



## COUNCIL OF GOVERNORS

31<sup>st</sup> July 2018

### **PRESS STATEMENT ON THE NEWSPAPER PULLOUT ON COUNTIES EXPENDITURE OVER THE LAST NINE MONTHS OF 2017/18 FY**

#### **Members of the Public,**

Our attention has been drawn to newspaper highlights on the levels of absorption of both development and recurrent funds by County Governments for the period covering July, 2017 to March, 2018 as reported by the Controller of Budget.

While we appreciate that it is important to highlight counties short-comings with regards to absorption of funds. However, it is equally important to be aware of the following facts in relation to how and when funds were released:-

1. County governments' disbursement are made on a monthly basis by the 15<sup>th</sup> date of every month as per the PFM Act section 17(7). The release of funds is guided by the disbursement schedule approved by the Senate.
2. It is worrying to note that Counties disbursements over the financial year was erratic and not as per the schedule. In fact, no monies were released to Counties by the 15<sup>th</sup> of July since the County Allocation of Revenue Act 2017 was approved on 27<sup>th</sup> July, 2017 way after the financial year had begun.
3. Its late approval ultimately led to the delay in development of counties budgets and in their implementation thereafter. The first disbursement to counties amounting to Kshs 13B was actually done on 31<sup>st</sup> August 2017. While the second disbursement of Kshs. 10B was released on 19<sup>th</sup> October 2017.

4. As of June 30<sup>th</sup> 2018, Counties had still not received Ksh 76,759,499,033 billion worth disbursements representing about 26 % of the total allocations. Refer to Gazette notice No 6277 of 29<sup>th</sup> June 2018.
5. Counties can only absorb that which they have. Three months into the end of the Financial Year, from the Controller of Budget's report it clearly notes that, Counties had only received Kshs. 174.52B out of the Kshs 302B equitable share allocation. This means that a balance of Kshs. 128B was yet to be disbursed by then. This is the sort of erratic disbursement the Council insists affects absorption of funds and worse still when close 53B is released on the last date of the Financial Year.
6. Nonetheless, whenever there are cash flow challenges like what the Counties have experienced over time, a lot of emphasis is placed on recurrent expenditure including payment of salaries as well as administrative costs and statutory obligations to ensure that administrative services are not stalled. Nevertheless development projects have also been prioritized whenever further disbursements are made.

**H.E. JOSPHAT NANOK**  
**CHAIRMAN COUNCIL OF GOVERNORS**