



COUNTY GOVERNMENT OF KITUI

BUDGET IMPLEMENTATION REPORT

Quarter 2

FY 2015/ 2016

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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 October 2015 to December 2015.

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. 10,225,791,702 which consisted of Kshs. 4,790,947,255 (47%) for recurrent expenditure and Kshs. 5,434,843,921 (53%) for development expenditure.

The table below shows the various components of the budget:

SOURCE	AMOUNT	% OF TOTAL BUDGET
Balance b/f from FY 2013/2014	2,066,798,228	20.21
National Equitable Share	7,267,273,063	71.07
Local Revenue Sources	608,200,000	5.95
Grants	283,520,411	2.77
TOTAL	10,225,791,702	100.00

Breakdown of Grants

SOURCE OF GRANT	AMOUNT
Free Maternal Healthcare	63,610,400
Compensation for User Fees Forgone	23,606,211
Road Maintenance Fuel Levy	92,318,534
Grants from UNDP	20,000,000
HSSF/HSPS – (DANIDA/IDA)	83,985,266
TOTAL	283,520,411

2.1 Transfers from the National Government

For Q2 of 2015/2016 under review, the County received Kshs. 1,953,154,631 as the national equitable share of revenue disbursed as below:

RELEASE DATE	AMOUNT (KSHS)
22/10/2015	654,054,576.00
10/11/2015	581,381,845.00
10/12/2015	717,718,210.00
Total	1,953,154,631

2.2 Locally Generated Revenue

The County Government budgeted to locally collect Kshs 608,200,000 during FY 2015/2016. Q2 collection was Kshs 60,185,135 which is 10% of the targeted collection and 72% of the amount collected at the same period last financial year.

The monthly collection breakdown is as below:

SOURCE	OCT 2015	NOV 2015	DEC 2015	TOTAL
	KSHS	KSHS	KSHS	KSHS
Office of the Governor	2,099,000	995,500	1,185,300	4,279,800
Ministry of Agri, Water and Irrigation	6,515,271	503,665	623,245	7,642,181

Ministry of Finance & Economic Planning	11,192,572	8,837,832	7,924,725	27,955,129
Ministry of Energy/Environment/Mineral Inv Dev	17,600	16,800	2,200	36,600
Ministry of LIUD	557,159	709,075	85,008	1,351,242
Direct Deposits	2,867,358	3,376,878	12,675,947	18,920,183
				60,185,135

2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs.1,503,265,710 broken down into the below expenditure lines:

Expenditure Line	Kshs	%
Recurrent	972,288,355	65
Development	530,977,355	35
Total	1,503,265,710	100

3.0 EXPENDITURE ANALYSIS

3.1 County Summary

During the period under review, the County spent a total of Kshs.1,652,152,766 which was 68% of the funds released. Out of this amount, Kshs. 675,503,100 (54%) went to finance recurrent activities while Kshs. 580,475,332 (46%) financed development.

The County Executive spent Kshs. 1,115,619,520 while County Assembly spent Kshs. 140,358,912 which represent 89% and 11% respectively.

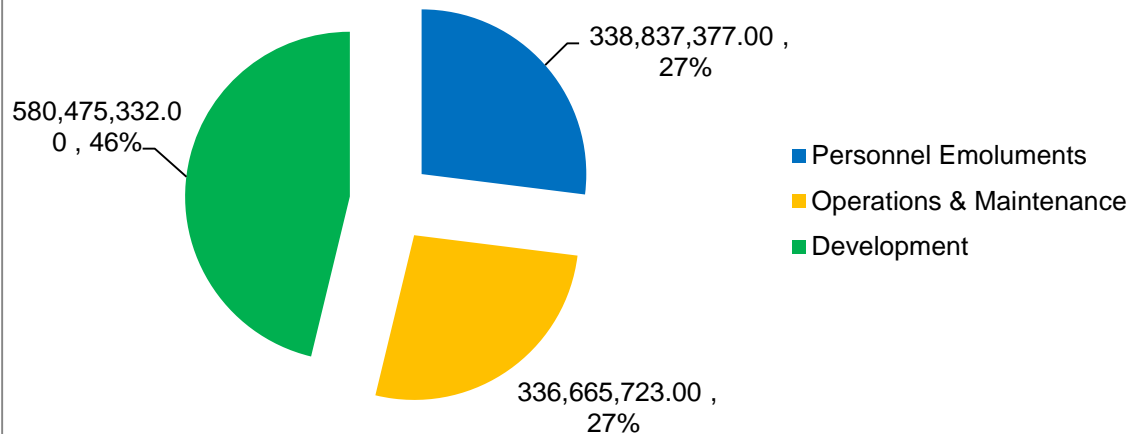
Analysis of recurrent expenditure reveals that the County spent Kshs. 338,837,377 on personnel emoluments translating to 50% of the total recurrent expenditure, while Kshs. 336,665,723 (50%) was spent on operations & maintenance.

The table below analyses expenditure by the various spending entities.

ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPMENT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	

Office of the Governor	28,810,236	13	37,646,547	17	154,216,760	70	220,673,543
Ministry of Administration & coordination of County Affairs	23,013,513	45	11,452,504	22	16,965,667	33	51,431,684
Ministry of Agriculture, Water & Coordination	19,406,743	10	52,808,185	28	118,228,264	62	190,443,192
Ministry of Basic Education, Training & Skills Development	9,038,894	9	68,691,824	67	24,762,370	24	102,493,088
Ministry of Lands, Infrastructure & Urban Development	23,086,453	19	26,276,353	21	73,307,211	60	122,670,017
Ministry of Health & Sanitation	124,298,568	58	61,426,507	28	30,125,247	14	215,850,322
Ministry of Trade, Industry & Cooperatives	8,338,978	20	2,284,759	6	30,125,247	74	40,748,984
Ministry of Culture, Youth, Sports & Social Services	5,330,691	34	2,093,148	13	8,455,826	53	15,879,665
Ministry of Environment, Energy and Mineral Investments Development	3,421,540	4	1,399,645	2	72,462,822	94	77,284,007
Ministry of Tourism & Natural Resources	5,347,358	44	3,414,073	28	3,331,720	28	12,093,151
Ministry of Finance & Economic Planning	28,990,589	57	19,860,320	39	2,338,700	4	51,189,609
County Public Service Board	4,159,807	30	9,602,506	70	0	0	13,762,313
County Assembly	55,594,007	40	39,709,352	28	45,055,553	32	140,358,912
TOTAL	338,837,377	27	336,665,723	27	580,475,332	46	1,255,978,432

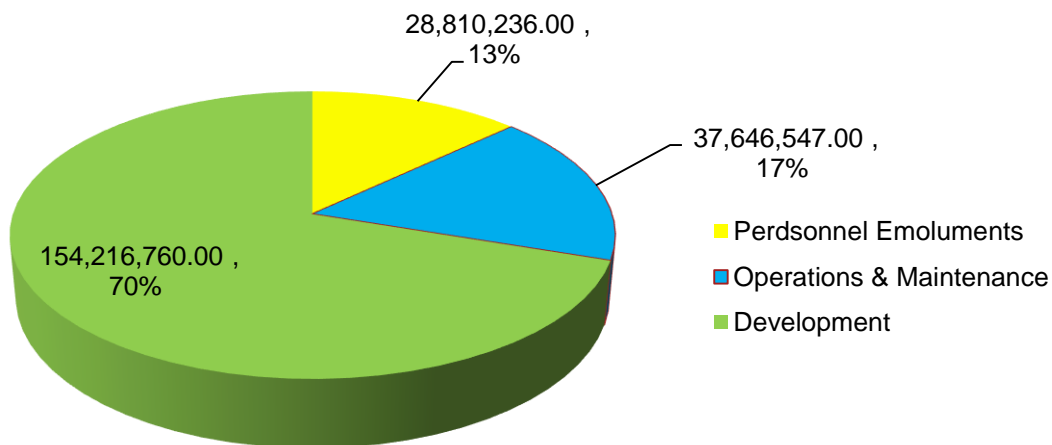
County Expenditure By Economic Classification



3.2 Office of the Governor

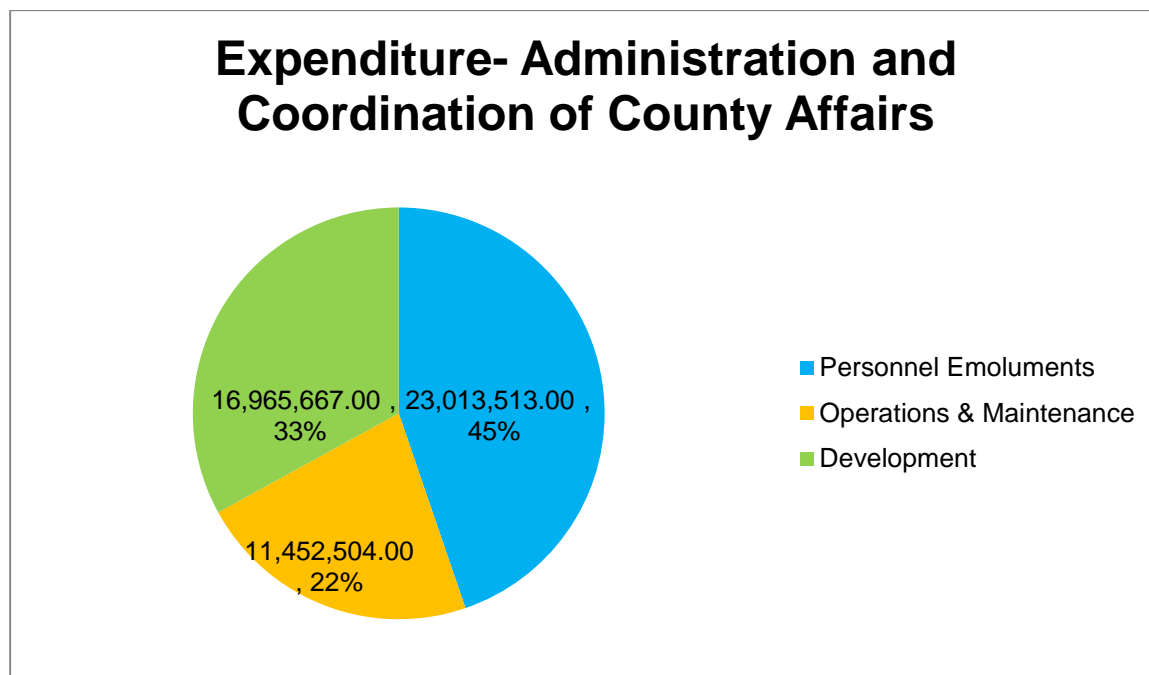
During the period under review, the Office of the Governor spent Kshs. 220,673,543. Out of this, Kshs. 154,216,760 (70%) financed development projects, Kshs. 28,810,236 (13%) went to Personnel Emoluments while Kshs. 37,646,547 (17%) was spent on Operations & Maintenance.

Expenditure - Office of The Governor



3.3 Administration & Coordination of County Affairs

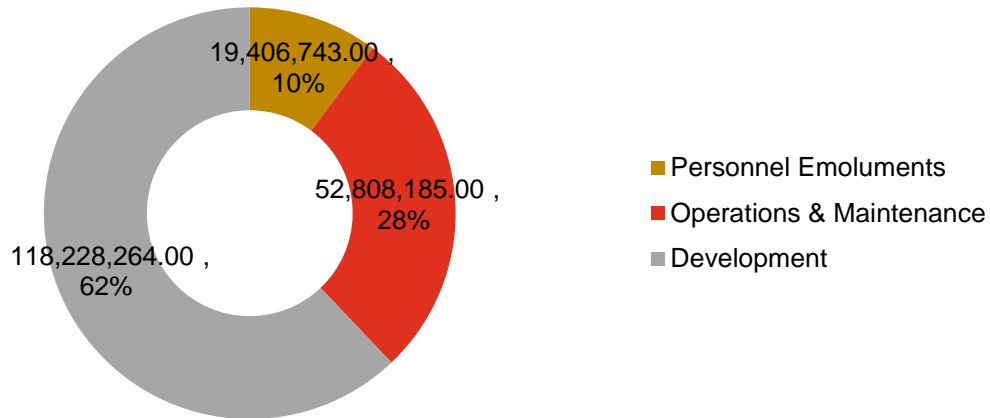
Analysis of the Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs. 23,013,513 (45%) financed personnel emoluments while Kshs. 11,452,504 (22%) was spent on operations & maintenance. There amount spent on development was Kshs. 16,965,667 (33% of total expenditure).



3.4 Agriculture, Water & Irrigation

During the period under review, the county ministry of Agriculture, Water and Irrigation spent a total of Kshs. 190,443,192. Out of this, Kshs. 118,228,264 (62%) was spent on development, Kshs. 19,406,743 (10%) on personnel emoluments and Kshs. 52,808,185 (28%) on operations and maintenance.

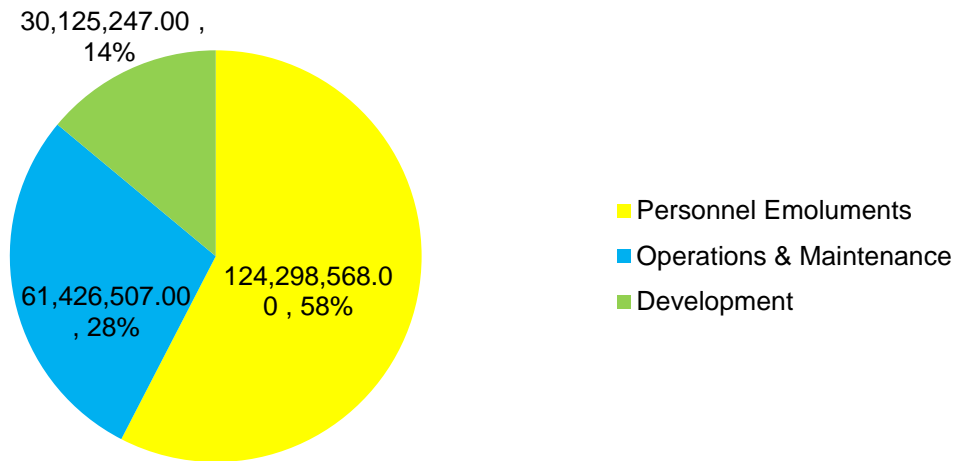
Expenditure - Agriculture, Water & Irrigation



3.5 Health and Sanitation

The County Ministry of Health and Sanitation had, in Q1 of 2015/2016, incurred a total expenditure of Kshs. 215,850,322. Out of this Kshs. 30,125,247 (14%) was spent on development activities and Kshs. 185,725,075 (89%) was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs. 124,298,568 (67%) went to Personnel emoluments while Kshs. 61,426,507 (33%) went to Operations & Maintenance.

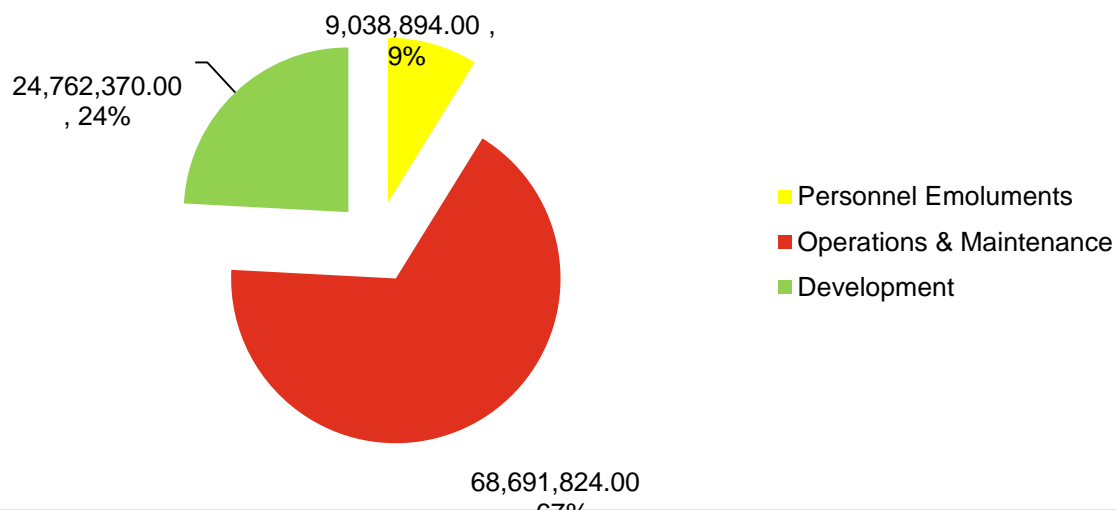
Expenditure By Economic Classification--Health & Sanitation



3.6 Basic Education, Training & Skills Development

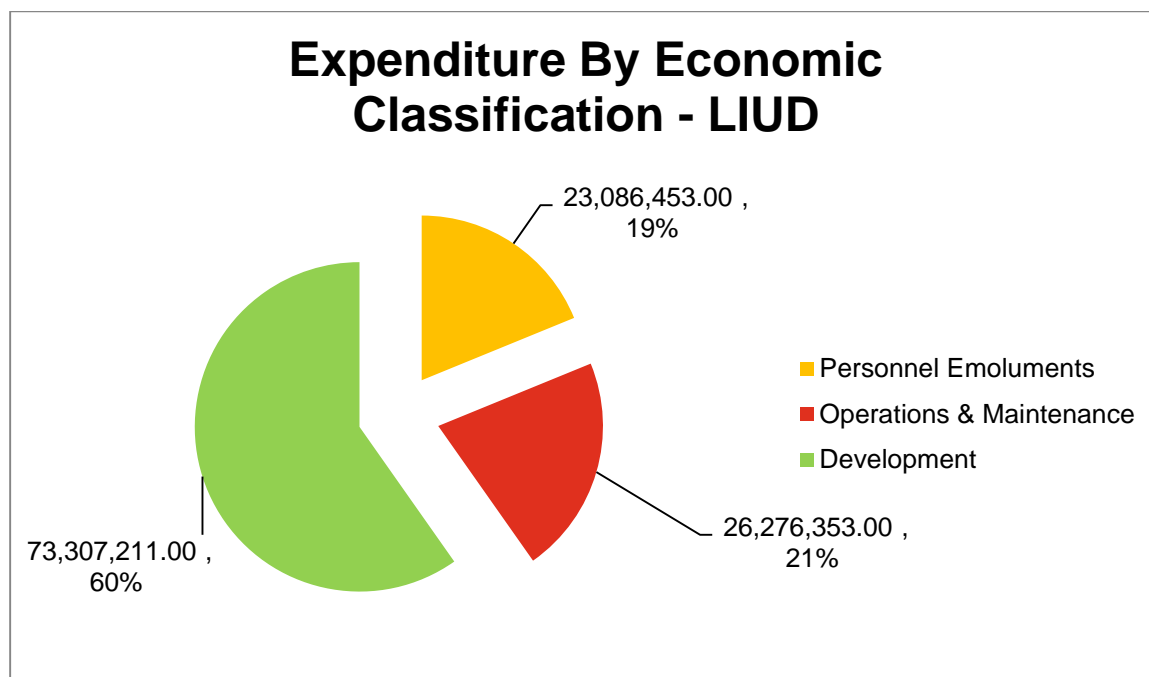
A total of Kshs. 102,493,088 was spent in Q1 of FY 2015/2016. This expenditure was composed of; Personnel Emoluments (Kshs. 9,038,894– 9%), Operations & Maintenance (Kshs. 68,691,824– 67%) while development expenditure was Kshs. 24,762,370 (24%).

Expenditure By Economic Classification--BETSD



3.7 Lands Infrastructure & Urban Development

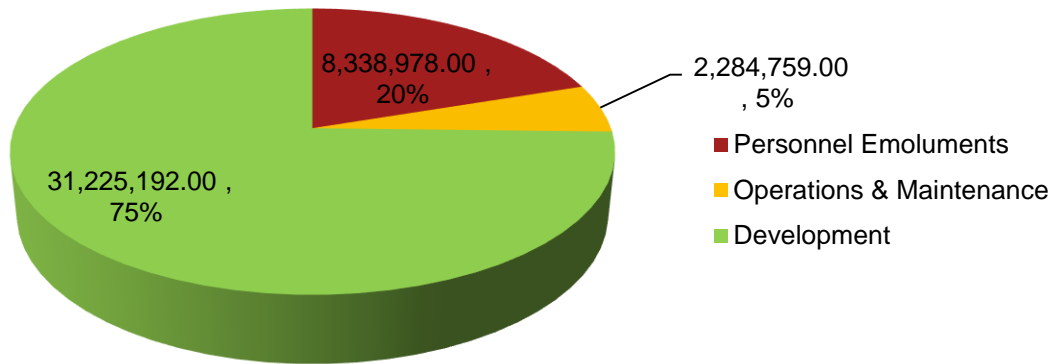
At the Lands, Infrastructure & Urban Development ministry, a total of Kshs. 73,307,211 was spent on development, Kshs. 23,086,453 on personnel emoluments and Kshs. 26,276,353 on Operations and Maintenance. This translated to 60%, 19% and 21% of total ministry expenditure respectively.



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. 40,748,894. Out of this amount, Kshs. 8,338,978 (20% of total expenditure) went to personnel emoluments, while Kshs. 2,284,759 (5%) to Operations & Maintenance. Development expenditure amounted to Kshs 31,225,192 (75%).

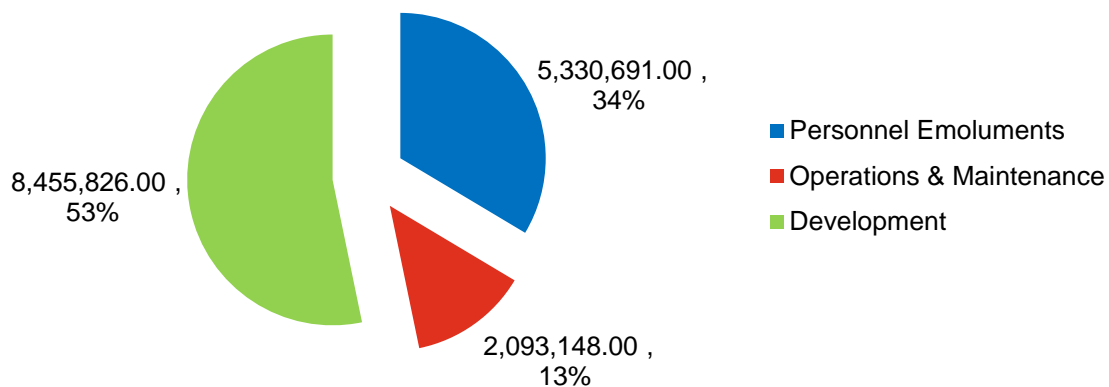
Expenditure By Economic Classification - MTIIC



3.9 Youth, Sports, Culture & Social Services

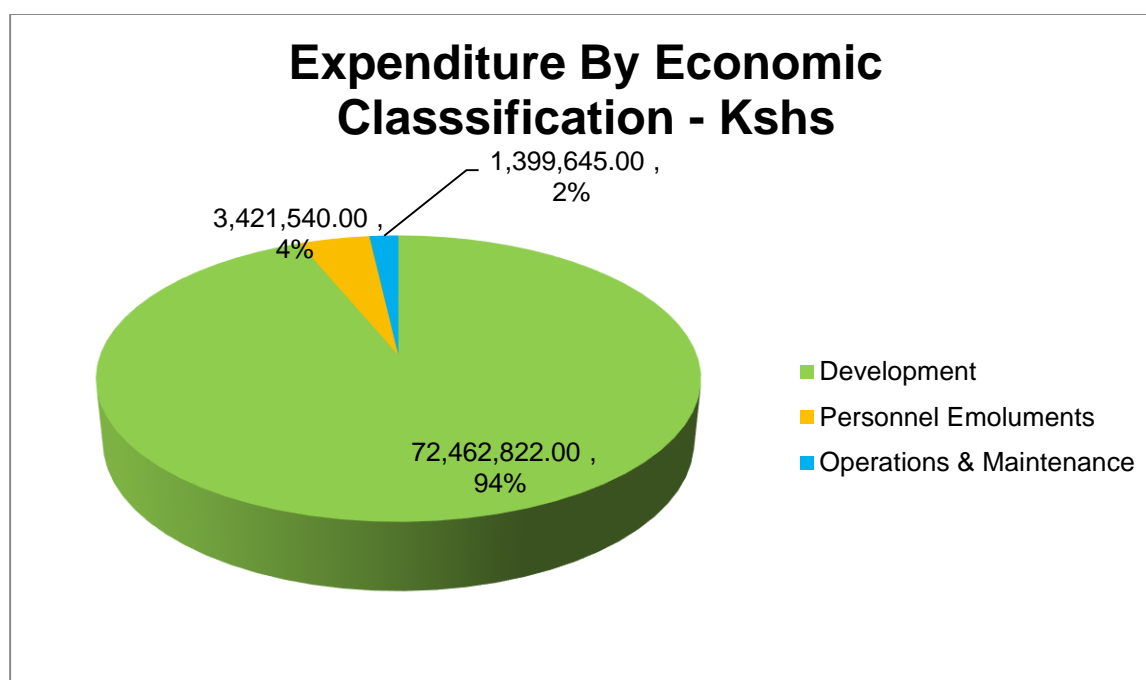
At the Youth, Sports, Culture & Social Services ministry, a total of Kshs. 15,879,665 was spent in the first quarter of FY 2015/2016. The development component of this expenditure was Kshs. 8,455,826 (53%), Kshs. 5,330,691 (34%) was spent on personnel emoluments while Kshs. 2,093,148 (13%) financed operations and maintenance.

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



3.10 Environment, Energy & Mineral Investments Development

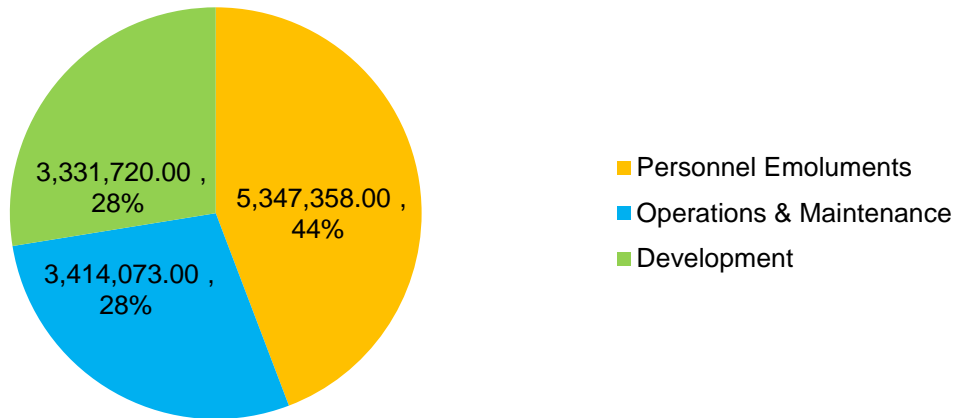
Expenditure analysis at the ministry of Environment, Energy & Mineral Investments Development reveals that a total of Kshs.77,284,007 was spent in the first quarter of FY 2015/2016. The expenditure was broken down into; Development (Kshs. 72,462,822- 94%), Personnel Emoluments (Kshs.3,421,540 – 4%) and Operations & Maintenance (Kshs.1,399,645 – 2%).



3.11 Tourism & Natural Resources

At the Tourism & Natural Resources ministry, Kshs. 5,347,358 (13%) was spent on personnel emoluments, Kshs. 3,414,073 (60%) on operations & maintenance and Kshs. 12,093,151 (27%) on development.

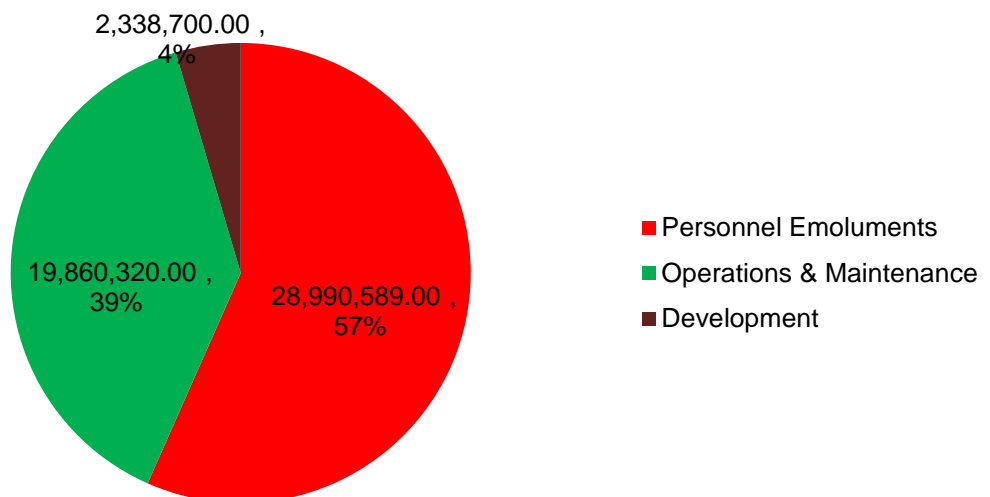
Expenditure Analysis - Tourism & Natural Resources (Kshs)



3.12 Finance & Economic Planning

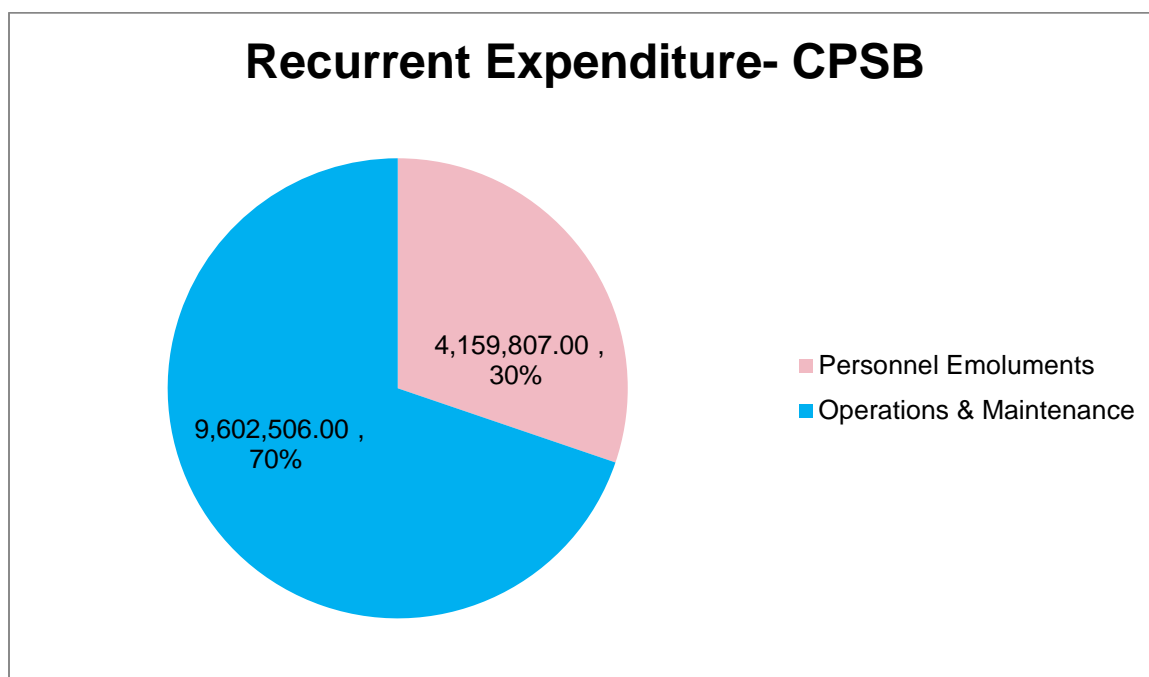
During Q1 of FY 2015/2016, the County Ministry of Finance & Economic Planning spent a total of Kshs.51, 189,609. This expenditure was broken down into; personnel emoluments (Kshs. 28,990,589- 57%) , operations & maintenance (Kshs. 19,860,320 (39%) while development expenditure amounted to Kshs. 2,338,7 00 (4%)

Expenditure Analysis- FEP)



3.13 The County Public Service Board

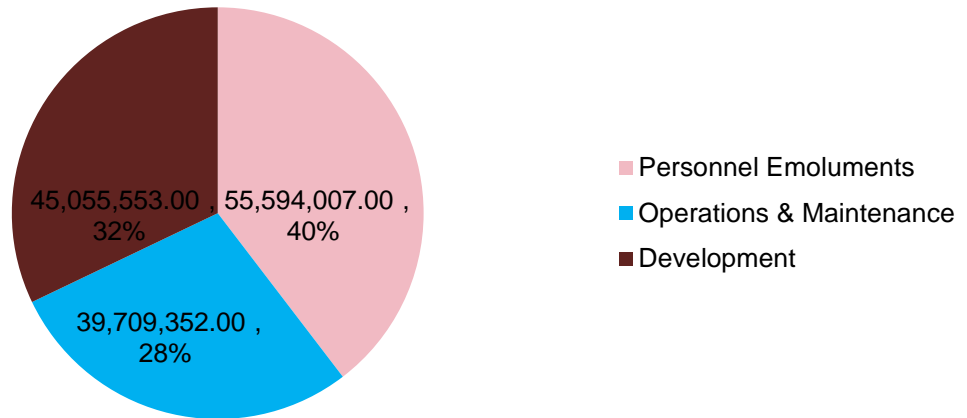
The County Public Service Board did not undertake any development projects. An analysis of the recurrent expenditure reveals that Kshs. 4,159,807 (30% of expenditure) was spent on Personnel Emoluments while Kshs.9,602,506 (70%) was spent on Operations & Maintenance.



3.14 The County Assembly

The County Assembly spent a total of Kshs. 140,358,912. This expenditure included the Kshs. 55,594,077 (40%) spent on personnel emoluments, the Kshs. 39,709,352 (28%) spent on operations & maintenance and the Kshs. 45,055,553 (32%) spent on development.

Expenditure By Economic Classification - County Assembly



4.0 CHALLENGES

The county experienced several challenges/issues that affected budget implementation during Q1 of FY 2015/2016. 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.