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BUDGET CREDIBILITY REPORT FOR THE TRANS NZOIA COUNTY HEALTH SECTOR NUTRITION PROGRAMME

From
FY 2021/2022 to FY 2023/2024

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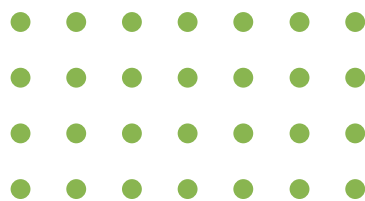
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Executive Summary



The report gives a detailed, researched analysis of Trans Nzoia County's health sector budget credibility on matters of financial and non-financial information, with the aim of improving implementation of budgets as allocated in the relevant County budget documents.

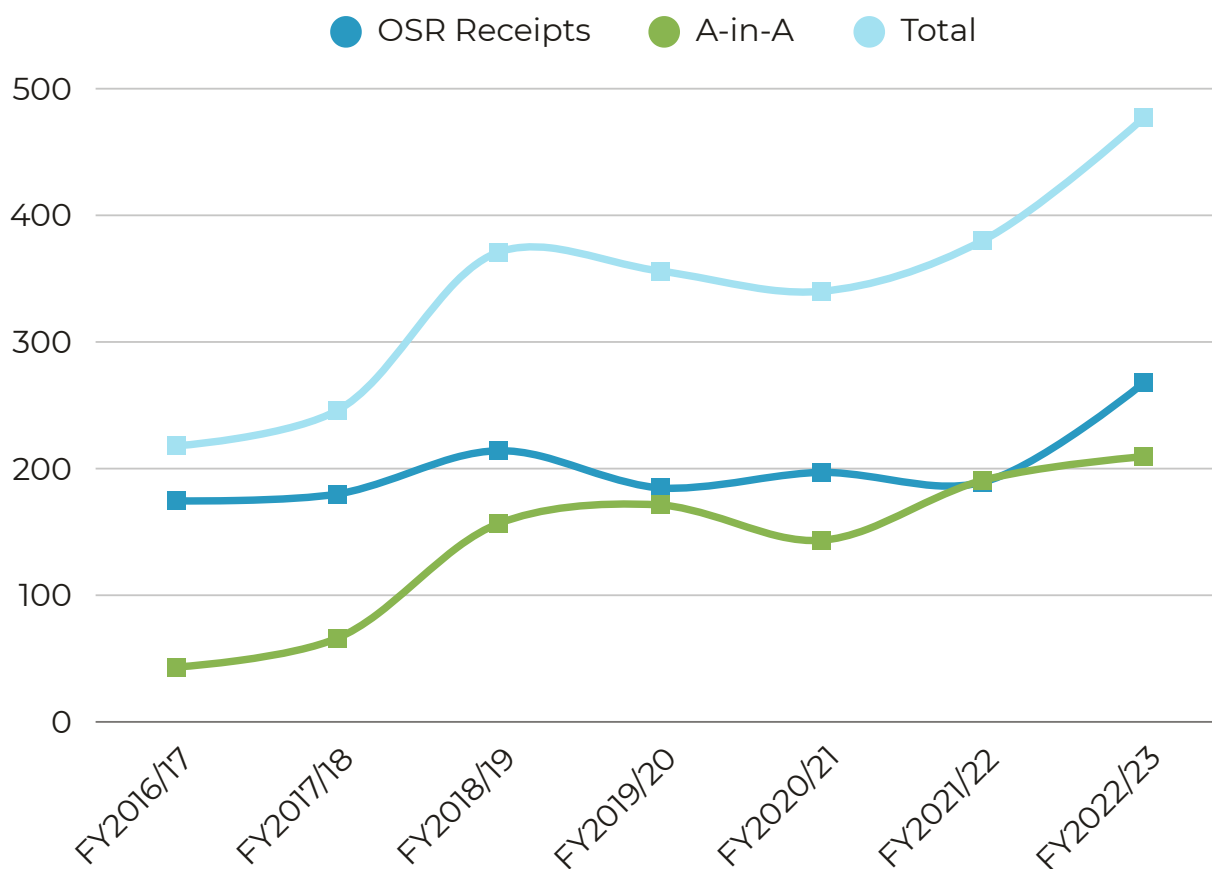
The budget credibility survey for Trans Nzoia County is a pilot survey that seeks to examine the level of adherence to the execution of the county's approved health budget allocations with a focus on nutrition budgets over three budget years: 2021/22, 2022/23, and 2023/24.

The budget credibility survey found gaps in prioritizing programmes and sub-programmes for budget allocation and then disbursement to the health department. The department did not give priority to nutrition programmes, hence limited funding. The procurement processes in awarding tenders are marred by influence from senior county officials, creating room for the supply of commodities of low value. The payment is made to suppliers after delivery, hence high pending bills to date.

Introduction

Budget credibility is a survey that aims at identifying the best practices and gaps in the allocations, implementations, and absorption rates in various departments in the County. The research for Trans Nzoia County aims at identifying the reasons for health budget deviations, including the underlying reasons that examine the impact of poor priorities in budget execution on the delivery of health services, and recommendations that the Trans Nzoia County government can implement to improve the flow of funds and budget performance.

Revenue Trends for Financial Years 2016/17 - 2022/23 (Kshs. Million)



Data Source

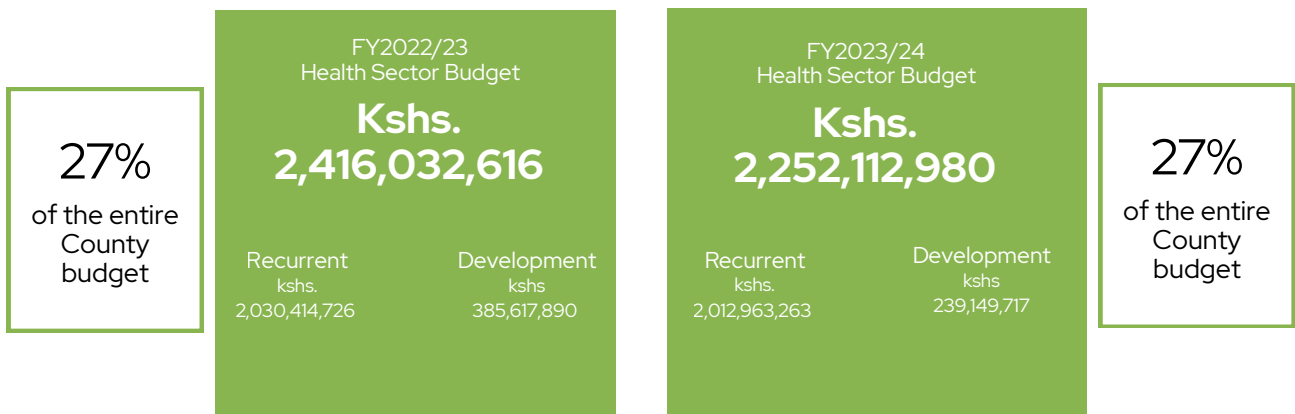
The data source had approved county budget documents that included programme-based budget (PBB), County quarterly implementation reports, County Budget Review and Outlook Paper (CBROP), and Controller of Budget implementation reports. An interview with Key informants was also conducted to get more financial and non-financial information in the health sector.



Contextual Overview

Trans Nzoia County's fiscal framework over the three fiscal years under review demonstrates a strategic balance between sustaining essential public services and scaling up development investments, with the health sector consistently prioritized as a key pillar of socio-economic development. The County operates with an annual budget of KShs 10m with the anticipation of receiving funds from the equitable share, own source of revenue, development partners, and grants or loans. Being an agricultural County, the agriculture sector receives a sizeable allocation after health to boost farming in the County.

County Budget Vs. Health Budget Allocation

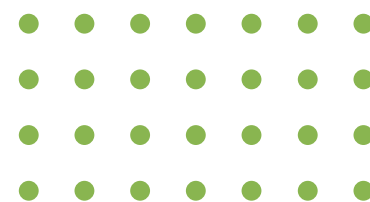


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Total budget allocation compared to the Health Budget allocation from the financial years 2021/2022, 2022/2023, and 2023/2024

	Approved Budget	Actual Receipts	Absorption Rate
FY2021/22			
Overall Budget	9,305,304,756	8,683,642,026	88.05%
Health Sector Budget	2,543,983,211	2,221,930,633	72.35%
FY2022/23			
Overall Budget	8,683,642,026	7,186,157,670	82.75%
Health Sector Budget	1,937,561,106	1,916,253,794	98.90%
FY2023/24			
Overall Budget	9,305,304,756	8,683,642,026	\$ 30.000
Health Sector Budget	2,543,983,211	2,221,930,633	72.35%

Analysis of Health Sector Budgets



County's implementation of approved health sector budgets over the period FY 2021/22 - 2023/24

The health sector received finance for health corporate and Health services for the three financial years for the implementation of its programmes and sub-programmes. The table below summarises the performance of the health sector budget allocations, expenditures, absorption rates, targets, achieved, and the gaps

FY	Budget allocated	Expenditure	Absorption Rate %	Target	Gap	Comments
2021/22	2,643.91	2456.44	87.1%	100%	12.9%	The department scored an A in the absorption rate
2022/23	2,416.03	2,113.32	62.5%	100%	37.5%	There was a drop in the absorption rate compared to 2021/2022
2023/24	2,416.03	2,113.32	87.5%	100%	12.5%	There was a positive deviation in this financial year.

Source: Final Quarter implementation reports FYs, 2022/2022- 2023/2024

The health department has performed relatively well in the absorption rate of the total allocation in each financial year. It had 87.1%, 62.5% and 87.5% in the three financial years, respectively. The absorption rate is an average for both the recurrent and developmental. Findings from the above analysis indicate that financial allocation to health had a negative deviation of KShs.2.6 m in 2021/2022 to Kshs. 2.5m in 2022/2023 and to Kshs 2.2m in 2023/2024.

This negative deviation was occasioned by poor performance in the own source of revenue, thus limited fiscal responsibility. The late disbursement of funds to Counties is normally a contributing factor in poor implementation of county projects, which hurts the citizens.

Approved Budget vs Actual Expenditure

BUDGET ESTIMATES

10,185,156,069

Approved Budget

5,830,169,889

Recurrent Expenditure

4,354,436,180

Development
Expenditure

ABSORPTION RATE

82.5%

Overall

99.4%

Recurrent

59.8%

Development

ACTUAL EXPENDITURE

8,400,338,838

Actual Expenditure

5,797,742,140

Actual Recurrent Exp.

2,602,596,598

Actual Development Exp.

The total actual expenditure for both development and recurrent in the 2023/2024 financial year was Ksh. 8,400,338,838 against an approved budget of Ksh. 10,185,156,069 depicting a variance of Ksh. 1,784,817,231 in budget absorption. This is equivalent to an absorption rate of 82.5% of the total approved budget

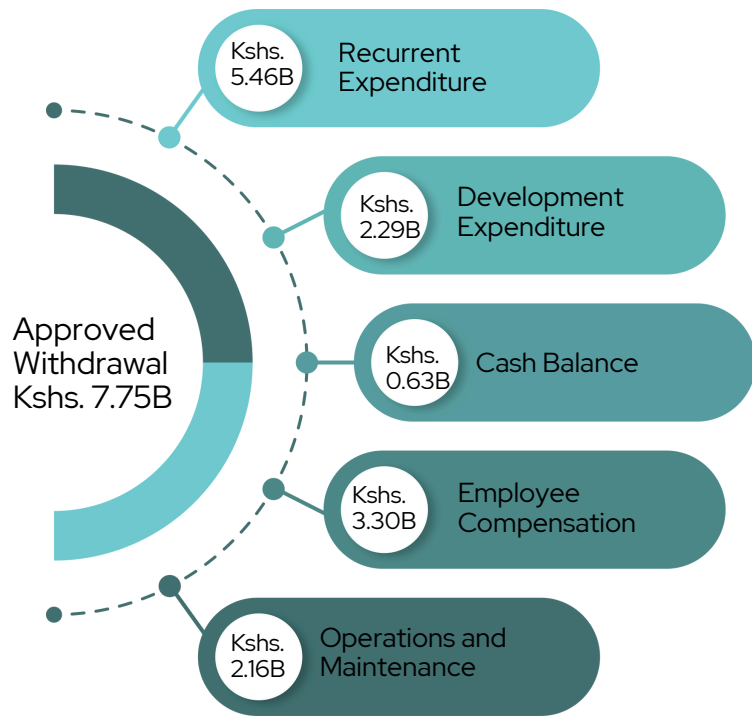
Expenditure Performance

Total expenditures in the financial year 2023/24 amounted to Kshs. 8,400,338,838 against a target of Kshs. 10,185,156,069. The actual recurrent expenditure was Kshs. 5,797,742,140 against an approved expenditure of Kshs. 5,830,619,889, while the actual development expenditure was Kshs. 2,602,596,698 against an approved expenditure of Kshs. 4,354,436,180. The absorption rates for recurrent and development expenditure stood at 99.4% and 59.8% of the approved budgets, respectively. The overall budget absorption was 82.5% for the period of FY 2023/24.

The Supplementary budget gave the recurrent budget allocation of KShs. 3,037,065,828 and Kshs. 2,038,641,027 for the development budget during the FY 2022/2023. The approved budget for the FY 2021/22 and 2022/2023 remained the same, an indication that there were no expenditures for both years remained the same..

Exchequer Issues

The total actual expenditure for both development and recurrent in the 2023/2024 financial year was Ksh. 8,400,338,838 against an approved budget of Ksh. 10,185,156,069 depicting a variance of Ksh. 1,784,817,231 in budget absorption. This is equivalent to an absorption rate of 82.5% of the total approved budget



Structural or systemic issues that contribute to low budget absorption and frequent supplemental revisions

Over 10 years of devolution existence, Trans Nzoia County still faces structural issues that contribute to low budget absorption and frequent supplementary revisions. These include;

<p>01</p> <p>Weakness in planning and budgeting practices for health and nutrition. This weakness is usually at the formulation stage of the budget-making process.</p>	<p>02</p> <p>Underperformance of own source of revenue results in weak fiscal ability, thus little disbursement to the County through various departments for effective programmes and sub-programmes implementation</p>
<p>03</p> <p>Ineffective and inefficient procurement processes result in a corrupt and poor selection process of service providers who, in turn, do not offer effective and efficient services to the people.</p>	<p>04</p> <p>Late disbursement of funds to the department is also a barrier to effective budget implementation, in addition to industrial unrest and long procurement procedures.</p>
<p>05 High level of pending bills, which amounted to Kshs. 1.16 billion as of 30th September 2023. That was despite the availability of Kshs. 973.14 million in the CRF at the end of the reporting period.</p>	

Frequency and reasons counties revise health sector budgets through supplementary budgets, and the impact on service delivery

The sector budgets are reviewed quarterly when a disbursement is made to the sector. This is done in line with the supplementary budgets. The impact of this is huge budget cuts due to the available cash to the department, long procurement procedures, in addition to delays in releasing the same approved cash to the department.

This then means that some prime sub-programmes, such as nutrition, may not be implemented due to limited funds, and mostly this affects developmental programmes. Operations and maintenance are also affected by the reviewed budgets, except for the employees' compensation.

The county's strategies in funding the proposed projects depended on allocations from the equitable share, its own source of revenue, with approved targets to various departments, and grants and loans from development partners. This has been the strategy for each county government since the onset of devolution

Nutrition Sub-Programme effectiveness

Nutrition as a sub-programme under preventive and promotive health services is meant to increase the proportion of children between 12-59 months who receive vitamin A, reduce stunting in children under 5 years, and provide food to inpatients in various health facilities in the County. The sub-programme was allocated KShs 26,103,477.00 for procuring food for the inpatients. (Source-PBB, 2023/2024 and an interview was conducted with an official in charge of the sub programme.) There is an absence of data provided for the implementation of the nutrition sub-programme, which makes it impossible to determine the success level in the implementation of the nutrition budgets.

Preventive and Curative services under the health sector incorporate Nutrition as a sub-programme receives KShs 26m each financial year. This allocation is meant for the supply of food to the inpatients in various health facilities. It is the same amount that the health sector targets to have children between 5-59 months provided with vitamin A.

This little funding is occasioned by pro-poor policies on nutrition in the county, hence a high rate of malnutrition amongst the children between 5-59 months.

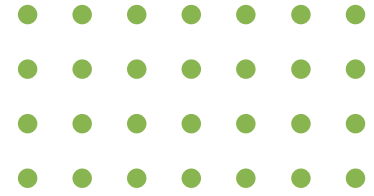
Budget allocation to programmes and sub-programmes is meant to offer service provision in various departments in the County. Each department offers programmes and sub-programmes with proposed budgets to enable implementation/execution.

Financial Year 2023/2024					
Programme: Preventive and support services					
Targets	Achieved	Budget allocated(Kshs)	Actual Expenditure	Absp Rate (%)	Comments
1: Preventive Health Services					
Information missing	Information missing	385,617,190	99,520,171	25.8%	There was low absorption due to late procurement procedures.
2. Administrative and support services					
Information missing	Information missing	2,080,414,726.00	2,013,795,949	96.8%	There was a drop in theThe performance is high since the expenditure is on recurrent and operations, and maintenance absorption rate compared to 2021/2022

**Targets is the number of beneficiaries, facilities equipped*

The preventive and promotive sub programme had a 25.8% absorption rate, indicating that little was spent from the cash received compared absorption rate in sub programme 2, where it was 99%.

Recommendations and Opportunities



01.

The budget allocation to nutrition has always remained at 26 million for the past three financial years; thus, the relevant officers in charge of nutrition should strategies on how to improve service delivery to children to be provided with Vitamin A in addition to improving the quality and quantity of food to inpatients in various hospitals in the County.

02.

Review of supplementary budget should be done upwards to ensure there is efficient and effective provision of vitamin A to children between 5-59 months, together with inpatients in various hospitals.

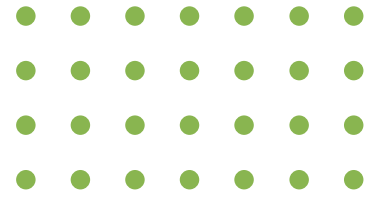
03.

Timely disbursement of funds to nutrition as a sub-programme for the timely implementation of activities to enhance efficient and effective service delivery to the people of Trans Nzoia County

04.

The county should provide data on the budget implementation, especially for nutrition budgets

Reference



County Budget Review and Outlook Paper, 2024, Trans Nzoia County

County Quarterly Implementation Reports FY2021/22, FY22/23, and FY2023/24-

Office of the Controller of Budgets

Programme-Based Budgets- Trans Nzoia County

County Budget Quarterly Implementation Reports, Trans Nzoia County

Trans Nzoia County Supplementary Budget II, 2024



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