



THE REPUBLIC OF KENYA

COUNTY GOVERNMENT OF THARAKA NITHI

BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER

FINANCIAL YEAR 2019/20

Courtesy of Controller of Budget

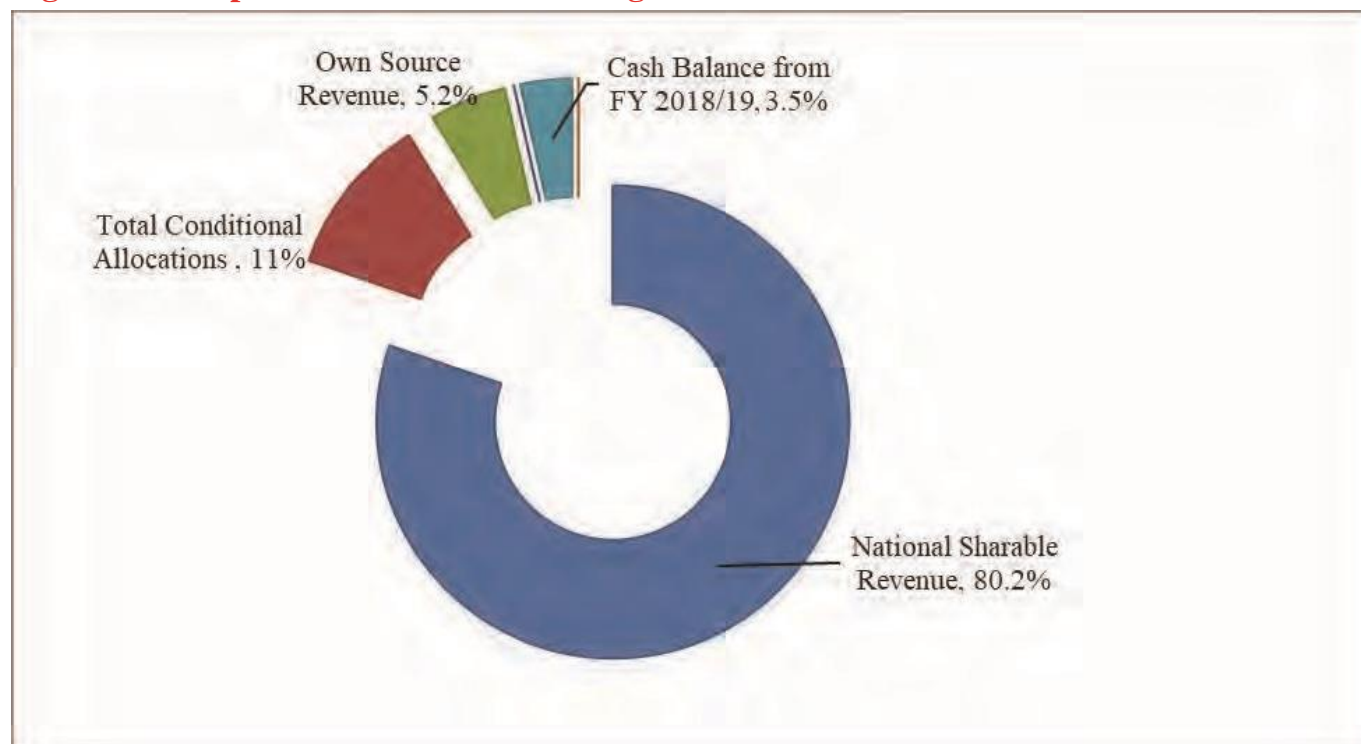
October 2019

1.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.4.76 billion, comprising of Kshs.1.46 billion (30.8 per cent) and Kshs.3.29 billion (69.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.3.82 billion (80.2 per cent) as equitable share of revenue raised nationally, Kshs.524.02 million (11 per cent) as total conditional grants, generate Kshs.250 million (5.2 per cent) from own source revenue, and had Kshs.167.6 million (3.5 per cent) as cash balance from FY 2018/19. Figure 1.1 shows the expected sources of financing in FY 2019/20.

Figure 1.1: Expected Sources of Financing in FY 2019/20



Source: Tharaka Nithi County Treasury

1.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.682.88 million as equitable share of the revenue raised nationally, raised Kshs.53.33 million from own-source revenue, and had a cash balance of Kshs.46.79 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.783.00 million as shown in Table 1.1 .

Table 1.1: Tharaka Nithi County, Revenue Performance in the First Quarter of FY 2019/20

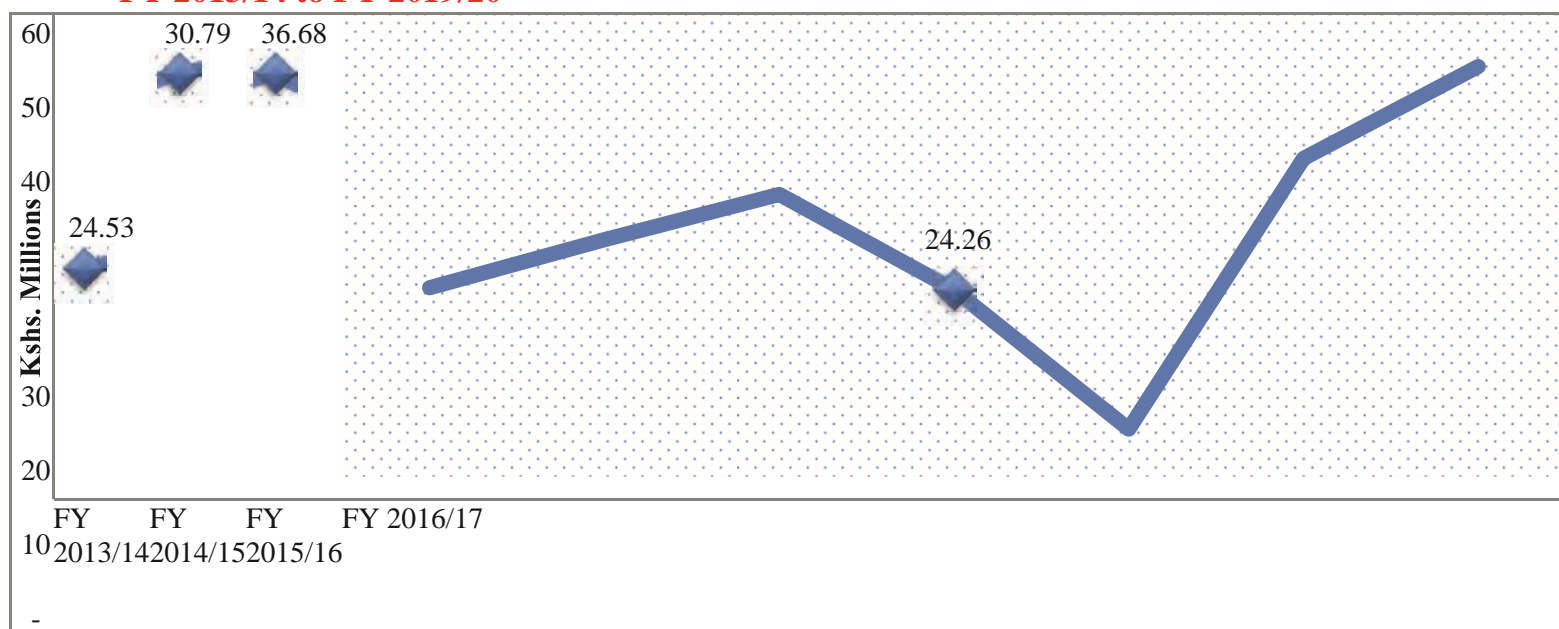
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)

A.	Equitable Share of Revenue Raised Nationally	3,924,600,000	3,824,520,000	682,880,400	18
B.	Conditional Grants from the National Government Revenue				
	Supplement for construction of county headquarters	1,152,184	-	-	-
	Compensation for User Fee Foregone	8,218,119	8,218,119	-	-
	Leasing of Medical Equipment	131,914,894	-	-	-
	Road Maintenance Fuel Levy Fund	111,402,375	112,554,559	-	-
	Rehabilitation of Village Polytechnics	55,638,298	55,638,298	-	-
Sub Total	308,325,870	4,000,930,976	682,880,400	17	
C	Loans and Grants from Development Partners				
	Transforming Health systems for Universal care Project (WB)	40,049,752	50,000,000	-	-
	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	152,374,180	152,000,000	-	-
	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	38,536,081	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	70,000,000	-	-
	DANIDA Grant	10,875,000	15,080,940	-	-
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,518,089	22,000,000	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total	307,617,021	347,617,021	-	-	
D	Other Sources of Revenue				
	Own-Source Revenue	-	250,000,000	53,327,232	21
	Balance b/f from FY2018/19	-	167,607,425	46,795,450	28
Sub Total	-	417,607,425	100,122,682	24	
Grand Total	4,540,542,891	4,766,155,422	783,003,082	16	

Source: Tharaka Nithi County Treasury

Figure 1.2 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2019/20.

Figure 1.2: Trend in Own-Source Revenue Collection for the First Quarters from FY 2013/14 to FY 2019/20



Source: Tharaka Nithi County

The own source revenue realised in first quarter of FY2019/20 of Kshs.53.33 million representing 21.3 per cent of the annual target.

1.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.639.24 million from the CRF account. The withdrawals comprised of Kshs.41.20 million (6.4 per cent) for development programmes and Kshs.598.05 million (93.6 per cent) for recurrent programmes.

1.4 Overall Expenditure Review

A total of Kshs.622.41 million was spent on development and recurrent programmes. This expenditure represented 97.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.41.16 million and Kshs.581.25 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 17.6 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 2.8 per cent.

1.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.508.93 million was spent on compensation to employees and Kshs.72.32 million on use of goods and services.

Table 1.2: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
Total Recurrent Expenditure	3,297,807,098	598,046,000	581,256,325	17.6

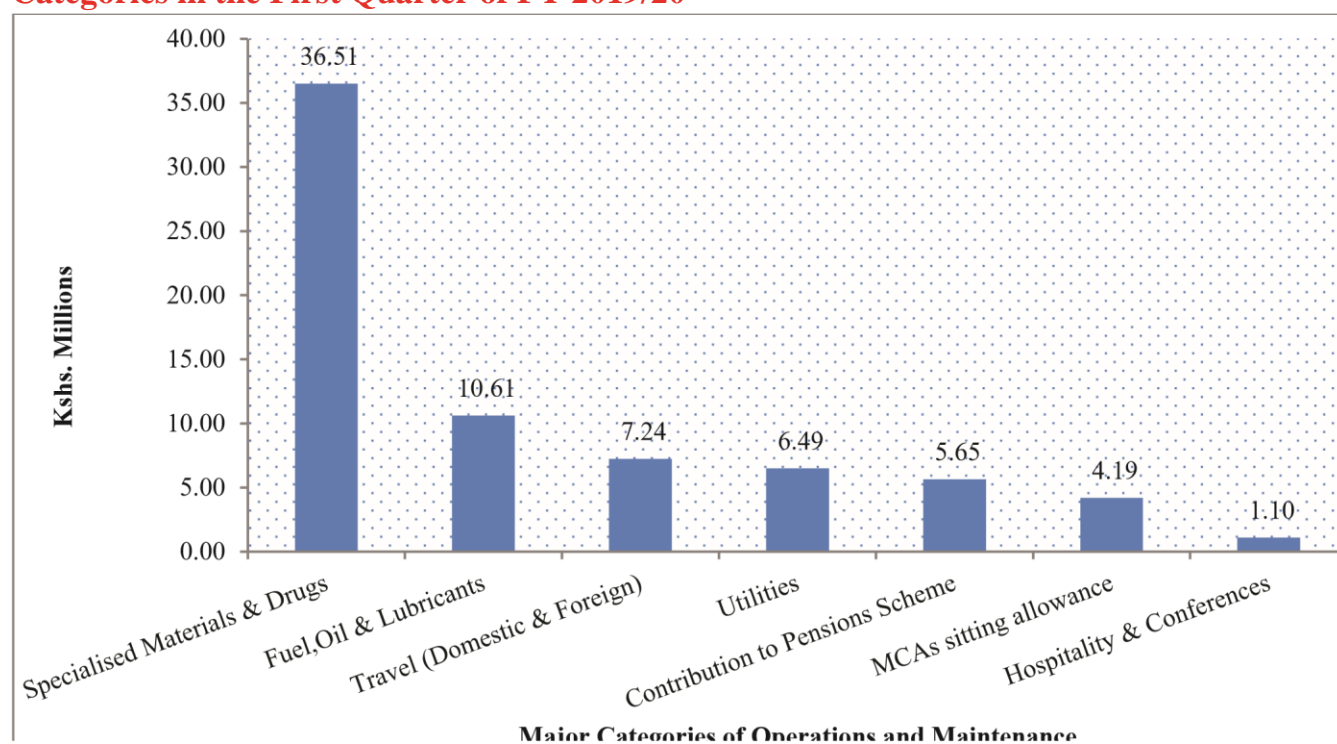
Compensation to Employees	1,916,473,003	508,936,065	508,936,065	26.6
Operations and Maintenance	1,381,334,095	89,109,934	72,320,260	5.2
Total Development Expenditure	1,468,348,324	-	-	-
Development Expenditure	1,468,348,324	41,200,000	41,162,353	2.8
Total	4,766,155,422	639,245,999	622,418,678	17.6

Source: Tharaka Nithi County Treasury

1.6 Analysis of Operations and Maintenance

Figure 1.3 shows a summary of operations and maintenance expenditure by major categories.

Figure 1.3: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: Tharaka Nithi County Treasury

The County spent Kshs.4.19 million on committee sitting allowances to the 21 MCAs against the annual budget allocation of Kshs.15 million. This was an increase of 45.8 per cent compared to Kshs.2.87 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.66, 487 per MCA compared to SRC's recommended monthly ceiling of Kshs.124, 800.

Expenditure on domestic and foreign travel amounted to Kshs.7.23 million and comprised of Kshs.4.89 million spent by the County Assembly and Kshs.2.34 million by the County Executive. This represented a decrease of 359.1 per cent compared to Kshs.25.96 million spent in the first quarter of FY 2018/19.

1.7 Budget Performance by Department

Table 1.3 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 1.3: Tharaka Nithi County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	400.65	10.00	40.00	-	39.99	-	100	-	10	-
Office Of the Governor And Deputy Governor	140.99	-	21.48	-	12.43	-	57.9	-	8.8	-
Finance and Economic Planning	262.90	-	12.89	-	27.31	-	211.9	-	10.4	-
Agriculture and Cooperative Development	101.57	260.37	20.27	-	27.43	-	135.3	-	27	-
Education and Vocational Training	197.74	82.26	29.58	-	35.52	-	120.1	-	18	-
Medical Services	1,562.72	244.91	384.19	-	356.63	-	92.8	-	22.8	-
Lands, Physical Planning, Urban Development, Housing and Environment	70.66	199.00	8.02	41.2	12.93	41.16	161.2	99.9	18.3	20.7
Roads, Infrastructure, Public Works And Industry	53.55	444.05	3.58	-	3.97	-	111	-	7.4	-
Administration and Public Service	149.73	-	20.49	-	26.84	-	131	-	17.9	-
Trade and Resource Mobilization	106.20	-	23.31	-	20.77	-	89.1	-	19.6	-
Water Services and Irrigation	48.27	120.75	7.21	-	6.41	-	88.9	-	13.3	-
County Public Service Board	15.90	-	2.38	-	-	-	-	-	-	-
Livestock, Veterinary and Fisheries Development	85.31	35.00	16.87	-	2.99	-	17.7	-	3.5	-
Public Health and Sanitation	26.41	-	-	-	-	-	-	-	-	-
Energy, Information, Communication and Technology	28.37	24.00	1.00	-	2.93	-	292.6	-	10.3	-
Youth, Sports, Culture and Tourism	46.85	48.00	6.79	-	5.11	-	75.2	-	10.9	-
TOTAL	3,297.81	1,468.35	598.05	41.2	581.26	41.16	97.2	100	17.6	2.8

Source: Tharaka Nithi County Treasury

Analysis of expenditure by department shows that the Lands, Physical Planning, Urban Development, Housing and Environment Department recorded an absorption rate of its development budget at 20.7 per cent while the other departments did not spend on development programmes. The Department of Agriculture and Cooperative Development had the highest percentage of recurrent expenditure to recurrent budget at 27 per cent.

1.8 Budget Execution by Programmes and Sub-Programmes

Table 1.4 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 1.4: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Row Labels	Sum of Printed Estimate Kshs	Sum of Cumulative Expenditure Kshs	Sum of Variance Kshs	Sum of Absorption (%)
P: Kenya Devolution Support Programme	38,263,000	181,460	38,081,540	0.47
SP: Tharaka Nithi KDSP Capacity Building	38,263,000	181,460	38,081,540	0.47
P: Cooperatives Development	263,542,592	-	263,542,592	-
SP: Cooperatives Development	263,542,592	-	263,542,592	-
P: County Assembly Services	400,000	-	400,000	-
SP: County Assembly Services	400,000	-	400,000	-
P: County Government Administration and Field Services	318,565,423	52,963,492	265,601,931	16.6
SP: Field Services and Administration	3,850,000	-	3,850,000	-
SP: General Administrative Services	118,531,973	26,839,880	91,692,093	22.6
SP: Human Resource Management Services	196,183,450	26,123,612	170,059,838	13.3
P: County Government Advisory Services	20,960,740	-	20,960,740	-
SP: Communication and Strategy	11,544,500	-	11,544,500	-
SP: Disaster Management and Coordination	3,100,000	-	3,100,000	-
SP: Public Sector Advisory Services [Legal, Political & Economic Advisors]	6,316,240	-	6,316,240	-
P: County Leadership and Coordination of CDAs	21,175,250	901,600	20,273,650	4.3
SP: Coordination and Supervisory Services (D/Governor's Office)	21,175,250	901,600	20,273,650	4.3
P: Crop Development and Management	7,137,000	-	7,137,000	-
SP: Crop Development, Agribusiness and Market Development	7,137,000	-	7,137,000	-
P: Culture, Arts and Social Services	6,505,248	-	6,505,248	-
SP: Culture and Arts Promotion	5,870,124	-	5,870,124	-
SP: Gender, PWDs and Social Services	635,124	-	635,124	-
P: Curative and Rehabilitative Services	198,400,000	36,509,978	161,890,022	18.4
SP: Laboratory Services	45,000,000	-	45,000,000	-
SP: Medical Supplies	153,400,000	36,509,978	116,890,022	23.8
P: Education and Youth Training	87,441,540	46,200	87,395,340	0.1
SP: Promotion of Basic Education (ECDE)	51,437,760	46,200	51,391,560	0.1
SP: Youth Training and Capacity Building	36,003,780	-	36,003,780	-
P: Energy Resource Development & Management	24,461,000	-	24,461,000	-
SP: Energy Resource Development & Management	24,461,000	-	24,461,000	-
P: Financial Management Services	12,480,000	849,360	11,630,640	6.8
SP: Accounting Services	4,600,000	93,900	4,506,100	2
SP: Audit Services	5,400,000	595,000	4,805,000	11

SP: Procurement and Supply Chain Management Services	2,480,000	160,460	2,319,540	6.5
P: General Administration, Planning & Liquor Licensing & Management	97,846,804	20,523,215	77,323,589	21
SP: General Administration, Planning & Liquor Licensing & Management	97,846,804	20,523,215	77,323,589	21
P: General Administration, Planning and Support Services	2,085,316,202	414,077,458	1,671,238,744	19.9
SP: Administration, Policy, Strategy and Management of Agriculture	91,263,688	27,425,050	63,838,638	30.1
SP: General administration	330,474,894	6,474,557	324,000,337	2

Row Labels	Sum of Printed Estimate Kshs	Sum of Cumulative Expenditure Kshs	Sum of Variance Kshs	Sum of Absorption (%)
SP: General Administration, Planning and Support Services	241,940,404	42,373,603	199,566,801	17.5
SP: HMIS Monitoring and Evaluation	1,500,000	-	1,500,000	-
SP: Human Resource Management	1,275,858,898	313,649,543	962,209,355	24.6
SP: Management of County Affairs [Governor's Office]	101,950,318	11,526,545	90,423,773	11.3
SP: Physical Planning Services	40,928,000	12,628,160	28,299,840	30.9
SP: Research and Development	1,400,000	-	1,400,000	-
P: Human Resource Planning and Management	1,659,000	-	1,659,000	-
SP: Capacity Building - local	1,134,000	-	1,134,000	-
SP: Human Resource Planning and Policy Development	525,000	-	525,000	-
P: ICT Infrastructure Development	2,677,000	-	2,677,000	-
SP: ICT Infrastructure Development	2,677,000	-	2,677,000	-
P: Kathwana Municipality	3,120,000	-	3,120,000	-
SP: Kathwana Municipality	3,120,000	-	3,120,000	-
P: Land Administration & Management	215,931,600	41,190,353	174,741,247	19.1
SP: Land Administration & Management	215,931,600	41,190,353	174,741,247	19.1
P: Legal Affairs and Services	7,720,000	-	7,720,000	-
SP: Legal Affairs and Services	7,720,000	-	7,720,000	-
P: Livestock Production and Development	120,308,486	2,990,345	117,318,141	2.5
SP: Fisheries Development and Promotion	3,054,000	-	3,054,000	-
SP: Livestock Production and Development	107,911,848	2,990,345	104,921,503	2.8
SP: Veterinary Services and Disease Prevention	9,342,638	-	9,342,638	-
P: Natural Resources and Environmental Conservation	9,678,632	269,740	9,408,892	2.8
SP: Natural Resources and Environmental Conservation	9,678,632	269,740	9,408,892	2.8
P: Policy, Budgeting and Planning	18,820,000	159,440	18,660,560	0.9
SP: Budgeting and Expenditure Management	7,230,000	145,440	7,084,560	2
SP: County Statistics Services	3,390,000	-	3,390,000	-

SP: Economic Development, Planning and Coordination Services	4,010,000	14,000	3,996,000	0.4
SP: Monitoring and Evaluation	4,190,000	-	4,190,000	-
P: Preventive and Promotive Health Services	26,410,000	-	26,410,000	-
SP: Disease Surveillance	1,100,000	-	1,100,000	-
SP: Environmental Health Services	17,650,000	-	17,650,000	-
SP: Health Promotion and NCDs Services	1,900,000	-	1,900,000	-
SP: HIV/AIDS Prevention and Contort	3,600,000	-	3,600,000	-
SP: Nutrition Services	1,060,000	-	1,060,000	-
SP: Reproductive Maternal and Child health Services	1,100,000	-	1,100,000	-
P: Public Works and Housing Services	5,079,500	-	5,079,500	-
SP: Public Works and Housing Services	5,079,500	-	5,079,500	-
P: Roads and Transport	470,358,859	-	470,358,859	-
SP: Roads and Transport	470,358,859	-	470,358,859	-
P: Sports Development and Promotion	82,160,250	5,055,070	77,105,180	6.2
SP: Inter Counties Competition and Tournaments/League	3,752,000	52,500	3,699,500	1.4
SP: Talent Search and Promotion	78,408,250	5,002,570	73,405,680	6.4
P: Tourism Development and Promotion	4,206,000	50,400	4,155,600	1.2
SP: Miss Tourism Kenya/Tharaka Nithi	2,730,500	-	2,730,500	-
Row Labels	Sum of Printed Estimate Kshs	Sum of Cumulative Expenditure Kshs	Sum of Variance Kshs	Sum of Absorption (%)
SP: Tourism Branding	1,475,500	50,400	1,425,100	3.4
P: Trade & Industrial Development	8,350,592	249,800	8,100,792	3
SP: Trade & Industrial Development	8,350,592	249,800	8,100,792	3
P: Water Supply Services	169,015,700	6,408,360	162,607,340	3.8
SP: Domestic Water Services	163,125,200	6,408,360	156,716,840	3.9
SP: Irrigation and Drainage Services	4,715,000	-	4,715,000	-
SP: Water Storage Services	1,175,500	-	1,175,500	-
P: County Assembly Services	438,165,004	39,992,407	8,100,792	3
SP: County Assembly Services	438,165,004	39,992,407	8,100,792	3
Grand Total	4,766,155,422	622,418,678	3,745,564,147	13.5

Source: Tharaka Nithi County Treasury

The top performing programs across the County were: General Administration, Planning & Liquor Licensing & Management, and General Administration, Planning and Support Services.

1.9 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay by the National Treasury to disburse the equitable share of revenue raised nationally.

2. Failure to correctly budget for the equitable share of revenue and conditional grants contained in CARA, 2019, DORA/CARA not approved in time.
3. Failure by the County to budget for eligible pending bills as advised by the Controller of Budget and directed by the Intergovernmental Budget and Economic Council (IBEC). Non-payment of eligible pending bills contravenes the PFM Act, 2012.

The County should implement the following recommendations in order to improve budget execution;

- 1. The County Treasury should liaise with the National Treasury so as to ensure that funds allocated to the County are released in a timely manner in line with the CARA, 2019 Disbursement Schedule.*
- 2. The County should ensure it prepares a supplementary budget in order to correctly capture the equitable share and conditional grants in the budget in line with CARA, 2019.*
- 3. The County should budget and pay eligible pending bills as a first charged in line with the PFM Act, 2012.*