

COUNTY GOVERNMENT OF KITUI
BUDGET IMPLEMENTATION REPORT
Quarter 1

FY 2017/ 2018

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1.0 INTRODUCTION

This Budget implementation report is prepared in conformity with Article 228(6) of the Constitution of Kenya, 2010 and section 39(8) of the Public Finance Management Act, 2012's requirement that counties report on the implementation progress of their budgets. It covers the period July 2017 to September 2017.

The report presents revenue and expenditure performance by the county. Revenue is disaggregated by source while expenditure is analyzed by economic classification. It also highlights the County government's activities for the period under review and seeks to objectively review budget implementation in the county by highlighting performance of revenues, transfers received from the National Government and actual expenditure. Key issues that affect budget implementation during the financial year are identified and appropriate recommendations made on how the issues can be addressed in order to enhance effectiveness in budget execution.

2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION

The County had a budget of Kshs. **10,967,071,045** which consisted of Kshs. 5,594,903,884 (53%) for recurrent expenditure and Kshs. 4,871,565,089 (47%) for development expenditure.

The table below shows the various components of the budget:

SOURCE	AMOUNT	% OF TOTAL BUDGET
Balance b/f from FY 2016/2017	1,319,665,31	12.03
National Equitable Share	8,368,427,839	76.31
Local Revenue Sources	702,040,500	6.40
Grants	576,937,392	5.26
TOTAL	10,967,071,045	100.00

Breakdown of Grants

SOURCE OF GRANT	AMOUNT
Compensation for User Fees Forgone	87,216,611
Road Maintenance Fuel Levy Fund	220,500,000
World Bank Loan to Supplement Financing of County Health Facilities	231,027,246
Other Grants and Loans	38,193,535
Gross - Grants	576,937,392

2.1 Transfers from the National Government

For Q1 of 2017/2018 under review, the County received Kshs. 684,644,433.00 as the national equitable share of revenue disbursed as below:

RELEASE DATE	AMOUNT (KSHS)
24/07/2017	412,368,200
24/08/2017	272,276,233
Total	684,644,433.00

2.2 Locally Generated Revenue

The County Government budgeted to locally collect Kshs 702,040,500 during FY 2017/2018. Q1 collection was Kshs 21,706,866 which is 3% of the targeted collection.

The monthly collection breakdown is as below:

SOURCE	JULY 2017	AUG 2017	SEPT 2017	TOTAL
	KSHS	KSHS	KSHS	KSHS
Office of the Governor	1,205,800	518,500	1,212,000	2,936,300
Ministry of Agri, Water and Irrigation	3,156,805	312,200	401,400	3,870,405
Ministry of Energy/Environment/Mi neral Inv Dev	6,600	846,600	685,200	1,538,400
Ministry of Health and Sanitation	0	0	0	0
Ministry of LIUD	2,099,572	1,661,651	1,845,648	5,606,871
Ministry of Trade	0	0	0	0

Ministry of Finance and Economic Planning	4,940,699	5,601,845	4,561,816	15,104,360
Kitui Town Administration	2,657,500	2,528,425	1,974,870	7,160,795
Mwingi Town Administration	1,257,880	1,171,230	1,050,265	3,479,375
Receipted Direct Deposits	(8,885,598)	(3,688,872)	(5,415,170)	(17,989,640)
TOTAL				21,706,866

2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs 684,644,433.00 which was used for recurrent expenditure

3.0 EXPENDITURE ANALYSIS

3.1 County Summary

During the period under review, the County spent a total of Kshs.598,072,869 which was 87% of the funds released. Out of this amount, Kshs. 574,412,511 (96%) went to finance recurrent activities while Kshs. 23,660,358 (4%) financed development.

The County Executive spent Kshs. 540,010,794 while County Assembly spent Kshs. 58,062,075 which represent 90% and 10% respectively.

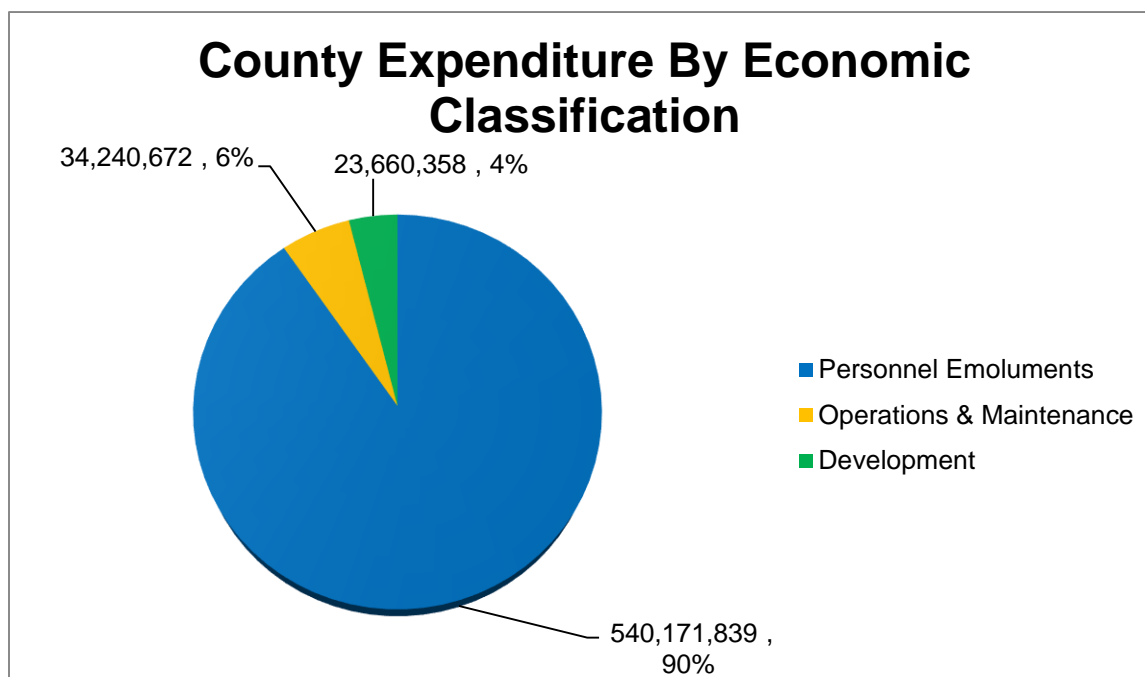
Analysis of recurrent expenditure reveals that the County spent Kshs. 540,171,839 on personnel emoluments translating to 94% of the total recurrent expenditure, while Kshs. 34,240,672 (6%) was spent on operations & maintenance.

ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPMENT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	
Office of the Governor	714,414	3	4,838,787	19	20,000,000	78	25,553,201
Ministry of Administration & coordination of County Affairs	76,693,524	99	454,200	1	-	0	77,147,724
Ministry of Agriculture,	30,003,221	83	2,094,841	6	4,154,358	11	36,252,420

Water & Coordination							
Ministry of Basic Education, Training & Skills Development	44,195,900	100	-	0	-	0	44,195,900
Ministry of Lands, Infrastructure & Urban Development	594,472	65	325,000	35	-	0	919,472
Ministry of Health & Sanitation	307,412,944	99	2,296,463	1	-	0	309,709,407
Ministry of Trade, Industry & Cooperatives	-	0	367,504	100	-	0	367,504
Ministry of Culture, Youth, Sports & Social Services	93,301	100	-	0	-	0	93,301
Ministry of Environment, Energy and Mineral Investments Development	196,874	36	352,024	64	-	0	548,898
Ministry of Tourism & Natural Resources	93,301	16	502,200	84	-	0	595,501
Ministry of Finance & Economic Planning	30,635,165	81	7,754,278	20	(494,000)	-1	37,895,443
County Public Service Board	-	0	1,602,290	100	-	0	1,602,290
County Assembly	44,429,825	77	13,632,250	23	-	0	58,062,075
Kitui Town Headquarters Administration	3,926,960	100	-	0	-	0	3,926,960

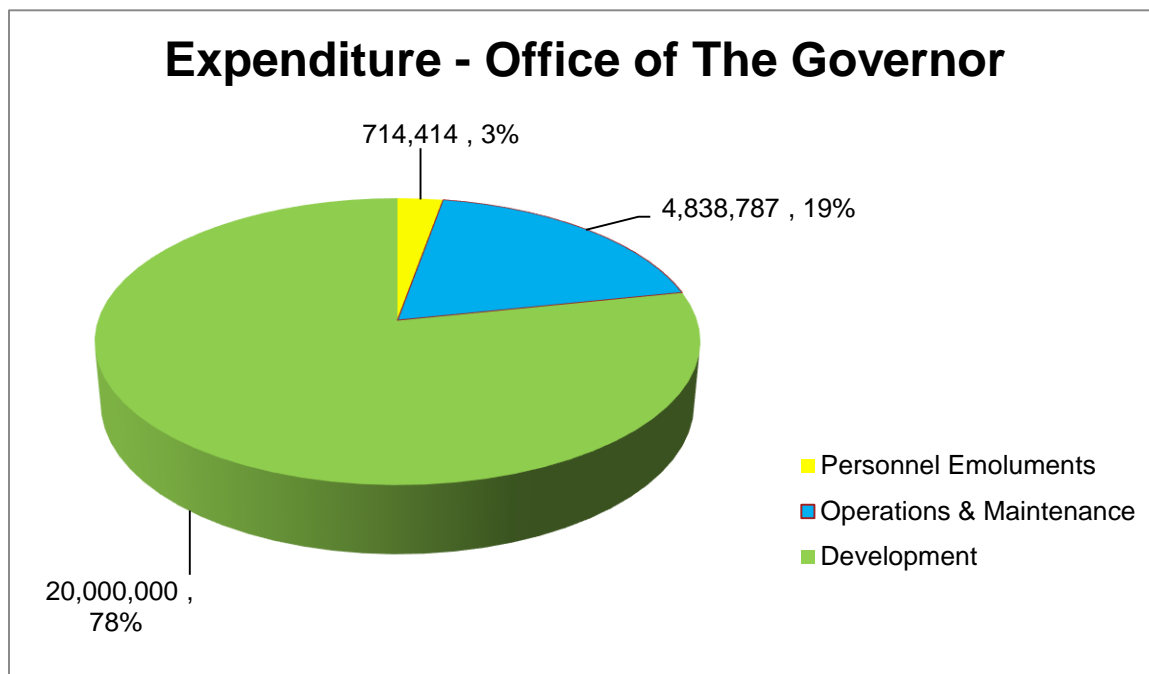
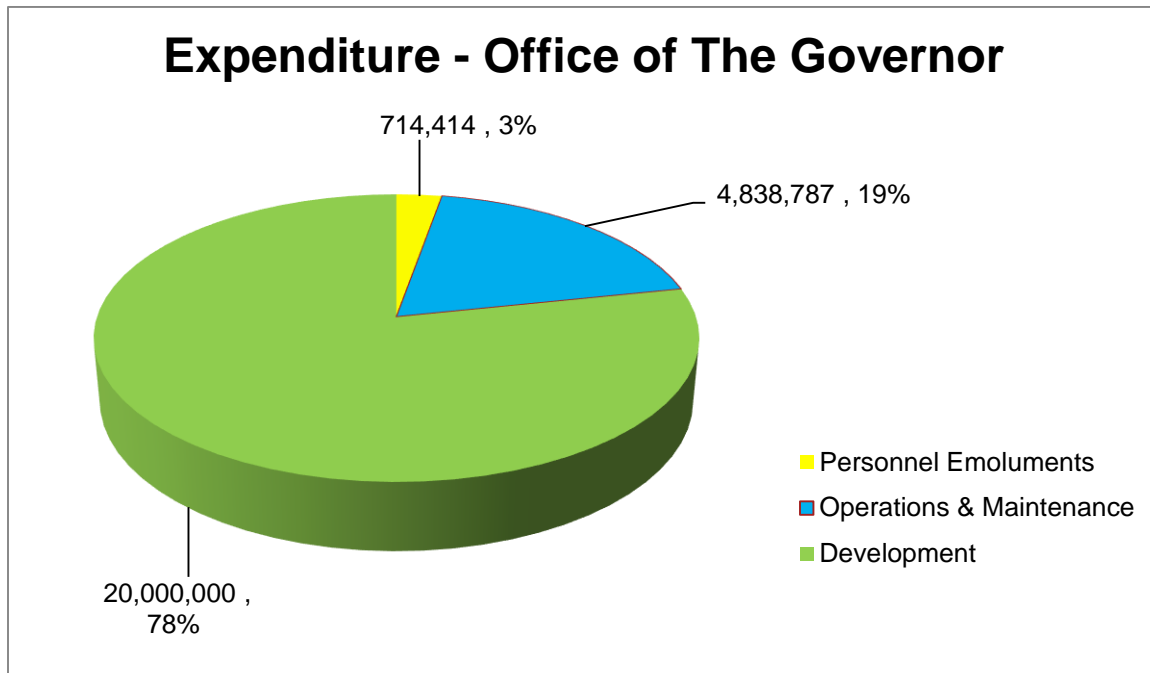
Mwingi Town Administration	1,181,938	98	20,835	2	-	0	1,202,773
TOTAL	540,171,839	90	34,240,672	6	23,660,358	4	598,072,869

The table below analyses expenditure by the various spending entities.



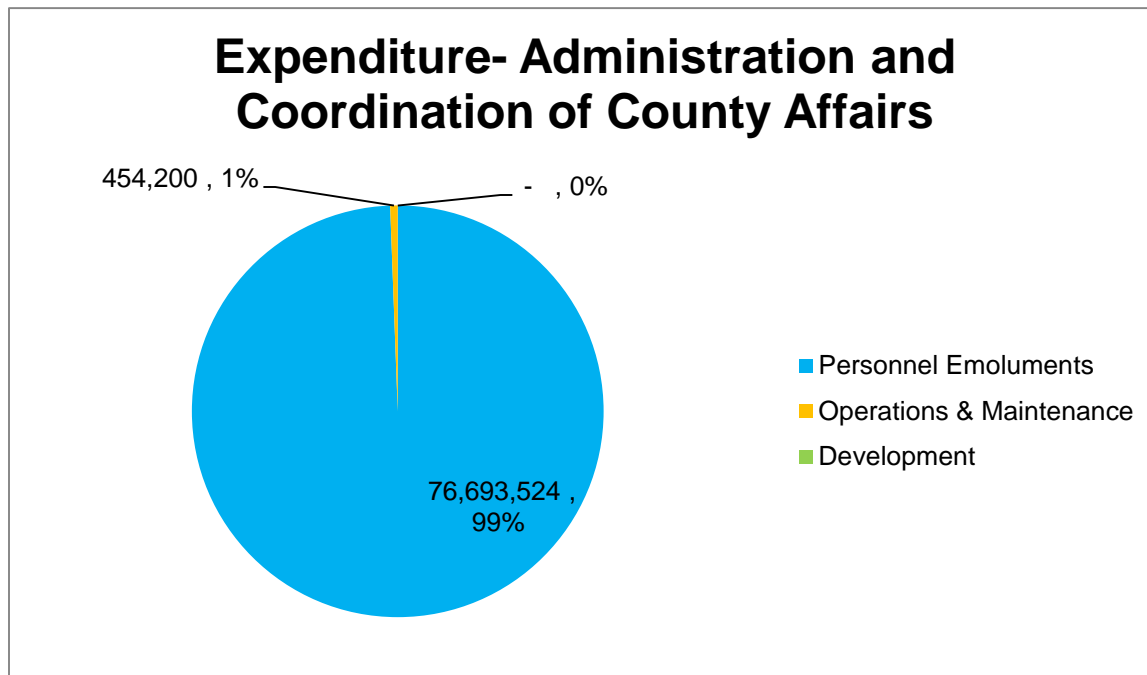
3.2 Office of the Governor

During the period under review, the Office of the Governor spent Kshs 25,553,201 . Out of this, Kshs. 20,000,000,78% financed development projects, Kshs. 714,414, 3% went to Personnel Emoluments while Kshs. 4,838,787, 19% was spent on Operations & Maintenance.



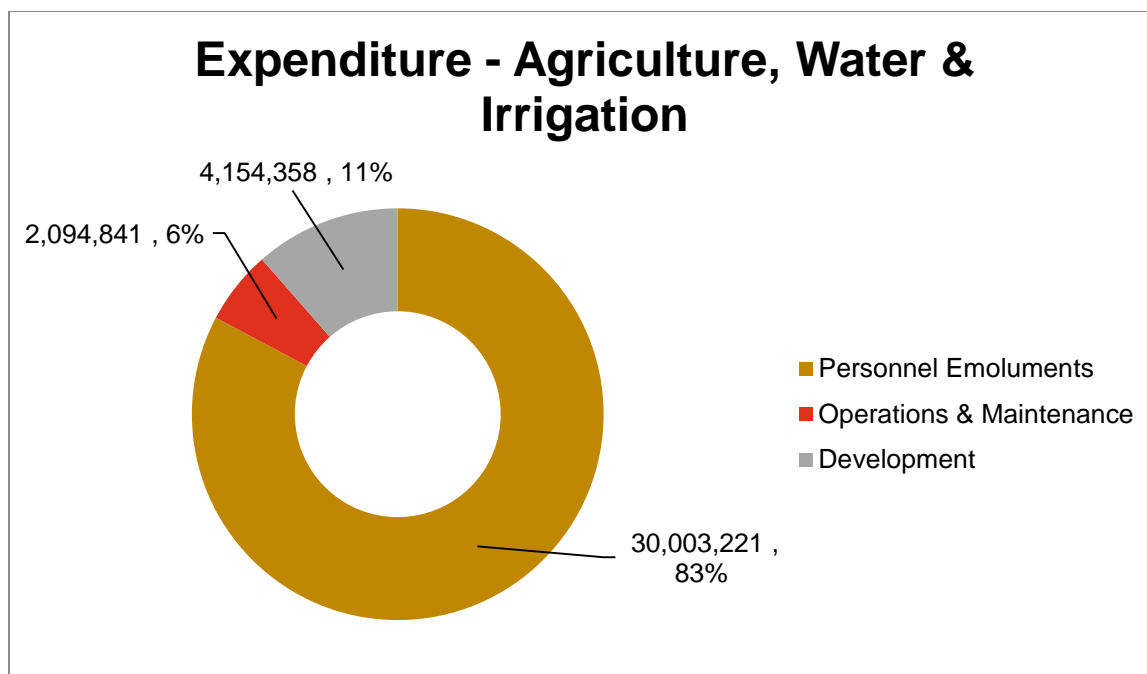
3.3 Administration & Coordination of County Affairs

Analysis of the Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs. 76,693,524, 99% financed personnel emoluments while Kshs. 454,200, 1% was spent on operations & maintenance. There amount spent on development was Kshs. 0, 0% of total expenditure.



3.4 Agriculture, Water & Irrigation

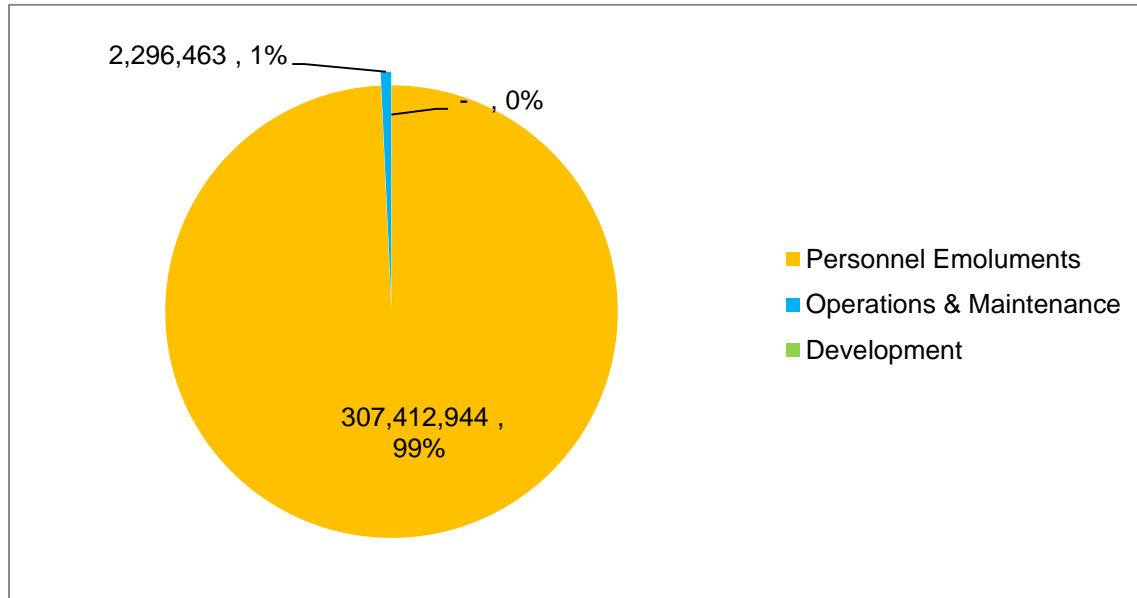
During the period under review, the county ministry of Agriculture, Water and Irrigation spent a total of Kshs. 36,252,420. Out of this, Kshs. 4,154,358, 11% was spent on development, Kshs. 30,003,221, 83% on personnel emoluments and Kshs. 2,094,841, 6% on operations and maintenance.



3.5 Health and Sanitation

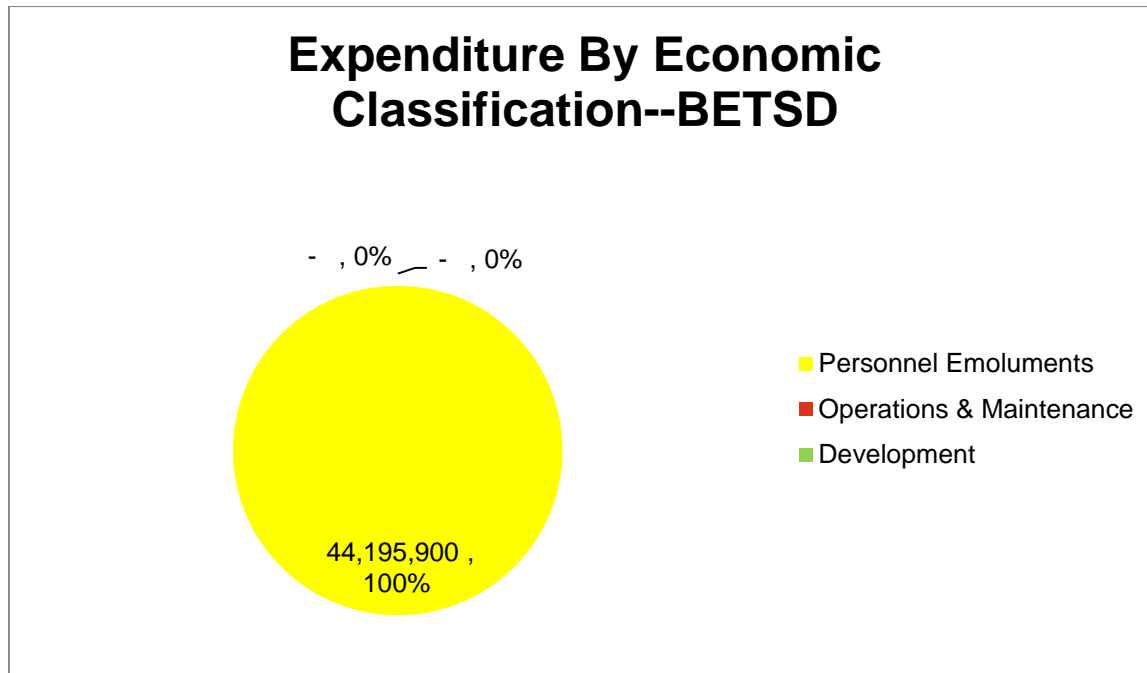
The County Ministry of Health and Sanitation had, in Q1 of 2017/2018, incurred a total expenditure of Kshs. 309,709,407. Out of this Kshs. 0, 0% was spent on development activities and Kshs. 309,709,407, 100% was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs. 307,412,944, 99% went to Personnel emoluments while Kshs 2,296,463, 1% went to Operations & Maintenance.

Expenditure By Economic Classification--Health & Sanitation



3.6 Basic Education, Training & Skills Development

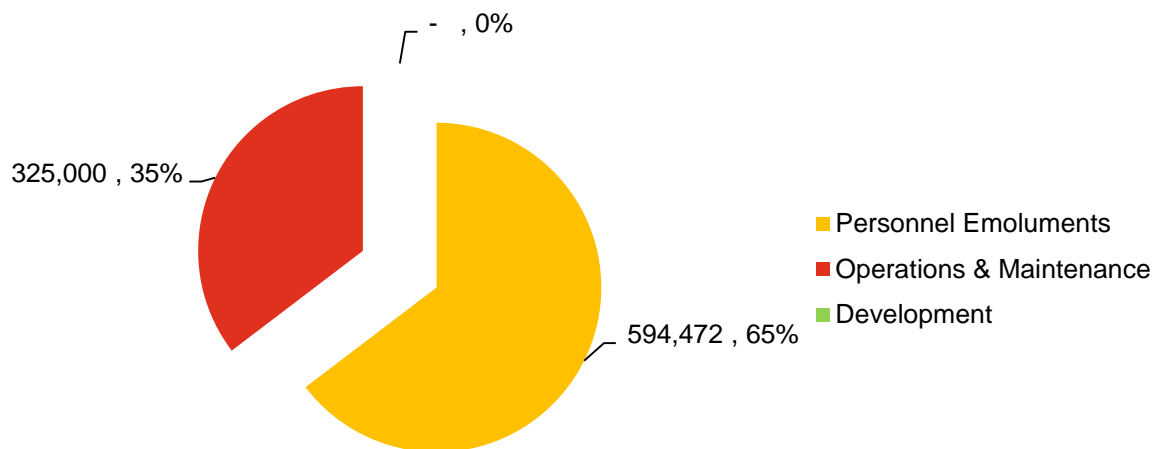
A total of Kshs. 44,195,900 was spent in Q1 of FY 2017/2018. This expenditure was composed of; Personnel Emoluments Kshs.44,195,900, 100%, Operations & Maintenance Kshs. 0, 0% while development expenditure was Kshs. 0, 0%



3.7 Lands Infrastructure & Urban Development

At the Lands, Infrastructure & Urban Development ministry, a total of Kshs 0, 0% was spent on development, Kshs. 594,472, 65% on personnel emoluments and Kshs. 325,000, 35%on Operations and Maintenance. This translated to74%, 17% and 9%of total ministry expenditure respectively.

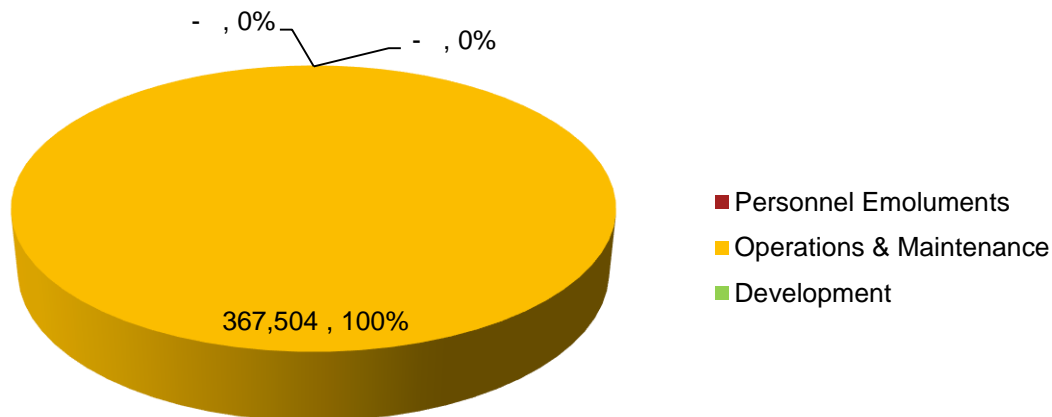
Expenditure By Economic Classification - LIUD



3.8 Trade, Industry, ICT & Cooperatives

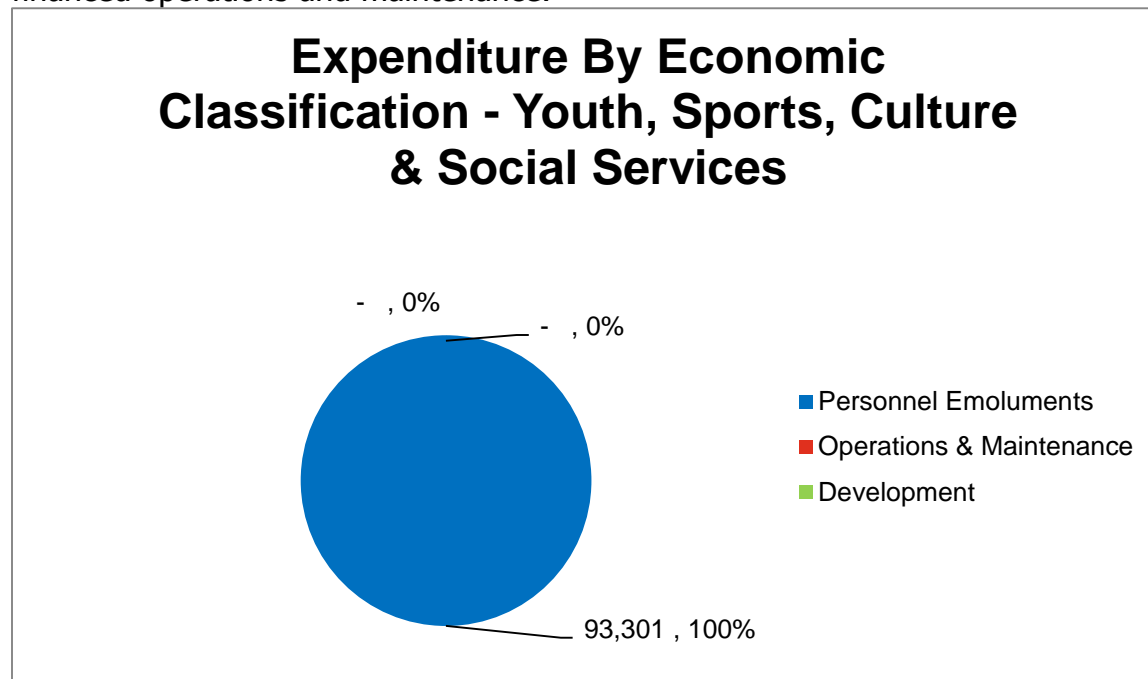
During the period under review, the total expenditure for the County Ministry of Trade, Industry, Cooperatives and ICT was Kshs. 367,504. Out of this amount, Kshs. 0, 0% of total expenditure) went to personnel emoluments, while Kshs. 367,504, 100% to Operations & Maintenance. Development expenditure amounted to Kshs 0, 0%

Expenditure By Economic Classification - MTIIC



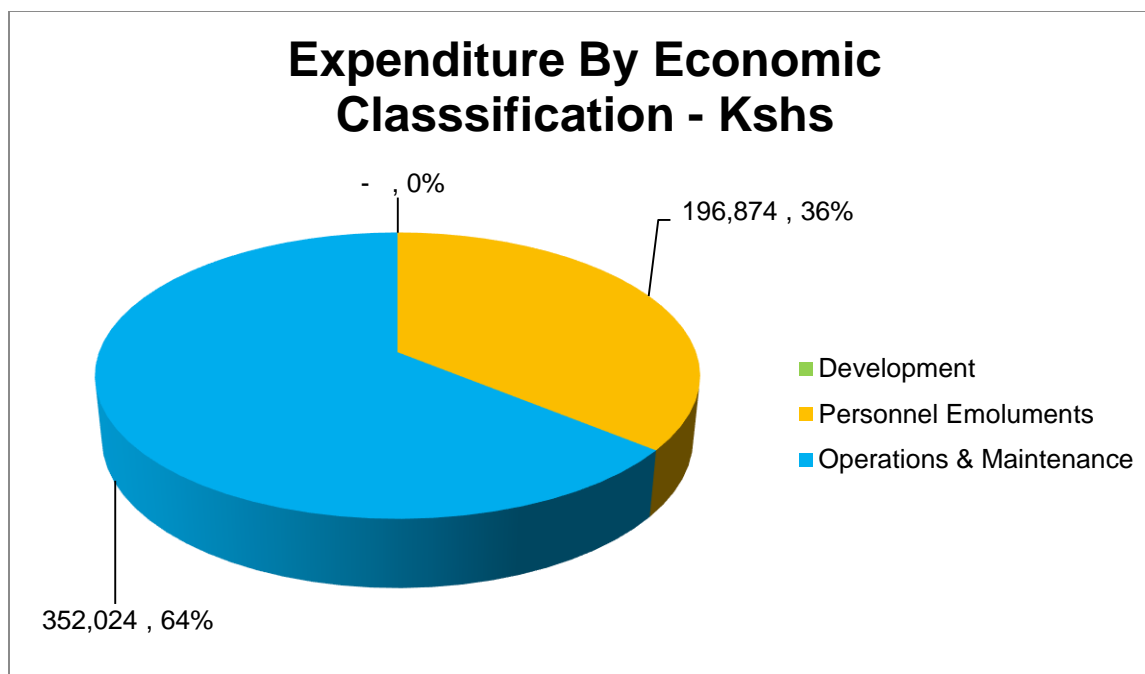
3.9 Youth, Sports, Culture & Social Services

At the Youth, Sports, Culture & Social Services ministry, a total of Kshs. 93,301 was spent in the quarter 1 of FY 2017/2018. The development component of this expenditure was Kshs. 0,0% Kshs. 93,301, 100% was spent on personnel emoluments while Kshs. 0,0% financed operations and maintenance.



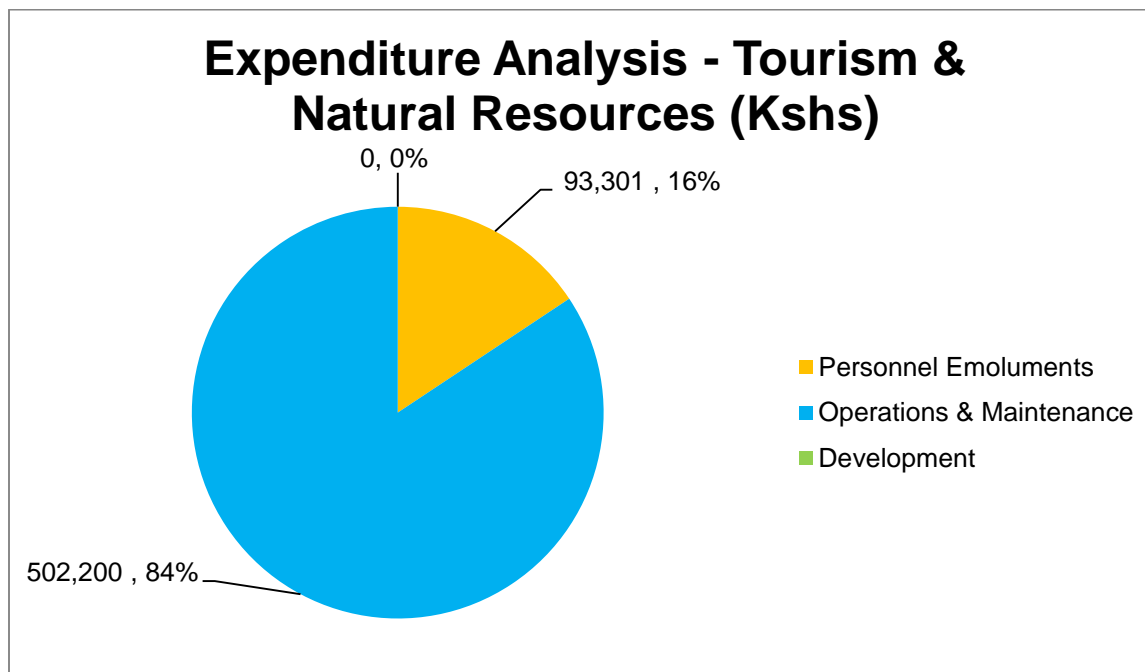
3.10 Environment, Energy & Mineral Investments Development

Expenditure analysis at the ministry of Environment, Energy & Mineral Investments Development reveals that a total of Kshs. 548,898 was spent in the quarter 1 of FY 2017/2018. The expenditure was broken down into; Development Kshs. 0,0% Personnel Emoluments Kshs. 196,874, 36% and Operations & Maintenance Kshs. 352,024, 64%



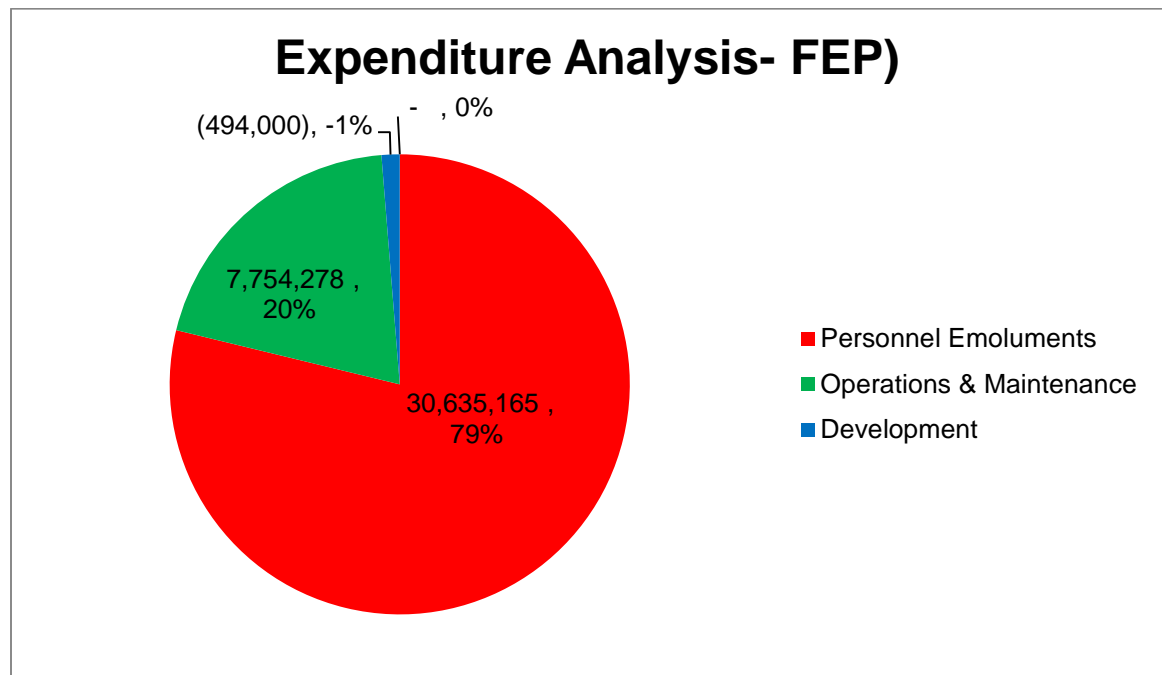
3.11 Tourism & Natural Resources

At the Tourism & Natural Resources ministry, Kshs. 93,301, 16% was spent on personnel emoluments, Kshs. 502,200, 84% on operations & maintenance and Kshs.0,0% on development.



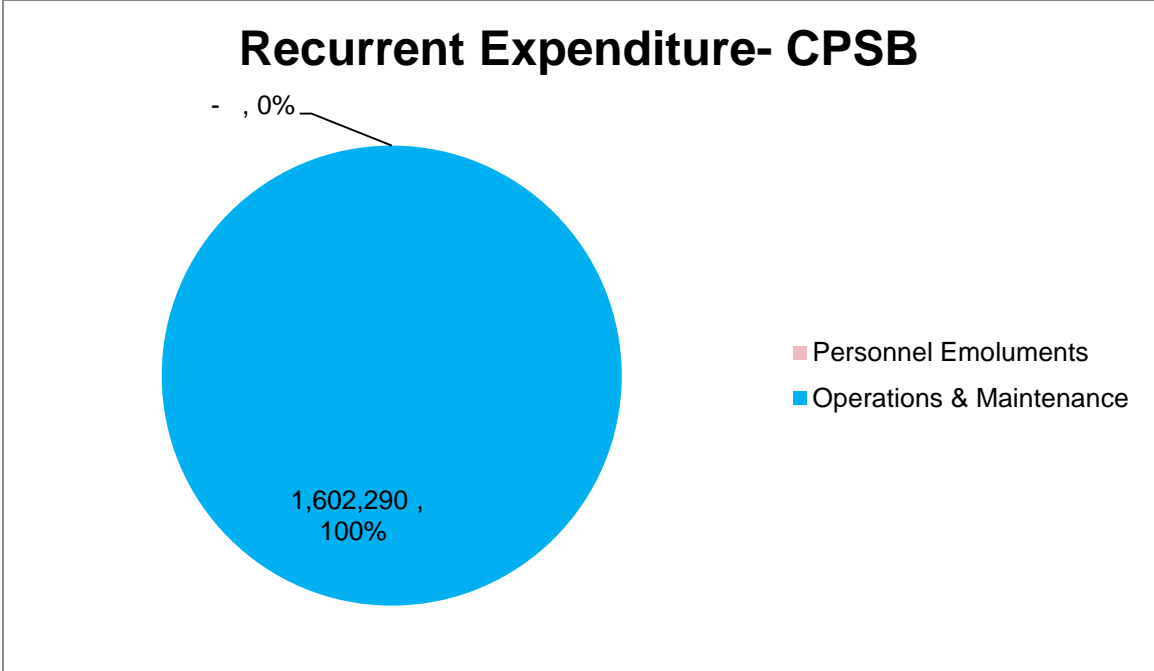
3.12 Finance & Economic Planning

During Q1 of FY 2017/2018, the County Ministry of Finance & Economic Planning spent a total of Kshs. 37,895,443. This expenditure was broken down into; personnel emoluments Kshs. 30,635,165, 79%, operations & maintenance Kshs 7,754,278, 20% while development expenditure amounted to Kshs. (494,000), -1%



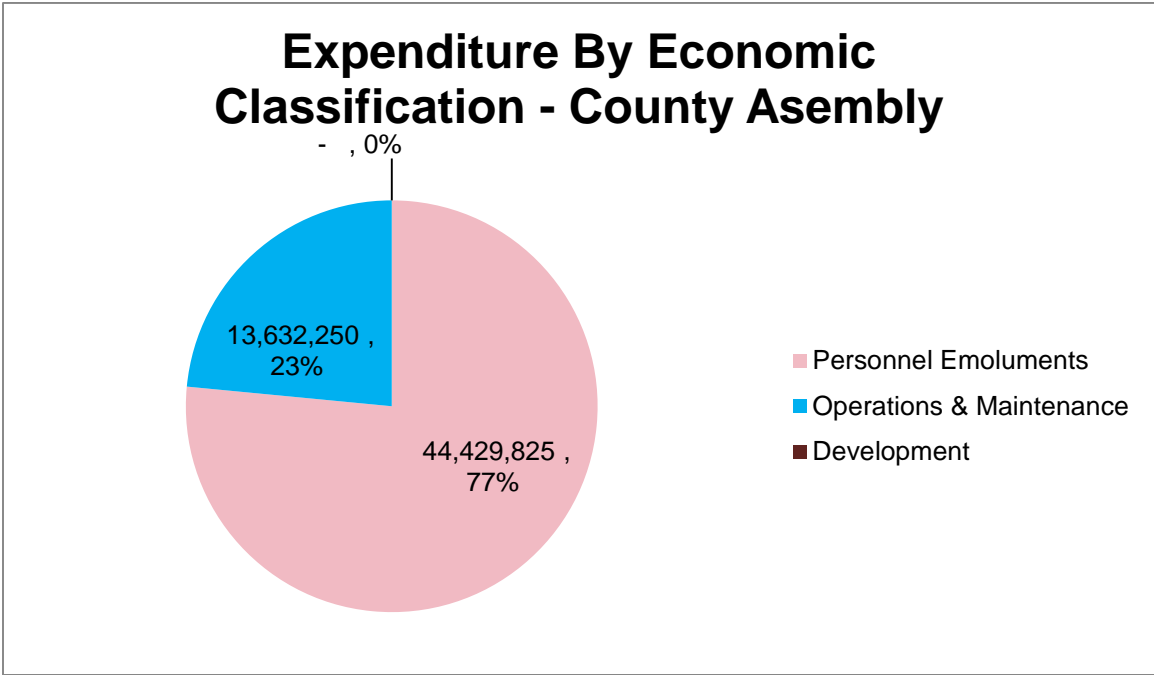
3.13 The County Public Service Board

The County Public Service Board did not undertake any development projects. An analysis of the recurrent expenditure reveals that Kshs. 0,0% was spent on Personnel Emoluments while Kshs 1,602,290, 100% was spent on Operations & Maintenance.



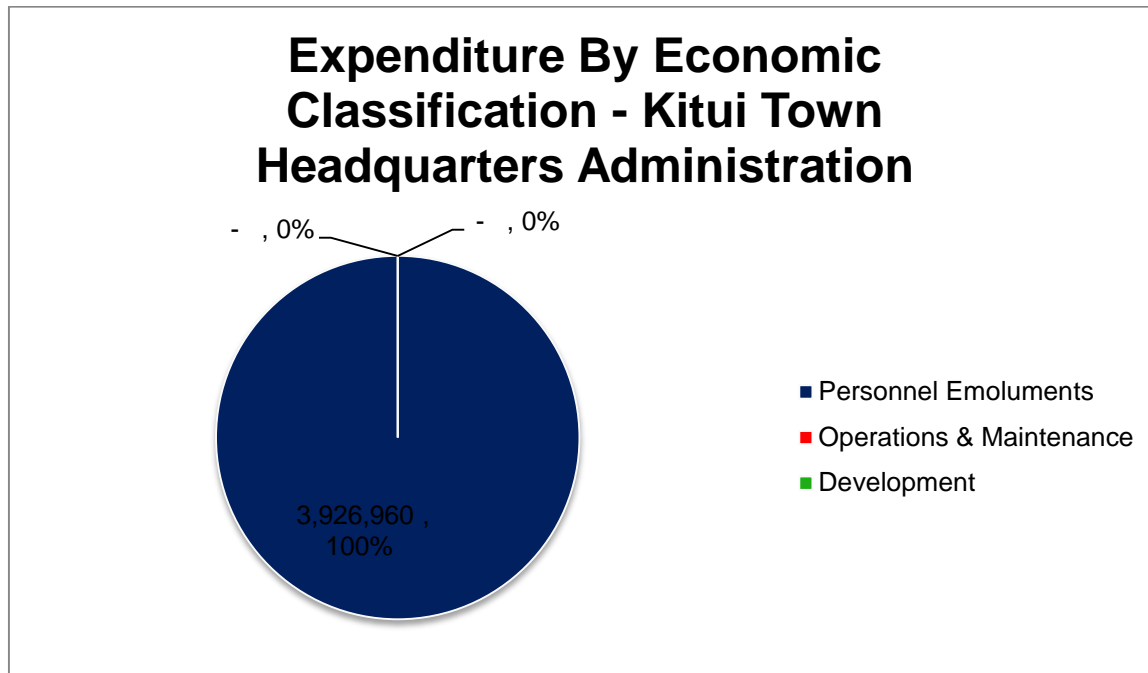
3.14 The County Assembly

The County Assembly spent a total of Kshs. 58,062,075. This expenditure included the Kshs. 44,429,825, 77% spent on personnel emoluments, the Kshs. 13,632,250, 23% spent on operations & maintenance and the Kshs. 0,0% spent on development.



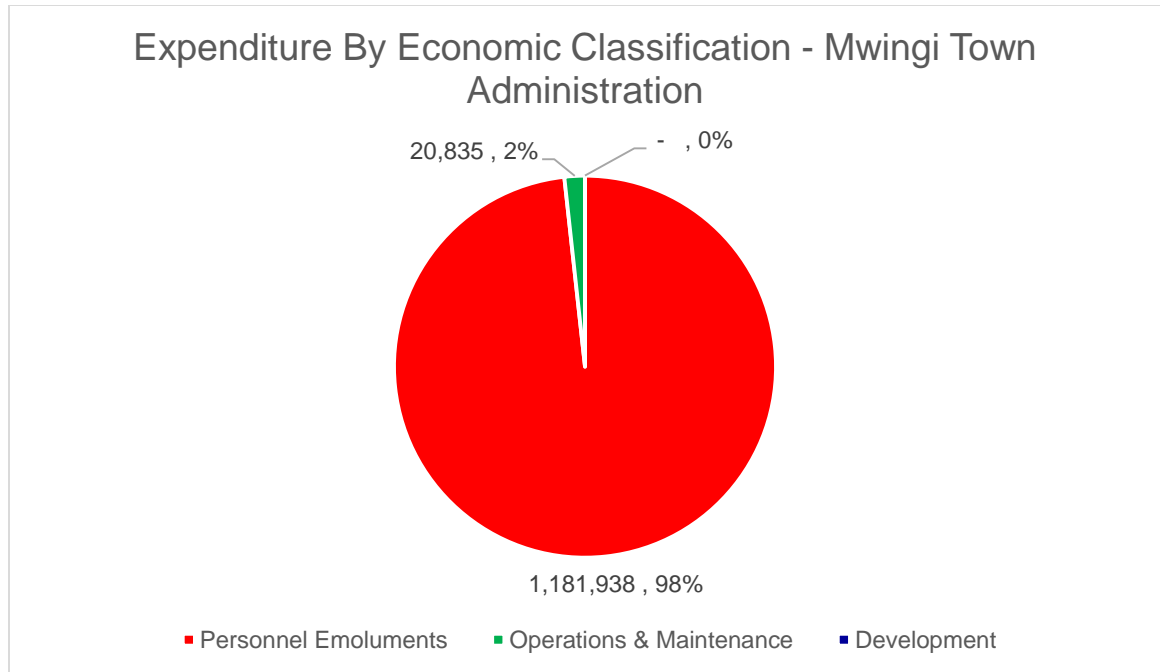
3.15 Kitui Town Headquarters Administration

The Kitui Town Headquarters Administration spent a total of Kshs 3,926,960. This expenditure included the Kshs. 3,926,960, 100% spent on personnel emoluments, the Kshs. 0, 0% spent on operations & maintenance and the Kshs. 0,0% spent on development.



3.16 Mwingi Town Administration

The Mwingi Town Administration spent a total of Kshs. 1,202,773. This expenditure included the Kshs. 1,181,938, 98% spent on personnel emoluments, the Kshs. 20,835, 2% spent on operations & maintenance and the Kshs. 0,0% spent on development.



4.0 CHALLENGES

The county experienced several challenges/issues that affected budget implementation during Q1 of FY 2017/2018. These are:

1. Inadequate physical infrastructure /office space to accommodate staff. This adversely affected delivery of services to the public.
2. Failure to fully implement the IFMIS and GPAY systems and the use of manual revenue collection systems.
3. Delayed procurement processes particularly for development expenditure.

5.0 RECOMMENDATIONS

1. Fast-track the refurbishment and/or construction of building to provide adequate working space for county staff.
2. All departments should link their procurement plans to cash flow projections in order to facilitate project implementation and absorption of development expenditure. Procurement processes by all departments should be completed before funds are released from the exchequer.
3. Ensure IFMIS is fully operationalized for all financial transactions. The approved budget should be uploaded into the system to facilitate effective budget monitoring.

4. Ensure all the required plans are prepared in time as required by the PFM Act, 2012 to enable smooth implementation of the budget.