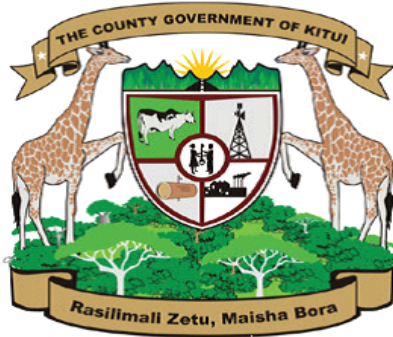


**COUNTY GOVERNMENT OF KITUI**



**COUNTY TREASURY**

**BUDGET IMPLEMENTATION REPORT (BIR)**

**JULY-SEPTEMBER 2018 (QUARTER I)**

**FY 2018/ 2019**

**Prepared:-**

**Department of Economic Planning**

**County Treasury**

## **County Mission and Vision**

### ***County Vision***

To be an empowered and prosperous County with a high quality of life

### ***County Mission***

To provide transformative county services through effective utilization of our land, capital, labour, technology and leadership for sustainable socio-economic development

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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 2018 to September 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, 775,231,412 which consisted of Kshs.6,805,628,105 (58%) for recurrent expenditure and Kshs.4, 555,144,465 (42%) for development expenditure.

### 2.1 Budget Components

The table 1 shows the various components of the budget

**Table 1: Budget Components**

SOURCE	AMOUNT	% OF TOTAL BUDGET
Balance b/f from FY 2017/2018	1,635,954,190	13.89
National Equitable Share	8,729,200,000	74.13
Local Revenue Sources	500,000,000	4.25
Grants	910,077,222	7.73
<b>TOTAL</b>	<b>11,775,231,412</b>	<b>100.00</b>

### 2.2 Breakdown of Grants

Table 2 shows the breakdown of conditional grants for 2018/2019 FY.

**Table 2: Breakdown of grants**

SOURCE OF GRANT	AMOUNT
Compensation for User Fees Forgone	22,499,906
Road Maintenance Fuel Levy Fund (RMFL)	229,832,234
World Bank (KUSP)	272,374,200
World bank (Universal health)	100,000,000
World Bank (KDSP)	57,462,594
World bank loan for national agricultural and rural inclusive growth project (NARIGP)	140,435,163

DANIDA grant for universal health care devolved system program	29,008,125
Conditional grants for development of youth polytechnics	58,465,000
<b>Gross – Grants</b>	<b>910,077,222</b>

### 2.3 Transfers from the National Government

For quarter one of 2018/2019 FY which is under review, the County received Kshs. 1,047,504,000.00 as the national equitable share which is 12% of the budget equitable share for the year. The disbursements are shown in table 3.

**Table 3: Transfers from the National Government**

RELEASE DATE	AMOUNT (KSHS)
11/09/2018	436,460,000.00
28/09/2018	611,044,000.00
<b>Total</b>	<b>1,047,504,000.00</b>

### 2.4 Locally Generated Revenue

The County Government targeted to collect Kshs 500,000,000 from local sources during FY 2018/2019. The actual achievement in quarter one was Kshs 99,446,276.05 which translates to 19.9% of the targeted collection.

The monthly collection breakdown is shown in table 4.

**Table 4: Locally Generated Revenue**

Source	July-18	Aug-18	Sep-18	Total
The County Treasury	6,883,994	6,834,048	5,549,146	19,267,188
Kitui Municipality	7,128,760	3,019,070	2,673,430	12,821,260
Mwingi Town Administration	2,086,110	1,853,520	1,600,720	5,540,350
Office of the Governor	1,260,820	1,000,900	543,850	2,805,570
Ministry of Lands, Infrastructure, Housing and Urban Development	2,197,275	1,753,137	1,094,993	5,045,405
Ministry of Agriculture, Water and Livestock Development	1,436,405	976,883	404,405	2,817,693
Ministry of Environment and Natural Resources	24,200	225,900	26,400	276,500
Ministry of Health and Sanitation	0	0	23,452,149	23,452,149
Ministry of Tourism, Sports and Culture	10,000	0	40,000	50,000
Ministry of Trade, Cooperatives and Investments	16,581	91,620	147,562	255,763
Direct Deposits	14,288,048.00	7,800,455.65	5,025,894.40	27,114,398.05
<b>Total</b>	<b>35,332,193.00</b>	<b>23,555,533.65</b>	<b>40,558,549.40</b>	<b>99,446,276.05</b>

**Note: Direct Deposits is the revenue collected and deposited directly into Kitui Revenue Account but not attributed to any Ministry.**

**Table 5: Absorption rates per ministry**

County Ministry	Total Budget Estimates	Actual expenditure	% Absorption rate
Office of the Governor	1,408,434,458.40	267,661,014.00	19.0
Ministry of Administration and Coordination County Affairs	373,000,131.03	158,599,647.00	42.5
The County Treasury	565,634,571.37	32,428,983.00	5.7
Ministry of Health & Sanitation	2,927,255,171.54	685,013,727.00	23.4
Ministry of Basic Education, ICT & Youth Development	708,834,038.25	73,416,316.00	10.4
Ministry of Trade, Cooperatives & Investment	747,039,411.39	45,463,383.00	6.1
Ministry of Lands, Infrastructure, Housing & Urban Development	1,114,518,904.74	127,166,188.00	11.4
Ministry of Tourism, Sports & Culture	272,128,094.37	16,266,847.00	6.0
Ministry of Agriculture, Water & Livestock Development	1,714,677,755.00	126,465,967.00	7.4
Ministry of Environment & Natural Resources	256,599,581.33	16,818,450.00	6.6
County Public Service Board	61,138,129.58	5,564,563.00	9.1
County Assembly Service Board	1,034,797,246.00	112,275,245.00	10.8
Kitui Town Administration (County Headquarters)	454,686,070.27	17,086,373.00	3.8
Mwingi Town Administration	136,487,849.38	3,002,457.00	2.2
<b>TOTALS</b>	<b>11,775,231,412.66</b>	<b>1,687,229,160.00</b>	<b>14.3</b>

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

The Controller of Budget approved the release of Kshs. 1,827,898,122 broken down into the below expenditure lines:

**Table 6: First Quarter Expenditure Summary**

Expenditure Line	Kshs	%
Recurrent	1,527,398,423	84
Development	300,499,699	16
<b>Total</b>	<b>1,827,898,122</b>	<b>100</b>

## 2.6 First Quarter Expenditure Summary by Entity

During the period under review, the County spent a total of Kshs. 1,687,229,160.00 which was 92.30% of the funds released. Out of this amount, Kshs. 1,270,749,704.00 (75.32%) went to finance recurrent activities while Kshs. 416,479,456.00 (24.68%) financed development.

Analysis of recurrent expenditure reveals that the County spent Kshs. 981,830,554.00 on personnel emoluments translating to 77.3% of the total recurrent expenditure, while Kshs 288,919,150.00 (22.7%) was spent on operations and maintenance.

**Table 7: First Quarter Expenditure by entity**

Spending Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Office of the Governor	92,812,577.00	34.68	93,144,450.00	34.80	81,703,987.00	30.53	267,661,014.00
Administration & Coordination of County Affairs	152,404,564.00	96.09	6,195,083.00	3.91	-	0.00	158,599,647.00
The County Treasury	1,520,661.00	4.69	30,908,322.00	95.31	-	0.00	32,428,983.00
Health and Sanitation	603,675,288.00	88.13	31,632,064.00	4.62	49,706,375.00	7.26	685,013,727.00
Basic Education, ICT, & Youth Development	44,261,290.00	60.29	6,948,292.00	9.46	22,206,734.00	30.25	73,416,316.00
Trade, Cooperatives and Investments	1,190,968.00	2.62	2,041,231.00	4.49	42,231,184.00	92.89	45,463,383.00
Lands, Infrastructure, Housing, & Urban Development	1,369,504.00	1.08	35,193,326.00	27.68	90,603,358.00	71.25	127,166,188.00
Tourism, Sports and Culture	383,818.00	2.36	14,414,040.00	88.61	1,468,989.00	9.03	16,266,847.00
Agriculture, Water & Livestock Development	325,621.00	0.26	10,088,504.00	7.98	116,051,842.00	91.77	126,465,967.00
Environment & Natural Resources	2,054,011.00	12.21	6,800,249.00	40.43	7,964,190.00	47.35	16,818,450.00
County Public Service Board	632,100.00	11.36	4,932,463.00	88.64	-	0.00	5,564,563.00
County Assembly	80,060,889.00	71.31	32,214,356.00	28.69	-	0.00	112,275,245.00
Kitui Municipality	1,139,263.00	6.67	12,348,228.00	72.27	3,598,882.00	21.06	17,086,373.00
Mwingi Town Administration	-	-	2,058,542.00	68.56	943,915.00	31.44	3,002,457.00
<b>Grand Total</b>	<b>981,830,554.00</b>	<b>58.19</b>	<b>288,919,150.00</b>	<b>17.12</b>	<b>416,479,456.00</b>	<b>24.68</b>	<b>1,687,229,160.00</b>

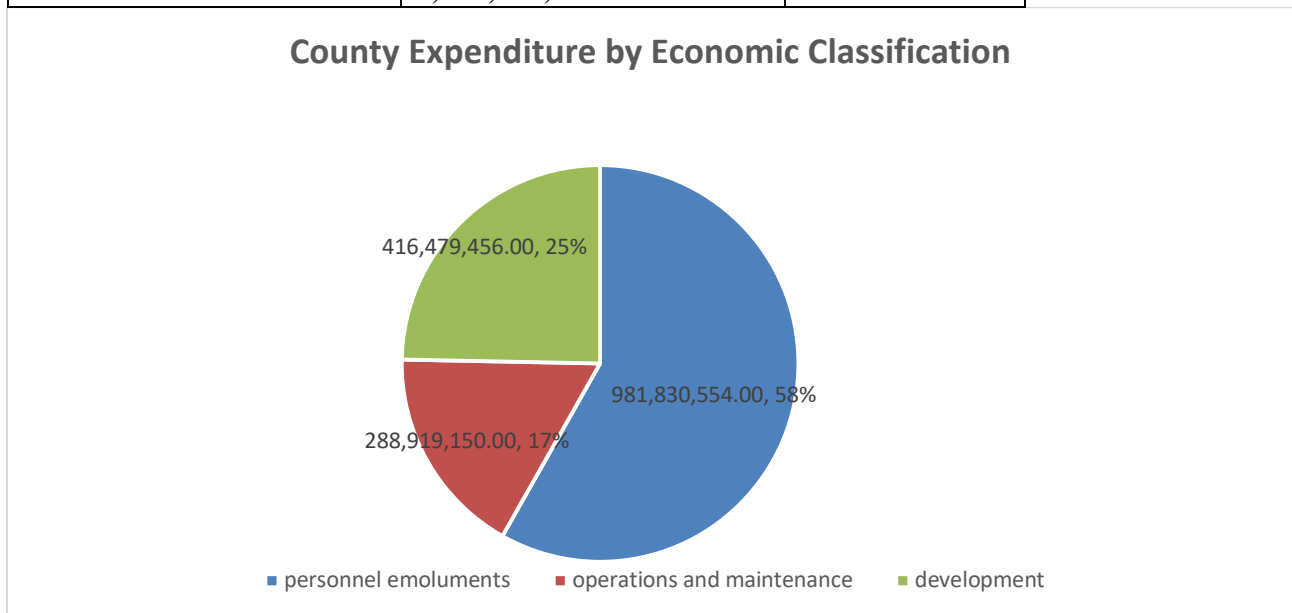
*Note: The expenditure amount of Kshs. 1,687,229,160.00 is less than the Controller of Budget approved amount of Kshs. 1,827,898,122.00 due to the balance brought forward from FY 2017/18.*

## 2.7 County Expenditure as per Economic Classification

The table below analyses expenditure by the various spending entities.

**Table 8: County Expenditure as per Economic classification**

<b>Economic Classification</b>	<b>Amount Spent</b>	<b>Percentage (%)</b>
Personnel Emoluments	981,830,554.00	<b>58.2</b>
Operations and Maintenance	288,919,150.00	<b>17.1</b>
Development	416,479,456.00	<b>24.7</b>
<b>Total</b>	<b>1,687,229,160.00</b>	<b>100.0</b>



**Figure 1: County Expenditure**

## **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. 267,661,014.00. Out of this, Kshs. 81,703,987.00, (30.53%) financed development projects, Kshs. 92,812,577.00, (34.68%) was spend on Personnel Emoluments while Kshs. 93,144,450.00, (35.80%) was spent on Operations and Maintenance.



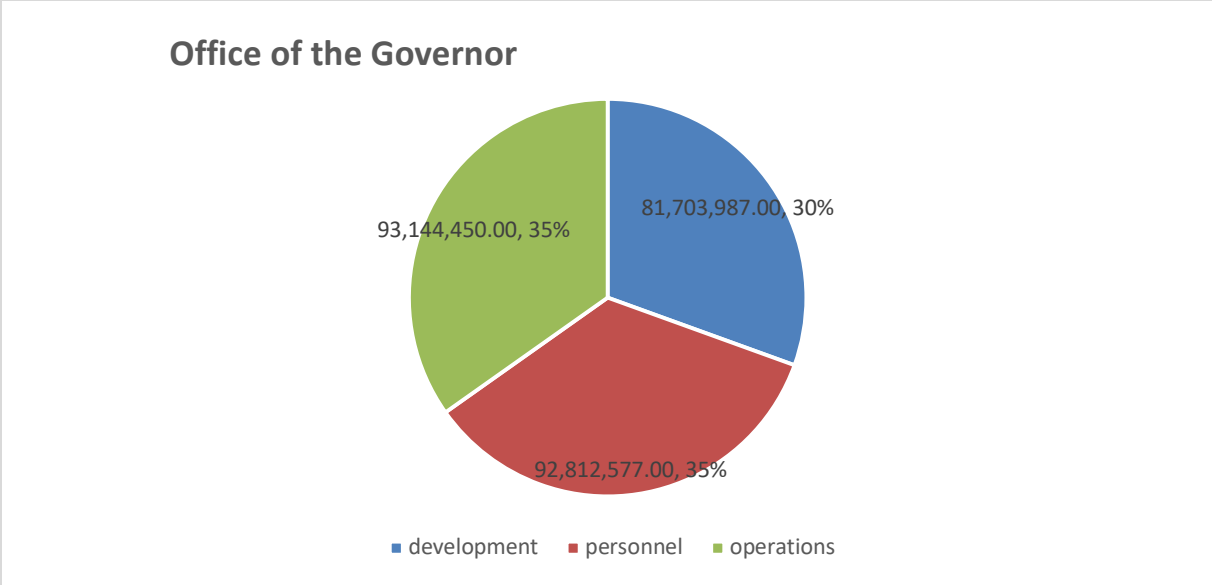


Figure 2: Office of the Governor

**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. 152,404,564.00, (96.09%) financed personnel emoluments while Kshs. 6,195,083.00, (3.91%) was spent on operations and maintenance. There was no development expenditure in Quarter 1.

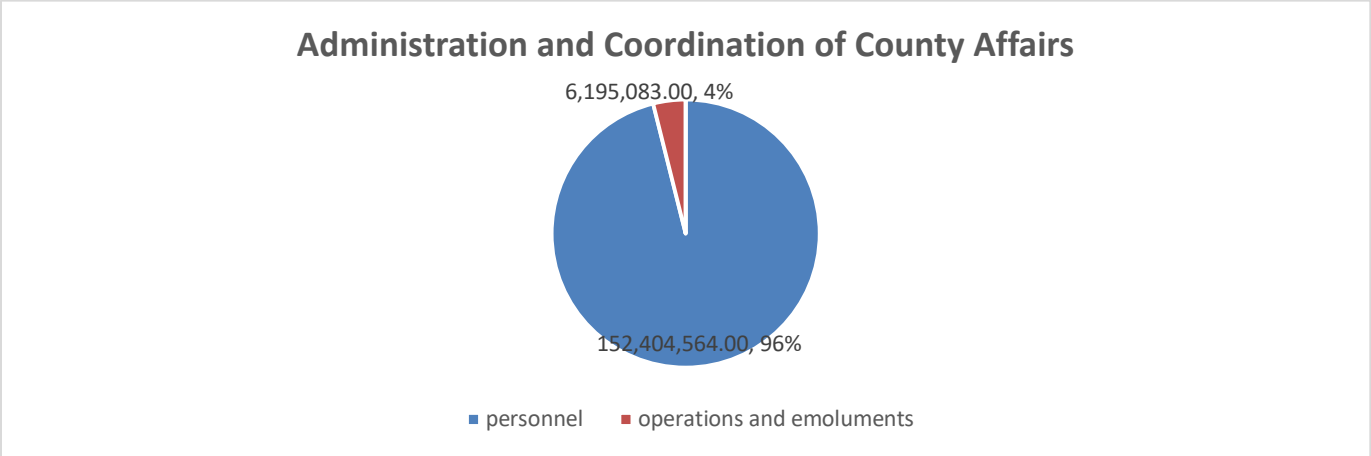


Figure 3: Administration and Coordination of County Affairs

**2.8.3 The County Treasury**

During the first quarter of FY 2018/2019, the County Treasury spent a total of Kshs. 32,428,983.00. This expenditure was broken down into; personnel emoluments Kshs. 1,520,661.00,(4.69%), operations and maintenance Kshs 30,908,322.00, (95.31%).

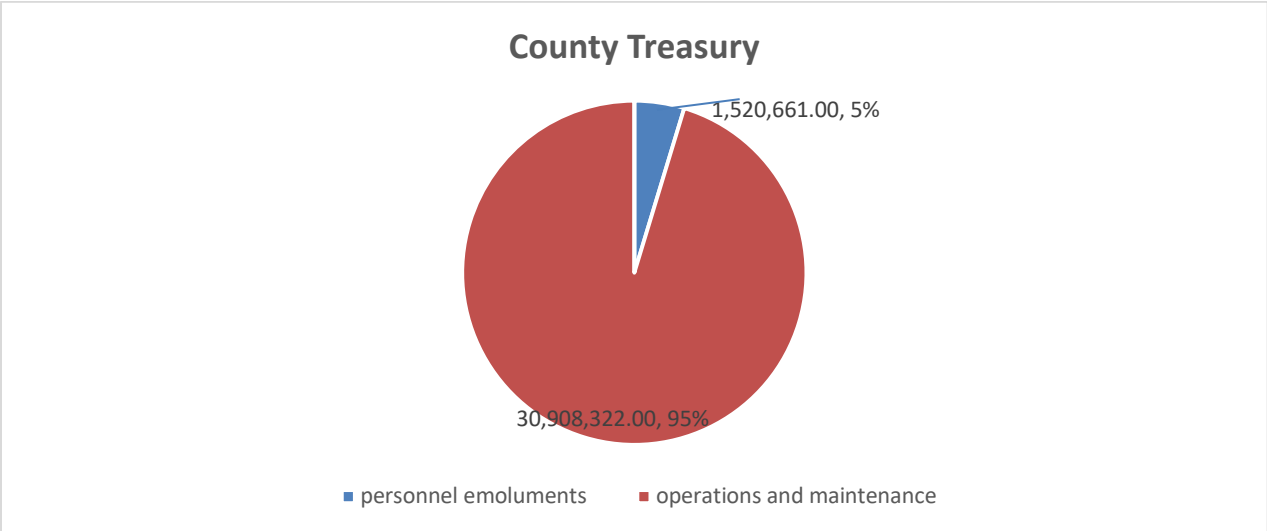


Figure 4: The County Treasury

**2.8.4 Health and Sanitation**

The County Ministry of Health and Sanitation had, in quarter one of 2018/2019, incurred a total expenditure of Kshs. 685,013,727.00. Out of this Kshs. 49,706,375.00, (7.26%), was spent on development activities, Kshs. 603,675,288.00 which translates to (88.13%) went to Personnel emoluments while Kshs 31,632,064.00, (4.62%) went to Operations and Maintenance.

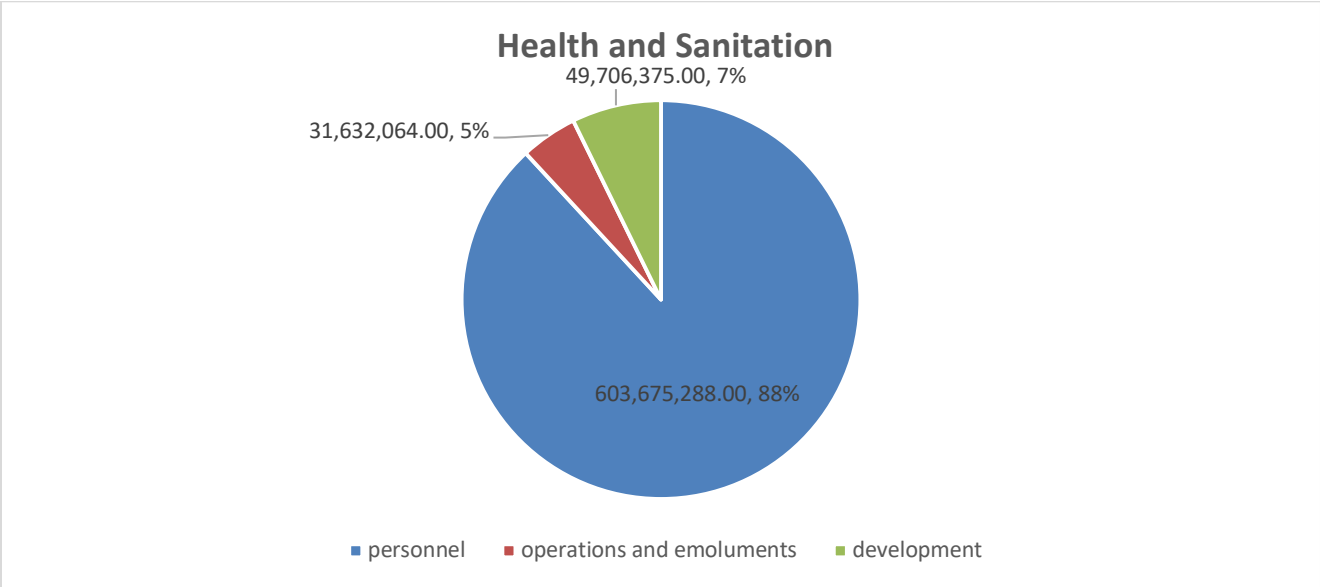
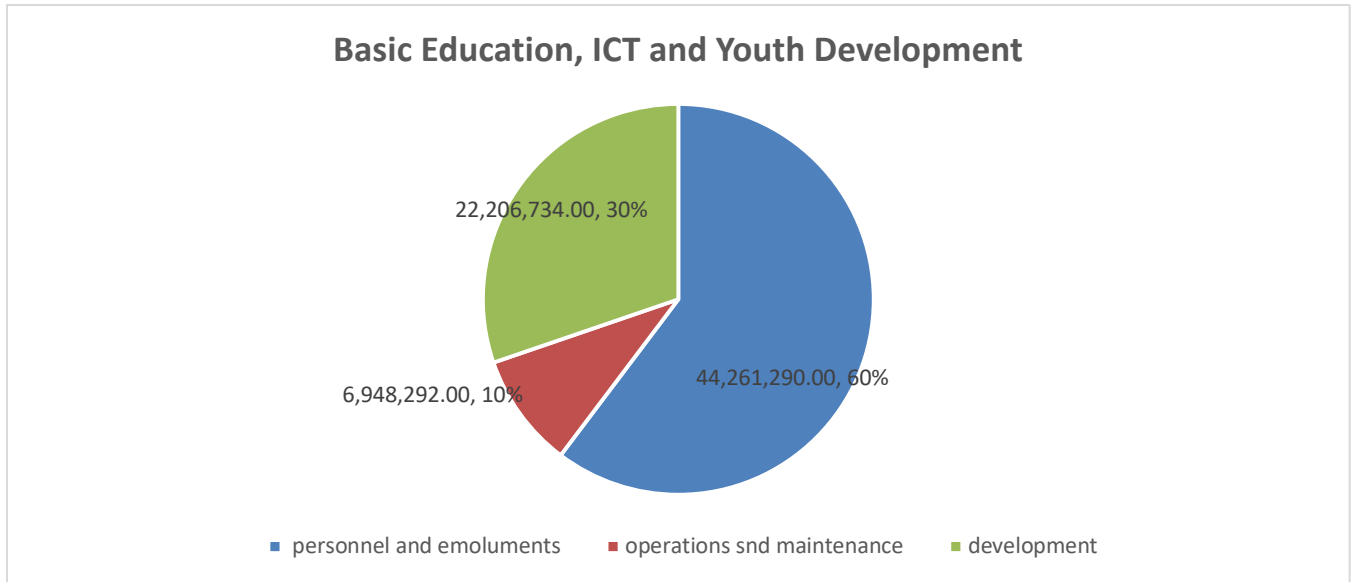


Figure 5: Health and Sanitation

**2.8.5 Basic Education, ICT & Youth Development**

A total of Kshs. 73,416,316.00 was spent in quarter one of FY 2018/2019. This expenditure composed of; Personnel Emoluments Kshs. 44,261,290.00, (60.29%), Operations and

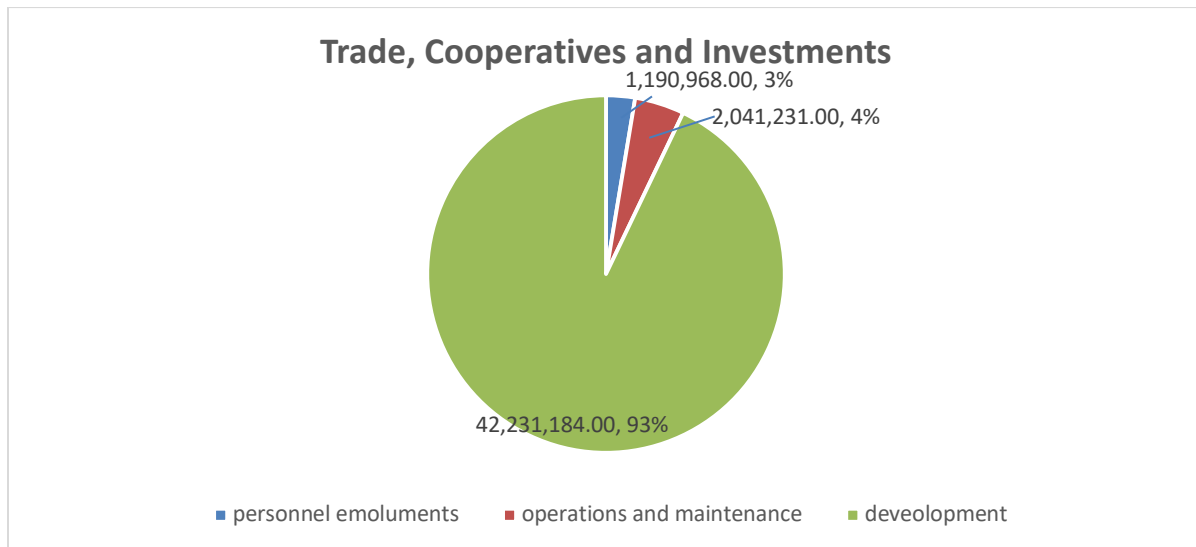
Maintenance was Kshs. 6,948,292.00 (9.46 %) while development expenditure was Kshs. 22,206,734.00, (30.25%)



**Figure 6: Basic Education, ICT & Youth Development**

**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. 45,463,383.00. Out of this amount, Kshs. 1,190,968.00, (2.62%) of total expenditure) went to personnel emoluments, while Kshs. 2,041,231.00, (4.49%) to Operations & Maintenance. Development expenditure amounted to Kshs. 42,231,184.00, (92.89 %)



**Figure 7: Trade, Cooperatives & Investments**

### 2.8.7 Lands Infrastructure, Housing and Urban Development

In the County Ministry of Lands, Infrastructure, Housing and Urban Development incurred a total expenditure of Kshs 127,166,188 of which Kshs. 90,603,358.00, (71.25%) was spent on development, Kshs. 1,369,504.00, (1.08%) on personnel emoluments and Kshs. 35,193,326.00 (27.68%) on Operations and Maintenance.

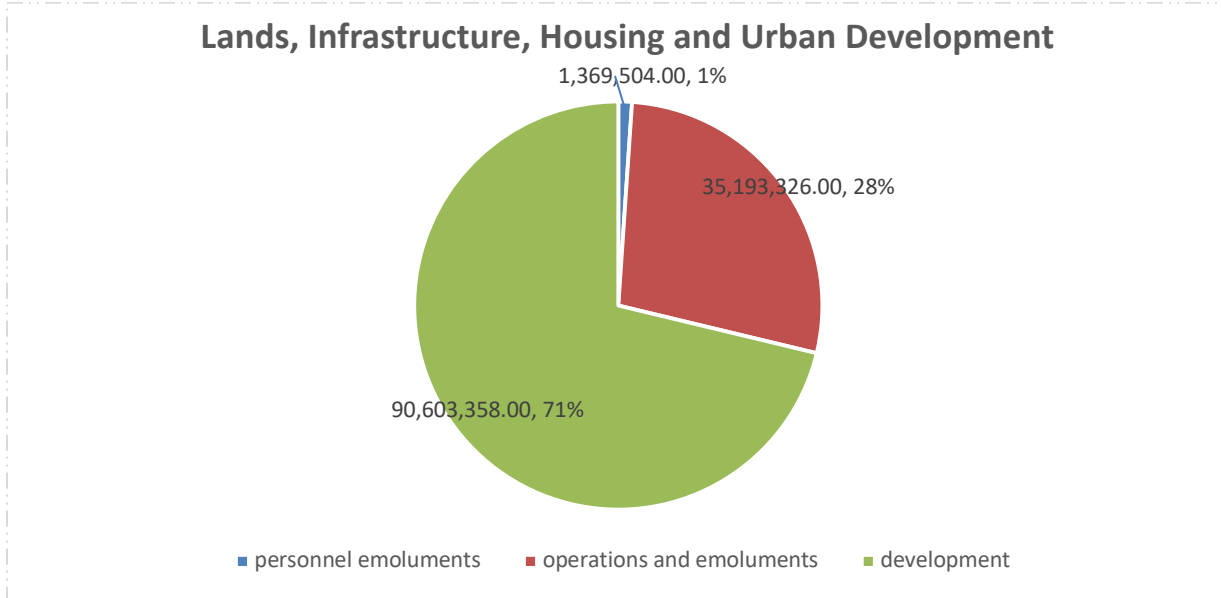
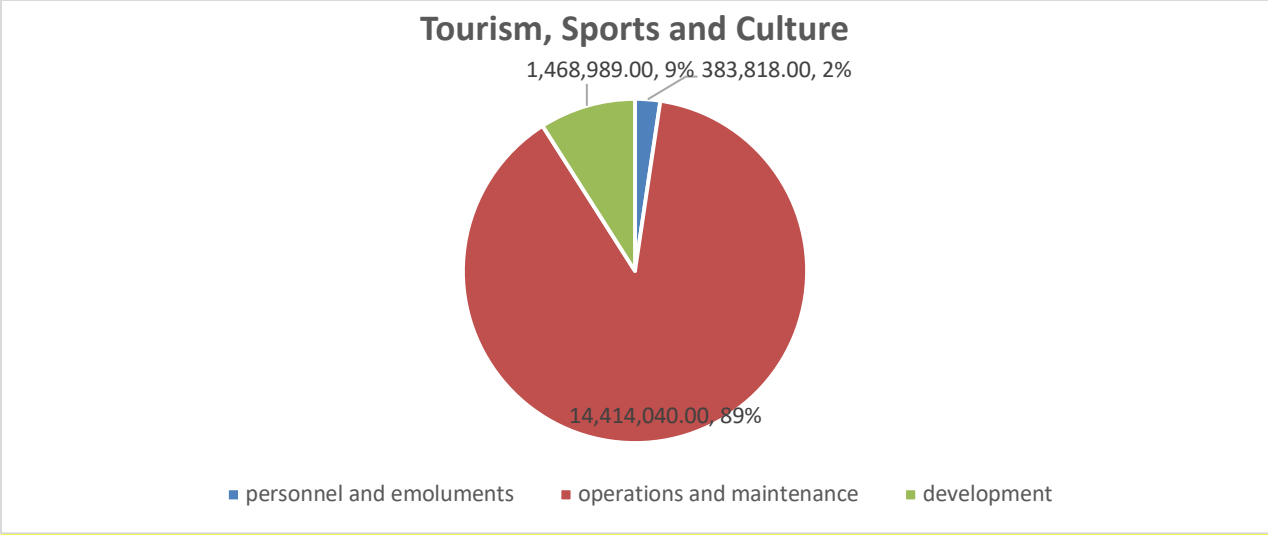


Figure 8: Lands, Infrastructure, Housing and Urban Development

### 2.8.8 Tourism, Sports & Culture

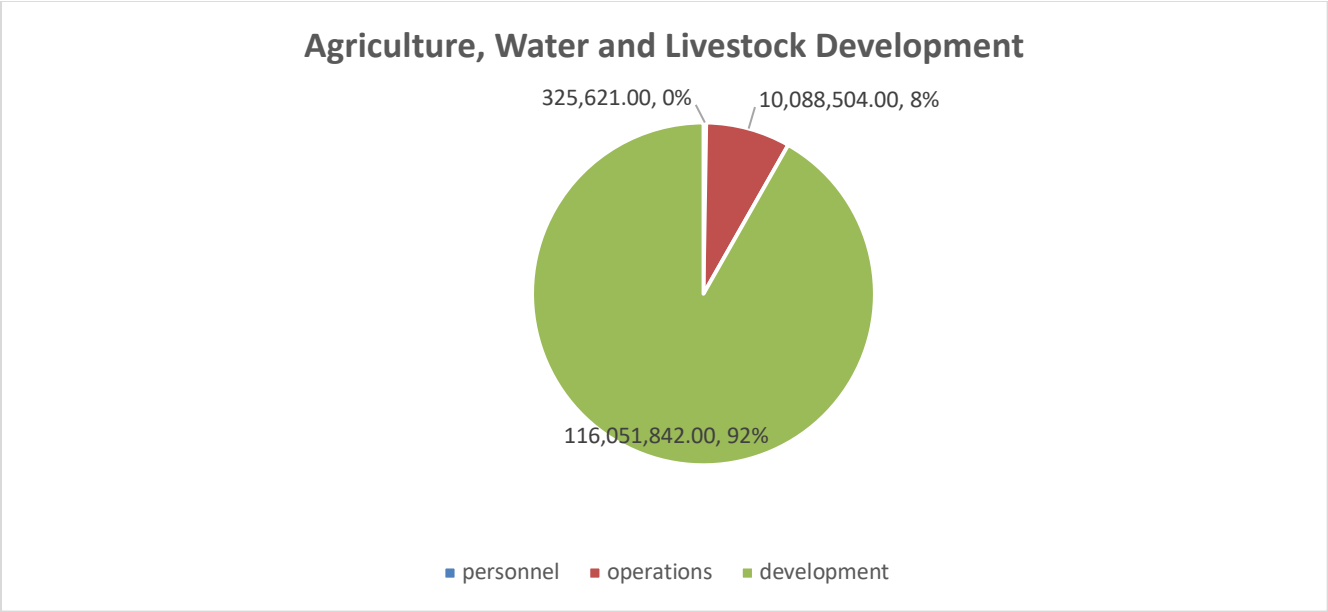
At the Tourism, Sports & Culture Ministry a total expenditure of Kshs 16,266,847 was incurred of which Kshs. 383,818.00, (2.36%) was spent on personnel emoluments, Kshs. 14,414,040.00, (88.61%) on operations and maintenance and Kshs. 1,468,989.00, (9.03%) on development.



**Figure 9: Tourism, Sports& Culture**

**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. 126,465,967.00. Out of this, Kshs. 116,051,842.00, (91.77%) was spent on development, Kshs. 325,621.00, (0.26%) on personnel emoluments and Kshs. 10,088,504.00, (7.98%) on operations and maintenance.

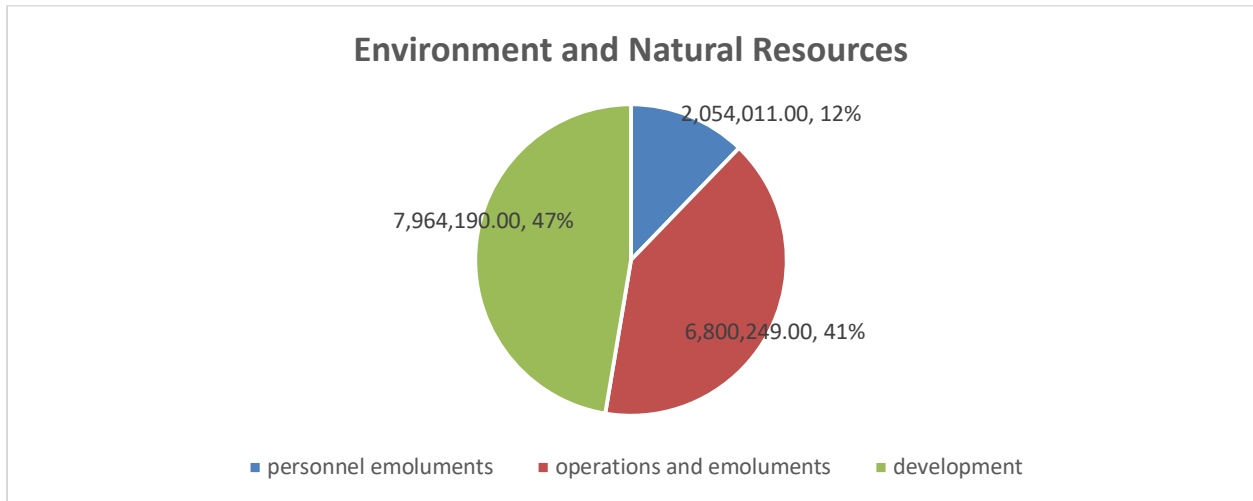


**Figure 10: Agriculture, Water & Livestock Development**

**2.8.10 Environment and Natural Resources**

Expenditure analysis at the ministry of Environment and Natural Resources reveals that a total of Kshs. 16,818,450.00 was spent in the quarter one of FY 2018/2019. The expenditure was broken

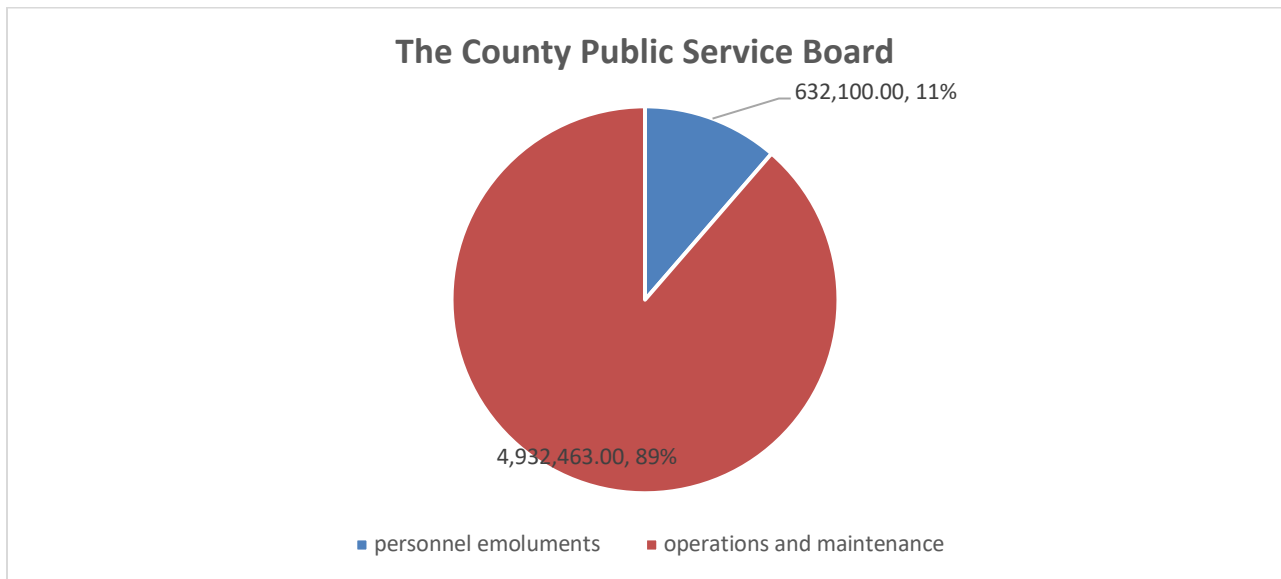
down into; Development Kshs. 7,964,190.00, (47.35%) Personnel Emoluments Kshs. 2,054,011.00, (12.21%) and Operations and Maintenance Kshs. 6,800,249.00, (40.43%)



**Figure 11: Environment & Natural Resources**

**2.8.11 County Public Service Board**

The total expenditure incurred by the County Public Service Board was Kshs. 5,564,563. The Board did not undertake any development project. An analysis of the recurrent expenditure reveals that Kshs. 632,100.00, 11.36% was spent on Personnel Emoluments while Kshs 4,932,463.00, 88.64% was spent on Operations and Maintenance.



**Figure 12: County Public Service Board**

### 2.8.12 The County Assembly

The County Assembly spent a total of Kshs. 112,275,245.00. This expenditure included Kshs. 80,060,889.00, 71.31% spent on personnel emoluments, Kshs. 32,214,356.00, 28.69% Spent on operations and maintenance. The County assembly did not spend on development activities during this quarter.

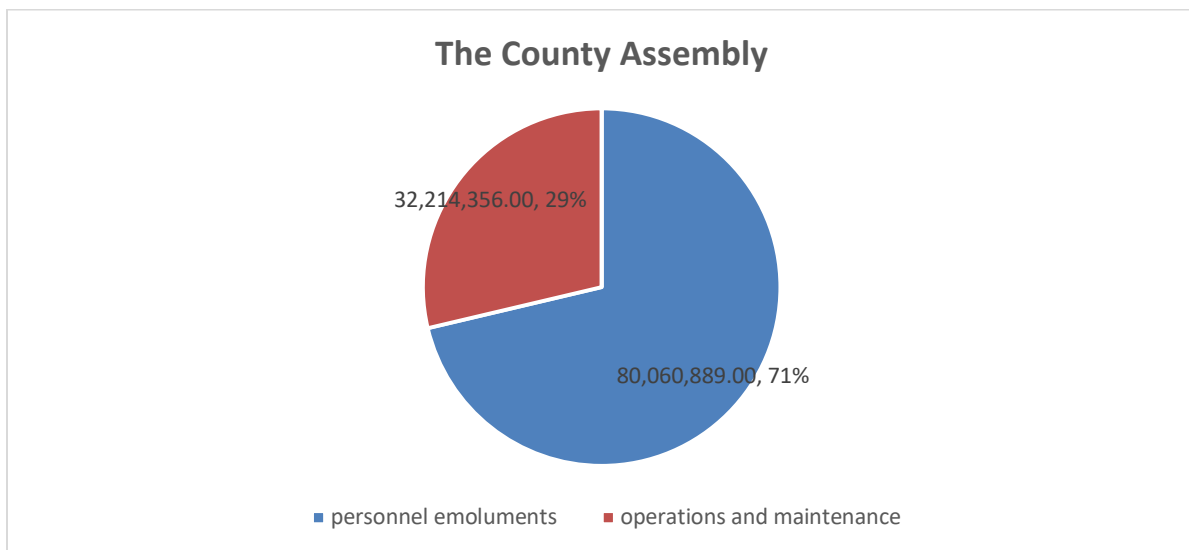


Figure 13: The County Assembly

### 2.8.13 Kitui Municipality

Kitui Municipality spent a total of Kshs 17,086,373.00. This expenditure included the Kshs. 1,139,263.00, 6.67% spent on personnel emoluments, the Kshs.12, 348,228.00, 72.27% spent on operations and maintenance and the Kshs. 3,598,882.00, 21.06% spent on development.

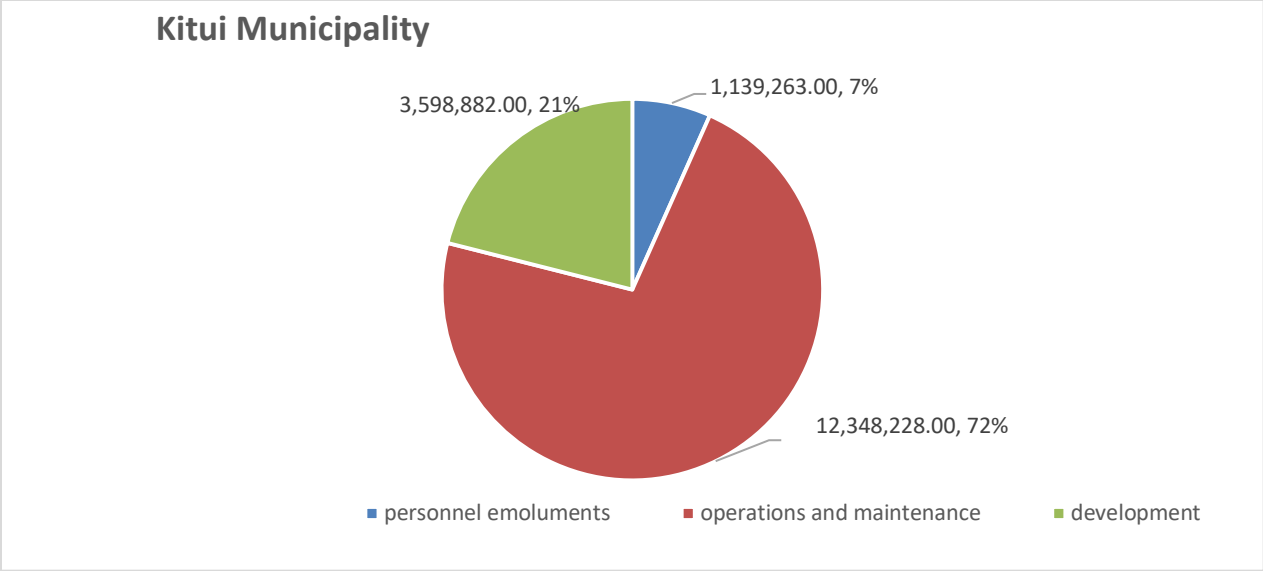


Figure 14: Kitui Municipality

**2.8.14 Mwingi Town Administration**

The Mwingi Town Administration spent a total of Kshs. 3,002,457.00. This expenditure included, Kshs. 2,058,542.00, 68.56% spent on operations and maintenance and Kshs. 943,915.00, 31.44% spent on development.

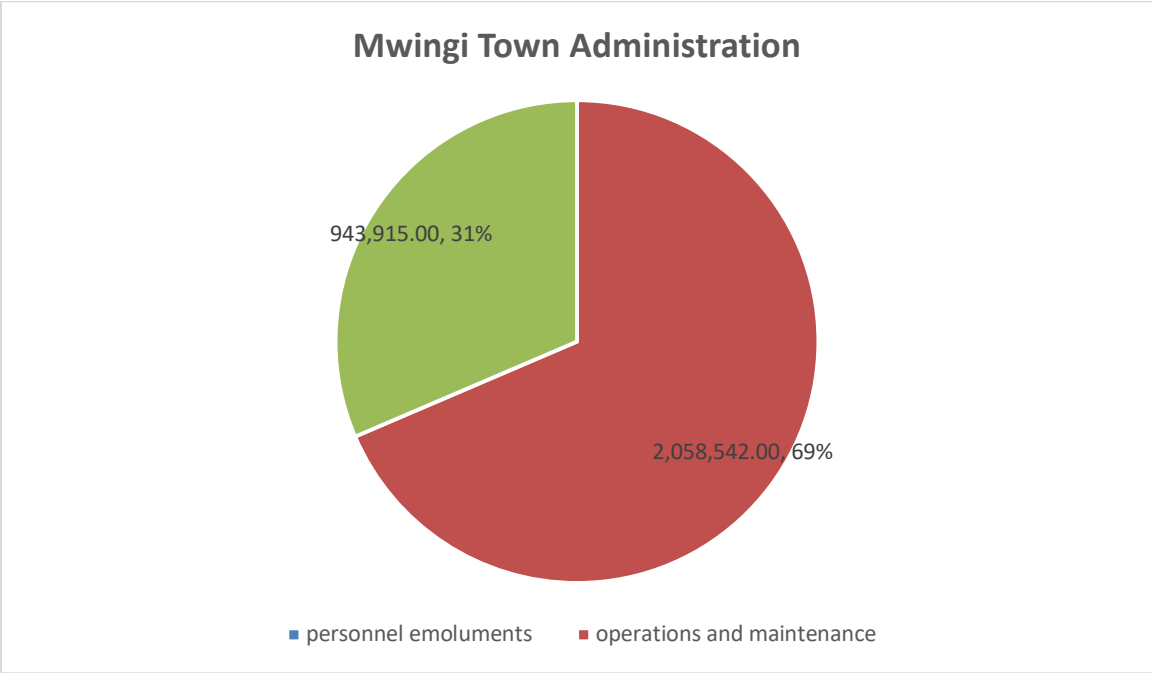


Figure 15: Mwingi Town Administration



### **3.0 IMPLEMENTATION CHALLENGES**

The county experienced several challenges/issues that affected budget implementation during quarter 1 of the financial year 2018/2019.

These are:

- **Exchequer Requisition** :The National Treasury and Controller of Budget disbursement and approval have been slow which has affected absorption of budget
- Delay in release of funds.

### **4.0 RECOMMENDATIONS**

The following recommendations will smoothen implementations in the next phase;

- The County Government need to liaise with the National Government for timely release of funds as per disbursement schedule to foster smooth operations and project implementation.
- The County Government need to liaise with the Controller of Budget to avoid limitations in expenditure to ensure proper implementation of projects.