COUNTY GOVERNMENT OF GARISSA

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COUNTY TREASURY

BUDGET IMPLEMENTATION REPORT

FOR FINANCIAL YEAR 2023/2024 (Q3)

APRIL 2024

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 2023/2024 and presents information on budget performance by the departments at the beginning of the of the financial year 2023-2024. 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's approved supplementary budget for FY 2023/24 is Kshs 10.53 billion, comprising Kshs.4.08 billion (38.8 per cent) and Kshs.6.45 billion (61.2 per cent) allocation for development and recurrent programmes respectively.

The total payments during the reporting period, the county spent Kshs.5.12 billion from the CRF account, which comprised Kshs.1.20 billion (23.4 per cent) for development programmes and Kshs.3.92 billion (76.6 per cent) for recurrent programmes.

The overall absorption capacity was 49%, I urge the stakeholders to actively scrutinize 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 Abass Ismail Khaar,

CECM-Finance and Economic Planning

Abbreviations

CRF Consolidated Revenue Fund

FY- Financial Year

ICT- Information Communication and Technology

KUSP- Kenya Urban Support Programme

FLLoCA- Financing Locally Led Climate Action

CCIS- County Climate Institutional Support

KCSAP- Kenya Climate Smart Agricultural Project

OSR- Own-source revenue

FIF- Facility Improvement Fund

Overview of the FY 2024/23 Budget

1. The County's approved supplementary budget for FY 2023/24 is Kshs 10.53 billion, comprising Kshs.4.08 billion (38.8 per cent) and Kshs.6.45 billion (61.2 per cent) allocation for development and recurrent programmes respectively.
2. To finance the budget, the County expects to receive Kshs. 8.25 billion (80.0 percent as the equitable share of revenue raised nationally, generate Kshs.230.0 million (2.0 percent from own sources of revenue, and a cash balance of Kshs.634 million (6 percent from FY 2022/23. The County also expects to receive Kshs.1.23 billion (12.0 percent conditional grants, which consists of Kshs.125 million Leasing of Medical Equipment, Kshs. 397 million Conditional Grant for Provision of fertilizer subsidy program, Kshs.250 million Conditional Grant for aggregated Industrial parks program, Kshs.845 million Unconditional Allocation for mineral Royalties, Kshs 90 million Kenya Climate Smart Agricultural Project (World Bank) KCSAP, Kshs 3 million Sweden Agricultural Sector Development Support Program (ASDSP) II, Kshs 13 million DANIDA Grant (Universal Healthcare in Devolved System Program), Kshs 128 million De-risking, Inclusion & Value Enhancement of Pastoral Economies in the Horn of Africa Projects (Drive Project), Kshs 169 million Emergency Locust Response Project (World Bank), Kshs 600 million conditional Grant for Transfer of Library Service, Kshs 600 million Water and Sanitation Development Project (World Bank), Kshs 11 million Financing Locally Led Climate Action Program (FLLoCA) County Climate Institutional Support (CCIS) Grant Level 1 (World Bank).

3. In the first nine months of FY 2023/24, the County received Kshs.4.78billion as an equitable share of the revenue raised nationally, Kshs.160 million as additional allocations/conditional grants, had a cash balance of Kshs.634.18 million from FY 2022/23 and raised Kshs.153.52 million as own-source revenue (OSR). The raised OSR includes Kshs.85.84 million as FIF and Kshs.67.68 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.73 billion, as shown in Table 1.0.

Table 1.0: Garissa County, Revenue Performance in FY 2023/24

S/No	**Revenue Category**	**Annual Budget Allocation (Ksh**	**Actual Receipts (Kshs.)**	**Actual Receipts as Percentage of Annual Budget Allocation (%)**
A	Equitable Share of Revenue Raised Nationally	8,248,748,101	4,784,273,899	58
	Subtotal	8,248,748,101	4,784,273,899	58
B	**Conditional Grant**			
	Water and Sanitation Development Project (World Bank)	600,000,000	160,002,276	26.7

	Emergency locust response project World Bank	169,365,353		
	De-risking ,inclusion &value Enhancement of pastoral Economies in the Horn of Africa projects (Drive project)	128,454,980		
	Kenya Climate Smart Agricultural Project (World Bank) KCSAP	90,000,000		
	DANIDA Grant(Universal Healthcare in Devolved System Program	12,820,500		
	Financing locally led climate action program (FLLoCA) County climate Institutional support	11,000,000		

	(CCIS) Grant level 1 (world bank)			
	Sweden Agricultural Sector Development support program (ASDSP)II	3,047,337		
	Lease of medical equipment	124,723,404		
	Conditional Grant for aggregated Industrial parks program	2500,000,000		
	conditional Grant for Transfer of Library Service	19,694,322		
	conditional Grant for Provision of fertilizer subsidy program	3,965,101		
	unconditional Allocation for mineral Royalties	844,692		
	Subtotal	**1,413,915,689**	**160,002,276**	**11.3**

C	**Other Source Of Revenue**			
	Ordinary Own source Revenue	139,000,000	67,684,090	48.7
	Facility Improvement Fund(FIF)	91,000,000	85,837,524	94.3
	Balance c/d from F.Y 2022/23	634,176,980	634,176,980	100.0
	Subtotal	864,176,980	787,698,594	91.2
	Grand Total	**10,756,840,770**	**5,731,994,769**	**54.5**

In the first nine months of FY 2023/24, the County generated a total of Kshs.153.52 million from its revenue sources, including FIF. Tis amount represented an increase of 158.2 per cent compared to Kshs.59.46 million Realized in a similar period in FY 2022/23 and was 66.7 per cent of the annual target and 3.2 per cent of the equitable revenue share disbursed during the period. The increase can be attributed to fact that the county economy had stabilized due to decline in adverse economic impact.

4. Exchequer Issues. The Controller of Budget approved withdrawals of Kshs. 5.21 billion from the CRF account during the reporting period. The amount was for both recurrent and development programs.
5. Overall Expenditure Review During the reporting period, the County spent Kshs.1.20 billion (23.4 per cent) for development programmes and Kshs.3.92 billion (76.6 per cent) for recurrent programmes.

6. Expenditure by Economic Classification Analysis indicates that the recurrent exchequers released in the first nine months of FY 2023/24 amounting Kshs.2.83 billion was released towards Employee Compensation and Kshs.1.09 billion for Operations and Maintenance expenditure.
7. The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.04 billion.

Table 2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	**First supplementary Budget FY2023/2024**	**Q1 Expenditure**	**Absorption %**
EXECUTIVE TOTAL	**9,445,018,393**	**4,024,840,663**	**42.6**
Total Recurrent Expenditure	**5,481,325,102**	**3,191,278,882**	**58.2**
Personal emoluments	3,496,569,965	2,386,974,721	68.3
Operation & maintenance	1,984,755,137	804,304,161	40.5
Development	3,963,693,291	833,561,781	21.0
COUNTY ASSEMBLY	**1,116,822,377**	**551,885,008**	49.4

Total Recurrent Expenditure	**963,822,377**	**532,385,008**	55.2
Personal emoluments	520,000,000	312,807,837	60.2
Operation & maintenance	443,822,377	219,577,171	49.5
Development	153,000,000	19,500,000	12.7
COUNTY TOTAL	**10,561,840,770**	**4,576,725,671**	**43.3**
Total Recurrent Expenditure	**6,445,147,479**	**3,723,663,890**	**57.8**
Personal emoluments	4,016,569,965	2,699,782,558	67.2
Operation & maintenance	2,428,577,514	1,023,881,332	42.2
Development	4,116,693,291	853,061,781	20.7
COUNTY TOTAL %	**100.0**	**100.0**	
Total Recurrent Expenditure	**61.0**	**81.4**	

Personal emoluments	**38.0**	**59.0**	
Operation & maintenance	**23.0**	**22.4**	
Development	**39.0**	**18.6**	

Expenditure on Personnel Emoluments

8. 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. In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.70 billion, or 47.1 per cent of the available revenue, which amounted to Kshs.5.73 billion. Tis expenditure represented a decrease from Kshs.3.17 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.980.64 million paid to health sector employees, translating to 36.3 per cent of the total wage bill. Further analysis indicates that PE costs amounting to Kshs.2.50 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.203.40 million was processed through manual payrolls. The manual payrolls accounted for 7.5 per cent of the total PE cost. The County Assembly spent Kshs.14.40 million on committee sitting allowances for the 49 MCAs against the annual budget allocation of Kshs.30.83 million. The average monthly sitting allowance was Kshs. 32,646 per MCA. The County Assembly has established 19 Committees.

Development Expenditure

9. There expenditure on development programs is at 18.6 percent compared to 81.4 percent of the recurrent expenditure for the period under review. In the first nine months of FY 2023/24, the County incurred Kshs.853.56 million on development programmes, representing an increase of 90.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.448.71 million.

Budget Performance by Department

10. Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 71.8 per cent, followed by the Department of Water, Environment and Natural Resources at 19.2 per cent. The Department of Trade, Investments Development and Tourism had the highest percentage of recurrent expenditure to budget at 79.1 per cent while the Department of County Affairs, Public Service and Intergovernmental Relations had the lowest at 45.1 per cent. as shown in Table 3 below;

Table 3: Garissa County, Budget Allocation and Absorption Rate by Department

Department	**Budget Allocation (Kshs. Million)**	**Exchequer Issues (Kshs. Million)**	**Expenditure (Kshs. Million)**	**Expenditure to Exchequer Issues (%)**	**Absorption rate (%)**
Agriculture, Livestock & pastoral	**636.13**	**93.35**	**93.35**	**100.0**	**14.7**
Recurrent	128.31	93.35	93.35	100.0	72.8
Development	507.82	0	0	0.0	0.0
Culture, Gender ,Youth & Sports	**166.21**	**22.58**	**22.58**	**100.0**	**13.6**
Recurrent	46.21	22.58	22.58	100.0	48.9
Development	120	0	0	0	0.0
Roads, Transport and Public Works	**296.07**	**41.18**	**22.5**	**54.6**	**7.6**
Recurrent	46.07	22.5	22.5	100.0	48.8
Development	250	18.68	0	0	0.0
Education, Information and ICT	**639.9**	**410.26**	**395.14**	**96.3**	**61.8**
Recurrent	505.21	410.26	395.14	96.3	78.2
Development	134.69	0	0	0	0.0

Lands ,Physical Planning and Urban Development	**658.04**	**382.55**	**331**	**86.5**	**50.3**
Recurrent	398.04	289.14	285.5	98.7	71.7
Development	260	93.41	45.5	48.7	17.5
Finance & Economic Planning	**1807.25**	**1171.35**	**1049.36**	**89.6**	**58.1**
Recurrent	1076.07	553.76	524.26	94.7	48.7
Development	731.18	617.59	525.1	85.0	71.8
Health & Sanitation	**2786.48**	**1546.62**	**1407.45**	**91.0**	**50.5**
Recurrent	2456.76	1542.02	1402.85	91.0	57.1
Development	329.72	4.6	4.6	100.0	1.4
Trade, Investments and Enterprise Development	**460**	**135.37**	**75.37**	**55.7**	**16.4**
Recurrent	70	55.37	55.37	100.0	79.1
Development	390	80	20	25.0	5.1
Water, Environment and Natural Resources	**1461.08**	**513.58**	**379.1**	**73.8**	**25.9**
Recurrent	220.8	148.74	140.74	94.6	63.7
Development	1240.28	364.84	238.36	65.3	19.2
County Affairs, Public Service and Intergovernmental Relations	**499.77**	**225.26**	**225.26**	**100.0**	**45.1**

Recurrent	499.77	225.26	225.26	100.0	45.1
Development	0	0	0		0.0
County Public Service Board	**34.07**	**23.72**	**23.72**	**100.0**	**69.6**
Recurrent	34.07	23.72	23.72	100.0	69.6
Development	0	0	0	0.0	0.0
Assembly	**1081.82**	**553.7**	**551.89**	**99.7**	**51.0**
Recurrent	963.82	534.2	532.39	99.7	55.2
Development	118	19.5	19.5	100.0	16.5
Total Recurrent Expenditure	**6445.13**	**3920.9**	**3723.66**	**95.0**	**57.8**
Total Development	**4081.69**	**1198.62**	**853.06**	**71.2**	**20.9**
Grand Total	**10526.82**	**5119.52**	**4576.72**	**89.4**	**43.5**

Key Observations

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

a. Low absorption of development funds in the first Nine Month of FY 2023/24 from the annual development budget allocation of Kshs. 853.06 Million is mainly due to lengthy procurement process and delay in disbursement of devolved funds from the national exchequer.
b. The underperformance of own-source revenue at Kshs.153.52 million against an annual target of Kshs.230 million, representing 66.7 per cent of the annual target.
c. Delay in disbursement of devolved funds from the national exchequer affected implementation of projects