

**VIHIGA COUNTY GOVERNMENT
BUDGETIMPLEMENTATIONREVIEW
REPORT**

FOR THE FIRST HALF

FY2021/22

FEBRUARY,2022

County Government of Vihiga

Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs. 6.41 billion, comprising Kshs. 2.03 billion (31.7 per cent) and Kshs. 4.37 billion (68.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs. 5.07 billion (79.1 per cent) as the equitable share of revenue raised nationally, generate Kshs. 232.66 million (3.6 per cent) from own sources of revenue, and a cash balance of Kshs. 90.57 million (1.4 per cent) from FY 2020/21. The County also expects to receive Kshs. 1.02 million (15.9 per cent) as conditional grants.

Revenue Performance

In the first half of FY 2021/22, the County received Kshs. 2.10 billion as the equitable share of the revenue raised nationally, raised Kshs. 52.27 million as own-source revenue, Kshs. 95.81 million as conditional grants, and had a cash balance of Kshs. 90.57 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs. 2.34 billion, as shown in Table 3.260.

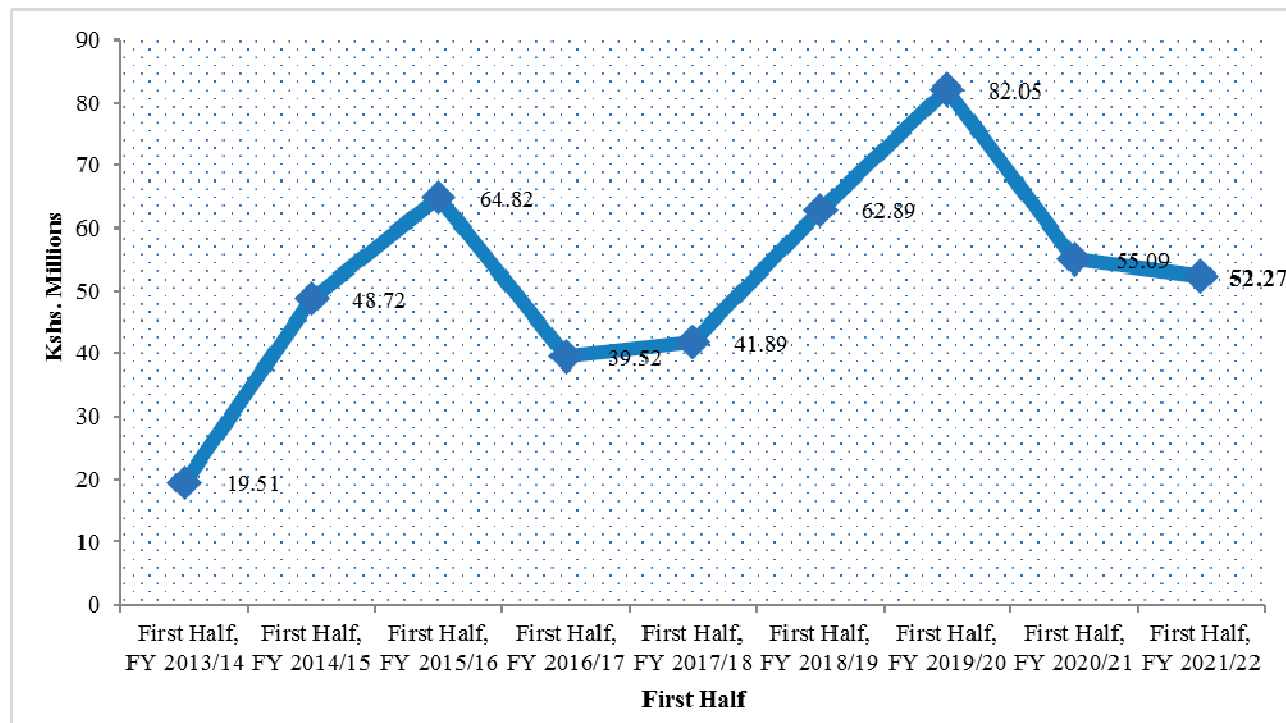
Table 1: Vihiga County, Revenue Performance in the First Half of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,067,356,827	2,102,953,082	41.5
SubTotal		5,067,356,827	2,102,953,082	41.5
B	Other Sources of Revenue			
1.	Own Source Revenue	232,658,878	52,273,078	22.5
2.	Conditional Grants	1,018,293,939	95,807,470	9.4
3.	Balance b/ffrom FY 2020/21	90,568,796	90,568,796	100.0
SubTotal		1,341,521,613	238,649,344	17.8
GrandTotal		6,408,878,440	2,341,602,426	36.5

Source: Vihiga County Treasury

Figure 2 shows the Trend in own-source revenue collection for the first half from FY 2013/14 to FY 2021/22.

Figure 2: Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to the First Half of FY 2021/22



Source: Vihiga County Treasury

In the first half of FY 2021/22, the County generated a total of Kshs.52.27 million as own-source revenue. This amount represented a decrease of 5.4 per cent compared to Kshs.55.09 million realised during a similar period in the first half of FY 2020/21 and was 22.5 per cent of the annual target. The County is yet to implement an automated revenue management system.

Exchequer Issues

The Controller of Budget approved Kshs.2.26 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.209.76 million (9.3 per cent) for development programmes and Kshs.2.05 billion (90.7 per cent) for recurrent programmes.

Overall Expenditure Review

The County spent Kshs.1.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 64.6 per cent of the total funds released by the CoB and comprised of Kshs.14.45 million and Kshs.1.44 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.7 per cent, while recurrent expenditure represented 33.0 per cent of the annual recurrent expenditure budget.

Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.690.58 million and comprised of Kshs.105.62 million for recurrent expenditure and Kshs.584.96 million for development expenditure. During the period under review, the County Treasury did not report any payments to settle pending bills.

Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.20 billion was spent on employee compensation, Kshs.243.21 million on operations and maintenance, and Kshs.14.5 million on development activities, as

Table2: SummaryofBudgetandExpenditurebyEconomicClassification

ExpenditureClassification	Budget(Kshs.)		Expenditure(Kshs)		Absorption(%)	
	CountyExecutive	County As- sembly	CountyExecutive	County As- sembly	CountyE xecutive	CountyAsse mby
TotalRecurrentExpenditure	3,715,094,236	659,609,764	1,313,454,490	128,660,339	35.4	19.5
CompensationtoEmployees	2,215,201,714	383,180,981	1,082,286,724	116,619,470	48.9	30.4
OperationsandMaintenance	1,499,892,522	276,428,783	231,167,766	12,040,869	15.4	4.4
DevelopmentExpenditure	2,004,174,440	30,000,000	14,496,896	-	0.7	-
Total	5,719,268,676	689,609,764	1,327,951,386	128,660,339	23.2	18.7

Source: Vihiga County Treasury

ExpenditureonPersonnelEmoluments

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 per cent of the County's total revenue. Expenditure on compensation to employees was 37.4 per cent of the first half proportional revenue of Kshs. 3.20 billion.

The wage bill of Kshs. 1.2 billion includes Kshs. 452.02 million attributable to the health sector, which translates to 37.7 per cent of the total wage bill in the reporting period.

CountyEstablishedFunds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs. 95 million to county established funds in FY 2021/22, which constituted 1.5 per cent of the County's overall budget for the year. Table 3.262 below summarises each established fund's budget allocation and performance during the reporting period.

Table3:CountyEstablishedFundperformanceasof31stDecember2021

S/No.	NameoftheFund	ApprovedBudgetAllocationinFY 2021/22(Kshs.)		ActualExpenditureasof31 st De cember2021(Kshs.)		Submissionofquarterlyfi nancialstatements	
		CountyExecutive	County Assem- bly	CountyExecutive	County As- sembly	Yes	No
1.	Trade and EnterpriseFund	-	-	-	-	-	No
2.	EducationFund	95,000,000	-	-	-	-	No
3.	LoanandMortgage	-	-	-	-	-	No
Total		95,000,000	-	-	-	-	

Source: Vihiga County Treasury

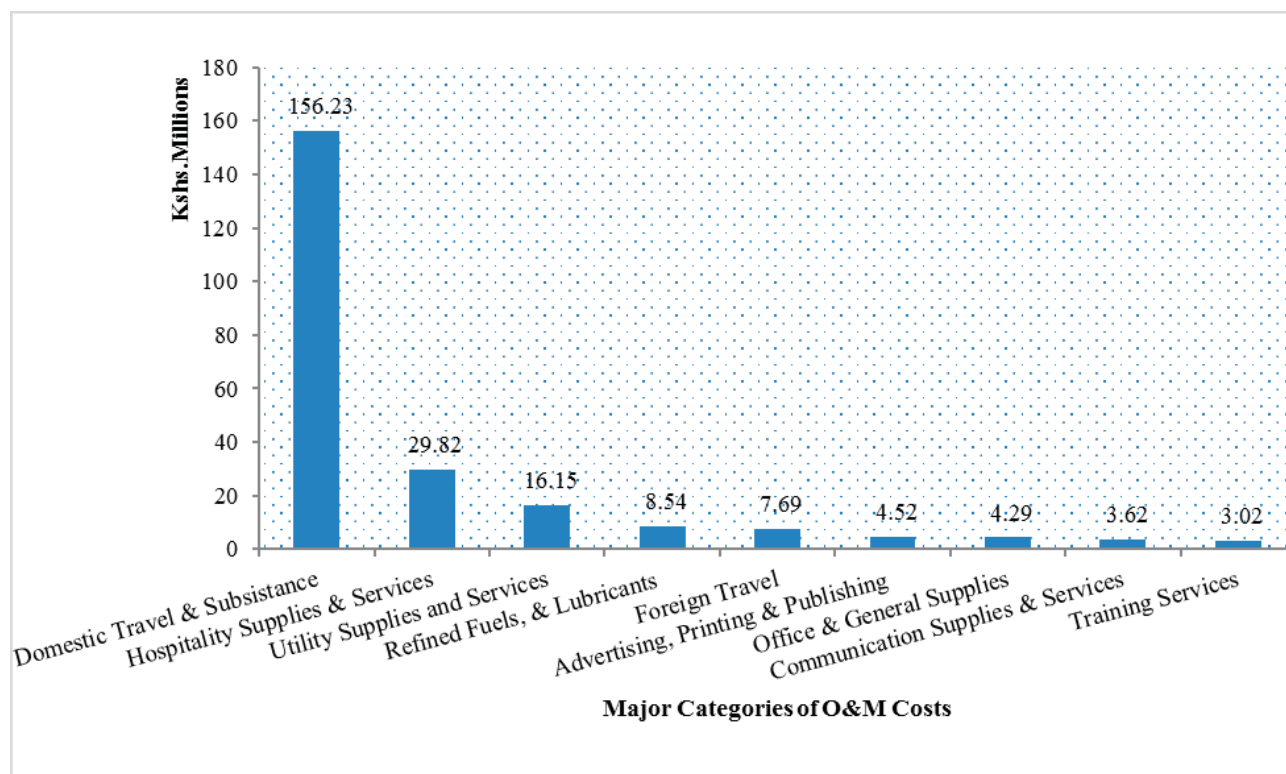
The OCoB did not receive the quarterly financial returns from Fund Administrators of established funds, as indicated in Table 3.262.

ExpenditureonOperationsandMaintenance

Figure 3.90 shows a summary of operations and maintenance expenditure by major categories.

Figure2:

Vihiga County, Summary of Operations and Maintenance Expenditure by Major Categories



Source: Vihiga County Treasury

The County spent Kshs. 27.04 million on committees sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs. 66.64 million. The average monthly sitting allowance was Kshs. 115,573 per MCA against the SRC's recommended monthly ceiling of Kshs. 124,800.

During the period, expenditure on domestic travel amounted to Kshs. 156.23 million and comprised Kshs. 56.98 million spent by the County Assembly and Kshs. 156.25 million by the County Executive. Spending on foreign travel amounted to Kshs. 7.69 million and consisted of Kshs. 5.60 million by the County Assembly and Kshs. 2.09 million by the County Executive.

Development Expenditure

The County incurred Kshs. 14.45 million on development programmes, which represented a decrease of 32.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 21.35 million. The development expenditure of Kshs. 14.45 was incurred on the construction of Market Stalls at Vihiga.

Budget Performance by Department

Table 3.263 summarises the approved budget allocation and performance by departments in the first half of FY 2021/22.

Table 4: Vihiga County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	248.60	6.28	123.04	-	58.68	0.0	47.7	0.0	23.6	0.0

FinanceandEconomicPlanning	345.86	328.36	120.91	157.27	87.98	0.0	72.8	0.0	25.4	0.0
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Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operatives	200.50	437.15	89.99	8.00	52.38	0.0	58.2	0.0	26.1	0.0
Health Services	1,450.25	278.63	692.32	-	504.86	0.0	72.9	0.0	34.8	0.0
Education, Science, Technical and Vocational Training	373.94	135.19	256.63	-	118.31	0.0	46.1	0.0	31.6	0.0
Gender, Culture, Youth, Sports and Social Services	87.50	9.78	46.53	-	12.39	0.0	26.6	0.0	14.2	0.0
Trade, Industry, Tourism and Entrepreneurship	92.11	32.53	30.49	14.50	20.38	14.50	66.8	100.0	22.1	44.6
County Public Service Board	48.72	-	24.40	-	18.95	0.0	77.6	0.0	38.9	0.0
Environment, Water, Energy and Natural Resources	140.78	126.03	59.32	30.00	41.69	0.0	70.3	0.0	29.0	0.0
Transport, Infrastructure and Communication	134.35	506.06	64.25	-	18.94	0.0	29.5	0.0	14.1	0.0
Physical Planning, Lands and Housing	105.61	144.17	40.44	-	15.73	0.0	38.9	0.0	14.9	0.0
County Assembly	659.61	30.00	335.42	-	128.66	0.0	38.4	0.0	19.5	0.0
Administration and Coordination of County Affairs	486.87	-	163.49	-	363.15	0.0	222.1	0.0	74.6	0.0
Total	4,374.70	2,034.17	2,047.23	209.77	1,442.11	14.50	70.4	6.9	33.0	0.7

Source: Vihiga County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Industry, Tourism and Entrepreneurship recorded the highest absorption rate of development budget at 44.6 per cent while other Departments did not report any expenditure on development activities. The Department of Administration and Coordination of County Affairs had the highest percentage of recurrent expenditure to budget at 74.6 per cent while the Department of Transport, Infrastructure and Communication had the lowest at 14.1 per cent.

Budget Execution by Programmes and Sub-Programmes

Table 3.264 summarises the budget execution by programmes and sub-programmes in the first half of FY2021/22.

Table 5: Vihiga County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
		KShs	KShs	KShs	
Administration, Planning and Support Service		863,377,009.00	239,461,841.50	623,915,167.50	27.7
	Administrative Service	863,377,009.00	239,461,841.50	623,915,167.50	27.7
Livestock Development and Management		1,470,357.00	0	1,470,357.00	0.0
	Veterinary Services and Extension	1,470,357.00	0	1,470,357.00	0.0
Fisheries Development and Management		9,700,000.00	0	9,700,000.00	0.0
	Promotion of Fish Farming	9,700,000.00	0	9,700,000.00	0.0
Crop Development		7,500,000.00	0	7,500,000.00	0.0
	Crop Extension	8,800,000.00	0	8,800,000.00	0.0

andManagement	CashCropProductionandD evelopment	-1,300,000.00	0	-1,300,000.00	0.0
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Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
		KShs	KShs	KShs	
Cooperatives Development		21,850,000.00	3,480,800.00	18,369,200.00	15.9
	Cooperative Development Services	21,850,000.00	3,480,800.00	18,369,200.00	15.9
Land Survey and Mapping Services		1,500,000.00	671,300.00	828,700.00	44.8
	Land Survey and Mapping	1,500,000.00	671,300.00	828,700.00	44.8
Urban and Physical Planning and Housing Services		158,220,399.00	0	158,220,399.00	0.0
	Urban and Physical Planning	1,000,000.00	0	1,000,000.00	0.0
	Vihiga Municipality {KUSP}	157,220,399.00	0	157,220,399.00	0.0
Administration, Planning and Support Service		849,467,243.00	22,085,211.00	827,382,032.00	2.6
	Administrative Service	849,467,243.00	22,085,211.00	827,382,032.00	2.6
Transport Management		11,402,400.00	0	11,402,400.00	0.0
	Transport System Management	11,402,400.00	0	11,402,400.00	0.0
Infrastructure Development		800,000.00	0	800,000.00	0.0
	Roads Maintenance	800,000.00	0	800,000.00	0.0
Administration, Planning and Support Service		100,922,081.00	34,875,133.00	66,046,948.00	34.6
	Administrative Service	100,922,081.00	34,875,133.00	66,046,948.00	34.6
Trade Development and Investment		-1,000,000.00	0	-1,000,000.00	0.0
	Market Development and Management	-1,000,000.00	0	-1,000,000.00	0.0
	Business Support and Consumer Protection	0	0	0	0.0
Tourism Development		2,000,000.00	0	2,000,000.00	0.0
	Tourism Promotion and Branding	2,000,000.00	0	2,000,000.00	0.0
Administration, Planning and Support Service		1,705,426,516.00	527,451,673.60	1,177,974,842.40	30.9
	Administrative Service	974,272,429.00	310,072,245.45	664,200,183.55	31.8
	Human Resource Management and Development	734,646,886.00	217,379,428.15	517,267,457.85	29.6
	Healthcare Financing	-3,492,799.00	0	-3,492,799.00	0.0
Promotive and Preventive Healthcare Services		-9,727,750.00	431,200.00	-10,158,950.00	-4.4
	Public Health Services	1,500,000.00	0	1,500,000.00	0.0
	Community Health Strategy	-18,527,750.00	0	-18,527,750.00	0.0
	Health Promotion	3,000,000.00	0	3,000,000.00	0.0
	Reproductive Healthcare	3,500,000.00	431,200.00	3,068,800.00	12.3
	Disease Surveillance and Emergency	800,000.00	0	800,000.00	0.0
Curative and Rehabilitative Health Services		94,150,000.00	1,246,000.00	92,904,000.00	1.3
	Medical services	93,950,000.00	1,246,000.00	92,704,000.00	1.3
	County referral services	200,000.00	0	200,000.00	0.0
Child and Maternal Health Care		57,495,226.00	0	57,495,226.00	0.0
	Antenatal and Post Natal healthcare	4,000,000.00	0	4,000,000.00	0.0
	Antenatal and Post Natal Healthcare	571,000.00	0	571,000.00	0.0
	Newborn, Child and Adolescent Health	1,200,000.00	0	1,200,000.00	0.0
	Nutrition Services	51,724,226.00	0	51,724,226.00	0.0
Administration, Planning and Support Service		263,879,212.00	60,144,315.00	203,734,897.00	22.8
	Administrative Service	263,879,212.00	60,144,315.00	203,734,897.00	22.8

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
		KShs	KShs	KShs	
Vocational Education and Training		49,557,261.00	0	49,557,261.00	0.0
	Youth Polytechnic Development	49,557,261.00	0	49,557,261.00	0.0
Early Childhood Development		136,311,398.00	58,169,841.50	78,141,556.50	42.7
	ECDD Development	136,311,398.00	58,169,841.50	78,141,556.50	42.7
Administration, Planning and Support Service		1,733,994,827.00	449,181,098.10	1,284,813,728.90	25.9
	Administrative Service	1,676,867,142.00	441,859,140.60	1,235,008,001.40	26.4
	County Administration	9,470,000.00	1,178,600.00	8,291,400.00	12.5
	County Radio Information Services	47,657,685.00	6,143,357.50	41,514,327.50	12.9
Public Finance Management		29,782,764.00	4,651,080.00	25,131,684.00	15.6
	Public Finance Management	3,700,000.00	1,414,000.00	2,286,000.00	38.2
	Accounting Services	3,100,000.00	1,141,780.00	1,958,220.00	36.8
	Audit Services	16,750,000.00	1,537,600.00	15,212,400.00	9.2
	Budget Formulation Coordination	8,000,000.00	0	8,000,000.00	0.0
	Resource Mobilization	-8,878,376.00	557,700.00	-9,436,076.00	-6.3
	Budget Expenditure Management	7,111,140.00	0	7,111,140.00	0.0
County Planning Services		900,000.00	46,000.00	854,000.00	5.1
	Monitoring and Evaluation	-1,200,000.00	46,000.00	-1,246,000.00	-3.8
	Coordination of Policy Formulation and Plans	2,100,000.00	0	2,100,000.00	0.0
Management and Administration of County Services		37,124,100.00	1,702,800.00	35,421,300.00	4.6
	County Secretary	4,000,000.00	0	4,000,000.00	0.0
	Legal Services	33,124,100.00	1,702,800.00	31,421,300.00	5.1
Administration, Planning and Support Service		50,861,704.00	8,743,050.00	42,118,654.00	17.2
	Administrative Service	50,861,704.00	8,743,050.00	42,118,654.00	17.2
903004860		1,456,258.00	2,833,050.00	-1,376,792.00	194.5
	Promotion of Sports	-12,050,000.00	2,833,050.00	-14,883,050.00	-23.5
	Promotion of Culture and Heritage	13,506,258.00	0	13,506,258.00	0.0
904004860		-6,282,000.00	-249,000.00	-6,033,000.00	4.0
	Social Protection	-2,850,000.00	0	-2,850,000.00	0.0
	Gender, Children, Youth and People with Disability	-3,432,000.00	-249,000.00	-3,183,000.00	7.3
Administration, Planning and Support Service		215,938,044.00	41,134,731.30	174,803,312.70	19.1
	Administrative Service	215,938,044.00	41,134,731.30	174,803,312.70	19.1
Water Supply and Administration		7,651,391.00	551,600.00	7,099,791.00	7.2
	Water Supply Management	5,348,637.00	551,600.00	4,797,037.00	10.3
	Waste Water Management	2,302,754.00	0	2,302,754.00	0.0
Environmental Management Services		8,600,000.00	0	8,600,000.00	0.0
	Environmental Protection and Conservation	8,600,000.00	0	8,600,000.00	0.0
Natural Resource Management		4,550,000.00	0	4,550,000.00	0.0
	Natural Resources management	4,550,000.00	0	4,550,000.00	0.0
Grand Total		6,408,878,440.00	1,456,611,725.00	1,848,820,836.50	22.7

Source: Vihiga County Treasury

Programmes with high levels of implementation based on absorption rates were: Land Survey and Mapping Services in the Department of Physical Planning, Lands and Housing at 44.8 per cent, Early Childhood Development in the Department of Education, Science, Technical and Vocational Training at 42.7 per cent,

Administration, Planning and Support Service in the Department of Administration and Coordination of County Affairs at 34.6 percent, and Administration, Planning and Support Service at 30.9 percent of budget allocation.

Further, it was noted that a number of programmes had negative vote balances which was occasioned by reductions done during the supplementary budget. The County Government is advised to correct the negative balances before the end of the financial year.