



COUNTY GOVERNMENT OF KITUI

BUDGET IMPLEMENTATION REPORT (BIR)

QUARTER IV

FY 2017/ 2018

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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 2018 to June 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 to enhance efficiency and effectiveness in budget execution.

2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION

The County had a budget of Kshs. 11,243,352,815 which consisted of Kshs. 5,875,226,509 (52.2%) for recurrent expenditure and Kshs. 4,378,356,708 (48.8%) for development expenditure.

2.1 Budget Components

The table below shows the various components of the budget

SOURCE	AMOUNT	% OF TOTAL BUDGET
Balance b/f from FY 2016/2017	1,318,085,375	11.72%
National Equitable Share	8,652,300,000	76.95%
Local Revenue Sources	528,413,076	4.70%
Grants	744,554,364	6.62%
TOTAL	11,243,352,815	100.00%

2.2 Breakdown of Grants

SOURCE OF GRANT	AMOUNT
Compensation for User Fees Forgone	22,499,906
Road Maintenance Fuel Levy Fund (RMFL)	309,636,150
Other Loans and Grants	58,210,000
World bank loan for transforming health system for universal care system	150,444,260
KDSP (level one grant + FY 2016/2017 allocation)	53,665,066
World bank loan for national agricultural and rural inclusive growth project (NARIGP)	50,000,000
DANIDA grant for universal health care devolved system program	32,522,346
Conditional grants for development of youth polytechnics	67,576,636
Gross – Grants	744,554,364

2.3 Transfers from the National Government

For quarter four of 2017/2018 which is under review, the County received Kshs. 4,282,888,500 as the national equitable share of revenue disbursed as below:

RELEASE DATE	AMOUNT (KSHS)
10 th May 2018	692,184,000
25 th May 2018	778,707,000
18 th June 2018	692,184,000
29 th June 2018	735,445,500
4 th July 2018	692,184,000.00
5 th July 2018	692,184,000.00
Total	4,282,888,500

2.4 Locally Generated Revenue

The County Government targeted to collect Kshs 528,413,076 from local sources during FY 2017/2018. The actual achievement in quarter four was Kshs 118,611,438 which translates to 4.5% of the targeted collection.

The monthly collection breakdown is as below:

SOURCE	APR-18	MAY-18	JUN-18	TOTAL
	KSHS	KSHS	KSHS	KSHS
Office of the Governor	2,727,800.00	1,259,000.00	2,464,900.00	6,451,700
Ministry of Agri, Water and Livestock Development	1,096,410.00	1,233,145.00	1,010,581.00	3,340,136
Ministry of Environment and Natural Resources	418,900.00	242,800.00	107,100.00	768,800
Ministry of Health and Sanitation	0.00	0.00	0.00	0
Ministry of Land Infrastructure, Housing and Urban Development	3,035,704.00	2,225,376.00	2,005,526.00	7,266,606
Ministry of Trade, Cooperatives and Investments	0.00	89,574.00	126,830.00	216,404
County Treasury	11,066,510.00	8,919,188.00	11,146,320.00	31,132,018
Ministry of Tourism, Sports and Culture	0.00	7,000.00	1,013,000.00	1,020,000
Kitui Town Administration	4,385,510.00	4,389,860.00	3,979,171.00	12,754,541
Mwingi Town Administration	2,440,094.00	2,172,893.00	1,993,792.00	6,606,779
Receipted Direct Deposits	9,805,633.25	14,264,944.85	24,983,876.00	49,054,454
TOTAL	34,976,561.25	34,803,780.85	48,831,096.00	118,611,438

2.5 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs. 4,873,620,087 which was used for Recurrent and Development expenditure.

2.6 Fourth Quarter Expenditure Summary by Entity

During the period under review, the County spent a total of Kshs. 4,892,451,110 which was an excess expenditure by 0.38% of the funds released. Out of this amount, Kshs. 2,484,726,887(50.2%) went to finance recurrent activities while Kshs. 2,407,724,223 (49.8%) financed development.

Analysis of recurrent expenditure reveals that the County spent Kshs. 997,324,925 on personnel emoluments translating to 66.3% of the total recurrent expenditure, while Kshs 1,487,401,962 (33.7%) was spent on operations and maintenance. The percentage allocated on development was 36.3% and the amount was Kshs 2,407,724,223

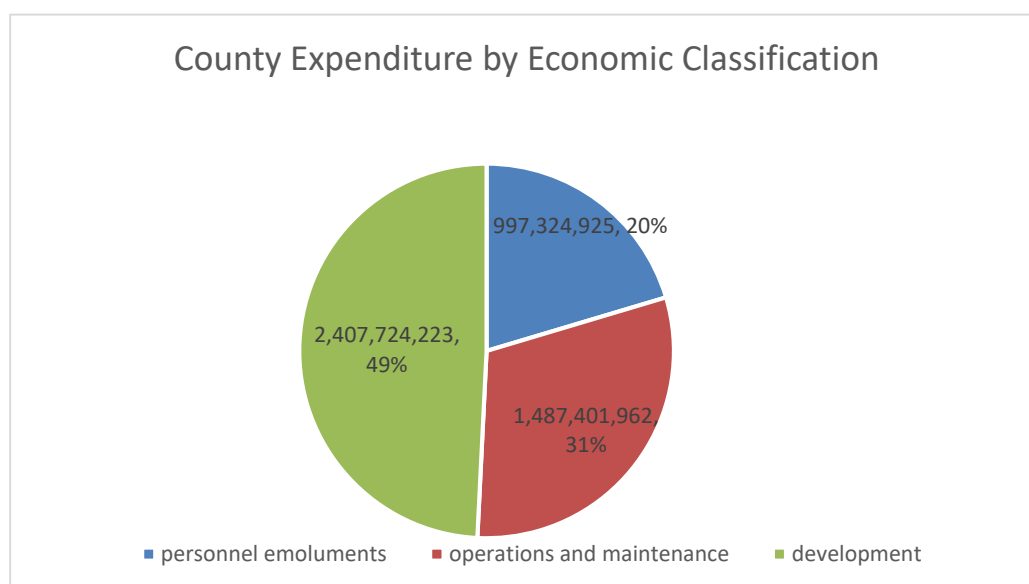
Spending Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Office of the Governor	107,972,263	14.14%	386,760,479	50.64%	269,009,057	35.22%	763,741,799
Administration & Coordination of County Affairs	112,275,758	63.39%	56,289,942	31.78%	8,552,653	4.83%	177,118,353
The County Treasury	(2,046,062)	-1.10%	120,491,278	64.87%	67,286,692	36.23%	185,731,908
Health and Sanitation	137,489,935	16.95%	409,461,954	50.49%	263,991,709	32.55%	810,943,598
Basic Education, ICT, & Youth Development	122,865,812	46.85%	33,582,384	12.80%	105,823,607	40.35%	262,271,803
Trade, Cooperatives and Investments	47,135,779	22.44%	48,681,196	23.18%	114,200,431	54.38%	210,017,406
Lands, Infrastructure, Housing, & Urban Development	74,351,991	13.48%	72,376,743	3.13%	404,650,518	73.39%	551,379,252
Tourism, Sports and Culture	55,604,966	25.46%	55,455,756	25.39%	107,342,239	49.15%	218,402,961
Agriculture, Water &	147,367,463	18.16%	77,657,611	9.57%	586,494,501	72.27%	811,519,575

Livestock Development							
Environment & Natural Resources	50,846,473	21.12%	31,135,437	12.93%	158,799,496	65.95%	240,781,406
County Public Service Board	14,487,854	46.83%	16,446,053	53.17%	-	0.00%	30,933,907
County Assembly	93,587,733	25.46%	140,145,206	38.13%	133,800,482	36.40%	367,533,421
Kitui Town Administration	14,130,705	8.56%	25,915,421	15.69%	125,097,201	75.75%	165,143,327
Mwingi Town Administration	22,059,576	22.71%	12,405,562	12.77%	62,675,637	64.52%	97,140,775
Grand Total	998,130,246	20.4%	1,486,805,022	30.39%	2,407,724,223	49.21%	4,892,659,491

2.7 County Expenditure as per Economic Classification

The table below analyses expenditure by the various spending entities.

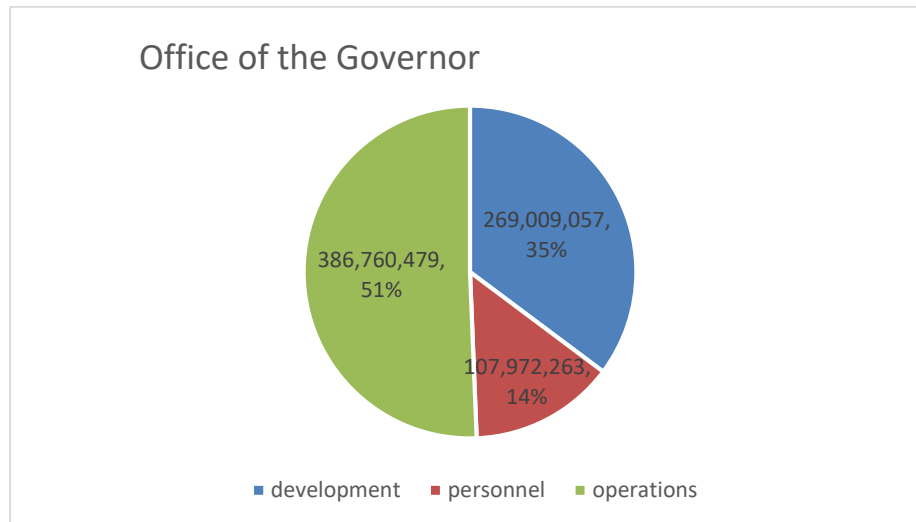
Economic Classification	Amount Spent
Personnel Emoluments	997,324,925
Operations and Maintenance	1,487,401,962
Development	2,407,724,223
Total	4,892,451,110



2.8 Analysis of Individual Spending Entity

2.8.1 Office of the Governor

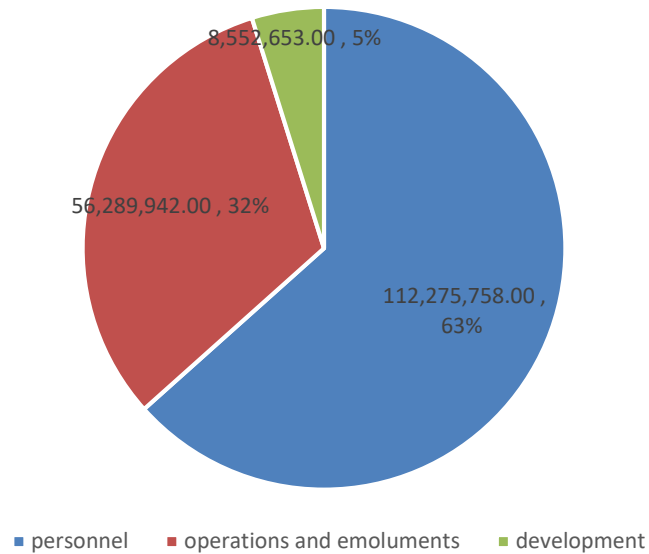
During the period under review, the Office of the Governor spent Kshs 763,741,799. Out of this, Kshs. 269,009,057, 35.22% financed development projects, Kshs. 107,972,263, 14.14% was spend on Personnel Emoluments while Kshs. 386,760,479, 50.64% was spent on Operations and Maintenance.



2.8.2 Administration and Coordination of County Affairs

Analysis of the County Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs. 112,275,758, 14.14% financed personnel emoluments while Kshs. 386,760,479, 50.64% was spent on operations and maintenance. The amount spent on development was Kshs. 8,552,653, 4.83% of total expenditure.

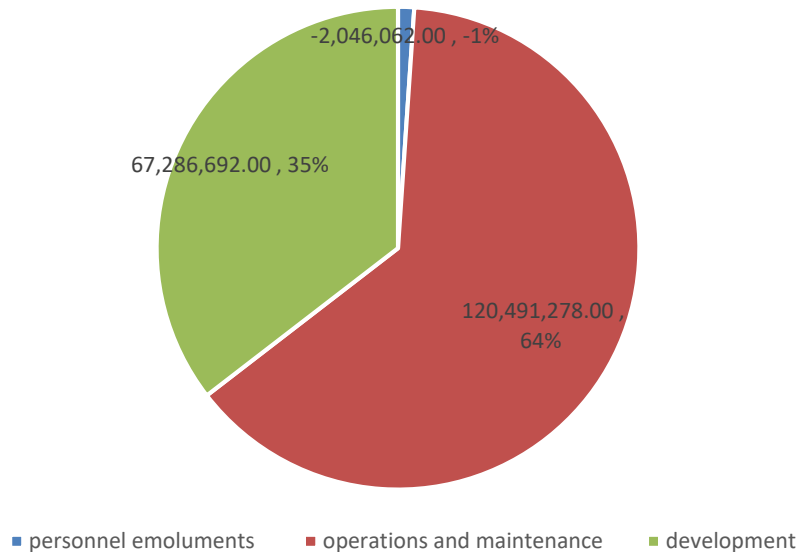
Administration and Coordination of County Affairs



2.8.3 The County Treasury

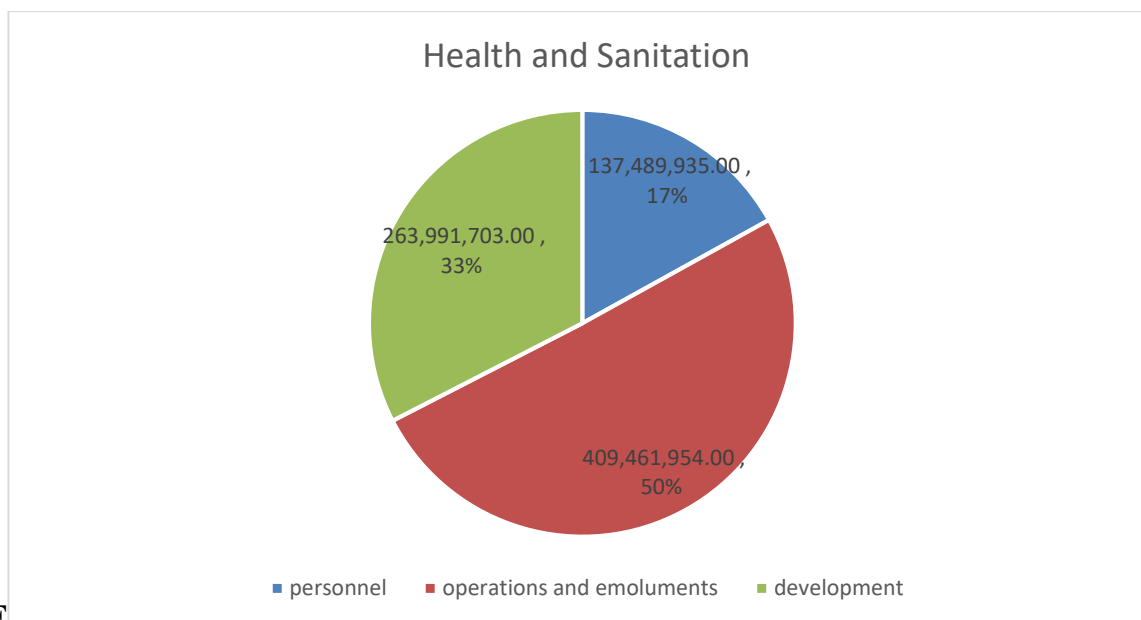
During the fourth quarter of FY 2017/2018, the County Treasury spent a total of Kshs. 177,118,353. This expenditure was broken down into; personnel emoluments Kshs. (2,046,062), - 1.10%, operations and maintenance Kshs 120,491,278, 64.87% while development expenditure amounted to Kshs. 67,286,692, 36.23%

County Treasury



2.8.4 Health and Sanitation

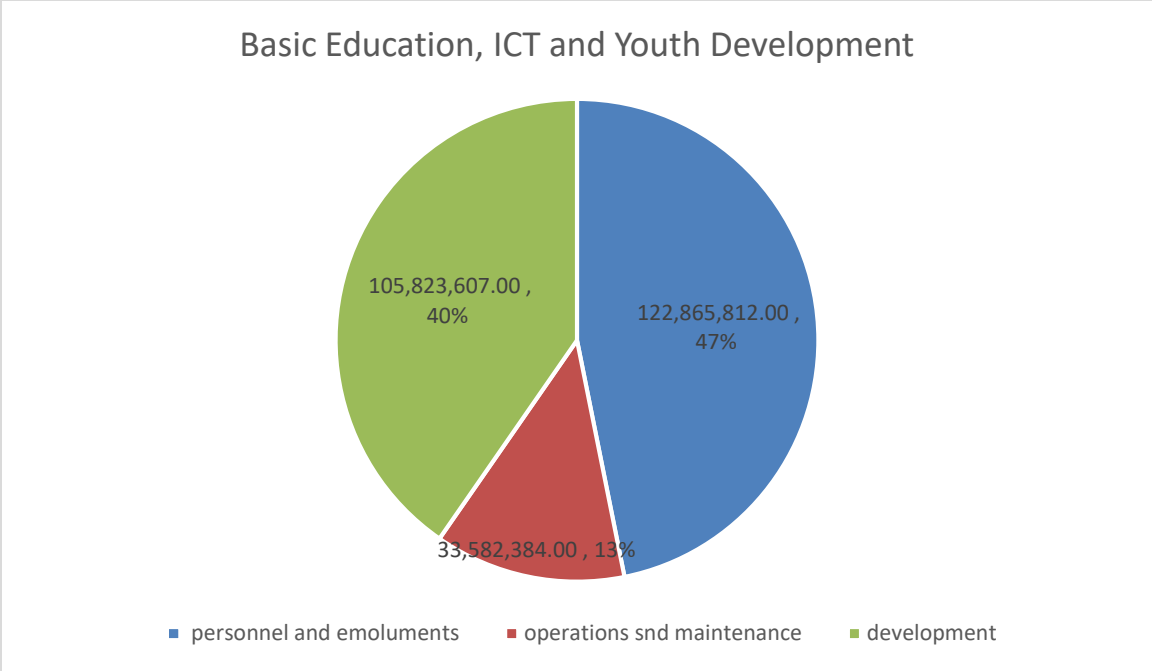
The County Ministry of Health and Sanitation had, in quarter four of 2017/2018, incurred a total expenditure of Kshs. 810,943,598. Out of this Kshs. 263,991,703, 32.55%, was spent on development activities, Kshs. 137,489,935 which translates to 16.95% went to Personnel emoluments while Kshs 409,461,954, 50.49% went to Operations and Maintenance.



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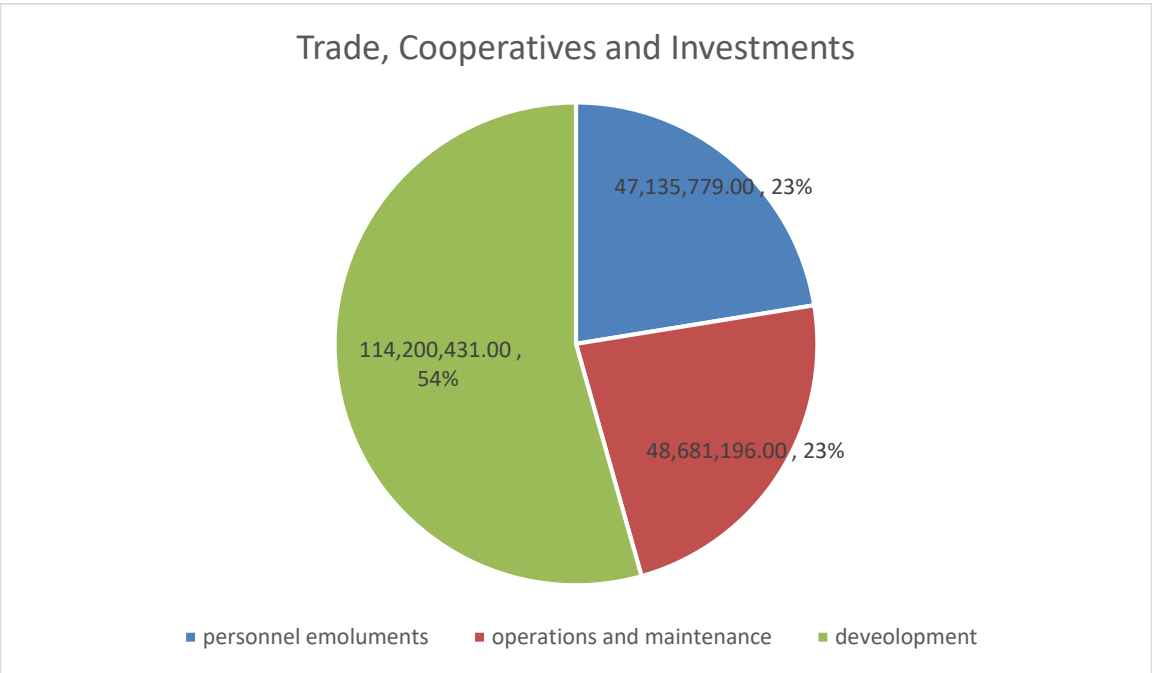
2.8.5 Basic Education, ICT & Youth Development

A total of Kshs. 128,624,039 was spent in quarter four of FY 2017/2018. This expenditure composed of; Personnel Emoluments Kshs. 122,865,812, 46.85%, Operations and Maintenance was Kshs. 33,582,384, 12.8 % while development expenditure was Kshs. 105,823,607, 40.35%



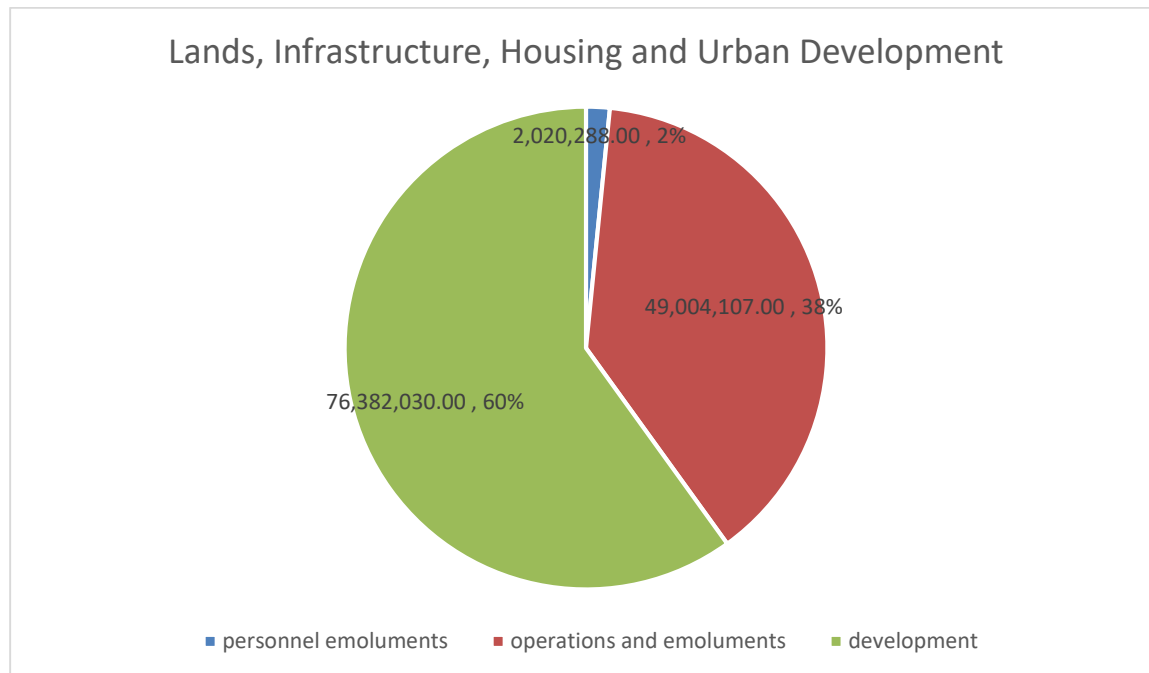
2.8.6 Trade, Cooperatives and Investments

During the period under review, the total expenditure for the County Ministry of Trade, Cooperatives and investments was Kshs. 210,017,406. Out of this amount, Kshs. 0, 0% of total expenditure) went to personnel emoluments, while Kshs. 47,135,779, 22.44% to Operations & Maintenance. Development expenditure amounted to Kshs 114,200,431, 54.38 %



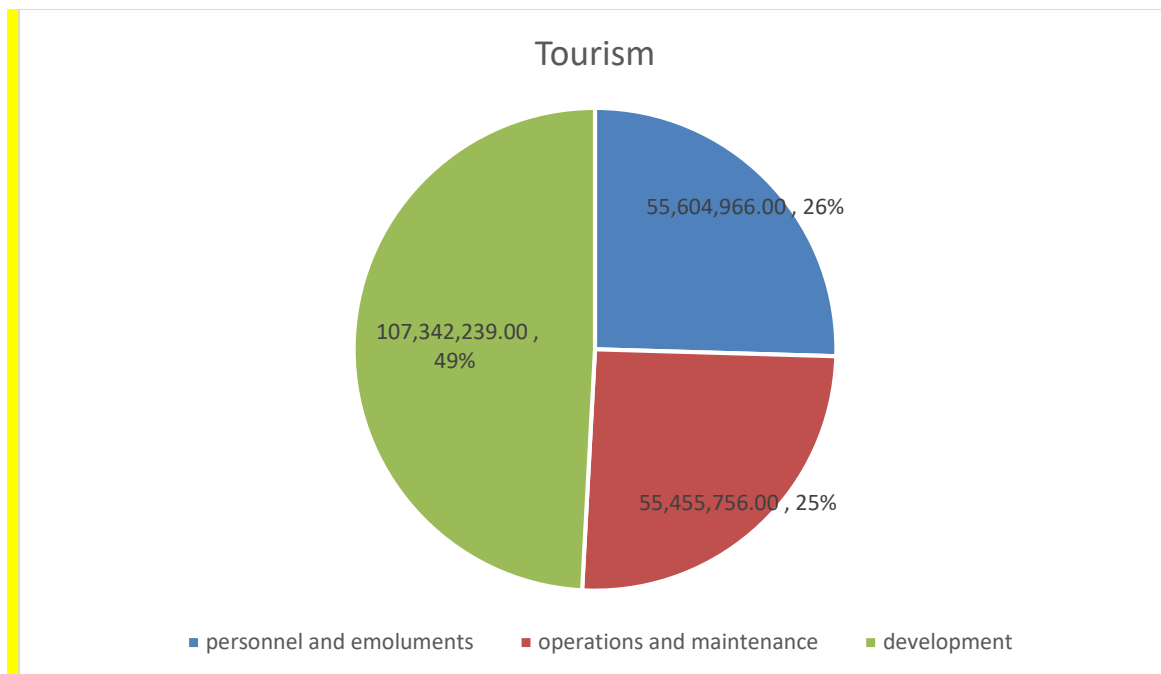
2.8.7 Lands Infrastructure, Housing and Urban Development

In the County Ministry of Lands, Infrastructure, Housing and Urban Development, a total of Kshs 404,650,518, 73.39% was spent on development, Kshs. 74,351,991, 13.48% on personnel emoluments and Kshs. 72,376.743% on Operations and Maintenance. This translated to 73.39%, 13.48% and 13.13% respectively of total ministry expenditure.



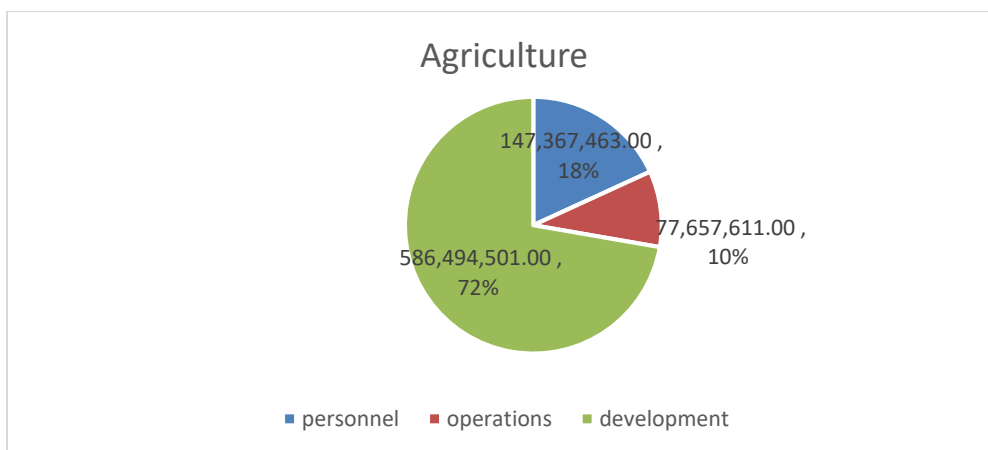
2.8.8 Tourism, Sports & Culture

At the Tourism, Sports & Culture Ministry, Kshs. 55,604,966, 25.46% was spent on personnel emoluments, Kshs. 55,455,756, 25.39% on operations and maintenance and Kshs. 107,342,239, 49.15% on development.



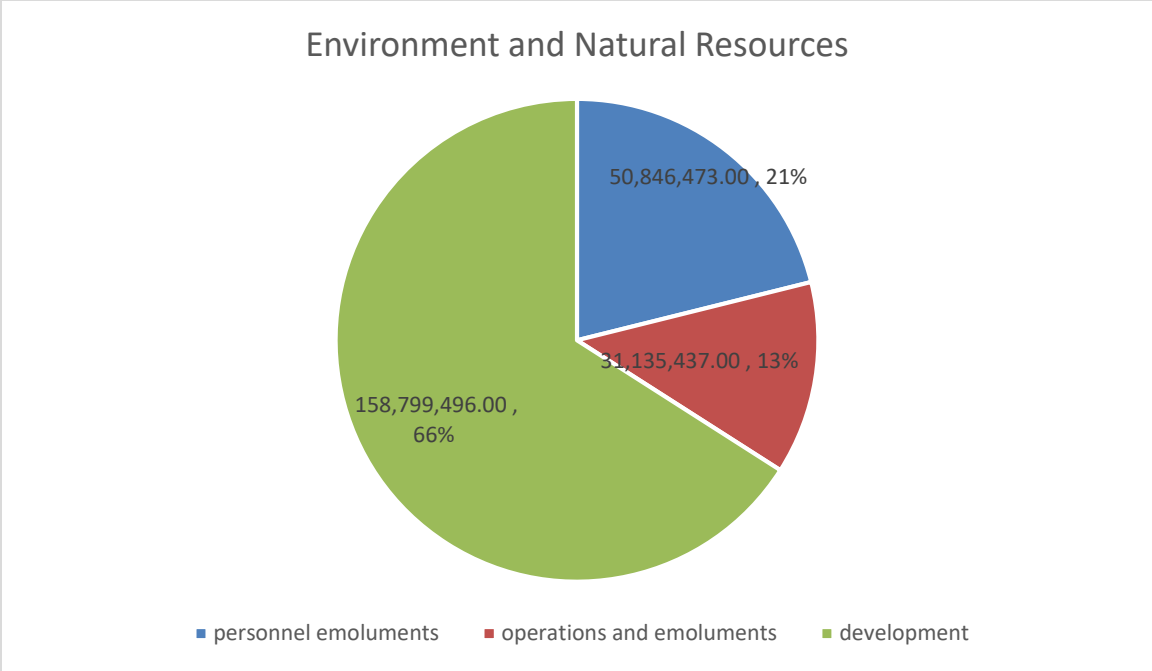
2.8.9 Agriculture, Water and Livestock Development

During the period under review, the County Ministry of Agriculture, Water and Livestock development spent a total of Kshs. 811,519,575. Out of this, Kshs. 586,494,501, 72.27% was spent on development, Kshs. 147,367,463, 18.16% on personnel emoluments and Kshs. 77,657,611, 9.57% on operations and maintenance.



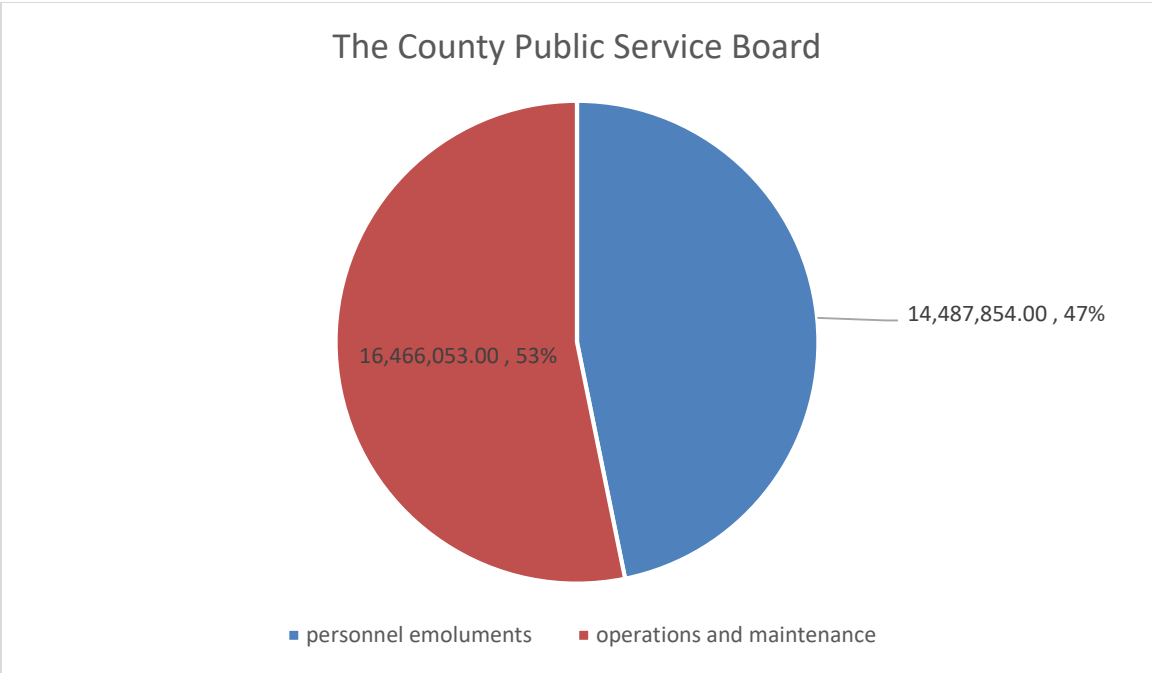
2.8.10 Environment and Natural Resources

Expenditure analysis at the ministry of Environment and Natural Resources reveals that a total of Kshs. 240,781,406 was spent in the quarter four of FY 2017/2018. The expenditure was broken down into; Development Kshs. 158,799,496, 65.95% Personnel Emoluments Kshs. 50, 846, 473, 21.12% and Operations and Maintenance Kshs. 31,135,437, 12.93%



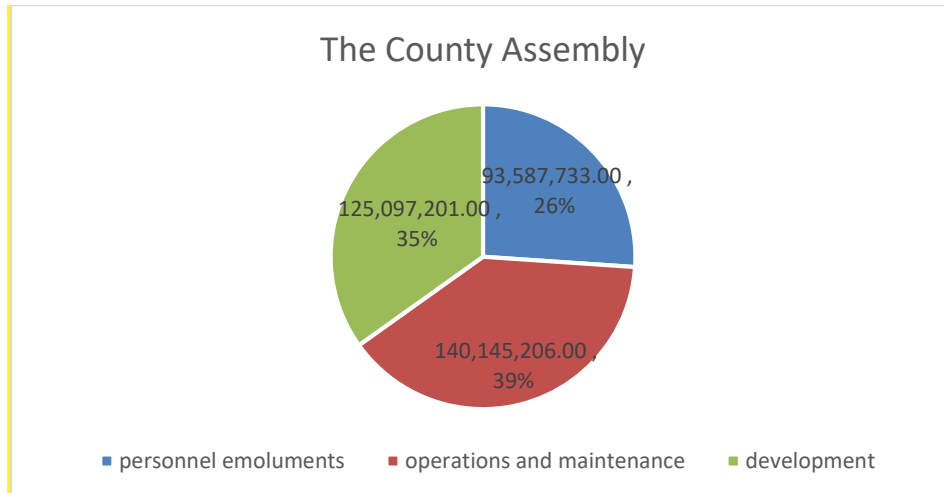
2.8.11 The County Public Service Board

The County Public Service Board did not undertake any development project. An analysis of the recurrent expenditure reveals that Kshs. 14,487,854, 46.83% was spent on Personnel Emoluments while Kshs 16,446,053, 53.17% was spent on Operations and Maintenance.



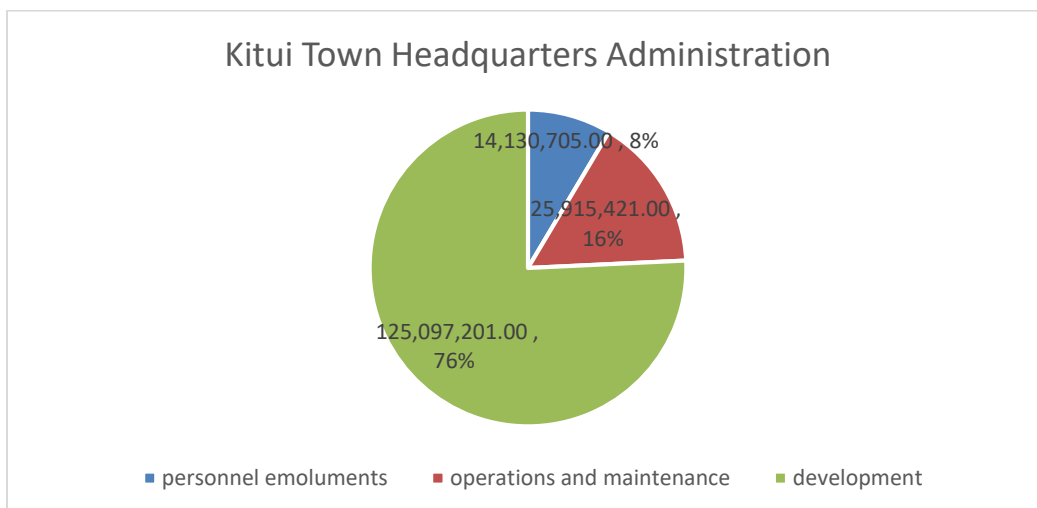
2.8.12 The County Assembly

The County Assembly spent a total of Kshs. 367,533,421. This expenditure included Kshs. 93,587,733, 25.46% spent on personnel emoluments, Kshs. 140,145,206, 38.13% Spent on operations and maintenance and Kshs. 133,800,482, 36.4% spent on development.



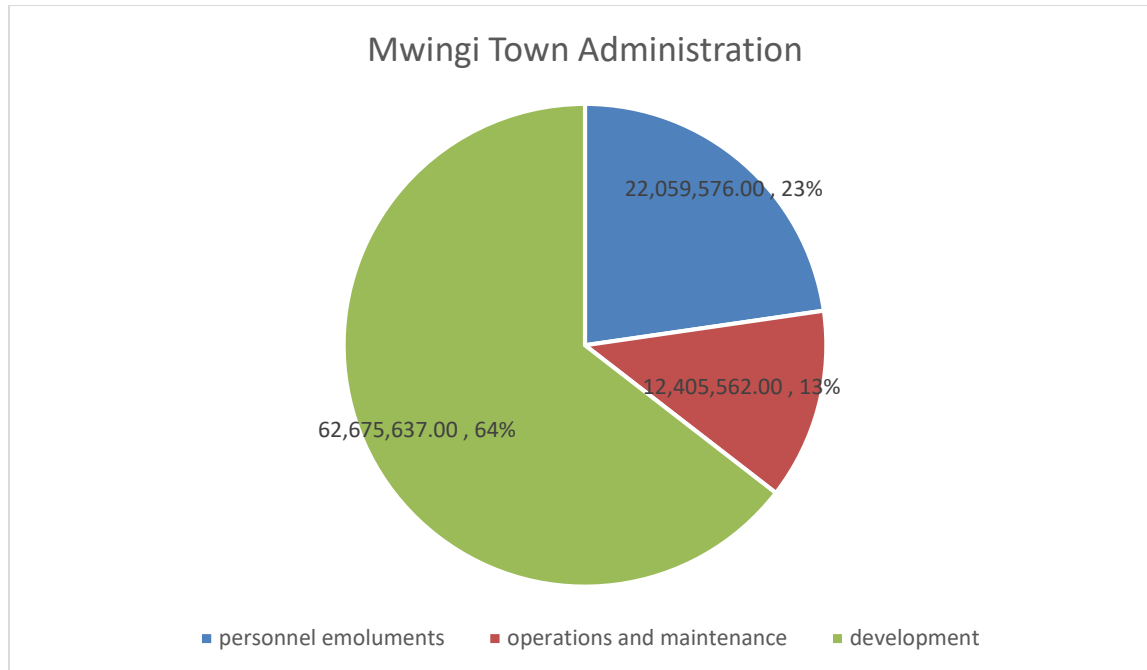
2.8.13 Kitui Town Administration

The Kitui Town Administration spent a total of Kshs 165,143,327. This expenditure included the Kshs. 14,130,705, 8.56% spent on personnel emoluments, the Kshs. 25,915,421, 15.69% spent on operations and maintenance and the Kshs. 125,097,201, 75.75% spent on development.



2.8.14 Mwingi Town Administration

The Mwingi Town Administration spent a total of Kshs. 97,140,775. This expenditure included Kshs. 22,059,576, 22.71% spent on personnel emoluments, Kshs. 12,405,562, 12.7% spent on operations and maintenance and Kshs. 10,745,936, 65.2% spent on development.



3.0 IMPLEMENTATION CHALLENGES

The county experienced several challenges/issues that affected budget implementation during the fourth quarter financial year 2017/2018.

These are:

- Delay in release of funds: Due to a long process of requisition of funds project implementation has been delayed due to the untimely release of project funds.
- Transition: The County Government has to realign the planning framework in order to mainstream the 5-pillar development manifesto. Further, all development projects and programmes had to be aligned to the Sustainable Development Goals (SDGs) and other cross-cutting issues, all these partially delayed implementation.
- Clearance of pending bills: This has affected project implementation since the bulk of pending projects had critical issues leading to a review of the same.

4.0 RECOMMENDATIONS

The following recommendations will smoothen implementations in the next phase;

- The County Government will have to liaise with the National Government for timely 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.