

OFFICE OF THE CLERK  
COUNTY ASSEMBLY OF KITUI

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Clerk's Office,  
Kitui County  
Assembly,  
P.O. Box 694-90200,  
Kitui, Kenya.

**INTERNAL MEMORANDUM**

**FROM:** First Clerk Assistant  
**TO:** The Clerk of Assembly  
**DATE:** 21<sup>st</sup> February, 2018  
**REF:** CAK/FIN/5/1/VOL. XVI/(12)

**SUBJECT: THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON CONSIDERATION OF KITUI COUNTY SECOND SUPPLEMENTARY BUDGET ESTIMATES FOR THE FINANCIAL YEAR, 2017/2018.**

The above subject matter refers;

Forwarded herewith, please find the report by the committee on Budget and Appropriations on consideration of Kitui County Second Supplementary Budget Estimates for the financial year, 2017/2018 as adopted by the Committee pursuant to Standing Order 179(5).

Kindly advice on its facilitation for approval for tabling.

  
A. M. KAVALI

(Table Clerk serving the Budget and Appropriations Committee)

*Mr. Spealce*  
*Kindly approve this*  
*report*  
*2/2/18*

COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY

SECOND ASSEMBLY – (SECOND SESSION)

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BUDGET AND APPROPRIATIONS COMMITTEE

REPORT ON CONSIDERATION OF THE KITUI COUNTY SECOND  
SUPPLEMENTARY ESTIMATES FOR  
THE FINANCIAL YEAR  
2017/2018

CLERK OF ASSEMBLY CHAMBERS  
P. O BOX 694  
KITUI

FEBRUARY, 2018

It is against this backdrop that the Committee retreated to Pride Inn Hotel Nairobi for six days with effect from 15<sup>th</sup> to 20<sup>th</sup> February, 2018 to undertake report writing on the Kitui County Second supplementary estimates for this financial year, 2017/2018. It worth to note that this committee also burnt mid night oil on in all the days to deliberate on and consider the proposals submitted in order to come up with this report.

### 5.0 ACKNOWLEDGEMENT

Mr. Speaker,

At this juncture, allow me to thank the office of the Hon. Speaker of the Assembly and that of the Clerk of Assembly for the logistical support accorded in this exercise. The Committee also extends her gratitude to the County Executive Committee Members and their staff who found time amid the tight schedules to attended the committee hearings and give insight on their respective budget proposals. I finally extend my gratitude to the able members of this Committee who worked tirelessly and demonstrated passion to work in completing this report within the few days. I will not hesitate however to acknowledge the staff of assembly serving the committee who also contributed significantly in providing technical advice and compiling of this report.



Hon. Boniface K. Kasina

Chairman, Budget & Appropriations Committee

February, 2018

Approved budget Kshs.	11,360,350,178.00
Additional grants Kshs.	58,210,000.00
Reduction in own revenue Kshs.	122,882,428.00
Reduction in revote Kshs.	1,579,939.00
<b>Total supplementary budget II Kshs.</b>	<b>11,294,097,811.00</b>

**Mr. Speaker,**

The reduction in own revenue is to re align the budget with the controller of budgets comments contained in their letter ref. COB/KTU/002/2/1 dated 9<sup>th</sup> October, 2017 on the 2017/2018 approved budget.

In addition, the County Executive also considered the budget actual performance and the budget absorption rate where money was moved from low to high absorption areas as increased funding where funds appropriated under the County Supplementary Appropriation Act, 2018 were insufficient as contained in the supplementary budget highlights and as explained during the committee discussions.

The County Assembly Supplementary Budget was mostly to factor the changes brought about by the recent Salaries and Remuneration Commission (SRC) Circulars regarding salaries and allowance to members of County Assembly and external members of the County Assembly Service Board (CASB). In overall, the County Assembly Budget remained as was approved Supplementary I at a total of **Kshs. 989,769,598.00.**

The above notwithstanding, Section 108 (2) of the PFM Act, 2012 provides that *“If there is a change of county government, the new county government may deviate from the financial objectives in a County Fiscal Strategy Paper, but may not deviate from the fiscal responsibility objectives”*.

During a discussion with CECM for County Treasury it emerged that the County Executive depended on the above Provisions of law to align the budget to the new manifesto.

**Mr. Speaker,**

Section 107 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;

## 8.0 CONSIDERATION OF THE BUDGET ESTIMATES

Mr. Speaker,

From the foregoing, it can clearly be seen that, the Kitui County Second Supplementary Budget submitted was a bit different from the preceding ones. Though no much change in the overall budget, it can be depicted that there were a lot of movement of funds within the votes and programs. The proposed changes almost resulted to a new budget submitted under Section 108 of PFM Act, 2012. The Committee upon the budget scrutiny realized that every County Ministry's Budget had been varied and therefore resolved to invite all the County Executive Committee members to give explanation regarding their budgets.

## 9.0 GENERAL OBSERVATIONS ON THE COUNTY SECOND SUPPLEMENTARY ESTIMATES

Mr. Speaker,

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

### i. The County Executive

Ministry of Lands, Infrastructure, Housing and Urban development.

Mr. Speaker,

1. The committee notes there was a proposed allocation of Kshs 32M for staff housing and public service club. This was possible to be undertaken

## **Ministry of Environment and Natural Resources.**

**Mr. Speaker,**

1. The committee noted most of the allocations to this ministry was aimed at preparation to mitigate on looming disaster due to climate change. The ministry had also proposed activities as source of alternative livelihoods upon ban on charcoal burning which was recently imposed by Her Excellency the Governor. Upon discussion with the CECM responsible, it was felt that the Assembly should support this initiative which also included conservation of environment. The supplementary budget had proposed an allocation of Kshs 26M which was far from enough and thus the committee will be making some consideration to this matter.
2. It was noted with a lot of concern that the asbestos excavated from Kiongwe area have remained in containers at Kitui Stadium. There is need for the line committee to engage the relevant department into possible ways of permanently disposing the same to avert the risks posed.

## **Ministry of Tourism, Sports and Culture.**

**Mr. Speaker,**

It was noted that this Ministry has lost heavily in reallocation in this supplementary budget to a tune of Kshs 79,189,045 in development expenditure. Upon discussion with the CECM for the department, it was realized that these deductions could cripple the development operations of the department. It was the feeling of the committee that tourism is strategic

feeding programme in both nursery and primary schools. The committee felt it was necessary since rains had failed and famine had set in. However, the ministry should embrace targeting service delivery to the devolved units such as ECDE Centers and Youth Polytechnics.

### **Ministry of Trade, Co-operatives and Investments.**

**Mr. Speaker,**

1. There was a proposed allocation of Kshs 62.5M for purchase of trucks aimed to support livestock traders' co-operatives. It was learned that these traders across the county had been encouraged to join co-operative societies which shall be the target beneficiaries. The committee noted with a lot of concern that this was a huge commitment by the Executive in anticipation that the same would be approved by the Assembly. The committee felt that this tendency of committing monies with assumption that it will be approved may amount to an abuse of the provisions of Sec. 135 of the PFM Act, 2012 making the Assembly a ratifying rubber stamp. This notwithstanding, and the fact that the procurement process was at an advanced stage, the committee has considered its approval but with a stern caution.
2. There was an allocation of Kshs 28.9M for youth and women empowerment in addition to the approved amount of Kshs 11M. The committee felt that the allocation has been done year in year out with no utilization due to lack of regulations to implement the same. Thus, it will not be prudent to concede to this proposal.



2. There was an allocation of Kshs 100M for water tanks. This is meant to cushion water shortage in public institutions by harvesting roof water. It was explained that each ward will benefit with thirty pieces for installations in schools, hospitals and market centers. The funds will be utilized also to rehabilitate existing water roof catchments, provision and repair of gutters.

### **Ministry of Basic Education, ICT and Youth Development.**

#### **Mr. Speaker,**

1. There was a proposed reduction of Kshs 71.9M from allocation to ECDE classrooms and Day Care Centers. The committee noted with concern over this proposal in that the county was deviating from her core mandate as stipulated under Schedule IV of the Constitution. The committee felt that the ministry should not lose the whole amount as this will amount to crippling the ECDE centers which are a full responsibility of the county government and to this end will make some recommendations on the same.
2. There was an allocation of Kshs 16.56M for internet connectivity and automation of other county operative systems at the county headquarters for all ministries. This function was transferred to the ministry upon restructuring of the county ministries by the new government.
3. There was a reduction of Kshs 20M earmarked to upgrade Kyuso Youth Polytechnic to be a Center of excellence. The reasons behind the reduction was to push this to the next financial year where three more

4. The committee appreciated an allocation of Kshs 80M for purchase of beddings and linen for all county hospital offering inpatient services.

### **County Treasury**

**Mr. Speaker,**

It was noted that there was huge reallocations out of this ministry notably Car loans and mortgages to staff and Emergency fund. This was in an endeavor to save funds to respond to the draught emergencies within the county under the Office of the Governor. The committee also noted that the county government needs to fast track regulations to govern the implementation of staff car loans and mortgages being benefits conferred to public officers by the Salaries and Remuneration Commission.

### **ii. The County Assembly**

**Mr. Speaker,**

The submitted county assembly budget sought to create savings to cater for increments in salaries and allowances to Members of County Assembly and external members of the CASB. The proposed reallocations were as contained in the table below;-

## 10.0 SPECIFIC COMMITTEE RECOMMENDATIONS ON THE SUPPLEMENTARY ESTIMATES

Mr. Speaker,

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

- I. To reduce Kshs. 40M from the allocation for nonresidential building (completion of administration block and payment of pending bills) under the office of the Governor. It emerged during discussions that the earlier allocation of Kshs 100M has been utilized for a rolling period of three years. Thus, it would be impossible to absorb the proposed increment within the remaining period.
- II. Reinstate Kshs. 123,764,255.00 earmarked for CLIDP under the office of the Governor and transfer the same to the ministry of Agriculture, Water and Livestock Development. Out of this additional allocation, Kshs 60M be utilized to procure and install water tanks in the ECDE centres and youth polytechnics and the remaining amount be used in repairs and servicing water points. It was the feeling of the committee that this is one of the programmes that has had positive impact to the residents as evident in various public participation exercises across the county. This money could be utilized within the remaining months of the financial year since there are already existing structures to implementation of the same.

- IX. Reduce Kshs. 28.9M earmarked for Youth and Women empowerment fund in the Ministry of Trade, Cooperatives and Investments. The committee felt that the allocation has been done year in year out with no utilization due to lack of regulations to implement the same. Thus, it will not be prudent to concede to this proposal.
- X. Reduce Kshs. 5M from the allocation earmarked for County Branding in the Ministry of Trade, Cooperatives and Investments. The committee felt that these were not priorities and can be addressed in the subsequent budgets.
- XI. Reduce Kshs. 35.5M from the allocation earmarked for purchase of specialized plant (Ballast crusher machine, Garment making Machine, Soap making machines, Mango Value Addition machines, Pottery Kilns machines, Furniture making machines, Leather Processing Machines, Milk Processing Machine and Car washing machine Mwingi, Kitui & Mutomo) in the Ministry of Trade, Cooperatives and Investments. The committee though supports the initiative, such a huge investment in absence of a sound policy on management and utilization could result to failure to reap full benefits of the venture. Thus, the County should fast track a legislation on same.
- XII. Reduce Kshs. 5M from the allocation earmarked for purchase of specialized plant (motor vehicle diagnostic machine for jua kali mechanics) in the Ministry of Trade, Cooperatives and Investments for reasons provided above.
- XIII. Reduce Kshs. 12M from the funds allocated for engineering and design plans (staff housing and public service club) under the Ministry of Lands,

- XVIII. Increase prefeasibility, feasibility and appraisal studies by Kshs. 2M within sub program 2.1 (tourism promotion and marketing) under the Ministry of Tourism, Sports and Culture for the above reasons.
- XIX. The Committee recommends Kshs. 15M from allocation proposed for grain aggregation be reallocated to purchase of Pesticides and Kshs 5M from allocation proposed for seeds distribution be further reallocated to purchase of seeds in the Ministry of Agriculture, Water and Livestock Development. The Committee realized that there no provision of the same in the approved budget to cater for the next season.
- XX. Reduce Kshs. 5M allocated for prefeasibility studies (capacity building, water surveys and designs) in the Ministry of Agriculture, Water and Livestock Development to cover the budget deficit.
- XXI. Reduce Kshs. 3M from the funds allocated for feasibility studies within the sub program 8.2 (water supply infrastructure) under the Ministry of Agriculture, Water and Livestock Development to cover the budget deficit.
- XXII. Increase the proposed allocation by Kshs. 18M for other operating expenses (Charcoal environmental conservation initiative) in Ministry of Environment and Natural Resources. The supplementary budget had proposed an allocation of Kshs 26M which was far from enough to support this important initiative.
- XXIII. Make an allocation of Kshs. 4M and a further allocation of Kshs. 2M for public participation and trainings respectively within the County Treasury. Participation is compulsory as envisaged in the Constitution and other laws. This is key in ensuring involvement of public in making

Mr. Speaker,

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

Mr. Speaker,

The above adjustments in both the County Executive and County Assembly budgets as recommended above will therefore decrease the overall County Budget from 11,360,350,178.00 to Kshs. 11,294,097,811.00.

Mr. Speaker,

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

*The Report was compiled by:*

*Charles Nyaga*



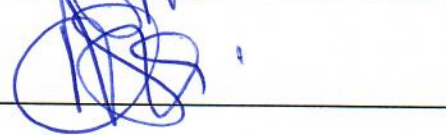
*Senior Fiscal Analyst*

*Mulandi Kavali*

*First Clerk Assistant*

**ANNEX I**

**SIGNED LIST OF MEMBERS OF THE BUDGET AND APPROPRIATIONS  
COMMITTEE IN AGREEMENT WITH REPORT**

1. Hon. Boniface Kilaa -Chairperson 
2. Hon. Baridi Felix Daudi Mbevo -Vice Chairperson 
3. Hon. Esther Kalunda Ndile -Member 
4. Hon. Mary K. Philip -Member 
5. Hon. Philip Nguli -Member 
6. Hon. Annastacia M. Mutunga -Member 
7. Hon. Nzomo Mwalali -Member 
8. Hon. Mary P. Ndumbu -Member 
9. Hon. James M. Munuve -Member 

## KITUI COUNTY GOVERNMENT SECOND SUPPLEMENTARY BUDGET ESTIMATES FY 2017/18

VOTE CODE TITLE	PROGRAMME CODE AND TITLE	2017/18 - Kshs		GROSS TOTAL ESTIMATES 2ND SUPPLEMENTARY	PERCENTAGE ALLOCATION
		GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES		
<b>Office of The Governor</b>	<b>Total</b>	<b>791,785,855</b>	<b>628,930,288</b>	<b>1,420,716,143</b>	<b>13%</b>
	0701003710 P1: General Administration Planning and Support Services	375,394,227	508,892,579	884,286,806	
	0702003710 P2: National Social Safety Net	224,676,000	120,037,709	344,713,709	
	0703003710 P3: Cabinet Affairs	33,740,000	-	33,740,000	
	0704003710 P4: Public Financial Management	60,612,461	-	60,612,461	
	0705003710 P5: Human Resource	60,029,098	-	60,029,098	
	0706003710 P6: Publicity and Reception Services	27,184,324	-	27,184,324	
	0707003710 P7: Monitoring and research services	10,149,745	-	10,149,745	
<b>Administration &amp; Coordination of County Affairs</b>	<b>Total</b>	<b>360,101,991</b>	<b>34,856,470</b>	<b>394,958,461</b>	<b>3%</b>
	0701003710 P1: General Administration Planning and Support Services	55,558,195	-	55,558,195	
	0705003710 P2: County Government Administration and Field Services	160,674,981	34,856,470	195,531,451	
	0706003710 P3: Devolution Services	99,995,208	-	99,995,208	
	0707003710 P4: Monitoring and Evaluation	43,873,606	-	43,873,606	
<b>The County Treasury</b>	<b>Total</b>	<b>449,137,341</b>	<b>141,911,213</b>	<b>591,048,554</b>	<b>5%</b>
	0701003710 P1: General Administration, Planning and Support Services	268,326,631	53,665,066	321,991,697	
	0710003710 P2: Economic Policy and National Planning	17,556,593	20,000,000	37,556,593	
	0711003710 P3: Monitoring and Evaluation Services	-	-	-	
	0712003710 P4: Public Financial Management	163,254,117	68,246,147	231,500,264	
<b>Health &amp; Sanitation</b>	<b>Total</b>	<b>2,288,545,166</b>	<b>787,663,769</b>	<b>3,076,208,935</b>	<b>27%</b>
	0401003710 P1: General Administration, Planning & Support Services	1,454,353,756	139,482,000	1,593,835,756	
	0404003710 P2: Maternal and Child Health	6,580,800	202,766,606	209,347,406	
	0403003710 P3: Preventive & Promotive Health Services	87,754,000	-	87,754,000	
	0402003710 P4: Curative Health Services	739,856,610	445,415,163	1,185,271,773	
<b>Basic Education, ICT and Youth</b>	<b>Total</b>	<b>450,594,603</b>	<b>288,884,247</b>	<b>739,478,850</b>	<b>7%</b>
	0501003710 P1: General Administration, Planning and Support Services	77,570,606	-	77,570,606	



VOTE CODE TITLE	PROGRAMME CODE AND TITLE	2017/18 - Kshs		PERCENTAGE ALLOCATION
		GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	
<b>Environment and Natural Resources</b>	<b>Total</b>	<b>73,400,499</b>	<b>229,813,242</b>	<b>3%</b>
	1001003710 P1 General Administration, Planning and Support Services	43,543,498	-	
	1002003710 P2 Environment Management and Protection	4,779,578	13,309,525	
	1003003710 P3 Natural Resources Conservation and Management	12,879,426	58,494,340	
	1004003710 P4 Water Resources Management	2,543,659	3,045,634	
	1005003710 P5 Power Transmission and Distribution	4,219,163	57,279,902	
	1006003710 P6 Alternative Energy Technologies	1,678,097	66,796,098	
	1007003710 P7 Power Generation	1,752,573	2,050,000	
	1008003710 P8 Mineral Resources Management	2,004,504	28,837,743	
<b>County Public Service Board</b>	<b>Total</b>	<b>70,306,664</b>	<b>17,864,841</b>	<b>1%</b>
	0701003710 P1: General Administration, Planning and Support Services	51,197,434	17,864,841	
	0713003710 P2: Human Resource Management and Development	14,324,139	-	
	0714003710 P3: Governance and County Values	4,785,091	-	
<b>County Assembly</b>	<b>Total</b>	<b>812,981,841</b>	<b>176,787,757</b>	<b>9%</b>
	070100 P1: General Administration, Planning and Support Services	241,853,047	176,787,757	
	0710500 P2: Legislation, Representation and Oversight	571,128,794	-	
<b>Kitui Town Administration</b>	<b>Total</b>	<b>91,783,794</b>	<b>209,918,614</b>	<b>3%</b>
	0201003710 P1: General Administration Planning and Support Services	71,018,934	-	
	0202003710 P2: Road Transport	18,152,080	66,875,000	
	0207003710 P3: Urban and Metropolitan Development	1,340,000	51,297,750	
	0208003710 P4: Coastline Infrastructure and Pedestrian Access	85,000	-	
	0109003710 P5: Government Buildings	240,000	-	
	0706003710 P6: Devolution Services	947,780	91,745,864	
<b>Mwingi Town Administration</b>	<b>Total</b>	<b>59,282,196</b>	<b>94,146,121</b>	<b>1%</b>
	0201003710 P1: General Administration Planning and Support Services	39,692,722	500,000	
	1001000000 P2: Environmental Policy Management	3,753,164	1,000,000	
	0109003710 P3: Government Buildings	4,266,342	12,093,994	
	0207003710 P4: Urban and Metropolitan Development	8,631,804	34,679,273	
	0706003710 P5: Devolution Services	2,938,164	45,872,854	
<b>Total Voted Expenditure Kshs</b>		<b>6,289,141,045</b>	<b>5,004,956,766</b>	<b>100%</b>
			<b>11,294,097,811</b>	

Annex iii

MINUTES OF THE BUDGET AND APPROPRIATIONS COMMITTEE  
MEETING HELD AT PRIDE INN HOTEL NAIROBI ON 20<sup>TH</sup> FEBRUARY, 2018  
STARTING AT 5.00 P.M.

PRESENT

MEMBERS

1. Hon. Boniface Kilaa -	Chairperson
2. Hon. Baridi Felix Daudi Mbevo -	Vice Chairperson
3. Hon. Esther Kalunda Ndile -	Member
4. Hon. James Munuve -	”
5. Hon. Philip Nguli -	”
6. Hon. Annastacia Mwathi Mutunga -	”
7. Hon. Nzomo Mwalali -	”
8. Hon. Mary P. Ndumbu -	”
9. Hon. James M. Munuve –	“

IN ATTENDANCE

Mr. Charles N. Nyaga –	Senior Fiscal Analyst
Mr. A. Mulandi Kavali -	First Clerk Assistant (Taking minutes)

MIN. (BAC) 04/2018 PRELIMINARIES

The Chairperson thanked the Members for the efforts shown so far and the commitment to deliver their mandate. He commended them for the perseverance displayed in working throughout the days beyond the normal working hours even sometime to adjourn past 10.00 pm to ensure meeting of the deadline given to table a report at the Assembly.

He then called upon the members to adopt the County Second Supplementary estimates report for tabling at the Assembly.


MIN. (BAC) 05/2018 ADOPTION OF THE COMMITTEE'S REPORT FOR THE COUNTY SECOND SUPPLEMENTARY ESTIMATES FOR THE FINANCIAL YEAR 2017/2018

The Members discussed and approved the above Committee's report pursuant to the provisions of Standing Order 179 (4), which had a total of Kshs. 11,294,097,811.00.

It was agreed that the same be forwarded to the office of the Speaker for approval for tabling in compliance with Standing Order 179 (6).

MIN (BAC) 06/2018 ADJOURNMENT

And there being no other business, the meeting ended at 8.00 P.M.

  
MULANDI KAVALI  
FOR CLERK OF ASSEMBLY  
COUNTY ASSEMBLY OF KITUI

CONFIRMED.

  
BONIFACE KILAA KASINA  
CHAIRPERSON  
BUDGET AND APPROPRIATIONS COMMITTEE