COUNTY GOVERNMENT OF KAKAMEGA

COUNTY ASSEMBLY OF KAKAMEGA

SECOND ASSEMBLY- SECOND SESSION

REPORT REF.NO.BU/01/2018

BUDGET AND APPROPRIATIONS COMMITTEE

REPORT

ON THE KAKAMEGA COUNTY BUDGET ESTIMATES FOR

FINANCIAL 2018/2019

JUNE, 2018

The Clerk's Office

Kakamega County Assembly

P.o Box 1470-50100

Kakamega.

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2.0 LIST OF ACRONYMS

1. **CEC** - County Executive Committee
2. **CFSP** - County Fiscal Strategy Paper
3. **CGA** - County Governments Act, 2012
4. **CIDP** - County Integrated Development Plan
5. **CO** - Chief Officer
6. **CPSB** - County Public Service Board
7. **CRA** - Commission on Revenue Allocation
8. **ECDE** - Early Childhood Education
9. **FY** - Financial Year
10. **IFMIS** - Integrated Financial Management Information Systems
11. **M&E** - Monitoring and Evaluation
12. **PBB** - Programme Based Budget
13. **PFM ACT** - Public Finance Management Act, 2012
14. **PFM Regulations** - Public Finance Management Regulations 2015

1 PREFACE

1.1 Background

On behalf of the Members of the Budget and Appropriations Committee and as required under standing order No. 210, I take this opportunity to present to the House, the Committee's Report on the Medium Term Expenditure Framework Budget 2018/19-2020/21 and Annual Budget for the year ending 30th June, 2019 as submitted to the County Assembly by the Executive Committee Member for Finance and Clerk of the County Assembly on 30th April 2018.

Mr. Speaker Sir,

The constitution of Kenya, 2010 and the PFM Act,2012 have placed significant responsibilities on the County Assembly over the management of public resources particularly with regard to resource mobilization, allocation, monitoring and control.

Mr. Speaker sir,

The Budget and Appropriations committee as currently constituted comprises of the following Honorable members:

NO.	NAME	DESIGNATION	SIGNATURE
1	Hon. Willis Opuka	Chairman	
2	Hon. Mathews Nyangweso	V/Chairman	
3	Hon.Jacky Okanya	Member	
4	Hon.Gladys Omukongo	Member	
5	Hon. Rocky Omwendo	Member	

6	Hon.Walter Andati	Member	
7	Hon.Dickson Ombayo	Member	
8	Hon.Joel Ongoro	Member	
9	Hon.David Ndakwa	Member	
10	Hon. Patrick Lumula	Member	
11	Hon. Auxillia Shiranda	Member	
	SECTORAL CHAIRMEN		**SIGN.**
1	Hon. Bonface Osanga	Public Service and Administration.	
2	Hon. David Ikunza	Finance & Economic Planning	
3	Hon.Kenneth Indusa	Land, Housing and Urban Areas	
4	Hon. Geoffrey Ommatera	Agriculture, Livestock, Fisheries and Cooperatives.	
5	Hon .Libinus Oduor	Transport, Infrastructure& Public works	
6	Hon.Charles Imbali	Education and Technology	
7	Hon. Winnie Musungu	Social services, Youth & Sports	

8	Hon. Bernard Omboko	Trade, Industrialization & Tourism	
9	Hon. Swaka Limera	Environment, Water & Natural Resources	
10	Hon. Lucas Radoli	Health Services	
11	Hon.Kennedy Kilwake	ICT-E-Government	

1.1Mandate of the Committee

The standing order No. 186 establishes the Budget and Appropriations Committee with specific mandate to:

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 Bills related to the County budget, including Appropriations Bills; and***
d) ***Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.***

Mr. Speaker Sir,

In line with the provision of section 129 (1), (2), (3) of the PFM Act 2012, the County Executive Committee Member for Finance is required to submit the County Government Budget Estimates (excluding the assembly) to the County Assembly by the 30th April each year. Section 129(3) also provides that Each County Assembly Clerk shall prepare and submit to the County Assembly the budget estimates for the

County Assembly and a copy submitted to the executive member for finance for comments.

The PFM Act under Section 131 further states that, the County Assembly shall consider the budget estimates with a view to approving them, with or without amendments in time for the relevant appropriation law required to implement the budget to be passed by 30th June in each year.

1.2 EXAMINATION OF THE KAKAMEGA COUNTY BUDGET ESTIMATE FY 2018/2019

Mr. Speaker,

In line with Section 130(1) of the PFM Act, Regulation30(8) of the PFM Regulations,2015 the budget estimates for the two arms of County Government, namely The County Executive and The County Assembly were submitted to the County Assembly on 30Th April ,2018.

Mr. Speaker,

In reviewing the County Budget Estimates, the committee conducted a comprehensive consultative process. The Committee held twelve (12) public hearing forums, one in each of the sub-counties to engage the members of the Public in line with Article 201(a) of the Constitution. The Committee also managed to obtain views and recommendations of Sectoral Committees on the budget estimates.

The committee further held consultative meetings with the County Executive Committee Members from 14th to 19th June 2018.

The views of the above stakeholders were to allow the Committee members to make an informed decision on the budget estimates.

1.3 ACKNOWLEDGEMENT

Mr. Speaker sir,

I wish to thank the members of Budget and Appropriations Committee for their dedicated commitment to the end. Budget process is a time consuming task which requires one to sacrifice valuable personal time to be accomplished.

The Committee is also grateful to the members of the public who showed keen interest and turned up in large numbers to submit their views. Their participation and contributions were invaluable to the decisions the committee undertook.

The committee extends its gratitude to the assembly administration for the technical, administrative and financial support received as it discharged its mandate of reviewing and reporting on the budget Estimates.

The Committee is also grateful to the Sectoral Committees for actively participating in the interrogation of the Estimates. Their commitment, sacrifice and endurance has enabled the committee to accomplish its work on time.

1.4 Affirmation and approval

Mr. Speaker sir,

It is therefore my pleasant duty and privilege, on behalf of the Budget & appropriations Committee to table this Report pursuant to the provisions of section 131(2) of the PFM Act,2012 and Standing Orders 210(5) recommend it to the House for adoption.

Signed---------- Date ----------

HON. WILLIS OPUKA

MCA.MARAMA SOUTH

CHAIRMAN, BUDGET & APPROPRIATIONS COMMITTEE

2 DETAILED ANALYSIS OF KAKAMEGA COUNTY GOVERNMENT MTEF BUDGET ESTIMATES 2018/2019-2010/21

1. FISCAL RESPONSIBILITY

In managing the Kakamega County Government's public finances, the County Treasury shall ensure the following fiscal responsibility principles Pursuant to Section 107 of the PFM Act, 2012 and Regulation 25 of the PFM Regulations 2015 are upheld:

(a) The County Government's recurrent expenditure shall not exceed the total revenue.
(b) Over the Medium Term, a minimum of 30% of the 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 35% of the total revenue.
(d) Over the Medium Term, the government's borrowings shall be used only for the purpose of financing development expenditure.
(e) The County debt shall be maintained and not exceed 20% of the total revenue at any given time.
(f) The fiscal risks shall be maintained and managed prudently; and
g) Reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account tax reforms that may be made in future.

While deliberating and considering the Budget Estimates for the FY 2018/2019 the fiscal responsibility principles aforementioned must always be adhered to in order

to guide effective, efficient, prudent and legal justification as stated in the various budgets of the departments

Mr, Speaker

This document reveals that the County Government has complied with section 107 of the PFM in the following areas;

a. The County Government's recurrent expenditure is Kshs 7.5 Billion consisting of employee costs and operation and maintenance costs against total revenue of Kshs 14.5 Billion. This translates to 52% of the total Budget.
b. The County Governments total allocation on development is Kshs 7 Billion inclusive of Conditional Grants and this translates to 48 %of the total Budget.
c. The County Government has prepared a balanced budget and this indicates that there's no plan to borrow in FY 2018/19.

Observation

The committee has noted that although the law stipulates that 35% of the total Revenue is allocated to Employee costs, this budget has surpassed this thresh hold since Employee Cost is at 37%.

2.1 SALIENT ISSUES IN THE BUDGET ESTIMATES 2018-19.

The following salient issues were also noted in the submitted MTEF Budget 2018/19-2020/2021 and for the year ending 30th June, 2019

Compliance with the Fiscal Strategy Paper 2018.

The County Fiscal Strategy Paper is a budget document that specifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term. The County Fiscal Strategy Paper includes the financial outlook with respect to the County Government's revenues, expenditure and borrowing for the coming financial year and over the Medium Term Pursuant to Section 117 (3)(4) of the PFM Act 2012.

As per requirement of section 129(1)(b) of the PFM Act.2012 the Budget submitted is 75% compliant to the CFSP Ceilings approved by this House on 18th April ,2018.

The 25% non-compliance is due to the Executives decision to allocate more funds on the development Budget for efficient service delivery.

Mr, Speaker,

The Committee would like to commend the County Treasury because since FY 2013/14 and subsequent Budgets, this is the first Budget that has complied with most of the resolutions made by this Honorable House on the CFSP to a bigger extent

REVENUE COMPONENT

Mr. Speaker,

The Revenue summary as indicated below is the basis of the expenditure that has been factored in this Budget. This summary indicates Own Source Revenue of Kshs 1Billionwhich further includes Kshs 200M from Sugar Development Fund, Kshs 1.6Billion Exchequer Balance Brought Forward from FY 2017-18, Kshs 10.3M as Allocation from National Government Shareable Revenue, Kshs 1.5Billion as Conditional Grants.

Mr.Speaker,

Some of the Conditional Grants received from the National Government include;

Youth Polytechnics Grant which is meant to support County Governments in Equipping Technical and Vocational Centres and capitation of students fees by enhancing access to quality and relevant vocational skills training.

DANIDA Grant whose main objective is to improve utilization and quality of primary Health Care services with a focus on reproductive Health,Maternal,New born,Child and Adolescent Health.

Road Maintenance Levy Fund which is meant to further enhance County Governments capacity to repair and maintain County Roads.

Kenya Urban Support Programme (KUSP) whose objective is to strengthen and establish urban institutions to deliver improved infrastructure and services in participating Counties in Kenya.

Kenya Climate Smart Agriculture Project this grant is aimed ti increase agricultural productivity and build resilience to climate change risks in the targeted smallholder farming and pastoral communities in Kenya and in the event of an eligible crisis or emergency, to provide immediate and effective response.

SUMMARY OF KAKAMEGA COUNTY BUDGET ESTIMATES 2018-19-REVENUES

REVENUES	**2017-18 BUDGET**	**2018-19 ESTIMATES**
Own Source	774,571,849	843,544,284
Receipts from Sugar Development Fund	-	200,000,000
1) Total Own Sources	**774,571,849**	**1,043,544,284**
2) Exchequer Balance Brought Forward	**1,054,095,324**	**1,609,175,958**
Allocations from National Government		
3) Total Equitable Share	**9,935,800,000**	**10,330,600,000**
Conditional Grants		
Level 5 Hospital	427,283,237	427,283,237
World Bank Universal Health Care Fund	160,000,000	100,000,000

KUSP (Kenya Urban Support Programme)	-	389,118,800
Kenya Climate Smart Agriculture Project		117,000,000
User Fees Foregone	37,789,290	37,789,290
Road Maintenance Levy Fund	379,552,256	271,995,701
Youth Polytechnic	28,060,821	69,910,000
DANIDA Grant	39,865,919	33,311,250
Kenya Devolution Support Programme	59,311,725	63,508,830
TOTAL Grants	**1,140,796,400**	**1,524,350,260**
TOTAL REVENUES	**12,905,263,573**	**14,507,670,502**

ANALYSIS OF OWN SOURCE REVENUE

STREAM	**2017-18 BUDGET**	**2017-18 ACTUAL**	**ESTIMATES 2018-19**
SBP	140,151,240	59,469,151	104,372,988
LAND RATES	41,341,582	16,898,047	42,581,829
BUS PARKS	62,685,100	50,541,615	64,565,653
MARKETS	58,572,785	41,988,843	60,329,969

PARKING FEES	27,038,965	9,259,360	17,850,134
CESS	132,189,114	41,996,730	56,154,787
HIRE FEES	12,626,235	1,719,600	13,005,022
STALL RENT	11,740,325	7,562,670	12,092,535
KIOSKS FEES	3,799,688	4,691,450	3,913,679
PLAN APPROVALS	-	-	10,229,260
SIGNAGE & ADVERTS	-	-	12,195,558
SERVICE FEE CHARGES	46,371,464	-	7,762,608
STOCK SALES	-	-	15,106,905
HEALTH	365,220,093	135,737,451	356,387,604
OTHERS FROM DEVOLVED FUNCTIONS	-	61,340,662	-

PUBLIC HEALTH	-	-	15,167,050
LIQOUR LICENCES	29,231,000	13,972,281	30,107,930
ATDC	11,166,750	-	11,501,753
SLAUGHTER HOUSES	7,372,971	3,549,615	7,594,160
DIVIDEND	2,548,408	760,000	2,624,860
COURT FINES	516,129	-	-
TOTAL	**952,571,849**	**449,487,475**	**843,544,284**

The table above indicates Revenue sources, Budget for FY 2017-18 and Actual collection for FY 2017/18 and Budgeted Revenue for FY 2018-19.

Despite preparing a balanced budget of Kshs 14.5 Billion where revenues are equal to the expenditure, the revenue collection target of Kshs 843M from local sources seem to be unrealistic. Based on previous trends, the County collected Kshs 500Million in FY 2016/17 and Kshs 449.4 M in FY 2017-18, the County may not

be able to achieve the targeted Revenue of Kshs 843.5M unless stringent measures are put in place to seal all loopholes in the revenue collection system.

EXPENDITURE SUMMARY FY 2018-19

EXPENDITURE ESTIMATES SUMMARY FY 2018-19					
DEPARTMENT	***SALARIES***	***O&M***	***DEVELOPMENT***	***TOTAL***	**%**
Office of the Governor	97,456,574	200,576,985	93,000,000	**391,033,559**	2.6953
Public Service and Admin	666,845,892	482,389,232	159,508,530	**1,308,743,654**	9.0210
County Treasury	313,028,668	233,186,115	205,000,000	**751,214,783**	5.1780
Environment	49,298,377	41,560,408	361,000,000	**451,858,785**	3.1146
Social Services	43,822,224	45,310,217	511,000,000	**600,132,441**	4.1366
Transport	73,459,293	44,925,562	1,597,995,701	**1,716,380,556**	11.8308
Lands	91,339,481	136,071,493	566,618,800	**794,029,774**	5.4731

Health	2,521,785,260	382,948,526	1,470,000,000	**4,374,733,786**	30.1545
Agriculture	297,576,936	61,383,655	701,433,152	**1,060,393,743**	7.3092
Trade	35,056,105	27,423,951	365,000,000	**427,480,056**	2.9466
Education	468,008,690	34,149,502	782,910,000	**1,285,068,192**	8.8578
CPSB	42,952,641	29,817,224	-	**72,769,865**	0.5016
ICT & E-Government	25,992,042	54,201,876	145,000,000	**225,193,918**	1.5522
County Assembly	688,674,424	310,042,966	50,000,000	**1,048,717,390**	7.2287
TOTAL	**5,415,296,607**	**2,083,987,712**	**7,008,466,183**	**14,507,750,502**	**100**
% AGE Allocation	**37**	**14**	**48**		

Mr.Speaker,

This Expenditure summary comprises of 3 components which include Employee salaries, Operations and Maintenance and Development.

The Salaries will consume Kshs 5.4B which is 37% of the Budget,Operations and Maintenance Kshs 2Billion (14%)and Development Kshs 7Billion(48%) of the total Budget.

Employee Costs

The above tabulated information indicates that although the County has adhered to section 107(2) (a) of the PFM Act 2012, and Regulation 25 (1) of the PFM Regulations 2015 on allocation of at least 30% on Development and keeping Operations and Maintenance at reasonable allocation, Salaries and allowances have exceeded 35%.

The salaries and wages for the County in the Estimates is 37% of total revenue.

2.2 Conformity to the PBB format as required by law

As required by Section 12 of the second schedule of the PFM Act 2012 implementation of Programme Based Budgeting for the County Governments commenced in the 2014/15 financial year.

The submitted budget did not fully conform to the programmed based format. The part which provides development expenditure should have specified each and every project to be implemented.

Although some departments tried to indicate the projects in their work plans, the committee concluded that the reasons provided for non-inclusion of projects in the Budget estimates for FY 2018-19 were unsatisfactory.

THE COUNTY PUBLIC FUNDS

The PFM Act, Section 110 authorises the creation of County Emergency fund while section 116 of the PFM Act 2012, and Regulation 197 of the PFM regulations 2015 allows the creation of other County public funds based on a legal framework before they are approved by the Assembly pursuant to Article 185 of the Constitution ,2010.

The following funds have been created and allocated funds in this Budget;

The Education Bursary Fund

Education, Science and Technology has allocated Kshs 60 Million for the Bursary Fund where Kshs 1Million will be distributed to each of the 60 wards. However, the budget has not indicated whether there is any administrative cost in the disbursement of the same.

The County Emergency Fund

An allocation of Kshs 100 Million has been made for County Emergency Fund. The PFM Act section 113 provides that the Emergency Fund shall not exceed 2% of the total revenue. The allocation is 0.68% of the total Revenue which is within the threshold as required by the law.

Afya ya Mama na Mtoto Fund

This fund has cumulatively been allocated over Kshs 350 Million in the previous years and an additional 100 Million in the FY 2017/18.

CONDITIONAL GRANTS

Mr.Speaker,

Kakamega County has been receiving grants since the inception of the Counties in FY 2013/14.Unfortunately, as the law requires, the County Assembly has never received a detailed separate report on the same for accountability. It's important to note that the County General Hospital for instance has been allocated a total of over Kshs 1 Billion in the previous Budgets on Grants for Level 5 Hospital yet a report on the same has never been availed.

Mr. Speaker,

This Budget also indicates that the County has received new funds as Grants from National Government in the following areas;

Kenya Urban Support Programme of Kshs 389M to improve the Urban Areas.

Kenya Climate Smart Agriculture Project for Agricultural Development of Kshs 117M.

Geographical Location of Projects.

Mr.Speaker,

Information on geographical location of projects is necessary in ascertaining equitable resource allocation across the County as per Article 201(a) of the Constitution 2010 on openness and accountability. However, in the Budget estimates some projects have geographical locations while others don't have. Accountability and openness require that programmes are clearly indicated and the regions where they are supposed to take place openly detail

EXPENDITURE SUMMARY FOR FY 2018/19

EXPENDITURE ESTIMATES SUMMARY FY 2018-19					
DEPARTMENT	***SALARIES***	***O&M***	***DEVELOPMENT***	***TOTAL***	**%**
Office of the Governor	97,456,574	200,576,985	93,000,000	**391,033,559**	2.6953
Public Service and Admin	666,845,892	482,389,232	159,508,530	**1,308,743,654**	9.0210
County Treasury	313,028,668	233,186,115	205,000,000	**751,214,783**	5.1780
Environment	49,298,377	41,560,408	361,000,000	**451,858,785**	3.1146
Social Services	43,822,224	45,310,217	511,000,000	**600,132,441**	4.1366
Transport	73,459,293	44,925,562	1,597,995,701	**1,716,380,556**	11.8308

Lands	91,339,481	136,071,493	566,618,800	**794,029,774**	5.4731
Health	2,521,785,260	382,948,526	1,470,000,000	**4,374,733,786**	30.1545
Agriculture	297,576,936	61,383,655	701,433,152	**1,060,393,743**	7.3092
Trade	35,056,105	27,423,951	365,000,000	**427,480,056**	2.9466
Education	468,008,690	34,149,502	782,910,000	**1,285,068,192**	8.8578
CPSB	42,952,641	29,817,224	-	**72,769,865**	0.5016
ICT & E-Governemnt	25,992,042	54,201,876	145,000,000	**225,193,918**	1.5522
County Assembly	688,674,424	310,042,966	50,000,000	**1,048,717,390**	7.2287
TOTAL	**5,415,296,607**	**2,083,987,712**	**7,008,466,183**	**14,507,750,502**	100
% AGE Allocation	**37**	**14**	**48**		

Mr Speaker.

The tabulated information shows the expenditure on personnel emoluments, Operations and maintenance and development for FY 2018/19.

Analysis of the expenditure indicates that the highest allocation on personnel emoluments has been made in Department of Health of Kshs 2.5 Billion (47%) of total salaries, followed by County Assembly Kshs 689M (13%) of total salaries, and Public Service Kshs 666M (12.2%) The reason for the allocation is that Health has got the highest number of employees followed by public service.Furthermore, allowances awarded to Doctors and Nurses in their new CBA has also increased the Health Budget.

On development the departments of Health and Infrastructure respectively have highly benefited in terms of allocation at an estimate of Kshs 1.5M (23%) of development budget each. The reason for the increase is the allocation of Kshs 400M for construction of County Teaching Hospital, and Conditional Grants under Health and allocation of Kshs 300M on 10KM per Ward Roads projects and Kshs 300M on County Youth Service under Infrastructure. These two departments have consumed a total of 42% of the development budget.

Mr Speaker,

It's important to note that this Budget has allocated funds for ward based projects under the following Ministries;

Ministry of Transport

10KM per ward Roads-Kshs 300M (5 M per ward)

County Youth Services-Kshs 300M (5M per ward)

Electrification –Kshs 130 M (2.2 M per ward)

Health Services

NHIF (Universal Access to Health care)-Kshs 60M (1M per ward)

Education

Construction of ECDE Centres-Kshs 215M (3.8M per ward)

Bursary Kshs 60M (1M per ward)

TOTAL ALLOCATION ON WARD BASED PROJECTS Kshs 1.065 Billion

(Kshs 17.75 M per ward)

Comparison of the Budget Estimates and CFSP 2018 Ceilings

Mr,Speaker,

As earlier mentioned, the committee noted that the executive submitted a budget which has allocated 48% of the Funds on Development. Proper budgeting require that planning should start early at the CIDP, Annual Development Plans and the County Fiscal Strategy Paper levels. Although the Budget adhered to the programmes approved by the Assembly in the CFSP, the deviation came about on the funding of the same programmes where there is reduction of allocation on Recurrent Expenditure and increase in allocation on Development Expenditure as indicated in the table below.

Comparison of the Budget and CFSP			
DEPARTMENT	***CFSP***	***BUDGET***	***VARIANCE***
Office of the Governor			
Recurrent	325,965,078	298,033,559	(27,931,519)
Development	93,000,000	93,000,000	-
Public Service & Admin.			-
Recurrent	1,455,128,709	1,149,235,124	(305,893,585)

Development	220,000,000	159,508,530	(60,491,470)
County Treasury			-
Reccurent	696,331,803	546,214,783	(150,117,020)
Development	150,000,000	205,000,000	55,000,000
Environment			-
Recurrent	125,614,949	90,858,785	(34,756,164)
Development	350,000,000	361,000,000	11,000,000
Social Services			-
Recurrent	92,466,525	89,132,441	(3,334,084)
Development	420,000,000	511,000,000	91,000,000
Transport			-

Recurrent	124,183,615	118,384,855	(5,798,760)
Development	1,600,000,000	1,597,995,701	(2,004,299)
Lands			-
Recurrent	250,626,484	227,410,974	(23,215,510)
Development	550,000,000	566,618,800	16,618,800
Health			-
Recurrent	3,130,189,996	2,904,733,786	(225,456,210)
Development	1,300,000,000	1,470,000,000	170,000,000
Agriculture			-
Recurrent	459,219,942	358,960,591	(100,259,351)
		701,433,152	171,433,152

Development	530,000,000		
Trade			-
Recurrent	106,617,344	62,480,056	(44,137,288)
Development	300,000,000	365,000,000	65,000,000
Education			-
Recurrent	520,708,651	502,158,192	(18,550,459)
Development	550,000,000	782,910,000	232,910,000
CPSB			-
Recurrent	82,815,098	72,769,865	(10,045,233)
ICT & e-Government			-
Recurrent	83,961,378	80,193,918	(3,767,460)
Development		145,000,000	(35,000,000)

	180,000,000		
County Assembly			-
Recurrent	998,717,390	998,717,390	-
Development	50,000,000	50,000,000	-
TOTAL	**14,745,546,962**	**14,507,750,502**	**(237,796,460)**

Source :Kakamega County Fiscal Strategy Paper FY 2018/19

SUBMISSIONS BY DEPARTMENTS AND COMMITTEE RECOMMENDATIONS.

Mr. Speaker Sir,

The, CECs and County Assembly Service Board appeared before their relevant committees to make their Budget presentations for consideration. The following are the sectoral committees' observations and recommendations on the Budgets of their various Ministries.

1 MINISTRY OF FINANCE AND ECONOMIC PLANNING.

OWN SOURCE REVENUE

The total Revenue collected in Financial Year 2017-18 was Kshs 449.4Million.

The Committee noted that own Source Revenue of Kshs 843M as Budgeted by the Ministry was far much high as compared to the previous actual Revenue collection. The ministry's response was that the County has put in place revenue raising measures that will ensure optimum revenue collection. These measures include operationalization of the Revenue Agency, Automation of revenue which has seen the County roll out the cashless system, Purchase of Revenue Collection Vehicles, motivation of the Revenue collectors among others.

The Cashless system is a measure that will minimize interaction of the collector with cash and this will result to maximum realization in collection of revenue.

The committee also observed that CESS collection has dropped from Ksh 132 M FY 2017/2018 to a projection of KHS 56M FY2018/2019.This was due to the shift of farmers in the sugarcane zones from cane farming to other crops such as maize, Beans among others as a result of poor returns on sugarcane.

Legislation for Efficient Revenue Collection.

The department also reported progress on the enactment of the mandatory revenue legislations and that some of the laws e.g. Cess Bill, rating bill are in progress and will soon be forwarded to the County Assembly for approval.

The following pieces of legislation if enacted are vital for improvement of Revenue Collection, administration and management.

The County Valuation Rating Bill- to deal with property rates and provide mechanisms of developing a Valuation Roll necessary for claim of contribution in lieu of rates from the National Government and other rates on property.

The County Trade Licensing Bill -to assist in the administration and management of Trade Licenses.

Cess Bills- To facilitate adequate collection of cess from the Sugar Millers, maize Beans, Charcoal etc.

Mr, Speaker,

The committee is concerned that it has taken too long for Treasury to establish the above mentioned legislations despite their critical role in improving Local Revenue Collection. The County treasury has given a lot of focus on National Government Fund transfers and forgotten their key mandate of revenue collection.

As a result, the County has severally missed on the benefit of the 2% fiscal responsibility where if the Local Revenue is optimumly collected, the County earns 2% extra on their Revenue from National Government.

RECCURENT BUDGET

The total recurrent Budget for the ministry is kshs.546.2M with the highest allocation of Kshs 313 M on Employee costs.

The ministry has also allocated Kshs 50M for purchase of Motor vehicles for the County and that these Vehicles will be distributed across the Ministries. The allocation of Kshs 35M in FY 2017-18 was used to purchase 7 vehicles and that the Ministry is anticipating to purchase 10 more.

The committee also noted that Kshs 10.4M and Kshs 5.4M under Economic Planning have been allocated for Monitoring and Evaluation and County Baseline Survey Respectively. These votes were allocated Kshs 7.8M and Kshs 5M respectively in FY 2017-18.

There is an allocation of Ksh 5M for partitioning of the offices and this is for purposes of efficient monitoring of the employees as opposed to the wall partitions.

Revenue Agency.

The CEC stated that Ksh 1.6 M for purchase of uniforms is because there are new staffs coming on board who will require new uniforms and an extra pair for those in service.

The increase on allocation on travel allowances from Ksh 174,273 in FY 2017/2018 to Ksh 2.4M in FY 2018/2019 is to be paid to revenue officers to facilitate their movement for effective collection of revenue.

There is an allocation of Kshs 15M will be used to hire casuals at a cost of Kshs 15,000 per month and that they will assist the County in revenue collection.

Economic Planning Department.

The allocation of Ksh 6M for membership fees is for staff members who are members of professional bodies. These funds are used to pay for subscriptions for members of staff registered by professional Bodies.

DEVELOPMENT

The ministry in FY 2017-18 budgeted for Kshs 100M for establishment of a regional bank and has further allocated kshs. 105M in FY 2018-19 for the same. The response was that the total contribution to the Economic Block by Kakamega County is Kshs Kshs 200M.The County is planning to pay Kshs 100M in FY 2017-18 and the budgeted balance of Kshs 100M will be paid in FY 2018-19.

The committee noted that allocation of Emergency fund has increased from the usual Kshs 50M in the previous years to kshs. 100M in FY 2018-19. The increase is due to the disasters that have happened in FY 2017-18 and that the allocated Kshs 50M has not sufficiently taken care of the same. Furthermore, the Kshs 100M is within the 2% of total revenue as required by sec.113 of the PFM Act,2012.

RECOMMENDATIONS

1. The committee recommends that the following votes be reduced and funds be reallocated for purchase of Motor Vehicles for revenue collection.
    - Monitoring and Evaluation Kshs 10.4M
    - County Baseline Survey Kshs 5M
    - Kshs 540,000 on a repeated vote on Daily Subsistence Allowance.

- Regional Bank Kshs 5M
- Kshs 20M out of the Kshs 50M on Purchase of Motor Vehicles be used for purchase of revenue motor vehicles.
- **The total funds to be allocated for the Revenue Vehicles is Kshs 41.3M.**

2. The ministry should put more emphasis on Revenue collection for the County to be able to benefit from the 2% Fiscal Responsibility gain.

2. **That Members of the County Assembly with professions also to be part of the scheme of paying annual membership fees for the professional bodies.**

MINISTRY OF ENVIRONMENT, WATER AND NATURAL RESOURCES

The sector's mission is to promote sustainable utilization and management of environment, water and natural resources for socio –economic development.
For the 2018/19-2020/21 MTEF period, the sector has prioritized programmes intended to promote adequate piped water supply across the County, sustainable utilization and management of the environment and natural resources for socio-economic development.
These programmes include; Rehabilitation and augmentation of water supply schemes Kshs 30M, Rehabilitation of Boreholes Kshs 10M.The highest allocation for this Ministry is Kshs 243M for water infrastructure development which will enhance adequate supply of piped water across the County.

The committee noted that although piped water supply has been given the first consideration, rehabilitation of water springs is still vital because our bigger

population is currently relying on the same. Furthermore, these springs could come in handy in case of disconnections or delay in payment of water bills.

Though the committee noted that even though the department has been funded previously, water supply is still a big challenge in Kakamega County.

1. **RECCURENT BUDGET**

   Total Recurrent Budget for this Ministry is Kshs 90.8M which comprises of Kshs 49.2M and Operations of Kshs 41.5M.

Committee Observations

i. The variation of the CFSP and actual budget from Kshs.125.6M to Kshs.90.8M was scaling down on recurrent activities with more focus on development projects.
ii. The decrease in salaries by Kshs.17.4 million, was because the revised salaries were calculated on actual staff establishment.
iii. The increase on travel costs by Kshs.1.2 million was justified by increased expected activities especially during monitoring and evaluation.
iv. A new allocation of Kshs.2.5 million for legal fees is to facilitate a court case for Maraba Sewerage.

2. **DEVELOPMENT BUDGET**

   i. The committee noted that there was an allocation of Kshs. 30.5 million for ongoing works.

These projects /ongoing works include boreholes at Lugari High School, Likuyani Polytechnic, Makunga Health Centre and flushing of boreholes among others.

ii. The allocation of Kshs. 232 million on water infrastructure is meant for construction of a water reservoir in Kakamega town and extension of water networks (connectivity) in Mumias, Matungu and Navakholo areas. Also included in this programme is an elevated water tank to serve areas around Shitoli and supply water to Ikolomani, Butere and Navakholo. The allocation will further enhance roof catchment at ECD's, churches and market centres.

iii. The Kshs.10 million allocated for rehabilitation of boreholes is meant for Lumino water treatment in Likuyani and extension of distribution lines in Mumias.

The Kshs. 20 million allocated for waste management will be used to purchase at least two trucks for transporting solid waste to dump sites and maintenance of the dump sites. This activity will be undertaken by engaging the county youth service.

The Kshs.10 million allocated on county greening programme will be undertaken through involvement of various groups including women and youth.

RECOMMENDATIONS

1. That inherited water projects in the county should be considered and revived alongside the on-going ones.

2. That greening program targeting Women and Youths should be ward based
3. That solid waste management of Kshs 20M should be done by engaging youth under the county youth service.
4. The Ministry to consider rehabilitation of the water springs in the ward.

MINISTRY OF HEALTH SERVICES

RECCURENT BUDGET

The Recurrent Budget for this Ministry is Kshs 2.9B comprising of Kshs 2.5Billion and Operations of Kshs 383M.The increase in allocation for salaries is due to the award of allowances for Doctors and Nurses in their revised CBA.

The Ministry has six departments; Health Services, County Medical Services Operations, Public Health Operations, Dispensaries, Health centers, and Public Health.

DEVELOPMENT

The development Budget for the Ministry is Kshs 1.5Billion comprising of Kshs 664M allocated to Grants and Kshs 806M for other development projects.

The Ministry has allocated a higher Budget on the following projects

- County Teaching referral 400M
- Equipping Mumias west and Shamakhubu Hospitals Kshs 30M
- Completion of ward stalled projects Kshs 10M
- Construction of Mortuaries in Butere and Likuyani Kshs 10M
- County General Hospital Kshs 427M
- Comnpletion of Shamakhubu and Mumias Hospitals Kshs 40M

OBSERVATIONS.

The County Teaching and Referral project is currently at 62% completion status at the 5th floor. Works were stopped by the National Construction Authority following a fatal accident which occurred on the site on 28th April 2018.

Phase 1 will cost a total of Kshs 2.3 billion with 1.1 billion paid out so far. The contractor has requested for 6 more months to complete the project.

Shamakhubu and Mumias Hospitals were previously budgeted for and expected to be completed in 2017/18. However, the completion was also delayed due to late disbursement of funds. The projects are expected to be completed in August 2018. Kshs 40 million has been budgeted for completion of the two projects and Kshs 30 million allocated for equipping of the same to ensure that they are functional immediately after completion.

Shianda Health Centre was allocated 10 million in FY 2016/17 with a 24 bed general ward at the facility. Part of the allocation of Kshs 15 M will facilitate expansion which will enable the facility move to level 4 hospital.

Completion of stalled CDF/LATF and Ward Based projects have been allocated Kshs 10M.The list of the projects was availed to the committee and that only a few projects will be considered in FY 2018-19.

The committee observed that there was reduction in allocation for hire of ambulance services from Kshs 88M to Kshs 81M this occurred due to acquisition of 2 more county ambulances which reduced the cost of hire by Kshs 7M.

NHIF allocation has been introduced at Kshs 60 million this service will be carried out in the wards (ward based). Blood transfusion services has been allocated 15 million.The Blood transfusion centre was initially supported by the National Government but they later withdrew their services.Imarisha Afya ya mama na Mtoto has increased the allocation by Kshs 10 million, Health promotion services has been introduced at an allocation of Kshs 2 million and community strategy which caters for Community Health Workers increased from Kshs 40 to Kshs 80 million.The CHWs allocation will cater for their monthly stipend.

130 facilities will benefit from the User fees foregone grant of Kshs 38M which is a supplement from the National government to compensation of facilities not charging the registration fees on patients.

The Ministry intends to equip and staff level 4 hospitals which includes Malava,Matungu,Lumakanda and Navakholo with special equipment and specialists in charge of the Dental units.

Dispensaries to be constructed with Kshs 20 million will be identified based on the needs, the ministry intends to review all facilities and assess the amount of funds needed to complete all of them.

The committee noted that Anti-Jigger campaign has net been allocated any funds and yet Jiggers are a menace in some areas in the County.

RECCOMENDATIONS

1. Since construction of the kakamega County Teaching and Referal Hospital is a mega project,the County should consider Public Private Partnership.

2. Identification of dispensaries should consider the wards.

3. The Ministry should ensure that completion and equipment of Shamakhubu and Mumias Hospitals id done within the stipulated time so that other areas can be considered for establishment of Hospitals.

4. Proper sensitization on hygiene for the citizen should be carried out to curb the Jigger menace.

5. Identification of the LATF/CDF/Ward projects that have stalled to be equitably distributed.

6. The committee to follow up on the reports on grants.

7. Guidelines for implementation of the NHIF ward Based programme should be prepared on time.

4.MINISTRY OF TRANSPORT

Recurrent expenditure

The Ministry has an allocation of Kshs. 118.3M which comprises of Kshs 73.4M and Operations of Kshs 44.9M.

Development expenditure

A total of Kshs 1.7M has been budgeted for development projects.

Committee observations

The committee observed the following:

I. Project allowance vote has increased by Kshs.1.8million. The response was that this allocation was previously captured in bills of quantity and engineers complained that they were not getting their allowances when inspecting county projects hence the need to allocate the allowances on a separate vote head.

II. Legal vote head has increased by Kshs. 2.4M. This allocation is meant for land compensation in cases where land disputes are involved during road expansion. The CEC Member responded that the ministry already has six cases at the moment and a single compensation is around Kshs. 600,000.

III. Kshs.520M has been allocated for the construction of bitumen roads but a schedule of the roads to be constructed was not provided.

IV. 10km per ward road project had been allocated Kshs. 210million in the ADP but in the budget estimates 2018/2019 the same has been allocated Kshs. 300M.This vote was increased to cater for 60 wards and that every ward will get an allocation of Kshs 5M.

V. **County Youth Service vote has been allocated Kshs. 300M in the 2018/2019 estimates which is ward based and every ward will get an allocation of Kshs 5M. The activities involved will include Bush**

clearing, opening of drainage systems on the roads and general gravel roads maintenance.

VI. Kshs. 271million has been allocated for Road Levy Fund. The ministry informed members that the fund is a conditional grant for general maintenance of roads .

VII. Kshs. 130million has been allocated for transformer installation. The committee was informed that each ward was to receive one transformer and areas not connected with electricity would be given first priority. The ministry is also expecting an additional Kshs. 60million from REA.

Recommendations

I. A list of bitumen roads to be constructed at a cost of Kshs.520M to be provided

II. A list of roads to be maintained under the Road Maintenance Levy Fund to be provided by the Ministry.

III. The Ministry to come up with necessary legislation to guide the implementation of the County Youth Service program.

1. OFFICE OF THE GOVERNOR

Recurrent

A total of 298M has been allocated for recurrent expenditure which comprises of Kshs 97.5M and Operations and Maintenance of Kshs 200M.

Development

Kshs. 93M has been allocated for development projects for the Ministry.

Committee Observations

I. Basic salaries for permanent employees has reduced by Kshs.42 million. The response was that previously ICT, Communication and planning were under the Office of the Governor but they have since been moved to new departments; ICT and e-government and Planning and Investment Departments respectively.

II. The Governor's residence has been allocated Kshs.76Million (Kshs.36million for completion of Lugari residence and Kshs.40million for construction of Lurambi residence). The committee was informed that Lugari residence is at 48% complete and already Kshs 13M has been paid.

III. The Lurambi residence will commence in FY 2018-19 and it's expected to end in the same year due to SRC circular that has directed the Counties to complete the Governor's and Speakers residences by June 2019.

Recommendations

The Office of the Governor should ensure that the two residences are completed within the stipulated period as directed by SRC.

PUBLIC SERVICE AND COUNTY ADMINISTRATION

Recurrent expenditure

The ministry has allocated Kshs.149.2M for recurrent Budget

Development expenditure

Kshs. 159M has been allocated for development Budget

The committee observed the following:

Basic salaries for permanent employees have reduced by Kshs.139million. The ministry responded that previously, Enforcement Officers were budgeted for under this ministry but the same has been moved to the Office of the Governor.

There is an allocation of Kshs.1.4Million for refund of medical expenses ex-gratia. The response was that these are medical expenses not budgeted for and come up when an employee exhausts the medical cover provided and requests for further assistance from the employer.

There is a total allocation of Kshs. 12million budgeted under various departments on National Celebrations. The committee was informed that the allocation was meant to cater for tents, public address system and other logistics during celebrations which are normally held at County, Sub- County and Ward levels.

Recommendation

Funds allocated for national celebrations should be budgeted under one vote head in one department for ease of implementation.

County Administration

The Committee noted that equipment for rehabilitation centre has not been captured as recommended in the CFSP. The committee was informed that

NACADA has committed to equip the centre and has already been furnished with requirement for equipment.

Community Areas

Kshs. 10million has been budgeted for induction. This is meant for training of Community Administrators who are expected to report on duty in July, 2018.

Sub County and Ward Administration

The Ministry informed the Committee that it is currently constructing 2 Sub County offices (Likuyani and Ikolomani) and 7 ward offices including those that had stalled. So far the ministry has constructed 15 ward offices (Shirugu/Muigai, Butali/Chegulo, Lugari, Butsotso East, Idakho North, Kisa West, East Wanga, Bunyala Central, Marama North, Koyonzo, Etenje, Sango, Mautuma, Nzoia and Marama Central).

COUNTY PUBLIC SERVICE BOARD

The Budget for the Board is Kshs 72.7M comprising of Kshs 42.9 on Salaries and Kshs 29.8 M on operations.

The Service Board does not have development projects.

The committee received a comprehensive recurrent expenditure report as at 30th April, 2018 and unanimously agreed to pass the County Public Service Board budget estimates 2018/2019 as presented.

MINISTRY OF LANDS, HOUSING, URBAN AREAS AND PHYSICAL PLANNING

Recurrent expenditure

A total of Kshs. of 227.4 M has been allocated for recurrent expenditure comprising of Kshs 91.3M and operations of Kshs 136M

Development expenditure

The Ministry has an allocation of Kshs. 566.6M for various development programs.

The committee observed the following.

That the approved ceiling for recurrent in the CFSP was Kshs.277.4million but the budget estimates has Kshs.237million. The response was that the increase is for staff establishment for the two towns (Mumias and Kakamega) as well as to equip the department.

Physical Planning

Kshs 30Million has been allocated for preparation of the valuation Roll.The committee was informed that this is a long overdue document which will help the county to identify their property and claim the Contribution in Lieu of Rates from National Government.

Urban Development

Kakamega town

The town has been allocated a grant of Kshs 189.1M under Kenya Urban Development Programme which is meant to assist in development of infrastructure in the urban areas.

The allocation for contracted guards and cleaning services has increased from Kshs.20.3million in 2017/2018 to Kshs. 44.4million in 2018/2019. This was

attributed to the creation of more urban areas in FY 2018-19 after upgrading Kakamega and Mumias towns to municipality level thus the services will be required by the new areas.

Lands

An allocation of Kshs. 60million has been made for purchase of land. The ministry stated that land will be purchased on request from various ministries. The projection was based on agricultural projects such as dairy farming in polytechnics and fish farming.

Housing

The committee noted that Kshs. 10million has been budgeted for refurbishment of houses. This is for the refurbishment of 4 government houses in Mudiri Estate.

Mumias Township

The town has been allocated a grant of Kshs 200M under Kenya Urban Development Programme whose main objective is to enhance infrastructure development in urban areas.

It was noted by the committee that Kshs.10million has been allocated for Mumias Art Centre. This will be constructed within Ekama Triangle on a five-acre piece of land. The Centre will include theatre, boxing club and other art activities.

RECOMMENDATIONS

The ministry should provide a schedule of the Houses to be renovated

Areas where parcels of Land are to be considered for purchase should be provided.

The Ministry should prepare Land bank reports and submit to the relevant committee.

The proposed urban areas to be upgraded should be specified and forwarded to the Assembly for approval.

The ministry should prepare and submit to the committee a comprehensive schedule of the activities that will been funded by a grant of Kshs 389M for Urban areas.

The Ministry in preparing the valuation Roll should involve all the stakeholders including the MCAs.

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

The ministry has a total allocation of **Kshs. 1.2B** comprising of kshs. 502M and kshs. 782M for recurrent and development Budget respectively.

Recurrent

Observations

1. The salaries had been increased due to the proposed scheme of service for the ECDE teachers yet to be adopted by the council of governors for implementation at the counties. The teachers are currently paid from the capitation money sent to the schools.

2. The ministry intends to employ quality Assurance Officers in every sub county for the ECDE and polytechnics. Polytechnic instructors will also be brought on board.

3. The ministry had an allocation kshs. 800,000 for legal fees in all the departments of which the CEC justified as funds to be used in case the Ministry has a legal case.

Committee Recommendations

That the allocations on legal fees and prefeasibility be consolidated in one vote instead of spreading across departments.

DEVELOPMENT

Observations

1. There is an allocation of kshs. 69M grant for polytechnics which the CEC responded that this would be used to fund only 16 out of the 42 polytechnics that have been registered with the Technical Industrial Vocational Education Training Authority(**TIVETA**). The committee was also informed that most of the polytechnics lie on land without title deeds and that the ministry was working out in collaboration with the National Lands Commission to assist fast track the process.

2. Funds allocated for Construction of model ECDE centres was reallocated to construction of new ECDE centres as a recommendation in the County Fiscal Strategy paper. Unfortunately, this was not considered in the estimates FY 2018/2019.

3. The ministry will be equipping 333 centres already built at a cost of Kshs. 150,000 each. Subsequently, the ministry had allocated kshs. 10M for the feeding

programmes which will be used for a pilot programme for 2500 children an allocation the committee felt was insufficient for the sustainability of the activity.

4. Kshs 3.5M has been allocated to all the wards for the construction of one door ECD classroom and a one door toilet for the same. The committee as per the reports submitted realized that the ministry had not budgeted for the pending 25 ECD centres and pit latrines yet to be completed across the wards. The CEC responded that implementation of the projects will be carried out before closure of the financial year 2017-18.

5. The special streams at Kakamega High School and Butere Girls High School which had been initiated from 2014 would be wound up this year as per the information by the CEC. The committee however requested for a status report on the implementation of the same.

Committee recommendations

1. The committee to make a follow up on the pending 25 ECD centres and toilets yet to be constructed to ensure implementation of the same.
2. Equipping of existing ECDEs should be fast tracked for the learners to start using them.
3. The Ministry should fast track the acquisition of title deeds for the 26 remaining Polytechnics for them to benefit from the Kshs 69M allocated for Grants.

MINISTRY OF SOCIAL SERVICES, YOUTH AND SPORTS.

The ministry has a total allocation of **Kshs. 600M** comprising of **kshs. 89M**and **kshs.511M** for recurrent and development expenditures respectively.

Recurrent

Committee observations were;

1. The ministry's increase on the vote on internet connection by ksh 277,000 was due to the separation of offices from a centralized point where the labour department is at Bukhungu stadium which also hosts the kakamega welfare association, and the Governors VVIP.
2. On Bukhungu stadium, the increased allocation of kshs.8.26M is due to the need for more security to safeguard the infrastructure at **kshs. 1.3M monthly**
3. The ministry had an increase of **kshs. 780,000** in the publicity and advertisement vote in the Youth department which was not justified by the CECM.

4. Allocations on daily subsistence had been reduced across all the departments which the committee felt was unrealistic since this vote supports the activities executed in the development vote.

Committee recommendations

The committee should follow up on the ministries planned activities on the vote on publicity and advertisement in the youth department.

Development

Committee observations

1. The ministry had spent **Kshs. 10M** on CECAFA which was not a county entity at the expense of the youth activities and without the approval of the County Assembly as per the expenditure reports availed to the committee. The CEC informed that the expenditures had informed the elevation of the stadium to an international level and thus became a revenue target for the county.
2. The committee's recommendation in the CFSP was that the number of units constructed under the shelter improvement programme be increased to 15 from 6. This was not captured in the budget estimates FY2018/2019 but the response was that of budgetary constraints. Allocation for KICOSCA games was also not factored due to the Budget constraint.
3. The committee commended the ministry for adhering to the recommendations in the CFSP on the formation of SACCOs for boda boda youth before training them for easier monitoring and evaluation of the progress.

Recommendations

1. That the committee should investigate on the status of the Youth talent identification programme that has not been budgeted for and the Ministry to provide the activities that have been previously taken place on the same.
2. The committee should also request for an extensive report on the implementation of Bukhungu stadium since the status has inconsistently been reported along the budget process and yet a lot of funds have been allocated for on same.
3. The Ministry should follow up and get proper information on why funds are never allocated on KICOSCA for the County staff and report back to this House.

MINISTRY OF INDUSTRIALIZATION, TRADE AND TOURISM

The ministry has been allocated **kshs. 427.4** comprising of **kshs.62.4M**and **kshs.365M** for recurrent and development Budget respectively.

Recurrent

The ministry's allocation had been reduced by **kshs. 38.1M which was** attributed to a directive by treasury so that the County can get enough funds for development.

Development

1. The ministry's approved ceiling in the CFSP was **kshs. 300M** against an increase of **kshs. 65M** in the estimate FY 18/19. The CEC attributed the increment to the need to align the department's programmes with the national Governments Big 4 agenda in the industrial development eg The industrial park in Mumias allocated **kshs. 30M** and leather development tannery at **kshs. 5M**

2. The ministry has allocated **kshs 140M** on the construction of markets of which the committee was informed that there will be no new projects other than to complete khayega, Mumias , Malinya and Butere markets. The committee was not convinced since the said markets for instance butere Market had been budgeted from FY 2014/2015 and that funding for the markets had exceeded the project costs.
3. The ministry was undertaking a project on the Amaranth factory (administration Block) from FY2015/16 with **kshs 3.7M** allocated. The committee through the reports presented noticed that the same had not been undertaken since the contractor abandoned the site and that the same has never been re budgeted.
4. The ministry in FY 17/18 had been allocated **ksh.252M** for development and had absorbed **kshs.103M** an absorption rate of 41% despite the activities involved being intense.

Recommendations

1. That the relevant committee together with the implementation and monitoring committee take up the matter and unravel the inconsistencies since some of the markets from the FY14/15 (Butali, Harambee, Shianda, Kipkaren, Mumias modern Markets) have pending bills originating from extra works and report to the house 60 days after adoption of this report.
2. The ministry's absorption rate is very low judging from the previous expenditures in the subsequent budgets and thus the need for the same to be ascertained.
3. The committee to ascertain the status of the amaranth project and the funds that had been allocated for the same.

4. The committee to fast track and get the status of the markets to be refurbished, fabricated modern kiosks and jua kali shades

MINISTRY OF ICT, E-GOVERNMENT AND COMMUNICATION

The ministry has been allocated **kshs. 225M** comprising of **kshs.80.1M** and **kshs.145 M** for recurrent and development Budget respectively.

Recurrent

1. The ministry had allocated **kshs. 76,724** on publicity vote on ICT department FY 17/18 but this was notspent and had a further allocation of **kshs. 92,069** in the estimates FY2018/2019. The response was that the vote was being spent at the office of the governor which was a challenge for them to even report on the expenditure.
2. The recurrent vote had been reduced by **kshs. 3.7M** from the allocations in the CFSP a move the CEC attributed to as a directive by treasury and that they also didn't anticipate having new employment opportunities in the Financial Year.
3. The department of ICT had an over expenditure of **kshs. 750,000** attributed that the ministry did not budget for the salaries of the CEC and the Chief officers who came on board. The committee found the information misleading since the same had been factored at supplementary.
4. The ministry is anticipating a legal battle between them and the contractor implementing construction of the production studios due to undue payments. Similarly, the ministry has pending policies to be reintroduced to the

Assembly for approval. All this expenditure will be charged on the legal fees vote of **kshs. 1.8M.**

Recommendations

That the relevant committee take up on the over expenditure of kshs. 750,000 as well as the issues surrounding production studio.

DEVELOPMENT

1. The ministry has allocated funds for the creation of portals on; noise permit, liquor permit, business permit licenses at a cost of **kshs. 6M**.
2. The ministry has introduced a project on CCTV installation and maintenance at the governor's ofiice, county referral hospital, sub- county hospitals and all county offices in town. Subsequently,Mumias and Kakamega towns will have CCTV installation on the street lights

MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES

The ministry has an allocation of **kshs. 1B** comprising of **kshs. 358.9M** and **kshs. 701.4** for recurrent and development expenditures respectively.

Recurrent

Observations

1. The ministry is anticipating to employ more technical staff in the laboratories, veterinary and extension officers in the wards and thus the need to increase the vote on the salaries by kshs**. 164.3M**
2. Operations and maintenance vote was reduced by 25% from the allocations in the CFSP for the Ministry to be able to allocate more funds on Development.

Development

1. There is a reduction on the allocation on one cow initiative programme by kshs. 100M. the response was that this was against their wish since funds had to be reallocated to Bukhungu stadium completion, Bukura ATC and stocking of sex semen.
2. The ministry currently implementing programmes on smart dairy in three farms namely; Kabras, Shibinga and Khwisero at a cost of **Kshs. 10M** each. The world bank is also funding programmes on KASP (Kenya Agricultural Support Programme) and KCSAP (Kenya Climate Smart Agriculture Project) as grants to the County and only seed money will be budgeted for by the ministry.
3. ATIVET programme beneficiaries will be dairy, horticulture, aquaculture and Agri-business students. who shall be drawn from different age groups, gender, the disabled and the vulnerable. So far, 600 students from 60 wards have already been trained.

Recommendations

1. The committee to take up and know the projects that will be implemented in the programmes that will be defined by the donor.
2. **Kshs. 5M** will be reallocated to farm mechanization from the cooperative development vote.

COUNTY ASSEMBLY

OBSERVATIONS

The allocation for County Assembly recurrent expenditure is Kshs 998M comprising of Kshs 688Mfor Salaries and Allowances and Kshs 310M for Operations and Maintenance.

The committee was informed of the following votes that have been factored in the Budget for FY 208-19.

1. Kshs 5M has been allocated for purchase of IPADS for Members
2. Kshs 14.4M has been allocated for elected MCAs ward office operations and that every ward will have an allocation of Kshs 20,000 per Month.
3. Kshs 5.3M has been allocated for Nominated MCAs Personal Assistants who will be earning Kshs 12,500 per month.
4. Kshs 1.6M has been allocated for personal AIDES for Honorable members living with disability who will be earning Kshs 15,000 per Month.

DEVELOPMENT

Kshs 50M has been allocated for construction of Assembly Chambers. However, the Board requested for re-budgeting of Kshs 150M which had been reallocated to other votes by the Executive during the Supplementary Budget of FY 2017-18.

RECOMMENDATIONS

- The liason committee should hasten the allocation of committee Budgets
- Elected members should ensure that the Office Operations funds are accounted for appropriately before the 15th day of the subsequent Month.

RECOMMENDATIONS BY THE BUDGET AND APPROPRIATIONS COMMITTEE ON THE BUDGET 2018/2019

Mr. Speaker Sir,

The Budget and Appropriations having considered submissions from the public and sectoral committees represented by their chairmen, CFSP ceilings Implementation reports for FY 2017/18, and clarifications as well as views from the CEC for Finance made the following recommendations for adoption;

1. That the CEC for Finance should ensure that the projects being implemented in the FY 2018/19 are the ones approved in the County Fiscal Strategy Paper 2018.
2. Treasury should strive to ensure that the budget is implemented as approved by the County Assembly
3. Construction of mortuary should be considered in Likuyani Sub County first because the citizen in the Northern Region have repeatedly requested for the same.
4. Revenue agency to ensure that loopholes are sealed and efficient revenue collection measures are put in place for the County to achieve adequate revenue.
5. KIKOSCA games to be provided for to enable staff involvement in co-curriculum activities
6. The County should strive to find market opportunities to our farmers in Bananas,Maize,Milk and Fish products.
7. The department of infrastructure should consider construction of Bus park in Matunda market as strongly requested by the public.
8. The Infrastructure department should also ensure that proper legislation on the Youth Service is put in place as soon as the Budget is approved.
9.

RECOMMENDED BUDGET CEILINGS FOR FINANCIAL YEAR 2018-19.

EXPENDITURE ESTIMATES SUMMARY FY 2018-19				
DEPARTMENT	***SALARIES***	***O&M***	***DEVELOPMENT***	***TOTAL***
Office of the Governor	97,456,574	200,576,985	93,000,000	**391,033,559**
Public Service and Admin	666,845,892	482,389,232	159,508,530	**1,308,743,654**
Finance and Economic Planning	313,028,668	233,186,115	205,000,000	**751,214,783**
Environment,Water and Natural Services.	49,298,377	41,560,408	361,000,000	**451,858,785**
Social Services ,Youth and Sports.	43,822,224	45,310,217	511,000,000	**600,132,441**
Transport,Infrasture,Public Works and Energy.	73,459,293	44,925,562	1,597,995,701	**1,716,380,556**
Lands,Housing ,Urban Areas and Physical Planning.	91,339,481	136,071,493	566,618,800	**794,029,774**
Health Services	2,521,785,260	382,948,526	1,470,000,000	**4,374,733,786**

Agriculture,Livestock,Fisheries and Cooperatives	297,576,936	61,383,655	701,433,152	**1,060,393,743**
Trade,Tourism and Industrialization	35,056,105	27,423,951	365,000,000	**427,480,056**
Education,Science and Technology	468,008,690	34,149,502	782,910,000	**1,285,068,192**
CPSB	42,952,641	29,817,224	-	**72,769,865**
ICT & E-Government	25,992,042	54,201,876	145,000,000	**225,193,918**
County Assembly	688,674,424	310,042,966	50,000,000	**1,048,717,390**
TOTAL	**5,415,296,607**	**2,083,987,712**	**7,008,466,183**	**14,507,750,502**

CONCLUSION

The County Government has taken all necessary steps to structure its expenditure so that Capital expenditure will continue to grow in relative terms as the recurrent expenditure declines over the medium term. It should achieve and sustain a capital improvement rate of over 50% of the total Budget Estimates within the next three years.

The responsibility is on the accounting officers of the various spending units to execute the Budget Estimates for FY 2017-2018. Furthermore, they should ensure that the various recommendations of this House are actualized.

The implementation of the Budget Estimates for FY 2018-2019 is vested upon the County Executive Pursuant to Article 179 (1) whereas the County Assembly Pursuant to Article 185 (3) must exercise its oversight authority in the implementation of the same. This collective obligation on the two arms of government will guarantee that there is real value for the public resources employed.

Mr. Speaker ,

On behalf of the Budget and Appropriations committee I therefore present the Kakamega County Budget Estimates FY 2018/2019 for debate and adoption.