



REPUBLIC OF KENYA

COUNTY GOVERNMENT OF KITUI

BUDGET IMPLEMENTATION REPORT

Quarter 4

FY 2014/ 2015

TABLE OF CONTENTS

1.0 Introduction.....	3
2.0 Financial Analysis of County Budget Implementation.....	3
2.1 Transfers From The National Government.....	4
2.2 Locally Generated Revenue.....	4
2.3 Funds Released to the County By the Controller of Budget.....	5
3.0 Expenditure Analysis.....	5
3.1 County Summary.....	5
3.2 Expenditure By The Various Spending Entities.....	7
3.3 Office of The Governor.....	8
3.4 Administration & Coordination of county affairs.....	8
3.5 Agriculture, Water & Irrigation.....	9
3.6 Health & Sanitation.....	10
3.7 Basic Education, Training & Skills development.....	10
3.8 Lands, Infrastructure & Urban development.....	11
3.9 Trade, Industry, Cooperatives & ICT.....	12
3.10 Youth, Sports, culture & Social Services.....	12
3.11 Environment, Energy & Mineral Investments development.....	13
3.12 Tourism & Natural Resources.....	14
3.13 Finance & Economic Planning.....	14
3.14 The County Public Service Board.....	15
4.0 Challenges.....	16
5.0 Recommendations.....	16

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 2015 to June 2015.

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.

The county budget was not approved by the Controller of Budget since it did not comply with the Commission on Revenue Allocation ceilings. The county was able to access only 50% of the submitted budget of Kshs. 7,693,137,357 following the court order issued on 1st August, 2014 by Justice Isaac Lenaola.

2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION

The County had a budget of Kshs. 9,357,027,782 which consisted of Kshs. 4,584,690,471 (49%) for recurrent expenditure and Kshs. 4,772,337,311 (51%) 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	2,279,504,452	23.82
National Equitable Share	6,340,498,549	66.26
Local Revenue Sources	650,000,000	6.79
Grants	299,716,518	3.13
TOTAL	9,569,719,519	100.00

2.1 Transfers from the National Government

For the fourth quarter of FY 2014/2015 under review, the County received Kshs. 1,7,11,934,608 as the national equitable share of revenue disbursed as below:

RELEASE DATE	AMOUNT (KSHS)
16/04/2015	602,347,362
28/04/2015	538,942,377
10/06/2015	570,644,869
Sub Total	1,711,934,608
DANIDA HSSF	8,652,500
Total	1,720,587,108

2.2 Locally Generated Revenue

The revenue collected from local sources amounted to Kshs. 149,967,731 and the monthly collection breakdown is as below:

SOURCE	APRIL 2015	MAY 2015	JUNE 2015	TOTAL
	KSHS	KSHS	KSHS	KSHS
Ministry of Finance & Economic Planning	25,783,677	34,356,917	30,964,448	91,105,042
Ministry of Agri., Water & Irrigation	34,020	65,290	486,800	586,110
Ministry of Energy/Environment/Mineral Inv Dev	26,700	0	0	26,700
Office of the Governor	249,000	5,139,130	2,803,000	8,191,130
Ministry of Trade, Industry, Cooperatives & ICT	0	35,343	18,860	54,203
Ministry of LIUD	847,160	228,694	1,019,001	2,094,855
Ministry of Youth, Sports & Culture	0	0	12,000	12,000
Ministry of Health & sanitation	14,906,640	14,998,036	11,419,030	41,323,706
Direct Deposits	2,490,910	3,002,136	1,080,939	6,573,985
				149,967,731

2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs. 7,098,123,728 broken down into the below expenditure lines:

Expenditure Line	Kshs	%
Recurrent	4,218,579,907	59
Development	2,879,543,821	41
Total	7,098,123,728	100

There was a DANIDA HSSF grant of kshs. 8,652,500.

3.0 EXPENDITURE ANALYSIS

3.1 County Summary

During the period under review, the County spent a total of Kshs.2, 861,435,163 which was 40% of the funds released. The County Executive spent Kshs. 2,678,728,904 while County Assembly spent Kshs. 182,706,259 which represent 94% and 6% respectively. The County spent Kshs. 1,441,460,043 (50%) on recurrent expenditure and Kshs. 1,419,975,120 (50%) on development activities.

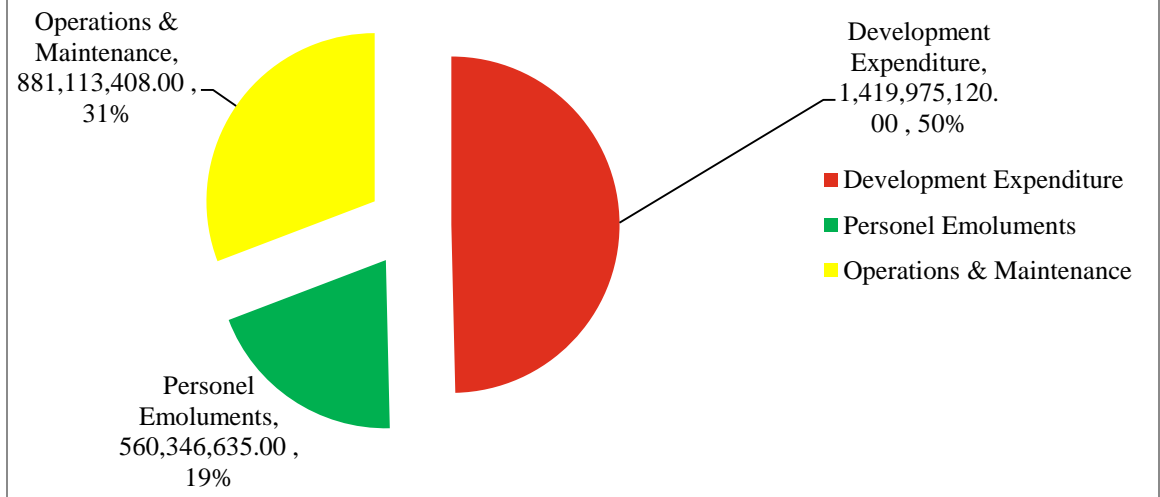
Analysis of recurrent expenditure reveals that the County spent Kshs. 480,013,012 on personnel emoluments translating to 33% of the total recurrent expenditure, while Kshs. 961,447,391 was spent on operations & maintenance accounting for 67%.

The table below analyses expenditure by the various spending entities.

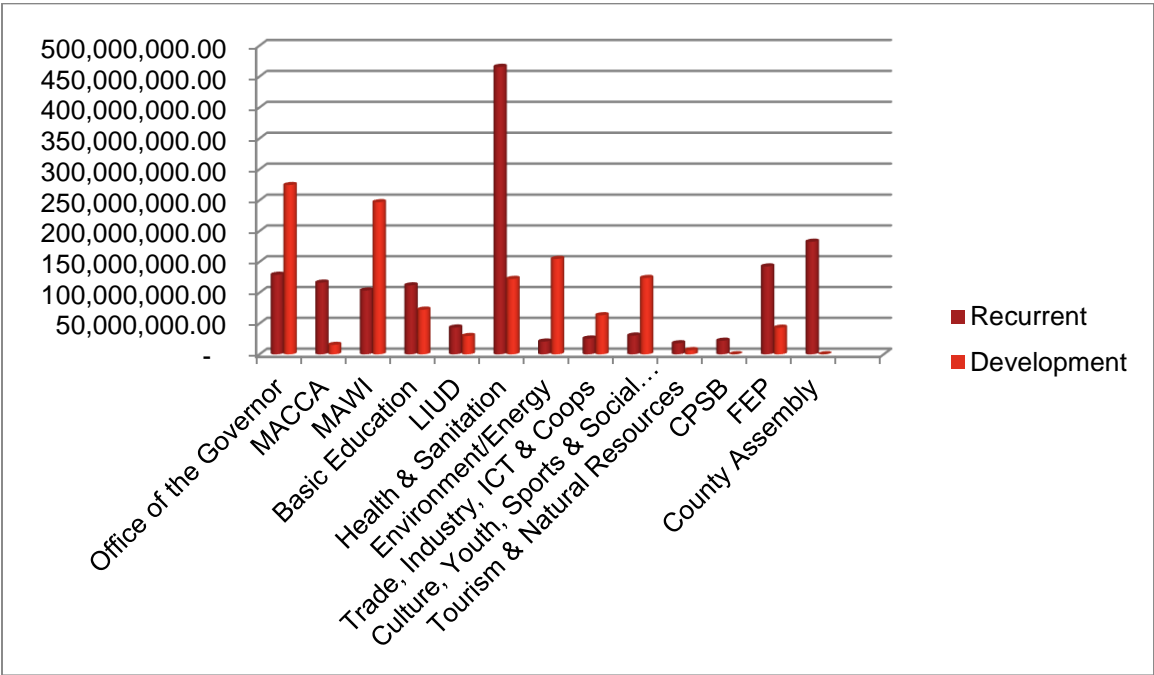
ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPMENT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	
Office of the Governor	26,689,173	7	102,372,636	25	274,595,274	68	403,657,083
Ministry of Administration & coordination of County Affairs	24,273,185	18	92,054,297	70	15,277,811	12	131,605,293
Ministry of Agriculture, Water & Coordination	71,721,560	20	31,837,124	9	246,838,493	71	350,397,177
Ministry of Basic Education, Training & Skills Development	1,969,808	1	109,912,017	60	72,418,145	39	184,300,023

Ministry of Lands, Infrastructure & Urban Development	43,433,242	12	29,647,785	8	296,592,634	80	369,673,661
Ministry of Health & Sanitation	209,936,875	36	255,780,668	43	122,319,479	21	588,037,022
Ministry of Trade, Industry & Cooperatives	9,303,461	5	16,284,334	9	154,801,902	86	180,389,697
Ministry of Culture, Youth, Sports & Social Services	4,499,522	5	25,861,674	28	63,344,029	67	93,705,225
Ministry of Environment, Energy and Mineral Investments Development	4,128,695	3	16,557,566	11	123,884,938	86	144,571,199
Ministry of Tourism & Natural Resources	3,139,077	13	14,742,505	60	6,716,047	27	24,597,629
Ministry of Finance & Economic Planning	74,944,713	40	67,636,813	36	43,186,368	24	185,767,894
County Public Service Board	5,973,701	27	16,053,353	73	0	0	22,027,054
County Assembly	80,333,623	0	102,372,636	0	0	0	182,706,259
TOTAL	560,346,635	19	881,113,408	31	1,419,975,120	50	2,861,435,216

County Expenditure by Economic Classification

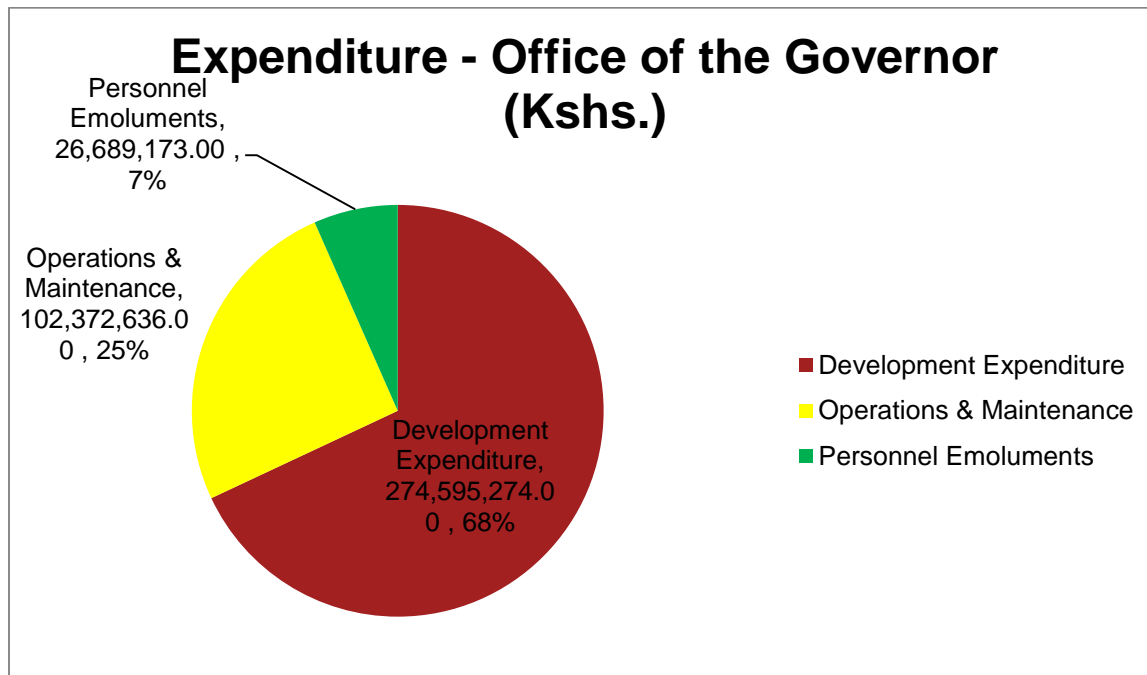


3.2 Expenditure By the Various Spending Entities



3.3 Office of the Governor

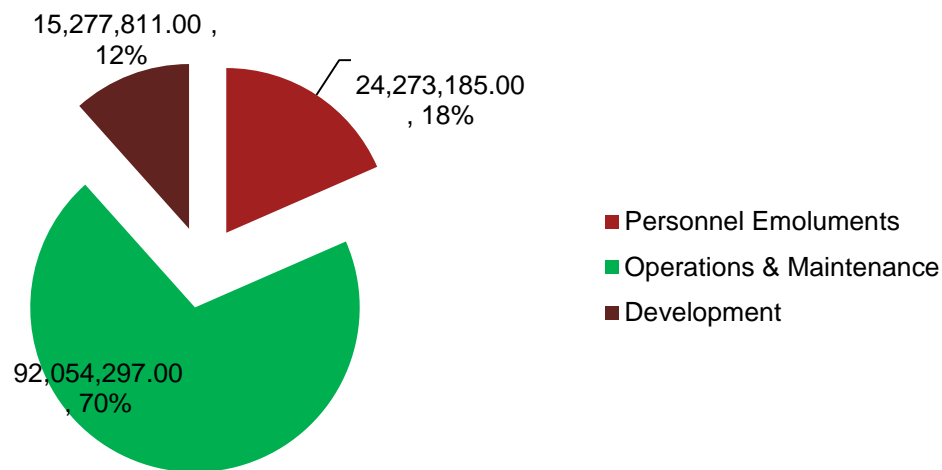
During the period under review, the office of the Governor spent Kshs. 407,657,083. Out of this, Kshs. 274,595,274 (68%) financed development projects, Kshs. 26,689,173 (7%) went to Personnel Emoluments while Kshs. 102,372,636 (25%) was spent on Operations & Maintenance.



3.4 Administration & Coordination of County Affairs

Analysis of the Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs. 24,273,185 (18%) financed personnel emoluments while Kshs. 92,054,297 (70%) was spent on operations & maintenance. There amount spent on development was Kshs. 15,277,811(12% of total expenditure).

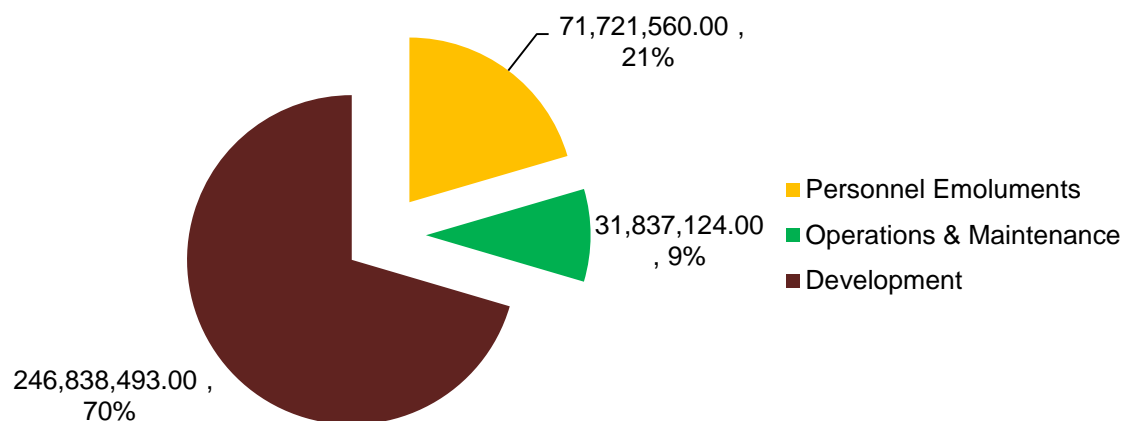
Expenditure by Economic Classification



3.5 Agriculture, Water & Irrigation

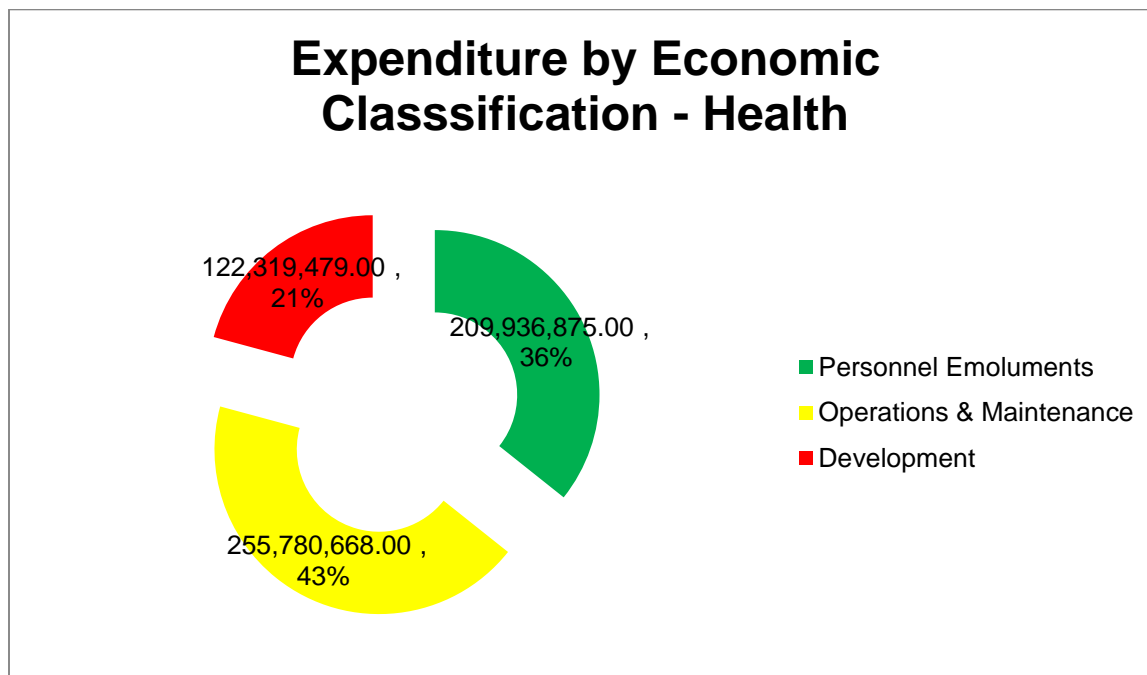
During the period under review, the county ministry of Agriculture, Water and Irrigation spent a total of Kshs. 350,397,177. Out of this, Kshs. 246,838,493 (70%) was spent on development, Kshs. 71,721,560 (21%) on personnel emoluments and Kshs. 31,837,124 (9%) on Operations and Maintenance.

Expenditure By Economic Classification- AWI



3.6 Health and Sanitation

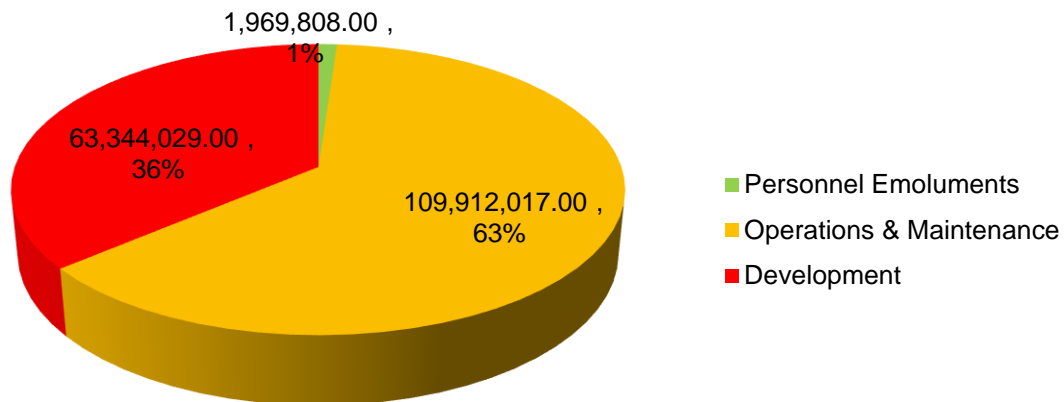
The County Ministry of Health and Sanitation had, in Q4 of 2014/2015, a total expenditure of Kshs. 538,135,688. Out of this Kshs. 122,319,479 (11%) was spent on development activities and Kshs.465, 717,543 (89%) was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs.209, 936,875 (45%) went to Personnel emoluments while Kshs. 255,780,668 (55%) went to Operations & Maintenance.



3.7 Basic Education, Training & Skills Development

A total of Kshs. 266,683,727 was spent in Q4 of FY 2014/2015. This was broken into Personnel Emoluments (Kshs. 1,969,808– 1%), Operations & Maintenance (Kshs. 109,912,017- 63%) while development expenditure was Kshs. 154,801,902 (36%).

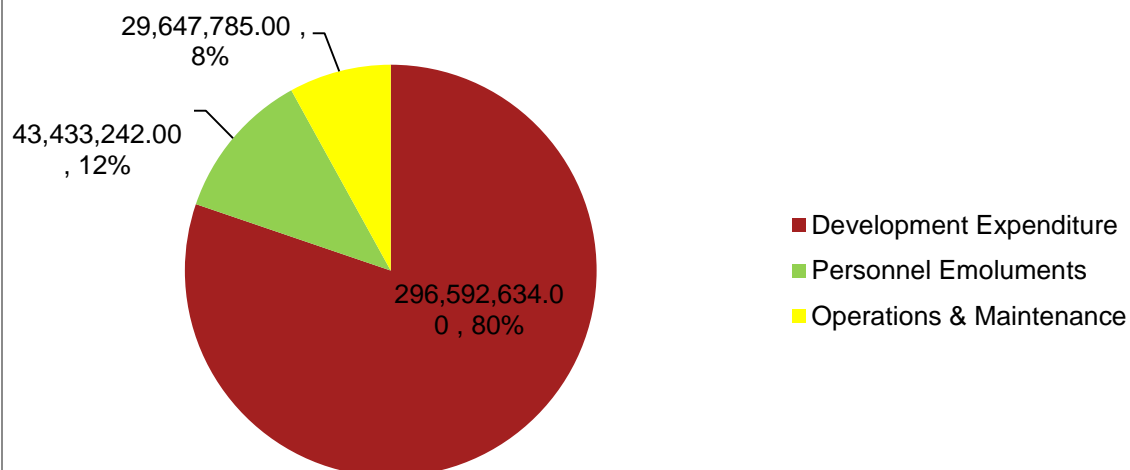
Expenditure by Economic Classification -Basic Education



3.8 Lands Infrastructure & Urban Development

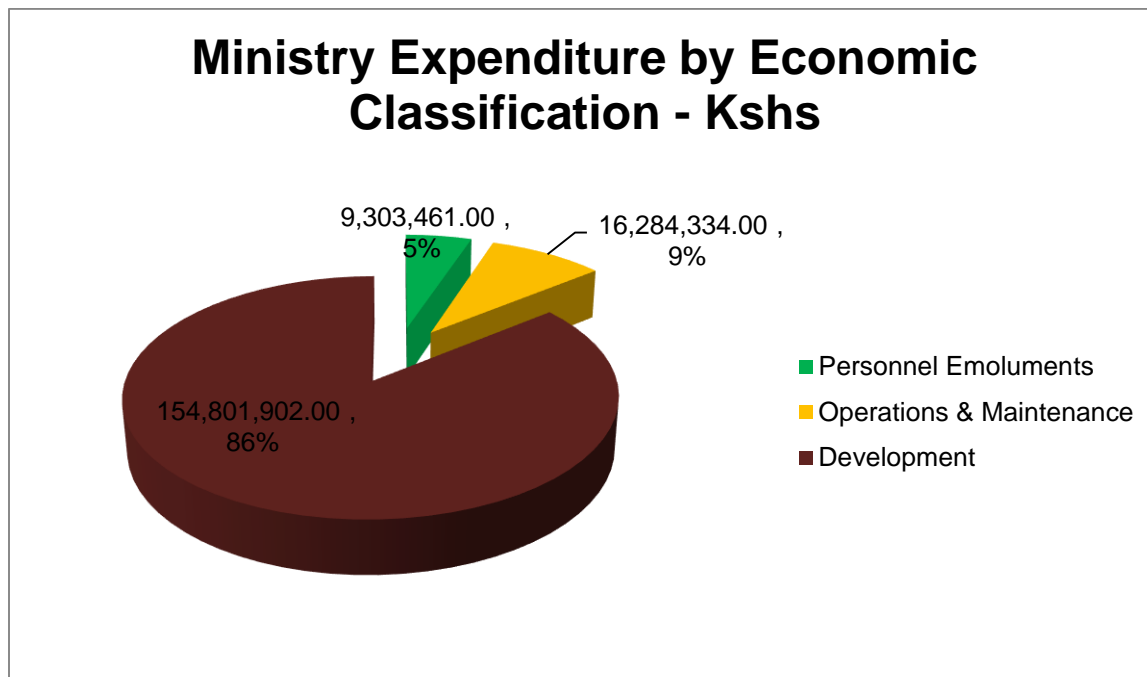
At the Lands, Infrastructure & Urban Development ministry, a total of Kshs. 296,592,634 was spent on development, Kshs. 43,433,242 on personnel emoluments and Kshs.73, 081,027 on Operations and Maintenance. This translated to 80%, 12% and 8% of total ministry expenditure respectively.

Lands, Infrastructure and Urban development - Expenditure



3.9 Trade, Industry, ICT & Cooperative

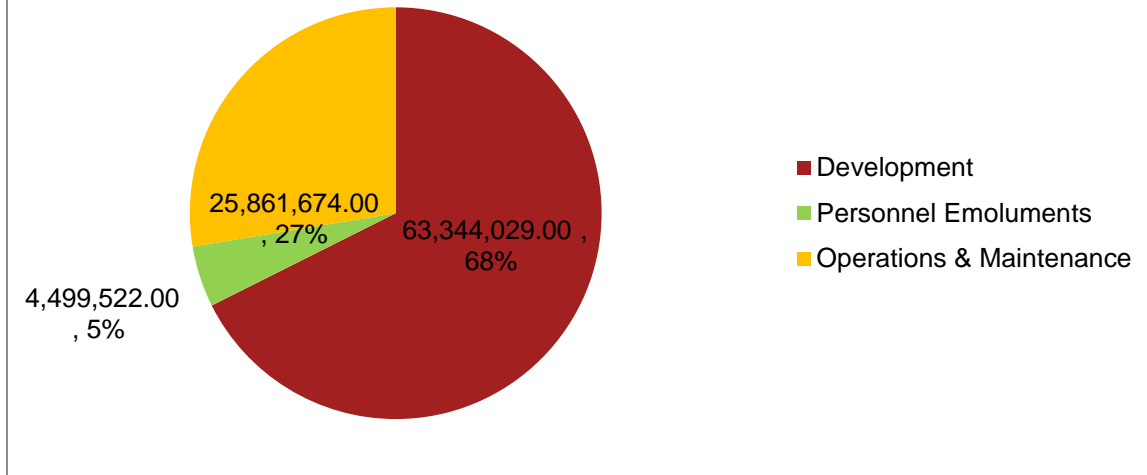
During the period under review, the total expenditure for the County Ministry of Trade, Industry, Cooperatives and ICT was Kshs. 180,389,697. Out of this amount, Kshs. 9,303,461 (48% of total expenditure) went to personnel emoluments, while Kshs. 16,284,334 (17%) to Operations & Maintenance. Development expenditure amounted to Kshs 154,801,902 (35%).



3.10 Youth, Sports, Culture & Social Services

At the Youth, Sports, Culture & Social Services ministry, a total of Kshs. 93,705,225 was spent in the fourth quarter of FY 2014/2015. The development component of this expenditure was Kshs. 63,344,029 (68%), Kshs. 4,499,522 (5%) was spent on personnel emoluments while Kshs. 25,861,674 (27%) financed operations and maintenance.

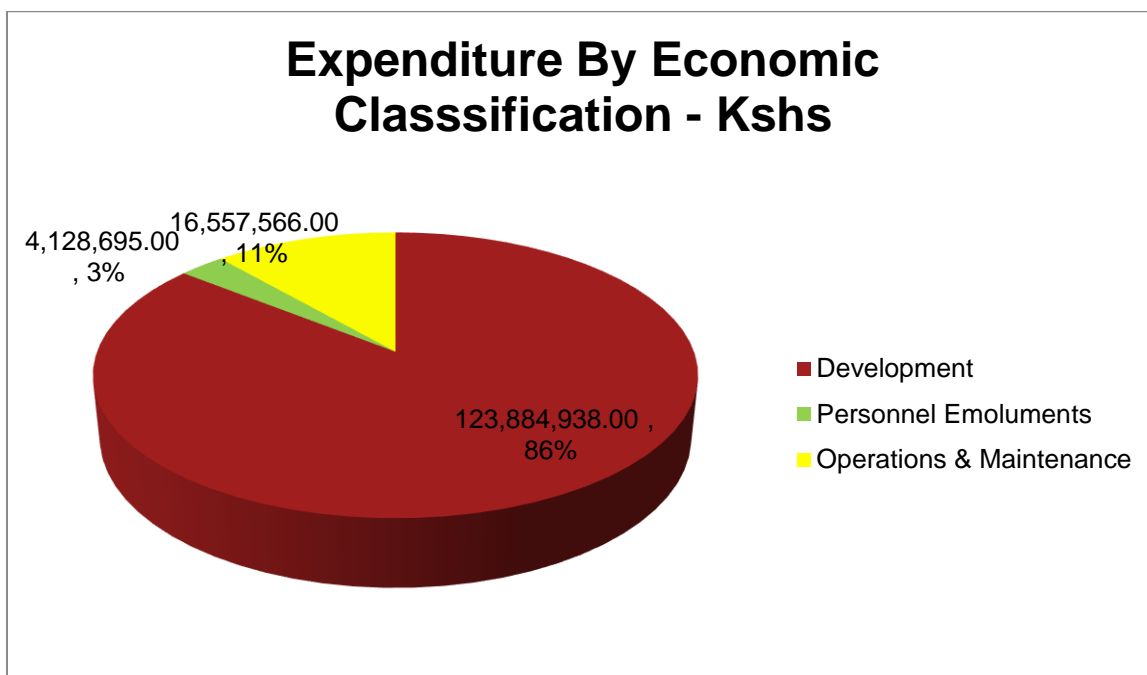
Expenditure By Economic Classification



3.11 Environment, Energy & Mineral Investments Development

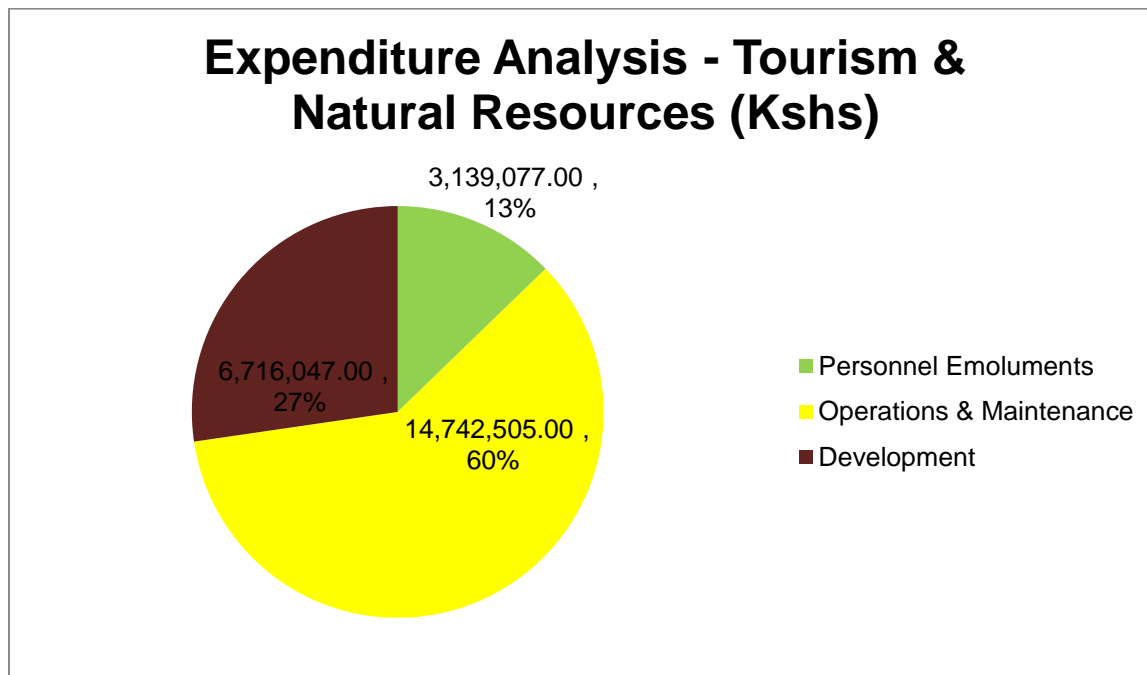
Expenditure analysis at the ministry of Environment, Energy & Mineral Investments Development reveals that a total of Kshs.144, 568,199 was spent in the fourth quarter of FY 2014/2015. The expenditure was broken down into; Development (Kshs. 123,884,938- 86%), Personnel Emoluments (Kshs.4,128,695 – 3%) and Operations & Maintenance (Kshs.16,557,566 – 11%).

Expenditure By Economic Classification - Kshs



3.12 Tourism & Natural Resources

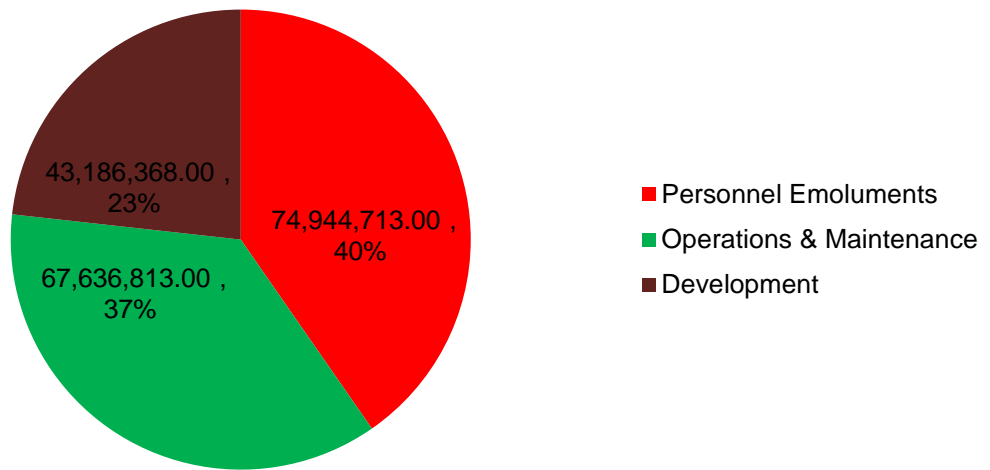
At the Tourism & Natural Resources ministry, Kshs. 3,139,077 (13%) was spent on personnel emoluments, Kshs. 14,742,505 (60%) on operations & maintenance and Kshs. 6,716,047 (27%) on development.



3.13 Finance & Economic Planning

During Q4 of FY 2015/2015, the County Ministry of Finance & Economic Planning spent a total of Kshs. 185,767,894. This expenditure was broken down into; personnel emoluments (Kshs. 74,944,713- 40%), operations & maintenance (Kshs. 67,636,813- 37%) while development expenditure amounted to Kshs. 43,186,368 (23%)

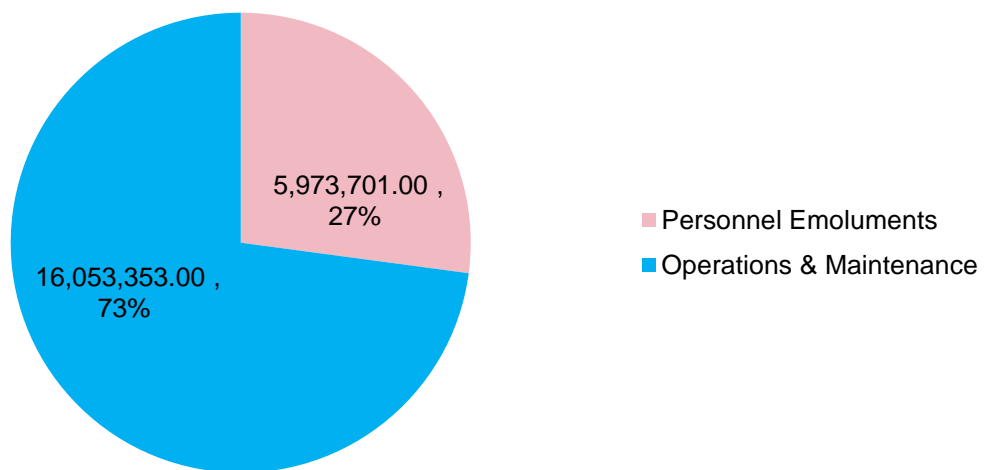
Expenditure Analysis- FEP)



3.14 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. 5,973,701 (27% of expenditure) was spent on Personnel Emoluments while Kshs.16, 053,353 (73%) was spent on Operations & Maintenance.

Recurrent Expenditure- CPSB



4.0 CHALLENGES

The county experienced several challenges/issues that affected budget implementation during Q3 of FY 2014/2015. 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.