

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF BOMET

COUNTY TREASURY

BUDGET IMPLEMENTATION REPORT

FOR FINANCIAL YEAR 2022/2023 (Q2)

JANUARY 2023

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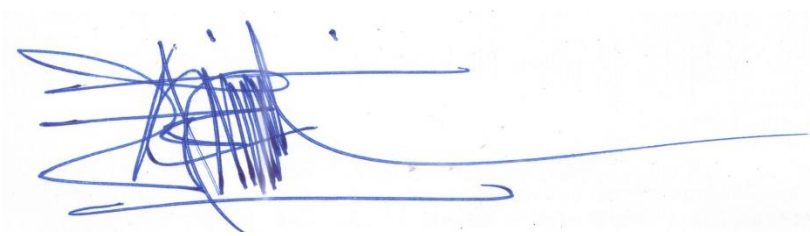
PREFACE

The second quarter of the year report fulfils the county's obligation under section 166 of the Public finance Management Act to prepare and publish quarterly budget implementation reports. The law specifies that these reports shall contain both financial and non-financial information. This is the second report in the financial year 2022/2023 and presents information on budget performance by the departments at the quarter two of the of the financial year 2022-2023. Information on budget performance is presented on aggregate and on individual department performance. The report provides details about revenue, expenditure, and capital projects. The information is provided at the program and subprogram level in a format that is in consistent with the approved budget estimates.

The county approved budget for FY2022/2023 was Kshs. 8.287 billion, comprising of Kshs. 5.8 billion and Kshs. 2.4 billion allocation to recurrent and development expenditure respectively.

The total payments during the reporting period, the county spent Kshs. 1.577 billion on recurrent programs and non-development activities. The overall absorption capacity was 19%.

I urge the stakeholders to actively scrutinise this report to take necessary action towards the enhancement of transparency and accountability in the management of public resources as enshrined in the constitution and PFM Act, 2012. This will go a long way in providing feedback towards efficient and effective service delivery and attainment of the County Government's objectives.



Hon Andrew Sigei,

CECM-Finance, Economic Planning and ICT

Abbreviations

COVID-19	Corona Virus 2019
CRF	Consolidated Revenue Fund
FY	Financial Year
ICT	Information Communication and Technology
KUSP	Kenya Urban Support Programme Kshs Kenya Shillings

Overview of the FY 2022/23 Budget

1. The County's approved budget for FY 2022/23 is Kshs. 8.28 billion, comprising Kshs.2.4 billion (29.0 percent) and Kshs.5.8 billion (71.0 percent allocation for development and recurrent programs respectively.
2. To finance the budget, the County expects to receive Kshs. 6.7 billion (81.0 percent as the equitable share of revenue raised nationally, generate Kshs.300.0 million (4.0 percent from own sources of revenue, and a cash balance of Kshs.535 million (6 percent from FY 2021/22. The County also expects to receive Kshs.761 million (9.0 percent conditional grants, which consists of Kshs.111 million Leasing of Medical Equipment, Kshs.147 million Kenya Devolution Support Program, Kshs. 52 million Kenya Urban support Program, Kshs. 27 million Danida, 83 million IDA Kenya Climate Smart Programme, Kshs.33 million Agriculture Sector Development Support Programme (ASDSP), Kshs. 147 million FLLOCA/Climate Change and Kshs.27 million for World Bank Loan for transforming health systems for universal care project, Nutrition International Kshs. 25 million, REREC Matching Funds Kshs. 5 million, Equalization Fund for the Marginalized Kshs. 26 million and Covid 19 Response Allocation Kshs. 8.2 million.
3. In the second quarter of FY 2022/23, the County received Kshs. 1.1 billion as the equitable share of the revenue raised nationally, raised Kshs.38 million as own-source revenue, a cash balance of Kshs. 591,566 from FY 2021/22 and Nutrition International grants amounting to Kshs. 5.5 million. The total funds available for budget implementation during the period amounted to Kshs.1.148 billion which is equivalent to 14% of the total budget. This is shown as in the below Table 1.

Table 1: Bomet County Revenue Performance of FY 2022/2023 (Kshs.)

COUNTY REVENUE	Approved First Supp. FY2022/2023	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Equitable share +Local Revenue	7,526,387,041	1,142,613,572	15%
Equitable share	6,691,099,118	1,104,031,354	16%
Local Revenue	300,000,000	37,990,652	13%
Balance C/F	535,287,923	591,566	0%
Conditional Grants from National Government Revenue	144,884,844	0	0%
User fees Forgone	0	0	0%

Conditional Grant - Leasing of Medical Equipment	110,638,298	0	0%
Equalization Fund for the Marginalized	26,037,510	0	0%
Covid 19 Response Allocation	8,209,036	0	0%
Road Maintenance Fuel Levy	0	0	0%
Conditional Allocation for development of youth Polytechnics	0	0	0%
Conditional allocations to County Governments from Loans and Grants from Development Partners	616,066,614	5,499,400	1%
World Bank Loan to for transforming health systems for universal care project	26,893,087	0	0%
Kenya Urban Support Programme	51,764,074	0	0%
KDSP (Level 1) B/F-Recurrent	10,485,221	0	0%
KDSP (Level 2 Grant) B/F-Development	136,263,103	0	0%
Nutritional International	25,305,950	5,499,400	22%
HSSF Danida	27,274,500	0	0%
IDA Kenya/Climate action	22,000,000	0	0%
IDA Kenya/Climate action/Development	125,000,000	0	0%
IDA Kenya Climate Smart Programme	83,323,430	0	0%
REREC Matching Funds	5,000,000	0	0%
Agriculture Sector Development Support Programme (ASDSP)	32,757,249	0	0%
IDA World Bank-Value Chain NAVCDP	70,000,000	0	0%
TOTAL REVENUE	8,287,338,500	1,148,112,972	14%

4. In the first quarter of FY 2022/23, the County generated a total of Kshs.38 million as own-source revenue. This amount represented an increase of 6 percent compared to Kshs.26 million realized during a similar period in the second quarter of FY 2021/22 and was 9 percent of the annual target. The increase can be attributed to fact that the county economy had stabilised due to decline in adverse economic impact of the Covid-19 pandemic.
5. Exchequer Issues. The Controller of Budget approved withdrawals of Kshs. 1.1 billion from the CRF account during the reporting period. The amount was for both recurrent and development programs.
6. Overall Expenditure Review During the reporting period, the County spent Kshs. 1.37 billion on recurrent programs and 206 million on development activities.
7. Settlement of Pending Bills. The outstanding pending bills as of 30th June 2022 amounted to Kshs.492 million. At the beginning of FY 2022/23, the County prepared

a payment plan to settle the entire bills in the financial year which was factored in supplementary budget one later in the calendar year.

8. Expenditure by Economic Classification Analysis of expenditure by economic classification indicates that Kshs. 787 million was spent on employee compensation and Kshs.584 million on operations and maintenance.

Table 2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	First supplementary Budget FY2022/2023	2nd QRT	Absorption %
EXECUTIVE TOTAL	7,192,138,652	1,248,759,061	17%
Personal emoluments	2,805,094,971	707,781,275	25%
Operation & maintenance	2,197,860,199	386,753,771	18%
Development	2,189,183,482	154,224,014	7%
COUNTY ASSEMBLY	1,095,199,848	328,485,014	30%
Personal emoluments	332,289,260	79,548,361	24%
Operation & maintenance	512,910,588	197,334,485	38%
Development	250,000,000	51,602,168	21%
COUNTY TOTAL	8,287,338,500	1,577,244,074	19%
Personal emoluments	3,137,384,231	787,329,636	25%
Operation & maintenance	2,710,770,787	584,088,256	22%
Development	2,439,183,482	205,826,182	8%
Personal emoluments	38%	50%	
Operation & maintenance	33%	37%	
Development	29%	13%	

Expenditure on Personnel Emoluments

9. Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 percent of the County’s total revenue. Expenditure on

compensation to employees was 25 percent of the total budget for the financial year 2022/23.

Development Expenditure

10. There expenditure on development programs was very low compared to the recurrent expenditure for the period under review.

Budget Performance by Department

11. Analysis of expenditure by Department shows that the Department of County Executive and County Assembly in general recorded the highest budget absorption rate of 38% and 30% respectively. It's also noted that the department of Agriculture and lands, Housing and Urban Planning recorded the lowest absorption rate of 1% each. The other budget absorption details are shown in Table 3 below;

Table 3: Budget Performance by Department

Department	First supplementary	2nd Quarter	Absorption Rate
COUNTY EXECUTIVES	216,673,227	82,098,562	38%
Personal emoluments	-	-	0%
Operation & maintenance	216,673,227	82,098,562	38%
PSB	44,645,188	8,044,300	18%
Operation & maintenance	44,645,188	8,044,300	18%
Development	-	-	0%
ADMINISTRATION	155,015,962	10,810,699	7%
Operation & maintenance	121,015,962	10,810,699	9%
Development	34,000,000	-	0%
PUBLIC SERVICE	1,790,419,357	469,231,229	26%
Personal emoluments	1,627,594,971	444,282,369	27%
Operation & maintenance	162,824,386	24,948,860	15%
Development	-	-	0%
ICT	37,478,654	3,024,450	8%
Operation & maintenance	22,478,654	3,024,450	13%
Development	15,000,000	-	0%
FINANCE	309,000,000	42,652,270	14%
Operation & maintenance	249,066,000	36,652,270	15%
Development	59,934,000	6,000,000	10%
ECONOMIC PLANNING	289,203,371	36,012,554	12%
Operation & maintenance	130,940,268	18,546,862	14%
Development	158,263,103	17,465,692	11%

LANDS,HOUSING AND URBAN PLANNING	321,918,102	4,438,700	1%
Personal emoluments	40,000,000	-	0%
Operation & maintenance	61,341,836	4,438,700	7%
Development	220,576,266	-	0%
YOUTH, SPORTS, GENDER AND CULTURE	70,075,700	10,200,100	15%
Operation & maintenance	50,575,700	10,200,100	20%
Development	19,500,000	-	0%
MEDICAL SERVICES & PUBLIC HEALTH	1,959,672,464	346,668,268	18%
Personal emoluments	1,137,500,000	263,498,906	23%
Operation & maintenance	620,434,596	83,169,362	13%
Development	201,737,868	-	0%
EDUCATION AND VOCATIONAL TRAINING	387,453,703	61,869,826	16%
Operation & maintenance	241,510,870	53,869,826	22%
Development	145,942,833	8,000,000	5%
WATER SANITATION AND ENVIRONMENT	512,451,220	43,591,500	9%
Operation & maintenance	151,944,120	39,359,000	26%
Development	360,507,100	4,232,500	1%
AGRICULTURE COOPERATIVES AND MARKETING	384,817,988	2,000,000	1%
Operation & maintenance	27,437,309	2,000,000	7%
Development	357,380,679	-	0%
ROADS, PUBLIC WORKS & TRANSPORT	550,062,200	123,614,922	22%
Operation & maintenance	58,712,200	5,089,100	9%
Development	491,350,000	118,525,822	24%
TRADE, ENERGY, TOURISM, INDUSTRY AND INVESTMENT	71,739,882	2,501,680	3%

Operation & maintenance	16,239,882	2,501,680	15%
Development	55,500,000	-	0%
CO-OPERATIVES AND ENTERPRISE DEVELOPMENT	91,511,633	2,000,000	2%
Operation & maintenance	22,020,000	2,000,000	9%
Development	69,491,633	-	0%
EXECUTIVE TOTAL	7,192,138,652	1,248,759,061	17%
COUNTY ASSEMBLY	1,095,199,848	328,485,014	30%
Personal emoluments	332,289,260	79,548,361	24%
Operation & maintenance	512,910,588	197,334,485	38%
Development	250,000,000	51,602,168	21%
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Operation & maintenance	2,710,770,787	584,088,256	22%
Development	2,439,183,482	205,826,182	8%
Personal emoluments	38%	50%	
Operation & maintenance	33%	37%	
Development	29%	13%	

Key Observations

15. In the course of implementation of the County budget, the following challenges have been noted;
- Low absorption of development funds in the second quarter of FY 2022/23 from the annual development budget allocation of Kshs. 3 billion.
 - The performance of own revenue at Kshs. 38 million against an annual projection of Kshs.300 million representing 13 percent of the annual target.
 - Delay in disbursement of devolved funds from the national exchequer affected implementation of projects.