

COUNTY GOVERNMENT OF BUNGOMA



COUNTY ASSEMBLY OF BUNGOMA

SECOND ASSEMBLY, FOURTH SESSION

BUDGET AND APPROPRIATIONS COMMITTEE
REPORT ON THE SECOND SUPPLEMENTARY BUDGET
FY 2019/2020

Clerks Chambers
County Assembly Buildings
PO BOX 1886,
BUNGOMA, KENYA

June, 2020

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CHAPTER ONE

1.0 BACKGROUND:

Mr. Speaker Sir,

On behalf of the members of the Budget and Appropriation Committee and Pursuant to Article 118 (3)(a) of the Constitution of Kenya 2010 and the Standing Order No. 188, which gives the baseline on how the Estimates of Revenue and Expenditure will be dispensed with by the House, I hereby present to this Honorable House the Committee's report on the Second Supplementary Budget FY 2019/2020.

COMMITTEE MEMBERSHIP:

The Committee as constituted currently has the following members:

- | | |
|-------------------------------|------------------|
| 1) Hon. Jack Wambulwa | Chairperson |
| 2) Hon. Hon. Erick Wapang'ana | Vice Chairperson |
| 3) Hon. Joseph Juma | Member |
| 4) Hon. Jane Chebet | Member |
| 5) Hon. Meshack Simiyu | Member |
| 6) Hon. Martin Pepela | Member |
| 7) Hon. Paul Wamalwa | Member |
| 8) Hon. Joan Kirong | Member |
| 9) Hon. Grace Sundukwa | Member |
| 10) Hon. Sospeter Nyongesa | Member |
| 11) Hon. VioletMakhanu | Member |

1.1.1 MANDATE OF THE COMMITTEE:

The mandate of the Committee is derived in accordance to Standing Orders No 188 which states:

- (1) There shall be a Select Committee to be known as the County Budget and Appropriations Committee.

(2) The Committee shall consist of a Chairperson and not more than ten other members who are not Chairpersons of any other Committee.

(3) The functions of the Committee shall be 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 recommendation to the County Assembly;

(c) Examine the County Budget Policy Statement presented to the County Assembly;

(d) Examine Bills related to the national budget, including Appropriations Bills; and

(e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

(4) The County Budget and Appropriations Committee constituted by the County Assembly immediately following the general election shall serve for a period of three calendar years and that constituted thereafter shall serve for the remainder of the County Assembly term.

(5) Five members of the Budget committee shall constitute a quorum.

(6) The Committee shall invite Chairpersons of all Sectoral Committees to make presentations during the considerations of the budget.

Mr. Speaker Sir, the Budget and Appropriations Committee is further given legal backing under the Public Finance Management Act (PFM) 2012 and the Constitution of Kenya Article 221(4) and (5).

1.1.2 EXAMINATION OF THE SECOND SUPPLEMENTARY ESTIMATES OF REVENUE AND EXPENDITURE

Mr. Speaker, the Second Supplementary Budget FY 2019/2020 was tabled on 9th June,2020 at 1430hrs.

In reviewing the Second Supplementary Estimates, the Committee retreated to Kisumu Victoria hotel. Further, the Committee invited the County Executive Committee (CEC) Members and Chief Officers from various departments who were to clarify on salient matters that came to the Committee’s attention.

The Committee considered the review comments from the Controller of Budget on the FY 2019/2020 Bungoma County Approved Budget Estimates as annexed herein.

1.1.3 ACKNOWLEDGEMENT

Mr. Speaker Sir,

The Committee is grateful to the CEC Members and Chief Officers who appeared before the Sectoral as well as Budget Committee and clarified on the areas that seemed unclear.

The Committee is also particularly grateful to the Office of the Hon. Speaker and the Office of the Clerk of the County Assembly of Bungoma for the support received as it discharged its mandate in reviewing the FY 2019/2020Second Supplementary Budget.

Mr. Speaker Sir,

I wish to confirm that the recommendations of the Committee in this report were unanimous. It is now my pleasant duty and privilege, on behalf of the Budget and Appropriations Committee, to present to the County Assembly the report of the Committee on the Second Supplementary Budget FY 2019/2020 for debate and adoption.

Signed:

HON. JACK WAMBULWA- MCA KIMAETI WARD

DATE.....SIGNATURE.....

CHAIRPERSON: BUDGET AND APPROPRIATIONS COMMITTEE.

CHAPTER TWO

2.0 BASIS OF THE SECOND SUPPLEMENTARY BUDGET FY 2019/2020.

Mr. Speaker Sir, this supplementary budget was occasioned by a number of factors as highlighted below:

The Second Supplementary Budget Estimates for FY 2019/ 2020 was prepared with the fiscal consolidation policy to strengthen our development resilience and sustainability position. With the fiscal consolidation strategy, County Departments and Agencies (CDAs) will have to adopt the culture of doing more with less that is available with a view to promote sustainability and affordability. The basis of the 2nd supplementary budget are:

- a. The Health sector has indicated a significant Appropriation In Aid collection increment of Kshs.83, 782,967. This is due to improved service provision and availability of drugs across all county health facilities.
- b. COVID-19 pandemic has greatly affected the agricultural food systems by interfering with the farming activities, input supply chains, cash flow, transport, loss of labor due to self-isolation and restricted movement. Lock down of markets, trade disruptions and food product supply has prevented the accessibility to diverse, nutritious and sufficient food. The County has continued to experience decline in local revenue generation exacerbated by decline in economic forecasts and shrinking of productive sectors such as Agriculture and Trade hence the local revenue figures have been downsized by Kshs. 58, 431,955.
- c. H.E President Uhuru Kenyatta committed to support County Governments with Kshs. 5 billion. The Commission of Revenue Allocation used the approved Revenue sharing formula to share the money to the 47 County Governments. The County Government of Bungoma has been allocated the Covid 19 Grant of Kshs. 213,714,000.
- d. Departments effort to finance sector priorities that were either under-budgeted for or are bound to experience shortages before the end of the Financial Year.i.e.some of the votes under budgeted for include;

- Casual Laborers- Most departments did not allocate funds for casual laborers. A total allocation of Kshs. 34,115,000 has been allocated across departments in this supplementary as follows:

Table 1- Casual Labourers

	Department	Allocation
1	Finance	10,000,000.00
2	Agriculture	4,000,000.00
3	Tourism & Water	500,000
4	Roads	300,000
5	Health	6,000,000.00
6	Education	315,000
7	Trade Energy and Industry.	1,000,000
8	Lands	500,000
9	Gender and Culture	1,500,000
10	Public Administration	10,000,000
	TOTAL	34,115,000.00

The approved budget had an allocation of Kshs 70,389,462 for casual laborers across the departments. There is a request of Kshs 34,115,000 additional allocation as tabulated above.

The committee invited the CPSB and County Secretary in order to provide a list of the casual workers warranting the additional allocation. The Chief Officer in the County Secretary's office appeared on behalf and in his submission indicated that the list is not ready as it is still undergoing verification.

The committee sought to know why the casuals were not sufficiently budgeted for in the annual budget and in his response he said the casuals did not have appointment letters but in the course of the FY they managed to give them appointment letters so that they can set their terms of engagement with them. The committee requested for the list of casuals who were given appointment letters but also this list was not availed at the time this report was reaching the Floor of the house.

The committee hence declined to approve the allocation without supporting documents because the County Government risks losing the money to ghost workers at the expense of genuine casuals.

The committee is directing the County Secretary and the CPSB to finalize the verification exercise and ensure that the list is submitted to the County Assembly before end of June for sufficient allocation to be captured in the annual budget 2020/21 including the arrears.

During the interrogations this committee also sought to know the status of recent court ruling on the casual labourers in Bungoma. In his submission the Chief Officer had a copy of the court ruling which he submitted to the committee and the case involved 463 casuals in the de- funct local authority. The county Government will be putting in an appeal in order to be given more time to implement the court ruling since the verification exercise is ongoing.

Table no 2- Ward Based Projects

	Department	2nd Sup	Pending Bills	1st Sup	Realignment 2nd sup
1	Finance		21,821,692.00		
2	Agriculture	7,368,211.64	1,800,000.00	8,681,882.00	(1,313,670.36)
3	Tourism & Water	117,609,091.41	95,309,969.00	126,846,763.00	(9,237,671.59)
4	Roads	235,259,696.00	435,596,253.00	175,350,411.00	59,909,285.00
5	Health	63,432,345.00	29,126,964.00	84,246,047.00	(20,813,702.00)
	Sanitation	13,287,527.00	12,040,573.00	8,159,044.00	5,128,483.00
6	Education	113,746,161.00	161,192,227.00	126,922,941.00	(13,176,780.00)
7	Trade Energy and Industry.	16,845,444.00	26,040,162.00	27,938,036.00	(11,092,592.00)
8	Lands	17,451,525	36,770,000	26,854,878	(9,403,352.62)
	Total	585,000,001.43	819,697,840.00	585,000,002.00	(0.57)

Mr. Speaker, Ward based projects has a total of Kshs 585 million spread across departments as per table no 2 above. Pending bills as captured in the 1st Supplementary were Kshs 718,653,051 and has an additional Kshs 101,044,789 in the department of Roads and Public Works.

2.1 ADHERENCE OF THE 2019/2020 SECOND SUPPLEMENTARY BUDGET TO PREVAILING LEGISLATION

Mr. Speaker Sir,

This is the Second Supplementary Budget for the financial year 2019/2020 as submitted to the County Assembly on 9th June, 2020 for review, scrutiny and recommendations to pave way for enactment of the Second Supplementary Appropriation Act for F/Y 2019/2020.

PFMA 135 (1) : A county government may spend money that has not been appropriated if the amount appropriated for a purpose under the County Appropriation Act is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by the Act.

135 (7) In any financial year ,the county Government may not spend under this section more than ten percent of the amount appropriated by the County Assembly for that year unless that County Assembly has in a special circumstances approved a higher percentage.

PFM reg 39 (1) Each Accounting Officer shall within the guidelines of the supplementary budget circular and in conformity with budget guidelines issued by the County Executive Committee Member, prepare revised budget estimates in the format to be issued by the Cabinet Secretary.

(2) Prior to incurring any expenditure under paragraph (1), Accounting Officers shall seek the approval of the County Treasury, and if approval is granted by the County Executive Committee Member, it shall be communicated to the Accounting Officers through a notification which shall be copied to the Auditor-General and the Controller of Budget.

PFMA 39 (3) The purpose for which approval is sought for a supplementary budget shall be—

- (a) unforeseen and unavoidable, in circumstances where no budget provision was made; or
- (b) unavoidable, in circumstances where there is an existing budgetary provision which, however, is inadequate.
- (4) For purposes of paragraph (3), the following shall not be considered

unforeseen and unavoidable expenditure—

- (a) expenditure that, although known when finalizing the estimates of the original budget, could not be accommodated within allocations; and
- (b) tariff adjustments and price increases.

(5) Accounting Officers may seek supplementary budget if the expenditure cannot be met by budget reallocation under section 154 of the Act.

(7) The county government entity requesting additional funds through a supplementary budget process shall submit a memorandum to the County Treasury, on a date determined by County Treasury.

(8) For avoidance of doubt, budget allocations for new policy options and service delivery initiatives shall only be considered when introduced in the annual estimates of budget in accordance with the procedure laid down in the Act and these Regulations.

(9) In approving any estimates under sections 135 and 154 of the Act, that County Assembly approval shall not exceed ten (10%) percent of the approved budget estimates of a program of Sub-Vote unless it is for an unforeseen and unavoidable need as defined in section 112 of the Act.

Limited powers of accounting officer to reallocate appropriated funds

PFMA 154(1)

An accounting Officer shall not authorise the transfer of an amount that is appropriated-

- a) for transfer to another County government entity
- b) For Capital expenditure except to defray other Capital expenditure'
- c) For wages to non –wage expenditure#

154(2)

An Accounting Officer for acounty government entity may reallocate funds between programs in the budget FY, but only if-

- a) Provisions made in the budget of a program or sub-votes are available and

are unlikely to be used.

- b) A request for reallocations has been made to the county treasury explaining the reasons for the reallocation and the County treasury has approved the request.
- c) The total of all reallocations made to or from a program not exceed 10 % of the total expenditure approved for that program or sub-vote for that year.

PFM Reg;48 The reallocations by the County Treasury in terms of section 154(2) of the ACT shall be included in the next revised budget for submission to and approval by the County Assembly.

CHAPTER THREE

3.0 KEY HIGHLIGHTS IN THE SECOND SUPPLEMENTARY FY 2019/2020

3.1 AGRICULTURE, LIVESTOCK, FISHERIES, IRRIGATION AND CO-OPERATIVE DEVELOPMENT

Mr. Speaker,

The department had been appropriated Kshs. 409,335,704 for recurrent programmes and Kshs. 784,240,866 for development programmes in the first supplementary budget.

In the proposed second supplementary budget, the total recurrent expenditure has been reduced by Kshs. 21,693,195 while development expenditure has a reduction of Kshs. 4,313,670.

Among the major affected vote heads are; a proposed increase of Kshs. 4,000,000 towards payment of wages to casuals in the department of Agriculture and Irrigation which the committee declined until the verification exercise is concluded.

Similarly, there is a reduction of Kshs. 20,434,738 on basic salaries in the department of Co-operative development.

Other adjustments made in the department of Agriculture and Irrigation include;

- a) Reduction by Kshs. 2,784,270 on Boards, committees and conferences
- b) General office supplies reduced by Kshs. 595,075

The supplies and production development programme in the department of Livestock and Fisheries was reduced by Kshs. 3,000,000.

The department did a petition to the Budget committee through the sector committee to consider appropriating Kshs 45.4 million on purchase of fertilizers and maize seed to cover for deficit on the vote. The deficit was occasioned by contracts drawn and awarded before the first supplementary budget which

significantly reduced the allocations below the awarded sum. The contract between the County Government of Bungoma and supplier was attached.

In consideration of the above petition, owing to the fact that the FY is almost coming to an end and most votes are exhausted, the Budget committee was unable to source for any funds to the vote. The committee was also concerned that a pending payment of such magnitude did not get the attention of the cabinet.

3.2 ROADS AND PUBLIC WORKS

Mr. Speaker,

The department had a total allocation of Kshs. 1,513,309,634 comprising of recurrent allocation of Kshs. 159,787,707 and development allocation of Kshs. 1,353,521,927.

The second supplementary budget has proposed to reduce the recurrent allocation by Kshs. 19,921,246 while the development allocation has been increased by Kshs. 159,006,574.

Some of the affected votes in the recurrent adjustments include;

- a) Basic salaries reduced by Kshs. 10,092,250 since the department intended to employ officers and it was not fully achieved.
- b) Boards, committees and conferences reduced by Kshs. 1,016,525
- c) Equipment and Machinery Insurance reduced by Kshs. 4,642,305

The development expenditure vote heads affected with the adjustment are;

Ward based projects increased by Kshs. 59,909,285 to total to Kshs 235,259,696. This was achieved by a realignment of projects in various departments due to changes in priorities in the various wards. A petition from the department requesting for additional of Kshs 27million which the budget committee declined since the list provided for the realigned Ward based projects was for Kshs 235million. The department should avoid over commitment of funds not available in the budget.

In the department, there is a proposal to increase the allocation on supplier credits (Pending bills) by Kshs. 101 million. The vote had been appropriated Kshs. 334million during the 1st. supplementary budget. The committee sought to know if

there were any additional pending bills in the department which had not been factored in the 1st supplementary 2019/20.

Submission from the CEC and Chief Officer stated that the amount was not for payment of pending bills instead a borrowing was made to sort out pending certificate on the dual carriage and on Misikhu -Brigadier road. The dual carriage had an allocation of Kshs 103 million which was not enough to pay a certificate of Kshs 161 million prompting the department to borrow Kshs 58 million from the pending bills vote.

Misikhu –Brigadier had a pending certificate of Kshs 78 million yet the amount available was Kshs 35 million hence borrowed Kshs42 million to clear the certificate. The deficits of Kshs 58 million and Kshs 42 million were charged directly on the pending bill vote as opposed to reallocating the amounts to the overhaul of roads raising a question on whether the procurement plan of the department was uploaded on the IFMIS system. So far the dual carriage has made total payment of Kshs 300,155,414 against a contract sum of Kshs 1.3 billion with a progress of 36.49% while Misikhu brigadier has paid Kshs 617 million against a contract sum of Kshs 1.1billion with a progress of 48.31%.

The PFMA 149: states; *An accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in way that is—*

- (a) Lawful and authorized; and
- (b) Effective, efficient, economical and transparent

The department of Roads has a history of not implementing the budget as approved resulting in over commitment of projects as which resulted in a delay in the approval of the 1st supplementary budget due to Kshs 300 million pending bill on ward based projects.

The Assembly has been considerate in allocating money to the department by approving there proposals as submitted and even adding more allocation but in response the department ends up over shooting it's budget resulting in pending bills.

The executive order by HE the president and 2019/20 budget circular from the County Treasury directed pending bills to be a first charge on our budgets hence the payment of Kshs 101 million on the two roads has affected the following

pending bills as per the submission of the CEC Roads:
Ward based projects FY 2018/19 = Kshs.70,960,261.

Ward based projects FY 2017/18 = Kshs.12,001,847

Box culvert = Kshs 18,522,673

The list of the projects has been attached.

The Chief Officer being the resident engineer should learn the art of separation of roles by raising certificates and paying against the approved budget.

The County Assembly had advised the department in FY 2018/19 not to start the dual carriage way until they complete the Misikhu- Brigadier citing the inability of the our budget sustaining the two projects and also the two projects being National functions should not be implemented at the detriment of devolved functions like the Ward based projects.

There is no law that allows an accounting officer to borrow funds in the manner in which the roads department is doing; the law is very clear on reallocations. By the assembly approving an additional Kshs 101 million as proposed on the pending bills vote, this will mean that a total of Kshs 435 million has been appropriated towards pending bills in the department which does not give a true picture and this in itself ropes the County Assembly in this mess created by the department.

The committee hence declines appropriating an additional Kshs 101 million on the pending bills vote.

With the shrinking resource envelop the department should come up with a payment plan to stagger the payment in a sustainable way assuming the contractor who won the tenders were proved beyond doubt that they had capacity to execute the tenders of such magnitude.

The Chief Officer should give an undertaking on whether he is going to spend public funds within the law.

3.3 EDUCATION AND VOCATIONAL TRAINING

Mr. Speaker,

The department was appropriated a total of Kshs. 1,612,151,480 broken down into a recurrent expenditure of Kshs. 1,185,289,469 and a development expenditure of Kshs. 424,862,011.

The second supplementary budget has proposed to reduce its recurrent budget by Kshs. 87,825,190. The reduction has affected the following items among others;

- a) Basic salaries reduced by Kshs. 8,170,922. The money was meant for recruitment of ECDE teachers and VTC Instructors and the process has not been completed.
- b) Boards, committees and conferences reduced by Kshs. 2,539,500
- c) Refined fuels reduced by Kshs. 800,000
- d) Scholarships and Bursaries reduced by Kshs. 73,726,800. The Budget committee however in consideration of the petition from the department declined the reduction since vetting of beneficiaries at ward level had already been done.

It's important to note that the reduction from the Scholarships and Bursaries vote has affected the bursary component only since scholarship programme was paid in full.

The only development vote head affected is the ward based project which has been reduced by Kshs. 13,176,780 being realignment between departments during the financial year.

3.4 FINANCE AND ECONOMIC PLANNING

Mr. Speaker Sir,

The approval of first supplementary budget saw the budget for this department allocated a total of Kshs. 1,216,226,163 comprising of Kshs. 1,194,404,471 appropriated for recurrent programmes and Kshs. 21,821,692 approved for pending bills of development programmes.

In the proposed second supplementary budget, there is a proposal to increase the recurrent budget by a total of Kshs. 95,333,786.

There is a proposed increase on salaries by Kshs. 65,333,786 in addition to the already appropriated Kshs. 337,765,794 during the processing of the annual budget. There are no specific notes to justify the increase.

A further allocation of Kshs 20,000,000 has been proposed towards revenue automation system that has been allocated Kshs.17,460,959 in this financial Year's approved budget. With dwindling revenue figures, the committee declined to approve the allocation.

3.5 HEALTH

Mr. Speaker,

The department had an approved 1st supplementary budget of Kshs 3,433,859,139 on recurrent and Kshs 261,383,275 on development.

There is a proposed increase of Kshs 79,207,846 on recurrent and a decrease of Kshs 20,813,702 on development. The health sector has indicated a significant Appropriation In Aid collection increment of Kshs.83, 782, 967. This is due to improved service provision and availability of drugs across all county health facilities.

Mr. Speaker, we would like to thank this House for passing the Health Act whose fruits are manifesting in the 2nd supplementary with an increased AIA worth Kshs 83million. In view that the Bill has budgetary implications qualifying it to be a money bill, the committee in its view needs to interrogate the Act (Since it missed on interrogating the Bill) and give comments on how the Act will affect subsequent budgets.

The committee is also concerned that regulations have not been developed to operationalize the Act hence the sector committee should prioritize this in the next FY work plan and ensure the executive submit the regulations.

COVID- 19 GRANT

Mr. Speaker,

As mentioned earlier ,the County Government of Bungoma has been allocated the Covid 19 Grant of Kshs. 213,714,000.The directive from National treasury puts the chief officer Health as the Accounting Officer of the fund

The purpose of the grant is:

To strengthen county capacity for the response to covid 19 pandemic specifically geared to enhancing the capacity of isolation and quarantine centres.

To build the capacity of the health workers to respond to covid-19 through training as per the guidelines.

Conditions for Covid- 19 grant

1. Establishment of isolation and quarantine centers
2. Covid-19 interventions with priority on building capacity for isolation and quarantine support.
3. Prepare County Emergency preparedness plan
4. Train health workers
5. Make daily covid-19 situation report
6. Ensure the funds are disbursed from CRF to the special Purpose account within 15 days
7. Submit quarterly financial and technical performance report.

In lieu of the above and as per the advise of the CEC Fiance the committee resolved to move the covid grant from the Ministry of Finance to the Ministry of Health.

In Operation of the Grant the County Government is supposed to open a special purpose Account in which all the covid funds shall be deposited.The guidelines from the National government have been attached.

The workplan for the Covid-19 funds has been attached which the committee observed it was not conclusive as it was not giving the scope of work and the quantities to be purchased.

The sector committee in its oversight role should firm up the workplan giving clear activity costing. The CEC Finance confirmed the Covid -19 funds are already in the CRF account awaiting an authority for the money to be spent. so far no shilling has been spent.

3.5.1 HEAD QUARTER HEALTH BUDGET.

Mr. Speaker,

The budget has a net reduction of Kshs 4.5million on recurrent and Kshs 20.8 million on development.

On salaries there is a reduction of Kshs 6.8million on extraneous allowance and an increase of Kshs 6 million on casual laborers.

Administrative allowance for the CHVs has seen an increase of Kshs 15.4million which was allowed at the sector committee and adopted by this committee due to under budgeting on Community Health Volunteers.

Specialized materials and supplies which includes; medical drugs, dressing and other non-pharms, laboratory materials, purchase of beddings and linens purchase of x-ray equipment and supplies which are key programs under health has a reduction of Kshs 41 million.

Submission from the department indicate that there is a running contract with KEMSA which is supposed to supply goods worth Kshs 221Million .In view of the sector committee's comments, it was resolved that the department of Health and Sanitation should follow up and ensure there is no shortage of the same in the health facilities.

3.5.2 HEALTH DEVELOPMENT

Construction of non-residential buildings at Sirisia and BCRH on a Kshs 99million grant has a reduction of Kshs 27,845,262 a figure that has been reallocated to

construction of non-residential buildings without giving a reason for splitting the grant.

The Chief Officer clarified that the amount was spent on the ongoing 300 bed capacity project before the Kenya Urban Support Programme (KUSP) grant under the County Secretary came in to fund the same.

The committee resolved to vote back the money and requested the department to submit an updated work-plan of the grant. The department also confirmed the grant did not have any conditions.

The ward based projects has a reduction of Kshs 20.8 million worth of projects realigned.

3.5.3 BUNGOMA COUNTY REFERRAL HOSPITAL

The department has a net increase of Kshs 21.1 million on its allocation.

The major changes in the department include;

- Reduction of Kshs 5.1 million on utilities supplies and services
- Increase of Kshs 8.2million on domestic travels and subsistence allowance
- Increase of Kshs 3.9 million on training expenses
- Increase of Kshs 6.9 million on hospitality supplies and services
- Reduction of Kshs 27.2 million on specialized material and supplies (medical drugs, dressing and non-pharms, laboratory material, purchase of uniforms, linen, purchase of x-ray).
- Maintenance of buildings and stations increase of Kshs 13.2 million. The renovations done include renovation of the mortuary at Kshs 486,680, Renovation of private wing B into ICU Kshs 8.4 million, Renovations of maternity and inpatients wards Kshs 2,041,477, plumbing items Kshs 1,813,143 and storage tank Kshs 458,700
- Purchase of medical and dental Equipment at Kshs 17.5 million .The purchases were done from the AIA collected by the department and a list of the equipment have been attached for the sector committee to do fact finding exercise.

3.5.4 WEBUYE SUB-COUNTY HOSPITAL

The Hospital has a net increase of Kshs 20.3 million.

The major changes include:

- Increased utilities supplies and services Kshs 3.8 million
- Increase of Kshs 11.8million on specialized material and supplies
- Increase of Kshs 3.6 million on office and general supplies

3.5.5 KIMILILI SUBCOUNTY HOSPITAL

The Allocation has a net increase of Kshs 7.8million spread across votes.

3.5.6 MT. ELGON SUB COUNTY HOSPITAL

The hospital has an increase of Kshs 5,048,385 spread across votes.

3.5.7 CHWELE SUB COUNTY

Kshs 4.6million was added to the allocation spread across various votes

3.5.8 NAITIRI SUB-COUNTY HOSPITAL

The hospital has an increase of Kshs 7.3 million, with Kshs 4 million used for maintenance of building and stations. The sector committee should carry out fact finding ascertain the renovations so far.

3.5.9 CHEPTAIS SUB-COUNTY HOSPITAL

The hospital has a net increase of Kshs 1.7 million

3.5.10 BUMULA SUB-COUNTY HOSPITAL

The hospital has Kshs 10.6 million increment with major increase of Kshs 2.6million on specialized material and supplies and Kshs 3.1 million maintenance of buildings and stations. The sector committee should fact find to ascertain the hospital buildings renovated.

3.5.11 BOKOLI SUB-COUNTY HOSPITAL

The hospital has an increase of Kshs 4.9 million with increases of Kshs 1.9million on maintenance of computer, Kshs 1.2 million on specialized materials and supplies.

3.5.12 SANITATION

No change on recurrent, Kshs 5,128,483 addition on ward based projects under development.

3.6 LANDS, URBAN AND PHYSICAL PLANNING

Mr. Speaker,

The department had an approved 1st supplementary budget of Kshs 43,734,827 on recurrent and Kshs 65,037,640 on development. The recurrent budget has a reduction of Kshs 7,952,253 to cater for revenue shortfall.

The reduction of Kshs 6 million on basic salary which has been reported as an excess allocation on the vote were funds meant for recruitment and promotion of staff.

Development has a reduction of Kshs 15,243,353 which is as a result of reducing the allocation of the valuation roll by Kshs 5,840,000 and ward based projects by Kshs 9,403,353. The reduction on the ward based projects is due to realignment of projects as per the annexed list.

On acquisition of land for Chepkube traders, submission from the CECM gives the Contract sum at Kshs 80 million for the 1 acre land in town as per the recommendations of the county Valuer. The approved 1st Supplementary budget 2019/20 was Kshs 29,601,550 yet the department made initial payment of Kshs 40,910,000.

On the source of the additional Kshs 11,308,450 as pointed out in the IFMIS vote book the CECM was unable to clarify on the source of the extra amount.

The Kshs 11million reallocated to the vote has also not been appropriated on the acquisition of land vote in this supplementary budget. The PFMA 154(2) allows accounting Officers to reallocate funds between program or sub votes, with a view that the reallocations will be summed up and included in the next revised budget as

per the PFM Reg. 47 (4), in this case 2nd supplementary 2019/20. On the responsibility of accounting Officer as per PFMA 149(2a) the accounting Officer should ensure that all expenditure made by the entity is in compliance with the Appropriation Act.

The committee also requested for the taskforce report on public land which the CEC indicated that it was not ready for submission to the cabinet. The activity that has cost the county Government Kshs15 million in the FY 2018/19, saw gazettment of a task force to undertake the exercise that was aimed at identification and securing of public land.

The committee directed the CEC to fast-track the completion of the report and subsequent submission the County Assembly in order to avoid further encroachment on public land.

3.6.1 BUNGOMA MUNICIPALITY

The Municipal Board has a proposed addition of Kshs 6million on the Kenya Urban Support Programme (KUSP) recurrent grant with an explanation that the amount was borrowed from the grant to fund a capacity building exercise with an aim of refunding the allocation. The KUSP funds are allocated through CARA which has not been reviewed in favour of KUSP, hence the committee directed the funds to be voted under the training vote and not on the grant vote which can result in the Assembly wrongly appropriating the figure as far KUSP grant is concerned.

3.6.2 HOUSING

The department has a reduction of Ksh 1,003,664 on the recurrent with no change under development, the amount has been reduced to cater for revenue shortfall.

3.7 TRADE, ENERGY AND INDUSTRIALIZATION

Mr. Speaker,

The department had an approved 1st supplementary budget of Kshs 70.1 million for recurrent and development of Kshs 85.1 million.

Recurrent has a reduction of Kshs 19.3 million and Kshs19.3 million on development.

Highlights of major votes affected by the reduction of recurrent expenditures are:

- Basic salary- Kshs 4.3 million due to excess in allocation occasioned by not recruiting and promoting staff as planned.
- Electricity expenses Kshs 6.3million to cater for revenue shortfall
- Maintenance of planting machinery by Kshs 6.9million to cater for local revenue shortfall.

Reduction on Development vote has affected the following items:

- Other infrastructure and civil works - Kshs 3.8million leaving a balance of Kshs.5.7million for purchase of light equipment. The CEC was tasked to explain to the committee the MOU between the County Government with the KPLC and the markets planned for installation of the street lights.

In his submission the CECM indicated that KPLC is not delivering as per the contract signed and the department is thus experiencing technical challenges in executing the MOU hence they are trying to iron out the issue as they look forward to embark on phase 11 of the MOU.

The list of markets earmarked for installation of street lights were submitted to the committee.

- Overhaul of other infrastructure and civil works has a reduction of Kshs 4.4million leaving a balance of Kshs 1.7million for the industrial park. The committee made a request to the department to share the feasibility studies done on establishment of industrial park and also enumerate expenditures that have gone towards the initial investment in the industrial park as well as comment on viability of the industrial park project.

So far Kshs 2.3 million was spent on public participation and Kshs 3.9 million on the ongoing feasibility study that is being done in conjunction with ICDC. On the viability of the project, the department will come up with special purpose vehicle to run the industrial park independent from the county government in order to shield the County Government from any financial risk. The committee notes that project execution is being done at a very low pace this being the 3rd FY the Assembly is voting in money on the industrial park.

Ward Based projects worth Kshs 11 million were realigned to other projects.

3.8 GENDER AND CULTURE

Mr. Speaker,

The department had an approved 1st Supplementary budget of Kshs. 92,884,792 on recurrent and a total development of Kshs. 3,611,843.

There is a reduction of Ksh 9.8 million on basic salary as an excess for allocation on personnel emolument which the department agreed with since the amount was meant for recruitment and promotion and they had run out time to spend the funds.

On contracted professional and technical services, there is a reduction of ksh 5 million on the ksh 15 million meant for policy formulation. Submission from the Chief Officer indicated the procurement process was ongoing with an award having been finalized and signing of contract. The sector committee was concerned with the absorption of this funds being a recurrent expenditure and the FY almost ending. They also questioned on why the department has taken long to process the 5 policies in order to operationalize most programs under the department.

3.9 YOUTH AND SPORTS

Mr. Speaker Sir,

The department had an approved 1st Supplementary Budget of Kshs 30,502,189 on recurrent and Kshs 125, 841,701 on development. There is a reduction of Kshs 2.9 million on recurrent budget to cater for local revenue shortfall. The department in its submission to the sector committee noted that some of the votes earmarked for reduction have no balances hence an analysis of votes were submitted as alternative areas of reduction.

Under development, the department is losing Kshs 15.6 million on other infrastructure and civil works Kshs10 million is on the completion of high altitude center and then Kshs. 5 million in the vote that funds the Kanduyi stadium, Nalondo and Maeni youth center, hence the department was unable to clarify which project was affected by the reduction. A look at the vote-book has Ksh 2,665,629 as balance on development with no outstanding commitment. This gives a deficit of Kshs 13million in the supplementary budget which if uploaded the way it is will give a negative vote.The Kanduyi Stadium being a flagship project and a devolved function the committee allocated Kshs. 50 million to clear the negative

created on the vote by the proposed reduction and accelerate completion of the project.

3.10 TOURISM AND ENVIRONMENT

Mr. Speaker Sir,

The 1st Supplementary approved budget had a recurrent of Kshs 173,108,746 and development of Kshs 20,620,539. The recurrent budget has a net increment of Kshs 6,941,631. Notable changes are on basic salary with a reduction of Kshs5.5million and Kshs15million increase on cleaning services.

The reduction on personnel amount was to be used for employment of 2 directors in Tourism and environment a process that has not been completed by the CPSB. The increment on cleaning services is due to under-budgeting with contract sum of Kshs 144million for the whole year against an allocation of Kshs 124 million. The Kshs15 million will reduce the deficit of Kshs 20 million with a balance of Kshs5 million to be factored in the next FY.

The development vote has a reduction of Kshs 4,120,539 that has affected dumpsite project by Kshs 1.4 million, Mt. Elgon entrance(gate) Kshs 1.3 million and Kshs 1.2 million worth of WBP realigned.

3.10.1 WATER AND NATURAL RESOURCES

Mr. Speaker Sir,

The 1st approved budget had a recurrent of Kshs 58,912,321 and development of Kshs 435,237,958. Recurrent expenditure has a reduction of Kshs8.3million and development Kshs24.2million.

Salaries has a decrease of Kshs 1.3million as an excess allocation for personnel emolument the amount was meant to recruit and pay water engineers that have joined the government very late in the FY.

Prefeasibility and appraisal studieswith an allocation of Kshs 16million for the co-funding the EU grant has a reduction of Kshs 4.2million contradicting the condition set by the grant requiring the county government to contribute 10%.The

committee declined the reduction in the sense that we should not reduce funds without a basis.

On the development front, purchase of drilling rig has a reduction of Kshs 15million in the proposed supplementary. Analysis of the vote-book shows Kshs 31 million was reallocated from the pending bills under the department to the Kshs 49million on the vote for drilling rig reinstating the figure to the initial 80million. A payment of Kshs 65 million has been executed on the vote bringing the question on the contract sum of the drilling rig.

An inquiry from department indicate the rig was supplied at Kshs 77.8m. With such a contract sum it is not clear why the department has made reduction to Kshs 34million and also misapplied of funds made for pending bills.

The sector committee should interrogate the pending bills status to ascertain whether the pending bills were fictitious since pending bills are a first charge and the monies for pending bills should not be reallocated.

The ward based projects with an allocation of Kshs 126,846,763 has projects worth Kshs 9,237, 672 realigned to other departments

3.11 PUBLIC ADMINISTRATION

Mr. Speaker Sir,

The department has a net increase of Kshs 1.9million on recurrent expenditure and a reduction of Kshs 3,540,893 on development.

The changes on recurrent are as follows:

- An increase of Kshs 6.8million on basic salary. The department did not give clarification on why there was a deficit on the salary vote yet the staff list submitted at the formulation of the Annual budget were sufficiently funded. The committee hence declined to allocate the additional money.
- A reduction of Kshs 4.9million on field allowance (civic education).
- A reduction of Kshs 6.5m on contracted guards and cleaning services.

On development the reduction of Kshs 3.5 million on construction of ward office leaving a balance of 2.2million.

3.11.1 SUB-COUNTY ADMINISTRATION

The budget has a reduction of Kshs 4.5million

3.11.2 OFFICE OF THE COUNTY SECRETARY

The Office of the County Secretary has a reduction of Kshs 12,432,419 on recurrent and no change on development

Legal dues/fees, arbitration has an additional Kshs 3.5million on top of the approved Kshs 10million which in consideration of sector views this committee declined to grant the additional allocation since the department did not provide details of how the Kshs 10 million allocated was expended and also did not explain why they needed an additional Kshs 3.5 million.

The medical cover (NHIF) has a proposed reduction of Kshs 7.8 million yet there were concerted effort to increase the figure during the 1st supplementary 19/20 which this House granted.

3.11.3 ICT

ICT has a reduction of Kshs 1.9million on recurrent and no change on development, changes which the committee adopted

3.11.4 CPSB

The department has a reduction of Kshs 6.5million on recurrent budget with salaries reduced by Kshs 3.4 million due to failure to recruit additional secretariat.

3.11.5 GOVERNOR'S OFFICE

The total allocation in the 1st supplementary was Kshs 405,081,527 has a proposed increase of Kshs 24.2 million. Kshs 15 million is on boards and conference while Kshs 9.2million is on salaries. The committee in consideration of Sectoral views declined both allocations because the Chief Officer did not clarify the need of additional funding yet there was budget for chief officers who have not been employed yet. On the additional Kshs 15 million the chief officer in his submission stated that the amount is meant for to pay African Touch Airline for a pending

payment of air tickets. The committee hence allocate 10 million on boards and committees and not 15 million.

3.12. COUNTY ASSEMBLY

Mr. Speaker,

The County Assembly budget has no additional allocation in this supplementary budget.

The reallocation of funds has been done within the recurrent budget considering programs that will not be executed due to covid-19 like the allocation on legislative summit and devolution conference worth Kshs 14 million. The amounts were reallocated to committee services.

On development budget, the Secretary to the County Assembly Service Board petitioned the committee for ksh 31 million.

During the 1st supplementary FY 2019/2020, there was a reduction of Kshs 60,709,547 on the vote that has greatly affected the Assembly to meet its financial obligations on the project as they fall due.

The Assembly is currently having a pending certificate of Kshs 71 million which is overdue yet the balance on the vote is Kshs 40 million.

As the committee reviews the budget in the 2nd supplementary 2019/20, CASB is requesting for an additional Kshs 31 million to enable clear the pending certificate. This will enable the administration block to be completed and handed over by the end of June.

The committee noted that the County Assembly does not plan to extend the completion period any further as they had previously done due to delayed exchequer releases, this committee considered the allocation and awarded ksh 30 million towards completion of the administration block.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS, RECOMMENDATIONS AND CONCLUSION:

4.1 COMMITTEE OBSERVATIONS

Mr. Speaker Sir, the committee observed as follows;

1. The 2nd Supplementary was brought to the County Assembly on 8th June and tabled on 9th June 2020 together with the annual budget. Whereas supplementary budget has no timeline, the timing of submission of the supplementary budget is suspect that it has been submitted towards the end of FY and also at the time we are supposed to be handling the Annual budget.
2. Ministries are totally disregarding approved budget and implementing programs beyond what was approved by the County Assembly. Reallocations are not being done as per the law. Most of the reallocations are not getting the approval of the County Assembly as required by law.
3. Ward based allocations and pending bills are the most vulnerable votes having been affected by the reallocation in implementation of the 1st supplementary budget.
4. Health Services Act is being implemented without regulations to operationalize it.

4.2 COMMITTEE RECOMMENDATIONS:

Mr. Speaker Sir, upon scrutiny of the second supplementary budget 2019/2020, the committee recommends as follows:

1. The County Treasury should endeavour to submit statutory documents within the timelines in law and for the sake of the supplementary budgets should be at reasonable time and also it should not be submitted alongside any other statutory document.

2.The county treasury has such powers to carry out its functions and responsibilities under the PFMA including-

PFMA 105(1a) with prior notice, access any system of public financial management used by any of the County Government entities and the internal controls used to monitor the system.

1(b) Taking appropriate measures, including the stoppage of funds to deal with any failure of a county government entity to comply with this Act.

In view of the above caption of the law, the county treasury should pull up their socks in as far as Public Finance Management is concerned.Controls should be put in to curb misappropriation of public resources.

3.The county treasury should draft a policy on the ward based projects to give guidelines on how projects will be implemented in our respective wards.

4.The department of Health to fast track formulation of the Health regulations and onward submission to the County Assembly in order to operationalize the Health Services Act.

5.Sector Committees should step up their oversight mandate and ensure sectors draw work plans that will guarantee release of development funds and implementation of projects within the approved legislations.

4.3 COMMITTEE’S PROPOSED DEPARTMENTAL INCREASES AND DECREASES

Mr. Speaker Sir, attached herein are the committee’s proposed departmental increases and decreases.

Thank you.

CHAPTER FIVE

5.0 ADOPTION SCHEDULE & ANNEXTURES:

We the undersigned members of the Budget and Appropriations Committee today, 24th June,2020, append our signatures adopting this report with the contents therein.

NAME	DESIGNATION	SIGNATURE
1. Hon. Jack Wambulwa	Chairperson	-----
2. Hon. Erick Wapang'ana	Vice Chairperson	-----
3. Hon. Joseph Juma	Member	-----
4. Hon. Jane Chebet	Member	-----
5. Hon. Meshack Simiyu	Member	-----
6. Hon. Martin Pepela	Member	-----
7. Hon. Paul Wamalwa	Member	-----
8. Hon. Grace Sundukwa	Member	-----
9. Hon. Joan Kirong	Member	-----
10.Hon. Sospeter Nyongesa	Member	-----
11.Hon. Violet Makhanu	Member	-----

5.1 ANNEXTURES

1. COMMITTEE'S RECOMMENDED DEPARTMENTAL INCREASES AND DECREASES ON THE SECOND SUPPLEMENTARY BUDGET FY 2019/2020
2. SECOND SUPPLEMENTARY BUDGET ESTIMATES FOR FY 2019/2020.
3. SUMMARY OF THE REVISED REVENUE AND EXPENDITURE BUDGET FY 2019/2020
4. DETAILS OF KEY AREAS OF CONCERN IN THE FIRST SUPPLEMENTARY BUDGET FY 2019/20
5. COVID -19 GRANT GUIDELINES