



COUNTY GOVERNMENT OF NANDI
COUNTY TREASURY

QUARTER TWO NANDI COUNTY BUDGET IMPLEMENTATION REVIEW REPORT

FINANCIAL YEAR 2025/2026

JANUARY, 2026

1.1 County Government of Nandi

1.1.1 Overview of FY 2025/26 Budget

The Nandi County Approved Supplementary Budget for FY 2025/26 is Kshs.10.64 billion. It comprises Kshs.4.11 billion (39 per cent) and Kshs.6.53 billion (61% per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.43 billion (16 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.99 billion and a recurrent budget of Kshs.6.21 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 revenue raised nationally of Kshs.7.77 billion (73 per cent), additional allocations of Kshs.1.75 billion (16 per cent), and Kshs.1.12 billion (11 per cent) generated as own-source revenue. The remaining 0 per cent is expected from other financing sources. as shown in Table 1.1.

1.1.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.3,673.46 million. This amount represented an increase of 139 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.1,535.13 million. The total revenue consisted of Kshs.3,225.29 million from the equitable share of revenue raised nationally, Kshs.141.99 million from additional allocations, and own-source revenue (OSR) collection of Kshs.306.18 million. The total OSR collection of Kshs.306.18 million included Kshs.214.61 million from Facility Improvement Financing (FIF) and Kshs.91.57 million from ordinary OSR sources.

The total OSR, including FIF. This amount was an increase of 92 per cent compared to Kshs.159.78 million realised in a similar period in FY 2024/25, and was 27 per cent of the annual target and 9 per cent of the equitable revenue share disbursed. Table 1.1 summarises the total revenue available to the County Government during FY 2025/26.

Table 1.1: Nandi County, Revenue Performance in the First Half of FY 2025/26

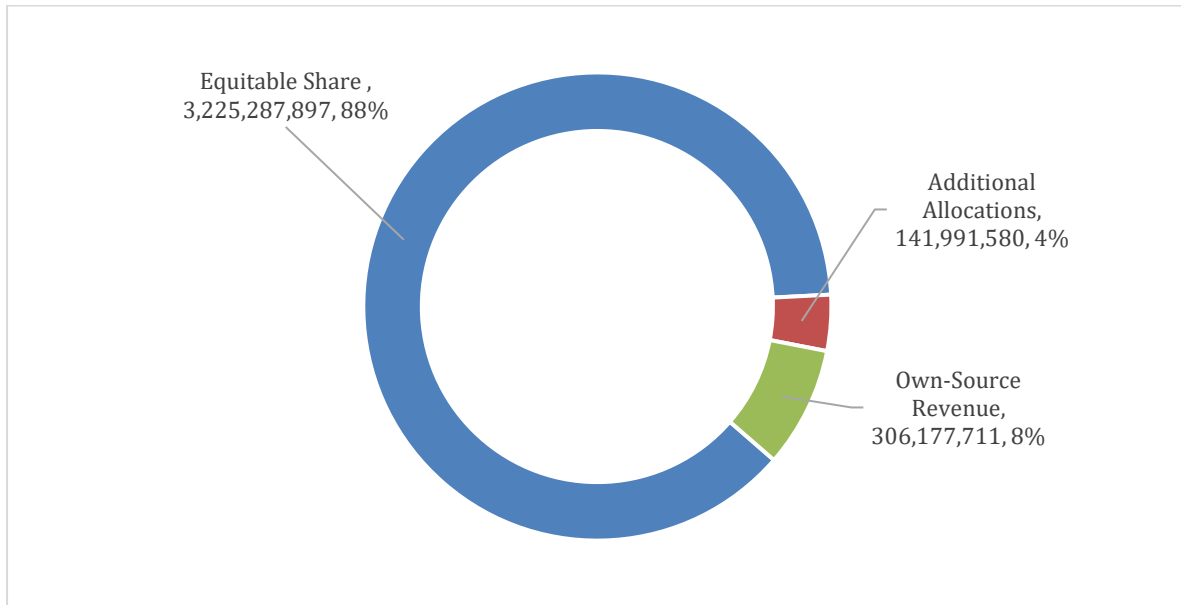
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)
		A	B	C	D=B+C
A	Unspent Balance from FY 2024/25	-	-		-
1	Balance at CRF				-
2	County Executive Refunds to CRF	-			-
3	County Assembly Refunds to CRF	-			-
	Sub-Total	-	-	-	-
B	Equitable Share of Revenue Raised Nationally				
1	Equitable Share	7,771,778,066	3,225,287,897	-	
	Sub-Total	7,771,778,066	3,225,287,897	-	-
D	Additional Allocations (Including Grants)				

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)
		A	B	C	D=B+C
1	Financing Locally-Led Climate Action Programme	216,757,206	35,991,580		
2	Kenya Informal Settlements Improvement Project (KISIP)	208,354,058	106,000,000		
3	Establishment of the Industrial Park	133,368,421			-
4	RMLF 24/25	187,283,794			-
5	Community Health Promoters	96,660,000			
6	Settlement of Doctors, Arrears	26,764,781			
7	County Rural and Urban Affordable Committee	1,987,622			
8	Minerals Royalties 2025/2026	55,110,901			
9	Mineral Royalties for 2023/2024	55,110,901			
10	Mineral Royalties for 2024/2025	17,907,661			
11	KDSP I- Level I Grant World Bank	37,500,000			
12	KDSP II Level II Grant World Bank	352,500,000			
13	KDSP II- Level I Grant World Bank 2024/2025	37,500,000			
14	IDA (WORLD BANK). - National Agricultural Value Chain Development project (NAVCDP)	231,250,000			-
15	Kenya Urban Support Project (KUSP)- UIG	35,000,000			-
16	DANIDA- Primary Healthcare in Devolved Context	8,619,000			-
17	Kenya Urban Support Project (KUSP)- UDG	33,993,380			-
18	SWEDEN Kenya Agriculture Business Development Project	10,918,919			-
	Sub-Total	1,746,586,644	141,991,580	-	-
E	Ordinary Own Source Revenue (OSR)				
1	Ordinary Own Source Revenue (OSR)	669,206,584	91,565,031	-	
	Sub-Total	669,206,584	91,565,031	-	
F	Facility Improvement Fund/Financing (FIF)				
1	SHIF				-
2	Defunct NHIF				-
3	Other	453,611,179	214,612,680		
	Sub-Total	453,611,179	214,612,680	-	-
H	Other Revenues				
	Grand Total	10,641,182,473	3,673,457,188	-	-

Source: Nandi County Treasury

Figure 1 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

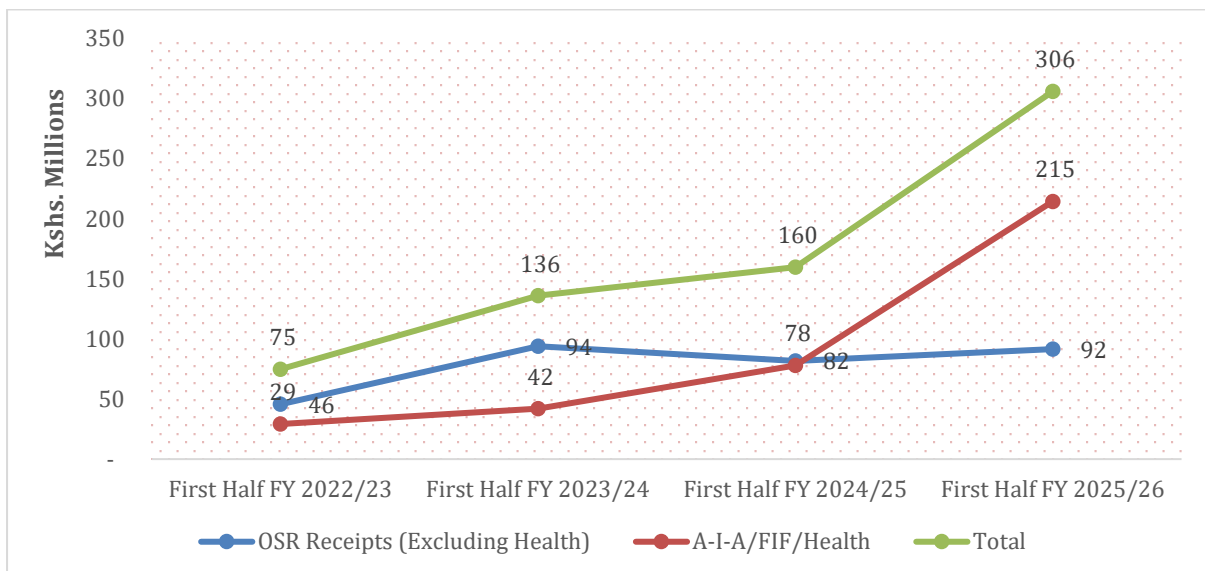
Figure 1: Nandi County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: Nandi County Treasury

Figure 2 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

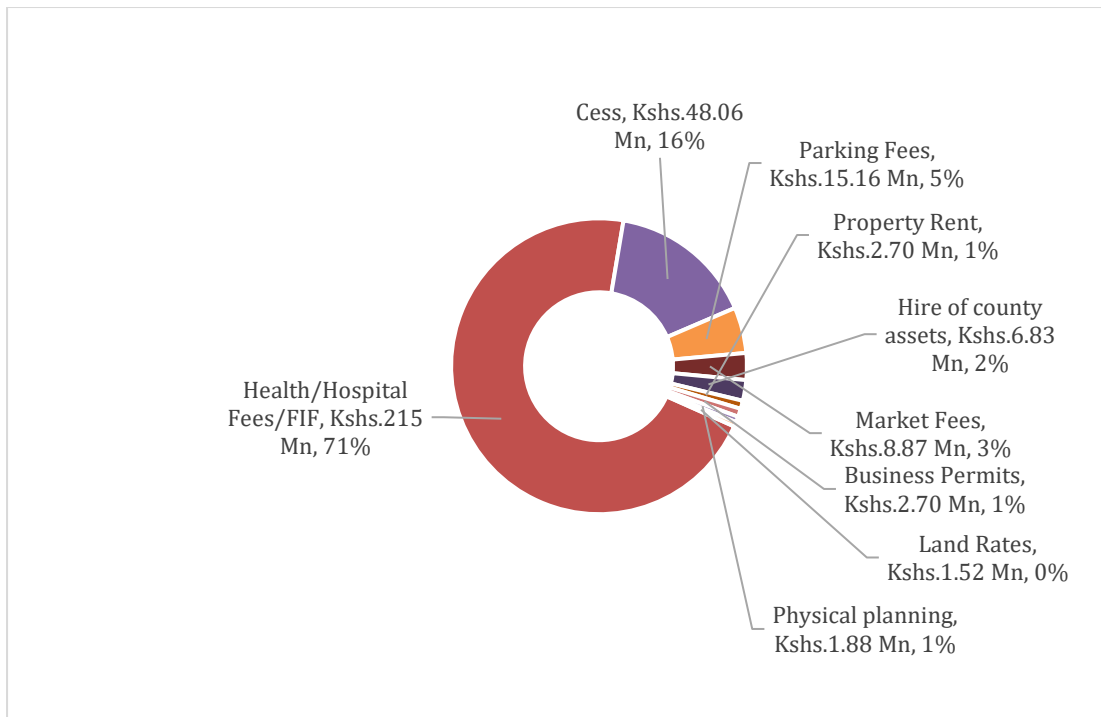
Figure 2: Nandi County Trend in Own-Source Revenue Collection from the First Half of FY 2022/23 to the First Half of FY 2025/26



Source: Nandi County Treasury

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

Figure 3: Nandi County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Nandi County Treasury

As shown in Figure 1.3, the highest revenue stream, at Kshs.215 million, was from FIF, accounting for 71 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

1.1.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County did not report revenue arrears.

1.1.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs. 3.67 billion from the Nandi County Revenue Fund (CRF) account. This amount represented 34 per cent of the total budget and consisted of Kshs. 875.91 million (24 per cent) designated for development programmes and Kshs. 2,797.55 million (76 per cent) allocated to recurrent programmes.

An analysis of the released recurrent exchequers shows that Kshs.1.72 billion was allocated for employee compensation, and Kshs.1.08 billion for operations and maintenance expenditures. Within the operations and maintenance category, 17 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.178.11 million, which included Kshs.62.39 million for the County Executive and Kshs.115.72 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.30.40 million, with Kshs.6.58 million for the County Executive and Kshs.23.82 million for the County Assembly.

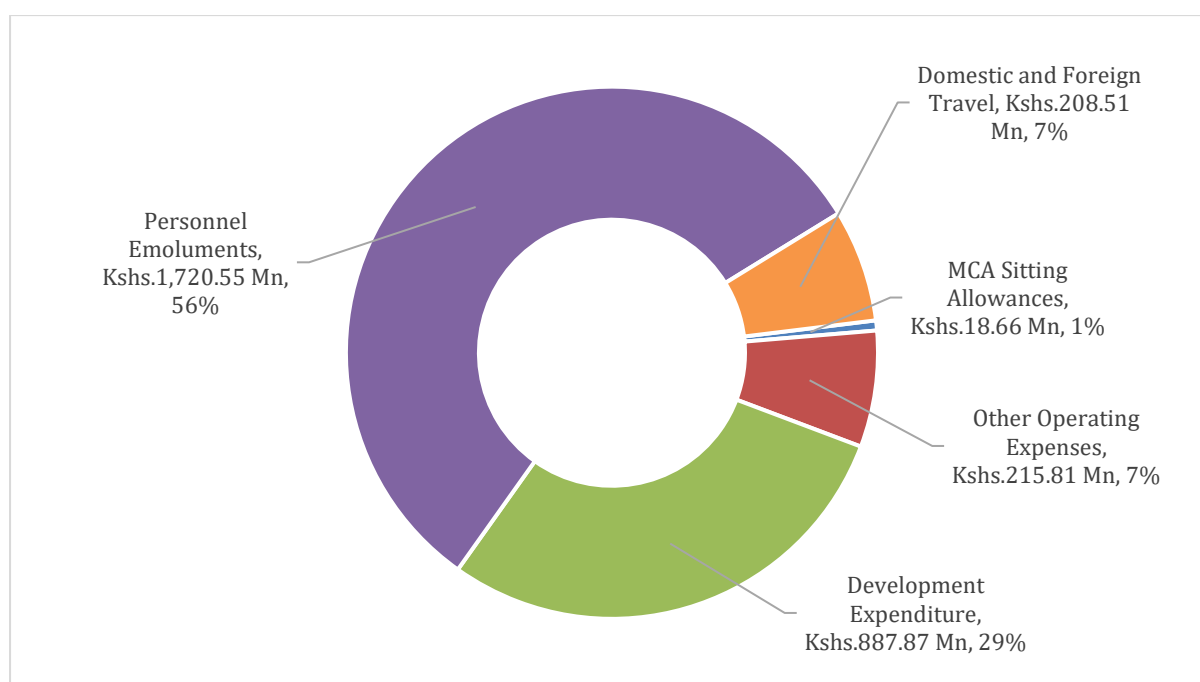
As of December 31, 2025, the County Government's cash balance in the Nandi county CRF account was Kshs.448.80 million

1.1.5 Expenditure Review

The County spent Kshs.3.67 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. The total expenditure comprised Kshs.875.91 million for development programmes and Kshs.2.80 billion for recurrent programmes. Expenditure on development programmes achieved an absorption rate of 21 per cent of the annual development budget, while recurrent expenditure represented 43 per cent of the annual recurrent budget.

Figure 4 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 4: Nandi County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Nandi County Treasury & Assembly

1.1.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.993.22 million. This amount consisted of Kshs.993.22 million from the County Executive, while the County Assembly reported no outstanding trade payables. The trade payables from the County Executive comprised of Kshs.379.49 million for recurrent expenditure and Kshs.613.74 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.431.42 million, comprising Kshs.119.99 million (27.81 per cent) for recurrent programmes and Kshs.311.42 million (72.19 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables as it had no outstanding debt. The outstanding

trade payables as of 31st December 2025 were Kshs.561.81 million for the County Executive and nil for the County Assembly. Table 1.3 provides additional details of trade payables.

Table 1.2: Nandi County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	613,737,449	379,486,397	993,223,846
	County Assembly	-	-	-
	Total	613,737,449	379,486,397	993,223,846
Amount paid in FY 2025/26	County Executive	311,424,999	119,993,391	431,418,390
	County Assembly	-	-	-
	Total	311,424,999	119,993,391	431,418,390
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	302,312,450	259,493,007	561,805,456
	County Assembly	-	-	-
	Total	302,312,450	259,493,007	561,805,456

Source: Nandi County Treasury

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.161.05 million and Kshs.145.26 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.431.42 million for the Executive. Table 1.4 and Table 1.5 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly.

Table 1.3: Nandi County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	460,303,087	122,747,490	30,686,872	-	613,737,449
Recurrent Trade Payables (Goods & Services)	295,999,390	45,538,368	37,948,640	-	379,486,397
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)				-	-
Recurrent Trade Payables (Staff Claims)				-	-

Total Recurrent Trade Payables	295,999,390	45,538,368	37,948,640	-	379,486,397
Total Trade Payables	756,302,476	168,285,857	68,635,512	-	993,223,846
% of Total	76.15	16.94	6.91	0	100.00

Most of the County's trade payables are recent, with 76.38 per cent (Kshs.429.14 million) outstanding for less than one year and 23.62 per cent (Kshs.132.67 million) aged between one and three years. To manage these balances, the County should apply a First-In-First-Out (FIFO) approach so that older valid claims are paid first, reducing the risk of penalties and legal claims and preventing balances from aging further. Although the County cleared Kshs.431.42 million against a target of Kshs.306.31 million under the Trade Payables Action Plan, the plan should be strengthened by using FIFO to guide payments and ensure available funds are directed to older outstanding payables.

1.1.7 Expenditure by Economic Classification

The County Executive incurred Kshs.1.47 billion on compensation of employees , Kshs.948.36 million on operations and maintenance, and Kshs.875.91 million on development activities. Similarly, the County Assembly spent Kshs.254.23 million on compensation of employees and Kshs.128.64 million on operations and maintenance as shown in Table 1.6.

Table 1.4: Nandi County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Absorption (%) (b/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	5,718,776,684	811,140,379	2,414,680,860	382,870,300	42	47
Compensation of Employees	3,468,591,897	463,724,363	1,466,320,753	254,231,869	42	55
Operations and Maintenance	2,250,184,787	347,416,016	948,360,107	128,638,431	42	37
Development Expenditure	4,111,265,409	80,000,000	875,905,981	-	21	0
Total	9,830,042,093	891,140,379	3,290,586,841	382,870,300	33	43

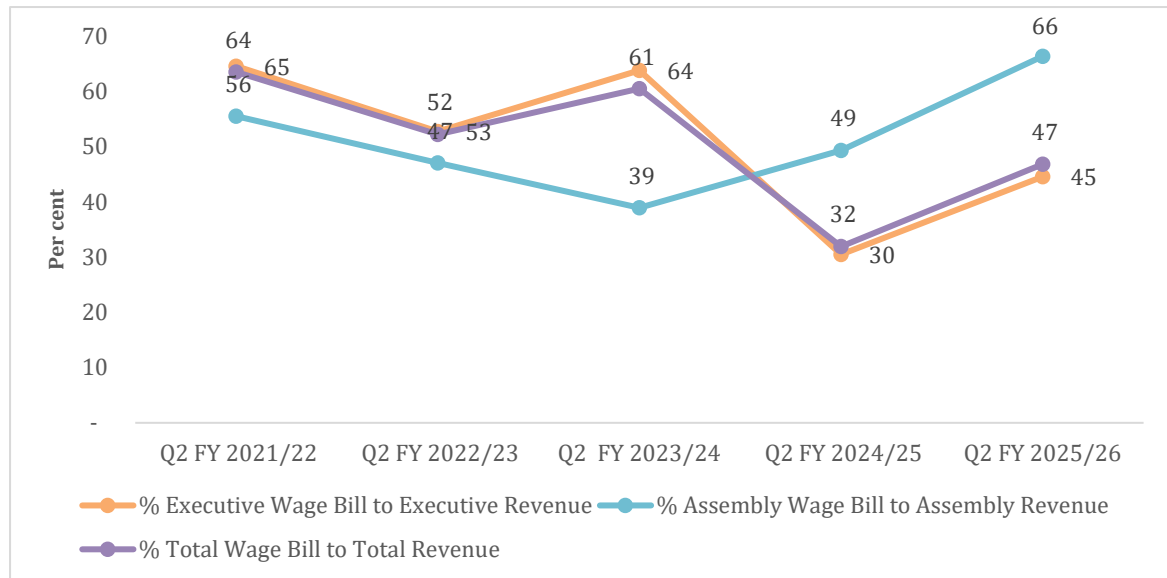
Source: Nandi County Treasury

1.1.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.72 billion. The percentage of compensation of employees to revenue was 46.8 per cent. This expenditure on employee compensation shows an increase of 12.7 per cent compared to the Kshs.1.53 billion reported in a similar period in FY 2024/25. Of this total, Kshs. 877.71 million is related to Health Sector employees, accounting for 51 per cent of the overall employees' compensation.

Figure 3 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 5: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2021/22 to the First Half of FY 2025/26



Source: Nandi County Treasury

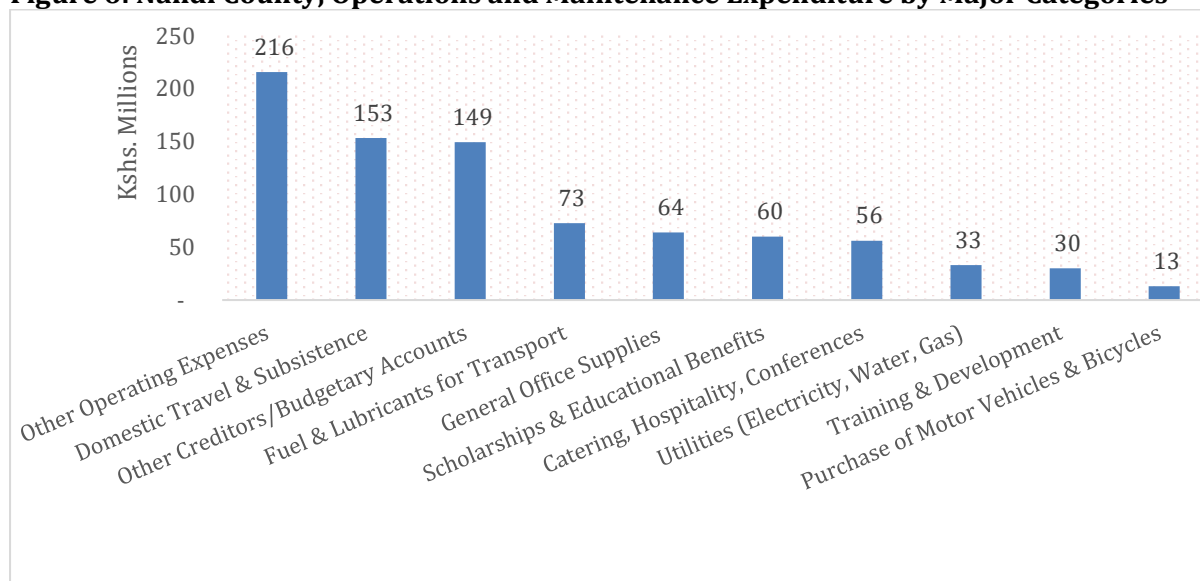
Further analysis indicated that PE costs amounting to Kshs.1.59 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.91.54 million was processed through manual payrolls, which accounted for 5 per cent of the total PE cost.

The County Assembly spent Kshs.18.66 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.32.83 million. The average monthly sitting allowance was Kshs. 69,095 per MCA. The County Assembly has 24 House Committees.

1.1.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.08 billion on operations and maintenance, representing a decrease of 25.5 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.45 billion. Figure 4 summarises the Operations and Maintenance expenditure by major categories.

Figure 6: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

1.1.10 Unbundling “Other Operating Expenses” Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.216 million on “*other operating expenses*,” which is 20.04 per cent of the total operations and maintenance expenditure. This category of expenditure includes Kshs. 3.52 million for legal fees and compensation payments.

1.1.11 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.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 1.6 summarises each established Fund's budget allocation and performance during the reporting period.

Table 1.5: 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

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.)
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	-	-	-	-
	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.

1.1.12 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.

1.1.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.178.11 million and comprised Kshs.115.72 million spent by the County Assembly and Kshs.62.39 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.40 million and comprised Kshs.23.82 million by the County Assembly and Kshs.6.58 million by the County Executive. Expenditure on foreign travel is summarised in Table 1.11.

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

Arm of County Government	No Of officers Travelled	Date travelled	Purpose of the travel	Destination	Total Cost of Travel (Kshs.)
County Executive	5	5th Oct 2025	OGP Summit	Spain	3,998,260
County Executive	1	25th Sept 2025	Integrated Agro-Industrial Park	Ethiopia	517,608.00

Source: Nandi County Treasury and XX County Assembly

1.1.14 Facility Improvement Financing

During the review period, 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.231.62 million, as shown in Table 1.12.

Table 1.7: Nandi County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
2.	Level 4 Hospital	7	225,000,000	180,272,699	80
3.	Level 3 Facility	14	15,000,000	12,124,365	81
4.	Level 2 Facility	134	35,000,000	39,216,236	112
	Total		275,000,000	231,613,300	91

Source: Nandi County Treasury

1.1.15 Development Expenditure

In the review period, the County reported spending Kshs.875.91 million on development programmes, representing **an increase** of 18.1 per cent compared to FY 2024/25, when the County spent Kshs.741.57 million. Table 1.13 summarises the development projects with the highest expenditure in the reporting period.

Table 1.8: Nandi County, List of Development Projects with the Highest Expenditure

Project Name	Sector	Project Location	Contract Sum (KSh)	Amount Paid to Date (KSh)	Contract Variation (KSh)	Implementation Status (% of Completion)
Construction of Amkawo Box Culvert	Trade and Investment	Chemase	4,544,636	4,412,268	-	100
Construction of Kaptumo Water Project	Water and Natural Resources	Kaptumo/Kaboi	4,612,893	4,478,537	-	100
Construction of Kobujoi OPD	Health and Sanitation	Kobujoi	6,224,820	6,043,515	-	100
Construction of MCA Office-Stenkuku-Kipsende	Transport and Infrastructure	Kemeloi Maraba	3,583,400	3,479,029	-	100
Construction of MCH at KCRH	Health and Sanitation	Kapsabet	4,265,030	4,140,806	-	100

Project Name	Sector	Project Location	Contract Sum (KSh)	Amount Paid to Date (KSh)	Contract Variation (KSh)	Implementation Status (% of Completion)
Maintenance of Chepnoet-Tuiyabei Road	Transport and Infrastructure	Ndalat	4,410,312	4,281,856	-	100
Maintenance of Chepterit-Kapsean-Belekenya Road	Transport and Infrastructure	Kosirai	4,739,987	4,601,930	-	100
Maintenance of Chiria Emzoo Kapkemich Road	Transport and Infrastructure	Kabwareng	3,747,532	3,638,381	-	100
Maintenance of Kamoiywo Chiefs Office Kabuson	Education	Kabiyet	3,785,264	3,675,014	-	100
Renovation and Parking in Kaptumo	Health and Sanitation	Kaptumo/Kaboi	3,936,834	3,822,169	-	100

Source: Nandi County Treasury

Indicate ten projects per section with the highest expenditures during the review period.

The County did not report development projects as of 31st December 2025. Budget Performance by Department

Table 1.15 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 1.9: Nandi County, Budget Allocation and Absorption Rate by Department in the first half of 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	397	48	212	5	212	5	98.7	98.7	53.3	10.7
Health and Sanitation	2,732	200	1,036	80	1,036	80	98.7	98.7	37.9	39.9
Public Service and Labour	64	-	30	-	30	-	98.7	-	46.3	-
County Assembly	811	80	383	-	383	-	98.7	-	47.2	-
Kapsabet Municipality	73	148	83	8	83	8	98.7	98.7	113.2	5.3

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the County Attorney	85	1	60	-	60	-	98.7	-	71.0	-
Finance and Economic Planning	577	18	293	3	293	3	98.7	98.7	50.7	15.4
Administration, Public Service and E-Government	540	382	150	5	150	5	-	-	-	-
Agriculture and Co-operatives Development	231	379	113	89	113	89	-	-	-	-
Sports, Youth Affairs, Culture and Heritage	86	61	44	17	44	17	-	-	-	-
Education and Vocational Training	403	279	185	100	185	100	-	-	-	-
Lands, Environment, Natural Resources and Climate Change	160	794	71	275	71	275	98.7	98.7	44.4	34.7
Transport, Public Works and Infrastructure Development	185	614	68	172	68	172	98.7	98.7	37.0	28.0
Trade, Tourism, Industrialization and Enterprise Development	91	299	37	64	37	64	98.7	98.7	40.6	21.5
Culture, Gender and Social Welfare	46	31	21	-	21	-	98.7	-	45.0	-
Kaimosi Agricultural Training Centre	48	69	13	57	13	57	98.7	98.7	27.7	82.2
Total	6,530	3,404	2,798	876	2,798	876	98.7	98.7	42.8	25.7

Source: Nandi County Treasury

Analysis of departmental expenditure shows that The Department of Kaimosi Agricultural Training Centre recorded the highest absorption rate of the development budget at 82.2 per cent, followed by the Department of Lands, Environment, Natural Resources and Climate Change at 34.7 per cent. The Department of Kapsabet Municipality had the highest percentage of recurrent expenditure to budget at 113.2 per cent, while the Department of Health and Sanitation had the lowest at 37.9 per cent.

1.1.16 Budget Execution by Programmes and Sub-Programmes

Table 1.16 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

(Pick the top ten sub-programmes with the highest absorption rates)

Table 1.10: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure as at 31 Dec 2025 (Kshs.)	Absorption Rate (%)
Culture	Public Records & Archives Management	34,698,875	19,787,660	57.0
General Administration	Planning & Support Services	891,140,379	388,171,935.50	43.6
Education / Sector Admin	Planning & Support Services	1,848,022,603	794,037,495.90	43.0
Transport / Sector Admin	Planning & Support Services	91,320,826	37,562,440	41.1
Health	Preventive & Promotive Health Services	3,000,511,985	1,131,223,887.25	37.7

Source: Nandi County Treasury

The programmes with the highest budget implementation rates during the period under review included Public Records and Archives Management, which recorded an absorption rate of 57.0 per cent, followed by General Administration, Planning and Support Services with absorption rates of 43.6 per cent. ..

Table 1.17 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 1.11: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure as at 31 Dec 2025 (Kshs.)	Absorption Rate (%)
Sports / Culture	Human Resource Management	72,680,500	7,951,360	10.9
Legislature	Legislation & Representation	3,065,057,970	736,836,256	24.0
Sector Admin	Planning & Support Services	7,999,000	2,817,958	35.2
Lands	Land Policy & Planning	1,445,064,529	536,857,375	37.2
Sector Admin	Planning & Support Services	184,685,805	69,193,769	37.5

Source: Nandi County Treasury

The programmes with the lowest budget implementation rates during the period under review included Human Resource Management under the Sports and Culture sector, which recorded an absorption rate of 10.9 per cent This was followed by Legislation and Representation under the Legislature, which absorbed 24.0 per cent of its approved budget. Planning and Support Services under Sector Administration also recorded relatively low absorption at 35.2 per cent. In addition, Land Policy and Planning under the Lands sector and Planning and Support Services under Sector Administration recorded absorption rates of 37.2 per cent and 37.5 per cent,

1.1.17 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 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.

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

1.1.18 Key Observations and Recommendations

List down challenges as appropriate.

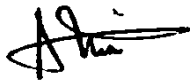
In the course of overseeing and reporting on the implementation of the xxxx County budget, the CoB identified the following challenges, which hampered effective budget implementation;

- 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 9th February 2026.
- ii. The underperformance of own-source revenue at Kshs.306.18 million against an annual target of Kshs.1.12 billion, representing 27 per cent of the financial year target.
- iii. The County spent Kshs.875.91 million on development activities, achieving an absorption rate of 21 per cent against the annual development budget of Kshs.4.11 billion. While an improvement from previous years, it remains below the expected half-year threshold.
- iv. High level of trade payables, which amounted to Kshs.xxx.xx billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the payment plan for trade payables.

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 per the timelines prescribed in Section 166 of the PFM Act, 2012.*
- ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

- iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
- iv. *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.*
- 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 expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*
- viii. *Etc....*



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Key Notes

1. *Figures should be in **two** decimal places, e.g. Kshs.10.23 million*
2. *All percentages should be in **zero** decimal places: The term "zero per cent" indicates no decimal point, as in "12 per cent" or "7 per cent." However, there is an exception for percentages less than 1 per cent. In this case, if the value is, for example, 0.02 per cent, please report it as such in the tables. In the written text, you should write "less than 1 per cent."*
3. *Any performance **below 50 per cent** should be followed by an explanation/disclosure*
4. *Font – Aptos size 11 for standard text and 9 for all charts and tables. (**Source** is bold, and text after that is non-bold – both are italics – font 9). This is in line with our Brand Refresh manual.*
5. *Validate the data on the spreadsheet's report and have the reports peer-reviewed before submitting them for consolidation.*