



REPUBLIC OF KENYA

COUNTY GOVERNMENT OF KITUI

BUDGET IMPLEMENTATION REPORT

2013/2014

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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 July 2013 to June 2014.

The report presents revenue and expenditure performance by the county. It 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 period 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. 6,489,025,876 which consisted of Kshs. 3,618,265,082 (56%) for recurrent expenditure and Kshs. 2,870,760,794 (44%) 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	173,690,543	2.68
National Equitable Share	5,315,309,833	81.91
Local Revenue Sources	448,000,000	6.90
Grants	552,025,500	8.51
TOTAL	6,489,025,876	100.00

2.1 Transfers from the National Government

For the year 2013/2014 under review, the County received Kshs. 4,825,624,355 as the national equitable share of revenue disbursed as below:

RELEASE DATE	AMOUNT (KSHS)
30/08/2013	451,801,336
17/09/2013	451,801,336
04/11/2013	531,530,983
21/12/2013	425,224,787
29/01/2014	584,684,082
13/03/2014	531,530,983
05/05/2014	531,530,983

16/05/2014	478,377,885
16/05/2014	478,377,885
16/05/2014	146,429,895
16/05/2014	214,334,200
TOTAL	4,825,624,355

There was another disbursement of Kshs. 489,685,478 done on 09/07/2014.

2.2 Locally Generated Revenue

The revenue collected from local sources amounted to Kshs. 257,271,880 and monthly collection breakdown is as below:

SOURCE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-2014	Feb-14	Mar-14	Apr-14	May-14	Jun-14	TOTALS
MIN. OF FEP	19,818,943	22,672,515	17,163,670	17,150,661	12,738,744	14,330,661	16,121,378	24,580,553	34,039,021	26,875,970	25,975,470	22,808,324	254,275,910
MIN. OF AWI	-	-	-	-	-	-	24,195	68,220	487,033	45,700	1,513,332	485,500	2,623,980
MEEMID	-	-	-	-	-	-	-	-	-	16,100	-	-	16,100
OOG	-	-	-	-	-	-	-	-	-	-	-	-	-
MACCA	-	-	-	-	-	-	-	-	-	-	-	-	-
MIN. OF TRADE	-	-	-	-	-	-	-	-	-	-	-	-	-
TOURISM	-	-	-	-	-	-	-	-	-	-	-	-	-
LIUD	-	-	-	-	-	500	-	-	-	175,100	37,420	142,870	355,890
MIN. OF EDUC.	-	-	-	-	-	-	-	-	-	-	-	-	-
CULTURE	-	-	-	-	-	-	-	-	-	-	-	-	-
D. DEPO.	-	-	-	-	631,635	-	2,875	-	-	-	-	-	634,510
GRAND TOTAL	19,818,943	22,672,515	17,163,670	17,150,661	13,370,379	14,331,161	16,148,448	24,648,773	34,526,054	27,112,870	27,526,222	23,436,694	257,271,880

2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs. 4,258,392,579 broken down into the below expenditure lines:

Expenditure Line	Kshs	%
Recurrent	3,362,694,533	78
Development	895,698,046	22
Total	4,258,392,579	100

3.0 EXPENDITURE ANALYSIS

3.1 County Summary

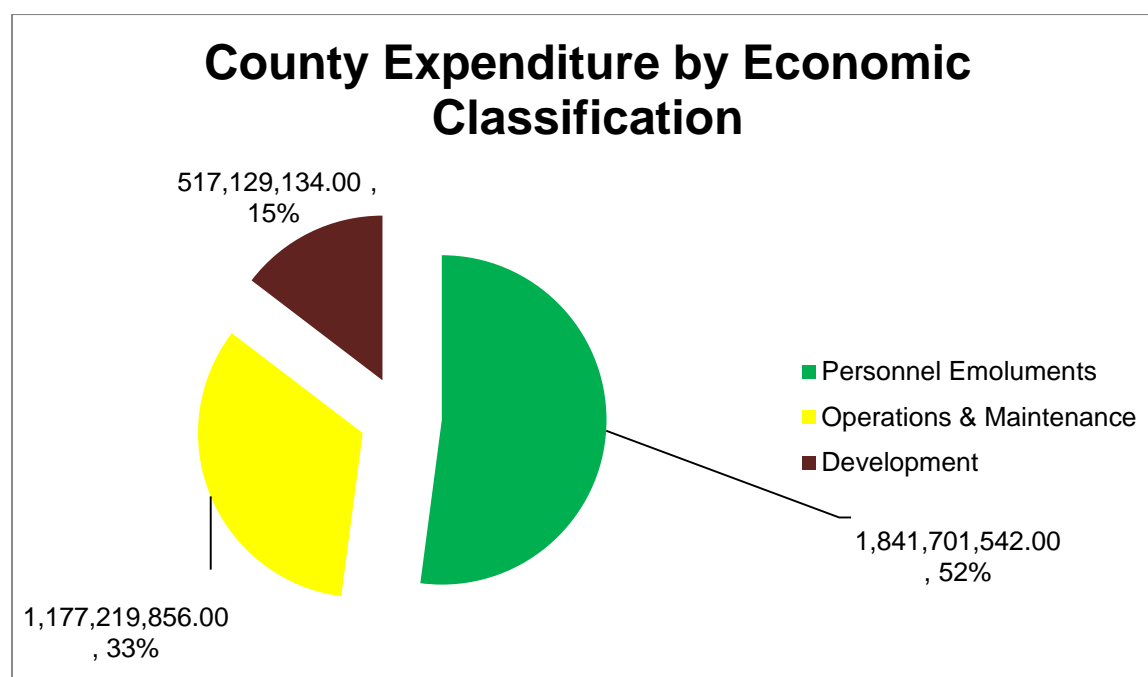
During the period under review, the County spent a total of Kshs.3,528,046,674 which was 73% of the funds released. The County Executive spent Kshs. 2,972,607,093 (84%) while County Assembly spent Kshs. 555,439,581(16%). The County spent Kshs. 3,018,921,398 (86%) on recurrent expenditure and Kshs. 517,129,134 (15%) on development activities.

Analysis of recurrent expenditure reveals that the County spent Kshs. 1,841,701,542 on personnel emoluments translating to 61% of the total recurrent expenditure, while Kshs. 1,177,219,856 was spent on operations & maintenance accounting for 39%.

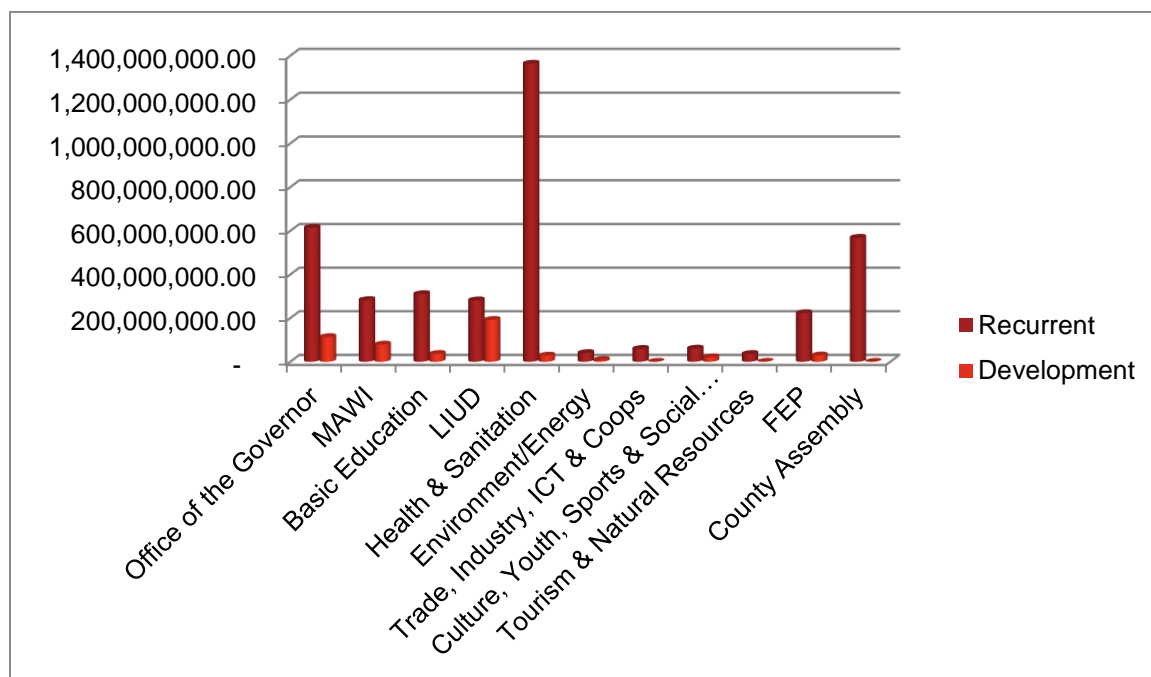
The table below analyzes expenditure by the various spending entities:

ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPME NT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	
Office of the Governor	291,000,053	40	323,461,250	44	113,265,536	16	727,726,839
Ministry of Agriculture, Water & Irrigation	194,630,436	54	88,163,790	24	78,709,600	22	361,503,826
Ministry of Basic Education, Training & Skills Development	207,023,103	79	17,519,451	7	36,067,372	14	260,609,926
Ministry of Lands, Infrastructure & Urban Development	151,795,922	34	96,735,433	22	191,925,259	44	440,456,614

Ministry of Health & Sanitation	715,549,176	79	160,734,186	18	28,366,219	3	904,649,581
Ministry of Trade, Industry & Cooperatives	15,895,303	41	22,559,706	59	0	0	38,455,009
Ministry of Culture, youth, Sports & Social Services	18,581,937	27	30,253,006	43	20,679,350	30	69,514,293
Ministry of Environment, Energy and Mineral Investments Development	7,976,440	23	8,111,782	23	18,959,459	54	35,047,681
Ministry of Tourism & Natural Resources	0	0	7,793,995	100	0	0	7,793,995
Ministry of Finance & Economic Planning	6,731,787	5	99,695,061	74	29,156,339	21	135,583,187
County Assembly	232,517,385	42	322,192,196	58	0	0	554,709,581
TOTAL	1,841,701,542	52	1,177,219,856	33	517,129,134	15	3,536,050,532



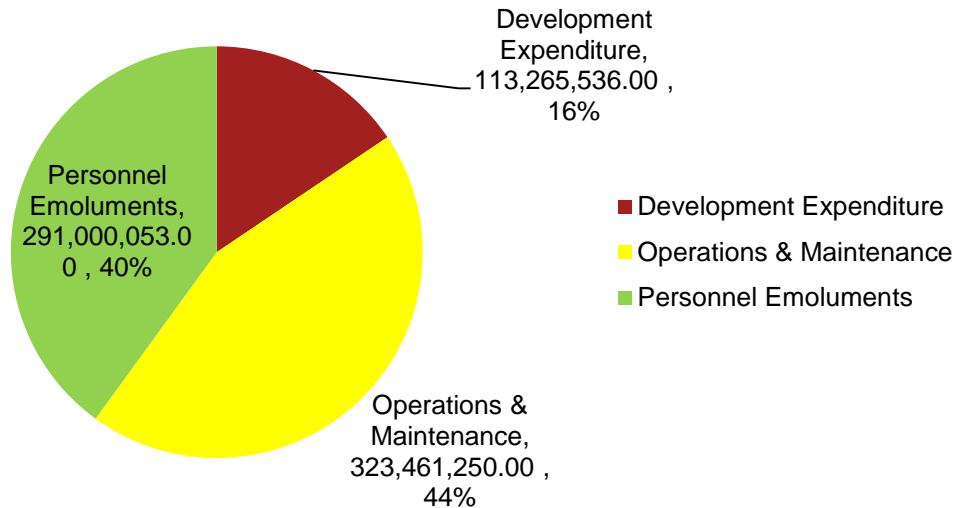
3.2 Expenditure By the Various Spending Entities



3.3 Office of the Governor

During the period under review, the office of the Governor spent Kshs. 727,726,839. Out of this, Kshs. 113,265,536 (16%) financed development projects, Kshs. 291,000,053 (40%) went to Personnel Emoluments while Kshs. 323,461,250 (44%) was spent on Operations & Maintenance.

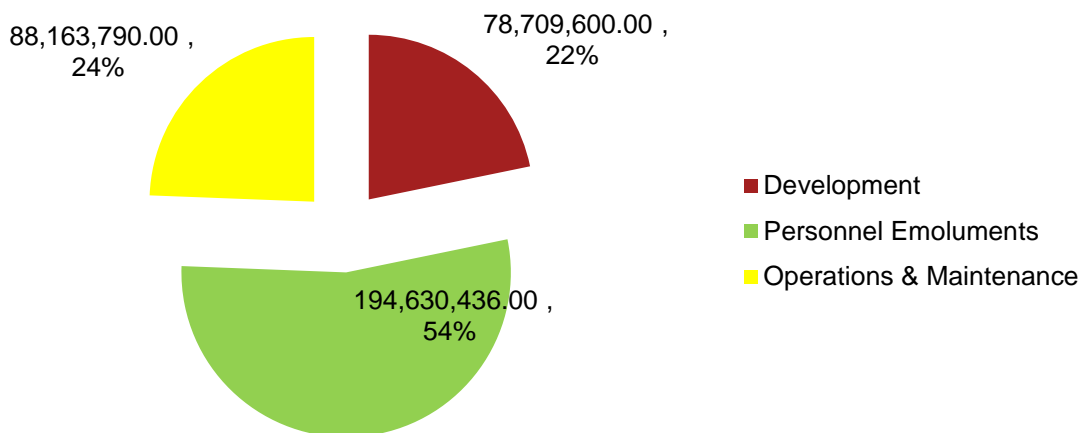
Expenditure - Office of the Governor (Kshs.)



3.4 Agriculture, Water & Irrigation

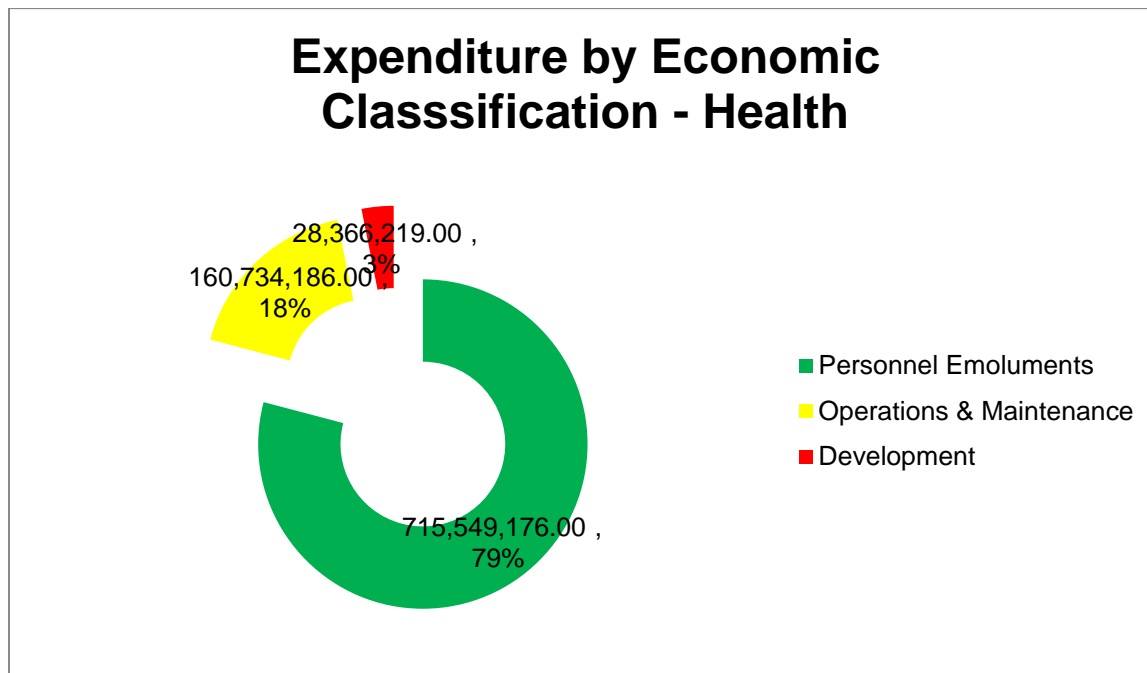
During the period under review, the county ministry of Agriculture, Water and Irrigation spent a total of Kshs. 361,503,825. Out of this, Kshs. 78,709,600 (22%) was spent on development, Kshs. 194,630,436 (54%) on personnel emoluments and Kshs. 88,163,790 (24%) on Operations and Maintenance.

Expenditure by Economic Classification - AWI



3.5 Health and Sanitation

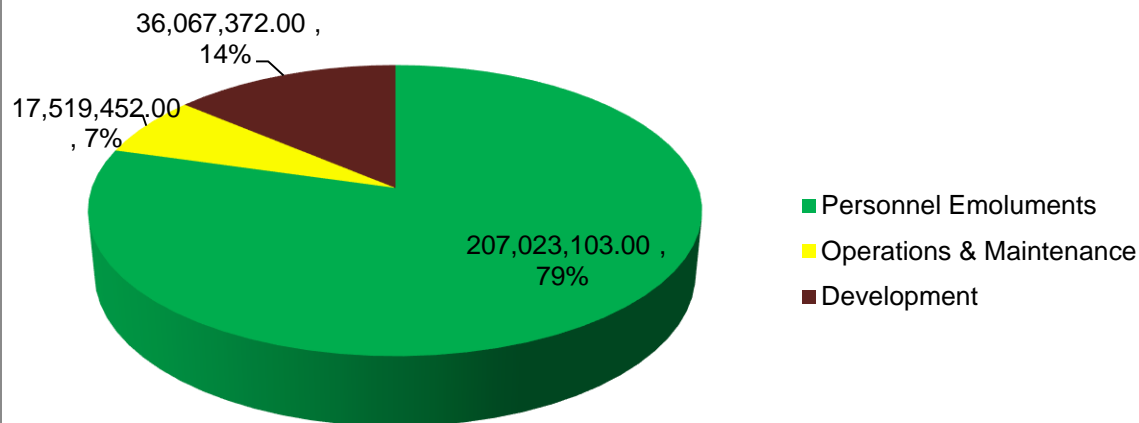
The County Ministry of Health and Sanitation had, in 2013/2014, a total expenditure of Kshs. 904,649,580. Out of this Kshs. 28,366,219 (3%) was spent on development activities and Kshs. 876,283,361 (97%) was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs. 715,549,176 (82% of recurrent expenditure) went to Personnel emoluments while Kshs. 160,734,186 (18% of recurrent expenditure) went to Operations & Maintenance.



3.6 Basic Education, Training & Skills Development

A total of Kshs. 260,609,927 was spent in FY 2013/2014. This was broken into Personnel Emoluments (Kshs. 207,023,103 – 79%), Operations & Maintenance (Kshs. 17,519,452 - 7%) while development expenditure was Kshs. 36,067,372 (14%).

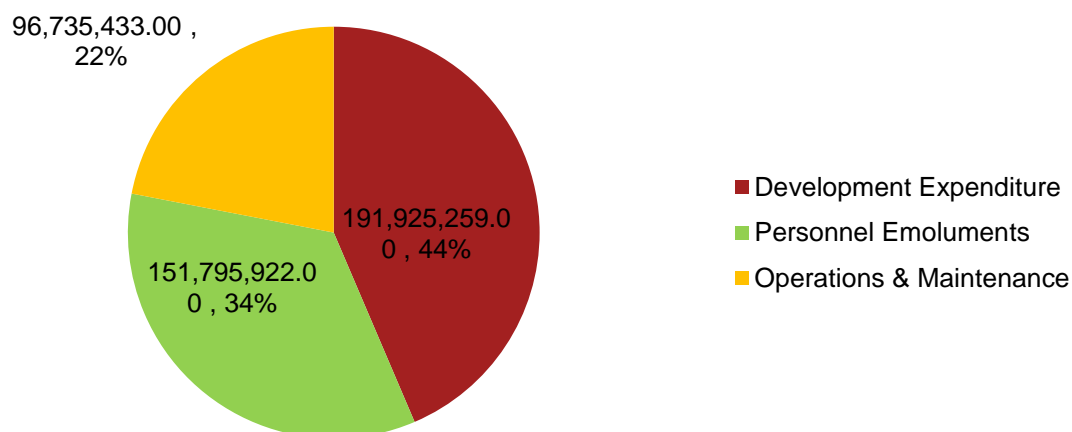
Expenditure by Economic Classification -Basic Education



3.7 Lands Infrastructure & Urban Development

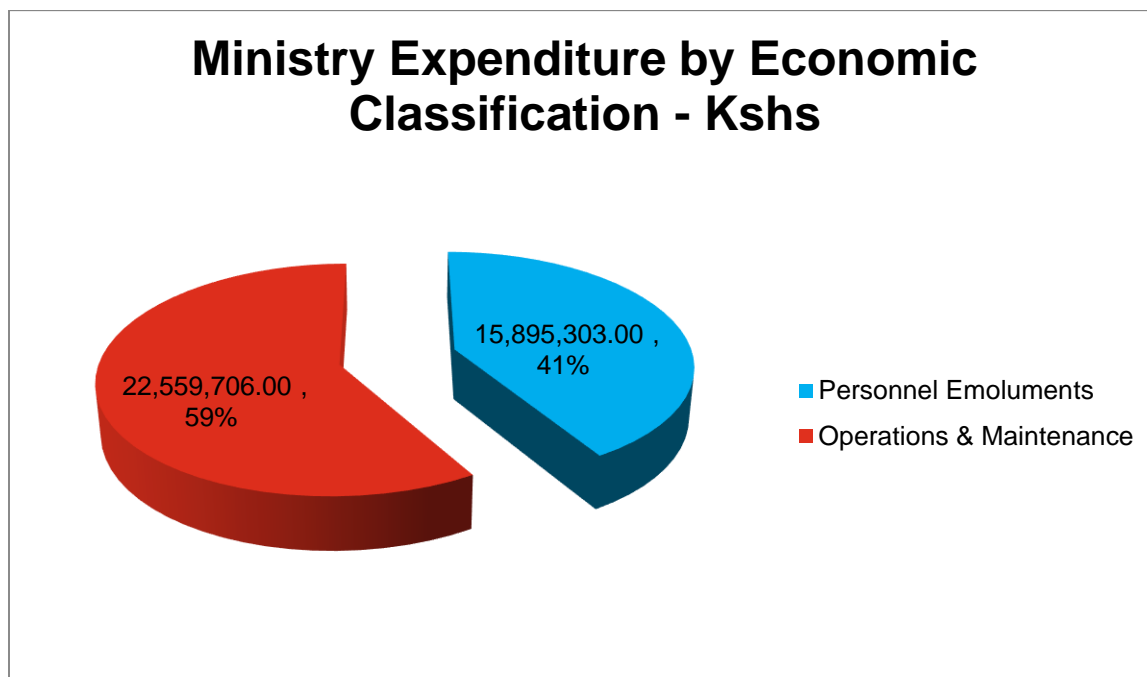
At the Lands, Infrastructure & Urban Development ministry, a total of Kshs. 191,925,259 was spent on development, Kshs. 151,795,922 on personnel emoluments and Kshs.96,735,433 on Operations and Maintenance. This translated to 44%, 34% and 22% of total ministry expenditure respectively.

Lands, Infrastructure and Urban development - Expenditure



3.8 Trade, Industry, ICT & Cooperative

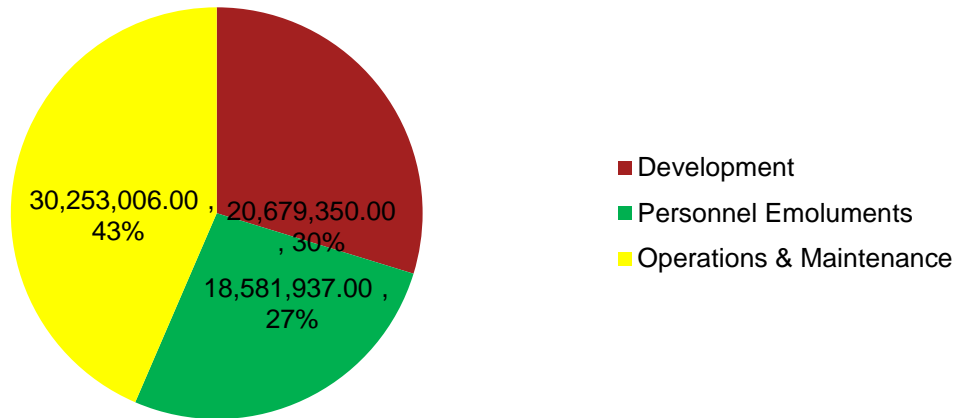
During the period under review, the total expenditure for the County Ministry of Trade, Industry, Cooperatives and ICT was Kshs. 29,721,152, all recurrent. This recurrent expenditure was split into; Kshs. 15,895,715 (53%) spent on personnel emoluments and Kshs. 13,825,437 (43%) spent on operations & maintenance.



3.9 Youth, Sports, Culture & Social Services

At the Youth, Sports, Culture & Social Services ministry, a total of Kshs. 69,574,293 was spent in FY 2013/2014. The development component of this expenditure was Kshs. 20,679,350 (30%), Kshs. 18,581,937 (27%) was spent on personnel emoluments while Kshs. 30,253,006 (43%) financed operations and maintenance.

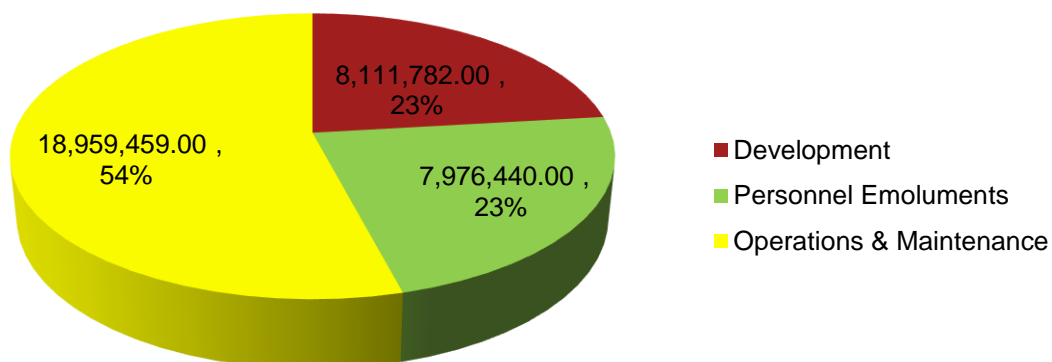
Expenditure By Economic Classification



3.10 Environment, Energy & Mineral Investments Development

Expenditure analysis at the ministry of Environment, Energy & Mineral Investments Development reveals that a total of KShs.35, 047,681 was spent in FY 2013/2014. The expenditure was broken down into; Development (KShs. 8,111,782- 23%), Personnel Emoluments (KShs.7, 976,440 – 23%) and Operations & Maintenance (KShs.18, 959,459 – 54%)

Expenditure By Economic Classification - Kshs

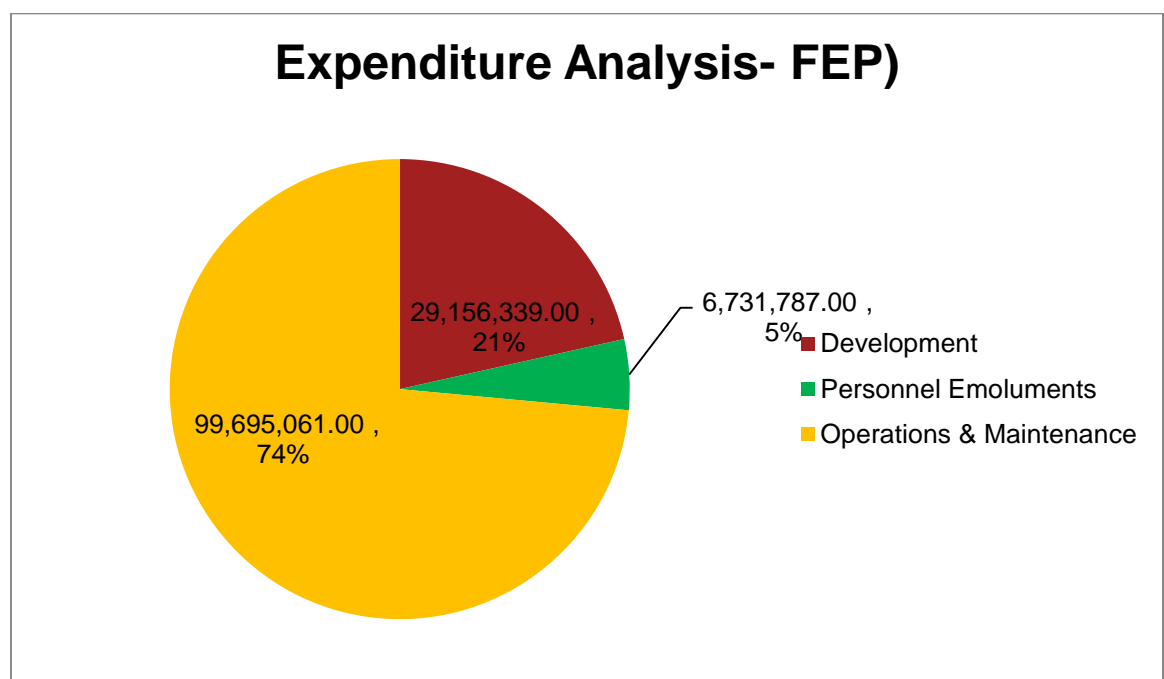


3.11 Tourism & Natural Resources

At the Tourism & Natural Resources ministry, there was no development expenditure. A total of Kshs. 7,793,995 was spent as recurrent expenditure. This amount financed both personnel emoluments and operations & maintenance.

3.12 Finance & Economic Planning

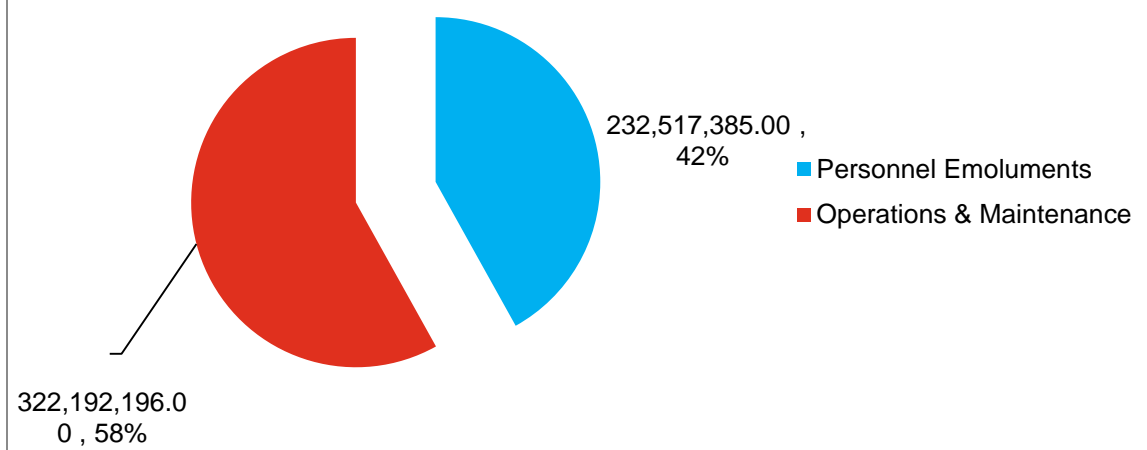
During FY 2013/2014, the County Ministry of Finance & Economic Planning spent a total of Kshs. 135,583,187. The amount spent on development projects was Kshs. 29,156,339 (21% of total expenditure), that spent on Personnel Emoluments was Kshs. 6,731,787 (5%) while expenditure for Operations & Maintenance was Kshs. 99,695,061 (74%).



3.13 The County Assembly

During FY 2014/2015, the Kitui County Assembly incurred a total expenditure of Kshs. 555,439,581, all recurrent. This was broken down into; Personnel Emoluments – Kshs. 232,517,385 (42%) and Operations & Maintenance – Kshs. 322,192,196 (58%).

Expenditure By Economic Classification - County Assembly



4.0 CHALLENGES

The county experienced several challenges/issues that affected budget implementation during FY 2013/2014. These are:

1. Low local revenue collection. The county collected Kshs. 257,271,880 compared to the annual target of Kshs. 448,000,000. This underperformance of revenue collection affected the implementation of planned activities.
2. Inadequate physical infrastructure /office space to accommodate staff. This adversely affected delivery of services to the public.
3. 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.
4. Failure to fully implement the IFMIS and GPAY systems and the use of manual revenue collection systems.
5. 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.