

COUNTY REVENUE & ACCOUNTABILITY SURVEY - Sept 2019

CoRG – Consortium of Researchers on Governance is a professional public policy & governance researchers association bringing together corporate and individual researchers, policy analysts, data analysts, communication experts etc, aiming to improve citizen’s engagement in national and county governance.

Services

1. Public Policy & Governance Research
2. Corporate Governance Studies
3. Social & Market Surveys
4. Psephology
5. Public Opinion Polling & Awareness

Brief Summary

CoRG conducted a self-funded research study between 5th July and 9th Sept 2019, to assess County Own Source Revenue performance and devolved units’ accountability in management of public finance.

We aim to provide a basis for an enlightened discourse in light of the Division of Revenue Bill debacle, and the ongoing agitation for more allocation of Equitable Shareable Revenue to County Governments.

This survey is guided by Statistical (Amendment) Act 2019 - First Schedule Section 4, and complies with the published code of ethics, practice and standards of ESOMAR.

Introduction

County Governments get revenue from;

- Equitable share of revenue raised nationally
- Conditional grants from the National Government
- Conditional grants from Development Partners
- Cash balance carried forward from previous Financial Year
- Own sources of revenue

The objective of the study is to measure the growth of Own Source Revenue, its relation to Annual revenue targets adjustments, Gross County Product and correlation to County Accountability Index.

Research Questions

- How much revenue do County Governments generate on their own? Percentage to Total Revenue?
- What other factors are considered when setting Annual Own Source Revenue Targets, especially for counties with almost similar Gross County Product?
- How does Accountability Index relate to Revenue Analysis?

Key Performance Indicators (KPIs);

- Revenue Analysis: Own Source Revenue
- Accountability Analysis: Audit Opinion & Key Matters
 - Access to information on County Plans, Budgets, Reports etc

Methodology

Due to the quantitative nature of the study, **official data** relating to revenue was collected from;

1. County Governments Budget Implementation Review Reports - Office of the Controller of Budget – First Nine Months of 2017/2018 & 2018 / 2019
2. Summary of the Report of the Auditor General for the County Governments – 2017 / 2018
3. Recommendation on the Basis for Equitable Sharing of Revenue between National and County Governments - Commission on Revenue Allocation – 2018 /2019
4. Economic Survey 2019 – Kenya National Bureau of Statistics
5. County CIDPs, Annual Development Plans and County Budgets

Recent Variables/Events (Revenue-related)

- Division of Revenue Bill
 - July 2019, Senate passes the Division of Revenue Bill 2019, proposing Kshs. 335 Billion as the equitable shareable revenue (2019/2020), but the National Assembly allocates Kshs. 316 Billion.
 - Governors sought Supreme Court’s advisory opinion on the National Assembly disregard of Commission on Revenue Allocation (CRA) recommendations.
 - Council of Governors threatens to shutdown County Governments operations by September 16th if the Division of Revenue Bill 2019 stalemate is not resolved.
 - Senate accepts the Kshs. 316 Billion offered by the National Assembly.
- Continual agitation of more Equitable shareable revenue from National Government, by PMI, Ugatuzi Initiative, BBI* etc
- Kenya Population and Housing Census

Recent Variables/Events (Accountability-related)

- IFMIS reporting challenges
- Corruption cases eg Kiambu, Nairobi etc
- Change of guard at Bomet
- Fire at Kitui County finance offices

County Revenue & Accountability Survey – Analysis

1. Gross County Product & Annual Revenue Target

	County	Sq. Km	Gross County Product 2017 (Kshs. Million)	GCP Ratio (%) 2017	Annual Own Revenue Target (Kshs.Mil)		Annual Target Growth	
					FY 2017 / 2018	FY 2018 / 2019	Amount (Ksh. Mil)	Percentage (%)
1	Nairobi	694.9	1,492,323	19.83%	19,766.00	15,496.71	(4,269.3)	-21.6%
2	Nakuru	7,509.5	517,462	6.88%	2,500.00	2,685.00	185.0	7.4%
3	Kiambu	2,449.2	421,918	5.61%	3,227.49	2,736.73	(490.8)	-15.2%
4	Mombasa	212.5	332,122	4.41%	3,500.00	3,877.22	377.2	10.8%
5	Nyandarua	3,107.7	245,203	3.26%	371.00	410.00	39.0	10.5%
6	Machakos	5,952.9	232,860	3.09%	1,557.79	1,720.06	162.3	10.4%
7	Meru	6,930.1	229,646	3.05%	821.78	1,228.80	407.0	49.5%
8	Kisumu	2,009.5	194,489	2.58%	1,395.26	1,382.57	(12.7)	-0.9%
9	Bungoma	2,206.9	183,509	2.44%	865.55	1,101.00	235.5	27.2%
10	Kakamega	3,033.8	182,563	2.43%	774.57	1,200.00	425.4	54.9%
11	Narok	17,921.2	179,226	2.38%	2,483.46	2,862.64	379.2	15.3%
12	Nyeri	2,361.0	174,961	2.33%	1,000.00	1,000.00	-	0.0%
13	Murang'a	2,625.8	173,018	2.30%	1,065.99	1,000.00	(66.0)	-6.2%
14	Kisii	1,317.9	163,546	2.17%	950.00	950.00	-	0.0%

15	Trans Nzoia	2,955.3	162,273	2.16%	600.00	500.00	(100.0)	-16.7%
16	Bomet	1,997.9	159,569	2.12%	200.21	245.00	44.8	22.4%
17	Elgeyo-Marakwet	3,049.7	159,531	2.12%	160.29	130.44	(29.9)	-18.6%
18	Kericho	2,454.5	136,799	1.82%	554.64	829.82	275.2	49.6%
19	Nandi	2,884.5	119,691	1.59%	385.44	459.29	73.9	19.2%
20	Kilifi	12,245.9	119,295	1.59%	929.66	1,345.07	415.4	44.7%
21	Uasin Gishu	2,469.9	116,683	1.55%	850.00	1,200.00	350.0	41.2%
22	Homa Bay	3,154.7	114,198	1.52%	209.46	173.00	(36.5)	-17.4%
23	Kajiado	21,292.7	107,805	1.43%	1,040.79	1,583.86	543.1	52.2%
24	Embu	2,555.9	103,734	1.38%	653.49	950.00	296.5	45.4%
25	Nyamira	912.5	103,239	1.37%	272.46	255.57	(16.9)	-6.2%
26	Kitui	24,385.1	101,560	1.35%	702.04	500.00	(202.0)	-28.8%
27	Makueni	8,008.9	100,924	1.34%	600.00	670.50	70.5	11.8%
28	Kirinyaga	1,205.4	100,836	1.34%	600.00	650.00	50.0	8.3%
29	Migori	2,586.4	96,337	1.28%	200.00	300.00	100.0	50.0%
30	Siaya	2,496.1	95,265	1.27%	270.00	325.00	55.0	20.4%
31	Baringo	11,075.3	92,866	1.23%	350.00	401.15	51.2	14.6%
32	Busia	1,628.4	86,712	1.15%	412.16	452.52	40.4	9.8%
33	Kwale	8,270.3	86,278	1.15%	275.00	303.11	28.1	10.2%
34	Laikipia	8,696.1	81,095	1.08%	500.00	800.00	300.0	60.0%

35	Turkana	68,680.3	78,301	1.04%	200.00	250.00	50.0	25.0%
36	Tharaka Nithi	2,409.5	67,692	0.90%	179.92	300.00	120.1	66.7%
37	Vihiga	531.3	59,050	0.78%	220.00	153.67	(66.3)	-30.2%
38	Taita Taveta	17,083.9	51,381	0.68%	398.47	300.00	(98.5)	-24.7%
39	West Pokot	8,418.2	46,785	0.62%	111.25	152.37	41.1	37.0%
40	Garissa	45,720.2	39,394	0.52%	250.00	250.00	-	0.0%
41	Wajir	55,840.6	37,159	0.49%	150.00	200.00	50.0	33.3%
42	Mandera	25,797.7	35,101	0.47%	231.00	169.59	(61.4)	-26.6%
43	Marsabit	66,923.1	34,073	0.45%	130.00	140.00	10.0	7.7%
44	Tana River	35,375.8	33,498	0.45%	30.00	60.00	30.0	100.0%
45	Lamu	6,497.7	32,386	0.43%	90.00	70.00	(20.0)	-22.2%
46	Samburu	20,182.5	26,503	0.35%	301.23	255.03	(46.2)	-15.3%
47	Isiolo	25,336.1	15,850	0.21%	182.86	150.86	(32.0)	-17.5%
	TOTAL		7,524,710	100.00%	52,519.24	52,176.56	(342.7)	-0.7%

Data Source: KNBS / COB /CRA

GCP Ratio =

$$\left(\frac{GCP / GVA}{GDP} \right) * 100$$

Annual Target Growth =

$$\left(\frac{Year(x) - BaseYear}{BaseYear} \right) * 100$$

Weighted Target Index = Annual Growth * GCP Ratio

2. County Government - Own Source Revenue Growth

Unlike other sources that depend on external factors, County governments are responsible for raising their own source of revenue. Therefore, we analyzed Counties revenue data from July 2017 to March 2019 to ascertain performance (attached).

County Governments raised Kshs. 22.32Billion of Kshs. 232.8B (9.54%) for First Nine Months of 2017/2018 (March 2018) , and Kshs. 28.92B out of Kshs. 302.6B (9.55%) for the First Nine Months of 2018 / 2019.

No.	County	Own Revenue Collection (Kshs.Mil)		Own Source Revenue (Kshs. Million)	
		March 2018 (x)	March 2019 (y)	Amount (Z=Y-X)	Percentage (%)
1	Kakamega	284.09	569.88	285.8	100.6%
2	Tana River	16.19	32.21	16.0	98.9%
3	Laikipia	293.85	572.82	279.0	94.9%
4	Embu	253.75	480.25	226.5	89.3%
5	Tharaka Nithi	70.18	129.61	59.4	84.7%
6	Migori	145.35	260.09	114.7	78.9%
7	Taita Taveta	121.97	217.97	96.0	78.7%
8	Muranga	282.12	493.58	211.5	75.0%
9	Nyamira	69.24	120.30	51.1	73.7%
10	Kajiado	429.70	731.06	301.4	70.1%
11	Narok	1,628.31	2,664.37	1,036.1	63.6%
12	Kiambu	1,164.75	1,837.34	672.6	57.7%
13	Isiolo	81.17	127.21	46.0	56.7%
14	Kirinyaga	206.32	322.33	116.0	56.2%
15	Mombasa	1,676.93	2,611.77	934.8	55.7%
16	Makueni	207.24	317.28	110.0	53.1%
17	Busia	119.49	181.90	62.4	52.2%
18	Marsabit	50.60	76.60	26.0	51.4%
19	Kitui	216.32	324.84	108.5	50.2%
20	Kisii	176.08	260.10	84.0	47.7%
21	Trans Nzoia	158.13	231.66	73.5	46.5%
22	West Pokot	60.67	87.43	26.8	44.1%
23	Mandera	46.97	66.63	19.7	41.9%
24	Kilifi	389.24	551.58	162.3	41.7%
25	Elgeyo Marakwet	76.03	105.68	29.7	39.0%
26	Garissa	60.47	81.40	20.9	34.6%
27	Kericho	226.91	305.37	78.5	34.6%
28	Vihiga	92.44	122.04	29.6	32.0%
29	Bungoma	461.38	605.03	143.7	31.1%
30	Nakuru	1,509.64	1,958.64	449.0	29.7%

31	Siaya	89.85	115.73	25.9	28.8%
32	Nyeri	499.07	601.00	101.9	20.4%
33	Meru	302.42	361.75	59.3	19.6%
34	Baringo	225.06	268.98	43.9	19.5%
35	Turkana	96.87	113.13	16.3	16.8%
36	Nyandarua	179.87	208.75	28.9	16.1%
37	Uasin Gishu	593.54	679.88	86.3	14.5%
38	Kwale	189.41	212.26	22.9	12.1%
39	Nairobi City	7,637.67	8,242.39	604.7	7.9%
40	Nandi	135.34	145.80	10.5	7.7%
41	Lamu	41.49	42.23	0.7	1.8%
42	Bomet	126.05	127.77	1.7	1.4%
43	Samburu	196.16	190.33	(5.8)	-3.0%
44	Kisumu	582.43	553.14	(29.3)	-5.0%
45	Machakos	633.21	527.44	(105.8)	-16.7%
46	Wajir	55.06	45.74	(9.3)	-16.9%
47	Homa Bay	72.04	58.27	(13.8)	-19.1%
	Total	22,231.06	28,941.54	6,710.5	30.2%

Data Source: COB / OAG / C.Gs

$$\text{Own Source Revenue Growth \%} = \left(\frac{\text{Year (y)} - \text{Year (x)}}{\text{BaseYear (x)}} \right) * 100$$

3. County Accountability Index - 2017 /2018

Audit opinions and key matters, as per International Standards of Supreme Audit Institutions (ISSAIs)

- **Unqualified Opinion:** the financial statements are a true and fair view of the County finances. (100points)
- **Qualified Opinion:** financial statements have not been maintained in accordance with GAAP- Generally Accepted Accounting Principles, but no misrepresentations identified (75points)
- **Adverse Opinion:** the financial statements do not conform to GAAP and grossly misrepresented (50points)
- **Disclaimer Opinion:** the County's financial status could not be determined, due to absence of appropriate financial records etc(25points)








No.	County Name	Audit Opinion		Key Matters		County Accountability Index (A-C)
		Report	Audit Points (A)	Issues (B)	Ratio C= (B/ΣB)*100	
1	Makueni	Unqualified	100%	7	0.79%	99.21%
2	Nyandarua	Unqualified	100%	14	1.58%	98.42%
3	Turkana	Qualified	75%	2	0.23%	74.77%
4	Bungoma	Qualified	75%	4	0.45%	74.55%











5	Uasin Gishu	Qualified	75%	5	0.56%	74.44%
6	Mombasa	Qualified	75%	7	0.79%	74.21%
7	Busia	Qualified	75%	10	1.13%	73.87%
8	Kakamega	Qualified	75%	10	1.13%	73.87%
9	Kisii	Qualified	75%	10	1.13%	73.87%
10	Mandera	Qualified	75%	10	1.13%	73.87%
11	Nyeri	Qualified	75%	10	1.13%	73.87%
12	Bomet	Qualified	75%	11	1.24%	73.76%
13	Nyamira	Qualified	75%	12	1.35%	73.65%
14	Garissa	Qualified	75%	13	1.47%	73.53%
15	Kwale	Qualified	75%	13	1.47%	73.53%
16	West Pokot	Qualified	75%	13	1.47%	73.53%
17	Kajiado	Qualified	75%	14	1.58%	73.42%
18	Kericho	Qualified	75%	15	1.69%	73.31%
19	Kiambu	Qualified	75%	15	1.69%	73.31%
20	Laikipia	Qualified	75%	15	1.69%	73.31%
21	Marsabit	Qualified	75%	15	1.69%	73.31%
22	Nandi	Qualified	75%	15	1.69%	73.31%
24	Narok	Qualified	75%	17	1.92%	73.08%
25	Trans-Nzoia	Qualified	75%	17	1.92%	73.08%
26	Baringo	Qualified	75%	18	2.03%	72.97%
27	Elgeyo Marakwet	Qualified	75%	18	2.03%	72.97%
28	Kirinyaga	Qualified	75%	20	2.26%	72.74%
29	Kisumu	Qualified	75%	21	2.37%	72.63%
30	Kilifi	Qualified	75%	22	2.48%	72.52%
31	Kitui	Qualified	75%	23	2.60%	72.40%
32	Meru	Qualified	75%	23	2.60%	72.40%
33	Tharaka Nithi	Qualified	75%	23	2.60%	72.40%
34	Siaya	Qualified	75%	24	2.71%	72.29%
35	Machakos	Qualified	75%	29	3.27%	71.73%
36	Samburu	Qualified	75%	30	3.39%	71.61%
37	Nakuru	Qualified	75%	31	3.50%	71.50%
38	Vihiga	Qualified	75%	37	4.18%	70.82%
39	Isiolo	Qualified	75%	49	5.53%	69.47%
23	Taita Taveta	Adverse	50%	15	1.69%	48.31%
40	Murang'a	Adverse	50%	27	3.05%	46.95%
41	Embu	Adverse	50%	32	3.61%	46.39%
42	Homa Bay	Adverse	50%	35	3.95%	46.05%
43	Tana River	Disclaimer	25%	6	0.68%	24.32%
44	Migori	Disclaimer	25%	11	1.24%	23.76%
45	Lamu	Disclaimer	25%	30	3.39%	21.61%
46	Wajir	Disclaimer	25%	30	3.39%	21.61%
47	Nairobi	Disclaimer	25%	58	6.55%	18.45%
	TOTAL			886		











Data Source: OAG











4. County Revenue & Accountability Performance (Ranking)











Aggregated (Weighted Average) = (OSR Growth % + CAI)/2

Rank		Governor	County	Own Source Revenue Growth(%)	County Accountability Index	Weighted Average (%)
	-	-		-		
1		Wycliffe Oparanya	Kakamega	100.6%	73.87%	87.23%
2		Ndiritu Muriithi	Laikipia	94.9%	73.31%	84.12%
3		Muthomi Njuki	Tharaka Nithi	84.7%	72.40%	78.54%
4		Kivutha Kibwana	Makueni	53.1%	99.21%	76.15%
5		Zacharia Obado	Migori	78.9%	70.82%	74.88%
6		John Nyagarama	Nyamira	73.7%	73.65%	73.69%
7		Joseph Ole Lenku	Kajiado	70.1%	73.42%	71.78%

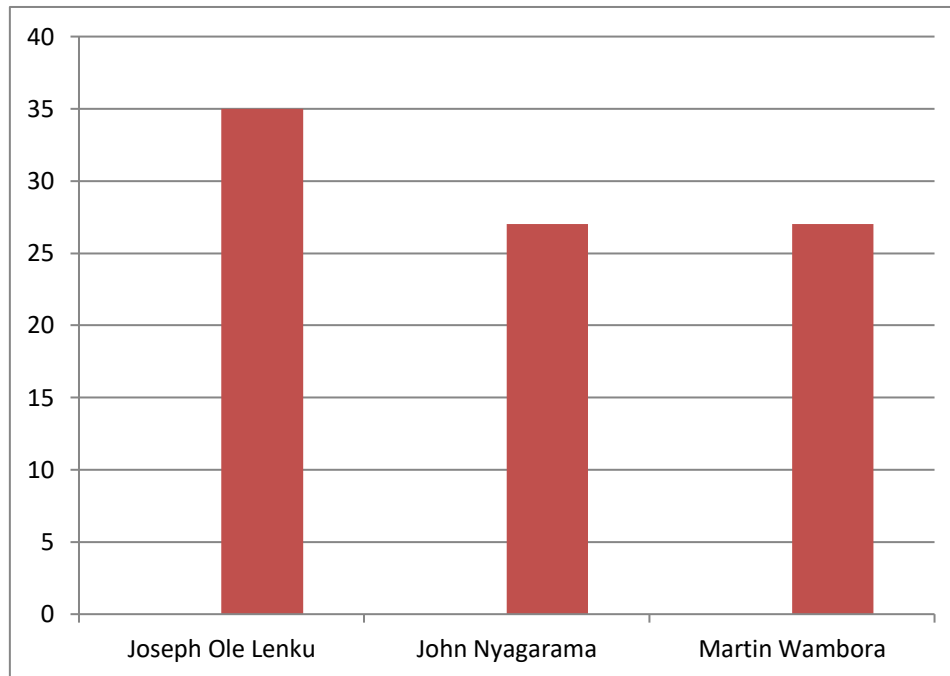
8		Amason Kingi	Kilifi	41.7%	98.42%	70.06%
9		Samwel Tunai	Narok	63.6%	73.08%	68.35%
10		Martin Wambora	Embu	89.3%	46.39%	67.82%
11		Ferdinand Waititu	Kiambu	57.7%	74.21%	65.98%
12		Mohamed Kuti	Isiolo	56.7%	73.87%	65.30%
13		Hassan Joho	Mombasa	55.7%	73.31%	64.53%
14		Anne Waiguru	Kirinyaga	56.2%	72.74%	64.49%
15		Granton Samboja	Taita Taveta	78.7%	48.31%	63.51%
16		Mohamud Ali	Marsabit	51.4%	73.31%	62.35%
17		Dhadho Godhana	Tana River	98.9%	24.32%	61.64%

18		Charity Ngilu	Kitui	50.2%	72.40%	61.29%
19		Mwangi Wa Iria	Murang'a	75.0%	46.95%	60.95%
20		Sospeter Ojaamong'	Busia	52.2%	69.47%	60.85%
21		James Ongwae	Kisii	47.7%	73.87%	60.79%
22		Patrick Khaemba	Trans Nzoia	46.5%	73.08%	59.79%
23		John Lonyangapuo	West Pokot	44.1%	73.53%	58.82%
24		Ali Roba	Mandera	41.9%	73.87%	57.86%
25		Alex Tolgos	Elgeyo-Marakwet	39.0%	72.97%	55.98%
26		Paul Chepkwony	Kericho	34.6%	73.53%	54.06%
27		Ali Korane	Garissa	34.6%	73.31%	53.96%

28		Wycliffe Wangamati	Bungoma	31.1%	74.55%	52.84%
29		Lee Kinyanjui	Nakuru	29.7%	71.50%	50.62%
30		Cornel Rasanga	Siaya	28.8%	72.29%	50.55%
31		Mutahi Kahiga	Nyeri	20.4%	73.87%	47.15%
32		Kiraitu Murungi	Meru	19.6%	72.97%	46.29%
33		Stanley Kiptis	Baringo	19.5%	72.40%	45.96%
34		Josphat Nanok	Turkana	16.8%	74.77%	45.78%
35		Jackson Mandago	Uasin Gishu	14.5%	74.44%	44.49%
36		Francis Kimemia	Nyandarua	16.1%	72.52%	44.29%
37		Salim Mvurya	Kwale	12.1%	73.53%	42.80%

38		Stephen Sang	Nandi	7.7%	73.31%	40.52%
39		Joyce Laboso* (Hillary Barchok)	Bomet	1.4%	73.76%	37.56%
40		Moses Lenolkulal	Samburu	-3.0%	71.61%	34.32%
41		Anyang' Nyong'o	Kisumu	-5.0%	72.63%	33.80%
42		Wilber Ottichillo	Vihiga	32.0%	23.76%	27.89%
43		Alfred Mutua	Machakos	-16.7%	71.73%	27.51%
44		Mike Sonko	Nairobi	7.9%	21.61%	14.77%
45		Cyprian Awiti	Homa Bay	-19.1%	46.05%	13.47%
46		Fahim Twaha	Lamu	1.8%	18.45%	10.12%
47		Mohamed Abdi	Wajir	-16.9%	21.61%	2.34%

Most Improved (As compared to our Last Survey)



FINDINGS

1. The County Governments, collectively, generate less than 10% of their Budgeted Total Revenue
2. Some Counties with similar GCP have different Annual Revenue Targets. This needs additional stratified research eg Narok vs Taita Taveta, Homabay vs Migori etc
3. County Revenue collection can be improved via internal benchmarking, without overtaxing the masses.

Recommendation;

1. Data Centralization; Treasury, Controller of Budget, Auditor General, Commission of Revenue Allocation, Kenya National Bureau of Statistics reports etc be in one portal.
2. Public Finance Management and IFMIS efficiency
3. Clarity on formulae used to set Annual Own Source Revenue Targets
4. Further study on Counties with reducing Annual Own Revenue targets
5. Local own source revenue collection target be a minimum 1% of County's Gross Value Addition (Gross County Product)

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Thank You!

