

COUNTY GOVERNMENT OF KIRINYAGA



DEPARTMENT OF FINANCE & ECONOMIC PLANNING

First Quarter Budget Implementation & Review Report

(July- September)

FY 2021/22

County Treasury

Kirinyaga County

P.O. Box 260 – 10034

KUTUS, KENYA

EXECUTIVE SUMMARY:

This report shows performance in budget implementation by County Government entities for first quarter of 2021-22FY. 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 2021-22FY.

The County Government's total approved budget for 2021-22 FY amounts to KShs. 7,705,332,107 Recurrent allocation of Ksh 4,531,059,121 and Development allocation of Ksh 3,174,272,986. In the period under review, recurrent expenditure amounted to KShs. 738,872,157 which represents 16.3% of recurrent budget. Development expenditure for the period under review amounted to Kshs 124,807,254.

Own Source Revenue target for Financial Year 2021/22 is Kshs. 485 Million. Revenue collected in the first quarter amounted to Kshs. 108,478,321. This represents 22% of total revenue target.

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 2021/22 FY Kirinyaga County Budget amounts to KShs. 7,705,332,107 which will be financed as per the below resource envelope.

#	DESCRIPTION	APPROVED FY2021/22 BUDGET
1	Equitable Share	5,196,177,952
2	Allocation - User Fees Foregone	
3	Conditional Allocation financed by a Grant from National Government for COVID-19 Emergency Response	-
4	Transforming Healthcare Systems for Universal Care Project (THSUCP)	47,498,316
6	Allocation of Roads Maintenance Fuel Levy Fund for Repair and Maintenance of County Roads	
7	Savings from Roads Maintenance Levy Fund for FY 2018-2019	-
8	Delayed Exchequer May/June 2020 (FY 2021/2022 Estimated Delayed Exchequer May 2021 & June 2021 @ 360 for each Month)	364,734,600
9	Allocation Financed by Grant from Government of Denmark to Supplement Financing of County Health facilities (DANIDA)	9,396,750
10	Additional Allocation Financed by Grant from Government of Denmark to Supplement Financing of County Health facilities (DANIDA)	-
11	Local Revenues	485,000,000

12	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP) Level 1 Grant (Roll-Over FY 2018/2019)	-
13	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP) Level 1 Grant (Roll-Over FY 2019/2020)	
14	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP) Level 1 Grant	
15	IDA-(World Bank) Kenya Devolution Support Programme Grant (KDSP) Level 2 Grant	146,608,512
16	Receipt from National Government's Ministry of Health for allowances to be paid to frontline health care workers for COVID-19	
17	National Government- Grant for Youth Polytechnics	-
18	Grant for Youth Polytechnics (Carried forward from FY 2018/2019)	-
19	IDA-(World Bank) Kenya Urban Support Project (KUSP) UDG	-
20	IDA- (Kenya Urban Support Project (KUSP)-UIG	-
21	IDA- (World Bank)Credit National Agricultural and Rural Inclusive Growth Project (NARIGP)	344,612,512
22	KRB Savings - for 2018/19 and 2019/20 FYs	-
23	Sweden- Agriculture Sector Development Support Programme (ASDSP II)	25,522,510
24	Rolled over Funds	1,085,780,955
	TOTAL REVENUES	7,705,332,107

Source: County Treasury

OWN SOURCE REVENUE

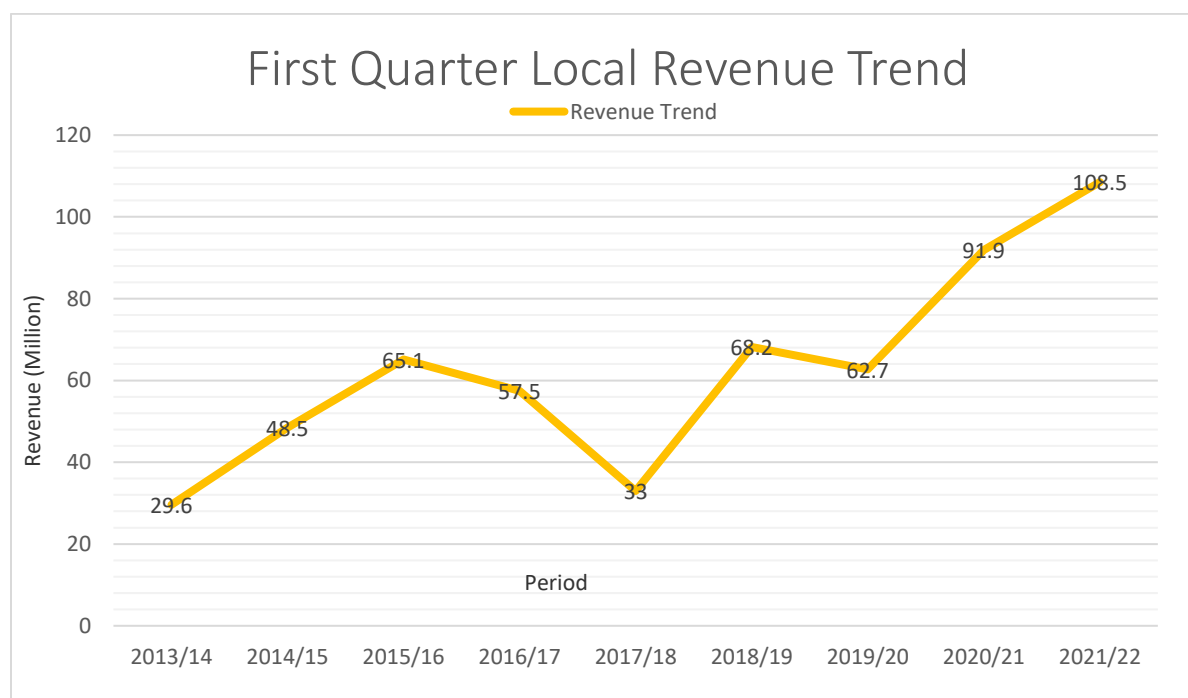
The County has a projected revenue target of KShs.485 Million in the FY 2021/22 Budget. During the first quarter period July-September the actual Own Source Revenue collected was Kshs 108,478,321. This indicates a performance of 22% on annual own source revenue targets. In the same period in the FY2020/21 the county had collected Kshs 91,952,926 hence an increase in own source revenue collection by Kshs 16,525,395.

KIRINYAGA COUNTY GOVERNMENT					
FINACIAL YEAR 2021/2022 OWN SOURCE REVENUE COLLECTION					
REVENUE SOURCE	ANNUAL TARGET	ACTUAL COLLECTION			
	ANNUAL TARGET	JULY	AUGUST	SEPTEMBER	1ST QUARTER
Single Business Permit	70,848,000	3,395,207	2,925,202	3,000,252	9,320,661
Market Gate Fee	35,541,660	2,536,070	2,399,170	2,374,930	7,310,170
Produce Cess	10,045,009	471,350	418,440	432,670	1,322,460
Weights & Measures	1,594,885	62,660	59,480	62,620	184,760
Market stalls	3,500,000				
Bus Park	10,455,886	1,681,920	1,683,510	1,591,330	4,956,760
Street Parking	15,683,830	238,780	257,560	220,420	716,760
Land Administration	21,500,874	277,000	230,800	495,400	1,003,200
Property Rates	32,981,914	85,000	34,000	25,000	144,000
Building Plan Approvals	17,000,000	1,737,883	1,514,047	1,613,945	4,865,875
Advertisement	9,652,957	392,500	630,000	321,500	1,344,000
Sublet Fees	2,594,354	237,000	224,000		461,000
House rents	3,200,000				
Conservancy Fee	10,182,181	487,340	451,818	514,770	1,453,928
Quarries	4,000,000	210,900	191,700	217,600	620,200
Cemetry	512,600	74,800	51,100	2,250	128,150

Group Registration	1,288,466	122,400	46,000	123,400	291,800
Liquor License	40,056,617	18,000	90,000	109,000	217,000
Veterinary Services	6,169,506	368,600	391,550	350,650	1,110,800
Public Health Services	26,973,703	1,104,300	968,000	947,800	3,020,100
Kerugoya Referral Hospital	107,116,635	18,840,600	16,105,082	11,568,369	46,514,051
Kimbimbi Hospital	30,217,414	6,603,400	4,125,712	2,392,420	13,121,532
Kianyaga Hospital	13,811,742	2,550,400	2,286,105	1,161,070	5,997,575
Sagana Hospital	10,071,769	1,989,900	1,496,129	887,510	4,373,539
TOTAL FY 2021/2022)	485,000,000	43,486,010	36,579,405	28,412,906	108,478,321
TOTAL (FY 2020/2021)	346,521,599	31,865,227	28,812,603	31,275,096	91,952,926
VARIANCE	138,478,401	11,620,783	7,766,802	2,862,190	16,525,395

Source: County Treasury

First Quarter Own Source Revenue trend for previous Financial Years



From the above tables in clear that FY2021/22 1st Quarter own source revenue collection is the highest since inception of the County Governments.

Challenges

- Weak legal framework to facilitate effective enforcement

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
- Recruitment of staff to cover the short fall

Possible Risks

- Emergence of Covid 19 pandemic that halted some operations
- Reduced hours of operations due to curfew
- Reduced movements and activities due to imposed restrictions

3. EXPENDITURE ANALYSIS

The County Government total approved 2021/22 FY budget amounts to KShs. 7,705,332,107. This includes development allocation of KShs. 3,174,272,986 and recurrent allocation of Kshs 4,531,059,121

2021/22 FY Approved Budget Estimates

		Approved Budget 2021/22FY Recurrent	Approved Budget 2021/22FY Development	TOTAL
	ENTITY			
396 1	County Assembly	637,393,333	369,568,225	1,006,961,558
396 2	County Executive	459,738,124	143,630,336	603,368,460

396 3	Finance and Economic Planning	599,770,385	2,080,010	601,850,395
396 4	Agriculture, Livestock and Fisheries	251,714,603	795,882,159	1,047,596,762
396 5	Environment, Water and Natural Resources	102,589,239	126,675,566	229,264,805
396 6	Education	299,814,623	22,007,910	321,822,533
396 7	County Health Services	1,962,276,833	958,745,445	2,921,022,278
396 8	Lands, Housing and Urban Development	28,968,028	99,192,631	128,160,659
396 9	Transport and Infrastructure	77,078,285	612,081,564	689,159,849
397 0	Trade, Co- operatives, Tourism Industrializatio n and Enterprise Development	42,839,441	19,471,788	62,311,229
397 1	Gender and Youth	46,168,210	5,000,000	51,168,210
397 2	Sports, Culture and Social Services	22,708,017	19,937,353	42,645,370
	TOTAL	4,531,059,121	3,174,272,986	7,705,332,107

Source: County Treasury

Recurrent Expenditure

Total cumulative recurrent expenditure for Q1 of 2021/22 FY amounted to KShs. 738,872,157 which represents 16.3% 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.

238,452,472. This indicates a 32.3% of the total Q1 recurrent expenditure in the county. This also represents a 12.2% expenditure against total approved recurrent expenditure for this sector. Other high contributors to Q1 recurrent expenditure includes; County Assembly, Finance & Economic Planning.

The first quarter for 2021/22 FY has recorded a 39,271,398.00 (5%) decrease in recurrent expenditure compared to a similar period in 2020/21FY.

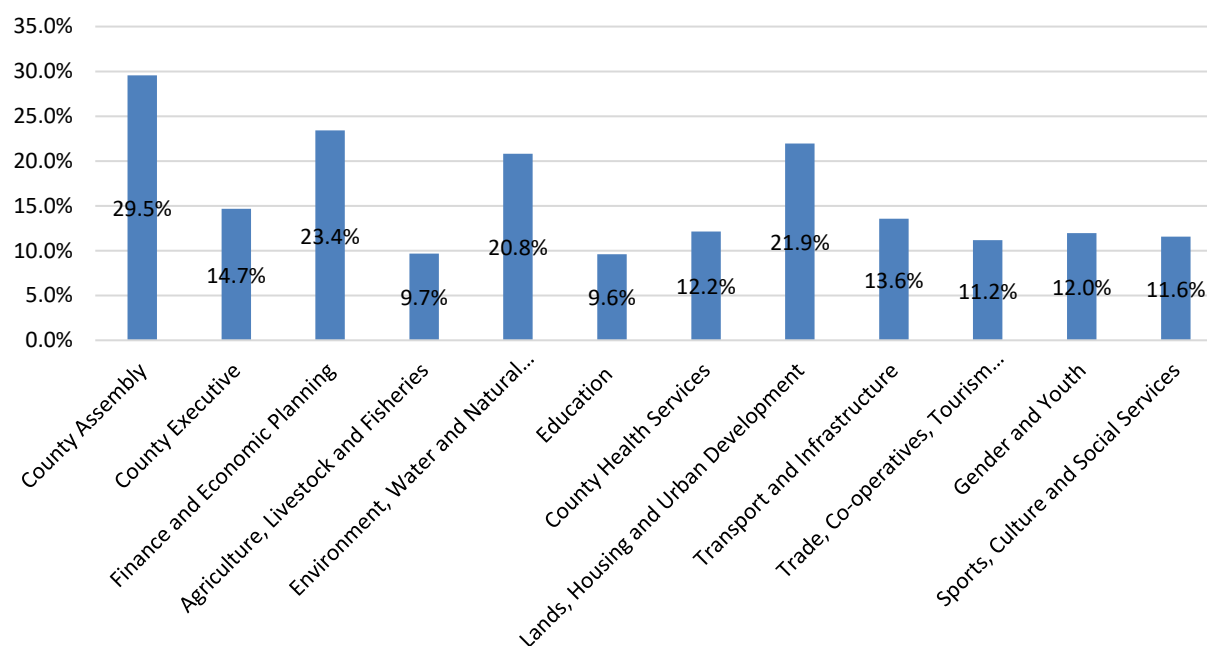
Recurrent Q1 Expenditure per Department 2021/22 FY

		<i>Budget 2021/22 FY Recurrent</i>	<i>1st Quarter Expenditure 2021/22 FY</i>
	ENTITY		
3961	County Assembly	637,393,333	188,333,070
3962	County Executive	459,738,124	67,490,362
3963	Finance and Economic Planning	599,770,385	140,367,721
3964	Agriculture, Livestock and Fisheries	251,714,603	24,324,245
3965	Environment, Water and Natural Resources	102,589,239	21,356,202
3966	Education	299,814,623	28,815,584
3967	County Health Services	1,962,276,833	238,452,472
3968	Lands, Housing and Urban Development	28,968,028	6,354,000
3969	Transport and Infrastructure	77,078,285	10,452,527

3970	Trade, Co-operatives, Tourism Industrialization and Enterprise Development	42,839,441	4,778,410
3971	Gender and Youth	46,168,210	5,524,307
3972	Sports, Culture and Social Services	22,708,017	2,623,257
	TOTAL	4,531,059,121	738,872,157

Source: County Treasury

Absorption in 1st Quarter 2021-22 FY against total Recurrent Budget



Comparison between expenditures in Q1 for 2021/22 FY and 2020/21 FY

ENTITY	Q1 Recurrent Expenditure 2020-21 FY	Q1 Recurrent Expenditure 2021-22
County Assembly	152,791,487	188,333,070
County Executive	39,096,716	67,490,362

Finance and Economic Planning	60,223,158	140,367,721
Agriculture, Livestock and Fisheries	36,600,950	24,324,245
Environment, Water and Natural Resources	29,647,999	21,356,202
Education	27,257,104	28,815,584
County Health Services	397,897,437	238,452,472
Lands, Housing and Urban Development	5,944,568	6,354,000
Transport and Infrastructure	13,929,529	10,452,527
Trade, Co-operatives, Tourism Industrialization and Enterprise Development	5,221,600	4,778,410
Gender and Youth	6,565,142	5,524,307
Sports, Culture and Social Services	2,967,865	2,623,257
TOTAL	778,143,555.00	738,872,157.00

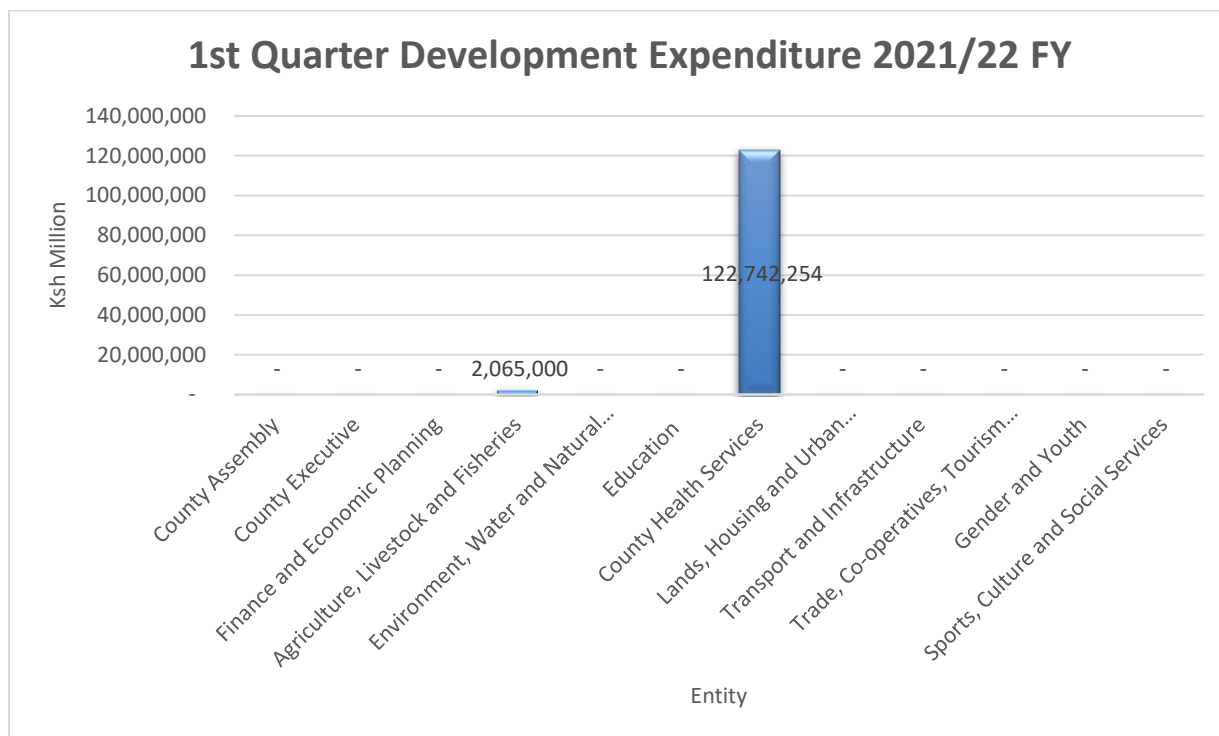
Source: County Treasury

Development Expenditure

Development expenditure for the period under review amounted to Kshs. 124,807,254. This is an increase in expenditure compared to a similar period in 2020/21FY which recorded development expenditure amounting to Kshs 81,851,395.00. Agriculture, veterinary, Livestock & Fisheries as well as Health Services departments are the only entities to utilize development allocation in the first quarter.

		Approved Budget 2021/22FY Development	1st Quarter Expenditure 2021/22 FY
	ENTITY		
3961	County Assembly	369,568,225	-
3962	County Executive	143,630,336	-
3963	Finance and Economic Planning	2,080,010	-
3964	Agriculture, Livestock and Fisheries	795,882,159	2,065,000
3965	Environment, Water and Natural Resources	126,675,566	-
3966	Education	22,007,910	-
3967	County Health Services	958,745,445	122,742,254
3968	Lands, Housing and Urban Development	99,192,631	-
3969	Transport and Infrastructure	612,081,564	-
3970	Trade, Co-operatives, Tourism Industrialization and Enterprise Development	19,471,788	-
3971	Gender and Youth	5,000,000	-
3972	Sports, Culture and Social Services	19,937,353	-
	TOTAL	3,174,272,986	124,807,254

Source: County Treasury



Comparison on Development Expenditure for 2020-21 and 2021-22FY

		Q1 Development Expenditure 2020-21 FY	Q1 Development Expenditure 2021-22 FY
3961	County Assembly	-	-
3962	County Executive	-	-
3963	Finance and Economic Planning	11,869,508.00	-
3964	Agriculture, Livestock and Fisheries	-	2,065,000
3965	Environment, Water and Natural Resources	-	-
3966	Education	-	-
3967	County Health Services	69,981,887.00	122,742,254

3968	Lands, Housing and Urban Development	-	-
3969	Transport and Infrastructure	-	-
3970	Trade, Co-operatives, Tourism Industrialization and Enterprise Development	-	-
3971	Gender and Youth	-	-
3972	Sports, Culture and Social Services	-	-
	TOTAL	81,851,395.00	124,807,254