

## **SPECIAL ISSUE**

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# ***KENYA GAZETTE SUPPLEMENT***

**ACTS, 2014**

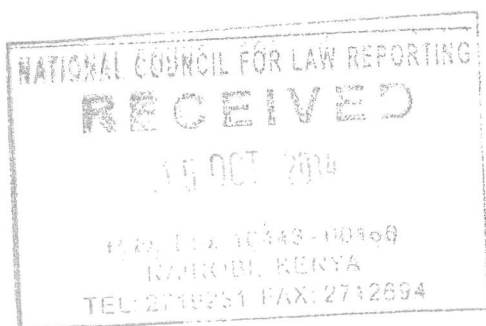
**NAIROBI, 5th September, 2014**

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**THE COUNTY ALLOCATION OF REVENUE  
ACT, 2014**

**No. 15 of 2014**

*Date of Assent: 5th September, 2014*

*Commencement Date: 5th September, 2014*

**ARRANGEMENT OF SECTIONS**

*Section*

- 1—Short title and commencement.
- 2—Interpretation.
- 3—Object and purposes of the Act.
- 4—Equitable allocation of county governments' share of revenue.
- 5—Conditional allocations to county governments.
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- 10—Financial misconduct.
- 11—Regulations.
- 12—Amendment of section 107 of No. 18 of 2012.
- 13—Amendment of paragraph 12 of the Second Schedule of No. 18 of 2012.

**FIRST SCHEDULE**—Allocation of Each County Government's Equitable Share of Revenue Raised by the National Government.

**SECOND SCHEDULE**—Conditional Additional Allocations to County Governments.

**THIRD SCHEDULE**—Conditional Allocation to Level 5 hospitals.

## THE COUNTY ALLOCATION OF REVENUE ACT, 2014

**AN ACT of Parliament to provide for the equitable allocation of revenue raised by the national government among the county governments for the 2014/15 financial year and the responsibilities of national and county governments pursuant to such allocation and for connected purposes.**

**ENACTED** by the Parliament of Kenya, as follows—

**1.** This Act may be cited as the County Allocation of Revenue Act, 2014 and shall come into operation upon publication.

Short title and commencement.

**2.** In this Act, unless the context otherwise requires—

Interpretation.

“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for matters relating to finance;

“conditional additional allocations” means additional resources allocated to county governments from revenue raised by the national government or in the form of loans and grants from development partners;

“revenue” has the meaning assigned to it under section 2 of the Commission on Revenue Allocation Act; and

No. 16 of 2011.

“State Organ” has the meaning assigned to it under Article 260 of the Constitution.

**3.** The object and purposes of this Act are to—

Object and purposes of the Act.

- (a) provide, pursuant to Article 218(1)(b) of the Constitution, for the allocation of the equitable share of revenue raised by the national government among the county governments in accordance with the resolution approved by Parliament under Article 217 of the Constitution for the financial year 2014/15;
- (b) provide, pursuant to Articles 187(2) and 202(2) of the Constitution, for conditional additional allocations for the financial year 2014/15; and
- (c) facilitate the transfer of allocations made to the county governments under this Act from the Consolidated Fund to the respective County Revenue Funds.

4. (1) Each county governments' equitable share of revenue raised by the national government on the basis of the revenue sharing formula approved by Parliament in accordance with Article 217 of the Constitution in respect of the financial year 2014/15 shall be as set out in Column C of the First Schedule.

Equitable allocation of county governments' share of revenue.

(2) Each county government's allocation under subsection (1) shall be transferred to the respective County Revenue Fund in accordance with a payment schedule approved by the Senate and gazetted by the Cabinet Secretary in terms of section 17 of the Public Finance Management Act.

No. 18 of 2012.

5. (1) The conditional additional allocations to each county government for the financial year 2014/15 shall be as set out in Column E of the Second Schedule, comprising of—

Conditional additional allocations to county governments.

- (a) allocations to ensure continuation of services financed by loans and grants from development partners as set out in Column C of the Second Schedule; and
- (b) allocation financed by a grant from a development partner to supplement financing for county health facilities as set out in Column D of the Second Schedule.

(2) The county governments allocations under subsection (1)(a) shall be included in the budget estimates of the national government and shall be submitted to Parliament for approval.

(3) Each county government allocation under subsection (1)(b) shall be transferred to the respective County Revenue Fund, provided the Cabinet Secretary and the responsible development partner have agreed in writing that the funds shall be transferred to the county governments and such transfers shall be included in the budget estimates of the county government and submitted to the county assembly for approval.

(4) The functions gazetted for transfer after Parliament has approved the national government budget for 2014/15, shall take effect in the next financial year, 2015/16.

6. The conditional allocation to each Level 5 hospital for the financial year 2014/15 shall be as set out in Column B of the Third Schedule.

Conditional allocation to Level 5 hospitals.

7. (1) Notwithstanding the provisions of any other law, where it is determined that the transfer of funds to a county government was done in error or fraudulently, such a transfer shall be regarded as not legally due to that county government.

Transfers made in error or fraudulently.

(2) An erroneous transfer contemplated in subsection (1) may be recovered immediately or set off against future transfers to that county government, which would otherwise become due in accordance with the payment schedule approved by the Senate and gazetted by the Cabinet Secretary in accordance with section 17 of the Public Finance Management Act.

No. 18 of 2012.

8. The National Treasury shall publish a monthly report on actual transfers of all allocations made to county governments.

Report on actual transfers.

9. (1) Each county treasury shall reflect all transfers by the national government to the county governments in its books of accounts.

Books of accounts to reflect national government transfers.

(2) The estimates of revenue of each county shall reflect the total allocations from the national government separately.

(3) A county treasury shall as part of its consolidated quarterly and annual reports required under the Public Finance Management Act, report on actual transfers received by the county government from the national government up to the end of that quarter or year in the format prescribed by the Public Sector Accounting Standards Board or in the absence of the Board, in the format prescribed by the National Treasury.

No. 18 of 2012.

10. Despite the provisions of any other law, any serious or persistent non-compliance with the provisions of this Act constitutes a financial misconduct under the Public Finance Management Act.

Financial Misconduct.

No. 18 of 2012.

11. The Cabinet Secretary, with the approval of Parliament, may make Regulations on—

Regulations.

- (a) any matter in respect of which Regulations require to be made under this Act; and
- (b) any subsidiary or incidental administrative or procedural matter necessary for the proper implementation or administration of this Act.

**2014***County Allocation of Revenue***No. 15**

**12.** Section 107 of the Public Finance Management Act is amended by inserting the following new subsection immediately after subsection (2)—

Amendment of  
section 107 of No.  
18 of 2012.

(2A) Pursuant to Articles 201 and 216 of the Constitution and notwithstanding subsection (2), the Commission on Revenue Allocation shall recommend to the Senate the budgetary ceilings on the recurrent expenditures of each county government.

**13.** Paragraph 12 of the Second Schedule to the Public Finance Management Act is amended by deleting the expression “2014/15” appearing after the words “and in the” and substituting therefor the expression “2015/16”.

Amendment of  
paragraph 12 of the  
Second Schedule of  
No. 18 of 2012.

**FIRST SCHEDULE**

(s. 4)

**Allocation of Each County Government's Equitable Share of  
Revenue Raised by the National Government**

			Equitable Share	
No.	COUNTY	2014/15 % OF TOTAL	FY 2013/14	FY 2014/15
		COLUMN A	COLUMN B	COLUMN C
1	MOMBASA	2.00%	3,801,647,114	4,535,164,921
2	KWALE	1.97%	3,749,154,804	4,472,544,358
3	KILIFI	2.86%	5,442,221,798	6,492,284,172
4	TANA-RIVER	1.53%	2,913,902,830	3,476,132,713
5	LAMU	0.79%	1,500,421,229	1,789,923,557
6	TAITA-TAVETA	1.27%	2,420,438,656	2,887,455,925
7	GARISSA	2.22%	4,221,750,134	5,036,325,712
8	WAJIR	2.78%	5,290,049,176	6,310,750,244
9	MANDERA	3.45%	6,550,014,150	7,813,822,143
10	MARSABIT	2.00%	3,795,466,857	4,527,792,199
11	ISIOLO	1.18%	2,236,022,302	2,667,456,921
12	MERU	2.50%	4,749,467,903	5,665,865,236
13	THARAKA-NITHI	1.21%	2,294,621,517	2,737,362,700
14	EMBU	1.48%	2,807,496,921	3,349,196,063
15	KITUI	2.80%	5,314,985,989	6,340,498,549
16	MACHAKOS	2.61%	4,950,597,088	5,905,801,768

			Equitable Share	
No.	COUNTY	2014/15 % OF TOTAL	FY 2013/14	FY 2014/15
17	MAKUENI	2.30%	4,366,389,448	5,208,872,802
18	NYANDARUA	1.66%	3,150,429,446	3,758,296,517
19	NYERI	1.71%	3,254,501,880	3,882,449,453
20	KIRINYAGA	1.36%	2,587,580,950	3,086,847,885
21	MURANG'A	2.06%	3,917,321,109	4,673,157,909
22	KIAMBU	2.87%	5,458,389,251	6,511,571,093
23	TURKANA	4.03%	7,664,490,865	9,143,334,208
24	WEST POKOT	1.66%	3,154,744,440	3,763,444,078
25	SAMBURU	1.37%	2,597,647,318	3,098,856,532
26	TRANS-NZOIA	1.96%	3,730,157,371	4,449,881,419
27	UASIN-GISHU	2.00%	3,797,034,982	4,529,662,890
28	ELGEYO-MARAKWET	1.26%	2,391,996,457	2,853,525,879
29	NANDI	1.83%	3,477,772,873	4,148,799,997
30	BARINGO	1.71%	3,248,183,382	3,874,911,817
31	LAIKIPIA	1.33%	2,522,908,908	3,009,697,543
32	NAKURU	3.12%	5,936,685,179	7,082,152,961
33	NAROK	2.04%	3,867,513,493	4,613,740,044
34	KAJIADO	1.70%	3,227,011,241	3,849,654,568
35	KERICHO	1.73%	3,295,007,890	3,915,071,260
36	BOMET	1.82%	3,443,055,947	4,123,084,263



			Equitable Share	
No.	COUNTY	2014/15 % OF TOTAL	FY 2013/14	FY 2014/15
37	KAKAMEGA	3.43%	6,515,403,893	7,772,533,929
38	VIHIGA	1.49%	2,831,720,873	3,378,093,964
39	BUNGOMA	2.95%	5,614,383,661	6,697,664,213
40	BUSIA	2.09%	3,979,092,309	4,746,847,698
41	SIAYA	1.92%	3,653,147,928	4,358,013,207
42	KISUMU	2.19%	4,155,314,216	4,957,071,160
43	HOMA-BAY	2.17%	4,121,525,927	4,916,763,509
44	MIGORI	2.25%	4,269,098,472	5,092,809,787
45	KISII	2.73%	5,188,431,205	6,189,525,352
46	NYAMIRA	1.60%	3,038,772,370	3,625,095,502
47	NAIROBI CITY	5.00%	9,506,028,247	11,340,191,382
			<b>190,000,000,000</b>	<b>226,660,000,000</b>

## SECOND SCHEDULE

(s.5)

## Conditional Additional Allocations to County Governments

No.	County	Allocation Ratio	Conditional Additional Allocations	Additional allocations - Loans and Grants to supplement financing for county functions	Additional allocations- grant to supplement financing for county health facilities	Total Conditional Additional Allocation
			FY 2013/14	FY 2014/15	FY 2014/15	FY 2014/15
		Column A	Column B	Column C	Column D	Column E (C+D)
1	Baringo	1.71%	382,555,501	159,086,218	23,790,000	182,876,218
2	Bomet	1.81%	272,582,727	138,199,518	12,570,000	150,769,518
3	Bungoma	3.25%	334,595,329	699,047,035	12,370,000	711,417,035
4	Busia	1.80%	266,369,417	650,824,231	10,310,000	661,134,231
5	Elgeyo/Marakwet	1.26%	744,501,814	120,942,418	18,420,000	139,362,418
6	Embu	1.48%	557,198,402	415,124,990	11,370,000	426,494,990
7	Garissa	2.22%	475,032,960	76,242,418	15,560,000	91,802,418
8	Homa Bay	2.17%	1,604,785,613	193,072,418	22,390,000	215,462,418
9	Isiolo	1.18%	187,893,545	86,212,418	5,590,000	91,802,418
10	Kajiado	1.70%	284,382,199	198,644,418	15,510,000	214,154,418
11	Kakamega	3.43%	840,702,017	934,576,758	21,120,000	955,696,758
12	Kericho	1.73%	317,792,977	100,607,418	20,220,000	120,827,418
13	Kiambu	2.87%	805,574,808	131,384,518	16,820,000	148,204,518
14	Kilifi	2.86%	377,885,641	129,452,418	13,150,000	142,602,418
15	Kirinyanga	1.36%	242,055,751	267,186,292	10,390,000	277,576,292
16	Kisii	2.73%	635,954,331	135,329,518	20,570,000	155,899,518
17	Kisumu	2.19%	711,380,679	196,329,518	14,200,000	210,529,518
18	Kitui	2.80%	519,086,118	265,106,518	34,610,000	299,716,518
19	Kwale	1.97%	280,447,997	157,242,418	11,240,000	168,482,418
20	Laikipia	1.33%	234,821,897	145,874,518	9,350,000	155,224,518
21	Lamu	0.79%	99,237,004	86,542,418	5,260,000	91,802,418
22	Machakos	2.61%	523,080,848	278,667,289	24,320,000	302,987,289
23	Makueni	2.30%	354,912,725	287,383,344	21,750,000	309,133,344
24	Mandera	3.45%	230,310,408	79,362,418	12,440,000	91,802,418
25	Marsabit	2.00%	272,856,567	78,632,418	13,170,000	91,802,418
26	Meru	2.50%	758,421,849	1,565,594,384	18,410,000	1,584,004,384
27	Migori	2.25%	490,967,787	198,426,618	18,060,000	216,486,618
28	Mombasa	2.00%	545,817,618	127,809,518	3,920,000	131,729,518
29	Muranga	2.06%	404,431,503	311,582,785	22,430,000	334,012,785
30	Nairobi	5.00%	390,470,421	1,580,419,854	24,920,000	1,605,339,854
31	Nakuru	3.12%	1,024,998,693	115,334,518	22,880,000	138,214,518
32	Nandi	1.83%	408,946,759	104,869,518	15,930,000	120,799,518
33	Narok	2.04%	278,791,611	189,906,618	15,510,000	205,416,618
34	Nyamira	1.60%	278,440,754	132,362,418	21,540,000	153,902,418
35	Nyandarua	1.66%	284,911,755	129,294,518	16,480,000	145,774,518
36	Nyeri	1.71%	817,147,697	296,317,785	20,550,000	316,867,785
37	Samburu	1.37%	206,938,875	83,192,418	8,610,000	91,802,418
38	Siaya	1.92%	318,012,871	628,456,711	25,150,000	653,606,711
39	Taita	1.27%	205,852,212	79,372,418	12,430,000	91,802,418
40	Tana River	1.53%	204,478,573	116,687,418	7,110,000	123,797,418
41	Tharaka Nithi	1.21%	139,762,124	688,873,239	9,950,000	698,823,239
42	Tranzoia	1.96%	193,134,230	82,852,418	8,950,000	91,802,418
43	Turkana	4.03%	229,995,474	81,912,418	9,890,000	91,802,418
44	Uasin Gishu	2.00%	270,261,206	81,492,418	14,940,000	96,432,418
45	Vihiga	1.49%	196,974,298	398,666,808	11,790,000	410,456,808
46	Wajir	2.78%	357,469,372	74,092,418	17,710,000	91,802,418
47	West Pokot	1.66%	437,777,043	86,432,418	10,000,000	96,432,418
	<b>GRAND TOTAL</b>	100.00%	<b>20,000,000,000</b>	<b>13,165,023,499</b>	<b>733,650,000</b>	<b>13,898,673,499</b>

**THIRD SCHEDULE**

(s. 6)

**Conditional Allocation to Level 5 hospitals**

<b>Conditional Grants for Level 5 Hospitals</b>				
	<b>Hospital</b>	<b>County</b>	<b>2013/14 Allocation</b>	<b>2014/15 Allocation</b>
			<b>Column A</b>	<b>Column B</b>
1	Coast Province General Hospital	Mombasa	414,381,658	209,605,198.18
2	Garissa Provincial General Hospital	Garissa	184,227,575	111,928,914.32
3	Embu Provincial General Hospital	Embu	259,887,438	185,774,538.57
4	Machakos Level 5 Hospital	Machakos	108,529,284	156,909,692.96
5	Nyeri Provincial General Hospital	Nyeri	382,128,747	197,575,455.06
6	Thika Level 5 Hospital	Kiambu	367,887,752	87,853,083.30
7	Nakuru Provincial General Hospital	Nakuru	600,436,911	317,840,196.81
8	Kakamega Provincial General Hospital	Kakamega	311,303,177	206,336,246.25
9	New Nyanza Provincial General Hospital	Kisumu	395,636,481	248,505,726.23
10	Kisii Level 5 Hospital	Kisii	211,155,681	83,358,274.39
11	Meru Level 5 Hospital	Meru	183,151,299	64,312,673.93
	<b>Total</b>		<b>3,418,726,003</b>	<b>1,870,000,000</b>