

COUNTY GOVERNMENT OF THARAKA NITHI



BUDGET IMPLEMENTATION REVIEW REPORT

FIRST NINE MONTHS

FINANCIAL YEAR 2019/20

APRIL 2020

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PREFACE

I am honoured to present the 2^{ns} quarter County Government Budget Implementation Review Report (CBIRR) for FY 2021/22. This report presents the progress made in budget implementation by the County for the period July to December, 2021. The analyses and information presented in this report is based on financial reports submitted by various departments to the County Treasury, the approved County Government budget, and the report generated from the Integrated Financial Management Information System (IFMIS). The analyses and findings are anchored on provisions of the Constitution of Kenya 2010, the Public Finance Management (PFM) Act, 2012, and best practice in public financial management. The report also highlights the achievements and challenges encountered during the reporting period and further contains recommendations to address the challenges.

Preparation of this report has been made possible by the concerted efforts of the staff from the County departments and the County Treasury. As such, I am particularly, grateful to the staff in the Budget office and the County Treasury for their contribution towards the preparation of this report.

This report is intended to inform stakeholders, policy makers, analysts and members of the public on the status of the County budget implementation. I urge all readers to continually take interest in budget implementation, and also implore the County departments to publicly avail information on budget implementation in order to enhance accountability and openness in the use of public resources.

Dorothy I Naiveté

CECM-FINANCE, ECONOMIC PLANNING, TRADE AND REVENUE

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ACRONYMS

ASDSP	Agriculture Sector Development Support Programme
CARA	County Allocation of Revenue Act
CEC	County Executive Committee
CECM-F	County Executive Committee Member Finance
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
EU	European Union
FY	Financial Year
ICT	Information Communication Technology
KDSP	Kenya Devolution Support Programme
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Project
MCA	Member of County Assembly

1.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.5.07 billion, comprising of Kshs.1.67 billion (33 per cent) and Kshs.3.39 billion (67 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.3.92 billion (77.3 per cent) as equitable share of revenue raised nationally, Kshs.633.99 million (12.5 per cent) as total conditional grants, generate Kshs.350 million (6.9 per cent) from own sources of revenue, and had Kshs.41.22 million (0.8 per cent) as cash balance from FY 2018/19. The

County also budgeted to receive Kshs.125.51 million (2.5 per cent) as "other revenues" not contained in the CARA, 2019.

2.0 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2.50 billion as equitable share of the revenue raised nationally, Kshs.196.52 million as total conditional grants, raised Kshs.181.98 million from own-source revenue, and had a cash balance of Kshs.46.79 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.2.93 billion as shown in Table 1.

Table 1: **Tharaka Nithi County, Revenue Performance in the First Nine Months of FY 2019/20**

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage Annual Allocation of (%)
A.	Equitable Share of Revenue Raised nationally	3,924,600,000	3,924,600,000	2,507,819,400	63.9
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	1,152,184	1,152,184	-	-
2.	Compensation for User Fee Foregone	8,218,119	8,218,119	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	111,402,375	111,402,375	55,701,188	50
5.	Rehabilitation of Village Polytechnics	55,638,298	55,638,298	27,819,149	50
	Sub Total	308,325,870	308,325,870	83,520,337	27.1
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	40,049,752	40,049,752	40,140,278	100.2
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	152,374,180	152,374,180	58,417,783	38.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	68,049,846	68,049,846	-	-
5.	DANIDA Grant	10,875,000	10,875,000	5,437,500	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,518,809	15,518,809	9,009,045	58.1

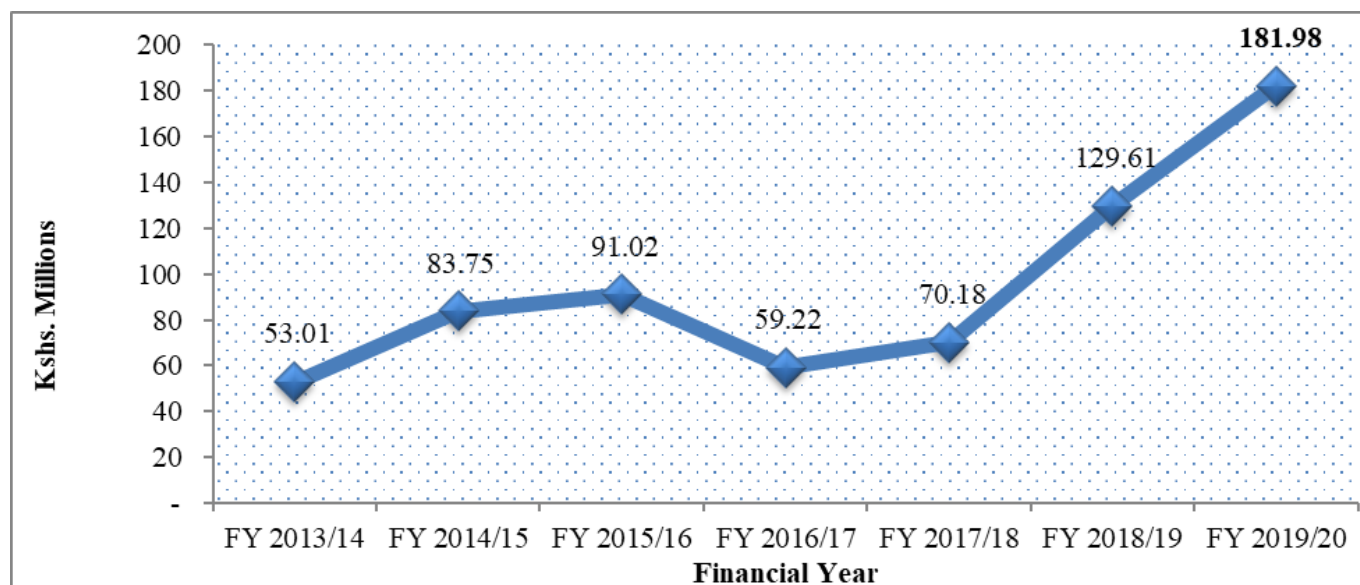
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		325,667,587	325,667,587	113,004,607	34.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	350,000,000	181,984,133	52
2.	Balance b/f from FY 2018/19	-	41,225,752	46,795,450	113.5
3.	Other Revenues (b/f from grants)	-	125,517,597	-	-
Sub Total		-	516,743,349	228,779,583	44.3
Grand Total		4,558,593,457	5,075,336,806	2,933,123,927	57.8

Source: Tharaka Nithi County Treasury

The County under budgeted the balance from FY 2018/19 by 13,5 per cent.

Figure 1 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 1: **Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20**



Source: Tharaka Nithi County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.181.98 million as own-source revenue (OSR). This amount represented an increase of 40.4 per cent when compared to Kshs.129.61 million realised during the same period in FY 2018/19, and represented 52 per cent of the annual target. The Improvement of 40.4 per cent of OSR collection was as a result of the passage of the Finance Bill, 2019 which harmonized fees and charges and also enhanced enforcement.

2.1 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.91 billion from the CRF account in the reporting period.

This withdrawal comprised of Kshs.679.31 million (23.3 percent) for development programmes and Kshs.2.23 billion (76.7 per cent) for recurrent programmes.

3.0 Overall Expenditure Review

A total of Kshs.2.87 billion was spent on development and recurrent programmes and represented 98.9 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.656.44 million and Kshs.2.22 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 39.2 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 65.4 per cent.

3.1 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.63 billion was spent on compensation to employees, Kshs.618.39 million on operations and maintenance, and Kshs.656.44 million on development expenditure.

Table 2: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	3,399,254,288	2,231,839,688	2,222,072,839	77.2	65.4
Compensation to Employees	2,138,240,078	1,603,680,059	1,603,680,059	55.7	75.
Operations and Maintenance	1,261,014,210	628,159,629	618,392,781	21.5	49
Total Development Expenditure	1,676,082,518	679,310,311	656,442,186	22.8	39.2
Development expenditure	1,676,082,518	679,310,311	656,442,186	22.8	39.2
Total	5,075,336,806	2,911,149,999	2,878,515,025	100	56.7

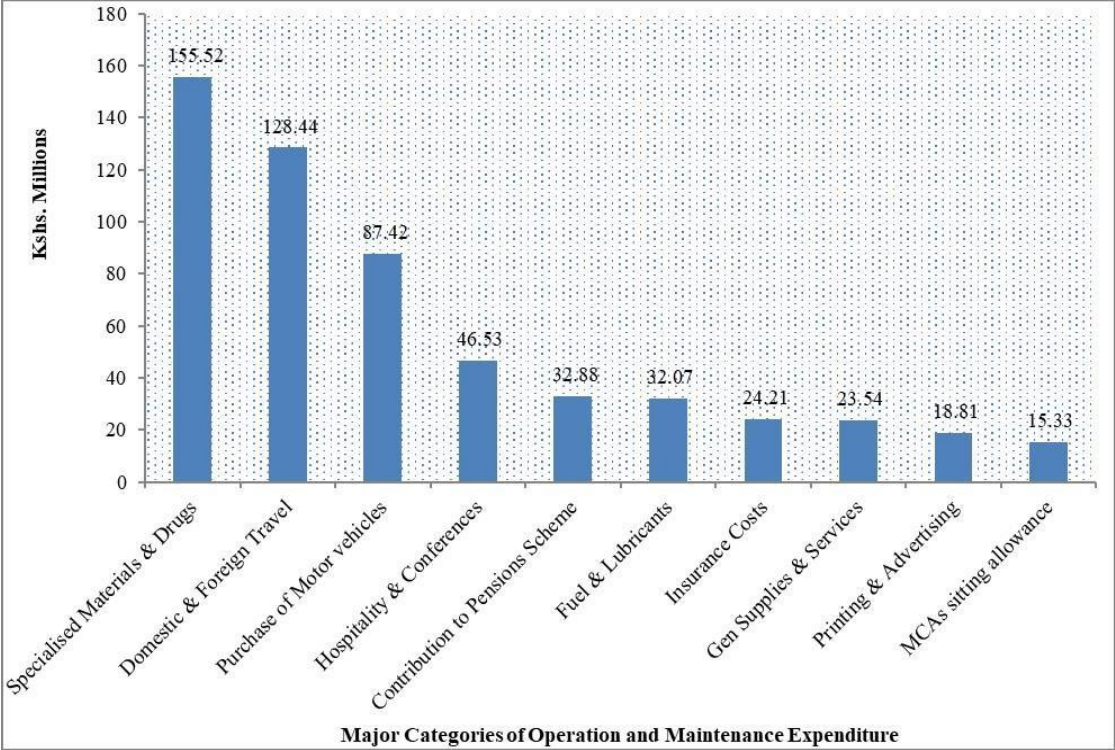
Source: Tharaka Nithi County Treasury

Expenditure on compensation to employees was 55.7 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 3.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.57 billion.

3.2 Analysis of Operations and Maintenance Expenditure

Figure 2 shows a summary of operations and maintenance expenditure by major categories.

Figure 2: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Tharaka Nithi County Treasury

The County spent Kshs.15.33 million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.15.33 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.81,098 per MCA against the SRC’s recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.110.99 million and comprised of Kshs.58.37 million spent by the County Assembly and Kshs.52.61 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.17.44 million and comprised of Kshs.10.60 million spent by the County Assembly and Kshs.6.83 million by the County Executive.

3.3 Development Expenditure Analysis

The total development expenditure of Kshs.656.44 million represented 39.2 per cent of the annual development budget of Kshs.1.67 billion and represented an increase of 1.3 per cent compared to a similar period in FY2018/19 when the County spent Kshs.647.68 billion. Table 3 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3: Tharaka Nithi County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Purchase of Farm Inputs	Countywide	20,000,000	20,000,000	20,000,000	100
S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
2	Purchase of Vaccines and sera for Livestock Vaccination	Countywide	4,000,000	4,000,000	4,000,000	100
3	Construction of ECDE Classes	Countywide	18,540,890	18,540,890	18,422,202	99.4
4	Construction of Governor's Residence	Igambang'ombe	42,627,875	22,000,000	21,369,107	50.1
5	Construction of Deputy Governor's Residence	Igambang'ombe	30,279,441	20,000,000	19,530,893	64.5
6	Construction of Itugururu Mkt	Mariani	4,000,000	4,000,000	3,297,668	82.4
7	Construction of Nkondi Mkt	Nkondi	8,000,000	8,000,000	5,888,651	73.6
8	Construction of Chogoria Stalls	Chogoria	11,600,000	11,600,000	11,565,425	99.7
9	Grading and Spot Improvement of Various Roads	Mwimbi	7,952,024	7,952,024	7,300,286	91.8
10	Routine Maintenance and Spot Improvement of Various Roads	Muthambi	8,000,288	8,000,288	7,993,328	99.9

Source: Tharaka Nithi County Treasury

4.0 Budget performance

4.1 Budget Performance by Department

Table 4 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 4: Tharaka Nithi County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	400.7	10	245.5	4.4	244.1	4.4	99.4	100	60.9	43.6
Office Of The Governor & Deputy Governor	162.5	-	92.9	-	92.2	-	99.3	-	56.7	-
Finance And Economic Planning	309	61.9	147.7	-	146.6	-	99.2	-	47.4	-
Agriculture & Cooperative Development	93.7	246.1	58.5	82.4	58.4	81	99.7	98.3	62.3	32.9
Education And Vocational Training	180.6	82.3	141.6	25.9	142	19.3	100.3	74.6	78.6	23.5
Medical Services	1618.8	235	1169.4	76.3	1169	76.2	100	99.9	72.2	32.4

Lands, Physical Planning, Urban Development, Housing & Environment	60	303.4	26.7	154.2	25	154.3	93.6	100	41.6	50.8
Roads, Infrastructure, Public Works & Industry	55.6	520.2	21.6	291.2	21.3	276.7	98.5	95	38.4	53.2
Administration & Public Service	153	-	96.4	-	95.3	-	98.8	-	62.3	-
Trade & Resource Mobilization	105.4	-	63.1	-	62.5	-	99.1	-	59.3	-
Water Services And Irrigation	42	120.8	22.7	18.3	22.2	18.2	97.8	99.7	52.8	15.1
County Public Service Board	21.6	-	10.1	-	10.3	-	101.2	-	47.5	-
Livestock, Veterinary & Fisheries Development	75	36	54.8	5.9	54	5.7	98.7	96.1	72.1	15.8
Public Health & Sanitation	56.6	-	50.5	-	50.3	-	99.6	-	88.8	-
Energy, Information, Communication & Technology	23.6	22.5	6.7	4.8	5.9	4.7	87.1	98.8	24.8	20.9
Youth, Sports, Culture & Tourism	41.2	38	23.7	16.1	23.2	16.1	97.9	100	56.3	42.4
TOTAL	3,399.3	1,676.1	2,231.8	679.3	2,222.1	656.4	99.6	96.6	65.4	39.2

Source: Tharaka Nithi County Treasury

Analysis of expenditure by department shows that the Department of Roads, Infrastructure and Public works recorded the highest absorption rate of development budget at 53.2 per cent while the Department of water services and irrigation had the least expenditure on development activities at 15.1 per cent. The Department of Public Health and Sanitation had the highest percentage of recurrent expenditure to its recurrent budget at 88.8 per cent while the Department of Energy, Information, Communication & Technology had the lowest at 24.8 per cent.

4.2 Budget Execution by Programmes and Sub-Programmes

Table 5 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 5 Tharaka Nithi County, Budget Execution by Programmes and Subprogrammes in the First Nine Months of FY 2019/20

Description	Sum of Approved Estimates (Net) – Kshs.	Sum of Cumulative Expenditure (Kshs.)	Absorption (%)
Agriculture and Cooperatives	347,134,289	139,346,233	40
P: Cooperative Development and Management	2,423,062	318,100	13
SP: Cooperative Development	2,423,062	318,100	13
P: Crop Development and Management	4,998,205	796,560	16
SP: Crops Development, Agribusiness and Market Development	4,998,205	796,560	16
P: General Administration Planning and Support Services	339,713,022	138,231,573	41

SP: Administration, Policy, Strategy and Management of Agriculture	87,639,480	57,242,675	65
SP: General Administration Services	252,073,542	80,988,898	32
County Public Service Board	21,607,854	10,269,621	48
P: Economic Policy and County Planning	1,725,000	976,040	57
SP: Economic Planning Coordination Services	575,000	555,600	97
SP: Monitoring and Evaluation Services	1,150,000	420,440	37
P: Financial Management Services	400,000	335,200	84

SP: Monitoring and Evaluation Services	400,000	335,200	84
P: General Administration, Planning and Support Services	18,198,854	7,916,501	43
SP: General Administration and Support Services	18,148,604	7,916,501	44
SP: Human Resource Management Services	50,250	-	-
P: Human Resource Management and Development	1,284,000	1,041,880	81
SP: County Public Service Board Services	1,284,000	1,041,880	81
Education, Gender, Culture and Social Services	261,804,378	161,303,071	62
P: Education and Youth Training	77,104,337	54,035,086	70
SP: Promotion of Basic Education (ECDE)	41,717,490	35,246,615	84
SP: Youth Training and Capacity Building	35,386,847	18,788,471	53
P: General Administration Planning and Support Services	184,700,041	107,267,985	58
SP: Administration Planning and Support Services	184,700,041	107,267,985	58
Energy and ICT	52,778,703	10,567,462	20
P: Energy Resource Development & Management	29,868,922	4,915,582	16
SP: Energy Resource Development & Management	29,868,922	4,915,582	16
P: General Administration Planning and Support Services	20,862,941	4,279,900	21
SP: General Administration Services	20,862,941	4,279,900	21
P: ICT Infrastructure Development	2,046,840	1,371,980	67

SP: ICT Infrastructure Development	2,046,840	1,371,980	67
Finance and Economic Planning	309,122,135	146,597,969	47
P: Economic Policy and County Planning	8,135,368	4,597,068	57
SP: County Statistics Services	2,592,002	1,618,400	62
SP: Economic Development, Planning and Coordination Services	3,066,054	1,145,260	37
SP: Monitoring and Evaluation Services	2,477,312	1,833,408	74
P: Financial Management Services	15,239,144	11,305,773	74
SP: Accounting Services	3,630,359	3,260,390	90
SP: Audit Services	4,128,851	2,310,875	56

SP: Budget Formulation and Coordination	5,583,719	4,536,798	81
SP: Supply Chain Management Services	1,896,215	1,197,710	63
P: General Administration, Planning and Support Services	226,491,650	130,695,128	58
SP: General Administration and Support Services	36,945,209	-	-
SP: Human Resource Management Services	189,546,441	130,695,128	69
P: Kenya Devolution Support Programme	59,255,973	-	-
SP: Tharaka Nithi KDSP Capacity Building	59,255,973	-	-
Lands, Physical Planning, Urban Development, Natural Resources	365,313,018	179,212,017	49
P: Environment and Natural Resources Management	7,400,305	3,076,650	42
SP: Environment and Natural Resource	7,400,305	3,076,650	42
P: General Administration Planning and Support Services	7,156,370	3,366,550	47
SP: General Administration Services	7,156,370	3,366,550	47
P: Kathwana Municipality Development Programme	2,710,408	640,610	24
SP: Kathwana Urban Area Support	2,710,408	640,610	24
P: Land Policy and Planning	348,045,935	172,128,207	49
SP: Land administration & management	309,219,567	157,219,437	51

SP: Physical Planning Services	38,826,368	14,908,770	38
Livestock, Veterinary and Fisheries Development	117,229,738	59,719,118	51
P: General Administration Planning and Support Services	36,000,000	5,674,450	16
SP: General Administration Services	36,000,000	5,674,450	16
P: Livestock and Fisheries Resource Management and Development	81,229,738	54,044,668	67
SP: Fisheries Development and Promotion	2,335,100	125,500	05
SP: Livestock Policy Development and Capacity Building	71,751,240	52,411,468	73
SP: Veterinary Services and Disease Prevention	7,143,398	1,507,700	21
Medical Services	1,905,708,346	1,245,198,118	65
P: Curative and Rehabilitative Services	143,467,866	139,836,762	97
SP: Laboratory Services	27,707,097	26,603,588	96

SP: Medical Supplies	115,760,769	113,233,174	98
P: General Administration Planning and Support Services	1,762,240,480	1,105,361,356	63
SP: General Administration Services	345,960,581	140,644,854	41
SP: HMIS Monitoring and Evaluation	1,070,442	515,000	48
SP: Human resource management	1,414,215,475	964,201,502	68
SP: Research and Development	993,982	-	-
Office of Governor and Deputy Governor	147,216,917	92,201,800	63
P: County Government Advisory Services	11,088,122	8,219,250	74
SP: Communication and Strategy	11,088,122	8,219,250	74
P: County Leadership and Coordination of MDAs	4,895,868	4,320,790	88
SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	4,895,868	4,320,790	88
P: General Administration, Planning and Support Services	131,232,927	79,661,760	61
SP: Coordination and Supervisory Services (Deputy Governor's Office)	14,787,213	12,823,954	87
SP: Management of County Affairs (Office of Governor)	116,445,714	66,837,806	57

Public Health and Sanitation	64,374,034	50,292,416	78
P: Preventive and Promotive Health Services	64,374,034	50,292,416	78
SP: Disease Surveillance	1,764,602	240,000	14
SP: Environmental Health services	17,475,231	13,393,136	77
SP: Health Promotion and Disease Control	42,312,395	36,066,280	85
SP: HIV and AIDS Support Services	1,552,567	-	-
SP: Nutrition Services	810,478	430,000	53
SP: Reproductive Maternal and Child health Services	458,761	163,000	36
Public Service, Urban Development and Disaster Management	154,694,343	95,250,691	62
P: County Government Advisory Services	2,370,267	1,038,980	44
SP: Disaster Management and Coordination	2,370,267	1,038,980	44
P: General Administration, Planning and Support Services	130,616,035	74,996,763	57
SP: General Administration and Support Services	125,263,820	72,749,913	58

SP: Human Resource Management Services	1,758,585	634,970	36
SP: Sub-County Administration and Field Services	3,593,630	1,611,880	45
P: Legal Affairs	21,708,041	19,214,948	89
SP: Enforcement Services	-	(104,000)	1
SP: Legal Services	17,902,729	16,450,608	92
SP: Public participation and Civic Education	3,805,312	2,868,340	75
Roads, Infrastructure, Public Works and Industry	570,895,207	297,988,297	52
P: General Administration Planning and Support Services	20,216,148	4,649,733	23
SP: General Administration Services	20,216,148	4,649,733	23
P: Housing Development and Human Settlement	3,923,997	2,797,252	71
SP: Housing Services	3,923,997	2,797,252	71
P: Roads Transport	546,755,062	290,541,312	53

SP: Rural Roads Improvement and Maintenance Services	546,755,062	290,541,312	53
Trade and Revenue	102,058,961	62,479,480	61
P: General Administration, Planning and Support Services	94,474,081	58,713,030	62
SP: General Administration and Support Services	94,474,081	58,713,030	62
P: Industrial Development and Investment	7,584,880	3,766,450	50
SP: Consumer Protection & Fair Trade Practices	4,609,234	1,584,300	34
SP: Industrial Development	2,975,646	2,182,150	73
Water Services and Irrigation	164,465,342	40,382,456	25
P: Water Supply Services	164,465,342	40,382,456	25
SP: Domestic Water Services	158,311,451	38,154,056	24
SP: Irrigation and Drainage Services	4,405,098	1,910,800	43
SP: Water Storage Services	1,748,793	317,600	18
Youth,Sports,Culture and Tourism	80,283,541	39,284,641	49
P: Culture, Arts and Social Services	4,973,927	2,970,442	60
SP: Culture and Arts Promotion	4,488,309	2,747,942	61
SP: Gender, PWDs and Social Services	485,618	222,500	46
P: Sports Development and Promotion	72,093,699	35,899,449	50
SP: Athletics Championships and Other Games	1,511,144	618,900	41
SP: County Football League and Clubs Development	2,868,788	2,579,065	90
SP: Talent Search and Promotion	67,713,767	32,701,484	48
P: Tourism Development and Promotion	3,215,915	414,750	13
SP: Miss Tourism Tharaka Nithi	2,087,745	205,700	10
P: County Assembly	410,650,000	248,421,635	60
SP: County Assembly Services	410,650,000	248,421,635	60
SP: Tourism Branding and Marketing	1,128,170	209,050	19

Total	5,075,336,806	2,878,515,025	56
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Source: Tharaka Nithi County Treasury

The programmes that performed well based on expenditure absorption were: Legal Affairs at 100 per cent, Curative and rehabilitative services at 97.4 per cent, County Leadership and Administration at 88.3 per cent, and Financial Management services at 83.8 per cent of budget allocation.

4.3 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.656.44 million out of annual development budget of Kshs.1.67 billion. The development expenditure represented 39.2 per cent of the annual development.
2. A high wage bill, which accounted for 55.7 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.