



COUNTY GOVERNMENT OF KIRINYAGA

3rd Quarter Budget Implementation Report

FY 2018/19

County Treasury

Kirinyaga County

P.O. Box 260 – 10034

KUTUS, KENYA

EXECUTIVE SUMMARY:

This report covers the budget implementation for the third quarter (January - March) and also taking into account cumulative expenditure for the nine months of 2018-19 FY. 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 during the period under review in the revenue streams and classifications. This part also indicates the current status of revenue collection target for the same period. The second part analyses both the recurrent and development expenditures by the County Government entities during the third quarter and cumulatively for nine months of 2018-19 FY.

The County Government's total budget for 2018/19 FY amounts to Kshs. 6.152 Billion. Recurrent allocation of 3.671 Billion and Development allocation of 2.481 Billion. In the period under review, recurrent expenditure amounted to Kshs. 2810 Million. This includes 2330.9 Million from County Executive departments and 479.1 Million from the County Assembly. Development expenditure for the period under review for County Executive entities amounted to Kshs. 506.3 Million.

Own Source Revenue target for Financial Year 2018/19 is Kshs. 650 Million. During the period ending 31st March 2019, the county collected Kshs. 322,416,334.60.

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 Kirinyaga County Government Budget in the Financial Year 2018/2019 is Kshs. 6,152,916,947.29 to be financed by exchequer issues/equitable share, own source revenues, conditional grants and donor funding as per the below resource envelope

DESCRIPTION	PROJECTED ESTIMATE
Equitable Share	4,113,400,000
Allocation - User Fees Foregone	11,282,570
Transforming Healthcare Systems for Universal Care Project (THSUCP)	50,000,000
Allocation of Roads Maintenance Fuel Levy Fund for Repair and Maintenance of County Roads	108,302,240
Allocation Financed by Grant from Government of Denmark to Supplement Financing of County Health facilities (DANIDA)	14,782,500
Local Revenues	650,000,000
World Bank Devolution Support Programme Grant	41,078,830
Grant for Youth Polytechnics	52,210,000
Kenya Urban Support Project (KUSP)	71,302,200
Agricultural and Rural Inclusive Growth Project (NARIGP)	140,435,163
Rolled over Funds	900,123,444
TOTAL REVENUES	6,152,916,947

Source: County Treasury

OWN SOURCE REVENUE

The projected county own source revenue target in the FY 2018/2019 is KShs650 Million. During the period ending 31st March 2019 the county collected KShs. 322,416,334.60.

Revenue Source	July	August	September	October	November	December	January	February	March	Total 2018/19	Fy
business permits	4,948,519	3,187,959	2,064,856	2,002,642	1,438,614	726,973	6,604,595	17,783,678	29,724,809	68,482,645	
market entrance/gate fee	2,714,190	2,618,140	2,248,480	1,997,482	2,548,580	2,180,430	2,888,990	2,932,970	2,774,280	22,903,542	
quarry cess/fee	309,150	274,900	265,900	212,600	160,200	133,500	217,200	256,000	211,800	2,041,250	
parking fee	1,796,235	1,930,210	1,932,575	1,967,560	1,795,725	1,829,805	2,165,540	2,167,020	2,003,400	17,588,070	
Land, Ground Rates & Arrears	1,405,135	297,910	221,346	89,615	206,540	173,878	1,410,312	3,018,547	6,320,169	13,143,452	
Liquor license	1,195,000	1,002,000	376,000	1,735,000	469,000	96,000	3,417,500	4,132,300	3,547,500	15,970,300	
Health(Hospitals)	4,386,019	6,747,915	14,630,865	9,420,640	8,031,009	12,191,842	7,473,763	19,699,459	14,397,097	96,978,609	
Veterinary Services	388,710	394,910	404,740	437,350	453,480	524,220	494,170	462,870	383,920	3,944,370	
buildings plans	431,745	850,358	1,357,348	541,837	1,572,156	1,082,053	916,804	1,413,749	2,611,469	10,777,519	
Public Health	1,170,100	903,100	896,400	1,113,800	1,186,400	265,400	1,582,600	3,015,900	4,524,100	14,657,800	
Sub Division Fee	313,800	415,400	152,600	119,200	66,200	27,000	31,200	547,400	66,800	1,739,600	
Transfer fee	120,800	133,000	138,200	180,700	156,200	129,200	83,700	109,054	61,200	1,112,054	
house rents	244,300	322,000	253,000	251,500	296,400	214,800	525,500	386,100	682,900	3,176,500	
Survey fee	69,000	29,500	35,900	87,000	39,500	126,500	304,000	518,460	183,500	1,393,360	
Sale of minutes	98,000	93,000	97,000	120,000	162,000	55,000	127,000	119,000	107,000	978,000	
Advertisement	457,540	461,500	240,462	198,340	209,408	410,600	449,160	1,267,190	3,179,720	6,873,920	
Produce cess	194,000	124,070	213,490	188,700	179,530	137,350	135,450	165,920	200,150	1,538,660	
Trade-Weights	93,460	52,420	59,920	42,140			153,840		80,060	481,840	
Coop Audit	0	0	46,300	0			60,550		109,200	216,050	
Group Registration	98,600	145,300	103,528	147,800	51,500	66,600	80,200	140,600	137,600	971,728	
Refuse collection	477,596	209,340	119,684	78,500	73,560	7,900	301,340	1,337,830	3,385,950	5,991,700	
Kamweti	44,928	21,302	35,592	1,394,147	74,803	79,724	600,448	38,540		2,289,484	

Administrative Charges	340,533	402,311	462,894	300,815	178,754	121,690	183,575	331,315	1,094,165	3,416,052
Unreconciled collection-Mwea									12,794,800	12,794,800
Unreconciled collection-Gichugu									7,468,740	7,468,740
Unreconciled collection-Ndia									5,486,290	5,486,290
TOTAL (FY 2018/2019)	21,297,360	20,616,545	26,357,080	22,627,368	19,349,559	20,580,465	30,207,437	59,843,902	101,536,619	322,416,335

Source: County Treasury

The comparative own source revenues for the period ending 31st March for last financial year is as shown below;

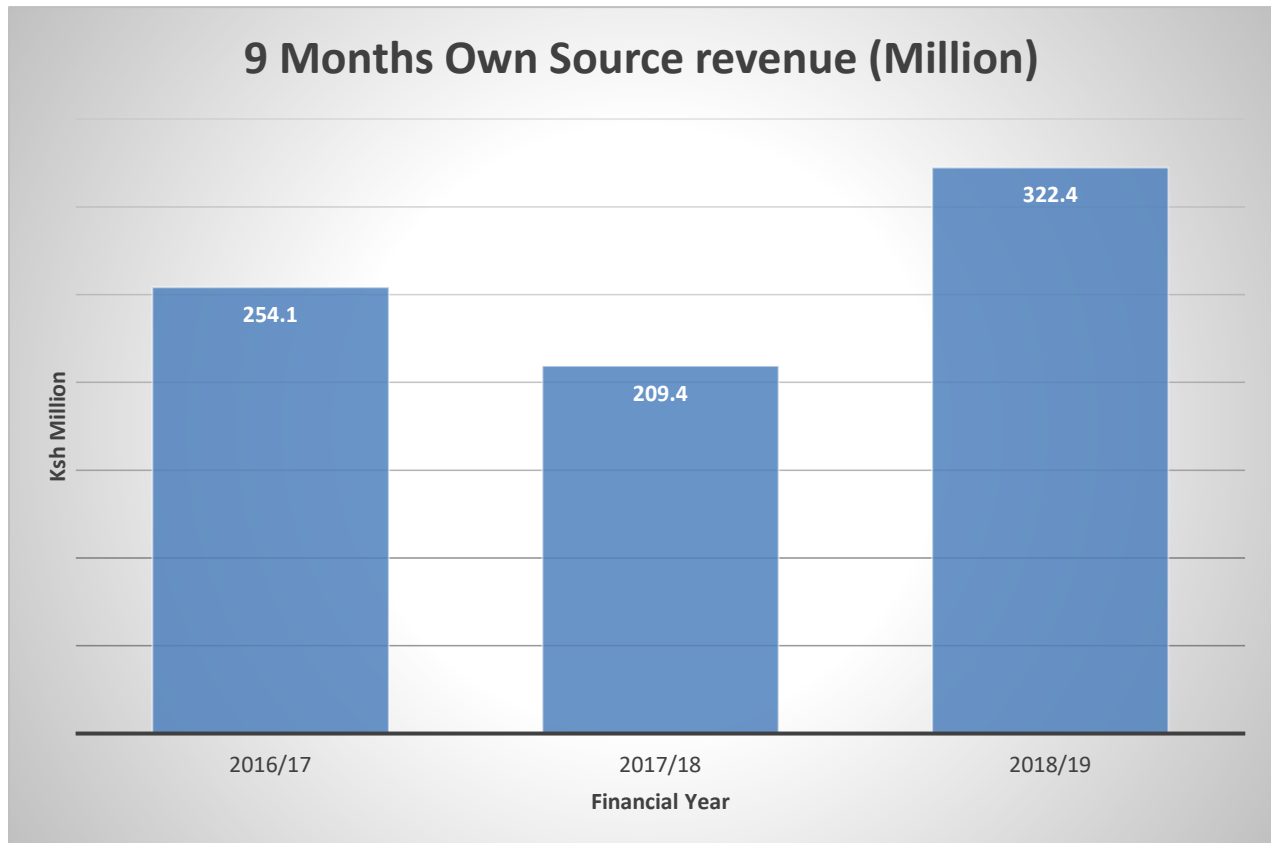
Nine Months Revenue 2018-19FY

REVENUE SOURCE	9 Months Revenue (July-March) FY 2018/19	9 Months Revenue (July-March) 2017/18	VARIANCE
business permits	68,482,645	59,017,174	9,465,471
market entrance/gate fee	22,903,542	23,457,140	- 553,598
quarry cess/fee	2,041,250	2,784,250	- 743,000
parking fee	17,588,070	11,491,095	6,096,975
Land, Ground Rates & Arrears	13,143,452	21,839,650	- 8,696,198
Liquor license	15,970,300	7,672,000	8,298,300
Health(Hospitals)	96,978,609	35,159,005	61,819,604
Veterinary Services	3,944,370	3,369,590	574,780
buildings plans	10,777,519	4,445,128	6,332,391
Public Health	14,657,800	18,485,100	- 3,827,300

Sub Division Fee	1,739,600	202,300	1,537,300
Transfer fee	1,112,054	744,900	367,154
house rents	3,176,500	4,646,610	- 1,470,110
Survey fee	1,393,360	402,546	990,814
Sale of minutes	978,000	711,400	266,600
Advertisement	6,873,920	3,962,360	2,911,560
Produce cess	1,538,660	1,196,220	342,440
Trade-Weights	481,840	620,970	- 139,130
Coop Audit	216,050	313,440	- 97,390
Group Registration	971,728	591,800	379,928
Refuse collection	5,991,700	5,246,093	745,607
Kamweti	2,289,484	645,783	1,643,700
Administrative Charges	3,416,052	2,403,700	1,012,352
Unreconciled collection- Mwea	12,794,800	-	12,794,800
Unreconciled collection- Gichugu	7,468,740	-	7,468,740
Unreconciled collection- Ndia	5,486,290	-	5,486,290
TOTAL	322,416,335	209,408,254	113,008,080

Source: County Treasury

During the period under review, own source revenue increased considerably from Ksh 209.4 Million in 2017/18 FY to Kshs 322.4 Million in 2018/19 FY.



This financial year has seen revenue increase in the first three quarters compared to previous years. The county is also working towards fully implementing all legislations touching on revenue passed in the County Assembly.

REVENUE COLLECTION STRATEGIES BEING CONSIDERED

- The County is in the process of automating all revenue services to cover all areas and revenue streams.
- The county is implementing strengthening and enforcement measures on street parking in all designated towns
- The county is in the process of recruiting additional personnel to be deployed in all revenue collection points
- The county is planning to encourage payment of rates by introducing waiver on penalties and related remissions on early payments.

- The County will introduce and deploy a roving surveillance and collection unit to map and collect revenues from merchandise sold directly at farm gate without reaching the designated markets, which hitherto has made the county to lose considerable revenues
- Introduction and enforcing a countywide matatu monthly sticker which will be easier to monitor and control. The matatus will be required to observe timely and appropriate payments.
- The County will seek and develop more consultative and concurrence collaborative avenues with PSV Saccos or measures to maximize collection from their members with reduced operational costs.
- The county is in the process of establishing cess collection points at key exit places to collect additional revenue.
- The count has already commenced procurement of revenue management system to enhance revenue collection.

3. EXPENDITURE ANALYSIS

The County Government total approved 2018/19 FY budget amounts to KShs. 6.152 Billion. This includes development allocation of KShs. 2.481 Billion (40 % of total budget) and recurrent allocation of 3.671 Billion.

2018/19 FY Approved Budget Estimates

ENTITY	Approved Recurrent Budget 2018/2019 FY	Approved Development Budget 2018/2019 FY	TOTAL
	KSHS	KSHS	KSHS
County Assembly	601,734,809	158,317,442	760,052,251
County Executive	461,171,843	250,000,000	711,171,843
Finance and Economic Planning	304,647,247	38,390,025	343,037,272
County Health Services	1,628,817,358	598,167,500	2,226,984,858
Education	241,200,427	37,057,788	278,258,215
Agriculture, Livestock and Fisheries	173,431,599	191,178,123	364,609,722
Gender, Culture, Children and Social Services	37,538,139	33,705,350	71,243,489
Youth and Sports	19,506,969	50,491,400	69,998,369

Trade, Co-operatives, Tourism Industrialization and Enterprise Development	43,134,726	158,217,402	201,352,128
Environment, Water and Natural Resources	76,225,182	115,911,928	192,137,110
Lands, Housing and Urban Development	19,689,018	165,078,312	184,767,330
Transport and Infrastructure	64,294,307	685,010,054	749,304,361
TOTAL	3,671,391,624	2,481,525,323	6,152,916,948

Source: County Treasury

Recurrent Expenditure

Total cumulative recurrent expenditure for third quarter amounted to KShs. 2810 Million. This includes 2330.9 Million from County Executive departments and 479.1 Million from the County Assembly.

Growth in recurrent expenditure for county executive entities rose by 72% from the second quarter to third quarter of 2018/19FY. Comparative to a similar period in 2017/18 FY, recurrent expenditure for county executive entities rose by 10% from Kshs. 2112 Million to 2330 Million.

The major contributor to the third quarter expenditure is the County Health services sector with 49.5% of the total recurrent expenditure. Third quarter recurrent expenditure for this sector amounts to KShs. 1391 Million which represents 85% expenditure against total approved recurrent budget for this sector. Recurrent expenditure for Health sector grew by 72% from second quarter to third quarter of 2018/19 FY. Comparative to the same period in 2017/18FY, the health services department recurrent expenditure has grown by 16%.

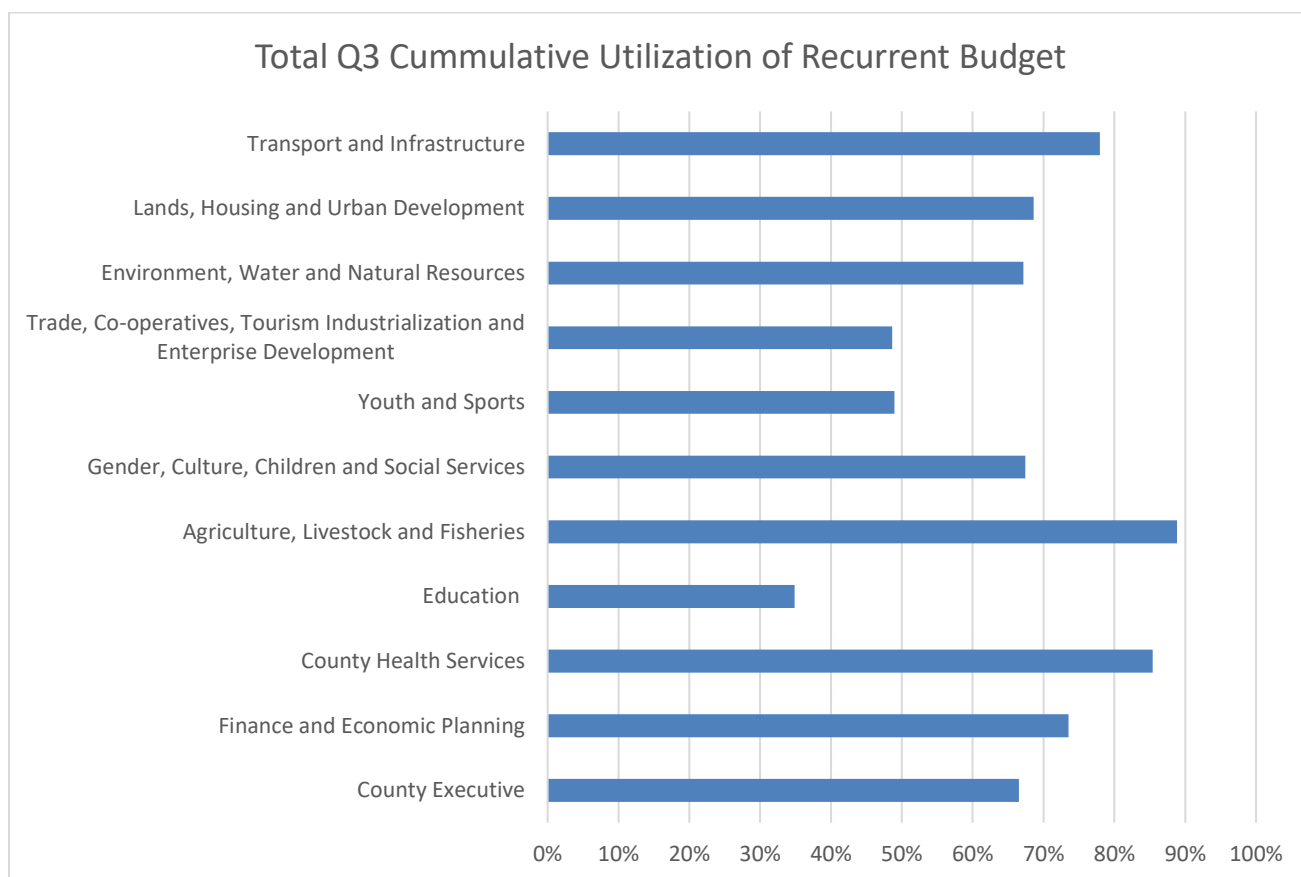
Other main contributors to third quarter cumulative recurrent expenditure includes; County Assembly (17.1%), County Executive (10.9%), Finance & Economic planning (8%) and Agriculture at 5.5 %.

Recurrent Q3 Expenditure per Department 2018/19 FY

Entity	Approved Recurrent Budget 2018/19	Cumulative Q3 Rec Expenditure	3rd Quarter Recurrent Expenditure	Total Cumulative Utilization Of approved Recurrent Budget	3rd Quarter Cumulative As A % Of Total 9-Months Recurrent Expenditure
County Assembly	601,734,809	479,158,013		80%	17.1%
County Executive	461,171,843	306,896,072	126,843,421	67%	10.9%
Finance and Economic Planning	304,647,247	224,014,917	83,978,806	74%	8.0%
County Health Services	1,628,817,358	1,391,250,296	580,290,260	85%	49.5%
Education	241,200,427	84,040,588	38,773,612	35%	3.0%
Agriculture, Livestock and Fisheries	173,431,599	154,078,140	70,606,940	89%	5.5%
Gender, Culture, Children and Social Services	37,538,139	25,315,734	12,901,122	67%	0.9%
Youth and Sports	19,506,969	9,553,165	3,145,190	49%	0.3%
Trade, Co-operatives, Tourism Industrialization and Enterprise Development	43,134,726	20,974,546	9,678,545	49%	0.7%
Environment, Water and Natural Resources	76,225,182	51,185,785	15,305,748	67%	1.8%

Lands, Housing and Urban Development	19,689,018	13,506,015	6,575,377	69%	0.5%
Transport and Infrastructure	64,294,307	50,111,478	23,983,090	78%	1.8%
TOTAL	3,671,391,624	2,810,084,749		77%	100.0%

Source: County Treasury



Comparison between Q3 for 2017/18 FY and 2018/19 FY

Entity	2nd Quarter Cumulative Recurrent Expenditure 2017/18 Fy	2nd Quarter Recurrent Expenditure 2018/19 Fy	3rd Quarter Cumulative Recurrent Expenditure 2017/18 Fy	3rd Quarter Cumulative Recurrent Expenditure 2018/19fy
County Executive	157,463,111.00	180,052,651	263,476,929	306,896,072.0

Finance and Economic Planning	197,555,671.00	140,036,111	250,540,218	224,014,917.0
County Health Services	668,892,693.00	810,960,036	1,202,474,866	1,391,250,296.0
Education	53,924,808.00	45,266,976	82,392,943	84,040,588.0
Agriculture, Livestock and Fisheries	105,985,849.00	83,471,200	148,466,190	154,078,140.0
Gender, Culture, Children and Social Services	21,451,952.00	12,414,612	29,903,945	25,315,734.0
Youth and Sports		6,407,975	153,200	9,553,165.0
Trade, Co-operatives, Tourism Industrialization and Enterprise Development	11,388,166.00	11,296,001	17,775,936	20,974,546.0
Environment, Water and Natural Resources	38,490,465.00	35,880,037	56,036,737	51,185,785.0
Lands, Housing and Urban Development	7,726,675.00	6,930,638	15,272,498	13,506,015.0
Transport and Infrastructure	29,690,956.00	26,128,388	46,229,089	50,111,478.0
TOTAL	1,292,570,346	1,358,844,625	2,112,722,551	2,330,926,736

Source: County Treasury

Development Expenditure

Development expenditure for the period under review for County Executive entities amounted to Kshs. 506.3 Million. Development expenditure improved by 87% from second quarter to third quarter 2018/19FY.

Executive and Finance departments recorded development expenditures of 26.3% and 34.7% respectively of their total development allocation. Transport and Infrastructure showed huge improvement in absorption of development by utilizing 31.4% of total allocation and an increase in expenditure from 138.5 Million in second quarter to 215.3 million by end of third quarter. In addition, the rest of the departments also indicated improvement from the first quarter expenditures.

Entity	3rd Quarter Cumulative Development Expenditure	Q3 Development Expenditure	Approved Budget	% Cumulative Utilization Of Dev Budget At Q3
County Assembly			158,317,442	
County Executive	65,632,148	2,519,089	250,000,000	26.3%
Finance and Economic Planning	13,303,650	-	38,390,025	34.7%
County Health Services	105,398,065	80,809,555	598,167,500	17.6%
Education	-	-	37,057,788	0.0%
Agriculture, Livestock and Fisheries	58,100,000	44,000,000	191,178,123	30.4%
Gender, Culture, Children and Social Services	997,600	-	33,705,350	3.0%
Youth and Sports	13,688,407	12,198,507	50,491,400	27.1%
Trade, Co-operatives, Tourism Industrialization and Enterprise Development	11,571,720	3,453,705	158,217,402	7.3%
Environment, Water and Natural Resources	22,324,230	15,156,130	115,911,928	19.3%
Lands, Housing and Urban Development	-	-	165,078,312	0.0%
Transport and Infrastructure	215,360,070	76,829,050	685,010,054	31.4%
TOTAL	506,375,890	234,966,036	2,481,525,323	

Source: County Treasury

