



COUNTY GOVERNMENT OF NANDI

COUNTY TREASURY

QUARTER TWO NANDI COUNTY BUDGET IMPLEMENTATION REVIEW REPORT

FINANCIAL YEAR 2024/2025

JANUARY, 2025

1.1 County Government of Nandi

1.1.1 Overview of FY 2024/25 Budget

The Nandi County Gross Approved FY 2024/25 budget is Kshs.9.20 billion. It comprises Kshs.2.99 billion (32.5 per cent) and Kshs.6.21 billion (67.5 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs. 160.91 million (1.7 per cent) from the FY 2023/24 budget comprised a development budget of Kshs.3.20 billion and a recurrent budget of Kshs.6.16 billion.

The budget will be financed from different sources of revenue. These include Kshs.7.60 billion (82.6 per cent) expected as the equitable share of revenue raised nationally, Kshs.972.38 million as additional allocations, and Kshs.607.33 million (6.6 per cent) generated as gross own source revenue. The own source revenue includes Kshs.301.23 million (3.3 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.306.10 million (3.3 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 0.1.

1.1.2 Revenue Performance

In the first half of FY 2024/25, the County had Kshs.4.78 billion to fund its development and recurrent activities. This amount consisted of Kshs.4.57 billion from the equitable share of revenue raised nationally, additional allocations from government and development partners of Kshs.52.63 million, and its own source revenue (OSR) collection of Kshs.159.78 million.

The total OSR collection includes Facilities Improvement Financing (FIF) of Kshs.77.93 million, and Kshs.81.85 million as ordinary OSR. Table 0.1 summarises the total revenue available to the County Government during the first half of FY 2024/25.

Table 0.1: Nandi County, Revenue Performance in the First Half of FY 2024/25

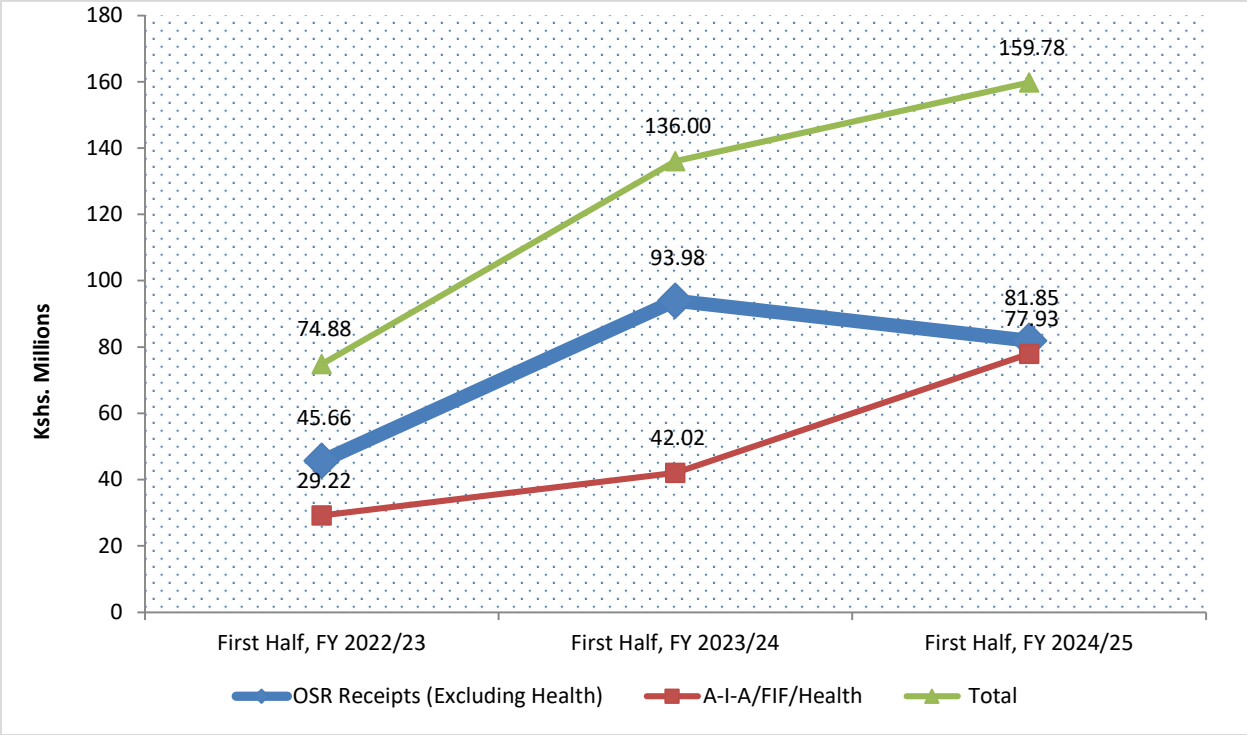
S/N	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,604,787,567	4,571,074,683	60.1
Sub Total		7,604,787,567	4,571,074,683	60.1
B	Conditional Grants			
1	KDSP II - World Bank	37,500,000	-	-
2	IDA (WORLD BANK). -National Agricultural Value Chain Development project (NAVCDP)	151,515,152	-	-
3	Kenya Urban Support project (KUSP)- UIG	35,000,000	-	-
4	KISIP-Kenya Informal Settlements Improvement Project	208,354,058	-	-
5	DANIDA- Primary Healthcare in Devolved Context	8,238,750	-	-
6	Kenya Urban Support project (KUSP)- UDG	33,993,380	-	-
7	Sweden- Kenya Agriculture Business Development Project	10,918,919	-	-
8	Nandi County HIV/AIDS Programme	15,419,690	-	-
9	County Aggregation and Industrial Parks	187,500,000	52,631,579	-

S/N	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
10	Road Maintenance Fuel Levy Fund	187,283,794	-	-
11	Community Health Promoters	96,660,000	-	-
Sub-Total		972,383,743	52,631,579	5.4
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	306,096,685	81,850,399	26.7
2	Balance b/f from FY2023/24	-	-	0.0
3	Facility Improvement Fund (FIF)	301,231,711	77,927,121	25.9
4	Other Revenues	17,907,661	-	-
Sub Total		625,236,057	159,777,520	25.6
Grand Total		9,202,407,366	4,783,483,782	52.0

Source: Nandi County Treasury

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 0.1 shows the trend in own-source revenue collection from the first half of FY 2018/19 to the first half of FY 2024/25.

Figure 0.1: Trend in Own-Source Revenue Collection from the First Half of FY 2018/19 to the First Half of FY 2024/25



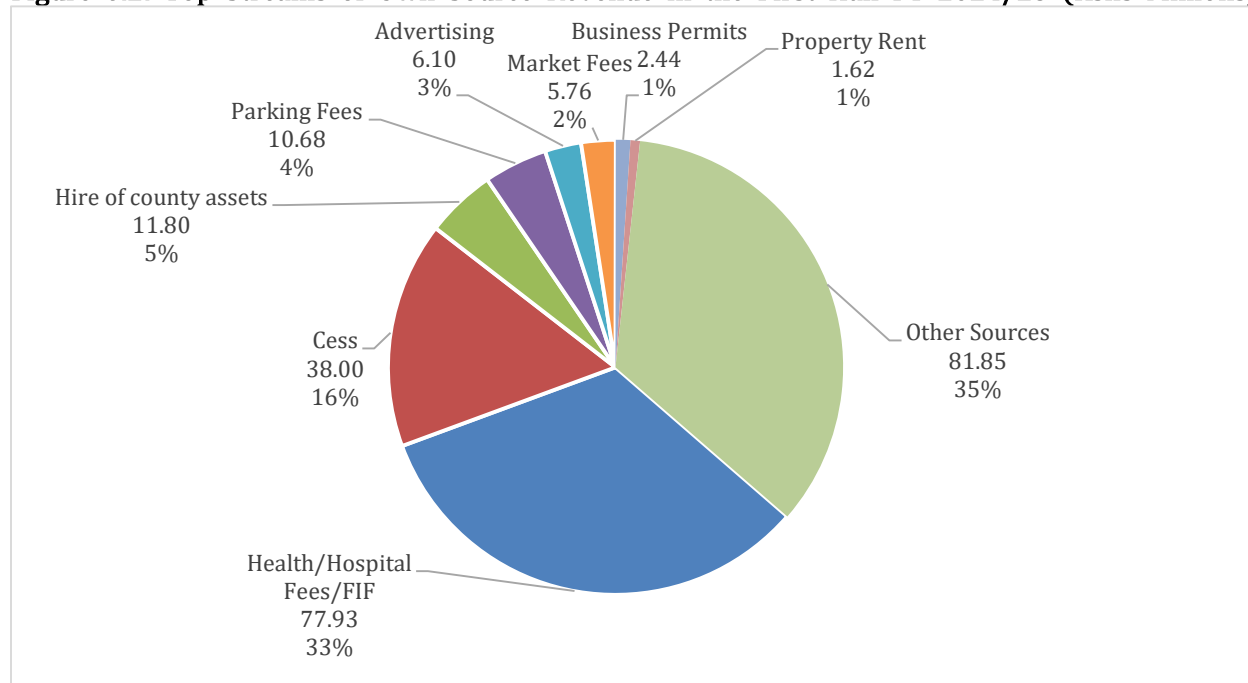
Source: Nandi County Treasury

During the first half of FY 2024/25, the County generated Kshs.159.78 million from its revenue sources, including AIA and FIF. This amount was an increase of 17.6 per cent compared to Kshs.136 million realised in the same period in FY 2023/24 and was 26.3 per cent of the annual target and 3.5 per cent of the equitable revenue share disbursed.

The increase in OSR can be attributed to increased land rate collection and collections for health services.

The revenue streams which contributed the highest OSR receipts are shown in Figure 0.2.

Figure 0.2: Top Streams of Own Source Revenue in the First Half FY 2024/25 (Kshs Millions)



Source: Nandi County Treasury

The highest revenue stream of Kshs.77.93 million was from Hospital Fees , contributing to 33 per cent of the total OSR receipts during the reporting period.

1.1.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.09 billion from the CRF account during the reporting period, which comprised Kshs.555.73 million (18 per cent) for development programmes and Kshs.2.54 billion (82 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2024/25 indicates that Kshs.1.87 billion was released towards compensation of employees and Kshs. 661.92 million for operations and maintenance expenditure.

Analysis of the operations and maintenance exchequer releases indicate that 20.5 per cent was for domestic travel and 1.66 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.135.40 million, and included Kshs. 55.47 million for the County Executive and Kshs.79.94

million for the County Assembly. The foreign exchequer totalled Kshs.10.95 million, comprising Kshs.1.02 million for the County Executive and Kshs.9.93 million for the County Assembly.

Table 0.2: Nandi County, Budget Allocation and Exchequer Issued by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Exchequer Issues to Budget (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	503.69	118.00	332.87	10.16	66.1	8.6
Health and Sanitation	2,651.69	334.10	1,194.90	54.18	45.1	16.2
Public Service and Labour	62.66	-	-	-	-	-
County Assembly	881.81	120.00	369.33	-	41.9	-
Kapsabet Municipality	65.88	48.99	-	8.36	-	17.1
Office of the County Attorney	89.43	-	20.00	-	22.4	-
Finance and Economic Planning	452.90	48.00	218.39	-	48.2	-
Administration, Public Service and E-Government	363.41	30.50	114.19	11.69	31.4	38.3
Agriculture and Co-operatives Development	233.65	300.47	133.00	100.35	56.9	33.4
Sports, Youth Affairs, Culture and Heritage	126.64	42.86	32.68	16.00	25.8	37.3
Education and Vocational Training	439.72	379.81	132.62	58.73	30.2	15.5
Lands, Environment, Natural Resources and Climate Change	112.48	484.36	24.00	136.80	21.3	28.2
Transport, Public Works and Infrastructure Development	153.41	821.38	44.44	162.75	29.0	19.8
Trade, Tourism, Industrialization and Enterprise Development	73.53	263.05	-	63.57	-	24.2
Total	6,211	2,992	2,616	623	42.1	20.8

Source: Nandi County Treasury

As of 31 December 2024, the county government's cash balance in the CRF account was Kshs.547.65 million.

1.1.4 County Expenditure Review

The County spent Kshs.3.72 billion on development and recurrent programmes in the reporting period. The expenditure represented 120.3 per cent of the total funds released by the CoB and comprised of Kshs. 741.57 million and Kshs.2.98 billion on development and recurrent programmes,

respectively. Expenditure on development programmes represented an absorption rate of 24.8 per cent, while recurrent expenditure represented 47.9 per cent of the annual recurrent expenditure budget.

1.1.5 Settlement of Pending Bills

The County reported pending bills totalling Kshs.526.67 million as of 30th June 2024, entirely by the County Executive. The pending bills from the County Executive consist of Kshs.246.28 million for recurrent expenditures and Kshs.280.39 million for development expenditures.

During the first half of FY 2024/25, the County Executive paid off pending bills amounting to Kshs.504.92 million, comprising of Kshs.229.89 million for recurrent programmes and Kshs.275.03 million for development programmes.

The County Executive submitted pending bills payment plans at the commencement of FY 2024/25, committing to pay Kshs 383.86 million in the first half of FY 2024/25. The County adhered to this payment plan.

As of December 31, 2024, the outstanding bills amounted to Kshs.21.75 million entirely for the County Executive.

1.1.6 Expenditure by Economic Classification

The County Executive spent Kshs.1.35 billion on employee compensation, Kshs.1.21 billion on operations and maintenance, and Kshs.741.57 million on development activities. Similarly, the County Assembly spent Kshs.179.30 million on employee compensation and Kshs.239.42 million on operations and maintenance. as shown in Table 0.3.

Table 0.3: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,329,072,079	881,813,047	2,558,088,057	418,721,758	48.0	47.5
Compensation to Employees	3,664,792,587	434,385,867	1,347,890,527	179,300,245	36.8	41.3
Operations and Maintenance	1,664,279,492	447,427,180	1,210,197,530	239,421,513	72.7	53.5
Development Expenditure	2,871,522,240	120,000,000	741,573,183	-	25.8	-
Total	8,200,594,319	1,001,813,047	3,299,661,240	418,721,758	40.2	41.8

Source: Nandi County Treasury

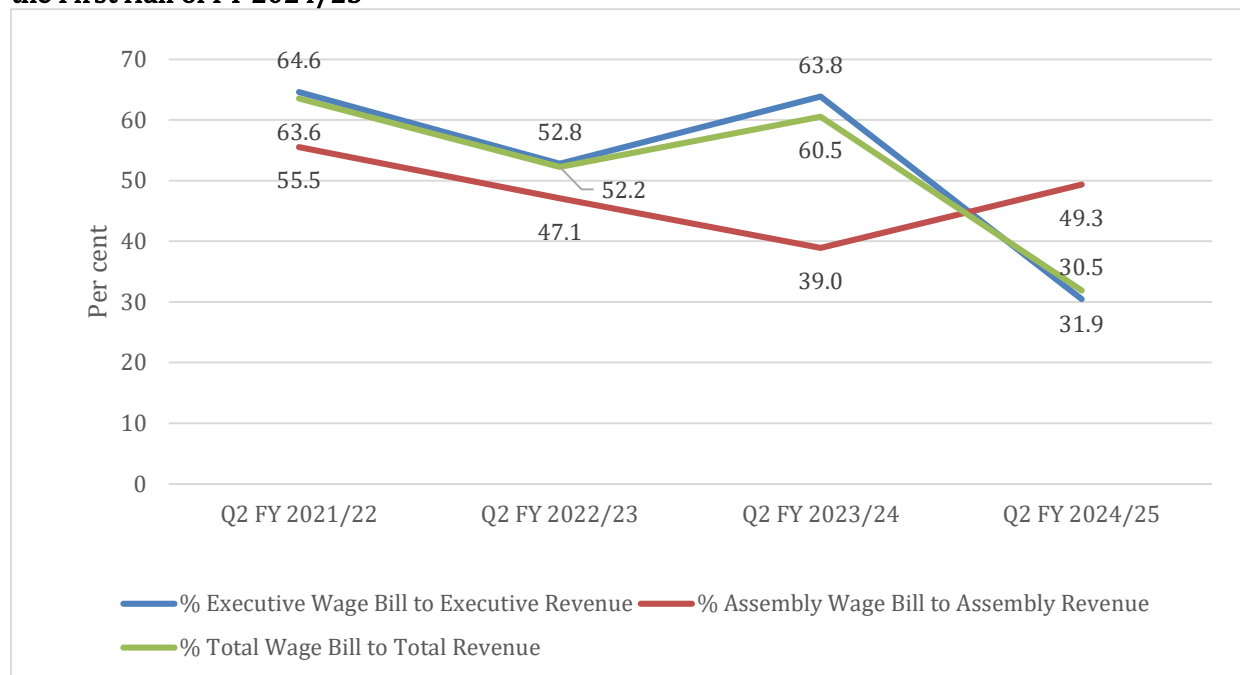
1.1.7 Expenditure on Employees' Compensation

In the first half of FY 2024/25, expenditure on employee compensation was Kshs.1.53 billion, or 31.93 per cent of the available revenue of Kshs.4.78 billion. This expenditure represented a decrease

from Kshs.1.92 billion reported in the same period in FY 2023/24. The wage bill included Kshs.1.22 billion paid to the Health Sector employees, translating to 79.7 per cent of the total wage bill.

Figure 0.3 shows the trend of personnel expenditures as a percentage of total revenue from the first half of FY 2018/19 to the first half of FY 2024/25.

Figure 0.3: Percentage of Wage Bill to Total Revenue Received from the First Half of FY 2018/19 to the First Half of FY 2024/25



Source: NANDI County Treasury

Further analysis indicates that PE costs amounting to Kshs.1.45 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system. In contrast, Kshs.75.20 million was processed through manual payrolls, which accounted for 4.9 per cent of the total PE cost.

The County Assembly spent Kshs.13.69 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.27.46 million. The average monthly sitting allowance was Kshs.50,693 per MCA. The County Assembly had 21 House Committees.

1.1.8 County Emergency Fund and County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.227 million to County-Established funds in FY 2024/25, or 2 per cent of the County's overall budget. Further, the County allocated Kshs. 57 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 0.4 summarises each established Fund's budget allocation and performance during the reporting period.

Table 0.4: Performance of County Established Funds in the First Half of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 30 th September 2024 (Yes/No.)
County Executive Established Funds					
1.	Nandi County Executive Car Loan and Mortgage Scheme Fund	6,000,000	-	-	No
2.	Nandi County Emergency Fund	57,000,000	15,000,000-	14,713,043	Yes
3.	Nandi County Bursary Fund	164,000,000	-	-	Yes
County Assembly Established Funds					
4.	Nandi County Assembly Car Loan and Mortgage Scheme Fund	-	-	-	No
	Total	227,000,000	15,000,000	14,713,043	

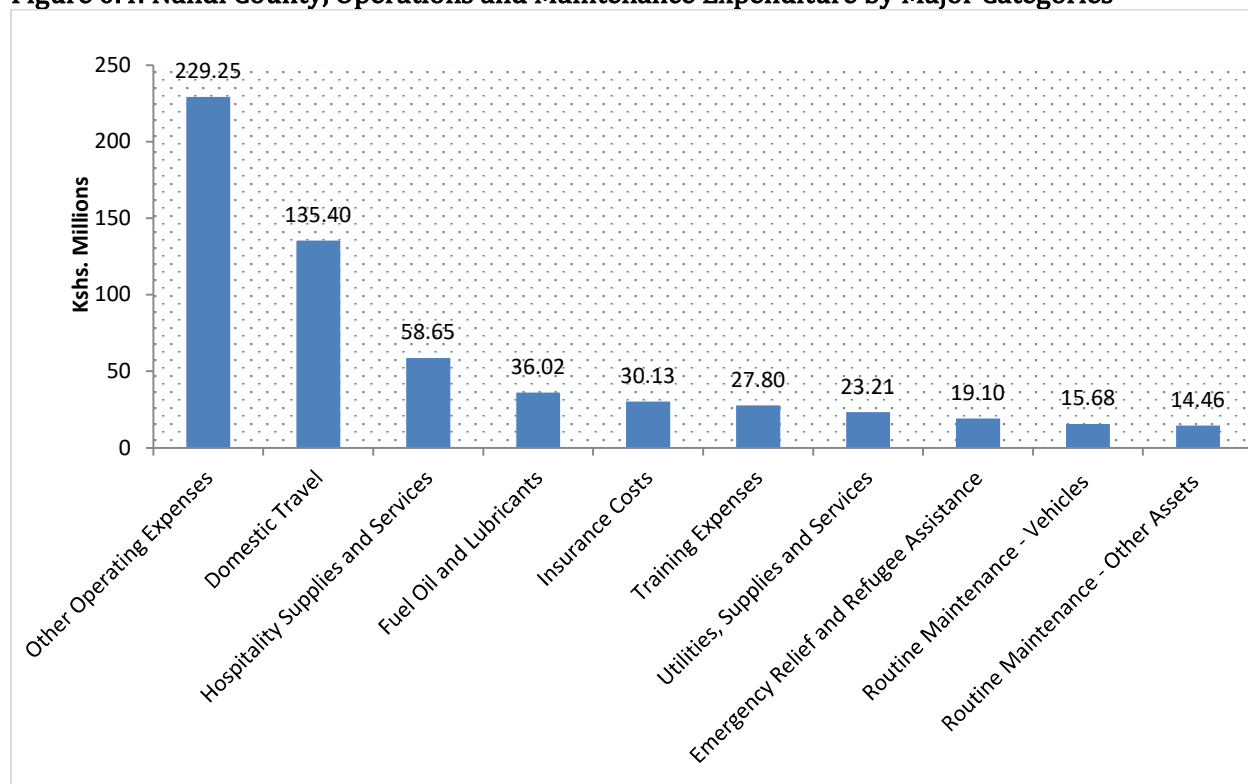
Source: *Nandi County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from 2 Fund Administrators, as indicated in Table 0.4, contrary to the requirement of Section 168 of the PFM Act, 2012.

1.1.9 Expenditure on Operations and Maintenance

Figure 0.4 summarises the Operations and Maintenance expenditure by major categories.

Figure 0.4: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

Expenditure on domestic travel amounted to Kshs.135.40 million and comprised Kshs.79.94 million spent by the County Assembly and Kshs.55.47 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.95 million and comprised Kshs.9.93 million by the County Assembly and Kshs.1.02 million by the County Executive. Expenditure on foreign travel is summarised in **Error! Reference source not found.**

Figure 0.5: Summary of Highest Expenditure on Foreign Travel in the First Half of FY 2024/25

S/No.	Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of The Travel	Destination	Total Costs of the Travel (Kshs.)
1	County Executive	1	21-Aug-24	A Workshop on Emergency Fire Response	United Kingdom	875,136
2	County Executive	1	30-Aug-24	Forum on Food Systems	Rwanda	250,000
3	County Executive	1	13-Nov-24	Food System Forum	Rwanda	494,517
4	County Assembly	4	26-30 Nov- /2024	Attending 29th East Africa Law Society Annual Conference	Uganda	1,184,220

S/No.	Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of The Travel	Destination	Total Costs of the Travel (Kshs.)
5	County Assembly	7	05-10 Dec-2024	Attending the Building Tech-Driven Resilience: Smart Solutions for Sustainable County Development Program	UAE	2,940,426
6	County Assembly	7	10-15 Dec-2024	Attending A Program on Building Resilient Healthcare Systems -Embracing Digital Health and Sustainable Solutions	Turkey	3,109,932
7	County Assembly	7	28/11-05 Dec-2024	Attending the Building Tech-Driven Resilience: Smart Solutions for Sustainable County Development Program	Ethiopia	3,142,440

Source: Nandi County Treasury and Nandi County Assembly

The operations and maintenance costs include an expenditure of and Kshs.13.27 million on Legal fees/Dues, arbitration and compensation payments expenditure legal fees.

1.1.10 Facility Improvement Financing

During the period under review, the County reported a collection of Kshs.77.93 million as FIF, which was 25.9 per cent of the annual target of Kshs.301.23 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.73.52 million, as shown in **Error! Reference source not found.**

No.	Name Of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate (%)
1.	Kapsabet County Referral Hospital	100,000,000	40,049,953	40.1
2.	Nandi Hills Sub-County Hospital	20,000,000	18,840,002	94.2
3.	Meteitei Sub-County Hospital	7,250,000	4,423,739	61.0

No.	Name Of the Health Facility	Approved Budget for the Facility	Actual Expenditure of the Facility	Absorption rate
				(%)
4.	Kaptumo Sub-County Hospital	6,250,000	4,524,507	72.4
5.	Mosoriot Sub-County Hospital	4,000,000	2,802,246	70.1
6.	Kabiyet Sub-County Hospital	4,500,000	2,061,080	45.8
7.	Chepterwai Sub-County Hospital	3,000,000	817,270	27.2
	Total	145,000,000	73,518,797	50.7

Source: Nandi County Treasury

The Health Facility with the highest absorption rate was Nandi Hills Sub-County Hospital.

1.1.11 Development Expenditure

In the First Half of FY 2024/25, the County reported spending Kshs.741.57 million on development programmes, representing an increase of 108.58 per cent compared to the same period in FY 2023/24, when the County spent Kshs.355.53 million. Table 0.5 summarises development projects with the highest expenditure in the reporting period.

Table 0.5: Nandi County, List of Development Projects with the Highest Expenditure

S. N O	Sector	Project Name	Project Location	Contract Sum (Kshs)	Amount Paid to Date	Contract Variation (Kshs)	Implementation Status (% of Completion)
1	Health and Sanitation	Retention Fees for Construction of Mother and Baby	Kapsabet	24,030,233	23,330,323	None	100%
2	Water and Natural Resources	Partial Payment for County Physical and Land Use	County Wide	11,742,000	11,400,000	None	100%
3	Water and Natural Resources	Electricity Bill Subsidy	County Wide	10,300,000	10,000,000	None	100%
4	Agriculture	Electrical Works at Kabiyet Processing Plant	Kabiyet	9,131,491	8,865,526	None	100%
5	Trade and Investment	Partial Construction of Fresh Produce Market	Kapsabet	8,200,226	7,961,385	None	100%
6	Transport and Infrastructure	Supply and Delivery of Fuel	County Wide	7,085,690	6,879,310	None	100%
7	Transport and Infrastructure	Supply of Murram	County Wide	6,180,000	6,000,000	None	100%
8	Trade and Investment	Purchase of Land for Kiptuiya VCT	Kiptuiya	6,098,754	5,921,121	None	100%
9	Trade and Investment	Construction of Fresh Product Market at Kapsabet	Kapsabet	4,906,707	4,763,793	None	100%
10	Transport and Infrastructure	Spot Improvement and Maintenance of	Sangalo	4,857,281	4,715,807	None	100%

		Kebulonik-Kapchumo Road					
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Source: Nandi County Treasury

1.1.12 Budget Performance by Department

Table 0.6 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2024/25.

Table 0.6: Nandi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	503.69	118.00	332.87	10.16	265.06	18.44	79.6	181.4	52.6	15.6
Health and Sanitation	2,651.69	334.10	1,194.90	54.18	1,444.81	59.98	120.9	110.7	54.5	18.0
Public Service and Labour	62.66	-	-	-	14.53	-	-	-	23.2	-
County Assembly	881.81	120.00	369.33	-	418.72	-	113.4	-	47.5	-
Kapsabet Municipality	65.88	48.99	-	8.36	14.85	7.85	-	93.9	22.5	16.0
Office of the County Attorney	89.43	-	20.00	-	35.90	-	179.5	-	40.1	-
Finance and Economic Planning	452.90	48.00	218.39	-	256.41	11.41	117.4	-	56.6	23.8
Administration, Public Service and E-Government	363.41	30.50	114.19	11.69	85.21	9.12	74.6	78.1	23.4	29.9
Agriculture and Co-operatives Development	233.65	300.47	133.00	100.35	109.50	129.13	82.3	128.7	46.9	43.0
Sports, Youth Affairs, Culture and Heritage	126.64	42.86	32.68	16.00	41.91	10.77	128.2	67.3	33.1	25.1
Education and Vocational Training	439.72	379.81	132.62	58.73	203.49	81.82	153.4	139.3	46.3	21.5
Lands, Environment, Natural Resources and Climate Change	112.48	484.36	24.00	136.80	43.18	154.99	179.9	113.3	38.4	32.0

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Transport, Public Works and Infrastructure Development	153.41	821.38	44.44	162.75	37.54	215.66	84.5	132.5	24.5	26.3
Trade, Tourism, Industrialization and Enterprise Development	73.53	263.05	-	63.57	5.70	42.42	-	66.7	7.8	16.1
Total	6,211	2,992	2,616	623	2,977	742	113.8	119.1	47.9	24.8

Source: Nandi County Treasury

Analysis of expenditure by departments shows that the Department of Agriculture and Co-operatives Development recorded the highest absorption rate of development budget at 43 per cent, followed by the Department of Lands, Environment, Natural Resources and Climate Change at 32 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 56.6 per cent, while the Department of Trade, Tourism, Industrialization and Enterprise Development had the lowest at 7.8 per cent.

1.1.13 Budget Execution by Programmes and Sub-Programmes

Table 0.7 summarises the budget execution by programmes and sub-programmes in the first half of FY 2024/25.

Table 0.7: Nandi County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Budget		Expenditure		Absorption	
			Rec KShs	Dev KShs	Rec KShs	Dev KShs	Rec %	Dev %
101004410		Administration and general support services	704,515,899	255,202,329	440,035,036		62	-
	101014410	Administration and support services	704,515,899	255,202,329	440,035,036		62	-
201004410		General Administration and Support Services	76,703,697	366,806,040	37,539,038		49	-
	201014410	General Administration and support services	76,703,697	366,806,040	37,539,038		49	-
202004410		Road Transport		534,829,857		215,657,020	-	40
	202024410	Road-works		534,829,857		215,657,020	-	40
301004410		General Administration and Support Services	36,763,240			5,702,220	-	-

Program	Sub Program	Description	Budget		Expenditure		Absorption	
			Rec	Dev	Rec	Dev	Rec	Dev
			KShs	KShs	KShs	KShs	%	%
	301014410	General Administration & Support Services	36,763,240			5,702,220	-	-
302004410		Trade development		131,527,166		42,417,487	-	32
	302014410	Trade development & Promotion		131,527,166		42,417,487	-	32
401004410		Health Service Delivery Administration Services	2,611,141,351	167,050,000	1,444,809,985	59,977,928	55	36
	401014410	Health Service Delivery Administration Services	2,611,141,351	167,050,000	1,444,809,985	59,977,928	55	36
701004410		General Administration and Support Services	861,175,016	68,000,000	560,883,059	18,438,074	65	27
	701024410	General Administration and Support Services	861,175,016	68,000,000	560,883,059	18,438,074	65	27
717004410		Revenue Enhancement and Infrastructure		24,000,000		11,412,015	-	48
	717024410	Revenue Collection and Management Phase 1		24,000,000		11,412,015	-	48
721004410		Administration & Support of Human Resources	78,870,281		51,774,550		66	-
	721014410	Administrative Support Services	78,870,281		51,774,550		66	-
726004410				24,496,690		7,850,000	-	32
	726024410	Infrastructure and Development		24,496,690		7,850,000	-	32
902004410		Sports Development	27,476,091		17,344,169		63	-
	902024410	Sports Activities and Programs	27,476,091		17,344,169		63	-
		Grand Total	4,396,645,572	1,783,247,082	2,558,088,057	741,573,183	58	-

Source: Nandi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative Support Services in the Administration & Support of Human Resources programme at 66 per cent, General Administration and Support Services in the General Administration and Support Services programme at 65 per cent and Sports Activities and Programs in the Sports Development programme at 63 per cent of budget allocation.

1.1.14 Accounts Operated Commercial Banks

The County government operated ten accounts with commercial banks, as shown in Table 0.8.

Table 0.8: Bank Accounts Operated at Commercial Banks

No	Name of Bank Account	Purpose of the Bank Account
1.	Kaimosi ATC Revenue Account	Revenue from Kaimosi ATC operations
2.	Nandi County Imprest	Imprest Account
3.	NARIGP	Account for the National Agricultural and Rural Inclusive Growth Project
4.	Nandi County KDSP	Account for the County Development Support Programme
5.	Kapsabet Municipality-UDG	Account for the Urban Development Grant
6.	Nandi County UIG	Account for the Urban Infrastructure Grant
7.	Nandi County Youth Service	Account for youth service programs and initiatives
8.	Nandi County Imprest	Imprest Account
9.	Nandi County Health Operations	Account for health operations and services
10	Nandi County Deposit and Retention	Account for deposits and retentions

Source: Nandi County Treasury

Regulations 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 exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

1.1.15 Key Observations and Recommendations

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

- i. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 22 January 2025
- ii. The underperformance of own-source revenue at Kshs.159.78 million against an annual target of Kshs.607.33 million, representing 26.3 per cent of the yearly target.
- iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Nandi County Executive Car Loan and Mortgage Scheme Fund and Nandi County Assembly Car Loan and Mortgage Scheme Fund were not submitted to the Controller of Budget as of 15th January 2025.

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

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

- ii. The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
- iii. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*