

THE REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KISUMU

BUDGET IMPLEMENTATION ANALYSIS REPORT
THIRD QUATER

FOREWORD

I am pleased to present the Kisumu County Government Budget Implementation Review Report (CBIRR) of the third quarter Financial Year (FY) 2021/22. This report presents the budget performance of the 14 departments of the County Government of Kisumu from 1st January 2022 up to 31st March 2022. The report is based on an analysis of the vote book. Some of the information contained in this report includes actual expenditures and budget absorption rates of county government of Kisumu during the reporting period.

I acknowledge the contributions from staff of both the directorate of budget and that of accounting services for their support in preparing the report.

GEORGE O. OKONG'O

CECM-FINANCE AND ECONOMIC PLANNING

EXECUTIVE SUMMARY

The County's approved budget for FY 2021/22 is Kshs.**12.1** billion comprising of Kshs.**3.7** billion (31%) and Kshs.**8.4** billion (69%) allocations for development and recurrent programmes respectively.

To finance the budget, the county expects to receive Kshs.**8.03** Billion as equitable share of revenue raised nationally, Kshs.**2.16** billion as total conditional grants and Kshs. **1.98** billion as own source revenue.

REVENUE ANALYSIS

During the period under review, the County has received a total of Ksh **4,655,160,757** from the exchequer against the budgeted amount of Ksh **8,026,139,240** representing **58.1%** of the expected share of the Equitable Share and Ksh. **708,398,764** (35.70%) million as own source revenue.

The table below gives details of total revenue performance.

Table 1 Summary of County Funding as at 31st March, 2022

Revenue Source	Annual Target	Actual	Performance
Equitable Share	8,026,139,240	4,655,160,757	58.10%
Conditional Grants.	2,167,713,230	116,859,020	5.41%
Own Source Revenue	1,984,000,003	708,398,764	35.70%
Total	12,177,852,473	5,480,418,541	45.00%

Total collection in regard to own source revenue up to the 3rd quarter of FY 2021/2022 amounted to Ksh.**708,398,764** against the annual target of Ksh.**1,984,000,003** representing an overall performance of **35.71%** of the targeted Annual revenue.

Actual Collection on Locally Collected Revenue (Detailed Analysis)

The table below gives details of total collections per main revenue stream as at 31st March 2022 up to the 3rd Quarter of the accounting and reporting period.

Table 2 – Summary of consolidated Q3 revenue reports FY 2021/2022

Revenue Streams	Amount (Kshs)
Locally collected Revenue	
Main Revenue Streams	
Land Rates	88,093,352
Rents	13,216,635
Trade license fees	131,445,448
Bus Park Fees	64,512,980
Parking Fees	28,983,022
Reserved slot	5,722,000
Monthly Stickers	23,477,272
Clamping Fees	155,001
Market Fees	45,159,640
Stock Ring	2,584,510
CESS	6,962,591
Building Plans	3,328,860
Sign Board promotion etc	92,359,854
Boda Boda	-
Sundry revenue	7,454,032
Public Health and Others	1,047,300
Sub-Total	514,502,497
Revenue from Departments	
Health	172,022,159
Agriculture, Livestock and Fisheries	3,380,665
Commerce, Tourism, Trade and Heritage	1,282,330
Water	
Lands, Housing and Physical Planning	14,969,859
Education, Youth, Culture and Sports	11,164
Industrialization and Enterprise Dev.	
Liquor Licence	
Energy & Mining	
Environment	1,319,090
Roads, Transport and Public Works	911,000
Governance and Administration	
Sub-Total	193,896,267
TOTALS FOR 3rd QUARTER	708,398,764

Source: County Treasury (Revenue Directorate)

EXPENDITURE ANALYSIS

The County overall absorption is Ksh. **6,548,378,375** indicating **53.77%** for the County budget on Recurrent Vote Item and Development Vote. Personnel Emolument had the highest expenditure rate amounting to ksh. **3,812,298,941** against a Budget of Ksh. **5,187,615,327** with a percentage rate of **73.48%** while Operation and Maintenance recorded an expenditure rate of **60.27%** amounting to Ksh. **1,966,829,344** against a Budget of Ksh. **3,263,435,853**. Expenditure for development had the lowest rate of absorption with a percentage of **20.56% upto the 3rd quarter**.

Budget Absorption as at 31st March, 2022

Table 3 County Total Commitment per Department

Department	Category	Budget Amount	Actual Expenditure	% Absorption
Office of the Governor	PE	72,000,000	64,898,949	90.14
	DVP	0	0	0
	O&M	218,749,502	87,548,767	40.02
	TOTAL	290,749,502	152,447,716	52.43
Trade	PE	82,803,481	35,020,983	0
	DVP	304,478,340	135,675,105	44.56
	O & M	28,373,459	9,306,451	32.80
	TOTAL	415,655,280	180,002,539	43.31
Finance and Economic Planning	PE	362,425,247	155,500,923	42.91
	DVP	927,749,190	336,845,634	36.31
	O & M	1,060,947,344	640,970,433	60.41
	TOTAL	2,351,121,781	1,133,316,990	48.20
CPSB	PE	36,057,841	17,818,897	49.42
	DVP	0	0	0
	O & M	38,973,622	19,656,298	50.43
	TOTAL	75,031,463	37,475,195	49.95
Roads	PE	63,681,326	26,465,217	41.56
	DVP	505,424,662	75,461,703	14.93
	O & M	143,535,899	107,714,210	75.04
	TOTAL	712,641,887	209,641,130	29.42
Public Admin	PE	306,286,686	0	0
	DVP	15,000,000	0	0
	O & M	102,169,441	55,741,488	54.56
	TOTAL	423,456,127	55,741,488	13.16
Health Services	PE	2,939,938,343	2,847,103,459	34.24
	DVP	144,200,000	0	0
	O & M	760,594,278	468,415,729	27.96
	TOTAL	3,844,732,621	3,315,519,188	62

Tourism	PE	24,026,963	12,261,015	1.3
	DVP	146,550,000	9,782,262	6.68
	O & M	49,450,000	23,397,012	32.95
	TOTAL	220,026,963	45,440,289	41
Education	PE	359,291,976	179,645,985	50.00
	DVP	210,899,894	77,189,000	36.60
	O & M	223,702,980	111,171,347	49.70
	TOTAL	793,894,850	368,006,332	46.35
Water, Environment and Natural Resources	PE	70,528,575	35,259,898	49.99
	DVP	74,950,000	2,979,890	3.98
	O & M	38,414,953	13,377,353	34.82
	TOTAL	183,893,528	51,617,141	28.07
Lands, Housing and Physical Planning	PE	33,172,176	16,586,087	50.00
	DVP	341,100,000	0	0.00
	O & M	46,340,000	981,460	2.12
	TOTAL	420,612,176	17,567,547	4.18
Agriculture	PE	168,588,677	109,018,139	64.67
	DVP	581,589,207	122,456,573	0.21
	O & M	34,901,211	10,595,753	30.36
	TOTAL	785,079,095	242,070,465	30.83
City of Kisumu	PE	267,910,776	124,287,381	46.39
	DVP	324,860,000	8,859,923	2.73
	O & M	138,868,968	67,424,304	48.55
	TOTAL	731,639,744	200,571,608	27.41
County Assembly	PE	348,995,660	188,432,008	53.99
	DVP	150,000,000	0	0
	O & M	430,321,796	350,528,739	81.46
	TOTAL	929,317,456	538,960,747	58.00
GRAND TOTAL		12,177,852,473	6,548,378,375	53.77

Source: County Treasury (Ifmis Vote book)

Table

4: Summary of County Absorption Rate

Category	Annual Budget Amount	Actual Expenditure	% Absorption
PE	5,187,615,327	3,812,298,941	73.48
O&M	3,263,435,853	1,966,829,344	60.27
DVP	3,726,801,293	766,270,200	20.56
TOTAL	12,177,852,473	6,548,378,375	53.77

Key Observation and Recommendations

In the course of overseeing and reporting on the implementation of county budget, the directorate of Budget identified the following challenges which hampered effective implementation;

1. Under performance in own source revenue collection at Kshs.**708,398,764** upto the 3rd quarter which represented **35.70% in the 3rd Quarter** of the County's annual target of 1.9 B
2. Failure to effectively implement development budget during the period under review. The development absorption rate is far below the budgeted for upto the 3rd quarter at 20.56%. This was caused by delays in exchequer release as was the case in the previous financial year, low own source revenue collection and delays in project initiation by the contractors.

The county should implement the following recommendations in order to improve budget execution;

1. The County Treasury Should implement the following strategies to mobilize revenue collection to ensure the budget is fully financed.
 - i. Automation of specific revenue streams i.e Bus park, Markets etc.
 - ii. Revenue administration reforms by establishment of County Revenue Board
 - iii. Implementation of Facility Improvement Fund (FIF)for the health facilities and abolishment of cash payment at the facilities.
2. The County should address delayed procurement process to ensure timely implementation of development projects.