

THARAKA NITHI COUNTY GOVERNMENT

BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER

FY 2020/21

October, 2020

PREFACE

I am honoured to present the first quarter County Government Budget Implementation Review Report (CBIRR) for FY 2020/21. This report presents the progress made in budget implementation by the County for the period July to September, 2020. The analyses and information presented in this report is based on financial reports submitted by various departments to the County Treasury, the approved County Government budget, and the report generated from the Integrated Financial Management Information System (IFMIS). The analyses and findings are anchored on provisions of the Constitution of Kenya 2010, the Public Finance Management (PFM) Act, 2012, and best practice in public financial management. The report also highlights the achievements and challenges encountered during the reporting period and further contains recommendations to address the challenges.

Preparation of this report has been made possible by the concerted efforts of the staff from the County departments and the County Treasury. As such, I am particularly, grateful to the staff in the Budget office and the County Treasury for their contribution towards the preparation of this report.

This report is intended to inform stakeholders, policy makers, analysts and members of the public on the status of the County budget implementation. I urge all readers to continually take interest in budget implementation, and also implore the County departments to publicly avail information on budget implementation in order to enhance accountability and openness in the use of public resources.

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CECM-FINANCE, ECONOMIC PLANNING, TRADE AND REVENUE

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ACRONYMS

ASDSP	Agriculture Sector Development Support Programme
CARA	County Allocation of Revenue Act
CEC	County Executive Committee
CECM-F	County Executive Committee Member Finance
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
EU	European Union
FY	Financial Year
ICT	Information Communication Technology
KDSP	Kenya Devolution Support Programme
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Project
MCA	Member of County Assembly

1.1 Overview of the FY 2020/21 Budget

The county's approved budget for FY 2020/21 is Kshs.5.17 billion, comprising of Kshs.1.71 billion (33.2 per cent) and Kshs.3.46 billion (66.8 per cent) allocations for Development and Recurrent programmes respectively. To finance the budget, the county expects to receive Kshs.3.86 billion (74.6 per cent) being equitable share of revenue raised nationally, Kshs.993.16 million (19.2 per cent) as total conditional grants, generate Kshs.325 million (6.3 percent) from own sources of revenue.

1.2 Revenue Performance

During the first quarter of FY2020/21, the County received Kshs.337.52 million as equitable share of the revenue raised nationally which was a balance from FY 2019/20, raised Kshs.54.41 million as own-source revenue, and had a cash balance of Kshs.345.39 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.737.31 million as shown in Table 1.

Table 1: Tharaka Nithi County, Revenue Performance in the Three Months of FY 2020/21

Source: Tharaka Nithi County Treasury

Figure 1 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2020/21.

Figure 1: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2020/21

Source: Tharaka Nithi County Treasury

During the first quarter of FY 2020/21, the County generated a total of Kshs.54.41 million as own-source revenue. This amount represented an increase of 2 per cent when compared to Kshs.53.32 million realised during the same period in FY 2019/20, and was 16.7 per cent of the annual target

1.1.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.527.11 million from the CRF account during the reporting period. This amount comprised of Kshs.53.47 million (10.1 per cent) for development programmes and Kshs.473.64 million (89.9 per cent) for recurrent programmes.

Overall Expenditure Review

A total of Kshs.734.70 million was spent on development and recurrent programmes and represented 139.4 per cent of the total funds released from the CRF account. The expenditure to exchequer issues above 100 per cent is as a result of monies retained in Special Purpose Accounts and County established funds as at end of FY 2019/20 which were thereafter spent in the reporting period. The expenditure comprised of Kshs.53.60 million and Kshs.697.97 million on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption

Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.562.07 million was spent on Compensation to Employees, Kshs.119.02 million on Operations and Maintenance, and Kshs.53.60 million on development activities.

Table 2: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2020/21

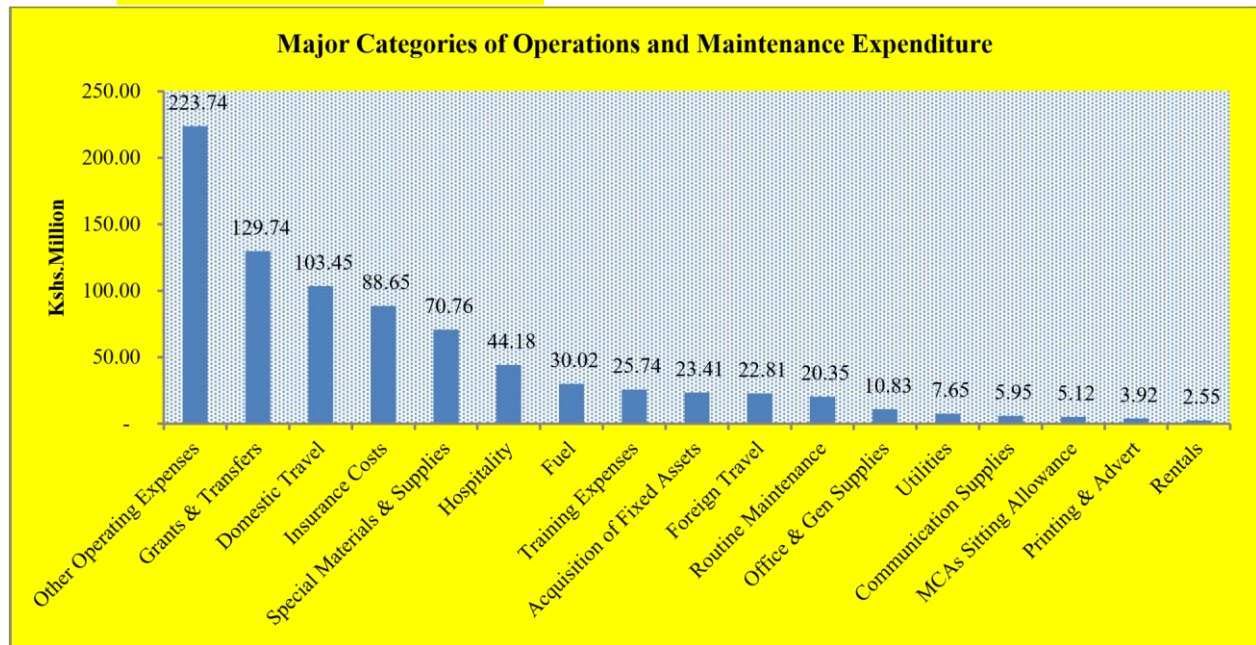
Source: Tharaka Nithi County Treasury

Expenditure on Compensation to Employees was Kshs.562.07 million and represented 76.2 per cent of the total revenue of Kshs.737.31 million in the first quarter of the financial year. The salary for the month of September 2020 was not paid as at the end of the first quarter of the financial year 2020/21.

Analysis of Operations and Maintenance Expenditure

Figure 2 shows a summary of operations and maintenance expenditure by major categories.

Figure 2: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2020/21



Source: Tharaka Nithi County Treasury

1.1.7 Development Expenditure Analysis

The Development expenditure of Kshs.53.60 million represented 3.1 per cent of the annual development budget of Kshs.1.71 billion and represented an increase of 30.2 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.41.16million. Table 3.147 Table 3.168 provides a summary of development projects with the highest expenditure in the first quarter of the financial year.

Table 3: Tharaka Nithi County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2020/21

Source: Tharaka Nithi County Treasury

Budget performance

Budget Performance by Department

Table 3.169 shows a summary of the approved budget allocation and performance by Department in the first quarter of FY 2020/21.

Table 4: Tharaka Nithi County, Budget Performance by Department for the First Six Months of FY 2020/21

Source: Tharaka Nithi County Treasury

Analysis of expenditure by department shows that the department of Tourism, Trade, Enterprise Development and Cooperatives recorded the highest absorption rate of development budget at 29.9 per cent while four Departments and the County Assembly did not report expenditure on development activities as shown in the above table. It's worth noting however that the releases/requests for development activities were only Kshs. 47.74 million while the difference in expenditure of approximately Kshs. 100 million are commitments pending settlement.

The Department of Education and Vocational Training had the highest absorption of recurrent budget at 80.2 per cent while the Department of Lands, Housing, Physical Planning and Urban Development had the lowest at 24.6 per cent.

1.1.9 Budget Execution by Programmes and Sub-Programmes

Table 5 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2020/21.

Table 5 : Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2020/21

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
COUNTY EXECUTIVE					
0701004210 P1 Management of County Affairs	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	218,324,512	134,249,212	84,075,300	61.49%
	0704014210 SP2 Administration of Human Resources in County Public Service	66,354,595	36,609,198	29,745,397	55.17%
	0701034210 SP3 Sub County Administration	170,868,388	129,989,113	40,879,275	76.08%
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	37,421,177	31,163,896	6,257,281	83.28%
	Sub total	492,968,672	332,011,419	160,957,253	67.35%

FINANCE, ECONOMIC PLANNING AND ICT					
0705004210 P1 General Administration Planning and Support Services	0705014210 SP1 Administration Services	496,099,408	153,926,830	342,172,578	31.03%
	0705024210 SP2 ICT Services	68,039,343	8,417,171	59,622,172	12.37%
	Sub total	564,138,751	162,344,001	401,794,750	28.78%
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	33,881,646	28,956,041	4,925,605	85.46%
	0706024210 SP2 Resource Mobilization	62,385,301	50,367,670	12,017,631	80.74%
	0706034210 SP3 Internal Audit	24,079,558	9,348,815	14,730,743	38.82%
	0706044210 SP4 Supply Chain Management	21,125,208	15,038,682	6,086,526	71.19%
	0706014210 SP1 Budget Formulation Coordination and Management	10,579,310	9,689,391	889,919	91.59%
	0706064210 SP6 Fiscal Planning	66,706,152	17,570,344	49,135,808	26.34%
	Sub total	218,757,175	130,970,943	87,786,232	59.87%
0713004210 P3 General Administration Planning and Support Services	0713014210 SP1 General Administration Planning and Support Services	6,890,240	4,322,207	2,568,033	62.73%
	Sub total	6,890,240	4,322,207	2,568,033	62.73%
0712004210 P4 Special Programs	0712014210 SP 1 Special Programs	14,531,022	11,663,766	2,867,256	80.27%
	Sub total	14,531,022	11,663,766	2,867,256	80.27%
AGRICULTURE, LIVESTOCK DEVELOPMENT, VETERINARY SERVICES AND FISHERIES					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	412,577,318	78,652,225	333,925,093	19.06%
	Sub total	412,577,318	78,652,225	333,925,093	19.06%
0103004210 P2 Livestock Resource Management and Development	0103014210 SP1 Livestock policy development and capacity building	15,943,416	9,875,142	6,068,274	61.94%
	0103024210 SP2 Livestock Production and Management	167,429,252	36,830,702	130,598,550	22.00%
	0103034210 SP3 Livestock Diseases management and control	50,546,262	7,972,331	42,573,931	15.77%
	0103044210 SP4 Livestock marketing and rangeland management	9,280,755	5,870,582	3,410,173	63.26%
	Sub total	243,199,685	60,548,757	182,650,928	24.90%
	0104014210 SP1 Management and Development of fisheries	8,471,220	5,013,945	3,457,275	59.19%
0104004210 P4 Fisheries Development and Management	Sub total	8,471,220	5,013,945	3,457,275	59.19%
0105004210 P3 Crop Development and Management	0105014210 SP1 Lands and Crops Development	185,553,325	26,482,177	159,071,148	14.27%
	0105024210 SP2 Food security Initiatives	27,280,199	5,317,814	21,962,385	19.49%
	Sub total	212,833,524	31,799,991	181,033,533	14.94%
WATER, ENVIRONMENT, NATURAL RESOURCES & ENERGY					
1001004210 P1 General Administration Planning and Support Services	1001014210 SP1 General Administration Planning and Support Services	124,451,982	28,395,951	96,056,031	22.82%
	Sub total	124,451,982	28,395,951	96,056,031	22.82%

1002004210 P2 Environmental Management and Protection	1002014210 SP1 County Environment Management	19,326,039	3,343,973	15,982,066	17.30%
	1002024210 SP2 Forests Conservation and Management	7,206,368	1,259,793	5,946,575	17.48%
	Sub total	26,532,407	4,603,766	21,928,641	17.35%
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management	8,260,886	1,262,249	6,998,637	15.28%
	1003034210 SP3 Mining Services	7,066,000	2,062,500	5,003,500	29.19%
	1003044210 SP4 Water catchment and protection services	69,661,708	515,151	69,146,557	0.74%
	Sub total	84,988,594	3,839,900	81,148,694	4.52%
1004004210 P4 Water and sanitation infrastructure	1004014210 SP1 Storm Water management	7,193,593	1,156,200	6,037,393	16.07%
	1004024210 SP2 Water and sanitation services	346,624,635	34,897,558	311,727,077	10.07%
	Sub total	353,818,228	36,053,758	317,764,470	10.19%

EDUCATION AND VOCATIONAL TRAINING

0501004210 P1 General Administration Planning and Support Services	0501014210 SP1 General Administration Planning and Support Services	198,023,558	142,013,170	56,010,388	71.72%
	Sub total	198,023,558	142,013,170	56,010,388	71.72%
0502004210 P3 Youth Training and Development	SP 0504014210 Revitalization of Youth Polytechnics	35,681,294	3,492,866	32,188,428	9.79%
	Sub total	35,681,294	3,492,866	32,188,428	9.79%
0502004210 P2 Early childhood development and Education	0502014210 SP1 Early Childhood Development and Education	370,028,446	236,285,809	133,742,637	63.86%
	Sub total	370,028,446	236,285,809	133,742,637	63.86%

MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION

0401004210 P1 Preventive and Promotive Health Services	0401044210 SP2 Environmental & Health promotion	85,748,104	81,682,783	4,065,321	95.26%
	0402014210 SP1 Nutrition	14,144,518	7,418,339	6,726,179	52.45%
	0401054210 SP3 Communicable Disease Control	82,991,734	71,738,284	11,253,450	86.44%
	0401064210 SP4 Non-communicable Disease Prevention & Control	38,870,936	33,764,419	5,106,517	86.86%
	0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health	61,112,750	48,883,226	12,229,524	79.99%
	Sub total	282,868,042	243,487,051	39,380,991	86.08%
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services	360,109,585	261,180,449	98,929,136	72.53%

	0402054210 SP2 Free Primary Health Services	158,200,280	58,574,964	99,625,316	37.03%
	Sub total	518,309,865	319,755,413	198,554,452	61.69%
0403004210 P3 General Administration Planning and Support Services	0403014210 SP1 Health Infrastructure development	368,462,715	6,132,610	362,330,105	1.66%
	0403034210 SP2 Human Resource Management and Development	71,762,075	50,174,754	21,587,321	69.92%
	0403044210 SP3 Monitoring and Evaluation, Research and Development	4,825,018	2,682,447	2,142,571	55.59%

	0403054210 SP4 Health Policy, Planning & Financing	45,009,299	18,812,558	26,196,741	41.80%
	0403064210 SP5 Health standards and quality assurance Services	57,090,371	29,181,448	27,908,923	51.11%
	Sub total	547,149,478	106,983,817	440,165,661	19.55%
LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	56,999,546	10,658,902	46,340,644	18.70%
	Sub total	56,999,546	10,658,902	46,340,644	18.70%
0102004210 P2 Land policy Planning and Housing	0102014210 SP1 Land use planning	27,414,274	3,134,750	24,279,524	11.43%
	0102034210 SP2 Land Survey And Mapping	36,150,255	4,359,088	31,791,167	12.06%
	0102044210 SP3 Housing management services	1,039,769	162,041	877,728	15.58%
	Sub total	64,604,298	7,655,879	56,948,419	11.85%
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban centre management	186,481,216	16,953,785	169,527,431	9.09%
	Sub total	186,481,216	16,953,785	169,527,431	9.09%
ROADS, TRANSPORT AND PUBLIC WORKS					
0201004210 P1 General Administration Planning and Support Services	0201014210 SP1 General Administration Planning and Support Services	96,934,100	15,478,107	81,455,993	15.97%
	0201034210 SP2 Firefighting services	385,786	100,541	285,245	26.06%
	0201044210 SP3 Design, implementation and supervision of public buildings	20,296,380	5,963,609	14,332,771	29.38%
	Sub total	117,616,266	21,542,257	96,074,009	18.32%
0202004210 P2 Roads and public Infrastructure Development	0202014210 SP1 Construction, rehabilitation and maintenance of Roads and Bridges	587,348,806	30,818,365	556,530,441	5.25%
	0202024210 SP2 Design, supervision and rehabilitation of County Buildings	10,904,542	4,247,042	6,657,500	38.95%
	0202034210 SP3 Street lights management	22,656,658	4,926,246	17,730,412	21.74%
	0202044210 SP4 Public Road transport and Parking	4,650,189	2,188,250	2,461,939	47.06%
	Sub total	625,560,195	42,179,903	583,380,292	6.74%
TOURISM, TRADE, ENTERPRISE DEVELOPMENT AND COOPERATIVES					
0301004210 P1 General Administration Planning and Support Services	0301014210 SP1 General Administration Planning and Support Services	54,806,203	7,565,531	47,240,672	13.80%
	Sub total	54,806,203	7,565,531	47,240,672	13.80%
0302004210 P2 Cooperatives Development and Management	0302014210 SP1 Governance and Accountability	19,691,510	4,379,101	15,312,409	22.24%
	Sub total	19,691,510	4,379,101	15,312,409	22.24%
0304004210 P4 Tourism Development and Promotion	0304014210 SP1 Tourism Promotion and Marketing	217,847,189	118,716,648	99,130,541	54.50%
	Sub total	217,847,189	118,716,648	99,130,541	54.50%
0305004210 P5 Trade Development and	0305014210 SP1 Domestic trade development	54,301,359	25,779,115	28,522,244	47.47%

Promotion	Sub total	54,301,359	25,779,115	28,522,244	47.47%
0306004210 P6 P1 General Administration Planning and Support Services	0306014210 SP6 SP1 General Administration Planning and Support Services	22,944,656	13,810,063	9,134,593	60.19%
	Sub total	22,944,656	13,810,063	9,134,593	60.19%
CULTURE, SOCIAL SERVICES, GENDER, SPORTS AND YOUTH AFFAIRS					
0901004210 P1 General Administration Planning and Support Services	0901014210 SP1 General Administration Planning and Support Services	47,416,736	25,970,476	21,446,260	54.77%
	Sub total	47,416,736	25,970,476	21,446,260	54.77%
0902004210 P2 Culture and social Services development	0902014210 SP1 Conservation of Heritage	2,403,600	1,503,680	899,920	62.56%
	0902024210 SP2 Development and Promotion of Culture	32,659,858	5,489,030	27,170,828	16.81%
	0902034210 SP3 Social Welfare and Gender	46,227,500	17,653,420	28,574,080	38.19%
	0902044210 SP4 Community Mobilization and development	9,507,810	2,567,467	6,940,343	27.00%
	Sub total	90,798,768	27,213,597	63,585,171	29.97%
0903004210 P3 Promotion of other sports activities	0903014210 SP1 Development and Management of Sports Facilities	37,572,000	1,211,950	36,360,050	3.23%
	Sub total	37,572,000	1,211,950	36,360,050	3.23%
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	36,928,844	14,758,676	22,170,168	39.97%
	Sub total	36,928,844	14,758,676	22,170,168	39.97%
0904014210 P1 General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	16,186,002	6,242,100	9,943,902	38.56%
	Sub total	16,186,002	6,242,100	9,943,902	38.56%
COUNTY ASSEMBLY					
0707004210 P1 County Assembly Administration	0707014210 SP1 Legislative and Oversight	54,761,166	30,969,256	23,791,910	56.55%
	0707024210 SP2 County Assembly Administration	296,730,088	144,293,725	152,436,363	48.63%
	0707034210 SP3 Representation	218,805,780	157,160,641	61,645,139	71.83%
	Sub total	570,297,034	332,423,622	237,873,412	58.29%
Grand Total		6,936,271,323	2,619,300,360	4,316,970,963	37.76%

Source: Tharaka Nithi County Treasury

The best performing programs across the County were: Preventive and Promotive Health Services at 86.1 per cent, Special Programs at 80.3 per cent, Education's Administrative Services at 71.7 per cent, and Management of County Affairs at 67.4 per cent of budget allocation.

Key Observations and Recommendations

The County has improved in its own source revenue performance for the period under review and managed to collect Kshs. 205.21 million representing a 7.8 per cent growth as compared to the Kshs. 190.35 million realised during the nine months of the previous year. The nine months collection for the 2020/21 financial year also represents 76.8 per cent against the annual revenue target of Kshs.267.03 million.

The county however had the following challenges that hampered effective budget implementation during the reporting period;

1. Low absorption of development funds in the first nine months of FY 2020/2120. The County requested for Kshs.57.74 million out of annual development budget of Kshs.2.44 billion. Additionally, total commitments on development activities were Kshs. 147.37 million representing 6.0 per cent of the annual development.
2. A high wage bill, which accounted for 63.3 per cent of the total expenditure in the First Nine Months of FY 2020/21 thus constraining funding to other programmes.

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

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*