

COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY

SECOND ASSEMBLY – (SECOND SESSION)

COMMITTEE ON BUDGET AND APPROPRIATIONS

**REPORT ON CONSIDERATION OF THE KITUI COUNTY THIRD
SUPPLEMENTARY BUDGET ESTIMATES FOR
THE FINANCIAL YEAR
2017/2018**

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

MAY, 2018

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ABBREVIATIONS

CECM	County Executive Committee Member
ECDE	Early Child Development Education
ICT	Information Communication Technology
PA	Public Address
SRC	Salaries and Remuneration Commission

ANNEXURES

1. ANNEX I Signed Committee List
2. ANNEX II Minutes adopting the report
3. ANNEX III Recommended overall County Government Second
Supplementary Budget summary by program and vote

PREFACE

Mr. Speaker,

Section 135 of the Public Finance Management Act, 2012 provides circumstances under which a County Government may submit to the County Assembly a supplementary budget for approval. Section 135 (1) and (2) of the Public Finance Management Act respectively 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need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act, or money has been withdrawn from the County Government Emergency Fund”.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)”

In compliance to the above provisions, the third supplementary budget estimates for this financial year 2017/18 for the County Government was submitted and laid to the Table of the Assembly on 17th May, 2018 for approval. Subsequently it was committed to this Committee pursuant to the provisions of Standing Order 186 for consideration and recommendations.

COMPOSITION OF THE COMMITTEE.

Mr. Speaker,

The current membership of the Committee on Budget and Appropriation is as follows: -

- | | |
|-------------------------------|------------------|
| 1. Hon. Boniface Kilaa Kasina | Chairperson |
| 2. Hon. Baridi F. D. Mbevo | Vice chairperson |
| 3. Hon. Esther K. Ndile | Member |
| 4. Hon. Mary P. Ndumbu | Member |
| 5. Hon. James M. Munuve | Member |
| 6. Hon. Philip Nguli | Member |

- | | |
|-------------------------------|--------|
| 7. Hon. Nicholas N. Mwalali | Member |
| 8. Hon. Mary K. Philip | Member |
| 9. Hon. Annastacia M. Mutunga | Member |

MANDATE OF THE COMMITTEE

Mr. Speaker,

The role of consideration of the budget is an absolute mandate of the Committee on Budget and Appropriations as conferred by the County Assembly's Standing Order 186. The Committee is therefore mandated 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.

It was therefore the full responsibility of the Committee on Budget and Appropriations to consider and ensure a report is laid on the Table of the Assembly for approval.

In considering these estimates, the Committee exercised due diligence in ensuring prudence and utilization of public funds in the most cost efficient and equitable quality service delivery across the County.

BACKGROUND

Mr. Speaker,

The Kitui County Budget for the financial year 2017/2018 was approved by the County Assembly on 30th of March, 2017 as required under Section 131 of the Public Finance Management Act, 2012. This approval was unusually early in compliance to a circular issued by the Cabinet Secretary for National Treasury on the same, 2017 being an electioneering year. The approved budget had a total allocation of Kshs 9,873,405,730.00 analyzed as below:-

Equitable share –	8,368,427,839.00
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Grants -	576,937,392.00
Local revenue –	702,040,500.00
Estimated Revote (2016/17) -	226,000,000.00
TOTAL	9,873,405,730.00

Mr. Speaker,

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. Arising from the provisions of this Section, the County Government previously presented to this House two supplementary budgets for this financial year which were approved by the Assembly in November, 2017 and February, 2018 respectively.

The third supplementary budget as submitted for both Arms of the County Government totaled to Kshs. 11,271,698,965 which was lower compared to the approved second supplementary budget of Kshs 11,294,097,811 by Kshs. 22,398,846 translating to 0.2 percent reduction. This reduction is attributed to reduced own revenue collection especially in the first half of this financial year due to prolonged electioneering period.

Mr. Speaker,

Based on the above provisions of the law and the reasons outlined above in this report, the County Executive further reviewed the budget and came up with the Third Supplementary Budget Estimates for FY 2017/2018 which was submitted to the Assembly for approval. The supplementary budget mainly seems to address the issue of salaries brought about by Kenya Revenue Authority deductions that had not been remitted since 2014. It is against this backdrop that the Committee retreated to Pride Inn Hotel Nairobi for three days with effect from 27th to 29th May, 2018 to undertake report writing on the Kitui County third supplementary estimates for this financial year, 2017/2018. It is worth to note that the committee

also burnt mid night oil to deliberate on and consider the proposals submitted in order to come up with this report.

ACKNOWLEDGEMENT

Mr. Speaker,

The Committee extends its gratitude to all representatives from the Executive Arm of the County Government who appeared before them. It also acknowledges the insightful contributions made by Members of the Committee. The Committee is also particularly grateful to the secretariat attached to the Committee who participated in the process and worked tirelessly to ensure that the work was accomplished. Lastly, the Committee wishes to thank the Offices of the Speaker and that of the Clerk of Assembly for the support received as it discharged its mandate

Mr. Speaker,

It is therefore my pleasant duty and privilege, on behalf of the Committee on Budget and Appropriations, to table this report on the Kitui County Government Supplementary Budget III for financial year 2017/18 and recommends it to this House for approval.

Sign.....

**Hon. Boniface K. Kasina,
Chairperson, Committee on Budget and Appropriations.**

DATE:

REVIEW AND CONSIDERATION OF THE COUNTY GOVERNMENT THIRD SUPPLEMENTARY BUDGET FOR FINANCIAL YEAR 2017/2018.

Mr. Speaker,

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 those to the most resourceful and productive activities. 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,

In view of the above and guided by the spirit therein, the committee scrutinized this supplementary budget and has made a number of recommendations to the Assembly for consideration and approval as contained in this report.

In undertaking this task therefore, the committee took keen interest to analyze the information as contained in the estimates submitted and at the same time reviewing the achievements in implementing the approved budget 2017/2018 for the last ten months. In coming up with the recommendations below, the Committee unanimously undertook a review of the budget performance, the supplementary proposals and the justifications given thereof during the explanations by the CEC Member for County Treasury and Chief Officer Ministry of Agriculture, Water and Irrigation.

COMPLIANCE WITH THE LEGAL PROVISIONS

Mr. Speaker,

Section 135 (7) of the PFM Act, 2012 provides that “**In any financial year, the county government may not spend under this section more than ten percent of the amount appropriated by the County Assembly for that year unless that County Assembly has, in special circumstances, approved a higher percentage**”.

Further Section 154 of the same Act that allows an Accounting Officer for a County Government Entity to reallocate appropriated funds provides that “**the total of all**

reallocations made to or from a program or Sub-Vote does not exceed ten percent of the total expenditure approved for that program or Sub-Vote for that year”.

Regulation 48 of the Public Finance Management (County Government) Regulations, 2015 provides that “The reallocations by the County Treasury in terms of section 154(2) of the Act shall be included in the next revised budget for submission to and approval by the County Assembly”.

Upon reviewing the budget, the Committee found the supplementary Budget to be in compliance with the above provisions.

GENERAL OBSERVATIONS ON THE COUNTY GOVERNMENT’S THIRD SUPPLEMENTARY ESTIMATES

Mr. Speaker,

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

Office of the Governor

1. There was a proposed additional allocation of Kshs 50,000,000 for basic salaries for permanent employees and Kshs 2,500,000 for temporary employees (Casuals).
2. There was a proposed reduction of Kshs 17,000,000 from Legal dues and compensation payments.
3. There was a proposed additional allocation of Kshs 16,700,000 to the Council of Governors activities, intergovernmental relations, intra and inter county activities.
4. The Committee noted that there was a proposed additional allocation of Kshs 5,000,000 for routine maintenance of vehicles and other transport equipment.
5. There was a proposal to shelve the purchase of motor vehicle (pick up for mounting the PA system) budgeted at a cost of Kshs 8,300,000.

6. There was a proposed reduction of Kshs 54,000,000 from Scholarships and other educational benefits (Pro-poor). The CECM for County Treasury explained that the funds were moved to development budget for other projects because the funds could not be utilized within the short period.
7. There was a proposed reduction of Kshs 100,000,000 from drought emergency intervention including relief food and provision of school milk.
8. It was noted that there was a proposed reduction of Kshs 5,000,000 from contracted professional services.
9. The Committee further noted that there was a proposed reduction of Kshs 2,600,000 from rents and rates for the tourist building.

Ministry of Administration and Coordination of County Affairs

1. There was a proposed additional allocation of Kshs 50,000,000 for basic salaries.
2. There was a proposed reduction of Kshs 7,000,000 from the allocation for rates and rents for non-residential buildings.
3. The Committee noted that there was a reduction of Kshs 21,077,537 from purchase of ICT networking and communications equipment. The CECM informed the Committee that there was delay in the procurement process thus not able to utilize the amount within the remaining period.

The County Treasury

1. The proposal to extend car loans to public servants at a budget of Kshs 50,000,000 was shelved. Upon interrogating the CECM for County Treasury, the committee was informed that there were no operational guidelines in place.
2. The Committee noted that there was a proposed additional allocation of Kshs 20,000,000 for basic salaries.
3. The Committee observed that there was a proposed reduction of Kshs 13,246,147 from amount allocated for purchase of ICT networking and communications equipment (IFMIS decentralization). The CECM for County

Treasury briefed the Committee that there was a procurement delay in ICT networking equipments.

Ministry of Health and Sanitation

1. There was a proposed additional allocation of Kshs 24,540,187 for basic salaries.
2. There was a proposed additional allocation of Kshs 30,000,000 for daily subsistence. The CECM for County Treasury highlighted to the Committee that the funds will be used in training of Community Volunteers Health Workers and transforming universal health care through immunization, pre-natal and post-natal programs.
3. There was a proposed reduction of Kshs 34,482,000 from purchase of medical and dental equipment.
4. There was a proposed reduction of Kshs 15,000,000 from public participation of universal health care and policy.
5. There was a proposed reduction of Kshs 18,000,000 from amount allocated for Medical drugs. The Committee was made to understand that the drugs available can take care of the remaining period of this financial year.
6. There was a proposed additional allocation of Kshs 72,187,217 for non-residential building. The CECM for County Treasury gave an elaborate breakdown of the projects to be implemented with these funds and the Committee was convinced.
7. There was a proposed additional allocation of Kshs 17,301,798 for purchase of laboratory equipment (X-ray). The Committee felt this equipment is very important for the Kitui residents.
8. There was a proposed reduction of Kshs 7,000,000 from purchase of ambulances.
9. There was a proposed reduction of Kshs 8,000,000 from purchase of beddings and linen.
10. There was a proposed reduction of Kshs 58,554,018 from conditional grants. The CECM for County Treasury informed the Committee that the condition

grants was allocated in County Allocation of Revenue Act but it will not be remitted to the County since the projects funded will be paid for directly by the National Government.

Ministry of Basic Education, ICT & Youth Development

1. There was a proposed additional allocation of Kshs 20,000,000 for basic salaries.
2. There was a proposed additional allocation of Kshs 25,856,027 for recruitment of ECDE teachers on temporary basis.
3. There was a proposed reduction of Kshs 8,000,000 from construction of 80 ECDE classrooms and 4 day care centers. Upon interrogating the CECM for County Treasury, the Committee was informed that the Ministry was not able to absorb the funds within the remaining short period.
4. There was a proposed additional allocation of Kshs 14,000,000 for upgrading Kyuso Youth Polytechnic to become center of excellence.
5. The Committee noted that there was a proposed reduction of Kshs 13,500,000 from Youth Training and Economic Empowerment Programme.

Ministry of Trade, Cooperatives and Investments.

1. The Committee observed that there was a proposed additional allocation of Kshs 30,000,000 for basic salaries.
2. There was a proposed additional allocation of Kshs 34,872,815 for construction of non-residential Building. The CECM for County Treasury briefed the Committee that the funds were earmarked to pay pending Bills.
3. The Committee observed that there was a proposed reduction of Kshs 11,100,000 from the youth and women empowerment fund.
4. There was a proposal to transfer Kshs 11,680,760 from training expenses under the strategy 247-1 cooperative per village and allocate the same to train youths.

Ministry of Lands, Infrastructure and Urban Development.

1. This Committee observed that there was a proposed additional allocation of Kshs 55,000,000 for basic salaries.
2. There was a proposed additional allocation of Kshs 15,000,000 for gravelling, low volume seal road maintenance, construction of bridge and drifts. The committee felt that the funds allocated for this Programme was insufficient yet it has a direct impact to the residents of Kitui.

Ministry of Tourism, Sports and Culture.

1. This Committee observed that there was a proposed additional allocation of Kshs 12,000,000 for basic salaries.
2. There was a proposed reduction of Kshs 10,000,000 from Kalundu Eco Park and water sports Tourism.
3. There was a proposed reduction of Kshs 29,422,904 from acquisition of other intangible –support development of sports.
4. There was an additional allocation of Kshs 26,231,055 for purchase of 5 acres of land in Mwingi for construction of a stadium.

Ministry of Agriculture, Water and Irrigation.

1. There was a proposed reduction of Kshs 20,000,000 from certified seeds. The committee was contended with this reduction because they felt that the planting season was over.
2. The committee noted that there was a proposed additional allocation of Kshs 80,000,000 for basic salaries.
3. There was a proposed reduction of Kshs 59,000,000 from bore drilling, repair and equipping. The CECM for County Treasury informed the Committee that the funds could not be utilized within the remaining period.
4. The Committee observed that there was proposed reduction of Kshs 100,000,000 from the water subsidy, emergency repairs and River Athi-Kanyangi-Mutomo (Kangu Kangu) project. The CECM for County Treasury informed the Committee that the funds could not be utilized within the

remaining period. Further the Committee received an appeal from the Chief Officer Ministry of Agriculture, Water and Irrigation to be allocated Kshs 27,000,000 for water tracking activities, electricity bills and repairs of bore holes and water piping extension.

Ministry of Environment and Natural Resource

1. There was a proposed additional allocation of Kshs 20,000,000 for basic salaries.
2. The Committee observed that there was a proposed additional allocation of Kshs 15,000,000 for purchase of tree seeds and seedlings. The committee felt that there is a need for the relevant sectoral Committee to carry out an investigation on the survival rate of the seedlings and prepare a report on the supplied seedlings.
3. There was a proposed reduction of Kshs 16,909,466 from solar lighting projects and maintenance. The Committee felt that the County Executive should recruit personnel to be in charge of maintenance of solar lighting projects.

County Public Service Board

1. There was a proposed reduction of Kshs 13,864,841 from amount allocated for construction of non-residential building.

Kitui Town Administration

1. There was a proposed reduction of Kshs 19,103,000 from the allocation for the purchase of specialized plant (10 skippers and a truck). The Committee was informed by the CECM for County Treasury that the procurement process for skippers delayed thus it has been pushed to the next financial year.
2. The Committee observed that there was a proposed reduction of Kshs 10,000,000 from Town beautification Programme allocation.

Mwingi Town Administration.

1. The Committee observed that there was a proposed new allocation of Kshs 3,000,000 for Town beautification Programme.

County Assembly Service Board.

1. There was a proposed additional allocation of Kshs 10,040,000 for other infrastructure and Civil works. On further interrogation, the Committee was informed that this amount was meant for putting up a parking space on the road reserve outside the Assembly precincts. However, the Committee felt that the undertaking will not be possible within the remaining short period.
2. There was a proposed reduction of Kshs 6,942,723 from Basic salaries for County Assembly Members as a result of reverting to 2013 SRC Circular.
3. The committee noted that there was a proposed additional allocation of Kshs 12,846,800 for personal allowance paid as part of salary. This was to cater for plenary sitting allowances and extra mileage allowance as a result of reverting to 2013 SRC Circular.
4. The committee observed that there was a proposed reduction of Kshs 10,000,000 from the allocation for foreign travel and accommodation. The Committee applauds this idea as it will not be possible for many committees to travel overseas owing to the short period remaining.

SPECIFIC COMMITTEE RECOMMENDATIONS ON THE SUPPLEMENTARY ESTIMATES.

Mr. Speaker,

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

1. The CECM for County Treasury requested for reinstatement of Kshs 22,653,850 that had been proposed for slashing from budget item branding and marketing under the Ministry of Trade, Cooperatives and Investment since the sector had shown that it had the capacity to absorb the funds within

- the remaining period. The committee was convinced, thus recommends the reinstatement.
2. The CECM also requested for reinstatement of Kshs 4,000,000 that was earmarked for staff housing under the Ministry of Lands, Infrastructure, Housing and Urban Development. The CECM for County Treasury informed Members that the proposed construction was a joint venture between the County Government and the National Government and plans are at an advanced stage to actualize the venture.
 3. The CECM further requested for removal of Kshs 40,000,000 and Kshs 50,000,000 earmarked for purchase of software and data collection for universal health care policy respectively under the Ministry of Health and Sanitation. This was occasioned by the fact that procurement process for the same delayed so the amount cannot be utilized within the remaining period. The Committee agrees to this proposal and recommends for the removal.
 4. The Chief Officer for the Ministry of Agriculture, Water and Irrigation has expressed concern of a serious shortage of funds to ensure Kitui citizens get water, thus requested the committee for allocation of Kshs 27,000,000 for rehabilitation of water facilities in the County. The committee was convinced over this request and recommends an allocation of Kshs 35,000,000 to this Ministry. The Committee further recommends the amount to be specifically utilized in the repair of boreholes, water pipelines damaged by the rain as well as paying of pending electricity bills.
 5. Reinstate Kshs. 9,600,000 earmarked for ward office operations under the County Assembly proposed budget. This Committee feels that the resolutions of the Assembly should be adhered to by all thus the Kshs 100,000 for ward operations imprest needs to be implemented without further delay.
 6. Reduce Kshs. 7,123,200 from the proposed additional allocation to County Assembly attendance allowance. This amount was earmarked for payment of plenary sitting allowances with effect from April, 2018. However, the

Assembly has been on recess thus there is a likely hood of this amount being unspent.

7. Reinstate Kshs. 1,500,000 earmarked for advertising, awareness and publicity campaigns under the County Assembly budget. The committee recommends that these funds be utilized in public participation for budget estimates for financial year 2018/2019 to facilitate the public to attend the meetings.
8. Reallocate Kshs 10,040,000 intended for other infrastructure and civil works to domestic accommodation allowance. This amount was earmarked for parking space outside the Assembly precincts on the road reserve. The Committee felt that the parking may not be accomplished owing to the short period remaining to end of the financial year.
9. Reduce Kshs 3,976,000 from Boards, Committee, Conferences and Seminars within the Assembly Budget. The Committee observed that due to the ongoing consideration of various planning documents by the Sectoral Committees, this amount may not be utilized since Members are fully engaged up to the end of this financial year.
10. During supplementary II, this Committee proposed allocation of funds to buy a three in one printer and a desktop computer for every ward office and was approved by the House. To date this resolution by this Honourable House has never been implemented. The committee calls for fast tracking of this resolution to avoid the lapse of the allocation.

CONCLUSION

Mr. Speaker,

The adjustments as recommended above will decrease the overall County Budget from Kshs 11,294,097,811.00 to Kshs.11,243,352,815.00 thus a reduction of Kshs 50,744,996.00. In overall, the consolidated county supplementary budget estimates per Vote per Programme after due considerations by the Committee is as analyzed in the attached (**Annex iii**) to this report.

Mr. Speaker,

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

The report was compiled by:

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