



# **COUNTY GOVERNMENT OF KITUI**

## **BUDGET IMPLEMENTATION REPORT**

### **Quarter 3**

**FY 2016/ 2017**

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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 January 2017 to March 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. 10,466,468,973 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 2015/2016	1,573,640,249	18.02
National Equitable Share	7,841,480,359	72.28
Local Revenue Sources	668,610,000	6.16
Grants	382,738,363	3.53
<b>TOTAL</b>	<b>10,466,468,971</b>	<b>100.00</b>

### Breakdown of Grants

SOURCE OF GRANT	AMOUNT
Free Maternal Healthcare	54,367,434
Compensation for User Fees Forgone	23,144,997
Road Maintenance Fuel Levy	120,484,293
Grants from World Bank	34,721,395
HSSF/HSPS – (DANIDA/IDA)	150,020,244
<b>TOTAL</b>	<b>382,738,363</b>

## 2.1 Transfers from the National Government

For Q3 of 2016/2017 under review, the County received Kshs. **2,571,089,279** as the national equitable share of revenue disbursed as below:

RELEASE DATE	AMOUNT (KSHS)
12/01/2017	285,418,394.00
20/01/2017	202,202,108.00
06/02/2017	380,380,000.00
22/02/2017	206,129,700.00
03/03/2017	105,007,013.00
08/03/2017	102,883,485
13/03/2017	636,972,259.00
28/03/2017	652,096,320.00
<b>Total</b>	<b>2,571,089,279.00</b>

## 2.2 Locally Generated Revenue

The County Government budgeted to locally collect Kshs 668,610,000 during FY 2016/2017. Q3 collection was Kshs **87,910,618.4** which is 13.15% of the targeted collection and 134.9% of the amount collected at the same period last financial year.

The monthly collection breakdown is as below:

SOURCE	Jan 2017	Feb 2017	March 2017	TOTAL
	KSHS	KSHS	KSHS	KSHS

Office of the Governor	532,350.00	329,650.00	624,230.00	1,486,230.00
Ministry of Agriculture, Water and Irrigation	581,235.00	480,345.00	275,715.00	1,337,295.00
Ministry of Finance & Economic Planning	7,518,894.00	8,947,667.00	7,345,242.00	3,811,803.00
Ministry of Health and sanitation	2,779,766.00	4,994,766.00	1,948,472.00	9,723,004.00
Ministry of Energy/Environment/Mineral Inv Dev	817,900.00	800,500.00	647,680.00	2,266,080.00
Ministry of LIUD	2,060,648.00	2,923,535.00	3,407,661.00	8,391,844.00
Ministry of Trade , Industry, IT & Cooperative Development	6,930.00	31,360.00	87,610.00	125,900.00
Kitui Town Administration	4,536,810.00	4,852,710.00	7,790,520.00	17,180,040.00
Mwingi Town Administration	2,081,090.00	3,155,380.00	6,194,435.00	11,430,905.00
Direct Deposits	752,866.40	1,083,331.00	321,320.00	2,157,517.40
<b>TOTAL</b>	<b>21,668,489.4</b>	<b>27,599,244</b>	<b>38,642,885</b>	<b>87,910,618.4</b>

## 2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs. **2,571,089,279** broken down into the below expenditure lines:

<b>Expenditure Line</b>	<b>Kshs</b>	<b>%</b>
Recurrent	1,633,897,994	64
Development	937,191,285	36
<b>Total</b>	<b>2,571,089,279</b>	<b>100</b>

## 3.0 EXPENDITURE ANALYSIS

### 3.1 County Summary

During the period under review, the County spent a total of Kshs. **1,984,030,313** which was 77% of the funds released. Out of this amount, Kshs. **1,190,703,968** (60%) went to finance recurrent activities while Kshs **793, 326, 345** (40%) financed development.

The County Executive spent Kshs **1,816,745,401** while County Assembly spent Kshs.**167,284,912** which represent 92% and 8% respectively.

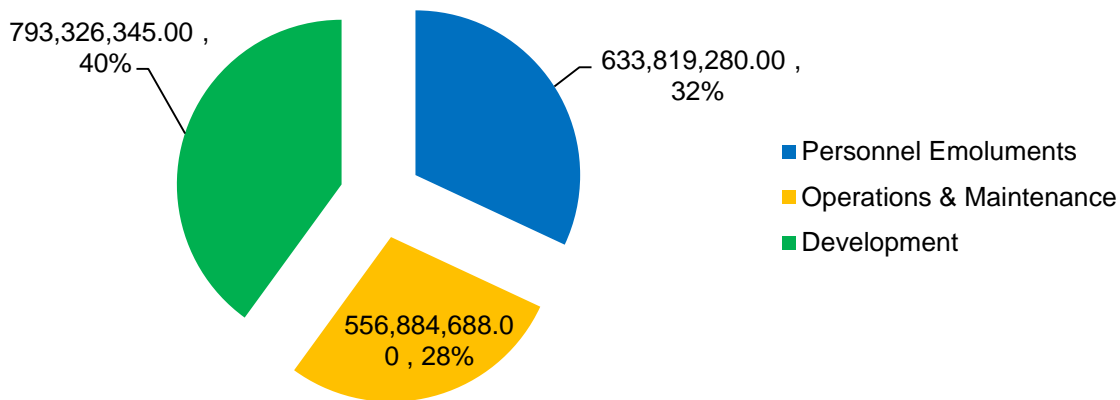
Analysis of recurrent expenditure reveals that the County spent Kshs. **633,819,280** on personnel emoluments translating to 53% of the total recurrent expenditure, while Kshs. **556,884,688** (47%) was spent on operations & maintenance.

The table below analyses expenditure by the various spending entities.

ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPMENT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	
Office of the Governor	31,058,486	11	77,533,305	28	166,110,984	61	274,702,775
Ministry of Administration & coordination of County Affairs	52,353,894	48	36,369,701	34	19,674,884	18	108,398,479
Ministry of Agriculture, Water & Coordination	61,253,170	31	64,040,145	32	73,256,735	37	198,550,050
Ministry of Basic Education, Training & Skills Development	80,837,404	46	8,473,339	5	86,577,650	49	175,888,393
Ministry of Lands, Infrastructure & Urban Development	42,075,933	9	34,972,657	9	157,743,491	82	234,792,081
Ministry of Health & Sanitation	218,092,081	50	140,843,544	32	76,067,752	18	435,003,377
Ministry of Trade, Industry & Cooperatives	13,214,479	27	7,680,865	15	28,651,634	58	49,546,978
Ministry of Culture, Youth, Sports & Social Services	4,911,730	6	7,136,960	10	62,060,183	84	74,108,873

Ministry of Environment, Energy and Mineral Investments Development	5,734,342	23	5,812,997	23	13,334,088	54	24,881,427
Ministry of Tourism & Natural Resources	8,589,591	32	4,217,013	15	14,485,368	53	27,291,972
Ministry of Finance & Economic Planning	44,351,818	51	40,034,207	46	2,989,450	3	87,375,475
County Public Service Board	5,557,453	29	13,919,899	71	0	0	19,477,352
County Assembly	57,581,845	34	103,791,472	62	5,911,595	4	167,284,912
Kitui Town Administration	5,484,144	6	7,698,461	8	84,658,244	86	97,840,849
Mwingi Town Administration	2,722,910	31	4,360,123	49	1,804,287	820	8,887,320
<b>TOTAL</b>	<b>633,819,280</b>	<b>29</b>	<b>556,884,688</b>	<b>21</b>	<b>793,326,345</b>	<b>50</b>	<b>1,984,030,313</b>

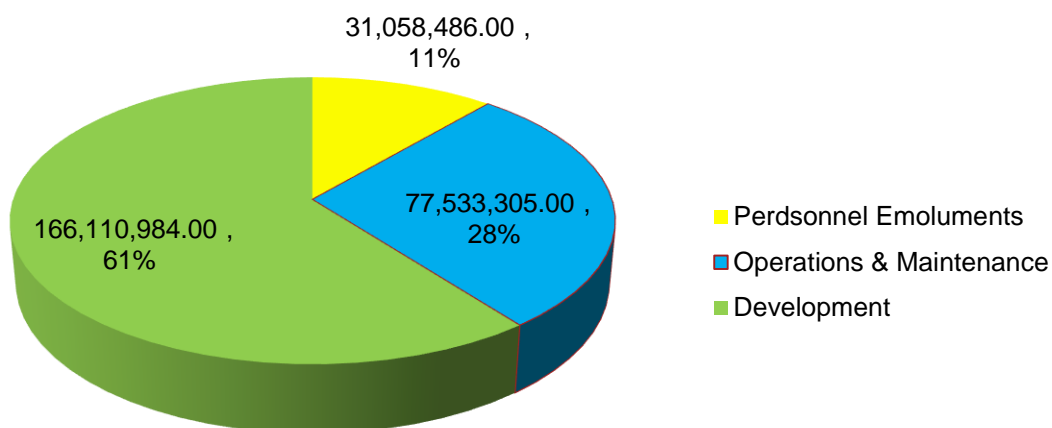
## County Expenditure By Economic Classification



### 3.2 Office of the Governor

During the period under review, the Office of the Governor spent Kshs. 274,702,775. Out of this, Kshs. 166,110,984 (61%) financed development projects, Kshs. 31,058,486 (11%) went to Personnel Emoluments while Kshs. 77,533,305 (28%) was spent on Operations & Maintenance.

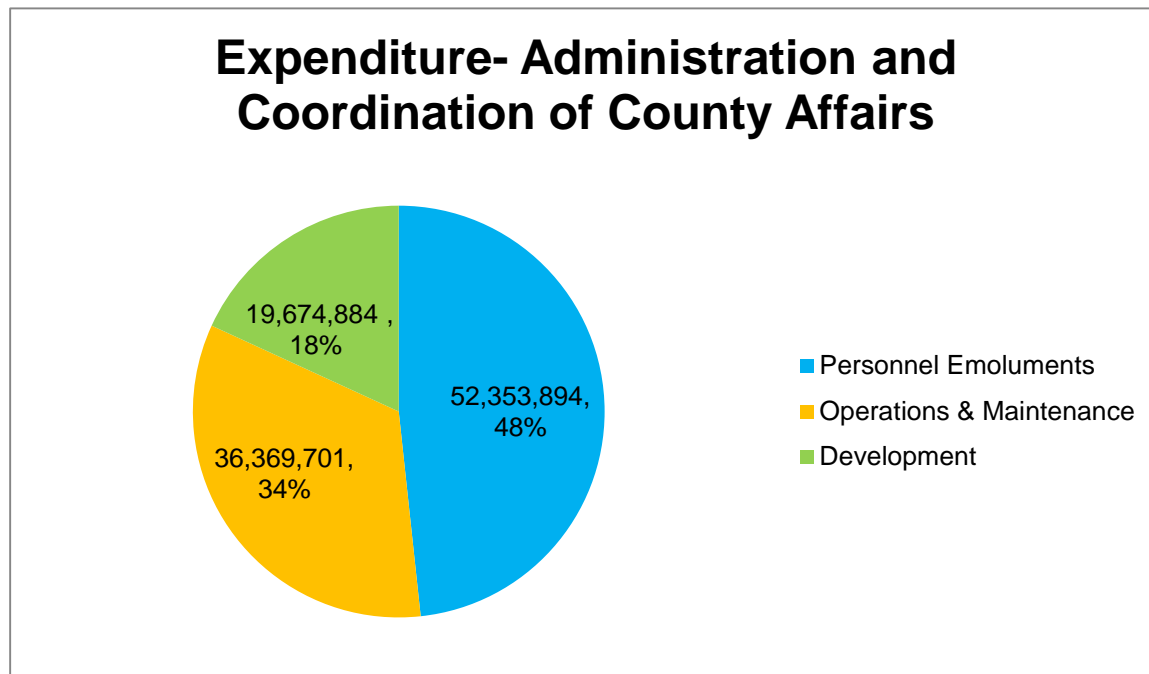
## Expenditure - Office of The Governor





### 3.3 Administration & Coordination of County Affairs

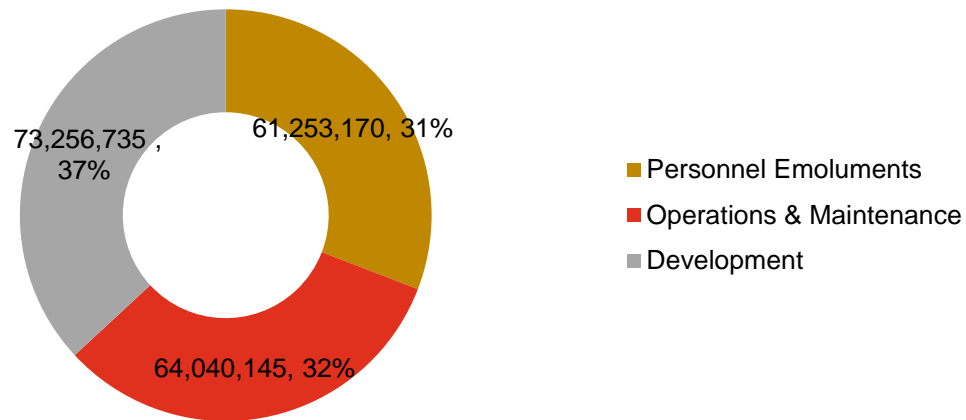
Analysis of the Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs. 52,353,894 (48%) financed personnel emoluments while Kshs 36,369,701 (34%) was spent on operations & maintenance. There amount spent on development was Kshs. 19,674,884 (18% of total expenditure.)



### 3.4 Agriculture, Water & Irrigation

During the period under review, the county ministry of Agriculture, Water and Irrigation spent a total of Kshs. 198,550,050. Out of this, Kshs. 73,256,735 (37%) was spent on development, Kshs. 61,253,170 (31%) on personnel emoluments and Kshs. 64,040,145 (32%) on operations and maintenance.

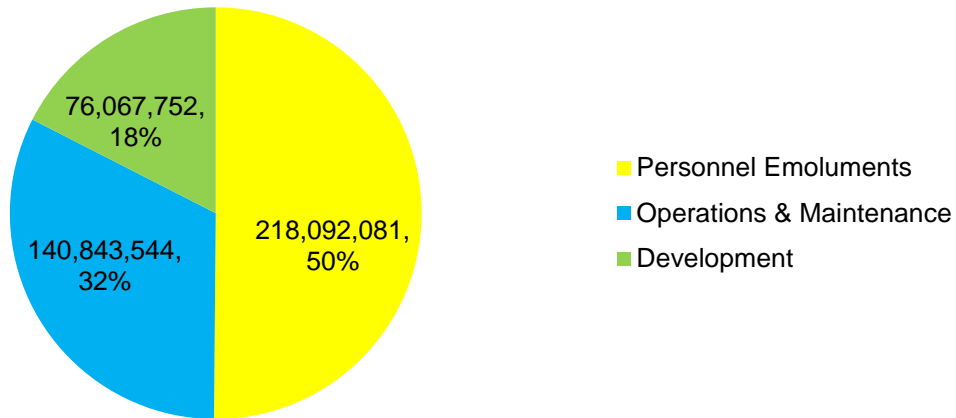
## Expenditure - Agriculture, Water & Irrigation



### 3.5 Health and Sanitation

The County Ministry of Health and Sanitation had, in Q3 of 2016/2017, incurred a total expenditure of Kshs 435,003,377. Out of this Kshs. 76,067,752 (18%) was spent on development activities and Kshs 358,935,625 (82%) was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs. 218,092,081 (50%) went to Personnel emoluments while Kshs. 140,843,544 (32%) went to Operations & Maintenance.

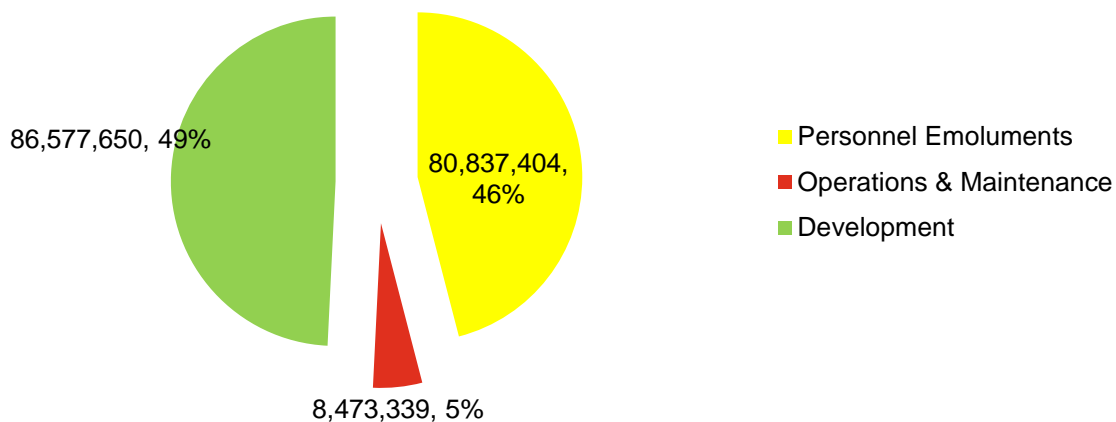
### Expenditure By Economic Classification--Health & Sanitation



### 3.6 Basic Education, Training & Skills Development

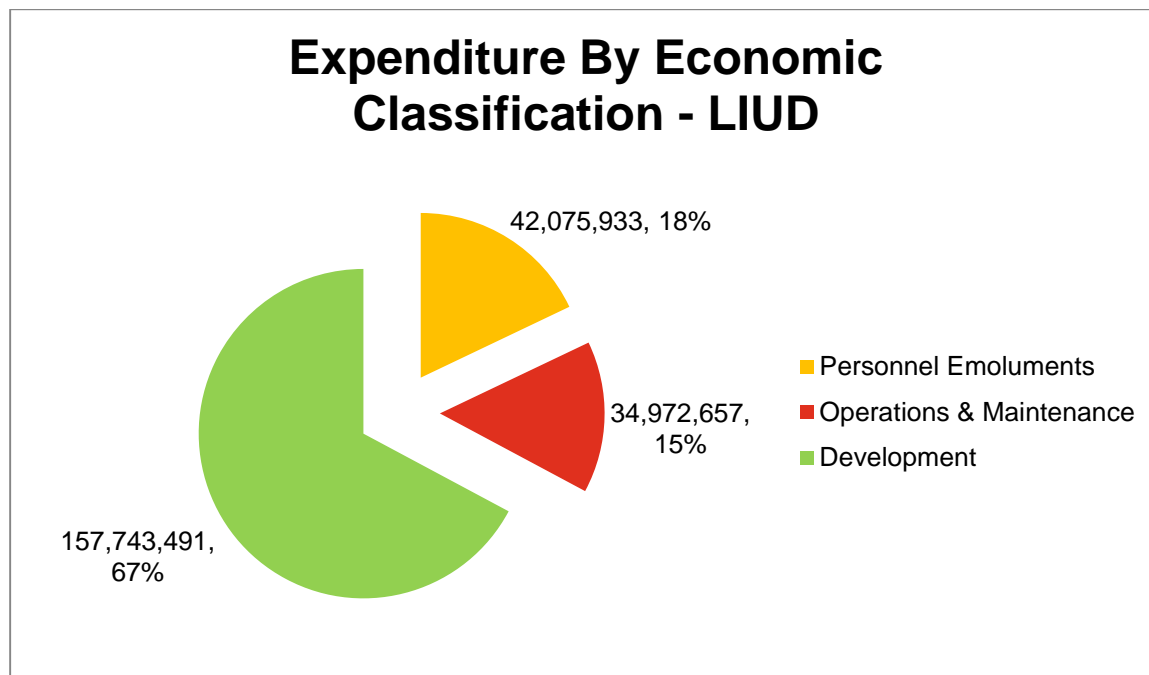
A total of Kshs. 175,888,393 was spent in Q3 of FY 2016/2017. This expenditure was composed of; Personnel Emoluments (Kshs. 80,837,404– 46%), Operations & Maintenance (Kshs. 8,473,339-5%) while development expenditure was Kshs. 86,577,650 (49%).

### Expenditure By Economic Classification--BETSD



### 3.7 Lands Infrastructure & Urban Development

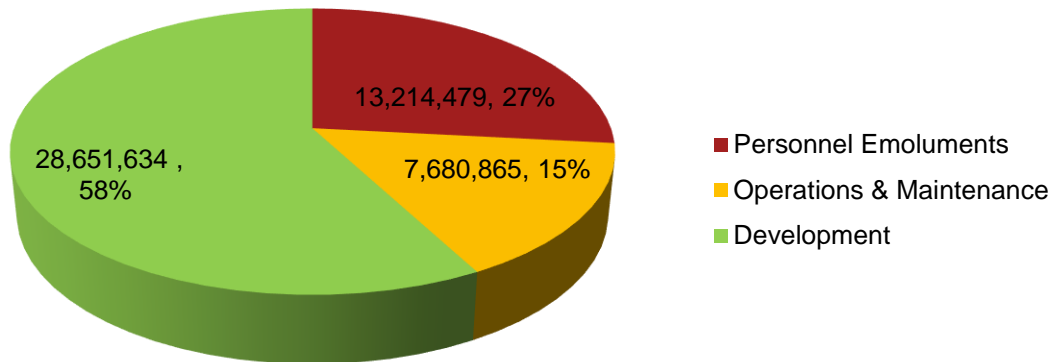
At the Lands, Infrastructure & Urban Development ministry, a total of Kshs. 157,743,491 was spent on development, Kshs. 42,075,933 on personnel emoluments and Kshs. 34,972,657 Operations and Maintenance. This translated to 67%, 18% and 15% of total ministry expenditure respectively.



### 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. 49,546,978. Out of this amount, Kshs 13,214,479 (27% of total expenditure) went to personnel emoluments, while Kshs. 7,680,865 (15%) to Operations & Maintenance. Development expenditure amounted to Kshs 28,651,634 (58%).

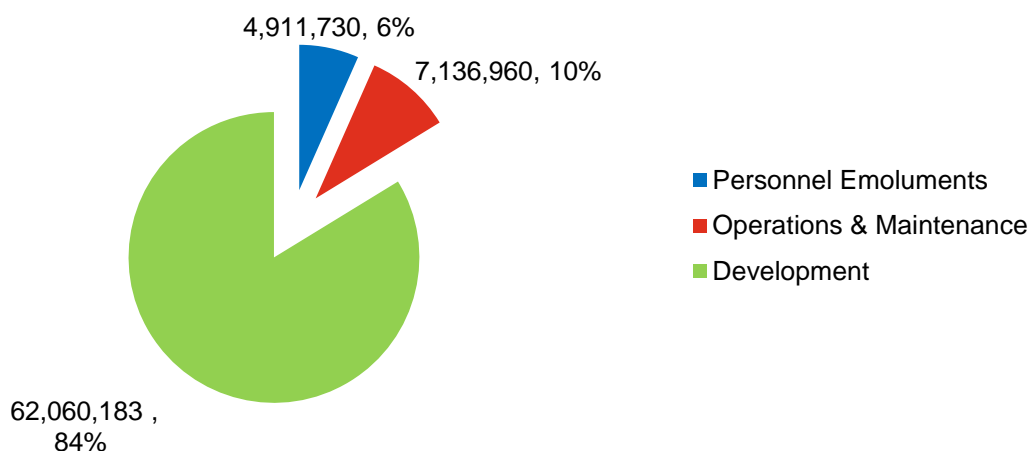
### Expenditure By Economic Classification - MTIIC



### 3.9 Youth, Sports, Culture & Social Services

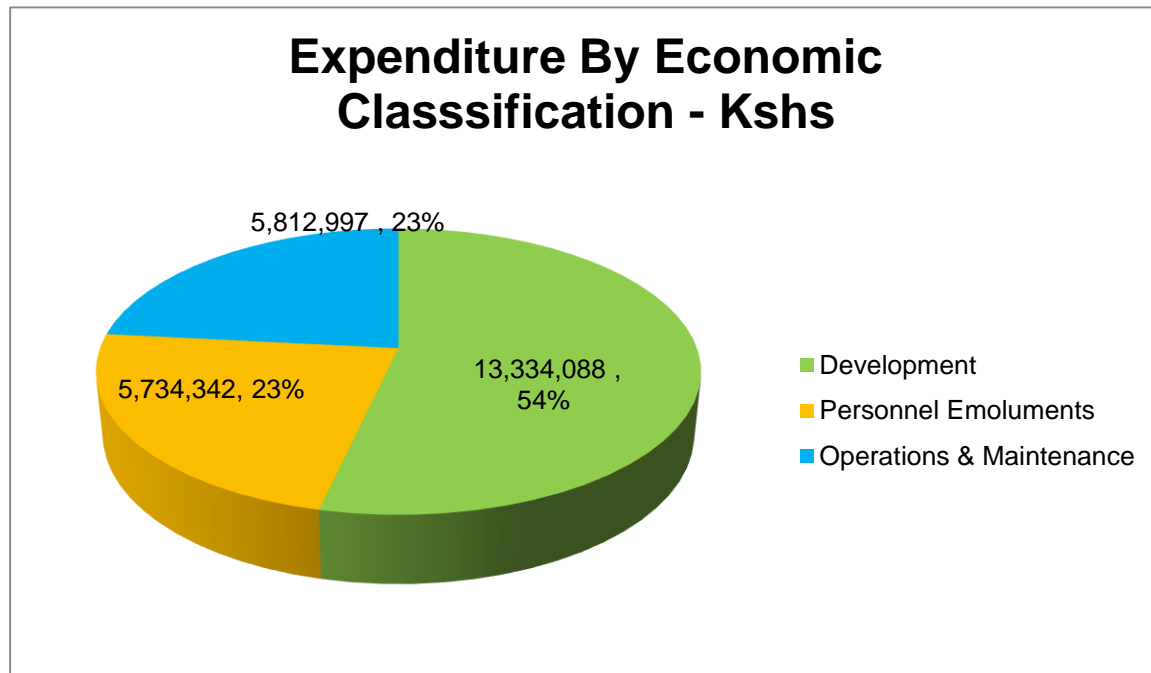
At the Youth, Sports, Culture & Social Services ministry, a total of Kshs. 74,108,873 was spent in the third quarter of FY 2016/2017. The development component of this expenditure was Kshs. 62,060,183 (84%), Kshs. 4,911,730 (6%) was spent on personnel emoluments while Kshs. 7,136,960 (10%) financed operations and maintenance.

### Expenditure By Economic Classification - Youth, Sports, Culture & Social Services



### 3.10 Environment, Energy & Mineral Investments Development

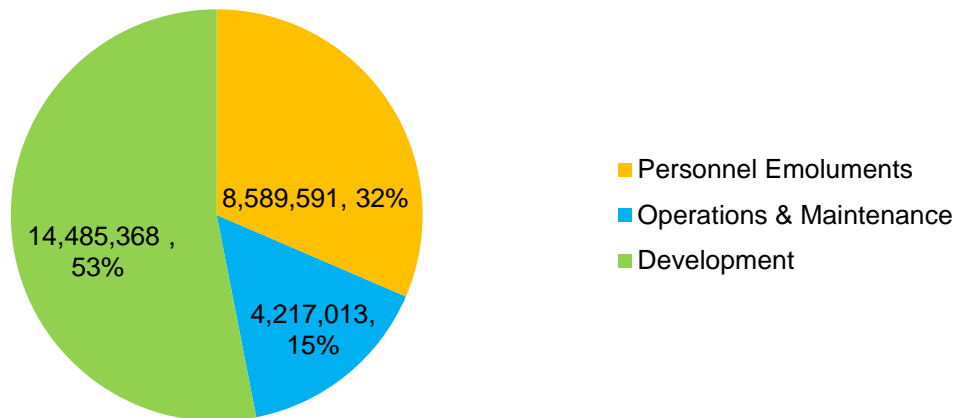
Expenditure analysis at the ministry of Environment, Energy & Mineral Investments Development reveals that a total of Kshs. 24,881,427 was spent in the third quarter of FY 2016/2017. The expenditure was broken down into; Development (Kshs. 13,334,088- 54%), Personnel Emoluments (Kshs. 5,734,342– 23%) and Operations & Maintenance (Kshs. 5,812,997– 23%).



### 3.11 Tourism & Natural Resources

At the Tourism & Natural Resources ministry, Kshs. 8,589,591 (32%) was spent on personnel emoluments, Kshs. 4,217,013 (15%) on operations & maintenance and Kshs14,485,368 (53%) on development.

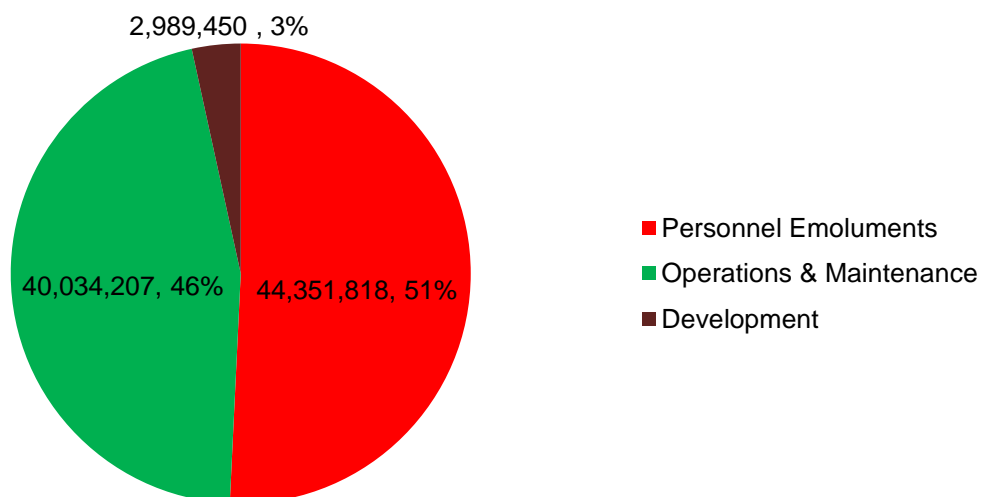
### Expenditure Analysis - Tourism & Natural Resources (Kshs)



### 3.12 Finance & Economic Planning

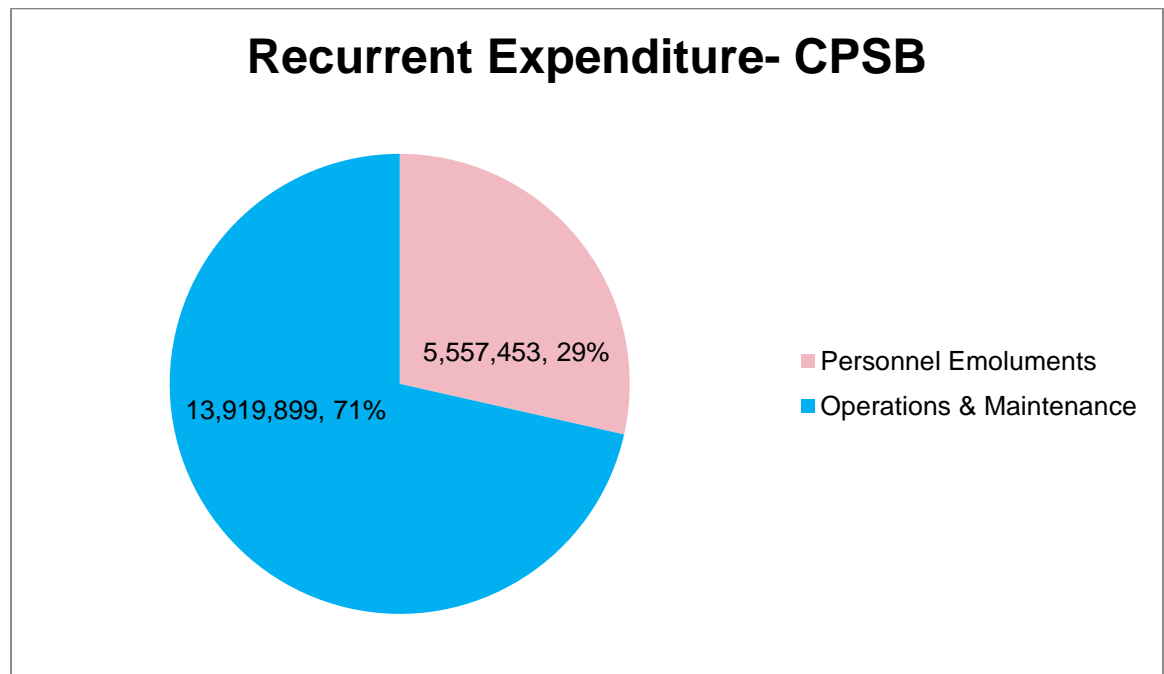
During Q3 of FY 2016/2017, the County Ministry of Finance & Economic Planning spent a total of Kshs. 87,375,475. This expenditure was broken down into; personnel emoluments (Kshs. 44,351,818- 51%) , operations & maintenance (Kshs. 40,034,207 (46%) while development expenditure amounted to Kshs. 2,989,450 (3%)

### Expenditure Analysis- FEP)



### 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. 5,557,453 (29% of expenditure) was spent on Personnel Emoluments while Kshs. 13,919,899 (71%) was spent on Operations & Maintenance.

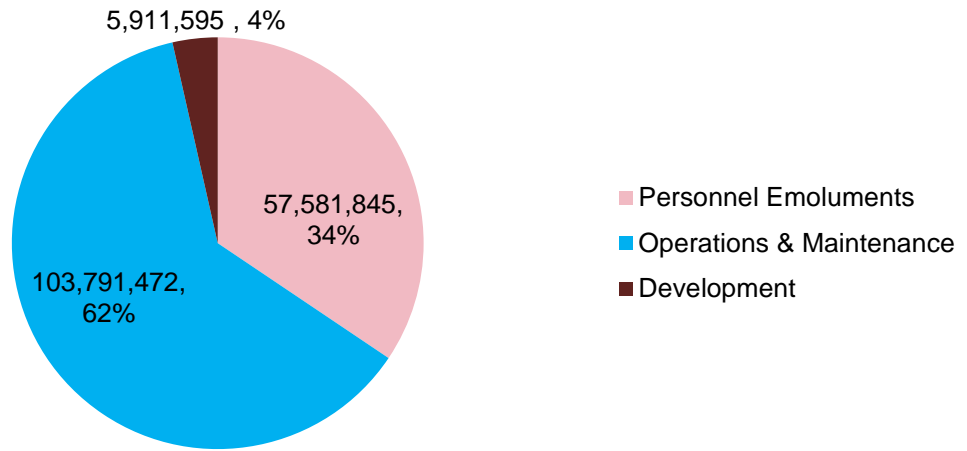


### 3.14 The County Assembly

The County Assembly spent a total of Kshs. 167,284,912. This expenditure included the Kshs. 57,581,845 (34%) spent on personnel emoluments, the Kshs. 103,791,472 (62%) spent on operations & maintenance and the Kshs. 5,911,595 (4%) spent on development.



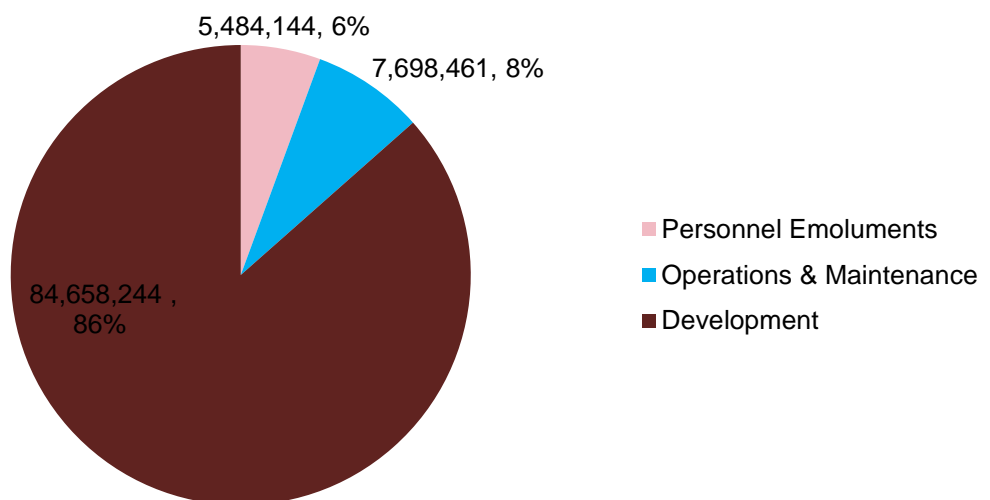
### Expenditure By Economic Classification - County Assembly



#### 3.15 Kitui Town Administration

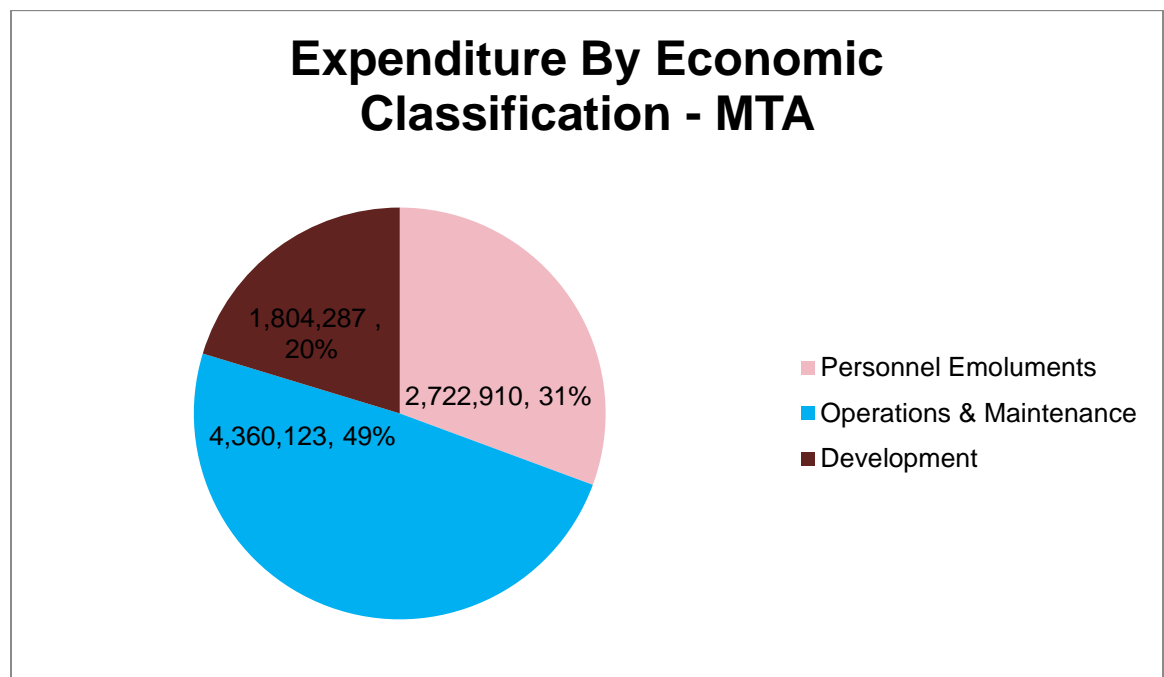
During Q2 of FY 2016/2017, Kitui Town Administration spent a total of KShs. 97,840,849. This expenditure was broken down into; personnel emoluments (KShs. 5,484,144- 6%) , operations & maintenance (KShs. 7,698,461 (8%) while development expenditure amounted to KShs. 84,658,244 (86%)

### Expenditure- Kitui Town Administration



### 3.16 Mwingi Town Administration

Mwingi Town Administration spent a total of Kshs. 8,887,320. This expenditure included the Kshs. 2,722,910 (31%) spent on personnel emoluments, the Kshs. 4,360,123 (49%) spent on operations & maintenance and the Kshs 1,804,287 (20%) spent on development.



## 4.0 CHALLENGES

The county experienced several challenges/issues that affected budget implementation during Q3 of FY 2016/2017. These are:

1. Inadequate physical infrastructure /office space to accommodate staff. This adversely affected delivery of services to the public.
2. Delays in preparation and submission of departmental procurement plans by departments to the County Treasury. This delayed the requisition of funds for the implementation of County programmes and ultimately led to the low absorption of funds.
3. Failure to fully implement the IFMIS and GPAY systems and the use of manual revenue collection systems.
4. Inadequate preparation of procurement plans and work plans delayed the procurement processes particularly for development expenditure.

## **5.0 RECOMMENDATIONS**

1. Develop an efficient local revenue collection and enforcement mechanism to enhance revenue collection in line with the County finance Act.
2. Fast-track the refurbishment and/or construction of building to provide adequate working space for county staff.
3. 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.
4. Ensure IFMIS is fully operationalized for all financial transactions. The approved budget should be uploaded into the system to facilitate effective budget monitoring.
5. Ensure all the required plans are prepared in time as required by the PFM Act, 2012 to enable smooth implementation of the budget.