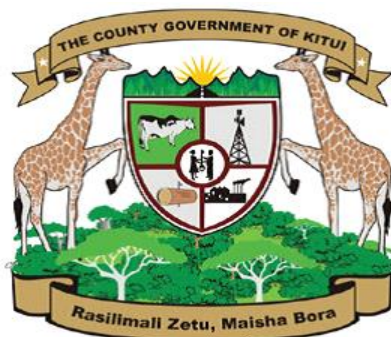


COUNTY GOVERNMENT OF KITUI



COUNTY TREASURY

BUDGET IMPLEMENTATION REPORT (BIR)

OCTOBER-DECEMBER 2019 (QUARTER 2)

FY 2019/ 2020

Prepared:-

Department of Economic Planning

County Treasury

County Mission and Vision

County Vision

To be an empowered and prosperous County with a high quality of life

County Mission

To provide transformative county services through effective utilization of our land, capital, labour, technology and leadership for sustainable socio-economic development

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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 from October 2019 to December 2019.

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 to enhance efficiency and effectiveness in budget execution.

2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION

The County had a budget of Kshs. **11,378,500,249** which consisted of Kshs. **7,095,068,863** (62%) for recurrent expenditure and Kshs **4,283,431,386** (38%) for development expenditure.

2.1 Budget Components

Table 1 shows the various components of the budget

Table 1: Budget Components

SOURCE	AMOUNT	% OF TOTAL BUDGET
Balance b/f from FY 2018/2019	526,210,232	4.62
National Equitable Share	8,830,350,000	77.61
Local Revenue Sources	600,000,000	5.27
Grants	1,421,940,017	12.50
TOTAL	11,378,500,249	100.00

2.2 Breakdown of Grants

Table 2 shows the breakdown of conditional grants for 2019/2020 FY.

Table 2: Breakdown of grants

Source	Amount
Compensation for User Fees Forgone	22,499,906
Road Maintenance Fuel Levy	280,638,858
Grants from World Bank (KDSP)	30,140,998
World Bank (Universal Health)	146,059,341
World Bank (Agriculture - Rural Growth)	384,709,261
HSSP/HSPS - (DANIDA/IDA)	26,062,500
Development of Youth Polytechnics	72,882,525
Kenya Urban Support Project - World Bank	363,132,592
Kenya Urban Support Project (UIG)- World Bank	50,000,000

Source	Amount
ASDSP	36,633,313
KCEP-COCRLA	3,251,286
FAO	4,337,271
Pro Poor	1,592,166
Subtotal	1,421,940,017

2.3 Transfers from the National Government

For the period under review, the County received Kshs. 1,589,463,000.00 as the national equitable share which is 18.38% of the budgeted equitable share and 13.97% of the total budgeted amount for the year. The disbursements are shown in table 3.

Table 3: Transfers from the National Government

RELEASE DATE	AMOUNT (KSHS)
17-Oct-19	706,428,000.00
13-Dec-19	883,035,000.00
Total	1,589,463,000.00

In addition, the County Government received grants totaling to Kshs. **182,846,165.00** during the period under review. The breakdown for the grants was as follows:-

Table 4: Grants Received

SOURCE OF GRANT	RELEASE DATE	AMOUNT (KSHS)
World Bank (NARIGP)	5-Nov-19	67,005,055
Road Maintenance Fuel Levy	20-Nov-19	62,663,836
World Bank (NARIGP)	19-Dec-19	19,933,907
World Bank (THS)	19-Dec-19	33,243,367
TOTAL		182,846,165

2.4 Locally Generated Revenue

The County Government targeted to collect Kshs **600,000,000.00** from local sources during the quarter. The actual achievement in quarter two was Kshs **92,685,230.00** which translates to 15.45% of the targeted collection.

The monthly collection breakdown is shown in table 5.

Table 5: Locally Generated Revenue

MINISTRY	OCT-19	NOV-19	DEC-19	TOTAL
Ministry of Agriculture water and Livestock Development	984,840	1,034,005	1,639,313	3,658,158
Ministry of Environment & Natural Resources	1,108,500	97,200	230,950	1,436,650
Ministry of Health and Sanitation	7,128,542	18,273,600	12,208,283	37,610,425
Ministry of Tourism, Sports and Culture		6,500	6,500	13,000
Minsitry of Lands, Infrastructure, Housing and Urban Development	1,007,175	1,511,004	803,960	3,322,139
Office of the Governor	1,364,000	1,392,300	937,500	3,693,800
Ministry of Trade, Cooperatives and Investments	20,238,503	259,278	309,580	20,807,361
County Treasury	5,099,632	4,230,089	5,431,181	14,760,902
Mwingi Town	1,154,400	882,830	772,160	2,809,390
Kitui Municipality	1,570,990	1,487,920	1,514,495	4,573,405
TOTAL	39,656,582	29,174,726	23,853,922	92,685,230

Table 6: Quarter 2 Revenue performance by ministries

MINISTRY	Targeted Amount	Actual Collection	Percentage (%)
Ministry of Agriculture water and Livestock Development	24,000,000	3,658,158	15.24
Ministry of Environment & Natural Resources	1,800,000	1,436,650	79.81
Ministry of Health and Sanitation	230,000,000	37,610,425	16.35
Ministry of Tourism, Sports and Culture	2,000,000	13,000	0.65
Ministry of Lands, Infrastructure, Housing and Urban Development	35,000,000	3,322,139	9.49
Office of the Governor	15,200,000	3,693,800	24.30
Ministry of Trade, Cooperatives and Investments	50,000,000	20,807,361	41.61
County Treasury	140,000,000	14,760,902	10.54
Mwingi Town	35,000,000	2,809,390	8.03
Kitui Municipality	67,000,000	4,573,405	6.83
TOTAL	600,000,000	92,685,230	15.45

Table 7: Absorption rates per ministry

County Ministry	Total Budget Estimates	Actual expenditure	% Absorption rate
Office of the Governor	1,382,229,820	298,815,610	21.62
Public Service Management and Administration	410,133,271	185,055,872	45.12
Agriculture, Water & Livestock Development	1,622,857,177	274,341,359	16.90
Basic Education, ICT & Youth Development	653,794,257	125,522,400	19.20
Lands, Infrastructure, Housing & Urban Development	874,707,104	156,899,244	17.94
Health & Sanitation	3,346,625,717	717,609,456	21.44
Trade, Cooperatives & Investment	612,873,963	109,064,894	17.80
Environment & Natural Resources	236,292,836	34,628,033	14.65
Tourism, Sports & Culture	221,849,288	44,887,849	20.23
The County Treasury	434,783,127	48,163,860	11.08
County Public Service Board	40,176,022	9,098,033	22.65
County Assembly Service Board	959,239,760	182,452,994	19.02
Kitui Municipality	499,183,960	72,719,519	14.57
Mwingi Town Administration	83,753,947	9,192,122	10.98
TOTALS	11,378,500,249	2,268,451,245	19.94

2.5 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs. **2,268,451,245** broken down into the below expenditure lines:

Table 8: Second Quarter Expenditure Summary

Expenditure Line	Kshs	%
Recurrent	1,814,486,538	79.99
Development	453,964,707	20.01
Total	2,268,451,245	100.00

2.6 Second Quarter Expenditure Summary by Entity

During the period under review, the County spent a total of Kshs. **2,268,451,245.00** which is by 28% in excess of the funds released from the exchequer and grants as shown in tables 3, 4 and 5. Balance brought forward from the previous quarter provided for the excess expenditure. Out of this amount, Kshs. 1,814,486,538.00 (79.99 %) went to finance recurrent activities while Kshs. 453,964,707.00 (20.01%) financed development.

Recurrent expenditure for the period was Kshs. 1.8B (79.99%) of which Kshs. 1,079,981,609.00 (47.61% of the total expenditure) was spent on Personnel Emoluments translating to 59.52% of

recurrent expenditure while Kshs. 734,504,929.00 (32.38%) was spent on operations and maintenance translating to 40.48% of recurrent expenditure. Development expenditure was 453,964,707.00 (20.01%) of the total expenditure.

Table 9: Second Quarter Expenditure by Entity

Spending Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Office of the Governor	110,246,214	36.89	154,257,819	51.62	34,311,577	11.48	298,815,610
Administration & Coordination of County Affairs	165,991,945	89.70	19,063,927	10.30	-	-	185,055,872
The County Treasury	5,806,068	12.05	39,182,712	81.35	3,175,080	6.59	48,163,860
Health and Sanitation	388,730,329	54.17	250,319,595	34.88	78,559,532	10.95	717,609,456
Basic Education, ICT, & Youth Development	109,636,388	87.34	9,391,113	7.48	6,494,899	5.17	125,522,400
Trade, Cooperatives and Investments	21,026,361	19.28	67,263,695	61.67	20,774,838	19.05	109,064,894
Lands, Infrastructure, Housing, & Urban Development	91,740,338	58.47	10,602,930	6.76	54,555,976	34.77	156,899,244
Tourism, Sports and Culture	20,592,518	45.88	8,475,711	18.88	15,819,620	35.24	44,887,849
Agriculture, Water & Livestock Development	53,964,387	19.67	32,455,509	11.83	187,921,463	68.50	274,341,359
Environment & Natural Resources	16,121,099	46.56	16,042,166	46.33	2,464,768	7.12	34,628,033
County Public Service Board	42,000	0.46	9,056,033	99.54	-	-	9,098,033
County Assembly	65,963,334	36.15	101,606,067	55.69	14,883,593	8.16	182,452,994
Kitui Municipality	27,562,668	37.90	10,227,615	14.06	34,929,236	48.03	72,719,519
Mwingi Town Administration	2,557,960	27.83	6,560,037	71.37	74,125	0.81	9,192,122
Total	1,079,981,609	47.61	734,504,929	32.38	453,964,707	20.01	2,268,451,245

2.7 County Expenditure as per Economic Classification

The table below analyses expenditure by the various spending entities.

Table 10: County Expenditure as per Economic classification

Economic Classification	Amount Spent	Percentage (%)
Personnel Emoluments	1,079,981,609.00	47.61
Operations and Maintenance	734,504,929.00	32.38
Development	453,964,707.00	20.01
Total	2,268,451,245.00	100

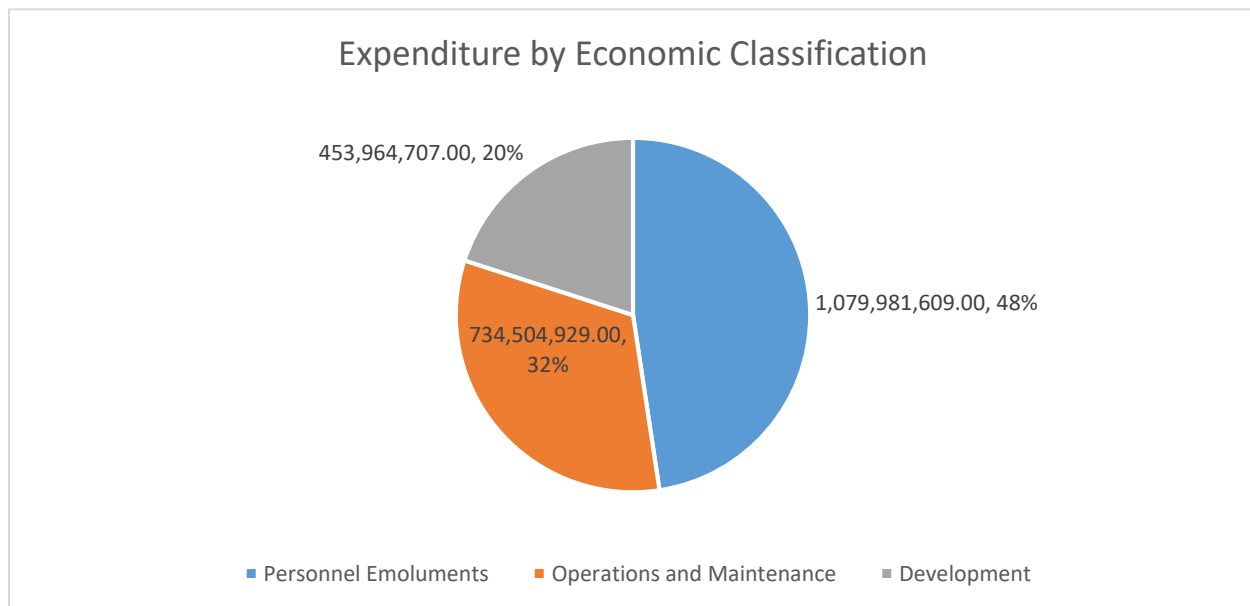


Figure 1: County Expenditure

2.8 Analysis of Individual Spending Entity

2.8.1 Office of the Governor

During the period under review, the Office of the Governor spent Kshs. 298,815,610.00. Out of this, Kshs. 34,311,577.00, (11.48%) financed development projects, Kshs. 110,246,214.00, (36.89 %) was spend on Personnel Emoluments while Kshs. 154,257,819.00, (51.62%) was spent on Operations and Maintenance.

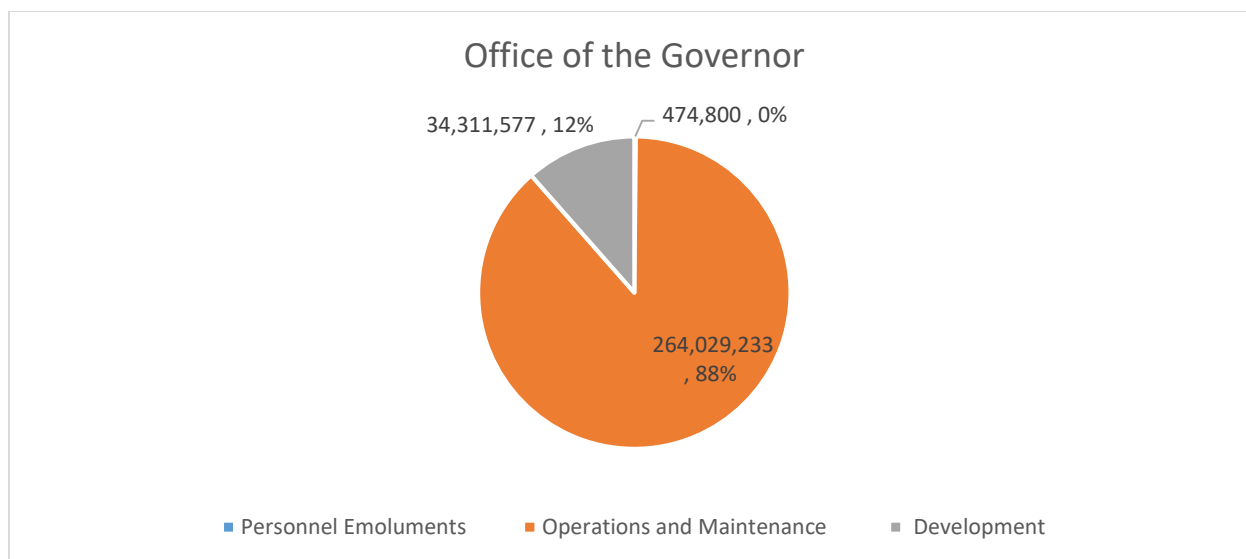


Figure 2: Office of the Governor

2.8.2 Administration and Coordination of County Affairs

Analysis of the County Ministry of Administration and Coordination of County Affairs' expenditure reveals a cumulative expenditure of Kshs. 185,055,872.00. Kshs. 165,991,945.00, (89.70 %) financed personnel emoluments while Kshs. 19,063,927.00, (10.30%) was spent on operations and maintenance. There was no development expenditure in Quarter 2.

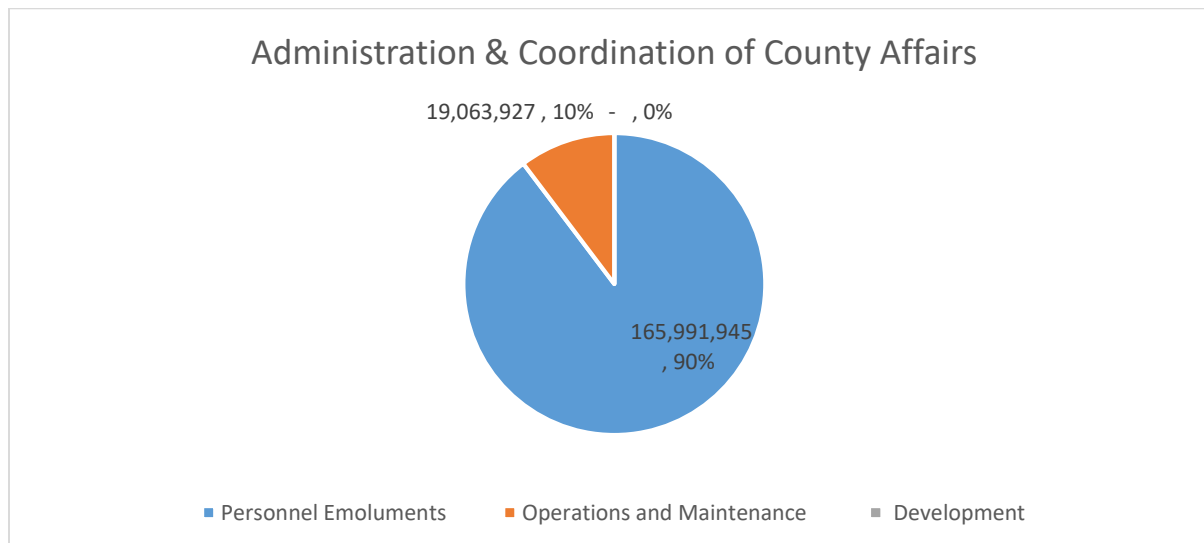


Figure 3: Administration and Coordination of County Affairs

2.8.3 The County Treasury

During the second quarter of FY 2019/2020, the County Treasury spent a total of Kshs. 48,163,860.00. This expenditure was broken down into; personnel emoluments Kshs. 5,806,068.00,

(12.05 %), operations and maintenance Kshs 39,182,712.00, (81.35%) and Kshs 3,175,080 (6.59%) on development expenditure.

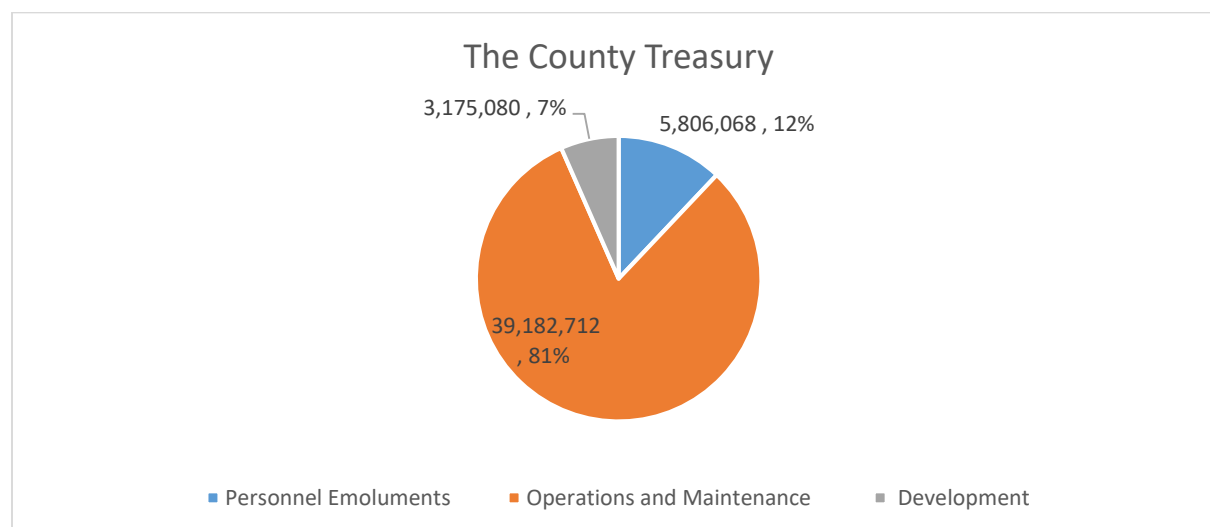


Figure 4: The County Treasury

2.8.4 Health and Sanitation

The County Ministry of Health and Sanitation had, in quarter two of 2019/2020, incurred a total expenditure of Kshs. 717,609,456.00. Out of this Kshs. 78,559,532.00, (10.95%), was spent on development activities, Kshs. 388,730,329.00, which translates to (54.17%) went to Personnel emoluments while Kshs 250,319,595.00 (34.88 %) went to Operations and Maintenance.

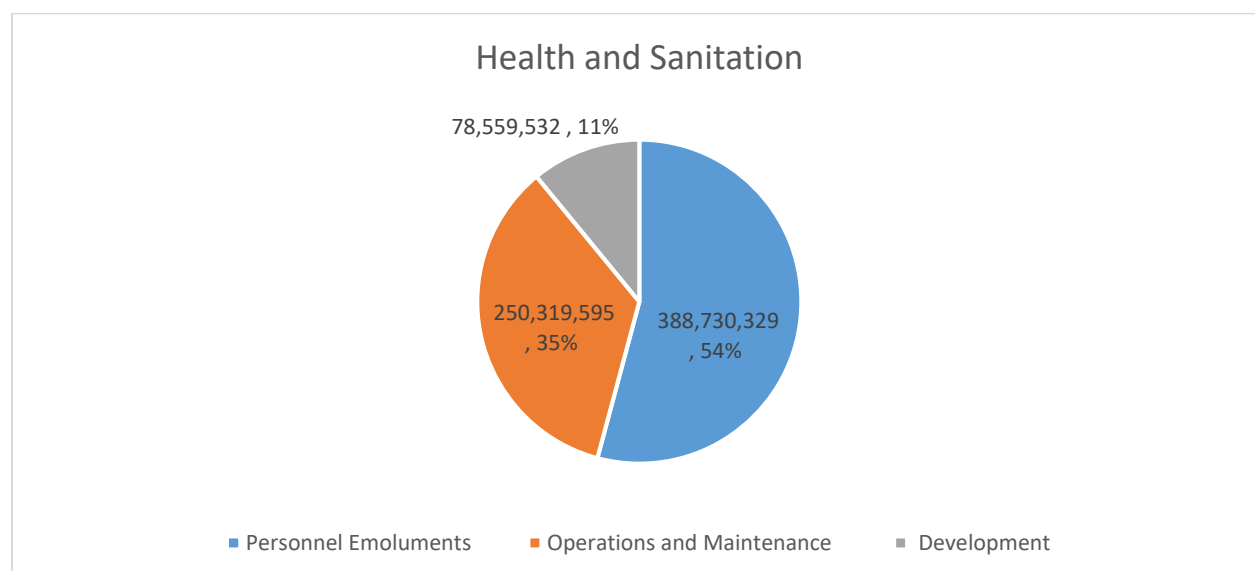


Figure 5: Health and Sanitation

2.8.5 Basic Education, ICT & Youth Development

A total of Kshs. 125,522,400.00 was spent in quarter two of FY 2019/2020. This expenditure composed of; Personnel Emoluments Kshs. 109,636,388.00 (87.34 %), Operations and Maintenance was Kshs. 9,391,113.00, (7.48 %) and development expenditure of 6,494,899.00 (5.17%).

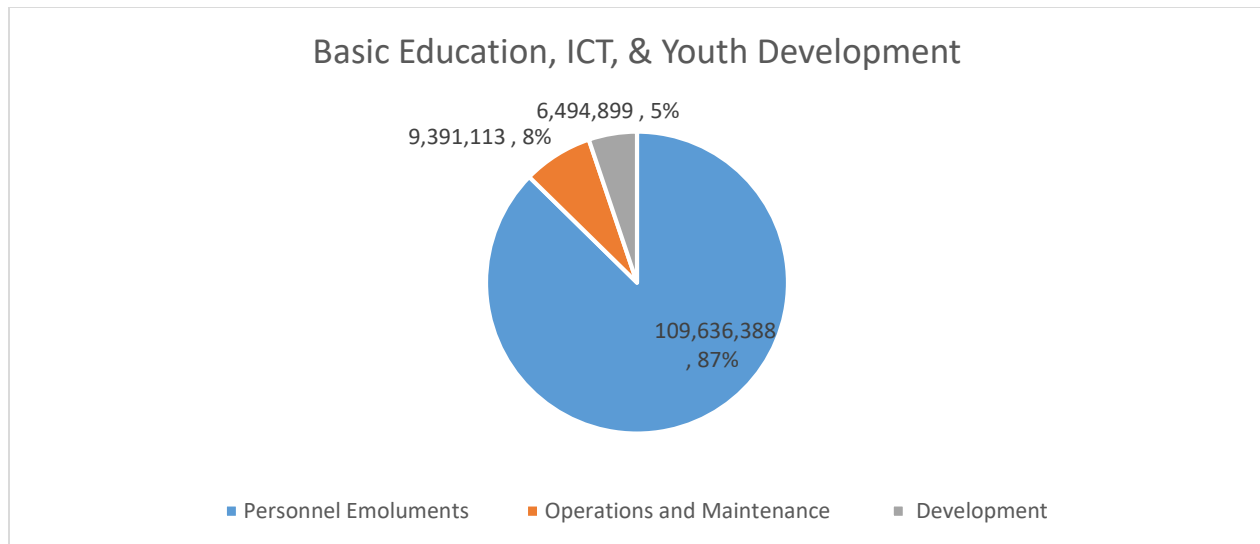


Figure 6: Basic Education, ICT & Youth Development

2.8.6 Trade, Cooperatives and Investments

During the period under review, the total expenditure for the County Ministry of Trade, Cooperatives and investments was Kshs. 109,064,894.00. Out of this amount, Kshs. 21,026,361.00, (19.28%) to Personnel Emoluments, Kshs. 67,263,695 (61.67%) went to Operations and Maintenance while Development expenditure amounted to Kshs. 20,774,838.00, (19.05 %).

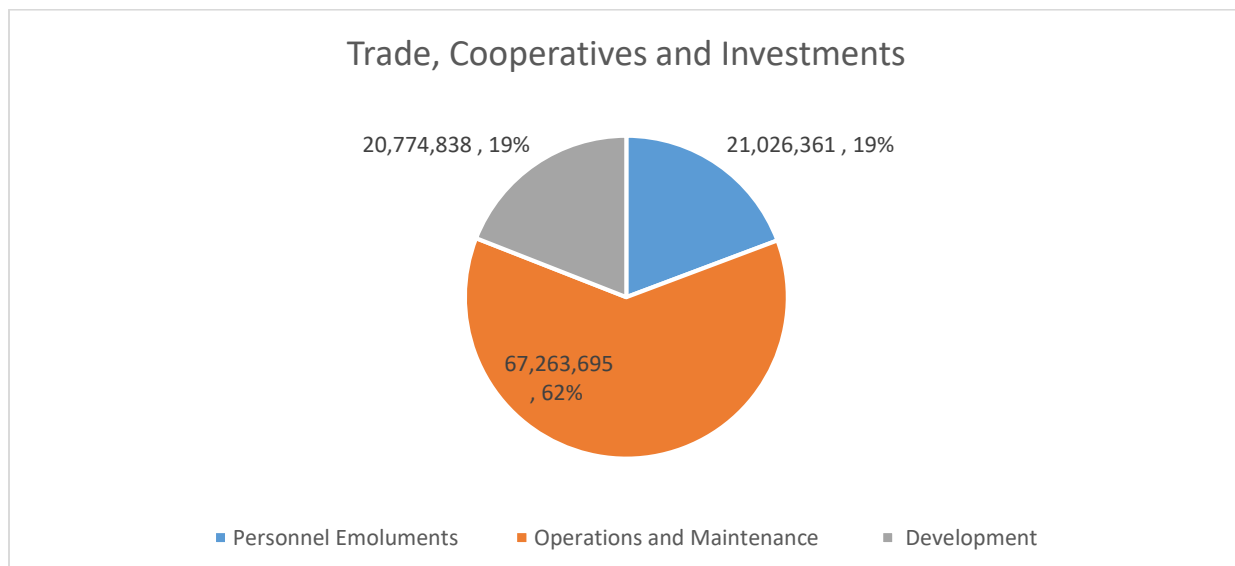


Figure 7: Trade, Cooperatives & Investments

2.8.7 Lands Infrastructure, Housing and Urban Development

In the County Ministry of Lands, Infrastructure, Housing and Urban Development incurred a total expenditure of Kshs 156,899,244.00 of which Kshs. 54,555,976.00, (34.77%) was spent on development, Kshs. 91,740,338.00, (58.47%) on personnel emoluments and Kshs. 10,602,930.00 (6.76 %) on Operations and Maintenance.

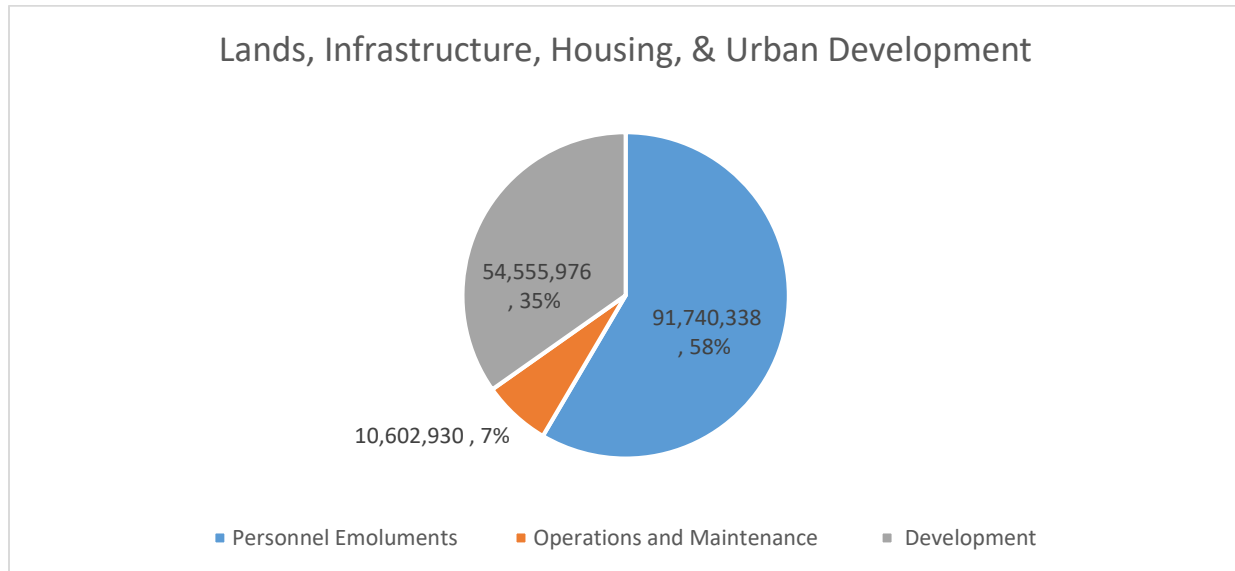


Figure 8: Lands, Infrastructure, Housing and Urban Development

2.8.8 Tourism, Sports & Culture

At the Tourism, Sports & Culture Ministry a total expenditure of Kshs 44,887,849.00 was incurred of which Kshs. 20,592,518.00, (45.88%) was spent on personnel emoluments, Kshs. 8,475,711.00, (18.88%) on operations and maintenance. Development expenditure for the quarter was Kshs. 15,819,620.00 (35.24%).

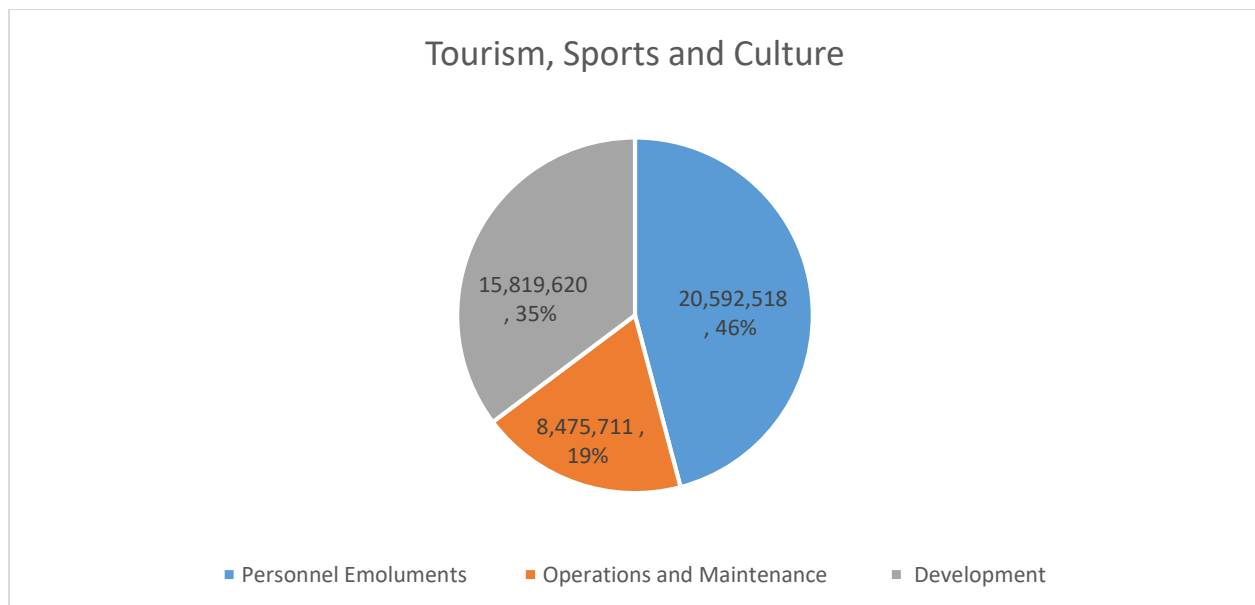


Figure 9: Tourism, Sports & Culture

2.8.9 Agriculture, Water and Livestock Development

During the period under review, the County Ministry of Agriculture, Water and Livestock development spent a total of Kshs. 274,341,359.00. Out of this, Kshs. 187,921,463.00, (68.50 %) was spent on development, Kshs. 53,964,387.00, (19.67%) on personnel emoluments and Kshs. 32,455,509.00, (11.83%) on operations and maintenance.

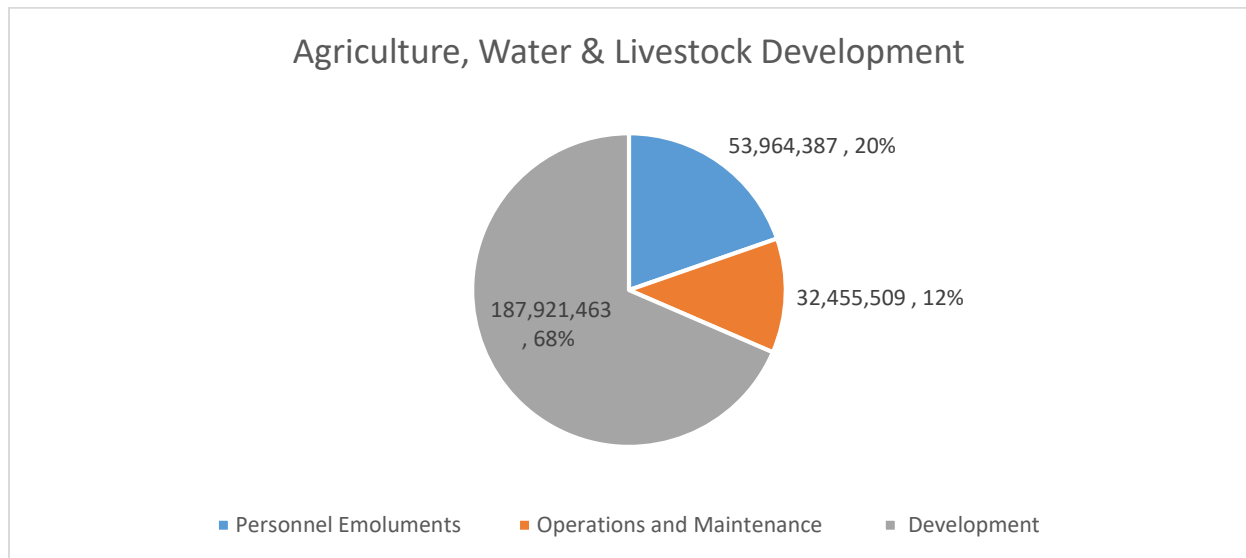


Figure 10: Agriculture, Water & Livestock Development

2.8.10 Environment and Natural Resources

Expenditure analysis at the ministry of Environment and Natural Resources reveals that a total of Kshs. 34,628,033.00 was spent in the quarter two of FY 2019/2020. The expenditure was broken into Kshs. 16,121,099 (46.56%) on Personnel Emoluments, Kshs. 16,042,166 (46.33%) on Operations and Maintenance and Kshs. 2,464,768 (7.12 %) on development.

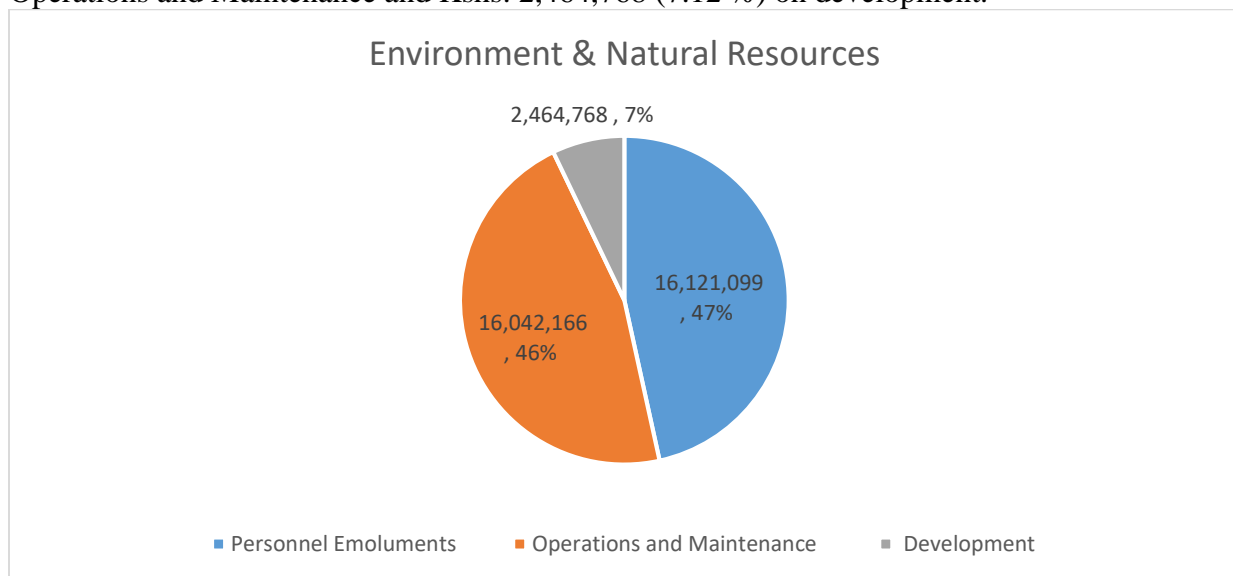


Figure 11: Environment & Natural Resources

2.8.11 County Public Service Board

The total expenditure incurred by the County Public Service Board was Kshs. 9,098,033 of which Kshs. 42,000 (0.46%) was spent on Personnel Emoluments while Kshs 9,056,033 (99.54%) Operations and Maintenance.

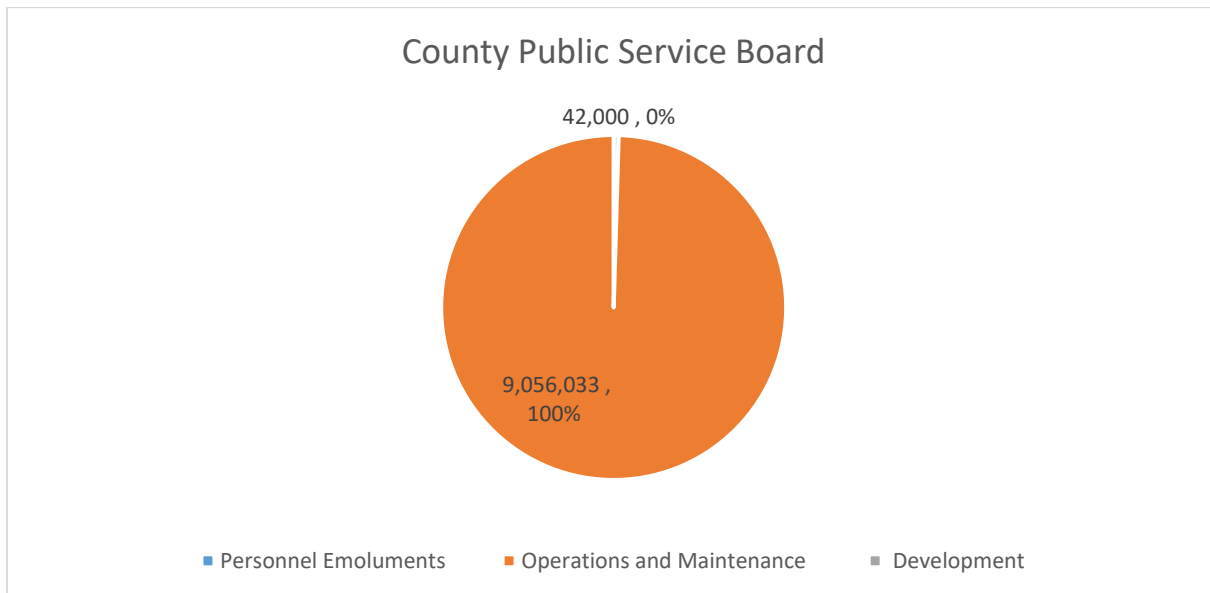


Figure 12: County Public Service Board

2.8.12 The County Assembly

The County Assembly spent a total of Kshs. 182,452,994.00. This expenditure included Kshs. 65,963,334.00, 36.15% spent on personnel emoluments, Kshs. 101,606,067.00, 55.69 % Spent on operations and maintenance and Kshs. 14,883,593, 8.16% on development activities during this quarter.

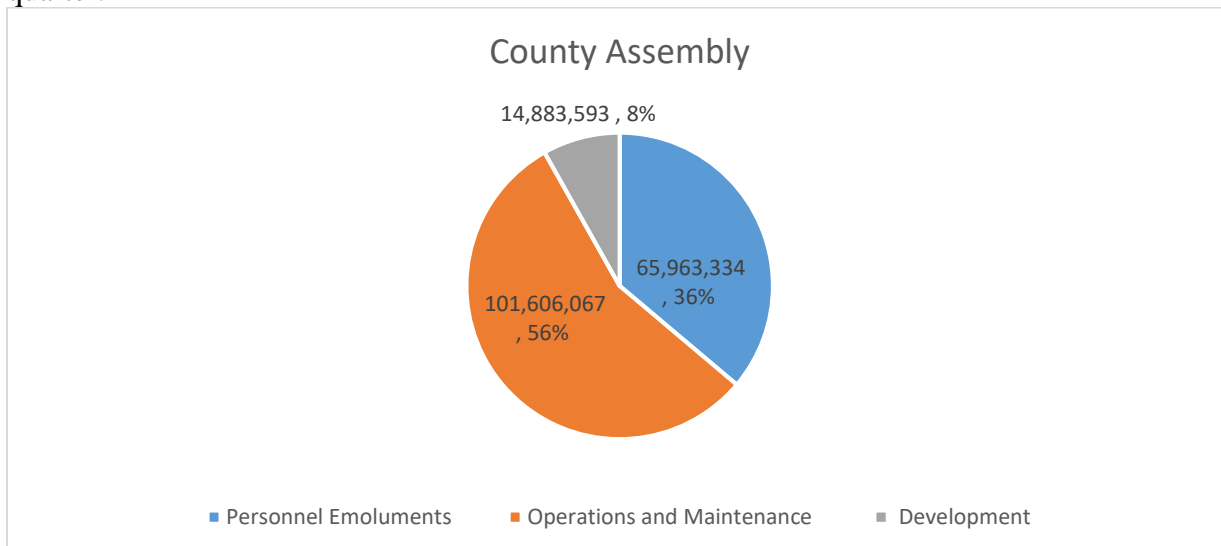


Figure 13: The County Assembly

2.8.13 Kitui Municipality

Kitui Municipality spent a total of Kshs 72,719,519.00. This expenditure included the Kshs. 27,562,668.00, 37.90 % spent on personnel emoluments, the Kshs. 10,227,615.00, 14.06 % spent on operations and maintenance and the Kshs. 34,929,236.00, 48.03 % spent on development.

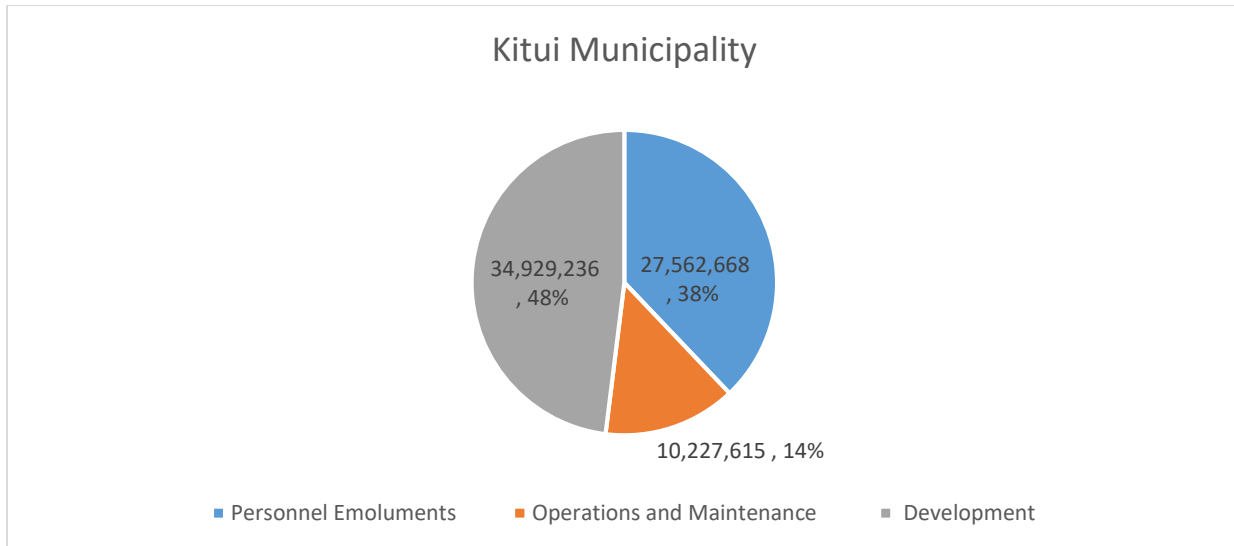


Figure 14: Kitui Municipality

2.8.14 Mwingi Town Administration

The Mwingi Town Administration spent a total of Kshs. 9,192,122.00. This expenditure included the Kshs. 2,557,960.00, 27.83 % spent on personnel emoluments, the Kshs. 6,560,037.00, 71.37 % spent on operations and maintenance and the Kshs. 74,125.00, 0.81 % spent on development.

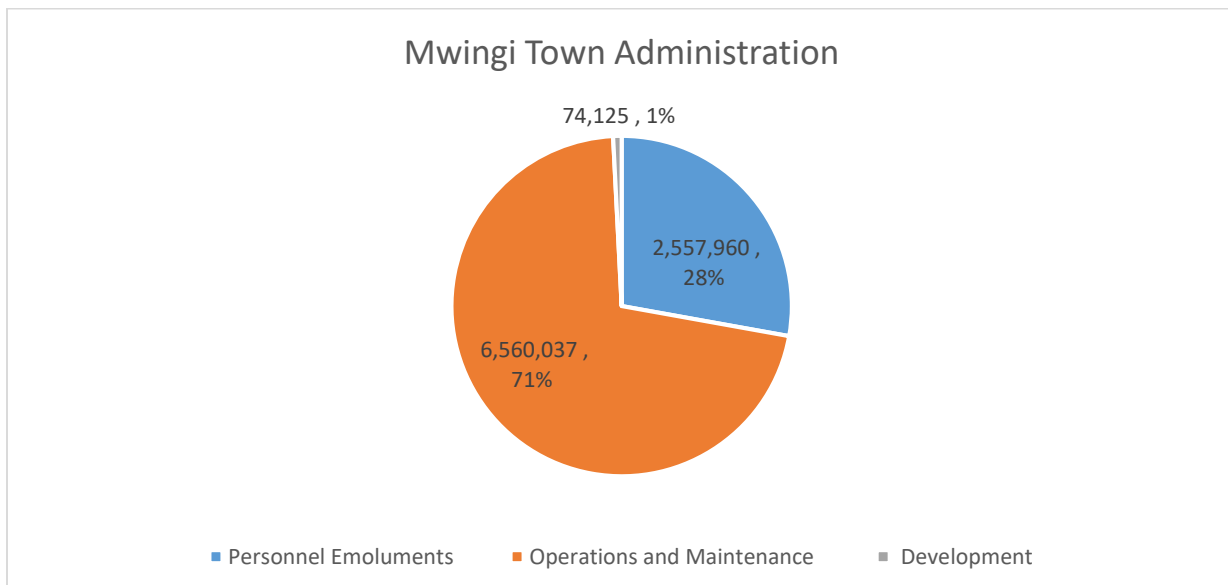


Figure 15: Mwingi Town Administration

3.0 IMPLEMENTATION CHALLENGES

The county experienced several challenges/issues that affected budget implementation during quarter 2 of the financial year 2019/2020.

These are:

- **Operation on Vote on Account:** Delay in approval of the budget had the County operating on vote on account. This meant that there could be minimum development expenditure and that the County cannot be able to exploit its budget and the budgeted projects and programmes fully

4.0 RECOMMENDATIONS

The following recommendations will smoothen implementations in the next phase;

- The County Executive and the Assembly should create rapport to avoid clashes on the budget to be approved for timeliness and efficiency in implementation of the same.