



OFFICE OF THE CONTROLLER OF BUDGET

EMBU COUNTY  
BUDGET IMPLEMENTATION  
REVIEW REPORT

FIRST QUARTER  
FY 2013 /2014

OCTOBER 2013

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## **Foreword**

In pursuit of our mandate as stipulated by the constitution, I am delighted to present the Budget Implementation Review Report for the first quarter 2013/2014 covering the period July to September 2013. The Report is a result of careful and objective analysis of the budget and its implementation by various county government agencies.

According to Article 228 (6) of the constitution of Kenya 2010, The Office of the Controller of Budget is required to submit a report on the implementation of the budget to the Executive and Parliament, for both the National and County Governments on quarterly basis. A critical aspect of this mandate is the requirement that the Controller of Budget oversees the implementation of the budgets of these two levels of government by authorizing withdrawals from public funds under articles 204, 206 & 207.

Prudent and responsible use of public funds is now a constitutional requirement. This means it is important for public managers to reorient budget formulation and execution towards a performance driven system. Greater emphasis should be placed on the impact of budgets on citizens rather than just the mere allocation and utilisation of resources. Kenyans overwhelmingly voted for devolution as a vehicle for equitable development. County governments should deliver on this dream by ensuring locals get greater value from their spending.

It is universally recognised that good budget implementation requires in part continuous monitoring. Rationales for budget monitoring are threefold: to strengthen oversight; to identify problems in service delivery; and to generate evidence to inform public budgetary debates. The office of controller of budget will continue to work with the county government and other government agencies in this realm to ensure a sound public financial system. It is expected that this report will enable the county government build on success achieved while initiating corrective mechanisms on highlighted issues.

**Agnes Odhiambo**  
**Controller of Budget**

## **Executive Summary**

This is the first quarter County report on the budget implementation by the Office of Controller of Budget for the 2013/2014 financial year. One of the functions of the Office of the Controller of Budget (OCoB), as stipulated in the Constitution (Article 228 (4)), is to oversee the implementation of the Budgets for both national and county governments.

The county revenues collection was low and there was general apathy among the county residents due to the transitional uncertainty on channels and modalities of payment of levies previously charged by defunct local authorities. The county should therefore enhance revenue collection and exploit the full potential of the county.

The county received Ksh 325,533,826 from National Government and local revenue in the period under review and spent Ksh143, 287,710 on personnel emoluments, administrative expenses and development activities. The county also paid Ksh 61,592,200 for refurbishment of the County Assembly and County Headquarter premises. This amount was received from Transition Authority in the period March-June 2013.

The report recommend enhancement of the internal control system in the area of revenue collection in order to minimize local revenue leakages. Early preparation of procurement plans to hasten budget implementation. Effective budget implementation at the county level therefore should involve continuous capacity building, robust systems and processes, prioritization, close monitoring and evaluation and involvement of all stakeholders in budget preparation and execution.

## **ACRONYMS**

CBK	Central Bank of Kenya
FY	Financial year
Ksh	Kenya shillings
LATF	Local Authority Transfer Fund
MTEF	Medium Term Expenditure Framework
PFM	Public Financial Management Act
OCOB	Office of Controller of Budget

## **1.0 Introduction**

### **1.1 Mandate of the Office of the Controller of Budget**

The Office of the Controller of Budget (OCoB) is an independent office under Article 248 (3) (b) of the Constitution of Kenya. The office has the following mandates as stipulated by the various articles of the Constitution:

- Oversee implementation of the budgets of the national and county governments by authorizing withdrawal from public funds (Article 228 (4));
- Report to the Legislature, every four months (report) on implementation of budgets of national and county governments (Article 228 (6));
- Authorize withdrawals from public funds: Equalization Fund (Article 204 (9)), Consolidated Fund (Article 206(4)), and Revenue Fund (Article 207 (3)), if satisfied that the same is in accordance with the law (Article 228 (5));
- Advise Parliament where it may not approve or renew the decision to stop further transfer of funds to a State organ or any other public entity (Article 225 (7)(a));
- Report after the end of every year (annual report) to the President/Governor and to Parliament/CA (Article 254 (1));
- Report, at any time (ad-hoc reports), as may be required by the President/Governor or Parliament/CA (Article 254 (2));
- Publish and publicize all reports (Article 254(3)); and Conduct investigations based on own initiative or on a complaint made by a member of the public and conduct alternative dispute resolution mechanisms to resolve disputes (Article 252 (1) (a) and (b)).



## 1.2 Political and social economic structure

Embu County is one of the 47 counties in the Republic of Kenya. It is located in the Eastern Region with Mt. Kenya on its northern part and covers a total area of 2,818 square kilometers. It borders Kirinyaga County to the West, Kitui County to the East, Machakos County to the South and Tharaka Nithi County to the North.

Embu County slopes from North-West towards East and South-East with a few isolated hills such as Kiambere and Kiang'ombe which rise above the general height. The county is characterised by highlands and lowlands. It rises from about 515m above sea level at the River Tana Basin in the East to over 4,570m on the top of Mt. Kenya in the North West.

Embu County is served by six major rivers; four of them, Thuci, Tana, Kii and Rupingazi which form part of the county boundaries. The other two rivers are Thiba and Ena. These rivers serve mainly the north-western and south western parts of the county. The major dams which generate hydroelectric power for the country are partly in the county. These dams include Kiambere, Gitaru, Kindaruma and Masinga all of which are situated along the Tana River.

### 1.2.1 Political and Administrative Units

Embu County has four parliamentary constituencies, namely Runyenjes, Manyatta, Mbeere North and Mbeere South. The County has twenty (20) electoral wards. Table 2 shows the political units and the distribution of electoral wards by constituency.

**Table 1: Distribution of County Assembly Wards**

Constituency	No of Wards
Runyenjes	6
Manyatta	6
Mbeere South	5
Mbeere North	3

Administratively, the county is divided into five sub-counties namely; Embu West with headquarters at Embu town and Embu North with headquarters at Manyatta. These two form Manyatta constituency, Embu East, Mbeere North and Mbeere South with headquarters at Runyenjes, Siakago and Kiritiri respectively.

### 1.2.2 Social-economic and Demographic features

From the Kenya Population and Housing Census 2009 report, the county is estimated to be 543,222 people comprising of 267,609 males and 275,613 females using an estimated annual

growth rate of 1.7 per cent. It is projected to rise to 571,645 and 591,415 by 2015 and 2017 respectively. The increase is due to the high fertility rate, decline in the mortality rates for children below five years, and increased access to health services. Other causes are reduced incidences of malaria and improved health facilities. The rural population comprises of about 80.3 per cent of the total population.

Table 2 below shows the population projections per constituency. The county was projected to have had an average population density of 193 people per square kilometre in 2012. This is projected to be 203 and 210 in 2015 and 2017 respectively. The most densely populated constituency as per the 2012 projections was Manyatta with 605 persons per square followed by Runyenjes, Mbeere North and Mbeere South in that order with 590, 122, and 104 respectively. The high density in Manyatta and Runyenjes is because these are the agriculturally productive areas. On the other hand Mbeere North and Mbeere South are largely semi-arid with low population density.

**Table 2: Projected Population Distribution and Density by Constituency/Sub-county**

Constituency	2009 (Census)		2012 (Projections)		2015(Projections)		2017(Projections)	
	Population	Density (Km2)	Population	Density (Km2)	Population	Density (Km2)	Population	Density (Km2)
Manyatta	154,632	575	162,723	605	171,237	637	177,159	659
Runyenjes	142,360	561	149,809	590	157,647	621	163,099	643
Mbeere North	89,035	115	93,694	122	98,596	128	102,006	132
Mbeere South	130,185	99	136,997	104	144,165	109	149,151	113
TOTAL	516,212	183	543,222	193	571,645	203	591,415	210

*Source: KNBS, Population and Housing Census, 2009*

Agriculture is the mainstay of the county and livelihood of the people. The sector employs 70.1 per cent of the population and 87.9 per cent of the households are engaged in agricultural activities. The upper part of Embu County relies mainly on cash crops such as coffee and tea while the lower part mainly produces food crops. Other economic activities include livestock production, trade, fishing, forestry, sand harvesting, quarrying and tourism.

### **1.3 County 2013/14 Budget process and approval**

The Budgeting cycle as per PFM Act 2012 section 126 requires a County to have an approved development plan, which should consequently guide spending decisions. The requirement of having an approved development plan to guide budgeting process was not met during the 2003/14 budgeting because the County Government came into existence in March 2013 whereas the law requires the approved plan to be in place and approved by September each

year. This important step in budget cycle was not feasible. However, the County was able to initiate the budget process and ensured that the budget estimates were approved by 30th June as required.

Reasonable Public participation was initiated despite limited time and budgetary information made available to the public. The OCoB will therefore endeavour to ensure that the public is informed on the budget implementation.

The basic principle of budget is that it should capture all revenues and expenditures in the County. The County budget seems to miss partially on this basic principle. The County is however committed to improving the comprehensiveness of the budget. The County has initiated the process of preparing a supplementary budget to take care of new information and resolutions from intergovernmental consultation forums.

To improve control of public resources and also improve accuracy of reporting, IFMIS has been introduced to the County. The County treasury team has undergone training and equipment supplied to support the system. The key challenge in the operationalization of the system is the weak connectivity to the main server.

Lack of Capacity on the budget making process was evident alongside lack of clear guidelines on cost of devolved functions. The national treasury/County treasury should in future provide clear budget guideline through circulars and PFM regulations to guide the process of budgeting. The guidelines should clearly indicate the share of the funds to the County Assembly and executive which is currently a fertile ground for conflict.

### 1.3.1 Summary of the County Budget

The total approved 2013/14 budget for the County was Ksh 3,803,892,678.00; with a recurrent expenditure allocation of Ksh 1,686,511,372.00 and development allocation of Ksh 2,117,381,306.00. The development vote includes Ksh 259,887,438.00 and Ksh 297,310,964.00 Level 5 Hospital and Donor funded projects conditional grant respectively.

**Table 3 Department Budget Allocation**

	Department	Recurrent Ksh	Development Ksh	Total Ksh	Percentage of total (%)
1	Office of the Governor	696,645,090	113,300,000	809,945,090	21.3%
2	Finance and Economic Planning	173,918,817	31,200,000	205,118,817	5.4%
3	Education	43,325,000	163,856,494	207,181,494	5.5%
4	Health	63,100,000	134,350,000	197,450,000	5.2%

	Department	Recurrent Ksh	Development Ksh	Total Ksh	Percentage of total (%)
5	Infrastructure	66,829,000	649,350,000	716,179,000	18.8%
6	Youth and Women Empowerment	63,615,137	45,900,000	109,515,137	2.9%
7	Trade and Investment	14,054,999	103,600,000	117,654,999	3.1%
8	Agriculture and natural Resources	20,182,116	246,226,410	266,408,526	7.0%
9	County Public Service Board	67,325,525	-	67,325,525	1.8%
10	County Assembly	477,515,688	72,400,000	549,915,688	14.4%
	<b>Sub-total</b>	<b>1,686,511,372</b>	<b>1,560,182,904</b>	<b>3,246,694,276</b>	<b>85.4%</b>
	Level 5 Hospital (Conditional Transfer)		259,887,438	259,887,438	6.8%
	Donor Funded Projects (Conditional Transfer)		297,310,964	297,310,964	7.8%
	<b>Total</b>	<b>1,686,511,372</b>	<b>2,117,381,306</b>	<b>3,803,892,678</b>	<b>100.0%</b>
	Percentage of total	44.3%	55.7%	100.0%	

*Source; County Appropriation Act 2013*

## 2.0 COUNTY BUDGET IMPLEMENTATION

The County local revenue collected in the period July – September 2013 was Ksh 35,400,054. The County revenue collection potential has not been fully utilized, there is therefore need to put concerted effort including putting in place necessary legislation to improve County revenue levels. The County received Ksh325,533,826 from the exchequer out of which the county spent Ksh. 143,287,710 on personnel, administrative costs and development.

### 2.1 County Revenue

The county total revenues from all sources for the period under review amounted to Ksh. 364,357,889 comprising of Ksh 260,692,461 from the exchequer, Ksh 50,131,039 unspent allocation for March-June 2013 surrendered on 30<sup>th</sup> June 2013, County local revenue of Ksh 35,400,054 received during the quarter and Ksh 18,134,335 balance of local revenue in the County Revenue account at end of June 2013.

**Table 4. Total revenue by Source**

Source of revenue	Balance B/F 1st July 2013	Received (Jul-Sep 2013)	Total Amount	Total Amount Drawn for Spending	Percentage Drawn
Local Collections	18,134,335	35,400,054	53,534,389	42,826,429	80%
National Share	50,131,039	260,692,461	310,823,500	282,707,397	91%
<b>Total Revenue</b>	<b>68,265,374</b>	<b>296,092,515</b>	<b>364,357,889</b>	<b>325,533,826</b>	<b>89%</b>

*Source: County Treasury*

#### 2.1.1 Locally Collected Revenue

In the period July-September 2013 the Embu County Government collected local revenue amounting to Ksh.35,400,054 through the former local authorities; Embu Municipal Council, Embu County Council, Runyenjes Municipal Council and Mbeere County Council. This amount has been deposited in the local revenue account with Kenya Commercial Bank. The amount represents 8% of Ksh 439,611,586 targeted revenue for the 2013-2014 FY. At this rate there is the risk that the targeted local revenue levels in the year may not be met.

**Table 5: Local Revenue by Collection Centre (in Ksh)**

	July	August	September	Total
Embu Municipal Council	6,476,334	5,162,286	5,898,566	17,537,186
Embu County Council	1,823,436	1,336,860	667.165	3,827,461
Runyenjes Municipal Council	2,266,528	958,386	631,104	3,856,018
Mbeere County Council	3,778,514	3,345,960	3,345,960	10,179,389
<b>Total</b>	<b>14,344,812</b>	<b>10,512,447</b>	<b>10,542,795</b>	<b>35,400,054</b>

The defunct Embu Municipal Council which covered Embu town led in revenue collection followed by Mbeere County Council. The County is in the process of re-engineering the revenue collection processes to improve on revenue collection.

**Table 6: Local Revenue by Source (in Ksh)**

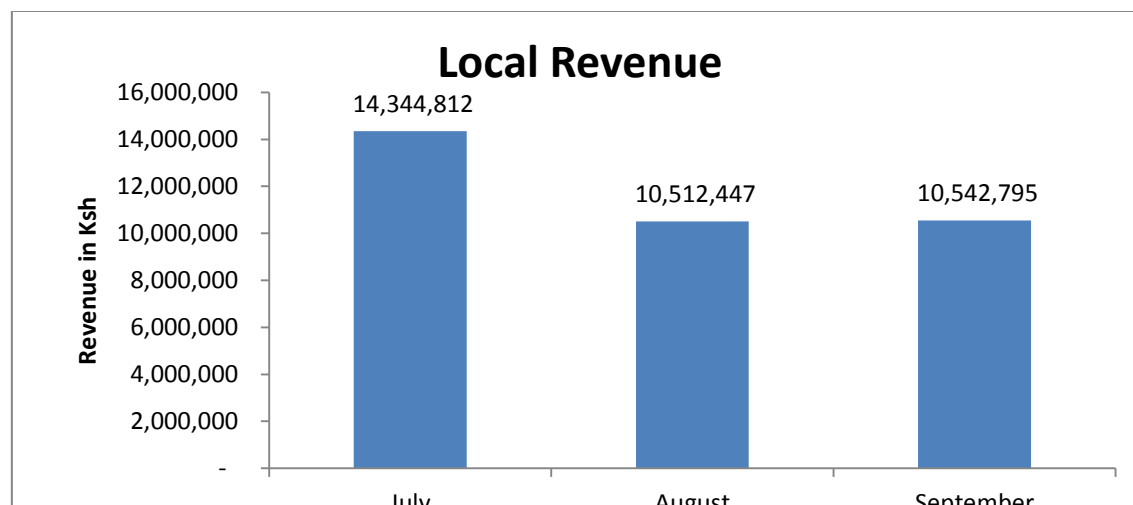
Month/Source	Single Business Permit	Parking fees	Cess	Market fees	Enforcement charges	Property Rates	House Stall	Technical Fees	Misc. charges	Total
July	3,670,976	2,826,840	1,577,060	2,220,348	1,831,496	1,010,742	462,195	343,650	745,155	<b>14,344,812</b>
August	2,165,756	2,041,910	1,555,910	2,155,705	1,125,932	968,734	498,500	246,700	-	<b>10,512,447</b>
Sept	804,545	2,358,050	1,658,580	2,130,865	1,443,937	1,481,348	485,470	260,525	-	<b>10,542,795</b>
Total	<b>6,641,277</b>	<b>7,406,800</b>	<b>4,791,550</b>	<b>6,506,918</b>	<b>4,401,365</b>	<b>3,460,824</b>	<b>1,446,165</b>	<b>1,178,875</b>	<b>745,155</b>	<b>35,400,054</b>

*Source: County Treasury*

Single business permit has the highest contribution to the County local revenue. Enhancement of revenue collection processes is expected to substantially improve on revenue from all the main sources.

During the period under review, the month of July recorded the highest revenue collection. The drop in revenue collection in the subsequent months is mainly attributable to lower collections on single business permits revenue stream.

**Figure 1: Local Revenue by month (Ksh)**

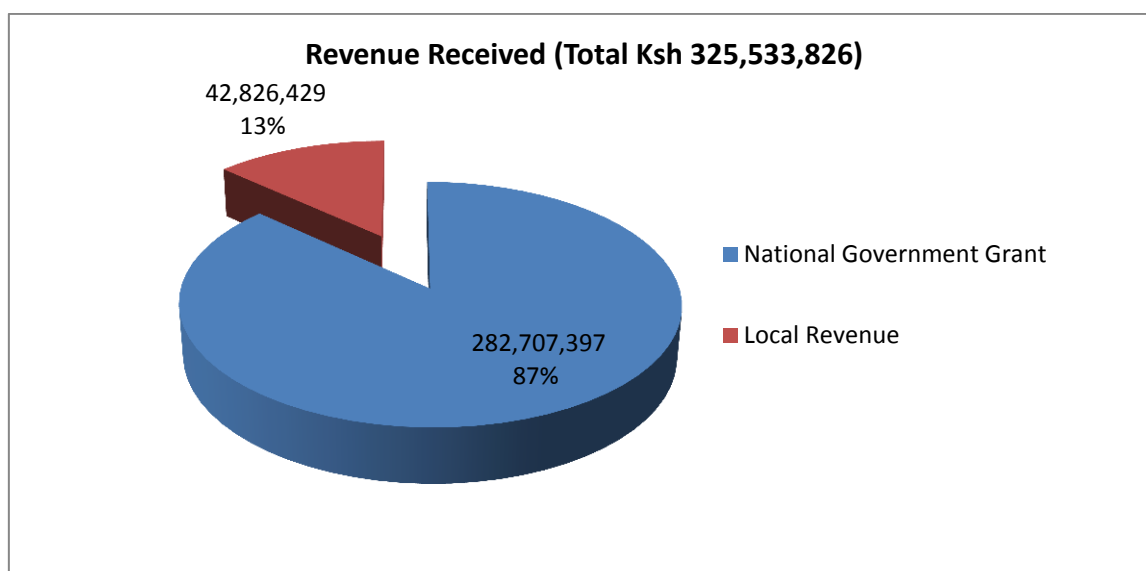


### 2.1.2 Exchequer Release to the County

The county received through the county exchequer account Ksh 232 million which is 45 percent of its July - September allocation from National Government of Ksh. 520 million.

The total funds released for the county in the period July-September 2013 from all sources aggregated to Ksh 325.6 million.

**Figure 2: Funds contribution by source**



## 2.2 County Budget Expenditure

The total expenditure for the county in the period under review was Ksh 143.3 million which represents an overall low absorption rate of 44 percent.

**Table 7 Analysis of total allocation and expenditure**

S/no.	Item Details	Allocation (Ksh)	Total Expenditure (Ksh)	Rate of Absorption	Balance (Ksh)
<b>001</b>	County Assembly Service	91,082,995	25,287,369	28%	65,795,626
<b>002</b>	County Executive Services	234,450,831	118,000,341	51%	116,450,490
	<b>Grand Total</b>	<b>325,533,826</b>	<b>143,287,710</b>	<b>44%</b>	<b>182,246,116</b>

*Source: County Treasury*

The July–September 2013 allocation was mainly to meet personnel and recurrent operations expenditure. Of the total expenditure during the period 53% was to personnel costs, 39% to recurrent operations while 8% was to development.

**Table 8: Break-down of total expenditure**

Item description	Amount (Ksh)	Percent of total
<b>Personnel costs</b>	79,953,804	56%
<b>Recurrent Operations</b>	56,465,906	39%
<b>Development</b>	6,870,000	5%
<b>Total</b>	<b>143,287,710</b>	<b>100%</b>

*Source: County Treasury*

## **3.0 DEPARTMENTAL REPORTS – RECURRENT AND DEVELOPMENT EXPENDITURE**

### **3.1 County Assembly Services**

Embu County Assembly has 20 elected members, eight nominated members and the Speaker. An additional 5 nominated members await gazettment to bring total County Assembly members to 34. The County Assembly is the legislative authority of the County and its role is clearly spelt out in Article 185 of the Constitution and Section 8 of the County Governments Act.

#### **3.1.1. Introduction**

During the period under review, the expenditure activities of the County Assembly included; payment of personnel, refurbishment of its offices, purchase of office supplies, capacity building and administration among others. County Assembly has a role to ensure that all necessary bills are passed and implemented, initiate social and economic reforms through legislation and play an oversight role in the county.

#### **3.1.2 Key Priorities**

In respect to budget implementation the county assembly priority is to ensure they oversee prudent public financial management in the county. County Assembly has a role of approving the budget and expenditure of the County Government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 (Principles of public finance) and 203 (Equitable share and other financial laws) of the Constitution.

#### **3.1.3 County Assembly Allocation**

County Assembly was allocated Ksh 91,082,995 in the period under review. The Assembly spent Ksh 25,287,369 representing 28 percent absorption. Of the total expenditure during the period 40% was to personnel while 60% was to recurrent operations. Table 7 below indicates the distribution of expenditure at the County Assembly.



**Table 9 Analysis of County Assembly total expenditure**

Item description	Amount	Percent of total
Personnel costs	10,178,521	40%
Recurrent Operations	15,108,848	60%
<b>Total</b>	<b>25,287,369</b>	<b>100%</b>

*Source; County Treasury*

### 3.2 County Executive Services

The county executive in the period under review comprised of the Governor, Deputy Governor, 10 County Executive Committee members, and the County Public Service Board.

**Table 10 County Executive Key Departments with budget allocation and expenditure**

	Title of Sector	Allocation Ksh. million	Expenditure Ksh. million	Absorption %
1	Office of the Governor & Deputy Governor	147.6	105.5	71.4
2	County Public Service Board	14.4	2.8	19.4
3	Finance and Economic Planning	41.7	2.4	5.7
4	Infrastructure	8.8	0.8	9.1
5	Health	6.5	-	0.0
6	Agriculture	2.1	0.001	0.04
7	Education	2.9	0.018	0.62
8	Investment and Industrialization	3.1	0.2	6.5
9	Tourism	-	-	-
10	Youth Affairs & Sports	7.3	6.2	84.9
11	Gender, Culture, Children & Social Services	-	-	-
12	Lands & Water	-	-	-
	<b>Total</b>	<b>234.4</b>	<b>117.8</b>	<b>50.2</b>

*Source: County Treasury*

The executive authority of the County is vested in the County Executive as stated in Article 179 of the Constitution. Through the exercise of the powers conferred by section 35 of the County Governments Act 2012, and upon approval by County Assembly, the Governor appointed ten members to the Embu County Executive Committee and six members to the County Public Service Board.

### 3.2.1 Key Priorities for the Department

The mandate of the executive is to supervise administration and delivery of services in the county and all decentralized units (Sub-counties, wards and Villages). In exercising their functions, the county executives should adhere to the principles of public finance as set out in Chapter Twelve of the Constitution and maintain fiscal responsibility principles as provided in section 107 of PFM act.

Expenditure relating to the Governor and the Deputy Governor's offices, the County Executive Committee (C.E.C.) members and defunct local authorities staff has been accounted for under County Executive services.

### 3.2.2 County Executive Allocation

During the period total recurrent expenditure under the County Executive amounted to Ksh 105,477,910 with 64%, 29% and 7% of these going to personnel, recurrent operations and development respectively.

**Table 11 Analysis of County Executive Services total expenditure**

Item description	Amount (Ksh)	Percent of total
Personnel costs	67,686,399	64%
Recurrent Operations	30,921,511	29%
Development	6,870,000	7%
<b>Total</b>	<b>105,477,910</b>	<b>100%</b>

*Source; County Treasury*

## 3.3 County Public Service Board

The Board was duly constituted in July 2013. The Board has already carried out recruitment of some of the key county personnel and was involved in the head count exercise in the county in August 2013.

### 3.3.1 Key Priorities for the Board

The functions and powers of a County Public Service Board as spelt in Chapter 11 of the Constitution of Kenya and County Government Act, 2012 is to:

- Establish and abolish offices in the county public service
- Appoint persons to hold office in the county public service
- Exercise disciplinary control over the county public service officers
- Prepare regular reports for submission to the county assembly
- Advise the county government on human resources

f) Make recommendations to the Salaries and Remuneration Commission on the remuneration of county public service employees

### **3.3.2 County Public Service Board Allocation**

The Board was allocated Ksh 14.4 million and spent 20 percent of this amounting to Ksh. 2.8 million with 74% and 26% of this going to personnel and recurrent operations respectively.

### **3.4 Finance and Economic Planning portfolio**

Under the leadership of CEC member for Finance and Economic Planning the portfolio the departments of the County Treasury responsible for financial and fiscal matters of the county as spelt in Section 103(1) to(3) of the PMF Act,2012.

#### **3.4.1 Key priorities of the department**

Subject to The Constitution of Kenya, 2010 and Section 104 (1) of The PMF Act, 2012, this department shall monitor, evaluate and oversee the management of the public county finances and economic affairs of the County government including developing and implementing financial policies in the county and mobilizing resources for funding of the budgetary requirements of the county Government and putting in place mechanisms to raise revenue and resources amongst others.

#### **3.4.2 Department's Allocation and Budgetary Performance**

The department was allocated Ksh.41.7 million for recurrent expenditure including acquisition of pool vehicles. Actual expenditure during the period was Ksh. 2.4 million translating to an absorption rate of 27 percent.

### **3.5 Infrastructure Sector**

This is a key sector in the county whose performance will have a direct impact on the performance of the other sectors. Its importance is underlined by getting the single largest allocation of 19 percent of the entire budget,

#### **3.5.1 Key priorities of the department**

The key flagship projects are:

- a) County ring roads
- b) Housing schemes
- c) Shopping complexes

- d) Infrastructure for Embu Airport for operationalization

### **3.5.2 Department's Allocation and Budgetary Performance**

The total gross estimates of Ksh.716 million were allocated to this sector representing 19% of the total county 2013-2014 FY budget. The sector received Ksh.8.8 million during the quarter and absorbed 9% of the same.

## **3.6 Youth Affairs & Sports Portfolio**

This department represents and addresses youth concerns and growth of sports in the county. The department coordinates and mainstreams youth and sports issues in the county development agenda.

### **3.6.1 Key priorities of the department**

The department has earmarked several priority investment projects in the county some of which are:

- a) To establish a Talent Academy
- b) Facilitate an SME park for business incubators
- c) Develop Kigari Sports Training Complex
- d) Facilitate establishment of Embu Youth SACCO

### **3.6.2 Department's Allocation and Budgetary Performance**

The department received Ksh.7.3 million allocation during the quarter. Total expenditure in the same period was Ksh. 6.2 million which translates to 85 percent absorption the highest among all departments in the quarter.

## **3.7 Other Sectors**

Tourism, Gender and Water departments had no funds allocation in the 1<sup>st</sup> quarter 2013-2014 FY while Health, Agriculture, Education and Industrialization had allocation but nil or minimal expenditure during the period.

## **4.0 CONCLUSION AND RECOMMENDATIONS**

### **4.1 Key Challenges**

- There is inadequate enforcement of internal controls on revenue collection resulting in revenue leakage.
- There is lack of a robust public finance management system occasioned by the delay in rolling out IFMIS and CBK G-Pay system.
- low pace of integrating the former local authorities staff to the devolved County
- Lack of adequate capacity on budget preparation and other treasury management processes.
- Lack of adequate civic education on the part of citizens and former local authorities employees on various aspects of devolution, including payment of fees and charges to the devolved County Government.

### **4.2 Recommendation**

- Continuous monitoring of local revenue collections and funds transfer need to be enhanced to comply with the law and best practices. Regular and thorough monitoring of the flow of funds should be sustained. Automation of revenue collection process is highly recommended to maximize local revenue.
- Operationalization of IFMIS and CBK G-Pay systems should be fast tracked to resolve the challenge of under-reporting due to incomplete data capture and delay in the analysis of the information.
- The integration of former local authorities' staff to the County Government need to be hastened. The former local authorities staff need to be placed under the various devolved functions according to their competencies. The entire county population staff included should be made aware of the system and expectations of a devolved system of government for effective service delivery.
- The County treasury will require continuous capacity building. It should also be reorganized to offer effective budget making and implementation in the county. The county treasury should embrace performance measurement and monitoring culture through regular management reports.

### **4.3 Conclusion**

With the improvement of exchequer releases expected in future, adequate focus on institutional capacity and systems at the county is needed to improve budget implementation to the level that is consistent with desired outputs and goals.

The County should set targets for various agents collecting revenue on its behalf; this should aim at improving revenue collection. Revenue survey/mapping should be undertaken to identify the revenue generation potential of the County in order to improve and realize the potential of the County.

Effective budget implementation at the county level will be facilitated through capacity building, robust systems and processes, prioritization close monitoring and evaluation. Involvement of all stakeholders in budget execution is key in enhancing overall budget implementation.

The financial management systems need to be supported in order to ensure prudent management of public funds. There is need for adequate sensitization of both the employees and the public on best financial management practices so that the oversight role is enhanced as contemplated by the PFM Act, 2012.

The County needs to establish a strong link between planning process and the budget process. The County should adopt medium term plan to define priorities for the County Government and MTEF to make plans for the spending on this priorities in the next few years after the budget year.

**ANNEX 1: EXPENDITURE RETURN – JULY TO SEPTEMBER 2013**

Sub Head / Item	Title/Description	Released funds Jul-Sept (Ksh)	Total (Ksh)	Absorption Rate (%)
2110100	Basic salary- Permanent Employees	64,676,190	46,678,247	72%
2110300	Personnel Allowances - Paid as part of salary	23,025,443	21,009,152	91%
2210100	Utilities Supplies and Services	2,150,519	513,506	24%
2210200	Communication Supplies and Services	1,178,365	550,432	47%
2210300	Domestic Travel and Subsistence, and Other Transportation Costs	13,903,213	12,159,656	87%
2210500	Printing , Advertising and Information Supplies and Services	3,962,685	3,040,476	77%
2210600	Rentals of Produced Assets	255,832	-	0%
2210700	Training Expenses	1,850,778	44,000	2%
2210800	Hospitality Supplies and Services	1,989,438	1,235,283	62%
2211000	Specialised Materials and Supplies	292,595	262,148	90%
2211100	Office and General Supplies and Services	5,151,270	3,113,238	60%
2211200	Fuel Oil and Lubricants	2,695,005	1,922,450	71%
2211300	Other Operating Expenses	7,373,040	4,440,890	60%
2220100	Routine Maintenance - Vehicles and Other Transport Equipment	1,227,847	881,477	72%
2220200	Routine Maintenance - Other Assets	1,947,361	1,252,955	64%
2710100	Government Pension and Retirement Benefits	161,403	156,000	97%
3111000	Purchase of Motor Vehicle	4,500,000	-	0%
	<b>PERSONNEL</b>	<b>87,701,633</b>	<b>67,686,399</b>	<b>77%</b>
	<b>OPERATIONS</b>	<b>49,964,143</b>	<b>28,787,079</b>	<b>58%</b>
	<b>MAINTENANCE</b>	<b>3,175,207</b>	<b>2,134,432</b>	<b>67%</b>
	<b>GROSS EXPENDITURE</b>	<b>140,840,983</b>	<b>98,607,910</b>	<b>70%</b>
<b>VOTE R02 - FINANCE AND ECONOMIC PLANNING</b>				
2210100	Utilities Supplies and Services	113,604	-	0%
2210200	Communication Supplies and Services	123,931	-	0%
2210300	Domestic Travel and Subsistence, and Other Transportation Costs	929,484	-	0%
2210600	Rentals of Produced Assets	61,966	-	0%
2210700	Training Expenses	371,794	-	0%
2210800	Hospitality Supplies and Services	175,569	-	0%
2211100	Office and General Supplies and Services	103,276	-	0%
2211200	Fuel Oil and Lubricants	413,104	-	0%
2211300	Other Operating Expenses	7,548,032	2,441,400	32%
2220100	Routine Maintenance - Vehicles and Other Transport Equipment	206,552	-	0%
2220200	Routine Maintenance - Other Assets	413,104	-	0%
2710100	Government Pension and Retirement Benefits	2,400	-	0%

Sub Head / Item	Title/Description	Released funds Jul-Sept (Ksh)	Total (Ksh)	Absorption Rate (%)
3111000	Purchase of Motor Vehicles	31,200,000	-	0%
	PERSONNEL	-	-	
	OPERATIONS	41,043,160	2,441,400	6%
	MAINTENANCE	619,656	-	0%
	GROSS EXPENDITURE	41,662,816	2,441,400	6%

<b>VOTE R03 - COUNTY PORTFOLIO FOR EDUCATION</b>				
2210300	Domestic Travel and Subsistence, and Other Transportation Costs	100,000	18,000	18%
2210500	Printing , Advertising and Information Supplies and Services	10,328	-	0%
2210700	Training Expenses	344,942	-	0%
2210800	Hospitality Supplies and Services	7,746	-	0%
2211000	Specialised Materials and Supplies	455,860	-	0%
2211100	Office and General Supplies and Services	362,660	-	0%
2211300	Other Operating Expenses	944,280	-	0%
2220200	Routine Maintenance - Other Assets	662,660	-	0%
	PERSONNEL	-	-	
	OPERATIONS	2,225,816	18,000	1%
	MAINTENANCE	662,660	-	0%
	GROSS EXPENDITURE	2,888,476	18,000	1%

<b>VOTE R04 - COUNTY PORTFOLIO FOR HEALTH</b>				
2211200	Fuel Oil and Lubricants	87,785	-	0%
2211300	Other Operating Expenses	6,284,346	-	0%
2220100	Routine Maintenance - Vehicles and Other Transport Equipment	103,276	-	0%
2220200	Routine Maintenance - Other Assets	41,310	-	0%
	PERSONNEL	-	-	
	OPERATIONS	6,372,131	-	0%
	MAINTENANCE	144,586	-	0%
	GROSS EXPENDITURE	6,516,717	-	0%

<b>VOTE R05 - PORTFOLIO FOR INFRASTRUCTURE</b>				
2210100	Utilities Supplies and Services	18,590	-	0%
2210200	Communication Supplies and Services	41,310	-	0%
2210300	Domestic Travel and Subsistence, and Other Transportation Costs	51,638	-	0%
2210800	Hospitality Supplies and Services	5,164	-	0%
2211000	Specialised Materials and Supplies	24,786	-	0%
2211100	Office and General Supplies and Services	19,622	-	0%
2211200	Fuel Oil and Lubricants	25,819	-	0%
2211300	Other Operating Expenses	199,323	20,000	10%



Sub Head / Item	Title/Description	Released funds Jul-Sept (Ksh)	Total (Ksh)	Absorption Rate (%)
2220100	Routine Maintenance - Vehicles and Other Transport Equipment	20,655	-	0%
2220200	Routine Maintenance - Other Assets	8,494,926	754,260	9%
	PERSONNEL	-	-	
	OPERATIONS	313,959	20,000	6%
	MAINTENANCE	8,515,581	754,260	9%
	GROSS EXPENDITURE	8,829,540	774,260	9%
<b>VOTE R06 - YOUTH AFFAIRS &amp; SPORTS</b>				
2211300	Other Operating Expenses	6,156,814	5,139,780	83%
2220200	Routine Maintenance - Other Assets	1,107,104	-	0%
	PERSONNEL	-	-	
	OPERATIONS	6,156,814	5,139,780	83%
	MAINTENANCE	1,107,104	-	0%
	GROSS EXPENDITURE	7,263,918	5,139,780	71%
<b>VOTE R07 - TRADE, INVEST. &amp; INDUSTRIALIZATION</b>				
2210100	Utilities Supplies and Services	23,051	-	0%
2210200	Communication Supplies and Services	5,140	-	0%
2210300	Domestic Travel and Subsistence, and Other Transportation Costs	15,754	-	0%
2210500	Printing , Advertising and Information Supplies and Services	2,013	-	0%
2210800	Hospitality Supplies and Services	7,704	-	0%
2211000	Specialised Materials and Supplies	8,955	-	0%
2211100	Office and General Supplies and Services	661,597	-	0%
2211200	Fuel Oil and Lubricants	19,581	-	0%
2211300	Other Operating Expenses	2,518	-	0%
2220100	Routine Maintenance - Vehicles and Other Transport Equipment	13,166	-	0%
2220200	Routine Maintenance - Other Assets	2,289,500	219,482	10%
3111000	Purchase of Office Furniture and General Equipment	15,001	-	0%
	PERSONNEL	-	-	
	OPERATIONS	761,313	-	0%
	MAINTENANCE	2,302,667	219,482	10%
	GROSS EXPENDITURE	3,063,980	219,482	7%
<b>VOTE R08 - AGRICULTURE AND NATURAL RESOURCES</b>				
2211300	Other Operating Expenses	1,788,127	10,000	1%
2220200	Routine Maintenance - Other Assets	296,202	-	0%
	PERSONNEL	-	-	
	OPERATIONS	1,788,127	10,000	1%
	MAINTENANCE	296,202	-	0%

Sub Head / Item	Title/Description	Released funds Jul-Sept (Ksh)	Total (Ksh)	Absorption Rate (%)
	<b>GROSS EXPENDITURE</b>	<b>2,084,329</b>	<b>10,000</b>	<b>0%</b>
<b>VOTE R09 - COUNTY PUBLIC SERVICE BOARD</b>				
2110100	Basic salary- Permanent Employees	4,471,948	1,733,284	39%
2110300	Personal Allowance -Paid as Part of Salary	3,612,687	-	0%
2210200	Communication Supplies and Services	213,604	45,000	21%
2210300	Domestic Travel and Subsistence, and Other Transportation Costs	1,408,190	546,090	39%
2210500	Printing , Advertising and Information Supplies and Services	2,570,655	-	0%
2210600	Rentals of Produced Assets	-	-	
2210700	Training Expenses	404,914	-	0%
2210800	Hospitality Supplies and Services	323,931	66,800	21%
2211100	Office and General Supplies and Services	427,207	79,285	19%
2211200	Fuel Oil and Lubricants	599,001	-	0%
2211300	Other Operating Expenses	259,677	2,000	1%
2220100	Routine Maintenance - Vehicles and Other Transport Equipment	103,276	6,250	6%
2220200	Routine Maintenance - Other Assets	30,983	-	0%
	<b>PERSONNEL</b>	<b>8,084,635</b>	<b>2,088,884</b>	<b>26%</b>
	<b>OPERATIONS</b>	<b>6,207,179</b>	<b>739,175</b>	<b>12%</b>
	<b>MAINTENANCE</b>	<b>134,259</b>	<b>6,250</b>	<b>5%</b>
	<b>GROSS EXPENDITURE</b>	<b>14,426,073</b>	<b>2,834,309</b>	<b>20%</b>
<b>VOTE R13 - COUNTY ASSEMBLY</b>				
2110100	Basic salary	19,412,360	10,178,521	52%
2110101	Basic Salary -Permanent Employees	9,310,760	4,162,914	45%
2110102	Basic Salary - Legislature	2,948,600	1,986,868	67%
2110103	Basic Salary - Contractual Staff	2,153,000	1,039,839	48%
2110104	Basic Salary - Ward Staff	5,000,000	2,988,900	60%
2110300	Personal Allowances - Paid as part of salary	8,830,646	-	0%
2110400	Personal Allowance Paid as Reimbursements	800,000	-	0%
2210100	Utilities Supplies and Services	180,000	25,910	14%
2210200	Communication Supplies and Services	709,000	454,053	64%
2210300	Domestic Travel and Subsistence, and Other Transportation Costs	11,280,000	5,814,869	52%
2210500	Printing , Advertising and Information Supplies and Services	3,620,000	250,490	7%
2210600	Rentals of Produced Assets	1,750,000	-	0%
2210700	Training Expenses	650,000	-	0%
2210800	Hospitality Supplies and Services	1,750,000	93,367	5%
2211000	Specialised Materials and Supplies	550,000	-	0%
2211100	Office and General Supplies and Services	950,000	146,464	15%
2211200	Fuel Oil and Lubricants	1,800,000	79,120	4%

<b>Sub Head / Item</b>	<b>Title/Description</b>	<b>Released funds Jul-Sept (Ksh)</b>	<b>Total (Ksh)</b>	<b>Absorption Rate (%)</b>
2211300	Other Operating Expenses	15,089,795	5,917,095	39%
2220100	Routine Maintenance - Vehicles and Other Transport Equipment	170,000	300	0%
2220200	Routine Maintenance - Other Assets	660,000	-	0%
2710100	Government Pension and Retirement Benefits	2,181,194	-	0%
3111000	Purchase of Office Furniture, Equipment & Vehicles	20,700,000	2,327,180	11%
	PERSONNEL	31,224,200	10,178,521	33%
	OPERATIONS	59,028,795	15,108,548	26%
	MAINTENANCE	830,000	300	0%
	GROSS EXPENDITURE	91,082,995	25,287,369	28%
	TOTAL RECURRENT EXPENDITURE	318,659,826	136,419,710	43%
DEVELOPMENT EXPENDITURE				
VOTE D01 - OFFICE OF GOVERNOR				
4110501	County ICT (Net-working)	6,874,000	6,870,000	100%
	TOTAL DEVELOPMENT EXPENDITURE	6,874,000	6,870,000	100%
	TOTAL EXPENDITURE	325,533,826	143,289,710	44%