

COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY
THIRD ASSEMBLY – (SECOND SESSION)

THE COUNTY BUDGET AND APPROPRIATIONS COMMITTEE
REPORT
ON CONSIDERATION
OF
THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP) FOR
THE FINANCIAL YEAR 2022/2023

CLERK OF ASSEMBLY CHAMBERS
P. O BOX 694
KITUI

NOVEMBER, 2023

TABLE OF CONTENTS

TABLES	iii
ABBREVIATIONS/ACRONYMS	iv
ANNEXURES	vi
1.0 INTRODUCTION	1
2.0 COMPOSITION AND MANDATE OF THE COMMITTEE	2
2.1 The Committee Composition	2
2.2 The Committee’s Mandate	3
3.0 ACKNOWLEDGEMENT	4
4.0 UNDERPINNING LEGAL FRAMEWORK OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER FOR FY 2022/2023	5
4.1 Fiscal Responsibility Principles for the County Governments	6
5.0 ANALYSIS AND FINDINGS OF THE CBROP FOR THE FY 2022/2023	8
5.1 COMPLIANCE WITH THE UNDERPINNING LEGAL FRAME WORK	8
5.1.1 Compliance with Section 118 (1- 4) of the PFM Act, 2012	8
5.2 REVIEW OF THE FY 2022/2023 FISCAL PERFORMANCE	8
5.2.1 Resource Envelope	8
5.2.2 Budget Absorption	10
5.2.3 Own Source Revenue	11
5.2.4 Grants Performance	15
5.2.5 Expenditure	16
5.2.6 Exchequer Issues	17
5.2.7 Implications of FY 2022/23 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2022 CFSP	18
5.3 COUNTY ECONOMIC OUTLOOK	20
5.4 EXPENDITURE FORECASTS	21
5.5 OTHER GENERAL OBSERVATIONS	21
6.0 COMMITTEE RECOMMENDATIONS	23
7.0 CONCLUSION	25

TABLES

- i. **Table 1:** Revenue and Expenditure Summary for 2021/22 -2022/23 FY
- ii. **Table 2.** Own Source Revenue Generated by Revenue Streams for the period ending 30th June, 2023.
- iii. **Table 3:** Own Source Revenue Generated by the Ministries in FY 2022/2023.
- iv. **Table 4:** Grants Performance in FY 2022/2023
- v. **Table 5:** Budget Absorption by County entities in FY 2022/2023
- vi. **Table 6:** Schedule of Disbursement of Equitable share for FY 2022/2023
- vii. **Table 7:** CFSP Allocation Versus Budget Allocation for FY 2022/23

ABBREVIATIONS/ACRONYMS

ASDSP	Agricultural Sector Development Support Program
CARA	County Allocation of Revenue Act
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CLIDP	Community Level Infrastructure Development Programme
COB	Controller of Budget
CoK	Constitution of Kenya
ECDE	Early Childhood Development Education
ELRP	Emergency Locust Response Program
FLLOCA	Financing Locally –Led Climate Action Program
FY	Financial Year
ICT	Information Communication Technology
IHMIS	integrated Health Management Information System
KCRH	Kitui County Referral Hospital
KDSP	Kenya Devolution Support Program
KIMWASCO	Kiambere-Mwingi Water and Sanitation Company.
KITWASCO	Kitui water and sanitary Company
KSHS	Kenya Shillings
KUSP	Kenya Urban Support Program
NARIGP	National Agricultural and Rural Inclusive Growth Project
NAVCDP	National Agricultural Value Chain Development Project
OM	Operations and Maintenance
OPD	Outpatient Department
OSR	Own Source Revenue

PE

personnel Emoluments

PFM

Public Finance Management

UNFPA

United Nations Fund for Population Activities

ANNEXURES

1. Signed Committee Members List (**Annex i**)
2. Expenditure Analysis by Project/Programme (**Annex ii**)
3. Committee Minutes Adopting the Report (**Annex iii**)

1.0 INTRODUCTION

Mr. Speaker,

In the public sector, a budget is defined as a tool for accountability and transparency. It determines the total expenditure of an organization and ensures that it is consistent with total revenues leading to a balanced budget. Thus, budgeting is the precious principle behind every sound and successful institution.

The Budget process is a cycle with various and distinct activities as depicted in Section 125(1) of the Public Finance and Management Act, (PFM, Act) 2012. These stages commence with the integrated development planning process which include both long term and medium-term planning.

The County Budget Review and Outlook Paper (CBROP) is an important support tool in the budget cycle as it presents the details of the actual fiscal performance in the previous financial year (FY) compared to the budget appropriation for that year. It further gives out the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP).

Mr. Speaker,

The CBROP is prepared in accordance with Section 118 of the PFM Act, 2012. The CBROP for FY 2022/2023 presents the actual fiscal outcome for FY 2022/2023 and the projections for the FY 2023/2024 hence making comparative analysis to the budget appropriations. In summary, it is an outline of how the actual performance of the FY 2022/2023 affected the County's compliance with the fiscal responsibility principles and the financial objectives as detailed in the (CFSP) for the same year.

1.1 Submission of the CBROP for FY 2022/2023.

Mr. Speaker,

Section 118 of the PFM Act, 2012 requires the County Treasury to prepare CBROP for the County for each financial year and submit the paper to the County Executive Committee (CEC) by the 30th September of that year. Once the paper is approved by the CEC with or without amendments, arrangements are done for the same to be laid in the County Assembly. In compliance to these provisions of the law, CBROP for FY 2022/2023 was submitted to the Office of the Clerk on 3rd October, 2023 and subsequently laid and committed to the County Budget and Appropriations Committee during a sitting held on 25th October, 2023.

Mr. Speaker,

CBROP as highlighted above in this report is a paper that give a general review on the previous financial year's budget implementation and status of adherence to the fiscal responsibility as resolved in the approved CFSP for that FY. This is a County budget issue that is in line mandate of the Committee to investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget as articulated in Standing Order 186 (3) (a). It is thus against this background that the County Budget and Appropriations Committee sought to review and analyze the subject CBROP in an endeavor to establish the aforementioned linkages and the way forward on budget implementation.

2.0 COMPOSITION AND MANDATE OF THE COMMITTEE

2.1 The Committee Composition

Mr. Speaker,

The County Budget and Appropriations Committee is established under the provisions of Standing Order 186 which also spells out her mandate and

the functions. As currently constituted, the Committee comprises of the following Members;

- | | |
|-----------------------------------|-------------------|
| 1. Hon. Zacchaeus Ivutha Syengo | -Chairperson |
| 2. Hon. Jacquelyne Cate Kalenga | -Vice Chairperson |
| 3. Hon. Alex Mutambu Nganga | -Member |
| 4. Hon. Boniface Mukwate Katula | -Member |
| 5. Hon. Sylvester Kitheka Munyalo | -Member |
| 6. Hon. Malinga Munyao | -Member |
| 7. Hon. Kyalo Kimuli | -Member |
| 8. Hon. Mary Mwendu Mutune | -Member |
| 9. Hon. Mercy Muliwa Muema | -Member |

2.2 The Committee's Mandate

Mr. Speaker,

Standing Order 186 (3) outlines the roles of the Committee on Budget and Appropriations as to inter alia: -

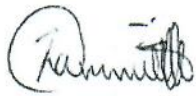
- i. Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget.*
- ii. Discuss and review the estimates and make recommendations to the Assembly.*

Arising therefrom, the Committee has reviewed the CBROP for the FY 2022/2023 in pursuit of her mandate as articulated by the Standing Orders and the PFM Act, 2012.

3.0 ACKNOWLEDGEMENT

Mr. Speaker,

The County Budget and Appropriations Committee immensely appreciates the offices of the Speaker and that of the Clerk of Assembly for the continued support and facilitation to discharge its mandate. Further, am indebted to the Members of the Committee for their contributions and commitment to deliver in their mandate. I lastly extend my gratitude to the Service staff attached to the Committee for their invaluable technical support and service to the Committee in successively compiling this report.



Hon. Zacchaeus Ivutha Syengo

Chairperson, County Budget and Appropriations Committee

November, 2023.

4.0 UNDERPINNING LEGAL FRAMEWORK OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER FOR FY 2022/2023.

Mr. Speaker,

The CBROP is prepared in accordance the PFM, Act 2012. Section 118 of the PFM Act, 2012 states that:

1. *The County Treasury shall;*
 - a) *Prepare a County Budget Review and Outlook Paper in respect of the County for each financial year; and*
 - b) *Submit the paper to the County Executive Committee by the 30th September of that year.*
2. *In preparing its County Budget Review and Outlook Paper, the County Treasury shall specify;*
 - a) *The details of the actual fiscal performance in the previous Financial year compared to the budget appropriation for that Year.*
 - b) *The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;*
 - c) *Information on;*
 - i. *Any changes in the forecasts compared with County Fiscal Strategy Paper; or*
 - ii. *How actual financial performance for the previous Financial year may have affected compliance with the Fiscal responsibility principles or the financial objectives in the County Fiscal Strategy Paper for that financial Year; and*
 - d) *Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.*

3. *The County Executive Committee shall consider the County Budget Review Paper with a view to approving it, with or without amendments within fourteen days after its submission.*
4. *Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall;*
 - a) *Arrange for the paper to be laid before the County Assembly; and*
 - b) *As soon as practicable after having done so, publish and publicize the paper.*

4.1 Fiscal Responsibility Principles for the County Governments

Mr. Speaker,

Every County Government is guided by Fiscal responsibility principles in undertaking resource mobilization and resource applications as contained in a resolution resolved in every FYs CFSP. As guided by the law, the PFM Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM Act, 2012, (Section 107) states that:

1. A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
2. In managing the County government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-
 - a) The County government's recurrent expenditure shall not exceed the county government's total revenue;

- b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- c) The County government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- e) The county debt shall be maintained at a sustainable level as approved by county assembly;
- f) The fiscal risks shall be managed prudently; and
- g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

Mr. Speaker,

The CBROP for the FY, 2022/2023 submitted serves the purpose to test compliance of the County Budget implementation to the CFSP resolution approved for the FY 2022/2023.

5.0 ANALYSIS AND FINDINGS OF THE CBROP FOR THE FY 2022/2023.

Mr. Speaker,

The Committee undertook an examination and analysis of County Budget Review and Outlook Paper for FY 2022/2023 as below;

5.1 COMPLIANCE WITH THE UNDERPINNING LEGAL FRAME WORK

5.1.1 Compliance with Section 118 (1- 4) of the PFM Act, 2012.

Mr. Speaker,

As evidenced above in this report, the CBROP for FY 2022/2023 was prepared in accordance with PFM Act, 2012;

- i. The paper was submitted to the County Assembly on 3rd October, 2023, thus a compliance with the requirement of section 118(4)(a) of PFM Act, 2012.
- ii. Section 118 (4)(b) of the PFM Act, 2012 requires the County Treasury to publish and publicize the document as soon as practicable after being laid before the Assembly. However, by the time the Committee was considering the paper, it was not yet available in the County Website.

5.2 REVIEW OF THE FY 2022/2023 FISCAL PERFORMANCE.

5.2.1 Resource Envelope

Mr. Speaker,

In FY 2022/23, the approved County Supplementary II Budget Estimates totaling to Kshs. **12,306,052,565** consisted of equitable share from the National Government of Kshs. 10,393,970,413, Kshs. 374,080,509 as conditional grants, Kshs. 420 million as Own Source Revenue (OSR), and a revote of Kshs. 1,118,001,643 from FY 2021/22. However, it is imperative to note that the actual total receipts at the end of the FY was

Kshs. 12,392,524,775. This implied a net increase by Kshs. 86,472,210. The resource envelop comprised of the following;

- a) 100% transfer of equitable share from the National Government of Kshs. 10,393,970,413;
- b) Conditional Grants totaling to Kshs. 416,198,252;
- c) Own Source revenue collection of Kshs. 464,354,467; and
- d) A revote from FY 2021/2022 amounting to Kshs. 1,118,001,643.

The deviation of Kshs. 86,472,210 between the approved budget estimates and the actual receipts for FY 2022/23 was occasioned by:

- i. An additional receipt in the allocation to the County for Conditional Grants by Kshs. 42,117,743; and
- ii. Exceeding the OSR target of Kshs. 420 million by Kshs. 44,354,467.

The table below presents the fiscal performance for the FY 2021/22 and FY 2022/23 together with the deviations from the approved budget estimates of FY 2022/23.

Table 1:

Revenue and Expenditure Summary for 2021/22 -2022/23 FY

	2021/22		2022/23		Deviations (%)
	Actual	Target	Actual	Target	
A. TOTAL REVENUE AND GRANT					
1. Revenue	10,693,271,159	11,963,517,451	11,976,326,523	11,931,972,056	0
Equitable Share	9,562,452,779	10,393,970,413	10,393,970,413	10,393,970,413	-
Other Revenues	1,130,818,380	1,569,547,038	1,582,356,110	1,538,001,643	3
Locally Generated Revenue	361,271,342	800,000,000	464,354,467	420,000,000	11
Unspent Balances b/fwd.	769,547,038	769,547,038	1,118,001,643	1,118,001,643	-
2. Grants					
Grants from World Bank Kenya devolution support program (KDSP)	-	112,815,048			-

	2021/22		2022/23		Deviations (%)
	Actual	Target	Actual	Target	
HSSF/HSPS - (DANIDA/IDA)	-	19,564,875	28,405,688	28,405,688	-
Urban Institutional Grant (KUSP)	-	-	2,339,915	2,339,915	-
World Bank loan for Transforming Health Systems for Universal Care Project	23,942,835	14,548,168			-
Agriculture Sector Development Support Programme (ASDSP)	16,926,637	28,857,290	11,636,683	11,636,683	-
World Bank loan for National Agricultural and Rural Inclusive Growth Project	150,349,620	283,089,026	227,100,709	169,475,223	34
UNFPA (9th Country Programme Implementation)	-	7,386,704			-
World Bank (Emergency Locust Response Project (ELRP))	14,076,914	38,964,000	68,522,528	70,223,000	(2)
IDA (World bank) Credit National Agricultural Value Chain Development Project (NAVCDP)			67,192,729	70,000,000	(4)
World bank Credit to Finance Locally -Led Climate Action Program (FLLoCA)			11,000,000	22,000,000	(50)
Total Grants	205,296,006	505,225,111	416,198,252	374,080,509	11
Total	10,898,567,165	12,468,742,562	12,392,524,775	12,306,052,565	1
B. EXPENDITURE					
1. Recurrent	7,609,700,297	8,327,233,900	8,209,066,423	8,662,902,604	(5)
Salaries and Wages	4,557,695,820	4,740,958,778	4,727,336,691	4,787,527,652	(1)
O&M/Others	3,052,004,477	3,586,275,122	3,481,729,732	3,875,374,952	(10)
2. Development	2,733,152,983	2,733,152,984	2,140,802,324	3,643,149,961	(41)
Total	10,342,853,280	11,060,386,884	10,349,868,747	12,306,052,565	-46
C. SURPLUS/ (DEFICIT)	555,713,885		2,042,656,028		

Source: Kitui County Treasury

5.2.2 Budget Absorption

Mr. Speaker,

Within the FY 2022/2023, the actual absorption of the recurrent budget attained a 94.7% performance up from 91.4% in the previous year while the development budget absorption was at 58.8% down from 66% in FY

2021/2022. The fiscal performance shows a decrease in budget absorption at (84.1%) when compared to (85%) attained in FY 2021/2022.

The actual budget absorption was at Kshs. 10,349,868,747 made up of Kshs. 2,140,802,324 (20.7%) and Kshs. 8,209,066,423 (79.3%) for Development and Recurrent expenditure respectively. This is a meagre development percentage. Nonetheless, the low absorption was attributed to delayed disbursement of funds from the National Government, transition due to change in administration and new Cabinet that assumed office in the month of February, 2023.

5.2.3 Own Source Revenue

Mr. Speaker,

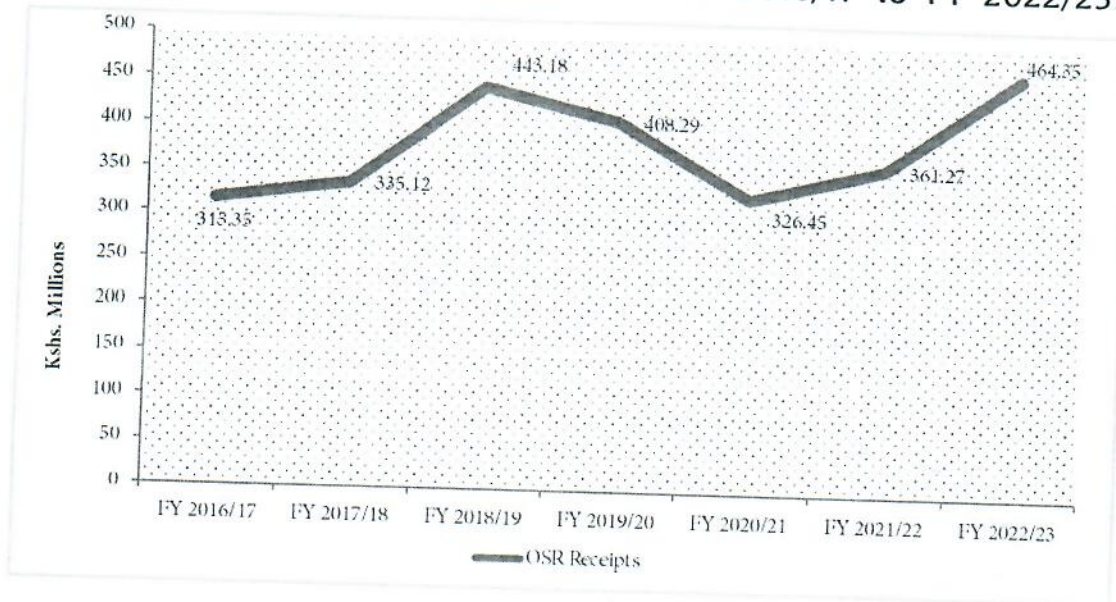
The County realized a collection of Kshs. 464.35M from its various revenue streams reflecting a 28.5% (Kshs. 103.08M) increase from the preceding collections of Kshs. 361.27M in FY 2021/2022. This was 110.6% of the annual target of Kshs. 420M. The revenue performance can be attributed to:

- i. Setting of realist OSR targets,
- ii. Enhanced collection controls,
- iii. Continually improving economic activities in the County

An analysis of revenue collection for the past three years shows an improving trend in performance of OSR collections which can be attributed to improved internal controls across the County departments. The diagram below illustrates the county revenue performance over the FYs since 2016/2017;

Diagram 1.

Own Source Revenue Performance from FY 2016/17 to FY 2022/23.



Mr. Speaker,

The County had thirty-three (33) revenue streams in the FY 2022/23 and it is therefore expected to perform better going forward because of improved management structures, infrastructure, County investments and establishment of more businesses by local and non-local communities. Table 2 below shows the revenue generated across the different streams during FY 2022/2023.

Table 2.

Own Source Revenue Generated by Revenue Streams for the period ending 30th June, 2023.

NO	REVENUE STREAM	ANNUAL TARGETED REVENUE (KSHS)	ACTUAL REVENUE	VARIANCE
1	Receipts from Sale of Agricultural Goods			0
2	Borehole Drilling	3,012,040		-3,012,040
3	Engineering and Works Levy	188,650		-188,650
4	Ploughing	52,296	41,000	-11,296
5	Training/Learning Centre Fee	2,027,413	4,418,250	2,390,837
6	Hides and Skins Fee			0

NO	REVENUE STREAM	ANNUAL TARGETED REVENUE (KSHS)	ACTUAL REVENUE	VARIANCE
7	Slaughter Houses Inspection Fee	29,000	40,225	11,225
8	Meat Inspection/ Veterinary Services	342,301	775,910	433,609
9	Certificate to Transport/ Movement permits	253,335	351,920	98,585
10	Dispatch note & Flayer License	15,500	10,700	-4,800
11	Sale of products from Kitui foods Corporation			0
12	Sand approval fee, pollution & penalties	2,183,168	525,200	-1,657,968
13	Ministry of Health and public health	220,367,881	278,937,695	58,569,814
14	Ministry of Tourism, Sports & culture	79,718	111,000	31,282
15	Land rates	15,889,581	11,599,653	-4,289,928
16	Penalties & penalties	25,000	116,290	91,290
17	Land Administration Fees	11,318,385	8,393,476	-2,924,909
18	Alcoholic Drinks License	10,106,642	12,461,000	2,354,358
19	Sale of Goods e.g. cabros, interlocking bricks	6,676,524	21,014	-6,655,510
20	Weights and measures	533,838	560,431	26,593
21	Other county investments-Crusher	1,451,965		-1,451,965
22	Livestock Transportation	376,820	35,343	-341,477
23	Single Business Permits	68,984,258	70,024,710	1,040,452
24	Sale of Shoes and Furniture			0
25	House and Stalls Rents	1,999,800	2,805,640	805,840
26	Market Fees	10,941,907	14,853,052	3,911,145
27	Cess	5,656,840	6,913,075	1,256,235
28	Sign Board & Advertising	28,534,716	22,912,545	-5,622,171
29	Transportation Fees	13,416,550	11,342,130	-2,074,420
30	Slaughter Fees	3,064,210	1,816,130	-1,248,080
31	Burial Fees	17,400	15,200	-2,200
32	Parking fees	12,447,962	15,256,278	2,808,316
33	Sale & search of assets	6,300	16,600	10,300
	TOTAL OWN SOURCE REVENUE	420,000,000	464,354,467	44,354,467

Source: Kitui County Treasury

From the analysis made above in table 2, the Committee strongly believes that there are revenue streams with the potential to earn the County more revenue by implementing the corresponding corrective action. Some of these are:

- i. Borehole drilling: The County needs to repair and maintain the borehole drilling machines.

- ii. Sand approval fee, pollution and penalties: The Assembly is currently considering the proposed Kitui County River Basins Sand Utilization and Conservation Bill, 2023. The approval, subsequent adoption and operationalization of the law is anticipated to harness additional revenue to the County.
- iii. Land rates: Need for data clean-up and gazetting of defaulters to increase revenue from the stream.
- iv. Land administration fees: The County should hasten and finalize the operationalization of the valuation roll.
- v. Sale of Goods e.g., cabros, interlocking bricks: The County should consider a budgetary allocation in the subsequent budgets to revive the small industries.

The distribution of revenue performance across the ministries is illustrated in Table 3 below;

Table 3:

Own Source Revenue Generated by the Ministries in FY 2022/2023.

Ministry	Annual Target	Annual Realization	Percentage Realized
Office of the Governor	10,106,642	12,461,000	123.30%
Ministry of Agriculture, Water & Irrigation	4,281,727	2,420,250	56.53%
Ministry of Basic Education, ICT & Youth Development	25,196,415	21,014	0.08%
Ministry of Infrastructure, Housing, Transport and Public Works	2,011,552	1,690,980	84.06%
Ministry of Health & Sanitation	220,367,881	270,153,643	122.59%
Ministry of Trade, Cooperatives & Investment	4,388,122	1,746,994	39.81%
Ministry of Environment, Tourism & Natural Resources	2,183,168	525,200	24.06%
Ministry of Gender, Sports & Culture	79,718	111,000	139.24%
The County Treasury	79,390,967	80,039,139	100.82%
Livestock, Apiculture and Fisheries Development	1,638,808	3,224,055	196.73%
Lands and Physical Planning	6,676,524	18,302,149	274.13%

Kitui Municipality	40,578,966	48,451,197	119.40%
Mwingi Town	23,099,510	25,207,847	109.13%
TOTAL	420,000,000	464,354,468	110.56%

Source: Kitui County Treasury

5.2.4 Grants Performance

Mr. Speaker,

The County expected to receive conditional grants amounting to Kshs. 374,080,509. Throughout the FY 2022/2023, the actual grants in receipt totaled to Kshs. 416,198,252 representing 111.3 % of the total grants. The received grants were budgeted for inclusive of revote from FY 2021/22. Table 4 below shows the Grants performance in FY 2022/2023.

Table 4:

Grants Performance in FY 2022/2023

Source	Amount Approved in CARA	Grant Revote from FY 2021/22	Cumulative Grant Amount FY 2022/23	Receipts in the FY 2022/23	Outstanding Bal.
Agriculture Sector Development Support Programme (ASDSP)	11,636,683	0	11,636,683	11,636,683	0
World bank Credit to Finance Locally -Led Climate Action Program (FLLoCA)	22,000,000	0	22,000,000	11,000,000	11,000,000
World Bank loan for National Agricultural and Rural Inclusive Growth Project (NARIGP)	169,475,223	57,625,486	227,100,709	227,100,709	0
Urban Institutional Grant (KUSP)	2,339,915	0	2,339,915	2,339,915	0
World Bank (Emergency Locust Response Project (ELRP))	70,223,000	0	70,223,000	68,522,528	1,700,472
IDA(World bank)Credit National Agricultural Value Chain Development Project(NAVCDP)	70,000,000	0	70,000,000	67,192,729	2,807,271

Source	Amount Approved in CARA	Grant Revote from FY 2021/22	Cumulative Grant Amount FY 2022/23	Receipts in the FY 2022/23	Outstanding Bal.
HSSF/HSPS (DANIDA/IDA)	28,405,688	0	28,405,688	28,405,688	0
Total	374,080,509	57,625,486	431,705,995	416,198,252	15,507,743

Source: Kitui County Treasury

5.2.5 Expenditure

Mr. Speaker,

During the year under review, the budgeted resource envelop was Kshs. **12,306,052,565** with an equivalent expenditure total. However, it is important to note that the actual receipts at the close of the FY were Kshs. 12,392,524,775 as indicated above in this report. The total expenditure during the FY 2022/2023 amounted to Kshs. 10,349,868,747 which represented 84.1% of the total funds budgeted for County expenditures.

Out of the total expenditure, the County spent Kshs. 8,209,066,423 (79.3%) on recurrent activities and Kshs. 2,140,802,324 (20.7%) on development activities. An analysis of the year's budget reveals that:

- i. A slight reduction in the absorption rate for development expenditure 20.7% compared to 26.4% in the previous year 2020/2021.
- ii. The Recurrent expenditure faintly increased to 94.7% from 91.4% during the year under review. Personnel Emoluments (PE) and Operations and Maintenance (O&M) accounted for 45.68% and 33.64% respectively of the total recurrent expenditure.

Table 5 below presents an analysis of the total expenditure by County Spending entities giving the overall absorption rate and the deviation from the planned target expenditures.

Table 5:**Budget Absorption by County entities in FY 2022/2023**

County Ministry	Total Budget Estimates	Actual Expenditure	% Absorption rate
Office of the Governor	2,002,087,769	1,513,926,812	75.62%
Office of the Deputy Governor	52,131,137	46,814,954	89.80%
Department of Public Service Management & Administration	192,294,372	191,761,467	99.72%
Ministry of Agriculture, Water & Irrigation	769,936,694	532,378,959	69.15%
Ministry of Basic Education, ICT & Youth Development	662,623,392	639,716,900	96.54%
Ministry of Infrastructure, Housing, Transport and Public Works	878,313,655	753,178,370	85.75%
Ministry of Health & Sanitation	3,612,487,534	3,523,425,307	97.53%
Ministry of Trade, Cooperatives & Investment	296,453,055	201,719,723	68.04%
Ministry of Environment, Tourism & Natural Resources	213,349,647	198,761,357	93.16%
Ministry of Gender, Sports & Culture	215,153,269	145,016,649	67.40%
The County Treasury	594,494,013	447,335,794	75.25%
Livestock, Apiculture and Fisheries Development	775,074,332	686,210,163	88.53%
Lands and Physical Planning	112,484,685	80,025,294	71.14%
County Public Service Board	85,570,933	81,812,581	95.61%
County Assembly Service Board	1,529,877,619	1,029,694,735	67.31%
Kitui Municipality	194,274,934	162,779,179	83.79%
Mwingi Town Administration	119,445,525	115,310,503	96.54%
Totals	12,306,052,565	10,349,868,747	84.10%

Source: Kitui County Treasury

5.2.6 Exchequer Issues

The budgeted County Monthly exchequer releases were fully remitted by 26th June, 2023. The County experienced delays in the disbursements whereby the monthly allocations could be received two months later thus not fully serving the earlier intended purpose. At the end of the financial year, the County received Kshs. 10,393,970,413 from the National

Treasury as equitable share due to the County Government. This is a 100% transfer of the total amount budgeted for FY 2022/2023.

Table 6 below shows the schedule of the monthly disbursements for FY
