

# Driving Transparency in County Supplementary Budgeting

County Budget Transparency Survey 2024 Modular

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# Introduction

The **County Budget Transparency Survey (CBTS)** is one of the few sub-national global studies, and the only one in Kenya, that consistently tracks how county governments make budget documents accessible and assesses their comprehensiveness. Since 2015, Bajeti Hub has been assessing counties based on key budget documents they produce and publish. In 2020, the survey expanded to include a comprehensiveness component, as guided by the Public Finance Management (PFM) Act.

Conducted in two phases, the survey first checks the availability of ten key budget documents on official government platforms, including county executive and assembly websites, as well as the Bajeti Yetu portal hosted in the National Treasury Website. The second phase evaluates the information provided in these documents as required in the PFM Act 2012 and their regulations 2015. While the survey uses a comparative approach across all 47 counties, certain aspects, like Supplementary Budgets, cannot be compared since not all counties pass them. Supplementary budgets are adjustments to the initially approved budget that accommodate unforeseen expenditures, allowing counties flexibility in resource allocation.

Counties are allowed to produce supplementary budgets to address unforeseen circumstances like emergencies or economic disruptions during budget implementation. These budgets serve as corrective measures to ensure continued service delivery but should not misuse the original budget's priorities. Strict conditions apply as alterations must stay within a ten percent limit and not significantly change originally approved estimates. Despite these conditions, some counties improperly use supplementary budgets to introduce new projects or bypass established planning frameworks, often passing multiple budgets within a single year. This stage is further challenged by limited public participation spaces which may further weakens accountability.

Some of the notable issues that have often been highlighted include practical challenges, such as delays in government disbursements and difficulties in collecting Own Source Revenue, contribute to the frequent need for supplementary budgets. Transparency remains a significant issue, with many counties not providing accessible, detailed documentation as required by law.

This modular research piece analyzes trends in the formulation and approval of supplementary budgets for the Financial Year (FY) 2023/24, specifically aiming to determine how many counties passed and publish supplementary budgets in their official county websites. Secondly, it assesses the detail in these budgets and their alignment with Programme Based Budgeting (PBB) formats. Finally it assesses the level of information using an eight-question questionnaire aligned with the PFM Act, focusing exclusively on counties that passed supplementary budgets.



# Summary Findings



1. In the last three rounds of surveys (2022, 2023 and 2024), **roughly 45 counties** passed at least one supplementary budget, however, **only three** (Busia, Kisumu, and Bungoma) have consistently published these budgets on their official county websites.
2. The availability of supplementary budgets that meet the required PBB format has remained moderately inconsistent across financial years. **14 counties** published their supplementary budgets in the Programme Based Budget format on their official county websites in FY 2023/24, a slight decline from **15 counties in 2022/23**.
3. While the law requires counties to develop and approve supplementary budgets only under unforeseen and unavoidable circumstances, the survey revealed other reasons, such as the need to reprioritize in response to revenue revisions.
4. The findings reveal notable variations in the comprehensiveness of Supplementary Budgets. As some counties demonstrate strong budget information practices, others lag significantly. Consequently, the overall average score for the comprehensiveness of assessed supplementary budgets was 44 out of possible 100 points in 2023/2024 down from 48 points in the 2022/2023 survey.

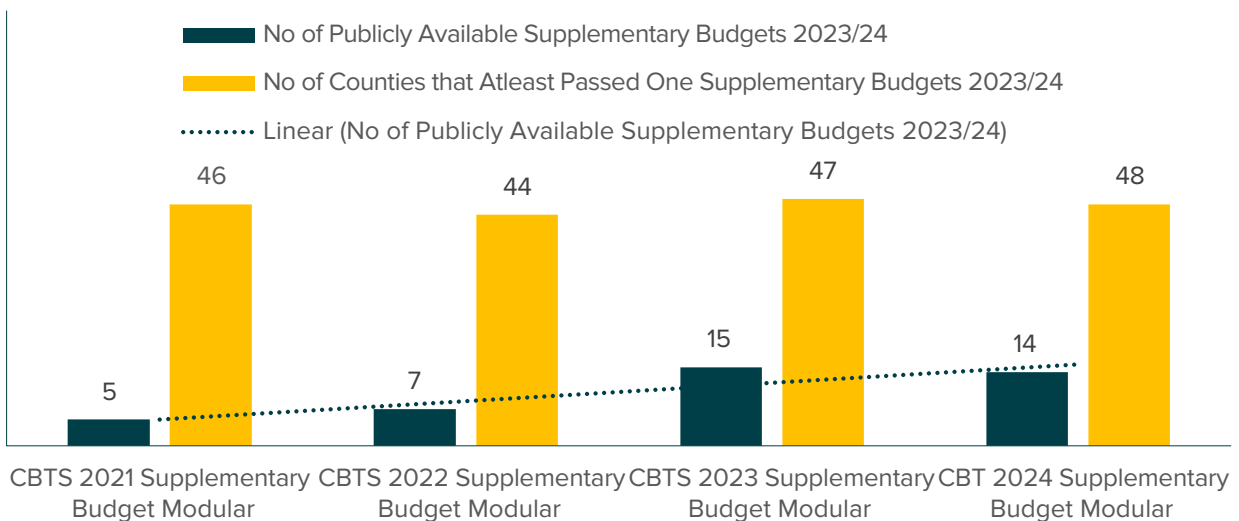
# Findings



## Availability of Supplementary Budgets

According to the Office of the Controller of Budget’s (OCOB) Quarterly Implementation Reports from the FY 2023/24, 46 counties passed at least one Supplementary Budget in the FY 2023/24 with exception of Kirinyaga County. However, availability findings of this research indicate that out of the 46 counties that passed the 2023/24 Supplementary Budgets, only 14 counties published and publicized their revised budgets on their official county government websites. As shown by figure 1 below, this represents a decrease of one county compared to the Supplementary Budgets published on official county websites in FY 2022/23, as recorded in the 2023 CBTS.

**Figure 1: Publicly Available Supplementary Budgets Trends CBTS 2021 – 2024**



**Source: Bajeti Hub Data and Analysis**

Counties are required to present their Supplementary Budget in Programme Based Budget format. The survey found that three counties, Tana River, Garissa and Kakamega, presented their revised budgets in line-item format - which is a poor practice.

By the end of FY 2023/24, **30 counties** had approved at least **two** Supplementary Budgets, **17 counties** had approved **one** Supplementary budget, and **1 county** had approved **none**. Previous surveys have shown most counties approve supplementary budgets in quarter 4, which is still the case in the FY 2023/24, where 39 counties had at least one Supplementary Budget in this quarter. In contrast, there were no counties that had approved a supplementary budget in the first quarter in FY 2023/24.



## Comprehensiveness of County Supplementary Budgets

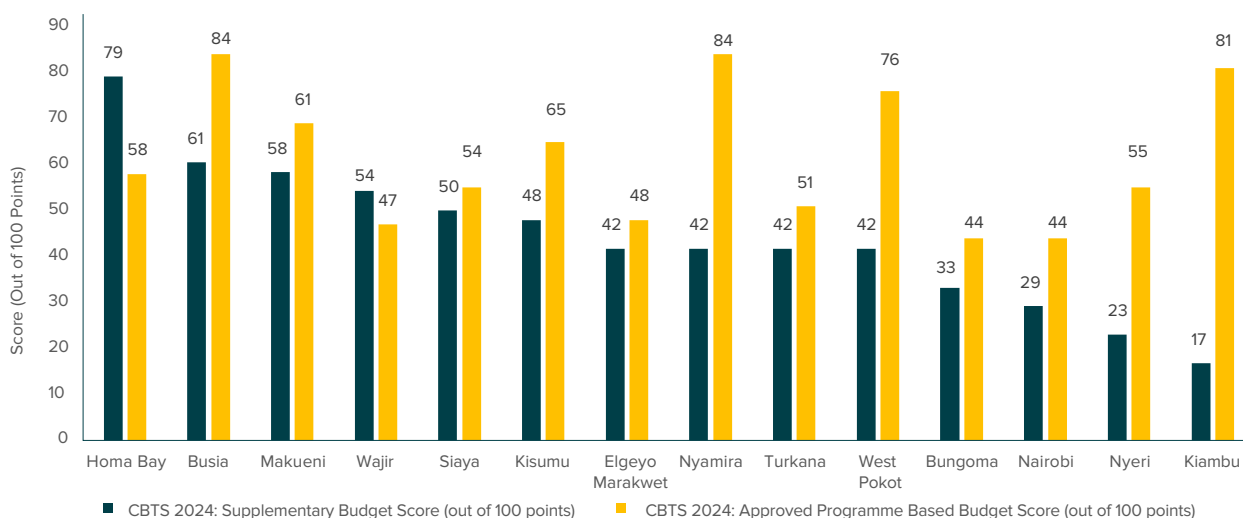
To determine the comprehensiveness of the supplementary budgets, we evaluated the level of information provided within the documents by use of a structured questionnaire comprising a total of eight key questions. This questionnaire is guided by the Public Finance Management (PFM) Regulations of 2015, section 39 (6) which stipulates that a request for supplementary budget allocation should include detailed information on the vote, program, and expenditure category to be supplemented, along with the original and any previously added amounts.

It must also present actual expenditure to date, outstanding commitments, and the specific amount required, supported by clear justification and reasons for exceeding the original provision. The submission should outline the calculation basis, proposed financing source, and assess the fiscal impact, including any implications for planned outputs and outcomes. Additionally, it should highlight any deviations from the Medium-Term Expenditure Framework (MTEF) and provide the latest fiscal projections.

### 1. Most counties present more details in their PBBs than Supplementary Budgets

The overall average score based on information provided by counties in their supplementary budgets was **44 out of a possible 100 points**, reflecting a decline compared to the previous 2023 survey, where the average score stood at 48 points. Out of the 14 counties assessed, 8 counties recorded scores below this overall average score. Homa Bay County had the most comprehensive supplementary budget, scoring 79 out of 100 points. However, this was six points lower than the most comprehensive supplementary budget in CBTS 2023, published by Kisumu. On the other hand, Kiambu recorded the lowest comprehensiveness score on Supplementary Budget with 17 points out of 100, which was four points above the lowest performing supplementary budget in 2023 CBTS published by Bungoma.

**Figure 2: Comparison of the Comprehensiveness of Supplementary Budget and PBBs in FY 2023/24**

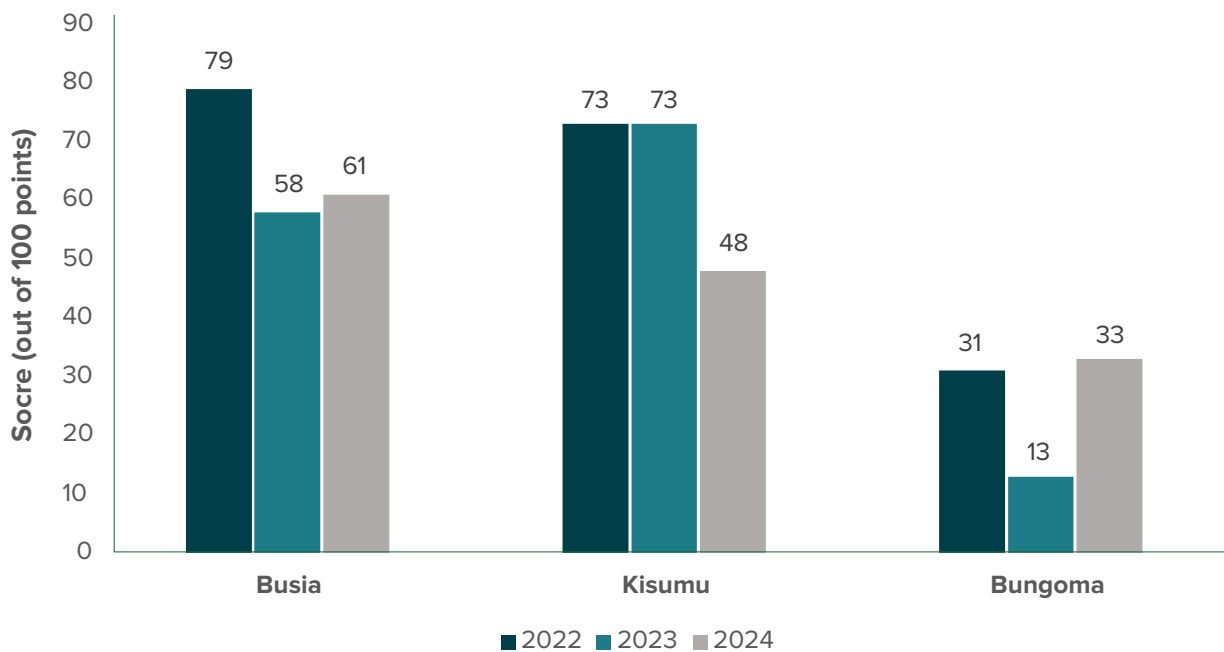


Source: Bajeti Hub, 2024 CBTS Analysis.

As shown in Figure 2 above, most counties except Homa Bay and Wajir provided less detailed information in their supplementary budgets compared to the level of detail in their Approved Programme Based Budget (PBB) in the CBTS 2024. This discrepancy raises concerns about transparency, as supplementary budgets and approved PBBs are structurally similar and should contain a comparable level of information. Given that supplementary budgets are developed during budget implementation, any changes in allocations or reprioritizations should be clearly communicated to enable the public to track and understand the adjustments.

This survey also compared the comprehensiveness scores of three counties, Busia, Kisumu, and Bungoma, that have consistently made their supplementary budgets publicly available since 2022. The results show that the comprehensiveness of the supplementary budgets published by these counties has been volatile over the period. In 2022 CBTS, Busia and Bungoma scored 79 and 31 out of 100 points respectively; these scores fell to 58 and 13 out of 100 points in CBTS 2023, before rising again to 61 and 33 out of 100 points in CBTS 2024. Kisumu County presents an interesting trend, as it maintained a score of 73 out of 100 points in both CBTS 2022 and CBTS 2023, but dropped significantly in the 2024 survey to 48 out of 100 points as shown in Figure 3.

**Figure 3: Analysis of Comprehensiveness Performance Trends in FY 2023/24**



Source: Bajeti Hub, CBTS 2024 Analysis.



## 2. Do Counties Provide Reasons for Budget Adjustments?

Section 135 of the Public Finance Management (PFM) Act, 2012, and Articles 39(3), (4), and (6c) of the County PFM Regulations, 2015, provides the legal basis for counties to revise their budgets through supplementary budgets. These provisions allow adjustments for unavoidable and unforeseen expenditures, provided they do not exceed 10 percent of the approved budget unless specially approved by the county assembly. To ensure compliance, counties must include a summary table comparing approved and revised budgets by department, along with a brief narrative justifying the changes and confirming adherence to the legal limits.

According to the analysis, 10 out of 14 counties provided a narrative justification for the overall reason behind the budget revisions introduced through their supplementary budget, thus an average score of 71 out of 100 points. A common reason cited by most counties for the budget revision was the receipt of additional conditional grants during the financial year and the balance carried forward from the previous financial year. An example of Nyamira county is provided in Figure 5, which explicitly stated the revenue shifts that needed to be incorporated into the supplementary budget.

**Figure 5: Justification for Budget revisions - A case for additional funds.**

**1.6 THE BASIS FOR THE REVISED BUDGET ESTIMATES 2023/2024:**

The First Supplementary Programme Based Budget 2023/2024 draws its legal backing from Chapter twelve of the Constitution and Section 135 of the PFM Act 2012. The following are the justifications for the First Supplementary Budget 2023/2024;

**1.6.1 Revenue Shifts**

**a) Nyamira Municipality own Source Revenue**

An increase of locally raised revenue within the municipality from Ksh. 65,000,000 to Ksh. 80,000,000 to facilitate delivery of the services as gazzetted.

**b) County Own Source Revenue**

An increase in locally raised revenue from Kshs.280,000,000 to Ksh.315,000,000, an increment of Ksh.35,000,000 to facilitate other priority shifts.

**c) Conditional Grants as per the revised CARA 2023**

An increase of the conditional grants allocation from Ksh. 796,960,389 to Ksh. 1,099,281,159 to the revised Additional Conditional Bill 20203.

**d) Unspent Balances from exchequer**

A decrease in projected unspent balances from the exchequer from Ksh. 430,000,000 to Ksh. 204,105,761 as per the refund statements for the year ending 2022/2023. This allocation is basically meant to pay pending bills.

**e) Unspent balances from conditional grants**

A decrease in the projected unspent balances from the conditional grants from Ksh. 199,282,966 to 91,059,228 as per the refund statements for the year ending 2022/2023.

Source: Nyamira County 1<sup>st</sup> 2023/24 Supplementary Budget

Some counties like Wajir did state other reasons for approving supplementary budgets, such as reduction of the budget allocation thus a need to reprioritize, as shown by Figure 6.

**Figure 6: Justification for Budget revisions - A case for budget reduction**

**1.1 COUNTY BUDGET - CAPITAL & CURRENT**

The County Revised Total Budget for the Financial Year 2023-24 is Kshs. **12,143,017,984** in which Kshs. 8,260,489,118 (68.0%) is for Recurrent while Kshs. 3,882,528,866 (32.0%) is for development. This is a reduction from the previous approved budget of Kshs. 380,578,525 due to the downward review of own source revenue from Kshs. 200 Million to Kshs. 150 Million, the dropping of Climate Smart Agriculture Project as well as Conditional Grant for Industrial park of 250 Million. These ratios are within the Fiscal Responsibility Principles limits set by section 107 of the Public Finance Management Act 2012.

**Table 1: Revised Total Budget**

No	Item	Approved Budget	Adjustments	Revised Estimates
1	Total Recurrent	8,252,425,086	8,064,032	8,260,489,118
2	Total Development	4,271,171,423	-388,642,557	3,882,528,866
	<b>Total Budget</b>	<b>12,523,596,509</b>	<b>-380,578,525</b>	<b>12,143,017,984</b>

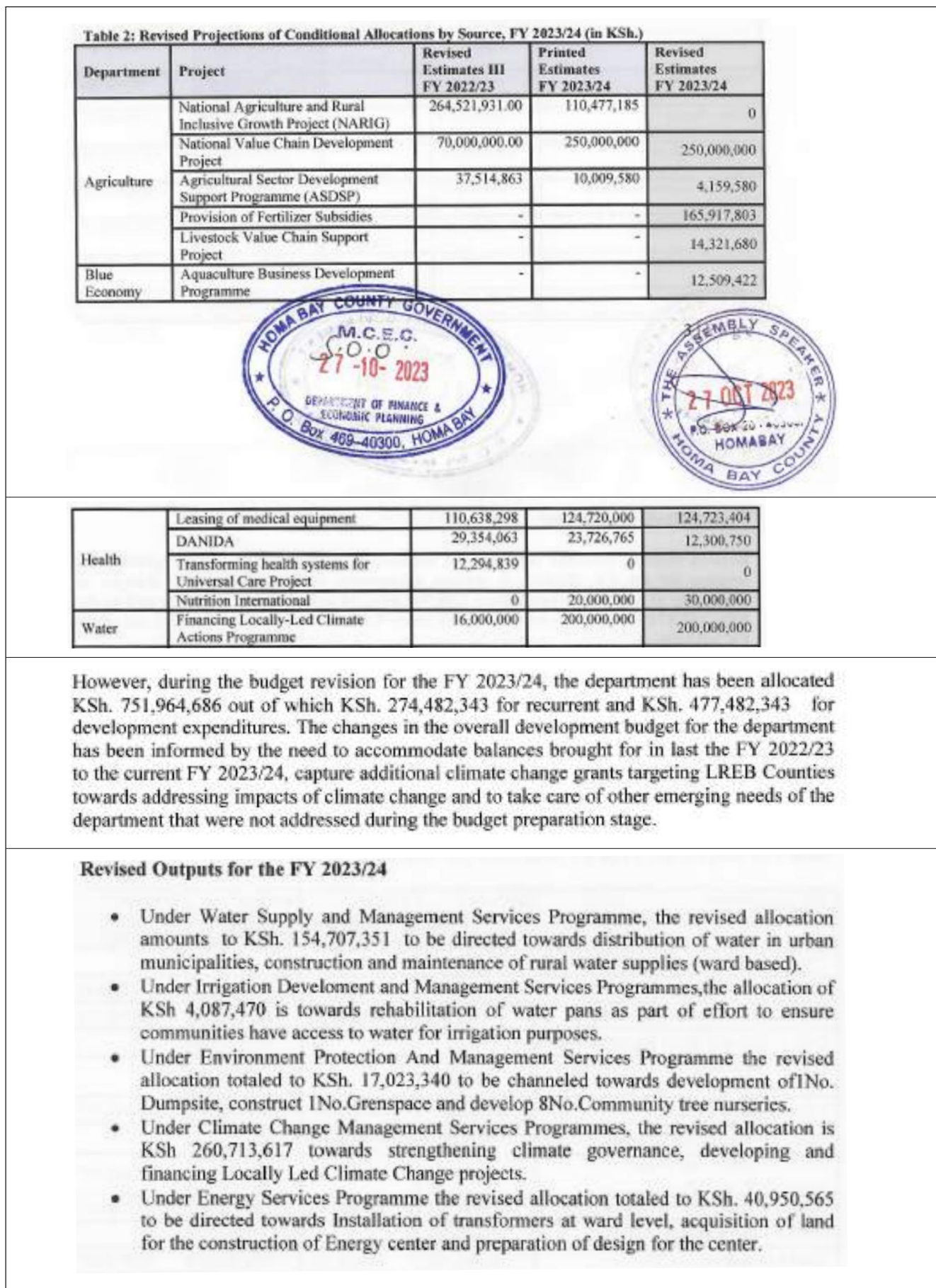
*Source: Wajir County 1<sup>st</sup> 2023/24 Supplementary budget*

The Controller of Budgets' County Budget Implementation Review Reports for FY 2023/24, also highlights several reasons for supplementary budgets. For instance, the reports state that Nairobi and Siaya Counties had initially allocated budgets for their County Assemblies that exceeded the maximum limits set by the County Allocation of Revenue Act, 2023, prompting corrections through supplementary budgets. Additionally, West Pokot County had budgeted Ksh. 9.12 million from DANIDA in its approved 2023/24 budget, despite having received Ksh. 16.03 million, necessitating a revision to reflect the accurate funding amount.

An evaluation of departmental budget revisions revealed that only Homa Bay County adequately explained the need for changes. Overall, the average score for the justifications provided for departmental budget revisions was 39 out of 100 points, down from 58 points in the CBTS 2023. While most counties simply listed their medium-term priorities, Homa Bay provided detailed descriptions of the priority departments receiving conditional allocations. The county showed that these departments acknowledged receiving additional funds and specified the programs and projects to be funded.

For example, in Figure 7, the water department received a conditional allocation of KES 200 million for the Financing Locally Led Climate Action (FLLOCA) program, which is a key project under the climate change management services program.

Figure 7: Reasons for Budget Revision at the Departmental Level



Source: Homa Bay County 1<sup>st</sup> 2023/24 Supplementary Budget

### 3. Adherence to ceilings cap when making Budget revision

The PFM Act of 2012 establishes a clear ceiling on budget revisions to promote fiscal discipline and accountability. Specifically, Section 135(7) of the Act stipulates that a county government may not spend more than 10 percent of the amount appropriated by the County Assembly in any financial year through supplementary budgets, unless the County Assembly has granted special approval under exceptional circumstances.

This means that counties must clearly demonstrate whether their proposed budget adjustments comply with this legal requirement.

#### To do so, they should:

1. Provide a summary table detailing each department's approved and proposed budgets, making it easy to compare spending changes.
2. Include a narrative explanation stating whether the adjustments adhere to the legal 10 percent limit or if special approval has been obtained from the county assembly.

However, the analysis of the survey revealed that while counties provided a summary table with the original 2023/24 approved budget and supplementary budget estimates at the departmental levels, **none gave a narrative explanation** for its adherence to the ceiling of a maximum of ten percent on the overall budget changes and breakdown of each vote affected.

### 4. Details on Financing of additional Budget Expenditure

It is crucial for counties to provide sources of financing for additional expenditure in their supplementary budgets to ensure the proposed adjustments remain realistic and sustainable. The survey results show that most counties (12 of 14), except Nyeri and Kiambu, provided their sources of funding for the revised budget, contributing to an overall average score of 86 out of 100 points. The counties presented detailed information on the three main sources of revenue: own source revenue, transfers from the national government, and conditional grants from development partners.

Additionally, the same 12 counties included revenue projections for the two outer years, offering a more comprehensive outlook on expected financial inflows and sustainability of budget allocations. This level of detail enhances transparency of budget financing and allows for more robust public participation on county public finance management. Figure 8 shows an example of Bungoma county, where the revenue basket factored in unspent balances brought forward from the previous year that was not captured in the approved 2023/24 budget, additional conditional grants, revised FLLOCA conditional grant, additional own source revenue and downward projection of local revenue as per the expected Finance Act.

Figure 8: Revenue information

NO.	Source	Approved Annual Budget FY 2023/24	Increase/ Decrease	Approved 1st Supplementary Estimates FY 2023/24
1	Bal. b/f - (i) Equitable Share.	-	275,350,297	275,350,297
	ii Retention		150,000,000	150,000,000
2	Transfers from Central Government	11,111,983,608		11,111,983,608
3	Conditional Grant- National Government:	255,000,000	552,390,864	807,390,864
	Finance and Economic Planning: Equalization Fund	-	137,839,232	137,839,232
	Health: Leasing Of Medical Equipment	110,000,000	14,723,404	124,723,404
	Trade: Aggregated Industrial Park Grant	100,000,000	150,000,000	250,000,000
	Rural Electrification and Renewable Energy Corporation (REREC)	45,000,000		45,000,000
	Agriculture: Fertilizer Subsidy Programme		242,962,800	242,962,800
	Transfer of Library Services		6,865,428	6,865,428
4	Conditional Grants- Development Partners:	463,050,812	483,238,959	946,289,771
	Health: i)UNICEF	1,571,000		1,571,000
	ii) Danish International Development Agency (DANIDA)	28,605,056	16,232,009	44,837,065
	Agriculture: World bank Agricultural and Rural growth Projects	280,530,114	-68,848,973	211,681,141
	National Agricultural Value Chain Development Project (NAVCDP)		250,000,000	250,000,000
	Kenya Livestock Commercialization Project (KELCLOP)		34,500,000	34,500,000
	Sweden Agricultural Sector Development Sector Development Support Programme (ASDSP II)	5,344,642	-200,349	5,144,293
	County Secretary: Kenya Devolution Support Programme- Level 11	-	12,792,823	12,792,823
	Lands: i) Urban Support Programme(Development)	-	133,767,487	133,767,487

Bungoma County Budget 2023/2024				
NO.	A. REVENUE Source	Approved Annual Budget FY 2023/24	Increase/ Decrease	Approved 1st Supplementary Estimates FY 2023/24
	ii) Urban Support Programme (Recurrent)	-	35,885,078	35,885,078
	iii) KISP II (Kenya Informal Settlement Improvement Project)	-	80,000,000	80,000,000
	Tourism: i) Finance Locally Led Climate Action Program (FLLOCA )	22,000,000	(10,889,116)	11,110,884
	ii)Climate change grant	125,000,000		125,000,000
	<b>FUNDS</b>	<b>158,808,217</b>	<b>-</b>	<b>158,808,217</b>
	Trade loan	115,679,933		115,679,933
	Women Fund	14,706,343		14,706,343
	Disability	8,437,615		8,437,615
	Youth Fund	19,984,326		19,984,326
5	<b>Locally Generated AIA:</b>	<b>1,124,665,392</b>	<b>27,405,991</b>	<b>1,152,071,383</b>
	i) Agriculture, Livestock, Fisheries, and Co-op Development		719,897	719,897
	iv) Education and Vocational Training Centres		9,133,220	9,133,220
	v) Health and Sanitation	1,124,665,392	17,552,874	1,142,218,266
6	<b>LOCAL REVENUE AS PER EXPECTED FINANCE ACT</b>	<b>918,701,471</b>	<b>(50,500,000)</b>	<b>868,201,471</b>
	<b>Total</b>	<b>14,032,209,500</b>	<b>1,287,886,111</b>	<b>15,470,095,611</b>

Source: Bungoma 1st 2023/24 Supplementary Budget

## 5. Information on approved Budget Estimates and Expenditure at the Point of Revision

The PFM County Regulations 2015, section 39, 6 (A)(B) mandates counties to provide detailed expenditure information at both the departmental and programme levels. This includes figures from the approved budget, actual expenditure at the time of the supplementary request, and the revised supplementary budget figures.

The counties assessed in this survey recorded an **overall average score of 65 out of 100 points for the level expenditure information** provided in their supplementary budgets. At the departmental level, expenditure information provided stood at 67 out of 100 points but dropped slightly to 62 out of 100 points at the programme level (below the department level).

13 out of 14 counties included figures from the 2023/24 approved budget and the revised supplementary estimates at both the departmental and below the departmental levels. These figures are important as they allow for a direct comparison of the approved and revised figures of the budget, enabling an assessment of the potential impact of any adjustments. Notably, Makueni County was the only county that provided a comprehensive expenditure breakdown, including figures from the approved budget, actual expenditure at the time of the supplementary request, and revised budget figures.

Figure 9: Makueni County, 2023/24 Supplementary Budget.

No	DEPARTMENT	Recurrent			Development			TOTAL		
		FY 2023/24 Supplementary Budget 1	Actual expenditures as at 19th February 2024	Absorption Rate(%)	FY 2023/24 Supplementary Budget 1	Actual expenditures as at 19th February 2024	Absorption Rate(%)	FY 2023/24 Supplementary Budget 1	Actual expenditures as at 19th February 2024	Absorption Rate(%)
1	Government	455,827,360	302,854,683	66%	-	-	-	455,827,360	302,854,683	66%
2	County Secretary	422,725,533	293,899,491	70%	-	-	-	422,725,533	293,899,491	70%
3	County Attorney	49,023,507	12,270,384	25%	-	-	-	49,023,507	12,270,384	25%
4	Development, Public Participation, County Administration and Special Programs	314,387,483	146,712,258	47%	23,054,646	1,290,800	6%	337,442,129	148,003,058	44%
5	Finance and Socio-Economic Planning	495,223,080	250,175,311	51%	53,425,662	5,639,242	11%	548,648,742	255,814,553	47%
6	Agriculture, Irrigation, Livestock, Fisheries and Cooperative Development	292,652,652	14,420,603	5%	852,671,284	26,649,885	3%	1,145,323,935	41,070,488	4%
7	Makueni Fruit Development and Marketing Authority	50,356,413	22,876,993	45%	68,536,224	23,938,902	35%	118,892,637	46,815,895	39%
8	ICT, Education and Internship	693,410,405	306,594,983	44%	255,510,854	3,326,700	1%	948,921,258	309,921,683	33%
9	Gender, Children, Youth, Sports and Social Services	64,764,161	23,602,202	36%	159,636,971	6,972,048	4%	224,401,132	30,574,250	14%
10	Health Services	3,214,694,618	1,487,144,856	46%	881,365,673	102,267,111	18%	3,796,060,362	1,589,417,967	42%
11	Trade, Marketing, Industry, Culture and Tourism	120,519,102	37,819,460	31%	44,760,689	5,311,997	12%	165,279,790	43,137,457	26%
12	Infrastructure, Transport, Public	158,970,255	93,103,916	59%	593,273,823	100,741,378	17%	752,244,078	193,845,294	26%

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Health	Programme 1: General administration & planning	3,509,796,510	3,152,254,632	3,302,371,437	3,304,707,827	3,264,548,237	3,369,628,415
	SP1 - General administration & planning	3,509,796,510	3,152,254,632	3,302,371,437	3,304,707,827	3,264,548,237	3,369,628,415
	Programme 2: Curative health care services						
	SP2 - Curative health care services	235,312,800	343,750,000	327,230,593	(94,622)	327,135,970	472,460,047
	Programme 3: Preventive and promotive health care services						
	SP3 - Preventive and promotive health care services	181,686,500	95,309,500	146,676,202	5,785,656	172,241,548	141,893,648
	Total Expenditure of Vote	3,986,795,810	3,591,304,132	3,776,068,236	8,627,843	3,804,087,245	4,088,634,966

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Department	Programme/Sub Programme	FY 2023/24 Revised Budget Estimates 2	FY 2024 Proposed Budget Estimates 1	FY 2024 Revised Budget Estimates 1	Variance	FY 2024 Revised Budget Estimates 2	FY 2024 Projected Budget Estimates	FY 2025 Projected Budget Estimates
Health	SP1 - General administration & planning	66,830,744	55,762,189	46,121,189	(1,611,402)	45,280,787	45,542,526	49,922,069
	Programme 2: Gender & Social Development							
	SP2 - Gender & Social Development	30,153,935	39,481,978	37,997,521	(1,340,920)	49,656,401	73,139,431	76,786,404
County Attorney	SP1 - Youth Development, Sport & Empowerment	22,719,160	25,500,000	29,820,650	1,433,840	31,254,490	32,817,215	34,458,077
	SP1 - Youth Development	56,139,508	66,897,304	76,070,731	5,647,738	81,718,550	83,804,478	90,084,701
	SP4 - Sports Development	195,823,247	207,611,368	224,401,132	3,609,287	227,916,439	239,305,990	251,271,288
County Secretary	Programme 1: Legal & advisory services	14,463,198	34,023,507	49,023,507	(149,095)	48,854,412	53,730,853	59,113,839
	Total Budget	14,463,198	34,023,507	49,023,507	(149,095)	48,854,412	53,730,853	59,113,839
County Secretary	Programme 1: Leadership and coordination of departments.	487,485,416	591,147,809	422,725,533	(2,780,583)	419,944,772	440,942,011	462,989,111
	Total Budget	487,485,416	591,147,809	422,725,533	(2,780,583)	419,944,772	440,942,011	462,989,111
Governorship	Programme 1: General administration & planning	251,098,282	213,565,945	455,827,360	14,673,109	470,500,669	508,140,506	548,791,747
	Total Budget	251,098,282	213,565,945	455,827,360	14,673,109	470,500,669	508,140,506	548,791,747
Development & Public Service	Programme 1: General administration & planning	277,700,082	267,787,612	276,493,132	19,278,440	266,871,572	301,215,151	316,275,909
	SP1 - Public Participation & Civic Education	25,168,697	13,457,797	3,309,628	(1,609,628)	16,927,425	17,563,796	18,441,986
County Public Service Board	Programme 1: Research, Documentation & Knowledge Management	-	4,500,000	4,500,000	(940,000)	3,560,000	3,738,000	3,924,900
	SP1 - Research, Documentation & Knowledge Management	-	4,500,000	4,500,000	(940,000)	3,560,000	3,738,000	3,924,900
County Public Service Board	Programme 1: Coordination of Service Delivery and Enforcement	3,304,420	30,120,000	26,670,000	(268,540)	26,401,460	27,723,533	29,107,610
	SP1 - Disaster Risk Mitigation and Preparedness	10,460,000	9,981,200	(1,149,960)	8,711,240	9,146,802	9,664,142	
County Public Service Board	Programme 1: Alcoholics Drinks Control and Licensing	6,400,000	6,400,000	(643,520)	5,756,480	6,044,304	6,346,519	
	SP1 - Alcoholics Drinks Control and Licensing	306,166,198	332,775,409	337,442,129	19,566,648	348,028,178	364,425,586	383,701,066
County Public Service Board	Programme 1: Public Service Human Resource Management and Development	74,013,066	75,513,647	72,963,647	(150,000)	72,813,647	76,454,330	80,277,046
	Total Budget	74,013,066	75,513,647	72,963,647	(150,000)	72,813,647	76,454,330	80,277,046

Source: Makueni County, 2023/24 2<sup>nd</sup> Supplementary Budget

## 6. Impact on Fiscal Responsibility Thresholds

The PFM County Regulations 2015, section 39 6(F) establishes the fiscal responsibility thresholds to promote prudent financial management. Some key thresholds include that least 30% of total budget allocations should be for development expenditure, and not more than 35% of total revenues should be allocated to personnel-related expenses (wage expenditure). From the analysis, only 4 out of 14 counties provided information on the adherence to these fiscal responsibility thresholds. Homa Bay and Wajir presented both the fiscal responsibility principles and stated their financial objectives in response to changes in expenditures.



Figure 10: Fiscal Responsibility Principles and Financial Objectives.

<p><b>1.2.1 Fiscal Responsibility Principles and Financial Objectives</b></p> <p>The budget proposal has complied with the requirement of Section 107 of the PFM Act on Fiscal Responsibility Principles as follows.</p> <ul style="list-style-type: none"> <li>• <i>the county government's recurrent expenditure shall not exceed the county government's total revenue;</i> The Recurrent expenditure accounts for 68.0% of the County Government total projected revenue. The county government projected recurrent expenditure does not exceed the projected revenue hence comply with this requirement.</li> <li>• <i>Over the medium term, a minimum of thirty (30) per cent of the budget shall be allocated to the Development Expenditure.</i></li> </ul> <p>In the current year, 32.0% of the budget will be allocated to Development Expenditure. This is above the 30% minimum limit and therefore the county government has complied with this provision.</p> <ul style="list-style-type: none"> <li>• <i>the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;</i></li> </ul> <p>Expenditure on wage is projected to be kshs. 4,297,531,365 (35.4 %) which is 0.4 per cent above the PFM threshold. The County is undertaking Human Resource Audit and will strive to reduce the proportion of expenditure on wages and salaries for the county public service.</p> <ul style="list-style-type: none"> <li>• <i>Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure.</i></li> </ul>	<p>Since there is no legal framework developed for county borrowing, we do not intend to borrow.</p> <ul style="list-style-type: none"> <li>• <i>The county debt shall be maintained at a sustainable level as approved by County Assembly.</i></li> </ul> <p>The County has not borrowed since there are no laws approved by the county assembly to enable the county to borrow. This is caused by lack of legal framework for county borrowing.</p> <ul style="list-style-type: none"> <li>• <i>The fiscal risks shall be managed prudently and all mitigation measures indicated will be put in place to manage all identified and emerging risks.</i></li> </ul> <p>Fiscal risks identified in the County Fiscal Strategy paper 2023 have all mitigation measures identified and implemented for each one of them.</p> <ul style="list-style-type: none"> <li>• <i>The County Government shall maintain a reasonable degree of predictability with respect to the level of tax/ levy rates and bases shall be maintained, taking into account any tax reforms that may be made in the future.</i></li> </ul> <p>The County Government of Wajir will ensure there are no significant change in the rates but will rather strive to improve the tax base by broadening the tax bracket.</p>
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Source: Wajir County, 2023/24 Supplementary Budget.

## 7. Provision of Latest Fiscal Projections.

The PFM County Regulations 2015, section 39 6 (G) (H) require supplementary budgets to have information on any implied deviation from the Medium-Term Expenditure Framework (MTEF) and the financial objectives and the latest fiscal projections.

An evaluation of the available supplementary budgets indicated that **6 of the 14 counties incorporated the latest fiscal projections for the Medium Term** (next two to three years), with most extending their estimates to two outer fiscal years. This resulted in an overall average score of 39 out of 100 points. Figure 11 shows an example from Busia County.

Figure 11: Medium-Term Projections - 2 outer years.

**SUMMARY OF EXPENDITURE BY VOTE AND PROGRAMME FOR FY 2023/2024 AND MEDIUM TERM**

Vote Title	Programme (CP)	Revised Budget Estimates	Budget Estimates	1st Revised Budget Estimates	Supplementary	2nd Revised Budget Estimates	Projected Estimates	
		FY 2022/2023	FY 2023/2024	FY 2023/2024	FY 2023/2024	FY 2023/2024	FY 2024/2025	FY 2025/2026
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Smart Agriculture, Livestock, Fisheries, Blue Economy and Agribusiness	CP 1: General Administration and support services	274,935,865	262,893,875	280,129,929	-	280,129,929	308,142,922	338,957,214
	CP 2: Land use and Management	14,582,112	12,000,000	31,896,313	16,000,000	47,896,313	52,685,944	57,954,539
	CP 3: Crop Production and Management	749,706,781	329,600,000	597,921,594	5,500,000	592,421,594	651,663,753	716,830,129
	CP 4: Agricultural Training	74,309,217	31,498,205	5,061,350	-	5,061,350	5,567,485	6,124,234
	CP: Agribusiness and Agricultural Value chain Development	5,000,000	-	-	-	-	-	-
	CP 5: Fisheries and Blue Economy Development	38,241,533	40,000,000	84,467,168	-	84,467,168	92,913,885	102,205,273
	CP 6: Livestock Production and Marketing	5,058,555	40,850,000	71,593,139	500,000	71,093,139	78,202,453	86,022,698
	CP 7: Veterinary Services	40,594,789	13,000,000	64,639,704	-	64,639,704	71,103,674	78,214,042
	Other Development Projects	174,251,558	-	-	-	-	-	-
Trade, Investment, Industrialization, Co-operatives, Small and Micro Enterprises (SME)	CP 8: General Administration and support services	85,980,548	85,836,520	96,211,577	-	96,211,577	105,832,735	116,416,008
	CP 9: Trade Development and Investment	146,109,112	101,300,000	134,697,995	-	134,697,995	148,167,795	162,984,574
	CP 10: Fair Trade practices	3,000,000	4,000,000	6,995,000	-	6,995,000	7,694,500	8,463,950
	CP 11: Industrialization	50,000,000	250,000,000	250,000,000	-	250,000,000	275,000,000	302,500,000
	CP 12: Cooperative Business Development	8,000,000	6,000,000	8,600,000	-	8,600,000	9,460,000	10,406,000
	CP 13: Alcoholic Drinks and Drugs Abuse Control	-	-	5,000,000	-	5,000,000	5,500,000	6,050,000
	Other Development Projects	17,245,880	-	-	-	-	-	-
Education and Industrial Skills Development	CP 14: General Administration and support services	622,835,677	513,388,021	697,547,533	17,500,000	715,047,533	786,552,287	865,207,515
	CP 15: Early Childhood Development Education	8,806,048	63,000,000	20,000,000	-	20,000,000	22,000,000	24,200,000
	CP 16: Vocational Training Development	17,229,850	30,000,000	60,000,000	17,500,000	42,500,000	46,750,000	51,425,000
	CP 17: Education support	2,139,336	106,800,000	839,336	-	839,336	923,270	1,015,597
	Other Development Projects	25,673,514	-	-	-	-	-	-
The County Treasury and Economic Planning	CP 18: General Administration and support services	894,957,722	753,064,403	669,195,450	10,000,000	659,195,450	685,734,995	754,308,495
	CP 19: Public Financial Management	60,397,425	-	55,000,000	17,919,656	72,919,656	80,211,622	88,232,784
	CP 20: Economic Policy and Planning	-	8,000,000	6,000,000	-	6,000,000	6,600,000	7,260,000
	CP: Information and Communication Services	-	-	-	-	-	-	-
	CP: Information Communication Technology	8,361,500	14,000,000	-	-	-	-	-
	Other Development Projects	5,999,895	-	-	-	-	-	-
Youth, Sports, Culture, Gender, Creative Arts and Social Services	CP 21: General Administration and support services	116,240,890	110,556,236	149,252,295	-	149,252,295	164,177,524	174,702,577
	CP 22: Cultural Promotion and Development	-	19,000,000	19,000,000	-	19,000,000	20,900,000	22,990,000
	CP 23: Child Care, Right and Protection	3,251,181	8,000,000	8,000,000	-	8,000,000	8,800,000	9,680,000
	CP 24: Youth Empowerment and Development	6,700,325	-	1,000,000	-	1,000,000	1,100,000	1,210,000
	CP 25: Promotion and Development of Sports	16,474,200	74,000,000	8,026,968	-	8,026,968	8,829,665	9,712,631
	CP: Promotion and Development of Local Tourism in the County	-	-	-	-	-	-	-

Source: Busia County 2<sup>nd</sup> Supplementary Budget, 2023/24



## **Conclusion and Recommendations**

The analysis of the 2023/24 County Supplementary Budgets reveals that while most counties passed Supplementary Budgets, many counties still do not make them publicly available. Additionally, while there are inconsistencies in making their revised budgets publicly available, the survey found that there are challenges in the comprehensiveness of supplementary budget. For example, counties struggled to provide information on their adherence to fiscal responsibility thresholds, and to breakdown changes in expenditure at departmental level. Few counties also provided any justification for their budget revisions or indicated whether they complied with or surpassed the ten percent limit.

The survey findings indicate that counties tend to provide more comprehensive information in their approved Programme-Based Budgets than in their revised budgets, despite the fact that both documents should mirror each other in structure and details. We therefore recommend that counties ensure revised budgets contain complete and legally required information, consistent with the standards applied to original budgets.

Lastly, the survey affirms that supplementary budgets play an important role, especially when counties need to account for unspent cash balances from previous financial years and adjust budget allocations, either upward or downward, based on additional funding from the national government or revised projections of own-source revenue.

## Annexes

**Annex 1:** Supplementary Budgets Assessed.

**Annex 2:** Supplementary Budgets Published by the Office of the Controller of Budget.

**Annex 3: Distribution of FY 2023/24 Supplementary Budgets published across the financial quarters.**

Quarter	No of Counties	List of Counties	Remarks
1	0		<ul style="list-style-type: none"> <li>No county approved a supplementary budget during the first quarter.</li> </ul>
2	19	Bungoma, Homa Bay, Isiolo, Kitui, Kwale, Machakos, Makueni, Marsabit, Migori, Nakuru, Nandi, Nyamira, Nyeri, Taita Taveta, Trans Nzoia, Turkana, Vihiga, Wajir, West Pokot	<ul style="list-style-type: none"> <li>Counties prepared their first supplementary budgets to account for unspent funds from FY 2022/23, incorporate additional allocations / conditional grants, adjust equitable share disbursements, and realign projections for own-source revenue.</li> </ul>
3	18	Busia, Elgeyo Marakwet, Embu, Garissa, Kakamega, Kiambu, Kilifi, Kisii, Laikipia, Lamu, Mombasa Murang'a, Narok, Nyandarua, Samburu, Tharaka Nithi, Uasin Gishu, Wajir	<ul style="list-style-type: none"> <li>All counties listed except Wajir, developed their first supplementary budgets in this quarter to incorporate unspent funds from FY 2022/23, additional allocations/ conditional grants, adjustments to equitable share, and revised own-source revenue estimates.</li> </ul>
4	39	Baringo, Bomet, Bungoma, Busia, Elgeyo Marakwet, Garissa, Homa Bay, Isiolo, Kajiado, Kericho, Kakamega, Kiambu, Kilifi, Kisii, Kisumu, Kitui, Kwale, Laikipia, Lamu, Machakos, Makueni, Mandera, Meru, Migori, Nairobi, Nakuru, Nandi, Narok, Nyamira, Nyeri, Samburu, Siaya, Tharaka Nithi, Taita Taveta, Trans Nzoia, Turkana, Uasin Gishu, Vihiga	<ul style="list-style-type: none"> <li>The number of counties that approved supplementary budgets in this period exceeds those recorded in both the second and third quarters.</li> </ul>
None	1	Kirinyaga	<ul style="list-style-type: none"> <li>This was the only county that did not approve a supplementary budget.</li> </ul>

**Source: Bajeti Hub Data, 2023/24 County Budget Implementation Review Reports Data**



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