



COUNTY GOVERNMENT OF KIRINYAGA

1st Quarter Report

FY 2015/2016

(July - September, 2015)

October 2015

County Treasury
Kirinyaga County
P.O. Box 260 – 10034
KUTUS, KENYA
Email: Kirinyagacounty2013@gmail.com

EXECUTIVE SUMMARY:

This is the budget implementation review report for the first Quarter of the Financial Year 2015/16 and reviews the period of budget execution between July and September of the specific FY. It provides the status of the County Budget implementation, by analyzing the revenue received and collected by the County Government and the expenditure against budgeted estimates. Expenditure analysis is based on the actual expenses reported during the period against the budget which is mainly recurrent for this period.

During the year under review, the County Budget allocations amounted to Kshs 5.321 billion which was split by the Appropriation Bill into 3.066 billion (57.62%) recurrent allocation and 2.255 billion (42.38%) to cater for Development expenses.

In 2015/16 FY the Kirinyaga County was allocated 3.538 billion from the national equitable share which represents 66.49% of the total county budget. The county government envisioned to boost the equitable share with local revenue collections estimated at Kshs 500 million.

During the period under review, total revenue collected amounted to 65.05 Million against a target of 124.99 million. This collection represents 52.04% of the revenue target for the quarter. Under a similar period in 2014/15 FY, total revenue collected amounted to 48.62 million. This quarter's collection shows an improvement of 25% from the same period in 2014/15 FY. The month of July represented the highest collection with 31.17 million representing 47.91% of the total quarters' collection.

The Quarter under review has witnessed a short fall of 47.96% .In order to address this shortfall in local revenue collection, the County Government has undertaken several measures. This measures include: Installation of automated revenue collection system (which is on-going), Employment of forty Additional Enforcement Officers and provision of Technical Assistance, by the recently recruited ICT officers, to the Automated Revenue System. Regulation revenue revenue is being backtracked to ensure that all revenues are declared and deposited in the designated collection accounts and swept regularly to the County Revenue Fund Account. The county Government is capturing transactions into the IFMIS on a day to day operations to ensure that the County comply with the legal provisions that require that financial transactions are implemented through the system prescribed by the National Treasury as stipulated in Section

12(e) of the PFM Act, 2012 for transparent and standard financial reporting. Finally, the County Government endeavours to comply with all directions/circulars issued by relevant constitutional offices for prudent and responsible use of public resources as articulated in Article 201 of the Constitution of Kenya, 2010.

1.0 INTRODUCTION:

The preparation of this report is based on the requirement of section 166 (4) of the Public Finance Management Act 2012. The act requires that, not later than one month after the end of each quarter, the County Treasury shall—

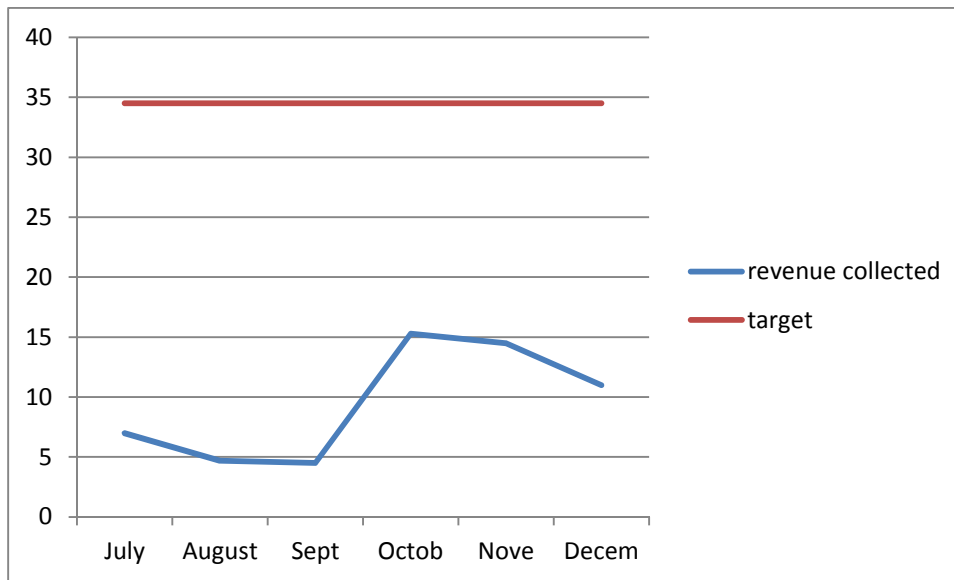
- (a) Consolidate the quarterly reports and submit them to the county assembly;
- (b) Deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation; and
- (c) Publish and publicise them.

The consolidated quarterly reports are derived from quarterly reports prepared by various accounting officers in various county departments. This first quarter reports covers period from October to December 2014.

This report is divided into two sections, with the first section based on expenditure review of the spending patterns of the County Government of Kirinyaga, as disaggregated by departments. While section two is based on Revenue inflows, with only local revenue collection being included.

2.0 REVENUE ANALYSIS

Local revenue collection in Q2 showed marginal improvement, with Aggregate Revenue totaling Kshs. 66.3 million being collected. This represents a 37% improvement from the Q1 collection of Kshs. 48.3 million. However the overall performance, that is revenue collected compared with the target revenue, was still below 50%, at 48.7%. However on quarter to quarter basis, this performance is way above the Q1 performance of 25.9%. Thus it is evident that Local Revenue collection in Kirinyaga County is increasing at a decreasing rate.



1.1 overall revenue against target for 6 months 2014/2015 FY

As shall be observed in subsequent pages, revenue collection from devolved units/functions was way below target compared with revenue from source of the defunct local authorities. Thus the underperformance of the overall revenue collection was primary due to inadequacy in revenue from devolved units/functions

	July	August	Sept	Octob	Nove	Decem
revenue collected	18.7	16.4	13.1	26.1	21.6	18.3
target	46.6	44.7	43.4	46.3	46.6	44

2.1 Classification of Revenue

2.1.1 Revenue from former local authorities

When disaggregated into revenue from former local authorities and revenue from devolved units, it is observed that only revenue from former local authorities are within the target set by county treasury. Revenue from devolved units continue to exhibit slackness in growth, with collections consistently way below the target for both months in the quarter. This is consistent with report of the first quarter when the same was observed.

KIRINYAGA COUNTY GOVERNMENT
SUMMARY OF REVENUE COLLECTED(former local authority functions)
FINANCIAL YEAR 2014/2015

SOURCES OF REVENUE	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Single Business Permit	746,905.00	454,120.00	140,260.00	1,341,285.00
Land Rates - Current year	85,610.00	108,261.00	-	193,871.00
Land Rates - Arrears	147,959.00	267,421.00	86,651.00	502,031.00
House/ Stalls Rents	258,200.00	285,900.00	338,292.00	882,392.00
Market fees	3,662,146.00	3,165,250.00	3,819,870.00	10,647,266.00
Parking fees	1,298,255.00	1,247,390.00	1,044,480.00	3,590,125.00
Quarry Cess	382,100.00	301,900.00	412,450.00	1,096,450.00
Coffee Cess	2,624,195.00	-	107,445.00	2,731,640.00
Produce Cess	130,730.00	89,250.00	168,360.00	388,340.00
Slaughter House Fees	6,200.00	7,160.00	8,200.00	21,560.00
Plan Approval fees	22,000.00	10,000.00	14,000.00	46,000.00
Ground rent - Current year	170,522.00	270,563.00	309,543.00	750,628.00
Ground rent - Arrears	105,840.00	173,520.00	43,165.00	322,525.00
Miscellaneous Income	1,231,920.00	796,965.00	888,990.00	2,917,875.00
Total collection	10,872,582.00	7,177,700.00	7,381,706.00	25,431,988.00
Targetted collections	11,850,300.00	11,159,476.14	9,504,914.00	32,514,690.14
Variance	-977,718.00	-3,981,776.14	-2,123,208.00	-7,082,702.14

Table 2.2 revenue from the former local authorities functions

NB

(1) Miscellaneous income includes transfer of plot, sign board/advertisement, impounding fees, survey fees, document search fee, refuse collection fee

As the table above reinforces, revenue collection from the former local authority functions has been impressive with an overall performance of 78% in the first quarter, reinforced by a stronger performance in the month of October, with performance of 91%. Both the months of November and December posted good performance, though shy of the target for the respective months.

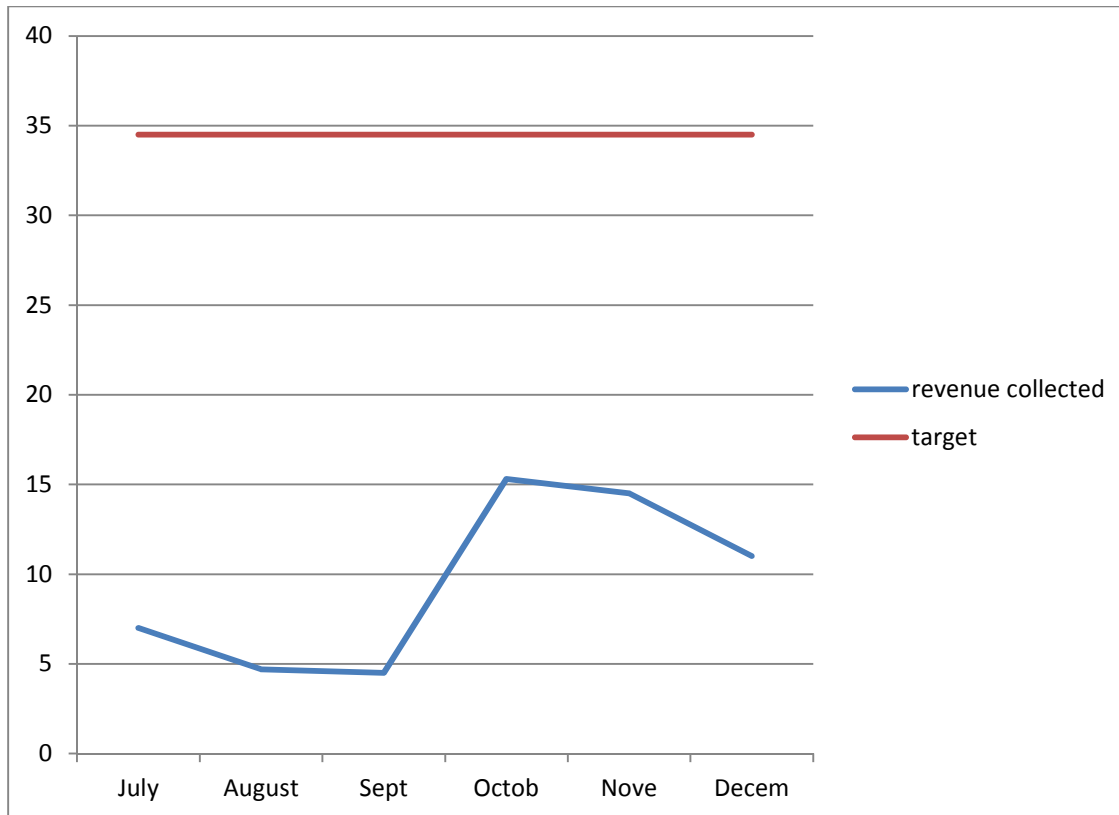


figure 2.2 actual revenue against target

2.1.2 Revenue from Devolved Units

As reported, revenue from the devolved units has been way below the target for all the months in Q2. This underperformance has affected the entire revenue collection in the period under review. The major reason for this underperformance has been attributed to departments not depositing collected funds into the county revenue account as directed.

KIRINYAGA COUNTY GOVERNMENT				
SUMMARY OF REVENUE COLLECTED -Devolved units				
FINANCIAL YEAR 2014/2015				
Ministry	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Lands, Physical planning	272,956.00	120,550.00	124,795.00	518,301.00
Transport and Infrastructure	37,000.00	-	26,000.00	63,000.00
co-operative, Trade, Tourism	2,645,375.00	23,820.00	-	2,669,195.00
Kianyaga Hosital	406,783.00	44,358	396,645	847,786.00
Kimbimbi hospital	720,710.00	542,210	643,210	1,906,130.00
Kerugoya Hospital	3,503,190.00	3,503,810	1,735,586	8,742,586.00
Public Health Office(all districts)	466,600.00	833,400	432,200	1,732,200.00
Agriculture	-	81,605	144,515	226,120.00
Gender, Culture, Social Services	7,294,020.00	9,395,300.00	7,542,500	24,231,820.00
Total collection	15,346,634.00	14,545,053	11,045,451	40,937,138.00
Targetted collections	34,534,941.42	34,534,941.00	34,534,941.00	103,604,823.42
Variance	-19,188,307.42	-19,989,888.00	-22,810,657	-61,988,852.42

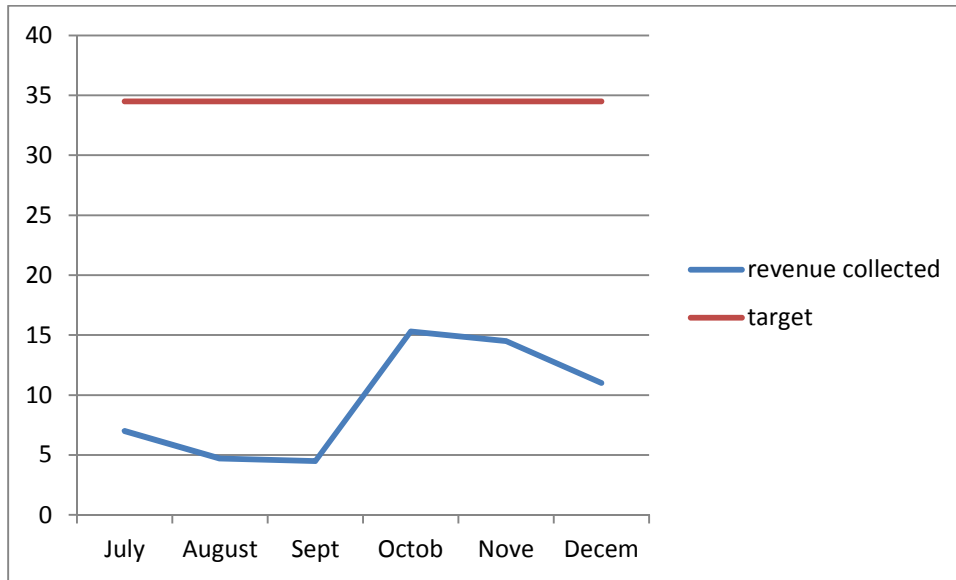


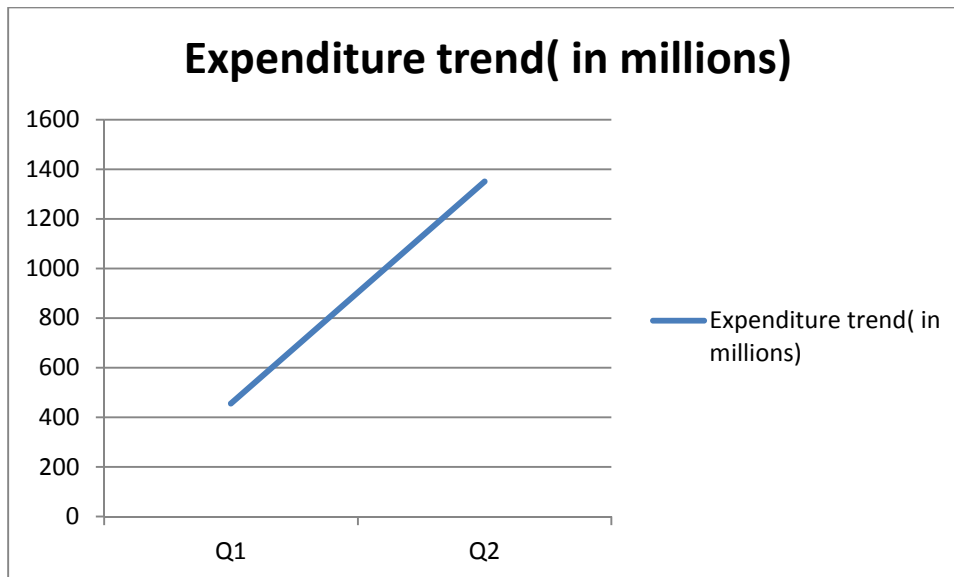
figure 2.3- comparison of target and revenue from devolved units

3.0 EXPENDITURE ANALYSIS

Unlike expenditure pattern in Q1, spending in Q2 was both for recurrent and development, with a total of Kshs. 1,351,771,952 worth of expenditure being incurred in the county. On quarter to Quarter this represents a growth of 196% in aggregated spending by the County Government of Kirinyaga. Partly to this triple digit growth in spending is attributed to incur Development expenditure (Ksh. 147 million). The biggest spender of the development budget was department of Transport & Infrastructure (72.9 million), Environment & Natural Resources (34.6 million), medical services (19.4 million), Agriculture (12.6 million), Physical Planning & Housing (6.5 million) and Culture and Social Services (1.2 million).

For recurrent expenditure, spending increased from Ksh. 455,171,540 to Ksh. 1,204,180,421, representing a growth of 160% on quarter to quarter basis.

Because of delays in procurement, absorption rates of Development funds were way too low compared to funds budgeted for recurrent expenditure



-2 quarter to quarter trend line of expenditure growth

Quarterly Budget Execution Report | 2015

No	KIRINYAGA COUNTY EXPENDITURE BY DEPARTMENT								
	DEPARTMENT	EXCHEQUER ISSUES (Kshs)			EXPENDITURE (Kshs)			Absorption rate (%)	
		RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT
1	County Assembly	229,840,000	-	229,840,000	222,925,113	-	222,925,113	97%	
2	County Executive Services	50,034,000	-	50,034,000	40,607,112	-	40,607,112	81%	
3	Finance and Economic planning	820,231,000	6,250,000	826,481,000	836,734,986	-	836,734,986	102%	0%
4	Medical Services	49,769,000	28,503,079	78,272,079	66,768,585	19,497,554	86,266,139	134%	68%
5	Education	7,590,000	76,992,158	84,582,158	1,859,259	-	1,859,259	24%	0%
6	Agriculture	14,040,000	31,908,213	45,948,213	13,886,557	12,607,118	26,493,675	99%	40%
7	Culture/Social Services	8,575,000	3,795,574	12,370,574	4,341,592	1,295,000	5,636,592	51%	34%
8	Co-operative Development	10,253,000	2,551,000	12,804,000	3,391,344	-	3,391,344	33%	0%
9	Environment and natural resources	11,030,000	48,813,906	59,843,906	6,433,013	34,657,214	41,090,227	58%	71%
10	Physical Planning and Housing	3,075,000	9,991,570	13,066,570	1,538,933	6,591,500	8,130,433	50%	66%
11	Transport and Infrastructure	7,606,000	85,105,000	92,711,000	5,693,927	72,943,145	78,637,072	75%	86%
	TOTAL	1,212,043,000	293,910,500	1,505,953,500	1,204,180,421	147,591,531	1,351,771,952	99%	50%

The overall absorption rate for the county, which is actual expenditure divided by the exchequer release, was 89.7 which is 5 percentage points above the absorption rate of 84.39% recorded in Q1. However on department by department basis, most cost centers/departments average absorption rate of over 70%, this compares favorably with Q1 when only half of the departments recorded over 50% absorption rate.

For those departments with recurrent expenditure absorption rate in excess of 100%, like department of Medical Services, the centers had authorization for Appropriation in-Aid, where local revenue collections through user fee are expended at the source without going in the revenue fund. These local funds are in excess of those contained in the County Budget.