

COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY

SECOND ASSEMBLY – (SECOND SESSION)

THE BUDGET AND APPROPRIATIONS COMMITTEE

**REPORT ON CONSIDERATION OF
THE KITUI COUNTY BUDGET ESTIMATES FOR
THE FINANCIAL YEAR
2018/2019**

CLERK OF ASSEMBLY CHAMBERS

P. O BOX 694

KITUI

JUNE, 2018

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
CARA	County Allocation of Revenue Act
CASB	County Assembly Service Board
CEC	County Executive Committee
CFSP	County Fiscal Strategy Paper
CHVs	Community Health Volunteers
CIDP	County Integrated Development Plan
CLIDP	Community Level Infrastructure Development Programme
CoK	Constitution of Kenya
CRA	Commission on Revenue Allocation
DANIDA	Danish International Development Agency
ECDE	Early Childhood Development
HMIS	Health Management Information System
ICT	Information Communication Technology
LIUD	Lands Infrastructure and Urban Development
NARIGP	National Agricultural and Rural Inclusive Growth
NGOs	Non-Governmental Organizations
PFM	Public Finance Management
PLWDs	People Living With Disabilities Project
UHC	Universal Health Care

1.0 PREAMBLE

Mr. Speaker,

Every County Government shall prepare and adopt its own Annual Budget and an Appropriation Bill in the form and according to the procedure prescribed in an Act of Parliament as envisaged in Article 224 of the Constitution of Kenya (CoK), 2010.

Accordingly, in the spirit and as contemplated above, the County Governments are specifically guided by Part 4 (four) of the Public Finance Management Act, (PFM) Act, 2012 that touches on County Governments' Responsibilities with respect to Management and Control of Public Finance.

Mr. Speaker,

The CoK, 2010 and the PFM Act, 2012 has both placed significant responsibilities on the County Assemblies as relates to financial management in particular regarding to resource mobilization, allocation, monitoring and control. Section 130 and 131 of the PFM Act, 2012 bestows the fundamental responsibility of the budget approval and the relevant appropriations law to the County Assemblies.

Emphatically, Section 131 (1&2) of PFM Act, 2012 inter alia provides that;

- (i) *“the County Assembly shall consider the County Government Budget Estimates with a view to approving them, with or without amendments in time for the relevant appropriation law and any other laws required to implement the budget to be passed by the 30th June, in each year.*

(ii) before the County Assembly considers the estimates of revenue and expenditure, the relevant Committee of the County Assembly shall discuss and review the estimates and make recommendations to the County Assembly”

In the consequence therefore, the County Budget Estimates for the financial year 2018/2019 was submitted, laid and committed to the Committee on Budget and Appropriations for consideration and approval by the Assembly.

Mr. Speaker,

Standing Order 206 (5) provides that, the Budget and Appropriation Committee shall discuss and review the Estimates and make recommendations to the County Assembly, taking into account the recommendations of the sectoral committees, the views of the County Executive Committee (CEC) Member for Finance and Economic Planning and the public. Therefore, to consider these estimates, the County Assembly will majorly be guided by above and other relevant provisions as outlined in the PFM Act, 2012 and the County Assembly Standing Orders which also borrows directly from the PFM Act, 2012 on the part of public finances.

Pursuant to the above provisions and upon laying and subsequent Committal of the budget estimates 2018/2019, the County Assembly engaged the Sectoral Committees from 12th to 18th June, 2018 at Mwingi Cottage Hotels, conducted public participation in line with Article 196 and 201 of the CoK, 2010, Section 131 (2) of the PFM Act, 2012 and the County Assembly Standing Orders.

The public participation exercise was undertaken in five designated places as placed in an advert in the local electronic and print media on 13th June, 2018

this being Kitui Town at Multipurpose Hall (for Kitui Central, Kitui West, Kitui Rural Sub Counties), Mwingi Town at Mwingi Resource Centres (for Mwingi Central and Mwingi West Sub Counties), Zombe at Zombe African Inland Church (for Kitui East Sub County), Mutomo at Mutomo Chiefs Camp (for Kitui South sub County) and Kyuso at Kyuso Market Shed (for Mwingi North Sub County).

During this exercises, the Committee was able to obtain the Sectoral Committees' recommendations pursuant to Standing Order 190 (5), views from the members of the public and opinion from the CEC Member, County Treasury which forms part of basis for the recommendations of this report.

2.0 ESTABLISHMENT AND COMPOSITION OF THE COMMITTEE

Mr. Speaker,

The Budget and Appropriations committee is established under the provisions of Standing Order 186 which also spells the mandate and the functions of the Committee. As currently constituted, the committee comprises of the following Members;

Hon. Boniface Kilaa	Chairperson
Hon. Baridi Felix Daudi Mbevo	Vice Chairperson
Hon. Esther Kalunda Ndile	Member
Hon. Mary K. Philip	”
Hon. Philip Nguli	”
Hon. Annastacia Mwathi Mutunga	”
Hon. Nzomo Mwalali	”
Hon. Mary P. Ndumbu	”
James Munuve	”

2.2 Committee's Mandate

Mr. Speaker,

Standing Order 186 (3) outlines the roles of the Committee on Budget and Appropriations as to inter alia:-

- i. Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget.*
- ii. Discuss and review the estimates and make recommendations to the Assembly.*

3.0 BACKGROUND

Mr. Speaker,

Section 129 of the PFM Act, 2012 inter alia provides that;

'Following approval by the County Executive Committee, the County Executive Member for Finance shall-

Submit to the County Assembly the budget estimates, supporting documents, and any other Bills required to implement the budget except the Finance Bill, by the 30th April in that year ...'

In adherence to the above provisions of law, the CEC Member, County Treasury and the Clerk of Assembly on 30th April, 2018 submitted to the County Assembly the Budget Estimates for the financial year 2018/2019 for consideration by the Assembly.

Mr. Speaker,

Upon submission, the Budget was laid on the Table of the Assembly on 17th May, 2018 pursuant to the provisions of Standing Order 206 and subsequently committed to the Committee on Budget and Appropriations for public participation and consideration by the Sectoral Committees as indicated above in this report.

To consider these estimates therefore, the Committee retreated to Pride Inn Hotel for eight days with effect 20th to 27th June, 2018 during which the committee consolidated the above views as stipulated in Standing Order 206 and came up with this report for tabling in the Assembly.

4.0 ACKNOWLEDGEMENT

Mr. Speaker,

The Committee on Budget and Appropriations extends its gratitude to the Office of the Speaker of the Assembly and that of the Clerk of the Assembly for the unmeasured guidance and the necessary logistical support in this exercise. Of significance to note is the Committee members' commitment and the tireless effort to ensure that the task is completed within the shortest period in endeavor to adhere to the statutory timelines for approval of the budget by 30th June, as envisaged in Section 131(1) of the PFM Act, 2012.

Finally the committee is indebted to the staff from the Executive and the County Assembly who offered the technical support despite the short notice and the service to the Committee in successively compiling of this report.

Mr. Speaker,

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

Hon. Boniface Kila Kasina
Chairperson
Committee on Budget and Appropriations Committee

5.0 THE COUNTY BUDGET ESTIMATES FOR FINANCIAL YEAR 2018/2019

Mr. Speaker,

This is the sixth County Annual Budget to be considered by the Assembly since devolution was ushered by the Constitution of Kenya (CoK), 2010. The County annual estimates have been incremental over the period with gradual growth as follows:-

(Without re-vote)

2013/2014 – Kshs 6,548,244,241

2014/2015 – Kshs 7,635,960,523

2015/2016 – Kshs 8,089,575,084

2016/2017 – Kshs 8,889,828,722

2017/2018 – Kshs 9, 873,405,731

2018/2019 – Kshs. 9,620,345,559 (Executive Budget)

– Kshs. 872,964,046 (County Assembly Budget)

These budgets were submitted separately on 30th April, 2018 from the both Arms of the Government by the CEC Member, County Treasury and the Clerk of Assembly respectively. The total budget submitted by the executive included Kshs. 678,931,663.00 for the County Assembly which was lower by Kshs. 194,032,383.00 to the submitted County Assembly budget. This busted the resource envelop in the proposed County Fiscal Strategy Paper (CFSP), 2018/2019 with the same amount.

Mr. Speaker,

Section 125 of the PFM Act, 2012 provides the statutory process in the preparation of the County Budget to inter alia include;

- (a) integrated development planning process which shall include both long term and medium term planning;
- (b) planning and establishing financial and economic priorities for the county over the medium term;
- (c) making an overall estimation of the county government's revenues and expenditures;
- (d) adoption of County Fiscal Strategy Paper;
- (e) preparing budget estimates for the county government and submitting estimates to the county assembly;
- (f) approving of the estimates by the county assembly;
- (g) enacting an appropriation law and any other laws required to implement the county government's budget;

The implication of the above provisions of the law **Mr. Speaker** is to guide the County Governments in the procedure to come up with a budget in approving the statutory document simply in the following order;

- i The County Integrated Development Plan (CIDP)
- ii The Annual Development Plan (ADP)
- iii The CFSP
- iv The Budget Estimates and
- v The Appropriation Law

It is important to note that the approval of one document in the sequence gives birth to preparation and approval of the succeeding one. Therefore, it would be unlawful to interchange the sequence as the preceding approval forms the legal basis for preparation of the successive budget document.

Mr. Speaker,

At the time of submission of this Budget, there was no approved ADP and the CFSP, 2018/2019. Although the CFSP, 2018/19 had been submitted on 28th February, 2018 in line with the provisions of PFM Act, 2012, the Assembly was unable to prosecute it owing to the fact that the ADP, 2018/19 which is a prerequisite document in the sequence had not been submitted to the Assembly. This situation put the Assembly in a quagmire and was unable to proceed with the budget approval. To jump start the budget approval process ensuring compliance to the laid down budget process, the CEC Member, County Treasury was requested to submit for approval the ADP, 2018/19 so as to be considered alongside the CFSP.

Upon receipt of the ADP, both the ADP and the CFSP, 2018/19 were considered and approved by the County Assembly on 31st May, 2018 and 6th June, 2018 respectively. Following these approvals, the Clerk of the Assembly wrote to the CEC Member, County Treasury and the County Assembly Service Board (CASB) on 6th June, 2018 to re align their submitted budgets to the approved CFSP.

Mr. Speaker,

The re aligned budget estimates for both arms of the County Government totaled to Kshs. 10,810,434,166.00 and 1,034,797,246.00 for the County Executive and the County Assembly respectively as analyzed below:-

a) The County Executive

Total Recurrent budget	Kshs. 5,851,456,535.00
Development budget	<u>Kshs. 4,958,977,631.00</u>
Total budget	<u>Kshs. 10,810,434,166.00</u>

b) The County assembly

Total Recurrent budget	Kshs. 811,797,246.00
Development budget	<u>Kshs. 130,000,000.00</u>
Total budget	<u>Kshs. 1,034,797,246.00</u>

These budgets were re-submitted separately as anticipated in Section 129 of the PFM Act, 2012. The expenditure proposals were pegged on a resource envelop of **Kshs. 11,735,231,412** comprising of the following revenue projections;

Equitable share	Kshs. 8,729,200,000.00
Grants	Kshs. 870,077,222.00
Own revenue	Kshs. 500,000,000.00
Estimated Revote from 2017/2018	Kshs. <u>1,635,954,190.00</u>
TOTAL	Kshs. <u>11,775,231,412.00</u>

The Conditional Grants as provided under County Allocation of Revenue Act (CARA), 2018 comprises of the following:-

Compensation of User Fees Foregone-	22,499,906.00
Road Maintenance Fuel Levy -	229,832,234.00
Rehabilitation of Village Polytechnics -	58,465,000.00
Transforming Health Care Systems -	100,000,000.00
National Agricultural and Rural Inclusive Growth Project (NARIGP) –	140,435,163.00
Kenya Devolution Support Program –	57,462,594.00
Kenya Urban Support Program –	232,374,200.00
Universal Health Care for Development Systems Programme (DANIDA) -	29,008,125.00.

Regulation 31 (c) of the Public Finance Management (County Government) Regulations, 2015, provides that the budget revenue and expenditure appropriations shall be balanced. The re aligned County Budget totaled to Kshs. 11,845,231,412.00 which exceeded the revenue projection by Kshs. 110,000,000.00 thus a clear indication of deviation from the provisions of the above regulation and the Committee will therefore try to address this deficit.

6.0 COMPLIANCE WITH THE LEGAL PROVISIONS

Mr. Speaker,

The County budget making process is a legal process as contemplated in the laws of Kenya viz;

The Constitution of Kenya, 2010, the Public Finance Management Act, 2012, the County Government Act, 2012, etc.

Mr. Speaker,

In compliance to the statutory provisions as contained in the above Laws, the County budget under consideration was subjected to the principles guiding all aspects of public finance in the republic such as openness and accountability, public participation and prudence in application of public funds as envisaged in Articles 201. The County Governments budget process is envisaged in Article 224 of the Constitution which states each County Government shall prepare and adopt its own annual budget and appropriation Bill in the form and according to the procedure, prescribed in an Act of Parliament. As contemplated, the County Government majorly relied on the PFM Act, 2012 which provides for all the necessary statutory procedures and the requirements in the budget making process. This includes the requirements in making the ADP, CFSP and the County Budget Estimates which were in compliance with the relevant provisions of the law despite the cluttered submission to the Assembly as evident in this report.

Mr. Speaker,

This budget expressly complies to Section 107 of the PFM Act, 2012 which further sets the fiscal responsibility principles/objectives such that:-

- a) the county government's recurrent expenditure shall not exceed the county government's total revenue;*
- b) over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;*
- c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county*

government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

d) over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

e) the county debt shall be maintained at a sustainable level as approved by county assembly;

f) the fiscal risks shall be managed prudently; and

g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

The re aligned budget has not deviated from the fiscal responsibility objectives as set out in the analytical table below:

ITEM DESCRIPTION	TOTAL ALLOCATION	PERCENTAGE
Personal Emoluments	3,754,013,055	32
Operations & Maintenance	3,051,651,049	26
Total Recurrent Estimates	6,805,628,104	58
Development Estimates	4,969,603,308	42
Total Budget Estimates	11,775,231,412	100

Nonetheless, there are some areas of concern where total compliance could not be witnessed to the Public Finance Management (County Government) Regulations, 2015 and adherence to the approved CFSP, 2018/2019 on some expenditure ceilings as would be shown in the general observations on these Estimates.

7.0 KEY PRIORITY AREAS AND THE BUDGET ECONOMIC FOCUS FOR THE 2018/2019 BUDGET.

Mr. Speaker,

The County Government of Kitui Strategic Intent is to pay more attention to a couple of projects and activities with the highest potential for high economic and social impact within the shortest time possible. The projects will be in line with the five pillar County development agenda of Food and water, healthcare, education and youth development, women empowerment and Wealth creation as identified by the public through the various forums held. Key specific areas of focus will be supporting various value chains, the *ndengu* revolution, livestock value addition, health, agriculture, infrastructure development, education and skills development, youth training, women empowerment; and wealth creation.

Mr. Speaker,

To cushion for this, the proposed budget estimates for the financial year 2018/2019 has emphasized major allocations to the development expenditure up beyond the 30% limit envisioned in the PFM Act, 2012 to 42%, the leading Ministries in the development expenditure allocations being;-

Agriculture, Water and Irrigation –	Kshs. 1.25B
Lands, Infrastructure and Urban Development –	Kshs. 800M
Trade, Industry and Cooperatives –	Kshs. 776M
Office of the Governor –	Kshs. 717M
Health and Sanitation –	Kshs. 500M

The above allocations takes the biggest share of the County Development budget 2018/2019.

Despite the budget constraints, these allocations are intended to jump start the journey to actualization of the Governments Manifesto.

8.0 COMMITTEE CONSIDERATION OF THE BUDGET ESTIMATES 2018/2019

Mr. Speaker,

In reviewing the submitted Budget Estimates for the financial year 2018/2019, the Committee sought to assure itself of the following two fundamental issues:-

- **Whether the resources are applied in a manner that is efficient, effective and equitable;**
- **Secondly, whether the resources available adequately defray the desired expenditure.**

Article 201 (d) of the CoK, 2010 provides that public money shall be used in a prudent and responsible way. This means that we must make every effort to reduce wastage of public resources on non-realistic budget items and apply them to the most productive areas.

Indeed, Hon. Members, the principle that should guide budget making should therefore be “*achieving the greatest public good in the most cost-effective way*”.

The Cumulative meager County resource must be seen to positively impact on the livelihoods of the County residents.

9.0 THE COMMITTEE GENERAL OBSERVATIONS.

Mr. Speaker,

The Committee reviewed these estimates vis-à-vis the Public Hearings, Submitted Memorandums, the Sectoral Committee views and the views by the Members of the CEC as well as CASB. Further guided by the relevant laws the Committee on Budget made the following observations;

i. Budget absorption rate for the financial year 2017/2018

In reviewing the County budget performance for the financial year 2017/18, the Committee with a lot of concern observed that, there were three Supplementary Budgets during the year under review which geared to improve the budget absorption rate to avoid huge revote. Nevertheless, the submitted budget estimates contains a revote of Kshs. 1.635B. This has been the trend over the period and thus, the Committee should address this deficiency in its recommendations.

ii. Explicit budget document

The submitted budget by the Executive did not have budget explanation notes which has been the case year in year out. This has put the Committee and any other consumer of such information in a very difficult situation in understanding the provisions made in the document. The Committee therefore will make some recommendations to address this anomaly.

iii. Adherence to the provisions of Section 107 of the PFMA, 2012

Section 107 (2) (b) of the PFMA, 2102 provides that over the medium term a minimum of thirty percent of the County Government Budget

shall be allocated to the development expenditure. The submitted budget adheres to this by allocating forty two percent to development.

iv. Compliance with the Approved County Fiscal Strategy Paper

This budget as submitted did not totally comply with the approved CFSP especially on the expenditure ceilings. You will find that some allocations to several County Entities either exceeded/ fell below the approved ceilings in the 2018/2019 County Fiscal Strategy Paper (CFSP). This could be attributed to an estimated re vote of Kshs. 1,635,954,196.00 from the 2017/2018 budget. The Committee will endeavor to rationalize some programs to align the budget as required during its recommendations to the Assembly.

v. Adherence to the provisions of regulation 31(c) of the Public Finance Management (County Government) Regulations, 2015

The submitted budget estimates for the County Executive and the County Assembly totaled to Kshs. 11,845,231,412.00 varying from the resource envelope by Kshs 110,000,000.00. The committee will seek to address this deficit in the recommendations to ensure a balanced budget.

vi. Variance in the resource envelop of Kshs. 1.436M

The submitted budget estimates 2018/2019 had an increased revenue by Kshs. 1.436M above the approved CFSP. This could be attributed to the estimated revote of Kshs. 1,636M which had not been factored during the initial stages of budget preparation and a reduction of Kshs. 200M being amount allocated by CARA for leasing of medical equipment which is paid directly by the National Government.

- vii.** During examination of the public participation reports, there were some issues of concern which came up very conspicuously to be addressed in this budget being;
- The County to embark on her mandate to adequately address the devolved functions.
 - Increase of allocations to youth programs.
 - The County Government to consider operationalization of non-operational health facilities and to equip other emerging level four hospitals to decongest Kitui and Mwingi.
 - That water projects undertaken so far are just a drop in the ocean and that the county should ensure the allocation to water in this budget is increased.
 - That there should be prudence in public finance application in ensuring application of the same to most resourceful area.
 - Improvement of County Sports facilities at all wards.
- viii.** That the County Assembly budget submitted was not in compliance with the approved CFSP, 208/2019 in terms of the provisions for members' drivers, Motor cycles for the ward Assistants, the County budget office etc.

The Committee during the recommendation will seek to address some of these concerns while respecting the relevant provisions of the law.

10.0 COMMITTEE SPECIFIC RECOMMENDATIONS

Mr. Speaker,

Despite the short time allocated for this report, the Committee ensured that every aspect and contribution to this report was taken into consideration by deliberating adequately on the emerging issues of concern amid the available resources. As guided by Section 131 (2) of the PFM Act, 2012 and the County Assembly Standing Order 206 (5), the Committee to this end makes the following recommendations:-

Office of the Governor

- i. That, the expenditure ceiling for the Office of the Governor to be reinstated to Kshs. 1,408,437,580.00 by;
 - Raising CLIDP allocation from Kshs. 500M to Kshs. 685M as was approved in the CFSP, 2018/19.
 - Reducing the construction of residential buildings by Kshs. 30M.
 - Reducing the allocation to legal dues/fees, arbitration and compensation payments by Kshs. 10M.
 - Reducing the allocation to other operating expenses (intergovernmental and intra county engagements and operations) by Kshs. 15.1M.
 - Reducing allocation to Civic Education by 5M.
- ii. That the budget item line Other Infrastructure and Civil Works in program General Administration, Planning and Support Services to be specifically named as CLIDP so as to eliminate any possible confusion for the allocation

Administration and Coordination of County Affairs

- i. That make an allocation of Kshs. 6M for purchase of forty Motor bikes for Ward Administrators as was approved in the CFSP, by reducing the amount allocated for casual labour under the County Government Administration and Field Services Programme with equal amount.

County Treasury

In an effort to eliminate the overall budget deficit explained above, the Committee recommends reduction of the following items under this ministry:-

- i. Advertising, Awareness and Publicity Campaigns under the Programme Economic Policy and Planning by Kshs. 3M.
- ii. Advertising, awareness and publicity campaigns under the programme Public Financial Management by Kshs. 2M.

Health and Sanitation

That make the following alterations to the Ministry's budget as follows:-

- i. By increasing funds allocated to the programme Hospital FIF/Cost sharing refunds for County Hospitals by Kshs. 161,801,608.00 to facilitate Hospital operations and implementation of Universal Health Care (UHC).
- ii. Increase Casual Labour allocation under the programme Communicable Disease Control by Kshs. 46M. This will increase the stipend paid to the Community Health Volunteers (CHVs) to Kshs. 5,000.00 per month. It was the feeling of the Committee that these CHVs could be used in the intended data collection for the UHC and thus rationalization should

be done to have in place qualified people who can as well serve in this exercise.

- iii. Allocate Kshs. 30M under Curative Health Services Programme for construction of a women medical ward at Mwingi Level Four Hospital. Currently the patients are sharing beds due to congestion/overcrowding caused by admission beyond hospital bed capacity.
- iv. The allocation made for construction of a medical store of Kshs. 10M under Curative Health Services Programme should be utilized to construct stores in both Kitui Referral and Mwingi Level Four Hospitals.
- v. The allocation made for construction of stone wall fence of Kshs. 30M under Curative Health Services Programme should be utilized to construct the fences in both Kitui Referral and Mwingi Level Four Hospitals.

The increase as a result of the above realignments be realized by reducing the following budget items:-

- vi. Purchase of ambulances under Forensic and Diagnostic Programme by Kshs. 107,142,857.00. Currently the Ministry has twenty operational ambulances and requires an additional twenty to realize one per ward.
- vii. Installation of clients queuing system under the programme Forensic and Diagnostic by Kshs. 21.6M. This can only be implemented after the Health Management Information System (HMIS) has been installed in the hospitals.
- viii. Data collection under the programme Health Policy Planning and Financing by Kshs. 60M. This exercise as explained above can handled

by the CHVs and the balance in this budget line to be utilized to pay data analysis experts.

- ix. Medical drugs under the programme Forensic and Diagnostic by Kshs. 25.1M. Additional allocation to this budget item will be considered in the subsequent supplementary budgets if necessary to avoid tying huge sums of money which may not be for immediate use.
- x. Dressings and other non-pharmaceuticals medical items under the programme Forensic and Diagnostic by Kshs. 24M. Just as explained above, additional allocation to this budget item will be considered in the subsequent supplementary budgets if necessary to avoid tying huge sums of money which may not be for immediate use.

Basic Education, ICT and Youth Development

In an effort to align the Ministry's budget to the approved CFSP, the Committee makes the following recommendations:-

- i. Allocate Kshs. 40M for construction of Early Childhood Development Education (ECDE). This is a fully devolved function and at the same time there was a change to the curriculum requiring two classroom per centre.
- ii. Allocate Kshs. 12.5M for examination fees for youth Polytechnic candidates to ensure continuity of the programme.
- iii. Remove the amount of Kshs. 25M allocated for establishment of Community Based University. It is the feeling of the committee that this is not a devolved function and as well a private institution.

- iv. Reduce Kshs. 20M each from the allocation to purchase of specialized plant equipment and machinery and training expenses for youth apprenticeship under the program Youth Development Services.

Trade, Cooperatives and Investments

In an effort to eliminate the overall budget deficit explained above, the Committee recommends reduction of the following items under this ministry:-

- i. Allocation made for construction of an abattoirs under the programme Trade Development and Promotion by Kshs. 20M.
- ii. Allocation for construction of modern Kiosks at Kitui, Mwingi, Mutomo and Kwa vonza Towns under the programme Trade Development and Promotion by Kshs. 10M.
- iii. Allocation for County Empowerment Fund under the programme Trade Development and Promotion by Kshs. 20M.
- iv. Allocation for Branding of Kitui Service, products and Marketing under the programme Trade Development and Promotion by Kshs. 20M.
- v. Allocation for Training expenses (Strategy 247-1) under the programme Cooperative Development and Management by Kshs. 5M. It would not be prudent to pilot with such a big number of cooperatives and as such the Committee recommends one cooperative for each ward for a start.
- vi. Allocation for various Training on Entrepreneurship Development under the programme Marketing Value Addition and Research by Kshs. 5M.
- vii. Allocation for feasibility studies (County Investment Cooperation) under the programme Marketing Value Addition and Research by Kshs. 10M.

- viii. Allocation for Motor Vehicles (Meat and Milk Vans) under the programme Marketing Value Addition and Research by Kshs. 10M.
- ix. Allocation for purchase of specialized plant (modernization of Jua Kali Industry) under programme Marketing Value Addition and Research by Kshs. 36.8M. the balance of Kshs. 43.2M after this reduction be utilized as under:-
 - Kshs. 10M be earmarked for completion of Kitui Town Jua Kali.
 - Kshs. 30M be earmarked for purchase of Land for Mwingi Jua Kali and its development.
 - Kshs. 3.2M be utilized to purchase two car washing Machines per ward and be distributed to organized groups.

Lands, Infrastructure, Housing and Urban Development

In an effort to eliminate the overall budget deficit explained above, the Committee recommends reduction of the following items under this ministry:-

- i. Allocation for Engineering and Design Plans under the programme Land Information and Management by Kshs. 20M.
- ii. Remove the allocation of Kshs. 5M for upgrading of Kitui Town to Municipality under the programme Housing Development.
- iii. Transfer the grant allocation of Kshs. 232,374,200.00 for Kenya Urban Support Programme to Kitui Municipality.

Tourism, Sports and Culture

In an effort to align the Ministry's budget to the approved CFSP, the Committee makes the following recommendations:-

- i. Allocate Kshs. 32.2M for development of Sports Facilities (Stadia) under the programme Development and Management of Sports Facilities.
- ii. Allocate Kshs. 30M for equipping of Lower Eastern Heritage Centre under the programme conservation of Heritage.
- iii. Reduce the amount allocated for Kalundu Eco-park under the programme Tourism Infrastructure by Kshs. 40M and utilize the balance of Kshs. 10M to fence the County Government Land along Tyaa River.
- iv. Reduce the allocation earmarked for Ithookwe Stadium under the programme Development and Management of Sports Facilities by Kshs. 20M and utilize the balance of Kshs. 20M to complete Town Stadium.
- v. Remove Kshs. 2M for purchase of Bicycles and Motor Cycles under the programme wildlife Conservation and Security.

Agriculture, Water and Livestock Development

In an effort to re align to the CFSP and clear the overall County Budget deficit, the Committee makes the following recommendations:-

- i. Transfer the entire amount of Kshs. 150M for purchase of Animals breeding stock and fying herd under the programme Livestock Resources Management and Development to Construction of Earth Dams under water resources management program. This amount in addition to the already allocated Kshs. 50M be utilized to construct 20 mega Dams of approximately 60,000 cubic meters at Kshs. 10M each.
- ii. Reduce Kshs. 20M from the allocation for purchase of grass seeds for range lands development under the programme Livestock Resources Management and Development.

- iii. Reduce Kshs. 7.6M from the allocation for other infrastructure and civil works under the sub programme Small Scale Cluster Irrigation Development.

Environment and Natural Resources

In an effort to re align to the CFSP and clear the overall County Budget deficit, the Committee makes the following recommendations:-

- i. Reduce Kshs. 8M from the allocation for Institution and Management of Kitui County Climate Change Fund and utilize the balance of Kshs. 2M for policy development which is a prerequisite for implementation of the fund.
- ii. Reduce Kshs. 15M part of the amount allocated for setting up of mineral testing laboratory and utilize the fund to set up one lab. Mining is a national government function despite the interest by the County to embrace mining development. As such the Committee feels that a lot of money is being allocated to National Government mandates at the expense of the devolved ones.

Kitui Town Administration

- i. Introduce a sixth programme by the name Kenya Urban Support Programme and allocate Kshs. 272,374,200.00 being the grant of Kshs. 232,374,200.00 transferred from LIUD and Kshs. 40M additional grant from World Bank under development and recurrent expenditure respectively for the same programme.
- ii. Remove Kshs. 5M earmarked for construction of storm water drains under the sub programme construction of roads and bridges. The

Committee felt that this will amount to duplication of services since the Kenya Urban Support Programme will be providing the same services.

Mwingi Town Administration

- i. Transfer Kshs. 7.5M earmarked for grading, gravelling and culvert installation to the road from TSC /Wagura /Target furniture shop to undertake the same activities at the road from Mwingi Muslim Cemetery/Katumba Primary/Mwingi Medical Training College/Mwingi Level four hospital Mortuary. This will provide an alternative route to access Mwingi Mortuary other than passing through the town.

County Assembly

In an effort to align the Ministry's budget to the approved CFSP, the Committee makes the following recommendations:-

- i. Allocate Kshs. 12.96M for drivers for all the Members of County Assembly at a salary of Kshs. 20,000.00. Members are at a high risk driving themselves due to the high engagement and involvement in the service to County residents.
- ii. Allocate additional Kshs. 2M for the ward furniture. The already allocated 2M in the proposed budget is inadequate for the exercise.
- iii. Allocate additional Kshs. 2.5M to the budget for research and designs to assist in establishment of a fully-fledged budget and a pool office for members.
- iv. Allocate additional Kshs. 1M to the budget for public participation to ensure there is adequate funds for the exercise.

The above additional allocations to be realized from the following reductions:-

- v. Allocation to Members Basic Salaries by Kshs. 2,661,480.00 to correct an error in standard mileage allowances which was overstated with the same amount.
- vi. Allocations earmarked for training expenses by Kshs. 5,498,520.00 to cater for the above additional allocations.
- vii. Allocations earmarked for catering expenses by Kshs. 5M to cater for the above additional allocations.
- viii. Allocations earmarked for Board Seminars and Conferences expenses by Kshs. 2.8M. It was the feeling of the Committee that it is not possible for the Board to attend at least one seminar per month as projected in the budget.
- ix. Allocations earmarked for legal fees expenses by Kshs. 2.5M. It was the feeling of the Committee that this was an over allocation based on the actuals for the year 2017/18 budget.
- x. The allocation earmarked for construction of parking Kshs. 10M to be utilized to purchase adequate land for County Assembly parking within a reasonable proximity. The intended development of parking at the road reserve outside the Assembly was felt to be insecure and non-prudence in application of public funds.

General Recommendations

- i. That the Committee on Budget and Appropriations should strictly embark on her mandate as contemplated in Standing Order 186 (3) (a).

This will ensure coordination, control and monitoring of the County Budget.

- ii. The County Executive should always submit for consideration a budget with adequate explanation notes to ensure it is an informative and easy to understand with less consultations.
- iii. The arbitrary submission and non-compliance to the provisions of law by the Executive in the budget making process shall never be taken lightly in the subsequent budgets. This has been evident in this budget process for the financial year 2018/2019 which at some point in time had put the Assembly at a dilemma to proceed with the budget approval process. The law should be adhered to the letter to avoid such inconveniences in future.

Mr. Speaker,

All other proposals in the submitted budget that are not affected by these recommendations to be approved as submitted.

11.0 CONCLUSION

Mr. Speaker,

These adjustments maintains the budget balanced with neither a surplus nor a deficit at a total of Kshs 11,775,231,412.00 being Kshs. 10,740,434,166.00 and Kshs. 1,034,797,246.00 for County Executive and County Assembly budgets respectively.

The summary of recommended expenditure for the financial year 2018/2019 by program will therefore appear as contained in **annex III** to this report.

Mr. Speaker,

The Committee therefore requests this House to resolve as follows;

That:-

- a) The House adopts this report;
- b) The proposed amendments to the proposed 2018/19 budget as contained in this report be adopted; and
- c) The recommended budget summary in **annex III** becomes the basis for the appropriations for the year 2018/2019.

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

**KITUI COUNTY GOVERNMENT
BUDGET ESTIMATES FY 2018/19**

VOTE CODE TITLE	PROGRAMME CODE AND TITLE	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
		2018/19 - Kshs		
Office of The Governor	Total	583,434,458	825,000,000	1,408,434,458
	0701003710 P1: General Administration Planning and Support Services	323,208,609	825,000,000	1,148,208,609
	0702003710 P2: National Social Safety Net	103,700,000	-	103,700,000
	0703003710 P3: Cabinet Affairs	13,800,000	-	13,800,000
	0704003710 P4: Public Financial Management	58,592,461	-	58,592,461
	0705003710 P5: Human Resource	25,775,982	-	25,775,982
	0706003710 P6: Publicity and Reception Services	42,374,324	-	42,374,324
	0707003710 P7: Monitoring and research services	15,983,083	-	15,983,083
Administration & Coordination of County Affairs	Total	373,000,131	-	373,000,131
	0701003710 P1: General Administration Planning and Support Services	131,843,410	-	131,843,410
	0705003710 P2: County Government Administration and Field Services	99,345,800	-	99,345,800
	0706003710 P3: Devolution Services	141,810,921	-	141,810,921
The County Treasury	Total	458,171,977	107,462,594	565,634,571
	0701003710 P1: General Administration, Planning and Support Services	193,135,040	107,462,594	300,597,634
	0710003710 P2: Economic Policy and National Planning	79,651,000	-	79,651,000

	0711003710 P3: Monitoring and Evaluation Services	16,572,327	-	16,572,327
	0712003710 P4: Public Financial Management	168,813,611	-	168,813,611
Health & Sanitation	Total	2,420,273,930	506,981,242	2,927,255,172
	0401003710 P1: General Administration, Planning & Support Services	1,383,194,240	92,283,000	1,475,477,240
	0404003710 P2: Maternal and Child Health	2,030,800	129,008,125	131,038,925
	0403003710 P3: Preventive & Promotive Health Services	142,374,000	1,000,000	143,374,000
	0402003710 P4: Curative Health Services	892,674,890	284,690,117	1,177,365,006
Basic Education, ICT and Youth Development	Total	548,369,038	160,465,000	708,834,038
	0501003710 P1: General Administration, Planning and Support Services	119,787,041	-	119,787,041
	0502003710 P2: Primary Education	303,829,151	63,000,000	366,829,151
	021000 P3 ICT Infrastructure Development	30,058,844	-	30,058,844
	0504003710 P4: Youth Training and Development	94,694,002	93,465,000	188,159,002
	0503003710 P5: Quality Assurance and Standards	-	4,000,000	4,000,000
Trade, Cooperatives and Investments	Total	102,839,411	644,200,000	747,039,411
	0301003710 P1: General administration and support-H/Qs	45,680,907	-	45,680,907
	0303003710 P2: Trade development and Promotion	25,883,892	416,000,000	441,883,892
	0304003710 P3: Cooperative development and Management	31,274,613	228,200,000	259,474,613
Lands, Infrastructure, Housing and	Total	325,450,857	789,068,048	1,114,518,905
	0101003710 P1: General Administration Planning and Support Services	156,823,782	-	156,823,782

Urban Development	0108003710 P2: Land Policy and Planning	45,936,596	99,500,000	145,436,596
	0107003710 P3: Housing Development and Human Settlement	12,705,424	105,780,000	118,485,424
	0109003710 P4: Government Buildings	26,060,120	3,000,000	29,060,120
	0110003710 P5: Road Transport	83,924,935	580,788,048	664,712,983
Tourism, Sports and Culture	Total	148,048,094	124,080,000	272,128,094
	0301003710 P1: General Administration, Planning and Support Services	42,953,543	-	42,953,543
	0305003710 P2: Tourism Development and Promotion	50,814,933	21,500,000	72,314,933
	0903003710 P3: Sports	26,190,097	53,680,000	79,870,097
	0904003710 P4: Culture	7,151,083	30,900,000	38,051,083
	0902003710 P2: Gender	10,215,030	2,000,000	12,215,030
	0905003710 P5: Social Development and Children Services	10,723,408	16,000,000	26,723,408
Agriculture, Water & Livestock Development	Total	494,842,592	1,219,835,163	1,714,677,755
	0101003710 P1: General Administration Planning and Support Services	234,552,196	-	234,552,196
	0102003710 P2: Crop Development and Management	8,711,839	250,435,163	259,147,002
	0103003710 P3: Agribusiness and Information Management	40,905,613	200,000,000	240,905,613
	P4: Agricultural Extension Services and Training	36,631,765	-	36,631,765
	0104003710 P5: Irrigation and Drainage Infrastructure	7,006,229	22,400,000	29,406,229
	0105003710 P6: Fisheries Development and Management	3,345,407	-	3,345,407
	0106003710 P7: Livestock Resources Management and Development	18,431,246	47,000,000	65,431,246

	0111003710 P8: Water Resources Management	145,258,297	700,000,000	845,258,297
Environment and Natural Resources	Total	141,464,634	115,134,946	256,599,580
	1001003710 P1 General Administration, Planning and Support Services	49,897,177	-	49,897,177
	1002003710 P2 Environment Management and Protection	48,206,815	21,136,581	69,343,396
	1005003710 P3 Power Transmission and Distribution	7,649,509	7,204,475	14,853,984
	1006003710 P4 Alternative Energy Technologies	6,175,121	59,867,442	66,042,562
	1008003710 P5 Mineral Resources Management	29,536,013	26,926,448	56,462,461
County Public Service Board	Total	61,138,130	-	61,138,130
	0701003710 P1: General Administration, Planning and Support Services	25,002,846	-	25,002,846
	0713003710 P2: Human Resource Management and Development	27,678,711	-	27,678,711
	0714003710 P3: Governance and County Values	8,456,573	-	8,456,573
County Assembly Service Board	Total	904,797,246	130,000,000	1,034,797,246
	0701013710 P1: General Administration, Planning and Support Services	253,982,119	130,000,000	383,982,119
	0715013710 P2: Legislation, Representation and Oversight	650,815,127	-	650,815,127
Kitui Town Administration	Total	161,809,755	292,876,315	454,686,070
	0201003710 P1: General Administration Planning and Support Services	53,141,506	4,000,000	57,141,506
	0202003710 P2: Road Transport	17,966,151	15,000,000	32,966,151
	0307003710 P 3: Trade Development and Promotion	6,216,151	15,000,000	21,216,151
	0730003710 P.4 Control and Management of Public finances	22,886,950	-	22,886,950

	0900003710 P .5 Social Protection, Culture and Recreation	21,598,997	26,502,115	48,101,112
	26405033710 P .6 Kenya Urban Support Programme	40,000,000	232,374,200	272,374,200
Mwingi Town Administration	Total	81,987,849	54,500,000	136,487,849
	0201003710 P1: General Administration Planning and Support Services	54,758,639	1,000,000	55,758,639
	1001000000 P2: Environmental Policy Management	8,072,296	3,000,000	11,072,296
	0109003710 P3: Government Buildings	5,515,917	14,750,000	20,265,917
	0207003710 P4: Urban and Metropolitan Development	10,370,967	31,250,000	41,620,967
	0706003710 P5: Devolution Services	3,270,031	4,500,000	7,770,031

ANNEX III

**KITUI COUNTY GOVERNMENT
BUDGET ESTIMATES FY 2018/20**

VOTE CODE TITLE	PROGRAMME CODE AND TITLE	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
		2018/19 - Kshs		
Office of The Governor	Total	221,461,921	74,000,000	295,461,921
	0701003710 P1: General Administration Planning and Support Services	-	-	-
	0702003710 P2: National Social Safety Net	141,810,921	-	141,810,921
	0703003710 P3: Cabinet Affairs	-	-	-
	0704003710 P4: Public Financial Management	-	-	-
	0705003710 P5: Human Resource	-	-	-
	0706003710 P6: Publicity and Reception Services	-	-	-

	0707003710 P7: Monitoring and research services	79,651,000	74,000,000	153,651,000
Administration & Coordination of County Affairs	Total	-	153,651,000	153,651,000
	0701003710 P1: General Administration Planning and Support Services	-	79,651,000	79,651,000
	0705003710 P2: County Government Administration and Field Services	-	-	-
	0706003710 P3: Devolution Services	-	74,000,000	74,000,000
The County Treasury	Total	1,492,861,932	17,669,652	1,510,531,584
	0701003710 P1: General Administration, Planning and Support Services	-	-	-
	0710003710 P2: Economic Policy and National Planning	-	-	-
	0711003710 P3: Monitoring and Evaluation Services	682,800	6,904,000	7,586,800
	0712003710 P4: Public Financial Management	1,492,179,132	10,765,652	1,502,944,784
Health & Sanitation	Total	#VALUE!	#VALUE!	#VALUE!
	0401003710 P1: General Administration, Planning & Support Services	1,000,000	-	1,000,000
	0404003710 P2: Maternal and Child Health	284,690,117	-	284,690,117
	0403003710 P3: Preventive & Promotive Health Services	335,458,844	#VALUE!	#VALUE!
	0402003710 P4: Curative Health Services	#VALUE!	102,829,151	#VALUE!
Basic Education, ICT and Youth Development	Total	1,129,324,116	1,163,039,411	2,292,363,528
	0501003710 P1: General Administration, Planning and Support Services	441,883,892	747,039,411	1,188,923,304
	0502003710 P2: Primary Education	644,200,000	-	644,200,000
	021000 P3 ICT Infrastructure Development	22,040,000	-	22,040,000
	0504003710 P4: Youth Training and Development	11,200,224	416,000,000	427,200,224

	0503003710 P5: Quality Assurance and Standards	10,000,000	-	10,000,000
Trade, Cooperatives and Investments	Total	310,681,762	6,000,000	316,681,762
	0301003710 P1: General administration and support-H/Qs	148,707,980	-	148,707,980
	0303003710 P2: Trade development and Promotion	156,823,782	-	156,823,782
	0304003710 P3: Cooperative development and Management	5,150,000	6,000,000	11,150,000
Lands, Infrastructure, Housing and Urban Development	Total	#VALUE!	#VALUE!	#VALUE!
	0101003710 P1: General Administration Planning and Support Services	-	45,701,952	45,701,952
	0108003710 P2: Land Policy and Planning	#VALUE!	#VALUE!	#VALUE!
	0107003710 P3: Housing Development and Human Settlement	-	-	-
	0109003710 P4: Government Buildings	-	Estimates 2018/19	#VALUE!
	0110003710 P5: Road Transport	30,075,435	#VALUE!	#VALUE!
Tourism, Sports and Culture	Total	329,796,696	#VALUE!	#VALUE!
	0301003710 P1: General Administration, Planning and Support Services	30,900,000	-	30,900,000
	0305003710 P2: Tourism Development and Promotion	34,938,271	#VALUE!	#VALUE!
	0903003710 P3: Sports	29,406,229	#VALUE!	#VALUE!
	0904003710 P4: Culture	-	-	-
	0902003710 P2: Gender	234,552,196	1,935,147	236,487,343
	0905003710 P5: Social Development and Children Services	-	-	-
Agriculture, Water & Livestock Development	Total	260,027,903	98,858,534	358,886,438
	0101003710 P1: General Administration Planning and Support Services	-	-	-

	0102003710 P2: Crop Development and Management	-	-	-
	0103003710 P3: Agribusiness and Information Management	17,811,380	-	17,811,380
	P4: Agricultural Extension Services and Training	106,941,609	1	106,941,610
	0104003710 P5: Irrigation and Drainage Infrastructure	-	18,273,488	18,273,488
	0105003710 P6: Fisheries Development and Management	-	-	-
	0106003710 P7: Livestock Resources Management and Development	109,746,310	80,585,045	190,331,355
	0111003710 P8: Water Resources Management	25,528,604	-	25,528,604
Environment and Natural Resources	Total	50,623,014	53,740,558	104,363,571
	1001003710 P1 General Administration, Planning and Support Services	2,440,000	20,281,139	22,721,139
	1002003710 P2 Environment Management and Protection	19,365,795	-	19,365,795
	1005003710 P3 Power Transmission and Distribution	27,678,711	-	27,678,711
	1006003710 P4 Alternative Energy Technologies	-	-	-
	1008003710 P5 Mineral Resources Management	1,138,508	33,459,419	34,597,927
County Public Service Board	Total	108,603,227	262,467,080	#VALUE!
	0701003710 P1: General Administration, Planning and Support Services	Estimates 2018/19	262,467,080	#VALUE!
	0713003710 P2: Human Resource Management and Development	48,101,112	-	48,101,112
	0714003710 P3: Governance and County Values	60,502,115	-	60,502,115
County Assembly Service Board	Total	-	39,182,302	39,182,302
	0701013710 P1: General Administration, Planning and Support Services	-	6,216,151	6,216,151

	0715013710 P2: Legislation, Representation and Oversight	-	32,966,151	32,966,151
Kitui Town Administration	Total	12,631,884	90,234,983	102,866,866
	0201003710 P1: General Administration Planning and Support Services	-	20,265,917	20,265,917
	0202003710 P2: Road Transport	-	40,131,769	40,131,769
	0307003710 P 3: Trade Development and Promotion	-	-	-
	0730003710 P.4 Control and Management of Public finances	-	2,587,296	2,587,296
	0900003710 P .5 Social Protection, Culture and Recreation	5,515,917	14,750,000	20,265,917
	26405033710 P .6 Kenya Urban Support Programme	7,115,967	12,500,000	19,615,967
Mwingi Town Administration	Total	-	-	-
	0201003710 P1: General Administration Planning and Support Services	-	-	-
	1001000000 P2: Environmental Policy Management	-	-	-
	0109003710 P3: Government Buildings	-	-	-
	0207003710 P4: Urban and Metropolitan Development	-	-	-
	0706003710 P5: Devolution Services	-	-	-