COUNTY GOVERNMENT OF GARISSA

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

FINACIAL YEAR 2024/2025 SECOND QUARTER BUDGET IMPLEMENTATION REPORT

JANUARY 2025

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Introduction

The Gross Approved Budget for Garissa County for the Financial Year (FY) 2024/25 stands at Kshs.11.46 billion. Of this amount, Kshs.4.20 billion (37%) has been allocated to development programmes, while Kshs.7.26 billion (63%) is earmarked for recurrent expenditures. This reflects a growth of Kshs.0.76 billion (7.1%) compared to the FY 2023/24 budget, which comprised Kshs.4.31 billion for development and Kshs.6.39 billion for recurrent expenditures. The increase in the overall budget is largely attributed to a rise in the Equitable Share allocation from Kshs.8.2 billion to Kshs.8.55 billion, an increase in Own Source Revenue (OSR) from Kshs.230 million to Kshs.300 million, and the inclusion of a two-month carry-forward balance. Notably, the Net Approved Budget equals the Gross Budget, as no Appropriations-in-Aid (AIA) estimates were included.

The budget will be financed through a mix of revenue sources. These include Kshs.8.56 billion (74.6%) from the National Government as equitable share, Kshs.1.27 billion in additional allocations and conditional grants, Kshs.1.33 billion (11.6%) as cash balance carried forward from FY 2023/24, and Kshs.300 million (2.6%) in gross own source revenue. Of the own-source revenue, Kshs.160 million (1.4%) is expected from the Facility Improvement Fund (health facility collections), while Kshs.140 million (1.2%) will be raised through ordinary local revenue streams.

Revenue Performance.

During the first half of FY 2024/25, Garissa County had access to Kshs.5.16 billion to implement both development and recurrent activities. This amount was comprised of Kshs.3.43 billion received from the equitable share of nationally raised revenue, Kshs.11 million from additional allocations provided by the national government and development partners, and Kshs.160.09 million generated through own-source revenue (OSR). Additionally, the County carried forward a cash balance of Kshs.1.57 billion from FY 2023/24.

The total OSR collection of Kshs.160.09 million includes Kshs.121.97 million from the Facility Improvement Fund (FIF), generated from health facilities, and Kshs.38.13 million from ordinary own-source revenue. Table 1 provides a summary of the total revenue available to the County Government during the first half of FY 2024/25.

Table 1: Garissa County, Revenue Performance in the second quarter of FY 2024/25

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipt Percentage of A Budget Alloca (%)
A	Equitable Share of Revenue Raised Nationally -	8,555,015,575	3,426,774,887	
Subtotal		8,555,015,575	3,426,774,887	
B	Additional Allocations			
	Framework for the management Of Food System Resilience Project – (FSRP)-IDA FOR FY 2024/2025	173,076,923		
	DANIDA Grant-Primary health care in a devolved context	10,822,500		
	Kenya Devolution Support Program KDSP11	37,500,000		
	Kenya Urban Support Prorgam -KUSP UIG	35,000,000		
	Framework For Management of UNFPA Grant FOR GOK/UNFPA 10TH Country Programme for FY 2024/25	9,620,000		
	Emergency Locust Response Project World Bank (ELRP)	142,500,000		
	Water and Sanitation Development Project (World Bank) WSDP	450,000,000		
	Name of the Conditional Grant	137,000,000		
	Financing locally-led climate action program (FLLoCA) County Climate Institutional support (CCIS) Grant level 1 (World Bank)	11,000,000	11,000,000	
	Road Maintenance Levy Fund (RMLF)	188,410,093		
	Conditional Grant Community Health Promoters	74,520,000		
	Transfer of Museum Function	2,462,567		
	Mineral Royalties	621,261		
Subtotal		1,272,533,343.81	11,000,000	
C	Own Source Revenue			
	Ordinary Own Source Revenue	140,000,000	38,125,103	
	Appropriation in Aid (A-I-A)	0		
	Facility Improvement Fund (FIF)	160,000,000	121,965,946	
Subtotal		300,000,000	160,091,049	
D	Other Sources of Revenue			
	Unspent balance from FY 2023/24	1,332,681,087	1,566,887,583	
	Other Revenues (provide a list)	0		
Sub Total		1,332,681,087	1,566,887,583	
Grand Total		11,460,230,006	5,164,753,519	

Source: *Garissa County Treasury*

Facility Improvement Financing

During the period under review, the County reported collecting Kshs.121.97 million under the Facility Improvement Fund (FIF), representing 76% of the annual target of Kshs.160.00 million. In accordance with the Facility Improvement Financing Act, 2023, the funds were retained and utilized at the source by the respective health facilities.

The total expenditure by the health facilities during the reporting period matched the amount collected, amounting to Kshs.121.97 million, as detailed in Table 3.

Table 3: Breakdown of Expenditure by Health Facilities in the First Half of FY 2024/25

No.	Name of the Health Facility	Approved Budget for the Facility (Kshs.)	Actual Expenditure of the Facility (Kshs.)	Absorption rate (%)
	Garissa County Referral Hospital	185,000,000	100,810,877	54
	Iftin	10,000,000	4,666,154	47
	Ijara	12,000,000	6,668,130	56
	Dadaab	8,000,000	3,028,020	38
	Balambala	1,000,000	789,110	79
	Hulugho	1,000,000	1,000,800	100
	Modogashe	4,000,000	3,875,075	97
	Bura	4,000,000	1,127,780	28
	Total	225,000,000	121,965,946	54

Source: *Garissa County Treasury*

The Health Facility with the highest absorption rate was Hulugho Health Facility

County Expenditure Review

During the reporting period, the County utilized Kshs.3.67 billion for both development and recurrent programmes, accounting for 88 per cent of the total funds disbursed by the Controller of Budget. Of this amount, Kshs.1.18 billion was spent on development programmes and Kshs.2.49 billion on recurrent programmes. The development expenditure reflected an absorption rate of 28 per cent of the annual development budget, while the recurrent expenditure represented 34 per cent of the approved annual recurrent budget.

Expenditure by Economic Classification

The County Executive incurred expenditures amounting to Kshs.1.62 billion on employee compensation, Kshs.469.87 million on operations and maintenance, and Kshs.1.13 billion on development activities. In comparison, the County Assembly spent Kshs.288.98 million on

employee compensation, Kshs.112.02 million on operations and maintenance, and Kshs.49.91 million on development activities, as detailed in Table 4.

Table 4: 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
Total Recurrent Expenditure	**6,175,462,183**	**1,083,780,817**	**2,090,029,562**	**400,998,786**	**34**	**37**
Compensation to Employees	4,018,691,551	694,580,507	1,620,163,967	288,982,446	40	42
Operations and Maintenance	2,156,770,632	389,200,310	469,865,595	112,016,340	22	29
Development Expenditure	3,917,987,006	283,000,000	1,129,521,482	49,907,500	29	18
Total	**10,093,449,189**	**1,366,780,817**	**3,219,551,044**	**450,906,286**	**32**	**33**

Source: *Garissa County Treasury*

Recurrent Expenditure Performance

In the first half of FY 2024/25, the County spent Kshs.1.91 billion on employee compensation, representing 37 per cent of the available revenue of Kshs.5.16 billion. This marked a decrease from the Kshs.2.06 billion reported during a similar period in FY 2023/24. Of the total wage bill, Kshs.887.30 million was paid to health sector employees, accounting for 47 per cent.

During the same period, domestic travel expenditure totalled Kshs.60.70 million, with the County Assembly spending Kshs.46.55 million and the County Executive Kshs.14.15 million. Foreign travel expenditure amounted to Kshs.5.74 million, incurred solely by the County Assembly.

Development Expenditure

In the first half of FY 2024/25, the County recorded development expenditure totaling Kshs.1.18 billion, reflecting a 47% increase compared to the corresponding period in FY 2023/24, when spending amounted to Kshs.804.73 million. Table 6 provides a summary of the development projects that incurred the highest expenditure during the reporting period.

Budget Performance by Department

Table 7 summarizes the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2024/25.

Table 7: Garissa County, Budget Allocation and Absorption Rate by Department

	Budgeted		Expenditure		Percentage Absorption	
Sectors	**Rec**	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**
Agriculture, Livestock & pastoral	147.16	477.78	35	-	24	-
Culture, Gender, Youth & Sports	70.73	183	27	-	38	-
Roads, Transport and Public Works	84.82	450.51	27.5	95.95	32	21
Education, Information and ICT	385.51	157.1	217	-	56	-
Lands, Physical Planning and Urban developemnt	368.93	110	178.54	-	48	-
Finance & Economic Planning	1,258.72	150	603.76	-	48	-
Health & Sanitation	2,935.72	420.5	962.93	163.71	33	39
Trade, Investments and Enterprise Development	95.31	470	20	181.92	21	39
Water, Environment and Natural Re-sources	183.26	1,472.10	112.83	745.44	62	51
County Affairs, Public Service and Intergovernmental Relations	589.56	12	319.32	-	54	-
County Public Service Board	55.74	15	20.66	-	37	-
Assembly	1,083.78	283	417.22	49.91	39	18
Total	**7,259**	**4,201**	**2,942**	**1,237**	**41**	**29**

The recurrent expenditure for the Department of Health exceeded the exchequer releases due to payments made to casual workers and consultants from hospital revenue collections under the Facility Improvement Fund (FIF).

An analysis of departmental expenditures reveals that the Department of Roads, Transport, and Public Works recorded the highest development budget absorption rate at 85%, followed by the Department of Finance and Economic Planning at 61%. For recurrent expenditure, the Department of Education, Information, and ICT posted the highest absorption rate at 51% of its allocated budget, while the Department of Culture, Gender, Youth, and Sports recorded the lowest at 17%.

County Funds

Section 116 of the Public Finance Management (PFM) Act, 2012 permits County Governments to establish additional public funds with the approval of both the County Executive Committee and the County Assembly. In the FY 2024/25, the County allocated Kshs.130 million to County-Established Funds, representing 1 per cent of the total county budget. Additionally, in accordance with Section 110 of the PFM Act, 2012, Kshs.60.00 million was allocated to the Emergency Fund, accounting for 0.5 per cent of the overall budget.

Table 5 summarizes each established Fund's budget allocation and performance during the reporting period.

Table 5: Performance of County Established Funds in the First Half of FY 2024/25

S/No.	Name of the Fund	Approved Budget Allocation in FY 2024/25 (Kshs.)	Exchequer Issues in the First Half of FY 2024/25 (Kshs.)	Actual Expenditure in First Half of FY 2024/25 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of First Half Financial Statements (Yes/No.)
	County Executive Established Funds					
	Disaster Management Fund/ Emergency	60,000,000				
	Bursary Fund	50,000,000	50,000,000	50,000,000		YES
	Micro and Small Enterprises Development Revolving Fund	20,000,000				
	County Assembly Established Funds					
	Total	**130,000,000**	**50,000,000**	**50,000,000**		

Source: *Garissa County Treasury*

Budget Execution by Programmes and Sub-Programmes

The table summarizes the budget execution by programmes and sub-programmes in the first half of FY 2024/25.

Programme	Sub-Programme	Revised Gross Approved Estimates (Kshs.Million)		Actual Expenditure (Kshs.Million)		Absorption (%)	
		Rec	Dev	Rec	Dev	Rec	D
Department of Agriculture, Livestock & pastoral							
Programme 1: Agriculture	CSP 1.1 Agriculture Administration & Support Services	91.58	233.08	13.50	13.35	15	
	CSP 1.2 Crop production and value chains	1.20				-	
	CSP 1.3 Agricultural Mechanization Services		37.20				
	Sub Total	**92.78**	**270.28**	**13.50**	**13.35**	15	
Programme 2: Livestock Pastoral Economy	Sub- CSP 2.1 Livestock Administration and Support Service	47.18	177.50	21.00		45	
	CSP 2.2 Livestock Production	2.55				-	
	CSP 2.3 Livestock Value Chains Development	500,000					
	CSP 2.4 Veterinary Service	3.35	30.00			-	
	Sub Total	**53.08**	**207.50**	**21.00**	**0.00**	**40**	
CP3: Fish Production	CSP 3.1 Fisheries services	**0.20**				-	
CP 4: Cooperatives	CSP 4.1 Cooperatives Development	**0.60**				-	
Department Culture, Gender, Youth & Sports							
Programme 1. Administration and support services	Sub-programme 1.1 Administration and Support Services	65.94		12.00		18	
Programme 2. Gender and social services	Sub-programme 2.1 Social Protection,	1.03	76.00		4.48	-	
	Sub-programme 2.2 Gender and Women Empowerment						
Programme 3. Cultural Promotion	Sub-programme 3.1 Promotion and preservation of culture and Heritage						
Programme 4. Youth and Sport Development	Sub-programme 4.1 Youth development	0.50				-	
	Sub-programme 4.2 Sports & Talent Development	3.26	107.00			-	
	Sub-Total	**3.76**	**107.00**	**0.00**	**0.00**	-	
Department Roads, Transport and Public Works							
Programme 1 Administration and support services	Sub-programme 1.1 Administration and Services	75.65	65.00	27.50	49.40	36	
Programme 2 Road and transport	Sub-programme 2.1 Roads	1.67	341.51		1.21	-	
	Sub-programme 2.2 Transport	1.50				-	
	Sub-Total	3.17	341.51	0.00	1.21	-	

Programme	Sub-Programme	Revised Gross Approved Estimates (Kshs.Million)		Actual Expenditure (Kshs.Million)		Absorption (%)	
		Rec	Dev	Rec	Dev	Rec	
Programme 3 Public works &housing	Sub-programme 3.1 Public Works	6.00	44.00		31.50	-	
Department of Education, Information and ICT							
Programme 1: General Administration and support services	Sub-programme 1.1 Administration and Support Services	**348.19**		**186.08**		**53**	
Programme 2. Education Development	Sub-programme 2.1 E.C.D	24.23	157.10	10.00	6.60	41	
	Sub-programme 2.2 Vocational Training	3.00				-	
	Sub-Total	**27.24**	**157.10**	**10.00**	**6.60**	37	
Programme 3. ICT, Information and Libraries	Sub-programme 3.1 ICT, Information and Libraries	**10.08**		**1.50**		**15**	
Department Lands, Physical Planning and Urban Development							
Programme 1: Administration	Sub-programme 1.1: urban Administration & Support Services	**345.97**		**177.51**		**51**	
Programme 2: Lands & physical planning	Sub-programme 2.1: Lands Services	7.00				-	
	Sub-programme 2.2: Physical Planning	7.45	50.00	1.00	16.03	13	
	Sub-Total	**14.45**	**50.00**	**1.00**	**16.03**	**7**	
Programme 3: Urban Development	Sub-programme 3.1: Urban Development and Infrastructure	1.50				-	
	Sub-programme 3.2 Urban Disaster and Risk Management	6.11	60.00			-	
	Sub-programme 3.3 Urban Sanitation Services	0.90				-	
	Sub-Total	**8.51**	**60.00**	**0.00**	**0.00**	**-**	
Department Finance & Economic Planning							
Programme 1: Administration and Support Services	Sub-programme 1.1 Administration and Support Services	902.68	150.00	436.34	91.11	48	
	Sub-programme 1.2 Special Programmes	304.91				-	
	Sub-Total	**1,207.59**	**150.00**	**436.34**	**91.11**	**36**	
Programme 2: Public Finance Management	Sub-programme 2.1 Accounting Services	3.71				-	
	Sub-programme 2.2 Budget Formulation	8.89				-	
	Sub-programme 2.3 Audit Services	5.36				-	
	Sub-programme 2.4 Revenue Management	9.31				-	
	Sub-programme 2.5 Supply Chain Management	7.63				-	

Programme	Sub-Programme	Revised Gross Approved Estimates (Kshs.Million)		Actual Expenditure (Kshs.Million)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 3: Economic planning	Sub-programme 3.1 Planning and M&E	11.73				-	
	Sub-programme 3.2 Statistics and Research	4.50				-	
	Sub-Total	**16.23**				**-**	
Department of Health & Sanitation							
Programme 1: Governance, quality assurance and support services	Sub-programme 1.1 Administration And Support Services	2,628.77	420.50	906.67	121.53	35	29
	Sub-programme 1.2 Health Information Systems	5.00				-	
	Sub-programme 1.3 policy Research and planning	5.00				-	
		2,638.77	**420.50**	**906.67**	**121.53**	**34**	**29**
Programme 2: Curative Services, Rehabilitative and Referal services	Sub-programme 2.1 Health products and technologies	208.50		69.83		34	
	Sub-programme 2.2 Rehabilitative services	11.50				-	
	Sub-programme 2.3 Referral and Emergency Services	54.26				-	
	Sub-Total	**274.26**	**0.00**	**69.83**	**0.00**	**25**	
Programme 3: Preventive and promotive and RMNCH services	Sub-programme 3.1: Maternal, newborn, child health and nutrition services	11.08				-	
	Sub-programme 3.2: Preventive and Promotive Health Services	11.62				-	
	Sub-Total	**22.69**	**0.00**	**0.00**	**0.00**	**-**	
Department Trade, Investments and Enterprise Development							
Programme 1: Administration and Support Services	Sub-programme 1.1 Administration And Support Services	90.35	350.00	20.00	181.92	22	52
Programme 2: micro and small enterprises development	Sub-programme 2.1 micro and small enterprises development	1.40	20.00			-	-
	Sub-programme 2.1 **micro and small enterprises development**	0.75				-	
	Sub-Total	2.15	20.00	0.00	0.00	-	-
Programme 3. Industrialisation and Investment Programme	Sub-programme 3.1 Industrialization and Investment Programme	1.40	100.00			-	-
Programme 4: Tourism	Sub-programme 4.1 Tourism Development	1.40				-	
Department of Water, Environment and Natural Resources							
Programme 1: Water Services	Sub-programme 1.1 Administration and Support Services	128.31	310.00	48.00	77.63	37	25

Programme	Sub-Programme	Revised Gross Approved Estimates (Kshs.Million)		Actual Expenditure (Kshs.Million)		Absorption (%)	
		Rec	Dev	Rec	Dev	Rec	I
Programme 4 Environment Management and Natural Resources	Sub-programme 4.2 Climate Change and Adaptation	12.35	785.10	5.00	523.77	40	
	Sub-programme 4.1 Environment and Natural Resouce Management	37.60		13.50		36	
	Sub-Total	**49.95**	**785.10**	**18.50**	**523.77**	**37**	
Programme 2: Irrigation Services	Sub-programme 2.1 Irrigation Development	5.00	377.00	0.00	11.00	-	
Department of County Affairs, Public Service and Intergovernmental Relations							
Programme 1. Executive Services	Sub-programme 1.1 Governor Operations	60.40		8.00		13	
	Sub-programme 1.2 Deputy Governor Operations	36.12		84.00		233	
	Sub-programme 1.3 County Secretary	49.66		6.50		13	
	Sub-programme 1.4 Operations & Sub-County Administration	254.30	12.00	5.00		2	
	Sub-programme 1.5 Intergovernmental & Public Participation	56.81				-	
	Sub-programme 1.6 County Attorney	28.50		12.00		42	
	Sub-programme 1.7 HRM DPT	86.49		7.09		8	
	Sub-programme 1.8 Donor coordination	17.28				-	
Department County Public Service Board							
Programme 1: Board services	Sub-programme 1: Administration support services	55.74	15.00	18.00	**0.00**	32	
Department County Assembly							
Programme 1: General Administration, Planning and Support Services	Sub-programme 1.1: General Administration	1,083.78	283.00	401.00	49.91	37	
Grand Total		**7,259.24**	**4,200.99**	**2,491.03**	**1,179.43**	**34**	

The sub-programmes with the highest levels of budget implementation, as measured by absorption rates, included Roads and Transport at 88%, Administration and Support Services at 76%, and Public Works and Housing at 72%—all under the Department of Roads, Transport, and Public Works. Additionally, the Administration and Support Services sub-programme under the Department of Finance recorded an absorption rate of 61% of its allocated budget.

Challenges and Recommendation in Budget Implementation

Challenges

The following are some of the challenges in budget implementation in the first quarter

1. Manual Own-Source Revenue Collection; The county relies heavily on manual processes for collecting own-source revenue, which has led to inefficiencies and revenue leakages. Despite some progress through the Facility Improvement Fund (FIF), significant potential remains for enhancing revenue collection.
2. Delays in Exchequer Disbursement; Delays in the release of exchequer funds have significantly affected the county's ability to pay staff salaries on time. This has occasionally necessitated short-term borrowing from commercial banks, which increases financial pressure due to interest costs.
3. Pending Bills; The county is burdened with a substantial amount of unsettled pending bills. There is a concern that some of these claims may not be legitimate, requiring thorough verification before payment can be made.
4. Partial Use of Manual Payroll Systems; Although the county utilizes the national automated payroll system, a portion of casual staff remains on a manual payroll due to delays in issuing personal numbers. This exposes the payroll process to risks such as inaccuracies and potential fraud.

Recommendation:

1. Automate the entire own-source revenue collection system by introducing digital payment platforms, real-time tracking systems, and electronic record-keeping. This will improve transparency, reduce leakages, and enhance accountability. Capacity building for staff and regular system audits should also be conducted to ensure effective implementation
2. Engage with the National Government more so the national Treasury to improve the predictability and timeliness of exchequer disbursements. Additionally, establish a contingency fund or cash reserve to manage temporary cash flow gaps. Strengthen cash flow planning and adopt financial forecasting tools to better align expenditure with anticipated revenues.
3. Conduct a comprehensive audit of all pending bills using a multi-stakeholder verification committee. Develop clear criteria for verifying and prioritizing legitimate claims.
4. Accelerate the issuance of personal numbers for all staff, including casuals, to enable their integration into the national automated payroll system. In the meantime, introduce interim digital records and improve payroll controls. Regular payroll audits should be conducted to enhance integrity and accuracy.