The KENYA INSTITUTE for PUBLIC POLICY RESEARCH and ANALYSIS

An Assessment of the Public Expenditure and Financial Accountability – West Pokot County

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(KIPPRA)

An Assessment of the Public Expenditure and Financial Accountability – West Pokot County

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Initiative Thinktank

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COUNTY GOVERNMENT OF WEST POKOT

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Currency and indicative exchange rates

Local currency unit = Kenyan Shilling (Ksh)

1 EUR = 118.7000 Ksh (December, 2017)

1 USD = 100.7520 Ksh

UGX (March 2017)

Fiscal Year: 1 July to 30 June

EXECUTIVE SUMMARY

Background

The rationale for the PEFA assessment is to provide a clear and deeper understanding about the functioning of public finance management systems and the organizational aspects of existing institutions at county levels. The results of the analysis provide useful insights into relevant entry points for desired PFM-related reforms and a benchmark for necessary upgrade of the PFM systems which are still in early stages of development within Kenya's devolved units of government.

The assessment period covered is financial years 2013/14, 2014/15 and 2015/16 depending on the indicator and dimension of assessment. The field work assessment took place in April 2017; this is the time of assessment for those indicators where more up-to-date assessment period is required.

Main Outputs of the Assessment

Fiscal discipline

Overall, revenue and expenditure performance were largely in line with budgeted amounts. One of the reasons of the good performance is the stability of receipts from the National Treasury which account for at least 95 per cent of the county revenue. Consumption of fixed capital had the largest deviation because of the low absorption of development expenditure. Deviations were more pronounced in 2013/14 which was the first year of county operation and was affected by unrealistic projections. Slow procurement process and shortage of technical staff such as engineers to prepare bills of quantities (BQs) and supervise projects were also a cause for deviations.

The budget is prepared in accordance with National Treasury guidelines which require budget proposals to be presented using administrative, economic and the programme-based approach. However, no information about revenue outside financial reports is produced (e.g. financial reports of early childhood education development education).

The County Treasury uses IFMIS to facilitate transactions and reporting. IFMIS users have passwords and the system maintains a log of users together with their functions. Any changes to reports must be approved by departmental heads to enhance financial data integrity. Budget documents such as the CFSP, CBROPs, annual development plans (ADPs) and budgets are prepared in a timely manner.

Quarterly budget reports are also availed for the public, but not in good time and they do not cover all public resources and expenditure. In addition, in-year reports do not present budget execution along with all the data with which they should be compared, which hampers efficient follow-up of service delivery.

Financial reports for budgetary units are prepared annually, and budget implementation reports are prepared each quarter. Coverage and classification of data allows direct comparison to the original budget for the main administrative headings. They include information on revenue, expenditures, and cash balances.

The county is yet to develop systems to monitor county corporations such as the Kapenguria Water and Sewerage Company (KWSC). Contingent liabilities (related to car loan and mortgage scheme) are well managed and most of them are presented in financial reports, but the debt inherited from the defunct authority is not disclosed.

The county maintains a record of its holdings in major categories of financial and non-financial assets. However, non-financial asset register is not comprehensive as it does not include major assets such as land. The county has not developed standard operating procedures for disposal of assets because the counties were prohibited from disposing public assets until full transition is effected. Debt management capacity of the county is weak because of lack of a debt-management unit and strategy. The county inherited debts from the previous defunct local authorities, but they are not published and not updated, because there is no debt management entity.

The county has a well-managed automated payroll control system, i.e. the integrated payroll and personnel data (IPPD), which integrates personnel database and payroll. Changes to the personnel records and payroll are updated at least monthly, in time for the following month's payments. Staff hiring and promotion is controlled by a list of approved staff positions and subject to payroll audit. Only the County Public Service Board and the County Assembly Service Board are allowed to change personnel records and payroll for County Executive and County Assembly through written approval of the County Secretary and the Clerk, respectively.

Procurement database, maintained by the County Executive, is complete for all procurement methods for goods, services and works. According to this database, more than 90 per cent of procurement is done according to competitive methods, but the number of contracts awarded through open tenders seems to have decreased during the last three years. The public can only have access to the legal and regulatory framework for procurement and bidding opportunities. A major area of weakness in procurement is that procurement plans, contract awards, data on resolution of procurement complaints and annual procurement statistics are not made available to the public. An independent procurement complaints' body exists at the national level and it is the one that can resolve procurement cases.

Strategic Resource Allocation

Budget preparation process is based on a comprehensive and clear budget circular. Ceilings are established during the CFSP preparation but are fixed only after the budget calendar has been issued. Some departments prepare medium-term strategic plans but the budget documents do not present any evidence showing that proposals in the annual budget estimates are aligned with the strategic plans of these departments.

The County Executive does not prepare its own macroeconomic forecasts but borrows the macroeconomic framework of the national government. The government prepares forecasts of revenue and expenditure for the budget year and the two subsequent fiscal years, but does not present the underlying assumptions for the forecasts.

Further, no fiscal impact analysis is performed in the county fiscal strategy paper (CFSP), which is presented in February to the County Assembly to explain the potential impact of policy decisions. The County Budget Review Outlook Paper (CBROP) briefly explains the reasons for deviation from the objectives and targets set but does not provide an explanation of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget, even at the aggregate level.

The county does not undertake economic analysis of investment projects and relies on observation and citizen views received during public participation forums. Recurrent costs are usually not considered when costing investment projects, and monitoring of these projects is weak. No standard criterion is applied when selecting investment projects because the county does not have a central planning unit (CPU) yet to perform this. In addition, no structure has been put in place to monitor execution of investment projects.

Efficient service delivery

The revenue department does not provide taxpayers with clear access to information on the main revenue obligation areas, rights, redress processes and procedures. Also, the county does not have a risk-based approach in the revenue department in to maximize public revenue collection. In addition, no independent body has been put in place to carry out revenue audits and fraud investigations. Efficiency in revenue collection has recently been enhanced through use of point of sale (PoS) machines.

Policies and programmes are published for most departments and key performance indicators (KPIs) are included in budget estimates. However, they do not meet the specific, measurable, achievable, and realistic and timely (SMART) criteria. Budget estimates present targets for KPIs but do not show any actual results because no responsibilities are assigned for performance evaluation. Besides, no information is published on the activities performed for most departments and no survey has been carried out to assess the results.

Budget execution is well managed and followed with the support of the computerized system integrated financial management information system (IFMIS). Responsibilities are clearly laid down for most key steps and IFMIS is used in all departments for budget execution. However, it was difficult to confirm whether there is compliance with payment rules and procedures due to scarcity of data.

Internal audit applies international professional practice framework (IPPF) as stipulated in the PFM Act 2012 with a risk analysis approach and covers all the departments in the County Executive. Three levels of reviews are applied before reports are released. Audit reports are compared with audit planning to verify whether planned audits have been undertaken. Responses to internal audit reports are provided within one month after the report being issued. Follow-up of the budget audit is ensured by the internal audit department.

Audits have not highlighted relevant systemic and control risks. Hearings on audit findings are supposed to be conducted in public but no evidence was provided. Committee reports are provided to the full chamber of the County Assembly. They are not published on an official website but are easily accessible to the public. The scrutiny is supposed to be completed over a period of six months but no evidence was adduced by the County Assembly.

Resources received by budget users are listed in the CBROPs and progress reports, but the resources received by service delivery units are not mentioned in the reports and no report is produced on the performance of services delivery.

The County Assembly's reviews budget documents covering fiscal policies, medium-term fiscal forecasts, and medium-term priorities and details of expenditure and revenue but cannot follow and issue recommendation on the efficiency of services delivery.

Existing PFM reform agenda

The Vision of the West Pokot County Government is "To be a leading county in effective and efficient resource management coordinated sustainable development and service delivery" and its Mission is "to facilitate equitable development and improved public service delivery to stimulate sustainable social-economic development, high quality of life and become the best county in Kenya".

The National Government through the National Treasury takes the lead in initiating and implementing PFM reforms. The current PFM reform strategy is elaborated in the document "Strategy for Public Finance Management Reforms in Kenya 2013-2018". The overall goal of this reform strategy is to ensure "A public finance management system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development".

At the county level, priorities will be given to improve governance, administration and decision-making processes for improved social, economic and political environment. New accounting standards and financial statement formats are currently being introduced to bring consistency and reliability to annual accounts. This standardization will also facilitate consolidation of general government data. Once the new norms have been established, the publication of AFSs, as required by the PFM Act 2012, will be required to achieve accountability and transparency

The table below gives an overview of the scores for each of the PEFA indicators.

Indicator	**Method**	**1**	**2**	**3**	**4**	**Global**
HLG-1: Transfers from a higher level of government	M1	B	C	D*		D+
PI-1: Aggregate expenditure outturn	M1	B				B
PI-2: Expenditure composition outturn	M1	A	B	A		B+
PI-3: Revenue outturn	M2	D	D			D
PI-4: Budget classification	M1	C				C
PI-5: Budget documentation	M1	D				D
PI-6: Central government operations outside financial reports	M2	D*	D*	D		D
PI-7: Transfers to sub-national governments	M2					N/A
PI-8: Performance information for service delivery	M2	B	C	D	D	D+
PI-9: Public access to fiscal information	M1	D				D
PI-10: Fiscal risk reporting	M2	N/A	N/A	D		D
PI-11: Public investment management	M2	D*	D*	D	D	D
PI-12: Public asset management	M2	C	D	D		D+
PI-13: Debt management	M2	D	N/A	D		D

PI-14: Macroeconomic and fiscal forecasting	M2	C	C	D		D+
PI-15: Fiscal strategy	M2	D	B	B		C+
PI-16: Medium term perspective in expenditure budgeting	M2	A	D	D*	D	D+
PI-17: Budget preparation process	M2	D	D	D		D
PI-18: Legislative scrutiny of budgets	M1	A	C	C	C	C+
PI-19: Revenue administration	M2	D	D	D	D*	D
PI-20: Accounting for revenue	M1	A	B	C		C+
PI-21: Predictability of in year resource allocation	M2	D	C	C	B	C
PI-22: Expenditure arrears	M1	C	C			C
PI-23: Payroll controls	M1	D	D*	C	C	D+
PI-24: Procurement management	M2	D*	D*	D	B	D+
PI-25: Internal controls on non-salary expenditure	M2	B	C	D*		C
PI-26: Internal audit	M1	B	C	A	D*	D+
PI-27: Financial data integrity	M2	D*	A	A	B	B
PI-28: In year budget reports	M1	C	D	C		D+
PI-29: Annual financial reports	M1	B	D	C		D+
PI-30: External audit	M1	C	D*	D	A	D+
PI-31: Legislative scrutiny of audit reports	M2	D*	D*	D*	D	D

ABBREVIATIONS AND ACRONYMS

CRA	Commission on Revenue Allocation
CoG	Council of Governors
CBIRR	County Governments Budget Implementation Report
CIDPs	County Integrated Development Plans
IFMIS	Integrated Financial Management Information System
IPPD	Integrated Payroll Personnel Data
ITRC	Intergovernmental Technical Relations Committee
IDA	International Development Association
IDRC	International Development Research Centre
IPSAS	International Public Sector Accounting Standards
KADP	Kenya Accountable Devolution Programme
KDSP	Kenya Devolution Support Programme
KSG	Kenya School of Government
MTEF	Medium Term Expenditure Framework
MCAs	Members of the County Assembly
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
OAG	Office of the Auditor General
OCoB	Office of the Controller of Budget
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMR	Public Financial Management Reforms
PSASB	Public Sector Accounting Standards Board
SIDA	Swedish International Development Assistance
SRC	Salaries and Remuneration Commission
SCOA	Standard Chart of Accounts
SOP	Standard Operating Procedure
TSA	Treasury Single Account

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1. INTRODUCTION

The Sub-National PEFA assessment seeks to ascertain the performance of the PFM system of county governments using the PEFA methodology. So far, the Government of Kenya has gained experience in the application of the PEFA methodology by undertaking four national PEFA assessments over the years, the latest carried out in 2017 and report due for completion in 2018. However, this is the first sub-national assessment to be carried out in Kenya following the adoption of a devolved system of government. It is notable that the national and sub-national PEFA assessments are almost being done concurrently and this is important because both levels of government share the same PFM system, implying that evidence-based reforms can be implemented simultaneously after areas that require improvement are identified. The sub-national assessments, which covered six out of forty-seven counties, have been jointly financed by the World Bank and IDRC through KIPPRA.

1.1 Rationale and Purpose

The main rationale of this assessment is to give a better understanding of the public PFM systems, processes and institutions that will provide an entry point for PFM reform efforts at the county level. This would then be used to leverage on existing capacity building efforts, for example public financial management reform (PFMR) Strategy, National Capacity Building Framework, World Bank's Kenya Accountable Devolution Programme (KADP) and Kenya Devolution Support Programme (KDSP). The findings will further facilitate identification of capacity needs especially in terms of human capacity gaps in different components of PFM system in the counties for which KIPPRA seeks to strengthen as part of its capacity building and policy development mandates.

The assessment will also be useful in identifying priorities for PFM reforms in future to ensure a sustainable, effective and transparent allocation and use of public resources. The PEFA will become a benchmark for the upgrade of the PFM system in Kenya's counties which are still in early stage of development. Currently, fiscal discipline and the efficient allocation of resources according to the priorities of the County of West Pokot are viewed as the important prerequisites to deployment of well-functioning public finance systems.

Effective PFM institutions and systems in the county governments are important for successful implementation of devolution. The PEFA are founded on the principles of openness, accountability and public participation in public finance as contained in Section 201 (a) of the Constitution of Kenya 2010. Effective PFM institutions and systems in the county governments are important for successful implementation of devolution. Their assessment will provide a baseline of current state of PFM within the counties and for the entire financial system and indicate areas that require improvements. National and county assessments have been done almost concurrently. This is important because both levels of government share the same PFM system. This implies that evidence-based reform agenda can be implemented simultaneously after areas that require improvement are identified.

This first sub-national PEFA assessment has been undertaken in six counties in Kenya, and West Pokot was one of the selected counties. The county expressed interest in undergoing a PEFA assessment and a commitment to design and implement a reform agenda based on the results of the assessment. An important point to note regarding results of the assessment is that they will not be used for comparing the counties but to indicate the state of PFM system in the county.

1.2 Objectives of the PEFA Assessment

The specific objectives of the PEFA assessment in West Pokot County include the following:

(a) Assess the state of financial management capacities in the county;

(b) Identify gaps in terms of capacity, systems, policies and processes in PFM in the county;

(c) Provide basis for informing entry points for PFM reform engagements in the county that will be used to leverage on existing capacity building efforts; and

(d) Facilitate and develop a self-assessment capacity at the county level and build capacities of key staff to carry out assessments in the future.

1.3 Assessment Methodology

Coverage of the assessment

This sub-national PEFA assessment covers the county of West Pokot and is part of the assessment covering one-eighth of the counties in Kenya which totals to six counties. The assessment did not cover public corporations, except in terms of the fiscal transparency of their operations (PIs 6 and 9) and their fiscal relationship to the budgetary county government. The field work assessment took place in April

2017, which is the time of assessment for those indicators where more up-to-date assessment period is required.

Sources of information

The main documents that have been used in the assessment are: (i) the Constitution; (ii) the Public Finance Management Reforms (PFMR) Strategy 2013-2018 (2016); and (iii) the Public Finance Management (PFM) Act 2012. The exhaustive list of all documents and materials used and referred to in this PEFA assessment are contained in Annex 5.

2. WEST POKOT COUNTY BACKGROUND INFORMATION

2.1 Economic Context

An overview of the Kenyan economy

Kenya has a unitary but devolved system of government consisting of the National and 47 County governments as provided in the Constitution. All the counties do not have detailed economic data such as GDP growth, inflation rates, etc. However, the Kenya National Bureau of Statistics (KNBS) has developed county-specific statistical abstracts. The National Treasury together with the World Bank are set to undertake compilation of county-specific Gross Domestic Products (GDPs).

The Kenyan economy has sustained its robust growth in the past decade supported by significant structural and economic reforms. The economy grew by 5.7 per cent, 5.9 per cent and 4.9 per cent in 2015, 2016 and 2017, respectively. The leading sectors in growth during 2017 included tourism, building and construction, transport and ICT. On the other hand, the agriculture sector declined tremendously to 1.6 per cent from 5.1 per cent the previous year due to drought coupled with pests and diseases.

Inflation rate in 2017 was 8.0 per cent, a decline from 6.3 per cent in 2016. The inflationary pressure was mainly attributed to significant increases in oil and high food prices.

Economic growth is expected to be accelerated during the year 2018 due to improved political stability and favourable macroeconomic environment. In addition, the ongoing investments in infrastructure, improved business confidence, and strong private consumption are likely to support a strong growth. Besides, the favourable climatic conditions are likely to boost agriculture production and electricity and water sectors, hence supporting manufacturing growth. Rising oil prices and depressed growth of credit to the private sector which started in 2016 is likely to undermine the growth prospects. However, the adverse effects are likely to be offset by the strong favourable factors and result into better growth in 2018.

Overview of West Pokot County economy

West Pokot County is located in the Rift Valley region of Kenya with an area of 9,169.40 km^2(Table2.1).It borders Turkana County to the North, Baringo county to the East, Elgeyo Marakwet and Trans Nzoia counties to the South and the Republic of Uganda to the West. The Pokot people live in West Pokot County and

Baringo County in Kenya and in the Pokot District of the Eastern Karamoja region in Uganda.

According to West Pokot County Statistical Abstract 2015, the population of West Pokot is about 512,690 inhabitants and a population density of 56 inhabitants per km^2. Kapenguria town is the headquarters of West Pokot County. Other major towns are Chepareria, Ortum and Sigor.

The county has 502 primary schools, 72 secondary schools, 83 health facilities and one doctor for 63,747 inhabitants. The county economy is mainly supported by agriculture and livestock keeping with pastoralism, agriculture and mining as the main economic activities. Trade in the form of retail and wholesale is also a key sector in the county. The county usually gets substantial amount of food from Uganda through cross-border trade. In terms of administration, the county has four constituencies and 20 County Assembly Wards (Table 2.1). West Pokot County has 5,927 public employees drawn from the national and county governments and Teachers Service Commission (TSC).

Table 2.1: Basic economic data and indicators for the West Pokot County

Indicator	Amount
Area (km^2)	9,169.4
No. of Constituencies	4
County Assembly Wards	20
Population	512,690
Population density per km^2	56
Main economic activities	Pastoralism, agriculture and mining
Wage employment by sector:	5,927
National government	1,820
County government	733
Teachers Service Commission (TSC)	3,374
ECDE Centers:	596
Public	548
Private	48
No. of primary schools:	502
Public	477
Private	25

No. of secondary schools:	72
Public	71
Private	1
No. of health facilities	83
Doctor to population ratio	63,747

Data source: Commission on Revenue Allocation (CRA), CIDP and West Pokot County Statistical Abstract 2015

During 2015/16, the livestock sector production was affected by diseases, drought and famine which led to closure of various livestock sale yards and negatively affected county revenue performance. The county has committed to continue pushing for the completion of ongoing irrigation schemes and value addition technologies and preventive measures in the livestock sector by enhancing disease surveillance and vaccination.

Tourism and mining sectors are still under-developed but have the potential of turning the county around by creating job opportunities and increasing county revenue. These sectors remain crucial in unlocking the full potential of the county. KenGen's Turkwel Hydro Power Plant is also situated in the county and produces about 105 MW of power that is fed to the national grid. Communities around the power plant and the districts of West Pokot and Turkana county do not enjoy the benefits coming from the power plant.

2.2 Fiscal and Budgetary Trends

According to Article 203 of the Constitution, a minimum of 15% of total revenue collected by the National Government should be disbursed to county governments every financial year. Counties are supposed to collect their own revenues to fund their operations, but internal revenue generation has been low comprising of approximately 2% of the county resource envelope (Table 2.2). West Pokot County gets more than 95% of its revenue from equitable shares originating from the National Government and this indicates high dependence of the county on national revenue.

Table 2.2: Aggregate fiscal performance data for the last 3 fiscal years (in % of total revenues)

	2013-2014	2014-2015	2015-2016
Receipts			
Tax Revenues			

Proceeds from Domestic and Foreign Grants		0,25%	0,62%
Transfers from National Treasury	98,13%	96,94%	94,96%
Transfers from Other Government Entities	0,08%	0,15%	2,30%
Other Revenues	1,79%	2,66%	2,12%
Total Revenues	100%	100%	100%
Payments			
Compensation of Employees		32,40%	28,60%
Use of goods and services	29,18%	21,66%	15,34%
Subsidies	18,36%		
Transfers to Other Government Units		0,72%	12,63%
Other Grants and Transfers	6,05%	6,08%	3,61%
Social Security Benefits		0,14%	
Acquisition of Assets	35,41%	42,84%	36,17%
Other Expenses			2,73%
Total Payments	89,00%	103,85%	99,07%
Surplus/Deficit	11,00%	-3,85%	0,93%

Source: AFSs

The Division of Revenue Act (DORA) and County Allocation and Revenue Act (CARA) provide the amounts which are to be disbursed to the counties every year as recommended by the Commission for Revenue Allocation (CRA) on the basis of a given criteria. The current CRA allocation formula is such that 45 per cent of resources are allocated in accordance with the population density. The remaining 55 per cent of resources are allocated in the following manner: geographical size 8 per cent, poverty levels 20 per cent, equal shares 25 per cent and fiscal responsibility 2 per cent. The local revenue raised in 2015/16 presented a decline of Ksh 5.6 million from the revenue collected in 2014/15. This corresponds to a performance of only 55.4 per cent and was below the target. Table 2.2 presents an overview of selected fiscal indicators for the last three fiscal years. Table 2.2 shows that aggregate fiscal discipline has been respected for the last three years, as the budget has never presented a deficit but a surplus. The county also inherited a debt from the previous defunct local government but it did not generate any debt since its creation.

Allocation of resources

Table 2.3 presents the trends in sectoral allocation of resources. It shows that the priorities in budget expenditure are focused on education and health that accounted respectively for 12.7 per cent and 24.3 per cent of the budget in 2015/16. About 90 per cent of budgetary allocation goes to the County Executive and the remaining amount (10%) to the County Assembly.

Table 2.3: Budget allocations by sectors (as a % of total expenditures)

Functional Head	2013/14	2014/15	2015/16
County Executive	14.6	32.7	15.2
Finance And Economic Planning	4.2	3.7	3.3
Roads, Public Works And Transport	17.5	10.3	10.4
Health And Sanitation	29.3	17.1	24.3
Education And ICT	5.1	6.7	12.7
Agriculture and Irrigation	3.7	4.4	6.7
Livestock, Fisheries and Veterinary Services	1.7	2.9	4.1
Trade, Industry and Cooperative Development	1.9	3.2	2.1
Lands, Housing, Physical Planning and Urban Development	2.0	3.8	2.0
Water Development, Environment and Natural Resources	4.4	4.0	4.9
Tourism, Culture, Sports, Youth and Gender Development.	1.8	2.3	3.1
West Pokot County Assembly	13.8	9.0	11.1
Total	100	100	100

Source: AFSs

The trends in economic allocation of resources show that West Pokot is compliant with the PFM Regulations No. 25 (1b), 2015 that requires that wages should not exceed 35 per cent of revenue and that development expenditure share should be 30 per cent of total budget in accordance with Section 107 (2b) of the PFM Act, 2012. Table 2.4 shows that wages accounted for 30 per cent of revenues and development for 37 per cent of actual budgetary allocations.

Table 2.4: Budget allocations by economic classification (as a % of total expenditures)

Economic head	2013/14	2014/15	2015/16
Compensation of employees	32.8	31.2	29.7
Use of goods and services	20.6	21.1	16.0
Consumption of fixed capital	39.8	41.3	37.4
Interest	0.0	0.0	0.0
Subsidies	0.0	0.0	10.1
Other grants and transfers	6.8	6.5	3.8
Social benefits	0.0	0.0	0.0
Other expenses	0.0	0.0	3.1
Total expenditure	100	100	100

Source: AFSs

2.3 Legal and Regulatory Arrangements for PFM

The main features of the legislation

The Constitution introduced significant changes to the political system of governance of Kenya. There are presently two levels of governments, national and county governments. The legal and regulatory framework providing support for PFM in the County of West Pokot is derived from the Constitution, various Acts and Regulations outlined as follows:

(a) Chapter 11 and 12 of the Constitution on devolved governments and principles of public Finance, respectively. Institutional arrangement for PFM including the Commission on Revenue Allocation (Article 216), the National Treasury (Article 225(1)), Controller of Budget (Article 228), Auditor General (Article 229), Salaries and Remuneration Commission (Article 230), Central Bank of Kenya (Article 231), Parliament (Article 93) and County Assemblies (Article 176 (1)). Article 227 (2) provides for the creation of a framework for procurement and asset disposal by all public entities through an Act of Parliament.

(b) The PFM Act 2012: Part IV of this Act details responsibilities with respect to PFM of public funds in the counties. This Act covers all PFM aspects including but not limited to budget making process and public participation; Treasury Single Account (TSA); financial accounting and reporting; internal auditing, among others. Section 103 creates the County Treasury whose general responsibilities and powers in relation to public finance are spelt out in Sections 104 and 105. According to Section 106, upon request, the National Treasury can second public officers to the County Treasury to enhance its capacity. Section 107 places the role of enforcing fiscal responsibility principles as contained in Chapter 12 of the Constitution on the County Treasury. The County Treasury is responsible for some of the key documents related to public finance such as the budget, County Fiscal Strategy Paper (CFSP) and County Budget and Review Outlook Paper (CBROP) and thereafter present them to the County Assembly.

(c) The PFM Regulations (2015) for County governments: Some highlights include strengthening inter-government fiscal relations; restricting wages to 35 per cent of realized revenue; development budget should be 30% of total budget.

(d) The Public Procurement and Disposal Act (2015): The Act provides for procedures for efficient public procurement; procedures for assets disposal by public entities. Regulations are under development.

(e) Public Audit Act (2015): Provides for the organization, the functions and the powers of the Office of the Auditor-General (OAG), spelt out in accordance with the Constitution. The Auditor General is required to present audit reports to Parliament and relevant County Assemblies six months after the end of a fiscal year. Under Section 4, the OAG was established, replacing the Kenya National Audit Office (KENAO). Section 10 provides explicitly for the independence of the Auditor General. Section 11 significantly reinforces the process for selecting competent persons to the position of the Auditor General in case of any vacancy. The President may nominate a candidate and submit it to Parliament for its approval. Section 24 provides for outsourcing. Section 25 provides for an Audit Advisory Board in place of the National Audit Commission (established under the 2003 Act to consider and approve the annual budget for KENAO and to determine the remuneration and other terms of appointment of staff). It affirmed that only a person registered and practicing as an accountant under the Accountants Act 2008 should be qualified for the purpose of provision of a financial audit opinion. Sections 47-48 provide for the auditing of financial statements required by the PFM Act (2012) and the time deadlines to be adhered to.

The devolution process

Framework for the devolved system of government

The Constitution of Kenya 2010 introduced two levels of governments, namely the national and county governments. The legal and regulatory framework providing support for PFM in the County Government of Kajiado, specifically Chapter(s) 11 and 12 devolved governments and principles of public finance, respectively. A fundamental change was the major devolution of central government responsibilities to 47 newly created county governments (Chapter 11, Articles 174-200). Part 2 of the Fourth Schedule lists fourteen (14) roles and functions of the county governments. They are, namely:

1. Agriculture;
2. County Health Services;
3. Control of air pollution, noise pollution, other public nuisances and outdoor advertising;
4. Cultural activities, public entertainment and public amenities;
5. County transport;
6. Animal control and welfare;
7. Trade development and regulation;
8. County planning and development;
9. Pre-primary education, village polytechnics, home craft centres and childcare facilities;
10. Implementation of specific national government policies on natural resources and environmental conservation;
11. County public works and services;
12. Firefighting services and disaster management;
13. Control of drugs and pornography; and
14. Ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in governance at the local.

The County Governments comprise the Executive, headed by elected Governors and the county assemblies comprising of elected members. The counties are also represented by Senators who are elected and constitute the Senate, which is the upper house of Parliament.

Institutional arrangements for PFM including the Commission on Revenue Allocation (Article 216), the National Treasury (Article 225(1)), Controller of Budget (Article 228), Auditor General (Article 229), Salaries and Remuneration Commission (Article 230), Central Bank of Kenya (Article 231), Parliament

(Article 93) and County Assemblies (Article 176 (1)). Article 227 (2) provides for the creation of a framework for procurement and asset disposal by all public entities through an Act of Parliament. Generally, internal and external controls are performed at the national level. Internal control is made by the Controller of the Budget (COB) through IFMIS while external control is performed by the Office of the Auditor General (OAG).

The legal framework under the 2012 PFMA and its Regulations also apply to the County Government. The Policy on Devolved System of Government (2015) has identified institutional, inter-governmental and resource related challenges to be overcome to improve implementation and service delivery.

2.4 Institutional Arrangements for PFM

County governments

The current Constitution was promulgated on 27th August 2010 providing for a two tier government structure with one National Government and 47 devolved county governments. The functions of county governments as contained in the Fourth Schedule (Constitution 2010) include: Finance and Economic planning; Roads, Public Works and Transport; Health and Sanitation; Education and ICT; Agriculture and Irrigation; Livestock, Fisheries and Veterinary Services; Trade, Industry and Cooperative Development; Land, Housing, Physical planning and Urban Development; Water Development, Environment and Natural Resources and Tourism, Culture, Sports and Social Development.

Members of the County Executive are nominated by the Governor but their appointment has to be approved by the County Assembly. Part IV of the PFM Act 2012 gives the county government the responsibility of managing public finances in the county. Section 103 of PFM Act 2012 establishes the County Treasury comprising the County Executive Committee (CEC) member in charge of finance, the Chief Officer (CO) and department(s) of the County Treasury responsible for financial and fiscal matters. According to Section 103 (3), the CEC member for finance shall be the head of the County Treasury. The COs are the chief accounting officers in their respective departments.

The County Assembly is vested with the legislative authority of county laws, general oversight of the County Government and representation of the people. It consists of Members of County Assembly (MCAs) elected from different Assembly Wards in the county. In addition to its primary function of passing legislation, the County Assembly also approves nominees to other county public service offices. Most of the MCAs are elected during a General Election but some are also nominated by political parties. The County Assembly has the oversight role over the County

Executive in terms of use of public finances. Key public finance documents such as the budgets, CFSP and CBROPs have to be presented by the County Executive for approval. All funds including the Emergency Funds and any other by County Executive must be approved by the County Assembly.

The County Government Act 2012 also outlines the structure and operation of county governments comprising Sub-Counties, Wards and Villages. The structure of the public sector and public finances in West Pokot County is presented in Tables 2.5 and 2.6.

Table 2.5: Structure of the public sector (Ksh millions), 2015/16

	Government subsector		Social security funds1/	Public corporation subsector	
	Budgetary Unit	Extra budgetary Units		Non-financial public corporations	Financial public corporations
County government	4,542.5	N.A.	N.A.	N.A.	N.A.
County Assembly	5,12.5	-	-	-	-

Source: AFS 2015/16

Table 2.6: Financial structure of county government – budget estimates (Ksh millions), 2015/16

	County government			
	Budgetary unit	**Extra budgetary units**	**Social security funds**	**Total aggregated**
Revenue	4,775	N.A.	N.A.	
Expenditure	4,728	N.A.	N.A.	
Transfers to County Assembly	65	-	-	
Liabilities	N.A.	-	-	
Financial Assets	N.A.	N.A.	-	
Non-financial assets	N.A.	N.A.	-	

Source: AFS 2015/16

Table 2.7: Financial structure of county government–actual budget (Ksh millions), 2015/16

	Budgetary unit	Extra budgetary units	Social security funds	Total aggregated
Revenue	4,542	N.A.	N.A.	4,542
Expenditure	4,500	N.A.	N.A.	4,500
Transfers to County Assembly	573.9	-	-	-
Liabilities	245.9	-	-	245.9
Financial Assets	449.5	N.A.	-	449.5
Non-financial assets	1,642.9	N.A.	-	1,642.9

Source: AFS 2015/16

Key Features of internal control

Internal control is performed through IFMIS and reengineering of IFMIS was a major improvement for reinforcing this control. Access to IFMIS is now complete at the county levels, but the IFMIS Office is still configuring aspects of IFMIS to meet specific needs for MDAs and counties.

Presently, IFMIS is not comprehensively being used at the county level. According to OAG, manual processes are still being used for preparing and approving local purchase orders (LPOs)/contracts and then loaded into the Purchasing and Accounts Payables module of IFMIS. Similarly, payments vouchers (PVs) are being prepared manually and then uploaded into IFMIS, instead of being prepared within IFMIS on the basis of invoices and receipts of goods and services.

As a result, OAG's audit of the AFS is not complete within 6 months after the end of the fiscal year (see PI-29).

Integration of systems within IFMIS has not yet been completed for the following modules:

- Procurement: The County has its own system for procurement monitoring. The module Procurement to pay (P to P), which is available at the national level is not used by the County (see PI-24).
- Revenue: most of the County's revenues come from the central administration. The County has its own IT-based tax administration system known as LAIFOMS to collect some of the revenues. This system is not integrated with IFMIS (see PI-20).
- Payroll: The county government uses the Integrated Personnel Payment

Database (IPPD) management system to for human resource management and the county pays wages through IFMIS. However, the IPPD system is not yet integrated with IFMIS as the payroll is prepared in IPPD and then manually extracted.

Other important features of PFM

Public participation is a requirement of the Constitution of Kenya and is stipulated as a function of the West Pokot County Government. West Pokot legislation outlines the principles of public participation and the imperative for facilitating public participation in the work of the County government. Annual Report on participatory budgeting West Pokot County experience is published on the web site of the County Executive.

3. ASSESSMENT OF PFM PERFORMANCE

HLG-1: Transfers from higher-level government

Summary of scores and performance table

HLG-1. Transfers from higher-level government (M1)	D+	Brief justification for score
HLG-1.1 Outturn of transfers from higher-level government	B	Transfers have represented at least 90% of the original budget estimate in all of the last three years
HLG-1.2 Earmarked grants outturn	C	The difference between the original budget estimate and actual earmarked grants was less than 10 per in two of the last three years
HLG-1.3 Timeliness of transfers from higher-level government	D*	Quarterly transfers should be released quarterly through IFMIS, but the effective dates were not provided and important delays were reported in CFSP and in the press

HLG-1.1: Outturn of transfers from higher-level government

1. Article 216 of the Constitution mandates the Commission to make recommendations on the equitable basis for revenue sharing among county governments. Article 217 (1) of the Constitution mandates the Senate to determine once every five years the basis for allocating among counties the share of national revenue that is annually allocated to county governments. The Sixth Schedule Section 16 provides for preparation of the first and second bases of sharing revenue to be made at three-year intervals. The first formula was approved by the 10th Parliament in November 2012.

2. The main sources of revenue for the county governments in Kenya are equitable share, conditional grants and own source revenues. These revenues are described as follows:

   - Equitable share: This constitutes revenue raised by the National Government and equitably allocated to all county governments in accordance with Article 203 of the Constitution. The allocation should be at least 15 per cent of national revenue based on the most recent audited accounts of revenue received, as approved by the National Assembly.

- Conditional Grants: This is provided for under Article 202 of the Constitution and constitutes additional allocations from the national government's share of revenue, either conditionally or unconditionally. Conditional allocations are tied to implementation of specific national policies with specific objectives by the national government.
- Own source Revenue: Article 209 of the Constitution provides that a county may impose: Property rates; entertainment taxes and charges for the services they provide. However, the taxation and other revenue-raising powers of a county shall not be exercised in a way that prejudices national economic policies, economic activities across county boundaries or the national mobility of goods, services, capital or labour.

3. The Formula reported in the table below has been used to share revenue for financial years 2012/13; 2013/14; 2014/15 and 2015/16. It must be noted that the CRA recommends to introduce a development factor of 1 per cent and to reduce basic equal share by the same level.

Table 3.1: Revenue sharing formula

Parameter	Current formula
Population	45%
Basis equal share	25%
Poverty	20%
Land area	8%
Fiscal responsability	2%
Total	100%

Source: Commission of Revenue Allocation

4. According to AFS, the main sources of revenue for the county governments in Kenya are equitable share, conditional grants and own source revenues (see indicator PI-3). The table below presents the breakdown of transfers from the national government.

Table 3.2: Budgeted and actual transfers for the last 3 FY (Kshs million and %)

	2013/14			2014/15			2015/16		
Source of revenue	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
Equitable share	3,155.1	3,155.1	100%	3,763.4	3,836.0	102%	4,313.7	4,138.3	96%
Conditional grants	437.8	0.0	0%	97.5	53.0	54%	274.1	137.8	50%
Total	3,593	3,155	88%	3,861	3,889	101%	4,588	4,276	93%

Source: AFSs

5. The table above shows that the total amount of transfers represented 88 per cent of budget estimate in 2013/14, 101 per cent in 2014/15 and 93 per cent in 2015/16.

In summary, transfers to the County of West Pokot have been at least 90 per cent of the original budget estimate in two of the last three years.

Dimension rating = B.

HLG-1.2: Earmarked grants outturn

6. According to the Constitution, an Equalization Fund receives one half of one percent of all national revenue each year and is to be used for basic services in poor areas. However, the Constitution says that the Fund may be spent either directly by the national government or given to counties as a conditional grant. The fund represents less than 2 per cent of the total amount of transfers to counties. Over the period under review, conditional grants were composed of: Free Maternity, Leasing of Medical Equipment, User Charges, Compensation for Use Fees Forgone and Roads Maintenance Fuel Levy. In addition, conditional transfers are originating from international organizations such as HSSF DANIDA for health facilities, Loans and Grants (WHO) and World Bank Support to Health Facilities.

7. The same table indicates that composition variance of conditional grants was respectively 24.4 per cent in 2013/14, 2.3 per cent in 2014/15 and 5.8 per cent in 2015/16. Calculation details are provided in Annex 7.

In summary, the difference between the original budget estimate and actual earmarked grants was less than 10 per cent in two of the last three years.

Dimension rating = C.

HLG-1.3: Timeliness of transfers from higher-level government

8. According to PFM law, equitable share estimates must be included in the Budget Policy Statement, which must be presented and adopted by Parliament in February or March. The disbursement of funds to counties should be made at the beginning of every month or not later than the 15th day from the commencement of the quarter. However according to the CFSP, the release of the equitable share from the national government has not been regular, thus leading to delays in commencement and completion of projects.

Dimension rating = D*.

3.1 Pillar I: Budget Reliability

A budget is reliable if it is implemented in accordance with the approved estimates before the beginning of the financial year. To determine the extent to which this is the case, three indicators, namely: aggregate expenditure outturn, expenditure composition outturn and revenue outturn were examined for the financial years 2013/14, 2014/15 and 2015/16.

PI-1: Aggregate expenditure outturn

Summary of scores and performance table

PI-1 Aggregate expenditure outturn (M1)	B	Brief justification for score
1.1 Aggregate expenditure outturn	B	Aggregate expenditure outturn for the last two financial years ranged between 90% and 110% of initial budget

9. Table 3 3 presents the budgeted and actual total expenditure for the years 2013/14 to 2015/16. It shows that the absorption rate of the approved budget was low at 77.2 per cent, during 2013/14 but the percentage increased in two subsequent years. The low absorption was because it was the first year of implementation of the devolved system of government in Kenya.

Table 3.3: Aggregate expenditure outturn (%)

FY	Budget	Actual	Total expenditure deviation (%)
2013/14	3,631	2,801	77.1%
2014/15	4,273	4,109	96.2%
2015/16	4,830	4,555	92.2%

Source: AFS

In summary, aggregate expenditure outturn was between 90 per cent and 110 per cent of initial budget for the last two financial years.

Dimension rating = B.

PI-2: Expenditure composition outturn

Summary of scores and performance table

PI-2 Expenditure composition outturn (M1)	B+	Brief justification for score
2.1 Expenditure composition outturn by function	A	Variation in expenditure composition outturn by function was below 5% of total expenditure in two of the last three years.
2.2 Expenditure composition outturn by economic type	B	Variation in expenditure composition outturn by economic classification was below 10% of total expenditure in two of the last three years
2.3 Expenditure from contingency reserve	A	There is no contingency fund scheduled in the budget yet

PI-2.1: Expenditure composition outturn by function

10. Budget is prepared according to economic, programming and administrative classification but the budget execution follow-up is based on economic and administrative classification (see PI-4). From Table 3.2, total expenditures were lower than total amounts budgeted in all the years, though revenue performances remained good. There was a bigger variance during 2013/14 compared to the two subsequent years. The departments of water development, lands and housing and roads and public works spent the largest shares of their budgets. The departments of health and sanitation

and livestock, fisheries and veterinary services had the largest variations between the budgeted and actual expenditures. However, explanations about the deviations of expenditures from budgets were not available. It is also notable that there was no baseline information for 2013/14, hiring of Early Childhood Development Education (ECDE) teachers, long procurement process and delays in exchequer releases.

Table 3.4: Expenditure composition outturn by function (Ksh millions and %)

	2013-14		2014-15		2015-16	
Administrative / Functional Head	Budget	Actual	Budget	Actual	Budget	Actual
County Executive	443.7	408.4	1,362.3	1,344.3	543.7	526.2
Finance and Economic Planning	123.7	118.6	159.6	151.5	188.4	148.6
Roads, Public Works and Transport	648.2	491.0	422.3	422.1	473.8	464.0
Health and Sanitation	1,158.6	821.2	708.9	701.1	1,166.3	1,084.2
Agriculture and Irrigation	125.4	104.9	187.3	182.6	304.9	299.6
Livestock, Fisheries Aand Veterinary Services	157.5	46.8	130.0	118.5	216.8	183.5
Trade, Industry and Cooperatives	59.1	52.6	130.7	130.2	110.7	92.5
Land, Physical Planning and Urban Development	64.5	55.1	156.6	156.5	92.2	90.4
Water Development, Environment and Natural Resources	230.0	122.7	208.8	163.2	256.4	216.3
Education, Communication and Ict	145.7	142.1	298.1	274.5	630.7	566.7
Tourism, Culture, Sports, Youth and Gender Development	70.1	51.5	120.9	93.0	144.5	137.4
County Assembly	404.8	386.2	387.5	371.9	527.5	493.9
County Public Service Management					174.6	152.5
Total Expenditure	3,631.3	2 ,801.1	4,273.1	4,109.4	4,830.5	4,455.8
Composition Variance		15.2%		4.0%		4.3%

Source: CBROPs

As reported in the table above, variation in expenditure composition outturn by function was 4.0 per cent in 2014/15 and 4.3 per cent in 2015/16.

In summary, variation in expenditure composition outturn by function was below 5 per cent of total expenditure in two of the last three years.

Dimension rating = A.

PI-2.2: Expenditure composition outturn by economic type

11. The County Treasury and the Chief Officers administer expenditures according to administrative, economic, and programming classifications. The extent of variance between actual and budgeted expenditures by composition of expenditures is presented in Table 3.3. Actual expenditure deviated from the original budget appropriation by 23.9, 3.6 and 8.6 per cent during 2013/14, 2014/15 and 2015/16, respectively. The result is heavily influenced by fluctuations in consumption of fixed capital, mainly because of the difficulty to comply with the procurement rules in due time.

Table 3.5: Expenditure composition outturn by economic type (Ksh millions and %)

Economic head	2013/14		2014/15		2015/16	
	Budget	Actual	Budget	Actual	Budget	Actual
Compensation of employees	939.0	919.3	1,282.50	1,282.20	1,301.90	1,296.80
Use of goods and services	622.5	578.4	867.2	866.6	745.2	697
Consumption of fixed capital	1,879.2	1,112.9	1,839.1	1,695.20	1,960.50	1,631.20
Interest	0	0	0	0	0	0
Subsidies	0	0	0	0	527.5	507.7
Social security benefits					-0.4	
Grants and transfers	190.6	190.4	284.2	265.4	245.7	229.4
Other expenses	0	0	0	0	50	5.7
Total expenditure	3,631.30	2,801.1	4,273.10	4,109.40	4,830.5	4,455.8
Composition variance (%)	23.9%		3.6%		8.6%	

Source: AFSs

12. As reported in the table, calculation derived from this table show that variation in expenditure was 3.6 per cent in 2014/15 and 8.6 per cent in 2015/16.

13. In summary, variation in expenditure composition outturn by economic classification was below 10 per cent of total expenditure in two of the last three years.

Dimension rating = B.

PI-2.3: Expenditure from contingency reserve

14. There is no contingency fund officially approved in the county. The only item that would be assimilated to a contingency fund is the Disaster Fund and appears as a regular budget item. Amounts budgeted as Disaster Fund was Ksh 34 million in 2015/16 budget. If Disaster Fund is to be considered as a contingency fund, it will constitute 0.7 per cent of the total budget for 2015/16.

In summary, the Disaster Fund constitutes 0.7 per cent of the total budget for 2015/16.

Dimension rating = A.

On-going reforms

15. Strategic plans from respective departments and views from public participation forums are taken into account in budgets. Besides, there are Ward-specific projects which take about 31 per cent of development expenditure, whereas about 69 per cent is reserved for various departments to implement capital-intensive projects as proposed in the strategic plan. In addition, a bill to create an Emergency Fund has been prepared for presentation to the County Assembly.

PI-3: Revenue outturn

Summary of scores and performance table

PI-3 Revenue outturn (M2)	D	Brief justification for score
3.1 Aggregate revenue outturn	D	The county met 92% and 116% of the budgeted revenue in only one of the three financial years

3.2 Revenue composition outturn	D	Variance in revenue composition was less than 15% in only one of the last three years

PI-3.1: Aggregate revenue outturn

16. The total budgeted and actual revenue streams are presented in Table 3 6. The overall revenue performance over the three years was 139.6, 101.5 and 79.3 per cent, respectively. The budgeted and actual revenue variance for these sources are particularly equally large, as presented in the table below.

Table 3.6: Breakdown of local revenue outturn by economic classification (in million Ksh and %)

	Economic head	Total revenue	Deviation from budget
2013/14	Budget	59.1	
	Actual	82.5	139.6%
2014/15	Budget	499.7	
	Actual	507.4	101.5%
2015/16	Budget	380.8	
	Actual	301.8	79.3%

Source: AFS

17. The own source of revenue was higher than expected for the two first fiscal years, but lower than expected in 2015/16. This is due to various factors including unrealistic revenue estimates, reduced compliance rates and pilferages due to weak revenue collection systems.

In summary, actual local revenue was between 92 per cent and 116 per cent of budgeted revenue in only one of the last three years.

Dimension rating = D.

PI-3.2: Revenue composition outturn

18. The overall performance of the revenue outturn for the county is summarized in Table 3 7. According to the CBROP 2016, the deviation of the own revenue for 2015/16 was partly explained by the lack of a valuation roll to determine appropriate rates for land and other properties. Besides, the county had anticipated to collect Ksh 31 million but only realized about

Ksh 1 million. However, as part of reforms by the county, the valuation roll has been finalized and is expected to significantly contribute to increased internal revenue generations in 2016/17.

Table 3 7: West Pokot local sources of revenue for the last 3 fiscal (Ksh millions and %)

	2013/14		2014/15		2015/16	
Economic head	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**
Roll Over Funding	22.1	22.1	403.5	403.5	203.5	203.5
Kiosk Rent	0.0	0.0	1.3	2.5	3.2	1.8
Single Business Permits	9.9	13.0	10.9	11.0	16.0	6.6
Market Fees	3.6	3.9	4.0	3.8	6.0	3.4
Building Approval Fee	0.3	0.6	0.3	0.4	0.5	0.2
Other Cess	5.3	5.7	5.8	7.1	8.0	6.0
Royalties	9.2	11.5	10.1	25.6	30.0	25.8
Livestock Cess	5.8	6.8	6.4	9.7	12.0	7.0
House Rent	2.8	3.3	3.1	0.3	0.5	1.6
Advertising Fee	0.0	0.0	0.0	0.4	1.0	0.3
Parking Fee	0.0	0.0	0.5	4.5	0.5	0.7
Bus Pack and Motorcycle Operating Fee	0.0	0.0	5.0	1.8	7.0	6.0
Renewals/Application Fee	0.0	0.0	0.5	2.2	2.2	1.5
Liquor Licensing Fee	0.0	0.0	0.5	0.0	1.0	0.1
Other Fees/ Charges	0.0	7.2	3.7	10.4	11.0	9.4
Hire of Agricultural Machinery and Sale of Seedlings	0.0	0.0	0.0	0.0	2.5	0.4
Health (Cost Sharing & NHIF)	0.0	4.1	35.0	20.6	40.0	26.5
Lands Rates	0.0	1.6	5.0	2.7	30.9	0.7
Livestock Permits	0.0	0.0	4.0	0.9	5.0	0.5
Transfers from local Authority	0.0	2.8	0.0	0.0	0.0	0.0
Total revenue	59.1	82.5	499.7	507.4	380.8	301.8

Source: AFSs

19. Built from the above table, the total revenue deviation and composition outturn for the county are summarized in Table 3 8. This table shows that

the composition variation of local revenue was 39 per cent in 2013/14, 13 per cent in 2014/15 and 31 per cent in 2015/16.

Table 3.8: Result matrix on local sources of revenue for the last 3 fiscal years (Ksh millions and %)

Year	Total Revenue Deviation	Composition Variance
2013/14	139.6%	38.9%
2014/15	101.5%	13.3%
2015/16	79.3%	31.1%

In summary, variance in revenue composition was less than 15 per cent in only one of the last three years.

Dimension rating = D.

3.2 Pillar II: Transparency of Public Finances

There are five performance indicators under this pillar: budget classification, budget documentation, central government operations outside financial reports, transfers to sub-national governments, performance information for service delivery and public access to fiscal information. These indicators measure whether the budget and fiscal risks oversights are comprehensive and whether the fiscal and budget information is accessible to the public.

PI-4: Budget classification

Summary of scores and performance table

PI-4 Budget classification (M1)	C	Brief justification for score
4.1 Budget classification	C	Budget formulation is based on administrative, programming and economic classification using GFS standards though not consistently applied. Budget execution and reporting is made only on the basis on administrative and economic classification.

PI-4.1: Budget classification

20. Section 105 (d) of PFM Act,2012 and PFM Regulation No. 40, 2015 requires that county budget classification should be as guided by the National Treasury. Counties are required to present the budget according to the administrative, economic, programme-based budget (PBB) format. The PBB presents the budget by programmes according to administrative and economic classifications. The budget is initially built in excel before being uploaded as vote heads into the budget planning system through IFMS. Budget execution and reporting are presented according to the administrative, economic, and programming classification.

21. The administrative units to which programmes are classified and further reported in the accounts and budgets are set in the County Government Act 2012 and the Constitution. The functional classification is related to the administrative classification as each key person is responsible of different sectors. This classification differs from the National Government classification, since some functions are not devolved, e.g. primary and higher education, security amongst others.

22. The administrative classification of the County Executive is composed of the key management personnel (accounting officers)) who has direct fiduciary responsibility, as follows:

- Office of the Governor
- Finance and Economic planning
- Roads, Public Works and Transport
- Health and Sanitation
- Education and ICT
- Agriculture and Irrigation
- Livestock Development, Veterinary Services and Fisheries
- Trade, Industry, Cooperative Development and Energy
- Lands, Physical Planning and Urban Development and Housing
- Water, Environment and Natural Resources
- Tourism, Culture, Gender and Social Development
- West Pokot County Public Service Board

23. Functional classification does not exist, but it can be considered that administrative classification is very close to the functional classification.

24. The economic classification is broken down into current and capital expenditure:

- CURRENT EXPENDITURE

• Compensation to Employees

• Use of Goods & Services

• Current Transfers to Government Agencies

• Other Recurrent

- CAPITAL EXPENDITURE

• Acquisition of Non-Financial Assets

• Capital Transfers to Government Agencies

• Other Development

25. This classification is quite limited and diverse budget items such as recurrent or development expenditure are not in accordance with GFS standards.

26. The programming classification is now in place, but has not been consistent over the recent years owing to the fact that the first budget of 2013/14 was not PBB. The number of programmes is directed by the national government. The first level of programming classification is presented below:

- P 1: General Administration Planning and Support Services.
- P 2: County Executive Affairs
- P 3: Public Service Board Services
- P 4: Field Administration Services
- P 5: Special Initiatives.

In summary, budgets have been applying the administrative, economic and programming classification criteria. However, Budget Implementation Review Reports (BIRR) published by the Controller of the Budget (CoB) present only budget execution according to administrative and economic classification.

Dimension rating = C.

On-going reforms

27. The COB should help the counties in restructuring their classification to implement a functional classification and be in line with internationally accepted Classification of Functions of Government (COFOG).

PI-5: Budget documentation

Summary of scores and performance table

PI-5 Budget documentation (M1)	D	Brief justification for score
5.1 Budget documentation	D	Budget documentation does not fulfil at least 3 basic elements

28. Section 130 of PFM Act 2012 provides for deficit financing through borrowing. However, county governments were restrained from borrowing in the absence of a clear borrowing framework. This implies that the first basic criterion is not applicable. The second criteria requires that previous year's budget outturn is presented in the same format as the budget proposal. However, only the previous year's budget estimates are presented in the same format in the CBROP. The county satisfies the third criteria, i.e. revised budget final supplementary estimates of current year are presented in the same format as the budget proposal in the CSFP. Finally, aggregation of both revenue and expenditure are presented in the CFSP and CBROP, but not according to the main heads of the budget classification (programming/ administrative and economic). The CSFP does not present budget execution according to the economic classification and the CBROP does not present a detailed breakdown of economic classification. In addition, the CBROP does not provide previous budget execution of the current year.

Table 3.9: Satisfaction of PEFA basic elements criteria

	Basic elements	**Criteria**
1	Forecast of the fiscal deficit or surplus or accrual operating result	Yes
2	Previous year's budget outturn, presented in the same format as the budget proposal	No

3	Current fiscal year's budget presented in the same format as the budget proposal. This can be either the revised budget or the estimated outturn.	Yes
4	Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used, including data for the current and previous year with a detailed breakdown of revenue and expenditure estimates. (Budget classification is covered in PI-4.)	No

29. With regard to additional elements, the county is not permitted to borrow and therefore no deficit financing is needed. Consequently, the first criterion is not applicable. For the following item, macroeconomic forecasting is borrowed from the National Government since they are not performed at the county level. National assumptions are presented in the CFSP.

30. The county does not have any debt, but there is an inherited debt from the previous defunct local government. The debts acquired from the defunct local authorities have not been authenticated and factored into the budgets as contingent liabilities. The Intergovernmental Technical Relations Committee (IGTRC) is working to ascertain the correct position of debts. Other contingent liabilities are taxes levied as pay as you earn (PAYE) and others such as court cases. However, some contingent liabilities have been factored in the 2017/18 budget. The medium term fiscal forecasts are done in the current budget and the CIDP. Finally, most taxes are part of the payments made to employees either as salaries or as payments to suppliers and contractors in terms of pay as you earn (PAYE), value added (VAT) and withholding tax. However, some taxes have emerged when Kenya Revenue Authority (KRA) made a claim on non-payment for some taxes and this has been charged on the county.

Table 3.10: Satisfaction of PEFA additional elements criteria

	Additional elements	Criteria
5	Deficit financing, describing its anticipated composition.	N/A
6	Macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate	N/A
7	Debt stock, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard	No

8	Financial assets, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard	No
9	Summary information of fiscal risks, including contingent liabilities such as guarantees, and contingent obligations embedded in structure financing instruments such as public-private partnership (PPP) contracts, and so on	No
10	Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or major changes to expenditure programmes	No
11	Documentation on the medium-term fiscal forecasts	Yes
12	Quantification of tax expenditures	No

31. In terms of reforms, the county is in the process of establishing a debt unit for effective management of debt-related issues. In addition, a debt management strategy is being developed in accordance with Section 123 of PFM Act 2012 even though the county has capacity constraints in terms of debt analysis.

In summary, budget documentation does not fulfil at least 3 basic elements.

Dimension rating = D.

PI-6: County government operations outside financial reports

Summary of scores and performance table

PI-6 County government operations outside financial reports (M2)	D	Brief justification for score
6.1 Expenditure outside financial reports	D*	The financials of ECD Colleges have not been made available
6.2 Revenue outside financial reports	D*	No information about revenue outside financial reports has been provided
6.3 Financial reports of extra budgetary units	D	No financial report of extra budgetary unit has been provided by the county

PI-6.1: Expenditure outside financial reports

Hospitals, health centres, ECDE College and youth polytechnics are effectively Semi-Autonomous Government Agencies (SAGAs). They are supposed to prepare annual financial statements that include assets, liabilities and third party funding, and receipts from capitation grants and the expenditures thereof, but they do not comply with that obligation. Spending of fees and grants received by schools (mainly primary) from third parties is not captured in expenditure reports. Spending from donor-funded projects is not captured by IFMIS and is not reported.

32. Identified expenditures outside financial reports are as follows:

(i) Construction of Kenya Medical Training College

This entity offers training to medical students. The county government built the infrastructure which was budgeted for but the institution is run by the national government. The idea was to ensure that local students of a certain quota would come from West Pokot County.

(ii) Construction of Agricultural Training Centre (ATC)

This is still under construction by the county government and funds have been budgeted for.

(iii) Maintenance and support of Kapenguria Water and Sewerage Company

The county is yet to assume the ownership of Kapenguria Water and Sewerage Company as it is under national government. However, the county has seconded two staff to work in the company and further subsidizes its electricity costs.

(iv) Early Childhood Development Education (ECDE)

The ECDEs are governed by ECDE county coordinator and sub-county coordinators. The county has a number of newly built and established units constructed from budgeted funds and also pays salaries of the teachers. The ECDE services are free and do not earn income for the county.

(v) Construction of ECDE college

The County has constructed an ECDE college where students pay fees and the county caters for operational costs, e.g. paying salaries of tutors. The college does its own budget and financial statements.

(vi) Funding of a youth polytechnic

The polytechnic offers technical education to youths and falls under the directorate handling development activities. The county finances the salaries of tutors and developmental projects. The polytechnic generates reports on the use of funds disbursed by the county. However, the polytechnic is still under control of the national government.

In summary, as the financial statements of these extrabudgetary unites were not provided (see PI-6.3), the amount of extra-budgetary expenditure is unknown. Not all quantitative data have been provided to enable calculating the level of expenditure outside government financial reports.

Dimension rating = D*.

PI-6.2: Revenue outside financial reports

No information about budget outside financial reports is presented in the AFS and no data has been provided by the county executive for hospitals, health centres, ECDE College and youth polytechnics.

Dimension rating = D*.

PI-6.3: Financial reports of extra budgetary units

No financial report of extra budgetary unit has been provided by the county.

Dimension rating = D.

On-going reforms

33. ECDE College is now required to present AFS within stipulated timelines.

PI-7: Transfers to sub-county governments

Summary of scores and performance table

PI-7 Transfers to sub county governments (M2)	N/A	Brief justification for score
7.1 System for allocating transfers	N/A	There is no sub government under the county level
7.2 Timeliness of information on transfers	N/A	There is no sub government under the county level

PI-8: Performance information for service delivery

Summary of scores and performance table

PI-8 Performance information for service delivery (M2)	D+	Brief justification for score
8.1 Performance plans for service delivery	B	Information is published annually on the activities to be performed under the policies or programmes for the majority of departments
8.2 Performance achieved for service delivery	C	The Midterm progress report present activities performed and indicates the achievements obtained
8.3 Resources received by service delivery units	D	No survey carried out in one of the last three years provides estimates of the resources received by service delivery units for at least one large department
8.4 Performance evaluation for service delivery	D	Performance evaluation is done by internal department and even the external done by COB is not available. No independent evaluation was performed

PI-8.1. Performance plans for service delivery

34. The Department of Monitoring and Evaluation in the Ministry of Devolution and Planning has developed County Guidelines for the Development of County Integrated Monitoring and Evaluation System (CIMES). Performance plans for service delivery are established for all functional units and are reflected in the PBB prepared by the county.

35. The annual PBB is presented by functions and classifies plans for key service delivery areas, e.g. agriculture, education, health, amongst others. Information includes specific programmes, the delivering unit, key outputs, key performance indicators targeted in applicable units. However, the allocation of resources to the specific programmes is not specified.

36. The annual PBB presents many indicators, but most of them lack baselines, targets or are provided with unmeasurable targets. While the Programme Based Budgets (PBBs) focus on outcomes, these outcomes are not always immediate and there is need for information on outputs to track movement to expected outcomes. It is also difficult to link with the programmes and their objectives.

In summary, annual PPB present performance indicators relating to the outcomes or outputs (but not both) for all ministries.

Dimension rating = B.

PI-8.2: Performance achieved for service delivery

37. The outputs and outcomes of the budgets are explained in the medium-term progress reports of 2015 prepared to assess implementation of CIDP for the period 2013-2015 and the annual county progress report for 2016 covering period 2015-2016. These reports provided an indication of the funds spent, completion rates and the number of units achieved.

38. The mid-term progress report indicates the achievements made, challenges and lessons learned for the purpose of improving service delivery in the county. This report presents the need to embrace monitoring and evaluation in all areas of implementation of county programme and projects. For instance, in the education sector, this would include the number of pupils enrolled, bursaries awarded, the intakes, the transitions from primary to secondary to university, etc.

In summary, the mid-term progress report present activities performed and indicates the achievements obtained.

Dimension rating = C.

PI-8.3: Resources received by service delivery units

39. The information captured by for example the education department on the resources do not support the comparison of service performance with the actual resources received in the respective service delivery units. The progress reports do not by source explain the funds received for support. The CBROPs and the progress reports do not indicate comparison and analysis done on resources received and the performance output achieved. Resources received by budget users are listed in the CBROPs and progress reports, but the resources received by service delivery units are not

mentioned. Further, no survey has been carried out in any one of the last three years to provide estimates of the resources received by service delivery units at least for one large department.

In summary, no survey carried out in one of the last three years provides estimates of the resources received by service delivery units for at least one large department.

Dimension rating = D.

PI-8.4: Performance evaluation for service delivery

40. Monitoring and evaluation for the effectiveness and efficiency of usage of funds and the project is performed by M&E department in the county. While challenges and way forward are enumerated in the project implementation reports and the PBB, this is not done to the programme levels as per the budgets, and no efficiency ratios are calculated to confirm the usage of funds and even absorption as budgeted for. The county is also evaluated by the Controller of Budget but these reports are not availed for corrective measures.

In summary, performance evaluation is done by internal department, and the external done by COB is not available. No independent evaluation was performed.

Dimension rating = D.

On-going reforms

41. Some of the on-going reforms include coming up with quarterly progress reports to assist in in-year performance evaluation. The county is in the process of forming County Integrated Monitoring and Integration framework where all-inclusive M&E reports will reflect lower level M&Es at Sub-County, Ward, and Village levels.

PI-9: Public access to fiscal information

Summary of scores and performance table

PI-9 Public access to fiscal information (M1)	D	Brief justification for score
9.1 Public access to fiscal information	D	The county meets two basic and one other elements but does not meet the four basic elements

42. On the basic elements, the enacted budget is not immediately published in the County Assembly website after it has been passed. However, the public can get copies of the enacted budget. The county keeps budget documents at the ward offices for easy access by the public. The County Executive puts in its website various documents such as ADP, CFSP, CIDP, and CBROPs, but the in-progress of budget implementation is not published. The public participation initiative is cascaded downward to the Ward levels where Ward Administrators help explain the budget and other public initiatives to the people. Whereas the county does not publish audited financial reports, the same are available on the website of the OAG although not within twelve months after the end of the year. The compliance to the basic elements is reported as follows:

	Basic elements	**Compliance**
1	A complete set of executive budget proposal documents (as presented by the country in PI-5) is available to the public within one week of the executive's submission of them to the legislature	No
2	The annual budget law approved by the legislature is publicized within two weeks of passage of the law	Yes
3	In-year budget execution reports. The reports are routinely made available to the public within one month of their issuance, as assessed in PI-27	No
4	Annual budget execution report. The report is made available to the public within six months of the fiscal year's end	Yes
5	Audited annual financial report, incorporating or accompanied by the external auditor's report. The reports are made available to the public within twelve months of the fiscal year's end	No

43. With regard to additional elements, the CFSP presents the broad strategic priorities and policy goals that guide the preparation of the county budget for next financial year and in the medium term. The CFSP should be prepared by 28th February of every year and published on the website of the government. The other components are not satisfied. As assessed in PI-14.1, macroeconomic forecasts at the national level are contained in the annual Budget Policy Statement (BPS) available within one week of endorsement, but no forecast is performed at the county level. No abridged page copy of the

budget (citizen budget) is done and translated to local dialect. However, the county will partner with AHADI Kenya, a non-governmental organization (NGO), to assist in the translation of the budget into a simplified language and local dialect to produce the budget implementation reports.

	Additional elements	Compliance
6	Prebudget Statement. The broad parameter for the executive budget proposal regarding expenditure, planned revenue, and debt is made available to the public at least four months before the start of the fiscal year	Yes
7	Other external audit reports. All non-confidential reports on government consolidated operations are made available to the public within six months of submission	No
8	Summary of the budget proposal. A simple, clear summary of the executive budget proposal or the enacted budget accessible to the no budget experts, often referred to as a "citizens' budget", and where appropriate translated into the most commonly spoken local language, is publicly available within two weeks of the executive budget proposal's submission to the legislature and within one month of the budget's approval	No
9	Macroeconomic forecasts. The forecasts, as assessed in PI-14.1, are not available at the County level	N/A

In summary, the county meets two basic and one other element but does not meet the four basic elements.

Dimension rating = D.

3.3 Pillar III: Management of Assets and Liabilities

PI-10: Fiscal risk reporting

44. Public corporations for the purpose of this indicator are defined in accordance with GFS 2014. In this regard, it is possible that certain institutional units that are legally constituted as corporations may not be classified as corporations for statistical purposes if they do not charge economically significant prices.

Summary of scores and performance table

PI-10 Fiscal risk reporting (M2)	D	Brief justification for score

10.1 Monitoring of public corporations	N/A	There are no public corporations to be monitored. Full transfer of Kapenguria Water and Sewerage Company (KWSC) from the National Government is yet to take place
10.2 Monitoring of sub-county governments	N/A	There are no further devolved units below the county government level
10.3 Contingent liabilities and other fiscal risks	D*	County government executive quantify some significant contingent liabilities but no information has been provided, including the debt left by the defunct authorities

PI-10.1: Monitoring of public corporations

45. Though Kapenguria Water and Sewerage Company (KWSC) is supposed to be owned by the county government, full transfer from the National Government is yet to take place. This is because there are legal hurdles on the Board Management, i.e. the Water Bill that is in line with the Constitution has not been enacted. Besides, there are no structures that have been put in place to monitor this company. The score for the component is N/A.

PI-10.2. Monitoring of sub-county governments

46. There are supposed to be further devolved units below the county government level as per the Urban Areas and Cities Act 2011, but the Act has not been operationalized. Therefore, the dimension is not applicable since there are no devolved units below the county government level. The score for the component is N/A.

PI-10.3. Contingent liabilities and other fiscal risks

47. The contingent liabilities in West Pokot County comprise car loans, mortgages, NHIF, LAP Fund and cost of litigation with regard to former county officials who were dismissed. Under the National Social Security Fund (NSSF) Act 2013, the NSSF (mandatory registration) is a contingent liability supported at the national level. However, no figures were provided about the above-mentioned fiscal risks.

Dimension rating = D*.

PI-11: Public investment management

Summary of scores and performance table

PI-11 Public investment management (M2)	D	Brief justification for score
11.1 Economic analysis of investment proposals	D*	No evidence of objective criteria of economic analysis of investment projects.
11.2 Investment project selection	D*	The county does not have a Central Planning Unit and there are no standard project selection criteria
11.3 Investment project costing	D	Capital expenditure is costed by programmes for each ministry in budget documents, but investment projects are not costed
11.4 Investment project monitoring	D	Monitoring is done by county departments. Annual Progress Report presenting some rudimentary investment projects follow-up are published, but they do not mention total cost or execution rate

PI-11.1: Economic analysis of investment proposals

48. Some economic analysis is done by county officials themselves through observation in some cases. In other cases, needs-based analysis is conducted especially at the wards levels to determine the kind of investment projects to be granted priority. Public participation is another means through which ordinary citizens give their views with regard to investment projects that need to be implemented. Some projects in West Pokot y County could be considered as major investment project according to the PEFA criteria. They are published on the website of the government and reported in the table below .

In summary, economic analysis is likely performed to assess such investment projects, but they were not provided and the total cost of the project is not indicated in the table.

Dimension rating = D*.

PI-11.2: Investment Project Selection

49. The county does not have a Central Planning Unit (CPU) in charge of investment selection, and major investment projects especially the flagship projects listed in the CIDP are prioritized by the County Executive, which is

Table 3.11: Major on-going investment projects in West Pokot County

Project Name	Project Location (Ward)	Objectives	Targets	Activities	Time Frame	Source of Funds
Tamkal water supply project	Weiwei	Supply water to Kacheliba town and its environs	2500 people	Construction of -Intake -Pipe line	2012/2013	GoK
Tapach water project	Tapach	Supply water to Kacheliba town and its environs	5000 people	Construction of -Intake -Pipe line	2012/2013	GoK
Desilting of Makutano water supply reservoir and extension of pipelines	Mnagei	Supply water to Kacheliba town and its environs	2500 people	Construction of -Intake -Pipe line	2012/2013	GoK
Kacheliba town solar bore hole	Suam	Supply water to Kacheliba town and its environs	2500 people	Construction of -Intake -Pipe line	2012/2013	GoK
Muruny-siyoi, Kapenguria gravity water supply &sewerage	Kapenguria	Supply water to Siyoi, Kapenguria and environs	106,000			
	Tanks treatment works	2013-16	World Bank			

the Cabinet in West Pokot County. Other investment projects are selected by departments and implemented accordingly. There are also ward specific projects in which communities through public participation generate a list of priorities for consideration and some projects are selected for each financial year.

In summary, major investment projects are prioritized by the County Executive, but there are no standard project selection criteria. The evidence could not be produced.

Dimension rating = D*.

PI-11.3: Investment Project Costing

50. Projections of total capital cost of investment projects are included in the budget reports. The project cost is spread for two or three years in the PBB. The recurrent cost is not included in the projections. For construction projects, contractors often dictate timeframes of projects and projections must be revised. The absorption during the first six months or first year of implementation is quite low and more financial resources need to be deployed in the subsequent years of project implementation.

In summary, capital expenditure is costed by programmes for each ministry in budget documents, but investment projects are not costed.

Dimension rating = D.

PI-11.4. Investment project monitoring

51. Monitoring of investment project used to be done by implementing departments in the county. In construction investment projects, the Department of Public Works is normally engaged in the monitoring and evaluation. The county has published on its website Annual Progress Report where details of major investment projects are provided. A monitoring and evaluation (M&E) unit has recently been created with one staff and is now responsible for M&E and the publication of a consolidated M&E report, but standards for project implementation have not been availed and they are likely not in place because follow up is still rudimentary in the Annual Progress Report and projects execution rates are not presented.

In summary, monitoring is done by county departments. Annual Progress Report presenting some rudimentary investment projects follow-up are published, but they do not mention total cost or execution rate.

Dimension rating = D.

On-going reforms

52. The county government has developed standards for projects, e.g. cattle dips, ECD classes, dispensaries, etc. This is in an effort to reduce time to prepare bill of quantities (BQs) which lengthen the procurement process and in effect reduce absorption of development expenditures. Further, the county government is developing a framework that will involve civil society groups and citizens in project monitoring. Budget implementation project is to be done on a quarterly basis beginning next fiscal year. There are measures being prepared to be presented to the County Executive for approval on ways to improve project costing and also involve technical evaluation of all projects suggested by citizens during public participation forums.

PI-12: Public asset management

Summary of scores and performance table

PI-12 Public asset management (M2)	D+	Brief justification for score
12.1 Financial asset monitoring	C	The government maintains a record of its holdings in financial assets in its annual financial statements, which is published on the web site of the county government
12.2 Nonfinancial asset monitoring	D	Registers contain only partial information on non-financial assets and do not indicate their utilisation or age
12.3 Transparency of asset disposal	D	The county has not disposed of any assets except cash and cash equivalents. The County has not set up any rule related to transfers of assets for the defunct authorities

PI-12.1: Financial asset monitoring

53. Currently, the county only has cash and its equivalents in the bank as financial assets but the information is not complete. The county is yet to invest in major forms of financial assets such as securities, bonds, loans, receivables. Information on these assets is published on the website of

the county government and in the reports of the OAG, but information on assets performance is not produced in the reports.

In summary, the government maintains a record of its holdings in financial assets in its annual financial statements, which is published on the website of the county government.

Dimension rating = C.

PI-12.2: Non-financial asset monitoring

54. A variety of registers for fixed assets in the county is up-to-date since 2013. However, land register is not complete due to controversies with regard to some pieces of land in which ownership is contested. Some pieces of land purchased by the county government have no title deeds. In addition, the county is yet to harmonize the defunct Transition Authority report on assets and liabilities with its own. The county has also produced a report on verification of assets and liabilities of defunct local authorities. Table 3.12 presents the categories of non-financial assets for 2015/16 reported in AFS.

Table 3.12: Categories of non-financial assets , 2015/16 (Ksh millions)

Asset class	Amount
Buildings and structures	8,466
Refurbishment of buildings	225
Construction of roads	3,294
Construction of civil works	2,601
Refurbishment of civil works	513
Purchase of vehicle and transport equipment	60
Overhaul of vehicle and transport equipment	0.0
Household furniture and equipment	15
Office equipment, furniture and fittings	158
ICT equipment, software and other ICT assets	220
Other machinery and equipment	36
Intangible assets	206
Land	137

Source: AFS 2015/16

In summary, registers contain only partial information on non-financial assets and do not indicate their utilization or age.

Dimension rating = D.

PI-12.3: Transparency of asset disposal

55. According to the Public Procurement and Asset Disposal Act 2015, a disposal committee should be appointed on an ad-hoc basis when there is need. But because the counties were prohibited from disposing public assets until full transition is made effective by Intergovernmental Relations Technical Committee (IGRTC), no standard operating procedures for disposal of assets has been developed. Thus, the county has not disposed of its assets since it became operational in March 2013.

In summary, the county has not disposed of any assets except cash and cash equivalents. The county has not set up any rule related to transfers of assets for the defunct authorities.

Dimension rating = D.

PI-13: Debt management

Summary of scores and performance table

PI-13 Debt management (M2)	D	Brief justification for score
13.1 Recording and reporting of debt and guarantees	D	The records of the inherited debts from the defunct local authorities is not updated
13.2 Approval of debt and guarantees	N/A	The National Treasury had barred the counties from borrowing until a framework is developed
13.3 Debt management strategy	D	The County has medium-term debt-management strategy. However, the strategy does not indicate at least the preferred evolution of risk indicators such as interest rates and refinancing, and foreign currency risks

PI-13.1: Recording and reporting of debt and guarantees

56. Records of the inherited debts from the defunct local authorities are not

updated. Currently, the county has not borrowed money from either local or foreign sources as the National Treasury had not finalized the borrowing framework. However, the county has inherited debts from the previous government.

In summary, records of the inherited debts from the defunct local authorities have not been updated.

Dimension rating = D.

PI-13.2: Approval of debt and guarantees

57. According to Article 212 of the Constitution on public finance management and devolution, county governments are allowed to borrow only if guaranteed by national government and approved by the County Assembly. According to Article 213 of Constitution, guarantees by National Government must adhere to the following:

- Parliament to enact a law and prescribe how National Government may guarantee loans;
- Within two months of after the end of a fiscal year, National Government to publish a report on all guarantees issued during past year.

58. Even though the Constitution allows the counties to borrow, the National Treasury had barred the counties from borrowing until after August 2017 General Elections. As a result, there is no debt management unit in the county presently and no policies and procedures to provide guidance for undertaking borrowing has been put in place.

In summary, the National Treasury had barred the counties from borrowing until a framework for borrowing is developed. There is no single debt management entity. No policies and procedures to provide guidance for undertaking borrowing.

Dimension rating = N/A.

PI-13.3: Debt management strategy

59. Fiscal responsibility principles for the county governments are presented in the CSFP. It can be considered that the county has a minimalist medium-term debt-management strategy. However, the fiscal responsibility principles do not clearly present any risk factor and, more particularly, does not show explicitly how foreign currency risks would be addressed.

60. As regards recent reforms, the county intends to invest in capacity building

so that when borrowing becomes operational, the county government of West Pokot will be in a position to ensure sustainable debt management. The county plans to provide affordable credit access to the business community through *Biashara Mashinani* Fund that is expected to increase business activities to enhance county revenue.

In summary, the county has medium-term debt-management strategy. However, the strategy does not indicate at least the preferred evolution of risk indicators such as interest rates and refinancing, and foreign currency risks.

Dimension rating = D.

3.4 Pillar IV: Policy-based Fiscal Strategy and Budgeting

Budgets and fiscal strategies should be prepared with due regard to government policies, strategic plans, and adequate macroeconomic and fiscal projections. There are five indicators under this pillar: macroeconomic and fiscal forecasting, fiscal strategy, medium term perspective in expenditure budgeting, budget preparation process and legislative scrutiny of budgets.

PI-14: Macroeconomic and fiscal forecasting

Summary of scores and performance table

PI-14 Macroeconomic and fiscal forecasting (M2)	D+	Brief justification for score
14.1 Macroeconomic forecasts	C	The county does not prepare its own macroeconomic forecasts but uses projections made at the national level
14.2 Fiscal forecasts	C	The government prepares forecasts of revenue, expenditure for the budget year and the two following fiscal years but does not present the underlying assumptions for the forecasts
14.3 Macro fiscal sensitivity analysis	D	The county does not carry out any sensitivity analysis with assumptions

PI-14.1: Macroeconomic forecasts

61. The overview of recent economic performance presented in the CBROP, September 2016, does not present the economic situation of the county but the one of the country. The county adopts the forecasts as prepared by the national government. The county is yet to set up a macro working group which will develop the county-specific macro indicators. While preparing the budget, the county adjusts the recurrent expenditures by an inflation factor of 10 per cent. This 10 per cent is applied even for the outer years of the forecasts adopted by the county government. The forecasts are updated once a year during preparation of the CBROP and the CFSP. These forecasts are not reviewed by any independent body. This is supposed to be carried out by the County Assembly which lacks the capacity to scrutinize the indicators.

In summary, the county does not prepare its own macroeconomic forecasts but uses those at the national level.

Dimension rating* = *C.

PI-14.2: Fiscal forecasts

62. The county performs both revenue and expenditure forecasts. It is a requirement by the PFM Act 2012 to prepare a balanced budget. The forecasts for the transfers are provided by the National Government at the stage of preparing the BPS before the county government finalizes its CFSP. The county in projecting its own sources of revenue is informed by the availability of the new sources of revenue and the performance of the existing revenue streams. The ceilings provided by the ADP are usually different from what is usually provided by the CFSP. For example, the ADP for 2015/16 finance and economic planning was estimated at Ksh 280 million but at the CFSP it reduced to Ksh 139 million.

In summary, the government prepares forecasts of revenue, expenditure for the budget year and the two following fiscal years but does not present the underlying assumptions for the forecasts.

Dimension rating* = *C.

PI-14.3: Macro fiscal sensitivity analysis

63. In terms of ongoing reforms, the County Treasury has adopted the use of actual expenditure as a base when setting the ceilings for the budget

year other than previous' year budget to inform future estimates and the budgeted amounts. This has enabled the county to make realistic expenditure forecasts. The county does not include conditional grants in the budget unless there is a firm commitment from the donors and the national government. This had affected the budget for 2013/14 and 2014/15. While projecting the development expenditure, ongoing projects are given priority. Finally, the equalization fund is not included in the county budget as used to be in the previous years.

In summary, the county does not carry out sensitivity analysis with underlying assumptions.

Dimension rating = D.

PI-15: Fiscal strategy

Summary of scores and performance table

PI-15 Fiscal strategy (M2)	C+	Brief justification for score
15.1 Fiscal impact of policy proposals	D	There is no evidence of fiscal impact analysis to explain deviations of the fiscal impact as explained in the CFSP for 2014/15 and 2015/16
15.2 Fiscal strategy adoption	B	CFSP 2016, which is presented to the County Assembly, presents time-based fiscal goals (breakdown of revenues and expenditure) plus a list of qualitative or quantitative targets by ministries
15.3 Reporting on fiscal outcomes	B	The County Executive has submitted a report to the County Assembly that gives explanations on the reasons for deviations from the objectives and targets

PI-15.1: Fiscal impact of policy proposals

64. The county has an approved CIDP that guided the overall development agenda. On a yearly basis, the county prepares an ADP, CBROP, CFSP and budget estimates as required by the PFM Act. There are usually deviations on expenditure and revenue forecasts provided in the ADP and the CBROP.

The county did not prepare the CFSP for 2013/14. The 2015/16 CFSP was prepared and submitted to the County Assembly on 26th February 2016. Based on the CFSP analysis for 2014/15 and 2015/16, there is no evidence of fiscal impact analysis to explain deviations of the fiscal impact. Section 132 (c,e) of the PFM Act 2012 stipulates the requirements for submission and consideration of the revenue-raising measures. Each year, the County Executive is expected to pronounce the revenue-raising measures and submit a County Finance Bill for approval by the County Assembly setting out the revenue-raising measures together with a policy statement expounding on the same.

In summary, the county executive has submitted a report to the County Assembly that gives explanations on the reasons for deviations from the objectives and targets.

Dimension rating = D.

PI-15.2: Fiscal strategy adoption

65. The county produced CFSPs for 2014/15 and 2015/16 and they are published in the county's website . The CSFP 2016 presents ceiling (targets) for revenue and expenditure for 2017/18 to 2019/20.

66. The fiscal strategy adoption enforces the following fiscal responsibility principles:

(a) The county government's recurrent expenditure shall not exceed the county government's total revenue;

(b) Over the medium term a minimum of 30 per cent of the county government's budget shall be allocated to the development expenditure;

(c) 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;

(d) Over the medium-term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

(e) The county debt shall be maintained at a sustainable level as approved by county assembly;

(f) The fiscal risks shall be managed prudently;

(g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

67. CFSP 2016 also presents explicitly time-based fiscal goals (breakdown of revenues and expenditure), plus a list of qualitative or quantitative targets by ministries, associated with funding estimates. The fiscal strategic performance indicators presented above are followed in the CBROPs (see PI-15.3).

In summary, the county fiscal strategy includes quantitative or qualitative fiscal objectives for at least the budget year and the following two fiscal years but not explicit time-based quantitative fiscal goals and targets together with qualitative objectives.

Dimension rating = B.

PI-15.3: Reporting on fiscal outcomes

68. The county prepares the CBROP which tracks the annual performance in the MTEF cycle in broad terms. The county prepares the CBROPs reports with explanations of the deviation, which are submitted to the County Assembly. CBROP is submitted before the budget to the County Assembly. Submission of CBROP for budget preparation 2017/18 to the County Assembly was done on 7th September 2016 (see PI-17). The CBROP does not provide specific action plan to address the deviations.

In summary, the County Executive has submitted a report to the County Assembly that gives explanations on the reasons for deviations from the objectives and targets.

Dimension rating = B.

On-going reforms

69. The county has established an M&E unit and hired staff to be in charge of preparing quarterly reports.

PI-16: Medium-term perspective in expenditure budgeting

Summary of scores and performance table

PI-16 Medium-term perspective in expenditure budgeting (M2)	D+	Brief justification for score
16.1 Medium-term expenditure estimates	A	The annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic, and programme/ sub-programme classification
16.2 Medium-term expenditure ceilings	D	Cabinet approval evidence on medium-term expenditure ceilings has not been provided and estimates in the CFSP 2016/17 and the PBB 2016/17 show strong discrepancies
16.3 Alignment of strategic plans and medium-term budgets	D*	Medium-term strategic plans are prepared for some departments. Some expenditure policy proposals in the annual budget estimates align with the strategic plans but no evidence has been provided
16.4 Consistency of budgets with previous year's estimates	D	The budget documents do not provide an explanation of some of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget, even at the aggregate level

PI-16.1: Medium-term expenditure estimates

70. The county prepares the MTEF estimates for the budget year. The county uses the classification provided in the IFMIS module on the plan to budget. Programme Based Budget 2016/2017 presents estimated expenditure for 2016/2017 and projected expenditure for 2017/2018 and 2018/2019, for each department, by programmes/sub-programmes with a break down by economic classification.

In summary, the annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic, and programme/sub-programme classification.

Dimension rating = A.

PI-16.2: Medium-term expenditure ceilings

71. The County Executive should approve ceilings as required by the PFM Act 2012 and the ceilings are to be approved by the County Assembly by March. The first Circular on the processes and procedures for preparing the 2016/17–2019/20 Medium Term Budget was issued on 11th August 2016 without mentioning ceilings. Estimates for the 3 fiscal years were presented in the CSFP 2016/17, published in February 2016 but no circular was issued afterward.

In summary, it cannot be stated that aggregate expenditure ceilings for the budget year and the two following fiscal years are approved by the government before the first budget circular is issued.

Dimension rating = D.

PI-16.3: Alignment of strategic plans and medium-term budgets

72. The department of agriculture, livestock and health and finance are the only ones that have prepared strategic plans. The strategic plans are not fully aligned with the medium-term plans. However, the county did not provide the strategic plan for the previous mentioned departments. In addition, the PFM Act requires that the ADP should be detailed but linkages between CIDP and ADP are unclear, and all distributional decisions are made at a further stage.

In summary, some expenditure policy proposals in the annual budget estimates align with the strategic plans but no evidence has been provided.

Dimension rating = D*.

PI-16.4: Consistency of budgets with previous year's estimates

Table 3.7 presents the breakdown of allocations by departments for the 2015/16 and 2016/17 budgets. The budget documents do not provide explanations for the deviations of the allocations from the previous budgets prepared by the county.

Table 3.13: Breakdown of 2016/17 estimated and projected allocations by programmes in the 2015/16 and 2016/17 budgets respectively (in Ksh millions)

Programme	Estimated in 2016/17	Projected in 2015/16	Diff. In %
Programme 1	301.3	366.6	21.68%
Programme 2	46.9	19.9	-57.46%
Programme 3	20.7	18.4	-10.93%
Programme 4	77.3	27.2	-64.84%
Programme 5	0.0	79.8	+INF

Source: Budget Estimates 2016/17

73. From the analysis made for 2015/16 and 2016/17 PBB budgets, significant discrepancies can be observed between projected allocations by programmes for 2016/17 in the 2015/16 budget and estimated allocations for the same in the 2016/17 budgets.

In summary, budget documents do not provide an explanation of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget, even at the aggregate level.

Dimension rating = D.

PI-17: Budget preparation process

Summary of scores and performance table

PI-17 Budget preparation process (M2)	D	Brief justification for score
17.1 Budget calendar	D	Most of the departments adhere to the budget calendar but no budget calendar table has been provided yet and there is a poor adherence budget calendar in practice
17.2 Guidance on budget preparation	D	A comprehensive and clear budget circular is issued to budgetary units, but the ceilings are fixed during the CFSP preparation after the budget circular has been issued

17.3 Budget submission to the legislature	D	The County Executive has submitted the annual budget proposal to the legislature less than one month before the start of the fiscal year in all of the last three years.

PI-17.1 Budget calendar

74. The budget calendar starts when National Treasury issues Budget Policy Statement (BPS). According to Section 25 of the PFM Act 2012, the National Treasury is required to submit the BPS to Parliament, by the 15thFebruary of each year. This BPS sets out the broad strategic priorities and policy goals that will guide the national and county governments in preparing their budgets both for the following financial year and over the medium term. Further, the PFM Act 2012 requires the BPS to include the amount of indicative transfers of funds from the national government to the county governments. The BPS must be published not later than fifteen days after its submission to the County Assembly.

Table 3.14: Budget calendar for year 2017/2018

	Activity	Responsibility	Timeframe/ Deadline
Budget Performance Review			
1.1	Prepare and Issue County Treasury Circular	CEC Finance and Planning	Friday 5th August 2016
1.2	Submission of Programme Performance Reviews for 2015/16 Budget and Progress Report for County Integrated Development Plan (CIDP)	All Accounting Officers	Friday 12th August 2016
1.3	Preparation of 2017/18 Annual Development Plan (ADP)	All Accounting Officers	Monday 8th - Friday 19th August 2016
1.4	Submission and Approval of 2017/18 ADP to County Assembly	CEC Finance & Planning	Thursday 25th August 2016

1.5	Draft County Budget Outlook Paper (CBROP)	Head of Budget	Monday 9th - Tuesday 30th August 2016
1.6	Submission and Approval of CBROP to County Executive and County Budget and Economic Forum (CBEF)	CEC Finance & Planning	Wednesday 31st August 2016
1.7	Submission of CBROP to County Assembly	CEC Finance & Planning	Wednesday 7th September 2016
Review of MTEF Budget Proposals:			
2.1	Estimation and Review of Resource Envelope	Macro-Working Group	Thursday 25th August 2016
2.2	Determination of Policy Priorities	Macro-Working Group	Thursday 25th August 2016
2.3	Convene Sector Working Group Meetings	Chief Officers and Head of Planning	Monday 12th - Friday 16th September 2016
2.4	Public Hearing on Sector Budget Proposals	Chief Officers , County Assembly Clerk, County Assembly Sectoral Committee Chairs	Tuesday 20th – Friday 23rd September 2016
2.5	Preparation of 2017/18 County Wage Bill	Head of Human Resources and Head of Budget	Monday 26th – Wednesday 28th September 2016
2.6	Reviewing and incorporation of Stakeholder inputs in the Sector proposals and Preparation of Sector Reports and Draft Sector Budget Proposals	Chief Officers, County Assembly Clerk and Head of Budget	Monday 26th – Friday 7th October 2016
2.7	Presentation of Sector Reports and	Chief Officers and County Assembly Clerk	Tuesday 11th October 2016
	Draft Sector Budget Proposals to County Executive and CBEF		
2.8	Consolidation of Draft Budget Proposals	Head of Budget	Wednesday 12th -Friday 21st October 2016

County Fiscal Strategy Paper (CFSP)			
3.1	Draft County Debt Management Strategy Paper (CDMSP)	Head of Budget & Head of Planning	Monday 31st October -Friday 4th November 2016
3.2	Release of 2017/2018 Budget Policy Statement (BPS)	National Treasury	Thursday 10th November 2016
3.3	Release of Final 2017/18 Budget Ceilings	County Executive	Tuesday 15th November 2016
3.4	Draft County Fiscal Strategy Paper (CFSP)	Head of Budget and Head of Planning	Monday 7th - Monday 21st November 2016
3.5	Submission of CFSP and CDMSP to County Executive for approval	Head of Budget and Head of Planning	Monday 21st November 2016
3.6	Submission of CFSP to County Assembly for Approval	CEC Finance and	Wednesday 23rd November 2016
Economic Planning			
3.7	Submission of CDMS Paper to County Assembly	CEC Finance and Economic Planning Budget and Appropriation Committee	Wednesday 23rd November 2016
3.8	Adoption of CFSP by County Assembly	County Assembly	Thursday 8th December 2016
3.9	Preparation and Submission of 2016/17 Supplementary Budget Proposals	Head of Budget and Head of Planning	Wednesday 23rd November - Thursday 22nd December 2016
County Public Participation			
4.1	Joint Meeting MCAs, CBEF, Sub County and Ward Administrators to prepare Public Participation Schedule and Venues	Head of Budget and Chairman Budget and Appropriation Committee	Tuesday 10th January 2017
4.2	Publicize Public Participation Schedule	Head of Budget and Ward Administrators	Tuesday 10th – Sunday 15th January 2017

4.3	Public Participation - All 20 Wards	Head of Budget, Head of Planning and Ward Administrators	Monday 16th – Tuesday 31st January 2017
4.4	Public Participation Report	Head of Budget & Head of Planning	Wednesday 1st - 4th Saturday February 2017
4.5	Presentation of Public participation report to departments and County Assembly	Head of Budget	Monday 6th February 2017
Preparation and Approval of Final Departmental Programme Budgets:			
5.1	Preparation of Draft Budget Estimates by departments	Department Heads and Technical Staff	Thursday 19th -Friday 20th January 2017
5.2	Submission of draft budget reports to Budget office	Departments and Head of Budget	Monday 23rd January 2017
5.3	Submission, Joint Review and Validation of Consolidated Draft Budget Estimates by County Executive and CBEF	CEC Finance and Economic Planning	Tuesday 7th - Wednesday 8th February 2017
5.4	Submission of Draft Budget	CEC Finance and	Thursday 9th February 2017
	Estimates to County Assembly	Economic Planning	
Consideration of Passage of Appropriation Bill			
6.1	Submission of Annual Cash Flow	Head of Accounting and Principal Finance Officer	Thursday 9th February 2017
6.2	Submission of Annual Procurement Plan	Head of Supply Chain	Thursday 9th February 2017
6.3	Submission of Appropriation Bill to Assembly	CEC Finance & Economic Planning	Tuesday 28th March 2017
6.4	Approval of Draft Budget Estimates	County Assembly	Wednesday 29th March 2017
6.5	Passage of Appropriation Bill	County Assembly	Thursday 30th March 2017
Finance Bill			

7.1	Draft Finance Bill	Head of Revenue	Tuesday 24th January - Friday 17th February 2017
7.2	Public Participation/ Stakeholder Forums on Finance Bill	Head of Revenue, Ward Administrators and Head of Budget	Tuesday 7th March - Thursday 16th March 2017
7.3	Preparation of Finance Bill Public Participation Report	Head of Revenue	Friday 17th March - Thursday 23rd March 2017
7.4	Submission of Finance Bill to County Assembly	Head of Revenue	Wednesday 29th March 2017

Source: Budget Policy Statement 2017/18

75. Subsequently, the county prepares the CFSP guided by the BPS which sets expenditure limits for counties. The CFSP is tabled in the County Assembly in February. It is then committed to the Select Committee of County Budget and Appropriations to deliberate upon it according to their respective mandate. It was indicated that some departments such as tourism, education and trade, etc met the timelines, but no evidence was provided to enable scoring the indicator correctly. Indeed, a poor adherence to deadlines is observed in practice due to lack of the necessary expertise to prepare required documents.

In summary, it was not possible to determine how much time departments were allowed to complete their budget estimates from the receipt of circular, but poor adherence to deadlines is observed in practice.

Dimension rating = D*.

PI-17.2: Guidance on budget preparation

76. The calendar gives clear guidance on the budget circular to the departments. The budget circular does not accompany the ceilings to departments. The circular presents a template to be completed by the department to propose their estimates but does not include total budget expenditure and ceilings. County ceilings are usually established by the end of February each year by the County Budget and Appropriations Committee. They are included in the CFSP, which is submitted to the County Assembly.

77. Estimates in the CFSP 2016/17 and the PBB 2016/17 presented in June 2016 to the County Assembly show strong discrepancies between the CSFP 2016/17 prepared in February 2016 and the PBB (Table 3 15).

Table 3.15 : Budget estimates in the CSFP and in the PBB for 2016/17 (in million Ksh)

	Estimates in CFSP	Estimates in PPB	% diff.
County Executive	342.0	446.1	30.45%
Finance And Economic Planning	223.6	315.8	41.26%
Roads, Public Works And Transport	448.5	503.2	12.20%
Health And Sanitation	1 089.9	1 390.3	27.57%
Education And Ict	348.6	593.4	70.25%
Agriculture and Irrigation	225.9	238.9	5.75%
Livestock, Fisheries and Veterinary Services	125.7	148.9	18.49%
Trade, Industry and Cooperative Development	86.0	94.7	10.06%
Lands, Housing, Physical Planning and Urban Development	116.8	140.9	20.57%
Water Development, Environment and Natural Resources	132.3	203.8	54.09%
Tourism, Culture, Sports, Youth and Gender Development	105.9	127.6	20.54%
West Pokot County Assembly	444.7	535.0	20.31%
County Public Service Management	160.1	145.2	-9.34%
Intergovernmental Relations and Special Initiatives	103.9	157.5	51.61%
Total	3 953.7	5 041.3	27.51%

Source: CSFP and PBB 2016/17

In summary, total budget expenditure and ceilings are not presented in the circular, only in the CFSF and in the PBB and they are inconsistent.

Dimension rating = D.

PI-17.3: Budget submission to the legislature

78. According to the PFM Act 2012, final estimates submitted to the County Assembly should follow recommendations from the County Budget and Appropriations Committee (CBAC). The CBAC consists of a Chairperson, and not more than eight other members. The budget was presented by the County Executive submitted to the County Assembly as follows:

- 2014/15 budget was presented on 30th June 2015;
- 2015/16 was presented on 2nd June 2015;
- 2016/2017 was presented on 30th June 2016.

In summary, the County Executive has submitted the annual budget proposal to the legislature less than one month before the start of the fiscal year in all of the last three years.

Dimension rating = D.

PI-18: Legislative scrutiny of budgets

Summary of scores and performance table

PI-18 Legislative scrutiny of budgets (M1)	C+	Brief justification for score
18.1 Scope of budget scrutiny	A	The legislature's review covers fiscal policies, medium-term fiscal forecasts, and medium-term priorities as well as details of expenditure and revenue
18.2 Legislative procedures for budget scrutiny	C	The Section 130 of PFM Act, 2012 and the Standing Orders give the procedures for the budget scrutiny. They include internal organizational arrangements, such as specialized review committees, technical support, and negotiation procedures. However, the fact that the budget is presented to the county assembly just one day before it's approved highlights that these procedures are not used in practice and the lack of budget scrutiny
18.3 Timing of budget approval	C	The County Assembly has approved the annual budget before the start of the following year for one of the last three fiscal years

18.4 Rules for budget adjustments by the executive	C	Section 135 of the PFM Act 2012 and Standing Order No. 127 provides the rules for adjustment of the budget; which are allowing extensive administrative reallocations and expansion of total expenditure up to 10%. The rules are adhered by all departments

PI-18.1: Scope of budget scrutiny

79. The County Assembly scrutinises the policies, MTEF and the budget. Standing Order Paper No. 117 establishes the procedures for scrutinising the CFSP while Standing Order Paper No. 118 provides for the presentation of budget estimates by respective committees to the County Assembly.

80. Programme-based budget has facilitated budget approval mechanisms by involving the Members of County Assemblies (MCA) in the deliberation process. Where previously the MCAs would deliberate on the allocations only when the budget is presented, there are now more documents to scrutinize (ADP, CBROP, CSFP, etc) long before the project is presented to the County Assembly, following their engagement in the PB forums.

In summary, the legislature's review covers fiscal policies, medium-term fiscal forecasts, and medium-term priorities and details of expenditure and revenue.

Dimension rating = A.

PI-18.2: Legislative procedures for budget scrutiny

81. Section 130 of PFM Act 2012 and Standing Order No. 106 give procedures for the budget scrutiny and establishes the Budget and Appropriation Committee. They provide for the involvement of the people in policy making and for transparency and provision to the public of timely and accurate information. They stipulate that the functions and powers of the county are to ensure and coordinate the participation of communities and locations in governance at the local level. The County Assembly approved the policies with CIDP on 26th September 2013, the CFSP on 13th March 2015 and the ADP on 23rd June 2015. The budget committee considers the policy documents together with the Sectoral Committees of the respective departments.

82. Section 207 the PFM Act 2012 provides that county governments are to establish structures, mechanisms and guidelines for citizen participation. In fulfilling this requirement, the County Assembly involved the public in the budget preparation process for 2015/16 as shown in the report of participation provided. Some views from these public participation forums were considered in the 2015/16 CFSP. The chairpersons for the Sectoral Committees provided oversight roles whenever Sector Working Groups (SWGs) presented their economic development priorities for each sector.

83. MCA's participation in and commitments made during – the PB meetings have allowed for swifter approval of budgets when they are presented to the County Assembly. In West Pokot, where the County Assembly members would previously deliberate on and change the allocations made. Following MCAs engagement in the PB forums, fewer changes are made to the proposed budgets. To prepare the 2016/17 budget, the government conducted public participation on 25th November 2016 where all the County Development Partners, Civil Society Members, County Budget and Economic Forum Members, MCAs, staff of both national and county governments, County professionals, interest groups and members of the public were invited to give input for the strategy paper.

In summary, technical assistance and negotiation procedures are provided along the budget elaboration process, because the Members of the County Assembly (MCAs) are part of the citizen engagement in budget approval since PB has been put in place. The participation of MCAs in the PB meetings cannot be considered as a proper legislative scrutiny of the budget. The fact that the budget is presented to the county assembly just one day before its approved highlights the lack of budget scrutiny, hence negotiation procedures after the budget has been presented to Parliament.

Dimension rating = C.

PI-18.3: Timing of budget approval

84. For the last three years, the budget has not been approved in due time except for 2015/16. From the evidence provided the dates of approval are as follows:

- 2014/15 budget was presented on 30th June 2015 and approved on 2nd July 2014;
- 2015/16 was approved on 2nd June 2015 and approved on 4th June 2015;
- 2016/2017 was presented on 30th June 2016 and approved on 1st July 2016.

In summary, the County Assembly has approved annual budget before the start of the following year for only one of the last three fiscal years.

Dimension rating = C.

PI-18.4. Rules for budget adjustments by the executive

85. Section 135 of the PFM Act 2012 provides the rules for adjustment of the budget. Section 43 of the PFMA (2012) permits Accounting Officers of MDAs to reallocate budgetary funds within their authorized use (as per the approved budget without requiring prior NT approval, subject to restrictions: (i) no transfer to another entity or person; (ii) no reallocation of capital expenditure items except to defray other capital expenditure items; (iii) no reallocation of wage to non-wage expenditure, and (iv) transfers that may result in the contravention of fiscal responsibility principles. Reallocations between programmes/sub-votes are allowed, subject to NT approval if: (i) budgeted provisions are unlikely to be utilized; (ii) reallocations do not exceed 10 per cent of the approved budget for such programmes/sub-votes.

86. Extensive administrative reallocations are made during budget implementation. In addition, 10 per cent of the budget can be increased two months before passing the supplementary budget to Parliament. The 2016/2017 programme-based budget mentions that "During the implementation of the budget the department faced the following challenges; under funding, rugged terrain, limited staff capacity which caused delays in preparing Bills of Quantity (BQs) and most emergency works/Special projects done were not budgeted. This caused serious budget deficit forcing the department to borrow funds from other departments' projects".

In summary, clear rules exist which may be adhered to in all instances but they are allowing extensive administrative reallocations and the total amount of expenditure up to 10 per cent.

Dimension rating = C.

3.5 Pillar V: Predictability and Control in Budget Execution

Indicators of this pillar examine whether the budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended. There are eight indicators under this pillar: revenue administration, accounting for revenue, predictability of in-year resource allocation, expenditure arrears, payroll controls, procurement, internal control on non-salary expenditure and internal audit.

PI-19: Revenue administration

Summary of scores and performance table

PI-19 Revenue administration (M2)	D	Brief justification for score
19.1 Rights and obligations for revenue measures	D	Entities collecting the revenues do not provide payers with access to information on the main revenue obligation areas and on rights including, as a minimum, redress processes and procedures
19.2 Revenue risk management	D	The County Revenue Unit has not put in place a comprehensive, structured and systematic approach for assessing and prioritizing compliance risks
19.3 Revenue audit and investigation	D	The County Government has not put in place an independent body to carry out revenue audits and fraud investigations
19.4 Revenue arrears monitoring	D*	The stock of revenue arrears at the end of the last completed fiscal year is not available

PI-19.1: Rights and obligations for revenue measures

87. The Revenue Department of West Pokot County is the sole entity charged with the responsibility of administering all revenues of the county. The main source of information to the payers is the Finance Act. The Finance Act is passed every year and it is only available in hard copy at the county offices since the county has not published it in its website. The Finance Act is however not comprehensive since it does not include information on registration, timely filing, payment of liabilities and reporting of information on the declaration. The county officials also sensitize the public about revenues and their obligations as citizens through the local radio station (Kalya FM). However, it was not possible to ascertain the nature of information provided through this channel. Thus, entities collecting the revenues do not provide tax payers with access to information on the main revenue obligation areas and on rights including, as a minimum, redress processes and procedures.

Dimension rating = D.

PI-19.2: Revenue risk management

88. The Revenue Department has not put in place a comprehensive, structured and systematic approach for assessing and prioritizing compliance risks. It has also not classified the revenue payers into various categories of small, medium and large payers to effectively and effectively facilitate prioritization of compliance risks and mitigation measures. The county has, however, automated revenue collection to minimize revenue pilferage. It was also noted that there is no integrated revenue management system which, if in place, can detect and arrest potential revenue risks.

In summary, the County Revenue Unit has not implemented yet a comprehensive, structured and systematic approach for assessing and prioritizing compliance risks.

Dimension rating = D.

PI-19.3: Revenue audit and investigation

89. The Revenue Department of the County Government has not implemented audit and fraud investigation systems and no independent body is operational to carry out revenue audits and fraud investigations. It is therefore difficult to identify risks and make follow ups to minimize revenue linkages.

In summary, the county government has not put in place an independent body to carry out revenue audits and fraud investigations.

Dimension rating = D.

PI-19.4: Revenue arrears monitoring

90. The county does not have outstanding revenue arrears. In the context of county governments, revenue arrears accrue from property rates and rent not received as at close of the fiscal year. However, the county has not been collecting property rates after expiry of the valuation roll which forms the basis of levying property rates for land and property owners.

91. Some of the reforms the county is implementing to improve own source revenues include the use of posters to provide payers with comprehensive

information and revising of its valuation roll to facilitate collection of property rates revenue.

In summary, the stock of revenue arrears at the end of the last completed fiscal year is not available.

Dimension rating = D.

PI-20: Accounting for revenue

Summary of scores and performance table

PI-20 Accounting for revenue (M1)	C+	Brief justification for score
20.1 Information on revenue collections	A	A central agency collects monthly revenue data from entities collecting all County government revenue and consolidates this information into a report
20.2 Transfer of revenue collections	B	Entities collecting government revenue transfer the collected funds to the Treasury at least every week
20.3 Revenue accounts reconciliation	C	Reconciliation of revenue collections and transfers are carried out on a monthly basis, but they only cover collections and transfers to the Treasury accounts. Reconciliations do not include assessments and arrears

PI-20.1: Information on revenue collections

92. According to information provided, revenue from various sources is collected using Point of Sales (POS) machines. Field revenue collectors surrender their daily collection reports to their respective supervisors. The supervisors compile the reports and hand over to the ward revenue officers who report to sub-county revenue officers. The sub-county revenue officers prepare weekly reports for all revenue types within their jurisdiction and submit the reports to the head of County Revenue Unit at the headquarters. The weekly reports are consolidated into monthly revenue reports covering all types of revenue collected by the county. Therefore, the County Executive obtains revenue data at least monthly from entities collecting revenue. This information is broken down by revenue type and is consolidated into a report.

In summary, a central agency obtains revenue data at least monthly from entities collecting all county government revenue. This information is broken down by revenue type and is consolidated into a report.

Dimension rating = A.

PI-20.2: Transfer of revenue collections

93. Revenue collected from various sources is banked daily into the county revenue collection bank account by the individual revenue collectors or their supervisors. In some cases, revenue collected may take two to three days before banking. This is normally occasioned by lack of banking services in some of the collection centers where revenue is surrendered to the supervisors and kept safe.

In summary, entities collecting county revenue transfer the funds to the Treasury at least weekly.

Dimension rating = B.

PI-20.3: Revenue accounts reconciliation

94. Reconciliation of revenue collections and transfers are carried out on a monthly basis. The reconciliations only cover collections and transfers to the Treasury accounts. Reconciliations do not include assessments and arrears.

In summary, reconciliation of collections and transfers is done on a monthly basis, but they do not include assessments and arrears.

Dimension rating = C.

PI-21: Predictability of in-year resource allocation

Summary of scores and performance table

PI-21 Predictability of in-year resource allocation (M2)	C	Brief justification for score
21.1 Consolidation of cash balances	D	Records of balances are calculated separately and balances from the accounts are not transferred into a central consolidated account.

21.2 Cash forecasting and monitoring	C	West Pokot County prepares cash flow forecasts for the fiscal year but these forecasts are not updated
21.3 Information on commitment ceilings	C	Budgetary units plan and commit expenditure for at least six months in advance but no evidence was provided. In practice, budget users do not seems to have reliable information more than one month in advance
21.4 Significance of in-year budget adjustments	B	Adjustments to budgets done once in every fiscal year during the Supplementary budget. The process is transparent but not predictable, because 10% of the budget can be increased two months before supplementary budget

PI-21.1: Consolidation of cash balances

95. The county has 3 main bank accounts held with the Central Bank of Kenya (CBK):

- CBK County Revenue Fund (CRF);
- CBK Recurrent Account; and
- CBK Development Account.

Section 109 of the PFM Act 2012 provides that each county government shall ensure that all monies raised or received by or on behalf of the county government shall be paid into the County Revenue Fund (CRF) account. West Pokot County consolidates most of its cash balances once a month in the CRF account held with the Central Bank of Kenya (CBK and the two other accounts with CBK, recurrent and development accounts.

96. In addition, each of the departments in the county operates its own account. The county has 17 other accounts with commercial banks that are used to transact and make receipts and payments. Some of them belonging to the defunct authorities are dormant accounts (see PI27.1)

In summary, records of balances are calculated separately and balances from the accounts are not transferred into a central consolidated account.

Dimension rating = D.

PI-21.2: Cash forecasting and monitoring

97. The county prepares its cash flow forecast for the entire fiscal year since its forecasts for cash inflows and outflows are reliable. Cash forecasting and monitoring is most of the time limited to the schedule prepared by the CRA.

98. Internal revenue flow is however unpredictable due to fluctuations on a month to month basis. Same applies to equitable share from the national government. According to the CFSP 2015/16, the release of the equitable share from the national government has not been regular and budgeting and planning for the funds becomes cumbersome, thus leading to delays in commencement and completion of projects.

99. The County Programme Based Budget for 2016-2017 states that: "Internal revenue flow is unpredictable due to fluctuations on a month to month basis. Same applies to equitable share from the national government. The release of the equitable share from the national government has not been regular and budgeting as well as planning for the funds becomes cumbersome thus leading to delays in commencement and completion of projects".

In summary, West Pokot County prepares cash flow forecasts for the fiscal year, but these forecasts are not updated.

Dimension rating = C.

PI-21.3. Information on commitment ceilings

100. Budgetary units are able to plan and commit expenditure for at least six months in advance in accordance with the budgeted appropriations and cash/commitment releases. Budgetary units operate as per the schedules released by CRA.

101. The county does not have control mechanisms to fall back to in case there are cash-flow problems. For instance, PBB 2016/17 states that Health and Sanitation Department faced the following challenges in implementing previous budgets: inadequate budgetary provisions, huge wage bill, lengthy procurement process resulting in delays of delivery and implementations of projects.

In summary, it seems that in practice, budget users do not have reliable information more than one month in advance.

Dimension rating = C.

PI-21.4: Significance of in-year budget adjustments

102. Extension of the budget must be approved by Parliament within two months after the money is spent through a new Appropriations Act, and it may not exceed 10 per cent of the total budget for the year unless special permission has been granted by Parliament. Procedure for supplementary estimates is under Standing Order No. 127 of the PFM Act 2012. The County Assembly uses the Standing Orders in making the adjustments. All the departments comply with the rule but 10 per cent of the budget can be increased two months before supplementary budget.

103. The county makes only one supplementary budget in every fiscal year. All other budgetary units within the county also make one adjustment to their annual budget in a fiscal year. All departments within the county are also allowed to make one adjustment to their budget during the supplementary budget. No IFIMIS extracts for the supplementary budget were availed.

In summary, the county makes only one supplementary budget in every fiscal year. The process is transparent but not predictable.

Dimension rating = B.

PI-22: Expenditure arrears

Summary of scores and performance table

PI-22 Expenditure arrears (M1)	C	Brief justification for score
22.1 Stock of expenditure arrears	C	The stock of expenditure arrears is no more than 10% of total expenditure in at least two of the last three completed fiscal years
22.2 Expenditure arrears monitoring	C	Data on the composition of expenditure arrears is generated at the end of each fiscal year in AFS

PI-22.1: Stock of expenditure arrears

104. Expenditure arrears in the context of the County Government are referred as pending bills. These are financial obligations due to employees, statutory organizations, service providers, suppliers and contractors. Outstanding arrears as at the end of 2014/15 and 2015/16 consisted of amounts due to employees, contractors' service providers and suppliers. Arrears due

to contractors, service providers and supplies were occasioned by works completed, goods supplied, services offered as per contract agreements but payments not yet made on due dates. The arrears due to employees' allowances are payable but had not yet been paid as at end of the year.

105. As at close of 2013/14, 2014/15 and 2015/16 financial years, the county had expenditure arrears amounting to Ksh 299,685,824, Ksh 306,780,299 and Ksh 316,850,666, respectively, according to AFS. Total expenditure as at close of the three financial years was Ksh 2,803,680,964, Ksh 4,109,385,676 and Ksh 4,487,008,801, respectively. Based on these figures, the percentage of stock of expenditure arrears to total expenditure for the financial years 2013/14, 2014/15 and 2015/16 is 11, 7 and 7 per cent, respectively.

In summary, the stock of expenditure arrears is no more than 10 per cent of total expenditure in at least two of the last three completed fiscal years.

Dimension rating = C.

PI-22.2: Expenditure arrears monitoring

106. Expenditure arrears are not recorded and reported in IFMIS but are recorded in manual records and reports generated manually. Data on composition of expenditure arrears is generated at the end of each fiscal year and can be found either in annex of the PBB and in the AFS. Pending Bills for 2016/2017 is presented in the debt management strategy paper with a breakdown by department. Pending bills by type of pending accounts payable is presented in AFS. Pending bills from the defunct authorities have been classified as debts. However, no periodic report is produced to analyse the decomposition of arrears over time (e.g. stock of arrears less and more than one year) and the evolution of the stock of arrears.

In summary, data on the stock and composition of expenditure arrears is generated at the end of each fiscal year.

Dimension rating = C.

PI-23. Payroll controls

Summary of scores and performance table

PI-23 Payroll controls (M1)	D+	Brief justification for score

23.1 Integration of payroll and personnel records	D	Staff hiring and promotion is checked against the approved budget prior to authorization. However, staff hiring and promotion is controlled only by a list of drafted staff positions and reconciliation of the payroll with personnel records takes place only at the end of the year
23.2 Management of payroll changes	D*	Changes to the personnel records and payroll are updated at least monthly, but only data related to arrears were produced for two months in 2017, not those related to retroactive adjustments
23.3 Internal control of payroll	C	Authority and basis for changes to personnel records and the payroll are clear and sufficient controls exist to ensure integrity of the payroll data of greatest importance but no audit trail was provided to proof that these controls can ensure high integrity of data.
23.4 Payroll audit	C	A payroll audit has been conducted at least once in the last three completed fiscal years, but the materiality and information on scope and coverage of audit was not provided.

PI-23.1. Integration of payroll and personnel records

107. The county government uses the Integrated Payroll and Personnel Data (IPPD) management system. Personnel database and payroll are both integrated systems but are not directly connected. The IPPD system is not integrated to the IFMIS which has a budget module. All changes affecting payroll are performed on a monthly basis and checked against the previous month's payroll data.

108. The county government uses the IPPD management system to generate monthly payroll and staff payslip. The system is used for human resource management, including appointments/recruitment, personnel records management, career development and pension. In addition, it administers the records of benefits enjoyed by the offers such as loans, medical benefit, claims and personal advances, and allowances. The payslip data base is uploaded to Government Human Resource Information system

(GHRIS), which is an online platform that enables staff to access their pay information. Reconciliation of the payroll with personnel records takes place on an annual basis through payroll audit. All the counties do not have an approved staff establishment but use existing staff and projected hires as a basis for the annual budget. In addition, staff hiring is done on need basis.

In summary, staff hiring and promotion is checked against the approved budget prior to authorization but, during the period under review, hiring staff was based on a draft list instead of an approved staff establishment through IPPD. However, reconciliation of the payroll with personnel records takes place at the end of the year.

Dimension rating = D.

PI-23.2: Management of payroll changes

109. Changes to personnel records and payroll are updated within one month from the time of approval of adjustments in the IPPD. Amendments to personnel database and payroll changes are regularly done (mostly monthly) and reports captured in the Authorized Data Sheet (ADS). This is, however, applicable for employees who are on IPPD. Adjustments are done on time to reflect in the subsequent month's pay. Departmental heads furnish the payroll section with lists of employees working in their respective departments, which enables the payroll section to compare the departmental lists with the one furnished to them by the Public Service Board. Some counties also carried out head counts to identify ghost workers.

110. For the County Executive, payroll data for February and March 2017 indicated total expenditure of Ksh 89,439,742 and 95,380,876, respectively. Retroactive adjustment were not provided, but salary arrears for February and March were Ksh 66,770 and 615,808, respectively. Therefore, the percentage of arrears to gross salary for the two months is 0.1 per cent and 0.6 per cent, respectively.

111. Payroll data for February and March 2017 for the County Assembly indicated total expenditure of Ksh 16,893,390 and 17,750,984, respectively. Salary arrears for February and March were Ksh 10,000 and Ksh 0, respectively.

Therefore, the percentage of arrears to gross salary for the two months is 0.1 per cent and 0 per cent, respectively. Although the payroll summary for the County Assembly reflects substantial arrears, they relate to monthly MCAs sitting allowances which do not have a specific code in the payroll due to the design of IPPD. Since these are normal monthly sitting allowances, they were not taken into consideration in the computation of the percentages.

Table 3.16: Payroll data for February and March 2017 for the County Executive and the County Assembly (in Ksh)

	County Executive		County Assembly	
	February	March	February	March
Wages	89 439 742	95 380 876	16 893 390	17 750 984
Arrears	66 770	615 808	10 000	0
Arrears in % of wages	0.07%	0.65%	0.06%	0.00%

Source: County Treasury

In summary, changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Data related to arrears was provided only for February and March, but not those related to retroactive adjustments.

Dimension rating = D*.

PI-23.3: Internal control of payroll

112. Authorization for changes to personnel records and payroll for County Executive and County Assembly is vested with the County Public Service Board and the County Assembly Service Board, respectively. Implementation of the decisions of County Public Service Board is through written communications to the County Secretary, Head of Human Resource and the Payroll Manager in that order.

113. Officers who interact with payroll have personal passwords to access the system to ensure a clear audit trail. However, the procedures are not documented in a manual. Further, there are no restrictions in making of payroll changes for the staff who are paid through the manual system.

114. Implementation of the decisions of County Assembly Service Board is

through written communications to the Clerk to the County Assembly, Head of Human Resource and the Payroll Manager in that order. Thus, an audit trail in the form of manual documents is available and was verified during assessment.

115. In summary, authorization for changes to personnel records and payroll for County Executive and County Assembly is vested with the County Public Service Board and the County Assembly Service Board, respectively, but neither evidence on what is covered in manual audit trail, nor what fields of information it contains.

Dimension rating = C.

PI-23.4: Payroll audit

116. The payroll section undertakes periodic payroll audits. During the last three completed fiscal years, the internal audit department of the county carried out three human resource audits. The first one covering 2013/14 and part of 2014/15 dated 9th June 2015. The second audit dated 25th January 2016 covered 2014/15. The third was a special audit dated 15th February 2016. In addition to the internal audits, the Human Resource Management (HRM) department also carried out head count audit in August 2013.

117. From the documents provided, it was evident that there was follow-up by the management (for instance letter Ref. WPC/HR/I/2016 dated 16 February, 2016 from HRM Department to the County Service Public Service Board requesting freeze of staff bank accounts implicated in the internal audit report.

In summary, a payroll audit has been conducted at least once in the last three completed fiscal years but materiality and information on scope and coverage of audit was not provided.

Dimension rating = C.

PI-24: Procurement

Summary of scores and performance table

PI-24 Procurement (M2)	D+	Brief justification for score

24.1 Procurement monitoring	D*	Databases or records are maintained for contracts including data on what has been procured, value of procurement and who has been awarded contracts. It was not possible to verify whether data are complete for all procurement methods for goods, services and works, services and works
24.2 Procurement methods	D*	Information provided was not sufficient to verify the materiality.
24.3 Public access to procurement information	D	Only two elements of the six PEFA criteria were met by the County
24.4 Procurement complaints management	B	The procurement complaint system meets the first criterion, and three of the other criteria

PI-24.1: Procurement monitoring

118. The County Executive has only one Procurement Department but procurement officers also operate in each of the departments. Tender and quotation registers have been centralized meaning that procurement and payment for the same cannot be made for goods, services or works that are outside of the register.

119. Interface between procurement and suppliers has not been created in IFMIS. Therefore, data is only available on what has been procured, value of procurement and who has been awarded contracts for all procurement methods for goods, services and works except those of public establishments.

120. Assessment and reviews are done annually by the Public Procurement Oversight Authority (PPRA) for contracts awarded above Ksh 5 million, Direct Procurements, Termination of Procurement Proceedings, Disposals to Employees, and contracts awarded to Youth, Women and Persons with Disability (PWDs). The PPRA publishes each an annual report.

In summary, databases or records are maintained for contracts including data on what has been procured, value of procurement and who has been awarded contracts and data were provided, but the completeness could not be evidenced. The database is not connected to IFMIS and reports published by the PPRA only covers contracts above Ksh 5 million.

Dimension rating = D*.

PI-24.2: Procurement methods

121. The county government has built a restrictive list of suppliers who are required to manifest their interest and qualify by meeting the set criteria as provided on its website. Procurement methods include direct procurement, open tender and restricted tender (Table 3 17).

122. According to the Public Procurement and Asset Disposal Act 2015, all payments above Ksh 6 million have to go through open tender. For values between Ks 4 million and Ksh 6 million, restricted tender can be used if the complexity of the tenders or specialized nature of the goods can be justified. A list of prospective providers of a specified category of goods, works or services is established by a procuring entity for a specified period of time but not exceeding more than two years and is maintained for the purpose of inviting them on rotational basis for subsequent tendering. For direct procurement, a report has to be given to PPRA. At least 3 suppliers have to be invited to make their bids.

123. It was introduced in 2012 in the Access to Government Procurement Opportunities (AGPO) law that 10 per cent of government contracts had to be awarded to disadvantaged groups (i.e. enterprises owned by young people, women or persons with a disability) without competition from established firms. This percentage was increased to 30 per cent in 2013.

Table 3.17: Type of procurement methods, 2015/16

Row Labels	Sum of tender
Direct Procurement	9.03%
Open Tender	52.59%
Restricted Tender	38.38%
Total	100.00%

Source: Procurement report, 2015/16

However, calculation was made by the staff of the County Executive and information provided was not sufficient to verify the materiality.

Dimension rating = D*.

PI-24.3: Public access to procurement information

124. Table 3.18 gauges the kind of procurement information that the public has access to in West Pokot. The table shows that three out of the six elements required by the PEFA methodology were met by the county.

- For the first criteria: "Access to legal and regulatory framework for procurement", counties use national regulatory framework - the Public Procurement and Asset Disposal Act 2015 and which is available from the Public Procurement and Regulatory Authority (PPRA) .
- For the fifth criteria, "Data on resolution of procurement complaints", information is available online as published by the Public Procurement and Administrative Review Board (PPARB).

Table 3.18: Public access to procurement information

Key procurement information to be made available to the public:	Compliance (Y/N)
(1) Legal and regulatory framework for procurement	Yes
(2) Government procurement plans	No
(3) Bidding opportunities	No
(4) Contract awards (purpose, contractor and value)	No
(5) Data on resolution of procurement complaints	Yes
(6) Annual procurement statistics	No

125. For the third criteria, "Access to bidding opportunities", the reference can be found on the websites of the Executive and the Assembly but the completeness of this information cannot be evidenced.

In summary, only 2 criteria out of the 6 required by the methodology are satisfied.

Dimension rating = D.

PI-24.4: Procurement complaints management

126. Procurement complaints are addressed through the Public Procurement and Administrative Review Board which is a function within the PPRA. Clear guidelines are published on the process to be followed for any conflict or complaint filed. The decisions of the Board are binding to all parties involved.

127. All criteria required by the PEFA methodology are satisfied, but there is a fee

payable by the party filing complaints, consequently, the second criterion is not met The PEFA criteria related to this component are reported in table below.

Table 3.19: Procurement complaints management

Complaints are reviewed by a body which:	Compliance (Yes/No)	Justification
(1) is not involved in any capacity in procurement transactions or in the process leading to contract award decisions	Yes	Section 27 of PPADA establishes an independent Public Administrative Review Board (PPARB) to ensure the proper and effective performance of the functions of the PPRA
(2) does not charge fees that prohibit access by concerned parties	No	Fees are required for procurement complaints. The schedule of fees can be extracted from the Public Procurement and Disposal Regulations 2013
(3) follows processes for submission and resolution of complaints that are clearly defined and publicly available	Yes	The process for submission and resolution of complaints is clearly provided for in the PPADA (Section 27) which is publicly available
(4) exercises the authority to suspend the procurement process	Yes	The PPADA provides grounds for debarment of a person from participating in procurement or asset disposal proceedings
(5) issues decisions within the timeframe specified in the rules/ regulations, and	Yes	The PPADA requires the PPARB to make a decision within thirty days of the date of submission of an application for review. The PPARB report for 2015/16 states that all cases lodged were heard and determined within an average of 22.5 days

(6) issues decisions that are binding on every party (without precluding subsequent access to an external higher authority)	Yes	The Procurement Regulations state that "a decision by the Review Board is binding on all parties concerned subject to judicial review where the parties so appeal"

In summary, the procurement complaint system meets the first criterion, and four of the other criteria.

Dimension rating = B.

PI-25: Internal controls on non-salary expenditure

Summary of scores and performance table

PI-25 Internal controls on non-salary expenditure (M2)	C	Brief justification for score
25.1 Segregation of duties	B	Segregation of duties is prescribed throughout the expenditure process. Responsibilities are clearly laid down for all steps. The County Assembly uses IFMIS payment system but has no Standards Operations of Procedures (SOP) customized for its operations. Further details may be needed in a few areas
25.2 Effectiveness of expenditure commitment controls	C	Expenditure commitment controls are in place and effectively limit commitments to approved budget allocations for most types of expenditure but not to projected cash availability
25.3 Compliance with payment rules and procedures	D*	Information of non-compliance with payment rules and procedures has not been obtained yet

PI-25.1: Segregation of duties

128. The legislations about segregation of duties are respectively: (i) the Constitution of Kenya of 2010; (ii) the Public Finance Management Act 2012; (iii) Circulars from National Treasury; and (iv) Public Procurement

and Asset Disposal Act, 2015. The different responsibilities about internal controls are: (i) Planning; (ii) Budgeting; (iii) Procurement; (iv) Accounting; (v) Monitoring and Evaluation; and (vi) Internal auditing.

129. The county uses IFMIS payment system which is the same as that of the national government, in which separation of duties is clearly specified. County Treasury uses National Treasury guidelines for Counties on liabilities and assets. There is a register of IFMIS users including their roles. Principal Finance Officer has assigned clear and documented duties to respective officer in the finance department. Practically, the different phases of budget execution in IFMIS are as follows:

- Requisition from departments;
- Confirmation of budgets;
- Approval of requisitions;
- Voucher preparation;
- Voucher certification;
- Voucher authorization and approval;
- Voucher examination;
- Voucher invoicing validation and payment through IFMIS platform;
- Collection of cash from cash office.

130. The Financial Accounting and Reporting Manual (March, 2015) prepared by the National Treasury clearly stipulates separation of duties in asset management and liabilities. Section 7.2.5 on Disposal of Fixed Assets states that "Subject to specific rules that may be issued by an independent government institution dedicated to assets management and disposal, such as Public Procurement Authority, the Chief Officer is required to adhere to the following policy guidelines:

- Any disposal of government assets must be conducted in a manner that achieves the best return to government. As much as possible, government assets should be disposed by centralized open public tender/auction;
- Following a comprehensive physical verification of fixed assets, the Chief Officer Finance has the responsibility to identify and recommend assets for disposal;
- No disposal of any property can be conducted without the prior authorization of the Transition Authority and the Department of Devolution;

- Fixed assets are disposed in accordance with Public Procurement Oversight Authority (PPOA which is currently PPRA) of Kenya regulations.

131. Section 7.11.3 on borrowing indicates that "the Counties must prepare a debt register for all borrowings including borrowings guaranteed by the national government". This note has to be annexed in the AFS. However, the County Assembly does not have a Standard Operating Procedure for Asset Management.

In summary, segregation of duties is clearly defined in law and there is a clear segregation of duties for approval of vouchers, mandates in IFMIS and internet banking. The county uses IFMIS payment system but has no standardized yet operations of procedures customized for its specific operations, which means that further details may be needed in a few areas.

Dimension rating = B.

PI-25.2: Effectiveness of expenditure commitment controls

132. The Constitution under Article 201 (a) requires that "there shall be openness in public financial matters" Further, section 46(2) of the Public Finance Management Act 2012 requires the Cabinet Secretary to the National Treasury to publish in the Kenya Gazette revenue collections and exchequer issues by the National Treasury.

133. Pursuant to the County Allocation of Revenue Act 2015, and in consultation with the Controller of Budget, the National Treasury uses the county IFMIS to complete the exchequer release of the Equitable Share of Revenue to County Governments generally on a quarterly basis, taking into account the county governments' bank balances at Central Bank of Kenya (CBK). The CoB oversees the implementation of the budgets of the national and county governments by authorizing withdrawals from public funds under Articles 204, 206 and 207 of the Constitution. However, no policy on expenditure commitment has been set up yet.

In summary, expenditure commitments are only limited to the amount of funding in the approved budget, therefore expenditures cannot exceed the amount approved but there is no control of committing funds against cash-flow projection, because no cash-flow projection is carried out at the county level, which provides only partial coverage and are partially effective.

Dimension rating = C.

PI-25.3: Compliance with payment rules and procedures

134. IFMIS is the responsibility of the National Treasury. The county also uses IFMIS to ensure that only expenses committed and budgeted for are paid. The IFMIS modules implementation in the county are as follows:

- Records to report: in use
- Plan to budget: still manual
- Procure to pay: partly in use
- Revenue to collect: not implemented
- Cash Management Module: not operational yet
- E-procurement: yet to be adopted

In summary, no information on the amount related to fast-tracked payments has been provided to score the component. A data extraction from IFMIS for the last 3 years is yet to be obtained.

Dimension rating = D*.

On-going reforms

IFMIS system has been re-engineered for the benefit of both levels of government. Key highlights include:

- Budget preparation process has been integrated in IFMIS through "Plan to Budget" by including a budget module (Hyperion).
- Establishment of a general ledger in IFMIS to allow for budget execution, reporting and accounting.

PI-26: Internal audit

Summary of scores and performance table

PI-26 Internal audit (M1)	D+	Brief justification for score
26.1 Coverage of internal audit	B	Internal audit covers all departments in the County Executive and the County Assembly. It is operational for entities representing most total budgeted expenditures and for central government entities collecting most budgeted government revenue

26.2 Nature of audits and standards applied	C	Internal audit departments apply International professional practice framework IPPF are released, but no quality control reports have been disclosed
26.3 Implementation of internal audits and reporting	A	The reports released have been matched to the program to ensure that the audit designed is undertaken
26.4 Response to internal audits	D*	Responses to the Internal audit reports are provided within one month of the report being issued. The Internal audit department the follows up to ensure implementation, but no evidence on responses to the internal audit reports by the audited entities has been provided

PI-26.1: Coverage of internal audit

135. The Internal Audit Services Department has been established since March 2014 in compliance to Section 155 of the PFM Act 2012. Internal audit covers all the departments in the County Executive and the County Assembly and work plans have been provided, but internal function has not been implemented in SAGAs yet. According to the Reports and Financial Statements for the year ended 30th June 2015 transfers to SAGAs accounted for Ksh 3.78 million, which corresponds to 1.46 per cent of total expenditure for the same year. However, the budget of SAGAs also includes their own revenue. Based on estimations made on the ground, it was assumed that the budget of SAGAs is less than 25 per cent of total budget expenditure of CG.

136. The department prepares and submits an annual work plan to the county executive. The annual work plan defines the high risks of the county operation, specifies the audit and the advisory related to areas to be covered and identifies audit topics, the objectives, and time schedule. High-risk areas identified including revenue and liquid cash cut across all the county departments. The practice maintained by the department is to group the entities to be audited by risk exposure and to carry out audit with a follow-up of high-risk entities every year. Internal audit carries out at least one full audit in a year and a follow-up visit in year two for the medium risk entities and for the low risk entities to perform at least one audit every three years.

In summary, internal audit covers all departments in the County Executive. Evidence on the auditing of public establishment was not provided but assumption is made that the budget of SAGAs is less than 5 per cent of total budget expenditure of CG.

Dimension rating = B.

PI-26.2: Nature of audits and standards applied

137. The internal audit departments reportedly apply international professional practice framework (IPPF) as stipulated in the law. Audit activities are focused on evaluation of the adequacy and effectiveness of financial and internal controls. There are three levels of review before reports are released. Internal audit department usually requests senior county officers to fill in a risk-based assessment questionnaire to help in creating a risk-conscious climate and a risk-based internal audit plan. The identification and classification of risk is as follows:

- Cash management: High
- Budgeting: Medium
- Payroll management: High
- Staff attendance: High
- MCAs sitting allowance: High
- IFMIS security: High
- Contract management: Medium
- Transport management: High.

138. Over the last three years, audit performed were related to: cash management, human resources and payroll management, transport management, procurement and contract management, committee services and MCAs management and training and staff development.

139. Guidelines for the establishment of audit committees have been delayed, hence audit committees were not created. No quality controls reports have been provided to verify that the nature of audits performed are compliant with the new audit practices. The OAG report for 2015/16 underlined the lack of independent internal audit function and the failure to establish an audit committee.

Box 1: Extract from OAG audit report on the AFS of County Executive West Pokot, 2015-16

Lack of Independent Internal Audit Function
A review of the internal audit function revealed establishment of internal audit function with six audit staff including head of internal audit. However, the head of internal audit reports to the Governor instead of the audit committee and therefore does not enjoy operational independence through the reporting structure contrary to Regulation 155(1) of the Public Finance Management (County Government) Regulations 2015, which states that the head of Internal Audit unit in a County Government entity shall enjoy operational independence through the reporting structure by reporting administratively to the Accounting Officer and functionally to the audit committee. Consequently, the unit lacks operational independence to execute its mandate.
Failure to Establish an Audit Committee
The County Executive of West Pokot has not established an audit committee contrary to Section 167(1) of the Public Finance Management (County Government) Regulations, 2015 which require each County Government entity to establish an audit committee in accordance with prescribed regulations to monitor the entity governance process, accountability process and control systems of the entity, offer objective advice on issues concerning risk, control, regulatory requirement and governance of the County. The County Executive is therefore in breach of the law.

Source: Report of the Auditor General on the financial statements of the County Executive of West Pokot for the year ended 30 June 2016

In summary, according to the Law, Internal audit activities are focused on evaluation of the adequacy and effectiveness of internal controls, but in practice audit is still mainly focused on financial and regularity controls.

Dimension rating = C.

PI-26.3: Implementation of internal audits and reporting

140. Audit activity timetable for 2015-16 is reported in Table 3 20.

Table 3.20: Audit activity timetable by departments for 2015-16

Department	Scope of Audit Work	Audit Days Required	Month	Date of report and response
All Departments	Review Of Development Projects	2 Weeks	October	No report
Department of Finance and Economic Planning	Procurement and Stores Management/ Inspection	30 Days	October- November 2015	Report produced
	Cash Management	30 Days	October- November 2015	Report produced
	Imprests issue and surrendered	30 days	November 2015	Report produced
	Revenue	30 days	December 2015	Report produced
	Fuel Management	30 days	December 2015	Report produced
Department of Water and Natural Resources	Fuel Management Cash/imprest Mgt Development Projects	20 days	January 2016	Report produced
Department of Trade Cooperative and Industry	Cash/imprest Mgt Fuel Management Development projects and others	20 days	January 2016	Report produced
Department of Agriculture And Irrigation	Cash management Fuel management Development projects and others	15 Days	February 2016	Report produced
Department of Roads, Public Works and Transport	Fuel management Cash management Development projects and others	20 Days	February 2016	Report produced

Department of Health and Sanitation	Fuel management Cash management Development projects and others Hospitals and dispensaries	20 Days	March 2016	Report produced
Department of Education and ICT	Cash management Fuel management Development projects	30 Days	March 2016	Report produced
Department of Tourism, Culture And Sports	Fuel management Cash management Development projects	30 Days	April 2016	Report produced
Department of Lands, Housing and Urban Development	Fuel management Cash management Development projects	30 Days	April 2016	Report produced
Department of livestock	Cash management Fuel management Development projects and others	30 Days	May 2016	Report produced
Office Of The Governor	Financial audit	20 Days		

Source: Internal audit department

This table indicates that the reports released have been matched to the programme for all audits undertaken.

Dimension rating = A.

PI-26.4: Response to internal audits

141. The only specific system is place is the one specified by the PFM Regulation No. 164 (3a) of 2015 which states that "when updating the management of the progress of an audit assignment, the internal auditor shall give an oral preliminary report which shall be confirmed in writing within seven (7) days". In practice, response to internal audit reports are generally provided

within one month of the report being issued and the department follows up on implementation of audit recommendations. However, no evidence was provided on responses to internal audits and the OAG audit reports do not make reference to the responses internal audit reports by the audited entities.

In summary, files are maintained for completed audit report but responses to internal audits are not disclosed.

Dimension rating = D*.

3.6 Pillar VI: Accounting and Reporting

Indicators under this pillar measure whether accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs. There are three indicators under this pillar: financial data integrity, in-year budget reports and annual financial reports.

PI-27: Financial data integrity

Summary of scores and performance table

PI-27 Financial data integrity (M2)	B	Brief justification for score
27.1 Bank account reconciliation	D*	Soft copies of monthly bank reconciliations to active bank accounts and sample hard copies prepared by 10th of the following month were obtained. However, the total number of bank accounts could not be verified and bank reconciliation regarding extra budgetary units is unknown
27.2 Suspense accounts	A	Suspense account reconciliation is done monthly and is cleared before the end of year, with some exceptions

27.3 Advance accounts	A	Reconciliations to advance accounts/ imprest reconciliations is done monthly. Reconciliation of advance accounts takes place at least monthly, within a month from the end of each month. All advance accounts are cleared in a timely way
27.4 Financial data integrity processes		
	B	Access and changes to record is restricted and recorded and verification can be made through an audit trail. The internal audit unit is in charge of verifying the financial data integrity, but no evidence was produced by this unit

PI-27.1: Bank account reconciliation

142. The PFM Regulation No. 90 (1) of 2015 requires bank reconciliations to all active accounts to be prepared every month and submitted to the County Treasury with a copy to the OAG not later than 10th of the subsequent month. Any discrepancy noted during reconciliation should be investigated immediately. The County has 3 main bank accounts:

- CBK CRF
- CBK Recurrent Account
- CBK Development Account

Monthly bank reconciliations to main accounts are prepared by the 10th of the following month.

143. The County Assembly has one recurrent account which is reconciled before 10th of the following month. Head of Treasury Accounting maintains reconciliations for departments' operations accounts monthly. IFMIS is not being used in carrying out bank reconciliations at the county. Bank reconciliations are carried outside IFMIS. Nevertheless, soft copies of monthly bank reconciliations to active bank accounts and sample hard copies prepared by 10th of the following month were obtained.

144. The county continues to operate bank accounts of the defunct local authorities even after opening the county bank accounts. According to the report of the AOG Jan-June 2013, "The five bank accounts of the defunct

County Council of Pokot, four and two accounts of the defunct Municipal Council of Kapenguria and Town Council of Chepareria respectively had not been closed as at the time of conclusion of the audit exercise on 14th September, 2013 which is a contradiction of the requirements of the County Governments Public Finance Management Transition Act, 2013. It could not be ascertained whether these bank accounts were all closed and balances transferred to CRF account. Further, no report was available about expenditure incurred on these bank accounts".

In summary, the OAG checks all monthly reconciliation statements that are provided with the AFS. It seems that the county has 17 bank accounts in commercial banks but the total number of bank accounts could not be verified and bank reconciliation regarding extra budgetary units is unknown.

Dimension rating = D*.

PI-27.2: Suspense accounts

145. According to PFM Regulation No. 107(2b) 2015, the accounting officer must ensure that monthly reconciliations are performed to confirm the balance of each account. County Treasury maintains a suspense account which is reconciled on a monthly basis. The suspense account records customer deposits, i.e. retentions on service contract. Clearance of the suspense account is done monthly. Thus, no outstanding customer deposits at the end of financial year.

146. County Assembly does not have suspense accounts.

In summary, the suspense account reconciliation is done monthly and is cleared before the end of year.

Dimension rating = A.

PI-27.3: Advance accounts

147. The PFM Regulation No. 93(1&5) 2015 classifies imprests into temporary (safari) imprests which should be accounted for within seven days after returning to duty station and standing imprests.

The county has authorized travel advances (accounted for within 7 days after return to duty station) and standing imprests held by AIE holders (replenished upon surrender). Imprest account in the County Treasury is reconciled on a monthly basis. IFMIS generates a monthly list of defaulters/outstanding imprests.

A follow up is made by the head of the treasury (accounting) to facilitate imprest retirement/accounting. Standing imprests are restricted towards the end of year to minimize on the outstanding imprest balances. Advances are usually cleared by the end of the financial year. The County Assembly reconciles imprest accounts at the end of the financial year.

148. No outstanding advances were observed on the financial statement for 2015/16 submitted on 30 September 2016.

In summary, reconciliation of advance accounts takes place at least monthly, within a month from the end of each month. All advance accounts are cleared in a timely way.

Dimension rating = A.

PI-27.4: Financial data integrity processes

149. The PFM Regulation No. 109 (1) and 110, 2015 requires the establishment of an IFMIS, with appropriate access controls put in place in the system to minimize breach of information confidentiality and data integrity. The County Treasury uses IFMIS to facilitate transaction processes and reporting. System users have passwords and the system maintains a log of users' (audit trail) together with their functions.

150. A copy of a letter dated 17 December 2015 and request to upload budget 2015/16 in IFMIS (23^{rd} July 2015) were provided. Restricted access to systems, segregation of duties and utilization of appropriate password length or log in is in place. Changes to reports must be approved by departmental heads. Internal audit department verifies data integrity.

151. There is the Local Authorities Integrated Financial and Operations Management System (LAIFOMS) that was previously used by the defunct local authorities. IFMIS revenue module has not been fully exploited since the roll out has only been done in the county headquarters. The county has an agreement with the mobile phone service provider Safaricom to provide automated revenue collection system but the module is not in full operation yet. The internal audit unit who is in charge of verifying the financial data integrity did not provide evidence of the controls that were performed.

In summary, access and changes to records is restricted and recorded, and results in an audit trail and an internal audit unit is in charge of verifying the financial data integrity, but no audit reports or evidence of the controls performed was provided.

Dimension rating = B.

On-going reforms

152. Some reform initiatives by County Treasury in this area include maintenance of bank reconciliations in a file (hard copies) to establish timelines of preparation and review.

PI-28: In-year budget reports

Summary of scores and performance table

PI-28 In-year budget reports (M1)	D+	Brief justification for score
28.1 Coverage and comparability of reports	C	Coverage and classification of data allows direct comparison to the original budget with a certain degree of aggregation. Transfers to deconcentrated units are included into the reports but the information is not disclosed in detail
28.2 Timing of in-year budget reports	D	The only evidence obtained that could be used were the quarterly BIRR published by the CoB about 3 months after the end of the period
28.3 Accuracy of in-year budget reports	C	There may be some concerns regarding data accuracy. Data is useful for analysis of budget execution. Expenditure is captured at payment stage

PI-28.1: Coverage and comparability of reports

153. The PFM Act 2012 requires budget execution monthly financial statement and non-financial budgetary reports to be submitted to the County Treasury. According to Section 118 of the PFM Act 2012, the county should prepare quarterly implementation reports to give an overview of budget execution. They should give comparisons between budget estimates and actual expenditures among departments and County Assembly. Transfers to deconcentrated units are included into the reports but the information is not disclosed in detail. In addition, the total amount of transfers to other government entities is disclosed in AFS. Comparison can also be made by

the reader by referring to other reports such as the CBROP that present the original budget.

154. According to Article 228 (6) of the 2010 Constitution, the Office of Controller of Budget (OCOB) is required to submit quarterly budget implementation review reports (BIRR) to Parliament. Quarterly BIRR are posted on OCOB's website.

155. Coverage and classification of data allows direct comparison of actual expenditure to the original approved budget according to administrative, sector, and programme classification. The original approved budget is not prepared on a GFS-consistent economic classification basis, mainly because there is no explicit capital budget. Much of capital spending is covered by the development budget, but it also includes some items of recurrent expenditure.

In summary, the coverage and classification of data allows direct comparison to the original budget according to administrative breakdown by vote and economic classification partial aggregation.

Dimension rating = C.

PI-28.2: Timing of in-year budget reports

156. OCOB requires counties to submit financial reports by 10th of the month following the end of each quarter but they are generally not submitted on time. The County Executive establishes and disseminates the quarterly CBRIRs among departments in Excel format. It was stated that it takes generally 2 weeks to produce reports after the end of the period, but these reports are not published. These reports are disseminated to the departments though the respective Chief Officers but they are not always timely reported to the CoB or National Treasury.

157. Quarterly BIRRs are generally finalized about three months after the end of the period (e.g. Annual county governments budget implementation review report FY 2015/16 was published on September, 2016). The reports produced by the OCOB point out delays in the submission of financial reports to OCOB.

In summary, quarterly reports produced by the County Executive are not published and BIRR reports are published by the CoB about 3 months after the end of the period.

Dimension rating = D.

PI-28.3: Accuracy of in-year budget reports

158. There are some concerns regarding data accuracy. The BIRR for 2015/16 raises various issues regarding timing and data accuracy. The report of the OAG for 2015/16 revealed various differences between various between IFMIS reports and annual financial statements, as reported below:

Table 3.21: Differences between various IFMIS reports and annual financial statements for 2015/16 (Kshs millions)

Item	Amounts as per financial statements	Amounts as per financial statements	Amounts as per financial statements
Receipts	4,544.3		4,544.3
Payments	4,502.0	4,470.8	31.2
Cash and Bank	449.5	4,627.9	-4,178.4
Receivables		84.3	-84.3
Payables	203.6	9,131.3	-8,927.7

Source: Report of the Auditor-General on the Financial Statements of the West Pokot County Executive for the year ended 30 June 2016

159. Because no explanation or reconciliation was provided to the Auditor General in support of the above variances, the later was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Consequently, he did not express an opinion on the financial statements for the 2015/16.

In summary, data provided from the quarterly CBRIR is useful for monitoring budget implementation. Data are presented at payment stage.

Dimension rating = C.

On-going reforms

160. The county has started preparing monthly expenditure report 2016/17 and a report showing actual budget absorption against the approved budget estimates per line department (de-categorized units).

PI-29: Annual financial reports

Summary of scores and performance table

PI-29 Annual financial reports (M1)	D+	Brief justification for score
29.1 Completeness of annual financial reports	B	Financial reports for the county are prepared annually and are comparable with the approved budget. They include information on revenue, expenditures, and cash balances
29.2 Submission of reports for external audit	D	Financial reports are generally submitted for external audit more than 9 months of the end of the fiscal year. The financial statements 2015/16 were submitted on 30th September 2016 but were complete only on 10 May 2017
29.3 Accounting standards	C	Accounting standards applied to all financial reports are consistent with IPSAS cash and ensure consistency of reporting over time. The standards used in preparing annual financial reports are disclosed

PI-29.1: Completeness of annual financial reports

161. In accordance with the PFM Act 2012, financial statements should be prepared annually and submitted every year within three months after the end of the year (e.g. by 30th September) and submitted to the OAG for audit with a copy to the National Treasury.

162. AFS are prepared annually and are comparable with the approved budget. They contain information on revenue, expenditure, financial and tangible assets, liabilities and are supported by an annual cash flow statement.

Dimension rating = B.

PI-29.2: Submission of reports for external audit

163. According to the PFM Act 2012, counties are required to submit their draft AFS to OAG no later than 3 months after the end of the year. They generally comply with this regulation in due date, but their AFS are not complete by this time, so they need to make revisions, which may continue for a few months.

164. Financial statements were submitted within 3 months after the end of year as per the PFM Act 2012. The financial statements for 2015/16 were

submitted on 30th September 2016 but were considered as complete by the OAG only on 10th May 2017.

In summary, financial reports are generally submitted for external audit more than 9 months to the end of the fiscal year.

Dimension rating = D.

PI-29.3: Accounting standards

165. According to the law, the county should apply cash-basis IPSAS to produce its AFS. The standards used in the preparation of the statements are also disclosed. AFS enhance comprehensive and transparent financial reporting of the cash receipts, cash payments, and cash balances of the government. Compliance implies comparability of the government's financial statements over time.

166. Most of IPSAS cash standards have been incorporated into the national standards but variations between international and national standards are not disclosed and gaps are not explained. Indeed, counties are not able to prepare their financial statements using IFMIS because the system does not have complete set of financial data. In addition, the Standard Chart of Accounts on the system does not provide sufficient disaggregation to facilitate the level of analysis that the counties require for preparation of the financial reports.

In summary, accounting standards applied to all financial reports are more or less consistent with IPSAS cash and ensure consistency of reporting over time. The standards used in preparing annual financial reports are disclosed but gaps between international and national standards are not explained.

Dimension rating = C.

3.7 Pillar VII: External Scrutiny and Audit

There are two indicators under this pillar, namely: external audit and legislative scrutiny of audit reports. These indicators assess the arrangements for scrutiny of public finances and follow-up on the implementation of recommendations by the executive.

PI-30: External audit

Summary of scores and performance table

PI-30 External Audit (M1)	D+	Brief justification for score
30.1 Audit coverage & standards	C	Financial reports of County government representing most total expenditures and revenues have been audited using ISSAIs during the last three completed fiscal years. The audits have highlighted relevant material issues but not systemic and control risks
30.2 Submission of audit reports to the legislature	D*	The date on which the external auditor considers the financial reports complete and available for audit is unknown for the period under review. OAG can meet the 6-month deadline, but only if the AFS have been correctly prepared on time in the first place
30.3 External audit follow-up	D	A response was made by the executive or the audited entity on audits for which follow up was expected, during the last three completed fiscal years, but not in a formal way. The OAG report 2015/16 does not present any recommendation follow-up
30.4 Supreme Audit Institution (SAI) Independence	A	The SAI operates independently from the executive with respect to procedures for the appointment and removal of the Head of the SAI, the planning of audit engagements, arrangements for publicizing reports, and the approval and execution of the SAI's budget. This independence is assured by law. The SAI has unrestricted and timely access to records, documentation and information

PI 30.1 Audit coverage and standards

167. The Constitution and Public Audit Act 2015 specify that OAG must, within six months of the end of the year, audit and report on the accounts of all county government entities, covering revenue, expenditure, assets, and liabilities, using International Standards on Supreme Audit Institutions (ISSAIs) or consistent national auditing standards. The OAG, headed by the

Auditor General, has the primary oversight role of ensuring accountability in the use of public resources. The OAG may audit the accounts of any entity that is funded from public funds, including SAGAs.

168. The audit reports should highlight relevant material issues, systemic and control risks. In depth audits should be carried out on the basis of risk analysis methods. The OAG annually audits all county government MDAs that are linked to IFMIS. No special audit has been conducted on public establishments during the last three completed years as they are not connected to IFMIS. The reports are individually posted on OAG's website.

169. Audits are supposed to be performed according to ISSAIs. More emphasis is given to performance audits and procurement/asset disposal than under the previous law (sections 34-38 of the Public Audit Act, 2015). Thus, financial reports of County Executive and County Assembly, whose budget represent more than 75 per cent of total expenditures and revenues, have been audited using ISSAIs during the last three completed fiscal years.

170. The audit report of the OAG of 2013/14 has not expressly highlighted any relevant material issues but stated that he could not give an opinion. The audit report for 2014/15 has not been issued. The OAG expressed a non-qualified opinion in its audit report of 2015/16. Consequently, audits reports have not highlighted any relevant material issues and systemic and control risks.

In summary, reports of the OAG refer to the County Executive and the County Assembly, whose budget is very likely more than 75 per cent of the total budget of the central administration but the calculation could not be done very precisely because the annual budget of SAGAs is unknown.

Dimension rating = C.

PI-30.2: Submission of audit reports to the legislature

171. The OAG audits and reports on the accounts of any entity that is funded from public funds should be submitted within six months after the end of each year. It is not the responsibility of the County Executive to forward audit reports to the County Assembly and this task should be done directly by the OAG. Every four months, the CoB should also submit to each House of Parliament (National Assembly and the Senate) a report on the implementation of the budgets of the national and county governments. Table 3.22 provides dates when AFS were completed and received by OAG and when these statements were submitted to the County Assembly.

Table 3.22: Reports audited by the OAG during 2013/14, 2014/15 and 2015/16

	Date AFS signed by CE	Date AFs are considered to be complete	Date audited annual financial statement submitted to the legislature
2012/13	30 September 2013	N/A	25 May 2015
2013/14	30 September 2014	N/A	25 May 2015
2014/15	30 September 2015	N/A	30 August 2016

Source: OAG

172. Date AFs are considered to be complete are unknown. Indeed, only the date of completion of the 2015/16 AFS is indicated on the OAG's report. AFS were considered complete by the OAG on 10 May 2017. The OAG's report on AFS was sent to the County Assembly on 30 August 2017, which is below a 6-months period. However, this date is out of the scope.

In summary, the date on which the external auditor considers the financial reports complete and available for audit is unknown for the period under review. OAG can meet the 6-months deadline, but only if the AFS have been correctly prepared on time in the first place.

Dimension rating = D*.

PI-30.3: External audit follow-up

173. The Public Audit Act 2015 covers the audit process, including response and follow-up. The audit process is prescribed in Section 31 of Part IV of the Public Audit Act 2015 on the "Audit Process and Types of Audit".

174. The Public-Sector Accounting Standards Board located in the National Treasury has prepared a template. Section 27 of the template (available on National Treasury's website) provides for monitoring the actions taken by an MDA in response to the recommendations of audit reports. A matrix contains the following in column form: list of issues raised by OAG in its Management Letter to the respective MDA; Management comments; name of MDA staff person in charge of resolving the issue; status of resolving the issue; and expected date for resolving the issue. The template came into effect in 2016/17. The OAG officers use the software Team Mate as a

tool for managing its audit activities but no evidence was produced. As the audit process is still on-going, it is not possible to assess how well this new process has worked.

175. To summarize, it was stated that a formal response was provided to audit findings, but no evidence was presented. Furthermore, the OAG report of 2015/16 does not present any recommendation follow-up.

Dimension rating = D.

PI-30.4: Supreme audit institution independence

176. The OAG is established as an independent office under Articles 229, 248 and 253 of the Constitution. In accordance with the Constitution, the Auditor General is nominated and appointed by the President with the approval of the National Assembly. The statutory duties and responsibilities of the position are provided in Article 229 of the Constitution and in the Public Audit Act 2015. The OAG operates independently from the executive with respect to procedures for the appointment and removal of the head of the OAG, the planning of audit engagements, arrangements for publicising reports, and the approval and execution of the OAG's budget. This independence assures unrestricted and timely access to records, documentation and information.

177. In Kenya, the OAG's annual budget estimates are prepared and submitted to the Cabinet Secretary responsible for finance who then submits to the National Assembly estimates of the revenue and expenditure of the National government entities. The office's budget is negotiated with officials of the National Treasury. To assure better budget independence, public audit law may provide for direct submission of Auditor General's annual budget estimates to the National Assembly but this is not a specific prerequisite of the PEFA methodology. It was verified that no pressure was made on the office and result in the withholding of necessary funds thus comprising its independence.

178. In summary, the Public Audit Act 2015 confirms OAG's independence from the executive branch of the national government. Thus, OAG independence is assured by the Constitution and law.

Dimension rating = A.

PI-31: Legislative scrutiny of audit reports

Summary of scores and performance table

PI-31 Legislative scrutiny of audit reports (M2)	D	Brief justification for score
31.1 Timing of audit report scrutiny	D*	The scrutiny of audit reports is generally completed over a period of two months, but the dates have not been provided
31.2 Hearings on audit findings	D*	In-depth hearing is carried out on the audit findings but no evidence has been provided
31.3 Recommendations on audit by the legislature	D*	The County assembly usually makes recommendations to the executive for implementation but reports were not provided
31.4 Transparency of legislative scrutiny of audit reports	D	Hearings are conducted in public. Committee reports are provided to the full chamber of the County Assembly. They are not published on the County Assembly website

PI-31.1: Timing of audit report scrutiny

179. According to the law, Audit reports must be submitted to Parliament or the relevant County Assembly. Parliament or the County Assembly should debate and consider the report and take appropriate action within three months after receiving an audit report.

180. In practice, there is no specific timeline to scrutinize audit reports by the County Assembly. The time for scrutiny depends on the programme of the committee. It has been said during meetings that the scrutiny was completed over a period of two months but no evidence was provided.

In summary, there is no specific timeline to scrutinize audit reports by the County Assembly. Audit reports are generally scrutinized over a two months period.

Dimension rating = D*.

PI-31.2: Hearings on audit findings

181. Article 96 (3) of the Constitution states that "the Senate determines the allocation of national revenue among counties, as provided in Article 217, and exercises oversight over national revenue allocated to the county governments". In addition, Article 185 (3) gives the County Assembly oversight role over the County Executive. Hearing is carried out twice by the Assembly on the audit findings. It was stated that audit reports for

Chepareria Town Council and Kapenguria Municipality were produced, but no evidence was provided.

In summary, in-depth hearing is carried out on the audit findings but evidence provided was not sufficient to score the component.

Dimension rating = D*.

PI-31.3: Recommendations on audit by the legislature

182. The audit reports usually contain recommendations to the executive for implementation. The Assembly generally uses these for follow up, but no evidence was provided. It was indicated that the OAG refers to these recommendations in its annual report, but no evidence was found either.

Dimension rating = D*.

In summary, the County Assembly usually makes recommendations to the Executive for implementation but no evidence was provided.

PI-31.4: Transparency of legislative scrutiny of audit reports

183. Articles 196 and 201 of the Constitution and Section 115 of the County Government Act 2012 states that there shall be openness and accountability, including public participation in financial matters and a County Assembly shall conduct its business in an open manner, and hold its sittings and those of its committees in public and facilitate public participation and involvement in the legislative and business of the Assembly and its committees.

184. The hearings are held in public but reports of the committee are not published on the official website even though they are easily accessible to the public. Only the Report of the Sectoral Committee on ECD and Vocational Training on the consideration of the proposal to establish Kapenguria University College was available on the website.

In summary, Committee reports are provided to the full chamber of the County Assembly but they are not published on the County Assembly website.

Dimension rating = D.

4. CONCLUSIONS OF THE ANALYSIS OF PFM SYSTEMS

4.1 Integrated Assessment of PFM Performance

Budget reliability

185. Budget reliability appears to be good because variances between aggregate and functional votes were small. However, variance was high in 2013/14 because it was the first year of implementation of the devolved system of government. Variances between budgeted and actual expenditures were relatively small at the aggregate and functional levels, but large at the economic level because of the low absorption rate of development budget. Department of Health had the largest variance in terms of functional classification. The county does not have a contingency fund yet, but disaster fund has been captured as a regular budget item in the budgets. On the revenue side (PI-3), about 95 per cent of revenue of the county originates from the national government transfers as equitable share. This makes actual revenue to be close to the budgeted amount. Discrepancy was nevertheless observed for conditional grants, because donor agreements were disconnected from budget preparation. In a nutshell, the reliability of the budget is acceptable, at least at the aggregate level and budget execution is well managed in the county because it is supported by the IFMIS system.

Transparency of public finances

186. Budget classification is comprehensive and the county follows guidelines provided by the National Treasury which requires counties to present their budgets according to the administrative, economic, programme-based budget (PBB) format. This is as per the standard charts of accounts (SCOA) derived from GFS standards. However, budget execution and reporting does not take into account the PBB format. Fiscal information available to the public is not comprehensive because it lacks key fiscal information such as macroeconomic assumptions, and fiscal risks are not available in budget documents. Budget estimates do not present previous year's budget outturn in the same format as the budget proposal. Only previous year's budget estimates are presented in the budget documentation. The CBROP and CSFP present aggregated budget for both revenue and expenditure

according to the main heads of budget classifications but only partially. There is a lack of consistency with the classification used in the budget proposals. Nonetheless, transparency of public finances resources is acceptable because all types of resources and expenditure are presented in the budget and reported in the AFS, except for extra-budgetary units such as ECDE schools.

187. Performance plans for service delivery are established for all delivery units (departments) and are reflected in the PBB prepared by the county containing information about specific programmes by specific delivery units and expected outputs. However, deliverables are not translated into quantifiable units and the indicators do not meet the specific, measurable, achievable, realistic and time-bound (SMART) criteria. The public can access documents such as CIDP, ADP, CFSP, CBROP and PBBs and are produced in a timely manner. Nonetheless, availability of audited AFS takes more than one year to be available to the public and there no citizens budget available to the public.

Management of assets and liabilities

188. The county has Kapenguria Water and Sewerage Company (KWSC) though still under the control of the national government. However, there is no structured way of monitoring its operations. Significant contingent liabilities are presented in financial reports. With regard to economic analysis of investment projects, annual progress reports for major investment projects are provided, including total costs of major investment projects recurrent costs are not captured. The county does not have a Central Planning Unit and there are no standard project selection criteria. No economic analysis of investment projects is done but the county has established M&E Unit but had only one staff at the time of the assessment to monitor investment execution. The projects are usually selected from a wish list generated through public participation at the grassroots' level. The government maintains partial record of its holdings in major categories of financial and non-financial assets. Land register is not yet complete.

189. The county has not contracted any debt, as no policies and procedures to provide guidance for undertaking borrowing have been set up. However, the county has inherited debts from the previous defunct local government, but they are not published and not updated, because there is no debt management entity. The county has medium-term debt management strategy, but this strategy is limited and does not present risk indicators

such as interest rates and refinancing, and foreign currency risks.

Policy-based fiscal strategy and budgeting

190. The government prepares forecasts of revenue and expenditure for the budget year and the two following fiscal years, but does not present the underlying assumptions for the forecasts. The County Executive does not prepare its own macroeconomic forecasts or carry out any sensitivity analysis with assumptions. No fiscal impact analysis is performed in the CFSP, which is presented in February to the County Assembly to explain the potential impact of policy decisions. Ceilings are established during the CFSP preparation but are fixed only after the budget calendar has been issued.

191. Budget preparation process is based on a comprehensive and clear budget calendar circular. Annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic, and programme classifications. The CBROP briefly explains the reasons for deviation from the objectives and targets set but do not provide an explanation of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget, even at the aggregate level. The County Assembly review covers fiscal policies, medium-term fiscal forecasts, and medium-term priorities and details of expenditure and revenue, following well defined procedures that include specialized review committees, technical support, and negotiation procedures with the civil societies. Section 130 of PFM Act 2012 and Standing Order No. 106 provide guidelines for the preparation of the budget while Section 135 of the PFM Act 2012 and Standing Order No. 127 provide rules for preparing a supplementary budget. Approval of budgets has not been done in a timely manner.

Predictability and control in budget execution

192. Revenue administration in the county is generally weak because the only source of information to taxpayers is the Finance Act which is not comprehensive since it does not include information such as revenue obligation areas and rights. In addition, the county has not put in place a comprehensive, structured and systematic approach for assessing and prioritizing revenue related risks. There are also no systems for revenue audit and investigation and for monitoring revenue arrears. No risk-based approach has been put in place by the county revenue unit in order to

maximize public revenue collection. In addition, no independent body has been put in place to carry out revenue audits and fraud investigations

193. The county is relatively strong in terms of accounting for revenue since revenue collection has been automated and reporting is done on a daily basis and a monthly report prepared for all entities collecting revenue. Revenue collected is then transferred into a CRF every week but the county has a weakness in terms of revenue reconciliation. Reconciliation of revenue collections is done monthly, but they do not include arrears. Data on expenditure arrears is generated at the end of each fiscal year, but the stock of arrears is not available. Budgetary units plan their expenditure at least six months in advance and IFMIS allows them to commit expenditure for the same period of time. Adjustments to budgets are done once a year by asking the County Assembly to vote for a supplementary budget.

194. Control in payroll administration is generally strong and supported by IPPD system which integrates payroll and personnel database. Changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Staff hiring and promotion is controlled by a list of approved staff positions and subject to payroll audit. The County Public Service Board and the County Assembly Service Board are allowed to change personnel records and payroll for County Executive and County Assembly.

195. Procurement function of the county is well managed. Database on procurements are maintained by the County Executive. They are complete for all procurement methods for goods, services and works, services and works. According to this database, more than 90 per cent of procurement is done according to competitive methods, but the number of contracts awarded through open tender seems to have decreased during the last three years. The public can only have access to the legal and regulatory framework for procurement and bidding opportunities. A major point of weakness in procurement is that contract awards, data on resolution of procurement complaints and annual procurement statistics are not made available. Independent procurement complaints body exists at the national level and it is supposed to resolves procurement.

196. Internal controls on non-salary expenditures are generally effective. Segregation of duties is prescribed throughout the expenditure process. Responsibilities are clearly laid down for most key steps and IFMIS is used in all departments for budget execution. Internal audit is fairly strong given it has been recently created in the county. It applies international professional practice framework (IPPF) as stipulated in the PFM Act

2012 with a risk analysis approach and covers all the departments in the County Executive. Three levels of reviews are applied before reports are released. Audit reports are compared with audit planning to verify whether planned audits have been undertaken. Responses to internal audit reports are provided within one month after the report being issued. Follow-up of budget audit is ensured by the internal audit department.

Accounting and reporting

197. Reconciliation of bank accounts of the county is done in a timely manner as required under PFM Act 2012. Reconciliation of suspense and advance accounts is done on time and financial data integrity is ensured by the use of IFMIS system. The County Treasury uses IFMIS to facilitate transaction processes and reporting. System users have passwords and the system maintains a log of users together with their functions. Thus, use of IFMIS system and timely reconciliation of bank accounts enhances financial data integrity. Financial statements are submitted within 3 months after the end of the fiscal year. Advance and suspense accounts reconciliations are done monthly and should be cleared before the end of the year.

198. Financial reports for budgetary units are prepared annually and budget implementation reports are prepared each quarter. Accounting standards, consistent with IPSAS cash, are applied to all financial reports and ensures consistency of reporting over time. Coverage and classification of data allows direct comparison to the original budget for the main administrative headings. They include information on revenue, expenditure and cash balances. According to the OAG reports, there are nevertheless concerns regarding data accuracy, but data is useful for analysis of budget execution.

External scrutiny and audit

199. The OAG operates at the national level and its independence from the executive is guaranteed by the Constitution and Public Audit Act 2015. This independence is with respect to its mandate, procedures for appointment and removal of the head of the OAG. The OAG institution has unrestricted and timely access to records, documentation and information. Financial reports of County government entities representing most total expenditures and revenues have been audited using ISSAIs during the last three completed fiscal years. Nonetheless, audits have not highlighted relevant systemic and control risks. A response is generally made by the executive or the audited entity, but not in a formal way. The audit reports usually contain

recommendations to the executive for implementation. Audit reports take more than one year to be completed.

200. Hearings on audit findings ought to be conducted in public but no evidence was provided. Committee reports are provided to the full chamber of the County Assembly. They are not published on an official website but are easily accessible to the public. The scrutiny is supposed to be completed over a period of six months but no evidence can be provided by the County Assembly.

4.2 Effectiveness of the Internal Control Framework

Control environment

201. Based on the available information provided by the county, the internal control practice in place is not sufficient to contribute to the achievement of the four control objectives: (i) the execution of operations in an orderly, ethical, economical, efficient and effective manner; (ii) fulfilment of accountability obligations; (iii) compliance with applicable laws and regulations; and (iv) safeguarding resources against loss, misuse and damage. National level Internal Control framework is to a large extent indicative for the county operation due to the fact that the sub-national functions and operations mirror in regulation and practice the establishment at the national level. The following is an overview of the internal control activities collected from the preceding sections of the report. It builds on the description of the design of internal controls and the individual assessment of specific control activities as covered by the performance indicators (Chapter 3).

Risk assessment

202. The county decisions do not appear to be driven by risk assessment and management activities. Risks are not evaluated by their significance or the degree of likelihood of occurring almost at all budget processes. Having no risk profile of the county functions, no risk responses are to be made to reduce the likelihood or downside outcomes for key operations. Thus, potential future events that create uncertainty are not catered for.

203. The following risks, which are not provided for, exist in all stages of public finance management:

- Pillar 2: Transparency of public finances: County is not able to capture expenditure and revenue outside financial reports (PI-6); this creates the risk of having incomplete budget environment, potential misuse of funds and poor service to the public.

- Pillar 3: Management of assets and liabilities: with no economic analysis of investment proposals (PI-11), no costing of investment and no written procedures for monitoring of the investment performance, there is thus a huge risk of abuse and loss of funds in loss-making investment. Further, there is no established practice of inherited debt reconciliation with creditors (PI-13).
- Pillar 4: Policy based fiscal strategy and budgeting: with no practice to provide for uncertain economic events and the lack of sensitivity analysis, the county fails to link policy formulation and programmed activities with the budget estimate; the risk of having inadequate and prone to amendment budget is not treated.
- Pillar 5: Predictability and control in budget execution: the revenue administration practice fails to have an integrated revenue management system in place to detect and arrest potential revenue risks and to manage arrears (PI-19). The county fails to keep proper accounting of expenditure arrears tolerating a risk of accumulation (PI-22). Approved staff establishment is not linked to the IPPD, which is also not linked to IFMIS (PI-23). This creates a risk of ghost workers. Nonetheless, the payment control are well formalized and applied for. Procurement practice shows that non-competitive selection methods are at times applied, which creates the risk of discrimination, reduced control on the quality of procured services or works, misuse of funds and hence poor public service delivery (PI-24). There is clear segregation of duties with non-salary expenditure which are electronically set up in IFMIS with various authorization levels and roles assigned to different functions and operational staff. This arrangement provides for all phases of budget implementation to be executed in IFMIS (PI-25) but there could be possibilities of some operations being executed outside IFMIS.

Control activities

204. The lack of risk profile of the county and the failure to define responses to the risk lead to inadequate and insufficient control activities that can treat, share, avoid or intercept the risk. The risk-related activities for both the budget process and the service delivery exist for the functions related to budget implementation which are executed in IFMIS with clear segregation of duties. There are risks which are not covered for by appropriate control activities in the area of transparency of public finances and are related

to non-captured expenditure and revenue outside financial reports (PI-6). Management of assets and liabilities: no controls for the selection of investment activities (PI-11), no controls on aging of non-financial assets (PI-12).

205. There are control activities in place for budget execution with clear control of payment rules for all operations captured by IFMIS. However, those outside the system are not all covered for. The control is not sufficient for the record of actual staff in IPPD and HR personnel records. Some staff are paid through manual system outside the records and the payroll.

206. Lack or even poor internal control system with time leads to unreliable financial record can cause loss of organizational integrity, which may affect not only the execution of the budget but also the implementation of projects and county priorities be they of development or recurrent nature.

Information and communication

207. The channels of information and communication of the county are all budget related documents produced and disseminated to other budget users and the public. Despite the legal requirement for all documents related to use of public funds to be easily available, not all reach the public. The channels of internal information and communication are the orders and management letters issued by the respective management function and the County Assembly. None of the basic elements of fiscal information to be made public and publicised is complied with, with the exception of the external audit report which is issued with significant delay (PI-9). The county is in the process of adopting legislation on public participation which will set the rules for interaction with the public at all stages of budget formulation and service delivery.

Monitoring

208. Monitoring, in the Committee of Sponsoring Organizations (COSO) terms means the process of assessing the quality of internal control performance over time. In the context of the county, this aspect can be expanded to encompass the monitoring practices of the public finance management process in general. Performance monitoring at the county is weak, the main tool of budget utilization monitoring being the quarterly reports and the budget execution reports. The CBROP is a kind of economic assessment paper. There are no specific reports elaborating on consistency

of performance planned outputs and achieved outcomes and explaining any deviation. The internal control framework of the county as described having in place only isolated control activities is not efficient to ensure against irregularities and errors. It also highlights areas insufficiently addressed such as: (i) performance information for service delivery; (ii) public access to fiscal information; (iii) monitoring of fiscal risk; (iv) monitoring on public investment; (v) poor public asset management information. In terms of assessment of the quality of the internal control system, the county has established Internal Audit Department. It is still in the process of establishing its practice. The focus of the internal audit is mainly on compliance and regulatory issues and is not yet developed to provide full oversight (of all budget users) of the effectiveness of the internal control system. The practice of the external audit which is far more advanced is focused on financial audit with elements of internal control. Apart from their usual financial report mandate, the external auditors check the processes related to the accounting function, salary and payroll, procurement practice.

209. The interaction between the external and the internal audit as far as the oversight of the internal control system is concerned has not been evidenced during the field work and the respective indicators assessment.

210. Apart from the OAG, external oversight mechanisms are supposed to contribute to monitoring and effectiveness of the internal control system is the review of audits by the County Assembly, the follow-up systems for the executive's implementation of remedial measures, and providing public access to relevant reports and debates (PI-31). As the respective assessment of the oversight activities of the County Assembly of West Pokot (see PI-31) shows, the control practice in this respect has not been found to be effective. No evidence on recommendations to the County Executive.

4.3 PFM Strengths and Weaknesses

Aggregate fiscal discipline

211. The Constitution and PFM Act 2012 has set conditions for counties in terms of borrowing. Counties should not borrow above 5 per cent of their latest audited accounts and which must be approved by the County Assembly and guaranteed by the National Treasury. The county had not yet borrowed over the period under review. Budget in the first of operation (2013/14) was affected by over-optimistic revenue forecasts. Domestic revenue base is small and only accounted for 2 per cent of county's total revenue

for 2015/16. Efficiency of revenue collection has been enhanced through automation, using point of sale gadgets. Increased revenue collection will enhance credibility of budgets. Expenditure and contingency liabilities can compromise fiscal discipline if not well monitored. The use of IFMIS for budget execution and reporting has significantly reduced chances of expenditures outside prescribed rules and procedures. Nonetheless, IFMIS is yet to be integrated with procurement procedures and IPPD.

Strategic allocation of resources

212. Resources and expenditures are guided by a CIDP, which should be implemented through ADP and departmental strategic plan, but these three planning documents appear not to be closely linked with the budgets and national development plan - the Vision 2030. Linking planning and budgeting at county and national level is important to ensure overall and synchronized development. Economic analysis is not performed for major projects except some funded by donors. The differentiation between recurrent and capital expenditures in the budget elaboration and reporting hampers the visibility of resource allocation. It is difficult to establish whether recurrent expenditure associated with capital expenditure is included in the budget. Capital expenditures may be prioritized during budget execution, at the expense of non-wage recurrent expenditure in one year and the other way in another year. This discrepancy may reduce the rate of investment realization and disbursements of external support. However, the county existence is still nascent to draw final conclusion in this domain. Even though the economic analysis of investment projects is not undertaken, projects to be implemented are identified and prioritized at the grassroots level using public participation forums. This is likely to enhance effectiveness of investment projects. The county needs to pay more attention to pastoralism and farming to ensure that greatest economic and social benefits can be realized and reduce poverty as a result. Equally important is availing of clean water to the greater majority of citizens in the county over time.

Efficient use of resources for service delivery

213. Public services management is carried out by departments which have their own strategy and view of the best way to reach the targets. It was difficult to establish whether there was harmony of view in terms of development. The efficiency and effectiveness of use of public resources is not subject

to systematic review by the county government. The County Executive has the necessary tools such as the PBBs to evaluate service delivery properly. For the same reason, the performance targets are not linked with overall targets defined by the departments that provide the basic public services yet. Even if West Pokot County budget management is based on a cash basis accounting system, performance indicators have been defined to analyse the performance of public service delivery and make comparisons among schools, hospitals, health centres and other service delivery units. However, no follow-up is being done because of lack of staff to perform these tasks. In spite of the existence of a programming budget, the programmatic responsibility, which conditions the quality of the provision of public services to citizens, is still emergent and so information on the performance of the system remains limited in the County.

214. While a database on procurement is available, public access to information is limited. The public does not have access to procurement statistics and complaint management must be done at the national level. There is need to have a clear mechanism of complaints at the county level and more information on procurement for the public. A yearly report on overall functioning of the procurement system has not been produced yet, nor an annual report on the performance of the procurement system. No specific inspection unit has been put in place to monitor procurement performance of public procurement entities. Performance of the procurement system is still limited and no electronic portal has been set up to disseminate information on public procurement.

215. More generally, analytical accounting, budgets and performance reports are not yet regularly published or systematically used. The main reason is not the lack of transparency, but the management of budget elaboration that does not follow a performance approach. The AFSs are audited each year by the OAG and the adoption of a programming budget and the IFMIS budget management system is expected to provide data for the calculation of unit costs and other measures of efficiency in the delivery of public services that should also enable internal and external audit to focus much more on performance audit.

5. GOVERNMENT PFM REFORM PROCESS

5.1 Approach to PFM Reforms

216. In Kenya, the National Government through the National Treasury takes the lead in initiating and implementing PFM reforms. The government of Kenya has undertaken PFM reforms since 2006 and has been elaborated in Vision 2030.The current PFM reform strategy is elaborated in the Strategy for public Finance management reforms in Kenya 2013-2018. The overall goal of this Reform Strategy is to ensure “A public finance management system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development”. The main areas of emphasis in the strategy include: (i) Macroeconomic management and resource mobilization; (ii) Strategic planning and resource allocation; (iii) Budget execution, accounting and reporting and review; (iv) Independent audit and oversight; (v) Fiscal decentralization and intergovernmental fiscal relations; (vi) Legal and institutional framework; and (vii) IFMIS and other PFM Systems.

5.2 Recent and On-going Reform Actions

217. At the county level, priorities will be given to improve governance, administration and decision-making processes for improved social, economic and political environment. New accounting standards and financial statement formats currently being introduced across government will bring consistency and reliability to annual accounts. It will also facilitate consolidation of general government data. Once the new norms have been established, the publication of AFSs, as required by the PFM Act 2012, will be required to achieve accountability and transparency.

218. Completion of decentralized units offices, disaster management and county coordination will also be given a priority, and the development of policies, legislations and regulations that support full implementation of the sub-sector mandates. These policies and legislation include County Disaster Management Bill, Civic Education Bill, County Training Policy and Public Participation Bill.

219. Other ongoing reform actions concern ensuring coordination, preparation and timely implementation of the county budget, improving internal revenue collection, development and implementation of effective and efficient procurement systems for improved service delivery and value for money, undertake effective financial management and strengthen internal control systems to safeguard public resources.

220. As most corruption is usually in the area of public procurement, Business Code of Ethics has been domiciled in the Public Procurement Oversight Authority (PPOA). Accounting officers, authority to incur expenditure (AIE) holders and supply chain officers are personally liable for doing government business with companies and are required to comply with the approved code of ethics. The national government plans to introduce compulsory and continuous ethics and integrity training across all levels of the public service. In addition, the County Treasury Single Accounts is being implemented at the Central Bank of Kenya.

5.3 Institutional Considerations

221. The devolution system as envisaged by the Constitution is ambitious and may have major challenges in the initial stages of implementation. The IFMIS has been implemented at the national and county levels to reinforce accountability but has not proved to be a solution to the procurement-related issues. At the county level, there is need for better appropriation and reinforcement of controls. The implementation of a single treasury account should ensure the national and county governments have a better checking on the movement of funds. The PFM Act 2012 allows for the establishment of a committee to check on the use of funds and disciplinary measures that can be taken. However, proper monitoring of public resources is only possible if IFMIS is fully used at the county level and business intelligence layers implemented to facilitate data analysis and visualization.

Annex 1: Performance indicator summary

This annex provides a summary table of the performance indicators. The table specifies the scores with a brief explanation for the scoring for each indicator and dimension of the current and previous assessment.

Indicator/component	Score	Explantation
HLG-1. Transfers from higher-level government (M1)	D+	
HLG-1.1 Outturn of transfers from higher-level government	B	Transfers have represented at least 90% of the original budget estimate in all of the last three years
HLG-1.2 Earmarked grants outturn	C	The difference between the original budget estimate and actual earmarked grants was less than 10 per in two of the last three years.
HLG-1.3 Timeliness of transfers from higher-level government	D*	Quarterly transfers should be released quarterly through IFMIS, but the effective dates were not provided and important delays were reported in CFSP and in the press
PI-1. Aggregate expenditure outturn (M1)	B	
PI-1.1. Aggregate expenditure outturn	B	Aggregate expenditure outturn for the last two financial years ranged between 90% and 110% of initial budget
PI-2. Expenditure composition outturn (M1)	B+	
PI-2.1. Expenditure composition outturn by function	A	Variation in expenditure composition outturn by function was below 5% of total expenditure in two of the last three years
PI-2.2. Expenditure composition outturn by economic type	B	Variance in expenditure composition by economic classification was below 10% for the last 2 FYs (3.6% in 2014/15 and 8.6% in 2015/16)
PI-2.3 Expenditure from contingency reserve	A	There is no contingency fund scheduled in the budget yet
PI-3. Revenue outturn (M2)	D	
PI-3.1. Aggregate revenue outturn	D	The county met 92% and 116% of the budgeted revenue in only one of the three financial years
PI-3.2. Revenue composition outturn	D	Variance in revenue composition was less than 15% in only one of the last three years
PI-4. Budget classification (M1)	C	
PI-4.1. Budget classification	C	Budget formulation is based on administrative, programming and economic classification using GFS standards though not consistently applied. Budget execution and reporting is made only on the basis on administrative and economic classification
PI-5. Budget documentation (M1)	D	

PI-5.1. Budget documentation	D	Budget documentation does not fulfil at least 3 basic elements
PI-6. County government operations outside financial reports (M2)	D	
PI-6.1. Expenditure outside financial reports	D*	The financials of ECD Colleges have not been made available
PI-6.2. Revenue outside financial reports	D*	No information about revenue outside financial reports has been provided
PI-6.3. Financial reports of extra budgetary units	D	No financial report of extra budgetary unit has been provided by the county
PI-7 Transfers to sub national governments (M2)	N/A	
PI-7.1 Transparency and objectivity in the horizontal allocation of central government grants to LGUs	N/A	There is no sub government under the county level
PI-7.2 Timeliness of reliable information to LGUs on their allocations	N/A	There is no sub government under the county level
PI-8. Performance information for service delivery (M2)	D+	
PI-8.1. Performance plans for service delivery	B	Information is published annually on the activities to be performed under the policies or programs for the majority of departments
PI-8.2. Performance achieved for service delivery	C	The Midterm progress report present activities performed and indicates the achievements obtained
PI-8.3. Resources received by service delivery units	D	No survey carried out in one of the last three years provides estimates of the resources received by service delivery units for at least one large department
8.4 Performance evaluation for service delivery	D	Performance evaluation is done by internal department and even the external done by COB is not available. No independent evaluation was performed
PI-9. Public access to fiscal information (M1)	D	
PI-9.1. Public access to fiscal information	D	The county meets two basic and one other elements but does not meet the four basic elements
PI-10. Fiscal risk reporting (M2)	D	
PI-10.1. Monitoring of public corporations	N/A	There are no public corporation to be monitored. Full transfer Kapenguria Water and Sewerage Company (KWSC) from the National Government is yet to take place
PI-10.2. Monitoring of sub county governments	N/A	There are no further devolved units below the county government level
PI-10.3. Contingent liabilities and other fiscal risks	D*	County government executive quantify some significant contingent liabilities but no information has been provided, including the debt left by the defunct authorities

PI-11. Public investment management (M2)	D	
PI-11.1. Economic analysis of investment proposals	D*	No evidence of objective criteria of economic analysis of investment projects
PI-11.2. Investment project selection	D*	The County does not have a Central planning Unit and there are no standard project selection criteria
PI-11.3. Investment project costing	D	Capital expenditure is costed by programmes for each ministry in budget documents, but investment projects are not costed
PI-11.4. Investment project monitoring	D	Monitoring is done by County departments. Annual Progress Report presenting some rudimentary investment projects follow-up are published, but they do not mention total cost or execution rate
PI-12 Public asset management (M2)	D+	
PI-12.1. Financial assets monitoring	C	The government maintains a record of its holdings in financial assets in its annual financial statements, which is published on the web site of the county government
PI-12.2. Nonfinancial asset monitoring	D	Registers contain only partial information on non-financial assets and do not indicate their utilisation or age
PI-12.3.	D	The County has not disposed of any assets except cash and cash equivalents. The County has not set up any rule related to transfers of assets for the defunct authorities
PI-13. Debt management (M2)	D	
PI-13.1. Recording and reporting of debt and guarantees	D	The records of the inherited debts from the defunct local authorities is not updated
PI-13.2. Approval of debt and guarantees	N/A	The National Treasury had barred the counties from borrowing until after August 2017 General Elections
PI-13.3. Debt management strategy	D	The County has medium-term debt-management strategy. However, the strategy does not indicate at least the preferred evolution of risk indicators such as interest rates and refinancing, and foreign currency risks
PI-14. Macroeconomic and fiscal forecasting (M2)	D+	
PI-14.1. Macroeconomic forecasts	N/A	The county does not prepare its own macroeconomic forecasts
PI-14.2. Fiscal forecasts	C	The government prepares forecasts of revenue, expenditure for the budget year and the two following fiscal years but does not present the underlying assumptions for the forecasts
PI-14.3. Macro fiscal sensitivity analysis	D	The county does not carry out any sensitivity analysis with assumptions
PI-15. Fiscal strategy (M2)	C+	

PI-15.1. Fiscal impact of policy proposals	D	There is no evidence of fiscal impact analysis to explain deviations of the fiscal impact as explained in the CFSP for FY2014/15 and 2015/16
PI-15.2. Fiscal strategy adoption	B	CFSP 2016, which is presented to the County Assembly, presents explicitly time-based fiscal goals (breakdown of revenues and expenditure) plus a list of qualitative or quantitative targets by ministries, associated with funding estimates
PI-15.3. Reporting on fiscal outcomes	B	The county executive has submitted a report to the County Assembly that gives explanations on the reasons for deviations from the objectives and targets
PI-16. Medium-term perspective in expenditure budgeting (M2)	D+	
PI-16.1. Medium-term expenditure estimates	A	The annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic, and program/subprogram classification
PI-16.2. Medium-term expenditure ceilings	D	Cabinet approval evidence on medium-term expenditure ceilings has not been provided and estimates in the CFSP FY 2016/17 and the PBB FY 2016/17 show strong discrepancies
PI-16.3. Alignment of strategic plans and medium-term budgets	D*	Medium-term strategic plans are prepared for some departments. Some expenditure policy proposals in the annual budget estimates align with the strategic plans but no evidence has been provided yet
PI-16.4. Consistency of budgets with previous year's estimates	D	The budget documents do not provide an explanation of some of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget, even at the aggregate level
PI-17. Budget preparation process (M2)	D	
PI-17.1 Budget calendar	D	Most of the departments adhere to the budget calendar but no budget calendar table has been provided and there is a poor adherence to budget calendar by the budget users
PI-17.2 Guidance on budget preparation	D	A comprehensive and clear budget circular is issued to budgetary units, but the ceilings are fixed during the CFSP preparation after the budget circular has been issued
PI-17.3 Budget submission to the legislature	D	The County executive has submitted the annual budget proposal to the legislature less than one month before the start of the fiscal year in all of the last three years
PI-18. Legislative scrutiny of budgets (M1)	C+	
PI-18.1. Scope of budget scrutiny	A	The legislature's review covers fiscal policies, medium-term fiscal forecasts, and medium-term priorities as well as details of expenditure and revenue

PI-18.2. Legislative procedures for budget scrutiny	C	The Section 130 of PFM Act, 2012 and the Standing Orders give the procedures for the budget scrutiny. They include internal organizational arrangements, such as specialized review committees, technical support, and negotiation procedures. However, the fact that the budget is presented to the county assembly just one day before it's approved highlights the lack of budget scrutiny
PI-18.3. Timing of budget approval	C	The County Assembly has approved the annual budget before the start of the following year for one of the last three fiscal years
18.4 Rules for budget adjustments by the executive	C	Section 135 of the PFM Act, 2012 and Standing Order No. 127 provides the rules for adjustment of the budget; which are allowing extensive administrative reallocations and expansion of total expenditure up to 10%. The rules are adhered by all departments
PI-19. Revenue administration (M2)	D	
PI-19.1. Rights and obligations for revenue measures	D	Entities collecting the revenues do not provide payers with access to information on the main revenue obligation areas and on rights including, as a minimum, redress processes and procedures
PI-19.2. Revenue risk management	D	The County revenue Unit has not put in place a comprehensive, structured and systematic approach for assessing and prioritizing compliance risks
PI-19.3. Revenue audit and investigation	D	The County Government has not put in place an independent body to carry out revenue audits and fraud investigations.
PI-19.4. Revenue arrears monitoring	D*	The stock of revenue arrears at the end of the last completed fiscal year is not available
PI-20. Accounting for revenue (M1)	C+	
PI-20.1. Information on revenue collections	A	A central agency collects monthly revenue data from entities collecting all County government revenue and consolidates this information into a report
PI-20.2. Transfer of revenue collections	B	Entities collecting government revenue transfer the collected funds to the Treasury at least every week
PI-20.3. Revenue accounts reconcilliation	C	Reconciliation of revenue collections and transfers are carried out on a monthly basis, but they only cover collections and transfers to the Treasury accounts. Reconciliations do not include assessments and arrears
PI-21. Predictability of in-year resource allocation (M1)	C	
PI-21.1. Consolidation of cash balances	D	Records of balances are calculated separately and balances from the accounts are not transferred into a central consolidated account.
PI-21.2. Cash forecasting and monitoring	C	West Pokot County prepares cash flow forecasts for the fiscal year but these forecasts are not updated

PI-21.3. Information on commitment ceilings	C	Budgetary units plan and commit expenditure for at least six months in advance but no evidence was provided. In practice, budget users do not seems to have reliable information more than one month in advance
PI-21.4. Significance of in-year budget adjustments	B	Adjustments to budgets done once in every fiscal year during the Supplementary budget. The process is transparent but not predictable, because 10% of the budget can be increased two months before supplementary budget
PI-22. Expenditure arrears (M1)	C	
PI-22.1. Stock of expenditure arrears	C	The stock of expenditure arrears is no more than 10% of total expenditure in at least two of the last three completed fiscal years
PI-22.2. Expenditure arrears monitoring	C	Data on the composition of expenditure arrears is generated at the end of each fiscal year in AFS
PI-23. Payroll controls (M1)	D+	
PI-23.1. Integration of payroll and personnel records	D	Staff hiring and promotion is checked against the approved budget prior to authorization. However, staff hiring and promotion is controlled only by a list of drafted staff positions and reconciliation of the payroll with personnel records takes place only at the end of the year
PI-23.2. Management of payroll changes	D*	Changes to the personnel records and payroll are updated at least monthly, but only data related to arrears were produced for two months in 2017, not those related to retroactive adjustments
PI-23.3. Internal control of payroll	C	Authority and basis for changes to personnel records and the payroll are clear and sufficient controls exist to ensure integrity of the payroll data of greatest importance but no audit trail was provided to proof that these controls can ensure high integrity of data
PI-23.4. Payroll audit	C	A payroll audit has been conducted at least once in the last three completed fiscal years, but the materiality and information on scope and coverage of audit was not provided
PI-24. Procurement (M2)	D+	
PI-24.1. Procurement monitoring	D*	Databases or records are maintained for contracts including data on what has been procured, value of procurement and who has been awarded contracts. It was not possible to verify whether data are complete for all procurement methods for goods, services and works, services and works
PI-24.2. Procurement methods	D*	Information provided was not sufficient to verify the materiality
PI-24.3. Public access to procurement information	D	Only two elements of the six PEFA criteria were met by the County
PI-24.4. Procurement complaints management	B	The procurement complaint system meets the first criterion, and three of the other criteria
PI-25. Internal controls on non-salary expenditure (M2)	C	

PI-25.1. Segregation of duties	B	Segregation of duties is prescribed throughout the expenditure process. Responsibilities are clearly laid down for all steps. The County Assembly uses IFMIS payment system but has no Standards Operations of Procedures (SOP) customized for its operations. Further details may be needed in a few areas
PI-25.2. Effectiveness of expenditure commitment controls	C	Expenditure commitment controls are in place and effectively limit commitments to approved budget allocations for most types of expenditure but not to projected cash availability
PI-25.3. Compliance with payment rules and procedures	D*	Information of non-compliance with payment rules and procedures has not been obtained yet
PI-26. Internal audit (M1)	D+	
PI-26.1. Coverage of internal audit	B	Internal audit covers all departments in the County Executive and the County Assembly. It is operational for entities representing most total budgeted expenditures and for central government entities collecting most budgeted government revenue
PI-26.2. Nature of audits and standards applied	C	Internal audit departments apply International professional practice framework IPPF are released, but no quality control reports have been disclosed
PI-26.3. Implementation of internal audits and reporting	A	The reports released have been matched to the program to ensure that the audit designed is undertaken
PI-26.4. Response to internal audits	D*	Responses to the Internal audit reports are provided within one month of the report being issued. The Internal audit department the follows up to ensure implementation, but no evidence on responses to the internal audit reports by the audited entities has been provided
PI-27. Financial data integrity (M2)	B	
PI-27.1 Bank account reconciliation	D*	Soft copies of monthly bank reconciliations to active bank accounts and sample hard copies prepared by 10th of the following month were obtained. However, the total number of bank accounts could not be verified and bank reconciliation regarding extra budgetary units is unknown
PI-27.2 Suspense accounts	A	Suspense account reconciliation is done monthly and is cleared before the end of FY, with some exceptions
PI-27.3 Advance accounts	A	Reconciliations to advance accounts/imprest reconciliations is done monthly. Reconciliation of advance accounts takes place at least monthly, within a month from the end of each month. All advance accounts are cleared in a timely way
PI-27.4 Financial data integrity	B	Access and changes to record is restricted and recorded and verification can be made through an audit trail. The internal audit unit is in charge of verifying the financial data integrity, but no evidence was produced by this unit
PI-28. In-year budget reports (M1)	D+	

PI-28.1. Coverage and comparability of reports	C	Coverage and classification of data allows direct comparison to the original budget with a certain degree of aggregation. Transfers to deconcentrated units are included into the reports but the information is not disclosed in detail
PI-28.2. Timing of in-year budget reports	D	The only evidence obtained that could be used were the quarterly BIRR published by the CoB about 3 months after the end of the period
PI-28.3. Accuracy of in-year budget reports	C	There may be some concerns regarding data accuracy. Data is useful for analysis of budget execution. Expenditure is captured at payment stage
PI-29. Annual financial reports (M1)	D+	
PI-29.1. Completeness of annual financial reports	B	Financial reports for the county are prepared annually and are comparable with the approved budget. They include information on revenue, expenditures, and cash balances
PI-29.2. Submission of reports for external audit	D	Financial reports are generally submitted for external audit more than 9 months of the end of the fiscal year. The financial statements 2015/16 were submitted on 30th September 2016 but were complete only on 10 May 2017
PI-29.3. Accounting standards	C	Accounting standards applied to all financial reports are consistent with IPSAS cash and ensure consistency of reporting over time. The standards used in preparing annual financial reports are disclosed
PI-30: External Audit (M1)	D+	
PI-30.1 Audit coverage & standards	C	Financial reports of County government representing most total expenditures and revenues have been audited using ISSAIs during the last three completed fiscal years. The audits have highlighted relevant material issues but not systemic and control risks
PI-30.2 Submission of audit reports to the legislature	D*	The date on which the external auditor considers the financial reports complete and available for audit is unknown for the period under review. OAG can meet the 6-month deadline, but only if the AFS have been correctly prepared on time in the first place.
PI-30.3 External audit follow-up	D	A response was made by the executive or the audited entity on audits for which follow up was expected, during the last three completed fiscal years, but not in a formal way. The OAG report 2015/16 does not present any recommendation follow-up
PI-30.4 Supreme Audit Institution (SAI) Independence	A	The SAI operates independently from the executive with respect to procedures for the appointment and removal of the Head of the SAI, the planning of audit engagements, arrangements for publicizing reports, and the approval and execution of the SAI's budget. This independence is assured by law. The SAI has unrestricted and timely access to records, documentation and information
PI-31. Legislative scrutiny of audit reports (M2)	D	

PI-31.1. Timing of audit report scrutiny	D*	The scrutiny of audit reports is generally completed over a period of two months, but the dates have not been provided
PI-31.2. Hearings on audit findings	D*	In-depth hearing is carried out on the audit findings but no evidence has been provided
PI-31.3. Recommendations on audit by the legislature	D*	The County assembly usually makes recommendations to the executive for implementation but reports were not provided
PI-31.4. Transparency of legislative scrutiny of audit reports	D	Hearings are conducted in public. Committee reports are provided to the full chamber of the County assembly. They are not published on the County assembly website

Annex 2: Summary of observations on the internal control framework

Internal control components and elements	Summary of observations
1. Control environment	The regulatory framework in the County which derives from the national regulation, such as the Kenya Constitution-2010, the Public Financial Management Act 2012 and the PFM Regulations 2015. Government circulars are issued periodically to ensure compliance with the laws
An internal audit department has been set up for recently with only one person, which is largely insufficient. An annual external audits are carried out by the Office of the Audit General which is an independent body but operates at the national level. Audit reports are submitted to the county assembly when completed. There is, however, delays in completion of the external audits. The last received audit reports were for the year 2014-15.	
1.1 The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization	Chapter Six of the Kenya Constitution sets out the responsibilities of leadership of all public officers. This includes Oath of office of State officers, Conduct of State officers, and financial probity of State officers, restriction on activities of State officers, citizenship and leadership, legislation to establish the ethics and anti-corruption commission and legislation on leadership. These appear to be understood and internalized by the management and staff
1.2. Commitment to competence	With only one person working in the internal audit department, the county does not have access to a pool of qualified professionals who would deliver excellence in service delivery. However, judging from the findings of the external auditor, lack of adequacy of county assembly oversight the competence may not have been felt through results

1.3. The "tone at the top" (i.e. management's philosophy and operating style)	The PFM Act , paragraph 104 states that management must ensure proper management and control of, and accounting for the finances of the county government and its entities in order to promote efficient and effective use of the county's budgetary resources
There is no leadership, such as management's philosophy and operating style in the County, judging from the work of external auditors where audit findings are not acted upon. In addition, the assembly which is a key institution of control has not also played its oversight role effectively	
1.4. Organizational structure	The County has an organization structure for the county and another the department of Finance
From our discussions with management, the county structures have not been standardized. The staff expressed some concerns for instance the revenue department is not effective because the revenue officers are domiciled at the departments hence difficult for the director of revenue to monitor access and reward performance	
1.5. Human resource policies and practices	The County organization policies are management by the County Public Service Board. The Board is responsible for recruitment, staff development and discipline
The Public Service Commission is set up by Article 234 of the Constitution which outlines the functions and powers of the Public Service Commission. One of the key mandate of this commission is to investigate, monitor and evaluate the organization, administration and personnel practices of the public service including the County government	
2. Risk assessment	The PFM Regulation 165 sets out role of the Accounting Officer in risk management
It requires the Accounting officer to develop:	
(a) risk management strategies, which include fraud prevention mechanism; and	
(b) a system of risk management and internal control that builds robust business operations.	
However, the county does not have a Risk management policy and a risk register	

2.1 Risk identification	Several PIs are related to the extent to which risks are identified, notably:
PI-11.1 Economic analysis of investment proposals: proposed capital investment projects are submitted to the Public Investment Committee for appraisal before approval but are not supported by economic analysis	
PI-13.3 Debt management strategy: a medium term debt strategy exists, but is supported by associated risk analysis, exchange rate and interest rate factors;	
PI-21.2 Cash forecasting and monitoring : a monthly cash flow is established and updated only annually ;	
There is no revenue risk management implemented yet.	
2.2 Risk assessment (significance and likelihood)	This item has not been put into consideration because there is no risk management policy implemented at the County level
2.3 Risk evaluation	Risk-based annual audit plans are approved by the entity's Audit Committees (and copied to the Accounting Officer), and are designed to progressively secure key risks in the control environment in a timely manner
This is yet to be effected in the County	
2.4 Risk appetite assessment	The County does not make any risk assessment yet
2.5 Responses to risk (transfer, tolerance, treatment or termination)	Not assessed (see 2.4)
3. Control activities	The various functions of departments are set out in the PFM Regulations. The accounting Division, in charge of recording and keeping the books, is separate from the Administrative roles, which normally handles the cashiering function. Procurement is also a separate function that works under the procurement Committee
3.1 Authorization and approval procedures	The Government Accounting Manual sets out the systems of authorization, policies, standards, and accounting procedures and reports. A Standard Chart of Accounts is used by all county departments
These procedures or activities are implemented in order to achieve the control objectives of safeguarding resources, ensuring the accuracy of data and enabling adherence to laws, policies, rules and regulations	

3.2 Segregation of duties (authorizing, processing, recording, reviewing)	Appropriate segregation of duties exists, in accordance with SCOA, IFMIS and government circulars, which specifies clear responsibilities, but many operations are made outside IFMIS
3.3 Controls over access to resources and records	PI-25.3 Most payment are compliant with rules and procedures, nut variations do occur and are pointed out in the report of the OAG
PI-27.4. Access and changes to records are restricted and recorded	
3.4 Verifications	The PFM regulations and finance manual sets out the usual internal control instructions for verification - review of transactions to check the propriety and reliability of documentation, costing, or mathematical computation. It includes checking the conformity of acquired goods and services with agreed quantity and quality specifications
The verification procedures are built-in in every transaction when IFMIS is used. Outside IFMIS, verification procedures are rather weak	
3.5 Reconciliations	While monthly bank reconciliation statements are prescribed per law, issues of non-preparation, delayed submission, and non-recording of reconciling items are substantial
3.6 Reviews of operating performance	No review of operating performance has been implemented yet
3.7 Reviews of operations, processes and activities	PI-24 procurement monitoring is comprehensive, but no statistics are being published annually and the OAG reports many breaches in the law
13.3 No debt strategy has been developed yet and the County does not have any debt, so no operation, processes and activities can be recorded	
3.8 Supervision (assigning, reviewing and approving, guidance and training)	No information available from the PEFA assessment.
4. Information and communication	All County governments are required to report quarterly and annually to the Controller of Budget, the Office of Auditor General and the National treasury through the production of financial reports in a template provided by the PSASB
5. Monitoring	PI-26, Internal Audit, found that internal audit has been formally established that audit programs are largely completed, but with delays
5.1 Ongoing monitoring	Ongoing monitoring in the County government is generally weak (PI-8.4 rated C, PI-11.4 rated D, PI-12.2 rated C)
5.2 Evaluations	PI-11.4. Major investment projects are not evaluated before they are included in the budget and Performance achieved for service delivery are not evaluated either

5.3 Management responses	PI-26.4. Due the lack of an audit committee and inadequate senior management support, there is no clear follow up of the management actions. The management had not responded to the audit reports for the previous fiscal year

Annex 3: List of related surveys and analytical work

1. 2016 Budget Policy Statement
2. Budget Summary for 2016/17 and Supporting Information
3. Constitution of Kenya, 2010
4. County Budget Review and Outlook Papers of the selected Counties
5. County Fiscal Strategy Papers of the selected Counties
6. Division of Revenue and County Allocation of Revenue Acts 2014, 2015 and 2016
7. End of assignment report to the National Treasury by PwC on the provision of technical assistance in the preparation of individual and consolidated financial statements for the County Government entities for 2014/2015. (June, 2016)
8. Government of Kenya National Capacity Building Framework Progress and Implementation Reports
9. Government of Kenya Review of the Public Finance Management Reforms (PFMR Strategy) 2013-2018 report (2016)
10. IMF Country Report No. 17/25 February 02, 2017 – Kenya. First Review under the Twenty-Four Month Stand-By Arrangement and the Arrangement under the Standby Credit Facility and Requests for Waivers of Applicability. International Monetary Fund. African Dept
11. IMF Executive Board Completes First Review Under the Stand-By Arrangement and Standby Credit Facility Arrangement for Kenya. January 25, 2017
12. Integrated Fiduciary Assessment Report. Program for Results for the Kenya Devolution Support Operation (KDSP). December 21, 2015
13. Kenya Economic Survey 2016
14. KIPPRA Kenya Economic Report 2016
15. National Treasury 2015 Budget Review and Outlook Paper
16. PEFA (2016a). Framework for assessing public financial management
17. PEFA (2016b). Supplementary guidance for subnational PEFA assessment

18. Public Finance Management (PFM) Act, 2012 and related amendments
19. The Constitution of Kenya, 2010
20. World Bank and Government of Kenya In-depth Report Recommendations and Action Plan Following the Analysis of Financial Management, Procurement and Human Resource Management in Kenya County Governments (2015)
21. World Bank Country Economic Memorandum 2016
22. World Bank Kenya Economic Updates of 2015 and 2016
23. World Bank Public Expenditure Review of 2015

Annex 4: List of persons who have been interviewed and provided information for the PFM performance report

Function
Ag. County Secretary
Head of Economic Planning
Head of M& E
Chief Accountant
Internal Auditor
Head of Revenue
Head of Internal Audit
Head of Accounting
Head of Budgeting
HSCM
Principal Finance Officer Assembly
Ag. HRM

Annex 5: Sources of information used to extract evidence for scoring each indicator

PI1 Aggregate expenditure outturn
PI1 & PI2 Expenditure calculation West Pokot
PI2 Expenditure composition outturn
PI3 Revenue outturn (M2)
PI3 2 rev outturn calculation april 9_ 2016_0 wp
PI3 2 rev outturn calculation april 9_ 2016_0 wp
PI4 Budget classification
PI5 Budget documentation
- Budget estimates
- County pbbfy2015_2016
- County pbbfy20132014
- County pbbfy20142015
- County programme based budget for FY 201617
- CBROP
- County budget review and outlook paper 2014
- County budget review and outlook paper 2015
- County budget review and outlook paper 2016
- County budget review and outlook paper 2016
- CFSP 2014 2015
- CFSP 2015_16
- CFSP 2015_16
- CFSP 2016 2017
- CFSP 2016 2017
- CFSP 2017-2018
- CFSP 2017-2018
- Forwarding letters
- Budget forwarding FY 2015-2016
- Forwarding letters
- Forwarding supp ii letter FY 20142015
- Vote books FY 2016-2017
- Development
- Budget forwarding FY 2015-2016
- Cbropforwarding letter fy20132014
- Forwarding letters
- Forwarding supp ii letter FY 20142015

PI6 County government operations outside financial reports (M2)
PI7 Transfers to sub national governments
PI8 Performance information for service delivery (M2)
- Progress reports
- County annual progress report 2015-2016
- County cooperative performance evaluation
- Midterm county progress report 20132015

PI9 Public access to fiscal information
PI10 Fiscal risk reporting (M2)
- 3rd quarter county assembly car loan and mortgage report

PI11 Public investment management (M2)
- County annual progress report 2015-2016
- County cooperative performance evaluation
- Field M&E report Feb. 2017
- Integrated project public participation report 2014
- Midterm county progress report 20132015

PI12 Public asset management
- Asset register final
- Copy of copy of zero draft West Pokot assets and liabilities ctc team leader
- Narrative report on assets & liabilities draft ctc draft West Pokot).doc

PI13 Debt management
- Final debt management strategy paper 2016.doc
- Final debt management strategy paper 2017
- Medium term debt management strategy 2015(3)

PI14 Macroeconomic and fiscal forecasting (M2)
- CIDP final draft 20132017
- county annual development plan 2016_17
- West Pokot county annual development plan 2017_18
- county annual development plan 2015-2016

PI15 Fiscal strategy
- CFSP 2014 2015
- CFSP 2015_16
- CFSP 2016 2017
- CFSP 2017-2018
- Submission of CFSP

PI16 Medium-term perspective in expenditure budgeting
- Preparation of MTEF

PI17 Budget preparation process (M2)
- Budget circulars
- Treasury circular 2 2015
- Treasury circular 3 2015 (end of year)
- Treasury circular 2014 final
- Treasury circular 2015
- Treasury circular 2016
- Budget calendars
- County budget calendar 2015-2016
- County budget calendar 2016-2017
- County budget calendar 2016
- County budget calendar 2017-2018

PI18 Legislative scrutiny of budgets
- Development
- Pp reports
- Final public participation report 2015-2016
- Final public participation report for FY 2016-2017
- Public participation report 2014
- Recurrent
- Agriculture cob
- Assembly cob
- Cpsm cob
- Education cob
- Gvn cob
- Health cob
- Lands cob
- Livestock cob
- Roads cob
- Tourism cob
- Trade cob
- Water cob
- Final public participation report 2015-2016
- Final public participation report for FY 2016-2017
- Public participation report 2014

PI-19 Revenue administration
- Valuation roll
- CIDP final draft 2013-2017
- Own revenue sources
- PI19 as at 13.04.17

PI20 Accounting for revenue
- Revenue Books.
- Revenue collection and banking

PI-21 Predictability of in-year resource allocation
- Supplementary budgets
- county supplementary programme based budget for FY 2016-2017
- county supplementary budget FY 2015-2016
- county supplementary budget i fy20142015
- county supplementary budget ii 20142015
- West Pokot cash flow forecast FY 2015-2016
- Final cash flow forecast 201617.doc
- Revenue projections
- county supplementary programme based budget for FY 2016-2017
- county supplementary budget FY 2015-2016
- county supplementary budget i fy20142015
- county supplementary budget ii 20142015

PI22 Expenditure arrears
PI23 Payroll controls
- Payroll control report

PI24 Procurement (M2)
- General warrant for approval

PI25 Internal controls on non-salary expenditure (M2)
- Assignment of duties and segregation of duties

PI26 Internal audit
- Internal audit assembly
- Annual risk-based work plan 2016 2017
- Internal audit executive

- Audit CRD July august 2014 2015
- Audit plan 2015.16
- Audit plan 2016.17
- Audit query principal clerks
- Audit sep Feb 2015
- Final audit
- Internal audit assessment questionnaire
- Procurement query 003-2015
- Procurement query
- Questionnaire internal audit
- Work plan 2014 2015
- Pi 26 county assembly internal audit

PI27 Financial data integrity (M2)

- Financial data integrity
- bank reconciliations
- Cbk county revenue fund reconciliations 2015-2016
- Br West Pokot revenue fund CBK august 2015
- Br West Pokot revenue fund CBK july 2015
- Br West Pokot revenue fund CBK june 2016
- Br West Pokot revenue fund CBK april 2016
- Br West Pokot revenue fund CBK december 2015
- Br West Pokot revenue fund CBK february 2016
- Br West Pokot revenue fund CBK january 2016
- Br West Pokot revenue fund CBK march 2016
- Br West Pokot revenue fund CBK may 2016
- Br West Pokot revenue fund CBK november 2015
- Br West Pokot revenue fund CBK october 2015
- Br West Pokot revenue fund CBK september 2015
- County assembly recurrent reconciliations 2015-2016
- August 2015.reconciliation
- December.2015
- Feb.2016 reconciliation
- Jan.2015.rec
- July.2015.reconciliation
- Nov.2015
- Oct.2015
- Reccurent cbk reconciliation
- Reconciliation april.2016
- Reconciliation march.2016
- Reconciliation may.2016
- Sept 2015.reconciliation
- County executive operations reconciliations 2015-2016
- Br West Pokot deposit and suspense august 2015
- Br West Pokot deposit and suspense july 2015
- Br West Pokot deposit and suspense november 2015
- Br West Pokot deposit and suspense october 2015
- Br West Pokot deposit and suspense september 2015
- Br West Pokot deposit and suspense april 2016
- Br West Pokot deposit and suspense december 2015
- Br West Pokot deposit and suspense february 2016
- Br West Pokot deposit and suspense january 2016
- Br West Pokot deposit and suspense march 2016
- Br West Pokot deposit and suspense may 2016
- CBK development reconciliations 2015-2016
- CBK recurrent reconciliations 2015-2016
- Financial statements county assembly 2015 2016.doc
- IFMIS mandate request
- financial statements 2015-2016
- In year budget reports
- County annual progress report 2015-2016
- Departmental progress report validation
- Development partners' progress report validation
- Submission of supplementary budget estimates 2015 16
- budget implementation report 2015-2016
- county pbbFY2015_2016
- county budget review and outlook paper 2016
- county supplementary budget FY 2015-2016
- Wpc 2016-2017 budget report first quarter
- Wpc final budget 2015_2016
- Controller of Budget quarterly, biannual and annual reports.
- Auditor General Reports.
- Estimates of Revenues, Grants and Loans Book for FY 2016 2017.

PI-28 In-year budget reports

- County budget review and outlook paper 2014
- County budget review and outlook paper 2015
- Quarterly economic and budgetary reviews 2015/16.
- County annual progress report 2015-2016
- Departmental progress report validation
- Development partners' progress report validation
- Budget implementation report 2015-2016
- County pbbfy2015_2016
- County budget review and outlook paper 2016
- County supplementary budget fy2015-2016
- Wpc 2016-2017 budget report first quarter
- Wpc final budget 2015_2016
- County annual progress report 2015-2016
- County cooperative performance evaluation
- Mid-term county progress report 20132015

PI-29 Annual financial reports

- Annual financial statements signed
- June 30 2015
- June 30 2016
- Audited accounts
- County government of West Pokot financial statements 201314 final
- County government of West Pokot financial statements 201415 final
- County executive financial statements 2015-2016.doc
- County government of West Pokot financial statements 201314 final
- County government of West Pokot financial statements 201415 final
- Financial statements county assembly 2015 2016.doc
- Pi 29 financial statements submitted

PI-30 External audit

- Auditors report county assembly 2013-2014
- Auditors report county assembly 2014-2015 financials
- Auditors report county operations Jan-June 2013

PI-31 Legislative scrutiny of audit reports (M2)

- County assembly committee members
- County assembly members
- The county market administration act, 2015
- County revenue administration act, 2016
- The county valuation and rating act, 2015
- Public finance management (county mortgage scheme fund) regulations, 2014
- Supplementary appropriation bill 4

Annex 6: County profile

West Pokot County is a county of Kenya. Its capital and largest town is Kapenguria. The county has a population of 512,690 people (male-49.7% and female-50.3%) according to the 2009 population and housing census and an area of 8,418.2 km². Kapenguria, Chepareria, Ortum and Sigor are major urban centres found along Kitale- Lodwar road.

The district has four constituencies:

- Kacheliba Constituency
- Kapenguria Constituency
- Sigor Constituency
- Pokot South Constituency

Kenya National Bureau of Statistics, in the 5 most rural counties (Baringo, Siaya, Pokot, Narok and Tharaka Nithi), education levels are lower but the gap, while still large, is somewhat lower than that espoused in urban areas. If we look at Gini coefficient's for the whole county, West Pokot is one of the most equal counties by income measure (ratio of top decile to bottom).

Annex 7: Calculation Sheet for PFM Performance Indicators PI-1 and PI-2

Year 2013/14 (Ksh million & %)						
Administrative or functional head	Budget	Actual	Adjusted Budget	Deviation	Absolute Devia-tion	Percent
Office of the Governor	280.7	268.8	216.5	52.3	52.3	24.1%
Office of D/Governor	163.0	139.6	125.7	13.9	13.9	11.1%
Finance and Economic Planning	123.7	118.6	95.4	23.3	23.3	24.4%
Roads, Public Works and Transport	648.2	491.0	500.0	-9.0	9.0	1.8%
Health and Sanitation	1 158.6	821.2	893.7	-72.5	72.5	8.1%
Education, Communication and ICT	145.7	142.1	112.4	29.7	29.7	26.4%
Agriculture and Irrigation	125.4	104.9	96.8	8.1	8.1	8.4%
Livestock, Fisheries and Veterinary Services	157.5	46.8	121.5	-74.7	74.7	61.5%
Trade, Industry and Cooperatives	59.1	52.6	45.6	7.0	7.0	15.4%
Land, Physical Planning and Urban Development	64.5	55.1	49.8	5.3	5.3	10.7%
Water development, Environment and Natural Resources	230.0	122.7	177.4	-54.7	54.7	30.8%
Tourism, culture, sports,	70.1	51.5	54.0	-2.6	2.6	4.8%
County assembly	404.8	386.2	312.3	73.9	73.9	23.7%
Allocated expenditure	3 631.3	2 801.1	2 801.1	0.0	427.1	
Interests						
Contingency						
Total expenditure	3631.3	2 801.1				
Overall (PI-1) variance						77.1%
Composition (PI-2) variance						15.2%
Contingency share of budget						0.0%

Source: CBROP

Year 2014/15 (Ksh million & %)						
Administrative or functional head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
Office of the Governor	1 362.3	1 344.3	1 310.1	34.1	34.1	3%
Finance and economic planning	159.6	151.5	153.4	-1.9	1.9	0%
Roads, public works and transport	422.3	422.1	406.2	15.9	15.9	4%
Health and sanitation	708.9	701.1	681.7	19.4	19.4	3%
Agriculture and irrigation	187.3	182.6	180.2	2.5	2.5	1%
Livestock, fisheries and veterinary services	130.0	118.5	125.0	-6.5	6.5	5%
Trade, industry and cooperative develop-ment	130.7	130.2	125.7	4.5	4.5	4%
Lands, housing, physical planning and urban development	156.6	156.5	150.6	5.9	5.9	4%

Water dev., environment and natural resources	208.8	163.2	200.8	-37.6	37.6	19%
Education and ICT.	298.1	274.5	286.7	-12.2	12.2	4%
Tourism, culture, sports, youth and gender dev.	120.9	93.0	116.3	-23.3	23.3	20%
West Pokot county assembly	387.5	371.9	372.7	-0.8	0.8	0%
Allocated expenditure	4 273.1	4 109.4	4 109.4	0.0	164.7	
Interests						
Contingency						
Total expenditure	4 273.1	4 109.4				
Overall (pi-1) variance						96.2%
Composition (pi-2) variance						4.0%
Contingency share of budget						0.0%

Year 2015/16 (Ksh million & %)						
Administrative / Functional Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Devia-tion	Percent
County executive	543.7	526.2	501.6	24.7	24.7	5%
Finance and economic planning	188.4	148.6	173.8	-25.2	25.2	15%
Roads, public works and transport	473.8	464.0	437.1	26.9	26.9	6%
Health and sanitation	1 166.3	1 084.2	1 075.8	8.4	8.4	1%
Agriculture and irrigation	304.9	299.6	281.3	18.3	18.3	7%
Livestock, fisheries and veterinary services	216.8	183.5	200.0	-16.5	16.5	8%
Trade, industry and cooperative develop-ment	110.7	92.5	102.1	-9.6	9.6	9%
Education and ict	630.7	566.7	581.7	-15.0	15.0	3%
Lands, housing, physical planning and urban developmen t	92.2	90.4	85.0	5.4	5.4	6%
Water dev., environmen t and natural resources	256.4	216.3	236.5	-20.2	20.2	9%
Tourism, culture, sports, youth and gender dev.	144.5	137.4	133.3	4.1	4.1	3%
West Pokot county assembly	527.5	493.9	486.6	7.3	7.3	1%
County public service management	174.6	152.5	161.0	-8.5	8.5	5%
Allocated expenditure	4 830.5	4 455.8	4 455.8	0.0	190.1	
Interests						
Contingency						
Total expenditure	4 830.5	4 455.8				
Overall (pi-1) variance						92.2%
Composition (pi-2) variance						4.3%
Contingency share of budget						0.0%

Year 2013/14 (Ksh & %)						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Compensation of Employees	939.0	919.3	724.4	195.0	195.0	26.9%
Use of goods and services	622.5	578.4	480.2	98.2	98.2	20.5%
Subsidies						
Transfers to other Government Units						
Other grants and transfers	190.6	190.4	147.0	43.5	43.5	29.6%
Social Security Benefits						
Consumption of fixed capital	1,879.2	1,112.9	1,449.6	-336.7	336.7	0.0%
Total expenditure	3,631.3	2,801.1	2,801.1	0.0	673.3	
overall variance						77.1%
composition variance						24.0%

Source: AFS

Year 2014/15 (Million Ksh & %)						
Economic head	Budget	Actual	Adjusted Budget	Devia-tion	Absolute Deviation	Percent
Compensation of Employees	1 282.5	1 282.2	1 233.4	48.8	48.8	4.0%
Use of goods and services	867.2	857.3	834.0	23.3	23.3	2.8%
Subsidies					0.0	
Transfers to other Government Units					0.0	
Other grants and transfers	284.2	274.7	273.3	1.4	1.4	0.5%
Social security benefits					0.0	
Consumption of fixed capital	1 839.1	1 695.2	1 768.7	-73.4	73.4	0.0%
Total expenditure	4 273.1	4 109.4	4 109.4	0.0	146.9	
Overall variance						104.0%
Composition variance						3.6%

Source: AFS

Year 2015/16 (Million Ksh & %)						
Economic head	budget	actual	adjusted budget	devia-tion	absolute deviation	percent
Compensation of Employees	1,301.9	1,299.0	1,200.9	98.1	98.1	8.2%
Use of goods and services	745.2	696.8	687.4	9.4	9.4	1.4%
Subsidies	527.5	507.7	486.6	21.1	21.1	0.0%
Transfers to other Government Units	81.2	65.2	74.9	-9.7	9.7	0.0%
Other grants and transfers	164.5	164.1	151.7	12.4	12.4	0.0%
Social security benefits	-0.4	0.0	-0.3	0.3	0.3	-100.0%
Consumption of fixed capital	1,960.5	1,643.0	1,808.5	-165.5	165.5	0.0%
Repayment of principal on Domestic and Foreign borrowing	0.0	74.1	0.0	74.1	74.1	0.0%
Other expenses	50.0	5.7	46.1	-40.4		

Total expenditure	4,830.5	4,455.8	4,455.8	0.0	390.7	
Overall variance						92.2%
Composition variance						8.8%

Source: AFS

Calculation sheets for transfers from higher-level government						
Data for year = 2013/14						
Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
NATIONAL GOVERNMENT TRANSFERS						
Equitable Share	3 155 124 840	3 155 124 840	2 770 688 730.2	384 436 109.8	384 436 109.8	13.9%
Social contributions						
Social security contributions			0.0	0.0	0.0	-
Other social contributions			0.0	0.0	0.0	-
Conditional Grants						
Road maintenance fuel levy fund	-	-	0.0	0.0	0.0	-
Free maternal health care	-	-	0.0	0.0	0.0	-
User fees forgone	-	-	0.0	0.0	0.0	-
Danida	-	-	0.0	0.0	0.0	-
Worl bank	-	-	0.0	0.0	0.0	-
Other conditional grants	437 777 043	-	384 436 109.8	-384 436 109.8	384 436 109.8	100.0%
Total revenue	3 592 901 883	3 155 124 840	3 155 124 840.0	0.0	768 872 219.6	
Overall variance						87.8%
Composition variance						24.4%
Data for year 2014/15						
Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
Equitable share of revenue	3 763 444 079	3 836 031 027	3 790 839 067.4	45 191 959.6	45 191 959.6	1.2%
Social contributions						
Social security contributions			0.0	0.0	0.0	-
Other social contributions			0.0	0.0	0.0	-
Conditional Grants						
HSSF DANIDA -Health facilities	23 790 000	23 790 000	23 963 173.0	-173 173.0	173 173.0	0.7%
Loans And Grants (WHO)	73 673 500	29 191 000	74 209 786.6	-45 018 786.6	45 018 786.6	60.7%
World Bank Support To Health Facilities	-	-	0.0	0.0	0.0	-

Compensation For Use Fees Forgone	-	-	0.0	0.0	0.0	-
Roads Maintenance Fuel Levy Fund	-	-	0.0	0.0	0.0	-
Total revenue	3 860 907 579	3 889 012 027	3 889 012 027.0	0.0	90 383 919.2	
Overall variance						100.7%
Composition variance						2.3%
Data for year 2015/16						
Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
Equitable share of revenue	4 313 692 404	4 138 293 328	4 020 696 438.9	117 596 889.1	117 596 889.1	2.9%
Social contributions						
Social security contributions			0.0	0.0	0.0	-
Other social contributions			0.0	0.0	0.0	-
Conditional Grants						
Free Maternity	65 759 400	51 262 500	61 292 869.5	-10 030 369.5	10 030 369.5	16.4%
Leasing of Medical Equipment	95 744 681	-	89 241 480.8	-89 241 480.8	89 241 480.8	100.0%
User Charges	-	-	0.0	0.0	0.0	-
HSSF DANIDA -Health facilities	25 970 000	-	24 206 057.5	-24 206 057.5	24 206 057.5	100.0%
Loans And Grants(WHO)	-	-	0.0	0.0	0.0	-
World Bank Support to Health Facilities	17 224 300	17 224 300	16 054 385.7	1 169 914.3	1 169 914.3	7.3%
Compensation for Use Fees Forgone	12 950 107	12 950 107	12 070 505.8	879 601.2	879 601.2	7.3%
Roads Maintenance Fuel Levy Fund	56 410 082	56 410 082	52 578 578.8	3 831 503.2	3 831 503.2	7.3%
Total revenue	4 587 750 974	4 276 140 317	4 276 140 317.0	0.0	246 955 815.6	
overall variance						93.2%
composition variance						5.8%

Results Matrix		
Year	Total Revenue Deviation	Composition Variance
2013/14	87.8%	24.4%
2014/15	100.7%	2.3%
2015/16	93.2%	5.8%

Contract awarded by type of procurement for the FY 2015-2016 (in Ksh)

Type Of Procurement	Contract Awarded	Value Of Procurement	Service Provided
Open tender	Supply and delivery of stand by generator set	9,997,035.00	Goods
	Supply and delivery of laundry equipment	10,000,000 .00	Goods
	Installation of oxygen plant	15,515,600.00	Goods
	Installation of high mast community lightening arrestors	31,773,350.00	Goods
	Proposed construction of administration block for masol intergrated project	7,655,140.00	Works
	Proposed construction of health centre for masol intergrated project	14,793,150.00	Works
	Proposed construction of classroom block for masol intergrated project	11,996,950.00	Works
	Proposed construction of kokpor water supply project	14,232,450.00	Works
	Proposed completion of sigor water supply project	32,002,500.00	Works
	Proposed construction of retail open cloth market at makutano	12,358,640.00	Works
	Proposed construction of retail market at konyao	10,936,654.00	Works
	Proposed construction of retail market at lomut	11,534,419.00	Works
	Proposed construction of sub county office at kapenguria phase ii	64,048,936.00	Works
	Proposed construction of hostels for masol intergrated project	14, 985,460.00	Works
	Proposed construction works for mukowo irrigation scheme phase iii	7, 049,210.00	Works
	Proposed construction works for soybei irrigation scheme phase ii	10, 255,450.00	Works
	Proposed construction works for mrel irrigation scheme phase iii	6, 124,072.00	Works
	Provision of comprehensive motor vehicle insurance	8, 771,802.00	Services

Restricted tender	Proposed construction works for orwa irrigation scheme phase ii	3, 969,440.00	Works
	Provision of medical insurance cover for West Pokot county government state officers	5, 591,592.34	Services
	Supply and delivery of assorted building materials for ecd schools	5, 745,160.00	Goods
	Supply and delivery of emergency food suppies to north pokot sub-county	5, 515,000.00	Goods
	Supply andn delivery of emergency food supplies to pokot central subcounty	4, 016,000.00	Goods
	Supply and delivery of relief food phase iii	5, 480,000.00	Goods
	Supply and delivery of relief food stuff phase i	5, 220,000.00	Goods
	Construction of lobiroy water supply project	5, 693,012.00	Works
	Proposed construction of kesot water supply phase ii	9, 998,910.00	Works
	Proposed construction of kapkunyuk-kabichbich box culvert	6, 969,836.50	Works
	Supply and delivery of relief food	4, 800,000.00	Goods
	Supply and delivery of borehole casings	5, 693,600.00	Goods
	Proposed construction of lotongot water pan	4, 949,500.00	Works
	Proposed electrical installation works (external) to governor's residence	5, 767,323.00	Works
	Proposed construction of cheptonik water supply project	5, 791,880.00	Works
	Supply and delivery of borehole materials and casings	5, 943,000.00	Works
	Construction of kaporowo dispensary in tapach ward	5, 666,188.20	Works
	Construction of sebit dispensary in batei ward	5, 999,800.00	Works
	Construction of kamelei dispensary in tapach ward	5, 775,628.40	Works
	Proposed construcion of porowo dispensary	5, 998,858.80	Works
	Proposed construction of mtembur dispensary	3, 771,499.80	Works

	Proposed construction of kerelwa dispensary	5, 726,456.00	Works
	Proposed construction of lokornoi dispensary	5, 561,875.00	Works
	Proposed construction of wildlife conservancy office at masol	5, 842,490.00	Works
	Construction of staff house at kamayech dispensary	3, 874,678.40	Works
	Proposed construction of medical staff house at kalukuna dispensary	3, 971,688.40	Works
	Proposed construction of wasat dispensary	5, 369,210.08	Works
	Proposed construction of a twin staff house at tuwit dispensary	3, 399,751.20	Works
	Proposed construction of a dispensary at tuwit village	5, 499,888.00	Works
	Proposed construction of a new dispensary at kalukuna	5, 299,982.00	Works
	Proposed construction of a staff house at chemakeu dispensary	3, 792,643.20	Works
	Proposed construction of katopoton dispensary	5, 999,462.00	Works
	Proposed construction of auskion dispensary	5, 599,865.20	Works
	Proposed construction of lokilelian dispensary	5, 626,580.00	Works
	Proposed construction of lelmolo dispensary	5, 369,210.08	Works
	Supply and delivery of vaccines	5, 799,000.00	Works
	Proposed construction of tirken dispensary	5, 504,948.20	Works
	Proposed construction of krengot dispensary in siyoi ward	5, 388,832.20	Works
	Proposed construction of septic tank, sewer connections from public toilet, guard house and renovated residence at governor’s residence	5, 890,708.00	Works
	Proposed construction of two guard houses, pit latrine and electrical panel	4, 656,203.20	Works

	Proposed construction of public toilet in West Pokot county(governor's residence)	4, 985,668.00	Works
	Supply and delivery of food stuff for ecd feeding programme	5, 991,000.00	Works
	Supply and delivery of furniture and fittings for house block a (governor's residence	5, 610,060.00	Works
	Supply and delivery of furniture and fittings for house block b (governor's residence	4, 677,243.00	Works
	Proposed fittings for kitchen, curtains and sheers & specialized works for electrical appliances and mechanical for house blocks a & b annd provision of garden tents and chairs at governors residence	5, 149,400.00	Works
Direct procurement	Proposed renovation of makutano stadium phase ii	29, 006,047.66	Works
	Proposed construction of ecd college phase ii	24, 401,011.00	Works

Source: West Pokot County Executive

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