

COUNTY GOVERNMENT OF KITUI



COUNTY TREASURY

ANNUAL BUDGET IMPLEMENTATION REPORT (BIR)

FY 2017/ 2018

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

Legal Guidelines for the Publication of the Budget Implementation Report

The County Budget Implementation Review Report is 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

The law states that:

- The County Treasury should submit quarterly budget implementation reports for the county entities to the county assembly.
- It should also deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation, and publish and publicize them.
- All this should take place not later than one month after the end of each quarter.
- Therefore, the deadline for counties to make these reports available is **October 31st, January 31st, April 30th and July 31st** respectively.

Table of Contents

County Mission and Vision	2
Legal Guidelines for the Publication of the Budget Implementation Report	3
1.0 INTRODUCTION.....	5
2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION	5
2.1 Budget Components.....	5
2.2 Breakdown of Grants	6
2.3 Transfers from the National Government	6
2.4 Locally Generated Revenue	7
2.5 Funds Released to the County by the Controller of Budget.....	9
2.6 FY 2017/18 Expenditure Summary by Entity	9
2.7 County Expenditure as per Economic Classification	10
2.8 Analysis of Individual Spending Entity	11
3.0 IMPLEMENTATION CHALLENGES.....	18
4.0 RECOMMENDATIONS.....	18

List of Tables

Table 1: Budget Components.....	5
Table 2: Breakdown of Grants.....	6
Table 3: Transfers from National Government.....	6
Table 4: Locally Generated Revenue	7
Table 5: Expenditure Summary by Entity	9
Table 6: County Expenditure as per economic Classification.....	10

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. The report presents revenue and expenditure performance by the County covering the period July 2017 to June 2018.

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. 11,243,352,815 which consisted of Kshs. 6,688,208,350 (59.5%) for recurrent expenditure and Kshs. 4,555,144,465 (40.5%) for development expenditure.

2.1 Budget Components

The table below shows the various components of the budget

Table 1, Budget Components

SOURCE	AMOUNT	% OF TOTAL BUDGET
Balance b/f from FY 2016/2017	1,318,085,375	11.72
National Equitable Share	8,652,300,000	76.95
Local Revenue Sources	528,413,076	4.70
Grants	744,554,364	6.62
TOTAL	11,243,352,815	100

2.2 Breakdown of Grants

Table 2, Breakdown of Grants

SOURCE OF GRANT	AMOUNT
Compensation for User Fees Forgone	22,499,906
Road Maintenance Fuel Levy Fund (RMFL)	309,636,150
Other Loans and Grants	58,210,000
World bank loan for transforming health system for universal care system	150,444,260
KDSP (level one grant + FY 2016/2017 allocation)	53,665,066
World bank loan for national agricultural and rural inclusive growth project (NARIGP)	50,000,000
DANIDA grant for universal health care devolved system program	32,522,346
Conditional grants for development of youth polytechnics	67,576,636
Gross – Grants	744,554,364

2.3 Transfers from the National Government

For Financial Year 2017/2018 which is under review, the County received Kshs. 8,652,300,000 as the national equitable share of revenue disbursed as below:

Table 3, Transfers from National Government

DATE	RECEIPTS
3 rd November 2017	605,661,000.00
30 th November 2017	605,661,000.00
5 th January 2018	778,707,000.00
26 th February 2018	821,968,500.00
23 rd March 2018	865,230,000.00
27 th March 2018	692,184,000.00
10 th May 2018	692,184,000.00
25 th May 2018	778,707,000.00
18 th June 2018	692,184,000.00
29 th June 2018	735,445,500.00
4 th July 2018	692,184,000.00
5 th July 2018	692,184,000.00
TOTAL	8,652,300,000

2.4 Locally Generated Revenue

The County Government targeted to collect Kshs 528,413,076 from local sources during FY 2017/2018. The actual achievement was Kshs 335,122,477 which translates to 63.4% of the targeted collection.

The monthly collection breakdown is as below:

Table 4: Locally Generated Revenue

Source	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Actual Collection
The County Treasury	4,940,699	5,601,845	4,561,816	3,857,014	3,097,759	5,452,743	9,344,303	8,857,229	15,017,690	11,066,510	8,919,188	11,146,320	91,863,116
Kitui Town Administration	2,657,500	2,528,425	1,974,870	1,665,870	1,885,490	1,831,290	5,778,690	8,388,550	9,457,955	4,385,510	4,389,860	3,979,171	48,923,181
Mwingi Town Administration	1,257,880	1,171,230	1,050,265	1,007,520	1,086,050	1,194,380	2,814,640	2,797,510	6,022,940	2,440,094	2,172,893	1,993,792	25,009,194
Office of the Governor	1,205,800	518,500	1,212,000	164,500	443,450	1,661,000	1,670,400	2,156,100	1,518,900	2,727,800	1,259,000	2,464,900	17,002,350
Ministry of Lands, Infrastructure, Housing and Urban Development	2,099,572	1,661,651	1,845,648	846,658	1,087,587	2,237,348	2,459,773	2,701,485	3,990,522	3,035,704	2,225,376	2,005,526	26,196,850
Ministry of Agriculture, Water and Livestock	3,156,805	312,200	401,400	366,780	803,844	112,735	1,623,096	546,545	2,326,330	1,096,410	1,233,145	1,010,581	12,989,871

Source	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Actual Collection
Development													
Ministry of Environment and Natural Resources	6,600	846,600	685,200	813,800	573,600	585,400	696,200	29,700	54,800	418,900	242,800	107,100	5,060,700
Ministry of Tourism, Sports and Culture	0	0	0	0	0	55,150	0	20,000	0	0	7,000	1,013,000	1,095,150
Ministry of Trade, Cooperatives and Investments	0	0	0	119,122	0	0	46,880	46,301	0	0	89,574	126,830	428,707
Direct Deposits	8,885,598	3,688,872	5,415,170	2,820,869	4,176,405	6,864,855	8,857,077	8,590,266	8,007,643	9,818,233	14,326,544	25,101,826	106,553,358
Total	24,210,454	16,329,323	17,146,369	11,662,133	13,154,185	19,994,901	33,291,059	34,133,686	46,396,780	34,989,161	34,865,380	48,949,046	335,122,477

2.5 Funds Released to the County by the Controller of Budget

The Controller of Budget approved the release of Kshs. 9,813,097,779 which was used for Recurrent and Development expenditure.

2.6 FY 2017/18 Expenditure Summary by Entity

During the period under review, the County spent a total of Kshs. 9,319,900,723 which was 94.97% of the funds released. Out of this amount, Kshs. 5,978,136,596 (64.1%) went to finance recurrent activities while Kshs. 3,341,764,127 (35.9%) financed development.

Analysis of recurrent expenditure reveals that the County spent Kshs. 3,645,573,627 on personnel emoluments translating to 60.98% of the total recurrent expenditure, while Kshs 2,332,562,968 (39.02%) was spent on operations and maintenance.

Table 5, Expenditure Summary by Entity

Spending Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Office Of The Governor	205,638,812	17.63	540,666,823	46.36	419,990,697	36.01	1,166,296,332
Administration And Coordination	320,482,811	75.19	97,042,477	22.77	8,694,443	2.04	426,219,731
County Treasury	157,224,067	34.32	229,723,160	50.15	71,120,806	15.53	458,068,033
Health And Sanitation	1,470,182,502	59.22	589,038,992	23.73	423,266,387	17.05	2,482,487,881
Basic Education, ICT And Youth Development	418,606,129	66.87	45,557,838	7.28	161,872,745	25.86	626,036,712
Trade, Industry And Cooperatives	70,495,651	25.88	61,794,646	22.68	140,155,157	51.44	272,445,454
Land, Infrastructure, Housing And Urban Development	142,372,059	18.09	142,958,482	18.16	501,861,637	63.75	787,192,178
Tourism And Natural Resources	80898398.4	26.63	75954040.8	25.00	146964340	48.37	303,816,779
Agriculture, Water And Irrigation	322,069,210	23.73	151,808,173	11.19	883,127,376	65.08	1,357,004,759
Environment, Energy And Miner	54,732,316	19.80	41,628,896	15.06	180,124,072	65.15	276,485,284

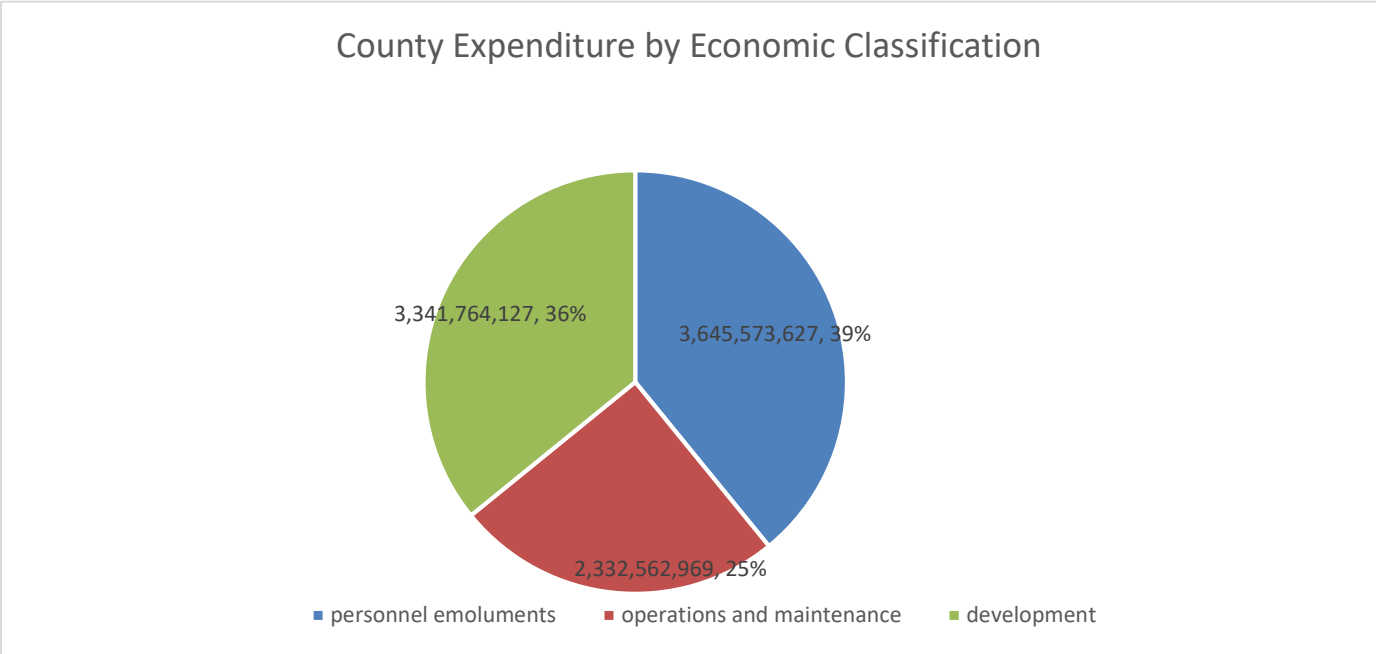
Spending Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
County Public Service Board	28,490,754	45.05	34,750,794	54.95	-	0.00	63,241,548
County Assembly	290,936,535	40.26	264,602,445	36.62	167,073,457	23.12	722,612,437
Kitui Town Administration	55,564,935	21.96	36,322,371	14.36	161,124,302	63.68	253,011,608
Mwingi Town Administration	27,879,448	22.31	20,713,831	16.57	76,388,708	61.12	124,981,987
Grand Total	3,645,573,627	39.12	2,332,562,969	25.03	3,341,764,127	35.86	9,319,900,723

2.7 County Expenditure as per Economic Classification

The table below analyses expenditure by the various spending entities.

Table 6, County Expenditure as per economic Classification

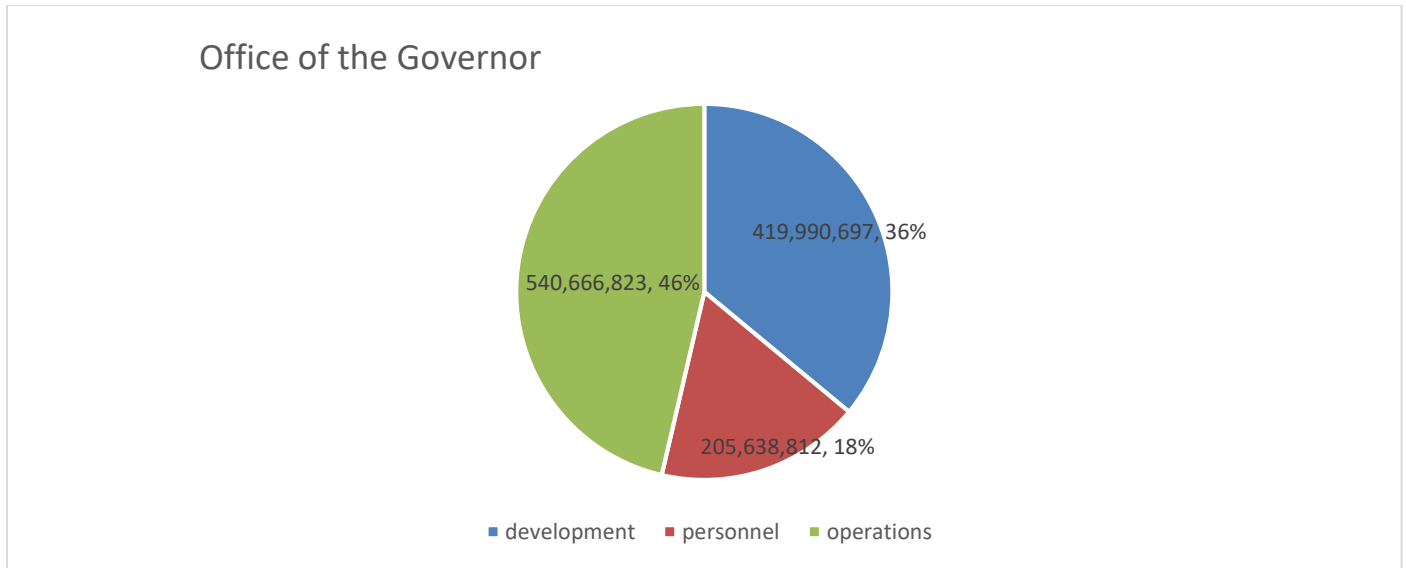
Economic Classification	Amount Spent
Personnel Emoluments	3,645,573,627
Operations and Maintenance	2,332,562,969
Development	3,341,764,127
Total	9,319,900,723



2.8 Analysis of Individual Spending Entity

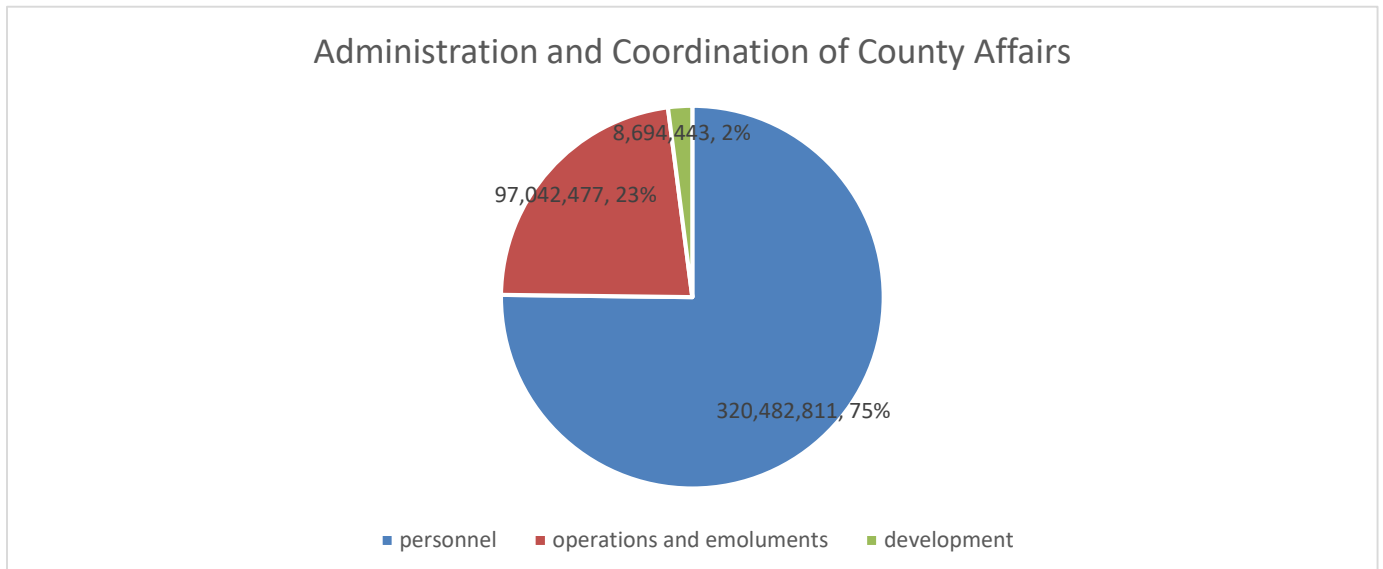
2.8.1 Office of the Governor

During the period under review, the Office of the Governor spent Kshs 1,166,296,332. Out of this, Kshs. 419,990,697, (36.01%) financed development projects, Kshs. 205,638,812, (17.63%) was spend on Personnel Emoluments while Kshs. 540,666,823, (46.36%) was spent on Operations and Maintenance.



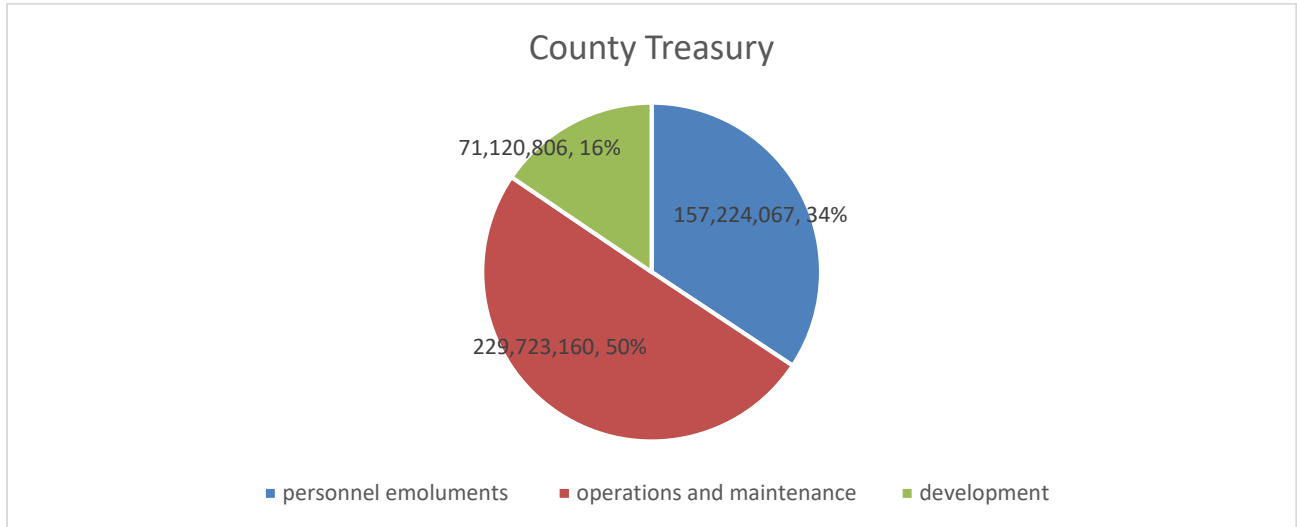
2.8.2 Administration and Coordination of County Affairs

Analysis of the County Ministry of Administration and Coordination of County Affairs' expenditure reveals that Kshs. 320,482,811, (75.19%) financed personnel emoluments while Kshs. 97,042,477, (22.77%) was spent on operations and maintenance. The amount spent on development was Kshs. 8,694,443, (2.04%) of total expenditure.



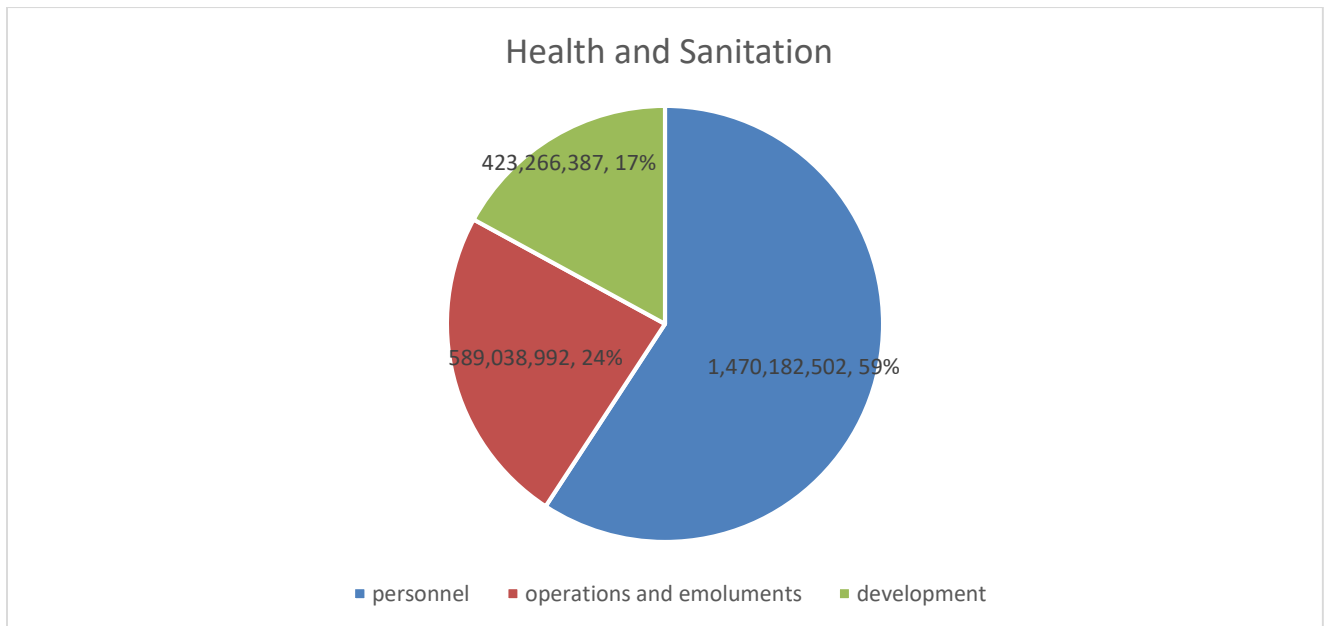
2.8.3 The County Treasury

During the Financial Year 2017/2018, the County Treasury spent a total of Kshs. 458,068,033. This expenditure was broken down into; personnel emoluments Kshs. 157,224,067, 34.3%, operations and maintenance Kshs 229,723,160, (50.15%) while development expenditure amounted to Kshs. 71,120,806, (15.53%)



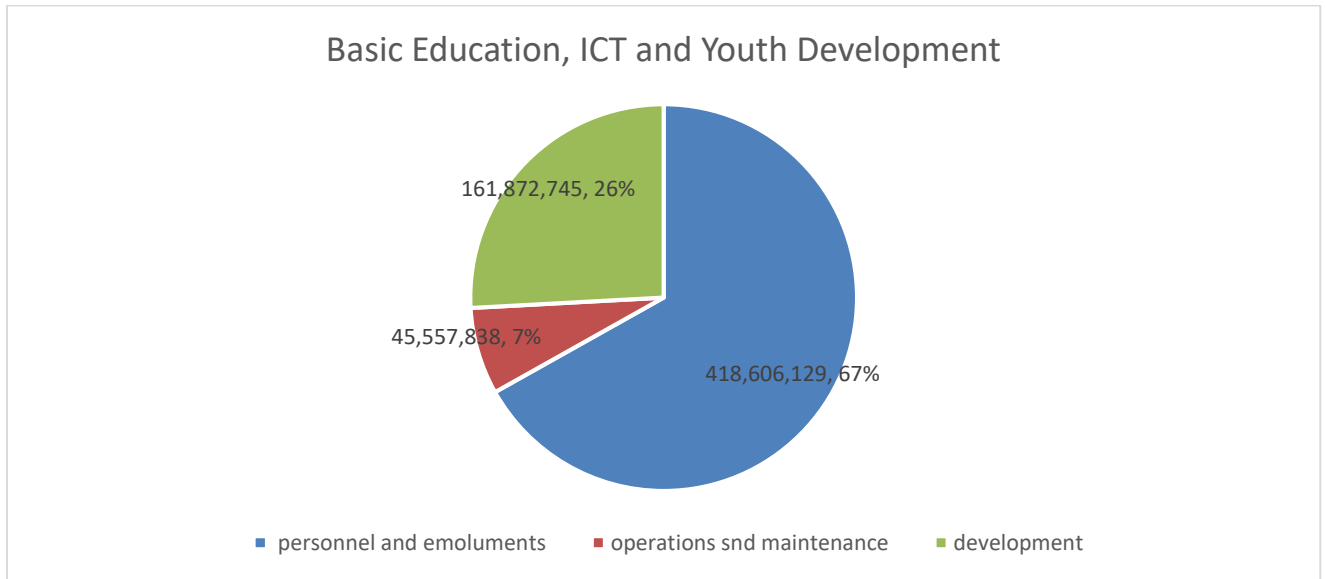
2.8.4 Health and Sanitation

The County Ministry of Health and Sanitation had, in Financial Year 2017/2018, incurred a total expenditure of Kshs. 2,482,487,881. Out of this Kshs. 423,266,387, (17.05%), was spent on development activities, Kshs. 1,470,182,502, which translates to 59.22% went to Personnel emoluments while Kshs 589,038,992, (23.73%) went to Operations and Maintenance.



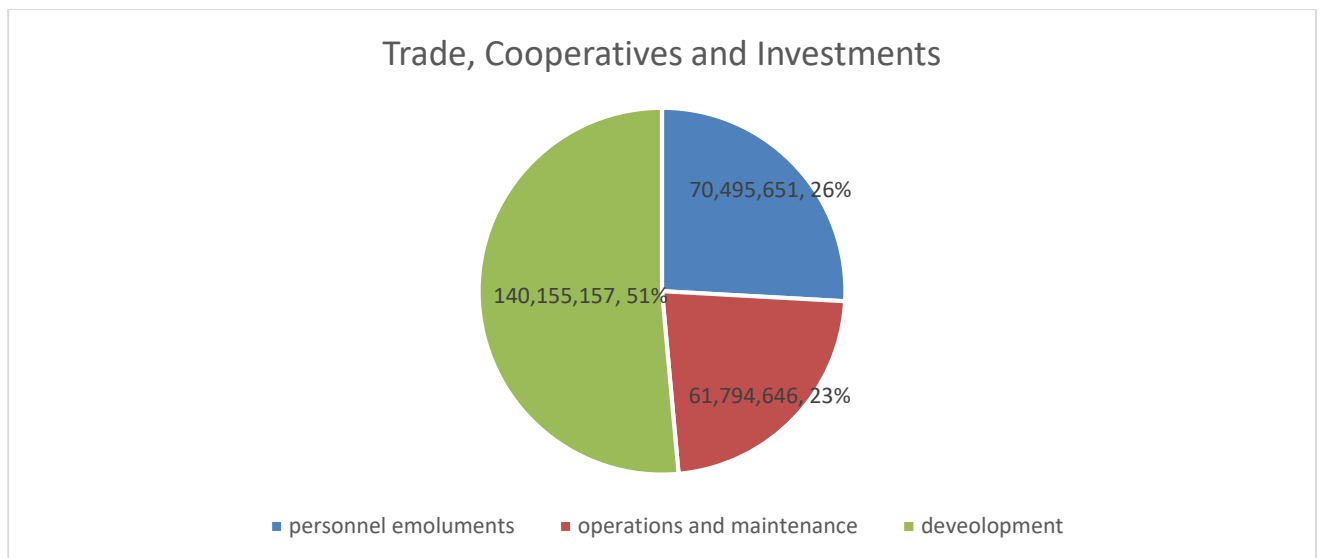
2.8.5 Basic Education, ICT & Youth Development

A total of Kshs. 626,036,712 was spent in FY 2017/2018. This expenditure composed of; Personnel Emoluments Kshs. 418,606,129, (66.87%), Operations and Maintenance was Kshs. 45,557,838, (7.28%) while development expenditure was Kshs. 161,872,745, (25.86%)



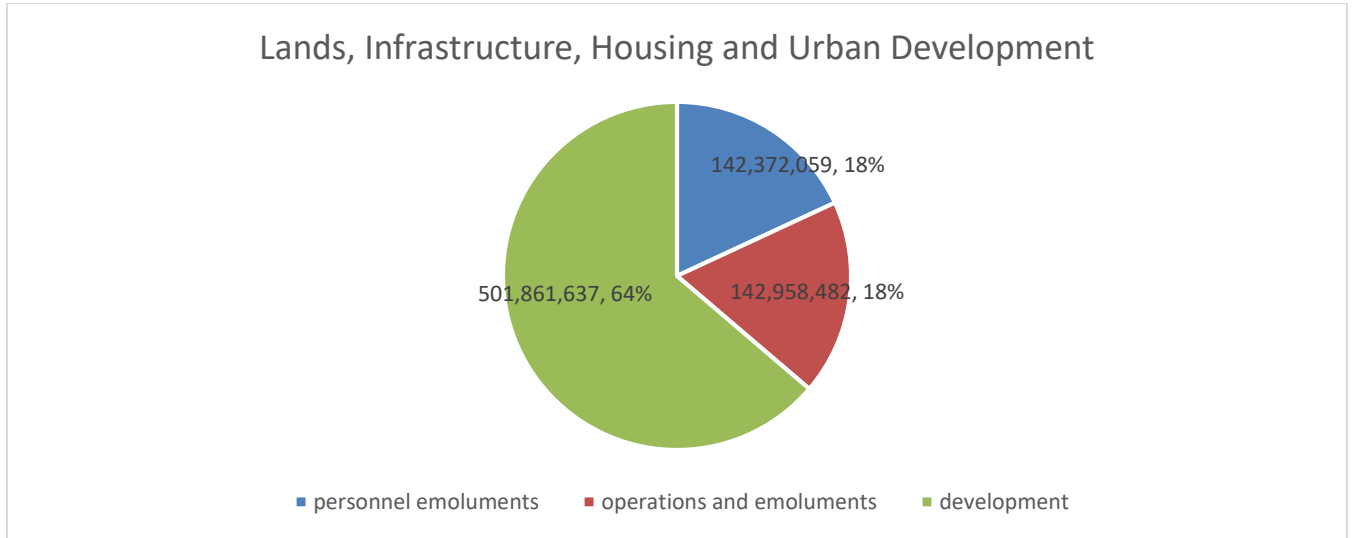
2.8.6 Trade, Cooperatives and Investments

During the year under review, the total expenditure for the County Ministry of Trade, Cooperatives and investments was Kshs. 272,445,454. Out of this amount, Kshs. 70,495,651, (25.88%) of total expenditure) went to personnel emoluments, while Kshs. 61,794,646, (22.68%) to Operations & Maintenance. Development expenditure amounted to Kshs 140,155,157, (51.44 %)



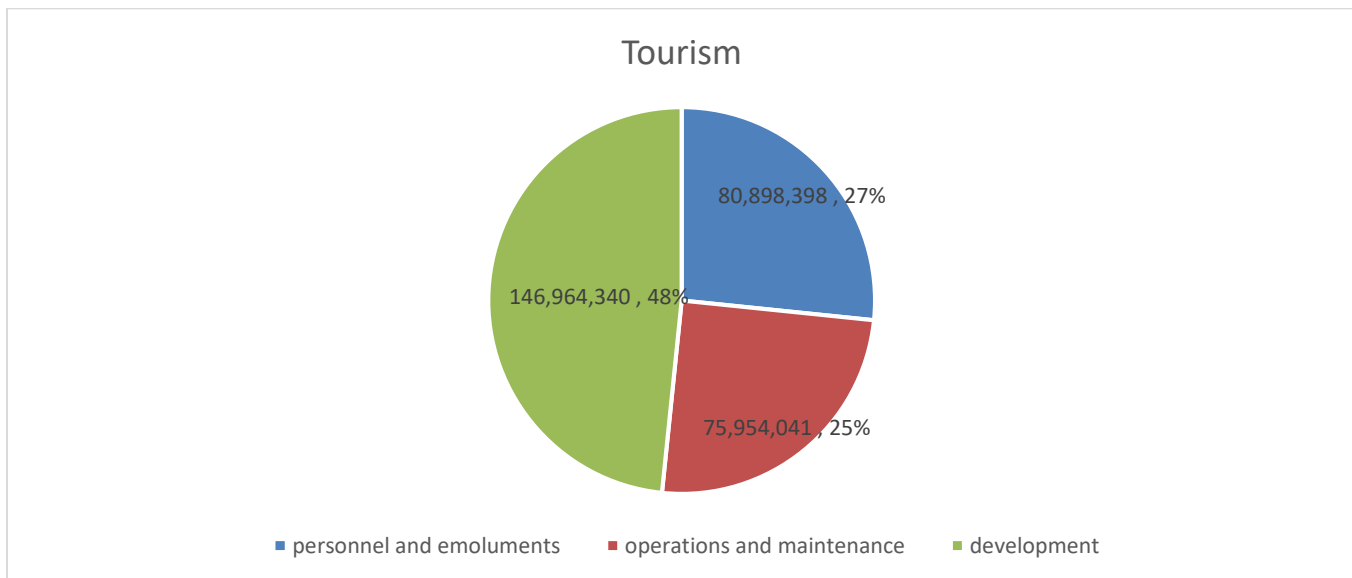
2.8.7 Lands Infrastructure, Housing and Urban Development

In the County Ministry of Lands, Infrastructure, Housing and Urban Development, a total of Kshs 501,861,637, (63.75%) was spent on development, Kshs. 142,372,059, (18.09%) on personnel emoluments and Kshs. 142,958,482, (18.16%) on Operations and Maintenance.



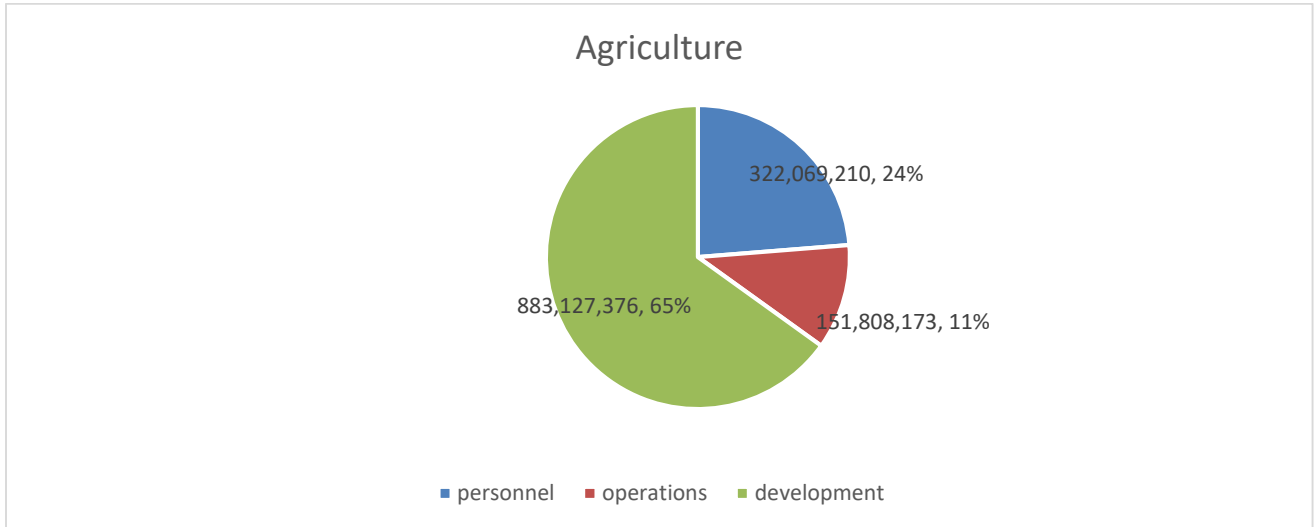
2.8.8 Tourism, Sports & Culture

At the Tourism, Sports & Culture Ministry, Kshs. 80,898,398, (26.63%) was spent on personnel emoluments, Kshs. 75,954,040, 25% on operations and maintenance and Kshs. 146,964,340, (48.37%) on development.



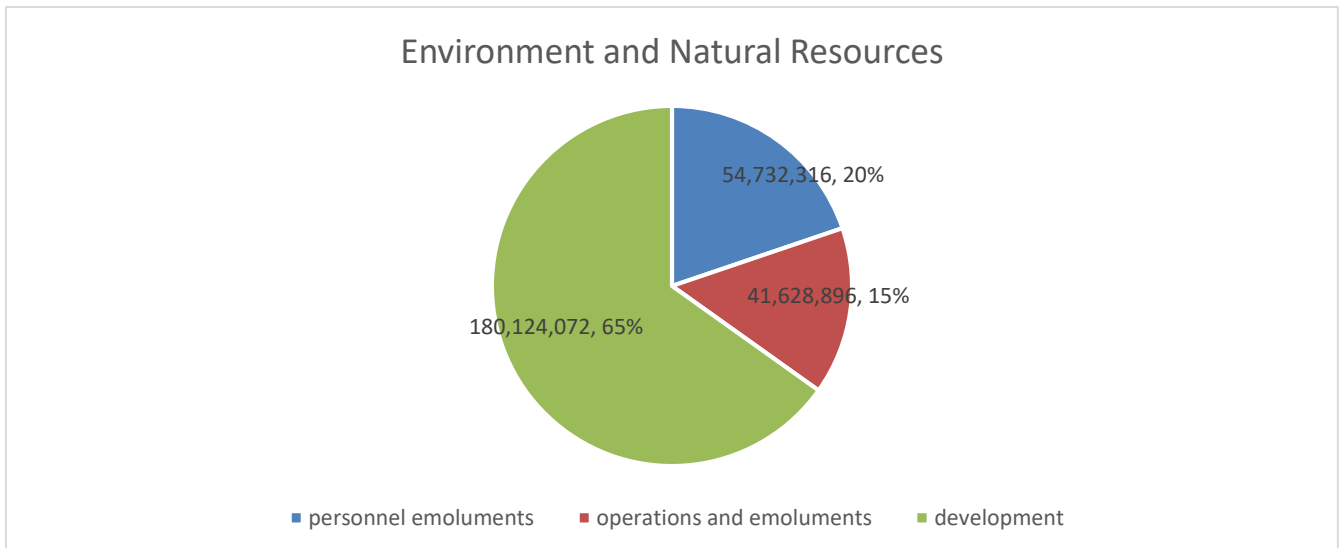
2.8.9 Agriculture, Water and Livestock Development

During the year under review, the County Ministry of Agriculture, Water and Livestock development spent a total of Kshs. 1,357,004,759. Out of this, Kshs. 883,127,376, (65.08%) was spent on development, Kshs. 322,069,210, (23.73%) on personnel emoluments and Kshs. 151,808,173, (11.19%) on operations and maintenance.



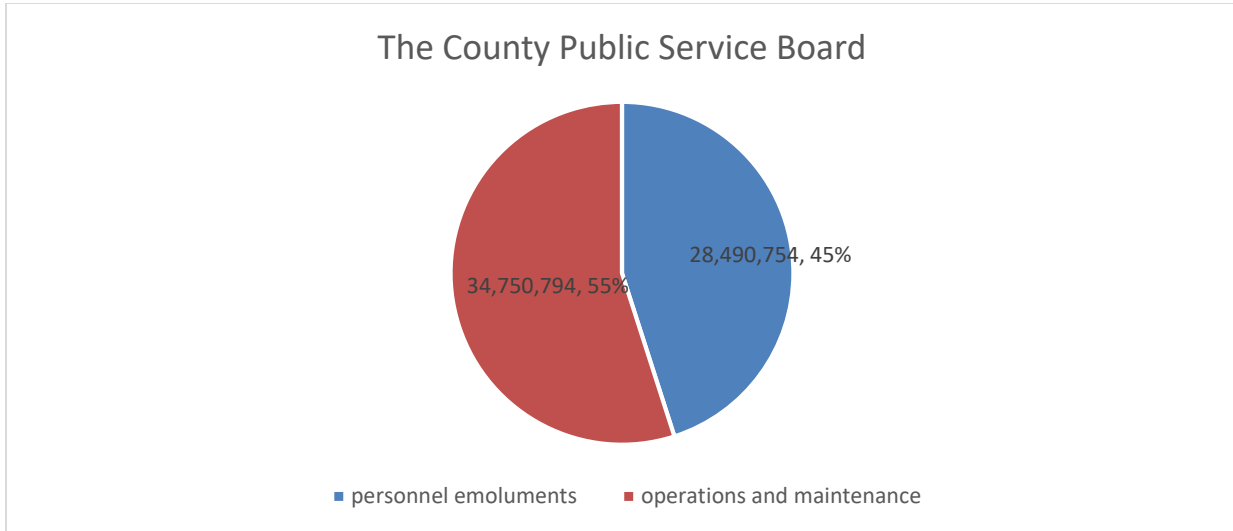
2.8.10 Environment and Natural Resources

Expenditure analysis at the ministry of Environment and Natural Resources reveals that a total of Kshs. 276,485,284 was spent in FY 2017/2018. The expenditure was broken down into; Development Kshs. 180,124,072, (65.15%) Personnel Emoluments Kshs. 54,732,316, (19.8%) and Operations and Maintenance Kshs. 41,628,896, (15.06%)



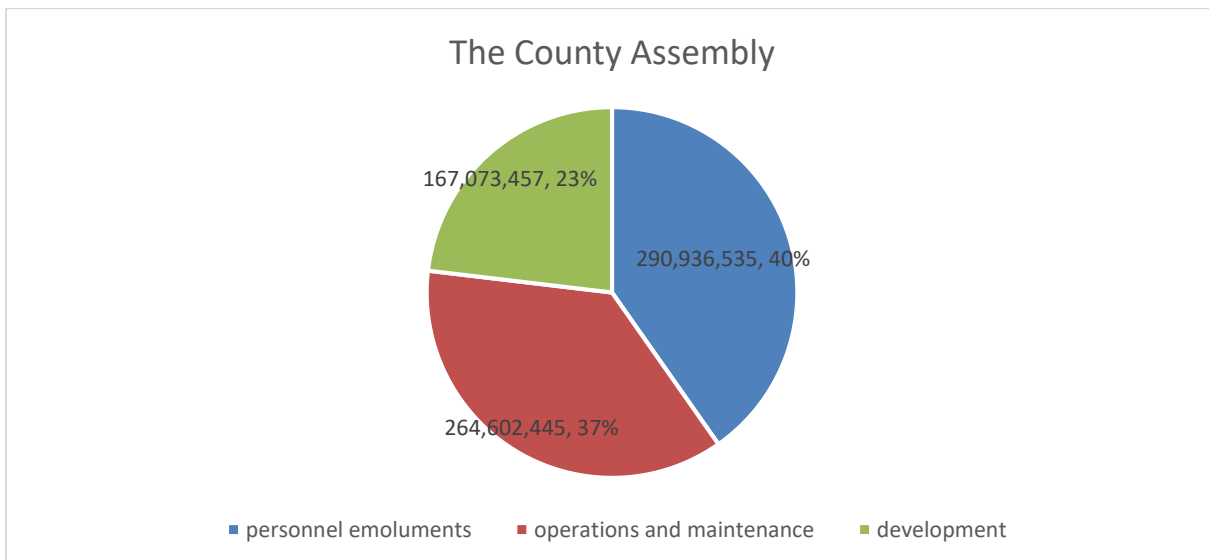
2.8.11 The County Public Service Board

The County Public Service Board did not undertake any development project. An analysis of the recurrent expenditure reveals that Kshs. 28,490,754, (45.05%) was spent on Personnel Emoluments while Kshs 34,750,794, (54.95%) was spent on Operations and Maintenance.



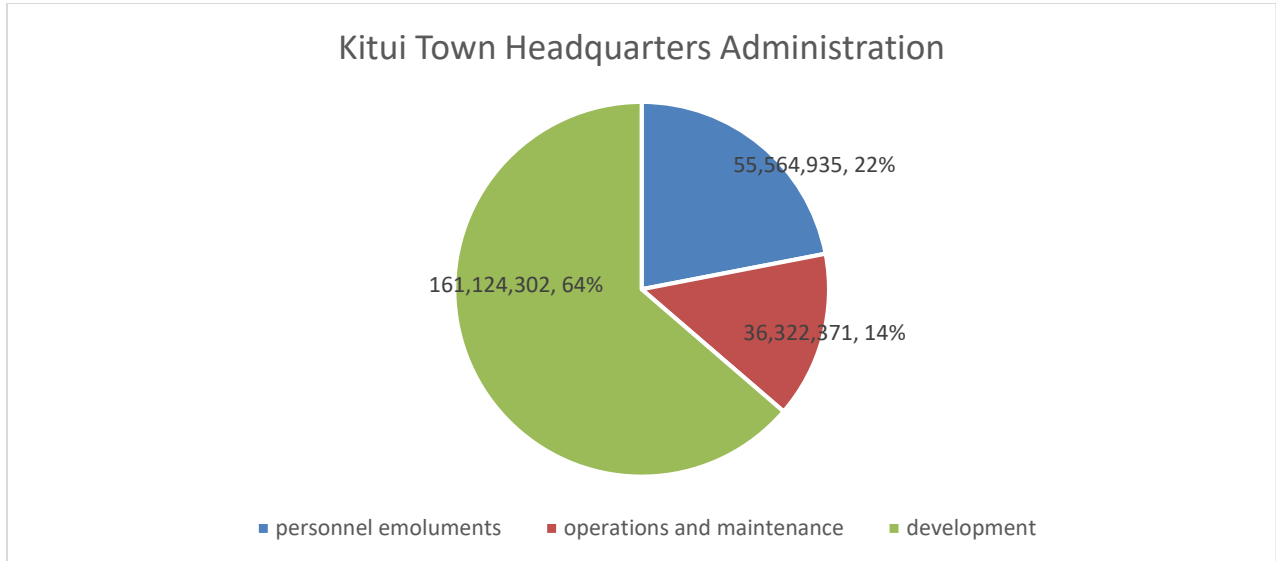
2.8.12 The County Assembly

The County Assembly spent a total of Kshs. 722,612,437. This expenditure included Kshs. 290,936,535, (40.26%) spent on personnel emoluments, Kshs. 264,602,445, (36.62%) Spent on operations and maintenance and Kshs. 167,073,457, (23.12%) spent on development.



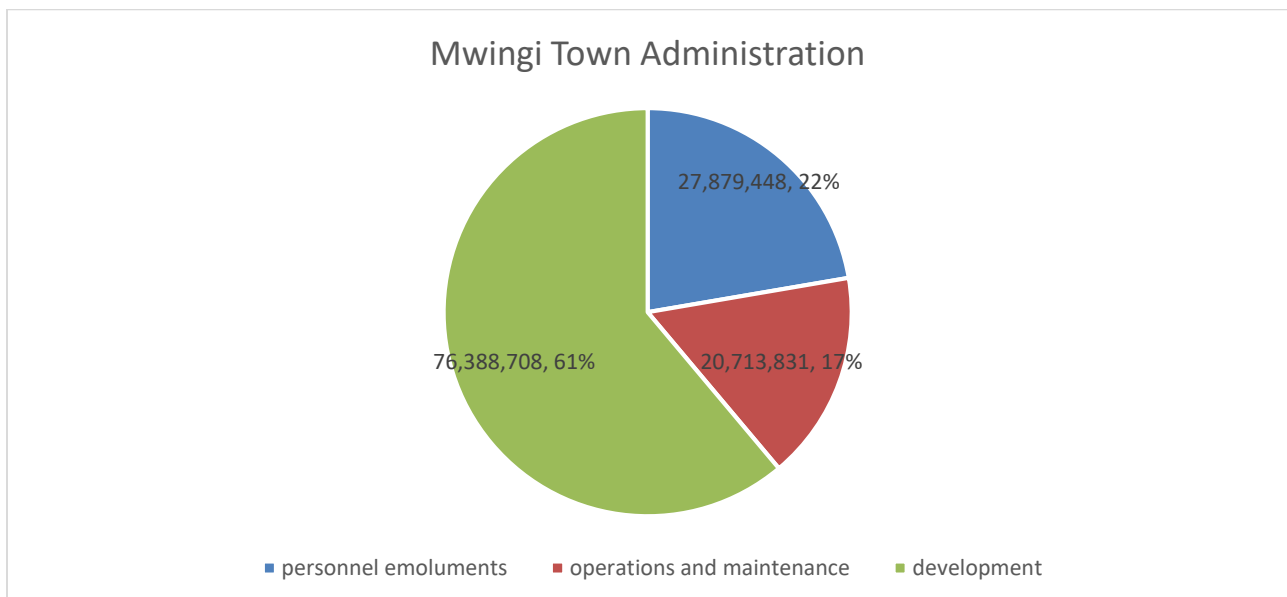
2.8.13 Kitui Town Administration

The Kitui Town Administration spent a total of Kshs 253,011,608. This expenditure included the Kshs. 55,564,935, (21.96%) spent on personnel emoluments, the Kshs. 36,322,371, (14.36%) spent on operations and maintenance and the Kshs. 161,124,302, (63.68%) spent on development.



2.8.14 Mwingi Town Administration

The Mwingi Town Administration spent a total of Kshs. 124,981,987. This expenditure included Kshs. 27,879,448, (22.31%) spent on personnel emoluments, Kshs. 20,713,831, (16.57%) spent on operations and maintenance and Kshs. 76,388,708, (61.12%) spent on development.



3.0 IMPLEMENTATION CHALLENGES

The county experienced several challenges/issues that affected budget implementation during the financial year 2017/2018.

These are:

- **Delay in release of funds:** Due to a long process of requisition of funds project implementation has been delayed due to the untimely release of project funds.
- **Transition:** The County Government had to realign the planning framework in order to mainstream the 5-pillar development manifesto into the CIDP 2018-2022, the National Government's big 4 and other cross-cutting issues, which partially contributed to the delay in project implementation.
- **Clearance of pending bills:** This has affected project implementation since the bulk of pending projects had critical issues leading to a review of the same.

4.0 RECOMMENDATIONS

The following recommendations will smoothen implementations in the next phase;

- The County Government will have to liaise with the National Government for timely release of sufficient funds to foster smooth operations and project implementation.
- 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.
- Procurement Planning: There is need for spending entities to initiate procurement of goods, services and works early enough to ensure projects especially infrastructural projects are completed within stipulated time.