SAMBURU COUNTY GOVERNMENT

BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER

FY 2019/20

SEPTEMBER, 2019

PREFACE

I am honored to present the 1st quarter County Government Budget Implementation Review Report (CBIRR) for FY 2019/20.

This report presents the progress made in budget implementation by the County for the period July to September, 2019. 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.

SAMBURU COUNTY GOVERNMENT
20 NOV 2019
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MARALAL
FINANCE, ICT AND ECONOMIC

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CECM-FINANCE ECONOMIC PLANNING AND ICT

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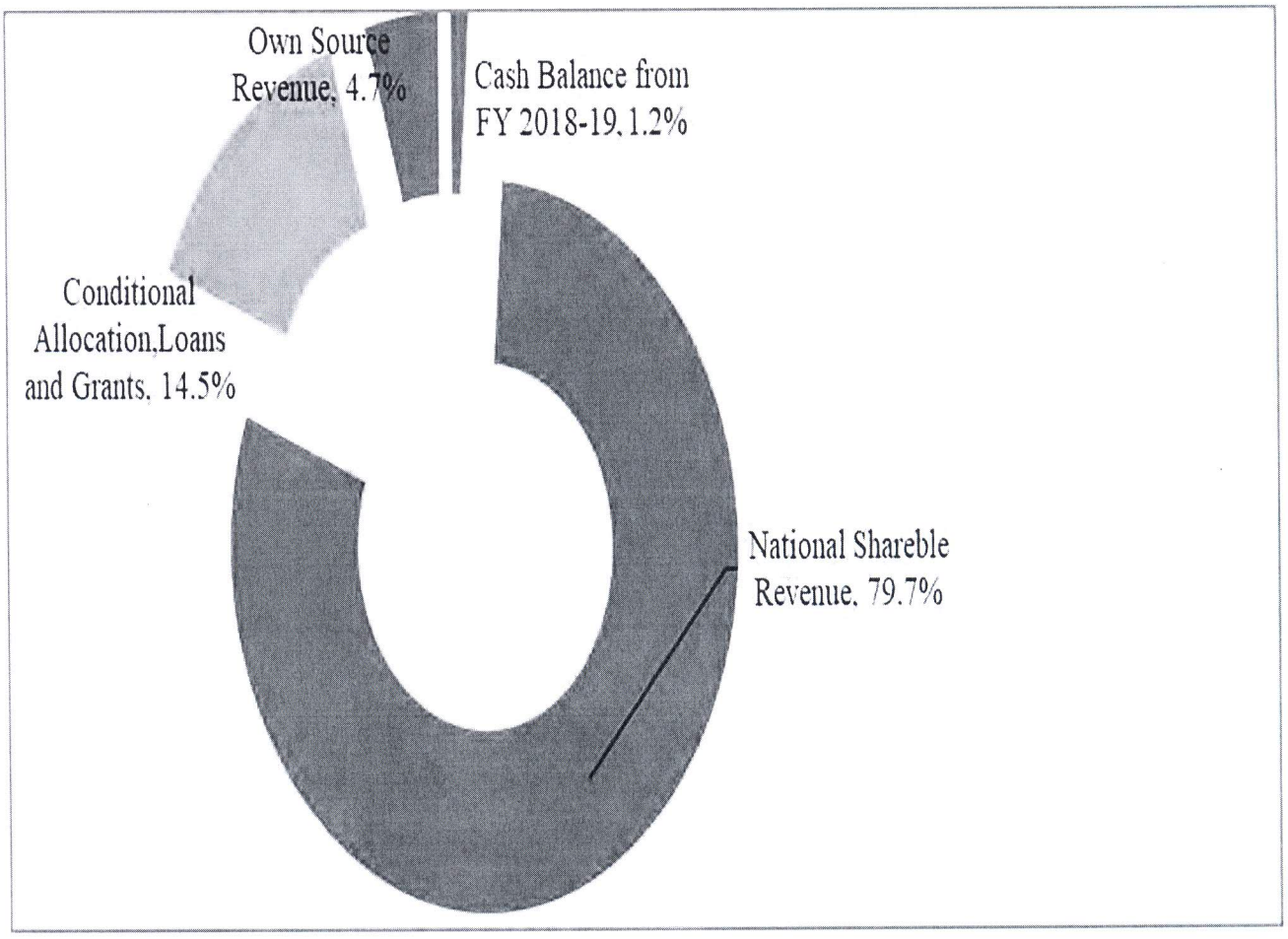
OVERVIEW OF THE FY 2019/20 BUDGET

Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.5.68 billion, comprising of Kshs.1.81 billion (31.9 per cent) and Kshs.3.87 billion (68.1 per cent) allocation for development and recurrent Programmes respectively. To finance the budget, the County expected to receive Kshs.4.53 billion (79.7 per cent) as equitable share of revenue raised nationally, Kshs.821.97 million (14.4 per cent) as total conditional grants, generate Kshs.267.03 million (4.7 per cent) from own source revenue, and had Kshs.67.18 million (1.2 per cent) as cash balance from FY 2018/19. Figure 3.106 shows the expected sources of financing in FY 2019/20

Figure 1: Samburu Expected Revenue Sources in FY 2019/20



Source: *Samburu County Treasury*

Revenue Performance

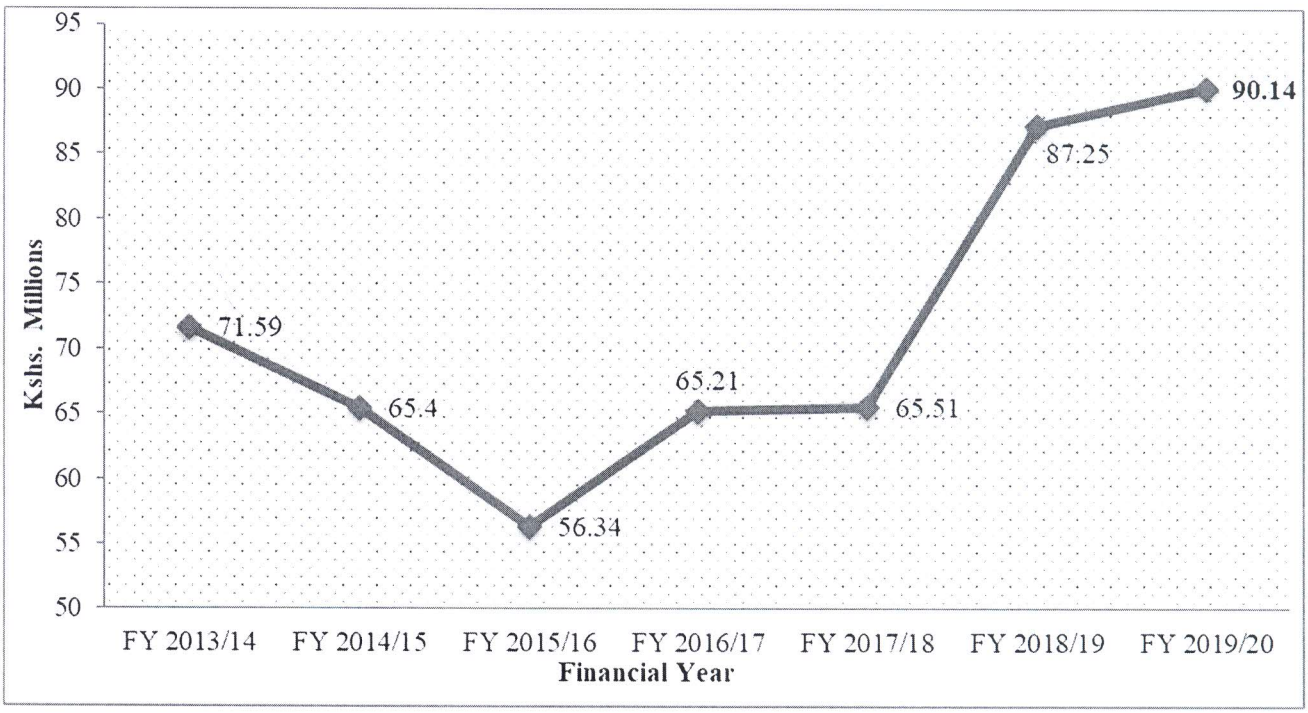
Revenue Performance During the first quarter of FY 2019/20, the County received Kshs.618 million as equitable share of revenue raised nationally and raised Kshs.90.14 million from own source revenue. The total available funds amounted to Kshs.708.14 million as shown in Table

Table 1: ***Samburu County, Revenue Performance in the First Quarter of FY 2019/200***

S/No	Revenue	Annual CARA, 2019 Alloca- tion (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**4,620,000,000**	**4,526,000,000**	**618,003,586**	17
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	5,235,578	5,235,578	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	131,167,313	131,167,313	-	-
4.	Rehabilitation of Village Polytechnics	15,483,298	15,483,298	-	-
Sub Total		**283,801,083**	-	-	
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NA- GRIP)	350,000,000	350,000,000	-	-
3.	IDA (WB) Credit: Kenya Devolution Sup- port Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
5.	DANIDA Grant	13,218,750	13,218,750	-	-
6.	EU Grant (Instruments for Devolution Ad- vise and Support IDEAS)	32,159,348	32,159,348	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,994,320	18,994,320	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total	**538,172,418**	**538,172,418**	-	-	
D	**Other Sources of Revenue**				
9	Own Source Revenue		267,032,787	90,140,091	34
10	Balance b/f from FY2018/19		67,182,582	-	-
Sub Total		334,215,369	90,140,091		
Grand Total		**5,441,973,501**	**5,682,188,870**	**708,143,677**	

Source: *Samburu County Treasury*

Figure 2: *Trend in Own-Source Revenue Collection for the First Quarters of the FY 2013/14 to the First Quarter of FY 2019/20*



Source: *Samburu County Treasury*

The total own-source revenue generated in the first quarter of FY 2019/20 of Kshs.90.14 million, representing an increase of 3.3 per cent compared to Kshs.87.25 million generated in the first quarter of FY 2018/19 and was 33.8 per cent of the annual target.

Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.618 million from the CRF account. The entire amount was for recurrent Programmes and represented an improvement of 1.3 per cent from Kshs.609.87 million approved in the first quarter of FY 2019/20.

Overall Expenditure Review

A total of Kshs.773 million was spent on recurrent Programmes and represented 125 per cent of the funds released from the CRF account. These represented 20 per cent of the annual recurrent budget and translate to an overall absorption rate of 13.6 per cent.

Expenditure by Economic Classification

Analysis of the recurrent expenditure indicated that Kshs.643.9 million was spent on compensation to employees and Kshs.129.8 million on use of goods and services.

Table 2*: Samburu County Summary of Expenditure by Economic Classification for the*

First Quarter of FY 2019/20

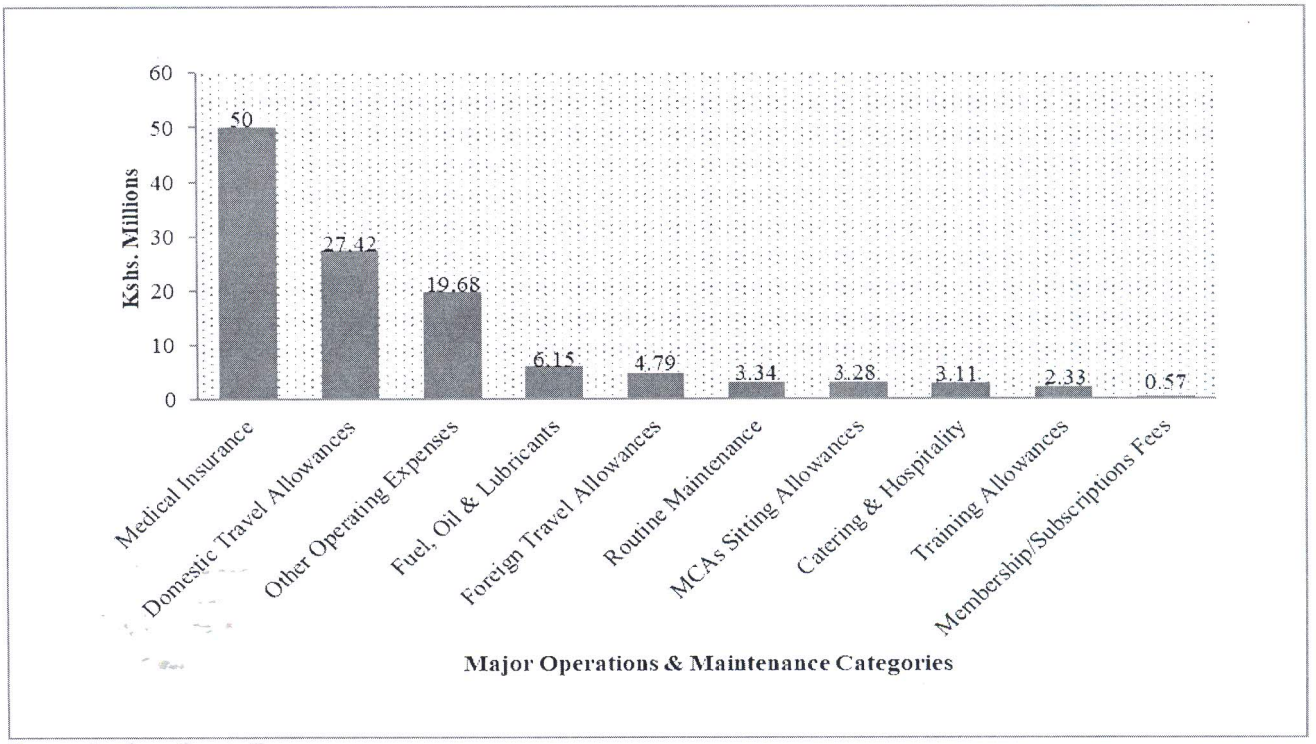
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption Rate (%)
Total Recurrent Expenditure	**3,872,842,115**	**618,003,586**	**773,773,635**	**20.0**
Compensation to Employees	2,003,616,507	389,807,940	643,970,276	**32.1**
Operations and Maintenance	1,869,225,608	228,195,646	129,803,358	**6.9**
Total Development Expenditure	**1,809,346,755**	-	-	-
Development Expenditure	1,809,346,755	-	-	-
Total	**5,682,188,870**	**618,003,586**	**773,773,635**	**13.6**

Source: *Samburu County Treasury*

Analysis of Operations and Maintenance Expenditure

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

Figure 3: Samburu County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Samburu County Treasury*

Budget Performance by Department

Analysis of expenditure by department shows that the Department of Education and Vocational Training reported the highest percentage of recurrent expenditure to its recurrent budget at 29.6 per cent while the Department of Agriculture, Livestock Development, Veterinary Services & Fisheries reported the lowest expenditure at 4.8 per cent.

Budget Execution by Programmes and Sub-Programmes

Table 3 Samburu County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure in (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	449.90	100	85	-	70.5	-	82.9	-	15.7	-
County Executive	428.97	18	69.2	-	118.68	-	171.5	-	27.7	-
Finance, Economic Planning & ICT	483.96	35	75.07	-	122.91	-	163.7	-	25.4	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	531.92	267.76	81.37	-	25.33	-	31.1	-	4.8	-
Water, Environment, Natural Resources & Energy	155.24	241	24.13	-	15.61	-	64.7	-	10.1	-
Education and Vocational Training	400.05	101.91	62.11	-	118.24	-	190.4	-	29.6	-
Medical Services, Public Health & Sanitation	931.14	278.61	144.87	-	240.69	-	166.1	-	25.8	-
Lands, Housing, Physical Planning & Urban Development	91.63	125	14.45	-	19.04	-	131.8	-	20.8	-
Roads, Transport & Public Works	83.79	422.17	12.98	-	8.19	-	63.1	-	9.8	-
Tourism, Trade, Enterprise Development & Cooperatives	179.23	166.9	27.56	-	21.98	-	79.7	-	12.3	-
Culture, Social Services, Gender, Sports & Youth Affairs	137	53	21.27	-	12.59	-	59.2	-	9.2	-
Grand Total	**3,872.84**	**1,809.35**	**618**	**-**	**773.77**	**-**	**125.2**	**-**	**20**	**-**

Table 3: Samburu County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)	
COUNTY ASSEMBLY						
0707004210 P1 County Assembly Administration	0707014210 SP1 Legislative and Oversight	50,026,696	11,645,794	38,380,902	23	23
	0707024210 SP2 County Assembly Administration	178,510,303	34,868,430	143,641,873	20	20
	0707034210 SP3 Representation	221,358,346	23,986,485	197,371,861	11	
	Sub total	**449,895,345**	**70,500,709**	**379,394,636**	**16**	
COUNTY EXECUTIVE						
Management of County Affairs	General Administration and Support Services (Governor, Deputy Governor)	166,730,697	50,233,682	116,497,015	30	
	Administration of Human Resources in County Public Service	59,404,595	14,468,217	44,936,378	24	
	Sub County Administration	165,018,388	39,442,370	125,576,018	24	
	Coordination, Supervision and Hu- man Resource services (C S)	37,821,177	14,559,711	23,261,466	38	

	Sub total	**428,974,857**	**118,703,980**	**310,270,877**	**28**
FINANCE, ECONOMIC PLANNING & ICT					
General Administration Planning and Support Services	Administration Services	236,596,639	61,993,701	174,602,938	26
	ICT Services	23,523,202	2,932,203	20,590,999	12
	Sub total	**260,119,841**	**64,925,904**	**195,193,937**	**25**
0706004210 P2 Public Finance Management	Accounting Services	33,881,646	11,693,999	22,187,647	35
	Resource Mobilization	62,449,061	23,294,839	39,154,222	37
	Internal Audit	16,079,558	3,835,062	12,244,496	24
	Supply Chain Management	21,125,208	7,248,370	13,876,838	34
	Budget Formulation Coordination and Management	10,589,310	1,565,599	9,023,711	15
	Fiscal Planning	57,706,152	4,913,527	52,792,625	9
	Sub total	**201,830,935**	**52,551,396**	**149,279,539**	**26**
General Administration Planning and Support Services	General Administration Planning and Support Services	6,890,240	1,860,896	5,029,344	27
	Sub total	**6,890,240**	**1,860,896**	**5,029,344**	**27**
Special Programs	Special Programs	15,121,022	3,573,064	11,547,958	24
	Sub total	**15,121,022**	**3,573,064**	**11,547,958**	**24**
AGRICULTURE, LIVESTOCK DEVELOPMENT, VETERINARY SERVICES & FISHERIES					
General Administration Planning and Support Services	Administration, Planning and Support Services	400,120,718	7,732,273	392,388,445	2
	Sub total	**400,120,718**	**7,732,273**	**392,388,445**	**2**
Livestock Resource Management and Development	Livestock policy development and capacity building	16,495,816	3,160,100	13,335,716	19
	Livestock Production and Management	24,337,347	2,283,900	22,053,447	9
	Livestock Diseases management and control	27,496,262	681,450	26,814,812	2
	Livestock marketing and rangeland management	9,871,455	1,178,345	8,693,110	12
	Sub total	**78,200,880**	**7,303,795**	**70,897,085**	**9**
Fisheries Development and Management	Management and Development of fisheries	6,497,070	1,236,342	5,260,728	19
	Sub total	**6,497,070**	**1,236,342**	5,260,728	**19**
Crop Development and Management	Lands and Crops Development	35,259,962	7,877,185	27,382,777	22
	Food security Initiatives	11,845,699	1,184,450	10,661,249	10
	Sub total	**47,105,661**	**9,061,635**	**38,044,026**	**19**
WATER, ENVIRONMENT, NATURAL RESOURCES & ENERGY					
General Administration Planning and Support Services	General Administration Planning and Support Services	28,586,550	6,205,846	22,380,704	22
	Sub total	**28,586,550**	**6,205,846**	**22,380,704**	**22**
Environmental Management and Protection	County Environment Management	20,361,039	785,700	19,575,339	4
	Forests Conservation and Management	7,509,868	149,023	7,360,845	2
	Sub total	**27,870,907**	**934,723**	**26,936,184**	**3**
Natural Resources Services	Soil Conservation Management	7,141,886	416,984	6,724,902	6
	Mining Services	7,247,500	1,823,000	5,424,500	25
	Water catchment and protection services	4,692,708	40,451	4,652,257	1
	Sub total	**19,082,094**	**2,280,435**	**16,801,659**	**12**
Water and sanitation infrastructure	Storm Water management	7,972,093	1,000,000	6,972,093	13
	Water and sanitation services	71,729,635	5,186,329	66,543,306	7
	Sub total	**79,701,728**	**6,186,329**	**73,515,399**	**8**
EDUCATION AND VOCATIONAL TRAINING					
General Administration Planning and Support Services	General Administration Planning and Support Services	119,513,010	16,001,388	103,511,622	13
	Sub total	**119,513,010**	**16,001,388**	**103,511,622**	**13**
Youth Training and Development	Revitalization of Youth Polytechnics	9,337,996	1,523,371	7,814,625	16
	Sub total	**9,337,996**	**1,523,371**	**7,814,625**	**16**
Early childhood development and Education	Early Childhood Development and Education	271,203,446	100,716,712	170,486,734	37
	Sub total	**271,203,446**	**100,716,712**	**170,486,734**	**37**
LANDS, HOUSING, PHYSICAL PLANNING & URBAN DEVELOPMENT					
General Administration	Administration, Planning and Support Services	26,371,612	5,599,708	20,771,904	21

Planning and Support Services	**Sub total**	**26,371,612**	**5,599,708**	**20,771,904**	**21**
Land policy Planning and Housing	Land use planning	7,614,274	440,850	7,173,424	6
	Land Survey and Mapping	11,543,515	1,565,938	9,977,577	14
	Housing management services	1,072,214	121,290	950,924	11
	Sub total	**20,230,003**	**2,128,078**	**18,101,925**	**11**
Urban Centers Administration	Urban center management	45,031,216	11,315,527	33,715,689	25
	Sub total	**45,031,216**	**11,315,527**	**33,715,689**	**25**
ROADS, TRANSPORT & PUBLIC WORKS					
General Administration Planning and Support Services	General Administration Planning and Support Services	26,800,707	3,152,330	23,648,377	12
	Firefighting services	385,786	-	385,786	-
	Design, implementation and supervision of public buildings	10,296,380	2,716,200	7,580,180	26
	Sub total	**37,482,873**	**5,868,530**	**31,614,343**	**16**
Roads and public Infrastructure Development	Construction, rehabilitation and maintenance of Roads and Bridges	17,794,504	112,000	17,682,504	1
	Design, supervision and rehabilitation of County Buildings	10,904,542	1,198,379	9,706,163	11
	Street lights management	12,956,658	-	12,956,658	-
	Public Road transport and Parking	4,650,189	1,013,542	3,636,647.20	22
	Sub total	**46,305,893**	**2,323,921**	**43,981,972**	**5**
TOURISM, TRADE, ENTERPRISE DEVELOPMENT & COOPERATIVES					
General Administration Planning and Support Services	General Administration Planning and Support Services	21,166,704.80	3,804,802	17,361,902.80	18
	Sub total	**21,166,704.80**	**3,804,802**	**17,361,902.80**	**18**
Cooperatives Development and Management	Governance and Accountability	12,027,760	611,060	11,416,700	5
	Sub total	**12,027,760**	**611,060**	**11,416,700**	**5**
Tourism Development and Promotion	Tourism Promotion and Marketing	97,910,168	16,769,977	81,140,191	17
	Sub total	**97,910,168**	**16,769,977**	**81,140,191**	**17**
Trade Development and Promotion	Domestic trade development	33,551,359	364,950	33,186,409	1
	Sub total	**33,551,359**	**364,950**	**33,186,409**	**1**
General Administration Planning and Support Services	General Administration Planning and Support Services	14,575,656	427,500	14,148,156	3
	Sub total	**14,575,656**	**427,500**	**14,148,156**	**3**
CULTURE, SOCIAL SERVICES, GENDER, SPORTS & YOUTH AFFAIRS					
General Administration Planning and Support Services	General Administration Planning and Support Services	39,815,472	8,701,550	31,113,922	22
	Sub total	**39,815,472**	**8,701,550**	**31,113,922**	**22**
Culture and social Services development	Conservation of Heritage	2,403,600	107,600	2,296,000	4
	Development and Promotion of Culture	11,759,858	666,079	11,093,779	6
	Social Welfare and Gender	30,127,500	(451,000)	30,578,500	-1
	Community Mobilization and development	10,007,810	(220,000)	10,227,810	-2
	Sub total	**54,298,768**	**102,679**	**54,196,089**	-
Promotion of other sports activities	Development and Management of Sports Facilities	5,622,000	108,450	5,513,550	2
	Sub total	**5,622,000**	**108,450**	**5,513,550**	**2**
Sports Development	Sports Development, Training and Competition	21,478,844	464,600	21,014,244	2
	Sub total	**21,478,844**	**464,600**	**21,014,244**	**2**
General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	15,786,002	3,210,010	12,575,992	20
	Sub total	**15,786,002**	**3,210,010**	**12,575,992**	**20**
Grand Total		**3,872,842,115.85**	**773,793,634**	**3,099,048,481.85**	**20**

Source: *Samburu County Treasury*

The top performing programs across the county were: Preventive & Promotive Health Services at 38 per cent closely followed by Early Childhood Development & Education at 37 per cent.

KEY CHALLENGES

High Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. The County Public Service Board should ensure expenditure on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

Delays in Disbursement of Equitable Share by the National Treasury

The County Allocation of Revenue Act (CARA), 2019 provides that a County Government's allocation shall be transferred to the respective County Revenue Fund in accordance with a Disbursement Schedule approved by the Senate. It is recommended that; the National Treasury should disburse funds to the County on a timely basis to ensure that budget implementation is not adversely affected.

Low Expenditure on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012 provides that over the medium term, a minimum of thirty per cent of the County Governments budget shall be spent on the development

LESSONS LEARNT AND RECOMMENDATIONS

The following are lessons learnt are to be replicated in future budget implementations:

(i) There is need to ensure project concept notes are prepared before any project is funded in the budget. The concept notes will be the basis to which departments will seek for funding and will address aspects of viability, sustainability, costs and realignment towards the strategic interventions of the County Government. This will ease the process of preparation of cabinet papers.

(ii) Citizen engagement through dialogue platforms for feedback on previous implemented projects needs to be strengthened

(iii) There is need to engage the National Treasury to ensure timely release of funds to counties as per projected cash flows

(iv) Preparation of policies: There is need to implore ways of fast racking preparation of all prerequisite policies and laws to facilitate implementation of the budget.