



COUNTY GOVERNMENT OF KITUI
BUDGET IMPLEMENTATION REPORT
QUARTER 3
FY 2017/ 2018

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 Jan 2018 to March 2018.

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. 11,360,350,178 which consisted of Kshs. 6,108,005,163 (53.8%) for recurrent expenditure and Kshs. 5,252,345,015 (46.2%) 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	1,319,665,314	11.6
National Equitable Share	8,652,300,000	76.2
Local Revenue Sources	702,040,500	6.2
Grants	686,344,364	6.0
TOTAL	11,360,350,178	100.0

Breakdown of Grants

SOURCE OF GRANT	AMOUNT
Compensation for User Fees Forgone	22,499,906
Road Maintenance Fuel Levy Fund	309,636,150
Other Loans and Grants	58,554,018
World bank loan for transforming health system for universal care system	103,430,429
KDSP(level one grant + FY 2016/2017 allocation)	53,665,066

World bank loan for national agricultural and rural inclusive growth project	50,000,000
DANIDA grant for universal health care devolved system programme	20,982,159
Conditional grants for development of youth polytechnics	67,576,636
Gross – Grants	686,344,364

2.1 Transfers from the National Government

For Q3 of 2017/2018 under review, the County received Kshs. **3,158,089,500** as the national equitable share of revenue disbursed as below:

RELEASE DATE	AMOUNT (KSHS)
05/Jan/2018	778,707,000
26/Feb/2018	821,968,500
23/March/2018	865,230,000
27/March/2018	692,184,000
Total	3,158,089,500

2.2 Locally Generated Revenue

The County Government budgeted to locally collect Kshs 702,040,500 during FY 2017/2018. Q3 collection was Kshs 113,821,525 which is 16.2% of the targeted collection.

The monthly collection breakdown is as below:

SOURCE	JAN 2017	FEB 2017	MAR 2017	TOTAL
	KSHS	KSHS	KSHS	KSHS
Office of the Governor	1,670,400	2,156,100	1,518,900	5,345,400
Ministry of Agri, Water and Livestock Development	1,623,096	546,545	2,326,330	4,495,971
Ministry of Environment and Natural Resources	696,200	29,700	54,800	780,700
Ministry of Health and Sanitation	0.0	0.0	0.0	0.0
Ministry of LIHUD	2,459,773	2,701,485	3,990,522	9,151,780
Ministry of Trade, Cooperatives & Investments	46,880	46,301	0.00	93,181
County Treasury	9,344,303	8,857,229	15,017,690	33,219,222

Ministry of Tourism, Sports & Culture	0.00	20,000	0.00	20,000
Kitui Town Administration	5,778,690	8,388,550	9,457,955	23,625,195
Mwingi Town Administration	2,814,640	2,797,510	6,022,940	11,635,090
Receipted Direct Deposits	8,857,077	8,590,266	8,007,643	25,454,986
TOTAL	33,291,059.00	34,133,686.00	46,396,780.00	113,821,525.00

2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs.3,158,089,500 which was used for Recurrent and Development expenditure

3.0 EXPENDITURE ANALYSIS

3.1 County Summary

During the period under review, the County spent a total of Kshs. 2,291,051,081 which was 72.5% of the funds released. Out of this amount, Kshs. 1,458,489,910 (63.7%) went to finance recurrent activities while Kshs. 832,561,171 (36.3%) financed development.

Analysis of recurrent expenditure reveals that the County spent Kshs. 966,310,526 on personnel emoluments translating to 66.3% of the total recurrent expenditure, while Kshs. 492,179,384 (33.7%) was spent on operations & maintenance. The percentage allocated on development was 36.3% and the amount was Kshs 832,561,171

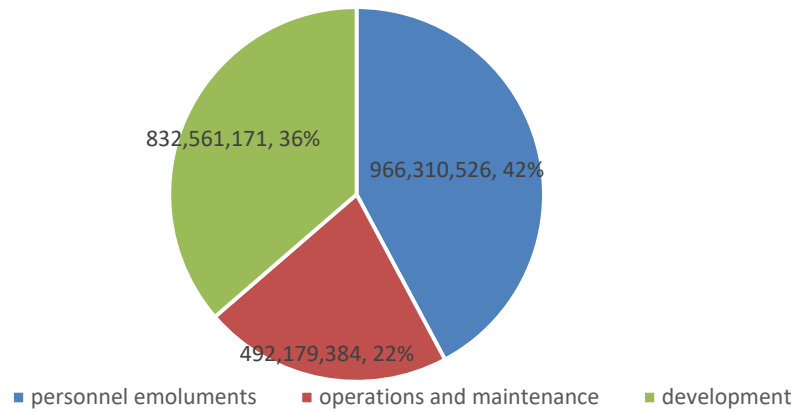
Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Office of the Governor	120,001	0.1	83,301,101.0	39.3	128,490,822	60.6	211,911,924
Administration & Coordination of County Affairs	16,669,676	35.9	29,622,139.0	63.8	141,790	0.3	46,433,605
The County Treasury	62,913,510	42.4	81,050,353.0	54.7	4,328,114	2.9	148,291,977
Health and Sanitation	709,604,545	75.9	69,236,844.0	7.4	155,748,496	16.7	934,589,885
Basic Education, ICT, & Youth Development	65,383,128	50.8	7,651,193.0	5.9	55,589,718	43.2	128,624,039

Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Trade, Cooperatives and Investments	0	0.0	8,904,695.0	27.0	24,045,906	73.0	32,950,601
Lands, Infrastructure, Housing, & Urban Development	2,020,288	1.6	49,004,107.0	38.5	76,382,030	60.0	127,406,425
Tourism, Sports and Culture	19,534	0.0	15,084,109.0	27.9	39,022,401	72.1	54,126,044
Agriculture, Water & Livestock Development	30,565,949	9.2	46,944,380.0	14.1	254,607,134	76.7	332,117,463
Environment & Natural Resources	491,694	2.2	7,734,155.0	34.6	14,158,748	63.3	22384597
County Public Service Board	164,000	1.3	12,439,825.0	98.7	0	0.0	12,603,825
County Assembly	71,015,822	40.6	70,617,206.0	40.4	33,272,975	19.0	174,906,003
Kitui Town Administration (County Headquarters)	6,068,803	12.6	6,125,593.0	12.7	36,027,101	74.7	48,221,497
Mwingi Town Administration	1273576	7.7	4,463,684.0	27.1	10745936	65.2	16483196
Grand Total	966,310,526	42.2	492,179,384.0	21.5	832,561,171	36.3	2,291,051,081

The table below analyses expenditure by the various spending entities.

Personnel Emoluments	966,310,526
Operations and Maintenance	492,179,384
Development	832,561,171

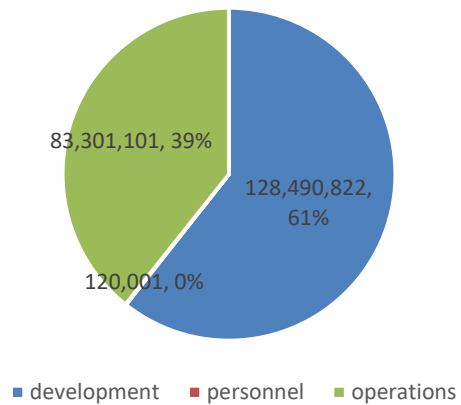
County Expenditure by Economic Classification



3.2 Office of the Governor

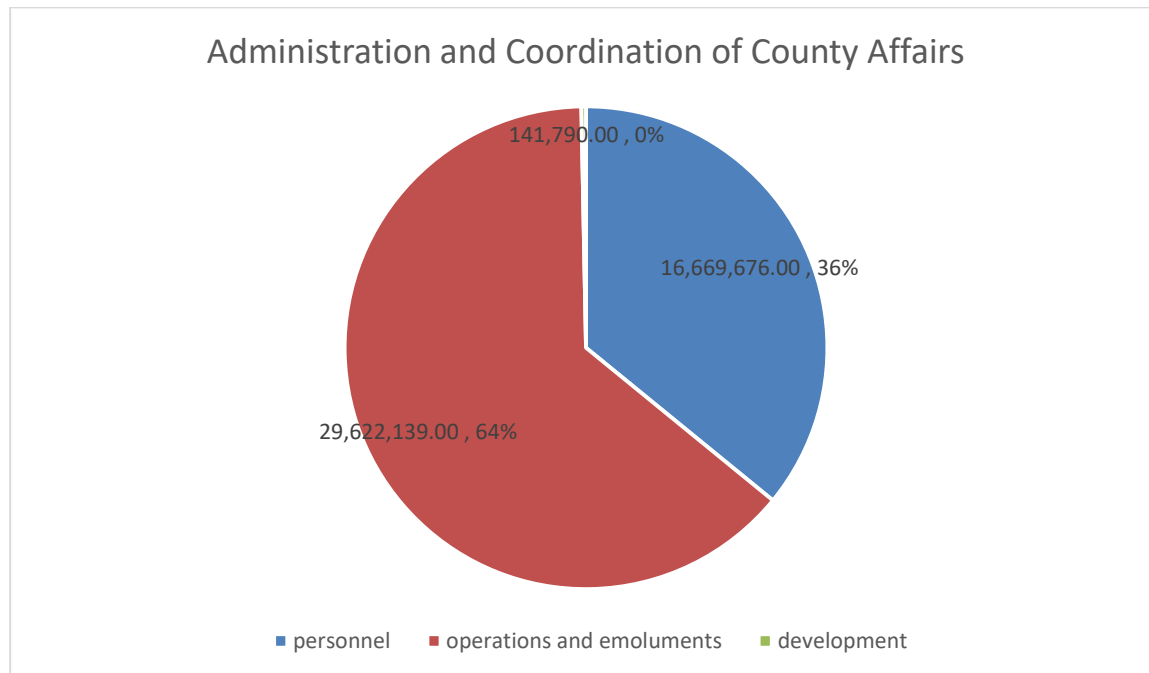
During the period under review, the Office of the Governor spent Kshs 211,911,924. Out of this, Kshs. 128,490,822, 60.6% financed development projects, Kshs. 120,001, 0.1% went to Personnel Emoluments while Kshs. 83,301,101, 39.3% was spent on Operations & Maintenance.

Office of the Governor



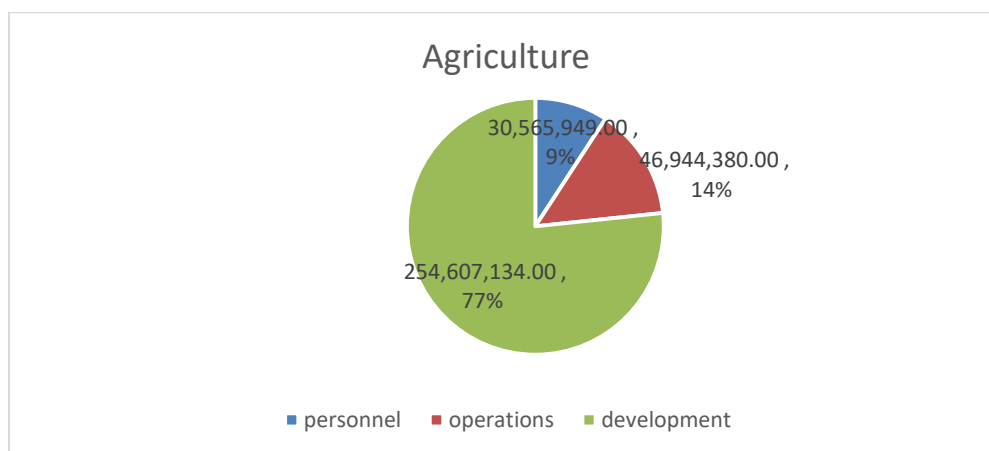
3.3 Administration & Coordination of County Affairs

Analysis of the Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs. 16,669,676, 35.9% financed personnel emoluments while Kshs. 29,622,139, 63.8% was spent on operations & maintenance. There amount spent on development was Kshs. 141,790, 0.3% of total expenditure.



3.4 Agriculture, Water & Livestock Development

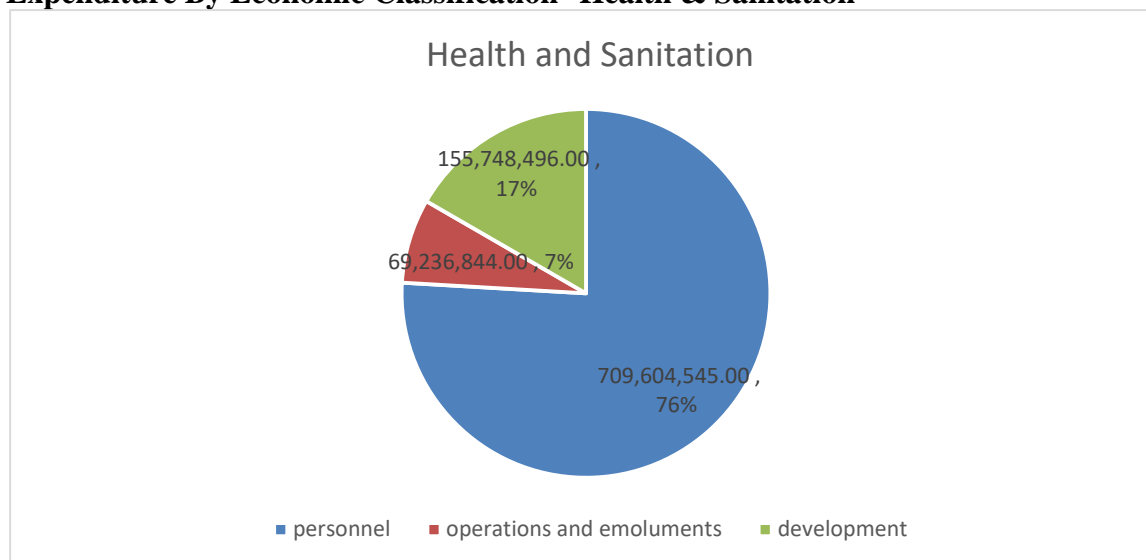
During the period under review, the county ministry of Agriculture, Water and Livestock development spent a total of Kshs. 332,117,463. Out of this, Kshs. 254,607,134, 76.7% was spent on development, Kshs. 30,565,949, 9.2% on personnel emoluments and Kshs. 46,944,380, 14.1% on operations and maintenance.



3.5 Health and Sanitation

The County Ministry of Health and Sanitation had, in Q3 of 2017/2018, incurred a total expenditure of Kshs. 934,589,885. Out of this Kshs. 155,748,496, 16.7%, was spent on development activities and Kshs. 778,841,389.0, 83.3% was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs. 709,604,545, 75.9% went to Personnel emoluments while Kshs 69,236,844, 7.4% went to Operations & Maintenance.

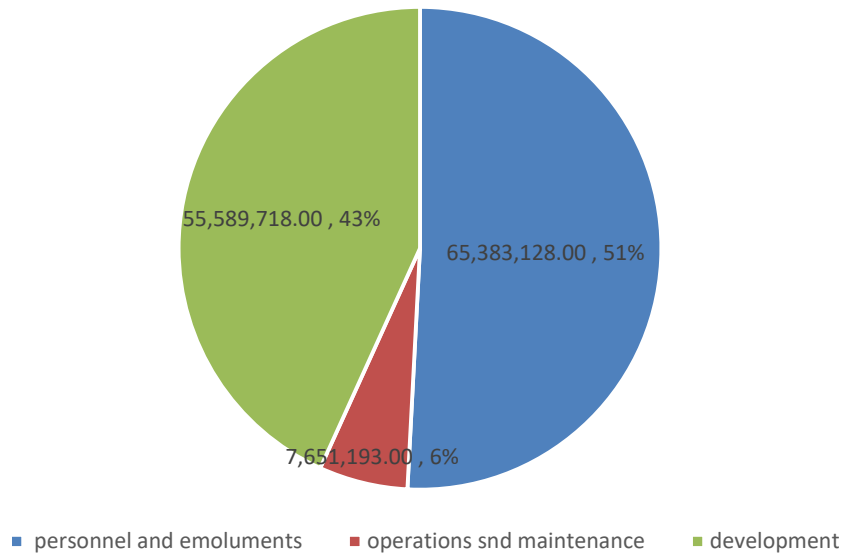
Expenditure By Economic Classification--Health & Sanitation



3.6 Basic Education, ICT & Youth Development

A total of Kshs. 128,624,039 was spent in Q3 of FY 2017/2018. This expenditure was composed of; Personnel Emoluments Kshs. 65,383,128, 50.8%, Operations & Maintenance was Kshs. 7,651,193, 5.9 % while development expenditure was Kshs. 55,589,718, 43.2%

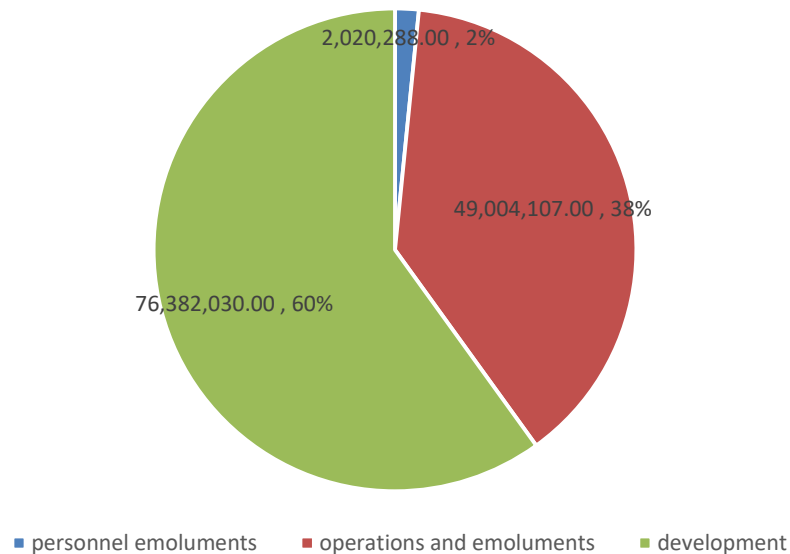
Basic Education, ICT & Youth Development



3.7 Lands Infrastructure, Housing & Urban Development

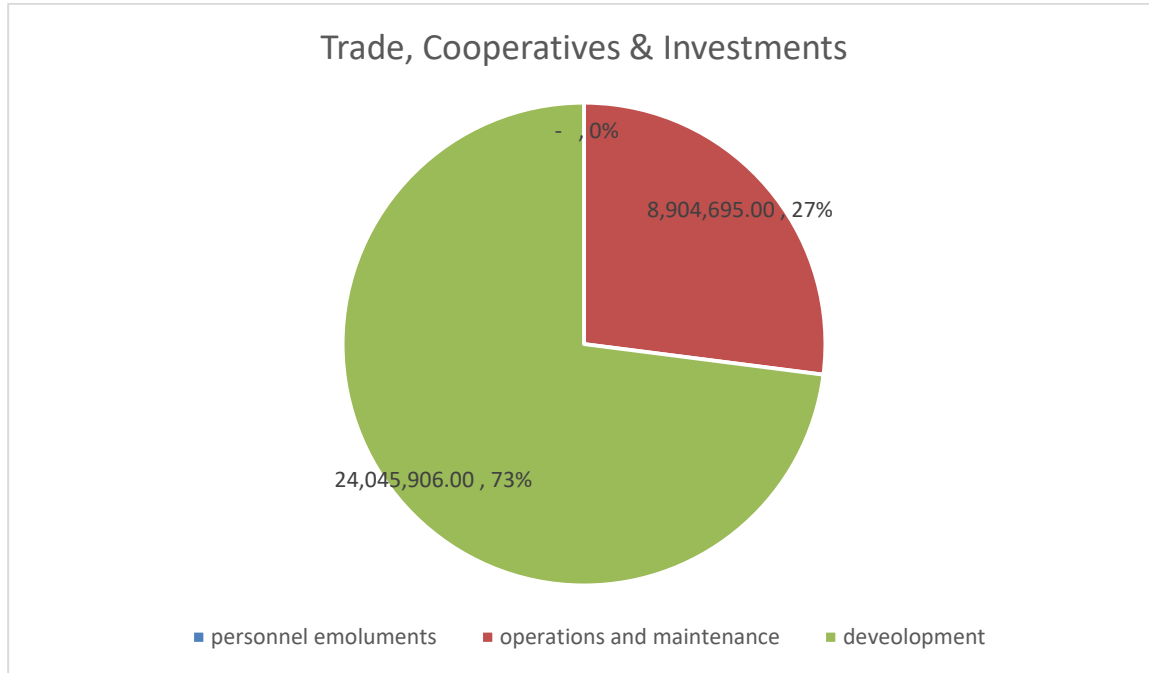
At the Lands, Infrastructure, Housing & Urban Development ministry, a total of Kshs 76,382,030, 60.0% was spent on development, Kshs. 2,020,288, 1.6% on personnel emoluments and Kshs. 49,004,107, 38.4% on Operations and Maintenance. This translated to 60.0%, 1.6% and 38.4% of total ministry expenditure respectively.

Lands, Infrastructure, Housing and Urban Development



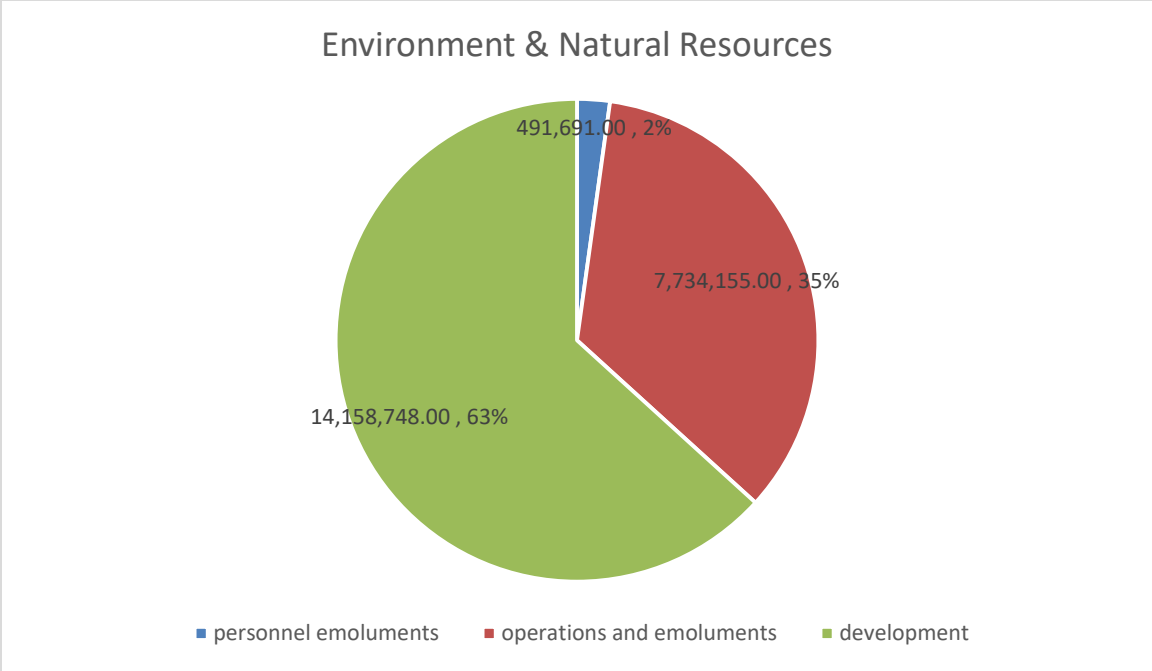
3.8 Trade, Cooperatives & Investments

During the period under review, the total expenditure for the County Ministry of Trade, Cooperatives & investments was Kshs. 32,950,601. Out of this amount, Kshs. 0, 0% of total expenditure) went to personnel emoluments, while Kshs. 8,904,695, 27% to Operations & Maintenance. Development expenditure amounted to Kshs 24,045,906, 73 %



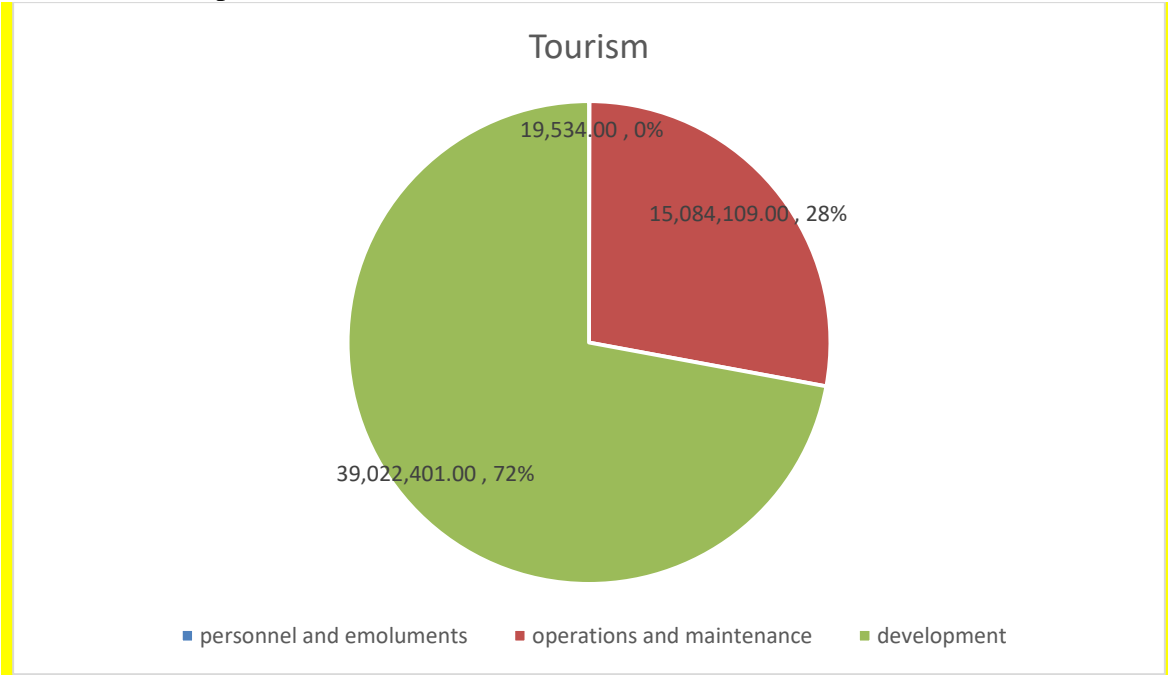
3.9 Environment, Natural Resources

Expenditure analysis at the ministry of Environment & Natural Resources reveals that a total of Kshs. 22,384,597 was spent in the quarter 3 of FY 2017/2018. The expenditure was broken down into; Development Kshs. 14,158,748, 63.3% Personnel Emoluments Kshs. 491,694, 2.1% and Operations & Maintenance Kshs. 7,734,155, 34.6%



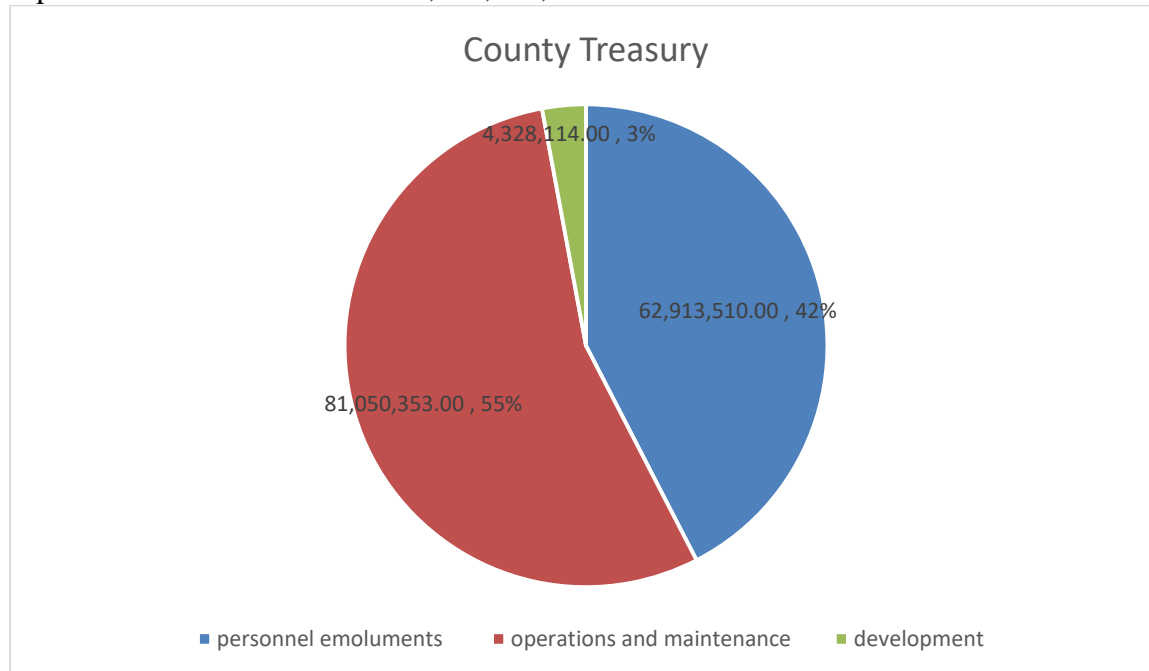
3.11 Tourism & Sports & Culture

At the Tourism, Sports & Culture ministry, Kshs. 19,534, 0.04% was spent on personnel emoluments, Kshs. 15,084,109, 27.87% on operations & maintenance and Kshs. 39,022,401, 72.1% on development.



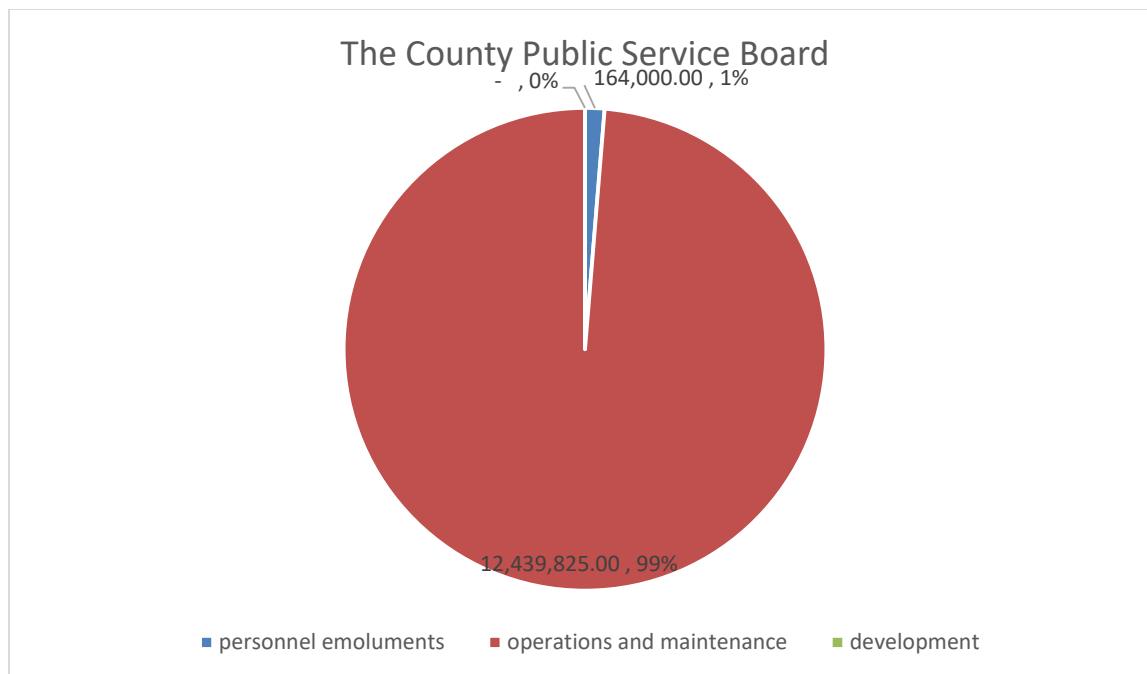
3.12 The County Treasury

During Q3 of FY 2017/2018, the County Ministry of Finance & Economic Planning spent a total of Kshs. 148,291,977. This expenditure was broken down into; personnel emoluments Kshs. 62,913,510, 42.4%, operations & maintenance Kshs 81,050,353, 54.7% while development expenditure amounted to Kshs. 4,328,114, 2.9%



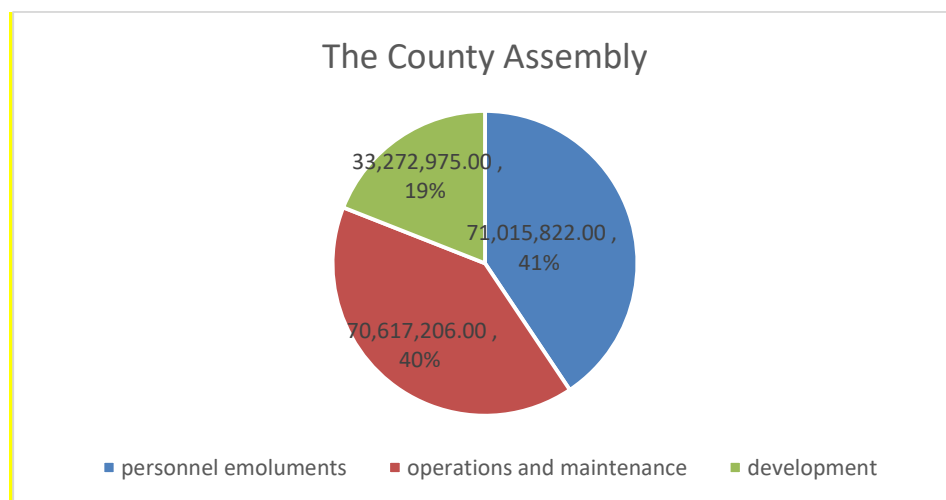
3.13 The County Public Service Board

The County Public Service Board did not undertake any development projects. An analysis of the recurrent expenditure reveals that Kshs. 164,000, 1.3% was spent on Personnel Emoluments while Kshs 12,739,825, 98.7% was spent on Operations & Maintenance.



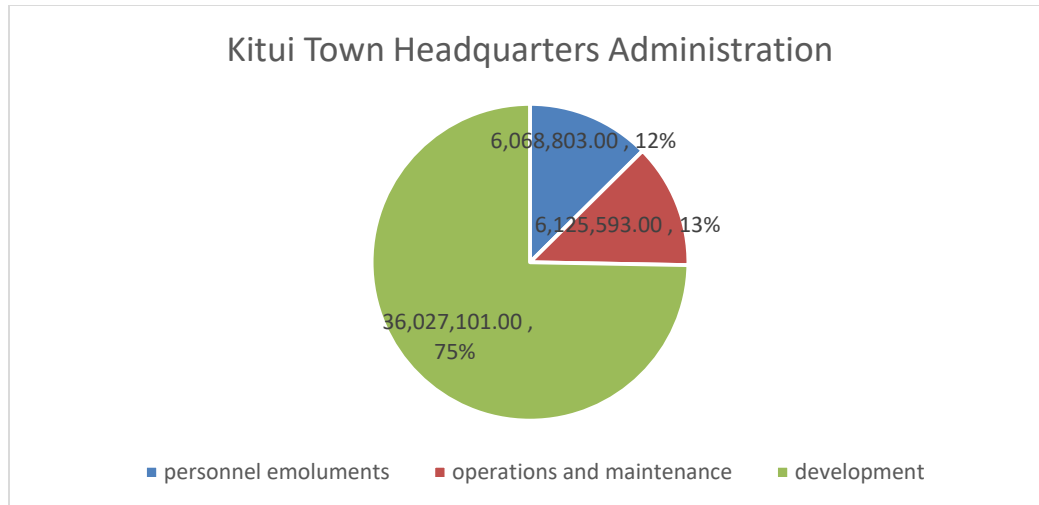
3.14 The County Assembly

The County Assembly spent a total of Kshs. 174,906,003. This expenditure included the Kshs. 71,015,822, 40.6% spent on personnel emoluments, the Kshs. 70,617,206, 40.4% spent on operations & maintenance and the Kshs. 33,272,975, 19.0% spent on development.



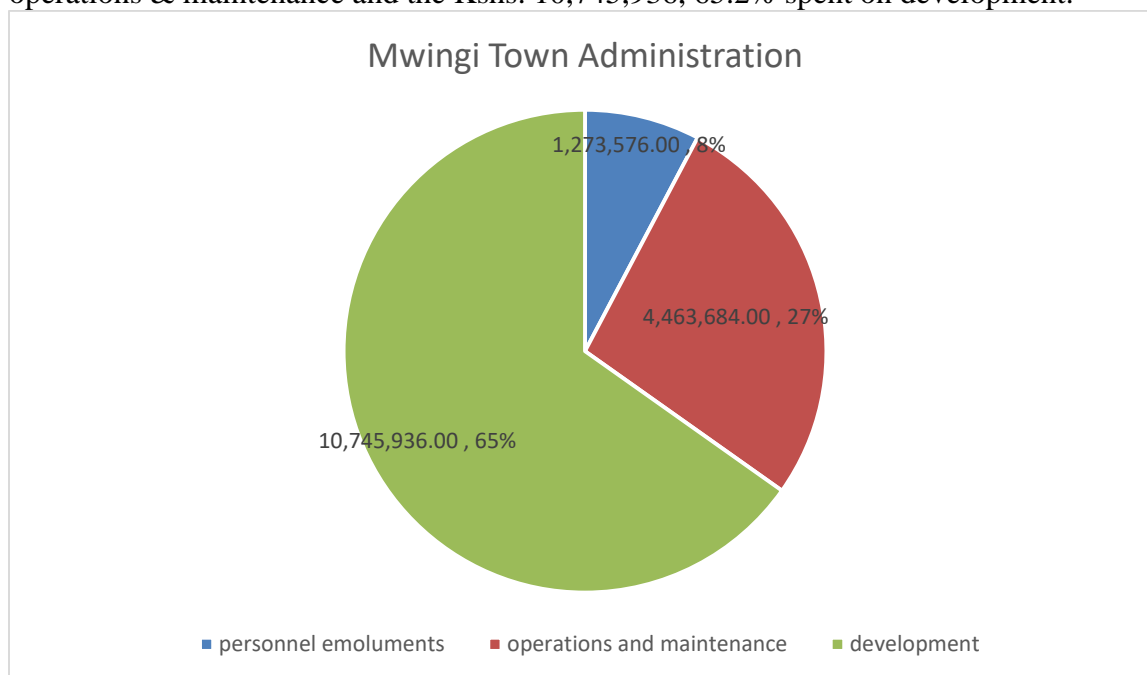
3.15 Kitui Town Headquarters Administration

The Kitui Town Headquarters Administration spent a total of Kshs 48,221,497. This expenditure included the Kshs. 6,068,803, 12.6% spent on personnel emoluments, the Kshs. 6,125,593, 12.7% spent on operations & maintenance and the Kshs. 36,027,101, 74.7% spent on development.



3.16 Mwingi Town Administration

The Mwingi Town Administration spent a total of Kshs. 16,483,196. This expenditure included the Kshs. 1,273,576, 7.7% spent on personnel emoluments, the Kshs. 4,463,684, 27.1% spent on operations & maintenance and the Kshs. 10,745,936, 65.2% spent on development.



4.0 CHALLENGES

The county experienced several challenges/issues that affected budget implementation during Q3 of FY 2017/2018. These are:

- Political unrest: This has affected project implementation due to a destabilized economy.
- Inadequate Funding from the National Government: Political instability has negatively impacted the release of funds to Counties pegging it on unstable political frameworks in the receiving Counties.
- Transition: New Manifestos have led to a counter checking mechanism to ensure that the projects being funded are viable and authentic.

5.0 RECOMMENDATIONS

- The Government will have to liaise with the National Government for release of sufficient funds to foster smooth operations and project implementation.
- The proposed second generation CIDP needs to adequately address the new manifesto to avoid ad hoc planning.
- Quick project review needs to be undertaken to ensure that the ongoing and the new projects are in tandem with the new manifesto to quicken funding of the same.