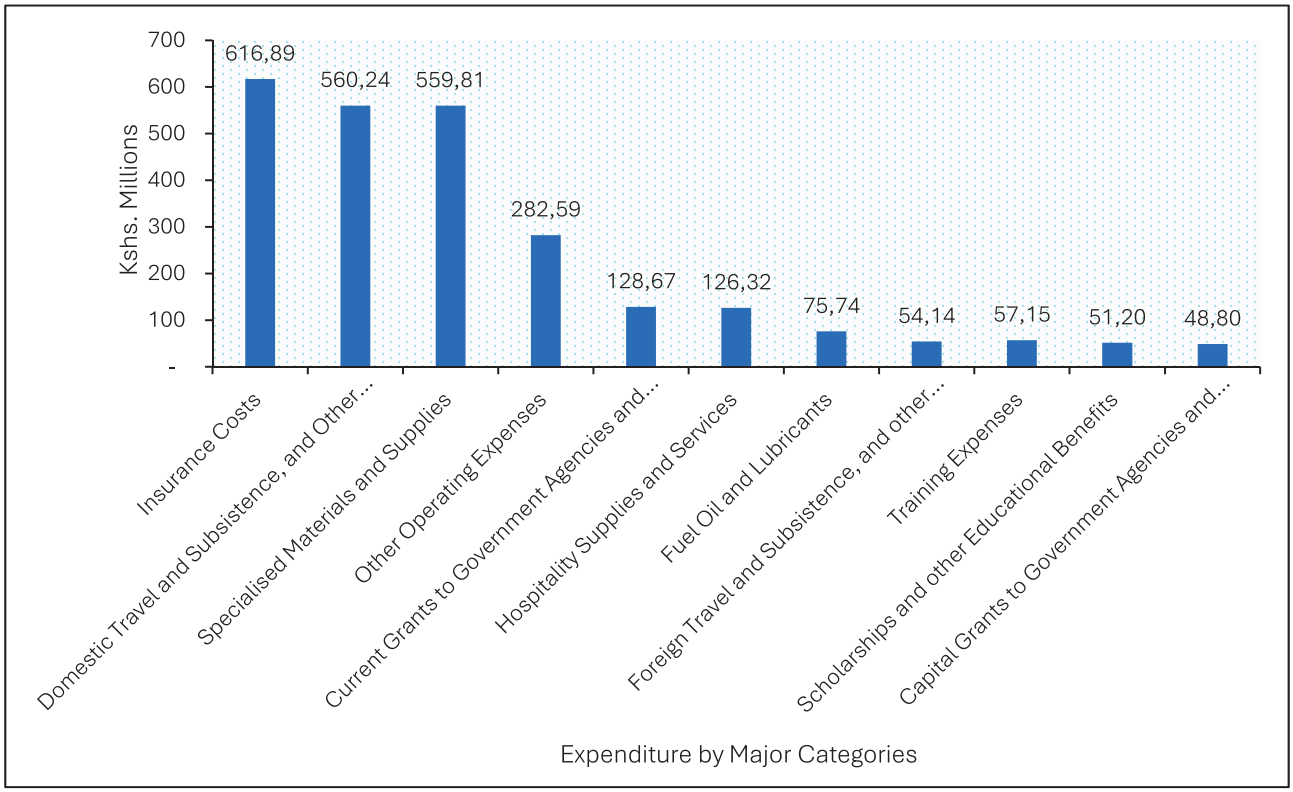
Source: *Samburu County Treasury*

The County Assembly spent Kshs.40.96 million on committee sitting allowances for the 26 MCAs, against the annual budget allocation of Kshs.40.97 million. The average monthly sitting allowance was Kshs.131,282 per MCA higher than the average Kshs.124,800 set by SRC. The County Assembly had 15 House Committees.

3.37.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.20 billion on operations and maintenance, representing a 3.77 per cent increase over FY 2024/25, when the County spent Kshs.2.12 billion. Figure 3.219 illustrates the distribution of Operations and Maintenance expenditure across the major spending categories.

Figure 3.219: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: *Samburu County Treasury*

3.37.10 Unbundling "Other Operating Expenses – Other (IFMIS Code 2211399)" Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.51.81 million on "*Other Operating Expenses - Other*," which accounted for 2.35 per cent of the total operations and maintenance expenditure of Kshs.2.20 billion. The disaggregated items under the "*Other Operating Expenses - Other*" category are shown in Table 3.564.

Table 3.564: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other Operating Expenses - Other (Support to borehole operations)	10,000,000	10,000,000
2211399	Other Operating Expenses - Other (Staff identification cards)	500,000	500,000
2211399	Other Operating Expenses - Other (Performance Management)	200,000	200,000
2211399	Other Operating Expenses - Other (Finance Locally Led Climate Action Program (FLLoCA) b/f Rec)	7,671,059	7,671,059
2211399	Other Operating Expenses - Other (4% of CRI Matching fund for County Climate Change Unit)	8,800,000	8,800,000
2211399	Other Operating Expenses - Other (75% County contribution under new DANIDA agreement)	7,884,000	7,884,000
2211399	Other Operating Expenses -Other (WDF Activities (Ambulance support for Waso Ward))	800,000	800,000
2211399	Other Operating Expenses - Other (Community Land Boundaries Management)	500,000	500,000
2211399	Other Operating Expenses - Other (MAA Cultural week)	12,951,200	12,951,200
2211399	Other Operating Expenses - Other (Disability board fund)	2,500,000	2,500,000
Total		**51,806,259**	**51,806,259**

Source: *Samburu County Treasury*

A review of the other expense items listed in the table revealed that some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include support for borehole operations, the Disability Board Fund, the Finance Locally led Climate Action Program (FLLoCA), 4 per cent of the CRI Matching fund for the County Climate Change Unit, and 75 per cent County contribution under the new DANIDA agreement, instead of mapping them to the correct budget codes.

3.37.11 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.466.10 million to County-Established funds in FY 2025/26, representing 5.75 per cent of the County's overall budget. Of this amount, the County allocated Kshs.23 million to the Samburu County Disaster Management Fund under the "Emergency Relief and Refugee Assistance" item within the Finance, Economic Planning and ICT Department. The allocation accounts for 0.3 per cent of the total budget. It is worth noting that the County Executive Member for Finance is yet to establish and operationalise a County Emergency Fund as contemplated under Section 110 of the PFM Act, 2012.

Table 3.565 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.565: Performance of Samburu County Established Funds in FY 2025/26

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Samburu County Bursaries Fund	2 April, 2015	98,300,000	60,200,000	60,200,000	60,200,000	No
2	Samburu County Youth and Women Enterprise Development Fund	18 June, 2014	-	-	-	-	No

S/No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
3	Samburu County Executive Car Loan & Mortgage Fund	5 March, 2016	3,000,000	-	-	-	No
4	Samburu County Persons Living with Disability Fund	28 June, 2017	5,000,000	3,643,900	3,643,900	3,643,900	No
5	Samburu County Community Conservancies Fund	11 February 2020	98,000,000	98,000,000	98,000,000	98,000,000	No
6	Samburu County Climate Change Fund	15 June 2022	178,800,000	78,800,000	78,800,000	78,800,000	No
7	Samburu County Disaster Management Fund	23 July, 2015	23,000,000	-	-	-	-
	County Assembly Established Funds						
1	Samburu County Assembly Car Loan and Mortgage Fund	14 February 2014	60,000,000	55,600,264	39,225,948	39,225,948	No
	Total		**466,100,000**	**296,244,164**	**279,869,848**	**279,869,848**	

Source: *Samburu County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from the Fund Administrators for the funds indicated in Table 3.565, 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 2025/26, the CoB established that the lifespans of the Samburu County Bursaries Fund, Samburu County Youth and Women Enterprise Development Fund, Samburu County Disaster Management Fund, Samburu County Assembly Car Loan and Mortgage Fund and the Samburu County Executive Car Loan & Mortgage Fund had already expired as indicated in Table 3.543, thus requiring review to ensure compliance with law.

3.37.12 County Corporations, Municipalities and Agencies

The County Government of Samburu had one County Corporation and one Municipality, which were allocated Kshs.75 million in FY 2025/26. The total transfers to these entities during the review period amounted to Kshs.75 million, as shown in Table 3.566.

Table 3.566: Performance of Samburu County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)
Established Corporations				
1	Samburu Water and Sanitation Company Limited	45,000,000	45,000,000	45,000,000
Gazetted Municipalities				
1	Maralal	30,000,000	30,000,000	30,000,000
	Total	**75,000,000**	**75,000,000**	**75,000,000**

Source: *Samburu County Treasury*

3.37.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel, accommodation and subsistence allowance amounted to Kshs.560.24 million and comprised Kshs.86.51 million spent by the County Assembly and Kshs.473.73 million by the County Executive. Expenditure on foreign travel, accommodation and subsistence allowance amounted to Kshs.54.14 million and comprised Kshs.25.95 million incurred by the County Assembly and Kshs.28.19 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.567.

Table 3.567: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	22nd to 27th September, 2025	Leadership and Change Management Programme	Dubai-UAE	753,770	-	753,770
County Executive	4	4th to 6th November, 2025	The World Travel Market (WTM) London 2025	United Kingdom	3,466,553	-	3,466,553
County Executive	4	17th to 28th November, 2025	The Women Leaders' Guide to High-Impact Public Policy and Sustainable Development Conference Training	Istanbul, Turkey	4,934,624	-	4,934,624
County Executive	2	15th to 23rd November, 2025	UNFCCC Conference of the Parties (COP30) 2025, taking place in Belém, Brazil	Brazil	1,795,938	-	1,795,938
County Executive	3	1st to 5th December, 2025	ICPAK 31st Executive Seminar	Turkey	3,460,365	-	3,460,365
County Executive	2	30th November - 14th December, 2025	The Woman Leader's Guide to High-Impact Public Policy and Sustainable Development Conference	Turkey	3,214,176	-	3,214,176
County Executive	6	26th Feb. - 27th March, 2026	Foreign Travel to Messe Berlin, Germany, to Participate in ITB Berlin, 2026	Germany	7,822,425	-	7,822,425
County Executive	2	3rd - 14th May, 2026	Benchmarking and Learning Tour in the UK	United Kingdom	2,743,296	-	2,743,296
County Assembly	4	23rd – 28th February 2025	East Africa Local Authorities Sports and Cultural Associations (EALASCA) games	Kampala, Uganda	1,380,371	-	1,380,371
County Assembly	1	26th October – 3rd November 2025	International Knowledge Exchange Program of Empowering Legislators for County Assembly Clerks	Spain and France	1,769,620	-	1,769,620
County Assembly	1	7th–14th November, 2025	ICT Strategy Summit	Dubai	798,055	-	798,055

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	36	14th – 22nd December 2025	Capacity Building Training for Members, Service Board and Secretariat Staff	Kampala, Uganda	19,545,600	-	19,545,600
County Assembly	2	20th – 29th April 2026	High Impact Leadership Programme	Tokyo, Japan	2,454,400	-	2,454,400
Total							**54,139,193**

Source: *Samburu County Treasury and Samburu County Assembly*

3.37.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.117.11 million as FIF. The collected amount was utilised at source in line with the Facility Improvement Financing Act, 2023, and the Samburu County Facilities Improvement Fund Act, 2022, which allowed the County's health facilities to collect and retain revenue to defray operational, management, and capital costs. The expenditure by the health facilities amounted to Kshs.124.56 million, as shown in Table 3.568.

Table 3.568: Samburu County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 5 Hospital	1	80,400,000	57,842,474	71.94
2.	Level 4 Hospital	4	31,976,350	32,232,105	100.80
3.	Level 3 Facility	34	20,654,528	20,654,528	100
4.	Level 2 Facility	62	13,829,310	13,829,310	100
	Total	**101**	**146,860,188**	**124,558,417**	**84.81**

Source: *Samburu County Treasury*

The expenditure of Kshs.124.56 million included Kshs.7.44 million for the Primary Health Care in Devolved Context (PHDC) Programme funded by DANIDA. The funds were transferred directly to the operational accounts for the Level 3 and Level 2 health facilities.

3.37.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.1.90 billion on development programmes, representing an increase of 18.75 per cent compared to FY 2024/25, when the County spent Kshs.1.60 billion. Table 3.569 summarises the development projects with the highest expenditure in FY 2025/26.

The increase in development expenditure was attributed to the timely and coordinated execution of planned activities across the respective departments, as well as improved settlement of pending bills.

Table 3.569: Samburu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum /Total Funding in FY 2025/26 (Kshs.)	Expenditure in FY 2025/26 (Kshs.)	Cumulative project expenditure as of 30 June, 2026 (Kshs.)	Completion Status (%)
County Funded Projects									
1	Environment and Natural Resources	Financing Locally LED Climate Actions, Matching Fund	County-wide	1 July, 2025	30 June, 2026	170,000,000	70,000,000	70,000,000	41

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum /Total Funding in FY 2025/26 (Kshs.)	Expenditure in FY 2025/26 (Kshs.)	Cumulative project expenditure as of 30 June, 2026 (Kshs.)	Completion Status (%)
2	Trade, Tourism and Co-operative Development	Conservancies Fund	County-wide	1 July, 2025	30 June, 2026	91,000,000	67,000,000	67,000,000	74
3	County Assembly	Furnishing and Equipping of the County Assembly Chambers	County Assembly premises	12 February, 2026	12 February, 2026	40,000,000	40,000,000	40,000,000	24
4	Agriculture, Livestock and Fisheries	Payment for the supply of Sahiwal Cows	County-wide	1 July, 2025	30 June, 2026	38,895,055	38,895,055	38,895,055	100
5	Agriculture, Livestock and Fisheries	Payment for Supply of Camels	County-wide	1 July, 2025	30 June, 2026	38,511,400	38,511,400	38,511,400	100
6	Trade, Tourism and Co-operative Development	Being payment for the purchase of motor vehicles for Poro, El-Barta, Loruko and Nachola Conservancies	County-wide	1 July, 2025	30 June, 2026	32,483,364	32,483,364	32,483,364	100
7	Agriculture, Livestock and Fisheries	Payment for the supply of Saihawal Heifers	County-wide	1 July, 2025	30 June, 2026	31,728,645	31,728,645	31,728,645	100
8	Physical Planning, Housing and Urban Development	Maralal Municipality KUSP UDG	Maralal Municipality	1 July, 2025	30 June, 2026	30,000,000	30,000,000	30,000,000	100
9	Agriculture, Livestock and Fisheries	Payment for Supply of Camels	County-wide	1 July, 2025	30 June, 2026	24,880,000	24,880,000	24,880,000	100
10	Agriculture, Livestock and Fisheries	Payment for the purchase of animals and breeding stock	County-wide	1 July, 2025	30 June, 2026	15,060,518	15,060,518	15,060,518	100
Donor Funded Projects									
1	Agriculture, Livestock and Fisheries	Samburu Kenya Livestock Commercializa-tion	County-wide	1 July, 2025	30 June, 2026	70,250,000	70,250,000	70,250,000	58
2	Public Works, County Roads and Water	Samburu County Roads Maintenance Levy	County-wide	1 July, 2025	30 June, 2026	60,855,995	60,855,995	60,855,995	100
3	Agriculture, Livestock and Fisheries	Food System Resilience Project(FSRP)	County-wide	1 July, 2025	30 June, 2026	246,000,000	110,059,820	110,059,820	45
4	Agriculture, Livestock and Fisheries	Samburu Kenya Livestock Commercializa-tion	County-wide	1 July, 2025	30 June, 2026	32,943,040	32,943,040	32,943,040	100
5	Agriculture, Livestock and Fisheries	Food System Resilience Project(FSRP)	County-wide	1 July, 2025	30 June, 2026	246,000,000	134,692,260	134,692,260	55
6	Gender, Culture and Social Services	Kenya Devolution Support Program II	County-wide	1 July, 2025	30 June, 2026	352,500,000	35,250,118	35,250,118	10

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum /Total Funding in FY 2025/26 (Kshs.)	Expenditure in FY 2025/26 (Kshs.)	Cumulative project expenditure as of 30 June, 2026 (Kshs.)	Completion Status (%)
7	Environment and Natural Resources	Kenya Water, Sanitation, and Hygiene K-Wash	County-wide	1 July, 2025	30 June, 2026	141,979,713	141,979,713	141,979,713	100

***Source**: Samburu County Treasury*

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

The County reported one stalled development project as of 30 June 2026, with an estimated value of Kshs.116.95 million, of which Kshs.107.79 million had already been paid. The project is shown in Table 3.570.

Table 3.570: Samburu County Stalled Projects as of 30 June 2026

No	Sector	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Percentage of Completion before stalling of the Project (%)	Cause of Stalling
1	Health Services	Proposed construction of inpatient Block at Samburu County Teaching and Referral Hospital	Maral-al	116,951,010	107,790,785	9,160,225	92	Project variation concerns
				116,951,010	**107,790,785**	**9,160,225**		

Source: Samburu County Treasury

3.37.16 Budget Performance by Department

Table 3.571 summarises the approved budget allocation, expenditure and absorption rate by departments for the period under review.

Table 3.571: Samburu County, Budget Allocation and Absorption Rate by Department

Department	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 Assembly	569.62	60.48	569.62	60.48	569.62	60.48	100	100	100	100
County Executive	537.32	2.00	497.89	2.00	497.89	2.00	92.66	100	92.66	100
Finance, Economic Planning & ICT	1,006.57	38.98	1,006.57	34.87	1,006.57	34.87	100	89.46	100	89.46
Agriculture, Livestock Development, Veterinary Services & Fisheries	213.02	784.85	202.76	603.32	202.76	603.32	95.18	76.87	95.18	76.87

Department	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
Water, Environment, Natural Resources & Energy	183.52	426.49	177.85	361.59	177.85	361.59	96.91	84.78	96.91	84.78
Education and Vocational Training	573.23	144.93	572.48	128.47	572.48	128.47	99.87	88.64	99.87	88.64
Medical Services, Public Health & Sanitation	1,551.62	102.60	1,551.62	79.40	1,551.62	79.40	100	77.39	100	77.39
Lands, Housing, Physical Planning & Urban Development	246.73	137.00	209.74	76.20	209.74	76.20	85.00	55.62	85.00	55.62
Roads, Transport & Public Works	97.22	302.52	97.22	299.09	97.22	299.09	100	98.87	100	98.87
Tourism, Trade, Enterprise Development & Co-operatives	252.45	198.20	252.45	176.66	252.45	176.66	100	89.13	100	89.13
Culture, Social Services, Gender, Sports & Youth Affairs	283.62	392.20	248.05	74.91	248.05	74.91	87.46	19.10	87.46	19.10
Total	**5,514.93**	**2,590.25**	**5,386.25**	**1,897.01**	**5,386.25**	**1,897.01**	**97.67**	**73.24**	**97.67**	**73.24**

***Source**: Samburu County Treasury*

Analysis of expenditure by departments shows that the County Executive and the County Assembly had the highest absorption rate of their respective development budgets at 100 per cent each, followed by the Department of Roads, Transport & Public Works at 98.87 per cent, the Departmentof Finance, Economic Planning & ICT at 89.46 per cent, and the Department of Tourism, Trade, Enterprise Development & Co-operatives at 89.13 per cent. The Department of Finance, Economic Planning & ICT, the County Assembly, the Department of Education and Vocational Training, the Medical Services, Public Health & Sanitation, the Department of Roads, Transport & Public Works and the Department of Tourism, Trade, Enterprise Development & Co-operatives had the highest percentage of recurrent expenditure to their respective recurrent budgets at 100 per cent each.

3.37.17 Budget Execution by Programmes and Sub-Programmes

Table3.572 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.572: Samburu County, Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs)	Absorption Rate (%)
Development				
County Assembly				
County Assembly Administration	County Assembly Administration	60,482,510	60,482,510	100

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs)	Absorption Rate (%)
Agriculture, Livestock, Veterinary Services and Fisheries				
Crop Development and Management	Lands and Crops Management	434,500,000	370,500,000	85.27
Education and Vocational Training				
Early Childhood Development and Education	Early Childhood Development and Education	129,102,123	112,642,147	87.25
Youth Training and Development	Revitalisation of Youth Polytechnics	15,832,477	15,832,477	100
Roads, Transport and Public Works				
Roads and Public Infrastructure Development	Rehabilitation of Roads, Drainage and Bridges	297,519,245	290,944,991	97.79
Tourism, Trade, Enterprise Development and Co-operatives				
Tourism Development and Promotion	Tourism Promotion and Marketing	177,800,000	163,770,194	92.11
Culture, Social Services, Gender, Sports and Youth Affairs				
Sports Development, Training & Competition	Sports Development, Training & Competition	37,571,000	37,571,000	100
Recurrent				
County Assembly				
County Assembly Administration	County Assembly Administration	253,347,933	253,347,933	100
Finance, Economic Planning and ICT				
Administration Services	Administration Services	571,164,313	571,164,313	100
Education and Vocational Training				
Early Childhood Development and Education	Early Childhood Development and Education	370,556,318	370,556,318	100
Medical Services, Public Health and Sanitation				
Preventive and Promotive Health Services	Health Promotion	223,552,542	223,552,542	100
Curative Health	County Referral Services	812,934,114	812,934,114	100
General Administration Planning and Support Services	Health Standards and Quality Assurance Services	229,980,795	229,980,795	100

Source: *Samburu County Treasury*

The development sub-programmes with the highest budget implementation rates were: County Assembly Administration in the County Assembly at 100 per cent; Sports Development, Training & Competition in the Department of Culture, Social Services, Gender, Sports and Youth Affairs at 100 per cent; Revitalization of Youth Polytechnics in the Department of Education and Vocational Training; Rehabilitation of Roads, Drainage and Bridges in the Department of Roads, Transport and Public Works at 97.79 per cent; Tourism Promotion and Marketing in the Tourism, Trade, Enterprise Development and Co-operatives at 92.11 per cent. On the other hand, all the recurrent sub-programmes indicated in Table 3.572 attained a budget implementation rate of 100 per cent. The higher performance of these programmes was attributed to the timely and coordinated execution of planned programme activities across the respective departments.

Table 3.573 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.573: Samburu County, Budget Execution by Programmes and Sub-Programmes with the lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs)	Absorption Rate (%)
Development				
Water, Environment, Natural Resources and Energy				
Environmental Management and Protection	County Environment Management	303,933,785	203,933,785	67.1
Water and Sanitation Services	Water and sanitation services	279,397,176	157,658,952	56.43
Lands, Housing, Physical Planning and Urban Development				
Urban Centres Administration	Urban centre management	135,000,000	76,203,320	56.45
Land Policy Planning and Housing	Land Survey and Mapping	2,000,000	-	-
Culture, Social Services, Gender, Sports and Youth Affairs				
Sports Development, Training & Competition	Sports Development, Training & Competition	377,200,000	14,696,426	3.90
Recurrent				
Agriculture, Livestock, Veterinary Services and Fisheries				
Livestock Resource Management and Development	Livestock Production and Management	23,755,627	20,755,627	87.37
	Promotion of Dairy Production, Breeding and Disease Control	27,524,577	24,524,577	89.10
	Livestock marketing and rangeland management	14,896,280	11,896,280	79.86
Water, Environment, Natural Resources and Energy				
Water and Sanitation Services	Water and sanitation services	94,354,921	91,681,992	97.17
Lands, Housing, Physical Planning and Urban Development				
Urban Centres Administration	Urban centre management	79,388,616	77,390,816	97.48

Source: *Samburu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Land Survey and Mapping in the Department of Lands, Housing, Physical Planning and Urban Development which was not implemented; Sports Development, Training & Competition in the Department of Culture, Social Services, Gender, Sports and Youth Affairs at 3.9 per cent, and Water and sanitation services in the Department of Water, Environment, Natural Resources and Energy at 56.43 per cent. On the other hand, the following recurrent sub-programmes: Livestock marketing and rangeland management, Livestock Production and Management, and Promotion of Dairy Production, Breeding and Disease control, all in the Department of Agriculture, Livestock, Veterinary Services and Fisheries, attained a budget absorption rate of 79.86 per cent, 87.37 per cent and 89.10 per cent, respectively.

The lower performance in the Sports Development, Training and Competition sub-programme is attributed to the delayed disbursement of the 2nd Kenya Devolution Support Program (Services Delivery Level 2) conditional grant in FY 2025/26. The County also noted that delays in the disbursement of the equitable share of revenue raised nationally were a major challenge affecting the performance of the programmes and sub–programmes.

3.37.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.624.60 million. This amount consisted of Kshs.557.67 million from the County Executive and Kshs.66.93 million from the County Assembly. The

trade payables from the County Executive comprised Kshs.326.62 million for recurrent expenditures and Kshs.231.05 million for development expenditures, while the trade payables from the County Assembly consisted of Kshs.59.21 million for recurrent expenditure and Kshs.7.72 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.440.42 million, comprising Kshs.249.54 million (56.66 per cent) for recurrent programmes and Kshs.190.88 million (43.34 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.66.93 million, comprising Kshs.59.21 million (88.47 per cent) for recurrent activities and Kshs.7.72 million (11.53 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.117.25 million, all of which related to the County Executive. Table 3.574 provides additional details of trade payables.

Table 3.574: Samburu County Trade Payables as of 30 June, 2026

		County Entity	Development (Kshs)	Recurrent (Kshs)	Total (Kshs)
As at 1 July 2025 (End of FY 2024/25) (Kshs.)	a	County Executive	231,045,933	326,622,793	557,668,726
		County Assembly	7,721,925	59,208,244	66,930,169
		Total	**238,767,858**	**385,831,037**	**624,598,895**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Amount paid in FY 2025/26 (Kshs.)	c	County Executive	190,878,849	249,544,725	440,423,573
		County Assembly	7,721,925	59,208,244	66,930,169
		Total	**198,600,774**	**308,752,969**	**507,353,742**
Trade Payables Incurred in FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 30 June, 2026 (Kshs.)	E=a-c*b	County Executive	40,167,084	77,078,068	117,245,152
		County Assembly	-	-	-
		Total	**40,167,084**	**77,078,068**	**117,245,152**

Source: *Samburu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.557.67 million and Kshs.66.93 million, respectively, in FY 2025/26. The amounts were to be settled through quarterly instalments of varying amounts, with each tranche of the equitable share of revenue raised nationally. The County Assembly adhered to this payment plan, resulting in the settlement of Kshs.66.93 million. Conversely, the County Executive did not fully adhere to the payment plan, as they settled only Kshs.440.42 million.

Table 3.575 presents the ageing of the total outstanding trade payables for the County Executive as of 30 June 2026, in Kshs.117.25 million. The County Assembly had no outstanding trade payables as of 30 June, 2026.

Table 3.575: Samburu County Executive trade payables Ageing Analysis as of 30 June, 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**-**	**14,619,322**	**16,387,537**	**9,160,225**	**40,167,084**
Recurrent Trade Payables (Goods & Services)	-	40,247,209	6,759,044	2,334,000	**49,340,253**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	10,613,743	3,433,467	13,690,605	**27,737,815**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**-**	**50,860,952**	**10,192,511**	**16,024,605**	**77,078,068**
Total Trade Payables	**-**	**65,480,274**	**26,580,048**	**25,184,830**	**117,245,152**
% of Total	**-**	**55.85**	**22.67**	**21.48**	**100**

Source: *Samburu County Treasury*

As shown in Table 3.575, the total salary arrears and statutory deductions for trade payables amounted to Kshs.27.74 million, which represented 23.66 per cent of the total trade payables of Kshs.117.25 million as of 30 June, 2026.

Additionally, Table 3.575 indicates that 55.85 per cent of total trade payables are aged between 1 and 2 years, a trend attributed to the non-payment of a large share of the trade payables.

3.37.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemptions are imprest bank accounts for petty cash and revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 158 accounts across CBK and commercial banks, of which 31 were held at the CBK and 127 at commercial banks. Of those at the commercial banks, 4 were for donor commercial operational accounts, 2 for revenue collection accounts, 16 for special operations accounts, including County-established funds, 101 for health facilities operations accounts, 2 for municipalities operations accounts, 1 for water and sewerage companies operations accounts, and 1 for Vocational Training Centres.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.37.20 Key Observations and Recommendations

While 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, which accounted for 42 per cent of the County's total revenue, amounting to Kshs.3.18 billion, was realised in FY 2025/26, exceeding the ceiling provided in law.

ii. High level of trade payables, amounting to Kshs. 117.25 million as of 30 June, 2026.

iii. Low development performance in FY 2025/26 as the County incurred Kshs.1.90 billion on development activities, achieving a 73 per cent absorption rate.

iv. The Fund Administrators did not submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which contravenes the requirements of Section 168 of the PFM Act, 2012.

v. Late submission of financial reports to the Controller of Budget by the County Treasury and the County Assembly affected the timely preparation of the budget implementation report. The County As-

sembly submitted the report on 2 August 2026, while the County Treasury submitted the report on 5 August 2026.

vi. Regulation 197(1)(i) of the PFM (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 June 2026, the lifespan of the Samburu County Bursaries Fund, Samburu County Youth and Women Enterprise Development Fund, Samburu County Disaster Management Fund, Samburu County Assembly Car Loan and Mortgage Fund and the Samburu County Executive Car Loan & Mortgage Fund had lapsed, making them ineligible for further withdrawals.

vii. 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.

viii. 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.

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 within the financial year. Further, compliance with the Pending Bills Action Plan should be enforced.*

iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

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

vi. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 PFM Act.*

vii. *The County Government should ensure that bank accounts are opened and operated with the Central Bank of Kenya, as required by law. However, imprest bank accounts for petty cash and own-source revenue collection accounts are exempted.*

viii. *The County Treasury should ensure that it submits copies of authorisation letters to the Controller of Budget for opening commercial bank accounts to enhance accountability and oversight and to comply with the law.*

3.38. County Government of Siaya

3.38.1 Overview of FY 2025/26 Budget

The Siaya County Supplementary Budget for FY 2025/26 was Kshs.13.38 billion. It comprised Kshs.6.03 billion (45.06 per cent) and Kshs.7.35 billion (54.94 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.2.43 billion (22.19 per cent) from the FY 2024/25 budget, comprising a development budget of Kshs.4.87 billion and a recurrent budget of Kshs.6.07 billion. The increase in the budget was primarily attributed to the rise in equitable share.

The budget was to be financed through various revenue sources. These included the equitable share of revenue raised nationally of Kshs.7.75 billion (57.96 per cent), additional allocations of Kshs.1.41 billion (10.53 per cent), a cash balance brought forward from FY 24/25 of Kshs.961.81 million (7.19 per cent) and

Kshs.3.25 billion (24.31 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.576.

3.38.2 Revenue Performance

During the year, the County reported total revenue of Kshs.10.50 billion. This amount represented an increase of 1.25 per cent over the amount received in FY 2024/25 of Kshs.10.37 billion. The total revenue consisted of Kshs.7.75 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.907 million, and own-source revenue (OSR) collection of Kshs.876.14 million. Additionally, the County had a cash balance of Kshs.961.81 million from FY 2024/25. The total OSR collection of Kshs.876.14 million included Facilities Improvement Financing (FIF) of Kshs.585.69 million, and Kshs.290.45 million from other OSR sources. Table 3.576 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.576: Siaya County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**	961,813,235	961,813,235	961,813,235	100.00
	Sub-Total	**961,813,235**	**961,813,235**	**961,813,235**	100.00
B	**Equitable Share of Revenue Raised Nationally**	7,754,478,885	7,754,478,885	7,754,478,885	100.00
	Sub-Total	**7,754,478,885**	**7,754,478,885**	**7,754,478,885**	100.00
C	**Additional Allocations (Including Grants)**				
1	KDSP Level II	352,500,000	176,922,826	176,922,826	50.19
2	KDSP Level I	72,909,500		-	-
3	NAVCDP	231,250,000	231,047,399	231,047,399	99.91
4	KELCOP	60,550,000	33,549,431	33,549,431	55.41
5	ABDP	12,969,602	12,889,619	12,889,619	99.38
6	FLLoCA-Development	217,509,163	126,449,101	126,449,101	58.14
7	FLLoCA-Recurrent	11,000,000	11,000,000	11,000,000	100.00
8	Mineral Royalties	259,152	259,152	259,152	100.00
9	CHPs	63,810,000	9,333,000	9,333,000	14.63
10	Salary Arrears for health workers	22,723,820	-	-	-
11	DANIDA	8,721,000	-	-	-
12	Allowances to Housing Committees	1,987,622	-	-	-
13	KUSP-UIG	28,000,000	26,000,000	26,000,000	92.86
14	KUSP-UDG-Siaya Municipality	32,471,295	30,781,957	30,781,957	94.80
15	KUSP-UDG-Bondo Municipality	22,244,987	22,244,987	22,244,987	100.00
16	CAIP-Grant	133,368,421	133,368,421	133,368,421	100.00
17	FLLoCA-Grant-2025/26	137,000,000	94,152,840	94,152,840	68.72
	Sub-Total	**1,409,274,562**	**907,998,733**	**907,998,733**	64.43
D	**Ordinary Own Source Revenue (OSR)**				
1	Single Business Permits	635,990,770	106,031,685	106,031,685	16.67
2	Market Fees	345,678,098	40,199,272	40,199,272	11.63
3	Boda Boda	47,869,098	-	-	-
4	Weights & Measures	23,908,765	816,800	816,800	3.42

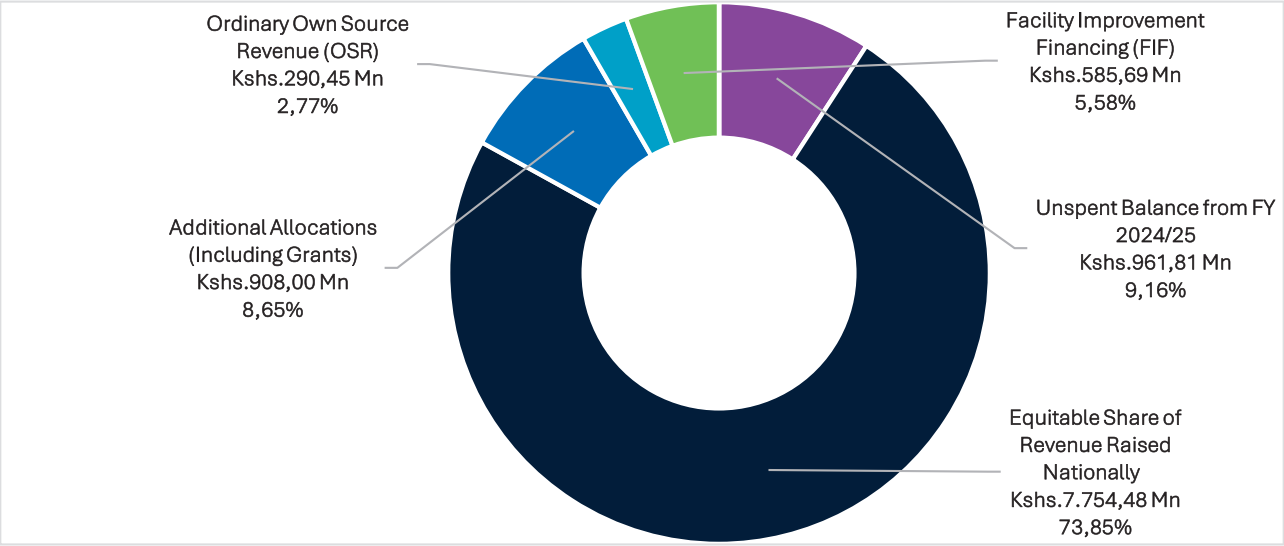
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	D=B+C	F=D/A*100
5	Trade Income (Audit Fee)	12,768,543	23,100	23,100	0.18
6	Advertisement Charges	11,550,000	25,457,104	25,457,104	220.41
7	Liquor Licensing	23,100,000	7,336,005	7,336,005	31.76
8	Bus Park	87,654,321	20,149,257	20,149,257	22.99
9	Plan Approval (Engineers)	24,768,098	6,364,298	6,364,298	25.70
10	Grader	10,626,000	-	-	-
11	Fire Inspection	2,310,000	-	-	-
12	Parking	45,786,908	13,132,125	13,132,125	28.68
13	County Hall Hire	161,700	-	-	-
14	Fish Cess	23,657,098	6,334,644	6,334,644	26.78
15	Slaughter Fees	12,879,076	255,090	255,090	1.98
16	Cilor	23,100,000	-	-	-
17	Sugar Cess	41,897,098	2,057,780	2,057,780	4.91
18	Agriculture Income (Fisherman Licence)	6,214,236	793,100	793,100	12.76
19	Veterinary Services	5,076,497	3,677,850	3,677,850	72.45
20	Cattle Auction	5,775,000	3,455,250	3,455,250	59.83
21	Tractor Hire Services (T.H.S) Private Tractors	137,087,500	3,301,352	3,301,352	2.41
22	Sales Of Seeds	-	3,967,700	3,967,700	
23	Sales Of Fertiliser	-	2,329,898	2,329,898	
24	Plan Approval (Physical Planning)	37,178,098	6,558,310	6,558,310	17.64
25	Transfer Fee	3,003,000	1,586,074	1,586,074	52.82
26	Plot Rates	95,321,908	5,659,360	5,659,360	5.94
27	Plot Rent	94,321,890	7,863,494	7,863,494	8.34
28	Ground Rent	4,532,897	350,450	350,450	7.73
29	House Rent	5,313,000	70,147	70,147	1.32
30	Kiosk/Stall Rent	387,615,432	9,934,468	9,934,468	2.56
31	Burial Fee & Signage	115,500	3,000	3,000	2.60
32	Clearance Certificate	1,732,500	506,000	506,000	29.21
33	Site Fee	1,504,965	-	-	-
34	Survey Fee	1,732,500	624,200	624,200	36.03
35	Private Estate Fee	150,150	-	-	-
36	Nema (Noise Permit)	3,650,849	139,850	139,850	3.83
37	Sand Cess/Quarry	7,004,005	10,000	10,000	0.14
38	Misc.	-	5,899,019	5,899,019	
39	School Fee	389,810	-	-	-
40	Impounding Fee	2,310,000	8,000	8,000	0.35
41	Public Health	-	5,556,107	5,556,107	
	Sub-Total	**2,173,735,310**	**290,450,788**	**290,450,788**	13.36

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	D=B+C	F=D/A*100
E	**Facility Improvement Financing (FIF)**				
1	SHIF	1,078,685,515	454,352,637	454,352,637	42.12
2	Hospital Revenue	-	131,336,117	131,336,117	
	Sub-Total	**1,078,685,515**	**585,688,754**	**585,688,754**	54.30
	Grand Total	**13,377,987,507**	**10,500,430,395**	**10,500,430,395**	**78.49**

Source: *Siaya County Treasury*

The County has a governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.220 provides a detailed breakdown of receipts.

Figure 3.220: Siaya County Composition of Revenue in FY 2025/26

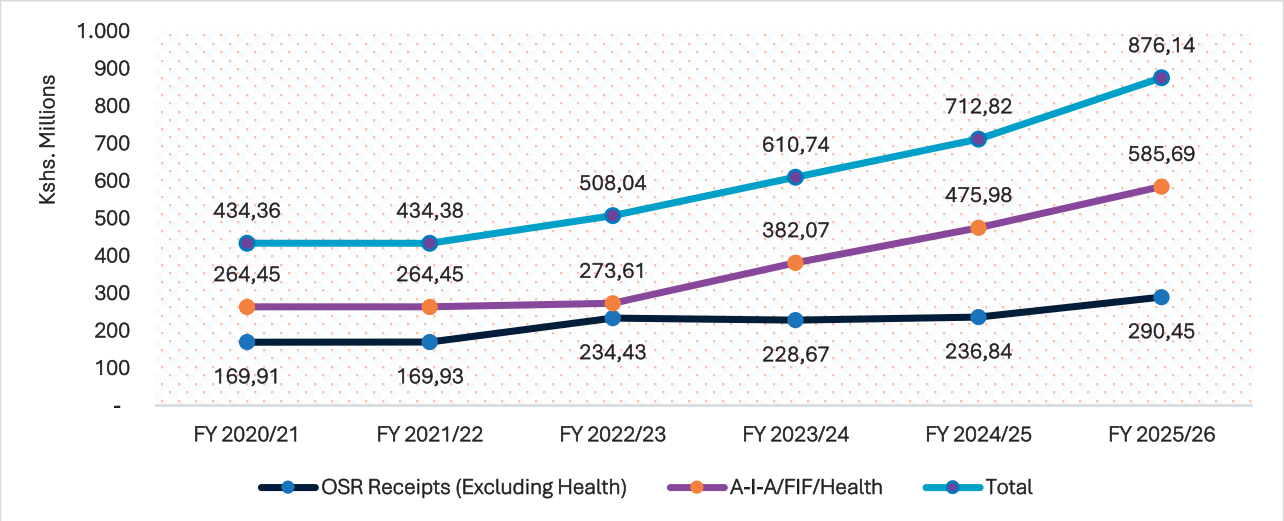


Source: *Siaya County Treasury*

The equitable share of revenue raised nationally, unspent balance from FY 2024/25, and additional allocations (including grants) contributed 73.85 per cent, 9.16 per cent and 8.65 per cent, respectively, of the total receipts for the reporting period.

Figure 3.221 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.221: Siaya County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



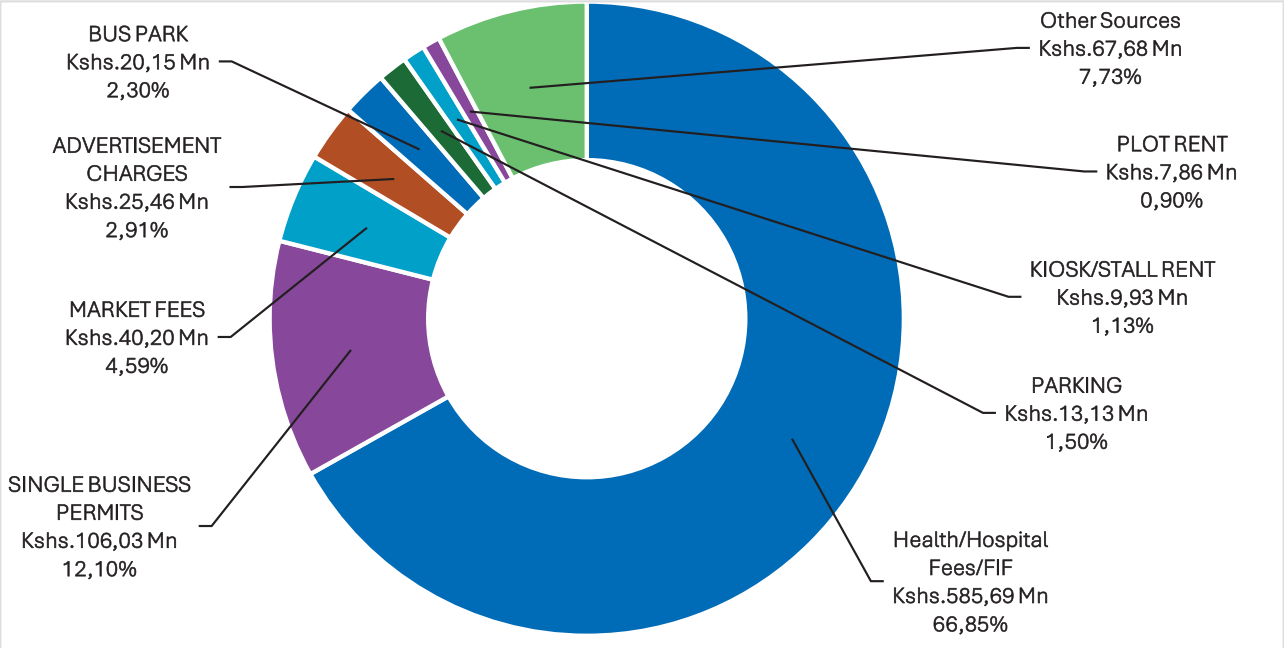
Source: *Siaya County Treasury*

During the year, the County received Kshs.876.14 million from OSR, including FIF. This amount was an increase of 22.91 per cent over Kshs.712.82 million realised in FY 2024/25, representing 26.94 per cent of the annual target and 11.30 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the transition from manual to automated revenue collection and to enhanced revenue administration through inspections.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.222.

Figure 3.222: Siaya County Top Own Source Revenue Streams in FY 2025/26



Source: Siaya County Treasury

As shown in Figure 3.222, the largest revenue stream, at Kshs.585.69 million, was Health/FIF/Hospital Fees, accounting for 66.85 per cent of total OSR receipts. The County Government indicated that it has automated 12 of 25 revenue streams.

3.38.3 Revenue Arrears

As of 1 July 2025, the County reported Revenue Arrears of Kshs.189.26 million, which increased to Kshs.333.90 million as of 30 June 2026. The County currently tracks its Revenue Arrears using an automated system, with an accrual-basis option. Table 3.554 presents a breakdown of the County's Revenue Arrears.

Table 3.577: Siaya County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Single Business Permit	57,952,905	-	15,290,589	528,242	43,190,558
2	Liquor	2,444,200	-	-	788,869	3,233,069
	Sub-Total	**60,397,105**	**-**	**15,290,589**	**1,317,111**	**46,423,627**
B	**Facility Improvement Financing (FIF)**					
1	SHIF	128,863,123.00	-	-	158,613,533.87	287,476,656.87

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
	Sub-Total	128,863,123.00	-	-	158,613,533.87	287,476,656.87
Total		189,260,228.00	-	15,290,589.00	159,930,644.87	333,900,283.87

Source: Siaya *County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.333.90 million, comprising Kshs.287.48 for SHIF (86.10 per cent) and Kshs.46.42 for ordinary own source revenue (13.90 per cent). The measures instituted by the County to collect the outstanding Revenue Arrears in FY 2025/26 include inspection and penalties for defaulters.

3.38.4 Borrowing by the County

The County Treasury did not report any borrowing in FY 2025/26.

3.38.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.7.29 billion from the Siaya County Revenue Fund (CRF) account. This amount consisted of Kshs.1.63 billion (22.37 per cent) designated for development programs and Kshs.5.66 billion (77.63 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.92 billion was allocated to employee compensation and Kshs.1.74 billion to operations and maintenance expenditures. Within the operations and maintenance category, 17.50 per cent was for domestic travel expenditure. The domestic travel expenditures totalled Kshs.257.28 million, which included Kshs.122.46 million for the County Executive and Kshs.134.82 million for the County Assembly.

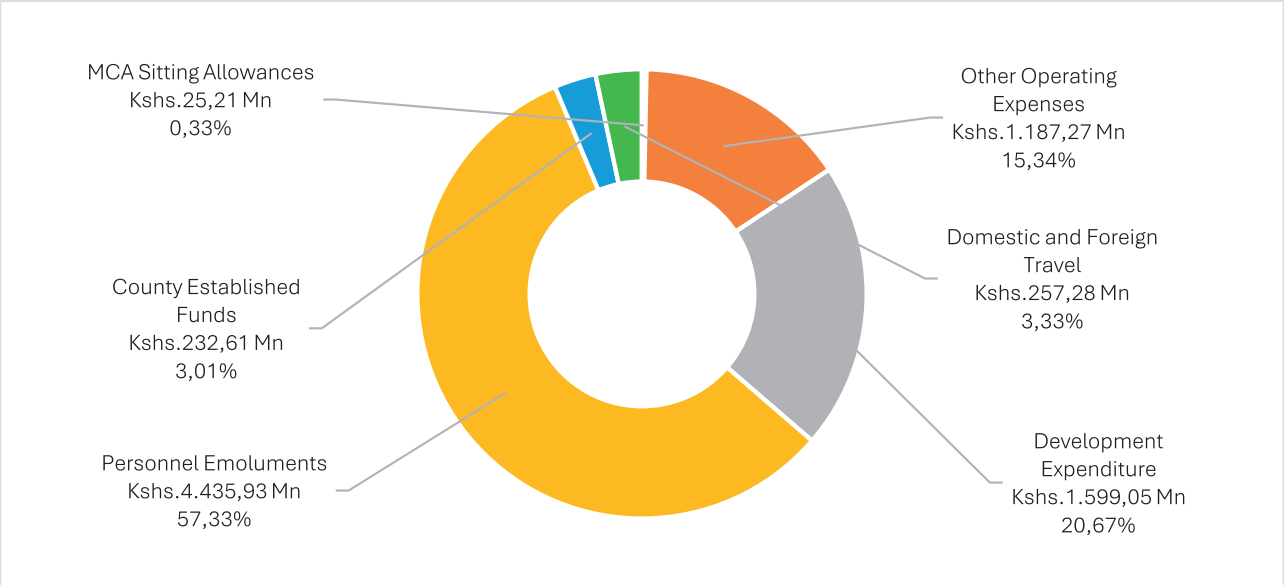
As of 30 June 2026, the County Government's cash balance in the Siaya CRF account was Kshs.1.76 billion. The County had not operationalised the County Assembly Fund as of 30 June 2026.

3.38.6 Expenditure Review

The County spent Kshs.7.18 billion on development and recurrent programmes in FY 2025/26. The expenditure (inclusive of accrued expenses) represented 102.59 per cent of the total funds released by the CoB. It comprised Kshs.1.60 billion for development programmes and Kshs.5.91 billion for recurrent programmes. Expenditure on development programmes accounted for 26.53 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 80.35 per cent of the annual recurrent expenditure budget.

Figure 3.223 provides a detailed breakdown of total expenditure.

Figure 3.223: Siaya County Composition of Expenditure in FY 2025/26



Source: Siaya *County Treasury*

As shown in Figure 3.223, the three highest expenditure categories were personnel emoluments, development expenditure, and other operating expenses, contributing 57.33, 20.67, and 15.34 per cent of total expenditure for the reporting period.

3.38.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.82 billion in employee compensation, Kshs.1.05 billion in operations and maintenance, and Kshs.1.45 billion in development activities. Similarly, the County Assembly spent Kshs.335.71 million on employee compensation, Kshs.367.12 million on operations and maintenance, and Kshs.147.51 million on development activities, as shown in Table 3.578.

Table 3.578: Siaya County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**6,569.88**	**779.89**	**4,878.64**	**702.83**	**247.16**	**77.06**	**5,125.80**	**779.89**	**78.02**	**100.00**
Compensation of Employees	3,513.19	348.93	3,823.71	335.71	247.16	29.36	4,070.86	365.07	115.87	104.63
Operations and Maintenance	3,056.69	430.97	1,054.93	367.12	-	47.71	1,054.93	414.83	34.51	96.25
Development Expenditure	**5,612.58**	**415.63**	**1,451.53**	**147.51**	**-**	**-**	**1,451.53**	**147.51**	25.86	35.49
Total	**12,182.46**	**1,195.53**	**6,330.18**	**850.34**	**247.16**	**77.06**	**6,577.33**	**927.40**	**53.99**	**77.57**

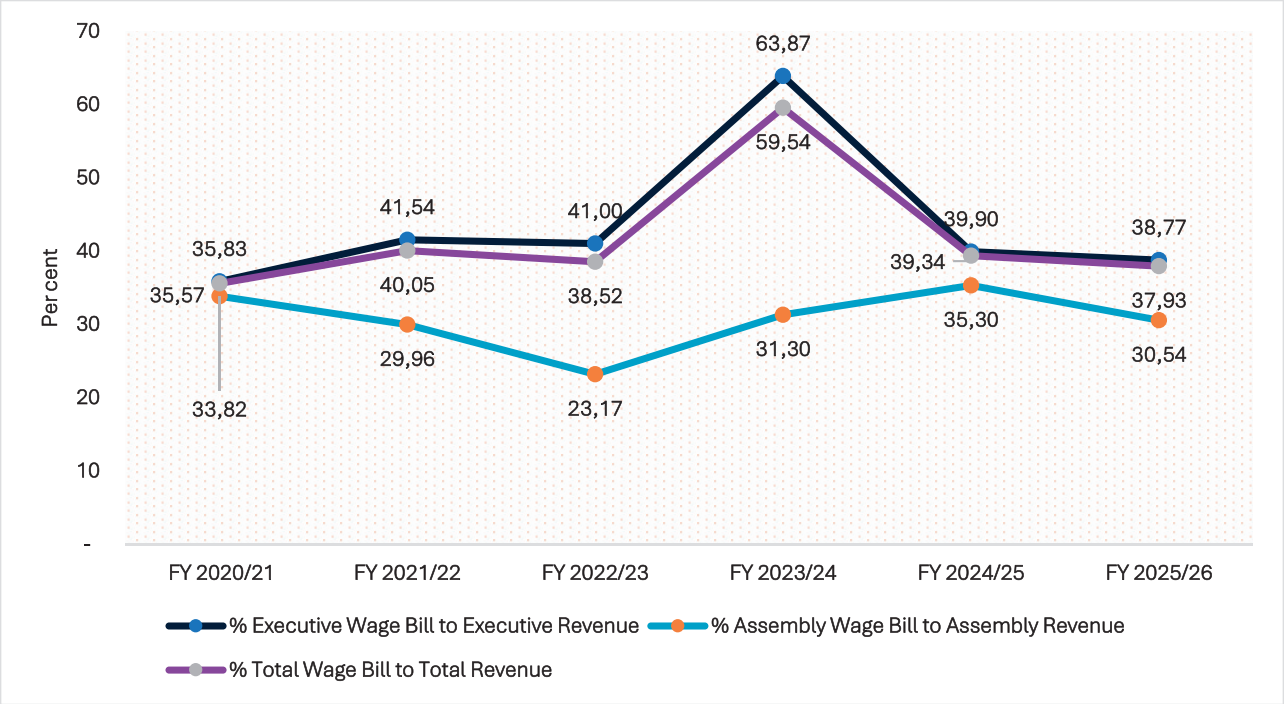
***Source**: Siaya County Treasury*

3.38.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.4.44 billion, representing 37.93 per cent of revenue. This expenditure on employee compensation has increased compared to the Kshs.3.34 billion reported in FY 2024/25

Figure 3.224: shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.224: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Siaya County Treasury

Further analysis indicated that PE costs totalling Kshs.4.03 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.401.65 million was processed through manual payrolls, accounting for 9 per cent of the total PE cost.

The manual payroll comprised salaries for 477 staff not onboarded into the Human Resource Information System (HRIS), salaries for 1811 casual staff and top-up allowances for 11 security personnel, as shown in Table 3.579.

Table 3.579: Analysis of Siaya County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Staff not onboarded to HRIS	477	202,364,202	Lack of Unique Payroll Number	Integration into HRIS ongoing
2	Salaries for casual staff	1811	196,162,921	Lack of Unique Payroll Number	Integration into HRIS ongoing
3	Top-up Allowances for Security Officers	11	3,118,500	Lack of Unique Payroll Number	Integration into HRIS ongoing
	Total	**2299**	**401,645,623**		

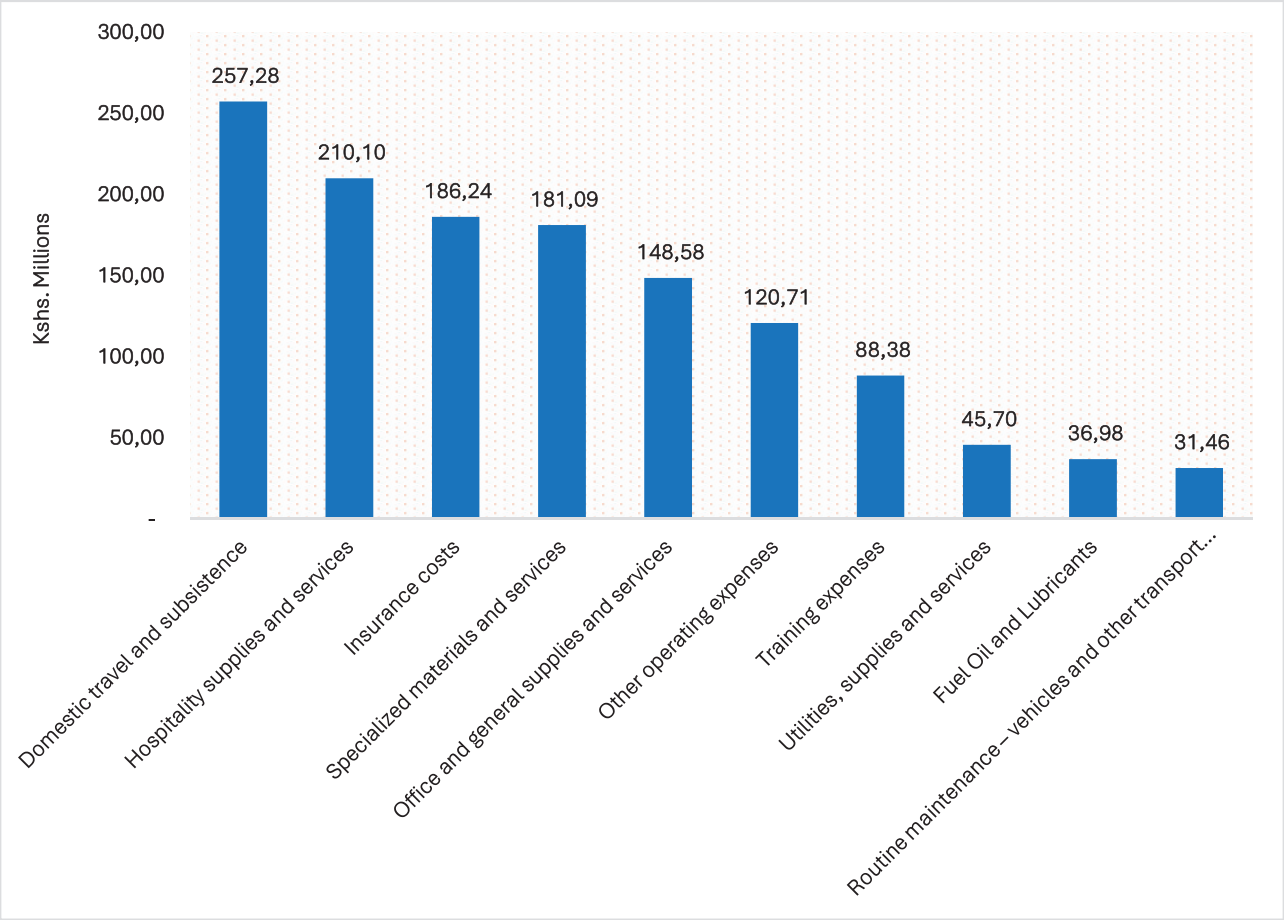
Source: Siaya County Treasury

The County Assembly spent Kshs.25.21 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.25.21 million. The average monthly sitting allowance was Kshs.46,684 per MCA. The County Assembly has 23 House Committees.

3.38.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.47 billion on operations and maintenance, representing a 36 per cent decrease from FY 2024/25, when the County spent Kshs.2.28 billion. Figure 3.225 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.225: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: *Siaya County Treasury*

3.38.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.4.16 million on "other operating expenses - other," which accounted for 0.28 per cent of the total operations and maintenance expenditure of Kshs.1.47 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.580.

Table 3.580: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs. Million)
2211399	Other Operating Expenses	4,157,267	4,157,267
	TOTAL	4,157,267	4,157,267

Source: *Siaya County Treasury*

3.38.11 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.575.51 million to County-Established funds in FY 2025/26, representing 4.30 per cent of the County's overall budget. Of this amount, the County allocated Kshs.180 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 1.35 per cent of the total budget. Table 3.581 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.581: Performance of Siaya County Established Funds in FY 2025/26

No	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes or No)
County Executive Established Funds							
1.	Siaya County Emergency Fund	2020	180,000,000	20,000,000	-	457,557,169	No
2.	Siaya County Bursary Fund	2013	-	-	-	732,100,000	No
3.	Financing Locally Led Climate Action (FLLoCA)	2022	365,509,163	-	231,601,941	470,842,789	Yes
4.	Cooperative Development Fund	2024	10,000,000	-	-	-	No
County Assembly Established Funds							
5.	The Siaya County Assembly Car Loan and Mortgage Fund	2015	20,000,000	-	1,004,509	454,711,237	Yes
	Total		**575,509,163**	**20,000,000**	**232,606,450**	**2,115,211,195**	

Source: *Siaya County Treasury*

In FY 2025/26, the CoB received quarterly financial reports from two Fund Administrators, as indicated in Table 3.86, contrary to the requirement under 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 2025/26, the CoB determined that the 2 Funds' lifespans had lapsed. Therefore, the Siaya County Bursary Fund and the Siaya County Assembly Car Loan and Mortgage Fund should not be operated. They should be wound up and funds refunded to CRF.

3.38.12 County Corporations, Municipalities and Agencies

The County has 3 Semi-Autonomous municipalities, which were allocated Kshs.495.65 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.179.85 million as shown in Table 3.582.

Table 3.582: Performance of Siaya County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative Expenditure of the Corporation since its inception (Kshs.)
Gazetted Municipalities					
1	Siaya Municipality	256,869,617	90,140,053	86,013,546	86,013,546
2	Bondo Municipality	126,502,965	52,315,177	51,221,569	51,221,569
3	Ugunja Municipality	112,279,116	43,033,344	42,610,973	42,610,973
	Total	**495,651,698**	**185,488,574**	**179,846,088**	**179,846,088**

Source: *Siaya County Treasury*

3.38.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.257.28 million and comprised Kshs.134.82 million spent by the County Assembly and Kshs.122.46 million by the County Executive. There was no expenditure on foreign travel.

3.38.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.585.69 million as FIF, which was 54.30 per cent of the annual target. 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 expenditure by the health facilities amounted to Kshs.665.54 million, as shown in Table 3.583.

Table 3.583: Siaya County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1	Level 4 Hospital	16	875.19	550.55	62.91
2	Level 3 Facility	55	70.39	74.60	105.98
3	Level 2 Facility	104	133.10	40.38	30.34
	Total	**175**	**1078.69**	**665.54**	**61.70**

Source: *Siaya County Treasury*

3.38.15 Development Expenditure

In the review period, the County reported spending Kshs.1.60 billion on development programmes, representing a decrease of 42.03 per cent compared to FY 2024/25, when the County spent Kshs.2.76 billion. The County did not provide project dates for some projects undertaken in FY 2025/26. Table 3.584 summarises the development projects with the highest expenditure in the reporting period.

Table 3.584: Siaya County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Finance & Economic Planning	Complete Automation of Revenue	Executive			33,013,561	33,013,561	28,629,391	28,629,391	86.72
2	CHS	Completion of the casualty and maternity complex at Yala SCH	Executive	Dec-23	Feb-26	78,084,128	30,000,000	30,881,701	30,881,701	90
3	Governance, Administration and ICT	Phased construction of Ugenya Sub County Office at Ukwala	Executive	11 April 2025	Nov-25	41,233,141	15,233,141	8,246,628	8,246,628	
4	PWRE&T	Completion of upgrading to bitumen standard of Ndori Market Ring Road (phased)	East Asembo	1 January	30 June	100,283,313	44,649,708	43,990,003	43,990,003	100
5	Siaya Municipality	Completion of construction and equipping of Municipal Office complex - Phase 2 (multi- year project)	Siaya Municipal Compound	26/05/2025	26/05/2026	62,557,284	50,147,536	17,878,166	30,389,622	60
6	WEC-C&NR	Revamping South Sakwa (Olago)	Executive	7.03.2025	7.09.2025	47,023,421	17,150,000	17,146,272	17,146,272	60

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
7	AFSL&F	Provision of improved kienyeji chicks to South Gem groups	South Gem			10,412,743	10,000,000	8,436,415	8,436,415	100
8	PWRE&T	Phased upgrading to Bitumen standard-Sega market ring road	north Ugenya	1 January	30 June	98,097,505	48,380,499	45,355,577	45,355,577	100
9	PWRE&T	Completion of upgrading to bitumen standard of Usenge market ring Road (phased)	West Yimbo	1 January	30 June	99,214,278	56,234,818	53,007,624	53,007,624	100%
10	CHS	Phased construction of Ukwala Sub-County Hospital Annex	Executive	Aug-25	May-26	106,901,740	17,229,901	17,229,901	17,229,901	100%
Donor Funded Projects										
1	CHS	Construction of an outpatient unit, Co-funding of Urengo Hospital-KDSP II	Executive			84,319,813	67,000,000	34,606,055	34,606,055	55

Source: *Siaya County Treasury*

The County reported 1 stalled development project as of 30 June 2026, with an estimated value of Kshs.1.88 million, of which Kshs.3.72 million has already been paid. The stalled project is the completion of Nyamonye Juakali, located in Yimbo East, which is currently under investigation.

3.38.16 Budget Performance by Department

Table 3.585 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.585: Siaya County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	779.89	415.63	779.89	147.51	779.89	147.51	100.00	100.00	100.00	35.49
Governance and Administration	402.08	387.33	399.41	25.48	399.38	23.97	99.99	94.07	99.33	6.19
County Attorney	63.60	-	38.11	0.00	38.11	0.00	100.00	-	59.92	-
County Public Service Board	99.21	-	104.14	0.00	104.14	0.00	100.00	-	104.97	-
Finance and Economic Planning	1753.81	30.01	1116.44	46.50	1116.44	45.71	100.00	98.30	63.66	152.30

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
Agriculture, Food, Livestock & Fisheries	295.90	537.39	243.71	54.35	243.71	50.42	100.00	92.76	82.36	9.38
Water, Irrigation, Environment & Natural Resources	91.59	858.11	46.70	148.98	46.70	144.37	100.00	96.91	50.99	16.82
Education, Youth Affairs, Gender & Social Services	390.48	611.53	342.16	186.19	342.13	183.01	99.99	98.29	87.62	29.93
County Health Services	2626.72	579.44	2101.82	240.47	2101.82	236.74	100.00	98.45	80.02	40.86
Lands, Physical Planning, Urban Development and Housing	127.53	58.35	63.02	28.85	63.02	23.92	100.00	82.93	49.41	40.99
Siaya Municipality	96.49	160.38	47.80	42.34	47.79	38.22	99.99	90.27	49.53	23.83
Bondo Municipality	63.26	63.24	30.73	21.59	30.72	20.50	99.99	94.94	48.57	32.41
Ugunja Municipality	54.45	57.83	26.48	16.55	26.48	16.13	100.00	97.45	48.64	27.89
Roads, Public Works, Energy and Transport	119.85	1666.84	69.62	525.43	69.59	524.16	99.96	99.76	58.07	31.45
Enterprise and Industrial Development	242.33	448.77	166.81	73.72	166.81	72.37	100.00	98.17	68.84	16.13
Tourism, Culture, Sports and Arts	142.60	153.35	81.81	72.80	81.79	72.02	99.97	98.93	57.35	46.96
	7349.78	**6028.21**	**5658.66**	**1630.77**	**5658.53**	**1599.05**	**100.0**	**98.1**	**77.0**	**26.53**

Source: *Siaya 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 152.30 per cent, followed by the Department of Tourism, Culture, Sports and Arts at 46.96 per cent. The Department of County Public Service Board had the highest percentage of recurrent expenditure to budget at 104.97 per cent, while the Department of Lands, Physical Planning, Urban Development and Housing had the lowest at 49.41 per cent.

3.38.17 Budget Execution by Programmes and Sub-Programmes

Table 3.586 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.586: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Tourism, Culture, Sports and Arts				
302025010	Tourism	26,302,484.00	34,519,965.40	131.24

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Agriculture, Food, Livestock and Fisheries				
101035010	Veterinary Services	10,413,204.00	6,978,531.20	67.02
101045010	Crop Management	404,310,507.00	420,516,134.50	104.01
Finance and Economic Planning				
703025010	Administration Planning, Revenue & Accounting	30,013,561.00	26,629,391.40	88.72
Education, Youth Affairs, Gender and Social Services				
501035010	Youth Polytechnics? Youth Training	23,601,050.00	20,416,894.00	86.51
Recurrent				
Education, Youth Affairs, Gender and Social Services				
501035010	Youth Polytechnics, Youth Training	26,286,269.00	30,394,669.00	115.63
Governance and Administration				
702055010	Fire fighting and disaster management	10,383,382.00	10,881,906.00	104.80
County Public Service Board				
702015010	General Administration, Planning and Support Services	99,205,341.00	101,260,507.90	102.07
Education, Youth Affairs, Gender and Social Services				
501015010	Administration Services	347,778,717.00	347,852,288.90	100.02
County Assembly				
701035010	LEGISLATION AND OVERSIGHT	40,000,000.00	40,000,000.00	100

Source: *Siaya County Treasury*

The development sub-programmes with the highest budget implementation rates were Tourism in the Department of Tourism, Culture, Sports and Arts at 131.24 per cent, Crop Management in the Department of Agriculture, Food, Livestock and Fisheries at 104.01 per cent, and Administration Planning, Revenue & Accounting in the Department of Finance and Economic Planning at 88.72 per cent.

For recurrent sub-programmes, the top performers included: Youth Polytechnics, Youth Training in the Department of Education, Youth Affairs, Gender and Social Services at 115.63 per cent, Firefighting and disaster management in the Department of Governance and Administration at 104.80 per cent, and General Administration, Planning and Support Services in the Department of County Public Service Board at 102.07 per cent.

Table 3.587 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.587: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Education, Youth Affairs, Gender and Social Services				
501015010	Administration Services	4,500,000.00	-	0.00
501065010	Culture	94,146,781.00	27,078,200.00	28.76
Governance and Administration				
702025010	The Office of the Governor	387,326,960.00	31,018,796.05	8.01
Water, Irrigation, Environment and Natural Resources				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorp-tion Rate (%)
901035010	Forestry	318,426,390.00	77,545,573.95	24.35
Bondo Municipality				
102065010	General Administration, Planning and Support Services	63,244,987.00	19,499,000.00	30.83
Recurrent				
County Health Services				
401055010	Facility Improvement Fund	494,702,017.00	108,550,731.25	21.94
Lands, Physical Planning, Urban Development and Housing				
102055010	Housing	48,225,207.00	14,842,923.80	30.78
Bondo Municipality				
102065010	General Administration, Planning and Support Services	63,257,978.00	36,236,578.00	57.28
Water, Irrigation, Environment and Natural Resources				
901025010	Water Services	41,768,382.00	24,412,034.60	58.45
Finance and Economic Planning				
703105010	Monitoring and Evaluation	9,880,000.00	5,808,270.00	58.79

Source: *Siaya County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Administration Services in the Department of Education, Youth Affairs, Gender and Social Services at 0 per cent, the Office of the Governor in the Department of Governance and Administration at 8.01 per cent, and Forestry in the Department of Water, Irrigation, Environment and Natural Resources at 24.35 per cent.

For recurrent sub-programmes, the poorest performers included: Facility Improvement Fund in the Department of County Health Services at 21.94 per cent, Housing in the Department of Lands, Physical Planning, Urban Development and Housing at 30.78 per cent, and General Administration, Planning and Support Services in the Department of Bondo Municipality at 57.28 per cent.

3.38.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.96 billion. This amount consisted of Kshs.1.89 billion from the County Executive and Kshs.72.85 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.06 billion for recurrent expenditure and Kshs.832.93 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.718.76 million, comprising Kshs.449.81 million (62.58 per cent) for recurrent programmes and Kshs.268.95 million (37.42 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.44.24 million for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.1.17 billion for County Executive and Kshs.105.68 million for County Assembly. Table 3.588 provides additional details of trade payables.

Table 3.588: Siaya County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	832,926,758.33	1,057,040,407.11	1,889,967,165.44
		County Assembly	-	72,851,538	72,851,538.00
		Total	832,926,758.33	1,129,891,945.11	1,962,818,703.44

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	832,926,758.33	1,057,040,407.11	1,889,967,165.44
		County Assembly	-	72,851,538	72,851,538.00
		Total	832,926,758.33	1,129,891,945.11	1,962,818,703.44
Amount paid in FY 2025/26	c	County Executive	268,948,942.59	449,812,705.62	718,761,648.21
		County Assembly	-	44,237,327	44,237,327.10
		Total	268,948,942.59	494,050,032.72	762,998,975.31
Trade Payables Incurred in FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	77,063,073	77,063,073.00
		Total	-	77,063,073.00	77,063,073.00
Outstanding trade payables as of 30 June 2026	**e = a - c*b**	**County Executive**	**563,977,815.74**	**607,227,701.49**	**1,171,205,517.23**
		County Assembly	**-**	**105,677,284**	**105,677,283.90**
		Total	**563,977,815.74**	**712,904,985.39**	**1,276,882,801.13**

Source: *Siaya County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.13 billion and Kshs.832.93 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.718.76 million for the Executive and Kshs.44.24 million for the Assembly..

Table 3.589 and Table 3.590 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.1.28 billion.

Table 3.589: Siaya County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**524,021,848.91**	**15,157,556.58**	**6,118,343.74**	**18,680,066.51**	**563,977,816**
Recurrent Trade Payables (Goods & Services)	370,808,611.42	55,661,621.48	24,154,076.76	12,948,825.00	**463,573,135**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	143,654,566.83	-	-	-	**143,654,567**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	**-**
Total Recurrent Trade Payables	514,463,178	55,661,621	24,154,077	12,948,825	**607,227,701**
Total Trade Payables	**1,038,485,027**	**70,819,178**	**30,272,421**	**31,628,892**	**1,171,205,517**
% of Total	**88.67**	**6.05**	**2.58**	**2.70**	**100**

Source: *Siaya County Treasury*

Table 3.590: Siaya County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	**-**
Recurrent Trade Payables (Goods & Services)	47,707,000	28,614,211	-	-	**76,321,211**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	29,356,073	-	-	-	**29,356,073**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	**-**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Recurrent Trade Payables	77,063,073	28,614,211	-	-	**105,677,284**
Total Trade Payables	**77,063,073**	**28,614,211**	**-**	**-**	**105,677,284**
% of Total	**73**	**27**	**-**	**-**	**100**

Source: *Siaya County Treasury*

As shown in Table 3.589 and Table 3.590 , the total salary arrears and statutory deductions for trade payables amounted to Kshs.173.01 million, representing 13.55 per cent of the total trade payables of Kshs.1.28 billion as of 30 June 2026. The statutory deductions included salary arrears of Kshs 127.74 million and pension liabilities of Kshs.45.28 million.

3.38.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 254 accounts across CBK and commercial banks, of which 22 were held at the CBK and 232 at commercial banks. Of those at the commercial banks, 13 were for special operations accounts, including County-established funds; 215 for health facilities operations accounts; 3 for municipalities operations accounts; and 1 for Vocational Training Centres.

3.38.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.876 million against an annual target of Kshs.3.2 billion, representing 22.91 per cent of the financial year target. Further, some OSR streams, namely; boda boda, grader, fire inspection, CILOR, site fee, private estate fee and school fee, did not generate any revenue in FY 2025/26.

ii. Low development performance in the review period as the County incurred Kshs.1.60 billion on development activities, achieving a 26.50 per cent absorption rate.

iii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 3.90.

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 2026, the lifespan of the Bursary Fund and the Assembly's Car Loan and Mortgage Fund had lapsed, making them 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 contravened the requirements of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Flocca Fund and Cooperative Fund were not submitted to the CoB as of 15 July 2026.

vi. High level of trade payables, amounting to Kshs.1.28 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

vii. Personnel emoluments amounting to Kshs.401.65 million for 477 staff not onboarded into the HRIS and 1811 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.

viii. 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.

ix. The County did not receive funding for several approved additional allocations, which include KDSP Level I, Salary Arrears for health workers, DANIDA and Allowances to Housing Committees, constraining implementation of the intended programmes.

x. The County is highly reliant on Facility Improvement Financing (FIF), which accounts for 66.85 per cent of locally raised revenue, exposing the County to a significant revenue concentration risk and raising concerns about the sustainability of its own-source revenue base

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 implement strategies to increase development expenditures in FY 2026/27.*

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 lifespans are nearing expiration or have lapsed 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 Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

vi. *The County Leadership should address trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables 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 Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

xi. *The County Treasury should adhere to the appropriate budgeting framework by revising the approved estimates to exclude the allocation to the equalisation fund.*

ix. *The National Treasury should ensure timely and full disbursement of approved additional allocations in accordance with the applicable cash disbursement schedules and conditions to facilitate implementation of the funded programmes.*

x. *The County Treasury should diversify and strengthen its own-source revenue base by enhancing collection from other revenue streams and reducing overreliance on Facility Improvement Financing (FIF).*

3.39. County Government of Taita Taveta

3.39.1 Overview of FY 2025/26 Budget

The Taita Taveta County Approved Supplementary Budget for FY 2025/26 was Kshs.8.29 billion. It comprised Kshs.2.59 billion (31.20 per cent) and Kshs.5.71 billion (68.80 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.117.82 million (1.44 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.2.41 billion and a recurrent budget of Kshs.5.77 billion. The increase in the budget was primarily due to higher local revenue collection and additional allocations.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.5.76 billion (69.48 per cent), additional allocations of Kshs.1.54 billion (18.58 per cent), Kshs.949.60 million (11.34 per cent) generated as own-source revenue, and Kshs.51.76 million (0.60 per cent) from mineral royalties. A breakdown of the additional allocations is shown in Table 3.591.

3.39.2 Revenue Performance

During the year, the County reported total receipts of Kshs.7.53 billion. This amount represented an increase of 7.11 per cent compared to the amount received in FY 2024/25 of Kshs.7.03 billion. The total revenue consisted of Kshs.5.76 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.07 billion, and own-source revenue (OSR) collection of Kshs.648.41 million. Additionally, the County had a cash balance of Kshs. 10,804 from FY 2024/25. The County reported a collection of Kshs.51.76 million as a share of mineral royalties. The total OSR collection of Kshs.648.41 million included Facilities Improvement Financing (FIF) of Kshs.304.95 million, and Kshs.343.45 million from other OSR sources. Table 3.591 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.591: Taita Taveta County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	-	-	-	-
2	County Executive Refunds to CRF	-	1,796	-	1,796	100.00
3	County Assembly Refunds to CRF	-	9,008	-	9,008	100.00
	Sub-Total	**-**	**10,804**	**-**	10,804	100.00
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	5,760,449,685	5,760,449,685	-	5,760,449,685	100.00
	Sub-Total	**5,760,449,685**	**5,760,449,685**	-	**5,760,449,685**	100.00
C	**Additional Allocations (Including Grants)**					
1	National Agricultural Value Chain Development Programme (NAVCDP)	231,250,000	231,052,357	-	231,052,357	99.91
2	Water and Sanitation Development Project (WSDP)	450,000,000	366,000,000	-	366,000,000	81.33
3	Kenya Commercial Bank (KCB)-Jumuiya Agribusiness and Blue Economy Investment Conference (JABEIC) grant	2,000,000	-	-	-	-
4	Financing Locally Led Climate Action (FLLoCA Grant B/F 2024-25)	49,172,775	14,862,557	-	14,862,557	30.23
5	Financing Locally Led Climate Action (FLLoCA Grant 2025-26)	95,504,442	85,685,019	-	85,685,019	89.72
6	Danida Grant - Primary Health	9,547,500	-	-	-	-
7	Danida Grant - Primary Health Care	6,532,500	6,834,000	-	6,834,000	104.62
8	Kenya Devolution Support Programme (KDSP II-Level I)	72,909,500	70,503,589		70,503,589	96.70

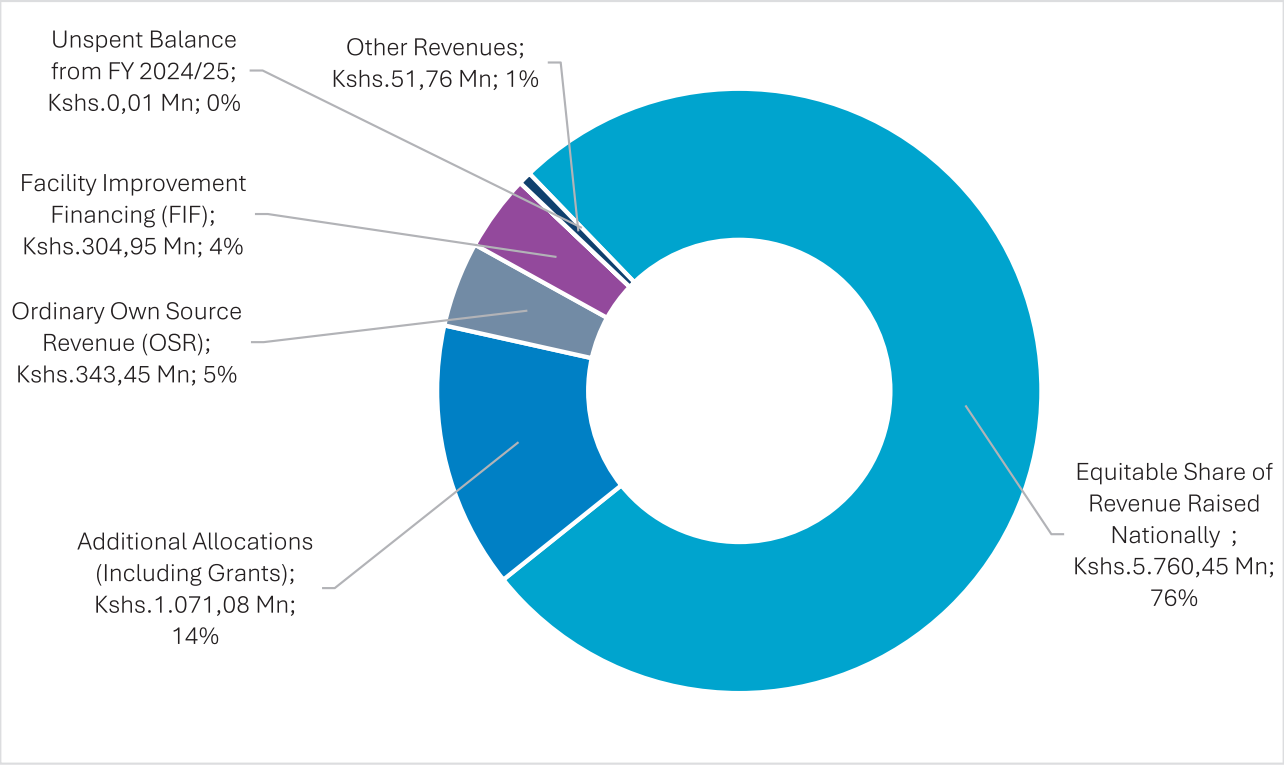
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
9	Kenya Devolution Support Programme (KDSP II-Level II)	352,500,000	102,740,646		102,740,646	29.15
10	Kenya Informal Settlement Improvement Project (KISIP)	60,000,000	56,379,296		56,379,296	93.97
11	Kenya Informal Settlement Improvement Project (KISIP)B/F	26,321,755	26,321,755		26,321,755	100.00
12	Kenya Urban Support Programme (World Bank)-(KUSP)-UIG B/F	32,309,300	32,309,300		32,309,300	100.00
13	Kenya Urban Support Programme (World Bank)-(KUSP)-UDG B/F	18,278,289			-	-
14	Kenya Urban Support Programme (World Bank) (KUSP)	51,000,000			-	-
15	Roads Maintenance and Fuel Levy Fund	78,389,752	78,389,752		78,389,752	100.00
	Sub-Total	**1,535,715,813**	**1,071,078,272**	**-**	**1,071,078,272**	69.74
D	**Ordinary Own Source Revenue (OSR)**					
1	Own Source Revenue	669,600,000	343,453,597		343,453,597	51.29
	Sub-Total	**669,600,000**	**343,453,597**	**-**	**343,453,597**	51.29
E	**Facility Improvement Financing (FIF)**					
1	SHIF	280,000,000	304,953,453		304,953,453	108.91
	Sub-Total	**280,000,000**	**304,953,453**	**-**	**304,953,453**	108.91
H	**Other Revenues**					
1	Share of mineral royalties	51,756,326	51,756,326		51,756,326	100.00
	Sub-Total	**51,756,326**	**51,756,326**	**-**	**51,756,326**	100.00
	Grand Total	**8,297,521,824**	**7,531,702,137**	**-**	**7,531,702,137**	**90.77**

Source: *Taita Taveta County Treasury*

The overperformance of FIF at 108.91 per cent was attributed to the timely restocking of essential drugs in County health facilities. Additionally, the underperformance of own-source revenues was attributed to an overestimation of the target own-source revenue budget.

The County has an approved governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.226 provides a detailed breakdown of receipts.

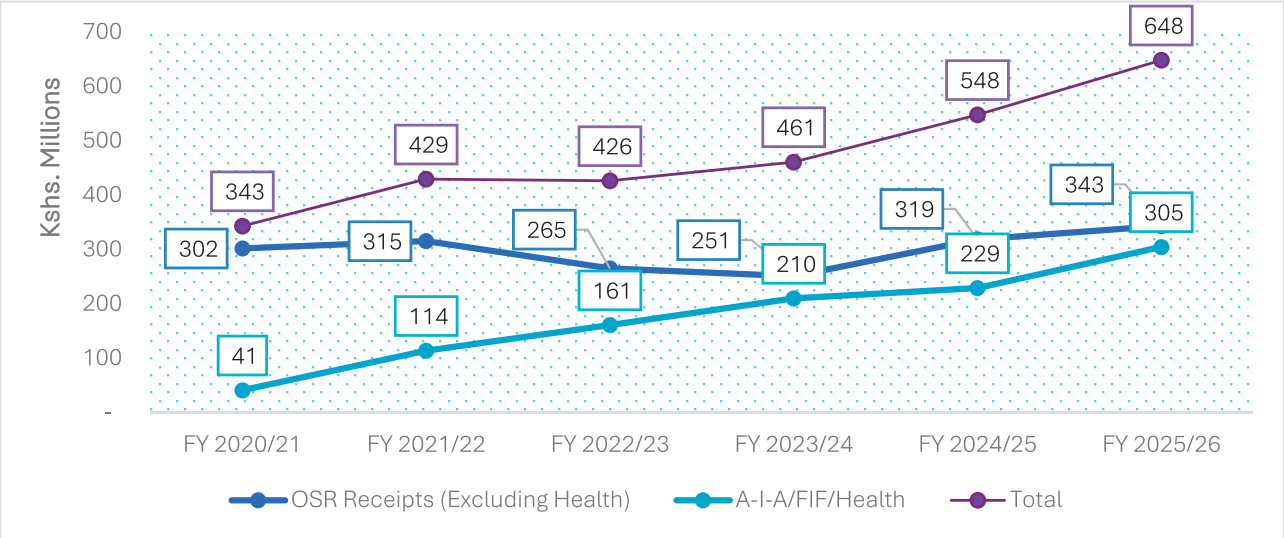
Figure 3.226: Taita Taveta County Composition of Revenue in FY 2025/26



Source: *Taita Taveta County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 76.48 per cent, 4.56 per cent and 4.05 per cent, respectively, of the total receipts for the reporting period. Figure 3.227 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

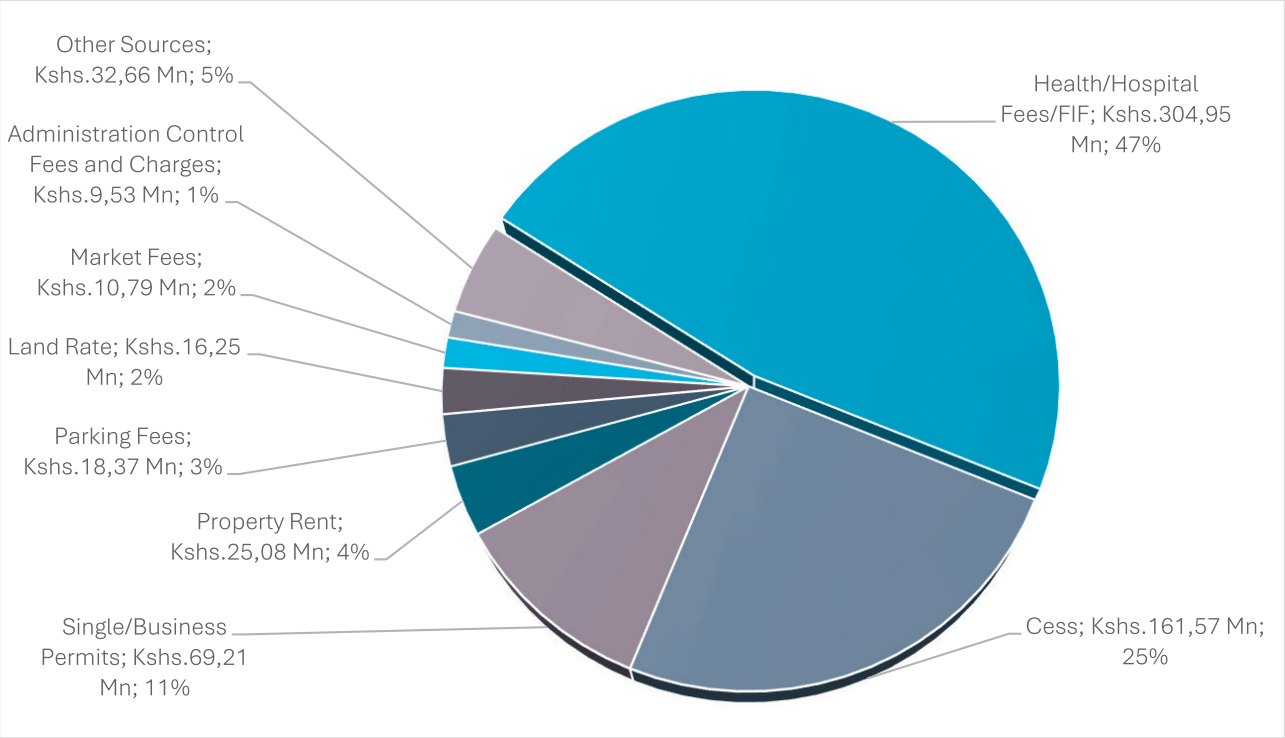
Figure 3.227: Taita Taveta County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Taita Taveta County Treasury*

During the year, the County received Kshs.648.41 million from OSR, including FIF. This amount was an increase of 18.32 per cent over Kshs.547.99 million realised in FY 2024/25, representing 68.28 per cent of the annual target and 11.26 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to higher FIF collections, resulting from timely restocking of essential medical drugs. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.228.

Figure 3.228: Taita Taveta County Top Own Source Revenue Streams in FY 2025/26



Source: Taita Taveta County Treasury

As shown in Figure 3.228, the largest revenue stream, at Kshs.304.95 million, was from FIF, accounting for 47.03 per cent of total OSR receipts.

3.39.3 Revenue Arrears

As of 1 July 2025, the County reported no revenue arrears. The County tracks its revenue arrears using a manual system.

3.39.4 Borrowing by the County

The County did not report any form of borrowing from commercial banks during this review period.

3.39.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.6.79 billion from the Taita Taveta County Revenue Fund (CRF) account. This amount consisted of Kshs.1.35 billion (19.83 per cent) designated for development programmes and Kshs.5.44 billion (80.17 per cent) allocated for recurrent programmes.

An analysis of the released recurrent exchequers shows that Kshs.3.43 billion was allocated to employee compensation and Kshs.2.01 billion to operations and maintenance expenditures. Within the operations and maintenance category, 15.91 per cent was for domestic travel and 0.76 per cent for foreign travel. The domestic travel exchequers totalled Kshs.320.03 million, which included Kshs.136.53 million for the County Executive and Kshs.183.49 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.15.35 million, with Kshs.9.77 million for the County Executive and Kshs.5.57 million for the County Assembly.

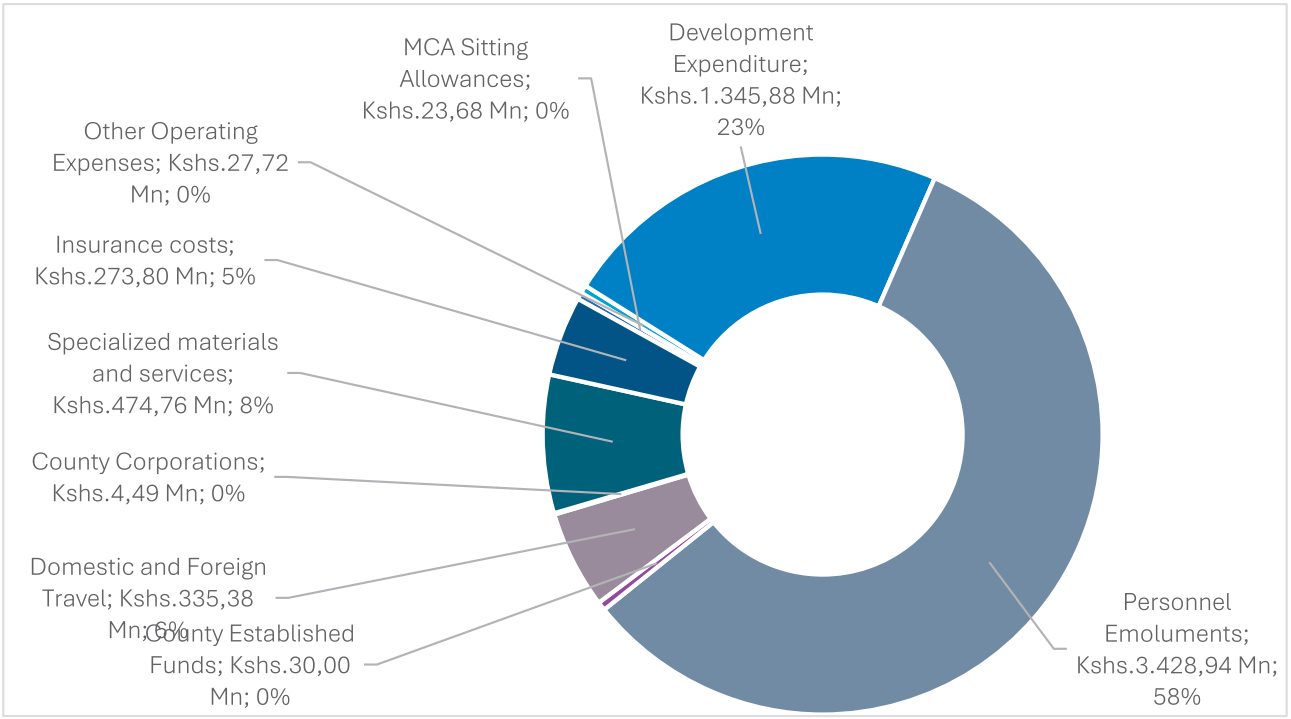
As of 30 June 2026, the County Government's cash balance in the Taita Taveta CRF account was Kshs.460.60 million.

3.39.6 Expenditure Review

The County spent Kshs.6.79 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100.00 per cent of the total funds released by the CoB. It comprised Kshs.1.35 billion for development programmes and Kshs.5.44 billion for recurrent programmes. Expenditure on development programmes accounted for 51.99 per cent of the annual development expenditure budget, while recurrent

expenditure accounted for 95.30 per cent of the annual recurrent expenditure budget. Figure 3.229 provides a detailed breakdown of total expenditure.

Figure 3.229: Taita Taveta County Composition of Expenditure in FY 2025/26



Source: *Taita Taveta County Treasury*

As shown in Figure 3.229, the three highest expenditure categories were Personnel emoluments, operations and maintenance expenditure, and development expenditure, contributing 58.00, 23.16 and 18.84 per cent of total expenditure for the reporting period.

3.39.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.39 billion in employee compensation, Kshs.1.60 billion in operations and maintenance, and Kshs.1.26 billion in development activities. Similarly, the County Assembly spent Kshs.320.65 million on employee compensation, Kshs.411.09 million on operations and maintenance, and Kshs.85.00 million on development activities, as shown in Table 3.592.

Table 3.592: Taita Taveta County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,976.88**	**731.80**	**4,708.38**	**731.74**	**278.78**	-	**4,987.16**	**731.74**	**100.21**	**99.99**
Compensation of Employees	3,108.29	320.65	3,108.29	320.65	278.78	-	3,387.07	320.65	108.97	100.00
Operations and Maintenance	1,868.59	411.15	1,600.08	411.09	-	-	1,600.08	411.09	85.63	99.99
Development Expenditure	**2,503.84**	**85.00**	**1,260.88**	**85.00**	**-**	-	**1,260.88**	**85.00**	**50.36**	**100.00**
Total	**7,480.72**	**816.80**	**5,969.26**	**816.74**	**278.78**	-	**6,248.04**	**816.74**	**83.52**	**99.99**

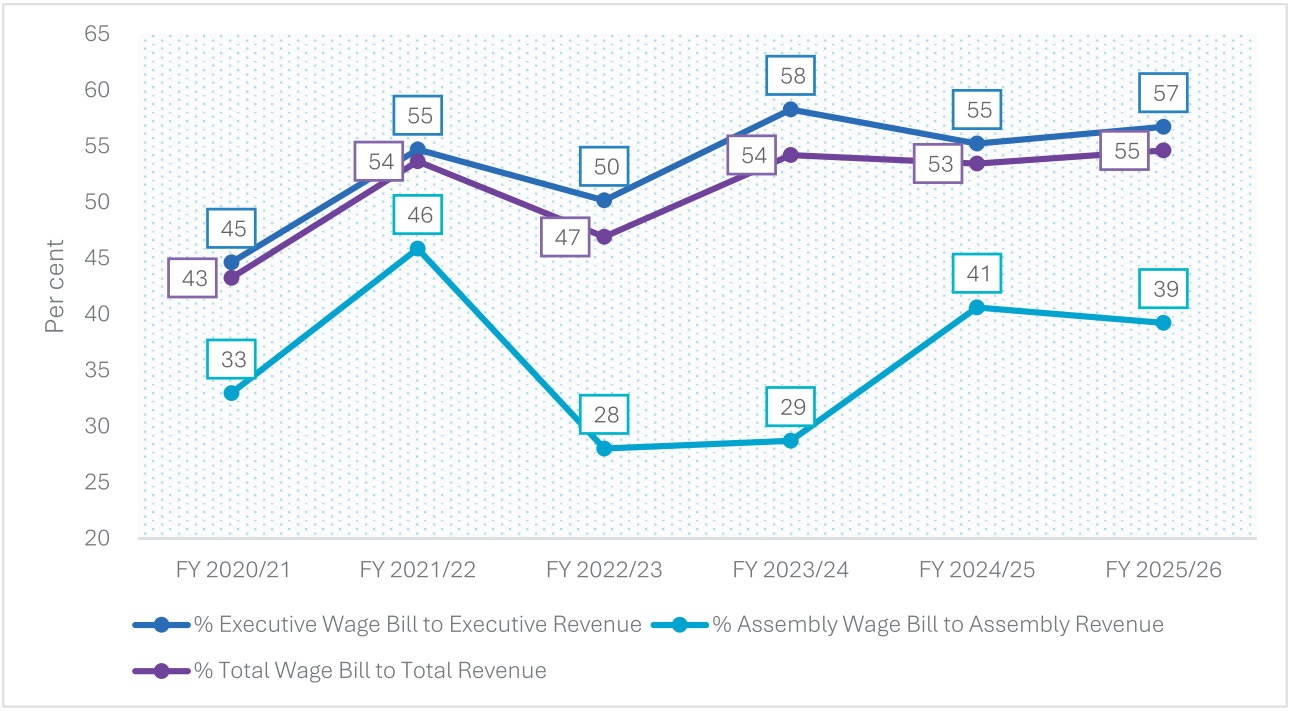
Source: *Taita Taveta County Treasury*

3.39.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.71 billion, representing 52.48 per cent of revenue. This expenditure on employee compensation shows an increase of 3.92 per cent compared to the Kshs.3.57 billion reported in FY 2024/25. Of this total, Kshs.1.79 billion related to Health Sector employees, accounting for 48.24 per cent of the overall employees' compensation.

Figure 3.230 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.230: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Taita Taveta County Treasury*

Further analysis indicated that PE costs totalling Kshs.3.60 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.108.25 million was processed through manual payrolls, accounting for 2.92 per cent of the total PE cost. The justification for the continued use of manual payroll was that ward staff employees were employed temporarily; hence, they could not be onboarded to HRIS. Additionally, security allowances were primarily for national government employees seconded to the County Government. The manual payroll comprised salaries totalling Kshs.108.25 million for staff not onboarded into the Human.

Table 3.593: Analysis of Taita Taveta County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing
1	Salaries for staff paid outside the Human Resource Information System (HRIS)		21,156,048.86	Ward Offices staff who are employed temporarily
2	Top-up Allowances for security officers		20,890,243.95	National police Service employees
3	Gratuity		66,200,852.14	
	Total		**108,247,144.95**	

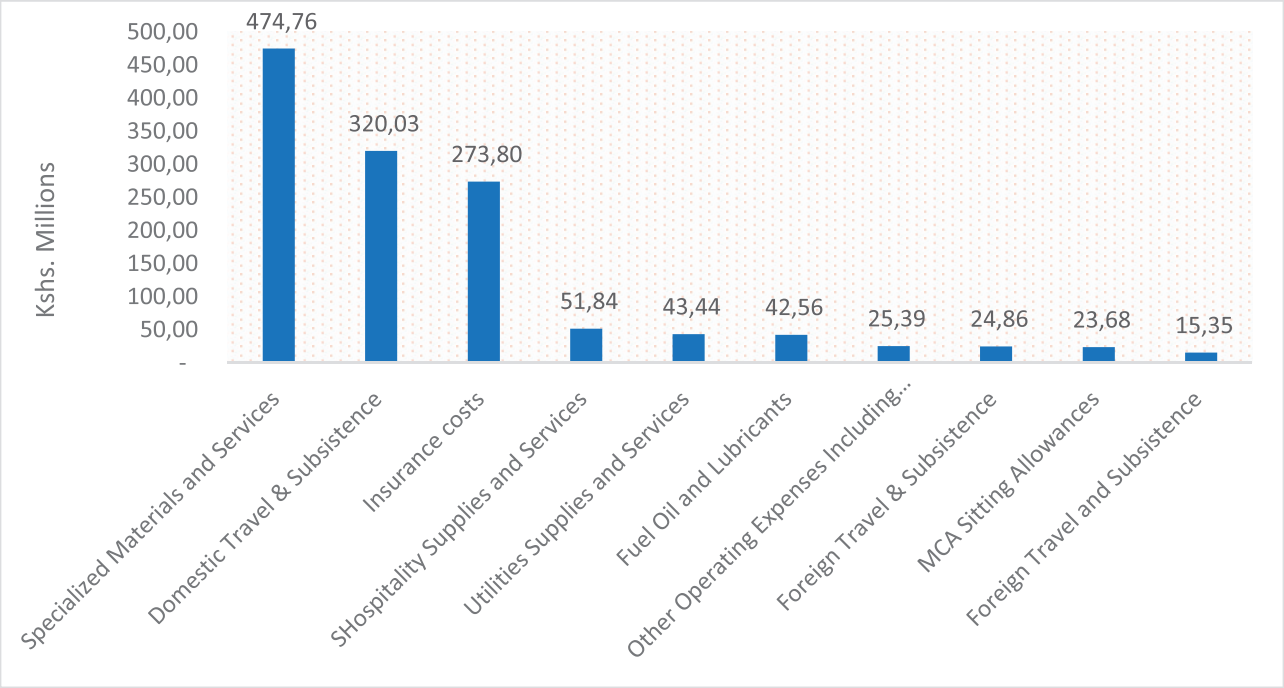
Source: Taita Taveta County Treasury

The County Assembly spent Kshs.23.68 million on committee sitting allowances for the 33 MCAs, against the annual budget allocation of Kshs.27.80 million. The average monthly sitting allowance was Kshs.79,741 per MCA. The County Assembly has 23 House Committees.

3.39.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.01 billion on operations and maintenance, representing a 31.37 per cent increase over FY 2024/25, when the County spent Kshs.1.53 billion. Figure 3.231 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.231: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: *Taita Taveta County Treasury*

3.39.10 Unbundling "Other Operating Expenses - Other" (IFMIS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.25.39 million on "other operating expenses - other," which accounted for 1.26 per cent of the total operations and maintenance expenditure of Kshs.2.01 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.594.

Table 3.594: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211301	Bank Service Commission and Charges	1,044,975	768,731
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	5,437,860	1,826,800
2211308	Legal Dues/fees, Arbitration and Compensation Payments	25,000,000	16,812,950
2211310	Contracted Professional Services	2,500,000	1,000,000
2211399	Other Operating Expenses	6,000,000	4,984,706
2211302	School Examination and Invigilation Fees	1,000,000	
Total		**40,982,835**	**25,393,187**

Source: *Taita Taveta County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include: bank charges, membership fees, legal charges, contracted professional services and school examination fees. To the correct budget codes.

3.39.11 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.36.85 million to County-Established funds in FY 2025/26, representing 0.44 per cent of the County's overall budget. Of this amount, the County allocated Kshs.5.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.06 per cent of the total budget. Table 3.595 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.595: Performance of Taita Taveta County Established Funds in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative Exchequer Issues to the Corporation since inception (Kshs.)
	County Executive Established Funds				
1.	County Executive Administration (Mortgage & Car Loan)	5,000,000	5,000,000	5,000,000	193,590,188
2.	County Emergency Fund	5,000,000	-	-	107,160,190
3.	Education Fund	1,850,000	-	-	1,085,614,969
	County Assembly Established Funds				
4	County Assembly Car Loan& Mortgage Scheme Fund	25,000,000	25,000,000	25,000,000	346,000,000
	Total	**36,850,000**	**30,000,000**	**30,000,000**	**1,732,365,347**

Source: *Taita Taveta County Treasury*

3.39.12 County Corporations, Municipalities and Agencies

The County has 2 County Corporations and 3 municipalities, which were allocated Kshs.538.90 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.388.22 million, as shown in Table 3.596.

Table 3.596: Performance of Taita Taveta County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1.	Taita Taveta Water & Sanitation Co. Ltd (TAVEVO)	366,000,000.00	366,000,000.00	366,000,000.00	2,619,111,442.00
2.	Taita Taveta Investments and Development Corporation	7,350,000.00	4,485,000.00	4,485,000.00	8,443,000.00
Gazetted Municipalities					
1	Mwatate Municipality	116,837,589.00	4,243,500	4,243,500.00	76,774,185.80
2	Taveta Municipality	27,455,000.00	5,938,600	5,938,600.00	9,108,926.00
3	Voi Municipality	21,260,000.00	7,557,035	7,557,035.00	11,254,252.00
	Total	538,902,589.00	388,224,135.00	388,224,135.00	2,724,691,805.80

Source: *Taita Taveta County Treasury*

3.39.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.320.03 million and comprised Kshs.183.49 million spent by the County Assembly and Kshs.136.53 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.35 million and comprised Kshs.5.57 million by the County Assembly and Kshs.9.77 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.597.

Table 3.597: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Actual Expenditure on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	2ND - 12TH NOV 2025	Attending Empowering Legislative Administration-International Knowledge Exchange Programme	Madrid & Paris	537,362.00		537,362.00
County Assembly	1	5TH - 12TH JAN 2026	Attending Executive Development Programme	Geneva, Switzerland	350,000.00		350,000.00
County Assembly	1	22ND-24TH APR 2026	The CILT Africa Forum 2026 In Salima, Malawi	Malawi	376,588.00		376,588.00
County Assembly	1	01st-8th Aug 2025	Training On Good Practices at Gujarat Legislative Assembly, India From 1St August To 8Th August 2025	India	393,160.00		393,160.00
County Assembly	3	10th -16th Aug 2025	Chea-Ar Conference In Accra, Ghana, From 10Th To 16Th August 2025	Ghana	1,617,700.00		1,617,700.00
County Assembly	7	07/12/2025 -13/12/2025	20Th Session of the Intergovernmental Committee	New Delhi	2,298,556.60		2,298,556.60
County Executive	6	8th -13th Dec 2025	20th Session of the Intergovernmental Committee for the Safeguarding of Intangible Cultural Heritage	New Delhi, India	2,444,158.00		2,444,158.00
County Executive	7	8th -13th Dec 2025	20th Session of the Intergovernmental Committee for the Safeguarding of Intangible Cultural Heritage	New Delhi, India	3,134,556.60		3,134,556.60
County Executive	3	6th-12th Nov 2025	Exploration of Partnership Opportunities in China	Guangzhou, China	1,554,506.00		1,554,506.00
County Executive	1	4th-10th Sept 2025	Intra-African Trade Fair 2025(IATF2025)	Cairo, Egypt	606,439.00		606,439.00
County Executive	1	1st -12th Sept 2025	The Swedish Phase Women's Political Leadership 2025		576,238.00		576,238.00
County Executive	1	1st -7th Sept 2024	Vaccinology course in Kigali, Rwanda	Kigali	211,970.00		211,970.00
County Executive	3	14th-20 June 2026	To support & advance the economic cooperation of the county	Thuringia, Germany	1,249,215.10		1,249,215.10
Total					**15,350,449.30**		**15,350,449**

Source: Taita Taveta County Treasury and Taita Taveta County Assembly

3.39.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.304.95 million as FIF, which was 108.91 per cent of the target of Kshs.280.00 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 expenditure by the health facilities amounted to Kshs.402.63 million, as shown in Table 3.598.

Table 3.598: Taita Taveta County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level 4 Hospital	4	280,000,000	304,953,453	108.91
2.	Level 3 Facility	14	40,000,000	34,833,932	87.08
3.	Level 2 Facility	54	65,000,000	62,848,880	96.69
	Total	**72**	**384,999,999.94**	**402,636,265.14**	**104.58**

Source: *Taita Taveta County Treasury*

Health facilities reported an over-expenditure of Kshs.402.63 million compared to a budget of Kshs.384.99 million because they collected more revenue than budgeted.

3.39.15 Development Expenditure

In the review period, the County reported spending Kshs.1.35 billion on development programmes, representing a 10.00 per cent decrease compared to FY 2024/25, when the County spent Kshs.1.50 billion. Table 3.599 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to implementation of the government e-procurement system.

Table 3.599: Taita Taveta County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Finance	Pending Bills	County-wide			210,000,000	210,000,000		210,000,000	100
2	County Assembly	Construction of the County Assembly Chamber	County Assembly Headquarters			85,000,000	85,000,000		85,000,000	100
Donor Funded Projects										
1	Water	Water and Sanitation Development Project	County-wide			450,000,000	366,000,000		366,000,000	81.33
2	Agriculture	WB-National Agricultural Value Chain Development Project	County-wide			231,250,000	231,250,000		231,250,000	100
3	Water	Locally Led Climate Action Programme (Climate Change) WB	County-wide			144,677,217	110,068,133		110,068,133	76.08
4	Devolution & Public Service Management	Kenya Devolution Support Programme (KDSP)	County-wide			390,000,000	102,740,646.10		102,740,646.10	26.34

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
5	Lands	Kenya Informal Settlement Improvement Project (KISIP)	Voi			86,321,755	86,321,755		86,321,755	100
6	Roads & Infrastructure	County Roads Maintenance Programme/ Access Roads	County-wide			78,389,752	78,389,752		78,389,752	100
7	Devolution & Public Service Management	Kenya Devolution Support Programme (KDSP)	County-wide			72,909,500	70,503,588.95		70,503,588.95	96.70
8	Health	Danida Grant - Primary Healthcare	County-wide			20,777,100	20,777,100		20,777,100	100

Source: *Taita Taveta County Treasury*

The County did not report stalled development projects as of 30 June 2026.

3.39.16 Budget Performance by Department

Table 3.600 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.600: Taita Taveta County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	731.80	85.00	731.74	85.00	731.74	85.00	100.0	100.0	99.99	100.00
Public Service & Administration	1,693.35	352.50	1,690.65	3.50	1,690.65	3.50	100.0	100.0	99.84	0.99
The Governor's & Deputy Governor's Office	282.88	-	261.38	-	261.38	-	100.0	-	92.40	-
Finance & Economic Planning	630.73	212.50	608.96	190.43	608.96	190.43	100.0	100.0	96.55	89.61
Agriculture, Livestock & Fisheries	132.88	282.75	105.52	257.93	105.52	257.93	100.0	100.0	79.41	91.22
Water & Irrigation	71.02	674.06	54.43	468.52	54.43	468.52	100.0	100.0	76.63	69.51
Education & Libraries	319.76	127.22	300.66	49.72	300.66	49.72	100.0	100.0	94.03	39.08
Health	1,569.41	116.84	1,532.26	11.24	1,532.26	11.24	100.0	100.0	97.63	9.62

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
Trade, Tourism & Cooperative Development	33.48	21.30	24.73	-	24.73	-	100.0	-	73.88	-
County Public Service Board	39.72	3.00	33.38	-	33.38	-	100.0	-	84.05	-
Infrastructure & Public Works	53.91	261.34	29.92	122.34	29.92	122.34	100.0	100.0	55.51	46.81
Lands, Environment & Natural Resources	30.64	112.52	21.42	48.48	21.42	48.48	100.0	100.0	69.92	43.09
Youth, Gender, Sports, Culture & Social Services	45.56	71.28	21.99	108.71	21.99	108.71	100.0	100.0	48.26	100.00
Mwatate Municipality	17.46	10.00	6.41	-	6.41	-	100.0	-	36.70	-
Voi Municipality	14.26	7.00	8.27	-	8.27	-	100.0	-	58.00	-
Taveta Municipality	41.84	251.53	8.39	-	8.39	-	100.0	-	20.05	-
Total	**5,708.68**	**2,588.84**	**5,440.12**	**1,345.88**	**5,440.12**	**1,345.88**	**100.0**	**100.0**	**95.30**	**51.99**

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

Analysis of expenditure by departments shows that the Department of County Assembly recorded the highest absorption rate of development budget at 100.00 per cent, followed by the Department of Agriculture, Livestock & Fisheries at 91.22 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 99.99 per cent, while the Department of Taveta Municipality had the lowest at 20.05 per cent.

3.39.17 Budget Execution by Programmes and Sub-Programmes

Table 3.601 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.601: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Agriculture, Livestock & Fisheries				
	Livestock Production	9,330,000	4,143,538	44
Agriculture, Livestock & Fisheries				
	Blue Economy Development	2,614,643	968,871	37
Kenya Devolution Support Programme				
	Special Programmes & Service Delivery	32350000	12069075	37
Health				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
	Preventive & Promotive services	92,149,000	32,563,852	35
Agriculture				
	Crop Development	39,930,000	11,979,912	30
RECURRENT				
Trade				
	General Administration and Support Services Programme	16,967,785	16,967,181	100
Education & Vocational Training				
	General Administration, Planning and Support Services	257,964,201	252,558,371	98
Health				
	General Administration, Planning and Support Services	257964201	252558371.4	98
Energy				
	Administration and Support Services	925,155,368	891,489,813	96
Finance				
	Public Finance Management	394,820,000	357,117,997	90

Source: *Taita Taveta County Treasury*

The development sub-programmes with the highest budget implementation rates were: Livestock Production in the Department of Agriculture, Livestock & Fisheries development at 44 per cent, Blue Economy Development in the Department of Agriculture, Livestock and Fisheries development at 37 per cent and Special Programs and Service Delivery at 37 per cent.

For recurrent sub-programmes, the top performance included: General Administration and Support Services Programme in the Department of Trade at 100 per cent, General Administration and Support Services Programme in the Department of Education and Vocational Training at 98 per cent and General Administration and Support Services Programme in the Department of Health at 98 per cent.

Table 3.602 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.602: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Trade Tourism & Cooperative Development				
	Cooperatives Development	3,093,000	385,577	12
Education				
	Library Services	5,800,000	629,500	11
Taveta Municipality				
	Development Programme	244,534,656	9,750,000	4
Water				
	Water Infrastructure Development	465,293,292	1,677,740	0.36

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31 March 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
RECURRENT				
Education & Early Childhood Development				
	Early Childhood Education and Youth Training Development Programme	5,290,000	1,417,298	27
Health				
	Hospitals & Specialised Health Services	397,868,000	85,124,705	21
Trade				
	Human Resource Planning, Management & Development	3,400,000	576,200	17
Mwatate Municipality				
	Administration Planning and Support Services	46,509,300	4,624,814	10
Health				
	Administration and Support Services	293,330,000	16,986,451	6

Source: *Taita Taveta County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Cooperative Development in the Department of Trade, Tourism & Cooperative Development at 12 per cent; Library Services in the Department of Education & Libraries at 11 per cent; and Water Infrastructure Development at less than 1 per cent.

For recurrent sub-programmes, the poorest performers included: Human Resources Planning in the Department of Trade at 17 per cent, Administration Planning & Support Services in the Department of Mwatate Municipality at 10 per cent, and Administration & Support Services in the Department of Health at 6 per cent.

3.39.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.2.34 billion. This amount consisted of Kshs.2.22 billion from the County Executive and Kshs.115.01 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.57 billion for recurrent expenditure and Kshs.655.45 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.442.83 million, comprising Kshs.236.74 million (53.46 per cent) for recurrent programmes and Kshs.206.09 million (46.54 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.87.95 million, comprising Kshs.87.95 million (100 per cent) for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.2.26 billion for County Executive and Kshs.40.99 million for County Assembly.

Table 3.603: Taita Taveta County Trade Payables as of 30 June 2026

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	655,448,681	1,569,473,980	2,224,922,660
	County Assembly		115,013,072	115,013,072
	Total	655,448,681	1,684,487,052	2,339,935,732
Amount paid in FY 2025/26	County Executive	206,088,803	236,740,456	442,829,259
	County Assembly		87,953,484	87,953,484
	Total	206,088,803	324,693,940	530,782,743
Trade Payables Incurred in FY 2025/26	County Executive	331,027,146	142,597,581	473,624,727
	County Assembly		13,934,486	13,934,486
	Total	331,027,146	156,532,067	487,559,213
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	780,387,024	1,475,331,105	2,255,718,129
	County Assembly	-	40,994,073	40,994,073
	Total	780,387,024	1,516,325,178	2,296,712,202

Source: *Taita Taveta County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.400.00 million and Kshs.65.00 million, respectively, in FY 2025/26. The County adhered to this payment plan, clearing Kshs.442.83 million for the Executive and Kshs.87.95 million for the Assembly.

Table 3.604 presents the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.2.30 billion.

Table 3.604: Taita Taveta County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	331,027,145.78	130,706,734.95	78,528,737.18	389,949,323.57	930211941.5
Recurrent Trade Payables (Goods & Services)	139,246,861	140,770,089	37,592,119	374,660,534	692,269,604
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	50,052,625	127,566,213	452,266,926	629,885,764
Recurrent Trade Payables (Staff Claims)	3,350,720	-	-	-	3,350,720
Total Recurrent Trade Payables	142,597,581	190,822,714	165,158,333	826,927,459	1,325,506,088
Total Trade Payables	473,624,727	321,529,449	243,687,070	1,216,876,783	2,255,718,029
% of Total	**21**	**14**	**11**	**54**	**100**

Source: *Taita Taveta County Treasury*

Table 3.605: Taita Taveta County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)			Total (Kshs.)	
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-				-

Category	Ageing analysis (Amount in Kshs.)			Total (Kshs.)	
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Goods & Services)	11,444,518	11,600,918	5,272,081	8,805,120	37,122,637
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)					-
Recurrent Trade Payables (Staff Claims)	2,489,968	1,381,568			3,871,536
Total Recurrent Trade Payables	13,934,486	12,982,486	5,272,081	8,805,120	40,994,173
Total Trade Payables	13,934,486	12,982,486	5,272,081	8,805,120	40,994,173
% of Total	**34**	**32**	**13**	**21**	**100**

Source: *Taita Taveta County Treasury*

As shown in Table 3.604 and Table 3.605, the total salary arrears and statutory deductions for trade payables amounted to Kshs 637.10 million, which represented 27.74 per cent of the total trade payables of Kshs 2.29 billion as of 30 June 2026. The statutory deductions included salary arrears of Kshs 629.88 million and staff claims of Kshs.7.22 million.

Additionally, the two tables indicate that 54.00 per cent of total trade payables are aged over 3 years by the county executive, and 34.00 per cent are aged under one year by the county assembly. A trend attributed to the over-projection of the own-source revenue target. To address this situation, the county should ensure that the own-source revenue projection target is realistic, based on past actual revenue collections.

3.39.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated 37 accounts with commercial banks, including seven accounts for Health Facilities, two accounts for Vocational Training Centres, four accounts for Established Funds, five revenue accounts, eight special-purpose accounts (additional allocations), four imprest accounts, six recurrent operational accounts, and one development operational account.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.39.20 Key Observations and Recommendations

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

i. The underperformance of own-source revenue at Kshs.648.41 million against an annual target of Kshs.949.60 million, representing 68.28 per cent of the financial year target.

ii. Low development performance in the review period as the County incurred Kshs.1.35 billion on development activities, achieving a 51.99 per cent absorption rate.

iii. High level of trade payables, amounting to Kshs.2.29 billion as of 30 June 2026.

iv. Personnel emoluments amounting to Kshs.108.25 million for staff not onboarded into the HRIS, accounting for 2.92 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. The County reported Kshs.25.39 million under "other operating expenses - Other," accounting for 1.26 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

vii. The County has reported subpar performance across various programs and sub-programs. Specifically, Cooperative Development in the Department of Trade, Tourism & Cooperative Development reached only 12 per cent, Library Services in the Department of Education & Libraries achieved 11 per cent, and Water Infrastructure Development was below 1 per cent. These results raise significant concerns about the effective realisation of intended objectives.

viii. 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 2026.

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 implement strategies to increase development expenditures in FY 2026/27.*

iii. *The County Leadership should ensure that genuine bills are paid promptly in subsequent Financial Years*

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 that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

vi. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

vii. *The County Treasury, in line with Section 104 of the PFM Act (Cap 412A), should implement more rigorous financial management and oversight mechanisms to ensure that resources are allocated equitably across programmes and sub-programmes and utilised efficiently within each programme.*

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

3.40. County Government of Tana River

3.40.1 Overview of FY 2025/26 Budget

The Tana River County Approved Supplementary Budget for FY 2025/26 was Kshs.10.24 billion. It comprised Kshs.4.13 billion (40.30 per cent) and Kshs.6.11 billion (59.70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.06 billion (11.55 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.66 billion and a recurrent budget of Kshs.5.52 billion. The increase in the budget was primarily attributed to the rise in the equitable share.

The budget was to be financed from various revenue sources. The budget is to be financed from various revenue sources. These include the equitable share of revenue raised nationally, in the amount of Kshs.7.22 billion (70.56 per cent), and additional allocations of Kshs.1.68 billion (16.45 per cent), a cash balance of Kshs.1.13 billion (11.03 per cent) brought forward from FY 2024/25, and Kshs.200.42 million (1.96 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.606.

3.40.2 Revenue Performance

During the year, the County reported total revenues of Kshs.9.47 billion. This amount represented an increase of 6.28 per cent over the amount received in FY 2024/25, of Kshs.8.91 billion. The total revenue consisted of Kshs.7.22 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.994.96 million, and own-source revenue (OSR) collection of Kshs.121.56 million. Additionally, the County had cash balance of Kshs.1.13 billion from FY 2024/25. The total OSR collection of Kshs.121.56 million included Kshs.3.01 million from Facilities Improvement Financing (FIF) and Kshs.118.55 million from other OSR sources. Table 3.606 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.606: Tana River County, Revenue Performance in FY 2025/26

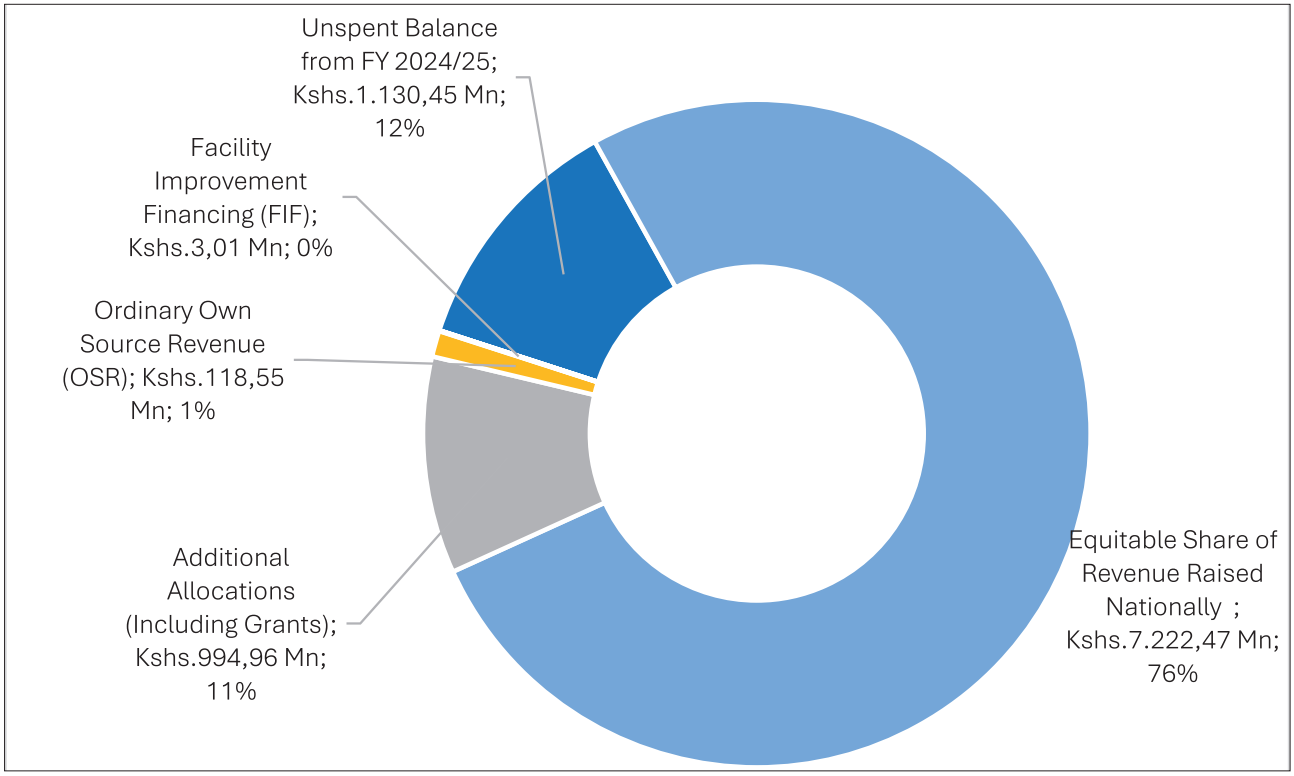
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	992,290,794	992,290,794		992,290,794	100
2	County Executive Refunds to CRF	138,158,025	138,158,025		138,158,025	100
3	County Assembly Refunds to CRF	4,004	4,004		4,004	100
	Sub-Total	**1,130,452,823**	**1,130,452,823**	**-**	**1,130,452,823**	100
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,222,474,730	7,222,474,730		7,222,474,730	100
	Sub-Total	**7,222,474,730**	**7,222,474,730**	**-**	**7,222,474,730**	100
C	**Additional Allocations (Including Grants)**					
1	DANIDA (Universal Healthcare in Devolved System Program)	9,435,000	9,435,000		9,435,000	100
2	National Agricultural Value Chain Development Project (NAVCDP)					
3	Food Systems Resilience Project (FSRP)	246,153,846	246,130,311		246,130,311	100
4	Kenya Agribusiness Development Programme	-				
5	Second Kenya Devolution Support Program (KDSP II) - Institutional Grant (Level 1 Grant)	72,909,500	70,503,589		70,503,589	97

No	Revenue Stream	Annual Target-ed Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Perfor-mance
6	Second Kenya Devolution Support Program (KDSP II) - Service Delivery and Investment Grant (Level 2 Grant)	352,500,000	113,035,845		113,035,845	32
7	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	-				
8	Financing Locally-Led Climate Action (FLLoCA) - County Climate Resilience Investment (CCRI)	150,000,000	137,866,758		137,866,758	92
9	Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)	35,000,000	26,000,000		26,000,000	74
10	Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG)	100,000,000				-
11	Kenya Water, Sanitation, and Hygiene Program (K-WASH)	129,150,000	141,979,713		141,979,713	110
12	Supplement for Construction of County Headquarters	120,000,000				-
13	Aggregated Industrial Parks Programme	250,000,000	250,000,000		250,000,000	100
14	Community Health Promoters (CHPs)	28,890,000				-
15	Road Maintenance Fuel Levy (RMFL)	190,000,000				-
16	Mineral Royalties	-	10,624		10,624	
	Sub-Total	**1,684,038,346**	**994,961,840**	**-**	**994,961,840**	59
D	**Ordinary Own Source Revenue (OSR)**					
1	OSR	196,067,171	118,553,173		118,553,173	60
	Sub-Total	**196,067,171**	**118,553,173**	**-**	**118,553,173**	60
E	**Facility Improvement Financing (FIF)**					
3	FIF	4,352,510	3,012,569		3,012,569	69
	Sub-Total	**4,352,510**	**3,012,569**	**-**	**3,012,569**	69
	Grand Total	**10,237,385,580**	**9,469,455,135**	**-**	**9,469,455,135**	**92**

Source: *Tana River County Treasury*

Figure 3.232 provides a detailed breakdown of receipts.

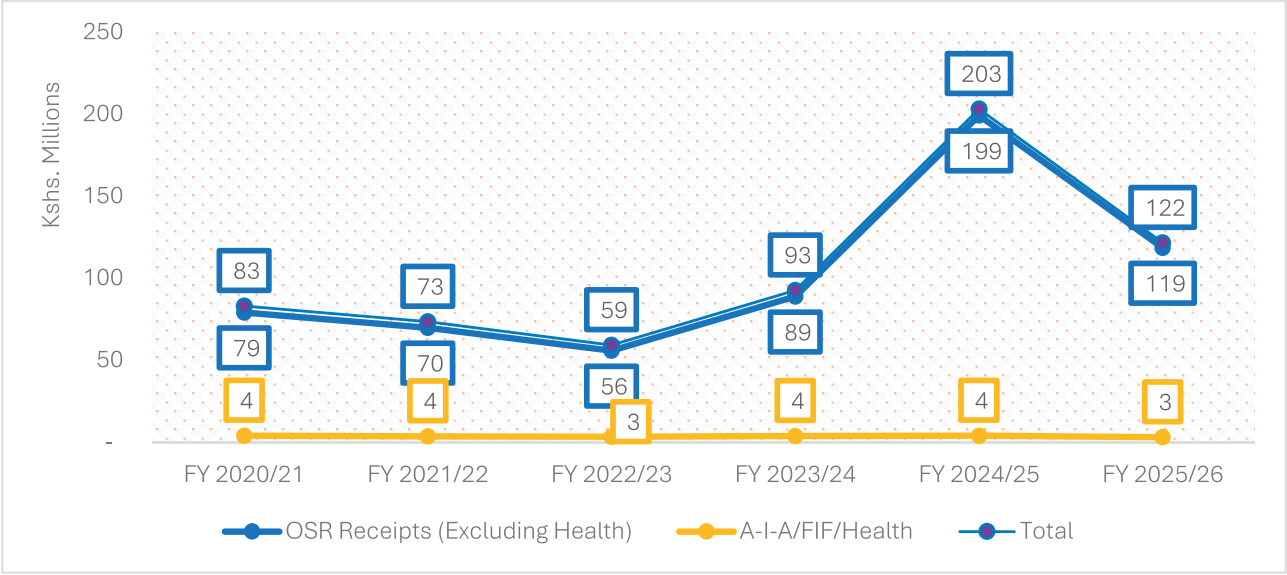
Figure 3.232: Tana River County Composition of Revenue in FY 2025/26



S***ource:*** *Tana River County Treasury*

The equitable share of revenue raised nationally, Balance b/f FY 2024/25, and additional allocations contributed 76.24 per cent, 11.93 per cent and 10.49 per cent, respectively, of the total receipts for the reporting period. Figure 3.233 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.233: Tana River County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

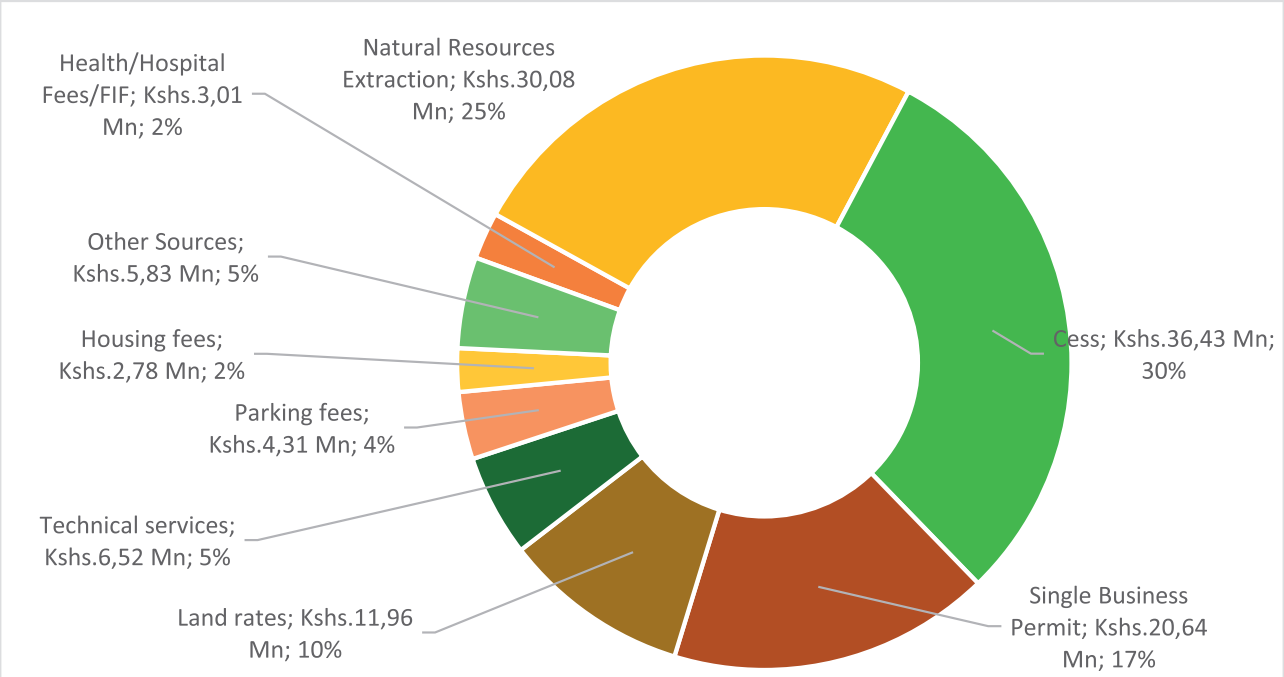


Source: *Tana River County Treasury*

During the year, the County received Kshs.121.56 million from OSR, including FIF. This amount was a decrease of 40.18 per cent compared to Kshs.203.23 million realised in FY 2024/25, and was 60.71 per cent of the annual target and 1.67 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to OSR collection leakages due to the use of the manual collection method and a lack of OSR mobilisation strategies. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.234.

Figure 3.234: Tana River County Top Own Source Revenue Streams in FY 2025/26



Source: Tana River County Treasury

As shown in Figure 3.234, the largest revenue stream, at Kshs.36.43 million, was cess, accounting for 30 per cent of total OSR receipts. The County Government has not yet automated revenue collection.

3.40.3 Revenue Arrears

As of 30 June 2026, the County reported no revenue arrears.

3.40.4 Borrowing by the County

The Tana River County Executive and Assembly did not report any credit facility during the period under review.

3.40.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.8.15 billion from the Tana River County Revenue Fund (CRF) account. This amount consisted of Kshs.2.61 billion (32.02 per cent) designated for development programs and Kshs.5.54 billion (67.98 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.64 billion was allocated to employee compensation and Kshs.2.89 billion to operations and maintenance expenditures. Within the operations and maintenance category, 18.35 per cent was for domestic travel and 1.64 per cent for foreign travel. The domestic travel exchequers totalled Kshs.532.18 million, which included Kshs.387.16 million for the County Executive and Kshs.145.02 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.47.49 million for the County Executive only.

As of 30 June 2026, the County Government's cash balance in the Tana River County CRF account was Kshs.1.13 billion.

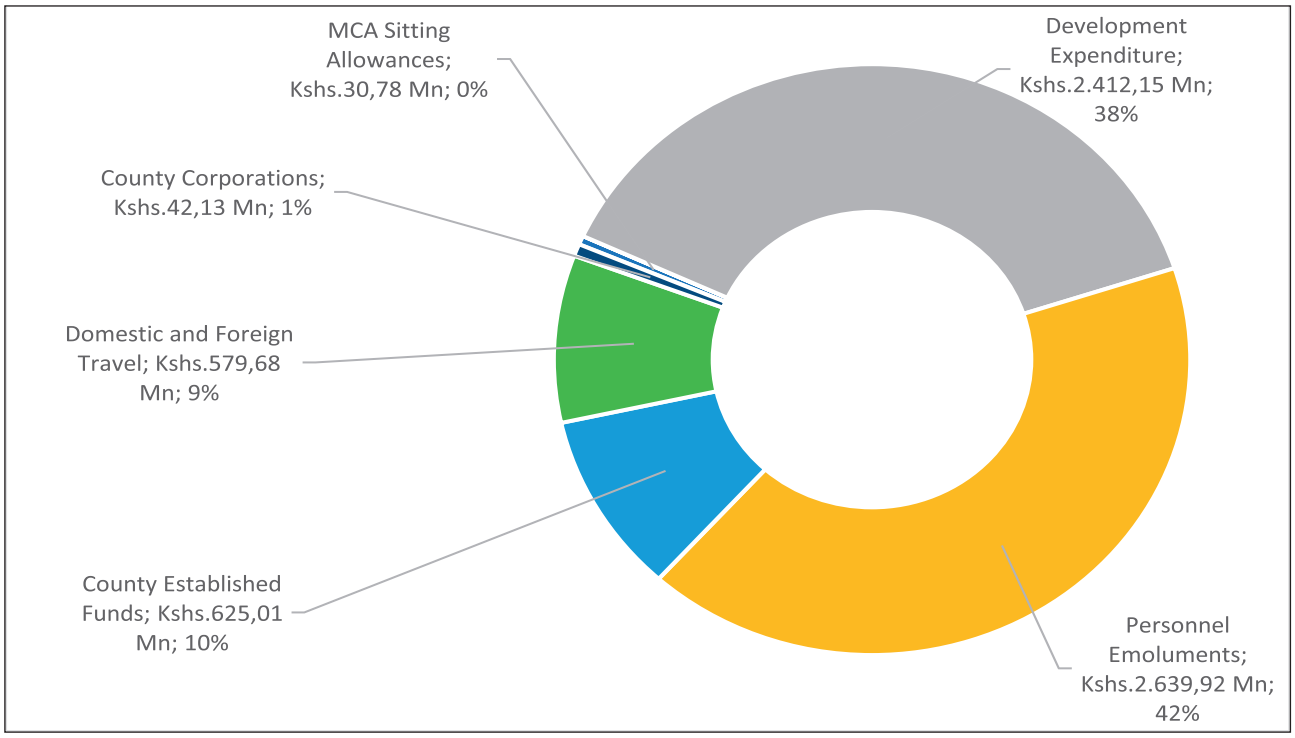
The Tana River County Assembly Fund (CAF) account was not operationalised in FY 2025/26

3.40.6 Expenditure Review

The County spent Kshs.8.08 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 99.08 per cent of the total funds released by the CoB. It comprised Kshs.2.41 billion for development programmes and Kshs.5.67 billion for recurrent programmes. Expenditure on development programmes accounted for 58.46 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 92.71 per cent of the annual recurrent expenditure budget.

Figure 3.235: provides a detailed breakdown of total expenditure.

Figure 3.235: Tana River County Composition of Expenditure in FY 2025/26



Source: *Tana River County Treasury*

As shown in Figure 3.235, the three highest expenditure categories were personnel emoluments, development expenditure, and county-established funds, contributing 41.70, 38.10, and 9.87 per cent of the total expenditure for the reporting period.

3.40.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.33 billion in employee compensation, Kshs.2.63 billion in operations and maintenance, and Kshs.2.15 billion in development activities. Similarly, the County Assembly spent Kshs.304.75 million on employee compensation, Kshs.397.31 million on operations and maintenance, and Kshs.267.57 million on development activities, as shown in Table 3.607.

Table 3.607: Tana River County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the FY 2025/26 (Kshs.) (b)		Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,401,001,770**	**710,218,891**	**4,963,932,124**	**702,051,433**	**4,963,932,124**	**702,051,433**	**92**	**99**
Compensation of Employees	2,389,377,132	304,745,529	2,335,171,518	304,745,529	2,335,171,518	304,745,529	98	100
Operations and Maintenance	3,011,624,638	405,473,362	2,628,760,606	397,305,904	2,628,760,606	397,305,904	87	98
Development Expenditure	**3,728,006,894**	**398,158,025**	**2,144,578,391**	**267,572,087**	**2,144,578,391**	**267,572,087**	**58**	**67**
Total	**9,129,008,664**	**1,108,376,916**	**7,108,510,515**	**969,623,520**	**7,108,510,515**	**969,623,520**	**78**	**87**

Source*: Tana River County Treasury*

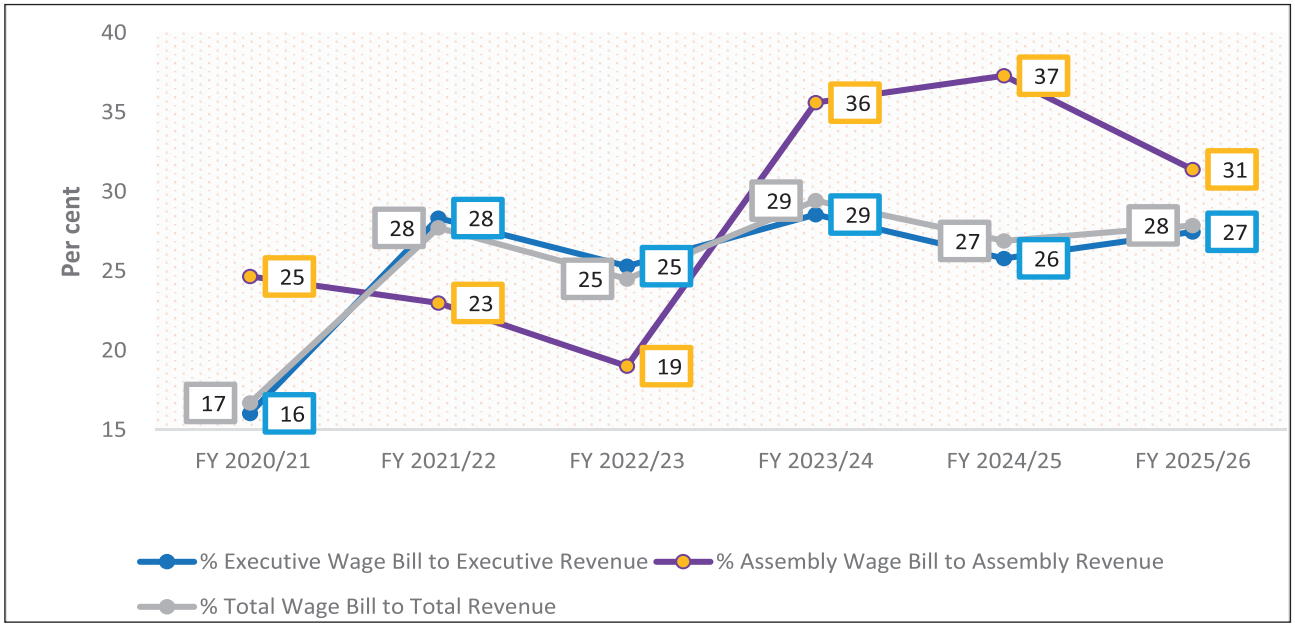
3.40.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.2.64 billion, representing 27.88 per cent of revenue. This expenditure on employee compensation has increased compared to the Kshs.2.39 billion re-

ported in FY 2024/25. Of this total, Kshs.1.05 billion related to Health Sector employees, accounting for 40.00 per cent of the overall employees' compensation.

Figure 3.236 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.236: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



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

Further analysis indicated that PE costs totalling Kshs.2.51 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.132.41 million was processed through manual payrolls, which accounted for 5.02 per cent of the total PE cost. The justification for the continued use of manual payroll was the delays in attaining personal identification numbers for new staff and the county assembly ward office staff who are on a contract basis.

The manual payroll comprised salaries for staff not on the Human Resource Information System (HRIS) and for Community Health Promoters (CHVs), as shown in Table 3.608.

Table 3.608: Analysis of Tana River County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	56,646,480	48,660,150	105,306,630
2	Community Health promoters	27,104,453	-	27,104,453
	Total	**83,750,933**	**48,660,150**	**132,411,083**

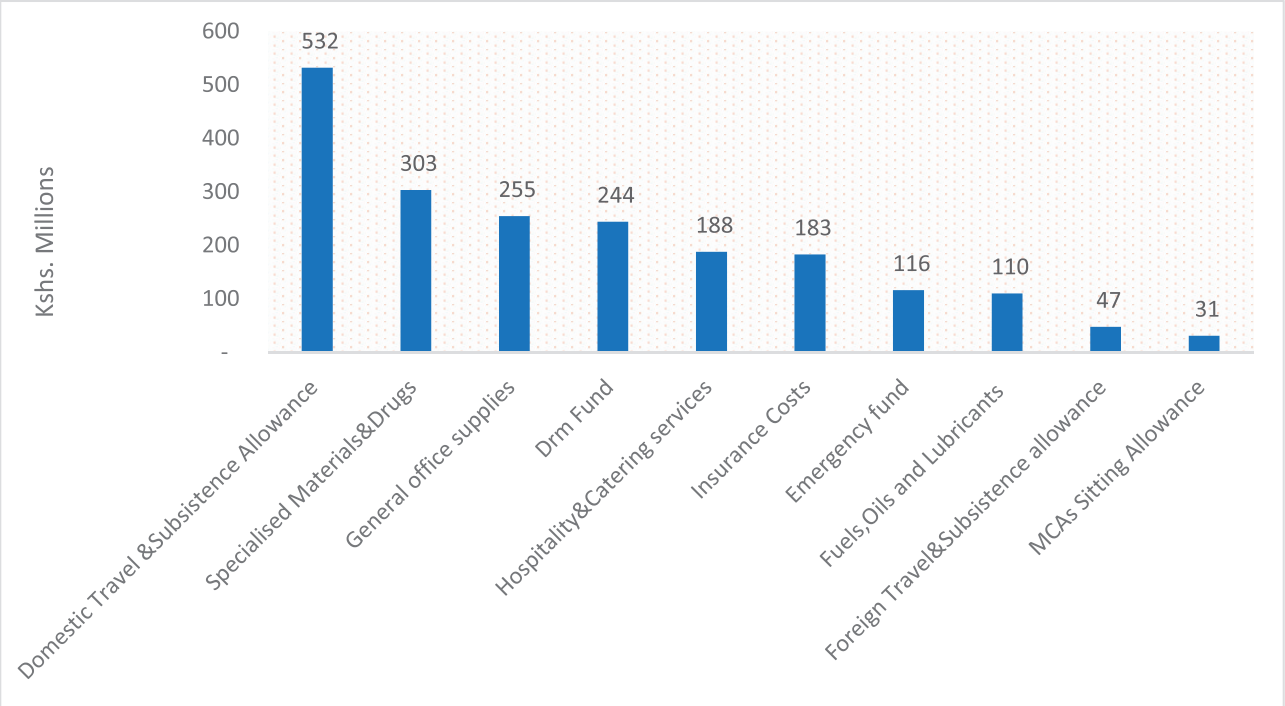
Source: Tana River County Treasury

The County Assembly spent Kshs.30.78 million on committee sitting allowances for the 27 MCAs against the annual budget allocation of Kshs.34.61 million. The average monthly sitting allowance was Kshs.95,007 per MCA. The County Assembly has 20 House Committees.

3.40.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.3.03 billion on operations and maintenance, representing a 34.38 per cent increase over the same period in FY 2024/25, when the County spent Kshs.2.24 billion. Figure 3.237 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.237: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: *Tana River County Treasury*

3.40.10 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.752.13 million to County-Established funds in FY 2025/26, representing 7.34 per cent of the County's overall budget. Further, the County allocated Kshs.179.07 million to the Emergency Fund (1.74 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.609 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.609: Performance of Tana River County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund	Submission of Financial Statements (Yes/No)
County Executive Established Funds							
1.	Emergency Fund	2020	179,066,825	179,066,825	116,066,825		YES
2.	Disaster Risk Management Fund	2021	249,066,825	249,066,825	243,948,144		YES
3.	C. E Car Loan & Mortgage Fund	2018	50,000,000	50,000,000	50,000,000		YES
4.	Bursary &Scholarship Fund	2025	274,000,000	274,000,000	215,000,000		YES
County Assembly Established Funds							
5.	C.A Car Loan & Mortgage Fund	2014	-	-	-		YES
	Total		**752,133,650**	**752,133,650**	**625,014,969**		

Source: *Tana River County Treasury*

In FY 2025/26, the CoB received all quarterly financial reports from 5 Fund Administrators, as indicated in Table 3.586, in accordance with the requirements of Section 168 of the PFM Act 2012. The County dis-

closed that the administration costs of the five 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 2025/26, the CoB established that the lifespan of the Bursary and Scholarship Fund and the County Assembly Car Loan & Mortgage Funds had lapsed. The County Assembly extended the Lifespan of the Bursary and Scholarship Fund, enabling CoB to approve withdrawal requests to support the fund's operations.

3.40.11 County Corporations, Municipalities and Agencies

The County has one county corporation and one municipality, which were allocated Kshs.203.57 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.42.13 million, as shown in Table 3.610.

Table 3.610: Performance of Tana River County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Parent Department	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs)	Actual Expenditure in FY 2025/26 (Kshs.)
1.	Tana River Water and Sanitation Company (TAWASCO)	Water, Energy, Mining, Forestry and Natural Resources	28,000,000	28,000,000	28,000,000
2	Hola Municipality	Hola Municipality	175,569,708	14,132,250	14,132,250
	Total		**203,569,708**	**42,132,250**	**42,132,250**

Source: *Tana River County Treasury*

3.40.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.532.18 million and comprised Kshs.145.02 million spent by the County Assembly and Kshs.387.16 million by the County Executive. Expenditure on foreign travel amounted to Kshs.47.49 million and was borne solely by the County Executive. Expenditure on foreign travel is summarised in Table 3.611.

Table 3.611: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	No. of Officers Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	Being payment for the India Trip	India	2,989,384
County Executive	4	Being payment for Conference fees for 4 People while attending the 5th Gacopa International Conference	India	7,222,180
County Executive	7	Being per diem attending the Africa Development Conference and Awards in Ethiopia	Ethiopia	6,931,720
County Executive	7	Per diem while attending the Africa Climate Summit in Addis Ababa, Ethiopia f	Ethiopia	7,748,920
County Executive	3	Per diem while attending the Leadership and Governance Conference in Dubai	Dubai	5,534,587
County Executive	3	Per diem while attending an international learning module in Morocco	Morocco	2,495,200
County Executive	5	Per diem while attending an Institutional Business Meeting in Italy	Italy	4,011,980
County Executive	5	Per diem while attending CAAR Remini Expo Centre in Morocco	Morocco	4,345,300
County Executive	3	Per diem while attending CAAR Remini Expo Centre in Morocco	Morocco	3,745,300

Arm of County Government	No. of Officers Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	7	Per diem while participating in Ealasca Games in Uganda	Uganda	2,466,639
				47,491,210

Source: Tana River County Treasury and Tana River County Assembly

3.40.13 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.3.01 million as FIF, which was 69.19 per cent of the annual target of Kshs.4.35 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. The expenditure by the health facilities amounted to Kshs.108.48 million, as shown in Table 3.612.

Table 3.612: Tana River County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	0	0	0	0
2.	Level 4 Hospital	3	55,370,450	52,218,826	94
3.	Level 3 Facility	3	20,755,594	16,750,056	81
4.	Level 2 Facility	47	42,879,875	39,514,851	92
	Total	**53**	**119,005,919**	**108,483,733**	91

Source: *Tana River County Treasury*

3.40.14 Development Expenditure

In FY 2025/26, the County reported spending Kshs.2.41 billion on development programmes, representing a 16.99 per cent increase over FY 2024/25, when the County spent Kshs.2.06 billion. Table 3.613 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to improved approval of departmental work plans and the implementation of the e-procurement system.

Table 3.613: Tana River County, List of Development Projects with the Highest Expenditure

No	Project Name	Sector	Project Location	Budget (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of FY 2026 (Kshs. Mn)	Absorption(%)
County Funded Projects								
1	Construction of Residential & Non-Residential Buildings	County Assembly	County Assembly	398.16	267.57	267.57	267.57	67
2	Bursary &Scholarship&Infrastructure Fund	Education and Vocational Training	County wide	274.00	274.00	274.00	274.00	100
3	Trade Payables payment	Finance&planning	County wide	566.02	488.96	488.96	488.96	86

No	Project Name	Sector	Project Location	Budget (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of FY 2026 (Kshs. Mn)	Absorption(%)
4	Grading of various roads	Roads, Transport, Public works, Housing and Urbanisation	County wide	259.46	243.60	243.60	243.60	94
5	County Aggregated Industrial Parks	Trade, Tourism, Industry and Cooperative Development	Wayu	250.00	250.00	210.82	210.82	84
6	Procurement of a Revenue management system	Finance and Economic Planning	County wide	46.15	46.15	46.15	46.15	100
7	Renovation and equipping of agricultural stores and offices	Agriculture, Livestock, Fisheries and Veterinary Services	Hola, Minjila, Bura	21.63	21.63	21.63	18.43	85
8	Agricultural Mechanisation Services	Agriculture, Livestock, Fisheries and Veterinary Services	County-wide	14.00	14.00	13.67	13.67	98
9	Value addition and post-harvest management activities in Bura	Agriculture, Livestock, Fisheries and Veterinary Services	Bura	10.00	10.00	9.70	9.70	97
10	Agricultural Training Centre: Civil works	Agriculture, Livestock, Fisheries and Veterinary Services	Mikinduni	20.00	20.00	18.93	18.93	95
Equalisation Funded Projects								
1	Rehabilitation of the water pan in Dukanotu village	Water	Chewele	8.06	6.49	6.49	6.49	81
2	Extension of Kura-wa-Hurara- Katsangani water Pipeline	Water	Kipini West	7.51	6.93	6.93	6.93	92
3	Construction of Hakoka Dispensary	Health	Wayu	6.74	4.89	4.89	4.89	73
4	Construction of maternity wing-Boka Dispensary	Health	Bangale	7.75	7.24	7.24	7.24	94
5	Grading & Murramming of Matangeni-Mchelelo Rd	Roads	Kipini East	7.02	6.69	6.69	6.69	95
6	Grading of Maroni-Wenje Rd	Roads	Kinakomba	5.44	5.17	5.17	5.17	95
7	Construction of Kone Water Supply	Water	Garsen west	6.49	5.98	5.98	5.98	92

No	Project Name	Sector	Project Location	Budget (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of FY 2026 (Kshs. Mn)	Absorption(%)
8	Rehabilitation of the Meti borehole and water kiosk in Meti	Water	Hirimani	7.24	6.22	6.22	6.22	86
9	Construction of maternity wing-Sombo Dispensary	Health	Sala	6.84	5.41	5.41	5.41	79
10	Expansion of Sala Dispensary	Health	Sala	7.04	6.30	6.30	6.30	90

Source: *Tana River County Treasury*

3.40.15 Budget Performance by Department

Table 3.614 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.614: Tana River County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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
County Assembly	710.22	398.16	702.85	267.57	702.05	267.57	99.9	100.0	98.9	67.2
Office of The Governor and Deputy Governor	402.35	-	387.71	-	354.65	-	91.5	-	88.1	-
Finance and Planning	593.06	639.42	528.81	585.41	571.20	623.37	108.0	106.5	96.3	97.5
County Public Service Board	43.87	-	36.47	-	43.26	-	118.6	-	98.6	-
Trade, Tourism, Wildlife and Cooperative Development	60.10	345.85	52.98	250.00	51.60	-	97.4	-	85.9	-
Agriculture, Livestock, Fisheries and Veterinary	162.50	455.60	143.31	376.49	151.26	379.07	105.5	100.7	93.1	83.2
Culture, gender, Youth, Sports and Social Services	66.68	36.00	50.04	25.87	46.03	31.41	92.0	121.4	69.0	87.2
Education and Vocational Training	49.61	386.50	29.82	379.29	32.44	359.39	108.8	94.8	65.4	93.0
Medical Services, Public Health and Sanitation	448.03	58.00	441.48	35.26	448.05	28.20	101.5	80.0	100.0	48.6
Special program	292.70	-	265.27	-	260.31	-	98.1	-	88.9	-
Roads, Transport, Public Works, Housing and Urbanisation	141.65	703.41	68.48	429.14	66.14	420.47	96.6	98.0	46.7	59.8
Water, Energy, Mining, Forestry and Natural Resources	54.29	199.83	32.39	52.88	53.69	55.35	165.8	104.7	98.9	27.7
Public Service, Administration and Citizen Participation	2,948.06	373.60	2,717.55	14.47	2,801.30	21.06	103.1	145.3	95.0	5.6
Lands and Physical Planning	39.59	42.00	36.04	-	34.15	42.00	94.7	-	86.2	100.0
Hola Municipality	55.57	120.00	14.13	-	10.47	-	74.1	-	18.8	-

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
Environment and Climate Change	42.94	367.79	31.76	197.77	39.39	184.26	124.0	93.2	91.7	50.1
Total	**6,111.22**	**4,126.16**	**5,539.11**	**2,614.15**	**5,665.98**	**2,412.15**	**102.3**	**92.3**	**92.7**	**58.5**

Source: *Tana River County Treasury*

Analysis of expenditure by departments shows that the Department of Lands & Physical Planning recorded the highest absorption rate of development budget at 100.00 per cent, followed by the Department of Finance and Planning at 97.50 per cent. The Department of Medical Services, Public Health and Sanitation had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Hola municipality had the lowest at 18.80 per cent.

3.40.16 Budget Execution by Programmes and Sub-Programmes

Table 3.615 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.615: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
DEVELOPMENT				
Education and Vocational Training	Community Bursary	274,000,000	274,000,000	100
Water, Energy, Mining, Forestry and Natural Resources	Water Management Services	55,681,960	55,681,960	100
Lands and Physical Planning	Physical Planning	42,000,000	42,000,000	100
Agriculture, Livestock, Fisheries and Veterinary	Administration, planning, and support services	24,630,000	24,630,000	100
Finance and Planning	Administration, planning, and support services	21,003,618	21,003,618	100
RECURRENT				
		Rec	Rec	Rec
RECURRENT				
Finance and Planning	Accounting & Finance	43,443,000	43,443,000	100
Medical Services, Public Health and Sanitation	Primary Care Networks	10,000,000	10,000,000	100
Education and Vocational Training	Provision of Modern tools & equipment	11,000,000	11,000,000	100

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Special programs	Emergency Relief (food, medicine, blankets, cash grant)	281,666,825	281,666,825	100
Public Service, Administration and Citizen Participation	Human Resource Development	230,028,108	230,028,108	100

Source: *Tana River County Treasury*

The development sub-programmes with the highest budget implementation rates were: Community bursary in the Department of Education and vocational training at 100 per cent, Water management services in the Department of Water, Energy, Mining, Forestry and Natural Resources at 100 per cent and Physical planning in the Department of Lands and Physical Planning at 100 per cent.

For recurrent sub-programmes, the top performers included: Accounting and finance in the Department of Finance and Planning at 100 per cent, Primary Care Networks in the Department of Medical Services, Public Health and Sanitation at 100 per cent, and Provision of modern tools and equipment in the Department of Agriculture, Livestock, Fisheries and Veterinary at 100 per cent.

The higher performance of these programmes can be attributed to the timely approval of departmental work plans. Table 3.616 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.616: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
DEVELOPMENT				
Hola Municipality	Hola Municipality	120,000,000	4,984,000	4
Water, Energy, Mining, Forestry and Natural ResourceS	Sanitation	129,150,000	9,984,034	8
Trade, Tourism, Wildlife and Cooperative Development	Promotion of Trade	345,854,135	60,815,860	18
Culture, gender, Youth, Sports and Social Services	Administration, planning, and support services	8,000,000	1,500,000	19
Roads, Transport, Public works, Housing and Urbanisation	Routine Maintenance	339,109,630	157,095,657	46
RECURRENT				
RECURRENT				
Public Service, Administration and Citizen Participation	Administration, planning, and support services	2,546,430,803	165,005,413	6

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Culture, gender, Youth, Sports and Social Services	Enhanced Child Participation	2,100,000	469,200	22
Lands and Physical Planning	Urbanisation	47,960,000	11,885,580	25
Agriculture, Livestock, Fisheries and Veterinary	Empowerment of Women and Youth on Fish Safety and Quality Assurance	880,000	334,015	38
Medical Services, Public Health and Sanitation	Digital Health	1,152,500	479,168	42

Source: *Tana River County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Hola municipality in the Department of Hola municipality at 4 per cent, Sanitation in the Department of Water, Energy, Mining, Forestry and Natural Resources at 8 per cent and Promotion of trade in the Department of Trade, Tourism, Wildlife and Cooperative Development at 18 per cent. For recurrent sub-programmes, the lowest-performing included: Administration, planning support services in the Department of Public Service, Administration and Citizen participation at 6 per cent, Enhanced Child Participation in the Department of Culture, gender, Youth, Sports and Social Services at 22 per cent and Urbanisation in the Department of Lands and Physical Planning at 25 per cent. These lower performances can be attributed to delays in the approval of departmental work plans

3.40.17 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.2.37 billion. This amount was from the County Executive only. The trade payables from the County Executive comprised Kshs.1.19 billion for recurrent expenditure and Kshs.1.18 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.598.24 million, comprising Kshs.109.28 million (18.27per cent) for recurrent programmes and Kshs.488.96 million (81.73 per cent) for development programmes. The outstanding trade payables as of 30 June 2026 were Kshs.1.77 billion for the County Executive. Table 3.617 provides additional details of trade payables.

Table 3.617: Tana River County Trade Payables as of 30 June 2026

	County Entity	Development (Kshs. Mn)	Recurrent (Kshs.Mn)	Total (Kshs.Mn)
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,175,571,115	1,193,950,184	2,369,521,299
	County Assembly	-	-	-
	Total	1,175,571,115	1,193,950,184	2,369,521,299
Amount paid in FY 2025/26	County Executive	488,962,089	109,279,914	598,242,003
	County Assembly	-	-	-
	Total	488,962,089	109,279,914	598,242,003
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-

	County Entity	Development (Kshs. Mn)	Recurrent (Kshs.Mn)	Total (Kshs.Mn)
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	686,609,026	1,084,670,270	1,771,279,296
	County Assembly	-	-	-
	Total	686,609,026	1,084,670,270	1,771,279,296

Source: *Tana River County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.250.01 million and Kshs.461.45 million, respectively, in FY 2025/26. The County cleared Kshs.488.96 million for development expenditure and Kshs.109.28 million for recurrent expenditure. The County therefore adhered to the development payment plan and failed to adhere to the Recurrent payment plan.

Table 3.618: Tana River County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills	**131,964,210**	**233,552,384**	**159,282,924**	**161,809,509**	**686,609,026**
Recurrent Pending Bills (Goods & Services)	386,536,065	127,867,665	358,100,500	212,166,040	**1,084,670,270**
Total Recurrent Pending Bills	386,536,065	127,867,665	358,100,500	212,166,040	**1,084,670,270**
Total Pending Bills	**518,500,275**	**361,420,048**	**517,383,424**	**373,975,549**	**1,771,279,296**
% of Total	**29**	**20**	**29**	**21**	**100**

Source: *Tana River County Treasury*

The two tables indicate that 29 per cent of total trade payables are aged between two and three years, a trend attributed to unrealistic own-source revenue targets, resulting in a budget deficit. To address this situation, the county should ensure that the annual own-source revenue target is based on historical trends.

3.40.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 46 accounts across CBK and commercial banks, of which 22 were held at the CBK and 24 at commercial banks. Of those at the commercial banks, 5 were for donor commercial operational accounts, 2 for salary accounts, 2 for revenue collection accounts, 8 for special operations accounts, including County-established funds, 5 for health facilities operations accounts, 1 for municipalities operations accounts, and 1 for water and sewerage companies operations accounts.

3.40.19 Key Observations and Recommendations

While overseeing and reporting on the implementation of the Tana River County budget, the CoB identified the following challenges, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.121.56 million against an annual target of Kshs.200.42 million, representing 59.81per cent of the financial year target.

ii. Low development performance in FY 2025/26 as the County incurred 2.41billion on development activities, achieving a 58.46 per cent absorption rate.

iii. High level of trade payables, which amounted to Kshs.1.77 billion as of 30 June 2026.

iv. Personnel emoluments amounting to Kshs.132.41 million for staff not onboarded into the HRIS and Community Health Promoters (CHPs) were processed through manual payroll, accounting for 5.02 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

v. 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 17 August 2026.

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 implement strategies to increase development expenditures in FY 2026/27.*

iii. *The County Leadership should ensure that genuine bills are paid promptly in the ensuing financial year; further, compliance with the trade payables 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 of 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 the timely preparation and submission of financial reports to the Controller of Budget in accordance with the timelines prescribed in Section 166 of the PFM Act, 2012.*

3.41. County Government of Tharaka Nithi

3.41.1 Overview of FY 2025/26 Budget

The approved Supplementary Budget for FY 2025/26 was Kshs.7.78 billion. It comprised Kshs.2.87 billion (37 per cent) and Kshs.4.90 billion (63 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.771.33 million (11 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.2.39 billion and a recurrent budget of Kshs.4.61 billion. The increase in the budget was primarily attributable to increases in own-source revenue, the equitable share, and additional allocations.

The budget was to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.5.06 billion (65 per cent), additional allocations of Kshs.1.84 billion (24 per cent), a cash balance brought forward from FY 24/25 of Kshs.205.32 million (3 per cent) and Kshs.668.48 million (9 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.619.

3.41.2 Revenue Performance

During the year, the County reported total revenues of Kshs.6.92 billion. This amount represented an increase of 23 per cent over the amount received in FY 2024/25 of Kshs.5.64 billion. The total revenue consisted of Kshs.5.06 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.776.52 million, and own-source revenue (OSR) collection of Kshs.884.19 million. Additionally, the County had a cash balance of Kshs.205.32 million from FY 2024/25. The total OSR collection of Kshs.884.19 million included Facilities Improvement Financing (FIF) of Kshs.567.41 million, and Kshs.316.78 million from other OSR sources. Table 3.619 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.619: Tharaka Nithi County, Revenue Performance in FY 2025/26

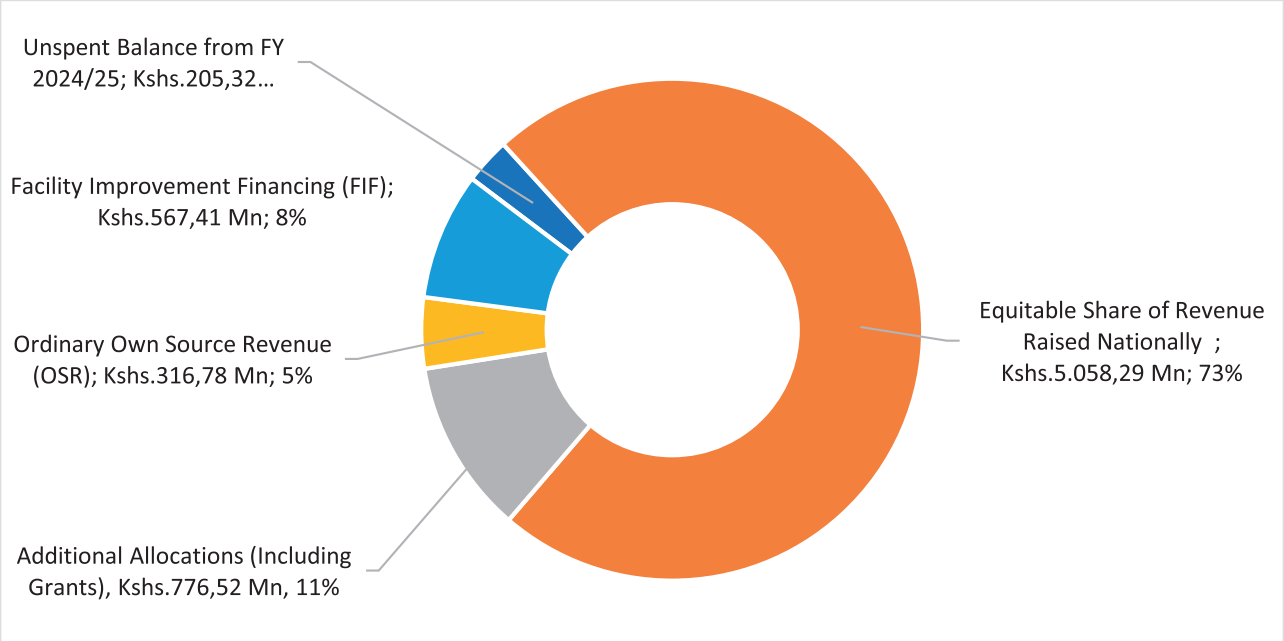
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF					
2	County Executive Refunds to CRF	205,322,494	205,322,494	-	205,322,494	100
3	County Assembly Refunds to CRF	1,953	1,953	-	1,953	100
	Sub-Total	**205,324,447**	**205,324,447**	**-**	**205,324,447**	100
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	5,058,286,293	5,058,286,293		5,058,286,293	100
	Sub-Total	**5,058,286,293**	**5,058,286,293**	**-**	**5,058,286,293**	100
C	**Additional Allocations (Including Grants)**					
1	Danida	6,324,000	6,324,000		6,324,000	100
2	Community Health Promoters Grant	37,950,000	-		-	-
3	Basic Salary Arrears for County Government Health Workers	24,597,481	-		-	-
4	Supplement of Construction	30,000,000	30,000,000		30,000,000	100
5	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	230,985,918		230,985,918	100
6	Kenya Informal Settlement Programme	1,000,000	-		-	-
7	Financing Locally Led Climate Action (FLLoCA)	286,133,840	94,320,874		94,320,874	33
8	World Bank Kenya Water, Sanitation and Hygiene (KWASH) - Performance for Results (P for R)	350,000,000	141,979,713		141,979,713	41
9	Equalisation fund	44,005,716	-		-	-
10	Aquaculture Business Development Programme	10,489,999	-		-	-
11	Aggregated Industrial Parks Programme	-			-	
12	Kenya Devolution Support Program KDSP – II Level II (Investment grant)	352,500,000	97,796,194		97,796,194	28
13	Kenya Devolution Support Program KDSP-II Level I (Institutional grant)	72,909,500	70,503,589		70,503,589	97
14	Kenya Urban Support Program (KUSP) II – Urban Institutional Grant	71,750,000	26,000,000		26,000,000	36
15	Kenya Urban Support Program (KUSP) II- Urban Development Grant	270,060,827	78,611,813		78,611,813	29

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
16	Road Maintenance Levy	55,944,250			-	-
	Sub-Total	**1,844,915,613**	**776,522,101**	**-**	**776,522,101**	42
D	**Ordinary Own Source Revenue (OSR)**					
1		293,081,692	262,143,177	54,639,736	316,782,913	108
	Sub-Total	**293,081,692**	**262,143,177**	**54,639,736**	**316,782,913**	108
E	**Facility Improvement Financing (FIF)**					
1	SHIF	370,400,000	395,601,106	167,227,733	562,828,839	152
2	Defunct NHIF					
3	Others - public health fees	5,000,000	4,580,908		4,580,908	92
	Sub-Total	**375,400,000**	**400,182,014**	**167,227,733**	**567,409,747**	151
	Grand Total	**7,777,008,045**	**6,702,458,032**	**221,867,469**	**6,924,325,501**	**89**

Source: *Tharaka Nithi County Treasury*

Equalisation Fund has been included in the resource envelope. This is inappropriate as this Fund does not form part of the resource envelope. Many of the performances that are below 75 per cent are mainly in additional allocations. As an office, we are not privy to why the development partners release additional allocations as they do. SHIF has achieved a performance of 156 per cent. This is achieved because the target was set at a less challenging level. The County does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.238 provides a detailed breakdown of receipts.

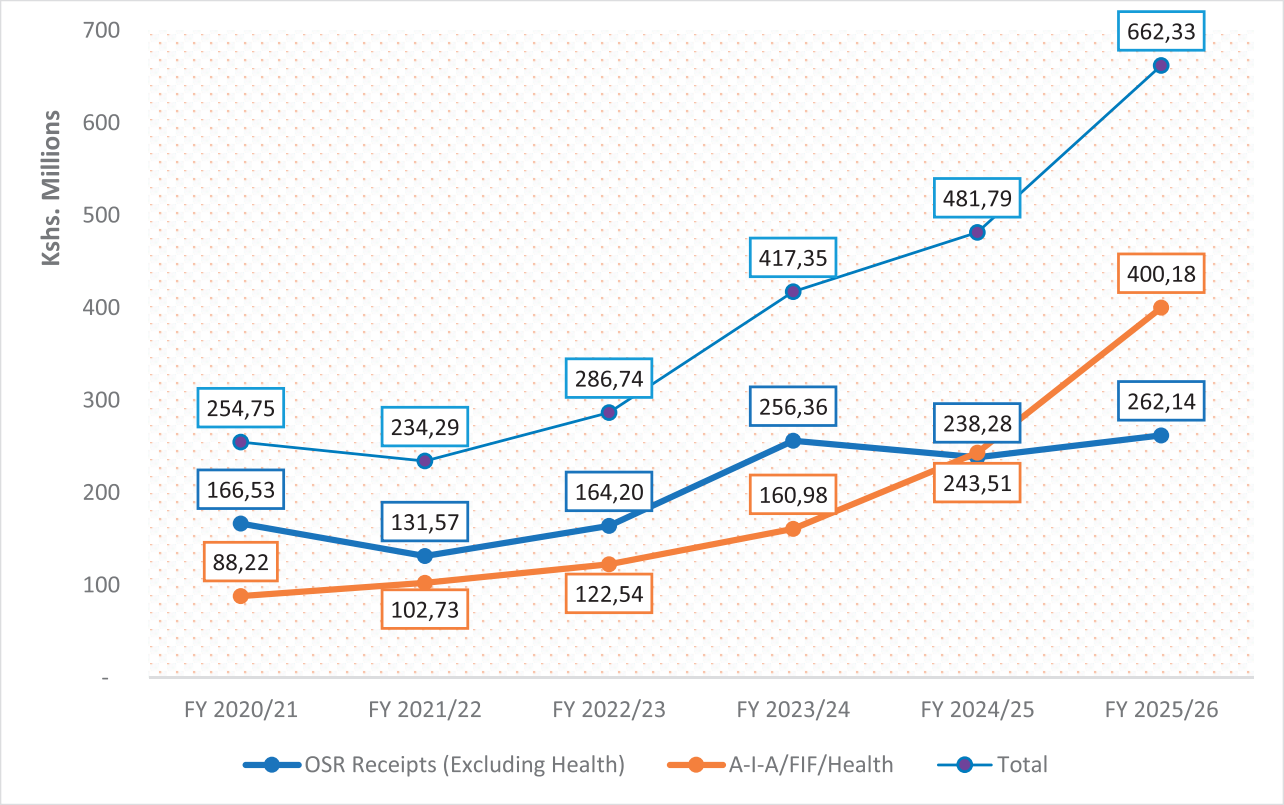
Figure 3.238: Tharaka Nithi County Composition of Revenue in FY 2025/26



S***ource:*** *Tharaka Nithi County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 73 per cent, 5 per cent and 8 per cent, respectively, of the total receipts for the reporting period. Figure 3.239 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

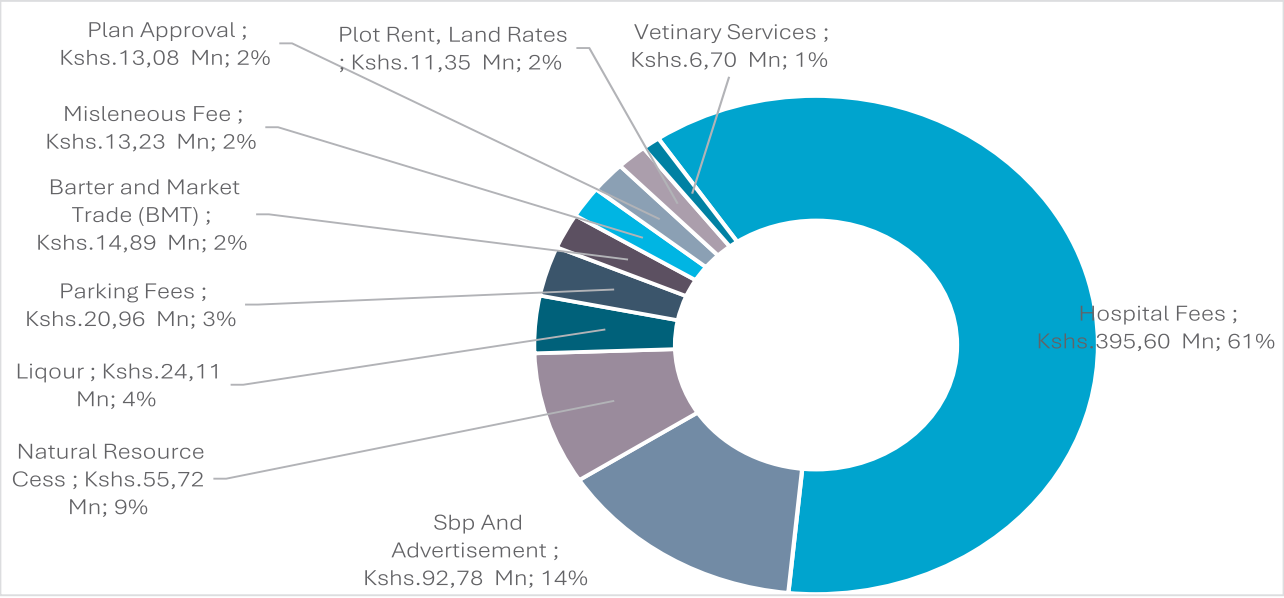
Figure 3.239: Tharaka Nithi County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Tharaka Nithi County Treasury*

During the year, the County received Kshs.662.33 million from OSR, including FIF. This amount was an increase of 29 per cent compared to Kshs.481.79 million realised in FY 2024/25, and was 99 per cent of the annual target and 13 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to the continued implementation of the electronic collection method. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.240.

Figure 3.240: Tharaka Nithi County Top Own Source Revenue Streams in FY 2025/26



Source: *Tharaka Nithi County Treasury*

As shown in Figure 3.240, the largest revenue stream, at Kshs.395.60 million, was Hospital fees, accounting for 61 per cent of total OSR receipts. The County Government indicated that it has automated all its revenue streams.

3.41.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.137.53 million, which increased to Kshs.221.87 million as of 30 June 2026. The County currently tracks its revenue arrears using a manual system, with an accrual-basis option - 1. Table 3.620 presents a breakdown of the County's revenue arrears.

Table 3.620: Tharaka Nithi County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Receivables as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Receivables as of 30 June, 2026 (Kshs.)
			Waivers (Kshs)	Receivables paid in the financial year (Kshs)	Receivables earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
	Plot Rent	57,762,492.00	-	5,315,977.00	-	52,446,515.00
	County Houses	1,462,556.00	-	14,635.00	-	1,447,921.00
	Market Stalls	833,250.00	-	87,950.00	-	745,300.00
	Sub-Total	**60,058,298**	**-**	**5,418,562**	**-**	**54,639,736**
B	**Facility Improvement Fund (FIF)**					
1	National Hospital Insurance Fund (NHIF)	22,075,535.00	-	-		22,075,535.00
2	Social Health Insurance Fund (SHIF)	54,382,260.00	-	54,382,260.00	144,638,854.00	144,638,854.00
3	AON Insurance	1,011,000.00	-	497,656.00		513,344.00
4	Other					-
	Sub-Total	**77,468,795**	**-**	**54,879,916**	**144,638,854**	**167,227,733**
	Grand Total	**137,527,093**	**-**	**60,298,478**	**144,638,854**	**221,867,469**

Source: *Tharaka Nithi County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.221.87 million, comprising Kshs.54.64 in ordinary own-source revenue (26 per cent) and Kshs.167.23 for the Facility Improvement Fund (FIF) (74 per cent). The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 include automation of the system, employing aggressive and consistent but people-friendly enforcement methods on the defaulters.

3.41.4 Borrowing by the County

Neither the Tharaka Nithi Executive nor the Assembly has commercial banking credit lines.

3.41.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.6.48 billion from the Tharaka-Nithi County Revenue Fund (CRF) account. This amount consisted of Kshs.1.69 billion (26 per cent) designated for development programs, and Kshs.4.79 billion (73 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.24 billion was allocated to employee compensation and Kshs.1.55 billion to operations and maintenance expenditures. Within the operations and maintenance category, 17 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.267.38 million, which included Kshs.100.44 million for the County Executive and Kshs.166.93 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.19.09 million, with Kshs.18.08 million for the County Executive and Kshs.1.82 million for the County Assembly.

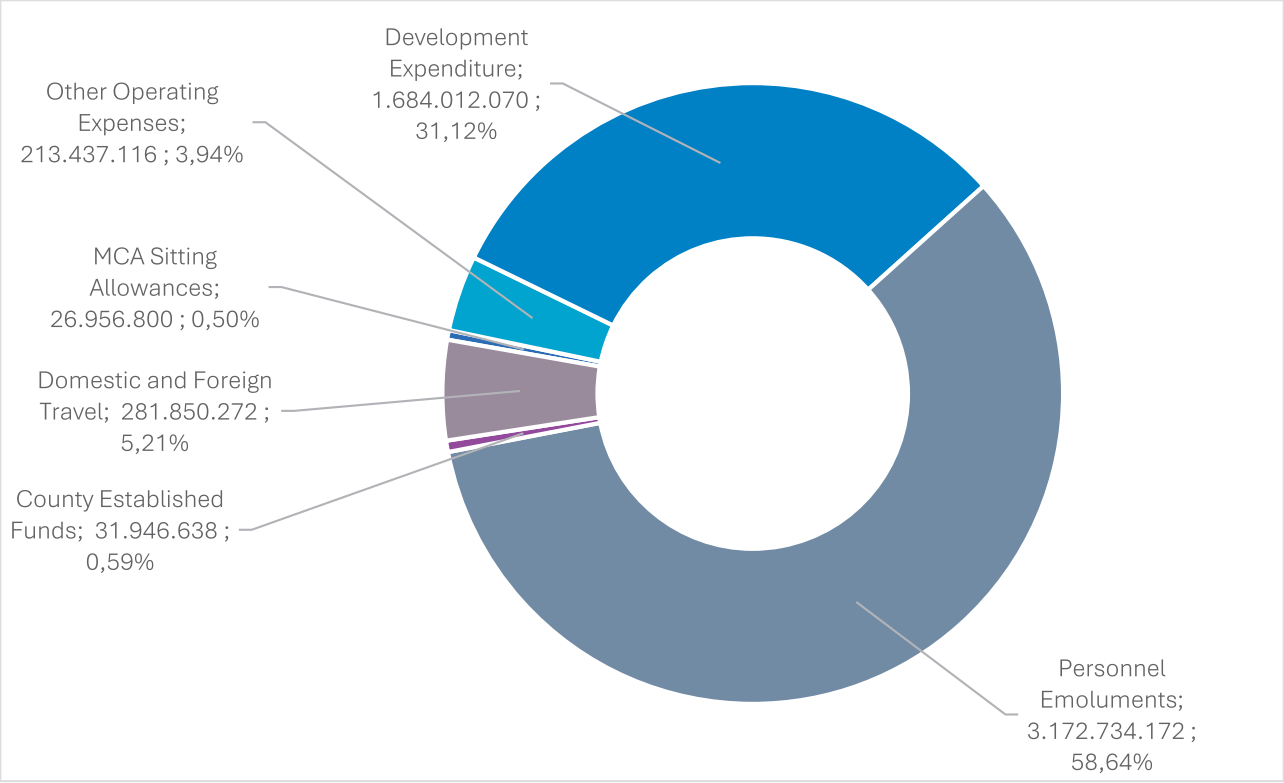
As of 30 June 2026, the County Government's cash balance in the Tharaka Nithi CRF account was Kshs.680.46 million. The County Assembly of Tharaka Nithi had not operationalised its County Assembly Fund (CAF) account.

3.41.6 Expenditure Review

The County spent Kshs.6.10 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 93 per cent of the total funds released by the CoB. It comprised Kshs.1.68 billion for development programmes and Kshs.4.41 billion for recurrent programmes. Expenditure on development programmes accounted for 59 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 90 per cent of the annual recurrent expenditure budget.

Figure 3.241: provides a detailed breakdown of total expenditure.

Figure 3.241: Tharaka Nithi County Composition of Expenditure in FY 2025/26



Source: *Tharaka Nithi County Treasury*

As shown in Figure 3.241, the three highest expenditure categories were Personal Emoluments, Development Expenditure, and Domestic and Foreign Travel, contributing 58, 31, and 5 per cent of the total expenditure for the reporting period.

3.41.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.92 billion in employee compensation, Kshs.983.42 million in operations and maintenance, and Kshs.1.67 billion in development activities. Similarly, the County Assembly spent Kshs.251.98 million on employee compensation, Kshs.257.16 million on operations and maintenance, and Kshs.16.35 million on development activities, as shown in Table 3.621.

Table 3.621: Tharaka Nithi County Summary of Budget and Expenditure by Economic Classification

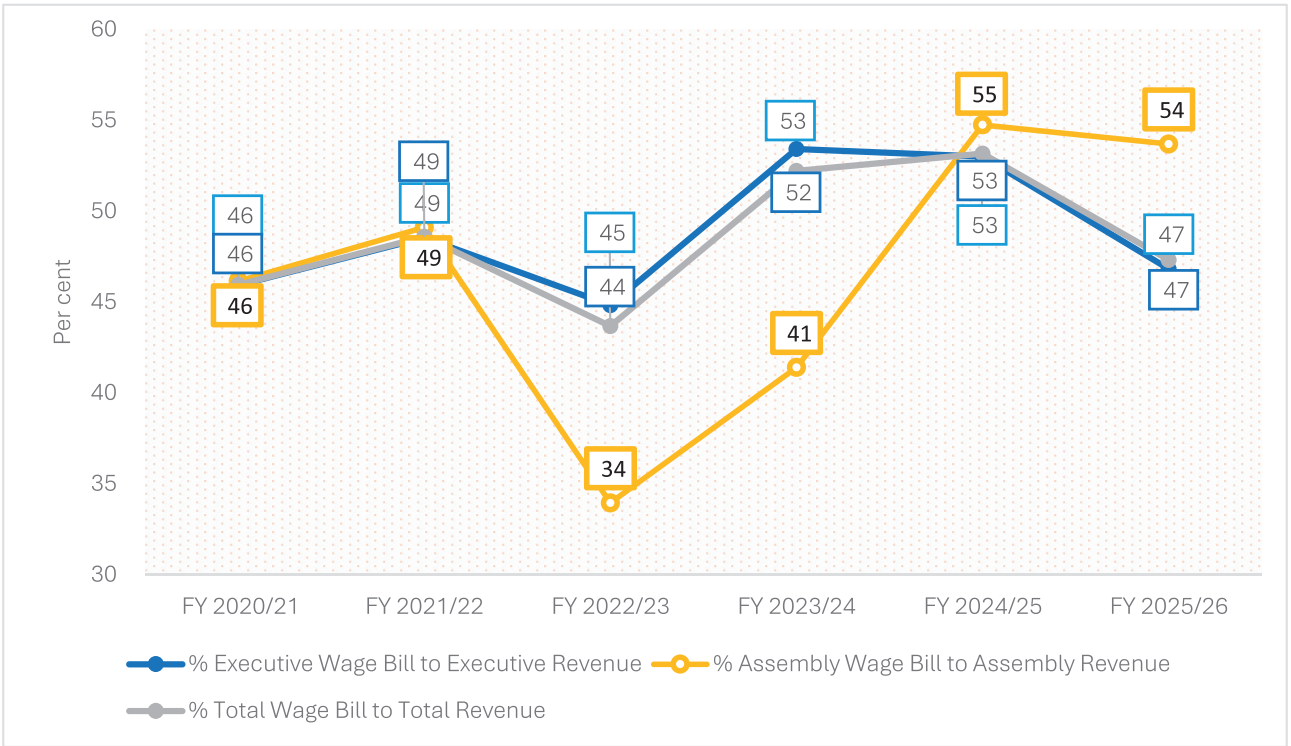
Expenditure Classification	Approved Budget (Kshs.Millions) (a)		Amount Paid in FY 2025/26 (Kshs .Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs.Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,394.50**	**508.53**	**3,904.18**	**465.34**	**-**	**43.79**	**3904.18**	**509.13**	**89**	**100**
Compensation of Employees	2,988.17	253.25	2,920.76	229.56	-	22.41	2920.76	251.98	98	99
Operations and Maintenance	1,406.33	255.28	983.42	235.78	-	21.38	983.42	257.16	70	101
Development Expenditure	**2,843.97**	**30.00**	**1,667.66**	**9.96**	**-**	**6.39**	**1667.66**	**16.35**	**59**	**55**
Total	**7,238.47**	**538.53**	**5,571.84**	**475.30**	**-**	**50.18**	**5571.84**	**525.48**	**77**	**98**

Source: *Tharaka Nithi County Treasury*

3.41.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.17 billion, representing 47 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.3.00 billion reported in FY 2024/25. Of this total, Kshs.1.89 billion related to Health Sector employees, accounting for 60 per cent of the overall employees' compensation. Figure 3.242 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.242: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: Tharaka Nithi County Treasury

Further analysis indicated that PE costs totalling Kshs.3.01 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.157.16 million was processed through manual payrolls, which accounted for 5 per cent of the total PE cost. The justification for the continued use of manual payroll was that certain types of engagements are not long-term.

The manual payroll comprised salaries for a varied number of staff not on-boarded into the Human Resource Information System (HRIS), salaries for casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.622.

Table 3.622: Analysis of Tharaka Nithi County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
2	Salaries for casual staff		73,731,500	Not permanent	N/A
3	Top-up Allowances for Security Officers		5,040,000		
4	KRA Payroll Assessments		78,390,995	Error correction	N/A
	Total		157,162,495		

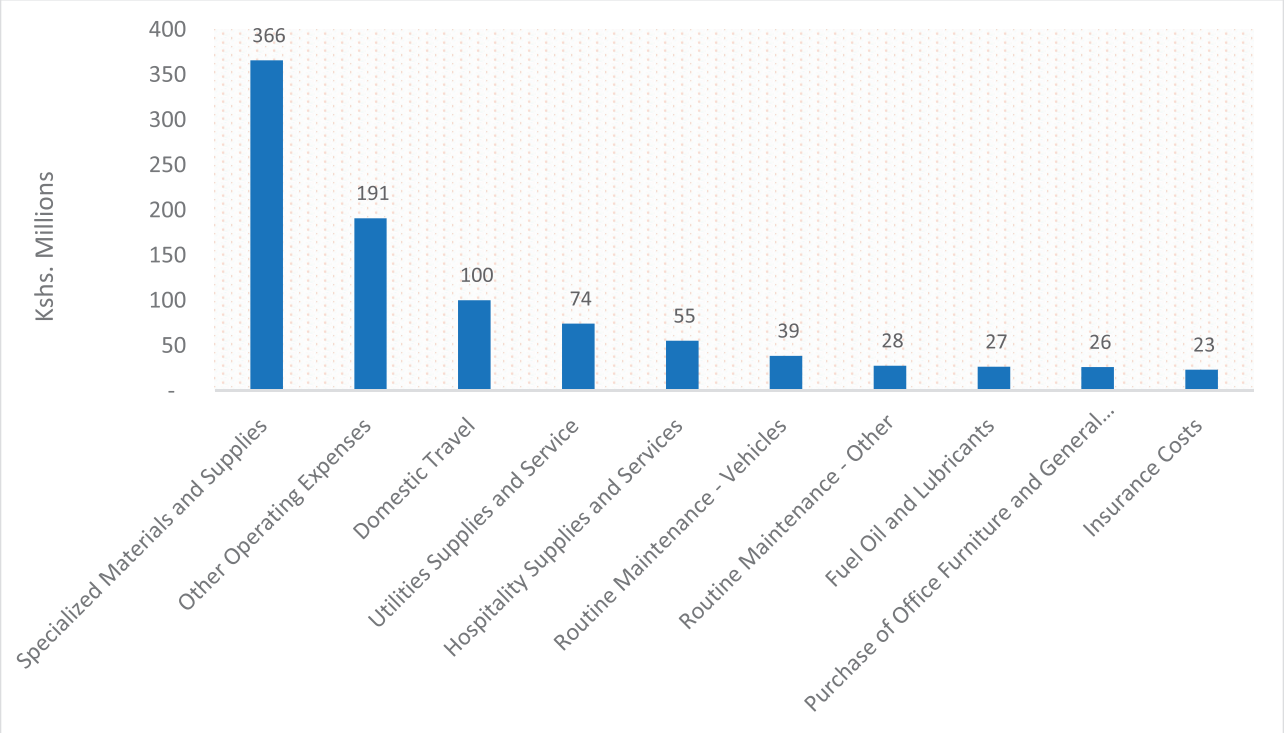
Source: Tharaka Nithi County Treasury

The County Assembly spent Kshs.26.96 million on committee sitting allowances for the 24 MCAs against the annual budget allocation of Kshs.27.90 million. The average monthly sitting allowance was Kshs.93,600 per MCA. The County Assembly has 19 House Committees.

3.41.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.24 billion on operations and maintenance, representing an 8 per cent increase over FY 2024/25, when the County spent Kshs.1.23 billion. Figure 3.243 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.243: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: *Tharaka Nithi County Treasury*

Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures. The County did not allocate any financial resources under this code.

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.265.00 million to County-Established funds in FY 2025/26, representing 3 per cent of the County's overall budget.

Further, the County allocated Kshs.13.00 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 3.623 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.623: Performance of Tharaka Nithi County Established Funds in FY 2025/26

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Nine Months of FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
Tharaka Nithi County Executive Established Funds							
1	Bursary Development Fund	2019	-	-	-	110,032,667	Yes
2	Emergency Fund	2019	13,000,000	-	-	15,116,817	Yes
3	Youth Fund	2022	-	-	-	25,000,000	Yes
4	Car Loan and Mortgage Fund	2024	-	-	-	70,000,000	Yes
5	Climate Change Fund	2024	252,000,000	8,915,619	8,915,619	195,843,205	Yes
Tharaka Nithi County Assembly Established Funds							
1	Car and Mortgage Fund	-	-	-	-	-	No
	Total		**265,000,000**	**8,915,619**	**8,915,619**	**415,992,689**	

Source: *Tharaka Nithi County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from one Fund Administrator, as indicated in Table 3.623, contrary to the requirement of Section 168 of the PFM Act, 2012. Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 sets the ceiling of administration costs of established funds at 3 per cent of the fund budget. For the funds whose financial statements were received by the Controller of Budget, the administrative cost ceilings were not breached.

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 2025/26, the CoB determined that the funds' lifespan had not elapsed.

3.41.11 County Corporations, Municipalities and Agencies

The County has one county corporation and two municipalities, which were allocated Kshs.103.14 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.91.40 million as shown in Table 3.624.

Table 3.624: Performance of Tharaka Nithi County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	NIWASCO (Nithi Water Services Company)	-		-	Financially independent
Gazetted Municipalities					
1	Kathwana Municipality	80,278,843		68,276,994	
2	Chuka Municipality	23,135,722		23,120,129	
	Total	**103,414,565**		**91,397,123**	

Source: *Tharaka Nithi County Treasury*

The transfer to Kathwana Municipality includes an additional Kshs.58 million allocation from the World Bank-funded Kenya Urban Support Program (KUSP) Urban Development Grant (UDG). Chuka is expected to benefit from phase two of the project.

3.41.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.273.85 million and comprised Kshs.173.40 million spent by the County Assembly and Kshs.100.44 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.48 million and comprised Kshs.1.72 million by the County Assembly and Kshs.12.76 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.625.

Table 3.625: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	2	17th -19th Sept 2025	Council of Governors delegation aiming at strengthening bilateral relations between Kenya and Greece and Italy	Greece and Italy	1,609,736		
County Executive	2	10th - 21st Nov 2025	COP30 Conference	Belem, Brazil	2,975,970		
County Assembly	1	13th -20th Mar, 2026	Panellist during the 70th session of the Commission on the Status of Women	New York	2,322,320		
County Executive	1	17th - 22nd May 2026	13th Session of the World Urban Forum, WHUF13	Baku, Azerbaijan	1,803,167		
County Executive	2	18th - 23rd May 2026	World Health Assembly	Geneva, Switzerland	4,044,778		
County Executive	1	1st-10 July 2025	Official Duty	London UK	751,400		
County Assembly	1	2nd-12th November	Official Duty	Spain	967,846		
Total					**14,475,225**		

Source: Tharaka Nithi County Treasury and Tharaka Nithi County Assembly

3.41.13 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.567.41 million as FIF, which was 151 per cent of the annual target of Kshs.375.40 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. The expenditure by the health facilities amounted to Kshs.175.77 million, as shown in Table 3.626.

Table 3.626: Tharaka Nithi County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	One Level 5 Hospital (Chuka Referral Hospital)	1	233,423,900	155,622,228	66.67
2	Two Level 4 Hospitals (Magutuni and Marimanti)	2	36,482,130	20,150,270	55.23
	Total		**269,906,030**	**175,772,498**	**65.12**

Source: *Tharaka Nithi County Treasury*

3.41.14 Development Expenditure

In the review period, the County reported spending Kshs.1.68 billion on development programmes, representing a 37 per cent increase over FY 2024/25, when the County spent Kshs.1.23 billion. Table 3.627 summarises the development projects with the highest expenditure in the reporting period. The increase in development expenditure was attributed to hastening procurement processes to expedite implementation of the development budget.

Table 3.627: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Roads	Upgrading of Karandini-Kithioroni Roads to Bitumen Standard	Magumoni	23/12/2020	23/12/2023	450.17	40.43	40.43	416.42	92.21
2	Roads	Upgrading of Kambandi-Cheera-Ruguti Road to Bitumen Standard	Mugwe	21/11/2018	21/11/2021	356.26	24.71	24.71	304.42	75
3	Roads	Upgrading of Katharaka-Mukui Road to Bitumen Standard (Design and Build)	Ganga	20/01/2025	20/01/2030	685.01	131.98	131.98	179.66	26.96
4	Roads	Completion of Tharaka Nithi County Headquarters at Kathwana	Igambang'ombe	12/03/2025	03/12/2026	129.00	104.71	104.71	122.28	15.08
5	Agriculture	Crop Subsidy	Countywide	01-Feb-26	01-Mar-26	105.30	98.80	98.80	98.80	100
6	Agriculture	Crop Subsidy	Countywide	13-Oct-25	30-Nov-25	72.10	72.10	72.10	72.10	100
7	HEALTH	Equipping of ICU	Karingani	06-Jun-24	30-Aug-25	74.06	6.48	6.48	60.24	100
8	Roads	RML	Countywide	01-Jul-25	30-Jun-26	55.94	55.94	55.94	55.94	
9	HEALTH	Count-Part Funding Safaricom Mpesa Foundation (Mpukoni Health Centre)	Magumoni	03-Apr-25	30-Apr-27	95.89	33.69	33.69	42.56	70
10	Roads	Proposed Completion of Ndagani Market	Karingani	07-May-25	07-May-26	40.85	26.76	26.76	34.33	67.5
Donor Funded Projects										
1	Agriculture	NAVCDP	Countywide	01-Jul-25	30-Jun-26	261.25	230.99	230.99	230.99	88.40
2	Water and Irrigation	2640503 Kenya Water and Sanitation Programme	County wide	1st -July -2025	30th-June 2026	350.00	141.97	141.97	141.97	41%
3	Water, Environment and Natural Resources	FLLoCA - Conditional Grant	Countywide	01/07/2025	30/06/2026		89.13	89.13	89.13	0
4	Fisheries and Ecosystem Development	Aquaculture Business Development Programme (ABDP)	Countywide	01-Jul-25	30-Jun-26	15.81	7.86	7.86	7.86	50

No	Sector	Project Name	Project Location	Project Commence-ment Date	Expected date of Completion of the Project	Contract sum (Kshs. Mn)	Total Funding in FY 2025/26 (Kshs.)	Expend-iture (on an accrual basis) in FY 2025/26 (Kshs.)	Cumu-lative project expend-iture (on an accrual basis) as of 30 June 2026 (Kshs.)	Percent-age (%) of Com-pletion
5	Public admin-istration, inter-governmental coordination and devolution affairs	Kenya Devolution Support Program (KDSP II)	Countywide	01-Jul-25	30 June 2026	352.50	-	-		
6	Kenya Urban Support Pro-gram (KUSP II)	Kathwana Municipality		01-Jul-25	30 June 2026	57.53	-	-		
7	Kenya Urban Support Pro-gram (KUSP II)	Chuka Municipality		02-Jul-25	31 June 2026	21.08	-	-		

Source: *Tharaka Nithi County Treasury*

The County reported one stalled development project as of 30 June 2026, with an estimated value of Kshs.689.34 million, of which Kshs.105.85 million has already been paid. The stalled projects are shown in Table 3.628.

Table 3.628: Tharaka Nithi County Stalled Projects as of 30 June 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling	Action / Recovery Plan
1	Roads	Upgrading of Tunyai Nthaara Road to Bitumen Standard	Chiakariga	689,341,000	105,887,119	15	Funding.	Recovery plan not yet in place.
		Total		**689,341,000**	**105,887,119**			

Source: *Tharaka Nithi County Treasury*

3.41.15 Budget Performance by Department

Table 3.629 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.629: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	107.65	-	107.44	-	97.11	-	90	0	90	0
Roads, Infrastructure, Public Works and Urban Dev	256.42	974.86	228.44	715.87	167.49	715.83	73	100	65	73
Medical Services	2,228.52	173.39	2,183.90	99.27	2,074.59	98.93	95	100	93	57
Agric, Livestock, Vet Ser-vices, and Coop Dev	185.28	469.70	185.05	459.13	179.71	459.11	97	100	97	98

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
Public Admin, Intergov Coordination and Devolution Affairs	200.93	367.50	200.54	2.28	138.99	2.28	69	100	69	1
Education and Vocational Training	223.64	40.00	223.67	21.30	192.00	21.30	86	100	86	53
Finance and Economic Planning	205.49	4.00	189.37	-	180.06	-	95	0	88	0
Environment, Mining and Natural Resources	35.85	294.00	27.44	154.23	21.86	153.98	80	100	61	52
County Assembly	508.53	30.00	507.82	16.97	507.53	16.35	100	96	100	55
Water Services and Irrigation	58.73	435.00	57.26	179.55	52.04	170.74	91	95	89	39
County Public Service Board	36.89	-	35.62	-	34.12	-	96	0	92	0
Public Health and Sanitation	467.31	-	466.90	-	443.57	-	95	0	95	0
Youth and Sports	36.95	42.00	36.86	24.92	33.18	25.61	90	103	90	61
Culture and Tourism	28.68	5.00	28.68	2.09	28.24	2.09	98	100	98	42
Revenue and Resource Mobilisation	137.52	-	130.04	-	124.59	-	96	0	91	0
Lands, Physical Planning and Housing	49.52	11.90	49.36	7.90	46.29	7.90	94	100	93	66
Fisheries And Ecosystem Development	14.96	15.99	14.90	2.00	13.85	2.00	93	100	93	12
Gender, Children and Social Services	29.72	-	27.16	-	27.06	-	100	0	91	0
Trade, Investment Promotion, Energy and Industry	45.14	10.63	45.07	7.89	44.09	7.89	98	100	98	74
Office of the County Secretary and County Attorney	45.30	-	43.62	-	43.24	-	99	0	95	0
Total	**4,903.04**	**2,873.97**	**4,789.12**	**1,693.39**	**4,449.62**	**1,684.01**	**93**	**99**	**91**	**59**

Source: *Tharaka Nithi County Treasury*

Analysis of expenditure by departments shows that the Department of Agriculture, Livestock, Veterinary Services and Coop Development recorded the highest absorption rate of development budget at 98 per cent, followed by the Department of Trade, Investment Promotion, Energy and Industry at 74 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Environment, Mining and Natural Resources had the lowest at 61 per cent.

3.41.16 Budget Execution by Programmes and Sub-Programmes

Table 3.630 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.630: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Department/ Programme / Sub-Programme	Budget (Kshs.)	Expenditure (Kshs.)	Performance (%)
Development			
Trade, Investment Promotion, Energy and Industry			
P: General Administration Planning and Support Services			
SP: General Administration Services	2,634,069	2,634,069	**100%**
Agriculture, Livestock, Veterinary Services and Cooperative Development			
P: Crop Development and Management			
SP: Crops Development, Agribusiness and Market Development	261,250,000	259,982,587	**100%**
P: General Administration Planning and Support Services			
SP: Administration, Policy, Strategy and Management of Agriculture	189,150,000	184,674,370	**98%**
P: ICT Infrastructure Development			
SP: ICT Infrastructure Development 10,000,000	10,000,000	9,471,966	**95%**
SP: Veterinary Services and Disease Prevention	15,300,000	14,450,000	**94%**
Recurrent			
County Assembly			
P: County Assembly Services			
SP: County Assembly Service Board	16,500,000	16,500,000	**100%**
Medical Services			
P: General Administration Planning and Support Services			
SP: Human resource management	1,473,405,847	1,472,267,290	**100%**
Education and Vocational Training			
P: General Administration Planning and Support Services			
SP: Administration Planning and Support Services	190,106,681	189,944,472	**100%**
Agriculture, Livestock, Veterinary Services, and Cooperative Development			
P: Livestock and Fisheries Resource Management and Development			
SP: Livestock Policy Development and Capacity Building	56,082,664	55,948,011	**100%**
Public Health and Sanitation			
P: Preventive and Promotive Health Services			
SP: Health Promotion and Disease Control	405,190,005	403,620,423	**100%**
Culture and Tourism			
P: Culture, Arts and Social Services			
SP: Culture and Arts Promotion	26,065,580	25,963,583	**100%**

Source: *Tharaka Nithi County Treasury*

Table 3.631 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.631: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Department/ Programme/ Sub-Programme	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Development			
Agriculture, Livestock, Veterinary Services and Cooperative Development			
P: Livestock and Fisheries Resource Management and Development			
SP: Livestock Policy Development and Capacity Building	4,000,000		**0%**
Finance and Economic Planning			
P: General Administration, Planning and Support Services			
SP: General Administration and Support Services	4,000,000		**0%**
Public Administration, Intergovernmental Coordination and Devolution Affairs			
P: General Administration, Planning and Support Services			
SP: General Administration and Support Services	367,500,000	2,280,889	**1%**
Fisheries And Ecosystem Development			
P: Livestock and Fisheries Resource Management and Development			
SP: Fisheries Development and Promotion	15,989,999	1,998,200	**12%**
County Assembly			
P: County Assembly Services			
SP: County Headquarters	30,000,000	9,960,810	**33%**
Recurrent			
Medical Services			
P: Curative and Rehabilitative Services			
SP: Primary Healthcare-Kibunga	700,000		**0%**
Education and Vocational Training			
P: Education and Youth Training			
SP: Youth Training and Capacity Building	30,849,100	733,600	**2%**
Roads, Infrastructure, Public Works and Urban Development			
P: Kathwana Municipality Development Programme			
0109013610 SP: Kathwana Urban Area Support	8,450,000	743,500	**9%**
Youth and Sports			
P: Sports Development and Promotion			
SP: Athletics Championships and Other Games	1,201,400	349,300	**29%**
Revenue and Resource Mobilisation			
P: Financial Management Services			
SP: Resource Mobilisation and Management	13,103,000	3,890,000	**30%**
Roads, Infrastructure, Public Works and Urban Development			

Department/ Programme/ Sub-Programme			Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
	P: Public Works and Housing Services				
		SP: Public Works Services	3,175,800	1,038,500	33%

Source: *Tharaka Nithi County Treasury*

3.41.17 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.958.84 million. This amount consisted of Kshs.842.59 million from the County Executive and Kshs.116.25 million from the County Assembly. The trade payables from the County Executive comprised Kshs.657.16 million for recurrent expenditure and Kshs.185.44 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.579.23 million, comprising Kshs.486.49 million (84 per cent) for recurrent programmes and Kshs.92.73 million (16 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.14.95 million, comprising Kshs.4,99 million (33 per cent) for recurrent activities and Kshs.9.96 million (67 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.757.28 million for County Executive and Kshs.101.29 million for County Assembly. Table 3.632 provides additional details of trade payables.

Table 3.632: Tharaka Nithi County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As of 1 July 2025 (End of FY 2024/25)	a	County Executive	185,435,238	657,156,263	842,591,501
		County Assembly	13,879,858	102,367,235	116,247,093
		Total	199,315,096	759,523,498	958,838,594
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	185,435,237	437,475,073	622,910,310
		County Assembly	13,879,858	10,000,000	23,879,858
		Total	199,315,095	447,475,073	646,790,168
Amount paid in FY 2025/26	c	County Executive	109,579,650	312,109,446	421,689,096
		County Assembly	9,960,810	4,991,741	14,952,551
		Total	119,540,460	317,101,187	436,641,647
Trade Payables Incurred in FY 2025/26	d	County Executive	110,408,780	383,509,537	493,918,317
		County Assembly	-	-	-
		Total	110,408,780	383,509,537	493,918,317
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	203,109,096	554,175,019	757,284,125
		County Assembly	3,919,048	102,186,980	106,106,028
		Total	**207,028,144**	**656,362,009**	**863,390,153**

Source: *Tharaka Nithi County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.447.48 million and Kshs.199.32 million, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.421.69 million for the Executive and Kshs.14.95 million for the Assembly.

Table 3.633 and Table 3.634 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.1.02 billion.

Table 3.633: Tharaka Nithi County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	110,408,780	31,031,313	9,559,394	52,109,609	203,109,096
Recurrent Trade Payables (Goods & Services)	376,558,883	66,206,170	13,423,661	70,341,940	526,530,654
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)				20,693,721	20,693,721
Recurrent Trade Payables (Staff Claims)	6,950,654				6,950,654
Total Recurrent Trade Payables	383,509,537	66,206,170	22,983,055	91,035,661	563,734,423
Total Trade Payables	493,918,317	97,237,483	32,542,449	143,145,270	766,843,519
% of Total	65	11	3	19	100

Source: *Tharaka Nithi County Treasury*

Table 3.634: Tharaka Nithi County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**-**		**3,919,048.00**	**-**	**3,919,048.00**
Recurrent Trade Payables (Goods & Services)			19,834,410.13	67,024,503	**86,858,913.00**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)			15,328,066.87		**15,328,066.87**
Recurrent Trade Payables (Staff Claims)					**-**
Total Recurrent Trade Payables	-	-	35,162,477.00	67,024,503	**102,186,980.00**
Total Trade Payables	**-**	**-**	**39,081,525.00**	**67,024,503.00**	**106,106,028.00**
% of Total	**%**	**%**	**37%**	**63%**	**100%**

Source: *Tharaka Nithi County Treasury*

As shown in Table 3.633 and Table 3.634, the total salary arrears and statutory deductions for trade payables amounted to Kshs.38.31 million, which represented 4 per cent of the total trade payables of Kshs.863.39 million as of 30 June 2026. The statutory deductions breakdown was not provided.

Additionally, the County Assembly table indicates that 100 per cent of total trade payables are over two years old. To address this situation, the county should strictly adhere to the pending bills payment plan.

3.41.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 88 accounts across CBK and commercial banks, of which 27 were held at the CBK and 61 at commercial banks. Of those at the commercial banks, 4 were for donor commercial operational accounts, 11 for revenue collection accounts, 6 for special operations accounts (including County-established funds), 24 for Vocational Training Centres, and 16 for M-Pesa wallet accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.41.19 Key Observations and Recommendations

While overseeing and reporting on the implementation of the Tharaka Nithi County budget, the CoB identified the following challenges, which hampered effective budget implementation;

i. Low development performance in the review period as the County incurred Kshs.1.68 billion on development activities, achieving a 59 per cent absorption rate.

ii. Fund Administrators for the County Assembly failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, contrary to the requirements of Section 168 of the PFM Act, 2012. The reports for the Car and Mortgage Fund were not submitted to the CoB.

iii. 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 2026

iv. Underperformance of the additional allocations. The county budgeted to receive Kshs.1.84 billion in additional allocation but only received Kshs.776.52 (42 per cent)

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

i. *The County should implement strategies to increase development expenditures in FY 2026/27.*

ii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

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

iv. *The County should work in close partnership with donors to clear the bottlenecks that hinder the release of funds in time.*

3.42. County Government of Trans Nzoia

3.42.1 Overview of FY 2025/26 Budget

The Trans Nzoia County Approved Supplementary Budget for FY 2025/26 was Kshs.10.27 billion. It comprised Kshs.3.96 billion (38.62 per cent) and Kshs.6.30 billion (61.38 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represented a decrease of Kshs.188.83 million (1.81 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.4.34 billion and a recurrent budget of Kshs.6.11 billion. The decrease in the budget was primarily attributed to the decline in unspent balance b/f from FY 2024/25 and conditional grants.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue of Kshs.7.99 billion (77.84 per cent), additional allocations of Kshs.1.15 billion (11.24 per cent), a cash balance brought forward from FY 24/25 of Kshs.509.47 million (4.96 per cent) and Kshs.600.00 million (5.84 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.635.

3.42.2 Revenue Performance

During FY 2025/26, the County reported total receipts of Kshs.10.00 billion. This amount represented an increase of 4.15 per cent compared to the amount received in the same period in FY 2024/25, in Kshs.9.61 billion. The total revenue consisted of Kshs.7.99 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.745.98 million, and own-source revenue (OSR) collection of Kshs.699.71 million. Additionally, the County had a cash balance of Kshs.509.47 million from FY 2024/25. The total OSR collection of Kshs.699.71 million included Facilities Improvement Financing (FIF) of Kshs.358.09 million, and Kshs.341.62 million from other OSR sources. Table 3.635 summarises the total receipts available to the County Government during FY 2025/26.

Table 3.635: Trans Nzoia County, Revenue Performance in FY 2025/26

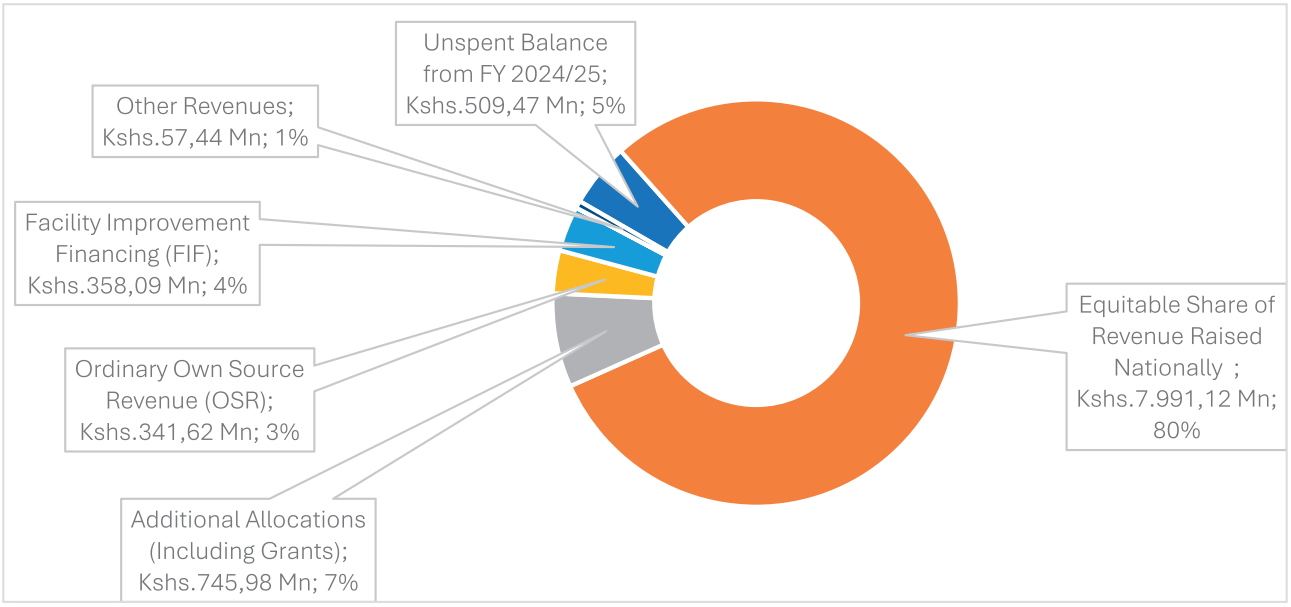
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	506,795,463	506,795,463	-	506,795,463	100.00
2	County Executive Refunds to CRF	2,661,315	2,661,315	-	2,661,315	100.00
3	County Assembly Refunds to CRF	11,994	11,994		11,994	100.00
	Sub-Total	**509,468,773**	**509,468,773**	-	**509,468,773**	**100.00**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,991,120,837	7,991,120,837	-	7,991,120,837	100.00
	Sub-Total	**7,991,120,837**	**7,991,120,837**	-	**7,991,120,837**	**100.00**
C	**Additional Allocations (Including Grants)**					
2	**Conditional Additional Allocations from the National Government's**					
A	Settlement of Doctors' Salary Arrears	46,626,677	-	-	-	-
B	Community Health Promoters (CHPs) Programme	67,200,000	-	-	-	-
C	County Aggregation and Industrial Parks (CAIPs) Programme	133,368,421	133,368,421	-	133,368,421	100.00
D	Allocations for 0.5 % of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	-
3	**Conditional Allocations from Loans and Grants**					
1	Financing of FLLoCA County Climate Institutional Support (CCIS) Grant	117,990,003	117,990,003	-	117,990,003	100.00
2	Financing of FLLoCA County Climate Resilience Investment (CCRI) Grant	56,770,148	56,770,148	-	56,770,148	100.00
3	Kenya Devolution Support Programme Phase Two (KDSP II) Level I Grant	72,909,500	70,503,589	-	70,503,589	96.70
4	Kenya Devolution Support Programme Phase Two (KDSP II) Level 2 Grant	352,500,000	99,449,905	-	99,449,905	28.21
5	Kenya Livestock Commercialisation Project (KelCop)	60,550,000	25,547,998	-	25,547,998	42.19
6	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000	231,006,225	-	231,006,225	100.00
7	Primary Health Care in Devolved Context (PHDC) Programme	9,282,000	9,282,000	-	9,282,000	100.00
8	Kenya Informal Settlement Improvement Project (KISIP II)	3,000,000	2,066,377	-	2,066,377	68.88
	Sub-Total	**1,153,434,371**	**745,984,665**	**-**	**745,984,665**	**64.68**

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
D	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue	324,970,591	341,624,020	-	341,624,020	105.12
	Sub-Total	**324,970,591**	**341,624,020**	-	**341,624,020**	**105 .12**
E	**Facility Improvement Financing (FIF)**					
1	SHIF	275,029,409	358,090,125	-	358,090,125	130.20
2	Defunct NHIF	-	-	-	-	-
	Sub-Total	**275,029,409**	**358,090,125**	-		
F	**Other Revenues**					
1	Equalisation Fund	12,161,730	-	-	-	-
2	FLLOCA KFW Unbudgeted	-	9,341,923	-	9,341,923	-
3	FLLOCA IDA Unbudgeted	-	21,603,073	-	21,603,073	-
4	KUSP Unbudgeted	-	26,000,000	-	26,000,000	-
5	ASDSP Unbudgeted	-	500,000	-	500,000	-
	Sub-Total	**12,161,730**	**57,444,996**	**-**	**57,444,996**	**472.34**
Total		**10,266,185,711**	**10,003,733,417**	**-**	**10,003,733,417**	**97.44**

Source: *Trans Nzoia County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.244 provides a detailed breakdown of receipts.

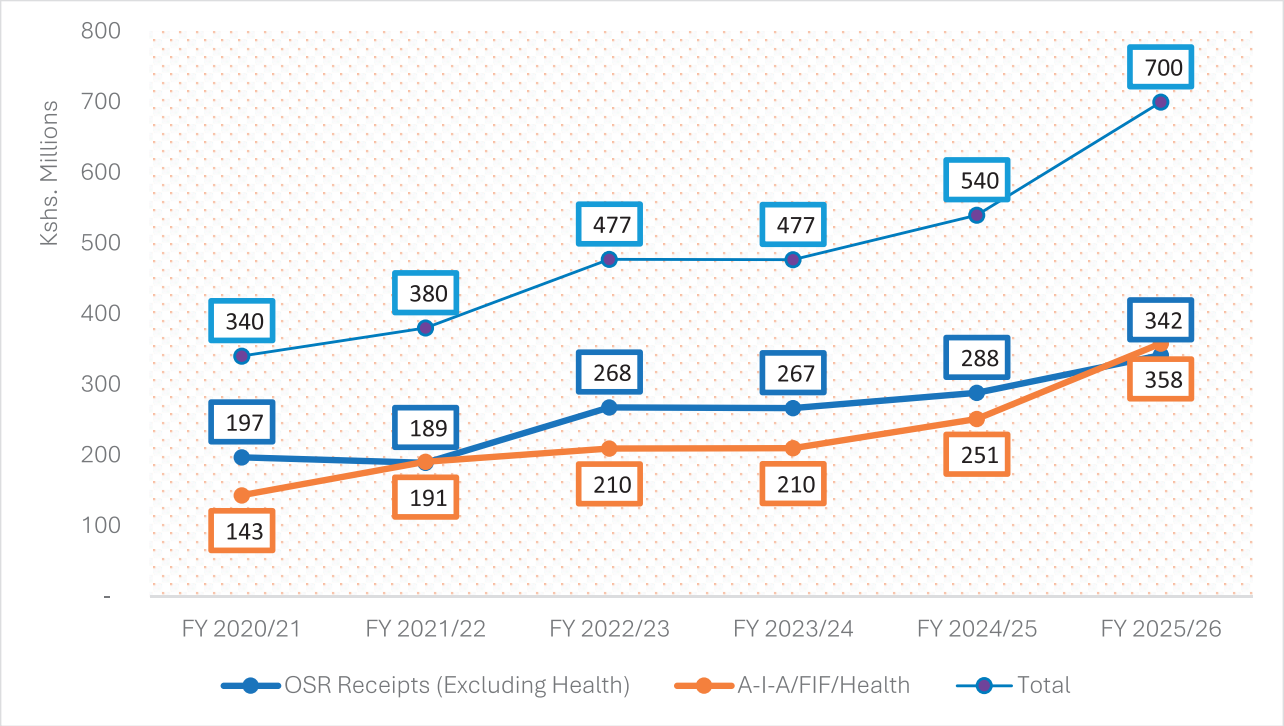
Figure 3.244: Trans Nzoia County Composition of Revenue in FY 2025/26



S***ource:*** *Trans Nzoia County Treasury*

The equitable share of revenue raised nationally, Additional Allocations, and Unspent Balance from FY 2024/25 contributed 79.88 per cent, 7.46 per cent and 5.09 per cent, respectively, of the total receipts for the reporting period. Figure 3.245 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.245: Trans Nzoia County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

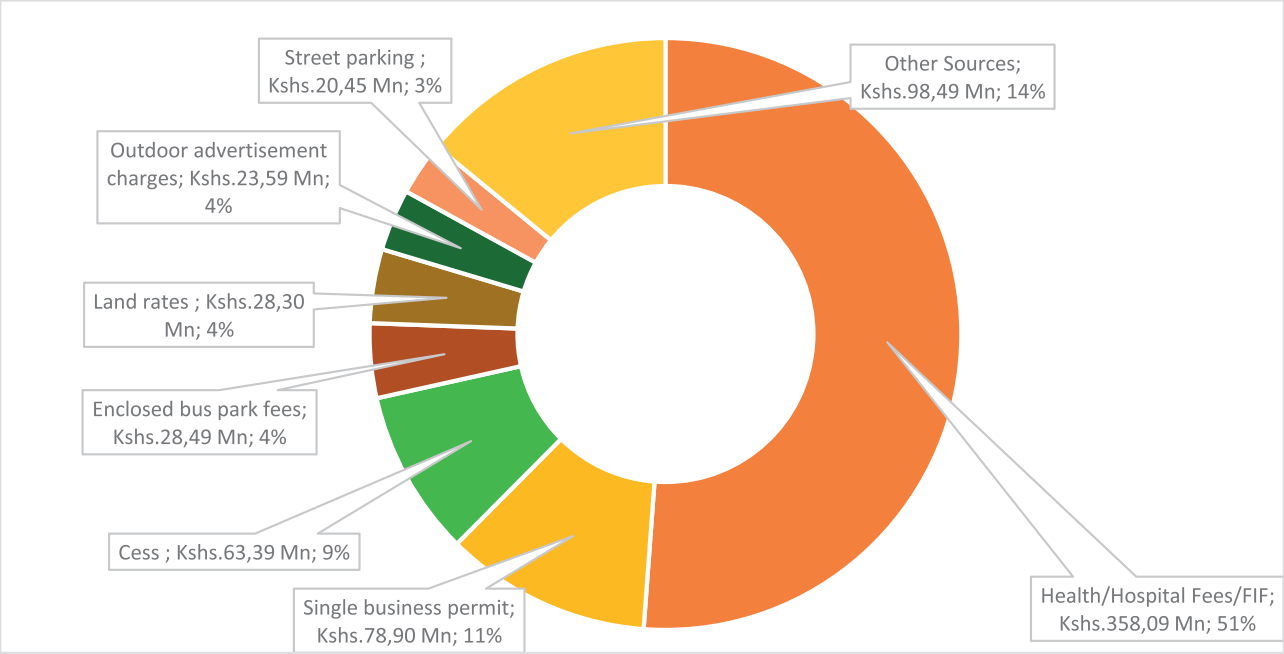


Source: *Trans Nzoia County Treasury*

During the year, the County received Kshs.699.71 million from OSR, including FIF. This amount was an increase of 29.59 per cent compared to Kshs.539.92 million realised in a similar period in FY 2024/25. It was 116.62 per cent of the annual target and 8.76 per cent of the equitable revenue share disbursed by the National Government.

The increase in OSR was attributed to the full automation of revenue streams and the extension of cess point operations to 24 hours. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.246.

Figure 3.246: Trans Nzoia County Top Own Source Revenue Streams in FY 2025/26



Source: *Trans Nzoia County Treasury*

As shown in Figure 3.246, the largest revenue stream, at Kshs.358.09 million, was Health/Hospital Fees/FIF, accounting for 51.18 per cent of total OSR receipts. The County Government indicated that it has automated 38 of the 52 revenue streams.

3.42.3 Revenue Arrears.

As of 1 July 2025, the County reported revenue arrears of Kshs.12.47 billion, which increased to Kshs.12.48 billion as of 30 June, 2026. The County currently tracks its revenue arrears using a manual system. Table 3.636 presents a breakdown of the County's revenue arrears.

Table 3.636: Trans Nzoia County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
	Ordinary Own Sources of Revenue					
1	**Land rate**	12,464,168,394	-	5,592,870	15,830,585	12,474,406,109
2	**Property rent**	2,127,080	-	918,960	2,063,322	3,271,442
	Sub-Total	**12,466,295,474**	-	**6,511,830**	**17,893,907**	**12,477,677,551**
Total		**12,466,295,474**	-	**6,511,830**	**17,893,907**	**12,477,677,551**

Source: *Trans Nzoia County Treasury*

As of 30 June 2026, the revenue arrears totalled Kshs.12.47 billion as of 30 June 2026 from ordinary own-source revenue. The measures instituted by the County to collect the outstanding revenue arrears in FY 2025/26 included issuing demand letters to defaulters.

3.42.4 Borrowing by the County

The County Executive and Assembly did not report any credit facilities with financial institutions in FY 2025/26.

3.42.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.8.88 billion from the Trans Nzoia County Revenue Fund (CRF) account. This amount consisted of Kshs.2.93 billion (33.02 per cent) designated for development programs and Kshs.5.95 billion (66.98 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.99 billion was allocated to employee compensation and Kshs.1.95 billion to operations and maintenance expenditures. Within the operations and maintenance category, 12.35 per cent was for domestic travel and 1.18 per cent for foreign travel. The domestic travel exchequers totalled Kshs.240.67 million, which included Kshs.80.05 million for the County Executive and Kshs.160.62 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.23.00 million and only related to the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Trans Nzoia CRF account was Kshs.310.18 million.

In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.509.17 million from the Trans Nzoia County Assembly Fund (CAF) account during the review period. This amount was entirely for recurrent activities.

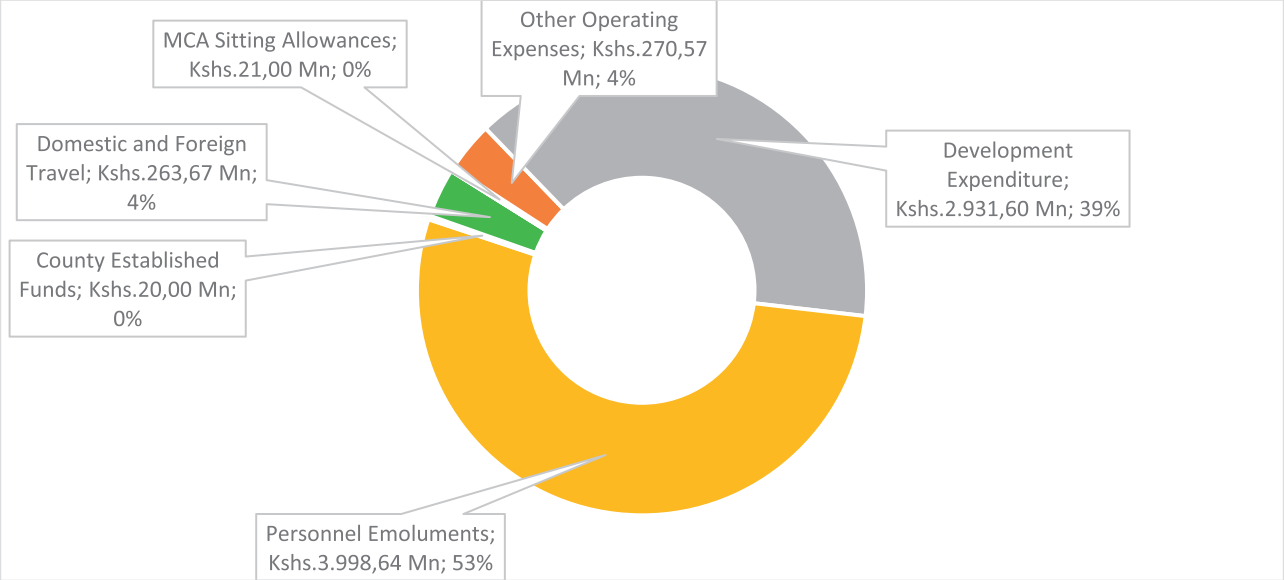
As of 30 June 2026, the cash balance in the Trans Nzoia CAF account was nil.

3.42.6 Expenditure Review

The County spent Kshs.8.88 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100.00 per cent of the total funds released by the CoB. It comprised Kshs.2.93 billion for development programmes and Kshs.5.95 billion for recurrent programmes. Expenditure on development

programmes accounted for 73.94 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 94.38 per cent of the annual recurrent expenditure budget. Figure 3.247 provides a detailed breakdown of total expenditure.

Figure 3.247: Trans Nzoia County Composition of Expenditure in FY 2025/26



Source: *Trans Nzoia County Treasury*

As shown in Figure 3.247, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and other operating expences, contributing 53 percent, 39 percent and 4 percent of total expenditure for the reporting period.

3.42.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.63 billion in employee compensation, Kshs.1.65 billion in operations and maintenance, and Kshs.2.93 billion in development activities. Similarly, the County Assembly spent Kshs.364.84 million on employee compensation and Kshs.299.92 million on operations and maintenance. The County Assembly did not incur any development expenditure, as shown in Table 3.637.

Table 3.637: Trans Nzoia County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,636.72**	**664.76**	**5,282.74**	**664.76**	**-**	**-**	**5,282.74**	**664.76**	**93.72**	**100.00**
Compensation of Employees	3,833.23	364.84	3,633.80	364.84	-	-	3,633.80	364.84	94.80	100.00
Operations and Maintenance	1,803.49	299.92	1,648.94	299.92	-	-	1,648.94	299.92	91.43	100.00
Development Expenditure	**3,893.71**	**71.00**	**2,931.60**	**-**	**-**	**-**	**2,931.60**	**-**	**75.29**	**-**
Total	**9,530.43**	**735.76**	**8,214.34**	**664.76**	**-**	**-**	**8,214.34**	**664.76**	**86.19**	**90.35**

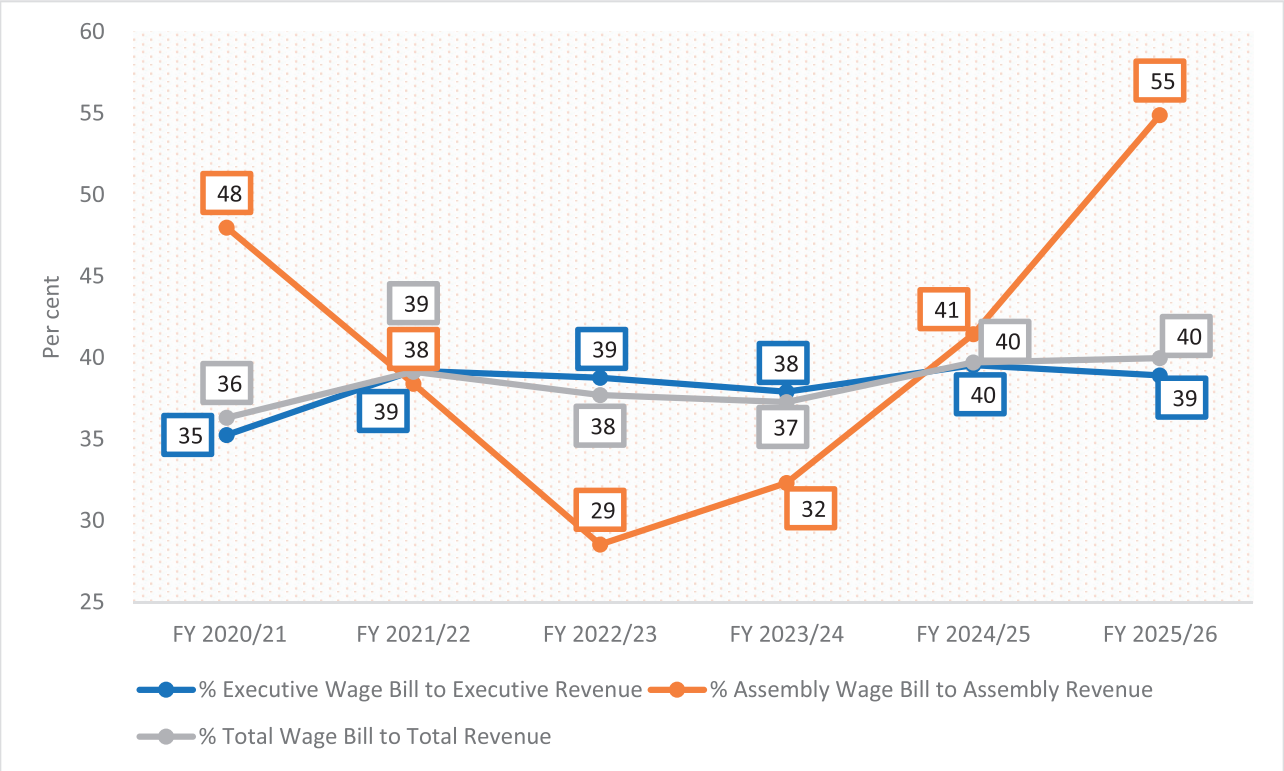
Source*: Trans Nzoia County Treasury*

3.42.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.99 billion, representing 39.97 per cent of revenue. This expenditure on employee compensation shows an increase compared to the Kshs.3.81 billion reported in a similar period in FY 2024/25. Of this total, Kshs.2.21 billion related to Health Sector employees, accounting for 55.32 per cent of the overall employees' compensation.

Figure 3.248 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.248: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Trans Nzoia County Treasury*

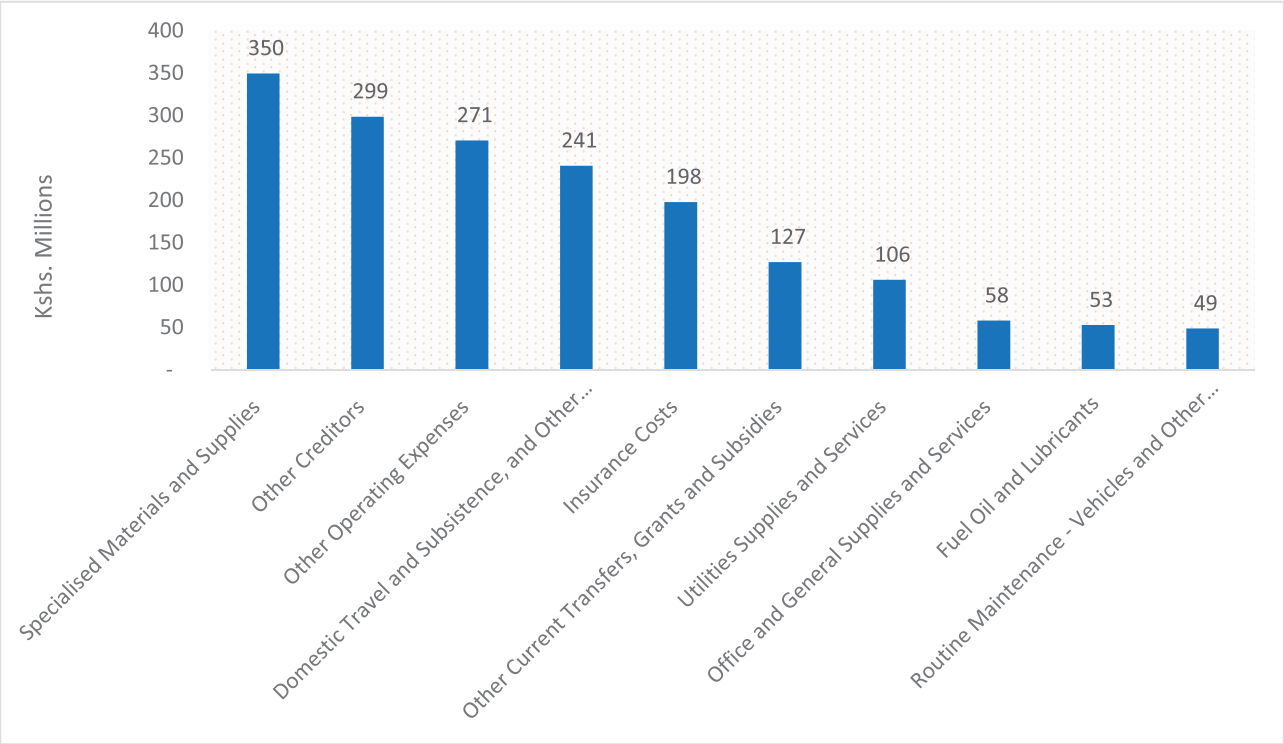
Further analysis indicated that PE costs totalling Kshs.3.99 billion were processed through the Human Resource Information System (HRIS). There were no manual payrolls.

The County Assembly spent Kshs.21.00 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.21.00 million. The average monthly sitting allowance was Kshs.51,475 per MCA. The County Assembly has 22 House Committees.

3.42.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.1.95 billion on operations and maintenance, representing a decrease of 7.10 per cent compared to FY 2024/25, when the County spent Kshs.2.10 billion. Figure 3.249 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.249: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: *Trans Nzoia County Treasury*

3.42.10 Unbundling "Other Operating Expenses - Other" (IFIMS Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.153.89 million on "other operating expenses - other," which accounted for 7.89 per cent of the total operations and maintenance expenditure of Kshs.1.95 billion. The County did not report on the disaggregated components of the other operating expenses - other as shown in Table 3.638.

Table 3.638: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs.Million)	Expenditure (Kshs. Million)
2211399	Other Operating Expenses - Other	158.63	153.89
	TOTAL	**158.63**	**153.89**

Source: *Trans Nzoia County Treasury*

3.42.11 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.30.00 million to County-Established funds in FY 2025/26, representing 0.29 per cent of the County's overall budget. Of this amount, the County allocated Kshs.30.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.29 per cent of the total budget. Table 3.639 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.639: Performance of Trans Nzoia County Established Funds in FY 2025/26

S/ No.	Name of the Fund	Date Established (i.e., 22.09.2019)	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Car Loan and Mortgage	2018	-	-	-	Not provided	No
2	Elimu Bursary Fund	2014	-	-	-	995,451,795	Yes
3	Nawiri Fund	2015	-	-	-	84,000,000	Yes
4	Emergency Fund	2024	30,000,000	20,000,000	20,000,000	20,000,000	No
	County Assembly Established Funds						
1	Car Loan and Mortgage Scheme Fund (Members and Staff	2014	-	-	-	313,738,212	Yes
	Total		**30,000,000**	**20,000,000**	**20,000,000**	**1,413,190,007**	

Source: *Trans Nzoia County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from the Car Loan Mortgage Fund and the Emergency Fund from Fund Administrators, as indicated in Table 3.639, 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 2025/26, the CoB observed that the lifespan of the Nawiri Fund, the Elimu bursary funds car loan and Mortgage Scheme Fund had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.42.12 County Corporations, Municipalities and Agencies

The County has one Corporation and one Municipality, which were allocated Kshs.127.83 million in FY 2025/26. Their total transfers to these entities during the review period amounted to Kshs.44.94 million, as shown in Table 3.640.

Table 3.640: Performance of Trans Nzoia County Corporations, Municipalities and Agencies in FY 2025/26

S/ No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Trans Nzoia Water and Sewerage Company Ltd	-	-	-	14,500,000
Gazetted Municipalities					
1	Kitale Municipality	127,831,324	97,857,851	44,940,421	14,500,000
	Total	**127,831,324**	**97,857,851**	**44,940,421**	**14,500,000**

Source: *Trans Nzoia County Treasury*

3.42.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.240.67 million and comprised Kshs.160.62 million spent by the County Assembly and Kshs.80.05 million by the County Executive. Expenditure on foreign travel amounted to Kshs.23.00 million and comprised Kshs.23.00 million by the County Assembly, and there was no foreign expenditure by the County Executive. Expenditure on foreign travel is summarised in Table 3.641.

Table 3.641: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c = a + b) (Kshs.)
County Assembly	6	10/10-20/10/2025	Transformative Leadership and Effective Governance Programme.	Istanbul-Turkey	3,134,040		3,134,040
County Assembly	1	28/06-05/07/2025	The Kenya Australia Chamber of Commerce Agricultural Forum.	Australia	301,860		301,860
County Assembly	5	30/10-7/11/2025	Training Conference on Best Diplomats and Leadership program.	Windsor Hotel-Turkey	2,611,700		2,611,700
County Assembly	7	14/10-24/10/2025	Transformative Leadership and Effective Governance program for County Assemblies.	Istanbul-Turkey	3,580,850		3,580,850
County Assembly	3	28/06-05/07/2025	The Kenya Australia Chamber of Commerce Agricultural Forum.	Australia	588,000		588,000
County Assembly	2	5/10-11/11/2025	The Global Girl Leading Educational Conference Forum.	London Uk	1,168,700		1,168,700
County Assembly	3	10/11-20/11/2025	Transformative Leadership and Effective Governance program for county Assemblies.	Addis Ababa, Ethiopia	1,384,110		1,384,110
County Assembly	2	24/11-29/11/2025	Transformative Leadership and Effective Governance program for county Assemblies.	Addis Ababa, Ethiopia	791,700		791,700
County Assembly	5	10/06-17/06/2026	Facilitation to attend the Transformative Leadership and Effective Governance Programme	Addis Ababa, Ethiopia	2,611,700		2,611,700
County Assembly	2	6/04-12/04/2026	Facilitation to attend the Parliamentary Oversight and Legislative Governance Course	Shanghai-China	715,260		715,260
County Assembly	1	5/03-15/03/2026	Facilitation to attend the Second Edition of the Annual Global Responsible Servant Practitioner Programme (GRSP)	Istanbul-Turkey	522,340		522,340
County Assembly	28	Various dates	Air tickets	Various Destination	5,589,740		5,589,740
County Assembly	6	10/10-20/10/2025	Transformative Leadership and Effective Governance Programme.	Istanbul-Turkey	3,134,040		3,134,040
Total					**23,000,000**		**23,000,000**

Source: *Trans Nzoia County Treasury and Trans Nzoia County Assembly*

3.42.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.358.09 million as FIF, which was 130.20 per cent of the annual target of Kshs.275.03 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 expenditure by the health facilities amounted to Kshs.432.63 million, as shown in Table 3.642.

Table 3.642: Trans Nzoia County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1.	Level 5 Hospital	1	252,418,000	91,372, 591	36
2.	Level 4 Hospital	3	221,669,508	259,828,809	117
3.	Level 3 Facility	20	180,429,737	81,437,379	45
4.	Level 2 Facility	66	-	-	-
	Total	**90**	**654,517,245**	**432,638,779**	**66**

Source: *Trans Nzoia County Treasury*

The expenditure for the level 4 Hospital exceeded the budget due to the balance brought forward from the previous year (2024/25), and the facilities surpassed their revenue target.

3.42.15 Development Expenditure

In the review period, the County reported spending Kshs.2.93 billion on development programmes, representing a 12.85 per cent decrease from FY 2024/25, when the County spent Kshs.3.36 billion. Table 3.643 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the delay in the rollout of annual procurement plans and the e-GP system.

Table 3.643: Trans Nzoia County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Gender	Proposed Construction and Rehabilitation of Kenyatta Stadium Phase 1A	Tuwan Ward	01/03/23	29/04/25	657.30	165.	36.10	461.40	70.20
2	PSM	Construction Of County Headquarters Offices	County Hqs	29/06/23	28/10/25	498.83	75.33	59.36	459.42	92.10
3	Agriculture	Certified maize seeds	County-wide	1 July 2025	30 June 2026	135.	135.	135	135	100.00
4	PSM	Proposed external ancillary works at Tom Mboya Mother and Child Hospital	Tom Mboya Hospital	20/06/23	20/02/25	41.32	41.32	41,322,418	41.32	100.00
5	PSM	Supply, installation, testing, and commissioning of Tom Mboya equipment	Tom Mboya Hospital	16/05/25	17/07/25	28.44	28.44	28.44	28.44	100.00
6	PSM	Proposed street lighting from the county commissioner's area to the referral hospital	KWTRH	01/07/25	30/06/26	17.90	17.90	17.90	17.90	100.00
7	Water	Proposed Rehabilitation Of Kiboroa-Chemi Chemi Saboti, Water Project-Saboti, and Machewa Ward	SABOTI	01/07/25	30/06/26	16.90	16.90	16.90	16.90	100.00

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
8	Water	Proposed Karara Dam Rehabilitation In Kaplamai Ward	Kaplamai	01/07/25	30/06/26	14.85	14.85	14.85	14.85	100.00
9	HEALTH	Construction of Theatre at Bikeke Health Centre	Sirende ward	07/01/25	30/6/2026	9.95	10	9.95	9.95	100.00
10	PSM	Construction Of Kwanza Offices	Kwanza ward	16/11/23	01/07/24	7.98	7.98	7.98	7.98	100.00
Donor Funded Projects										
1	Trade, Commerce	Construction of CAIPS	Matisi Ward	01/09/23	01/03/25	500	365	119.80	229.80	45.96

Source: *Trans Nzoia County Treasury*

The County reported one stalled development project as of 30 June 2026, 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 3.644.

Table 3.644: Trans Nzoia County Stalled Projects as of 30 June 2026

No.	Sector	Project	Location	Estimated Value (Kshs.)	Amount Paid (Kshs.)	Completion (%)	Cause of Stalling
1	Trade, Commerce	Completion of Kitale Business Centre	Matisi Ward	874	94.52	97	Court case
		Total		**874**	**794.52**	**97**	

Source: *Trans Nzoia County Treasury*

3.42.16 Budget Performance by Department

Table 3.645 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.645: Trans Nzoia County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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
Agriculture and Irrigation	256	385	215	375	215	375	100	100	83.80	97.38
Livestock and Cooperative	5	144	3	107	3	107	100	100	64.50	74.56
Trade and Industrialisation	56	379	47	233	47	233	100	100	84.25	61.48
Water and Environment	61	545	55	500	55	500	100	100	90.38	91.68
Public Works and Energy	121	10	108	6	108	6	100	100	89.27	56.57
Roads and infrastructure	49	559	44	521	44	521	100	100	89.62	93.18
Health and Sanitation	2,495	168	2,477	79	2,477	79	100	100	99.29	46.89
Lands and Housing	55	41	42	4	42	4	100	100	75.98	8.54
Municipal Board	30	98	28	69	28	69	100	100	94.27	71.09

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
Gender and Youth	61	306	52	221	52	221	100	100	86.40	72.19
Governance	195	-	179	-	179	-	100	-	91.69	-
Public Service Management	725	533	704	142	704	142	100	100	97.18	26.69
County Public Service Board	93	-	79	-	79	-	100	-	84.80	-
Education and ICT	574	130	537	121	537	121	100	100	93.58	92.61
Finance	793	592	667	554	667	554	100	100	84.00	93.57
Economic Planning	24	3	17	-	17	-	100	-	70.61	-
County Attorney	45	-	29	-	29	-	100	-	65.56	-
County Assembly	665	71	665	-	665	-	100	-	100	-
TOTAL	**6,301**	**3,965**	**5,948**	**2,932**	**5,948**	**2,932**	**100**	**100**	**94.38**	**73.94**

Source: *Trans Nzoia County Treasury*

Analysis of expenditure by departments shows that the Department of Agriculture and Irrigation recorded the highest absorption rate of development budget at 97.38 per cent, followed by the Department of Finance at 93.57 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 99.29 per cent, while the Department of Livestock and Cooperative had the lowest at 64.50 per cent.

3.42.17 Budget Execution by Programmes and Sub-Programmes

Table 3.646 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.646: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Agriculture, Livestock				
Crop Development	Crop Diversification	384.75	374.67	97.38
Water, Environment and Natural Resources				
Environment management and protection	Waste Management	545,14	499.79	91.68
Roads and Infrastructure				
Administrative And Support Services	Administrative and Support Services	559.42	521.25	93.18
Education and ICT				
Vocational Training Development	Vocational Training Development	130.15	120.54	92.61
Finance				
Administrative and Support Services	Supervision and Management of Projects	592.19	554.11	93.57
Municipality Board of Kitale				
Administrative and Support Services	Administrative and Support Services	97.69	69.45	71.09

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Recurrent				
Public Service Management				
Administrative and Support Services	Administrative and Support Services	724.74	704.29	97.18
Education and ICT				
Administrative and Support Services	Administrative and Support Services	574.00	537.16	93.58
Health Corporate				
Administrative and Support Services	Administrative and Support Services	2,494.51	2,476.70	99.29
Municipality Board of Kitale				
Administrative and Support Services	Administrative and Support Services	30.13	28.40	94.27
County Assembly				
Administrative and Support Services	Administrative and Support Services	664.76	664.76	100.00

Source: *Trans Nzoia County Treasury*

The development sub-programmes with the highest budget implementation rates were: Crop Diversification in the Department of Agriculture, Livestock, at 97.38 per cent; Supervision and Management of Projects in the Department of Finance, at 93.57 per cent; and Administrative and Support Services, at 93.18 per cent.

For recurrent sub-programmes, the top performers included: Administrative and Support Services in the Department of County Assembly at 100.00 per cent, Administrative and Support Services in the Department of Health Corporate at 99.29 per cent, and Administrative and Support Services in the Department of Public Service Management at 97.18 per cent.

Table 3.647 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.647: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Public Works				
Road Construction and Road Maintenance	Maintenance of Roads	10	5.65	56.57
Lands, Housing and Urban Planning				
Administrative And Support Services	Administrative And Support Services	40.97	3.50	8.54
Public Service Management				
Infrastructure Development	Supervision and Management of Projects	533.42	142.38	26.69
Health Corporate				
Administrative and Support Services	Preventive Health Services	168.09	78.82	46.89

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued ex-penditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Economic Planning				
County Research and Development Planning	County Development Planning Services	2.73	-	-
Recurrent				
Agriculture, Livestock				
Administrative and Support Services	Administrative And Support Services	261.21	217.89	83.42
Lands, Housing and Urban Planning				
Administrative And Support Services	Administrative And Support Services	54.69	41.55	75.98
Finance				
Administrative and Support Services	Administrative And Support Services	793.47	666.56	84.00
Economic Planning				
Administrative And Support Services	Administrative And Support Services	24.03	16.97	70.61
County Attorney				
Administrative And Support Services	Administrative And Support Services	44.74	29.33	65.56
County Assembly				
Administrative And Support Services	Administrative And Support Services	664.75	664.75	100.00

Source: *Trans Nzoia County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: County Development Planning Services in the Department of Economic Planning at 0.00 per cent, Administrative and Support Services in the Department of Lands, Housing and Urban Planning at 8.54 per cent, and Supervision and Management of Projects at 26.69 per cent.

For recurrent sub-programmes, the lowest budget absorption rates were: Administrative and Support Services in the Department of County Attorney at 65.56 per cent, Administrative and Support Services in the Department of Economic Planning at 70.61 per cent, and Administrative and Support Services in the Department of Lands, Housing and Urban Planning at 75.98 per cent.

3.42.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.2.60 billion. This amount consisted of Kshs.2.57 billion from the County Executive and Kshs.29.08 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.08 billion for recurrent expenditure and Kshs.1.49 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.816.61 million, comprising Kshs.277.53 million (33.99 per cent) for recurrent programmes and Kshs.539.07 million (66.01 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.10.00 million, exclusive for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.2.28 billion for the County Executive and Kshs.90.08 million for the County Assembly. Table 3.648 below provides additional details of trade payables.

Table 3.648: Trans Nzoia County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,486,134,308	1,083,865,222	2,569,999,530
		County Assembly	-	29,083,150	29,083,150
		Total	**1,486,134,308**	**1,112,948,372**	**2,599,082,680**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	1,486,134,308	1,083,865,222	2,569,999,530
		County Assembly	-	29,083,150	29,083,150
		Total	**1,486,134,308**	**1,112,948,372**	**2,599,082,680**
Amount paid in FY 2025/26	c	County Executive	539,072,512	277,534,954	816,607,466
		County Assembly	-	10,000,000	10,000,000
		Total	**539,072,512**	**287,534,954**	**826,607,466**
Trade Payables Incurred in FY 2025/26	d	County Executive	386,924,407	143,670,128	530,594,535
		County Assembly	71,000,000	-	71,000,000
		Total	**457,924,407**	**143,670,128**	**601,594,535**
Outstanding trade payables as of 30 June 2026	**e = a - c*b**	**County Executive**	**1,333,986,204**	**950,000,396**	**2,283,986,600**
		County Assembly	**71,000,000**	**19,083,150**	**90,083,150**
		Total	**1,404,986,204**	**969,083,546**	**2,374,069,749**

Source: *Trans Nzoia County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.11 billion and Kshs.1.49 billion, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.816.61 million for the Executive and Kshs.10.00 million for the Assembly.

Table 3.649 and Table 3.650 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.2.37 billion.

Table 3.649: Trans Nzoia County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**350,949,318**	**246,745,204**	**532,338,505**	**203,953,177**	**1,333,986,204**
Recurrent Trade Payables (Goods & Services)	138,641,891	168,368,428	225,842,190	72,796,787	605,649,296
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	77,571,923	105,889,301	160,889,876	344,351,100
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**138,641,891**	**245,940,351**	**331,731,491**	**233,686,663**	**950,000,396**
Total Trade Payables	**489,591,209**	**492,685,555**	**864,069,996**	**437,639,840**	**2,283,986,600**
% of Total	**21.44**	**21.57**	**37.83**	**19.16**	**100**

Source: *Trans Nzoia County Treasury*

Table 3.650: Trans Nzoia County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**71,000,000**	**-**	**-**	**-**	**71,000,000**
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	19,083,150	19,083,150
Recurrent Trade Payables (Staff Claims)	-	-	-		-

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Recurrent Trade Payables	-	-	-	19,083,150	19,083,150
Total Trade Payables	71,000,000	-	-	19,083,150	90,083,150
% of Total	78.82	-	-	21.18	100

Source: *Trans Nzoia County Assembly Treasury*

As shown in Table 3.649 and Table 3.650, the total salary arrears and statutory deductions for trade payables amounted to Kshs.363.43 million, representing 15.31 per cent of the total trade payables of Kshs.2.37 billion as of 30 June 2026. The statutory deductions included tax arrears of Kshs.169.97 million, pension liabilities of Kshs.167.09 million, and third-party deductions of Kshs.17.30 million. Also worth noting was that a large component of trade payables is aged 2 years and above, implying that the FIFO principle was not adhered to in their settlement.

Additionally, the two tables indicate that 36.40 per cent of total trade payables are aged between 2 and 3 years, a trend attributed to the high level of trade payables. To address this situation, the County Leadership should ensure that genuine trade payables are paid on a first-in, first-out basis in FY 2026/27. Further, compliance with the Trade Payables Action Plan should be enforced in subsequent financial years.

3.42.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 183 accounts across CBK and commercial banks, of which 30 were held at the CBK and 153 at commercial banks. Of those at the commercial banks, 7 were for donor commercial operational accounts, 3 for revenue collection accounts, 10 for special operations accounts, including County-established funds, 99 for health facilities operations accounts, 2 for municipalities operations accounts and 32 for Vocational Training Centres.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.42.20 Key Observations and Recommendations

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

i. Low development performance in the review period as the County incurred Kshs.2.93 billion on development activities against a budget of Kshs.3.97 billion, achieving a 73.94 per cent absorption rate.

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 2026, the lifespan of the Nawiri Fund and the Elimu Bursary Fund had lapsed, making them 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. This contravened the requirements of Section 168 of the PFM Act, 2012. The reports for the Emergency and Car loan & Mortgage Funds were not submitted to the CoB as of 15 July 2026.

iv. High level of trade payables, amounting to Kshs.2.37 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan. Included in the trade payables are salaries and statutory payables of Kshs.363.43 million.

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. The County reported Kshs.153.88 million under "other operating expenses - Other," accounting for 7.89 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

vii. Inappropriate budgeting framework through the inclusion of the Equalisation Fund allocation in the approved budget estimates for FY 2025/26.

viii. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 29 July 2026.

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

i. *The County should implement strategies to increase development expenditures in FY 2026/27.*

ii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

iv. *The County Leadership should ensure that genuine bills are paid promptly in FY 2025/26. Further, adherence to the Trade Payables Action Plan should be enforced.*

v. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

vi. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

vii. *The County Treasury should adhere to the appropriate budgeting framework by revising the approved estimates to exclude the allocation to the equalisation fund.*

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

3.43. County Government of Turkana

3.43.1 Overview of FY 2025/26 Budget

The Turkana County Approved Budget for FY 2025/26 was Kshs.19.23 billion. It comprised Kshs.13.16 billion (68 per cent) and Kshs.6.08 billion (32 per cent) allocation for recurrent and development programmes, respectively. The budget estimates represented an increase of Kshs.2.01 billion (12.01 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.7.05 billion and a recurrent budget of Kshs.10.17 billion. The increase in the budget was primarily attributed to an adjustment to local own-source revenue of Kshs.600 million and the inclusion of the balance brought forward from FY 2024/25 of Kshs.1.26 billion.

The budget was to be financed from various revenue sources. These included the equitable share of nationally raised revenue of Kshs.13.89 billion (72.01 per cent), additional allocations of Kshs.3.28 billion (17 per cent), a cash balance brought forward from FY 2024/25 of Kshs.1.49 billion (8 per cent) and Kshs.600 million (3 per cent) were generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.651.

3.43.2 Revenue Performance

In FY 2025/26, the County reported total receipts of Kshs.16.10 billion. This amount represented a decrease of 0.89 per cent compared to the amount received in FY 2024/25 of Kshs.16.24 billion. The total revenue consisted of Kshs.13.89 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.1.13 billion, and own-source revenue (OSR) collection of Kshs.495.90 million. Additionally, the County had a cash balance of Kshs.1.50 billion from FY 2024/25 and a balance at SPA accounts of Kshs 0.2 million. The total OSR collection of Kshs.495.90 million included Facilities Improvement Financing (FIF) of Kshs.285.80 million and Kshs.210.06 million from other OSR sources. Table 3.651 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.651: Turkana County, Revenue Performance in FY 2025/26

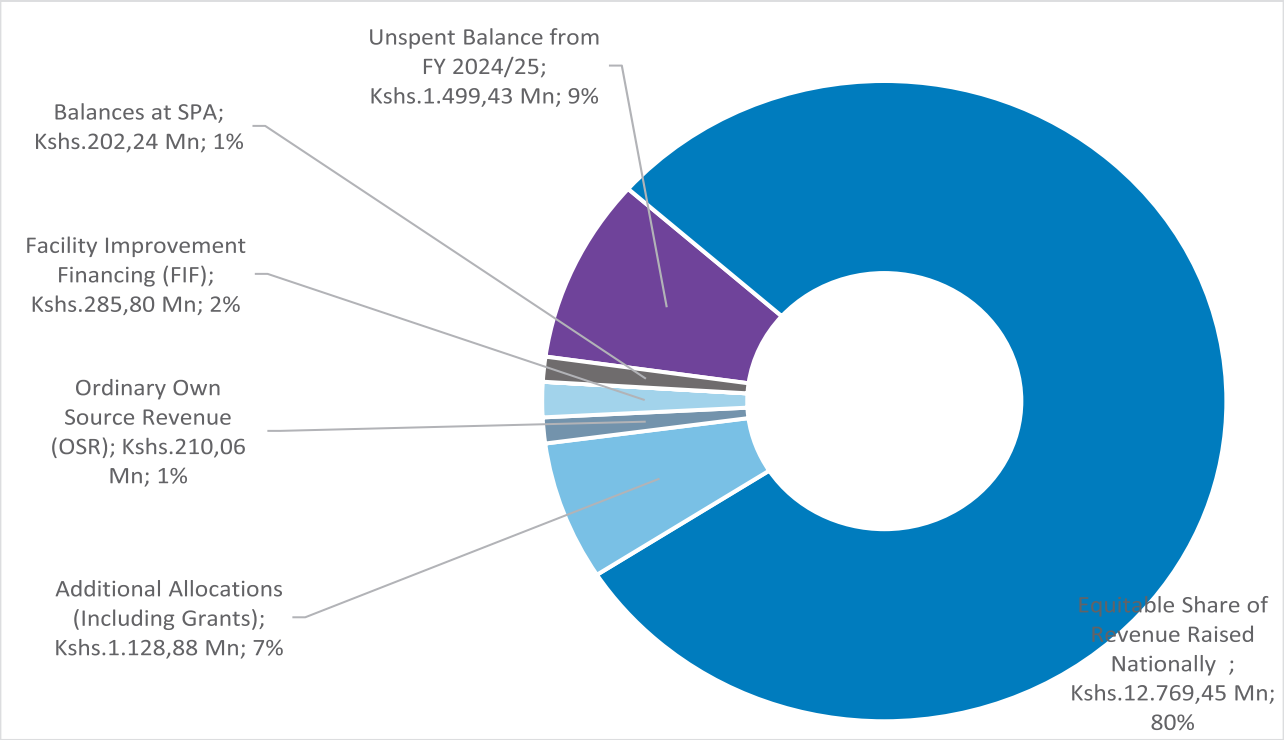
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	1,255,055,590	1,255,055,590	-	1,255,055,590	100
2	County Executive Refunds to CRF	242,676,229	242,676,229	-	242,676,229	100
3	County Assembly Refunds to CRF	1,699,377	1,699,377	-	1,699,377	100
	Sub-Total	**1,499,431,196**	**1,499,431,196**	**-**	**1,499,431,197**	**100**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	13,892,577,371	13,892,577,371	-	13,892,577,371	100
	Sub-Total	**13,892,577,371**	**13,892,577,371**	**-**	**13,892,577,371**	100
C	**Additional Allocations (Including Grants)**					
1	Financing Locally Led Climate Action (FLLoCA)	350,000,000.00	242,534,950.00	-	242,534,950	69.30
2	K-WASH	200,000,000.00	-	-	-	-
3	Drought Resilience Programme in Northern Kenya(DRPNK)	696,652,000.00	306,772,572.80	-	306,772,573	44.04
4	Food System Resilience Programme (FSRP)	316,280,977.75	-	-	-	-
5	ELRP(Emergency Locust Response Project	142,500,000.00	-	-	-	-
6	Kenya Urban Support Programme (KUSP) II UIG	28,400,000.00	26,000,000.00	-	26,000,000	91.55
7	Window for Host & Refugees (WHR) UIG	70,000,000.00	-	-	-	-
8	Kenya Urban Support Programme (KUSP) II UDG- Lodwar	80,419,269.00	80,419,269.00	-	80,419,269	100.00
9	Window for Host & Refugees (WHR) UDG- Kakuma	586,060,635.00	200,859,849.55	-	200,859,850	34.27
10	Kenya Urban Support Programme (KUSP) II UDG- Lodwar FY 2024/25 Balance	62,725,320.00	-	-	-	-
11	DANIDA (Primary Health Care for facilities Level 2 & 3)	43,206,750.00	16,983,000.00	-	16,983,000	39.31
12	DANIDA (Level 1)	16,983,000.00	-	-	-	-
13	KDSP II LEVEL I	37,500,000.00	35,253,471.15	-	35,253,471	94.01
14	KDSP II LEVEL II	352,500,000.00	220,054,159.10	-	220,054,159	62.43

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
15	KDSP 11 LEVEL 1 FY. 2024/25 Balance	35,409,500.00	-	-	-	-
16	Roads Maintenance Levy Fund FY 2024/2025 Balance	163,815,927.00	-	-	-	-
17	Doctor's Arrears	24,986,518.00	-	-	-	-
18	Community Health Promoters (CHPs) Programme	74,250,000.00	-	-	-	-
19	0.5% Housing Levy to County Rural and Urban Areas Housing Committees (CRUAHCs)	1,987,622.00	-	-	-	-
	Sub-Total	**3,283,677,518.75**	**1,128,877,271.60**	**-**	**1,128,877,271.60**	-
D	**Ordinary Own Source Revenue (OSR)**					
1	OSR	232,000,000	210,059,457	-	210,059,457	90.54
	Sub-Total	**232,000,000**	**210,059,457**	**-**	**210,059,457**	90.54
E	**Facility Improvement Financing (FIF)**					
1	SHIF	368,000,000	285,800,095	-	285,800,095	77.66
	Sub-Total	**368,000,000**	**285,800,095**	**-**	**285,800,095**	77.66
F	**Balances at SPA**					
1	FLLoCA	-	165,597,504	-	165,597,504	-
2	Kenya Urban Support Programme (KUSP) II UIG	39,496,505	32,309,300	-	32,309,300	-81.80
3	Kenya Urban Support Programme (KUSP) II UDG- Lodwar	-	1,949,411	-	1,949,411	-
4	DANIDA	-	2,388,356	-	2,388,356	-
	Sub-Total	**39,496,505**	**202,244,571**	**-**	**202,244,571**	-512.06
	Grand Total	**19,236,189,582**	**17,218,989,961**	**-**	**17,218,989,961**	**89.51**

Source: *Turkana County Treasury*

Figure 3.250 provides a detailed breakdown of receipts.

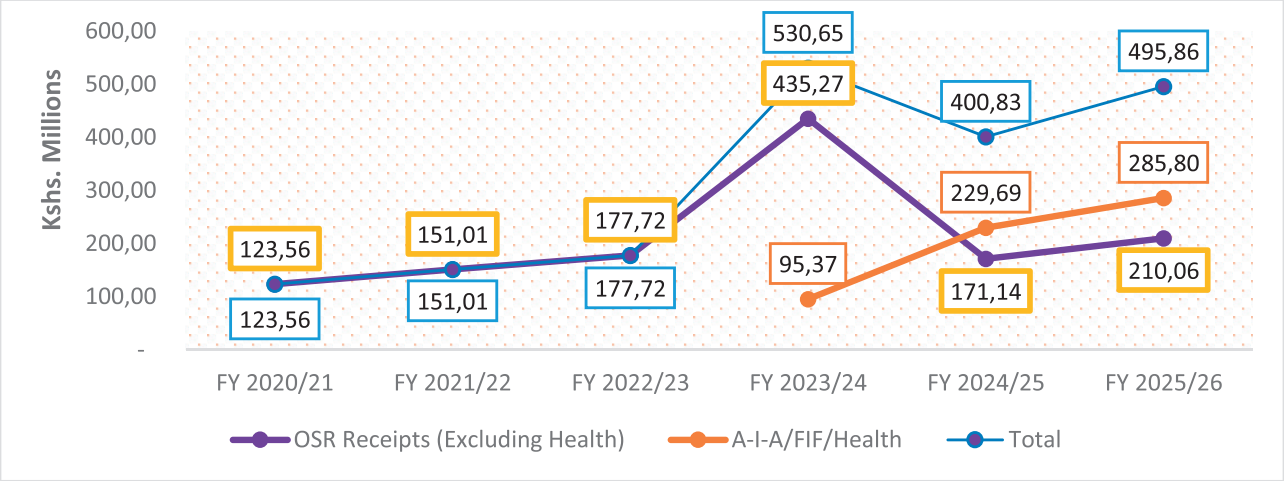
Figure 3.250: Turkana County Composition of Revenue in FY 2025/26



S***ource:*** *Turkana County Treasury*

The equitable share of revenue raised nationally, unspent balances from FY 2024/25, and additional allocations contributed 80 per cent, 9 per cent, and 7 per cent, respectively, of the total receipts for the reporting period. Figure 3.251 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

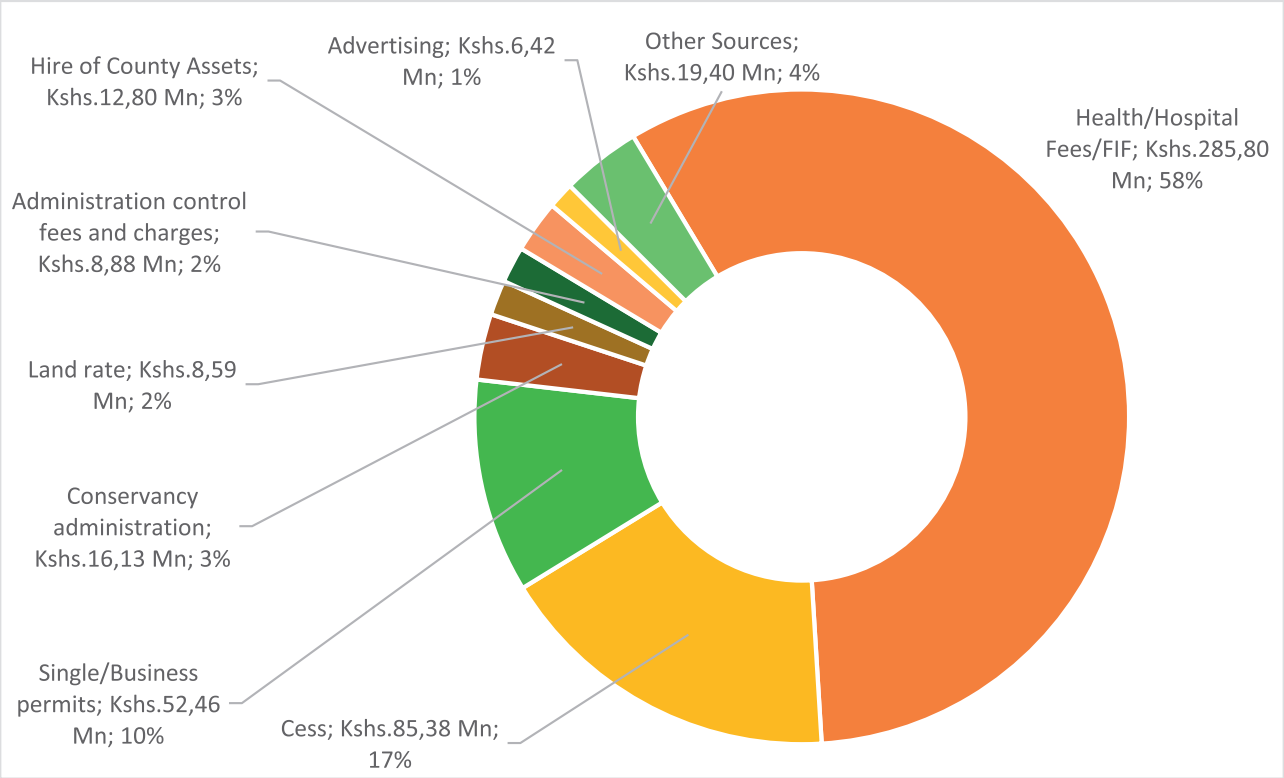
Figure 3.251: Turkana County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *Turkana County Treasury*

During the year, the County received Kshs.495.86 million from OSR, including FIF. This amount was an increase of 23.71 per cent over Kshs.400.83 million realised in FY 2024/25, representing 82.64 per cent of the annual target and 39.51 per cent of the equitable revenue share disbursed. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.252.

Figure 3.252: Turkana County Top Own Source Revenue Streams in FY 2025/26



Source: *Turkana County Treasury*

As shown in Figure 3.252, the largest revenue stream, at Kshs.285.80 million, was the FIF/Health hospital fees, accounting for 57.78 per cent of total OSR receipts.

3.43.3 Borrowing by the County

The County Executive and County Assemblies did not report any credit facilities with financial institutions in FY 2025/26.

3.43.4 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.16.32 billion from the Turkana County Revenue Fund (CRF) account. This amount consisted of Kshs.3.20 billion (19.62 per cent) designated for development programs, and Kshs.13.12 billion (80.38 per cent) allocated for recurrent programs.

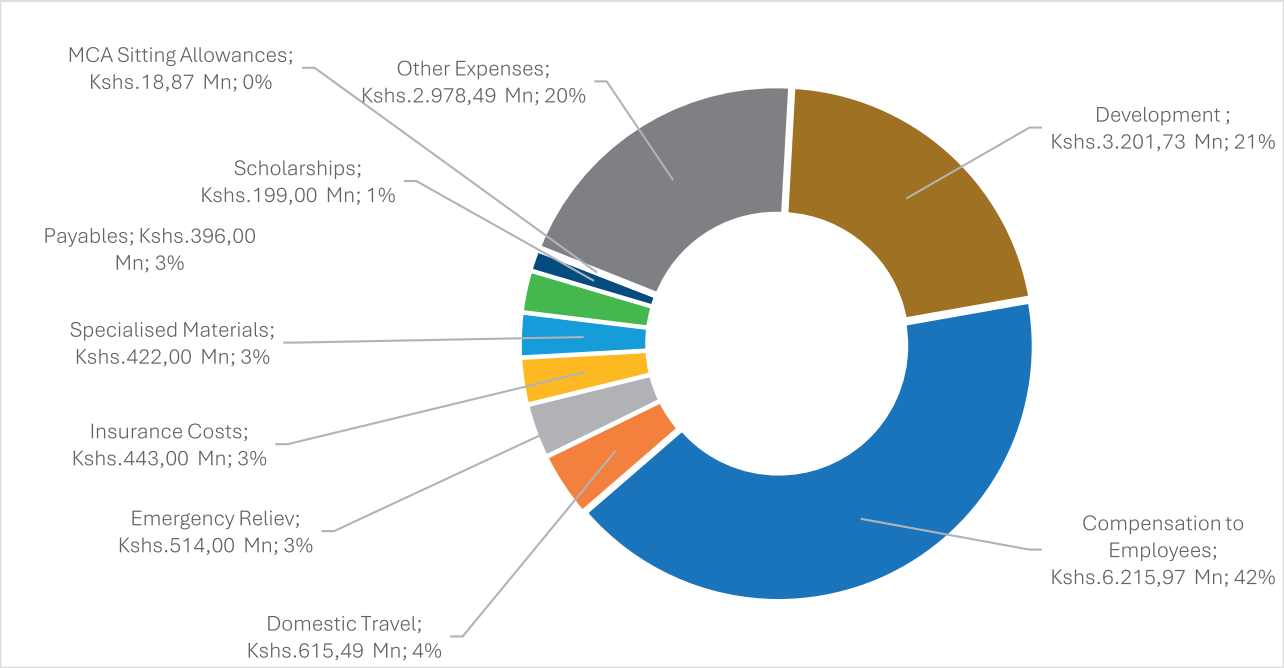
An analysis of the released recurrent exchequers shows that Kshs.6.59 billion was allocated to employee compensation and Kshs.6.54 billion to operations and maintenance. Within the operations and maintenance category, 8.69 per cent was for domestic travel and 0.29 per cent for foreign travel. The domestic travel exchequers totalled Kshs.615.49 million, which included Kshs.442.86 million for the County Executive and Kshs.172.63 million for the County Assembly. Meanwhile, foreign travel amounted to Kshs.20.70 million for the County Executive.

As of 30 June 2026, the County Government's cash balance in the CRF account was Kshs.2.41 billion. The County had not operationalised the County Assembly Fund as of 30 June 2026.

3.43.5 Expenditure Review

The County spent Kshs.15.00 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 91.93 per cent of the total funds released by the CoB. It comprised Kshs.3.20 billion for development programmes and Kshs.11.80 billion for recurrent programmes. Expenditure on development programmes accounted for 33.54 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 90.20 per cent of the annual recurrent expenditure budget. Figure 3.253 provides a detailed breakdown of total expenditure.

Figure 3.253: Turkana County Composition of Expenditure in FY 2025/26



Source: *Turkana County Treasury*

As shown in Figure 3.253, the three highest expenditure categories were Personnel emoluments, development expenditures, and domestic travel, contributing 42 percent, 21 percent, and 4 percent of total expenditure for the reporting period.

3.43.6 Expenditure by Economic Classification

The County Executive incurred Kshs.5.67 billion in employee compensation, Kshs.5.23 billion in operations and maintenance, and Kshs.3.18 billion in development activities. Similarly, the County Assembly spent Kshs.539.54 million on employee compensation, Kshs.355.31 million on operations and maintenance, and Kshs.24.02 million on development activities, as shown in Table 3.652.

Table 3.652: Turkana County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs)	Exchequer Issues (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive						
Recurrent	12,190.23	12,225.17	10,907.98	0.00	10,907.98	89.48
Compensation to Employees	6,424.82	6,042.84	5,676.43		5,676.43	88.35
Operations & Maintenance	5,765.41	6,182.32	5,231.55		5,231.55	90.74
Development	6,081.12	3,177.70	3,177.70		3,177.70	52.26
Executive Sub-total	18,271.35	15,402.87	14,085.69	0.00	14,085.69	77.09
County Assembly						
Recurrent	894.84	894.84	894.84	0.00	894.84	100.00
Compensation to Employees	539.54	539.54	539.54		539.54	100.00
Operations & Maintenance	355.31	355.31	355.31		355.31	100.00
Development	70.00	24.02	24.02		24.02	34.32
Assembly Sub-total	964.84	918.86	918.86	0.00	918.86	95.23

Sector / Category	Budget (Kshs)	Exchequer Issues (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
Combined County Totals						
Total Recurrent	13,085.07	13,120.01	11,802.82	0.00	11,802.82	90.20
Compensation to Employees	6,964.35	6,582.38	6,215.97	0.00	6,215.97	89.25
Operations & Maintenance	6,120.72	6,537.63	5,586.85	0.00	5,586.85	91.28
Total Development	6,151.12	3,201.73	3,201.73	0.00	3,201.73	52.05
Grand Total	**19,236.19**	**16,321.73**	**15,004.55**	**0.00**	**15,004.55**	**78.00**

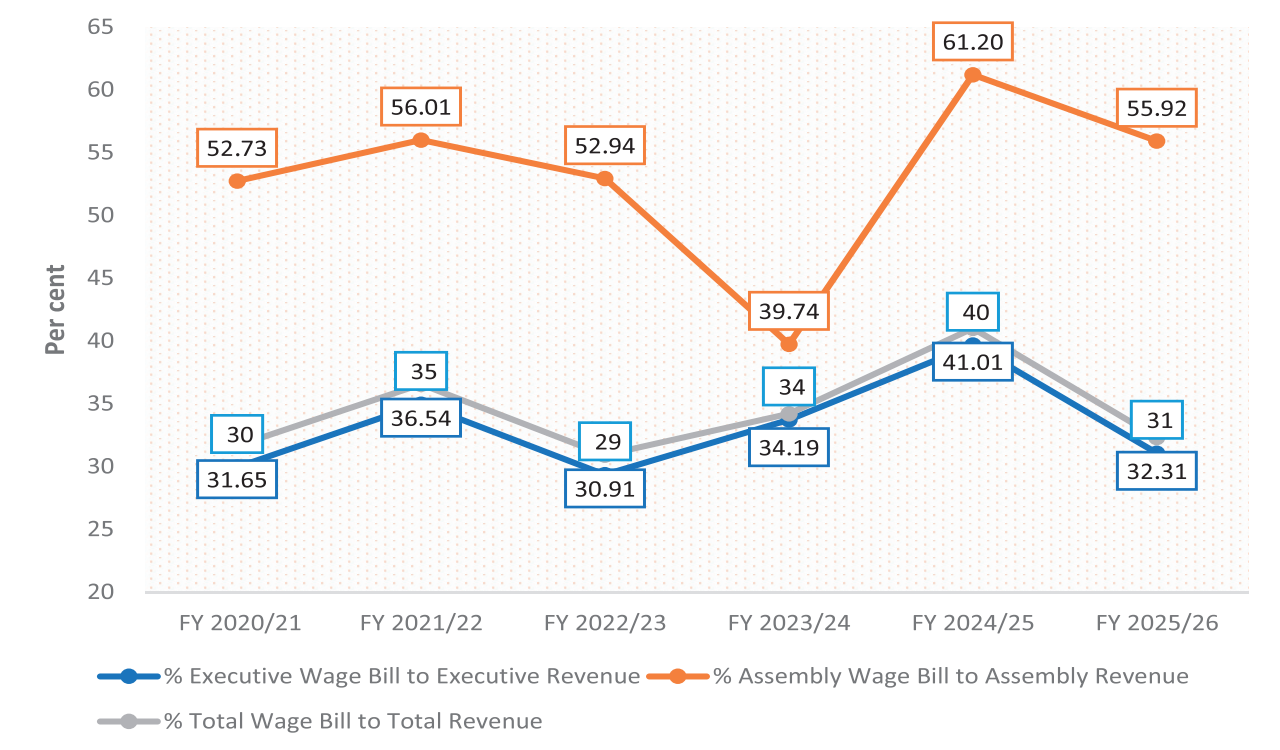
Source: *Turkana County Treasury*

3.43.7 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.6.22 billion, representing 32.31 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.6.08 billion reported in FY 2024/25. Of this total, Kshs.2.94 billion related to Health Sector employees, accounting for 47.30 per cent of the overall employees' compensation.

Figure 3.254 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.254: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Turkana County Treasury*

Further analysis indicated that PE costs totalling Kshs.6.07 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.141.30 million was processed through manual payrolls, which accounted for 2.27 per cent of the total PE cost. The manual payroll comprised deductions, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.653.

Table 3.653: Analysis of Turkana County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
LAPTRUST/LAPFUND Pension Contributions	60,250,413	55,595,183	115,845,596
Gratuity for contract staff	25,458,687		25,458,687
Total	**85,709,100**	**55,595,183**	**141,304,283**

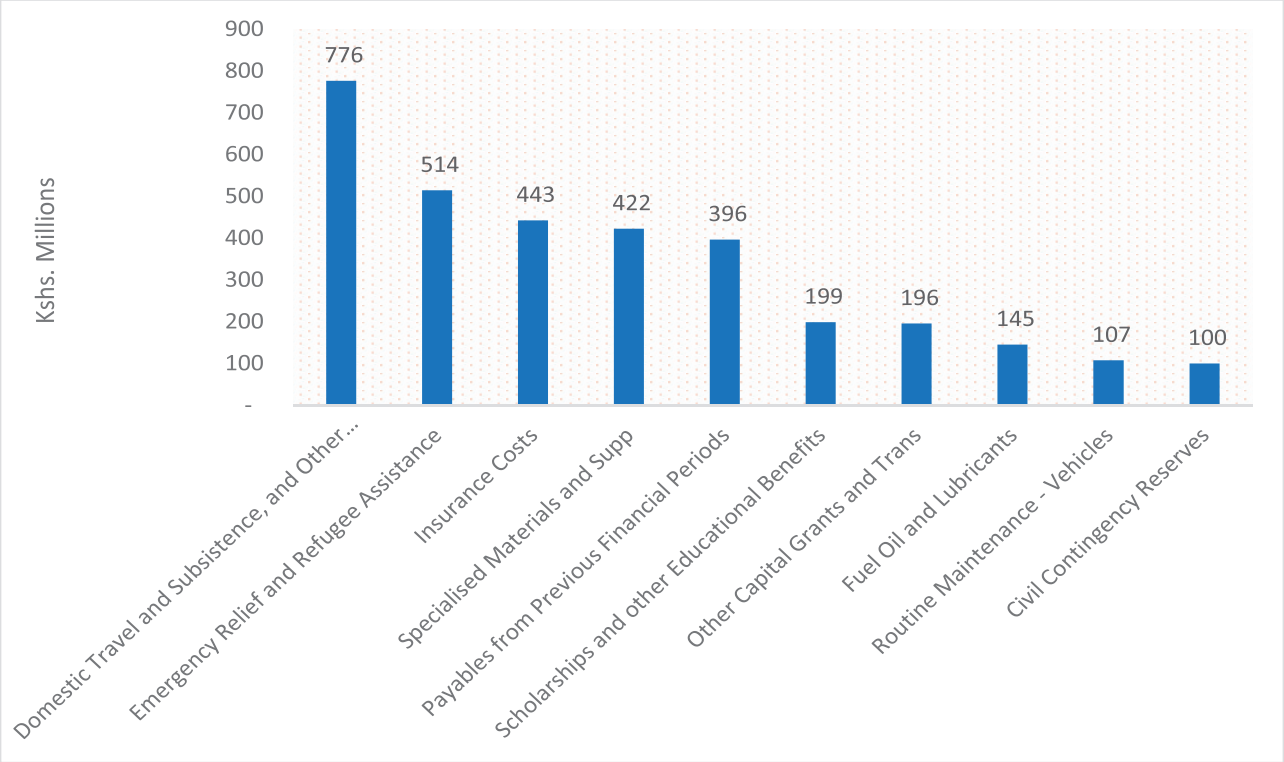
Source: *Turkana County Treasury*

The County Assembly spent Kshs.18.87 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.32,761 per MCA. The County Assembly has 18 House Committees.

3.43.8 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.5.59 billion on operations and maintenance, representing an increase of 71.44 per cent compared to FY 2024/25, when the County spent Kshs.3.26 billion. Figure 3.255 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.255: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: *Turkana County Treasury*

3.43.9 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.587.34 million to County-Established funds in FY 2025/26, representing 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 3.654 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.654: Performance of Turkana County Established Funds in FY 2025/26

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/2026 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements
County Executive Established Funds							
1.	Turkana County Emergency Fund	2016	100,000,000	100,000,000	-	1,392,388,667	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	230,000,000	230,000,000	230,000,000	3,729,245,499	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	Yes
	Total		**587,335,912**	**412,245,912**	**254,174,341**	**8,179,135,578**	

Source: *Turkana County Treasury*

In FY 2025/26, the CoB received quarterly financial reports from all the Fund Administrators, as indicated in 6, in conformity with the requirements 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 2025/26, the CoB observed that the lifespans of the 5 Funds had lapsed, namely: Biashara Fund, Youth and Women Empowerment Fund, Education and Skills Development Fund, Cooperative and Enterprise Development Fund and County Assemblies Car Loan & Mortgage (Members) Scheme Fund.

3.43.10 County Corporations, Municipalities and Agencies

The County has two County corporations, namely: Turkana County Rural Water Services and Turkana Water and Sanitation Company Limited. There were no transfers to these entities during the review period, as shown in Table 3.655.

Table 3.655: Performance of Turkana County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative Exchequer Issues to the Corporation since its inception (Kshs.)
1	Turkana County Rural Water Services	-	-	-	67,720,000
2	Turkana Urban Water and Sanitation Company Limited	-	-	-	5,000,000
	Total	**-**	**-**	**-**	**72,720,000.00**

Source: *Turkana County Treasury*

3.43.11 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.615.49 million and comprised Kshs.172.63 million spent by the County Assembly and Kshs.442.86 million by the County Executive. Expenditure on foreign travel amounted to Kshs.35.60 million, incurred by the County Executive. The County Assembly did not report on foreign travel during period under review.

3.43.12 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.285.80 million as FIF, which was 77.66 per cent of the annual target of Kshs.368.00 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The expenditure by the health facilities amounted to Kshs.163.50 million, as shown in Table 3.656.

Table 3.656: Turkana County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs. Million)	Absorption rate (%)
1	Level 4 Hospital	2	6.09	6	96.74
2	Level 3 Facility	10	28.89	23	79.89
3	Level 2 Facility	164	168.09	135	80.03
	Total	**176**	**203.07**	**163.50**	**80.51**

Source: *Turkana County Treasury*

3.43.13 Development Expenditure

In the review period, the County reported spending Kshs.3.20 billion on development programmes, representing a 25.41 per cent decrease compared to FY 2024/25, when the County spent Kshs.4.29 billion. Table 3.657 summarises the development projects with the highest expenditure in the reporting period.

Table 3.657: Turkana County, List of Development Projects with the Highest Expenditure

Project Name	Project Location	Project Commencement Date	Expected Date of Completion of the Project	Contract sum (Kshs) Millions	Total Funding in FY 2025/26 (Kshs. millions)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. millions)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. millions)	Percentage (%) of Completion
Upgrading To Bitumen Standards Of Lodwar Town Streets Phase 2	Township	01.07.2025	30.06.2026	112.92	112.92	70.00	70.00	62
Bush Clearing & Grading of Kakuma- Letea Road	Kakuma - Letea	01.07.2025	30.06.2026	23.50	23.50	23.50	23.50	100
Rehabilitation/ Improvement Of Logum/Lokwar Surface Irrigation Scheme In Kaptir Ward	Logum	01.07.2025	30.06.2026	16.45	16.45	16.45	16.45	100
Construction Of Fencing For Lokwii (Lotubae) Surface Irrigation Scheme In Lokori/Kochodin Ward	Lokwii	01.07.2025	30.06.2026	17.69	17.69	13.00	13.00	73
Proposed Development of Drip Irrigation in Kapedo	Kapedo	01.07.2025	30.06.2026	6.95	6.95	10.00	10.00	100
Development Of Physical Planning Of Urban Centres	Head Quarters	01.07.2025	30.06.2026	9.98	5.48	9.98	9.98	100
Restocking of shoats at Kaitede &Natapar in Kibish Ward	Kaitede and Natapar	01.07.2025	30.06.2026	8.78	8.78	8.78	8.78	100
Construction of a Modern Water Pan and drilling of a borehole at Nasinyono	Nasinyono	01.07.2025	30.06.2026	8.74	8.74	8.74	8.74	100
Supply And Delivery Of Assorted Seeds	Headquarters	01.07.2025	30.06.2026	8.43	8.43	8.43	8.43	100
Construction of Naro-Ebei Spate Irrigation	Kangatotha	01.07.2025	30.06.2026	8.28	8.28	8.28	8.28	100

Source: *Turkana County Treasury*

The County reported 4 stalled development projects as of 30 June 2026, with an estimated value of Kshs.572.38 million, of which Kshs.328.90 million has already been paid. The stalled projects are shown in Table 3.658.

Table 3.658: Turkana County Stalled Projects as of 30 June 2026

No	Project Name	Project Location	Project Commencement Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs. millions)	Amount Paid on the stalled project (Kshs. millions)	Accrued Expenditure on the stalled project (Kshs. millions)	Outstanding Unpaid Balance As of 30 June 2026 Kshs. millions	Percentage of Completion before stalling of the Project
1	Completion Of Kataboi Eco Lodge	Kataboi	FY 2014/2015	Medium Term	136.36	122.99	122.99	13.38	72
2	Construction of Plastic Re-Use Facility	Lodwar	13.01.2017	Medium Term	13.63	8.98	8.98	4.64	89
3	Proposed Construction of Governor's Residence	Lodwar	FY 2013/2014	Medium Term	290.00	135.02	135.02	154.98	25
4	Construction of Modern Business Centre Located in Lodwar Municipality	Lodwar	23.05.2016	Medium Term	132.39	61.91	61.91	70.48	48
	Total				**572.38**	**328.90**	**328.90**	**243.48**	

Source: Turkana County Treasury

3.43.14 Budget Performance by Department

Table 3.659 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.659: Turkana County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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
Governance	129.96	-	128.70	-	178.77	-	138.91	-	137.55	-
Office of the Deputy Governor	20.53	-	18.70	-	12.78	-	68.34	-	62.25	-
Office of the County Attorney	25.85	-	23.76	-	18.69	-	78.68	-	72.32	-
Finance and Economic Planning	2,477.06	1,510.88	2,352.44	1,499.80	2,337.77	1,499.80	99.38	100.00	94.38	99.27
Water Services	32.95	471.36	32.95	250.34	26.87	250.34	81.55	100.00	81.55	53.11
Health Services & Sanitation	1,451.28	95.50	1,451.28	19.55	1,469.73	19.55	101.27	100.00	101.27	20.47
Trade, Gender and Tourism	69.55	64.00	56.74	20.00	53.02	20.00	93.44	100.00	76.24	31.25
Education, Sports and Social Protection	688.24	102.30	688.24	29.27	646.53	29.27	93.94	100.00	93.94	28.61
Public Service, Administration. & Disaster Mgt	6,933.32	441.91	6,746.19	80.50	5,940.54	80.50	88.06	100.00	85.68	18.22
Roads, Transport & Public Works	32.36	340.76	40.92	141.42	20.46	141.42	49.99	100.00	63.21	41.50
Agriculture, Livestock Development & Fisheries	61.95	1,443.43	53.04	439.65	51.70	439.65	97.47	100.00	83.46	30.46

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
Natural Resources & Climate Change	22.05	788.18	22.05	394.86	18.66	394.86	84.60	100.00	84.60	50.10
Lands, Physical Planning & Urban Dev't	161.78	3.00	161.78	-	28.06	-	17.35	-	17.35	-
County Assembly	894.84	70.00	804.71	24.02	894.84	24.02	111.20	100.00	100.00	34.32
County Public Service Board	47.21		37.58	-	29.92	-	79.63	-	63.38	-

***Source**: Turkana County Treasury*

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the development budget at 99.27 per cent, followed by Water Service at 53.11 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to budget at 137.55 per cent. In contrast, the Department of Lands, Physical Planning and Urban Development had the lowest at 17.35 per cent.

3.43.15 Budget Execution by Programmes and Sub-Programmes

Table 3.660 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.660: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Development Gross Approved Estimates FY 2025/26 (Kshs.	Development Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Development Absorption Rate (%)
Trade Development And Promotion	Biashara Fund	20,000,000.00	20,000,000.00	100.00
Trade Development And Promotion	Water Governance, Planning and Coordination	5,000,000.00	4,999,998.00	100.00
Veterinary Services	Livestock Health Management	20,000,000.00	19,999,900.00	100.00
Food Systems Resilience Program	Food Systems Resilience Program	326,280,977.75	324,879,210.80	99.57
General Administration, Planning, and Support Services	General Administration, Planning and Support Services	6,900,000.00	6,813,932.00	98.75
	Pollution control	6,000,000.00	5,873,250.00	97.89
Livestock Production Services	Development and improvement of livestock feeds	10,000,000.00	8,996,400.00	89.96
Livestock Production Services	Emergence Response and Drought Mitigation	87,460,000.00	78,018,600.00	89.20
Livestock Production Services	Livestock Risk Management	55,263,114.81	46,477,500.00	84.10

***Source**: Turkana County Treasury*

The development sub-programmes with the highest budget implementation rates of 100 per cent included the Biashara Fund in the Department of Finance; Water Governance in the Department of Trade; Planning and Coordination in the Department of Trade; and Livestock Health Management in the Department of Veterinary Services.

Table 3.661 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.661: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Development Gross Approved Estimates FY 2025/26 (Kshs.	Development Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Development Absorption Rate (%)
Water Supply And Storage	Water Infrastructure	144,000,000.00	78,197,844.00	54
Roads	Rehabilitation and Maintenance of Roads. (Road Maintenance Levy Fund - RMLF)	251,956,760.00	125,706,763.10	50
Financing Locally-Led & Departmental Programmes Climate Actions (FLLoCA)	Financing Locally-Led and Departmental Programmes Climate Actions (FLLoCA)	778,478,127.00	376,592,242.10	48
Fisheries	Fisheries Infrastructure Development	15,000,000.00	6,308,960.00	42
K-WASH World Bank Programme	K-WASH World Bank Programme	228,000,000.00	82,313,328.00	36
	Infrastructure Development	81,800,000.00	25,320,178.00	31
	Sports Infrastructure	17,500,000.00	3,945,450.00	23
	Additional Works/Renovations of Health Facilities	95,500,000.00	19,550,329.85	20
	General Administration, Planning and Support Services-Administration and Disaster Management	441,909,500.00	80,503,588.95	18
Roads Development.	Roads Infrastructure.	86,799,453.22	15,712,687.20	18

Source: *Turkana County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Road Infrastructure in the Department of Roads at 18 per cent; Administration and Disaster Management at 18 per cent, and additional works/renovations of Health Facilities at 20 per cent.

3.43.16 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.5.17 billion. This amount consisted of Kshs.4.92 billion from the County Executive and Kshs.252.87 million from the County Assembly. The trade payables from the County Executive comprised Kshs.2.64 billion for recurrent expenditure and Kshs.2.28 billion for development expenditure. In FY 2025/26, the County Executive settled trade payables amounting to Kshs.2.09 billion, comprising Kshs.1.38 billion (66.16 per cent) for recurrent programmes and Kshs.707.73 million (33.84 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.42.35 million, comprising Kshs.18.33 million (43.28 per cent) for recurrent activities and Kshs.24.02 million (56.72 per cent) for development activities. The outstanding trade payables as of 30 June 2026 were Kshs.2.82 billion for County Executive and Kshs.252.87 million for County Assembly.

Table 3.662: Turkana County Trade Payables as of 30 June 2026

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	2,637,428,097	2,278,298,681	4,915,726,778
	County Assembly	213,204,305	39,667,653	252,871,958
	Total	2,850,632,402	2,317,966,334	5,168,598,736
Amount paid in FY 2025/26	County Executive	707,732,477	1,383,375,616	2,091,108,093
	County Assembly	24,020,973	18,329,985	42,350,958
	Total	731,753,450	1,401,705,601	2,133,459,051
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	24,020,973	18,329,985	42,350,958
	Total	24,020,973	18,329,985	42,350,958
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	1,929,695,620	894,923,065	2,824,618,685
	County Assembly	213,204,305	39,667,653	252,871,958
	Total	**2,142,899,925**	**934,590,718**	**3,107,490,643**

Source: *Turkana County Treasury*

Table 3.663 and 3.664 presents the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.2.82 billion, and Kshs.252.87 million respectively. Further, the County executive reported inconsistent trade payables under Table 3.662 and table 3.663 as shown below.

Table 3.663: Turkana County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	803,146,421.77	-	-	-	803,146,421.77
Recurrent Trade Payables (Goods & Services)	729,464,152.18	436,752,698.75	-	-	1,166,216,850.92
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	729,464,152.18	436,752,698.75	-	-	1,166,216,850.92
Total Trade Payables	1,532,610,573.95	436,752,698.75	-	-	1,969,363,272.70
% of Total	**77.82**	**22.18**	**-**	**-**	**100.00**

Source: *Turkana County Treasury*

Table 3.664: Turkana County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	45,980,127.00	-	-	-	45,980,127.00
Recurrent Trade Payables (Goods & Services)	45,506,328.00	161,385,503.00	-	-	206,891,831.00
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	45,506,328.00	161,385,503.00	-	-	206,891,831.00
Total Trade Payables	91,486,455.00	161,385,503.00	-	-	252,871,958.00
% of Total	**36.18**	**63.82**	**-**	**-**	**100.00**

Source: *Turkana County Treasury*

3.43.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 113 accounts across CBK and commercial banks, of which 39 were held at the CBK and 74 at commercial banks. Of those at the commercial banks, 9 were for donor commercial operational accounts, 1 for revenue collection accounts, and 32 for special operations accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.43.18 Key Observations and Recommendations

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

i. 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 2026, the lifespan of the Biashara Fund, Youth and Women Empowerment Fund, Education and Skills Development Fund, Cooperative and Enterprise Development Fund and County Assembly Car Loan & Mortgage (Members) Scheme had lapsed, making them ineligible for further withdrawals.

ii. High level of trade payables, amounting to Kshs.3.10 billion as of 30 June. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables permanent plan.

iii. 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.

iv. 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 14 August 2026.

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

i. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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.*

ii. *The County Leadership should address trade payables to ensure that genuine bills are paid promptly. Further, compliance with the Trade Payables Action Plan should be enforced.*

iii. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

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

3.44. County Government of Uasin Gishu

3.44.1 Overview of FY 2025/26 Budget

The Uasin Gishu County Approved Supplementary Budget for FY 2025/26 was Kshs.17.43 billion. It comprised Kshs.7.44 billion (42.70 per cent) and Kshs.9.98 billion 57.30 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.2.26 billion (14.92 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.7.38 billion and a recurrent budget of Kshs.7.79 billion. The increase in the budget was primarily attributable to the inclusion of balances brought forward from the previous financial year and the rollover of conditional funds not included in the approved budget estimates.

The budget was to be financed from various revenue sources. These include the equitable share of nationally raised revenue of Kshs.8.98 billion (51.51 per cent), additional allocations of Kshs.2.05 billion (11.79 per cent), a cash balance brought forward from FY 24/25 of Kshs.4.51 billion (25.90 per cent), appropriation-in-aid (AiA) of Kshs.132.03 million (0.76 per cent), Facility Improvement Fund of Kshs.450 million (2.58 per cent) and Kshs 1.3 billion (7.46 per cent) were generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.665.

3.44.2 Revenue Performance

During the year, the County reported total receipts of Kshs.16.63 billion. This amount represented an increase of 23 per cent compared to the amount received in FY 2024/25 of Kshs.12.76 billion. The total revenue consisted of Kshs.8.97 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.45 billion, and own-source revenue (OSR) collection of Kshs.1.54 billion. Additionally, the County had a cash balance of Kshs.4.51 billion from FY 2024/25. The total OSR collection of Kshs.1.54 billion included Facilities Improvement Financing (FIF) of Kshs.520.06 million, and Kshs.1.02 billion from other OSR sources. Table 3.665 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.665: Uasin Gishu County, Revenue Performance in FY 2025/26

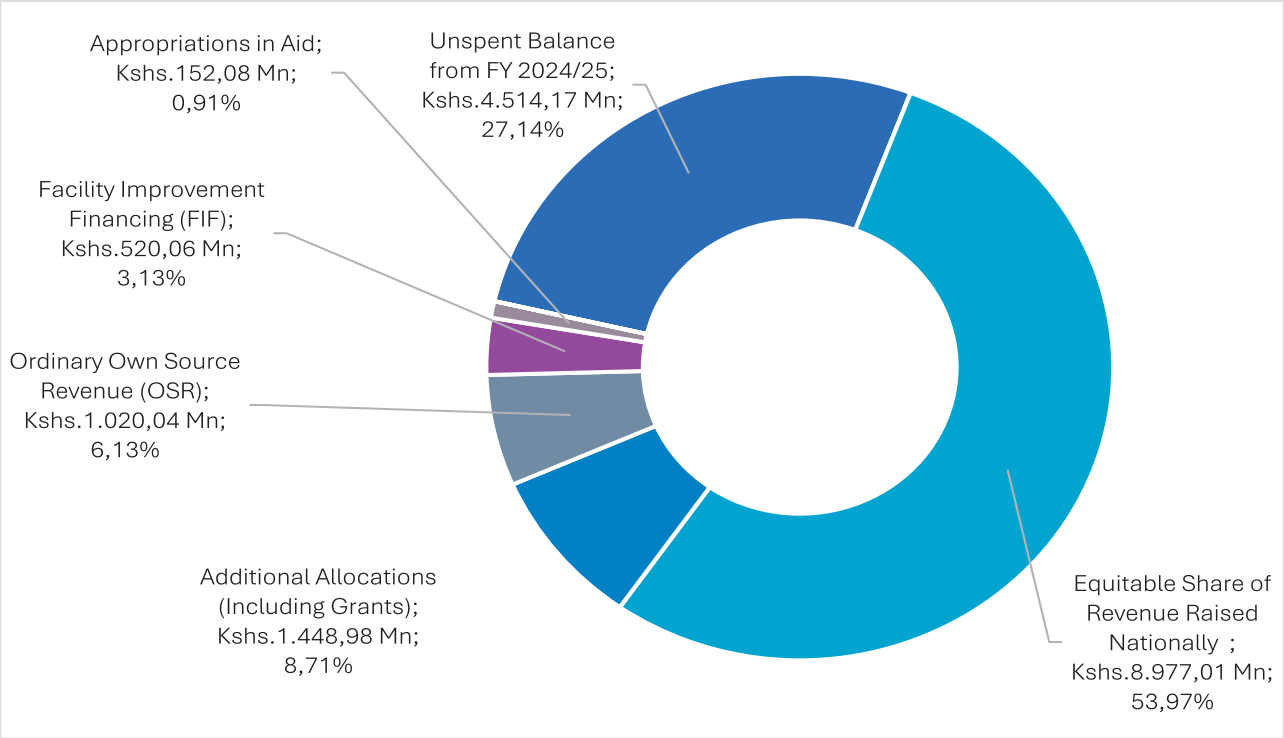
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Unspent Balance from FY 2024/25	4,484,556,589	4,484,556,589	-	4,484,556,589	100
2	Balance at CRF	18,058,576	18,058,576	-	18,058,576	100
3	County Executive Refunds to CRF	11,557,626	11,557,626	-	11,557,626	100
4	County Assembly Refunds to CRF	591	591	-	591	100
	Sub-Total	**4,514,173,382**	**4,514,173,382**	**-**	**4,514,173,382**	**100**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share of Revenue Raised Nationally	8,977,014,770	8,977,014,770	-	8,977,014,770	100
	Sub-Total	**8,977,014,770**	**8,977,014,770**		**8,977,014,770**	**100**
C	**Unconditional Additional Allocations to County Governments**					
1	WB- KDSP II Level 1 Grants	72,909,500	70,503,589	-	70,503,589	96.70

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D	F=D/A*100
2	Kenya Devolution Support Program Level I (b/f)	6,498,722	6,498,722	-	6,498,722	100.00
3	Kenya Devolution Support Program Level II	352,500,000	55,268,498	-	55,268,498	15.68
4	Grant from the World Bank- IDA (NAVCDP)	231,250,000	231,094,649	-	231,094,649	99.93
5	Settlement of Doctor's Salary Arrears	9,600,471	9,600,471	-	9,600,471	100.00
6	Community Health Promoters	61,980,000	-	-	-	-
7	Primary Health Care (DANIDA)	21,477,894	10,200,000	-	10,200,000	47.49
8	WB-KISIP II	260,000,000	258,060,087	-	258,060,087	99.25
9	0.5% of Housing Levy Fund	1,987,622	1,987,622	-	1,987,622	100.00
10	20% Share of Mineral Royalties	5,090,269	-	-	-	-
11	Grants from EPZ for Spatial Plan	100,000,000	100,000,000	-	100,000,000	100.00
12	Road Maintenance Fuel Levy (RMLF)	245,361,740	86,453,528	-	86,453,528	35.24
13	Kenya Urban Support Project (KUSP) UIG	32,309,300	-	-	-	-
14	Kenya Urban Support Project (KUSP) - UDG	465,934,137	491,089,460	-	491,089,460	105.40
15	FLoCCA FY 2024/25	187,088,542	128,220,590	-	128,220,590	68.53
16	Village Polytechnic Project Grants	6,942	6,942	-	6,942	100.00
	Sub-Total	**2,053,995,139**	**1,448,984,158**	**-**	**1,448,984,158**	**70.54**
D	**Ordinary Own Source Revenue (OSR)**					
1	OSR	1,300,000,000	1,020,044,561	-	1,020,044,561	78.46
	Sub-Total	**1,300,000,000**	**1,020,044,561**		**1,020,044,561**	**78.46**
E	**Facility Improvement Financing (FIF)**					
1	SHIF	450,000,000	520,059,488	-	520,059,488	115.57
2	Defunct NHIF					
	Sub-Total	**450,000,000**	**520,059,488**	**-**	**520,059,488**	**115.57**
F	**Appropriations in Aid**					
1	Alcoholic Drinks Control Board (AiA)	73,150,000	61,865,100	-	61,865,100	84.57
2	Agricultural Training Centre (AiA)	58,884,571	90,213,922	-	90,213,922	153.20
	Sub-Total	**132,034,571**	**152,079,022**	**-**	**152,079,022**	**115.18**
	Total	**17,427,217,862**	**16,632,355,381**	**-**	**16,632,355,381**	**95.44**

Source: *Uasin Gishu County Treasury*

In FY 2025/26, SHIF and Agricultural Training Centre surpassed their targets, achieving performance levels of 115.57 per cent and 153.20 per cent, respectively, attributed to improved enrollment at SHIF and Chebororwa ATC. Figure 3.256 provides a detailed breakdown of receipts.

Figure 3.256: Uasin Gishu County Composition of Revenue in FY 2025/26

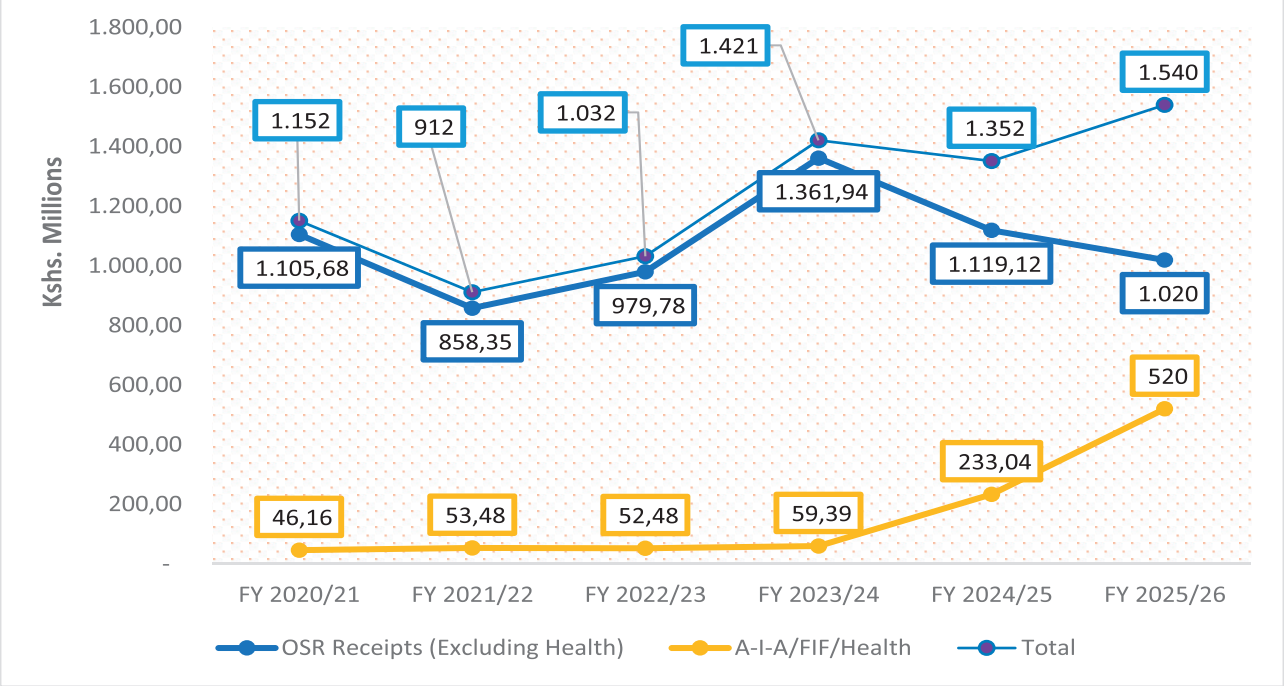


Source: *Uasin Gishu County Treasury*

The equitable share of revenue raised nationally, unspent balance from FY 2024/25, and additional allocation contributed 53.97 per cent, 27.14 per cent, and 8.71 per cent, respectively, of the total receipts for the reporting period.

Figure 3.257 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.257: Uasin Gishu County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

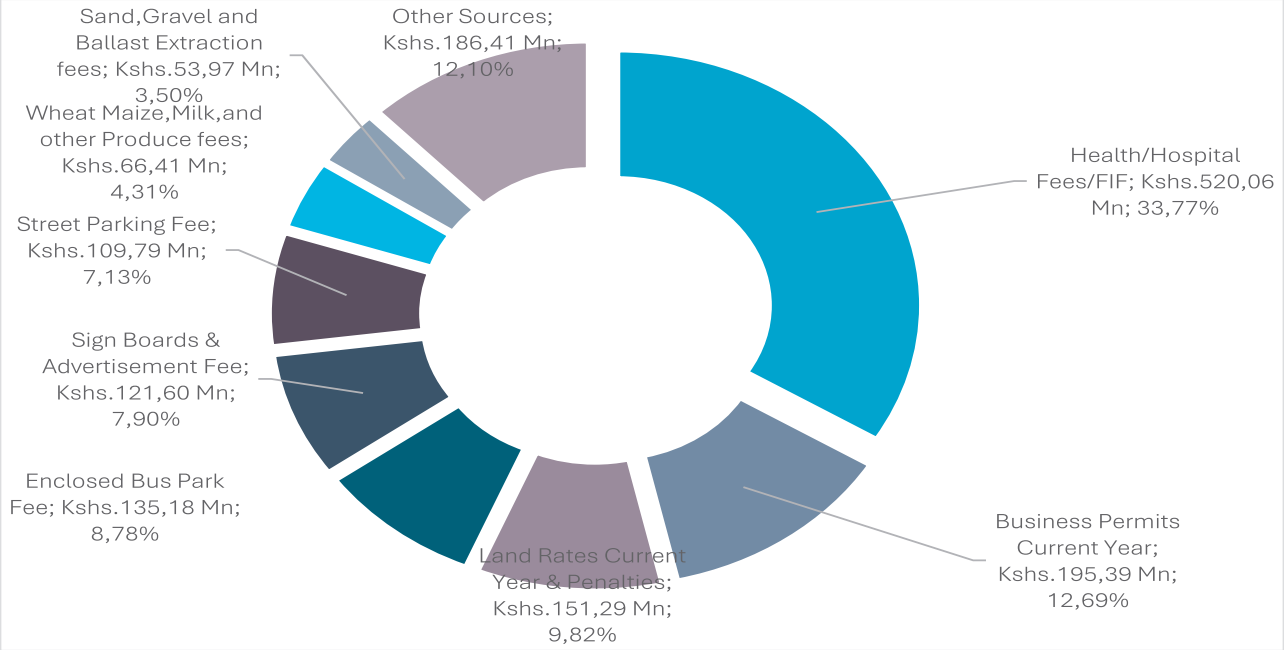


Source: *Uasin Gishu County Treasury*

In FY 2025/26, the County received Kshs.1.54 billion from OSR, including FIF. This amount was an increase of 13.90 per cent, compared to Kshs.1.35 billion realised in FY 2024/25, and was 88.01 per cent of the annual target and 17.16 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to improved hospital enrolment in SHIF.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.258.

Figure 3.258: Uasin Gishu County Top Own Source Revenue Streams in FY 2025/26



Source: *Uasin Gishu County Treasury*

As shown in Figure 3.258, the largest revenue stream, at Kshs.520.06 million, was Hospital fees, accounting for 33.77 per cent of total OSR receipts. The County Government has automated two of 40 revenue streams.

3.44.3 Revenue Arrears

The County did not disclose the existence of revenue arreas during the reporting period.

3.44.4 Borrowing by the County

The County Executive & County Assembly did not report any credit facilities with Financial Institutions in FY 2025/26.

3.44.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.10.99 billion from the Uasin Gishu County Revenue Fund (CRF) account. This amount consisted of Kshs.2.98 billion (27.10 per cent) designated for development programs and Kshs.8.01 billion (72.90 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.5.3 billion was allocated to employee compensation and Kshs.2.71 billion to operations and maintenance expenditures. Within the operations and maintenance category, 17.55 per cent was for domestic travel and 0.89 per cent for foreign travel. The domestic travel exchequers totalled Kshs.464.71 million, which included Kshs.178.73 million for the County Executive and Kshs.285.98 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.24.11 million, with Kshs.19.26 million for the County Executive and Kshs.4.87 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the CRF account was Kshs.947.54 million.

The County had not operationalised the County Assembly Fund as of 30 June 2026.

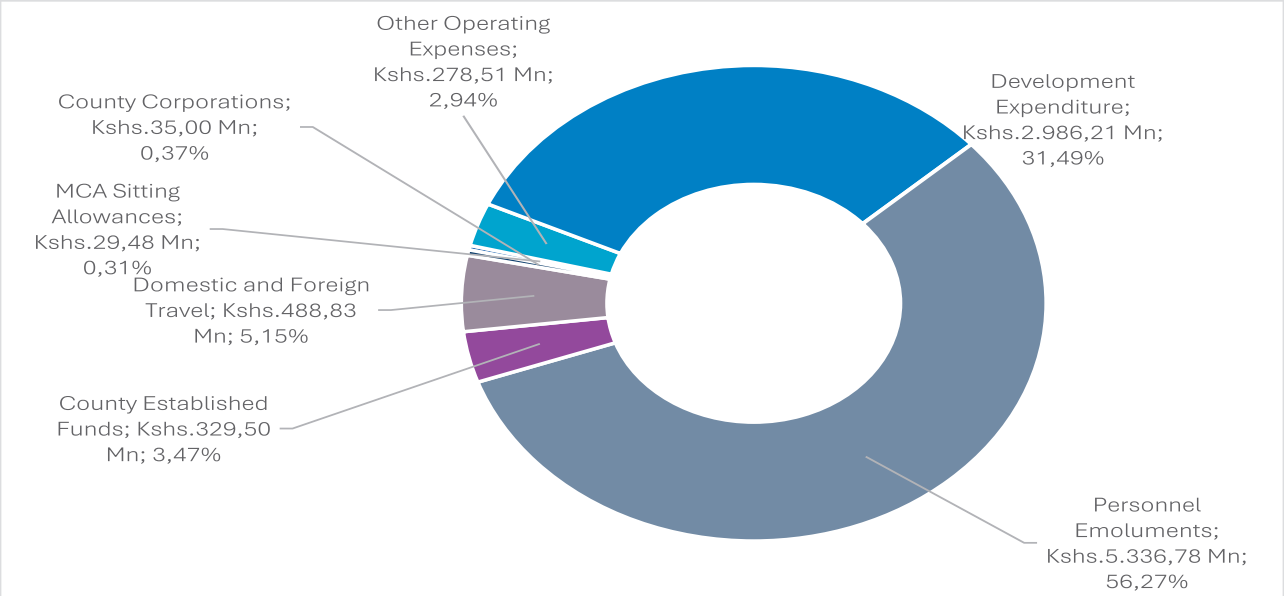
3.44.6 Expenditure Review

The County spent Kshs.11.09 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100.93 per cent of the total funds released by the CoB. It comprised Kshs.2.99 billion for development programmes and Kshs.8.11 billion for recurrent programmes. Expenditure on devel-

opment programmes accounted for 40.13 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 81.24 per cent of the annual recurrent expenditure budget.

Figure 3.259 provides a detailed breakdown of total expenditure.

Figure 3.259: Uasin Gishu County Composition of Expenditure in FY 2025/26



Source: *Uasin Gishu County Treasury*

As shown in Figure 3.259 the three highest expenditure categories were Personnel Emoluments, Development, and Domestic travel, contributing 56.27, 31.49 and 5.15 per cent of total expenditure for the reporting period.

3.44.7 Expenditure by Economic Classification

The County Executive incurred Kshs.5.02 billion in employee compensation, Kshs.2.18 billion in operations and maintenance, and Kshs.2.99 billion in development activities. Similarly, the County Assembly spent Kshs.438.87 million on compensation of employees, Kshs.473.65 million on operations and maintenance, as shown in Table 3.666.

Table 3.666: Uasin Gishu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs. Million) (a)		Amount Paid in FY 2025/26 (Kshs. Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	9,095.48	889.49	7,076.72	912.52	123.01	-	7,199.73	912.52	79.16	102.59
Compensation of Employees	5,117.18	403.00	4,897.91	438.87	123.01	-	5,020.93	438.87	98.12	108.9
Operations and Maintenance	3,978.30	486.49	2,178.81	473.65	-	-	2,178.81	473.65	54.77	97.36
Development Expenditure	7,332.25	110.00	2,986.21	-	-	-	2,986.21		40.73	-
Total	**16,427.73**	**999.49**	**10,062.93**	**912.52**	**123.01**	**-**	**10,185.95**	**912.52**	**62**	**91.3**

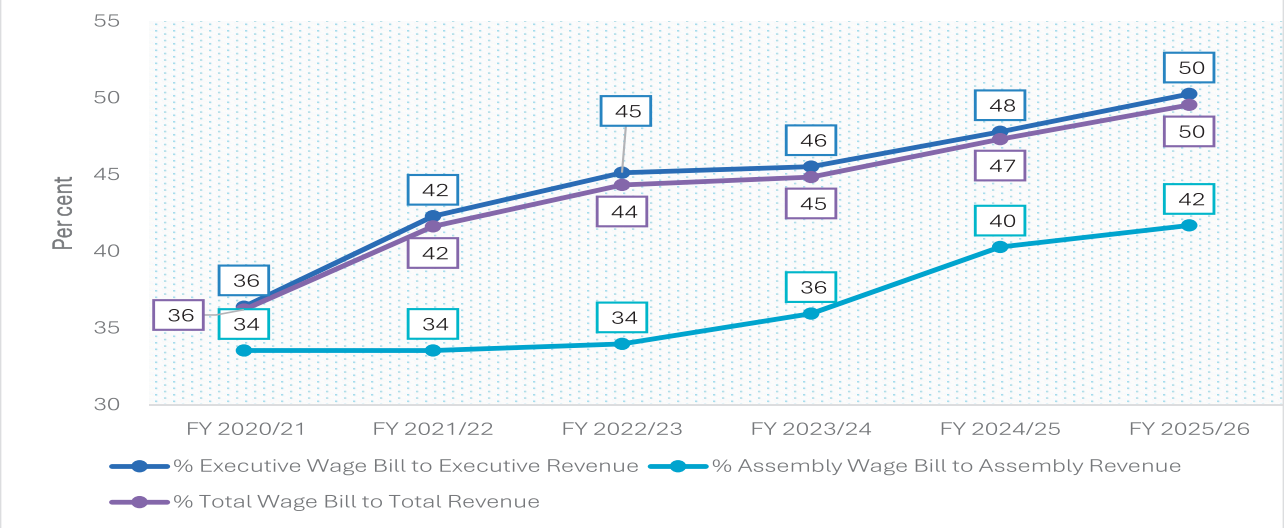
Source*: Uasin Gishu County Treasury*

3.44.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.5.46 billion, representing 32.83 per cent of revenue. This expenditure on employee compensation increased compared to the Kshs.4.86 billion reported in FY 2024/25. Of this total, Kshs.1.95 billion related to Health Sector employees, accounting for 36.89 per cent of the overall employees' compensation.

Figure 3.260 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.260: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Uasin Gishu County Treasury*

Further analysis indicated that PE costs totalling Kshs.5.22 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.42.99 million was processed through manual payrolls, which accounted for 0.81 per cent of the total PE cost.

The manual payroll comprised salaries for 169 staff not onboarded into the Human Resource Information System (HRIS), as shown in Table 3.667.

Table 3.667: Analysis of Uasin Gishu County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)
1	Staff not onboarded to HRIS	169	42,994,143
	Total		

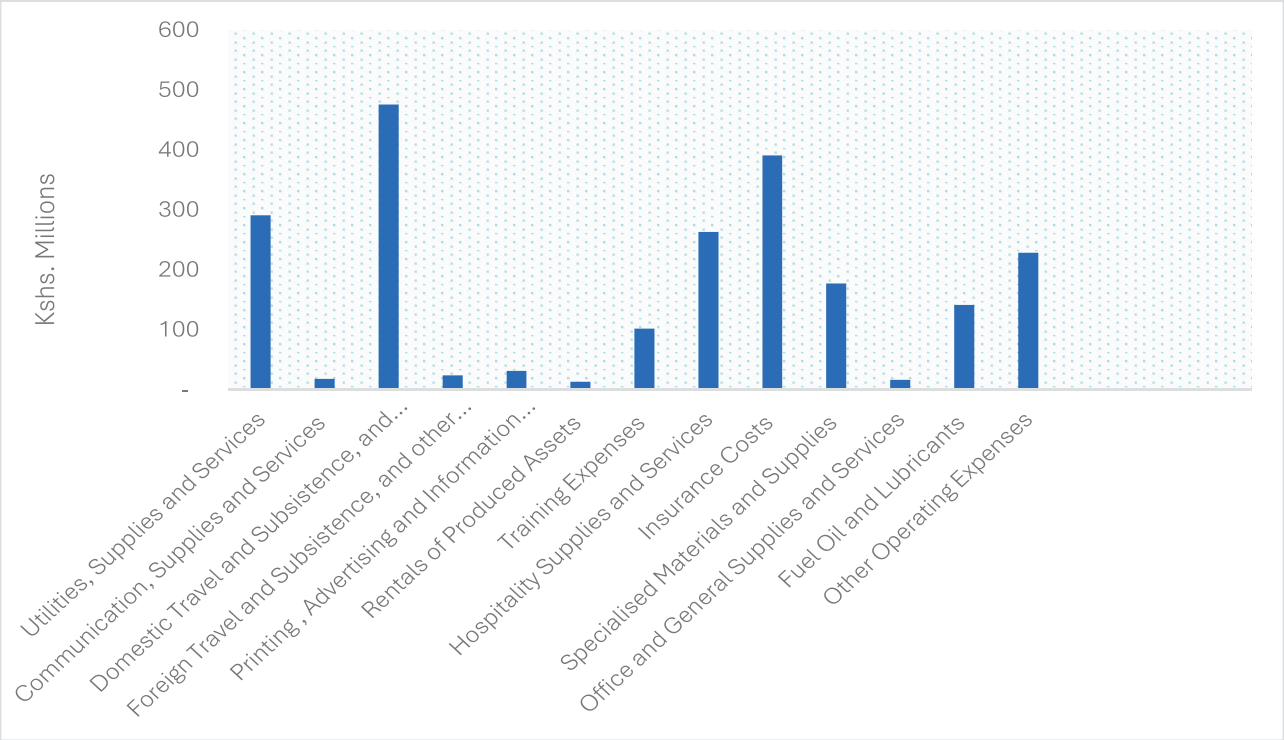
Source: Uasin Gishu County Treasury

The County Assembly spent Kshs.29.48 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.72,794 per MCA. The County Assembly has 15 House Committees.

3.44.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.65 billion on operations and maintenance, representing a 2.25 per cent a decrease over FY 2024/25, when the County spent Kshs.2.71 billion. Figure 3.261 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.261: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: *Uasin Gishu County Treasury*

3.44.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.2.20 million on "other operating expenses - other," which accounted for 0.8 per cent of the total operations and maintenance expenditure of Kshs.2.65 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are shown in Table 3.668.

Table 3.668: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs.Million)	Expenditure (Kshs.Million)
2211399	Other Operating Expenses (KICOSCA/EALASCA)	4,386,070	2,200,294
	Sub total	**4,386,070**	**2,200,294**

Source: *Uasin Gishu County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes—for example, EALASCA games, KICOSCA games.

3.44.11 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.766.13 million to County-Established funds in FY 2025/26, representing 4.40 per cent of the County's overall budget. Of this amount, the County allocated Kshs.70 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.4 per cent of the total budget. Table 3.669 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.669: Performance of Uasin GIshu County Established Funds in FY 2025/26

S/ No.	Name of the Fund	Date Established (i.e., 22.09.2019)	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Uasin Gishu County Emergency Fund	2015	70,000,000	35,800,000	38,581,582	275,096,374	Yes
2	Uasin Gishu County Enterprise Development Fund (Co-op)	2016	134,900,000	43,000,000	96,900,000	761,000,000	Yes
3	Uasin Gishu County Inua Biashara Fund (trade)	2018	204,727,000	116,572,420	156,740,018	353,612,396	Yes
4	Uasin Gishu County Bursary, Scholarship and Skills Development Support Fund	2025	186,500,000	186,500,000	186,000,000	1,293,600,000	Yes
5	Car Loan & Mortgage - County Executive(governor)	2018	100,000,000	100,000,000	100,000,000	513,000,000	Yes
6	County Education Revolving Fund-Tvet	2015	-	-	-	322,115,883	Yes
7	Uasin Gishu Alcohol Drinks Control Fund	2014	70,000,000	-	61,458,295	36,643,826	Yes
		County Assembly Established Funds					
1	Car Loan & Mortgage - County Assembly	2015			-	325,272,646	Yes
	Total		**766,127,000**	**481,872,420**	**639,679,895**	**3,880,341,125**	

Source: *Uasin Gishu County Treasury*

During the reporting period, the CoB received quarterly financial reports from all Fund Administrators, as indicated in Table 3.669, in compliance with the requirements of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the above-mentioned 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 2025/26, the CoB observed that the lifespans of the County Education Revolving Fund-Tvet the Uasin Gishu County Emergency Fund, Uasin Gishu Alcohol Drink Control Fund and Car Loan & Mortgage Fund (County Assembly) had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.44.12 County Corporations, Municipalities and Agencies

The County has 1 county corporation and 1 municipality, which were allocated Kshs. 826.49 million in FY 2025/26. Their total transfers to these entities during the review period amounted to Kshs.166.31 million, as shown in Table 3.670.

Table 3.670: Performance of Uasin Gishu County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	URWASCO	50,000,000	35,000,000	35,000,000	44,700,000
2	Eldoret Municipalities	776,485,675	397,838,642.75	131,310,935.00	776,485,675
	Total	**826,485,675**	**432,838,643**	**166,310,935**	**821,185,675**

Source: *Uasin Gishu County Treasury*

3.44.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.464.71 million and comprised Kshs.285.99 million spent by the County Assembly and Kshs.178.73 million by the County Executive. Expenditure on foreign travel amounted to Kshs.24.11 million and comprised Kshs.4.86 million by the County Assembly and Kshs.19.26 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.671.

Table 3.671: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	5	5th to 11th November 2025	To Attend Partnership Summit	SPAIN	4,179,186		4,179,186
County Executive	1	11th to 17th November 2025	Training	INDIA	171,177		171,177
County Executive	1	4/12/2025	Training	KOREA	420,677		420,677
County Executive	8	15th to 26th April 2026	Due Diligence on PPP on Solar Matters.	CHINA	7,136,919		7,136,919
County Executive	1	27/2/2026		KAMPALA	411,857		411,857
County Executive	1	15th to 29th April 2026	Due diligence on PPP matters related to solar.	CHINA	402,134		402,134
County Executive	4	4th to 10 June 2026	Travel to Brazil for the best coffee production	BRAZIL	1,920,602		1,920,602
County Executive	3	11th to 19th January 2026	Travel to the USA-Minneapolis, Minnesota. To Participate in the 25th Celebrations	USA	1,822,080		1,822,080
County Assembly	12	3rd March to 10th March 2026	Attending Benchmarking on the legislative agenda	KAMPALA	4,856,128		4,856,128
Total							

Source: Uasin Gishu County Treasury and Uasin Gishu County Assembly

3.44.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.520.06 million as FIF, which was 115.57 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 expenditure by the health facilities amounted to Kshs.437.88 million, as shown in Table 3.672.

Table 3.672: Uasin Gishu County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 4 Hospital	6	289,999,884.60	289,999,884.60	100
2.	Level 3 Facility	27	100,241,986.04	100,241,986.04	100
3.	Level 2 Facility	97	47,634,605.50	47,634,605.50	100
	Total	**130**	**437,876,476.14**	**437,876,476.14**	

Source: *Uasin Gishu County Treasury*

3.44.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.2.99 billion on development programmes, representing a 16 per cent decrease from FY 2024/25, when the County spent Kshs.3.59 billion. Table 3.673 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the slow implementation of the Government-adopted EGP procurement system.

Table 3.673: Uasin Gishu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	HEALTH	Construction of Kesses Phase II	Kesses	Nov. 2020	May-26	450,567,250	65,800,000	427,491,496	427,491,496	95
2	HEALTH	Proposed Construction Of Diagnostic Unit Block And External Works At Uasin Gishu District Hospital	CBD Kimumu ward	Mar	Dec-26	436,413,802	122,500,000	190,982,044	190,982,044	35
3	TRADE	County Aggregation and Industrial Park (CAIP)	Moiben	Dec-23	Aug-26	535,000,000	370,893,789	164,106,211	164,106,211	70
4	HEALTH	Ziwa level V Phase III	Ziwa	Feb-22	Jul-23	415,317,248	46,900,000	147,068,408	147,068,408	65
5	LANDS	Consultancy services for the preparation of the Uasin Gishu County Physical and Land Use Development Plan.	County-wide	25-Mar	27-Mar	288,043,312.00	100,000,000	86,412,993.60	0	30
6	ROADS	Grading and Gravelling (NYS Programme)	All wards			-	409,600,000.00	81920000	81920000	
7	SPORTS	Chagaiya High Altitude Training Camp (Construction of hostel, conference facilities, gymnasium, swimming pool and catering facilities.)	Tarakwa ward	28 April, 2023	28 April, 2026.	117,139,770.00	20,956,130	48,391,242.00	48,391,242.00	75

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
8	GOVERNANCE	Procurement of design and building services for the Uasin Gishu Modern Library, Youth and Innovation Centre	County HQ	14/02/2025	14/02/2027	499,000,000	10,000,000	39,740,104	50,077,604	9%
9	AGRICULTURE	Chicken Abattoir	Kuinet kapsuswa	23 April 2025	30 June 2026	34,619,300	20,300,000	34,619,300	34,619,300	100
10	ROADS	Construction of Ziwa Machine - Cheplelaibei Bridge	Ziwa	26/02/2025	26/06/2025	26,578,645.00	12,000,000.00	26819859.36	26819859.36	100
11	AGRICULTURE	Chicken Abattoir	Kuinet Kapsuswa	23 April 2025	30 June 2026	34,619,300	20,300,000	21,791,966	21,791,966	90

Source: *Uasin Gishu County Treasury*

The County reported 4 stalled development projects as of 30th June 2026, with an estimated value of Kshs.466.92 million, of which Kshs.129.58 million has already been paid. The stalled projects are shown in Table 3.674.

Table 3.674: Uasin Gishu County Stalled Projects as of 30 June 2026

No	Sector	Project name	Project location	Project commencement date	Expected date of Completion of the project	Estimated value of the project (KSh)	Amount paid on the stalled project (KSh)	Accrued Expenditure on the stalled project (KSh)	Outstanding/unpaid balance as at 31 March 2026 (KSh)	Percentage (%) of Completion
1	Gender and Social Protection	Phase 1 Special Needs Assessment, Training and Rehabilitation Centre, Chebolol	Cheptiret/ Kipchamo ward	01/06/2022	30/12/2023	175,875,101	24,108,044	70,459,853	151,767,057	13.7
2	ARUD	Consultancy services for the preparation of the Uasin Gishu County Physical and Land Use Development Plan.	Countywide	25-Mar	27-Mar	288,043,312	100,000,000	-	-	15
3	ARUD	Consultancy services for the Local Physical and Land Use Development Plan for Kabomoi and Karuna trading centres	Kabomoi and Karuna trading centres	25-Feb	25-Apr	3,490.800.00	3,500,000	-	-	30
4	ARUD	Consultancy services for Local Physical and Land use development plan for Kerotet- Kiborokwa trading centre and survey of public utilities in Kimumu Township	Kiborokwa trading centre	23-Jun	24-Nov	2,998,600	1,973,950	-	2,248,950	95

No	Sector	Project name	Project location	Project commencement date	Expected date of Completion of the project	Estimated value of the project (KSh)	Amount paid on the stalled project (KSh)	Accrued Expenditure on the stalled project (KSh)	Outstanding/unpaid balance as at 31 March 2026 (KSh)	Percentage (%) of Completion
		Total				466,917,013	129,581,994	70,459,853	154,016,007	

Source: Uasin Gishu County Treasury

3.44.16 Budget Performance by Department

Table 3.675 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.675: Uasin Gishu County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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
Governor's Office	123.58	-	63.32	-	85.99	-	135.8	-	69.6	0.00
Finance	1,185.35	-	607.32	-	829.27	-	136.5	-	70.0	0.00
Public Service Management	1,101.67	-	564.45	-	1,051.45	-	186.3	-	95.4	0.00
ICT and E-Government	79.38	29.63	40.67	15.18	54.33	13.05	133.6	86	68.4	44.1
Roads, Transport and Infrastructure	594.61	1,659.05	304.65	850.03	501.81	671.66	164.7	79	84.4	40.5
Health Services	2,135.13	443.70	1,093.95	227.33	1,382.01	297.01	126.3	130.6	64.7	66.94
Agriculture, Livestock and Fisheries	272.29	495.25	139.51	253.74	206.83	210.28	148.3	82.9	76.0	42.46
Trade, Cooperatives, Tourism, Wildlife	209.96	193.10	107.58	98.94	192.05	145.21	178.5	146.8	31.5	75.20
Education, Social, Cultural, Youth, and Sports	748.72	299.40	383.61	153.40	720.82	65.84	187.9	42.9	36.3	21.99
County Public Service Board	88.60	-	45.39	-	83.93	-	184.9	-	94.7	0.00
Economic Planning	161.67	-	82.83	-	142.05	-	171.5	-	87.9	0.00
Administration and Devolution	232.64	500.20	119.20	256.28	157.31	39.38	132	15.4	67.6	7.87
Youth and Sports Development	418.10	97.66	214.22	50.03	298.61	25.39	139.4	50.7	71.4	26.00
Enterprise Development	104.22	3.50	53.40	1.79	75.37	-	141.1	-	72.3	0.00
Livestock Development and Fisheries	73.30	171.74	37.55	87.99	52.87	51.49	140.8	58.5	72.1	29.98
Eldoret Municipality	127.91	648.57	65.54	332.30	115.94	15.37	176.9	4.6	90.6	2.37

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
Promotive and Preventive Health	609.16	134.75	312.11	69.04	602.77	18.03	193.1	26.1	99.0	13.38
Energy, Environment, Climate Change, and Natural Resources	104.30	531.80	53.44	272.47	67.41	206.54	126.2	75.8	64.6	38.84
Partnership Liason and Linkages	52.17	-	26.73	-	38.94	-	145.7	-	74.6	0.00
Gender, Social Protection, and Culture	188.60	-	96.63	-	129.63	1.35	134.1	-	68.7	0.00
Housing and Urban Development	108.49	1,229.13	55.59	629.76	62.30	800.47	112.1	127.1	57.4	65.12
Lands and Physical Planning	73.15	309.36	37.48	158.50	68.05	98.26	181.6	62	93.0	31.76
Water, Irrigation and Sanitation	216.08	585.42	110.71	299.94	214.35	329.59	193.6	109.9	99.2	56.30
County Attorney	86.39	-	44.26	-	62.92	-	142.2	-	72.8	0.00
County Assembly	889.49	110.00	889.49	-	912.52	-	102.6	-	102.6	0.00
Total	**9984.96**	**7442.26**	**5549.63**	**3756.72**	**8109.53**	**2988.92**	**146.1**	**79.6**	**81.2**	**40.16**

Source: *Uasin Gishu County Treasury*

Analysis of expenditure by departments shows that the Department of Trade, Cooperatives, Tourism, and Wildlife recorded the highest absorption rate of development budget at 75.2 per cent, followed by the Department of Health Services at 66.9 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 102.6 per cent, while the Department of Housing and Urban Development had the lowest at 57.4 per cent. Absorption of 102.6 per cent is attributed to internal borrowing by the county assembly to settle a pending bill.

3.44.17 Budget Execution by Programmes and Sub-Programmes

Table 3.676 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.676: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Department	Sub-program	Final Budget	Actual	Budget utilization difference
Development				
Roads, Transport and Infrastructure	Bridges and Foot Bridge	51,000,000.00	49,402,632.35	96.87
Water, Irrigation and Sanitation	Water Supply Development	207,317,332.00	194,773,384.45	93.95

Department	Sub-program	Final Budget	Actual	Budget utilization difference
Agriculture, Livestock and Fisheries	Promoting Agribusiness investments by value addition Processing	125,900,001.00	115,767,342.65	91.95
Youth and Sports Development	Youth Empowerment	28,000,000.00	25,386,131.00	90.66
Trade, Cooperatives, Tourism, Wildlife	Ultra-modern wholesale market with cold storage go-down	156,834,326.00	137,212,840.00	87.49
ICT and E-Government	Staff Online Management System (Online Help Desk System)	18,026,917.00	13,052,828.65	72.41
Health Services	Specialised Health Care Services	184,500,000.00	128,510,603.30	69.65
Housing and Urban Development	Urban Development and Management Services	1,160,092,464.00	785,215,512.90	67.69
Health Services	Health Services	259,200,000.00	168,494,501.90	65.01

Source: *Uasin Gishu County Treasury*

The development sub-programmes with the highest budget implementation rates were Bridges and Foot Bridge in the Department - Roads, Transport and Infrastructure at 96.87 per cent, Water Supply Development in the Department of Water, Irrigation and Sanitation at 93.95 per cent, and Promoting Agribusiness investments by value addition Processing in the Department of Agriculture, Livestock and Fisheries at 91.95 per cent.

For recurrent sub-programmes, the top performers included: Uasin Gishu Trade Dev. Joint Loan Board Scheme in the Department of Trade, Cooperatives, Tourism and Wildlife; Bursary and Scholarship Services in the Department of Education, Social, Cultural, Youths and Sports; and Development of a Meteorological Laboratory in the Department of Cooperatives and Enterprise Development, all of it at 100 per cent.

Table 3.677 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.677: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

TITLE AND DETAILS	Description	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilization difference
Development				
Education, Social, Cultural, Youth, and Sports	Early Childhood Development Education	15,400,000.00	0	0.00
Administration and Devolution	Kenya Devolution Support	352,500,000.00	0	0.00
Youth and Sports Development	SP Youth Development	40,000,000.00	0	0.00
Youth and Sports Development	Sports Facilities	20,956,130.00	0	0.00
Youth and Sports Development	Ward Development Services	8,700,000.00	0	0.00
Co-Operatives and Enterprise Development	Ward Development Services	3,500,000.00	0	0.00
Eldoret Municipality	Sports facilities	29,000,000.00	0	0.00
Eldoret Municipality	Ward Development Services	79,272,420.00	0	0.00
Promotive and Preventive Health	Health Infrastructure	10,359,966.00	0	0.00

Source: *Uasin Gishu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Early Childhood Development in the Department of Education; Social, Cultural, Youth and Sports; Kenya Devolution Support in the Department of Administration and Devolution; and Youth Development in the Department of Youth and Sports Development, with nil absorption during the period.

For recurrent sub-programmes, the poorest performers included: Ward development services in the Department of Youth and Sports Development; Livestock Development and Fisheries; and Gender, Social Protection, and Culture, all at nil absorption during the period.

These lower performances were attributed to the slow uptake of EGP implementation.

3.44.18 Settlement of Trade Payables

As of 01 July 2025, the County reported trade payables totalling Kshs.1.55 billion. This amount consisted of Kshs.1.43 billion from the County Executive and Kshs.113.58 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.24 billion for recurrent expenditure and Kshs.199.65 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.735.59 million, comprising Kshs.560.39 million (76.96 per cent) for recurrent programmes and Kshs.175.2 million (23.04 per cent) for development programmes. On the other hand, the County Assembly settled recurrent payables of Kshs.38.74 million during the period. The outstanding trade payables as of 30 June 2026 were Kshs.1.48 billion for County Executive and Kshs.74.83 million for the County Assembly.

Table 3.678: Uasin Gishu County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 01 July 2025 (End of FY 2024/25)	a	County Executive	199,652,333	1,238,530,152	1,438,182,484
		County Assembly	-	113,579,633	113,579,633
		Total	199,652,333	1,352,109,785	1,551,762,117
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Amount paid in FY 2025/26	c	County Executive	175,200,328	560,391,303	735,591,631
		County Assembly		38,748,929	38,748,929
		Total	175,200,328	599,140,232	774,340,560
Trade Payables Incurred in FY 2025/26	d	County Executive	231,480,234	472,534,211	704,014,446
		County Assembly	-	-	-
		Total	231,480,234	-	704,014,446
Outstanding trade payables as of 30 June 2026	**e=a-c*b**	**County Executive**	**255,932,238**	**1,150,673,060**	**1,406,605,299**
		County Assembly	**-**	**74,830,704**	**74,830,704**
		Total	**255,932,238**	**752,969,552**	**1,481,436,003**

Source: *Uasin Gishu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.199.65 million and Kshs.892.97 million, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.735.59 million for the Executive and Kshs.38.75 million for the Assembly.

Table 3.679 and Table 3.680 presents the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.1.48 billion and Kshs.74.83 million respectively. The county executive and county assembly presented inconsistent trade payables ageing analysis as shown in Table 3.679 and Table 3.680.

Table 3.679: Uasin Gishu County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	49,513,254.16	95,644,348.33			445,157,602.5
Recurrent Trade Payables (Goods & Services)	231,366,568.10	250,990,440.45	11,813,698.65		494,170,707

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	123,020,957.66	6,578,863.00	84,794,112.20		214,393,933
Recurrent Trade Payables (Staff Claims)					-
Total Recurrent Trade Payables	354,387,526	257,569,303	96,607,811	-	708,564,640
Total Trade Payables	703,900,780	353,213,652	96,607,811	-	1,153,722,243
% of Total	61	31	8	0	100

Source: *Uasin Gishu County Treasury*

Table 3.680: Uasin Gishu County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables					
Recurrent Trade Payables (Goods & Services)	8,069,000	10,210,758	19,415,680	4,456,804	42,152,242
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	30,734,872	32,500,755	3,019,652.00	-	66,255,279
Recurrent Trade Payables (Staff Claims)	3,360,000	8,153,386	-	-	11,513,386
Total Recurrent Trade Payables	42,163,872	50,864,899	22,435,332	4,456,804	119,920,907
Total Trade Payables	42,163,872	50,864,899	22,435,332	4,456,804	119,920,907
% of Total	**35**	**42**	**19**	**4**	**100**

Source: *Uasin Gishu County Treasury*

As shown in Table 3.679 and Table 3.680, the total salary arrears and statutory deductions for trade payables amounted to Kshs 214.39 million, which represented 18.58 per cent of the total trade payables of Kshs 1.15 billion as of 30 June 2026. The statutory deductions included salary arrears of Kshs 113.34 million and third-party deductions of Kshs 111.05 million.

Additionally, the two tables indicate that 61.01 per cent of total trade payables are aged between 1 year, 30.62 per cent are aged between 1 year and 8.37 per cent are aged over 3 years, a trend attributed to the intentional settlement of accrued pending bills. In FY 2025/26, the County settled its bills using a FIFO basis.

3.44.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 160 accounts across CBK and commercial banks, of which 5 were held at the CBK and 155 at commercial banks. Of those at the commercial banks, 14 were for donor commercial operational accounts, 2 for revenue collection accounts,9 for special operations accounts, including County-established funds, 126 for health facilities operations accounts, 2 for municipalities operations accounts, 1 for water and sewerage companies operations accounts and 1 for Vocational Training Centres.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the open-

ing of all commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.44.20 Key Observations and Recommendations

While overseeing and reporting on the implementation of the Uasin Gishu 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 03 August 2026

ii. Low development performance in FY 2025/26 as the County incurred Kshs.2.99 billion on development activities, achieving a 40.2 per cent absorption rate.

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 2026, the lifespan of the Uasin Gishu Emergency Fund and the County Education Revolving Fund-TVET Fund had lapsed, making them ineligible for further withdrawals.

iv. High level of trade payables, amounting to Kshs.1.12 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

v. Personnel emoluments amounting to Kshs.42.99 million for 169 staff not onboarded into HRIS accounting for 0.81 per cent of the total payroll cost.

vi. 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.

vii. The County relies heavily on FIF, accounting for 33.77 per cent of total OSR receipts as of 30 June 2026

viii. The County recorded low absorption of the approved budget for some projects, indicating that a significant proportion of the allocated funds remained unutilized in FY 2025/26.

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 Controller of Budget in accordance with the timelines prescribed in Section 166 of the PFM Act, 2012.*

ii. *The County should implement strategies to increase development expenditures in future.*

iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 Trade Payables 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 Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

vii. *The County should adopt a revenue diversification strategy to reduce its reliance on a single revenue source. This should include improving the collection of other existing OSR and setting clear targets to lower concentration over time.*

viii. *The County Government should strengthen the implementation of development projects by addressing factors that contributed to the low absorption of allocated funds.*

3.45. County Government of Vihiga

3.45.1 Overview of FY 2025/26 Budget

The Vihiga County Approved Supplementary Budget for FY 2025/26 was Kshs.7.93 billion. It comprised Kshs.2.68 billion (33.84 per cent) and Kshs.5.24 billion (66.16 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.820.32 million (11.54 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.2.29 billion and a recurrent budget of Kshs.4.82 billion. The increase in the budget was primarily attributed to higher allocations for both the own-source revenue target and the conditional additional allocations.

The budget was to be financed from various revenue sources. These include the equitable share of the nationally raised revenue of Kshs.6.01 billion (75.84 per cent), additional allocations of Kshs.1.44 billion (18.21 per cent), a cash balance brought forward from FY 2024/25 of Kshs.21.06 million (0.27 per cent) and Kshs.450.19 million (5.68 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.681.

3.45.2 Review of Revenue Performance

During the year, the County reported total receipts of Kshs.7.40 billion. This amount represented an increase of 10.94 per cent compared to Kshs.6.67 billion received in FY 2024/25. The total revenue consisted of Kshs.6.01 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.858.50 million, and own-source revenue (OSR) collection of Kshs.508.91 million. Additionally, the County had a cash balance of Kshs.21.06 million from FY 2024/25. The total OSR collection of Kshs.508.91 million included Facilities Improvement Financing (FIF) of Kshs.298.67 million, and Kshs.210.24 million from other OSR sources. Table 3.681 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.681: Vihiga County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenue (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance (%)
		B	C	D	E	F=E/B*100
A	**Unspent Balance from FY 2023/24**	21,063,163	-	21,063,163	21,063,163	100
	Sub-Total	**21,063,163**		**21,063,163**	**21,063,163**	**100**
B	**Equitable Share of Revenue Raised Nationally**	**6,011,275,867**	**6,008,751,224**	**-**	**6,008,751,224**	100
	Sub-Total	**6,011,275,867**	**6,008,751,224**	**-**	**6,008,751,224**	**100**
C	**Additional Allocations (Including Grants)**					
C1	**Conditional Additional Allocations from the National Government's**					
a	Settlement of Doctors' Salary Arrears	15,044,112	-	-	-	-
b	Allocations for 0.5 per cent of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	-
C2	**Conditional Allocations from Loans and Grants**					
1	Aggregated Industrial Parks Programme	250,000,000	250,000,000		250,000,000	100.00
2	Community Health Promoters (CHPS) Programme	43,380,000	-	-	-	-
3	Nutritional International	2,126,051	-	-	-	-

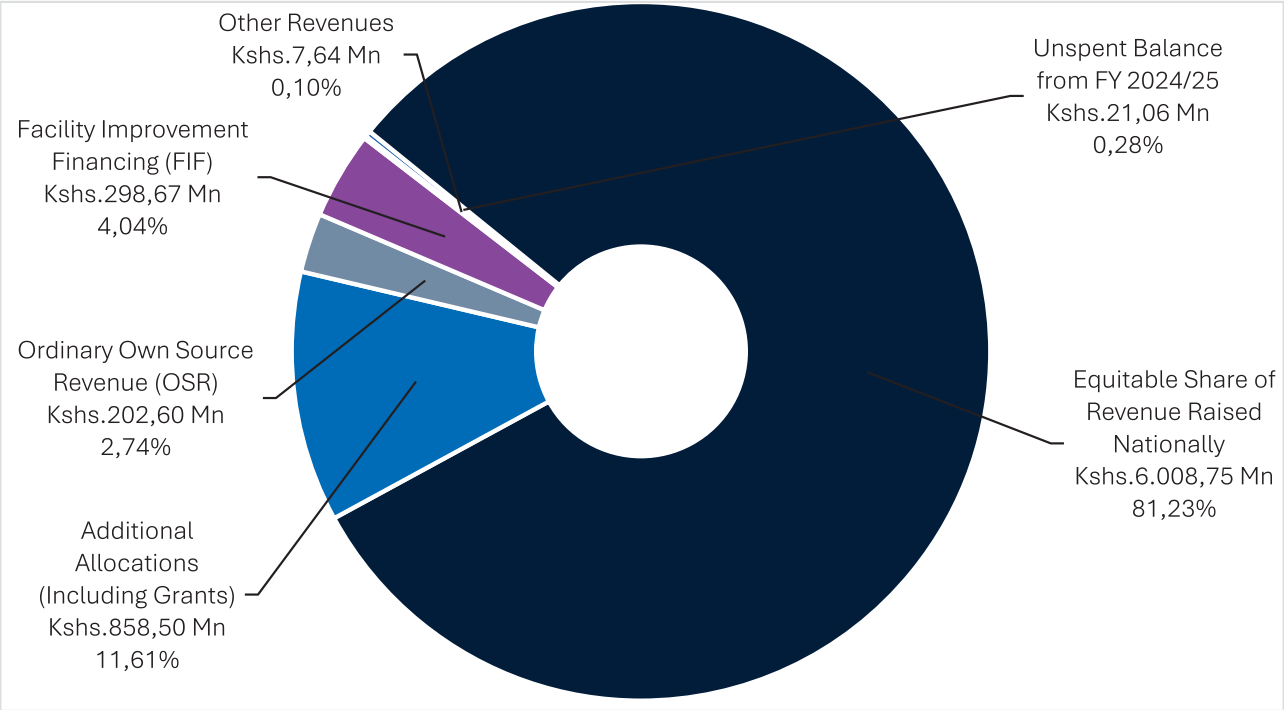
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenue (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance (%)
4	Primary Health Care in Developed Context Programme (DANIDA)	14,663,250	7,497,000	-	7,497,000	51.13
5	FLLOCA-County Climate Resilient Investment (CCRI) Grant	181,365,284	137,113,300	-	137,113,300	75.60
6	Kenya Devolution Support Programme II (KDSP II) Level 1 Grant	73,787,955	70,503,589	-	70,503,589	95.55
7	Kenya Devolution Support Programme II (KDSP II) Level 2 Grant	352,500,000	20,376,479	-	20,376,479	5.78
	Kenya Urban Support Programme - UIG Grant	60,309,300	-	-	-	-
8	Kenya Urban Support Programme - UDG Grant	18,278,289	-	-	-	-
9	Kenya Water, Sanitation, and Hygiene (K-WASH) Programme.	130,000,000	141,979,713	-	141,979,713	109.22
10	National Agriculture Value Chain Development Projects (NAVCDP)	260,555,638	231,025,917	-	231,025,917	88.67
11	Road Maintenance Fuel Levy (RMFL)	37,535,760	-	-	-	-
12	Vihiga County Vocational Training Centre Capitation Account	**2,157,034**	-	-	-	-
	Sub-Total	**1,443,690,295**	**858,495,998**	**-**	**858,495,998**	**59.47**
D	**Ordinary Own Source Revenue (OSR)**					
1	Parking Fees	6,413,307	9,269,626	-	9,269,626	144.54
2	Bus Park	27,828,003	38,201,704	-	38,201,704	137.28
3	Markets	11,003,436	12,962,892	-	12,962,892	117.81
4	Single Business Permits	45,202,182	55,285,515	-	55,285,515	122.31
5	Single Business Permit Application	187,000	408,000	-	408,000	218.18
6	Conservancy Fee	6,542,000	6,507,000	-	6,507,000	99.46
7	Single Business Permit Penalty	261,640	331,790	-	331,790	126.81
8	Fines and Penalties	858,371	1,205,200	-	1,205,200	140.41
9	Land Rates	579,306	2,712,242	-	2,712,242	468.19
10	Stall Rent	2,612,356	2,225,500	-	2,225,500	85.19
11	House Rent	3,249,075	3,186,192	-	3,186,192	98.06
12	Commission	1,462,263	325,451	-	325,451	22.26
13	Sand/Murram	2,214,100	2,533,260	-	2,533,260	114.41
14	Water Administration	569,000	81,500	-	81,500	14.32
15	Plan Application and Approval	1,449,750	2,933,800	-	2,933,800	202.37
16	Physical Planning	2,400,900	6,388,900	-	6,388,900	266.10
17	Ground/Site Rent	370,475	741,760	-	741,760	200.22
18	Advertisement	3,887,399	5,729,350	-	5,729,350	147.38
19	Wall & Vehicle Branding	16,542,600	14,867,739	-	14,867,739	89.88

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenue (on an accrual basis) in the FY 2025/26 (Kshs.)	Revenue Performance (%)
20	Land Boundary\Disputes	140,000	330,000	-	330,000	235.71
21	Slaughter Management	1,902,030	1,370,940	-	1,370,940	72.08
22	Stock Sales	3,239,380	3,759,130	-	3,759,130	116.04
23	Motorbike Stickers	5,320,500	5,878,400	-	5,878,400	110.49
24	Weights & Measures	488,800	481,700	-	481,700	98.55
25	Signages	1,467,439	1,276,100	-	1,276,100	86.96
26	Way Leave Application	1,860,484	1,053,540	-	1,053,540	56.63
27	Veterinary & Fisheries	2,176,556	3,349,770	-	3,349,770	153.90
28	Search Fees	5,000	33,000	-	33,000	660.00
29	Renovation	245,400	466,500	-	466,500	190.10
30	Building Inspection Fee	957,000	1,199,500	-	1,199,500	125.34
31	Hire of Machines	70,000	1,246,670	-	1,246,670	1780.96
32	Fire Inspection Fee	990,500	1,323,500	-	1,323,500	133.62
33	Scrutiny Mechanical	1,237,720	810,000	-	810,000	65.44
34	Scrutiny Electrical	1,289,620	778,000	-	778,000	60.33
35	Noise Pollution	183,200	444,500	-	444,500	242.63
36	Toilet Fees	500,000	249,290	-	249,290	49.86
37	Hoarding	159,000	306,000	-	306,000	192.45
38	Clearance Certificate Fee	16,000	32,500	-	32,500	203.13
39	Change of User	229,000	297,000	-	297,000	129.69
40	Tea CESS	3,434,173	1,469,493	-	1,469,493	42.79
41	Hire of Ground	370,475	207,000	-	207,000	55.87
42	Cooperatives	58,674	130,300	-	130,300	222.07
43	Education	100,000	40,000	-	40,000	40.00
44	Disposal of County Asset	4,644,250	24,970	-	24,970	0.54
45	Receipts from Related Parties	2,654,987	8,902,101	-	8,902,101	335.30
46	Miscellaneous	2,622,842	1,245,431	-	1,245,431	47.48
	Sub-Total	**169,996,193**	**202,602,756**	**-**	**202,602,756**	**119.118**
E	**Facility Improvement Fund/Financing (FIF)**					
1	**SHA/SHIF**	**228,507,335**	**240,542,709**	**-**	**240,542,709**	105.27
2	Public Health (A.I.A)	5,131,585	5,013,704	-	5,013,704	97.70
3	Hospitals- Cash (A.I.A)	43,015,061	53,111,567	-	53,111,567	123.47
	Sub-Total	**276,653,981**	**298,667,980**	**-**	**298,667,980**	**107.96**
F	**Other Revenues**					
1	Liquor License Fee	5,546,821	6,144,364	-	6,144,364	110.77
2	Vihiga FM Receipts	514,089	1,499,199	-	1,499,199	291.62
	Sub-Total	**6,060,910**	**7,643,563**	**-**	**7,643,563**	**126.11**
	Total	**7,926,215,766**	**7,376,161,521**	**21,063,163**	**7,397,224,684**	**93.33**

Source: *Vihiga County Treasury*

The overperformance was the result of the automation of revenue collection, capacity building for revenue staff, and increased patient onboarding to SHIF/SHA. The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.262 provides a detailed breakdown of receipts.

Figure 3.262: Vihiga County Composition of Revenue in FY 2025/26

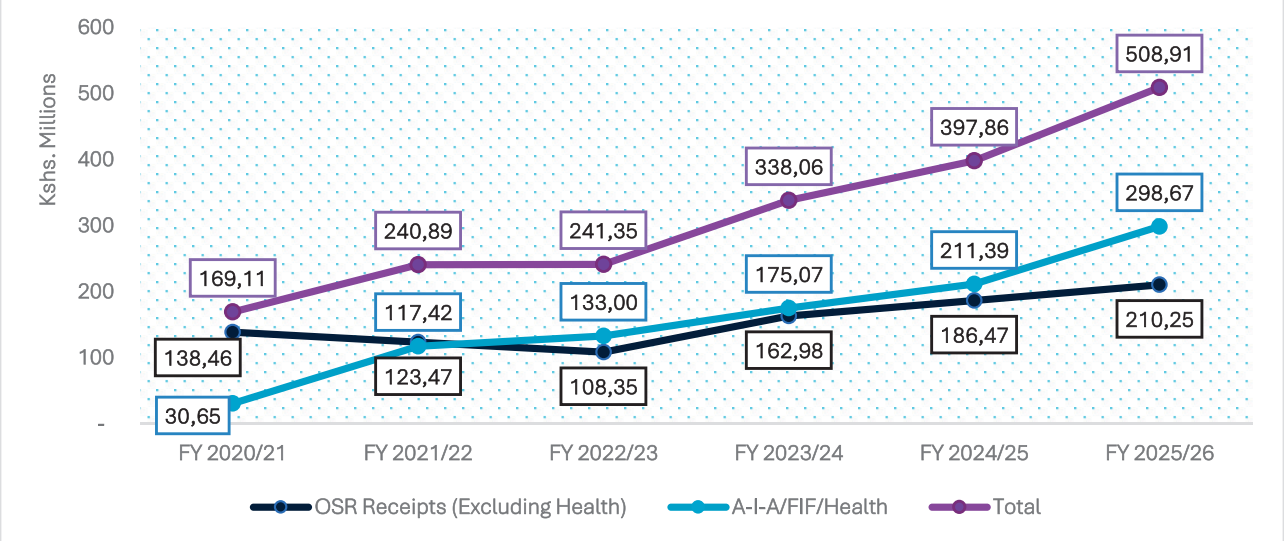


S***ource:*** *Vihiga County Treasury*

The equitable share of revenue raised nationally, Additional Allocations and FIF contributed 81.23 per cent, 11.61 per cent and 4.04 per cent, respectively, of the total receipts for the reporting period.

Figure 3.263 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.263: Vihiga County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26

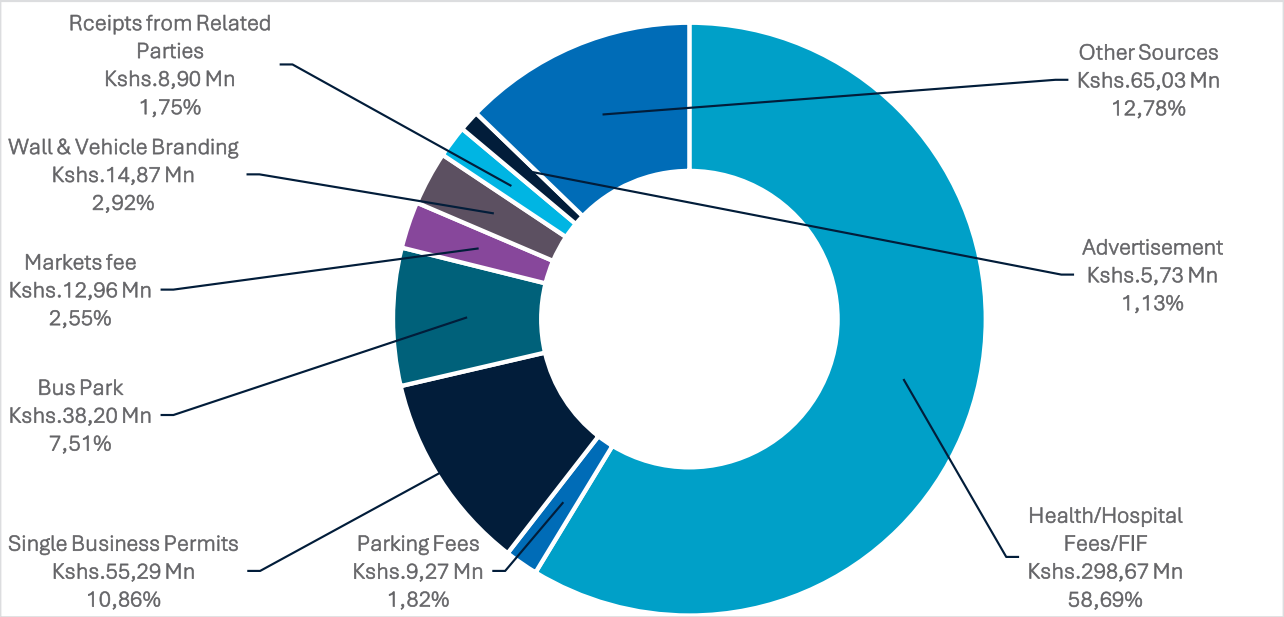


Source: *Vihiga County Treasury*

During the year, the County received Kshs.508.91 million from OSR, including FIF. This amount was an increase of 27.91 per cent compared to Kshs.397.86 million realised in FY 2024/25 and was 113.04 per cent of the annual target and 8.47 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the automation of revenue streams, timely reimbursement of claims from SHIF and onboarding of more patients on the Social Health Insurance Fund (SHIF). The revenue streams that contributed the most to OSR receipts are shown in Figure 3.264.

Figure 3.264: Vihiga County Top Own Source Revenue Streams in FY 2025/26



Source: Vihiga County Treasury

As shown in Figure 3.264, the largest revenue stream, at Kshs.298.67 million, was Health/Hospital Fees/FIF, accounting for 58.69 per cent of total OSR receipts. The County Government indicated that it has automated 45 of 47 revenue streams. The County uses the Health Information System to collect Hospital fees (FIF).

3.45.3 Revenue Arrears

As of 1 July 2025, the County reported revenue arrears of Kshs.102.67 million, which decreased to Kshs.64.41 million as of 30 June 2026. The County currently tracks its revenue arrears using the Sense Pay Network automated system, with a cash option. Table 3.682 presents a breakdown of the County's Revenue Arrears.

Table 3.682: Vihiga County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Additional Allocations**					
1	**KDSP II**	**35,253,471.15**	-	35,253,471.15	-	-
2	**KUSP (UDG)**	**20,376,479.00**	-	**20,376,479.00**	-	-
	Sub-Total	**55,629,950.15**		**55,629,950.15**		
B	**Ordinary Own Sources of Revenue**					
1	Single Business permit	**16,103,250.00**	-	**6,857,563.00**	**19,803,831.00**	**29,049,518.00**
2	Land Rates	**21,562,254.00**	-	**1,774,242.00**	-	**19,788,012.00**
3	Fire Licences	1,037,400.00	-	417,000.00	-	620,400.00
4	Stall Rent	7,292,500.00	-	-	1,305,400.00	8,598,000.00
5	Hire of Machinery	1,040,030.00	-	1,039,100.00	-	930.00
6	House Rent	-	-	-	404,500.00	404,500.00
7	Commission	-	-	-	1,510,803.15	1,510,803.15
8	Receipts from Related Parties	-	-	-	1,474,834.60	1,474,834.60
9	Advertisement	-	-	-	2,013,000.00	2,013,000.00

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Revenue Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Revenue Arrears paid in the financial year (Kshs)	Revenue Arrears earned in FY 2025/26 (Kshs)	
10	Wall Branding	-	-	-	684,300.00	684,300.00
11	Signages	-	-	-	**261,700.00**	**261,700.00**
	Sub-Total	**47,035,534.00**		**10,087,905.00**	**27,458,368.75**	**64,405,997.75**
Total		**102,665,484.15**	**-**	**65,717,855.15**	**27,458,368.75**	**64,405,997.75**

Source: *Vihiga County Treasury*

As of 30 June 2026, the revenue Revenue Arrears totalled to Kshs.64.41 million, comprising Kshs.29.05 million for Single Business Permit (45.10 per cent), Kshs.19.79 million for Land Rates (30.73 per cent), Kshs.0.62 million for Fire Licenses (0.96 per cent), Kshs.8.60 million for Stall Rent (13.35 per cent), Kshs.930.00 for Hire of Machinery (1.44 per cent), Kshs.0.40 million for House Rent (0.62 per cent), Kshs.1.51 million for Commission (2.34 per cent), Kshs.1.47 million for Receipts from Related Parties (2.28 per cent), Kshs.2.01 million for Advertisement (3.12 per cent), Kshs.0.68 million for Wall Branding (1.06 per cent) and Kshs.0.26 million for Signages (0.40 per cent). The measures instituted by the County to collect the outstanding Revenue Arrears in FY 2025/26 include continuous enforcement for compliance, amnesty, and a waiver of penalties.

3.45.4 Borrowing by the County

Vihiga County did not report on accessing credit facilities from any bank(s) in FY 2025/26.

3.45.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.7.08 billion from the Vihiga County Revenue Fund (CRF) account. This amount consisted of Kshs.1.88 billion (26.55 per cent) designated for development programs and Kshs.5.20 billion (73.45 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.13 billion was allocated to employee compensation and Kshs.2.07 billion to operations and maintenance expenditures. Within the operations and maintenance category, 14.32 per cent was for domestic travel and 2.00 per cent for foreign travel. The domestic travel exchequers totalled Kshs.296.40 million, which included Kshs.143.59 million for the County Executive and Kshs.152.81 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.41.38 million, with Kshs.0.97 million for the County Executive and Kshs.40.41 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the Vihiga County Revenue Fund account was Kshs.67.22 million.

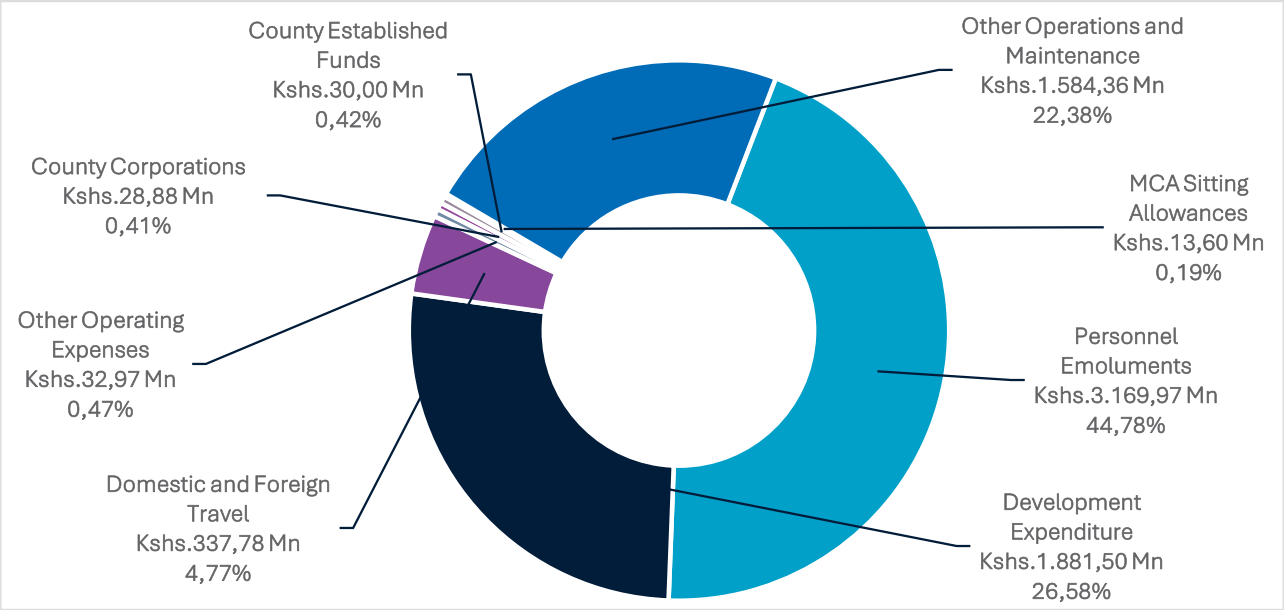
In addition, the Controller of Budget did not approve exchequer withdrawal requests from the Vihiga County Assembly Fund (CAF) account in FY 2025/26 because the account had not been operationalised. Therefore, there was no cash balance as of 30 June 2026.

3.45.6 Expenditure Review

The County spent Kshs.7.08 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100.00 per cent of the total funds released by the CoB. It comprised Kshs.1.88 billion for development programmes and Kshs.5.20 billion for recurrent programmes. Expenditure on development programmes accounted for 70.14 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 99.11 per cent of the annual recurrent expenditure budget.

Figure 3.265 provides a detailed breakdown of total expenditure.

Figure 3.265: Vihiga County Composition of Expenditure in FY 2025/26



Source: *Vihiga County Treasury*

As shown in Figure 3.265, the three highest expenditure categories were Personnel Emoluments, Development and Other Operations and Maintenance, contributing 44.78, 26.58 and 22.38 per cent of total expenditure for the reporting period.

3.45.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.77 billion in employee compensation, Kshs.1.72 billion in operations and maintenance, and Kshs.1.88 billion in development activities. Similarly, the County Assembly spent Kshs.364.13 million on employee compensation, Kshs.348.94 million on operations and maintenance, and nil on development activities, as shown in Table 3.683.

Table 3.683: Vihiga County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs.Million) (b)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,524.55**	**719.82**	**4,484.48**	**713.08**	**4,484.48**	**713.08**	**99.11**	**99.06**
Compensation of Employees	2,804.55	365.42	2,766.35	364.13	2,766.35	364.13	98.64	99.65
Operations and Maintenance	1,720.00	354.40	1,718.13	348.94	1,718.13	348.94	99.89	98.46
Development Expenditure	**2,624.74**	**57.10**	**1,881.50**	**-**	**1,881.50**	**-**	**71.68**	**-**
Total	**7,206.40**	**776.92**	**6,365.98**	**713.08**	**6,365.98**	**713.08**	**89.04**	**91.78**

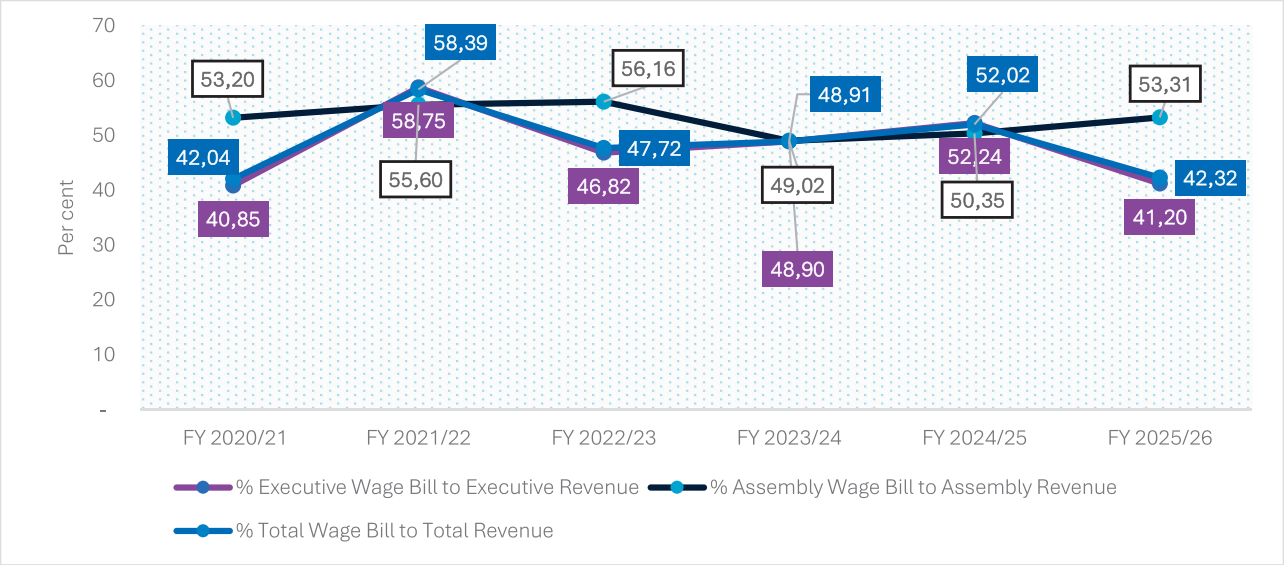
Source*: Vihiga County Treasury*

3.45.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.13 billion, representing 42.32 per cent of revenue. This expenditure on employee compensation had increased compared to the Kshs.3.12 billion reported in FY 2024/25. Of this total, Kshs.1.22 billion related to Health Sector employees, accounting for 39.05 per cent of the overall employees' compensation.

Figure 3.266 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.266: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Vihiga County Treasury*

Further analysis indicated that PE costs amounting to Kshs.3.13 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.59.92 million was processed through manual payrolls, which accounted for 1.91 per cent of the total PE cost. The justification for the continued use of manual payroll was the stipend payments to the Community Health Volunteers and the Top-Up allowances for the Security Officers.

The manual payroll comprised salaries for 4 County Assembly staff not onboarded into the Human Resource Information System (HRIS), stipend payments to Community Health Volunteers and top-up allowances for security personnel, as shown in Table 3.684.

Table 3.684: Analysis of Vihiga County Manual Payroll

No.	Manual Payroll Category	No. of Payees	Amount (Kshs.)	Reason for Manual Processing	Action / Resolution Date
1	Staff not onboarded to HRIS at the County Assembly	4	1,694,300	Delay in processing Personnel numbers	Three staff members have already been onboarded to HRIS, and the pending case will not be paid until the UPN is processed.
2	Community Health Promoters	1,444	51,984,000	These are monthly stipends to the Community Health Promoters	The County to restructure the CHPs' terms with consultation from the National Government
3	Top-up Allowances for Security Officers at County Executive	8	2,675,920	These are Secondary Employees with the primary employer's UPN numbers.	They are only paid top-up allowances for offering security services at the County
4.	Top Up Allowance for Security Officers at County Assembly	20	3,569,400	These are Secondary Employees with the primary employer's UPN numbers.	They are only paid top-up allowances for offering security services at the County.
	Total	**1,476**	**59,923,620**		

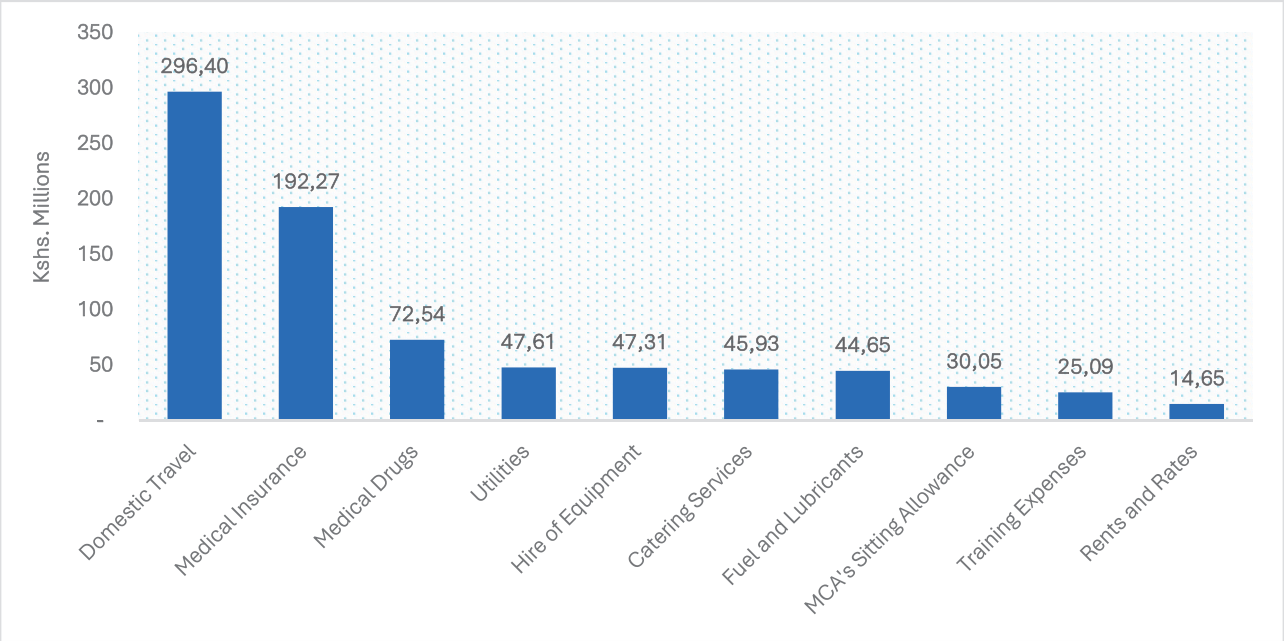
Source: Vihiga County Treasury

The County Assembly spent Kshs.30.05 million on committee sitting allowances for the 38 MCAs against the annual budget allocation of Kshs.30.68 million. The average monthly sitting allowance was Kshs.87,864 per MCA. The County Assembly has 23 House Committees.

3.45.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.07 billion on operations and maintenance, representing an increase of 73.95 per cent compared to FY 2024/25, when the County spent Kshs.1.19 billion. Figure 3.267 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.267: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: *Vihiga County Treasury*

3.45.10 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.32.97 million on "other operating expenses - other," which accounted for 1.59 per cent of the total operations and maintenance expenditure of Kshs.2.07 billion. The disaggregated items under the "*Other Operating Expenses- other*" category are as shown in Table 3.685.

Table 3.685: Breakdown of "Other Operating Expenses – Code 2211399" under O&M Expenditures

Code	Item	Budget (Kshs. Million)	Expenditure (Kshs.Million)
2211399	Other Operating Expenses (KICOSCA/EALASCA)	21,000,000	19,579,130
2211399	Other Operating Expenses (Sports Activities))	5,000,000	4,000,000
2211399	Other Operating Expenses-Other (Bank Service Commission and Charges)	900,000	633,834
2211399	Other Operating Expenses (Contracted Professional Services)	2,000,000	1,671,100
2211399	Other Operating Expenses (Laundry Services)	100,000	83,700
2211399	Other Operating Expenses - Other	9,844,926	7,000,000
	TOTAL	**38,844,926**	**32,967,764**

Source: *Vihiga County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses - Other" category. These include: bank service, commission and charges, and contracted professional services, making it difficult to determine their nature and map them to the correct budget codes.

Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, KICOSCA/EALASCA, Sports activities and Laundry Services.

3.45.11 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.35.00 million to County-Established funds in FY 2025/26, representing 0.44 per cent of the County's overall budget. Of this amount, the County allocated Kshs.5.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 0.06 per cent of the total budget. Table 3.686 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.686: Performance of Vihiga County Established Funds in FY 2025/26

S/ No.	Name of the Fund	Date Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Vihiga County Education Fund	29.10.2025	25,000,000	25,000,000	25,000,000	1,056,743,412	Yes
2	Vihiga County Sports Fund	06.03.2020	5,000,000	5,000,000	5,000,000	80,000,000	Yes
3	The Vihiga County Disaster Management Fund	14.12.2020	5,000,000	5,000,000	-	13,500,000	No
County Assembly Established Funds							
1	Vihiga County Assembly Car Loan and Mortgage Fund	19.02.2016	-	-	-	200,000,000	No
	Total		**35,000,000**	**35,000,000**	**30,000,000**	**1,350,243,412**	**-**

Source: *Vihiga County Treasury*

In FY 2025/26, the CoB did not receive quarterly financial reports from Vihiga County Emergency Fund and Vihiga County Assembly Car Loan and Mortgage Fund Administrators, as indicated in Table 3.686, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Vihiga County Education Fund and Vihiga County Sports Fund were within the 3.00 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 2025/26, the CoB determined that the Vihiga County Assembly Car Loan and Mortgage Fund's lifespan had lapsed. Consequently, the CoB did not approve any withdrawal requests to support the operations of the lapsed funds.

3.45.12 County Corporations, Municipalities and Agencies

The County has one County Corporation and one municipality, which were allocated Kshs.28.88 million in FY 2025/26 and received no allocation in previous years. Their total transfers to these entities in FY 2025/26 amounted to Kshs.28.88 million, as shown in Table 3.687.

Table 3.687: Performance of Vihiga County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Established Corporations					
1	Vihiga Water and Sanitation Company	-	-	-	-

S/No.	Name	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
Gazetted Municipalities					
2	Vihiga Municipality	28,876,479	28,876,479	28,876,479	28,876,479
	Total	**28,876,479**	**28,876,479**	**28,876,479**	**28,876,479**

Source: *Vihiga County Treasury*

The Vihiga Water and Sanitation Company is an independent institution and does not receive annual funding allocations from the County Government.

3.45.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.296.40 million and comprised Kshs.152.81 million spent by the County Assembly and Kshs.143.59 million by the County Executive. Expenditure on foreign travel amounted to Kshs.41.38 million and comprised Kshs.40.41 million by the County Assembly and Kshs.0.97 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.688.

Table 3.688: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (Kshs.)
County Assembly	1	14th to 18th July 2025	A workshop on Effective Legislative Processes, Pre/Post Legislative Scrutiny	Arusha, Tanzania	401,066
County Assembly	7	24th August to 2nd September 2025	A workshop on Transformational Leadership and Legislative Development	Kampala, Uganda	1,946,059
County Assembly	7	28th September to 6th October, 2025	Integrated Strategy and Risk Management for Public Service Leaders	Jinja, Uganda	2,289,140
County Assembly	14	28th September to 5th October, 2025	Integrated Strategy and Risk Management for Public Service Leaders	Arusha, Tanzania	4,558,414
County Assembly	12	12th to 19th December, 2025	Strengthening Regional Integration for Sustainable Peace and Security	Jinja, Uganda	3,823,104
County Assembly	4	12th to 19th December, 2025	Result-Based Performance Management, Legislation and Leadership Training	Jinja, Uganda	1,290,020
County Assembly	7	2nd to 8th January, 2026	CASB Benchmarking at Kampala Division, Urban Council	Kampala, Uganda	2,221,415
County Assembly	6	2nd to 8th January, 2026	Benchmarking Urban Council	Kampala, Uganda	1,791,954
County Assembly	14	16th to 20th February, 2026	Training on Integrated Strategy and Risk Management (Specialised Workshop)	Kampala, Uganda	4,506,040
County Assembly	7	21st to 28th February, 2026	A CASB workshop on PFM/ Financial and Oversight Management	Ransburg, South Africa	2,167,200
County Assembly	14	15th to 23rd March, 2026	Digital Leadership: Navigating Governance in Public Service	Jinja, Uganda	5,120,080
County Assembly	14	15th to 23rd March, 2026	Integrated Strategy and Risk Management	Jinja Uganda	10,294,076
County Executive	2	21st to 26th March, 2026	Attending Climate Resilience Summit (Airline Expenses)	Dakar, Senegal	399,000

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Expenditure on Travel (Kshs.)
County Executive	2	10th to 15th May, 2026	Attending a Workshop on Building Climate Resilience Legislation (Airline Expenses)	Rome, Italy	570,000
Total					**41,377,568**

Source: *Vihiga County Treasury and Vihiga County Assembly*

3.45.14 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.298.67 million as FIF, which was 109 per cent of the annual target of Kshs.274.13 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, developed regulations to operationalise the FIF Act of 2023 (The Vihiga County Facilities Improvement Financing Act, 2025).

The expenditure by the health facilities amounted to Kshs.185.78 million, as shown in Table 3.689.

Table 3.689: Vihiga County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs. Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Level 5 Hospital	1	179,931,084.00	160,480,688.00	89.19
2.	Level 3 Facility	5	52,780,000.00	25,302,073.00	47.94
3.	Level 2 Facility	70	-	-	-
	Total	**76**	**232,711,084.00**	**185,782,761.00**	**79.83**

Source: *Vihiga County Treasury*

3.45.15 Development Expenditure

In FY 2025/26, the County reported spending Kshs.1.88 billion on development programmes, representing a 43.51 per cent increase over FY 2024/25, when the County spent Kshs.1.31 billion. Table 3.690 summarises the development projects with the highest expenditure in the reporting period. The increase in development expenditure was attributed to enhanced payments of trade payables.

Table 3.690: Vihiga County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
County Funded Projects								
1	Environment, Water, Natural Resources and Climate Change	Augmentation of Mudungu Community Water Project	Wodanga Ward	15/05/2026	14/11/2026	20,988,860	20,988,8860	50.00
2	Environment, Water, Natural Resources and Climate Change	Construction of Lodondo Water Supply and Catchment Conservation project	South Maragoli Ward	07/04/2026	30/09/2026	22,218,805.95	22,218,805.95	60.00
3	Environment, Water, Natural Resources and Climate Change	Establishment of Aquaculture Project at Musinanka	Northeast Bunyore	15/05/2026	15/11/2026	15,552,962.70	15,552,962.70	50.35
4	Physical Planning, Lands and Housing	Acquisition of land for the expansion of Kidundu Stadium	South Maragoli	30/12/2025	30/06/2026	9,747,770	9,747,770	100.00

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs.)	Percentage (%) of Completion
5.	Transport, Infrastructure and Communication	Opening of Igunga, Idaraga Road Lot 1, Opening of Lunyerere PAG Kisumu Ndogo Road Lot 2 and Opening of Chavakali Waigadi Road Lot 3	Chavakali	20/05/2026	30/06/2026	9,498,772.74	9,498,772.74	100.00
6	Education, Science, Technical and Vocational Training	Supply and Delivery of Dry maise for ECDE's	Various	20/04/2026	30/06/2026	8,993,715	8,993,715	100.00
7	Environment, Water, Natural Resources and Climate Change	Luanda Township pipeline, Tank construction and Springs Rehabilitation	Luanda Township	30/02/2026	30/06/2026	10,198,004.31	10,198,004.31	100.00
8	Roads, Infrastructure and Communication	Maintenance of Minyika – Inyali road (Lot 1); Maintenance of Kivagala – Vukuvera – Mutambi Road (Lot 2)	North Maragoli	02/02/2026	30/04/2026	9,398,604.04	9,398,604.04	100.00
9	Environment, Water, Natural Resources and Climate Change	Construction of M'mbworo Water Supply and Catchment Conservation Project	M'mbworo	02/02/2026	30/07/2026	16,548,265	16,548,265	100.00
10	Environment, Water, Natural Resources and Climate Change	West Bunyore Cluster Phase 1 Water Project	West Bunyore	26/02/2026	26/05/2026	10,194,071.52	10,194,071.52	100.00
Donor Funded Projects								
1.	Agriculture, Livestock and Fisheries (NAVCDP)	Construction works for the Banja Irrigation project	Banja Ward	08/06/2026	07/12/2026	28,844,300.24	28,844,300.24	30.87
2.	Agriculture, Livestock and Fisheries (NAVCDP)	Construction works for the Hamayundi Community Irrigation Development Project	Hamayundi	08/06/2026	07/12/2026	31,943,206.28	31,943,206.28	30.00
3	Environment, Water, Natural Resources and Climate Change	Rehabilitation and Expansion of Chepsaga Water Project	Chapsaga	02/02/2026	30/06/2026	26,275,434.00	26,275,434.00	100.00
4	Environment, Water, Natural Resources and Climate Change	Construction of Izava/ Mungavo Water Project	Shamakhokho	02/02/2026	30/06/2026	20,370,458.50	20,370,458.50	100.00
5	Environment, Water, Natural Resources and Climate Change	Construction of Musengeli Water Supply and Catchment Conservation Project and Climate Change	Musengeli	26/02/2026	26/09/2026	23,239,015	23,239,015	80.00
6	Environment, Water, Natural Resources and Climate Change	Construction of Mukhwana Water Supply and Catchment	Mukhwana	02/02/2026	02/09/2026	21,231,552.29	21,231,552.29	90.00

Source: *Vihiga County Treasury*

The County did not report on stalled projects as of 30 June,2026.

3.45.16 Budget Performance by Department

Table 3.691 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.691: Vihiga County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	201.62	-	201.01	-	201.01	-	100.00	-	99.70	-
Finance and Economic Planning	358.09	50.02	357.39	10.87	357.39	10.87	100.00	100.00	99.81	21.74
Agriculture, Livestock and Fisheries	126.59	303.69	126.15	267.03	126.15	267.03	100.00	100.00	99.65	87.93
Health Services	1,851.63	183.43	1,851.54	147.29	1,851.54	147.29	100.00	100.00	100.00	80.30
Education, Science, Technical and Vocational Training	568.93	161.97	568.30	83.02	568.30	83.02	100.00	100.00	99.89	51.26
Gender, Culture, Youth, Sports and Social Services	124.47	19.71	123.89	16.44	123.89	16.44	100.00	100.00	99.54	83.39
Commerce, Tourism and Cooperatives	86.45	432.71	85.70	364.25	86.70	364.25	100.00	100.00	99.13	84.18
County Public Service Board	80.03	-	79.76	-	79.76	-	100.00	-	99.67	-
Environment, Water, Energy and Natural Resources	158.74	584.54	158.02	551.44	158.02	551.44	100.00	100.00	99.55	94.34
Transport, Infrastructure and Communication	186.10	416.31	185.02	242.73	185.20	242.73	100.00	100.00	99.52	58.31
Physical Planning, Lands and Housing	147.58	102.09	146.50	60.43	146.50	60.43	100.00	100.00	99.27	59.19
County Assembly	719.82	57.10	683.08	-	683.08	-	100.00	-	94.90	-
Administration and Coordination of County Affairs	601.63	370.28	599.07	138.00	599.07	138.00	100.00	100.00	99.57	37.27
County Attorney	32.70	-	31.95	-	31.95	-	100.00	-	97.69	-
Grand Total	**5,244.37**	**2,681.85**	**5,197.56**	**1,881.50**	**5,197.56**	**1,881.50**	**100.00**	**100.00**	**99.11**	**70.16**

Source: *Vihiga County Treasury*

Analysis of expenditure by departments shows that the Department of Environment, Water, Energy and Natural Resources recorded the highest absorption rate of development budget at 94.34 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 87.93 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 100.00 per cent, while the Department of the County Assembly had the lowest at 94.90 per cent.

3.45.17 Budget Execution by Programmes and Sub-Programmes

Table 3.692 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.692: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Gender, Culture, Youth, Sports and Social Services				
901024860	Administrative Services	14,711,865.00	14,249,578.80	96.96
Department of Transport, Infrastructure and Communication				
201024860	Administrative Services	120,572,000.00	115,483,734.00	95.78
Department of Health Services				
401024860	Administrative Services	180,365,387.00	164,015,653.05	90.94
Recurrent				
Department of Gender, Culture, Youth, Sports and Social Services				
901024860	Administrative Services	65,316,129.00	65,316,000	100.00
Department of Agriculture, Livestock and Fisheries				
105024860	Livestock Extension	600,000.00	600,000.00	100.00
Department of Transport, Infrastructure and Communication				
201024860	Administrative Services	107,044,285.00	105,626,074.00	98.68

Source: *Vihiga County Treasury*

The development sub-programmes with the highest budget implementation rates were: Administrative Services in the Department of Gender, Culture, Youth, Sports and Social Services at 96.96 per cent, Administrative Services in the Department of Transport, Infrastructure and Communication at 95.78 per cent, and Administrative Services in the Department of Health Services at 90.94 per cent.

For recurrent sub-programmes, the top performers included: Administrative Services in the Department of Gender, Culture, Youth, Sports and Social Services at 100.00 per cent, Livestock Extension in the Department of Agriculture, Livestock and Fisheries at 100.00 per cent, and Administrative Services in the Department of Transport, Infrastructure and Communication at 98.68 per cent.

The higher performance of these programmes was attributed to the settlement of trade payables.

Table 3.693 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.693: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Development				
Department of Environment, Water, Energy, and Natural Resources				
1003024860	Waste Water Management	130,000,000.00	-	-
Department of County Assembly				
Administrative Services	Administrative Services	57,103,942.00	-	-
Department of Gender, Culture, Youth, Sports and Social Services				
904014860	Social Protection	5,000,000.00	-	-
Recurrent				
Department of Health Services				
406014860	Health Services	4,000,000.00	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
Department of Gender, Culture, Youth, Sports and Social Services				
904014860	Social Protection	4,000,000.00	-	-
Department of Health Services				
402014860	Infrastructure, Social, Economic Policy and Planning	3,000,000.00	-	-

Source: *Vihiga County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Wastewater Management in the Department of Environment, Water, Energy and Natural Resources at 0 per cent, Administrative Services in the Department of County Assembly at 0 per cent, and Social Protection in the Department of Gender, Culture, Youth, Sports and Social Services at 0 per cent.

For recurrent sub-programmes, the poorest performers were Health Services in the Department of Health Services, Social Protection in the Department of Gender, Culture, Youth, Sports and Social Services, and Infrastructure, Social Economic Policy and Planning in the Department of Health Services, all of which recorded 0 per cent performance.

These low-performance levels were attributed to delayed procurement processes within the departments due to challenges associated with the roll-out of the e-procurement system.

3.45.18 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.1.11 billion. This amount consisted of Kshs.1.11 billion from the County Executive and Kshs.4.04 million from the County Assembly. The trade payables from the County Executive comprised Kshs.354.46 million for recurrent expenditure and Kshs.752.94 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.316.84 million, comprising Kshs.50.00 million (15.78 per cent) for recurrent programmes and Kshs.266.83 million (84.22 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.4.04 million, all for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.790.57 million for the County Executive and Kshs.20.07 million for the County Assembly. However, the County Executive did not provide information on the trade payables incurred in FY2025/26. Table 3.694 below provides additional details of trade payables;

Table 3.694: Vihiga County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As of 1 July 2025 (End of FY 2024/25)	a	County Executive	752,943,194	354,462,890	1,107,406,084
		County Assembly	-	4,035,595	4,035,595
		Total	752,943,194	358,498,485	1,111,441,679
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	589,200,350	290,201,842	879,402,192
		County Assembly	-	4,035,595	4,035,595
		Total	589,200,350	294,237,437	883,437,787
Amount paid in FY 2025/26	c	County Executive	266,832,786	50,003,882	316,836,668
		County Assembly	-	4,035,595	4,035,595
		Total	266,832,786	54,039,477	320,872,263
Trade Payables Incurred in FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	20,067,374	20,067,374
		Total	-	20,067,374	20,067,374

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding trade payables as of 30 June 2026	e=a-c*b	County Executive	486,110,408	304,459,008	790,569,416
		County Assembly	-	20,067,374	20,067,374
		Total	486,110,408	324,526,382	810,636,790

Source: *Vihiga County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.879.40 million and Kshs.4.04 million on both recurrent and development expenditure, respectively, in FY 2025/26. The County Executive did not adhere to this payment plan, as it cleared Kshs.316.84 million, while the County Assembly settled Kshs.4.04 million according to the repayment plan.

Tables 3.695 and 3.696 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.810.64 million exclusive of the County Executive trade payables incurred in the FY2025/26.

Table 3.695: Vihiga County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	**486,110,407.63**	**486,110,407.63**
Recurrent Trade Payables (Goods & Services)	-	-	-	304,459,008.00	**304,459,008.00**
Total Recurrent Trade Payables	-	-	-	304,459,008.00	**304,459,008.00**
Total Trade Payables	-	-	-	**790,569,415.63**	**790,569,415.63**
% of Total	-	-	-	**100**	**100**

Source: *Vihiga County Treasury*

Table 3.696: Vihiga County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	20,067,374	-	-	-	20,067,374
Total Recurrent Trade Payables	-	-	-	-	**20,067,374**
Total Trade Payables	**20,067,374**	-	-	-	**20,067,374**
% of Total	**100**	-	-	-	**100**

Source: *Vihiga County Treasury*

As shown in Table 3.695 and Table 3.696, there were no recurrent trade payables related to salary arrears and statutory deductions.

Additionally, the two tables indicate that 98 per cent of total trade payables are aged over 3 years, while 2 per cent are under 1 year, a trend attributed to non-adherence to the trade payables payment action plan on a First In, First Out basis. To address this situation, the County should strictly adhere to the trade payables action plan.

3.45.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 161 accounts across CBK and commercial banks, of which 22 were held at the CBK and 139 at commercial banks. Of those at the commercial banks, 77 were for Health facilities operations accounts, 34 for Vocational training centres operations accounts, 5 for County Established funds operations accounts, 6 for Special Purpose (additional allocations) operations accounts, 2 for Municipalities operations accounts, 11 for County Departments operations accounts, 3 for Imprest operation accounts, and 1 for revenue collection operation.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of 116 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.45.20 Key Observations and Recommendations

While overseeing and reporting on the implementation of the Vihiga County budget, the CoB identified the following challenges, which hampered effective budget implementation.

i. 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 2026, the lifespan of the Vihiga County Assembly Car Loan and Mortgage Fund had lapsed, making it ineligible for further withdrawals.

ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which contravened the requirements of Section 168 of the PFM Act, 2012. The reports for the Vihiga County Emergency Fund and Vihiga County Assembly Car Loan and Mortgage Fund were not submitted to the CoB as of 15 July 2026.

iii. High level of trade payables, which amounted to Kshs.810.64 billion as of 30 June 2026. Furthermore, the County Executive did not adhere to the trade payables payment plan. In addition, the County did not provide the pending bills incurred in FY2025/26.

iv. 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.

v. The County did not implement several programmes prioritised through the budget process, including Wastewater Management, Administrative Services, Social Protection and Infrastructure, and Social Economic Policy and Planning, which received no funding, as shown in Table 3.92. This may result in the failure to deliver planned services, unmet public needs, and a loss of value from the budget resources allocated to these programmes.

vi. The County did not receive funding for several approved additional allocations, including Doctors' Salary Arrears, Housing Levy, CHPs, Nutrition International, KUSP-UIG, KUSP-UDG, and RMFL. In contrast, the Vihiga County Vocational Training Centre Capitation received no funding, and KDSP II Level 2 realised only 5.78 per cent of its allocation, constraining implementation of the intended programmes.

vii. The County is highly reliant on Facility Improvement Financing (FIF), which accounts for 58.69 per cent of locally raised revenue, exposing the County to a significant revenue concentration risk and raising concerns about the sustainability of its own-source revenue base.

viii. The County reported Kshs.32.97 million under "*other operating expenses - Other,*" accounting for 1.59 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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.*

ii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

iii. *The County Leadership should ensure that genuine bills are paid promptly in the remaining financial year. The County should also provide a consolidated list of trade payables, including those incurred in the FY2025/26. Further, compliance with the Trade Payables Action Plan should be enforced.*

iv. *The County Treasury should ensure that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

v. *The County should ensure that approved programmes are adequately funded to prevent non-implementation, resource wastage, and failure to achieve the intended service-delivery outcomes.*

vi. *The National Treasury should ensure timely and full disbursement of approved additional allocations in accordance with the applicable cash disbursement schedules and conditions to facilitate implementation of the funded programmes.*

vii. *The County Treasury should diversify and strengthen its own-source revenue base by enhancing collection from other revenue streams and reducing overreliance on Facility Improvement Financing (FIF).*

viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.46. County Government of Wajir

3.46.1 Overview of FY 2025/26 Budget

The Wajir County Approved Supplementary Budget for FY 2025/26 is Kshs.13.64 billion. It comprises Kshs.4.88 billion (35.78 per cent) and Kshs.8.76 billion (64.22 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.120.89 million (0.89 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.14 billion and a recurrent budget of Kshs.8.38 billion. The increase in the budget was primarily attributed to the rise in the equitable share and own-source revenue.

The budget is to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.10.51 billion (77.04 per cent), additional allocations of Kshs.2.14 billion (15.69 per cent), a cash balance brought forward from FY 24/25 of Kshs.583.23 million (4.28 per cent), Kshs.350.00 million (2.57 per cent) generated as own-source revenue and Kshs.57.21 million (0.42 per cent) as other revenues. A breakdown of the additional allocations is shown in Table 3.697.

3.46.2 Revenue Performance

In FY 2025/26, the County reported total revenue of Kshs.12.92 billion. This amount represented an increase of 4.27 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.12.36 billion. The total revenue consisted of Kshs.10.51 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.1.27 billion, and own-source revenue (OSR) collection of Kshs.432.52 million. Additionally, the County had a cash balance of Kshs.647.83 million from FY 2024/25. The total OSR collection of Kshs.432.52 million included Facilities Improvement Financing (FIF) of Kshs.332.16 million, and Kshs.100.36 million from other OSR sources. Table 3.697 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.697: Wajir County, Revenue Performance in FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	583,230,889	647,763,532	-	647,763,532	111
2	County Executive Refunds to CRF		59,532	-	59,532	

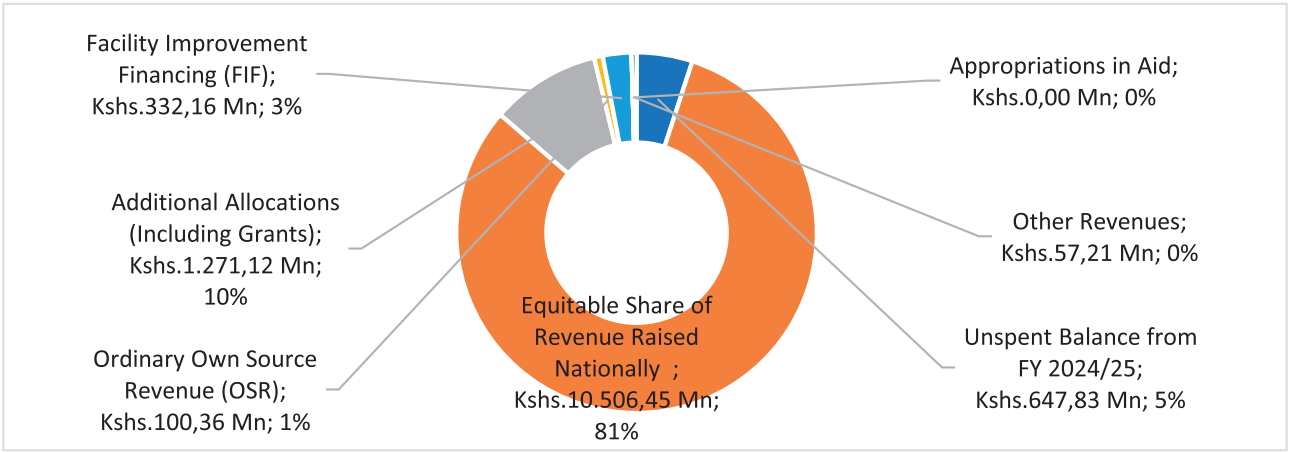
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
3	County Assembly Refunds to CRF		8,518	-	8,518	
	Sub-Total	**583,230,889**	**647,831,581**	**-**	**647,831,581**	111
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	10,507,580,683	10,506,449,289.55	-	10,506,449,290	100
	Sub-Total	**10,507,580,683**	**10,506,449,290**	**-**	**10,506,449,290**	100
C	**Additional Allocations (Including Grants)**					
1	County Aggregation Industrial Park	250,000,000	173,076,922	-	173,076,922	69
2	Road Maintenance Fuel Levy	90,533,914	-	-	-	-
3	Community Health Promoters (CHPs)	60,810,000	-	-	-	-
4	Basic Salary Arrears for county government health workers	19,869,801	-	-	-	-
5	0.5% of the housing levy fund to counties	1,987,622	-	-	-	-
6	Transfer of Museum Function	-	-	-	-	
7	DANIDA Grant	32,492,036	13,770,000	-	13,770,000	42
8	AFD - Kenya Informal Settlement Improvement Project II (KISIP II)	68,615,663	-	-	-	-
9	IDA (World Bank) - Emergency Locust Response Project (ELRP)	-	-	-	-	
10	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	246,153,846	244,753,390	-	244,753,390	99
11	IDA (World Bank) Loan for the Water & Sanitation Development Project (WSDP)	550,000,000	480,000,000	-	480,000,000	87
12	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	72,909,500	35,253,472	-	35,253,472	48
13	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	352,500,000	32,250,118	-	32,250,118	9
14	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UIG)	26,000,000	-	-	-	-
15	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	88,262,999	87,418,330	-	87,418,330	99
16	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCIS) Grant	11,000,000	11,000,000	-	11,000,000	100
17	World Bank (Finance Locally-Led Climate Program (FLLoCA) (CCRI) Level 2Grant	269,359,280	193,592,797	-	193,592,797	72

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
18	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	-	-	-	-	
	Sub-Total	**2,140,494,661**	**1,271,115,029**	**-**	**1,271,115,029**	59
D	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue (OSR)	110,000,000	100,360,341	-	100,360,341	91
	Sub-Total	**110,000,000**	**100,360,341**	**-**	**100,360,341**	91
E	**Facility Improvement Financing (FIF)**					
1	SHIF	20,000,000	67,721,810	-	67,721,810	339
2	Defunct NHIF		165,918,570	-	165,918,570	
3	Other	220,000,000	98,524,000	-	98,524,000	45
	Sub-Total	**240,000,000**	**332,164,380**	**-**	**332,164,380**	138
F	**Other Revenues**					
1	Climate Change SPA balance	40,431,929	40,431,929	-	40,431,929	100
2	Transfer from Revolving Fund	16,778,512	16,778,512	-	16,778,512	100
	Sub-Total	**57,210,441**	**57,210,441**	**-**	**57,210,441**	100
	Grand Total	**13,638,516,674**	**12,915,131,062**	**-**	**12,915,131,062**	**95**

Source: *Wajir County Treasury*

The County has the governing legislation on the operation of FIF, i.e., the Wajir County Health Facility Improvement Financing Act 2023 and the Wajir County Health Facility Improvement Financing Regulations 2024. Figure 3.268 provides a detailed breakdown of receipts.

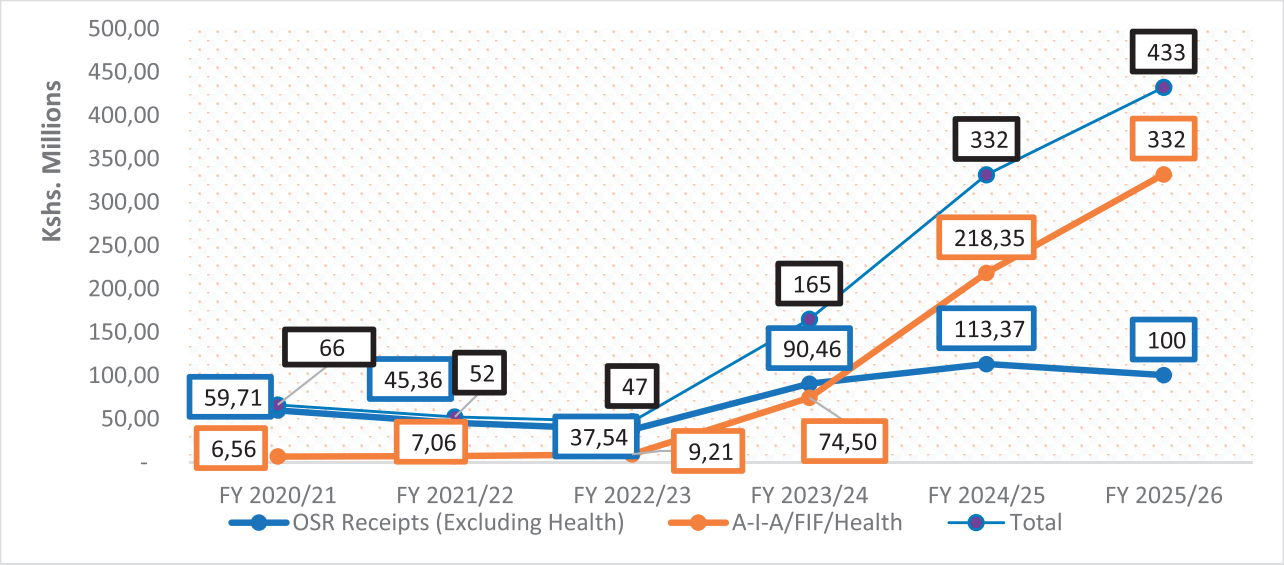
Figure 3.268: Wajir County, Revenue Performance in FY 2025/26



Source: *Wajir County Treasury*

The equitable share of revenue raised nationally, Additional Allocations (Including Grants), and Unspent Balance from FY 2024/25 contributed 81 per cent, 10 per cent and 5 per cent, respectively, of the total receipts for the reporting period. Figure 3.269 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

Figure 3.269: Wajir County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



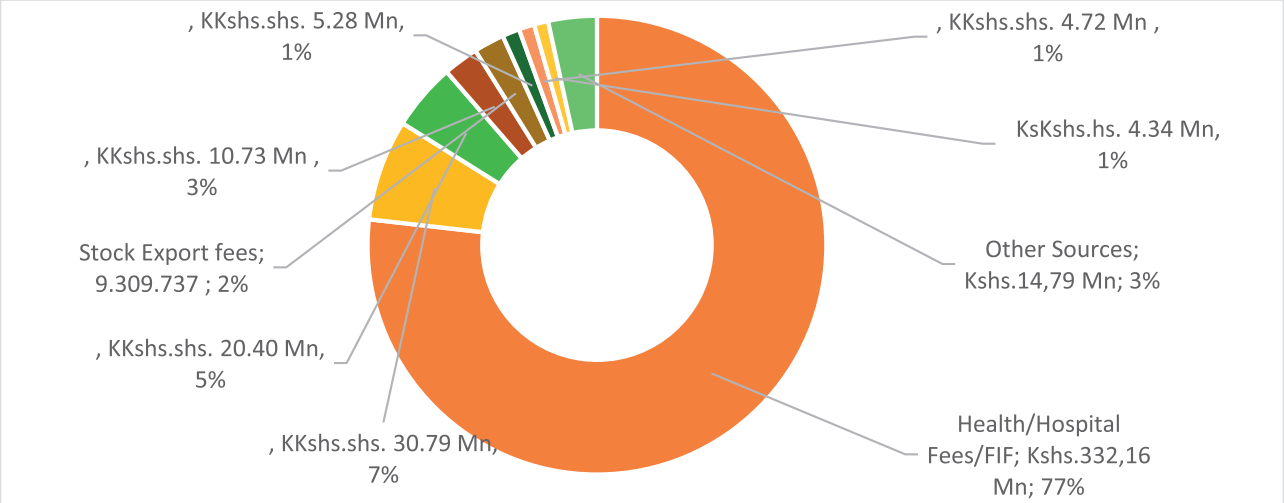
Source: *Wajir County Treasury*

In FY 2025/26, the County received Kshs.432.52 million from OSR, including FIF. This amount was an increase of 23.31 per cent compared to Kshs.331.72 million realised in a similar period in FY 2024/25 and was 123.58 per cent of the annual target and 4.12 per cent of the equitable revenue share disbursed.

The increase in revenue was attributed to the revenue enforcement measures taken by the County Government of Wajir, Revenue Automation and the Enactment of the FIF Act.

The revenue streams that contributed the most to OSR receipts are shown in Figure 3.270.

Figure 3.270: Wajir County Top Own Source Revenue Streams in FY 2025/26



Source: *Wajir County Treasury*

As shown in Figure 3.270, the largest revenue stream, at Kshs.332.16 million, was Health/Hospital Fees/FIF, accounting for 77 per cent of total OSR receipts. The County has also automated its revenue collection. The system utilised for FIF revenue collection is Wajir County Revenue Management System.

3.46.3 Revenue Arrears

As of 1 July 2025, the County reported Revenue Arrears of Kshs.31.90 million, which increased to Kshs.34.93 million as of 30 June, 2026. The County currently tracks its revenue arrears using an automated system, with a cash- or accrual-basis option. Table 3.698 presents a breakdown of the County's Revenue Arrears.

Table 3.698: Wajir County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Receivables as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Receivables as of 30 June, 2026 (Kshs.)
			Waivers (Kshs)	Receivables paid in the financial year (Kshs)	Receivables earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
	Sub-Total	-	-	-	-	-
C	**Ordinary Own Sources of Revenue**					
1	Land Rent	2,200,000		-	1,356,100	3,556,100
2	Single Business Permit (SBP)	4,921,318		1,000,000	1,050,000	4,971,318
3	House/Stall Rent	1,872,022		1,105,232	724,670	1,491,460
	Sub-Total	**8,993,340**	-	**2,105,232**	**3,130,770**	**10,018,878**
D	**Facility Improvement Fund (FIF)**					
1	Hospital Fees	22,906,400		6,401,934	8,403,260	24,907,726
2	SHIF					-
3	Defunct NHIF					-
4	Insurance Companies					-
	Sub-Total	**22,906,400**	-	**6,401,934**	**8,403,260**	**24,907,726**
	Grand Total	**31,899,740**	-	**8,507,166**	**11,534,030**	**34,926,604**

Source: Wajir County Treasury

As of 30 June 2026, the Revenue Arrears totalled Kshs.34.93 million, comprising Kshs.10.02 million for Own Source Revenue (OSR) (28.69 per cent) and Kshs.24.91 million for Facility Improvement Fund (FIF) (71.31 per cent). The measures instituted by the County to collect the outstanding Revenue Arrears in FY 2025/26 include Revenue Enforcement measures taken by the County Government of Wajir and Revenue Automation.

3.46.4 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.12.31 billion from the Wajir County Revenue Fund (CRF) account. This amount consisted of Kshs.4.05 billion (32.93 per cent) designated for development programs and Kshs.8.25 billion (67.07 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.5.22 billion was allocated to employee compensation and Kshs.3.04 billion to operations and maintenance expenditures. Within the operations and maintenance category, 4.92 per cent was for domestic travel and 0.10 per cent for foreign travel. The domestic travel exchequers totalled Kshs.149.55 million, which included Kshs.75.20 million for the County Executive and Kshs.74.35 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.2.97 million, entirely for the County Executive.

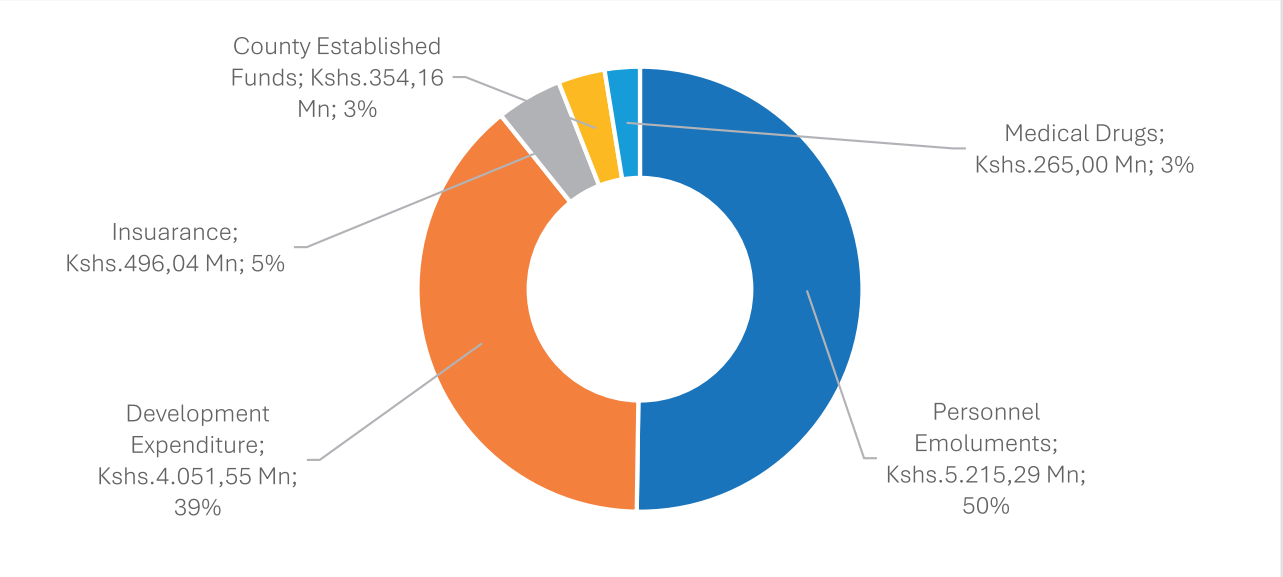
As of 30th June 2026, the County Government's cash balance in the Wajir CRF account was Kshs.450.52 million. The County had not operationalised the County Assembly Fund as of 30th June 2026.

3.46.5 Expenditure Review

The County spent Kshs.12.31 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.4.05 billion for development programmes and Kshs.8.25 billion for recurrent programmes. Expenditure on development programmes accounted for 83.03 per cent of the annual development expenditure budget, while re-

current expenditure accounted for 94.23 per cent of the annual recurrent expenditure budget. Figure 3.271 provides a detailed breakdown of total expenditure.

Figure 3.271: Wajir County Composition of Expenditure in FY 2025/26



Source: *Wajir County Treasury*

As shown in Figure 3.271, the three highest expenditure categories were Compensation to Employees, Development Expenditure, and Insurance, contributing 50, 39 and 5 per cent of total expenditure for the reporting period.

3.46.6 Expenditure by Economic Classification

The County Executive incurred Kshs.4.52 billion in employee compensation, Kshs.2.82 billion in operations and maintenance, and Kshs.4.05 billion in development activities. Similarly, the County Assembly spent Kshs.695.42 million on employee compensation, and Kshs.223.36 million on operations and maintenance, as shown in Table 3.699.

Table 3.699: Wajir County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive					
Recurrent	**7,840,068,149**	**7,335,025,144**	**-**	**7,335,025,144**	93.56
Compensation to Employees	4,620,037,914.00	4,519,872,395.75	-	4,519,872,396	97.83
Operations & Maintenance	3,220,030,235.00	2,815,152,748.70	-	2,815,152,749	87.43
Development	4,879,667,999.00	4,051,553,337.25	**-**	4,051,553,337	83.03
Executive Sub-total	**12,719,736,148**	**11,386,578,482**	**-**	**11,386,578,482**	89.52
County Assembly					
Recurrent	**918,780,526**	**918,780,474**	**-**	**918,780,474**	100.00
Compensation to Employees	615,369,493.00	695,416,239.95	-	695,416,240	113.01
Operations & Maintenance	303,411,033.00	223,364,234.00	-	223,364,234	73.62
Development	**-**	**-**	**-**		-

Sector / Category	Budget (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
Assembly Sub-total	**918,780,526**	**918,780,474**	**-**	**918,780,474**	100.00
Combined County Totals					
Total Recurrent	**8,758,848,675**	**8,253,805,618**	**-**	**8,253,805,618**	94.23
Compensation to Employees	5,235,407,407	5,215,288,636	-	5,215,288,636	99.62
Operations & Maintenance	3,523,441,268	3,038,516,983	-	3,038,516,983	86.24
Total Development	**4,879,667,999**	**4,051,553,337**	**-**	**4,051,553,337**	83.03
Grand Total	**13,638,516,674**	**12,305,358,956**	**-**	**12,305,358,956**	90.23

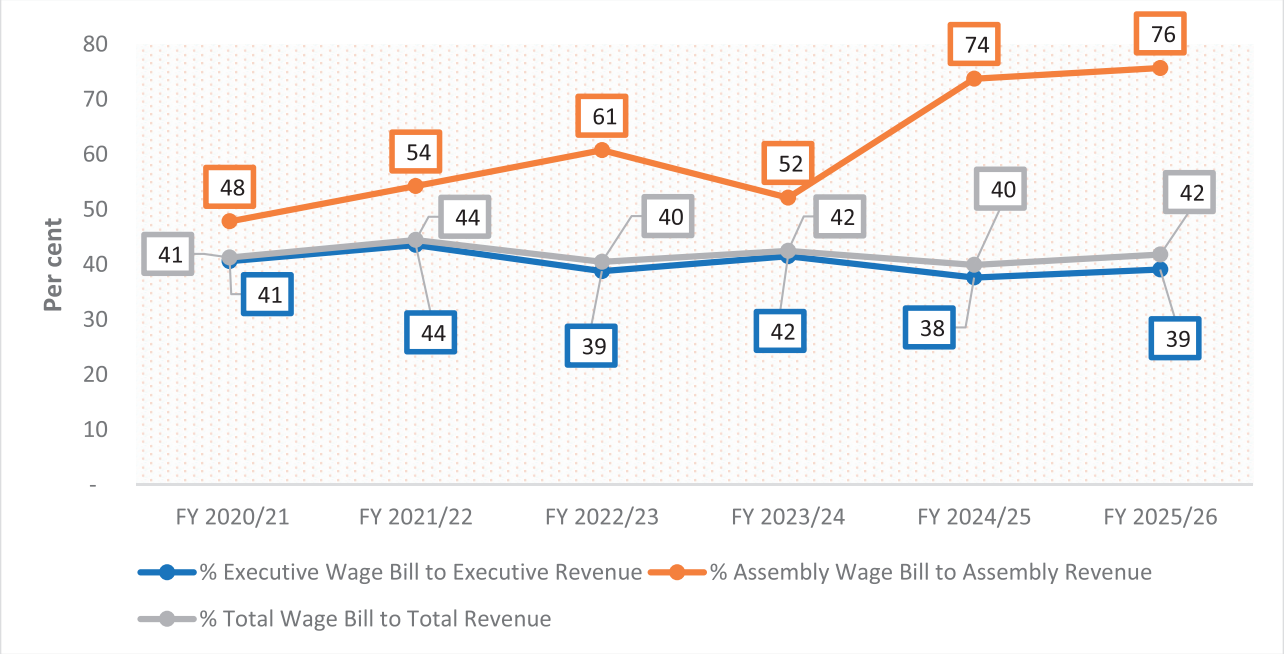
Source: *Wajir County Treasury*

3.46.7 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.5.22 billion, representing 40.38 per cent of revenue. This expenditure on employee compensation shows an increase compared to the Kshs.4.94 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.96 billion related to Health Sector employees, accounting for 37.60 per cent of the overall employees' compensation.

Figure 3.272: shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.272: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *Wajir County Treasury*

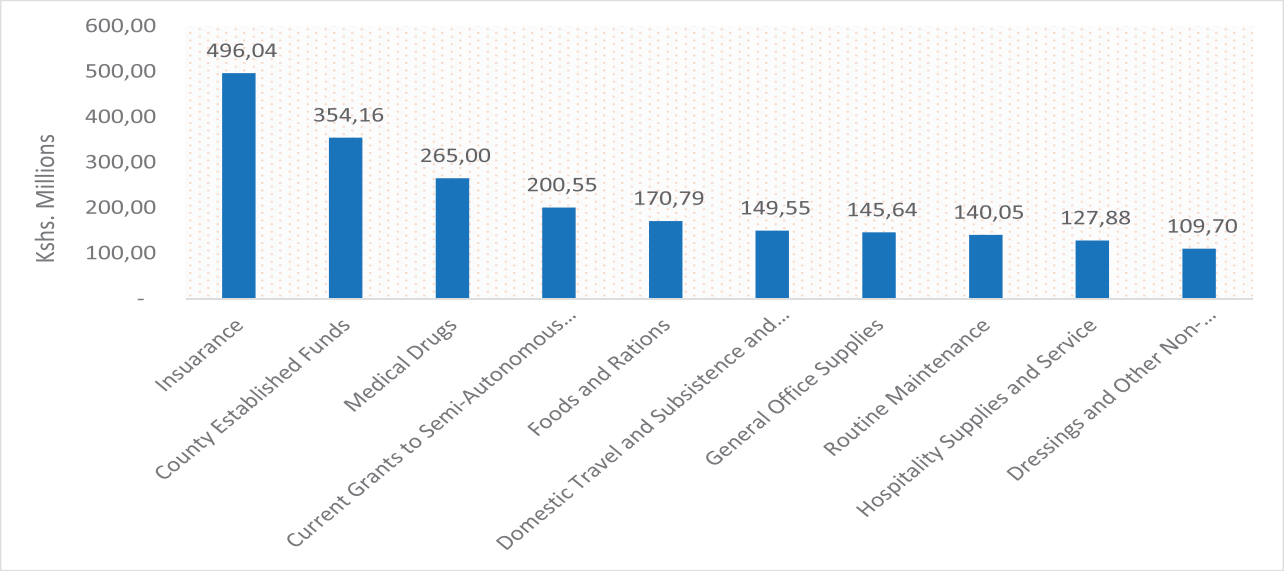
Further analysis indicated that PE costs amounting to Kshs.4.46 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.755.35 million was processed through manual payrolls, which accounted for 14 per cent of the total PE cost. The justification for the continued use of manual payroll was the delay in constituting the County Public Service Board by the County Government of Wajir and delays in processing Payroll Numbers by the Directorate of Public Service Management (DPSM).

The County Assembly spent Kshs.40.68 million on committee sitting allowances for the 46 MCAs against the annual budget allocation of Kshs.40.68 million. The average monthly sitting allowance was Kshs.73,696.00 per MCA. The County Assembly has 24 House Committees.

3.46.8 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.3.04 billion on operations and maintenance, representing an increase of 5.39 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.2.87 billion. Figure 3.273 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.273: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: *Wajir County Treasury*

3.46.9 Unbundling "Other Operating Expenses - Other" (IFIMI Code 2211399) Under Operations and Maintenance Expenditures

The budget performance report for FY 2025/26 indicates that the County spent Kshs.179.93 million on "*other operating expenses*," which was 5.92 per cent of the total operations and maintenance expenditure of Kshs.3.04 billion.

Table 3.700: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Department	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	County Assembly	Other Operating Expenses (Trade Payables, Pending Bills)	106,878,497.00	106,878,497.00
2211399	County Executive	Other Operating Expenses	73,050,000.00	73,049,999.95

Source: *Wajir County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

The County Assembly had expenditures with clear and unique budget codes that were aggregated under the "Other Operating Expenses" Category. These totalled Kshs.106.88 million used entirely for County Assembly Trade Payables (Pending Bills).

The County Executive incurred expenditures with clear, unique budget codes that were aggregated under the "Other Operating Expenses" category—these totalled Kshs.73.05 million for the County Executive Departments.

3.46.10 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.434.16 million to County-Established funds in FY 2025/26, representing 3.2 per cent of the County's overall budget. Of this amount, the County allocated Kshs.200.00 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012, accounting for 1 per cent of the total budget. Table 3.701 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.701: Performance of Wajir County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (since Inception) (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Wajir Emergency Fund	2014	200,000,000	200,000,000	199,917,028	800,000,000	YES
2	Wajir County Bursary Fund	2019	110,000,000	110,000,000	231,106,014	370,000,000	YES
3	Wajir County Climate Fund	2019	80,000,000	80,000,000	137,615,986	305,000,000	No
4	Wajir County Disability Fund	2021	44,160,000	44,160,000	44,150,142	165,279,000	YES
5	Wajir County Revolving Fund	2014	-	-	-	132,000,000	N/A
Total			**434,160,000**	**434,160,000**	**612,789,170**	**1,772,279,000**	

Source: *Wajir County Treasury*

In FY 2025/26, the CoB did receive quarterly financial reports from all the Fund Administrators, as indicated in Table 3.699, in line with 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 2025/26, the CoB established that the lifespan of the Wajir County Revolving Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.46.11 County Corporations, Municipalities and Agencies

The County has one County Corporation and one Municipality, which were allocated Kshs.1.16 billion in FY 2025/26. Their total transfers to these entities during the review period amounted to Kshs.804.66 million, as shown in Table 3.702.

Table 3.702: Performance of Wajir County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Parent Department	Expenditure type	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)
Established Corporations						
1.	Wajir Water and Sewerage Company	Water Resources Development	Recurrent	145,000,000	144,999,827	144,999,827
			Development	630,000,000	553,527,182	553,527,182
Gazetted Municipalities						
1.	Wajir Municipality	Lands, Housing and Physical Planning	Recurrent	236,120,094	55,547,554	55,547,554
			Development	145,092,053	50,586,864	50,586,864
	Total			**1,156,212,147.00**	**804,661,427.00**	**804,661,427.00**

Source: *Wajir County Treasury*

3.46.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.149.55 million and comprised Kshs.74.35 million spent by the County Assembly and Kshs.75.20 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.97 million, all of which was incurred by the County Executive. Expenditure on foreign travel is summarised in Table 3.703.

Table 3.703: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Total Expenditure on Travel (Kshs.)
County Executive	6	26th October - 2nd November 2025	Official Visit to Morocco to attend the activities of the 14th International Date Festival	Morocco	2,971,648	2,971,648
Total					**2,971,648**	**2,971,648**

Source: *Wajir County Treasury and Wajir County Assembly*

3.46.13 Facility Improvement Financing

During the review period, the County reported collections of Kshs.332.16 million as FIF, which was 138.40 per cent of the annual target of Kshs.240.00 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 expenditure by the health facilities amounted to Kshs.285.51 million, as shown in Table 3.704.

Table 3.704: Wajir County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospitals	1	110,000,000.00	104,641,510.00	95
2.	Level 4 Hospital	8	63,750,000.00	58,324,707.56	91
3.	Level 3 Facility	25	43,755,080	41,548,600	95
4.	Level 2 Facility	75	82,560,750	80,993,588	98
Total		**109**	**300,065,830.00**	**285,508,405.58**	**95**

Source: *Wajir County Treasury*

3.46.14 Development Expenditure

In the review period, the County reported spending Kshs.4.05 billion on development programmes, representing a 10 per cent increase over FY 2024/25, when the County spent Kshs.3.64 billion. Table 3.705 summarises the development projects with the highest expenditure in FY 2025/26.

Table 3.705: Wajir County, List of Development Projects with the Highest Expenditure

No	Project Name	Project Location	Expenditure (on an accrual basis) FY 2025/26 (Kshs.)	Percentage (%) of Completion
County Funded Projects				
1	Being Payment for Purchase, Supply, and Delivery Project Management Vehicles Under the County Projects Management Programme	Wajir town, Wajir East	98,942,067	100
2	Being a payment for the Construction Of 80,000M3 Kotulo-Laheley Water Pan and Contingency Borehole for Resilient Farming at Tarbaj Sub-County	Tarbaj	94,986,757	100
3	Being a payment for the Road Routine Maintenance of Abaqhalul - Dowgudud Road	Abaqhalul	84,500,780	100
4	Wajir County Climate Change Fund	County Wide	80,000,000	100
5	Being Payment for Supply and Delivery of Borehole Installation Equipment, Pipes, and Fittings under the Water Resources Development	County Wide	78,762,200	100

No	Project Name	Project Location	Expenditure (on an accrual basis) FY 2025/26 (Kshs.)	Percentage (%) of Completion
6	Being a payment for the construction of the Accident And Emergency Centre At Wajir County Referral Hospital	Wajir town, Wajir East	67,450,343	100
7	Being a payment for the construction of the Governor's, Deputy Governor's, and Speaker's residences in Wajir Town	Wajir town, Wajir East	64,297,675	31
8	Being a payment for the construction of 55,000 M3 Water Pan at Arjerk Eldas Sub-County	Eldas	54,998,203	100
9	Being a payment for the installation of solar systems for the seven Level Four Hospitals In The Sub-Counties	County Wide	49,875,523	100
10	Supply & Delivery Of Generator Sets under the Wajir County Water Resources Development Programmes (Wajwasco County Entity)	Wajir town, Wajir East	33,650,000	100
Donor Funded Projects				
1	Wajir County Water Sanitation Development Programme Grant (WSDP) Donor Grant	County Wide	480,000,000	100
2	Food Systems Resilience (FSRP) Donor Grant	County Wide	244,753,390	100
3	County Climate Resilience Investment Grant (CCRIG), 2nd Tranche for Financing Locally Led Climate Action (FLLoCCA)	County Wide	174,233,517	100
4	Wajir County Aggregation and Industrial Park's (CAIPS) Account Special Purpose Account (Donor Grant)	Wajir town, Wajir East	127,894,740	100
5	Wajir County Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG) Special Purpose Account	County Wide	87,418,330	100

Source: *Wajir County Treasury*

3.46.15 Budget Performance by Department

Table 3.706 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.706: Wajir County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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	500.94	0.00	480.50	0.00	480.50	0.00	100.0	-	95.9	-
Finance and Economic Planning	697.81	0.00	668.02	0.00	668.02	0.00	100.0	-	95.7	-
Roads, Transport and Public Works	213.67	507.43	203.07	443.50	203.07	443.50	100.0	100.0	95.0	87.4
Water Resources Development	306.22	1402.28	288.91	1330.49	288.91	1330.49	100.0	100.0	94.3	94.9
Energy, Environment and Natural Resources	98.03	453.29	71.57	337.05	71.57	337.05	100.0	100.0	73.0	74.4
Public Health, Medical Services and Sanitation	3274.62	498.96	3051.49	484.52	3051.49	484.52	100.0	100.0	93.2	97.1
Education, Youth, Gender and Social Services	876.11	431.39	847.03	426.67	847.03	426.67	100.0	100.0	96.7	98.9

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, Live-stock, and Fisheries Development	263.22	411.60	232.62	406.68	232.62	406.68	100.0	100.0	88.4	98.8
Trade, Industrialisa-tion, Co-operative Development	173.35	279.69	160.97	200.37	160.97	200.37	100.0	100.0	92.9	71.6
Lands, Housing and Physical Planning	232.37	517.53	170.78	406.23	170.78	406.23	100.0	100.0	73.5	78.5
Public Service, La-bour and Decentral-ised Unit	1123.38	377.50	1103.49	16.05	1103.49	16.05	100.0	100.0	98.2	4.3
County Public Ser-vice Board	80.34	0.00	56.57	0.00	56.57	0.00	100.0	-	70.4	-
County Assembly	918.78	0.00	918.78	0.00	918.78	0.00	100.0	-	100.0	-
Total	**8,758.85**	**4,879.67**	**8,253.81**	**4,051.55**	**8,253.81**	**4,051.55**	**100.0**	**100.0**	**94.2**	**83.0**

***Source**: Wajir County Treasury*

Analysis of expenditure by departments shows that the Department of Education, Youth, Gender and Social Services recorded the highest absorption rate of development budget at 98.9 per cent, followed by the Department of Agriculture, Livestock, and Fisheries Development at 98.8 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the County Public Service Board had the lowest at 70.4 per cent.

3.46.16 Budget Execution by Programmes and Sub-Programmes

Table 3.707 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.707: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Ap-proved Estimates (Kshs.)	Actual Expendi-ture (Kshs.)	Absorption Rate (%)
Development				
Roads And Transport				
County Roads And Trans-port Management	County Transport Services	98,942,067	98,942,067	100
Water Resources Development				
Water Services	Infrastructure Development Services	403,407,016	403,241,337	100
Energy, Environment And Natural Resources				
Energy Development Ser-vices	Energy Development ServiceS	57,000,000	56,983,385	100
Natural Resource Manage-ment	Natural Resource Manage-ment	1,495,000	1,495,000	100
Education, Youth, Gender, and Social Services				
Sports Promotion And Development	Sports Promotion And Devel-opment	4,700,000	4,699,880	100
Recurrent				
County Assembly				
Legislative And Oversight Services	Legislative And Oversight Services	918,780,526	918,780,474	100

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Public Service, Labor And Decentralised Unit				
Special Programmes	Public Participation Services	7,450,000	7,447,029	100
Public Health, Medical Services, and Sanitation				
Public Health	Reproductive Maternal Neonatal Child Health	13,115,750	13,109,358	100
	Health Research	1,500,000	1,500,000	100
Finance And Economic Planning				
Public Finance Management	County Accounting Services	257,020,000	256,851,662	99.9

Source: *Wajir County Treasury*

The development sub-programmes with the highest budget implementation rates were: County Transport Services in the Department of Roads and Transport at 100 per cent, Infrastructure Development Services in the Department of Water Resources Development at 100 per cent, and Energy Development Services in the Department of Energy, Environment and Natural Resources at 100 per cent.

For recurrent sub-programmes, the top performers included: Legislative And Oversight Services in the County Assembly at 100 per cent, Public Participation Services in the Department of Public Service, Labour And Decentralised Unit at 100 per cent, and Reproductive Maternal Neonatal Child Health in the Department of Public Health, Medical Services And Sanitation at 100 per cent.

Table 3.708 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.708: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Development				
Trade, Industrialisation, Co-operative Development				
Industrialization And Investment Services	Investment And Industry Services	262,691,301	183,482,061	69.8
Public Service, Labour and Decentralised Unit				
Decentralised Unit And Town Admin	Decentralised Unit Services	25,000,000	16,046,204	64.2
Lands, Housing, and Physical Planning				
Land Policy And Physical Planning	Urban Physical Planning Services	100,515,663	55,004,101	54.7
Public Service, Labour and Decentralised Unit				
Special Programmes	Intergovernmental Relations	352,500,000	-	-
Energy, Environment, and Natural Resources				
Environmental Conservation Services	Environmental Conservation Services	5,000,000	-	-
Recurrent				
Education, Youth, Gender, and Social Services				
Sports Promotion And Development	Sports Promotion And Development	35,270,272	29,711,793	84.2
County Public Service Board				
County Public Service Board Services	Coordination And Supervisory	80,339,520	56,565,515	70.4
Lands, Housing, and Physical Planning				

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Land Policy And Physical Planning	Housing Services	7,267,622	5,086,340	70.0
	Urban Physical Planning Services	139,986,976	91,202,784	65.2
Public Health, Medical Services, and Sanitation				
Public Health	Primary Health Care	238,532,036	108,174,224	45.3

Source: *Wajir County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Environmental Conservation Services in the Department of Energy, Environment and Natural Resources at 0 per cent, Intergovernmental Relations in the Department of Public Service, Labour and Decentralised Unit at 0 per cent, and Urban Physical Planning Services in the Department of Lands, Housing and Physical Planning at 54.7 per cent.

For recurrent sub-programmes, the poorest performers included: Environmental Conservation Services in the Department of Energy, Environment And Natural Resources at 0 per cent, Climate Change in the Department of Energy, Environment And Natural Resources at 38.7 per cent, and Primary Health Care in the Department of Public Health, Medical Services And Sanitation at 45.3 per cent.

3.46.17 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.3.90 billion. This amount consisted of Kshs.3.67 billion from the County Executive and Kshs.233.51 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.39 billion for recurrent expenditure and Kshs.2.28 billion for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.1.35 billion, comprising Kshs.658.79 million (48.90 per cent) for recurrent programmes and Kshs.688.30 million (51.10 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.106.89 million, comprising entirely Kshs.106.89 million (100 per cent) for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.3.12 billion for County Executive and Kshs.197.52 million for County Assembly. Table 3.709 provides additional details of trade payables.

Table 3.709: Wajir County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	2,275,899,228	1,394,314,907.62	3,670,214,136
		County Assembly	-	233,512,399.02	233,512,399
		Total	**2,275,899,228**	**1,627,827,307**	**3,903,726,535**
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	2,192,318,213	726,858,443.48	2,919,176,657
		County Assembly	-	107,489,600.02	107,489,600
		Total	**2,192,318,213**	**834,348,044**	**3,026,666,257**
Amount paid in FY 2025/26	c	County Executive	688,303,885	658,791,995.97	1,347,095,881
		County Assembly	-	106,878,600.25	106,878,600
		Total	**688,303,885**	**765,670,596**	**1,453,974,481**
Trade Payables Incurred in FY 2025/26	d	County Executive	643,000,186.55	141,196,113.40	784,196,300
		County Assembly	-	70,885,678	70,885,678
		Total	**643,000,187**	**212,081,792**	**855,081,978**
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	e=a-c+d	County Executive	2,230,595,530	876,719,025	3,107,314,555
		County Assembly	-	197,519,477	197,519,477
		Total	**2,230,595,530**	**1,074,238,502**	**3,304,834,032**

Source: *Wajir County Treasury*

The County Executive and the Assembly had submitted a trade payables payment plan, committing to pay Kshs.834.35 million and Kshs.2.19 billion on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.1.35 billion for the Executive and Kshs.107.88 million for the Assembly.

Table 3.710 and Table 3.711 present the ageing of the total outstanding bills as of 30 June 2026 for the County Executive and Assembly, which were Kshs.3.30 billion.

Table 3.710: Wajir County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	**643,000,186.55**	**405,105,891.89**	**-**	**1,182,489,451.65**	**2,230,595,530**
Recurrent Trade Payables (Goods & Services)	134,821,113.40	8,143,513.60	-	56,841,699.40	**199,806,326**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	662,282,698.64	**662,282,699**
Recurrent Trade Payables (Staff Claims)	6,375,000.00	-	-	8,255,000.00	**14,630,000**
Total Recurrent Trade Payables	**141,196,113**	**8,143,514**	**-**	**727,379,398**	**876,719,025**
Total Trade Payables	**784,196,300**	**413,249,405**	**-**	**1,909,868,850**	**3,107,314,555**
% of Total	**2,523,710,703**	**13**	**-**	**6,146,364,701**	**100**

Source: *Wajir County Treasury*

Table 3.711: Wajir County Assembly Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	**-**
Recurrent Trade Payables (Goods & Services)	11,545,528.00	24,734,605.58	-	88,228,521.77	**124,508,655**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	58,877,150.35	5,773,833.50	7,285,838.15	-	**71,936,822**
Recurrent Trade Payables (Staff Claims)	1,074,000.00	-	-	-	**1,074,000**
Total Recurrent Trade Payables	**71,496,678**	**30,508,439**	**7,285,838**	**88,228,522**	**197,519,477**
Total Trade Payables	**71,496,678**	**30,508,439**	**7,285,838**	**88,228,522**	**197,519,477**
% of Total	**36**	**16**	**4**	**45**	**100**

Source: *Wajir County Treasury*

As shown in Table 3.710 and Table 3.711, the total salary arrears and statutory deductions for trade payables amounted to Kshs 732.33, which represented 22.17 per cent of the total trade payables of Kshs 3.30 billion as of 30 June 2026. Additionally, the two tables indicate that 60.49 per cent of total trade payables are aged over 3 years.

3.46.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015,

requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 115 accounts in commercial banks. The accounts included 100 accounts for Health Facilities, 5 accounts for Established Funds, 1 revenue account, 2 special-purpose accounts (Wajir County Climate Change, Water and Sanitation Development Programme WSDP), 2 imprest bank accounts, 1 deposit collection account, 2 Wajir Water and Sewerage Company Limited Wajwasco (Wajwasco Recurrent and Development) bank accounts and 2 Wajir Municipality (Wajir Municipality Recurrent and Development) bank accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of the 115 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.46.19 Key Observations and Recommendations

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

i. 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 2026, the lifespan of the Wajir County Revolving Fund had lapsed, making it ineligible for further withdrawals.

ii. High level of trade payables, which amounted to Kshs.3.30 billion as of 30 June 2026. Furthermore, neither the County Executive nor the County Assembly adhered to the trade payables payment plan.

iii. Personnel emoluments amounting to Kshs.755.35 million were processed through manual payroll, accounting for 14.48 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

iv. 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.

v. The County reported Kshs.179.93 million under “other operating expenses - Other,” accounting for 5.92 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

vi. Some sub-programmes recorded low absorption of development budgets during the period under review, resulting in delays in implementing planned development projects and activities.

vii. 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 05th August 2026.

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

i. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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.*

ii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables 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 that it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts to enhance accountability and oversight.*

v. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

vi. *The County Government should identify and address the causes of low-budget absorption in some sub-programmes, strengthen monitoring of programme implementation, and ensure timely execution of planned activities to improve its development budget performance.*

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

3.47. County Government of West Pokot

3.47.1 Overview of FY 2025/26 Budget

The West Pokot County supplementary Budget for FY 2025/26 was Kshs.8.99 billion. It comprised Kshs.2.76 billion (30.66 per cent) and Kshs.6.23 billion (69.34 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represented an increase of Kshs.1.32 million (17.14 per cent) from FY 2024/25 budget, which comprised a development budget of Kshs.2.25 billion and a recurrent budget of Kshs.5.42 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. These included the equitable share of nationally raised revenue of Kshs.7 billion (77.92 per cent), additional allocations of Kshs.1.26 billion (14.08 per cent), a cash balance brought forward from FY 24/25 of Kshs.368 million (4.10 per cent) and Kshs.351.66 million (3.90 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.712.

3.47.2 Revenue Performance

In FY 2025/26, the County reported total revenue of Kshs.8.62 billion. This amount represented an increase of 13.52 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.7.58 million. The total revenue consisted of Kshs.7 billion from the equitable share of nationally raised revenue, additional allocations from the national government and development partners of Kshs.824.01 million, and own-source revenue (OSR) collection of Kshs.429.31 million. Additionally, the County had a cash balance of Kshs.368 million from FY 2024/25. The total OSR collection of Kshs.429.31 million included Facilities Improvement Financing (FIF) of Kshs.329.42 million, and Kshs.99.89 million from other OSR sources. Table 3.712 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.712: West Pokot County, Revenue Performance in FY 2025/26

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (Kshs.)
		A	B	C	D	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	367,995,569	367,995,569	-	367,995,569	100.00
	Sub-Total	**367,995,569**	**367,995,569**	**-**	**367,995,569**	**100.00**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,002,426,008	7,002,426,008	-	7,002,426,008	100.00
	Sub-Total	**7,002,426,008**	**7,002,426,008**	**-**	**7,002,426,008**	**100.00**
C	**Additional Allocations (Including Grants)**					
1	Road Maintenance Levy Fund (RMLF)	57,829,022	-	-	-	-
2	Road Maintenance Levy Fund (RMLF)(Rollover)	75,264	-	-	-	-

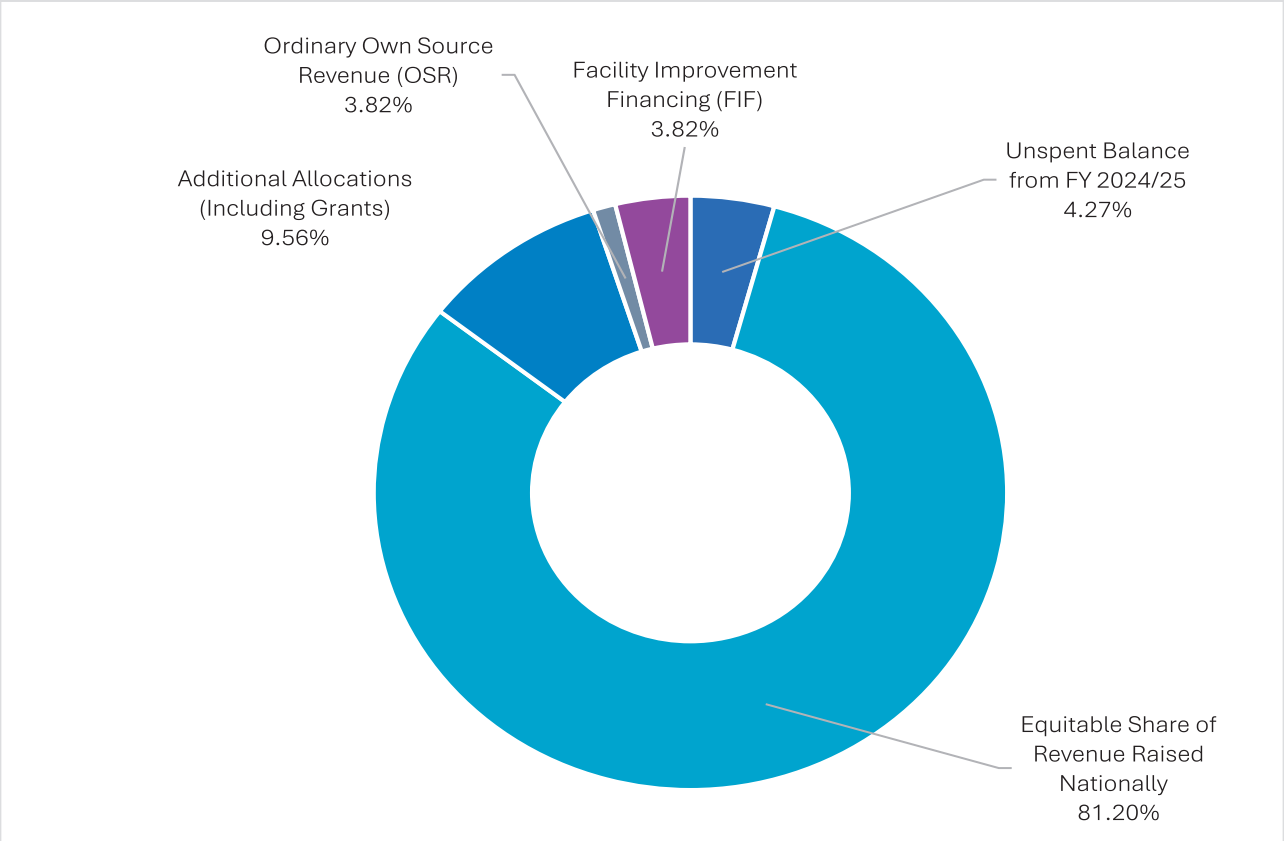
No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (Kshs.)
		A	B	C	D	F=D/A*100
3	Financing Locally Led Climate Action Program – County Climate Resilient Investment (FLoCCA-CCIR)	200,000,000	131,805,960	-	131,805,960	65.90
4	Financing Locally Led Climate Action Program – County Climate Resilient Investment (FLoCCA-CCIR) Rollover	47,706,635	-	-	-	-
5	Food System Resilience Project (FSRP)	246,153,846	246,130,311	-	246,130,311	99.99
6	Second Kenya Devolution Support Program – Institutional Grant (Level 1 Grant) (KDSP)	72,909,500	70,503,589	-	70,503,589	96.70
7	Second Kenya Devolution Support Program – Service Delivery and Investment Grant (Level 2 Grant) (KDSP)	352,500,000	164,787,461	-	164,787,461	46.75
8	Second Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	51,847,857	-	-	-	-
9	Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG)	28,000,000	26,000,000	-	26,000,000	92.86
10	Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG) Rollover	32,309,300	-	-	-	-
11	Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UDG) Rollover	27,040,620	27,040,620	-	27,040,620	100.00
12	Kenya Water, Sanitation, and Hygiene (K-WASH) Programme	130,000,000	141,979,713	-	141,979,713	109.22
13	DANIDA: Primary Health Care in a Devolved Context (PHDC)	8,058,000	8,058,000	-	8,058,000	100.00
14	DANIDA- Rollover FY 2024-25 Level 1	2,014,500	2,014,500	-	2,014,500	100.00
15	DANIDA- Rollover FY 2024-25 Level 1, 2 and 3	5,692,750	5,692,750	-	5,692,750	100.00
	Sub-Total	**1,264,124,916**	**824,012,904**	**-**	**824,012,904**	**65.18**
D	**Ordinary Own Source Revenue (OSR)**					
1	Market kiosk Rent	5,482,560	3,537,230	-	3,537,230	64.52
2	Business Permit	11,996,995	26,197,594	-	26,197,594	218.37
3	Market/Trade Centre fee	3,801,936	1,904,670	-	1,904,670	50.10
4	Building Plan approval fee	128,000	280,000	-	280,000	218.75
6	Other cesses	7,313,898	3,728,299	-	3,728,299	50.98

No	Revenue Stream	Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Revenue Arrears in FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance (Kshs.)
		A	B	C	D	F=D/A*100
7	Sand, Gravel and Ballast Extractions	24,151,014	20,993,450	-	20,993,450	86.93
8	Livestock Cess	9,975,712	3,849,370	-	3,849,370	38.59
9	Rent of Government Building and Housing	1,500,000	696,033	-	696,033	46.40
10	Advertising Fee	4,484,800	4,072,105	-	4,072,105	90.80
11	Street Parking Fee	1,187,056	1,093,613	-	1,093,613	92.13
12	Vehicle Parking Fee	8,241,684	2,856,290	-	2,856,290	34.66
13	Application /Renewals	1,565,760	396,950	-	396,950	25.35
14	Liquor Licence Fee	1,500,000	3,195,170	-	3,195,170	213.01
15	Other Miscellaneous fee	1,000,000	169,654	-	169,654	16.97
16	Receipt from Administration fees	238,400	822,022	-	822,022	344.81
17	Land Rates /Property Rent	13,900,000	5,674,551	5,455,227	11,129,778	80.07
18	Livestock Movement Permit	523,488	280,860		280,860	53.65
19	Forest Material Cess	1,159,696	785,668		785,668	67.75
20	Asset Disposal	-	13,712,713		13,712,713	-
	Sub-Total	**98,150,999**	**99,890,644**	**-**	**99,890,644**	**101.77**
E	Facility Improvement Financing (FIF)					
1	SHIF	253,505,000	329,416,959	-	329,416,959	129.94
2	Defunct NHIF	-	-	-	-	-
	Sub-Total	**253,505,000**	**329,416,959**	**-**	**329,416,959**	**129.94**
	Grand Total	**8,986,202,492**	**8,623,742,083**	**5,455,227**	**8,623,742,083**	**95.97**

Source: West Pokot County Treasury

The increase in FIF was attributed to the inclusion of level 2 and 3 facilities, which were not incorporated in the initial revenue estimates, therefore broadening the County's revenue base. The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 3.274 provides a detailed breakdown of receipts.

Figure 3.274: West Pokot County Composition of Revenue in FY 2025/26

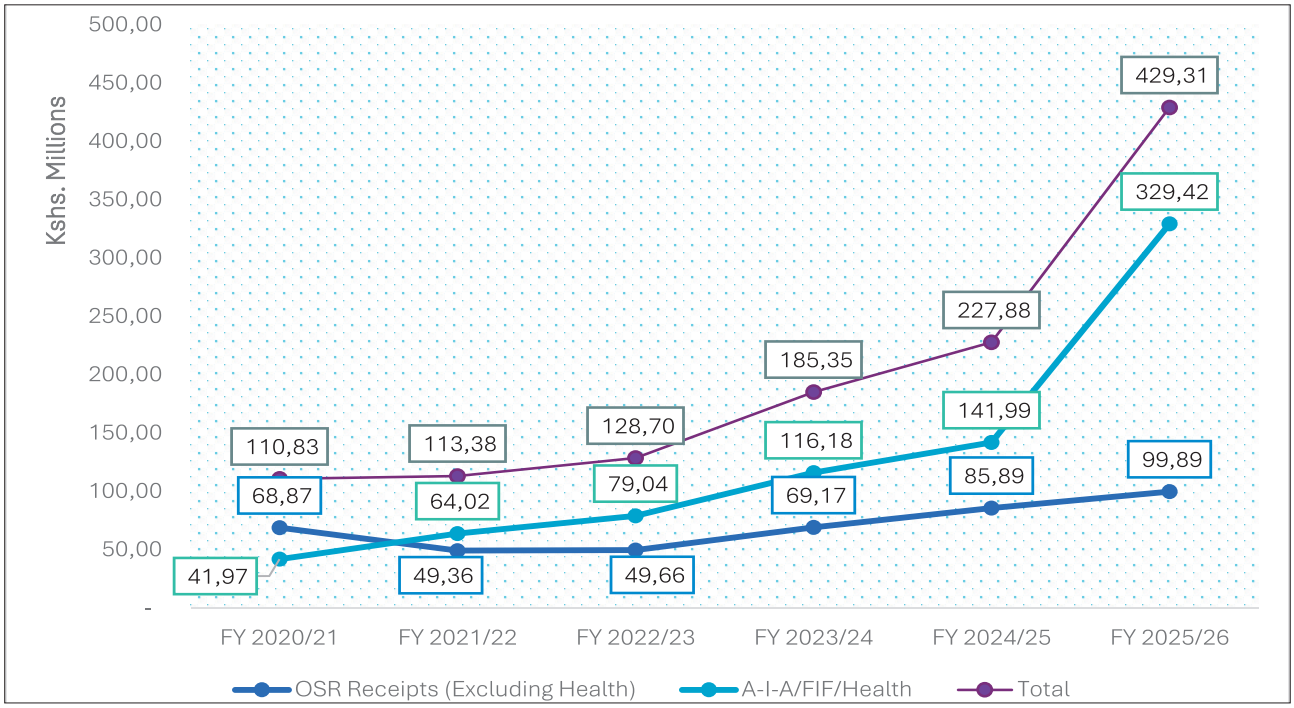


S***ource:*** *West Pokot County Treasury*

The equitable share of revenue raised nationally, additional allocation, and unspent balance from FY 2024/25 contributed 81.20 per cent, 9.56 per cent and 4.27 per cent, respectively, of the total receipts for the reporting period.

Figure 3.275 shows the trend in own-source revenue collection from FY 2020/21 to FY 2025/26.

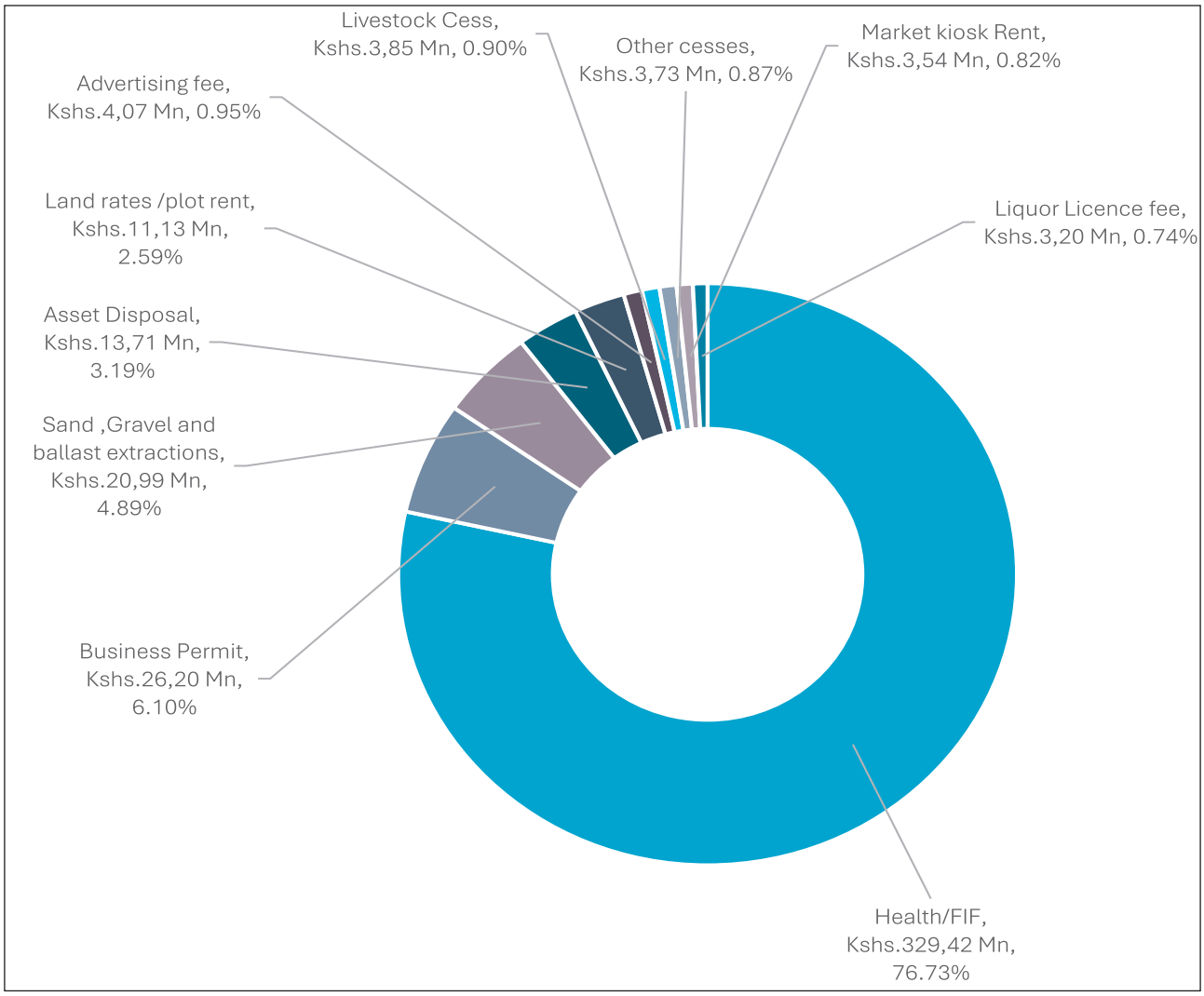
Figure 3.275: West Pokot County Trend in Own-Source Revenue Collection from FY 2020/21 to FY 2025/26



Source: *West Pokot County Treasury*

In FY 2025/26, the County received Kshs.429.31 million from OSR, including FIF. This amount was an increase of 88.39 per cent compared to Kshs.227.88 million realised in a similar period in FY 2024/25 and was 122.08 per cent of the annual target and 6.13 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to higher FIF collection. The revenue streams that contributed the most to OSR receipts are shown in Figure 3.276.

Figure 3.276: West Pokot County Top Own Source Revenue Streams in FY 2025/26



***Source**: West Pokot County Treasury*

As shown in Figure 3.276, the largest revenue stream, at Kshs.329.42 million, was FIF, accounting for 76.73 per cent of total OSR receipts. The County Government indicated that it has automated 14 of 19 revenue streams. The system utilised for FIF revenue collection is Afya KE, which has been in use since FY 2019/2020.

From the above analysis, the County is heavily dependent on FIF, which accounts for a significant proportion of total own-source revenue. This overdependence exposes the County to revenue shortfalls in the event of changes in economic conditions, policy, collection performance, or other factors affecting the source, and could significantly impact overall revenue performance.

3.47.3 Revenue Arrears

As of 1 July 2025, the County reported Revenue Arrears of Kshs.62.40 million, which increased to Kshs.67.96 million as of 30 June 2026. The County currently tracks its Revenue Arrears using a manual system. Table 3.713 presents a breakdown of the County's Revenue Arrears.

Table 3.713: West Pokot County Revenue Arrears as of 30 June 2026

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in the FY 2025/26			Arrears as of 30 June 2026 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
	Sub-Total	**-**	**-**	**-**		
A	**Ordinary Own Sources of Revenue**					
1	Property Rent	42,896,739	-	3,500,133	6,814,000	46,210,795
2	Land Rates	19,603,189	-	-	2,141,360	21,744,549
	Sub-Total	**62,499,928**	**-**	**3,500,133**	**8,955,360**	**67,955,344**

Source: *West Pokot County Treasury*

As of 30 June 2026, revenue arrears totalled Kshs.67.96 million from ordinary sources of revenue. The measures instituted by the County to collect the outstanding Revenue Arrears in FY 2025/26 include conducting a comprehensive audit of outstanding land rates, digitising land records and automating billing and reminders. In addition, the County intends to develop payment plans for property owners with large arrears and to collaborate with the Ministry of Lands to ensure that land rate clearance is verified before property transfers.

3.47.4 Borrowing by the County

The two arms of the County Government did not report any borrowing in FY 2025/26.

3.47.5 Withdrawals from the County Revenue Fund and County Assembly Fund

In FY 2025/26, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.8 billion from the West Pokot County Revenue Fund (CRF) account. This amount consisted of Kshs.1.87 billion (23.31 per cent) designated for development programs, and Kshs.6.14 billion (76.69 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.51 billion was allocated to employee compensation and Kshs.2.62 billion to operations and maintenance. Within the operations and maintenance category, 26.27 per cent was for domestic travel and 0.52 per cent for foreign travel. The domestic travel exchequers totalled Kshs.688.31 million, which included Kshs.515.85 million for the County Executive and Kshs.172.46 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.12.99 million, with Kshs.10.04 million for the County Executive and Kshs.2.95 million for the County Assembly.

As of 30 June 2026, the County Government's cash balance in the West Pokot CRF account was Kshs.192.42 million.

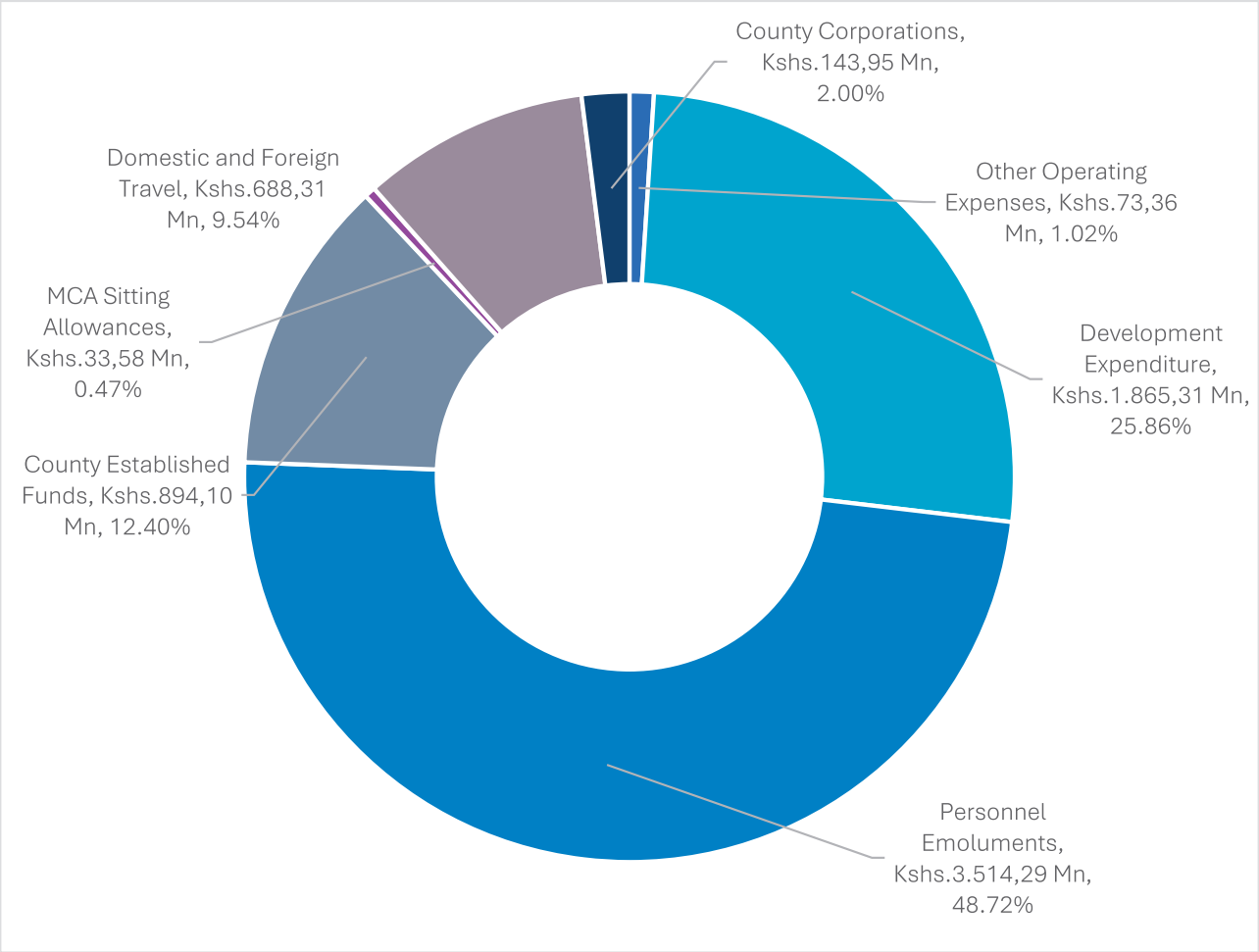
The County had not operationalised the County Assembly Fund as of 30 June 2026.

3.47.6 Expenditure Review

The County spent Kshs.8 billion on development and recurrent programmes in FY 2025/26. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.1.87 billion for development programmes and Kshs.6.14 billion for recurrent programmes. Expenditure on development programmes accounted for 67.70 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 98.46 per cent of the annual recurrent expenditure budget.

Figure 3.277 provides a detailed breakdown of total expenditure.

Figure 3.277: West Pokot County Composition of Expenditure in FY 2025/26



Source: *West Pokot County Treasury*

As shown in Figure 3.277, the three highest expenditure categories were personnel emoluments, development, and County established funds, contributing 48.72 percent, 25.86 percent and 12.40 percent of total expenditure for the reporting period.

3.47.7 Expenditure by Economic Classification

The County Executive incurred Kshs.3.09 billion in employee compensation, Kshs.2.36 billion in operations and maintenance, and Kshs.1.84 billion in development activities. Similarly, the County Assembly spent Kshs.427.65 million on employee compensation, Kshs.255.64 million on operations and maintenance, and Kshs.28.48 million on development activities, as shown in Table 3.714.

Table 3.714: West Pokot County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs.Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,531.96**	**699.02**	**5,450.78**	**683.29**	**933.60**	**-**	**5,451.71**	**683.29**	**98.55**	**97.75**
Compensation of Employees	3,162.33	429.65	3,086.64	427.65	-	-	3,086.64	427.65	97.61	99.53
Operations and Maintenance	2,369.64	269.37	2,364.14	255.64	933.60	-	2,365.07	255.64	99.81	94.90

Expenditure Classification	Approved Budget (Kshs.Million) (a)		Amount Paid in FY 2025/26 (Kshs.Million) (b)		Expenditure Accrued in FY 2025/26 (Kshs. Million) (c)		Total Expenditure in FY 2025/26 (Kshs. Million) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Development Expenditure	2,720.22	35.00	1,832.07	28.48	4,762.65	-	1,836.83	28.48	67.53	81.38
Total	8,252.18	734.02	7,282.85	711.77	5,696.25	-	7,288.54	711.77	88.32	96.97

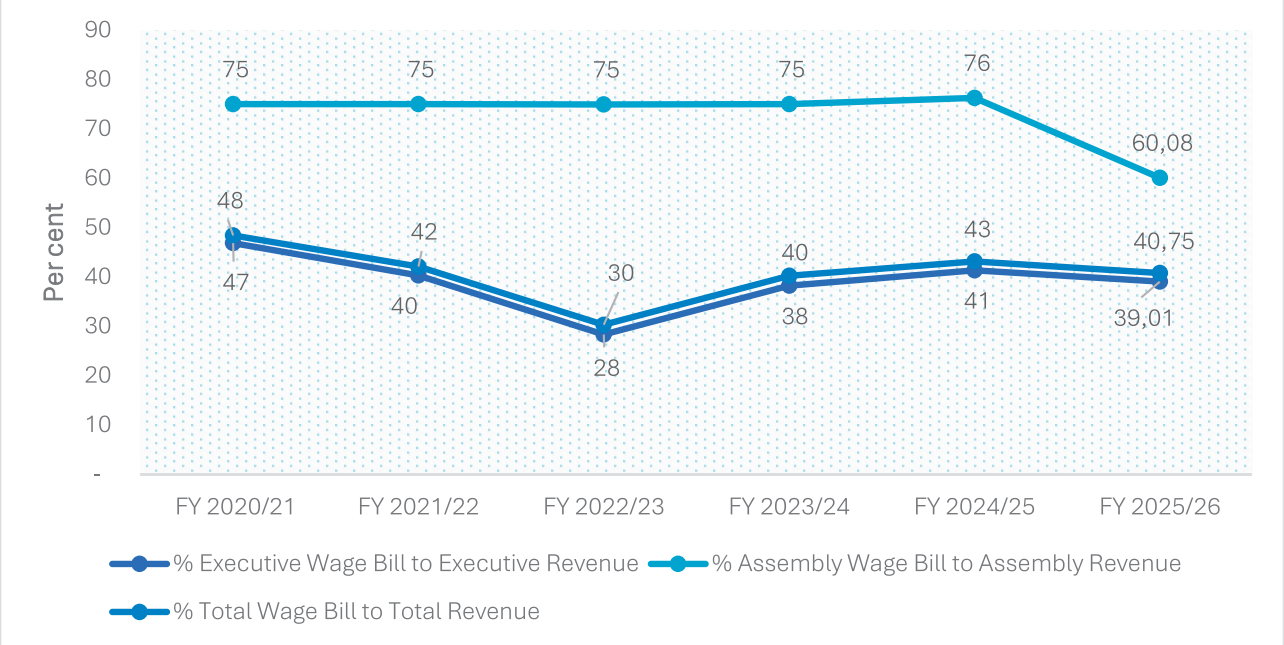
Source: *West Pokot County Treasury*

3.47.8 Expenditure on Employee Compensation

The expenditure on employee compensation totalled Kshs.3.51 billion, representing 40.75 per cent of total revenue. This expenditure on employee compensation has increased compared to the Kshs.3.35 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.82 billion related to Health Sector employees, accounting for 51.76 per cent of the overall employees' compensation.

Figure 3.278 shows the trend in employee compensation as a percentage of total revenue from FY 2020/21 to FY 2025/26.

Figure 3.278: Percentage of Employee Compensation Expenditure to Total Revenue Received in FY 2020/21 to FY 2025/26



Source: *West Pokot County Treasury*

Further analysis indicated that PE costs totalling Kshs.3.48 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.31.68 million was processed through manual payrolls, which accounted for 0.90 per cent of the total PE cost.

The manual payroll included top-up allowances for security personnel and gratuity remittances to pension schemes for contract staff, as shown in Table 3.715.

Table 3.715: Analysis of West Pokot County Manual Payroll

No.	Manual Payroll Category	Amount (Kshs.)
1	Top-up Allowances for Security Officers	11,762,300
2	Gratuity remittances to pension schemes for staff on contract	19,921,408
	Total	**31,683,708**

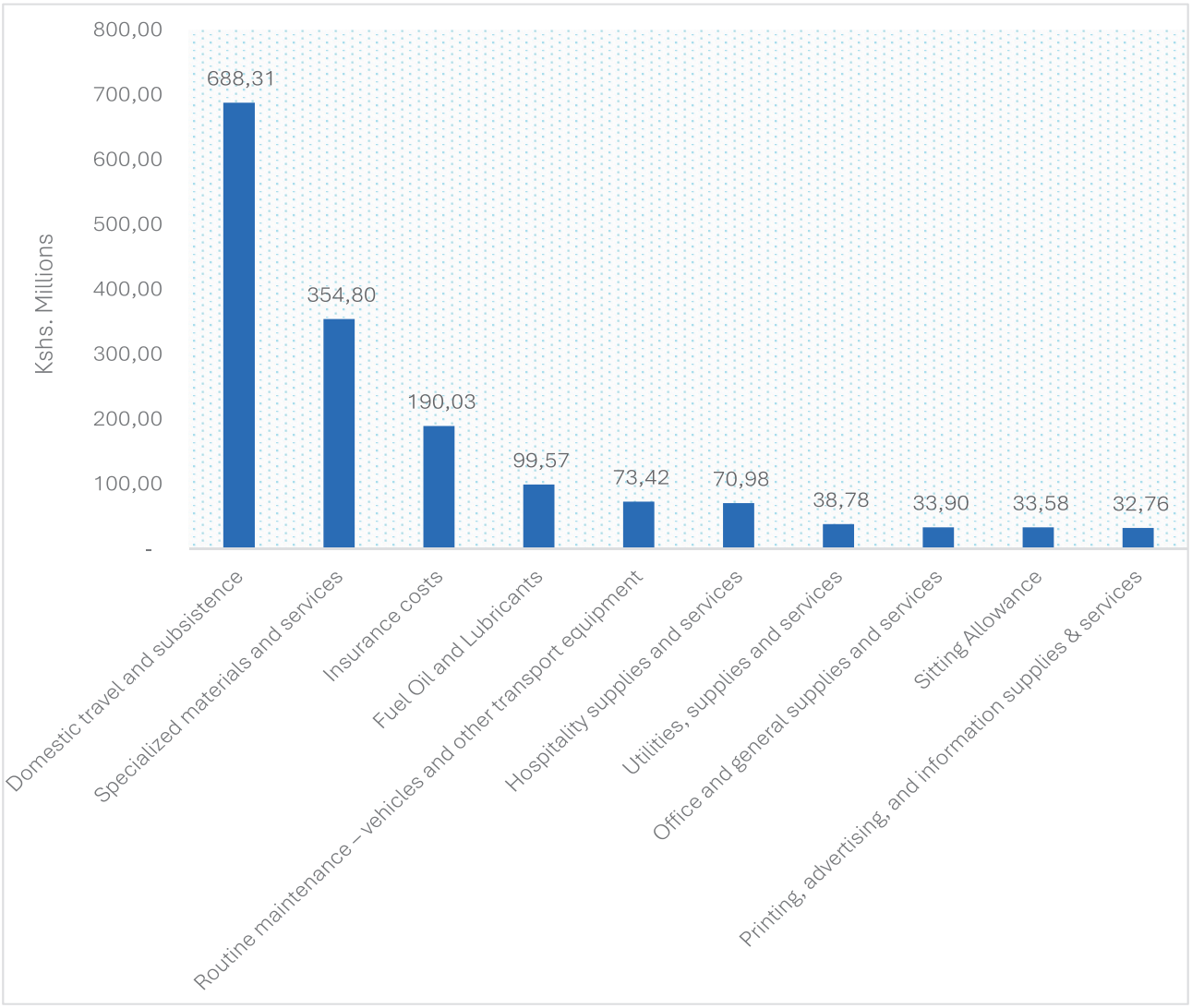
Source: *West Pokot County Treasury*

The County Assembly spent Kshs.33.56 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.33.56 million. The average monthly sitting allowance was Kshs.84,784 per MCA. The County Assembly has 26 House Committees.

3.47.9 Expenditure on Operations and Maintenance

In FY 2025/26, the County spent Kshs.2.62 billion on operations and maintenance, representing a 16.96 per cent increase over the same period in FY 2024/25, when the County spent Kshs.2.24 billion. Figure 3.279 illustrates the distribution of Operations and Maintenance expenditures across the major spending categories.

Figure 3.279: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: *West Pokot County Treasury*

Further analysis indicated that Kshs.688.31 million was spent on Domestic travel and comprised of Kshs.75.89 million on travel cost, Kshs.70.42 million on accommodation, Kshs.260.85 million on domestic travel allowance, Kshs.71.02 million on sundry expenses and Kshs.210.14 million on field operation expenses.

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.380.72 million to County-Established funds in FY 2025/26, representing 4.23 per cent of the County's overall budget. The County did not allocate any amount to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.716 summarises each established Fund's budget allocation and performance in FY 2025/26.

Table 3.716: Performance of West Pokot County Established Funds in FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in FY 2025/26 (Kshs.)	Actual disbursements in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	West Pokot County Car Loan and Mortgage	2016	-	-	77,350,000	225,000,000	Yes
2	West Pokot County Bursary and Infrastructure Fund	2025	361,200,000	351,200,000	875,200,000	7,820,150,000	Yes
3	West Pokot County Co-operative Development Fund	2018	18,272,000	-	15,348,434	65,000,000	Yes
		County Assembly Established Funds					
1	West Pokot County Assembly Car Loans and Mortgage	2025	-	-	-	240,726,312	Yes
	Total		**378,272,000**	**-**	**967,898,434**	**8,350,876,312**	

Source: *West Pokot County Treasury*

In FY 2025/26, the CoB received quarterly financial reports from the fund Administrators, as indicated in Table 3.716, in accordance with the requirements 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 2025/26, the CoB determined that the West Pokot County Car Loan and Mortgage Fund's lifespan had lapsed.

3.47.11 County Corporations, Municipalities and Agencies

The County has two municipalities, which were allocated Kshs.223.80 million in FY 2025/26. Their total transfers to these entities in FY 2025/26 amounted to Kshs.143.95 million, as shown in Table 3.717.

Table 3.717: Performance of West Pokot County Corporations, Municipalities and Agencies in FY 2025/26

S/No	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Chepareria Municipality	34,800,000	34,800,000	34,800,000	41,950,000
2	Kapenguria Municipality	188,140,766	109,148,270	109,148,270	375,757,570
	Total	**223,796,127**	**143,948,270**	**143,948,270**	**417,707,570**

Source: *West Pokot County Treasury*

3.47.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.688.31 million and comprised Kshs.172.46 million spent by the County Assembly and Kshs.515.85 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.99 million and comprised Kshs.2.95 million by the County Assembly and Kshs.10.73 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.718.

Table 3.718: Summary of Expenditure on Foreign Travel in FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.Mn)	Accrued Expenditure on Travel (b) (Kshs.Mn)	Total Expenditure on Travel (c=a+b) (Kshs.Mn)
County Executive	2	24th November to 28th November 2025	Attendance of workshop for boards, Audit Committee, CEOs, and heads of internal Audit	Istanbul, Turkey	1.79	-	1.79
County Executive	1	13th December to 20th December 2025	Attendance of the International Conference on Business Analytics and Intelligence (2025-ICBAI)	Tamilnadu, India	0.69	-	0.69
County Executive	2	8th December to 15th December 2025	Attendance at the Strong Cities Network Sixth Global Summit	Toronto, Canada	2.17	-	2.17
County Executive	3	3rd March to 9th March 2026	Training workshop and study visit on trade, technological innovations and infrastructure development.	China	5.37	-	5.37
County Assembly	5	19th January to 23rd January 2026	Training on strategic financial management and accountability in parliamentary governance	Kampala, Uganda	1.33	-	1.33
County Assembly	4	19th May to 25th May 2026	Training on governance frameworks and policy-making processes	Arusha Tanzania	1.61	-	1.61
Total							12.98

Source: *West Pokot County Treasury and West Pokot County Assembly*

3.47.13 Facility Improvement Financing

In FY 2025/26, the County reported collections of Kshs.329.42 million as FIF, which was 129.94 per cent of the annual target of Kshs.253.31 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.

The expenditure by the health facilities amounted to Kshs.157.81 million, as shown in Table 3.719.

Table 3.719: West Pokot County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.Million)	Actual Expenditure (Kshs.Million)	Absorption rate (%)
1.	Kapenguria County Referral Hospital	1	132.80	76.86	57.88
2.	Kacheliba Sub-County Hospital	1	24.00	21.87	91.12
3.	Chepareria Sub-County Hospital	1	20	10.03	50.15
4.	Sigor Sub County Hospital	1	16	7.84	49.00
5.	Level 2 and 3 Facilities	108	60	41.19	68.09
	Total		**253.30**	**157.81**	**62.30**

Source: *West Pokot County Treasury*

3.47.14 Development Expenditure

In FY 2025/26, the County reported spending Kshs.1.87 billion on development programmes, representing a 14.72 per cent increase over FY 2024/25, when the County spent Kshs.1.63 billion. Table 3.720 summarises the development projects with the highest expenditure in the reporting period.

Table 3.720: West Pokot County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
County Funded Projects										
1	Public Works, Transport and Infrastructure	Repair and Maintenance of Roads	County Wide	03/01/2026	30/06/2026	131.81	133.94	131.81	126.82	100.00
2	Health and Sanitation	Construction and Completion of Dispensaries	County Wide	03/10/2026	30/06/2026	42.39	33.9	43.39	20.49	80.00
3	Education and Technical Training	Construction of ECDE Classrooms	County Wide	01/07/2025	30/06/2026	3.89	98.70	43.25	43.25	20.00
4	Agriculture and Irrigation	Proposed Refurbishment of Agricultural Training College Tuition Block, Gate, Gate Houses, External Toilet Block, Electrical and Mechanical Works at Keringet In West Pokot County	Kapenguria	04/08/2026	10/08/2026	60.35	35	34.99	34.99	58.00
5	Livestock, Fisheries and Veterinary Services	Construction and Completion of Cattle Dips	Alale, Batei, Lelan, Riwo and Siyoi	02/04/2026	30/06/2026	12.85	12.84	12.84	12.84	100.00

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs Mn)	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 30 June 2026 (Kshs. Mn)	Percentage (%) of Completion
6	Trade, Industrialisation, Energy and Cooperative Development	Renovation and Maintenance of Sale Yards	Mnagei, Riwo, Batei, Chepareria, Kiwawa and Kapchok	22/11/2025	30/06/2025	8.27	8.27	8.27	8.27	100.00
7	Lands, Housing, Physical Planning and Urban Development	Grading and Gravelling of Roads	Mnagei, Chepareria, Eofdo and Kapenguria	17/03/2026	30/06/2026	11.79	16.3	14.76	14.76	100.00
8	Water, Environment, Natural Resources and Climate Change	Completion of Water Projects	Tapach, Siyoi, Kapenguria, Endugh, Lelan	31/03/2026	30/06/2026	12.89	12.89	12.89	12.89	100.00
9	Youth Affairs, Sports, Tourism, Culture and Social Services.	Purchase and Supply of Iron Sheets	Kiwawa, Tapach, Suam, Kodich,Alale	30/03/2026	30/06/2026	21.39	21.40	21.39	21.39	100.00
10	County Assembly	Renovation and Equipping of the Old County Assembly Building	Kapenguria	03/01/2026	30/06/2026	14.94	15.48	14.93	14.94	100.00
Donor Funded Projects										
1	FLoCCA	Drilling and Equipping of Boreholes and Distribution of Water	Weiwei, Kapenguria, Suam, Mnagei, Alale	08/04/2026	30/06/2026	60.23	65	60.23	60.23	100.00
3	FLoCCA	Establishment of Water Pan at Oron-Tunoyo Sub-location	Endough	02/10/2026	30/6/2026	30.76	33	30.76	30.76	100.00
4	FLoCCA	Establishment of Sekution Milk Cooling Plant	Tapach	03/12/2025	30/6/2026	25.59	26	25.59	25.59	100.00
5	FLoCCA	Repairs of Katumwon, Cheptumot, Kalodeke and Totum Boreholes	Riwo, Kapchok, Kiwawa and Mnagei	27 /12/ 2024	28/02/2025	1.50	1.5	1.49	1.49	100.00

Source: *West Pokot County Treasury*

3.47.15 Budget Performance by Department

Table 3.721 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.721: West Pokot County, Budget Allocation and Absorption Rate by Department in FY 2025/26

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 Executive	337.80	32.69	337.44	22.59	334.44	22.59	100.00	100.00	99.89	69.11
Finance and Economic Planning	313.08	24.11	311.50	24.06	311.50	24.06	100.00	100.00	99.49	99.79
Public Works, Transport and Infrastructure	105.33	269.12	105.22	268.03	104.29	268.03	99.11	100.00	99.01	99.59
Health and Sanitation	2,273.70	361.57	2,273.22	167.22	2,273.22	166.82	100.00	99.76	99.98	46.14
Education and Technical Training	944.32	240.59	943.83	163.87	943.83	163.87	100.00	100.00	99.95	68.11
Agriculture and Irrigation	90.40	424.35	89.82	422.60	89.82	422.60	100.00	100.00	99.36	99.59
Livestock, Fisheries and Veterinary Services	91.73	84.55	91.64	82.98	91.64	82.98	100.00	100.00	99.90	98.13
Trade, Industrialisation, Energy and Cooperative Development	63.80	90.96	63.74	89.76	63.74	88.77	100.00	98.91	99.91	97.59
Lands, Housing, Physical Planning and Urban Development	255.81	135.53	194.36	111.95	194.36	111.95	100.00	100.00	75.98	82.60
Water, Environment, Natural Resources and Climate Change	96.43	593.06	96.30	371.38	96.30	371.38	100.00	100.00	99.86	62.62
Youth Affairs, Sports, Tourism, Culture and Social Services.	93.34	107.37	92.82	107.09	92.82	105.21	100.00	98.24	99.44	97.99
County Public Service Management, ICT and Decentralised Units	746.53	356.30	732.60	5.30	732.60	3.80	100.00	71.70	98.13	1.07
Special Programmes	119.69	-	119.23	-	119.23	-	100.00	-	99.61	-
West Pokot County Assembly	699.02	35.00	683.81	28.48	683.29	28.48	99.92	100.00	97.75	81.38
	6,230.99	**2,755.22**	**6,135.52**	**1,865.31**	**6,134.07**	**1,860.55**	**99.98**	**99.74**	**98.44**	**67.53**

Source: *West Pokot County Treasury*

An analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the development budget at 99.79 per cent, followed by the Department of Public Works, Transport and Infrastructure at 99.59 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 99.98 per cent. In contrast, the Department of Lands, Housing, Physical Planning and Urban Development had the lowest at 75.98 per cent.

3.47.16 Budget Execution by Programmes and Sub-Programmes

Table 3.722 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.722: West Pokot County, Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates.

Programme/ Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT			
Agriculture and Irrigation			
Cash Crop Production	13,500,000	13,498,120	99.99
Education and Technical Training			
Youth Vocational Training	13,200,000	13,200,000	100.00
Health and Sanitation			
Curative Health Services	83,180,771	83,120,466	99.93
Finance and Economic Planning			
General Administration, Planning and Support Services	24,114,104	24,064,103	99.79
Public Works, Transport and Infrastructure			
Wars Specific Projects	147,067,248	146,242,343	99.44
RECURRENT			
Livestock, Fisheries and Veterinary Services			
Livestock Production and Range Management	8,300,000	8,299,630	100.00
Lands, Housing, Physical Planning and Urban Development			
Land Policy and Physical Planning	18,908,800	18,907,766	100.00
Water, Environment, Natural Resources and Climate Change			
Environment and Natural Resource Development	2,684,000	2,634,900	98.17
County Public Service Management, ICT and Decentralised Units			
ICT and Infrastructure Connectivity	11,261,926	11,251,879	99.91
County Assembly			
General Administration, Planning and Support Services	466,656,074	460,775,539	98.74

***Source**: West Pokot County Treasury*

The development sub-programmes with the highest budget implementation rates were Youth Vocational Training in the Department of Education and Technical Training at 100.00 per cent, Cash Crop Production in the Department of Agriculture and Irrigation at 99.99 per cent, and Curative Health Services in the Department of Health and Sanitation at 99.93 per cent.

For recurrent sub-programmes, the top performers included: Livestock production and Range Management in the Department of Lands, Housing, Physical Planning and Urban Development at 100 per cent, Land Policy and Physical Planning in the Department of Lands, Housing, Physical Planning and Urban Development at 100 per cent, and ICT and Infrastructure Connectivity in the Department of County Public Service Management, ICT and Decentralized Units at 99.91 per cent.

Table 3.723 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.723: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme/ Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 30 June 2026 (Kshs.)	Absorption Rate (%)
DEVELOPMENT			
Lands, Housing, Physical Planning and Urban Development			
Land Policy and Physical Planning	9,892,777	1,494,020	15.10
Water, Environment, Natural Resources and Climate Change			
Water Supply Services	156,299,985	27,374,207	17.51
County Public Service Management, ICT and Decentralised Units			
General Administration, Planning and Support Services	356,300,000	3,799,642	1.07
RECURRENT			
Lands, Housing, Physical Planning and Urban Development			
Kapenguria Municipality	88,859,300	28,550,000	32.13
Lands, Housing, Physical Planning and Urban Development			
Housing Development	3,595,122	2,486,064	69.15

Source: *West Pokot County Treasury*

The development sub-programmes with the lowest budget implementation rates were General Administration, Planning and Support Services in the Department of County Public Service Management, ICT and Decentralised Units at 1.07 per cent, Land Policy and Physical Planning in the Department of Lands, Housing, Physical Planning and Urban Development at 15.10 per cent, and Water Supply Services in the Department of Water, Environment, Natural Resources and Climate Change at 17.51 per cent.

For recurrent sub-programmes, the lowest performers included: Kapenguria Municipality and Housing Development in the Department of Lands, Housing, Physical Planning and Urban Development at 32.13 per cent and 69.15 per cent respectively.

3.47.17 Settlement of Trade Payables

As of 1 July 2025, the County reported trade payables totalling Kshs.330.57 million. This amount consisted of Kshs.309.07 billion from the County Executive and Kshs.21.50 million from the County Assembly. The trade payables from the County Executive comprised Kshs.221.13 million for recurrent expenditure and Kshs.87.13 million for development expenditure.

In FY 2025/26, the County Executive settled trade payables amounting to Kshs.156.92 million, comprising Kshs.84.07 million (38.02 per cent) for recurrent programmes and Kshs.72.85 million (82.83 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.21.50 million (100 per cent), solely for recurrent activities. The outstanding trade payables as of 30 June 2026 were Kshs.301.59 million. Table 3.724 provides additional details of trade payables.

Table 3.724: West Pokot County Trade Payables as of 30 June 2026

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	87,943,529	221,127,464	309,070,993
		County Assembly	-	21,502,274	21,502,274
		Total	87,943,529	242,629,738	330,573,267
Trade payables scheduled to be settled in FY 2025/26 per the action plan	b	County Executive	87,943,529	221,127,464	309,070,993
		County Assembly	-	21,502,274	21,502,274
		Total	87,943,529	242,629,738	330,573,267

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Amount paid in FY 2025/26	c	County Executive	72,846,038	84,070,690	156,916,727
		County Assembly	-	21,502,274	21,502,274
		Total	72,846,038	105,572,964	178,419,001
Trade Payables Incurred in FY 2025/26	d	County Executive	97,863,186	51,574,013	149,437,199
		County Assembly	-	-	-
		Total	97,863,186	51,574,013	149,437,199
Outstanding trade payables as of 30 June 2026	**e = a - c*b**	**County Executive**	**112,960,677**	**188,630,788**	**301,591,465**
		County Assembly	**-**	**-**	**-**
		Total	**112,960,677**	**188,630,788**	**301,591,465**

Source: *West Pokot County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.242.63 million and Kshs.21.50 million on recurrent and development expenditure, respectively, in FY 2025/26. The County Executive did not adhere to this payment plan, as it cleared Kshs.156.92 million. On the other hand, the Assembly adhered to this plan and cleared Kshs.21.50 million. Table 3.725 presents the ageing of the total outstanding bills as of 30 June 2026 for the County Executive, which were Kshs.301.59 billion.

Table 3.725: West Pokot County Executive Trade Payables Ageing Analysis as of 30 June 2026

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**98,447,466**	**6,098,750**	**-**	**8,414,461**	**112,960,677**
Recurrent Trade Payables (Goods & Services)	999,999	-	982,150	60,574,154	62,556,303
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	71,062,209	55,012,276	126,074,485
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**999,999**	**6,098,750**	**72,044,359**	**115,586,430**	**188,630,788**
Total Trade Payables	**99,447,465**	**6,098,750**	**72,044,359**	**124,000,891**	**301,591,465**
% of Total	**32.97**	**2.02**	**23.89**	**41.12**	**100**

Source: *West Pokot County Treasury*

As shown in Table 3.725 the total salary arrears and statutory deductions for trade payables amounted to Kshs.126.07 million, representing 41.80 per cent of the total trade payables of Kshs.301.59 million as of 30 June 2026.

Additionally, the tables indicate that 23.89 per cent of total trade payables are aged between 2 and 3 years, and 41.12 per cent are over 3 years. To address this situation, the county should pay pending bills on a FIFO basis by using the trade payables action plan.

3.47.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exceptions are imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, 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.

The County Government operated a total of 283 accounts across CBK and commercial banks, of which 24 were held at the CBK and 259 at commercial banks. Of those at the commercial banks, 2 were for donor commercial operational accounts, 1 for salary accounts, 127 for revenue collection accounts, 4 for County-established funds, 112 for health facilities operations accounts, 3 for municipalities operations accounts, 2 for water and sewerage companies operations accounts, 7 for Vocational Training Centres, and 1 for M-Pesa wallet accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening 266 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.47.19 Key Observations and Recommendations

While overseeing and reporting on the implementation of the West Pokot County budget, the CoB identified the following challenges, which hampered effective budget implementation;

i. Low development performance in FY 2025/26 as the County incurred Kshs.1.87 billion on development activities, achieving a 67.53 per cent absorption rate. This was evidenced by a low absorption of allocated funds by some sub-programmes, leading to underutilization of allocated resources.

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 2026, the lifespan of the West Pokot County Car Loan and Mortgage Fund had lapsed, making it ineligible for further withdrawals.

iii. High level of trade payables, which amounted to Kshs.301.59 million as of 30 June 2026. Furthermore, the County Executive did not adhere to the trade payables payment plan.

iv. Personnel emoluments amounting to Kshs.31.68 million for casual staff were processed through manual payroll, accounting for 0.90 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

v. Failure to submit 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 FY 2025/26, the County Government of West Pokot was expected to receive Kshs.1.26 billion from additional allocations but realised Kshs.824.01 million, resulting in a performance rate of 65.18 per cent. Some of the additional allocations that underperformed included the Kenya Urban Support Project (rollover and II at 0%) and the FloCCA-CCIR rollover (also at 0%).

vii. 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 28 July 2026.

viii. The County had 23.89 per cent of total trade payables aged between 2 and 3 years, and 41.12 per cent over 3 years of the total trade payables of Kshs.301.59 million as of 30 June 2026.

ix. The County relied heavily on FIF, accounting for 76.73 per cent of total OSR receipts as of 30 June 2026.

x. High expenditure on wage bills, which accounted for 40.75 per cent of the available revenue in FY 2025/26.This was above the legal ceiling of 35 per cent.

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

i. *The County should implement strategies to increase development expenditures in the future through enhance expenditure monitoring and regular reviews of budget absorption rates to identify implementation delays and take corrective actions.*

ii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed 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 should ensure that genuine trade payables are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

iv. *The Government requires that salaries be processed through the HRIS system. Accordingly, the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regularise staff engagement for 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 submit copies of authorisation letters for the opening of commercial bank accounts to the CoB to enhance accountability and oversight.*

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

vii. *To improve additional allocation funding in subsequent financial years, the County should focus on fulfilling the performance-based conditions for conditional allocations to secure funding and also maintain regular communication with the relevant State Department to advocate for additional allocations and ensure timely funding.*

viii. *The county should pay pending bills on a FIFO basis by using the trade payables action plan.*

ix. *The County should adopt a revenue diversification strategy to reduce reliance on one revenue source. This should include improving collection of other existing OSR and setting clear targets to lower concentration over time.*

x. *The County Leadership should develop strategies to ensure the wage bill is within the legal limit of 35 per cent of total revenue as provided under Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

4. KEY OBSERVATIONS AND RECOMMENDATIONS

4.1. Introduction

This section highlights the issues affecting budget implementation and reporting in FY 2025/26 and provides recommendations to address these challenges. The cross-cutting challenges included the following.

4.2. Low Development Expenditure Absorption

Article 201 of the Constitution of Kenya, 2010 requires that public resources be used prudently, responsibly, and in a manner that promotes equitable development. Section 107(2)(b) of the Public Finance Management Act, Cap 412 A, requires county governments to allocate at least 30 per cent of their budgets to development expenditure over the medium term, while Regulation 25(1)(g) of the Public Finance Management (PFM) (County Governments) Regulations, 2015 requires actual development expenditure to conform to this threshold.

Observation: County governments recorded low absorption of development expenditure of Kshs.126.69 billion (25.51 per cent of total expenditure) in FY 2025/26, against the PFM Act threshold requirement of 30 per cent, thereby affecting the implementation of development programmes and the delivery of public services. Further, the development expenditure of Kshs.126.69 billion represented 54.21 per cent of the approved development budget of Kshs.233.69 billion. Forty-two counties recorded development absorption rates below 75 per cent. In comparison, only four counties exceeded 75 per cent: Meru at 79.04 per cent, Mandera at 80 per cent, Wajir at 83.03 per cent, and Kilifi at 84.52 per cent.

Recommendation: *County governments should prioritise development projects in FY 2026/27 by implementing strategies such as preparing procurement plans promptly at the start of the financial year, ring-fencing resources to settle development trade payables, implementing ongoing projects, and aligning cash-flow plans with work plans. County treasuries should also monitor the monthly absorption of the development budget and take immediate corrective action through lawful supplementary budgets when bottlenecks occur.*

4.3. High Stock of Trade Payables

Article 201 of the Constitution requires public funds to be managed prudently and responsibly. Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 requires finalised and signed contracts to be budgeted for before new projects are considered, while Regulation 55(1)(b) supports orderly management and settlement of county government obligations.

Observation: County governments reported outstanding trade payables of Kshs.172.53 billion as of 30 June 2026 *(excluding Nandi County, which had not reported on its trade payables as of 30 June 2026)*, comprising Kshs.126.40 billion for recurrent activities and Kshs.46.15 billion for development activities. The highest reported balances were in Nairobi City at Kshs.86.90 billion, Kilifi at Kshs.8.15 billion, Kiambu at Kshs.5.80 billion, and Machakos at Kshs.4.49 billion. County Governments that reported the highest increase in trade payables between 30 June 2025 and 30 June 2026 include Elgeyo Marakwet (with a spike in trade payables by 1,264.60 per cent from Kshs.17.49 million as of 30 June, 2025 to Kshs.238.71 million as of 30 June, 2026), Baringo County (82.38 per cent), Nyeri County (56.27 per cent) Mandera County (53.01 per cent) Nyandarua County (50.91 per cent) and Nakuru County (34.96 per cent).

Of the outstanding stock of payables as of 30 June 2026, Kshs.46.69 billion (27.16 per cent) was aged less than one year; Kshs.30.67 billion, or 17.84 per cent, was aged between one and two years; and Kshs.22.88 billion, or 13.31 per cent, was aged between two and three years, and Kshs.71.64 billion or 41.67 per cent were aged above three years. The trade payables as of 30 June 2026 comprised Kshs.58.82 billion (34.15 per cent) for salaries and statutory deductions, Kshs.67.27 billion (39.05 per cent) for other recurrent payables, and Kshs.46.15 billion (26.80 per cent) for development payables. The high stock of trade payables, including salary and statutory deductions, will reduce fiscal space in FY 2026/27 and increase the risk that current budgets will finance prior-year obligations rather than current service delivery priorities.

Recommendation: *County governments should verify all trade payables, maintain comprehensive ageing schedules as approved in the 27th Intergovernmental Budget and Economic Council (IBEC) Ordinary*

Session and subsequent Sessions, and settle eligible amounts using the first-in-first-out principle in FY 2026/27. County treasuries should budget for verified obligations before making new commitments, submit quarterly settlement reports to the Controller of Budget, and rigorously enforce commitment controls to prevent the accumulation of new trade payables.

4.4. Underperformance in Own-Source Revenue Collection

Article 209(3) of the Constitution authorises county governments to impose property rates, entertainment taxes and other taxes authorised by an Act of Parliament. Further, Article 201(b)(1) requires that the burden of taxation be shared fairly, while Sections 104 and 107 of the Public Finance Management Act, 2012, require county treasuries to manage county public finances and observe principles of fiscal responsibility.

Observation: The cumulative Own Source Revenue (OSR) collections across 20 counties were below 75 per cent of the approved targets, indicating unrealised revenue performance. In aggregate, the County governments generated Kshs.97.55 billion in own-source revenue (i.e., ordinary OSR, FIF, AiA, and other revenues), which was 89.99 per cent of the annual target of Kshs.108.40 billion in FY 2025/26. Weak own-source revenue performance constrained implementation of approved programmes and increased dependence on transfers from the National Government.

Recommendation: *County governments should develop realistic and evidence-based OSR targets that are achievable. This will enhance budget credibility and minimise funding shortfalls.*

4.5. High Revenue Arrears

Article 201 of the Constitution requires public finance systems to promote accountability and responsible financial management, including the fair sharing of the burden of taxation. Sections 104 and 158 of the Public Finance Management Act, Cap 412A, require county treasuries and receivers of revenue to manage, collect and account for public money effectively.

Observation: Revenue arrears remained high in FY 2025/26, reducing the liquidity available for budget implementation. As of 30 June 2026, total reported revenue arrears stood at Kshs.113.29 billion, including Kshs.100.38 billion from ordinary own-source revenue and Kshs.11.20 billion from Facility Improvement Financing. County governments with the highest revenue receivables included Nairobi City County, Nakuru and Mombasa, with revenue arrears of Kshs.59.09 billion, Kshs.16.84 billion, and Kshs.13.68 billion, respectively. High receivables indicate weaknesses in revenue collection enforcement.

Recommendation: *County governments should develop and implement revenue arrears recovery plans for FY 2026/27. They should also perform monthly reconciliations of the receivables registers and assign accountable officers to collect revenue from each major revenue stream. Further, the County treasuries should consistently report opening balances, additions, collections, waivers, and closing balances to strengthen oversight and improve liquidity planning.*

4.6. High Expenditure on Compensation of Employees

Section 107(2) of the Public Finance Management Act, Cap 412A, establishes fiscal responsibility principles. Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 requires county expenditure on wages and benefits for public officers to remain within 35 per cent of total county revenue.

Observation: County governments spent Kshs.235.96 billion on compensation of employees in FY 2025/26, representing 39.54 per cent of the total reported revenues in FY 2025/26 of Kshs.596.78 billion, exceeding the 35 per cent statutory threshold and indicating non-compliance with fiscal responsibility requirements. The high wage bill constrains resources available for development and service delivery, given that compensation of employees is a recurrent expenditure and should be prioritised before discretionary development spending. County governments with the highest wage bill-to-revenue ratios in FY 2025/26 included; Homa Bay (56.21 per cent), Nyeri (52.14 per cent), and Taita-Taveta (49.23 per cent).

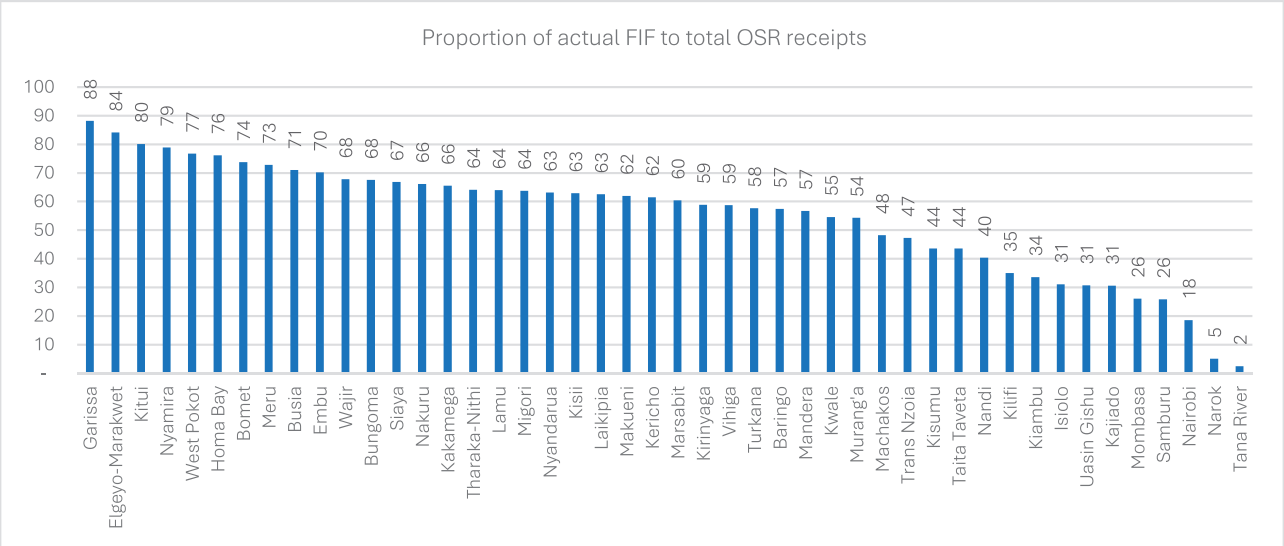
Recommendation: *County governments should implement payroll containment measures to reduce the wage bill to within the 35 per cent threshold provided for by Section 107(2) of the PFM ACT Cap 412A by 30 June 2028, as resolved in the Wage Bill and Productivity Conference of April 2024. The Counties should conduct payroll audits, control recruitment, rationalise staff, enforce approved establishment limits, and*

migrate manual payroll data to the approved human resource information systems. Further, all personnel planning should be linked to the wage bill ceiling and available revenues before approving new hires or salary-related commitments.

4.7. Overreliance on Facility Improvement Financing as a Revenue Stream

The Facility Improvement Financing Act, 2023, provides for the collection, retention and management of revenue generated by public health facilities. Section 29 of the Act allows county governments to enact county legislation to operationalise facility improvement financing, while Article 201 of the Constitution requires transparent and accountable management of public resources.

Observation: Facility Improvement Financing accounted for a significant share of own-source revenue in FY 2025/26. The County governments collected Kshs.39.75 billion from Facility Improvement Financing, representing 40.75 per cent of the total OSR-reported revenues. Analysis of county performance indicated that Garissa collected Kshs.656.73 million from Facility Improvement Financing, accounting for 88.18 per cent of its total own-source revenue receipts of Kshs.744.79 million, followed by Elgeyo Marakwet County at 84.11 per cent and Kitui County at 80.12 per cent. Heavy reliance on this stream exposed counties to fiscal concentration risk and weakened resilience where ordinary own-source revenue streams underperformed.



Recommendation: *The County Governments are advised to broaden their ordinary own-source revenue streams to reduce high reliance on FIF, thereby minimising the concentration risk. Also, there is a need to ring-fence facility revenues strictly for legally approved health facility purposes, reconcile collections with facility-level records, and disclose FIF performance separately from ordinary revenue to enhance transparency.*

4.8. Unfunded or underfunded Additional Allocations

Article 202 of the Constitution provides for equitable sharing of national revenue and additional allocations to county governments. Article 219 requires county governments' share of revenue to be transferred without undue delay and without deduction, except where permitted by law. The relevant County Governments Additional Allocations Act provides the basis for conditional and unconditional allocations.

Observation: In FY 2025/26, counties budgeted Kshs.87.74 billion as additional allocations from the National Government and development partners. Actual receipts of additional allocations were Kshs.50.75 billion, representing a 57.85 per cent performance compared to the allocation. Non-funded and under-funded disbursement affected the implementation of programmes financed through Additional Allocations. Specific County Government programmes/sub-programmes were therefore subject to implementation delays and low absorption.

Recommendation: *National Treasury, County Governments, and implementing agencies should agree on realistic disbursement schedules for FY 2026/27, fulfil conditions precedent early, and publish quarterly status reports on each additional allocation.*

4.9. Weak Vote Control and Expenditure Above Approved Allocations

Sections 104 and 105 of the Public Finance Management Act, Cap 412A, require county treasuries to monitor, evaluate and oversee management of county public finances. Regulation 51 of the Public Finance Management (County Governments) Regulations, 2015, prohibits commitments beyond approved budget lines, while Regulation 53 restricts the use of funds earmarked for specific activities.

Observation: A review of programme, sub-programme, and facility-level performance in FY 2025/26 revealed cases where expenditure exceeded 100 per cent of approved allocations, indicating weak vote control and inadequate in-year monitoring. Several programmes/sub-programmes reported over 100 per cent absorption of their budgets, including the Kwale Hospital in Kwale County, which utilised 2,763 per cent of its allocation; the Business and Hustler Opportunities sub-programme in Nairobi City County, a recurrent sub-programme that utilised 129.85 per cent of its allocation; and the fisheries recurrent sub-programme in Kajiado County, which utilised 129.30 per cent of its allocation.

The Controller of Budget also observed that several counties did not fund some budgeted and approved programmes and sub-programmes, while others received inadequate funding despite having been prioritised through the budget process. This weak linkage between planning, budgeting, funding and implementation undermines the achievement of intended outputs and outcomes and results in ineffective budget implementation.

Recommendation: *County Treasuries should strengthen commitment controls. Block commitments beyond approved votes, review budget execution reports monthly, and regularise lawful reallocations through supplementary budgets before incurring expenditure hold accounting officers accountable for commitments and payments made outside approved budgets. County treasuries should also ensure equitable distribution of resources across all programmes and sub-programmes to achieve the desired outcomes.*

4.10. Slow Operationalisation of County Assembly Fund

Section 109 of the Public Finance Management Act (Cap. 412A), read together with Section 6 of the County Public Finance Laws (Amendment) Act, 2025, establishes the County Assembly Fund. Under these laws, the Clerk of the County Assembly administers the fund.

Observation: In FY 2025/26, only two counties, namely; Trans Nzoia and Marsabit operationalised their County Assembly Funds through approved transfers of Kshs.509.17 million and Kshs.890.46 million, respectively, while other counties remained at various stages of establishment.

Recommendation: *Clerks of County Assemblies should liaise with the County Executive Committee Members for Finance to fully operationalise County Assembly Funds in FY 2026/27. County governments should develop clear disbursement schedules for transfers from the County Revenue Fund to the County Assembly Fund in their FY 2026/27 budget submissions.*

4.11. Stalled County Government Projects

22 counties reported 189 stalled projects valued at Kshs.10.51 billion, out of which Kshs.4.21 billion had already been paid. Nairobi City County reported the largest number of projects with 57, Kakamega County had 26 stalled projects; and Baringo County had 23. In value terms, Nairobi City County reported the highest estimated value of Kshs.2.24 billion, followed by Isiolo County at Kshs.1.77 billion and Machakos County at Kshs.891 million. Reported causes included inadequate budgetary allocations, unresolved contract variations, contractor abandonment, contract termination, missing contract files and projects under investigation.

Recommendation: County governments should prepare verified schedules of stalled projects, prioritise projects that can be completed and operationalised, and allocate adequate resources in future budgets. Resolve contractual disputes promptly and in accordance with the law. Ring-fence projects under investigation and pursue appropriate recovery, enforcement, or corrective actions where loss or irregularity is established.

4.12. Lapsing of Established Fund Regulations

According to Regulation 197(1)(i) of the PFM (County Governments) Regulations 2015, the lifespan of public funds is capped at ten years unless extended by a County Assembly.

Observation: As of 30 June 2025, 116 regulations governing established County Funds had lapsed, among them are the Mombasa Alcoholic Drink Control Fund (established in 2014), Nyeri Elimu Fund (established in 2014), and Turkana Biashara Fund (established in 2014). The lapse of the regulations means these funds are no longer eligible for further exchequer withdrawals.

Recommendation: *County Governments should review all lapsed funds, with a view to extending the Funds or winding them up to enhance compliance with the law. County Governments should not incur any expenditures on lapsed Funds. Affected County Governments should take legal measures to re-establish or wind up such funds in accordance with the PFM Act, Cap 412A.*

4.13. Commercial Bank Accounts Operated Without Adequate Authorisation Evidence

Regulations 81 and 82 of the Public Finance Management (County Governments) Regulations, 2015 require county bank accounts to be maintained at the Central Bank of Kenya, except for permitted categories, and require written authorisation before commercial bank accounts are opened.

Observations: As of 30 June 2026, counties reported 6,503 commercial bank accounts, up from 5,476 as of 30 June 2025. The absence of submitted copies of authorisation letters to the Controller of Budget limits assurance over the legality, purpose and completeness of commercial bank accounts maintained by counties.

Recommendation: *County treasuries should submit copies of authorisation letters for all commercial bank accounts to the Controller of Budget, reconcile reported accounts with approved account registers, and close or regularise accounts that do not comply with PFM Regulations. Further, Counties should maintain up-to-date bank account registers that show the account purpose, approving authority, signatories, and status. Accounting officers should submit updated account information annually as required under Regulation 87(3).*

4.14. Delay in Submission of Financial and Non-Financial Reports to the Controller of Budget

County governments are required to prepare and submit both financial and non-financial reports as mandated by Section 166(4) and Section 168(3) of the Public Finance Management (PFM) Act, Cap 412A. These reports should be submitted by County Governments no later than one month after the end of each quarter. Additionally, Section 16 of the Controller of Budget Act, Cap 429, 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 2026.

Observation: Despite these legal requirements, no County Government submitted their financial and non-financial reports within the recommended timeline of 15 July 2026. This delay hindered the timely finalisation of the Annual County Budget Implementation Review Report for FY 2025/26. This was partly affected by the irregular extension of the financial year beyond the PFM cut-off of 30 June, which should not be the case,

Recommendation: *County governments should implement robust mechanisms to ensure full compliance with legal requirements for submitting quarterly financial and non-financial reports to the Controller of Budget.*

5. MONITORING OF COUNTY GOVERNMENTS' BUDGET IMPLEMENTATION FOR FY 2025/26

5.1. Introduction

Section 5(b) of the Controller of Budget Act, CAP 429, mandates the Controller of Budget to promote the prudent and efficient use of public funds by monitoring, evaluating, reporting, and recommending measures to improve budget implementation by National and County Governments.

In line with this mandate, the Office of the Controller of Budget conducted field monitoring and evaluation visits in all 47 County Governments to assess progress in budget implementation.



Picture 1: *Migori County Governor, H.E. Ochilo Ayacko, and the Controller of Budget, FCPA Dr Margaret Nyakang'o, CBS, during the M&E Entry Meeting*

5.2. Objectives of the Monitoring Exercise

The monitoring and evaluation exercise sought to:

i. *Assess the status of implementation of the Facilities Improvement Financing Act of 2023.*
ii. *Monitor compliance with laws relating to the establishment and operations of Public Funds established by the County government.*
iii. *Assess compliance with the law on the banking arrangements.*
iv. *Assess the governance structures and performance of municipalities.*
v. *Assess the governance structures and performance of County corporations.*
vi. *Assess criteria for procurement of medical drugs and supplies.*
vii. *Unbundle expenditures categorised as "Other Expenses" under Operations and Maintenance.*
viii. *Determine the extent to which the projects funded in FY2024/25 have been implemented.*
ix. *Verify the status of implementation of projects funded under the Equalisation Fund.*
x. *Assess progress made by the Counties to implement recommendations from the previous monitoring and evaluation exercise.*

5.3. Key Findings

The findings below follow the objectives of the exercise. Each thematic area outlines the applicable legal or policy basis, key observations, related accountability or service delivery risks, and recommended corrective actions.

5.3.1 Assessment of the Implementation of the Facilities Improvement Financing Act, 2023

The Facilities Improvement Financing Act, 2023, was enacted to strengthen the financial autonomy of public health facilities by allowing them to retain and use internally generated revenue. This is intended to improve service delivery, accountability, and timely procurement of essential supplies.

The assessment found that implementation at the County level remains uneven. Several constraints continue to delay full operationalisation and undermine the Act's objectives of strengthening health financing, accountability, and sustainability in public health facilities.



Picture 2: *Endoscopy System (left) and Laparoscopic Surgical Tower (right) at the Garissa County Referral Hospital, both financed using FiF*

5.3.2 Incomplete Operationalisation of Regulations

Section 29 of the Facilities Improvement Financing Act, 2023, allows county governments to enact legislation to give effect to the Act within their respective Counties. The assessment found that some Counties had not enacted the necessary county-specific legislation, regulations, or policy frameworks to operationalise and contextualise implementation.

Recommendation: Counties should expedite the development and enactment of county legislation and accompanying regulations to establish a clear legal and operational framework for implementing the Facilities Improvement Financing Act, 2023. This will enhance governance, accountability, and effective utilisation of facility improvement funds.

5.3.3 Inadequate Sensitisation of the Facility-in- Charges on Reporting Requirements

The assessment found that the lead of the Facilities in several Counties had not been adequately sensitised on Section 23 of the Facilities Improvement Financing Act. The section requires accounting officers

of health facilities to prepare and submit annual financial statements within three months after the end of each financial year.

Recommendation: County Treasuries, in collaboration with the County Health Departments, should conduct structured capacity-building and sensitisation programmes for all Facility In-Charges on the provisions of the Facilities Improvement Financing Act, 2023, with particular emphasis on financial reporting obligations and timelines.

5.4. Objective 2: Status of County Public Funds

Section 110 of the Public Finance Management Act, 2012, empowers the County Executive Committee Member for Finance to establish a County Emergency Fund for urgent and unforeseen expenditure without specific legislative authority. Section 116 further allows County Governments to establish public funds for a maximum of ten years, unless extended by the County Assembly. The exercise noted the following issues.

5.4.1 Legal Tenure of County Public Funds

Regulation 197(1)(e) of the Public Finance Management Regulations requires County Public Funds to be approved for a maximum initial period of ten years. After this period, continued operation requires renewed authorisation by the County Executive Committee and the County Assembly. The assessment found that several Emergency Funds had exceeded their approved tenure without renewal, including funds in Kisumu, Baringo, Bomet, Embu, Taita Taveta, and Machakos Counties.

Recommendation: 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 lapsed, in line with the provisions of the PFM Act.

5.4.2 Non-Compliance with Reporting Requirements for County Public Funds

The assessment found that administrators of some County Public Funds had not submitted quarterly financial reports to the Controller of Budget, as required under Section 168 of the Public Finance Management Act, 2012. These reports are essential for monitoring fund performance and assessing compliance with approved budgets.

Recommendation: The County Executive Committee members responsible for financial matters should ensure that fund administrators submit quarterly financial reports to the Controller of Budget in accordance with Section 168 of the Public Finance Management Act, 2012.

5.5. Objective 3: Compliance with the Law on County Banking Arrangements

The exercise reviewed Counties' compliance with Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015. The regulation requires County Treasuries 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 for specific operational transactions. However, many County Treasuries do not consistently submit the required authorisation letters to the Controller of Budget.

Recommendation: *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.*

5.6. Objective 4: Assessment of Municipalities and Urban Areas

Municipalities in Kenya are established under Article 184 of the Constitution and operationalised through the Urban Areas and Cities Act, 2011. The Act provides for municipal governance through boards and managers and mandates municipalities to deliver urban services such as infrastructure development and maintenance, solid waste management, urban planning and development control, and market manage-

ment. The assessment across the 47 Counties identified several issues that hinder service delivery and efficient use of public resources.

5.6.1 Weak Operational and Financial Autonomy

Municipalities continue to face significant constraints on operational and financial autonomy, despite being established as Semi-Autonomous Government Agencies under the Urban Areas and Cities Act. Although municipal charters delegate statutory functions, execution remains largely controlled by County Treasuries and sector departments. This limits the authority of Boards and Municipal Managers under Sections 20 and 21 of the Act.

Recommendation: The County Executive Committee Member (CECM) for Urban Planning should fully operationalise municipal autonomy by delegating financial and administrative authority in accordance with the law. Municipal Managers should be empowered to serve as fully authorised Accounting Officers with authority over budget execution, human resource deployment, and administrative decisions.

5.6.2 Centralised Payment Processing and Weak Budget Execution Controls

Sections 148 and 149 of the Public Finance Management Act, 2012, require County Treasuries to support accounting officers of county government entities. Although municipalities have approved budgets, payment processing remains centralised under County Treasuries. Municipal Managers approve expenditure in IFMIS, but County Treasuries retain final authorisation and execution of payments. The lack of municipal-level financial tracking systems weakens reporting and contributes to low budget absorption.

Recommendation: The County Treasuries should devolve full budget execution authority to Municipal Managers to enable them to implement approved work plans seamlessly, enhance financial accountability, and improve efficiency in service delivery.

5.6.3 Absence of Independent Asset Registers

Municipalities do not maintain independent asset registers; County Treasuries retain records of municipal assets. This weakens transparency, asset planning, budgeting, and maintenance of municipal infrastructure. Sections 20 and 21 of the Urban Areas and Cities Act require municipalities to manage and account for assets linked to their delegated functions.

Recommendation: Counties should facilitate the establishment of comprehensive municipal asset registers, including verification, valuation, and transfer of assets linked to delegated functions. Municipalities should be granted custodial responsibility over these assets to enhance transparency, improve maintenance planning, and strengthen accountability.

5.7. Objective 6: Status of Procurement of Medical Drugs and Supplies

The exercise reviewed the procurement of medical drugs and supplies across Counties, focusing on budget adequacy, settlement of pending bills, and outstanding payments to key suppliers, including the Kenya Medical Supplies Authority (KEMSA).



Picture 3: *Pharmaceutical drugs bulk Store at the Nanyuki Teaching & Referral Hospital*

5.7.1 Inadequate Budget Provision for Health Commodities

In several Counties, budget allocations for essential medical drugs and supplies were insufficient compared with the needs of public health facilities. A review of selected Supplementary Budgets for FY 2024/25 showed that allocations often fell below estimates based on morbidity, workload data, and primary healthcare facility requirements.

Recommendation: County Governments, through the CEC Members for Finance and Health, should use 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.



Picture 4: *Marsabit County Referral Hospital (MCRH) Pharmacy Dispensing Unit*

5.7.2 Accumulation and Delayed Settlement of Pending Bills

The assessment found that many Counties had accumulated significant pending bills for medical commodities that had already been supplied. In several cases, only partial payments had been made, leaving substantial balances, including unpaid obligations to KEMSA. Delayed payments have strained supplier

relationships, reduced supplier confidence, and contributed to non-responsive bids in open tenders for medical commodities.

Recommendation: County Governments should ensure the timely settlement of all pending bills for medical commodities to restore supplier confidence and maintain stable supply chains for essential medical supplies. Counties should ring-fence dedicated fund allocations for clearing these arrears in the next budget cycle and adopt phased payment schedules where necessary.

5.7.3 Delayed Rollout of AfyaKe System and Reliance on Manual Stock Management Processes

Many Counties continue to rely on manual inventory and stock management systems due to delays in rolling out and operationalising the AfyaKe Health Information System. Without an automated platform, real-time stock tracking is limited, forecasting and demand planning are weakened, and stock records are more prone to inaccuracies, as observed in Nairobi, Isiolo, and Kwale Counties.

Recommendation: County governments, in collaboration with relevant implementing agencies, should expedite the full rollout and operationalisation of the AfyaKe Health Information System across all health facilities.

5.8. Objective 7: Unbundling of Expenditures under Other Operations and Maintenance

The exercise included a desktop review of County Governments' budget implementation reports. The review found that many Counties continue to report significant expenditure under the broad category "Other Operations and Maintenance". This limits disclosure and reduces transparency needed for effective budget oversight and public accountability.

When unbundled, this category often includes material items such as solid waste management services, legal fees, hire of heavy equipment, and payments to Community Health Promoters. Grouping these expenditures under a vague line item obscures the actual use of public resources and makes it difficult for oversight institutions and the public to track spending priorities.

Recommendation: 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.

5.9. Objective 8: Status of Implementation of Development Projects

The Public Finance Management (Public Investment Management) Regulations, 2022, provide a framework for public investment planning, appraisal, selection, and monitoring. Through the Public Investment Management Information System (PIMIS), the Regulations aim to ensure that only properly appraised and prioritised projects are included in budgets. This strengthens value for money, fiscal discipline, and alignment between planning and budgeting. However, implementation across County Governments remains fragmented because most County Treasuries have not fully established the required institutional structures, including functional Public Investment Management units and standardised appraisal mechanisms. A sample of monitored projects is presented below:-

5.9.1 The Opening and tarmacking of Access road - Ola Jarole-Kachewa Road in Bula Pesa Ward

The Ola Jarole–Kachewa Road project is a key county infrastructure intervention in Bulapesa Ward, Isiolo County, with an approved budget of Kshs. 57.47 million for the upgrading and tarmacking of a 2 km access road linking Bula Pesa to Isiolo Town, the Bula Pesa Dispensary, and the livestock market. The project is expected to improve all-weather connectivity, mobility and access to essential services while supporting local socio-economic activities. However, implementation has experienced delays, including a five-month stoppage to facilitate relocation of electricity poles. During the OCoB monitoring visit, the contractor was on site, and works had resumed, with approximately 900 metres completed to the stabilisation stage, while excavation of the remaining 1,100 metres was ongoing; drainage works had not commenced.



Picture 5: *Section of the road that has been stabilised (Left) and the section that is under excavation works (Right)*

5.9.2 Proposed Construction of ICT Infrastructure for Saku VTC and of 6 Units Toilet at Saku VTC

The education project, comprising ICT infrastructure and sanitation facilities, had an approved budget of Kshs.8 million and was physically confirmed 100 per cent complete within the contracted scope. The six-unit ablution block was complete, functional and in use, while the ICT laboratory was fully constructed and fitted with 100 computer booths and chairs to serve 223 learners. However, the laboratory remains non-functional pending separate procurement and installation of computers, which were outside the construction contract. The road connectivity project, intended to improve mobility and access to essential services, commenced in February 2025 but stalled for approximately five months due to the relocation of electricity poles. Works have since resumed, with approximately 900 metres completed to stabilisation level and excavation ongoing for the remaining 1,100 metres; drainage works had not commenced at the time of the monitoring visit. Continued monitoring is required to facilitate timely completion and ensure optimal utilisation of the completed infrastructure and public resources.



Picture 6: *Interior view of the facility with Computer Booths and Chairs and Ablution Block for Gents and Ladies*

5.10. Objective 9: Status of Implementation of Projects Funded under the Equalisation Fund

The Equalisation Fund, established under Article 204 of the Constitution of Kenya, is intended to accelerate development in marginalised areas by financing basic services such as water, roads, health facilities, and electricity. The Fund uses 0.5 per cent of national revenue to reduce regional disparities. In FY 2025/26, the Controller of Budget authorised Kshs.2.21 billion for disbursement, including Kshs.356.87 million for pending bills under the Ministry of Water and Sanitation and Kshs.1.66 billion for development projects across 35 marginalised areas. Despite these disbursements, gaps remain in tracking project status and outcomes. A field monitoring and evaluation exercise was therefore undertaken to assess implementation progress, verify results against funds released, and identify challenges affecting the Fund's effectiveness.

5.10.1 Grading of Lodokojek-Garma Road – Construction of Seyai Bridge

The project in Lodekejek Ward involved comprehensive bridge construction and road improvement works to enhance transport connectivity. The works included the installation of gabions and culverts to provide a stable river crossing and mitigate road washouts, alongside the grading of 12 km of road, the gravelling of 2 km, the extension of an 8 km drift to improve water flow and reduce erosion, and the glossing of 500 m to stabilise road shoulders. Implemented at a contract sum of Kshs.11.95 million, which was fully disbursed to the contractor, the project has stabilised the critical Lodekejek–Garma transport link, improved vehicle access during adverse weather, and is expected to support local economic activities by facilitating reliable access for farmers, traders, and residents to markets and neighbouring towns.



Picture 7: *Publicity Signboard (left) and Seyai Bridge (right)*

5.10.2 Proposed Expansion of Hara Village Water Supply

Implemented in the Water sector, this project entailed the proposed expansion of the Hara village water supply system in Kinakomba Ward, Galole Constituency, with a total allocation of Kshs.5.78 million. Bisikaya Enterprises Ltd secured the contract for Kshs.5.22 million, and the project is recorded as 100 per cent complete. The work, which involved the erection of a steel tank and the construction of water points, resulted in a certified amount of Kshs.4.68 million, which has been paid in full. The implementation was completed within the agreed contract period, and it is positively noted that the community has expressed satisfaction with the delivered project, which successfully addresses local water supply needs.



Picture 8: *Publicity signboard (right) and Elevated steel water tank (right) at Hara Village water point*

5.10.3 Conclusion

The monitoring and evaluation exercise established that County Governments have made notable progress in implementing development programmes and improving service delivery across key sectors. However, challenges continue to affect effective budget implementation. These include weak compliance with legal and regulatory frameworks, project delays, inadequate financial controls, accumulation of pending bills, weak institutional coordination, and capacity constraints in key service delivery areas. Gaps in planning, reporting, and oversight also continue to undermine accountability and efficient use of public resources. Addressing these issues through stronger governance systems, improved compliance with public finance management laws, enhanced monitoring, and timely implementation of recommendations will be critical to promoting prudent use of public resources and achieving sustainable service delivery outcomes across Counties. Detailed county monitoring and evaluation reports are available at www.cob.go.ke.

6. CONCLUSION

This 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 Cap 429, 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 2025/26. It presents an analysis of revenue performance and expenditure against annual targets and highlights key challenges County Governments encountered during the reporting period.

The combined budgets of the forty-seven County Governments for FY 2025/26 amounted to Kshs.648.23 billion. Out of this, Kshs.233.69 billion (36.05 per cent) was allocated to development expenditure, and Kshs.414.54 billion (63.95 per cent) was allocated to recurrent expenditure. In FY 2025/26, the funding available to County Governments was Kshs.596.78 billion. This included Kshs.415 billion in equitable shares of revenue raised nationally for FY 2025/26; own-source revenue collection of Kshs.97.55 billion, which includes ordinary OSR of Kshs.55.69 billion, FIF of Kshs.39.75 billion. Kshs.649.27 million from A-i-A and Kshs.1.47 billion from other revenues. The Counties also received additional allocations of Kshs.50.75 billion, with a balance brought forward from FY 2024/25 of Kshs.33.48 billion.

The total expenditure by the County Governments was Kshs.496.58 billion, resulting in an absorption rate of 76.60 per cent of their annual budgets. Recurrent expenditure was Kshs.369.89 billion, representing 89.23 per cent of the annual recurrent budget, while development expenditure amounted to Kshs.126.69 billion, corresponding to a 54.21 per cent absorption rate of the annual budget.

The key challenges that negatively impacted budget implementation in FY 2025/26 included low absorption of development expenditure, a high stock of trade payables, underperformance in own-source revenue collection, and substantial revenue arrears. Other notable issues were a high wage-to-revenue ratio, overreliance on Facility Improvement Financing, unfunded or underfunded additional allocations, weak vote control leading to overspending or underspending by some sub-programmes, slow operationalisation of County Assembly Funds, numerous stalled projects, lapsing of county-established fund regulations, operation of commercial bank accounts without a copy of authorisation being submitted to the CoB, and delayed submission of statutory reports. These challenges collectively undermined efficient service delivery, fiscal discipline, and compliance with statutory requirements.

The monitoring exercise conducted in FY 2025/26, emphasised the importance of compliance, planning, financial controls, and institutional coordination for effective budget implementation at the county level. County governments should promptly address the identified gaps, enhance monitoring and reporting processes, and implement the recommended measures to improve accountability and ensure sustainable service delivery.

The report provides recommendations to address the challenges. Consequently, the Controller of Budget implores the County Executive and the County Assembly to implement these recommendations 149(3a) of the Public Finance Management Act, Cap 412A, to enhance effective budget execution and achieve the desired budget goals.

ANNEXES

Annex I: Revenue Performance by Category in FY 2025/26

County	Target (Kshs.Millon)								Reported Revenues (Kshs.Millon)								Performance (%)							
	Balance B/F	Equitable Share of Revenue Raised Nationally	Additional Allocation	Ordinary OSR	FIF	AiA	Other Revenues	**Total OSR**	Balance B/F	Equitable Share of Revenue Raised Nationally	Additional Allocation	Ordinary OSR	FIF	AiA	Other Revenues	**Total OSR**	Balance B/F	Equitable Share of Revenue Raised Nationally	Additional Allocation	Ordinary OSR	FIF	AiA	Other Revenues	**Total OSR**
	a	b	c	d	e	f	g	**h=a+b+c+d+e+f+g**	i	j	k	l	m	n	o	**p=i+j+k+l+m+n+o**	budget/ actual *100							
Baringo	256.02	7,083.68	1,809.25	331.94	595.06	-	-	**10,075.96**	366.14	7,083.68	1,169.91	237.50	320.28	-	-	**9,177.52**	143.02	100.00	64.66	71.55	53.82	-	-	91.08
Bomet	743.00	7,447.20	1,765.96	607.12	290.00	-	-	**10,853.28**	766.14	7,447.20	902.88	155.71	468.24	-	10.98	**9,751.14**	103.11	100.00	51.13	25.65	161.46	-	-	89.85
Bungoma	686.90	11,838.05	2,826.02	683.89	1,393.56	-	4.76	**17,433.19**	686.90	11,838.05	1,897.81	557.71	1,169.69	-	4.76	**16,154.93**	100.00	100.00	67.15	81.55	83.94	-	100.00	92.67
Busia	1,101.43	7,956.56	1,081.82	554.70	445.06	-	-	**11,139.57**	1,120.36	7,956.56	728.47	203.91	499.07	-	-	**10,508.38**	101.72	100.00	67.34	36.76	112.13	-	-	94.33
Elgeyo-Marakwet	1,556.47	5,515.15	1,615.83	107.43	350.00	-	-	**9,144.88**	1,556.47	5,515.15	654.61	76.18	403.11	-	-	**8,205.52**	100.00	100.00	40.51	70.91	115.17	-	-	89.73
Embu	308.60	6,077.44	1,331.37	712.49	913.23	52.00	-	**9,395.13**	308.60	6,077.44	464.40	378.33	893.24	1.15	-	**8,123.17**	100.00	100.00	34.88	53.10	97.81	2.21	-	86.46
Garissa	2,011.92	8,877.78	2,196.38	101.00	349.00	-	-	**13,536.09**	810.96	8,877.78	1,226.40	88.06	656.73	-	-	**11,659.94**	40.31	100.00	55.84	87.19	188.17	-	-	86.14
Homa Bay	325.75	8,646.38	2,958.24	566.18	1,104.91	-	-	**13,601.45**	1.62	8,646.38	724.67	393.97	1,262.39	-	-	**11,029.02**	0.50	100.00	24.50	69.58	114.25	-	-	81.09
Isiolo	639.27	5,631.36	557.01	271.21	104.00	-	-	**7,202.84**	639.55	5,631.36	612.76	149.33	67.41	-	-	**7,100.40**	100.04	100.00	110.01	55.06	64.82	-	-	98.58
Kajiado	-	8,894.25	2,644.16	1,400.00	568.47	-	40.00	**13,546.88**	2.62	8,894.25	1,754.07	666.36	298.94	-	12.60	**11,628.85**		100.00	66.34	47.60	52.59	-	31.50	85.84
Kakamega	535.81	13,674.85	1,086.45	957.37	1,242.63	-	-	**17,497.11**	535.81	13,674.85	864.11	599.03	1,138.13	-	-	**16,811.94**	100.00	100.00	79.54	62.57	91.59	-	-	96.08
Kericho	11.54	7,178.67	1,840.42	736.95	724.25	-	-	**10,491.82**	2.22	7,178.67	1,272.77	369.72	590.89	-	-	**9,414.27**	19.25	100.00	69.16	50.17	81.59	-	-	89.73
Kiambu	1,213.74	13,071.82	2,982.96	7,734.22	2,200.00	-	-	**27,202.74**	403.20	13,071.82	2,402.36	3,985.80	2,014.29	-	-	**21,877.48**	33.22	100.00	80.54	51.53	91.56	-	-	80.42
Kilifi	-	12,813.40	3,949.96	1,875.71	691.78	-	1,150.00	**20,480.85**	-	12,813.40	1,625.25	791.97	937.87	-	950.06	**17,118.56**		100.00	41.15	42.22	135.57	-	82.61	83.58
Kirinyaga	34.61	6,151.66	1,591.10	454.00	305.00	5.00	-	**8,541.37**	34.61	6,151.66	1,295.69	450.30	653.48	6.85	-	**8,592.59**	100.00	100.00	81.43	99.18	214.26	136.95	-	100.60
Kisii	5,409.68	9,819.72	1,214.50	1,467.00	1,700.00	-	550.00	**20,160.90**	3,051.49	9,819.72	855.58	743.43	1,743.46	-	285.35	**16,499.04**	56.41	100.00	70.45	50.68	102.56	-	51.88	81.84
Kisumu	1,559.84	8,902.03	2,887.57	865.75	2,666.95	91.18	8.61	**16,981.93**	1,559.84	8,902.03	1,307.66	901.05	778.38	124.07	-	**13,573.02**	100.00	100.00	45.29	104.08	29.19	136.07	-	79.93
Kitui	50.99	11,503.91	2,071.21	312.35	806.90	-	-	**14,745.36**	50.99	11,503.91	1,286.75	252.73	1,018.67	-	-	**14,113.05**	100.00	100.00	62.13	80.91	126.25	-	-	95.71
Kwale	-	9,078.70	6,627.12	536.86	467.50	-	-	**16,710.18**	451.55	9,078.70	4,837.82	401.48	483.39	-	-	**15,252.95**		100.00	73.00	74.78	103.40	-	-	91.28
Laikipia	796.66	6,104.08	1,517.03	725.00	626.00	-	-	**9,768.77**	801.64	6,104.08	911.93	512.30	856.48	-	0.47	**9,186.90**	100.63	100.00	60.11	70.66	136.82	-	-	94.04
Lamu	393.92	3,857.62	1,061.02	150.00	130.00	-	-	**5,592.56**	393.92	3,857.62	752.96	102.14	181.51	-	-	**5,288.15**	100.00	100.00	70.97	68.09	139.62	-	-	94.56
Machakos	-	10,027.00	1,075.81	3,092.93	997.95	-	-	**15,193.69**	428.78	10,179.13	297.57	1,720.27	1,604.99	-	-	**14,230.74**		101.52	27.66	55.62	160.83	-	-	93.66

County	Target (Kshs.Millon)								Reported Revenues (Kshs.Millon)								Performance (%)							
	Balance B/F	Equitable Share of Revenue Raised Nationally	Additional Allocation	Ordinary OSR	FIF	AiA	Other Revenues	**Total OSR**	Balance B/F	Equitable Share of Revenue Raised Nationally	Additional Allocation	Ordinary OSR	FIF	AiA	Other Revenues	**Total OSR**	Balance B/F	Equitable Share of Revenue Raised Nationally	Additional Allocation	Ordinary OSR	FIF	AiA	Other Revenues	**Total OSR**
	a	b	c	d	e	f	g	**h=a+b+c+d+e+f+g**	i	j	k	l	m	n	o	**p=i+j+k+l+m+n+o**	budget/ actual *100							
Makueni	883.60	8,976.34	1,335.43	1,067.56	600.00	-	-	**12,862.93**	707.89	8,976.34	950.59	715.26	1,193.97	-	16.26	**12,560.31**	80.11	100.00	71.18	67.00	199.00	-	-	97.65
Mandera	347.55	12,265.06	1,797.59	360.00	322.53	-	-	**15,092.73**	347.55	12,265.06	989.94	177.21	232.04	-	-	**14,011.80**	100.00	100.00	55.07	49.23	71.94	-	-	92.84
Marsabit	789.15	8,105.70	1,819.08	200.00	120.00	-	-	**11,033.93**	442.79	8,105.70	816.22	87.08	132.73	-	-	**9,584.52**	56.11	100.00	44.87	43.54	110.61	-	-	86.86
Meru	1,257.36	10,553.95	1,472.16	796.00	1,025.50	-	20.00	**15,124.97**	1,205.57	10,553.95	539.35	441.26	1,225.55	-	15.70	**13,981.38**	95.88	100.00	36.64	55.43	119.51	-	78.50	92.44
Migori	104.07	8,883.94	1,952.09	525.00	500.00	7.00	-	**11,972.10**	104.96	8,883.94	634.65	301.04	542.21	6.78		**10,473.58**	100.86	100.00	32.51	57.34	108.44	96.86	-	87.48
Mombasa	219.30	8,383.39	1,734.14	6,664.57	1,723.61			**18,725.01**	191.00	8,383.39	1,001.80	15,618.11	5,508.12			**30,702.42**	87.10	100.00	57.77	234.35	319.57	-	-	163.96
Murang'a	117.67	7,969.46	1,493.59	1,671.75	878.11			**12,130.58**	129.84	7,969.46	815.14	806.91	957.94			**10,679.29**	110.34	100.00	54.58	48.27	109.09	-	-	88.04
Nairobi	1,000.00	21,417.00	625.84	19,942.05	1,236.00	400.00	-	**44,620.89**	737.75	21,417.13	223.82	12,340.56	2,874.78	321.62	2.46	**37,918.12**	73.77	100.00	35.76	61.88	232.59	80.41	-	84.98
Nakuru	4,459.05	14,455.15	1,798.76	2,400.00	2,536.13	-	-	**25,649.09**	4,459.05	14,455.15	1,069.66	1,827.52	3,571.21	-	-	**25,382.59**	100.00	100.00	59.47	76.15	140.81	-	-	98.96
Nandi	-	7,771.78	1,896.88	1,092.27	643.61			**11,404.55**	179.80	7,771.78	1,150.28	878.56	594.56	-	-	**10,574.98**	-	100.00	60.64	80.43	92.38	-	-	92.73
Narok	-	9,646.93	1,215.25	6,206.93	120.95	-	45.46	**17,235.52**	60.87	9,770.32	952.34	4,218.21	224.91	36.72	-	**15,263.37**	-	101.28	78.37	67.96	185.95	-	-	88.56
Nyamira	383.65	6,073.43	1,320.51	218.71	650.00	-	-	**8,646.30**	638.62	6,073.43	778.81	129.66	483.35	-	-	**8,103.87**	166.46	100.00	58.98	59.28	74.36	-	-	93.73
Nyandarua	150.09	6,662.68	1,847.02	675.00	363.48	-	-	**9,698.25**	150.09	6,662.68	942.76	272.24	466.31	-	-	**8,494.07**	100.00	100.00	51.04	40.33	128.29	-	-	87.58
Nyeri*	285.06	6,896.13	1,460.53	800.00	-	-	-	**9,441.73**	285.06	6,896.13	935.33	746.51	-	-	-	**8,863.04**	100.00	100.00	64.04	93.31		-	-	93.87
Samburu	4.02	6,336.97	1,422.19	342.00	-	-	-	**8,105.19**	4.02	6,336.97	873.40	336.83	117.11	-	-	**7,668.34**	100.00	100.00	61.41	98.49		-	-	94.61
Siaya	961.81	7,754.48	1,409.27	2,173.74	1,078.69	-	-	**13,377.99**	961.81	7,754.48	908.00	290.45	585.69	-	-	**10,500.43**	100.00	100.00	64.43	13.36	54.30	-	-	78.49
Taita Taveta	-	5,760.45	1,535.72	669.60	280.00	-	51.76	**8,297.52**	0.01	5,760.45	1,071.08	343.45	304.95	-	51.76	**7,531.70**		100.00	69.74	51.29	108.91	-	100.00	90.77
Tana River	1,130.45	7,222.47	1,684.04	196.07	4.35	-	-	**10,237.38**	1,130.45	7,222.47	994.96	118.55	3.01	-	-	**9,469.45**	100.00	100.00	59.08	60.47	69.21	-	-	92.50
Tharaka-Nithi	205.32	5,058.29	1,844.92	293.08	375.40	-		**7,777.01**	205.32	5,058.29	776.52	316.78	567.41	-	-	**6,924.32**	100.00	100.00	42.09	108.09	151.15	-	-	89.04
Trans Nzoia	509.47	7,991.12	1,153.43	324.97	275.03	-	12.16	**10,266.18**	509.47	7,991.12	745.98	341.62	358.09	-	57.44	**10,003.73**	100.00	100.00	64.68	105.12	130.20	-	472.36	97.44
Turkana	1,499.43	13,892.58	3,323.17	232.00	368.00	-		**19,315.18**	1,499.43	13,892.58	1,331.12	210.06	285.80	-	-	**17,218.99**	100.00	100.00	40.06	90.54	77.66	-	-	89.15
Uasin Gishu	4,514.17	8,977.01	2,054.00	1,300.00	450.00	132.03		**17,427.22**	4,514.17	8,977.01	1,448.98	1,020.04	520.06	152.08	-	**16,632.35**	100.00	100.00	70.54	78.46	115.57	115.18	-	95.44
Vihiga	21.06	6,011.28	1,443.69	170.00	274.13	-	6.06	**7,926.21**	21.06	6,008.75	858.50	202.60	298.67	-	7.64	**7,397.22**	100.00	99.96	59.47	119.18	108.95	-	126.12	93.33
Wajir	583.23	10,507.58	2,140.49	110.00	240.00	-	57.21	**13,638.51**	647.83	10,507.58	1,271.12	100.36	332.16	-	57.21	**12,916.26**	111.08	100.00	59.38	91.24	138.40	-	100.00	94.70
West Pokot	368.00	7,002.43	1,264.12	98.15	253.51	-		**8,986.20**	368.00	7,002.43	824.01	99.89	329.42	-	-	**8,623.74**	100.00	100.00	65.18	101.77	129.94	-	-	95.97
Total	37,429.65	414,726.91	87,735.11	72,773.54	32,991.27	687.21	1,946.02	648,289.71	33,475.84	415,000.02	50,750.81	55,678.04	39,750.74	649.27	1,472.70	596,777.42	**89.44**	**100.07**	**57.85**	**76.51**	**120.49**	**94.48**	**75.68**	**92.05**

Source: County Treasuries

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