



Non-state actors' substantive issues and comments on county budget implementation for 2013/14 financial year

Introduction

The paper is brief analysis of the Uasin Gishu County Budget for 2013/14 financial year. It interrogates the budget implementation process for 2013/14 as reported through various official documents on how the county collected revenue and how it spent that revenue. The paper consults the Annual Budget Implementation Review Report for 2013/14 by the Office of the Controller of Budget (CoB) and the County Fiscal Strategy Paper (CFSP) for 2015 from the County Treasury.

Office of the Controller of Budget produces quarterly and annual budget implementation review reports for both levels of government, National and County. This is in line with the overall mandate of the office which is charged with approving public expenditure both at national and county level and reporting on budget implementation. The reports released by the office look at how the approved estimates are expended by the respective levels of government. CFSP on the other hand is the first official document released by the government laying out its broad plans for the next budget year. To do that, the paper looks back at performance of the first two quarters (half of the year) and previous year; how much did we actually collect and how much did we spend?

The two official documents give contradicting information on how Uasin Gishu County raised and spent revenue. For example, the two documents give different information on revenue collected from sources, while information on expenditure shows minor differences. The difference in the information on revenue collected gives varying information on the balance (expenditure minus revenue) and therefore creates confusion on how much remained unspent for that financial year.

The purpose of this analysis is to highlight gaps in the reporting tools and general weaknesses in oversight of public resources with the aim of bringing them to the attention of the oversight institutions such the County Assembly, the Senate, the Auditor General and Office of the Controller of Budget. The analysis also aims to create a platform for public discussion and engagement with the leadership of the County Government organs to ensure there is proper accountability for public resources. These gaps and weakness are fertile breeding ground for mismanagement of public resources which implies that, the public will not realize the developmental dream as well as the numerous expectations of devolution in the long run.

Summary Notes

The information on balance carried forward from 2013/14 to 2014/15 financial year varies when compared across official documents; there are differences between COB and County, and there are differences within the CFSP between reported figures and calculations using figures in CFSP.

- ❖ Looking at the CFSP, there is a difference of KES 239 million between reported information on actual balances carried forward as shown in table 3.1 of the CFSP, and the difference between expenditure and total revenue collected when we calculate this number using the figures in the CFSP;
- ❖ There is a difference of KES 656 million between the official balance provided by the 2015 CFSP in table 3.1 and our calculations using the COB report figures.

Table 1: Revenue estimates and actual collected (FY 2013/14)

Row	REVENUE	Approved revenue estimates by source (millions)			Actual revenue collected (millions)		
		2015 CFSP	COB report	Difference	COB report	2015 CFSP	Difference
1		Column A	Column B	Column C	Column D	Column E	Column F
2	Local revenue	831	821	10	563	665	102
3	Equitable share	3,797	3,797	0	4,100	3,510	-590
4	Balance carried forward	0	188	188	188	0	-188
5	Grants	0	0	0	0	0	0
6	Loans	0	0	0	0	0	0
7	Unknown sources				0	287	287
8	Total revenue	4,628	4,806	198	4,851	4,462	-389

Notes on revenues

- ❖ The analysis reveals that the information provided by OCOB in COB report and the executive through the 2015 CFSP on actual revenue collected in 2013/14 differ, see column D&E.
- ❖ The analysis reveals overall difference of KES 389 million between totals from sources, see column F.
- ❖ The 2015 CFSP indicates total revenue of KES 4,462 (see column E8); local revenue differs with COB by KES 102 million, see F2, equitable share differs by 590 million, see F3.
- ❖ COB maintains balance carried forward from 2012/13 of KES 188 million (D4) which is omitted in the executive records, see E4.
- ❖ To get the total actual revenue provided by the executive through the 2015 CFSP (column E8), it is not clear where KES 287 (F7) is received/collected from.

Table 2: Expenditure and balances (estimates and actual for FY 2013/14)

Row	EXPENDITURE	Expenditure estimates (million)			Actual exp & balance (million)		
		2015 CFSP	COB report 2013/14	Difference	COB report 2013/14	2015 CFSP	Difference
1		Column A	Column B	Column C	Column D	Column E	Column F
2	Recurrent	2,928	2,500	-428	2,500	2,528	28
3	Development	1,624	1,600	-24	204	204	0
4	Total expenditure	4,552	4,100	-452	2,704	2,732	28
5	Total revenue	4,628	4,806	198	4,851	4,462	389
6	Balance of revenue and expenditure (calculated)	76	706		2,147	1,730	417
7	Actual balance c/f to 2014/15 (CFSP table 3.1)	0	0	0	2,147	1,491	656
8	Variance on balance information	0	0	0	0	239	239

Notes on expenditure and balances

- ❖ Analysis of expenditure and balances reveals that, the COB report and the executive records through 2015 CFSP agree on total expenditures of KES 2,700 million, see total expenditure in column D4&E4. There is a minor difference, but could be due to round off.
- ❖ There is variance in the official information given by the executive on balance carried forward from 2013/14 to 2014/2014; table 3.1 of the 2015 CFSP and table 2 column E7 above indicates KES 1,491 million, however, when the total actual expenditure are subtracted from the total actual revenue collected, the balance is KES 1,730 million, see table 2, column E6. This is difference of KES 239 million.
- ❖ The information on balance differs further when total actual expenditure is subtracted from total actual revenue as provided in COB annual budget review report of KES 4,851 million, see table 2 column D5. Using this information, the balance carried forward is supposed to be KES 2,147 million, see table 2, column D6. This is difference of KES 656 million when compared to official information on balance carried forward as provided in table 3.1 of the CFSP.

Recommendations

- ❖ Clarification is needed on actual revenue collected from each sources for the year 2013/2014 financial year in order to establish the correct information on actual revenues and balances carried forward from 2013/14 to 2014/15 financial year.
- ❖ As it stands, the major official documents; 2015 CFSP and COB annual budget implementation review report for 2013/14 has so far given contradicting information on actual received equitable and local revenues collected.
- ❖ The contradictions between the major sources of information provide fertile ground for audit and therefore the three major oversight institutions, the County Assembly, Office of the Controller of Budget and the Auditor General, should come in to seek clarification into this contradiction.
- ❖ Members of the public should be given proper explanation on how their taxes collected were spent and how much remained unspent in that year. This is now a responsibility of the oversight institutions to get to the bottom of this confusion and give the public feedback.

With support from:



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