

COUNTY GOVERNMENT OF KITUI

BUDGET IMPLEMENTATION REPORT

Quarter 4

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 April 2017 to June 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
TOTAL	10,466,468,971	100.00

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
TOTAL	382,738,363

2.1 Transfers from the National Government

For Q4 of 2016/2017 under review, the County received Kshs. 2,691,216,539 as the national equitable share of revenue disbursed as below:

RELEASE DATE	AMOUNT (KSHS)
10/04/2017	185,003,407.00
02/05/2017	744,010,858.00
17/05/2017	672,481,805.00
22/06/2017	790,605,030.00
30/06/2017	299,115,439.00
Total	2,691,216,539.00

2.2 Locally Generated Revenue

The County Government budgeted to locally collect Kshs 668,610,000 during FY 2016/2017. Q4 collection was Kshs 79,811,012.55 which is 12% of the targeted collection.

The monthly collection breakdown is as below:

SOURCE	APR 2017	MAY 2017	JUNE 2017	TOTAL
	KSHS	KSHS	KSHS	KSHS
Office of the Governor	1,013,500.00	994,600.00	2,555,510.00	4,563,610
Ministry of Agri, Water and Irrigation	3,339,510.00	665,015.00	1,836,435.00	5,840,960
Ministry of Energy/Environment/Mineral Inv Dev	384,280.00	643,900.00	1,338,000.00	2,366,180
Ministry of Health and Sanitation	3,467,415.50	4,324,402.50	4,902,982.75	12,694,800.75
Ministry of LIUD	1,620,235.00	2,815,330.00	2,998,045.00	7,433,610
Ministry of Trade	13,167.00	0.00	116,084.00	129,251
Ministry of Finance and Economic Planning	14,239,038.00	9,961,471.80	11,583,821.00	35,784,330.8
Kitui Town Administration	4,414,095.00	4,019,995.00	3,202,815.00	11,636,905
Mwingi Town Administration	1,981,785.00	1,817,300.00	1,376,840.00	5,175,925
Receipted Direct Deposits	(2,463,075.00)	(1,369,655.00)	(1,981,830.00)	(5,814,560)
TOTAL				79,811,012.55

2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs 2,691,216,539 broken down into the below expenditure lines:

Expenditure Line	Kshs	%
Recurrent	1,268,474,782	47.1
Development	1,422,741,757	52.9
Total	2,691,216,539	100

3.0 EXPENDITURE ANALYSIS

3.1 County Summary

During the period under review, the County spent a total of Kshs. 3,704,644,461 which was 137.7% of the funds released. Out of this amount, Kshs. 2,013,559,420 (54.3%) went to finance recurrent activities while Kshs. 1,691,085,041 (45.7%) financed development.

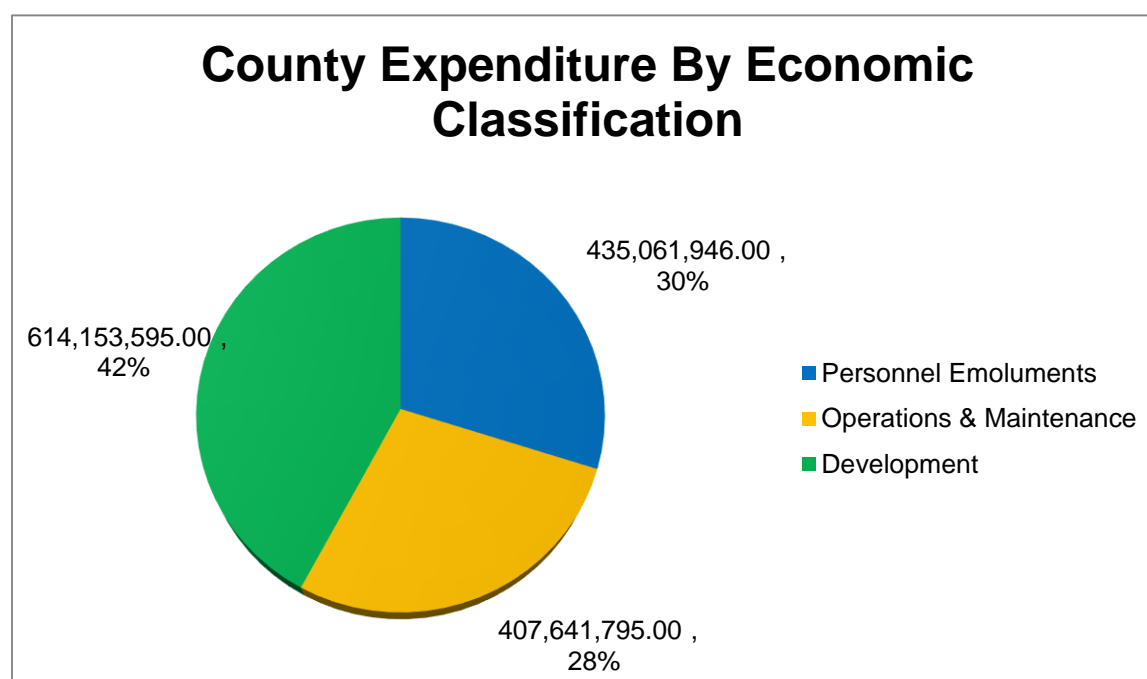
The County Executive spent Kshs. 3,499,193,528 while County Assembly spent Kshs. 205,450,933 which represent 94% and 6% respectively.

Analysis of recurrent expenditure reveals that the County spent Kshs. 1,294,395,244 on personnel emoluments translating to 64.3% of the total recurrent expenditure, while Kshs. 719,164,176 (35.7%) was spent on operations & maintenance.

ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPMENT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	
Office of the Governor	71,390,060	13	122,422,642	23	339,961,395	64	533,774,097
Ministry of Administration & coordination of County Affairs	132,241,883	13	43,226,255	23	22,714,042	64	198,182,180
Ministry of Agriculture, Water & Coordination	103,982,716	20	149,787,312	29	267,044,147	51	520,814,175
Ministry of Basic Education, Training & Skills Development	105,394,156	34	11,487,441	4	192,829,452	62	309,711,049
Ministry of Lands, Infrastructure & Urban Development	47,931,937	17	26,898,046	9	207,884,565	74	282,714,548
Ministry of Health & Sanitation	540,864,968	57	174,530,862	18	254,180,591	26	969,576,421
Ministry of Trade, Industry & Cooperatives	19,208,752	20	26,085,383	26	53,370,493	54	98,664,628
Ministry of Culture, Youth, Sports & Social Services	11,465,897	18	5,691,812	9	47,212,115	73	64,369,824
Ministry of Environment, Energy and Mineral Investments Development	8,277,422	7	8,321,425	86	107,248,813	7	123,847,660
Ministry of Tourism & Natural Resources	15,665,128	34	4,719,914	10	25,492,577	56	45,877,619

Ministry of Finance & Economic Planning	70,382,858	47	61,909,178	42	16,917,324	11	149,209,360
County Public Service Board	11,742,218	54	9,873,387	46	0	0	21,615,605
County Assembly	116,428,243	57	66,691,106	32	22,331,584	11	205,450,933
Kitui Town Headquarters Administration	14,648,510	12	9,499,308	8	98,998,043	80	123,145,861
Mwingi Town Administration	16,986,093	29	5,804,508	10	34,899,900	61	57,690,501
TOTAL	1,294,395,244	30	719,164,176	28	1,691,085,041	42	3,704,644,461

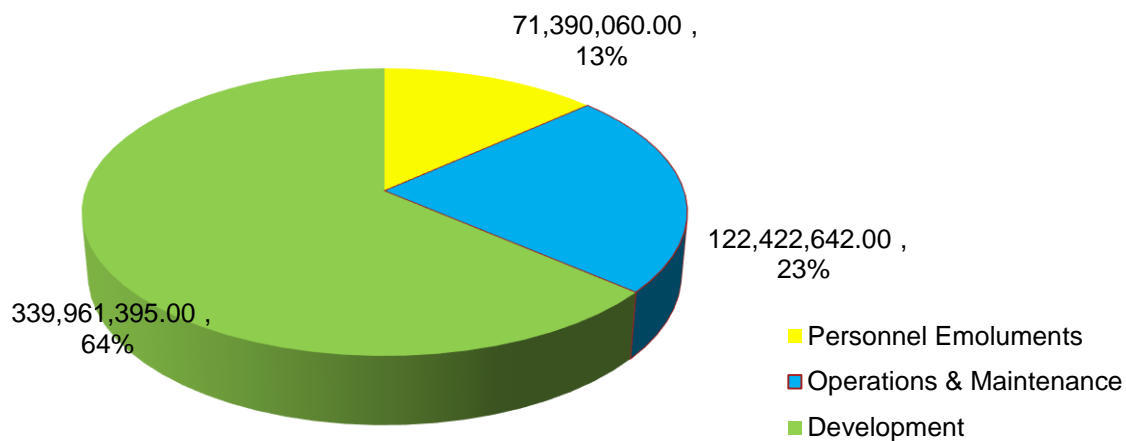
The table below analyses expenditure by the various spending entities.



3.2 Office of the Governor

During the period under review, the Office of the Governor spent Kshs. 533,774,097 . Out of this, Kshs. 339,961,395 (64%) financed development projects, Kshs. 71,390,060(13%) went to Personnel Emoluments while Kshs. 122,422,642 (23%) was spent on Operations & Maintenance.

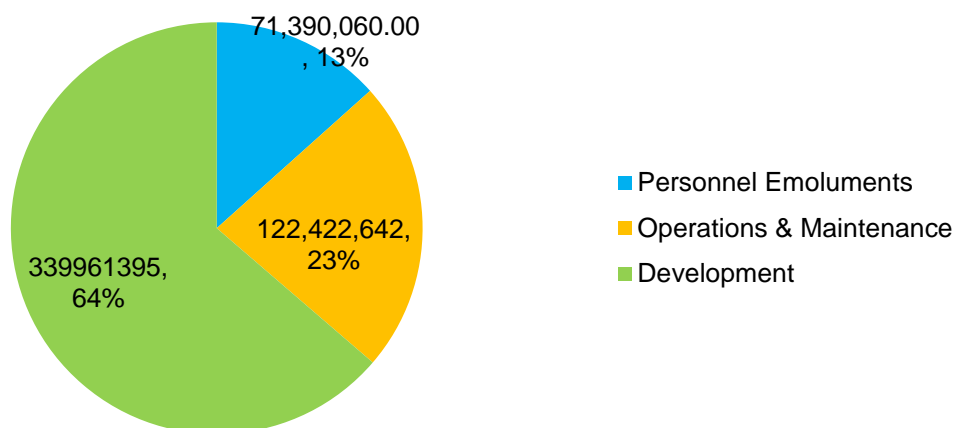
Expenditure - Office of The Governor



3.3 Administration & Coordination of County Affairs

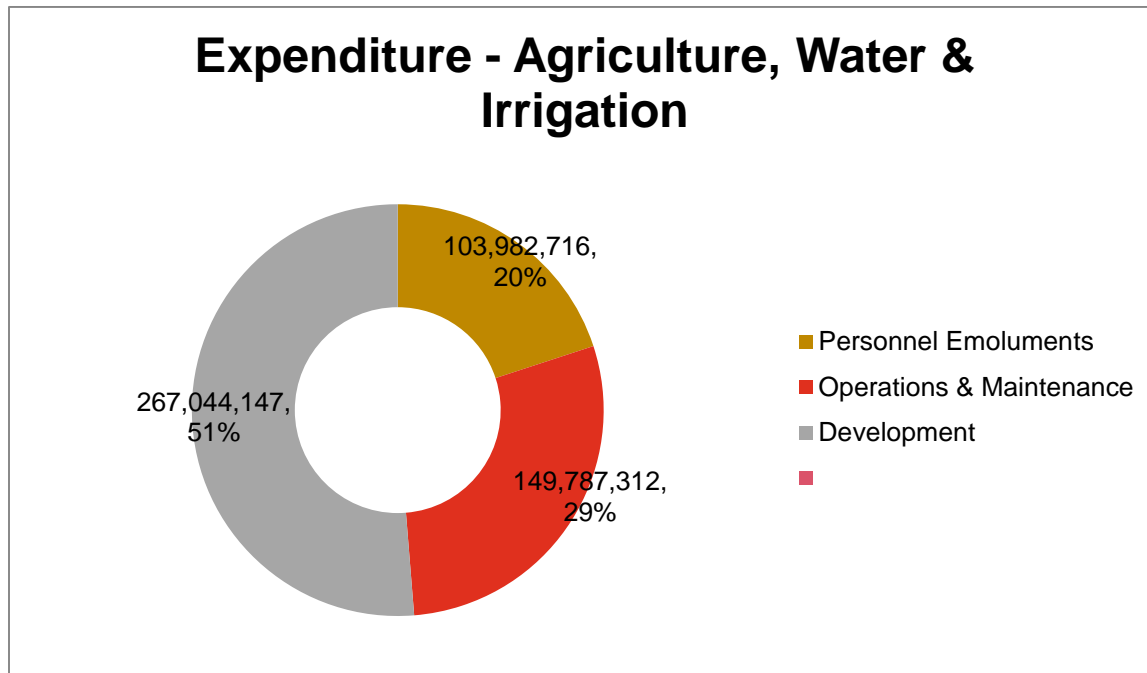
Analysis of the Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs. 71,390,060 (13%) financed personnel emoluments while Kshs. 122,422,642 (23%) was spent on operations & maintenance. The amount spent on development was Kshs. 339,961,395 (64%) of total expenditure.

Expenditure- Administration and Coordination of County Affairs



3.4 Agriculture, Water & Irrigation

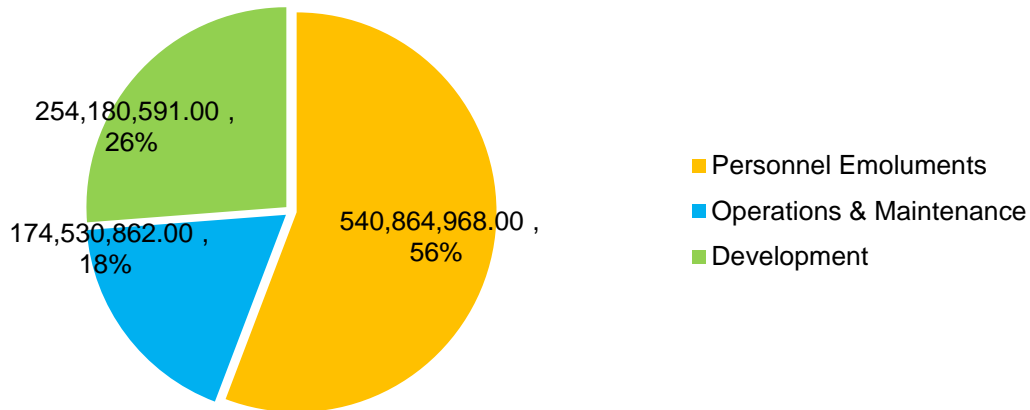
During the period under review, the county ministry of Agriculture, Water and Irrigation spent a total of Kshs. 520,814,175. Out of this, Kshs. 267,044,147 (51%) was spent on development, Kshs. 103,982,716 (20%) on personnel emoluments and Kshs. 149,787,312 (29%) on operations and maintenance.



3.5 Health and Sanitation

The County Ministry of Health and Sanitation had, in Q4 of 2016/2017, incurred a total expenditure of Kshs. 969,576,421. Out of this Kshs. 254,180,591 (26%) was spent on development activities and Kshs. 715,395,830 (74%) was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs. 540,864,968 (56%) went to Personnel emoluments while Kshs. 174,530,862 (18%) went to Operations & Maintenance.

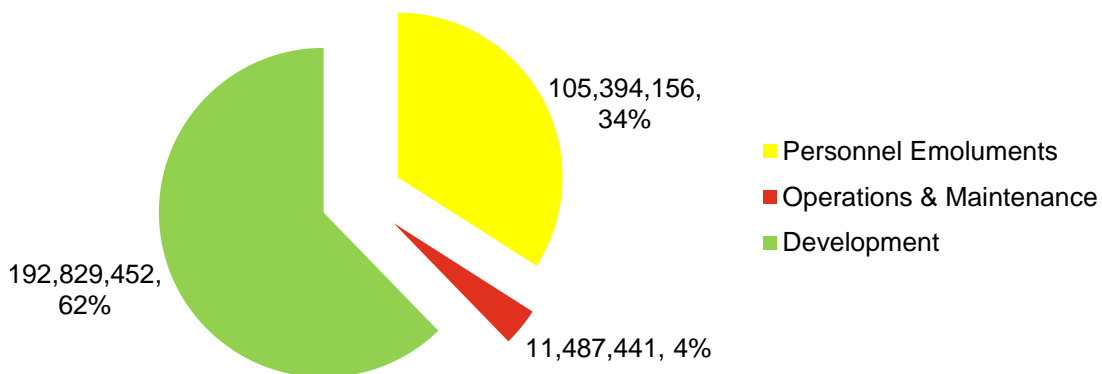
Expenditure By Economic Classification--Health & Sanitation



3.6 Basic Education, Training & Skills Development

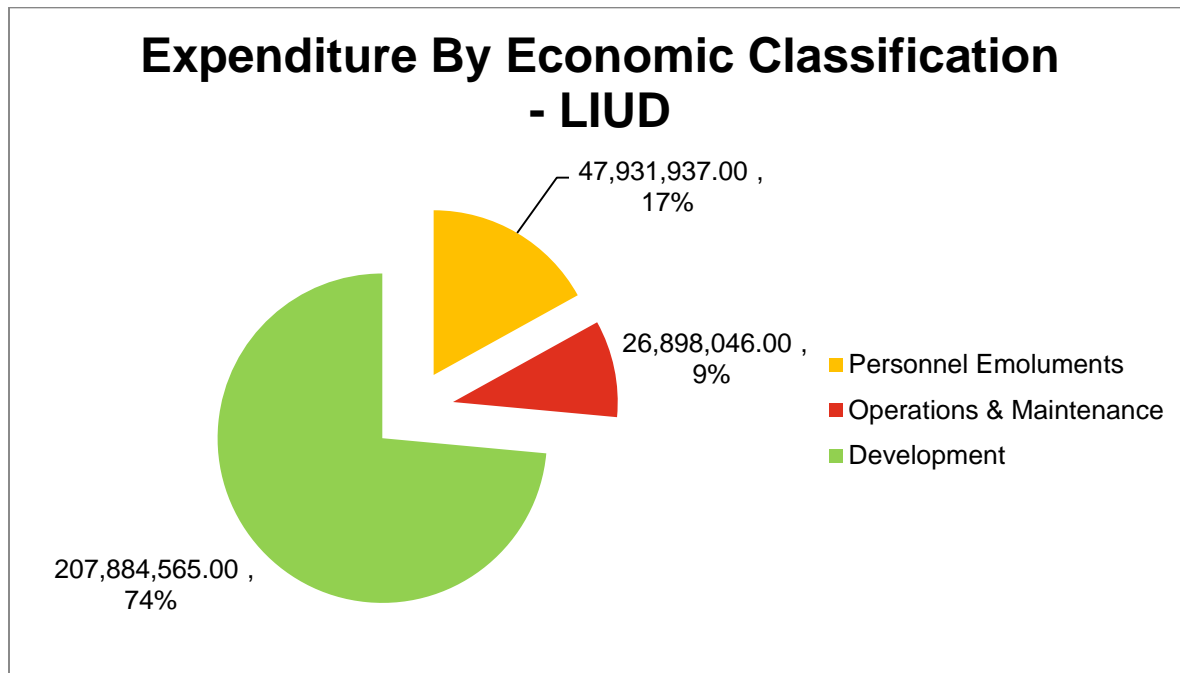
A total of Kshs. 209,711,049 was spent in Q4 of FY 2016/2017. This expenditure was composed of; Personnel Emoluments Kshs. 105,394,156(-34%), Operations & Maintenance Kshs. 11,487,441(-4%) while development expenditure was Kshs. 192,829,452 (62%).

Expenditure By Economic Classification--BETSD



3.7 Lands Infrastructure & Urban Development

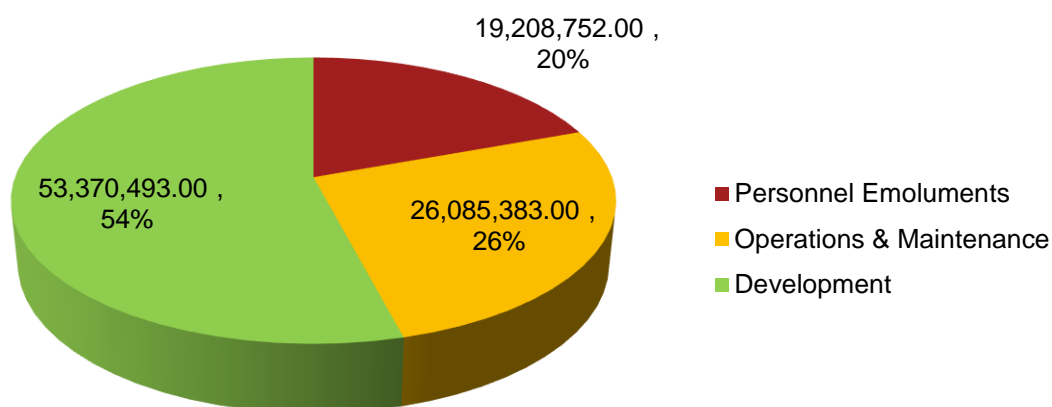
At the Lands, Infrastructure & Urban Development ministry, a total of Kshs. 282,714,548 was spent on development, Kshs. 47,931,937 on personnel emoluments and Kshs. 26,898,046 on Operations and Maintenance. This translated to 74%, 17% and 9% of total ministry expenditure respectively.



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. 98,665,628. Out of this amount, Kshs. 19,208,752 (20% of total expenditure) went to personnel emoluments, while Kshs. 26,085,383 (26%) to Operations & Maintenance. Development expenditure amounted to Kshs 53,370,493 (54%).

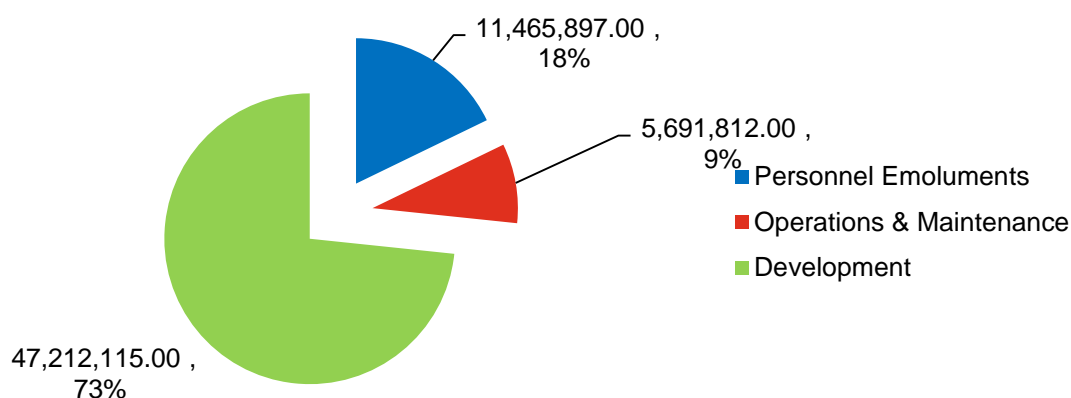
Expenditure By Economic Classification - MTIIC



3.9 Youth, Sports, Culture & Social Services

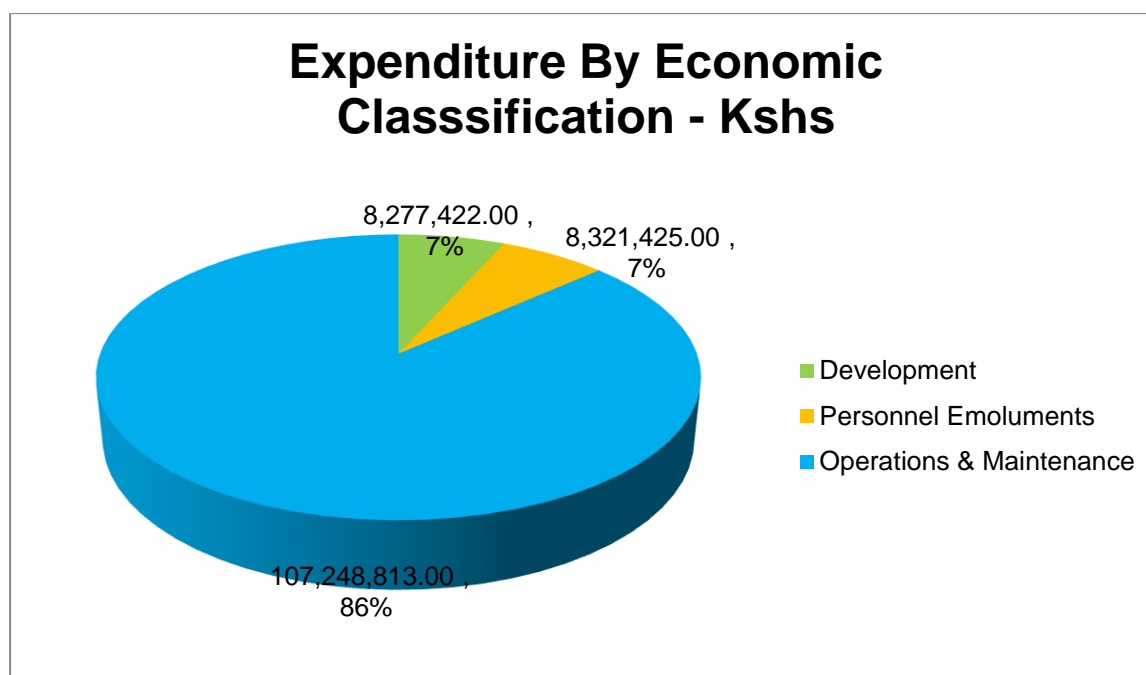
At the Youth, Sports, Culture & Social Services ministry, a total of Kshs. 64,369,824 was spent in the fourth quarter of FY 2016/2017. The development component of this expenditure was Kshs. 47,212,115 (73%), Kshs. 11,465,897 (18%) was spent on personnel emoluments while Kshs. 5,691,812 (9%) financed operations and maintenance.

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



3.10 Environment, Energy & Mineral Investments Development

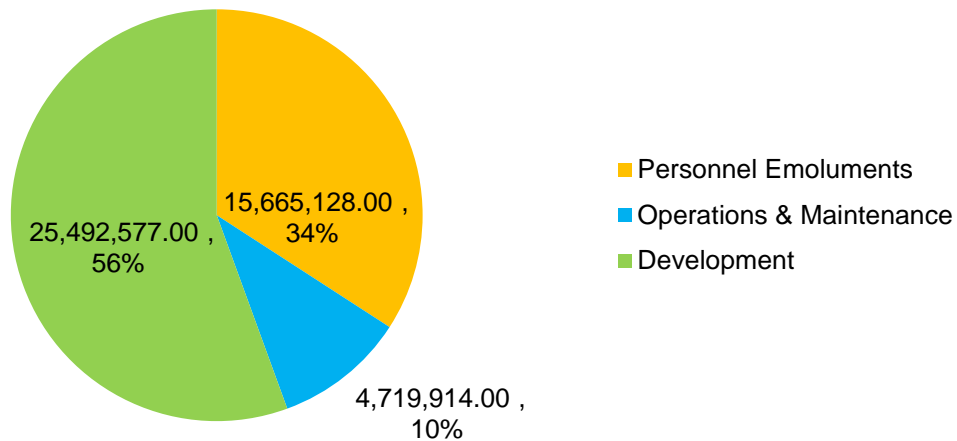
Expenditure analysis at the ministry of Environment, Energy & Mineral Investments Development reveals that a total of Kshs. 16,598,847 was spent in the fourth quarter of FY 2016/2017. The expenditure was broken down into; Development Kshs. 107,248,813- 86%, Personnel Emoluments Kshs. 8,277,422-7% and Operations & Maintenance Kshs. 8,321,425- 7%.



3.11 Tourism & Natural Resources

At the Tourism & Natural Resources ministry, Kshs. 15,665,128 (34%) was spent on personnel emoluments, Kshs. 4,719,914 (10%) on operations & maintenance and Kshs. 25,492,577 (56%) on development.

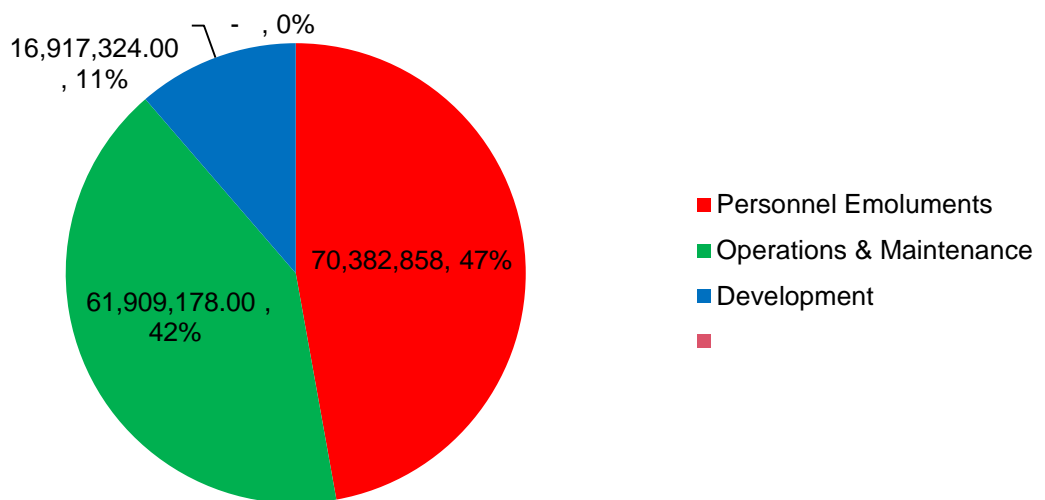
Expenditure Analysis - Tourism & Natural Resources (Kshs)



3.12 Finance & Economic Planning

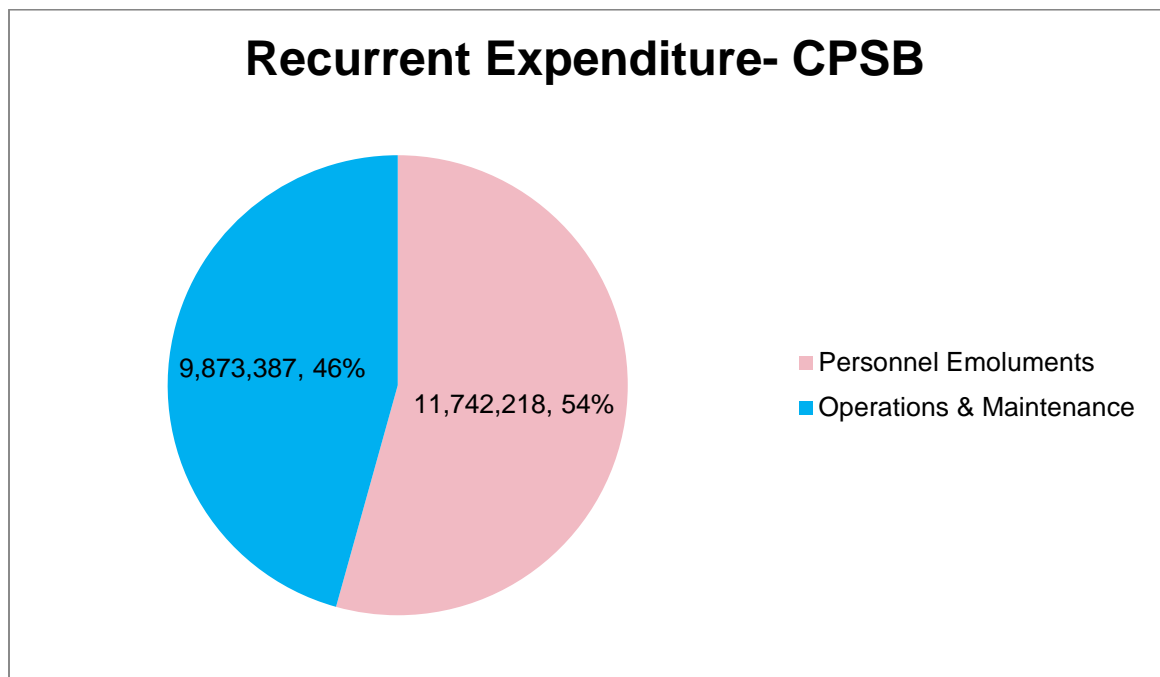
During Q4 of FY 2016/2017, the County Ministry of Finance & Economic Planning spent a total of Kshs. 149,209,360. This expenditure was broken down into: personnel emoluments Kshs. 70,382,858 (47%), operations & maintenance Kshs. 61,909,178 (42%) while development expenditure amounted to Kshs. 16,917,324 (11%).

Expenditure Analysis- FEP)



3.13 The County Public Service Board

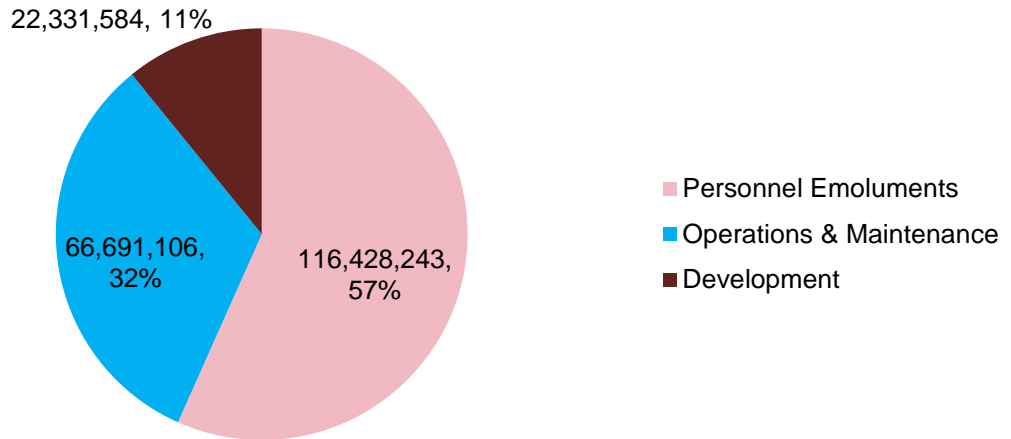
The County Public Service Board did not undertake any development projects. An analysis of the recurrent expenditure reveals that Kshs. 5,922,685 (59% of expenditure) was spent on Personnel Emoluments while Kshs. 4,110,563 (41%) was spent on Operations & Maintenance.



3.14 The County Assembly

The County Assembly spent a total of Kshs. 205,450,933. This expenditure included the Kshs. 116,428,243 (57%) spent on personnel emoluments, the Kshs. 66,691,106 (32%) spent on operations & maintenance and the Kshs. 22,331,584 (11%) spent on development.

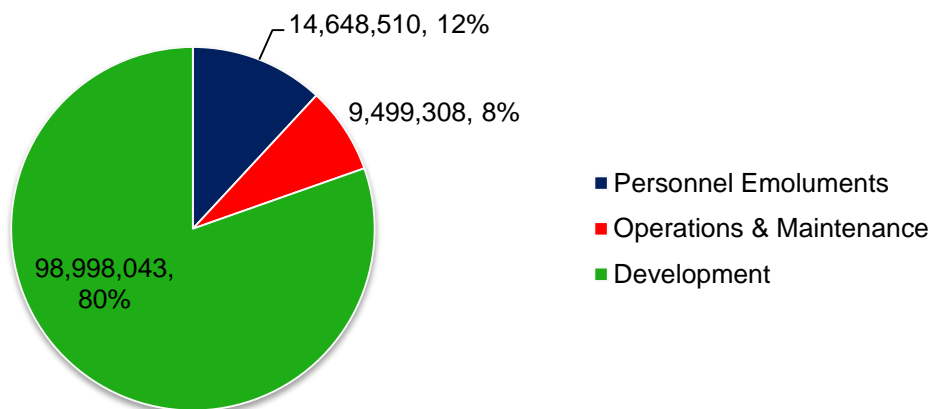
Expenditure By Economic Classification - County Asembly



3.15 Kitui Town Headquarters Administration

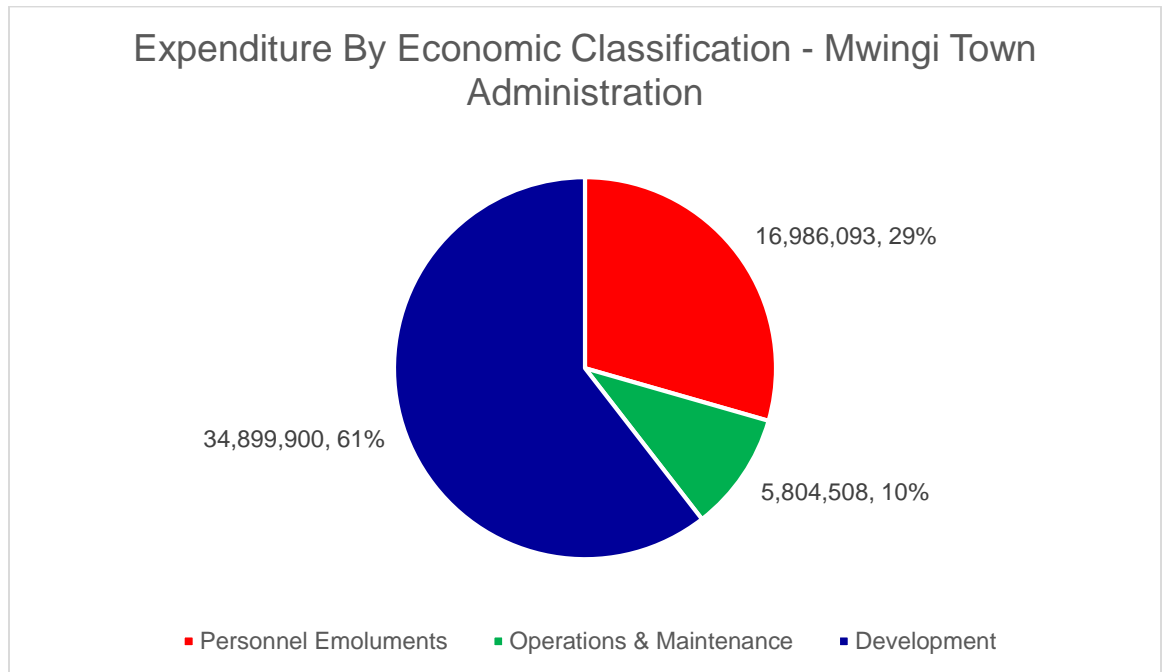
The Kitui Town Headquarters Administration spent a total of Kshs 123,145,861. This expenditure included the Kshs. 14,648,510(12%) spent on personnel emoluments, the Kshs. 9,499,308(8%) spent on operations & maintenance and the Kshs. 98,998,043(80%) spent on development.

Expenditure By Economic Classification - Kitui Town Headquarters Administration



3.16 Mwingi Town Administration

The Mwingi Town Administration spent a total of Kshs. 57,690,501. This expenditure included the Kshs. 16,986,093 (29%) spent on personnel emoluments, the Kshs. 5,804,508 (10%) spent on operations & maintenance and the Kshs. 34,899,900 (61%) spent on development.



4.0 CHALLENGES

The county experienced several challenges/issues that affected budget implementation during Q4 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. 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.