



COUNTY ASSEMBLY OF BOMET BUDGET OFFICE

BUDGET IMPLEMENTATION DIGEST BRIEFING FOR THE FIRST HALF OF FY2024/25

Background

In accordance with the provisions of the **Public Finance Management Act, 2012** and the **County Governments Act, 2012**, county governments are required to prepare and submit regular reports on budget implementation to ensure transparency, accountability, and prudent use of public resources. Two key documents guide performance assessment:

1. **The Quarterly Budget Implementation Report and Financial Statements** submitted to the County Assembly on 28th February, 2025 by the County Executive Committee Member (CECM) for Finance.
2. **The Controller of Budget (OCOB) Implementation Review Report**, which provides an independent, external review and analysis of budget execution by counties.

This digest is based on a comparative analysis of the above two reports covering the **first half of FY 2024/25 (July–December 2024)**. The objective is to distill insights that will guide the Budget and Appropriation Committee in reviewing and approving the **FY 2025/26 budget estimates**.

Despite some improvements in budget absorption and revenue mobilization, major concerns persist including underperformance in Own Source Revenue (OSR), delays in development project implementation, and a high and rising wage bill. Notably, significant discrepancies exist between the data reported by the

County Treasury and the OCoB, raising concerns over reporting standards and fiscal transparency.

Given the strategic role of the Committee on Budget and Appropriations in safeguarding public resources and ensuring alignment between planning and implementation, this digest serves to flag key issues, highlight policy implications, and recommend areas for enhanced scrutiny during the budget approval process for the upcoming financial year.

Overview of Budget Performance

- **Total Approved Budget (FY 2024/25):** Kshs. 9.78 billion
 - Recurrent: 67% (Kshs. 6.54B)
 - Development: 33% (Kshs. 3.24B)
- **Total Revenue Realized:**
 - **OCoB Report:** Kshs. 3.80 billion
 - **County Report:** Kshs. 3.51 billion

Observation: The variance of about Kshs. 290 million indicates reporting inconsistencies, particularly in conditional grants and FIF.

Revenue Performance

- **Ordinary OSR:**
 - OCoB: Kshs. 26.83M (16% of annual target)
 - County Report: Kshs. 26.40M
- **Facility Improvement Fund (FIF):**
 - OCoB: Kshs. 45.39M
 - County Report: Not reported (0)

Committee Alert:

OSR underperformance persists despite revised targets. The Committee must interrogate:

- Realistic OSR projections in FY 2025/26 estimates
- Legal framework for FIF collection and retention
- Non-inclusion of health-generated revenue in county submissions

Expenditure and Absorption

Category	OCoB Report	County Report
Recurrent	Kshs. 2.71B (41%)	Kshs. 2.63B (Executive + Assembly)
Development	Kshs. 617.86M (19%)	Kshs. 541.6M
Total Utilization	Kshs. 3.33B (34%)	Kshs. 3.41B

Low **development absorption**, especially in sectors like Agriculture (10%) and Lands (4%), calls for:

- Rationalization of development allocations in FY 2025/26
- Timely procurement processes
- Prioritization of implementable projects

Project Implementation Review

- Fully/Nearly Fully Implemented (as per OCoB):
 - Routine Road Maintenance – 100%
 - Main Water Works – 100%
 - ECDE Classrooms – 98%
- Underperforming:
 - Mother & Child Wellness Centre – less than 5% absorption

Committee Direction:

Scrutinize ongoing projects with low absorption. Consider **reallocating funds** to fast-moving programs or enforce conditions for continued funding.

Personnel Emoluments and Wage Bill

- County wage bill represents about 50% of revenue
 - County Executive: Kshs. 1.74B
 - County Assembly: Kshs. 172.8M
- **334 new staff** recruited; **housing levy contributions** factored in

Committee Concern:

Urgency to evaluate **sustainability of wage bill** vis-à-vis fiscal ceilings and compliance with the PFM Act.

Pending Bills Management

- **Outstanding as of Dec 2024:**
 - OCoB: Kshs. 793.72M
 - County Report: fragmented data (approx. Kshs. 90M clearly disclosed)

Issue:

Settlement progress is below plan by over Kshs. 300M. The Executive lacks consistency in disclosing ageing and type of bills.

Action Point:

Committee to demand a **comprehensive pending bills register** before approving new development expenditure.

Key Policy Gaps Identified

- No legislative framework for **FIF management**
- Low integration of donor grants and special-purpose funds in fiscal reporting
- Lack of linkage between OSR targets and actual collections

Recommendations to the Committee

1. **Link Budget to Performance:** Align FY 2025/26 resource allocations with sectors showing credible absorption capacity.
2. **Enforce Reporting Standards:** Require that quarterly reports align with OCoB standards in format, data, and reconciliation.
3. **Cap Wage Bill Growth:** Demand a roadmap to contain personnel expenditure within allowable thresholds.
4. **Reform OSR Strategy:** Review and audit OSR projections and collection strategies. Require legal backing for FIF.
5. **Pending Bills Clearance Plan:** Withhold development funding until credible bill settlement plans are submitted and honored.

Conclusion

This digest underscores the need for **realistic budgeting, stronger fiscal discipline, and better reporting fidelity**. The Committee is encouraged to **prioritize accountability, project execution, and own-source revenue reforms** when processing the FY 2025/26 estimates.