

REPUBLIC OF KENYA
MURANG'A COUNTY ASSEMBLY
THE HANSARD

Wednesday, 31st July, 2024

The House met at 9:40 a.m.

[Temporary Speaker (Hon. Grace Nduta) in the Chair]

PRAYER

STATEMENTS

APPROVED BUSINESS OF THE ASSEMBLY FROM THE WEEK

COMMENCING TUESDAY AUGUST 06, 2024 TO WEDNESDAY AUGUST 07, 2024

Hon. Priscilla Mwangi: Thank you Madam Speaker, I am a member of House Business and Rules Committee, i want to read the approved Business of the Assembly. Pursuant to Standing Order 46 (2) (a), it is notified that the House Business and Rules Committee, at its last meeting, approved Business that will come before the Assembly on Tuesday August 6, 2024 to Wednesday August 7, 2024 as per the attached program. On Tuesday 6, 2024 morning sitting we have Papers the Murang'a municipality fourth quarter Report and statement of expenditure 2023/2024, from the Controller of Budget. The same morning, we have adoption of Report on the first half budget implementation review Report 2023/2024. On Tuesday, 6th August 2024, afternoon session, Report on Murang'a invasive and alien species policy. We have a Motion on adoption of a Report on Murang'a County invasive and alien species policy. Those are the programmes we have. Thank you.

MOTION

**ADOPTION OF REPORT OF THE BUDGET AND APPROPRIATIONS COMMITTEE ON
THE FIRST QUARTER BUDGET IMPLEMENTATION REVIEW REPORT FOR
FINANCIAL YEAR 2023 -2024 FROM THE CONTROLLER OF BUDGET**

Hon. Charles Machigo: I beg to move the following Motion; -

That, this Assembly adopts the Report of the Budget and Appropriations Committee on the First Quarter Budget Implementation Review Report review for the Financial Year 2023-2024 from the Controller of Budget, laid on the Table of the Assembly on Tuesday July 30.

Madam Speaker, I take this opportunity to present to this House the Report of the Budget and Appropriations Committee on the First Quarter Budget Implementation Review Report review for the Financial Year 2023-2024.

Madam Speaker, the first quarter comprises the first three months of the financial year 2023-2024 ranging from 1st July to 30th September 2023. Historically, the first quarter of each financial year presents low budget absorption due to inadequate revenues. Madam Speaker, the approved budget for the financial year amounts to 10.76 billion comprising of 3.5 billion and 7.1 billion for development and recurrent expenditure respectively.

During the first quarter the County government had Kshs.2, 036,513,595 the value of funds to implement the budget. The County own source revenue achieved during the period represents an increase of 154.7 percent compared to the similar period of the year 2022-2023.

Madam Speaker during the period, the County spent Kshs.239.87 million on development programs and Kshs.1.42 Billion on the recurrent expenditure. The total expenditure represents 9.8 percent of the total funds released by the Controller of Budget. Expenditure includes settlement of pending bills amounting to Kshs.398.36 million for both recurrent and development expenditure.

Key issues identified during the budget implementation includes performance of own source revenue, division of funds, skyrocketing pending bills and use of manual payroll. The Committee recommends that the County should improve budget control measures to ensure requisite funds are utilized appropriately and additionally local revenue should be increased by exploring untapped revenue streams.

The Report details implementation during the first three months of the financial 2023-2024 the first quarter begins at July to 30th September and it is hampered by inadequate Exchequer issues and slow growing of the own source revenue.

The financial year 2023-2024 represents the second budget under the current administration led by His Excellency Governor Dr. Irungu Kangata. The government had put various measures to improve budget execution including automation of revenue system, budget implementation was still done under the seven broad strategy priorities that includes; -

a) Agriculture transformation

- b) Infrastructure development.
- c) Achieve universal health care
- d) Provision of quality education and training
- e) Improving business environment
- f) Youth empowerment and Murang'a Youth Service

Madam Speaker development expenditure was below average due to inadequate Exchequer issues, low performance of local revenue despite constraints experienced during the first quarter period performance better as compared to the similar FY 2022.

Madam Speaker, the Committee set to identify the following; how the budget performed during the first quarter of FY 2023-2024, how specific centres represented the program- based budget, the challenges hampering effective budget implementation during the quarter of the FY 2023-2024, best practices improve budget execution.

Madam Speaker, the Committee applied the following methodologies to come up with this Report; an in-depth scrutiny of Controller of Budget First Review Report for the FY 2023-2024.

Two, fiscal briefings and analysis meetings on the key budget areas i.e. revenue, expenditure and absorption.

Madam Speaker, the Committee observations for the FY 2023-2024 budget amounted to Kshs. 10.76 billion comprising of Kshs. 3.58 billion for development and Kshs7.18 billion for recurrent expenditure. During the first quarter, the County had the following receipts; Kshs 1.35 billion from equitable share, Kshs48.35 million Appropriations –in- Aid (AIA), Kshs104.68 million local revenues collected and Madam Speaker, Kshs650.31 million balances brought forward from FY 2022-2023. The revenue collected was 154.7% of the amount collected during a similar period of the FY 2022-2023. The amount was also ten percent of the annual local revenue target. The performance of revenue streams is analyzed as below Madam Speaker. This is as follows; that licenses we were able to achieve 13,795,193 million which is nine percent. Barter market, 11,405,226, other sources of revenue are 38,686,276 which is twenty five percent. Building materials 18,141,170 million which carries 12% and the land and planning 22,650,392 which was 15%, this totals to a total of 153,025,541 million.

Madam Speaker, the County settled Kshs398.36 of pending bills out of a stock of Kshs 1.21 billion pending bills reported at the beginning of the financial year. Madam Speaker, the County spent Kshs239.87 million on development programs while Kshs1.42 billion was

expended on recurrent programs. The recurrent budget expended 1.4 billion that represented 20% of the total recurrent budget and is as analysed below. Madam Speaker, the recurrent budget absorption rate is as per listed in the table below here. And it totals to the money allocated or budgeted for was 7,176,918,270 billion and whatever was received was 1,423,460,304 which translates to 20%.

The recurrent analysis indicated that municipality did not expend its budget during the first three months of the financial year. Madam Speaker, the youth had the highest absorption rate at 35% while Health and Education followed by 28% and 26% respectively. Madam Speaker, the development budget utilized Kshs239.8 million that represented seven percent of the total capital budgeted for.

Madam Speaker, the development budget absorption rate is per as written below. Madam Speaker, the total of the budgeted for development was Kshs3,582,052,155 and the development expenditure absorbed was 239,873,430 which absorption rate is translated to 7%. The development budget Madam Speaker analysis indicated that only four departments absorbed their budgets during the first quarter of the financial year. The Youth department had the highest absorption rate at 38%.

Madam Speaker, my Committee came up with the following recommendations: -

- i. The County Treasury should mobilise revenue collection by exploiting the newly constructed markets in the wards. Traders should be encouraged to utilise the markets while the county government provides amenities required for habitable co-existence.
- ii. Madam Speaker, the County Treasury should improve on fiscal reporting. Specifically, local revenue classified as "other revenue sources" should be clearly categorized to enable the County Assembly and the Public understand its source.
- iii. Madam Speaker, the County Executive Member for Finance ensures adherence to the Budget circular so that departments are able to submit work plans and procurement plans in time to improve absorption of development funds during the first quarter
- iv. Madam Speaker, the County Treasury should ensure that wage bill is maintained at a sustainable level as provided by the Public Finance Management Act (Regulations 25). Further payment of employee dues outside the IPPD should be stopped immediately.

Madam Speaker, that is the Report for the first quarter of the FY 2023 and I ask Hon. Kibe Wasary, the leader of majority, to second the motion. Thank you.

Hon. Kibe Wasary: Madam Speaker, I rise to second the Motion and as I second, I urge the Hon. members to be taking the COB Reports very seriously. They carry a lot of information that pertains to the performance as per a certain period. Like now the one that we are having is for the period of July, August and September in our last financial year. They carry a lot of information, let us take them very seriously. Madam Speaker, I second.

(Question proposed)

Temporary Speaker (Hon. Grace Nduta): Hon. John Munyua.

Hon. John Munyua: Thank you, Madam Speaker, I would like to recognise the presence of my constituents from a school called Gaichanjiru mixed. I welcome them here and I hope they can see live here and what we do here. I would like them to know that in this life everybody has got an equal chance. I will urge them, maybe in the future, not in the near future, maybe one of them will be the MCA. Gaichanjiru.

So young men and ladies it is your time, sprint, take care of yourself and this life is there for all of us. Take your time and your time will come and the world is waiting.

Madam Speaker I rise to support the Motion but I would want the chair to tell me the meaning of the word IPPD, maybe in his rejoinder, he will find that. It is still not encouraging, the rate which they are absorbing the finances, more so I am concerned about the Assembly. I can see it was 14%. Last financial year, we were told it was because of transition, there was no transition. That's what the Leader of Majority said it was about transition. This is what I say, if there are matters to do with incompetency, let us be told, because the money is there for us and time when it is not spent, we lose.

There is something like municipality, I think it is this township, they did not spend even a single cent. I will urge the chair budget, what amount were they allocated this financial year? Should be the budget to be reduced if you are unable to spend what you have been budgeted for then it means you are okay. It should apply to everyone because they are those who are doing very well and 36% in the first quarter. That is very encouraging, meaning by the time the year was closing at the end of June they exhausted their budget.

Madam Speaker we have a long way to go, the issue and I'll expect with this Report, I expect there would be no pending bills. Maybe there were some that were not paid but I can see

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there is something like balance brought forward. Meaning the money for the last financial year that was not dispensed by the Controller of Budget it will come during the first quarter like where we are now. There shouldn't be anyone saying there was someone who wasn't paid, because it was not invoiced. It is important before we follow up and carry on our mandate and oversight as it is expected of us but Madam Speaker today it is just that I am sober it should be it should---(*inaudible*)..... the House as it is, it should not be like that.

The Temporary Speaker (Hon. Grace Nduta): Hon. Member do you want to tell the House that there are times you come to this House when you are not sober?

Hon. John Munyua: No.

The Temporary Speaker (Hon. Grace Nduta): This is a sober House and Business done here are usually done by the sober people.

Hon. John Munyua: I withdraw Madam Speaker.

The Temporary Speaker (Hon. Grace Nduta): Withdraw.

Hon. John Munyua: I withdraw Madam Speaker.

The Temporary Speaker (Hon. Grace Nduta): Thank you. Continue.

Hon. John Munyua: Let us ensure we encourage members to do what is expected of them. We are friends, we are meant to work as we are doing. As the Leader of Majority has said the Report is very important for all of us. So, let's look for ways of encouraging members throughout.

I rise to support and Chair continue doing your work it is encouraging. The Report is good. With those few remarks I support the Motion and I tell the kids from the area to come back again the doors are always open. Thank you.

The Temporary Speaker (Hon. Grace Nduta): Hon. Deputy Leader of Majority. Have I not seen your hand?

Hon. Liz Mbugua: Thank you very much Madam Speaker I stand to support the Motion. I would like to say to my colleague from Gaichanjiru Ward reading the pending bills, regarding the money that is allocated for June/July. It is good to note that we really do not receive money in July and August. And actually, even the budget we are proposing we can only start working on it from the end of August-September there, it is good to note that. Even the one that we are saying of carrying forward the pending bills it doesn't mean that there was money that was allocated and it was there and it will be carried forward. No. the amount of money that we are going to receive

for this budget it is the amount we are going to allocate for the pending bills. Thank you Madam Chair.

The Temporary Speaker (Hon. Grace Nduta): Thank you Deputy Leader of Majority and the mover can respond. But as he responds, I think the Leader of Majority needs to organize another induction for the members. You can respond.

Hon. Charles Machigo: Thank you Madam Speaker. I take this opportunity to thank members who have contributed to this Motion and I promise them whatever the issue they have raised we are going to communicate the same to the executive for proper implementation of the budget.

There is question raised by Hon. Munyua, regarding IPPD. IPPD is Integrated Payroll Personnel Database used as a payroll for paying purposes. The other issue regarding municipality, we can all bear that this being the first quarter report, and you see going by the budget cycle, the first quarter has some issues because this is the time when the budget is being downloaded. You see, if we give an example like of where we are right now, we are almost August and remember we passed the budget during the month of June. So, you expect within the first quarter, we do not have a lot of activities on budget implementation because this is the time we are downloading.

Soon, we expect another supplementary for the changes that happened in the national budget; they did not pass the Finance Bill and we expect changes within our budget. So, we expect the first supplementary budget within the first quarter. That will be reason why, no activities for the same in the first quarter. I thank the Hon. Members and I am very happy to see that they are now keen on the budget cycle. I appeal to Members we continue walking together during the budget cycle.

Thank you, Madam Speaker.

(Question Put and Agreed to)

ADJOURNMENT

The Temporary Speaker (Hon. Grace Nduta): Hon. Members, this House now stands adjourned Tuesday, 6th August 2024 at 9:30 a.m.

The House rose at 10:10 a.m.