



REPUBLIC OF KENYA

MURANG'A COUNTY ASSEMBLY

THIRD ASSEMBLY

SECOND SESSION

*Paper laid
by Hon.
Kudina
9:38 a.m
03/10/2023*

**THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON THE FIRST
HALF BUDGET IMPLEMENTATION REVIEW REPORT FY 2022-23 FROM THE
CONTROLLER OF BUDGET**



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

SEPTEMBER 2023

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1.0 PREFACE

Hon. Speaker, on behalf of the Budget and Appropriations Committee, it is my pleasure and duty to present to the County Assembly, the report of the Committee on the Budget implementation during the First Half of the FY 2022-23. Hon. Speaker, this report was guided by the Controller of Budget Review which was submitted to the County Assembly on 27th July 2023. The committee has scrutinized the report and has made policy recommendations to improve budget implementation going forward.

1.2 Committee Mandate

Mr. Speaker, pursuant to Standing Order 200(3), the County Budget and Appropriation Committee is mandated among other functions 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 House; and;
- c) Examine Bills related to the County budget, including Appropriations Bills

1.3 Committee Membership

The County Budget and Appropriation Committee as currently constituted, comprises of the following Members:-

- | | |
|----------------------------------|--------------------|
| 1. Hon. Charles Machigo Karina | - Chairperson |
| 2. Hon. Julian Njiiri | - Vice Chairperson |
| 3. Hon. Francis Kamau | - Member |
| 4. Hon. Gerald Wambugu | - Member |
| 5. Hon. Grace Sharleen Wambui | - Member |
| 6. Hon. Caroline Wairimu Njoroge | - Member |
| 7. Hon. James Karanja Kabera | -Member |
| 8. Hon. Jeremiah Gichobe | - Member |
| 9. Hon. Naomi Nyambura Maina | - Member |
| 10. Hon. John Mwangi Kamau | - Member |
| 11. Hon. John Ngugi Kibaiya | - Member |
| 12. Hon. Dinah Muthoni Kagiri | - Member |
| 13. Hon. Samson Mukora Ngigi | - Member |
| 14. Hon. Edwin Mwangi Wairagu | - Member |
| 15. Hon. Peter Murigi Ngugi | - Member |
| 16. Hon. Liz Muthoni Mbugua | -Member |
| 17. Hon. Moses Mirara | -Member |

1.4 Acknowledgements

- a. The Committee wishes to sincerely thank the offices of the Speaker and the Clerk to the County Assembly for the support extended to it in the execution of its mandate.
- b. The Chairman further takes this opportunity to thank all the members for their participation and dedication during the scrutiny of the First Half Budget Implementation Review Report.

- c. The Committee also applauds the efforts of the Controller of Budget in providing adequate information that guided budget oversight role.
- d. Finally, the Committee wishes to extend special acknowledgement to the members of the secretariat for their fiscal analysis and technical support during the exercise.

It is now my pleasant duty on behalf of the Budget and Appropriations Committee to present this report for adoption by the Assembly.

Thank you.

Signed.....

Date..... 26/09/23

HON. CHARLES MACHIGO KARINA

CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE.

2.0 INTRODUCTION

Hon. Speaker, Pursuant to Article 228 of the Constitution of Kenya, the Controller of Budget is mandated to oversee budget implementation and report to the county assembly on how the county government is expending monies on behalf of the county residents. The Budget and appropriations committee after receiving the reports from the Controller of Budget analyses them and conducts its own oversight on the budget. During the scrutiny of the First Half Budget Implementation Report FY 2022-23, the committee was cognizant that the period dated July to December 2023 was the first half year of a new county administration. During that period Hon. Speaker, the new county government was putting structures to enable implementation of the new fiscal framework as contained in the Governor's Manifesto.

This House should therefore be aware that the reporting period had no major development activities due to lack of implementing legal and policy instruments. During the period, the county assembly adopted the Revised Annual Development Plan FY 2022-23 and the First Supplementary Estimates for the FY 2022-23. Additionally, various policies and legal instruments were adopted that include; the Health Policy, Agriculture Input Subsidy Policy, the Internship Policy, Subsidy Fund Regulations and the guidelines. These instruments Hon. Speaker were adopted in order to enable budget implementation under a revised fiscal framework. The committee has therefore highlighted observed patterns in budget execution as well as made policy recommendations for better performance going forward.

3.0 COMMITTEE OBSERVATIONS ON THE FIRST HALF FY 2022-23 BUDGET IMPLEMENTATION

- a) That the first supplementary budget for FY 2022-23 amounted to Kshs. 9.64 billion that comprised of Kshs. 2.89 and Kshs. 6.75 for development and recurrent budget respectively. The approved estimates of revenue comprised of Kshs. 7.18 billion from equitable share,

- Kshs. 1.5 billion from own source revenue, Kshs. 639.63 million as conditional grants and Kshs. 322 million as cash balance from FY 2021-22.
- b) As at 31st December 2022, the county received Kshs. 3.46 billion that comprised of Kshs. 2.3 billion equitable share, Kshs. 175.4 million own source revenue and Kshs. 918.8 million as Appropriations in Aid. The total amount received was 36% of the total budget. The amount received from equitable share was 33% of the total estimate.
 - c) The local revenue collected was 11.7% of the total revenue target and comprised of Kshs. 47.4 million from hospital fees, Kshs. 37.2 million from Cess revenue, Kshs. 19.4 million from Barter market fees, Kshs. 14.6 million from bus park fee, Kshs. 9.2 million from plan approval and Kshs. 47.2 million from other revenue sources. The revenue collected represented an increase of 1.5% compared to the amount received in a similar period of the FY 2021-22.
 - d) The county was authorized to withdraw from the County Revenue Fund (CRF) Kshs. 3.19 billion that comprised of Kshs. 181.23 million for development expenditure and Kshs. 3.01 billion for recurrent activities. The recurrent exchequer comprised of Kshs. 2.13 billion for compensation to employees and Kshs. 880.01 for operations and maintenance. The wage bill included Kshs.1.07 billion paid to health sector employees translating to 50.5% of the total wage bill. The committee also notes that personnel emoluments amounting to Kshs. 350.59 million was processed through the manual payroll instead of the Integrated Personnel and Payroll Database (IPPD).
 - e) The County Revenue Fund had a cash balance of Kshs. 273.13 million as 31st December 2023.
 - f) Out of the receipts, the county spent Kshs. 3.11 billion on both development and recurrent activities. Expenditure absorption rate for development budget was 6.3% while recurrent budget was absorbed at 43.5%.

g) The county government settled pending bills amounting to Kshs. 62.36 million for recurrent expenditure while pending bills on development expenditure were not settled during the period.

h) The absorption capacity per department is as indicated in the schedule below;

Schedule 1; Recurrent Budget Absorption First Half FY 2022-23

No.	Department	Budget (Kshs. Million)	Exchequer (Kshs. Million)	Expenditure (Kshs. Million)	Absorption (%)
1	Governorship	264.76	81.68	112.45	137.7
2	Finance	345.90	118.27	135.20	114.3
3	Agriculture	239.79	125.82	95.30	75.7
4	Energy and Transport	21.76	13.98	5.26	37.6
5	Trade	45.65	11.67	6.68	57.2
6	Health and Sanitation	3,180.25	1,457.07	1,789.16	122.8
7	Lands and Housing	28.42	4.39	1.99	45.3
8	Education	668.96	313.83	258.70	82.4
9	Public Service	748.13	458.91	219.28	47.8
10	Youth	62.31	41.56	24.62	59.2
11	Environment	23.28	5.37	2.27	42.3
12	County Public Service Board	38.51	18.60	8.08	43.4
13	Water and Irrigation	90.18	25.69	17.84	69.4
14	Murang'a Municipality	64.27	-	-	-
15	County Assembly	927.00	331.30	256.21	77.3
	Total	6,749.17	3,008.14	2,933.04	97.5

Governorship and Health departments had the highest absorption capacities of the recurrent budget of 137.7% and 122.8% respectively. Murang'a Municipality did not have any expenditure during the first six months of the FY 2022-23 while energy has the lowest absorption capacity of recurrent funds.

Schedule 2; Development Budget Absorption First Half FY 2022-23

No.	Department	Budget (Kshs. Million)	Exchequer (Kshs. Million)	Expenditure (Kshs. Million)	Absorption (%)
1	Governorship	-	-	-	-
2	Finance	167.00	-	-	-
3	Agriculture	668.63	105.88	105.88	100
4	Energy and Transport	513.30	-	-	-

5	Trade	110.26	-	-	-
6	Health and Sanitation	783.49	-	-	-
7	Lands and Housing	68.70	-	-	-
8	Education	27.80	75.35	75.35	100
9	Public Service	-	-	-	-
10	Youth	218.00	-	-	-
11	Environment	73.00	-	-	-
12	County Public Service Board	-	-	-	-
13	Water and Irrigation	90.50	-	-	-
14	Murang'a Municipality	122.04	-	-	-
15	County Assembly	50.00	-	-	-
	Total	2,892.72	181.23	181.23	100


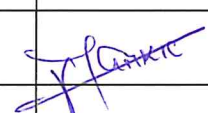
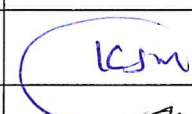





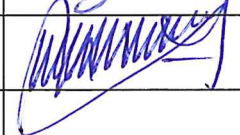

Only two departments had development expenditure during the first six months of the FY 2022-23 namely; Agriculture and Education. The low uptake of development funds could be attributed to lack of legal and fiscal framework to implement capital projects.

4.0 COMMITTEE RECOMMENDATIONS

The committee recommends that;

- a) The County Executive Committee Member for Finance should submit a report on how the county treasury has addressed issues raised by the Controller of Budget on Integrated Personnel and Payroll Database (IPPD), over expenditure in some votes, low revenue collection and payment of pending bills.
- b) The County Assembly sectoral Committees should engage their respective County Executive Departments to review sectoral plans and policies to measure their effectiveness in budget implementation. The review should inform future budget approval by the County Assembly.
- c) The County Executive Committee Member for Finance should devise strategies that can raise revenue collection during the first six months of every financial year. More research should be done to identify potential revenue sources that can be productive during the recessive period of the business cycle.

5.0 ADOPTION OF THE REPORT

No.	NAME	SIGN
1	HON. CHARLES KARINA	
2	HON. JULIAN NJIRI	
3	HON. FRANCIS KAMAU	
4	HON. GERALD WAMBUGU	
5	HON. NAOMI MAINA	
6	HON. JOHN MWANGI	
7	HON. SAMSON MUKORA	
8	HON. PETER MURIGI	
9	HON. LIZ MUTHONI	
10	HON. EDWIN WAIRAGU	
11	HON. JEREMIAH GICHOBE	
12	HON. JAMES KABERA	
13	HON. JOHN KIBAIYA	
14	HON. SHARLEEN WAMBUI	
15	HON. DINAH DAMARIS KAGIRI	
16	HON. MOSES MIRARA	