



COUNTY GOVERNMENT OF KITUI
BUDGET IMPLEMENTATION REPORT
Quarter 1
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 July 2017 to September 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. **10,967,071,045** which consisted of Kshs. 6,409,763,823 (58%) for recurrent expenditure and Kshs. 4,557,307,221(42%) for development expenditure.

The table below shows the various components of the budget:

| SOURCE | AMOUNT | % OF TOTAL BUDGET |
|-------------------------------|-----------------------|--------------------------|
| Balance b/f from FY 2016/2017 | 1,319,665,31 | 12.03 |
| National Equitable Share | 8,368,427,839 | 76.31 |
| Local Revenue Sources | 702,040,500 | 6.40 |
| Grants | 576,937,392 | 5.26 |
| TOTAL | 10,967,071,045 | 100.00 |

Breakdown of Grants

| SOURCE OF GRANT | AMOUNT |
|---------------------------------------------------------------------|--------------------|
| Compensation for User Fees Forgone | 87,216,611 |
| Road Maintenance Fuel Levy Fund | 220,500,000 |
| World Bank Loan to Supplement Financing of County Health Facilities | 231,027,246 |
| Other Grants and Loans | 38,193,535 |
| Gross – Grants | 576,937,392 |

2.1 Transfers from the National Government

For Q1 of 2017/2018 under review, the County received Kshs. 684,644,433.00 as the national equitable share of revenue disbursed as below:

| RELEASE DATE | AMOUNT (KSHS) |
|--------------|-----------------------|
| 24/07/2017 | 412,368,200 |
| 24/08/2017 | 272,276,233 |
| Total | 684,644,433.00 |

2.2 Locally Generated Revenue

The County Government budgeted to locally collect Kshs 702,040,500 during FY 2017/2018. Q1 collection was Kshs 21,706,866 which is 3% of the targeted collection.

The monthly collection breakdown is as below:

| SOURCE | JULY 2017 | AUG 2017 | SEPT 2017 | TOTAL |
|------------------------------------------------|-------------|-------------|-------------|-------------------|
| | KSHS | KSHS | KSHS | KSHS |
| Office of the Governor | 1,205,800 | 518,500 | 1,212,000 | 2,936,300 |
| Ministry of Agri, Water and Irrigation | 3,156,805 | 312,200 | 401,400 | 3,870,405 |
| Ministry of Energy/Environment/Mineral Inv Dev | 6,600 | 846,600 | 685,200 | 1,538,400 |
| Ministry of Health and Sanitation | 0 | 0 | 0 | 0 |
| Ministry of LIUD | 2,099,572 | 1,661,651 | 1,845,648 | 5,606,871 |
| Ministry of Trade | 0 | 0 | 0 | 0 |
| Ministry of Finance and Economic Planning | 4,940,699 | 5,601,845 | 4,561,816 | 15,104,360 |
| Kitui Town Administration | 2,657,500 | 2,528,425 | 1,974,870 | 7,160,795 |
| Mwingi Town Administration | 1,257,880 | 1,171,230 | 1,050,265 | 3,479,375 |
| Receipted Direct Deposits | (8,885,598) | (3,688,872) | (5,415,170) | (17,989,640) |
| TOTAL | | | | 21,706,866 |

2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs 684,644,433.00 which was used for recurrent expenditure

3.0 EXPENDITURE ANALYSIS

3.1 County Summary

During the period under review, the County spent a total of Kshs. 598,072,869 which was 87% of the funds released. Out of this amount, Kshs. 574,412,511 (96%) went to finance recurrent activities while Kshs. 23,660,358 (4%) financed development.

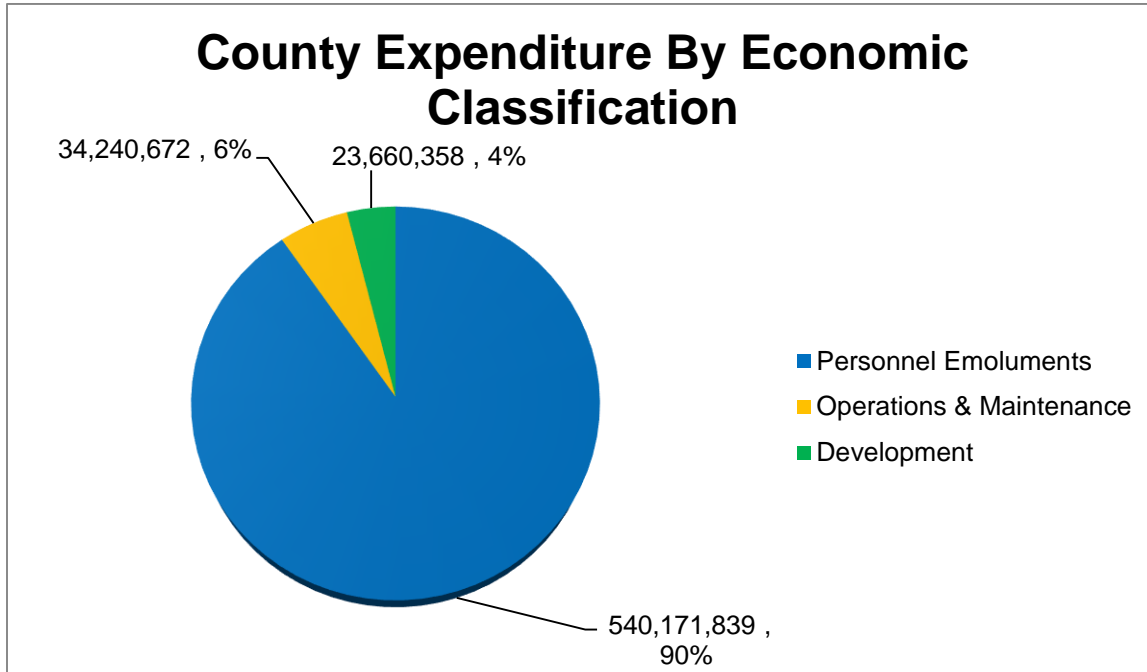
The County Executive spent Kshs. 540,010,794 while County Assembly spent Kshs. 58,062,075 which represent 90% and 10% respectively.

Analysis of recurrent expenditure reveals that the County spent Kshs. 540,171,839 on personnel emoluments translating to 94% of the total recurrent expenditure, while Kshs. 34,240,672 (6%) was spent on operations & maintenance.

| ENTITY | PERSONNEL EMOLUMENTS | | OPERATIONS & MAINTENANCE | | DEVELOPMENT | | TOTAL |
|-------------------------------------------------------------|----------------------|-----|--------------------------|----|-------------|----|------------|
| | KSHS | % | KSHS | % | KSHS | % | |
| Office of the Governor | 714,414 | 3 | 4,838,787 | 19 | 20,000,000 | 78 | 25,553,201 |
| Ministry of Administration & coordination of County Affairs | 76,693,524 | 99 | 454,200 | 1 | | 0 | 77,147,724 |
| Ministry of Agriculture, Water & Coordination | 30,003,221 | 83 | 2,094,841 | 6 | 4,154,358 | 11 | 36,252,420 |
| Ministry of Basic Education, Training & Skills Development | 44,195,900 | 100 | | 0 | | 0 | 44,195,900 |
| Ministry of Lands, Infrastructure & Urban Development | 594,472 | 65 | 325,000 | 35 | | 0 | 919,472 |

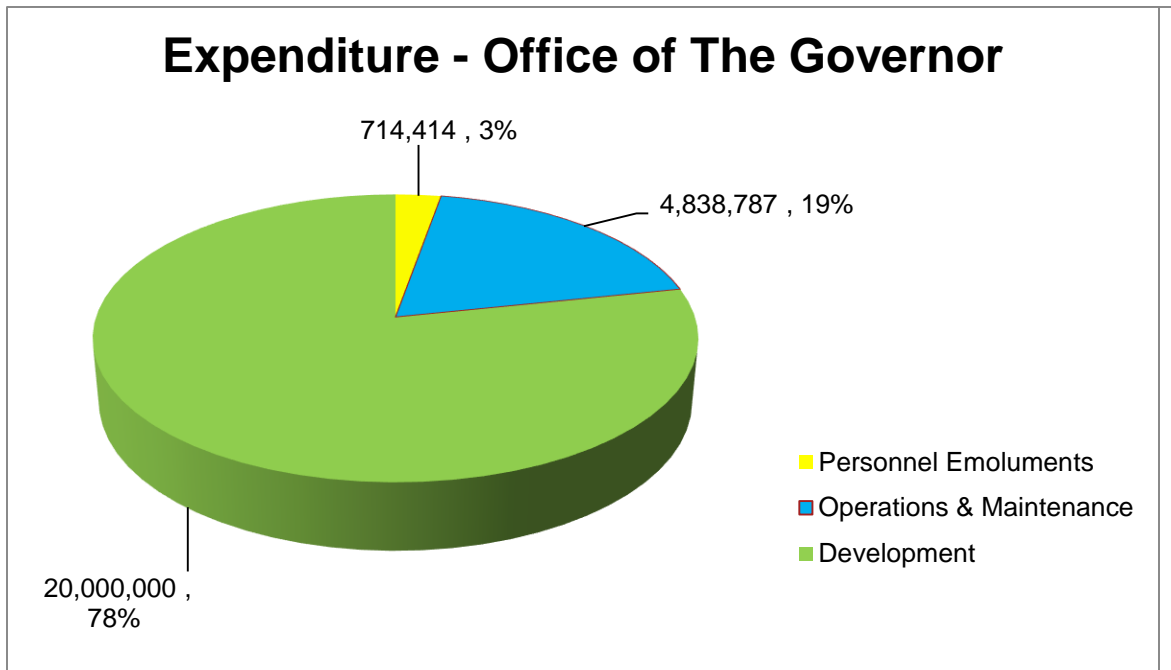
| ENTITY | PERSONNEL EMOLUMENTS | | OPERATIONS & MAINTENANCE | | DEVELOPMENT | | TOTAL |
|---------------------------------------------------------------------|----------------------|-----------|--------------------------|----------|-------------------|----------|--------------------|
| | KSHS | % | KSHS | % | KSHS | % | |
| Ministry of Health & Sanitation | 307,412,944 | 99 | 2,296,463 | 1 | | 0 | 309,709,407 |
| Ministry of Trade, Industry & Cooperatives | - | 0 | 367,504 | 100 | | 0 | 367,504 |
| Ministry of Culture, Youth, Sports & Social Services | 93,301 | 100 | | 0 | | 0 | 93,301 |
| Ministry of Environment, Energy and Mineral Investments Development | 196,874 | 36 | 352,024 | 64 | - | 0 | 548,898 |
| Ministry of Tourism & Natural Resources | 93,301 | 16 | 502,200 | 84 | | 0 | 595,501 |
| Ministry of Finance & Economic Planning | 30,635,165 | 81 | 7,754,278 | 20 | (494,000) | -1 | 37,895,443 |
| County Public Service Board | - | 0 | 1,602,290 | 100 | | 0 | 1,602,290 |
| County Assembly | 44,429,825 | 77 | 13,632,250 | 23 | - | 0 | 58,062,075 |
| Kitui Town Headquarters Administration | 3,926,960 | 100 | - | 0 | - | 0 | 3,926,960 |
| Mwingi Town Administration | 1,181,938 | 98 | 20,835 | 2 | - | 0 | 1,202,773 |
| TOTAL | 540,171,839 | 90 | 34,240,672 | 6 | 23,660,358 | 4 | 598,072,869 |

The table below analyses expenditure by the various spending entities.



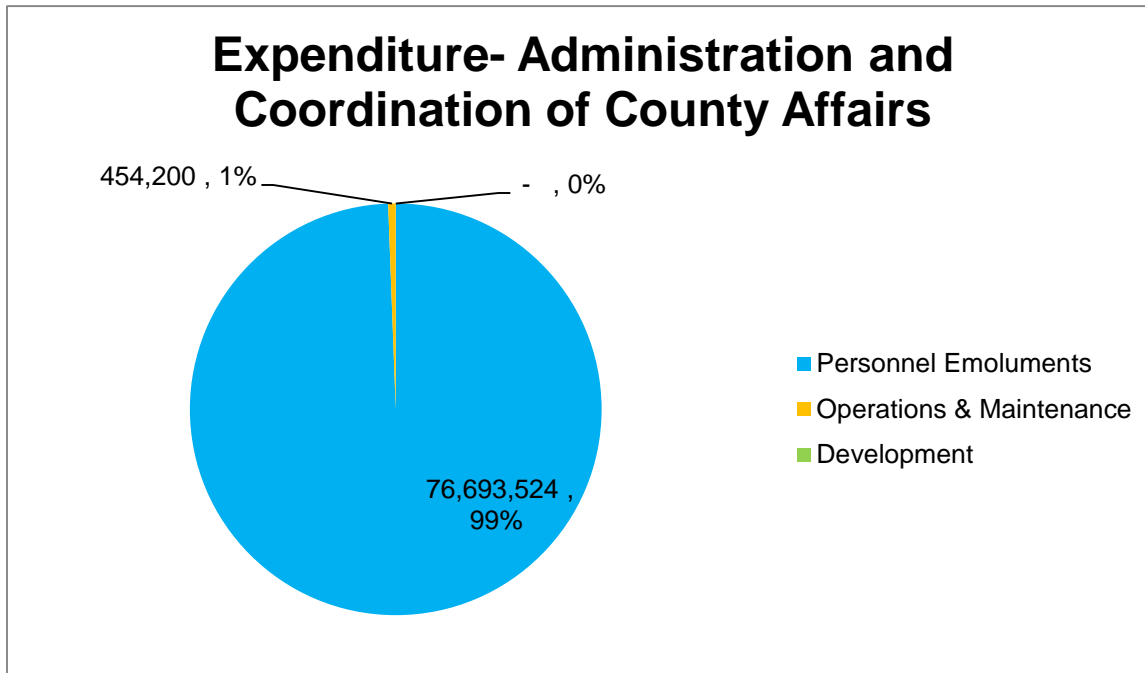
3.2 Office of the Governor

During the period under review, the Office of the Governor spent Kshs 25,553,201. Out of this, Kshs. 20,000,000, 78% financed development projects, Kshs. 714,414, 3% went to Personnel Emoluments while Kshs. 4,838,787, 19% was spent on Operations & Maintenance.



3.3 Administration & Coordination of County Affairs

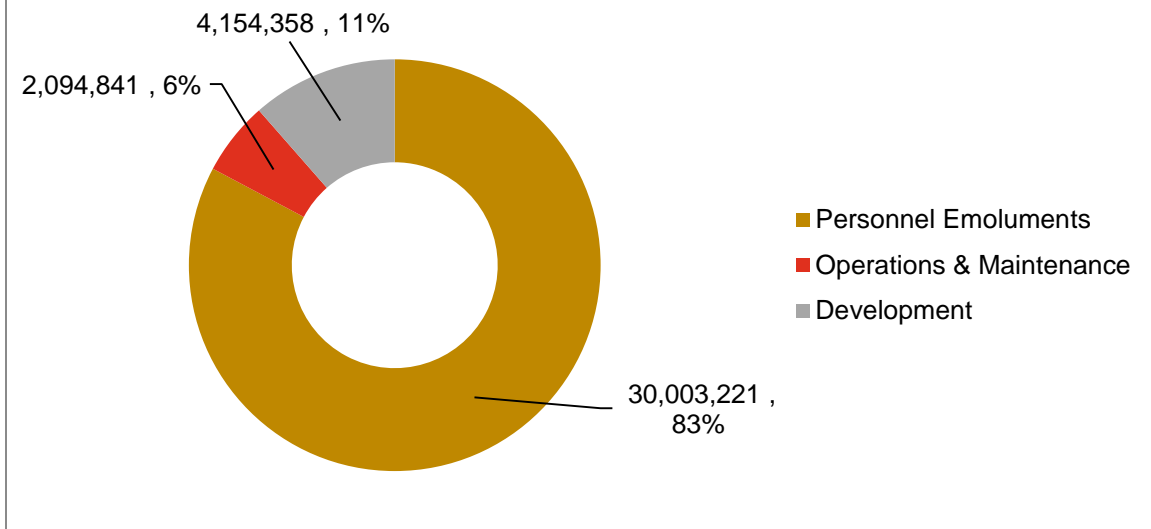
Analysis of the Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs. 76,693,524, 99% financed personnel emoluments while Kshs. 454,200, 1% was spent on operations & maintenance. There amount spent on development was Kshs. 0, 0% of total expenditure.



3.4 Agriculture, Water & Irrigation

During the period under review, the county ministry of Agriculture, Water and Irrigation spent a total of Kshs. 36,252,420. Out of this, Kshs. 4,154,358, 11% was spent on development, Kshs. 30,003,221, 83% on personnel emoluments and Kshs. 2,094,841, 6% on operations and maintenance.

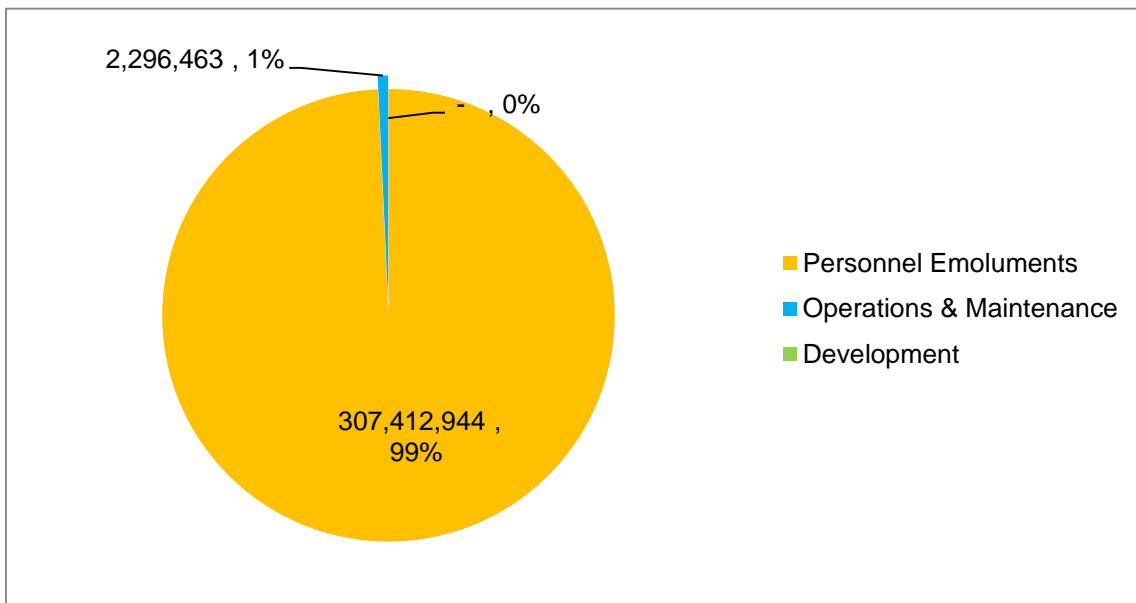
Expenditure - Agriculture, Water & Irrigation



3.5 Health and Sanitation

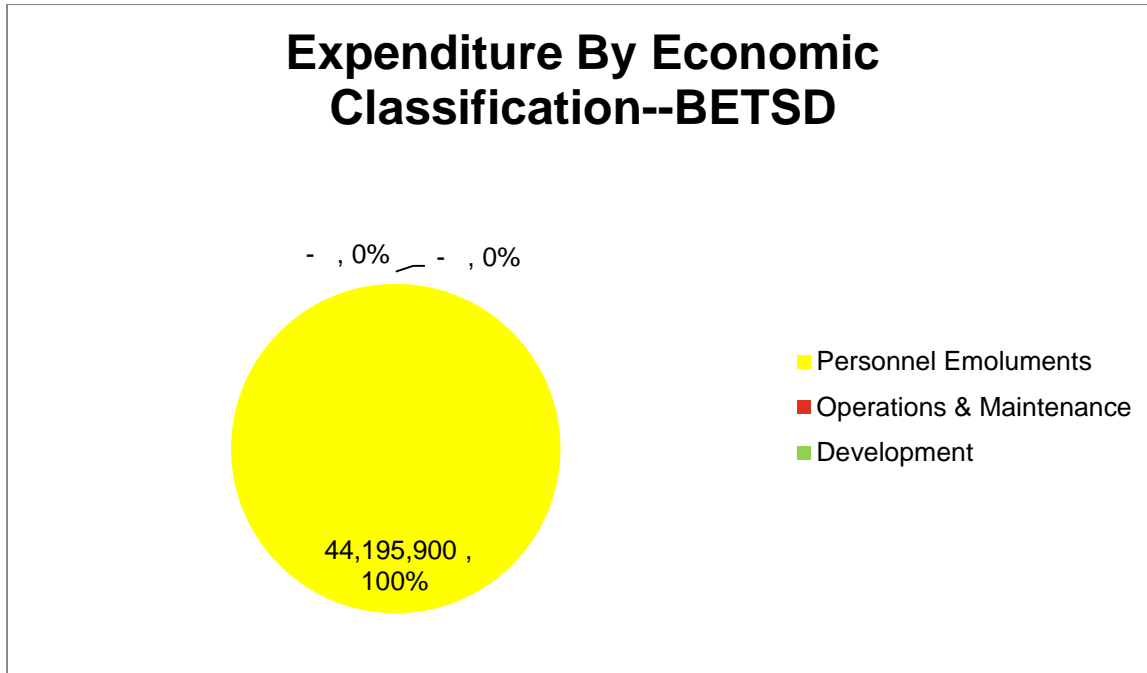
The County Ministry of Health and Sanitation had, in Q1 of 2017/2018, incurred a total expenditure of Kshs. 309,709,407. Out of this Kshs. 0, 0% was spent on development activities and Kshs. 309,709,407, 100% was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs. 307,412,944, 99% went to Personnel emoluments while Kshs 2,296,463, 1% went to Operations & Maintenance.

Expenditure By Economic Classification--Health & Sanitation



3.6 Basic Education, Training & Skills Development

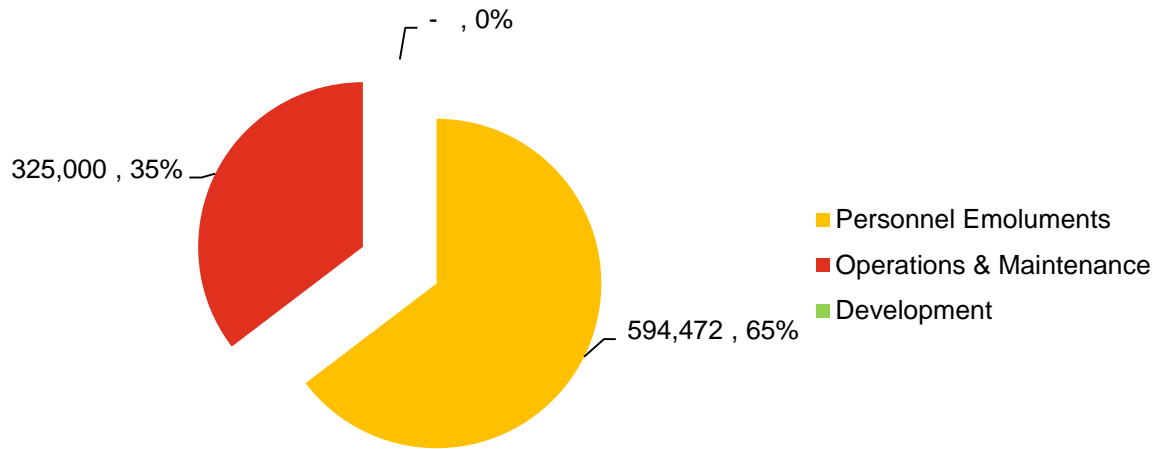
A total of Kshs. 44,195,900 was spent in Q1 of FY 2017/2018. This expenditure was composed of; Personnel Emoluments Kshs. 44,195,900, 100%, Operations & Maintenance Kshs. 0, 0% while development expenditure was Kshs. 0, 0%



3.7 Lands Infrastructure & Urban Development

At the Lands, Infrastructure & Urban Development ministry, a total of Kshs 0, 0% was spent on development, Kshs. 594,472, 65% on personnel emoluments and Kshs. 325,000, 35% on Operations and Maintenance. This translated to 74%, 17% and 9% of total ministry expenditure respectively.

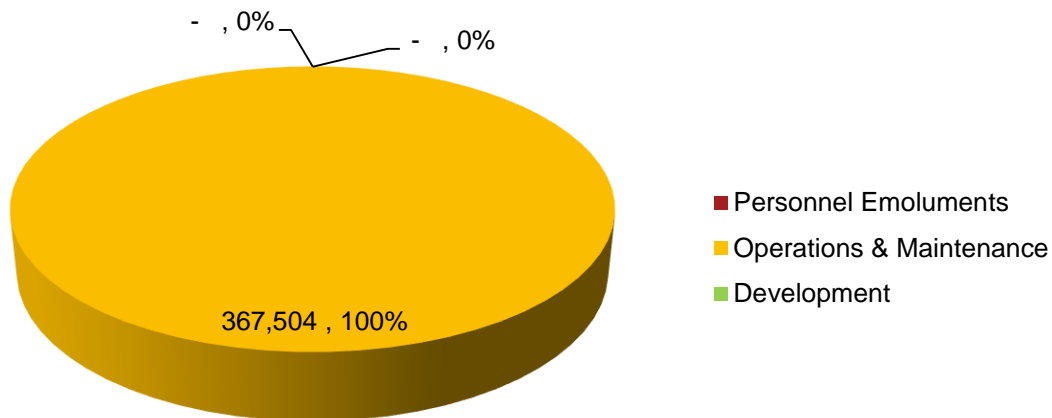
Expenditure By Economic Classification - LIUD



3.8 Trade, Industry, ICT & Cooperatives

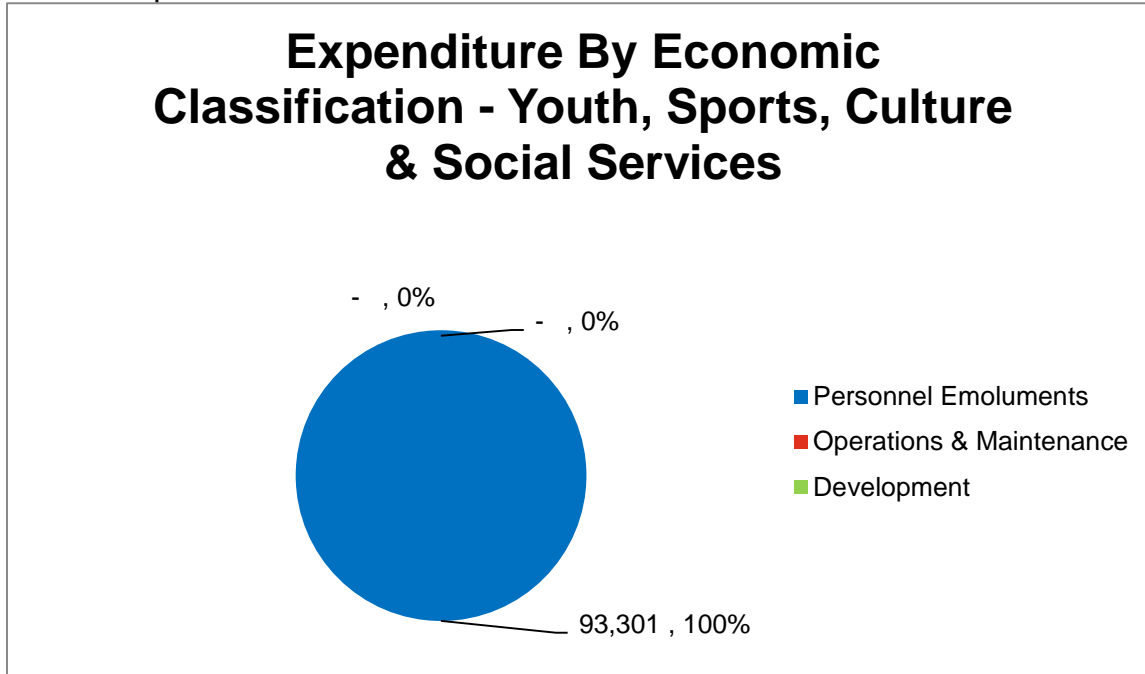
During the period under review, the total expenditure for the County Ministry of Trade, Industry, Cooperatives and ICT was Kshs. 367,504. Out of this amount, Kshs. 0, 0% of total expenditure) went to personnel emoluments, while Kshs. 367,504, 100% to Operations & Maintenance. Development expenditure amounted to Kshs 0, 0%

Expenditure By Economic Classification - MTIIC



3.9 Youth, Sports, Culture & Social Services

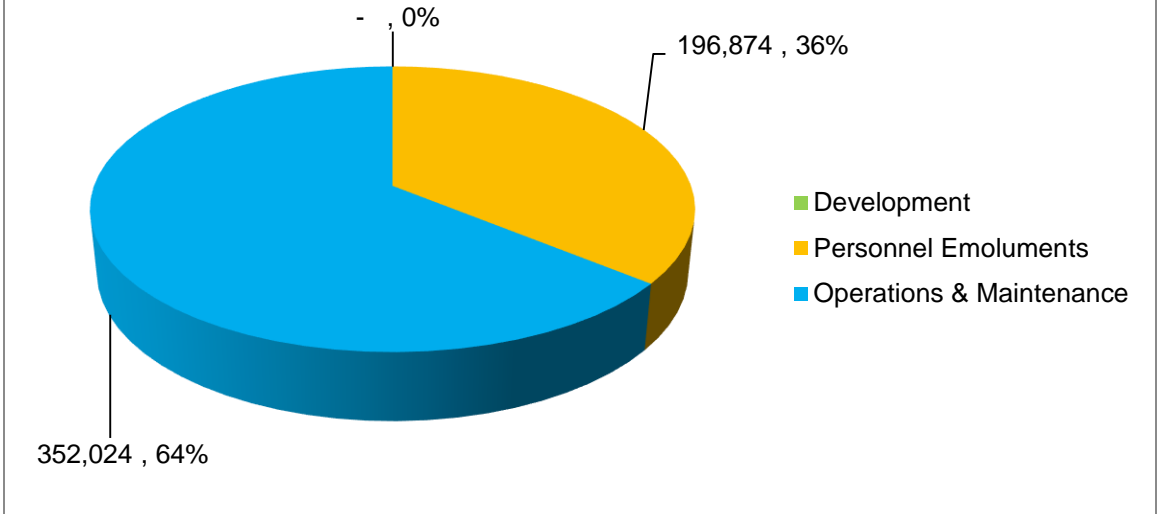
At the Youth, Sports, Culture & Social Services ministry, a total of Kshs. 93,301 was spent in the quarter 1 of FY 2017/2018. The development component of this expenditure was Kshs. 0,0% Kshs. 93,301, 100% was spent on personnel emoluments while Kshs. 0,0% financed operations and maintenance.



3.10 Environment, Energy & Mineral Investments Development

Expenditure analysis at the ministry of Environment, Energy & Mineral Investments Development reveals that a total of Kshs. 548,898 was spent in the quarter 1 of FY 2017/2018. The expenditure was broken down into; Development Kshs. 0,0% Personnel Emoluments Kshs. 196,874, 36% and Operations & Maintenance Kshs. 352,024, 64%

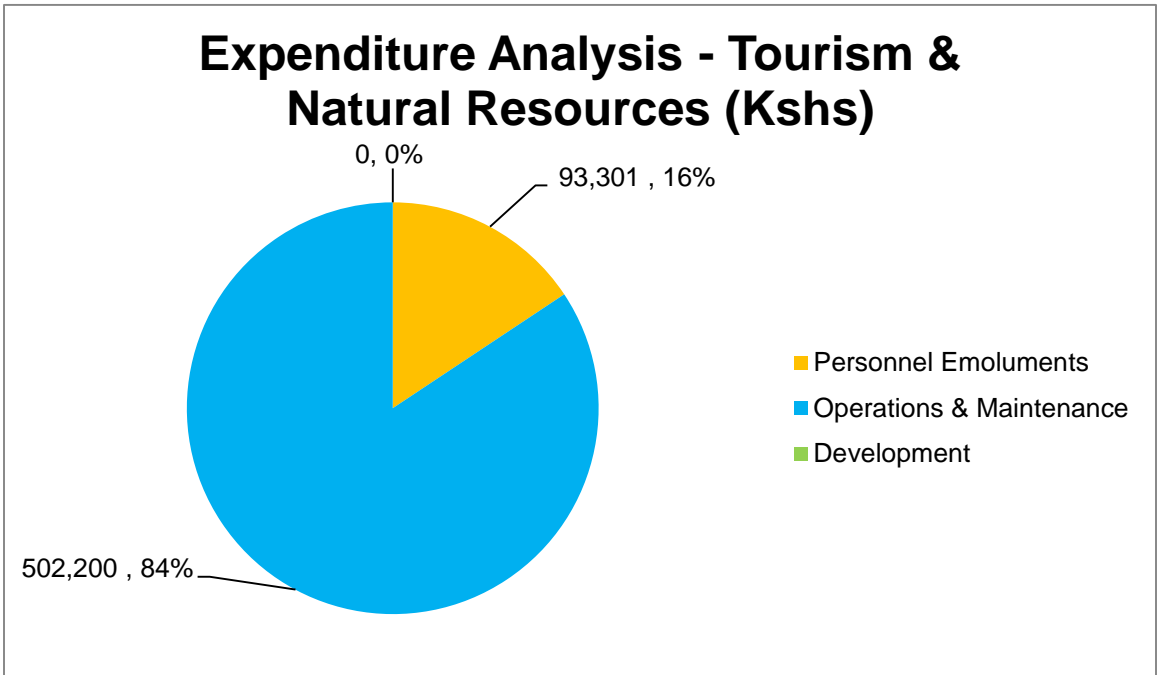
Expenditure By Economic Classification - Kshs



3.11 Tourism & Natural Resources

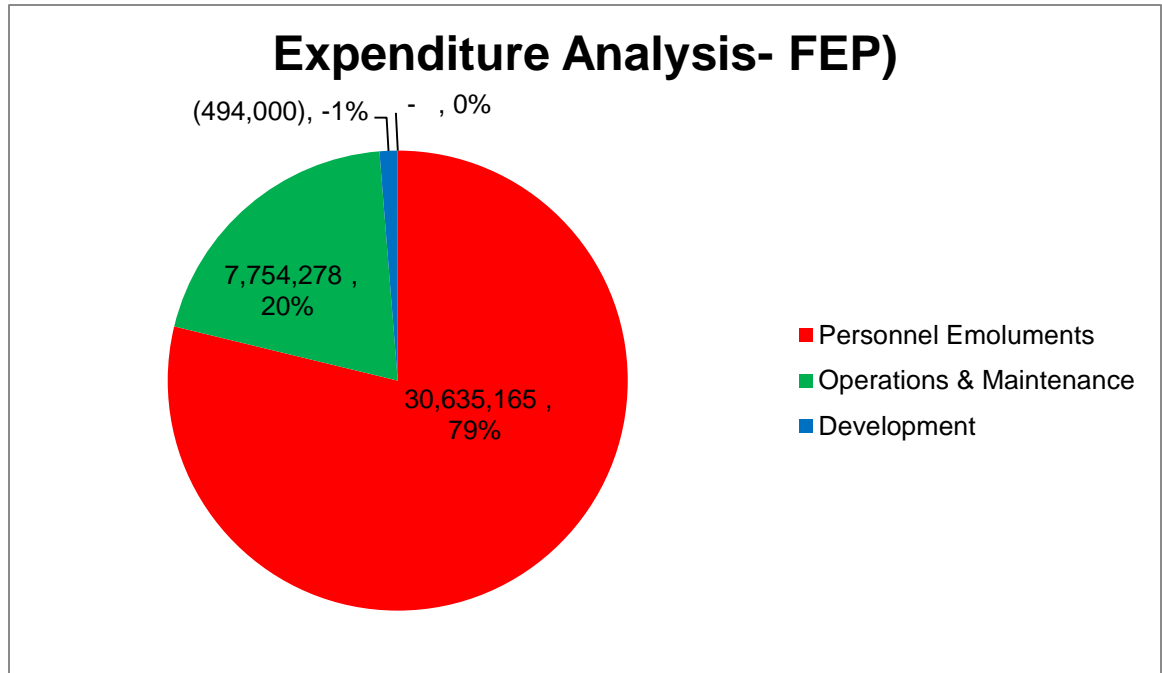
At the Tourism & Natural Resources ministry, Kshs. 93,301, 16% was spent on personnel emoluments, Kshs. 502,200, 84% on operations & maintenance and Kshs.0,0% on development.

Expenditure Analysis - Tourism & Natural Resources (Kshs)



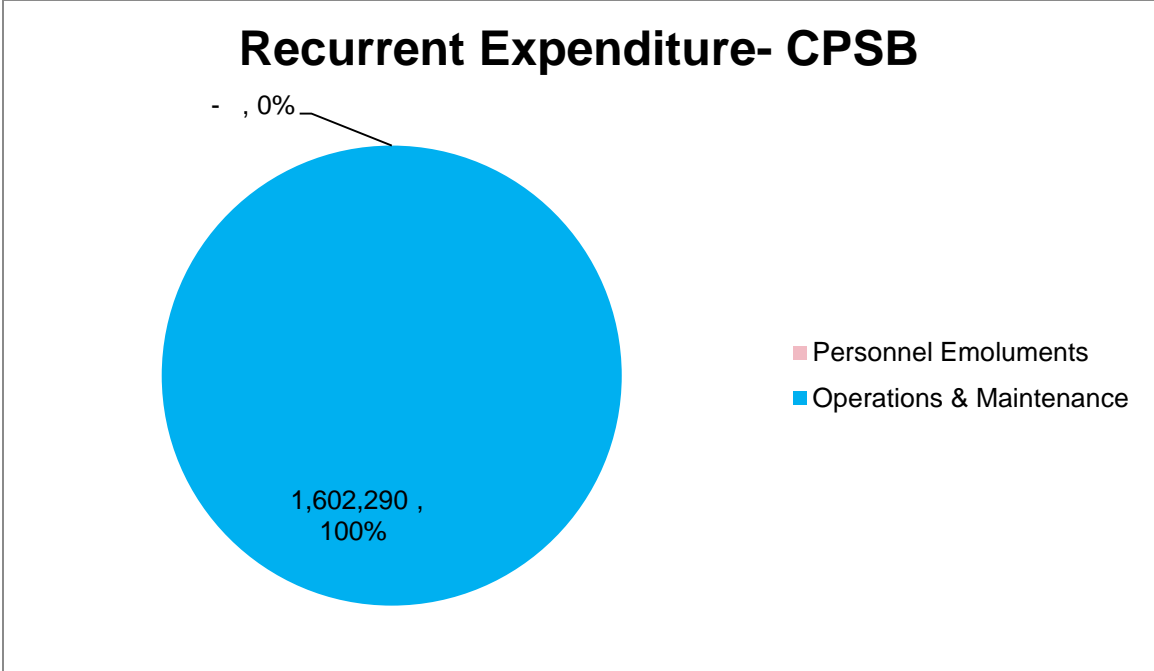
3.12 Finance & Economic Planning

During Q1 of FY 2017/2018, the County Ministry of Finance & Economic Planning spent a total of Kshs. 37,895,443. This expenditure was broken down into; personnel emoluments Kshs. 30,635,165, 79%, operations & maintenance Kshs 7,754,278, 20% while development expenditure amounted to Kshs. (494,000), -1%



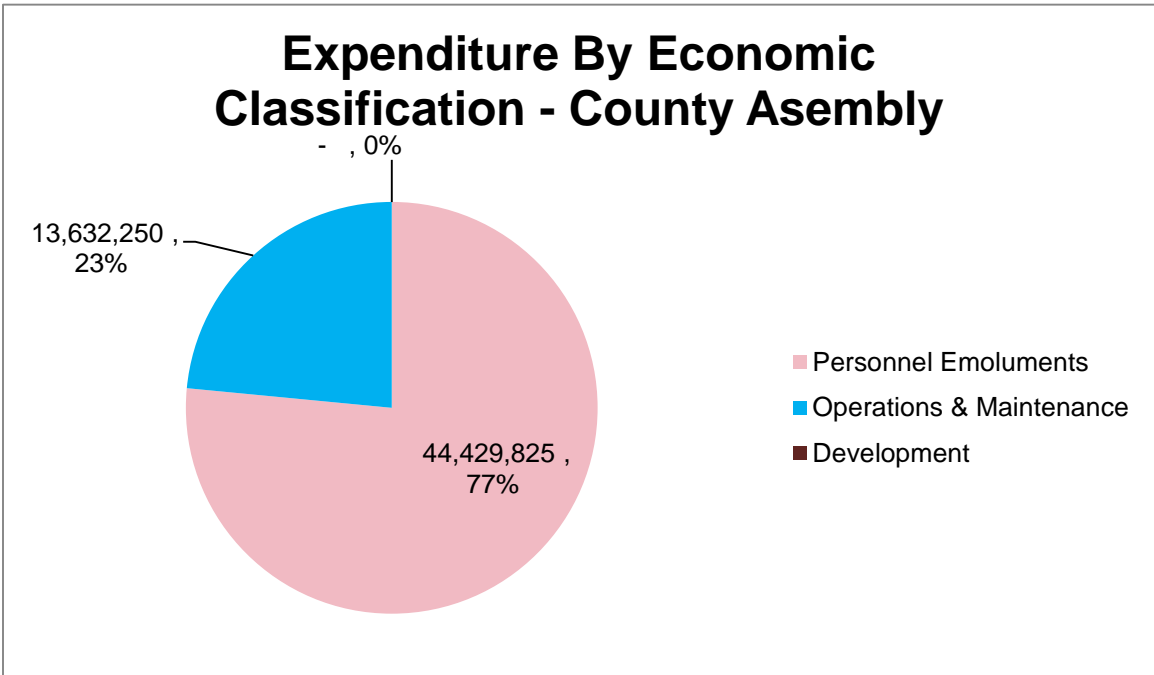
3.13 The County Public Service Board

The County Public Service Board did not undertake any development projects. An analysis of the recurrent expenditure reveals that Kshs. 0,0% was spent on Personnel Emoluments while Kshs 1,602,290, 100% was spent on Operations & Maintenance.



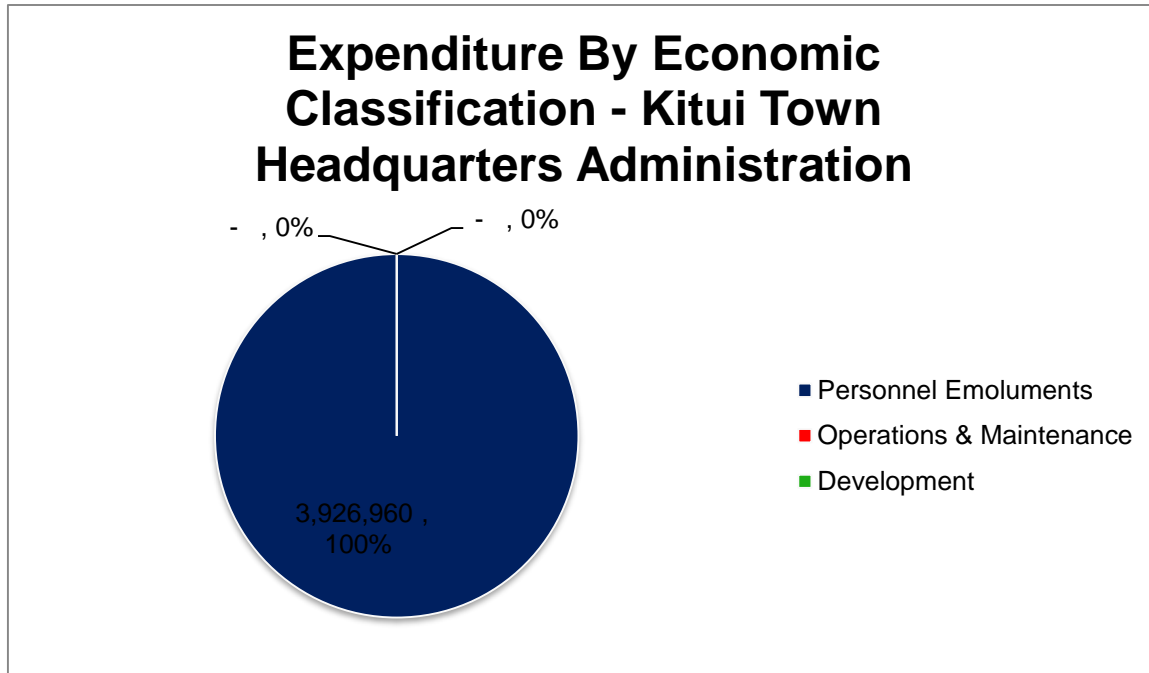
3.14 The County Assembly

The County Assembly spent a total of Kshs. 58,062,075. This expenditure included the Kshs. 44,429,825, 77% spent on personnel emoluments, the Kshs. 13,632,250, 23% spent on operations & maintenance and the Kshs. 0,0% spent on development.



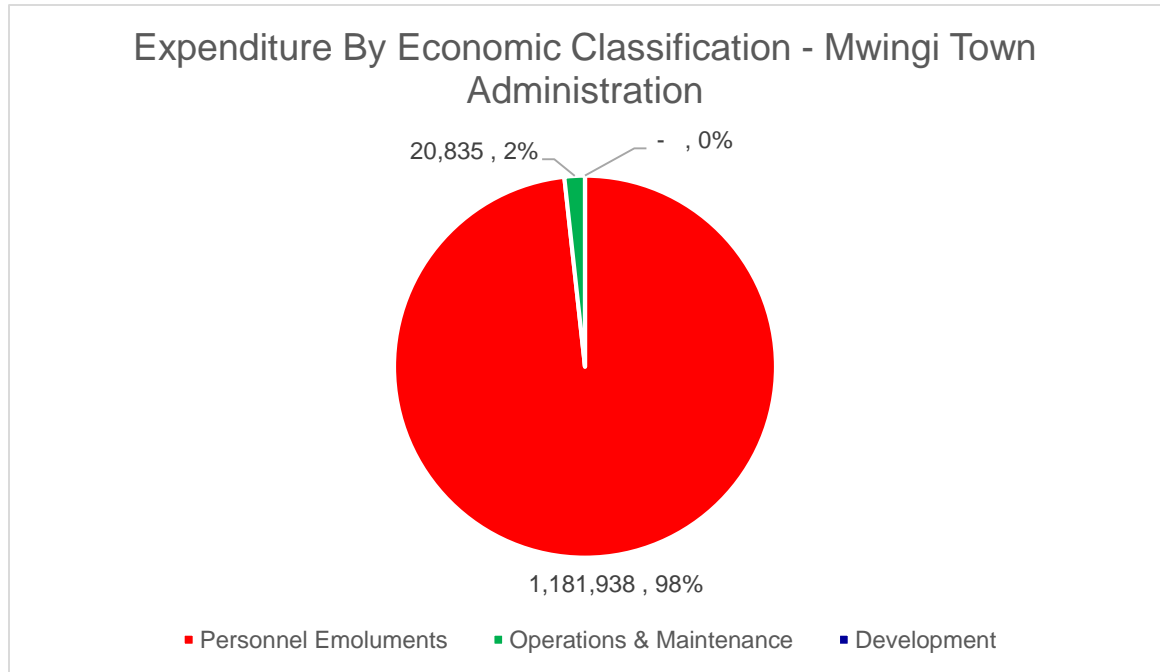
3.15 Kitui Town Headquarters Administration

The Kitui Town Headquarters Administration spent a total of Kshs 3,926,960. This expenditure included the Kshs. 3,926,960, 100% spent on personnel emoluments, the Kshs. 0, 0% spent on operations & maintenance and the Kshs. 0,0% spent on development.



3.16 Mwingi Town Administration

The Mwingi Town Administration spent a total of Kshs. 1,202,773. This expenditure included the Kshs. 1,181,938, 98% spent on personnel emoluments, the Kshs. 20,835, 2% spent on operations & maintenance and the Kshs. 0,0% spent on development.



4.0 CHALLENGES

The county experienced several challenges/issues that affected budget implementation during Q1 of FY 2017/2018. These are:

1. Political unrest: This has affected project implementation due to a destabilized economy.
2. Inadequate Funding from the National Government: Political instability has negatively impacted the release of funds to Counties pegging it on unstable political frameworks in the receiving Counties.
3. Transition: New Manifestos have led to a counter checking mechanism to ensure that the projects being funded are viable and authentic.

5.0 RECOMMENDATIONS

1. The Government will have to liaise with the National Government for release of sufficient funds to foster smooth operations and project implementation.
2. The proposed second generation CIDP needs to adequately address the new manifesto to avoid ad hoc planning.
3. 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.