OFFICE OF THE CONTROLLER OF BUDGET

MANDERA COUNTY
BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER
FY 2013 /2014

OCTOBER 2013

Forward

Mandera County being one of the worst in terms of insecurity and marginalization is still in the process creating its structures to discharge its mandates and operationalize all the dysfunctional departments.

This report covers a period of 3 months; July to September, 2013. Even though the Office of the Controller of Budget did not receive the monthly returns as required by the Constitution, the office managed to prepare this report from the returns it received during the requisition which were not complete. I ask that the County Treasury and the whole of county finance team to prepare and submit the monthly revenue and, expenditure returns as well as monthly account reconciliation to the Office of the Controller of Budget for as to comply with the statutory requirements. It is of imperative importance to shift from the norms that the county adapted in giving the retunes only during the requisition of the exchequer which hampered the very informative and standardized report the office would wish to publicize.

The report depicts the performance of various county departmental revenue and budget implementation and compares with last quarter performance. It highlights the performance of local revenue collection, exchequer releases and the county expenditures over last three months as compared to the last quarter March to June, 2013.

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Controller of Budget

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Executive Summary

The Office of the Controller of Budget (OCOB) is mandated by the Constitution under articles 228(6) to report on the budget implementation of both the county and national governments by overseeing the budgetary allocation to the two levels of governments.

During the period under review, Mandera county government was allocated an exchequer amounting to around Kshs. 407 million representing 6.2 per cent of the 2013/2014 FY budget. The county collected from the local sources Kshs 11 million that was channeled to the CRF held at CBK.

The major spending unit in the county is the county executives service HQs, the county assembly and the Finance team as the county is still struggling to put in place the county structures required to operationalize most of the county departments. The county public service board is expected very soon to recruit major position for those departments, hence the county was run by three transitional sectors and major expenditures were categorized under them.

The County spent around Kshs. 40 million on personnel emoluments representing 45 per cent of the whole expenditure; Kshs 49 million was spent on operation and maintenances, this represent 55 percent of the entire expenditure. There were no developmental/capital expenditures as the county did not put developmental requisitions.

The major challenge in the county that led to poor performance of the county budget is the issue of insecurity, inadequate of human capacity and lack of appropriate financial management system needed to strongly control the expenditures of the county.

The OCOB at the county did not receive the monthly sectorial expenditure plan despite its regular follow ups, this could lead to underreporting.

This report recommends the county government to adapt the usage of G-Pay and IFMIS in all financial transaction so that the expenditures and the projects/programs can be match and to reduce the manual processing of financial transactions which is prone to abuse.

ACRONYMS

CA	County Assembly
CBK	Central Bank of Kenya
CDI	County development index
CE	County executive
CEC	County executive committee
CIDP	County Integrated Development Programme
COB	Controller of Budget
COK	Constitution of Kenya
CRA	Commission on Revenue allocation
CT	County Treasury
ECS	Expenditure Control System
FY	Financial Year
FMS	Financial Management system
G-PAY	Government Payment System
GOVT	Government
IFMIS	Integrated Financial Management Information System
LAIFORM	Local Authority Integrated Financial Operations Management System
MCAs	Members of County Assembly
OCOB	Office of the Controller of Budget
PFMA	public Finance Management Act
PFM	Public Finance management

1 INTRODUCTION

The need for the proper improvement on the management of the public fund and strong expenditure control necessitated for the creation of oversight institutions to oversee the management of public fund. Such oversight institution was the split of the office of former controller and auditor general into two distinct office performing totally different functions in overseeing the public fund: the office of the controller of Budget and the Auditor General. The constitution of Kenya 2010 under article 228 established the Office of the Controller of Budge, and the Auditors general under article 229, the split further widened for the two offices to be easily manipulated by other institutions in mismanaging the public resources.

The OCOB is an independent office under Article 248(3) (b) of the Kenya Constitution. Unlike the 1963 colonially crafted constitution that limited the functions and powers of the controller to approving withdrawals from the consolidated fund, the duties and mandates of the office was stretched to ;

- To oversee both national and county governments budget by authorizing withdrawals from the Consolidated funs and county revenue funds as clearly stipulated by article 228(4).
- Report quarterly to legislatures (both National Parliaments and the senates) on the implementation of the budgets of the two levels of governments Article 228(6).
- Report after the end of every year (annual report) to the president and parliaments.

Article 254(1); As soon as practicable after the end of each financial year, each commission, and each holder of an independent office, shall submit a report to the president and to parliaments:

- Conduct investigations based on own initiative or on a complaint made by a member of the public and conduct alternatives dispute resolution mechanisms to resolve disputes. Article *252(1)(a) states that' Each commission, and each holder of an independent office*
    - *a) May conduct investigation on its own initiative or on a complaint made by a member of the public;*
    - b) *Has the power necessary for conciliation, mediation and negotiation*.

Being an independent office the article vests the powers of conducting investigations, negotiation conciliation and mediations.

- Produce ad-hoc reports as may be required by the president, parliaments or even public; article 254(2)
- Publishing and publicizing all the reports (article 254 (2)); so that the public get to understand how their funds are being managed by the concerned parties.
- Advice the parliaments 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) stipulates," Parliaments may not approve or renew a decision to stop the transfer of funds unless-:

a) *The controller of budget has presented a report on the matter to parliament.*

- Authorize withdrawals from the public funds: Articles 204(9), 206(4) and 207(3) if satisfied by the law as well stipulated in Article 228(5) that states; the controller shall not approve any withdrawals from public fund unless satisfied that the approval is authorized by law".

Article 204(9),"Money shall not be withdrawn from the Equalization fund unless the controller of budget has approved the withdrawals".

Article 206(4); Money shall not be withdrawn from the consolidated fund unless the controller of budget has approved the withdrawals".

Article 207(3); Money shall not be withdrawn from a revenue fund unless the controller of budget has approved the withdrawals.

The budget and the budget making process can be summarized in the following table.

The county financial year starts every 1st July and ends at the 30th June, the whole budget process can be summarized in the table below.

Table 1: County Budgeting process at a glance:

1.	Submission of revenue sharing formula by CRA to Parliament and County Assemblies	1st January
2.	• Preparation and submission of the County Fiscal Strategy Paper to county assembly • Adoption of County fiscal strategy paper • Publishing by county treasury	• 28th February • Within 14 days • Within 7 days of submission to county assembly
3.	• Submission of budget estimates , supporting documents and draft bills (except Finance Bill) to county assembly • Publishing and publicity of the estimates and other documents submitted to county assembly	• 30th April • As soon as practically possible
4.	Preparation and submission of County Appropriation Bill	Upon approval of estimates by county assembly
5.	Submission of Budget summary and estimates for financial year to county assembly	
6.	Preparation of annual cash flow projection for county for next financial year and submission to toe Controller of Budget, Intergovernmental Budget and Economic Council and National Treasury	15th June
7.	Consideration and approval of county government budget estimates by county assembly	30th June
8.	Pronouncement of revenue raising measures after approval by county executive committee, submission of county finance bill to county assembly	• No later than

	• Approval of county finance bill	90 days after approval of Appropriations Bill
9.	Approval of supplementary budget	Within 2 months of after first withdrawal of money
10.	• Submission of development plan to county assembly for approval with a copy to the CRA and National Treasury • Publishing and Publicizing of development plan	• 1st September • Within 7 days of submission to county assembly
12.	Preparation of county budget review and outlook paper Approval of county budget review and outlook paper by county executive committee Submission to county assembly, publishing and publicity	30th September Within 14 days Within 7 days

In common with the rest of the Horn of Africa, drought is an inherent part of life in the whole mandera county with the residents' majorly practicing agro-pastoralism as an economic activity. The county has 48 MCAs, 30 being elected and 18 nominated. The county has recently announced the position of the chief officers, sub-county administrators and ward administrators to fully set the county structures

2 COUNTY BUDGET IMPLEMENTATION

The analysis of this quarter budget implementation focuses on the total county allocations, the revenue generated from within the county and the entire sectoral/departmental expenditures. During the period July to September 2013/2014, the main spending units of the County Government were the County Assembly, County Executive and Financial Management Services. The main sources of revenue during the period under review were national government allocation (exchequer issues), and Local Revenue.

2.0 **County Revenue**

This section critically examines the overall revenue of the county. Article 203(2) of the constitution of Kenya articulates the minimum amount of the sharable amount of revenue to be assigned to county governments,' For every financial year, the equitable share of the revenue raised nationally that is allocated to the county governments shall be not less than fifteen per cent of the all the revenues collected by the national government. The fifteen per cent indicated shall be calculated on the basis of the most recently audited accounts of the revenue received as approved by the national assembly as stipulated in Article 203(3). Further, the examination of this overall revenues looked at the main sources of the revenues to the county governments as stipulated in article 203(i)(d)(j),. The sources of such revenues and allocations include equitable shared national revenue, own revenue raised by the county, conditional and unconditional grant from the national government, loans and grants. Out of all these sources, Mandera County relies mainly on; Fiscal transfers from the national government and revenues generated locally.
The constitution of Kenya 2010 under articles 125 states that a county should have reliable, stable and predictable sources of revenue to perform its mandates.

The total revenue that the County received from the national shareable revenue as per the formula adapted by CRA is Kshs 6,780,749,697 of which the equitable share is Kshs 6,550,439,289 and the conditional allocations/ donor projects accounts for Kshs 230,310,408.
Commission on Revenue Allocation identified 14 counties as the most marginalised. Mandera county is one of the worst marginalised county after Turkana, widespread of poverty, illiteracy, food security, water scarcity makeshift medical facilities, impassable road infrastructure among

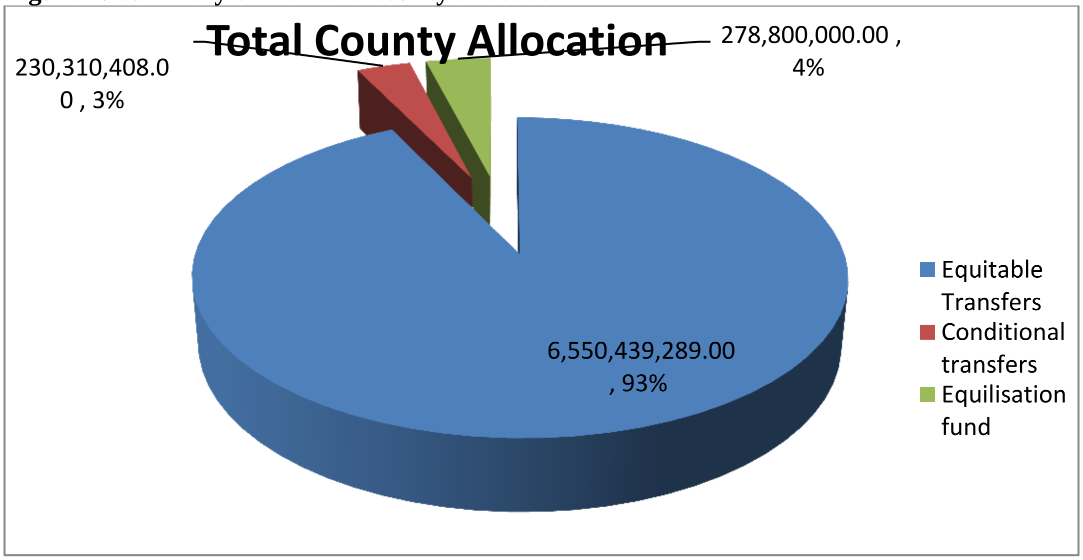
others are the evidences that was put across by the commission to identify marginalise counties ,all of which are widely eminent in the county. For these counties to develop and reach the level where the other counties are in development, the national govt through the CRA have developed equalisation fund. Which is 0.5 % of the last audited of the national Revenue which will be shared in the following manner as adapted the commission.

- 50% is shared equally among the 14 marginalised counties and
- 50% is ahred based on the County development index(CDI)

Mandera scored 9.25% and 7.14 % for CDI and equal share respectively; hence the combined total fomula the county scored is 8.20% representing Kshs 279 million just less than 1 % after the worst marginalised county; Turkana, which received the highest amount of Kshs 302 million.

The total allocations from the various sources as expounded above for the financial year 2013/2014 is Kshs. 7,059,549,697.00. Figure 1 shows that the highest amount comes from the national equitable share representing a high percentage of 93% followed by the equalisation fund representing 4 per cent and lastly the donor projects or the conditional grant account for the remaining 3 per cent of the total revenues allocated for the county as clearly depicted in the figure below.

Figure 1: Summary of mandera county allocation



Source: CRA

Former councils were the main local revenue collectors. However they lack the skills and expertise required to raise the maximum expected of them. The county do not have and did not initiate a centralised platform for recording the locally collected revenue; this could lead to the unforeseen leakages. The collections were regularly swept from County Revenue Collection Account to County Revenue Account at Central Bank of Kenya (CBK).

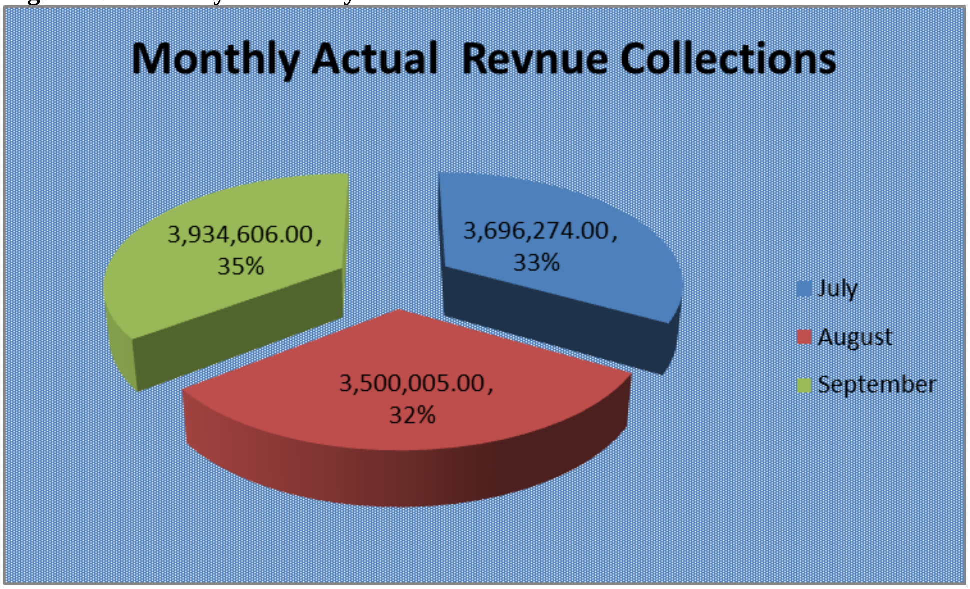
2.0.1 Locally collected Revenues

The total revenue collected over last three months was Kshs11 million. The collection for July was almost 3.7 million representing 33.2% of the total amount, August recorded 3.5 million representing 31.4% and in September, the county raised 3.9 million accounting for 35.4 % of the total revenues collected over the quarter.

There is huge disparity between the expected revenue and what is raised. The raised or collected amount account only 10 % of the total projected revenue for the quarter. The county initially predicted to raise 20 million monthly and during the revision of the budget, the county pushed up the expected revenues to be raised from within the county to 36 million.

The figure below shows disparity that exists between the predicted amount and what has been raised over last three months.

Figure 2: Summary of monthly revenue collection



Source: Revenue officer

It is clear that variance is so big and it is persistent even over last quarter, the predicted does not seem to be rational. The county needs to revise this trend or to rationalise by sealing all the possible leakages.

It is of paramount importance that the county government to broaden the revenue base and find new and innovative ways of not only collecting but also recording the local revenues to eradicates the persistent leakages and to raise the maximum expected of the county for it to realise its expectations.

Table 2 shows the revenue analysis by sub-county. Even though the county lies strategically between two important borders, the county is not peeling the fruit of its strategic location. The sub-counties that lie on the borders would have been the biggest revenue generators due to cross border business like milk, charcoal and others. As indicated on the table the revenues are fairly low.

Table 2 Revenue Analysis by sub-county

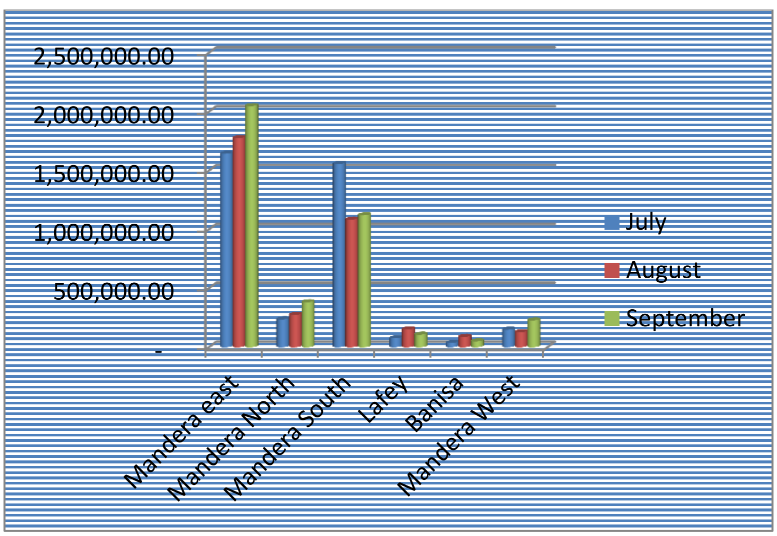
Revenue Collection Centre	Total	% of Total Revenue
Mandera East	5,465,973.00	49.1%
Mandera South subconty	3,760,252.00	33.8%
Mnadera North subcounty	892,180.00	8%
Mandera West subconty	504,250.00	4.5%
Lafey Subcounty	334,050.00	3%
Banisa subcounty	174,180.00	1.6%
Total	11,130,885.00	100.0%

Source: revenue and budget officer

Table 2 shows the collection by various sub-counties with Mandera East sub-county collecting the largest percentage and Banisa sub-county collecting the smallest percentage..

Figure bellow graphically presents the monthly local revenue collection. For the quarter, it can be observed that revenue collection has a downward trend with low collection from Banisa sub-county followed by Lafey sub-county.

Figure 3 Monthly local revenue collection in Mandera County



Source: county treasury

2.0.2 Exchequer release to the county

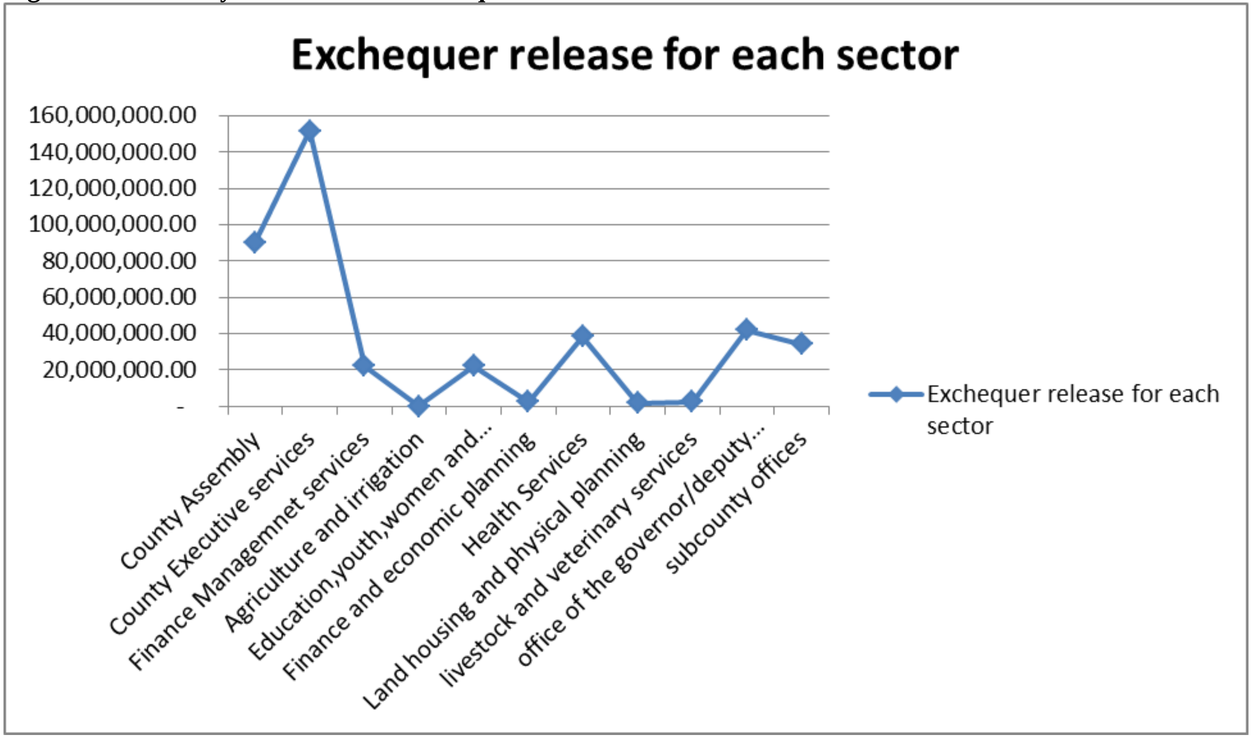
From the 6.7 billion allocation, The national government has so far released 407 million to the county government, of this, 107.8 million was released early august, this was mainly from the unspent amount by the end of last financial year that has been refunded to the CRF, this was 99 million and about 7 million from the local revenue channels.

The county received also 53 per cent of the august tranche amounting 299,233,166. The 407 million was to fund the recurrent operations of the county as the county is yet to request for the developmental funds.

From the two exchequer releases, the county government planned to allocate for the recurrent operation of the county assembly an amount of Kshs 90 million representing 22 % of the total exchequer issues. The allocations for the executive headquarters was the highest at 37.3 % of the total release to the county and office of the governor/Deputy governor received a total amount of 42 million representing 10.4 per cent of the total exchequer allocation for the quarter.

Landing, housing and physical planning received the smallest share at around Kshs 1.8 million representing 0.44 per cent of the total exchequer issues, followed by the Finance and economic planning and livestock and veterinary services at 0.59 per cent of the total allocation representing 2,4 million respectively. Finance team received Kshs 22 million representing 5.4 % of the total exchequer to finance its recurrent operations. Figure 4 shows the sectoral exchequer release for the period under review with county executive services receiving the highest amount and land, housing and physical planning receiving the lowest share.

Figure 4 summary of the sectoral exchequer realease



Source: county treasury

2.1 County Budget Expenditure

The total recurrent exchequer allocations for the last three months for all departments was Kshs. 407million representing 6.2 of the whole county allocation for the financial year 2013/2014. The total recurrent expenditure for the period under review cumulatively stood at Kshs. 89.6 million which represents almost 22.1 per cent of the allocated estimates.

2.2 Total County Expenditure

The total expenditure by the County Government as at 29th October is Kshs. 89.7 million representing 22 per cent of the whole exchequer release (Kshs 407 million) for the quarter. The major spending units is County executive that has absorbed a total amount of kshs 66.3 million representing 16,3 per cent of the total issues ,it is followed by the County Assembly at almost 22 million accounting for 5.4 per cent and Financial Management Unit absorbed the least amount of kshs 1.5 million representing an absorption rate of 0.4 per cent. The table below shows the sectoral exchequer issues against their expenditures and their absorption rate

Table 3: Comparison of sectoral Exchequer allocation and Actual Expenditure

Sector/Departments	Exchequer release for each sector	Sectoral expenditure for each sector	Budget performance %
County Assembly	90,042,000.00	21,851,643.00	5.4%
County Executive services	151,811,200.00	66,255,657.00	16.3%
Finance Management services	22,061,539.00	1,468,000.00	0.4%
Agriculture and irrigation	9,600,000.00	0	0%
Education, youth, women and social services	22,200,000.00	0	0%
Finance and economic planning	2,400,000.00	0	0%
Health Services	38,400,000.00	0	0%
Land housing and physical planning	1,800,000.00	0	0%
livestock and veterinary services	2,400,000.00	0	0%
office of the governor/deputy governor	42,166,706.00	0	0%
Sub county offices	34,154,720.00	0	0%
Total	407,436,165.00	89,575300.00	22.1 %

Source: County treasury

From Table 5, the County executive had the highest absorption rate, whereas the Financial Management Services had the least absorption rate. The County Executive absorbed the largest share of the budget of Kshs 66.3 million of the total allocation, whereas Financial Management Services had the least utilisation of Kshs 1.5 million From the total allocated funds, Kshs..317 million was not absorbed by the county as at the mid of the October representing 78% of the total exchequer released

The office of the controller of budget is yet to receive the sectoral monthly expenditure returns for the whole exchequer amount released despite its regular follow ups and attempts

2.3 Economic classification of the county Expenditure.

The county allocation was more of recurrent for the entire period, the report mainly analyses the exact recurrent expenditures incurred by the county departments that are majorly categorized into personnel emoluments and expenditures on operations and maintenances.

2.3.1 Personnel Emoluments

These are the basic salaries for both permanents and temporary employee, personal allowances paid as part of salary and other allowances. Out of the 1967 million released for the salaries for the whole departments the county managed to absorb only 40 million representing 45 percent of the total expenditure of the county.

2.3.2 Operations and maintenance

These are the expenses associated with the day to day operations that are incurred by the county departments apart from the allowances and salaries that are categorized under personnel emoluments.

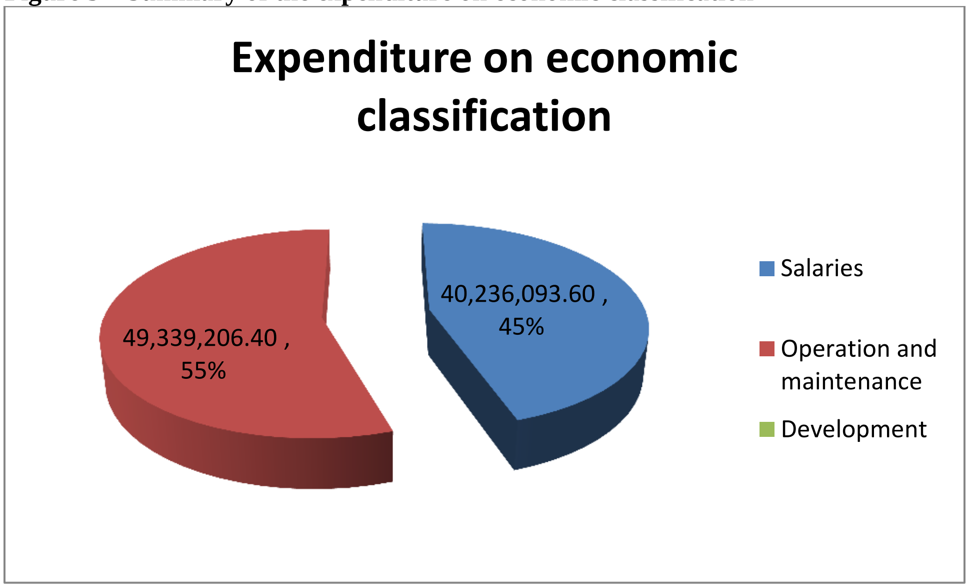
The county allocated 210 million for the operations and maintenance, this also account for 90 percent of the exchequer utilized so far.

2.3.3 Development Expenditures

The county did not plan for any expenditure on development in this quarter but it is eagerly and aggressively advertising for the tenders to embark on next quarter, hence there no expenditure on this classification.

Figure 5 shows the economic classification and it is clear from the figure that the county did not use a penny on developments but rather on operations and maintenance as well as salaries and allowances,

Figure 5 Summary of the expenditure on economic classification



Source: county treasury

3 DEPATMENTAL REPORTS-RECURRENT AND DEVELOPMENTS

This section of the report clearly analyses the county departmental reports. Mandera county governments have used the 89 million on three major departments; the county assembly, the county executives' services headquarters and the finance team.

The county departments were not majorly operationalized and that is why the county did not use any fund on these departments.

3.0 Mandera County Assembly

3.0.1 Key priorities for the departments

The assembly is a legislative organ of the county that is mandated to oversee the county government public finance expenditure. It is composed of the 48 MCAs; 30 elected and 18 nominated. Article 185 of the COK 2010 and section 8 of the county government act contemplates the powers and mandates of the county assembly and it includes but not limited to;

- It makes laws necessary for the functions and operations of the county governments.
- May receive and approve plans and policies for managements and exploitation of the county resources and developments and managements of its infrastructure and institution.
- It's an oversight organ that oversees the functions of the executives with regard to budgets

The departments' allocation from the county treasury is 90,042,000.00 representing 22 percent of the whole exchequer issues to the county out of this the sector used 218,511,643 on personnel, operation and maintenance expenses representing an absorption rate of 8.6 percent of the whole exchequer issues.

Table 4 County Assembly Budget Performance

Mandera County Assembly	Exchequer release (Kshs. 000)	Expenditure (Kshs. 000)	Performance
Compensation of Employees	48,225	18,064	4.4 %
Operations & Maintenance	41,817	3,787	4.2%
Total	90,042	21,851	8.6%

Source: County Treasury

In conclusion County Assembly plays a key role in budget and budget implementation and should be on the lead to ensure that the budgets presented to the assembly conform to the will of the people and are implemented as budgeted.

3.1 County executive service headquarters

3.1.1 Key priorities for the departments

The county has ten executives departments, the mandate of the executive is to supervise administration and delivery of services in the county and all decentralized units of the county. Article 179 of the constitution articulates the functions and powers of the executives The executive was not fully in operation as the county has just recently filled the position of chief officers who are the accounting officers hence the entire expenditure of the whole ten departments was under the vote of the county executive services headquarters.

The exchequer release for the department is 295 million representing 22 percent of the allocation for the entire sector.

Table 5 County Executive Budget Performance

County Executive Services	Exchequer release (Kshs. 000)	Expenditure (Kshs. 000)	Performance
Personnel emoluments	151,811	23,101	10.6%
Operation and maintenance	143,521	43,154	5.7%
Total	295,332	66,255	16.3%

Source: County treasury

The department was allocated 295 million and it is expenditures as shown in the table above 66 million representing an absorption rate of 16.3 per cent.

3.2 Finance Management services

3.2.1 Key Priorities for the Department

This department is the county treasury that is headed by the head of county treasury who is the accountant of the county government, and supported by the former council's revenue collectors and administrators.

The overall responsibilities of the department is to perform all the activities of the county treasury as provided for under section 104 of PFM : this include overseeing the management of public finance and economic affairs of the county government as well as monitoring and evaluation of the key projects of the county.

In conclusion, the county treasury should ensure strict adherence of fiscal responsibility principles in order to ensure greater transparency in the budget and governance of the public finance. The department should consider, for example in drawing procurement plans and accurate cash-flow analysis.

3.2.2 Other departments

There were no expenditures for the other seven departments of the county, the county was in the process of creating its full structure and it recently announced the chief officers for the departments, however, there were allocation for the departments from the last requisition was around 143 million representing 35 percent of the whole exchequer release to the county.

4 CONCLUSION AND RECOMMENDATIONS

4.0 Challenges affecting implementation of budget

The county budget implementation was hampered by the following various factors and will likely affect the smooth county budget implementation if not addressed on time.

4.0.1 Insecurity

The major threat is insecurity; this hampered the development in the county for the last two decades since the fallout of Somalia regime. Being on the border of Somalia, Mandera County has also suffered greatly to the menace of the Alshabab that spilt over since the operation of *linda nchi.* There are regularly explosives and attack in the county that created unfavorable climate for the proper budget implementation.

4.0.2 Lack of Human capacity

The county is having great challenges in human capacity; there are no adequate well trained staffs for the management of the public fund properly. The few on the ground lack the adequate skills required to operationalize the county treasury. There are no revenue officers apart from the defunct local authority staff that are under trained to handle the county revenue. Therefore, there is a dire need for the county to build necessary human capacity to fully operationalize the county departments that are now idle.

4.0.3 Delayed submission of financial reports and requirements

Delay in submission of various financial reports from the county governments that are needed for monthly and quarterly reports. This delay poses questions on the financial framework of the county. The office of the controller of budget at the county has advised the county government to follow strictly the laid financial regulation by maintaining dully updated cash books, vote books and all accounting books, up to date the county is not maintaining them, hence the question on how the county is trucking its expenditures.

The office of the controller of budget is yet to receive the finance bill and the CIDP from the county treasury despite the request.

4.0.4 Manual financial transactions

The county government of mandera employ manual system in all its financial transactions that poses great threat in budget implementation, this could lead to switching of fund for certain projects to another since the expenditure control system is also manual. Even though the national treasury has trained some few staffs on the usage and application of IFMIS and G-Pay, county government has opted for manual transactions of the county fund, hence no operationalization of the two systems. The county is yet to upload on IFMIS the recently revised budget.

4.0.5 Declining locally collected revenue

There was tremendous decline in the revenue collection from July and September 2013; this could be attributed to the lapse in controls over revenue collection. This was the case even in the last quarter even though the county is still optimistic in achieving its target that is too high to achieve as compared to the current score. The banking of the revenue and collections of the county do not match; this also poses another serious question on the spending of the revenue that has been discontinued by section 22 of the county government public finance management transition act 2013 and 109(2) of PFM act 2012 which requires that all the monies raised or received by or on behalf of the county government to be banked in the CRF.

4.0.6 Lack of Awareness on the budget

One of the key pillar of transparency in budget implementation and utilization of public fund is the public participation in governance and implementation of the budget. The county is yet to rationalize that, the public even claim they have not being involved in any financial process in the county, like the county integrated development plan have been crafted in Nairobi and they do not own it.

4.0.7 Procurement Procedures

The county did not do a well-planned procurement plan and work plans; this led to breaching the procurements process. For instance, in the previous quarter, the county acquired high voltage generators that are still lie anyhow without them being used; initially the process used in acquiring them was marred with unclear procurement procedures

Further, Section 26 (3) of the public procurement and disposal act 2005 provides that, all procurement shall be within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan; this will lead to proper monitoring and evaluation of the county projects.

4.0.8 Inadequate physical infrastructure

The commencement of the county government marked a great milestone in the history of our nation because these decentralized system is attractive and engaging as most of the resources are devolved and decentralized. However, every positive step has its other side of negative, the challenges that the county government encountered immediately after it inherited the former councils was lack of appropriate office space to accommodate the county departments, even though the National government allocated infrastructural grant of Kshs 61 million through TA for the county to set up the necessary infrastructures, the county government is still in rented facilities like the HQ and the county service board, this will put pressure on the already scarce resource by increasing the operational cost of the county government.

5 RECOMMENDATIONS

For Mandera county to exploit fully its potentials and develop, there has to be lasting solution for this fatal attacks from the terrorists, the county government has to work round the clock to strategize modalities of overcoming these attacks like creation of community policing adoption of peace and resolution mechanisms for the coexistence of the warring communities.

Building necessary capacity for the county staff is one great measure that will push the county to competitive level. Imparting proper skills needed for the daily operation is of paramount importance especially on financial system so that accurate and reliable financial information is relayed to the public and management for good decision making.

The county treasury to hasten the submission of the financial report and information required for the production of OCOB monthly and quarterly report to avoid unnecessary delay in the release of the exchequer and report.

Operationalization and initializing the use of G-Pay and IFMIS is of great importance, the manual system could lead to allot of avoidable errors, the county has to hasten the usage of the financial system to tighten the expenditure control mechanisms (ECM) and there has to be developed network infrastructures for the system to run smoothly as this will ensure availability of accurate and reliable information for wise decision making and planning on timely basis.

It is of great use for the county government to come up new and innovative ways of collecting revenues. Stringent interventions should be put in place to increase the revenue streams, strengthen controls of the revenue and seal all the probable leakages for them to rationalize their target in the Cash flow analysis. There has to be system for recording the revenue like the LAIFORMs of the councils because this manual system is not favoring the process.

County government to implement stringent expenditure control especially on the utilities, hospitality and allowances since fast-trucking is very hard when manual systems are used. There has to be effective and efficient monitoring framework too to truck the expenditures to ensure adequate supervision of the budgeted programs and project, this will enhance openness, accountability and transparency.

The county government to embark on public awareness program on how the budget is implemented, there is need for Capacity building on budget and budget implementation. The county residents are illiterate and they do not know how the devolved funds will be utilized, public has to be engaged in any governance matter for them to own up the whole devolution process

There is need for proper planning especially on procurements, where the public fund is used, the procurement process and principles has to be followed to letter and the procured item/facility has to be effectively used, Adequate procurement plans will assist in carrying out carrying procurement process early enough to mitigate the delays associated with procurement and disposal laws.

To curb the recent problem of the shortages of the office space, the county government has to use the budgeted developmental fund appropriately to come up with county and sub county office so that the functions and mandates are executed smoothly these will reduce letter the pressure on the operation cost of the budget.

6 CONCLUSION

In regards to the budget, the office of the controller of budget notes with great concern that the county government to hasten the requisition and the subsequent absorption of developmental(capital) fund as there is great need to put more focus on those activities that contribute to the developments of the county economy, so far the county requested only 407 million to finance the recurrent operations, this could be due to the problems associated with procurement process and lack of adequate capacity for project management. Delays in requisitioning results in delay in non- utilization of the funds hence low absorption rate which will be of great concern as most of the fund for the county is meant for development.

Reporting system and delays of the information and requirements from the county government are of great concern too, this will cause delay in preparation and compilation of the reports and at times leads to underreporting. This need to be addressed urgently as It is likely to affect the budget implementation process. The other concern is the expenditure and trucking of those expenditures, the county has to invest in system that will produce expenditure returns just by a click of button.

The county government has to sensitize the county residents on the proper public fund management mechanisms like budget awareness forums. This will later address the under fall in revenue collection, there should be interrogation of the wide gap between the revenue collection and the projection and the necessary mechanisms to swerve the trend be drawn as adequate collection of revenues is critical for successful budget implementation, the county has to embrace new and innovative ways of broadening the revenue base as well as deepening the its streams.

7 ANNEX

Title	Expenditure	% of the Expenditure
Basic salaries permanent employees	15,132,330.00	16.9
Domestic Travel and subsistence allowance	2,932,000.00	3.3
Rentals	400,000.00	0.4
Hospitality supplies and service	387,313.00	0.4
insurance cost	2,000,000.00	2.2
Routine Maintenance vehicles and other equipment	1,000,000.00	1.1
Total for County assembly	21,851,643.00	24.3
County Executive service Head quarters		
Basic salaries permanent employees	15,029,962.00	16.8
communication supplies and services	854,782.00	1
Domestic Travel and susbsistance allowance	10,559,916.00	11.8
printing advertising and information supplies and services	5,274,710.00	5.9
Rentals	997,300.00	1.1
Training	7,299,500.00	8.1
Title	Expenditure	% of the Expenditure
Hospitality supplies and services	819,320.00	0.9
insurance cost	3,048,633.00	3.4
supplies of food rations, Drugs and uniforms	1,874,445.00	2.1
office and General Supplies services	495,811.00	0.6

other operating expenses	1,879,828.00	2.1
Routine maintenance vehicle and other equipment	977,316.00	1.1
Refurbishment of building	15,450,663.00	17.2
Purchase-ICT networking and communication equipment and software	1,693,470.00	1.9
Total for County Executives	66,255,656.00	74
Finance management service Headquarter		
Domestic Travel and subsistence allowance	1,468,000.00	1.7
Total for finance management service headquarters	1,468,000.00	1.7
TOTAL EXPENDITURE	89,575,299.00	100

Source: County Treasury