

REPUBLIC OF KENYA



MURANG'A COUNTY ASSEMBLY
THE FIRST ASSEMBLY
(Third Session, 2015)

TABLED ON
10/02/2015
Hon: JOSEPH
GITAU
Chair Finance
Kimani

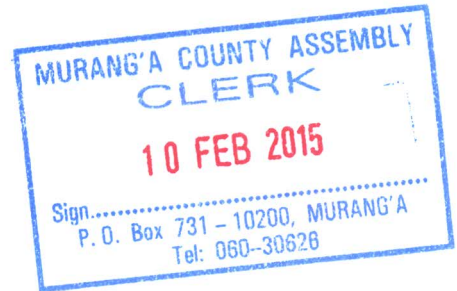
Forwarded
to Hon. Speaker
10/2/15

February, 2015

The Hon. Speaker

Thro'

The Clerk
Murang'a County Assembly
P.O.Box 731
Murang'a



• Paper Laid:

Mr. Speaker Sir, I beg to lay the following paper on the table of the Assembly today Tuesday, February 10, 2015.

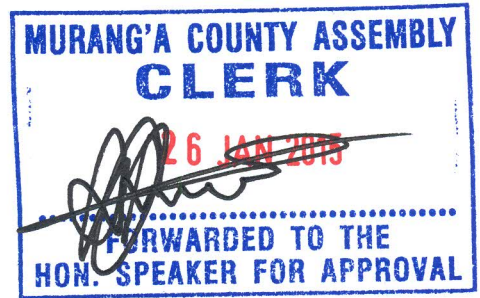
The Finance & Economic Planning Committee Report on the Annual Financial Report for the FY 2013/2014

Hon. Joseph Kimani Gitau, MCA

(Chairperson Finance & Economic Planning Committee)

Signed:

Date: 10/2/2015



REPUBLIC OF KENYA



MURANG'A COUNTY ASSEMBLY

FIRST ASSEMBLY

THE FINANCE & ECONOMIC PLANNING COMMITTEE REPORT ON THE ANNUAL
FINANCIAL REPORT FOR THE FY 2013/14

Clerk's Chambers,
Murang'a County Assembly Buildings,
MURANG'A.

February 2015

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1.0 BACKGROUND

The Finance and Economic Planning Committee is established under Standing Order No.195 (5) and is tasked among others to perform the following functions:

- a) To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
- b) To study the program and policy objectives of ministries and departments and the effectiveness of their implementation;
- c) To study and review all the legislation referred to it;
- d) To study, assess and analyze the relative success of the Ministries and departments measured by the results obtained as compared with their stated objectives.
- e) To make reports and recommendations to the Assembly as often as possible, including recommendation of proposed legislation.
- f) Investigate and inquire into all matters relating to the assigned department as they may deem necessary, and as may be referred to them by the Assembly;
- g) To vet and report on all appointments where the Constitution or any law requires the Assembly to approve except under standing Order 189 (Committee on Appointments)

The Finance and Economic Planning Committee as currently constituted comprises of the following Members:-

1. Hon. Joseph Kimani Gitau - **Chairperson**
2. Hon. Samuel Dishon Wandia - **Vice Chairperson**
3. Hon. Peter Irungu Kihungi, MCA
4. Hon. Duncan Mwangi Njuguna, MCA
5. Hon. Jane Wanjiku Ndegwa, MCA
6. Hon. Beth Wanjiku Ngugi, MCA
7. Hon. Rosemary Wakuthii Njine, MCA
8. Hon. Charles Mwangi Kirigwi, MCA
9. Hon. John Njoroge Gitau, MCA

Pursuant to section 166(4)(a) of Public Finance Management Act 2012, the County Executive Member in charge of Finance, IT and Economic Planning, is required to submit quarterly financial reports to the County Assembly. The reports were submitted on Wednesday, July 30, 2014 and stood committed to the Finance and Economic Planning Committee.

In a meeting held from Friday, November 7 to Sunday, November 9, 2014, the committee studied the financial report for the FY 2013/14 and an additional report on some items submitted on Thursday, September 11, 2014.

In the meeting, the committee had invited the Director of Budget to clarify the issues that members felt were ambiguous.

2.0 OBJECTIVES OF THE STUDY

The committee set out the following objectives:

- a) To establish Compliance with section 166(4) (a) of Public Finance Management Act 2012, on submission of Financial reports.
- b) To examine in details the nature and behavior of expenditure for the financial year 2013/14
- c) To pinpoint the areas which require precise policies to ensure optimal utilization of public funds.

3.0 METHODOLOGY

The committee employed the following techniques in gathering relevant information:

- a) Meeting with the Director of Budget, Murang'a County Government
- b) Scrutinized in detail and discussed the Annual Financial report for the Financial year 2013/14

4.0 FINDINGS

4.1 Compliance with section 166(4) (a) of Public Finance Management Act 2012, on submission of Financial reports.

The committee found out that:-

4.1.1 The County Executive Committee Member in charge of Finance, IT and Economic Planning had complied with section 166(4) (a) of Public Finance Management Act 2012, on submission of Financial reports. This was due to the fact that the financial report was submitted to the County Assembly on time as stipulated under the Public Finance Management Act, 2012.

4.2 The nature and behavior of expenditure for the financial year 2013/14

4.2.1 The committee observed that some departments did not spend the funds allocated to most of the various programs. Regrettably, the departments of Culture and Health and sanitation were the mostly affected.

4.2.2 The Committee noted that several votes were over expended as follows: Benevolent Fund by Kshs. 143,600, catering and entertainment by Kshs. 11.8 million, Miscellaneous and other provisions by Kshs. 3.4 million, WIBA Insurance by Kshs. 1.6 million, Publication and advertisement by Kshs. 9.9 million, furniture and fittings by kshs. 5 million, seeds subsidy program by kshs. 12.9 million, A.I services by Kshs. 33.7 million.

4.2.3 Further, the committee found out that some were not priorities yet they had huge allocations, which they hardly exhausted. These items include: Education/County exams that spent Kshs. 1.302 million against an allocation of Kshs. 8.243 million while Public schools mentorship that spent kshs. 2.94 million, against an allocation of kshs. 6.2million which translates to absorption rates of 16% and 47% for County exams and public schools mentorship respectively.

The summary below depicts the budgeted amount, the actual spent and the variances of the overspent votes

ITEM	BUDGETTED AMOUNT(Kshs)	ACTUAL SPENT (Kshs)	VARIANCE (Kshs)
Benevolent Fund	100,000	243,600	(143,600)
Catering & Entertainment	8,000,000	19,850,869	(11,850,869)
Miscellaneous & other provisions	3,000,000	6,366,547	(3,366,547)
Publication & Advertisement	8,000,000	17,946,237	(9,946,237)
Seeds subsidy program	10,000,000	22,930,000	(12,930,000)
A.I. services	42,264,000	76,046,518	(33,782,518)

4.2.4 Amazingly, the committee observed that advertisements had consumed huge monies than is justified which the committee felt was uneconomical, unsustainable and unbearable in the quest for economic growth and social transformation of the Murang'a people.

4.3 The areas, which require precise policies to ensure optimal utilization of public funds

The Committee identified programs that require defined policies to promote accountability and ensure proper use of public funds. These programs include; vulnerable groups projects, seeds subsidy program, publications and advertisements and marginalized support.

5.0 RECOMMENDATIONS

The committee made the following recommendations:-

5.1 That the never absorbed their allocations or absorbed below 30%, should be allocated 10% of the current year's budget in the financial year 2013/14 and FY 2014/15. The respective sectoral committees should audit all programs in their sectors so that they adjust the budgets as aforementioned during the scrutiny of the County Fiscal Strategy Paper in March 2015.

5.2 That votes that were over-spent such as Benevolent Fund by Kshs. 143.6 million, catering and entertainment by Kshs. 11.8 million, Miscellaneous and other provisions by Kshs. 3.4 million, WIBA Insurance by Kshs. 1.6 million, Publication and advertisement by Kshs. 9.9 million, furniture and fittings by kshs. 5 million, seeds subsidy program by kshs. 12.9 million, A.I services by Kshs. 34 million, should receive less allocation by the amount they exceeded, unless a convincing explanation is availed to that effect, in the FY 2015/16 Budget to ensure that departments/sectors stick to their budgets.

5.3 That regulations on the implementation on some programs such as advertisements in the newspapers, billboards and radio stations should be developed and submitted to the County Assembly for approval.

5.4 That all Executive committee members should appear before their respective sectoral committees to clearly explain and defend the proposed programs in the FY 2015/16 before sector ceilings are adjusted during the scrutiny of The County Fiscal Strategy Paper, in March 2015.

5.5 That all departments should audit all projects and programs which are not complete and provide feasible cost analysis of the work-in progress within a month to their respective sectoral committees, to help in prudent allocation and setting of sector ceilings in the County Fiscal Strategy Paper 2015 and inform initiation of other programs.

6.0 CONCLUSION

The Committee is grateful to the Office of the Speaker, the Office of the Clerk of the County Assembly and the Committee secretariat for the support received as it discharged its mandate of examining the Annual Financial report for the financial year 2013/14.

Mr. Speaker Sir,

It is therefore my pleasant duty and privilege, on behalf of the Finance and Economic Planning Committee to table this Report and recommend it to the House for adoption.

Signed



The Hon. Joseph Kimani Gitau, MCA
Chairperson, Finance and Economic Planning Committee

Date **February, 2015**

7.0 ADOPTION OF THE REPORT

The following Committee Members adopted the report:

- 1) Hon. Joseph Kimani Gitau, MCA.
- 2) Hon. Samuel Dishon Wandia, MCA.
- 3) Hon. Peter Irungu Kihungi, MCA
- 4) Hon. Beth Wanjiku Ngugi, MCA
- 5) Hon. Rosemary Wakuthii Njine, MCA
- 6) Hon. Jane Wanjiku Ndegwa, MCA
- 7) Hon. John Njoroge Gitau, MCA
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