



COUNTY GOVERNMENT OF KITUI
BUDGET IMPLEMENTATION REPORT
Quarter 2
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 October 2017 to December 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. **9,873,405,731** which consisted of Kshs. 6,250,396,326 (63%) for recurrent expenditure and Kshs. 3,623,009,405 (37%) 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	226,000,000	2.3
National Equitable Share	8,368,427,839	84.8
Local Revenue Sources	702,040,500	7.1
Grants	576,937,392	5.8
TOTAL	9,873,405,731	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

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2.1 Transfers from the National Government

For Q2 of 2017/2018 under review, the County received Kshs.1,893,876,913.00 as the national equitable share of revenue disbursed as below

RELEASE DATE	AMOUNT (KSHS)
02/10/2017	302,243,060
11/10/2017	144,406,956
23/10/2017	176,990,146
06/11/2017	201,300,943
16/11/2017	79,791,624
22/11/2017	285,309,321
07/12/2017	209,599,212
19/12/2017	127,980,651
22/12/2017	366,255,000
Total	1,893,876,913

2.2 Locally Generated Revenue

The County Government budgeted to locally collect Kshs702,040,500 during FY 2017/2018. Q2 collection was Kshs 17,031,811.55 which is 2.4% of the targeted collection.

The monthly collection breakdown is as below:

SOURCE	OCT2017	NOV2017	DEC2017	TOTAL
	KSHS	KSHS	KSHS	KSHS
Office of the Governor	164,500	443,450	1,661,000	2,268,950.00
Ministry of Agri, Water and Irrigation	366,780	803,844	112,735	1,283,359.00
Ministry of Environment, energy & mineral resource investment development	813,800	573,600	585,400	1,972,800.00
Ministry of Health and Sanitation	0	0	0	0
Ministry of Lands Infrastructure and Urban Development	846,658	1,087,587	2,237,348	4,171,593.00
Ministry of Trade	119,122	0	0	119,122
Ministry of Finance and Economic Planning	3,857,014	3,097,759	5,452,743	12,407,516.00

Kitui Town Administration	1,665,870	1,885,490	1,831,290	5,382,650.00
Mwingi Town Administration	1,007,520	1,086,050	1,194,380	3,287,950.00
Receipted Direct Deposits	(2,820,869)	(4,176,405)	(6,864,855)	(13,862,128.45)
TOTAL				17,031,811.55

2.3 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs 1,893,876,913 into the below expenditure lines

Expenditure Line	Kshs	%
Recurrent	1,649,495,369	87.1
Development	244,381,544	12.9
Total	1,893,876,913	100

3.0 EXPENDITURE ANALYSIS

3.1 County Summary

During the period under review, the County spent a total of Kshs. 1,538,325,662 which was 81% of the funds released. Out of this amount, Kshs. 1,460,507,287 (95%) went to finance recurrent activities while Kshs. 77,818,375 (5%) financed development.

The County Executive spent Kshs.1, 416,214,724 while County Assembly spent Kshs.122, 110,938 which represent 92% and 8% respectively.

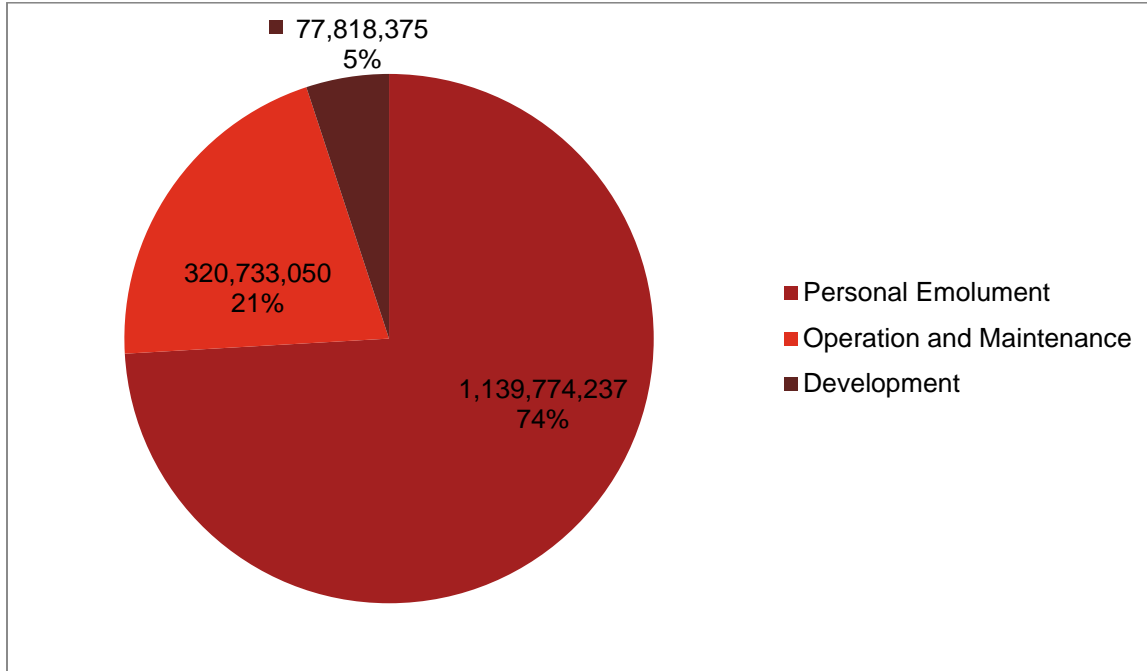
Analysis of recurrent expenditure reveals that the County spent Kshs. 1,139,774,237 on personnel emoluments translating to 78% of the total recurrent expenditure, while Kshs. 320,733,050 (22%) was spent on operations & maintenance.

ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPMENT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	
Office of the Governor	96,832,134	58.7	65,766,456	39.8	2,490,818	1.5	165,089,408
Ministry of Administration & coordination of County Affairs	114,843,853	91.5	10,676,196	8.5		0.0	125,520,049
Ministry of Agriculture, Water & Coordination	114,132,577	64.4	25,111,341	14.2	37,871,383	21.4	177,115,301
Ministry of Basic Education, Training & Skills	186,161,289	97.5	4,324,261	2.3	459,420	0.2	190,944,970

ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPMENT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	
Development							
Ministry of Lands, Infrastructure & Urban Development	65,405,308	60.8	21,252,632	19.8	20,829,089	19.4	107,487,029
Ministry of Health & Sanitation	315,675,078	73.9	108,043,731	25.3	3,526,182	0.8	427,244,991
Ministry of Trade, Industry & Cooperatives	23,359,872	80.2	3841251	13.2	1,908,820	6.6	29,109,943
Ministry of Culture, Youth, Sports & Social Services	16,513,104	88.1	2,230,982	11.9		0.0	18,744,086
Ministry of Environment, Energy and Mineral							
Investments Development	3,197,275	25.0	2,407,280	18.9	7,165,828	56.1	12,770,383

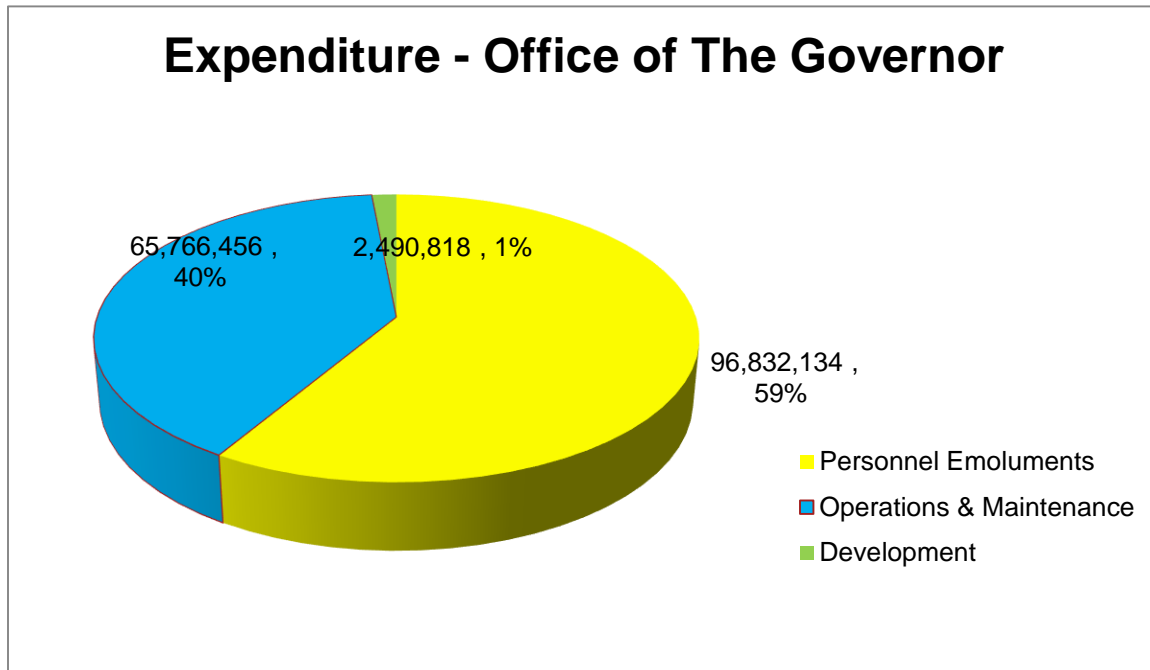
ENTITY	PERSONNEL EMOLUMENTS		OPERATIONS & MAINTENANCE		DEVELOPMENT		TOTAL
	KSHS	%	KSHS	%	KSHS	%	
Ministry of Tourism & Natural Resources	9,379,513	16.0	2,084,053	84.0	599,700	0.0	12,063,266
Ministry of Finance & Economic Planning	65,721,454	76.3	20,427,251	23.7		0.0	86,148,705
County Public Service Board	13,838,900	76.5	4,262,626	23.5		0.0	18,101,526
County Assembly	79,911,055	65.4	42,199,883	34.6	-	0.0	122,110,938
Kitui Town Headquarters Administration	31,438,467	88.0	4,281,357	12.0	-	0.0	35,719,824
Mwingi Town Administration	3,364,358	33.1	3,823,750	37.7	2,967,135	29.2	10,155,243
TOTAL	1,139,774,237	74.1	320733050	20.8	77,818,375	5.1	1,538,325,662

The table below analyses expenditure by the various spending entities.



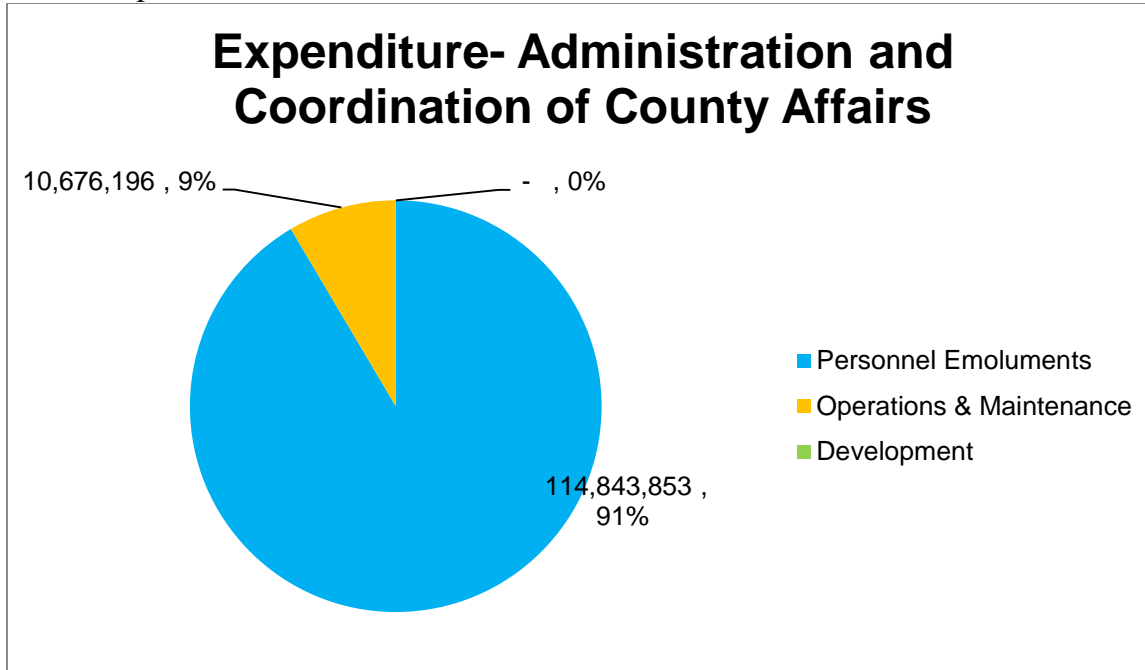
3.2 Office of the Governor

During the period under review, the Office of the Governor spent Kshs 165,089,408. Out of this, Kshs. 2,490,818, 1% financed development projects, Kshs 96,832,134, 59% went to Personnel Emoluments while Kshs. 65,766,456, 40% was spent on Operations & Maintenance.



3.3 Administration & Coordination of County Affairs

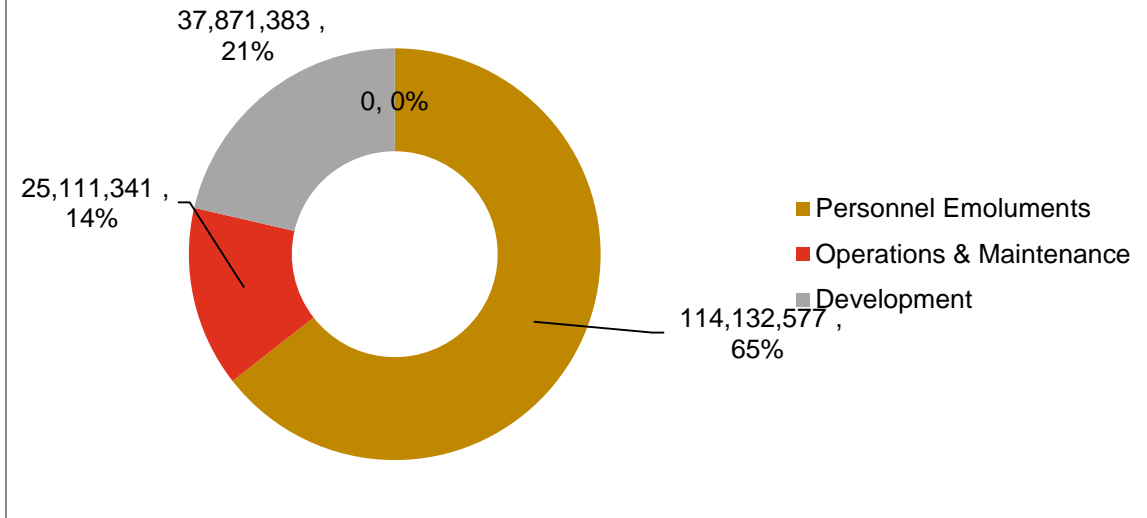
Analysis of the Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs.114,843,853, 91% financed personnel emoluments while Kshs. 10,676,196, 9% was spent on operations & maintenance. There amount spent on development was Kshs.0, 0% of total expenditure.



3.4 Agriculture, Water & Irrigation

During the period under review, the county ministry of Agriculture, Water and Irrigation spent a total of Kshs.177,115,301. Out of this, Kshs. 37,871,383, 21% was spent on development, Kshs. 114,132,577, 65% on personnelemoluments and Kshs. 25,111,341, 14% on operations and maintenance.

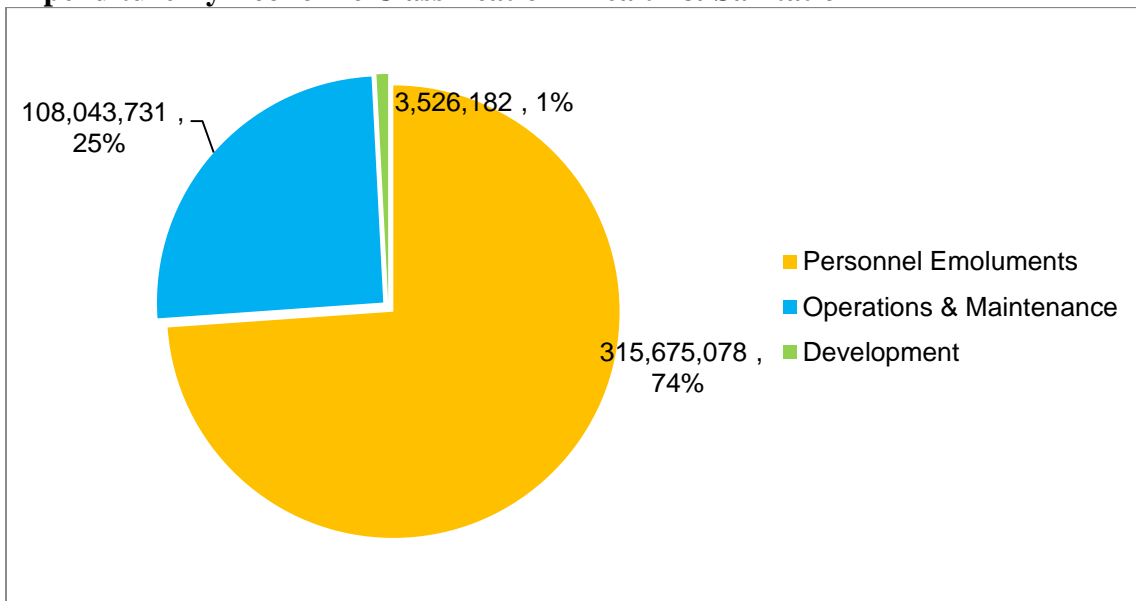
Expenditure - Agriculture, Water & Irrigation



3.5 Health and Sanitation

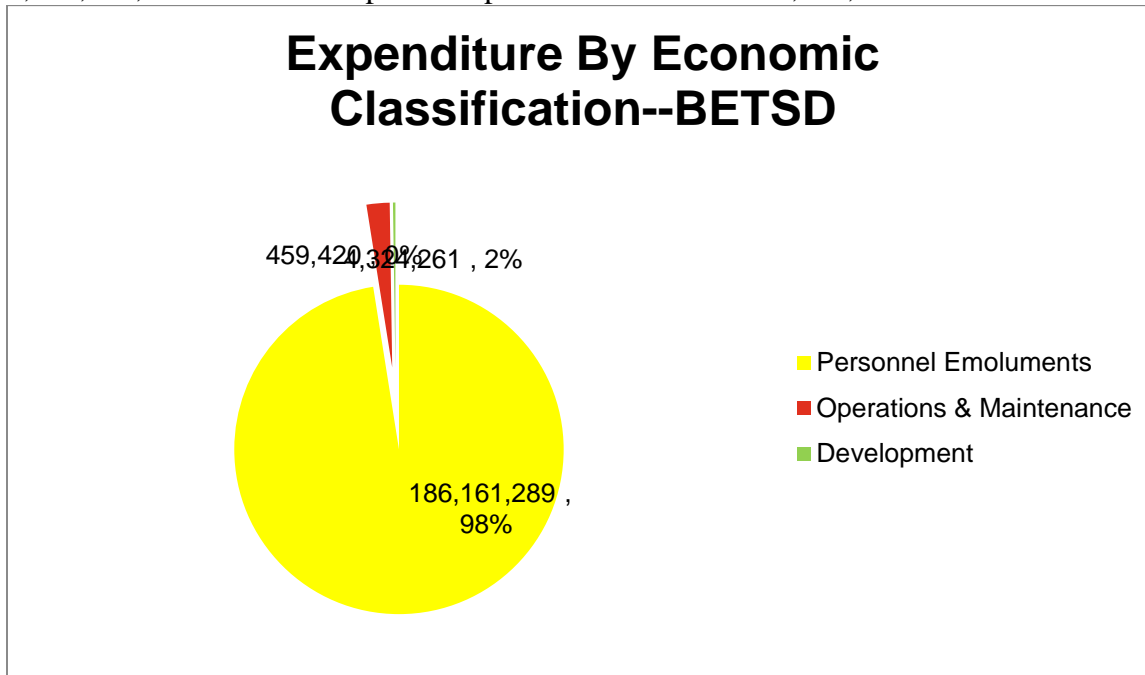
The County Ministry of Health and Sanitation had, in Q2 of 2017/2018, incurred a total expenditure of Kshs.427,244,991. Out of this Kshs. 3,526,182, 1% was spent on development activities and Kshs.309,709,407, 100% was recurrent expenditure. Further analysis of the recurrent expenditure reveals that, Kshs.315,675,078, 74% went to Personnel emoluments while Kshs 108,043,731, 25% went to Operations & Maintenance.

Expenditure By Economic Classification--Health & Sanitation



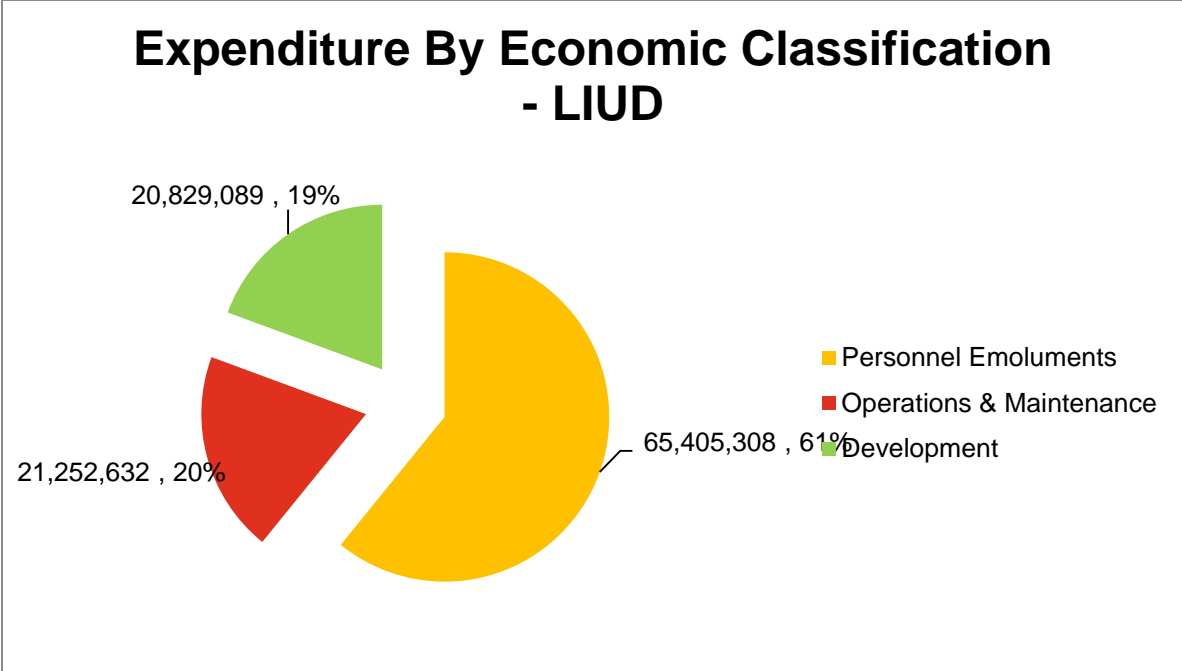
3.6 Basic Education, Training & Skills Development

A total of Kshs.190,944,970 was spent in Q2 of FY 2017/2018. This expenditure was composed of; Personnel Emoluments Kshs. 186,161,289, 98%, Operations & Maintenance Kshs. 4,324,261, 2% while development expenditure was Kshs.459,420, 0%



3.7 Lands Infrastructure & Urban Development

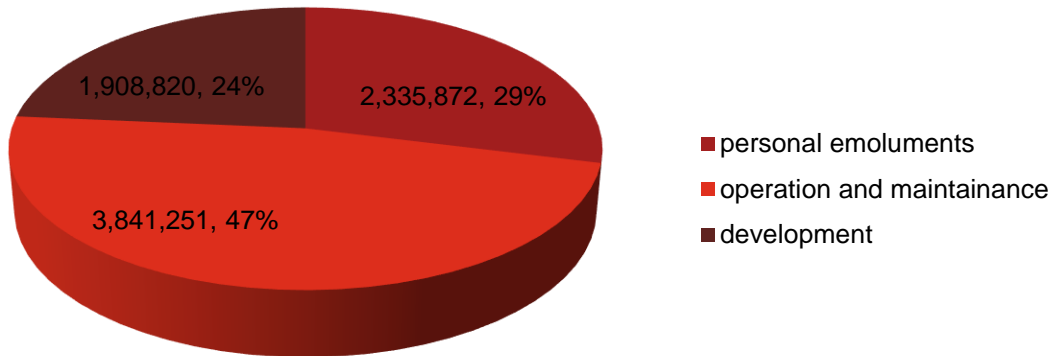
At the Lands, Infrastructure & Urban Development ministry, a total of Kshs20,829,089, 19% was spent on development, Kshs.65,405,308, 61% on personnel emoluments and Kshs.21,252,632, 20% on Operations and Maintenance. The Ministry was allocated a total of Kshs. 107,487,029 for expenditure.



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.29,109,943. Out of this amount, Kshs.23,359,872, of total expenditure) went to personnel emoluments, while Kshs. 3,841,251 went to Operations & Maintenance. Development expenditure amounted to Kshs1,908,820.

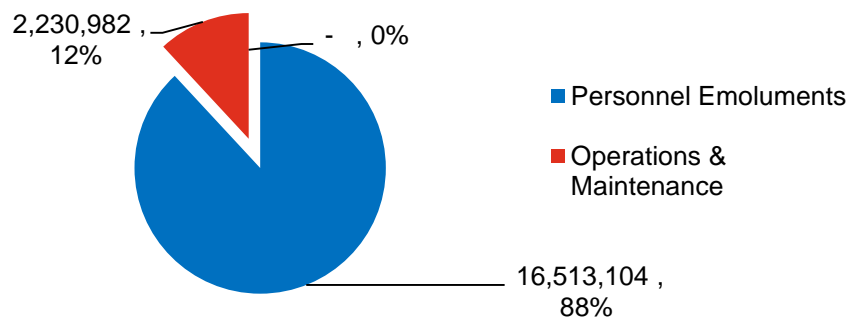
Trade, Industry, ICT & Cooperatives



3.9 Youth, Sports, Culture & Social Services

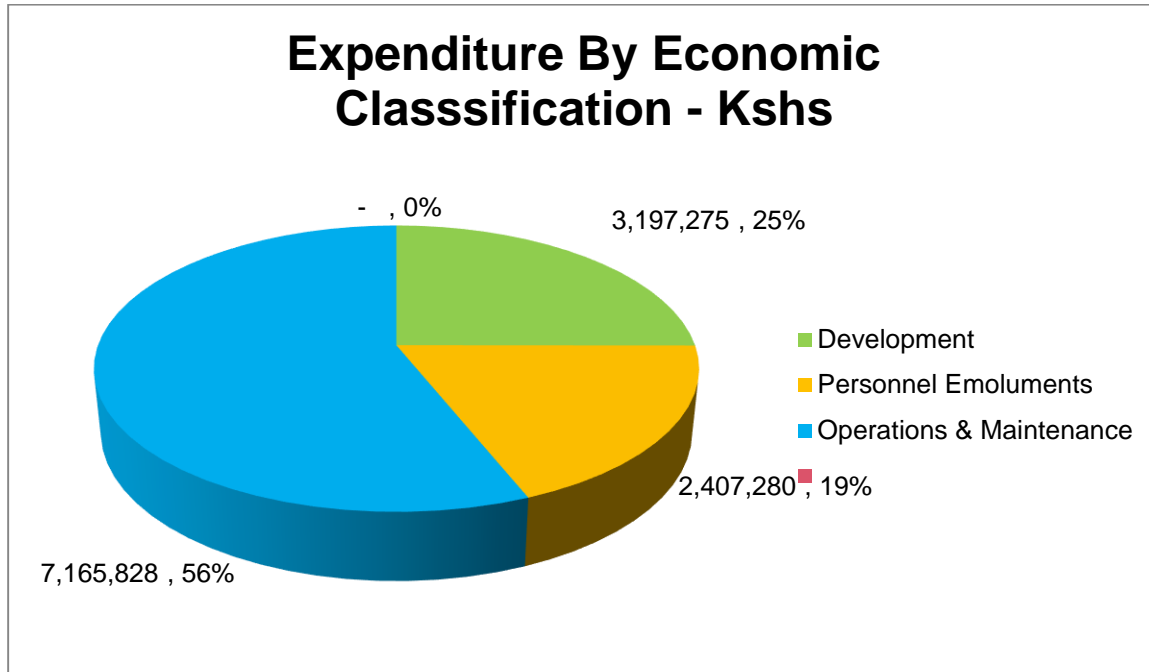
At the Youth, Sports, Culture & Social Services ministry, a total of Kshs. 18,744,086, was spent in the quarter 2 of FY 2017/2018. The development component of this expenditure was Kshs. 0% Kshs. 16,513,104, 88% was spent on personnel emoluments while Kshs. 2,230,982, 12% financed operations and maintenance.

Expenditure By Economic Classification - Youth, Sports, Culture & Social Services



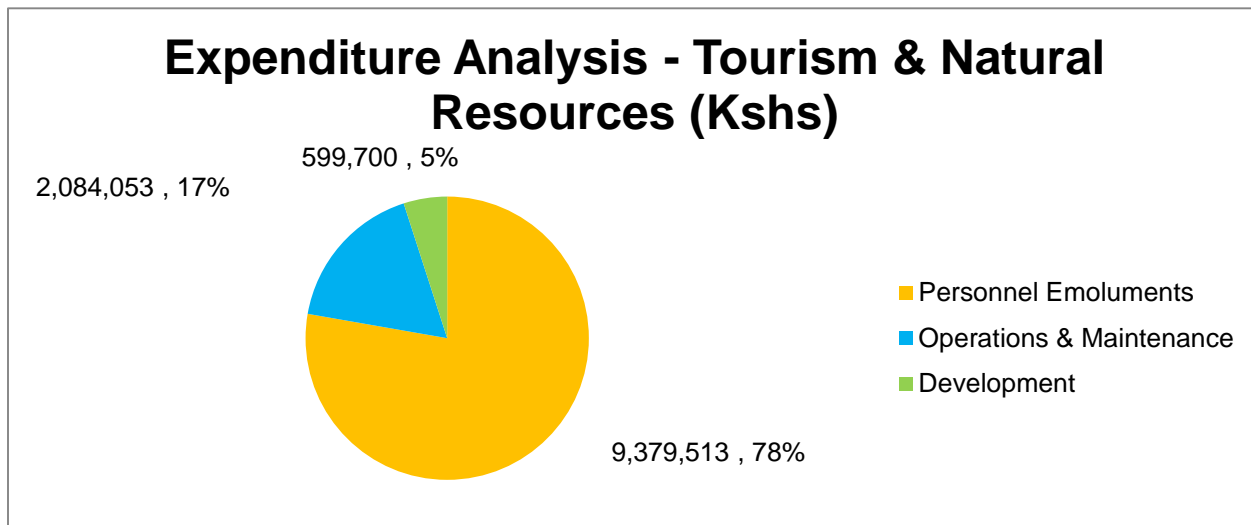
3.10 Environment, Energy & Mineral Investments Development

Expenditure analysis at the ministry of Environment, Energy & Mineral Investments Development reveals that a total of Kshs.12,770,383, was spent in the quarter 2 of FY 2017/2018. The expenditure was broken down into; Development Kshs.7,165,828, 56% Personnel Emoluments Kshs.3,197,275, 25% and Operations & Maintenance Kshs.2,407,280, 19%



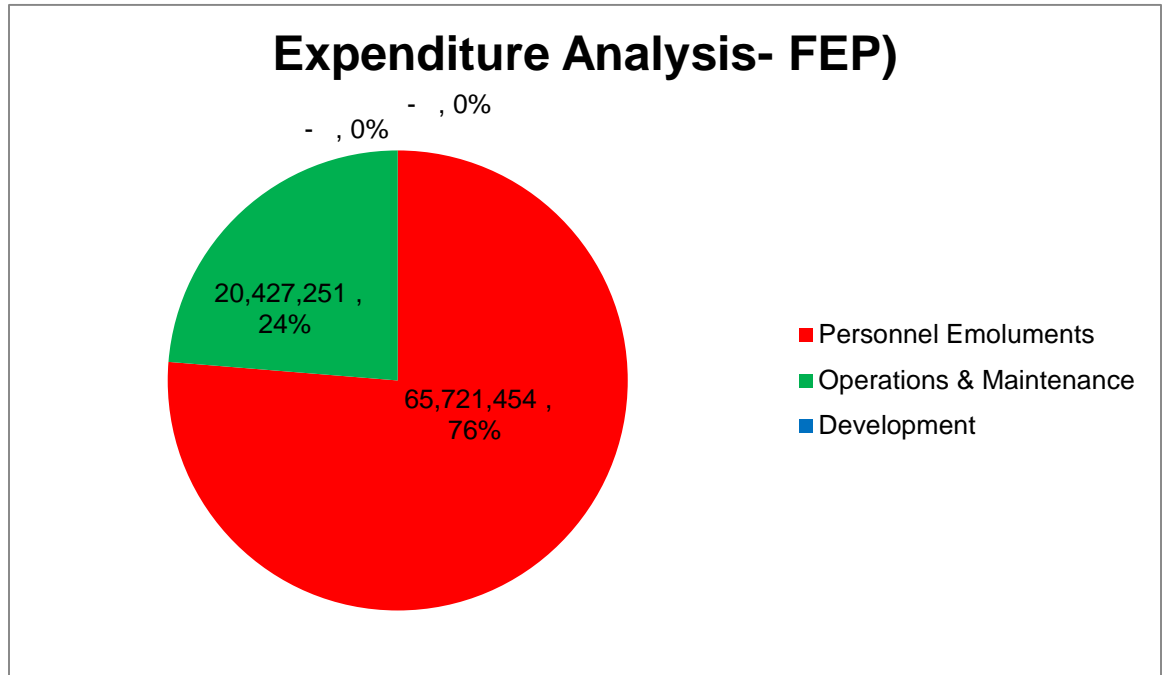
3.11 Tourism & Natural Resources

At the Tourism & Natural Resources ministry, Kshs. 9,379,513, 78% was spent on personnel emoluments, Kshs. 2,084,053, 17% on operations & maintenance and Kshs.599,700, 5% on development.



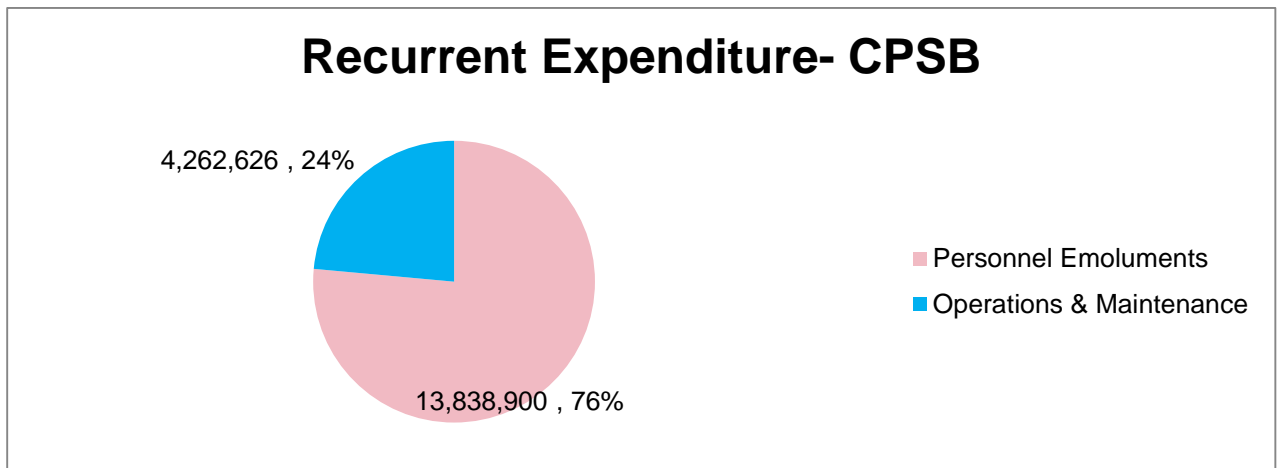
3.12 Finance & Economic Planning

During Q2 of FY 2017/2018, the County Ministry of Finance & Economic Planning spent a total of Kshs.86,148,705 This expenditure was broken down into; personnel emoluments Kshs. 65,721,454, 76%,operations & maintenance Kshs 20,427,251, 24%while development expenditure amounted to Kshs 0, 0%



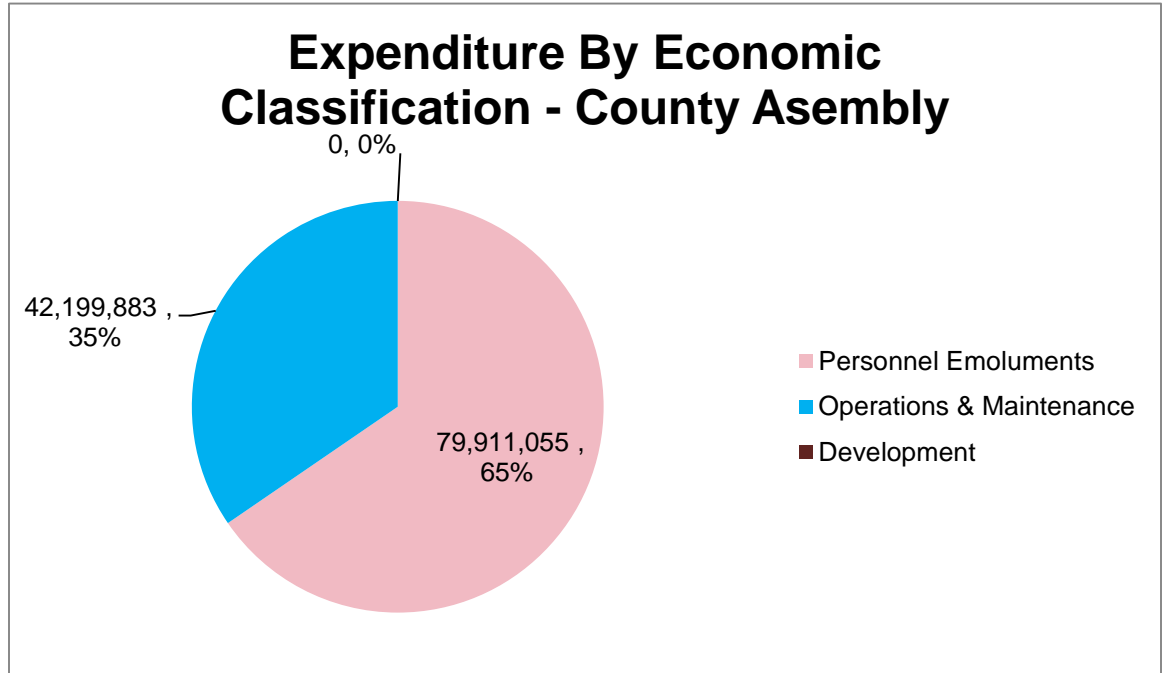
3.13 The County Public Service Board

The County Public Service Board did not undertake any development projects. An analysis of the recurrent expenditure reveals that Kshs. 13,838,900,76% was spent on Personnel Emoluments while Kshs4,262,626, 24% was spent on Operations & Maintenance.



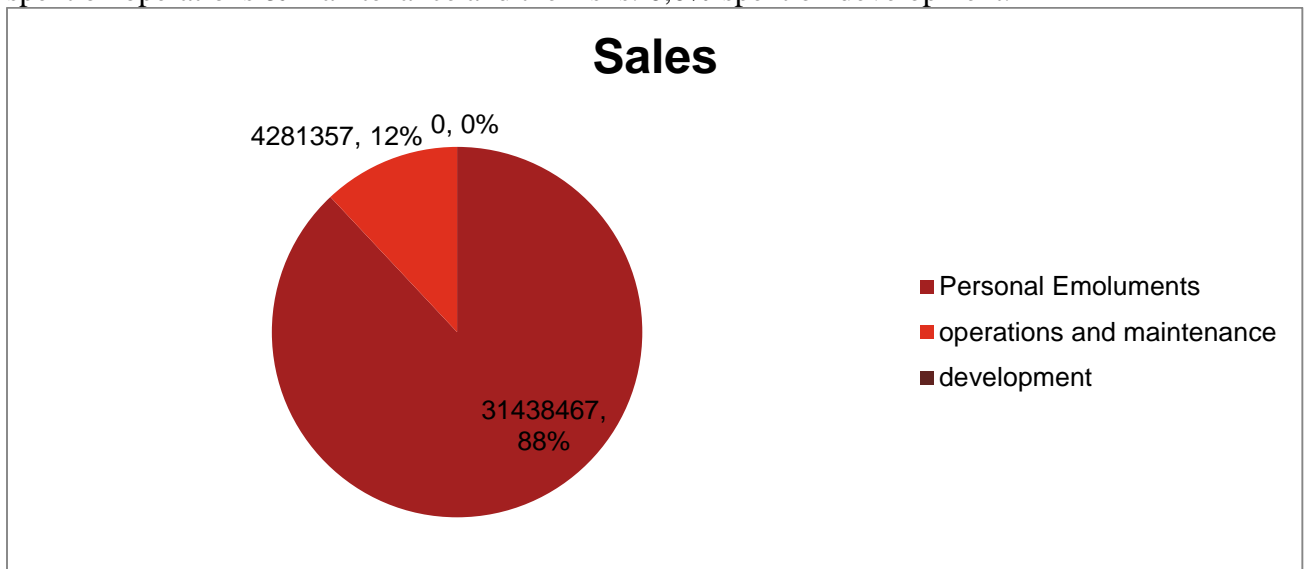
3.14 The County Assembly

The County Assembly spent a total of Kshs. 122,110,938. This expenditure included the Kshs. 79,922,055, 77% spent on personnel emoluments, the Kshs. 42,199,883, 23% spent on operations & maintenance and the Kshs. 0,0% spent on development.



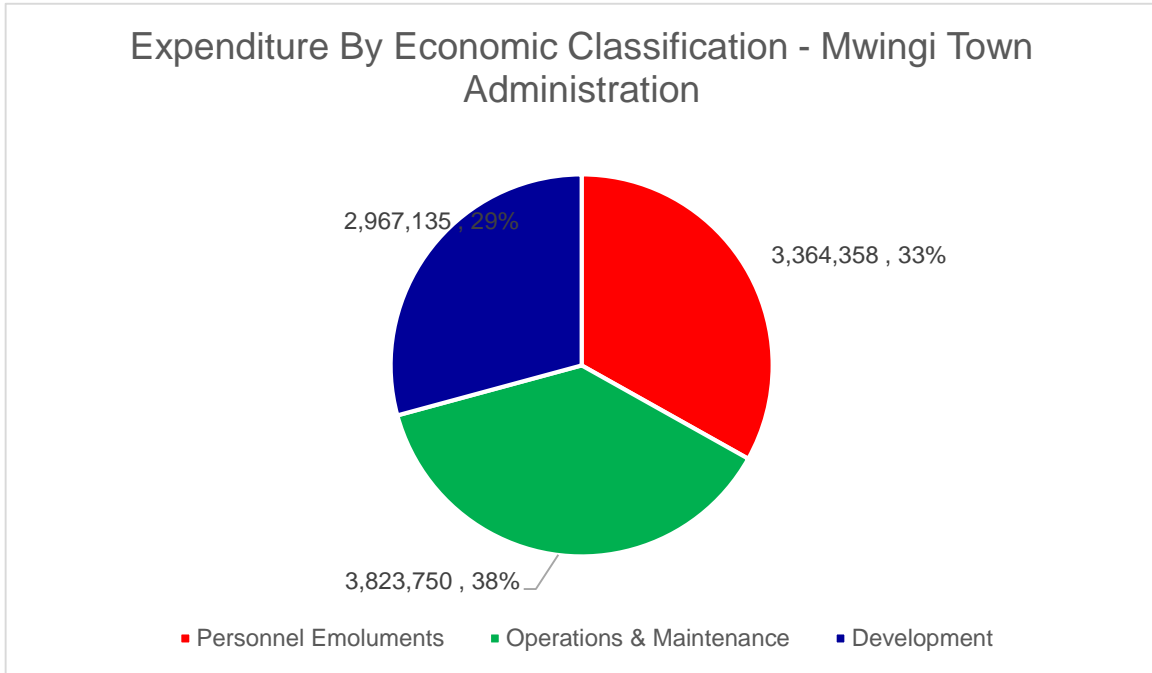
3.15 Kitui Town Headquarters Administration

The Kitui Town Headquarters Administration spent a total of Kshs 35,719,824. This expenditure included the Kshs. 31,438,467 88% spent on personnel emoluments, the Kshs. 4,281,357, 12% 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.10,155,243. This expenditure included the Kshs. 3,364,358, 33.13% spent on personnel emoluments, the Kshs. 3,823,750, 37.65% spent on operations & maintenance and the Kshs. 2,967,135, 29.23% spent on development.



4.0 CHALLENGES

The county experienced several challenges/issues that affected budget implementation during Q2 of FY 2017/2018. These are:

1. Political unrest: This has affected project implementation due to a destabilized economy.
2. Litigations: This has derailed progress and hence commencement of projects.
3. Pending Bills: This has resulted to an inquiry establishing the real pending bills amidst those claimed hence precluding on disbursement to avoid misreporting.
4. 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.
5. 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 County 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.