



**COUNTY ASSEMBLY OF BOMET**

**BUDGET OFFICE**

---

To: Clerk

From: Budget Office

Date: 19<sup>th</sup> may 2025

---

**RE: UNPACKING THE SUBMITTED BUDGET ESTIMATES FOR FY2025/26**

The above subject refers.

This is to notify you that the County Assembly Budget Office (CABO) has concluded its analysis of the submitted budget estimates for the Financial Year 2025/26, covering both the County Assembly and the County Executive.

Kindly find the attached briefing document for your consideration and further guidance.

Yours faithfully,

Stella Chemutai.

*Director, Budget & Research Services.*

**Cc:**

- Chair, Budget and Appropriation Committee

# UNPACKING THE BUDGET ESTIMATES FYI 2025/2026

## Table of Contents

Table of Contents .....	2
List of Abbreviations and Acronyms .....	7
Background Information .....	9
County Assembly Budget Office (CABO) .....	9
Committee Briefing .....	10
Brief Overview of the Submitted Budget Estimates .....	10
Resource Envelope .....	12
County Revenue Analysis: FY 2025/26 Budget Estimates Vs Approved CFSP .....	14
Observations and Implications .....	15
Local Revenue Projection Adjustment.....	15
Increased AIA Estimates .....	15
Inclusion of Unapproved Balances Carried Forward .....	15
Overall Variance and Legal Compliance.....	16
Deviations from the CFSP Ceilings .....	16
Major Deviation from Approved Ceilings .....	25
Public Service Vote .....	25

Medical Services and Public Health .....	25
Other significant increases include: .....	25
Lack of Policy Justification and Alignment .....	26
Overall Budget Outlook.....	26
Adherence to Fiscal Responsibility Principles .....	27
Key Observations: .....	28
Overall Increase .....	28
Development Spending .....	28
Operations & Maintenance.....	28
Personnel Emoluments .....	28
Shift in Budget Priorities.....	29
Recommendation .....	29
Budget Deficit .....	29
Key Drivers of the Deficit.....	31
Legal Framework.....	31
Section 129 of the PFM Act, 2012: Budget Preparation and Submission .	32
Section 130 of the PFM Act, 2012: Contents of Budget Estimates .....	33
Legal Compliance of submitted Budget Estimates from the County Executive .....	34
Status of Outstanding Bills across Departments .....	38
Preventive Measures .....	40

Potential Violations of the PFM Act.....	40
Section 117(2) and 117(6) – Deviation from CFSP .....	40
Section 125 – Budget Process Integrity .....	40
Section 104(1)(i) – Management of Public Resources .....	41
Sectorial, Departmental or Spending Unit Analysis.....	42
Administration, Public Service, Devolution and Special Programmes .....	42
Public Service .....	42
Devolution and Special Programmes .....	44
Roads, Public Works and Transport .....	46
Casual Labour Allocation .....	46
Hire of Tippers .....	47
Classification of Fuel and Tyres for Heavy Machinery .....	47
Agriculture, Livestock and Fisheries.....	48
Casual Labour Expenditure .....	48
Crop Management Sub-Program .....	49
Food and Nutrition Security Sub-Program.....	50
Education, Vocational Training, Youth and Sports .....	50
Bursary and Support Services.....	51
ECDE Feeding Programme .....	51
Youths and Sports .....	52

Medical Services and Public Health .....	53
Massive Unapproved Increases .....	53
Inflated Transfers to Health Facilities .....	54
Significant Increase in Development Vote .....	54
Programs with Negative Variance .....	54
Personnel Emoluments .....	54
Finance, ICT and Economic Planning .....	56
ICT .....	56
Finance .....	57
Economic planning .....	57
Lands, Housing and Urban Planning.....	58
Urban Management .....	59
Municipality .....	60
Gender, Culture and Social Service .....	61
Co-Operatives and Enterprise Development .....	62
Water Sanitation and Environment .....	63
Trade, Energy, Tourism, Industry and Investment.....	66
County Assembly .....	67
Recurrent Budget Review .....	68
Personnel Emoluments (PE) .....	68

Operations and Maintenance (O&M) .....	68
Development Expenditure .....	68
Capital Expenditure and Transfer to Other Government Entities .....	68
Fiscal Responsibility and Legal Compliance.....	69

The County Assembly Budget Office (CABO)

## **List of Abbreviations and Acronyms**

ADP - Annual Development Plan

AIA - Appropriations-in-Aid

BAC - Budget and Appropriations Committee

CABO - County Assembly Budget Office

CECM - County Executive Committee Member

CECMF - County Executive Committee Member for Finance

CFSP - County Fiscal Strategy Paper CBEF

CPSB - County Public Service Board

KICOSCA – Kenya Inter-County Sports and Cultural Association

MTEF - Medium Term Expenditure Framework

MVCs - Members of Village Councils

NAVCDP - National Agricultural Value Chain Development Project

O&M - Operations and Maintenance

OCoB - Office of the Controller of Budget

OSR – Own Source Revenue

PBB - Programme-Based Budgeting

PE - Personnel Emoluments

PFM - Public Finance Management

SLAs - Service Level Agreements

UHC - Universal Health Coverage

CBEF- County Budget Economic Forum

The County Assembly Budget Office (CABO)

## **Background Information**

In accordance with the provisions of the Public Finance Management Act, 2012, and the County Governments Act, 2012, the County Executive is mandated to submit annual budget estimates to the County Assembly for consideration and approval. For the Financial Year 2025/26, the County Executive and the County Assembly have both submitted their respective budget estimates in line with the budget calendar and timelines stipulated in law.

Following the submission of the budget estimates, the Budget Office has undertaken a comprehensive analysis of the two sets of estimates, i.e. those from the County Executive and the County Assembly. This analysis is aimed at informing the Committee's deliberations and guiding the Assembly in making evidence-based decisions during the budget approval process.

## **County Assembly Budget Office (CABO)**

The CABO plays a critical role in offering technical and analytical support to the County Assembly, particularly the Budget and Appropriations Committee, in its oversight function. This includes reviewing and analysing budget proposals to ensure they align with legal requirements, fiscal responsibility principles, policy priorities, and the approved CFSP. These roles cut across drafting, approval, implementation and scrutiny of budget and policy proposals submitted to the Assembly for approval.

## **Committee Briefing**

CABO has undertaken a comprehensive analysis of the submitted budget estimates for the Financial Year 2025/26. The purpose of this briefing is to provide the BAC with a concise yet substantive overview of key fiscal issues, legal compliance, and departmental allocations, to inform the Committee's review and deliberation process. The analysis covers the following thematic areas:

1. Brief overview of the submitted budget estimates
2. Resource envelope
3. County revenue analysis
4. Deviations from the CFSP Ceilings
5. Adherence to fiscal responsibility principles
6. Budget deficit
7. Legal framework
8. Legal compliance of submitted budget estimates from the county executive
9. Status of outstanding bills across departments
10. Potential violations of the PFM Act
11. Sector analysis

### **Brief Overview of the Submitted Budget Estimates**

In accordance with the PFM Act and relevant regulations, the CECMF and the County Assembly Clerk are required to submit their respective budget proposals to the County Assembly **on or before 30<sup>th</sup> April** of each financial

year. Subsequently, the County Assembly is mandated to process these estimates and pass the **Appropriation Bill by 30<sup>th</sup> June**.

The submitted budget estimates must meet the following requirements:

- 1) Adherence to the MTEF: The estimates should use the current financial year's budget as the baseline for future planning.
- 2) PBB: All estimates must be prepared in line with the PBB approach, emphasizing outcomes and outputs aligned with strategic priorities.
- 3) Compliance with Fiscal Rules: The estimates must observe fiscal responsibility principles and legal provisions as stipulated in the PFM Act and accompanying regulations.

On the other hand, the **County Assembly**, through its relevant sectoral committees, is responsible for:

- 1) Reviewing the proposed budget estimates.
- 2) Facilitating and documenting public participation in the budget process.
- 3) Ensuring compliance with fiscal responsibility principles.
- 4) Confirming adherence to the resolutions adopted in the CFSP.
- 5) Verifying that the overall county budget is balanced.
- 6) Making recommendations based on their review.
- 7) Approving the estimates **with or without amendments** before the end of the financial year.

## Resource Envelope

The FY 2025/2026 proposed budget estimates have undergone a significant upward adjustment in the resource envelope, with **total revenue increasing by Ksh 675,500,001** over the ceilings approved in the CFSP. This increase is largely attributed to balances carried-forward comprising **Ksh 425.5 million** from the Executive and **Ksh 250 million** in AIA C/F. Notably, the AIA estimates have been adjusted upward by **Ksh 120 million** from **Ksh 170 million** to **Ksh 290 million** while local revenue projections have been reduced by a similar margin of **Ksh 120 million**.

This trend reveals a fundamental shift in the composition of the revenue base, replacing realistic, OSR with speculative carry-forwards. Such a shift is **fiscally risky and raises significant policy, compliance, and oversight concerns**. The over-reliance on non-cash-backed balances that are not supported by bank reconciliations, approvals from the OCoB, or audit confirmations exposes the budget to a high implementation risk. Further, the downward revision in local revenue suggests weakening revenue mobilization capacity, even as the budget envelope expands.

Compliance concerns are also evident. Section 129(2) of the PFM Act stipulates that budget estimates must be submitted to the County Assembly **by 30<sup>th</sup> April, accompanied by appropriate documentation**. However, the memo from the CECMF **was submitted after the statutory deadline and fails to provide verifiable information on the key revenue components** namely, Balances C/F, AIA, and local revenue. This not only breaches

statutory timelines but also obstructs the Assembly's capacity to evaluate the budget on the basis of credible financial projections.

Moreover, the CECMF memo accounts for only **Ksh 564.5 million** in revised departmental allocations, leaving an unexplained gap of **Ksh 111 million**. The inclusion of substantial increases in AIA, Executive and AIA balances C/F with no supporting bank statements, audited opening balances, or revenue performance report renders the estimates speculative. In fact, the half-year revenue performance according to the office of the controller of budget for the budget under review is **at 16% of the target**. These projections lack an empirical foundation and could lead to unfunded expenditures, implementation failures, and audit red flags. In particular, the **70% surge in AIA (from Ksh 170 million to Ksh 290 million** as per the approved CFSP) is not backed by evidence of expanded hospital billing systems or increased service uptake, making the projection **unrealistic**.

These inconsistencies constitute a material deviation from the CFSP, in violation of Section 117(6) of the PFM Act, which prohibits altering approved ceilings without justification. Similarly, Section 130(1)(a) bars the Assembly from approving estimates that contravene the CFSP. As such, the current estimates may be considered non-compliant, and the County Assembly is well within its legal mandate to:

- 1) Request a revised submission,
- 2) Demand a detailed breakdown of the **Ksh 675 million upward** adjustment, its sources and corresponding application,

- 3) Or revert the budget estimates to the original CFSP ceilings until full compliance and clarity are achieved.

### **County Revenue Analysis: FY 2025/26 Budget Estimates Vs Approved CFSP**

The proposed county revenue for FY 2025/26 amounts to **Ksh. 8,585,723,715**, which represents an increase of **Ksh. 675,500,001** above the **approved CFSP ceiling of Ksh. 7,910,223,714**. The variance is attributed to discrepancies in the composition of revenue sources, as outlined below:

<b>Revenue Source</b>	<b>Proposed (Ksh.) Budget Estimates</b>	<b>Approved CFSP (Ksh.)</b>	<b>Variance (Ksh.)</b>	<b>Remarks</b>
Equitable Share	7,343,223,714	7,343,223,714	<b>0</b>	Fully aligned
OSR	277,000,000	397,000,000	<b>(120,000,000)</b>	Proposed estimate is lower
AIA	290,000,000	170,000,000	<b>120,000,000</b>	Proposed estimate is higher

AIA Balance B/F	250,000,000	Not provided	<b>250,000,000</b>	Not included in CFSP
Executive Balance C/F	425,500,001	Not provided	<b>425,500,001</b>	Not captured in CFSP
<b>Total</b>	<b>8,585,723,715</b>	<b>7,910,223,714</b>	<b>675,500,001</b>	

## **Observations and Implications**

### ***Local Revenue Projection Adjustment***

The proposed OSR has been **reduced by Ksh. 120 million**, which may reflect a more conservative and perhaps realistic estimate compared to past performance. However, this contradicts the CFSP-approved target, and may have implications on fiscal balance and sectoral allocations.

### ***Increased AIA Estimates***

The AIA projection **has increased by Ksh. 120 million**, offsetting the reduction in OSR. The rationale for this shift should be clearly justified, especially regarding the capacity of departments to generate and retain revenue under the AIA framework.

### ***Inclusion of Unapproved Balances Carried Forward***

The inclusion of **AIA Balance C/F (Ksh. 250 million)** and **County Executive Balance C/F (Ksh. 425.5 million)**, both of which are **not reflected in the approved CFSP** raises concerns about **budget credibility** and **adherence to**

**the legal framework.** These amounts account for the majority of the variance and should be explained with reference to supporting documents or approved financial statements.

### ***Overall Variance and Legal Compliance***

The cumulative variance of **Ksh. 675.5 million** calls for **review and justification** by the County Treasury, in line with the requirements of **Section 130(1)(a) of the PFM Act, 2012**, which requires accurate and transparent disclosure of all revenue sources in the budget summary.

### **Deviations from the CFSP Ceilings**

Below is a table indicating the proposed estimates, approved ceilings and the deviations between the approved ceilings and the proposed budget estimates

<b>SUMMARY OF EXPENDITURE BY VOTE AND ECONOMIC CLASSIFICATION</b>				
<b>SPENDING UNIT</b>	<b>PROPOSED ESTIMATES</b>	<b>APPROVED CEILINGS</b>	<b>VARIANCE</b>	<b>% OF DEVIATION</b>
<b>PUBLIC SERVICE</b>	<b>2,672,967,035</b>	<b>3,692,600,000</b>	(1,019,632,965)	-28%
<b>Personal emoluments</b>	2,350,367,035	3,370,000,000	(1,019,632,965)	-30%
<b>Operation &amp; maintenance</b>	322,600,000	322,600,000	-	0%

<b>PUBLIC SERVICE BOARD</b>	<b>32,966,923</b>	<b>32,966,923</b>		0%
<b>Operation &amp; maintenance</b>	32,966,923	32,966,923	-	0%
<b>COUNTY EXECUTIVE</b>	<b>136,337,661</b>	<b>136,337,661</b>		0%
<b>Operation &amp; maintenance</b>	136,337,661	136,337,661	-	0%
<b>OFFICE OF THE DEPUTY GOVERNOR</b>	<b>20,542,255</b>	<b>20,542,255</b>		0%
<b>Operation &amp; maintenance</b>	20,542,255	20,542,255	-	0%
<b>OFFICE OF THE COUNTY ATTORNEY</b>	<b>20,942,267</b>	<b>20,942,267</b>		0%
<b>Operation &amp; maintenance</b>	20,942,267	20,942,267	-	0%

<b>DEVOLUTION AND SPECIAL PROGRAMS</b>	<b>434,000,000</b>	<b>404,500,000</b>		0%
<b>Operation &amp; maintenance</b>	78,000,000	48,500,000	29,500,000	61%
<b>Development</b>	356,000,000	356,000,000	-	0%
<b>ADMINISTRA TION</b>	<b>133,981,830</b>	<b>133,981,830</b>		0%
<b>Operation &amp; maintenance</b>	87,981,830	87,981,830	-	0%
<b>Development</b>	46,000,000	46,000,000	-	0%
<b>ICT</b>	<b>68,287,036</b>	<b>53,287,036</b>		0%
<b>Operation &amp; maintenance</b>	33,287,036	33,287,036	-	0%
<b>Development</b>	35,000,000	20,000,000	15,000,000	75%

<b>FINANCE</b>	<b>87,838,209</b>	<b>87,838,209</b>		0%
<b>Operation &amp; maintenance</b>	81,379,380	79,379,380	2,000,000	3%
<b>Development</b>	6,458,829	8,458,829	(2,000,000)	-24%
<b>ECONOMIC PLANNING</b>	<b>225,000,000</b>	<b>180,000,000</b>		0%
<b>Operation &amp; maintenance</b>	79,936,569	79,936,569	-	0%
<b>Development</b>	145,063,431	100,063,431	45,000,000	45%
<b>LANDS, HOUSING &amp; URBAN PLANNING</b>	<b>283,874,817</b>	<b>233,874,817</b>		0%
<b>Operation &amp; maintenance</b>	159,374,817	106,096,528	53,278,289	50%
<b>Development</b>	124,500,000	127,778,289	(3,278,289)	-3%

<b>MUNICIPALITIES</b>	<b>87,700,000</b>	<b>77,700,000</b>		0%
<b>Personal emoluments</b>	40,000,000	30,000,000	10,000,000	33%
<b>Operation &amp; maintenance</b>	22,700,000	19,700,000	3,000,000	15%
<b>Development</b>	25,000,000	28,000,000	(3,000,000)	-11%
<b>GENDER, CULTURE AND SOCIAL SERVICES</b>	<b>54,053,900</b>	<b>54,053,900</b>		0%
<b>Operation &amp; maintenance</b>	44,030,603	44,030,900	(297)	0%
<b>Development</b>	10,023,297	10,023,000	297	0%
<b>MEDICAL SERVICES &amp; PUBLIC HEALTH</b>	<b>2,494,706,695</b>	<b>1,045,073,730</b>	1,449,632,965	139%

<b>Personal emoluments</b>	1,119,632,965	-	1,119,632,965	79%
<b>Operation &amp; maintenance</b>	1,033,198,611	783,198,611	250,000,000	32%
<b>Development</b>	341,875,119	261,875,119	80,000,000	31%
<b>EDUCATION, VOCATIONAL TRAINING</b>	<b>420,435,675</b>	<b>420,435,675</b>		0%
<b>Operation &amp; maintenance</b>	161,614,159	161,614,159	-	0%
<b>Development</b>	258,821,516	258,821,516	-	0%
<b>YOUTH AND SPORTS</b>	<b>60,000,000</b>	<b>60,000,000</b>		0%
<b>Operation &amp; maintenance</b>	41,500,000	44,000,000	(2,500,000)	-6%
<b>Development</b>	18,500,000	16,000,000	2,500,000	16%

<b>WATER SANITATION AND ENVIRONME NT</b>	<b>792,029,662</b>	<b>792,029,662</b>		0%
<b>Operation &amp; maintenance</b>	103,902,974	103,902,974	-	0%
<b>Development</b>	688,126,688	688,126,688	-	0%
<b>AGRICULTUR E LIVESTOCK AND FISHERIES</b>	<b>472,825,352</b>	<b>472,825,352</b>		0%
<b>Operation &amp; maintenance</b>	22,985,456	22,985,456	-	0%
<b>Development</b>	449,839,896	449,839,896	-	0%
<b>ROADS, PUBLIC</b>	<b>556,218,083</b>	<b>556,218,083</b>		0%

<b>WORKS &amp; TRANSPORT</b>				
<b>Operation &amp; maintenance</b>	114,918,083	114,918,083	-	0%
<b>Development</b>	441,300,000	441,300,000	-	0%
<b>TRADE, ENERGY, TOURISM, INDUSTRY AND INVESTMENT</b>	<b>52,103,459</b>	<b>52,103,459</b>		0%
<b>Operation &amp; maintenance</b>	9,245,459	9,245,459	-	0%
<b>Development</b>	42,858,000	42,858,000	-	0%
<b>CO- OPERATIVES AND ENTERPRISE</b>	<b>120,567,191</b>	<b>70,567,191</b>		0%

<b>DEVELOPMENT</b>				
<b>Operation &amp; maintenance</b>	27,523,517	27,523,517	-	0%
<b>Development</b>	93,043,674	43,043,674	50,000,000	116%
<b>COUNTY EXECUTIVE TOTAL</b>	<b>9,227,378,050</b>	<b>8,597,878,050</b>		0%
<b>Personal emoluments</b>	3,510,000,000	3,400,000,000	110,000,000	3%
<b>Operation &amp; maintenance</b>	2,634,967,600	2,299,689,608	335,277,992	15%
<b>Development</b>	3,082,410,450	2,898,188,442	184,222,008	6%
<b>COUNTY ASSEMBLY</b>	983,416,719	765,923,810		0%
<b>Personal emoluments</b>	413,630,131	409,330,788	4,299,343	1%

<b>Operation &amp; maintenance</b>	312,186,588	316,593,022	(4,406,434)	-1%
<b>Development</b>	257,600,000	40,000,000	217,600,000	544%
<b>COUNTY TOTAL</b>	<b>10,210,794,769</b>	<b>9,363,801,860</b>	<b>846,992,909</b>	<b>9%</b>

### **Major Deviation from Approved Ceilings**

Several votes show substantial variances from the ceilings approved in the CFSP:

#### ***Public Service***

It is under-allocated by **Ksh. 1.02 billion (-28%)**, particularly in PE (-30%), potentially impacting salaries and staff operations.

#### ***Medical Services and Public Health***

It overshot its ceiling by **Ksh. 1.45 billion (+139%)**, driven largely by new allocation of **Ksh. 1.12 billion** to personal emoluments (previously zero), suggesting a major budget realignment.

#### ***Other significant increases:***

- a) **ICT Development:** Ksh. 15 million increase (+75%)
- b) **Co-operatives & Enterprise Development:** Ksh. 50 million increase in development (+116%)

- c) **Lands, Housing, and Urban Planning:** Operation & Maintenance up by Ksh. 53.3 million (+50%)
- d) **Economic Planning Development:** Increased by Ksh. 45 million (+45%)

*Such deviations violate Section 129(2)(b) of the PFM Act, which requires that submitted estimates align with CFSP resolutions.*

### **Lack of Policy Justification and Alignment**

The CECM memorandum **does not explain how fiscal responsibility principles** (as per Section 107 & section 130 of the PFM Act) and **financial objectives** are adhered to. In particular, there is **no detailed policy framework** outlining how the County will upscale revenue, measures to control and rationalize expenditure, and any strategy for managing **pending bills**. The justifications provided focus on **deviations**, rather than **compliance** with approved ceilings or corrective actions.

### **Overall Budget Outlook**

Total County Budget increased by **Ksh. 629.5 million (+7%)** from the approved ceiling. While the County Assembly budget **remains unchanged**, the Executive shows notable growth in **PE (+3%)**, **O&M (+15%)**, and **development (+6%)**.

The additional capital expenditure by the County Assembly though outside the ceiling has had a positive impact on the personnel emoluments and development, notable the Personnel emoluments had 41%, operations and maintenance at 28% and development at 31% of the total budget in the CFSP,

however, there is a noted decrease in Personnel emoluments to 38%, an increase in 29% in operations and maintenance and 33% increase in development expenditure in the submitted estimates. The changes are attributed to **KES 217,492,909** increase in the assembly budget, although the allocation is outside the ceiling.

comparatively, concerns arise over **strategic resource allocation**, with flat funding for key departments and major increases in others without performance or impact justifications.

### **Adherence to Fiscal Responsibility Principles**

Adherence to fiscal responsibility principles is governed under section 107 of the PFM Act, 2012 and regulation 25 of the public finance regulations. the law sets a maximum ceiling of 35% expenditure on personnel emoluments and a minimum ceiling of 30% for expenditure on development. the limit is also specified in the PFM regulation 25(1)(b).

Below is a summarized table containing actual estimates on fiscal responsibility principles.

<b>BUDGET SUMMARY</b>	<b>PROPOSED ESTIMATES</b>	<b>APPROVED CFSP ESTIMATES</b>	<b>VARIANCE</b>	<b>% OF DEVIAT ION</b>
<b>PE</b>	3,923,630,131	3,809,330,788	114,299,343	3%
<b>O&amp;M</b>	2,947,154,188	2,616,282,630	330,871,558	13%

<b>DEV'T</b>	3,340,010,450	2,938,188,442	401,822,008	14%
<b>TOTAL</b>	<b>10,210,794,769</b>	<b>9,363,801,860</b>	<b>846,992,909</b>	<b>9%</b>
<b>PE</b>	<b>38%</b>	<b>41%</b>		
<b>O&amp;M</b>	<b>29%</b>	<b>28%</b>		
<b>DEV'T</b>	<b>33%</b>	<b>31%</b>		

### **Key Observations:**

#### ***Overall Increase***

The total proposed budget exceeds the approved CFSP estimates by **KES 846.99 million**, representing a **9% deviation**.

#### ***Development Spending***

The largest increase is in the **Development budget**, with a variance of **KES 401.82 million (14% deviation)**. This suggests a strong shift towards capital investments or project execution.

#### ***Operations & Maintenance***

O & M saw a **KES 330.87 million (13% deviation)** increase, indicating higher expected spending on routine functions and service delivery inputs.

#### ***Personnel Emoluments***

PE increased by a modest **KES 114.30 million (3% deviation)**, aligning closely with CFSP ceilings showing controlled growth in wage-related expenses.

### ***Shift in Budget Priorities***

Compared to approved estimates **PE share reduced** from **41% to 38%**, indicating efforts to reduce recurrent expenditure weight.

**Development share increased** from **31% to 33%**, reflecting a potential policy focus on infrastructure and service delivery outcomes.

### ***Recommendation***

The Committees should ensure **that all variances from the approved CFSP ceilings particularly in staffing, grassroots representation, and grant co-financing be fully justified with verifiable data, clear policy rationale, and legal references where applicable.** Fiscal discipline and transparent prioritization are imperative if the county is to remain compliant with the PFM Act and uphold its constitutional obligations to its residents.

Generally, the current estimates pose **a serious fiscal risk** as they depend heavily on non-cash-backed revenue sources increasing the likelihood of implementation gaps which may eventually open the door to the accumulation of pending bills. The credibility of the county's budget process is at stake, and as such, firm and immediate corrective action is required to safeguard public resources and restore the integrity of the fiscal planning process.

### **Budget Deficit**

The consolidated budget estimates for both the **County Executive** and **County Assembly** for the FY 2025/26 amount to **KES 10,210,794,769**, against a projected total revenue of **KES 9,993,301,860**. This results in a

**budget deficit of KES 217,492,909**, which requires urgent attention and resolution by the Committee on **Budget and Appropriation** to identify appropriate measures for alignment with the fiscal framework.

Below is the analysis of the submitted budgets and approved CFSP ceilings indicating various contributors of the deficit.

	<b>CLASSIFICATION</b>	<b>SUBMITTED ESTIMATES</b>	<b>APPROVED CFSP CEILING</b>	<b>VARIANCE</b>	<b>% OF VARIANCE</b>
<b>COUNTY EXECUTIVE</b>	PE	3,510,000,000	3,400,000,000	110,000,000	3%
	O & M	2,634,967,600	2,299,689,608	335,277,992	15%
	DEVT	3,082,410,450	2,898,188,442	184,222,008	6%
	<b>SUB-TOTAL</b>	<b>9,227,378,050</b>	<b>8,597,878,050</b>	<b>629,500,000</b>	<b>7%</b>
<b>COUNTY ASSEMBLY</b>	PE	413,630,131	409,330,788	4,299,343	1%
	O & M	312,186,588	316,593,022	(4,406,434)	-1%
	DEVT	257,600,000	40,000,000	217,600,000	544%
	<b>SUB-TOTAL</b>	<b>983,416,719</b>	<b>765,923,810</b>	<b>217,492,909</b>	<b>28%</b>
<b>TOTAL EXPENDITURE</b>		<b>10,210,794,769</b>	<b>9,363,801,860</b>	<b>846,992,909</b>	<b>9%</b>
<b>TOTAL REVENUE</b>		<b>9,993,301,860</b>	<b>9,317,801,859</b>	<b>675,500,001</b>	<b>7%</b>
<b>DEFICIT</b>		<b>217,492,909</b>			

## **Key Drivers of the Deficit**

The budget deficit is largely attributed to adjustments made by the County Assembly, including:

- i) Introduction of Capital Expenditure amounting to **Ksh. 207,600,000**  
(not included in the CFSP ceilings)
- ii) Increase in Transfers to Other Government Entities (Car Loan & Mortgage Scheme) by **Ksh. 10,000,000**
- iii) Upward Adjustment in PE by **Ksh. 4,299,343**
- iv) Reduction in O&M by **Ksh. 4,406,434**, which marginally offsets the increases above.

These adjustments significantly deviated from the fiscal policy direction outlined in the CFSP and introduced unplanned pressure on the county's fiscal space.

## **Legal Framework**

The preparation and submission of the Programme-Based Budget (PBB) estimates are guided by the provisions of the Public Finance Management (PFM) Act, 2012, particularly **Sections 129 and 130**, which outline the legal requirements and responsibilities of both the County Executive and the County Assembly in the budgeting process.

## **Section 129 of the PFM Act, 2012: Budget Preparation and Submission**

**Section 129(1)** mandates that the County Executive Committee Member (CECM) for Finance shall submit to the County Executive Committee for approval:

- a) The budget estimates and supporting documents for the County Government **excluding the County Assembly**; and
- b) Draft bills required to implement the county government budget, ensuring timely submission in accordance with statutory deadlines.

**Section 129(2)** provides that following approval by the County Executive Committee:

- a) The **CECM for Finance** shall submit to the **County Assembly**, by **30<sup>th</sup> April** of that year, the budget estimates, supporting documents, and any other bills required to implement the budget, **excluding the Finance Bill**; and
- b) Ensure that the submitted estimates are **in accordance with the resolutions** adopted by the County Assembly in the **County Fiscal Strategy Paper (CFSP)**.

**Section 129(3)** requires the **County Assembly Clerk** to prepare and submit to the County Assembly the **budget estimates for the County Assembly**, and forward a copy of the same to the **CECM for Finance**.

**Section 129(4)** obligates the CECM for Finance to prepare and present their **comments** on the County Assembly's budget estimates as submitted by the Clerk.

### **Section 130 of the PFM Act, 2012: Contents of Budget Estimates**

**Section 130(1)(a)** outlines the **mandatory elements** that must be included in the budget summary of the estimates submitted to the County Assembly and shall include:

- i) A summary of budget policies including revenue, expenditure, debt and deficit financing; and
- ii) An explanation of how the budget relates to the fiscal responsibility principles and the financial objectives;
- iii) A memorandum by the county executive committee member for finance explaining how the resolutions adopted by the county assembly on the budget estimates have been taken into account;

**Section 130(1)(b)** outlines that the budget estimates submitted to the County Assembly shall include:

- i) A list of all county government entities that are to receive appropriated funds.
- ii) Projections of revenue expected from the **Equalization Fund** over the medium term.
- iii) All revenue allocations from the **National Government**, both **conditional and unconditional**, over the medium term.

- iv) All other estimated revenues, categorized by broad economic classifications.
- v) Estimates of all expenditures by vote and by programme, clearly distinguishing between **recurrent and development** expenditures.
- vi) Details of all loans made to the county government, including estimates of **principal, interest**, and **other charges** payable in the financial year.

### **Legal Compliance of submitted Budget Estimates from the County Executive**

The following is an assessment of the extent to which the document complies with the provisions of the law:

<b>Section/Requirement</b>	<b>Level of compliance</b>	<b>Comment</b>
Timely submission - <b>Section 129(2)</b>	2 out of 3	The estimates were received on 30 <sup>th</sup> April 2025 at 6pm <b>without</b> any supporting documents.  However, memorandum from the CECMF was received <b>2 days</b> after the statutory deadline.
Publication and Publishing - <b>Section 129(6)</b>	0 out of 3	As at 16 <sup>th</sup> May 2025, the County Treasury had neither published nor publicised the estimates. The

		document had not been uploaded in the official website.
<p>Mandatory elements that must be included in the budget summary</p> <p>- <b>Section 130(1)(a)</b></p>	0 out of 3	<p>The submission <b>does not provide any policy measures</b> aimed at upscaling own source revenue; expenditure control and rationalization; and mitigation of pending bills;</p> <p>The memorandum <b>does not clearly explain</b> how the proposed budget aligns with the fiscal responsibility principles outlined in the PFM Act, 2012. There is <b>no reference</b> to the financial objectives as set out in the CFSP, contrary to the requirements under Section 107 of the Act;</p> <p>The memorandum <b>fails to demonstrate</b> how the <b>resolutions adopted</b> by the County Assembly on the budget ceilings and priorities have been incorporated into the final</p>

		estimates. Instead of aligning with the approved ceilings, the CECM's memorandum focuses primarily on <b>justifying deviations</b> , without providing adequate rationale or demonstrating consensus with the Assembly's recommendations.
Details that must be captured in the budget estimates - <b>Section 130(1)(b)</b>	4 out of 4	Information provided
Local Revenue (OSR) Target	1 out of 3	The OSR target of <b>Ksh. 277 million</b> for the current financial year may be <b>overly ambitious</b> , especially when compared to the actual collection of <b>Ksh. 238 million</b> (inclusive of FIF) achieved in FY 2023/24. Notably, the target for the year under review was <b>Ksh. 280.03 million</b> , yet the Office of the Controller of Budget reports that only <b>Ksh. 26.83 million</b> had been collected by the

		<p>mid-year mark equivalent to just <b>9.6%</b> of the annual target. This underperformance raises concerns about the realism of the current projection.</p>
<p>Appropriation-in-Aid (AIA) Target</p>	<p>1 out of 3</p>	<p>Likewise, the FIF target of <b>Ksh. 290 million</b> appears <b>unrealistic</b>, given the County's total OSR performance of <b>Ksh. 238 million</b> in FY 2023/24, which included FIF collections. For context, the FIF target for the current year is <b>Ksh. 175.72 million</b>, yet as per OCoB's half-year analysis, only <b>Ksh. 45.39 million</b> has been collected representing <b>25.8%</b> of the target. This indicates that the county may face significant challenges in achieving the set target by the end of the fiscal year.</p>

<b>Total level of compliance</b>	<b>8 out of 19 equivalent to 42%</b>	
----------------------------------	--------------------------------------	--

The analysis above reveals the need for the County Treasury to strictly observe relevant legal provisions and enhance the publication and publicity of budget documents. In particular, the Treasury should adhere to the mandatory elements required in the budget summary, as stipulated under Section 130(1)(a) of the Public Finance Management (PFM) Act, 2012.

Moreover, the Treasury must ensure that the estimates of revenue are accurate and realistic, especially for sources that fall directly under its mandate. This includes the OSR and the FIF, which must be credibly and rightfully estimated to support sound fiscal planning and accountability.

### **Status of Outstanding Bills across Departments**

The proposed FY 2025/2026 budget estimates include provisions for the settlement of pending bills across several departments, as aligned with the ceilings approved in the CFSP. These allocations are critical in addressing historical financial obligations and enhancing budget credibility. The following departments have included allocations toward pending bills totalling to **Ksh 54.8M**:

1. Department of Roads - Ksh 5 million on the recurrent vote and Ksh 20 million on the development vote.
2. Department of Water - Ksh 15 million under the development vote.

3. Department of Co-operatives and Marketing - Ksh 4 million under the development vote.
4. Office of the County Executive - Ksh 7 million under the recurrent vote.
5. Department of Administration - Ksh 3 million under the recurrent vote.
6. Department of Economic Planning - Ksh 800,000 under the recurrent vote.

These allocations demonstrate an effort to gradually clear verified pending bills, and the Committee acknowledges this alignment with fiscal prudence as per guidelines issued by the National Treasury and the Controller of Budget. However, the **Department of Health Services** has introduced **a new pending bill amounting to Ksh 20,317,476**. Notably, this amount does not feature in the approved CFSP ceiling and raises a concern that the figure appears to be exact, suggesting that the department may already have a predetermined set of commitments or activities. Also, the early anticipation of pending bills, while the current budget cycle is still active, signals potential weaknesses in expenditure planning, procurement sequencing, or cash flow management.

Given the **implications of unbudgeted or speculative pending bills on the overall fiscal position of the county**, the relevant committees should consider the following amongst others:

1. **Submission of a Detailed Breakdown:** The Department of Health Services must submit a breakdown of the projects or contractual obligations that make up the **Ksh 20.3 million anticipated pending bill**.

2. **Verification of Legitimacy:** All departments should provide a comprehensive and itemized list of eligible pending bills, clearly distinguishing between verified, disputed, and anticipated obligations.
3. **Inclusion in Budget Documentation:** The final budget estimates submitted to the County Assembly should include an annex of pending bills to be settled in FY 2025/2026, as part of the transparency and accountability framework.

### **Preventive Measures**

The County Treasury should enhance in-year expenditure tracking and enforce fiscal discipline to minimize the accumulation of pending bills.

### **Potential Violations of the PFM Act**

#### **Section 117(2) , 117(6) and 130– Deviation from CFSP**

The PFM Act requires that the estimates of revenue and expenditure shall be in line with the fiscal framework and strategic priorities set out in the most recent CFSP. However, numerous deviations noted here breach this requirement. Adjustments not backed by CBEF or public participation inputs suggest non-compliance.

#### **Section 125 – Budget Process Integrity**

Subsections emphasize:

- i) Transparency and accountability in resource allocation,
- ii) Adherence to approved ceilings and sector priorities.

The inclusion of large, unexplained budget increases undermines the integrity of the budget-making process and may compromise public trust.

**Section 104(1)(i) – Management of Public Resources**

Failure to prioritize expenditures as per CFSP may result in inefficient and ineffective utilization of public funds, which the County Treasury is mandated to guard against.

The County Assembly Budget Office (CABO)

## **Sectorial, Departmental or Spending Unit Analysis**

### **Administration, Public Service, Devolution and Special Programmes**

#### ***Public Service***

#### ***PE and the Wage Bill***

A review of the proposed budget estimates reveals notable adjustments from the ceilings approved in the CFSP, particularly within the Department of Public Service and the Devolution and Special Programmes vote. Most prominently, the proposed budget for Public Service reflects **an upward adjustment of Ksh 109.3 million**, from an approved ceiling of **Ksh 3,498,295,456** in the CFSP to **Ksh 3,607,595,456** in the current estimates.

This increase is partly attributed to casual labour provisions amounting to **Ksh 36,815,456**. However, the County Assembly had earlier approved a consolidated casual labour allocation of **Ksh 23,995,456** across multiple sectors, including Public Service, Cooperatives, Agriculture, Municipality, Roads, and the County Executive. Notably, the current estimates introduce **new casual labour lines** totalling **Ksh 16,150,400** in departments such as Health Services; Lands, Housing and Urban Planning; and Gender and Social Services that were not previously allocated such provisions. This raises concerns regarding wage growth, employment sustainability, and adherence to the approved staffing structure. Given that the county's wage bill has reached **40%** of the total budget well above the PFM recommended **threshold of 35%**, the Committee should seek a clear explanation from the CECM on

how this increase aligns with fiscal responsibility principles. A detailed roadmap for containing and eventually reducing the wage bill must be presented.

A recurring concern in the budget formulation and oversight process at the county level has been the persistent upward adjustment of the wage bill without adequate justification from the Department of Public Service. The lack of transparency and traceability in these adjustments undermines effective fiscal oversight and creates ambiguity in determining departmental staffing needs and expenditure trends.

In view of this, it is imperative that **PE** be **disaggregated and reflected** within each respective departmental vote rather than being consolidated under the Department of Public Service. Such consolidation not only obscures the actual cost of personnel per department but also diminishes the accountability of departmental heads in managing their human resource budgets. Moreover, any post-consolidation changes made without the express input or concurrence of individual departments renders wage bill oversight ineffective.

For instance, the current estimates reflect an **upward adjustment of Ksh 100 million** from the approved ceiling under the Public Service vote. However, this lump-sum increase lacks clarity on which departments are adjusting their PE provisions, making it difficult for the County Assembly and other oversight bodies to assess the legitimacy, necessity, or implications of the changes. Without itemized breakdowns by department, it becomes nearly

impossible to track headcount growth, payroll rationalization, or compliance with the recommended wage bill thresholds.

To enhance fiscal discipline, promote departmental accountability, and support effective wage bill monitoring, it is recommended that:

1. All departments reflect their personnel emoluments within their respective budgets.
2. Any proposed adjustments to the wage bill be accompanied by detailed justification, staffing plans, and approvals from the County Public Service Board.
3. Oversight mechanisms be strengthened to ensure that no changes to PE ceilings occur without prior consultation and concurrence with the affected departments.

The CECM for Public Service and the CECMF should provide a detailed departmental breakdown of the wage bill, including any proposed increases, attrition, new recruitment, or reallocation of staff, as part of the supporting documentation for the FY 2025/2026 estimates.

### ***Devolution and Special Programmes***

#### ***MVCs' remuneration***

The remuneration for MVCs has been **reduced** from **Ksh 81,300,000** as approved in the CFSP to **Ksh 67,500,000** in the proposed budget estimates, **a downward revision of Ksh 13.8 million**. MVCs are legally established under the County Governments Act to provide grassroots representation at the village level functions that are essential for deepening citizen participation

and administrative decentralization. The reduction in their remuneration, without any justification, raises critical questions including: Is the department proposing to cut the number of MVCs? Has the structure of their compensation changed? Or does this indicate a de-prioritization of village-level governance program?

The Committee urges the CECM to clarify whether the reduction is based on a reconfiguration of MVC functions or headcount, and to provide assurances that the established administrative units will continue to receive representation in line with the law. A reduction in the MVC structure would be regressive and inconsistent with the principles of public participation and service delivery enshrined in the Constitution and the County Governments Act.

## ***KDSP II***

The KDSP II Counterpart Funding has been significantly **revised upwards from Ksh 8,000,000 to Ksh 37,500,000**. Given that the Kenya Devolution Support Programme (KDSP) is a performance-based grant with funds allocated 50% through the equitable share formula and 50% equally among counties, the rationale for such a sharp increase in counterpart funding must be made clear. It is important to note the aim of KDSP II is to support the County government to be centres for service delivery and economic expansion especially in areas of public financial management, good governance as well as to enhance fiscal responsibility principle. The Counties are only required to agree to prepare and implement a capacity building plan, an annual performance assessment and reporting on funds received. There is no

condition for the contribution of the matching fund by the County government and therefore the increase in the allocation of **KES 29.5** million is unjustifiable. The notable increase needs an explanation as to what occasioned the adjustment, therefore, the relevant CECM must table documentation or policy directives justifying the county's contribution, including any conditionality that require co-financing.

### **Roads, Public Works and Transport**

The proposed budget estimates for the Department of Roads, Public Works and Transport raise several critical oversight issues that require clarification and justification from the relevant CECM. These concerns relate to the classification of expenditures, operational redundancies, and potential procedural irregularities.

### **Casual Labour Allocation**

The proposed allocation of **Ksh 8 million** for casual labour warrants closer scrutiny. The department is required to justify the continued reliance on casual labour in light of existing staffing levels. Specifically, the CECM must:

1. Provide a clear explanation of the scope and necessity for these casual workers;
2. Confirm whether the recruitment and deployment of these workers has been approved by the County Public Service Board (CPSB), as required by law and regulations;

3. Demonstrate the cost-effectiveness of this casual engagement relative to the current wage bill and ongoing discussions on rationalizing personnel costs.

Failure to regularize such engagements may contravene public service guidelines and contribute to wage-related fiscal pressure.

### ***Hire of Tippers***

The department has proposed **Ksh 25 million** for hiring tippers for road construction activities. However, this item raises a red flag considering that the county acquired new tippers in FY 2023/2024. The following must be clarified:

1. Are the newly procured county-owned tippers fully operational and adequate to meet departmental needs?
2. If not, what is the specific operational gap or excess demand necessitating the hire of external tippers?
3. Is there a defined framework, cost-benefit analysis, or work plan that justifies the hiring arrangement and aligns it with the department's roads construction schedule?

Without such justification, the proposed expenditure risks duplication and inefficient utilization of public assets.

### ***Classification of Fuel and Tyres for Heavy Machinery***

The estimates include **Ksh 65 million** for fuel for heavy machinery under the development vote and **Ksh 10 million** for tyre replacement under recurrent expenditures. This disjointed classification presents a challenge:

1. Both fuel and tyre replacement are, by their very nature, recurrent expenditures linked to ongoing operational needs and machinery maintenance.
2. Their separation into development and recurrent categories raises concerns about adherence to program-based budgeting standards and may distort reporting on actual development spending.

The CECM is therefore requested to:

1. Explain the rationale behind this budgetary disaggregation;
2. Clarify whether this approach aligns with Treasury circulars and program-based budgeting guidelines;
3. Provide a revised, harmonized classification to ensure consistency, transparency, and accountability in expenditure reporting.

### **Agriculture, Livestock and Fisheries**

The proposed FY 2025/2026 budget for the Department of Agriculture, Livestock and Fisheries presents several inconsistencies and budgetary shifts that warrant clarification. The CECM responsible is expected to respond to the following issues:

#### ***Casual Labour Expenditure***

The budget continues to include an allocation of **Ksh 5,095,456 under "Use of Goods and Services"** for casual labour. This inclusion is concerning in light of the recent public advertisement for substantive appointments by the CPSB.

Justification is required on why casual engagements persist despite ongoing formal recruitments. The department should also confirm whether these engagements have CPSB approval and how they align with long-term staffing strategies.

### ***Crop Management Sub-Program***

#### **1. NAVCDP Conditional Allocation – Ksh 156,500,000**

The committee requires disclosure of the **SLAs** governing the NAVCDP. These SLAs should outline the counterpart funding obligations, project scope, and delivery expectations to establish fiscal compliance and program alignment.

#### **2. Kenya Agriculture Business Development Project – Ksh 5,500,000**

The CECM is required to provide detailed information on the scope, implementing partners, and performance indicators of this project to justify the allocation.

#### **3. ASDSP (Agricultural Sector Development Support Programme)**

ASDSP had an approved **CFSP ceiling of Ksh 1,716,655** but does not appear in the budget estimates. The CECM must clarify the rationale for its omission despite its strategic importance and budgeted ceiling. Was the program phased out, restructured, or erroneously excluded?

#### **4. Upward Adjustments Requiring Justification**

- a) Purchase of Certified Seeds has increased by **Ksh 1,900,000**
- b) Agricultural Engineering Services increased by **Ksh 1,400,000**
- c) Supplies for Agricultural Production increased by **Ksh 816,655**

The CECM must provide an explanatory note for each of these upward adjustments, including data on demand, strategic priorities, or price revisions to support the changes.

### ***Food and Nutrition Security Sub-Program***

#### **1. Agricultural Materials, Supplies and Small Equipment**

A clear justification is required for its allocation increase by **Ksh 900,000**, particularly in terms of the quantity and type of materials to be procured, and whether this correlates with expanded service delivery or a scaling of existing projects.

#### **2. Construction of Tea Buying Centres**

The rationale behind its allocation being reduced by **Ksh 3,300,000** must be explained, especially given the importance of such infrastructure to smallholder farmers and rural economic stimulation. Has the scope of construction changed, or is the reduction indicative of underperformance in the previous fiscal year?

### **Education, Vocational Training, Youth and Sports**

The proposed budget estimates for the Department of Education, Vocational Training, Youth and Sports present several fiscal and programmatic concerns which necessitate clarifications from the CECM responsible. These observations have been drawn from both internal scrutiny and reference to external oversight, including findings from the Senate Committee on Education.

### ***Bursary and Support Services***

Under the Policy, Planning and General Administrative Services Program, the sub-item for bursaries and support services remains a significant cost center, with an allocation of **Ksh 60 million**. This program was recently interrogated by the Senate Committee on Education, which raised constitutional concerns regarding the function's validity under the Fourth Schedule of the Constitution of Kenya. It was noted that bursary administration does not fall under the direct purview of county governments and has repeatedly drawn queries from the Auditor General on its legality and effectiveness. The CECM is requested to **provide a forward-looking policy position** on the continuity of this program, and whether legislative or administrative reforms will be pursued to align the function with constitutional mandates or transfer it to national government frameworks.

### ***ECDE Feeding Programme***

This item, also under the general administration program, has drawn **significant criticism** for underperformance and substandard implementation. The Senate Committee established that the program, which primarily provides long-life milk to ECDE learners, only runs for a limited portion of the academic year, thereby failing to achieve its intended nutritional outcomes.

The relevant CECM must elaborate on the department's plan to restructure and enhance the program to ensure nutritional adequacy, sustainability, and alignment with the school calendar. Or has any evaluation been undertaken to inform program redesign?

## ***Youths and Sports***

Despite the overall ceiling remaining unchanged, notable reallocations and emerging items require justification:

### ***a) Boards, Committees and Conferences***

The allocation for this item has more than doubled, from **Ksh 310,000 to Ksh 786,341**. The CECM must justify this increase, including whether it reflects expanded activities, statutory board obligations, or increased engagements with sports federations or youth councils.

### ***b) Policy Development***

This new line item has been introduced without accompanying documentation. The department is expected to furnish the County Assembly Committee on Education with details on the specific policy being developed, its strategic intent, stakeholders involved, and expected deliverables or timelines.

### ***c) Use of Goods and Services***

The increase in this recurrent expenditure is inconsistent with corresponding reductions in development allocations. Notably, training expenses have been reduced by **Ksh 6.3 million**, while construction of playing fields has risen by **Ksh 2.5 million**. The department should explain the rationale behind prioritizing operational spending over capacity-building and how it plans to balance administrative and development goals.

#### ***d) Policy development***

This is a new introduction which was not in the CFSP, the policy development establishes a framework for operations, promotes fairness and consistency and ensures compliance with laws and regulations, it also helps in strategic alignment, how it was left out therefore need an explanation as to what the policy is all about and what it is supposed to serve. It cannot be a knee-jerk reaction rather than a strategic document.

### **Medical Services and Public Health**

#### ***Massive Unapproved Increases***

Several budget lines reflect significant increases from the CFSP without corresponding justifications:

- a) Fuel for vehicles, motorcycles & generators: Proposed KES 15M vs CFSP KES 10M — **increase of KES 5M.**
- b) Maintenance of plant, machinery & MES equipment: Proposed KES 15.23M vs CFSP KES 4.23M — **KES 11M increase.**
- c) Anticipated Pending Bills: **Entire KES 20.3M not reflected in CFSP.**

Notably, the pending bill of **KES 20,317,476** was introduced. A pending bill ought not to be anticipated but rather had to be incurred but pending payment, the new accrual basis of accounting is expected to solve the issue, also, it's better to treat the pending bill as a first charge rather than anticipating it and if it is being anticipated it means it is in the future and therefore, how the amount was arrived leaves more doubt as to how the figure was arrived at.

### ***Inflated Transfers to Health Facilities***

**Cash Transfers:** Proposed at KES 135.8M vs CFSP KES 21.1M meaning **KES 114.76M discrepancy**, raising transparency and accountability concerns, especially if source documents and frameworks (e.g., Facility Improvement Fund policy) are not provided.

### ***Significant Increase in Development Vote***

Medical and Dental Equipment: Proposed KES 185.9M vs CFSP KES 120.9M indicates **a difference of KES 65M**. This change requires justification with cost-benefit analysis and alignment with sector priorities.

### ***Programs with Negative Variance***

Certain programs show a reduction from the CFSP, implying resource reallocation:

- a) Sanitation Programs: Reduced from KES 26.3M to KES 15M — **negative variance of KES 11.3M.**
- b) Primary Health in Devolved Context: **Entirely removed (previously KES 8.48M).**

This reallocation contradicts the approved policy focus, especially in preventive healthcare which is a core pillar of UHC.

### ***Personnel Emoluments***

Several cadres of allowances have been captured and incorporated up to and including emergency call allowances, extraneous allowances, disability allowances and health risk allowances, categorization can easily be done and so creating another set of allowances otherwise known as “other allowances”

amounting to **KES 11 million** is generic and ambiguous, there should be specificity.

### ***Review of Salary (ECDE) inclusion***

The appearance of ECDE salaries under the department of medical and health services amounting to **KES 14 million** may have been out of omission and distorts the budgetary allocation for the department and paints a different picture, this could have been a copy and paste phenomenon that ought to have been corrected to give accurate figures that can be relied upon.

### ***Casual Labour and New/Anticipated appointments***

The department intends to engage casual workers at a cost of **KES 2,150,400** which was not envisaged in the CFSP, again the department anticipates to engage new appointments at a cost of **KES 40,014,763**, as to whether the concurrence was sought with the Public Service Board is something that needs a clarification. The incessant unplanned recruitment may lead to increased wage bill and subsequent crowding out funding for development projects and essential services.

### ***Anticipated Pending bills***

Notably, a pending bill of **KES 20,317,476** was introduced. A pending bill should not be anticipated; rather, it should have already been incurred but remains unpaid. It is important to note that there are existing pending bills that are yet to be paid in the department yet there is silence on how they are going to be paid but loud on a future obligation yet to be incurred.

The new accrual basis of accounting is expected to address this issue and therefore anticipated pending bills will dissolve into nothing. Accounts payables commonly referred to as pending bills have increasingly become a concern and have been managed outside the accounting system since entities are on cash basis of accounting and so ascertaining of the completeness of these payables and their subsequent payment will become easier with the adoption of accrual accounting. Furthermore, it is better to treat the pending bill as a first charge rather than anticipate it. If it is being anticipated, it implies that it pertains to the future. Therefore, the basis for arriving at the amount of **KES 20,317,476** raises doubts and requires clarification.

#### ***Oversight Recommendation***

Revisions Required: The relevant committee should demand detailed explanations and documentation for all significant variances particularly the unbudgeted **KES 114Million** in facility transfers and **KES 20.3Million** in pending bills.

### **Finance, ICT and Economic Planning**

#### ***ICT***

The development expenditure increased by **KES 15 million**, purportedly for the acquisition of a new revenue system. Revenue collection is an ongoing process, and existing infrastructure already supports this function to help the County Government achieve its own-source revenue targets, which form part of the overall county revenue envelope. The status of the current revenue

system needs to be ascertained and disclosed. Furthermore, the need for acquiring a new revenue system should be justified with in-depth details.

## ***Finance***

### ***Automation of Revenue***

This has been given an allocation of **KES 3 million**. The same allocation towards the acquisition of the revenue system has been allocated **KES 15 million** under the department of ICT. This is clearly a double allocation under the same department meant for the same purposes. A justification for the allocation needs to be made or alignment done for the substantive operationalization of the allocation to enhance the revenue collection and better management of the funds.

### ***Economic planning***

The flagship project that had **KES 100,063,431** in the approved CFSP estimates while in the proposed estimate it has been revised upwards to **KES 145,063,431** subsequently, increasing the set ceiling by **KES 45 million**.

An explanation for the significant increase in allocation and a detailed description of the flagship programme should be provided. This should include the nature and purpose of the programme, the anticipated beneficiaries, the programme's design, and its distribution across the County.

## **Lands, Housing and Urban Planning**

### ***Economic classification***

Operation and maintenance increased **by KES 53 million** while development reduced by **KES 8.3 million**.

### ***Land Valuation***

Land Valuation was increased from **KES 1.5 million** in the CFSP to **KES 2 million** in the proposed Estimate, an increase of **KES 0.5 million** that needs a justification.

### ***Acquisition of other lands***

Acquisition of other lands (e.g Stadium, ICT, etc) was increased from the approved CFSP of **KES 25 million** to **KES 75 million**, a whopping increment of **KES 50 million** which is double the initial amount of CFSP, a clear and detailed justification is needed since already the lands for the stadium and ICT hubs have already been acquired.

### ***The KUSP urban development Grants (UIG)***

This programme was initially classified under development, as it should be. However, in the submitted Budget Estimates, the proposed activities appear to be recurrent in nature. Since these allocations are conventionally intended for urban development, clarification is needed on this inconsistency.

Additionally, the total allocation has decreased from **KES 53,278,289**—comprising **KES 35,000,000** from KUSP Urban Development Grants (UDG)

and **KES 18,278,289** from KUSP Urban Institutional Grants (UIG)—to **KES 28.5** million in the Budget Estimates. Clarification is required on the reason for this reduction.

### ***Urban Management***

Outsourcing of cabbage collection have had their allocation enhanced upward by **KES 9 million**, initially the allocation for the programme in the CFSP had been capped at **KES 51,576,139**, the allocation in the proposed estimate was however increased to **KES 60,576,139**. The level service agreements for the outsourced garbage collection program should be adduced to support the additional allocation.

Clearly, there was an existing contract that had determined the initial amount. Any deviation from this allocation warrants an explanation to justify the change in the cost of garbage collection. A detailed description of the terms of the contract should also be provided.

### ***Casual Labour***

This is a new introduction amounting to **KES 12,000,000** meant for casual labour that was not envisioned at all in the County Fiscal Strategy Paper (CFSP). Ideally, most of the casuals previously engaged by the Urban Department were involved in garbage collection, a service that has since been outsourced. The reintroduction of casual labour raises several questions and warrants a clear justification regarding the need for their engagement, their expected terms of service, the number to be hired, their deployment locations, and the current status of the intended works, including who is presently carrying them out.

The engagement of casual labour was primarily intended for garbage collection in the past, but since the service is now contracted out, the proposed engagement of casuals is questionable.

### ***Municipality***

The personnel emoluments increased by **KES 10 million** up from **KES 30 million** to **KES 40 million**. The allocation is clearly stated for basic salaries alone which begs the question as to how other allowances will be accounted for, conventionally it is the basic salaries plus the allowances that makes up the gross salaries, the operationalization of the allocation deserves more questions than answers. Furthermore, Sotik municipality has been ignored altogether with zero allocation been made to it, as to how it will operate without the funds cast doubts and aspersion on the practicality and the real intention.

The other casual labour under Bomet municipality ought to be justified as to the nature of the tasks intended to be done.

KICOSCA games allocation has been increased by **KES 100,000**. The Kenya Inter- County Sports and Cultural Association) games are a yearly inter county and cultural event and features many sporting events. The sporting department ought to have a consolidated allocation for all the departments since the activity affects all the departments as opposed to a disaggregated one. It is worth noting that other departments do not have the line item for KICOSCA games, it cannot be unique to the Municipality department.

Sotik Municipality has proposed in the budget estimate an allocation for the policy development of KES 1 million, the proposal was not provided for in the CFSP and therefore a justification is needed as to the need of the policy and what it will serve.

### **Gender, Culture and Social Service**

An allocation of **KES 2 million** for casual employees has been introduced, despite not being included in the County Fiscal Strategy Paper (CFSP). This represents a clear deviation from the approved plan—an off-tangent and seemingly afterthought inclusion. A detailed explanation should be provided to justify why this allocation was introduced at the Budget Estimates stage, including information on the nature of the casuals, their terms of service, and the duration of their engagement. Furthermore, a clear justification is required for the deviation from the established budget ceilings.

Additionally, the allocation for **gender mainstreaming, women's economic empowerment, and training has been reduced by KES 1.35 million**. These initiatives are essential for empowering women economically, addressing gender-based violence, and fostering a more equitable society by removing barriers to women's economic participation, ensuring their safety, and embedding gender considerations into public policy. The reduction in funding will likely undermine progress in these areas and negatively impact the gains that could have been achieved and cognizant of the fact that gender-based violence is on the rise within the County that calls for increased funding.

## **Co-Operatives and Enterprise Development**

The **allocation for support to cooperatives** has been reduced by **KES 3,000,000**—from a ceiling of **KES 14,500,000** set in the County Fiscal Strategy Paper (CFSP) to **KES 11,500,000** in the submitted Budget Estimates. Cooperatives play a critical role in supporting rural economies and hold immense untapped potential, which the County Government has yet to fully harness. This reduction may have significant negative implications for rural development.

**The development of cottage industries** has experienced a major shift, with an increase of **KES 55,000,000**. Given the magnitude of this amount, it cannot be considered an afterthought. Such a substantial allocation appears disconnected from forward planning and does not align with the principle of prudent budgeting. Moreover, it does not qualify as an unforeseen emergency, and therefore requires a clear and detailed justification.

The budget for **the completion and development of cooling plants and storage facilities** has been reduced by **KES 1,000,000**. These are critical projects whose prolonged delay denies the public essential services and undermines the value addition process necessary for improving product quality and market prices. Their completion would help bridge an existing service gap and unlock significant economic opportunities.

In the category of **“Other Current Transfers – Pending Bills,”** there has been an unexplained reduction of **KES 1,000,000**. Pending bills should represent expenditures that have already been incurred and are clearly known. They

cannot be projected or anticipated for future accrual. As such, reducing this amount validates the fiscal indiscipline.

Pending bills remain a major obstacle to effective resource allocation. It is therefore imperative that a proper and sustainable solution be developed to address them comprehensively.

## **Water and Environment**

In the current fiscal year, BOMWASCO has once again received a substantial allocation, amounting to **KES 80 million**, primarily for the payment of electricity bills. Notably, efforts have been made to solarize operations and implement large-scale water infrastructure projects. However, despite these investments, there has been minimal improvement in water supply. Residents continue to voice their frustration over the persistent inadequacy of clean and reliable water access. A sustainable and long-term solution remains absent.

This situation underscores a critical gap in the realization of Sustainable Development Goal (SDG) No. 6, which calls for universal access to clean water and sanitation. The Department of Water appears to be struggling to meet this goal, and the progress made thus far has been insufficient.

Moreover, BOMWASCO, as a public utility, is expected to be self-sustaining and to generate its own revenue. Unfortunately, this has not been achieved, raising concerns about its financial viability and long-term sustainability. The County Executive Committee Member (CECM) for Water, Sanitation, and Environment must urgently provide practical, evidence-based solutions to

address the systemic challenges facing the sector and restore public confidence in service delivery.

**DIG-DEEP and NAWASIP K-WASH Programmes** -Within the Water sector, the DIG-DEEP programme initially had a ceiling allocation of **KES 180 million**. However, the current Budget Estimates reflect a significant reduction in funding to **KES 79,729,147**. This drastic decrease raises questions as to whether donor contributions were scaled down, leading to the reduced allocation. It's worth noting also that the resource envelope had an allocation of **KES 80,000**. A formal clarification on the rationale behind the budget cut is essential, particularly concerning any changes in donor support or project scope and whether the County government ought to have allocated a matching fund. Also, the CEC for water and Environment ought to provide service levels agreements for the programme.

In addition, the **NAWASIP K-WASH programme** had no allocation in the County Fiscal Strategy Paper (CFSP), yet the Budget Estimates now reflect an allocation of **KES 100,270,853**. This sudden inclusion of funds warrants explanation. Specifically, it should be clarified whether the additional amount was secured from donors or reallocated from other programmes. Transparency on the source and intended use of these funds is necessary for proper oversight and accountability.

Clearly, there is a heads-up in the two programmes;

- i) If indeed there was an error of inclusion in the DIG DEEP of KES 180 million in the CFSP as opposed to KES 80 million as it is in the

resource envelope, how the **KES 80 million** again is reduced to **KES 79,729,147** raises eyebrows,

- ii) NAWASIP K-WASH programme never existed in the first place in the resource envelope nor in the CFSP but rather introduced at the Budget Estimate with an allocation of **KES 100,270,853**

**Note:** This is an ingenious way to satisfy the introduction of the NAWASIP K-WASH programme to leverage on the surplus figure of KES 100 million. The purported slight reduction of the DIG DEEP figure was merely intended to cloud the deliberate inclusion. It cannot be coincidence that the two programmes add up to exactly KES 180 million i.e. **(KES 100,270,853+ KES 79,729,147= KES 180,000,000)**, that is, **KES 270,853** was reduced in the DIG DEEP programme and a similar amount was added to the KES 100 million which was inadvertently included.

**The Intuition of this;** The relevant CEC should provide the service level Agreements for the two programmes to justify the allocation and shade light on these two programmes.

### **Administration and Public Service Board**

The public service board, County executive, office of the deputy governor, office of the County Attorney and administration whose budgets are largely recurrent in nature stuck to their ceilings and no notable changes were affected.

## **Trade, Energy, Tourism, Industry and Investment**

The priorities for the departmental programmes point to a lack of proper fiscal responsibilities and good budgeting, whereas a forward-looking document as County enterprise fund has been enacted there is little effort to breathe life to its operationalization. A deeper dive on the programme juxtaposed with the market development- Construction of ‘mama mboga” and boda boda sheds reveals a focus mainly on the hardware and little attention on the software bit where the former has an allocation of **KES 5 million** and the latter has **KES 11.2 Million**, mark you the market development has in every fiscal year had an allocation and therefore the focus should have shifted to allocating more resources to County Enterprise fund to leverage on the already established infrastructure. The CEC for Trade, Energy, Tourism and Investment should explain the future of the fund and the need to deprioritize on the infrastructure to release more resources and prioritize allocating more for the enterprise development.

**Power Generation and Distribution Service-** Under this programme, the initial allocation of **KES 100,000** has been significantly increased to **KES 1 million**. However, there remain several grey areas that require clarification. Key among them are: the specific location of the project, the methodology and scope of power distribution, and whether the County Government of Bomet is involved as an independent power producer (IPP). Given that electricity distribution is the exclusive mandate of Kenya Power, the role of the County Government in this project needs to be clearly justified. A detailed explanation

is necessary to determine whether the County is engaging in generation, facilitation, or another aspect of the energy value chain.

**Installation and Maintenance of Solar Floodlights**-The allocation for the installation and maintenance of solar-powered floodlights has been reduced by **KES 1 million**. This programme plays a critical role in extending operational hours for micro, small, and medium-sized enterprises (MSMEs), while also contributing to improved security in public spaces. The reduction in funding may negatively affect routine maintenance and the sustainability of the lighting infrastructure. It is therefore imperative for the relevant County Executive Committee Member (CECM) to provide a comprehensive justification for this budget cut, particularly in light of the programmes' socio-economic benefits.

### **County Assembly**

The County Assembly's proposed budget for the 2025/26 financial year stands at **Ksh. 983,416,719**, representing a substantial increase of **Ksh. 217,492,909** (28%) above the approved ceiling of **Ksh. 765,923,810** set out in the approved CFSP. This level of deviation significantly undermines the principles of fiscal discipline, credibility, and predictability in public finance management as required under the PFM Act, 2012. Exceeding CFSP ceilings by such a margin especially without clear justifications or identified funding sources raises serious concerns about the sustainability and legality of the proposed budget.

## **Recurrent Budget Review**

### ***Personnel Emoluments (PE)***

The proposed allocation for PE is **Ksh. 413,630,131**, slightly above the CFSP ceiling of **Ksh. 409,330,788**, reflecting a modest increase of **Ksh. 4,299,343** (approximately 1%). While this deviation may appear marginal, it still reflects a disregard for the wage containment strategy emphasized by fiscal responsibility principles.

### ***Operations and Maintenance (O&M)***

Conversely, the proposed allocation for O&M stands at **Ksh. 312,186,588**, which is **Ksh. 4,406,434 less** than the approved ceiling of **Ksh. 316,593,022**, indicating a slight downward adjustment. While this deviation appears to align with fiscal restraint, it must be interpreted within the broader context. Certain O&M items such as training, insurance, hospitality, and travel remain significantly funded, suggesting that the reduction may not reflect overall prudence but rather reallocation within O&M sub-items.

## **Development Expenditure**

### ***Capital Expenditure and Transfer to Other Government Entities***

The most significant deviation lies in the two items where the County Assembly has proposed **Ksh. 207,600,000** for capital expenditure while **Ksh. 50,000,000** has been proposed for transfer to the Car Loan and Mortgage Scheme yet the approved CFSP provided for only **Ksh. 40,000,000** outside the provided ceiling for the County Assembly, resulting in a variance of **Ksh.**

**217,600,000** (+544%). This discrepancy is the **primary driver** of the overall budget variance.

This sharp deviation results from the introduction of numerous capital projects that were not approved in the CFSP nor reflected in the ADP. These include, but are not limited to, solarization of buildings, construction of a clock tower, gym equipment, a creche, access control systems, paving of VIP entrances, and the drilling of boreholes. While some of these initiatives may have long-term merit, their current inclusion is procedurally irregular and contravenes the requirements for prior planning and alignment with approved development priorities.

### **Fiscal Responsibility and Legal Compliance**

From a fiscal responsibility standpoint, the proposed estimates raise significant compliance concerns. The excess of **Ksh. 217.5 million** above the CFSP ceiling is in direct contravention of **Section 107(2)(b)** of the PFM Act, which mandates that budget estimates must adhere to ceilings set out in the approved CFSP.