

# COUNTY ASSEMBLY OF KITUI

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## INTERNAL MEMO

**TO:** CLERK OF THE ASSEMBLY  
**THRO:** IN-CHARGE L.P & P  
**FROM:** SERVING CLERK- COMMITTEE ON BUDGET AND APPROPRIATIONS.  
**REF:** CAK/15/1/VOL XV (52)  
**DATE:** 29<sup>TH</sup> NOVEMBER, 2017

*Mr. Speaker*  
*Kindly approve this report.*  
*29/11/17*

**SUBJECT: REPORT BY THE COMMITTEE ON BUDGET AND APPROPRIATIONS ON CONSIDERATION OF THE KITUI COUNTY SUPPLEMENTARY 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 the Kitui County supplementary estimates for the financial year 2017/2018 as approved by the Committee.

Kindly advice for its approval and tabling.

*Shm*  
.....  
**Grace Musombo**

(Clerk serving Committee on Budget and Appropriations)

*Approved*  
*Shm*  
*29/11/2017*

**COUNTY GOVERNMENT OF KITUI**



**THE COUNTY ASSEMBLY**

**SECOND ASSEMBLY – (FIRST SESSION)**

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**BUDGET AND APPROPRIATIONS COMMITTEE**

**REPORT**

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

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

**NOVEMBER, 2017**

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## **ACRONYMS/ABBREVIATIONS**

AA:	Automobile Association
ASDSP:	Agricultural Sector Development Support Programme
BQ:	Bill of Quantities
CARA:	County Allocation of Revenue Act.
CECM:	County Executive Committee Member
CIDP:	County Integrated Development Plan
CLIDP:	Community Level Infrastructure Development Programme
CRA:	Commission on Revenue Allocation
FY:	Financial Year
ICT:	Information Communication Technology
JHPIEGO:	Johns Hopkins Program for International Education in Gynaecology and Obstetrics
KEFRI:	Kenya Forest Research Institute
KRCS:	Kenya Red Cross Society
MCA:	Member of County Assembly
NARIGP:	National Agricultural and Rural Inclusive Growth Project
NGO:	Non-Governmental Organization
NTSA:	National Transport and Safety Authority
O&M:	Operation & Maintenance
PFMA:	Public Finance Management Act

## **PREFACE**

**Mr Speaker Sir**, on behalf of Members of the Budget and Appropriations Committee, I hereby present to the House, the Committee's Report on the 1st Kitui County Supplementary Budget Estimates for the 2017 / 2018 Financial Year.

As you are aware, **Mr Speaker**, Supplementary Budget is the request for additional funds by Ministries and Departments during the course of the year. They are meant to cover unforeseen and unavoidable expenses and to authorise additional spending after the budget has been passed.

### **Legal framework**

Section 135 of the Public Finance Management Act (PFMA), 2012 states that, **"A County Government shall submit a Supplementary Budget in support of the additional expenditure for authority"**,

Section 154 (2) (c) of the same Act, gives direction on how reallocations among votes in budgets are supposed to be done. The relevant sub-sections are reproduced below for more clarification:

- (1) An accounting officer shall not authorise the transfer of an amount that is appropriated—
  - (a) For transfer to another county government entity or person;
  - (b) For capital expenditure except to defray other capital expenditure; or
  - (c) For wages to non-wage expenditures.
  
- (2) An accounting officer for a county government entity may reallocate funds between programs, or between Sub- Votes, in the budget for a financial year, but only if—
  - (a) Provisions made in the budget of a program or Sub-Vote are available and are unlikely to be used;
  - (b) A request for the reallocation has been made to the County Treasury explaining the reasons for the reallocation and the County Treasury has approved the request; and
  - (c) The total of all reallocations made to or from a program or Sub-Vote does not exceed ten percent of the total expenditure approved for that program or Sub-Vote for that year.
  
- (3) Regulations approved by the county assembly may prescribe requirements for the reallocation of funds within Sub-votes or programs.

In line with these provisions, **Mr Speaker**, the County Executive, and County Assembly submitted their Supplementary Estimates, both of which were tabled in the House on 14<sup>th</sup> November 2017. Thereafter, the House mandated the Budget and Appropriation Committee to scrutinize the estimates and come up with recommendations.

As we know, approval of the 2017/2018 Budget was done in March instead of June as has been the tradition. This departure, **Mr Speaker**, was brought about by issues relating to the 2017 general elections, which affected the Budget Cycle.

The Budget Estimates approved then were based on the Commission on Revenue Allocation (CRA) recommendations to the Senate regarding equitable share and conditional grants. The approved estimates had a total allocation of **Kshs 9, 873,405,730** and the budget was to be financed as shown below:

➤ Equitable share	<b>Kshs 8,368,427,839</b>
➤ Conditional grants	<b>Kshs 576,937,392</b>
➤ Own revenue	<b>Kshs 702,040,500</b>
➤ Estimated Revote	<b>Kshs 226,000,000</b>

### **Committee Membership**

The Budget and Appropriations Committee, as recently constituted by this House comprises of the following Members;

<b>S/NO</b>	<b>NAME</b>	<b>DESIGNATION</b>
1	Hon Boniface Kilaa Kasina	Chairperson
2	Hon Baridi Felix D. Mbevo	Vice Chair
3	Hon Mary Ndumbu	Member
4	Hon Mary Kanini Philip	Member
5	Hon James Munuve	Member
6	Hon Anastacia Mutunga	Member
7	Hon Philip Nguli	Member
8	Hon Nicholas Mwalali	Member
9	Hon Esther Kalunda Ndile	Member

## **Scope and Function**

The Committee is established pursuant to the provisions of Standing Order No. 186, which mandates it to inter alia: -

- (a) Investigate, inquire into and report on all matters related to coordination, control and monitoring 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 national budget, including Appropriations Bills; and**
- (e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.**

The Committee is further given legal backing under Section 131(1) to (6) of the Public Finance Management Act, (PFMA) 2012. In adherence to these provisions, the committee, examined and discussed the Supplementary Estimates and has made recommendations as contained in this report.

## **Committee proceedings**

In reviewing the proposed Estimates, the Committee held eleven sittings during which period the representatives from the County Executive and County Assembly were invited to shed clarity on salient matters that came to the Committee's attention.

Those who appeared from the Executive side were the County Executive Committee Members for County Treasury and Agriculture, Water, and Livestock Development, the Deputy Director for Budgets and Economic Planning and Technical Advisor from the Office of the Governor. The County Assembly Service Board was represented by the Clerk and a Member of the Board as well as the Deputy Clerk and the Principal Finance Officer.

The recommendations arising from these deliberations are included in this report.

While holding discussions with the County officials, the Committee received relevant documents, from which it retrieved pertinent information, which helped to fashion its comments, observations, and recommendations.

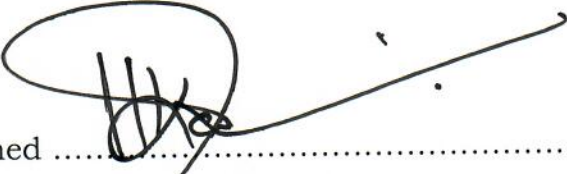
## Acknowledgement

The committee compliments the Speaker's office for the support extended while performing its function. The Clerk's office shares credit also for the facilitation and provision of technical support to the committee while executing its mandate and all representatives from the Executive arm of the county government who dutifully honoured their obligations and appeared before the committee to clarify on salient issues.

Further, I wish to acknowledge the Honourable Members of the committee who traded off their time to participate in the activities of the committee and whose dedication and fortitude saw the completion of this report.

Finally, **Mr Speaker**, the committee is obliged to the secretariat assigned to cover its proceedings and who went beyond the normal call of duty on numerous occasions to ensure this report was delivered on time. The commitment and devotion to duty of all those involved in this noble task made the work of the Committee and production of this report a success. We thank each one of them.

On behalf of the Committee, I now wish to table the report and urge the House to adopt it and the recommendations therein.

Signed  .....

**Hon. Boniface Kilaa Kasina,**

**Chairman,**

**Budget and Appropriations Committee,**





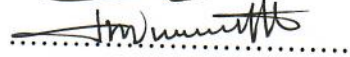

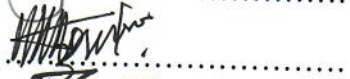


**County Assembly of Kitui.**

Date ..... **28/11/2017** .....



**Adoption of the report on the consideration of the Supplementary Estimates for the Financial Year 2017/2018.**

We, the members of the Budget and Appropriation Committee have, pursuant to Standing Order 179, adopted this report and hereby affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity:-

<b>Member Name</b>	<b>Signature</b>
Hon. Boniface Kasina	
Hon Baridi Felix Mbevo	
Hon Mary Ndumbu	
Hon Mary Kanini Philip	
Hon James Munuve	
Hon Anastacia Mutunga	
Hon Philip Nguli	
Hon Nicholas Mwalali	
Hon Esther Kalunda Ndile	

## **EXAMINATION OF THE SUPPLEMENTARY ESTIMATES OF REVENUE AND EXPENDITURE FOR THE FINANCIAL YEAR 2017 / 2018**

Both the County Executive and County Assembly prepared a Supplementary Budget amounting to **Kshs 11,360,350,178** for both recurrent and development expenditure.

The committee noted that the Estimates had an increase of **Kshs 1,486,944,447**, which added to the approved Budget of **Kshs 9,873,405,730** scaled up the overall County budget to **Kshs 11,360,350,178**.

This represented an increase of 15 % attributed to the following;

- Increase in Equitable share by **Kshs. 283,872,161**
- Increase in Conditional grants by **Kshs 109,406,972**
- Increase in revote from financial year 2016/2017 budget by **Kshs 1,093,665,314**

The additions, **Mr Speaker Sir**, resulted from the fact that this year's Budget was approved March, 2017, earlier than scheduled owing to the electioneering period. The Budget approved was pegged on CRA recommendations to the Senate on equitable share and Conditional Grants, which changed by the time the County Allocation of Revenue Act, (CARA) 2017, was approved. At the same time, it was difficult to accurately estimate the Revote since there was a period of three months to the closure of the Financial Year.

### **Adherence of the 2017/2018 Supplementary Budget to prevailing legislation**

**Mr Speaker Sir**, Section 135 (7) of the Public Finance Management Act, (PFMA) 2012, provides that in any financial year the county government may not spend under this section more than 10% of the amount appropriated by the county assembly for that year unless that county assembly has, in special circumstances, approved a higher percentage.

Further, Section 154 (2) (c) of the same Act, provides that the total of all the reallocations made to or from a programme or a sub-vote does not exceed 10% of the total expenditure approved for that programme or sub-vote for that year.

While examining the Supplementary Budget, the committee noted that the following programs had exceeded the 10% limit contrary to the above provisions.

#### **i. Under the Ministry of Administration and Co-ordination Affairs,**

P2 County Government Administration and Field Services has made reallocations amounting to -48%

- ii. Under the County Treasury,**  
 P2 Economic Policy and National Planning has made reallocations amounting to 57%  
 P4 Public Financial Management has made reallocations amounting to -22%
- iii. Under the Ministry Education, ICT and Youth Development,**  
 P3 Youth Training and Development the reallocations amount to 15%
- iv. Under Ministry of Lands, Infrastructure, Housing and Urban Development,**  
 P4 Government Buildings has done reallocations amounting to -22%
- v. Ministry of Tourism, Sports and Culture,**  
 P5 Department of Gender has done reallocations amounting to -11%
- vi. Ministry of Agriculture, Water and Livestock Development,**  
 P1 General Administration, Planning and Support Services has done reallocations amounting to -12%  
 P2 Crop Development and Management has done allocations amounting to 792%  
 P3 Agribusiness and Information Management has done reallocations amounting to 98%  
 P4 Agricultural Extension Services and Training reallocations amount to -17%  
 P8 Water Resources Management has done reallocations equivalent to 25%
- vii. Ministry of Environment and Natural Resources**  
 P1 General Administration, Planning and Support services 28%  
 P3 Natural Resources Conservation Management -12%
- viii. Kitui Town Administration**  
 P2 Planning, Development Control, Transport and Infrastructure 13%  
 P4 Coastline Infrastructure and Pedestrian Access -68%  
 P5 Devolution Services -55%
- ix. Mwingi Town Administration**  
 P1 General Administration, Planning and Support Services -12%

Of importance to note, **Mr Speaker Sir**, is the fact that, overall, the Budget has increased by 15% because of the new revenues cited above. This implies that if the increment was to be distributed evenly to all the programmes, each would get a rise of 15% meaning the 10% limit would still be exceeded.

Further, Section 108 (2) of the PFMA, allows a new county Government to deviate from the financial objectives in the County Fiscal Strategy Paper but may not deviate from fiscal responsibility objectives. It is for this reason, that this committee requests this House to approve the supplementary budget the deviations notwithstanding.

### **Review of the County Executive supplementary budget, 2017/2018**

The executive submitted an overall budget of **Kshs 11,360,350,178**, which was higher than the approved budget by **Kshs 1,486,944,447** as earlier explained.

Increase in conditional grants of **Kshs 109,406,972** was channelled as follows:

- Development of youth polytechnics under the ministry of Basic Education, ICT and Youth Development – **Kshs 67,576,636**
- Road maintenance Levy fund under Ministry of Lands, Infrastructure, Housing and Urban Development – **Kshs 41,830,336**

Increase in Revote of **Kshs 1,093,665,314** was reallocated for the same projects, the money was budgeted for in the previous financial year.

Increase in equitable share of **Kshs 283,872,161** and reallocations within budget programmes of **Kshs 297,587,839** both totalling to **Kshs 581,460,000** was proposed to be reallocated as indicated in the table below:

<b>PROPOSALS FOR SUPPLIMENTARY BUDGET 2017/18 FY</b>				
	<b>County Ministry</b>		<b>Workings</b>	<b>Sub Total (Kshs)</b>
<b>1</b>	Agriculture, Water & Livestock Development	Purchase of tractors (20no.)	20no.xKsh4.0m	80,000,000
		Operationalization of Tractors		15,000,000
		Purchase of Certified Seeds	400,000x250	100,000,000
		Others (Purchase of pesticides, Maize, sorghum, beans, <i>distribution</i> )		25,000,000
		logistics/Transport	500,000Kg*Ksh20	10,000,000
		Ploughing		15,000,000
		Water tracking		20,000,000
		Co-financing ASDSP & NARIGP		10,500,000
		Bore holes		100,000,000
		<b>TOTAL</b>		<b>375,500,000</b>
<b>2</b>	Education, ICT & Youth Development	Youth Training ( <i>NTSA, Police, AA &amp; Driving School</i> )	3,000no.x Ksh 4,500	13,500,000
<b>3</b>	Health & Sanitation	Mobile clinics		24,000,000
		Purchase of drugs		74,000,000
		CT scans	(2no.)	40,000,000
		X-ray Machine(s)		44,460,000
		<b>TOTAL</b>		<b>182,460,000</b>
<b>4</b>	The Treasury	Preparation of CIDP 2018-2022		10,000,000
		<b>TOTAL</b>		<b>581,460,000</b>

<b>POSSIBLE SOURCES OF FUNDS</b>		
<b>1</b>	The difference between Revenue projections in 2017/18 FY Budget & the amount allocated in the County Allocation of Revenue Act (CARA) 2017	
	Equitable Share in CARA, 2017	8,652,300,000
	Equitable Share in Approved 2017/2017 budget	8,368,427,839
	<b>Increase in Equitable Share</b>	<b>283,872,161</b>
<b>2</b>	Payroll Savings	144,587,839
<b>3</b>	Selected O&M budget lines savings for the first 2 months of First Quarter	153,000,000
	<b>Total proposed Funding</b>	<b>581,460,000</b>

**Mr Speaker Sir**, the above table shows the proposed areas where the increase in equitable share and re-allocations within budget programmes both totalling to **Kshs 581,460,000** was to be allocated as explained below:

1. Under the Ministry of Agriculture, Water and Livestock Development, the county executive proposed to undertake the following projects:
  - i. Purchase 20 tractors at a cost **Kshs 4,000,000** each totaling to **Kshs 80,000,000**.
  - ii. Operationalize the tractors at a total cost of **Kshs 15,000,000**.
  - iii. Purchase 400,000 Kilograms of certified seeds at a cost of **Kshs 250** per Kg totaling to **Kshs. 100,000,000**
  - iv. Purchase and distribute pesticides at a total cost of **Kshs 25,000,000**
  - v. Transport 500,000 Kilograms of certified seeds at a cost **Kshs 20** per kg totaling to **Kshs 10,000,000**
  - vi. Ploughing at a total cost of **Kshs 15,000,000**
  - vii. Carry out water tracking at a total cost of **Kshs 20,000,000**
  - viii. Provide for Co-finance of ASDSP AND NARIGP at a total cost of **Kshs 10,500,000**
  - ix. Renovate of Boreholes at a cost of **Kshs 100,000,000**

2. Under the Ministry of Basic Education, ICT and Youth Development the County Executive proposed to provide **Kshs 13,500,000** to train 3,000 youths on Road safety.
3. Under the Ministry of Health and Sanitation the County Executive proposed to undertake the following projects :
  - i. Operationalize mobile clinics at a cost of **Kshs 24,000,000**
  - ii. Purchase Drugs at a cost of **Kshs 74,000,000**
  - iii. Purchase one CT-Scan machine at a cost of **Kshs 40,000,000**
  - iv. Purchase X-ray machines at a cost of **Kshs 44,460,000**
4. Under county Treasury the County Executive proposed an additional allocation of **Kshs 10,000,000** for preparation of County Integrated Development Plan (CIDP) 2018-2022

### **Committee Observations on the County Executive Supplementary Estimates - 2017/2018**

The committee made the following observations;

- i. The planned purchase of 20 tractors to promote mechanization of agriculture in the county is no longer a priority since the planting season had lapsed.
- ii. The new County administration has set food security as one of its priorities and towards that end embarked on provision of certified Seeds to farmers before the onset of the planting season.

The Kenya Red Cross society (KRCS) which partnered with the County Government in supplying farmers with the seeds had by the onset of the short rains supplied 250,000 kilograms of green grams (Ndengu) to the farmers.

The county government on its part managed to distribute 118,000 kilograms. In that regard, the committee sees no justification for the Executive to budget for distribution of 400,000 Kilograms of seeds yet its previous capacity was 118,000 Kilos.

The county has also not factored any amount to buy the produce from the farmers after the harvest yet they have the intention to carry farmers produce to a central warehouse immediately it is harvested.

- iii. The County Executive has proposed an allocation of **Kshs 10,000,000** for transportation of 500,000 Kilograms of green grams despite its previous capacity of 118,000 kilograms.
- iv. While appreciating the County Government for embarking on drilling and rehabilitation of collapsed boreholes and water tracking to alleviate

scarcity of water in the county, the committee considers the effort, albeit, well meaning, as short term solution to a persistent problem.

The committee would expect the additional allocation of **Kshs 120,000,000** towards Bore holes and Water Tracking to provide a long term solution towards water scarcity.

- v. The County has a stockpile of drugs expected to last for up to April next year. The drugs are under the custody of Health and Sanitation Ministry. Further, salaries of the newly hired medical nurses is not factored in the budget. The medics have been working under partnership involving the county government and Johns Hopkins Program for International Education in Gynecology and Obstetrics (JHPIEGO) which has expired and the county government felt the need to retain them. Further, the amount allocated for purchase of CT –Scan and X-ray machines was far much below the market price for such important machines.
- vi. The first County Integrated Development Program (2013-2018) will lapse at the end of this year. For that reason, the county treasury is expected to prepare another CIDP for the period 2018-2022 and have beside the approved budget of Kshs. **Kshs 10,000,000** proposed extra **Kshs 10,000,000** in the supplementary budget raising the total budget to **Kshs. 20,000,000**.
- vii. The Executive has not factored any additional funding to CLIDP and Pro-Poor Programme under Governor’s office yet the two initiatives are key in inducing development and have so far impacted positively on the lives of beneficiaries.
- viii. **Kshs 35,000,000** appropriated for mentorship Programme under Education, ICT and Youth Development Ministry will only be utilized in the Third Quarter of this Financial Year. This has resulted from non-implementation of the Programme in the First Quarter of this FY. The enterprise is tailored at assisting class eight pupils in the county to attain good grades in national examinations.

### **Review of the County Assembly Supplementary Estimates, 2017/2018**

The county Assembly submitted an overall budget of **Kshs 1,056,742,341**, which was higher than the approved budget by **Kshs 160,125,180**.

The increase resulted from a revote of **Kshs 93,152,437** and an addition of **Kshs 66,972,743**, which the Assembly requested the committee to source from the Executive’s budget.

The table below shows proposed areas for reallocations:



**Proposals on votes to be increased or reduced during supplementary budget 2017/2018**

<b>PROPOSED VOTES FOR SOURCING OF FUNDS</b>					
<b>Sub Item Code</b>	<b>Sub Item Name</b>	<b>Amount Budgeted</b>	<b>Proposed Savings</b>	<b>Actual Revote</b>	<b>Proposed Supplementary Allocation</b>
2110314	Transport Allowance	17,031,166	(17,031,166)	-	-
2110317	Domestic Servant Allowance	720,000	(180,000)	-	<b>540,000</b>
2110328	County Assembly Attendance Allowances	69,638,400	(36,518,400)	-	<b>33,120,000</b>
2110329	Ward Office Holders Allowance	35,592,000	(5,092,000)	-	<b>30,500,000</b>
2120101	Employer Contribution to NSSF	376,800	(22,400)	-	<b>354,400</b>
2211325	Ward Office Operations	30,606,000	(7,200,000)	-	<b>23,406,000</b>
	<b>TOTAL SAVINGS</b>		<b>(66,043,966)</b>	-	

**PROPOSED VOTES FOR APPLICATION OF FUNDS**

<b>Sub Item Code</b>	<b>Sub Item Name</b>	<b>AMOUNT BUDGETED</b>	<b>PROPOSED ADDITIONS</b>	<b>ACTUAL REVOTE</b>	<b>PROPOSED SUPPLEMENTARY ALLOCATION</b>
2110101	Basic Salaries - Civil Servants	114,268,438	5,403,187		<b>119,671,625</b>
2110116	Basic Salaries - Members of County Assembly	132,556,652	2,628,782		<b>135,185,434</b>
2210801	Catering Services ( Accommodation, Gifts, Food and Drinks	18,709,600	5,700,000		<b>24,409,600</b>
2210809	Board Allowances & Seminars	8,390,400	2,384,000		<b>10,774,400</b>
2210901	Group Personal Insurance	-	4,500,000		<b>4,500,000</b>
2210910	Medical Insurance	21,500,000	13,500,000		<b>35,000,000</b>
2710103	Gratuity	16,912,515	1,292,677		<b>18,205,192</b>
3111111	Purchase of ICT Networking	-	2,000,000		<b>2,000,000</b>
3110202	Construction of nonresidential buildings	30,000,000	95,608,063	73,273,437	<b>198,881,500</b>
3110504	Other Infrastructure & Civil Works	-	-	19,879,000	<b>19,879,000</b>
	<b>TOTAL PROPOSED ADDITIONS</b>		<b>133,016,709</b>	<b>93,152,437</b>	<b>226,169,146</b>

## Committee Observations on the County Assembly proposals to the Supplementary Estimates -2017/2018

The committee observed as follows;

- i. **Kshs. 7,200,000** budgeted for ward offices operation has been slashed by the County Assembly. The allocation was meant for the months of July, August and September 2017.

Following the departure of former MCAs, the offices remained operational under office assistants who incurred some debts as they performed their work and which must be paid. This money is yet to be paid.

- ii. Expenses on ward offices operation has been on upward trend owing to inflation but allocation for this item has remained static for the last 5 years.
- iii. Former MCAs will not benefit from the money appropriated for their extra pay. The five-year tenure of the exited ward reps was scheduled to end on March 3, 2018, thus entitling them to continue drawing their salary for 8 months without working. But that decision was recently overturned by the Court of Appeal.

The committee noted that the County assembly was operating under a budget ceiling of **Kshs. 727,297,161** for recurrent expenditures as a result approval of CARA, 2017. Further to this the approved budget had exceeded the Ceiling by **Kshs 77,320,000** meant to cater for the extra pay of former MCAs. CASB had proposed savings from recurrent expenditure amounting **Kshs 28,635,320** out of the approved ceiling.

- iv. The money allocated for mortgage loans can cater for 40 Members only.
- v. Snacks are provided for in the approved budget yet Members are not served with bites while attending weekly committee sittings. Further, the allocation for catering services features entertainment allowance for the offices of Majority and Minority Leaders which the office bearers are entitled to.
- vi. Nearly three months after been sworn-in Members are yet to be issued with laptops which are provided for in the approved budget.
- vii. The budget proposed by the County Assembly Service Board has some allocation towards completion of the new chambers. The committee appreciates the need to shift plenary sittings from the Kenya Forestry Research Institute Offices to the new spacious building.

- viii. The **Kshs. 3,000** paid to Members while on local travels (within the county) is little compared to what they spend on fuel. The rate needs to be adjusted to match with the reality.
- ix. Within the County Assembly proposed supplementary Budget there is a revote from the previous financial year of **Kshs 19,879,000** which was earmarked for acquisition of a recreational facility for members. Further, **Kshs 30,000,000** within the approved budget for Speaker's residence and office block. There is also a set deadline for the construction of the Speaker's residence of **June, 2019**.

**Committee recommendations on the supplementary estimates.**

The committee makes the following recommendations to this House;

- i. To reduce the proposed allocation of **Kshs 80,000,000** for procurement of 20 tractors under the Ministry of Agriculture, water and Livestock Development by **Kshs 40,000,000**. This will be actualized by reducing the number of tractors earmarked for purchase from 20 to 10 on which the balance of **Kshs. 40,000,000** will be channeled to other projects.

The idea of procuring many tractors now should be put on hold since the planting season had lapsed and no more ploughing, harrowing, or planting is required. Acquiring the machinery now is not a priority and it has been overtaken by events. However, the committee recommends that purchase of the remaining 10 tractors should be considered at a later date.

The committee considered the economics of renting versus owning the heavy machinery and trucks and reckoned that with ownership comes maintenance and operating costs including fuel, insurance and other fees such as government licensing, and those costs obviously vary from machine to machine.

The committee decision was informed by the fact that more agencies are renting the equipment they need at the jobsite after realizing that there are many opportunities to rent the equipment for jobs instead of purchasing.

That has been the case with multinationals such as Kenya Commercial Bank, East Africa Breweries Limited a trend which the county government should emulate. Further, the committee was of the view that the purchase of 10 Tractors should be done on piloting basis pending assessment of their value to the taxpayer later.

- ii. To reduce the proposed allocation of **Kshs 15,000,000** for operationalization of tractors within the Ministry of Agriculture, water and Livestock Development by **Kshs 5,000,000**. This is considering

that the reduction of the number of tractors to be purchased will scale down expenditure on the machinery.

- iii. To reduce **Kshs 70,500,000** from purchase of certified seeds under the Ministry of Agriculture, water and Livestock Development. The committee strongly feels that there is no need to budget for 400,000 kilos of green grams, yet the county government only supplied 118,000 kilos and Red Cross supplied 250,000 Kilos of green grams before the onset of the planting season.

The committee noted inconsistencies on information provided by the Executive regarding the whole project of supplying certified seeds to farmers under partnership with Kenya Red cross society. The county government should come up with a structured framework and policy guidelines on the green gram revolution programme.

- iv. To reduce **Kshs 7,640,000** from Transport for certified seeds under the Ministry of Agriculture, Water and Livestock Development. In the same vein, the committee could not make out how the executive budgeted for distribution of 500,000 kilograms of seeds yet they previously managed only 118,000 kilos.
- v. To reduce **Kshs 5,000,000** from amount allocated for ploughing under the Ministry of Agriculture, Water and Livestock Development. The **Kshs. 15,000,000** allocated for the exercise is overrated considering the recommendation to have the number of tractors to be purchased reduced from 20 to 10.
- vi. To reduce **Kshs 38,322,335** from amount allocated for bore holes under the Ministry of Agriculture, Water and Livestock Development. This is because of another allocation of **Kshs. 315,000,000** for drilling new Boreholes, rehabilitating existing Boreholes and constructing new sand dams which has not been fully utilized.

The committee appreciates the county administration for the ongoing drilling and rehabilitation of collapsed boreholes and water tracking to relieve residents from scarcity of water. However, even though, well-meaning, the committee considers the effort as providing short-term solution to a persistent challenge.

In that regard, the Committee recommends that the county government should now focus on development of infrastructure for large-scale water harvesting and distribution in a bid to achieve a meaningful solution to the long-term problem.

- vii. To reallocate **Kshs 74,000,000** proposed for purchase of drugs under the Ministry of Health and Sanitation as shown below:

- **Kshs 37,000,000** to salaries and allowances for the newly hired medics who previously served under JHPIEGO and County Government partnership.
- **Kshs 30,000,000** as additional for purchase of a CT- Scan machine.
- The balance of **Kshs 7,000,000** as additional for purchase of X-ray Machines.

The committee considered it sensible to have the purchase of drugs put on hold until the next supplementary budget to allow reallocations in favour of the nurses' salaries, and purchase of CT-scan and X-ray machines. This decision was informed by the fact that the county has enough stocks of drugs set to last up to April next year, while there is no budgetary provisions the medics salaries' and no adequate provisions for procurement of the CT-scan and X-ray machines.

- viii. To provide an additional allocation of **Kshs 100,000,000** and **Kshs 36,000,000** to CLIDP and Pro-Poor programmes respectively. This will advance the welfare of beneficiaries and spur development in the county.
- ix. To reinstate **Kshs 7,200,000** which the County Assembly had proposed to slash from the allocation for ward office operation for the months of July to September, 2017. Further, make an additional allocation of **Kshs 11,200,000** towards the ward office operations. The committee reckoned that although the money for ward office operations for the months of July to September, 2017 was not paid, the offices remained operational under office assistants who incurred some debts as they performed their work and which must be paid.

Further, expenses on ward office operations has been on upward trend owing to inflation but allocation for the item has remained static for the last 5 years. The committee, for that reason has decided to apportion **Kshs 11,200,000** in order to enable the CASB to consider increasing the monthly payments made in favor of running the offices.

- x. Since the former MCAs whose five-year tenure was to end on March 3, 2018, will not be entitled to extra pay after the decision was overturned by the Court of Appeal recently, the **Kshs. 77,320,000** allocated in the approved budget for their emoluments will not be utilized. In that regard, the committee recommends for reallocation of the money as shown below:-

- **Kshs 31,000,000** towards mortgage loans for MCAs. The committee noted that the money allocated for the kitty could cater for 40 members only making 14 others to miss out.

- The Balance of **Kshs 46,320,000** be transferred to the Development vote for construction of chambers.
- xi. To transfer **Kshs 19,879,000** earmarked for acquisition of a recreational facility for members towards Construction of Chamber. This amount has been re-voted for two consecutive financial years.

Further, transfer **Kshs 15,000,000** towards construction of chamber out of Kshs **30,000,000** approved for speakers residence and office block.

The balance of **Kshs 15,000,000** to do designs for speakers residence bearing in mind there is a set deadline for the construction of the same by June, 2019.

The committee felt there was a need for the CASB to concentrate on one project at a time other than doing multiple projects simultaneously which has proved to be an uphill task.

- xii. CASB had proposed savings from recurrent expenditure amounting to **Kshs 28,635,320** out of the approved ceiling of **Kshs 727,297,161**. The committee recommends these savings to be redistributed as follows;
  - **Kshs 18,400,000** be reallocated towards office operations monthly payment by reinstating **Kshs 7,200,000** and providing additional allocation of **Kshs 11,200,000** as explained in note ix above.
  - **Kshs 2,920,000** to be added to Domestic Travel. The Committee feels that the prevailing transport rate was low compared to what members spent on fuel hence the need for adjustment to match with the reality. Additionally, the committee recommends that County Assembly Service Board should review the transport rates for other major towns like Naivasha, Nakuru and Meru.
  - The remaining balance of **Kshs 7,335,320** be transferred to Development vote for the construction of the chamber.
- xiii. The committee recommends that the Assembly administration must ensure that members are served with snacks while attending committee meetings since the approved budget has an allocation for the same. Further, the offices of the Majority and Minority Leaders are entitled to entertainment allowance as provided for in the budget.
- x. On laptops, the committee recommends that the management must ensure that the gadgets are procured as a matter of urgency and issued to ease the work of MCAs.

- xi. With regard to completion of the chamber, the committee appreciates the need to shift plenary sitting from KEFRI to the new chambers. In this regard, the Committee has endeavored to source for funds within this mini-budget towards completion of the project as stated earlier in this report.

However, this committee was not satisfied with some of the figures proposed by the County Assembly Service Board such as for additional works, variations, interest and loss due to stoppage, supervision and disbursement fees. The Committee established that;-

- Work variations/additions were not approved by the Board but was a financial appraisal by the contractor.
- The county assembly Senior Legal Counsel disagreed with the proposal to pay interest accruing from the purported loss as a result of stoppage of the works due to litigations. The evidence to this is attached as **annex ii**.
- Some items in the original Bill of Quantities (BQ) such as public toilets, MCAs lounge, Lifts etc. were never implemented yet there is no effect on the budgetary provisions.
- In the original contract, there was provision for demolition yet it features as additional works/variations in the financial appraisal. The evidence to this is attached as **annex iii**.

The above notwithstanding, the Committee urges this House to approve the proposed allocations towards construction of chamber and ask the County Assembly Service Board to negotiate with the contractor regarding the additional works, variations, interest and loss due to stoppage and supervision and disbursement fees which this committee feels overrated.

In view of the above, the Committee recommends that the County Assembly Service Board should be submitting progress reports on construction of the new chambers and any other future developments for scrutiny by the Assembly.

- xii. In line with its mandate, the committee resolved to be undertaking post implementation review of its decisions and recommendations to ensure prudent use of public resources.
- xiii. The committee also recommends for establishment of a fully-fledged county assembly budget office with a team of qualified fiscal analysts as is the case with other legislatures. This will enhance the oversight mandate.



## **Conclusion**

In conclusion, **Mr Speaker**, the committee recommends that all other proposals which have not been affected by the above specific recommendations be approved as proposed for both the County Executive and Assembly.

These adjustments in both the County Executive and County Assembly budgets will raise the overall county budget to Kshs. **11,360,350,178.00** as analysed in **annex I** due to;

- Increase in equitable share by **Kshs 283,872,161**
- Increase in conditional grants by **Kshs 109,406,972** and
- Increase in actual revote from 2016/17 budget by **Kshs 1,093,665,314** actual revote

### **The Report prepared by:**

Charles Nyaga  
Teddy Ray Matuku  
Grace Musombo

Senior Fiscal Analyst  
Senior Hansard Editor  
First Clerk Assistant

**KITUI COUNTY GOVERNMENT**  
**REVISED BUDGET ESTIMATES FOR FY 2017/18 PER PROGRAMME**

VOTE CODE TITLE	PROGRAMME CODE AND TITLE	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
		2017/18 - Kshs		
<b>Office of The Governor</b>	<b>Total</b>	<b>509,916,732</b>	<b>777,042,782</b>	<b>1,286,959,514</b>
	0701003710 P1: General Administration Planning and Support Services	332,525,104	561,042,782	893,567,886
	0702003710 P2: National Social Safety Net	8,676,000	216,000,000	224,676,000
	0703003710 P3: Cabinet Affairs	37,740,000	-	37,740,000
	0704003710 P4: Public Financial Management	60,612,461	-	60,612,461
	0705003710 P5: Human Resource	33,029,098	-	33,029,098
	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>375,101,991</b>	<b>79,518,572</b>	<b>454,620,563</b>
	0701003710 P1: General Administration Planning and Support Services	65,558,195	-	65,558,195
	0705003710 P2: County Government Administration and Field Services	120,674,981	79,518,572	200,193,553
	0706003710 P3: Devolution Services	144,995,208	-	144,995,208
0707003710 P4: Monitoring and Evaluation	43,873,606	-	43,873,606	
<b>The County Treasury</b>	<b>Total</b>	<b>762,990,484</b>	<b>130,208,782</b>	<b>893,199,266</b>
	0701003710 P1: General Administration, Planning and Support Services	583,948,388	53,665,066	637,613,454
	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	161,485,503	56,543,716	218,029,219	
<b>Health &amp; Sanitation</b>	<b>Total</b>	<b>2,042,630,187</b>	<b>733,058,949</b>	<b>2,775,689,136</b>
	0401003710 P1: General Administration, Planning & Support Services	1,361,480,303	-	1,361,480,303
	0404003710 P2: Maternal and Child Health	26,380,800	182,966,606	209,347,406
	0403003710 P3: Preventive & Promotive Health Services	87,054,000	-	87,054,000
0402003710 P4: Curative Health Services	567,715,084	550,092,343	1,117,807,427	
<b>Basic Education, ICT and Youth Development</b>	<b>Total</b>	<b>533,224,664</b>	<b>398,581,115</b>	<b>931,805,779</b>
	0501003710 P1: General Administration, Planning and Support Services	89,500,667	-	89,500,667
	0502003710 P2: Primary Education	380,663,471	146,358,284	527,021,755
	021000 P3 ICT Infrastructure Development	16,098,000	34,000,000	50,098,000
	0504003710 P4: Youth Training and Development	46,962,526	183,222,831	230,185,357
0503003710 P5: Quality Assurance and Standards	-	35,000,000	35,000,000	
<b>Trade, Cooperatives and Investments</b>	<b>Total</b>	<b>63,044,363</b>	<b>156,409,443</b>	<b>219,453,806</b>
	0301003710 P1: General administration and support-H/Qs	27,445,692	-	27,445,692
	0303003710 P2: Trade development and Promotion	17,284,670	90,100,000	107,384,670
0304003710 P3: Cooperative development and Management	18,314,001	66,309,443	84,623,444	
<b>Lands, Infrastructure, Housing and Urban Development</b>	<b>Total</b>	<b>210,286,896</b>	<b>939,435,714</b>	<b>1,149,722,610</b>
	0101003710 P1: General Administration Planning and Support Services	74,486,258	-	74,486,258
	0108003710 P2: Land Policy and Planning	30,116,596	20,739,292	50,855,888
	0107003710 P3: Housing Development and Human Settlement	12,205,424	7,780,000	19,985,424
	0109003710 P4: Government Buildings	19,153,683	5,000,000	24,153,683
0110003710 P5: Road Transport	74,324,935	905,916,422	980,241,357	
<b>Tourism, Sports and Culture</b>	<b>Total</b>	<b>120,259,396</b>	<b>237,179,306</b>	<b>357,438,702</b>
	0301003710 P1: General Administration, Planning and Support Services	55,025,126	-	55,025,126
	0305003710 P3: Tourism Development and Promotion	24,361,737	113,830,285	138,192,022
	0903003710 P3: Sports	11,219,979	50,000,000	61,219,979
	0904003710 P4: Culture	12,204,268	1,000,000	13,204,268
	0902003710 P2: Gender	5,174,800	10,769,501	15,944,301
0905003710 P5: Social Development and Children Services	12,273,486	61,579,520	73,853,006	
<b>Agriculture, Water &amp; Livestock Development</b>	<b>Total</b>	<b>433,938,339</b>	<b>1,046,253,785</b>	<b>1,480,192,124</b>
	0101003710 P1: General Administration Planning and Support Services	57,190,683	-	57,190,683
	0102003710 P2: Crop Development and Management	12,445,088	134,117,840	146,562,928
	0103003710 P3: Agribusiness and Information Management	53,932,475	81,234,796	135,167,271
	P4: Agricultural Extension Services and Training	123,764,787	46,544,000	170,308,787
	0104003710 P5: Irrigation and Drainage Infrastructure	12,292,313	25,165,204	37,457,517
	0105003710 P6: Fisheries Development and Management	11,138,729	5,640,000	16,778,729
	0106003710 P7: Livestock Resources Management and Development	53,905,600	18,763,500	72,669,100
0111003710 P8: Water Resources Management	109,268,664	734,788,445	844,057,109	
<b>Environment and Natural Resources</b>	<b>Total</b>	<b>64,861,790</b>	<b>212,411,734</b>	<b>277,273,524</b>
	1001003710 P1 General Administration, Planning and Support Services	35,004,790	-	35,004,790
	1002003710 P2 Environment Management and Protection	4,779,578	11,309,525	16,089,103
	1003003710 P3 Natural Resources Conservation and Management	12,879,426	23,204,030	36,083,455
	1004003710 P4 Water Resources Management	2,543,659	4,803,959	7,347,618
	1005003710 P5 Power Transmission and Distribution	4,219,163	61,979,902	66,199,065
1006003710 P6 Alternative Energy Technologies	1,678,097	66,796,098	68,474,195	

VOTE CODE TITLE	PROGRAMME CODE AND TITLE	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
		2017/18 - Kshs		
	1007003710 P7 Power Generation	1,752,573	4,050,000	5,802,573
	1008003710 P8 Mineral Resources Management	2,004,504	40,268,220	42,272,724
<b>County Public Service Board</b>	<b>Total</b>	<b>70,306,664</b>	<b>17,864,841</b>	<b>88,171,505</b>
	0701003710 P1: General Administration, Planning and Support Services	51,197,434	17,864,841	69,062,275
	0713003710 P2: Human Resource Management and Development	14,324,139	-	14,324,139
	0714003710 P3: Governance and County Values	4,785,091		4,785,091
<b>County Assembly</b>	<b>Total</b>	<b>812,981,841</b>	<b>176,787,757</b>	<b>989,769,598</b>
	070100 P1: General Administration, Planning and Support Services	250,238,215	176,787,757	427,025,972
	0710500 P2: Legislation, Representation and Oversight	562,743,626	-	562,743,626
<b>Kitui Town Administration</b>	<b>Total</b>	<b>87,667,843</b>	<b>211,446,114</b>	<b>299,113,957</b>
	0201003710 P1: General Administration Planning and Support Services	66,902,983	-	66,902,983
	0202003710 P2: Road Transport	18,152,080	58,275,000	76,427,080
	0207003710 P3: Urban and Metropolitan Development	1,340,000	62,371,500	63,711,500
	0208003710 P4: Coastline Infrastructure and Pedestrian Access	85,000	-	85,000
	0109003710 P5: Government Buildings	240,000	-	240,000
	0706003710 P6: Devolution Services	947,780	90,799,614	91,747,394
<b>Mwingi Town Administration</b>	<b>Total</b>	<b>57,793,975</b>	<b>99,146,121</b>	<b>156,940,096</b>
	0201003710 P1: General Administration Planning and Support Services	38,004,501	500,000	38,504,501
	1001000000 P2: Environmental Policy Management	3,833,164	4,000,000	7,833,164
	0109003710 P3: Government Buildings	4,121,342	13,093,994	17,215,336
	0207003710 P4: Urban and Metropolitan Development	8,851,804	30,679,273	39,531,077
	0706003710 P5: Devolution Services	2,983,164	50,872,854	53,856,018
<b>Total Voted Expenditure Kshs</b>		<b>6,145,005,163</b>	<b>5,215,345,015</b>	<b>11,360,350,178</b>

<b>Executive</b>	<b>5,332,023,322</b>	<b>5,038,557,258</b>	<b>10,370,580,580</b>
<b>County Assembly</b>	<b>812,981,841</b>	<b>176,787,757</b>	<b>989,769,598</b>

**INTERNAL OFFICE MEMO**

**FROM:** The Senior Legal Counsel

**TO:** The Clerk of County Assembly

**REF NO:** CAK 22/21 Vol. III (19)

**DATE:** 3<sup>rd</sup> February, 2017

**SUBJECT: PAYMENT OF INTEREST ON DELAYED PAYMENT AND COMPLETION OF THE ASSEMBLY CHAMBER**

*See  
Note copied for  
board files  
15  
15/2/2017*

Reference is made to the above matter and my Memo dated 2<sup>nd</sup> February 2017.

The referenced Memo raises the following concerns and seeks my legal opinion on the same:

- A) If the Assembly being a government institution should pay the interest that has been claimed by the contractors; and
- B) If Contractor should pay the Assembly for failing to adhere to the project works completion deadline which was December 2016.

My humble opinion on the raised concerns is as follows:

**Issues A**

The County Assembly Service board of Kitui is established pursuant to section 12 of the County Government Act as a body corporate. This means that it can contract and as a result, it should adhere to all its contractual obligations. If the interest claimed is found to be justified, then the assembly would have no choice but to pay the said interest based on its contractual obligation.

The contractor has made 2 claims:

- 1) Interest on delayed payments; and
- 2) Loss suffered on the stoppage of the project works.

**Interest on delayed payments**

As regards the claim made, the executed contract at page 29 clause 23.3 provides that in the event that the assembly does not make payment within 30 days of such payment being requested, then the assembly

**B) If Contractor should pay the Assembly for failing to adhere to the project works completion deadline which was December 2016.**

The project period according to the contract is 12 months. The contract is however unclear whether the period of 12 month starts from the time of signing the contract or from the time the contractor takes over the site. It is important to deal with this question.

It is imperative to calculate the period of delay taking into consideration the period that was covered by the court orders. In the event that despite taking that into consideration the contractor will have delayed the project, it is my opinion that the Assembly is, pursuant to clause 27 of the contract at page 34 entitled to liquidated damages.

I trust the above sufficiently answered the raised questions, in the event that you are dissatisfied with my opinion, it is my humble request that we seek a second opinion from an external counsel.

Thank you.



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**GLADYS KANYAA MWENDWA**

# ANNEX III

15:18:27 PM

## PROPOSED ALTERATIONS & RENOVATIONS OF KITUI COUNTY ASSEMBLY CHAMBERS KITUI COUNTY, KENYA

	Quantity	Rate	Amount
SECTION NO 3			
BUILDING WORKS			
BILL NO 1			
DEMOLITIONS			
Note:			
The contractor shall physically visit site to determine all demolition work prior to actual demolition : the contractor shall afford the Employer the opportunity to select all materials and fittings that the employer would like to retain prior to disposal of arising : the contractor shall thereafter dispose all arising away from site and in accordance to the law and local authority regulations : where materials are to be handed over to the client, the contractor shall allow for temporary storage awaiting the handing over			
Carefully demolish existing buildings : comprising brick structures, floor slab, T&G ceiling, GCI roof, timber and casement windows, doors, all electrical & plumbing fittings.	m <sup>2</sup>	392	1,000,000
Allow credit to Client for demolished materials handed over to Contractor:		Item	Nil
Carried Forward to Summary of Section No. 3			KSHS 1,000,000
Section No. 3			
BUILDING WORKS			
Bill No. 1			
DEMOLITIONS			

*[Signature]*  
 13/11/2017

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ASSEMBLY CHAMBER ADDED WORKS

1	Contingency sum	(18,000,000.00)
	Landscaping	800,950.00
	Alucobond capopy works	10,472,790.00
	Walkways ;speaker &members	6,862,620.00
	Generator switch room	809,360.00
	Clerks office extension	469,488.00
	Extension of old building	414,975.00
	Gallery chairs	3,800,000.00
	Abortive	316,350.00
	Interior Decorations	6,702,590.00
	Roof top water tanks	174,000.00
	Water connection works to KITWASCO	292,425.00
	Electrical Installations	994,758.00
	Structural Cabling & CCTV Installations	489,288.00
	Audio – vision Installations	9,488,800.00
	Profit & Attendance 10%	1,814,186.00
	Extended running cost( security and fencing, light/power telephone,sanitation,protection of work,insurance)	16,950,000.00
	<b>VARRIED WORKS</b>	<b>42,852,580.00</b>
	Building works	202,755.00
	Demolition works	6,933,220.00 →
	Substructures	3,315,090.00
	RC Superstructures	6,932,380.00
	Roofing	571,480.00
	Staircases	416,050.00
	Walling & Partitions	4,360,331.00
	Windows	767,220.00
	Doors	6,287,800.00
	External Finishes	1,433,860.00
	BWIC – Mechanical & Electrical Installations	(16,450.00)
	Ironmongery	279,840.00
	Fluctuations	4,286,697.00
	Contract sum adjusted to sub-contractor	6,124,539.00
	External works (demolition,road parking boundary wall ,gate&gatehouse and storm water drainage)	(415,744.00)
		<b>41,479,068.00</b>

*[Signature]*

*[Signature]*

To Note for  
 instructions:

*[Signature]*  
 13/11/2017