

**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF KISUMU**

**OFFICE OF THE COUNTY EXECUTIVE FINANCE AND ECONOMIC  
PLANNING**

**HALF YEAR BUDGET IMPLEMENTATION REPORT**

**FY 2021/2022**

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## LEGAL BASIS FOR THE BUDGET IMPLEMENTATION REPORT

The Budget Implementation report is published pursuant to Section 166 of the Public Finance Management Act 2012.

(1) Section 166. (1) An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.

(2) In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report;

(a). contains information on the financial and non-financial performance of the entity; and

(b). Is in a form determined by the Accounting Standards Board

(3). Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.

(4). Not later than one month after the end of each of 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

(5). In the case of an entity that is a county corporation the accounting officer for the corporation shall also submit a copy of the quarterly report to the County Executive Committee member responsible for the corporation, who, upon approving it shall submit a copy to the County Treasury.

## FOREWORD

I am honoured to present First and Second Quarter Budget Implementation Report for FY 2021/22. This report is used to share information of budget execution to public, governments on the performances of revenue received both from National and County Governments, Also the report provide analysis of county both recurrent and development expenditures performance, monitoring of projects and programmes implemented during the period under review. This report therefore promotes legal requirement principle of transparency and accountability to the public in handling of government resources.

Production of this report is largely based on financial reports submitted by County Treasury and data generated from the Integrated Financial Management Information System (IFMIS). The report contains analysed revenues received from the Exchequer and the Own Source Revenue (OSR) collected within the borders of Kisumu County. Recurrent and development expenditures have been computed and the overall burn rate determined for the two quarters.

**GEORGE O. OKONG'O**

**COUNTY EXECUTIVE COMMITTEE MEMBER – FINANCE AND ECONOMIC PLANNING**

## ACKNOWLEDGEMENT.

This is half year Budget Implementation Report 2021/22 is prepared in accordance to Section 166 of the Public Finance Management (PFM) Act, 2012. The report presents the status of budget implementation on revenue collections, performance against targets, the shortcomings that hindered budget implementation have been presented together with recommendations.

Compilation of this report was eased by satisfactory data received from Directorate of Revenue and financial reports generated by the County Treasury. It is my expectation that this report will enable County Departments to both access financial and non-financial performances, coming up with mechanisms to address the emphasized challenges brought about by the COVID-19 Pandemic.

Production of this report has been made possible through the concerted effort of staff from the Budget office. I am, therefore, indebted to all the staff from County Treasury who were involved in provision of data. Department of Finance and Economic Planning is looking forward cooperate with the County departments as they move forward on budget implementation and wish the public to participate in the budgetary process and giving feedback to improve budget execution.

**MR. WILSON ABIERO**

**Ag. CHIEF OFFICER FINANCE**

## FISCAL PERFORMANCE FOR THE 1<sup>ST</sup> AND 2<sup>ND</sup> QUARTER 2021/2022

### Revenues

For the period between 1<sup>st</sup> July 2021-31<sup>st</sup> December 2021 the accumulated revenues including national government transfers and Own Source Revenue (OSR) amounted to **Kshs 3.8 Billion** against a target of **Kshs 12.15 billion** (Table 1) which is 31.38% of the annual target.

*Table 1: Total Revenue Performance between 1st Jul-31st Dec 2021*

Revenue Source	Annual Target	Actual 1st Quarter	Actual 2nd Quarter	Totals	Performance
Equitable Share (July, Aug, Sept)	8,026,139,240	1,324,312,974	2,006,534,809	3,330,847,783	41.50%
Conditional Grants.	2,136,037,054	114,359,020	2,500,000	116,859,020	5.47%
Own Source Revenue	1,984,000,003	243,890,311	119,477,446	363,367,757	18.31%
<b>Total</b>	<b>12,146,176,297</b>	<b>1,682,562,305</b>	<b>2,128,512,255</b>	<b>3,811,074,560</b>	<b>31.38%</b>

### External Revenues

Total external transfers as at 31<sup>st</sup> December 2021 from the National Government and other agencies amounted to **Kshs 3,447,706,803** (Table 2) against an annual target of **Kshs 10.2 Billion**, which is about 33.9% of the target. The performance was largely affected by the delayed remittances of some conditional grants due to late compliance with the conditionalities.

*Table 2: External Transfers as at 31st December 2021*

Revenue Source	Annual Target	Actual 1st Quarter	Actual 2nd Quarter	Totals	Performance
Equitable Share (July, Aug, Sept)	8,026,139,240	1,324,312,974	2,006,534,809	3,330,847,783	41.50%
EU Grant for instruments for devolution advice (IDEAS)	35,102,164	31,676,176		31,676,176	90.24%
Sweden ASDSP	49,829,918		2,500,000	2,500,000	5.02%

World Bank-Kenya Devolution Support Programme (KDSP)	108,555,555	82,682,844		82,682,844	76.17%
<b>Total</b>	<b>8,219,626,877</b>	<b>1,438,671,994</b>	<b>2,009,034,809</b>	<b>3,447,706,803</b>	<b>41.94%</b>

### Own Source Revenues

Total collections in regard to own source revenues including Appropriations In Aid (Liquor Fees) amounted to **Kshs. 363,367,757** (Table 3) as at 31<sup>st</sup> Dec 2021 against an annual target of Kshs **1.98** billion representing an overall performance 18.31% of targeted revenues. However, there was a decline from the 1<sup>st</sup> Quarter FY 2021/2022 by about 32.24%.

*Table 3: Own Sources Revenue (OSR) 1<sup>st</sup> and 2<sup>nd</sup> Quarter FY 2021/2022 as at 31st Dec 2021*

	1 <sup>ST</sup> QUARTER REPORT			2nd Quater Report		
Revenue Streams	2021 July	2021 August	2021 Sept.	2021 Oct	2021 Nov	2021 Dec
<b>Locally collected Revenue</b>						
<b>Main Revenue Streams</b>		-				
Land Rates	2,643,984	2,750,003	978,576	1,539,920	1,565,450	2,000,183
Rents	1,337,966	1,413,737	1,202,000	1,173,557	999,200	869,456
Trade license fees	5,525,813	3,704,577	3,077,418	3,245,349	1,289,279	832,408
Bus Park Fees	7,925,210	8,172,450	7,507,270	7,711,700	6,308,200	6,190,800
Parking Fees	4,332,280	4,290,750	3,841,890	3,468,500	2,859,520	2,551,950
Reserved slot	100,000	10,000	12,000			
Monthly Stickers	2,818,680	2,310,120	2,289,220	2,353,320	2,192,940	2,306,000
Clamping Fees	22,500	14,500	9,000	16,500	13,000	22,000
Market Fees	4,578,610	5,490,895	5,173,420	5,306,060	5,495,820	4,297,560
Stock Ring		196,980	206,380	350,260	359,700	390,830
CESS	1,041,678	431,040	391,157	1,002,241	541,207	129,650
Building Plans	379,700	700,100	237,650	91,000	139,200	922,410
Sign Board promotion etc	9,243,474	3,419,899	3,277,846	5,417,259	3,266,440	3,454,239
Boda Boda						
Sundry revenue	596,312	536,550	561,270	437,604	213,750	194,991
Public Health and Others	335,450	18,050	74,450	125,700	8,100	19,950
<b>Sub-Total</b>				<b>32,238,970</b>	<b>25,251,806</b>	<b>24,182,427</b>

	<b>40,881,657</b>	<b>33,459,651</b>	<b>28,839,547</b>			
<b>Revenue from Departments</b>						
Health	10,309,100	10,138,390	112,613,506	10,239,757	10,664,243	11,380,963
Agriculture, Livestock and Fisheries	441,919	437,488	432,213	423,273	1,261,548	374,485
Commerce, Tourism, Trade and Heritage	138,520	375,020	72,040	233,900	33,500	48,400
Water						
Lands, Housing and Physical Planning	3,971,400	707,600	249,950	119,600	1,328,000	1,438,000
Education, Youth, Culture and Sports	510	5,120	30	4,914		20
Industrialization and Enterprise Dev.						
Liquor Licence						
Energy & Mining						
Environment	60,400	170,650	45,000	45,000	45,000	46,040
Roads, Transport and Public Works	114,200	127,400	294,200	44,900	41,000	31,700
Governance and Administration		4,800				
Paybill						
Direct payment to KCRA	-	-	-			
<b>Sub-Total</b>	<b>15,036,049</b>	<b>11,966,468</b>	<b>113,706,939</b>	<b>11,111,344</b>	<b>13,373,291</b>	<b>13,319,608</b>
<b>Total</b>	<b>55,917,706</b>	<b>45,426,119</b>	<b>142,546,486</b>	<b>43,350,314</b>	<b>38,625,097</b>	<b>37,502,035</b>
	<b>1st Quarter</b>			<b>2nd Quarter</b>		
<b>OVERALL</b>	<b>243,890,311</b>			<b>119,477,446</b>		
<b>TOTALS FOR 1<sup>ST</sup> AND 2<sup>ND</sup> QUARTER</b>	<b>363,367,757</b>					

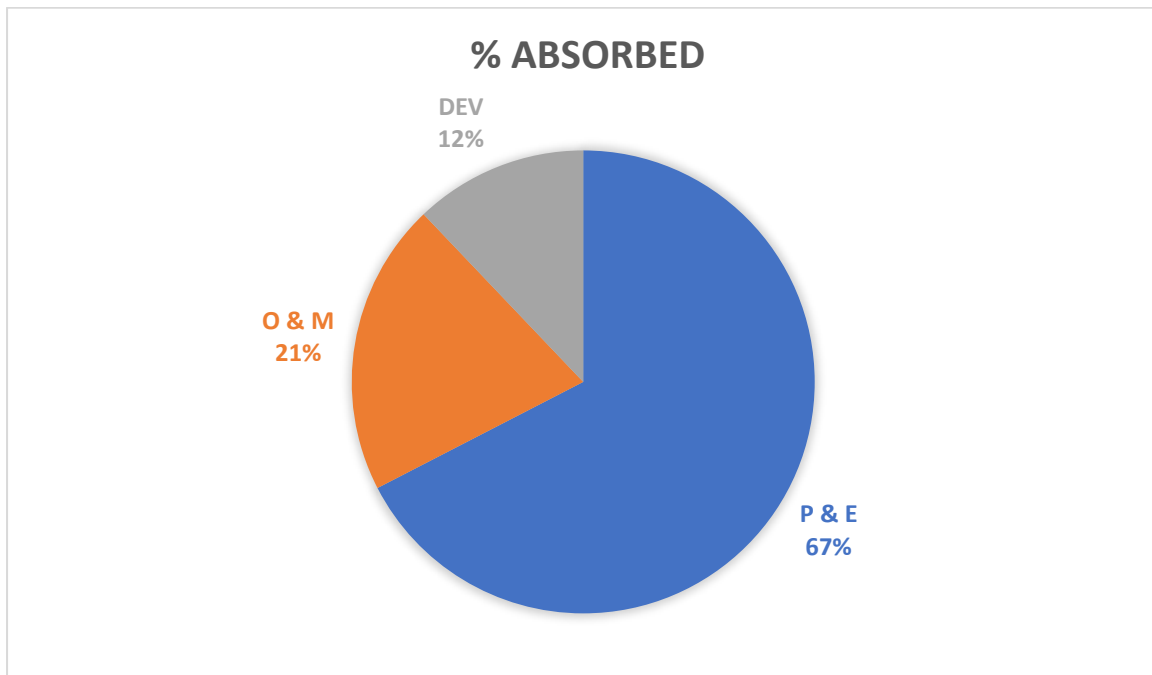


## Expenditure

Total expenditures excluding County Assembly amounted to Kshs. **3.94 Billion** against a budget of **11.22 billion** ( Table4). The overall absorption rate of the total budgeted was 35.15% of the approved budget.

*Table 4: Expenditure by Economic classification for the 2<sup>nd</sup> Quarter FY 2021/2022*

ITEM	Approved Budget	1st Quarter	2nd Quarter	Totals	Performance
Compensation to Employees	4,507,947,847	1,484,425,835	1,173,803,108	2,658,228,943	58.97%
Operations and Maintenance Expenditures	3,152,044,877	303,005,785	503,890,894	806,896,679	25.60%
Capital Expenditures	3,556,866,117	0	477,542,089	477,542,089	13.43%
Total	11,216,858,841	1,787,431,620	2,155,236,091	3,942,667,711	35.15%



**Budget Absorption per department as at 31<sup>st</sup> December, 2021**

*Table 5 County Total Actual Expenditure per Department*

No.	Department	Category	Budget Amount	Actual Expenditure	% Absorption
<b>1</b>	<b>Office of the Governor</b>	PE	72,000,000	36,000,000	50.00%
		DVP	40,000,000	-	0.00%
		O & M	192,942,952	32,189,614	16.68%
		<b>TOTAL</b>	<b>304,942,952</b>	<b>68,189,614</b>	<b>22.36%</b>
<b>2</b>	<b>Trade</b>	PE	71,403,491	35,020,983	49.05%
		DVP	354,302,164	26,177,396	7.39%
		O & M	29,197,775	3,872,669	13.26%
		<b>TOTAL</b>	<b>454,903,430</b>	<b>65,071,048</b>	<b>14.30%</b>
<b>3</b>	<b>Finance and Economic Planning</b>	PE	293,503,373	146,751,678	50.00%
		DVP	806,749,190	325,821,812	40.39%
		O & M	1,120,938,086	339,376,024	30.28%
		<b>TOTAL</b>	<b>2,221,190,649</b>	<b>811,949,514</b>	<b>36.55%</b>
<b>4</b>	<b>CPSB</b>	PE	32,323,182	17,818,897	55.13%
		DVP	0	-	0

		O & M	42,708,281	11,654,267	27.29%
		TOTAL	<b>75,031,463</b>	<b>29,473,164</b>	39.28%
5	<b>Roads</b>	PE	55,102,017	26,465,217	48.03%
		DVP	511,424,662	1,685,881	0.33%
		O & M	141,067,586	47,589,250	33.74%
		TOTAL	<b>707,594,265</b>	<b>75,740,348</b>	10.70%
6	<b>Public Admin</b>	PE	208,181,736	104,080,210	49.99%
		DVP	35,000,000	-	0.00%
		O & M	209,080,891	21,478,013	10.27%
		TOTAL	<b>452,262,627</b>	<b>125,558,223</b>	27.76%
7	<b>Health Services</b>	PE	2,847,285,396	1,840,493,767	64.64%
		DVP	213,800,000	-	0.00%
		O & M	957,086,925	255,784,964	26.73%
		TOTAL	<b>4,018,172,321</b>	<b>2,096,278,731</b>	52.17%
8	<b>Tourism</b>	PE	27,750,263	11,947,820	43.05%
		DVP	144,550,000	-	0.00%
		O & M	37,926,700	7,105,510	18.73%
		TOTAL	<b>210,226,963</b>	<b>19,053,330</b>	9.06%
9	<b>Education</b>	PE	359,291,976	181,361,763	50.48%
		DVP	260,099,894	35,498,000	13.65%
		O & M	233,145,000	51,143,290	21.94%
		TOTAL	<b>852,536,870</b>	<b>268,003,053</b>	31.44%
10	<b>Water, Environment and Natural Resources</b>	PE	77,478,377	35,259,898	45.51%
		DVP	79,950,000	-	0.00%
		O & M	24,149,809	3,668,900	15.19%
		TOTAL	<b>181,578,186</b>	<b>38,928,798</b>	21.44%
11	<b>Lands, Housing and Physical Planning</b>	PE	33,172,176	16,586,087	50.00%
		DVP	345,600,000	-	0.00%
		O & M	40,340,000	821,960	2.04%
		TOTAL	<b>419,112,176</b>	<b>17,408,047</b>	4.15%
12	<b>Agriculture</b>	PE	183,029,016	82,733,750	45.20%
		DVP	609,490,207	88,359,000	14.50%
		O & M	15,460,872	4,165,523	26.94%
		TOTAL	<b>807,980,095</b>	<b>175,258,273</b>	21.69%
13	<b>City of Kisumu</b>	PE	247,426,844	123,708,873	50.00%
		DVP	155,900,000	-	0.00%
		O & M	108,000,000	28,046,695	25.97%
		TOTAL	<b>511,326,844</b>	<b>151,755,568</b>	29.68%
	<b>GRAND TOTAL</b>		<b>11,216,858,841</b>	<b>3,942,667,711</b>	35.15%

## KEY OBSERVATION AND RECOMMENDATIONS

The key observation made during the compilation of this report was the underperformance in own source revenue, this may have been due to the following challenges.

- ✓ Outdated valuation rolls.
- ✓ Lack of information by payers for all county taxes.
- ✓ Lack of full automation for all revenue streams.
- ✓ Lack of adequate resources for revenue mobilization.
- ✓ Legal framework and policies for revenue collection and enforcement on noncompliance.
- ✓ Poor coordination of collection as revenue streams not under the control of treasury.
- ✓ Unreconciled revenue data.

Measures to improve revenue performance

- ✓ Aggressive enforcement on non-compliant customers.
- ✓ Effective Monitoring and Evaluation of performance.
- ✓ Business process review including review of the revenue structure of the revenue collection responsibilities.
- ✓ Legislation of all revenue streams.
- ✓ Leverage on technology to enhance efficiency.