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## ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
BoQs	Bills of Quantities.
BPS	Budget Policy Statement
CARA	County Allocation of Revenue Act
CARB	County Allocation of Revenue Bill
CECM	County Executive Committee Member
CFA	Cash for Assets
CFSP	County Fiscal Strategy Paper
CGA	County Governments Act
CGAAA	County Governments Additional Allocation Act
CGAAB	County Governments Additional Allocation Bill
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
DORA	Division of Revenue Act
ECDE	Early Childhood Development
ELRP	Emergency Locust Response Program
FLLoCA	Finance Locally Led Climate Action Programme
FY	Financial Year
HSSP	Health Sector support programme
IDA	International Development Association
KDSP	Kenya Devolution Support Programme
MCA	Member of County Assembly
MSME	Micro, Small and Medium Enterprises

NAVCDP	National Agricultural Value Chain Development Project
NHIF	National Health Insurance Fund
OSR	Own Source Revenue
PFM	Public Finance Management
PLWDs	Persons Living with Disabilities
RMFL	Road Maintenance Fund Levy
S.O.	Standing Orders
VTC	Vocational Training Centres

## ANNEXURES

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## 1.0 PREAMBLE

Mr. Speaker,

The County Budget Estimates for the financial year (FY) 2024/2025 is the twelfth estimates of revenue and expenditure for the County since devolution was ushered under the new Constitution of Kenya (CoK), 2010. It is the third Annual County budget under the new administration that assumed office in the year 2022 after the general elections held in the month of August, 2022.

The Budget under consideration was submitted in line with Section 129 (2)(a) of the Public Finance Management (PFM) Act, 2012 and Standing Order (S.O) 205 of the County Assembly Standing Orders on 30<sup>th</sup> April, 2024. It is a budget that has been prepared during a time when the country has faced rains beyond the normal levels with an expectation of extensive damages to the County infrastructure installations whilst anticipation of bumper harvests resultantly. It's a complicated state of affairs nevertheless, any emergencies and unforeseen circumstances that may arise shall be dealt with in subsequent supplementary budget as provided in Section 135 of the Public Finance Managements (PFM) Act, 2012.

Mr. Speaker,

A budget is a primary and a fundamental financial tool that is key in providing controls over revenues and expenditures in Government institutions. Budgets are integral measures of preserving controls of government's finances and are means of attaining the financial reporting objectives and accountability. The budget expresses the general policies of the Government and states its precise intentions in every field. It conveys a vision of society and of the way in which the Government intends to respond to the needs.



It is an instrument that determines the total expenditure of an organization as well as ensuring such expenditures are consistent with the total revenues as envisaged in Regulation 31 (c) of the PFM (County Government) Regulations, 2015.

**Mr. Speaker,**

The main purposes for budgeting are for resource allocation, planning, coordination, control and motivation. It is also an important tool for decision making, monitoring business performance and forecasting income and expenditure. Article 224 of the CoK, 2010 envisions similar state of affairs by providing that 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. Under the Principles and Framework of Public Finance as envisaged in Article 201, it is provided that there shall be openness and accountability, including public participation in financial matters. The revenue raised nationally shall be shared equitably among the national and county governments to promote equitable development in the Country.

**Mr. Speaker,**

In order to achieve the above, it is thus critical and mandatory to also undertake budgeting at the county level as a key management tool in ensuring that public money is spent prudently and in a responsible way. The budget consequently is a vital tool in ensuring responsible financial management and clear fiscal reporting. A budget has majorly two main components namely the revenue and expenditure proposals. The revenues for County Government budgeting consists of a share from the National Government (Equitable share) and the own source revenue (OSR) that is locally collected from the fees, charges and levies raised within the county's jurisdiction. It is however unfortunate noting that most of the County Governments raise very



little finances through the OSR against the amount required to finance their annual budgets. To a greater extent the Counties over rely on the National Government through equitable share and grants that are disbursed in every financial year through the County Allocation of Revenue Act (CARA) and County Governments Additional Allocation Act (CGAAA) respectively.

**Mr. Speaker,**

The CoK, 2010 envisages decent principles in public resource mobilization, planning and management. Consequently, and in adherence to the above provisions of the law, the County Governments are guided by the PFM Act, 2012. The County Governments mostly depend on Part 4 (four) of the PFM Act, 2012 that touches on the County Governments' responsibilities with respect to Management and Control of Public Finances. Further, the County financial procedures are also guided by the PFM (County Government Regulations), 2015, financial prudence and good norms that are practiced in government institutions.

**Mr. Speaker,**

It is important further to note that the CoK, 2010 and the PFM Act, 2012 both places significant responsibilities on the County Assemblies as relates to financial management in particular regarding to resource mobilization, allocation, monitoring and control. The County Assembly is bestowed with the responsibility of approval of both financial and non-financial plans of the County Governments. As suggested by the law, the County Assemblies are thus charged with the responsibility to provide strategic leadership and intent for judicious resource application at the County disposal. Consequently, expenditures should be channeled to address the socio-economic deficiencies and expeditious improvement in service delivery to Kitui citizenry.

Mr. Speaker,

Section 130 and 131 of the PFM Act, 2012 bestows the fundamental responsibility of the County Budget approval and the relevant appropriations law to the County Assemblies.

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 30<sup>th</sup> 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”*

It is in adherence to the above provisions and the parliamentary practices and traditions as practiced in the country that the County Annual Budget Estimates are usually submitted to the County Assemblies for approval. The approval processes are usually done timely enough to meet the timelines set above by the Law.

Mr. Speaker,

From the foregoing, the County budget estimates, 2024/2025 were submitted to the County Assembly on 30<sup>th</sup> April, 2024 and laid on the Table of the Assembly on the 7<sup>th</sup> May, 2024 during the morning sitting. The estimates were deemed to have been committed to each Sectoral Committee without question put to deliberate upon according to their respective mandate and report to the County Budget and Appropriations Committee pursuant to the provisions of S.O. 206 (3) and (4).





Mr. Speaker,

Section 131 (2) of the PFM Act, 2012 and S.O. 206 (5) further provides that, County Budget and Appropriations 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 Member (CECM) for Finance and members of the public. Therefore, to consider these estimates, the Committee was guided by submissions therefrom in making her recommendations to the Assembly for adoption.

Mr. Speaker,

In compliance with Article 196 and 201 of the CoK, 2010, Section 131 (2) of the PFM Act, 2012 and the S.O.s, the proposed budget estimates were subjected to public participation exercise. An advert was placed in the Kitui County Assembly website, print and electronic media (annexure ii) on 8<sup>th</sup> May, 2024 inviting the public for a public participation on 15<sup>th</sup>, 16<sup>th</sup> & 17<sup>th</sup> May, 2024 for all the eight Sub-Counties at the following centers: -

- i. Wednesday, 15<sup>th</sup> May, 2024 – three Sub-Counties
  - Kitui Multi-Purpose Training Institute hall- Kitui central,
  - Kiusyani A.C.K Church - Kitui rural,
  - A.I.C Kauwi - Kitui West,
- ii. Thursday, 16<sup>th</sup> May, 2024 three Sub-Counties
  - Mutomo Chiefs Camp (Mutomo Town) – Kitui South
  - Zombe AIC Church (Zombe Town) – Kitui East Sub –County
  - TSC Hall, Migwani – Mwingi West, and
- iii. Friday, 17<sup>th</sup> May, 2024 – two Sub-Counties
  - Mwingi Resource Centre – Mwingi Central,
  - Kyuso Market Sheds– Mwingi North Sub County.



Mr. Speaker,

The advert had also requested the interested Members of the public and institutions to submit written memoranda with views on the submitted budget to the Office of the Clerk of Assembly via the email address [kituiassembly@gmail.com](mailto:kituiassembly@gmail.com) on or before 17<sup>th</sup> May, 2024. The exercise was fruitful as representatives from across the eight sub-counties attended. The County Assembly did not receive any written memoranda to that effect neither by physical nor via County Assembly email address.

Mr. Speaker,

The exercise witnessed a robust interactive session between Members of the County Budget and Appropriations Committee, Members of the County Assembly and members of public. This saw the members of public give their input and proposals for consideration by the Assembly which ultimately culminated to this report by the County Budget and Appropriations Committee for adoption by the Assembly.

## 2.0 ESTABLISHMENT AND COMPOSITION OF THE COMMITTEE

### 2.1 Committee Composition

Mr. Speaker,

The County Budget and Appropriations Committee is established under the provisions of S.O. 186 which as well spells the mandate and the functions of the Committee. As currently constituted, the Committee comprises of the following Members;

- |                                   |                   |
|-----------------------------------|-------------------|
| 1. Hon. Zacchaeus Ivutha Syengo   | -Chairperson      |
| 2. Hon. Jacquelyne Cate Kalenga   | -Vice Chairperson |
| 3. Hon. Alex Mutambu Nganga       | -Member           |
| 4. Hon. Sylvester Kitheka Munyalo | -Member           |
| 5. Hon. Malinga Munyao            | -Member           |

- |                                 |         |
|---------------------------------|---------|
| 6. Hon. Boniface Mukwate Katula | -Member |
| 7. Hon. Kyalo Kimuli            | -Member |
| 8. Hon. Mary Mwendu Mutune      | -Member |
| 9. Hon. Mercy Muliwa Muema      | -Member |

## 2.2 The Committee's Mandate

Mr. Speaker,

S.O. 186 (3) outlines the roles of the County Budget and Appropriations Committee 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.*

Arising therefrom and pursuant to the provisions of Section 131 (2) of the PFM Act, 2012, the Committee considered the Kitui County Budget Estimates, 2023/2024 in pursuit of her mandate as articulated above by the law.

## 3.0 METHODOLOGY

Mr. Speaker,

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

- i. Direct engagement into discussions with invitees from both the Executive and the Assembly,*
- ii. Reviewing Sectoral Committees' reports as submitted by the respective Chairpersons,*





- iii. Interrogation of budget documents availed to the Committee namely; the Annual budget estimates both itemized and program based budget, budget notes and list of development projects among other availed materials,
- iv. Reviewing budget performance for FY 2023/2024,
- v. Reviewing and consideration of memoranda submitted to the office of the Clerk of Assembly by the CECM Finance, Economic Planning and Revenue Management, and
- vi. Consideration of public participation reports from the eight designated centers.

**Mr. Speaker,**

It is worth noting that the submitted budget had explanation notes. Nonetheless, the notes were only a replica of words used in item description from the itemized budget. The notes did not in any way offer any clarification on the proposed allocations to the understanding by the Committee. It was also evident that projects to be undertaken in the proposed budget had not been identified as to the name, location and cost.

**Mr. Speaker,**

Lack of this critical information made it very difficult for the Committee to comprehend in making an attempt to have equitable county development. The budget allocations should be explicit in nature and easily understandable; indicating all the project details for accountability, effective oversight by the Assembly Committees and ease in monitoring and evaluation. The situation thus necessitated the Committee to make a deliberate move to seek for more information as relates to the submitted budget to ensure a full understanding of the statutory document.





Mr. Speaker,

It is important to appreciate the critical role undertaken by the Sectoral Committees in this budget approval process. Consideration exercise by the Sectoral Committees took place at Pride Inn Azure with effect from 20<sup>th</sup> to 24<sup>th</sup> May, 2024. During this exercise, the Committees intensively interacted with the CECMs from all the County Ministries on the proposed sector budget allocations. The exercise was undertaken pursuant to the provisions of Section 131 (2) of the PFM Act, 2012 and S.O. 206 which provides that Each Sectoral Committee shall consider, discuss and review the Estimates according to its mandate and submit its report and recommendations to the County Budget and Appropriations Committee within twenty-one days, after being laid before the County Assembly.

Mr. Speaker,

It is worth noting that the Sectoral reports submitted by the various Committees' Chairpersons were a reflection that an intensive scrutiny of the submitted estimates had been done. Indeed, therefrom, the sectoral views form a substantive fragment of the recommendations made in this report for adoption by the Assembly. Nevertheless, some of the departmental Committee reports still lacked very crucial information as relates to projects listing across the ministries, projects implementation status and history on the County rolling projects that are also proposed for additional allocations in the submitted budget.

Mr. Speaker,

It is however, important to note that the Submitted budget had deviated from the departmental ceilings as set in the approved CFSP, 2024/2025. Most of the Sectoral Committees recommended for reinstatements to the approved ceilings which should have been observed during the budget making by the

CECM, finance, Economic Planning and Revenue Management as envisioned in Section 129 (2) (b) of the PFM Act, 2012.

#### 4.0 BACKGROUND

Mr. Speaker,

Section 129 (2) of the PFM Act, 2012 inter alia provides that;

*“Following approval by the County Executive Committee, the County Executive Committee 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 ...’*

The Kitui County Budget for the FY, 2024/2025 was submitted within timelines as highlighted above in this report. Nonetheless, it is important noting that the submitted budget had in most ministries deviated from the approved CFSP ceilings but without a statement from the Treasury explaining the deviations. This is a requirement by Regulation 26(7) of the PFM (County Government) Regulations, 2015. However, during the Committee consideration exercise on the submitted budget, a memorandum to that effect was submitted to the County Assembly referenced CGKTI/CT/FIN/1/ (2024-2025)/1B and dated 22<sup>nd</sup> May, 2024. (annexure iii). This was done outside the statutory timelines as set out in Section 130 (a) (iii) of the PFM Act, 2012, nevertheless, the Committee conceded to proceed with the document alongside others that were submitted together with the budget.

Mr. Speaker,

The submitted budget estimates by the CECM Finance, Economic Planning and Revenue Management were prepared in line with County Allocation of Revenue Bill (CARB), 2024 and the County Governments Additional



Allocation Bill (CGAAB), 2024, which were under consideration in the National Parliament. The expenditures for both arms of the County Government totaled to Kshs. 12,702,160,932. This comprised of Kshs. 11,601,530,932 and Kshs. 1,100,630,000 for both the County Executive and the County Assembly budgets respectively. It is critical to note that the total County Assembly budget submitted by the CECM Finance, Economic Planning and Revenue Management of Kshs. 1,100,630,000 was lower than that submitted by the Clerk of Assembly of Kshs. 1,205,630,000 by Kshs. 105M. The difference can be attributed to the development budget that was set at Kshs. 5M contrary to Kshs. 110M in the budget submitted by the Clerk of Assembly.

**Mr. Speaker,**

The Assembly budget submitted by the Clerk of Assembly of Kshs. 1,205,630,000, had a total recurrent expenditure of Kshs. 1,095,630,000 and a development expenditure of Kshs. 110,000,000. The recurrent expenditure was based on a ceiling recommended by the Commission of Revenue Allocation (CRA) to the Senate of Kshs. 1,095,630,000 which was revised downwards by Kshs. 33,042,010 to Kshs. 1,062,587,992 by CARB, 2024. The reduction necessitated a memorandum (Annexure iv) by the Clerk of Assembly proposing a decrease in recurrent expenditures in order to comply with the ceiling provided thereto.

**Mr. Speaker,**

It is important to note that the County submitted budget did not include revote from the current financial year 2023/2024 due to the fact that it would be too early to estimate with certainty the revote figures. Re-votes if any realized at the end of the current financial year shall be factored in a supplementary budget to the approved estimates, 2024/2025.

**Mr. Speaker,**

Section 125 of the PFM Act, 2012 outlines the statutory procedure to be observed by the County Governments in processing budgets to include approval of statutory planning documents in the following order;

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

The County Budget under consideration is a product of county statutory planning documents that were previously approved by the County Assembly as follows;

- i. The CIDP for the period 2023-2027
- ii. The ADP for FY 2024/2025
- iii. The CFSP for FY 2024/2025.

This is a clear indication that the County has been keen and observant of the statutory timelines set for approval of these financial planning documents and adherence to the budget cycle and calendar.

**Mr. Speaker,**

The submitted county budget as usual was given the attention it deserves. At the initial stages after having been laid and committed, the County Budget and Appropriations Committee was given an opportunity to familiarize with the document in preparation for effective public participation. During the period the Committee developed comprehensive budget highlights necessary in disseminating key budget information to members of the public. The Sectoral Committees were also given ample opportunity to interact with the submitted budget during the Committees' retreat as indicated above in order to acquaint themselves with the document for judicious views.





## 5.0 ACKNOWLEDGEMENT

**Mr. Speaker,**

On behalf of the Committee, I extend my gratitude to the Offices of the Speaker and that of the Clerk of the Assembly for the guidance and the necessary logistical support in this exercise. I also appreciate the Members of the Committee for their dedication and commitment to ensuring that the budget consideration process was successful. Completing the exercise within the set time was a great milestone in adhering to the Assembly Calendar to finalize the budget process before 30<sup>th</sup> June as statutorily set by the law.

**Mr. Speaker,**

The Members of the County Assembly and the Sectoral Committees have played a very critical role in this budget approval process. Their consideration and recommendations on the Sector budgets were a true guide in making the final recommendations to the Assembly.

The Committee is obliged to the CECM for Finance, Economic Planning and Revenue Management and the Clerk of Assembly for the invaluable input during the Sectoral Committees considerations and the final submissions to the County Budget and Appropriations Committee. The views by the members of the public and other key stakeholders played a significant role in making recommendations on the submitted budget.

Finally, I acknowledge the invaluable technical support offered by the staff from the County Assembly who served as the secretariat to the Committee. Their input in technical support and successful compilation of this report was a great milestone in the entire budget approval process.

Mr. Speaker,

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



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



## 6.0 THE COUNTY BUDGET ESTIMATES FOR FINANCIAL YEAR 2024/2025

Mr. Speaker,

The submitted County Budget totaled to Kshs. 12,702,160,932 as indicated above in this report. The budget was prepared based on CARB, 2024 and CGAAB, 2024 which both were under consideration by the National Parliament. It is important to note that the Division of Revenue Bill (DORB), 2024 which was at the time at mediation stage by a joint committee of the two Houses of the National Parliament was approved and assented to law. This increased the amount to be allocated to Counties by Kshs 9B from Kshs. 391.1B to Kshs. 400.1B.

Mr. Speaker,

As indicated above in this report, the CECM Finance, Economic Planning and Revenue Management had submitted a memorandum pursuant to Section 130 (1) of the PFM Act, 2012 explaining to the County Assembly how the resolution adopted by the County Assembly on budget estimates have been taken into account. In addition, the CECM submitted another memorandum referenced CGKTI/CT/FIN/1/ (2024-2025)/23 dated 3<sup>rd</sup> June, 2024 (annexure v) on the submitted budget which was received on 4<sup>th</sup> June, 2024 by the County Assembly and subsequently transmitted to the Committee.

Mr. Speaker,

The second memorandum had requested for revisions on the Kenya Devolution Support Programme (KDSP) Grant within the County ministry of Finance, Economic Planning and Revenue Management. The adjustments proposed affected Grant allocation of Kshs. 37.5M to be transferred from Programme 1- General Administration, Planning, Support Services to Programme 2: Economic Policy and Planning and other incidental

adjustments. The two memoranda were acknowledged and subsequently considered by the Committee as will be shown below in this report.

Mr. Speaker,

The submitted County Budget Estimates for the FY, 2024/2025 is incremental from the submitted budget for the FY 2023/2024 of Kshs. 11,891,575,395 by Kshs. 810,585,537 to Kshs. 12,702,160,932. The County budgets over the period have a clear incremental trend with gradual growth as indicated below in this report. However, this amount is expected to increase after inclusion of the Actual revote at the end of the FY 2024/2025 which shall be factored in the subsequent supplementary budget. The overall submitted budgets over the period are as indicated here below: -

(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. 11,775,231,412

2019/2020 – Kshs. 11,378,500,249

2020/2021 – Kshs. 11,241,866,317

2021/2022 – Kshs. 11,699,195,524

2022/2023 – Kshs. 11,659,195,524

2023/2024 – Kshs. 11,891,575,395 (As revised)

2024/2025 – Kshs. 12,702,160,932



Mr. Speaker,

As indicated above in this report, the proposed County Budget Estimates, for FY 2024/2025 were separately submitted on 30<sup>th</sup> April, 2024, from both Arms of the County Government. This was done by the CECM, Ministry of Finance, Economic Planning and Revenue Management and the Clerk of Assembly respectively. The County budget submitted by the CECM comprised of a gross allocation of Kshs. 8,839,542,039 and Kshs. 3,862,618,893 for both recurrent and development expenditures respectively.

Mr. Speaker,

It is important noting that the budget submitted by the CECM- Ministry of Finance, Economic Planning and Revenue Management had an equivalent allocation for recurrent expenditure of Kshs. 1,095,630,000 as contained in the budget submitted by the Clerk of Assembly. The budget had a proposed County Assembly development allocation of Kshs. 5M against a total development expenditure of Kshs. 110M in the budget submitted by the Clerk of Assembly. This is an indication that the two budgets put together totaled to Kshs. 12,807,160,932 hence a deficit of Kshs. 105M. The expenditure proposals submitted have thus to be re-adjusted to ensure a balanced budget as envisaged in Regulation 31 (c) of the PFM (County Government) Regulations, 2015. The submitted budget complied with the provisions of Section 107 of the PFM Act, 2012, with 70% and 30% allocations to recurrent and development expenditures respectively.

Mr. Speaker,

The submitted budget for the FY, 2024/2025 is proposed to be financed through the following: -

Equitable share	Kshs. 10,990,205,956
Grants	Kshs. 1,111,954,976
OSR	Kshs. 600,000,000
<b>TOTAL</b>	<b>Kshs. 12,702,160,932</b>

The grants are as contained in the CGAAB, 2024 which is under consideration by the National Parliament. Details for the County Grants are as contained in table 1 below;

**Table 1 – County analysis of Grants**

DESCRIPTION	AMOUNT – KSHS
Road Maintenance Fuel Levy	445,098,850
County Aggregation and Industrial Parks Programme	250,000,000
Community Health Promoters	58,050,445
Kenya Urban Support Project (UIG)- World Bank	35,000,000
Allocation for Court Fines	50,000
Allocation for 20% Share of Mineral Royalties	114,279
Grants from World Bank (KDSP)	37,500,000
World Bank (Emergency Locust Response Project (ELRP)	121,025,000
IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP)	151,515,152
HSSP/HSPS – (DANIDA/IDA)	13,601,250
<b>TOTAL</b>	<b>1,111,954,976</b>

*Source: County Governments Additional Allocations Bill, 2024*

It is important to note that the Actual grants will be ascertained once the subject Bill is approved.

**Mr. Speaker,**

The OSR in the submitted budget is Kshs. 600M which is higher than the approved OSR in the current FY 2023/2024 of Kshs. 585M. The OSR is in line with the ceiling approved in the CFSP for FY, 2024/2025 though a very lean increment of Kshs. 15M from the current FY.

It is unfortunate noting that as at 31<sup>st</sup> May, 2024, the total OSR collected was Kshs. 485M with uncollected balance of Kshs. 105M which the CECM explained would be realized on receipt of reimbursements from the National Hospital Insurance Fund (NHIF) among other collections. The issue of OSR is an area the County should dearly look into with a deliberate effort to



improve. It is in the common domain that the County has a high revenue potential that requires strategic revenue mobilization, administration and management.

**Mr. Speaker,**

Section 117 (7) of the PFM Act, provides that: -

“The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year.”

Further to the above requirements, regulation 26(4) of the PFM (County Governments) Regulations 2015 provides that once the CFSP is adopted by the County Assembly it shall serve as the basis of expenditure ceilings specified in the fiscal framework.

**Mr. Speaker,**

The submitted budget by the CECM for Finance, Economic Planning and Revenue Management was prepared outside the CFSP, 2024/2025 ceilings. Most of the total expenditures for the ministries did not comply to the ceilings provided. The deviation from the approved CFSP, 2024/2025 ceilings by the County spending entities is as analyzed in the table below:

**Table 2; Deviations from the approved CFSP, 2024/2025**

County Ministry	Total Budget Estimates FY 2023-24 (A)	Approved CFSP Ceilings (B)	Variance (A-B)
Office of the Governor	1,974,433,603	1,945,311,093	29,122,510
Office of the Deputy Governor	175,408,114	176,058,114	-650,000
Ministry of Water & Irrigation	714,954,083	606,093,994	108,860,089
Ministry of Basic Education, Training & Skills Development	1,019,449,266	1,058,566,265	-39,116,999
Ministry of Roads, Public Works & Transport	888,450,905	879,886,905	8,564,000
Ministry of Health & Sanitation	3,820,064,852	3,812,352,687	7,712,165
Ministry of Trade, Industry, MSMEs Innovations & Cooperatives	703,391,575	708,891,575	-5,500,000

Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	308,985,070	299,675,070	9,310,000
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	-196,291,330	166,891,330	29,400,000
Finance, Economic Planning and Revenue Management	436,811,139	544,350,579	-107,539,440
County Public Service Board	682,374,940	684,013,797	-1,638,857
County Assembly Service Board	339,519,359	281,012,828	58,506,531
Kitui Municipality	85,366,658	70,396,658	14,970,000
Mwingi Town Administration	1,100,630,000	1,205,630,000	-105,000,000
Ministry of Agriculture & Livestock	165,458,280	172,458,280	-7,000,000
Ministry of Lands, Housing and Urban Development	90,571,759	90,571,759	0
<b>TOTALS</b>	<b>12,702,160,933</b>	<b>12,702,160,933</b>	

*Source: Author*

The submitted budget by the County CECM shall thus be rationalized where applicable in an endeavor to adhere to the approved CFSP. It is important noting that the budget submitted by the Clerk of Assembly was in full compliance with the CFSP as required of it by the law.

## 7.0 COMPLIANCE WITH THE LEGAL PROVISIONS

**Mr. Speaker,**

County budget making is a legal process as contemplated in our laws viz; The CoK, 2010, the PFM Act, 2012, County Government Act (CGA), 2012, PFM (County Governments) Regulations 2015 and the County Assembly S.O.s among others. Further, the process is guided by other statutory tools such as budget guidelines as issued through circulars from the National and County Treasury and the Budget Policy Statement (BPS) issued by the Principal Secretary, National Treasury. The CGAAA for every financial year is also instrumental in County budgeting being the law that guides on Grants that are channeled to County Governments.



Mr. Speaker,

The above pieces of legislation are commonly relied on in any government budgeting process. The County budget under consideration is a statutory document recognized under the CoK, 2010 and the PFM Act, 2012 and as such was also subjected to legal test for compliance. To a certain extent, the submitted budget was compliant but with some glaring inconsistencies as witnessed in non-compliance with the CFSP ceilings as seen above in Table 2.

Mr. Speaker,

Section 107 of the PFM Act, 2012 further sets out the fiscal responsibility principles/objectives to be observed when making a County budget as listed hereunder: -

- 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.*



Mr. Speaker,

Though the submitted budget complies to most of the provisions stated above, it is however noticeable that the County Government's expenditure on wages and personnel benefits is at 43%. This exceeds 35% percentage as set out in regulation 25(1)(b) of the PFM (County Governments) Regulations, 2015. The CECM Finance, Economic Planning and Revenue Management for that matter is required to have submitted a responsibility statement to the Assembly on how to address this pursuant to the provisions of Section 107 of the PFM Act, 2012.

Mr. Speaker,

The Committee further noted instances of misplacement of priorities, huge allocations to activities which can be undertaken at lesser sums and vice versa, replication of services across departments, and introduction of programmes which were not contained in the approved CFSP, 2023/2024. Informed by these instances, the Committee has undertaken critical examination to these budget items and has made some recommendations in an attempt to mitigate the highlighted inconsistencies.

## 8.0 REVIEW OF SUBMISSIONS BY MEMBERS OF THE PUBLIC AND SECTORAL COMMITTEES' RECOMMENDATIONS ON THE SUBMITTED COUNTY BUDGET ESTIMATES 2024/2025.

### 8.1 Public participation

Mr. Speaker,

Public participation was conducted on the budget estimates for the FY 2024/2025 with effect from 15<sup>th</sup> to 17<sup>th</sup> May, 2024 for the eight sub-counties as indicated above in this report. The cross cutting major issues that arose during this exercise included and not limited to the following: -



- i. The allocation for Community Level Infrastructure Development Programme (CLIDP) should be increased to at least 20M per ward. The cumulative benefits of projects under this program have a direct positive impact across the County.
- ii. The County should focus on completion of all the ward offices whose construction had stalled.
- iii. That the allocation for certified crop seeds should be increased so as to benefit more farmers. The line Ministry should conceptualize a fair and structured criteria for selecting beneficiaries and ensure the seeds reaches the farmers at the most opportune time.
- iv. The need to increase the allocation for water harvesting, structures and extensions. This is an essential service as water is a scarce resource across the County.
- v. The County should allocate adequate funds to repair, upgrade and construct more Vocational Training Centers (VTC) and enhance the capacity of the instructors.
- vi. The County should endeavor to complete the stalled projects before engaging in construction of new ones.
- vii. That sufficiently address the needs in the Early Childhood Development Education (ECDE) centres by;
  - Having an allocation for construction of more classrooms across the county.
  - Providing an allocation for repairs and maintenance of the old ECDE classrooms.
  - Providing an allocation to support capacity building of the teachers.
- viii. That enhance allocations under the Ministry of Health to ensure the following: -
  - Completion and operationalization of stalled health facilities across the County,

- Acquiring additional specialized medical equipment in County level IV hospitals and ensure availability of adequate drugs and non-pharmaceutical materials.
- ix. Increase allocation made for provision of ablution blocks in the County market centers,
- x. The members of the public also emphasized on the need to itemize/listing of projects in the budget for all departments, stated in an explicit and precise manner to avoid replication and vague allocations. The same will go along with effective oversight, monitoring and evaluation by the Assembly Committees and the public at large.
- xi. That there should be prudence in resource applications by the County. Right priorities should take lead and ensure equitable distribution of projects across the forty wards.
- xii. The allocation earmarked for Persons Living with Disabilities (PLWDs) should be enhanced to provide more aiding equipment to this special group. The County should make a positive stride in addressing the special needs of PLWDs as part of our dear community.
- xiii. Allocate more funds to enhance county extension services
- xiv. That the County should embrace solar powered water infrastructure equipment, lighting of our town centers and streets. This will reduce cost of power, increase safety and hours of trade in our market centers,
- xv. That the allocations made for new road opening, widening, grading and dozing to be increased in order to enhance road network coverage across the County, and
- xvi. Reduce allocations made for some items which can be done at a reduced cost and apply the savings to more deserving budget areas.

The specific issues raised from different designate centers is as contained in (annexure vi)



## 8.2 Sectoral Committee reports

Mr. Speaker,

The Sectoral Committees compiled their respective sector reports and submitted to the Committee on 24<sup>th</sup> June, 2024. This was paramount in giving the sectors' input for consideration. The Committees amply interrogated and considered their Sector budgets and made key recommendations to the proposed budget Activities. It is believed that the recommendations made were based on a very sound background owing to the fact that the Committees had intensively interacted with respective CECMs who had been invited to share more information on the proposed allocations.

Mr. Speaker,

It is however noted that project listing across the ministries was not availed even at the sectoral committee deliberations where they ought to have been addressed. The proposed additional allocations to raise the ministerial ceiling to the approved CFSP and reductions thereto as recommended by the Committees were not backed with commensurate proposals. Information relating to status of projects requiring additional allocations in the budget under considerations was not availed in the Committee reports. This was very crucial data in determining with precision the funds to be allocated for such projects. The above situation thus left the budget Committee with no alternative other than to address the same during her recommendations to the Assembly for adoption. This was paramount in ensuring a balanced budget as envisaged by law.

Mr. Speaker,

The recommendations in this report will therefore borrow a lot from the contribution and concerns raised above by the members of the public and sectoral Committees. The Committee will endeavor to align the budget and accommodate the concerns raised within the available resource envelop,

adhere to the fiscal responsibility principles as well as the resolutions adopted by the County Assembly on the CFSP, and ensure fairness and equitable resource allocation.

**Mr. Speaker,**

The Committee took ample time to interact with CECM Finance, Economic Planning and Revenue Management as required of it by Section 131 (2) of the PFM Act, 2012, the technical staff from the Ministry and the Clerk of Assembly. During these sessions, an intensive interrogation of the submitted budget together with the memoranda was done during which clarifications on most of the allocations were made. This gave the Committee an opportunity to make justified decisions on the submitted budget.

**Mr. Speaker,**

It is important noting that, on approval of Division of Revenue Act (DORA), 2024, the CARB, 2024 consequently raised equitable share for counties with Kitui County being proposed to receive an extra Kshs. 254,116,506. The changes ultimately increased the County overall resource envelope that led the CECM Finance, Economic Planning and Revenue Management to submit a third memorandum on additional allocations. The memorandum to that effect was forwarded to the County Assembly referenced CGKTI/CT/FIN/1/(2024-2025)/34 dated 14<sup>th</sup> June, 2024 (Annexure vii). The same was received by the Committee on Saturday 15<sup>th</sup> June, 2025 and was equally considered among other budget documents in making recommendations to the Assembly. The increase raised the total county budget estimates for the FY, 2024/2025 to Kshs. 12,956,277,438.

**Mr. Speaker,**

It is imperative noting that the Committee in making recommendations to the Assembly on the County Budget Estimates for the FY, 2024/2025 will address itself to the submitted budgets by the CECM Finance, Economic Planning and



Revenue Management and the Clerk of Assembly. In addition, the Committee took into consideration the Sectoral Committee reports and the views of the members of the public collected during public participation across the County.

#### 9.0 COMMITTEE OBSERVATIONS ON THE SUBMITTED COUNTY BUDGET ESTIMATES FOR FY. 2024/2025.

Mr. Speaker,

The Committee on undertaking an examination and analysis of the submitted budget made the following observations;

##### 1. Total submitted budget

The total submitted budget by the CECM for Finance, Economic Planning and Revenue Management was Kshs. 12,702,160,932 with Kshs. 1,100,630,000 for the County Assembly budget. This was not equivalent to the budget submitted by the Clerk of Assembly of Kshs. 1,205,630,000.

##### 2. The resource envelope

The budget has a proposed resource envelope of Kshs. 12,702,160,932.

This comprises of;

Equitable share	Kshs. 10,990,205,956
Grants	Kshs. 1,111,954,976
OSR	Kshs. 600,000,000
<b>TOTAL</b>	<b>Kshs. 12,702,160,932.</b>

##### 3. Grants

The total grants of Kshs. 1,111,954,976 indicated above are as contained in the CGAAB, 2024. It is imperative to note that the submitted budget lacks the specific listing of the projects/programmes to be undertaken by different grants allocations across the Ministries.

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

The submitted budget had a development and a recurrent budget of Kshs. 3,857,618,893 and Kshs. 7,743,912,039 which translates to 30.4% and 69.6% respectively. This is a small deviation down from 30.6 % and 69.4% as was contained in the approved CFSP.

**5. Compliance with the Approved County Fiscal Strategy Paper.**

The submitted budget by the CECM for Finance, Economic Planning, and Revenue Management was not compliant with the CFSP ceilings. The expenditure ceilings across various Ministries did not adhere to the approved CFSP ceilings save for Mwingi Town Administration and the County Assembly Service Board.

**6. Allocations proposed for salaries for permanent employees.**

The submitted budget had a personnel ratio of 43.7% which offends regulation 25(1)(b) of the PFM (County Government) Regulations, 2015.

**7. The budget explanation notes.**

The submitted budget estimates had explanation notes. However, the notes for the executive budget were merely extracts of the budget line with identical wordings that didn't offer any justification for the proposed allocations. This has been the case in all annual budgets with no improvement despite recommendations by Assembly to undertake the same.

**8. The submitted budget has allocated approximately Kshs. 120M for pre-feasibility, feasibility, appraisal, and research across the County ministries. The allocation to the budget items was high taking into consideration the competing development needs.**

**9. The submitted budget has proposed a Cash for Assets (CFA) program across various ministries with a total allocation of Kshs. 120M, as detailed below:**



- i. Ministry of Water and Irrigation - (CFA- Water pipeline extensions) – Kshs. 40 M
- ii. Ministry of Roads – (Road widening works– CFA programme for Bush and Road clearance) – Kshs. 40M
- iii. Ministry of Energy, Environment, Forestry, Natural and Mineral Resources - Purchase tree seeds and seedlings (CFA – Tree growing) – Kshs. 20M and CFA for community remuneration – Kshs. 20M.

#### 10. Full disclosure of projects' information

The submitted budget lacked project listing which also was not provided during the Sectoral Committee discussions. This omission deprives the public of crucial information regarding development matters contrary to provisions of Article 201 of the Constitution of Kenya, 2010 which advocates for openness and accountability.

11. Some proposed projects have been receiving allocations in the previous budgets unfortunately with poor implementation over the period despite a commitment to complete such activities/projects. Some of these include:-
  - i. Other Infrastructure and Civil Works (Establishment of Mutomo Reptile Park: Construction of snake house and operationalization of Mutomo reptile park (Snake cages installation and stoking), with a proposed allocation of Kshs. 5,542,546.
  - ii. Kalundu ECO –Park etc.

As indicated above in the report, the information on status of implementation on these projects and many others in the submitted budget was not provided to support the proposed additional allocations.

12. That there are proposals for purchase of motor vehicles across the Ministries at a total cost of Kshs. 45M. the County should also embrace repairing and sharing vehicles that are already there.

13. The Office of the Governor proposes an allocation of Kshs. 710M for the Community Level Infrastructure Development Programme (CLIDP) as opposed to the approved allocation of Kshs. 800M in the CFSP 2024/2025. It is important to note that CLIDP was among the most common cross cutting issue during public participation in all centres.
14. The budget as submitted proposes an allocation for construction of buildings (Completion of construction of 5 Police stations along the Borderline (Konakaliti / Katumba /Twambui /Mandongoi/ Imumba) at Kshs 10M, and construction of three (3) police stations at Tseikuru, Nuu and Kanziku for Kshs. 30M.
15. The Ministry of Water and Irrigation has allocations towards ensuring water availability and accessibility for food production across the County of Kshs. 120M meant for construction of three (3) sand dams, Kshs 42,1521,840 for construction of cluster irrigation projects, and Kshs 5M for solar powered irrigation. This was indeed a good gesture to supplement food production outside rainy seasons.
16. The budget proposes an allocation of Kshs. 275,227,045 towards other Infrastructure and Civil Works (Construction of Water Structures) which is an increment from the previous allocation of Kshs. 237M in the FY 2023/2024. There is a further proposed allocation of Kshs. 24,907,301 for other infrastructure and civil works (Repairs and Rehabilitations).
17. The budget lacks allocations for the construction, maintenance, and repair of Early Childhood Development Education (ECDE) classrooms despite the inadequacy of classrooms witnessed by the sector Committee when undertaking oversight of ECDE centres in the County and as proposed during public participation.



18. There are allocations made in the budget towards enhanced lighting of the County towns, markets and institutions. These include;

- i. Kshs. 40M for other infrastructure and civil works (Rural Electrification, Power Transmission and Distribution),
- ii. Various allocations towards provision of solar powered security lighting;
  - Other infrastructure and civil works (Installation of solar security lights in upcoming markets in Kitui County) at Kshs. 25M under the Ministry of Energy, Minerals and Natural Resources.
  - An allocation of Kshs. 12M for Other Infrastructure and Civil Works (Maintenance of solar security lights in upcoming markets in Kitui County) under the Ministry of Energy, Minerals and Natural Resources.
  - An allocation of Kshs. 21.5M for installation of market security lights under the Ministry of Trade, Industry, MSMEs, Innovations and Cooperatives.
  - An allocation of Kshs. 17.1M for installation and maintenance of Street/Security lights in Municipality (Solar powered with concrete post) within Kitui Municipality.
  - An allocation of Kshs. 6M for other infrastructure and civil works (Installation of solar 'Mulika Mwizi' at Kyomo/Kyethani, Waita and Migwani wards) under Mwingi Town Administration.
  - An allocation of Kshs. 33M for installation, repair and maintenance of 300 integrated solar energy street lights in upcoming urban areas under Ministry of Lands, Housing and Urban Development.

- Installation of street lights along the roads of eight (8) urban areas at Kshs. 25M under the Ministry of Lands, Housing and Urban Development.

The Committee notes that the current distribution of lighting projects across various ministries may not be cost-effective. To improve efficiency, it would be prudent to centralize these projects under a single Ministry. This would involve utilizing a uniform Bill of Quantities and implementing in a centralized administration. This approach can streamline processes, reduce costs, and enhance overall project management and execution.

19. A grant allocation of Kshs. 445,098,850 for Road Maintenance Fuel Levy (RMFL) for Major Roads (Road construction works and maintenance of box culverts, drifts, graveling, concrete slabs, gabions). Increasing the allocations for roads was a common issue in all the centers during the public participation exercise, reflecting the public's desire for improved road networks across the county. This allocation for roads was of great concern to the Committee in the event the grant is missed from the National Government, given the current dilapidated state of many roads.
20. An allocation of Kshs. 21.6M is proposed for the Construction of Roads (Road widening and Dozing works), with a target of 5kms per Ward which is lower than 10Kms in the approved CFSP, 2024/2025.
21. A proposed allocation of Kshs. 45,488,000 is designated for Access Roads (Fuels, maintenance of plant and machinery) for in-house grading of 40 Kms per Ward. This is a decrease as opposed to the expected increase to cover a wider road network.
22. An allocation of Kshs. 6.75M for Other Infrastructure and Civil Works (Construction of Boda Boda sheds and associated civil works - Construction of 15 No. Boda Boda sheds).



23. To increase trade activities in the County, the budget proposes an allocation of Kshs. 19M for Market infrastructure development.
24. The Ministry of Energy, Minerals, and Natural Resources has emphasized the importance of climate change adaptation and mitigation. The County proposes a contribution of Kshs. 52,636,701, which is expected to be 1.5% of the submitted county development budget in order to benefit from the Finance Locally Led Climate Action Programme (FLLoCA) financed by the World Bank. The Committee observed that the amount ought to have been Kshs. 57,636,701, and thus should be increased by Kshs. 5M.
25. There is a proposed allocation of Kshs. 15,064,867 for the maintenance of heavy plant machinery and equipment, including tractors and other heavy machinery. The Committee notes that the County currently has twenty-eight (28) operational tractors, some of which require minor repairs. It is imperative to ensure sufficient funding to operationalize as many tractors as possible so that more Kitui residents can benefit from the subsidized tractor ploughing program.
26. There is a proposed allocation of Kshs. 1.2M designated for agriculture extension and advisory services for livestock services. The Committee recognizes the importance of this program in providing essential services to Kitui residents and emphasizes that a substantial allocation is necessary to expand outreach and maximize benefits for farmers.
27. As outlined in this report, the submitted Assembly budget amounts to Kshs. 1,205,630,000 aligning with the approved CFSP ceiling. However, the CECM Finance, Economic Planning, and Revenue Management submitted a total figure for the Assembly budget of Kshs. 1,100,630,000. This was a downward revision by Kshs. 105M.

28. Plans are underway to start constructing Ward offices for Members of the County Assembly. The County Assembly budget has a proposal of Kshs. 50M for land acquisition and another Kshs. 50M to begin construction. It is unfortunate that the budget submitted by the CECM did not factor the amounts.

29. The Assembly budget proposes an allocation of Kshs. 5M for drilling and equipping a borehole at the Assembly offices, aiming to ensure a continuous supply of clean water.

**Mr. Speaker,**

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

## **10.0 COMMITTEE'S SPECIFIC RECOMMENDATIONS**

**Mr. Speaker,**

The Committee took ample time to ensure that every aspect and contribution to the exercises was considered. Careful consultations were done as the Members adequately deliberated on emerging issues of concern while taking into account the available budget resource envelope. Guided by Section 131 (2) of the PFM Act, 2012 and the County Assembly S.O. 206 (5), the Committee makes the following recommendations, emphasizing the need for fairness and equitability in resource distribution within the County:



## A. THE PROPOSED RESOURCE ENVELOPE

Mr. Speaker,

As observed above in this report, the proposed resource envelope to finance the County Budget Estimates 2024/2025 has been recommended at Kshs. 12,956,277,438. This comprises of the following revenue components;

- i. Equitable share of Kshs. 11,244,322,462
- ii. Conditional Grants of Kshs. 1,111,954,976
- iii. Own source revenue of Kshs. 600,000,000

Thus, the resource envelope will now appear as contained in the annex viii to this report.

## B. THE PROPOSED EXPENDITURES

Mr. Speaker,

As already mentioned above in this report, there was an increase of Kshs. 254,116,506 to the resource envelop as a result of the additional Kshs. 9B to counties in the DORA, 2024. The Committee received a memorandum from the CECM for Finance, Economic Planning and Revenue Management allocating the additional funds to various programmes.

To rationalize the proposed budget expenditures both in the submitted budget as well as the memorandum with the additional allocations, and to further accommodate the recommended changes while ensuring a balanced budget pursuant to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015, the Committee makes the following recommendations:

Office of the Governor

1. Out of the submitted budget, provide an additional allocation of Kshs. 40M for the CLIDP programme. Further, drop the proposed additional

allocation of Kshs. 14,542,008 out of the extra Kshs. 254,116,506 funding in the CECM memorandum.

This brings the total allocation to this programme to Kshs. 750M such that the budget item - Other Infrastructure and Civil Works - CLIDP (72% infrastructure) gets an allocation of Kshs. 540M. This will ensure that each Ward gets development projects under this programme amounting to Kshs. 13.5M.

2. Out of the extra Kshs. 254,116,506 funding to the County, allocate an additional Kshs. 18.5M to Construction of Buildings (Construction of three (3) police stations (Tseikuru, Nuu and Kanziku) as proposed in the memorandum by the CECM.

#### Office of the Deputy Governor

1. Out of the extra funding to the County of Kshs. 254,116,506:
  - i. Reduce the proposed allocation of Kshs. 20M in the memorandum by CECM for fencing proposed site for Utalii College Kitui Campus – Tiva under Tourism Infrastructure Development Programme by Kshs. 10M.
  - ii. Allocate additional Kshs. 9M to Other Infrastructure and Civil Works (Construction of Phase II of emergency response Centre) under Disaster and Emergency Services Programme as proposed in the memorandum by the CECM.

#### Ministry of Water and Irrigation

1. That Reduce the allocation for Pre-feasibility, Feasibility and Appraisal Studies under P.4 Water Resources Management by Kshs. 0.15M.
2. Reduce the allocation for Cash for Assets (CFA) – Water Pipeline extensions by Kshs. 35M
3. Reduce the allocation for Pre-feasibility, Feasibility and Appraisal Studies under SP 4.2 Water Supply Infrastructure by Kshs. 0.3M



4. Reduce the allocation for Pre-feasibility, Feasibility and Appraisal Studies under P.4 Irrigation and drainage infrastructure (farm water resource development and irrigation) by Kshs. 0.3M
5. Out of the submitted budget, provide an additional allocation of Kshs. 5M for Construction of Cluster irrigation projects by dropping in its entirety the allocation of Kshs. 5M for Construction of Farm ponds.
6. Out of the extra funding to the County of Kshs. 254,116,506:
  - i. Allocate additional Kshs. 33M to Other Infrastructure and Civil Works (Construction of Water Structures) as proposed in the memorandum by the CECM.
  - ii. Allocate additional Kshs. 3M to Construction of Cluster Irrigation Projects as proposed in the memorandum by the CECM. This brings the total additional allocation to this programme to Kshs. 8M to a total budget allocation of Kshs. 50,151,840.

#### Ministry of Education, Training and Skill Development

1. That drop in its entirety the allocation of Kshs. 3M for Provision of Start-up tool kits to VTC graduates.
2. Out of the submitted budget, provide an additional allocation of Kshs. 4,976,000 for Other Infrastructure and Civil Works – Face Lifting of existing VTCs. Further, allocate Kshs 12M out of the extra Kshs, 254,116,506 funding to the County as proposed by the CECM in the memorandum.
3. Out of the extra funding to the County of Kshs. 254,116,506, allocate Kshs. 10M to Other Infrastructure and Civil Works- Construction of Mothercraft Centre as proposed by the CECM in the memorandum.
4. That drop the proposed allocation of Kshs. 10M for Non-residential buildings- Childcare facilities (Mwingi and Kitui) as proposed by the CECM in the memorandum. The Committee felt that this should be a



private undertaking and the County venturing into it will create unnecessary competition.

### Ministry of Roads, Public Works and Transport

1. That provide an additional allocation of Kshs. 16.6M for Major Roads (Roads construction works and maintenance of box culverts, drifts, gravelling, concrete slabs, gabions).
2. Out of the submitted budget, provide an additional allocation of Kshs. 5M for Road Widening and Dozing Works. Further, allocate Kshs. 16.6M out of the extra Kshs. 254,116,506 funding to the County as proposed by the CECM in the memorandum so as to bring the total allocation to Kshs. 43.2M. This will ensure road opening of 10Kms per Ward.
3. Out of the submitted budget, provide an additional allocation of Kshs. 22.724M for Access Roads (Fuel, maintenance of plant and machinery) In-house grading – 1,600Kms- 40 Kms per Ward. Further, drop the proposed additional allocation of Kshs. 12.724M out of the extra Kshs. 254,116,506 funding in the CECM memorandum. This will bring the total allocation to Kshs. 68.172M increasing the kilometres to 2400Kms- 60Kms per Ward.
4. Drop in its entirety the allocation of Kshs. 5M for Pre-feasibility, Feasibility and Appraisal Studies – purchase and Issuance of safety riding gears to 2,000 No. (FY 2024/2025 trained riders- helmets, reflectors). It is the feeling of the Committee that the Ministry should first establish a *Boda boda* policy before requesting funds for training and the purchase of support items such as reflectors and helmet

### Ministry of Health and Sanitation

1. Reduce the allocation for Construction of a kitchen at Kyuso sub- county hospital by Kshs. 2M.





2. Reduce the allocation for Construction of Kyuso Outpatient Block by Kshs. 4M.
3. Out of the extra funding to the County of Kshs. 254,116,506, allocate additional Kshs. 5M to continuation of Construction of Nzamba Kitonga Memorial Hospital as proposed by the CECM in the memorandum.
4. That provide an allocation of Kshs. 2M for Renovation and construction of Mukuyu dispensary.
5. That provide an allocation of Kshs. 2M for renovation, construction of a toilet and operationalization of Kaliwa dispensary.
6. That provide an allocation of Kshs. 2M for renovation of Mutha dispensary.
7. That provide an allocation of Kshs. 3M for construction of Kavumbuni dispensary.
8. Out of the extra funding to the County of Kshs. 254,116,506, allocate additional funding of Kshs. 3M to Construction/Operationalization of dispensaries as proposed by the CECM in the memorandum to undertake operationalization of Kilingile dispensary among others.
9. Out of the extra funding to the County of Kshs. 254,116,506, allocate additional funding of Kshs. 6,207,310 to Other current transfers, grants and subsidies (FIF) to fund the Fourteen (14) County Hospitals as proposed by the CECM in the memorandum.
10. Out of the extra funding to the County of Kshs. 254,116,506, allocate additional funding of Kshs. 6,606,061 and Kshs. 3,393,939 to Pharmaceutical and other non-pharmaceuticals medical items respectively as proposed by the CECM in the memorandum.
11. That provide an allocation of Kshs. 4.9M for purchase of Two (2) Dialysis Machines at Kitui County Referral Hospital (KCRH). The dialysis

machines currently at the facility have been in use for the last 7 years and do not function optimally.

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

1. That drop in its entirety the allocation of Kshs. 1.45M the allocation for Contracted Professional Services under SP 3.2 Marketing Value Addition and Research.
2. Out of the extra funding to the County of Kshs. 254,116,506, allocate:
  - i. Additional funding of Kshs. 6M to Market Infrastructure and Livestock Market Development under Domestic Trade Development programme as proposed by the CECM in the memorandum.
  - ii. Additional funding of Kshs. 12.3M to Other Civil Works (Installation of Markets Security Lights) under Domestic Trade Development programme as proposed by the CECM in the memorandum.
  - iii. Additional funding of Kshs. 3M to Acquisition of Land (Purchase of Land for Ngomeni and Mutha Livestock Yards) under Domestic Trade Development programme as proposed by the CECM in the memorandum.

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

1. Out of the extra funding to the County of Kshs. 254,116,506, allocate:
  - i. Additional funding of Kshs. 2M to Establishment of Aggregation Sites under Community Sensitization and Awareness creation in Mineral rich areas sub-programme as proposed by the CECM in the memorandum.
  - ii. Additional funding of Kshs. 2M to Development and Implementation of Basin Based Environmental Management Plans under Community Sensitization and Awareness creation in



Mineral rich areas sub-programme as proposed by the CECM in the memorandum.

2. That reduce by Kshs. 5M the allocation for Purchase of tree seeds and seedlings (Cash for Assets Programme – CFA- Tree growing).
3. That drop in its entirety the allocation of Kshs. 13,278,720 for Cash for Assets (Community Remuneration).
4. That drop in its entirety the allocation of Kshs. 6,721,280 for Research allowance (M&E, Supervision, Recruitment & Caregiving) under cash for asset in the Forest Conservation and Tree Growing sub programme.
5. That increase by Kshs.566,008 the allocation for Construction of Buildings (Construction of Mineral testing and procurement gemology laboratory) in the submitted budget. Further, drop the proposed additional allocation of Kshs. 5M for the same in the memorandum by the CECM.
6. That provide an additional allocation of Kshs. 5M for budget item Capital grants – (1.5%of the County Development Budget contribution towards operationalization of county climate fund) so that the County does not miss out on the FLLoCA grant. The proposed allocation of Kshs. 52,636,701 had a shortfall of Kshs. 5M.
7. That provide an additional allocation of Kshs. 6M for Other Infrastructure and Civil Works (Installation of solar security lights in upcoming markets in Kitui County).

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

1. That reduce by Kshs. 10M the allocation for Other Operating Expenses - Other (Sports talent search and development - Promoting, Supporting, Motivating, Incentivizing, Rewarding, Nurturing Sporting Talents).

2. That drop in its entirety the allocation of Kshs. 2M for Acquisition of Land - Purchase land for construction of Kyuso Stadium. Kyuso already has a stadium.
3. That drop in its entirety the allocation of Kshs. 5M for Other Infrastructure and Civil Works- Construction of Kyuso Social Hall.
4. That reduce by Kshs. 7M the allocation for Other Operating Expenses – (Composing, mastering and copyrighting of the Kamba Signature).
5. That drop in its entirety the allocation of Kshs. 679,600 for Specialized Materials - (Procure and supply materials for support of groups to start income generating activities as per the group requests – Socio-economic empowerment. This initiative should be supported by the Empowerment Fund.
6. That provide an additional allocation of Kshs. 7,679,600 for Purchase of Safety Gears – To procure and distribute Assistive Devices for PWDs to bring the total allocation to Kshs. 10,212,600. Each Ward to have Kshs. 255,315 worth of assistive devices to support the PWDs.
7. That provide an additional allocation of Kshs. 2M for Kasonge Stadium in Tseikuru Ward to undertake Bush clearing, road grading and pavilion.
8. That provide an additional allocation of Kshs. 1M for construction of a Dias at Kanziku Stadium.
9. That provide an additional allocation of Kshs. 5M for Specialised Materials - (Procure and Supply sports equipment such as uniforms, balls, nets and playing boots to all active Sports clubs in the County).
10. Out of the submitted budget, provide an additional allocation of Kshs. 9M for Other Infrastructure and Civil Works - Grading, levelling, chain link fencing, erection of two gates, installation of football goal posts, volleyball posts for boys and girls and construction of 4-door pit latrine. Further, allocate an additional allocation of Kshs 10M to the same out



of the extra Kshs. 254,116,506 funding to the County as proposed by the CECM in the memorandum.

11. That drop in its entirety the proposed additional allocation of Kshs. 5M for Other Infrastructure and Civil Works – construction of two stadia (Kyoani and Kivou) as proposed by the CECM in the memorandum

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

1. That the Kenya Devolution Support Programme (KDSP) Grant of Kshs. 37.5M be retained under General Administration Planning and Support Services Programme against the proposal by the CECM in the memorandum.
2. That in compliance with KDSP requirements, allocate a matching fund equivalent to 15% of the grant amounting to Kshs. 5.625M under General Administration Planning and Support Services Programme. This allocation to be realized through the following reallocations as proposed by the Ministry:
  - i. Reduce by Kshs. 1M the allocation for Daily Subsistence Allowance under S.P. 1.1 Economic Planning Coordination Services
  - ii. Reduce by Kshs. 1.399M the allocation for Pre-feasibility, Feasibility and Appraisal Studies (County Statistical abstract).
  - iii. Drop in its entirety the allocation of Kshs. 0.5M for Purchase of Computers, Printers and other IT Equipment under SP 4.2 Budget Formulation Coordination and Management.
  - iv. Reduce by Kshs.0.4M the allocation for Accommodation – Domestic Travel under SP 4.3 Monitoring and Evaluation.
  - v. Reduce by Kshs. 0.264M the allocation for Travel Costs (airlines, bus, railway, mileage allowances etc) in Finance, Revenue Management and Accounting under P4. Public Finance Management.

- vi. Reduce by Kshs. 0.264M the allocation for Accommodation – Domestic Travel in Finance, Revenue Management and Accounting under P4. Public Finance Management.
- vii. Reduce by Kshs. 0.798M the allocation for Accommodation – Domestic Travel under SP 4.3 Audit Services.
- viii. Reduce by Kshs. 0.5M the allocation for Daily Subsistence Allowance under SP 4.5 Financial Services.
- ix. Reduce by Kshs. 0.3M the allocation for Purchase of Office Furniture and Fittings under SP 4.5 Financial Services.
- x. Reduce by Kshs. 0.2M the allocation for Accommodation Allowance in the Department of Supply Chain Management Services under SP 4.1 Procurement of Goods and Management of Services.

### **County Public Service Board**

1. That reduce by Kshs. 8.5M the allocation for Purchase of other Office Equipment – Furnishing of CPSB offices. Additional funds can be provided after completion of the construction Works.

### **Kitui Municipality**

1. Out of the extra funding to the County of Kshs. 254,116,506, allocate an additional funding of Kshs. 3M for installation and maintenance of street/security lights in Municipality (Solar powered with concrete posts) as proposed by the CECM in the memorandum. The allocation to be utilized to provide security lighting for Kitui ginnery to Kiluilu and Kiluilu to Kitui Resort Road due to the recently reported insecurity incidences around the area.
2. That reduce by Kshs. 2M the allocation for Review of existing ISUDP, Data collection, Validation workshop, Approval and official launch.





3. That reduce by Kshs. 0.8M the allocation for Construction of four door pit latrine at Kwa Kinyai shopping Centre.
4. That the allocation of Kshs. 17.1M for Installation and Maintenance of Street/Security Lights in Municipality be utilized across all the six Wards within Kitui Municipality as opposed to past allocations whose utilization was concentrated in Township Ward.

#### **Mwingi Town Administration**

1. Out of the extra funding to the County of Kshs. 254,116,506, allocate an additional funding of Kshs. 2.319M for Other Infrastructure and Civil Work (Third Phase of Rehabilitation of Street lights) as proposed by the CECM in the memorandum.

#### **Ministry of Agriculture and Livestock**

1. Out of the extra funding to the County of Kshs. 254,116,506, allocate:
  - i. An additional allocation of Kshs. 5M for Research, Feasibility Studies (Farmer Extension Supervision) under Crop Development and Management as proposed by the CECM in the memorandum.
  - ii. That reduce the proposed allocation of Kshs. 5M in the memorandum by CECM by Kshs. 3,042,008 for Trade Shows and Exhibitions under Agricultural Information Management (Extension Services) programme.
  - iii. An additional allocation of Kshs. 2M for Logistical support during AI, beehives, capacity building of farmers during pasture seed distribution and establishment) under Livestock Production and Management Programme as proposed by the CECM in the memorandum.
  - iv. An additional allocation of Kshs. 2.8M for Pre-feasibility, Feasibility and Appraisal Studies (logistical support during vaccinations and vaccination services under Livestock Diseases

Management and Control programme as proposed by the CECM in the memorandum.

2. That drop in its entirety the allocation of Kshs. 2,218,400 for Aquaculture Development.
3. That drop in its entirety the allocation of Kshs. 2,480,000 for Dam Stocking.
4. That drop in its entirety the allocation of Kshs. 14M for Purchase of motor vehicles.
5. Out of the submitted budget, provide an additional allocation of Kshs. Kshs. 7,698,400 for Refined fuels and Lubricants for production - Tractor ploughing. Further, out of the extra Kshs. 254,116,506 funding to the County, allocate Kshs. 5M out of the Kshs. 10M proposed additional allocation by the CECM in the memorandum for Maintenance of Heavy Plant Machinery and Equipment.
6. Out of the submitted budget, provide an additional allocation of Kshs. Kshs. 5M for Maintenance of heavy plant machinery and equipment under Agribusiness and Information Management. Further, out of the extra Kshs. 254,116,506 funding to the County, reduce by Kshs. 5M the proposed additional allocation of Kshs. 10M to the same budget item by the CECM in the memorandum.
7. Out of the submitted budget, provide an additional allocation of Kshs. 4M for Research, Feasibility Studies (Extension and Advisory services programme, improve extension skills of extension staff) under P6: Livestock Resources Management and Development. Further, allocate an additional allocation of Kshs. 2M to the same out of the extra Kshs. 254,116,506 funding to the County as proposed by the CECM in the memorandum.
8. Out of the submitted budget, provide an additional allocation of Kshs. 2M for Livestock Diseases Control to undertake purchase of Vaccines



with vaccination services. Further, allocate an additional allocation of Kshs. 4,166,196 to the same out of the extra Kshs. 254,116,506 funding to the County as proposed by the CECM in the memorandum.

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

1. Out of the extra funding to the County of Kshs. 254,116,506, allocate:
  - i. An additional allocation of Kshs. 10M for Dustless Towns as proposed by the CECM in the memorandum. The County to prioritize implementation of the programme in Migwani and Kiusyani with the total allocation of Kshs. 110M.
  - ii. An additional allocation of Kshs. 12M for Installation, repair and maintain 409 integrated solar energy street lights in upcoming urban areas as proposed by the CECM in the memorandum.

### **County Assembly Service Board**

1. So as to re-align the recurrent expenditure ceiling to the approved County Allocation of Revenue Bill, 2024 as well as to cater for some crucial emerging issues, the following reallocations to the submitted budget are recommended:
  - i. Reduce the allocation for Transport Allowance by Kshs. 8M.
  - ii. That reduce the allocation for the County Assembly Attendance Allowance for Committees by Kshs. 8M.
  - iii. That reduce the allocation for Domestic Travel and Accommodation by Kshs. 8M.
  - iv. That reduce the allocation for the *Bunge Mashinani* by Kshs. 6,042,008 being the allocation for second half of the FY.
  - v. That reduce the allocation for the team building exercise by Kshs 4M since the exercise will be undertaken in the second half of the FY.

- vi. That reduce the allocation for the Purchase of Vehicles by Kshs 2M since the vehicle cannot be bought in the first half of the FY.

The above reductions totaling to Kshs. 36,042,008 be applied as follows;

- i. Provide an allocation of Kshs 2M for Medical Exgratia for Members of County Assembly and Service.
- ii. Provide an allocation of Kshs 1M for Hire of Recreational Facilities for Members of County Assembly and Service.
- iii. The balance of Kshs. 33,042,008 is recommended to be reallocated to development within the Assembly for commencing the construction of MCAs Ward Offices. This allocation was within the County Assembly expenditure ceilings for FY 2024/2025 and it is only prudent to reallocate it within the Assembly.

The Committee realized that the CECM for Finance, Economic Planning and Revenue Management in his memorandum to allocate the extra funding to the County had reallocated this amount to other County Executive programmes. The Committee has rationalized the proposals within the CECM's memorandum so as to ensure this amount remains within the Assembly budget.

2. The County budget had a deficit of Kshs. 105M as a result of double budgeting of this amount by both arms of the County Government. The County Assembly had allocated: Kshs. 50M for purchase of land and Kshs. 50M for construction of MCAs Ward offices as well as Kshs. 5M for drilling of a borehole.

The Committee consulted with the Assembly Leadership and the County Assembly Service Board and thus recommends that the allocation be dropped from the Assembly development budget. This is after an



undertaking by the Ministry of Water and Irrigation to drill and equip a borehole as well as provision of 0.5 acres of land in all Ward headquarters for Ward offices by the Ministry of Lands, Housing and Urban Development.

## 11.0 OTHER SPECIFIC RECOMMENDATIONS

1. That it is prudent to consolidate the implementation of solar security lights under one Ministry as opposed to having the same under various Ministries. This would be more cost-effective through use of uniform Bill of Quantities (BoQs) and centralized administration.
2. Mr. Speaker, it is futile for the County Budget and Appropriations Committee to work tirelessly to create a fairly balanced budget that is never implemented as intended. Therefore, I urge the Chairpersons of the Sectoral Committees to ensure they conduct thorough and effective oversight of budget implementation to guarantee that the projects allocated within their sectors are fully executed.
3. That all the other budget lines not affected by the above reallocations both in the submitted budget and the CECM's memorandum on the extra funding to the County are recommended as submitted.

## 12.0 CONCLUSION

**Mr. Speaker,**

The adjustments made above maintains the budget balanced with neither a surplus nor a deficit at a total of Kshs. **12,956,277,438** being Kshs. **11,855,647,438** and Kshs. **1,100,630,000** for County Executive and the County Assembly budgets respectively.

The summary of recommended expenditure for the FY 2024/2025 by program therefore appears as contained in **annex ix** 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 budget estimates 2024/2025 as contained in this report be **adopted**; and
- c) The recommended budget summary in **annex ix** becomes the basis for the appropriations for the FY 2024/2025.

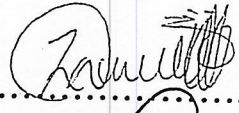
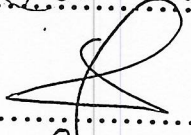


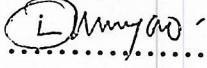

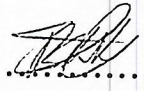
*Report Compiled by Mr. Charles N. Nyaga (Snr. Fiscal Analyst I), Mr. Mulandi Kavali (First Clerk Assistant), Mr. Chris Mwangangi (Second Clerk Assistant), Ms. Margaret Muthami (Fiscal Analyst II) and Mr. Alfred Maluu (Hansard Reporter II)*



ANNEX I – ADOPTION LIST

SIGNED LIST OF MEMBERS OF THE COUNTY BUDGET AND APPROPRIATIONS COMMITTEE CONFIRMING THE LEGITIMACY OF THE COMMITTEE REPORT ON CONSIDERATION OF THE KITUI COUNTY BUDGET ESTIMATES FOR THE FY, 2024/2025.

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

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

