

# **COUNTY GOVERNMENT OF KITUI**

## **ANNUAL BUDGET IMPLEMENTATION REPORT**

**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 July 2016 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
<b>TOTAL</b>	<b>10,466,468,971</b>	<b>100.00</b>

### **Breakdown of Grants**

<b>SOURCE OF GRANT</b>	<b>AMOUNT</b>
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
<b>TOTAL</b>	<b>382,738,363</b>

### **2.1 Transfers from the National Government**

For FY 2016/2017 under review, the County received Kshs. **9,260,939,349** as the national equitable share of revenue disbursed as below:

<b>RELEASE DATE</b>	<b>AMOUNT (KSHS)</b>
28/07/2016	307,709,790.00
29/07/2016	416,704,200.00
16/08/2016	450,419,099.00
02/09/16	400,261,470.00
14/09/2016	83,311,236.00
22/09/2016	401,203,249.00
06/10/2016	375,435,730.00
17/10/2016	430,148,883.00
02/11/2016	212,850,039.00
09/11/2016	11,572,498.00
21/11/2016	241,011,877.00
25/11/2016	431,291,640.00
19/12/2016	236,713,820.00
12/01/2017	285,418,394.00
20/01/2017	202,202,108.00
06/02/2017	380,380,000.00
22/02/2017	206,129,700.00
03/03/2017	105,007,013.00
08/03/2017	102,883,485
13/03/2017	636,972,259.00
28/03/2017	652,096,320.00

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
<b>Total</b>	<b>9,260,939,349</b>

## **2.2 Locally Generated Revenue**

The County Government budgeted to locally collect Kshs 668,610,000 during FY 2016/2017. The collection was Kshs 315,347,362 which is 47% of the targeted collection.

The monthly collection breakdown is as below:

SOURCE	JULY 2016	AUG 2016	SEPT 2016	OCT 2016	NOV 2016	DEC 2016	JAN20 17	FEB 2017	MARC H 2017	APR 2017	MAY 2017	JUNE 2017	TOTA L
	KSH	KSHS	KSHS	KSHS	KSH S	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
Office of the Governor	1,136,300.00	2,040,700.00	1,976,900.00	2,474,100.00	1,742,550.00	920,150.00	532,350.00	329,650.00	624,230.00	1,013,500.00	994,600.00	2,555,510.00	16,340,540
Ministry of Agri, Water and Irrigation	5,384,025.00	282,895.00	2,090,950.00	221,145.00	293,545.00	2,350,482.00	581,235.00	480,345.00	275,715.00	3,339,510.00	665,015.00	1,836,435.00	17,801,297
Ministry of Energy/Environment/Mineral Inv Dev	1,010,280.00	1,105,830.00	557,300.00	622,700.00	924,800.00	840,200.00	7,518,894.00	8,947,667.00	17,345,242.00	384,280.00	643,900.00	1,338,000.00	41,239,093
Ministry of Health and Sanitation	6,585,038.00	9,693,810.50	7,520,641.70	6,589,381.50	4,495,503.00	3,100,656.50	2,779,766.00	4,994,766.00	1,948,472.00	3,467,415.50	4,324,402.50	4,902,982.75	60,402,835.95
Ministry of LIUD	1,996,142.00	1,765,689.00	1,739,388.00	1,265,350.00	1,552,849.00	1,002,067.00	817,900.00	800,500.00	647,680.00	1,620,235.00	2,815,330.00	2,998,045.00	19,021,175
Ministry of Trade	30,492.00	0	18,018.00	31,880.00	46,150.00	43,980.00	2,060,648.00	2,923,535.00	3,407,661.00	13,167.00	0.00	116,084.00	8,691,615
Ministry of Finance and Economic Planning	11,420,062.00	14,378,558.00	8,178,022.00	7,109,199.00	5,948,069.00	6,073,804.85	6,930.00	31,360.00	87,610.00	14,239,038.00	9,961,471.80	11,583,821.00	89,017,945.65
Kitui Town Administration	2,940,430.00	3,178,840.00	3,326,505.00	2,742,295.00	2,442,200.00	1,856,585.00	4,536,810.00	4,852,710.00	7,790,520.00	4,414,095.00	4,019,995.00	3,202,815.00	45,303,800

Mwingi Town Administartion	1,765,2 25.00	1,619,5 80.00	1,239, 055.00	1,301,5 55.00	1,830, 615.0 0	1,240,1 10.00	2,081, 090.0 0	3,155, 380.0 0	6,194,4 35.00	1,981,7 85.00	1,817,3 00.00	1,376,8 40.00	25,602, 970
Receipted Direct Deposits	(730,9 58.00)	(400,7 07.00)	(602,4 25.00)	(1,013,4 27.00)	(189,2 30.00)	(1,480,1 20.00)	752,8 66.40	1,083, 331.0 0	321,32 0.00	(2,463, 075.00)	(1,369, 655.00)	(1,981, 830.00)	(8,073, 909.6)
<b>TOTAL</b>	<b>31,537 ,036</b>	<b>33,665 ,195.5</b>	<b>26,044 ,354.7</b>	<b>21,344 ,178.5</b>	<b>19,08 7,051</b>	<b>15,947, 915.35</b>	<b>21,668, 489.4</b>	<b>27,599, 244</b>	<b>38,642, 885</b>	<b>28,009, 950.5</b>	<b>23,872, 359.3</b>	<b>27,928, 702.75</b>	<b>315,34 7,362</b>

## 2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs **9,260,939,349.09** broken down into the below expenditure lines:

Expenditure Line	Kshs	%
Recurrent	5,302,458,928	57.3
Development	3,958,480,421.09	42.7
<b>Total</b>	<b>9,260,939,349.09</b>	<b>100.0</b>

## 3.0 EXPENDITURE ANALYSIS

### 3.1 County Summary

During the period under review, the County spent a total of Kshs. **8,314,602,436** which was 89.8% of the funds released. Out of this amount, Kshs. **4,625,953,758** (56%) went to finance recurrent activities while Kshs. **3,688,648,678** (44%) financed development.

The County Executive spent Kshs. 7,627,522,393 while County Assembly spent Kshs. 687,080,043 which represent 92% and 8% respectively.

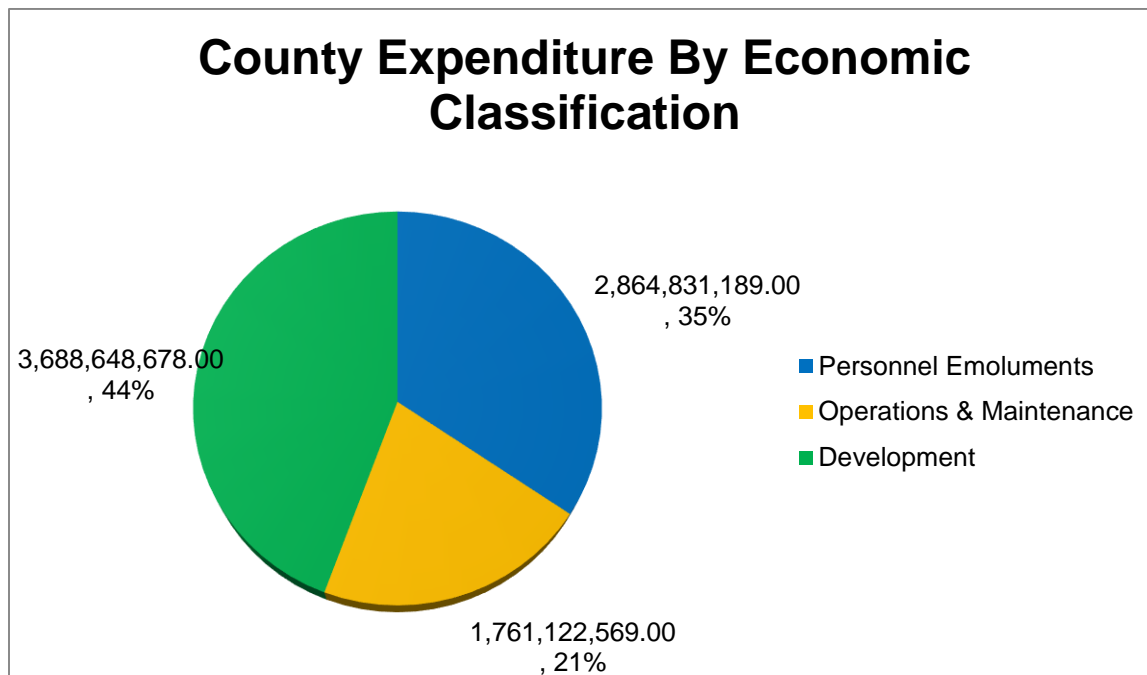
Analysis of recurrent expenditure reveals that the County spent Kshs. **2,864,831,189** on personnel emoluments translating to 62% of the total recurrent expenditure, while Kshs. **1,761,122,569** (38%) was spent on operations & maintenance.

ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPMENT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	
Office of the Governor	156,246,650	15	287,236,679	27	629,980,013	59	1,073,463,342
Ministry of Administration & coordination of County Affairs	252,290,241	62	95,802,471	23	59,317,083	15	407,409,795



Ministry of Agriculture, Water & Coordination	242,254,462	24	246,914,876	24	524,257,264	52	1,013,426,602
Ministry of Basic Education, Training & Skills Development	311,354,055	47	29,097,920	4	320,691,053	49	661,143,028
Ministry of Lands, Infrastructure & Urban Development	133,722,932	15	93,059,878	11	641,957,660	74	868,740,470
Ministry of Health & Sanitation	1,067,551,574	54	442,210,262	22	477,217,796	24	1,986,979,632
Ministry of Trade, Industry & Cooperatives	46,189,100	16	39,076,081	14	203,503,810	70	288,768,991
Ministry of Culture, Youth, Sports & Social Services	26,584,828	14	15,721,671	8	145,903,985	78	188,210,484
Ministry of Environment, Energy and Mineral Investments Development	23,115,553	10	20,662,715	9	188,364,993	81	232,143,261
Ministry of Tourism & Natural Resources	35,365,483	33	14,950,544	14	56,543,538	53	106,859,565
Ministry of Finance & Economic Planning	167,281,277	51	138,313,584	43	19,906,774	6	325,501,635
County Public Service Board	26,885,182	43	35,438,979	57	0	0	62,324,161
County Assembly	324,696,311	47	261,019,941	38	101,363,791	15	687,080,043
Kitui Town Headquarters Administration	27,405,985	10	24,420,301	9	224,626,176	81	276,452,462
Mwingi Town Administration	23,887,556	17	17,196,667	13	95,014,742	70	136,098,965
<b>TOTAL</b>	<b>2,864,831,189</b>	<b>35</b>	<b>1,761,122,569</b>	<b>21</b>	<b>3,688,648,678</b>	<b>44</b>	<b>8,314,602,436</b>

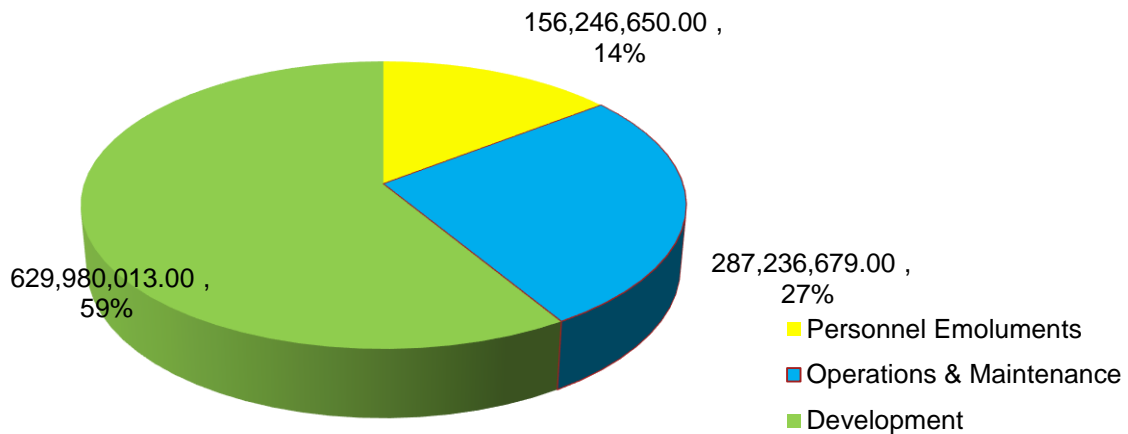
The table below analyses expenditure by the various spending entities.



### 3.2 Office of the Governor

During the period under review, the Office of the Governor spent Kshs. 1,073,463,342 .Out of this, Kshs. 629,980,013 (59%) financed development projects, Kshs. 156,246,650(14%) went to Personnel Emoluments while Kshs. 287,236,679 (27%) was spent on Operations & Maintenance

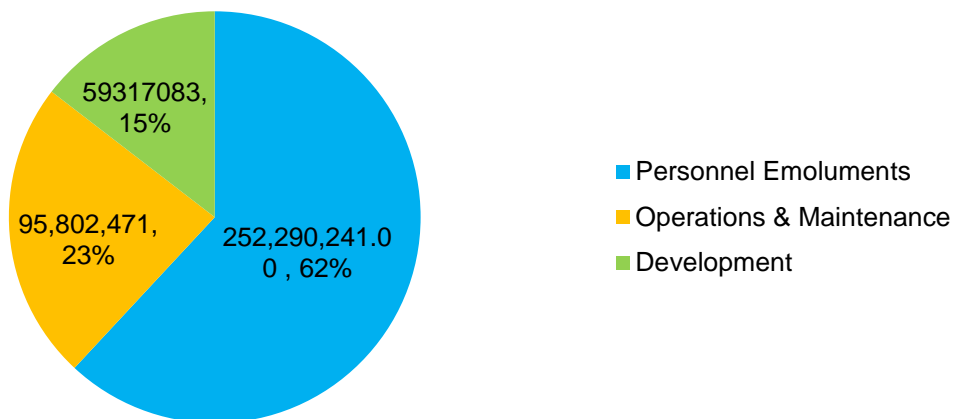
## Expenditure - Office of The Governor



### 3.3 Administration & Coordination of County Affairs

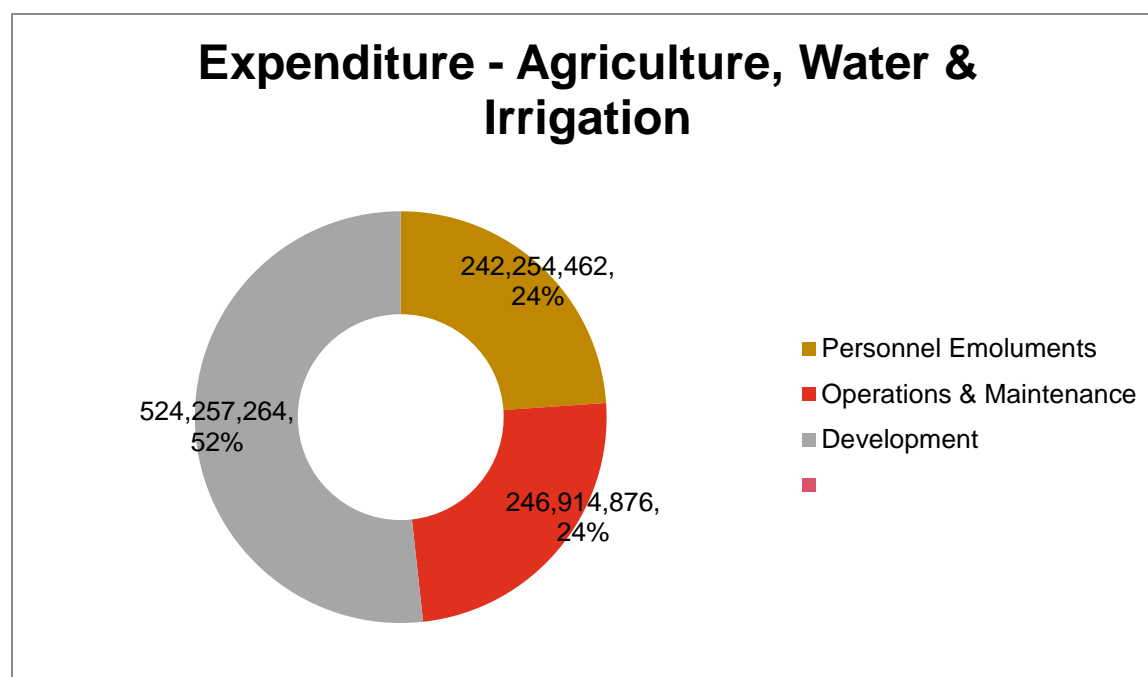
Analysis of the Ministry of Administration and Coordination of County Affairs' expenditure reveals that a total of kshs.407,409,795 . Out of this Kshs. 252,290,241 (62%) financed personnel emoluments while Kshs. 95,802,471 (23%) was spent on operations & maintenance. There amount spent on development was Kshs. 59,317,083 (15%) of total expenditure.

## Expenditure- Administration and Coordination of County Affairs



### 3.4 Agriculture, Water & Irrigation

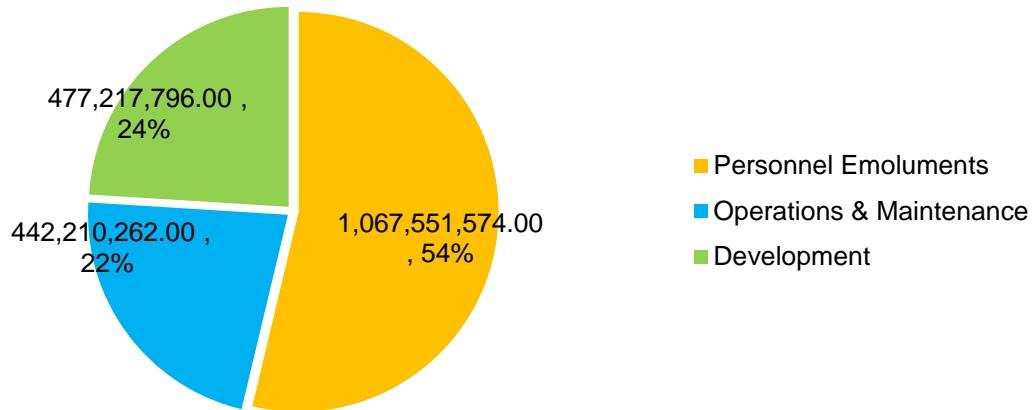
During the period under review, the county ministry of Agriculture, Water and Irrigation spent a total of Kshs. 1,013,426,602. Out of this, Kshs. 524,257,264(52%) was spent on development, Kshs. 242,254,462(24%) on personnel emoluments and Kshs. 246,914,876(24%) on operations and maintenance.



### 3.5 Health and Sanitation

The County Ministry of Health and Sanitation incurred a total expenditure of Kshs. 1,986,979,632. Out of this Kshs. 477,217,796 (24%) was spent on development activities and Kshs. 1,509,761,836 (76%) was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs. 1,067,551,574 (54%) went to Personnel emoluments while Kshs. 442,210,262 (22%) went to Operations & Maintenance.

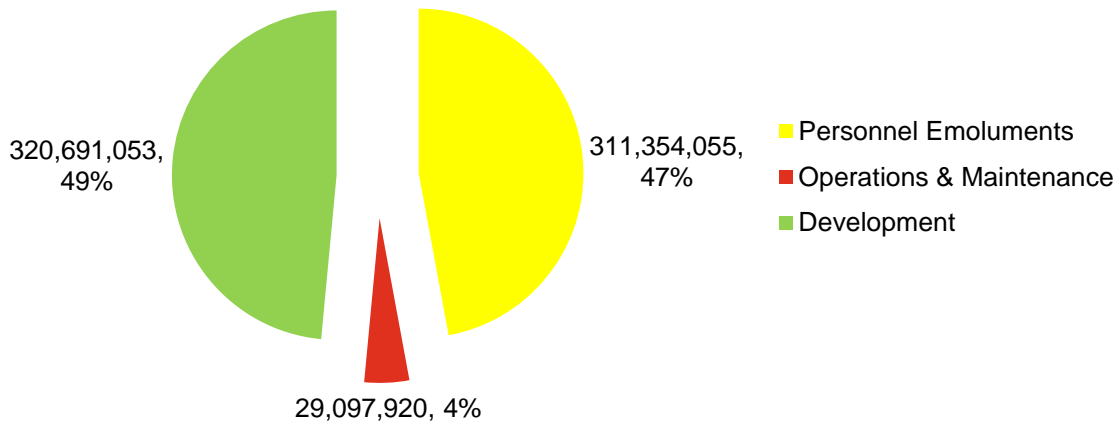
### Expenditure By Economic Classification--Health & Sanitation



### 3.6 Basic Education, Training & Skills Development

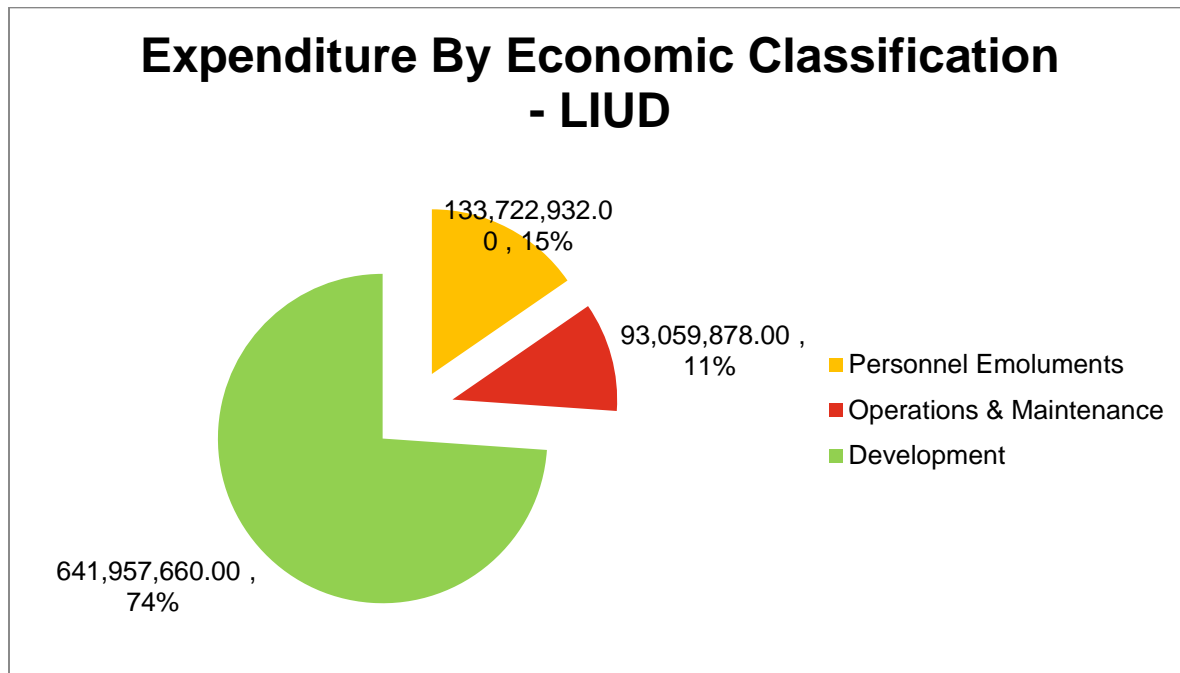
A total of Kshs. 661,143,028 was spent FY 2016/2017. This expenditure was composed of; Personnel Emoluments Kshs. 311,354,055(47%), Operations & Maintenance Kshs. 29,097,920(4%) while development expenditure was Kshs. 320,691,053 (49%).

### Expenditure By Economic Classification--BETSD



### 3.7 Lands Infrastructure & Urban Development

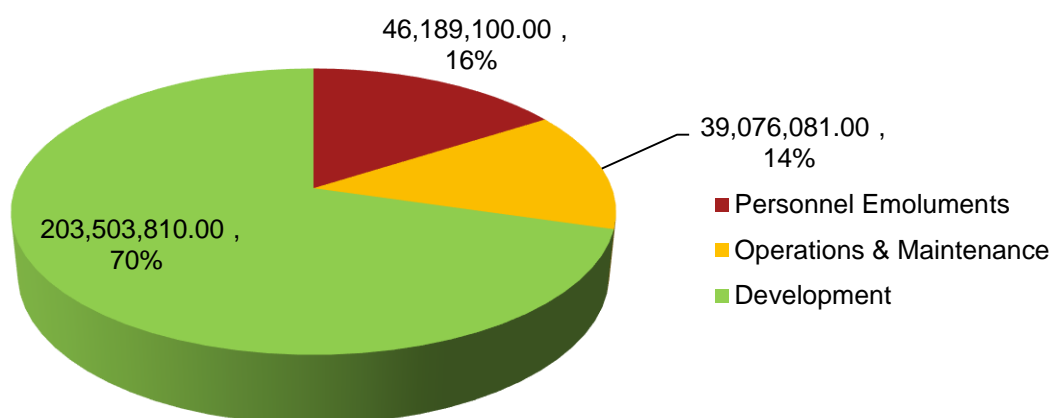
At the Lands, Infrastructure & Urban Development ministry, a total of Kshs. 868,740,470. Out of this Kshs. 641,957,660 was spent on development, Kshs. 133,722,932 on personnel emoluments and Kshs. 93,059,878 on Operations and Maintenance. This translated to 74%, 15 % and 11 % of total ministry expenditure 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. 288,768,991. Out of this amount, Kshs. 46,189,100 (16% of total expenditure) went to personnel emoluments, while Kshs. 39,076,081 (14%) to Operations & Maintenance. Development expenditure amounted to Kshs 203,503,810 (70%).

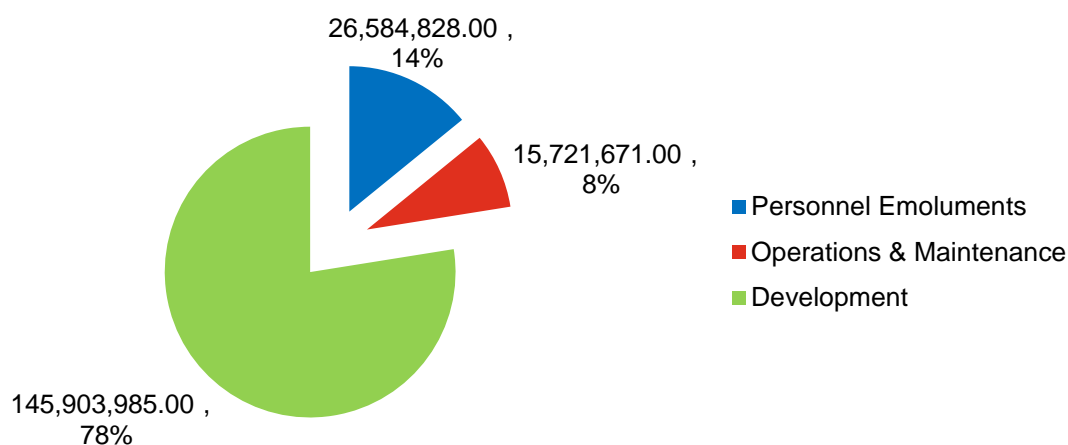
## Expenditure By Economic Classification - MTIIC



### 3.9 Culture, Youth, Sports & Social Services

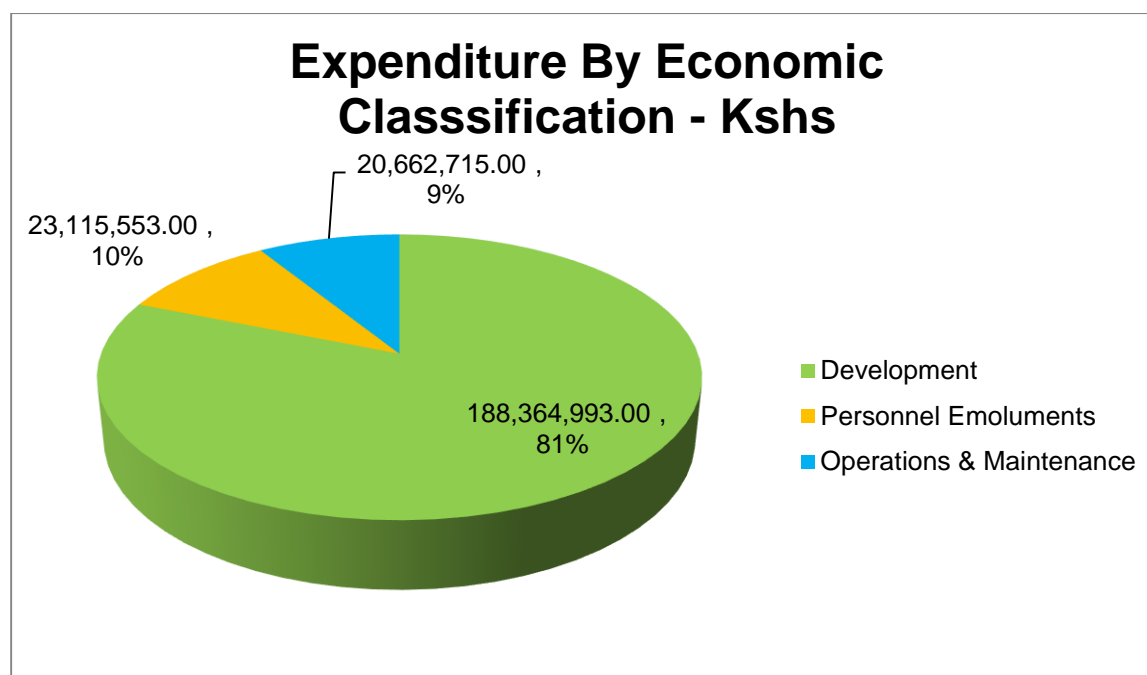
At the Culture, Youth, Sports & Social Services ministry, a total of Kshs. 188,210,484 was spent in FY 2016/2017. The development component of this expenditure was Kshs. 145,903,985 (78%), Kshs. 26,584,828 (14%) was spent on personnel emoluments while Kshs. 15,721,671 (8%) financed operations and maintenance.

## 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. 232,143,261 was spent in FY 2016/2017. The expenditure was broken down into; Development Kshs. 188,364,993 - 81%, Personnel Emoluments Kshs. 23,115,553 -10% and Operations & Maintenance Kshs. 20,662,715 -9%.

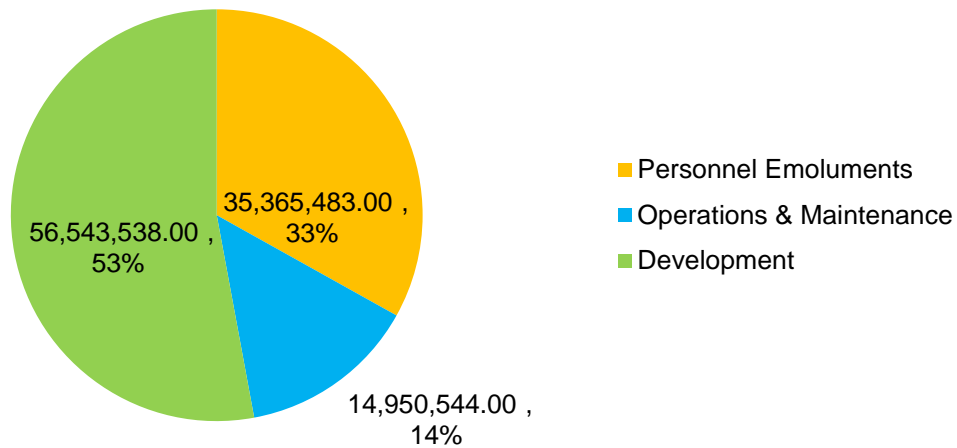


### 3.11 Tourism & Natural Resources

At the Tourism & Natural Resources ministry a total of kshs. 106,859,565 was spent in FY 2016/17. Out of this Kshs. 35,365,483 (33%) was spent on personnel emoluments, Kshs. 14,950,544 (14%) on operations & maintenance and Kshs. 56,543,538 (53%) on development.



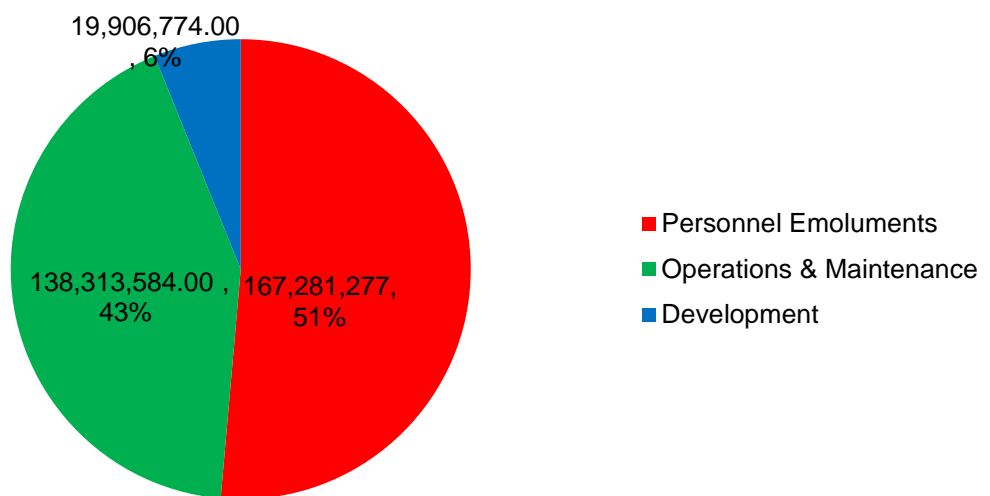
## Expenditure Analysis - Tourism & Natural Resources (Kshs)



### 3.12 Finance & Economic Planning

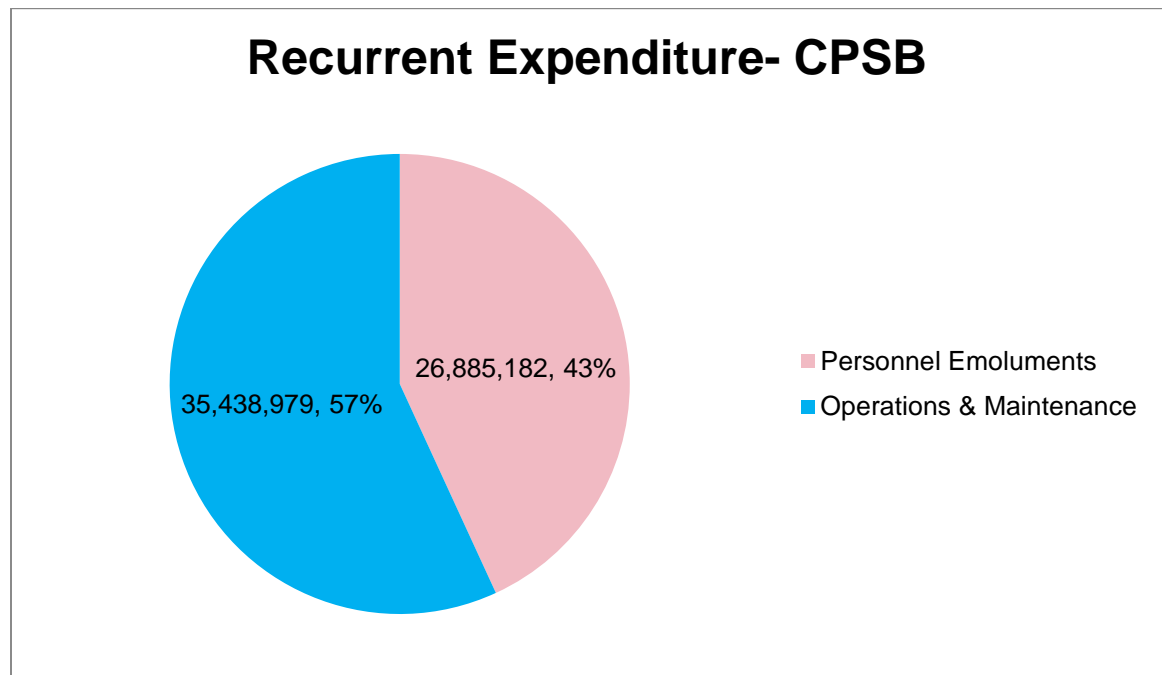
During FY 2016/2017, the County Ministry of Finance & Economic Planning spent a total of Kshs. 325,501,635. This expenditure was broken down into; personnel emoluments Kshs. 167,281,277 (51%), operations & maintenance Kshs. 138,313,584 (43%) while development expenditure amounted to Kshs. 19,906,774 (6%).

## Expenditure Analysis- FEP)



### 3.13 The County Public Service Board

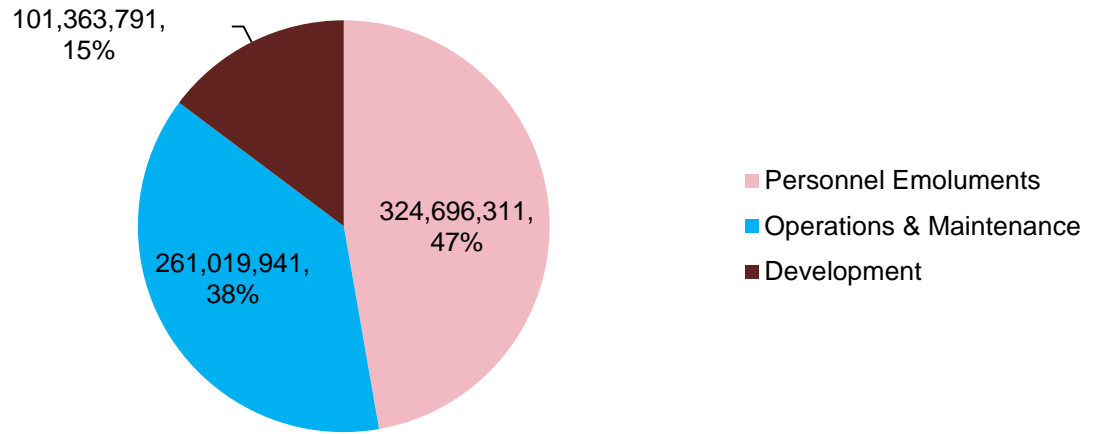
The County Public Service Board did not undertake any development projects. They spent a total of Kshs. 62,324,161 on recurrent expenditure. Out of this, Kshs. 26,885,182 (43% of expenditure) was spent on Personnel Emoluments while Kshs. 35,438,979 (57%) was spent on Operations & Maintenance.



### 3.14 The County Assembly

The County Assembly spent a total of Kshs. 687,080,043. This expenditure included the Kshs. 324,696,311 (47%) spent on personnel emoluments, the Kshs. 261,019,941 (38%) spent on operations & maintenance and the Kshs. 101,363,791 (15%) spent on development.

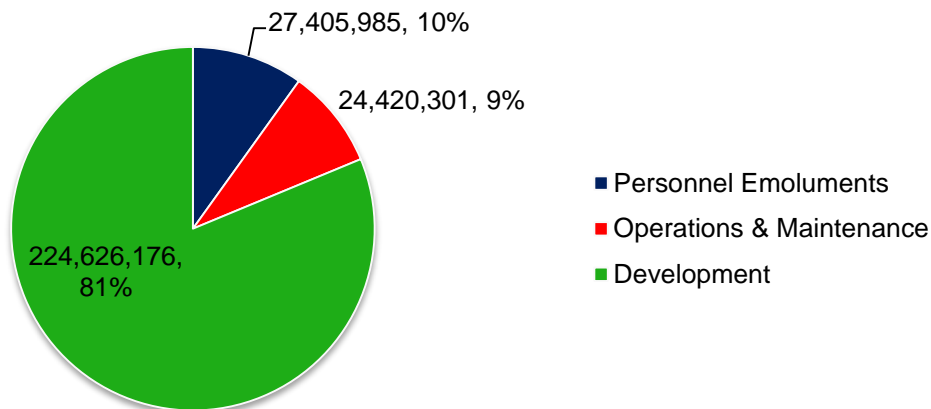
### Expenditure By Economic Classification - County Asembly



#### 3.15 Kitui Town Headquarters Administration

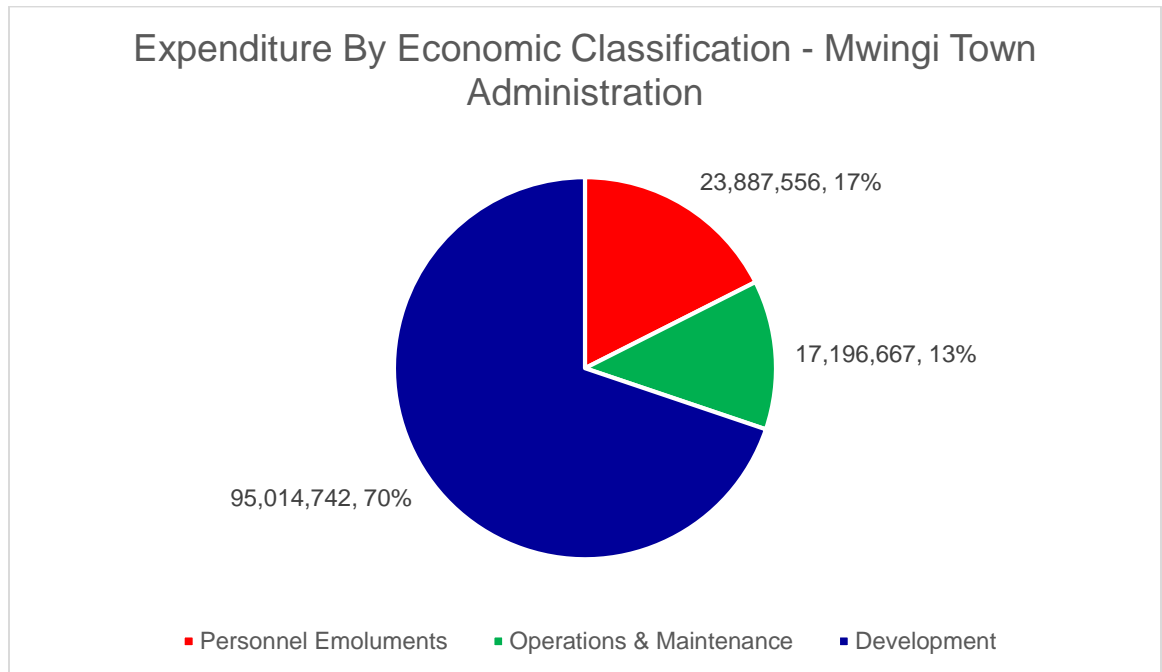
The Kitui Town Headquarters Administration spent a total of Kshs 276,452,462. This expenditure included the Kshs. 27,405,985 (10%) spent on personnel emoluments, the Kshs. 24,420,301 (9%) spent on operations & maintenance and the Kshs. 224,626,176 (81%) spent on development.

### Expenditure By Economic Classification - Kitui Town Headquarters Administration



### 3.16 Mwingi Town Administration

The Mwingi Town Administration spent a total of Kshs. 136,098,965. This expenditure included the Kshs. 23,887,556 (17%) spent on personnel emoluments, the Kshs. 17,196,667 (13%) spent on operations & maintenance and the Kshs. 95,014,742 (70%) spent on development.



## **4.0 CHALLENGES**

The county experienced several challenges/issues that affected budget implementation during FY 2016/2017. 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.