



## **COUNTY GOVERNMENT OF KIRINYAGA**

### **DEPARTMENT OF FINANCE & ECONOMIC PLANNING**

#### **First Quarter Budget Implementation Review Report**

**(BIRR)**

**(July- September)**

**FY 2020/21**

**County Treasury**

Kirinyaga County

P.O. Box 260 – 10034

**KUTUS, KENYA**

**EXECUTIVE SUMMARY:**

This report covers the budget implementation for the first quarter of FY2020/21. The report covers two major sections; the revenue analysis section and the expenditure analysis part. In the revenue, the report details the total revenue collected for the first quarter in the revenue streams and classifications. This part also indicates the current status of revenue collection target for the quarter. The second part analyses both the recurrent and development expenditure by the County Government entities during the first three months of FY2020/21.

The County Government's total approved budget for FY2020/21 amounts to KShs 5,679,035,514. Recurrent allocation of Ksh 3,729,037,553 and Development allocation of Ksh 1,949,997,961. In the period under review, recurrent expenditure amounted to KShs. 778,143,555. Development expenditure for the period under review amounted to Kshs 81,851,395

Own Source Revenue target for Financial Year 2020/21 is Kshs. 400 Million. Revenue collected in the first quarter amounted to Kshs. 91,952,925 against a revenue target of Ksh 67,757,756.

## **1. INTRODUCTION**

### **Legal basis for preparation of quarterly reports**

This report is prepared in accordance with section 166 (1) and 166 (4) of the Public Finance Management Act 2012. The act requires that, “An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity”. Further, “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 publicize them.

## 2. REVENUE ANALYSIS

The approved resource envelope for Approved FY2020/21 Kirinyaga County Budget amounts to KShs.5,679,035,514 which will be financed as per the below resource envelope.

DESCRIPTION	APPROVED 2020/2021 FY BUDGET
Equitable Share	4,272,750,000
Allocation - User Fees Foregone	11,282,570
Transforming Healthcare Systems for Universal Care Project (THSUCP)	26,720,000
Allocation of Roads Maintenance Fuel Levy Fund for Repair and Maintenance of County Roads	127,349,086
Allocation Financed by Grant from Government of Denmark to Supplement Financing of County Health facilities (DANIDA)	12,060,000
Local Revenues	400,000,000
IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP) Level 1 Grant	45,000,000
National Government- Grant for Youth Polytechnics	26,899,894
IDA- (World Bank)Credit National Agricultural and Rural Inclusive Growth Project (NARIGP)	199,748,243
Sweden- Agriculture Sector Development Support Programme (ASDSP II)	11,509,004
Conditional Grant from National Government for COVID-19 Emergency Response	116,356,000
Rolled over Funds	429,360,717
<b>TOTAL REVENUES</b>	<b>5,679,035,514</b>

Source: County Treasury

## OWN SOURCE REVENUE

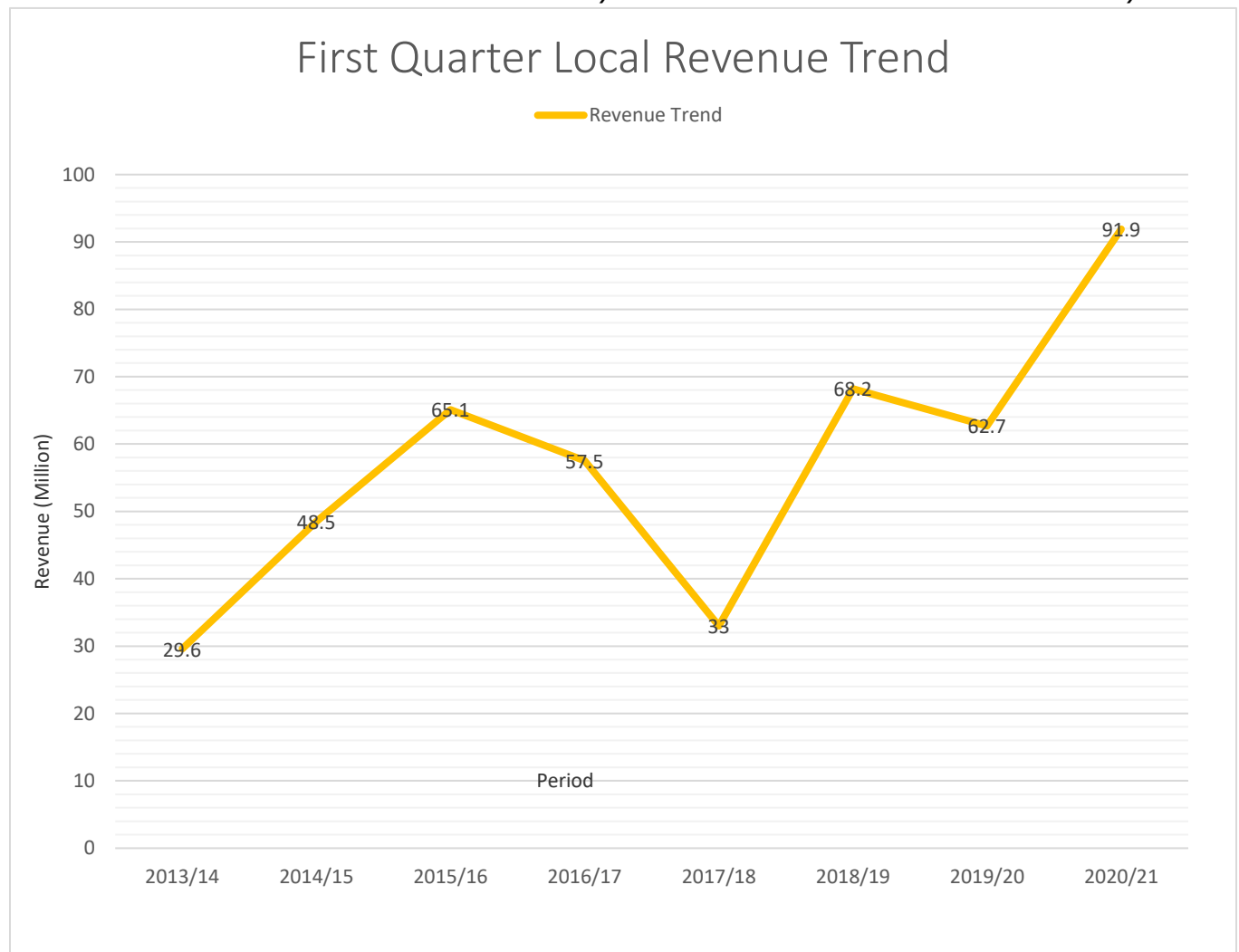
The County has a projected revenue target of KShs.400 Million in the FY2020/21 Budget. During the first quarter period July-September the actual Own Source Revenue collected was Kshs. 91, 952,925 against a 1st Quarter Revenue Target of KShs. 67,757,756. This indicates a performance of 135.7% on the first quarter own source revenue targets. In the same period in the FY2019/2020 the county had collected Kshs. 62, 745,343 hence an increase in own source revenue collection by Kshs. 29, 207,491

<b>KIRINYAGA COUNTY GOVERNMENT</b>			
<b>FINACIAL YEAR 2020/2021 REVENUE COLLECTION</b>			
<b>REVENUE SOURCE</b>	<b>ACTUAL COLLECTION</b>	<b>TARGET</b>	<b>VARIANCE</b>
Business Permits	11,869,944.00	6,863,257.19	5,006,686.81
Market Entrance/Gate Fee	9,532,680.00	8,314,766.30	1,217,913.70
Quarry Cess/Fee	758,000.00	956,271.45	-198,271.45
Parking Fee	4,976,790.00	5,304,777.11	-327,987.11
Land, Ground Rates &Arrears	2,957,994.00	1,387,325.06	1,570,668.94
Liquor License	3,213,000.00	2,430,271.79	782,728.21
Health(Hospitals)	44,315,131.88	28,536,155.17	15,778,976.71
Veterinary Services	1,309,450.00	1,102,988.22	206,461.78
Buildings Plans	3,072,582.00	2,263,110.62	809,471.38
Public Health	1,045,100.00	2,942,881.09	-1,897,781.09
Sub Division Fee	46,100.00	469,142.37	-423,042.37
Transfer Fee	412,900.00	363,838.72	49,061.28
House Rents	594,500.00	662,400.00	-67,900.00
Market Stall	582,300.00	625,000.00	-42,700.00
Survey Fee	79,800.00	78,236.88	1,563.12
Sale Of Minutes	266,600.00	267,310.08	-710.08
Advertisement	1,207,645.00	1,270,980.36	-63,335.36
Produce Cess	1,332,320.00	1,502,016.83	-169,696.83
Trade-Weights	143,180.00	236,147.34	-92,967.34
Coop Audit	0.00	58,583.49	-58,583.49
Group Registration	408,900.00	420,459.39	-11,559.39
Refuse Collection	1,158,623.00	748,672.42	409,950.58
Kamweti	326,854.00	94,506.55	232,347.45
Administrative Charges	2,342,532.00	858,657.62	1,483,874.38
<b>TOTAL (FY 2020/2021)</b>	<b>91,952,925.88</b>	<b>67,757,756.04</b>	<b>24,195,169.84</b>
<b>TOTAL (FY 2019/2020)</b>	<b>62,745,434.10</b>	<b>78,222,229.60</b>	<b>-15,476,795.50</b>
<b>Variance</b>	<b>29,207,491.78</b>	<b>-10,464,473.56</b>	<b>39,671,965.34</b>

Source:

County

Treasury



***First Quarter Own Source Revenue trend for the last eight Financial Years***

From the above tables in clear that FY2020/21 1<sup>st</sup> Quarter own source revenue collection is the highest since inception of the County Governments. The spike is however is anticipated to be temporary and it's attributed to businesses like hotels and bars which were not operating due to Covid 19 imposed restrictions from March-August. The most of the businesses paid for their SBP and property rates renewal in the gradual economy reopening period. There is also increased confidence in our public hospitals.

**Challenges**

- The Revenue Department is currently experiencing a shortage of staff to effectively cover all revenue collection points

- There continues to exist a Weak legal framework to facilitate effective enforcement of county by-laws

### **Strategies to Enhance Revenue Collection**

- The County has formed revenue team formations and initiated rapid result initiative to ensure full coverage of all revenue sources
- The County is currently implementing a new revenue management system to ensure effectiveness & efficiency in revenue collection
- Replacement of revenue collection staff to cover areas with critical shortfalls

### **Possible Risks**

- The emergence of Covid-19 pandemic halted some operations and the resumption of the same is slow
- Reduced hours of operations due to imposition curfew hours. The curfew hours adversely affects traders wishing to access markets during the early morning hours; and
- Reduced movements and activities due to imposed restrictions

### **3. EXPENDITURE ANALYSIS**

The County Government total approved FY2020/21 budget amounts to KShs. 5,679,035,514. This includes development allocation of KShs. 1,949,997,961.00 and recurrent allocation of Kshs 3,729,037,553

### **2020/21 FY Approved Budget Estimates**

		<b>Approved Recurrent Budget FY2020/21</b>	<b>Approved Development Budget FY2020/21</b>	<b>TOTAL</b>
		<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>
3961	County Assembly	569,393,333	631,144,738	<b>1,200,538,071</b>
3962	County Executive	333,680,850	85,000,000	<b>418,680,850</b>
3963	Finance and Economic Planning	400,294,539	70,000,000	<b>470,294,539</b>
3964	Agriculture, Livestock and Fisheries	182,003,939	202,748,243	<b>384,752,182</b>
3965	Environment, Water and Natural Resources	91,089,239	120,000,000	<b>211,089,239</b>

3966	Education	281,944,729	56,099,894	<b>338,044,623</b>
3967	County Health Services	1,677,282,757	264,356,000	<b>1,941,638,757</b>
3968	Lands, Housing and Urban Development	27,968,028	13,700,000	<b>41,668,028</b>
3969	Transport and Infrastructure	71,666,285	386,749,086	<b>458,415,371</b>
3970	Trade, Co-operatives, Tourism Industrialization and Enterprise Development	27,353,627	17,200,000	<b>44,553,627</b>
3971	Gender and Youth	35,752,210	78,100,000	<b>113,852,210</b>
3972	Sports, Culture and Social Services	30,608,017	24,900,000	<b>55,508,017</b>
	<b>TOTAL</b>	<b>3,729,037,553</b>	<b>1,949,997,961</b>	<b>5,679,035,514</b>

Source: County Treasury

### Recurrent Expenditure

Total cumulative recurrent expenditure for Q1 of FY2020/21 amounted to KShs. 778,143,555 which represents 20.9% of the total recurrent budget estimates. The major contributor to the first quarter expenditure is the County Health services sector. Total Q1 recurrent expenditure for this sector amounts to KShs. 397,897,437. This indicates a 51% of the total Q1 recurrent expenditure in the county. This also represents a 23.7% expenditure against total approved recurrent expenditure for this sector. Other high contributors to Q1 recurrent expenditure includes; County Assembly, County Executive.

The first quarter for FY2020/21 has recorded a 180,780,554.00 (30%) increase in recurrent expenditure compared to a similar period in FY2019/20

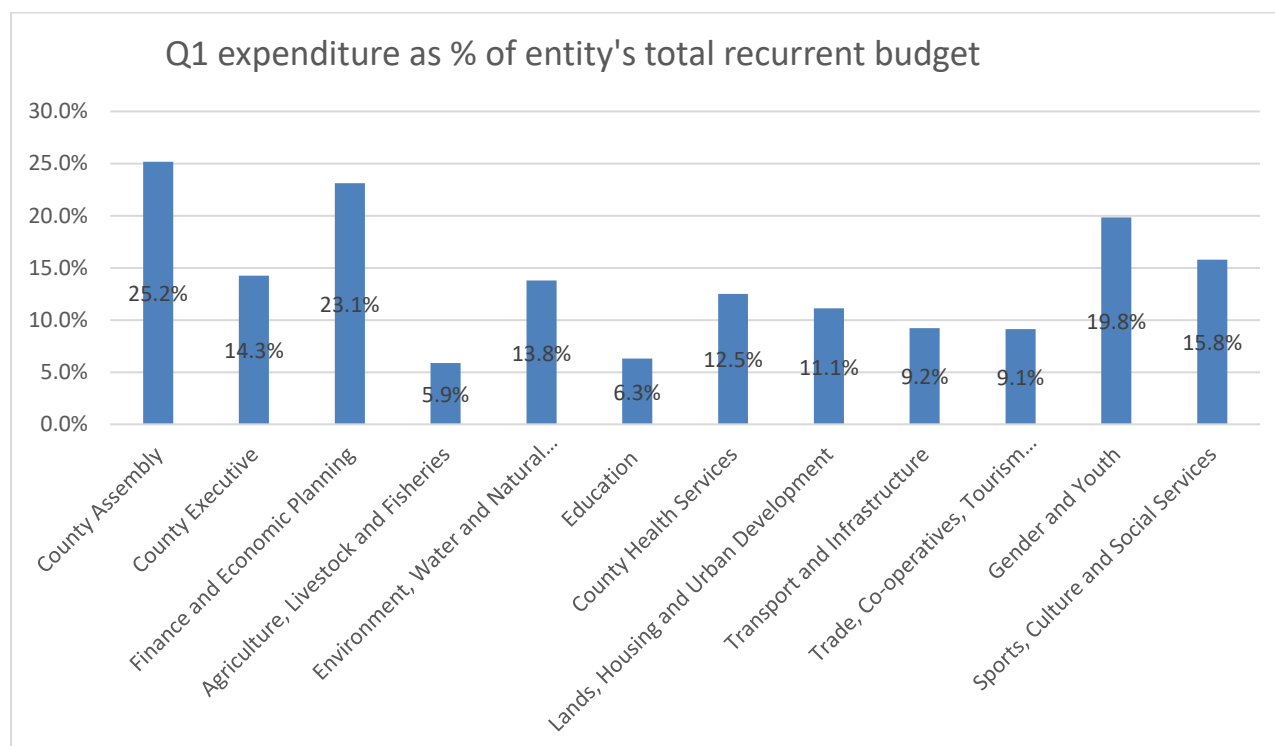
### Recurrent Q1 Expenditure per Department 2020/21 FY

		<b>Approved Recurrent Budget 2020/21 FY</b>	<b>1st Quarter Recurrent Expenditure 2020-21 FY</b>
		KSHS	KSH



3961	County Assembly	569,393,333	152,791,487
3962	County Executive	333,680,850	39,096,716
3963	Finance and Economic Planning	400,294,539	60,223,158
3964	Agriculture, Livestock and Fisheries	182,003,939	36,600,950
3965	Environment, Water and Natural Resources	91,089,239	29,647,999
3966	Education	281,944,729	27,257,104
3967	County Health Services	1,677,282,757	397,897,437
3968	Lands, Housing and Urban Development	27,968,028	5,944,568
3969	Transport and Infrastructure	71,666,285	13,929,529
3970	Trade, Co-operatives, Tourism Industrialization and Enterprise Development	27,353,627	5,221,600
3971	Gender and Youth	35,752,210	6,565,142
3972	Sports, Culture and Social Services	30,608,017	2,967,865
	<b>TOTAL</b>	<b>3,729,037,553</b>	<b>778,143,555</b>

Source: County Treasury



### Comparison between expenditures in Q1 for 2020/21FY and 2019/20 FY

ENTITY	1st Quarter Recurrent Expenditure 2020-21 FY	1st Quarter Recurrent Expenditure 2019-20FY
County Assembly	152,791,487	140,131,586
County Executive	39,096,716	73,462,006
Finance and Economic Planning	60,223,158	75,360,121
Agriculture, Livestock and Fisheries	36,600,950	13,084,393
Environment, Water and Natural Resources	29,647,999	12,487,575
Education	27,257,104	13,762,960
County Health Services	397,897,437	240,231,635
Lands, Housing and Urban Development	5,944,568	4,353,137

Transport and Infrastructure	13,929,529	7,340,272
Trade, Co-operatives, Tourism Industrialization and Enterprise Development	5,221,600	4,982,254
Gender and Youth	6,565,142	7,469,376
Sports, Culture and Social Services	2,967,865	4,697,686
<b>TOTAL</b>	<b>778,143,555</b>	<b>597,363,001</b>

Source: County Treasury

### Development Expenditure

Development expenditure for the period under review amounted to Kshs. 81,851,395.00. This is an increase in expenditure compared to a similar period in FY2019/20 which recorded development expenditure amounting to Kshs 49,601,715. Finance and Health Services departments are the only entities to utilize development allocation in the first quarter.

		<b>Approved Development Budget 2020/21 FY</b>	<b>First Quarter Development Expenditure 2020/21</b>
		<b>KSH</b>	<b>KSH</b>
3961	County Assembly	631,144,738	
3962	County Executive	85,000,000	
3963	Finance and Economic Planning	70,000,000	11,869,508
3964	Agriculture, Livestock and Fisheries	202,748,243	
3965	Environment, Water and Natural Resources	120,000,000	
3966	Education	56,099,894	
3967	County Health Services	264,356,000	69,981,887
3968	Lands, Housing and Urban Development	13,700,000	
3969	Transport and Infrastructure	386,749,086	

3970	Trade, Co-operatives, Tourism Industrialization and Enterprise Development	17,200,000	
3971	Gender and Youth	78,100,000	
3972	Sports, Culture and Social Services	24,900,000	
	<b>TOTAL</b>	<b>1,949,997,961</b>	<b>81,851,395</b>

Source: County Treasury

