

COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY

SECOND ASSEMBLY – (FOURTH SESSION)

BUDGET AND APPROPRIATIONS COMMITTEE

REPORT ON CONSIDERATION OF THE KITUI COUNTY
SUPPLEMENTARY BUDGET 1, FOR
THE FINANCIAL YEAR
2019/2020

CLERK OF ASSEMBLY CHAMBERS
P. O BOX 694
KITUI

MARCH, 2020

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ABBREVIATIONS

CECM	County Executive Committee Member
CLIDP	Community Level Infrastructure Development
FY	Financial year
ICT	Information and Communications Technology
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information Integrated Financial Management Information
KCHIC	Kitui County Health Insurance Cover
KES	Kenya Shillings
PFM	Public Finance Management Programme
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. Ministry of Health letter on designation and equipping of isolation unit to manage novel coronavirus 2019 cases in all level 4-6 Hospitals. **((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 1, for the financial year 2019/2020.

Honourable members, this is a report regarding public finances and shall derive immensely from and not limited to the following pieces of legislations;

- i. Chapter twelve of the Constitution on the public finances
- ii. The Public Finance Management Act, 2012
- iii. The County Government Act, 2012
- iv. The Public Finance Management (County Governments) Regulations, 2015
- v. County Assembly Standing Orders.

Mr. Speaker,

The Kitui County Supplementary Budget 1, 2019/2020 as submitted majorly was necessitated to source for additional funding for the County Ministry of Health and Sanitation by approximately KES. 100M. The approved budget for the Ministry was apparently not adequate to support all the departmental activities throughout the financial year. The Ministry has an approximate allocation of KES. 3.3B being the lion share in the approved budget, 2019/2020. This notwithstanding, the personnel emoluments and drugs were explained to take the highest portions approximately KES. 2.5B and KES. 0.45B respectively, the two almost exhausting the whole Ministry budget for the financial year.

Mr. Speaker,

Regulation 31(a) of the Public Finance Management (County Governments) Regulations, 2015 states that budget revenue and expenditure appropriations shall be balanced. In observance of this cardinal rule and without additional funding, the supplementary budget was inevitable to cure the budget shortfall in the Ministry; whose service provision is fundamental and unavoidable.

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 Estimates for this financial year 2019/2020. The estimates were laid on the table of the Assembly on Tuesday, 5th March, 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 elections which brought about some changes in her membership. It was one of the Committees whose life span came to an end at the beginning of the Fourth Session pursuant to Standing Order 186(4). 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 |

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 estimates 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 County 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.

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 on matters supplementary budgets. It is in the circumstances therefore that both arms of the Government submitted their first supplementary budget for the financial year 2019/2020.

Mr. Speaker,

Upon being laid on the table of the Assembly on 5th March, 2020, the budget was subsequently committed to this Committee for consideration. It is important to note that around this time, the Committee members were fully engaged in preparation for elections for the Committee's leadership which took place on 10th March, 2020. The Committee gave a priority to the report writing exercise on the Supplementary budget 1, 2019/2020 by immediately resolving to retreat for some days to Nairobi to undertake interrogation, consideration and report writing on the estimates.

4.0 METHODOLOGY

Mr. Speaker,

In conducting this exercise, the Committee engaged representatives from the County Executive in rigorous interactive sessions taking into account the relevant provisions of the law. Although the Committee had sent an invitation to the County Assembly Service Board, the invitation was not honored. Nevertheless, the Committee went ahead to interrogate the supplementary budgets for both arms of the County Government an exercise which involved the following activities:-

- i. Reviewing budget performance 2019/2020. Interacting with the actual Integrated Financial Management Information (IFMIS) balances.

- ii. Interrogation of the submitted supplementary budget and support documents submitted
- iii. Direct engagement through discussions with invitees.

It is worth noting that 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 County Chief Officers whose ministries were to a 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. It is therefore paramount to embrace the spirit envisaged by engaging in this consultative discussions. This is very critical 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 CECMs, 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. 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, Committee on Budget & Appropriations
March, 2020.

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

Mr. Speaker,

This is the first Supplementary Budget prepared from the approved budget estimates for this financial year, 2019/2020. It comes barely four months upon the approval of the budget estimates for the FY 2019/2020. The supplementary budget submitted totals to KES. 11,378,500,249.00, with no additional funding. This is to say that the supplementary budget was prepared within the same resource envelop of KES. 11,378,500,249.00. The budget therefore was barely a reallocation and movements of funds within the votes and programmes keenly observing the approved total resource envelop.

Mr. Speaker,

The submitted budget totaled to KES. 11,378,500,249.00 comprising of the following total vote allocations;

- Office of the Governor KES. 1,382,229,820 after losing KES. 2,000,000.00.
- Public Service Management and Administration KES. 410,133,271.00.
- Agriculture, Water and Livestock Development KES. 1,620,764,249 down from KES. 1,622,857,177.00.
- Basic Education, ICT and Youth Development KES. 636,894,257 down from KES. 653,794,257
- Lands, Infrastructure, Housing and Urban Development KES. 853,972,104 down from KES. 874,707,104.00.

- Health and Sanitation KES. 3,447,353,645.00 up from KES. 3,346,625,717.00.
- Trade, Cooperatives and Investments 592,873,963.00 down from KES. 612,873,963.00.
- Environment and Natural Resources KES. 236,292,836.00.
- Tourism, Sports and Culture KES. 222,849,288.00 up from KES. 221,849,288.00.
- The County Treasury KES. 394,783,127.00 down from KES. 434,783,127.00.
- The County Public Service Board KES. 40,176,022.00.
- County Assembly KES. 959,239,760.00.
- Kitui Municipality KES. 499,183,960.00.
- Mwingi Town Administration KES. 83,753,947.00.

From the analysis given above, it is clearly depicted that the key benefiting County Ministry is the Health and Sanitation docket which is receiving KES. 100,727,928.00 translating to a 3% percent increment.

Mr. Speaker,

The proposed movements has affected most of the Ministry's allocation as shown above. However, from the budget explanation notes it appears that most of the programs and budget items across the ministries which were affected had realized surpluses. Further, the development funds moved were those whose utilization within the remaining period to the end of the financial year would hardly be possible. The proposal was done in disregard of the provisions of Section 154 (1)(b) of the PFM Act, 2012 which only allows such funds to be utilized only to defray development expenditures.

Mr. Speaker,

You will also realize that the supplementary budget also have been funded by reduction of the allocations made for pending bills. This was explained to be born out of the reason that there is slow implementation of projects under the pending bills and which are likely not to be finalized for the remaining period to the end of the financial year. Of importance to note is that out the explanations given by the County Executive officers, it emerged that unlike other supplementary budgets, over reliance on the provisions of Section 135 of the PFM Act, 2012 was avoided and the approval not sought retrogressively.

Mr. Speaker,

The County Assembly supplementary budget submitted was intended to redeem some budget sub items whose allocation had decreased due to increased activities within the allocations. The Assembly had enhanced oversight, legislative and representation exercises which over the period has diminished allocations made for Domestic Accommodation, Foreign Travels, and Training etc. To adjust the budget upwards, the allocations for these budget items, a supplementary budget was inevitable and was done within the approved total budget ceiling of KES. 959,239,760.00.

These re-allocations proposed were done within the recurrent allocations in the programs General Administration, Planning and Support Services and Legislation, Representation and Oversight to a tune of KES. 33,874,000.00.

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. This 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 Act. However, inconsistency with the law was vividly exhibited. The budget had proposed re-allocations of funds from sub items which if upheld would result to negative IFMIS balances. The budget proposes to move development expenditures to recurrent. This contradicts the provisions of Section 154 of the PFM Act, 2012 which deters the same. Further, some of the proposed allocations do not fall under the description of emergency and unforeseen as described by the regulations despite that they fall under the Ministry of Health and Sanitation.

Mr. Speaker,

The supplementary budget does not comply with the fiscal responsibility as set out above. It is prudent noting that the proposed salaries are at 38% of the total revenues and conspicuously deviates from the provisions of regulation 25(1) (b) which sets out the limit at thirty five (35) percent of the county government's total revenue.

Mr. Speaker,

It is however important to note that the supplementary budget as submitted did partly comply with the fiscal responsibility principle as follows;

- As required under regulation 39(6) of the Public Finance Management (County Governments) Regulations, 2015, the supplementary budget submitted had explanation notes but the same did not speak for the proposed funds movements and had contradicting explanations which necessitated the Committee to invite some CECMs to take the Committee through their proposals.
- The total expenditure balances with the resource envelop with no budget deficit.
- The development expenditure was maintained at 36% against recurrent at 64%.

Mr. Speaker,

In overall, the supplementary budget did not in totality comply with all the legal provisions as required. As the Committee considers the estimates, it will seek to rationalize the proposed re-allocations to ensure prudence and compliance where it is deemed just.

8.0 CONSIDERATION OF THE BUDGET ESTIMATES

Mr. Speaker,

Though no changes in the overall total budget, an implementation of the same as submitted will result to a budget complexity with negative IFMIS

balance which may attract serious audit queries. The Committee therefore must make the necessary effort to address this irregularity.

Mr. Speaker,

It is important to note that during consultations and submissions by the Ag. CECM for the County Treasury as required of under Standing Order 206(5), a contingency reserve was necessary for designation and equipping of isolation units to manage coronavirus (COVID-19) cases in all level 4-6 Hospitals. The Counties had been requested through a circular to all CECMs for Health and Sanitation by the Principal Secretary, for Ministry of Health ref. MOH/ADM/1/1/2 dated 28th February, 2020. (See annex iii)

Mr. Speaker,

Owing to the fact that this has been declared a global pandemic, it is therefore necessary for the Committee to look into the matter positively which also had been highlighted by a letter made to the CECM County Treasury by the Chief Officer, Health and Sanitation via a letter ref. CGKTI/MOH/FIN/7(94) dated 13th March, 2020.

Mr. Speaker,

The County Assembly budget is founded on the reasons explained above being re-allocations proposed to replenish budget items whose allocations had decreased and possibly not able to fund activities under the budget line to the end of the financial year. The Committee will seek to address these budget requirements while observing the relevant laws and taking regard to the County Assembly approved recurrent ceiling.

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 the most key areas as highlighted below;

10.0 THE COMMITTEE GENERAL OBSERVATIONS.

Mr. Speaker,

The Committee scrutinized the submitted Kitui County Supplementary Budget 1, 2019/20 and made the following observations;

1. 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. 11,378,500,249.00. 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 36% against 64% for recurrent expenditure which is higher than the minimum requirement of 30%.
2. 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.
 3. It was observed from the actual IFMIS balances as at 13th March, 2020, that the development budget had a balance of KES. 874,797,025.00 out of the approved total of KES. 3,819,162,982.00 which is 77% development implementation. As commonly recommended in the preceding approved budgets, it is expected that the Sectoral Committees are on top of things and in full knowledge of what is happening on the ground across all the wards especially now that the oversight role has been enhanced this time round.
 4. The budget submitted by the executive arm was in conflict with the law as explained in this report. Funds were proposed to be re-allocated from the development expenditure to recurrent.

This notwithstanding, the Committee may consider the same owing to;

- The County is now faced with two **alarming emergencies**; the Desert Locust invasion and the Coronavirus (COVID-19) pandemic
- The possibility of funds **not to be utilized** within the remaining period to the end of the financial year.

- The fact that the proposed expenditures **have not been incurred** till approval is granted by this Assembly.
 - Development expenditure still **observes** the fiscal responsibility principle i.e. Remains above the legally required minimum of 30%.
5. It has been observed that there are proposed re-allocations to be made from budget items whose available balances can't accommodate the changes proposed. This is due to the fact that the same funds are already committed as reflected in the actual IFMIS balances as at 13th March, 2020. The affected Ministries are;
- Health and Sanitation
 - Agriculture, Water and Livestock Development
 - Lands, Infrastructure, Housing and Urban Development and
 - Tourism, Sports and Culture.

This is a **very perturbing** state of affairs, misleading and deceitful to the Committee. Going by this proposal will ultimately result to a budget deficit and thus must be addressed by sourcing funds from other budget lines.

6. It was observed out of the submissions made that the actual local revenue collected as at February, 2020, was approximately KES. 259M against approved target of KES. 600M. This is a worrying trend considering the collections are for the last eight months with only four months left to the end of the financial year. Upon interrogating the Ag. CECM Treasury over the same, the Committee was informed that the revenue collectors were on strike for two months at the beginning of this FY (July and August) and upon interrogating the Ag. CECM

Treasury over the same, the Committee was informed that the revenue collectors were on strike for two months at the beginning of this FY(July and August) and that the following measures are in place to ensure full collection;

- The owners of the buildings have been identified and issued with notices of the rates to be paid
 - Additional teams have been added to the already existing ones to ensure beef-up on parking fees
 - A team has been tasked to establish business which have not paid single business permits
 - Maximum collections from land rates and approval of building plans
7. The supplementary budget does not have any additional allocation for pharmaceuticals and non-pharmaceuticals. The reallocation seek to re-allocate KES. 100,727,928 as a top up for Facilities Improvement Funds (FIF). This amount was not in any way for procurement of pharmaceuticals and non-pharmaceuticals but for general operation items of level IV hospitals such as;
- Payment of water and electricity
 - Payment of causals for level IV hospitals
 - Purchase of bedding and linen for patients
 - Purchase of food rations for inpatients

Out of the explanations made, the balances available were insufficient to ensure smooth running of the level IV hospitals to the end of the financial year.

8. There is proposed increment for legal fees and re-introduction of prefeasibility, feasibility and appraisal studies in the supplementary budget. This is a worrying trend as the same had been scaled down in the approved budget estimates in November, 2019. Out of the submissions made, there were no compelling reasons to fully justify the increments.
9. There is proposed reduction in funding for motor vehicle insurance which was explained to have been as a result of a survey done to only capture insurance for serviceable vehicles.
10. The allocation made of KES. 40M for the County emergency fund was proposed for reduction. This was attributed to the fact that there are no regulations to operationalize the County Emergency fund. Despite having approved the County Emergency Fund Act more than one and half years ago, County Treasury has been unable to come up with the requisite regulations to operationalize the Fund. This has seen the County being unable to utilize the funds to emergencies such as the current desert locust invasion and the coronavirus pandemic. The line sector committee should rise to the occasion and see to it that the regulations have been developed.
11. There was re-allocations made from amount set for pending bills across the ministries. This was informed out of a report submitted by the pending bills committee established to undertake a critical review on pending bill's merits and credibility. The bills have been paid with only a balance of KES. 65,837,327.00 whose works are not completed due to slow phase in implementation by the contractors.

12. That there are various provisions made in the supplementary budget for the Ministry of Agriculture, Water and Livestock Development for control of desert locusts which have invaded the County over the last two and half months. Notwithstanding, the National Government's contribution in control of the catastrophe, there is a dire need for the County to set aside some funds to supplement this owing to some expenses incurred, sustainability and management of the situation.
13. Alive to the outbreak of Coronavirus Disease (COVID-19) which has been declared a pandemic by the World Health Organization (WHO) and a few cases reported in Kenya, it is necessary to have an allocation in the proposed supplementary budget to cater for isolation and treatment facilities in our level IV hospitals.
14. The County Assembly budget as submitted had proposed re-allocations made within the recurrent expenditures without touching the development funds in adherence to Section 154 of the PFM Act, 2012.
15. The proposed additional allocations by the Assembly majorly finances Domestic and Foreign accommodation. Despite the proposed increment of KES. 7,174,000.00 for Domestic Travel, it is cautious noting that some of the County assembly Committees have exhausted their budget allocations with others having very little as indicated in the table below;

S. NO.	COMMITTEE NAME	AMOUNT ALLOCATED	AMOUNT SPENT	BALANCE
1	Finance and Planning	3,636,882.00	4,784,893.00	(1,148,011.00)
2	Public Service and Administration	3,222,107.00	4,856,193.00	(1,634,086.00)
3	Budget and Appropriations	4,282,548.00	2,024,013.00	2,258,535.00
4	Trade, Industry, ICT and Cooperative Development	4,259,044.00	2,194,993.00	2,064,051.00
5	Basic Education, Training and Skills Development	3,636,882.00	2,341,593.00	1,295,289.00
6	Powers and Privileges	1,335,574.00	221,313.00	1,114,261.00
7	County Assembly Business	4,259,044.00	3,492,193.00	766,851.00
8	Public Investment and Accounts	3,763,596.00	1,127,200.00	2,636,396.00
9	Procedure and Rules	1,335,574.00	1,188,151.00	147,423.00
10	Tourism, Sports and Culture	3,636,882.00	2,544,993.00	1,091,889.00
11	Selection	1,514,619.00	319,674.00	1,194,945.00
12	Justice and Legal Affairs	3,772,800.00	2,231,507.00	1,541,293.00
13	Health and Sanitation	3,116,293.00	2,569,942.00	546,351.00
14	Labour and Social Welfare	3,222,109.00	2,232,395.00	989,714.00
15	Agriculture, Water and Irrigation	4,259,044.00	2,882,593.00	1,376,451.00
16	Liaison	2,177,567.00	6,010,800.00	(3,833,233.00)
17	Lands, Infrastructure and Urban Development	4,259,044.00	3,492,193.00	766,851.00
18	Implementation	2,419,519.00	1,259,900.00	1,159,619.00
19	Environment, Energy and Mineral Resources	3,636,882.00	2,750,400.00	886,482.00
20	Appointments	1,025,876.00	484,000.00	541,876.00
	TOTAL	62,771,886.00	49,008,939.00	13,762,947.00

Owing to this fact therefore, it is for the opinion of the Committee that some committees should be ready to adjust accordingly to operate within the available balances.

16. There was a proposed additional allocation of KES. 7M for training fees.

The Committee observed that the Assembly has been engaging very costly and the committee thus recommends that the Assembly should consider cheaper alternative options like engaging Center of Parliamentary Studies and Trainings (CPST).

17. The budget implementation rate for the Assembly still remains low despite repeated recommendations to hasten the same in the preceding budgets. It is about three months to the end of the financial year with quite a number of resolutions not implemented such as;

- Purchase of two Motor vehicles for the Assembly. This has even seen a proposed transfer of the same to finance this supplementary budget,
- Implementation of the County Budget office,
- Increment to ward office holders allowances,
- Recreational facility which comes with a cafeteria,
- The development budget – only rehabilitation of the ablution block has been done out of a total development allocation of KES. 50M. It may not be possible to expense the balance of KES. 35M for the remaining period to the end of the financial year.

11.0 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:-

A. RECOMMENDED REDUCTIONS

It is important to note that some explanations in support of the proposed additional allocations were not compelling and justifiable taking into account the prevailing budget constraints. Further, there is a huge budget shortfall occasioned by commitment of funds which were still proposed to finance this supplementary budget. Owing to this fact, the committee recommended the following reductions.

Ministry of Agriculture, Water & Livestock Development

- i. Drop the entire proposed reduction of KES.3,985,466.00 from Overhaul of Plant, Machinery and Equipment under Sub Program (SP) 3.1; Agribusiness and Market Development. The available IFMIS balance cannot support the proposed reduction.
- ii. A reduction of KES. 1.08M being a proposed additional allocation to Research, Feasibility Studies (operationalization tractor ploughing & pending bills) under (SP) 3.1; Agribusiness and Market Development.

- iii. A reduction of KES.4M from the proposed new allocation of KES.6M to Pre-feasibility, Feasibility and Appraisal under (SP) 6.1; Studies Livestock Production and Management. It was the opinion of the Committee that the balance in the budget line will suffice owing to the prevailing financial constraints.
- iv. A reduction of KES.2M from the proposed additional allocation of KES.7,485,044 to Purchase of Vaccines and Sera under (SP) 6.2; Livestock Diseases Management and Control.
- v. A reduction of KES.3M from the proposed additional allocation of KES.5,607,072 to Pre-feasibility, Feasibility and Appraisal Studies under SP 6.2; Livestock Diseases Management and Control.
- vi. Reduce KES.5M from the proposed additional allocation of KES.6,890,278 to Agricultural Materials, Supplies and Equipment which is meant for locust control under (SP) 2.1; Farm Input Support (Crops development support). It is imperative to note that the national government has majorly partnered in this exercise. The reminder of the proposed county allocations was deemed necessary for sustainability of this exercise.

Ministry of Health and Sanitation

- i. Reduce the entire proposed additional allocation of KES.27,815,162 for Purchase of Bedding and Linen Sanitary under (SP) 1.1; Human Resource Management (General Administration and Public Participation) and reinstate the same to Cleaning Materials, Supplies and Services under (SP) 2.4; Communicable Disease Control (Public Health Operations and

PATUM). The total amount had been committed in the budget line as depicted by the IFMIS balances.

- ii. Transfer the entire proposed new allocation of KES.21,735,627 for Casual Labour (casuals for the hospitals and newly opened facilities) under (SP)4.1; Forensic and Diagnostics to Hospital FIF/Cost Sharing Refund for the 14 County Hospitals (KCHIC) under (SP) 4.4; Free Primary Health (compensation for User fees). This is to necessitate all the Level IV Hospitals in the County to pay their own Casuals and for better accountability.

Ministry of Lands, Infrastructure, Housing and Urban Development

- i. A further reduction of KES.2M to the proposed reduction of KES.1.5M from Valuation Roll under the department of Housing.

Ministry of Trade, Cooperatives and Investments

- i. A reduction of KES.50M from the allocation of KES.60M meant for County Empowerment Fund under (SP) 2.1; Domestic Trade Development. The operationalization of this fund could only be allowed upon amendment of the regulations as recommended by the C.O.B.
- ii. A reduction of KES.2M from the proposed new allocation of KES.7,296,700 to Pre-feasibility, Feasibility and Appraisal under (SP)2.1; Domestic Trade Development.
- iii. A reduction of KES. 10M being the proposed new allocation for Purchase of Specialized Plant (KICOTEC machines for Mwingi and Mutomo branches) under (SP) 3.1; Governance and Accountability. The

committee notes that the allocation of KES.30M in the approved budget is still being applied to rehabilitate the buildings where the two KICOTEC branches will be housed. With the rehabilitation works ongoing, the Committee felt that there was no need to allocate funds for purchase of machinery at this moment in time.

Ministry of Tourism, Sports and Culture.

- i. A reduction of KES.1M from the allocation of KES.14,149,895 to Other Infrastructure and Civil Works (Establishment of Kalundu Eco Park and Water Sports Tourism) under Tourism Infrastructure Development. Value for money is not evidenced in the implementation of development projects in this Ministry. It is the feeling of the Budget and Appropriations Committee that the relevant sectoral committee should conduct proper oversight on the departmental projects.

The development vote that houses Kalundu Eco park has an uncommitted balance of KES.1,770,763 that are unlikely to be spend within this financial year.

- ii. A reduction of KES.4,100,811 being a proposed additional allocation to Sport Talent Development (Develop-Rugby, KICOSCA, CASA, KYISA and Sports Equipment) under (SP) 5.1; Sports Training and Competitions. The approved budget had allocated KES.15M to this item and it is the same amount that has been committed in IFMIS. The Committee did not find any justifiable reason for additional funding.

Ministry of Environment and Natural Resources.

- i. A reduction of KES.5M from the allocation of KES.10M for Construction of mineral testing laboratory to spur wealth creation for county minerals phase 1 under (SP) 100701; Training and Capacity building. The Committee felt that this is not a priority at the moment with the same having not been implemented despite previous budget allocations for the same item.

County Assembly

- i. A reduction of the total allocation of KES.10M for Residential Buildings (Speaker's residence) to cater for a new vote line; 2211332- Emergency Medical Expenses (Corona Virus) under the program General Administration, Planning and Support Services in the Ministry of Health and Sanitation. The Committee felt that this allocation could not be committed since the land for construction of the residence had not been identified and that there is an emergency at hand; COVID-19, which needed to be addressed forthwith through committal of funds for the same. The allocation will be provided for in the next financial year's budget and the Committee has already factored it in the CFSP for FY 2020/21.

B. RECOMMENDED APPLICATION OF THE SAVINGS

Mr. Speaker,

Out of the reductions recommended above, the Committee realized a cumulative saving of KES. 89,180,811; which is hereby recommended to be applied as follows;

1. KES. 59,687,943 be applied to cushion the deficits that will arise as a result of re-allocating funds from budget items that have already committed the amounts in IFMIS. The Committee thus recommends a reduction equivalent to the available balances as indicated in the budget lines below:
 - KES.30,477,135 for certified crop seeds under program; Crop Development and Management as opposed to the proposed reduction of KES.40M.
 - KES.5,966,960 for Purchase of Land for Transport Policy under program; Land Policy and Planning as opposed to the proposed reduction of KES.10M.
 - KES.31,361.00 for Other Infrastructure and Civil Works (County Housing Program –Low cost modern housing to public servants) under the Department of Housing as opposed to the proposed reduction of KES.4.9M.
 - KES.520,000 for Research, Feasibility Studies (Data Collection Balance for GIS mapping),under program; Health Policy Planning and Financing as opposed to the proposed reduction of KES.700,000.
 - KES.10,746,334 for Construction Works under program; Curative Health Services as opposed to the proposed reduction of KES.11.8M.
 - KES.676,343 for Purchase of Medical Equipment under program; Curative Health Services as opposed to the proposed reduction of KES.6M.
 - KES.67,339.00 for Other Infrastructure and Civil Works under program; Curative Health Services as opposed to the proposed reduction of KES.3.6M.

- KES.18,585.00 for Other Infrastructure and Civil Works- Construction and Renovation of Markets and Toilets under program; Cooperative Development as opposed to the proposed reduction of KES.30M.
 - Dropping the entire proposed re-allocation of KES.1M for Other Infrastructure and Civil Works (Establishment of Ranger's Unihuts) under the program; Wildlife Conservation and Security.
 - KES.4,016,980 for Maintenance of Computers, Software and Networks under program; Development and Management of Sports facilities as opposed to the proposed reduction of KES.4,208,980.
2. KES.29,492,868 be applied as additional funding to the below listed budget items whose allocations were insufficient to cater for the expenditure up to the end of the financial year ;
- i. KES.6M to General Office Supplies (papers, pencils, forms, small office equipment) under program; General Administration, Planning and Support Services in the office of the Governor.
 - ii. KES.4M to Other Operating Expenses (Council of Governor activities, intergovernmental, Intra and Inter-county activities) under program; General Administration, Planning and Support Services in the office of the Governor. This expenditure should be itemized in the subsequent budgets.
 - iii. KES.10M to Other Infrastructure and Civil Works (Repairs and rehabilitations) under program; water supply infrastructure in the Ministry of Agriculture, Water and Livestock Development to undertake repairs for boreholes across the County.
 - iv. KES.4M to Subsidies to non-financial Public Enterprises under program; water supply infrastructure in the Ministry of Agriculture,

- Water and Livestock Development for payment of electricity for pumping water by Kiambere Water and Sanitation Company (KIMWASCO), and Kitui Water and Sanitation Company (KITWASCO).
- v. KES.5,492,868 to Access Roads (Fuel, Maintenance of Plant and Machinery) under program; Construction of Roads and Bridges in the Ministry of Lands, Infrastructure, Housing and Urban Development for grading of roads.

Mr. Speaker,

All other proposals in the submitted budget that are not affected by these recommendations to be approved 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 11,378,500,249.00 being KES. 10,429,260,489.00 and KES. 949,239,760.00 for County Executive and County Assembly budgets respectively.

The summary of the recommended supplementary expenditure 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 supplementary budget 2019/2020 as contained in this report be adopted; and
- c) The recommended budget summary in **annex II** becomes the basis for the supplementary appropriations Bill 1, for the year 2019/2020.

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