

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF BOMET

COUNTY TREASURY

BUDGET IMPLEMENTATION REPORT

FOR FINANCIAL YEAR 2022/2023 (Q3)

APRIL 2023

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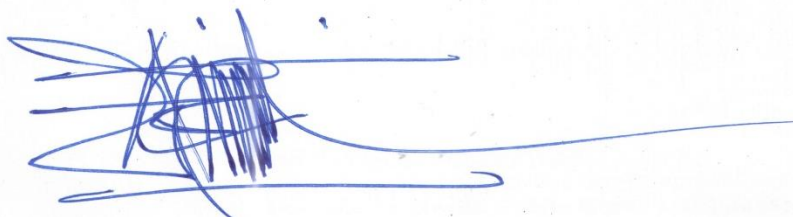
PREFACE

The third 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 third report in the financial year 2022/2023 and presents information on budget performance by the departments at quarter three 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. 1.135 billion on recurrent programs and Kshs. 236 million on development activities. The overall absorption capacity was 17%.

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 third quarter of FY 2022/23, the County received Kshs.1 billion as the equitable share of the revenue raised nationally, raised Kshs. 131 million as own-source revenue and Kshs.108 million from loans and grants from development partners. The total funds available for budget implementation during the period amounted to Kshs.1.343 billion which is equivalent to 16% of the total budget. This is shown Table 1 below.

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	1,235,505,791	16%
	Equitable share	6,691,099,118	1,104,031,355	17%
	Local Revenue	300,000,000	131,474,436	44%
	Balance C/F	535,287,923	0	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	107,766,554	17%
	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	5,999,400	24%
	HSSF Danida	27,274,500	0	0%
	IDA Kenya/Climate action	22,000,000	0	0%
	IDA Kenya/Climate action/Development	125,000,000	11,000,000	9%
	IDA Kenya Climate Smart Programme	83,323,430	75,317,259	90%
	REREC Matching Funds	5,000,000	0	0%
	Agriculture Sector Development Support Programme (ASDSP)	32,757,249	15,449,895	47%
	IDA World Bank-Value Chain NAVCDP	70,000,000	0	0%
	TOTAL REVENUE	8,287,338,500	1,343,272,345	16%

1. In the third quarter of FY 2022/23, the County generated a total of Kshs. 131 million as own-source revenue. This amount represented an increase of 56 percent compared to Kshs.84 million realized during a similar period in the third quarter of FY 2021/22 and was 41 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.

2. Exchequer Issues. The Controller of Budget approved withdrawals of Kshs. 1.371 billion from the CRF account during the reporting period. The amount was for both recurrent and development programs.
3. Overall Expenditure Review During the reporting period, the County spent Kshs. 1.1 billion on recurrent programs and 236 million on development activities.
4. Expenditure by Economic Classification Analysis of expenditure by economic classification indicates that Kshs.717 million was spent on employee compensation and Kshs. 418 million on operations and maintenance.

Table 2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	First supplementary Budget FY2022/2023	3rd QRT	Absorption %
EXECUTIVE TOTAL	7,192,138,652	1,155,290,728	16%
Personal emoluments	2,805,094,971	645,322,341	23%
Operation & maintenance	2,197,860,199	339,181,928	15%
Development	2,189,183,482	170,786,459	8%
COUNTY ASSEMBLY	1,095,199,848	216,296,948	20%
Personal emoluments	332,289,260	71,829,396	22%
Operation & maintenance	512,910,588	78,970,419	15%
Development	250,000,000	65,497,133	26%
COUNTY TOTAL	8,287,338,500	1,371,587,676	17%
Personal emoluments	3,137,384,231	717,151,737	23%
Operation & maintenance	2,710,770,787	418,152,347	15%
Development	2,439,183,482	236,283,592	10%
Personal emoluments	38%	52%	
Operation & maintenance	33%	30%	
Development	29%	17%	

Expenditure on Personnel Emoluments

5. 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 23 percent of the total budget for the financial year 2022/23.

Development Expenditure

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

Budget Performance by Department

Analysis of expenditure by Department shows that the Department of Agriculture, Livestock and Fisheries and Public Service recorded the highest absorption rate of 29% percent and 22% respectively. The County Assembly had an overall absorption rate of 20% while the County Executive recorded an absorption rate of 16% as shown in Table 3 below;

Table 3: Budget Performance by Department

Department	First supplementary	3rd Quarter	Absorption Rate
COUNTY EXECUTIVES	216,673,227	32,935,833	15%
Personal emoluments	-	-	0%
Operation & maintenance	216,673,227	32,935,833	15%
PSB	44,645,188	6,477,781	15%
Operation & maintenance	44,645,188	6,477,781	15%
Development	-	-	0%
ADMINISTRATION	155,015,962	13,817,474	9%
Operation & maintenance	121,015,962	13,817,474	11%
Development	34,000,000	-	0%
PUBLIC SERVICE	1,790,419,357	387,003,912	22%
Personal emoluments	1,627,594,971	385,794,912	24%
Operation & maintenance	162,824,386	1,209,000	1%
Development	-	-	0%
ICT	37,478,654	-	0%
Operation & maintenance	22,478,654	-	0%
Development	15,000,000	-	0%
FINANCE	309,000,000	28,145,194	9%
Operation & maintenance	249,066,000	22,248,642	9%
Development	59,934,000	5,896,552	10%
ECONOMIC PLANNING	289,203,371	62,999,663	22%
Operation & maintenance	130,940,268	30,043,469	23%
Development	158,263,103	32,956,194	21%
LANDS,HOUSING AND URBAN PLANNING	321,918,102	1,699,410	1%
Personal emoluments	40,000,000	-	0%
Operation & maintenance	61,341,836	1,699,410	3%
Development	220,576,266	-	0%
YOUTH, SPORTS, GENDER AND CULTURE	70,075,700	1,933,600	3%
Operation & maintenance	50,575,700	1,933,600	4%
Development	19,500,000	-	0%
MEDICAL SERVICES & PUBLIC HEALTH	1,959,672,464	394,666,532	20%
Personal emoluments	1,137,500,000	259,527,429	23%
Operation & maintenance	620,434,596	135,139,103	22%
Development	201,737,868	-	0%

EDUCATION AND VOCATIONAL TRAINING	387,453,703	53,651,261	14%
Operation & maintenance	241,510,870	53,651,261	22%
Development	145,942,833	-	0%
WATER SANITATION AND ENVIRONMENT	512,451,220	39,927,735	8%
Operation & maintenance	151,944,120	30,427,735	20%
Development	360,507,100	9,500,000	3%
AGRICULTURE COOPERATIVES AND MARKETING	384,817,988	112,357,214	29%
Operation & maintenance	27,437,309	4,423,500	16%
Development	357,380,679	107,933,714	30%
ROADS, PUBLIC WORKS & TRANSPORT	550,062,200	17,272,240	3%
Operation & maintenance	58,712,200	2,772,240	5%
Development	491,350,000	14,500,000	3%
TRADE, ENERGY, TOURISM, INDUSTRY AND INVESTMENT	71,739,882	2,002,880	3%
Operation & maintenance	16,239,882	2,002,880	12%
Development	55,500,000	-	0%
CO-OPERATIVES AND ENTERPRISE DEVELOPMENT	91,511,633	400,000	0%
Operation & maintenance	22,020,000	400,000	2%
Development	69,491,633	-	0%
EXECUTIVE TOTAL	7,192,138,652	1,155,290,728	16%
COUNTY ASSEMBLY	1,095,199,848	216,296,948	20%
Personal emoluments	332,289,260	71,829,396	22%
Operation & maintenance	512,910,588	78,970,419	15%
Development	250,000,000	65,497,133	26%
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Personal emoluments	38%	52%	
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Key Observations

15. In the course of implementation of the County budget, the following challenges have been noted;

- a) 17% low absorption of development funds in the third quarter of FY 2022/23 from the annual development budget allocation of Kshs. 2.4 billion.
- b) The performance of own revenue at Kshs. 131 million against an annual projection of Kshs.300 million.
- c) Delay in disbursement of devolved funds from the national exchequer affected implementation of projects.