



COUNTY GOVERNMENT OF NANDI
COUNTY TREASURY

QUARTER ONE NANDI COUNTY BUDGET IMPLEMENTATION REVIEW REPORT

FINANCIAL YEAR 2025/2026

OCTOBER, 2025

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1.1 County Government of Nandi

1.1.1 Overview of FY 2025/26 Budget

The Nandi County Approved Budget for FY 2025/26 is Kshs.10.03 billion. It comprises a development budget of Kshs.3.40 billion (34%) and a recurrent budget of Kshs.6.62 billion (66%). The approved budget represents a decline of 2% compared to the FY 2024/25 budget of Kshs.10.19 billion, which consisted of a development allocation of Kshs.3.69 billion and a recurrent allocation of Kshs.6.49 billion. The decline in the budget is primarily attributed to reduced allocations under the equitable share and additional allocations from the national government.

The FY 2025/26 budget is expected to be financed through the equitable share of revenue raised nationally, additional allocations from the national government and development partners, own-source revenue, and facility improvement funds. The county did not report any cash balance brought forward from FY 2024/25. is shown in Table 1.1.

1.1.2 Revenue Performance

During the first Quarter of FY 2025/26, the county generated Kshs.1.32 billion in revenue. This amount represented an increase of 3 per cent compared to the Kshs.1.28 billion received in the same period in FY 2024/25. The total revenue consisted of Kshs.1.25 billion from the equitable share of revenue raised nationally, and own-source revenue (OSR) collection of Kshs.72.26 million. No additional allocations from the national government and development partners were received during the period. The equitable share of revenue raised nationally and OSR contributed 95 per cent and 5 per cent, respectively, of the total receipts for the reporting period.

During the First Quarter of FY 2025/26, the county generated Kshs.72.26 million from its revenue sources, including FIF. This amount was a decrease of 5 per cent compared to Kshs.75.95 million realised in the same period in FY 2024/25, and was 6.8 per cent of the annual target and 5.8 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to underperformance in ordinary revenue streams, partially offset by higher-than-previously-reported FIF collections..

Table 1.1: Nandi County, Revenue Performance in FY 2025/26

Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Performance (%)
A. Equitable Share	7,771,778,066	1,246,158,216	16.03
Sub-Total	7,771,778,066	1,246,158,216	16.03
B. Additional Allocations			
Establishment of the Industrial Park-2022/2023 Balances	52,631,579	-	-
RMLF	65,154,809	-	-
KDSP I- Level I Grant World Bank	37,500,000	-	-
KDSP II Level II Grant World Bank	352,500,000	-	-
KDSP II- Level I Grant World Bank 2024/2025	37,500,000	-	-
IDA (WORLD BANK). -National Agricultural Value Chain Development project (NAVCDP)	151,515,152	-	-
Kenya Urban Support Project (KUSP)- UIG	35,000,000	-	-

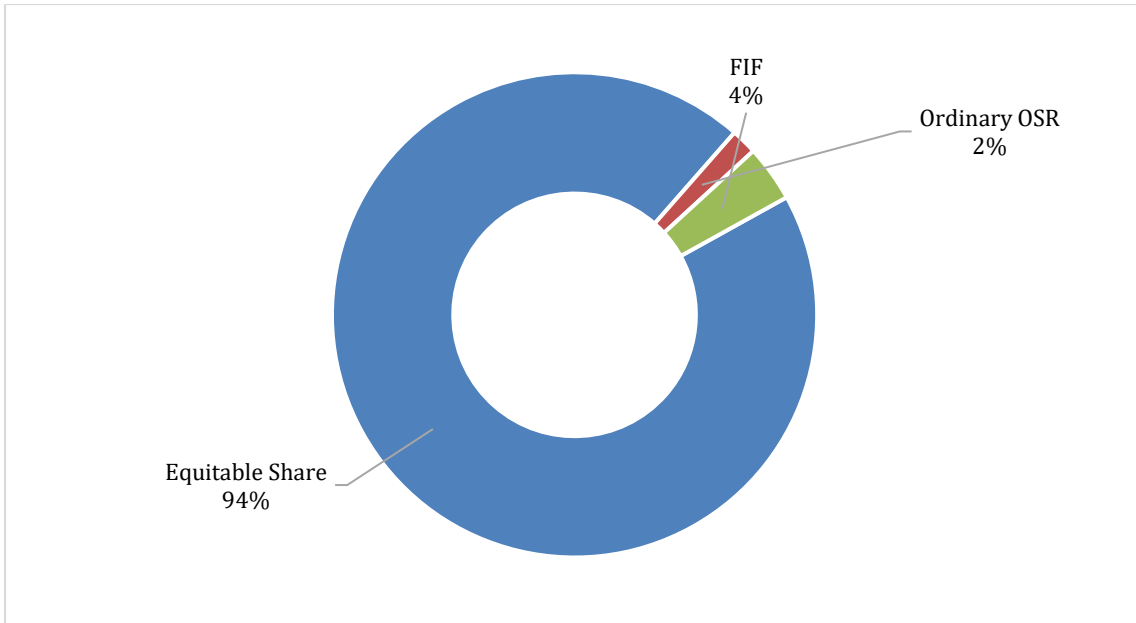
Category	Annual Budget Allocation (Kshs)	Actual (Kshs)	Receipts	Performance (%)
KISIP-Kenya Informal Settlements Improvement Project 2024/2025	208,354,058		-	-
Financing Locally Led Climate Action (FLLoCA) FY 2023/2024	216,757,206		-	-
Kenya Urban Support project (KUSP)- UDG	33,993,380		-	-
SWEDEN Kenya Agriculture Business Development Project	10,918,919		-	-
Sub-Total	1,201,825,103		-	-
C. Other Sources of Revenue				
Ordinary Own Source Revenue	684,802,614		22,769,189	3.32
Balance b/f from FY2024/25	-		-	-
Balance at CRF	-		-	-
County Executive Refund to CRF	-		-	-
County Assembly Refund to CRF	-		-	-
Facility Improvement Fund (FIF)	370,367,297		49,492,018	13.3
SHIF	-		-	-
Defunct NHIF	-		-	-
Other FIF	-		-	-
Other Revenues	-		-	-
Appropriation in Aid (AIA)	-		-	-
Sub-Total Other Sources	1,055,169,911		72,261,207.00	6.85
Grand Total	10,028,773,080		1,318,419,423	13

Source: Nandi County Treasury

The county has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 1.1 provides a detailed breakdown of receipts, showing a breakdown of each shilling received.

Figure 1.1: Nandi County Composition of Each Shilling Received in the First Quarter of FY 2025/26

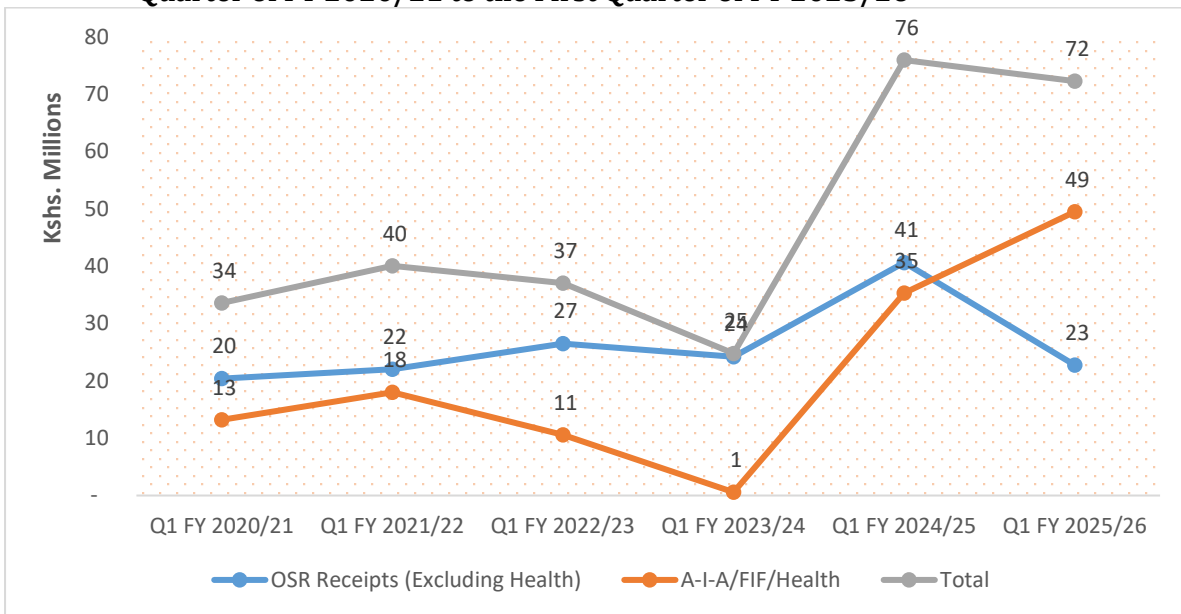


Source: Nandi County Treasury

The equitable share of revenue raised nationally and OSR contributed 98 and 2 per cent respectively of the total receipts for the reporting period.

Figure 1.2 shows the collection trend in own-source revenue from the First Quarter of FY 2020/21 to the First Quarter of FY 2025/26.

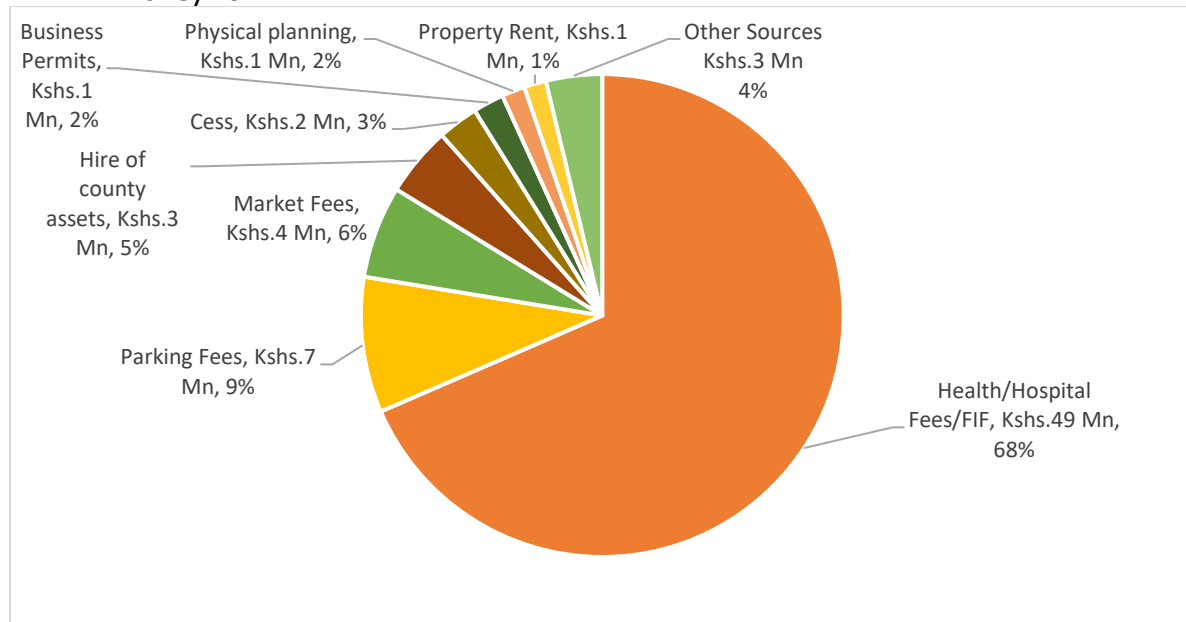
Figure 1.2: Nandi County Trend in Own-Source Revenue Collection from the First Quarter of FY 2020/21 to the First Quarter of FY 2025/26



Source: Nandi County Treasury

During the First Quarter of FY 2025/26, the County generated Kshs.72.26 million from its revenue sources, including FIF. This amount was a decrease of 5 per cent compared to Kshs.75.95 million realised in the same period in FY 2024/25, and was 6.8 per cent of the annual target and 5.8 per cent of the equitable revenue share disbursed. The revenue streams which contributed the highest OSR receipts are shown in Figure 1.3.

Figure 1.3: Nandi County Top Own Source Revenue Streams in the First Quarter of FY 2025/26



Source: Nandi County Treasury

As shown in Figure 3, the highest revenue stream, at Kshs.49 million, was from FIF, accounting for 68 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

1.1.3 Revenue Arrears

The county did not report revenue arrears during the period under review.

1.1.4 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.1.27 billion from the CRF account during the reporting period, which comprised Kshs.37.82 million (3 per cent) for development programmes and Kshs.1.23 billion (97 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.808.40 million was towards employee compensation and Kshs.420.59 million for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 15 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.64.44 million and included Kshs.52.88 million for the County Executive and Kshs.11.56 million for the County Assembly. The foreign exchequer totalled Kshs.5.99 million, comprising Kshs.2.72 million for the County Executive and Kshs.3.27 million for the County Assembly.

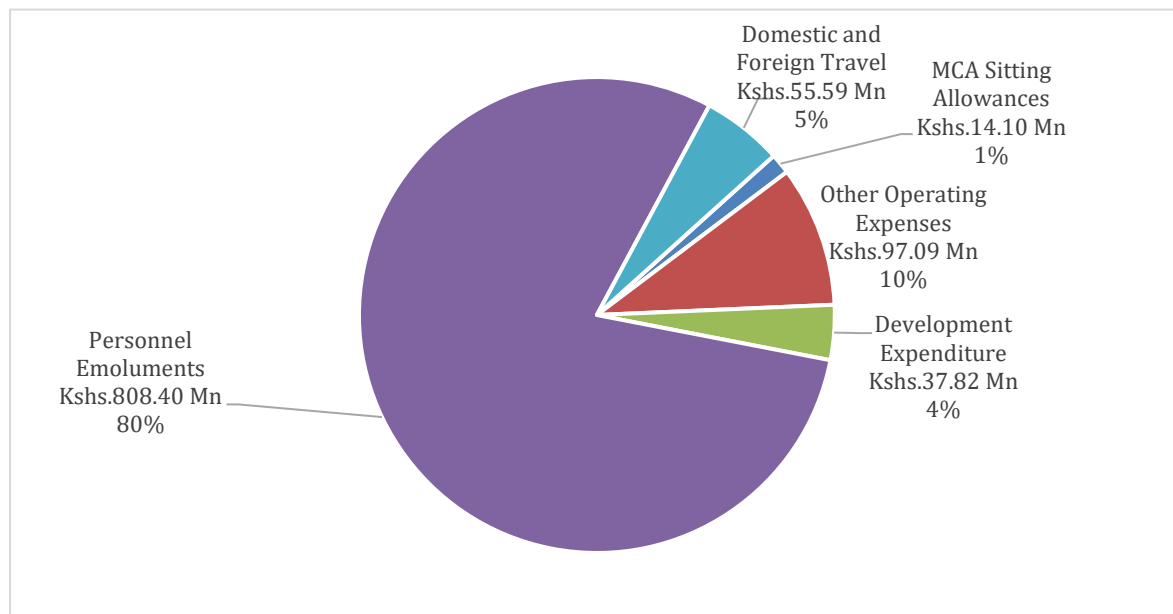
As of September 30, 2025, the County Government's cash balance in the CRF account was Kshs.505 million.

1.1.5 Expenditure Review

The county spent Kshs.1.27 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.37.82 million for development programmes and Kshs.1.23 billion for recurrent programmes. Expenditure on development programmes represented an absorption rate of 1 per cent, while recurrent expenditure represented an absorption rate of 19 per cent.

The following chart provides a detailed breakdown of expenditure, showing the relative composition of each shilling spent.

Figure 1.4: Nandi County Composition of Each Shilling Paid in the First Quarter of FY 2025/26



Source: Nandi County Treasury

As shown in Figure 4, the three highest expenditure categories were personnel emoluments, other operating expenses, and domestic & foreign travel, contributing 80 per cent, 10 per cent, and 5 per cent of total expenditure for the reporting period.

1.1.6 Settlement of Pending Bills

As of July 1 2025, the county reported pending bills totalling Kshs.1.01 billion. This amount included Kshs.993.22 million from the County Executive and Kshs.13.46 million from the County Assembly.

During the reporting period, neither the County Executive nor the County Assembly settled any pending bills. The outstanding pending bills as of September 30 2025 was Kshs.993.22 million for County Executive and Kshs.13.46 million for County Assembly.

The County Executive submitted a pending bills payment plan; however, the county did not adhere to this payment plan, as no pending bills were cleared in the first quarter. Table 1.2 present the ageing of the total outstanding bills as of September 30 2025 for the County Executive.

Table 1.2: Nandi County Executive Pending Bill Ageing Analysis as of September 30 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Pending Bills		506,300,690		2,860,712	509,161,402
Recurrent Pending Bills (Goods & Services)		384,798,102		162,400	384,960,502
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)		91,000,000			91,000,000
Recurrent Pending Bills (Staff Claims)					-
Total Recurrent Pending Bills	-	475,798,102	-	162,400	475,960,502
Total Pending Bills	-	982,098,792	-	3,023,112	985,121,904
% of Total	-	99.7	-	0.3	100

Source: Nandi County Treasury

1.1.7 Expenditure by Economic Classification

During the reporting period, the County Executive incurred Kshs.654.92 million for compensation of employees, Kshs.319.51 million for operations and maintenance, and Kshs.37.82 million for development activities. Similarly, the County Assembly spent Kshs.153.48 million on compensation of employees and Kshs.101.07 million on operations and maintenance as shown in Table 1.3.

Table 1.3: Nandi County Summary of Budget and Expenditure by Economic Classification

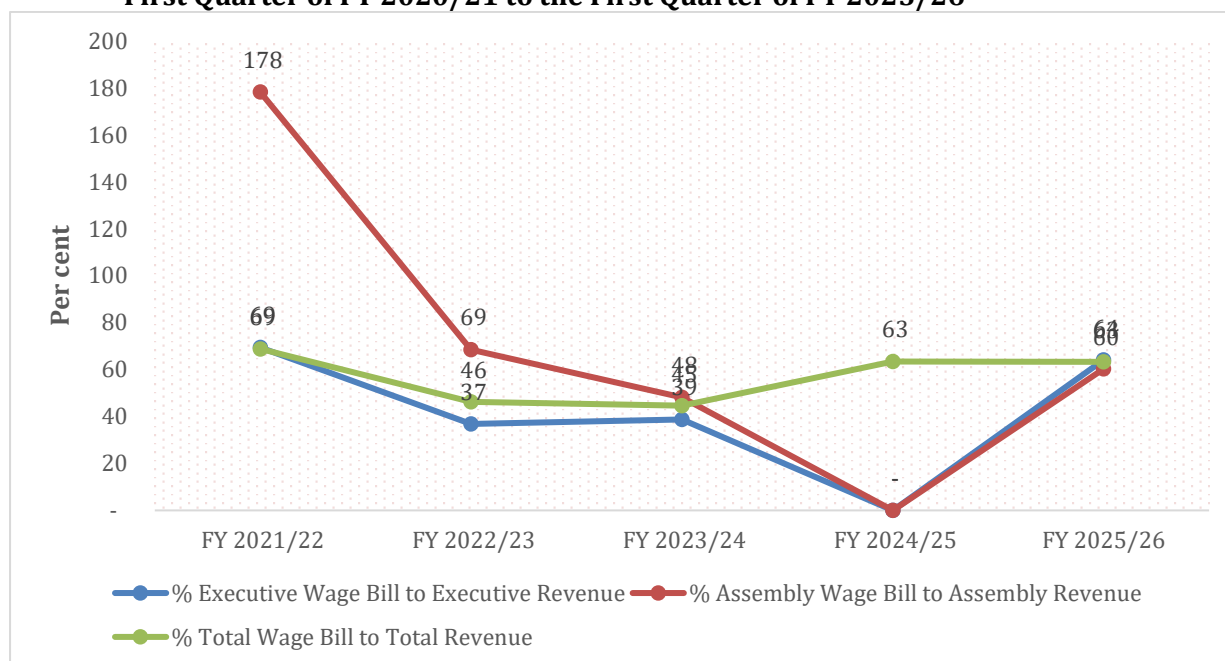
Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,843,815,695	781,140,379	974,437,468	254,551,224	17	33
Compensation of Employees	3,755,729,756	455,034,007	654,922,903	153,476,622	17	34
Operations and Maintenance	2,088,085,939	326,106,372	319,514,565	101,074,602	15	31
Development Expenditure	3,323,817,006	80,000,000	37,820,914	-	1	0
Total	9,167,632,701	861,140,379	1,012,258,382	254,551,224	11	30

Source: Nandi County Treasury

1.1.8 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.808.40 million. The percentage of compensation of employees to revenue was 63 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.813.10 million reported in the same period in FY 2024/25. Of this total, Kshs.243.91 million related to the Health Sector employees, which accounted for 30 per cent of the overall employees' compensation. Figure 1.5 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Quarter of FY 2020/21 to the First Quarter of FY 2025/26.

Figure 1.5: Percentage of Employee Compensation to Total Revenue Received from the First Quarter of FY 2020/21 to the First Quarter of FY 2025/26



Source: Nandi County Treasury

Further analysis indicated that PE costs amounting to Kshs.768.27 million were processed through the Human Resource Information System (HRIS). In contrast, Kshs.40.13 million was processed through manual payroll, which accounted for 5 per cent of the total PE cost.

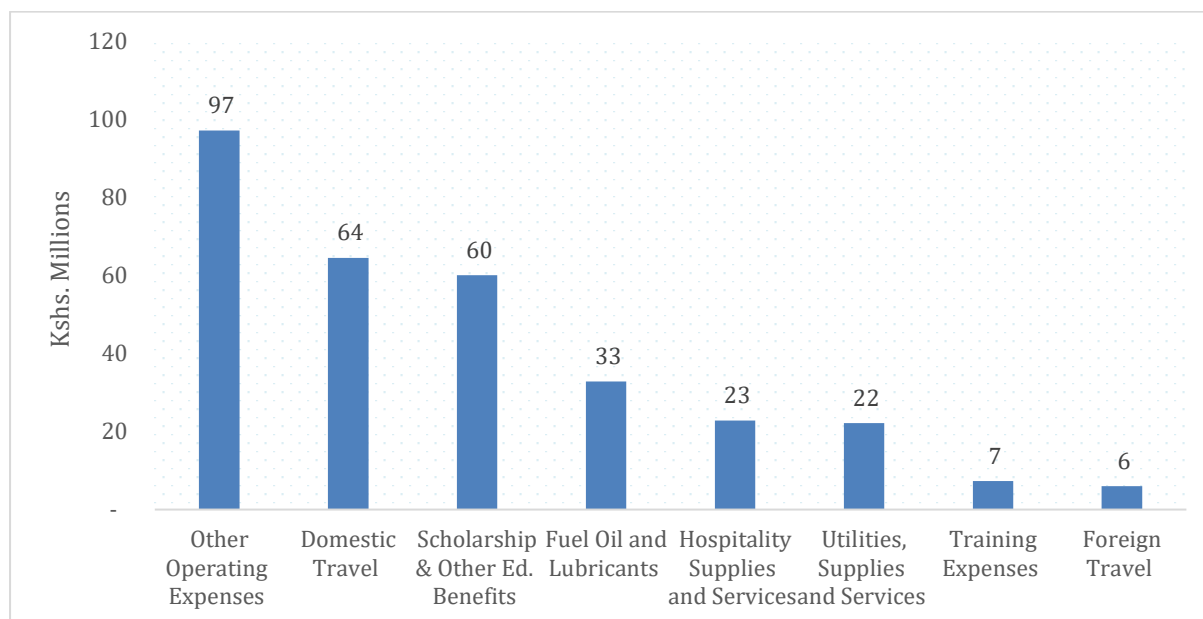
The County Assembly spent Kshs.14.10 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.28.83 million. The average monthly sitting allowance was Kshs.104,463 per MCA.

1.1.9 Expenditure on Operations and Maintenance

During the reporting period, the county spent Kshs.420.59 million on operations and maintenance, representing an increase of 18 per cent compared to FY 2024/25, when the county

spent Kshs.357.10 million. Figure 1.6 summarises the Operations and Maintenance expenditure by major categories.

Figure 1.6: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

1.1.10 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.71 million to County-Established funds in FY 2025/26, or 0.7 per cent of the county's overall budget. Further, the county allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 1.4 summarises each established Fund's budget allocation and performance during the reporting period.

Table 1.4: Performance of Nandi County Established Funds in the First Quarter of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds						
1.	Nandi County Car and Mortgage Fund	2018	1,050,000	-	-	No
2.	Nandi County Education Scheme	2016	30,000,000	-	-	Yes
3.	Nandi County Emergency Fund	2020	40,000,000			Yes
County Assembly Established Funds						
4.	Nandi County Assembly Car and Mortgage Fund	2018	-	-	-	-

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
	Total		71,050,000			

Source: Nandi County Treasury

During the reporting period, the CoB did not receive quarterly financial reports from 1 Fund Administrator, as indicated in

, contrary to the requirement of Section 168 of the PFM Act, 2012. The county disclosed that 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 established that the lifespan of none of the funds had lapsed.

1.1.11 County Corporations

The county has one County Corporation: the Kapsabet Nandi Water and Sanitation Company Ltd (KANAWASCO). The county did not provide financial reports for the corporation to the CoB during the review period.

Table 1.5: Performance of Nandi County Corporations in the First Quarter of 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.	Kapsabet Nandi Water and Sanitation Company Ltd (KANAWASCO)				
	Total				

Source: Nandi County Treasury

1.1.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.66.23 million and comprised Kshs.52.88 million spent by the County Assembly and Kshs.13.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.99 million and comprised Kshs.2.72 million by the County Assembly and Kshs.3.27 million by the County Executive. Expenditure on foreign travel is summarised in Table 1.6.

Table 1.6 Summary of Expenditure on Foreign Travel in the First Quarter of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose Of The Travel	Destination	Total Costs of the Travel in (Kshs.)
County Assembly	1	5 to 13 June 2025	Attending Conference	Singapore	
County Assembly	1	19-24 June 2025	Attending Conference	Singapore	
County Assembly	-	N/A	Consultants - Air Ticket Reservation Services	Singapore	

Source: Nandi County Treasury and Nandi County Assembly

1.1.13 Facility Improvement Financing

During the review period, the county reported collections of Kshs.6.25 million as FIF, which was 2 per cent of the annual target of Kshs.370.37 million. The collected amount was retained and utilised at source. The county has developed regulations to operationalise the FIF Act of 2023..

The expenditure by the health facilities amounted to Kshs.34.20 million, as shown in Table 1.7.

Table 1.7: 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	1	15,318,595	15,318,595	100
2.	Level 4 Hospital	7	34,173,423	34,178,423	100
	Total	7	34,178,423	34,178,423	100

Source: Nandi County Treasury

1.1.14 Development Expenditure

In the review period, the County reported spending Kshs.37.82 million on development programmes, representing a decrease of 25 per cent compared to FY 2024/25, when the County spent Kshs.50.71 million. The development expenditure was a transfer to a special purpose account and thus there were no projects implemented during the review period. The county did not report any stalled development projects as of 30 September 2025. Budget Performance by Department

Table 1.8 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 1.8: 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	400.54	48.20	13.86	-	84.61	-	610.3	-	21.1	-
Health and Sanitation	2,947.08	200.46	357.17	-	288.89	-	80.9	-	9.8	-
Public Service and Labour	58.83	-	0.48	-	11.59	-	2,438.3	-	19.7	-
County Assembly	781.14	80.00	146.09	-	254.55	-	174.2	-	32.6	-
Kapsabet Municipality	74.34	147.89	0.13	-	65.88	-	51,538.0	-	88.6	-
Office of the County Attorney	73.70	0.60	0.98	-	1.03	-	105.1	-	1.4	-
Finance and Economic Planning	526.57	18.00	225.31	-	177.48	-	78.8	-	33.7	-
Administration, Public Service and E-Government	562.21	382.12	102.39	-	94.93	-	92.7	-	16.9	-
Agriculture and Co-operatives Development	229.57	379.32	64.61	-	64.25	-	99.4	-	28.0	-
Sports, Youth Affairs, Culture and Heritage	94.93	60.93	0.77	-	15.96	-	2,083.4	-	16.8	-
Education and Vocational Training	371.56	278.95	60.55	-	115.92	-	191.4	-	31.2	-
Lands, Environment, Natural Resources and Climate Change	143.82	793.61	0.80	30.99	23.98	22.84	2,982.8	73.7	16.7	2.9
Transport, Public Works and Infrastructure Development	191.44	614.16	-	-	29.28	-	-	-	15.3	-
Trade, Tourism, Industrialisation and Enterprise Development	97.43	299.48	-	-	0.66	10.00	-	-	0.7	3.3
Culture, Gender and Social Welfare	30.68	31.10	2.77	-	-	4.98	-	-	-	16.0
Kaimosi Agricultural Training Centre	41.13	69.00	-	-	-	-	-	-	-	-
Total	6,625	3,404	976	31	1,229	38	125.9	122.0	18.6	1.1

Source: Nandi County Treasury

Any performance below 5 per cent should be explained.

Analysis of expenditure by departments shows that the Department of Lands, Environment, Natural Resources and Climate Change recorded the highest absorption rate of the development budget at 3 per cent. For recurrent expenditure, the Department of Public Service and Labour recorded the highest absorption rate at 2,438 per cent, while the Department of Trade, Tourism, Industrialisation and Enterprise Development had the lowest at less than 1 per cent.

1.1.15 Budget Execution by Programmes and Sub-Programmes

Table 1.9 summarises the budget execution by programmes and sub-programmes in the period under review.

Table 1.9: Nandi County, Budget Execution by Programmes and Sub-Programmes

Programme	Final Budget	Actual	Absorption
	KShs	KShs	KShs
Default - Non Programmatic	-	-	-
	1,300,657,514	299,076,064	23
Administration and Support Services	1,300,657,514	299,076,064	23
	194,634,716	29,282,923	15
General Administration and Support services	194,634,716	29,282,923	15
	97,433,955	658,968	1
General Administration & Support Services	97,433,955	658,968	1
	3,162,542,182	294,713,147	9
Health Service Delivery Administration Services	3,162,542,182	294,713,147	9
	1,548,592,897	340,222,306	22
General Administration and Support Services	1,548,592,897	340,222,306	22
	18,000,000	-	-
Revenue Collection and Management Phase 1	18,000,000	-	-
	2,569,942,617	45,459,575	2
Administrative Support Services	2,569,942,617	45,459,575	2
	147,893,380	-	-
Infrastructure and Development	147,893,380	-	-
	42,301,194	3,695,750	9
Sports Activities and Programs	42,301,194	3,695,750	9
Grand Total	9,081,998,455	1,013,108,733	11

Source: Nandi County Treasury

The overall budget execution for programmes was low, with a combined absorption rate of 11 per cent. Performance varied significantly, with two programmes—"Administration and support services" and "General Administration and Support Services", achieving the highest absorption

rates of 23 and 22 per cent, respectively. In contrast, several key programmes, including "Revenue Collection and Management Phase 1" and "Infrastructure and Development," recorded no expenditure, while others like "Health Service Delivery Administration Services" saw substantial spending in absolute terms (Kshs.294.71 million) but a low absorption rate of 9 per cent due to its huge budget.

1.1.16 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 exemption is for 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 a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

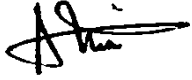
The County Government operated 10 accounts with commercial banks, including There is one account designated for banking revenue from Kaimosi ATC operations, 2 Imprest Accounts for managing petty cash, one account for the National Agricultural and Rural Inclusive Growth Project, one account for the County Development Support Programme, one account for the Urban Development Grant, one account for the Urban Infrastructure Grant, one account for youth service programmes and initiatives, one account for health operations and services, and one account for deposits and retentions.

1.1.17 Key Observations and Recommendations

- i. The underperformance of own-source revenue at Kshs.29.02 million against an annual target of Kshs.1.06 billion, representing 3 per cent of the financial year target.
- ii. Low development performance in the review period as the County incurred Kshs.37.82 million on development activities, achieving a 1 per cent absorption rate.
- ii. High level of pending bills, which amounted to Kshs.1.01 billion as of 30 September 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.
- iii. Use of manual payroll. Personnel emoluments amounting to Kshs.40.13 million were processed through manual payroll, accounting for 5 per cent of the total payroll cost.
- iv. Non-submission of copies of authorisation letters for opening commercial bank accounts.

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.*
- ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
 - iii. *The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly.*
- iii. *The County is advised to fast-track the onboarding of all staff onto the HRIS system to minimize the use of manual payroll.*
- iv. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts to enhance accountability.*



CPA ALFRED K. LAGAT

CEC MEMBER, FINANCE AND ECONOMIC PLANNING