

COUNTY GOVERNMENT OF KITUI  
THE COUNTY ASSEMBLY  
THIRD ASSEMBLY – (THIRD SESSION)

COUNTY BUDGET AND APPROPRIATIONS COMMITTEE

REPORT ON

CONSIDERATION OF THE KITUI COUNTY SUPPLEMENTARY BUDGET I  
ESTIMATES, FOR  
THE FINANCIAL YEAR  
2024/2025

Clerk.  
Approved.  
[Signature]  
12/11/2024.

CLERK OF ASSEMBLY CHAMBERS  
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NOVEMBER, 2024

[Signature]

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## ABBREVIATIONS

CARA	County Allocation of Revenue Act
CASB	County Assembly Service Board
CECM	County Executive Committee Member
CFA	Cash For Assets
CGA	County Governments Act
COK	Constitution of Kenya
FY	Financial Year
IFMIS	Integrated Financial Management Information System
KDSP	Kenya Devolution Support Programme
MCA	Member of County Assembly
OSR	Own Source Revenue
PBRAT	Pending Bills Review Advisory Team
PFM	Public Finance Management
PWDs	Persons With Disabilities
RMFL	Road Maintenance Fuel Levy
S.O.	Standing Orders



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## 1.0 PREFACE

**Mr. Speaker,**

On behalf of the Members of the County 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 I Estimates, for the Financial Year (FY) 2024/2025.

Honourable Members, this is a report concerning public finances and has been done in accordance with the provisions of Chapter twelve of the Constitution of Kenya (CoK) on public finances, including other Statutes that are relevant to public finance administration and management viz: -

- i. The Public Finance Management (PFM), Act 2012;
- ii. The County Government Act (CGA), 2012;
- iii. The County Allocation of Revenue Act (CARA);
- iv. The Public Finance Management (PFM), (County Governments) Regulations 2015; and
- v. County Assembly Standing Orders (S.O), among others.

The above notwithstanding, the Committee greatly relied on prudent financial standards as practiced within public Sector budgeting.

**Mr. Speaker,**

The Kitui County Supplementary Budget I Estimates for the FY, 2024/2025 is the first supplementary budget made of the approved Annual Budget for the FY 2024/2025. Despite the primary budget for the current financial year having been a product of high consultations between the two Arms of the Government and a rigorous public involvement, the supplementary budget



was inevitable owing to trend of events during the four months of its implementation and upcoming new issues (unforeseen) as envisaged in law. Supplementary budgets are creatures of law that enable Government institutions opportunities to accommodate the unanticipated changes in budget implementation and other factors of cost.

**Mr. Speaker,**

The supplementary budget I estimates 2024/2025 was done during the early months of implementation of the main budget owing to the following reasons: -

- i. To factor in the revote amount of Kshs. 1,495,093,369.00 from the last FY's budget (2023/2024) which was not included in the initial budget for the FY 2024/2025 for both Arms of the Government;
- ii. To provide further funds for pending bills;
- iii. To revise the Own Source Revenue (OSR) upwards by Kshs. 388,645,941 so as to conform to the revenue collection trends which has been re-estimated to Kshs. 988,645,941;
- iv. To provide for additional funds to cater for salaries for public officers (Salary for five months for the proposed employment of 150 Nurses);
- v. To reallocate funds from budget lines which may have some savings to budget items that require additional funding as a result of the prevailing economic factors that have influenced a serious hike in commodity prices; and
- vi. To cater for new priorities that have arisen which did not have budget allocations in the approved estimates, etc.



The above notwithstanding, it was an opportune time to also re-align the budget in an endeavor to ensure that funds not possible to be expended owing to some unforeseen factors during budget making are transferred to where they can be utilized to replenish the depleted expenditure lines.

**Mr. Speaker,**

Regulation 31(a) of the PFM (County Governments) Regulations, 2015 states that budgeted revenue and expenditure appropriations shall be balanced. In adherence to this cardinal rule, the supplementary budget was inevitable to ensure the positive changes anticipated in the resource envelope proportionately affects the expenditure in ensuring a balanced budget. The supplementary budget thus addresses changes in the resource envelope attributed to increase in OSR as indicated above. The Committee in this report therefore will be seeking to address the issues articulated above while respecting the principle of prudence use of public finances as envisaged in Article 201 of the Constitution, the fiscal responsibility principles and the financial objectives as provided in Section 107 of the PFM Act, 2012.

**Mr. Speaker,**

Section 135 of the PFM Act, 2012 provides for the circumstances under which a County Government may submit to the County Assembly a Supplementary Budget for approval. Specifically Sub Section 135 (1) and (2) provides that;

- 1) *"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”.*

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

**Mr. Speaker,**

It is however critical noting that despite the above provisions, the preparation of supplementary budget is further guided by the provisions of regulation 39 of the PFM (County Governments) regulations, 2015 which inter alia states;

*(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,**

The County Executive and the County Assembly in compliance with the above provisions and in adherence to the procedures as provided under S.O. 214 (Procedures on Supplementary Estimates), submitted their Supplementary Budget I Estimates for the FY 2024/2025. The estimates were laid on the table

of the Assembly during a sitting held on 30<sup>th</sup> October, 2024 in the afternoon sitting and subsequently committed to the County Budget and Appropriations Committee for consideration pursuant to S.Os. 186 and 214. The Committee during consideration of the budget will thus validate the proposed allocations against the above provisions of the law.

## **2.0 COMPOSITION AND MANDATE OF THE COUNTY BUDGET AND APPROPRIATIONS COMMITTEE.**

### **2.1 Composition of the Committee**

**Mr. Speaker,**

The Committee was established pursuant to the provisions of S.O 186. As currently constituted, the Committee comprises of the following Members;

- |                                   |                   |
|-----------------------------------|-------------------|
| 1. Hon. Zacchaeus Ivutha Syengo   | -Chairperson      |
| 2. Hon. Jacquelyne Cate Kalenga   | -Vice Chairperson |
| 3. Hon. Alex Mutambu Nganga       | -Member           |
| 4. Hon. Boniface Mukwate Katula   | -Member           |
| 5. Hon. Sylvester Kitheka Munyalo | -Member           |
| 6. Hon. Malinga Munyao            | -Member           |
| 7. Hon. Kyalo Kimuli              | -Member           |
| 8. Hon. Mary Mwende Mutune        | -Member           |
| 9. Hon. Mercy Muliwa Muema        | -Member           |





## 2.2 Committee Mandate

Mr. Speaker,

S.O. 186(3) confers the Committee with Specific mandates as to;

- (a) *investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget,*
- (b) *discuss and review the estimates and make recommendations to the County Assembly;*
- (c) *examine the County Budget Policy Statement presented to the County Assembly;*
- (d) *examine Bills related to the county budget, including Appropriations Bills; and*
- (e) *evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.*

In undertaking her mandate therefore, the Committee has considered the Kitui County Supplementary Budget I Estimates, for FY 2024/2025 and has made recommendations to the Assembly for consideration and adoption.

## 3.0 BACKGROUND

Mr. Speaker,

The Kitui County Budget for the FY 2024/2025 was approved pursuant to Section 131 of the PFM Act, 2012 and S.O. 206 with a total expenditure of Kshs. 12,956,277,438. This had an equivalent resource envelop to finance the expenditures comprising of the following;

Equitable share	Kshs. 11,244,322,462.00
Grants	Kshs. 1,111,954,976.00
Own revenue	Kshs. 600,000,000.00
<b><u>TOTAL</u></b>	<b><u>Kshs. 12,956,277,438.00</u></b>

It is important noting that the approved budget had not factored in revote from the previous FY 2023/2024 due to the fact that it was approved at a time when revote could not be estimated with certainty. As such, inclusion of the same in the initial budget could result to unrealistic figures.

**Mr. Speaker,**

The submitted County Supplementary Budget I Estimates for the FY 2024/2025 had a total expenditure of Kshs. 14,840,016,748 which was higher by Kshs. 1,883,739,310 from the approved budget. The upward adjustment of expenditures was made to equate the available resource envelop and adhere to the principle of a balanced budget as contemplated in Regulation 31 of the PFM (County Governments) Regulations, 2015. The revision was made to accommodate changes made in OSR and revote from the previous budget for the FY 2023/2024. The proposed new resource envelope comprises of the following: -

Equitable share	Kshs. 11,244,322,462.00
Grants	Kshs. 1,111,954,976.00
Own revenue	Kshs. 988,645,941.00
Revote	Kshs. 1,495,093,369.00
<b><u>TOTAL</u></b>	<b><u>Kshs. 14,840,016,748.00</u></b>



**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 this definition is that a budget is an estimated cost of expenditures against an anticipated amount of revenue. It is thus highly probable to have a supplementary budget based on the following;

- i. To harmonize/re-align the approved budget with the actual implemented programs whose costs might have been varied by some factors beyond control;
- ii. To provide for unforeseen and inevitable events that may arise which require to be addressed notwithstanding that there are no funds appropriated as contemplated in Section 135 of the PFM Act; and
- iii. To increase funds to existing budgetary items which, however, may have inadequate provisions.

Section 135 and 154 of the PFM Act, 2012 envisions such state of affairs and subsequently the Sections of the law allows and guides the County Governments on preparation of supplementary budgets. It is however important to note that in coming up with a supplementary budget, regulation 39 (3) descriptively highlights on the expenditures to be factored.

**Mr. Speaker,**

It is in the circumstances therefore that both Arms of the County Government submitted their first supplementary budgets for the FY 2024/2025 to accommodate changes in priorities and disparities experienced during the period of implementation under review and other factors as explained above.

The budgets were submitted to the Assembly on 30<sup>th</sup> October, 2024,



subsequently laid and committed to the County Budget and Appropriations Committee. The Committee retreated to consider the estimates with effect from 8<sup>th</sup> to 12<sup>th</sup> November, 2024 at Pride Inn Azure, Nairobi during which the Committee was able to compile this report for consideration by the Assembly.

**Mr. Speaker,**

The submitted supplementary budget for the County Executive comprised of Kshs. 8,307,733,956 and Kshs. 5,177,783,250 for recurrent and development expenditures respectively while the County Assembly budget submitted by the Acting Clerk of Assembly comprised of Kshs. 1,246,640,989 and Kshs. 240,900,561 for recurrent and development expenditures respectively. The two budgets put together totals to Kshs. 14,973,058,756 which reflects a deficit of Kshs. 133,042,008. The discrepancy was occasioned by the fact that the submitted budget by the CECM County Finance, Economic Planning and Revenue Management had reallocated Kshs. 133,042,008 being the County Assembly development revote (2023/2024) of Kshs. 100M for the construction of a modern office block and Kshs. 33,042,008 allocated in the initial County Budget 2024/2025 for Construction of Members of the County Assembly (MCA) Ward Offices.

#### **4.0 METHODOLOGY**

**Mr. Speaker,**

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





- i. Reviewing budget performance for the original County Budget Estimates for FY 2024/2025 and interrogating actual Integrated Financial Management Information System (IFMIS) balances as at 7<sup>th</sup> November, 2024;
- ii. Examination of the submitted Supplementary Budget I Estimates, and the supporting documents; and
- iii. Direct engagement and discussions with invitees.

**Mr. Speaker,**

The submitted supplementary budget for the County Executive had explanation notes as required under regulation 39 of the PFM (County Governments) Regulations, 2015. The notes are critical in giving more highlights and a full understanding of the reallocations proposed in a budget. The notes contemplated in the regulations carry information to justify and clarify the proposed re-allocations to enable the Committee make a rational decision in making recommendations to the Assembly for adoption.

Nevertheless, the Committee to get further clarity on the reallocations resolved to invite the County Executive Committee Member (CECM) Finance, Economic Planning and Revenue Management to offer explanations to issues raised vide a letter referenced CAK/FIN/5/1/VOL. XXXVIII/ (21) and dated 5<sup>th</sup> November, 2024. The CECM appeared before a Committee meeting held on 9<sup>th</sup> November, 2024 at Pride Inn Azure in Nairobi. It is important noting that the issues raised were responded to as contained in **(annex ii)** and further elaborated during the discussions.



## **5.0 ACKNOWLEDGEMENT**

**Mr. Speaker,**

At this juncture, allow me to thank both the Offices of the Speaker and that of the Clerk of Assembly for the logistical support accorded in successfully undertaking this exercise. I also wish to thank the CECM Finance, Economic Planning and Revenue Management, and other County staff who found time to share with the Committee in making clarifications on the proposed budget reallocations.

I further extend my gratitude to the able Members of the Committee for the synergy in undertaking keen scrutiny and consideration of this first supplementary budget for FY 2024/2025. The Members worked tirelessly and demonstrated the desire to deliver in their mandate in undertaking this exercise.

Finally, I will not hesitate to acknowledge the Secretariat of the Committee for their significant contribution in providing technical support and compiling this report.

**Hon. Zacchaeus Ivutha Syengo, MCA**  
**Chairperson, County Budget and Appropriations Committee,**  
**November, 2024.**





## 6.0 CONSIDERATION AND REVIEW OF THE COUNTY EXECUTIVE AND COUNTY ASSEMBLY SUPPLEMENTARY BUDGET I ESTIMATES, FOR FY 2024/2025.

**Mr. Speaker,**

This is the first Supplementary Budget prepared from the approved budget estimates for this FY, 2024/2025. The proposed submitted supplementary budget is comprised of the following new ministerial total expenditure allocations as contained in column ii of **table 1** below;

**Table 1: (The overall Ministerial allocation changes by supplementary I, 2024/2025 as submitted)**

County Ministry	Approved Budget FY 2024/2025 (Kshs)	Supplementary Budget I, 2024/2025 (Kshs)	Variance (Kshs)
Office of the Governor	2,032,933,603	2,478,832,979	445,899,376
Office of the Deputy Governor	194,408,114	192,502,035	-1,906,079
Ministry of Water & Irrigation	715,204,083	787,745,520	72,541,437
Ministry of Education, Training & Skills Development	1,043,425,266	1,076,211,002	32,785,736
Ministry of Roads, Public Works & Transport	944,374,905	933,328,122	-11,046,783
Ministry of Health & Sanitation	3,852,172,162	4,248,464,905	396,292,743
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	723,241,575	837,101,052	113,859,477
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	299,551,078	491,937,432	192,386,354
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	206,291,330	207,983,348	1,692,018
Ministry of Finance, Economic Planning & Revenue Management	436,811,139	559,445,346	122,634,207
County Public Service Board	76,866,658	91,600,726	14,734,068
County Assembly Service Board	1,100,630,000	1,354,499,542	253,869,542
Kitui Municipality	165,658,280	166,093,522	435,242
Mwingi Town Administration	92,890,759	100,056,767	7,166,008
Ministry of Agriculture & Livestock	710,299,128	936,178,009	225,878,881
Ministry of Lands, Housing and Urban Development	361,519,359	378,036,439	16,517,080
<b>TOTALS</b>	<b>12,956,277,439</b>	<b>14,840,016,746</b>	<b>1,883,739,307</b>

Source: Author



It is critical noting as indicated above in this report that the County Assembly Service Board (CASB) budget as submitted by the Acting Clerk of Assembly had a total allocation of Kshs. 1,487,541,550 comprising of Kshs. 1,246,640,989 and Kshs. 240,900,561 for both recurrent and development expenditures respectively. The difference between the budget submitted by the CECM Finance and the Acting Clerk of Assembly is a result of reallocating Kshs. 133,042,008 from Assembly approved development allocations and revote for FY 2023/2024. This amounted to interference with independence in budgeting of the County Assembly and non-compliance with Section 11(4) of the CARA, 2021.

**Mr. Speaker,**

From the analysis made above, the highly four benefiting County Ministries were Office of the Governor, Ministry of Health & Sanitation, County Assembly Service Board and Ministry of Agriculture & Livestock with Kshs. 445,899,376, Kshs. 396,292,743, Kshs. 253,869,542 and Kshs. 225,878,881 respectively. In overall, only two County ministries were negatively affected by the reallocations made in the supplementary budget, these being Office of the Deputy Governor and Ministry of Roads, Public Works & Transport with a reduction of Kshs. 1,906,079 and Kshs. 1,046,783 respectively.

The realignments made in the supplementary budget were mostly done to accommodate the revote from the FY 2023/2024 and the increase in OSR as indicated above in this report.

**Mr. Speaker,**

The County Assembly total allocations as contained in the submitted budget was maintained at Kshs. 1,487,541,550. The rationale behind the Assembly



supplementary budget as explained above in this report was necessitated by the need to;

- i. Provide for Kshs. 386,911,550 being the unutilized funds from 2023/24 budget (Revote) in line with Section 11 of the CARA 2021 and
- ii. Cater for some deficits in some of the budget lines.

It is important noting that CASB is making all efforts to prudently expend her budget within the implementation period despite the authority to carry forward the unspent money to subsequent budgets as allowed by Section 11 of CARA, 2021.

**Mr. Speaker,**

On Monday, 11<sup>th</sup> November, 2024, the Committee received a Memorandum from CASB submitted by the Acting Clerk of Assembly on the supplementary budget under consideration. The memorandum was received vide a letter ref. CAK/FIN/5/1/VOL.XXXIX/(26) dated 11<sup>th</sup> November, 2024 (**annex iii**).

The memorandum to the Supplementary budget had proposed further reallocations as follows;

- i. To provide for additional allocation of Kshs. 6M to Domestic Travel and Accommodation, and
- ii. To provide for additional allocation of Kshs. 1M to Committees, Conferences and Seminars.

The Committee considered the memorandum and made recommendations to it as contained below in this report.



## 7.0 COMPLIANCE WITH THE LEGAL FRAMEWORK.

Mr. Speaker,

The supplementary budget as prepared ought to have been 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 as follows;
  - 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 PFM (County Governments) Regulations, 2015. These are regulations whose object and purpose are to inter alia;  
Provide means of administering the powers vested on the CECM Finance under the Act and ensure accountability, transparency and the effective, economic and efficient collection and utilization of public resources. For instance;
  - Regulation 25 – on the Fiscal responsibility principles. Among many sets the limit of County Personnel ratio to thirty-five (35) percent of the county government's total revenue.
  - Regulation 31 – this provides the budget guidelines that shall be observed at all times during budget formulation and approval unless otherwise provided for in any other law. This inter alia





includes the requirement to have the budget revenue and expenditure appropriations to be balanced.

- 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 submitted supplementary budget on adherence to the above provisions of the law, it was revealed to certain extent noncompliant.

There were few inconsistencies evidenced that included the following: -

- i. The personnel ratio was at 38%. Though efforts are being witnessed to move towards the limit set by the law, the budget still remains noncompliant,
- ii. There were some proposed allocations that do not qualify the threshold set by the law as valid reasons for supplementary expenditures as guided



by Regulation 39 (3) and (4) of the PFM (County Governments) Regulations, 2015, and

- iii. The budget submitted by the CECM Finance, Economic Planning and Revenue Management contravened Section 11(4) of the CARA, 2021 by reallocating Kshs. 133M from the County Assembly Budget.

The Committee thus had to realign the budget in an attempt to ensure provisions of the law as relates to supplementary budget are adhered to.

**Mr. Speaker,**

The Committee took ample time to intensively interrogate the supplementary budget estimates. As indicated above in this report, extensive consultations were done between the Committee, the CECM Finance, Economic Planning and Revenue Management, Economic Planning and Revenue Management and representatives from CASB. These efforts were made to avail an opportunity for the Committee to expansively get clarifications and justifications on the proposed reallocations in the budget. During this exercise, important information was shared including documentary evidence to support and offer details on some pertinent issues in the submitted budget and concerns raised by the Committee Members.

**Mr. Speaker,**

The interactions made above resultantly revealed some important additional information on the reallocations proposed in the supplementary budget. The information was significant in putting clarity to the realignments proposed in the supplementary budget which gave the Committee an opportunity to make her recommendations from an informed background. However, there were instances where the Committee did not get satisfactory responses and





for that reason had to recommend for more enquiry to be undertaken by the relevant Sectoral Committees in pursuance of their oversight role as conferred by S.O 190.

## **8.0 OBSERVATIONS ON THE SUBMITTED SUPPLEMENTARY BUDGET I ESTIMATES FOR FY 2024/2025**

**Mr. Speaker,**

The Committee took ample time to keenly cross-examine the budget and further observed the following: -

### **1. Total submitted budget**

The total submitted budget by the CECM for Finance, Economic Planning and Revenue Management was Kshs. 14,840,016,748 with Kshs. 1,354,499,542 for the County Assembly budget. This was not equivalent to the budget submitted by the Acting Clerk of Assembly of Kshs. 1,487,541,550.

### **2. Budget variance**

In overall, the submitted budget has increased by Kshs. 1,883,739,310 from Kshs. 12,956,277,438 to Kshs. 14,840,016,748. This has been occasioned by the upward revision of OSR by Kshs. 388,645,941 (from Kshs. 600,000,000 to Kshs. 988,645,941) as well as factoring in a revote of Kshs. 1,495,093,369 from previous FY 2023/2024.

### **3. The resource envelope**

The budget's proposed resource envelope of Kshs. 14,840,016,748 comprises of;



Equitable share	Kshs. 11,244,322,462
Grants	Kshs. 1,111,954,976
Revote for FY 2023/2024	Kshs. 1,495,093,369
OSR	Kshs. 988,645,941
<b><u>TOTAL</u></b>	<b><u>Kshs. 14,840,016,748.</u></b>

#### **4. Comparative analysis of proposed allocations**

The submitted supplementary budget I, had a development and a recurrent allocation of Kshs. 5,285,641,803 and Kshs. 9,554,374,945 which translates to 36% and 64% respectively. This is in compliance to Section 107 (2) (b) of the PFM Act, 2012 which requires development budgetary allocation to be at least 30 percent of the total budget estimates.

#### **5. Allocations proposed for salaries for permanent employees**

The submitted budget had a personnel ratio of 38 percent which offends regulation 25(1)(b) of the PFM (County Government) Regulations, 2015.

6. The Committee notes that the actual OSR collected as at the end of the first quarter of the current FY amounted to Kshs. 112,157,327. Having the revised target at Kshs. 988,645,941 for the FY calls for concerted efforts and strategic mechanism put in place to ensure the target is met. This is to ensure the same does not result to pending bills at the end of the FY should the County fall short of it.

7. The submitted budget had explanation notes, however, the same could not comprehensively justify the supplementary budget proposals. This has been the case in most of the budgets submitted for consideration by the Assembly. For instance, there were items that were fully dropped from the





approved budget with no explanations while there were new proposed budget items outside the approved budget.

8. That the submitted budget includes new allocations for settling County Pending Bills to some budget items which had budget allocations in the previous FY which ought to have been factored as revotes from the FY 2023/2024. This is a scenario which if taken as submitted would result to raising the revote amount in the supplementary budget beyond Kshs. 1,495,093,369.
9. The allocation for pro-poor programme is proposed to be reduced by Kshs. 20M out of which Kshs. 14.4M was a reduction from the 72% allocation made for the forty (40) wards. However, this was explained by the CECM Finance, Economic Planning and Revenue Management that the reduction did not affect the recent disbursement of bursaries done for this FY.
10. The supplementary budget has in overall increased the Ministry of Health and Sanitation budget with Kshs. 396,292,743. This was in an endeavor to adhere to the resolution arrived during a joint consultative meeting held at Mombasa between the County Assembly and Executive. The allocation will cater for the shortage of drugs in the County Health facilities, operationalize new 34 facilities and construction of seventeen (17) new dispensaries in villages where there is none across the County among other health programs.
11. That the budget as submitted maintains the grant allocation of Kshs. 445,098,850 for the Road Maintenance Fuel Levy (RMFL) for Major Roads works. Submissions from the CECM for Finance, Economic Planning



and Revenue Management indicated that the High Court had suspended the implementation of Kshs. 10,552,211,853 in RMFL funds allocated to Counties, pending a ruling on a case filed by the Council of Governors. The High Court scheduled further hearings to 31<sup>st</sup> March 2025, when submissions would be highlighted and a judgement date issued.

Of concern to the Committee is that this court process could extend into the next FY, potentially jeopardizing county road projects in the current FY, thus emphasizing the need for additional allocations for major road works.

12. The budget did not adhere to the provisions of Section 11 (4) of CARA, 2021 which requires the CECM for Finance to provide for a revote for unspent County Assembly funds from the FY 2023/2024. It is unfortunate that the submitted budget reduces the Assembly budget by Kshs. 133,042,008 to Kshs. 1,354,499,542.

13. The total CASB budget submitted by the Acting Clerk of Assembly was Kshs. 1,487,541,550, an upward revision from Kshs. 1,100,630,000. This was brought about by inclusion of the Assembly revote of Kshs. 386,911,550 in line with Section 11 of CARA, 2021 that amended Section 130 of the PFM Act, 2012 by inserting a new sub-sections 3 and 4. Sub-section 4 reads:

*(4) Where an Appropriation Bill is passed before the beginning of the financial year to which it relates and does not contain unspent funds allocated to the county assembly in the immediate preceding financial year, the county executive committee member for finance shall prepare and*





*submit to the county assembly a Supplementary Appropriation Bill allocating the unspent funds.*

14. The submitted supplementary budget for both the County Executive and County Assembly aims to transfer funds from areas where they are unlikely to be spend to replenish budget lines whose provisions are inadequate based on the trend of such expenditures to date.
15. The submitted supplementary budget had proposed allocations for pending bills incurred from previous FYs. An inquiry by the Committee to get detailed information on Status of the County Pending bills was futile notwithstanding the response submitted via a letter by the CECM Finance (annex ii) as earlier indicated.
16. There is additional allocation of Kshs. 100M meant to partly cater for the court decree awards amounting to Kshs. 195.5M, which have been cleared by the Pending Bills Review Advisory Team (PBRAT). It was explained that the County is negotiating with the awardees of the court decrees on how to settle their dues.
17. The supplementary budget proposes huge reductions to some programs in the approved budget for FY 2024/2025 with some being dropped in entirety.
18. The proposed supplementary budget has made an allocation for completion of five (5) ward offices to accommodate County Government staff stationed at various County Wards in a bid to facilitate them to effectively deliver their services.



**Mr. Speaker,**

The Committee in its recommendations, will thus seek to address the concerns highlighted above while adhering to relevant provisions of the law. It will prioritize expenditure against the available resources to ensure a balanced budget as provided in Regulation 31(c) of the PFM (County Governments) Regulations, 2015.

## **9.0 SPECIFIC COMMITTEE RECOMMENDATIONS**

**Mr. Speaker,**

The Committee invested considerable time and effort into carefully reviewing every aspect and contribution in this process. Comprehensive consultations were held as Members engaged in detailed discussions on relevant matters while being mindful of available resources and the laws guiding supplementary budget making. In compliance with Section 135 of the PFM Act, 2012, and S.O. 214, the Committee made the following recommendations for consideration and adoption by the Assembly: -

### **a) The resource envelope**

The Resource envelope is recommended at Kshs. **14,840,016,748** from Kshs. **12,956,277,438** in the submitted supplementary budget. The increment of Kshs. **1,883,739,310** is attributed to factoring in the revote from the FY 2023/2024 and upward revision of OSR. The recommended resource envelope thus remains as tabulated in Table 2;





**Table 2: Resource envelope**

S/No	Source	Projected Revenue Estimates 2024/25
		Kshs
<b>1</b>	<b>Equitable share</b>	
	Equitable share	11,244,322,462
	Transfer of Library Services	-
	<b>Sub Total Equitable Share</b>	<b>11,244,322,462</b>
<b>2</b>	<b>Grants</b>	
	Road Maintenance Fuel Levy	445,098,850
	Grants from World Bank (KDSP)	37,500,000
	World Bank (Emergency Locust Response Project (ELRP))	121,025,000
	IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP)	151,515,152
	HSSP/HSPS - (DANIDA/IDA)	13,601,250
	County Aggregation and Industrial Parks Programme	250,000,000
	Community Health Promoters	58,050,445
	Kenya Urban Support Project (UIG)- World Bank	35,000,000
	Allocation for Court Fines	50,000
	Allocation for 20% Share of Mineral Royalties	114,279
	<b>Subtotal</b>	<b>1,111,954,976</b>
		<b>12,356,277,438</b>
<b>3</b>	<b>Own Revenue</b>	
	<b>County Ministry/ Entity</b>	
	Office of the Governor	35,875,855
	Ministry of Water and Irrigation	1,623,262
	Ministry of Roads, Public Works & Transport	5,250,571
	Ministry of Health and Sanitation	434,639,525
	Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	1,374,464
	Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	915,379
	Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	401,394
	Ministry of Finance, Economic Planning & Revenue Management	150,277,849
	Ministry of Agriculture & Livestock	23,039,053

	Ministry of Lands, Housing & Urban Development	41,165,814
	Kitui Municipality	84,958,394
	Mwingi Town Administration	45,756,069
	The NHIF arrears amounting to Kshs. 121,742,201 which was not remitted to the Ministry of Health and Sanitation by close of FY 2023/24	121,742,201
	REFUND OF UN-UTILISED PREMIUM PAID FOR UHC MEDICAL PROGRAM (Over payment during FY 2020/21 - Elders Universal Coverage - Part of the KCHIC)	41,626,110
	<b>Subtotal</b>	<b>988,645,941</b>
	<b>TOTAL</b>	<b>13,344,923,379</b>
	<b>Revote from previous budget</b>	<b>1,495,093,369</b>
	<b>Total Resource Envelope</b>	<b>14,840,016,748</b>

*Source: Author*

#### b) The Proposed Expenditures

The Committee carefully evaluated the proposed budget expenditures for both the County executive and the County Assembly, considering the available resources to accommodate the proposed adjustments. To have a balanced budget as contemplated in Regulation 31 (c) of the PFM (County Government) Regulations, 2015 and in observance of other relevant laws, the Committee to this end made the following recommendations regarding proposed expenditures for various County spending entities: -

#### Office of the Governor

1. That drop in its entirety the allocation of Kshs. 6M for **National Celebrations: *Jamhuri*** under P1 General Administration, Planning, Support Services. This is a national event and thus should be funded by the national government.
2. That drop in its entirety the allocation of Kshs. 7.5M for **Purchase of Police and Security Equipment - CCTV surveillance for Governor's**



**Block.** This is to release funds to go to core infrastructural projects within the County.

3. That reduce by Kshs. 20M the allocation for **Other Operating Expenses- Other** under P1 General Administration, Planning, Support Services to release funds to go to core infrastructural projects within the County.
4. That drop the proposed additional allocation of Kshs. 2M for **Staff Uniforms and promotional materials** under Public Relations and Customer Care to cater for budget shortfalls.
5. That drop the proposed additional allocation of Kshs. 5.5M for **Other Operating Expenses (Enhanced Budget for Governor's Communications Activities: Engage external media, newspaper supplements, outside broadcasts, livestreams)** to cater for budget shortfalls.
6. That drop in entirety the approved allocation of Kshs. 6,527,222 for **Purchase of Office Furniture and Fittings (Furnishing all the 247 Village administrators offices across the County)** to cater for budget shortfalls. This item had been allocated Kshs. 10M in the budget for FY 2023/2024 and currently has a revote of Kshs. 7,649,536. It is the view of the Committee that the department should utilize this revote to release funds to go to core infrastructural projects within the County.

#### **Ministry of Water and Irrigation**

1. That drop in its entirety the allocation of Kshs. 14M for **Purchase of Motor Vehicles under SP 1.1 Administration Services (Water Department)** to cater for budget shortfalls.



## Ministry of Roads, Public Works and Transport

1. That the allocation of Kshs. 26,625,000 for **Construction of Roads - (Road widening works.) - Cash For Assets (CFA) Programme - Bush and Road Clearance** be transferred to undertake **Major Roads (Roads construction works and maintenance of box culverts, drifts, gravelling, concrete slabs, gabions) - 1No. project per Ward and/ or crosscutting two or more wards** all under Department of Roads & Allied Infrastructure and Transport & Mechanical. Further, provide an additional allocation of Kshs. 71,116,625 to undertake major roads works. The program lacks an enabling policy to operationalize it to ensure prudence use of public resources.

The total of Kshs. 126,341,625 will go a long way in addressing the dilapidated roads within the County.

2. That transfer Kshs. 48,172,000 from **Access Roads (Fuel, maintenance of plant and machinery)-In-house grading 2,400km - 60km per Ward** under Department of Transport and Mechanical Services to **Lease/ Hire of Tractors and other Equipment (Hire of equipment) - 60kms per Ward translating to 2400kms** in the County under Construction of Roads and Bridges. Further, provide an additional allocation of Kshs. 12M to Lease/ Hire of Tractors and other Equipment.

The total of Kshs. 60,172,000 to be utilized to Hire/Lease graders to undertake grading of 60kms per Ward. The balance of Kshs. 20M under **Access Roads (Fuel, maintenance of plant and machinery)-In-house grading 2,400km - 60km per Ward** be utilized to grade 17.6Kms per





Ward using County graders on top of the 60 Kms to be undertaken by the leased graders.

3. That drop in its entirety the proposed balance of Kshs. 11,245,003 for **Pre-feasibility, Feasibility and Appraisal Studies - Training of 1,000No. Boda boda riders to issuance of Smart Driving Licences** to release funds to other pressing needs in the County.

The Committee notes that the utilization of previous allocations to this budget item could not be sufficiently justified and that the impact of this program has not been felt across the County. It is imperative to note that this proposed program should have an enabling policy which would guide on its implementation.

The Committee notes that;

- i. Article 201 of the CoK, 2010 provides for the principles of public finance such as accountability, transparency and equitable distribution of resources.
- ii. Section 102 of the CGA, 2012 inter alia provides the principles of planning and development facilitation as below;

*e) align county financial and institutional resources to agreed policy objectives and programmes;*

For this reason, the Committee recommends that the line Ministry should develop a policy for management of the programme before providing any budgetary allocations.

4. That drop in its entirety the allocation of Kshs. 35M for **Purchase of various Mechanical and other relevant equipment - Purchase of 1No.**

**Heavy Plant Machinery (1 Grader)** to defray budget deficits. The County should utilize the existing graders as recommended above.

5. That reduce by Kshs. 5M the allocation for **Pre-feasibility, Feasibility and Appraisal Studies -Develop Boda-boda Policy** under Department of Transport and Mechanical Services to cater for budget shortfalls.

The Committee recommends that the department utilizes the balance of Kshs. 3M to initiate the policy development and highly involve staff from the line Ministry.

#### **Ministry of Trade Industry, MSMEs, Innovations and Cooperatives**

1. That reduce by Kshs. 4M the allocation for **Research, feasibility studies (Consultancy on the County Industrial Parks – Multiyear)** under S.P 2.2: Fair Trade and Consumer Protection (Industry & Investment) to cater for budget shortfalls.
2. That reduce by Kshs. 2M for **Pre-feasibility, Feasibility and Appraisal Studies (Organize Investors Conference)** to cater for budget shortfalls.
3. That reinstate the proposed reduction of Kshs. 7M for **Market infrastructure and livestock market development** under Department of Trade and Markets (Directorate of Marketing and Investment).

#### **Ministry of Energy, Environment, Forestry, Natural and Mineral Resources**

1. That drop in its entirety the allocation of Kshs. 15M for **Purchase tree seeds and seedlings (Cash For Assets Programme - CFA - Tree Growing** to release funds to be utilized in impactful projects. As indicated above in this report, the CFA program lacks an enabling policy framework which would guide on its implementation and management to ensure prudent use of public resources.



2. That provide an additional allocation of Kshs. 2,433,992 for **Other Infrastructure and Civil Works (Installation of solar security lights in upcoming markets in Kitui County)** under Alternative Energy Technologies to reinstate the allocation to the initial approved amount of Kshs. 31M.
3. That provide an additional allocation of Kshs. 3M for **Other Infrastructure and Civil Works (Maintenance of solar security lights in upcoming markets in Kitui County)** under Alternative Energy Technologies. Most of the installed security lights are malfunctional and there is need to provide an adequate allocation for their maintenance.

**Ministry of Culture, Gender, Youth, ICT, Sports and Social Services.**

1. That drop in its entirety the proposed new allocation of Kshs. 10M for **Advertising, Awareness and Publicity Campaigns - County tournament in football from Village level culminating into Governor's cup)** to release funds for core development projects. It is imperative to note that this proposed program should have an enabling policy which would guide on its implementation.

The Committee notes that;

- i. Article 201 of the CoK, 2010 provides for the principles of public finance such as accountability, transparency and equitable distribution of resources.
- ii. Further, Section 102 of the CGA, 2012 inter alia provides the principles of planning and development facilitation as below;

*f) align county financial and institutional resources to agreed policy objectives and programmes;*



- iii. Further, Regulation 39(8) of PFM (County Governments) Regulations, 2015 provides that any budget allocations for new policy options and service delivery initiatives shall only be considered when introduced in the annual estimates of budget in accordance with the procedure laid down in the Act and these Regulations.

For this reason, the Committee recommends that the line Ministry should develop a policy for management of the tournament before providing any budgetary allocations.

2. That reinstate the proposed reduction of Kshs. 7,679,600 for **Purchase of Safety Gears - To procure and distribute Assistive Devices for PWDs** under P.7 Social Development and Children services.
3. That reinstate the proposed reduction of Kshs. 5M for **Specialized Materials -(Procure and Supply sports equipment such as uniforms, balls, nets and playing boots to all active Sports clubs in the County)** under P.5 Sports.

#### **Ministry of Finance, Economic Planning and Revenue Management**

1. That reduce by Kshs. 5M the proposed additional allocation for **Other Operating Expenses - M&E** under SP4.3 Monitoring and Evaluation to cater for budget shortfalls.
2. That the Committee declines the transfer of **Kenya Devolution Support Programme (KDSP) Grant** to the Department of Economic Planning & Budgeting. The same to be retained under General Administration Planning and Support Services since there is an expenditure of Kshs. 1.3M and moving it would result to a negative IFMIS balance.





3. That reduce by Kshs. 10M the proposed additional allocation for **Other Operating Expenses - other (Kitui Data Collection and Enhancement of Service Delivery)** under Finance, Revenue Management and Accounting to release funds to be utilized in core County projects. The Committee recommends the County to utilize the line departmental staff for this exercise to minimize on associated costs.
4. That reduce by Kshs. 8M the allocation for **Maintenance of Computers, Software, and Networks under Finance, Revenue Management and Accounting** to cater for budget shortfalls.

#### **Mwingi Town Administration**

1. That reinstate the proposed reduction of Kshs. 2.5M for **other infrastructure and civil works (Grading and slab construction along Kiberiti – Kwa Mukeni Road)** under P3 Urban and Metropolitan Development.

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

1. That drop in its entirety the balance of Kshs. 65M for **Dustless Towns** under Department of Urban Development to release funds to other pressing County priorities.
2. That reduce by Kshs. 12M the allocation for **Purchase of Software - Land Information Management System under Department of Land Registry & Adjudication & Settlement** to cater for budget deficits.

#### **County Assembly Service Board**

1. That decline the proposal by the CECM for Finance, Economic Planning and Revenue Management to reallocate Kshs. 133,042,008 from Assembly development. Section 11 of CARA, 2021 stipulates that any



unspent Assembly balances from the previous FY must be budgeted for within the Assembly budget in the subsequent Supplementary Appropriation Act. Reallocating these funds would contravene this provision which amended Section 130 of the PFM Act, 2012.

Further, it is imperative to note that the contractor for the modern office block is already on site and removing this amount may cause unnecessary costs to the County as a result of interest on delayed payments.

2. That to cater for some crucial Assembly programs, the Committee recommends the following adjustments proposed by the Acting Clerk of Assembly through a letter referenced CAK/FIN/5/1/VOL. XXXIX (26) dated 11<sup>th</sup> November, 2024;

- i. That reduce the allocation for **Transport Allowance** by Kshs. 2M.
- ii. That reduce the allocation for **County Assembly Attendance Allowance** by Kshs. 2M.
- iii. That reduce the allocation for **Contracted Professional Services** by Kshs. 2M
- iv. That reduce the allocation for **Advertisements** by Kshs. 1M.

The above reductions totaling to Kshs. 7M be reallocated as under;

- i. An additional allocation of Kshs. 6M to **Domestic Travel and Accommodation**, and
- ii. An additional allocation of Kshs. 1M to **Committees, Conferences and Seminars**.



## Minority/Dissenting report pursuant to S.O 179(5)

Mr. Speaker,

The Committee wishes to report that there was a joint dissenting opinion by Hon. Alex Mutambu Nganga and Hon. Sylvester Kitheka Munyalo on some of the recommendations made above as contained in (annex iv).

### 10.0 OTHER RECOMMENDATIONS

1. All other proposed reallocations in the County Executive and County Assembly budget unaffected by the above changes, are recommended to be adopted as submitted.
2. The Committee observed with a lot of concern that detailed information on the County pending bills and court decrees awarded was not availed to the satisfaction of the Committee. Owing to this, the Committee recommends that the County sectoral Committees should put a deliberate effort to scrutinize departmental quarterly financial statements and reports and take critical examination on the departmental pending bills. This will be prudent in establishing with accuracy the budget performance for all the County sectors and avert the common habit of spending outside the approved budget.
3. That the County should have enabling legal frameworks before allocating funds for programs to ensure proper public participation, management, control measures, inclusivity and accountability in accordance with Article 10(2) of the Cok, 2010 on national values and principles of governance.



## 11.0 CONCLUSION

**Mr. Speaker,**

The adjustments made above maintains a balanced County budget in line with Regulation 31 (c) of the PFM (County Governments) Regulations, 2015. The budget totals to Kshs. **14,840,016,748** being Kshs. **13,352,475,198** and Kshs. **1,487,541,550** for County Executive and the County Assembly budgets respectively. The budget as recommended has a total of Kshs. **5,359,989,425** and Kshs. **9,480,027,323** for Development and Recurrent Expenditures respectively. This represents 36% and 64% for Development and Recurrent budgets respectively.

The summary of recommended expenditure per program for the supplementary budget I, estimates for FY 2024/2025 therefore appears as contained in **(annex v)**.

**Mr. Speaker,**

The Committee therefore requests this House to resolve as follows;

That: -

- i. The House adopts this report;
- ii. The proposed amendments to the supplementary budget I estimates for FY 2024/2025 contained in this report be adopted; and
- iii. The recommended budget summary in **(annex v)** above becomes the basis for the Supplementary Appropriation Bill.

*Report Compiled by Mr. **Charles Nyaga** (Senior Fiscal Analyst I), Mr. **Mulandi Kavali** (First Clerk Assistant), Mr. **Chris Mwangangi** (Second Clerk Assistant) and Ms. **Margaret Muthami** (Fiscal Analyst II), Mr. **Onesmus Mbuko** (Fiscal Analyst II), and Ms. **Noryene Katheu Musyoka**, Senior Hansard Editor II.*

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## ANNEX I

### SIGNED LIST OF MEMBERS OF THE COUNTY BUDGET AND APPROPRIATIONS COMMITTEE CONFIRMING THE LEGITIMACY OF THE REPORT ON CONSIDERATION OF THE KITUI COUNTY SUPPLEMENTARY BUDGET 1, 2024/2025

We, the Honourable members of the County Budget and Appropriations Committee, do hereby affix our signatures to this report to affirm its accuracy, validity and authenticity; -

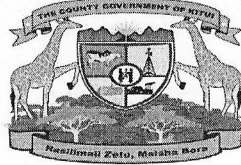
- |                                   |                   |   |
|-----------------------------------|-------------------|---|
| 1. Hon. Zacchaeus Ivutha Syengo   | -Chairperson      | .....    |
| 2. Hon. Jacquelyne Cate Kalenga   | -Vice Chairperson | .....    |
| 3. Hon. Alex Mutambu Nganga       | -Member           | .....    |
| 4. Hon. Boniface Mukwate Katula   | -Member           | .....   |
| 5. Hon. Sylvester Kithaka Munyalo | -Member           | .....   |
| 6. Hon. Malinga Munyao            | -Member           | .....  |
| 7. Hon. Kyalo Kimuli              | -Member           | .....  |
| 8. Hon. Mercy Muliwa Muema        | -Member           | .....  |
| 9. Hon. Mary Mwende Mutune        | -Member           | .....  |

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## ANNEX II

### COUNTY GOVERNMENT OF KITUI

TEL: 044-4422041, 4422304  
Email: finance@kitui.go.ke.



P.O. BOX 33 – 90200  
KITUI

### MINISTRY OF FINANCE, ECONOMIC PLANNING AND REVENUE MANAGEMENT

When replying please quote

REF NO. CGKTI/CT/FIN 1/2024-2025/I/57

8<sup>TH</sup> NOVEMBER, 2024

The Clerk

County Assembly of Kitui

P.O. Box 694 - 90200

Kitui

### **CLARIFICATIONS TO THE BUDGET COMMITTEE ON KITUI COUNTY SUPPLIMENTARY 1 BUDGET ESTIMATES FOR FY 2024/25**

Reference in made to your letter **REF CAK/5/1/VOL.XXXVIII/21** dated **5<sup>th</sup> November, 2024**, seeking clarifications on FY 2024/25 Supplementary budget 1 estimates.

Pease see our detailed explanations below:

- i. Provide a general overview of the submitted Supplementary Budget and the implementation status of the approved County Budget for the FY 2024/2025;
  - Resource Envelope: The resource envelope amounting to Kshs 14,798,390,638 Comprises of Equitable Share - 11,244,322,462, Grants – 1,111,954,976 and Revote - 1,495,093,369
  - Further, the FY 2024/2025 Supplementary budget I Estimates is formulated on the assumption that the projected Own Source Revenue will perform above the estimated amount in the Approved FY 2024/25 budget.
  - The proposed Supplementary budget I adheres to the fiscal responsibility principle under section 107 (2) of the PFMA, 2012 by allocating at least 30%.



to development and 70% to recurrent expenditure which is personal emoluments and operations & maintenance.

- In the Fiscal Year 2024/2025, the county does not intend to borrow to finance the budgets according to the County debt management strategy paper which gives guidelines in any financial borrowing.

In terms of Expenditure on approved FY 2024/25 budget, out of approved budget amounting to **Kshs 12,959,755,938** the total expenditure to-date is **Kshs 2,904,805,591 (22%)** which includes Personnel Emoluments **Kshs 2,004,959,663 (15%)**, Operations and Maintenance **Kshs 765,694,029 (6%)** and Development **Kshs 134,151,899 (1%)**.

**Table 1: Overall Absorption by Economic Classification**

<b>Economic Classification</b>	<b>Budgeted</b>	<b>Expenditure</b>	<b>% Absorption</b>
PE - Absorption	5,515,804,419	2,004,959,663	15%
O&M - Absorption	3,312,754,822	765,694,029	6%
<b>Total Recurrent - Absorption</b>	<b>8,828,559,241</b>	<b>2,770,653,692</b>	<b>21%</b>
Development - Absorption	4,131,196,697	134,151,899	1%
<b>Overall - Absorption</b>	<b>12,959,755,938</b>	<b>2,904,805,591</b>	<b>22%</b>

The following tables shows budget absorption per ministry and classification: Recurrent, Development and Overall Absorption by Economic Classification. The absorption for Recurrent Budget stands at **31%** while Development Budget Absorption is **3%**

**a. Recurrent Budget Absorption**

<b>SPENDING ENTITY</b>	<b>APPROVED</b>	<b>EXPENDITURE</b>	<b>ABSORPTION</b>
Office of The Governor	1,145,178,439	382,125,124	33%
Office of the Deputy Governor	152,905,306	25,680,452	17%
Ministry of Water and Irrigation	145,423,247	8,930,599	6%
Kitui - Ministry Of Roads, Public Works and Transport	214,290,323	1,898,694	1%
Education Training and Skills Development	956,467,773	93,638,956	10%
Health and Sanitation	3,653,497,433	1,618,870,240	44%



<b>SPENDING ENTITY</b>	<b>APPROVED</b>	<b>EXPENDITURE</b>	<b>ABSORPTION</b>
Trade Industry MSMS Innovation & Cooperatives	191,891,944	59,188,621	31%
Ministry Of Energy Environment Forestry & Natural Resources	126,041,344	8,311,464	7%
Ministry Of Culture Gender Youth ICT Sports and Social Services	137,730,924	13,086,960	10%
Ministry of Finance Economic Planning and Revenue Management	377,164,639	100,911,261	27%
Ministry of Agriculture and Livestock	367,669,257	117,825,403	32%
Ministry of Lands Housing and Urban Development	87,575,634	2,493,551	3%
County Public Service Board	66,866,658	8,895,024	13%
County Assembly	1,062,587,992	312,132,796	29%
Kitui Municipality	80,196,569	9,703,251	12%
Mwingi Town Administration	63,071,759	6,961,296	11%
<b>Grand Total</b>	<b>8,828,559,241</b>	<b>2,770,653,692</b>	<b>31%</b>

**b. Development Budget Absorption**

<b>SPENDING ENTITY</b>	<b>APPROVED</b>	<b>EXPENDITURE</b>	<b>ABSORPTION</b>
Office of The Governor	887,755,163	1,080,000	0%
Office of the Deputy Governor	41,502,808	-	0%
Ministry of Water and Irrigation	569,780,836	51,324,911	9%
Ministry Of Roads, Public Works and Transport	730,084,582	3,499,998	0%
Education Training and Skills Development	86,957,493	-	0%
Health and Sanitation	198,674,729	8,640,496	4%
Trade Industry MSMS Innovation & Cooperatives	531,349,631	46,341,443	9%

*[Handwritten signature]*



<b>SPENDING ENTITY</b>	<b>APPROVED</b>	<b>EXPENDITURE</b>	<b>ABSORPTION</b>
Ministry Of Energy Environment Forestry & Natural Resources	173,509,734	21,892,051	13%
Ministry Of Culture Gender Youth ICT Sports and Social Services	68,560,406	-	0%
Ministry of Finance Economic Planning and Revenue Management	63,125,000	1,373,000	2%
Ministry of Agriculture and Livestock	342,629,871	-	0%
Ministry of Lands Housing and Urban Development	273,943,725	-	0%
County Public Service Board	10,000,000	-	0%
County Assembly	38,042,008	-	0%
Kitui Municipality	85,461,711	-	0%
Mwingi Town Administration	29,819,000	-	0%
<b>Grand Total</b>	<b>4,131,196,697</b>	<b>134,151,899</b>	<b>3%</b>

- ii. A comprehensive report on the performance of Own Source Revenue (OSR) to date and justification for the proposed OSR target of Kshs. 988M. Further, give achievements in revenue automation from the previous budget allocations and allocations made for the same to date;

The Kitui County Own Source Revenue Performance is as follows:

**Table 2 : Kitui County Own Source revenue Performance Trend**

<b>#</b>	<b>Financial Year</b>	<b>Projected OSR - Kshs</b>	<b>Actual Collection - Kshs</b>	<b>Overall Performance - %</b>
1	2013/14	448,000,000.00	257,271,880.00	57%
2	2014/15	650,000,000.00	434,268,205.00	67%
3	2015/16	608,200,000.00	416,188,728.00	68%
4	2016/17	668,610,000.00	315,347,363.00	47%
5	2017/18	579,158,071.60	443,644,680.00	77%
6	2018/19	859,035,058.18	408,285,163.00	48%



#	Financial Year	Projected OSR - Kshs	Actual Collection - Kshs	Overall Performance - %
7	2019/20	600,000,000.00	335,122,477.00	56%
8	2020/21	600,000,000.00	326,450,311.00	54%
9	2021/22	800,000,000.00	361,271,342.00	45%
10	2022/23	400,000,000.00	464,354,468.00	116%
11	2023/24	585,000,000.00	517,049,815.00	88%
<b>12</b>	<b>2024/25***</b>	<b>600,000,000.00</b>	<b>-</b>	<b>0%</b>

\*\*\* **Projected Own Source Revenue for the Current Financial Year**

The approved Annual Budget Estimates for FY 2024/25 had projected own source revenue of **Kshs 600,000,000**. This amount has since been reviewed upwards to **Kshs. 988,645,941** in the FY 2024/25 supplementary budgets I submitted to the County Assembly. In the current Financial Year, we collected **Kshs 112,157,327** as at the end of **Quarter 1**. The breakdown is listed below:

**Table 3: performance of own source revenue as at 30<sup>th</sup> September, 2024: 1<sup>st</sup> quarter, FY 2024/25**

Ministry	Annual Target	Actual Collected as at 30/09/2024	Variance	% Achievement
Ministry of Agriculture and livestock	23,039,052.64	6,554,165.00	16,484,888	28%
Ministry of Water and Irrigation	1,623,262.06	505,000.00	1,118,262	31%
Ministry of Energy Environment, Forestry, Natural and Mineral Resources	915,379.34	46,200.00	869,179	5%
Ministry of Health and Sanitation	434,639,525.00	77,780,033.00	356,859,492	18%
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	401,394.24	79,620.00	321,774	20%
Ministry of Lands, Housing and Urban Development	41,165,814.21	4,186,941.00	36,978,873	10%
Ministry of Roads, Public Works and Transport	5,250,571.23	595,938.00	4,654,633	11%
Office of the Governor	35,875,855.33	4,424,500.00	31,451,355	12%

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<b>Ministry</b>	<b>Annual Target</b>	<b>Actual Collected as at 30/09/2024</b>	<b>Variance</b>	<b>% Achievement</b>
Ministry of Education, Training and Skills Development	0.00	0	0	0%
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	1,374,464.03	55,636.00	1,318,828	4%
Ministry of Finance, Economic Planning & Revenue Management	150,277,849.36	8,862,613.00	141,415,236	6%
Mwingi Town Administration	45,756,068.92	3,214,300.00	42,541,769	7%
Kitui Municipality	84,958,393.64	5,852,381.00	79,106,013	7%
Office of the Deputy Governor	0.00	0	0	0%
The NHIF arrears amounting to Kshs. 121,742,201 which was not remitted to the Ministry of Health and Sanitation by close of FY 2023/24	121,742,201.00		121,742,201	0%
REFUND OF UN-UTILISED PREMIUM PAID FOR UHC MEDICAL PROGRAM (Over payment during FY 2020/21 - Elders Universal Coverage - Part of the KCHIC)	41,626,110.00		41,626,110	0%
<b>GROSS - OWN SOURCE REVENUE TOTAL</b>	<b>988,645,941.00</b>	<b>112,157,327.00</b>	<b>876,488,614.00</b>	<b>11%</b>

The revised target has been necessitated by the planned implementation of own source revenue enhancement strategies such as;

- Increased own source revenue at our health facilities due to implementation of Facilities Improvement Financing Act, 2023,
- Implementation of the Kitui County River Basin Sand Utilization and Conservation Act, 2023,
- Implementation of new rates as per the valuation roll,
- Full automation of all revenue streams and;
- Enforcement of Finance Act 2024/25.



### **Achievements in revenue automation**

The County Government of Kitui began the automation journey in FY 2017/2018 through Riverbank Solution (Service Provider) by implementing Zizi revenue share model. The County Government of Kitui entered into a contract with Riverbank Solutions Ltd on 18th June 2018 for an initial period of three (3) years to develop, implement and maintain a County Revenue Collection system at a tender sum of **Kshs. 29.696,0000** as initial set up fees and further revenue commission of **6.5%** of gross collections billed per quarter subject to **clause 15.6** of the Contract Agreement. The Contract was renewed for a further three (3) years on **22nd June 2021** with a few amendments (Commission revised to 5.5%) of the original Contract.

So far, the County has made the following key milestones/ achievements on matters revenue automation:

- a) **Zizi System acquisition:** revenue share model
- b) **LAIFOMS:** currently in use for property and land rates
- c) **Payment Gateways:** MPESA Pay bills – (Main revenue- 415215, hospitals- 815815)
- d) **POS Gadgets:** Owned by Riverbank Solutions – maintenance & support
- e) **Support & Maintenance:** Riverbank System support officers on call with county visits upon request.

Worth noting is the fact that not all revenue streams are automated to date and Our Contract with Zizi expired on **23rd June, 2024** hence need to renew the contract or procure another service provider.

- iii. Status report of the County Pending Bills, clearly indicating the payable bills, project name, location, date incurred and amount. Further, elaborate why the supplementary budget has pending Bills for the Financial Year 2023/2024 instead of a revote;

The County Government after August 2022 general elections formed the Kitui County Pending Bills Review Committee (PBRC) 2022, to verify all pending bills claims. The Committee received claims totalling **Kshs. 2,560,718,639**. Out of these **Kshs. 1,431,226,010** was cleared for payment and **shs1,129,492,629** was subjected to further verification, valuation and validation by the Pending Bills Review & Advisory Team (PBRAT). The pending bills were classified as follows:

- a) **Kshs 897,594,528** being goods, services and works cleared for payment. To date, the County Government has paid **Kshs 728,685,647**. An amount of



**Kshs 92,364,521** is not payable as the claims were settled before the Pending Bills Review Committee, while **Kshs 76,544,360** is still outstanding. Therefore, for the Kshs 897,594,528 cleared by the PBRC for payment, **Kshs 821,050,168** has been paid and **Kshs 76,544,360** is outstanding.

- b) **Kshs 533,631,481** being the value of court decrees and arbitral awards cleared for payment by the committee. *The Pending Bills Review Committee recommended that the court decrees and arbitral awards be subjected to negotiation through the PBRAT, and where an agreement is reached a consent signed between the court decree holders and the County Government of Kitui be deposited with the court for it to be binding on both parties.* On the court decrees and arbitral awards, an amount of **Kshs 188,009,858** has been paid while **Kshs. 233,957,531** was saved through negotiation, leaving an outstanding balance of **Kshs 111,664,092**. In total, **Kshs 421,967,389** has been settled while **Kshs 111,664,092** remains unpaid to date.
- c) The Pending Bills Review & Advisory Team was also asked to review all the bills categorized as ineligible for payment for various reasons totalling **shs1,129,492,629**. These bills included **Kshs 71,166,334** which were bills for contractors who were in court over their dues for construction of ward offices, **Kshs 315,706,742** which were bills classified as payable subject to valuation, **Kshs 406,533,713** being ineligible for lack of adequate documentation. The PBRAT has since reviewed bills worth **Kshs 334,894,092** comprising goods, works and services and cleared for payment bills worth **Kshs 233,880,975**. The County Government has settled bills worth **Kshs 162,249,073** of the cleared bills, with **Kshs 71,631,902** outstanding to date.
- d) The committee also reviewed bills received by the PBRC but were not able to evaluate them for being time barred. A total of **Kshs 20,318,892** worth of bills were received, with bills valued at **Kshs 11,896,667** being reviewed and approved.

Overall, **Kshs 821,050,168** out of **Kshs 897,594,528** (or **91%**) has been settled for goods, works and services while **Kshs 421,967,389** out of **Kshs 533,631,481** (or **79%**) has been settled so far. The bills cleared by the PBRAT **Kshs 245,726,499**, **Kshs 162,249,073** (or **66%**) has been settled.

The Pending Bill Review and Advisory Team is still reviewing the remaining bills worth **Kshs 794,568,546** to determine if they are pay or otherwise. The outcome will affect the total amount bills payable by the county.

The table below shows a summary of payment status for pending bills





Table 4: Summary of Payment Status for Pending Bills

Category	Amount Cleared by PBRC (A)	Amount Paid to-date (B)	Outstanding Bills to-date (A-B)
goods, services and works cleared for payment	897,594,528	821,050,168	76,544,360
court decrees and arbitral awards	533,631,481	421,967,389	111,664,092
<b>Sub Total</b>	<b>1,431,226,009</b>	<b>1,243,017,557</b>	<b>188,208,452</b>
<b>Other Bills Cleared by PBRAT to-date</b>			
Bills referred to PBRAT	233,880,975	162,249,073	71,631,902
Additional Bills received and Reviewed by the PBRAT	11,896,667	0	11,896,667
<b>Sub Total</b>	<b>245,777,642</b>	<b>162,249,073</b>	<b>83,528,569</b>
<b>Grand - Total</b>	<b>1,677,003,651</b>	<b>1,405,266,630</b>	<b>271,737,021</b>

Further, from the FY 2022/23 – 2023/24, we have the following bills

Development Pending Bills	652,648,110
Recurrent Pending Bills	203,153,657
<b>TOTAL – Pending Bills</b>	<b>855,801,766</b>

- iv. The additional allocation of Kshs 100M is meant to cater for the following Court Decree awards amounting to Kshs 195.5M, which have been cleared by the County and Negotiations are ongoing with PBRAT. The unsettled court decrees are being enforced in court against the County Government of Kitui.

Table 5: Outstanding Court Decrees

No.s	Parties	Subject Matter	Amount (Without Interest)	Status
1.	Power pump Technical Company Ltd v Government of Kitui	Construction of a Slaughter house at Kabati Market	22,500,000/-	Negotiations ongoing with PBRAT



No.s	Parties	Subject Matter	Amount (Without Interest)	Status
2.	Fairplan Systems Ltd v Government of Kitui	Achitechctural and associated services for the proposed county head quarter and Kitui Central Sub-county head quarters	63,301,586.40/-	Negotiations ongoing with PBRAT
3.	Jemmina Holdings Limited V Government of Kitui	Supply, Installation and Commissioning of Tomato & Mango processing machine	25,148,750/-	Negotiations ongoing with PBRAT
4.	M M Kimuli & Co. Advocates v Government of Kitui	Taxation of advocates Bill of Costs	15,213.363/-	Appeal upheld the Assessment of the Registrar
5.	Charity Syomiti and Nziasa Mwangangi Vs. CGKTI & Phillip Isika Tito	Running down matter involving the county fire engine Motor vehicle Reg: KCE 016 D - Howo Fire Engine	10,853,999.50	Insurer engaged to challenge the decree
6.	Glenrock Company Ltd v CGKTI	Supply, Installation and Commissioning of oxygen plant machine for Kitui County Referral Hospital	29,330,000.00	Negotiations ongoing with PBRAT
7.	Faith Mawia & Another Vs. CGKTI & another	Running down matter involving a county government vehicle	3,920,160.00	Insurer engaged to settle the matter
8.	Emma Kamene Kitemange -v- Governor, County Secretary, County Government of Kitui	Employment dispute	3,671,181.00	Awaiting settlement
9.	Kinyua Musyoki & Company v CGKTI	Taxation of Advocates Bill of Costs	413,708.80	Awaiting Settlement

No.s	Parties	Subject Matter	Amount (Without Interest)	Status
10.	Blue Sea Services Ltd v CGKTI	Provision of Cleaning Services at the KCRH	6,104,640.00	Engaging MOH for a settlement
11.	Gabriel Musili Musyoka (suing as the legal representative of the estate of Musyoka Muthisya) and Six Others -Vs- County Government of Kitui & The National Land Commision.	Kyuso Stadium	15,100,000.00	Reviewing the adjudication of the land to initiate an appeal
	<b>Total</b>		<b>195,557,388.30</b>	

- v. Outstanding legal fees Ksh. 25M cleared by the Kitui County Pending Bills Review Committee, 2022.

**Table 6: Outstanding legal fees Ksh. 25M cleared by the Kitui County Pending Bills Review Committee, 2022.**

No.	Claim No.	Payee	Description	Date of Invoice	Claim Amount	Comments	Remarks
1	18C/1	Kimanthi & Associates	Kitui ELC Petition No. 12 of 2021 Francis Musyimi & Others vs County Government of Kitui & Others	25/06/2021	7,540,000.00	Instruction letter issued. Matter is ongoing. The Advocates indicated that the justification for the quoted fees was that they billed based on the Advocates Remuneration Order which takes into account among other things the value of the subject matter which was approximately Kshs. IB. County to negotiate the legal fees on the matter guided by the Advocates Remuneration Ordpr and pav t~hp advocates a dphnqit.	PAYABLE 1 SUBJECT TO NEGOTIATION



No.	Claim No.	Payee	Description	Date of Invoice	Claim Amount	Comments	Remarks
2	18C/2	Kimanthi Si Associates	Kitui ELC Petition No. 15 of 2021 Duncan Kamba & Others vs County Government of Kitui 8iOthers	29/06/2021	7,540,000.00	Instruction letter issued. Matter is ongoing. The Advocates indicated that the justification for the quoted fees was that they billed based on the Advocates Remuneration Order which takes into account among other things the value of the subject matter which was approximately Kshs. IB. County to negotiate the legal fees on the matter guided by the Advocates Remuneration Order and nav thp advnratpq a dppnqit.	PAYABLE SUBJECT TO NEGOTIATION
3	18C/3	Kimanthi & Associates	Kitui ELC Case No. 21 of 2021 Mwende Musyoki & Others vs County Government of Kitui 8<Others	19/06/2021	7,540,000.00	Instruction letter issued. Matter is ongoing. The Advocates indicated that the justification for the quoted fees was that they billed based on the Advocates Remuneration Order which takes into account among other things the value of the subject matter which was approximately Kshs. IB. County to negotiate the legal fees on the matter guided by the Advocates Remuneration Orrlpr and nav thp advnratpc; a r pnn<;ir.	PAYABLE I SUBJECT TO 1 NEGOTIATION 1
4	18C/4	Kimanthi & Associates	Nairobi ELRC No. E839 of 2021 Japheth Muthengi vs County Government of Kitui 8iOthers	27/10/2021	2,552,000.00	Instruction letter issued. Matter is ongoing. The Advocates indicated the Plaintiff has not set the matter for hearing and is likely to withdraw the matter. County to negotiate the legal fees on the matter guided by the Advocates Remuneration Order and pay the	PAYABLE SUBJECT TO NEGOTIATION

No.	Claim No.	Payee	Description	Date of Invoice	Claim Amount	Comments	Remarks
						advocates a deposit or final fee depending on how the matter proceeds.	
5	45C	Mbaluka & Co. Advocates	Kitui Chief Magistrates Court Civil Suit No. 272 of 2013 (Peter Ndung'u vs Kasomo Kisoo & County Government of Kitui	11/05/2020	1,850,270.00	Letter of instruction issued. The matter is ongoing. County to negotiate the legal fees on the matter guided by the Advocates Remuneration Order and pay the advocates a deposit.	PAYABLE 1 SUBJECT TO   NEGOTIATION 1
6	43C	Mbaluka & Co. Advocates	Kitui ELC No. 49 of 2019 Gladys Maua Musyoka Vs Kitui County Government	23/08/2019	1,850,270.00	Instruction letter issued. The matter is ongoing. No explanation on the increase of fees from the initial request for Kshs. 159,580/-. County to negotiate the legal fees on the matter guided by the Advocates Remuneration Order and pay the advocates a deposit.	PAYABLE j SUBJECT TO NEGOTIATION
7	217	MCM Advocates	Payment for legal fees for MCM Advocates for preparation of Kitui County Development Control Bill	28/01/2019	1,740,000.00	Instruction letter issued. A copy of the Kitui County Development Control Bill was availed. No LPO provided. County should negotiate the legal fees payable.	PAYABLE SUBJECT TO   NEGOTIATION
8	455/1	MSK & Co. Advocates	ELC Case No. E001 OF 2021 William Nyamai, Joshua Mutika and Others Vs South Eastern University College and County Government of Kenya-----	11/02/2021	2,900,000.00	Instruction Letter issued. The matter is ongoing and the County should negotiate the fees guided by the Advocates Remuneration Order. County can make payment of a deposit for the matter.	PAYABLE SUBJECT TO NEGOTIATION
9	455/2	MSK & Co. Advocates	Kitui Chief Magistrates Court Civil Suit No. 318 of 2021 Marcus Pharmacy vs Board of Management Kitui	11/02/2021	800,000.00	Instruction Letter issued. The matter is ongoing and the County should negotiate the fees guided by the Advocates Remuneration Order. County can make	PAYABLE SUBJECT TO NEGOTIATION





No.	Claim No.	Payee	Description	Date of Invoice	Claim Amount	Comments	Remarks
			Municipality & County Government of Kitui			payment of a deposit for the matter.	
10	116B/1	Nyamu & Nyamu Co. Advocates	ELC Case No. 200 of 2018 (O.S) Machakos (Mwene Munda Welfare Vs Kitui County Government of Kenya, B2 Yatta Ranching Cooperative Society Limited')	13/11/2020	1,870,000.00	Instruction Letter issued. The matter was moved to another advocate. The legal fees are due and the County should negotiate the fees guided by the Advocates Remuneration Order and settle.	PAYABLE SUBJECT TO NEGOTIATION
11	116B/2	Nyamu & Nyamu Co. Advocates	ELC Case No. 19 of 2019 (Kitui) (Nzomo Mbingu, George Njoroge, Winnie A.F.Kariuki Vs Commisioner General of Prisons& Joshua Mutiso	13/11/2020	600,000.00	Instruction Letter issued. The matter is ongoing. The legal fees are due and the County should negotiate the fees guided by the Advocates Remuneration Order and pay a deposit.	PAYABLE SUBJECT TO NEGOTIATION
12	116B/3	Nyamu & Nyamu Co. Advocates	Kitui High Court Constitutional Petition No. 2 of 2020 Alvin Mutua a minor suing through next friend Ngina Mutua & Others Vs. Kitui County Government & Others	13/11/2020	1,650,000.00	The matter is ongoing. The legal fees are due and the County should negotiate the fees guided by the Advocates Remuneration Order and pay a deposit. A copy of the instruction letter should be provided prior to payment.	PAYABLE SUBJECT TO NEGOTIATION
<b>TOTAL</b>					<b>38,432,540.00</b>		

vi) Justification for additional allocation of Kshs.21,951,042 for construction of building under Office of the Governor instead of utilizing the available revote from FY 2023/2024 of Kshs. 54,111,004;

The additional allocation of **Kshs 76,062,044** {21,951,042 + 54,111,004 = **76,062,044**} is meant to cater for pending bills/ outstanding commitments on ward

offices **Kshs 20,631,106.00** and police stations **Kshs 55,430,938.00** as tabulated below:

**LIST OF CREDITORS AS AT 30<sup>TH</sup> JUNE, 2024**

**Table 7: Pending Bills/ Outstanding Commitments on ward offices**

S/No	Name of supplier	Description of work done	Ward	LPO/LSO Contract No.	Date of the LPO/LSO	LPO/LSO amount	Scope of work done (%)	Amount paid	Balance (outstanding pending bills amount as of 30 <sup>th</sup> June 2024 (ksh.))
1.	Datih enterprises ltd	Construction of zombe/mwitika ward administrator's office	Zombe	3812	24/4/2024	3,382,348	80%	N/A	1,954,346.40
2.	Amac Technologies Kenya Ltd	Construction of kyome/thaana ward administrator's office	kyome	3782	9/4/2024	2,652,520	100%	N/A	2,652,520.00
3.	Kishkumu enterprises ltd	Construction of mutitu/kaliku ward administrator's office	mutitu	3809	21/4/2024	1,170,428.40	100%	N/A	1,170,428.40
4.	Times to Shine	Completion of Ward Administration Office at Muumoni Ward	Muumoni	3933	30/05/2024	4,765,180.00	30%	N/A	4,765,180.00
5.	Rhojo Works limited	Completion of Ward Administration Office at Mutonguni Ward	Mutonguni	3988	21/06/2024	5,598,850.00	20%	N/A	5,598,850.00
6.	Times to shine	Completion of Ward Administration Office at Ikanga/ Kyatune Ward	Ikanga/ Kyatune	2905	30/06/2023	2,999,610.00	95%	2,520,928.50	478,682.00
7.	Datih enterprises	Completion of Ward Administration	Zombe /Mwitika	3812	24/04/2024	3,383,348.80	98%	1,954,346.40	1,429,002.40



S/No	Name of supplier	Description of work done	Ward	LPO/LSO Contract No.	Date of the LPO/LSO	LPO/LSO amount	Scope of work done (%)	Amount paid	Balance (outstanding pending bills amount as of 30 <sup>th</sup> June 2024 (ksh.))
		Office Zombe phase 11 ward							
8.	Kishkum	Completion of Ward Administration Office Mutitu / Kaliku ward	Mutitu / Kaliku	3809	24/04/2024	2,734,000.00	70%	1,170,428.40	1,563,571.60
9.	Makwo Enterprises	Completion of Ward Administration office at Zombe/Mwitika	Zombe/Mwitika	2827	26/06/2023	1,856,196.00	100%	1,717,670.00	138,526.00
10.	Nicholus Wambua	Purchase of Kyangwithya ward office land	Kyangwithya			880,000	100%		880,000
		<b>Total</b>							<b>20,631,106.8</b>

**Table 8: Pending Bills / Outstanding Commitments on police stations**

SNo	Name of supplier	Description of work done	Ward	LPO/LSO Contract No.	Date of the LPO/LSO	LPO/LSO amount	Scope of work done (%)	Amount paid	Balance (outstanding pending bills amount as of 30 <sup>th</sup> June 2024 (ksh.))
1.	Jumucha Enterprises	Installation of Solar Lighting Imuumba	Voo/Kyamatu	3437	8/02/2024	1,475,600.00	20%	N/A	1,475,600.00
2.	Young Rays	Additional works Imuumba	Voo/Kyamatu	3800	19/04/2024	617,000.00	50%	N/A	617,000.00
3.	Endu constructors and construction limited company	Construction of Junior Staff quarters A at Twambui	Endau/ Malalani	3465	22/02/2024	4,207,757.00	10%	N/A	4,207,757.00
4.	Hesuma contractors ltd	Chain ling fencing and sentry at mandongoi police station	ngomeni	3460	15/2/2024	2,800,050	100%	N/A	2,800,050.00
5.	Mutwesee construction and supplies ltd	Construction of junior staff quarters at mandongoi police station	Ngomeni	3757	6/4/2024	4,150,000	100%	N/A	4,150,000.00
6.	M/S Trakim Solutions	Installation of Solar Lighting at Twambui	Endau/ Malalani	3439	07/07/2024	1,470,024.97	20%	N/A	1,470,024.97



SNo	Name of supplier	Description of work done	Ward	LPO/LSO Contract No.	Date of the LPO/LSO	LPO/LSO amount	Scope of work done (%)	Amount paid	Balance (outstanding pending bills amount as of 30 <sup>th</sup> June 2024 (ksh.))
7.	Sanka Ventures	Construction of Administration Block at Twambui	Endau/ Malalani	3977	02/07/2024	10,783,225.44	10%	N/A	10,783,225.44
8.	Nuraya Enterprises	Installation of Solar Lighting at Mandongoi	Ngomeni	3464	21/02/2024	2,029,773.16	95%	N/A	2,029,773.16
9.	Mutel Construction limited	Construction of Pit latrine at Katumba	Nguni	3468	22/02/2024	1,186,961.00	0%	N/A	1,186,961.00
10.	M/S Mwola Concrete Construction limited	Construction of Junior Staff Quarters A at Katumba	Nguni	3438	07/02/2024	4,228,176.00	0%	N/A	4,228,176.00
11.	Sanka Hardware and tools limited	Construction of Administration Block at Katumba	Nguni	3470	23/02/2024	11,420,205.00	0%	N/A	11,420,205.00
12.	Kawaego	Construction of Pit Latrine at Imuumba Police Station	Voo/Kyamatu	3471	21/06/2023	1,190,125.45	20%	N/A	1,190,125.45
13.	Mweka ventures	Construction of Deputy O.C.S staff quarters at Twambui	Endau/ Malalani	2943	30/06/2023	2,735,000.00	20%	N/A	2,735,000.00
14.	Kibo Kilimanjaro	Construction of Police Station Block at Imuumba	Voo/Kyamatu	2786	21/06/2023	10,996,713.00	30%	4,274,669.60	6,722,043.4
15.	Mutwesee construction and supplies limkited	Construction of Junior Staff quarters A at Mandongoi	Ngomeni	3767	05/04/2024	4,229,757.50	98%	4,150,000	79,757.50
16.	Sukwa	Construction of Police Station Block at Kona Kaliti	Mutha	2797	21/12/2023	11,161,005.00	100%	10,825,765	335,240.00
<b>Total</b>									<b>55,430,938.92</b>

vii) Which police stations' construction shall be affected by the proposed reduction of Kshs. 22M; the project was a priority to the County what could have caused the change in priority?

The **Katumba police station** will be affected by the reduction of Kshs 22M due to the fact that the region has ongoing conflict hindering the contractors to execute their services.



viii) Justification for proposed reduction in the allocation made for Cluster irrigations by **Kshs. 20M**; share with the Committee details (itemized) on the projects implemented under the budget item and those that may not be implemented owing to the proposed reduction;

The department of Irrigation has been allocated **Ksh. 120 million** for Other Infrastructure and Civil Works (Construction of 120 sand dams - 3 per ward for irrigation) and **Ksh. 30,151,840** Construction of Cluster irrigation projects. The total allocation of **Ksh. 150 million** will go a long way in expanding the area under irrigated agriculture. The Ministry will provide additional information in due course. Further, the proposed reduction of Kshs 20M for Cluster irrigation projects is meant to cater for other emerging priorities in the Ministry of Health and Sanitation.

The details on the projects implemented under Construction of Sand Dams will be submitted to the Committee in due course. The public Participation on Sand Dams held on 29<sup>th</sup> October, 2024 proposed the sand dams from each ward and the Ministry is currently consolidating the list from all the 40 wards.

ix. Justification for the proposed budgetary reduction under the department of Water when county citizenry requires more water supplies and connections; this is against the consultative meeting in Mombasa. Further, share with the Committee itemized projects to be undertaken under the Ministry with the current budget allocation;

The proposed reduction of Kshs 5 million for Cash For Assets (CFA) Water pipeline extensions is meant to cater for emerging priorities under the Ministry of Health and Sanitation. The current allocation of **Kshs 299.8 million** will construct water structures (Earth Dams, Boreholes – Drilling, Equipping & Solarization and Sump wells). During the FY 2023/24, the Ministry constructed several such water structures in various wards. Additionally, the Ministry of Energy, Environment, Forestry, Natural & Mineral Resources under FLoCCA will be constructing several water structures across the wards to boost access to water. The itemised projects to be undertaken under the department of water is as listed below:

**Table 9: List of Development budget Breakdown for Water Department**

#	Name of Water Project	Location - Ward
	<b>Boreholes Drilling</b>	
1	Drilling of Katuka Primary Sch borehole	Muumoni
2	Kanyunyi BH drilling and equipping	Ngomeni





#	Name of Water Project	Location - Ward
3	Gatoroni borehole drilling	Tharaka
4	Drilling of Mwingi Resource Centre BH	Kivou
5	Drilling of Kithumula BH	Nguni
6	Drilling of Syungii replacement Borehole	Mwingi Central
7	Ngegekani borehole drilling	Kauwi
8	Drilling of Kithumula Sec Sch BH	Kithumula/Kwa Mutonga
9	Drilling of Tanganyika area BH	Yatta/Kwa Vonza
10	Drilling of Kilamba BH	Mbitini
11	Drilling of Nyekini Primary BH	Kyangwithya East
12	Drilling of Kaluasi BH	Voo/Kyamatu
13	Drilling of Chuluni Girls Sec BH	Chuluni
14	Drilling of Manyoeni BH	Mutitu/Kaliku
15	Drilling of Ithangathi borehole	Zombe/Mwitika
16	Drilling of Kathithu BH	Ikanga/Kyatune
17	Drilling of Senda BH	Athi
18	Drilling of Syomithumo BH	Mutomo/Kibwea
19	Drilling of Mulango Technical college borehole	Mulango
20	Drilling of Tiva Dispensary borehole	Kyangwithya West
<b>Boreholes Equipping</b>		
1	Kyuso level IV Borehole Equipping	Kyuso
2	Equipping of Katumbi Sec sch BH	Tseikuru
3	Nuu Sec Sch Borehole Equipping	Nuu
4	Equipping of Waita Sec Sch BH	Waita
5	Equipping of Mumbuni/Katalwa BH	Migwani
6	Kalinditi primary sch BH Equipping	Kauwi
7	Equipping of Nyuani pri sch BH	Mutonguni
8	Equipping of Kauma Boys BH	Matinyani
9	Equipping of Kwa Nganya BH	Mbitini
10	Equipping of Kaunguni BH	Kisasi
11	Equipping of Kanyangi pri sch BH	Kanyangi
12	Equipping of Wii Catholic Church BH	Mulango
13	Equipping of Usiani BH	Miambani
14	Equipping of St. Patricks Mutuni BH	Kyangwithya East
15	Equipping of Itoleka BH	Kyangwithya West
16	Kavalula BH equipping	Nzambani
17	Equipping of Bondeni BH	Voo/Kyamatu
18	Equipping of Mutitu Girls Sec sch BH	Mutitu/Kaliku
19	Equipping of Kasunguni BH	Zombe/Mwitika
20	Equipping of Myaani II BH	Athi
<b>Boreholes Solarization</b>		



#	Name of Water Project	Location - Ward
1	Solarization of Ndathani BH	Kyuso
2	Solarization of Wangwui BH	Mui
3	Solarization of ABC Nzatani BH	Migwani
4	Kyanda BH solarization	Kyome/Thaana
5	Solarization of Itheng'eli BH	Migwani
6	Solarization of Kakeani Mixed Sec BH	Mutonguni
7	Solarization of Syamatani BH	Kanziko
8	Solarization of Mutukya borehole	Miambani
9	Solarization of Mutune BH	Ikutha
10	Solarization of Kasakini borehole	Kauwi

Sump Wells Water Supplies		
1	Gankanga Sumpwell Water Supply	Tharaka
2	Kaki - Mui Sumpwell Water Supply	Mui
3	Thaana - Wikithuki - Wimbondo Sumpwell water supply	Kiomo/Kyethani
4	Kaayo - Kwa Mulungu/Kalindilo Sumpwell Water Supply	Kithumula/Kwa Mutonga
5	Tiva - Kilawani Sumpwell Water Supply	Kyangwithya West
6	Tiva - Kalala Sumpwell Water Supply	Kisasi
7	Ngomano - Mwitika Market Sumpwell Water Supply	Zombe/Mwitika
8	Muvuko - Kyanyaa - Mwanianga Sumpwell Water Supply	Kanziko

Earth Dams		
1	Repair of Kwa Mbiti earth dam	Tseikuru
2	Desilting of Kalange Earthdam	Kivou
3	Desilting of Kangii Earthdam	Mui
4	Desilting of Kathanze Earthdam	Nuu
5	Desilting of Mutohya Earthdam	Nguutani
6	Desilting of Itumani Earthdam	Mutonguni
7	Desilting of Kwa Musyoka Malonza Earthdam	Kithumula/Kwa Mutonga
8	Desilting of Masimbani Earth Dam	Yatta/Kwa Vonza
9	Desilting of Kwa Tabitha Earth Dam	Kanyangi
10	Desilting of Winzyeei earth dam	Kyome/Thaana
11	Desilting of Mwalali earth dam	Mbitini
12	Spillway improvement for Kyoani earth dam phase 1	Ikutha
13	Construction of Yambuu sand dam	Mulango
14	Desilting of Kivondo earth dam	Nzambani
15	Desilting of Kaloyo Earthdam	Ikanga/Kyatune



x) Justification for the proposed reduction of Kshs. 2,749,861 from the allocation other infrastructure and civil works- Face lifting of existing VTCs. Enlist the projects to be affected by the proposed reduction;

This reduction is to cater for emerging priorities in the Ministry of Health and Sanitation. The budgetary amount of **Ksh. 16,851,346** will be used for facelifting our VTCs this financial year. The allocations for facelifting VTCs will continue in subsequent financial years.

xi) Reasons for the proposed reduction by Kshs. 20 million the allocation for Pro-poor programme which has immense benefit to the Kitui citizenry.

Indeed, the Pro-poor programme has vast benefit to the Kitui Citizenry in terms of provision of bursaries to needy students in our wards. However, we propose to reduce the initial allocation of **Kshs 120 million** by **Kshs 20 million** pave way for increased allocation to cater for critical services dearly needed by our people, such as supply of drugs and boosting the staff complement in all our health facilities and construction of health facilities in the **34** village units which currently have no operational health facilities. The remaining Kshs. 100 million will be used under the programme.

xii) Reasons for reducing the budget for the Ministry of Roads, Public Works and Transport while it was expected to increase as agreed between the two arms of Government during the consultative meeting in Mombasa

It is worthy noting that all **critical allocations towards grading, dozing, in-house grading and purchase of a grader** in the Ministry of Roads did not suffer any budget reductions. The reduction of **Kshs 13.375M** on CFA was meant to cater for emerging priorities under the Ministry of Health and Sanitation. Please see below a brief overview where **Ksh. 238.829 million** is allocated to the Ministry from Equitable share.

**Table 10: Key Budgetary Allocations for Roads Department**

Item Description	Budget Estimates 2024/25	Supplementary I Budget 2024/25	Change
Major Roads (Roads construction works and maintenance of box culverts, drifts,	28,600,000	28,600,000	-



Item Description	Budget Estimates 2024/25	Supplementary I Budget 2024/25	Change
gravelling, concrete slabs, gabions) - 1No. project per Ward and/ or crosscutting two ore more wards			
Construction of Roads - ( Road widening and Dozing works.) - New - 10kms per Ward translating to 200kms in the County	43,200,000	43,200,000	-
Construction of Roads - ( Road widening works.) - Cash For Assets (CFA) Programme - Bush and Road Clearance	40,000,000	26,625,000	(13,375,000)
Major Roads ( - Outstanding Commitments for Budgeted Works/ Services Done, Valued and Not Paid by Close of FY 2023/24 - Outstanding commitments for FY 2023-24)	29,161,270	32,319,039	3,157,769
Boda Boda Sector - - Outstanding Commitments for Budgeted Works/ Services Done, Valued and Not Paid by Close of FY 2023/24	1,322,462	4,913,576	3,591,114
Access Roads (Fuel, maintenance of plant and machinery)-In-house grading 2,400km - 60km per Ward)	68,172,000	68,172,000	-
Purchase of various Mechanical and other relevant equipment - Purchase of 1No. Heavy Plant Machinery (1 Grader)	35,000,000	35,000,000	-
<b>Total</b>	<b>245,455,732</b>	<b>238,829,615</b>	<b>-6,626,117</b>

xiii. What is the current status for the Road Maintenance Levy Fund (RMLF) allocation of Kshs. 445M that has been allocated to support roads in the current Financial Year;

The High Court suspended implementation of **Kshs 10,552,211,853** Road Maintenance Levy Fund (RMLF) allocation to Counties pending the determination of a case filed by the Council of Governors challenging the use of the money by Kenya Roads Boards to build roads in Counties. At the same time, the court also suspended the National Assembly's **August 13, 2024** resolution to drop county governments as beneficiaries of **Kshs 10,552,211,853** from the Roads Maintenance Levy Fund (RMLF) in the **FY 2024/2025**.

To-date the High Court has extended an order freezing the disbursement of **Ksh 10.5 billion** from the Roads Maintenance Levy Fund , pending the determination of a petition filed by the Council of Governors (CoG). The court pushed the case to March31, 2025 when parties will highlight their submissions and get a judgement date.





This has affected the status for our County Roads because Kitui County had initially appropriated **Kshs 445,098,850** in the approved FY 2024/25 Budget Estimates. Going forward, besides the allocation for RMLF, we have allocated **Kshs 238,829,615** from Equitable Share for the following activities:-

- Road's construction works and maintenance of box culverts, drifts, gravelling, concrete slabs, gabions - 1No. project per Ward and/ or crosscutting two or more wards **Kshs 28,600,000**
- Road widening and Dozing works - New - **10kms** per Ward translating to **200kms** in the County **Kshs 43,200,000**
- Cash For Assets (CFA) Programme - Bush and Road Clearance **Kshs 26,625,000**
- Major Roads (-Outstanding Commitments for Budgeted Works/ Services Done, Valued and Not Paid by Close of FY 2023/24 - Outstanding commitments for FY 2023-24) **Kshs 37,232,615.00 {32,319,039 + 4,913,576}**
- Fuel, maintenance of plant and machinery)-In-house grading 2,400km - 60km per Ward) **Kshs 68,172,000**
- Purchase of 1No. Heavy Plant Machinery (1 Grader) **Kshs 35,000,000.**

xiv. Justification for the proposed reduction of the allocation of Kshs. 7.6M for PWDs assistive devices;

This was made to cater for emerging priorities under the Ministry of Health and Sanitation. The allocation of Ksh. 4,932,900 will be used to procure and distribute Assistive Devices for PWDs.

xv) Justification for the proposed reduction of **Ksh. 45 m** from the allocation earmarked for the dustless programme. Which ward will lose the project as a result of the reduction?

The Ministry of Lands Housing and Urban Development in line with the Kitui Promise on Urban Development budgeted for the dustless program in the current Financial Year, 2024/2025. The initial plan was to improve urban roads in Kyusyani and Migwani urban areas to bitumen/dustless standards so as to make the urban environment more liable. The rationale for choosing the two urban areas is that the two are the only Sub County Headquarters in the County that have not benefitted from the program previously.

Due to reduction in the equitable share allocation to Kitui County and the competing priorities in different sectors such as health, water, roads etc., the budget for the program was agreed to be reduced from One Hundred and Ten



Million (Ksh. 110m) to Sixty-Five Million Kenya Shillings (Ksh. 65m) in Supplementary Budget I. In the foregoing, the Ministry shall utilise the available funds to improve roads in the two urban areas to the best extent possible while ensuring that both urban areas get a share of the allocation.

xvi. Share with the Committee the works done for all the projects undertaken in the Department of Health that require additional allocation in this supplementary budget; e.g. Nzamba Kitonga Memorial Hospital;

There are no projects undertaken in the department of Health and Sanitation which require additional funding in the FY 2024/2025 supplementary I budget. However, following the court decree to pay Rene industries Ltd **Ksh 53,017,765** for the construction of a storeyed maternity unit at Kitui County referral Hospital done in **FY 2017/2018**, the following projects were de-committed to free the said amount as tabulated below.

S/No.	Project	Cost
1	Proposed construction of renal unit at KCRH	21,857,768
2	Proposed construction of gate and fencing at Nzamba Kitonga Memorial Hospital	18,221,980
3	Proposed construction of Kitoo dispensary	4,958,950
4	Proposed completion of Mutomo outpatient block	8,411,790
	<b>Total</b>	<b>53,450,488</b>

xvii. Why is the Department of Health seeking additional allocations to some projects for pending bills instead of utilizing the revote from the previous FY 2023/2024;

a) the last FY 2023/2024 there was a court order to pay Kshs.53,017,765.00 to Rene Industries Limited following a court consent. The County Ministry of Health and Sanitation therefore had to de-commit some projects which had already been awarded and construction ongoing resulting to pending bills. This has necessitated the need to seek additional allocation for the affected projects.

***See attached***





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for recurrent expenditure and additional **Kshs 140,596,663** was revoted for car loan and mortgage facility as per **Section 11** of **CARA 2021**.

Besides the Assembly's allocation as per **CARA, 2023**, the **County Executive** allocated **Kshs 229,058,553** from **its** share of budget for Construction of County Assembly's Office Block **Kshs 190,558,553**, Speakers Residence - 35,000,000 and Fencing for the County Assembly **Kshs 3,500,000**. Out of the development budget allocation the balance at the closure of the financial year was **Kshs 202,858,553**.

During the Mombasa retreat between the County Executive and County Assembly in October 2024, we issued a joint communique and agreed we postpone some non-core projects to allocate an adequate budget for the health sector.

Further, **Kshs 190.558M** allocation for Construction of Assembly's Office Block has been revoted for three consecutive financial years; i.e., FYs 2022/23, 2023/24 and 2024/25. Again, in terms of absorption, we have tasked our technical officers/ engineers to establish the amount that can be absorbed in Construction of Assembly's Office Block in the current Financial Year. The engineers have confirmed that the County Assembly can only utilize a maximum amount of **Kshs 86,997,555** in the current Financial Year. *Article 201 (d) of the Constitution of Kenya states that public money shall be used in a prudent and responsible way;* huge amount of public money which cannot be absorbed in the fiscal year contravenes the Constitution. In addition, the County Assembly's Office Block is a multi-year project and will be allocated additional budgets in the subsequent years.

Therefore, it would be prudent to free **Kshs 100M** for construction of County Assembly's Office Block to provide adequate funding for operationalization of **34 health facilities** in our wards, procure drugs to ensure constant supply of the commodity in our hospitals



- xx) Give a detailed explanation of the additional proposed allocation of Kshs. 24.6M – other operating expenses – Kitui Data Collection and Enhancement of Service Delivery

The County Executive Committee sitting on Friday, 13<sup>th</sup> September, 2024, looked at the County Own Source Revenue (OSR) performance for FY2023/24, as part of discussions on Finance Bill, 2024. The County collected (on cash basis reporting) **Kshs. 517 million** against a target of **Kshs. 585 million**. Another **Kshs. 121 million** was reported to be owed by the National Health Insurance Fund (NHIF), and **Kshs. 8 million** for Public Health revenue not swiped to the County Revenue Fund account totaling to revenue mobilized on accrual basis as **Kshs. 646 million**.

The total revenue collection in FY 2023/24 represents **40.29%** of the **Kshs. 1.603 billion** revenue potential unveiled by the *Comprehensive Own Source Revenue (OSR) Potential and Tax Gap Study of County Governments*, conducted by the Commission on Revenue Allocation (CRA) with support from the World Bank, in 2022.

Based on the above revenue reality, the County Executive Committee decided to explore ways to optimize revenue performance. This will be guided by an evidence-based revenue forecasting emanating from a Geographic Information Systems (GIS)-based mapping of all business premises within the County. To this end, a Revenue Streams Data Collection Team was established to come up with data on all revenue streams aimed at optimizing revenue performance

The primary purpose of the Data Collection exercise is to ensure efficient and coordinated collection, analysis, and reporting of data related to various government revenue streams. This includes improving transparency, optimizing revenue collection processes, and facilitating data-driven decision-making.

**The following are Planned Activities for data collection exercise (10<sup>th</sup> October – 30<sup>th</sup> November, 2024)**

- a) Customization of data collection tools – The Kobo collect App has been identified as ideal and the first roll-out will be ready by 16<sup>th</sup> October, 2024. The tool will speak to the Revenue Management System (ZIZI) and will be as comprehensive as possible (including capturing respective enumerator ID) and will make references to the County Finance Act.
- b) Business Mapping – Phase One of data collection for business mapping will cover Kitui and Mwingi municipalities. This is planned to take two weeks. This will be undertaken by about 100 enumerators. This estimate of the number of enumerators is informed by the 2-weeks Single Business Permit (SBP) mapping



- activity conducted in 2022 by Kitui Municipality where 25 enumerators were involved. They will have identifier materials like name tags and reflector jackets.
- c) Media sensitization on the planned business mapping. This will involve radio talk-shows as well as sit-downs with the respective Chamber of commerce chapters.

xxi) Any other information in support of the submitted Kitui County Supplementary Budget I Estimates for the FY 2024-2025.

The ongoing public debt crisis has forced many of us to re-evaluate our financial priorities. In this regard, let me reiterate that we must be responsible stewards of the resources entrusted to us, ensuring that every shilling is spent prudently to the benefit of our people. This budget deficit calls for austerity measures including **postponement of some non-core projects** and **prioritization of programmes**.

Thank You

Peter Mwikya Kilonzo  
County Executive Committee Member  
Finance, Economic Planning and Revenue Management

Copy to:

**H.E. The Governor**  
**Ag. County Secretary**

