

**COUNTY GOVERNMENT OF KITUI**



**THE COUNTY ASSEMBLY**

**FIRST ASSEMBLY – (FIFTH SESSION)**

---

**BUDGET AND APPROPRIATIONS COMMITTEE**

**REPORT ON CONSIDERATION OF THE KITUI COUNTY  
SUPPLEMENTARY ESTIMATES FOR  
THE FINANCIAL YEAR  
2016/2017**

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

**JANUARY, 2017**

## Table of Contents

|   |    |
|---|----|
| 1.0 PREAMBLE.....   | 3  |
| 1.1 COMPOSITION OF THE COMMITTEE.....   | 4  |
| 1.2 COMMITTEE MANDATE.....  | 4  |
| 1.3 BACKGROUND .....  | 5  |
| 2.0 ACKNOWLEDGEMENT .....   | 6  |
| 3.0 REVIEW AND CONSIDERATION OF THE COUNTY EXECUTIVE AND THE COUNTY ASSEMBLY SUPPLEMENTARY BUDGET 2015/2016 ..... | 8  |
| 3.1 The County Executive Supplementary Budget, 2016/2017 .....  | 9  |
| Office of the Governor.....   | 10 |
| Ministry of Coordination.....   | 11 |
| Ministry of Agriculture .....   | 12 |
| Ministry of Basic Education.....  | 13 |
| Ministry of Lands, Infrastructure and Urban Development.....  | 13 |
| Ministry of Health and Sanitation.....  | 14 |
| Ministry of Trade, Industry, IT and Cooperatives .....  | 15 |
| Ministry of Culture, Youth, Gender and Social Services .....  | 15 |
| Ministry of Environment, Energy and Mineral Resources Investment Development .....                                | 16 |
| Ministry of Tourism and Natural Resources .....   | 16 |
| Ministry of Finance and Economic Planning .....   | 16 |
| Kitui County Public Service Board .....   | 17 |
| Kitui Town Administration .....   | 17 |
| Mwingi Town Administration.....   | 18 |
| 3.2 General observations on the County Executive Supplementary Estimates .....                                    | 18 |
| 3.3 The County Assembly Budget.....   | 22 |
| 3.4 General observations on the County Assembly Supplementary Estimates .....                                     | 24 |
| 4.0 Specific Committee Recommendations on the Supplementary Estimates .....                                       | 25 |

## **1.0 PREAMBLE**

**Mr. Speaker Sir,**

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 this provisions and in adherence of procedures’ provided under Standing Order 135 submitted their Supplementary Budgets for this financial year 2016/2017 which were laid on the table of the Assembly on 1<sup>st</sup> December, 2016 and Subsequently committed to the Budget and Appropriations Committee for consideration and recommendations to the Assembly. In addition, the County Executive also submitted to the Assembly a further proposal to the submitted supplementary budget estimates for the financial year 2016/2017 which was subsequently committed to the Committee on 10<sup>th</sup> January, 2017 for consideration and recommendations to the Assembly.

**Mr. Speaker Sir,**

The role of Consideration of the County Budget and the County Supplementary Budgets is an absolute mandate of the Committee on Budget and Appropriations as conferred by the County Assembly's Standing Order 187.

### **1.1 COMPOSITION OF THE COMMITTEE.**

**Mr. Speaker sir,**

The Budget and Appropriations committee as currently constituted comprises of the following Members;

|                             |               |
|-----------------------------|---------------|
| Hon. Antony K. Muthui -     | Chairman      |
| Hon. Beatrice V. Musyoka -  | Vice Chairman |
| Hon. Felix K. Kauvi -       | Member        |
| Hon. Anastasia M. Mutunga - | Member        |
| Hon. James M. Munuve -      | Member        |
| Hon. Mary P. Ndumbu -       | Member        |
| Hon. Deiys M. Mukala -      | Member        |
| Hon. Kalovo Musau -         | Member        |
| Hon. Jenifer N. Munuve -    | Member        |

### **1.2 COMMITTEE MANDATE**

**Mr. Speaker,**

Standing Order 187 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.*

In pursuit of the above mandate therefore, the Committee has considered the Kitui County Supplementary Estimates for the financial year 2016/2017 and has done some recommendations to the House for consideration and adoption.

### **1.3 BACKGROUND**

**Mr. Speaker Sir,**

The Kitui County Budget for the financial year 2016/2017 was approved by the County Assembly by 30<sup>th</sup> of June, 2016 as required by Section 131 of the Public Finance Management Act, 2012. The approved Budget had a total allocation of Kshs 10,466,468,971.00 inclusive of estimated revote of Kshs 1,573,640,250.00. This budget was to be financed as analyzed below:-

|                           |                                   |
|---------------------------|-----------------------------------|
| Equitable share –         | 7,841,480,359.00                  |
| Grants -                  | 382,738,363.00                    |
| Local revenue –           | 668,610,000.00                    |
| <u>Revote (2015/16) -</u> | <u>1,573,640,250.00</u>           |
| <b>TOTAL</b>              | <b><u>10, 466, 468,971.00</u></b> |

**Mr. Speaker Sir,**

As explained above, under the provisions of Section 135 of the public finance management act, 2012, the County Government is allowed to have a Supplementary Budget which is approved by the County Assembly pursuant to the provisions of Standing Order 214; which outlines the procedure on

approval of supplementary Estimates. The County Executive and the County Assembly submitted for approval their Supplementary budget estimates 2016/2017 both totaling to Kshs. **10,846,613,996.00** for approval by the Assembly. Subsequently these supplementary budget estimates were committed to this Committee during a sitting held on 1<sup>st</sup> December, 2016 (afternoon sitting) for consideration and recommendations to the assembly. It is against this backdrop that the Committee as earlier resolved vide min. (BAC) 95/2016 retreated to Pride Inn Hotel Nairobi to undertake report writing on these supplementary estimates for the financial year, 2016/2017 from 5<sup>th</sup> to 11<sup>th</sup> December, 2016. It worth to note that this committee also burnt mid night oil on 11<sup>th</sup> January, 2017 to deliberate and consider the latter proposals to the submitted county executive supplementary estimates to come up with this report.

## **2.0 ACKNOWLEDGEMENT**

**Mr. Speaker Sir**

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 to the Committee during the Committee sittings within the precincts and the seven days retreat for this report writing. The Committee also extends her gratitude to the Chief Officers, County Ministry of Agriculture, Water and Irrigations and the County Ministry of Lands, Infrastructure and Urban Development and the two Officers from the County Ministry of Finance and Economic Planning the Deputy Director, Budgeting and Planning and the Assistant Accountant General, who within a very short notice appeared before

the Committee to give highlights on the actual budget performance and the supplementary Budget estimates 2016/2017 amidst their tight schedule.

**Mr. Speaker Sir,**

The Committee also sincerely expresses her gratitude to the Members of the Committee and the Staff serving the Committee who tirelessly worked throughout the period to accomplish this great mission.

**Hon. Antony K. Muthui**

**Chairman, Budget & Appropriations Committee**

**December, 2016.**

**Annexures**

- I. Signed Committee Members List **(Annex i)**
- II. Minutes of the Committee approving the report **(Annex ii)**.
- III. Additional proposals to the submitted county executive supplementary estimates **(Annex iii)**
- IV. The committee recommendations analytical table to the county supplementary estimates **(Annex iv)**
- V. Recommended overall County Government Supplementary Budget summary by vote. **(Annex v)**

### 3.0 REVIEW AND CONSIDERATION OF THE COUNTY EXECUTIVE AND THE COUNTY ASSEMBLY SUPPLEMENTARY BUDGET 2016/2017

**Mr. Speaker Sir,**

The Constitution of Kenya provides in Article 201(d) that “*public money shall be used in a prudent and responsible way*”. This means that we must make every effort to reduce misapplication of public resources and apply to the most resourceful and productive areas. Indeed, Hon. Members, the principle that should guide budget making should therefore be “*achieving the greatest public good in the most cost-effective way*”.

**Mr. Speaker Sir,**

The underlying principle behind this supplementary estimates was to adjust the budget to realign it with the actual re vote which has increased from the previously estimated re vote of Kshs. 1,573,640,250.00 to actual re vote of Kshs. 1,953,785,274. This change has increased the overall budget by Kshs. 380,145,024.00 to Kshs. 10, 846,613,996.00.

In addition, the County also considered the budget actual performance and the budget absorption rate where money was moved from low to high absorption areas where funds appropriated under the County appropriation Act, 2016 were insufficient as contained in the supplementary budget highlights and as explained during the committee discussions.

In view of the above and guided by the spirit therein, the committee scrutinized these Supplementary estimates and has made a number of recommendations to the Assembly for consideration and approval.



The committee took keen interest in analyzed the information as contained in the submitted county assembly and the consolidated county executive supplementary budget estimates at the same time reviewing the actual budget performance 2016/2017 for the last five months.

The Committee was also guided by the relevant provisions of law as provided in the Public Finance Management Act, 2012 Sections, 135 and 154 while observing the cardinal principle of prudence in finance application as anchored in Article 201 of the constitution on principles of public finance.

The committee also noted that the county government has over the years been re voting huge sums of money due to tying them to rolling projects and allocations to low absorption programs. For instance, allocations meant for employment within the year will never be utilized unless the intended employments takes place. Such funds will eventually be re voted as revenue in the subsequent financial year. For this reason therefore, it is the feeling of this committee that there is no need of tying such monies whereas there are programs that can effectively utilize these funds in projects that can be of value to the county residents.

### **3.1 The County Executive Supplementary Budget, 2016/2017**

**Mr. Speaker Sir,**

The submitted County supplementary overall budget was Kshs. **10,846,613,996.00** which is higher than the approved estimates with Kshs. 380,145,024.00 as explained above. The total sources to finance the supplementary budget totaled to Kshs. 400,857,458 where the largest portion of these funds was sourced from revote of recurrent expenditures while the

balances were from the development expenditures, reduction in operation and maintenance, adjustment in salaries with only 30M reallocated from emergency funds.

These savings were budgeted to be applied as indicated in the summarized table below:

| SOURCES                       |                    | APPLICATION                                     |                    |
|-------------------------------|--------------------|---|--------------------|
| <b>1. Recurrent</b>           | Kshs               |   | Kshs               |
| Recurrent amount note revoted | 153,277,055        | Addition to Vehicles budget                     | 8,000,000          |
| Reduction in O&M              | 144,203,245        | Helmets for boda boda                           | 15,000,000         |
| Adjustment in Salaries        | 73,377,158         | Printing 4th Year Development Booklets          | 20,000,000         |
|                               |                    | Legal fees                                      | 10,000,000         |
|                               |                    | Water Subsidy                                   | 40,000,000         |
| Total                         | <b>370,857,458</b> |   | <b>93,000,000</b>  |
| <b>2. Development</b>         |                    |   |                    |
| Emergency Reallocation        | 30,000,000         | Towns (Mwingi and Kitui, 24m, 26m)              | 50,000,000         |
|                               |                    | Medical Cover for Staff                         | 40,000,000         |
|                               |                    | LIUD - Drifts, Slabs, Culverts for Access roads | 212,857,458        |
|                               |                    | Education                                       | 5,000,000          |
|                               | <b>30,000,000</b>  |   | <b>307,857,458</b> |
|                               |                    |   |                    |
|                               | <b>400,857,458</b> |   | <b>400,857,458</b> |

The supplementary budget was further briefly summarized as follows:-

**Office of the Governor**  
**Recurrent**

**Increase of Kshs 39.2M due to:**

- (i) Provision for staff medical cover (Kshs 40M) and an additional (Kshs 6.8M) for Motor Vehicle insurance
- (ii) Provision for additional funds for one ministers car and increased cost remaining 3 provided in current budget (Kshs 8M)
- (iii) Provision for legal fees (Kshs 10M)
- (iv) Reduction in temporary committee expenses (Kshs 5M)
- (v) Reduction of PE for budgeted recruitments (Kshs 8.8M)
- (vi) Reduction of foreign travel ( Kshs 6.8M)
- (vii) Reduction in research and pre-feasibility studies (Kshs 5M)

**Development**

Decrease to adjust estimated revote to actual revote (Kshs 3.6M)

**Ministry of Coordination**

**Recurrent**

**Decrease of Kshs 62.2M as result of:**

- (i) PE reduction for budgeted recruitments (Kshs 43.2M).
- (ii) A reduction of foreign travel (Kshs 1.2M)
- (iii) Reduction in other Operation & Maintenance items (Kshs 17.8M)

**Development**

**Increase of Kshs 10M as result of:**

- (i) Increase as result of adjustment of estimate revote to actual revote (Kshs 70M)
- (ii) Transfer of half of Emergency provision to Ministry of Finance (Kshs 30M)

(iii) Reallocation of the emergency balance to defray deficit in water subsidy in Min of Agriculture (Kshs 30M)

## **Ministry of Agriculture**

### **Recurrent**

**An increase of Kshs 120.2M as result of:**

- (i) PE reduction for budgeted recruitments (Kshs 1.4M).
- (ii) A reduction of foreign travel (Kshs 1.2M)
- (iii) Reduction in other Operation & Maintenance items (Kshs 6.7M)
- (iv) Additional provision for water company subsidies (Kshs 100.3M)
- (v) Provision for emergency response in water supply facilities (Kshs 29.2M)

### **Development**

**Decrease of (Kshs 78.6M) due to:**

- (i) Reduction of funds for water extension to Early Childhood Development Education Classrooms where they were initially to be (Kshs 26.75M)
- (ii) An increase due to adjustment of estimated revote to actual revote (Kshs 59.4M)
- (iii) An increase to provide for Athi-Kanyangi-Mutomo water project (Kshs 26.5M)
- (iv) Reduction in the budget for sand dams (Kshs 91.5M)
- (v) Reduction in machinery budget - purchase of excavator (Kshs 48M)

- (vi) Increase in provision for purchase of Trailer (Kshs 4M)
- (vii) Increase in budget for Purchase of Vaccines and Sera (Kshs 1.6M)
- (viii) Reallocation funds for cattle dip rehabilitation and construction (Kshs 8.2M)
- (ix) An increase in provision for purchase of Certified materials (Kshs 9.5M) and decrease in specialized agricultural supplies (Kshs 5.7M)

## **Ministry of Basic Education**

### **Recurrent**

#### **Decrease of Kshs 10.4M as result of:**

- (i) PE reduction for budgeted recruitments (Kshs 2.5M). This amount being the realized savings to date.
- (ii) A reduction of foreign travel (Kshs 1.2M)
- (iii) Reduction in other Operation & Maintenance items (Kshs 6.7M)

### **Development**

#### **Increase in Kshs 14M as result of:**

- (i) Transfer from Water (Kshs 26.7M) and from Energy (Kshs 6.6M) to funds classrooms (Kshs 33.35M)
- (ii) Reduction in the allocation for desks and outdoor equipment (Kshs 15M)
- (iii) Increase in allocation for Education standards and Skills improvement Program (Kshs 20M)
- (iv) Decrease as result of adjustment of estimated revote to actual revote (Kshs 24.3M)

## **Ministry of Lands, Infrastructure and Urban Development**

### **Recurrent**

**Decrease of Kshs 35.8M due to:**

- (i) PE reduction for budgeted recruitments (Kshs 9.6M)
- (ii) A reduction of foreign travel (Kshs 1.2M)
- (iii) Reduction in other Operation & Maintenance items (Kshs 26.2M)

**Development**

**An increase of Kshs 64.6M due to:**

- (i) Provision for drifts, slabs and culverts (Kshs 226.6M)
- (ii) Decrease to adjust re voted amount to actual (Kshs 70M)
- (iii) Decrease to adjust for Road Maintenance Fuel Levy Fund (Kshs 92M)

**Ministry of Health and Sanitation**

**Recurrent**

**A decrease of Kshs 1M due to:**

- (i) Decrease in casual wage (Kshs 54M)
- (ii) Decrease in travel allowance (Kshs 6M)
- (iii) An increase in salaries allocation (Kshs 18M)
- (iv) A reduction of foreign travel (Kshs 1M)
- (v) Reallocation to Operation & Maintenance items (Kshs 42M)

**Development**

**An increase of Kshs 348.9M due to:**

- (i) Increase to adjust re-voted amount to actual (Kshs 317.3M)
- (ii) Provision for Expansion of Mbitini health centre (Kshs 18.8M)
- (iii) chain-link fencing of Zombe and Mutomo health centres and procurement of a laundry unit for Ikutha hospital (Kshs 9.8M)
- (iv) Refurbishment of new dispensaries (Kshs 3M)

(v) Reduction in renovations of county offices (Kshs.5M); mortuary at Kitui County referral hospital (Kshs.10M) and mortuary at Mwingi Hospital (Kshs.3.8M)

(vi) Reduction in construction of mortuary at Mwingi Hospital (Kshs.6M) and completion of Outpatient Patient Department at Kitui County referral hospital (Ksh.3.6M)

## **Ministry of Trade, Industry, IT and Cooperatives**

### **Recurrent**

**An increase of Kshs 16.3M due to:**

- (i) A provision for printing of 4th year Devolution booklets (20M)
- (ii) A Reduction in other Operation & Maintenance items (Kshs 2.5M)
- (iii) A reduction of foreign travel (Kshs 1.2M)

### **Development**

**An increase of Kshs 42.1M due to:**

- (i) Provision for boda boda riders helmets and reflectors (Kshs 15M)
- (ii) Transfer from Microfinance loans to construction of markets (Kshs 21M)
- (iii) Increase in re-voted amount (Kshs 22.2M)
- (iv) Reduction in allocation for WI-FI to fund construction of markets (Kshs 5M)
- (v) Reduction in allocation for Designs and Plans to fund construction of markets (Kshs 1M)

## **Ministry of Culture, Youth, Gender and Social Services**

### **Recurrent**

**Decrease of Kshs 5.3M due to:**

- (i) A reduction of foreign travel (Kshs 1.2M)
- (ii) Reduction in other Operation & Maintenance items (Kshs 4.1M)

**Development**

An increase of Kshs 20.8M due to adjustment in actual revote

**Ministry of Environment, Energy and Mineral Resources Investment Development  
Recurrent**

**Decrease of Kshs 3M due to:**

- (i) A reduction of foreign travel (Kshs 1.2M)
- (ii) Reduction in other Operation & Maintenance items (Kshs 1.8M)

**Development**

**A decrease of Kshs 37M due to:**

- (i) Transfer from solar lights to classrooms in Basic Education (Kshs 6.6M)
- (ii) Decrease due to adjustment of revote to actual (Kshs 30.4M)

**Ministry of Tourism and Natural Resources  
Recurrent**

**A decrease of Kshs 5.7M due to:**

- (i) A reduction of foreign travel (Kshs 1.2M)
- (ii) Reduction in other Operation & Maintenance items (Kshs 4.5M)

**Development**

An increase of Kshs 9.3M due to adjustment in actual revote

**Ministry of Finance and Economic Planning  
Recurrent**



**A decrease of Kshs 48.2M due to:**

- (i) A reduction of foreign travel (Kshs 1.2M)
- (ii) Reduction in other Operation & Maintenance items (Kshs 39.2M)
- (iii) PE reduction for budgeted recruitments (Kshs 7.8M)

### **Development**

**An increase of Kshs 29.5M due to:**

- (i) Transfer of Emergency fund to Ministry of Finance from Ministry of Co-ordination and Administration of County Affairs (Kshs 30M)
- (ii) Decrease due to adjustment of revote to actual (Kshs 0.5M)

### **Kitui County Public Service Board**

#### **Recurrent**

An increase of Kshs 2M in Operation & Maintenance

### **Kitui Town Administration**

#### **Recurrent**

**A decrease of Kshs 6.3M due to:**

- (i) Reduction in provision for street light electricity bills (Kshs 8.4M)
- (ii) Reduction in other Operation & Maintenance items (Kshs 4.3M)
- (iii) Provision for purchase of furniture (Kshs 1.4M)
- (iv) Provision for maintenance of equipment (Kshs 2M)
- (v) Transfer to development for installation of street lights (Kshs 2M)

#### **Development**

**A decrease of Kshs 37.9M due to:**

- (i) Transfer from recurrent (street light bills) to street light installation (Kshs 2M)
- (ii) Decrease due to adjustment of revote to actual (Kshs 65.9M)
- (iii) Provision for tarmacking of Kitui School - Ithookwe Road (Kshs 26M)

## **Mwingi Town Administration**

### **Recurrent**

A decrease of Kshs 0.8M due to reorganization of Operation & Maintenance items

### **Development**

**An increase of Kshs 33.2M due to:**

- (i) Increase due to adjustment of revote to actual (Kshs 9.2M)
- (ii) Provision for street lights installation (Kshs 24M)

The additional supplementary budget proposal of Kshs. 259M was earmarked to fund projects under the Ministry of Lands, Infrastructure and Urban Development. This was sourced from various programs within the entire budget as per the attached copy (**annex IV**)

## **3.2 General observations on the County Executive Supplementary Estimates**

**Mr. Speaker Sir,**

The committee scrutinized these estimates and after doing intensive consultations observed the following:-

- i. The Supplementary Estimates under review as submitted by the Executive was found to be in total compliance with the fiscal policy

adopted by the County Assembly and the Annual Development Plan for this financial year 2016/2017 as provided under Section 135 (3) of the Public Finance Management Act, 2012 which states that;

*“In complying with section (2), a County Government shall describe how the additional expenditure relates to the fiscal responsibility principles and financial objectives”*

- ii. It is worth to note that in overall, the recurrent budget has been reduced by 2% which translates to Kshs. 200M which has been proposed in this Supplementary Estimates, to be spent on development expenditure. This is a clear indication of prudence in application of public finances on the part of the County Executive as anchored in Article 201 (d) of the Constitution.
- iii. The Committee appreciates the additional 40M for water subsidy for the two water companies Kiambere Mwingi Water and Sanitation Company (KIMWASCO) and Kitui Water and Sanitation Company (KITWASCO) who often have been suffering power disconnection and thus leading to dry pipes with no water for the residents. However, this committee notes with regrets that the two companies have been unable to break even in their operations. This committee will therefore make some recommendations in this report pertaining the same.
- iv. This committee notes there is proposed increase in the budgets of Mwingi and Kitui Town Administrations of Kshs. 50M being Kshs. 24M for Mwingi Town street light extension and Kshs. 26M additional funding for Kitui Town - Ithookwe road tarmacking respectively. The committee during explanations by the Chief Officer Ministry of Lands,

Infrastructure and Urban Development noted that these works had not commenced. The amount allocated to the project in the printed estimates was Kshs. 80M which for the remaining period would likely not be absorbed. It will therefore be necessary for this committee to revisit the matter as it makes its recommendations to the Assembly.

- v. The committee notes there was a proposed allocation of Kshs. 15M earmarked for Helmets for boda boda riders and safety Jackets. It was explained that this targeted the registered boda boda riders within the County. The Committee felt that this proposal will not be able to provide a comprehensive package to all the beneficiaries. It will be prudent if such will include training on road safety and to target all the registered boda boda associations.
- vi. This Committee also appreciates the fact that the Executive has proposed an additional funding to the Ministry of Lands, Infrastructure and Urban Development of Kshs. 212,857,458 and further Kshs. 259M in the latter proposal for Drifts, Slabs, and Culverts for Access roads. From the explanations given by the Chief Officer, the department had done 138 projects by the last financial year where many of them were drifts and culverts installations. It was further observed by the committee that the ministry still required more funding to be able to clear for the already completed works.
- vii. This Committee notes that the Executive has embraced Street Lighting in the County's Major Towns including ward Headquarters. This has significantly improved the state of security and increase of business potential within the town suburbs. This Committee however feels that this program should also be extended to cover the residential areas

which are densely populated and prone to insecurity. This Committee also encourages use of LED Bulbs and Solar lighting to save on the cost of Electricity.

- viii. The committee noted after some explanations that the amount allocated in the previous year's budget for purchase of seven (7) vehicles for the County Executive Committee Members, only six (6) vehicles managed to be bought due to increase in cost of the same. This supplementary estimates proposes additional Kshs. 8M to cater for the balance of the first lot of six and purchase an additional one(1) vehicle to bring them to seven as earlier on proposed.
- ix. The committee noted with appreciations that the Ministry of Agriculture, Water and Irrigation had cumulatively done seventy bore hole, sixty earth dams and 188 Kms water pipeline extension since inception of Devolved system of governance. Out of the seventy (70) bore hole done 25 required to be equipped to start giving services to the residents. It was noted that this resulted due some bore holes with high volume of water costing more in equipping than budgeted. The ministry still requires additional funding in this supplementary to enable completion and functioning of these projects which will include constructing raised water tanks, pipeline water extensions and power installations works.
- x. The committee also noted that the executive had still **not** developed the emergency funds regulations to operationalize these funds as recommended in the previous budget report. In addition, the funds had erroneously been budgeted under the ministry of Administration and Coordination of County Affairs which this supplementary budget seeks

to transfer the same to the Ministry of Finance and Economic Planning. The committee regretted that the allocations to this item could not be utilized and thus it was necessary to move some of these funds to where they could be spent to avoid re-voting the same in the next year's budget.

- xi. The committee appreciated that the supplementary estimates proposed Kshs. 40M for medical cover to all county permanent and pensionable staff. This was in compliance with salaries and remunerations Commission circular on medical cover to Government staff and adherence to Section 34 of the Employment Act. The committee noted it was a good step toward a healthy work force and retention of skills in the government service.
- xii. The committee observed that the Joint Loan Board was not operational and thus the fund allocations for that purpose should be moved to other areas where the same could be utilized.

### **3.3 The County Assembly Budget**

**Mr. Speaker Sir,**

The rationale behind the supplementary budget was explained to be the possibility of not spending the total allocations in some budget items while other items allocation indicated a diminishing trend with a possibility of exhausting the allocations before the end of the financial year. The supplementary budget also was meant to cater for some new items that arose within the year which no amounts had been appropriated by the Kitui Appropriation Act, 2016 as per Sec. 135 (1) of the Public Finance Management

Act, 2012. These were allowances for Audit Committee formed under the Public Audit Act, 2015 and Catering Levy. This necessitated the supplementary estimates to mitigate any stalemate which could be attributed to some items being underfunded and others having re-votes at the end of financial year.

**Mr. Speaker Sir,**

The submitted budget had the following proposals;

**Proposed votes for slashing**

| Sub Item Code | Sub Item Name                          | Approved Budget 2016/2017 | Proposed Savings    | Proposed Supplementary Budget 2016/17 |
|---------------|--|---------------------------|---------------------|---------------------------------------|
| 2110101       | basic salaries –permanent staff        | 110,597,366               | (10,736,660)        | 99,860,706                            |
| 2110116       | basic salaries-county Assembly members | 154,674,376               | (971,080)           | 153,703,296                           |
| 2110314       | Transport allowance                    | 17,031,322                | (1,000,000)         | 16,031,322                            |
| 2110317       | Domestic Servants Allowance            | 720,000                   | (240,000)           | 480,000                               |
| 2110328       | County Assembly Attendance Allowance   | 69,638,400                | (11,849,800)        | 57,788,600                            |
| 2110329       | Ward Office Holders Allowance          | 35,376,000                | (1,112,000)         | 34,264,000                            |
| 2210303       | Subsistence Allowance                  | 1,500,000                 | (1,000,000)         | 500,000                               |
| 2210401       | Foreign Travel Costs                   | 17,100,000                | (10,100,000)        | 7,000,000                             |
| 2210402       | Foreign Accommodation Cost             | 25,800,000                | (11,800,000)        | 14,000,000                            |
| 2211016       | Purchase Of Uniforms                   | 2,180,000                 | (1,000,000)         | 1,180,000                             |
| 2211308       | Legal Fees                             | 6,000,000                 | (2,000,000)         | 4,000,000                             |
| 2710103       | Gratuity For Members                   | 21,026,412                | (143,860)           | 20,882,552                            |
|               | <b>Total proposed savings</b>          |                           | <b>(51,953,400)</b> |                                       |

The cumulative savings above to be used as additional funding to the following votes;

| Sub Item Code | Sub Item Name | Approved Budget 2016/2017 | Proposed Additions | Proposed Supplementary Budget 2016/17 |
|---------------|---------------|---------------------------|--------------------|---------------------------------------|
|---------------|---------------|---------------------------|--------------------|---------------------------------------|

|         |  |            |                     |             |
|---------|--|------------|---------------------|-------------|
| 2210301 | Domestic Travel Costs                                    | 7,649,000  | 3,240,000           | 10,889,000  |
| 2210301 | Domestic Accommodation                                   | 65,290,000 | 38,800,000          | 104,090,960 |
| 2210301 | Trainer Allowance  | -          | 34,000              | 34,000      |
| 2210301 | Catering Services(Accommodation, Gifts, Food And Drinks) | 20,000,000 | 3,600,000           | 23,600,000  |
| 2210301 | Tribunal Cost  | 672,000    | 1,603,000           | 2,275,000   |
| 2210301 | Maintenance Expenses For Motor Vehicles                  | 2,093,000  | 900,000             | 2,993,000   |
| 2210301 | Purchase Of Motor Vehicles                               | -          | 3,776,400           | 3,776,400   |
|         | <b>Total Proposed Additions</b>                          |            | <b>(51,953,400)</b> |             |

### 3.4 General observations on the County Assembly Supplementary Estimates

**Mr. Speaker Sir,**

The committee scrutinized these estimates and after doing intensive consultations observed the following:-

- i. The submitted supplementary budget had proposed additional allocation to domestic travel and accommodation. This could be attributed to increased committee activities in line with their approved annual work plans. It was observed that the allocation to this item was fast depleting its allocation thus it was necessary to consider this addition which so as not to impend committee operations at this crucial moment.
- ii. It was also observed that the County Assembly had put in place the Audit Committee which this supplementary budget seeks to create an allocation to cater for their allowances which had not been factored in the approved budget.
- iii. This supplementary budget also proposes an allocation of Kshs 3,776,400 to clear the balance for the Costa Bus. The previous financial year's budget had a provision of Kshs 10M to purchase the Bus where



after payment of Kshs 6M as a down payment, the balance of Kshs 4M lapsed at the end of the financial year and was never re-voted.

- iv. The committee also observed that it was necessary to provide snacks to members during committee sittings due to long hours taken in the meetings. For this reason, this committee will be making some recommendations, to provide an allocation for this concern.

#### **4.0 Specific Committee Recommendations on the Supplementary Estimates**

**Mr. Speaker Sir,**

To this end, this Committee hereby proposes the following recommendations to this House:-

- i. This committee recommends that Kshs. 16M be reduced from the proposed additional allocation of Kshs. 26M to Kitui Town Administrations for Kitui Town - Ithookwe road tarmacking and be allocated to the Ministry of Agriculture, Water and Irrigation to operationalize water projects already completed. The amount allocated to the project in the printed estimates Kshs. 80M would likely not be absorbed within the remaining period.
- ii. The committee notes there was a proposed allocation of Kshs. 15M earmarked for Helmets for boda boda riders and safety Jackets for registered boda boda riders within the County. While appreciating the idea, it is the feeling of this Committee that this proposal will not be able to provide a comprehensive package to all the beneficiaries which includes training on road safety and to target all the registered boda boda associations and thus this should be adequately provided for in

the subsequent budgets. For this reason therefore, the committee recommends that these funds be transferred to Ministry of Agriculture, Water and Irrigation to operationalize water projects already completed.

- iii. The Committee notes that this supplementary budget has allocated Kshs. 29.2M for emergency response in water supply facilities under the Ministry of Agriculture, Water and Irrigation. This committee recommends that the relevant County department should develop guidelines to regulate its operations.
- iv. This committee has observed with a lot of concern that there has been a lot of destruction to water infrastructure during road constructions. The committee after some deliberations on the issue recommends that there should be proper public participation geared at involving the stakeholders in road grading exercise who will provide vital information relating to existence of water infrastructure along the roads.
- v. This committee appreciates developments in water service provision over the period. However, due to increased running costs of the gen sets, this committee recommends that the County embraces other appropriate technologies e.g. solar technology.
- vi. This committee appreciates that knowledge is power. The idea of printing yearly booklets of county development achievements was highly welcomed by the committee. Nevertheless, it was noted that the previous year's booklets had a lot of errors and omissions thus did not reflect the true position on the ground. This committee therefore recommends that the County Assembly should be involved to ratify the information before final publication.

- vii. The committee notes that in the previous financial years 2014/15 and 2015/2016, the Ministry of Lands, Infrastructure and Urban Development implemented 138 projects most of them being drifts, culverts installations and access roads. While appreciating the importance of these projects, this committee notes that law must be adhered to and therefore it is recommended that the line Sectoral Committee (Lands, Infrastructure and Urban Development) should investigate whether the Public Finance Management Act, 2012 and the Public Procurement and Disposal of Assets Act, 2015 provisions were duly followed in implementing these projects.
- viii. The Committee appreciates the effort by the Ministry of Agriculture, Water and Irrigation in setting aside money for water subsidy for Kiambere Mwingi Water and Sanitation Company (KIMWASCO) and Kitui Water and Sanitation Company (KITWASCO) in every annual budget including Kshs. 40M in this supplementary estimates 2016/2017. However, as explained above in this report that the two water companies are not able to break even and thus this committee recommends that the companies be restructured for effective service delivery.
- ix. The committee also observed that it was necessary to provide snacks to members during committee sittings due to long hours taken in the meetings. For this reason, this committee recommends an additional allocation of Kshs 300,000 to Catering Services (Accommodation, Gifts, Food and Drinks) reduced from Domestic Accommodation vote to bring total allocation on these items to Kshs 23,900,000 and Kshs 103,790,960 respectively.

x. The Committee appreciates the effort by the County Assembly Service Board to recruit more Staff in adherence to the approved establishment, however, noting that the Assembly is still under construction and there is no adequate office space, this committee recommends Kshs 0.5M be set aside for hire of office space for new staff by reducing Kshs. 0.5M from budget item 2211308 (legal fees) and re allocating the same to item 2210603 (rent and rates - non-residential buildings) both under the program general administration, planning and support services.

**Mr. Speaker Sir,**

In overall, the effect caused by the consolidated county executive and the county assembly supplementary budget estimates after due considerations by the committee is as analyzed in the attached (**Annex iv**) to this report.

**Mr. Speaker Sir,**

The above adjustments in both the County Executive and County Assembly budgets as recommended above will therefore increase the overall County Budget by Kshs. 380,145,024.00 to Kshs. 10,846,613,996.00 due to increase in actual revote as contained in attached annex marked **Annex v**.

**Mr. Speaker Sir,**

It is therefore my pleasant duty and privilege, on behalf of the Budget and Appropriations Committee to table this Report for adoption by the Assembly.