1 KERICHO COUNTY

1.1 County Government of Kericho

1.1.1 Overview of FY 2025/26 Budget

The Kericho County Approved Budget for FY 2025/26 is Kshs.10.03 billion. It comprises Kshs.3.52 billion (35 per cent) and Kshs.6.50 billion (65 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.278.02 million (3 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.56 billion and a recurrent budget of Kshs.6.19 billion. The increase/decrease in the budget was primarily attributed to the rise in Own Source Revenue Projections.

The budget is to be financed from various revenue sources. These include the equitable share of revenue raised nationally of Kshs.7.17 billion (72 per cent), additional allocations of Kshs.1,261.91 million (13 per cent), and Kshs.1,594.37 million (16 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 1.1.

1.1.2 Revenue Performance

During the first Quarter of FY 2025/26, the County generated Kshs.1.211 billion in revenue. The total revenue consisted of Kshs.1,147.06 million from the equitable share of revenue raised nationally as well as own-source revenue (OSR) collection of Kshs.64.82 million. Additionally, the County had a cash balance of Kshs.1.33 million from FY 2024/25. The total OSR collection of Kshs.64.82 million included Facilities Improvement Financing (FIF) of Kshs.23.25 million, and Kshs.40.23 million from other OSR sources. Table 1.1 summarises the total revenue available to the County Government during FY 2025/26.

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Table 1.1:Kericho County, Revenue Performance in FY 2025/26

Commented [OCOB2]: Actual revenue receipts reported in this table should be on a cash basis only.

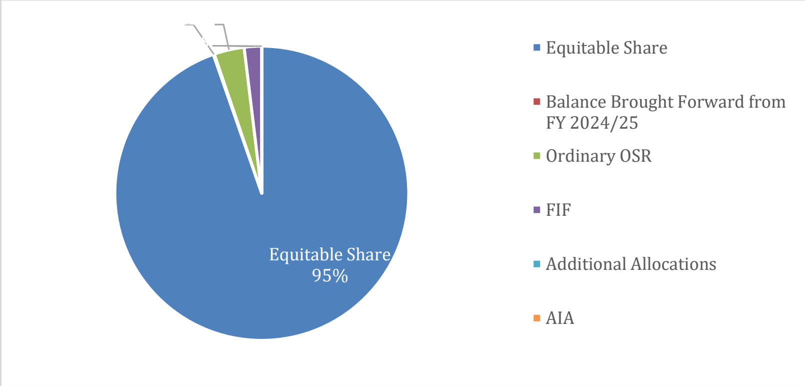
Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Performance (%)
A. Equitable Share	7,178,668,356	1,147,063,071	15.98
Sub-Total	**7,178,668,356**	**1,147,063,071**	**15.98**
B. Additional Allocations			
4C. Doctor Salary Arrears	43,439,856		-
4D.County Aggregated Industrial Parks	250,000,000		-
4E. County health promoters	45,690,000		-
5A. DANIDA FUND	8,670,000		-
5D. Kenya Devolution Support Project 11 (world bank)	37,500,000		-
5E. Kenya Devolution Support Project 11 (world bank)UDG	352,500,000		-
5F. Kenya Urban Support Program UDG (SIDA)	43,550,249		-

5F. Kenya Urban Support Program UIG (SIDA)	35,000,000		-
5M. FLOCCA Grants to support climate change CCIR	203,392,898		-
IDA National Agricultural Value Chain Devt Project(NAVCDP)	231,250,000		-
SWEDEN Kenya Agricultural Business Dev't Project(KABDP)	10,918,919		-
Additional Allocation 12			-
Additional Allocation 13			-
Additional Allocation 14			-
Additional Allocation 15			-
Sub-Total	1,261,911,922	0	-
C. Other Sources of Revenue			
Ordinary Own Source Revenue	870,133,811	40,238,918	4.62
i. Balance b/f from FY2024/25	-	1,334,666	-
Balance at CRF as at End of FY 2024/25		1,065,014	-
County Executive Refund to CRF		245,863	-
County Assembly Refund to CRF		23,788	-
ii. Facility Improvement Fund (FIF)	724,245,582	23,252,713	3.21
SHIF	724,245,582	23,252,713	3.21
Defunct NHIF			-
Other FIF			-
iii. Other Revenues			-
iv. Appropriation in Aid (AIA)			-
Sub-Total Other Sources	1,594,379,393.00	64,826,296.20	4.07
Grand Total	10,034,959,671.00	1,211,889,367.20	12.08

Source: *Kericho County Treasury*

Figure 1 provides a detailed breakdown of receipts, showing a breakdown of each shilling received.

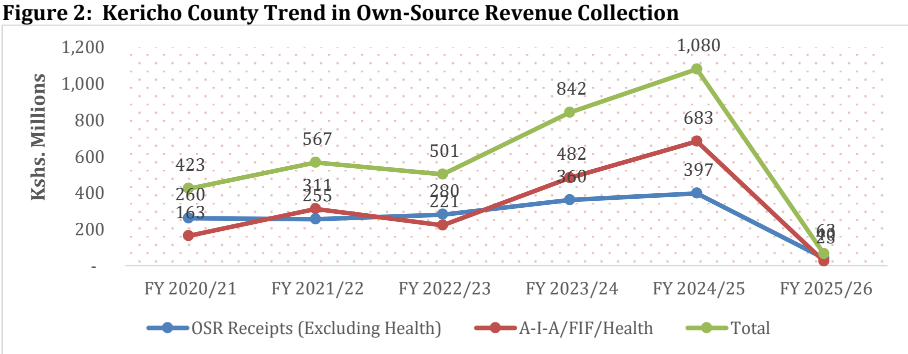
Figure 1: Kericho County Composition of Each Shilling Received in the First Quarter of FY 2025/26



Source: *Kericho County Treasury*

The equitable share of revenue raised nationally and OSR contributed 95 and 5 per cent respectively of the total receipts for the reporting period.

Figure 2: Kericho County Trend in Own-Source Revenue Collection

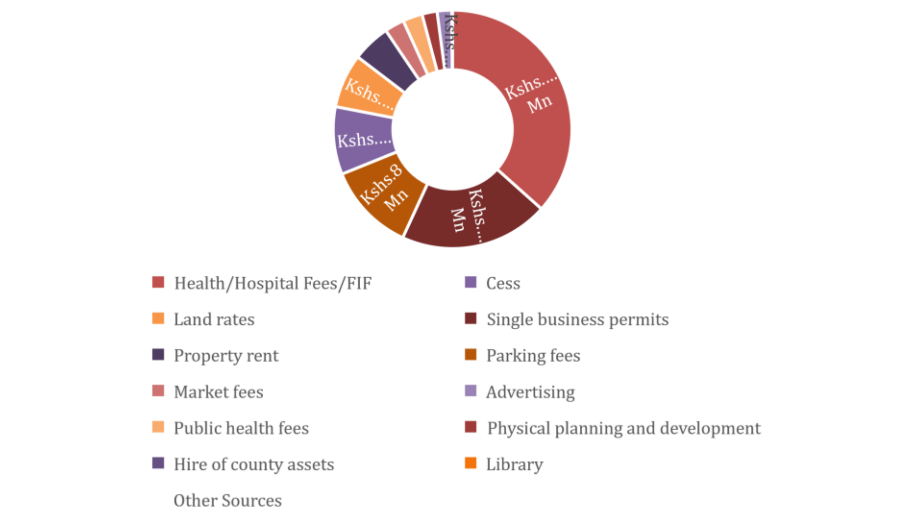


Source: *Kericho County Treasury*

During the First Quarter of FY 2025/26, the County generated Kshs.64.82 million from its revenue sources, including FIF. 4 per cent of the annual target and 6 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 3.

Figure 3:Kericho County Top Own Source Revenue Streams in the First Quarter of FY 2025/26



Source: Kericho County Treasury

As shown in Figure 3, the highest revenue stream, at Kshs.23 million, was from Health/Hospital Fees/FIF, accounting for 36 per cent of the total OSR receipts. The County Government indicated that it has automated 13 revenue streams out of 15.

1.1.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.198.55 million, this amount increased to Kshs.198.55 million as of 30th September 2025. Table 1.2 presents a breakdown of the County's revenue arrears.

Table 1.2: Kericho County Revenue Arrears as of 30 September 2025

Revenue Stream	Revenue Arrears as of 30 June 2025 (Kshs.)	Progress made in Q1 FY 2025/26			OSR Arrears as of 30 September 2025 (Kshs.)
		Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in Q1 FY 2025/26 (Kshs)	
	a	b	c	d	f=a-b-c+d
Ordinary Own Sources of Revenue	198,550,055	-	-	-	198,550,055
Facility Improvement Fund (FIF)	-	-	-	-	-
Other Appropriations in Aid	-	-	-	-	-
Sub-Total	198,550,055	-	-	-	198,550,055

Other Revenues	-	-	-	-	-
Sub-Total	-	-	-	-	-
Total	**198,550,055**	-	-	-	**198,550,055**

Source: Kericho *County Treasury*

As of 30 September 2025, the revenue arrears totalled to Kshs.198 million. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include Issuance of business permit upon clearence of landrates and Issuance of eviction notices.

1.1.4 Borrowing by the County

The County did not borrow.

1.1.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.413.01 million from the CRF account during the reporting period, which comprised Kshs.413.01 million (100 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.378.48 million was towards employee compensation and Kshs.34.52 million for operations and maintenance expenditure.

The operations and maintenance exchequer analysis indicates that 8 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequer amounted to Kshs.29.66 million and included Kshs.0 million for the County Executive and Kshs.29.66 million for the County Assembly. The foreign exchequer totalled Kshs.3.26 million, comprising Kshs. 0 million for the County Executive and Kshs.3.26 million for the County Assembly.

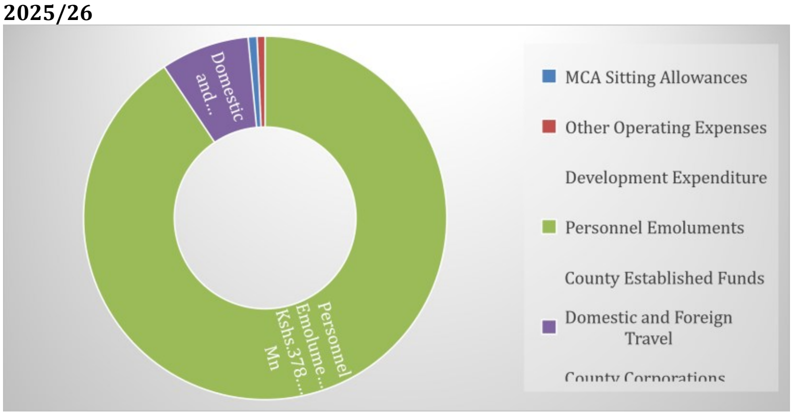
As of September 30, 2025, the County Government's cash balance in the CRF account was Kshs.623.44 million.

1.1.6 Expenditure Review

The County spent Kshs. 413.01 million on development and recurrent programmes in the reporting period. The expenditure represented 111 per cent of the total funds released by the CoB. It comprised Kshs.0 million for development programmes and Kshs.413.01 million for recurrent programmes. Expenditure on development programmes represented an absorption rate of 0 per cent, while recurrent expenditure represented 6 per cent of the annual recurrent expenditure budget.

The following chart provides a detailed breakdown of expenditure, showing relative composition of each shilling spent.

Figure 4: Kericho County Composition of Each Shilling Paid in the First Quarter of FY 2025/26



Source: Kericho *County Treasury*

As shown in Figure 4, the three highest expenditure categories were Personnel Emoluments, contributing 88 per cent of total expenditure for the reporting period.

1.1.7 Settlement of Pending Bills

As of 1st July 2025, the County reported pending bills totalling Kshs.2.04 billion. This amount included Kshs.2.028 billion from the County Executive and Kshs.13.20 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.661.29 million for recurrent expenditures and Kshs.1,367 million for development expenditures.

During the reporting period, the County Executive and County Assembly did not settle any outstanding pending bills. Table 1.3 provides additional details of pending bills.

Table 1.3: Kericho County Pending Bills as of 30th September 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,367,004,160	661,291,275	2,028,295,435
	County Assembly	13,206,900	-	13,206,900
	Total	1,380,211,060	661,291,275	2,041,502,335
Pending bills scheduled to be settled in Q1 of FY 2025/26 according to the action plan	County Executive	-		-
	County Assembly	-		-
	Total	-	-	-
Amount paid in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
	County Executive	-	-	-

Pending Bills Incurred in Q1 of FY 2025/26	County Assembly	-	-	-
	Total	-	-	-
Outstanding pending bills as of 30 September 2025 (Kshs.)	County Executive	1,367,004,160	661,291,275	2,028,295,435
	County Assembly	13,206,900	-	13,206,900
	Total	1,380,211,060	661,291,275	1,380,211,060

Source: *Kericho County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs 2,058 million and Kshs.13.20 million, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it has not yet cleared for the Executive and the Assembly.

Table 1.4 and Table 1.5 present the ageing of the total outstanding bills as of 30 September 2025 for the County Executive and Assembly, which were Kshs 2.02billion.

Table 1.4:Kericho County Executive Pending Bill Ageing Analysis as of 30 September 2025

Category	**Ageing analysis (Amount in Kshs.)**				**Total**
	Under one year	**1-2 years**	**2-3 years**	**Over 3 years**	
Development Pending Bills	**0**	**1,108,263,977**	**258,740,183**		**1,420,822,641**
Recurrent Pending Bills (Goods & Services)		509,131,540	102,867,237		611,998,777
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)		-			-
Recurrent Pending Bills (Staff Claims)		49,292,498			49,292,498
Total Recurrent Pending Bills	0	**558,424,038**	**102,867,237**	**-**	**661,291,275**
Total Pending Bills	**0**	**1,666,688,015**	**361,607,420**	**-**	**2,028,295,435**
% of Total	%	**80%**	**20%**	**-**	**100%**

Source: *Kericho County Treasury*

Table 1.5: Kericho County Assembly Pending Bill Ageing Analysis as of 30 September 2025

Category	**Ageing analysis (Amount in Kshs.)**				**Total**
	Under one year	**1-2 years**	**2-3 years**	**Over 3 years**	
Development Pending Bills	**0**	**13,206,900**	**0**	**0**	**13,206,900**
Recurrent Pending Bills (Goods & Services)					**0**
Recurrent Pending Bills (Salary Arrears and Statutory Deductions)					**0**
Recurrent Pending Bills (Staff Claims)					**0**
Total Recurrent Pending Bills	0	0	0	0	**0**
Total Pending Bills	**0**	**13,206,900**	**0**	**0**	**13,206,900**
% of Total	**%**	**100%**	**%**	**%**	**100%**

Source: *Kericho County Treasury*

1.1.8 Expenditure by Economic Classification

During the reporting period, the County Executive incurred Kshs.300.19 million for compensation of employees, Kshs 0 million for operations and maintenance, and Kshs.0 million for development activities. Similarly, the County Assembly spent Kshs.78.29 million on compensation of employees, Kshs.34.52 million on operations and maintenance, and Kshs.0 million on development activities, as shown in Table 1.6.

Table 1.6: Kericho County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Revised Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	**5,694,826,855**	**811,439,308**	300,189,693	112,827,100	5	14
Compensation of Employees	3,702,884,024	411,066,462	300,189,693	78,298,200	8	16
Operations and Maintenance	1,991,942,831	400,372,846	0	34,528,900	0	12
Development Expenditure	**3,455,815,948**	**105,170,894**	**0**	**0**	**0**	**0**
Total	**9,150,642,803**	**916,610,202**	**300,189,693**	**112,827,100**	**3**	**4**

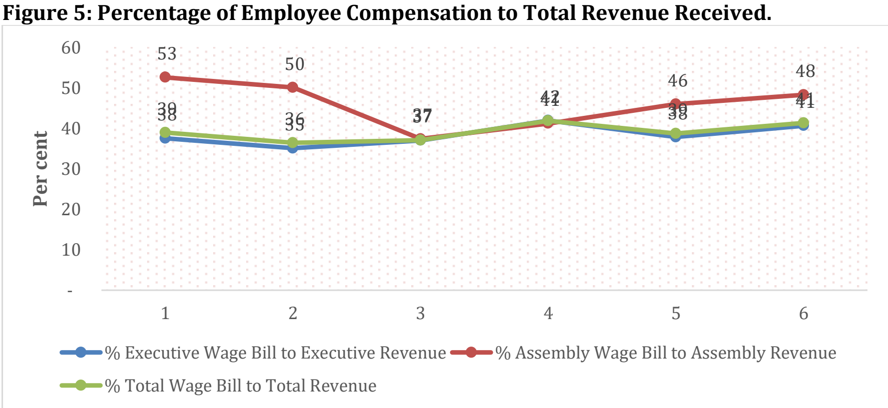
Source*: Kericho County Treasury*

1.1.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.378.48 million. The percentage of compensation of employees to revenue was 30 per cent. Of this total, Kshs.183.55 million related to the Health Sector employees, which accounted for 50.42 per cent of the overall employees' compensation.

Figure 5 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Quarter of FY 2020/21 to the First Quarter of FY 2025/26.

Figure 5: Percentage of Employee Compensation to Total Revenue Received.



Source: Kericho County Treasury

Further analysis indicated that PE costs amounting to Kshs.333.54 million were processed through the Human Resource Information System (HRIS). In contrast, Kshs.45.02 million was processed through manual payroll, which accounted for 12 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), salaries for 25.91 million for casual staff, 2.29 million top-up allowances for security personnel, 9.16 million gratuity remittances to pension schemes for staff on contract, and 7.65 million LAPTRUST/LAPFUND Pension Contributions, as shown in Table 1.7.

Table 1.7: Breakdown of Kericho County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for casual staff	25,916,834
2.	Top-up Allowances for security officers	2,290,501
3.	LAPTRUST/LAPFUND Pension Contributions	7,659,221
4.	Gratuity for contract staff-ward staff	2,044,140
5.	Gratuity for contract staff-Mcas	2,943,162
6.	Gratuity for contract staff-executive	4,173,827
7.	Salaries for casual staff	
	Total	**45,027,686**

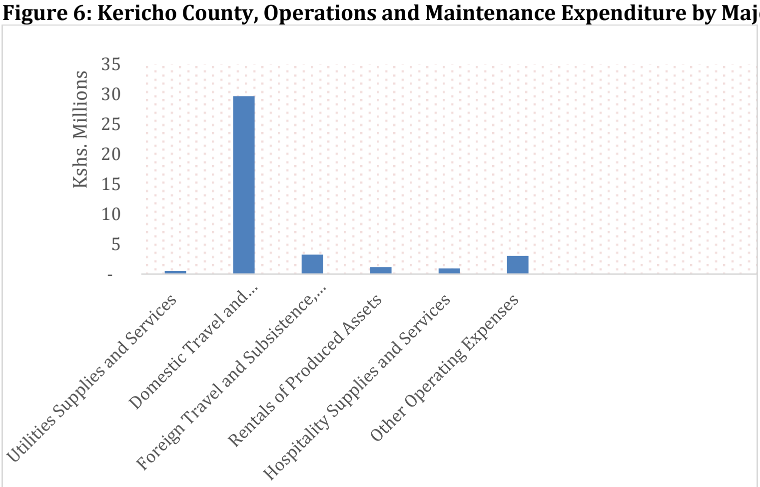
Source: Kericho County Treasury

The County Assembly spent Kshs3.28 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.29.3 million. The average monthly sitting allowance was Kshs.22,790 per MCA. The County Assembly has 16 House Committees.

1.1.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs. 34.52 million on operations and maintenance. Figure 6 summarises the Operations and Maintenance expenditure by major categories.

Figure 6: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: *Kericho County Treasury*

1.1.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report submitted to the Controller of Budget for the first quarter of FY 2025/26 shows that the County spent Kshs. 3.01 million under "other Operating expenses" translates to 9 per cent of the cumulative operations and maintenance expenditure of Kshs.34.52 million. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 1.8.

Table 1.8: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Debt Resolution	8,500,000	
2211301	Bank Service Commission and Charges	100,000	
2211305	Contracted Guards and Cleaning Services	33,344,168	
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	3,778,040	
2211308	Legal Dues/fees, Arbitration and Compensation Payments	7,000,000	
2211310	Contracted Professional Services	1,485,824	
2211323	Laundry Expenses	100,000	
2211324	Master plan for health facilities	5,000,000	
2211325	Ward Office Expenses	13,820,000	3,010,000
	Total	**73,128,032**	**3,010,000**

Source: *Kericho County Treasury*

1.1.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.353 million to County-Established funds in FY 2025/26, or 3.02 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 1.9 summarises each established Fund's budget allocation and performance during the reporting period.

Table 1.9: Performance of Kericho County Established Funds in the First Quarter of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in the First Quarter of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Kericho County Car Loan	2015	10,000,000			44,780,000	yes
2.	Kericho County Emergency Fund	2014	10,000,000			346,200,113	yes
3.	Kericho County Climate Change Fund	2021	303,142,898			384,391,024	yes
4.	Kericho County Mortgage fund	2015	20,000,000			236,318,000	yes
5.	Kericho County Bursary Fund	2014	0			1,135,280,039	yes
		County Assembly Established Funds					
6.	Kericho County Assembly Staff Car Loan and Mortgage Fund	2014	10,000,000			225,922,268	yes
7.	Kericho County Assembly Members Car Loan and Mortgage Fund	2014	0			269,000,000	yes

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in the First Quarter of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	Total		353,142,898	0	0	2,641,891,444	

Source: Kericho *County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from all Fund Administrators, as indicated in Table 1.9, as per the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of **the 6 Fund** had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

1.1.13 County Corporations

The County has 2 County Corporations, which were allocated Kshs.2 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.0, as shown in Table 1.7.

Table 1.10: Performance of Kericho County Corporations in the First Quarter of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	KEWASCO	2,008,143.00	0	0	
2.	Kabianga Tea Farm	0	0	0	0
	Total	**2,008,143.00**	**0**	**0**	

Source: *Kericho County Treasury*

1.1.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.29.66 million and comprised Kshs.29.66 million spent by the County Assembly and Kshs.0 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.26million and comprised Kshs.3.26 million by the County Assembly and Kshs.0 million by the County Executive. Expenditure on foreign travel is summarised in Table 1.11.

Table 1.11 Summary of Expenditure on Foreign Travel in the First Quarter of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel in (Kshs.)
County Assembly	3	14th-19th September 2025	Legislative summit in United Kingdom on 14th to 19th September 2025	United Kingdom	3,260,542
Total					

Source: Kericho County Treasury and Kericho County Assembly

1.1.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.23.52 million as FIF, which was 3.21 per cent of the annual target of Kshs.724.24 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.116.16 million, as shown in Table 1.12.

Table 1.12:Kericho County Health Facilities Expenditure Performance in FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Kericho County Referral Hospital	1	322,046,493.63	29,154,460.50	4.03%
2.	Kapkatet Sub County Hospital	1	216,863,016.99	40,696,886.75	5.62%
3.	Sigowet Sub County Hospital	1	66,589,647.31	13,869,832.00	1.92%
4	Londiani Sub County Hospital	1	62,044,201.01	17,033,525.00	2.35%
5	Fortenan Sub County Hospital	1	16,158,875.86	4,390,501.00	0.61%
6	Roret Sub County Hospital	1	32,491,106.73	7,646,220.00	1.06%
7	Kipkelion Sub County Hospital	1	8,052,240.47	3,375,097.00	0.47%
	Total		**724,245,582.00**	**116,166,522.25**	16.04%

Source: *Kericho County Treasury*

1.1.16 Development Expenditure

In the review period, the County reported spending Nil on development programmes.

The decline in development expenditure was attributed to introduction of the EGP system and its users.

The County reported 20 stalled development projects as of 30 September 2025, with an estimated value of Kshs.321 million, of which Kshs.95.3 has already been paid. The stalled projects are shown in Table 1.13.

Table 1.13: Kericho County Stalled Projects as of 30 September 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Proposed construction of generator house and supply, delivery, installation and commissioning of a generator at sosiot health centre	Waldai	5,300,220.00	0	5,300,220.00	0	The contractor abandoned the site without any communication
Proposed remodeling of surgical theatre at	Chilchila	5,821,108.75	0	5,821,108.75	0	The contractor never reported to site

fort ternan sub-county hospital						
Proposed supply and delivery of cardiothoracic consumables at Kericho County Referral Hospital	Kipchebor	4,502,732.00	0	4,502,732.00	0	Failed to supply the consumables
Kiboybei Water Supply	Kapsoit	36,731,977.51	5,873,809.00	30,858,168.51	16%	Land issues
Solait water project		103,545,774.30	13,502,388	90,043,386.30	13%	Community Conflict with the contractor on land issues
Construction and equipping of the theatre at Ainamoi Health Centre	Ainamoi	14,136,359.00	8,626,128.00	5,510,231.00	61%	The contractor abandoned the site without communication with the client
Kaboloin water project, lower part of Kapsaos	Kapsaos	15,255,327.90	12,036,825.40	3,218,502.50	79%	Technical hitch that requires redesigning
Supply and installation of 2 disc pulper machine	Kaplelartet	2,400,000	0	2,400,000.00	0%	Contractor did not supply
Construction of 100m3 masonry water tank	Chilchila ward	1,897,150	0	1,897,150.00	0%	Contractor left site
Construction of an ECDE classroom at Rwandet	Kisiara	898,131	0	898,131.00	0%	Lack of Capacity by Contractor
Construction of an ECDE toilet at Tilolwet	Londiani	759,510	0	759,510.00	0%	Lack of Capacity by Contractor
Construction of an ECDE classroom at Kipteran	Soin	1,082,980	0	1,082,980.00	0%	Lack of Capacity by Contractor
Construction of an ECDE toilet at Litiik	Tebesonik	724,316	0	724,316.00	0%	Hostile Community
Construction of a toilet at Leldet VTC	Kamasian	860,520.48	0	860,520.48	0%	Lack of Capacity by Contractor
Construction of a toilet at Chepseon VTC	Chepseon	916,400	0	916,400.00	0%	Lack of Capacity by Contractor
Acquisition of land for sweet potato pack house	Kaplelartet	1,500,000.00	0	1,500,000.00	0%	Family dispute on who owns the land and succession issues
Acquisition of land for Chebulu Conservancy	Kaplelartet	5,000,000.00	0	5,000,000.00	0%	Valuation costs conflict
Kipkobob Water Project	Chemosot	102,407,437.61	50,034,908.82	52,372,528.79	49%	Lack of budget allocation
Fabrication of fire engine	HQ	9,272,671	0	9,272,671.00	0%	The truck was not registered (mechanical engineer report not availed)
Bureti Fire Station	Kapkatet	8,248,375.00	5,320,615	2,927,760.00	65%	The contractor has abandoned site

Source: Kericho County Treasury

1.1.17 Budget Performance by Department

Table 1.14 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 1.14: Kericho County, Budget Allocation and Absorption Rate by Department

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	811.44	105.17	72.38		112.83	-	155.9	-	13.9	-
Public Service & Administration	511.66	388.45	14.14		14.14	-	100.0	-	2.8	-
Office Of the Governor & Deputy Governor	147.33	0.00	6.08		6.08	-	100.0	-	4.1	-
County Public Service Board	61.34	0.00	1.02		1.02	-	100.0	-	1.7	-
Finance & Economic Planning	364.65	118.07	11.33		11.33	-	100.0	-	3.1	-
Health Services	3,202.17	422.36	183.56		183.56	-	100.0	-	5.7	-
Agriculture, Livestock & Cooperative Development	168.12	555.15	11.09		11.09	-	100.0	-	6.6	-
Education, Libraries, Culture & Social Services	671.97	282.06	50.61		50.61	-				
Public Works, Roads & Transport	95.69	657.60	2.77		2.77	-				
Trade, Industrialization, Innovation, Tourism &Wildlife	64.66	334.58	2.84		2.84	-				
Water, Energy, Natural Resources & Environment	178.63	472.95	6.51		6.51	-				
Land, Housing & Physical Planning	148.46	89.81	6.87		6.87	-	100.0	-	4.6	-
Information, Communication & E-Government, Youth Affairs, Gender & Sports	80.14	102.50	3.37		3.37	-	100.0	-	4.2	-
	6,506.27	**3,528.69**	**372.57**	**0.00**	**413.02**	**-**	**110.9**		**6.3**	

Source*:* *Kericho County Treasury*

Analysis of expenditure by departments shows that the County Assembly recorded the highest absorption rate of recurrent budget at 13.9 per cent, followed by the Department of Agriculture, Livestock & Cooperative Development at 6.6 per cent.

1.1.18 Budget Execution by Programmes and Sub-Programmes

Table 1.15 summarises the budget execution by programmes and sub-programmes in the period under review.

Table 1.15: Kericho County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
DEPARTMENT COUNTY ASSEMBLY							
County Assembly Services	Speaker's office	358,573,022		56,340,826		16	-
	Clerk's Office	441,307,810	105,170,894	55,425,456	-	13	-
	County Assembly Service Board	11,558,476		1,060,818		9	-
	Sub-Total	**811,439,308**	**105,170,894**	**112,827,100**	**-**		
DEPARTMENT: EXECUTIVE OFFICE OF THE GOVERNOR							
County Coordination Services	County Coordination Services	147,329,508	-	6,082,946	-	4%	
DEPARTMENT: FINANCE AND ECONOMIC PLANNING							
Administration, Planning and Support Services.	Administration Services.	287,350,022	-	11,328,909	-	4%	0%
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	56,200,000	118,070,125	-	-	0%	
Public Finance Management	Budget Formulation co-odination and management	15,450,000		-	-	0%	
Audit Services	County Audit	5,650,000	-	-	-	0%	
		364,650,022	**118,070,125**	**11,328,909**	**-**	**3%**	**0%**
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES							
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	43,708,220				0%	
Crop Development and Management	Agriculture Extension Services	79,289,893	498,448,816	11,093,032		14%	0%
Livestock Resource Management and Development	Livestock Disease Management and Control.	-	18,157,643				0%
Livestock Resource Management and Development	Livestock Production and Extension Services	37,826,490	-			0%	
Fisheries development	Management and Development of Capture Fisheries	7,300,131	-		-	0%	
Cooperative development and management	Cooperative Advisory & Extension Services.	-	38,542,476			0%	
		168,124,734	**555,148,935**	**11,093,032**	**-**	**7%**	**0%**
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT							
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	154,653,093	8,000,000	6,510,992	-	4%	0%
Water supply services	Rural Water Supply	23,980,000	464,953,143	-	-	0%	0%
		178,633,093	**472,953,143**	**6,510,992**	**-**	**4%**	**0%**
DEPARTMENT:EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES							
General Administration & planning services.	Policy Development and Administration	663,573,198	50,550,575	50,605,015		8%	0%
Basic Education	Early Childhood Development Education	4,600,000	95,294,702	-		0%	0%

Gender and Social Development	Social Welfare Services/Social Infrastructure Development	3,800,000	17,217,000	-		0%	0%
Youth development and empowerment services	Youth development (YP) Training	-	119,000,000	-			0%
		671,973,198	**282,062,277**	**50,605,015**	**-**	**8%**	**0%**
DEPARTMENT: HEALTH SERVICES							
Curative Health	Administration and Planning	1,772,102,353	300,241,823	93,779,148	-	5%	0%
Curative Health	Hospital(curative)Services	-	-	-	-		
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,430,063,153	122,118,331	89,979,148	-	6%	0%
		3,202,165,506	**422,360,154**	**183,758,297**	**-**	**6%**	**0%**
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING							
Administration and support services	General Administration and Planning	106,028,429	39,550,249	6,870,177		6%	0%
Housing Development and Human Resource	Housing Development	9,929,868	35,186,678	-		0%	0%
Land policy and planning	Development Planning and Land Reforms	27,145,730	32,400,000	-		0%	0%
Land policy and planning	Land Use Planning	5,352,443	14,963,750	-		0%	0%
		148,456,470	**122,100,677**	**6,870,177**	**-**	**5%**	**0%**
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT							
Transport Management and safety	General Administration Planning and Support Services	79,343,384	-	2,768,683	-	3%	
Infrastructure, Roads and Transport	Rehabilitation of Road	2,400,000	585,219,893	-	-	0%	0%
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintanence	13,947,725	72,375,325	-	-	0%	0%
		95,691,109	**657,595,218**	**2,768,682.80**	**-**	**3%**	**0%**
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT							
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	23,480,351	75,075,084	-	-	0%	0%
Trade development and investment	Administrative and Support Services.	35,837,620	250,000,000	2,837,729	-	8%	0%
Tourism development and marketing	Local Tourism Development.	5,341,117	9,500,000	-	-	0%	0%
		64,659,088	**334,575,084**	**2,837,729**	**-**	**4%**	**0%**
DEPARTMENT: ICT AND E-GOVERNMENT							
Information & Communication Service	News and Information Services	80,140,719	-	3,366,892	-	4%	0%
Information & Communication Service	ICT and BPO development services	-	102,500,000	-	-	0%	0%
Youth development and empowerment services	Youth development (YP) Training	-	-	-	-	0%	
		80,140,719	**102,500,000**	**3,366,892**	**-**	**4%**	**0%**
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD							
Administration of Human Resources and Public Service	Establishment,Appointment,Discipline and Board Management.	61,343,700	-	1,022,730	-	2%	
		61,343,700	**-**	**1,022,730**	**-**	**2%**	

DEPARTMENT: PUBLIC SERVICE MANAGEMENT							
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	424,813,033	388,450,340	14,144,292	-	3%	0%
Administration of Human Resources and Public Service	Human Resource Development	86,846,675	-	-	-	0%	
		511,659,708	**388,450,340**	**14,144,292**	**-**	**3%**	**0%**
County Grand Total		**6,506,266,163**	**3,560,986,847**	**413,216,793**	**-**	**6%**	**0%**

***Source**: Kericho County Treasury*

The recurrent sub-programmes with the highest levels of budget implementation, based on absorption rates, were Speaker's office in the Department of County Assembly at 16 per cent, Clerk's Office in the Department of County Assembly at 13 per cent, Crop Development and Management in the Department of Agriculture, Livestock And Fisheries at 14 per cent, of the budget allocation.

1.1.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 245 accounts in commercial banks, including 184 accounts for Health Facilities, 26 accounts for Vocational Training Centres, 11 accounts for Established Funds, 1 revenue accounts, 14 special purpose accounts (additional allocations), and 7 accounts for municipalities.

The County Treasury submitted copies of authorisation letters to the Controller of Budget for opening all commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

1.1.20 Key Observations and Recommendations

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

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on xxxx.
ii. The underperformance of own-source revenue at Kshs.xx.xx million against an annual target of Kshs.xx.xx million, representing xx per cent of the financial year target. If performance is below 25 per cent of the annual target.
iii. Low development performance in the review period as the County incurred Kshs.xx million on development activities, achieving a xx per cent absorption rate. If performance is below 25 per cent of the annual target.
iv. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments, as shown in Table 1.14.
v. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 September 2025, the lifespan of the XX Fund and the XX Fund had lapsed, making them ineligible for further withdrawals.
vi. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168

of the PFM Act, 2012. The reports for the xxxxxx Fund, xxxx Fund and xxxx Fund were not submitted to the CoB as of 15 July 2025.

vii. High level of pending bills, which amounted to Kshs.xxx.xx billion as of 30 September 2025. Further, there was non-adherence to the payment plan for the pending bills by the County Treasury.

viii. Use of manual payroll. Personnel emoluments amounting to Kshs.xx.xx million for XX staff not onboarded into HRIS and XX casual staff were processed through manual payroll, accounting for xx per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

ix. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

x. The County reported Kshs. xx million under "*other operating expenses,*" accounting for X per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

xi. Etc…

Commented [OCOB3]: Amend appropriately

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

i. The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.

ii. The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.

iii. The County should implement strategies to increase development expenditures in FY 2025/26.

iv. The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.

v. The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.

vi. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

vii. The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Pending Bills Action Plan should be enforced.

viii. The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.

ix. The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts to enhance accountability and oversight.

x. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

xi. *Etc….*

Key Notes

1. *Figures should be in* ***two*** *decimal places, e.g. Kshs.10.23 million*
2. *All percentages should be in* ***zero*** *decimal places: The term "zero per cent" indicates no decimal point, as in "12 per cent" or "7 per cent." However, there is an exception for percentages less than 1 per cent. In this case, if the value is, for example, 0.02 per cent, please report it as such in the tables. In the written text, you should write "less than 1 per cent."*
3. *Any performance below 5 per cent should be followed by an explanation/disclosure*
4. *Font – Minion Pro size 11 for standard text and 9 for all charts and tables. (****Source*** *is bold, and text after that is non-bold – both are italics – font 9)*
5. *Validate the data on the spreadsheet's report and have the reports peer-reviewed before submitting them for consolidation.*