

COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY

SECOND ASSEMBLY – (FOURTH SESSION)

BUDGET AND APPROPRIATIONS COMMITTEE

**REPORT ON CONSIDERATION OF THE KITUI COUNTY
SUPPLEMENTARY BUDGET II, FOR
THE FINANCIAL YEAR
2019/2020**

**CLERK OF ASSEMBLY CHAMBERS
P. O BOX 694
KITUI**

MAY, 2020

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ABBREVIATIONS

CASA	County Assembly Sports Association
CASB	County Assembly Service Board
CECM	County Executive Committee Member
COVID-19	Corona Virus 2019
CPSB	County Public Service Board
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KES.	Kenya Shillings
KICOTEC	Kitui County Textile Company
KRA	Kenya Revenue Authority
NHIF	National Health Insurance Fund
PFM	Public Finance Management
SP	Sub Program

ANNEXURES

- I. The Signed Committee Members List (**annex I**)
- II. Recommended overall County Government Supplementary Budget summary by program and vote. (**annex II**)
- III. COVID-19 related Expenditure Analysis from the Ministry of Health and Sanitation. (**annex III**)
- IV. The Committee minutes adopting the report (**annex IV**)

1.0 PREFACE

Mr. Speaker,

On behalf of the Members of the Budget and Appropriations Committee, I hereby beg to present to this Honourable House, the Committee's Report on consideration of the Kitui County Supplementary Budget II, for the financial year 2019/2020.

Mr. Speaker,

The Kitui County Supplementary Budget II, 2019/2020 for both arms of the Government as submitted was majorly necessitated to appropriate for the Kshs. 420M, additional funds channeled to the County Government from the National Government for fighting COVID-19 which was not part of the approved budget. In addition, the County Assembly conscious of the pandemic had sourced some funds within her budget to help in combating the disease and operationalize the newly formed County Assembly COVID-19 Committee and allocations to cater for other related costs occasioned by changes in the Assembly operations such as hiring of tents, online committees, sanitary materials etc.

Mr. Speaker,

Regulation 31(a) and (c) of the Public Finance Management (County Governments) Regulations, 2015 states;

- (a) That all budget revenue and expenditure shall be entered into the County government budget estimates;
- (b) Budget revenue and expenditure appropriations shall be balanced.

In observance of these provisions of the law, the supplementary budget was inevitable with the new additional funding (revenue) indicated above being not part of the revenue captured in the budget and again to provide for the new expenditure items in the approved budget, 2019/2020.

The Committee in this report therefore will be seeking to address the issues articulated above while respecting the principle of prudence in public finances as envisaged in Article 201 of the Constitution, the fiscal responsibility principles and the financial objectives as provided in Section 107 and 131(3) of the PFM Act, 2012.

Mr. Speaker,

Section 135 of the Public Finance Management Act, 2012 provides for the circumstances under which a County Government may submit to the County Assembly a Supplementary Budget for approval.

Sub Section 135 (1) and (2) provides that;

“A County government may spend money that has not been appropriated if the amount appropriated for any purpose under the County Appropriation Act is insufficient or need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act, or money has been withdrawn from the county government Emergency Fund”.

“A county government shall submit a supplementary budget in support of additional expenditures for authority for spending under subsection (1)”

The County Executive and the County Assembly in compliance with the above provisions and in adherence of the procedures as provided under Standing Order 214 (procedures on Supplementary Estimates), submitted their

Supplementary Budget II for this financial year 2019/2020. The estimates were laid on the table of the Assembly on Tuesday, 13th May, 2020 (afternoon sitting) and subsequently committed to the Budget and Appropriations Committee for consideration and recommendations pursuant to Standing Order 186.

2.0 THE COUNTY ASSEMBLY BUDGET AND APPROPRIATIONS COMMITTEE

The composition and mandate.

Mr. Speaker,

The Constitution of Kenya has placed a significant role to County Assemblies on management and utilization of county's resources as provided in Article 185. To effectively facilitate this and other functions, the County Assembly operates through a committee system as envisaged in Section 14 of the County Government Act, 2012. In furtherance of the law and as provided in the Standing Orders therefore, the Budget and Appropriations Committee was established specifically under Standing Order 186 with functions among others to discuss and review estimates and make recommendations to the County Assembly.

2.1 COMPOSITION OF THE COMMITTEE

Mr. Speaker,

The Budget and Appropriations committee was affected by the recent Committee restructuring which saw the committee attaining her full membership of nine with the approval of Hon. Alex N. Musili from Jubilee

Party as a member. As currently constituted the Committee comprises of the following Members;

- | | |
|--------------------------------|------------------|
| 1. Hon. Boniface K. Kasina - | Chairperson |
| 2. Hon. James M. Munuve - | Vice Chairperson |
| 3. Hon. Mary P. Ndumbu - | Member |
| 4. Hon. Stephen I. Katana - | Member |
| 5. Hon. Sylvester K. Munyalo - | Member |
| 6. Hon. James M. W. Kula - | Member |
| 7. Hon. Deiys M. Mukala - | Member |
| 8. Hon. Anne M. Mumo - | Member |
| 9. Hon. Alex N. Musili - | Member |

2.2 COMMITTEE MANDATE

Mr. Speaker,

Standing Order 186 establishes the County Budget and Appropriations Committee with Specific mandates as to inter alia to;

- 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.*

In undertaking her mandate therefore, the Committee has considered the Kitui County Supplementary budget II for the financial year 2019/2020 and has made some recommendations to the House for consideration and subsequent adoption.

3.0 BACKGROUND

Mr. Speaker,

The Kitui County Budget for the financial year 2019/2020 was approved by the Assembly on 14th November, 2019 as required by Section 131 of the Public Finance Management Act, 2012 with a total expenditure of KES. 11,378,500,249.00. Subsequently, a first supplementary budget, 2019/2020 was approved during the month of March, 2020.

The approved Budget had a commensurate resource envelop of **KES. 11,378,500,249.00** as required by the law which is analyzed as below;

Equitable share	KES. 8,830,350,000.00
Grants	KES. 1,143,259,304.00
Re-vote	KES. 804,890,945.00
Own revenue	<u>KES. 600,000,000.00</u>
TOTAL	<u>KES. 11,378,500,249.00</u>

Mr. Speaker,

A budget is defined as an estimate of costs, revenues and resources over a specified future period of time (*definition by business dictionary*). Born out of the definition, it is highly probable to have a supplementary budget seeking to harmonize/align the approved plan with the actual implemented programs. In addition, unforeseen and inevitable events may arise which require to be addressed notwithstanding that there is no funds appropriated for such. Section 135 of the public finance management Act, 2012 envisions such state of affairs and consequently the section of the law guides the County Governments in preparation of supplementary budgets. It is in the

circumstances therefore that both arms of the Government submitted their second supplementary budget for the financial year 2019/2020.

Mr. Speaker,

Upon being laid on the table of the Assembly on 13th May, 2020, the budget was subsequently committed to this Committee for consideration. It is important to note that at the same time, the County Budget for financial year 2020/2021 was committed for consideration by the committee notwithstanding that it is only one and a half months to the end of the financial year.

The Committee gave priority to the report writing exercise on the Supplementary budget II, 2019/2020 before embarking on the main budget 2020/2021 in consideration of remaining period to the end of the financial year.

4.0 METHODOLOGY

Mr. Speaker,

In conducting this exercise, the Committee engaged representatives from both the County Executive and the Assembly in rigorous interactive sessions taking into account the relevant provisions of the law. This involved the following activities:-

- i. Reviewing Supplementary budget I 2019/2020 performance. Interacting with the actual Integrated Financial Management Information System (IFMIS) balances.
- ii. Examination of the submitted supplementary budget and support documents submitted.
- iii. Direct engagement through discussions with invitees.

It is important for the House to note that the Committee took a tall risk in conducting physical meetings in discussion and consideration of the supplementary budget taking into account the fears in spread of COVID-19. The submitted budget had explanation notes as required under regulation 39 of the Public Finance Management (County Governments) Regulations 2015. Nonetheless, it was importantly resolved to invite some few County Chief Officers whose ministries were to great extent affected in either way by the supplementary budget to give more clarifications on the issues under consideration.

Mr. Speaker,

Budget making is a consultative process and thus, it was important for the Committee to embrace the spirit envisaged therefrom by engaging in critical consultative discussions. This is significant in ensuring that the Committee makes a rational and logical decision on the proposed supplementary estimates.

5.0 ACKNOWLEDGEMENT

Mr. Speaker,

At this juncture, allow me to thank the Office of the Hon. Speaker of the Assembly and that of the Clerk of Assembly for the logistical support accorded in this exercise. The Committee also extends her gratitude to the CASB Member, CECM, County Treasury, the County Chief Officers and other County staff who found time amid the tight schedules and the short notice to attend the committee hearings to clarify on the proposed budget reallocations in their dockets.

I finally extend my gratitude to the able members of the Committee who worked tirelessly and demonstrated passion to work in undertaking this exercise notwithstanding the prevailing harsh conditions and the fears of COVID-19 infections. I will not hesitate however to acknowledge the Staff of Assembly serving the Committee for their significant contribution in providing technical support and compiling this report.

Hon. Boniface Kilaa Kasina
Chairman, Budget & Appropriations Committee
May, 2020.

6.0 REVIEW AND CONSIDERATION OF THE COUNTY EXECUTIVE AND THE COUNTY ASSEMBLY SUPPLEMENTARY BUDGETS 2019/2020.

Mr. Speaker,

This is the Second Supplementary Budget prepared from the approved budget estimates for this financial year, 2019/2020. It comes barely two months upon the approval of the County supplementary budget I, for the financial year 2019/2020. The supplementary budget submitted totals to KES. 11,795,248,963.00, with an additional grant of Kshs. 420M for combating COVID-19. This is to say that the supplementary budget was prepared majorly to cover the additional revenue and expenditure to the County Budget as required of it under Regulation 31(a) of the Public Finance Management (County Governments) Regulations, 2015 as explained above in this report. The supplementary budget also was made to cover other re-allocation of funds from areas where the same may not be spent for the remaining period to the end of the financial year.

Mr. Speaker,

The submitted supplementary budget II totaled to KES. 11,795,248,963.00 comprising of the following total vote allocations;

- Office of the Governor, KES. 1,390,229,820.00 with a proposed additional allocation of KES. 95,400,000.00. Total budget KES. 1,485,629,820.00.
- Public Service Management and Administration KES. 410,133,271.00.

- Agriculture, Water and Livestock Development KES. 1,629,207,114.00 with a proposed additional allocation of Kshs. 44,248,714.00. Total budget KES. 1,673,445,828.00.
- Basic Education, ICT and Youth Development KES. 636,894,257 with a proposed additional allocation of Kshs. 58,207,350.00. Total budget KES. 695,101,607.00.
- Lands, Infrastructure, Housing and Urban Development KES. 866,366,651.00 with a proposed reduction of KES. 1,462,800.00. Total budget 864,903,851.00.
- Health and Sanitation KES. 3,467,443,629.00 with a proposed additional allocation of KES. 255,934,531.00. Total budget KES. 3,723,378,160.00.
- Trade, Cooperatives and Investments 560,855,378.00 with a proposed additional allocation of KES. 77,611,358.00. Total budget KES. 638,466,736.00.
- Environment and Natural Resources KES. 231,292,836.00.
- Tourism, Sports and Culture KES. 218,940,477, with a proposed reduction of KES. 725.00 Total budget 218,939,752.00.
- The County Treasury KES. 394,783,127.00 with a proposed additional allocation of KES. 2,000,000.00. Total budget KES. 396,783,127.00.
- The County Public Service Board KES. 40,176,022.00, with a proposed reduction of KES. 476,945.00. Total budget 39,699,077.00.
- County Assembly KES. 949,239,760.0, with a proposed reduction of KES. 114,000,000.00. Total budget 835,239,760.00
- Kitui Municipality KES. 499,183,960.00.

- Mwingi Town Administration KES. 83,753,947.00 with a proposed reduction of KES. 712,769.00. Total budget 83,041,178.00.

From the analysis given above, it is clearly depicted that the key benefiting County Ministry are;

- i. Health and Sanitation with KES. 255,934,541.00
- ii. Office of the Governor with KES. 95,400,000.00
- iii. Trade, Cooperatives and Investments with KES. 77,611,358.00.
- iv. Basic Education, ICT and Youth Development KES. 58,207,350.00.

This might be an indication that the new budget growth have fully been consumed by the four ministries.

Mr. Speaker,

The submitted supplementary budget by the executive had proposed a reduction of KES. 114M from the Assembly budget. This was a total contravention of the law as provided by Section 129(3) of the Public Finance Management Act, 2012 which explicitly directs each county assembly Clerk to prepare and submit to the County Assembly the budget estimates for the County Assembly. This did not auger well with the Committee though the CECM County Treasury explained that he had written a letter to the Assembly to that effect ref. No. CGKTI/CT/FIN/1/VI/(2019-2020)/12 dated 24th April, 2020. It was the feeling of the Committee that the explanations could not justify this contravention of the law and thus the Committee will look into the matter during the recommendations to this report.

Mr. Speaker,

There was a directive in place by His Excellency, the President of the Republic of Kenya that all Counties should channel funds for foreign and domestic travel and accommodation to fighting COVID-19. It is imperative to note that the County Assembly had taken heed on that and had set aside some funds to facilitate operations of the line Committee which was recently formed.

7.0 COMPLIANCE WITH THE LEGAL PROVISIONS

Mr. Speaker,

As indicated above in this report, the supplementary budget as prepared should be guided by certain provisions of the law. This includes and not limited to the following;

- i. The PFM Act, 2012. There are some specific Sections of this Act which directly affects the preparation and submission of the supplementary budget;
 - Section 107 - County Treasury to enforce fiscal responsibility principles,
 - Section 135 - County Government to submit to the county assembly supplementary budget in certain circumstances, and
 - Section 154 on limited powers of an accounting officer to reallocate appropriated funds.
- ii. The Public Finance Management (County Governments) Regulations, 2015. These are regulations whose object and purpose is to inter alia;
 - To provide means of administering the powers vested in the CECM under the Act and ensure accountability, transparency and the effective, economic and efficient collection and utilization of

public resources. For instance, Regulation 39 (3) and (4) provides for the following in relation to supplementary budgets;

“(3) The purpose for which approval is sought for a supplementary budget shall be —

(a) Unforeseen and unavoidable, in circumstances where no budget provision was made; or

(b) Unavoidable, in circumstances where there is an existing budgetary provision which, however, is inadequate.

(4) For purposes of paragraph (3), the following shall not be considered unforeseen and unavoidable expenditure—

(a) Expenditure that, although known when finalizing the estimates of the original budget, could not be accommodated within allocations; and

(b) Tariff adjustments and price increases.”

Mr. Speaker,

Upon reviewing the supplementary budget, the Committee found that it was submitted within the provisions of the law. No, inconsistency with the law were exhibited lest for the interference with the County Assembly budget by the executive which the Committee will seek to address. The budget had proposed very minimal re-allocations of funds within the ministries. The main reason behind the supplementary being the inclusion of the National Government grant of KES. 420M. for COVID-19.

Mr. Speaker,

The supplementary budget complies with the fiscal responsibility as set out above. It is prudent noting that the recurrent expenditure is set at 63 percent

with the development at 37 percent. It is unfortunate that the salaries have been put at 37 percent which conspicuously deviates from the provisions of regulation 25(1) (b) that sets out the limit at thirty five (35) percent of the county government's total revenue.

8.0 CONSIDERATION OF THE BUDGET ESTIMATES

Mr. Speaker,

Very minimal changes have been proposed in this supplementary budget. As indicated above, the budget was basically to incorporate the new national government grant on COVID-19 to ensure compliance with the law by including all revenues in the county budget. The proposed re-allocations were majorly made to offset the negative IFMIS balances which may attract audit queries if not resolved. The Committee therefore must make the necessary effort to address this irregularity.

9.0 GENERAL OBSERVATIONS ON THE COUNTY SUPPLEMENTARY ESTIMATES 2019/2020

Mr. Speaker,

The Committee took sufficient time to intensively interrogate these supplementary estimates at the same time engaging the CECMs and their representatives comprehensively in offering clarifications and justifications on the proposed re-allocations in this budget. During this exercise a lot of information was shared including documentary evidence to offer details on some issues raised including budget implementation by the County Ministries. Arising therefrom, the Committee made the following general observations from most of the key areas.

Mr. Speaker,

The Committee scrutinized the submitted Kitui County Supplementary Budget II, 2019/2020 and made the following observations;

1. That there was an increment in the overall County budget from KES. 11,378,500,249.00 to KES. 11,795,248,963.00.
2. The submitted supplementary budget partly observes the fiscal responsibility as provided under Section 107 of the PFM Act, 2012.
 - The county government's expenditure does not exceed the total budget revenue. It is balanced at KES. 11,795,248,963.00. This implies that the re-allocations were made within the votes, programs, sub programs and budget items keenly observing the resource envelop in the approved budget 2019/2020. This further observes the provisions of Regulation 31(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that budget revenue and expenditure appropriations shall be balanced.
 - The development is at 37% against 63% for recurrent expenditure which is higher than the minimum requirement of 30%.
3. The proposed re-allocations made in the County Assembly budget as submitted observed the provisions of Section 154 of the PFM Act, 2012. The recurrent re-allocations were made within the recurrent budget.

4. It was observed from the actual IFMIS balances that by the time of approval of this supplementary budget II, the budget implementation was at 87% recurrent and 88.7% development.
5. The supplementary budget submitted was majorly to incorporate the new revenue of KES. 420M being the national government grant to the County to combat COVID-19. In addition, there was re-allocation of funds from budget items where it was unlikely to spend such for the remaining period to the end of the financial year. Notably some ministries had spent outside the approved budget leading to negative IFMIS balances. This trend should be discouraged with the strongest terms possible. The Assembly should not be used to ratify irregularities deliberately committed in disregard of the laws governing government expenditures.

The proposed utilization of the COVID-19 grant had been spread within the following County Ministries;

- Office of the Governor
 - Ministry of Trade, Cooperatives and Investments
 - Ministry of Agriculture, Water and Irrigation
 - Ministry of Health and Sanitation
 - Ministry of Basic Education, ICT and Youth Development
6. It was observed that actual own revenue collection as at the end of April, 2020 was KES. 339M which is KES. 261M below the set target. The deficit was explained that it will be recovered from reimbursement from National Health Insurance Fund (NHIF) of about KES. 80M with collection of the remaining balance of revenue feasible for the remaining months of May and June, 2020.

7. It was observed that the Executive budget had proposed to take a total of KES. 114M (KES.24M Development and KES.90M Recurrent) from the Assembly as explained above in this report. This was a contravention of Section 129(3) of the PFM Act, 2012 and as such, the Committee will recommend a reversal of the same in this report.
8. There are some notable increments to domestic travel on the part of some ministries in the executive budget in disregard of the Presidential directive to channel such funds for fighting the corona pandemic.
9. It was observed that CASB had yet not improved on the budget implementation on the part of the County Assembly. For instance, payment of increment of salaries to the Ward assistants, establishment and equipping of the Budget office, construction of the members makeshift cafeteria, installation of lifts in the County Assembly Chambers, Construction of the new office block etc. This notwithstanding there was an explanation by the CASB representatives that initial steps in undertaking most of the development projects had been started and the funds committed in readiness to full implementation.
10. There was a proposed increment to the Office of the Governor totaling to KES. 96,535,621.00 for Purchase of uniform and Clothing-patients (20,000 masks per ward), Sanitary Cleaning materials, Supplies and Services (Purchase of Sanitizers) and Other operating expenses-Other (Council of Governors Activities, Intergovernmental, Intra and Inter County activities). This additional expenditure was explained to be part of the KES. 114M. proposed to be taken from the County Assembly budget.

11. That the proposed expenditure analysis for share to the Ministry of Health and Sanitation of KES. 255.93M to fight the COVID-19 pandemic is broken down as follows:

- i. Additional allocation of KES. 125,319,908 to Emergency Medical Expenses (Corona Virus Emergency Fund).
- ii. A provision of KES. 10M for other operating expenses (Leadership, Governance and Coordination Teams)
- iii. Additional allocation of KES. 34.073M to cater for Daily Subsistence Allowance (Disease Surveillance) in the fight for corona pandemic.
- iv. A provision of KES. 34,430,873 for purchase of equipment to curb corona pandemic.
- v. Additional allocation of KES. 40,110,750 for purchase of medical equipment (Intensive Care Unit) – 6 beds in Kitui County Referral Hospital and 4 in Mwingi Level IV Hospital.
- vi. Additional allocation of KES. 9M for other infrastructure and civil works.

This expenditure analysis is clearly depicted in the COVID-19 related Expenditure Analysis hereby annexed to the report (**annex iii**) from the Ministry of Health and Sanitation.

12. That the proposed additional allocations under the Ministry of Trade, Cooperatives and Investments are:

- i. A provision of KES. 55M for Other Capital Grants and Transfers to curb the Corona Pandemic.
- ii. A proposed allocation of KES. 18.66M from the County Assembly budget to be appropriated as follows;

- KES.3M - to cater for daily subsistence allowances for sprayers
- KES. 10M - for purchase of Fungicides, Insecticides and Sprays (Fumigation of all Market Centers in the County)
- KES. 5.66M - to cater for advertising, awareness and publicity campaigns and branding of county products e.g honey, KICOTEC and Hospital products.

13. That there is a proposed additional to the Ministry of Tourism, Sports and Culture of KES. 4,100,811 to cater for Sports Talent Development. Owing to non-justification of the increment and the period remaining to the end of the financial year, the Committee may not recommend the same.

14. There was some proposed re-allocations within the County Assembly budget to accommodate changes in operations occasioned by COVID-19 pandemic. It was explained by the Board representative that it was necessary for the provisions to be made to mitigate the situation and thus the following provisions were made;

- i. KES.7M for hire of catering services for the County Assembly special sittings during the COVID-19 period.
- ii. KES.11.1M for Tribunal Costs to finance activities of the County Assembly Ad-Hoc Committee on COVID-19.
- iii. KES.1.5M to Telephone, Telex, Facsimile and Mobile Phone Services to provide additional airtime for internet bundles to Members of County Assembly and staff for three months to facilitate online Committee meetings.

- iv. KES.0.4M to purchase tents and chairs for use by County Assembly Committees during the COVID-19 period.
- v. KES.0.6M to Sanitary and cleaning material for procuring hand sanitizers, face masks and other protective materials for office use during the COVID-19 period.
- vi. KES.1.2M to purchase of additional laptops for staff.

10.0 SPECIFIC COMMITTEE RECOMMENDATIONS

Mr. Speaker,

The Committee took ample time to ensure that every aspect and contribution to this exercises was taken into consideration. Careful consultations were done as the members adequately deliberated on emerging issues of concern while taking into account the available budget resources. As guided by Section 131 (2) of the PFM Act, 2012 and the County Assembly Standing Order 206 (5), the Committee to this end makes the following recommendations for **ADOPTION** by the Assembly:-

10.1 RECOMMENDED REDUCTIONS

It is important to note that some explanations in support of the proposed additional allocations were not persuasive and justifiable taking into account the prevailing budget constraints and the remaining period to the end of the financial year; thus the following reductions were recommended by the Committee;

Office of the Governor

- i. That drop the entire proposed additional allocation of KES. 1.9M; Accommodation- Domestic Travel under Sub Program (SP) 1.1; General Administration and Support Services. It was the feeling of the Committee that the proposed increment is not prudent owing to the financial constraints and the directives to minimize such expenditures to save funds for fighting COVID-19.
- ii. That drop the entire proposed additional allocation of KES. 95.34M which was to be funded by the projected transfer of KES. 114 from the Assembly budget. This being; KES. 72M for purchase of Uniforms, and Clothing- patients (20,000 masks per ward), KES. 6,659,994.00 for Sanitary and Cleaning Materials, Supplies and Services and KES. 16,680,006.00 for Other Operating Expenses (Council of Governors Activities, Intergovernmental, intra and inter-county activities) all under Sub Program (SP) 1.1; General Administration and Support Services. The proposal had offended Section 129(3) of the PFM Act, 2012 which only allows the Clerk of Assembly to prepare such.
- iii. A reduction of KES.2M from the allocation for Other Operating Expenses - Other (Council of Governors Activities, Intergovernmental, intra and intercounty activities) under Sub Program (SP) 1.1; General Administration and Support Services. It was the opinion of the Committee that the balance in the budget line will suffice owing the short period to the end of the financial year.
- iv. A reduction of KES.0.5M from the allocation for Daily Subsistence Allowance under Sub Program (SP) 4.1; Manifesto Implementation Unit.

Ministry of Agriculture, Water and Livestock Development

- i. A reduction of KES. 1.2M from the allocation for Subsidies to Non-Financial Public Enterprises under Sub Program (SP) 4.2; Water Supply Infrastructure to cater for budget shortfalls within other budget lines.

Ministry of Basic Education, ICT and Youth Development

- i. A reduction of KES. 0.5M from the allocation to County Internet Subscription under programme 2; ICT Infrastructure Development.
- ii. A reduction of KES. 2M from the allocation to Purchase of ICT networking and Communications Equipment under programme 2; ICT Infrastructure Development. The remainder of the allocation was deemed enough for sustainability of this exercise.

Ministry of Lands, Infrastructure, Housing and Urban Development

- i. A reduction of KES. 1M from the allocation to Refined Fuels and Lubricants for Transport under Sub Program (SP) 1.1; Administration, Planning and support services. It was the opinion of the Committee that the balance in the budget line will suffice owing the short period to the end of the financial year.

Ministry of Trade, Cooperatives and Investments

- i. Drop the entire proposed allocation of KES. 18.66M moved from the County Assembly budget to the following budget items:
 - Daily Subsistence Allowance (Allowance for Sprayers) under Sub Program (SP) 2.1; Domestic Trade Development - KES. 3M.

- Fungicides, Insecticides and Sprays (Fumigation of all Market Centres in the County) under Sub Program (SP) 2.1; Domestic Trade Development - KES. 10M.
- Advertising, Awareness and Publicity Campaigns and branding of county products e.g honey, ballast, KICOTEC and Hospital products under Sub Program (SP) 3.2; Marketing Value Addition and Research - KES.5.66M.

The proposal was against Section 129(3) of the PFM Act, 2012 which only allows the Clerk of Assembly to prepare such. Allowing this will be unfair on the part of the Assembly and a bad precedent.

Ministry of Tourism, Sports and Culture

- i. Drop the entire proposed additional allocation of KES.4,100,811 to Sports Talent Development (Develop Rugby, KICOSCA, CASA, KYISA and sports equipment) under Sub Program (SP) 5.1; Sports Training and Competitions. The County Assembly had approved this reduction in Supplementary Budget 1, 2019/2020. This is a replication attempt with no justification.

County Treasury

- i. Drop the entire proposed additional allocation of KES.0.3 M to Daily Subsistence Allowance under Sub Program (SP) 4.5; Financial Services. The Committee did not find any justifiable reason for additional funding.

County Public Service Board

- i. That reduce the available allocation of salaries for the County Public Service Board (CPSB) Members by KES. 10M. Currently the board is not in place and by the time one is constituted it will be next financial year. The reduction is necessary to finance the supplementary.

County Assembly

- i. The Committee appreciated the steps taken by the County Assembly towards the fight against COVID-19 pandemic by establishing an Ad-Hoc Committee on the same and the proposal of KES. 11.1M to facilitate its operations thereof. Arising out a thoughtful discussion on the matter, it was the feeling of the Committee that more funds were necessary to boost the budget item and thus the following was recommended;
 - A reduction of KES. 4M, from ward forums in budget item 2210504: Advertising, Awareness and Publicity Campaigns under Legislation, Representation and Oversight,
 - A reduction of KES. 1M from item code 2110101: Basic Salaries - Civil Servants under General Administration, Planning and Support Services,
 - A reduction of KES.1M from item code 2110329: Ward Office Holders Allowance under Legislation, Representation and Oversight,

The budget balances for the items recommended for reduction will suffice for the remaining two months to the end of the year and further noting that the vacant positions had not been filled.

The reduction were recommended to increase the COVID-19 allocations which will be utilized with full and adequate consultations with the Members of the Assembly and to benefit the entire forty County Wards.

10.2 RECOMMENDED APPLICATION OF THE SAVINGS

Mr. Speaker,

The realignment done above has seen KES. 114M, proposed to be taken from the County Assembly Budget to the Executive reversed. Correspondingly, there are cumulative savings totaling to KES. 29,500,811.00 being KES. 23,500,811.00 and KES. 6M for both the County Executive and the County Assembly Budget respectively. These are recommended to be applied as follows;

1. That KES. 2M as additional funding to Ministry of Public Service Management and Administration; Boards, Committees, Conferences and Seminars under Sub Program (SP) 4.1; General Administration Planning and Support Services. This allocation will assist in settling pending claims in the ministry.
2. That KES. 1.5 M as additional funding to Ministry of Basic Education, ICT and Youth Development ; Other Operating Expenses – Project Monitoring Activities under Sub Program (SP) 1.1; General Administration and Planning to cater for office supplies for the remaining period to the end of the financial year.
3. That KES. 20,000,811 as additional funding to County Treasury; Basic Salaries- Permanent Employees under Sub Program (SP) 1.1; General Administration and Support Services. The allocation will assist in part

settlement of Kenya Revenue Authority (KRA) tax arrears as agreed between KRA and the County Treasury.

4. That KES. 6M be applied as further additional funding to KES. 11.1M for budget item 2210804: Tribunal Costs to be utilized by the County Assembly Ad-Hoc Committee on COVID-19 in consultation with Members of the County Assembly.

Mr. Speaker,

All other proposals in the Supplementary Budget Estimates II, 2019/2020, that are not affected by the above changes are hereby recommended for adoption by the Assembly as submitted.

11.0 CONCLUSION

Mr. Speaker,

These adjustments maintains the budget balanced with neither a surplus nor a deficit at a total of **KES. 11,795,248,963.00** being **KES. 10,846,009,203.00** and **KES. 949,239,760.00** for the County Executive and County Assembly budgets respectively.

The summary of the recommended County supplementary Budget II expenditures for the financial year 2019/2020 by program will therefore appear as contained in **annex II** to this report.

Mr. Speaker,

The Committee therefore requests this House to resolve as follows;

That:-

- a) The House adopts this report;

- b) The proposed amendments to the Kitui County supplementary budget II, 2019/2020 be adopted as contained in this report; and
- c) The recommended budget summary in **annex II** becomes the basis for the Supplementary Appropriations Bill II, for the financial year 2019/2020.

*Report Compiled by **Charles N. Nyaga** (Senior Fiscal Analyst I), **Mulandi Kavali** (First Clerk Assistant) and **Chris Mwangangi** (Second Clerk Assistant).*