



COUNTY GOVERNMENT OF KAJIADO

THE COUNTY TREASURY

2018 REPORT ON THE STATE OF THE COUNTY

May, 2018

Introduction

The County Treasury is a service department to other departments within the County Government. The overall mandate of the County Treasury is to coordinate all matters relating to public finance management, economic and fiscal management. To effectively execute this mandate, the County Treasury has five (5) key departments; Revenue, Budget Accounting and Expenditure, Supply Chain Management, Budget and Economic Planning and Internal Audit.

1. Revenue Department

The department coordinates local revenue collection and ensure accounting for the same.

Local revenue

The aggregate annual local revenue target for the county in FY 2016/2017 was Ksh. 900 million. During the end of the period, the county government generated a total of Ksh. 557 million, which was 62% of the annual target. This was a decrease compared to Ksh 650 million collected in 2015/16 FY registering 14% decrease.

The county government budgeted annual local revenue for the FY 2017/2018 was Ksh. 900 million. As at 22nd of May 2018, the county government has collected a total of Ksh 602.4 million, which is 67% of the annual target. This was a 10.4% Increase compared to Ksh 518.7 million collected in the same period the last financial year (2016/2017).

Financial Year	Amount (Kshs)
2016/2017	557,094,069
2017/2018 (as at 22 nd May)	602,391,441

Quarterly Analysis

The below is the quarterly analysis statistics for Year 2016/2017 and Year 2017/2018.

Quarter	2016/2017	2017/2018
1	121,297,878.00	65,473,024.00
2	104,362,688.00	73,074,178.00
3	199,811,127.00	307,796,841.00
4	131,624,451.00	156,053,398.20
Totals	557,096,144.00	602,397,441.20

The main revenue gaps for the county

- Operational Risk – Revenue Leakage and System fraud.
- In adequate Human resource
- Slow internet connectivity (Use of modems)
- Lack of Alternative Power Back-up in case of power blackouts in Sub County offices
- Narrow Revenue Streams
- Weak enforcement team to ensure compliance with county laws and regulations

Plans put in-place to address revenue gaps

- The formation of the County Directorate of Revenue and the ongoing staff recruitment to address Human Resource Gaps.
- On Going Operational Risk Assessment of revenue System to address any operational Risks. Individual Risks are measured with the laid down controls.
- The County is in the process of Contracting Safaricom to solve internet connectivity problems.
- The Directorate to make provisions for Stand-by Generators in all our sub county offices to address the power outage issue.
- The Directorate has drawn a capacity building plan and refresher courses/training to for all revenue officers
- Diversification of The County Revenue Streams through revision of The Finance Act.
- Directorate has formed a continuous Rapid Response Initiative to follow up on defaulters and ensure compliance as well as prosecution of offenders.

b. Recommendations

- Expedition of the Staff Recruitment to address Staff gaps.
- System upgrades to address revenue leakage and detection of system fraud
- Back Up Generators to address power outage issues
- Appointment of more revenue collection agencies (Banks and Mobile Payment platforms) to facilitate payments.

2. Accounting Services and Expenditure

The department is charged with the responsibility of coordinating accounting and financial reporting for the County Government. Specifically, the department undertakes preparation of financial statements, controlling finance payments, cash flow planning.

Achievement for the period include:

- Preparation of the Financial Year (FY) 2016/17 audited final accounts which have already been certified by the Office of the Auditor General;
- During the 2017/18 Financial Year, the department has prepared timely financial reports for three quarters;
- The department supported the 2017/18 Budget implementation through facilitation of funds requisitions and payments for the county departments.

Challenges

The 2017/18 FY performance has been good despite the following challenges:

- Slow release of funds from the National Treasury thus affecting timely budget implementation;
- The general county economic performance has been slow as a result of the prolonged electioneering period. This has resulted to low performance in local revenue collection especially in the first half of the FY. However, the trend is now improving.
- The county has experienced network interruption therefore affecting smooth operations of the IFMIS system

3. Supply Chain Management:

The department supports the procurement of goods, services and works for the county government departments.

In implementation of the affirmative action, the department has continued to observe the provisions of the Procurement and Disposal Act, 2015 by ensuring access to government tenders to women, youth and Persons Living With Disabilities (PWDs) where 30 percent were able to access.

4. Internal Audit

The department is charged with the responsibility of undertaking continuous assessment of the county government's internal control systems to ascertain compliance with the law and the laid down policies and procedures with the aim of advising the top management on areas of weakness that require improvement.

Further, the department ascertains that government's resources are applied efficiently for the intended purposes.

It also undertakes special audits and investigations in areas suspected of malpractices.

Achievements in the year include

The department undertook six (6) audits out of the nine (9) planned audits which include; Revenue audit, cattle sale yards audit, disability fund audit, building plans approval audit and emergency fund audit.

5. Budget and Economic Planning

The department's objective is to coordinate fiscal and economic planning at the county level. During the FY year, the department has achieved the following:

- Preparation of the 2018-2022 County Integrated Development Plan (CIDP);
- Preparation of the 2018/19 Annual Development Plan (ADP);
- Preparation of the 2017 County Budget Review and Outlook Paper;
- Preparation of the 2018 County Fiscal Strategy Paper;
- Coordination of the public participation forums to inform the 2018/19 budget; and
- Preparation and submission of the 2018/19 Budget Estimates.

Challenges

Inadequate public awareness on their role in informing government policy decisions making process;

Lack of a proper project/ development management framework;

Legislative agenda:

The department will in the 2018/19 FY pursue the legislation of a policy framework to support project/development management in the county.

Current Fiscal and Financial Forecasting

Guided by the government's development agenda in the 2018 -2022 County Integrated Development Plan (CIDP) and the Annual Development Plan (ADP) 2018/19, the county government will aim at adhering to the fiscal responsibility principles outlined under section 107 of the Public Finance Management Act, 2012.

Revenue Estimates

The macroeconomic context and its relevance to the county economy is used to estimate the local revenue. Specific estimation criteria will be informed by:

- The previous revenue trends and the prevailing economic environment in the county, the current revenue reforms and policies targeting to grow specific revenue streams.
- County government policies that are aimed at triggering growth of specific sectors are important in estimating local revenue.

In line with the above criteria, the total estimated 2018/19 FY resource envelope for the County Government is amount to Kshs.8.2billion. This comprise of the National Government equitable share of Kshs.6 billion. Local revenue is estimated at Ksh.1.4billion and is expected to grow at 5 percent rate in the medium term.

Some of the key administrative measures that the county is using to attain the targeted revenue is to administrative reforms that will help in sealing revenue pilferages experienced in the past.

Expenditure estimates

The county budget is categorized into two categories of expenditure:

- Recurrent expenditure –which include Personnel Emoluments (PE) and Operations and Maintenance (OM) and
- Development expenditure.

Recurrent Expenditure: The 2018/19 FY recurrent expenditure estimates amount to Kshs.5.3 billion, which is 65 percent of the total estimated budget.

Development Expenditure: The projected development expenditure for 2018/19 FY is Kshs.2.8 billion, a 35 percent allocation of the total expenditure.

Table: Budget Estimates for FY 2018/19 FY

REVENUE	Kshs.	Percentage
Government Transfers	5,997,400,000	73%
Local Revenue	1,497,450,172	18%
Grants	725,844,868	9%
Total	8,220,695,040.00	100%
EXPENDITURE		
RECURRENT		
Personnel Emoluments	2,946,059,172.00	36%
Operation and Maintenance	2,424,985,133.00	29%
DEVELOPMENT	2,849,650,735.00	35%
TOTAL EXPENDITURE	8,220,695,040.00	100%

Some of the Risks in the 2018/19 FY

- The growing wage bill may threaten or limit development expenditure;
- A depressed local revenue will limit implementation of the full budget;
- The county should establish the level of pending bills and devise a way to handle the same; and
- The slow exchequer disbursement may affect the smooth absorption of the budget.