

## BUDGET IMPLEMENTATION REVIEW REPORT FOR THE FIRST HALF FY 2017/18

### Overview of the FY2017/18 Budget

The County's FY 2017/18 approved budget is Kshs 5.107 billion, comprising of Kshs3.47 billion (67.91per cent) and Kshs 1.64 billion (32.09per cent) allocations for recurrent and development expenditure respectively.

To finance the budget, the county government expects to receive Kshs.4.73 billion (92.5 per cent) as equitable share, Kshs179.9 (3.5 per cent)as total conditional grants. This comprises of Kshs 43.4 million in support of free maternal health care, Kshs 12.13million for user fees foregone, Kshs 124.43million for Roads Maintenance Fuel Levy Fund, and Kshs 95.80million for World Bank Loans &grants for financing Health. The county government internal revenue target amounts to Kshs 105.3million which represents 2.1 per cent of the total approved budget.

### Revenue and Exchequer Analysis

During the first half of FY 2017/18, the county government received Kshs 1.090 billion as equitable share of the revenue raised nationally, Kshs 56.05 million as conditional allocations for health, Kshs 85.72 million as Road Maintenance Fuel Levy Fund, Kshs 12.45 million from World Bank (DANIDA) and raised Kshs 35.54 million from local sources.

The total local revenue collection in the first half of FY 2017/18 amounted to Kshs 35.54 million which is a decrease of 14.24 per cent compared to Kshs 41.44 million generated in a similar period of FY 2016/17.This revenue collected accounts for 33.75 per cent of the annual revenue target.

The table below shows the analysis of County Revenue Collected by Stream in First Half of FY 2017/18.

STREAM	TARGET	PERFORMANCE Q1 (Kshs)	PERFORMAN CE Q2(Ksh)	HALF YEAR TOTAL (Ksh)	%
Market kiosk rent	2,700,000.00	284,900.00	369,000.00	653,900.00	24.22
Business permits current year	13,400,000.00	1,180,850.00	181,930.00	1,362,780.00	10.17
Market/trade center fee	4,200,000.00	707,080.00	1,143,600.00	1,850,680.00	44.06
Building plan approval fees	500,000.00	24,000.00	84,000.00	108,000.00	21.60
Other Cess	8,000,000.00	1,325,000.00	1,718,290.00	3,043,290.00	38.04
Sand gravel &ballast Extraction fee	35,000,000.00	3,335,740.00	6,344,210.00	9,679,950.00	27.66
Livestock Cess	10,500,000.00	1,341,750.00	2,544,190.00	3,885,940.00	37.01

Rent of government building and housing	390,000.00	-	-	-	-
Advertising fee	500,000.00	25,500.00	6,000.00	31,500.00	6.30
Street parking fee	2,300,000.00	179,645.00	160,650.00	340,295.00	14.80
Vehicle Parking fees	4,705,890.00	1,516,690.00	1,281,070.00	2,797,760.00	59.45
Application fees	2,400,000.00	182,840.00	326,400.00	509,240.00	21.22
Other Miscellaneous receipt	9,716,050.00	1,058,121.00	5,188,604.00	6,246,725.00	64.29
Health centre services fee	25,400,000.00	2,074,595.00	2,346,200.00	4,420,795.00	17.40
Land rate	3,108,244.00	27,000.00	6,000.00	33,000.00	1.06
Livestock permit	1,500,000.00	58,900.00	99,425.00	158,325.00	10.56
Public health facilities operation			37,500.00	37,500.00	
Receipts from Administrative & charges fees			384,740.00	384,740.00	
<b>TOTALS</b>	<b>105,320,164.00</b>	<b>13,322,611.00</b>	<b>22,221,809.00</b>	<b>35,544,420.00</b>	<b>33.75</b>

### Expenditure Analysis by Department

The table below shows a summary of expenditure for the first half of the FY 2017/18 budget and absorption by department.

BUDGET AND BUDGET PERFORMANCE ANALYSIS FOR THE FIRST HALF BY DEPARTMENT						
DEP	CLAS.	APPROVED BUDGET	Q1 EXPENDITURE	Q2 EXPENDITURE	TOTALS 1ST HALF EXPENDITURE	ABSORPTION RATE %
COUNTY EXECUTIVE	Rec.	364,709,303.00	44,853,481.00	98,231,121.00	143,084,602.00	39.23
	Dev.	96,820,188.00	-	-	0	-
FINANCE AND ECONOMIC PLANNING	Rec.	220,276,605.00	19,860,609.00	62,034,375.00	81,894,984.00	37.18
	Dev.	61,614,108.00	-	-	0	-
ROADS,PUBLIC WORKS AND TRANSPORT	Rec.	100,926,716.00	4,128,664.00	35,274,879.00	39,403,543.00	39.04
	Dev.	344,185,143.00	-	-	0	-
HEALTH AND SANITATION	Rec.	1,194,126,996.00	187,865,809.00	273,122,841.00	460,988,650.00	38.60
	Dev.	340,674,311.00	-	-	0	-

EDUCATION COMMUNICATI ON AND ICT	Rec.	389,702,094.00	27,178,923.00	54,418,353. 00	81,597,276.00	20.94
	Dev.	211,177,967.00	-			-
AGRICULTURE AND IRRIGATION	Rec.	96,256,873.00	11,495,868.00	30,929,448. 00	42,425,316.00	44.08
	Dev.	99,601,140.00	-	-	0	-
LIVESTOCK,FISH ERIES AND VETERINARY SERVICES	Rec.	101,670,097.00	9,784,872.00	31,819,808.0 0	41,604,680.00	40.92
	Dev.	59,740,187.00	-		0	-
TRADE INDUSTRY AND COOPERATIVES	Rec.	61,052,934.00	1,351,456.00	12,339,739. 00	13,691,195.00	22.43
	Dev.	38,845,240.00	-		0	-
LANDS,PHYSICAL PLANNING AND URBAN DEVELOPMENT	Rec.	89,724,512.00	8,771,466.00	24,268,973. 00	33,040,439.00	36.82
	Dev.	33,632,376.00	-	-	0	-
WATER DEVELOPMENT, ENVIRONMENT & NATURAL RESOURCES	Rec.	79,224,853.00	3,959,395.00	14,086,148.0 0	18,045,543.00	22.78
	Dev.	138,604,477.00	-	-	0	-
TOURISM,CULT URE,SPORTS,YO UTH AND GENDER DEVELOPMENT	Rec.	59,159,283.00	394,994.00	22,817,327. 00	23,212,321.00	39.24
	Dev.	96,578,908.00	-	-	0	-
COUNTY PUBLIC SERVICE MANAGEMENT	Rec.	127,711,226.00	3,854,425.00	21,946,973. 00	25,801,398.00	20.20
	Dev.	25,900,000.00	-	-	0	-
SPECIAL PROGRAMMES & DIRECTORATES	Rec.	100,526,574.00	75,000.00	11,892,438.0 0	11,967,438.00	11.90
	Dev.	4,500,000.00	-		0	-
COUNTY ASSEMBLY	Rec.	483,519,537.00	60,092,708.00	82,195,920. 00	142,288,628.00	29.43
	Dev.	87,000,000.00	-	-	0	-
<b>TOTALS</b>		<b>5,107,461,648.0 0</b>	<b>383,667,670.0 0</b>	<b>775,378,343 .00</b>	<b>1,159,046,013.00</b>	<b>31.62</b>

Analysis of budget performance by department indicates that the department of Agriculture and Irrigation attained the highest absorption of recurrent budget at 44.08 per cent, while on the other hand the special directorates had the lowest at 11.90 per

cent. In overall, absorption is below the 50 percent threshold for both recurrent and development budget for the two quarters under review. This calls for special attention going forward so that funds do not roll over to the next financial year.

## CHALLENGES TO REVENUE & BUDGET IMPLEMENTATION

- ✚ Delay in preparation of bills of quantities and procurement process.
- ✚ Low Internal revenue performance for the period under review. Although performance has improved compared to first quarter, it's below the target.
- ✚ Unfavorable political environment due to the repeat presidential elections.
- ✚ Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.

## RECOMMENDATIONS

- ✚ Departments to fast-track preparation of bills of quantities and start procurement process without any further delay. This must be completed by 20<sup>th</sup> January 2018- **Efficiency monitoring Committee/Unit to monitor this & ensure compliance.**
- ✚ Create publicity through radio and public barazas on the need to pay land rates within kapenguria municipality. Valuation roll was passed by assembly and is ready for implementation. KVDA & Kengen also to pay rates. There is also need to remind traders to renew licenses & business permits. Revenue enforcement team to ensure compliance – **CEC finance**
- ✚ There is need to hasten the process of recruitment of directors under special directorates. It has the lowest absorption rates. This is likely to continue going forward.-**CPSB & office of Governor**
- ✚ County Executive Committee Members and Chief Officers for Health and Roads to review financing agreements for donor funds and conditional allocations to ensure that funds are Used as per Agreements Signed
- ✚ Wanyoike team that is auditing suspended projects especially those with budget allocations in the supplementary estimates to fast-track its work and submit report for action.
- ✚ A committee be formed to audit all pending bills.
- ✚ All bills relating to the implementation of budget be finalized by 15<sup>th</sup> January 2018 to enable the county assembly pass them for implementation(Cooperative Dev. Bill, community service bill, Bursary (amendments) regulations)- **Respective CECM**
- ✚ Reconstitute county car loan & mortgage committee and ensure proper handing over from previous committee- **CEC Finance**
- ✚ Reconstitute budget & economic forum, establish audit committee for the county executive- **CEC Finance &CO Planning**

- ✚ Memorandum of understanding to be signed with national government officials at the county level on financing of national government functions e.g county commissioners office, Katikomor & Akule border school- **Legal unit/office of Governor**
- ✚ All staff to sign performance contracts and performance appraisal- **PSM/HR**
- ✚ Sourcing of market for the proposed Nasukuta project products needs to be finalized as this is a requirement for the EU funds to be released.-**Nasukuta Steering & technical Committee**
- ✚ A committee be formed to review west pokot county village areas delineation act, 2017 and come up with recommendations for amendments.