

## County Government of Vihiga

### Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.6.57 billion, comprising Kshs.2.11 billion (32.1 per cent) and Kshs.4.46 billion (67.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 2.6 per cent compared to the previous financial year when the approved budget was Kshs.6.41 billion and comprised of Kshs.1.92 billion towards development expenditure and Kshs.4.49 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.07 billion (87.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.193.47 million (3.4 per cent) from its own source of revenue, Kshs.90.60 million (1.4 per cent) as Appropriation in Aid, and a cash balance of Kshs.816.83 million (12 per cent) from FY 2021/22. The County also expects to receive Kshs.404.43 million (9.1 per cent) as conditional grants.

### Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.92 billion as the equitable share of the revenue raised nationally, raised Kshs.176.02 million as own-source revenue, Kshs.43.23 million as Appropriation in Aid, Kshs.24.50 million as conditional grants, and a cash balance of Kshs.1.52 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.16 billion, as shown in Table 3.260: Vihiga County, Revenue Performance in the First Nine Months of FY 2022/23.

### Vihiga County, Revenue Performance in the First Nine Months of FY 2022/23

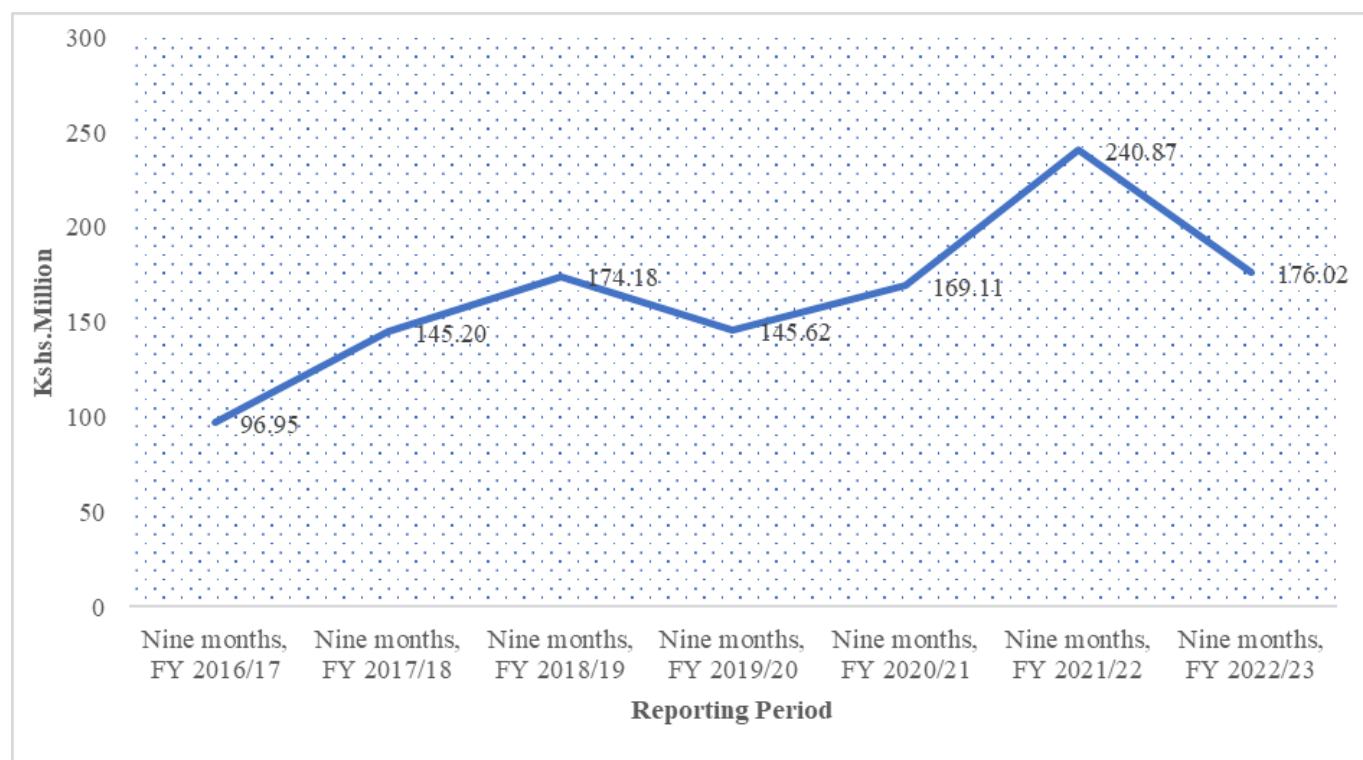
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,067,356,827	2,917,751,292	57.58
Sub total		5,067,356,827	2,917,751,292	57.58

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>B</b>	<b>Conditional Grants</b>			
1.	Nutrition International	10,000,000	8,500,000	-
2.	Leasing of Medical Equipment	110,638,298	-	-
3.	DANIDA	9,804,900	-	-
4.	NARIGP	243,345,337	-	-
5.	ASDSP II	8,642,554	5,000,000	-
6.	FLLoCA	22,000,000	11,000,000	-
<b>Sub total</b>		<b>404,431,089</b>	<b>24,500,000</b>	<b>-</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
7.	Own Source Revenue	193,470,488	176,015,208	91
8.	Appropriation in Aid	90,602,720	43,226,087	47.7
9.	Unspent balance from FY 2021/22	816,827,096	1,521,115	0.19
<b>Sub Total</b>		<b>1,100,900,304</b>	<b>220,762,410</b>	<b>20.2</b>
<b>Grand Total</b>		<b>6,572,688,220</b>	<b>3,163,013,702</b>	<b>48.1</b>

Source: Vihiga County Treasury

Figure 3.134: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

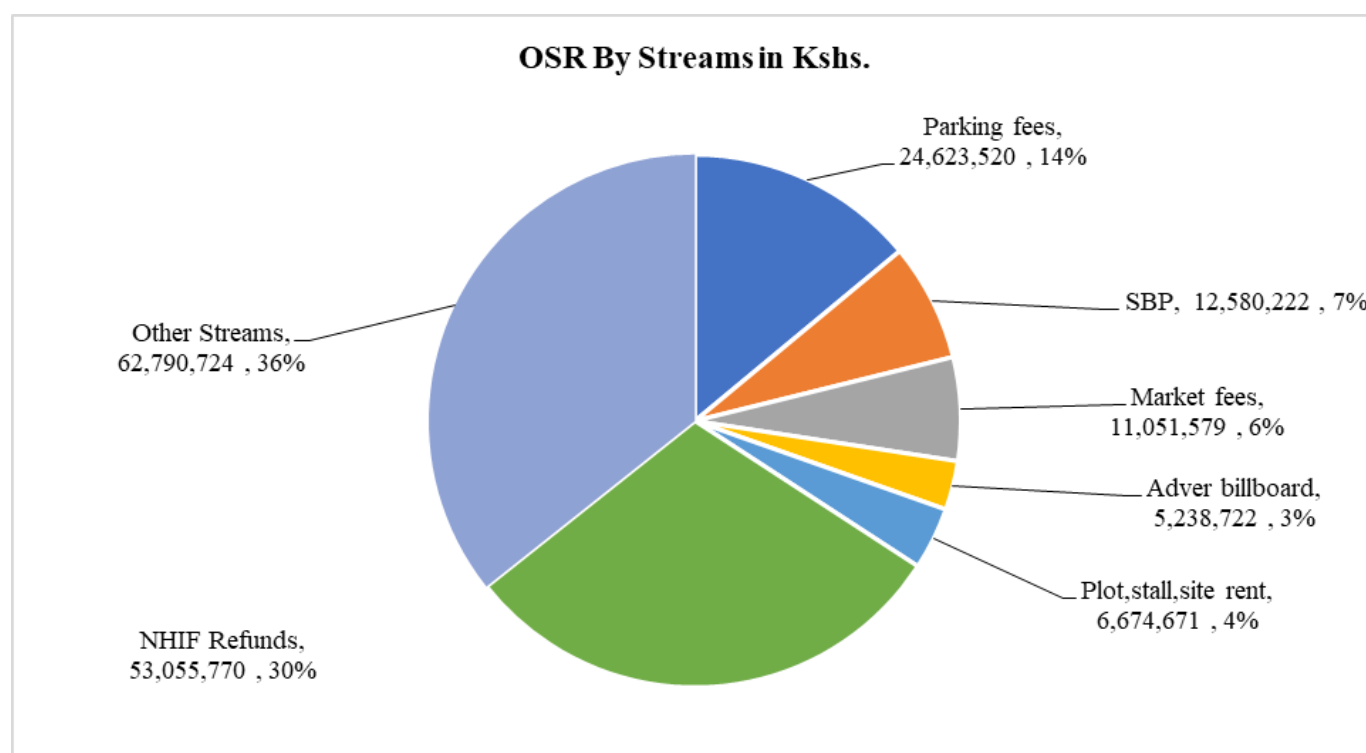
### Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Vihiga County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.176,02 million from its own sources of revenue, which represented a decrease of 26.9 per cent compared to Kshs.178.64 million realised in a similar period in FY 2021/22 and was 91 per cent of the annual target and 6.0 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in .

## Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Vihiga County Treasury

The highest revenue stream of Kshs.53.06 million was from NHIF refunds, contributing to 30 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.97.17 million (comprised of Kshs.44.11 million as AIA and Kshs.53.06 million from NHIF), in the first nine months of FY 2022/23.

### Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.11 billion from the CRF account during the reporting period. This amount comprised Kshs.450.16 million (14.5 per cent) for development programmes and Kshs.2.66 billion (85.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.90 billion was released towards compensation to employees and Kshs.762.30 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.36.38 million.

### County Expenditure Review

The County spent Kshs.3.31 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.7 per cent of the total funds released by the CoB and comprised Kshs.565.05 million and Kshs.2.74 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 26.8 per cent. In contrast, recurrent expenditure represented 61.5 per cent of the annual recurrent expenditure budget.

### Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.25 billion, comprised of Kshs.386.16 million for recurrent expenditure and Kshs.868.82 million for development activities. During the period under review, pending bills amounting to Kshs.458.30 million were settled, consisting of Kshs.92.73 million for recurrent expenditure and Kshs.365.58 million for development programmes, and therefore, the outstanding amount was Kshs.796.68 million as of 31st March 2023.

## Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.62 billion on employee compensation, Kshs.907.20 million on operations and maintenance, and Kshs.55.81 million on development activities. Similarly, the County Assembly spent Kshs.121.17 million on employee compensation, Kshs.91.13 million on operations and maintenance, and Kshs.8.24 million on development activities, as shown in Figure 3.136 : Summary of Budget and Expenditure by Economic Classification.

### Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>3,841,086,662</b>	<b>621,955,167</b>	<b>2,531,306,334</b>	<b>212,305,185</b>	<b>65.9</b>	<b>34.1</b>
Compensation to Employees	2,146,622,687	361,566,781	1,624,104,045	121,174,877	75.7	33.5
Operations and Maintenance	1,694,463,975	260,388,386	907,202,289	91,130,308	53.5	35.0
<b>Development Expenditure</b>	<b>2,104,646,391</b>	<b>5,000,000</b>	<b>556,811,807</b>	<b>8,241,193</b>	<b>26.5</b>	<b>164.8</b>
<b>Total</b>	<b>5,945,733,053</b>	<b>626,955,167</b>	<b>3,088,118,141</b>	<b>220,546,378</b>	<b>51.9</b>	<b>35.2</b>

Source: Vihiga County Treasury

## Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.74 billion, or 55 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.16 billion. This expenditure represented a decrease from Kshs.2.25 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.638.21 million paid to health sector employees, translating to 36.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.51 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.235.28 million was processed through manual payrolls. The manual payrolls accounted for 13.5 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.3.21 million on committee sitting allowances for the 37 MCAs and the Speaker against the annual budget allocation of Kshs.7.15 million. The average monthly sitting allowance was Kshs.9,641 per MCA. The County Assembly has established 37 Committees.

## County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Ksh.280.78 million to county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget. Table 3.261: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

## Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31 <sup>st</sup> March 2023 (Kshs.)	Actual Expenditure as of 31 <sup>st</sup> March 2023 (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> March 2023 (Yes/No.)
County Executive Established Funds					
1.	Bursary Fund	137,500,270	50,000,000	49,123,264	Yes
2.	Sports Fund	20,000,000	7,200,000	2,338,560	Yes
3.	Trade and Enterprise Fund	2,000,000	-	-	Yes
4.	Climate Change Fund	80,000,000	-	21,362,624	Yes
5.	Facility Improvement Fund (FIF)	40,602,720	-	22,655,129	Yes
County Assembly Established Funds					
6.	Car & Mortgage Fund	678,260	-	-	Yes
	<b>Total</b>	<b>280,781,250</b>	<b>57,200,000</b>	<b>95,479,577</b>	

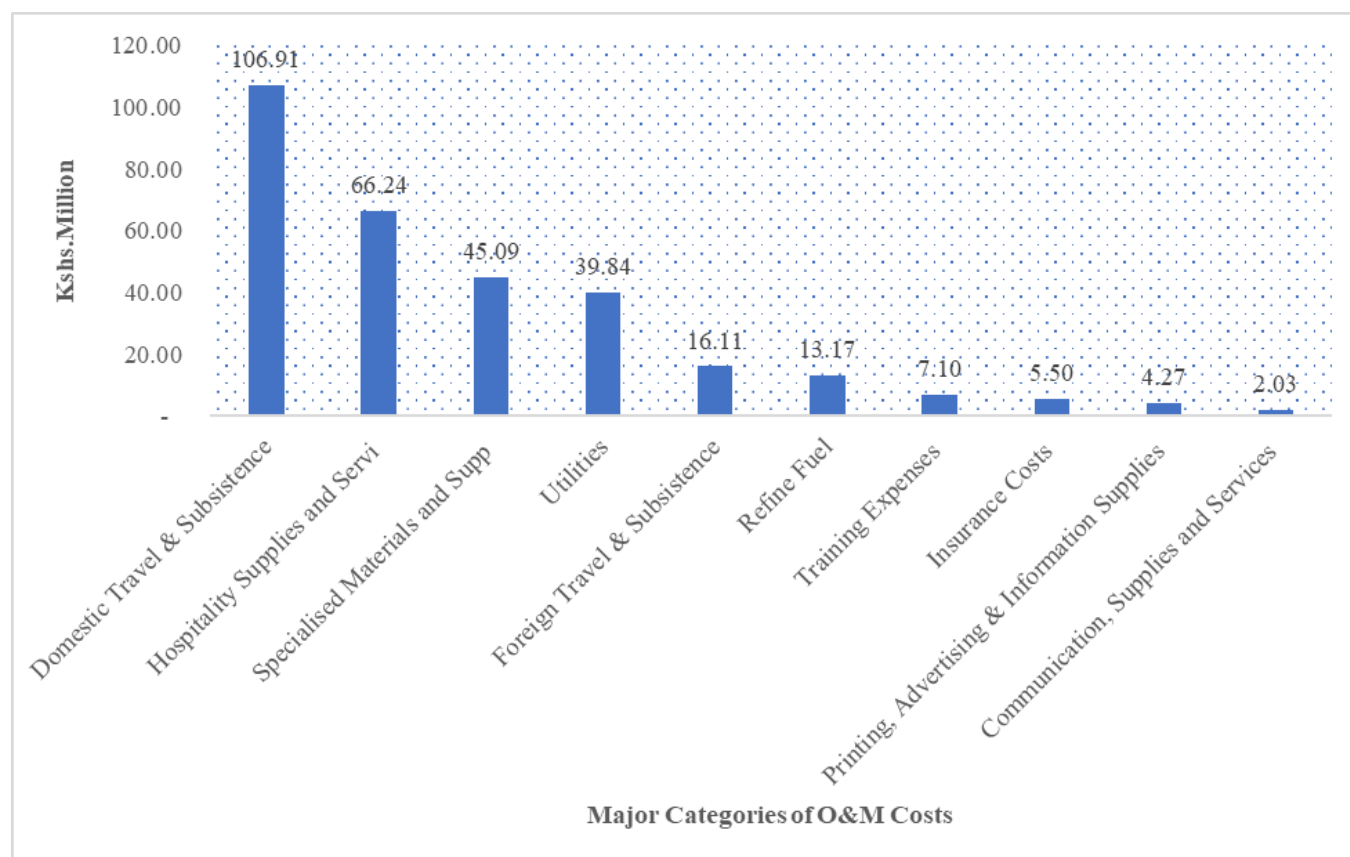
Source: Vihiga County Treasury

During the reporting period, OCoB received all quarterly financial returns from Fund Administrators of 6 funds, as indicated in Table 3.261: Performance of County Established Funds as of 31st March 2023 as per the requirement of Section 168 of the PFM Act, 2012.

### Expenditure on Operations and Maintenance

Figure 3.137: Vihiga County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

### Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: Vihiga County Treasury

During the period, expenditure on domestic travel amounted to Kshs.106.91 million and comprised of Kshs.21.51 million spent by the County Assembly and Kshs.85.40 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.11 million by the County Executive.

## Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.565.05 million on development programmes, representing an increase of 25.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.449.83 million. The County Treasury did not provide a report showing a breakdown of the development programmes and projects implemented as of 31st December 2023.

## Budget Performance by Department

Table 3.262: Vihiga County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

### Vihiga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	298.10	3.00	196.00	-	186.13	4.33	95.0	-	62.4	144.4
Department of Finance and Economic Planning.	433.57	319.90	180.62	55.56	211.93	76.09	117.3	136.9	48.9	23.8
Agriculture, Livestock, Fisheries & Cooperatives	211.28	546.95	147.04	16.66	112.74	18.65	76.7	111.9	53.4	3.4
Health Services	1,501.95	313.57	808.99	65.44	1,178.64	60.70	145.7	92.8	78.5	19.4
Education, Science, Technical and Vocational Training	449.96	151.85	326.27	17.63	304.54	16.06	93.3	91.1	67.7	10.6
Gender, Culture, Youth, Sports and Social Services	102.74	48.70	64.95	-	37.45	-	57.7	-	36.5	-
Trade, Industry, Tourism and Entrepreneurship.	84.74	63.65	48.83	25.02	32.11	21.42	65.8	85.6	37.9	33.6
County Public Service Board	54.87	-	35.06	-	37.64	-	107.4	-	68.6	-
Environment, Water, Energy & Natural Resources.	159.07	251.56	91.11	43.13	76.48	44.35	83.9	102.8	48.1	17.6
Transport, Infrastructure & Communication	130.09	302.25	82.51	174.83	66.91	273.93	81.1	156.7	51.4	90.6
Physical Planning, Land and Housing	113.35	77.39	68.47	40.47	59.39	38.77	86.7	95.8	52.4	50.1
County Assembly	621.96	5.00	376.15	8.24	202.39	8.24	53.8	100.0	32.5	164.8
Administration and Coordination of County Affairs	301.36	25.83	235.51	3.17	237.26	2.50	100.7	78.8	78.7	9.7
<b>Total</b>	<b>4,463.04</b>	<b>2,109.65</b>	<b>2,661.52</b>	<b>450.16</b>	<b>2,743.61</b>	<b>565.05</b>	<b>103.1</b>	<b>125.5</b>	<b>61.5</b>	<b>26.8</b>

Source: Vihiga County Treasury

Analysis of expenditure by department shows that the County Assembly and the Office of the Governor recorded the highest absorption rate of development budget at 164.8 per cent and 144.4 per cent, respectively. An absorption rate above 100 per cent is irregular and should be corrected before the end of the financial year. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 78.7 per cent, while the County Assembly had the lowest at 32.5 per cent.

## Budget Execution by Programmes and Sub-Programmes

Table 3.263: Vihiga County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.



## Vihiga County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
<b>Administration, Planning and Support Service</b>		<b>1,610,997,835.00</b>	<b>562,231,714.10</b>	<b>1,048,766,120.90</b>	35
	Administrative Service	1,557,911,139.00	562,231,714.10	995,679,424.90	36
	Research and Development	48,552,523.00	-	48,552,523.00	-
	Formulation of Policies, Regulations and Legal Framework	4,534,173.00	-	4,534,173.00	-
<b>Livestock Development and Management</b>		<b>29,900,000.00</b>	<b>666,302.00</b>	<b>29,233,698.00</b>	2
	Veterinary Services and Extension	17,150,000.00	666,302.00	16,483,698.00	4
	Livestock Extension	12,750,000.00	-	12,750,000.00	-
<b>Fisheries Development and Management</b>		<b>10,050,000.00</b>	<b>232,828.00</b>	<b>9,817,172.00</b>	2
	Promotion of Fish Farming	10,050,000.00	232,828.00	9,817,172.00	2
<b>Crop Development and Management</b>		<b>19,452,874.00</b>	<b>1,059,750.00</b>	<b>18,393,124.00</b>	5
	Crop Extension	5,350,000.00	-	5,350,000.00	-
	Farm Input Subsidy	14,102,874.00	1,059,750.00	13,043,124.00	8
<b>Cooperatives Development</b>		<b>13,550,000.00</b>	<b>6,239,546.00</b>	<b>7,310,454.00</b>	46
	Cooperative Development Services	13,550,000.00	6,239,546.00	7,310,454.00	46
<b>Land Survey and Mapping Services</b>		<b>5,000,000.00</b>	<b>1,482,416.00</b>	<b>3,517,584.00</b>	30
	Land Survey and Mapping	5,000,000.00	1,482,416.00	3,517,584.00	30
<b>1 Urban and Physical Planning and Housing Services</b>		<b>32,034,352.00</b>	<b>3,843,950.00</b>	<b>28,190,402.00</b>	12
	Urban and Physical Planning	3,000,000.00	1,207,250.00	1,792,750.00	40
	Vihiga Municipality {KUSP}	29,034,352.00	2,636,700.00	26,397,652.00	9
<b>Administration, Planning and Support Service</b>		<b>546,616,848.00</b>	<b>396,323,673.30</b>	<b>150,293,174.70</b>	73
	Administrative Service	546,616,848.00	396,323,673.30	150,293,174.70	73
<b>Transport Management</b>		<b>20,402,400.00</b>	<b>4,247,352.65</b>	<b>16,155,047.35</b>	21
	Transport System Management	20,402,400.00	4,247,352.65	16,155,047.35	21
<b>Infrastructure Development</b>		<b>800,000.00</b>	<b>-</b>	<b>800,000.00</b>	-
	Roads Maintenance	800,000.00	-	800,000.00	-
<b>Administration, Planning and Support Service</b>		<b>114,847,083.00</b>	<b>53,246,059.50</b>	<b>61,601,023.50</b>	46
	Administrative Service	114,847,083.00	53,246,059.50	61,601,023.50	46
<b>Public Finance Management</b>		<b>51,328,751.00</b>	<b>40,069,108.50</b>	<b>11,259,642.50</b>	78
	ICT Printing press	51,328,751.00	40,069,108.50	11,259,642.50	78
<b>Trade Development and Investment</b>		<b>32,544,003.00</b>	<b>10,277,132.00</b>	<b>22,266,871.00</b>	32
	Market Development and Management	29,494,003.00	10,277,132.00	19,216,871.00	35
	Business Support and Consumer Protection	3,050,000.00	-	3,050,000.00	-
<b>Tourism Development</b>		<b>-</b>	<b>-</b>	<b>-</b>	-
	Tourism Promotion and Branding	-	-	-	-
<b>Administration, Planning and Support Service</b>		<b>1,612,290,983.00</b>	<b>1,048,276,049.95</b>	<b>564,014,933.05</b>	65
	Administrative Service	458,104,689.00	204,586,814.30	253,517,874.70	45
	Human Resource Management and Development	1,142,354,432.00	839,100,640.30	303,253,791.70	73
	Healthcare Financing	11,831,862.00	4,588,595.35	7,243,266.65	39





Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Promotive and Preventive Healthcare Services		<b>9,340,000.00</b>	<b>4,398,800.00</b>	<b>4,941,200.00</b>	47
	Public Health Services	4,120,000.00	1,131,600.00	2,988,400.00	27
	Community Health Strategy	2,000,000.00	1,600,700.00	399,300.00	80
	Health Promotion	500,000.00	-	500,000.00	-
	Reproductive Healthcare	2,700,000.00	1,666,500.00	1,033,500.00	62
	Disease Surveillance and Emergency	20,000.00	-	20,000.00	-
Curative And Rehabilitative Health Services		<b>96,800,000.00</b>	<b>47,618,613.00</b>	<b>49,181,387.00</b>	49
	Medical services	96,300,000.00	47,315,313.00	48,984,687.00	49
	County referral services	500,000.00	303,300.00	196,700.00	61
Child and Maternal Health Care		<b>52,094,828.00</b>	<b>24,029,815.70</b>	<b>28,065,012.30</b>	46
	Antenatal and Post Natal healthcare	2,600,000.00	233,600.00	2,366,400.00	9
	Antenatal and Post Natal Healthcare	10,520,000.00	5,064,150.00	5,455,850.00	48
	Newborn, Child and Adolescent Health	500,000.00	371,500.00	128,500.00	74
	Nutrition Services	38,474,828.00	18,360,565.70	20,114,262.30	48
Administration, Planning and Support Service		<b>241,316,859.00</b>	<b>141,861,969.90</b>	<b>99,454,889.10</b>	59
	Administrative Service	241,316,859.00	141,861,969.90	99,454,889.10	59
Vocational Education and Training		<b>145,594,092.00</b>	<b>83,397,611.40</b>	<b>62,196,480.60</b>	57
	Youth Polytechnic Development	145,594,092.00	83,397,611.40	62,196,480.60	57
Early Childhood Development		<b>246,918,085.00</b>	<b>150,341,681.70</b>	<b>96,576,403.30</b>	61
	ECD Development	246,918,085.00	150,341,681.70	96,576,403.30	61
Administration, Planning and Support Service		<b>1,048,479,453.00</b>	<b>509,857,661.35</b>	<b>538,621,791.65</b>	49
	Administrative Service	1,014,694,780.00	498,513,326.35	516,181,453.65	49
	County Administration	12,047,533.00	3,924,435.00	8,123,098.00	33
	County Radio Information Services	21,737,140.00	7,419,900.00	14,317,240.00	34
Coordination of Policy Formulation Implementation of Vision 2030		<b>5,000,000.00</b>	<b>-</b>	<b>5,000,000.00</b>	-
	Emergency & Disaster Fund	5,000,000.00	-	5,000,000.00	-
Public Finance Management		<b>253,484,227.00</b>	<b>67,835,635.00</b>	<b>185,648,592.00</b>	27
	Public Finance Management	86,952,520.00	51,869,900.00	35,082,620.00	60
	Accounting Services	123,619,752.00	1,146,685.00	122,473,067.00	1
	Audit Services	4,414,440.00	3,410,170.00	1,004,270.00	77
	Budget Formulation Coordination	8,777,515.00	5,377,480.00	3,400,035.00	61
	Resource Mobilisation	23,110,000.00	2,022,500.00	21,087,500.00	9
	Budget Expenditure Management	6,610,000.00	4,008,900.00	2,601,100.00	61
County Planning Services		<b>6,866,845.00</b>	<b>1,634,100.00</b>	<b>5,232,745.00</b>	24
	Monitoring and Evaluation	2,666,845.00	-	2,666,845.00	-
	Coordination of Policy Formulation and Plans	4,200,000.00	1,634,100.00	2,565,900.00	39
Management and Administration of County Services		<b>50,969,999.00</b>	<b>26,198,775.40</b>	<b>24,771,223.60</b>	51
	County Executive	27,199,999.00	13,067,623.40	14,132,375.60	48
	County Secretary	10,170,000.00	6,239,531.00	3,930,469.00	61
	Legal Services	13,600,000.00	6,891,621.00	6,708,379.00	51
Administration, Planning and Support Service		<b>59,041,842.00</b>	<b>32,722,719.65</b>	<b>26,319,122.35</b>	55
	Administrative Service	59,041,842.00	32,722,719.65	26,319,122.35	55
903004860		<b>45,600,000.00</b>	<b>5,934,200.00</b>	<b>39,665,800.00</b>	13
	Promotion of Sports	32,150,000.00	1,812,200.00	30,337,800.00	6
	Promotion of Culture and Heritage	13,450,000.00	4,122,000.00	9,328,000.00	31

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
904004860		10,800,000.00	1,378,720.00	9,421,280.00	13
	Social Protection	5,500,000.00	-	5,500,000.00	-
	Gender, Children, Youth and People with Disability	5,300,000.00	1,378,720.00	3,921,280.00	26
Administration, Planning and Support Service		78,345,661.00	43,144,091.00	35,201,570.00	55
	Administrative Service	78,345,661.00	43,144,091.00	35,201,570.00	55
1003004860		83,696,200.00	33,110,147.90	50,586,052.10	40
	Water Supply Management	44,256,200.00	27,695,497.90	16,560,702.10	63
	Waste Water Management	39,440,000.00	5,414,650.00	34,025,350.00	14
1004004860		11,695,000.00	1,595,200.00	10,099,800.00	14
	Environmental Protection and Conservation	11,695,000.00	1,595,200.00	10,099,800.00	14
1005004860		26,830,000.00	5,408,895.00	21,421,105.00	20
	Farm Forest Management	9,445,000.00	2,599,195.00	6,845,805.00	28
	Natural Resources management	17,385,000.00	2,809,700.00	14,575,300.00	16
<b>Grand Total</b>		<b>6,572,688,220.00</b>	<b>3,308,664,519.00</b>	<b>3,264,023,701.00</b>	<b>50</b>

Source: Vihiga County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Community Health strategy at the Department of Health Services at 80 per cent, ICT printing press in the Department of Finance and Economic Planning at 78 per cent, followed closely by Audit services at the Department of Finance and Economic Planning at 77 per cent, Human Resource Management and Development in the Department Public Service and Administration at 73 per cent and finally New-born, child and adolescent health in the Department of Health at 74 per cent of budget allocation.

## Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCoB identified the following challenges which hampered effective budget implementation:

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received past the deadline of 20th April 2023 and was incomplete as it lacked information on development expenditure programmes and projects implemented in the period.
2. Weak internal control by the County Treasury as evidenced by departments reporting expenditures above approved budget allocation, which is irregular, as shown in Table 3.262: Vihiga County, Budget Allocation and Absorption Rate by Department.
3. High pending bills amounting to Kshs.796.68 million as of 31st March 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.235.28 million were processed through the manual payroll, accounting for 13.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations to improve budget execution:

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
3. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.

4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*